



14.03.20018

Multipartner SICAV - The 1.2 Fund Lux Volatility Trading

To whom it may concern,

We would like to get back to your inquiry and inform you about our findings regarding the Multipartner SICAV - The 1.2 Fund Lux Volatility Trading (the "Fund").

To begin with, it is important to note again that while GAM (Luxembourg) S.A. has been the appointed Management Company of the Fund, the investment management of the Fund has been delegated to a third party, Option Solutions LLP (the "Investment Manager"). It is within the responsibility of the Investment Manager to manage the assets of the Fund in line with the investment policy as set out in the prospectus and to take the investment decisions accordingly. We, as the Management Company of the Fund, have been monitoring the recent developments in the light of our responsibility to oversee the Investment Manager's compliance with the investment policy.

Due to the sharp decrease of the S&P 500 index and the massive increase of volatility starting on Monday, 5 February 2018, the Fund experienced significant daily losses on 5 February 2018 and 6 February 2018.

The Investment Manager (Option Solutions LLP) immediately reacted to this extraordinary event (i.e. the sharp decrease of the S&P 500 index and massive increase of volatility) and also closed, amongst others, short put positions in order to adjust the portfolio's exposure vis-à-vis the decreasing index. However, due to the quick and significant increase of the pace of the market sell-off and the level of volatility, the portfolio suffered significant losses within very short periods of time. Following, the downturn of the markets continued from Monday, 5 February, to Tuesday, 6 February 2018. And, on 6 February 2016, the Asian markets opened with significant losses, reflecting concerns of the sharp correction suffered in the US the day before which continued the increase of volatility. Option Solutions LLP continued to adjust the portfolio over these two days with the execution of a larger number of trades irrespective of business hours, i.e. also during the night from Monday to Tuesday.

Unfortunately, this extraordinary event, the speed and sequence of the movements, and the sudden lack of market liquidity did not leave many other options for mitigating actions and led to the materialisation of the inherent risks of the investment strategy.

As indicated in the fact sheets and the prospectus of the Fund (the "Fund Documentation"), if there is a significant increase in the volatility level following the initiation of short put positions, their value will increase causing mark-to-market losses to the Fund. Option Solutions LLP employed the mechanisms which have been outlined in the available Fund Documentation in order to mitigate the impact on the

portfolio. However, while these mechanisms work under normal market conditions, they are not fully effective in the case of the occurrence of unpredictable, extraordinary events like this.

Our Risk department has analysed in detail the movements in the portfolio and the actions taken by the Investment Manager (Option Solutions LLP) during these two days (Monday, 5 February, and Tuesday, 6 February 2018) and did not detect any breach of the Fund's investment policy as set out in the prospectus. In order to get this confirmed, we have submitted our detailed analysis also to the Fund's auditors. Should we receive any dissenting response from the Fund's auditors leading to a material change in our assessment, we would get back to you without undue delay.

In summary, we have to inform you that from our perspective there is, at this point in time, no indication for any responsibility to recover the losses experienced by the Fund, as they are unfortunately a materialisation of the inherent risks of the investment strategy and not the result of any actions which would not have been in compliance with the available Fund documentation and, in particular, the therein set out investment policy.

Finally, we would like to inform you again that you may escalate any complaint directly via email or letter to:

E-mail: Lux_Legal_Compliance@gam.com
Mail: GAM (Luxembourg) S.A.
Nils Kruse, Head of Compliance & Legal
25, Grand-Rue
L-1661 Luxembourg

Or, if you are dissatisfied with the way we have handled your complaint, you may refer the matter to the Luxembourg financial dispute resolution body, i.e. the Financial Sector Supervisory Commission (the "CSSF"):

E-mail: reclamation@cssf.lu
Mail: Financial Sector Supervisory Commission (CSSF)
283, route d'Arlon
L-1150 Luxembourg

Thereby, please note that the CSSF can only consider a case if GAM's own complaints procedure has been exhausted and provided you refer your case within 1 year of your first filing with GAM. Please visit the CSSF's website for full instructions on how to file a complaint and access their complaint form: <http://www.cssf.lu/en/consumer/complaints>.

Yours sincerely,

GAM (Luxembourg) S.A.