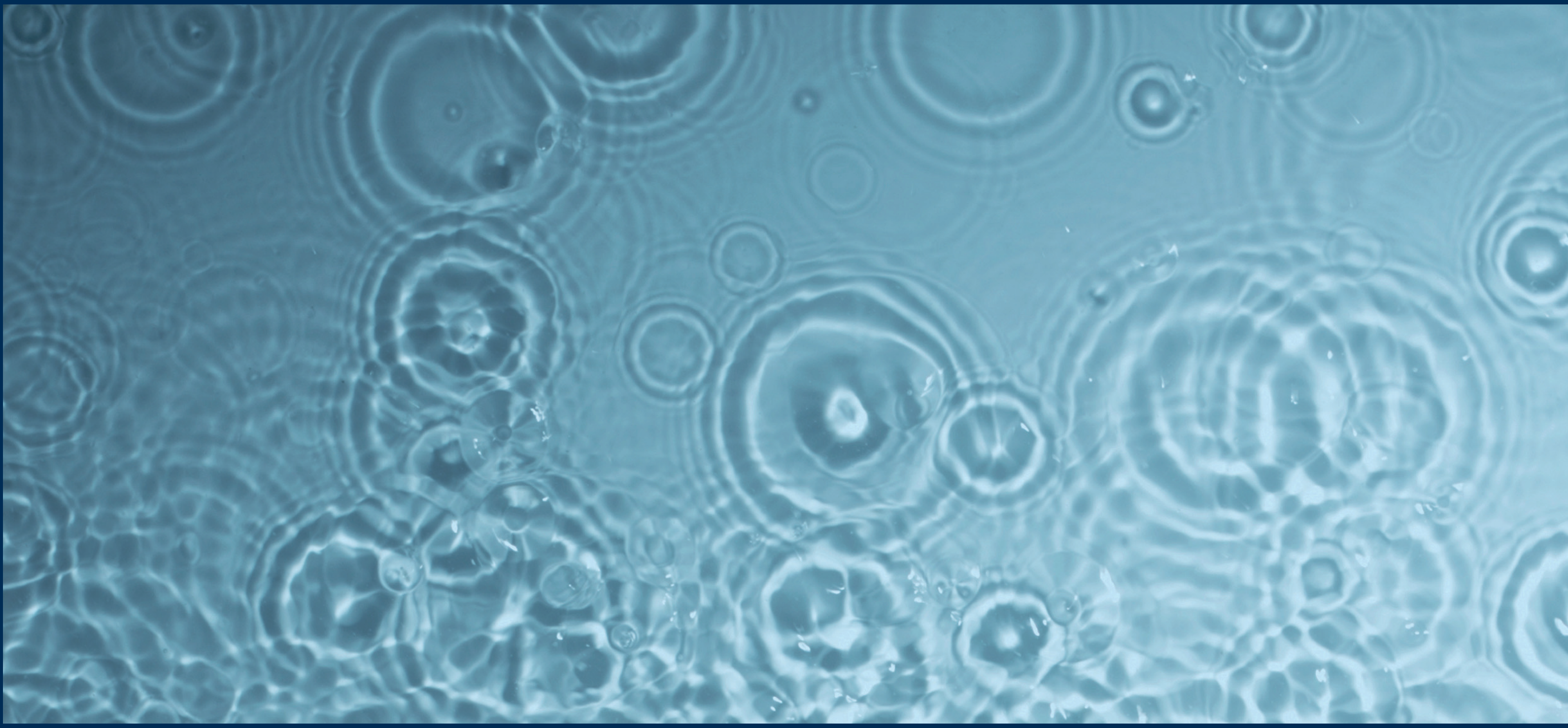
Gottex Fund Management Limited
Annual Report and Financial Statements 2008



Gottex Fund Management Limited Annual Report and Financial Statements 2008

Gottex Fund Management Holdings Limited
A leader in the alternative asset management industry

Contents

Gottex Fund Management is a leading provider of alternative investment solutions and advisory services. Founded in 1992, Gottex has USD 9.6 billion in Assets under Management as at 31 December 2008. Gottex offers a variety of investment products, ranging from Market Neutral Funds of Hedge Funds to Asset-Based, and Portable Alpha portfolios. It currently employs 114 people, including over 30 investment professionals, in offices located across three continents. This allows the firm to combine in-depth local knowledge of financial markets and investors with the strength of a global presence and infrastructure.

Gottex Annual Report 2008

Business Highlights

- Ranked #21 in global list of fund of hedge funds by Assets under Management.
- USD 9.6 billion Assets under Management across several fund of hedge funds, managed accounts and advisory mandates.
- Opening of new representative offices in Zurich and Dubai.
- Successful launch of Gottex Real Asset Fund with USD 500 million.
- Strong debt free balance sheet.

Assets under Management

USD **9.6**bn ↓40%

Gross revenues

USD **168**m ↓13%

Profit after tax

USD **46**m ↓46%

Financial Highlights

	2008 USD	2007 USD	Change
Assets under Management (AuM)	**9.6bn**	16.0bn	–40%
Average annual AuM	**14.3bn**	11.5bn	+24%
Gross revenues	**168m**	194m	–13%
Management fees	**154m**	132m	+17%
Performance fees	**2m**	53m	–96%
Profit before tax	**51m**	93m	–46%
Profit after tax	**46m**	84m	–46%
Earnings per share	**1.46**	2.66	–45%
Dividend per share	**0.60***	0.45*	+33%

*Proposed (paid in Swiss Francs)

Welcome from the Chairman and Chief Executive Officer

Joachim Gottschalk
Chairman and Chief Executive Officer

The market turbulence of 2008 is unprecedented in living memory. However, we believe great opportunities lie ahead.

2008 has undoubtedly been a challenging year which saw substantial falls in revenues and Assets under Management ("AuM") for both the hedge fund industry and at Gottex. We, nevertheless, remain positive about our plans for 2009 and beyond, based on our strong balance sheet, considerable market opportunities and reduced competition.

Overview

This is the second Annual Report of Gottex Fund Management Holdings Limited[1] as a public company. The extraordinary turmoil in the markets, made 2008 one of the most difficult years ever for financial companies in general and the hedge fund industry in particular, as AuM fall sharply. Likewise Gottex saw its AuM decrease from USD 16.0 billion at 31 December 2007 to USD 9.6 billion by 31 December 2008. The fall in assets, combined with a lack of performance fees, led to total gross revenues for the financial year 2008 falling to USD 167.9 million compared to USD 193.7 million the previous year. Profits after tax were USD 45.6 million compared to USD 83.7 million in the prior year.

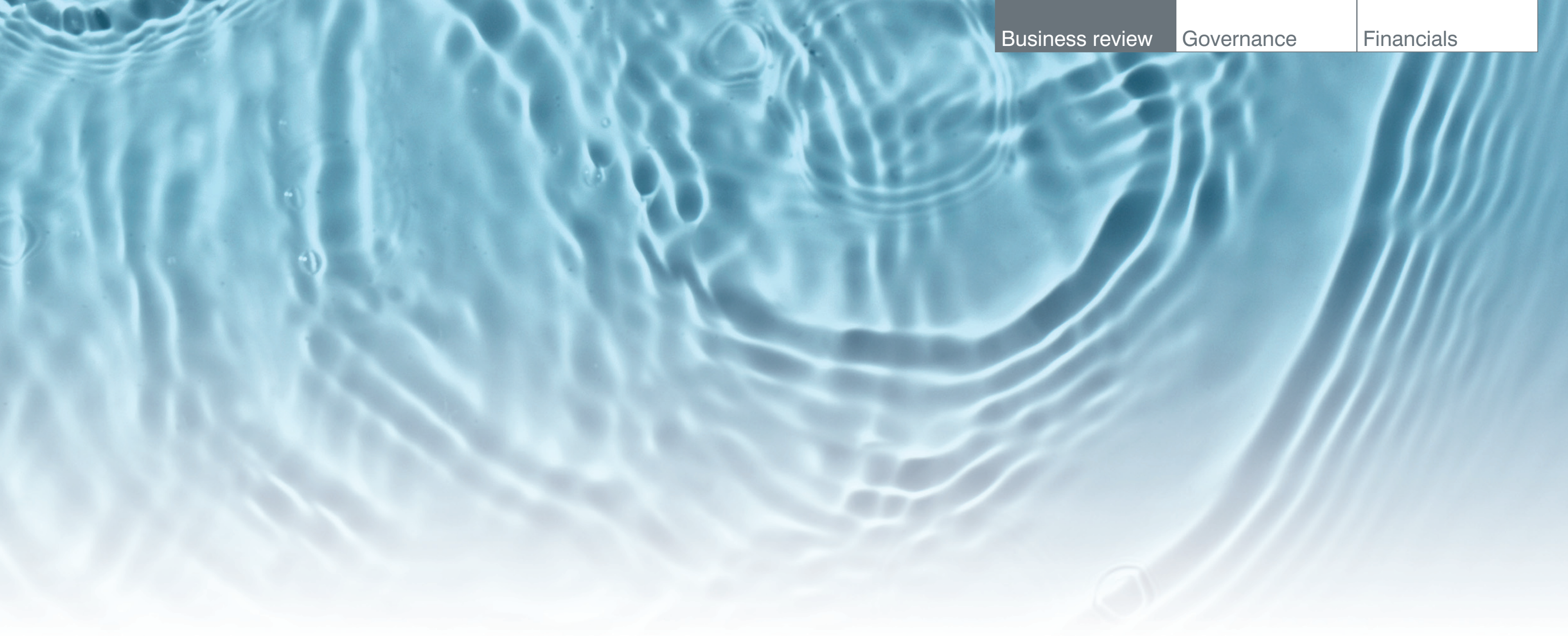
On a more positive note, we benefit from a strong balance sheet which has no debt, and cash reserves of USD 45.4 million. This should enable the Company to take advantage of opportunities that the recent volatility has created. In light of this strength and our positive medium-term outlook, the Board has recommended a final dividend of USD 20.0 million (including minorities), or USD 0.60 per GFMH share.

Review of the year

During 2008 we witnessed the consequences of years of excessive leverage and poor underwriting. The result was a crisis of confidence, flight to quality, a freeze of the institutional and consumer credit markets and consequently forced deleverage and a sharp decrease in asset prices. These developments were exacerbated by the demise of Bear Stearns and Lehman Brothers, the virtual insolvency of FNMA[2], FHLMC[3], and AIG[4] and extreme currency movements triggering, *inter alia*, a sharp increase in liquidity, constraints among hedge funds. In short, it was a chain of events the severity, extent and speed of which has not been experienced in our times. By the end of 2008, the rapid deleveraging and lack of credit began to seriously impact global economic growth and pushed the major world economies into recession.

Gottex has not been immune to the developments in the financial markets and the hedge fund industry. Until August 2008, our flagship market neutral funds were only marginally affected but September and October – when liquidity in the market disappeared altogether – had a serious negative impact on the performance of our investments. These unprecedented events increased the restricted liquidity profile of underlying hedge funds in which Gottex funds are invested. Like many of our competitors in the hedge fund industry, in Q4 2008, we temporarily restricted client redemptions for most of our funds.

[1]"Gottex", "GFMH" or "the Company" and together with its subsidiaries, "the Group".
[2]Federal National Mortgage Association
[3]Federal Home Loan Mortgage Corporation
[4]American International Group, Inc



Unsurprisingly, the year's events affected the assets we manage. During 2008, AuM decreased from USD 16.0 billion at 31 December 2007 to USD 9.6 billion at 31 December 2008. This was driven primarily by negative performance of USD 3.25 billion. Foreign exchange and rebalancing factors caused a USD 1.77 billion decrease, and net client flows accounted for a reduction of USD 1.33 billion.

One key objective of Gottex's funds is minimising capital losses, and for the first eight months of 2008 the majority of Gottex funds achieved that aim. This was despite the challenges in the markets, and was in contrast to most equity markets and hedge fund indices, which were already in negative territory by August 2008. But September and October events saw the environment deteriorate, which for the first time in the history of our funds, resulted in negative returns for a full calendar year. Despite having outperformed major equity markets and most of our direct competitors we consider this very disappointing as we have not achieved our goal of providing investors with absolute returns.

Reflections and market outlook
The deepening of the financial crisis during the last quarter of 2008 presented multiple challenges to the whole of the financial industry including Gottex. As has been well documented elsewhere, the financial system is arguably facing problems of a severity not seen since the 1930s. But, in general, every period of dramatic change and downturn is followed by a period of numerous opportunities.

We believe that what we are currently seeing is a much needed shake-out after a 10-year hedge fund bull market. We expect the number of hedge funds to drop significantly in 2009, and we also believe that many players such as proprietary trading desks of commercial and investment banks, large trade financing companies and insurers will be forced out or voluntarily leave the market. Therefore, during a period when opportunities are more numerous, competition is likely to fall significantly, resulting in increased returns for those left.

The survivors and ultimate winners from that shake-out will be the larger, better capitalised hedge fund managers. To deliver success, it will be essential to address the main issues confronting the hedge fund industry, and to proactively take the necessary actions. It has been our objective to be at the forefront of developing plans and applying the changes necessary to face the 'new financial world'.

Plans for 2009
Commitment and motivation are key in the current environment. The Board, the Executive Management Committee (EMC) and the entire Gottex team have a strong conviction to take the business forward with proactive measures that aim to maximise value for our clients and shareholders. Our plans for 2009 include:

- the reopening of all our funds;
- the restructuring of our funds;
- reducing overall management fees and introducing innovative longer-term incentive fees which will be calculated over a two to three year period;
- executing a CHF 7 million share purchase programme by the Employee Benefit Trust;
- reducing our operational cost base by approximately 30%;
- focusing on our core business whilst introducing a Multi Asset Management product;
- diversifying our advisory business with the creation of Gottex Solutions Services offering investment, monitoring and risk-management advice to institutional hedge fund investors; and
- streamlining the offerings of our smaller commingled funds.

These plans build on the solid business foundations of our skilled and experienced team, a diverse global institutional client base and territorial coverage over three continents. I would also like to highlight that Gottex has a sound financial base with large cash reserves and a debt free balance sheet.

The Board of Directors and management team
The majority of shareholders at the AGM in May 2008 reappointed all our existing Directors. We also welcomed Larry Lasser to the Board of Directors as a Non-Executive Director. Larry's broad and deep experience in asset management proved to be of enormous value to Gottex. Other changes amongst the senior management team were the appointment of Richard Leibovitch to the newly created role of Chief Investment Officer, the appointment of James Singh as Head of our Asian Business and both he and Andre Keijsers joining the EMC effective 1 January 2009. Finally, Peter Bennett, who has contributed extensively to the success of our firm for the past nine years (most recently in charge of our Asian business) is retiring at the end of March 2009.

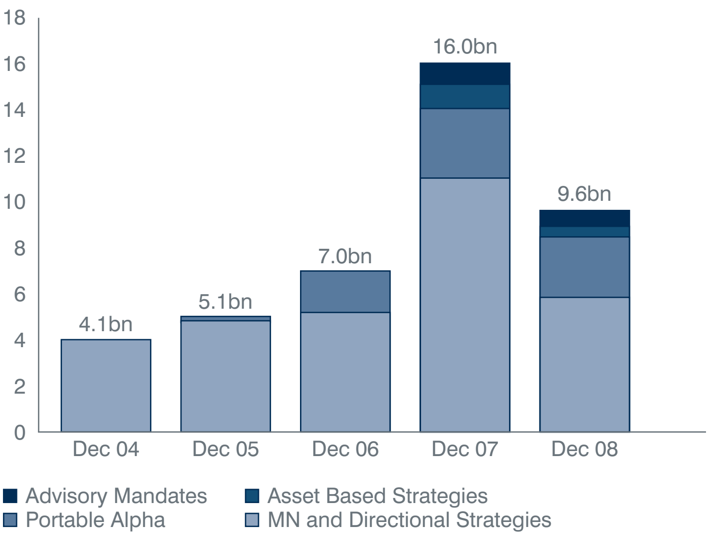
The dedication of the Board and the EMC is critical to the success of Gottex, but so is the contribution of our entire workforce. Throughout 2008, with all its challenges and demands, our professional staff have pushed themselves hard to address the issues presented and prepare the Group for a successful future. I would like to extend my thanks to all members of staff for their efforts and dedication in 2008. I value their input greatly, and look forward to seeing their achievements as they focus on the challenges and opportunities ahead.

Outlook
Notwithstanding the opportunities, the market environment will undoubtedly remain difficult in 2009 and we expect continued volatility in the short-term. Although we expect the hedge fund industry to shrink in 2009, we are convinced that we are well positioned to take advantage of the opportunities that have been created. Larger players in the hedge fund industry such as Gottex should eventually profit the most from the general market contraction. While we are positive about the long-term growth outlook for Gottex, we only expect to see the benefits of our plans in terms of AuM growth in the second half of 2009.

Joachim Gottschalk
Chairman and Chief Executive Officer

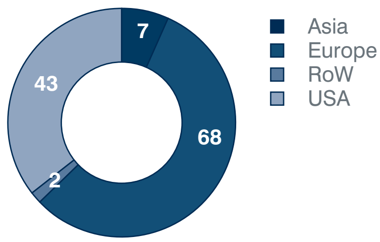
This is Gottex

Assets under Management ("AuM")
AuM movements from 2004 to 2008
USD bn



People
The Group currently employs 114 people, with a balanced distribution across functions (investment, distribution, risk and systems, administration and support), and geographies (predominantly our five major offices: Lausanne, London, New York, Boston and Hong Kong). Gottex sees the extensive experience of its staff as a key strength: for example, the average experience of the senior investment managers is 26 years.

Distribution of people
Figures at 31 December 2008

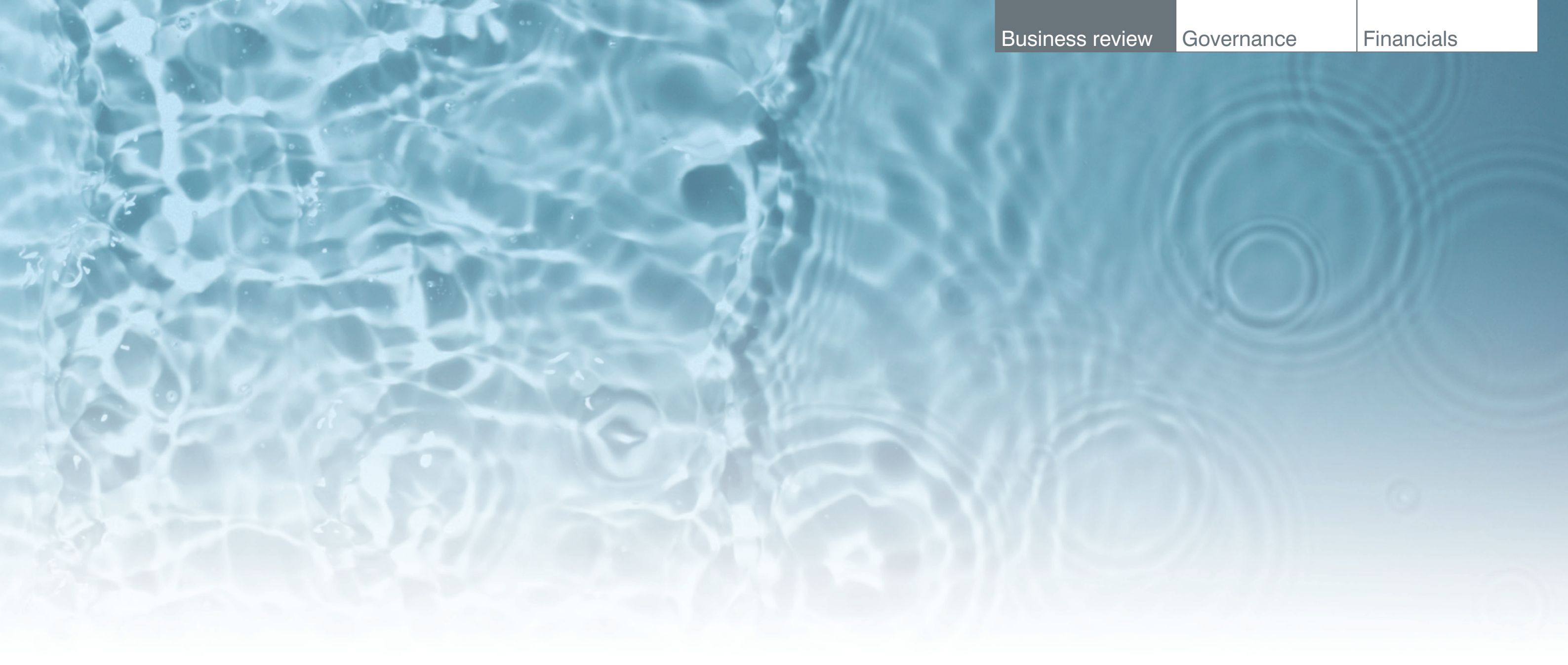


Products and performance
Gottex focuses on investment products with high risk adjusted returns and low correlation with major asset classes such as equities and bonds. Gottex's current product range includes:

- Market Neutral (flagship funds)
- Asset Based Strategies
- Directional Products
- Real Assets and
- Advisory Mandates

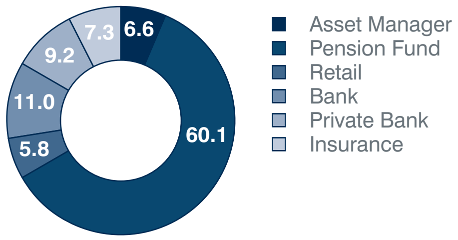
Process and control
The Group has a vigorous approach towards due diligence and risk management. Its institutional approach towards investing and monitoring is highly valued by its clients:

- Robust infrastructure, breadth and depth in terms of teams, systems and global coverage.
- Active risk management: in-depth due diligence, senior staff responsibility, and active monitoring and management of risk.
- Institutional investment process: disciplined, systematic and transparent.
- Proactive client services: frequent reporting and dedicated staff.

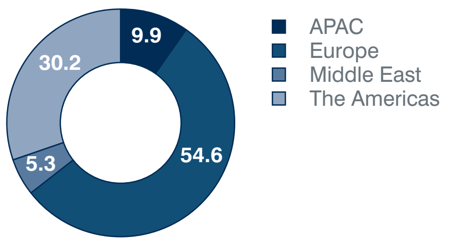


Clients
Clients are predominantly institutional and are distributed across the world. AuM stood at USD 9.6 billion at 31 December 2008, making Gottex one of the world's largest fund of hedge funds managers.

Client profile by type[1]
%



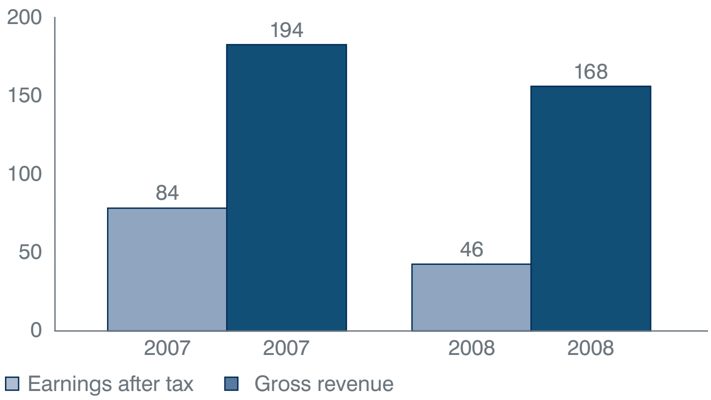
Client profile by region[1]
%



[1]Based on management estimates

Financials
Gottex will continue to focus on efficiency and cash generation during this downturn.

Earnings after tax vs gross revenue
USD m



Milestones

1992	Gottex Fund Management ("GFM") founded
1999	Launch of the Gottex Market Neutral Fund
2000	First institutional client
2001	AuM reaches USD 100 million
2002	Launch of the first structured products
2003	Expansion of "GFM" team in the US AuM reaches USD 1 billion
2004	AuM reaches USD 4 billion
2005	Opening of Hong Kong office 50 employees worldwide Launch of first Asset Based Fund AuM reaches USD 5 billion
2006	Launch of the Tiger, Horizon and ABI Funds
2007	Launch of the first Enhanced Index Product First advisory mandate AuM reaches USD 10 billion 100 employees worldwide IPO on the SIX Swiss Exchange
2008	Opening of Zurich and Dubai office Final close of Gottex Real Asset Fund

Market trends, challenges and opportunity

Review of markets

2008 was a gruelling year in the markets. As well as experiencing sustained turbulence, investors were exposed to a run of problems unprecedented in their scale and complexity.

The first quarter of the year saw a discrete problem in the US subprime mortgage market develop much wider ramifications which were so far-reaching that they became the catalyst for a broader credit crisis starting to impact real economic activity. The quarter was characterised by significant risk delevering and spread widening across virtually all fixed income asset classes; increasing margin calls; aggressive Fed intervention; and the near collapse of Bear Stearns.

The markets started Q2 2008 with a relatively positive sentiment. Equity markets rallied and credit spreads tightened. But in May the dominant bearish sentiment returned, and momentum was lost. There were growing inflationary pressures as oil and food prices rose.

The beginning of Q3 2008 marked the one-year anniversary of the unofficial start of the global credit crisis. This crisis now reached an unprecedented level of severity. The opposing forces of inflation and weak economic growth combined with an increasingly grave global liquidity crisis to cause one of the worst market downturn on record. In September, this market turmoil escalated as several of the world's largest financial institutions failed.

The events of Q3, and September in particular, left market participants shell-shocked. However, as Q4 opened, they remained hopeful of a reprieve, given the various government actions announced on both sides of the Atlantic. Their hopes were quickly dashed. The sell-off accelerated in October and the rate of decline in value increased across all markets as multiple asset classes performed dismally. Although the rate of decline eased marginally in November and December, there was no happy ending to the year. Q4 2008 proved to be another extraordinary – and cheerless – chapter in an unfolding global credit crisis which has impacted the real economy and sparked a global recession.

Developments in the hedge fund industry

The hedge fund industry was much affected by the events in Q3 and Q4 2008. Firstly, prime brokers demanded that hedge funds significantly increase cash collateral or, in some asset classes, complete repayment of any loans, as many banks faced recapitalisation issues. Secondly, hedge funds experienced a spike in investor redemptions at year-end as clients found themselves liquidity-constrained and sought to redeem their investments. Thirdly, market liquidity for virtually all underlying assets and for derivative markets worsened dramatically. These three factors put unsustainable pressure on hedge funds to raise cash. Since cash balances had to be directed to repay lenders before they could meet investors' redemptions, many funds were forced to restrict liquidity for redeeming investors.

The industry was also impacted by a sharp, technically-driven strengthening of the USD against most major currencies – in October it rose by as much as 20% against some currencies. A significant number of non-USD investors invest in hedge funds on a currency-hedged basis, achieved through entering into currency forward contracts. As the dollar rose, meeting the margin calls associated with these currency forwards required investors to generate additional liquidity. This put further redemption pressure on the underlying hedge fund investments.

Finally, one other significant event hit the hedge fund industry in Q4: the revelation of fraud at Madoff Securities, which caused extensive losses among investors. We can report that no Gottex fund had any investment with Madoff Securities.

After the unprecedented events of the year, performance across the industry in 2008 was – unsurprisingly – well below historic averages. The HFRI Fund Weighted Composite Index returned –18.65% over 2008, while the HFRI Fund of Funds Composite Index posted a –20.96% return for the year.

The problems of 2008 – negative performance, USD strengthening, deleveraging, and client redemptions – also affected the overall AuM of the hedge fund industry. This declined for the first time in 14 years: from USD 1.9 trillion at the end of 2007 to USD 1.4 trillion 12 months later. The same trend applied in the fund of hedge funds segment, where AuM is estimated to have decreased to USD 593 billion by December 2008 from USD 799 billion 12 months earlier. Finally, the number of industry players also fell from 10,096 in 2007 to 9,176 by December 2008. In terms of concentration, the firms with assets of over USD five billion represented 56.5% of total AuM whilst representing just 4.3% of total firms.

Developments at Gottex

The Gottex flagship market neutral funds were only marginally down after the first seven months of 2008. As said before, the events of September and October changed that. As a result, our Market Neutral Fund and Market Neutral Plus Fund produced negative performance for 2008 as a whole: –18.71% and –17.55% respectively. However, both funds performed better than the HFRI Fund of Funds Composite Index.

The lack of liquidity in Q4 2008, coupled with extreme currency movements, credit tightening and liquidity measures implemented by underlying funds, caused Gottex to announce temporary suspensions of client redemptions for the market neutral, directional and portable alpha funds in Q4. This was in line with the rest of the hedge fund industry.

As for the Gottex asset based funds, they too came through the first half of 2008 relatively unscathed. However, the funds were materially affected by the exposure of underlying hedge funds to a US fraud case in trade financing, followed by a complete drying-up of liquidity in the private loan markets in which their underlying funds operate. As a result, the NAV of the asset based funds decreased by over half in 2008.

October saw the final close of the Gottex Real Asset Fund with USD 500 million of AuM. The fund represents a new line of business for Gottex, and it achieves portfolio diversification for our clients by generating returns that are uncorrelated with public and private markets. The fund invests in "real assets" across a variety of industries, and it uses contractual structures and/or leverage to produce a portfolio of high cash flow assets with high recovery value.

Overall, AuM at Gottex decreased from USD 16.0 billion at 31 December 2007 to USD 9.6 billion at 31 December 2008. This fall was driven primarily by negative performance of USD 3.25 billion and a USD 1.77 billion decrease through foreign exchange and rebalancing factors. Net client flows accounted for a reduction of USD 1.33 billion. By December 2008, Market Neutral and Directional strategies accounted for USD 5.9 billion of AuM; Asset Based Strategies amounted to USD 2.6 billion; and Enhanced Index strategies and Advisory Mandates totalled USD 0.4 billion and USD 0.7 billion respectively.

In terms of clients, at the end of 2008, around 60% of AuM at Gottex can be attributed to pension funds, and institutional investors accounted for nearly 90% of total AuM. From a geographical perspective, Europe remains the largest region, accounting for just over half of AuM. North America continues to grow as a proportion of AuM and now represents around 30%, and Asia, the Middle East and Australia account for the remainder. We expect North America to grow as a percentage of AuM, since, in recent years, we have developed strong relationships with large institutional investors and asset consultants there.

In terms of organisation, the number of staff grew to over 130 in Q1 2008 from 123 at the end of 2007. This number remained relatively stable – on average 129 – for most of the year. In light of the market downturn Gottex has reduced its current level to 114. As part of Gottex's high-touch client strategy to develop local customer relationships, new marketing representative offices were opened in Zurich in October 2008 and in Dubai in November 2008. As well as forging new and stronger local relationships, these offices will open up new asset-raising opportunities in terms of institutional clients.

Current challenges

The market turmoil of 2008 – and especially the escalation of the financial crisis in the second half of the year – leaves the whole of the hedge fund industry facing multiple challenges. They include:

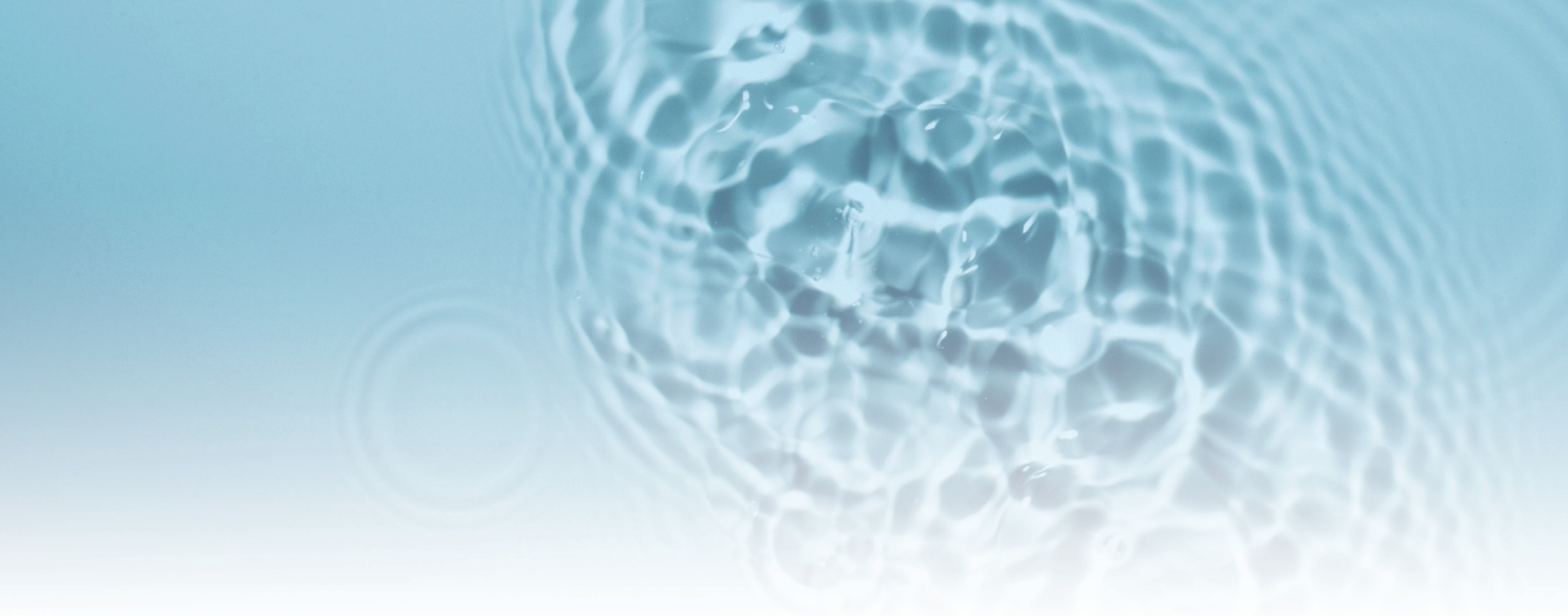
- a decrease in underlying hedge fund liquidity;
- a significant reduction of available financing;
- a requirement for less engineered structures and higher transparency;
- a re-evaluation of bonus systems and fee levels;
- a substantial reduction in the number of high net worth clients as investors in hedge funds;
- increased requirements in terms of due diligence and risk management; and
- falling AuM and lack of performance fees affecting fund managers with a weak balance sheet or without scale.

Added to those challenges, the outlook for the markets, and especially for hedge fund performance, remains unpredictable. The markets are likely to experience continuing volatility during the next six to 12 months, and the changes in the hedge fund landscape are likely to continue. The number of hedge funds is expected to reduce further over the course of 2009; so too are the assets managed by the hedge fund industry. But with all these potential changes and challenges, comes great opportunity.

The opportunity ahead

As the number of hedge fund managers and other players in this market decreases, there will be fewer players looking for alpha in the market. In addition, we believe that, as a consequence of the extensive market dislocations of 2008, the opportunities for alpha are significant – and will remain so in the coming years. There are attractive investment opportunities in a number of sectors, both in unleveraged relative value trades, and in value-driven, income-based returns that are not dependent on price recovery. With yields at wide levels, the need for leverage has been eliminated in many strategies, as hedge funds can hope to generate double-digit yields without having to rely upon financing. Gottex's portfolio allocation is engineered to take advantage of both the value-driven and arbitrage opportunities in the market.

It is our view that the larger, better capitalised hedge fund managers, such as Gottex, are best placed to benefit from the more favourable trading environment in 2009. To differentiate themselves, these better capitalised managers need to apply the necessary changes and strategies to adapt to the new financial landscape. The next section describes Gottex's own strategy and plans for achieving its 2009 goals.



Strategy and plans

Overall strategy
Our strategy for the short term is to focus on our core business. At the same time, we expect to launch a limited number of targeted new initiatives in 2009 suited to the evolving environment. These will aim to create viable additional sources of future growth. Alongside that, there will be a strong management focus in 2009 on implementing measures that address the current challenges facing the hedge fund industry. We believe that implementing these measures will place Gottex in a strong position to use the opportunities ahead.

Looking at the longer term, Gottex intends to become an institutional multi-asset manager with a core in alternative investments. We aim to achieve that by expanding into other markets with investment solutions that maximise risk-adjusted returns and leverage Gottex's core competencies. We aim to generate a substantial amount of revenues from such new initiatives in three to four years' time.

Plans for 2009
2008 has presented challenges for everyone in the hedge fund industry. Despite those challenges, the Gottex team – at all levels – remains highly motivated and committed to taking the business forward. Our people's expertise and commitment are crucial ingredients in our plans for future growth and success. In order to underpin that commitment, the Board and the EMC have taken appropriate measures to retain and incentivise those individuals who are critical to developing Gottex.

Our plans for 2009 are centred on proactive measures that aim to maximise value for Gottex clients and shareholders. They include:
- reopening and restructuring funds;
- innovative and competitive fee structures;
- a focus on core business, including the closure of marginal products and the launch of a limited number of targeted new initiatives;
- enhancing the management team structure and reviewing long-term incentive plans;
- introducing a share purchase programme; and
- reducing the overall operational cost base.

The market environment will remain difficult in 2009, and volatility will persist over the next six to 12 months. As already stated, we believe there are major opportunities ahead in terms of higher risk-adjusted investment returns, and that larger well capitalised players like Gottex are in a good position to make the most of those opportunities. Our plans for 2009 will also strengthen our ability to do so. As a result, we are positive about the long-term growth outlook for Gottex, though it may take six to 12 months before we see growth in terms of assets under management.

Restructuring the funds
Between March and June, Gottex will reopen its market neutral and directional funds. The plan is to restructure those funds to adapt to the new market environment and address the issues and challenges raised by the markets of 2008. The changes will include:
- The creation of separate structures for currency, leveraged and non-leveraged USD investors, thereby easing currency and leverage tensions.
- The use of flexible rather than fixed leverage. This will allow Gottex to manage leverage in accordance with changing market circumstances, access and the availability of loan facilities.
- The introduction of quarterly rather than monthly redemption dates, bringing Gottex in line with most of its peers. Setting a notice period of three months plus four business days will minimise the liquidity mismatch and protect the interests of existing investors.
- A planned revised incentive fee structure, to be linked to performance deferring a portion of incentive fees over two to three years, will align more closely the interests of Gottex and its clients.
- A material reduction in management fees for the restructured products in light of our approach to competitive pricing.

Investors who do not want to participate in these restructuring proposals will receive partial cash and run-off portfolio proceeds. The run-off portfolio will have a discounted management fee.

We believe virtually all players in the hedge fund industry will have to implement similar measures in their funds.

Core business
As already stated, Gottex will tighten its focus on its core business in 2009. This will result in the closure of some marginal products with limited assets under management. With regards to our asset based fund of fund products, we are fully concentrated on managing the deleveraging process in a difficult market environment.

At the same time, we intend to launch a limited number of targeted initiatives suited to the new environment. One of these will be a multi-asset fund across traditional and alternative asset classes with investment principles similar to large US university endowment funds. The fund will be actively managed and will pursue strategic and tactical investment opportunities across all asset classes: hedge funds, private equity, commodities, long-only equity, fixed income, real estate and other real assets. A second major initiative is the launch of a new service to institutional investors called Gottex Solutions Services, described in more detail on page 9.

Gottex firmly believes in the future of the fund of hedge funds model: the benefits it brings in terms of diversification, manager selection, due diligence and strategy allocation will remain valuable to institutional investors. However, the lessons learned from the recent liquidity crisis need to be applied and the managed account approach within FOHF is likely to grow. Intensive due diligence, focus and discipline will remain critical to success in the coming years, which form a core part of Gottex's principles.

Management structure
Enhancing the management team structure of Gottex is another important measure intended to make a positive impact on performance in 2009 and beyond.

In January 2009, Richard Leibovitch was appointed to the newly created role of Chief Investment Officer within the Executive Management Committee (EMC). Creating the role ensures a unified and more efficient investment approach across all the funds. It will also enable Gottex to capitalise on opportunities across asset classes. There are two other additions to the senior executive team. James Singh was named a member of the EMC, effective 2009, responsible for Asian business, and also assumed the role of Portfolio Manager of the Tiger Fund. Andre Keijsers joined the EMC with primary responsibility for Corporate Strategy and Corporate Communications, effective 2009.

To enhance the alignment of shareholders' and management's interests, we have established long-term incentive plans for senior executives at Gottex. The three year restricted share plan will be operated by the Gottex Employee Benefit Trust (EBT). The EBT has embarked on acquiring shares on a CHF 7 million share purchase programme and the issue of a limited number of new shares, previously earmarked for employee ownership plans.

Adjusting our cost base
One of the measures necessary in 2009 is to align the cost base more closely with the reduced assets under management. This requires an adjustment to our operational cost base and we therefore plan to reduce annual operational costs by approximately 30% in 2009. This includes a decrease in headcount – from 120 at 31 December 2008 to 114 currently, versus 123 at December 2007 and down from our peak of 134 at 30 November 2008. Gottex cares for and invests in its employees, and a reduction in staff levels is not a decision taken lightly. However, Gottex's management strives at all times to manage the cost base in line with Assets under Management and the revenues generated by these assets, so these measures were inescapable.

Building on a strong base
In formulating our plans for 2009 and taking measures to adapt to the current market environment, we have the assurance that we are building on a strong base – in terms of our people, our core competencies, and our business and financial characteristics.

As already stated, the depth and breadth of our people's expertise and experience is a crucial factor in the future success of the firm. Our investment team have broad experience in capital markets, including, in most cases, active trading experience in the investment strategies they evaluate.

Such experience also forms part of our core competencies, which are:
- our considerable investment and capital markets experience, together with strong capabilities in manager research, due diligence and portfolio construction; and
- a robust institutional investment platform combined with effective client servicing.

We will continue to cultivate and develop these competencies in 2009.

Our business strengths include a range of products that are appropriate to clients' present and future investment requirements; a global franchise with global distribution channels; and a diversified institutional clientele. The prevalence of institutional investors in our client base will stand Gottex in good stead at a time when the profile of a 'typical' hedge fund investor is expected to tip towards institutional investors and away from high net worth individuals.

Gottex has a robust financial foundation with a strong balance sheet without debt or liquidity issues, with substantial cash reserves to the amount of USD 45.4 million, and a cash generative business that can pay substantial dividends.

Gottex Solutions Services
Finally, we would like to highlight another new initiative, Gottex Solutions Services ("GSS"). In 2008, many investors experienced a 'perfect storm' of the disastrous performance of global equity markets, the generally negative performance by hedge fund providers and the limited availability of credit. For hedge fund investors, such events were further compounded by liquidity restrictions implemented by hedge funds. However, notwithstanding their poor absolute performance in 2008, hedge funds are likely to remain an important investment class for investors since they will continue to provide low correlation returns to traditional assets classes.

In order to optimise their management, today's hedge fund investors need to gain a deeper analysis of their hedge fund portfolios. Many will also re-assess the type of investment vehicles used for their hedge fund allocations. This is where GSS will provide a service. Operating as a separate, independent entity, GSS will provide institutional investors with comprehensive solutions that look at their portfolios from all angles, i.e. risk management, portfolio construction, operational issues, valuation and liquidity management. The value proposition of GSS relies on three key capabilities:
- in-depth and hands-on knowledge of the hedge fund market;
- its technology infrastructure; and
- its proven methodologies, obtained in part through its access to Gottex Fund Management hedge fund research and due diligence capabilities.

We believe that investors' search for a comprehensive solution stems from a need to restore a sense of control across their entire portfolio, and this is not likely to be achieved through using different providers. Investors also need the reassurance that the solution provider has been involved in similar situations, and benefits from proven, battle-tested technologies and methodologies. We believe that, as such a provider, GSS will offer existing and new customers a valuable service which allows them to invest in hedge funds with confidence.

Chief Financial Officer's review

Tim Roniger
Chief Financial Officer

Despite the reduction in AuM during the year, Management fees have grown by 17.0% to USD 154.3 million from USD 131.9 million in 2007, reflecting the higher average level of AuM in 2008.

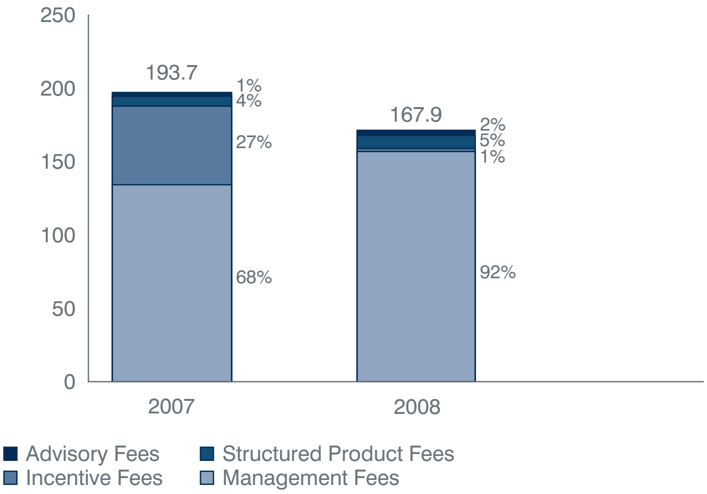
Group results
2008 has been a turbulent year for Gottex and our industry. Our AuM decreased by 40.0% from USD 16.0 billion at the end of 2007 to USD 9.6 billion at the end of 2008. Despite this, our gross revenues have only decreased by 13.4%. The lack of performance fees in the year has been mostly offset by an increase in management fees of 17.0%, an increase in advisory fees of 43.3% and an increase in structured product fees by 20.7%.

The Group has generated a profit after tax of USD 45.6 million for the year compared to the prior year of USD 83.7 million. This decrease on the back of a reduction in gross margin of 2.7% from 81.1% to 78.4% and an increase in fixed costs excluding professional fees incurred in 2007 in connection with the offering, of 26.3%. In addition, the revaluation of investments in funds and the write off of goodwill, held by the Group has adversely affected the results year on year by USD 7.6 million, and USD 0.9 million respectively, including a loss of USD 4.8 million from the consolidated GFMH ABL Fund Limited ("GFMH ABL").

The profit due to the equity shareholders of the Company is USD 42.9 million, or 94.1% of the Group profit as opposed to the prior year of USD 73.1 million or 87.3%. This increased proportion reflects the consolidation of GFMH ABL for the year, in which the Group holds a 50% equity interest.

Revenues
Our revenues are principally composed of fee income, which comprises the different kinds of fees we earn as part of our business: management fees, performance fees, structured product fees, and other fees including advisory fees.

Revenue
USD m



Management fees
By their nature, management fees represent a more predictable and sustainable component of revenue than performance fees as they do not directly depend on the relevant product's performance. Such management fees represent a significant recurring revenue stream for Gottex. In most cases, management fees are calculated by reference to the average AuM of the relevant fund during the measurement period. Management fees are recognised in the accounting period in which the relevant services are provided, and are generally payable monthly in arrears. We recognise the management fees as revenue on a monthly basis and report fees earned but not paid as trade receivables on our balance sheet.

Management fees have grown by 17.0% to USD 154.3 million from USD 131.9 million in 2007, reflecting the higher average level of AuM (USD 14.3 billion) in 2008 compared to the prior year (USD 11.5 billion).

Performance fees
Performance fees are generated as a result of positive fund performance and are fees that we are entitled to receive under the fee agreements over the various funds that we manage.

The adverse trading environment in the financial markets and the associated liquidity crisis in the second half of the year meant that the high water marks were not achieved and that consequently the Group earned limited performance fees in the year. For the majority of the existing Gottex managed funds, the high water marks were last set at the end of June 2007. While we are seeing positive returns in January and February 2009, new high water marks on the existing funds are not expected to be set for the foreseeable future.

As discussed in the strategy and plans section, the performance fees structure is currently being reconsidered, where such fees would be earned over a two to three year period, which will be expected to align more closely the interests of Gottex and its clients.

Advisory fees
Advisory fees are earned in connection with advisory mandates that we manage on a non-discretionary basis. We generate advisory fees as a fixed percentage of the related AuM, with no performance-based element. Due to the higher average level of AuM compared to the prior year, these revenues have increased by 41.7% from USD 2.4 million to USD 3.4 million in 2008.

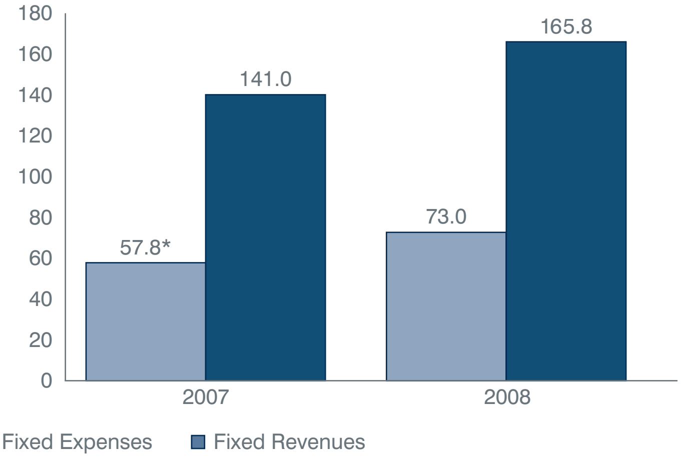
Structured and financing fees
Income generated from our structured product and financing fees grew during the year to USD 8.0 million from USD 6.7 million in 2007.

Costs
Variable costs (rebate and referral fees)
The Group pays referral fees to third parties as commission for client introductions and ongoing client service and, in addition, also pays some specific rebates of the underlying funds to customers. These costs decreased slightly by 0.5% from USD 36.5 million in 2007 to USD 36.3 million in 2008. Included in this category are rebates and referral fees on both management and incentives fees.

Gross profit and gross margin
Revenues, net of direct costs, are USD 131.6 million, which reflect a reduction of 16.3% from the prior year of USD 157.2 million. These net revenues as a percentage of gross revenues, representing the gross margin percentage, have decreased slightly year on year from 81.1% to 78.4%.

Fixed costs
The majority of our fixed costs relate to personnel expenses, reflecting the Group's biggest asset; namely its people. The total fixed costs for the year have increased by 26.3% to USD 73.0 million in 2008, from USD 57.8 million in 2007, (excluding the professional fees incurred in 2007 in connection with the offering). Fixed costs as a percentage of fixed revenues, (which is defined as total revenues excluding performance fees), have increased slightly from 41.0% in 2007 to 44.0% in 2008.

Fixed expenses vs fixed revenue from 2007 to 2008
USD m



* The 2007 fixed expenses exclude professional fees relating to the IPO

Chief Financial Officer's review

Personnel expenses
In order to attract and retain clients and to manage our funds successfully, we strive to recruit and retain highly skilled professionals. The largest portion of our operating costs relates to the compensation of our professionals. The mix of people has changed, where we have hired additional experienced people during 2008. Personnel expenses for the year ended December 2008 were USD 56.1 million compared to USD 46.9 million, an increase of 20.0% on the prior year. If the IAS19 distribution in the prior year is excluded, the increase is 30.0%.

Wages and salaries
Of the total personnel expenses of USD 56.1 million, approximately 43.5% related to salaries and approximately 18.8% related to bonus remuneration, compared to USD 46.9 million in 2007, of which approximately 40.3% related to salaries and approximately 30.4% related to bonus remuneration.

The bonus compensation (excluding share-based payments) accounted for approximately 15.2% of our pre bonus operating profit (2007: 12.6% before IPO costs). This is due to sign on bonuses and guarantees, excluding share-based payments of USD 5.5 million included in the 2008 bonus figures. Excluding these amounts, redundancy charges, and the losses on certain investments referred to below, this accounts for approximately 7.5% of our pre bonus operating profit.

Termination costs
In December 2008 certain employees of the Group were made redundant and a total expense of USD 4.8 million was 8.6% of personnel expenses incurred (2007: USD nil) which is comprised of USD 3.0 million in respect of cash redundancy payments and other contracted amounts, and also USD 1.8 million charges in respect of the resultant accelerated vesting of equity awards.

Share-based payments
The share-based payments charge for 2008 has increased significantly to USD 12.5 million, 22.3% of personnel expenses from USD 7.7 million in the prior year. This increase in 2008 is due mainly to the charging pattern of the awards for restricted shares made to employees in the current and prior year which has weighted costs of USD 10.0 million to 2008. The remainder of the charge relates to share options awards.

Head count
Although the monthly average number of employees over the year was 129, head count decreased from a high of 134 employees at 30 November 2008 to 120 at 31 December 2008 (123 employees at 31 December 2007). The ratio of AuM to head count has decreased from USD 129.9 million AuM per employee at 31 December 2007 to USD 80.3 million AuM per employee at 31 December 2008. The reduction in this figure has been as a result of the significant reduction in the AuM, slightly mitigated by our cost management efforts. Head count has further reduced to a current level of 114 since the year end.

Marketing and representation expenses
The Group also incurs marketing and representation expenses, which include travel and entertainment expenses and communications costs. These costs, mainly due to the increased head count year on year have increased by 10.5% to USD 4.2 million for the year ended 31 December 2008 from USD 3.8 million for the year ended 31 December 2007.

General and administrative expenses
General and administrative expenses include professional and consulting fees, occupancy and equipment costs, business development expenses, information processing and other costs. This cost category increased by 78.9% to USD 12.7 million for the year ended 31 December 2008 from approximately USD 7.1 million for the year ended 31 December 2007. The professional fees fixed cost base has increased in 2008 as a result of being listed for a full year, as well as certain expenses being incurred for funds that were not launched. Occupancy costs have also increased reflecting new leases for Boston, Hong Kong, New York and London offices, and depreciation and amortisation charges have increased due to the increased capital expenditure on systems in the current and prior year.

Cost reduction
The Group in light of the current market conditions, has taken steps to adjust the overall cost base by reducing head count, compensation levels and reviewing all costs across the various categories.

Finance cost
The finance cost has increased to USD 0.6 million for the year ended 31 December 2008 from USD 0.2 million for the year ended 31 December 2007. Furthermore, the impact of the repayment of the external EBT bank loan in Q4 2008 is expected to reduce external interest payments next year.

Interest receivable on bank deposits was reduced due to lower cash balances and lowering interest rates during the year.

Net (loss)/gain on financial assets and impairment of goodwill
Net loss on financial assets has decreased from a gain of USD 0.8 million in 2007 to a loss of USD 7.6 million in 2008 as a result of the revaluation of the various investments in Gottex funds. Of this net loss, USD 4.8 million relates to the revaluation of the investment in GFMH ABL, on the back of an initial (100%) total investment of USD 21.0 million (refer to Minority interest note).

In light of the current market uncertainty and a review of the impairment test, there was a write down of goodwill by USD 0.9 million.

Taxation
The tax charge was USD 5.1 million for the year ended 31 December 2008 (2007: USD 9.4 million). The effective tax rate was 10.1% (2007: 10.1%) which is consistent with the prior year.

Each year the Group undergoes an evaluation of its tax position including a transfer pricing review. As the business diversifies and grows globally the effective tax rate may increase reflecting the increasing proportion of the Group's earnings among higher tax jurisdictions.

Minority interest

The profit attributable to the minority interest was USD 2.7 million (2007: USD 10.6 million), which reflects a mix of the minority interest holding of the trading subsidiaries, and the 50% share of the write down in GFMH ABL as explained below.

In the second half of the year the Group subscribed for shares for an initial total value of USD 10.5 million in GFMH ABL, which represents 50% of the equity. The remaining 50% was subscribed for by certain Directors and employees of the Group for an equivalent value. The Group is considered to have control of the entity and therefore has consolidated the entity in full. This has resulted in a charge of USD 4.8 million in respect of the write down of the value of the investments in funds being charged to the income statement. Of this charge 50%, or USD 2.4 million, is attributable to the minority interest.

In July 2008, management decided to invest in GFMH ABL in order to preserve certain lender concentration limits within the ABL Fund of Funds itself, and as a result helped to support the asset based business and its clients.

Earnings per share

The basic earnings per share for the year was USD 1.46 (2007: USD 2.66) and the diluted earnings per share was USD 1.45 (2007: USD 2.64).

An adjusted earnings per share has been presented to reflect the results of the Group before the termination costs, the devaluation of the investment held by the Group in GFMH ABL and the goodwill impairment. The adjusted basic earnings per share is USD 1.69 and the adjusted diluted earnings per share is USD 1.68.

Liquidity and capital resources

As explained in the market trends, challenges and opportunity section, the lack of liquidity in Q4 2008 coupled with extreme currency movements, credit tightening and liquidity measures implemented by underlying funds caused Gottex to announce temporary suspensions of client redemptions for the majority of Gottex funds. However, this action was in line with the rest of the hedge fund industry and was undertaken to preserve the net asset value and liquidity of such funds.

The Group is a cash generative business and has historically had positive cash flow from operations.

The net cash derived from operating activities of USD 60.4 million has decreased from the prior year by USD 52.0 million from USD 112.4 million in 2007. The decrease is mainly due to the decrease of USD 42.4 million in profit before tax reflecting the adverse trading conditions.

Net cash used in investing activities has increased from USD 3.5 million to USD 26.9 million, mainly due to the increase in the net purchase of investments in funds in 2008, namely the investment in GFMH ABL Fund. In addition the Group advanced loans totaling USD 5.4 million to three Gottex managed asset based funds in Q4 2008, of which USD 2.0 million was repaid in January 2009. The remaining amounts outstanding are not expected to be repaid until 2010. Management took the decision to advance such loans in order to facilitate the deleveraging of certain asset based funds.

The cash spent on financing activities has decreased from the prior year by USD 19.9 million and reflecting reduction in dividends paid in the year of USD 73.6 million, an outflow of USD 20.3 million relating to the bank loan for the EBT, an outflow of USD 20.6 million relating to the outstanding liability owed to the pre-IPO shareholders from the proceeds on the IPO (as opposed to an inflow in the prior year of USD 22.7 million), offset by an outflow in the prior year of capitalised fees paid in connected with the IPO of USD 3.4 million. The balance of cash and cash equivalents at the end of the year was USD 45.4 million.

We believe that the working capital available to us is sufficient to meet our requirements for at least 12 months following the date of these financial statements.

Balance sheet

A significant proportion of the Group’s assets remain highly liquid. Cash and cash equivalents represent 40.1% (2007: 61.1%) of our total assets. Investments in funds, which are held as non current assets represent 17.9% (2007: 7.5%) of total assets.

Dividends

The Board is proposing a final dividend of USD 18.0 million (USD 20.0 million including minority interests) from the profits of the Group since the IPO, which is USD 0.60 per ordinary share, payable in Swiss Francs. As a result of the market environment, the Board of Directors has proposed a more prudent dividend ratio of 42%, as opposed to the target payout ratio of 60 to 75% as suggested at the time of the IPO. In addition, a dividend equivalent to USD 0.60 per share of the Company will be paid from certain Group entitles to the minority interest holders.

Subject to the approval of the dividend at the Annual General Meeting the dividend will be paid (in Swiss Francs) on 5 May 2009 to shareholders registered at the close of business on 17 April 2009.

The payment of future dividends will depend on our performance, financial position, general economic conditions and the provisions of applicable company law.

Should the Group accumulate capital which the Board does not believe is required for further growth, the Board will give consideration to returning capital to shareholders in an appropriate manner.

Internal Control System

In accordance with Art. 728b Swiss Code of obligations, the subsidiary and Investment Manager, GFM Sàrl, has met the requirements imposed by such code of obligations.

Management team








Joachim Gottschalk[1,2]
Chairman of the Board and Chief Executive Officer is a German citizen. He founded the Gottex Group in 1986 and Gottex Fund Management in 1992.

Richard Leibovitch[1,2]
Senior Managing Director, Chief Investment Officer and Head of North American Business is a Canadian citizen. He joined the Group in September 2003.

John-Paul Bailey[1,2]
Senior Managing Director, Senior Investment Partner and Head of Asset Based business is a Canadian citizen. He joined the Group in August 1998 and is one of the founders of the Gottex fund of hedge funds business.

Maximilian Gottschalk[1,2]
Senior Managing Director, Head of Global Marketing and Head of European Business is a German citizen. He joined the Group in August 1998 and is one of the founders of the Gottex fund of hedge funds business.

Peter Bennett[1,2]
Senior Managing Director, Senior Investment Partner and Head of Asian Business is a British citizen. He joined the Group in February 2000. Mr. Bennett will retire at the end of the first quarter of 2009 and his responsibilities for Asia will be taken over by Mr. James Singh.

Gabriel Bousbib[2]
Senior Managing Director, Head of Risk Management and Structured Products is a Portuguese and American citizen. He joined the Group in June 2005.

Tim Roniger[2]
Senior Managing Director and Chief Financial Officer is a Swiss citizen. He joined the Group in May 2004.

William Woolverton[2]
Senior Managing Director and General Counsel is an American citizen. He joined the Group in October 2005.

[1]Member of Board of Directors
[2]Member of Executive Management Committee








Andre Keijsers[2]
Managing Director, Head of Corporate Strategy and Corporate Communications is a Dutch citizen. He joined the Group in January 2008 and has been named member of the Executive Management Committee with effect on 1 January 2009.

Dr. William Landes[2]
Senior Managing Director and Head of North American Marketing is an American citizen. He joined the Group in April 2008 and from this date was named member of the Executive Management Committee.

James Singh[2]
Managing Director and Head of Asian Business is an American citizen. He joined the Group in September 2008 and has been named member of the Executive Management Committee with effect on 1 January 2009.

Douglas Brown[1]
Non-executive Director.
Became a Non-Executive Director of the Company in 2007. Mr. Brown is founder of DLB Capital, a private investment firm. Previously Mr. Brown was Vice Chairman of Investment Banking at Morgan Stanley.

Michael Garrett[1]
Non-executive Director.
Became a Non-Executive Director of the Company in 2007. Mr. Garrett retired from Nestlé SA as Executive Vice President in 2005. Mr. Garrett serves as a Non-Executive Director on the Boards of Prudential plc, the Bobst Group in Switzerland and Hasbro Inc.

Bruno Pfister[1]
Non-executive Director.
Became a Non-Executive Director of the Company in 2007. Mr. Pfister is Chief Executive Officer of Swiss Life.

David Staples[1]
Non-executive Director.
Became a Non-Executive Director of the Company in 2007. Previously Mr. Staples was a partner at PricewaterhouseCoopers LLP.

Larry Lasser[1]
Non-executive Director.
Became a Non-Executive Director of the Company in 2008. Previously Mr. Lasser was Chief Executive Officer of Putnam Investments.

Directors' Report

The Directors of Gottex Fund Management Holdings Limited ("GFMH" or "the Company") present their Annual Report to shareholders together with the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2008. The purpose of the Annual Report is to provide information to members of the Company. This Annual Report contains certain forward looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results to differ from those anticipated. Nothing in this Annual Report should be construed as a profit forecast. The following definitions apply throughout this report unless the context requires otherwise.

"Company" means GFMH, a limited liability company registered in Guernsey with a registered number 47547. The "Group" means the Company and its subsidiaries and subsidiary undertakings.

Incorporation
GFMH was incorporated in Guernsey on 15 August 2007. It operates in accordance with the provisions of The Companies (Guernsey) Law, 2008.

Principal activity
The principal activity of the Group is investment management and investment advisory for funds and fund of funds activity.

Directors' responsibilities for the financial statements
The Directors are responsible for preparing the consolidated financial statements and the Company's financial statements in accordance with applicable Guernsey law and generally accepted accounting principles.

Guernsey company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that year. In preparing those financial statements and the consolidated financial statements, the Directors should:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the consolidated accounts and the Company's accounts on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records of the Company which are sufficient to show and explain its transactions and are such as to disclose with reasonable accuracy, at any time, the financial position of the Company and to enable the Directors to ensure that its income statement and balance sheet are prepared properly and in accordance with any relevant enactment for the time being in force. The Directors are also responsible for safeguarding the assets of the Company and hence for talking reasonable steps for the prevention and detection of fraud and other irregularities.

Results
The results of the operations of the Group for the year ended 31 December 2008 are set out in the consolidated financial statements on pages 32 to 63 of the Annual Report.

The profit of the Group for the financial year ended 31 December 2008 was USD 45.6 million (2007: USD 83.7 million). Revenue decreased by 13.4% from USD 193.7 million in 2007 to USD 167.9 million in 2008.

Business review
Within this report is set out a fair review of the business of the Group during the financial year ended 31 December 2008, including an analysis of the Group at the end of the financial year, and a description of the principal risks and uncertainties facing the Group.

This information is shown in the following sections:

- Chairman and Chief Executive Officer's welcome on pages 2 and 3
- Business review on pages 6 to 9
- Chief Financial Officer's review on pages 10 to 13

Dividends
On 23 May 2008, the Company paid a final dividend of USD 0.45 per share to members on the register at close of business as at 6 May 2008.

The Directors recommend the payment of a final dividend for the year of USD 0.60 per share, payable in Swiss Francs, subject to the approval of the shareholders on 21 April 2009, on 5 May 2009 to members on the register at close of business on 17 April 2009.

The Company complies with the modified Companies (Guernsey) Law, 2008, section 244, subsection 5, which indicates that if the directors of a holding company prepare consolidated financial statements for a financial year, then they are not required to prepare individual financial statements for that company in accordance with section 243 for that financial year. Following the changes to Guernsey company law, distributions may be made from net assets of the group available at a holding company level at the date of distribution, provided the Directors certify certain solvency criteria are met.

Directors
The Directors are responsible for the management of the business of the Company and may exercise all powers of the Company subject to applicable legislation and regulation, the Company's Memorandum and Articles of Association.

So far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware, and each has taken all the steps he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The names of the Directors as at the date of this report together with biographical details and the Directors' interests are set out in the Corporate Governance Report on pages 21, 22 and 27.

Employees
The Group currently employs 114 people throughout its offices located in Lausanne, Zurich, London, New York, Boston, Hong Kong, Dubai and Guernsey.

Gottex is committed to providing equal opportunity for all employees and applicants without regard to race, colour, religion, sex, sexual orientation, age, national origin, disability, veteran status, or any other category protected by law. This policy applies to all employment practices and personnel actions including advertising, recruitment, testing, screening, hiring, selection for training, upgrading, transfer, demotion, layoff, termination, rates of pay, and other forms of compensation.

Going concern
The Directors consider that the Company and the Group have adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Secretary
The secretary of the Company for the year ended 31 December 2008 and subsequently to the date of this report was Ogier Corporate Services (Guernsey) Limited.

Auditors
A resolution to re appoint Ernst & Young as auditors to the Company and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Annual General Meeting
The Annual General Meeting of the Company will be held in Guernsey on 21 April 2009 at 2pm.

The Notice of the Annual General Meeting accompanies this report.

The report was approved by the Board of Directors on 19 March 2009.

Joachim Gottschalk
Chairman and Chief Executive Officer

Richard Leibovitch
Director and Chief Investment Officer

19 March 2009

Corporate Governance Report

General framework
Gottex Fund Management Holdings Limited ("GFMH") has adopted this Corporate Governance Report for the year ended 31 December 2008. Unless otherwise indicated, the information provided in this report reflects the situation at 31 December 2008.

This Corporate Governance Report explains the principles of management and control of the Group at the highest corporate level in accordance with the Directive on Information relating to Corporate Governance (the Corporate Governance Directive, RLCG) issued by the SIX Swiss Exchange ("SIX").

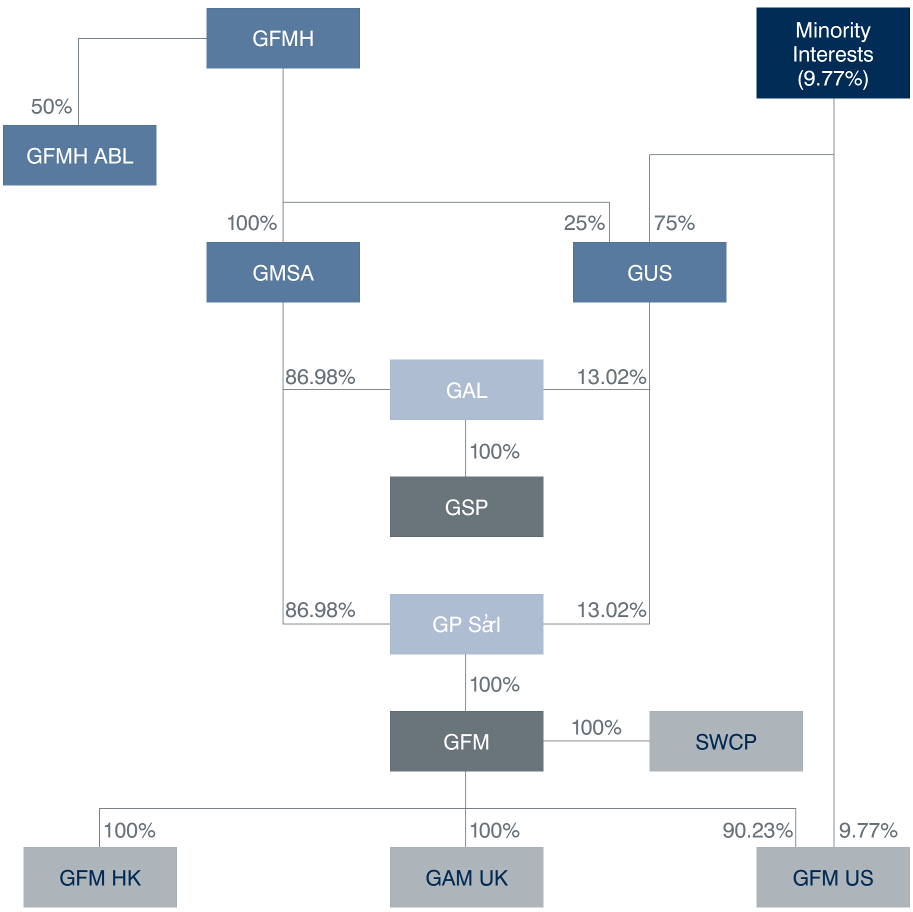
The principles of the Group's corporate governance are set forth in the Articles of Association (the "Articles") and the Organisational Regulations of the Board of Directors. These documents will be reviewed by the Board of Directors (the "Board") from time to time to ascertain whether they are appropriate for their purpose.

To avoid duplication of information, cross-referencing is made in some sections.

1. Group structure and shareholders policy
1.1 Group structure
GFMH is the holding Company of the Group and has its registered office in St. Peter Port, Guernsey. Its registered shares are listed on the SIX and are included in the Swiss Performance Index ("SPI"). At 31 December 2008, its market capitalisation amounted to approximately CHF 81.2 million (based on the closing price of its shares of CHF 2.70 on 30 December 2008).

Swiss Security Number: 3381261
ISIN: GG00B247Y973
SIX Ticker Symbol: GFMN
Common Code: 032705758

Gottex Fund Management Holdings Limited Corporate Structure



Abbreviation Key

GAL
Gottex America Limited (Bermuda)

GFM
Gottex Fund Management Sàrl (Switzerland)

GFM US
Gottex Fund Management Limited (Delaware)

GFMH
Gottex Fund Management Holdings Limited (Guernsey)

GFM HK
Gottex Fund Management (Hong Kong) Limited

GAM UK
Gottex Asset Management (UK) Limited

GMSA
Gottex Management SA SICAR (Luxembourg)

GP Sàrl*
Gottex Partners Sàrl (Luxembourg)

GSP
Gottex Structured Products Limited (Bermuda)

GUS
Gottex US Management Sàrl (Luxembourg)

GFMH ABL
GFMH ABL Fund Limited

SWCP
South West Capital Cayman Limited

*The share capital of GP Sàrl is divided into different classes of share. The shares held by GMSA are entitled to participate in all of the profits, losses and capital of the underlying companies in which GP Sàrl invests. The shares held by GUS are entitled to participate in all of the profits, losses and capital of the underlying companies in which GP Sàrl invests, excluding US companies (which includes GFM US).

1.2 Significant shareholders
The following table shows the number and percentages of shareholders who held 3% or more of shares of GFMH at 31 December 2008.

Name of shareholder	Number	%
Joachim Gottschalk & Associates Ltd[1]	8,823,020	29.33%
Bennett Peter William[2]	3,878,417	12.89%
Opal Fortune Inc[3]	3,235,210	10.75%
RBC cees Trustee Limited	1,716,872	5.71%
Freind Investments Pty Ltd as[4] (Freind Family Trust)	1,234,665	4.10%
Mellouli Investment Ltd[5]	1,151,302	3.83%
Sanne Trust Company Limited as[6] (Aregar Trust)	1,151,302	3.83%
Other	8,894,241	29.56%
Total of shares	30,085,029	100%

Mr. Leibovitch, who is domiciled in Boston, MA, USA, and the Company have entered into a put and call option arrangement based on which the Company may acquire Mr. Leibovitch's outstanding interests in GUS and GFM US in exchange for newly issued shares of the Company.

Mr. Leibovitch holds 54.31% in GUS and 7.07% in GFM US, providing him with an equivalent interest in 2,357,050 shares of the Company, being 7.07% of the Company's share capital. See also section 2.7 below.

1.3 Cross-shareholdings
The Company is not aware of cross-shareholdings exceeding 5% of the capital or voting rights on both sides.

2. Capital structure policy

2.1 Capital structure
At 31 December 2008, the Company's authorised share capital was CHF 40,000,000 divided into 40,000,000 registered shares with a nominal value of CHF 1.00 each (the "shares"). The authorised share capital represents the maximum amount of shares that is authorised for issuance by the Company, including the issued share capital.

The Company's issued share capital at 31 December 2008 is CHF 30,085,029 divided into 30,085,029 shares.

2.2 Authorised share capital
Unless otherwise provided in the Articles, the Board may issue new shares out of the authorised share capital only with the authority of a resolution of a General Meeting adopted by at least two thirds of the votes cast by shareholders at a General Meeting of shareholders (the "General Meeting").

According to the Articles, the Board has been authorised to issue new shares out of the authorised share capital as follows, without any requirement for additional approval at a General Meeting:

[1] Joachim Gottschalk and Associates Limited is owned by the Gottschalk Family Trust, a Guernsey trust whose beneficiaries are members of the Gottschalk family including Joachim and Maximilian Gottschalk, who are domiciled in La Tour-de-Peilz, Switzerland, and London, England, respectively. Joachim Gottschalk and Associates Limited is a Bermuda company, having its registered office at Clarendon House, 2 Church Street, Hamilton HMII, Bermuda.

[2] This Shareholder is domiciled in Hong Kong.

[3] Opal Fortune, Inc. is a Bahamian company owned and controlled by John-Paul Bailey. John-Paul Bailey is domiciled in La Tour-de-Peilz, Switzerland. Opal Fortune Inc. has its principal place of business at 15 rue General Dutour, Case Postale 5556, 1211 Geneva, Switzerland.

[4] The Freind Family Trust is constituted under the laws of Australia and its address is 7 Delambre Place, Sorrento, Western Australia. Clayton Freind of Perth, Australia is the settlor of the trust and its beneficiaries are members of his family including himself.

[5] Mellouli Investment Limited is a company controlled by Bart Janssen, a member of the Group's Asset Allocation Committee. Bart Janssen is domiciled in Lausanne, Switzerland. Mellouli Investment Limited is a British Virgin Islands company having its registered office at Pasea, Road Town, Tortola, British Virgin Islands.

[6] The Aregar Trust is constituted under the laws of Jersey. Its trustee is Sanne Trust Company of PO Box 539, 1 Wesley Street, St Helier, Jersey. Its principal beneficiary is Hashem Arouzi, a Group employee who is domiciled in London, England.

Article 4: General reserve of shares
"Out of the authorised and unissued share capital of the Company, the Directors may issue in aggregate a maximum of 4,272,582 shares of CHF 1.00 each for any purpose in the best interests of the Company that the Directors deem fit. In respect of any shares issued under the authority of this Article, the Directors may decide to restrict or exclude the pre-emptive subscription rights of existing members, as set out in Article 7(a), without approval of the members in General Meeting provided that the requirements of Article 7(e) are met."

The 1,085,029 shares offered to the public in connection with the listing of the shares on the SIX on 6 November 2007 were issued by the Board out of this General Reserve of Shares. Accordingly, the Board may issue a maximum of 3,187,553 shares under the authority of Article 4 of the Articles.

Article 5: Employee Share Ownership Plans ("LTIP")
"Out of the authorised and unissued share capital of the Company, the Directors may issue in aggregate a maximum of 3,024,800 shares of CHF 1.00 each following due exercise of any options granted to the employees of the Company or its subsidiaries in accordance with and as further set out in one or several employee share ownership plans as may be adopted by the Directors from time to time (the "Employee Share Ownership Plans"). The shares issued under the authority of this Article shall be issued exclusively for the purpose of the Employee Share Ownership Plans and shall not be issued by the Directors for any other purpose. In accordance with the requirements of Article 7(e), the pre-emptive subscription rights of the existing members, as set out in Article 7(a), are excluded in respect of shares issued under the Employee Share Ownership Plans pursuant to the authority granted by this Article."

Article 6: Deed of option relating to shares in Gottex US Management Sàrl SICAR, Luxembourg ("GUS") and Gottex Fund Management, Ltd, Delaware ("GFM US")
"Out of the authorised share capital of the Company, the Directors may issue in aggregate a maximum of 3,255,085 shares of CHF 1.00 each to the investors in GUS and GFM US in exchange for their shares in GUS and GFM US, in accordance with and as further set out in the Deed of Option entered into between the Company and the investors in GUS and GFM US. The shares issued under the authority of this Article shall be issued exclusively for the purpose of such cross-option arrangements and shall not be issued by the Directors for any other purpose. In accordance with the requirements of Article 7(e), the pre-emptive subscription rights of the existing members, as set out in Article 7(a), are excluded in respect of shares issued in connection with such cross-option arrangements pursuant to the authority granted by this Article."

Please see also section 2.7 below.

As of 31 December 2008, the Board did not issue any shares based on Articles 5 and 6 of the Articles.

2.3 Changes in capital
As of 31 December 2008, the Company's issued share capital was CHF 30,085,029 divided into 30,085,029 shares.

2.4 Shares
The only equity securities that the Company has issued are registered shares with a nominal value of CHF 1.00 each. The issued shares are fully paid.

Each such share confers the right to one vote at the Company's shareholders' meetings, subject to the power of the Board under the Company's Articles to withdraw voting rights in certain circumstances and except for shares recorded in the register of members in the default nominee account of SIS SegaIntersettle AG ("SIS") which, as a result of being recorded in this account and for the period for which they continue to be so recorded, shall not have any voting rights nor related rights (right to request that the Board call a General Meeting, right to put a matter on the agenda of a General Meeting, right to participate, be represented or speak at General Meetings). Each share equally entitles its holder to (i) dividends; (ii) a share of the surplus liquidation proceeds (if any) in the case of a liquidation of the Company; and (iii) pre-emptive subscription rights.

2.5 Profit sharing certificates
The Company has no profit sharing certificates in issue.

2.6 Limitation on transferability and nominee registrations
The transferability of the shares is restricted by virtue of the Articles.

2.6.1 Limitations on transferability of the shares
Transfer of the shares is affected by entry into the Company's register of members upon corresponding application of the acquirer or its nominee. Until the acquirer has been notified to the Company, the shares sold are recorded in the register of members in the default nominee account of SIS and carry neither voting rights nor the right to request that the Board call a General Meeting, the right to put a matter on the agenda for a General Meeting, or the right to participate, be represented or speak at General Meetings.

As to the authority conferred to the Board by the Articles to withdraw voting rights attaching to shares, please see sections 6.1.1 and 7.1 below.

2.6.2 Reason for granting exceptions in the year under review
Not applicable.

2.6.3 Admissibility of nominee registrations, along with an indication of percentage clauses, if any, and registered conditions
Please see section 6.1.1 below.

2.6.4 Procedures and conditions for cancelling privileges and limitations on transferability set forth in the Articles
Not applicable.

2.7 Convertible bonds and warrants/options
The Company has entered into cross-option arrangements with the three other shareholders in GUS and GFM US. Under these arrangements, each of the other shareholders may put their interests in GUS and GFM US to the Company in exchange for newly issued shares at any time, and, in certain circumstances, the Company may require that any of the other shareholders sell their interests in GUS and GFM US to it in exchange for new shares. The number of new shares to be issued in exchange for the interest in GUS and GFM US will be determined based on a fixed ratio of shares in the Company. The current Articles authorise the Board to issue a maximum of 3,255,085 shares in connection with the cross-option arrangements.

The Group has an employee share option plan in place in which all employees of the Group and its subsidiaries are eligible to participate. Under this plan, the Company may grant options on a number of shares corresponding to up to 10% of the Company's outstanding share capital. The exercise price per share of an option granted under the plan is (a) the amount determined by the Board; or (b) based on the average daily share price of the shares quoted on the SIX in the month before the date the option is granted; subject to anti-dilution provisions and, if applicable, section 409A of the United States Internal Revenue Code of 1986. If the shares are to be subscribed, the exercise price must not be less than the nominal value of a share. Options granted under the plan generally vest three years after being granted, subject to continued employment in a Group company, and may be exercised during a five-year period after vesting. The plan provides for immediate vesting of the options in certain circumstances. The current Articles authorise the Board to issue a maximum of 3,024,800 shares in connection with options granted under employee option plans.

A total of 1,006,309 options were granted during the fiscal year ended 31 December 2008.

The Group has a Restricted Award Plan for those employees of the Group and its subsidiaries that held less than 2.0% of the issued share capital of the Company as at 6 November 2007 (the first trading day of the shares on the SIX) and that were nominated by the Executive Management Committee (the "Executive Management Committee" or the "EMC"). The Restricted Award Plan is operated in conjunction with an employee benefit trust established by the Company. Under this plan, 231,983 shares in total were awarded to participating employees in 2007 and 177,938 were awarded in 2008. The shares vest over a four year period in equal portions, subject to forfeiture in specified events.

3. Board of Directors
As at 31 December 2008, the Board consisted of ten members. The Board has five Non-Executive Directors, four of the Non-Executive Directors were appointed with effect as of the date of closing of the offering of the shares of the Company in connection with the listing of the shares on the SIX Swiss Exchange and Mr. Larry Lasser became a Non-Executive Director later in 2008.

Subject to certain non-delegable powers and duties of the Board, the Board has delegated the management and the operative and administrative day-to-day business of the Company and its subsidiaries to the EMC. The scope of delegation comprises all powers which are not reserved to the Board by Guernsey law, the Articles or the organisational regulations of the Board (the "Organisational Regulations").

The members of the EMC are appointed by the Board upon recommendation of the Nomination and Compensation Committee. The EMC reports directly to the Board.

3.1 Members of the Board of Directors

Name	Age	Nationality	Education	Position
Joachim Gottschalk	62	German	Business	Chairman of the Board, Chief Executive Officer
John-Paul Bailey	40	Canadian	Economics, Finance	Senior Managing Director, Senior Investment Partner
Peter Bennett	53	British	Economics	Senior Managing Director, Senior Investment Partner, Head of Asian Business
Richard Leibovitch	45	Canadian	Economics	Senior Managing Director, Chief Investment Officer[1], Head of North American Business
Maximilian Gottschalk	36	German	Finance, Marketing	Senior Managing Director, Head of Global Marketing, Head of European Business
Douglas L. Brown	54	American	Business	Non-Executive Director
Michael W.O. Garrett	66	British and Australian	Business Administration	Non-Executive Director
Bruno Pfister	49	Swiss	Law, Finance	Non-Executive Director
David Staples	51	British	Economics and Accounting	Non-Executive Director
Larry Lasser	66	American	Business Administration	Non-Executive Director[2]

[1]Effective 1 January 2009
[2]Effective 8 May 2008

3.1.1 Professional Background
Chairman of the Board and Chief Executive Officer

Joachim Gottschalk is a German citizen, Chairman and Chief Executive Officer of GFMH. He founded the Gottex Group in 1986 and Gottex Fund Management in 1992. Prior to founding Gottex, Mr. Gottschalk spent fourteen years with the Lausanne based financial services firm Tradition SA. In 1980 Mr. Gottschalk was appointed Director responsible for Continental Eastern Europe, and in 1984 he was appointed to the board of Tradition SA and Tradition Holding SA. Mr. Gottschalk started his career in 1965 with Dresdner Bank AG in Munich, where he spent four years prior to relocating to Lausanne. Mr. Gottschalk is also a director of Select Asset Management Limited.

Board of Directors and EMC members
A) Board of Directors
John-Paul Bailey is a Canadian citizen, Senior Managing Director, Senior Investment Partner and Head of our Asset Based business. He joined the Group in August 1998. Mr. Bailey was one of the founders of the Gottex Fund of Hedge Funds business and joined the Company in 1998. From 1991 to 1998, he was a senior member of the fixed income derivatives trading team at JP Morgan, New York and his most recent position there was Head of Trading for options and exotic derivatives. Mr. Bailey’s responsibilities included market making, risk management, and proprietary positioning. Mr. Bailey has extensive and in-depth quantitative and qualitative experience and knowledge of the financial markets and alternative investment fund industry. Mr. Bailey received an Honors degree in Economics and Finance from the University of Western Ontario in Canada.

Peter Bennett is a British citizen, Senior Managing Director, Senior Investment Partner, Head of our Asian business, Chairman of the Research and Asset Allocation Committees. He joined the Group in February 2000 and has extensive experience working in the financial markets at both Chase Manhattan Bank and JP Morgan, where he was Head of European Derivative Trading, US Derivatives and the Mortgage Backed business. Mr. Bennett read Economics at Churchill College, Cambridge and holds Bachelor and Masters degrees in Economics from Cambridge University. Mr. Bennett is also a director of Select Asset Management Limited.

Richard Leibovitch is a Canadian citizen, Senior Managing Director, Chief Investment Officer and Head of our North American business. He joined the Group in September 2003. Prior to joining the Group he worked at JP Morgan as Head of US Derivatives Trading and Mortgage Backed Trading and headed North American Equity Derivatives business. From 1999 he was Head of Derivatives at Putnam Investments and latterly, Head of Global Trading. In 2000, he was given the additional responsibility of Global Head Trading, where he oversaw the daily operations of both equity and fixed income trading. Mr. Leibovitch was a member of Putnam’s Partners and Executive Committees. Mr. Leibovitch has an Honors Bachelors Degree in Economics from McGill University and an M Phil Degree in Economics from Cambridge University.

Max Gottschalk is a German citizen, Senior Managing Director and Head of our Global Marketing. He joined the Group in August 1998 and is one of the founders of our Fund of Hedge Funds business. Prior to joining the Group, he was a Vice President at Bear Stearns & Co Inc, New York, where he was responsible for hedge fund sales in the fixed income derivatives group. Mr. Gottschalk developed and implemented numerous strategies for these clients using complex derivative structures. Mr. Gottschalk’s coverage of alternative funds spanned fixed income, foreign exchange options, credit derivatives and emerging markets. Mr. Gottschalk has a BA in Finance, Marketing and International business from the University of Virginia where he graduated with Honors.

Douglas Brown is an American citizen and Non-Executive Director. He became a Director of the Company in 2007. Between 1982 and 1986, Mr. Brown was with GE Credit in strategic planning with a focus on acquisitions and business planning and ran its Leveraged Sale Leaseback programme. Between 1986 and 1993, Mr. Brown was an Executive Director with First Boston in their Global Insurance Group. Mr. Brown joined Morgan Stanley in 1993 where he served as Co-Head of the Global Financial Institutions Group, Head of the Global Insurance Group, Head of Firm Relationship Management, and leader of the firm’s China Financial Institutions Privatisation initiatives. Most recently, Mr. Brown was Vice Chairman of Investment Banking at Morgan Stanley. In 2006, Mr. Brown founded DLB Capital, LLC a private investment firm. Mr.Brown is a member of the Board of Aegon USA and The China Institute. Mr.Brown has an AB degree from Bowdoin College in the United States.

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Michael Garrett is a British and Australian citizen and a Non-Executive Director. He became a Director of the Company in 2007. Mr. Garrett began his 44-year career with Nestlé in 1961 and has worked in Switzerland, Australia, the UK and Japan. Mr. Garrett sat on the World Trade Organization Business Advisory Council in Switzerland between 2002 and 2005 and was also a member of the Lausanne/Tokyo Business Leaders Club and a visiting International Fellow of the Sir William Tyree Foundation of the Australia Industry Association. Mr. Garrett retired from Nestlé SA as Executive Vice President on 30 April 2005. Mr. Garrett continues as a Board Member of Nestlé India and also serves as a Non-Executive Director on the Boards of Prudential plc, the Bobst Group in Switzerland and Hasbro Inc. Mr. Garrett was recently appointed as a Member of the Finance and Performance Review Committee of the Board of the Prince of Wales International Business Leaders Forum as well as being an international member of the Swaziland Business and Economic Advisory Panel under the auspices of the Global Leadership Foundation, London. Mr. Garrett graduated from the IMD Business School in Lausanne, Switzerland.

Bruno Pfister is a Swiss citizen and a Non-Executive Director. He became a Director of the Company in 2007. Mr. Pfister began his career working for Chase Manhattan Bank in London and Geneva. Between 1988 and 1996, Mr. Pfister was a management consultant for McKinsey & Co. In 1999, as a member of the Credit Suisse Banking Executive Board, Mr. Pfister took over as Head of Customer Segment and Product Management at Credit Suisse. Mr. Pfister has been with the Swiss Life Group since August 2002, initially as Chief Financial Officer, then as of 1 January 2006, as CEO International and since May 2008 as Group CEO. Mr. Pfister graduated from the University of Geneva with a Master's Degree in Law before being called to the bar in Geneva. Mr. Pfister has a MBA from the Graduate School of Management in Los Angeles. Mr. Pfister is Chairman of the Board of Directors of AWD Holding AG, Hanover (Germany) and a member of various other boards of Swiss Life companies. He is also a member and on the Executive Committee of the Admission Board of SIX Swiss Exchange.

David Staples is a British citizen and a Non-Executive Director. He became a Director of the Company in 2007. He was a partner in PricewaterhouseCoopers ("PWC") from 1990 to 2003 and Head of Tax for the south-east region of the UK. Prior to that he was Head of Tax Training and worked in both the Audit and Financial Services teams. Since leaving PWC Mr. Staples has joined the boards of a number of companies including MedicX Fund Limited (as Chairman) and Premier Renewable Energy Fund Limited (as Chairman of the audit committee). Both these companies are listed on the London Stock Exchange, Main Market. He is also on the Board of four of Apax's private equity funds. He is a Guernsey resident and is the treasurer of the Millennium Tapestry Trust. He is a Fellow of the Institute of Chartered Accountants in England and Wales and an Associate of the Chartered Institute of Taxation. He holds the Institute of Directors' Diploma in Company Direction and has a BSc in Business Economics and Accounting from the University of Southampton.

Larry Lasser is an American citizen and a Non-Executive Director. He became a Director of the Company in 2008. He held a number of senior management roles at Putnam Investments from 1969 to 2003. In 1985 he was appointed as Chief Executive Officer and presided over a remarkable period of growth at Putnam, as assets under management rose from approximately USD 10 million to over USD 400 billion.

B) Members of the Executive Management Committee

Gabriel Bousbib is a Portuguese and American citizen, Senior Managing Director and Head of Risk Management and Structured Products. He joined the Group in June 2005 after serving as President and Chief Executive Officer of PlusFunds. Prior to joining PlusFunds, Mr. Bousbib held a number of operating and corporate development positions with the Reuters Group, including Managing Director of business development and Chief Operating Officer in the risk management division. Mr. Bousbib holds a diploma in engineering and two Masters degrees in Finance and Management of Organisations (Dean's Honor List) from Columbia University, Graduate School of Business.

Tim Roniger is a Swiss citizen, Senior Managing Director and Chief Financial Officer of the Group. He joined the Group in May 2004. Prior to this, Mr. Roniger had a 13-year career at Merrill Lynch, where he held senior roles in Product Control and the Middle Office, in both the Fixed Income and Equity Capital Markets divisions. Mr. Roniger holds an Honours degree in Accounting and Finance and is registered with the Institute of Chartered Accountants, South Africa. Mr. Roniger performed his Articles and qualified as a Chartered Accountant while working with Ernst & Young in South Africa.

William Woolverton is an American citizen, the Group Senior Managing Director and General Counsel of the Group. He joined the Group in October 2005. Prior to joining the Group, Mr. Woolverton held a number of senior positions, namely senior member of the Financial Services Group of Dechert LLP, Managing Director and General Counsel of Putnam Investments, Senior Counsel of Alliance Capital Management Corporation and Attorney at Law at Clifford Chance Rogers and Wells.

Dr. William Landes is an American citizen, Senior Managing Director and Head of North America Marketing of the Group. He joined the Group in April 2008 and became a member of the EMC. Prior to this, Dr. Landes was Chief Executive Officer at 2100 Capital and prior to that he was a Managing Director at Putnam Investments and headed Putnam's Alternative Assets initiative. During his tenure with Putnam, he also served as head of the Global Investment Research team, the Global Asset Allocation and Currency team and the Fixed Income Mutual Fund portfolios. Prior to joining Putnam in 1985, he was the Director of Fixed Income at Loewi Asset Management Corporation, President and Chief Executive Officer of William J. Landes and Company, Inc Dr. Landes earned a PhD and an MA from the University of Cincinnati and a B.S. from Findlay College in Ohio. He has 25 years of financial services and investment experience.

On 17 December 2008, Messrs. James Singh and Andre Keijsers were named as members of the EMC. Their nomination will be effective on 1 January 2009.

Andre Keijsers is a Dutch citizen, Managing Director, Head of Corporate Strategy and Corporate Communications. He joined the Group in January 2008. Prior to this he worked at the CME (Chicago Mercantile Exchange) where he served as Chief Financial Officer of the Swapstream group of companies. Prior to Swapstream until December 2000, Mr. Keijsers was Chief Strategy Officer at Scoot.com, a multi-channel directory enquiry service. Before joining Scoot.com in 1996, Mr. Keijsers was an Assistant Director in Equity Investment Banking at UBS in London. Mr. Keijsers started his career in the securities industry in 1991 when he joined ABN AMRO Bank in their equity investment banking group. Mr. Keijsers holds a Masters Degree in Computer Science from Nijmegen University in the Netherlands and wrote his thesis whilst working with Hitachi in Tokyo.

James Singh is an American citizen, Managing Director, Head of Asian Business. He joined the Group in September 2008. Prior to this he worked for Lehman Brothers where he was Managing Director, Chief Administrative Officer and Head of Strategic Planning for Capital Markets (Equity and Fixed Income) in Asia. Previously, Mr. Singh was Global Head of Derivatives Structuring in Fixed Income at UBS in London following several years in Japan as the Head of Fixed Income and Head of Equity Derivatives Marketing and Structuring. Mr. Singh earned his BA in Political Science from the University of California at Santa Barbara and a Masters in International Development from the School of International Service at the American University.

3.1.1.1 Operational management tasks of the members of the Board of Directors
Messrs. Brown, Garrett, Lasser, Pfister and Staples are non-executive members of the Board of Directors, while Messrs. J. Gottschalk, Bailey, Bennett, M. Gottschalk and Leibovitch are members of the EMC of the Gottex Group.

3.1.1.2 Information on non-executive members of the Board of Directors
All non-executive members of the Board of Directors are independent, were not previously members of the Gottex management and have no important business connections with Gottex.

3.2 Other activities and functions
Please see above section 3.1.1 for each Board of Directors' other activities and functions.

3.4 Elections and term of office
3.4.1 Principles of election procedures and limits on term of office
The members of the Board are elected by a simple majority of the votes cast at the General Meeting. According to the Articles, the Board must consist of at least seven members. The members of the Board shall be elected to serve up to three-year terms. The Board members shall be subject to re-election by rotation in such a way that each year approximately one third of the Board members shall stand for election so that, after a period of three years, all Board members have been subject to re-election. As a consequence, the term of office of some Board members may be less than three years.

The Board members to retire from office in any year shall include any Board member who wishes to retire and those who have been longest in office since their last election or re-election. Where two or more Board members have been in office for an equal length of time, the Board member to retire shall be determined by agreement between them or by lot. There is no age limit at which a Board member is required to retire. The office of a Board member shall be vacated if: (i) he ceases to be a Board member by virtue of any provision of Guernsey law or becomes prohibited by Guernsey law from, or is disqualified from, being a Board member; (ii) he resigns from office by notice to the Company; (iii) the General Meeting of shareholders so resolves by ordinary resolution; or (iv) he is subject to re-election and is not re-elected.

3.4.2 Time of last election and remaining term of office

Name	Last Election	Term Expires	Position
Joachim Gottschalk	2007	2010	Chairman of the Board, Chief Executive Officer
John-Paul Bailey	2008	2011	Senior Managing Director, Senior Investment Partner
Peter Bennett	2008	2009	Senior Managing Director, Senior Investment Partner, Head of Asian Business
Richard Leibovitch	2007	2010	Chief Investment Officer,[1] Senior Managing Director, Head of North American Business
Maximilian Gottschalk	2007	2009	Senior Managing Director, Head of Global Marketing, Head of European Business
Douglas L. Brown	2007	2011	Non-Executive Director
Michael W.O. Garrett	2007	2009	Non-Executive Director
Bruno Pfister	2007	2009	Non-Executive Director
David Staples	2007	2010	Non-Executive Director
Larry Lasser	2008	2011	Non-Executive Director[2]

[1]Effective 1 January 2009
[2]Effective 8 May 2008

3.5 Internal organisational structure
3.5.1 Allocation of tasks within the Board of Directors

Name	Independent Director Committee	Audit Committee	Nomination and Compensation Committee	Chairman's Committee
Joachim Gottschalk				X
John-Paul Bailey				X
Peter Bennett				X
Richard Leibovitch				X
Maximilian Gottschalk				X
Douglas L. Brown	X	X		
Michael W.O. Garrett	Lead Director		Chairman	
Bruno Pfister	X	X	X	
David Staples	X	Chairman		
Larry Lasser	X			

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3.5.2 Tasks and area of responsibility for each committee of the Board of Directors

Audit Committee

The Audit Committee is comprised of Messrs. Staples (Chairman), Brown and Pfister, all of whom are independent and are deemed financially literate. The Audit Committee's function is to assist the Board in overseeing the executive management of the Company as well as the Company's and its Group's financial reporting process, including monitoring the integrity of the Company's financial statements and the independence and performance of the Company's external auditors.

The principal responsibilities of the Audit Committee are:

- to review the adequacy of the system of internal accounting procedures of the Company and the Group, and to oversee that effective systems of internal controls for finance matters and for non-financial operating data are maintained;
- to oversee that the financial performance of the Group is properly measured, controlled and reported;
- to discuss the audit procedures with the auditors;
- to review the audit results and related management letters;
- to review the services performed by the external auditors of the Company and the Group in connection with determining their independence;
- to review the reports of the internal and external auditors and to discuss their contents with the auditors and with the EMC;
- to review and discuss the interim financial statements with the EMC, and to review and discuss the annual financial statements with the EMC and the external auditors;
- to review periodically the financial results of the Group as achieved;
- to make recommendations for approval by the Board of an asset and liability management policy and strategic direction;
- to have overall supervisory responsibility to oversee the proper implementation of the financial strategy as approved by the Board;
- to recommend any share repurchase programme for approval by the Board;
- to review and oversee the ongoing compliance of the Company and the Group with legal and regulatory requirements, accounting standards and the rules and regulations of the SIX Swiss Exchange; and
- to approve the form and contents of any press release containing information about the Group's earnings.

The Audit Committee may obtain advice and assistance from internal or external legal, accounting or other advisors as it deems advisable without having to seek Board approval. The Audit Committee met four times in 2008.

Nomination and Compensation Committee

The Nomination and Compensation Committee is comprised of Messrs. Garrett (Chairman) and Pfister, all members are independent. The Nomination and Compensation Committee's function is to assist the Board in performing both its management and supervisory duties, in particular with regard to planning the succession of members of the Board and the senior management of the Company as well as compensation of the members of the Board and the senior management.

The principal responsibilities of the Nomination and Compensation Committee are:

- search and review of potential candidates qualified to become Board members, and recommendation of such individuals to the full Board for a nomination for election by the shareholders;
- review of nominations for re-election of Board members;
- recommendation of Board members for appointment to a Board committee;
- review of appropriateness of continued service on the Board of Board members whose circumstances (including business or professional affiliations or responsibilities) have changed or who contemplate accepting a directorship on another public company board or an appointment to an audit or compensation committee of another public company Board;
- review of the criteria, objectives and procedures for selecting members of the EMC;
- make recommendation to the Board for the appointment of the members of the EMC (upon motion of the Chief Executive Officer);
- review of the general compensation strategy of the Company and the Group;
- make recommendations for approval by the Board of compensation and benefits programmes (including in respect of severance payments and payments upon or in view of retirement) for the members of EMC;
- review and make recommendations for approval by the Board of the terms of employment between the Company and any member of the EMC;
- recommendations for approval by the Board of the remuneration of the Non-Executive Board members; and
- oversight of the system and procedures for the education, development and orderly succession of senior members throughout the Group, including, at least annually, review of the short- and long-term succession plans for the CEO and other senior management positions.

The Nomination and Compensation Committee met four times in 2008.

Independent Director Committee

The Independent Director Committee comprises Messrs. Garrett (lead Director), Brown, Pfister, Staples and Lasser. Each member must be disinterested in any particular transaction upon which the Independent Director Committee is required to give its recommendation to the Board. The members of the Independent Director Committee are responsible for protecting the interests of the minority shareholders of the Company. The Board shall only resolve certain matters if a majority of the members of the Independent Director Committee so recommends.

Such matters are:

- a proposed merger, takeover or other business combination of the Company with any entity that is controlled directly or indirectly by all or part of the "significant shareholders" (which are shareholders (i) who have, or in the three years preceding the relevant transaction had, a function as a member of the Board or the senior management of the Company and (ii) who, together with their related persons, directly or indirectly hold more than 3% of the Company's issued voting rights) as long as such significant shareholders collectively hold more than 33⅓% of the Company's issued voting rights;
- any other related party transaction, other than as to compensation, involving the Company or any subsidiary on the one hand and all or part of the significant shareholders (or any related persons thereof) on the other hand;
- a proposed bid for the shares of the Company by all or part of the significant shareholders that, in the aggregate, own directly or indirectly more than 33⅓% of the Company's outstanding voting rights;
- a proposed repurchase by the Company of all the shares not owned by the significant shareholders as long as the significant shareholders directly or indirectly hold more than 33⅓% of the Company's outstanding voting rights; or
- any change to the powers and duties of the Independent Director Committee.

In addition, the Independent Director Committee met once in 2008 to review the practices of the Group with regard to investments of employees in investment products of the Group.

As the Chairman of the Board also serves as CEO of the Company, the Board has appointed Mr. Garrett as Lead Director of the Company. In particular, the Lead Director (i) ensures an orderly process in evaluating the performance of the Chairman and CEO, and (ii) convenes and chairs Board meetings to consider and resolve upon matters where the Chairman has a conflicting interest.

Chairman's Committee
The Chairman's Committee is comprised of Messrs. J. Gottschalk, Bailey, Bennett, M. Gottschalk and Leibovitch. The purpose of the Chairman's Committee is to assist, support and advise the Board in fulfilling its strategic and oversight functions. The Chairman's Committee brings all matters to the attention of the Board that arise in the day-to-day management of the Company and the Group of companies as carried on by the senior management of the Company and that are relevant for the Board with a view to fulfilling its functions. Extraordinary matters are reported to the Board without delay. In addition, the Chairman's Committee conveys the resolutions and views of the Board to the meetings of the senior management of the Company thus ensuring adequate implementation of Board resolutions.

The Chairman's Committee meets as often as the business of the Company requires.

During 2008, the Chairman's Committee met four times.

3.5.3 Work methods of the Board of Directors and its committees
The Board meets as often as necessary, at least four times a year. Meetings are called by the Chairman of the Board by written notice that contains the agenda. Any Board member may request the Chairman that a meeting is called or that an item is put on the agenda.

During 2008, the Board met four times.

The Board committees regularly report to the full Board on their findings and propose the appropriate actions.

3.6 Definition of areas of responsibility
The governing bodies have the responsibilities as follows:

Subject to the powers and duties conferred on the shareholders of the Company by Guernsey law and the Articles, the Board is ultimately responsible for the management of the business of the Company and for supervising and monitoring such management. Accordingly, the Board has both executive and supervisory functions for which, according to the Articles, it remains responsible even if, in performing these functions, it is assisted by a Board committee or the Company's executive management.

The management responsibility vested in the Board which that be delegated includes the determination of the overall strategy of the business of the Group, the preparation and issuing of internal regulations for the operation of the Board, any Board committees and the EMC of the Company from time to time, the appointment and removal of persons entrusted with the management and representation of the Company (including the appointment and removal of members of Board committees and members of the Company's executive management) and the structuring of the Company's accounting system, its financial controls and financial planning. The Board's responsibility for supervising and monitoring the Company's management team includes establishing a suitable system of internal controls, receiving regular reports on the progress of the business and approving the annual financial statements and the interim financial statements. In addition, the Board prepares the annual Directors' Report and is responsible for preparing for General Meetings and implementing shareholders' resolutions passed at such meetings.

Subject to the non-delegable powers and duties of the Board described above, the Board has delegated the management and the operative and administrative day-to-day business of the Company and its subsidiaries to the EMC. The scope of delegation comprises all powers which are not reserved to the Board by Guernsey law, the Articles or the organisational regulations of the Board (the "Organisational Regulations").

The Organisational Regulations reserve the following powers to the Board:

- the adoption of resolutions concerning the issuance of unissued shares out of the authorised capital and the sale, transfer and cancellation of Treasury shares held by the Company to the extent that such power is vested in the Board pursuant to Guernsey law and the Articles;
- the approval of transactions for which the Board reserves its decision-making power, in particular i. capital expenditures and investments exceeding USD 5 million or its equivalent; ii. finance decisions exceeding USD 10 million or its equivalent;
- the approval of the annual investment and operating budgets as well as the long-term plan of the Company and the Group;
- the resolution on any matters submitted to it by the Board Committees;
- approval of the terms of reference of any Board Committees;
- the exercise of shareholder rights in the subsidiaries, as well as the ultimate control of the business activities of the subsidiaries;
- the establishment of the Company's dividend policy;
- the review and approval of any required filings with regulatory authorities or stock exchanges (unless delegated by the Organisational Regulations);
- the approval of any registration statements, prospectuses, listing particulars, notices and circulars to holders of Company securities or recommendations in respect of any matters which may be submitted to holders of the Company's securities (unless delegated by the Organisational Regulations); and
- the response to any approach regarding a takeover offer for the Company.

The members of the EMC are appointed by the Board upon recommendation of the Nomination and Compensation Committee. The EMC reports directly to the Board.

3.7 Information and control instruments vis-à-vis the Executive Management Committee
The Board on a regular basis is fully informed on material matters involving the Company and the Group's business.

The five Executive Directors, who are members of the EMC are expected to be present at each quarterly Board Meeting and report quarterly to the Board. The Board provides guidance to the EMC when necessary.

We have detailed written procedures and processes for the management of operational risk. Operational risk is also limited by automated systems, and the implementation of our shadow book-keeping system which ensures we are not wholly reliant on third party administrators and custodians. This system has been implemented in order to ensure that our funds' administrators' transaction entries are double checked and reconciled, intra-month performance can be estimated, and any possible discrepancies between the administrator's accounts and the Group's funds shadow accounts can be visibly detected and are subsequently resolved on a monthly basis. The system also enables the Group to maintain information on all investments to better service clients and enable determination of fee carve-outs for marketing agents. The Head of Risk Management and Structured Products reports periodically to the Board regarding operational risk.

The Chairman's Committee consists of the five executive Board members, amongst which the Chief Executive Officer, ensures that the Board is kept informed about the day-to-day management of the Company and the Group to the extent relevant for the Board with a view to fulfilling its functions. Extraordinary matters are reported to the Board without delay.

Corporate Governance Report

4. Executive Management Committee

The executive management of the Company has been delegated by the Board to the EMC. Accordingly, the EMC has all the powers and duties that are not explicitly reserved in the Organisational Regulations to the Board, its Chairman or one of the Board committees.

The members of the EMC are appointed by the Board upon recommendation of the Nomination and Compensation Committee. The EMC reports directly to the Board.

4.1 Members of the Executive Management Committee

Name	Age	Nationality	Position	Employed
Joachim Gottschalk*	62	German	Chairman of the Board, Chief Executive Officer	January 1987
John-Paul Bailey*	40	Canadian	Senior Managing Director, Senior Investment Partner	September 1998
Peter Bennett*[1]	53	British	Senior Managing Director, Chief Investment Partner, Head of Asian Business	February 2000
Richard Leibovitch*	45	Canadian	Senior Managing Director, Chief Investment Officer,[2] Head of North American Business	September 2003
Maximilian Gottschalk*	36	German	Senior Managing Director, Head of Global Marketing, Head of European Business	August 1998
Gabriel Bousbib	43	Portuguese and American	Senior Managing Director, Head of Gottex Solution Services (GSS)[2]	June 2005
Tim Roniger	47	Swiss	Senior Managing Director, Chief Financial Officer	May 2004
William Woolverton	58	American	Senior Managing Director, General Counsel	October 2005
Andre Keijsers[2]	43	Dutch	Managing Director Head of Corporate Strategy and Corporate Communications	January 2008
Dr. William Landes	56	American	Senior Managing Director Head of North American Marketing	April 2008
James Singh[2]	52	American	Managing Director, Head of Asian Business[3]	September 2008

*Indicates an EMC member who is also a Board member [1]Until 31 March 2009 [2]Effective 1 January 2009 [3]Effective 1 April 2009

4.2 Other activities and vested interests

Please see section 3.2 for each Board of Director's other activities and interests.

4.3 Management contracts

Not Applicable.

5. Compensation, shareholdings and loans policy

5.1 Content and method of determining the compensation paid and the shareholding programme

The compensation of the Board members and the EMC is determined by the Board upon recommendation of the Nomination and Compensation Committee. The Board members may be paid travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the Board, committees of the Board, or General Meetings of shareholders, or otherwise in connection with the discharge of their duties.

All Non-Executive Directors of the Company shall be paid a compensation for their services as Directors out of the funds of the Company. Such compensation to Board members (other than any Director who for the time being holds an executive office or employment under the Company or a subsidiary of the Company) shall be determined by the Board upon recommendation of the Nomination and Compensation Committee. The Board members shall be paid out of the funds of the Company all expenses properly incurred by them in the discharge of their duties, including their expenses of travelling to and from the meetings of the Board, meetings of the Board Committee and General Meetings. Each Non-Executive Director receives an annual remuneration of USD 100,000 per year. Members of Senior Management are paid a base salary, certain benefits and are eligible for bonuses and any share-based compensation schemes.

Additional information is included in the section below.

5.2 Transparency of the compensations, shareholdings and loans pertaining to issuers domiciled abroad

5.2.1 Compensation of Directors

The compensation of the members of the Board and the EMC is determined by the Board upon recommendation of the Nomination and Compensation Committee.

The Board members may be paid travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the Board, committees of the Board or General Meetings of shareholders or otherwise in connection with the discharge of their duties.

All Non-Executive Directors of the Company shall be paid compensation for their services as Directors out of the funds of the Company.

Such compensation to Board members (other than any Director who for the time being holds an executive office or employment under the Company or a subsidiary of the Company) shall be determined by the Board upon recommendation of the Nomination and Compensation Committee. The Board members shall be paid out of the funds of the Company all expenses properly incurred by them in the discharge of their duties, including their expenses of travelling to and from the meetings of the Board, meetings of the Board Committee and General Meetings.

Members of Senior Management are paid a base salary, certain benefits and are eligible for bonuses and any share-based compensation schemes.

5.2.2 Compensation for members of the Board of Directors (for the year ended 31 December 2008)

Name	Salary/fees USD 000	Benefits in Kind USD 000	Pensions USD 000	Waived management fees and incentive and rebates[1] USD 000	Total USD 000
Joachim Gottschalk	1,000	5	–	671	1,676
John-Paul Bailey	1,000	–	–	677	1,677
Peter Bennett	1,000	1	2	284	1,287
Richard Leibovitch	1,000	19	–	293	1,312
Maximilian Gottschalk	1,000	1	–	664	1,665
Douglas L. Brown	100	–	–	–	100
Michael W.O. Garrett	100	–	–	–	100
Bruno Pfister	100	–	–	–	100
David Staples	100	–	–	–	100
Larry Lasser	100	–	–	–	100
Total compensation for Board of Directors	**5,500**	**26**	**2**	**2,589**	**8,117**

[1]The Group waives some management fees due on investments made by employees into the funds managed by the Group. It also pays retrocession commissions for client introductions.

5.2.3 Compensation for members of the EMC (for the year ended 31 December 2008)

The table below shows the total compensation for the eight members of the EMC.

	Total USD 000
Salary	7,409
Bonus	1,275
Benefits in kind	82
Pensions	9
Share-based payments	1,915
Waived management fees and third party retrocession	2,651
Total Compensation for members of the Executive Management Committee	**13,341**

Due to share-based compensation and sign on bonus, Dr. William Landes received the highest compensation of the members of the EMC, in total USD 2.6 million.

5.2.4 Shareholdings and options of members of the Board and the EMC

For information relating to the shareholdings of members of the Board and the EMC at 31 December 2008, see table below.

		Share options**			
Executive Directors and Executive Committee members	Number* of shares held	Date of grant	Exercise price USD	Number	Number of restricted shares
Joachim Gottschalk	4,499,740	–	–	–	–
John-Paul Bailey	3,235,210	–	–	–	–
Peter Bennett	3,878,417	–	–	–	–
Richard Leibovitch***	–	–	–	–	–
Maximilian Gottschalk	4,323,280	–	–	–	–
Gabriel Bousbib	524,091	–	–	–	–
Tim Roniger	52,238	Jan 08	48.48	24,127	23,718
William Woolverton	72,358	Jan 08	48.48	14,476	23,718
Total	**16,585,334**			**38,603**	**47,436**
Non-Executive Directors					
Bruno Pfister	2,945	–	–	–	–
Michael W.O. Garrett	22,100	–	–	–	–
Douglas L. Brown	–	–	–	–	–
David Staples	–	–	–	–	–
Larry Lasser	–	–	–	–	–
Total	**25,045**	**–**	**–**	**–**	**–**

* Members of the Board of Directors and EMC own shares directly, through nominee accounts, family trusts and other corporate entities.
** The share options awards on 24 January 2008 form part of the annual bonus awards for the year ended 31 December 2007 and therefore have been disclosed in the table above.
*** Mr. Leibovitch has a put option to sell his shares in Gottex US Management Sarl. SICAR to the Company in return for a fixed number of shares of 2,357,050 in the Company.

5.2.5 Employment agreements with executive Board members and the other members of the Executive Management Committee
Messrs. J. Gottschalk, Bennett, Bailey, Leibovitch, M. Gottschalk, Bousbib, Roniger and Woolverton (each an "Executive") have each entered into employment agreements with the Group effective from 1 January 2008. The terms of the employment agreements are set out below. These terms are also the terms which generally apply to other senior Group employees.

5.2.6 Terms and conditions of employment
Each employment agreement is for an initial period of one year and thereafter is automatically extended for one additional year unless the employing Group Company (the "Employer") or the Executive shall have given 90 days' written notice not to extend the period. The Employer may terminate the employment agreement at any time for cause (being: (a) conviction of the Executive of a crime or the Executive pleading guilty to a crime; (b) the intentional and material breach by the executive of the Employer's Code of Ethics; or (c) failure by the Executive to comply with covenants relating to confidentiality, non-competition, non-solicitation and non-disparagement).

5.2.7 Non-Executive Board members
Each Non-Executive Director has entered into a letter of appointment. The annual compensation of each Non-Executive Director is USD 100,000.

6. Shareholders' participation
6.1 Voting-rights and representation restrictions
6.1.1 All voting-rights restrictions, along with an indication of statutory group clauses and rules on granting exceptions, particularly in case of institutional voting-rights representatives
Each share entitles its holder to one vote at the Company's shareholders' meetings, subject to the power of the Board under the Articles to withdraw voting rights in certain circumstances and except for shares recorded in the register of members in the default nominee account of SIS which, as a result of being recorded in this account and for the period for which they continue to be so recorded, shall not have any voting rights (see above section 2.6.1).

Acquirers of shares only have the right to attend, and to cast their votes at a General Meeting to the extent the shares held by them have not had their voting rights withdrawn in accordance with the Articles.

Based on the authority conferred by Articles 18 and 19 of the Articles, voting rights will be withdrawn that attach to shares:
- whose acquirer does neither explicitly declare that he has purchased them in his own name and for his own account nor acknowledge the right of the Company to receive information relating to their beneficial owner upon request, including the beneficial owner's name, address (and, if applicable, place of incorporation) as well as the beneficial owner's existing shareholdings in the Company; or
- with which the acquirer, directly, indirectly or acting in concert with third parties would exceed the threshold of 3% of the issued shares of the Company (as disclosed in its last annual or interim report approved by the Board).

With respect to the respective shares, the acquirer will be recorded in the register of members as a shareholder without voting rights. These limitations on registration also apply to shares acquired or subscribed for by the exercise of subscription, option or conversion rights. The above regime has been applied to shares acquired from 6 November 2007. In certain circumstances, the EMC may grant exceptions to the registration limitation of 3%. There were no such exceptions granted during the time frame beginning 1 January 2008 and ending 31 December 2008.

In addition, the Articles authorise the Board to withdraw the voting rights of shareholders who do not comply with the obligations to notify the Company of substantial shareholdings or to launch a public takeover offer, both as set forth in the Articles (see also below section 7.1).

6.1.2 Reasons for granting exceptions in the year under review
Please see above section 6.1.1.

6.1.3 Procedure and conditions for abolishing voting rights restrictions
The limitations on registration of acquirers of shares in the register of members as shareholders with voting rights may be abolished by Board resolution or by amendment of the Articles to withdraw the corresponding authority of the Board.

The respective Board resolution requires the affirmative vote of a majority of the members of the Board present at the meeting, which is quorate. Amendment of the Articles, on the other hand, can be effected by resolution of the General Meeting. Such resolution requires the affirmative vote of the holders of a majority of no less 75% of the votes cast at the meeting.

6.1.4 Rules on participation in the General Meeting
A shareholder may appoint only one proxy to attend the General Meeting for the total shares held by such shareholder. If the Company proposes to its shareholders that they may cast their votes through a proxy designated by the Company, then the Company shall also designate at its own expense an independent proxy for the benefit of the shareholders. If such proxies are appointed, the following rules shall apply:
- any proxy given to the proxy designated by the Company shall be deemed to be a proxy to vote in favour of the motions of the Board. Proxies instructing the proxy designated by the Company to abstain or to vote against the motions of the Directors shall be delivered forthwith to the independent proxy; and
- the independent proxy shall cast his votes in accordance with the instructions given to him by the shareholders who have delivered such a proxy. Failing instructions, the independent proxy shall vote in favour of the motions of the Board.

The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is made, or a notarially certified copy of such power or authority, shall be deposited at the office or at such other place as is specified for that purpose in the notice of the General Meeting or in the instrument of proxy issued by the Company before the time appointed for holding the meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

A vote given or poll demanded by proxy or by the duly authorised representative of a body corporate shall be valid notwithstanding the previous withdrawal of the authority of the person voting or demanding a poll unless notice of the withdrawal was received by the Company at the office or at such other place at which the instrument of proxy was duly deposited before the commencement of the meeting at which the vote is given or the poll demanded.

6.2 Statutory quorums
Unless otherwise set forth in Guernsey law or the Articles, resolutions of the General Meeting are adopted by simple majority of the votes cast at a General Meeting.

For so long as required under Guernsey law, under the Articles a special resolution of the General Meeting (requiring not less than 75% of the votes cast at a General Meeting) is required for the following matters:
- any alteration to the Memorandum or Articles;
- the ratification of any acts of the Board which, but for Guernsey law, would be beyond the Company's capacity by reason of anything contained in or omitted from the Memorandum;
- a change of name of the Company;
- a reduction of the Company's issued share capital, capital redemption reserve or share premium account;
- a resolution of the General Meeting that the Company be wound up voluntarily, and where the Company is being wound up voluntarily any resolution of the General Meeting to delegate to its creditors the power to appoint a liquidator and to fill any vacancy in the office of liquidator, and to enter into any arrangement regarding the powers to be exercised by the liquidator and the manner in which they are to be exercised;

- the purchase by the Company of its own shares off-market, such special resolution to include authorisation of the terms of the proposed contract between the Company and the seller;
- the migration of the Company to another jurisdiction; and
- the amalgamation of the Company with another company.

In addition, the Articles provide that an extraordinary resolution of the General Meeting (requiring a majority of at least two thirds of the votes cast at a General Meeting) is required for the following matters:

- increase of the authorised share capital;
- issuance of shares out of the authorised but unissued share capital of the Company (unless delegated to the Board by a corresponding authority in the Articles); and
- restriction or exclusion of the pre-emptive subscription rights of shareholders as set forth in the Articles.

6.3 Convocation of the General Meeting of shareholders
All General Meetings other than Annual General Meetings are called Extraordinary General Meetings. The Annual General Meeting shall be held at least once every financial year and no later than six months after close of the Company's financial year. No more than 15 months may elapse between one Annual General Meeting and the next.

All General Meetings may be held at any place in Guernsey or elsewhere.

The Board may call General Meetings. If there are not sufficient Board members to call a General Meeting, any Board member may call such a meeting.

Under the Articles, shareholders (other than shareholders whose voting rights have been denied) holding 5% or more of the shares issued at the time, have the right to require the Board to call a General Meeting, in which case the Board shall cause such General Meeting to be held as promptly as practicable thereafter. Under Guernsey law, shareholders holding at least 10% of the issued shares, excluding any shares held as Treasury shares, are entitled to require the Board to convene a General Meeting. If the Board does not, within a period of 21 days beginning on the date of service of the requisition, duly convene a General Meeting, the requisitioning shareholders may, within a period of three months beginning on that date, themselves convene such General Meeting.

Any General Meeting shall be called by at least 14 days' notice, such notice being deemed to have commenced on the day following the date of deemed receipt of the notice as set out in the Articles. The notice shall specify the day, time and place of the General Meeting and the general nature of the business to be transacted and, in the case of an Annual General Meeting, shall specify the General Meeting as such.

Subject to the provisions of the Articles and to any restrictions imposed on any shares, the notice shall be given to all the shareholders, to all persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder and to the members of the Board and auditors in accordance with the notice provisions set out in the Articles. In addition, the Company shall give notice of the General Meeting by way of an announcement appearing once in a German language newspaper and a French language newspaper in Switzerland at least 21 days prior to the General Meeting.

The accidental omission to give notice of a General Meeting to, or the non-receipt of notice of a General Meeting by, any person entitled to receive notice shall not invalidate the proceedings at the General Meeting, provided that notice shall have been given in the Swiss newspapers referred on page 30.

6.4 Agenda
Shareholders (other than members whose voting rights have been denied) holding 5% or more of the shares issued at the time, have the right to require the Board to put an item on the agenda of a General Meeting; provided that such request is lodged with the Company no later than 45 days prior to the date of the General Meeting.

6.5 Registration into the share register
The Annual General Meeting 2009 will be held on 21 April 2009. The registrations appearing in the 2009 Company's register of members on 31 March 2009 have determined the right to participate in, and the right to represent shareholders at General Meetings.

The registration of transfers of shares will be suspended by giving notice in *La Gazette Officielle* and in a German language newspaper and a French language newspaper in Switzerland.

7. Changes of control and defence measures policy

7.1 Duty to make an offer
The Articles provide that if a person who (directly, indirectly or acting in concert with third parties) acquires shares and thereby exceeds 33$^{1}/_{3}$ per cent of the issued shares of the Company (as disclosed in its last annual or interim report approved by the Board), the Board shall have the right to request such acquirer to make a public takeover offer for all the issued shares of the Company within two months of the acquirer having crossed the relevant threshold, and the acquirer shall be obliged to do so upon receipt of such request.

For the purposes of determining whether the relevant threshold has been exceeded and subject to Guernsey law, the relevant provisions of the Swiss Act on Stock Exchanges and Securities Trading and the pertaining Ordinance of the Swiss Federal Banking Commission shall be applicable.

Subject to Guernsey law, the Board shall use its commercially reasonable endeavours to ensure that the public takeover offer is made in accordance with the relevant provisions of the Swiss Act on Stock Exchanges and Securities Trading and the pertaining Ordinances of the Swiss Federal Banking Commission and the Swiss Takeover Board. The relevant provisions shall be complied with by both the Company and the acquirer.

The Board has the right, if permitted by Guernsey law, to deny voting rights in respect of any shares of the Company held by any shareholders or groups of shareholders who do not comply with the obligation to make a public tender offer. The Board may reinstate the voting rights attached to such shares at any time provided that the relevant person complies with the obligation to make a public tender offer.

7.2 Clauses on changes of control
Apart from the accelerated vesting of unvested options in the event of a takeover under the Group employee share option plan (see above section 2.7 no contractual provisions exist in favour of the Board or the EMC with regard to a change of control in the Company).

8. Auditor's policy

Ernst & Young SA, Route de Chancy 59, PO Box CH-1213, Petit-Lancy 1, Switzerland ("Ernst & Young") has been assigned the mandate to serve as auditors for the Gottex Group. They assume all auditing functions according to laws, regulatory requests, and the Articles. The Audit Committee will annually assess the independence of Ernst & Young to determine whether they meet all independence requirements, thus ensuring that independence of the auditors is not jeopardized by conflicts of interests through additional mandates. Ernst & Young will inform the Audit Committee annually of the measures they are taking to ensure their own and their employees' independence from the Group. The Audit Committee assesses this information on behalf of the Board.

8.1 Duration of the mandate and term of office of the auditor in charge
Ernst & Young were re-appointed as the Group's external auditor in October 2008 for a one year period. The auditor in charge of the audit engagement, Mark Hawkins, assumed this position as well in 2007.

In accordance with the seven-year rotation requirement established by the Swiss Code of Obligations for Swiss companies, GFMH will ensure that the auditor in charge of the Group's audit will be replaced in accordance with the above rule.

8.2 Auditing and additional fees paid to the auditors
During 2008, Ernst & Young were paid USD 1.4 million in audit fees for work performed on the financial statements of the Group companies and non-audit fees.

8.3 Informational instruments pertaining to the external audit
The Group has appointed Ernst & Young to perform all audit related services. All services provided by Ernst & Young have to be reviewed by the Audit Committee with final approval by the Board of Directors. A pre-approval may be granted either for a specific mandate or in the form of a general pre-approval authorising a limited and well-defined type and amount of services.

The Audit Committee assists the Board of Directors in monitoring the qualification, independence and performance of the auditors and their auditor in charge. The Audit Committee also prepares proposals for appointment or removal of the external auditors for review and final approval by the Board of Directors.

The Audit Committee reviews the annual written statement submitted by the external auditors as to their independence. They also review the engagement letter between the Group and the external auditors and the fees and terms of the planned audit work.

The external auditors provide timely reports to the Audit Committee on critical accounting policies and practices used, on alternative treatments of financial information discussed with management, and other material written communication between external auditors and management. Reports are prepared at least twice per annum.

The Audit Committee regularly meets with the auditor in charge of the external auditors, at least annually. At least once per year, the Chairman of the Audit Committee discusses with the auditor in charge of Ernst & Young the audit work performed, the main findings and critical issues that arose during the audit. The Audit Committee reports back to the Board of Directors about their contacts and discussions with the external auditors.

9. Informational policy

GFMH, as a publicly traded company on the SIX, is committed to communicating in a timely and consistent way to shareholders, potential investors, financial analysts, customers, suppliers, the media and other interested parties. The Company ensures that material information pertaining to its businesses is disseminated in a manner that complies with its obligations under the rules of the SIX.

The guiding principles of this Informational Policy, as it relates to shareholders, are that the Company gives equal treatment to shareholders in equal situations, that any price-sensitive information is published in a timely fashion and that the information is provided in a format that is as full, simple, transparent and consistent as possible.

The Group publishes annual and half yearly financial information as set forth in the SIX rules.

In Switzerland, the Company will publish any notices required by Guernsey law, its Articles and the SIX rules in the *Neue Zürcher Zeitung* and *Le Temps*. Major announcements, such as financial results or corporate activity that require an obligation to disclose potentially price sensitive information through an ad hoc notice filing are available on the Group’s internet website (www.gottexholdings.com) which anyone can access, whether or not that person is a shareholder.

The invitation to the Company’s Annual General Meeting is sent to registered shareholders by mail and published in the two Swiss newspapers mentioned above.

Inquiries may also be made to Gottex Investor Relations:

Mr. Andre Keijsers,
Head of Corporate Strategy and Corporate Communications

Investor.Relations@Gottexholdings.com
Andre.Keijsers@Gottexfunds.com

10. Material changes since the end of the business year

- Richard Leibovitch has been named Gottex’s Chief Investment Officer. Please see section 3.1.1.
- Peter Bennett, Senior Investment Partner, member of the Board and member of the EMC, has tendered his resignation with effect 19 March 2009, which the Board has accepted.
- James Singh has been named a member of the EMC, effective 1 January 2009. Please see section 3.1.1.
- Andre Keijsers has been named a member of the EMC, effective 1 January 2009. Please see section 3.1.1.
- Kevin Maloney became Head of Risk Management, effective 1 January 2009.
- Gabriel Bousbib became Head of Gottex Solution Services (GSS), effective 1 January 2009.
- In November 2008, we announced the suspension of redemptions of our Funds, effective 1 December 2008. The decision was taken primarily due to the liquidity mismatch between the liquidity of the underlying hedge fund investments, and the liquidity being proposed to investors in the Gottex Funds.
- The Market Neutral Plus Fund was successfully restructured and reopened on 2 March 2009. The restructuring and reopening of the Gottex Market Neutral Fund, and our Directional Funds is due to be complete between April and July 2009.
- Gottex has decided, as part of our general assessment of the current Fund offering, to commence an orderly liquidation of the Gottex ABL Fund and Gottex Horizon Fund.
- Gottex has executed a CHF 7 million share purchase programme by the Employee Benefit Trust.

The Companies (Guernsey) Law, 2008 as amended (the “2008” “Law”) came into force on 1 July 2008 and replaced the Companies (Guernsey) Law, 1994 as amended (the “1994” “Law”). The 2008 Law brought into effect a number of mandatory provisions which a company incorporated and resident in Guernsey must adhere to in order to be compliant with the 2008 Law including some changes which needed to be made to the memorandum and articles of the Company. The Companies (Transitional Provisions) Regulations, 2008 (the “Transitional Provisions”) were enacted to prescribe savings and transitional provisions in connection with the commencement of the 2008 Law and to effect the transition for pre-existing companies from the application of the 1994 Law and the various ordinances that were repealed by the enactment of the 2008 Law. The Transitional provisions set out which provisions of the 2008 Law do not apply immediately to pre-existing Guernsey companies but will do so either on 1 January 2009 or 1 January 2010, therefore in effect all existing Guernsey companies have a transitional period in which to update their constitutive documents to make them compliant with the 2008 law. Accordingly the Company’s memorandum and articles were updated and approved on 19 March 2009 by special resolution of the members in order to bring them in line with the 2008 Law. (Whilst these certain changes have been made to the Companies memorandum and articles in accordance with the 2008 and Transitional Provisions it should not impact upon the companies core business and practices.)

Independent Auditor's Report
to the members of Gottex Fund Management Holdings Limited

Ernst & Young Ltd
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www.ey.com/ch

Geneva, 19 March 2009

Introduction
We have audited the company's consolidated financial statements for the year ended 31 December 2008 which comprise the Consolidated Income Statement, Consolidated Balance Sheet, Consolidated Cash Flow Statement, Consolidated Statement of Recognised Income and Expense, Consolidated Statement of Changes in Equity and the related notes 1 to 34. These consolidated financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
The directors are responsible for the preparation of the consolidated financial statements in accordance with applicable Guernsey law as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the consolidated financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing.

We report to you our opinion as to whether the consolidated financial statements give a true and fair view and are properly prepared in accordance with the Companies (Guernsey) Law, 2008. We also report to you if, in our opinion, the company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the consolidated financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the consolidated financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the consolidated financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the consolidated financial statements.

Opinion
In our opinion the consolidated financial statements give a true and fair view, in accordance with International Financial Reporting Standards, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended; and have been properly prepared in accordance with the Companies (Guernsey) Law, 2008.

Mark Hawkins
Licensed audit expert
(Auditor in charge)

John Alton

Consolidated Income Statement
for the year ended 31 December 2008

	Note	2008 USD 000	2007 USD 000
Revenue	2	**167,919**	193,703
Referral fee expense	3	**(36,330)**	(36,529)
Gross profit		**131,589**	157,174
Operating costs	5	**(73,007)**	(57,844)
Professional fees incurred in connection with the initial public offering	6	**–**	(8,617)
Operating profit		**58,582**	90,713
Finance income	8	**1,255**	1,830
Finance costs	9	**(592)**	(175)
Net (loss)/gain on financial assets and impairment of goodwill	10, 14	**(8,556)**	750
Share of post tax losses from associate		**(26)**	(3)
Profit before taxation		**50,663**	93,115
Income tax expense	11	**(5,100)**	(9,367)
Profit for the year		**45,563**	83,748

Attributable to:		
Equity holders of the parent company	**42,893**	73,128
Minority interest	**2,670**	10,620
Profit for the year	**45,563**	83,748

The results for both years are derived from continuing operations.

	Note	2008	2007
Earnings per share	12		
Basic, for profit for the year attributable to ordinary equity holders of the parent company		**USD 1.46**	USD 2.66
Diluted, for profit for the year attributable to ordinary equity holders of the parent company		**USD 1.45**	USD 2.64
Adjusted Basic, for profit for the year attributable to ordinary equity holders of the parent company		**USD 1.69**	USD 2.66
Adjusted Diluted, for profit for the year attributable to ordinary equity holders of the parent company		**USD 1.68**	USD 2.64

Consolidated Balance Sheet
at 31 December 2008

	Note	2008 USD 000	2007 USD 000
Non-current assets			
Goodwill	14	–	907
Intangible assets	15	**1,540**	1,097
Investments	16	**20,267**	8,220
Investment in associate	17	**223**	249
Property, plant and equipment	18	**2,298**	2,063
Other receivables	19	**3,565**	–
Deferred tax asset	23	**101**	–
		27,994	12,536
Current assets			
Trade debtors	19	**27,167**	26,052
Other receivables	19	**12,388**	3,832
Cash and cash equivalents		**45,390**	66,501
		84,945	96,385
Total assets		**112,939**	108,921
Share capital	27	**25,564**	25,564
Share premium	27	–	1,703,148
Treasury shares	27	**(22,374)**	(20,271)
Other reserves	27	**19,611**	(1,687,161)
Retained earnings/(accumulated losses)		**26,683**	(7,559)
Equity attributable to equity holders of the parent company		**49,484**	13,721
Minority interest	28	**15,406**	4,073
Total equity		**64,890**	17,794
Non-current liabilities			
Other non-current liabilities	20	**1,520**	1,938
Interest bearing loan	21	–	20,153
Non-current provisions	22	**39**	–
Deferred tax liabilities	23	–	471
		1,559	22,562
Current liabilities			
Trade creditors	20	**15,664**	15,957
Other payables	20	**21,378**	42,887
Provisions	22	–	26
Current tax liabilities		**9,448**	9,695
		46,490	68,565
Total liabilities		**48,049**	91,127
Total equity and liabilities		**112,939**	108,921

These financial statements were approved by the Board of Directors and authorised for issue on 19 March 2009 and were signed on its behalf by:

Joachim Gottschalk
Chairman and Chief Executive Officer

Richard Leibovitch
Director and Chief Investment Officer

Consolidated Cash Flow Statement
for the year ended 31 December 2008

	Note	2008 USD 000	2007 USD 000
Operating activities			
Profit before taxation		**50,663**	93,115
Adjustments for:			
Amortisation of intangibles	15	**1,156**	613
Depreciation of property, plant and equipment	18	**1,538**	914
(Profit)/loss on disposal of property, plant and equipment		**(40)**	20
Share-based payments	29	**14,272**	7,761
(Increase)/decrease in receivables		**(5,936)**	5,910
(Decrease)/increase in payables		**(1,400)**	14,669
Income taxes paid		**(7,724)**	(8,215)
Finance income		**(1,255)**	(1,830)
Finance costs		**592**	175
Net loss/(gain) on financial assets and impairment of goodwill		**8,556**	(750)
Share of post tax losses from associate		**26**	3
Other non-cash movement		**(29)**	–
Net cash inflow from operating activities		60,419	112,385
Investing activities			
Interest received		**1,255**	1,830
Proceeds from sale of property, plant and equipment		**370**	357
Proceeds from sale of investments	16	**3,531**	108
Purchase of intangible assets	15	**(1,478)**	(1,017)
Purchase of investments	16	**(23,227)**	(1,802)
Loans advanced to funds	19	**(5,375)**	–
Purchase of property, plant and equipment	18	**(2,020)**	(2,020)
Acquisition of subsidiary, net of cash acquired	32	**–**	(953)
Net cash used in investing activities		(26,944)	(3,497)
Financing activities			
Interest paid		**(762)**	(6)
Dividends paid to equity holders		**(13,229)**	(76,115)
Dividends paid to minority interest		**(1,465)**	(12,216)
Proceeds from borrowings, net of transaction costs		**–**	20,153
Repayment of borrowings	21	**(20,271)**	–
Net proceeds on the initial public offering	1	**–**	69,976
Fees capitalised in connection with the initial public offering	6	**–**	(3,358)
Purchase of minority interest	1	**–**	(69,976)
Cash received from GFMH ABL Fund Limited minority interest holders	28	**9,300**	–
Purchase of treasury shares		**(3,972)**	(20,271)
(Decrease)/increase in amounts owed to key management personnel	27,31	**(18,758)**	22,664
Net cash used in financing activities		(49,157)	(69,149)
Net increase in cash and cash equivalents in year		(15,682)	39,739
Opening cash and cash equivalents		**66,501**	27,990
Effect of foreign exchange rates		**(5,429)**	(1,228)
Closing cash and cash equivalents		45,390	66,501

Consolidated Statement of Recognised Income and Expense
for the year ended 31 December 2008

	Note	2008 USD 000	2007 USD 000
Exchange differences arising on translation of foreign operations		**(5,226)**	(876)
Net expense recognised directly in equity		**(5,226)**	(876)
Profit for the year		**45,563**	83,748
Total recognised income and expense for the year		**40,337**	82,872
Attributable to equity holders of the parent company		**38,185**	72,358
Minority interest	28	**2,152**	10,514
		40,337	82,872

Consolidated Statement of Changes in Equity
for the year ended 31 December 2008

	Share capital (Note 27) USD 000	Share premium (Note 27) USD 000	Treasury shares (Notes 27 and 29) USD 000	Translation reserve USD 000	Share-based payment reserve (Notes 27 and 29) USD 000	Pooling and other reserves (Note 27) USD 000	Total other reserves (Note 27) USD 000	Retained earnings/ (accumula-ted losses) USD 000	Attributable to equity holders of the parent company USD 000	Minority interest (Note 28) USD 000	Total equity USD 000
Balance at 1 January 2007	**23,000**	**1,631,958**	**–**	**814**	**2,092**	**(1,620,132)**	**(1,617,226)**	**(4,231)**	**33,501**	**5,669**	**39,170**
Total recognised income and expense for the year	–	–	–	(770)	–	–	(770)	73,128	72,358	10,514	82,872
Purchase of treasury shares	–	–	(20,271)	–	–	–	–	–	(20,271)	–	(20,271)
Recognition of share-based payments	–	–	–	–	6,781	–	6,781	–	6,781	980	7,761
Dividends	–	–	–	–	–	–	–	(76,456)	(76,456)	(12,216)	(88,672)
Issue of shares to incentive plan holders	1,624	5,512	–	–	(7,136)	–	(7,136)	–	–	–	–
Issue of shares in initial public offering	940	69,036	–	–	–	–	–	–	69,976	–	69,976
Capitalised transaction costs	–	(3,358)	–	–	–	–	–	–	(3,358)	–	(3,358)
Acquisition of holding in Gottex US Management Sàrl, SICAR and Gottex Fund Management Limited	–	–	–	–	–	(68,810)	(68,810)	–	(68,810)	(874)	(69,684)
Balance at 1 January 2008	**25,564**	**1,703,148**	**(20,271)**	**44**	**1,737**	**(1,688,942)**	**(1,687,161)**	**(7,559)**	**13,721**	**4,073**	**17,794**
Total recognised income and expense for the year	–	–	–	(4,708)	–	–	(4,708)	42,893	38,185	2,152	40,337
Contribution from equity holder	–	–	–	–	–	–	–	1,882	1,882	–	1,882
Transfer from share premium	–	(1,703,148)	–	–	–	1,703,148	1,703,148	–	–	–	–
Purchase of treasury shares	–	–	(3,972)	–	–	–	–	–	(3,972)	–	(3,972)
Recognition of share-based payments	–	–	–	–	12,926	–	12,926	–	12,926	1,346	14,272
Consolidation of GFMH ABL Fund Limited	–	–	–	–	–	–	–	–	–	9,300	9,300
Dividends	–	–	–	–	–	–	–	(13,229)	(13,229)	(1,465)	(14,694)
Reclassification due to vesting and cancellation of equity awards	–	–	1,869	–	(4,594)	–	(4,594)	2,696	(29)	–	(29)
Balance at 31 December 2008	**25,564**	**–**	**(22,374)**	**(4,664)**	**10,069**	**14,206**	**19,611**	**26,683**	**49,484**	**15,406**	**64,890**

Notes to the Consolidated Financial Statements

Corporate information

Gottex Fund Management Holdings Limited ("GFMH" or "the Company") is a company registered in Guernsey and was listed on the SIX Swiss Exchange ("SIX") on 6 November 2007. GFMH was incorporated in Guernsey on 15 August 2007. The registered office of GFMH is Ogier House, St Julian's Avenue, St Peter Port, GY1 1WA, Guernsey.

The consolidated financial statements for the year ended 31 December 2008 comprise GFMH and its subsidiaries (together referred to as "the Group"). The Group acts as an investment manager and investment advisor for fund of funds activity.

These consolidated financial statements were authorised for issue by the Board of Directors on 19 March 2009 and are subject to approval at the Annual General Meeting of shareholders on 21 April 2009.

1. Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the reporting periods, is set out below.

(a) Basis of preparation

The consolidated financial statements are prepared in accordance with the Companies (Guernsey) Law, 2008, as well as International Financial Reporting Standards ("IFRS") and are presented in US Dollars ("USD"). The numbers are shown in USD000s in all tables and are shown as USD millions in text, except where otherwise indicated. The financial statements are drawn up on the historical cost basis of accounting, except that certain financial instruments are designated as at fair value through profit and loss.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next period are discussed below.

The Group adopted the following interpretations during the year and this has not resulted in any changes to the financial position or performance of the Group nor resulted in any additional disclosures.

Standard or interpretation	Title	Adopted date
IFRIC 11	IFRS 2 – Group and Treasury Share Transactions	1 January 2008
IFRIC 12	Service Concession Arrangements	1 January 2008
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008
IAS 39 and IFRS 7	Reclassification of Financial Assets	1 July 2008

At the date of these consolidated financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective for these financial statements. As a result these Standards and Interpretations do not impact these consolidated financial statements.

Standard or interpretation	Title	Effective date	Expected Impact on Group
IAS 1 revised	Presentation of Financial Statements	1 January 2009	Disclosure only
IAS 23 revised	Borrowing Costs	1 January 2009	No material impact
IAS 27 revised	Consolidated and Separate Financial Statements	1 July 2009	No material impact
IAS 32 amended	Financial Instruments: Presentation	1 January 2009	No material impact
IAS 39 amended	Financial Instruments: Recognition and Measurement	1 July 2009	No material impact
IFRS 1 amended	First-time Adoption of International Financial Reporting Standards	1 January 2009	No material impact
IFRS 2 amended	Share-based Payments	1 January 2009	No material impact
IFRS 3 revised	Business Combinations	1 July 2009	No material impact
IFRS 7	Improving Disclosures about Financial Instruments	1 January 2009	Disclosure only
IFRS 8	Operating Segments	1 January 2009	See below
IFRIC 13	Customer Loyalty Programmes	1 July 2008	No material impact
IFRIC 15	Agreements for the Construction of Real Estate	1 January 2009	No material impact
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	1 October 2008	No material impact
IFRIC 17	Distributions of Non-cash Assets to Owners	1 July 2009	No material impact
IFRIC 18	Transfers of Assets from Customers	1 July 2009	No material impact
Amendments from the Annual Improvement Process		1 January/July 2009	No material impact

Based on the current structure and nature, the adoption of these Standards and Interpretations in future years will have no expected material impact on the Group financial statements except for IFRS 8, where there may be an impact on disclosure. The Group has adopted and will adopt all relevant new standards when they become effective.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of GFMH and all its subsidiaries at the year end date.

Notes to the Consolidated Financial Statements

1. Accounting policies (continued)

Subsidiary undertakings are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date that such control ceases.

All intercompany transactions, balances and unrealised gains on transactions between the Group companies are eliminated in preparing the consolidated financial statements.

Minority interest represents the portion of the profit or loss and net assets not held by the Group and is presented separately in the income statement and within equity in the consolidated balance sheet, separately from equity attributable to the shareholders of the parent company.

EBT

The Group has an employee benefit trust ("EBT") that has been established in connection with share-based payment arrangements. In accordance with the criteria set out in SIC 12 "Consolidation – Special Purpose Entities", an interpretation of IAS 27, the Group has consolidated this EBT.

GFMH ABL Fund Limited ("GFMH ABL")

On 1 July 2008 GFMH subscribed for 1,050 shares in GFMH ABL for a total value of USD 10,500,000, which was equivalent to a 50% holding in GFMH ABL. The remaining 50% was subscribed for by directors and employees of the Group for an equivalent value. Subsequently, GFMH ABL redeemed part of its outstanding shares in equal proportions for all shareholders and the Company received USD 1.2 million.

GFMH ABL has an independent director and the investment manager, which is Gottex Fund Management Sàrl ("GFM Sàrl"), is a wholly owned subsidiary of GFMH and does not receive any remuneration for its investment management services.

The Group directly controls 50% of GFMH ABL. It is considered that the remaining 50%, which is held by directors and employees of the Group, is held by related parties and therefore the Group considers that it has control of GFMH ABL. The Group has therefore consolidated this entity within these financial statements since 1 July 2008.

Prior Year Comparatives

Pooling of interests accounting

IFRS 3 "Business combinations" defines a business combination involving entities or businesses under common control as a business combination in which all of the combining entities or businesses ultimately are controlled by the same party or parties both before and after the combination, and that control is not transitory. The accounting for business combinations involving entities under common control is excluded from the scope of IFRS 3.

The Company acquired the entire share capital of Gottex Management SA, SICAR ("GMSA") on 23 October 2007 from its individual shareholders via a share for share exchange. The valuation of GMSA at this date was USD 1.7 billion and GFMH issued 27,678,379 of its own shares to acquire 100 per cent of GMSA and a further 1,321,619 of its own shares to two incentive plan holders in final settlement of any rights to equity. Immediately prior to this, also on 23 October 2007, GMSA acquired a majority shareholding of Gottex America Limited ("GAL") from its individual shareholders via a capital contribution.

The Directors consider that the combining entities in the transactions described above: GFMH, GMSA and GAL were under common control and that this control was not transitory. Therefore the Directors believe that it is appropriate to account for the combination using the 'pooling of interests' method.

Under pooling of interests the acquiring group incorporates the assets and liabilities to be combined at their book value, adjusted to achieve harmonisation of accounting policies, where necessary. The difference arising between the fair value of consideration given and the book value of assets and liabilities combined is included within equity in "Pooling and other reserves".

The consolidated financial statements incorporate the combined companies' results as if the companies had always been combined. Consequently the consolidated income statement and cash flow statement for the comparative year ended 31 December 2007 reflect all of these companies' full year results although the business combination occurred on 23 October 2007. For the presentation of equity, it has been assumed that the share capital of GFMH, as at the date of the combining transaction, had been in place since 1 January 2006.

1. Accounting policies (continued)

Acquisition of interest in Gottex US Management Sàrl, SICAR ("GUS") and Gottex Fund Management Limited, ("GFM US")

On 6 November 2007, the Group acquired 25 per cent of GUS. GUS owns (directly and indirectly) minority holdings of certain of the Group's existing subsidiaries: Gottex Fund Management Sàrl ("GFM Sàrl"), Gottex Asset Management (U.K.) Limited ("GAM UK"), GAL, Gottex Structured Products Limited, Gottex Partners (Luxembourg) Sàrl, Gottex Fund Management (Hong Kong) Limited ("GFM HK") and SWCP Cayman Limited ("SWT"). The 25 per cent acquisition in GUS resulted in the Group increasing its effective holdings in these subsidiaries by 3.25 per cent. In addition, on 6 November 2007 the Group increased it holding in GFM US by 3.25 per cent.

GUS acts solely as an investment vehicle for investments in the Group's subsidiaries and its future investment activities are significantly limited through a shareholders' agreement with the company. As a result, the purchase of the investment in GUS has been treated as an increase in the Group's effective holding in its subsidiaries and a decrease in the related minority interests. The Group has accounted for this transaction using the entity concept method, where the difference between the cost of the additional interests in the minority and the movement in the share of assets and liabilities have been reflected as a transaction between owners within equity.

The Group has accounted for GUS as an associate and has recognised 25 per cent of its assets and liabilities (after excluding its investments in Group entities in accordance with the entity concept accounting for these interests) in the balance sheet at 31 December 2008 (see note 17).

(b) Revenue

Revenue comprises the fair value of the sale of services after eliminating sales within the Group and represents amounts receivable for services provided in the normal course of business. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Management fees and other revenue generated from the Group's asset management activities are recognised in the income statement over the period for which these investment management services are provided.

The Group is entitled to earn performance fees from a number of clients if the actual investment performance of client's assets exceeds defined benchmarks by an agreed level of outperformance in a set time period. The Group's performance fee arrangements are assessed at the interim and year end reporting dates, and the performance fees are recognised only when the performance criteria are met.

(c) Referral fee expense

Referral fee expenses comprise third party commissions for client introductions and ongoing client service, and some specific rebates to customers of the underlying Gottex funds. These costs are recognised in the income statement over the period for which the related investment management services are received.

(d) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group operates in one primary business segment and does not provide segment reporting following geographic criteria, as disclosed in note 4.

(e) Retirement benefit costs

The Group operates a defined benefit pension plan for GFM Sàrl and a defined contribution pension plan for GFM HK.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependant on one or more factors such as age, years of service and compensation. The assets or liabilities recognised in the balance sheet in respect of defined benefit pension plans represent the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised gains or losses and past service costs. Any asset resulting from the calculation is limited to any cumulative unrecognised actuarial gains and losses and unrecognised past service cost, plus the present value of available refunds and reductions in future contributions to the plan. The defined benefit obligation is calculated annually using the projected unit credit method.

Cumulative actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10 per cent of the value of plan assets and 10 per cent of the defined benefit obligation are spread to income over the employees' expected average remaining working lives. Past service costs are recognised immediately in income.

For the defined contribution plan the Group contributes to an insurance plan on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee expense when they are accrued. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(f) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable and receivable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

The Group held no finance leases throughout the years reported.

Notes to the Consolidated Financial Statements

1. Accounting policies (continued)

(g) Finance income and finance costs

Finance income comprises interest income, which is recognised in the income statement as it accrues, using the effective interest rate method.

Finance costs comprise interest payable on borrowings calculated using the effective interest method.

(h) Goodwill

Goodwill represents the excess of the fair value of purchase consideration over the net fair value of identifiable assets and liabilities acquired.

Goodwill is recognised as an asset at cost and subsequently measured at cost less accumulated impairment. For the purposes of impairment testing, goodwill is allocated to those cash generating units that have benefited from the acquisition. The carrying value of goodwill is reviewed for impairment at least annually or where there is an indication that goodwill may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, then the impairment loss is allocated first to reduce the carrying amount of the goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis. Any impairment of goodwill is recognised immediately in the income statement and is not subsequently reversed.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(i) Intangible assets

The costs of acquiring bespoke asset management software has been capitalised separately as intangible assets. These intangibles are stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged so as to write off the costs of the assets over its estimated useful life of two-three years, using the straight-line method.

All such intangible assets are reviewed for impairment in accordance with IAS 36 “Impairment of Assets” on an annual basis, when there are indications that the carrying value may not be recoverable.

The Group held no other intangibles throughout the years reported.

(j) Financial assets and liabilities

Investments

The Group classifies its investments as financial assets at fair value through profit or loss, designated as such at inception by management. The Group manages its investments and the performance on a fair value basis in accordance with its documented investment strategy.

Purchases and sales of investments are recognised on the settlement date – the date on which the financial asset is delivered to the entity that purchased it. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included in the income statement in the period in which they arise.

The fair value is determined at monthly reporting dates by management based on the net asset value of the investments, as communicated by the managers or independent administrators of the investment funds.

Trade and other receivables

Trade and other receivables are measured at initial recognition at their fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is evidence that the asset is impaired.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

Throughout both years reported, cash and cash equivalents were represented by amounts held at bank.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the underlying contractual arrangements. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Bank borrowings

Interest bearing bank loans and overdrafts are initially measured at fair value net of direct issue costs and are subsequently measured at amortised cost, using the effective interest rate method. Finance charges, including premiums payable on settlement or redemptions and direct issue costs are accounted for on an amortised cost basis and taken to the income statement using the effective interest rate method, and are added to the carrying value of the instrument.

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

1. Accounting policies (continued)

(j) Financial assets and liabilities (continued)

Equity instruments

Equity instruments issued are recorded at the proceeds received, net of direct issue costs.

Treasury shares

Own equity instruments which are re-acquired (treasury shares) are deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments, but will be recognised directly in retained earnings.

Derivative financial instruments

The Group does not use any derivative financial instruments for risk management or speculative purposes.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in the income statement.

(k) Property, plant and equipment

Property, plant and equipment assets are carried at cost less accumulated depreciation and any recognised impairment in value.

Depreciation is charged so as to write off the costs of assets, other than land, over their estimated useful lives, using the straight-line method, with the annual rates applicable to the principal categories being:

Leasehold properties – over the lease period
Fixtures and fittings – three years
Office equipment – three years

All tangible fixed assets are reviewed for impairment in accordance with IAS 36 "Impairment of Assets", when there are indications that the carrying value may not be recoverable.

(l) Provisions

Provisions are recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date. Where the effect is material, the provision is determined by discounting the expected future cash flows at an appropriate discount rate.

(m) Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The presentational currency of the Group is USD.

Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the year. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Financial statements of foreign operations

On consolidation the assets and liabilities of the Group's overseas operations are translated into USD at exchange rates prevailing on the balance sheet date. Income and expense items are translated into USD at the average exchange rates for the year. Exchange differences arising, if any, are taken directly to the Group's translation reserve in equity.

(n) Taxation

The tax expense included in the income statement comprises current and deferred tax.

Current tax is the expected tax payable based on the taxable profit for the year, using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and carried forward tax credits or tax losses to the extent that it is probable that taxable profits will be available to utilise against these assets. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Notes to the Consolidated Financial Statements

1. Accounting policies (continued)

(o) Share schemes

Employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments, "equity settled transactions".

The cost of equity settled transactions with employees is measured by reference to the fair value of equity instruments at the date on which they are granted. For equity related awards granted prior to the Company's listing on the SIX, the fair value of these awards was determined internally using an assets under management valuation or an EBITDA valuation model. For equity related awards granted on or after the Company's listing on the SIX, the fair value of these awards was determined by reference to the share price or by using an appropriate option pricing model. Further details are given in note 29.

The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the awards ("the vesting date").

The cumulative expense recognised for the equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the numbers of equity instruments that will ultimately vest. The income statement charge for a period represents the movements in cumulative expenses recognised at the beginning and end of that period. No expense is recognised for awards that ultimately do not vest.

There are no cash settled awards.

(p) Critical accounting judgements and key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future and exercises judgement in applying its accounting policies. This could mean that the resulting accounting estimates are different from the related actual results; however this would not be expected to be significant due to the fact that such estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year or require significant judgement in applying accounting policies are discussed below.

Equity awards

The Group has entered into various equity award arrangements. The fair value of these awards has been estimated by the Directors using valuation techniques in accordance with IFRS 2 "Share-based payment".

Where valuation techniques are used to determine fair values, assumptions are made to estimate the valuation parameters. Changes in these assumptions could affect the valuation of these awards.

Taxation

The Group has legal entities and operating presence in different jurisdictions, each of which has different tax regimes. As the Group evolves, it is exposed to contingent liabilities relating to various different taxes. It is possible that the tax authorities in any jurisdiction may make assessments contrary to the tax positions taken by the Group which could in turn affect the outcome of the Group's future results after taxation.

Valuations

The Group holds investments in certain Gottex fund of funds which are recorded at fair value through profit or loss at inception. Subsequent measurement of fair value is determined at monthly reporting dates by management based on net asset values of the investments, as communicated by the managers or independent administrators of the investment funds.

There is an internal process in place in the Group which monitors and verifies the valuations continuously and in addition the Group's global pricing committee formally review the valuations on a case by case basis.

These valuations are subject to estimates and judgements which could affect the net asset valuation determined which could in turn have a significant effect on the carrying amount of assets recognised in the Group's balance sheet.

2. Revenue
The revenue of the Group may be analysed as follows:

Management fees
The Group earns investment management fees. These fees are recognised in the accounting period in which the relevant services are provided. The fees are usually receivable monthly in arrears.

Performance fees
The Group earns investment management performance fees based on performance of investments. The fees are usually receivable semi-annually in arrears.

Advisory fees
The Group earns advisory fees in connection with advisory mandates, managed on a non-discretionary basis.

Structure and leverage fees
The Group earns fees for services in arranging leverage and liquidity facilities for the Gottex fund of hedge fund products and for structuring principal protected note products that are issued and marketed by third party investment banks.

	2008 USD 000	2007 USD 000
Management fees	**154,337**	131,891
Performance fees	**2,101**	52,750
Advisory fees	**3,437**	2,398
Structure and leverage fees	**8,044**	6,664
Total revenue	**167,919**	193,703

3. Referral fee expense
Referral fee expenses comprise third party commissions for client introductions and ongoing client service, and some specific rebates to customers of the underlying Gottex funds.

	2008 USD 000	2007 USD 000
Management fees	**34,044**	27,413
Performance fees	**2,286**	9,116
	36,330	36,529

4. Segmental analysis of results
(a) Segmental analysis by business segments
The Group operates in one primary business segment in investment management and advisory services.

(b) Segmental analysis by geographical area
The Group does not provide segment reporting following geographic criteria. The Group's business is managed on a global basis and not by geographical split and since it operates in a market that is not bound by geographical constraints, the Directors believe that a split of assets by geographical area would not be meaningful.

Notes to the Consolidated Financial Statements

5. Operating costs

	Note	2008 USD 000	2007 USD 000
Personnel expenses	7	**56,084**	43,093
Personnel expenses – IAS 19 distributions	7	**–**	3,788
General and administrative expenses		**12,691**	7,125
Marketing and representation services		**4,232**	3,838
		73,007	57,844

Operating costs are stated after charging amounts included within general and administrative expenses as follows:

	Note	2008 USD 000	2007 USD 000
Amortisation charge of intangibles	15	**1,156**	613
Depreciation of property, plant and equipment	18	**1,538**	914
Operating lease charges – land and buildings		**1,723**	745
Auditors' remuneration (see below)		**1,377**	1,093
Foreign exchange gains		**(1,209)**	(2,013)

Fees payable to the Group's auditors, included in the income statement related to:

	2008	2007
Audit fees	**1,090**	938
Non-audit fees	**287**	155
	1,377	1,093

In addition, in the comparative year to 31 December 2007 in relation to the initial public offering ("IPO") (see note 6), an amount of USD 5.2 million was paid to the Group's auditors and this was comprised as follows: in respect of audit and audit related services: USD 2.5 million, and in respect of non-audit services: USD 2.7 million.

6. Professional fees incurred in connection with the IPO – year ended 31 December 2007

In connection with the IPO, the Group expensed USD 8.6 million costs directly in the income statement and USD 3.4 million of transaction costs (in connection with the equity increase) was netted directly against equity. In total the Group incurred net costs of USD 12.0 million, which comprised audit and taxation advice, Group and underwriters' legal advice, consultancy and printing and courier fees.

7. Personnel expenses and employees

a) Personnel expenses

The aggregate remuneration of employees (including executive directors) was:

	Note	2008 USD 000	2007 USD 000
Wages and salaries		**34,907**	33,134
Wages and salaries – IAS 19 distributions		**–**	3,788
Social security expenses		**2,338**	1,447
Net pension cost	24	**283**	79
Termination costs		**4,817**	–
Share-based payments	29	**12,501**	7,761
Sundry personnel expenses		**1,238**	672
	5	**56,084**	46,881

In December 2008 certain employees of the Group were made redundant. Amounts paid to such employees on termination, other contracted amounts due to employees and charges incurred in respect of the resultant accelerated vesting of equity awards of USD 1.8 million have been included within termination costs (see note 29).

In the year to 31 December 2007, USD 3.8 million was paid to certain employees who held equity awards and as a result were entitled to participate in any distribution of the profits of the Group. As these employees were not legal shareholders, the amounts paid could not be disclosed as dividends, but in accordance with IAS 19 were disclosed as compensation within personnel expenses. As a result of the IPO all of these rights were converted to equity in GFMH in November 2007, and no such amount has been expensed in the year to 31 December 2008.

b) Employee numbers

The average total monthly number of employees (including executive directors) was:

	2008 Number	2007 Number
Number of employees – average during the year	**129**	101
Number of employees – at 31 December	**120**	123

8. Finance income

	Note	2008 USD 000	2007 USD 000
Interest on bank deposits		**1,210**	1,830
Interest on advances made to Gottex funds	19	**45**	–
		1,255	1,830

9. Finance costs

	Note	2008 USD 000	2007 USD 000
Interest payable on bank overdrafts		**2**	6
Interest payable on bank loan to EBT	21	**590**	169
		592	175

10. Net (loss)/gain on financial assets

The net (loss)/gain on financial assets designated at fair value through profit or loss can be analysed as follows:

	Note	2008 USD 000	2007 USD 000
GFMH ABL		**(4,835)**	–
Market Neutral Fund		**(1,368)**	206
GVA ABL Fund		**(706)**	–
Tiger Fund		**(388)**	301
Other funds		**(352)**	243
	16	**(7,649)**	750

Notes to the Consolidated Financial Statements

11. Income tax expense

	2008 USD 000	2007 USD 000
Current tax – current year	**5,689**	9,371
Current tax – prior year	**(17)**	–
Current tax	**5,672**	9,371
Deferred tax – current year	**(572)**	(4)
	5,100	9,367

Effective Group tax rate %	**10.1**	10.1

Reconciliation of the taxation charge

	2008 USD 000	2007 USD 000
Weighted average Group tax rate %	**4.2**	9.1
Expected Group tax expense	**2,135**	8,466
Expenses not deductible for tax purposes	**3,251**	338
Tax losses carried forward	**–**	576
Utilisation of tax losses	**(269)**	(13)
Adjustment in respect of prior years	**(17)**	–
	5,100	9,367

The weighted average Group tax rate is calculated taking into account the official tax rate of the countries that the Group's various entities are registered in and their individual contributions to the profit for the year. As the Group diversifies and grows globally, the tax rate may increase.

At 31 December 2008, the Group has approximately USD 1.0 million (2007: USD 2.5 million) of carried forward tax losses in the UK related to SWT which would be available to offset against future taxable income. The movement in these sterling denominated tax losses in the year ended 31 December 2008 is comprised of utilisation of USD 0.9 million and a foreign exchange loss of USD 0.6 million due to the weakened sterling exchange rate. These tax losses do not time expire. Due to the expected profitability and potential structure of the relevant entities, it is not considered probable that relevant future taxable income will be available against which the unused tax losses can be utilised. Accordingly no deferred tax asset has been recognised in the balance sheet of the Group at 31 December 2008 (2007: USD nil) for these losses.

12. Earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary share outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Earnings

	Note	2008 USD 000	2007 USD 000
Net profit attributable to ordinary equity holders of the parent for basic earnings per share		**42,893**	73,128
Adjustments for dilutive potential ordinary shares attributable to ordinary equity holders of the parent – IAS 19 distributions		**–**	3,295
Net profit attributable to ordinary equity holders of the parent for diluted earnings per share		**42,893**	76,423
Revaluation of investments in respect of GFMH ABL and impairment of goodwill (tax effected)	10, 14	**3,176**	–
Termination costs (tax effected)	7	**3,720**	–
Adjusted net profit attributable to ordinary equity holders of the parent for diluted earnings per share		**49,789**	76,423

Shares

	2008 Number	2007 Number
Weighted average number of ordinary shares (excluding treasury shares) for basic earnings per share	**29,403**	27,506
Adjustments for dilutive potential ordinary shares	**260**	1,431
Weighted average number of ordinary shares (excluding treasury shares) for diluted earnings per share	**29,663**	28,937

Potential ordinary shares comprise the expected dilutive effect of those share and equity awards described in note 29; namely the Share options plan, Restricted award plan, the Points plan and the equity awards.

12. Earnings per share (continued)

Earnings per share

	2008 USD 000	2007 USD 000
Basic earnings per share	**1.46**	2.66
Adjustments for dilutive potential ordinary shares	**(0.01)**	(0.02)
Diluted earnings per share	**1.45**	2.64
Basic earnings per share	**1.46**	2.66
Revaluation of investments in respect of GFMH ABL and impairment of goodwill	**0.10**	–
Termination costs	**0.13**	–
Adjusted basic earnings per share	**1.69**	2.66
Diluted earnings per share	**1.45**	2.64
Revaluation of investments in respect of GFMH ABL and impairment of goodwill	**0.10**	–
Termination costs	**0.13**	–
Adjusted diluted earnings per share	**1.68**	2.64

The Group has presented an adjusted earnings per share for the year ended 31 December 2008 in order to show a figure that is more representative of the results of the year. The adjusted earnings per share have been calculated by adding back the share of profit attributable to the Group in respect of the revaluation of the investment held in GFMH ABL, the impairment of goodwill and the termination costs.

Prior year comparatives – 31 December 2007
On 23 October 2007 27,678,379 GFMH shares were issued for 1,200,027 GMSA shares and a further 1,321,619 GFMH shares were issued to two incentive plan holders in final settlement of any rights to equity and as a result of this transaction, GFMH became the holding company of the Group. The transaction was accounted for using the 'pooling of interests' method and the consolidated financial statements incorporate the combined companies' results as if the companies had always been combined. For the presentation of equity and the calculation of the earnings per share, it has been assumed that the share capital of GFMH, as at the date of the combining transaction, had been in place since 1 January 2006.

13. Dividends

Amounts recognised as distributions to shareholders in the year are as follows:

	2008 USD 000	2007 USD 000
Approved during the year	**13,229**	76,456
Dividend per share – USD	**0.45**	2.78

In the year to 31 December 2008 the Company paid a dividend to its shareholders of USD 13,538,000 (USD 0.45 per share). USD 309,000 was received by the EBT, and this amount has been eliminated on consolidation. In addition, a dividend of USD 0.45 per share was paid from certain Group entities to the minority interest holders.

Up until the date of listing in November 2007, dividends were declared on a quarterly basis as a proportion of the Group's results and such dividends were paid to the Group partners from the various Group entities. No dividend was declared in the period from the date of listing until 31 December 2007.

For the year ended 31 December 2007, dividends per share were calculated using the weighted average number of shares in the year as disclosed in note 12.

On 19 March 2009 the Board proposed a dividend of USD 18.0 million (USD 0.60 per share), which is subject to approval by the shareholders at the Annual General Meeting held on 21 April 2009 (see note 33). The dividend will be paid in Swiss Francs, using the prevailing foreign exchange rate at the date of payment.

In addition, a dividend per share of USD 0.60 is expected to be paid from certain Group entities to the minority interest holders, subject to the approval of the dividend to the equity shareholders at the Annual General Meeting.

Notes to the Consolidated Financial Statements

14. Goodwill

	Note	USD 000
Cost		
At 1 January 2007		–
Additions		907
At 31 December 2007		**907**
Accumulated impairment		
At 1 January 2007		–
At 31 December 2007		**–**
Net book value at 31 December 2007	32	**907**
Cost		
At 1 January and 31 December 2008		**907**
Accumulated impairment		–
At 1 January 2008		–
Impairment charge		**(907)**
At 31 December 2008		**(907)**
Net book value at 31 December 2008	32	**–**

The goodwill acquired through a business combination in the year ended 31 December 2007 was allocated to returns generated from specific assets based funds. An impairment test was carried out at 31 December 2008, where the carrying amount of the goodwill was compared to its recoverable amount and it was concluded that the goodwill was impaired in full, resulting in an impairment charge of USD 907,000.

The recoverable amount of the cash generating unit was determined based on value in use calculations. The calculations are based on financial projections approved by senior management covering a four year period (2007: three years with a residual value without growth rate). The projections include assumption concerning assets under management, the management fee percentage earned and the level of expected future overheads. Such assumptions have been made based on the past experience of management and in the light of the current market uncertainty and volatility. The pre tax discount rate used within these calculations is 13.3 per cent (2007: 13.3 per cent) and is based on the estimated weighted internal rate of return of the assets under management.

15. Intangible assets

Intangible assets comprise capitalised bespoke asset management software costs. The amortisation period for these capitalised software costs is over a period of two to three years.

	USD 000
Cost	
At 1 January 2007	919
Additions	1,017
Translation differences	138
At 31 December 2007	**2,074**
Accumulated amortisation	
At 1 January 2007	(301)
Amortisation charge	(613)
Translation differences	(63)
At 31 December 2007	**(977)**
Net book value at 31 December 2007	**1,097**
Cost	
At 1 January 2008	2,074
Additions	1,478
Translation differences	242
At 31 December 2008	**3,794**
Accumulated amortisation	
At 1 January 2008	(977)
Amortisation charge	(1,156)
Translation differences	(121)
At 31 December 2008	**(2,254)**
Net book value at 31 December 2008	**1,540**

16. Investments

Investments consist principally of investments in Gottex fund of funds some of which are listed on the Irish Stock Exchange, mainly in market neutral and asset based funds and are recorded at fair value through profit or loss at inception and subsequent measurement. Fair value is determined by management based on net asset value of the Group's investments, as communicated by the managers or independent administrators of the investment funds. The revaluation of such investments is presented within note 10.

		USD 000
Fair value		
At 1 January 2007		5,680
Additions		1,802
Disposals		(108)
Revaluation to fair value		750
Translation		96
At 31 December 2007		**8,220**
At 1 January 2008		8,220
Additions – Investments in GFMH ABL	21,000	
Additions – Other	2,227	
		23,227
Disposals – Investments in GFMH ABL		(3,531)
Revaluation to fair value – Investments in GFMH ABL	(4,835)	
Revaluation to fair value – Other	(2,814)	
		(7,649)
At 31 December 2008		**20,267**

The revaluation in the year includes a loss in respect of the investments held by GFMH ABL of USD 4.8 million. The Group holds a 50 per cent shareholding in this entity and certain directors and employees of the Group hold the remaining 50 per cent shareholding. The Directors consider that the Group has control of this entity and therefore the entity has been consolidated within these financial statements.

17. Investment in associates

GUS

On 6 November 2007 the Group acquired 25 per cent of GUS. The Group has accounted for GUS as an associate and has recognised 25 per cent of its assets and liabilities (after excluding its investments in Group entities in accordance with the entity concept accounting for these interests) in the balance sheet at 31 December 2008, as discussed in note 1, Basis of preparation. The Group has recognised 25 per cent of the loss of GUS (after excluding all flows to/from GUS relating to investments in Group entities) for the year to 31 December 2008 (and in the comparative year for the period from 6 November 2007 to 31 December 2007).

The summarised financial information of 100 per cent of GUS (after excluding all flows to/from and balances in/with Group entities) is as follows:

	2008 USD 000	2007 USD 000
Revenue	**–**	–
Loss for the year	**103**	64
Total assets	**1,068**	1,131
Total liabilities	**(175)**	(135)
Total net assets	**893**	996
Group's share of total net assets (25%)	**223**	249

Notes to the Consolidated Financial Statements

18. Property, plant and equipment

	Short term leasehold USD 000	Fixtures & fittings USD 000	Office equipment USD 000	Total USD 000
Cost or valuation:				
At 1 January 2007	292	876	768	1,936
Additions	13	305	1,702	2,020
Disposals	(346)	(170)	(84)	(600)
Acquisition of subsidiary	338	–	–	338
Transfers within classes	–	(335)	335	–
Translation differences	8	30	129	167
At 31 December 2007	**305**	**706**	**2,850**	**3,861**
Accumulated depreciation:				
At 1 January 2007	(64)	(601)	(363)	(1,028)
Depreciation charge	(81)	(150)	(683)	(914)
Disposals	–	144	79	223
Transfers within classes	–	256	(256)	–
Translation differences	–	(12)	(67)	(79)
At 31 December 2007	**(145)**	**(363)**	**(1,290)**	**(1,798)**
Net book value at 31 December 2007	**160**	**343**	**1,560**	**2,063**
Cost or valuation:				
At 1 January 2008	305	706	2,850	3,861
Additions	654	366	1,000	2,020
Disposals	(352)	(100)	(325)	(777)
Transfers within classes	–	(5)	5	–
Translation differences	1	48	131	180
At 31 December 2008	**608**	**1,015**	**3,661**	**5,284**
Accumulated depreciation:				
At 1 January 2008	(145)	(363)	(1,290)	(1,798)
Depreciation charge	(164)	(167)	(1,207)	(1,538)
Disposals	48	106	293	447
Transfers within classes	–	2	(2)	–
Translation differences	–	(17)	(80)	(97)
At 31 December 2008	**(261)**	**(439)**	**(2,286)**	**(2,986)**
Net book value at 31 December 2008	**347**	**576**	**1,375**	**2,298**

The Group held no assets under finance leases during any of the years reported.

19. Trade and other receivables

	2008 USD 000	2007 USD 000
Current debtors		
Trade debtors	**27,167**	26,052
Amount due from related parties	**150**	16
Other debtors	**8,530**	2,245
Prepayments and accrued income	**3,708**	1,571
	39,555	29,884
Non-current receivables		
Loans and receivables	**3,565**	–
Total trade and other receivables	**43,120**	29,884

Current debtors

Trade and other receivables principally comprise amounts due for management and performance fees. The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

Trade and other receivables are non-interest bearing except for the current portion of the loan advanced to the Gottex ABI Master Fund. No allowance has been made for estimated irrecoverable current receivables at 31 December 2008 and 31 December 2007.

For terms and conditions relating to related parties, refer to note 31.

The total trade and other receivables, except for USD 1,734,000 (2007: USD 240,000) included in other debtors and for USD 3,708,000 (2007: USD 1,571,000) included in prepayments and accrued income, are classified as financial assets.

19. Trade and other receivables (continued)

Non-current receivables

During the year ended 31 December 2008, GFM Sàrl made loans to three funds for which it acts as investment manager. The details are as follows:

Fund Name	Maturity Date	Non-current receivables USD 000	Current balance included in other debtors USD 000	Total USD 000
Gottex ABI Master Fund	9 October 2010	1,055	1,810	2,865
Gottex Matrix Asset Focused Master Fund	3 December 2010	2,000	–	2,000
Gottex ABI II Fund	1 February 2012	510	–	510
		3,565	**1,810**	**5,375**

Interest is receivable monthly in arrears at an interest rate of 1 month LIBOR + 2% per annum accrued based on a 360 day year. Unpaid interest is capitalised and accrues interest.

On all loans, the borrowing fund may prepay the outstanding balance at any time with no penalties or fees. If the borrower's aggregate cash and cash equivalents are greater than USD 250,000 the borrower will pay this excess as a part payment of the outstanding principal and accrued interest.

The Directors consider that the carrying values of these non-current receivables approximates to their fair values.

Gottex ABI Master Fund

The borrower has granted collateral as defined in the security agreement for full and punctual payment of the principal and interest.

On 13 January 2009, the Gottex ABI Master Fund repaid USD 1,810,000 of the above loan. This amount has been presented within other debtors as a current receivable.

Gottex Matrix Asset Focused Master Fund

The debt is subordinate to the senior debt of the fund and no collateral is held by the group.

Gottex ABI II Fund

The debt is subordinate to the senior debt of the fund and no collateral is held by the group.

20. Trade and other payables – current and non-current

	2008 USD 000	2007 USD 000
Current liabilities		
Trade creditors	**15,664**	15,957
Amount due to related parties	**2,409**	23,317
Other tax and social security	**1,057**	964
Other creditors	**855**	465
Accruals	**17,057**	18,141
	37,042	58,844
Non-current liabilities		
Accruals	**1,520**	1,938
Total trade and other payables	**38,562**	60,782

Trade creditors principally comprise amounts outstanding for referral fee expenses and ongoing costs. The Directors consider that the carrying amount of trade payables approximates to their fair value. Trade and other payables are non-interest bearing and are normally settled on 60 to 90 day terms in the case of trade payables and 30 day terms in the case of other payables.

For terms and conditions relating to related parties, refer to note 31.

Accruals consist principally of wages and salaries. The Directors consider that the carrying amount of accruals approximates to their fair value.

The total trade and other payables, except for other tax and social security and the accruals (both current and non-current), are classified as financial liabilities.

21. Interest bearing loan

	2008 USD 000	2007 USD 000
Bank loan	**–**	20,153

On 5 November 2007 a loan of USD 20.3 million was drawn down by the EBT from a total facility of USD 21.5 million and used solely for the purchase of shares in the Company, which are presented as Treasury shares within equity, and for the fulfilment of interest payments under the relevant loan agreement. USD 0.1 million of associated arrangement costs were netted off against the carrying value of the loan in order that they would be amortised over the period of the loan using the effective interest rate method.

The maturity date of the total facility was 2 November 2009 and interest was paid on the drawn down amount on a quarterly basis in arrears at an interest rate of 3 months USD LIBOR + 0.50 per cent per annum.

Notes to the Consolidated Financial Statements

21. Interest bearing loan (continued)
During the year to 31 December 2008, the share price of the Company fell to below 25 per cent of the initial offering price (i.e. CHF 18.75) for three consecutive days and as a result the loan agreement was breached. The EBT repaid the loan and accrued interest due, an amount of USD 20.7 million, in full in October 2008.

The fair value of the loan at 31 December 2007 was USD 20.3 million.

22. Provisions

	2008 USD 000 Non-current	2008 USD 000 Current	2007 USD 000 Current
At 1 January	–	26	26
Utilised during the year	–	(20)	–
Released to income statement	–	(6)	–
Charged to income statement	39	–	–
	39	–	26

The provision at 31 December 2008 is for dilapidations on a leasehold property held under a three year operating lease and entered into in the year. The movement during the year reflects the utilisation of the dilapidations provision held in respect of an operating lease which expired in 2008.

23. Deferred tax assets/(liabilities)
The following are the components of the deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior reporting period.

	Deferred tax asset – Share-based payments USD 000	Deferred tax liability – bonus accrual USD 000	Deferred tax liability – accelerated tax depreciation USD 000	Total deferred tax (liabilities)/ assets USD 000
At 1 January 2007	–	(471)	(4)	(475)
Credited to income	–	–	4	4
At 31 December 2007	–	(471)	–	(471)
At 1 January 2008	–	(471)	–	(471)
Credited to income	101	471	–	572
At 31 December 2008	101	–	–	101

24. Retirement benefits
The Group provides post-employment benefits to its employees in accordance with the local statutory regulations of the countries in which its employees are located.

Defined Contribution Plan
GFM HK operates a defined contribution scheme for all of it employees. The contributions for the years ending 31 December 2008, and 31 December 2007 were USD 7,584 and USD 6,229 respectively.

Defined Benefit Plan
GFM Sàrl operates a defined benefit scheme for all of its employees with Fondation Commune Banque Cantonale Vaudoise, whereby the employer and the employees contribute equally.

The principal actuarial assumptions used in the actuarial valuations include:

	2008	2007
Expected rate of increase in salaries	1%	2%
Expected rate of pension increases	0%	0%
Discount rate	3.0%	3.0%
Expected rate of return on scheme assets	4.25%	4.25%

The expense recognised in personnel expenses in the income statement was as follows:

	2008 USD 000	2007 USD 000
Current service cost	149	121
Interest cost	57	29
Expected return on scheme assets	(56)	(43)
Past service costs	116	–
Net actuarial loss recognised in current year under IAS 19 paras. 92 and 93	9	–
Change in excess funding not capitalised	–	(34)
	275	73

24. Retirement benefits (continued)

Movements in the present value of the defined benefit scheme obligations in the current year were as follows:

	2008 USD 000	2007 USD 000
At 1 January	**(1,428)**	(950)
Current service cost	**(149)**	(121)
Interest cost	**(57)**	(29)
Contributions from employees	**(155)**	(110)
Past service costs	**(116)**	–
Actuarial gains and (losses)	**(166)**	(66)
Benefits (transferred)/paid	**(231)**	(128)
Translation	**(96)**	(24)
At 31 December	**(2,398)**	(1,428)

Movements in the fair value of defined benefit scheme assets in the year were as follows:

	2008 USD 000	2007 USD 000
At 1 January	**1,241**	984
Expected return on scheme assets	**56**	43
Actuarial gains and (losses)	**(29)**	(157)
Contributions from employer	**155**	110
Contributions from employees	**155**	110
Benefits transferred/(paid)	**231**	128
Translation	**84**	23
At 31 December	**1,893**	1,241

The expected return on scheme assets was determined by considering the expected returns available on the assets underlying the current investment policy.

The actual return on scheme assets was represented by:

	2008 USD 000	2007 USD 000
Expected return on scheme assets	**56**	43
Actuarial (loss)/gain on scheme assets	**(29)**	(157)
Actual return on scheme assets	**27**	(114)

The pension fund assets are not invested separately for each employer but globally. The actual allocation at 31 December 2008 and at 31 December 2007 is shown below.

	2008	2007
Cash	**9.2%**	6.4%
Equities	**22.8%**	29.3%
Bonds	**49.8%**	48.9%
Real estate	**5.9%**	5.3%
Other investments	**12.3%**	10.1%
	100.0%	100.0%

A reconciliation of the present value of the defined benefit obligation and the fair value of scheme assets to the assets and liabilities recognised in the balance sheet is as follows:

	2008 USD 000	2007 USD 000
Present value of defined benefit obligations	**(2,398)**	(1,428)
Fair value of scheme assets	**1,893**	1,241
Deficit in the scheme	**(505)**	(187)
Unrecognised actuarial losses	**425**	223
(Liability)/asset recognised in the balance sheet	**(80)**	36

The asset at 31 December 2007 arose as a result of unrecognised actuarial losses.

The history of experience adjustments is as follows:

	2008 USD 000	2007 USD 000	2006 USD 000	2005 USD 000
Present value of defined benefit obligations	**(2,398)**	(1,428)	(950)	(834)
Fair value of scheme assets	**1,893**	1,241	984	859
(Deficit)/surplus in the scheme	**(505)**	(187)	34	25
Experience adjustments on scheme liabilities	**(66)**	51	(38)	(35)
Experience adjustments on scheme assets	**(29)**	(157)	1	1

The entity expects to pay contributions of USD 166,000 to its defined benefit plan in 2009.

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25. Operating lease commitments
Minimum lease payments under non-cancellable leases are payable as follows:

	2008 USD 000	2007 USD 000
Land and buildings		
Within one year	**2,429**	1,693
Between one and five years	**7,749**	6,307
Greater than five years	**1,111**	1,904
	11,289	9,904

The Group leases various properties under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

26. Contingent assets, liabilities and capital commitments
The Group had no contingent assets, contingent liabilities or capital commitments at either of the reporting dates, other than that described below:

Taxation
The Group has legal entities and operating presence in different jurisdictions, each of which has different tax regimes. As the Group evolves, it is exposed to contingent liabilities relating to various different taxes. It is possible that the tax authorities in any jurisdiction may make assessments contrary to the tax positions taken by the Group. Agreement with the tax authorities in such a situation would then be subject to negotiation based on the facts, circumstances and applicable tax law, as a result of which the Group may agree to renounce its contingent tax assets and/or to pay additional taxes. The possible assessments of the various tax authorities are largely uncertain and it is not possible to quantify the likely outcome of any subsequent negotiations or the timing of any related settlements. Contingent liabilities at 31 December 2008 which are considered possible, but not probable, of crystallization are not quantifiable but are not expected to be material.

27. Capital and reserves
a) Authorised capital

	2008		2007	
	Number of shares	Nominal value CHF 000	Number of shares	Nominal value CHF 000
Ordinary shares @ CHF1.00 each	**40,000,000**	**40,000**	40,000,000	40,000

b) Allotted and fully paid capital

	2008		2007	
	Number of shares	Nominal value USD 000	Number of shares	Nominal value USD 000
Ordinary shares @ CHF1.00 each	**30,085,029**	**25,564**	30,085,029	25,564

c) Movement in allotted and fully paid up share capital

	Number of shares	Nominal value USD 000
At 1 January 2007	27,087,216	23,000
Issue of shares to incentive plan holders	1,912,784	1,624
Issue of shares at IPO	1,085,029	940
At 31 December 2007 and 31 December 2008	**30,085,029**	**25,564**

27. Capital and reserves (continued)

Movements in share capital in the year to 31 December 2008
There were no movements in the share capital in the year to 31 December 2008.

Movements in share capital in the year to 31 December 2007
The Company was incorporated on 15 August 2007 when 2 ordinary shares were issued.

On 23 October 2007 27,678,379 GFMH shares were issued for 1,200,027 GMSA shares and a further 1,321,619 GFMH shares were issued to two incentive plan holders in final settlement of any rights to equity, and as a result of this transaction, GFMH became the holding company of the Group. Immediately prior to this transaction, certain GMSA shares had been awarded to other incentive plan holders in final settlement of any rights to equity, and this was equivalent to 591,165 GFMH shares. The total of GFMH shares issued to incentive plan holders in 2007 was therefore 1,912,784 shares.

The acquisition of GMSA has been accounted for using the pooling of interests method and these consolidated financial statements incorporate the combined companies' results as if the companies had always been combined.

In order to present a comparable and meaningful analysis of the movement in shares in the reported years, it has been assumed that the share capital of the holding company, GFMH, as at the date of the combining transaction, had been in place since 1 January 2006.

The total of the GFMH shares issued to incentive plan holders in 2007 was disclosed as a separate movement as this issue is not considered to be related to the pooling of interest accounting but instead was triggered by the IPO (see note 29 for further information).

On 6 November 2007 the Company issued 1,085,029 ordinary shares in the IPO on the SIX.

Rights of shareholders
Shareholders have the right to attend and to vote at a general meeting. Each share carries one vote.

The Company may by ordinary resolution declare dividends in accordance with the respective rights of the shareholders.

In the case of a winding-up, shareholders have the right to a pro rata share of any surplus.

Share premium
On 14 March 2008, the Royal Court of Guernsey granted GFMH's application to cancel its outstanding share premium account and to transfer the account to its distributable reserve account.

This share premium arose in GFMH in the year ended 31 December 2007 primarily as a result of the acquisition of GMSA at fair value. Within these consolidated financial statements, the cancelled share premium account has been transferred to the pooling and other reserves, recognising that both the share premium and the pooling reserve arose in the consolidated group financial statements as a result of the application of the "pooling of interests" accounting method.

Treasury shares
Investments in shares of GFMH held by the EBT are classified in equity as treasury shares and are accounted for at historical cost.

Translation reserve
The movement in the translation reserve comprises all foreign exchange differences arising from the translation of the financial results of foreign entities included in the consolidation.

Share-based payment reserve
The share-based payment reserve represents the charges made under IFRS 2 "Share-based payments" discussed in note 29. In addition, on the vesting of awards, the cancellation of awards and the issue of shares, transfers are made from the share-based payment reserve to other components of equity.

Pooling and other reserves
The movement in the pooling and other reserves in the year ended 31 December 2008 relates to the transfer of cancelled share premium from the share premium account as described above. The movement in the pooling and other reserves in the year ended 31 December 2007 relates to the pooling of interest accounting on the purchase of subsidiaries, the reclassification of reserves due to the vesting of equity awards and the 25 per cent acquisition of GUS and the acquisition of a further interest in GFM US in November 2007 as discussed in Note 1, Basis of preparation. The movement in pooling reserve represents the difference between the fair value of consideration given and the book value of assets and liabilities combined or acquired.

Contribution from equity holder
In the year to 31 December 2008, the EBT received a contribution of USD 1.9 million from Joachim Gottschalk & Associates Limited, a company controlled by Joachim Gottschalk. This contribution was utilised to fund the purchase of shares in GFMH held by the EBT for the purpose of benefiting the employees of the Group.

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28. Minority interest

	2008 USD 000	2007 USD 000
At 1 January	**4,073**	5,669
Share of recognised income and expense	**2,152**	10,514
Consolidation of minority interest in GFMH ABL (see note 1, Basis of preparation))	**9,300**	–
Reduction in minority interest due to acquisition of GUS and GFM US (see note 1, Basis of preparation)	**–**	(874)
Movement in share-based payment reserve	**1,346**	980
Dividends paid	**(1,465)**	(12,216)
At 31 December	**15,406**	4,073

The share of recognised income and expense is comprised of the profit for the year attributable to minority interest and a share of the translation reserve. The profit for the year ended 31 December 2008 attributable to minority interest is calculated using the minority interest percentage share of 9.77 per cent for the minority interests of the Group, excluding GFMH ABL.

In addition the minority interest of 50 per cent of GFMH ABL has been included in the year end figure. This has reduced the minority's share of recognised income and expense by USD 2.6 million and an increase in the balance due to minority interests, comprised of the original contribution to the fund by the minority interest of USD 10.5 million, less the redemption of USD 1.2 million (as discussed in note 1), comprising a net contribution of USD 9.3 million before revaluation.

The profit for the year ended 31 December 2007 attributable to minority interest is a blended rate of the minority interest percentage share before (13.02 per cent) and after (9.77 per cent) the acquisition of 25 per cent of GUS and the increase in the Group's holding of GFM US by 3.25 per cent.

The Company has a call option to purchase the remaining shares in GUS, for a fixed ratio of shares in the Company, and the shareholders of GUS have a put option to sell their shares to the Company in return for a fixed ratio of shares in the Company. These options are triggered upon certain events, none of which had occurred at the year end. There is not expected or intended to be any net transfer of value on the exercise of either option and therefore neither option is considered to have any underlying value.

29. Share-based payments

	Note	2008 USD 000	2007 USD 000
Share-based payment reserve in equity:			
At 1 January		**1,737**	2,092
Recognised in the income statement – share-based payments	7	**12,501**	7,761
Recognised in the income statement – termination costs	7	**1,771**	–
		14,272	7,761
Less amount included in Minority interest	28	**(1,346)**	(980)
Reclassification/utilisation during the year		**(4,594)**	(7,136)
At 31 December		**10,069**	1,737

In the year ended 31 December 2008 the charge for share-based payments related to the following awards:

	2008 USD 000	2007 USD 000
Ongoing plans		
The Restricted award plan	**10,010**	556
The Share option plan	**2,945**	231
2007 equity award	**1,317**	2,172
	14,272	2,959
Completed plans	**–**	4,802
	14,272	7,761

29. Share-based payments (continued)

Ongoing plans

(a) The Restricted award plan

Since listing in 2007, the Company has made awards of shares to employees of the Group. The awards have been separated into four categories, based on the vesting period. The fair value of each award was estimated by reference to the share price at the date of each grant, with an appropriate adjustment for expected dividends foregone. The share award vests over a four year period from date of grant in equal portions, with one quarter vesting on each anniversary of the date of award and the only vesting condition is that the participant is in the employment of the Group for this period.

Fair values at date of grant per share	Granted in 2008	Granted in 2007
1 year vesting – USD per share	**4.29-42.14**	59.45
2 year vesting – USD per share	**4.01-39.45**	56.29
3 year vesting – USD per share	**3.74-36.76**	52.49
4 year vesting – USD per share	**3.47-34.07**	48.70

Movement in share awards	2008	2007
Share awards outstanding at the beginning of the year	**231,983**	–
Share awards granted in year	**177,938**	231,983
Share awards vested in year	**(56,792)**	–
Share awards cancelled in year	**(11,269)**	–
Share awards forfeited in year	**(6,612)**	–
Share awards outstanding at the end of the year	**335,248**	231,983

A charge for the year ending 31 December 2008 of USD 10.0 million (2007: USD 0.6 million) has been made in relation to these awards.

In December 2008 certain employees of the Group were made redundant. This resulted in the accelerated vesting including, in some cases, the subsequent cancellation, of the restricted share awards previously made to these employees, which has increased the charge for the year by USD 0.6 million. The accelerated charges have been included within termination costs in note 7.

The annual bonus award is a combination of cash and equity awards in accordance with the Group bonus policy. For the year ended 31 December 2007, share options were awarded, but for the year ended 31 December 2008 the Group will award restricted share awards, in acknowledgment of the current volatile market environment. These restricted share awards will be awarded in January 2009 in connection with the annual bonus award for the year ended 31 December 2008. Although such awards will not be legally granted until 2009, the Directors have expensed the estimated fair value of these options over a performance period commencing 1 January 2008 as employees began rendering services from that date.

(b) The Share option plan

Under the terms of the GFMH Employee Share Option Plan, ('the Share option plan), certain employees have been granted options over the Company's shares. The share options generally vest over three years from the date of grant and the only vesting condition is that the participant is in the employment of the Group for this period.

The fair value of the share options has been determined using a Black-Scholes model. The parameters used as inputs to this model were as follows:

	Granted in 2008
Share options	**1,006,309**
Share price – USD	**4.70-48.48**
Exercise price – USD	**2.84-51.73**
Expected volatility – per cent	**52.00-95.00**
Expected life – years	**8**
Risk free rate – per cent	**2.27-2.60**
Dividend yield – per cent	**6.00-11.00**
Fair value per option at date of grant – USD	**1.65-14.51**

Movement in total options	Granted in 2008
Options outstanding at the beginning of the year	**–**
Options granted	**1,006,309**
Options cancelled in year	**(3,102)**
Options outstanding at the end of the year	**1,003,207**

Range of exercise prices for options outstanding at the end of the year	**2.84-51.73**
Weighted average remaining contractual life for options outstanding at the end of the year	**7.52 years**

At 31 December 2008 no share options were exercisable.

Expected volatility was calculated by reference to the historical volatility of the share price of a peer group as the Company itself has only been listed since 6 November 2007.

Notes to the Consolidated Financial Statements

29. Share-based payments (continued)

(b) The Share option plan (continued)

The annual bonus award is a combination of cash and equity awards in accordance with the Group bonus policy. The share options awarded in January 2008 formed part of the annual bonus awards to employees for the year ended 31 December 2007. Although these share options were not legally granted until 2008, the Directors believe that it is appropriate to recognise the expense for these options over a performance period commencing at the date of listing in 2007. In connection with the annual bonus award for the year ended 31 December 2008, restricted share awards will be granted to employees of the group, as described above.

Other awards have been made during the year to specific employees.

In December 2008 certain employees of the Group were made redundant. This resulted in the accelerated vesting including, in one case, the subsequent cancellation, of the share option awards previously made to these employees, which has increased the charge for the year by USD 1.2 million. The accelerated charges have been included within termination costs in note 7.

(c) 2007 equity award

An equity award of 1 per cent which vests evenly over a period of four years from the date of grant was made to an employee on 1 January 2007. The admission of the Company to the SIX in 2007 triggered the acceleration of the vesting schedule and the award was converted to 323,926 shares in the Company whereby the first 25 per cent vested at the date of listing, the second 25 per cent vested at the first anniversary of the date of listing and the remaining award will vest evenly over the remaining two years. The fair value of this equity award was valued at USD 4.3 million at date of grant using a valuation model based on EBITDA for the year ended 31 December 2006.

Completed plans – fully charged in the periods to 31 December 2007

Certain award structures in place during the year ended 31 December 2007 were triggered by the IPO in 2007, resulting in an accelerated vesting charge in the year.

(a) Points Plan

Under an incentive plan "Points Plan", certain employees were awarded profit linked compensation incentives (including equity conversion rights) on 1 January 2006 and 1 January 2007. The admission of the Company to the SIX triggered the conversion of these awards to equity awards. The points awarded on 1 January 2006 gave rise to an equity award of 2.2% and were valued at USD 1.4 million at date of grant and the points awarded on 1 January 2007 gave rise to an equity award of 0.6% and were valued at USD 2.7 million at date of grant.

The fair value of the awards made on 1 January 2006 was determined using a multiple of the average assets under management of the Group for a period immediately preceding the valuation date.

The fair value of the awards made on 1 January 2007 was determined by a valuation model based on EBITDA for the year ended 31 December 2006. As the Group had grown and matured since a group reorganisation in 2005, the Directors believe that an EBITDA valuation methodology is a more appropriate tool to calculate the fair value of the award at 1 January 2007.

The full charge of USD 4.1 million was made in the year to 31 December 2007.

(b) June 2005 equity awards

In June 2005 two employees were granted rights to equity of 2.0% which vested evenly over four years but had accelerated vesting rights in the case of a defined liquidity event, such as the IPO. The fair value of the equity granted was USD 1.1 million and the fair value was charged in full in the periods up to 31 December 2007.

The fair value was determined internally using a multiple of the average assets under management of the Group for a consistent period immediately preceding the valuation date.

(c) November 2005 equity awards

Distribution rights and equity rights of 12.5 per cent were granted to two senior executives under a Memorandum of Understanding ("MOU") dated 10 December 2003. The full distribution rights vested immediately, however the equity rights i.e. voting rights and liquidity event rights vested evenly over four years ending 1 September 2007.

The legal transfer of equity did not take place until 11 November 2005, which was considered to be the grant date of the awards, however the fair value of these awards of USD 7.4 million was recognised in the income statement over the period from the date of the signing of the MOU until the date of vesting, recognising that the relevant employees began rendering services before the date of grant. The fair value of the equity granted was charged in full in the periods up to 31 December 2007.

The fair value was determined internally using a multiple of the average assets under management of the Group for a consistent period immediately preceding the valuation date.

EBT

In 2007, the Company established an EBT in order to benefit all employees of the Group companies. The trustee of the EBT is RBC cees Trustee Limited.

For the years ended 31 December 2008 and 31 December 2007, the EBT has been consolidated within these financial statements.

At 31 December 2008, the EBT held 679,859 shares (2007: 614,404 shares) in GFMH which had a fair market value of USD 1.7 million (2007: USD 37.9 million). The market price per share at 31 December 2008 and 31 December 2007 was USD 2.6 and USD 61.7 respectively.

30. Financial risk management
Financial risk management relates to risk to the Group in respect of its own assets and liabilities, and risks to the fund products and accounts to which it provides investment management services. In the latter case, this primarily relates to a decline in the value of assets under management due to a decrease in asset values or net redemptions that would lead to a decline in fee income.

The Group has limited exposure to financial instruments in respect of its own assets and liabilities which include fund investments, cash deposits, trade and other receivables and trade and other payables and loans to funds which for which it acts as investment manager.

The Group does not enter into any derivative transactions.

The main risks arising from financial instruments are foreign currency risk, net asset value risk, and limited exposure to interest rate risk, liquidity risk and credit risk. The Directors review and agree policies for managing each of these risks which are summarised below.

Market Risk
The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, interest rate risk, and net asset value risk.

a) Foreign Currency Risk
Foreign currency risk is the risk that the Group will sustain losses through adverse movements in currency exchange rates. The Group's exposure to foreign currency risk is limited as the majority of the Group's transactions are carried out in USD, which is the functional currency of most Group entities. Exposures to currency exchange rates arise from financial instruments such as cash and cash equivalents, trade and other receivables and trade and other payables held in currencies other than functional currencies within the Group's subsidiaries. The principal exposure arises from such financial instruments denominated in Swiss Francs, Sterling and Euro.

The following table illustrates the sensitivity of the currency valuation of the Group's financial investments at the year end on the net result before tax for the year. The sensitivity analysis is based on the Group's financial instruments held in currency, namely Swiss Francs (CHF), Sterling (GBP) and Euro (EUR) exchange rates against the USD, at each balance sheet date and assumes all other variables remain constant. The percentages used have been determined based on the average market volatility in exchange rates for the 12 months prior to the year end.

	Volatility		Effect on net result before tax	
	2008 %	2007 %	**2008 USD m**	2007 USD m
CHF/USD	**6.3%**	4.2%	**0.9**	0.1
GBP/USD	**20.1%**	3.4%	**0.3**	Nil
EUR/USD	**11.2%**	5.9%	**0.2**	0.1

In all of the above scenarios, there would be no impact on equity other than retained earnings.

b) Interest rate risk
The Group is exposed to changes in market interest rates related to its holding in cash and cash equivalents. All such holdings are at variable rates.

The Group has no long term financing. During the year the loan held by the EBT (see note 21) was paid back in full. Interest was charged at an interest rate of 3 months USD LIBOR + 0.50 per cent per annum.

During the year ended 31 December 2008, GFM Sàrl made loans totalling USD 5.4 million to three funds for which it acts as investment manager (see note 19). Interest is charged at a rate of 1 month USD LIBOR + 2% per annum.

A calculation has been performed to illustrate the sensitivity of the net results before tax for the year to a reasonably possible increase in interest rates of 25 basis points (2007: 25 basis points) and a reasonably possible decrease in interest rates of 175 basis points (2007: 25 basis points).

This sensitivity analysis used the average interest rate received for the year ended 31 December 2008 of 2.20% as its base interest rate, and therefore a possible increase in the interest rate of 25 basis points would result in an interest rate of 2.45% and a possible decrease in the interest rate of 175 basis points would result in an interest rate of 0.45%.

The current market environment was taken into account in the choice of the appropriate interest rate movement for this sensitivity analysis and it was considered that historical variability and the significant interest rate movements experienced globally in 2008 would be unlikely to reflect the outlook for interest rates in 2009. Accordingly, a 25 basis point increase in the average rate reflects the possibility of a quick recovery of the global economy while decrease of 175 basis points was considered appropriate. All other variables were held constant. There would be no impact on equity other than retained earnings and minority interest.

If interest rates increased by 25 basis points (2007: 25 basis points) the net result before tax for the year would increase by USD 0.2 million (2007: USD 0.2 million). Should interest rates decrease by 175 basis points (2007: 25 basis points), the net result before tax would decrease by USD 1.0 million (2007: USD 0.2 million).

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30. Financial risk management (continued)

c) Net asset value risk

The Group is exposed to other price risk in terms of the value of its investments held at fair value through profit or loss, which are valued based on the net asset value, as communicated by the managers or the independent administrators of the investments funds. There has been no reclassification of any financial assets in either of the reporting years. Details of the Group's investments are set out in note 16.

A calculation has been performed to illustrate the sensitivity of the net results for the year to a reasonably possible change in net asset values of these investments. These changes are considered to be reasonably possible based on observation of the previous volatility of net asset values over the 12 months prior to the reporting date. The impact on the results for the year of a reasonably possible increase/decrease in net asset values of 22.5% (2007: 4.7%) is that the net result for the year would increase/decrease by USD 4.6 million (2007: USD 0.4 million). There would be no impact on equity other than retained earnings and the minority interest, in respect of the investments in GFMH ABL.

In the latter half of 2008, asset values dropped significantly and liquidity dried up considerably, which has prevented many underlying hedge funds from trading or realising their investments at fair values. Furthermore, many hedge funds experienced a significant increase in investor redemptions, due in part to the general global need for liquidity and consequently sought to liquidate high quality hedge fund positions solely to realise available capital.

In November 2008, the Group announced the suspension of redemptions in certain Gottex funds. This affected all of the funds in which the Group holds investments and at 31 December 2008 the fair value of the Group's investments was USD 20.3 million.

Although the suspension prevents the Group from currently redeeming its investments, these investments are intended to be held as long term assets. In addition the action was taken to preserve net asset value and manage liquidity for the funds and their shareholders. The Group views these actions as the pro active management of net asset value of the investments.

Liquidity Risk

It is the Group's policy to ensure that it has sufficient working capital to cover all forecast committed requirements for the next 12 months. The liquidity and funding risks, related processes and policies are overseen by the Directors and a rolling review is carried out by them on a regular basis to ensure that the Group has such sufficient funds.

The tables below summarise the maturity profile of the Group's financial liabilities at 31 December 2008 and 31 December 2007, based on contractual, undiscounted cash flows.

			Current		Non-current
	Carrying amount USD 000	Within 1 month USD 000	Within 2 Months USD 000	Within 12 months USD 000	Within 2 years USD 000
At 31 December 2008					
Trade creditors	15,664	1,809	1,652	12,203	–
Amounts due to related parties	2,409	88	2,024	297	–
Other creditors	855	828	25	2	–
At 31 December 2007					
Interest bearing loan	20,153	–	–	1,055	21,165
Trade creditors	15,957	1,624	14,333	–	–
Amounts due to related parties	23,317	23,317	–	–	–
Other creditors	465	465	–	–	–

Credit Risk

The Group's exposure to credit risk is limited to the carrying amount of the following financial assets recognised at the balance sheet date, as shown in the table below:

	2008 USD 000	2007 USD 000
Non-current receivables	**3,565**	–
Cash and cash equivalents	**45,390**	66,501
Trade and other receivables	**33,800**	28,073
	82,755	94,574

The Group's principal exposure to credit risk arises from the default of investment management clients in respect of fees due and banks in respect of deposits. The Group trades only with recognised, creditworthy third parties and it is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, the Group periodically assesses the financial reliability of customers. Furthermore, the majority of the amounts receivable are due from the various funds managed by the Group which further reduces the credit risk.

Approximately 71 per cent of revenue in 2008 came from five underlying funds, all of which have a diversified client base (2007: five underlying funds with diversified client bases accounted for 80 per cent of revenue). No other single fund accounts for five per cent or more of the Group's revenue.

Four funds accounted for 68 per cent of the trade receivables at 31 December 2008 (at 31 December 2007 three funds accounted for 60 per cent of the trade receivables). There is no other significant concentration of credit risk.

The Group considers that all of the above financial assets, which were not impaired for either of the reporting dates under review, are of good credit quality, including those that are past due. Furthermore, a large portion of these assets – cash and cash equivalents, is held with regulated financial entities.

30. Financial risk management (continued)

None of the Group's financial assets other than a non-current receivable (see note 19) are secured by collateral or other credit enhancements. Nor does the Group hold any collateral as security or any other credit enhancements. The Group has not obtained any assets during the reporting period by taking possession of any collateral held, or calling on any other credit guarantees.

During the year, GFM Sàrl made loans totalling USD 5.4 million to three funds for which it acts as investment manager (See note 19). On 13 January 2009, USD 1.8 million was repaid. The balance of the loans is long-term in nature.

The credit risk for liquid funds and other short term assets is considered low, since the counterparties are reputable institutions. At 31 December 2008, 42 per cent (2007: 44 per cent) of the Group's cash and cash equivalents are held with one such institution, and a further 54 per cent is held with three other institutions (2007: 47 per cent held with two other institutions), on a global basis.

The following table provides information on the ageing of the financial assets that are past due but not impaired. There are no financial assets at the reporting date whose terms have been renegotiated.

	Carrying amount of financial assets in the balance sheet USD 000	Financial assets that are neither past due nor impaired USD 000	Financial assets that are past due but not impaired 0-3 months USD 000
At 31 December 2008			
Non-current receivables	3,565	3,565	–
Trade and other receivables	33,800	18,772	15,028
	37,365	**22,337**	**15,028**
At 31 December 2007			
Trade and other receivables	28,073	27,873	200

Capital Management

A primary objective of the Group's financial management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders, issue new shares or purchase its own shares on the market.

The Group classifies capital, for capital management purposes, as equity plus net debt. Net debt comprises interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

	2008 USD 000	2007 USD 000
Interest bearing loans	**–**	20,153
Trade and other payables	**38,562**	60,782
Less cash and cash equivalents	**(45,390)**	(66,501)
Net (funds)/debt	**(6,828)**	14,434
Equity	**64,890**	17,794
Capital	**58,062**	32,228

GAM UK and SWCP LLP (a subsidiary of SWCP Cayman Limited), and both subsidiaries of the Group, are registered with the Financial Services Authority, London and GFM HK, a subsidiary of the Group, is registered with the Securities and Futures Commission, Hong Kong. These three entities are required by these bodies to maintain minimum capital levels. None of these companies was in breach of these requirements at 31 December 2008 or 31 December 2007 or during either of the reporting periods presented. GFM Sàrl and GFM US are registered with the Securities and Exchange Commission, US and they are not subject to any minimum capital requirements. GMSA is subject to a minimum capital requirement of 1,000,000 euros.

Other than the above, the Group is not subject to any externally imposed capital requirements.

Notes to the Consolidated Financial Statements

31. Related party transactions

Group transactions

Transactions between and amongst GFMH and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Remuneration of key management personnel

The key management personnel include the Directors, the Executive Management Committee and certain other key employees.

The remuneration of key management personnel is set out below:

	2008 USD 000	2007 USD 000
Short-term benefits	**12,988**	13,040
Long-term employee benefits	**159**	249
Post employment benefits	**17**	18
Share-based payments	**2,529**	3,596
	15,693	16,903

No termination benefits were paid in the year ended 31 December 2008 (2007: USD nil).

Included in the liabilities are deferred bonus accruals for key management personnel of USD 0.6 million at 31 December 2008 (2007: USD 0.5 million).

Certain key management personnel have made investments in some of the funds managed by the Group. The management and performance fees on these investments were waived by the Group. In aggregate these fees amounted to USD 2.9 million in the year ended 31 December 2008 (2007: USD 0.7 million).

Referral fees have been paid to certain key management personnel during the year. These amount to USD 0.2 million (2007: USD 0.5 million).

Year ended 31 December 2007 – IPO

At the date of the IPO, the selling shareholders pledged to invest a certain proportion of the net proceeds of the offering payable to themselves into the funds managed by the Group. The majority of these shareholders are also considered to be key management personnel. At 31 December 2008, all such proceeds had been invested and there remained an outstanding balance of USD 2.0 million to pay to a selling shareholder, which was recognised as a liability owed to key management personnel in the Group's balance sheet. This was paid on 23 February 2009.

In addition, as part of the Group's restructuring immediately prior to the IPO in 2007, two key shareholders sold a shareholding of 26,640 shares in GMSA to the EBT.

Analysis of related party transactions and balances

During the year ended 31 December 2008, the Group entered into several related party transactions with the following entities:

Name of party	Nature of relationship	Referral fee expense USD 000	Property charge USD 000	Operating expenses USD 000	Net balance outstanding at year end debtors/ (creditors) USD 000
Gottex Brokers	Two executive directors are the ultimate beneficiaries	–	286	421	(88)
Select Asset Management	Three directors have a beneficiary interest	2,241	–	–	(296)
GUS	Associate investment	–	–	–	150

During the year ended 31 December 2007, the Group entered into several related party transactions with the following entities:

Name of party	Nature of relationship	Referral fee expense USD 000	Property charge USD 000	Operating expenses USD 000	Net balance outstanding at year end debtors/ (creditors) USD 000
Gottex Brokers	Two executive directors are the ultimate beneficiaries	–	154	290	(69)
Select Asset Management	Three directors have a beneficiary interest	3,678	–	–	(528)
GUS	Associate investment	–	–	–	(40)

32. Prior Year Comparatives – Acquisition of subsidiary

On 9 April 2007, the Group acquired 100 per cent of SWT. The purchase consideration was cash of GBP 610,000.

The fair values of the identifiable assets and liabilities of SWT at 9 April 2007 are considered to be the same as their carrying amount at that date.

	Fair value USD 000
Property, plant and equipment	338
Trade and other receivables	78
Cash and cash equivalents	341
Trade and other payables	(319)
Other non-current liabilities	(51)
Net assets acquired	**387**
Goodwill	907
Consideration	**1,294**

Consideration satisfied by:

Cash paid	1,194
Transaction costs attributable to the acquisition	100
	1,294

The goodwill relates in the main to the skilled workforce of SWT which cannot be separately identified as an intangible asset.

Since the acquisition of SWT, the Group has restructured the SWT business and it is not possible to disclose meaningful results of SWT for the post acquisition period or for the entire year to 31 December 2007.

The net cash outflow in connection with this transaction in the comparative year was USD 953,000 being the cash consideration of USD 1,194,000 less the cash acquired of USD 341,000 plus costs expensed of USD 100,000.

Notes to the Consolidated Financial Statements

33. Subsequent Events

Dividends

On 19 March 2009 the Board proposed a dividend of USD 18.0 million (USD 0.60 per share), which is subject to approval by the shareholders at the Annual General Meeting on 21 April 2009 (see note 13). The dividend will be paid in Swiss Francs, using the prevailing foreign exchange rate at the date of payment.

In addition, a dividend per share of USD 0.60 is expected to be paid from certain Group entities to the minority interest holders, subject to the approval of the dividend to the equity shareholders at the Annual General Meeting.

Treasury shares

In the period since the year end the EBT has purchased a further 1,459,131 shares in the market, at a weighted average share price of CHF 4.0.

34. Group Entities

The principal entities included within the financial statements are disclosed below:

Name	Country of incorporation/registration
Gottex Management SA, SICAR	Luxembourg
Gottex Asset Management (U.K.) Limited	England and Wales
Gottex Fund Management (Hong Kong) Limited	Hong Kong
Gottex Fund Management Limited	United States of America
Gottex America Limited	Bermuda
Gottex Structured Products Limited	Bermuda
Gottex Fund Management Sàrl	Switzerland
Gottex Partners (Luxembourg), Sàrl	Luxembourg
SWCP Cayman Limited	Cayman Islands
The Gottex Employee Benefit Trust	Jersey
GFMH ABL Fund Limited	Cayman Islands

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