

PRODUCT KEY FACTS STATEMENT

PICTET HK – PICTET STRATEGIC INCOME

As at July 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

Manager:	Pictet Asset Management (Hong Kong) Limited
Trustee:	HSBC Institutional Trust Services (Asia) Limited
Ongoing Charges over a year[#]:	P dm USD: 1.66% P dm HKD: 1.66% P dm3 HKD: 1.60%** HP dm3 RMB: 1.60%** P dm3 USD: 1.60%** HP dm RMB: 1.65% HP dm AUD: 1.65%
Base Currency:	USD
Financial year end of this fund:	30 September
Dealing frequency:	Daily
Dividend policy:	Distributions may be declared and paid on a monthly basis for all share classes, subject to the Manager's discretion. Distributions may be paid out of the capital or effectively out of the capital of the sub fund. Any such distributions may result in an immediate reduction of the sub fund's net asset value ("NAV") per unit.
Minimum investment:	P dm USD: US\$ 1,000 (initial); US\$ 1,000 (additional) P dm HKD: US\$ 1,000* (initial); US\$ 1,000* (additional) HP dm RMB: US\$ 1,000* (initial); US\$ 1,000* (additional) HP dm AUD: US\$ 1,000* (initial); US\$ 1,000* (additional)

[#] 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 has been updated because it varied by more than 5% from the ongoing charges figure published in March 2021. This figure may vary from year to year.

* An equivalent amount in the relevant class currency at the time of subscription.

** As these unit classes are newly launched, the ongoing charges figures are estimates only, and represent estimated expenses chargeable to these unit classes expressed as a percentage of their estimated average NAV over the same period. The actual figures may be different upon actual operation of these unit classes, and may vary from year to year.



WHAT IS THIS PRODUCT?

This is a sub fund of Pictet HK (the “**Fund**”) which is a Hong Kong domiciled umbrella structure unit trust established by a trust deed dated 23 August 2016. It is governed by the laws of Hong Kong.

OBJECTIVES AND INVESTMENT STRATEGY

The sub fund seeks to achieve long-term capital growth and income over the medium to longer term while also managing downside risk by investing primarily in a global diversified portfolio of equities and fixed income securities.

The sub fund follows a flexible asset allocation policy and intends to invest globally in the full spectrum of permitted investments including equities, fixed income securities and cash/money market instruments.

The sub fund would invest in income generating asset classes, regions and/or securities.

In addition, the sub fund may invest up to 35% of its NAV in units or shares of other collective investment schemes, whose primary objective is to invest in a single or combination of asset class(es) that is/are within the permitted limit under the SFC’s Code on Unit Trusts and Mutual Funds (the “**Code**”) and the investment objective and/or strategy of the sub fund. These collective investment schemes may include funds managed by the Manager or other entities of the Pictet Group and exchange traded funds. Nonetheless, the sub fund will not invest 10% or more of its NAV in shares or units in other collective investment schemes which are non-eligible schemes and not authorised by the SFC, and will not invest 30% or more of its NAV in the shares or units in a collective investment scheme which is authorised by the SFC or an eligible scheme, subject to the investment restrictions under the Code.

The sub fund’s aggregate exposure to direct investments in securities issued in Mainland China market including but not limited to China A-Shares, China B-Shares, fixed income securities, and such other financial instruments permitted under applicable Mainland China regulations will not be more than 20% of its Net Asset Value.

The following is an indicative asset allocation of the sub fund based on asset types:

ASSET TYPE	INDICATIVE PERCENTAGE OF THE SUB FUND’S NAV
Equities	0-100%
Fixed income securities	0-100%
Other collective investment schemes	0-35%
Cash/money market instruments	0-30%

Investment in equities

The sub fund may invest up to 100% of its NAV in a diversified portfolio of equities. These investments may include listed equities, depositary receipts (i.e. American Depositary Receipts, European Depositary Receipts, Global Depositary Receipts) and listed investment trusts (such as listed real estate investment trusts and other listed closed-ended investment trusts).

The sub fund may invest not more than 20% of its NAV in China A-Shares and China B-Shares. Such investments in Mainland China may be made via QFII and/or RQFII and the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (collectively, the “**Stock Connects**”).



Investment in fixed income securities

The sub fund may invest up to 100% of its NAV in fixed income securities. These investments may include listed and unlisted bonds, government bonds, corporate bonds, high yield bonds and convertible bonds. Investments may include defaulted and distressed securities (up to 10% of the sub fund's NAV). The sub fund may invest up to 80% of its NAV in fixed income securities in the emerging markets.

The sub fund may also invest up to 20% of its NAV in debt instruments with loss-absorption features, e.g. contingent convertible bonds (CoCo bonds), senior non-preferred debts, etc.. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). Of the sub fund's investments in debt instruments with loss-absorption features, up to 10% of the sub fund's NAV may be invested in CoCo bonds.

The sub fund does not have any requirement on the credit rating of the underlying debt securities. The sub fund does not currently intend to invest more than 10% of its NAV in securities issued and/or guaranteed by a single sovereign issuer (including its government, a public or local authority of that country) which is rated below investment grade by Standard & Poor's and Moody's.

For the avoidance of doubt, the aforementioned aggregate exposure limit to direct investments in securities issued in Mainland China market of 20% of the sub fund's Net Asset Value is applicable to the sub fund's investments in fixed income securities.

Investment in cash and money market instruments

The sub fund may hold less than 30% of its NAV in cash and cash equivalents, which may include cash, deposits, money market instruments and short-term fixed income securities, for liquidity and cash management purposes.

General

Unless otherwise specified in this section headed "Investment Policies", the sub fund is not subject to any limitation on the portion of its NAV that may be invested in any one country, region or sector, and the weight in one country/region may go up to 100% of the sub fund's NAV.

The sub fund may invest in financial derivative instruments for hedging and investment purposes. The sub fund would not invest in any equity-linked notes with gross exposure to any single issuer of such notes exceeding 10% of the sub fund's NAV.

The Manager currently does not intend to enter into any securities lending or repurchase/reverse repurchase transactions or other similar over-the-counter transactions in respect of the sub fund.

The asset allocation of the sub fund will change according to the Manager's views of fundamental economic and market conditions and investment trends across the globe, taking into consideration factors such as liquidity, costs, timing of execution, relative attractiveness of individual securities and issuers available in the market.

USE OF DERIVATIVES/INVESTMENTS IN DERIVATIVES

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

WHAT ARE THE KEY RISKS?

Investment involves risks. Please refer to the Explanatory Memorandum for details including the risk factors.

General investment risk

- The sub fund's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the sub fund may suffer losses. There is no guarantee of the repayment of principal.

Risks associated with equities

- › The sub fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.

Risks associated with debt securities

- › **Credit/counterparty risk** – The sub fund is exposed to the credit/default risk of issuers of the debt securities that the sub fund may invest in.
- › **Interest rate risk** – Investment in the sub fund is subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.
- › **Volatility and liquidity risk** – Some debt securities (such as debt securities in high yield and emerging markets) in which the sub fund invests may be less liquid and more volatile than the world's leading bond markets and this may result in the fluctuation in the price of securities traded on such markets. Certain securities may be difficult or impossible to sell, and this would affect the sub fund's ability to acquire or dispose of such securities at their intrinsic value. As a result, this may have adverse impact on the sub fund and its investors.
- › **Downgrading risk** – The credit rating of a debt instrument or its issuer may subsequently be downgraded. In the event of such downgrading, the value of the sub fund may be adversely affected. The manager may or may not be able to dispose of the debt instruments that are being downgraded.
- › **Risks associated with debt securities rated below investment grade or unrated** – The sub fund may invest in debt securities rated below investment grade or unrated. Such securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities.
- › **Valuation risk** – Valuation of the sub fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the NAV calculation of the sub fund.
- › **Credit rating risk** – Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.

Emerging market risk

- › The sub fund's investments may be concentrated in the emerging markets, which may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.

Risk relating to downside protection strategy

- › The downside risk management process may not achieve the desired results under all circumstances and market conditions.
- › While the downside risk management process aims at managing losses of the sub fund through the active allocation between higher risk assets and lower risk assets or through the use of FDIs to hedge market and/or currency risks, it may also preclude the sub fund from capturing significantly the upside in rising markets. The sub fund may underperform funds not adopting the downside protection strategy in rising equity markets as the sub fund's exposure to equities may be relatively low in some circumstances, such as when the Manager has a negative view on the market and adopts a conservative positioning.

Risks related to investment in Mainland China

- › Investing in companies relating to Mainland China involves greater risk of loss than investing in more developed markets due to, among other factors, greater political, social, economic, tax, foreign exchange, liquidity, settlement and regulatory risks.
- › There is a low level of liquidity in the China A-Shares, which are relatively small in terms of both combined total market value and the number of China A-Shares which are available for investment. This could potentially lead to severe price volatility.
- › The Stock Connects are subject to quota limitations, which may restrict the sub fund's ability to invest in China A-Shares through the Stock Connects on a timely basis, and the sub fund may not be able to effectively pursue its investment strategies.
- › Investment in Mainland China may subject the sub fund to valuation risk. Valuation of the China A-Shares that the sub fund invests in may involve uncertainties and judgmental determinations. Incorrect valuation may affect the NAV calculation of the sub fund.

Concentration risk

- › The sub fund may invest only in a specific country/region/sector/asset class, and may be adversely affected by or depend heavily on the performance of those securities.
- › Investors should also be aware that the sub fund is likely to be more volatile than a broad-based fund, such as a global or regional equity or bond fund, as they are more susceptible to fluctuations in value resulting from limited number of holdings or from adverse conditions in their respective country/region/sector/asset class.

Currency risk

- › Underlying investments of the sub fund may be denominated in currencies other than the base currency of the sub fund. Also, a class of units may be designated in a currency other than the base currency of the sub fund. The NAV of the sub fund may be affected unfavourably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.

Risks relating to hedging and the hedged classes of units

- › Hedging at the sub fund level will preclude unitholders from benefitting from appreciation of the non-USD currencies (in which the underlying investments of the sub fund may be denominated) against the base currency of the sub fund.
- › There can be no assurance that any currency hedging strategy employed by the Manager will fully and effectively eliminate the currency exposure of the sub fund.
- › Any costs related to hedging shall be borne by the sub fund.

Risks of investing in other collective investment schemes

- › The underlying collective investment schemes in which the sub fund may invest may not be regulated by the SFC. There may be additional costs involved when investing into these underlying collective investment schemes. There is also no guarantee that the underlying collective investment schemes will always have sufficient liquidity to meet the sub fund's redemption requests as and when made.

Risk relating to dynamic asset allocation strategy

- › The dynamic asset allocation strategy may not achieve the desired results under all circumstances and market conditions. The investments of the sub fund may be periodically rebalanced and therefore the sub fund may incur greater transaction costs than a fund with static allocation strategy.

Currency conversion risk for RMB denominated classes

- › The sub fund offers RMB denominated classes of units. RMB is currently not freely convertible and is subject to exchange controls and restrictions.
- › Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currency will not depreciate.
- › Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors.
- › If currency hedging between RMB and the base currency is not effective, and depending on the exchange rate movements of RMB relative to the base currency of the sub fund and/or other currency(ies) of the non-RMB denominated underlying investments, an investor (i) may still suffer losses even if there are gains or no losses in the value of the non-RMB-denominated underlying investments; or (ii) may suffer additional losses if the non-RMB-denominated underlying investments of the sub fund fall in value.
- › Currency conversion is also subject to the sub fund's ability to convert the proceeds into RMB which may also affect the sub fund's ability to meet redemption requests and/or to make distributions, and may delay the payment of redemption proceeds or dividends.

Risks associated with investment in high yield bonds

- › High yield bonds are 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. These bonds are usually subject to higher credit/counterparty risks.

Risks associated with investment in FDI

- › Risks associated with FDI include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of an FDI can result in a loss significantly greater than the amount invested in the FDI by the sub fund. Exposure to FDI may lead to a high risk of significant loss by the sub fund.

Mainland China taxation consideration

- › There are risks and uncertainties associated with the current Mainland China tax laws, regulations and practice in respect of capital gains derived from trading of China A-Shares via QFII/RQFII or the Stock Connects (which may have retrospective effect). Any increased tax liabilities on the sub fund may adversely affect the sub fund's value.
- › Based on professional and independent tax advice, the sub fund will not make any tax provisions.

Sovereign debt risk

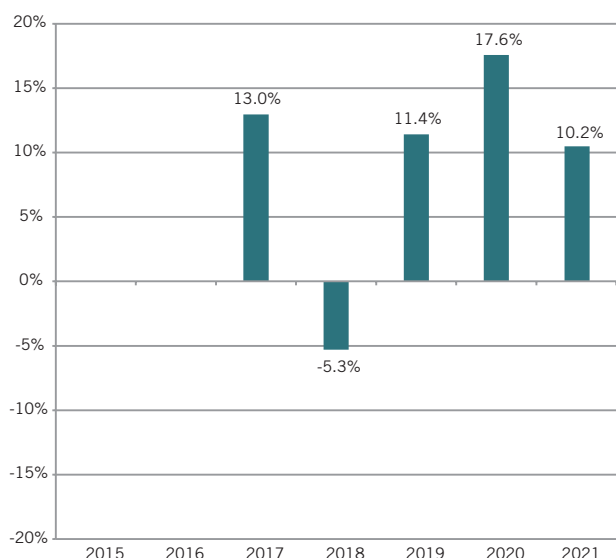
- › Certain developing countries and certain developed countries are especially large debtors to commercial banks and foreign governments. Investment in debt obligations issued or guaranteed by governments or their agencies of such countries may involve a high degree of risk, such as social, political and economic risks.
- › In case of default, holders of sovereign debts (including the sub fund) may be requested to participate in the rescheduling of such debt and to extend further loans to the relevant governmental entities.

Risks associated with distribution out of/effectively out of the sub fund's capital

- › Payment of dividends out of capital and/or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investments. Any such distributions may result in an immediate reduction of the NAV per unit.
- › The distribution amount and NAV of the hedged share classes may be adversely affected by differences in the interest rates of the reference currency of the hedged share classes and the sub fund's base currency, resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than other non-hedged share classes.



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 dm USD increased or decreased in value during the calendar year being shown. Performance data has been calculated in USD including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- > Where no past performance is shown there was insufficient data available in that year to provide performance.
- > Fund launch date: 30 September 2016
- > P dm USD launch date: 30 September 2016
- > Representative share class P dm USD: 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 units of the sub fund.

FEE	WHAT YOU PAY			
	P dm USD	P dm HKD	HP dm RMB	HP dm AUD
Share classes	P dm USD	P dm HKD	HP dm RMB	HP dm AUD
Subscription fee (% of the total subscription amount)	Up to 5%	Up to 5%	Up to 5%	Up to 5%
Switching fee (% of the subscription amount of the sub-fund being switched into)	Up to 1%	Up to 1%	Up to 1%	Up to 1%
Redemption fee (% of the redemption amount)	Up to 1%	Up to 1%	Up to 1%	Up to 1%

Note: The Manager may make adjustment to the Subscription Price and Redemption Price as disclosed in the Explanatory Memorandum. The NAV per unit may be adjusted by an amount not exceeding 2% of the NAV.

**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 NAV PER UNIT)	
Management Fee*	1.4% p.a.
Trustee Fee*	<ul style="list-style-type: none">• 0.06% p.a., subject to an annual minimum fee of US\$60,000• An additional fee of 0.03% p.a. for providing accounting and valuation service, and administration of un-invested cash.• An additional fee of US\$4,000 p.a. for providing oversight functions and additional processes for compliance with the Code (with effect from 30 April 2021).
Performance Fee	Not applicable
Administration Fee	Not applicable

Other fees

You may have to pay other fees and charges when dealing in the units of the sub fund. The sub fund will also bear the costs which are directly attributable to it, as set out in the Explanatory Memorandum.

*You should note that this fee may be increased, up to a specified permitted maximum, by giving unitholders at least one month's prior notice. For detail, please refer to the section headed "Fees and Expenses" in the Explanatory Memorandum.

ADDITIONAL INFORMATION

- › You generally buy and redeem units at the sub fund's next-determined NAV after the Authorised Distributor or the Trustee receives your request in good order on or before 5:00 p.m. (Hong Kong time) on the relevant Dealing Day, which is generally every Business Day.
- › 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.
- › You may also obtain information on the intermediaries and past performance information of other share classes offered to Hong Kong investors from the above-mentioned website.
- › The composition of the dividends (i.e. relative amounts paid from net distributable income and capital) for the last 12 months will be provided on the above-mentioned website or from the Hong Kong Representative on request.
- › Please note that the above-mentioned website has not been reviewed by the Securities and Futures Commission (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.