# PICTET TR

## Prospectus

March 2018

**PICTET TR**

SICAV incorporated under Luxembourg law.

PROSPECTUS March 2018

The Board of Directors of Pictet TR may decide which classes of shares are to be listed on the Luxembourg Stock Exchange.

Except for Mandatory Additional Information (as defined below), no one is authorised to give any information other than that contained in this prospectus (the "Prospectus") or in documents referred to herein. The English text alone is legally binding, except for specific requirements in passages from authorities with whom the Fund may have been registered.

Subscriptions are accepted on the basis of the Prospectus, the relevant key investor information documents and the latest audited annual or unaudited semi-annual accounts of the Fund. These documents may be obtained free of charge at the registered office of the Fund. Depending on applicable legal and regulatory requirements (comprising but not limited to (i) Directive 2014/65/EU on markets or financial instruments and (ii) regulation (EU) 600/2014 on markets or financial instruments and (iii) all EU and Luxembourg rules and regulations implementing the texts under (i) and (ii), hereafter "MIFID") in the countries of distribution, additional information on the Fund and the Shares may be made available to investors under the responsibility of local intermediaries / distributors ("Mandatory Additional Information").

## PREAMBLE

If you have any doubts whatsoever as to the contents of this document or if you intend to subscribe to shares of Pictet TR (the "**Fund**"), you should consult a professional adviser. No one is authorised to provide information or give presentations regarding the issue of shares of the Fund ("**Shares**") that are not contained in or referred to in this document or the reports annexed to it or that constitute Mandatory Additional Information. Neither the distribution of this document, nor the offer, issue or sale of shares shall constitute a presentation that the information contained in this document is correct on any particular date after the date of the document. No person receiving a copy of this document in any country may deal with it as if it constituted a call for funds unless, in that particular country, such a call could be legally made to the person without him or her having to comply with registration requirements or other legal terms. Anyone wishing to buy shares is responsible for ensuring compliance with the laws of the country in question with regard to the acquisition of shares, including obtaining any government approval or other authorisations that may be required, and complying with any other formalities that must be adhered to in that country.

The shares have not been and will not be registered in accordance with the 1933 United States Securities Act as amended (the "**1933 Act**"), or registered or qualified in accordance with the laws on transferable securities in a given State or any other political subdivision of the United States. Shares may not be offered, sold, transferred or delivered either directly or indirectly in the United States or to, or on behalf of, or for the benefit of United States persons (as defined in Regulation S of the 1933 Act), except in certain transactions exempt from the registration provisions of the 1933 Act and any other laws of a State or regarding transferable securities. Shares are offered outside the United States on the basis of an exemption from the registration regulations of the 1933 Act as stated in Regulation S of that Act. Shares are also offered in the United States to accredited investors within the meaning of Rule 501(a) of the 1933 Act on the basis of exemption from the registration regulations of the 1933 Act as stated in Rule 506 of that act. The Fund has not been and will not be registered pursuant to the 1940 United States Investment Company Act (the "**1940 Act**") and is, therefore, limited in the number of economic shareholders who may be United States persons. The Articles of Association contain clauses intended to prevent United States persons from holding shares in circumstances that could result in the Fund infringing US law, and to enable the Directors to conduct a forced redemption of those shares that the Directors deem necessary or appropriate in order to ensure compliance with US law. Moreover, any certificate or other document related to shares issued to United States persons shall bear a note to the effect that such shares have not been registered or qualified in accordance with the 1933 Act and that the Fund has not been registered in accordance with the 1940 Act, and shall refer to certain transfer and sale restrictions.

Potential investors are warned that investment in the Fund entails certain risks. Investments in the Fund are subject to the usual risks concerning investments and, in some instances, may be adversely affected by political developments and/or changes in local laws, taxes, foreign exchange controls and exchange rates. Investing in the Fund may entail certain investment risks, including the possible loss of capital invested. Investors should be aware that the price of shares may fall as well as rise.

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## PROSPECTUS

### MANAGEMENT AND ADMINISTRATION

Registered office
15, avenue J. F. Kennedy, L-1855 Luxembourg

Board of directors of the Fund
*Chairman*
**Olivier Ginguené**, Chief Investment Officer- Pictet Asset Management S.A., Geneva

*Directors*
**Tracey McDermott**, Independent Director, Gemini Governance & Advisory Solutions S.à.r.l., Luxembourg

**John Sample**, Chief Operating Officer,
Pictet Asset Management Limited, London

**Jérôme Wigny**, Partner,
Elvinger Hoss Prussen, Luxembourg

**Alexandre Ris**, Head of Product Management & Development
Pictet Asset Management S.A., Geneva

Management Company
Pictet Asset Management (Europe) S.A.[1]
15, avenue J. F. Kennedy, L-1855 Luxembourg

Board of directors of the Management Company
*Chairman*
**Cédric Vermesse,**
CFO, Pictet Asset Management S.A., Geneva

*Directors*
**Rolf Banz**, Independent Director

**Xavier Barde**, Deputy Group CFO,
Banque Pictet & Cie S.A., Geneva

**David Martin**, Head of Business Risk & Public Policy,
Pictet Asset Management S.A., Geneva

*Conducting Officers of the Management Company*
**Benoît Beisbardt**, Head of Fund Administration - Luxembourg
Pictet Asset Management (Europe) S.A. Luxembourg

**Riadh Khodri**, Head of Risk Management
Pictet Asset Management (Europe) S.A., Luxembourg

**Laurent Moser**, Head of Compliance
Pictet Asset Management (Europe) S.A., Luxembourg

**Emmanuel Gutton,** Head of Legal
Pictet Asset Management (Europe) S.A., Luxembourg

Depositary Bank
BNP Paribas Securities Services, Luxembourg Branch,
60, avenue J. F. Kennedy, L-1855 Luxembourg

Administrative Agent
BNP Paribas Securities Services, Luxembourg Branch,
60, avenue J. F. Kennedy, L-1855 Luxembourg

Transfer, Registrar and Paying Agent
FundPartner Solutions (Europe) S.A.
15, avenue J. F. Kennedy, L-1855 Luxembourg

Investment Managers
Pictet Asset Management S.A.
60 Route des Acacias CH-1211 Geneva 73,
Switzerland

Pictet Asset Management Limited
Moor House, Level 11, 120 London Wall,
London EC2Y 5ET, UK

Pictet Asset Management (Singapore) Pte. Ltd
10 Marina Boulevard #22-01 Tower 2
Marina Bay Financial Centre
Singapore 018983

Pictet Asset Management (Hong Kong) Limited
9/F, Chater House, 8 Connaught Road Central
Hong Kong

Pictet Asset Management (Japan) Ltd.
Kishimoto Building 7F, 2-2-1 Marunouchi, Chiyodaku,
Tokyo 100-0005, Japan

Fund Auditor
Deloitte Audit S.à r.l.
560, rue de Neudorf, L-2220 Luxembourg

Legal Adviser
Elvinger, Hoss & Prussen, société anonyme
2, Place Winston Churchill, L-1340 Luxembourg

[1] Pictet Funds (Europe) S.A. has been renamed Pictet Asset Management (Europe) S.A. on 29 May 2015.

## GENERAL CLAUSES

Unless otherwise indicated,

- a banking day is defined as a day on which the banks conduct their day-to-day business in Luxembourg (a "**Banking Day**"). For such purpose, the 24th of December is not to be considered as a Banking Day;
- A week day is defined as any day of the week other than Saturday or Sunday (a "**Week Day**"). For the purpose of the calculation and the publication of the NAV, the following days are not be considered as a Week Day: the 25th and 26th of December, the 1st of January and the Easter Monday.

The distribution of this document is authorised only if accompanied by a copy of the Fund's latest annual report and the last semi-annual report, if published after the annual report. These reports form an integral part of this document. Depending on applicable legal and regulatory requirements (comprising but not limited to MiFID) in the countries of distribution, Mandatory Additional Information may be made available to investors.

## LEGAL STATUS

Pictet TR (formerly Pictet Targeted Fund (LUX) and Pictet Total Return) is an open-ended investment company (SICAV) incorporated under Luxembourg law in accordance with the provisions of Part I of the law of 17 December 2010 (the "**Law of 2010**") governing undertakings for collective investment. The company was incorporated for an indefinite period on 8 January 2008 and its Articles of Association were published in the *Recueil Electronique des Sociétés et Asssociations* of the Grand Duchy of Luxembourg *(the "RESA" formerly the Mémorial Recueil Spécial des Sociétés et Associations du Grand Duché de Luxembourg)* on 19 February 2008. They were last amended by notarial deed dated 29 November 2017. The Articles of Association have been filed with the Luxembourg trade and companies register (*Registre de Commerce et des Sociétés*) where they are available for consultation and where copies can be made. They have been published in the Luxembourg RESA.

The Fund is registered in the Luxembourg Trade and Companies Register under number B 135664.

At all times, the Fund's capital will be equal to the net asset value and will not fall below the minimum capital of EUR 1,250,000.

## INVESTMENT OBJECTIVES AND FUND STRUCTURE

The Fund is designed to offer investors access to a selection of markets worldwide and a variety of investment techniques through a range of specialised products ("**compartments**") within one structure.

The Board of Directors determines the investment policy for the various compartments. Risks will be spread broadly by diversifying investments over a large range of transferable securities, the choice of which shall not be limited – except under the terms of the restrictions specified in the section "Investment Restrictions" below – neither in terms of regions, economic sectors, or the type of transferable securities used.

Utilisation of Benchmarks

Benchmarks Regulation

Unless otherwise disclosed in this Prospectus, the indices or benchmarks used by the Fund are, as at the date of this Prospectus, provided by benchmark administrators who benefit from the transitional arrangements afforded under Regulation (EU) 2016/1011 (the 'Benchmark Regulation') and accordingly may not appear yet on the register of administrators and benchmarks maintained by ESMA pursuant to Article 36 of the Benchmark Regulation. These benchmark administrators should apply for authorisation or registration as an administrator under Benchmark Regulation before 1 January 2020. Updated information on this register should be available no later than 1 January 2020. The Management Company maintains a written plan setting out the actions that will be taken in the event of the benchmark materially changing or ceasing to be provided.

### Pooling

For the purpose of efficient management, the board of directors of the Management Company may decide to co-manage some or all of the assets of certain Pictet TR compartments. In this case, the assets from different compartments will be jointly managed using the aforementioned technique. Assets that are co-managed will be referred to using the term "pool". These pools will only be used for internal management purposes. They will not constitute distinct legal entities and will not be directly accessible to investors. Each co-managed compartment will have its own assets allocated to it.

When the assets of a compartment are managed using this technique, the assets initially attributable to each co-managed compartment will be determined according to the compartment's initial participation in the pool. Thereafter, the composition of the assets will vary according to contributions or withdrawals made by the compartments.

This apportionment system applies to each investment line of the pool. Additional investments made on behalf of the co-managed compartments will therefore be allocated to these compartments according to their respective entitlements, while assets sold will be similarly deducted from the assets attributable to each of the co-managed compartments.

All banking transactions involved in the running of the compartment (dividends, interest, non-contractual fees, expenses) will be accounted for in the pool and reassigned for accounting to each of the compartments on a pro rata basis on the day the transactions are recorded (provisions for liabilities, bank recording of income and/or expenses). On the other hand, contractual fees (custody, administration and management fees, etc.) will be accounted for directly in the respective compartments.

The assets and liabilities attributable to each compartment will be identifiable at any given moment.

The pooling method will comply with the investment policy of each of the compartments concerned.

### Classes of shares

The net assets forming each compartment are represented by shares, which may be of different classes or sub-classes. All the shares representing the assets of a compartment form a class of shares. All the compartments together constitute the Fund. If sub-classes of shares are issued, the relevant information will be specified in Annex 1 of this Prospectus.

The Management Company may decide, in the interest of shareholders, that some or all of the assets belonging to one or more compartments of the Fund will be invested indirectly, through a company wholly controlled by the Management Company which conducts, exclusively for the benefit of the compartment(s) concerned, the management, advising or distribution activities in the country in which the subsidiary company is established with respect to the redemption of the shares of the compartment in question when requested by shareholders exclusively for itself or for the shareholders. For the purposes of this Prospectus, references to “investments” and “assets” respectively mean either investments made and assets held directly or investments made and assets held indirectly by the agent of the aforementioned companies.

In the event that a subsidiary company is used, this will be specified in the annex relating to the compartment(s) concerned.

The Board of Directors is authorised to create new compartments. A list of the compartments available to date is included in the Annex 1 of this Prospectus, describing their investment policies and key features.

This list is an integral part of the Prospectus and will be updated whenever new compartments are created.

For each class of shares, the Board of Directors may also decide to create two or more sub-classes whose assets will generally be invested in accordance with the specific investment policy of the class in question. However, the sub-classes may differ in terms of their specific subscription and/or redemption fee structures, specific exchange rate hedging policies, specific distribution policies and/or specific management or advisory fees, or other specific features applicable to each sub-class. When necessary, this information is specified in Annex 1 of this Prospectus.

The shares in the Fund are usually listed on the Luxembourg Stock Exchange. The Board of Directors may decide which sub-classes of shares are to be listed.

## SUB-CLASSES OF SHARES

A list of the current classes of shares is included in this Prospectus. The Board of Directors may decide to create additional classes of shares at any time.

The sub-classes of shares issued or planned at the date of this Prospectus, together with any supplementary information, are detailed in Annex 1 of the Prospectus. Investors are advised to contact their agent for the latest list of sub-classes of shares issued.

The shares may be divided within the compartments into “**P**”, “**I**”, “**J**”, “**Z**”, “**MG**”, “**M**”, “**E**” and “**R**” shares.

“**P**” shares are available to all investors without restrictions and are not subject to any minimum investment.

For “**P**” shares, the front-end load for intermediaries will be no more than 5% and the back-end load no more than 3%.

**“I”** Shares are available to (i) such financial intermediaries which, according to regulatory requirements, do not accept and retain inducements from third parties (in the European Union, this will include financial intermediaries providing discretionary portfolio management or investment advice on an independent basis); (ii) Such financial intermediaries which, based on individual fee arrangements with their clients, do not accept and retain inducements from third parties; (iii) Institutional investors investing on their own account. With respect to investors that are incorporated or established in the European Union, institutional investor refers to per se professional clients as defined in Annex II, Section I of Directive 2014/65/EU on markets in financial instruments (MiFID II Directive).

Unless otherwise decided by the Management Company, “I” shares are also subject to a minimum initial subscription, which is specified in the annex to each compartment.

For “**I**” shares, the front-end load for intermediaries will be no more than 5%, and the back-end load no more than 1%.

"**J**" shares are intended for institutional investors within the meaning of Article 174 of the Law of 2010 ("**Institutional Investors**") who have been approved as eligible investors at the discretion of the Board of Directors and who wish to invest a minimum initial amount. This amount is specified in the annex for each compartment and is calculated for the class concerned and its corresponding classes (hedged, issued in another currency or distribution). Subscriptions in a class other than these classes will not be taken into account in calculating the initial minimum subscription amount. The Board of Directors nevertheless reserves the right to accept subscriptions for an amount that is less than the initial amount required, at its discretion.

For “**J**” shares, the front-end load for intermediaries will be no more than 5%, and the back-end load no more than 1%.

“**Z**” shares are reserved for institutional investors who have concluded a specific remuneration agreement with any entity of the Pictet Group.

For “**Z**” shares, the front-end load for intermediaries will be no more than 5%, and the back-end load no more than 1%.

“**MG**" shares are reserved for shareholders expressly approved by the investment manager of the compartment concerned.

For “**MG**” shares, the front-end load for intermediaries will be no more than 5%, and the back-end load no more than 1%.

**“M**" shares will be reserved to funds of funds promoted by the Pictet Group investing at least 85% of their assets in that share class.

For “**M**” shares, there will be neither front-end load nor back-end load for intermediaries.

The “**E**” shares are intended for institutional investors within the meaning of Article 174 of the Law of 2010 (“**Institutional Investors**”) who have been approved as eligible investors at the discretion of the Board of Directors and who wish to invest a minimum initial amount. This amount is specified in the annex for each compartment and is calculated for the class concerned and its corresponding classes (hedged, issued in another currency or distribution). Subscriptions in a class other than these classes will not be taken into account in calculating the initial minimum subscription amount. The Board of Directors nevertheless reserves the right to accept subscriptions for an amount that is less than the initial amount required, at its discretion. “E” shares are open for subscriptions during a defined period after the initial compartment launch date, freely determined by the Board of Directors.

For “**E**” shares, the front-end load for intermediaries will be no more than 5%, and the back-end load no more than 1%.

“**R**” shares are not subject to any minimum investment. They are intended for financial intermediaries or platforms that have been approved by the Management Company or by the Distributor and that have fee arrangements with their clients which are based entirely on accepting and keeping commissions.

For “**R**” shares the front-end load for intermediaries will be no more than 5% and the back-end load no more than 1%

Shares may be divided into capitalisation shares and distribution shares. “**dy”** distribution shares will be entitled to a dividend as decided by the Annual General Meeting, whereas the corresponding amount for capitalisation shares will not be distributed, but rather invested in the share class concerned.

In each compartment, shares issued in currencies other than the compartment’s base currency may be created. These shares may be hedged (as defined below) or not hedged.

Hedged shares “**H**” aim to hedge to a large extent the exchange risk in relation to a given currency. These shares will be subject to the same front- and back-end loads as the corresponding non-hedged shares.

The minimum initial investment for shares issued in a currency other than the compartment’s reference currency is the minimum initial investment amount applicable to the shares concerned, converted as at the relevant Valuation Day into the applicable currency for the class.

**X** shares:

For compartments stipulating that the manager may receive a performance fee as specified in the annexes, the Board of Directors may decide to launch "X" shares without a performance fee. These shares are suitable for investors who do not wish to be exposed to performance fees and who therefore accept a higher management fee than the one applied to the corresponding shares (except for Z share classes investors as they have entered into a specific remuneration agreement with an entity of the Pictet Group). These shares will be subject to the same conditions of access and the same front-and back-end loads as the corresponding shares

It is the personal responsibility of all investors to ensure that they meet the conditions for accessing the sub-class of shares in which they wish to subscribe.

Investors choose the sub-class of shares to which they wish to subscribe, bearing in mind that, unless otherwise restricted in Annex 1 of this Prospectus, any investor meeting the access conditions of a particular sub-class of shares may request conversion of his or her shares to shares of that sub-class.

Similarly, if an investor no longer meets the access conditions of the sub-class of shares he or she holds, the Board of Directors reserves the right to ask that shareholder to convert his or her shares to shares of another sub-class.

Conditions for the conversion of shares are described more fully in the section "Conversion".

## MANAGEMENT AND ADMINISTRATION STRUCTURE

### The Board of Directors

The board of directors of the Fund (the "Board of Directors") is responsible for administering and managing the Fund and running its operations, as well as deciding on and implementing its investment policy.

As specified in the Law of 2010, the Board of Directors may designate a management company.

### The Management Company

Pictet Asset Management (Europe) S.A. (formerly Pictet Funds (Europe) S.A.), a limited company (*société anonyme*) with registered office located at 15, avenue J. F. Kennedy, Luxembourg, has been designated as the Management Company of the Fund, as defined in Chapter 15 of the Law of 2010.

Pictet Asset Management (Europe) S.A. was created on 14 June 1995 for an indefinite period, under the name of Pictet Balanced Fund Management (Luxembourg) S.A. as a limited company (*société anonyme*) governed by the laws of the Grand Duchy of Luxembourg. Its share capital, on the date of this Prospectus, is CHF 8,750,000.

The Management Company has established remuneration policies for those categories of staff, including senior management, risk takers, control functions, and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers whose professional activities have a material impact on the risk profiles of the Management Company or the Fund, that are consistent with and promote a sound and effective risk management and do not encourage risk-taking which is inconsistent with the risk profiles of the Fund or with its Articles of Association and which do not interfere with the obligation of the Management Company to act in the best interests of the Fund.

The Management Company remuneration policy, procedures and practices are designed to be consistent and promote sound and effective risk management. It is designed to be consistent with the Management Company's business strategy, values and integrity, and long-term interests of its clients, as well as those of the wider Pictet Group. The Management Company remuneration policy, procedures and practices also (i) include an assessment of performance set in a multi-year framework appropriate to the holding period recommended to the investors of the Fund in order to ensure that the assessment process is based on the longer-term performance of the Fund and its investment risks and (ii) appropriately balance fixed and variable components of total remuneration.

The details of the up-to-date remuneration policy of the Management Company, including, but not limited to, a description of how remuneration and benefits are calculated, individuals responsible for awarding the remuneration and benefits, including, as the case may be, the composition of the remuneration committee, are available at www.group.pictet/PAMESA_UCITS_Remuneration_Policy. A paper copy is made available free of charge upon request at the Management Company's registered office.

#### *Management Activity*

The objective of the Management Company is to manage undertakings for collective investment in compliance with Directive 2009/65/EC, as amended. This management activity includes the management, administration and marketing of undertakings for collective investment such as the Fund.

The Management Company has primarily delegated the management of the Fund's compartments to the companies listed hereafter. This delegation is made according to the terms of the contracts concluded for an indefinite period that may be cancelled by either party at any time with 3 or 6 months' notice depending on the terms in the contract.

- *Pictet Asset Management SA, Geneva ("PICTET AM SA")*

PICTET AM SA is a Swiss based fund distributor and investment manager that carries out asset management activities for an international client base, mainly focusing on equity, fixed income, quantitative and total return asset classes, together with the execution of trades for other PICTET AM group entities. PICTET AM SA is regulated for business in Switzerland by the Swiss Financial Markets Supervisory Authority.

› *Pictet Asset Management Limited ("PICTET AM Ltd")*

PICTET AM Ltd is a UK registered company that carries out asset management activities for an international client base, mainly focusing on equity and fixed income asset classes, together with the execution of trades for other Pictet Asset Management group entities. PICTET AM Ltd is regulated for business in the UK by the Financial Conduct Authority (FCA). PICTET AM Ltd is also approved by the China Securities Regulatory Commission ("**CSRC**") as a Qualified Foreign Institutional Investor and as a Renminbi Qualified Foreign Institutional Investor.

› *Pictet Asset Management (Singapore) Pte. Ltd. ("PICTET AMS")*

PICTET AMS is a private limited company created in Singapore, It which is regulated by the Monetary Authority of Singapore. The activities of PICTET AMS are portfolio management focussing primarily on sovereign and corporate fixed income and the execution of orders on Asian fixed income products initiated by other entities of the Pictet Asset Management group entities.

› *Pictet Asset Management (Hong Kong) Limited ("PICTET AM HK")*

PICTET AM HK is a Hong Kong-licensed company subject to the oversight of the Hong Kong Securities and Futures Commission and authorised by the latter to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities as at the date of this Prospectus. The company's principal fund management activities relate to Asian and particularly Chinese equity and debt funds. The distribution of the investment funds of the Pictet Group also forms part of its activities.

› *Pictet Asset Management (Japan) Ltd. ("PICTET AMJ")*

Pictet AMJ is a registered asset management company in Japan that carries out asset management activities for retail and institutional investors through wholesale and direct distribution channel, and mainly focuses on equity, fixed income and alternative investment management. PICTET AMJ is regulated by the Financial Services Agency of Japan.

### Transfer, Registrar and Paying Agent

The transfer agency function of the Fund is delegated to FundPartner Solutions (Europe) S.A. (the "**Transfer Agent**").

FundPartner Solutions (Europe) S.A. has been designated as Transfer, Registrar and Paying Agent, under the terms of agreements concluded for indefinite periods.

FundPartner Solutions (Europe) S.A. is a limited company (*société anonyme*) with registered office located at 15, avenue J. F. Kennedy, Luxembourg. It is a management company, as defined in Chapter 15 of the Law of 2010.

FundPartner Solutions (Europe) S.A., wholly-owned by the Pictet Group, was incorporated on 17 July 2008 for an indefinite period.

As keeper of the register and transfer agent, FundPartner Solutions (Europe) S.A. is primarily responsible for ensuring the issue, conversion and redemption of shares and maintaining the register of shareholders of the Fund.

### Central Administration

BNP Paribas Securities Services, Luxembourg Branch, performs the functions of Administrative Agent, pursuant to an agreement between the Management Company, the Fund and BNP Paribas Securities Services, Luxembourg Branch dated 8 March 2013. This agreement may be terminated by each of the parties by means of prior notice of ninety (90) days (as stipulated in the applicable contractual provisions).

In this context, BNP Paribas Securities Services, Luxembourg Branch performs administrative functions required by the 2010 Law such as the accounting of the Fund and calculation of the Net Asset Value per share.

### Distribution

Shares of the Fund will be distributed by the Pictet Group (the "**Distributor**"), or more specifically any legal entity of the Pictet Group authorised to perform such functions.

The Distributor may conclude distribution agreements with any professional agent, particularly banks, insurance companies, "internet supermarkets", independent managers, brokers, management companies or any other institution whose primary or secondary activity is the distribution of investment funds and customer service.

### The Depositary Bank

BNP Paribas Securities Services, Luxembourg Branch has been appointed Depositary Bank of the Fund under the terms of a written agreement between BNP Paribas Securities Services, Luxembourg Branch (the "Depositary Bank"), the Management Company and the Fund.

BNP Paribas Securities Services Luxembourg is a branch of BNP Paribas Securities Services SCA, a wholly-owned subsidiary of BNP Paribas SA. BNP Paribas

Securities Services SCA is a licensed bank incorporated in France as a *Société en Commandite par Actions* (partnership limited by shares) under No.552 108 011, authorised by the *Autorité de Contrôle Prudentiel et de Résolution* (ACPR) and supervised by the *Autorité des Marchés Financiers* (AMF), with its registered address at 3 rue d'Antin, 75002 Paris, acting through its Luxembourg Branch, whose office is at 60, avenue J.F. Kennedy, L-1855 Luxembourg, Grand-Duchy of Luxembourg, and is supervised by the *Commission de Surveillance du Secteur Financier* (the "CSSF").

The Depositary Bank performs three types of functions, namely (i) the oversight duties (as defined in Art 34(1) of the law of December 17, 2010, (ii) the monitoring of the cash flows of the Fund (as set out in Art 34(2) of the law of December 17, 2010) and (iii) the safekeeping of the Fund's assets (as set out in Art 34(3) of the law of December 17, 2010).

Under its oversight duties, the Depositary Bank is required to:

1. ensure that the sale, issue, repurchase, redemption and cancellation of Shares effected on behalf of the Fund are carried out in accordance with the law of December 17, 2010 or with the Fund's Articles of Incorporation,
2. ensure that the value of Shares is calculated in accordance with the law of December 17, 2010 and the Fund's Articles of Incorporation,
3. carry out the instructions of the Fund or the Management Company acting on behalf of the Fund, unless they conflict with the law of December 17, 2010 or the Fund's Articles of Incorporation,
4. ensure that in transactions involving the Fund's assets, the consideration is remitted to the Fund within the usual time limits;
5. ensure that the Fund's revenues are allocated in accordance with the law of December 17, 2010 and its Articles of Incorporation.

The Depositary Bank shall provide the Management Company or the Fund on a regular basis with a comprehensive and up-to-date inventory of all the assets of the Fund.

The overriding objective of the Depositary Bank is to protect the interests of the Shareholders of the Fund, which always prevail over any commercial interests.

Conflicts of interest may arise if and when the Management Company or the Fund maintains other business relationships with BNP Paribas Securities Services, Luxembourg Branch in parallel with an appointment of BNP Paribas Securities Services, Luxembourg Branch acting as Depositary Bank.

Such other business relationships may cover services in relation to

- Outsourcing/delegation of middle or back office functions (e.g. trade processing, position keeping, post trade investment compliance monitoring, collateral management, OTC valuation, fund administration inclusive of net asset value calculation, transfer agency, fund dealing services) where BNP Paribas Securities Services or its affiliates act as agent of the Fund or the Management Company, or
- Selection of BNP Paribas Securities Services or its affiliates as counterparty or ancillary service provider for matters such as foreign exchange execution, securities lending, bridge financing.

The Depositary Bank is required to ensure that any transaction relating to such business relationships between the Depositary Bank and an entity within the same group as the Depositary Bank is conducted at arm's length and is in the best interests of Shareholders.
In order to address any situations of conflicts of interest, the Depositary Bank has implemented and maintains a management of conflicts of interest policy, aiming namely at:

- Identifying and analysing potential situations of conflicts of interest;
- Recording, managing and monitoring the conflict of interest situations either in:
  - Relying on the permanent measures in place to address conflicts of interest such as segregation of duties, separation of reporting lines, insider lists for staff members;
  - Implementing a case-by-case management to (i) take the appropriate preventive measures such as drawing up a new watch list, implementing a new Chinese wall (i.e. by separating functionally and hierarchically the performance of its Depositary duties from other activities), making sure that operations are carried out at arm's length and/or informing the concerned Shareholders of the Fund, or (ii) refuse to carry out the activity giving rise to the conflict of interest;

- Implementing a deontological policy;
- Recording of a cartography of conflict of interests permitting to create an inventory of the permanent measures put in place to protect the Fund's interests; or
- Setting up internal procedures in relation to, for instance (i) the appointment of service providers which may generate conflicts of interests, (ii) new products/activities of the Depositary Bank in order to assess any situation entailing a conflict of interest.

In the event that such conflicts of interest do arise, the Depositary Bank will undertake to use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the Fund and the Shareholders are fairly treated.

The Depositary Bank may delegate to third parties the safe-keeping of the Fund's assets subject to the conditions laid down in the applicable laws and regulations and the provisions of the Depositary Agreement. The process of appointing such delegates and their continuing oversight follows the highest quality standards, including the management of any potential conflict of interest that should arise from such an appointment. Such delegates must be subject to effective prudential regulation (including minimum capital requirements, supervision in the jurisdiction concerned and external periodic audit) for the custody of financial instruments. The Depositary Bank's liability shall not be affected by any such delegation.

A potential risk of conflicts of interest may occur in situations where the delegates may enter into or have separate commercial and/or business relationships with the Depositary Bank in parallel to the custody delegation relationship.

In order to prevent such potential conflicts of interest from crystalizing, the Depositary Bank has implemented and maintains an internal organisation whereby such separate commercial and/or business relationships have no bearings on the choice of the delegate or the monitoring of the delegates' performance under the delegation agreement.

A list of these delegates and sub-delegates for its safe-keeping duties is available in the website http://securities.bnpparibas.com/solutions/depositary-bank-trustee-services.html

Such list may be updated from time to time. Updated information on the Depositary Bank's custody duties, a list of delegations and sub-delegations and conflicts of interest that may arise may be obtained, free of charge and upon request, from the Depositary Bank.

Updated information on the Depositary Bank's duties and the conflict of interests that may arise are available to investors upon request.

The Management Company acting on behalf of the Fund may release the Depositary Bank from its duties with ninety (90) days written notice to the Depositary Bank. Likewise, the Depositary Bank may resign from its duties with ninety (90) days written notice to the Fund. In that case, a new depositary bank must be designated to carry out the duties and assume the responsibilities of the Depositary Bank, as defined in the agreement signed to this effect. The replacement of the Depositary Bank shall happen within two months.

If notice of termination is given by the Depositary Bank:

› The Fund shall, within sixty (60) days following receipt of such notice, specify the name of the persons to whom all securities and cash shall be delivered or paid. In such case, the Depositary Bank shall, subject to the satisfaction of amounts owed to it under the agreement, deliver such securities and cash to the persons so specified. If within sixty (60) days following the receipt of a notice of termination by the Depositary Bank, the Depositary Bank does not receive from the Fund the names of the persons to whom such securities and cash should be delivered, the Depositary Bank, at its election, may deliver such securities and cash to a bank or any other securities custodian doing business in the jurisdiction of the location of the securities pursuant to the provisions of the agreement or may continue to hold such securities and cash until the names of such persons are delivered to the Depositary Bank;

› If notice of termination is given by the Fund , the Depositary Bank, subject to the payment of all amounts due to it under this agreement, shall deliver such securities and cash, to the persons specified by the Fund, which shall accompany such notice of termination;

› If the Depositary Bank resigns from its duties, it shall not be released of its obligations until the persons to whom all securities and cash shall be delivered have been designated and/or all the Fund's assets have been transferred thereto, in accordance with the terms of the agreement;

- Unclaimed dividends shall be transferred to the persons to whom all securities and cash shall be delivered and/or all the Fund's assets have been transferred to and/or financial agent (if any).

### Investment Advisers

The Management Company may be assisted by one or more internal or external investment advisers of the Pictet Group whose mission is to advise the Management Company on the Fund's investment opportunities.

### Statutory Auditor

These duties have been assigned to Deloitte Audit S.à r.l., 560, Rue de Neudorf, L-2220 Luxembourg, Grand Duchy of Luxembourg.

## SHAREHOLDER RIGHTS

### Shares

The shares of each class are issued in registered form only, without any par value and fully paid up. Fractions of shares may be issued up to a maximum of five decimal places. They are recorded in a shareholder register, kept at the Fund's registered office. Shares redeemed by the Fund will be cancelled.

All shares are freely transferable and entitle holders to an equal proportion in any profits, liquidation proceeds and dividends for the compartment in question.

Each share is entitled to a single vote. Shareholders will also be entitled to the general shareholders' rights provided for under the law of 10 August 1915, as amended, with the exception of the preferential subscription right for new shares.

Shareholders will only receive confirmation of their inclusion in the register.

### General Shareholders' Meeting

The Annual General Shareholders' Meeting is held every year on 20 April at 10:00 am at the Fund's registered office or at any other location in Luxembourg, as specified on the invitation to attend the meeting.

If that day is not a Banking Day in Luxembourg, the meeting will be held on the following Banking Day.

To the extent allowed by Luxembourg laws and regulations, the Annual General Meeting of the Shareholders may be held at a date, time and place other than those described in the paragraph above. This other date, time and place will be determined by the Board of Directors.

Convening notices will be sent to all registered shareholders at least 8 days prior to the Annual General Meeting. These notices will include details of the time and place of the meeting, the agenda, conditions for admission and requirements concerning the quorum and majority as laid down by Luxembourg law.

All decisions by shareholders regarding the Fund will be taken at the General Meeting of all shareholders, pursuant to the provisions of the Articles of Association and Luxembourg law. All decisions that only concern the shareholders of one or more compartments may be taken – as authorised by law – by the shareholders of the relevant compartments. In this case, the quorum and majority requirements stipulated in the Articles of Association will apply.

### Shareholders information

The Fund draws the investors' attention to the fact that any investor will only be able to fully exercise his investor rights directly against the Fund, notably the right to participate in general Shareholders' meetings if the investor is registered himself and in his own name in the Shareholders' register of the Fund. In cases where an investor invests in the Fund through an intermediary investing into the Fund in his own name but on behalf of the investor, it may not always be possible for the investor to exercise certain Shareholder rights directly against the Fund. Investors are advised to take advice on their rights.

## ISSUING OF SHARES

In the case of initial subscriptions for new compartments, an addendum to this Prospectus will be issued.

A list of the compartments that are already operational is annexed to this Prospectus.

For certain compartments, shareholders may subscribe to different sub-classes of shares.

Subscriptions to shares (or to each sub-class of shares, if applicable) in each compartment in operation will be accepted at their issue price, as defined in the following "Issue Price" section, by the Transfer Agent and all other institutions duly authorised by the Fund.

Provided that the securities contributed comply with the investment policy, shares may be issued in return for a contribution in kind, which will be the subject of a report prepared by the Fund's auditor as required by Luxembourg law. This report will be available for inspection at the Fund's registered office. Any costs incurred will be borne by the investor.

For any subscription received by the Transfer Agent in relation to a Valuation Day after the relevant cut-off time as specified for each compartment in the Annexes, the net asset value to be applied will be that calculated as at the next Valuation Day.

Payment of the issue price is made by remittance or transfer according to the procedures described in Annex 1 to FundPartner Solutions (Europe) S.A. for Pictet TR referencing the relevant class(es) and /or compartment(s).

### Legislation against Money Laundering and Financing of Terrorism

In accordance with applicable international rules and to applicable Luxembourg laws and regulations, such as the law of 12 November 2004 (as amended) in relation to the fight against money laundering and against the financing of terrorism, and all applicable CSSF circulars, obligations have been imposed on all professionals of the financial sector to prevent the use of undertakings for collective investment for money laundering and terrorist financing purposes. Within this context a procedure for the identification of investors has been imposed. Namely, the application form of a prospective investor must be accompanied by any supporting documents recommended or prescribed by applicable rules and regulations allowing the appropriate level of identification of the prospective investor and, as the case may be, its beneficial owners.

In the event of a delay or failure to provide the required documents, the subscription or redemption request will not be accepted. Neither the undertaking for collective investment, nor the transfer agent can be held liable for the delay or non-execution of transactions when the investor has not provided the documents or has provided incomplete documents.

Shareholders may also be asked to provide additional or updated documents in accordance with the obligations for on-going control and supervision in accordance with applicable laws and regulations.

Any information provided in this context is collected for anti-money laundering compliance purposes only.

## ISSUE PRICE

The issue price for shares in each compartment (or sub-class of shares) is equal to the net asset value of each share (or each sub-class of shares) in the compartment in question, calculated on a forward pricing basis at the relevant Valuation Day.

In accordance with applicable laws and regulations (including but not limited to MiFID),this price may be increased by fees paid to financial intermediaries, which will not exceed 5% of the net asset value per share for the compartment in question and will be paid to financial intermediaries and/or distributors involved in the distribution of the Fund’s shares. Front- and back-end load for intermediaries will vary according to the sub-class of share, as described in the “Sub-classes of shares” section.

This issue price will be increased to cover any duties, taxes and stamp duties due.

The Board of Directors will be authorised to apply corrections to the net asset value as described in the section “Swing Pricing / Spread”.

Under certain circumstances, the Board of Directors is entitled to charge a “Dilution Levy” on the issue price, of up to 2% of the net asset value per share, as described below in the “Dilution Levy” section. In all cases, the actual Dilution Levy charged on each Valuation Day will apply identically to all shares issued on that Valuation Day.

## REDEMPTIONS

Shareholders are entitled to apply for the redemption of some or all of their shares (or, where applicable, their sub-class of shares) at any time based on the redemption price, as stipulated in the following “Redemption Price” section, by sending the Transfer Agent or other authorised institutions an irrevocable redemption request accompanied by their share certificates, if relevant.

Subject to the approval of the shareholders concerned, the Board of Directors may allow in-kind payment for shares in the Fund. The Fund's statutory auditor will report on any such in-kind payment, giving details of the quantity, denomination and valuation method used for the securities in question. The corresponding fees will be charged to the shareholders in question.

For any redemption application received by the Transfer Agent in relation to a Valuation Day after the relevant cut-off time as specified for each compartment in the Annexes, the net asset value to be applied will be that calculated as at the next Valuation Day.

If, following redemption or conversion requests, it is necessary as at a given Valuation Day to redeem more than 10% of the shares issued for a given compartment, the Board of Directors may decide that all redemptions be deferred until the next Valuation Day on which the net asset value is calculated for the compartment in question. On that Valuation Day, redemption or conversion applications that have been deferred (and not withdrawn) will have priority over applications received for that particular Valuation Day (which have not been deferred).

The equivalent amount paid for shares submitted for redemption shall be paid by credit transfer in the currency of the compartment in question, or in any other currency, in which case any costs for currency conversion will be borne by the compartment, as specified in Annex 1(cf. "Redemption Price" section below).

## REDEMPTION PRICE

The redemption price for shares (or sub-class of shares) of each compartment is equal to the net asset value of each share (or each sub-class of shares) in the compartment in question, calculated on a forward pricing basis as at the applicable Valuation Day.

In accordance with applicable laws and regulations (including but not limited to MiFID), a commission paid to financial intermediaries and/or distributors may be deducted from this amount, representing up to 3% of the net asset value per share. Front- and back-end load for intermediaries will vary according to the sub-class of share, as described in the "Sub-classes of shares" section.

The redemption price will also be reduced to cover any duties, taxes and stamp duties to be paid.

The Board of Directors will be authorised to apply corrections to the net asset value as described in the section "Swing Pricing / Spread".

Under certain circumstances, the Board of Directors is entitled to charge a "Dilution Levy" on the redemption price, representing up to 2% of the net asset value, as described in the following "Dilution Levy" section. In all cases, the actual Dilution Levy charged on each Valuation Day will apply identically to all shares redeemed on that Valuation Day.

The redemption price may be higher or lower than the subscription price, depending on changes in the net asset value.

## CONVERSION

Within the limits defined in the "Sub-classes of shares" section in the Prospectus, shareholders of one compartment may ask for some or all of their shares to be converted into shares of another compartment or between compartments for different sub-classes, in which case the conversion price will be calculated according to the respective net asset values, which may be increased or reduced, in addition to administrative charges, by the commissions to intermediaries for the sub-classes and/or compartments in question. Under no circumstances may these agents' fees exceed 2%.

However, shares cannot be converted into "**J dy**" or "**J**" shares, unless the Board of Directors decides otherwise.

Moreover, a switch transaction into shares of another compartment is acceptable only between compartments which have the same Valuation Day and Calculation Day.

Notwithstanding the provisions set out in Annex 1 of the Prospectus, shareholders of one compartment may ask for some or all of their shares to be converted into shares of the same sub-class in another compartment, at no charge other than an administrative fee.

Unless otherwise indicated in Annex 1, for any conversion application received by the Transfer Agent before the deadline specified for each compartment in Annex 1, the net asset values applicable will be those calculated as at the relevant Valuation day.

The Board of Directors may impose restrictions as it deems necessary, in particular concerning the frequency of conversions, and will be authorised to apply corrections to the net asset value as described in the section "Swing Pricing / Spread". Shares that have been converted into shares of another compartment will be cancelled.

Under certain circumstances, the Board of Directors is entitled to charge a "Dilution Levy" on the conversion price, representing up to 2% of the net asset value, as described in the following "Dilution Levy" section. In all cases, the actual Dilution Levy charged on each Valuation Day will apply identically to all shares converted on that Valuation Day.

## SETTLEMENTS

If, on the settlement, banks are not open for business, or an interbank settlement system is not operational, in the country of the relevant compartment or share class, then settlement will be on the next Week Day on which those banks and settlement systems are open.

## DILUTION LEVY

In certain exceptional circumstances such as, for example:

- significant trading volumes;
- market disturbances;
- any other cases when the Board of Directors deems, at its sole discretion, that the interest of the existing shareholders (concerning issues/switches) or of the remaining shareholders (concerning redemptions/switches) might be negatively affected,

the Board of Directors of the Fund will be authorised to charge a "Dilution Levy" for a maximum of 2% of the value of the net asset value on the issue, redemption and/or switch price.

In cases when it is charged, this Dilution Levy will equitably apply, as at a given Valuation Day, to all shareholders/investors of the relevant compartment having sent a subscription, redemption or switch request. It will be paid to the compartment and will become an integral part of that compartment.

The Dilution Levy thus applied will be calculated with reference in particular to market effects.

The Dilution Levy may be cumulative with the corrections to the net asset value as described in the section "Swing Pricing / Spread" below.

## CALCULATION OF THE NET ASSET VALUE

The Administrative Agent calculates the net asset value, for shares for each compartment in the currency of the compartment in question as at each Valuation Day, as defined in Annex 1.

The net asset value as at a Valuation Day shall be calculated on the Calculation Day as specified for each compartment in Annex 1.

The net asset value of a share of each compartment will be calculated by dividing the net assets of the compartment in question by the compartment's total number of shares in circulation. A compartment's net assets correspond to the difference between its total assets and total liabilities.

If various sub-classes of shares are issued in a given compartment, the net asset value of each sub-class of shares in this compartment will be calculated by dividing the total net asset value (calculated for the compartment in question and attributable to this sub-class of shares) by the total number of shares issued for this sub-class.

The percentage of the total net asset value of the relevant compartment that can be attributed to each sub-class of shares, which was initially identical to the percentage of the number of shares represented by the sub-class of shares in question, varies according to the level of distribution shares, as follows:

a. if a dividend or any other distribution is paid out for distribution shares, the total net assets attributable to the sub-class of shares will be reduced by the amount of this distribution (thereby reducing the percentage of the total net assets of the compartment in question, attributable to the distribution shares) and the total net assets attributable to capitalisation shares will remain identical (thereby increasing the percentage of the compartment's total net assets attributable to the capitalisation shares);

b. if the capital of the compartment in question is increased through the issue of new shares in one of the sub-classes, the total net assets attributable to the sub-class of shares concerned will be increased by the amount received for this issue;

c. if the shares of a sub-class are redeemed by a given compartment, the total net assets attributable to the corresponding sub-class of shares will be reduced by the price paid for the redemption of these shares;

d. if the shares of a sub-class are converted into shares of another sub-class, the total net assets attributable to this sub-class will be reduced by the net asset value of the shares converted while the total net assets attributable to the sub-class in question will be increased by the same amount.

The total net assets of the Fund will be expressed in euros and correspond to the difference between the total assets (total wealth) and the total liabilities of the Fund. For the purposes of this calculation, if the net assets of a compartment are not expressed in euros, they will be converted to euros and added together.

The assets of each compartment will be valued as follows:

a. The securities admitted for listing on an official stock exchange or on another regulated market will be valued using the last known price unless this price is not representative.

b. Securities not admitted to such listing or not on a regulated market and securities thus listed but whose last known price is not representative, will be valued on the basis of the probable selling price, estimated prudently and in good faith.

c. The value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, dividends and interest declared or accrued and not yet obtained, will be constituted by the nominal value of the assets, unless it appears unlikely that this amount will be obtained, in which case the value will be determined after deducting the amount that the Board of Directors deems appropriate to reflect the true value of these assets.

d. Money market instruments will be valued using the amortised cost method at their nominal value plus any accrued interest or the "mark-to-market" method.

e. Securities expressed in a currency other than that of the reference compartment will be converted to the currency of that compartment at the applicable exchange rate.

f. Units/shares issued by open-ended-type undertakings for collective investment:

- on the basis of the last net asset value known by the Administrative Agent, or
- on the basis of the net asset value estimated on the closest date to the compartment's valuation day.

g. The value of companies that are not admitted for listing on an official or regulated market may be determined using a valuation method proposed in good faith by the Board of Directors based on the last audited annual financial statements available, and/or on the basis of recent events that may have an impact on the value of the security in question and/or on any other available valuation. The choice of method and of the medium allowing the valuation will depend on the estimated relevance of the available data. The value may be corrected according to any unaudited periodic financial statements available. If the Board of Directors deems that the price is not representative of the probable selling value of such a security, it will then estimate the value prudently and in good faith on the basis of the probable selling price.

h. The value of forward contracts (futures and forwards) and option contracts traded on a regulated market or a securities exchange will be based on the closing or settlement prices published by the regulated market or securities exchange that as a general rule constitutes the principal place for trading those contracts. If a forward contract or option contract cannot be liquidated on the valuation date of the net assets in question, the criteria for determining the liquidation value of the forward or option contract will be set by the Board of Directors in a reasonable and equitable manner.

Forward contracts and option contracts that are not traded on a regulated market or on a securities exchange will be valued at their liquidation value determined in accordance with the rules established in good faith by the Board of Directors and according to standard criteria for each type of contract.

i. The expected future flows, to be received and paid by the compartment pursuant to swap contracts, will be valued at their updated values.

j. When it deems necessary, the Board of Directors may establish a valuation committee whose task will be to estimate prudently and in good faith the value of certain securities.

The Board of Directors is authorised to adopt any other appropriate principles for valuing the compartment's assets if it is impossible or inappropriate to calculate the values based on the above criteria.

If there is no bad faith or obvious error, the valuation determined by the Administrative Agent will be considered as final and will be binding on the compartment and its shareholders.

## SWING PRICING / SPREAD

Portfolio transactions are liable to generate expenses as well as a difference between the trading price and the valuation of investments or divestments. To protect the Fund's existing shareholders, at the time of subscriptions and/or redemptions received for a given Valuation Day, shareholders entering or exiting generally bear the impacts of these negative effects. These costs (estimated at a flat rate or effective value) may be invoiced separately or by adjusting the NAV of a concerned compartment or class either down or up. The Board of Directors may also decide to only apply this correction at a certain level of subscriptions and/or redemptions in a given compartment or class. These procedures apply in an equitable manner to all shareholders of a same compartment on the same Valuation Day, and are based on capital activity.

The specific method applied for each class is the following: for all classes of all compartments, unless otherwise specified in Annex 1, the swing methodology will be applied and therefore the NAV will be adjusted:

The effect of any such corrections with respect to the net asset value that would have been obtained without them may not exceed 2% unless otherwise specified in the Annexes.

The Swing Pricing / Spread may be cumulative with the "Dilution Levy" as described in the above paragraph.

## SUSPENSION OF CALCULATION OF THE NET ASSET VALUE, SUBSCRIPTIONS, REDEMPTIONS AND CONVERSIONS

The calculation of the net asset value, and the issue, redemption and conversion of the shares of one or more compartments may be suspended in the following cases:

- When one or more stock exchanges or markets on which a significant percentage of the Fund's assets are valued or one or more foreign exchange markets in the currencies in which the net asset value of shares is expressed or in which a substantial portion of the Fund's assets is held, are closed, other than for normal holidays or if dealings on them are suspended, restricted or subject to major fluctuations in the short term;

- When, as a result of political, economic, military, monetary or social events, strikes or any other cases of *force majeure* outside the responsibility and control of the Fund, the disposal of the Fund's assets is not reasonably or normally practicable without being seriously detrimental to shareholders' interests;
- When there is a breakdown in the normal means of communication used to calculate the value of an asset in the Fund or if, for whatever reason, the value of an asset in the Fund cannot be calculated as promptly or as accurately as required;
- When, as a result of currency restrictions or restrictions on the movement of capital, transactions for the Fund are rendered impracticable, or purchases or sales of the Fund's assets cannot be carried out at normal rates of exchange;
- In the event of the publication (i) of a notice for a General Meeting of the Shareholders at which the dissolution and the liquidation of the Fund or of a compartment are proposed or (ii) of the notice informing the shareholders of the Board of Directors' decision to liquidate one or more compartment(s) or, to the extent that such a suspension is justified by the need to protect shareholders, (iii) of the notice for a General Meeting of the Shareholders called to decide on the merger of the Fund or of one or more compartment(s) or (iv) of a notice informing the shareholders of the Board of Directors' decision to merge one or more compartments;
- When for any other reason, the value of the assets or of the debts and liabilities attributable respectively to the Fund or to the compartment in question cannot be quickly or accurately determined;
- For any other circumstance in which failure to suspend could engender either for the Fund, one of its compartments or its shareholders, certain liabilities, financial disadvantages or any other harm for the Fund that the compartment or its shareholders would not otherwise experience.

For compartments which invest their assets through a company wholly-controlled by the Fund, only the underlying investments will be taken into account for the implementation of the above restrictions and the intermediary company will be treated as though it did not exist.

In such cases, shareholders who have submitted applications to subscribe to, redeem or convert shares in compartments affected by the suspension measures will be notified.

The Fund may, at any time and at its discretion, temporarily discontinue, permanently cease or limit the issue of shares in one or more compartments to natural or legal entities resident or domiciled in certain countries or territories. It may also prohibit them from acquiring shares if such a measure is deemed necessary to protect all shareholders and the Fund.

Moreover, the Fund reserves the right to:

a. reject any application to subscribe for shares, at its discretion;
b. redeem shares acquired in breach of an exclusion measure, at any time.

For the reasons outlined in section "Tax Status" below, the shares of the Fund may not be offered, sold, assigned or delivered to investors who are not (i) participating foreign financial institutions, (ii) deemed-compliant foreign financial institutions, (iii) non-reporting IGA foreign financial institutions, (iv) exempt beneficial owners (v), Active NFFEs or (vi) non-specified US persons, all as defined under FATCA, the US FATCA final regulations and/or any applicable intergovernmental agreement on the implementation of FATCA. Such FATCA non-compliant investors may not hold shares of the Fund and shares may be subject to compulsory redemption if this is deemed appropriate for the purpose of ensuring compliance of the Fund with FATCA. Investors will be required to provide evidence of their status under FATCA by means of any relevant tax documents, in particular a "W-8BEN-E" form of the US Internal Revenue Service that must be renewed on a regular basis according to applicable regulations.

The Fund does not allow practices associated with "Market Timing" and reserves the right to reject any subscription and incoming conversion orders from any investor suspected of such practice. The Fund will also take all necessary steps to protect investors.

## DISTRIBUTION OF INCOME

The Board of Directors reserves the right to introduce a distribution policy that may vary between compartments and sub-classes of shares in issue.

In addition to the aforementioned distributions, the Fund may decide to distribute interim dividends.

The Fund may distribute the net investment revenue, realised capital gains, unrealised capital gains and capital. Investors should thus be aware that distributions may effectively reduce the net value of the Fund. No income will be distributed if the Fund's net assets after distribution would fall below EUR 1,250,000.

The Fund may distribute free bonus shares within the same limits.

Dividends and allotments not claimed within five years of their payment date will lapse and revert to the compartment or to the relevant sub-class of shares in the Fund compartment.

## FUND EXPENSES

A service fee will be paid to the Management Company in payment for the services provided by it to the Fund. This fee will also enable the Management Company to remunerate BNP Paribas Securities Services, Luxembourg Branch, for the functions of administrative agent and FundPartner Solutions (Europe) S.A. for the functions of transfer, registrar and paying agent.

The Management Company will also receive management fees from the compartments and, in some cases, performance fees, to remunerate the Investment Managers, the Investment Advisers and the distributors, if any,in accordance with applicable laws and regulations (including but not limited to MiFID).

In payment for its custodial services, the Depositary Bank will charge a fee for the deposit of assets and the safekeeping of securities.

Service, management and depositary bank fees are charged to a compartment's sub-classes of shares in proportion to its net assets and are calculated on the average of the net asset values of these sub-classes.

Transaction fees will also be charged at rates fixed by common agreement.

For details of the management fees, please refer to Annex 1.

The rate indicated in the annexes for the Depositary Bank fee does not include VAT.

The Investment Managers may enter into soft commission arrangements only where there is a direct and identifiable benefit to their clients, including the Fund, and where the Investment Managers are satisfied that the transactions generating the soft commissions are made in good faith, in strict compliance with applicable regulatory requirements and in the best interests of the Fund. The Managers may enter into such agreements to the extent permitted by and on terms and conditions compliant with best market practice and applicable laws and regulations.

### Other expenses

Other costs charged to the Fund may include:

1. All taxes and duties that may be due on the Fund's assets or income earned by the Fund, in particular the subscription tax (0.05% p.a.) on the Fund's net assets. This tax will be reduced to 0.01% for assets relating to shares reserved for institutional investors.
2. Fees and charges on transactions involving securities in the portfolio.
3. Remuneration of the Depositary Bank's correspondents.
4. Fees and expenses reasonably incurred by the Domiciliation Agent, Transfer Agent, Administrative Agent and Paying Agent.
5. Remuneration of foreign agents appointed to market the Fund abroad.
6. The cost of exceptional measures, particularly expert appraisals or legal proceedings undertaken to protect shareholders' interests.
7. The cost of preparing, printing and filing administrative documents, prospectuses and explanatory reports with the authorities, fees payable for the registration and maintenance of the Fund with authorities and official stock exchanges, fees and expenses relating to investment research, the cost of preparing, translating, printing and distributing periodic reports and other documents required by law or regulations, the cost of accounting and calculating the net asset value, the cost of preparing, distributing and publishing reports for shareholders, fees for legal consultants, experts and independent auditors, and any similar operating costs.
8. Advertising costs and expenses, other than those specified above, relating directly to the offer or distribution of shares will be charged to the Fund to the extent decided by the Board of Directors.

All recurring expenses will be charged first to the Fund's income, then to realised capital gains, then to the Fund's assets. All other expenses may be amortised over a maximum of five years.

When calculating the net asset values of the various compartments, expenses will be divided among the compartments in proportion to the net assets of these compartments, unless these expenses relate to a specific compartment, in which case they will be allocated to that compartment.

## Division into compartments

For each compartment, the Board of Directors will create a group of distinct assets, within the meaning of the Law of 2010. The assets of a compartment will not include any liabilities of other compartments. The Board of Directors may also create two or more sub-classes of shares within each compartment and:

a. Proceeds from the issue of shares of a particular compartment will be booked under the compartment in question in the Fund's accounts and, if relevant, the corresponding amount will accrue to the net assets of the compartment in question, and the assets, liabilities, income and expenses relating to this compartment will be allocated to it in accordance with the provisions of this Article. If there are several sub-classes of shares in such a compartment, the corresponding amount will increase the proportion of the net assets of the compartment in question, and will be assigned to the sub-class of shares concerned.

b. If an asset is derived from another asset, this derivative asset will be allocated in the books of the Fund to the compartment or sub-class of shares to which the asset from which it is derived belongs and, each time an asset is revalued, the increase or decrease in value will be allocated to the corresponding compartment or sub-class of shares.

c. If the Fund is charged with a liability attributable to an asset from a particular compartment or a specific sub-class of shares or to an operation carried out in relation to the assets of a particular compartment or particular sub-class of shares, that liability will be allocated to the compartment or sub-class of shares in question.

d. Where a Fund's asset or liability cannot be allocated to a particular compartment, that asset or liability will be allocated in equal shares to all compartments or allocated in such a way as the Board of Directors determines prudently and in good faith.

e. The costs incurred for setting up a new compartment or restructuring will, where applicable, be allocated to the new compartment and may be amortised over a five-year period.

## RISK CONSIDERATIONS

Investors must read this "Risk Considerations" section before investing in any of the compartments.

This "Risk Considerations" section contains explanations of the various types of investment risks that may be applicable to the compartments. Please refer to the section "Risk Profile" of appendices for details as to the most relevant risks applicable to each compartment.

Investors should be aware that other risks may also be relevant to the compartments from time to time.

### *Counterparty risk*

The risk of loss due to a counterparty failing to meet its contractual obligations in a transaction. This may entail the compartments to delayed delivery. In the case of default of the counterparty, the amount, nature and timing of recovery may be uncertain.

- **Collateral risk.** The risk of loss caused by delayed or partial recovery as well as loss of rights on assets pledged as collateral. Collateral can take the form of initial margin deposits or assets with a counterparty. Such deposits or assets may not be segregated from the counterparty's own assets and, being freely exchangeable and replaceable, the compartment may have a right to the return of equivalent assets rather than the original margin as-sets deposited with the counterparty. These deposits or assets may exceed the value of the relevant compartments' obligations to the counterparty in the event that the counterparty requires excess margin or collateral. In addition, as the terms of a derivative may provide for one counterparty to provide collateral to the other counterparty to cover the variation margin exposure arising under the derivative only if a minimum transfer amount is triggered, the compartments may have an uncollateralised risk exposure to a counterparty under a derivative up to such minimum transfer amount.

  Where a compartment receives collateral, investors must notably be aware that (A) in the event of the failure of the counterparty with which cash of a compartment has been placed there is the risk that collateral received may yield less than the cash placed out, whether because of inaccurate pricing of the collateral, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded and that (B) (i) locking cash in transactions of excessive size or duration, (ii) delays in recovering cash placed out, or (iii) difficulty in realising collateral may restrict the ability of the compartment to meet redemption requests, security purchases or, more generally, reinvestment.

  In case of reinvestment of cash collateral such reinvestment may (i) create leverage with corresponding risks and risk of losses and volatility, (ii) introduce market exposures inconsistent with the objectives of the compartment, or (iii) yield a sum less than the amount of collateral to be returned. Generally in case of reinvestment of cash collateral all risks associated with a normal investment apply.

In either case, where there are delays or difficulties in recovering assets or cash, collateral posted with counterparties, or realising collateral received from counterparties, the compartments may encounter difficulties in meeting redemption or purchase requests or in meeting delivery or purchase obligations under other contracts. Where a compartment receives collateral the custody risk, the operational risk and the legal risk referred to below would also apply.

- **Settlement risk.** The risk of loss resulting from a counterparty's failure to deliver the terms of a contract at the time of settlement. The acquisition and transfer of holdings in certain investments may involve considerable delays and transactions may need to be carried out at unfavourable prices as clearing, settlement and registration systems may not be well organised in some markets.

*Credit risk*

The risk of loss resulting from a borrower's failure to meet financial contractual obligations, for instance timely payment of interest or principal. Depending on contractual agreements, various credit events may qualify as default, which include but are not limited to: bankruptcy, insolvency, court-ordered reorganisation/liquidation, rescheduling of debts or non-payment of debts payable. The value of assets or derivative contracts may be highly sensitive to the perceived credit quality of the issuer or reference entity. Credit events may adversely affect the value of investments, as the amount, nature and timing of recovery may be uncertain.

- **Credit rating risk.** The risk that a credit rating agency may downgrade an issuer's credit rating. Investment restrictions may rely on credit rating thresholds and thus have an impact on securities selection and asset allocation. The Investment Managers may be forced to sell securities at an unfavourable time or price. Credit rating agencies may fail to correctly assess the credit worthiness of issuers.

- **High Yield investment risk**. High yield debt (also known as non-investment-grade or speculative-grade) is defined as debt generally offering high yield, having low credit rating and high credit event risk. High yield bonds are often more volatile, less liquid and more prone to financial distress than other higher rated bonds. The valuation of high yield securities may be more difficult than other higher rated securities because of lack of liquidity. Investment in this kind of securities may lead to unrealised capital losses and/or losses that can negatively affect the net asset value of the compartment.

- **Distressed and defaulted debt securities risk.** Bonds from issuers in distress are often defined as those (i) that have been given a very speculative long-term rating by credit rating agencies or those (ii) that have filed for bankruptcy or expected to file for bankruptcy. In some cases, the recovery of investments in distressed or defaulted debt securities is subject to uncertainty related to court orderings and corporate reorganisations among other things. The valuation of distressed and defaulted securities may be more difficult than other higher rated securities because of lack of liquidity. The Compartment may incur legal expenses when trying to recover principal or interest payments. Investment in this kind of securities may lead to unrealised capital losses and/or losses that can negatively affect the net asset value of the compartment.

*Liquidity risk*

The risk that arises from lack of marketability or presence of sale restrictions.

- **Asset liquidity risk.** The inability to sell an asset or liquidate a position within a defined timeframe without a significant loss in value. Asset illiquidity can be caused by lack of established market for the asset or lack of demand for the asset. Large positions in any class of securities of a single issuer can cause liquidity issues. Risk of illiquidity may exist due to the relatively undeveloped nature of financial markets in some countries. The Investment Managers may be unable to sell assets at a favourable price and time because of illiquidity.

- **Investment restriction risk**. The risk arising from governmental capital controls or restrictions that may negatively impact the timing and amount of capital being divested. In some cases, the compartments may not be able to withdraw investments made in some countries. Governments may change restrictions on foreign ownership of local assets, including but not limited to restrictions on sectors, individual and aggregate trading quotas, percentage of control and type of shares available to foreigners. The compartments may not be able to implement their strategies due to restrictions.

- **Restricted securities risk**. In some jurisdictions, and under particular circumstances, some securities may have a temporary restricted status which can limit the fund's ability to resell them. In consequence of such market restrictions, the compartment may suffer from reduced liquidity. For instance under the United States Securities Act of 1933, rule 144A addresses resale conditions of restricted securities, which include, but are not limited to, the purchaser qualifying as a qualified institutional buyer.

*Market risk*

The risk of loss due to movements in financial market prices and changes in factors that affect these movements. Market risk is further declined into risk items corresponding to major asset classes or market characteristics. Recessions or economic slowdowns impact financial markets and may decrease the value of investments.

- **Commodity risk**. The risk which arises from potential movements of commodity values, which include for instance agricultural products, metals, and energy products. The value of the compartments can be indirectly impacted by changes in commodity prices.
- **Currency risk**. The risk which arises from potential movements of currency exchange rates. It is the risk which arises from the holding of assets denominated in currencies different from the compartment's base currency. It may be affected by changes in currency exchange rates between the base currency and these other currencies or by changes in regulations controlling these currency exchange rates. It must therefore be expected that currency exchange risks cannot always be hedged and the volatility of currency exchange rates to which the compartment is exposed may affect the net asset value of the compartment.
- **Equity risk**. The risk which arises from potential movements in level and volatility of stock prices. Equity holders often support more risk than other creditors in the capital structure of an entity. Equity risk includes among other risks, the possibility of loss of capital and suspension of income (dividend) for dividend paying stocks. Initial Public Offering (IPO) risk also applies when companies are listed on an exchange for the first time. IPO securities have no trading history, and the available information related to the company may be limited. As a consequence, the prices of securities sold in IPOs may be highly volatile. The Fund may also not receive the targeted subscribed amount which may impact its performance. Such investments may generate substantial transaction costs.
- **Interest rate risk**. The risk which arises from potential movements in the level and volatility of yields. The value of investments in bonds and other debt securities or derivative instruments may rise or fall sharply as interest rates fluctuate. As a general rule, the value of fixed-rate instruments will increase when interest rates fall and vice-versa. In some instances, prepayments (i.e. early unscheduled return of principal) can introduce reinvestment risk as proceeds may be reinvested at lower rates of return and impact the performance of the compartments.
- **Real estate risk**. The risk which arises from potential movements in the level and volatility of real estate values. Real estate values are affected by a number of factors, including but not limited to changes in general and local economic conditions, changes in supply of and demand for competing properties in an area, changes in government regulations (such as rent control), changes in real property tax rates and changes in interest rates. The compartment's value may be indirectly impacted by real estate market conditions.
- **Volatility risk.** The risk of uncertainty of price changes. Usually, the higher the volatility of an asset or instrument, the higher its risk. The prices for transferable securities in which the compartments invest may change significantly in short-term periods.
- **Emerging market risk**. Emerging markets are often less regulated and less transparent than developed markets and are often characterised by poor corporate governance systems, non-normal distributions of returns and are more exposed to market manipulation. Investors should be aware that, due to the political and economic situation in some emerging countries, investments may present greater risk than those in developed markets. The accounting and financial information on the companies in which the compartments invest may be more cursory and less reliable. The risk of fraud is usually greater in emerging countries than in developed countries. Companies in which frauds are uncovered may be subject to large price movements and/or suspension of quotation. The risk that audit firms fail to uncover accounting errors or frauds is usually larger in emerging countries than in developed countries. The legal environment and laws governing ownership of securities in emerging countries may be imprecise and do not provide the same guarantees as the laws in developed countries, in the past there have been cases of

fraudulent and falsified securities. Emerging markets risk includes various risks defined throughout this section such as capital repatriation restriction, counterparty, currency risk, interest rate risk, credit risk, equity risk, credit risk, liquidity risk, political risk, fraud, audit, volatility, illiquidity as well as restrictions on foreign investments risk among other risks. The choice of providers in some countries may be very limited and even the best-qualified providers may not offer guarantees comparable to those given by financial institutions and brokerage firms operating in developed countries.

*Compartment Specific Risks*
The set of risks attached to investment compartments. The compartments may not be able to implement its investment strategy or its asset allocation and the strategy may fail to achieve its investment objective. This may cause loss of capital and income, and index tracking risk.

› **Hedging risk**. The risk arising from a compartment's share class or investment being over or under hedged with regards to, but not limited to currency exposure and duration.

› **Redemption risk**. The inability to meet a redemption within a contractual timeframe without serious disruption of the portfolio structure or loss of value for the remaining investors. Compartments' redemptions whether in cash or in kind may impair the strategy. Swings may apply to redemption and may differ from the NAV per share price at the disadvantage of the shareholder redeeming shares. In crisis periods, the risk of illiquidity may give rise to suspension of the calculation of the NAV and temporarily impede the right of shareholders to redeem their shares.

› **Fund liquidation risk**. Liquidation risk is the inability to sell some holdings when a compartment is being liquidated. This is the extreme case of redemption risk.

› **Dividend distribution risk.** Dividend distributions reduce the NAV and may erode the capital.

*Operational risk*
The risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Operational risk includes but is not limited to multiple risks such as: systems and process risk that arises from systems vulnerability, insufficiency or controls failure, valuation risk when an asset is overvalued and is worth less than expected when it matures or is sold, service providers risk when service providers do not deliver the desired level of service, execution risk when an order may not be executed as desired, resulting in a loss for the compartments or having regulatory consequences, and risk surrounding the human being (insufficient or inappropriate skills/competencies, loss of key personal, availability, health, safety, fraud/collusion risk, etc.)

*Other risks*
This category lists all risks that do not belong to other categories and that are not specific to a market.

› **Legal risk**. The risk from uncertainty due to legal actions or uncertainty in the applicability or interpretation of contracts, laws or regulations.

› **Regulatory and compliance risk**. The risk that regulations, standards or rules of professional conduct may be violated resulting in legal and regulatory sanctions, financial losses or damage to one's reputation.

› **Concentration risk.** The risk of losses due to the limited diversification in the investments made. Diversification may be sought in terms of geography (economic zone, country, region, etc.), currency or sector. Concentration risk also relates to large positions in a single issuer relative to a compartment's asset base. Concentrated investments are often more prone to political and economic factors and may suffer from increased volatility.

› **Political risk**. Political risk may arise from sudden changes in political regime and foreign policy which may result in large unexpected movements in the level of currencies, repatriation risk (i.e. restrictions on repatriation of funds from emerging countries) and volatility risk. This may lead to increased fluctuations in the exchange rate for these countries, asset prices and capital repatriation restrictions risk. In extreme cases, political changes can stem from terrorist attacks or lead to economic and armed conflicts. Some governments are implementing policies of economic and social liberalisation but there is no assurance that these reforms will be continued or that they will be beneficial to their economies in the long term. These reforms may be challenged or slowed by political or social events, or by national or international armed conflicts (such as the conflict in the former Yugoslavia). All these political risks may impair objectives set for a compartment and negatively impact the NAV.

› **Tax risk**. The risk of loss incurred by changes in tax regimes, loss of tax status or advantages. This may impact the compartments' strategy, asset allocation and NAV.

- **Trading venues risk.** The risk that exchanges discontinue the trading of assets and instruments. Suspensions and de-listings constitute the main risks related to trading exchanges. The compartments may not be able to trade certain assets for a period of time.
- **Conflict of interest risk.** A situation that occurs when a service provider may disadvantage one party or client over another when holding multiple interests. Conflict of interest may concern but are not limited to voting right, soft dollar policies and in some cases securities lending. Conflicts of interest may be at the compartments' disadvantage or cause legal issues.
- **Leverage risk.** Leverage may increase the volatility of the Compartment's Net Asset Value and may amplify losses which could become significant and potentially cause a total loss of the net asset value in extreme market conditions. The extensive use of financial derivatives instruments may lead to a considerable leverage effect.
- **Custody risk.** Assets of the Fund are custodied by the Depositary Bank and investors are exposed to the risk of the Depositary Bank not being able to fully meet its obligation to recover all of the assets within a short time frame (including collateral) of the Fund in the case of bankruptcy of the Depositary Bank. The assets of the Fund will be identified in the Depositary Bank's books as belonging to the Fund. Securities held by the Depositary Bank will be segregated from other assets of the Depositary Bank which mitigates but does not exclude the risk of non-restitution in case of bankruptcy. However, no such segregation applies to cash which increases the risk of non-restitution in case of bankruptcy.

  Where securities (including collateral) are held with third-party delegates, such securities may be held by such entities in client omnibus accounts and in the event of a default by any such entity, where there is an irreconcilable shortfall of such securities, the Fund may have to share that shortfall on a pro-rata basis. Securities may be transferred as collateral with title transfer to clearing brokers which therefore do not qualify as third-party delegate of the Depositary Bank and in respect of the acts or defaults of which the Depositary Bank shall have no liability. There may be circumstances where the Depositary Bank is relieved from liability for the acts or defaults of its appointed third-party delegates provided that the Depositary Bank has complied with its duties.

  In addition, the compartments may incur losses resulting from the acts or omissions of the Depositary Bank, or any of its third party delegates when performing or settling transactions or when transferring money or securities. More generally, the compartments are exposed to risks of loss associated to the Depositary Bank function if the Depositary Bank or a third party delegate fails to perform its duties (improper performance).
- **Disaster risk.** The risk of loss caused by natural and/or man-made hazards. Disasters can impact economic regions, sectors and sometimes have a global impact on the economy and therefore the performance of the compartment.

*Specific risks*

This category lists all risks that are specific to certain geographical areas or investment programmes.

- **Risk of investing in Russia**. Investments in Russia are subject to custody risk inherent to the country's legal and regulatory framework. This could cause loss of ownership of securities.
- **Risk of investing in the PRC.** Investments in the People's Republic of China ("PRC") are subject to restrictions by the local regulators, and include among other things: daily and market aggregate trading quotas, restricted classes of shares, capital restrictions and ownership restrictions. The PRC authorities could impose new market restrictions, capital restrictions as well as nationalise, confiscate and expropriate firms or assets. On 14 November 2014, the Ministry of Finance, State of Administration of Taxation and CSRC jointly issued a notice in relation to the taxation rule on the Stock Connect under Caishui [2014] No.81 ("Notice No.81"). Under Notice No.81, Corporate income tax, individual income tax and business tax will be temporarily exempted on gains derived by Hong Kong and overseas investors (such as the compartments) on the trading of China A-Shares through the Stock Connect with effect from 17 November 2014. However, Hong Kong and overseas investors (such as the compartments) are required to pay tax on dividends and/or bonus shares at the rate of 10% which will be withheld and paid to the relevant authority by the listed companies. The Management Company and/or Investment Managers reserve the right to provide for tax on gains of the relevant compartments that invest in PRC securities thus im-

pacting the valuation of the relevant compartments. With the uncertainty of whether and how certain gains on PRC securities are to be taxed, the possibility of the laws, regulations and practice in the PRC changing, and the possibility of taxes being applied retrospectively, any provision for taxation made by the Management Company and/or the Investment Managers may be excessive or inadequate to meet final PRC tax liabilities on gains derived from the disposal of PRC securities. In the event of insufficient provision, the tax due will be charged on the Fund's assets, and this may adversely affect them as a result. Consequently, investors may be advantaged or disadvantaged depending upon the final outcome of how such gains will be taxed, the level of provision and when they purchased and/or sold their shares in/from the relevant compartments.

› **QFII risk.** Investments in the People's Republic of China ("PRC") can be made via a QFII ("Qualified Foreign Institutional Investor") programme. The programme enables capital flows to/from the PRC within the limits of quotas allocated to institutional investors. In some circumstances, the compartment may not be able to immediately repatriate proceeds from sales of China A-Shares due to asset repatriation restrictions imposed by local authorities. Such restrictions may impair the compartment's strategy and have an impact on the compartment's performance. The QFII status is subject to the approbation of the CRSC and the investment quota is subject to the approbation of SAFE ("State Administration of Foreign Exchange"). This quota will be allocated to the Investment Manager (i.e. PICTET AM Ltd), who will have the right to use it for multiple purposes. Transactions are dealt in USD, in eligible renminbi (RMB) denominated products approved by CSRC. CSRC and SAFE can at any time modify the terms and conditions of the programme. Changes in quota sizes or China A-Share eligibilities could impede the relevant compartments' investment strategies.

› **RQFII risk.** Investments in the People's Republic of China ("PRC") can be made via a RQFII ("Renminbi Qualified Foreign Institutional Investor") programme. The programme enables capital flows to/from China within the limits of regional quotas allocated to offshore regions. The RQFII status is subject to the approbation of the CSRC and the investment quota is subject to the approbation of SAFE. The Investment Manager (i.e. PICTET AM Ltd) will have the right to use his quota for multiple funds and compartments. Transactions are dealt in RMB, in eligible RMB denominated products approved by CSRC. CSRC and SAFE can at any time modify the terms and conditions of the programme. Please consult the websites and http://www.safe.gov.cn for more information. Changes in quota sizes or China A-Share eligibilities could impede the relevant compartments investment strategy.

› **CIBM risk.** The China Interbank Bond Market ("CIBM") is an OTC market with a dominant share of the whole Chinese interbank market and is regulated and supervised by the People's Bank of China ("PBC"). Trading on the CIBM market may expose the Compartment to higher liquidity and counterparty risk. In order to access the CIBM market, the RQFII manager must obtain prior approval from the PBC as a market participant. The manager's approval may be refused or withdrawn at any time, at the discretion of the PBC, which may limit the Compartment's investment opportunities in the instruments traded on the CIBM market. Investors' attention is drawn to the fact that clearing and settlement systems on the Chinese securities market may not as yet be extensively tested, and are subject to increased risks due to errors in assessment and delays in settling transactions.

› **Stock Connect risk.** Certain compartments may invest and have direct access to certain eligible China A-Shares via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (collectively the "**Stock Connect**"). The Shanghai-Hong Kong Stock Connect is a securities trading and clearing linked programme developed by Hong Kong Exchanges and Clearing Limited ("**HKEx**"), Shanghai-Stock Exchange ("**SSE**") and China Securities Depository and Clearing Corporation Limited ("**ChinaClear**"). The Shenzhen-Hong Kong Stock Connect is a securities trading and clearing linked programme developed by Hong Kong Exchanges and Clearing Limited ("**HKEx**"), Shenzhen-Stock Exchange ("**SZSE**") and China Securities Depository and Clearing Corporation Limited ("**ChinaClear**"). The aim of Stock Connect is to achieve mutual stock market access between the PRC and Hong Kong.

The Stock Connect comprises a Northbound Trading Link (for investment in China A-Shares) by which certain compartments may be able to place orders to trade eligible shares listed on SSE and SZSE.

Under the Stock Connect, overseas investors (including the compartments) may be allowed, subject to rules and regulations issued / amended from time to time, to trade certain China A-Shares listed on the SSE (the "**SSE Securities**") and certain China A-Shares listed on the SZSE (the "**SZSE Securities**") through the Northbound Trading Link. The list of eligible securities may be changed subject to the review and approval by the relevant PRC regulators from time to time.

In addition to the risks associated with investments in China and risks related to investments in RMB, investments through the Stock Connect are subject to additional risks, namely, restrictions on foreign investments, trading venues risk, operational risk, restrictions on selling imposed by front-end monitoring, recalling of eligible stocks, settlement risk, custody risk, nominee arrangements in holding China A-Shares, tax and regulatory risks.

- **Differences in trading day**. The Stock Connect only operates on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the PRC market but Hong Kong investors (such as the compartments) cannot carry out any China A-Shares trading, The compartments may be subject to a risk of price fluctuations in China A-Shares during the time when the Stock Connect is not trading as a result.
- **Restrictions on selling imposed by front-end monitoring**. PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise SSE or SZSE will reject the sell order concerned. SEHK will carry out pre-trade checking on China A-Shares sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.
- **Clearing settlement and custody risks**. The China A-Shares traded through Stock Connect are issued in scripless form, so investors, such as the relevant compartments, will not hold any physical China A-Shares. Hong Kong and overseas investors, such as the compartments, who have acquired SSE and SZSE Securities through Northbound trading should maintain the SSE and SZSE Securities with their brokers' or custodians' stock accounts with the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on SEHK. Further information on the custody set-up relating to the Stock Connect is available upon request at the registered office of the Company.
- **Operational risk**. The Stock Connect provides a new channel for investors from Hong Kong and overseas, such as the compartments, to access the China stock market directly. The Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this programme subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house. It should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for the trial programme to operate, market participants may need to address issues arising from the differences on an on-going basis. Further, the "connectivity" in the Stock Connect programme requires routing of orders across the border. This requires the development of new information technology systems on the part of the SEHK and exchange participants (i.e. a new order routing system ("**China Stock Connect System**") to be set up by SEHK to which exchange participants need to connect). There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the programme could be disrupted. The relevant

compartments' ability to access the China A-Shares market (and hence to pursue their investment strategy) will be adversely affected.

- **Nominee arrangements in holding China A-Shares**. HKSCC is the "nominee holder" of the SSE and SZSE securities acquired by overseas investors (including the relevant compartments) through the Stock Connect. The CSRC Stock Connect rules expressly provide that investors such as the compartments enjoy the rights and benefits of the SSE and SZSE securities acquired through the Stock Connect in accordance with applicable laws. However, the courts in the PRC may consider that any nominee or custodian as registered holder of SSE and SZSE securities would have full ownership thereof, and that even if the concept of beneficial owner is recognised under PRC law those SSE and SZSE securities would form part of the pool of assets of such entity available for distribution to creditors of such entities and/or that a beneficial owner may have no rights whatsoever in respect thereof. Consequently, the relevant compartments and the Custodian Bank cannot ensure that the compartments' ownership of these securities or title thereto is assured in all circumstances. Under the rules of the Central Clearing and Settlement System operated by HKSCC for the clearing of securities listed or traded on SEHK, HKSCC as nominee holder shall have no obligation to take any legal action or court proceeding to enforce any rights on behalf of the investors in respect of the SSE and SZSE securities in the PRC or elsewhere. Therefore, although the relevant compartments' ownership may be ultimately recognised, these compartments may suffer difficulties or delays in enforcing their rights in China A-Shares. To the extent that HKSCC is deemed to be performing safekeeping functions with respect to assets held through it, it should be noted that the Custodian and the relevant compartments will have no legal relationship with HKSCC and no direct legal recourse against HKSCC in the event that a compartment suffers losses resulting from the performance or insolvency of HKSCC.

- **Investor compensation**. Investments of the relevant compartments through Northbound trading under the Stock Connect will not be covered by Hong Kong's Investor Compensation Fund. Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Since default matters in Northbound trading via the Stock Connect do not involve products listed or traded in SEHK or Hong Kong Futures Exchange Limited, they will not be covered by the Investor Compensation Fund. On the other hand, since the relevant compartments are carrying out Northbound trading through securities brokers in Hong Kong but not PRC brokers, therefore they are not protected by the China Securities Investor Protection in the PRC.

- **Trading costs**. In addition to paying trading fees and stamp duties in connection with China A-Share trading, the relevant compartments may be subject to portfolio fees, dividend tax and tax concerned with income arising from stock transfers.

- **Regulatory risk**. The CSRC Stock Connect rules are departmental regulations having legal effect in the PRC. However, the application of such rules is untested, and there is no assurance that PRC courts will recognise such rules, e.g. in liquidation proceedings of PRC companies.

  The Stock Connect is novel in nature, and is subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong. Further, new regulations may be promulgated from

time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connect.
The regulations are untested so far and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change. There can be no assurance that the Stock Connect will not be abolished. The relevant compartments which may invest in the PRC markets through Stock Connect may be adversely affected as a result of such changes.

 – **Risks associated with the Small and Medium Enterprise board (SME) and/or ChiNext market.** SZSE offers the compartment to access mainly to small and medium capitalisation enterprises. Investing in such companies magnifies the risks listed in the Risk Factor of the concerned Compartment.

- **Chinese currency exchange rate risk.** RMB can be traded onshore (in CNY in mainland China) and offshore (in CNH outside mainland China, mainly in Hong Kong). Onshore RMB (CNY) is not a free currency and is controlled by PRC authorities. The Chinese renminbi is traded both directly within China (code CNY) and outside the country, primarily in Hong Kong (code CNH). The currency in question is one and the same. The onshore renminbi (CNY), traded directly within China, is not freely convertible, and is subject to exchange controls and a number of requirements made by the Chinese government. The offshore renminbi (CNH), traded outside China, is free-floating and subject to the impact of private demand on the currency. It may be that the exchange rates traded between a currency and the CNY or CNH, or in "non-deliverable forward" transactions, are different. As a result, the Compartment may be exposed to greater currency exchange risks. Trading restrictions on CNY may limit currency hedging or result in ineffective hedges.

*Product / Techniques risks*
This category lists all risks that related to investment products or technics.

- **Securities lending risk**. The risk of loss if the borrower (i.e. the counterparty) of securities loaned by the Fund/Compartment defaults on payment, there is a risk of delayed recovery (which may limit the Fund/Compartment's ability to meet its commitments) or risk of loss of rights on the collateral held. This risk, however, is mitigated by the solvency analysis of the borrower performed by the Pictet Group. The securities lending agreements are also subject to the risk of conflict of interest between the Fund and another entity in the Pictet Group, including the Agent providing services related to the securities lending agreements.
- **Repurchase and reverse repurchase agreement risk**. The risks associated with repurchase and reverse repurchase transactions arise if the counterparty to the transaction defaults or goes bankrupt and the compartment experiences losses or delays in recovering its investments. Although repurchase transactions are by their nature fully collateralised, the compartment could incur a loss if the value of the securities sold has increased in value relative to the value of the cash or margin held by the compartment. In a reverse repurchase transaction, the compartment could incur a loss if the value of the purchased securities has decreased in value relative to the value of the cash or margin held by the compartment.
- **Sukuk risk.** Sukuk are mainly issued by issuers of emerging countries and the relevant compartments bear the related risks. Sukuk prices are mostly driven by the interest rate market and react like fixed-income investments to changes in the interest rate market. In addition, the issuers may not be able or willing to repay the principal and/or the return in accordance with the term scheduled due to external or political factors/events. Sukuk holders may also be affected by additional risks such as unilateral rescheduling of the payment calendar and limited legal recourses against the issuers in case of failure or delay in repayment. Sukuk issued by governmental or government-related entities bear additional risks linked to such issuers, including but not limited to political risk.
- **Financial derivative instruments risk**. Derivative instruments are contracts whose price or value depends on the value of one or multiple underlying assets or data as defined in standardized or tailored contracts. Assets or data may include but are not limited to equity, index, commodity and fixed-income prices, currency pair exchange rates, interest rates, weather conditions as well as, and when applicable, volatility or credit quality related to

these assets or data. Derivative instruments can be very complex by nature and subject to valuation risk. Derivatives instruments can be exchange traded (ETD) or dealt over-the-counter (OTC). Depending on the nature of instruments, counterparty risk can accrue to one or both parties engaged in an OTC contract. A counterparty may not be willing or able to unwind a position in a derivative instrument and this inability to trade may cause the relevant compartments to be over-exposed to a counterparty among other things. Derivative instruments may have a considerable leverage effect, and due to their volatility, some instruments, such as warrants, present an above-average economic risk. The use of derivative instruments involves certain risks that could have a negative effect on the performance of the compartments. While the compartments expect that the returns on a synthetic security will generally reflect those of the related investment, as a result of the terms of the synthetic security, and the assumption of the credit risk of the applicable counterparty, a synthetic security may have, when applicable, a different expected return, a different (and potentially greater) probability of default, a different (and potentially greater) expected loss characteristic following a default, and a different (and potentially lower) expected recovery following default. Upon default on a related investment, or in certain circumstances, default, or other actions by an issuer of a related investment, the terms of the relevant synthetic security may permit, or require the counterparty to satisfy its obligations under the synthetic security by delivering to the compartments the investment or an amount equal to the then current market value of the investment. In addition, upon maturity, default, acceleration, or any other termination (including a put or call) of the synthetic security, the terms of the synthetic security may permit, or require the counterparty to satisfy its obligations under the synthetic security by delivering to the compartments' securities, other than the related investment or an amount different to the then current market value of the investment. In addition to the credit risks associated with holding investments, with respect to some synthetic securities, the compartments will usually have a contractual relationship with the relevant counterparty only, and not with the underlying issuer of the relevant investment. The compartment generally will not have the right to directly enforce compliance by the issuer with the terms of the investment, or any rights of set-off against the issuer, nor have any voting rights with respect to the investment. The main types of derivative financial instruments include but are not limited to Futures, Forwards, Swaps, Options, on underlyings such as equity, interest rates, credit, foreign exchange rates and Commodity. Example of Derivatives include but are not limited to Total Return Swaps, Credit Default Swaps, Swaptions, Interest Rate Swaps, Variance Swaps, Volatility Swaps, Equity Options, Bond Options and Currency Options. Derivative financial products and instruments are defined in the section "Investment restrictions" of the Prospectus.

- **Structured Finance Securities risk**. Structured finance securities include, but are not limited to, asset-backed securities, asset-backed commercial papers, credit-linked notes and portfolio credit-linked notes. Structured finance securities may sometimes have embedded derivatives. Structure finance securities may have different degrees of risk depending on the characteristics of the security and the risk of the underlying asset or pool of assets. In comparison to the underlying asset or pool of assets, structured finance securities may have greater liquidity, credit and market risk. Structured finance securities are defined in the section "Investment Restrictions" of the Prospectus.

- **Contingent Convertibles instruments risk.** Certain Compartments may invest in Contingent Convertible Bonds (sometimes referred to as "CoCo Bonds")). Under the terms of a Contingent Convertible Bond, certain triggering events, including events under the control of the management of the Contingent Convertible Bond's issuer, could cause the permanent write-down to zero of principal investment and/or accrued interest, or a conversion to equity. These triggering events may include (i) a deduction in the issuing bank's Core Tier 1/Common Equity Tier 1 (CT1/CET1) ratio (or other capital ratios) below a pre-set limit, (ii) a regulatory authority, at any time, making a subjective determination that an institution is "nonviable", i.e., a determination that the issuing bank requires public sector support in order to prevent the issuer from becoming insolvent, bankrupt, unable to pay a material part of its debts as they fall due or otherwise carry on its business and requiring or causing the conversion of the Contingent Convertibles Bonds into equity in circumstances that are beyond the control of the issuer or (iii) a national authority deciding to inject capital. The attention of investors investing in Compartments that are allowed to invest in Contingent Convertibles Bonds is drawn to the following risks linked to an investment in this type of instruments.

- **Trigger level risk.** Trigger levels differ and determine exposure to conversion risk depending on the CET1 distance to the trigger level. The conversion triggers are disclosed in the prospectus of each issuance. The amount of CET1 varies depending on the issuer while trigger levels differ depending on the specific terms of issuance. The trigger could be activated either through a material loss in capital as represented in the numerator or an increase in risk weighted assets as measured in the denominator.
- **Write-down, conversion and coupon cancellation risk.** All Contingent Convertible Bonds (Additional Tier 1 and Tier 2) are subject to conversion or write down when the issuing bank reaches the trigger level. Compartments could suffer losses related to write downs or be negatively affected by the unfavourable timing of conversion to equity. Additionally, coupon payments on Additional Tier 1 (AT1) Contingent Convertible Bonds are entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time, in a going concern situation. The cancellation of coupon payments on AT1 Contingent Convertible Bonds does not amount to an event of default. Cancelled payments do not accumulate and are instead written off. This significantly increases uncertainty in the valuation of AT1 Contingent Convertible Bonds and may lead to mispricing of risk. AT1 Contingent Convertible Bonds holders may see their coupons cancelled while the issuer continues to pay dividends on its common equity and variable compensation to its workforce.
- **Capital structure inversion risk.** Contrary to classic capital hierarchy, holders of Contingent Convertible Bonds may suffer a loss of capital when equity holders do not. In certain scenarios, holders of Contingent Convertible Bonds will suffer losses ahead of equity holders, e.g., when a high trigger principal write-down Contingent Convertible Bond is activated. These cuts against the normal order of capital structure hierarchy where equity holders are expected to suffer the first loss. This is less likely with a low trigger Contingent Convertible Bond when equity holders will already have suffered loss. Moreover, high trigger Tier 2 Contingent Convertible Bonds may suffer losses not at the point of gone concern but conceivably in advance of lower trigger AT1 Contingent Convertible Bonds and equity.
- **Call extension risk.** Most Contingent Convertible Bonds are issued as perpetual instruments, callable at pre-determined levels only with the approval of the competent authority. It cannot be assumed that the perpetual Contingent Convertible Bonds will be called on call date. Perpetual Contingent Convertible Bonds are a form of permanent capital. The investor may not receive return of principal if expected on call date or indeed at any date.
- **Unknown risk.** The structure of the instruments is innovative yet untested. In a stressed environment, when the underlying features of these instruments will be put to the test, it is uncertain how they will perform. In the event a single issuer activates a trigger or suspends coupons, potential price contagion and volatility to the entire asset class is possible. This risk may in turn be reinforced depending on the level of underlying instrument arbitrage. There exists uncertainty in the context of a supervisory decision establishing when the point of non-viability has been reached as well as in the context of a statutory bail-in set up under the new Bank Recovery and Resolution Directive.
- **Sector concentration risk**. Contingent Convertible Bonds are issued by banking/insurance institutions. If a Compartment invests significantly in Contingent Convertible Bonds its

performance will depend to a greater extent on the overall condition of the financial services industry than a Compartment following a more diversified strategy.

- **Liquidity risk.** In certain circumstances finding a ready buyer for Contingent Convertible Bonds may be difficult and the seller may have to accept a significant discount to the expected value of the bond in order to sell it.
- **Valuation risk**. Contingent Convertible Bonds often have attractive yields which may be viewed as a complexity premium. Relative to more highly rated debt issues of the same issuer or similarly rated debt issues of other issuers, Contingent Convertible Bonds tend to compare favourably from a yield standpoint. The risk of conversion or, for AT1 Contingent Convertible Bonds, coupon cancellation, may not be fully reflected in the price of Contingent Convertible Bonds. The following factors are important in the valuation of Contingent Convertible bonds: the probability of a trigger being activated, the extent and probability of any losses upon trigger conversion (not only from write-downs but also from unfavourably timed conversion to equity) and (for AT1 Contingent Convertible Bonds) the likelihood of cancellation of coupons. Individual regulatory requirements relating to the capital buffer, the issuers' future capital position, issuers' behaviour in relation to coupon payments on AT1 Contingent Convertible Bonds, and any risks of contagion are discretionary and/or difficult to estimate.

› **ABS and MBS risk.** Certain compartments may have exposure to a wide range of asset-backed securities (including asset pools in credit card loans, auto loans, residential and commercial mortgage loans, collateralised mortgage obligations and collateralised debt obligations), agency mortgage pass-through securities and covered bonds. The obligations associated with these securities may be subject to greater credit, liquidity and interest rate risk compared to other debt securities such as government issued bonds. ABS and MBS are securities that entitle the holders thereof to receive payments that are primarily dependent upon the cash flow arising from a specified pool of financial assets such as residential or commercial mortgages, motor vehicle loans or credit cards. ABS and MBS are often exposed to extension and prepayment risks that may have a substantial impact on the timing and size of the cash flows paid by the securities and may negatively impact the returns of the securities. The average life of each individual security may be affected by a large number of factors such as the existence and frequency of exercise of any optional redemption and mandatory prepayment, the prevailing level of interest rates, the actual default rate of the underlying assets, the timing of recoveries and the level of rotation in the underlying assets.

› **Depositary receipts risk**. Depositary receipts (ADRs, GDRs and EDRs) are instruments that represent shares in companies trading outside the markets in which the depositary receipts are traded. Accordingly whilst the depositary receipts are traded on Recognised Exchanges, there may be other risks associated with such instruments to consider- for example the shares underlying the instruments may be subject to political, inflationary, exchange rate or custody risks.

› **Real Estate Investment Trusts (REITs) risk**. There are special risk considerations associated with investing in the real estate industry securities such as Real Estate Investment Trusts (REIT) and the securities of companies principally engaged in the real estate industry. These risks include: the cyclical nature of real estate values, risks related to general and local economic conditions, overbuilding and increased competition, increases in property taxes and operating expenses, demographic trends and variations in rental income, changes in zoning laws, casualty or condemnation losses, environmental risks, regulatory limitations on rents, changes in neighbourhood values, related party risks, changes in the appeal of properties to tenants, increases in interest rates and other real estate capital market influences. Generally, increases in interest rates will increase the costs of obtaining financing, which could directly and indirectly decrease the value of a Fund investing in the Real Estate Industry.

› **Risks linked to investments in other UCIs.** The investment of the Compartment in other UCIs or UCITS involves the following risks:

- Fluctuations in the currency of the country in which that UCI/UCITS fund invests, or the regulations governing exchange control, the application of tax regulations of the various countries, including withholding, and changes in governmental, economic or monetary policies of the countries concerned, can have an effect on the value of an investment represented by a UCI/UCITS in which the Compartment invests; in addition, it should be noted that the net asset value per share of the Compartment can fluctuate in the wake of the net asset value of the UCI/UCITS in question, in particular where the UCI/UCITS funds that invest mainly in equities are concerned, due to the fact that they present volatility greater than that of UCI/UCITS funds that invest in bonds and/or other liquid financial assets.
- Nonetheless, the risks linked to investments in other UCI/UCITS are limited to the loss of the investment made by the Compartment.

## TIME LIMITATION

Claims of shareholders against the Board of Directors, the Depositary Bank, the Administrative Agent or the Transfer Agent will lapse five years after the date of the event that gave rise to the rights claimed.

## TAX STATUS

The Fund is subject to Luxembourg tax legislation.

### The Fund

The Fund is subject to Luxembourg tax legislation. Purchasers of shares in the Fund are responsible for ensuring that they are informed of the applicable legislation and regulations governing the acquisition, holding and sale of shares, with regard to their residence and nationality.

In accordance with the legislation in force in Luxembourg, the Fund is not subject to any Luxembourg income tax, capital gains tax or wealth tax, withheld at source or otherwise. Nevertheless, the net assets of the Fund are subject to tax at an annual rate of 0.05%, payable at the end of each quarter and calculated on the basis of the Fund's net assets at the end of each quarter. This tax will however be reduced to 0.01% for assets relating to shares reserved for institutional investors.

### European tax considerations

On 10 November 2015, the European Council adopted Council Directive (EU) 2015/2060 repealing Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments of 3 June 2003 (the "**Directive**") from 1 January 2017 for Austria and from 1 January 2016 for all other EU Member States. In accordance with the Directive, Member States of the European Union will be required to provide to the tax authorities of another Member State of the European Union information relating to interest payments or other similar income (within the meaning of the Directive) made by entities (within the meaning of the Directive) to individual beneficial owner who is resident, or to certain residual entities (within the meaning of the Directive) in that other Member State of the European Union. Other countries including the Swiss Confederation, the dependent or associated territories in the Caribbean, the Channel Islands, the Isle of Man, the Principality of Monaco and the Principality of Liechtenstein have also introduced equivalent measures to the exchange of information or the withholding tax.

Under the Luxembourg laws dated 21 June 2005 (the "**Law**"), implementing the Directive, further modified by the law of 25 November 2014, and several agreements concluded between Luxembourg and certain dependent or associated territories of the EU (the "**Territories**"),a Luxembourg-based paying agent is required since 1 January 2015 to report to the Luxembourg tax authorities the payment of interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual or certain residual entities resident or established in another EU Member State or in the Territories, and certain personal details on the beneficial owner. Such details are provided by the Luxembourg tax authorities to the competent foreign tax authorities of the state of residence of the beneficial owner (within the meaning of the Directive).

Dividends distributed by a compartment of the Fund will be subject to the Directive and the Law if more than 15% of the assets of the compartment are invested in debt securities (as defined by the Law) and proceeds realised by shareholders on the redemption or sale of shares of the compartment will be subject to the Directive and the Law if more than 25% of the assets of this compartment are invested in debt securities (such compartments are referred to below as "affected compartment(s)").

Consequently, if, as part of operations conducted by an affected compartment, a Luxembourg paying agent makes a payment of dividends or redemption proceeds directly to a shareholder who is a physical person, residing or considered to reside for tax purposes in another Member State of the European Union or in certain dependencies or associated territories listed above, such paying agent will automatically exchange the information with the relevant tax authorities in accordance with the Law.

Under the directive 2015/2060/EU, the Savings Directive has been repealed and will no longer apply once all the reporting obligations concerning year 2015 will have been complied with.

Meanwhile, the Organisation for Economic Cooperation and Development (the "OECD") has developed a common reporting standard ("CRS") to achieve a comprehensive and multilateral automatic exchange of information ("AEOI") on a global basis. On 9 December 2014, Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the "**Euro-CRS Directive**") was adopted in order to implement the CRS among the Member States. For Austria, the Euro-CRS Directive applies the first time by 30 September 2018 for the calendar year 2017, i.e. the Directive will apply one year longer.

The Euro-CRS Directive was implemented into Luxembourg law by the law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation (the "**CRS Law**"). The CRS Law requires Luxembourg financial institutions to identify financial assets holders and establish if they are fiscally resident in countries with which Luxembourg has a tax information sharing agreement. Luxembourg financial institutions will then report financial account information of the asset holder to the Luxembourg tax authorities, which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis. Accordingly, the Fund may require the shareholders to provide information in relation to the identity and fiscal residence of financial account holders (including certain entities and their controlling persons) in order to ascertain their CRS status and report information regarding a shareholder and his/her/its account to the Luxembourg tax authorities (Administration des Contributions Directes), if such account is deemed a CRS reportable account under the CRS Law. The Fund shall communicate any information to the investor according to which (i) the Fund is responsible for the treatment of the personal data provided for in the CRS Law; (ii) the personal data will only be used for the purposes of the CRS Law; (iii) the personal data may be communicated to the Luxembourg tax authorities (Administration des Contributions Directes); (iv) responding to CRS-related questions is mandatory and accordingly the potential consequences in case of no response; and (v) the investor has the right to access to and rectification of the data communicated to the Luxembourg tax authorities (Administration des Contributions Directes).

Under the CRS Law, the first exchange of information will be applied by 30 September 2017 for information related to the calendar year 2016.

In addition, Luxembourg signed the OECD's multilateral competent authority agreement ("Multilateral Agreement") to automatically exchange information under the CRS. The Multilateral Agreement aims to implement the CRS among non-EU Member States; it requires agreements on a country-by-country basis.

Under these regulations Luxembourg financial institutions are required to establish the identity of the owners of financial assets and determine if they reside for tax purposes in countries with which Luxembourg exchanges information in accordance with a bilateral agreement on sharing tax information. In such event,
the Luxembourg financial institutions send the information about the financial accounts of asset holders to theLuxembourg tax authorities, which in turn automatically forward this information to the relevant foreign tax authorities on an annual basis. As such, information concerning shareholders may be provided to the Luxembourg tax authorities and other relevant tax authorities pursuant to the regulations in effect.

Under the AEOI, the Fund is considered a financial institution. As a result, shareholders are explicitly advised that they are or may be the subject of disclosure to the Luxembourg tax authorities and other relevant tax authorities, including those of their country of residence.

The compartments do not admit, among their shareholders, investors who are considered under the AEOI as (i) individuals or (ii) passive non-financial entities ("Passive NFE"), including financial entities requalified as passive non-financial entities.

The Fund reserves the right to reject any subscription if the information provided by a potential investor does not meet the conditions established by the Law and resulting from the Directive.

The Fund reserves the right to refuse any application for Shares if the information provided or not provided does not satisfy the requirements under the CRS Law.

***The preceding provisions represent only a summary of the different implications of the Directive and the Law. They are based only on their current interpretation and are not intended to be exhaustive. These provisions should not in any manner be considered as tax or investment advice and investors should therefore seek advice from their financial or tax advisers on the implications of the Directive and the Law to which they may be subject.***

## FATCA

The US Foreign Account Tax Compliance Act ("**FATCA**"), a portion of the 2010 Hiring Incentives to Restore Employment Act, became law in the United States in 2010 aims at preventing US tax evasion by requiring foreign (non-US) financial institutions to report to the US Internal Revenue Service information on financial accounts held outside the United States by US investors. US securities held by a non-US financial institution that does not comply with the FATCA reporting regime will be subject to a US tax withholding of 30% on gross sales proceeds and income, commencing on 1 July 2014.

On 28 March 2014, the Grand-Duchy of Luxembourg entered into a Model I Intergovernmental Agreement (the "**IGA**") with the United States of America and a memorandum of understanding in respect thereof. The Fund hence has to comply with such Luxembourg IGA as implemented into Luxembourg law by the Law of 24 July 2015 relating to FATCA (the "**FATCA Law**") in order to comply with the provisions of FATCA rather than directly complying with the US Treasury Regulations implementing FATCA. Under the FATCA Law and the Luxembourg IGA, the Fund may be required to collect information aiming to identify the direct and indirect shareholders that are Specified US Persons for FATCA purposes (the "**FATCA reportable accounts**"). Any such information on FATCA reportable accounts provided to the Fund will be shared with the Luxembourg Tax authorities which will exchange that information on an automatic basis with the Government of the United States of America pursuant to Article 28 of the convention between the Government of the United States of America and the Governement of the Grand-Duchy of Luxembourg for the avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes in income and Capital, entered into in Luxembourg on 3 April 1996. The Fund intends to comply with the provisions of the FATCA Law and the Luxembourg IGA to be deemed compliant with FATCA and will thus not be subject to the 30% withholding tax with respect to its share of any such payments attributable to actual and deemed U.S. investments of the Fund. The Fund will continually assess the extent of the requirements that FATCA and notably the FATCA Law place upon it.

Under the IGA, Luxembourg-resident financial institutions that comply with the requirements of the Luxembourg IGA Legislation will be treated as compliant with FATCA and, as a result, will not be subject to withholding tax under FATCA ("**FATCA Withholding**").

To ensure the Fund's compliance with FATCA, the FATCA Law and the Luxembourg IGA in accordance with the foregoing, The Fund may:

a. request information or documentation, including W-8 tax forms, a Global Intermediary Identification Number, if applicable, or any other valid evidence of a unit's FATCA registration with the IRS or a corresponding exemption, in order to ascertain such shareholder's FATCA status;

b. report information concerning a shareholder and his account holding in the Fund to the Luxembourg tax authorities if such account is deemed a FATCA reportable account under the FATCA Law and the Luxembourg IGA;

c. report information to the Luxembourg tax authorities (Administration des Contributions Directes) concerning payments to shareholders with FATCA status of a non-participating foreign financial institution;

d. deduct applicable US withholding taxes from certain payments made to a shareholder by or on behalf of the Fund in accordance with FATCA, the FATCA Law and the Luxembourg IGA; and

e. divulge any such personal information to any immediate payor of certain U.S. source income as may be required for withholding and reporting to occur with respect to the payment of such income.

The Fund shall communicate any information to the investor according to which (i) the Fund is responsible for the treatment of the personal data provided for in the FATCA Law; (ii) the personal data will only be used for the purposes of the FATCA Law; (iii) the personal data may be communicated to the Luxembourg tax authorities (Administration des Contributions Directes); (iv) responding to FATCA-related questions is mandatory and accordingly the potential consequences in case of no response; and (v) the investor has a right of access to and rectification of the data communicated to the Luxembourg tax authorities (Administration des Contributions Directes).

The Fund, which is considered to be foreign financial institution, will seek to obtain "deemed-compliant" status under the "collective investment vehicle" (CIV) exemption so as not to be subject to FATCA withholding tax.

In order to elect for and keep such FATCA status, the Fund only allows (i) participating foreign financial institutions, (ii) deemed-compliant foreign financial institutions, (iii) non-reporting IGA foreign financial institutions, (iv) exempt beneficial owners (v), Active Non-Financial Foreign Entities ("**Active NFFE**") or (vi) non-specified US persons, all as defined under FATCA as shareholders; accordingly, investors may only subscribe for and hold shares through a financial institution that complies or is deemed to comply with FATCA. The Fund may impose measures and/or restrictions to that effect, which may include the rejection of subscription orders or the compulsory redemption of shares, as further detailed in this Prospectus and in article 8 of the Articles of Association and/or the withholding of the 30% tax from payments to the account of any shareholder found to qualify as a "recalcitrant account" or "non-participating foreign financial institution" under FATCA.

The attention of US taxpayers is drawn to the fact that the fund qualifies as a passive foreign investment company ("**PFIC**") under US tax laws and does not intend to provide information that would allow such investors to elect to treat the fund as a qualified electing fund (so-called "**QEF election**").

**Prospective investors should (i) consult their own tax advisors regarding the impact of FATCA further to an investment in the Fund and (ii) be advised that although the Fund will attempt to comply with all FATCA obligations, no assurance can be given that it will be able to satisfy such obligations and therefore to avoid FATCA withholding.**

## DATA PROTECTION

Investors are informed that their personal data and any information that is furnished in connection with an investment in the Fund will be collected, stored in digital form and otherwise processed by the Investment Managers, Management Company, Depositary Bank, and Transfer Registrar and Paying Agent, Administrative Agent (each as defined hereabove), and investment advisers distributors or their delegates (the "Entities") as data processor, as appropriate in compliance with the provisions of the Luxembourg law of 2 August 2002 on data protection (as amended from time to time) (the "2002 Law"). Information may be processed for the purposes of processing subscription and redemption orders, maintening registers of shareholders and carrying out the services of the Entities to the investors and to comply with applicable legislations or regulations including but not limited to, anti-money laundering legislation, FATCA, common reporting standard ("**CRS**") or similar laws and regulations at OECD or EU level. The information may be used in connection with investments in other investment fund(s) managed by the Investment Managers, the Management Company or their affiliates. Information shall be disclosed to third parties where necessary for legitimate business interests only. This may include disclosure to third parties such as governmental or regulatory bodies including tax authorities, auditors, accountants, distributors, subscription and redemption agents as well as permanent representatives in place of registration or any other agents of the Entities who may process the personal data for carrying out their services and complying with legal obligations as described above. Investors especially acknowledge that the Transfer Registrar and Paying Agent, Administrative Agent of the Fund may have to transmit information regarding an investor to the Luxembourg tax authorities if so required by such tax authorities in accordance with the provisions of the Luxembourg law of 31 March 2010 on the approbation of tax treaties and for the provision of the applicable procedure regarding on demand information exchange.

By subscribing or purchasing Shares of the Fund, investors consent to the processing of their information and the disclosure of their information to the parties referred to above including companies situated in countries outside of the European Economic Area which may not offer a similar level of protection as the on deriving from Luxembourg data protection laws and to answer to some mandatory questions in compliance with FATCA and CRS. The transfer of data to the aforementioned entities may occur via and/or be processed in countries (such as, but not limited to, the United States and Japan) which may not have data protection requirements deemed equivalent to those prevailing in the European Union.

Investors acknowledge and accept that failure to provide relevant personal data requested by the Fund and/or the Administrative Agent may prevent them from maintaining their holdings in the Fund and may be reported by the Fund and/or the Administrative Agent to the relevant Luxembourg authorities.

Investors acknowledge and accept that the Fund or the Administrative Agent will report any relevant information in relation to their investments in the Fund to the Luxembourg tax authorities which will exchange this information on an automatic basis with the competent authorities in the United States or other permitted jurisdictions as agreed in the FATCA Law, CRS at OECD and EU levels or equivalent Luxembourg legislation.

Investors may request access to, rectification of or deletion of any data provided to any of the parties above or stored by any of the parties above in accordance with applicable data protection legislation. Reasonable measures have been taken to ensure confidentiality of the personal data transmitted between the parties. However, due to the fact that the information is transferred electronically and made available outside of Luxembourg, the same level of confidentiality and the same level of protection in relation to data protection regulation as currently in force in Luxembourg may not be guaranteed while the information is kept abroad.

The Fund will accept no liability with respect to any unauthorised third party receiving knowledge and/or having access to the investors' personal data, except in the event of willful negligence or gross misconduct of the Fund.

Investors have a right of access and of rectification of the personal data in cases where such data is incorrect or incomplete.

Personal data shall not be held for longer than necessary with regard to the purpose of the data processing.

## BUSINESS YEAR

The Fund's business year will begin on 1 January and end on 31 December.

## KEY INVESTOR INFORMATION DOCUMENT

According to the Law of 2010, the key investor information document must be provided to investors in good time before their proposed subscription for shares of the Fund.

Before investing, investors are invited to visit our website www.assetmanagement.pictet and download the relevant key investor information document prior to any application. The same diligence is expected from the investor wishing to make additional subscriptions in the future since updated versions of the key investor information document will be published from time to time.

A hard copy can be supplied to investors on request and free of charge at the registered office of the Fund.

The above shall apply mutatis mutandis in case of switch.

Depending on applicable legal and regulatory requirements (comprising but not limited to MIFID) in the countries of distribution, Mandatory Additional Information may be made available to investors under the responsibility of local intermediaries / distributors.

## PERIODIC REPORTS AND PUBLICATIONS

The Fund will publish audited annual reports within four months of the end of the business year and unaudited semi-annual reports within two months of the end of the reference period.

The annual report includes the financial statements for the Fund and each compartment.

These reports will be made available to shareholders at the Fund's registered office and from the Depositary Bank and foreign agents involved in marketing the Fund abroad.

The net asset value per share of each compartment (or each sub-class of shares) and the issue and redemption price are available from the Depositary Bank and the foreign agents involved in marketing the Fund abroad.

Any amendment to the Articles of Association will be published in the *RESA*.

## DURATION – MERGER – DISSOLUTION OF THE FUND AND COMPARTMENTS

### The Fund

The Fund is formed for an indefinite period. However, the Board of Directors may at any time move to dissolve the Fund at an Extraordinary General Shareholders' Meeting.

If the Fund's share capital falls below two-thirds of the minimum capital required by law, the Board of Directors must refer the matter of dissolution to the General Meeting, deliberating without any quorum and deciding by a simple majority of the shares represented at the meeting.

If the Fund's share capital is less than a quarter of the minimum capital required, the directors must refer the matter of dissolution of the Fund to the General Meeting, deliberating without any quorum; dissolution may be decided by shareholders holding a quarter of the shares represented at the meeting.

### Merger of compartments

The Board of Directors may decide to merge a compartment of the Fund with another compartment of the Fund or with another UCITS (Luxembourg or foreign) in accordance with the Law of 2010.

The Board of Directors may in addition decide to submit the decision to merge to the General Meeting of the shareholders of the compartment concerned. Any decision of the shareholders as described above will not be subject to a quorum requirement and will be adopted by simple majority of the votes cast. If, following a merger of one or more compartments, the Fund should cease to exist, the merger will be decided by the General Meeting of shareholders deliberating in compliance with the majority and quorum conditions required for amending the Company's Articles of Association.

### Liquidation of compartments

The Board of Directors may also propose to dissolve a compartment and cancel its shares at the General Meeting of Shareholders of the compartment. This General Meeting will deliberate without any quorum requirement and the decision to dissolve the compartment will be taken by a majority of the shares from the compartment in question represented at the Meeting.

If a compartment's total net assets fall below EUR 15,000,000 or the equivalent in the base currency of the compartment concerned, or if justified by a change in the economic situation or political circumstances affecting a compartment or for economic rationalisation or if it is in the interests of the shareholders, the Board of Directors may at any time decide to close the compartment in question and cancel the shares of that compartment.

In the event of the dissolution of a compartment or the Fund, the liquidation will be carried out pursuant to the applicable Luxembourg laws and regulations that define the procedures to enable shareholders to benefit from liquidation dividends and in this context provides for the depositing of any amount that could not be distributed to shareholders when the liquidation is complete with the *Caisse de Consignation* in Luxembourg. Any amounts deposited that are not claimed will be subject to time-barring in accordance with Luxembourg law. The net proceeds from the liquidation of each compartment will be distributed to holders of shares in the class in question in proportion to the number of shares they hold in that class.

## DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are deposited at the Depositary Bank and at the registered office of the Fund:

1. The Fund's Articles of Association;
2. The latest annual report and the latest semi-annual report if more recent than the former;
3. The Management Company agreement between the Fund and the Management Company;
4. The Depositary Bank agreement concluded between BNP Paribas Securities Services, Luxembourg Branch and the Fund.

## QUERIES AND COMPLAINTS

Any person who would like to receive further information regarding the Fund including the strategy followed for the exercise of voting rights of the Fund, the conflict of interest policy, the best execution policy and the complaints handling policy or who wishes to make a complaint about the operations of the Fund should contact the Compliance Officer of the Management Company, i.e. Pictet Asset Management (Europe) S.A., 15, avenue J.F. Kennedy L-1855 Luxembourg, Grand Duchy of Luxembourg. The details of the complaints handling policy of the Management Company and of the CSSF out-of-court complaint resolution procedure are available at https://www.am.pictet/en/luxembourg/global-articles/2017/pictet-asset-management/complaint-resolution-procedure.

## INVESTMENT RESTRICTIONS

### General Provisions

Rather than concentrate on a single specific investment objective, the Fund is divided into different compartments, each of which has its own investment policy and its own risk profile by investing in a specific market or in a group of markets.

The characteristics of each compartment, the investment objectives and policies, as well as the subscription procedures and the procedures for conversion and redemption of shares are detailed in Annex 1.

### Investment Restrictions

For the purposes of this section, the words "Member State" mean a Member State of the European Union. Countries that are parties to the European Economic Area Agreement that are not Member States of the European Union are considered in the same category as Member States of the European Union, within the limits defined by that Agreement and related laws.

*A §1*

The Fund's investments shall consist solely of one or more of the following:

1. Transferable securities and money market instruments listed or traded on a regulated market;
2. Transferable securities and money market instruments traded on another regulated and regularly functioning market of a Member State, that is recognised and open to the public;
3. Transferable securities and money market instruments admitted for listing on a stock market of a state, which is not part of the European Union or traded on another market of a state that is not part of the European Union, which is regulated and regularly functioning, recognised and open to the public;
4. Transferable securities and newly issued money market instruments provided that:
   - the terms of issue include an undertaking that an application will be made for admission to be officially listed on a stock exchange or other regulated, regularly functioning market which is recognised and open to the public;
   - and that this admission is obtained at the latest within one year of the issue.
5. Units or shares of approved Undertakings for Collective Investment in Transferable Securities (UCITS) in compliance with Directive 2009/65/EC and/or other Undertakings for Collective Investment (UCI) within the meaning of Art. 1, paragraph (2), point a) of Directive 2009/65/EC, whether or not established in a Member State, provided that:

- these other UCIs are approved in compliance with laws stipulating that the entities are subject to supervision that the CSSF considers as equivalent to that laid down by the EC legislation and that cooperation between the authorities is adequately guaranteed;
- the level of protection guaranteed to holders of shares or units of these other UCIs is equivalent to that intended for holders of shares or units of a UCITS and, in particular, that the rules relating to the division of assets, borrowings, loans, short sales of transferable securities and money market instruments are equivalent to the requirements of Directive 2009/65/EC;
- the activities of these other UCIs are reported in semi-annual and annual statements that enable valuation of assets and liabilities, revenues and operations for the period concerned; and that
- the proportion of net assets that the UCITS or the other UCIs whose acquisition is envisaged may invest overall in units or shares of other UCITS or other UCIs in conformity with their management rules or constitutive documents, does not exceed 10%.
- when a compartment invests in units or shares of other UCITS and/or other UCIs that are linked to the Fund within the framework of common management or control or by a significant direct or indirect holding, or is managed by a management company linked to the manager, no subscription or redemption fees may be invoiced to the Fund for investment in the UCITS or other UCI units or shares;
- Where one of the Fund's compartments invests a significant portion of its assets in other UCITS and/or other UCIs linked to the Fund, as set out above, the Fund shall mention the maximum management fee amount that can be invoiced both to the actual compartment and to the other UCITS and or UCIs in which it intends to invest in the Annexes to this Prospectus. The Fund shall indicate the maximum percentage of the management fees incurred both at the level of the compartment and at that of the UCITS and/or other UCIs in which it invests in its annual report.

6. Deposits in credit institutions redeemable on request or which can be withdrawn and whose maturity is twelve months or less, provided that the credit establishment has its registered headquarters in a Member State or, if the registered headquarters of the credit establishment are located in a third country, is subject to the prudent portfolio rules considered by the CSSF as equivalent to those provided by European Union legislation;
7. Derivative financial instruments, including similar instruments allowing cash settlements, that are traded on a regulated market of the kind specified in points 1), 2) and 3) above, or over-the-counter derivative financial instruments, provided that:
   - the underlying assets consist of instruments allowed under section A, §1, in terms of financial indexes, interest rates, exchange or currency rates, in which the Fund may invest in compliance with its investment objectives;
   - the counterparties to OTC derivative financial transactions are establishments subject to prudential supervision and belonging to categories approved by the CSSF; and
   - the OTC derivative instruments are reliably and verifiably evaluated on a daily basis and can be, should the Fund wish, sold, liquidated or closed by a symmetrical transaction, at any time and at their fair value;
8. Money market instruments other than those traded on a regulated market and designated by Art. 1 of the Law of 2010, as long as the issue or the issuer of these instruments are themselves subject to regulations whose aim is to protect the investors and investments and that the instruments are:
   - issued and guaranteed by a central, regional or local administration, by a central bank of a Member State, by the European Central Bank, by the European Union or by the Euro-

pean Investment Bank, by a third state or, in the case of a federal state, by one of the members of the federation, or by an international public agency of which one or more Member States are members; or

- issued by a company whose securities are traded on regulated markets specified in points 1), 2) or 3) above; or
- issued or guaranteed by an establishment subject to prudential supervision according to criteria defined by European Union law, or by an establishment that is subject to and in conformity with prudential rules considered by the CSSF as at least as strict as those intended by European Union legislation; or
- issued by other entities belonging to categories approved by the CSSF as long as the investments in these instruments are subject to rules for protecting investors that are at least equivalent to those prescribed by the first, second or third indents, and that the issuer is a company whose capital and reserves are at least ten million euros (EUR 10,000,000) and which offers and publishes its annual accounts in conformity with the fourth Directive 78/660/EEC, or is an entity which, within a group of companies including one or more listed companies, is dedicated to financing the group or is an entity which is dedicated to financing securitisation vehicles with a line of bank financing.

*§2*
However:

1. the Fund may not invest more than 10% of the net assets of each compartment in transferable securities, money market instruments other than those mentioned in §1 above;
2. the Fund cannot directly acquire precious metals or certificates representing precious metals;
3. the Fund may acquire movables and immovable assets necessary for the exercise of its activity.

*§3*
The Fund may hold liquid assets on an ancillary basis, unless other provisions are specified in Annex 1 for each individual compartment.

*B.*

1. The Fund may not invest more than 10% of the net assets of each compartment in transferable securities or money market instruments of the same issuer and cannot invest more than 20% of its net assets in deposits placed in the same entity. The counterparty risk of a compartment of the Fund in a transaction involving OTC derivative financial instruments may not exceed 10% of the net assets when the counterparty is one of the credit institutions specified in section A, §1, point 6), or 5% of its net assets in other cases.
2. The total value of the transferable securities and money market instruments held by a compartment from issuers in which it invests more than 5% of its net assets may not exceed 40% of the value of its net assets. This limit does not apply to deposits in financial establishments that are subject to prudential supervision and to transactions of OTC derivative financial instruments with these establishments. Notwithstanding the individual limits set in paragraph 1) above, a compartment of the Fund may not combine, when this would lead it to invest more than 20% of its net assets in the same entity, several of the following:
    - instruments in transferable securities or money market instruments issued by the said entity,
    - deposits in the said entity, or
    - risks related to transactions involving OTC derivative financial instruments with the said entity.
3. The 10% limit defined in the first sentence of paragraph 1) above may be raised to a maximum of 35% when the transferable securities or the money market instruments are issued or guaranteed by a Member State, by its local authorities, by a third state or by international public bodies of which one or more Member States are members. The transferable securities and money market instruments mentioned in this paragraph are not accounted for when applying the 40% limit mentioned in paragraph 2) above.
4. The 10% limit defined in the first sentence of paragraph 1) above may be raised to a maximum of 25% for certain debt securities, when they are issued by a credit establishment having reg-

istered headquarters in a Member State that is legally subject to special public auditing designed to protect holders of the bonds. In particular, the amounts originating from the issue of the bonds must be invested, in conformity with the law, in assets that adequately cover, for the entire duration of the validity of the bonds, the related liabilities and that will be distributed preferentially as redemption of the capital and payment of interest accrued in the event of default by the issuer. When a compartment of the Fund invests more than 5% of its net assets in bonds as understood in this paragraph and issued by the same issuer, the total value of the investments may not exceed 80% of the value of the net assets of a compartment of the Fund. The transferable securities and money market instruments mentioned in this paragraph are not accounted for when applying the 40% limit mentioned in paragraph (2), above.

5. The limits defined in the previous points 1), 2), 3) and 4) may not be combined and therefore, the investments in transferable securities or money market instruments of a single issuer, in deposits or derivative financial instruments involving this entity, in conformity with these paragraphs, may not exceed a total of 35% of the net assets of the compartment in question;

6. The companies that are grouped together in the consolidated accounts, within the meaning of Directive 83/349/EEC or in conformity with recognised international accounting rules, are considered as a single entity for the calculation of the limits described in points (1) to (5) of this section B.

Each compartment of the Fund may invest cumulatively up to 20% of its net assets in the transferable securities or money market instruments of a single group.

7. Notwithstanding the above and respecting the principle of risk diversification, the Fund may invest up to 100% of the net assets of each compartment in different issues of transferable securities and money market instruments issued or guaranteed by a Member State, by the local authorities of a Member State, by a country that is not part of the European Union (at the date of this Prospectus, the Member States of the Organisation for Economic Cooperation and Development (the "**OECD**"), Singapore, Brazil, Russia, Indonesia and South Africa) or by an international public body of which one or more EU Member States are members, provided that these securities belong to at least six different issues and that the securities belonging to a single issue do not exceed 30% of the net assets of the compartment in question.

8. The Fund may not invest more than 20% of the net assets of each compartment in a single UCITS or other UCI as defined in section A, §1 5). For the application of this limit, each compartment of a UCI with multiple compartments is considered as a separate issuer provided that the liabilities of the different compartments with regard to third parties are segregated.

   The investment in units or shares of UCIs other than UCITS may not exceed a total of 30% of the net assets of each compartment.

   When a compartment's investment policy allows it to invest via total return swaps in shares or units of UCITS and/or other UCIs, the 20% limit defined above is also applied, to the extent that the potential losses resulting from this kind of swap contract creating an exposure to a single UCITS or UCI together with direct investments in this single UCITS or UCI, will not in total exceed 20% of the net assets of the compartment in question. In the case that these UCITS are compartments of the Fund, the Swap contract will include provisions for cash settlement.

9.

a. The limits specified in points B 1) and B 2) above are raised to a maximum of 20% for investments in shares and/or debt securities issued by the same body, when, in accordance with the investment policy of a compartment of the Fund, it aims to replicate the composition of a specific index of equities or debt securities that is recognised by the CSSF, on the following bases:

   – the composition of the index is sufficiently diversified;
   – the index is a representative yardstick of the market to which its refers;
   – it is published in an appropriate manner.

b. The limit stipulated in paragraph a) above is raised to 35% when justified by exceptional conditions on the markets, in particular on regulated markets where certain transferable securities or certain money market instruments are largely dominant. Investment up to that limit is only allowed for a single issuer.

10. A compartment of the Fund (defined as an "**Investing Compartment**", for the needs of this paragraph) may subscribe for, acquire and/or hold

securities to be issued or that have been issued by one or more other compartments of the Fund (each a "**Target Compartment**"), without the Fund being subject to the requirements imposed by the Law of 10 August 1915 governing commercial companies, as amended, with respect to a company's subscription, acquisition and/or holding of its own shares provided however that:

- The Target Compartment does not invest in the Investing Compartment that is invested in this Target Compartment; and
- the proportion of assets that the Target Compartments whose acquisition is envisaged and which may be wholly invested, in accordance with their investment policy, in units or shares of other UCITS and/or other UCIs, including other Target Compartments of the same UCI, does not exceed 10%; and
- any voting right attached to the shares concerned is suspended as long as they are held by the Investing Compartment and notwithstanding appropriate accounting treatment in the periodical financial statements; and
- in all circumstances, for as long as these securities are held by the Investing Compartment their value is not taken into account in the calculation of the Fund's net assets for verification of the minimum threshold of net assets imposed by the Law of 2010.

*C §1*

The Fund may not acquire across all the compartments together:

1. shares granting voting rights in sufficient number to allow it to exert a significant influence on the management of the issuer;
2. more than:
   - 10% of shares without voting rights of a single issuer;
   - 10% of the debt instruments of a single issuer;
   - 25% of the units or shares of a single UCITS or other UCI in the meaning of Article 2 §2 of the Law of 2010;
   - 10% of money market instruments of a single issuer.

The limits defined in the second, third and fourth indents above need not be respected at the time of acquisition if, at that time, the gross value of the bonds or money market instruments or the net value of securities issued cannot be calculated.

The restrictions mentioned in points 1) and 2) above are not applicable:

a. to the transferable securities and money market instruments issued or guaranteed by a Member State, by its local authorities, or by a state that is not a member of the European Union;
b. to the transferable securities and money market instruments issued by international public bodies of which one or more Member States are members;
c. to shares held in the capital of a corporation of a third state to the European Union that invests its assets mainly in the securities of issuers of that state, where under the legislation of that state such a holding represents the only way in which the UCITS can invest in the securities of issuers of that state. This exception is, however, only applicable when the third state to the European Union respects in its investment policy the limits established by Articles 43 and 46 and Article 48, paragraphs (1) and (2), of the Law of 2010. In the case that the limits defined in Articles 43 and 46 of this law are exceeded, Article 49 applies with necessary modifications;
d. to shares held by one or more investment companies in the capital of subsidiary companies exercising management, advising, or sales activities in the country where the subsidiary is established in regard to the redemption of shares at the shareholders' request exclusively on its own or their behalf.

*§2*

1. The Fund may borrow, provided that such borrowing, for each compartment:

a. is temporary and in a proportion not exceeding 10% of the net assets of the compartment concerned;
b. allows the acquisition of real estate property that are indispensable for the direct exercise of their activities and represent at most 10% of its net assets.

Each compartment of the Fund is authorised to borrow, in accordance with points a) and b) above;

such borrowing cannot exceed a total of 15% of its net assets.

2. The Fund may not grant credits or act as guarantor on behalf of third parties.

The paragraph above does not prevent the acquisition by the Fund of transferable securities, money market instruments or other financial instruments allowed under section A, §1, points 5), 7) and 8) not fully paid up.

3. The Fund may not, for any compartment, undertake transactions involving the short sale of transferable securities, money market instruments or other financial instruments specified in section A, §1, points 5), 7) and 8).

*§3*

While adhering to the principle of risk spreading, a newly-approved compartment of the Fund may be temporarily exempted from Articles 43, 44, 45 and 46 of the Law of 2010, for a period of six months following the date of its authorisation.

## Use of derivative financial products and instruments

### *Options, warrants, futures contracts, exchange contracts on transferable securities, currencies or financial instruments*

For hedging purposes or efficient portfolio management, each compartment may use any type of derivative financial instrument that is traded on a regulated and/or over-the-counter ("**OTC**") market if it is obtained from a leading financial institution that specializes in these types of transactions. In particular, each compartment may, among other investments but not exclusively, invest in warrants, futures, options, swaps (such as total return swaps, contracts for difference and credit default swaps) and forward contracts having as underlying assets in accordance with the Law of 2010 and the compartment's investment policy, inter alia, currencies (including non-deliverable forwards), interest rates, transferable securities, a basket of transferable securities, indices (such as indices on commodities, precious metals and volatility, etc.), and undertakings for collective investment.

### *Credit derivatives*

The Fund may invest in buying and selling credit derivatives financial instruments. Credit derivative products are used to insulate and transfer the credit risk associated with a base asset. There are two categories of credit derivatives: "financed" and "non-financed" depending on whether or not the protection seller has made an initial payment in relation to the base asset.

Despite the great variety of credit derivatives, the three most common types of transaction are:

The first type: transactions on credit default products (for example Credit Default Swaps (CDS) or CDS options), are transactions in which the debts of the parties are linked to the presence or absence of one or several credit events in relation to the base asset. The credit events are defined in the contract and represent a decline in the value of the base asset. Credit default products may either be paid in cash or by physical delivery of the base asset following the default.

The second type, i.e. total return swaps, is an exchange on the economic performance of an underlying asset without transferring ownership of the asset. When a buyer purchases a total return swap, it makes a regular payment at a variable rate, in return for which all the results relating to a notional amount of that asset (coupons, interest payments, change in asset value) accrue to it over a period of time agreed with the counterparty. The use of these instruments can help offset the relevant compartment's exposure.

When the investment policy of a compartment provides that the latter may invest in total return swaps and/or other derivative financial instruments that display similar characteristics, these investments unless otherwise specified in the Annexes will be made for hedging and/or efficient portfolio management in compliance with the investment policy of such compartment. Unless the investment policy of a compartment provides otherwise, such total return swaps and other derivative financial instruments that display the same characteristics may have underliers such as currencies, interest rates, transferable securities, a basket of transferable securities, indexes, or undertakings for collective investment.

The counterparties of the Fund will be leading financial institutions generally based in OECD Member State specialised in this type of transaction subject to prudential supervision and having an investment grade credit rating at the time of appointment.

These counterparties do not have discretionary power over the composition or management of the investment portfolio of the compartment or over the underlying assets of the derivative financial instruments.

The total return swaps and other derivative financial instruments that display the same characteristics only give to the Fund a right of action against the counterparty in the swap or in the derivative financial instrument, and any eventual insolvency of the counterparty may make it impossible for the payments envisioned to be received.

Where a compartment uses total return swaps the underlying assets and investment strategies to which exposure will be gained are those allowed as per in the relevant compartment's investment policy and objectives set out in the Annex relating to that compartment.

No more than 20% of a compartment's net assets will be subject to total return swaps, except as otherwise provided in the Annex for an individual compartment.

Where a compartment enters into total return swaps, the expected proportion of such compartment's net assets that could be subject to total return swaps will be set out in the Annex for this individual compartment.

A compartment that does not enter into total return swaps as of the date of this Prospectus (i.e. its expected proportion of assets under management subject to total return swaps being 0%) may however enter into total return swaps provided that the maximum proportion of the net assets of that compartment that could be subject to such transactions should not exceed 10% and that the relevant Annex relating to this individual compartment is updated accordingly at the next available opportunity.

The third type, "credit spread" derivatives, are credit protection transactions in which the payments may be made either by the buyer or by the seller of the protection based on the relative credit value of two or more base assets.

However, at no time may these operations be conducted for the purpose of modifying the investment policy.

The rebalancing frequency for an index that is the underlying asset for a financial derivative is determined by the provider of the index in question. The rebalancing of said index shall not give rise to any costs for the compartment in question.

***Application of sufficient hedging on transactions involving derivative financial products and instruments whether or not traded on a regulated market***

*Sufficient hedging in the absence of a cash settlement*
When the derivative financial contract provides, either automatically or at the choice of the Fund's counterparty, for the physical delivery of the underlying financial instrument on the date of expiry or on exercise, and as long as physical delivery is common practice for the instrument concerned, the Fund must hold the underlying financial instrument in its portfolio as a hedge.

*Exceptional substitution by another underlying hedge in the absence of a cash settlement*
When the underlying financial instrument of a derivative financial instrument is very liquid, the Fund is allowed, on an exceptional basis, to hold other liquid assets as hedges, provided that these assets can be used at any time to acquire the underlying financial instrument due to be delivered and that the additional market risk associated with this type of transaction is adequately valued.

*Substitution by another underlying hedge in the event of a cash settlement*
When the derivative financial instrument is settled in cash, automatically or at the Fund's discretion, the Fund is allowed to not hold the specific underlying instrument as a hedge. In this case, the following categories of instruments are acceptable hedges:

a. cash;
b. liquid debt securities, provided that appropriate safeguard methods (for example, discounts or "haircuts") exist;
c. any other very liquid asset, considered by reason of its correlation with the underlying asset of the derivative instrument, provided appropriate safeguard methods exist (such as a discount, where applicable).

*Calculating the amount of the hedge*
The amount of the hedge must be calculated using the liabilities approach.

### Efficient portfolio management techniques

For the purpose of reduction of risk, reduction of cost or in order to generate additional capital or income, the Fund is authorized to use the following techniques and instruments relating to transferable securities and money market instruments, in compliance with the requirements of CSSF circular 08/356, CSSF circular 13/559 and CSSF circular 14/592:

- securities lending transactions,
- sales with right of repurchase transactions, and
- repurchase and reverse repurchase agreement transactions.

The Fund must ensure that the volume of these transactions is kept at an appropriate level in a manner that enables it, at all times, to meet its redemption obligations and that these transactions do not jeopardize the management of a Sub-Fund's assets in accordance with its investment policy.

To the full extent allowed and within applicable regulatory limits, and in particular pursuant to (i) Article 11 of the Grand Ducal Regulation of 8 February 2008 on certain definitions in the amended Law of 20 December 2002 on undertakings for collective investment ( the "2008 Regulation"), (ii) CSSF Circular 08/356 containing rules applicable to undertakings for collective investment when certain techniques and instruments on transferable securities and money market instruments are used (as amended, completed or replaced) and (iii) CSSF Circulars 13/559 and 14/592 regarding ESMA guidelines on ETFs and other UCITS issues, any compartment can enter into securities lending agreements, repurchase and reverse repurchase agreements to increase its capital or its revenue or to reduce its costs or risks.

The selection of counterparties to such transactions will generally be financial institutions based in an OECD member state and have an investment grade credit rating. Details of the selection criteria and a list of approved counterparties is available from the registered office of the Management Company.

### Securities Lending

The Fund may enter into securities lending agreements consisting of a transaction by which a lender transfers securities subject to a commitment that a borrower will return equivalent securities on a future date or when requested to do so by a lender only when subject to the following conditions:

a. the counterparty is subject to prudential supervision rules that the CSSF deems equivalent to those required under European law;
b. if the counterparty is an entity linked to the Management Company, care should be taken to avoid any resulting conflicts of interest in order to ensure that the agreements are entered into on normal arm's length commercial terms; and
c. the counterparty must be a financial intermediary (such as a banker, a broker, etc.) acting on its own behalf.
d. it is able to recall any securities that has been lent out or terminate any securities lending agreement into which it has entered.

Where a compartment enters into securities lending transactions, the underlying assets and investment strategies to which exposure will be gained are those allowed as per the relevant compartment's investment policy and objectives set out in the Annex relating to that compartment.

Implementation of the above-mentioned securities lending programme should not have any impact on the risk profile of the concerned compartments of the Fund.

No more than 30% of a compartment's net assets will be subject to securities lending transactions, except as otherwise provided in the annex for an individual compartment.

Where a compartment enters into securities lending, the expected proportion of such compartment's net assets that could be subject to securities lending will be set out in the Annex for this individual compartment.

A compartment that does not enter into securities lending as of the date of this Prospectus (i.e. its expected proportion of assets under management subject to securities lending transactions being 0%) may however enter into securities lending transactions provided that the maximum proportion of the net assets of that compartment that could be subject to such transactions should not exceed 10% and that the relevant Annex relating to this individual compartment is updated accordingly at the next available opportunity.

### Sales with right of repurchase transactions

Acting as buyer, the Fund may agree to purchase securities with a repurchase option. These transactions consist of the purchase of securities with a clause reserving for the seller (counterparty) the right to repurchase the securities sold from the Fund at a price and time agreed between the two parties at the time when the contract is entered into.

Acting as the seller, the Fund may agree to sell securities with a repurchase option. These transactions consist of the sale of securities with a clause reserving for the Fund the right to repurchase the securities from the purchaser (counterparty) at a price and at a time agreed between the two parties at the time when the contract is entered into.

### Reverse repurchase and repurchase agreement transactions

The Fund may enter into reverse repurchase agreement transactions, which consist of a forward transaction at the maturity of which the seller (counterparty) has the obligation to repurchase the asset sold and the Fund the obligation to return the asset received under the transaction.

The Fund may enter into reverse repurchase transactions subject to the following conditions:

a. the counterparty is subject to prudential supervision rules that the CSSF deems equivalent to those required under European law;
b. the value of the transactions is kept at a level which allow the Fund to meet its redemption obligations at all time
c. the Fund is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to market basis.

Where a compartment enters into reverse repurchase agreements, the underlying assets and investment strategies to which exposure will be gained are those allowed as per the relevant compartment's investment policy and objectives set out in the annex relating to that compartment.

No more than 10% of a compartment's net assets will be subject to reverse repurchase agreements, except as otherwise provided in the annex for an individual compartment.

The Fund may enter into repurchase agreement transactions, which consist of a forward transaction at the maturity of which the Fund has the obligation to repurchase the asset sold and the buyer (the counterparty) the obligation to return the asset received under the transaction.

The Fund may enter into repurchase transactions subject to the following conditions:

a. the counterparty is subject to prudential supervision rules that the CSSF deems equivalent to those required under European law;
b. the value of the transactions is kept at a level which allow the Fund to meet its redemption obligations at all time;
c. the Fund is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered.

Where a compartment enters into repurchase agreements, the underlying assets and investment strategies to which exposure will be gained are those allowed as per the relevant compartment's investment policy and objectives set out in the Annex relating to that compartment.

No more than 10% of a compartment's net assets will be subject to repurchase agreements, except as otherwise provided in the Annex for an individual compartment.

Where a compartment enters into reverse repurchase agreement or repurchase agreements, the expected proportion of such compartment's net asset that could be subject to such agreements will be set out in the Annex for this individual compartment.

A compartment that does not enter into reverse repurchase agreements or repurchase agreements as of the date of this Prospectus (i.e. its expected proportion of assets under management subject to reverse repurchase agreements or repurchase agreement being 0%) may however enter into such agreements provided that the maximum proportion of the net assets of that compartment that could be subject to such transactions should not exceed 10% and that the relevant Annex relating to this individual compartment is updated accordingly at the next available opportunity.

All revenues from securities lending transactions, minus fees and commissions owed to the Depositary Bank and/or Banque Pictet & Cie S.A., acting as securities lender for the Fund (hereinafter the "**Agent**"), with each of these entities belonging to the Pictet Group in the securities lending programme, shall be payable to the relevant compartment of the Fund.

In addition, the Fund will repay the Agent and the Depositary Bank for all reasonably incurred expenses related to the securities lending transactions (including SWIFT fees, teleconferencing fees, fax fees, postage fees, etc.).

Generally, the above mentioned direct and indirect operational expenses which may be deducted from the revenue delivered to the relevant compartment should not exceed 30% of the gross revenue arising from securities lending transactions. Details of such amounts and the financial institution arranging the transactions will be disclosed in the semi-annual and annual reports of the Fund.

All revenue from repurchase/reverse repurchase agreements and total return swaps, minus any minor direct and indirect operating costs/fees owed to the Depositary Bank and/or Banque Pictet & Cie S.A., shall be payable to the relevant compartment of the Fund.

Fixed operating fees charged per transaction may be payable to the counterparty to the repurchase/reverse repurchase transaction or total return swap, the Depositary Bank and/or Banque Pictet & Cie S.A.

Details of the direct and indirect operational fees/costs arising from repurchase/reverse repurchase agreements and total return swaps will be included in the semi-annual and annual reports of the Fund.

## Collateral policy for derivative financial products and instruments and efficient portfolio management techniques

### General

In the context of OTC financial derivatives transactions and efficient portfolio management techniques, each compartment concerned may receive collateral with a view to reduce its counterparty risk. This section sets out the collateral policy applied by the Fund in such case. All assets received by a compartment in the context of efficient portfolio management techniques (securities lending, repurchase or reverse repurchase agreements) shall be considered as collateral for the purposes of this section.

**Eligible collateral**

Collateral received by the relevant compartment may be used to reduce its counterparty risk exposure if it complies with the criteria set out in applicable laws, regulations and circulars issued by the CSSF from time to time notably in terms of liquidity, valuation, issuer credit quality, correlation, risks linked to the management of collateral and enforceability. In particular, collateral should comply with the following conditions:

a. Any collateral received other than cash should be of high quality, highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation;

b. It should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place;

c. It should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;

d. It should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure of 20% of the compartment's net asset value to any single issuer on an aggregate basis, taking into account all collateral received. By way of derogation, a compartment may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a third country, or a public international body to which one or more Member States belong. In such event, the relevant compartment should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the compartment's net asset value;

e. It should be capable of being fully enforced by the relevant compartment at any time without reference to or approval from the counterparty;

f. Where there is a title transfer, the collateral received will be held by the Depositary. For other types of collateral arrangements, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral;

g. Collateral received shall have a quality of credit of investment grade.

### Securities lending transactions

For each securities lending agreement, the Fund must receive collateral, the value of which for the full term of the lending agreement must be at least equivalent to 90% of the total valuation (including interests, dividends and any other rights) of the securities loaned, to the borrower. However, the Agent shall request a target collateral of 105% of the market value of the securities loaned, and no discount shall be applied to that value.

The collateral held on the loaned securities will be either (i) cash, and/or (ii) bonds issued or guaranteed by the government or by a regional or local government in a member state of the OECD, or issued or guaranteed by local, regional or international branches of supranational institutions or organisations that have a rating of at least AA and/or (iii) bonds issued or guaranteed by leading issuers offering adequate liquidity and/or (iv) non-financial corporate bonds rated at least AA, and / or (iv) equities belonging to large cap indices.

The market value of the loaned securities and of the collateral will be reasonably and objectively calculated by the Agent each Banking Day ("mark to market") taking into consideration the market conditions and any supplementary fees, as applicable.

If the collateral already held seems inadequate in view of the amount to cover, the Agent will ask the borrower to promptly deposit additional collateral in the form of securities that meet the criteria listed above. The collateral received by the Fund as part of the securities lending agreements shall not be reinvested.

### OTC financial derivative instruments and Repurchase / reverse repurchase agreements

The collateral furnished for OTC financial derivative instruments will be either (i) cash, and/or (ii) bonds issued or guaranteed by the government or by a regional or local government in a member state of the

OECD, or issued or guaranteed by local, regional or international branches of supranational institutions or organisations that have a rating of at least AA and/or (iii) non-financial corporate bonds rated at least AA and/or (iv) equities belonging to large cap indices;

The collateral furnished for repurchase/reverse repurchase agreements will be free of credit and liquidity risk. The market value of such collateral should be certain, meaning that it would be easy to sell for a predictable value in the event of default by the collateral giver. The collateral will be either (i) cash and/or (ii) bonds issued or guaranteed by the government or by a regional or local government in a member state of the OECD, or issued or guaranteed by local, regional or international branches of supranational institutions or organisations that have a rating of at least AA.

For OTC financial derivatives instruments, repurchase and reverse repurchase transactions, (i) the compartment will monitor the market value of each transaction(s) daily to ensure they are appropriately collateralised and shall require the transfer of margin should the value of the securities and cash increase or decrease relative to one another above an applicable minimum margin transfer amount with such collateral delivered as cash and (ii) the transactions will only be entered into with counterparties that have adequate resources and financial strength as determined through solvency analysis of the counterparty performed by the Pictet Group.

Cash collateral received for OTC derivative instruments, repurchase and reverse repurchase transactions may be reinvested within the limits of the investment policy of the relevant compartment and always within the limits of point 43 j) of the ESMA guidelines on ETF and other UCITS issues. Risks borne by the investors for such reinvestment are fully described in the section "Risk Considerations" in the general part of the Prospectus.

*Haircut*

The following haircuts for collateral are applied by the Management Company (the Management Company reserves the right to vary this policy at any time). The following haircuts apply to collateral received in the context of OTC financial derivative transactions and repurchase / reverse repurchase agreements. In case of a significant change of the market value of the collateral the relevant haircut levels will be adapted accordingly. In the context of securities lending the securities received as collateral have to allow for a target coverage amounting to 105% of the total mark-to market value of the lent securities.

| Eligible Collateral | Minimum haircut |
|---|---|
| Cash | 0% |
| Bonds issued or guaranteed by the government or by a regional or local Government in a member state of the OECD, or issued or guaranteed by local, regional or international branches of supranational institutions or organisations that have a rating of at least AA | 0.5% |
| Non-financial corporate bonds rated at least AA | 1% |
| Equity belonging to large cap indices. | 15% |

*Maturity*

The maturity of collateral is taken into account through the haircuts applied. A higher haircut is applied to securities bearing long residual maturity.

## Structured Finance Securities

Each compartment of the Fund may invest in structured products, such as in particular credit-linked notes, asset-backed securities, asset-backed commercial papers, portfolio credit-linked notes, certificates or any other transferable security whose returns are linked to, inter alia, an index that adheres to the procedures stipulated in Article 9 of the 2008 Regulation (including indexes on commodities, precious metals, volatility, etc.), currencies, interest rates, transferable securities, a basket of transferable securities, or an undertaking for collective investment, in compliance with the 2008 Regulation.

A compartment may also invest in structured products without embedded derivatives that generate payment in cash, linked to the performance of commodities (including precious metals).

These investments cannot be used to circumvent the investment policy of the compartment concerned.

Structured finance securities include, but are not limited to, asset-backed securities, asset-backed commercial papers and portfolio credit-linked notes.

Asset-backed securities are securities that are backed by financial cash flows from a group of debt securities (current or future) or by other underlying assets that may or may not be fixed. Such assets may include, but are not limited to, mortgages on residential or commercial property, leases, credit card debts as well as personal or business loans. Asset-backed securities may be structured in various ways, either as a "true-sale" in which the underlying assets are transferred within an ad hoc structure that then issues the asset-backed securities or synthetically, in which the risk linked to underlying assets is transferred via derivative instruments to an ad hoc structure that issues the asset-backed securities.

Portfolio credit-linked notes are securities in which payment of the nominal amount and the interest is directly or indirectly linked to one or several managed or unmanaged portfolios of reference entities and/or assets ("**reference credit**"). Until a threshold credit event occurs in relation to a reference credit (such as bankruptcy or payment default), a loss will be calculated (corresponding, for example, to the difference between the nominal value of an asset and its recovery value).

Asset-backed securities and portfolio credit-linked notes are usually issued in different tranches. Any losses occurring in regard to underlying assets or, depending on the case, calculated in relation to reference credits, are first assigned to the most junior tranches until the nominal amount of the securities is brought to zero, then it is assigned to the nominal amount of the next most junior tranche remaining and so on.

Consequently, in the scenario that (a) for asset-backed securities, the underlying assets do not produce the expected financial flows and/or (b) for portfolio credit-linked notes, one of the credit events defined occurs with regard to one or several underlying assets or reference credits, there may be an effect on the value of the related securities (that may be nil) and any amount paid on such securities (which may be nil). This may in turn affect the net asset value per share of the compartment. Moreover, the value of the structured finance securities and thus the net asset value per share of the compartment may, from time to time, be negatively affected by macro-economic factors, including for example unfavourable changes in the economic sector of the underlying assets or the reference credits (including the industrial, service, and real estate sectors), economic recession in the respective countries or global recession, as well as events linked to the inherent nature of the assets (thus, a loan to finance a project is exposed to risks related to the type of project).

The extent of such negative effects is thus linked to the geographic and sector concentrations of the underlying assets, and the type of underlying assets or reference credits. The degree to which a particular asset-backed security or a portfolio credit-linked note is affected by such events will depend on its issue tranche; the most junior tranches, even ones rated "investment grade", may consequently be exposed to substantial risks.

Investments in structured finance securities may be more exposed to a greater liquidity risk than investing in government or corporate bonds. When a liquid market for these structured finance securities does not exist, such securities may only be traded for an amount lower than their nominal amount and not at the market value which may, subsequently affect the net asset value per share of the compartment.

## Risk Management

The Fund utilises a risk management method that allows it at all times to monitor and measure the risk associated with positions and the contribution of the positions to the overall portfolio risk profile.

The Fund also utilises a method that allows a precise and independent evaluation of the value of its OTC financial derivatives.

The Fund makes sure that the overall risk associated with the derivative financial instruments does not exceed the total net value of its portfolio. Risks are calculated taking account of the current value of the underlying assets, the counterparty risk, foreseeable changes in the markets and the time available for liquidating the positions.

The Fund utilises the Value at Risk (hereafter "**VaR**" method, coupled with stress testing in order to evaluate the market risk component of the overall risk associated with derivative financial instruments.

The VaR is defined as the maximum potential loss over a time horizon of 20 business days and is measured within a 99% confidence level.

The VaR may be calculated either using the absolute VaR approach or using the relative VaR approach:

The absolute VaR approach limits the maximum VaR that a compartment can have relative to its Net Asset Value. It is measured against a regulatory limit of 20%.

The relative VaR approach is used for compartments where a reference portfolio is defined reflecting their investment strategy. The relative VaR of a compartment is expressed as a multiple of the VaR of the reference portfolio and is limited by regulation to no more than twice the VaR of this reference portfolio.

The counterparty risk associated with OTC derivative financial instruments is evaluated in accordance with the market value notwithstanding the necessity to use ad hoc price fixing models when the market price is not available.

The expected leverage is calculated complying the ESMA 10/788 guidelines as the sum of notionals of all derivatives contracts entered into by the Compartment, expressed as a percentage of the net asset value. It does not take into account any netting and hedging arrangements. Consequently, the expected leverage is not representative of the real level of investment risk within the Compartment. The expected leverage is an indicative level and not a regulatory limit. Depending on market conditions, the leverage may be greater. However, the Compartment will remain in line with its risk profile and notably comply with its VaR limit.

## ANNEX 1: COMPARTMENTS SPECIFICATIONS

This Annex will be updated to account for any change in an existing compartment or when a new compartment is created.

### 1. PICTET TR – CORTO EUROPE

#### Investor type profile

The compartment is an investment vehicle for investors:

- Who wish to invest primarily in shares of European companies which future looks promising while taking short positions through the use of financial derivative instruments in shares that look overvalued.
- Who are willing to bear variations in market value and thus have a low aversion to risk.

#### Investment policy and objectives

The compartment follows an equity long/short investment strategy. The objective of the compartment is to achieve long-term capital growth in absolute terms with a strong focus on capital preservation.

Traditional long positions are coupled with (synthetic) long and short positions, which will be achieved through the use of financial derivative instruments (such as total return swaps).

The compartment will principally invest in equities, equity related securities (such as but not limited to ordinary or preferred shares), deposits and money market instruments (for cash management only). The main portion of the equities and equity related securities part will be invested in companies which are domiciled, headquartered or exercise the predominant part of their economic activity in Europe.

Except the above-mentioned geographical criteria, the choice of investments will neither be limited by an economic sector nor in terms of currencies in which investments will be denominated. However, depending on financial market conditions, a particular focus can be placed in a single European country and/or in a single currency and/or in a single economic sector.

The compartment may enter into securities lending, repurchase and reverse repurchase transactions in order to increase its capital or its revenue or to reduce its costs or risks.

For hedging and for any other purposes, within the limits set out in the chapter "Investment restrictions" of the Prospectus, the compartment may use all types of financial derivative instruments traded on a regulated market and/or over the counter (OTC) provided they are contracted with leading financial institutions specialized in this type of transactions. In particular, the compartment may take exposure through any financial derivative instruments such as but not limited to warrants, futures, options, swaps (including but not limited to total return swaps, contracts for difference, credit default swaps) and forwards on any underlying in line with the Law of 2010 as well as the investment policy of the compartment, including but not limited to, currencies (including non-deliverable forwards), transferable securities, basket of transferable securities and indices.

The compartment may also invest in structured products, such as but not limited to credit-linked notes, certificates or any other transferable securities whose returns are correlated with changes in, among others, an index selected in accordance with the article 9 of the 2008 Regulation, currencies, exchange rates, transferable securities, a basket of transferable securities, or an undertaking for collective investment, at all times in compliance with the grand-ducal regulation.

Those investments may not be used to elude the investment policy of the compartment.

In addition, the compartment may invest up to 10% of its net assets in UCITS and/or other UCIs.

At times where the Investment Managers consider it as appropriate, prudent levels of cash, cash equivalents, money market funds (within the above mentioned 10% limit) and money market instruments will be maintained, which may be substantial or even represent, under exceptional circumstances, 100% of the compartment's assets.

#### Exposure to total return swaps, securities lending transactions, reverse repurchase agreements and repurchase agreements

The compartment does not expect to be exposed to repurchase agreements and reverse repurchase agreements.

The maximum expected level of exposure to securities lending transactions amounts 5% of the compartment's net assets.

The maximum expected level of exposure to total return swaps amounts to 5% of the compartment's net assets.

Risk Factors

The risks listed below are the main risks of the compartment. Investors should be aware that other risks may also be relevant to the compartment. **Please refer to the section "Risk Considerations" for a full description of these risks.**

- Counterparty risk;
- Equity risk;
- Financial derivative instruments risk;
- Concentration risk;
- Leverage risk.

Invested capital may fluctuate downwards as well as upwards, and investors may not recuperate the entire value of the capital initially invested.

Method to measure risk:

Absolute value at risk approach

Expected leverage:

150%.
Depending on market conditions, the leverage may be higher.

Method for calculating the leverage:

Sum of the notionals

Investment Managers:

PICTET AM SA, PICTET AM Ltd

Reference currency of the compartment:

EUR

Remittance of orders

*Subscription*

By 5:00 pm at the latest, 1 Banking Day before the relevant Valuation Day.

*Redemption*

By 5:00 pm at the latest, 1 Banking Day before the relevant Valuation Day.

*Conversion*

The most restrictive time period of the two compartments concerned.

Frequency of NAV calculation

The NAV will be determined as at each Banking Day (the “**Valuation Day**”).

However, the Board of Directors reserves the right not to calculate the NAV or to calculate an NAV that cannot be used for trading purposes due to closure of one or more markets in which the Fund is invested and/or which it uses to value a material part of the assets.

For further information, please refer to our website www.assetmanagement.pictet..

Calculation Day

The calculation and publication of the NAV as at a Valuation Day will take place on the Week Day following the relevant Valuation Day (the “**Calculation Day**”).

Payment value date for subscriptions and redemptions

Within 3 Week Days of the applicable Valuation Day.

Shares not yet issued that may be activated at a later date:

Non activated Classes of Shares may be activated at any time by decision of the Board of Directors.

## PICTET TR – CORTO EUROPE

| Type of share | Activated | ISIN Code | Initial min | Currency of the class | Subscription and redemption currency | Dividend distribution | Fee (Max in %)* | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Management | Service | Depositary Bank |
| I EUR | ✓ | LU0496442640 | 1 million | EUR | EUR | - | 1.60% | 0.35% | 0.22% |
| P EUR | ✓ | LU0496442723 | | EUR | EUR | - | 2.30% | 0.35% | 0.22% |
| Z EUR | - | | | EUR | EUR | - | 0% | 0.35% | 0.22% |
| M EUR | ✓ | LU1569732461 | | EUR | EUR | - | 0% | 0.35% | 0.22% |
| I GBP | ✓ | LU0498550879 | (1) | GBP | GBP | - | 1.60% | 0.35% | 0.22% |
| P GBP | - | LU0498551505 | | GBP | GBP | - | 2.30% | 0.35% | 0.22% |
| HI USD | ✓ | LU0496442996 | (1) | USD | USD | - | 1.60% | 0.40% | 0.22% |
| HP USD | ✓ | LU0496443028 | | USD | USD | - | 2.30% | 0.40% | 0.22% |
| HI GBP | ✓ | LU0497799840 | (1) | GBP | GBP | - | 1.60% | 0.40% | 0.22% |
| HP GBP | - | LU0497799923 | | GBP | GBP | - | 2.30% | 0.40% | 0.22% |
| HI CHF | ✓ | LU0496443291 | (1) | CHF | CHF | - | 1.60% | 0.40% | 0.22% |
| HP CHF | ✓ | LU0496443374 | | CHF | CHF | - | 2.30% | 0.40% | 0.22% |
| HI JPY | ✓ | LU0972673163 | (1) | JPY | JPY | - | 1.60% | 0.40% | 0.22% |

* Per year of the average net assets attributable to this type of share.
(1) EUR 1,000,000 converted to USD, GBP, CHF or JPY as at the relevant Valuation Day.

### Performance fee:

The Investment Manager will receive a performance fee, accrued as at each Valuation Day, paid yearly, based on the net asset value (NAV), equivalent to 20 % of the performance of the NAV per share (measured against the High Water Mark) over the performance of the index described in the below table for each share class, since the last performance fee payment. No performance fee will be payable for Z share classes.

| Type of share classes | Index |
|---|---|
| Share classes denominated in EUR, USD, CHF, JPY and GBP | EONIA |
| Hedged share classes denominated in USD | LIBOR USD Overnight |
| Hedged share classes denominated in GBP | LIBOR GBP Overnight |
| Hedged share classes denominated in CHF | LIBOR CHF Spot Next |
| Hedged share classes denominated in JPY | LIBOR JPY Spot Next |

The performance fee is calculated on the basis of the NAV after deduction of all expenses, liabilities, and management fees (but not performance fee), and is adjusted to take account of all subscriptions and redemptions.

The performance fee is calculated by reference to the outperformance of the NAV per share adjusted for subscriptions into and redemptions out of the relevant classes of shares during the calculation period. No performance fee will be due if the NAV per share before performance fee turns out to be below the High Water Mark for the calculation period in question.

The High Water Mark is defined as the greater of the following two figures:

- The last highest Net Asset Value per Share on which a performance fee has been paid and;
- The initial NAV per share.

The High Water Mark will be decreased by the dividends paid to shareholders.

Provision will be made for this performance fee as at each Valuation Day. If the NAV per share decreases during the calculation period, the provisions made in respect of the performance fee will be reduced accordingly. If these provisions fall to zero, no performance fee will be payable.

If the return of the NAV per share (measured against the High Water Mark) is positive, but the Index return is negative, the calculated performance fee per share will be limited to the return of the NAV per share in order to avoid that performance fee calculation implies that the NAV per share after performance fee be inferior to the High Water Mark.
For the shares present into the class at the beginning of the calculation period, performance fee will be calculated by reference to the performance against the High Water Mark.

For the shares subscribed during the calculation period, performance fee will be calculated by reference to the performance from the subscription date to the end of the calculation period. Furthermore, performance fee per share will be capped to the performance fee per share related to the shares present into the class at the beginning of the calculation period.

For the shares redeemed during the calculation period, performance fee is determined based upon the “first in, first out” method where shares bought first are redeemed first, and shares bought last are redeemed last.

Performance fee crystallized in case of redemption is payable at the end of the calculation period even if there is no longer performance fee at that date.

Any first calculation period shall start on the inception date and terminate at the last Valuation Day of the ongoing year-end. The subsequent calculation periods shall start on the first and terminate on the last Valuation Day of each following year.

## 2. PICTET TR – MANDARIN

### Investor type profile

The compartment is an investment vehicle for investors:

- Who wish to invest primarily in shares of Asian companies, including China A Shares (with a focus mainly in China, Taiwan and Hong Kong) which future looks promising, while taking short positions through the use of financial derivative instruments in shares that look overvalued;
- Who are willing to bear variations in market value and thus have a low aversion to risk.

### Investment policy and objectives

The compartment follows an equity long/short investment strategy. The objective of the compartment is to achieve long-term capital growth in absolute terms with a strong focus on capital preservation.

Traditional long positions are coupled with (synthetic) long and short positions, which will be achieved through the use of financial derivative instruments (such as total return swaps).

The compartment will principally invest in equities, equity related securities (such as but not limited to ordinary or preferred shares), deposits and money market instruments (for cash management only). The main portion of the equities and equity related securities part will be invested in companies which are domiciled, headquartered or exercise the predominant part of their economic activity in Asia with a main focus in China, Taiwan and Hong Kong.

For that purpose, the compartment may invest in China A Shares through the (i) QFII quota granted to PICTET AM Ltd (subject to a maximum of 10% of its net assets) (ii) the RQFII quota granted to PICTET AM Ltd (iii) the Shanghai-Hong Kong Stock Connect programme and/or (iv) the Shenzhen-Hong Kong Stock Connect programme and/or (v) any similar acceptable securities trading and clearing linked programmes or access instruments which may be available to the compartment in the future. The compartment may also use financial derivative instruments on China A Shares.

Except the above-mentioned geographical criteria, the choice of investments will neither be limited by an economic sector nor in terms of currencies in which investments will be denominated. However, depending on financial market conditions, a particular focus can be placed in a single Asian country and/or in a single currency and/or in a single economic sector.

The compartment may enter into securities lending, repurchase and reverse repurchase transactions in order to increase its capital or its revenue or to reduce its costs or risks.

For hedging and for any other purposes, within the limits set out in the chapter "Investment restrictions" of the Prospectus, the compartment may use all types of financial derivative instruments traded on a regulated market and/or over the counter (OTC) provided they are contracted with leading financial institutions specialized in this type of transactions. In particular, the compartment may take exposure through any financial derivative instruments such as but not limited to warrants, futures, options, swaps (including but not limited to total return swaps, contracts for difference, credit default swaps) and forwards on any underlying in line with the Law of 2010 as well as the investment policy of the compartment, including but not limited to, currencies (including non-deliverable forwards), transferable securities, basket of transferable securities and indices.

The compartment may also invest in structured products, such as but not limited to credit-linked notes, certificates or any other transferable securities whose returns are correlated with changes in, among others, an index selected in accordance with the article 9 of the 2008 Regulation, currencies, exchange rates, transferable securities, a basket of transferable securities, or an undertaking for collective investment, at all times in compliance with the grand-ducal regulation.

Those investments may not be used to elude the investment policy of the compartment.

In addition, the compartment may invest up to 10% of its net assets in UCITS and/or other UCIs.

At times where the Investment Managers considers it as appropriate, prudent levels of cash, cash equivalents, money market funds (within the above mentioned 10% limit) and money market instruments will be maintained, which may be substantial or even represent, under exceptional circumstances, 100% of the compartment's assets.

### Exposure to total return swaps, securities lending transactions, reverse repurchase agreements and repurchase agreements

The compartment does not expect to be exposed to securities lending transactions, repurchase agreements and reverse repurchase agreements.

The maximum expected level of exposure to total return swaps amounts to 5% of the compartment's net assets.

### Risk Factors

The risks listed below are the main risks of the compartment. Investors should be aware that other risks may also be relevant to the compartment. **Please refer to the section "Risk Considerations" for a full description of these risks.**

- Counterparty risk;
- Investment restriction risk;
- Currency risk;
- Equity risk;
- Emerging market risk;
- Financial derivative instruments risk;
- Concentration risk;
- Political risk;
- Tax risk;
- Leverage risk;
- QFII risk;
- RQFII risk;
- Stock Connect risk;
- Chinese currency exchange rate risk.

Invested capital may fluctuate downwards as well as upwards, and investors may not recuperate the entire value of the capital initially invested.

### Method to measure risk:

Absolute value at risk approach.

### Expected leverage:

100%

Depending on market conditions, the leverage may be higher.

### Method for calculating the leverage:

Sum of the notionals.

### Investment Managers:

PICTET AM SA, PICTET AM Ltd, PICTET AM HK

### Reference currency of the compartment:

USD

### Remittance of orders:

*Subscription*

By 5:00 pm at the latest 1 Banking Day before the relevant Valuation Day.

*Redemption*

By 5:00 pm at the latest 1 Banking Day before the relevant Valuation Day.

*Conversion*

The most restrictive time period of the two compartments concerned.

### Frequency of NAV calculation

The NAV will be determined as at each Banking Day (the "**Valuation Day**").

However, the Board of Directors reserves the right not to calculate the NAV or to calculate an NAV that cannot be used for trading purposes due to closure of one or more markets in which the Fund is invested and/or which it uses to value a material part of the assets.

For further information, please refer to our website www.assetmanagement.pictet..

### Calculation Day

The calculation and publication of the NAV as at a Valuation Day will take place on the Week Day following the relevant Valuation Day (the "**Calculation Day**").

### Payment value date for subscriptions and redemptions

Within 3 Week Days of the applicable Valuation Day.

### Shares not yet issued that may be activated at a later date:

Non activated Classes of Shares may be activated at any time by decision of the Board of Directors.

## PICTET TR – MANDARIN

| Type of share | Activated | ISIN Code | Initial min | Currency of the Class | Subscription and redemption currency | Dividend distribution | Fee (Max in %)* | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Management | Service | Depositary Bank |
| I USD | ✓ | LU0496443457 | 1 million | USD | USD | - | 1.60% | 0.35% | 0.22% |
| P USD | ✓ | LU0496443531 | | USD | USD | - | 2.30% | 0.35% | 0.22% |
| I EUR | ✓ | LU0592589740 | (1) | EUR | EUR | - | 1.60% | 0.35% | 0.22% |
| Z EUR | - | | | EUR | EUR | - | 0% | 0.35% | 0.22% |
| P EUR | - | LU0592590243 | | EUR | EUR | - | 2.30% | 0.35% | 0.22% |
| I GBP | - | LU0513488261 | (1) | GBP | GBP | - | 1.60% | 0.35% | 0.22% |
| P GBP | - | LU0513488345 | | GBP | GBP | - | 2.30% | 0.35% | 0.22% |
| HI EUR | ✓ | LU0496443705 | (1) | EUR | EUR | - | 1.60% | 0.40% | 0.22% |
| HP EUR | - | LU0496443887 | | EUR | EUR | - | 2.30% | 0.40% | 0.22% |
| HI GBP | - | LU0499482635 | (1) | GBP | GBP | - | 1.60% | 0.40% | 0.22% |
| HP GBP | - | LU0499484250 | | GBP | GBP | - | 2.30% | 0.40% | 0.22% |
| HI CHF | ✓ | LU0496443960 | (1) | CHF | CHF | - | 1.60% | 0.40% | 0.22% |
| HP CHF | - | LU0496444000 | | CHF | CHF | - | 2.30% | 0.40% | 0.22% |
| HI JPY | ✓ | LU1022372699 | (1) | JPY | JPY | - | 1.60% | 0.40% | 0.22% |

* Per year of the average net assets attributable to this type of share.
(1) USD 1,000,000 converted in EUR, GBP, CHF or JPY as at the relevant Valuation Day.

### Performance fee:

The Investment Manager will receive a performance fee, accrued as at each Valuation Day, paid yearly, based on the net asset value (NAV), equivalent to 20 % of the performance of the NAV per share (measured against the High Water Mark) over the performance of the index detailed in the below table for each share class since the last performance fee payment. No performance fee will be payable for X share classes.

| Type of share classes | Index |
|---|---|
| Share classes denominated in USD, EUR, CHF, JPY and GBP | LIBOR USD Overnight |
| Hedged share classes denominated in EUR | EONIA |
| Hedged share classes denominated in GBP | LIBOR GBP Overnight |
| Hedged share classes denominated in CHF | LIBOR CHF Spot Next |
| Hedged share classes denominated in JPY | LIBOR JPY Spot Next |

The performance fee is calculated on the basis of the NAV after deduction of all expenses, liabilities, and management fees (but not performance fee), and is adjusted to take account of all subscriptions and redemptions.

The performance fee is calculated by reference to the outperformance of the NAV per share adjusted for subscriptions into and redemptions out of the relevant classes of shares during the calculation period. No performance fee will be due if the NAV per share before performance fee turns out to be below the High Water Mark for the calculation period in question.

The High Water Mark is defined as the greater of the following two figures:

- The last highest Net Asset Value per Share on which a performance fee has been paid and;
- The initial NAV per share.

The High Water Mark will be decreased by the dividends paid to shareholders.

Provision will be made for this performance fee as at each Valuation Day. If the NAV per share de-creases during the calculation period, the provisions made in respect of the performance fee will be reduced accordingly. If these provisions fall to zero, no performance fee will be payable.

If the return of the NAV per share (measured against the High Water Mark) is positive, but the Index return is negative, the calculated performance fee per share will be limited to the return of the NAV per share in order to avoid that performance fee calculation implies that the NAV per share after performance fee be inferior to the High Water Mark.

For the shares present into the class at the beginning of the calculation period, performance fee will be calculated by reference to the performance against the High Water Mark.

For the shares subscribed during the calculation period, performance fee will be calculated by reference to the performance from the subscription date to the end of the calculation period. Furthermore, performance fee per share will be capped to the performance fee per share related to the shares present into the class at the beginning of the calculation period.

For the shares redeemed during the calculation period, performance fee is determined based upon the "first in, first out" method where shares bought first are redeemed first, and shares bought last are redeemed last.

Performance fee crystallized in case of redemption is payable at the end of the calculation period even if there is no longer performance fee at that date.

Any first calculation period shall start on the inception date and terminate at the last Valuation Day of the ongoing year-end. The subsequent calculation periods shall start on the first and terminate on the last Valuation Day of each following year.

## 3. PICTET TR – KOSMOS

### Investor type profile

The compartment is an investment vehicle for investors:

- Who wish to invest primarily in credit strategies and benefit from long and short exposures through the use of financial derivative instruments to single issuers or credit indices worldwide.
- Who are willing to bear variations in market value and thus have a low aversion to risk.

### Investment policy and objectives

The compartment follows a credit long/short investment strategy which is generally market neutral. The objective of the compartment is to achieve long-term capital growth in absolute terms with a strong focus on capital preservation.

Traditional long positions are coupled with (synthetic) long and short positions, which will be achieved through the use of financial derivative instruments (amongst others credit default swaps on a single name or on an index).

The compartment will principally invest in bonds and other related debt securities (such as corporate and/or sovereign and/or financial bonds, covered bonds and convertible bonds), deposits and money market instruments (for cash management only).

The compartment may be exposed without limitation to non-investment grade debt securities, excluding distressed and defaulted securities. Although the compartment is not subject to any limit regarding the rating of the non-investment grade debt securities concerned (excluding distressed and defaulted securities), the Manager intends to operate the compartment in a way that the average rating of the debt securities held by the compartment will be equal or higher than BBB- (investment grade).

The compartment may also invest up to 20% of its assets in Sukuk al Ijarah, Sukuk al Wakalah, Sukuk al Mudaraba or any other type of Shariah-compliant fixed-income securities within the limits of the 2008 Regulation. The compartment may also invest up to 10% of its assets in contingent convertible bonds ("CoCo Bonds").

Specifically, the compartment may conduct credit default swaps for both investment and hedging purposes. A credit default swap is a bilateral financial agreement under which counterparty (the "protection buyer") pays a premium against an undertaking by the "protection seller" to pay a certain amount if the reference issuer is the subject of a credit risk stipulated in the contract. The protection buyer acquires the right to sell a particular bond issued by the reference issuer at its face value (or at another base value or strike price) if a credit risk arises. A credit risk generally includes bankruptcy, insolvency, court-ordered reorganisation/liquidation, rescheduling of debts or non-payment of debts payable. The International Swaps and Derivatives Association (ISDA) has published standardised documentation for these transactions, included in the ISDA Master Agreement.

The choice of investments will neither be limited by geographical area (including emerging markets), an economic sector nor in terms of currencies in which investments will be denominated. However, depending on financial market conditions, a particular focus can be placed in a single country and/or in a single currency and/or in a single economic sector.

The compartment may enter into securities lending, repurchase and reverse repurchase transactions in order to increase its capital or its revenue or to reduce its costs or risks.

For hedging and for efficient portfolio management, within the limits set out in the chapter "Investment restrictions" of the Prospectus, the compartment may use all types of financial derivative instruments traded on a regulated market and/or over the counter (OTC) provided they are contracted with leading financial institutions specialized in this type of transactions. In particular, the compartment may take exposure through any financial derivative instruments such as but not limited to warrants, futures, options, swaps (including but not limited to total return swaps, contracts for difference, credit default swaps) and forwards on any underlying in line with the Law of 2010 as well as the investment policy of the compartment, including but not limited to, currencies (including non-deliverable forwards), interest rates, transferable securities, basket of transferable securities, indices (including but not limited to commodities, precious metals or volatility indices), undertakings for collective investment.

The compartment may also invest in structured products, such as but not limited to notes, certificates or any other transferable securities whose returns are correlated with changes in, among others, an index selected in accordance with the article 9 of the 2008 Regulation, currencies, exchange rates, transferable securities, a basket of transferable securities, or an undertaking for collective investment, at all times in compliance with the grand-ducal regulation.

Those investments may not be used to elude the investment policy of the compartment.

In addition, the compartment may invest up to 10% of its net assets in UCITS and/or other UCIs.

At times where the Investment Managers considers it as appropriate, prudent levels of cash, cash equivalents, money market funds (within the above mentioned 10% limit) and money market instruments will be maintained, which may be substantial or even represent, under exceptional circumstances, 100% of the compartment's assets.

### Exposure to total return swaps, securities lending transactions, reverse repurchase agreements and repurchase agreements

By way of derogation to the maximum exposure referred to in the general part of this Prospectus, no more than 30% of the compartment's net assets will be subject to reverse repurchase agreements.

The compartment does however not expect to be exposed to securities lending transactions, repurchase agreements and reverse repurchase agreements.

The maximum expected level of exposure to total return swaps amounts to 5% of the compartment's net assets.

### Risk Factors

The risks listed below are the main risks of the compartment. Investors should be aware that other risks may also be relevant to the compartment. **Please refer to the section "Risk Considerations" for a full description of these risks.**

- Counterparty risk;
- Credit risk;
- High Yield investment risk;
- Currency risk;
- Interest rate risk;
- Emerging market risk;
- Financial derivative investments risk;
- Concentration risk;
- Political risk;
- Leverage risk;
- Sukuk risk;
- Contingent Convertible instruments risk.

Invested capital may fluctuate downwards as well as upwards, and investors may not recuperate the entire value of the capital initially invested.

### Method to measure risk:

Absolute value at risk approach.

### Expected leverage:

350%

Depending on market conditions, the leverage may be higher.

### Method for calculating the leverage:

Sum of the notionals.

### Investment Managers:

PICTET AM SA, PICTET AM Ltd

### Reference currency of the compartment:

EUR

### Remittance of orders

*Subscription*

By 5:00 pm at the latest, 2 Banking Days before the relevant Valuation Day.

*Redemption*

By 5:00 pm at the latest, 2 Banking Days before the relevant Valuation Day.

*Conversion*

The most restrictive time period of the two compartments concerned.

### Frequency of NAV calculation

The NAV will be determined as at each Thursday (if it is not a Banking Day, the next Following Banking Day) (the "**Valuation Day**").

Furthermore, an additional NAV calculation will take place as at each Banking Day; however, such additional NAV, although available for publication, will be produced for valuation purposes only, hence no subscription or redemption orders will be accepted on the basis thereof.

In addition a non-tradable NAV may also be calculated as at each Week Day which is not a Banking Day; these non-tradable NAVs may be published but may only be used for producing performance measurement calculations and statistics (in particular so that comparisons can be made with the benchmark indices) or for calculating fees, and may not in any circumstances be used as a basis for subscription or redemption orders.

For further information, please refer to our website www.assetmanagement.pictet..

## Calculation Day

The calculation and publication of the NAV as at a Valuation Day will take place on Friday following the relevant Valuation Day or the following Week Day if that day is not a Week Day (the "**Calculation Day**").

## Payment value date for subscriptions and redemptions

Within 3 Week Days of the applicable Valuation Day.

## Shares not yet issued that may be activated at a later date:

Non activated Classes of Shares may be activated at any time by decision of the Board of Directors.

## PICTET TR – KOSMOS

| Type of share | Activated | ISIN Code | Initial min | Currency of the class | Subscription and redemption currency | Dividend distribution | Fee (Max in %)* | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Management | Service | Depositary Bank |
| I EUR | ✓ | LU0635020901 | 1 million | EUR | EUR | - | 1.60% | 0.35% | 0.22% |
| P EUR | ✓ | LU0635021032 | | EUR | EUR | - | 2.30% | 0.35% | 0.22% |
| Z EUR | - | | | EUR | EUR | - | 0% | 0.35% | 0.22% |
| I GBP | ✓ | LU0635021115 | (1) | GBP | GBP | - | 1.60% | 0.35% | 0.22% |
| HI USD | ✓ | LU0635021388 | (1) | USD | USD | - | 1.60% | 0.40% | 0.22% |
| HP USD | ✓ | LU0635021545 | | USD | USD | - | 2.30% | 0.40% | 0.22% |
| HI GBP | ✓ | LU0635021628 | (1) | GBP | GBP | - | 1.60% | 0.40% | 0.22% |
| HP GBP | ✓ | LU0635021891 | | GBP | GBP | - | 2.30% | 0.40% | 0.22% |
| HI CHF | ✓ | LU0635021974 | (1) | CHF | CHF | - | 1.60% | 0.40% | 0.22% |
| HP CHF | ✓ | LU0635022196 | | CHF | CHF | - | 2.30% | 0.40% | 0.22% |
| HI JPY | - | LU0803471464 | (1) | JPY | JPY | - | 1.60% | 0.40% | 0.22% |
| HI AUD | - | LU1128057020 | (1) | AUD | AUD | - | 1.60% | 0.40% | 0.22% |
| HJ GBP | - | LU1247513739 | (2) | GBP | GBP | - | 1.40% | 0.40% | 0.22% |
| HJ USD | - | LU1247515783 | (2) | USD | USD | - | 1.40% | 0.40% | 0.22% |

* Per year of the average net assets attributable to this type of share.
(1) EUR 1,000,000 converted to USD, GBP, CHF, JPY or AUD as at the relevant Valuation Day.
(2) EUR 100,000,000 converted to USD, GBP, CHF or JPY as at the relevant Valuation Day.

## Performance fee:

The Investment Manager will receive a performance fee, accrued as at each Valuation Day, paid yearly, based on the net asset value (NAV), equivalent to 20 % of the performance of the NAV per share (measured against the High Water Mark) over the performance of the index described in the below table for each share class, since the last performance fee payment. No performance fee will be payable for X share classes.

| Type of share classes | Index |
|---|---|
| Share classes denominated in EUR, USD, CHF, JPY and GBP | EONIA |
| Hedged share classes denominated in USD | LIBOR USD Overnight |
| Hedged share classes denominated in GBP | LIBOR GBP Overnight |
| Hedged share classes denominated in CHF | LIBOR CHF Spot Next |
| Hedged share classes denominated in AUD | Bank of America Merrill Lynch Australian Dollar Overnight Deposit Offered Rate Index |
| Hedged share classes denominated in JPY | LIBOR JPY Spot Next |

The performance fee is calculated on the basis of the NAV after deduction of all expenses, liabilities, and management fees (but not performance fee), and is adjusted to take account of all subscriptions and redemptions.

The performance fee is calculated by reference to the outperformance of the NAV per share adjusted for subscriptions into and redemptions out of the relevant classes of shares during the calculation period. No performance fee will be due if the NAV per share before performance fee turns out to be below the High Water Mark for the calculation period in question.

The High Water Mark is defined as the greater of the following two figures:

- The last highest Net Asset Value per Share on which a performance fee has been paid and;
- The initial NAV per share.

The High Water Mark will be decreased by the dividends paid to shareholders.

Provision will be made for this performance fee as at each Valuation Day. If the NAV per share decreases during the calculation period, the provisions made in respect of the performance fee will be reduced accordingly. If these provisions fall to zero, no performance fee will be payable.

If the return of the NAV per share (measured against the High Water Mark) is positive, but the Index return is negative, the calculated performance fee per share will be limited to the return of the NAV per share in order to avoid that performance fee calculation implies that the NAV per share after performance fee be inferior to the High Water Mark.

For the shares present into the class at the beginning of the calculation period, performance fee will be calculated by reference to the performance against the High Water Mark.

For the shares subscribed during the calculation period, performance fee will be calculated by reference to the performance from the subscription date to the end of the calculation period. Furthermore, performance fee per share will be capped to the performance fee per share related to the shares present into the class at the beginning of the calculation period.

For the shares redeemed during the calculation period, performance fee is determined based upon the “first in, first out” method where shares bought first are redeemed first, and shares bought last are redeemed last.

Performance fee crystallized in case of redemption is payable at the end of the calculation period even if there is no longer performance fee at that date.

Any first calculation period shall start on the inception date and terminate at the last Valuation Day of the ongoing year-end. The subsequent calculation periods shall start on the first and terminate on the last Valuation Day of each following year.

## 4. PICTET TR – DIVERSIFIED ALPHA

### Investor type profile

The compartment is an investment vehicle for investors:

- Who wish to invest primarily in market neutral strategies by investing their assets with selected investment teams who may implement long and short exposures through the use of financial derivative instruments to various financial assets globally, including China A Shares ;
- Who are willing to bear variations in market value and thus have a low to medium aversion to risk.

### Investment policy and objectives

The compartment follows a set of long/short investment strategies which are generally market neutral. The objective of the compartment is to achieve long-term capital growth in absolute terms with a strong focus on capital preservation.

Traditional long positions are coupled with (synthetic) long and short positions, which will be achieved through the use of financial derivative instruments (amongst others total return swaps, credit default swaps, futures and options).

The compartment will principally invest in bonds and other related debt securities (such as corporate and/or sovereign and/or financial bonds, covered bonds and convertible bonds), equities, equity related securities (such as but not limited to ordinary or preferred shares), deposits and money market instruments (for cash management only). For that purpose, the compartment may invest up to 25% of its assets in China A Shares through (i) the RQFII quota granted to PICTET AM Ltd (ii) the Shanghai-Hong Kong Stock Connect programme (iii) the Shenzhen-Hong Kong Stock Connect programme and/or (iv) any similar acceptable securities trading and clearing linked programmes or access instruments which may be available to the compartment in the future.The Compartment may also use financial derivative instruments on China A Shares.

The compartment may be exposed without limitation to non-investment grade debt securities, including distressed and defaulted securities for up to 10 % of its net assets. Although the compartment is not subject to any limit regarding the rating of the non-investment grade debt securities concerned (except for the 10% maximum invested in distressed and defaulted securities), the Manager intends to operate the compartment in a way that the average rating of the debt securities held by the compartment will be equal or higher than BB- over the long term.

The compartment may also invest up to 10% of its assets in Sukuk al Ijarah, Sukuk al Wakalah, Sukuk al Mudaraba or any other type of Shariah-compliant fixed-income securities within the limits of the 2008 Regulation.

The choice of investments will neither be limited by geographical area (including emerging markets), an economic sector nor in terms of currencies in which investments will be denominated. However, depending on financial market conditions, a particular focus can be placed in a single country and/or in a single currency and/or in a single economic sector.

The compartment may enter into securities lending, repurchase and reverse repurchase transactions in order to increase its capital or its revenue or to reduce its costs or risks.

For hedging and for any other purposes, within the limits set out in the chapter "Investment restrictions" of the Prospectus, the compartment may use all types of financial derivative instruments traded on a regulated market and/or over the counter (OTC) provided they are contracted with leading financial institutions specialized in this type of transactions. In particular, the compartment may take exposure through any financial derivative instruments such as but not limited to warrants, futures, options, swaps (including but not limited to total return swaps, contracts for difference, credit default swaps) and forwards on any underlying in line with the Law of 2010 as well as the investment policy of the compartment, including but not limited to, currencies (including non-deliverable forwards), interest rates, transferable securities, basket of transferable securities, indices (including but not limited to commodities, precious metals or volatility indices), undertakings for collective investment. As a consequence of this use of financial derivate instruments for the long and short positions, the compartment will have a considerable leverage.

The compartment may also invest in structured products, such as but not limited to notes, certificates or any other transferable securities whose returns are correlated with changes in, among others, an index selected in accordance with the article 9 of the 2008 Regulation, currencies, exchange rates, transferable securities, a basket of transferable securities, or an undertaking for collective investment, at all times in compliance with the grand-ducal regulation.

Those investments may not be used to elude the investment policy of the compartment.

In addition, the compartment may invest up to 10% of its net assets in UCITS and/or other UCIs including, without limitation, other compartments of the Fund, pursuant to Article 181 of the 2010 Act as indicated in the "investment restrictions" section.

At times where the Investment Managers consider it as appropriate, prudent levels of cash, cash equivalents, money market funds (within the above mentioned 10% limit) and money market instruments will be maintained, which may be substantial or even represent, under exceptional circumstances, 100% of the compartment's assets.

### Exposure to total return swaps, securities lending transactions, reverse repurchase agreements and repurchase agreements

The compartment does not expect to be exposed to securities lending transactions, repurchase agreements and reverse repurchase agreements.

The maximum expected level of exposure to total return swaps amounts to 5% of the compartment's net assets.

### Risk Factors

The risks listed below are the main risks of the compartment. Investors should be aware that other risks may also be relevant to the compartment. **Please refer to the section "Risk Considerations" for a full description of these risks.**

- Counterparty risk;
- Credit risk;
- High Yield investment risk;
- Distressed and defaulted debt securities risk.
- Equity risk;
- Interest rate risk;
- Emerging market risk;
- Financial derivative instruments risk;
- Leverage risk;
- Sukuk risk;
- Concentration risk;
- Political risk;
- RQFII risk;
- Stock Connect risk.

Invested capital may fluctuate downwards as well as upwards, and investors may not recuperate the entire value of the capital initially invested.

### Method to measure risk:

Absolute value at risk approach.

### Expected leverage:

500%

Depending on market conditions, the leverage may be higher.

### Method for calculating the leverage:

Sum of the notionals.

### Investment Managers:

PICTET AM SA, PICTET AM Ltd, PICTET AMS, PICTET AM HK and PICTET AMJ

### Reference currency of the compartment:

EUR

### Remittance of orders

*Subscription*

By 5:00 pm at the latest, 2 Banking Days before the relevant Valuation Day.

*Redemption*

By 5:00 pm at the latest, 2 Banking Days before the relevant Valuation Day.

*Conversion*

The most restrictive time period of the two compartments concerned.

### Frequency of NAV calculation

The NAV will be determined as at each Thursday (if it is not a Banking Day, the next following Banking Day) (the "**Valuation Day**").

Furthermore, an additional NAV calculation will take place as at each Banking Day; however, such additional NAV, although available for publication, will be produced for valuation purposes only, hence no subscription or redemption orders will be accepted on the basis thereof.

In addition a non-tradable NAV may also be calculated as at each Week Day which is not a Banking Day; these non-tradable NAVs may be published but may only be used for producing performance measurement calculations and statistics (in particular so that comparisons can be made with the benchmark indices) or for calculating fees, and may not in any circumstances be used as a basis for subscription or redemption orders.

For further information, please refer to our website www.assetmanagement.pictet..

### Calculation Day

The calculation and publication of the NAV as at a Valuation Day will take place on Friday following the relevant

Valuation Day or the following Week Day if that day is not a Week Day (the "**Calculation Day**").

Payment value date for subscriptions and redemptions
Within 3 Week Days of the applicable Valuation Day.

Shares not yet issued that may be activated at a later date:
Non activated Classes of Shares may be activated at any time by decision of the Board of Directors.

PICTET TR – DIVERSIFIED ALPHA

| Type of share | Activated | ISIN Code | Initial min | Currency of the class | Subscription and redemption currency | Dividend distribution | Fee (Max in %)* | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Management | Service | Depositary Bank |
| I EUR | ✓ | LU1055714379 | 1 million | EUR | EUR | - | 1.60% | 0.35% | 0.22% |
| P EUR | ✓ | LU1055714452 | | EUR | EUR | - | 2.30% | 0.35% | 0.22% |
| P dy EUR | ✓ | LU1229532624 | | EUR | EUR | ✓ | 2,30% | 0,35% | 0,22% |
| Z EUR | - | LU1055714536 | | EUR | EUR | - | 0% | 0.35% | 0.22% |
| J EUR | ✓ | LU1055715772 | 500 million | EUR | EUR | - | 1.40% | 0.35% | 0.22% |
| I GBP | - | LU1055714619 | (1) | GBP | GBP | - | 1.60% | 0.35% | 0.22% |
| P GBP | - | LU1055714700 | | GBP | GBP | - | 2.30% | 0.35% | 0.22% |
| HI USD | ✓ | LU1055714882 | (1) | USD | USD | - | 1.60% | 0.40% | 0.22% |
| HP USD | ✓ | LU1055714965 | | USD | USD | - | 2.30% | 0.40% | 0.22% |
| HI GBP | - | LU1055715004 | (1) | GBP | GBP | - | 1.60% | 0.40% | 0.22% |
| HP GBP | ✓ | LU1055715186 | | GBP | GBP | - | 2.30% | 0.40% | 0.22% |
| HI CHF | ✓ | LU1055715269 | (1) | CHF | CHF | - | 1.60% | 0.40% | 0.22% |
| HP CHF | ✓ | LU1055715343 | | CHF | CHF | - | 2.30% | 0.40% | 0.22% |
| HI JPY | ✓ | LU1055715426 | (1) | JPY | JPY | - | 1.60% | 0.40% | 0.22% |
| HP JPY | - | LU1055715699 | | JPY | JPY | - | 2.30% | 0.40% | 0.22% |
| HJ JPY | ✓ | LU1163232066 | (2) | JPY | JPY | - | 1.40% | 0.40% | 0.22% |
| HJ USD | ✓ | LU1055715855 | (2) | USD | USD | - | 1.40% | 0.40% | 0.22% |
| HJ CHF | ✓ | LU1055715939 | (2) | CHF | CHF | - | 1.40% | 0.40% | 0.22% |

* Per year of the average net assets attributable to this type of share.
(1) EUR 1,000,000 converted to USD, GBP, CHF or JPY as at the relevant Valuation Day.
(2) EUR 500,000,000 converted to USD, CHF or JPY as at the relevant Valuation Day.

Performance fee:
The Investment Manager will receive a performance fee, accrued as at each Valuation Day, paid yearly, based on the net asset value (NAV), equivalent to 20 % of the performance of the NAV per share, (measured against the High Water Mark) over the performance of the index described in the below table for each share class, since the last performance fee payment. No performance fee will be payable for X share classes.

| Type of share classes | Index |
|---|---|
| Share classes denominated in EUR, USD, CHF, JPY and GBP | EONIA |
| Hedged share classes denominated in USD | LIBOR USD Overnight |
| Hedged share classes denominated in GBP | LIBOR GBP Overnight |
| Hedged share classes denominated in CHF | LIBOR CHF Spot Next |
| Hedged share classes denominated in JPY | LIBOR JPY Spot Next |

The performance fee is calculated on the basis of the NAV after deduction of all expenses, liabilities, and management fees (but not performance fee), and is adjusted to take account of all subscriptions and redemptions.

The performance fee is calculated by reference to the outperformance of the NAV per share adjusted for subscriptions into and redemptions out of the relevant classes of shares during the calculation period. No performance fee will be due if the NAV per share before performance fee turns out to be below the High Water Mark for the calculation period in question.

The High Water Mark is defined as the greater of the following two figures:

- The last highest Net Asset Value per Share on which a performance fee has been paid and;
- The initial NAV per share.

The High Water Mark will be decreased by the dividends paid to shareholders.

Provision will be made for this performance fee as at each Valuation Day. If the NAV per share decreases during the calculation period, the provisions made in respect of the performance fee will be reduced accordingly. If these provisions fall to zero, no performance fee will be payable.

If the return of the NAV per share (measured against the High Water Mark) is positive, but the Index return is negative, the calculated performance fee per share will be limited to the return of the NAV per share in order to avoid that performance fee calculation implies that the NAV per share after performance fee be inferior to the High Water Mark.

For the shares present into the class at the beginning of the calculation period, performance fee will be calculated by reference to the performance against the High Water Mark.

For the shares subscribed during the calculation period, performance fee will be calculated by reference to the performance from the subscription date to the end of the calculation period. Furthermore, performance fee per share will be capped to the performance fee per share related to the shares present into the class at the beginning of the calculation period.

For the shares redeemed during the calculation period, performance fee is determined based upon the “first in, first out” method where shares bought first are redeemed first, and shares bought last are redeemed last.

Performance fee crystallized in case of redemption is payable at the end of the calculation period even if there is no longer performance fee at that date.

Any first calculation period shall start on the inception date and terminate at the last Valuation Day of the ongoing year-end. The subsequent calculation periods shall start on the first and terminate on the last Valuation Day of each following year.

## 5. PICTET TR – AGORA

### Investor type profile

The compartment is an investment vehicle for investors:

- Who wish to invest primarily in shares of European companies whose future looks promising while taking short positions through the use of financial derivative instruments in shares that look overvalued;
- Who are willing to bear variations in market value and thus have a low to medium aversion to risk.

### Investment policy and objectives

The compartment follows a set of long/short investment strategies which are generally market neutral. The objective of the compartment is to achieve long-term capital growth in absolute terms with a strong focus on capital preservation.

Traditional long positions are coupled with (synthetic) long and short positions, which will be achieved through the use of financial derivative instruments (amongst others total return swaps, futures and options).

The compartment will principally invest in equities, equity related securities (such as but not limited to ordinary or preferred shares), deposits and money market instruments (for cash management only). The main portion of the equities and equity related securities part will be invested in companies which are domiciled, headquartered or exercise the predominant part of their economic activity in Europe.

Except the above-mentioned geographical criteria, the choice of investments will neither be limited by an economic sector nor in terms of currencies in which investments will be denominated. However, depending on financial market conditions, a particular focus can be placed in a single European country and/or in a single currency and/or in a single economic sector.

The compartment may enter into securities lending, repurchase and reverse repurchase transactions in order to increase its capital or its revenue or to reduce its costs or risks.

For hedging and for any other purposes, within the limits set out in the chapter "Investment restrictions" of the Prospectus, the compartment may use all types of financial derivative instruments traded on a regulated market and/or over the counter (OTC) provided they are contracted with leading financial institutions specialized in this type of transactions. In particular, the compartment may take exposure through any financial derivative instruments such as but not limited to warrants, futures, options, swaps (including but not limited to total return swaps, contracts for difference, credit default swaps) and forwards on any underlying in line with the Law of 2010 as well as the investment policy of the compartment, including but not limited to, currencies (including non-deliverable forwards), transferable securities, basket of transferable securities and indices.

As a consequence of this use of financial derivate instruments for the long and short positions, the compartment will have a considerable leverage.

The compartment may also invest in structured products, such as but not limited to credit-linked notes, certificates or any other transferable securities whose returns are correlated with changes in, among others, an index selected in accordance with the article 9 of the 2008 Regulation, currencies, exchange rates, transferable securities, a basket of transferable securities, or an undertaking for collective investment, at all times in compliance with the grand-ducal regulation.

Those investments may not be used to elude the investment policy of the compartment.

In addition, the compartment may invest up to 10% of its net assets in UCITS and/or other UCIs.

At times where the Investment Managers consider it as appropriate, prudent levels of cash, cash equivalents, money market funds (within the above mentioned 10% limit) and money market instruments will be maintained, which may be substantial or even represent, under exceptional circumstances, 100% of the compartment's assets.

### Exposure to total return swaps, securities lending transactions, reverse repurchase agreements and repurchase agreements

The maximum expected level of exposure to total return swaps amounts to 5% of the compartment's net assets.

The maximum expected level of exposure to securities lending transactions amounts to 5% of the compartment's net assets.

The compartment does not expect to be exposed to, repurchase agreements and reverse repurchase agreements.

### Risk Factors

The risks listed below are the main risks of the compartment. Investors should be aware that other risks may also be relevant to the compartment. **Please refer to the section "Risk Considerations" for a full description of these risks.**

- Counterparty risk;
- Equity risk;
- Financial derivative instruments risk;
- Concentration risk;
- Leverage risk.

Invested capital may fluctuate downwards as well as upwards, and investors may not recuperate the entire value of the capital initially invested.

### Method to measure risk:
Absolute value at risk approach.

### Expected leverage:
250%
Depending on market conditions, the leverage may be higher.

### Method for calculating the leverage:
Sum of the notionals.

### Investment Managers:
PICTET AM SA, PICTET AM Ltd

### Reference currency of the compartment:
EUR

### Remittance of orders
*Subscription*
By 5:00 pm at the latest, 2 Banking Days before the relevant Valuation Day.

*Redemption*
By 5:00 pm at the latest, 2 Banking Days before the relevant Valuation Day.

*Conversion*
The most restrictive time period of the two compartments concerned.

### Frequency of NAV calculation
The NAV will be determined as at each Thursday (if it is not a Banking Day, the next following Banking Day) (the "Valuation Day").

Furthermore, an additional NAV calculation will take place as at each Banking Day; however, such additional NAV, although available for publication, will be produced for valuation purposes only, hence no subscription or redemption orders will be accepted on the basis thereof.

In addition a non-tradable NAV may also be calculated as at each Week Day which is not a Banking Day; these non-tradable NAVs may be published but may only be used for producing performance measurement calculations and statistics (in particular so that comparisons can be made with the benchmark indices) or for calculating fees, and may not in any circumstances be used as a basis for subscription or redemption orders.

For further information, please refer to our website www.assetmanagement.pictet..

### Calculation Day
The calculation and publication of the NAV as at a Valuation day will take place on Friday following the relevant Valuation Day or the following Week Day if that day is not a Week Day (the "**Calculation Day**").

### Payment value date for subscriptions and redemptions:
Within 3 Week Days of the applicable Valuation Day.

### Shares not yet issued that may be activated at a later date:
Non activated Classes of Shares may be activated at any time by decision of the Board of Directors.

## PICTET TR – AGORA

| Type of share | Activated | ISIN Code | Initial min | Currency of the class | Subscription and redemption currency | Dividend distribution | Fee (Max in %)* | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Management | Service | Depositary Bank |
| I EUR | ✓ | LU1071462532 | 1 million | EUR | EUR | - | 1.60% | 0.35% | 0.22% |
| P EUR | ✓ | LU1071462615 | | EUR | EUR | - | 2.30% | 0.35% | 0.22% |
| P dy EUR | ✓ | LU1229532970 | | EUR | EUR | ✓ | 2.30% | 0.35% | 0.22% |
| Z EUR | - | LU1071462706 | | EUR | EUR | - | 0% | 0.35% | 0.22% |
| I GBP | ✓ | LU1071462888 | (1) | GBP | GBP | - | 1.60% | 0.35% | 0.22% |
| P GBP | - | LU1071462961 | | GBP | GBP | - | 2.30% | 0.35% | 0.22% |
| HI USD | ✓ | LU1071463001 | (1) | USD | USD | - | 1.60% | 0.40% | 0.22% |
| HP USD | ✓ | LU1071463183 | | USD | USD | - | 2.30% | 0.40% | 0.22% |
| HI GBP | ✓ | LU1071463266 | (1) | GBP | GBP | - | 1.60% | 0.40% | 0.22% |
| HP GBP | - | LU1071463340 | | GBP | GBP | - | 2.30% | 0.40% | 0.22% |
| HI CHF | ✓ | LU1071463423 | (1) | CHF | CHF | - | 1.60% | 0.40% | 0.22% |
| HP CHF | ✓ | LU1071463696 | | CHF | CHF | - | 2.30% | 0.40% | 0.22% |
| HI JPY | ✓ | LU1071463779 | (1) | JPY | JPY | - | 1.60% | 0.40% | 0.22% |
| HP JPY | - | LU1071463852 | | JPY | JPY | - | 2.30% | 0.40% | 0.22% |

* Per year of the average net assets attributable to this type of share.
(1) EUR 1,000,000 converted to USD, GBP, CHF or JPY as at the relevant Valuation Day.

### Performance fee:

The Investment Manager will receive a performance fee, accrued as at each Valuation Day, paid yearly, based on the net asset value (NAV), equivalent to 20 % of the performance of the NAV per share, (measured against the High Water Mark) over the performance of the index described in the below table for each share class, since the last performance fee payment. No performance fee will be payable for X share classes.

| Type of share classes | Index |
|---|---|
| Share classes denominated in EUR, USD, CHF, JPY and GBP | EONIA |
| Hedged share classes denominated in USD | LIBOR USD Overnight |
| Hedged share classes denominated in GBP | LIBOR GBP Overnight |
| Hedged share classes denominated in CHF | LIBOR CHF Spot Next |
| Hedged share classes denominated in JPY | LIBOR JPY Spot Next |

The performance fee is calculated on the basis of the NAV after deduction of all expenses, liabilities, and management fees (but not performance fee), and is adjusted to take account of all subscriptions and redemptions.

The performance fee is calculated by reference to the outperformance of the NAV per share adjusted for subscriptions into and redemptions out of the relevant classes of shares during the calculation period. No performance fee will be due if the NAV per share before performance fee turns out to be below the High Water Mark for the calculation period in question.

The High Water Mark is defined as the greater of the following two figures:

- The last highest Net Asset Value per Share on which a performance fee has been paid and;
- The initial NAV per share.

The High Water Mark will be decreased by the dividends paid to shareholders.

Provision will be made for this performance fee as at each Valuation Day. If the NAV per share decreases during the calculation period, the provisions made in respect of the performance fee will be reduced accordingly. If these provisions fall to zero, no performance fee will be payable.

If the return of the NAV per share (measured against the High Water Mark) is positive, but the Index return is negative, the calculated performance fee per share will be limited to the return of the NAV per share in order to avoid that performance fee calculation implies that the NAV per share after performance fee be inferior to the High Water Mark.

For the shares present into the class at the beginning of the calculation period, performance fee will be calculated by reference to the performance against the High Water Mark.

For the shares subscribed during the calculation period, performance fee will be calculated by reference to the performance from the subscription date to the end of the calculation period. Furthermore, performance fee per share will be capped to the performance fee per share related to the shares present into the class at the beginning of the calculation period.

For the shares redeemed during the calculation period, performance fee is determined based upon the "first in, first out" method where shares bought first are redeemed first, and shares bought last are redeemed last.

Performance fee crystallized in case of redemption is payable at the end of the calculation period even if there is no longer performance fee at that date.

Any first calculation period shall start on the inception date and terminate at the last Valuation Day of the ongoing year-end. The subsequent calculation periods shall start on the first and terminate on the last Valuation Day of each following year.

## 6. PICTET TR – PHOENIX

### Investor type profile

The compartment is an investment vehicle for investors:

- Who wish to invest primarily in shares of Asian companies whose future looks promising while taking short positions through the use of financial derivative instruments in shares that look overvalued;
- Who are willing to bear variations in market value and thus have a low to medium aversion to risk.

### Investment policy and objectives

The compartment follows a set of long/short investment strategies which are generally market neutral. The objective of the compartment is to achieve long-term capital growth in absolute terms with a strong focus on capital preservation.

Traditional long positions are coupled with (synthetic) long and short positions, which will be achieved through the use of financial derivative instruments (amongst others total return swaps), the underlying of which will be indices in line with the Law of 2010 such as Asian Markets Indices.

The compartment will principally invest in equities, equity related securities (such as but not limited to ordinary or preferred shares), deposits, money market instruments.

The compartment may invest in depositary receipts (ADR, GDR, EDR) and real estate investment trusts ("REITs").

The compartment will take exposure principally to companies which are domiciled, headquartered or exercise the predominant part of their economic activity in Asian countries of developed and emerging economies.

For that purpose, the compartment may invest in China A-shares through (i) the RQFII quota granted to an entity of the Pictet Group and/or, (ii) the Shanghai-Hong Kong Stock Connect programme (iii) the Shenzhen-Hong Kong Stock Connect programme and/or (iv) any similar acceptable securities trading and clearing linked programmes or access instruments which may be available to the compartment in the future. The Compartment may also use financial derivative instruments on China A shares.

Except the above-mentioned geographical criteria, the choice of investments will neither be limited by an economic sector nor in terms of currencies in which investments will be denominated. However, depending on financial market conditions, a particular focus can be placed in a single Asian country and/or in a single currency and/or in a single economic sector.

The compartment may enter into securities lending, repurchase and reverse repurchase transactions in order to increase its capital or its revenue or to reduce its costs or risks.

For hedging and for any other purposes, within the limits set out in the chapter "Investment restrictions" of the Prospectus, the compartment may use all types of financial derivative instruments traded on a regulated market and/or over the counter (OTC) provided they are contracted with leading financial institutions specialized in this type of transactions. In particular, the compartment may take exposure through any financial derivative instruments such as but not limited to warrants, futures, options, swaps (including but not limited to total return swaps, contracts for difference, credit default swaps) and forwards on any underlying in line with the Law of 2010 as well as the investment policy of the compartment, including but not limited to, currencies (including non-deliverable forwards), transferable securities, basket of transferable securities and indices.

The compartment may also invest in structured products, such as but not limited to credit-linked notes, certificates or any other transferable securities whose returns are correlated with changes in, among others, an index selected in accordance with the article 9 of the 2008 Regulation, currencies, exchange rates, transferable securities, a basket of transferable securities, or an undertaking for collective investment, at all times in compliance with the grand-ducal regulation.

Those investments may not be used to elude the investment policy of the compartment.

In addition, the compartment may invest up to 10% of its net assets in UCITS and/or other UCIs.

At times where the Investment Managers consider it as appropriate, prudent levels of cash, cash equivalents, money market funds (within the above mentioned 10% limit) and money market instruments will be maintained, which may be substantial or even represent, under exceptional circumstances, 100% of the compartment's assets.

### Exposure to total return swaps, securities lending transactions, reverse repurchase agreements and repurchase agreements

The compartment does not expect to be exposed to securities lending transactions, repurchase agreements and reverse repurchase agreements.

The maximum expected level of exposure to total return swaps amounts to 5% of the compartment's net assets.

### Risk Factors

The risks listed below are the main risks of the compartment. Investors should be aware that other risks may also be relevant to the compartment. **Please refer to the section "Risk Considerations" for a full description of these risks.**

- Counterparty risk;
- Investment restriction risk;
- Currency risk;
- Equity risk;
- Emerging market risk;
- Financial derivative instruments risk;
- Concentration risk;
- Political risk;
- Tax risk;
- Leverage risk;
- RQFII risk;
- Stock Connect risk;
- Chinese currency exchange rate risk.

Invested capital may fluctuate downwards as well as upwards, and investors may not recuperate the entire value of the capital initially invested.

### Method to measure risk:

Absolute value at risk approach.

### Expected leverage:

180%
Depending on market conditions, the leverage may be higher.

### Method for calculating the leverage:

Sum of the notionals.

### Investment Managers:

PICTET AM Singapore, PICTET AM HK, PICTET AM SA, PICTET AM Ltd

### Reference currency of the compartment:

USD

### Remittance of orders

*Subscription*

By 5:00 pm at the latest, 2 Banking Days before the relevant Valuation Day.

*Redemption*

By 5:00 pm at the latest, 2 Banking Days before the relevant Valuation Day.

*Conversion*

The most restrictive time period of the two compartments concerned.

### Frequency of NAV calculation

The NAV will be determined as at each Thursday (if it is not a Banking Day, the next following Banking Day) (the "**Valuation Day**").

Furthermore, an additional NAV calculation will take place as at each Banking Day; however, such additional NAV, although available for publication, will be produced for valuation purposes only, hence no subscription or redemption orders will be accepted on the basis thereof.

In addition a non-tradable NAV may also be calculated as at each Week Day which is not a Banking Day; these non-tradable NAVs may be published but may only be used for producing performance measurement calculations and statistics (in particular so that comparisons can be made with the benchmark indices) or for calculating fees, and may not in any circumstances be used as a basis for subscription or redemption orders.

For further information, please refer to our website www.assetmanagement.pictet..

### Calculation Day

The calculation and publication of the NAV as at a Valuation Day will take place on Friday following the relevant Valuation Day or the following Week Day if that day is not a Week Day (the "**Calculation Day**").

### Payment value date for subscriptions and redemptions

Within 3 Week Days of the applicable Valuation Day.

### Shares not yet issued that may be activated at a later date:

Non activated Classes of Shares may be activated at any time by decision of the Board of Directors.

## PICTET TR – PHOENIX

| Type of share | Activated | ISIN Code | Initial minimum | Currency of the class | Subscription and redemption currency | Dividend distribution | Fee (Max in %)* | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Management | Service | Depositary Bank |
| I USD | ✓ | LU1286879397 | 1 million | USD | USD | - | 1.60% | 0.35% | 0.22% |
| I dy USD | ✓ | LU1286879470 | 1 million | USD | USD | ✓ | 1.60% | 0.35% | 0.22% |
| P USD | ✓ | LU1286879553 | | USD | USD | - | 2.30% | 0.35% | 0.22% |
| P dy USD | ✓ | LU1286879637 | | USD | USD | ✓ | 2.30% | 0.35% | 0.22% |
| Z USD | - | LU1286879710 | | USD | USD | - | 0% | 0.35% | 0.22% |
| HI EUR | ✓ | LU1286879983 | (1) | EUR | EUR | - | 1.60% | 0.40% | 0.22% |
| HI dy EUR | ✓ | LU1286880056 | (1) | EUR | EUR | ✓ | 1.60% | 0.40% | 0.22% |
| HP EUR | ✓ | LU1286880130 | | EUR | EUR | - | 2.30% | 0.40% | 0.22% |
| HP dy EUR | ✓ | LU1286880213 | | EUR | EUR | ✓ | 2.30% | 0.40% | 0.22% |
| HE dy EUR | ✓ | LU1283506910 | EUR 35 million | EUR | EUR | ✓ | 1.60% | 0.40% | 0.22% |
| HI GBP | - | LU1286880304 | (1) | GBP | GBP | - | 1.60% | 0.40% | 0.22% |
| HP GBP | - | LU1286880486 | | GBP | GBP | - | 2.30% | 0.40% | 0.22% |
| HI CHF | - | LU1286880569 | (1) | CHF | CHF | - | 1.60% | 0.40% | 0.22% |
| HP CHF | ✓ | LU1286880643 | | CHF | CHF | - | 2.30% | 0.40% | 0.22% |
| HI JPY | - | LU1286880726 | (1) | JPY | JPY | - | 1.60% | 0.40% | 0.22% |
| HP JPY | - | LU1286881021 | | JPY | JPY | - | 2.30% | 0.40% | 0.22% |

* Per year of the average net assets attributable to this type of share.
(1) USD 1,000,000 converted to EUR, GBP, CHF or JPY as at the relevant Valuation Day.

### Performance fee:

The Investment Manager will receive a performance fee, accrued as at each Valuation Day, paid yearly, based on the net asset value (NAV), equivalent to 20 % (for J, Z, I, P and R share classes) respectively 15% (for E share classes) of the performance of the NAV per share (measured against the High Water Mark), over the performance of the index described in the below table for each share class, since the last performance fee payment. No performance fee will be payable in respect of X share classes.

| Type of share classes | Index |
|---|---|
| Share classes denominated in USD, EUR, GBP, CHF and JPY | LIBOR USD Overnight |
| Hedged share classes denominated in EUR | EONIA |
| Hedged share classes denominated in GBP | LIBOR GBP Overnight |
| Hedged share classes denominated in CHF | LIBOR CHF Spot Next |
| Hedged share classes denominated in JPY | LIBOR JPY Spot Next |

The performance fee is calculated on the basis of the NAV after deduction of all expenses, liabilities, and management fees (but not performance fee), and is adjusted to take account of all subscriptions and redemptions.

The performance fee is calculated by reference to the outperformance of the NAV per share adjusted for subscriptions into and redemptions out of the relevant classes of shares during the calculation period. No performance fee will be due if the NAV per share before performance fee turns out to be below the High Water Mark for the calculation period in question.

The High Water Mark is defined as the greater of the following two figures:

- The last highest Net Asset Value per Share on which a performance fee has been paid and;
- The initial NAV per share.

The High Water Mark will be decreased by the dividends paid to shareholders.

Provision will be made for this performance fee as at each Valuation Day. If the NAV per share decreases during the calculation period, the provisions made in respect of the performance fee will be reduced accordingly. If these provisions fall to zero, no performance fee will be payable.

If the return of the NAV per share (measured against the High Water Mark) is positive, but the Index return is negative, the calculated performance fee per share will be limited to the return of the NAV per share in order to avoid that performance fee calculation implies that the NAV per share after performance fee be inferior to the High Water Mark.

For the shares present into the class at the beginning of the calculation period, performance fee will be calculated by reference to the performance against the High Water Mark.

For the shares subscribed during the calculation period, performance fee will be calculated by reference to the performance from the subscription date to the end of the calculation period. Furthermore, performance fee per share will be capped to the performance fee per share related to the shares present into the class at the beginning of the calculation period.

For the shares redeemed during the calculation period, performance fee is determined based upon the “first in, first out” method where shares bought first are redeemed first, and shares bought last are redeemed last.

Performance fee crystallized in case of redemption is payable at the end of the calculation period even if there is no longer performance fee at that date.

Any first calculation period shall start on the inception date and terminate at the last Valuation Day of the ongoing year-end. The subsequent calculation periods shall start on the first and terminate on the last Valuation Day of each following year.

## 7. PICTET TR – ATLAS

### Investor type profile

The compartment is an investment vehicle for investors:

- Who wish to invest globally in shares of companies whose future looks promising while taking short positions through the use of financial derivative instruments in shares that look overvalued;
- Who are willing to bear variations in market value and thus have a low aversion to risk.

### Investment policy and objectives

The compartment follows a set of long/short investment strategies. The objective of the compartment is to achieve long-term capital growth in absolute terms with a strong focus on capital preservation.

Traditional long positions are coupled with (synthetic) long and short positions, which will be achieved through the use of financial derivative instruments whose underliers are in line with the 2008 Regulation and the Law of 2010.

The Compartment will mainly invest in equities, equity related securities (such as but not limited to ordinary or preferred shares), deposits and money market instruments.

The Compartment may invest in any country (including emerging countries), in any economic sector and in any currency. However, depending on market conditions, the investments or exposure may be focused on one country or on a limited number of countries and/or one economic activity sector and/or one currency and/or in a single asset class.

The Compartment will however respect the following limits:

- The Compartment may invest in depositary receipts (such as ADR, GDR, EDR) without limitation and in real estate investments trusts (REIT) up to 20% of its net assets.
- The Compartment may invest up to 10% of its net assets, in China A Shares, through (i) the QFII quota and the RQFII quota granted to its Managers and (ii) through the Shanghai-Hong Kong Stock Connect programme (iii) the Shenzhen-Hong Kong Stock Connect programme and/or (iv) any similar acceptable securities trading and clearing linked programmes or access instruments which may be available to the compartment in the future. The Compartment may also use financial derivative instruments on China A Shares.
- The Compartment may invest in non-investment grade debt securities (including distressed and defaulted securities) up to 10% of its net assets.
- Investments in convertible bonds may not exceed 10% of the Compartment's net assets.
- Investments in Rule 144A Securities may not exceed 10% of the Compartment's net assets.

The compartment may enter into securities lending, repurchase and reverse repurchase transactions in order to increase its capital or its revenue or to reduce its costs or risks.

For hedging and for investment purposes, within the limits set out in the chapter "Investment restrictions" of the Prospectus, the compartment may use all types of financial derivative instruments traded on a regulated market and/or over the counter (OTC) provided they are contracted with leading financial institutions specialized in this type of transactions. In particular, the compartment may take exposure through any financial derivative instruments such as but not limited to warrants, futures, options, swaps (including but not limited to total return swaps, contracts for difference, credit default swaps) and forwards on any underlying in line with the Law of 2010 as well as the investment policy of the compartment, including but not limited to, currencies (including non-deliverable forwards), interest rates, transferable securities, basket of transferable securities, indices (including but not limited to commodities, precious metals or volatility indices), undertakings for collective investment.

The Compartment may invest in structured products, with or without embedded derivatives, such as, in particular, notes, certificates or any other transferable security whose returns are linked to, among others, an index (including indices on volatility), currencies, interest rates, transferable securities, a basket of transferable securities, or an undertaking for collective investment in accordance with the 2008 Regulation.

In compliance with the 2008 Regulation, the Compartment may also invest in structured products without embedded derivatives, correlated with changes in commodities (including precious metals) with cash settlement.

The underlyings of the structured products with embedded derivatives in which the Compartment will invest will be in line with the 2008 Regulation and the Law of 2010.

Those investments may not be used to elude the investment policy of the compartment.

The Compartment will have the following limits in terms of exposure through indirect investments: Commodities: 10%, precious metal: 10%, real estate: 20%

In addition, the compartment may invest up to 10% of its net assets in UCITS and/or other UCIs.

At times where the Investment Managers consider it as appropriate, prudent levels of cash, cash equivalents, money market funds (within the above mentioned 10% limit) and money market instruments will be maintained, which may be substantial or even represent, under exceptional circumstances, 100% of the compartment's assets.

### Exposure to total return swaps, securities lending transactions, reverse repurchase agreements and repurchase agreements

The Compartment does not expect to be exposed to securities lending transactions, repurchase agreements and reverse repurchase agreements.

The maximum expected level of exposure to total return swaps amounts to 5% of the compartment's net assets.

### Risk Factors

The risks listed below are the main risks of the compartment. Investors should be aware that other risks may also be relevant to the compartment.

**Please refer to the section "Risk Considerations" for a full description of these risks.**

- Counterparty risk;
- Investment restriction risk;
- Restricted securities risk:
- Currency risk;
- Equity risk;
- Emerging market risk;
- Financial derivative instruments risk;
- Concentration risk;
- Political risk;
- Tax risk;
- Leverage risk;
- RQFII risk;
- Stock Connect risk;
- Chinese currency exchange rate risk.

Invested capital may fluctuate downwards as well as upwards, and investors may not recuperate the entire value of the capital initially invested.

### Method to measure risk:

Absolute value at risk approach.

### Expected leverage:

200%
Depending on market conditions, the leverage may be higher.

### Method for calculating the leverage:

Sum of the notionals.

### Investment Managers:

PICTET AM SA, PICTET AM Ltd

### Reference currency of the compartment:

USD

### Remittance of orders

*Subscription*
By 2.00 pm at the latest, on the relevant Valuation Day.

*Redemption*
By 2.00 pm at the latest, on the relevant Valuation Day.

*Conversion*
The most restrictive time period of the two compartments concerned.

### Frequency of NAV calculation

The NAV will be determined as at each Banking Day (the "**Valuation Day**").

However, the Board of Directors reserves the right not to calculate the NAV or to calculate an NAV that cannot be used for trading purposes due to closure of one or more markets in which the Fund is invested and/or which it uses to value a material part of the assets.

For further information, please refer to our website www.assetmanagement.pictet..

### Calculation Day

The calculation and publication of the NAV as at a Valuation Day will take place on the Week Day following the relevant Valuation Day (the "**Calculation Day**").

### Payment value date for subscriptions and redemptions:

Within 3 Week Days of the applicable Valuation Day

## Shares not yet issued that may be activated at a later date:

Non activated Classes of Shares may be activated at any time by decision of the Board of Directors.

### PICTET TR – ATLAS

| Type of share | Activated | ISIN Code | Initial minimum | Currency of the class | Subscription and redemption currency | Dividend distribution | Fee (Max in %)* | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Management | Service | Depositary Bank |
| I USD | ✓ | LU1433231963 | 1 million | USD | USD | - | 1.60% | 0.35% | 0.22% |
| I dy USD | - | LU1433232185 | 1 million | USD | USD | ✓ | 1.60% | 0.35% | 0.22% |
| P USD | ✓ | LU1433232003 | | USD | USD | - | 2.30% | 0.35% | 0.22% |
| P dy USD | - | LU1433232268 | | USD | USD | ✓ | 2.30% | 0.35% | 0.22% |
| R USD | ✓ | LU | | USD | USD | - | 2.70% | 0.35% | 0.22% |
| Z USD | - | - | | USD | USD | - | 0% | 0.35% | 0.22% |
| ZX USD | - | LU1433232342 | | USD | USD | - | 0% | 0.35% | 0.22% |
| E USD | - | LU1492482424 | 10 millions | USD | USD | - | 1.60% | 0.35% | 0.22% |
| J USD | - | | (3) | USD | USD | - | 1.40% | 0.35% | 0.22% |
| I GBP | ✓ | LU1647406336 | (1) | GBP | GBP | | 1.60% | 0.35% | 0.22% |
| J GBP | ✓ | | (3) | GBP | GBP | | 1.40% | 0.35% | 0.22% |
| HI EUR | ✓ | LU1433232698 | (1) | EUR | EUR | - | 1.60% | 0.40% | 0.22% |
| HI dy EUR | - | LU1433232771 | (1) | EUR | EUR | ✓ | 1.60% | 0.40% | 0.22% |
| HI GBP | ✓ | LU1647407656 | (1) | GBP | GBP | - | 1.60% | 0.40% | 0.22% |
| HJ GBP | - | | (3) | GBP | GBP | - | 1.40% | 0.40% | 0.22% |
| HP EUR | ✓ | LU1433232854 | | EUR | EUR | - | 2.30% | 0.40% | 0.22% |
| HP dy EUR | - | LU1433232938 | | EUR | EUR | ✓ | 2.30% | 0.40% | 0.22% |
| HZ EUR | - | LU1433233159 | | EUR | EUR | - | 0% | 0.40% | 0.22% |
| HE EUR | - | LU1492482853 | (2) | EUR | EUR | - | 1.60% | 0.40% | 0.22% |
| HE dy EUR | - | - | (2) | EUR | EUR | ✓ | 1.60% | 0.40% | 0.22% |
| HI CHF | ✓ | LU1433233316 | (1) | CHF | CHF | - | 1.60% | 0.40% | 0.22% |
| HP CHF | ✓ | LU1433233407 | | CHF | CHF | - | 2.30% | 0.40% | 0.22% |
| HE CHF | - | LU1492558009 | (2) | CHF | CHF | - | 1.60% | 0.40% | 0.22% |
| HI JPY | ✓ | LU1492558694 | (1) | JPY | JPY | - | 1.60% | 0.40% | 0.22% |
| HP JPY | - | - | | JPY | JPY | - | 2.30% | 0.40% | 0.22% |
| HE JPY | - | LU1497596111 | (2) | JPY | JPY | - | 1.60% | 0.40% | 0.22% |
| HJ JPY | ✓ | LU1574904196 | (3) | JPY | JPY | - | 1.40% | 0.40% | 0.22% |

* Per year of the average net assets attributable to this type of share.
(1) USD 1,000,000 converted to EUR, CHF, GBP or JPY as at the relevant Valuation Day.
(2) USD 10,000,000 converted to EUR, CHF, GBP or JPY as at the relevant Valuation Day.
(3) USD 200,000,000 converted to EUR, CHF, GBP or JPY as at the relevant Valuation Day.

### Performance fee:

The Investment Manager will receive a performance fee, accrued on each Valuation Day, paid yearly, based on the net asset value (NAV), equivalent to 20 % (for J, Z, I, P and R share classes) respectively 15% (for E share classes) of the performance of the NAV per share (measured against the High Water Mark) over the performance of the index described in the below table for each share class, since the last performance fee payment. No performance fee will be payable for X share classes.

| Type of share classes | Index |
| --- | --- |
| Share classes denominated in USD, EUR, GBP, CHF and JPY | LIBOR USD Overnight |
| Hedged share classes denominated in EUR | EONIA |
| Hedged share classes denominated in GBP | LIBOR GBP Overnight |
| Hedged share classes denominated in CHF | LIBOR CHF Spot Next |
| Hedged share classes denominated in JPY | LIBOR JPY Spot Next |

The performance fee is calculated on the basis of the NAV after deduction of all expenses, liabilities, and management fees (but not performance fee), and is adjusted to take account of all subscriptions and redemptions.

The performance fee is calculated by reference to the outperformance of the NAV per share adjusted for subscriptions into and redemptions out of the relevant classes of shares during the calculation period. No performance fee will be due if the NAV per share before performance fee turns out to be below the High Water Mark for the calculation period in question.

The High Water Mark is defined as the greater of the following two figures:

- The last highest Net Asset Value per Share on which a performance fee has been paid and;
- The initial NAV per share.

The High Water Mark will be decreased by the dividends paid to shareholders.

Provision will be made for this performance fee on each Valuation Day. If the NAV per share decreases during the calculation period, the provisions made in respect of the performance fee will be reduced accordingly. If these provisions fall to zero, no performance fee will be payable.

If the return of the NAV per share (measured against the High Water Mark) is positive, but the Index return is negative, the calculated performance fee per share will be limited to the return of the NAV per share in order to avoid that performance fee calculation implies that the NAV per share after performance fee be inferior to the High Water Mark.

For the shares present into the class at the beginning of the calculation period, performance fee will be calculated by reference to the performance against the High Water Mark.

For the shares subscribed during the calculation period, performance fee will be calculated by reference to the performance from the subscription date to the end of the calculation period. Furthermore, performance fee per share will be capped to the performance fee per share related to the shares present into the class at the beginning of the calculation period.

For the shares redeemed during the calculation period, performance fee is determined based upon the “first in, first out” method where shares bought first are redeemed first, and shares bought last are redeemed last.

Performance fee crystallized in case of redemption is payable at the end of the calculation period even if there is no longer performance fee at that date.

Any first calculation period shall start on the inception date and terminate at the last Valuation Day of the ongoing year-end. The subsequent calculation periods shall start on the first and terminate on the last Valuation Day of each following year.

## 8. PICTET TR – COPERNIC

### Investor type profile

The compartment is an investment vehicle for investors:

- Who wish to invest globally in shares of companies whose future looks promising while taking short positions through the use of financial derivative instruments in shares that look overvalued;
- Who are willing to bear variations in market value and thus have a low aversion to risk.

### Investment policy and objectives

The compartment follows a set of long/short investment strategies which are generally market neutral. The investment universe is focused on cyclical sectors, such as chemicals, building materials, capital goods, aerospace, energy, automotive and transportation as well as metals and mining. The objective of the compartment is to achieve long-term capital growth in absolute terms with a strong focus on capital preservation.

Traditional long positions are coupled with (synthetic) long and short positions, which will be achieved through the use of financial derivative instruments whose underliers are in line with the 2008 Regulation and the Law of 2010.

The Compartment will mainly invest in equities, equity related securities (such as but not limited to ordinary or preferred shares) of the cyclical sectors, deposits and money market instruments.

The choice of investments will neither be limited in terms of countries in which the Compartment may invest (including emerging countries) nor in terms of currencies in which investments will be denominated. However, depending on financial market conditions, a particular focus can be placed in a single country and/or in a single currency and/or in a single economic sector.

The Compartment will however respect the following limits:

- The Compartment may invest in depositary receipts (such as ADR, GDR, EDR without embedded derivatives) without limitation and in closed ended real estate investments trusts (REIT) up to 20% of its net assets.
- The Compartment may invest up to 10% of its net assets, in China A Shares, through (i) the QFII quota and the RQFII quota granted to its Managers and (ii) through the Shanghai-Hong Kong Stock Connect programme (iii) the Shenzhen-Hong Kong Stock Connect programme and/or (iv) any similar acceptable securities trading and clearing linked programmes or access instruments which may be available to the compartment in the future. The Compartment may also use financial derivative instruments on China A Shares.
- The Compartment may invest in non-investment grade debt securities (excluding distressed and defaulted securities) up to 10% of its net assets.
- Investments in convertible bonds may not exceed 10% of the Compartment's net assets.

The compartment may enter into securities lending, repurchase and reverse repurchase transactions in order to increase its capital or its revenue or to reduce its costs or risks.

For hedging and for investment purposes, within the limits set out in the chapter "Investment restrictions" of the Prospectus, the compartment may use all types of financial derivative instruments traded on a regulated market and/or over the counter (OTC) provided they are contracted with leading financial institutions specialized in this type of transactions. In particular, the compartment may take exposure through any financial derivative instruments such as but not limited to warrants, futures, options, swaps (including but not limited to total return swaps, contracts for difference, credit default swaps) and forwards on any underlying in line with the Law of 2010 as well as with the investment policy of the compartment. These underlying assets may be, without being limited to, currencies (including non-deliverable forwards), interest rates, transferable securities, basket of transferable securities, indices (including commodities) and undertakings for collective investment.

The Compartment may invest in structured products, with or without embedded derivatives, such as, in particular, notes, certificates or any other transferable security whose returns are linked to, among others, an index (including indices on volatility), currencies, interest rates, transferable securities, a basket of transferable securities, or an undertaking for collective investment in accordance with the 2008 Regulation.

The underlyings of the structured products with embedded derivatives in which the Compartment will invest will be in line with the 2008 Regulation and the Law of 2010.

In addition, the compartment may invest up to 10% of its net assets in UCITS and/or other UCIs.

At times where the Investment Managers consider it as appropriate, prudent levels of cash, cash equivalents, money market funds (within the above mentioned 10% limit) and money market instruments will be maintained, which may be substantial or even represent, under exceptional circumstances, 100% of the compartment's assets.

### Exposure to total return swaps, securities lending transactions, reverse repurchase agreements and repurchase agreements

The compartment does not expect to be exposed to securities lending transactions, repurchase agreements and reverse repurchase agreements.

The maximum expected level of exposure to total return swaps amounts to 5% of the compartment's net assets.

### Risk Factors

The risks listed below are the main risks of the compartment. Investors should be aware that other risks may also be relevant to the compartment.

**Please refer to the section "Risk Considerations" for a full description of these risks.**

- Counterparty risk;
- Collateral risk;
- Credit risk;
- High Yield investment risk;
- Distressed and defaulted debt securities risk;
- Investment restriction risk;
- Currency risk;
- Equity risk;
- Interest rate risk;
- Emerging market risk;
- Concentration risk;
- Political risk;
- Leverage Risk ;
- QFII risk;
- RQFII risk;
- Stock Connect risk;
- Securities lending risk;
- Repurchase and reverse repurchase agreement risk;
- Financial derivative instruments risk;
- Structured Finance Securities risk;
- Depositary receipts risk;
- Real Estate Investment Trusts (REITs) risk.

Invested capital may fluctuate downwards as well as upwards, and investors may not recuperate the entire value of the capital initially invested.

### Method to measure risk:

Absolute value at risk approach.

### Expected leverage:

250%

Depending on market conditions, the leverage may be higher.

### Method for calculating the leverage:

Sum of the notionals.

### Investment Managers:

PICTET AM SA, PICTET AM Ltd

### Reference currency of the compartment:

EUR

### Remittance of orders

*Subscription*

By 5:00 pm at the latest, 2 Banking Days before the relevant Valuation Day.

*Redemption*

By 5:00 pm at the latest, 2 Banking Days before the relevant Valuation Day.

*Conversion*

The most restrictive time period of the two compartments concerned.

### Frequency of NAV calculation

The NAV will be determined as at each Thursday (if it is not a Banking Day, the next following Banking Day) (the "**Valuation Day**").

Furthermore, an additional NAV calculation will take place as at each Banking Day; however, such additional NAV, although available for publication, will be produced for valuation purposes only, hence no subscription or redemption orders will be accepted on the basis thereof.

In addition a non-tradable NAV may also be calculated as at each Week Day which is not a Banking Day; these non-tradable NAVs may be published but may only be used for producing performance measurement calculations and statistics (in particular so that comparisons can be made with the benchmark indices) or for calculating fees, and may not in any circumstances be used as a basis for subscription or redemption orders.

For further information, please refer to our website www.assetmanagement.pictet..

### Calculation Day

The calculation and publication of the NAV as at a Valuation Day will take place on Friday following the relevant Valuation Day or the following Week Day if that day is not a Week Day (the "**Calculation Day**").

### Payment value date for subscriptions and redemptions:

Within 3 Week Days of the applicable Valuation Day

### Shares not yet issued that may be activated at a later date:

Non activated Classes of Shares may be activated at any time by decision of the Board of Directors.

### Initial subscription period

The initial subscription will take place from 1st October 2018 until 9 October 2018 at an initial price equal to 100 EUR, respectively 100 GBP or 100 USD. The payment value date will be15 October 2018.

The Compartment may however be launched on any other date decided by the Board of Directors of the Fund.

## PICTET TR – COPERNIC

| Type of share | Activated | ISIN Code | Initial minimum | Currency of the class | Subscription and redemption currency | Dividend distribution | Fee (Max in %)* | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Management | Service | Depositary Bank |
| I EUR | ✓ | | 1 million | EUR | EUR | - | 1.60% | 0.35% | 0.22% |
| I dy EUR | - | | 1 million | EUR | EUR | ✓ | 1.60% | 0.35% | 0.22% |
| P EUR | ✓ | | - | EUR | EUR | - | 2.30% | 0.35% | 0.22% |
| P dy EUR | - | | - | EUR | EUR | ✓ | 2.30% | 0.35% | 0.22% |
| Z EUR | ✓ | | - | EUR | EUR | - | 0% | 0.35% | 0.22% |
| ZX EUR | ✓ | | - | EUR | EUR | - | 0% | 0.35% | 0.22% |
| E EUR | ✓ | | 10 millions | EUR | EUR | - | 1.60% | 0.35% | 0.22% |
| I USD | - | | (1) | USD | USD | - | 1.60% | 0.35% | 0.22% |
| P USD | - | | - | USD | USD | - | 2.30% | 0.35% | 0.22% |
| I GBP | ✓ | | (1) | GBP | GBP | - | 1.60% | 0.35% | 0.22% |
| HI USD | - | | (1) | USD | USD | - | 1.60% | 0.40% | 0.22% |
| HI dy USD | - | | (1) | USD | USD | ✓ | 1.60% | 0.40% | 0.22% |
| HP USD | ✓ | | - | USD | USD | - | 2.30% | 0.40% | 0.22% |
| HP dy USD | - | | - | USD | USD | ✓ | 2.30% | 0.40% | 0.22% |
| HZ USD | - | | - | USD | USD | - | 0% | 0.40% | 0.22% |
| HE USD | ✓ | | (2) | USD | USD | - | 1.60% | 0.40% | 0.22% |
| HE dy USD | - | | (2) | USD | USD | ✓ | 1.60% | 0.40% | 0.22% |
| HI CHF | - | | (1) | CHF | CHF | - | 1.60% | 0.40% | 0.22% |
| HP CHF | - | | - | CHF | CHF | - | 2.30% | 0.40% | 0.22% |
| HE CHF | - | | (2) | CHF | CHF | - | 1.60% | 0.40% | 0.22% |
| HI JPY | - | | (1) | JPY | JPY | - | 1.60% | 0.40% | 0.22% |
| HP JPY | - | | | JPY | JPY | - | 2.30% | 0.40% | 0.22% |
| HE JPY | - | | (2) | JPY | JPY | - | 1.60% | 0.40% | 0.22% |
| HI GBP | - | | (1) | GBP | GBP | - | 1.60% | 0.40% | 0.22% |
| HE GBP | - | | (2) | GBP | GBP | - | 1.60% | 0.40% | 0.22% |

* Per year of the average net assets attributable to this type of share.
(1) EUR 1,000,000 converted to USD, GBP, CHF or JPY as at the relevant Valuation Day.
(2) EUR 10,000,000 converted to USD, GBP, CHF or JPY as at the relevant Valuation Day.

### Performance fee:

The Investment Manager will receive a performance fee, accrued on each Valuation Day, paid yearly, based on the net asset value (NAV), equivalent to 20 % (for J, Z, I, P and R share classes) respectively 15% (for E share classes) of the performance of the NAV per share (measured against the High Water Mark) over the performance of the index described in the below table for each share class, since the last performance fee payment. No performance fee will be payable for X share classes.

| Type of share classes | Index |
|---|---|
| Share classes denominated in EUR, USD, CHF, JPY and GBP | EONIA |
| Hedged share classes denominated in USD | LIBOR USD Overnight |
| Hedged share classes denominated in GBP | LIBOR GBP Overnight |
| Hedged share classes denominated in CHF | LIBOR CHF Spot Next |
| Hedged share classes denominated in JPY | LIBOR JPY Spot Next |

The performance fee is calculated on the basis of the NAV after deduction of all expenses, liabilities, and management fees (but not performance fee), and is adjusted to take account of all subscriptions and redemptions.

The performance fee is calculated by reference to the outperformance of the NAV per share adjusted for subscriptions into and redemptions out of the relevant classes of shares during the calculation period. No performance fee will be due if the NAV per share before performance fee turns out to be below the High Water Mark for the calculation period in question.

The High Water Mark is defined as the greater of the following two figures:

- The last highest Net Asset Value per Share on which a performance fee has been paid and;
- The initial NAV per share.

The High Water Mark will be decreased by the dividends paid to shareholders.

Provision will be made for this performance fee on each Valuation Day. If the NAV per share decreases during the calculation period, the provisions made in respect of the performance fee will be reduced accordingly. If these provisions fall to zero, no performance fee will be payable.

If the return of the NAV per share (measured against the High Water Mark) is positive, but the Index return is negative, the calculated performance fee per share will be limited to the return of the NAV per share in order to avoid that performance fee calculation implies that the NAV per share after performance fee be inferior to the High Water Mark.

For the shares present into the class at the beginning of the calculation period, performance fee will be calculated by reference to the performance against the High Water Mark.

For the shares subscribed during the calculation period, performance fee will be calculated by reference to the performance from the subscription date to the end of the calculation period. Furthermore, performance fee per share will be capped to the performance fee per share related to the shares present into the class at the beginning of the calculation period.

For the shares redeemed during the calculation period, performance fee is determined based upon the “first in, first out” method where shares bought first are redeemed first, and shares bought last are redeemed last.

Performance fee crystallized in case of redemption is payable at the end of the calculation period even if there is no longer performance fee at that date.

Any first calculation period shall start on the inception date and terminate at the last Valuation Day of the ongoing year-end. The subsequent calculation periods shall start on the first and terminate on the last Valuation Day of each following year.

## 9. PICTET TR – SIRIUS

### Investor type profile

The Compartment is an investment vehicle for investors:

- Who wish to invest mainly in emerging market debt strategies and benefit from long and short exposures through the use of financial derivative instruments.
- Who are willing to bear variations in market value and thus have a low aversion to risk.

### Investment policy and objectives

The Compartment follows a set of long/short investment strategies. The objective of the Compartment is to achieve long-term capital growth in absolute terms with a strong focus on capital preservation.

Traditional long positions are coupled with (synthetic) long and short positions, which will be achieved through the use of financial derivative instruments whose underliers are in line with the 2008 Regulation and the 2010 Act.

The Compartment will obtain exposure mainly to emerging markets.

In order to achieve its investment objective, the Compartment will mainly invest directly in or have exposure to debt securities, currencies, money market instruments, cash/deposits, and/or invest indirectly via the use of financial derivative instruments.

The Compartment may also invest in securities traded on the Moscow Exchange MICEX-RTS.

For hedging, and for investment purposes, within the limits set out in the chapter "Investment restrictions" of the Prospectus, the Compartment may use all types of financial derivative instruments traded on a regulated market and/or over the counter (OTC) provided they are contracted with leading financial institutions specialized in this type of transactions. In particular, the Compartment may take exposure through any financial derivative instruments such as but not limited to warrants, futures, options, swaps (including but not limited to total return swaps, interest rate swaps, contracts for difference, credit default swaps) and forwards on any underlying in line with the 2010 Act as well as the investment policy of the Compartment, including but not limited to, currencies (including non-deliverable forwards), interest rates, transferable securities, basket of transferable securities, indices and/or undertakings for collective investment.

As a consequence of this use of financial derivative instruments for the long and short positions, the Compartment may have a considerable leverage.

The Compartment will however respect the following limits:

- The Compartment may invest in bonds and other debt securities denominated in RMB through (i) the QFII quota granted to an entity of the Pictet Group (subject to a maximum of 35% of its net assets) and/or (ii) the RQFII quota granted to an entity of the Pictet Group.
- Investments in China may be performed, inter alia, on the China Interbank Bond Market ("CIBM") directly or through the QFII or the RQFII quota granted to the Manager. Investments in China may also be performed on any acceptable securities trading programmes which may be available to the Compartment in the future as approved by the relevant regulators from time to time.
- The Compartment may also invest up to 20% of its net assets (both investments combined) in:
  - asset-backed securities (ABS) and in mortgage-backed securities (MBS) in compliance with Article 2 of the 2008 Regulation.
  - Sukuk al Ijarah, Sukuk al Wakalah, Sukuk al Mudaraba or any other type of Shariah-compliant fixed-income securities within the limits of 2008 Regulation .
- The Compartment will not invest more than 10% of its net assets in equities or equity-related securities (such as ADR, GDR, EDR in compliance with Article 2 of the 2008 Regulation ), derivative instruments , structured products and/ or UCITS and/or other UCIs whose underlying assets are, or offer exposure to, equities or similar securities.
- The Compartment may be exposed without limitation to non-investment grade debt securities (including to defaulted and distressed securities for up to 10% of its net assets). Although the Compartment is not subject to any limit regarding the rating of the non-investment grade debt securities concerned (except for the 10% maximum invested in distressed and defaulted securities), the Investment Manager intends to operate the Compartment in a way that non-sovereign high yield debt securities should not exceed 50% of the Compartment's net assets.

- Investments in convertible bonds (other than contingent convertible bonds) may not exceed 20% of the Compartment's net assets.
- The Compartment may also invest up to 20% of its net assets in contingent convertible bonds ("CoCo Bonds").
- Investments in Rule 144A Securities may not exceed 30% of the Compartment's net assets.
- The Compartment may invest up to a maximum of 10% of its net assets in banking loans that are considered (with respect to Articles 2 or 3 and 4 of the 2008 Regulation) as transferable securities or money market instruments listed or traded on regulated markets, within the limits stipulated by the investment restrictions.

The Compartment may enter into securities lending, repurchase and reverse repurchase transactions in order to increase its capital or its revenue or to reduce its costs or risks.

The Compartment may invest in structured products, with or without embedded derivatives, such as, in particular, credit linked notes, loan participation notes, certificates or any other transferable security whose returns are linked to, among others, an index (including indices on volatility), currencies, interest rates, transferable securities, a basket of transferable securities, or an undertaking for collective investment in accordance with 2008 Regulation.

The underlyings of the structured products with embedded derivatives in which the Compartment may invest will be in line with the 2008 Regulation and the Law of 2010.

In addition, the Compartment may invest up to 10% of its net assets in UCITS and/or other UCIs, including other compartments of the Fund pursuant to Article 181 of the 2010 Act.

At times where the Investment Managers consider it as appropriate, prudent levels of cash, cash equivalents, money market funds (within the above mentioned 10% limit) and money market instruments will be maintained, which may be substantial or even represent, under exceptional circumstances, 100% of the Compartment's assets.

### Exposure to total return swaps, securities lending transactions, reverse repurchase agreements and repurchase agreements

By way of derogation to the maximum exposure referred to in the general part of this Prospectus, no more than 300% of the Compartment's net assets will be subject to total return swaps.
By way of derogation to the maximum exposure referred to in the general part of this Prospectus, no more than 30% of the Compartment's net assets will be subject to reverse repurchase agreements.
The Compartment does however, not expect to be exposed to repurchase agreements, securities lending transactions and reverse repurchase agreements.
The maximum expected level of exposure to total return swaps amounts to 150% of the Compartment's net assets.

### Risk Factors

The risks listed below are the main risks of the Compartment. Investors should be aware that other risks may also be relevant to the Compartment. **Please refer to the section "Risk Considerations" for a full description of these risks.**

- Counterparty risk;
- Credit risk
- Investment restriction risk;
- Restricted securities risk:
- Currency risk;
- Interest rate risk
- Emerging market risk;
- Financial derivative instruments risk;
- Concentration risk;
- Political risk;
- Leverage risk;
- Sukuk risk
- Contingent Convertibles instruments risk
- QFII risk
- RQFII risk
- CIBM risk
- Chinese currency exchange rate risk
- Repurchase and reverse repurchase agreement risk
- Collateral risk
- Credit rating risk
- High Yield investment risk
- Distressed and defaulted debt securities risk
- Asset liquidity risk
- ABS and MBS risk
- Structured Finance Securities risk

- Volatility risk

Invested capital may fluctuate downwards as well as upwards, and investors may not recuperate the entire value of the capital initially invested.

Method to measure risk:
Absolute value at risk approach.

Expected leverage:
Maximum 1200%. Depending on market conditions, the leverage may be higher.

This may be the case when using foreign exchange derivatives in order to reduce exposure to a currency or any other financial derivative to reduce a risk of the portfolio (e.g. market, credit or interest rate). For whilst the transaction will result in a reduction in the portfolio risk, it actually increases the Compartment's leverage since netting is not taken into account.

The leverage number stated is a maximum anticipated level but the actual amount may differ significantly from this. The calculation is a sum of notionals and aggregates the absolute sum of all long and short financial derivatives. However, despite the potential for large exposures in financial derivative instruments, this is not a reflection on volatility, duration or market risk for there is no distinction for when a derivative is being used to generate investment returns or hedge a position in the portfolio to reduce risk. An example of where the level of leverage can appear to be relatively high can be illustrated by short term interest rate derivatives. Short term interest rate derivatives have low duration and low volatility but require more leverage to achieve the same amount of risk/returns compared to a longer term interest rate derivative. Due to the high level of expected leverage, the attention of the investor should be emphasized on the risk factor "Leverage risk". Leverage may increase the volatility of the Compartment's Net Asset Value and may amplify losses which could become significant and potentially cause a total loss of the net asset value in extreme market conditions. The extensive use of financial derivatives instruments may lead to a considerable leverage effect.

Method for calculating the leverage:
Sum of the notionals.

Investment Manager:
PICTET AM Ltd

Reference currency of the Compartment:
USD

Remittance of orders
*Subscription*
By 5:00 pm at the latest, 2 Banking Days before the relevant Valuation Day.

*Redemption*
By 5:00 pm at the latest, 2 Banking Days before the relevant Valuation Day.

*Conversion*
The most restrictive time period of the two compartments concerned.

Frequency of NAV calculation
The NAV will be determined as at each Thursday (if it is not a Banking Day, the next following Banking Day) (the "Valuation Day").

Furthermore, an additional NAV calculation will take place as at each Banking Day; however, such additional NAV, although available for publication, will be produced for valuation purposes only, hence no subscription or redemption orders will be accepted on the basis thereof.

In addition a non-tradable NAV may also be calculated as at each Week Day which is not a Banking Day; these non-tradable NAVs may be published but may only be used for producing performance measurement calculations and statistics (in particular so that comparisons can be made with the benchmark indices) or for calculating fees, and may not in any circumstances be used as a basis for subscription or redemption orders.

For further information, please refer to our website www.assetmanagement.pictet.

Calculation Day
The calculation and publication of the NAV as at a Valuation Day will take place on Friday following the relevant Valuation Day or the following Week Day if that day is not a Week Day (the "**Calculation Day**").

Payment value date for subscriptions and redemptions:
Within 3 Week Days of the applicable Valuation Day

Shares not yet issued that may be activated at a later date:
Non activated Classes of Shares may be activated at any time by decision of the Board of Directors.

Initial subscription period
The initial subscription will take place from 1 May 2018 until 15 May 2018 at an initial price equal to 100 USD, 100 EUR, 100 CHF, 100 GBP and 10,000 JPY respectively. The payment value date will be 21 May 2018.

The Compartment may however be launched on any other date decided by the board of Directors of the Fund.

## PICTET TOTAL RETURN – SIRIUS

| Type of share | Activated | ISIN Code | Initial minimum | Currency of the class | Subscription and redemption currency | Dividend distribution | Fee (Max in %)* | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Management | Service | Depositary Bank |
| I USD | ✓ | | 1 million | USD | USD | - | 1.60% | 0.35% | 0.22% |
| P USD | ✓ | | - | USD | USD | - | 2.30% | 0.35% | 0.22% |
| E USD | ✓ | | 10 million | USD | USD | - | 1.30% | 0.35% | 0.22% |
| I GBP | ✓ | | (1) | GBP | GBP | - | 1.60% | 0.35% | 0.22% |
| HI EUR | - | | (1) | EUR | EUR | - | 1.60% | 0.40% | 0.22% |
| HP EUR | - | | - | EUR | EUR | - | 2.30% | 0.40% | 0.22% |
| HI CHF | - | | (1) | CHF | CHF | - | 1.60% | 0.40% | 0.22% |
| HP CHF | - | | - | CHF | CHF | - | 2.30% | 0.40% | 0.22% |
| HI GBP | - | | (1) | GBP | GBP | - | 1.60% | 0.40% | 0.22% |
| HP GBP | - | | - | GBP | GBP | - | 2.30% | 0.40% | 0.22% |
| HI JPY | - | - | (1) | JPY | JPY | - | 1.60% | 0.40% | 0.22% |

* Per year of the average net assets attributable to this type of share.
(1) USD 1,000,000 converted to EUR, CHF, GBP or JPY as at the relevant Valuation Day.

### Performance fee:

The Investment Manager will receive a performance fee, accrued on each Valuation Day, paid yearly, based on the net asset value (NAV), equivalent to 20 % of the performance of the NAV per share (measured against the High Water Mark) over the performance of the index described in the below table for each share class, since the last performance fee payment. No performance fee will be payable for X share classes.

| Type of share classes | Index |
|---|---|
| Share classes denominated in USD | LIBOR USD Overnight |
| Hedged share classes denominated in EUR | EONIA |
| Hedged share classes denominated in GBP | LIBOR GBP Overnight |
| Hedged share classes denominated in CHF | LIBOR CHF Spot Next |
| Hedged share classes denominated in JPY | LIBOR JPY Spot Next |

The performance fee is calculated on the basis of the NAV after deduction of all expenses, liabilities, and management fees (but not performance fee), and is adjusted to take account of all subscriptions and redemptions.

The performance fee is calculated by reference to the outperformance of the NAV per share adjusted for subscriptions into and redemptions out of the relevant classes of shares during the calculation period. No performance fee will be due if the NAV per share before performance fee turns out to be below the High Water Mark for the calculation period in question.

The High Water Mark is defined as the greater of the following two figures:

- The last highest Net Asset Value per Share on which a performance fee has been paid and;
- The initial NAV per share.

The High Water Mark will be decreased by the dividends paid to shareholders.

Provision will be made for this performance fee on each Valuation Day. If the NAV per share decreases during the calculation period, the provisions made in respect of the performance fee will be reduced accordingly. If these provisions fall to zero, no performance fee will be payable.

If the return of the NAV per share (measured against the High Water Mark) is positive, but the Index return is negative, the calculated performance fee per share will be limited to the return of the NAV per share in order to avoid that performance fee calculation implies that the NAV per share after performance fee be inferior to the High Water Mark.

For the shares present into the class at the beginning of the calculation period, performance fee will be calculated by reference to the performance against the High Water Mark.

For the shares subscribed during the calculation period, performance fee will be calculated by reference to the performance from the subscription date to the end of the calculation period. Furthermore, performance fee per share will be capped to the performance fee per share related to the shares present into the class at the beginning of the calculation period.

For the shares redeemed during the calculation period, performance fee is determined based upon the “first in, first out” method where shares bought first are redeemed first, and shares bought last are redeemed last.

Performance fee crystallized in case of redemption is payable at the end of the calculation period even if there is no longer performance fee at that date.

Any first calculation period shall start on the inception date and terminate at the last Valuation Day of the ongoing year-end. The subsequent calculation periods shall start on the first and terminate on the last Valuation Day of each following year.

For further information,
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www.assetmanagement.pictet.
www.pictet.com