

# GAM Diversity II – US\$ Class

Global fund

USD Offshore (non-distributor)

## Fund description

### Objective

Capital appreciation with a diversification of risk: multi-manager fund investing in worldwide financial markets.

### Construction of portfolio

- Qualitative analysis: scrutinising all aspects of external managers.
- Quantitative statistics analysed using proprietary software.
- Structured with complementary managers using different strategies.

### Currency Hedging

May be employed to protect against exchange rate risk.

### Manager

David Smith

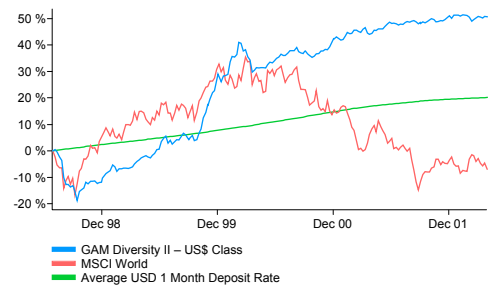


## Manager Commentary as at 29 Apr 2002

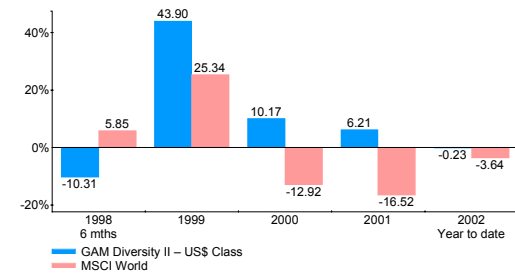
During April, we continued to make money for investors in the fund, with low volatility and low correlation with the financials markets. The MSCI World index is down almost 4% year-to-date and experienced a 3% reversal in April. Although we recognise there is some economic recovery, we believe much of it is "front-loaded", being largely an inventory rebuild with little sustainability as yet. We see the co-ordinated global interest rate cuts post 11 September 2001 as really only "papering over" and, in some cases, increasing the fundamental problems that the excesses of previous years created. We still view equity market valuations as stretched, based upon the comments of many companies who have reported earnings in recent weeks. Key risks lie in consumer spending fading, US dollar weakness, US current account deficit and the usual "event risk" in these highly charged political times.

Risks are always there and one has to be aware of them in order to judge whether the potential reward equates to that risk. It is our judgement that this is not currently the case. We will remain cautiously positioned until either some of these risks diminish or the reward increases (via a fall in markets or a strong earnings recovery). However, we have been able to recognise some exciting new investment opportunities in recent months and have added a number of new positions to the fund.

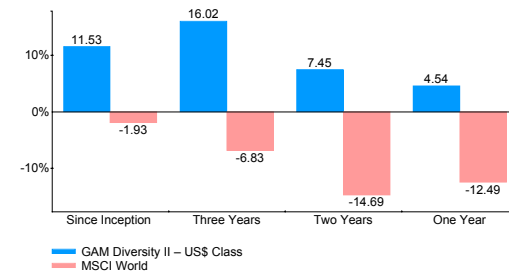
## Performance from 27 Jul 1998 to 29 Apr 2002



## Performance history to 29 Apr 2002



## Compound annual growth rates as at 29 Apr 2002

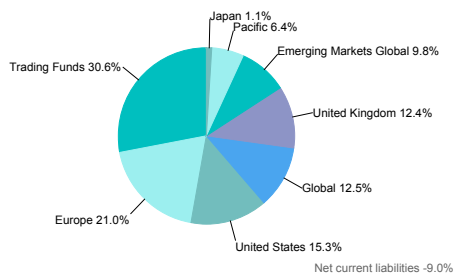


## Fund facts

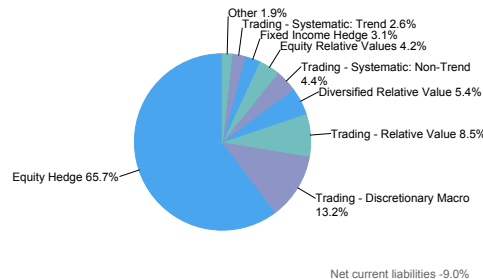
**Fund Type** Offshore  
**Base Currency of the Class** USD  
**Inception Date of the Class** 27 Jul 1998  
**Size** USD 370.8m  
**Min Investment of the Class** USD 5,000  
**Dividend Policy** No dividends (income accumulated).  
**Dealing Day** Monday.  
Redemptions on the last dealing day of each month provided that notice has been given by the twentieth day of the month.  
**Purchase Fee** 5.00%  
**Annual Fee** 1.76%\*\*\*††  
**Reuters Code** MWFUJ.FND

\*\*\*†† Please refer to the prospectus for further details on fees paid.  
Geographic/Investment analyses refer to GAM Diversity II Investments into which this fund invests.  
On 4 May 2001 the fund's name changed from GAM World Multi USD.

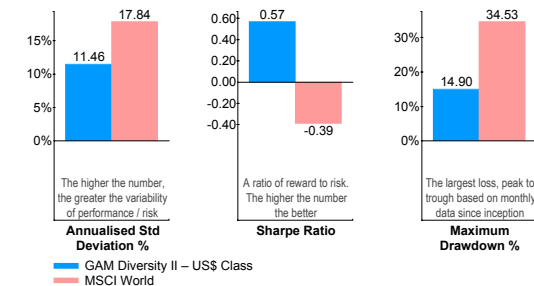
## Geographic mandate as at 29 Apr 2002



## Investment strategy as at 29 Apr 2002



## Risk characteristics as at 29 Apr 2002



## Top 10 Holdings as at 29 Apr 2002

| Name                             | % of Fund     |
|----------------------------------|---------------|
| Moore Global Fixed Income Fund   | 9.5 %         |
| Crescendo UK Fund USD            | 9.1 %         |
| Crescendo European Fund USD      | 9.1 %         |
| Grossman Global Macro Hedge Fund | 5.5 %         |
| Pharo Arbitrage                  | 5.4 %         |
| Chilton International Fund B     | 5.3 %         |
| Incremental Fund USD A           | 4.6 %         |
| Raptor                           | 4.6 %         |
| Hordern European Fund USD        | 4.5 %         |
| JF Asia Absolute Returns Fund G  | 4.5 %         |
| <b>Total</b>                     | <b>62.1 %</b> |

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**gam.com**



## Data Sources GAM, Morgan Stanley Capital International, Financial Times

The source of data is GAM unless otherwise stated (basis NAV to NAV). The Fund is a company formed under The International Business Companies Act of the British Virgin Islands, with limited liability, and is structured to operate in a similar way to an open-ended unit trust or mutual fund. Shares in the Fund are not available for sale in any state or jurisdiction in which such sale would be prohibited. Please note, the Fund has not been registered, nor will be registered, under the U.S. Investment Company Act of 1940 or the Securities Act of 1933 as amended and may not be sold directly or indirectly in the U.S. or to a US person. Subscriptions will only be received and shares issued on the basis of the current prospectus for the Fund. It is intended solely for the use of the person to whom it is sent and may not be reproduced or distributed to any other person. It is not an invitation to subscribe and is by way of information only. Please note that the price of shares and the income from the Fund may go down as well as up and may be affected by changes in rates of exchange. Past performance is not indicative of future performance. An investor may not get back the amount invested. Copies of the Fund's prospectus and financial statements can be obtained from GAM Fund Management Limited, George's Quay House, 43 Townsend Street, Dublin 2 where the constitutional documents may be inspected. Issued by GAM Fund Management Limited, which is regulated by the Central Bank of Ireland in respect of its fund administration and management activities. The fund is not subject to approval or regulation by the Central Bank of Ireland and is not subject to the benefit of any compensation arrangements. In the United Kingdom, this document is issued and approved by Global Asset Management Limited (regulated by the FSA), 12 St James's Place, London SW1A 1NX. The Fund is not regulated under the Financial Services and Markets Act 2000 (the 'Act') and consequently no protection is provided by the UK regulatory system. Similarly, benefits available under the UK Financial Services Compensation Scheme do not apply. This document is only intended for distribution to persons permitted to receive it by Section 238 of the Act. Performance is calculated on a total return basis in the currency of the Fund/Class. The fund size quoted is a total of all classes in the Fund. Risk characteristics (or name of measure) are calculated on the basis of monthly investment returns. Performance figures and graphs and compound growth per annum are calculated on the basis of unit price returns. Unless otherwise indicated all securities are ordinary registered shares. Period returns for weekly dealing funds, their associated benchmark indices and their individual holdings are measured from the last valuation in the preceding period to the last valuation in the current period. Where a Fund has more than one class, the fund size quoted is the total of all classes in the Fund and the base currency of the class as indicated above may be different to the base currency of the Fund.