

'Super Mario' Gabelli Builds 3% GAM Stake Betting Worst Over

by **Patrick Winters**

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- U.S. value investor is known for his savvy stock picking
- He looks for catalysts such as mergers to unlock value

Has GAM Holding AG reached rock bottom? One of the most influential U.S. bargain hunters appears to think so.

Mario Gabelli, the 76-year-old billionaire head of Gamco Investors known for his frequent TV interviews and stock-picking prowess, built a stake of around 3 percent in GAM, according to a filing. That makes him the seventh-biggest shareholder in a company whose market value was cut in half this year when the suspension of a bond manager prompted billions in redemptions.



The surprise move is a rare sign of confidence -- or a sense that things can't get any worse -- at the embattled Swiss asset manager. Gabelli has gained renown on Wall Street through a combination of savvy stock-picking and self-promotion, looking for undervalued companies with a catalyst such as a takeover or management change that may unlock gains. GAM has been exploring options including deals to boost the stock and this month parted ways with Chief Executive Officer Alex Friedman.

Merging Teams

GAM is consolidating some fixed income and equity teams and eliminating jobs, interim CEO David Jacob said in an internal memo obtained by Bloomberg and confirmed by the company on Tuesday. The cuts affect up to 20 investment professionals, a person familiar with the matter said, asking not to be identified discussing private matters. GAM declined to comment.

GAM rose as much as 3.3 percent and was trading 2 percent higher at 3:19 p.m. in Zurich trading, paring losses this year to 60 percent.

The Zurich-based firm's said last month assets tumbled by a fifth in its main investment management business after the suspension of star bond manager Tim Haywood sent investors fleeing. GAM was forced to freeze redemptions from Haywood's funds to allow for an orderly liquidation.

Gabelli, the Bronx-born son of Italian immigrants who was nicknamed “Super Mario,” started Gamco more than four decades ago and has run it largely as a one-man show. The firm, which describes itself as a research-driven investor, manages more than \$40 billion. Gabelli has a penchant for calling out management in letters or on Twitter.

Value Investor

A follower of the investing philosophy pioneered by Benjamin Graham, he put his own stamp on the industry by developing a method for finding what he calls private-market value. That’s the price an informed buyer would pay for 100 percent of a business. Part of the voting rights held by Gabelli were delegated to him by a third party, according to the filing.

GAM has held informal talks with potential buyers for all or parts of the business, people familiar with the discussions told Bloomberg last month. But outflows and unresolved questions about controls and oversight may have put off some potential buyers, while the continued slump in the stock makes a sale unattractive for the current owners.

The company is run by David Jacob, an industry veteran and GAM board member, while GAM scouts for a permanent successor.

— *With assistance by Christopher Condon*

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