

# PRODUCT KEY FACTS STATEMENT

## PICTET – WATER

As at August 2022

**This statement provides you with key information about this product.**  
**This statement is a part of the offering document.**  
**You should not invest in this product based on this statement alone.**

### Quick Facts

<b>Management Company:</b>	Pictet Asset Management (Europe) S.A.				
<b>Fund Manager:</b>	Pictet Asset Management S.A., Switzerland (Internal delegation)				
<b>Depository Bank:</b>	Pictet & Cie (Europe) S.A.				
<b>Sub-Custodian:</b>	The Hongkong and Shanghai Banking Corporation Limited				
<b>PRC Custodian:</b>	HSBC Bank (China) Company Limited				
<b>Ongoing Charges over a year#:</b>	HP USD		2.05%		
	P EUR		2.00%		
	P USD		2.00%		
<b>Base Currency:</b>	EUR				
<b>Financial year end of this fund:</b>	30 September				
<b>Dealing frequency:</b>	Daily				
<b>Dividend Policy</b>		<b>Minimum investment</b>			
HP USD	Dividend (if any) will be reinvested	Initial:	N/A	Additional:	N/A
P EUR	Dividend (if any) will be reinvested	Initial:	N/A	Additional:	N/A
P USD	Dividend (if any) will be reinvested	Initial:	N/A	Additional:	N/A

# The ongoing charges figure is based on expenses for a one-year period ended 30 September 2021 and the average net asset value of the corresponding period. This figure may vary from year to year.

### WHAT IS THIS PRODUCT?

This is a sub fund of Pictet (the “**Fund**”) which is a mutual fund domiciled in Luxembourg and its home regulator is Commission de Surveillance du Secteur Financier (CSSF).

## OBJECTIVES AND INVESTMENT STRATEGY

The sub fund seeks capital growth by investing in equities issued by companies operating in the water and air sector worldwide.

The sub fund will apply a sustainable strategy which aims to achieve a positive environmental and social impact by investing at least two-thirds of its total assets in equities issued by companies operating in the water sector and providing solutions to global water challenges (targeting companies that are providing technologies to improve water quality, maximize water efficiency or increase the number of households connected to water services), as well as companies operating in the air sector. A significant proportion of these companies' activities (as measured by turnover, enterprise value, earning before income and tax, or similar metrics):

- in respect of the water sector, are related to, but are not limited to, water production, water conditioning and desalination, water suppliers, transport and dispatching, treatment of waste water, sewage and solid, liquid and chemical waste, sewage treatment plants and providing water equipment, consulting and engineering services;
- in respect of the air sector, include inspection of air quality, supply of air-filtration equipment and manufacture of catalytic converters for vehicles.

The sub fund will hold a diversified portfolio composed of securities issued by listed companies, within the limits allowed by the investment restrictions. These securities may be ordinary or preference shares, and to a lesser extent warrants on transferable securities and options.

The sub fund may also invest in shares of companies that conduct activities in emerging or developing countries such as but not limited to Brazil and China. Emerging countries are defined as those considered, at the time of investing, as industrially developing countries by the International Monetary Fund, the World Bank, the International Finance Corporation (IFC) or one of the leading investment banks.

The sub fund may invest up to 30% of its net assets in China A Shares through (i) the QFI status granted to an entity of the Pictet Group, (ii) the Shanghai-Hong Kong Stock Connect programme, (iii) the Shenzhen-Hong Kong Stock Connect programme and/or (iv) any similar acceptable securities trading programmes which may be available to the sub fund in the future as approved by the relevant regulators from time to time. The sub fund may also use financial derivative instruments, such as futures and swaps, on China A Shares.

The sub fund may also invest up to 33% of its assets in depositary receipts, including American Depositary Receipt (ADR), Global Depositary Receipt (GDR) and European Depositary Receipt (EDR). The sub fund will only invest in depositary receipts that represent such underlying assets that are related to the primary investment objective of the sub fund.

More than 50% of the sub fund's net asset value will be continuously invested in "equity assets" as defined in paragraph 8 of section 2 of the German Investment Tax Act (2018).

The sub fund will not invest more than 10% of its assets in bonds or any other debt security (including convertible bonds and preference shares), money market instruments, derivatives and/or structured products whose underliers are, or offer exposure to, bonds or similar debt and interest-rate securities, as well as debt instruments with loss-absorption features (e.g. debt instruments, contingent convertible bonds, non-preferred senior debt instruments and other senior or subordinated debt instruments issued by a holding company of a financial institution with features of contingent write-down or contingent conversion to ordinary shares on the occurrence of (i) when a financial institution is near or at the point of non-viability, or (ii) when the capital ratio of a financial institution falls to a specified level).

The investment process integrates environmental, social and governance (ESG) factors (which may involve focusing on companies that offer solutions for wastewater treatment and waste management to provide ecological and environmental protection; controversies analysis of companies based on incidents and events that may pose a business or reputational risk due to the potential negative impact on stakeholders, the environment, or the company's operations, such as pollution incidents, accidents, violations of human rights, product-related issues and breaches of business ethics; corporate governance analysis of companies based on board structure, executive remuneration, shareholder rights, and audit practices) based on proprietary and third-party research to evaluate investment risks and opportunities. The proportion of the sub fund's portfolio subject to ESG analysis is at least 90% of the net assets or number of issuers of securities invested by the sub fund. The issuers of securities invested by the sub fund are subject to good governance practices. Further, when selecting the sub fund's investments, the environmental and social characteristics of issuers are taken into account to increase or decrease the target weight of securities issued by such issuers contemplated by the fund manager to be invested by the sub fund. The foregoing environmental and social characteristics and governance practices are measured by an ESG score internally computed by Pictet based on Pictet's internal ESG assessment and ESG data from external providers (e.g. Institutional Shareholder Services, Sustainalytics, and FTSE Russell Green Revenues). The sub fund aims to have a better ESG profile, as calculated by the weighted average of the foregoing ESG scores of the sub fund's portfolio of issuers, than that of the reference index (i.e. MSCI AC World (EUR)) after removing the bottom 20% of issuers with the weakest ESG characteristics from such reference index.

In line with Pictet Asset Management's commitment to responsible investment:

- The Management Company ensures that voting rights are exercised methodically.
- The fund managers may engage with issuers in order to positively influence ESG practices.
- The sub fund adopts an exclusion policy relating to direct investment in companies and countries that are deemed incompatible with Pictet Asset Management's approach to responsible investment. Exclusions are based on a combination of revenue thresholds derived from controversial activities that are deemed harmful to society and/or the environment, and severe breaches of international norms on human rights, labour standards, environmental protection and anti-corruption. Such exclusions may include biological and chemical weapons, as well as nuclear weapons from a country which is not a signatory to the 1968 Treaty on the Non-Proliferation of Nuclear Weapons. Companies above the relevant revenue thresholds or severely breaches the relevant international norms are excluded from investment by the sub fund.

For further information including Pictet's responsible investment policy, please refer to [www.am.pictet/-/media/pam/pam-common-gallery/article-content/2021/pictet-asset-management/responsible-investment-policy.pdf](http://www.am.pictet/-/media/pam/pam-common-gallery/article-content/2021/pictet-asset-management/responsible-investment-policy.pdf). This website has not been reviewed by the SFC.

The sub fund may use FDIs, such as warrants, options or forwards, primarily for efficient portfolio management and/or hedging purposes.

## USE OF DERIVATIVES / INVESTMENT IN DERIVATIVES

The sub fund's net derivative exposure may be up to 50% of its NAV.

## WHAT ARE THE KEY RISKS?

**Investment involves risks. Please refer to the offering document for details including risk factors.**

### Equity Risk

- › The equity markets may fluctuate significantly with prices rising and falling sharply, and this will have a direct impact on the sub fund's net asset value (NAV).

### Sector Risk

- › The sub fund invests at least two-thirds of its total assets in equities issued by companies operating in the water and air sectors. Companies active in markets with regulated water tariffs may suffer from decreasing water tariffs, which would lower the revenues and the returns of listed water operators. Moreover, during budget process, political forces may put priorities on different projects such as household consumption incentives, transportation infrastructure projects, and education. Water infrastructure projects may be given a lower priority and be delayed. The growth outlook of water technology companies will then be reduced. In respect of the sub fund's investments in companies operating in the air sector, these companies may be adversely affected by a decrease in demand for air quality and filtration related equipment and catalytic converters. Competitive pressures may have a significant effect on the financial condition of such companies. The foregoing may lead to a fall in the value of these water and air quality related companies and therefore may have negative impact on the sub fund's NAV.

### Risk associated with investments with a water and/or air quality theme

- › Certain underlying investments may have to be liquidated at a disadvantageous price at an inopportune time in the event the business nature of the issuer no longer meets the sub fund's water and/or air quality criteria.
- › Certain themes are integrated into the investment selection process, which involves analysis of potential investment based on certain water and/or air quality factors. Such assessment by the investment manager is subjective in nature and it is thus possible that the relevant investment criteria may not be applied correctly. This can lead to the sub fund forgoing investment opportunities which meet the relevant fund's water and/or air quality criteria or investing in securities which do not meet such criteria.
- › The assessment of a potential investment based on the sub fund's water and/or air quality criteria is dependent upon information and data from the security issuer and/or third-parties (which may include providers for research, reports, screening, ratings and/or analysis such as index providers and consultants). Such information or data may be incomplete, inaccurate or inconsistent. The lack of a standardised taxonomy may also affect the investment manager's ability to measure and assess the fund's water and/or air quality impact of a potential investment.
- › The sub fund implements the Pictet Group's exclusion policy which is further disclosed in the section entitled "Objectives and Investment Strategy". Implementation of such policy may result in the sub fund forgoing opportunities to buy certain securities when it might otherwise be advantageous to do so, and/or selling securities when it might be disadvantageous to do so.
- › The sub fund invests at least two-thirds of its total assets in equities issued by companies operating in the water and air sectors. The value of the sub fund may be more volatile than that of a fund having a more diverse portfolio of investments.

### Currency Risk

- › The sub fund may hold assets denominated in currencies other than its base currency. It may be affected by changes in exchange rates between the base currency and these other currencies or by changes to exchange control regulations. The conversion of the sub fund's assets from the denomination currency into the base currency is part of the sub fund's NAV calculation process. For instance, if the currency in which an asset is denominated depreciates against the sub fund's base currency, its equivalent value in the base currency will also depreciate.

### Risks associated with emerging markets

- › The sub fund may have exposure to emerging markets (e.g. Brazil and China) which are generally considered to present higher political and economic risks, fiscal and tax risks and capital repatriation risk. As a result, the sub fund's investments may be more volatile and/or less liquid.
- › The securities markets of emerging or developing countries may be less mature, and the prices of securities traded on such markets tend to be more volatile.
- › Because of relative lack of market regulations and the fact that laws on the ownership of securities may be vague and do not provide the same guarantees, the legal and regulatory risks, settlement risks and custody risk are generally considered to be higher than in more developed countries.
- › In addition, the accounting and financial information on companies in some emerging markets may be more cursory and less reliable.

### Risks related to investment in the PRC

Investing in the securities market in the PRC is subject to the risks specific to the PRC market including change in political, social or economic policy risk, liquidity and volatility risk, currency and exchange risk.

- › **Change in political, social or economic policy risk** – The investment will be sensitive to any significant change in political, social or economic policy in the PRC which may adversely affect the capital growth and thus the fund performance.
- › **Liquidity and volatility risk** – Compared with the choice available in other markets, there is a low level of liquidity in the securities market in the PRC. This could potentially lead to severe price volatility.
- › **Currency and exchange risk** – The PRC government's control of currency conversion and exchange rates may adversely affect the operations and financial results of the companies invested in by the sub fund.
- › **PRC taxation consideration** – The sub fund may be subject to income tax on capital gain, dividend, interest and other taxes for investing in the securities market in the PRC. The tax laws, regulations and practice in the PRC are constantly changing, and may be changed with retrospective effect. Right is reserved to provide for tax on gains derived from the disposal of PRC securities. With the uncertainty of PRC tax rules, any provision for taxation made may be excessive or inadequate to meet final PRC tax liabilities. Consequently, investors may be advantaged or disadvantaged depending upon the final rules. Based on professional and independent tax advice, the sub fund will not make any tax provisions on realised and/or unrealised capital gains, dividends and interests derived from the disposal of PRC securities.

**Risks associated with investment made through the QFI regime**

- › The sub fund's ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations (including restrictions on investments and repatriation of principal and profits) in the PRC, which are subject to change and such change may have potential retrospective effect.
- › The sub fund may suffer substantial losses if the approval of the QFI status is being revoked/terminated or otherwise invalidated as the sub fund may be prohibited from trading of relevant securities and repatriation of the sub fund's monies, or if any of the key operators or parties (including the PRC Custodian, Sub-Custodian or brokers) is bankrupt or in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).

**Risks associated with the Stock Connects**

- › The relevant rules and regulations on the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (collectively, the "Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (collectively, the "**Stock Connects**") are subject to change which may have potential retrospective effect. The Stock Connects are subject to quota limitations. Where a suspension in the trading through the Stock Connects is effected, the sub fund's ability to invest in China A-Shares or access the PRC market through the Stock Connects will be adversely affected. In such event, the sub fund's ability to achieve its investment objective could be negatively affected.

**Risks relating to depositary receipts**

- › The sub fund may invest in depositary receipts (ADR, EDR, GDR). Depositary receipts are instruments that represent shares in companies trading outside the markets in which the depositary receipts are traded. Accordingly there is a risk that the shares underlying the instruments may be subject to political, inflationary, exchange rate or custody risks in the markets in which the underlying shares are traded.

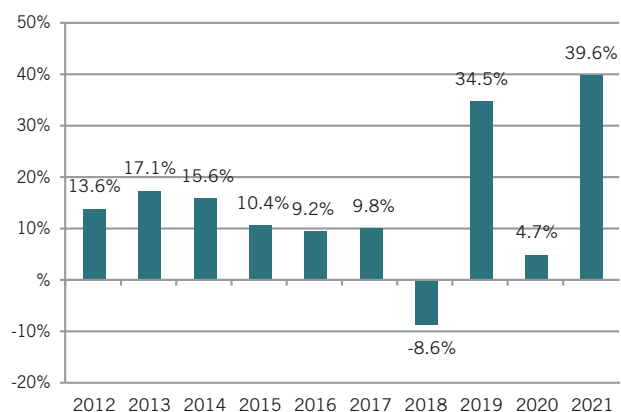
**Risks relating to the use of FDIs**

- › The sub fund's use of FDIs may become ineffective in efficient portfolio management and/or hedging. The prices of FDIs (such as warrants, options or forwards) can be volatile and the use of FDIs can entail various risks, including liquidity, legal and counterparty risks, especially when they are conducted over-the-counter. Also, the value of the FDIs may not correlate perfectly with the value of the underlying assets. As a result, the sub fund may suffer significant losses.

**Investment Risk**

- › The sub fund's investment portfolio may fall in value and therefore your investment in the sub fund may suffer losses.

## HOW HAS THE SUB FUND PERFORMED?



- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-To-NAV, with dividend reinvested.
- These figures show by how much P EUR share class increased or decreased in value during the calendar year being shown. Performance data has been calculated in EUR including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Fund launch date: 19.01.2000
- P EUR share class launch date: 19.01.2000
- Representative Share Class P EUR: open for investment by HK retail investors and in base currency of the sub fund and with the longest track record.

## IS THERE ANY GUARANTEE?

This sub fund does not have any guarantees. You may not get back the full amount of money you invest.

## WHAT ARE THE FEES AND CHARGES?

### Charges which may be payable by you

You may have to pay the following fees when dealing in the shares of the sub fund.

FEE	WHAT YOU PAY (AS A % OF NAV PER SHARE)		
<i>Share classes</i>	<i>P EUR</i>	<i>P USD</i>	<i>HP USD</i>
<b>Subscription fee*</b>	Up to 5.0%	Up to 5.0%	Up to 5.0%
<b>Switching fee*</b>	Up to 2.0%	Up to 2.0%	Up to 2.0%
<b>Redemption fee*</b>	Up to 3.0%	Up to 3.0%	Up to 3.0%

\*a dilution levy for a maximum of 2% of the value of the NAV on the issue, redemption and/or conversion price may be charged in certain exceptional circumstances which are set out under the section entitled “Dilution Levy” in the Prospectus.

### Ongoing fees payable by the sub fund

The following expenses will be paid out of the sub fund. They affect you because they reduce the return you get on your investments.

	ANNUAL RATE** (AS A % OF THE SHARE CLASS VALUE)		
<i>Share classes</i>	<i>P EUR</i>	<i>P USD</i>	<i>HP USD</i>
<b>Management fee</b>	1.6%	1.6%	1.6%
<b>Depositary Bank fee</b>	0.03%	0.03%	0.03%
<b>Performance fee</b>	NIL	NIL	NIL
<b>Administration (service) fee</b>	0.29%	0.29%	0.34%

\*\*Per year of the average net assets attributable to this type of share and accrued on each NAV calculation date.

Please note that the relevant service provider may charge a lower level of fees than otherwise stated. For maximum fee level, please refer to Appendix B of the Information for Hong Kong Investors.

Please note that fees may be increased up to the maximum annual rate after giving at least one month’s prior notice to investors.

### Other fees

You may have to pay other fees when dealing in the shares of the sub fund.



**ADDITIONAL INFORMATION**

- You generally buy and redeem shares at the sub fund's next-determined NAV after Bank Pictet & Cie (Asia) Ltd receives your request in good order on or before 5pm being the dealing cut-off time.
- You should, before placing your subscription or redemption orders, check with your distributor for the distributor's internal dealing cut-off time which may be earlier than the sub fund's dealing cut-off time.
- The NAV of this sub fund is calculated and published each "business day". They are available online at [www.assetmanagement.pictet](http://www.assetmanagement.pictet), at the office of the Hong Kong Representative (8/F & 9/F, Chater House, 8 Connaught Road Central, Hong Kong).
- Investors may obtain the past performance information of other share classes offered to Hong Kong investors from the above-mentioned website.
- You may also obtain information on the intermediaries from the above-mentioned website.
- Please note that the above-mentioned website has not been reviewed by the Securities and Futures Commission ("**SFC**") and may contain information of funds not authorised by the SFC.

**IMPORTANT**

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.