

Pictet TR - Sirius - HP 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

In February, the 10-year US Treasury yield rose by 0.34% from 3.91% to 4.25. At the same time, spreads on the EMBI tightened by 0.33% from 4.02% to 3.69%. The market has started to price in a shallower path of interest-rate cuts while growth and risk sentiment remain robust. In the US, the labour markets and inflation have surprised to be upside with the headline CPI coming in at 3.1% from 3.4% against an expected print of 2.9%. With a robust US economy, the DXY index rose by 0.85% while the EM FX index depreciated by 1.19%.

PERFORMANCE ANALYSIS

The performance was driven by a positive contribution in credit, which was partly offset by the negative performance in local markets. In credit, the main contributors were Vietnam, Mauritius, Colombia, Panama and Honduras. On local markets, positive performance from Uganda, Angola and Sri Lanka was offset by a negative contribution from Nigeria, Zambia and Poland.

PORTFOLIO ACTIVITY - OVERWEIGHTINGS & UNDERWEIGHTINGS

During the month, we took some profit on positions in Serbia, Colombia and Uruguay and we participated in auctions in Kenya. We also implemented new short positions in Kazakhstan and Vietnam.

MARKET OUTLOOK

Markets have repriced on the back of a slower pace of disinflation than previously expected. At the same time, given current data and a continued tight policy stance with interest rates above inflation, it is unlikely that we will have a renewed hiking cycle in the US. This has proven to be supportive for risk markets despite some weakness in Treasury markets. In emerging markets, the disinflation trend is continuing and we could see accelerated cutting cycles. At the same time, niche markets have continued to hike interest rates and the difference in yields has widened; the currencies in these markets have depreciated significantly vs. the USD and other EM currencies.

PORTFOLIO STRATEGY

We believe that niche markets offer tremendous value given the high interest rates and attractive currency valuations. At the same time, some markets continue to be under pressure due to low interest rate differentials to the US and a lack of USD revenues. This allows for interesting opportunities on both the long and short side. Our unconstrained long, short approach is well positioned to take advantage of the dislocations.



General information

Legal form	Sub-fund of a SICAV
Regulatory status	UCITS
Domicile	Luxembourg
Inception date	08.08.2019
Launch date	08.08.2019
Share class currency	EUR
Compartment currency	USD
ISIN	LU1799936510
Reference index	Euro Short Term Rate (ESTR)
Min. investment horizon (year(s))	3

INVESTMENT OVERVIEW

OBJECTIVE

To increase the value of your investment, while seeking a positive return in any market conditions (absolute return) and capital preservation.

REFERENCE INDEX

Secured Overnight Financing Rate (SOFR) is used for performance measurement.

PORTFOLIO ASSETS

The Compartment will seek exposure mainly to emerging markets (including Mainland China) through a broad range of corporate and government bonds, convertible bonds, money market instruments, currencies and/or deposits. These bonds may include Sharia-compliant bonds. The Compartment may invest directly in these asset classes or through structured products or derivatives. The Compartment can invest across any sector, credit quality and currency.

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

USD

INVESTMENT PROCESS

In actively managing the Compartment, the Manager uses market and issuer 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 portfolio composition is not constrained relative to the benchmark, so the similarity of the Compartment's performance to that of the benchmark may vary.

Fees

Ongoing charges (OCR)	2.14%
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

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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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