

Pictet - Global Megatrend Selection - P EUR

Risk Considerations

All forms of investment involve risk. The value of investments and the income derived from them is not guaranteed and it can fall as well as rise and you may not get back the original amount invested. Please refer to the prospectus for further information.

MARKET REVIEW

Equities outperformed bonds by a wide margin in the first quarter of 2024 as expectations intensified that central banks in developed markets would join their emerging counterparts in cutting interest rates in the coming months – a move that would support corporate earnings. US and Japanese stocks were the best performers. Tokyo stocks remain the biggest winner so far this year. A virtuous cycle of increasing wages, rising consumer spending and moderately higher inflation is likely to underpin growth in the world's third-largest economy. Emerging markets trailed the overall market. MSCI China in USD continued to lose terrain with the index now almost down 60% since its peak in early 2021. The best sectors were Communication Services and IT as AI continued to drive the narrative, while defensive sectors such as Staples, Utilities and Materials trailed the overall market. Large caps globally did better than small caps in the first quarter despite the market broadening out beyond the Magnificent 7. The Dollar edged higher in the quarter, leaving other major currencies in the red. The Japanese Yen fell by more than 7% as expectations rose that the Bank of Japan is unlikely to deliver aggressive interest rate hikes.

PERFORMANCE ANALYSIS

Global Megatrend Selection underperformed the MSCI ACWI, which returned 8.20% in USD. The Digital, Robotics and Water strategies contributed while Human, Nutrition, Timber, Clean Energy, Biotech, SmartCity, Premium Brands and Health lagged.

PORTFOLIO ACTIVITY - OVERWEIGHTINGS & UNDERWEIGHTINGS

We rebalanced the portfolio during the quarter to reach the strategic weights of the underlying themes.

MARKET OUTLOOK

While global economic and liquidity conditions are far from rosy, we see pockets of improvement that are supportive for risky assets. The US economy remains resilient, while China is showing signs of a recovery. Also, most major central banks are likely to begin cutting interest rates in a matter of months and banks are willing to lend more. The tailwinds for certain thematic segments have increased significantly over the last few quarters. For our Resource Efficiency segment, a strong tailwind is increasing technological complexity, which drives the need for more chips. This was augmented by reshoring as a supportive driver as regions want to be less reliant on others. AI is a seismic change and driving innovation at the moment, supporting Resource Efficiency but also segments such as Digital Disruption. This accelerated growth outlook also explains tech's reign versus other sectors to a large extent. Valuations are a cause for concern, but the increased growth outlook offsets this to a large extent. Other strong tailwinds remain environmental trends such as energy efficiency and decarbonisation as well as focus on health. We expect growth in these segments to remain above market average as well. Considering all this, the balance of risks points towards a continuation of the equity market rally.

PORTFOLIO STRATEGY

Global Megatrend Selection is a unique investment solution for investors looking to gain exposure to promising investment themes supported by strong secular trends. The strategy invests in a combination of Pictet's thematic investment strategies: Biotech, Clean Energy, Digital, Health, Human, Nutrition, Premium Brands, Robotics, Security, SmartCity, Timber and Water.



General information

Legal form	Sub-fund of a SICAV
Regulatory status	UCITS
Domicile	Luxembourg
Inception date	31.10.2008
Launch date	31.10.2008
Share class currency	EUR
Compartment currency	USD
ISIN	LU0386882277
Reference index	MSCI AC World (EUR)
Min. investment horizon (year(s))	5

INVESTMENT OVERVIEW

OBJECTIVE

To increase the value of your investment while seeking to achieve a positive environmental and / or social impact.

REFERENCE INDEX

MSCI AC World (USD), an index that does not take into account environmental, social and governance (ESG) factors. Used for risk monitoring, performance objective and performance measurement.

PORTFOLIO ASSETS

The Compartment mainly invests in equities of companies that appear to benefit from demographic, environmental, lifestyle and other long-term global trends. The Compartment may invest worldwide, including in emerging markets and Mainland China.

DERIVATIVES AND STRUCTURED PRODUCTS

The Compartment may use derivatives to reduce various risks (hedging) and for efficient portfolio management, and may use structured products to gain exposure to portfolio assets.

COMPARTMENT CURRENCY

USD

INVESTMENT PROCESS

In actively managing the Compartment, the Investment Manager uses a combination of market and fundamental company analysis to select securities that it believes offer favourable growth prospects at a reasonable price. The Investment Manager considers ESG factors a core element of its strategy by seeking to invest mainly in economic activities that contribute to an environmental and social objective whilst avoiding activities that adversely affect society or the environment. Voting rights are methodically exercised and there may be engagement with companies to positively influence ESG practices. For further information, please refer to our exclusion framework in the Responsible Investment policy*, SFDR product category Article 8. The portfolio composition is not constrained relative to the benchmark, so the similarity of the fund's performance to that of the benchmark may vary.

Fees

Ongoing charges (OCR)	2%
Performance fee (excluded from OCR)	0% of the outperformance against the Index since the last performance fee payment
Entry and exit Costs ¹	-

1. We do not charge an entry or exit fee, however the person selling you the product may charge you up to a maximum of 5% for entry fee, up to 1% as an exit fee and up to 2% as a conversion fee.

Management team

Pictet Asset Management

For Professional Investors only

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Manager Comments



Further information can be found in the prospectus.



Pictet Asset Management

For further information, please visit our
website
assetmanagement.pictet

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Before making any investment decision, investors are recommended to ascertain if this investment is suitable for them in light of their financial knowledge and experience, investment goals and financial situation, or to obtain specific advice from an industry professional. Top 10 holdings do not represent the full portfolio. There is no guarantee that these securities will be held in the future and you should not assume that investment in the securities listed was, or will be profitable. Any reference to a ranking, a rating or an award provides no guarantee for future performance results and is not constant over time. For hedged share classes, only the compartment's consolidation currency is hedged into the share class currency. Foreign exchange exposure, resulting from assets in the portfolio which are not denominated in the consolidation currency, can remain. NAVs relating to dates on which shares are not issued or redeemed ("non-trading NAVs") in your country may be published here. They can only be used for statistical performance measurements and calculations or commission calculations and cannot under any circumstances be used as a basis for subscription or redemption orders. Performance is shown based on the share class NAV per share (in the share class currency) with dividends reinvested (for distributing share classes), including actual ongoing charges, and excluding subscription/redemption fees and taxes borne by the investor. Inflation was not taken into account. As a subscription fee calculation example, if an investor invests EUR 1000 in a fund with a subscription fee of 5%, he will pay to his financial intermediary EUR 47.62 on his investment amount, resulting with a subscribed amount of EUR 952.38 in fund shares. In addition, potential account keeping costs (by your custodian) may reduce the performance. Indices do not include fees or operating expenses and you cannot invest in them. The decision to invest in the promoted fund should take into account all the characteristics or objectives of the promoted fund as described in its prospectus, or in the information which is to be disclosed to investors. Pictet Asset Management retains full discretion over the implementation of exclusion criteria and reserves the right to deviate from third-party information on a case-by-case basis. For more information, please refer to the Pictet Asset Management Responsible Investment Policy. For passive strategies exclusions are implemented to the extent portfolio structure, weight deviations, volatility and performance are not materially affected.

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They can only be used for statistical performance measurements and calculations or commission calculations and cannot under any circumstances be used as a basis for subscription or redemption orders. Performance is shown based on the share class NAV per share (in the share class currency) with dividends reinvested (for distributing share classes), including actual ongoing charges, and excluding subscription/redemption fees and taxes borne by the investor. Inflation was not taken into account. As a subscription fee calculation example, if an investor invests EUR 1000 in a fund with a subscription fee of 5%, he will pay to his financial intermediary EUR 47.62 on his investment amount, resulting with a subscribed amount of EUR 952.38 in fund shares. In addition, potential account keeping costs (by your custodian) may reduce the performance. Indices do not include fees or operating expenses and you cannot invest in them. 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