

GAM FCM Cat Bond Inc.

Audited Consolidated Financial Statements
for the year ended 31 December 2013

Contents

Directory	2
Consolidated Portfolio Statement	3
Consolidated Income Statement	7
Consolidated Balance Sheet	8
Consolidated Statement of Changes in Net Assets attributable to the Shareholders of the Company	9
Consolidated Cash Flow Statement	10
Notes to the Consolidated Financial Statements	11
Statement of Directors' Responsibilities	32
Independent Auditor's Report	33

Consolidated Portfolio Statement

Directors

Andrew Hanges

Chief Executive Officer, GAM (UK) Limited, London

Jozef C. Hendriks

Company Director, Bermuda

Maxwell L. H. Quin

Company Director, Bermuda

Registered Address of the Company

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P.O. Box 71, Road Town
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Manager and Secretary of the Company and the Investment Company

GAM Limited
Wessex House
45 Reid Street
Hamilton HM12, Bermuda

Delegate Investment Manager

Fermat Capital Management LLC
615 Riverside Avenue
Westport, Connecticut 06880
USA

Administrator

GAM Fund Management Limited
George's Court
54-62 Townsend Street
Dublin 2, Ireland

Custodian of the Company and the Investment Company

HSBC Institutional Trust Services (Ireland) Limited
1 Grand Canal Square
Grand Canal Harbour
Dublin 2
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Bankers of the Company and the Investment Company

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

Prime Broker to the Investment Company

Deutsche Bank Securities Inc.
Global Prime Finance
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USA

Independent Auditors

PricewaterhouseCoopers
One Spencer Dock
North Wall Quay
Dublin 1, Ireland

Consolidated Portfolio Statement

as at 31 December 2013

Holdings Description	Fair value US\$	% of Group
Catastrophe Bonds		
BOND 133	22,483,110	3.25
BOND 140	20,396,779	2.94
BOND 34	20,340,402	2.93
BOND 142	18,190,719	2.63
BOND 75	17,812,747	2.58
BOND 152	17,760,825	2.57
BOND 145	15,948,770	2.31
BOND 113	15,480,522	2.24
BOND 153	15,092,219	2.18
BOND 143	14,909,970	2.16
BOND 155	14,269,567	2.06
BOND 127	13,841,460	2.00
BOND 139	11,414,996	1.65
BOND 128	10,846,250	1.57
BOND 108	10,442,222	1.51
BOND 150	10,087,579	1.46
BOND 62	9,801,126	1.42
BOND 47	9,786,154	1.42
BOND 132	9,709,600	1.40
BOND 156	9,648,191	1.40
BOND 131	9,196,942	1.33
BOND 48	9,045,529	1.31
BOND 86	8,711,792	1.26
BOND 138	8,568,745	1.24
BOND 42	8,267,190	1.20
BOND 154	8,107,279	1.17
BOND 23	8,052,033	1.16
BOND 151	7,478,291	1.08
BOND 166	7,448,683	1.08
BOND 164	7,271,107	1.05
BOND 160	7,068,020	1.02
BOND 169	7,028,028	1.02
BOND 149	6,852,322	0.99
BOND 163	6,184,997	0.89
BOND 37	5,961,003	0.86
BOND 52	5,613,804	0.81
BOND 162	5,593,435	0.81
BOND 51	5,541,740	0.80
BOND 64	5,524,570	0.80
BOND 170	5,279,334	0.76
BOND 119	5,171,200	0.75

Consolidated Portfolio Statement, continued

Holdings Description, continued	Fair value	% of
Catastrophe Bonds	US\$	Group
BOND 110	5,155,626	0.75
BOND 54	5,141,287	0.74
BOND 147	5,095,475	0.74
BOND 158	4,862,720	0.70
BOND 45	4,845,440	0.70
BOND 165	4,770,713	0.69
BOND 148	4,703,227	0.68
BOND 15	4,543,971	0.66
BOND 173	4,433,498	0.64
BOND 126	4,407,107	0.64
BOND 84	4,321,426	0.63
BOND 78	4,308,504	0.62
BOND 71	4,150,054	0.60
BOND 66	4,105,613	0.59
BOND 57	4,051,340	0.59
BOND 82	4,024,049	0.58
BOND 168	4,000,927	0.58
BOND 111	3,867,493	0.56
BOND 38	3,776,684	0.55
BOND 135	3,575,149	0.52
BOND 114	3,527,692	0.51
BOND 171	3,522,822	0.51
BOND 50	3,501,668	0.51
BOND 11	3,483,677	0.50
BOND 63	3,466,322	0.50
BOND 17	3,436,443	0.50
BOND 67	3,331,713	0.48
BOND 73	3,319,666	0.48
BOND 175	3,268,366	0.47
BOND 44	3,234,352	0.47
BOND 19	3,107,181	0.45
BOND 33	3,103,103	0.45
BOND 130	3,086,425	0.45
BOND 56	2,868,632	0.41
BOND 136	2,811,289	0.41
BOND 118	2,802,550	0.41
BOND 72	2,731,545	0.40
BOND 68	2,721,422	0.39
BOND 79	2,673,285	0.39
BOND 117	2,619,851	0.38
BOND 65	2,542,550	0.37
BOND 40	2,414,122	0.35
BOND 115	2,366,663	0.34
BOND 167	2,306,799	0.33

Consolidated Portfolio Statement, continued

Holdings Description, continued	Fair value	% of				
Catastrophe Bonds	US\$	Group				
BOND 30	2,279,688	0.33				
BOND 60	2,133,327	0.31				
BOND 18	2,116,247	0.31				
BOND 137	2,021,407	0.29				
BOND 80	1,869,662	0.27				
BOND 32	1,836,765	0.27				
BOND 174	1,758,536	0.25				
BOND 39	1,748,141	0.25				
BOND 125	1,732,599	0.25				
BOND 69	1,418,338	0.21				
BOND 123	1,308,113	0.19				
BOND 161	1,076,981	0.16				
BOND 61	1,021,544	0.15				
BOND 53	968,417	0.14				
BOND 124	788,999	0.11				
BOND 146	691,230	0.10				
BOND 58	500,906	0.07				
BOND 43	375,688	0.05				
BOND 59	256,090	0.04				
BOND 31	249,945	0.04				
	625,066,957	90.41				
Preferred Equity Investment						
Preferred Equity Investment 176	24,999,975	3.62				
Preferred Equity Investment 159	14,631,038	2.12				
Preferred Equity Investment 172	14,000,000	2.03				
Preferred Equity Investment 157	10,000,000	1.45				
Preferred Equity Investment 90	8,750,000	1.27				
Preferred Equity Investment 141	5,699,088	0.81				
Preferred Equity Investment 144	4,999,980	0.72				
	83,080,081	12.02				
Forward Foreign Exchange Contracts (Counterparty: HSBC Institutional Trust Services (Ireland) Ltd)						
Purchase currency	Contractual Amount	Sale currency	Contractual amount	Maturity date		
GBP	15,983,590	USD	(25,792,400)	2014-01-03	660,254	0.10
USD	6,090,258	JPY	(600,000,000)	2014-02-07	390,051	0.06
EUR	8,984,401	USD	(12,129,661)	2014-01-03	220,304	0.03
USD	57,810,900	JPY	(6,070,144,500)	2014-01-06	152,543	0.02
USD	12,002,661	EUR	(8,694,430)	2014-01-03	51,291	0.01
GBP	15,617,040	USD	(25,792,400)	2014-02-03	48,270	0.01
GBP	1,045,437	USD	(1,687,000)	2014-01-03	43,185	0.01
GBP	1,076,561	USD	(1,778,000)	2014-02-03	3,328	0.00
GBP	55,613	USD	(91,000)	2014-01-03	1,039	0.00
					1,570,265	0.23

Consolidated Portfolio Statement, continued

Forward Foreign Exchange Contracts (Counterparty: HSBC Institutional Trust Services (Ireland) Ltd)

Purchase currency	Contractual Amount	Sale currency	Contractual amount	Maturity date	Fair value US\$	% of Group
USD	127,000	EUR	(93,455)	2014-01-03	(1,464)	(0.00)
USD	1,778,000	GBP	(1,076,402)	2014-01-03	(3,431)	(0.00)
USD	25,792,000	GBP	(15,614,723)	2014-01-03	(49,779)	(0.01)
EUR	8,694,147	USD	12,002,661	2014-02-03	(51,687)	(0.01)
JPY	6,069,103,904	USD	(57,810,900)	2014-02-03	(153,798)	(0.02)
JPY	596,694,760	USD	(5,855,000)	2014-01-06	(187,184)	(0.03)
USD	49,829,269	EUR	(37,000,000)	2014-02-07	(1,030,879)	(0.15)
JPY	5,281,680,926	USD	(51,955,900)	2014-01-06	(1,786,870)	(0.26)
					<u>(3,265,092)</u>	<u>(0.47)</u>
Total investments at fair value - assets					709,717,303	102.66
Total investments at fair value - liabilities					<u>(3,265,092)</u>	<u>(0.47)</u>
Total investments at fair value					706,452,211	102.18
Other net current liabilities					<u>(15,127,705)</u>	<u>(2.19)</u>
Net assets attributable to the shareholders of the Company at fair value					<u><u>691,324,506</u></u>	<u><u>100.00</u></u>

The portfolio statement for the prior year has not been provided as it is not considered relevant to an understanding of the current year's consolidated financial statements.

Analysis, by maturity	2013	2012
	%	%
Up to one year	15.08	15.85
One to five years	82.22	73.00
More than five years	5.13	2.19
Other (Non-bond holding)	(0.24)	(0.20)
Other net current (liabilities/assets)	<u>(2.19)</u>	<u>9.16</u>
	<u><u>100.00</u></u>	<u><u>100.00</u></u>

Analysis, by geographical area	2013	2012
	%	%
Cayman Islands	40.34	52.75
Bermuda	37.43	23.10
United States	13.87	6.13
Ireland	10.79	9.06
Currency forwards	(0.24)	(0.20)
Other net current (liabilities)/assets	<u>(2.19)</u>	<u>9.16</u>
	<u><u>100.00</u></u>	<u><u>100.00</u></u>

Analysis, by investment	2013	2012
	%	%
Catastrophe Bonds	90.41	88.85
Preferred Equity Investments	12.02	2.19
Currency forwards	(0.24)	(0.20)
Other net current (liabilities)/assets	<u>(2.19)</u>	<u>9.16</u>
	<u><u>100.00</u></u>	<u><u>100.00</u></u>

Consolidated Income Statement

for the year ended 31 December 2013

	Notes	2013 US\$	2012 US\$
Income			
Bond interest	2(d)	41,872,459	21,597,481
Bank interest	2(d)	286	156
Net fair value gains on financial assets and financial liabilities at fair value through profit or loss	3	20,494,605	7,007,092
Total net income		<u>62,367,350</u>	<u>28,604,729</u>
Expenses			
Delegate investment management fee	5(a)	3,244,572	2,195,183
Manager fee	5(a)	3,443,357	1,480,972
Performance fee	5(b)	3,984,753	1,016,278
Administration fee	5(c)	372,173	175,796
Custody fee	5(d)	12,799	57,231
Other expenses	5(e)	725,272	349,231
Total operating expenses		<u>11,782,926</u>	<u>5,274,691</u>
Operating profit		<u>50,584,424</u>	<u>23,330,038</u>
Finance costs			
Interest expenses	5(f)	63,006	319,409
Total finance costs		<u>63,006</u>	<u>319,409</u>
Increase in net assets from operations attributable to the shareholders of the Company at bid prices		50,521,418	23,010,629
Adjustment from bid/offer fair value to middle market	9	<u>(1,770,897)</u>	<u>355,125</u>
Increase in net assets from operations attributable to the shareholders of the Company		<u>48,750,521</u>	<u>23,365,754</u>

The accompanying notes form part of these consolidated financial statements.

Consolidated Balance Sheet

as at 31 December 2013

	Notes	2013 US\$	2012 US\$
Assets			
Current assets			
Investments at fair value	2(b)	709,717,303	364,204,899
Cash and cash equivalents	2(c)	109,182	12,263,330
Other assets	7	11,944,403	27,392,010
Total assets		<u>721,770,888</u>	<u>403,860,239</u>
Liabilities			
Current liabilities			
Investments at fair value	2(b)	3,265,092	835,427
Bank overdraft	2(c)	25,092,686	14
Other liabilities	7	2,088,604	3,034,470
Liabilities (excluding net assets attributable to the shareholders of the Company)		<u>30,446,382</u>	<u>3,869,911</u>
Net assets attributable to the shareholders of the Company at bid fair value		691,324,506	399,990,328
Adjustment from bid fair value to middle market	9	-	1,770,897
Net assets attributable to the shareholders of the Company		<u>691,324,506</u>	<u>401,761,225</u>

These consolidated financial statements were approved by the Board of Directors on 23 April 2014 and were signed on their behalf by:


 Director
 23 April 2014


 Director

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Changes in Net Assets attributable to the Shareholders of the Company

The accompanying notes form part of these consolidated financial statements.

for the year ended 31 December 2013

	2013 US\$	2012 US\$
Net assets attributable to the shareholders of the Company at start of year	<u>401,761,225</u>	<u>160,960,843</u>
Proceeds of shares issued	581,127,371	261,128,290
Cost of shares redeemed	(340,314,611)	(43,693,662)
Increase in net assets from operations attributable to the shareholders of the Company	<u>48,750,521</u>	<u>23,365,754</u>
Change in net assets attributable to the shareholders of the Company during the year	<u>289,563,281</u>	<u>240,800,382</u>
Net assets attributable to the shareholders of the Company at end of year	<u><u>691,324,506</u></u>	<u><u>401,761,225</u></u>

Consolidated Statement of Changes in Net Assets attributable to the Shareholders of the Company

The accompanying notes form part of these consolidated financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2013

	Notes	2013 US\$	2012 US\$
Cash flows from operating activities			
Payments for the purchase of investments		(404,521,624)	(246,290,652)
Proceeds from the sales of investments		80,789,417	44,404,621
Interest received		286	19,452
Bond interest received		38,395,070	19,622,880
Net operating expenses paid		(9,142,588)	(2,143,074)
Net cash outflow from operating activities		<u>(294,479,439)</u>	<u>(184,386,773)</u>
Cash flows from financing activities			
Cash received on shares issued		599,751,506	248,949,496
Cash paid for shares redeemed		(340,122,562)	(43,957,207)
Interest paid		(63,007)	(319,408)
Net cash inflow from financing activities		<u>259,565,937</u>	<u>204,672,881</u>
Foreign exchange movement	2(g)	(2,333,318)	6,460,723
(Decrease)/Increase in cash and cash equivalents		(37,246,820)	26,746,831
Cash and cash equivalents at start of year		<u>12,263,316</u>	<u>(14,483,515)</u>
Cash and cash equivalents at end of year		<u><u>(24,983,504)</u></u>	<u><u>12,263,316</u></u>

The accompanying notes form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. General Information

GAM FCM Cat Bond Inc. (the “Company”) is an open-ended investment company organised in a similar manner to an open-ended unit trust or mutual fund, structured to make its investments through an investment company, GAM FCM Cat Bond Investments Inc. (the “Investment Company”). The Company and the Investment Company are each registered as a company limited by shares under the BVI Business Companies Act 2004 (as amended) of the British Virgin Islands.

The Company’s objective is to generate returns through selective investment in a global portfolio of insurance-linked securities.

Various classes of shares are available, denominated in US dollar, Euro, Pound sterling, Swiss franc and Japanese yen. Shares are normally issued and redeemed on the last business day of each calendar month, with subscriptions and redemptions being subject to the notice periods per the Prospectus. Although each class will be treated as bearing its own liabilities, the Company as a whole will remain liable to third parties for all liabilities of the Company. As at 31 December 2013, there is no such existing or contingent liability.

The Directors in consultation with the Delegate Investment Manager determined that as of 24 January 2013, it was considered appropriate and in the best interests of all investors to introduce measures to control the future growth of the strategy and therefore placed restrictions on subscriptions into the Company.

The Company is exempt from all income taxes in the British Virgin Islands. Interest, dividends and other revenue received and capital gains made by the Company may be subject to withholding or similar taxes imposed by the country in which such interest, dividends or other revenues or capital gains originate. The Company will not normally be eligible to benefit from any treaties for the relief from double taxation. If any subsequent tax liabilities are considered payable then adequate provision will be made in the consolidated financial statements.

At the year end, the Company owns 100% of the Investment Company and therefore consolidated financial statements have been prepared. These consolidated financial statements reflect the total assets, liabilities and operations of the Company and the Investment Company, which together constitute the Group.

2. Summary of significant accounting policies

(a) Basis of preparation of financial statements

The financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) under the historical cost convention as modified by the fair valuation of financial assets and financial liabilities through profit or loss. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates that may affect the reported amounts of the assets and liabilities within the next financial year.

There are no other standards, interpretations or amendments to existing standards that are effective that would be expected to have a significant impact on the Company apart from:

IFRS 7, “Financial Instruments: Disclosures”

As a result of the amendments to IFRS 7, the Group has expanded disclosures about offsetting financial assets and financial liabilities.

IFRS 13, “Fair Value Measurement”

As a result of IFRS 13 applying a new definition of fair value, the Group has changed the valuation approach for financial assets and financial liabilities measured at fair value for which a quoted price in an active market is available.

The following standards and amendments to standards are mandatory for the Company effective in future periods but are not relevant for the Company’s operations for the year ended 31 December 2013:

IFRS 9, ‘Financial Instruments’ (effective from 1 January 2015).

The following standard has been early adopted by the Company for the year ended 31 December 2013.

Amendments to IAS 32, ‘Financial instruments: Presentation’, offsetting financial assets and liabilities (effective 1 January 2014).

These amendments clarify the offsetting criteria in IAS 32 regarding offsetting when a Company has a legally enforceable right to offset and intends to settle on a net basis. The amendments do not have any impact on the Company’s financial position or performance.

(b) Investments at fair value

Classification

The Group has classified its investments as financial assets or financial liabilities at fair value through profit or loss under IAS 39.

Recognition/Derecognition

Purchases and sales are initially recognised on trade date – the date on which the Group commits to purchase or sell the asset. Investments are derecognised when the rights to receive the cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership.

Measurement

Financial assets and liabilities are initially recognised at fair value, and transaction costs for all financial assets/liabilities carried at fair value through profit or loss are expensed as incurred. Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value at 23:00 (UK time) on each valuation day.

Notes to the Consolidated Financial Statements

2. Summary of significant accounting policies, continued

The computation of realised gains and losses on sales of financial assets and liabilities at fair value through profit or loss is made on the basis of average cost and accounted for in the Consolidated Income Statement. Gains and losses arising from changes in fair value of the 'financial assets and financial liabilities at fair value through profit or loss' category are included in the Consolidated Income Statement in the period in which they arise.

Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices at the balance sheet date.

At 31 December 2013, investments totalling US\$708,147,038 (2012: US\$364,181,840) representing 102.43% (2012: 91.04%) of the net asset value of the Group were valued based on quotes from one or more reputable brokers.

Forward Foreign Exchange Contracts

A forward foreign exchange contract obligates the Group to receive or deliver a fixed quantity of foreign currency at a specified price on an agreed future date. These contracts are valued at the forward rate and the Group's equity therein, representing unrealised fair value gains or losses on the contracts, is included in the financial assets or financial liabilities at fair value through profit or loss. Realised and unrealised fair value gains and losses are included in the Consolidated Income Statement.

An analysis of the portfolio is shown in the Consolidated Portfolio Statement on pages 3 to 6.

Offsetting financial instruments

The Company has elected to present the fair value of derivatives in "investments, at fair value" in the Consolidated Balance Sheet on a gross basis where enforceable master netting or similar agreements are in place and a legal right of offset exists between the relevant counterparties. The Company holds such agreements with HSBC Institutional Trust Services (Ireland) Limited.

(c) Cash and cash equivalents

Cash and cash equivalents comprises cash, overdrafts and foreign currency on deposit with the Group's bankers with original maturities of less than three months.

(d) Interest from investments

Bond interest on investments in debt securities is recognised when earned using the effective interest method and is shown on the Consolidated Income Statement.

Interest earned on cash at bank and broker balances is recognised using the effective rate of interest.

(e) Fees and expenses

Fees and expenses are accounted for on an accruals basis.

(f) Shares in issue

All shares issued by the Company are redeemable at the shareholders option and are classified as financial liabilities under IAS 32. Any dividend distribution on the shares is recognised as a finance cost in the Consolidated Income Statement. Shareholders may request redemption of their shares on application to the Administrator in accordance with the terms of the Prospectus, for an amount equal to a proportionate share of the net asset value of the Company.

(g) Foreign currency translation

Functional currency and presentation currency

The Group has adopted the US dollar as its functional currency under IAS 21 as it most appropriately reflects the economic environment in which the Directors believe the Group operates. The presentation currency is also the US dollar.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the average exchange rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Income Statement.

The balance sheet and income statement of any entity with a functional currency other than US dollar are translated at the exchange rate ruling at 31 December 2013 and at the average exchange rates for the year respectively. Translation differences are recognised in the Consolidated Statement of Changes in Net Assets attributable to the Shareholders of the Company. This method of translation has no effect on the net asset value per share attributable to the classes of the Company.

The following rates of exchange to US dollar have been used at the year end.

	2013	2012
Euro	0.7275	0.7577
Japanese yen	105.2800	86.7150
Pound sterling	0.6042	0.6149
Swiss franc	0.8929	0.9153

Notes to the Consolidated Financial Statements

2. Summary of significant accounting policies, continued

(h) Taxes

Liabilities relating to uncertain tax positions are accrued only when such liabilities are probable and can be estimated with reasonable accuracy.

(i) Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred on initial recognition.

3. Investments at fair value

(a) Fair value hierarchy

IFRS 13 requires disclosures of financial instruments measured at fair value to be based on a three level hierarchy that reflects the significance of the inputs in such fair value measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level measurement) and lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Group has the ability to access at the measurement date. Investments typically classified within level 1 include active listed equities, exchange traded derivatives and certain Government bonds.

Level 2 - Inputs other than quoted prices from active markets that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active. Investments typically classified within level 2 include, investments in corporate bonds, certain Government bonds, certain listed equities and over the counter derivatives. Investment funds are also considered level 2 investments if there is evidence that redemptions occurred during the year and there were no restrictions preventing redemptions at the year end.

Level 3 - Inputs that are unobservable that are significant to the valuation. Investments typically classified within level 3 include certain corporate bonds, private equities and investment funds that have suspended redemptions, created side pocket classes or imposed gates.

The Group uses the "market approach" valuation technique to value its investments. Inputs are determined by observable data such as redemption and subscription activity and the prices at which such transactions occur. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" may require significant judgment but can generally be considered as that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorisation of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the risk of that instrument. Within level 3, the use of the market approach generally consists of using comparable market transactions.

The following table analyses within the fair value hierarchy the Group's financial assets and liabilities measured at fair value at 31 December 2013 and 31 December 2012:

As at 31 December 2013

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Assets				
Financial assets at fair value through profit or loss				
- Debt securities	-	625,066,957	-	625,066,957
- Preferred Equity Investment	-	-	83,080,081	83,080,081
- Derivatives	-	1,570,265	-	1,570,265
Total assets	-	626,637,222	83,080,081	709,717,303
Liabilities				
Financial assets at fair value through profit or loss				
- Derivatives	-	3,265,092	-	3,265,092
Total liabilities	-	3,265,092	-	3,265,092

As at 31 December 2012

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Assets				
Financial assets at fair value through profit or loss				
- Debt securities	-	355,431,840	-	355,431,840
- Preferred Equity Investment	-	-	8,750,000	8,750,000
- Derivatives	-	23,059	-	23,059
Total assets	-	355,454,899	8,750,000	364,204,899

Notes to the Consolidated Financial Statements

3. Investments at fair value, continued

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Liabilities				
Financial assets at fair value through profit or loss				
- Derivatives	-	835,427	-	835,427
Total liabilities	-	835,427	-	835,427

Other than financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss, all other financial instruments not measured at fair value through profit or loss are short-term financial assets and financial liabilities whose carrying amounts approximate fair value. In accordance with IFRS 13, these financial assets and financial liabilities are classified as level 2 apart from cash and cash equivalents which is classified as level 1.

There was no transfer of assets between levels during the year to 31 December 2013 and 31 December 2012.

The following table is the movement in level 3 investments for the years ended 31 December 2013 and 2012.

	2013 Investment Funds US\$	2012 Investment Funds US\$
Opening balance	8,750,000	-
Purchases	73,535,430	8,750,000
Gains/Losses recognised in profit/loss	794,651	-
Closing balance	83,080,081	8,750,000
Total gains for the year included in the income statement for the assets held at end of year	794,651	-

The level 3 holdings which amount to US\$83,080,081, consists of privately held preferred equity investments. A pricing committee consisting of members of the Administrator and the Delegate Investment Manager hold regular meetings to determine the price of the holdings by utilising obtainable information e.g. latest redemption price, prices from external vendors.

The table below sets out information about significant unobservable inputs used at 31 December 2013 in measuring financial instruments categorised as level 3 in the fair value hierarchy:

Description	Fair value at 31 December 2013 US\$	Valuation Technique	Reasonable possible shift +/- (absolute value)	Change in Valuation +/-
Preferred equity investments	73,080,081	Prices by brokers	5%	+/- 3,654,004
Preferred equity investments	10,000,000	Comparable trades	5%	+/- 500,000

(b) Breakdown of financial assets at fair value through profit or loss

Fair Value	2013 US\$	2012 US\$
Designated at fair value through profit or loss at inception:		
- Debt securities	625,066,957	355,431,840
- Preferred Equity Investment	83,080,081	8,750,000
Financial assets held for trading:		
- Derivatives	1,570,265	23,059
Total financial assets at fair value through profit or loss	709,717,303	364,204,899

(c) Breakdown of financial liabilities at fair value through profit or loss

Fair Value	2013 US\$	2012 US\$
Financial liabilities held for trading:		
- Derivatives	3,265,092	835,427
Total financial liabilities at fair value through profit or loss	3,265,092	835,427

Notes to the Consolidated Financial Statements

3. Investments at fair value, continued

(d) Other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss

	2013 US\$	2012 US\$
- Realised	9,853,250	(8,045,556)
- Change in unrealised	10,641,355	15,052,648
Total net gains	<u>20,494,605</u>	<u>7,007,092</u>

4. Financial instruments by category

31 December 2013

	Loans and receivables US\$	Assets at fair value through profit or loss US\$	Total US\$
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Assets as per balance sheet

Investments at fair value	-	709,717,303	709,717,303
Cash and cash equivalents	109,182	-	109,182
Other assets	11,944,403	-	11,944,403
	<u>12,053,585</u>	<u>709,717,303</u>	<u>721,770,888</u>

31 December 2013

	Liabilities at fair value through profit or loss US\$	Other financial liabilities US\$	Total US\$
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Liabilities as per balance sheet

Investments at fair value	3,265,092	-	3,265,092
Bank overdraft	-	25,092,686	25,092,686
Other liabilities	-	2,088,604	2,088,604
Net assets attributable to holders of redeemable shares	-	691,324,506	691,324,506
	<u>3,265,092</u>	<u>718,505,796</u>	<u>721,770,888</u>

31 December 2012

	Loans and receivables US\$	Assets at fair value through profit or loss US\$	Total US\$
--	----------------------------------	--	---------------

Assets as per balance sheet

Investments at fair value	-	364,204,899	364,204,899
Cash and cash equivalents	12,263,330	-	12,263,330
Other assets	27,392,010	-	27,392,010
	<u>39,655,340</u>	<u>364,204,899</u>	<u>403,860,239</u>

31 December 2012

	Liabilities at fair value through profit or loss US\$	Other financial liabilities US\$	Total US\$
--	---	--	---------------

Liabilities as per balance sheet

Investments at fair value	835,427	-	835,427
Bank overdraft	-	14	14
Other liabilities	-	3,034,470	3,034,470
Net assets attributable to holders of redeemable shares	-	399,990,328	399,990,328
	<u>835,427</u>	<u>403,024,812</u>	<u>403,860,239</u>

5. Fees and expenses

(a) Delegate Investment Management fee and Manager fee

The Company pays a monthly aggregate management fee at the annual rate of 1.45% of the net asset value of the Open and GBP Distributor classes and JPY Income classes, 1.85% of the net asset value of the Reserved classes and 0.95% of the new asset value of each Series in respect of the Institutional and Institutional Income classes, from which the Manager and the Delegate Investment Manager receive their remuneration. At the year end, other creditors included an amount of US\$230,892 (2012: US\$235,613) due to the Delegate Investment Manager and US\$386,761 (2012: US\$200,836) due to the Manager.

(b) Performance fee

The Company pays to the Delegate Investment Manager an annual performance fee of 10.00% of the Series return over the benchmark return of the relevant Open, Institutional, Institutional Income, GBP Distributor and JPY Income Share classes in issue during the year, subject to the calculation method as per the Prospectus. At the year end, other creditors included an amount of US\$3,467,382 (2012: US\$1,010,640) due to the Delegate Investment Manager in the form of a performance fee.

Notes to the Consolidated Financial Statements

5. Fees and expenses, continued

(c) Administration fee

The Company pays a monthly fee to the Administrator at the annual rate of up to 0.08% of the net asset value of the Company. At the year end, other creditors included an amount of US\$39,802 (2012: US\$22,165) due to the Administrator. The Administrator is responsible for the fees and expenses of the Sectary.

(d) Custody fee

The Custodian will receive such fees as may be agreed, from time to time, at normal commercial rates, subject to a minimum annual fee of US\$12,000.

(e) Other expenses

Sundry expenses comprise of legal and accounting fees, electronic data and accounting systems costs, printing and publication costs and certain other administrative costs and out of pocket expenses.

	2013	2012
	US\$	US\$
Auditors' fees	41,930	19,602
Directors' fees	3,300	3,600
Sundry expenses	680,042	326,029
	<u>725,272</u>	<u>349,231</u>

(f) Interest expenses

Interest expenses relate to a bank overdraft which is repayable on demand.

6. Financial risk management

The Group through its investment objective may be exposed to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk, both directly through its own assets and liabilities and indirectly through the assets and liabilities held by any investee funds. The Group is subject to certain investment restrictions and may also use certain derivative financial instruments to moderate certain risk exposures. The Directors of the Company and the Delegate Investment Company have the power to borrow as part of its investment philosophy, such borrowing will not exceed 200 per cent of the net asset value of the Investment Company.

The investment management and financial risk management of the Group has been delegated by the Board of Directors (which remains ultimately responsible) to the Delegate Investment Manager. The Board of Directors review the performance of the Group on a quarterly basis.

(a) Market price risk

The Group's investments are susceptible to market price risk arising from uncertainties about future prices.

An analysis of the Group's investments are disclosed in the Consolidated Portfolio Statement on pages 3 to 6. The Group invests in a global portfolio of insurance-linked securities.

At 31 December 2013 if the fair value of investments had increased by 5% with all other variables held constant, this would have increased the net assets attributable to the shareholders by approximately US\$35,322,611 (2012: US\$18,168,474). Conversely, if the fair value of investments had decreased by 5% with all other variables held constant, this would have decreased the net assets attributable to the shareholders by approximately US\$35,322,611 (2012: US\$18,168,474).

(b) Currency risk

The Group may hold assets denominated in currencies other than the US dollar, the functional currency. It may therefore be exposed to currency risk, as the value of the securities denominated in other currencies may fluctuate due to changes in exchange rates. The Investment Manager monitors the Group's currency risk exposure and may utilise hedging techniques in order to remove or reduce currency risks within the Group. As such, the Group enters into forward foreign exchange contracts in order to hedge against currency exchange rate risk on non US dollar denominated classes. Forward foreign exchange contracts may also be entered into in order to further the Group's objective in terms of capital appreciation.

The table below summarises the currency exposure risks of the Group as at 31 December 2013 and 31 December 2012.

As at 31 December 2013

	Non-monetary assets/ liabilities	Monetary assets/ liabilities	Net currency exposure
	US\$	US\$	US\$
Euro	-	50,032,230	50,032,230
Japanese yen	-	6,221,115	6,221,115
Pound sterling	-	1,515	1,515
	<u>-</u>	<u>56,254,860</u>	<u>56,254,860</u>

Notes to the Consolidated Financial Statements

6. Financial risk management, continued

As at 31 December 2012

	Non-monetary assets/ liabilities	Monetary assets/ liabilities	Net currency exposure
	US\$	US\$	US\$
Euro	-	656,305	656,305
Japanese yen	-	(235,186)	(235,186)
Pound sterling	-	41,060	41,060
	<u>-</u>	<u>462,179</u>	<u>462,179</u>

The table below sets out the effect on the net assets attributable to holders of redeemable shares of a reasonable possible weakening of the US dollar against the Euro, Japanese yen and Pound sterling by 5% as at 31 December 2013 and 31 December 2012. The analysis assumes that all other variables, in particular interest rates, remain constant.

	2013	2012
	US\$	US\$
Euro	2,501,612	32,815
Japanese yen	311,056	(11,759)
Pound sterling	76	2,053
	<u>2,812,744</u>	<u>23,109</u>

(c) Interest rate risk

The Group may hold interest-bearing financial assets and liabilities which may expose the Group to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial positions and cash flows. As the Group is invested in bonds, there is interest rate risk.

The cash positions of the Group which are held with the Custodian are earning interest at rates which are based on current LIBOR rates less a spread as determined by the Custodian.

The table summarises the Group's exposure to interest rate risks. It includes the Group's assets and trading liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity dates.

As at 31 December 2013

	< 1 month	1-12 months	1-5 years	> 5 years	Non- interest bearing	Total
Assets	US\$	US\$	US\$	US\$	US\$	US\$
Financial assets at fair value through profit or loss	-	104,239,178	568,327,650	35,580,210	1,570,265	709,717,303
Cash and cash equivalents	109,182	-	-	-	-	109,182
Other assets	-	-	-	-	11,944,403	11,944,403
Total assets	<u>109,182</u>	<u>104,239,178</u>	<u>568,327,650</u>	<u>35,580,210</u>	<u>13,514,668</u>	<u>721,770,888</u>

As at 31 December 2013

	< 1 month	1-12 months	1-5 years	> 5 years	Non- interest bearing	Total
Liabilities	US\$	US\$	US\$	US\$	US\$	US\$
Financial liabilities at fair value through profit or loss	-	-	-	-	3,265,092	3,265,092
Bank overdraft	25,092,686	-	-	-	-	25,092,686
Other payables	-	-	-	-	2,088,604	2,088,604
Net assets attributable to holders of redeemable shares	-	-	-	-	691,324,506	691,324,506
Total liabilities	<u>25,092,686</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>696,678,202</u>	<u>721,770,888</u>

Notes to the Consolidated Financial Statements

6. Financial risk management, continued

As at 31 December 2012

	< 1 month	1-12 months	1-5 years	> 5 years	Non- interest bearing	Total
Assets	US\$	US\$	US\$	US\$	US\$	US\$
Financial assets at fair value through profit or loss	-	63,425,019	292,006,821	8,750,000	23,059	364,204,899
Cash and cash equivalents	12,263,330	-	-	-	-	12,263,330
Other assets	-	-	-	-	27,392,010	27,392,010
Total assets	12,263,330	63,425,019	292,006,821	8,750,000	27,415,069	403,860,239

As at 31 December 2012

	< 1 month	1-12 months	1-5 years	> 5 years	Non- interest bearing	Total
Liabilities	US\$	US\$	US\$	US\$	US\$	US\$
Financial liabilities at fair value through profit or loss	-	-	-	-	835,427	835,427
Bank overdraft	14	-	-	-	-	14
Other payables	-	-	-	-	3,034,470	3,034,470
Net assets attributable to holders of redeemable shares	-	-	-	-	399,990,328	399,990,328
Total liabilities	14	-	-	-	403,860,225	403,860,239

The sensitivity analysis reflects how net assets attributable to holders of redeemable shares would have been affected by changes in the relevant risk variable that were reasonable possible at the reporting date.

The table below sets out the effect on the Company's net assets attributable to holders of redeemable shares of a reasonably possible increase or decrease of 25 basis points in interest rates at 31 December 2013 and 31 December 2012.

	2013	2013	2012	2012
Effect of:	US\$	%	US\$	%
Net assets attributable to holders of redeemable shares	1,707,909	0.25	941,113	0.23

(d) Credit risk

The Group may be exposed to credit risk, which is the risk that a counterparty to a financial transaction with the Group will be unable to pay amounts in full when due.

Counterparty risk is limited in that most securities are settled on delivery against payment (DVP trades) in the recognised clearing systems, and the risk of default is considered to be minimal as security delivery and payment are simultaneous.

The Investment Manager manages credit risk for non-DVP trades by only using approved brokers that belong to an internationally recognised financial services firm or alternatively command a high market share in a given market segment. Investments and cash held by brokers are not normally held within segregated accounts.

The following table discloses the breakdown of investments and cash held with HSBC Institutional Trust Services (Ireland) Limited and Deutsche Bank Securities Inc. as custodian and brokers at the year end.

As at 31 December 2013:

	Financial assets at fair value	Cash	Total
	US\$	US\$	US\$
HSBC Institutional Trust Services (Ireland) Limited*	568,254,901	23,167	568,278,068
HSBC Bank USA	69,080,081	-	69,080,081
Deutsche Bank Securities Inc.	58,382,321	86,015	58,468,336
	695,717,303	109,182	695,826,485

*In addition GAM Fund Management Limited holds the physical certificates for one holding for US\$14,000,000.

Notes to the Consolidated Financial Statements

6. Financial risk management, continued

As at 31 December 2012:

	Financial assets at fair value	Cash	Total
	US\$	US\$	US\$
HSBC Institutional Trust Services (Ireland) Limited	364,181,840	12,088,692	376,270,532
Deutsche Bank Securities Inc.	-	174,638	174,638
Bank of America Merrill Lynch	23,059	-	23,059
	<u>364,204,899</u>	<u>12,263,330</u>	<u>376,468,229</u>

Investments in bonds and debt income securities are subject to risk (generally lower where securities are rated above investment grade) that payments may not be made by issuers on due dates or at all.

The following table reflects the equivalent Standard & Poor's ratings of the investments held as a percentage of total investments.

Rating	31 December	31 December
	2013	2012
	%	%
A3	-	2.00
BBB+	0.54	2.09
BBB-	0.40	0.76
BB+	11.99	13.21
BB	10.81	15.63
BB-	16.87	14.30
B+	10.44	14.44
B	6.61	9.71
B-	5.42	6.08
CC	0.29	-
Non-Rated	36.63	21.78
	<u>100.00</u>	<u>100.00</u>

(e) Liquidity risk

Liquidity risk is the risk that the Group cannot generate sufficient cash resources to meet its payment obligations in full as they fall due, or can do so only at materially disadvantageous terms. The Investment Manager regularly reviews the liquidity profile of the portfolio. If necessary, the Directors may borrow to meet redemptions or they may defer payment of redemption proceeds if they consider that borrowing would be materially prejudicial to the interests of continuing shareholders. The Directors may also limit aggregate redemptions with respect to any or all share classes on any dealing day where the Company has received redemption requests representing at least 10% of the total aggregate value of the shares in issue eligible for redemption as at that dealing day.

The Group may trade in derivatives, the majority of which are traded on a recognised market and are readily realisable, however from time to time, the Group may invest in derivative contracts traded over the counter which are not traded in an organised market and may be illiquid. As a result, the Group may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value. In case of liquidity issues, the Group may borrow to meet redemption requests.

The maturity profile of the Group's financial liabilities based on the remaining period at the balance sheet date to the contractual settlement date is:

	2013	2013	2012	2012
	US\$	%	US\$	%
Due within one month	720,534,525	104.50	403,424,141	100.86%
Due between one and two months	1,236,364	0.18	436,098	0.11%
	<u>721,770,889</u>	<u>104.68</u>	<u>403,860,239</u>	<u>100.97%</u>

These balances have not been discounted, as the impact of discounting is not significant.

Notes to the Consolidated Financial Statements

6. Financial risk management, continued

(g) Offsetting and amounts subject to master netting arrangements and similar agreements

As of 31 December 2013 and 2012 the transactions between the Company and the below listed counterparties are governed by separate master netting agreements. Each agreement allows for net settlement of certain open contracts where the Company and the respective counterparty both elect to settle on a net basis. In the absence of such an election, contracts will be settled on a gross basis. However, each party to the master netting arrangement will have the option to settle all open contracts on a net basis in the event of default of the other party.

Investments pledged as collateral by the Company can be sold or re-pledged by the respective counterparty. Cash collateral received is restricted and does not form part of the Company's cash and cash equivalents. Under the terms of the master netting agreements, collateral can only be seized by a party in the event of default of the other party.

Financial assets subject to offsetting, enforceable master net arrangements and similar agreements:

As at 31 December 2013:

Description of type of Financial Assets	Gross amounts of recognised financial assets US\$	Gross amounts of recognised financial liabilities set off in the balance sheet US\$	Net amounts of financial assets presented in the balance sheet US\$	Related amounts not set-off in the balance sheet		
				Financial Instruments US\$	Cash collateral received US\$	Net amount US\$
Derivative holdings						
HSBC Institutional Trust Services (Ireland) Ltd	1,570,265	-	1,570,265	(1,570,265)	-	-
	1,570,265	-	1,570,265	(1,570,265)	-	-

As at 31 December 2012:

Description of type of Financial Assets	Gross amounts of recognised financial assets US\$	Gross amounts of recognised financial liabilities set off in the balance sheet US\$	Net amounts of financial assets presented in the balance sheet US\$	Related amounts not set-off in the balance sheet		
				Financial Instruments US\$	Cash collateral received US\$	Net amount US\$
Derivative holdings						
Bank of America Merrill Lynch	23,059	-	23,059	(23,059)	-	-
	23,059	-	23,059	(23,059)	-	-

Financial liabilities subject to offsetting, enforceable master net arrangements and similar agreements:

As at 31 December 2013:

Description of type of Financial Liabilities	Gross amounts of recognised financial liabilities US\$	Gross amounts of recognised financial liabilities set off in the balance sheet US\$	Net amounts of financial liabilities presented in the balance sheet US\$	Related amounts not set-off in the balance sheet		
				Financial Instruments US\$	Cash collateral pledged US\$	Net amount US\$
Derivative holdings						
HSBC Institutional Trust Services (Ireland) Ltd	(3,265,092)	-	(3,265,092)	1,570,265	-	(1,694,827)
	(3,265,092)	-	(3,265,092)	1,570,265	-	(1,694,827)

Notes to the Consolidated Financial Statements

6. Financial risk management, continued

As at 31 December 2012:

Description of type of Financial Liabilities	Gross amounts of recognised financial liabilities US\$	Gross amounts of recognised financial liabilities set off in the balance sheet US\$	Net amounts of financial liabilities presented in the balance sheet US\$	Related amounts not set-off in the balance sheet		
				Financial Instruments US\$	Cash collateral pledged US\$	Net amount US\$
Derivative holdings						
Bank of America Merrill Lynch	(399,329)	-	(399,329)	23,059	-	(376,270)
HSBC Bank PLC London	(436,098)	-	(436,098)	-	-	(436,098)
	(835,427)	-	(835,427)	23,059	-	(812,368)

7. Other assets/liabilities

	2013	2012
	US\$	US\$
Other assets		
Subscriptions receivable	4,349,350	22,973,485
Bond interest receivable	7,595,053	4,117,663
Other debtors	-	300,862
	<u>11,944,403</u>	<u>27,392,010</u>
Other liabilities		
Redemptions payable	1,372,773	1,180,724
Other creditors	715,831	1,853,746
	<u>2,088,604</u>	<u>3,034,470</u>

8. Share capital

	2013	2012
	Number of shares	Number of shares
Authorised share capital of voting redeemable shares of common stock with no par value		
USD Open	Unlimited	Unlimited
USD Reserved	Unlimited	Unlimited
USD Institutional	Unlimited	Unlimited
USD Institutional Income	Unlimited	Unlimited
USD P	Unlimited	Unlimited
USD SI	Unlimited	Unlimited
EUR Open	Unlimited	Unlimited
EUR Reserved	Unlimited	Unlimited
EUR Institutional	Unlimited	Unlimited
EUR Institutional Income	Unlimited	Unlimited
EUR SI	Unlimited	Unlimited
GBP Open	Unlimited	Unlimited
GBP Distributor	Unlimited	Unlimited
GBP Reserved	Unlimited	Unlimited

Notes to the Consolidated Financial Statements

8. Share capital, continued

	2013	2012
	Number of shares	Number of shares
GBP Institutional	Unlimited	Unlimited
GBP Institutional Income	Unlimited	Unlimited
GBP SI	Unlimited	Unlimited
CHF Open	Unlimited	Unlimited
CHF Reserved	Unlimited	Unlimited
CHF Institutional	Unlimited	Unlimited
CHF SI	Unlimited	Unlimited
JPY Open	Unlimited	Unlimited
JPY Income	Unlimited	Unlimited
JPY Institutional	Unlimited	Unlimited
JPY Institutional Income	Unlimited	Unlimited
JPY Institutional Selling Agent	Unlimited	Unlimited
	2013	2012
	Number of shares	Number of shares
GAM FCM Cat Bond USD Open - Initial Series		
At 1 January	97,589.62	-
Issued	79,916.88	97,589.62
Redeemed	(59,035.29)	-
At 31 December	<u>118,471.21</u>	<u>97,589.62</u>
GAM FCM Cat Bond 2012 Series 9 USD		
At 1 January	500.00	-
Issued	-	500.00
Redeemed	(500.00)	-
At 31 December	<u>-</u>	<u>500.00</u>
GAM FCM Cat Bond 2012 Series 10 USD		
At 1 January	12,899.84	-
Issued	-	13,199.84
Redeemed	(12,899.84)	(300.00)
At 31 December	<u>-</u>	<u>12,899.84</u>
GAM FCM Cat Bond 2012 Series 11 USD		
At 1 January	6,625.50	-
Issued	-	6,625.50
Redeemed	(6,625.50)	-
At 31 December	<u>-</u>	<u>6,625.50</u>
GAM FCM Cat Bond 2012 Series 12 USD		
At 1 January	66,763.55	-
Issued	-	66,763.55
Redeemed	(66,763.55)	-
At 31 December	<u>-</u>	<u>66,763.55</u>

Notes to the Consolidated Financial Statements

8. Share capital, continued

	2013	2012
	Number of shares	Number of shares
GAM FCM Cat Bond 2013 Series 1 USD		
Issued	40,027.76	-
Redeemed	(297.00)	-
At 31 December	<u>39,730.76</u>	<u>-</u>
GAM FCM Cat Bond 2013 Series 3 USD		
Issued	9,150.56	-
Redeemed	(150.56)	-
At 31 December	<u>9,000.00</u>	<u>-</u>
GAM FCM Cat Bond 2013 Series 4 USD		
Issued	13,070.69	-
At 31 December	<u>13,070.69</u>	<u>-</u>
GAM FCM Cat Bond 2013 Series 5 USD		
Issued	2,702.91	-
At 31 December	<u>2,702.91</u>	<u>-</u>
GAM FCM Cat Bond 2013 Series 6 USD		
Issued	10,250.00	-
At 31 December	<u>10,250.00</u>	<u>-</u>
GAM FCM Cat Bond 2013 Series 7 USD		
Issued	40,390.00	-
Redeemed	(871.25)	-
At 31 December	<u>39,518.75</u>	<u>-</u>
GAM FCM Cat Bond 2013 Series 8 USD		
Issued	70,600.00	-
Redeemed	(4,616.15)	-
At 31 December	<u>65,983.85</u>	<u>-</u>
GAM FCM Cat Bond 2013 Series 9 USD		
Issued	35,497.35	-
Redeemed	(2,631.74)	-
At 31 December	<u>32,865.61</u>	<u>-</u>
GAM FCM Cat Bond 2013 Series 10 USD		
Issued	193,896.59	-
Redeemed	(722.99)	-
At 31 December	<u>193,173.60</u>	<u>-</u>
GAM FCM Cat Bond 2013 Series 11 USD		
Issued	70,258.21	-
Redeemed	-	-
At 31 December	<u>70,258.21</u>	<u>-</u>

Notes to the Consolidated Financial Statements

8. Share capital, continued

	2013	2012
	Number of shares	Number of shares
GAM FCM Cat Bond 2013 Series 12 USD		
Issued	23,173.50	-
At 31 December	<u>23,173.50</u>	<u>-</u>
GAM FCM Cat Bond EUR Open - Initial Series		
At 1 January	10,745.51	6,017.58
Issued	40,398.32	7,351.13
Redeemed	(7,563.63)	(2,623.20)
At 31 December	<u>43,580.20</u>	<u>10,745.51</u>
GAM FCM Cat Bond 2012 Series 9 EUR		
At 1 January	36,804.27	-
Issued	-	37,074.27
Redeemed	(36,804.27)	(270.00)
At 31 December	<u>-</u>	<u>36,804.27</u>
GAM FCM Cat Bond 2012 Series 10 EUR		
At 1 January	149.58	-
Issued	-	149.58
Redeemed	(149.58)	-
At 31 December	<u>-</u>	<u>149.58</u>
GAM FCM Cat Bond 2012 Series 11 EUR		
At 1 January	3,395.16	-
Issued	-	3,395.16
Redeemed	(3,395.16)	-
At 31 December	<u>-</u>	<u>-</u>
GAM FCM Cat Bond 2012 Series 12 EUR		
At 1 January	6,822.57	-
Issued	-	6,822.57
Redeemed	(6,822.57)	-
At 31 December	<u>-</u>	<u>6,822.57</u>
GAM FCM Cat Bond 2013 Series 1 EUR		
Issued	2,900.00	-
Redeemed	(650.00)	-
At 31 December	<u>2,250.00</u>	<u>-</u>
GAM FCM Cat Bond 2013 Series 3 EUR		
Issued	3,015.00	-
Redeemed	(1,560.00)	-
At 31 December	<u>1,455.00</u>	<u>-</u>

Notes to the Consolidated Financial Statements

8. Share capital, continued

	2013	2012
	Number of shares	Number of shares
GAM FCM Cat Bond 2013 Series 4 EUR		
Issued	397.03	-
At 31 December	<u>397.03</u>	<u>-</u>
GAM FCM Cat Bond 2013 Series 5 EUR		
Issued	4,815.95	-
Redeemed	(1,499.49)	-
At 31 December	<u>3,316.46</u>	<u>-</u>
GAM FCM Cat Bond 2013 Series 7 EUR		
Issued	401.50	-
At 31 December	<u>401.50</u>	<u>-</u>
GAM FCM Cat Bond 2013 Series 8 EUR		
Issued	1,586.40	-
At 31 December	<u>1,586.40</u>	<u>-</u>
GAM FCM Cat Bond 2013 Series 10 EUR		
Issued	19,146.05	-
At 31 December	<u>19,146.05</u>	<u>-</u>
GAM FCM Cat Bond 2013 Series 11 EUR		
Issued	1,070.00	-
At 31 December	<u>1,070.00</u>	<u>-</u>
GAM FCM Cat Bond GBP Open - Initial Series		
At 1 January	59,687.24	9,112.41
Issued	58,951.35	50,872.62
Redeemed	(4,823.19)	(297.79)
At 31 December	<u>113,815.40</u>	<u>59,687.24</u>
GAM FCM Cat Bond 2012 Series 9 GBP		
At 1 January	360.00	-
Issued	-	360.00
Redeemed	(360.00)	-
At 31 December	<u>-</u>	<u>360.00</u>
GAM FCM Cat Bond 2012 Series 10 GBP		
At 1 January	32,987.00	-
Issued	-	32,987.00
Redeemed	(32,987.00)	-
At 31 December	<u>-</u>	<u>32,987.00</u>

Notes to the Consolidated Financial Statements

8. Share capital, continued

	2013	2012
	Number of shares	Number of shares
GAM FCM Cat Bond 2012 Series 11 GBP		
At 1 January	18,381.30	-
Issued	-	18,381.30
Redeemed	(18,381.30)	-
At 31 December	<u>18,381.30</u>	<u>18,381.30</u>
GAM FCM Cat Bond 2012 Series 12 GBP		
At 1 January	16,170.00	-
Issued	-	16,170.00
Redeemed	(16,170.00)	-
At 31 December	<u>16,170.00</u>	<u>16,170.00</u>
GAM FCM Cat Bond 2013 Series 1 GBP		
Issued	82.00	-
At 31 December	<u>82.00</u>	<u>-</u>
GAM FCM Cat Bond 2013 Series 3 GBP		
Issued	2,829.50	-
At 31 December	<u>2,829.50</u>	<u>-</u>
GAM FCM Cat Bond 2013 Series 5 GBP		
Issued	250.00	-
At 31 December	<u>250.00</u>	<u>-</u>
GAM FCM Cat Bond 2013 Series 6 GBP		
Issued	470.00	-
At 31 December	<u>470.00</u>	<u>-</u>
GAM FCM Cat Bond 2013 Series 7 GBP		
Issued	483.11	-
At 31 December	<u>483.11</u>	<u>-</u>
GAM FCM Cat Bond 2013 Series 10 GBP		
Issued	8,940.00	-
At 31 December	<u>8,940.00</u>	<u>-</u>
GAM FCM Cat Bond JPY Open Series		
At 1 January	100,001.00	-
Issued	-	100,001.00
At 31 December	<u>100,001.00</u>	<u>100,001.00</u>
GAM FCM Cat Bond 2013 Series 3 JPY		
Issued	150,000.00	-
At 31 December	<u>150,000.00</u>	<u>-</u>

Notes to the Consolidated Financial Statements

8. Share capital, continued

	2013 Number of shares	2012 Number of shares
GAM FCM Cat Bond 2013 Series 4 JPY		
Issued	100,000.00	-
At 31 December	<u>100,000.00</u>	<u>-</u>
GAM FCM Cat Bond 2013 Series 5 JPY		
Issued	1,440.00	-
At 31 December	<u>1,440.00</u>	<u>-</u>
GAM FCM Cat Bond 2013 Series 7 JPY		
Issued	20,760.00	-
At 31 December	<u>20,760.00</u>	<u>-</u>
GAM FCM Cat Bond 2013 Series 9 JPY		
Issued	100,000.00	-
At 31 December	<u>100,000.00</u>	<u>-</u>
GAM FCM Cat Bond 2013 Series 11 JPY		
Issued	80,000.00	-
At 31 December	<u>80,000.00</u>	<u>-</u>
GAM FCM Cat Bond USD Institutional Initial Series		
At 1 January	387,987.14	154,190.51
Issued	1,049,681.17	238,503.33
Redeemed	(5,465.72)	(4,706.70)
At 31 December	<u>1,432,202.59</u>	<u>387,987.14</u>
GAM FCM Cat Bond 2012 Series 9 USD Institutional		
At 1 January	35,840.00	-
Issued	-	35,840.00
Redeemed	(35,840.00)	-
At 31 December	<u>-</u>	<u>35,840.00</u>
GAM FCM Cat Bond 2012 Series 10 USD Institutional		
At 1 January	503,500.00	-
Issued	-	503,500.00
Redeemed	(503,500.00)	-
At 31 December	<u>-</u>	<u>503,500.00</u>
GAM FCM Cat Bond 2012 Series 11 USD Institutional		
At 1 January	560,780.00	-
Issued	-	560,780.00
Redeemed	(560,780.00)	-
At 31 December	<u>-</u>	<u>560,780.00</u>

Notes to the Consolidated Financial Statements

8. Share capital, continued

	2013	2012
	Number of shares	Number of shares
GAM FCM Cat Bond 2012 Series 12 USD Institutional		
At 1 January	125,000.00	-
Issued	-	125,000.00
Redeemed	(125,000.00)	-
At 31 December	<u>-</u>	<u>125,000.00</u>
GAM FCM Cat Bond 2013 Series 1 USD Institutional		
Issued	<u>10,115.70</u>	-
At 31 December	<u>10,115.70</u>	-
GAM FCM Cat Bond 2013 Series 3 USD Institutional		
Issued	<u>181,900.00</u>	-
At 31 December	<u>181,900.00</u>	-
GAM FCM Cat Bond 2013 Series 4 USD Institutional		
Issued	<u>200,651.77</u>	-
At 31 December	<u>200,651.77</u>	-
GAM FCM Cat Bond 2013 Series 5 USD Institutional		
Issued	<u>436,544.90</u>	-
At 31 December	<u>436,544.90</u>	-
GAM FCM Cat Bond 2013 Series 6 USD Institutional		
Issued	<u>339,688.89</u>	-
At 31 December	<u>339,688.89</u>	-
GAM FCM Cat Bond 2013 Series 7 USD Institutional		
Issued	<u>451.79</u>	-
At 31 December	<u>451.79</u>	-
GAM FCM Cat Bond 2013 Series 8 USD Institutional		
Issued	1,521,490.58	-
Redeemed	(72,650.53)	-
At 31 December	<u>1,448,840.05</u>	-
GAM FCM Cat Bond 2013 Series 9 USD Institutional		
Issued	<u>44,620.00</u>	-
At 31 December	<u>44,620.00</u>	-
GAM FCM Cat Bond 2013 Series 10 USD Institutional		
Issued	<u>138,094.67</u>	-
At 31 December	<u>138,094.67</u>	-
GAM FCM Cat Bond 2013 Series 11 USD Institutional		
Issued	<u>166,660.00</u>	-
At 31 December	<u>166,660.00</u>	-

Notes to the Consolidated Financial Statements

8. Share capital, continued

	2013 Number of shares	2012 Number of shares
GAM FCM Cat Bond 2013 Series 12 USD Institutional		
Issued	20,320.00	-
At 31 December	<u>20,320.00</u>	<u>-</u>
GAM FCM Cat Bond 2013 Series 3 GBP Institutional		
Issued	1,000.00	-
At 31 December	<u>1,000.00</u>	<u>-</u>
GAM FCM Cat Bond 2013 Series 4 GBP Institutional		
Issued	750.00	-
At 31 December	<u>750.00</u>	<u>-</u>
GAM FCM Cat Bond 2013 Series 5 GBP Institutional		
Issued	5,864.54	-
At 31 December	<u>5,864.54</u>	<u>-</u>
GAM FCM Cat Bond 2013 Series 7 GBP Institutional		
Issued	400.00	-
At 31 December	<u>400.00</u>	<u>-</u>
GAM FCM Cat Bond 2013 Series 8 GBP Institutional		
At 1 January		-
Issued	300.00	-
At 31 December	<u>300.00</u>	<u>-</u>
GAM FCM Cat Bond 2013 Series 10 GBP Institutional		
Issued	1,747.00	-
At 31 December	<u>1,747.00</u>	<u>-</u>
GAM FCM Cat Bond 2013 Series 11 GBP Institutional		
At 1 January		-
Issued	500.00	-
At 31 December	<u>500.00</u>	<u>-</u>
GAM FCM Cat Bond USD Reserved		
At 1 January	1,424,076.30	1,315,287.63
Issued	152,746.75	487,343.32
Redeemed	(1,361,003.48)	(378,554.65)
At 31 December	<u>215,819.57</u>	<u>1,424,076.30</u>

Each share carries the right to one vote on matters put to a shareholder vote.

The Reserved and Institutional classes are only available to investors who have negotiated terms of investment with the GAM Group.

The capital of the Company is represented by the net assets attributable to shareholders. The amount of net assets attributable to shareholders can change significantly on a regular basis as the Company is subject to regular subscriptions and regular redemptions at the discretion of shareholders subject to the notice periods per the Prospectus.

Notes to the Consolidated Financial Statements

9. Net Asset Value

In the prior year, the Company utilised bid and ask prices for its listed financial assets and liabilities in accordance with IAS 39. Under IFRS 13 the Company has changed the valuation approach to quoted prices in an active market. This change eliminated the bid and ask pricing difference on the balance sheet and the amount in the current year statement of operations is the movement from the prior year to the current year.

The net asset value per share of the Company for the year/period ended 31 December 2013 and 31 December 2012:

	31 December 2013	31 December 2012
GAM FCM Cat Bond USD Open - Initial Series	US\$119.44	US\$109.20
GAM FCM Cat Bond 2012 Series 9 USD	-	US\$101.55
GAM FCM Cat Bond 2012 Series 10 USD	-	US\$102.77
GAM FCM Cat Bond 2012 Series 11 USD	-	US\$101.74
GAM FCM Cat Bond 2012 Series 12 USD	-	US\$100.00
GAM FCM Cat Bond 2013 Series 1 USD	US\$108.53	-
GAM FCM Cat Bond 2013 Series 3 USD	US\$106.35	-
GAM FCM Cat Bond 2013 Series 4 USD	US\$105.23	-
GAM FCM Cat Bond 2013 Series 5 USD	US\$104.80	-
GAM FCM Cat Bond 2013 Series 6 USD	US\$104.68	-
GAM FCM Cat Bond 2013 Series 7 USD	US\$104.10	-
GAM FCM Cat Bond 2013 Series 8 USD	US\$103.06	-
GAM FCM Cat Bond 2013 Series 9 USD	US\$101.61	-
GAM FCM Cat Bond 2013 Series 10 USD	US\$100.75	-
GAM FCM Cat Bond 2013 Series 11 USD	US\$100.29	-
GAM FCM Cat Bond 2013 Series 12 USD	US\$100.00	-
GAM FCM Cat Bond EUR Open - Initial Series	€128.88	€118.19
GAM FCM Cat Bond 2012 Series 9 EUR	-	€101.40
GAM FCM Cat Bond 2012 Series 10 EUR	-	€102.62
GAM FCM Cat Bond 2012 Series 11 EUR	-	€101.65
GAM FCM Cat Bond 2012 Series 12 EUR	-	€100.00
GAM FCM Cat Bond 2013 Series 1 EUR	€108.23	-
GAM FCM Cat Bond 2013 Series 3 EUR	€106.04	-
GAM FCM Cat Bond 2013 Series 4 EUR	€105.00	-
GAM FCM Cat Bond 2013 Series 5 EUR	€104.60	-
GAM FCM Cat Bond 2013 Series 7 EUR	€103.98	-
GAM FCM Cat Bond 2013 Series 8 EUR	€102.96	-
GAM FCM Cat Bond 2013 Series 10 EUR	€100.72	-
GAM FCM Cat Bond 2013 Series 11 EUR	€100.28	-
GAM FCM Cat Bond GBP Open - Initial Series	£128.43	£117.21
GAM FCM Cat Bond 2012 Series 9 GBP	-	£101.48
GAM FCM Cat Bond 2012 Series 10 GBP	-	£102.67
GAM FCM Cat Bond 2012 Series 11 GBP	-	£101.70
GAM FCM Cat Bond 2012 Series 12 GBP	-	£100.00
GAM FCM Cat Bond 2013 Series 1 GBP	£108.65	-
GAM FCM Cat Bond 2013 Series 3 GBP	£106.36	-
GAM FCM Cat Bond 2013 Series 5 GBP	£104.79	-
GAM FCM Cat Bond 2013 Series 6 GBP	£104.66	-
GAM FCM Cat Bond 2013 Series 7 GBP	£104.07	-
GAM FCM Cat Bond 2013 Series 10 GBP	£100.75	-

Notes to the Consolidated Financial Statements

9. Net Asset Value, continued

	31 December 2013	31 December 2012
GAM FCM Cat Bond JPY - Initial Series	JPY11,829.63	JPY10,835.93
GAM FCM Cat Bond 2013 Series 3 JPY	JPY10,609.49	-
GAM FCM Cat Bond 2013 Series 4 JPY	JPY10,500.63	-
GAM FCM Cat Bond 2013 Series 5 JPY	JPY10,462.08	-
GAM FCM Cat Bond 2013 Series 7 JPY	JPY10,398.17	-
GAM FCM Cat Bond 2013 Series 9 JPY	JPY10,158.32	-
GAM FCM Cat Bond 2013 Series 11 JPY	JPY10,026.63	-
GAM FCM Cat Bond USD Institutional - Initial Series	US\$130.89	US\$119.12
GAM FCM Cat Bond 2012 Series 9 USD Institutional	-	US\$101.70
GAM FCM Cat Bond 2012 Series10 USD Institutional	-	US\$102.88
GAM FCM Cat Bond 2012 Series 11 USD Institutional	-	US\$101.81
GAM FCM Cat Bond 2012 Series 12 USD Institutional	-	US\$100.00
GAM FCM Cat Bond 2013 Series 1 USD Institutional	US\$108.96	-
GAM FCM Cat Bond 2013 Series 3 USD Institutional	US\$106.71	-
GAM FCM Cat Bond 2013 Series 4 USD Institutional	US\$105.53	-
GAM FCM Cat Bond 2013 Series 5 USD Institutional	US\$105.06	-
GAM FCM Cat Bond 2013 Series 6 USD Institutional	US\$104.90	-
GAM FCM Cat Bond 2013 Series 7 USD Institutional	US\$104.28	-
GAM FCM Cat Bond 2013 Series 8 USD Institutional	US\$103.20	-
GAM FCM Cat Bond 2013 Series 9 USD Institutional	US\$101.75	-
GAM FCM Cat Bond 2013 Series 10 USD Institutional	US\$100.81	-
GAM FCM Cat Bond 2013 Series 11 USD Institutional	US\$100.33	-
GAM FCM Cat Bond 2013 Series 12 USD Institutional	US\$100.00	-
GAM FCM Cat Bond 2013 Series 3 GBP Institutional	£106.59	-
GAM FCM Cat Bond 2013 Series 4 GBP Institutional	£105.50	-
GAM FCM Cat Bond 2013 Series 5 GBP Institutional	£105.02	-
GAM FCM Cat Bond 2013 Series 7 GBP Institutional	£104.26	-
GAM FCM Cat Bond 2013 Series 8 GBP Institutional	£103.18	-
GAM FCM Cat Bond 2013 Series 10 GBP Institutional	£100.82	-
GAM FCM Cat Bond 2013 Series 11 GBP Institutional	£100.33	-
GAM FCM Cat Bond 2012 USD Reserved	US\$130.01	US\$118.20

10. Related parties

(i) The Delegate Investment Manager is considered to be a related party of the Group by virtue of the influence that it has over the Group's investment activities. The Manager and the Administrator are considered related parties due to the existence of material contracts. Fee arrangements with these parties are set out in note 5.

(ii) No Director of the Company had any interest in any contract of significance in relation to the Group's business at any time during the year ended 31 December 2013.

(iii) Directors' fees for the year are disclosed in note 5. Andrew Hanges has waived his fee for acting as a Director of the Company. At the year end there were no outstanding amounts due to the Directors for fees.

(iv) As at 31 December 2013, other GAM funds in total held less than 20% of the issued share capital of the Company.

11. Subsequent events

There have been no significant events affecting the Group since the year end.

Statements of Directors' Responsibilities

It is the Directors' responsibility to prepare consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the Group and results of the Group for that period. In preparing those consolidated financial statements, the Directors have a responsibility to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the consolidated financial statements comply with International Financial Reporting Standards. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report

To the shareholders of GAM FCM Cat Bond Inc. (the "Company")

Report on the consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Company which consolidated the subsidiary listed in note 1 which comprise the consolidated balance sheet and consolidated portfolio statement as at 31 December 2013 and the consolidated income statement, consolidated statement of changes in net assets attributable to the shareholders of the Company and consolidated cash flow statement for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

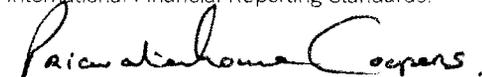
This report, including the opinion, has been prepared for and only for the Company's shareholders as a body in accordance with the terms of our letter of engagement and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and its subsidiary as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



PricewaterhouseCoopers
Dublin

23 April 2014