



PICTET

Société d'Investissement à Capital Variable
Open-Ended Investment Company
15, Avenue J.F. Kennedy

L-1855 Luxembourg R.C.S. Luxembourg [Luxembourg Trade and Companies Register] B 38 034

This document is important and requires your immediate attention. If you are in any doubt about the content of this document, you should seek independent professional financial advice.

Notice to shareholders of Pictet (the "Company")

- | | |
|-------------------------------------------------|---------------------------------------------------------------|
| 1. PICTET - Asian Equities Ex Japan | 13. PICTET - Global Megatrend Selection |
| 2. PICTET - Asian Local Currency Debt | 14. PICTET - SmartCity |
| 3. PICTET - Clean Energy | 15. PICTET - Japanese Equity Selection |
| 4. PICTET - Digital | 16. PICTET - Latin American Local Currency Debt |
| 5. PICTET - Emerging Corporate Bonds | 17. PICTET - Nutrition |
| 6. PICTET - Emerging Europe | 18. PICTET - Premium Brands |
| 7. PICTET - Emerging Local Currency Debt | 19. PICTET - Robotics |
| 8. PICTET - Emerging Markets | 20. PICTET - Russian Equities |
| 9. PICTET - Emerging Markets High Dividend | 21. PICTET - Security |
| 10. PICTET - European Equity Selection | 22. PICTET - Timber |
| 11. PICTET - Global Emerging Debt | 23. PICTET - Water |
| 12. PICTET - Global Environmental Opportunities | (each, a "Compartment", and collectively, the "Compartments") |

27 September 2019

Re: Notification of various changes affecting the Compartments

Dear Shareholders,

The Board of Directors of the Company (the "Board") hereby wishes to notify you of the following changes affecting the Compartments which will take effect on 31 October 2019 (the "Effective Date") unless otherwise specified. Please read this notice carefully as it may relate to changes affecting your shares in the Company.

Unless otherwise specified, all capitalised terms contained herein shall have the same meaning as in the Hong Kong offering documents of the Company.

1. **Change of risk management approach for Pictet – Asian Equities ex Japan, Pictet – Clean Energy, Pictet – Digital, Pictet – Emerging Europe, Pictet – Emerging Markets, Pictet – Emerging Markets High Dividend, Pictet – European Equity Selection, Pictet – Global Environmental Opportunities, Pictet – Global Megatrend Selection, Pictet – Japanese Equity Selection, Pictet – Nutrition, Pictet – Premium Brands, Pictet – Russian Equities, Pictet – Robotics, Pictet – Security, Pictet – SmartCity, Pictet – Timber, and Pictet – Water**

The compartments of the Company utilise the commitment approach, absolute Value-at-Risk (VaR) approach, or the relative VaR approach, coupled with stress testing, to evaluate the market risk component of the overall risk associated with financial derivative instruments.

Specifically, the above Compartments have currently adopted the relative VaR approach as their risk management method.



The Board has performed a further analysis on its risk management approach and now considers that, given the above Compartments do not use financial derivative instruments extensively, the commitment approach would be a more appropriate risk management approach for these Compartments. As such, from the Effective Date, the above Compartments will adopt the commitment approach as their risk management approach. The Board does not expect such change will entail a change in the way the respective portfolios of the Compartments are managed.

2. Elaboration of investment policy of Pictet – Asian Equities ex Japan, Pictet – Emerging Markets, Pictet – European Equity Selection, and Pictet – SmartCity

Currently, the above Compartments may engage in securities lending transactions such that the maximum expected level of exposure to securities lending transactions would amount to the following percentage of these Compartments' net assets:

	Exposure level
Pictet – Asian Equities ex Japan	10%
Pictet – Emerging Markets	5%
Pictet – European Equity Selection	15%
Pictet – SmartCity	20%

From the Effective Date, there will be an elaboration on the ancillary investment strategy of these Compartments by way of amendment to their securities lending transaction threshold such that the expected level of exposure to securities lending transactions would amount to the following percentage of these Compartments' net assets":

	Exposure level
Pictet – Asian Equities ex Japan	15%
Pictet – Emerging Markets	10%
Pictet – European Equity Selection	20%
Pictet – SmartCity	10%

3. Clarification of investment policy of Pictet – Emerging Europe, Pictet – Emerging Markets, Pictet – Emerging Markets High Dividend, and Pictet – Russian Equities

Currently, the above Compartments may not invest more than 10% of their 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.

From the Effective Date, there will be a variation in the underlying assets in which the above Compartments may invest, based on the investment policy disclosed above, such that "preference shares" will not form part of the above investment policy disclosures. The above Compartments thus may not invest more than 10% of its assets in bonds or any other debt security, including convertible bonds, money market instruments, derivatives and/or structured products whose underliers are, or offer exposure to, bonds or similar debt and interest-rate securities.

4. Elaboration of investment policy of Pictet – Global Megatrend Selection

Currently, the above Compartment may invest up to 5% of its assets in real estate investment trusts (REITs). For greater investment flexibility, from the Effective Date, such ancillary investment strategy will be elaborated by way of an amendment to the foregoing threshold such that the above Compartment may invest up to 10% of its assets in REITs.

5. Clarification of investment policy of Pictet – Emerging Markets High Dividend



Currently, the above Compartment invests mainly in shares and similar securities (including American depositary receipts (ADR) and global depositary receipts (GDR)) of companies whose headquarters are located in and/or that conduct their main activity in emerging countries and for which it is expected that dividends are higher or greater than those of their reference market (represented by the MSCI Emerging Markets Index).

From the Effective Date, for enhancement of disclosure, there will be a variation in the disclosure of the underlying assets in which the above Compartment may invest, based on the investment policy to invest mainly in shares and similar securities disclosed above, such that the Compartment may invest mainly in shares and similar securities (including ADR, GDR, and preference shares) provided that the Compartment will only invest in depositary receipts and preference shares that represent such underlying assets that are related to the primary investment objective of Compartment.

6. Enhancement of disclosures to reflect requirements under the revised Code on Unit Trusts and Mutual Funds

The Company and the Compartments are authorised[#] by the SFC and are hence subject to the applicable requirements under the Code on Unit Trusts and Mutual Funds (“Code”) issued by the SFC. The Code has been revised. Amendments have been made to the the Information for Hong Kong Investors of the Company and Product Key Facts Statements of the Compartments to reflect applicable requirements under the revised Code.

In particular, the net derivative exposure of the Compartments are required to be inserted into the Hong Kong offering documents of the Compartments. In this connection, the Information for Hong Kong Investors and Product Key Facts Statements of the Compartments have been amended to include disclosures on the expected maximum net derivative exposure arising from, derivative investments. The net derivative exposure of each Compartment is calculated in accordance with the requirements and guidance issued by the SFC, which may be updated from time to time.

Please refer to the Annexure to this Notice for information on the net derivative exposure of each Compartment.

The Board considers the amendments detailed in items 2, 3, 4, 5, and 6 above:

- do not amount to a material change to the relevant Compartments;
- do not lead to a material change or increase in the overall risk profile of the relevant Compartments; and
- do not have a material adverse impact on shareholders’ rights or interests, and do not limit shareholders’ ability in exercising their rights.

7. Other updates to the Hong Kong offering documents

The Hong Kong offering documents have been updated to reflect other additional disclosures and updates as summarised below:

- Disclosures on “Bond Connect risk” in the Prospectus have been updated to reflect the issuance of Circular 108 by the China’s Ministry of Finance and the State Administration of Taxation; and

[#] SFC authorisation is not a recommendation or endorsement of a Compartment nor does it guarantee the commercial merits of a Compartment or its performance. It does not mean the Compartment is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.



- References to the “maximum expected level” of a Compartment’s exposure to total return swaps, securities lending transactions, reverse repurchase agreements, and repurchase agreements have been replaced with references to the “expected level” of such transactions. This disclosure update will not result in the change of investment policy of the relevant Compartments.

Update to the Company’s Hong Kong offering documents

The Company’s Hong Kong offering documents will be updated to reflect the above changes, and the updated Hong Kong offering documents will be uploaded to our website, www.assetmanagement.pictet* and will be available free of charge on request from the Hong Kong Representative in due course.

If you have any questions or require any further information regarding the contents of this notice, please contact the Hong Kong Representative whose business address is 8&9/F, Chater House, 8 Connaught Road Central, Hong Kong (telephone: +852 3191 1880; facsimile: +852 3191 1899).

The Board accepts responsibility for the accuracy of the contents of this notice.

Yours faithfully,

On behalf of the Company,

Emmanuel Gutton

Suzanne Berg

* Please note that this website has not been reviewed by the SFC and may contain information of funds not authorised by the SFC.



Annexure – Information on Net Derivative Exposure

The following Compartments may acquire financial derivative instruments for hedging and/or investment purposes subject to the limit set out below:

Compartment	Net derivative exposure (% of Net Asset Value)
PICTET - Asian Equities Ex Japan	up to 50%
PICTET - Asian Local Currency Debt	more than 100%
PICTET - Clean Energy	up to 50%
PICTET - Digital	up to 50%
PICTET - Emerging Corporate Bonds	up to 50%
PICTET - Emerging Europe	up to 50%
PICTET - Emerging Local Currency Debt	more than 100%
PICTET - Emerging Markets	up to 50%
PICTET - Emerging Markets High Dividend	up to 50%
PICTET - European Equity Selection	up to 50%
PICTET - Global Emerging Debt	more than 50% but up to 100%
PICTET - Global Environmental Opportunities	up to 50%
PICTET - Global Megatrend Selection	up to 50%
PICTET - SmartCity	up to 50%
PICTET - Japanese Equity Selection	up to 50%
PICTET - Latin American Local Currency Debt	more than 100%
PICTET - Nutrition	up to 50%
PICTET - Premium Brands	up to 50%
PICTET - Robotics	up to 50%
PICTET - Russian Equities	up to 50%
PICTET - Security	up to 50%
PICTET - Timber	up to 50%
PICTET - Water	up to 50%