PICTET
Asset Management

Monthly Manager Comments
Marketing material

Data as at
31.03.2024

Pictet TR - Atlas - 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

Global equities performed well in March 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 further support corporate earnings.

The upward trend could be seen across various regions, with US, European and Japanese stocks advancing between 3% and 4%. Sector-wise, Energy stocks outperformed other sectors as oil prices gained further against the background of persistent geopolitical tensions and a resilient global economy.

Turning to the US, both retail sales and industrial production rebounded modestly in February. The ISM Manufacturing PMI indicated expansion for the first time since 2022. US CPI data presented a mixed picture: headline inflation inched up to 3.2% year-on-year, primarily driven by the services category, while core inflation continued its downward trend, settling at 3.8%. In Europe, economic activity remained relatively muted. The manufacturing and services PMIs in the Eurozone diverged further in March, with manufacturing PMIs appearing particularly weak. In terms of monetary policy, the Federal Reserve maintained its target rate unchanged for the fifth consecutive meeting. Meanwhile, the European Central Bank held the deposit rate steady at 4.00%. President Lagarde hinted that the easing cycle could commence as early as June.

PERFORMANCE ANALYSIS

Pictet TR - Atlas was up 1.9% in March (I EUR share class net of fees), ending the quarter up 4.5%. The strong performance of the long book (+283 bps, gross of fees) more than offset the negative performance of the short book (-93 bps), which was impacted by our market hedges. All styles were positive, but Secular Growth and Quality Cyclicals were the main drivers of performance. In terms of strategies, Semiconductors, Pharma-Growth and Aero & Defence were the primary contributors, driven by our positions in Taiwan Semiconductor, Samsung Electronics, Novo Nordisk, Airbus and Safran. No strategy meaningfully detracted. In sector terms, IT, Health Care, Industrials and Financials were the major contributors thanks to our long positions in Mitsubishi Heavy Industries, London Stock Exchange and Axa alongside the mentioned names. In terms of regions, all were positive, led by Europe and Asia ex-Japan through our semis exposure.

PORTFOLIO ACTIVITY - OVERWEIGHTINGS & UNDERWEIGHTINGS

Gross exposure was increased significantly to end the quarter at 88% as the backdrop for fundamental stock picking continues to improve with more performance dispersion across stocks. Net exposure was also increased to 35%. In terms of styles, Defensives, Quality Cyclicals and Secular Growth were increased as we added to some core positions such as Novo Nordisk, TSMC, Samsung, SAP, Airbus, Safran and London Stock Exchange. On the other hand, we reduced Value Cyclicals as we sold Berkshire Hathaway, took some profits on Axa and initiated a short position in an EU tech company perceived as an AI beneficiary, despite our conviction that AI may exert a deflationary impact on their revenues, a view reinforced by a warning from a peer. In terms of sectors, we mainly increased Health Care, Materials and IT while reducing Industrials. Our largest sector exposures are IT, Industrials and Financials with names such as Microsoft, TSMC, Samsung, ASML, Airbus, Safran and London Stock Exchange among our top holdings.

MARKET OUTLOOK

The US economy remains resilient, European economic indicators are bottoming, and China is showing early signs of a shallow recovery. Most major central banks are likely to begin cutting interest rates in a matter of months and banks are willing to lend more to further support growth.

However, more recently, a rise in interest rates, stronger commodity prices and a fragile geopolitical backdrop are creating some indigestion across risk assets. Although inflation continues to trend lower, recent inflation data, a resilient economy and upward pressure on commodity prices suggest that the 'last mile' in the path to the Fed's target will prove to be difficult.

We acknowledge that equities are becoming expensive and increasingly crowded, but we anticipate any weakness across risk assets to be temporary as the strong earnings dynamics and improving economic indicators should continue to support equity markets for the time being.

The significant rally in equities since last October has seen investors either chasing momentum or crowding into the same ideas with reliable earnings. These strategies are increasingly vulnerable to sudden shifts in sentiment and can witness investors stampeding out of market segments faster than they piled into them.

PORTFOLIO STRATEGY

We still favour quality growth companies with good earnings visibility. However, we reduced positions that we believe are too crowded, lack commensurate earnings improvement and are susceptible to more downside than upside risk. While we increased our exposure to the AI megatrend, our focus was on various parts of the value chain. We maintain a strong investment in the memory cycle, where we see evidence of an inflexion, both in DRAM upcycle and HBM demand. We reduced our industrial exposure due to strong share price performance combined with weak hard data from China, leading to an air pocket in industrial demand that is partially offsetting robust capex trends in electrification, reshoring and data centre investment.

In the luxury sector, mid-end demand remains weak, but high-end demand with strong pricing power, in which we are invested, remains strong. Growing tensions in the Middle East, falling Permian production, OPEC+ discipline and improving economic growth expectations should support our oil-related positions. We bought a pure-play copper producer. Despite the recent appreciation, copper trades meaningfully below incentive prices and further price appreciation should be supported by tight supply after a capex hiatus and longer-term electrification demand. We maintain a negative position across several consumer stocks where we see an ongoing weak demand backdrop.

General information

Legal form	Sub-fund of a SICAV
Regulatory status	UCITS
Domicile	Luxembourg
Inception date	15.11.2016
Launch date	15.11.2016
Share class currency	EUR
Compartment currency	EUR
ISIN	LU1433232854
Reference index	MSCI AC World Hedged to EUR
Min. investment horizon (year(s))	5

INVESTMENT OVERVIEW

OBJECTIVE

To increase the value of your investment over the long term, while seeking capital preservation.

REFERENCE INDEX

MSCI AC World (EUR). Used for risk monitoring and performance measurement.

PORTFOLIO ASSETS

The Compartment mainly invests in equities worldwide, including in emerging markets and Mainland China. The Compartment can invest across any sector and currency. The Compartment may invest in real estate investment trusts (REITs). Money market instruments and deposits may represent a significant component of the assets; however, much of its actual performance is likely to derive from exposures created through derivatives and structured products.

DERIVATIVES AND STRUCTURED PRODUCTS

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

COMPARTMENT CURRENCY

EUR

INVESTMENT PROCESS

In actively managing the Compartment, the Manager uses fundamental company analysis to select securities that it believes offer favourable growth prospects at a reasonable price (long position) while selling securities of companies that seem to be overvalued (short position). The Manager may invest in issuers with any environmental, social, and governance (ESG) profile. It methodically exercises voting rights and may engage with issuers in order to positively influence ESG practices. The performance of the Compartment is likely to be significantly different from that of the benchmark, because the Investment Manager has significant discretion to deviate from its securities and weightings.

Fees

Ongoing charges (OCR)	1.94%
Performance fee (excluded from OCR)	20% 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.

Performance Fees Calculation Method

Index: Euro Short Term Rate (€STER); crystallization frequency is yearly; with absolute and relative High Water Mark principle (past losses have to be recovered, with no losses reset).

Management team

Pictet Asset Management

Further information can be found in the prospectus.

Pictet Asset Management

For further information, please visit our website
assetmanagement.pictet

Important Information for all investors excepted investors based in the United Kingdom

This marketing material is issued by the Fund Management Company, Pictet Asset Management (Europe) S.A., a company authorized and regulated by the Luxembourg regulator "Commission de Surveillance du Secteur Financier". It is neither directed to, nor intended for distribution or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. The information and data presented in this document are not to be considered as an offer or solicitation to buy, sell or subscribe to any securities or financial instruments or services. It cannot be used as a basis for subscription and does not form part of a contract. The latest version of the fund's prospectus, Pre-Contractual Template (PCT) when applicable, Key Information Document (KID), annual and semi- annual reports must be read before investing. They are available free of charge in English on www.assetmanagement.pictet or in paper copy at Pictet Asset Management (Europe) S.A., 6B, rue du Fort Niedergruenewald, L-2226 Luxembourg, or at the office of the Fund local agent, distributor or centralizing agent if any. The KID is also available in the local language of each country where the compartment is registered. The prospectus, the PCT, and the annual and semi-annual reports may also be available in other languages, please refer to the website for other available languages. Only the latest version of these documents may be relied upon as the basis for investment decisions. The summary of investors rights (in English and in the different languages of our website) is available here and at www.assetmanagement.pictet under the heading "Resources", at the bottom of the page. The list of countries where the Fund is registered can be obtained at all times from Pictet Asset Management (Europe) S.A., which may decide to terminate the arrangements made for the marketing of the Fund or compartments of the Fund in any given country. In Switzerland, the representative agent is Pictet Asset Management S.A. and the paying agent is Banque Pictet & Cie S.A. Pictet Asset Management (Europe) S.A. has not taken any steps to ensure that the securities referred to in this document are suitable for any particular investor and this document is not to be relied upon in substitution for the exercise of independent judgment. Tax treatment depends on the individual circumstances of each investor and may be subject to change in the future. 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.

Important Information for investors based in the United Kingdom

This marketing material is issued by the Fund Management Company, Pictet Asset Management (Europe) S.A., a company authorized and regulated by the Luxembourg regulator "Commission de Surveillance du Secteur Financier". It is neither directed to, nor intended for distribution or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. The information and data presented in this document are not to be considered as an offer or solicitation to buy, sell or subscribe to any securities or financial instruments or services. It cannot be used as a basis for subscription and does not form part of a contract. The latest version of the fund's prospectus, Pre-Contractual Template (PCT) when applicable, Key Investor Information Document (KIID), annual and semi- annual reports must be read before investing. They are available free of charge in English on www.assetmanagement.pictet or in paper copy at Pictet Asset Management (Europe) S.A., 6B, rue du Fort Niedergruenewald, L-2226 Luxembourg, or at the office of the Fund local agent, distributor or centralizing agent if any. The KIID is also available in the local language of each country where the compartment is registered. The prospectus, the PCT and the annual and semi-annual reports may also be available in other languages, please refer to the website for other available languages. Only the latest version of these documents may be relied upon as the basis for investment decisions. The summary of investors rights (in English and in the different languages of our website) is available here and at www.assetmanagement.pictet under the heading ""Resources"", at the bottom of the page. The list of countries where the Fund is registered can be obtained at all times from Pictet Asset Management (Europe) S.A., which may decide to terminate the arrangements made for the marketing of the Fund or compartments of the Fund in any given country. In Switzerland, the representative agent is Pictet Asset Management S.A. and the paying agent is Banque Pictet & Cie S.A. Pictet Asset Management (Europe) S.A. has not taken any steps to ensure that the securities referred to in this document are suitable for any particular investor and this document is not to be relied upon in substitution for the exercise of independent judgment. Tax treatment depends on the individual circumstances of each investor and may be subject to change in the future. 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.