

## **Brochure - Form ADV: part 2**

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This brochure provides information about the qualifications and business practices of Pictet Asset Management (Singapore) Pte Ltd ("Pictet AM Singapore"). If you have any questions about the contents of this brochure, please contact us at +65 6306 3774 or by email [meytan@pictet.com](mailto:meytan@pictet.com) or [dcawthrow@pictet.com](mailto:dcawthrow@pictet.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Pictet AM Singapore also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Although Pictet AM Singapore is a registered investment adviser with the SEC, registration with the SEC does not imply a certain level of skill or training.

## Item 2 Material change

Please find a summary of the following item which was subject to a specific material change to the brochure compared to the last one.

Item 8: Pictet Asset Management (Singapore) Ltd offer two new investment strategies: Total Return Asian Special Situations and Frontier Markets Debt Total Return.

Pursuant to SEC Rules, we will ensure that our clients receive a summary of materials changes to this and subsequent brochures within 120 days of the close of our business' fiscal year. We may additionally provide other on-going disclosure information about material changes as necessary.

We will further provide our clients with a new brochure as necessary based on changes or new information, at any time, without charge.

Currently, our brochure may be requested by contacting either

1. Melaine Tan, Head of Compliance for Pictet AM Singapore at +65 6306 3774 or by e-mail at [meytan@pictet.com](mailto:meytan@pictet.com), or
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## **Item 4 Advisory Business**

### **The Advisory Firm**

Since 2005, Pictet AM has provided both advisory and discretionary investment management services on a global scale from Singapore to international institutional clients including overseas regulated and unregulated collective investment schemes operated by Pictet group.

In addition, Pictet AM Singapore provides the following services to other entities of the Pictet Asset Management Group:

- Research on Asian Credit Instruments
- The placing of orders of Asian Fixed Income securities for execution.

Pictet AM Singapore is wholly owned by Pictet Asset Management Holding SA, Geneva. Pictet Asset Management Holding SA is ultimately owned by Pictet & Partners SCA, a Swiss Holding Company and Pictet Canada LP, a Canadian Investment dealer.

### **Type of advisory services offered**

Pictet AM Singapore provides both advisory and discretionary investment management services to institutional clients. These services include:

- assistance in determining appropriate risk and return objectives for each client
- defining the appropriate asset mix which is most likely to achieve those objectives
- selecting or advising on specific markets, currencies and securities from those categories; and
- assuming discretionary responsibility for all aspects of day-to-day management and investment of the client's account.

Pictet AM Singapore's business consists of the management of mandates and funds comprising Emerging Market Debt, Emerging Market Corporate Bonds and Total Return Asian Special Situations.

### **Client needs and restrictions**

Pictet AM Singapore will usually tailor its management to its client's needs, in conjunction with other group entities as appropriate. Our institutional clients usually determine in conjunction with Pictet AM the investment constraints to be followed in the management of their assets. Further details are provided in item 13 of this brochure.

### **Wrap Fees programs**

Pictet AM Singapore does not participate in wrap fee programs while providing portfolio management services.

### **Asset under management**

Pictet AM Singapore managed assets totalling approximately US\$ 2.7 billion on a discretionary basis as at 31 December 2020 and USD 3.1 billion on an advisory basis.

## **Item 5 Fees and Compensation**

For its investment management services, Pictet AM Singapore charges a fee expressed as a percentage of market value of the assets managed generally determined as of the last trading day of each quarter or on another basis as agreed with the client. As we only provide discretionary investment management and advisory services to qualified purchasers as defined in section 2(a)(51)(a) of the Investment Company Act of 1940, our fees are subject to negotiation with clients. This can include the use of fees on a declining scale linked to the size of the account, and may, in certain circumstances, include a performance fee (for the latter, please refer to item 6 of this brochure).

As fees are negotiated with each client, some clients can pay a higher fee for the same investment strategy than others. Pictet AM Singapore and its fund managers could have an incentive to favour clients that pay higher fees over those that do not. This incentive could, for example, affect our decision to effect securities transactions for some clients and not for others if we believe the transaction will be profitable (or to allocate a greater portion of a limited investment opportunity to such accounts).

We mitigate these conflicts in the following way:

- We aim to allocate investment opportunities fairly and consistently between different client accounts in the same strategy, subject to client restrictions, instructions and cash-flows. We monitor this on an on-going basis by reviewing the performance and risk indicators of similar accounts.
- Our allocation policy requires that all orders are pre-allocated, and that the actual allocation for each account is on a pro-rata basis with the size of each client's order, after considering market convention e.g. standard lot size and uneconomic allocations. Regular compliance monitoring is carried out to ensure adherence to this policy.

Fees are generally billed to clients quarterly in arrears. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee for the quarter.

Our management fees are usually computed based on the client's custodian's valuation. However, in some instances and in agreement with our US clients, we use the valuation generated by the Pictet AM's portfolio management systems to calculate our management fees. In such cases, there is a risk of

occasional differences in the valuation of assets between the Pictet AM's systems and those of the client's custodian, impacting the level of management fees charged to our clients.

Pictet AM Singapore's investment advisory agreements can be terminated at any time by either the client or Pictet AM Singapore on a mutually acceptable period of notice, usually not more than 30 days.

Pictet AM Singapore's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients incur certain charges imposed by custodians, brokers, investment managers of third-party funds and other third parties such as:

- management fees of third-party funds
- custodial fees
- deferred sales charges
- transfer taxes
- wire transfer and electronic fund fees and
- other fees, commissions and taxes on brokerage accounts and securities transactions.

Client assets can be invested in third party open ended mutual funds and exchange traded funds (subject to clients' investment guidelines) which also charge management fees. These fees are disclosed in a fund's prospectus. We take these fees and other fund expenses into account when selecting funds for client investment.

Such charges, fees and commissions are exclusive of, and in addition to our fees, and we do not receive any portion of these commissions, fees, and costs.

In some instances, we can also invest our client assets in our in-house funds (subject to client's investment guidelines and eligibility criteria for US clients) which also charge management fees. In such instances, Pictet AM Singapore will generally exclude the value of client assets investments in our in-house funds in the computation of our management fees.

Pictet AM Singapore may also receive fees for other funds or services. w.

1. **Referral fees:** Institutional clients can also sign an investment management agreement with another Pictet AM entity for clients introduced by Pictet AM Singapore. The relevant Pictet AM entity that will sign the agreement will receive the fees and use a portion of the fee to remunerate Pictet AM Singapore. There are no additional fees charged to the client to remunerate Pictet AM Singapore.
2. **Distribution of Pictet AM Mutual funds:** For its work in the distribution of Pictet AM non-US regulated funds, Pictet AM Singapore will receive remuneration from Pictet AM Europe SA, the Fund Management Company, which receives the management fee directly from the funds.

<b>Item 6 Performance-Based Fees and Side-By-Side Management</b>
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## **Performance fees**

Pictet AM Singapore can enter into performance fee arrangements with “qualified clients”, and such fees are subject to individual negotiation with each such client. We will structure any performance or incentive fee arrangement to comply with Section 205(a)(1) of the Investment Advisers Act of 1940 (“The Advisers Act”) and Rule 205-3 thereunder.

In measuring clients' assets for the calculation of performance-based fees, Pictet AM Singapore shall include realized and unrealized capital gains and losses.

The management of accounts with performance fees gives rise to the following conflicts of interest among others:

- Pictet AM Singapore and its fund managers could have an incentive to favour clients that pay performance-based fees over those that do not. This incentive could, for example, affect our decision to effect securities transactions for some clients and not for others if we believe the transaction will be profitable (or to allocate a greater portion of a limited investment opportunity to such accounts).
- The receipt of performance fees may incentivize Pictet AM Singapore and its fund managers to make investments that are riskier or more speculative than would otherwise be made if there were no performance fees, as these may generate a higher return. With respect to the total return funds managed by Pictet AM Singapore (please refer to item 7), the performance fee arrangement was not the product of an arm's length negotiation with a third party.

Please refer to the Side-by-side management which explains how we mitigate these conflicts.

### **Side-by-side management**

We manage other accounts with substantially similar investment strategies. This so-called side-by-side management of different accounts with similar investment strategies involves potential conflicts of interest.

These potential conflicts include the favourable or preferential treatment of an account or a group of accounts, conflicts related to the allocation of investment opportunities, particularly with respect to securities that have limited availability, such as new bond issues, initial public offerings, and transactions in one account that closely follow related transactions in a different account (e.g. purchase of securities for an account after a purchase of the same securities for another account has increased the value of the securities).

Therefore, the results of the investment activities for one account may differ significantly from the results achieved by Pictet AM Singapore for other accounts.

We manage accounts with similar investment strategies which have different rates of management fees. Therefore, the accounts paying us or another Pictet AM entity the higher management fees incentivise us to favour them over the client accounts paying lower management fees. We mitigate these conflicts in the following way:

- Our trade allocation policy requires that the allocation for each account should be pro-rata with the size of each client's order, after considering account market convention e.g. standard lot size and uneconomic allocations. Regular compliance monitoring is carried out to ensure adherence to this policy.



- We aim to allocate investment opportunities fairly, and we monitor this on an on-going basis by reviewing the performance and risk indicators of similar accounts.

In certain circumstances, particularly when our affiliates launch a new product or provide the initial seed money, such products may be wholly or principally owned by our affiliates or their clients at the outset. The ownership interest of the Pictet Group in these products or funds may give Pictet AM Singapore an incentive to favour these products or funds over other client accounts.

We exercise investment responsibility or take other actions for some clients that can differ from the management given, or the timing and nature of actions taken, for other clients. This can result in materially different positions in different accounts including being long a security in certain accounts and being short in the same security in other accounts managed by us. We can also take positions in different directions in the same issuer for equity and fixed income accounts. However, we seek to ensure that over the long term, all clients are treated as fairly and equitably as possible relative to each other. Investment results for different accounts, including accounts that are generally managed in a similar style, can also differ as a result of other factors such as cash availability for an account, the timing of an account opening, additions or withdrawing of assets or due to client investment restrictions. Some clients may not be able to participate at all in some investments in which other clients participate or participate to a different degree or at a different time than other clients do.

Our portfolio strategies for some clients could conflict with our strategies for other clients and could affect the prices and availability of the securities and other financial instruments in which clients invest.

To address these conflicts, our policies and procedures provide that investment decisions are made without consideration of the pecuniary interests of Pictet AM Singapore, and instead are made in accordance with our fiduciary duties to all client accounts. As discussed further in item 12 below, this generally means that all accounts managed with the same investment strategy will participate in a fair and equitable manner in investment opportunities that Pictet AM Singapore allocates to the strategy, although different allocations could occur due to the different objectives, restrictions and situations of clients, for example, due to the availability of cash, where potential allocation to IPOs may result in an uneconomic allocation, i.e. less than USD 10,000 for equity accounts, and where minimum investment amounts or increments for fixed income instruments are not met.

<b>Item 7 Type of clients</b>
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Pictet AM Singapore generally provides discretionary investment management services to:

- corporate pension and profit-sharing plans
- registered mutual funds
- private investment funds
- sovereign wealth funds
- unregulated and regulated foreign funds such as UCITS funds
- other U.S. and international institutions.

Accounts managed by Pictet AM Singapore should generally be at least US\$50 million, although we may at our discretion and, in special circumstances, manage accounts of lesser amounts.

## **Item 8 Methods of Analysis, Investment Strategies and Risk of Loss**

### **Methods of Analysis and Investment Strategies**

Pictet AM Singapore relies on various sources of information, primarily research received both from external providers as well as from internally generated primary research. Sources of information utilised within our primary research process include the financial press, meetings with company management, analysts from other financial institutions (including brokers), and independent research providers, conference attendance and other research materials, corporate rating services, timing services, annual reports, prospectuses, filings with the SEC and other regulators, company press releases and system generated information such as from Bloomberg Financial.

We employ a wide range of investment strategies in managing clients' assets, which include, but are not limited to long term purchase (securities held at least a year), short term purchase, where securities are sold within a year, short sales and covered options and / or spreading strategies. Although selling securities purchased within a year, is not an investment strategy typically used, we can sell a security within 30 days of its acquisition as necessary or appropriate (e.g. to react to changing economic, political and / or market conditions and client needs, depending on the strategy managed). Frequent trading can affect investment performance, particularly through transaction costs and taxes.

We use derivative instruments such as futures, options, swaps and forward foreign exchange contracts both for speculative investment purposes, for efficient management purposes (e.g. to facilitate the prompt investment of a large cash flow) and for hedging purposes to alter the duration and / or currency exposure of discretionary mandate portfolios to try to protect the clients' assets against market events likely to have a negative impact on performance. The derivatives used may include both exchange traded and over the counter ("OTC") derivatives.

### **Investment Strategies & Material Risks**

The following is a description of the investment strategies managed by Pictet AM Singapore. At the end of this item, there is a discussion of the various risks related to these strategies.

#### ***Emerging Market Debt (hereafter "EMD"):***

Our EMD team believes that:

- A top-down view of the macro environment enables them to assess how attractive conditions are for taking risk
- Understanding the direction of a country's credit quality enables us to establish a bias.
- In local currency debt markets, currency and interest rates are distinct sources of alpha, which should be managed separately.

- Success is improved by timing and the disciplined management of stop and profit levels.

The EMD process is split into two stages:

- Stage 1 assesses the global temperature for taking risk and sets the tone for our country selection.
- Stage 2 is the implementation process and separates the key sources of risk. Once a country is selected, the currency and the interest rates of that country are examined independently.

Risks involved for EMD: (please see the end of item 8 for fuller risk descriptions)

- Major risks
- Specific risks for fixed income instruments
- Specific risks for Emerging market equities or debt.

### *Emerging Market Corporate Bonds (hereafter "EMC")*

Our EMC team believes that:

- A solid understanding of all company names is essential, and thorough bottom-up credit research is paramount.
- Local knowledge is key and can potentially lead to increased returns.

The EMC process can be summarised as the following:

- Stage 1. We start with the global emerging markets corporate bond universe.  
  
Stage 2. Bottom-up credit ranking. The analysts begin by ranking the securities in the investment universe across emerging markets globally. The bottom-up ranking of expected outperformance is conducted according to fundamentals, valuation and technical aspects of each bond. The ranking scales from 1 to 4 which 4 means strong expected outperformance and 1 means expected underperformance.
- Stage 3. The investment managers then select and size the most attractive bonds, focusing mainly on those with a ranking of 3 and 4 (strong and very strong outperformance). The lead investment manager has final decision-making authority for which he assesses the expected liquidity as well as credit risk. This is executed within the set investment guidelines of the portfolio.
- Stage 4. The next step of the process is a top-down review of global macro themes and country and sector risks which is conducted to validate the results of our bottom-up driven process. The entire team

is involved in this on-going review. They maintain a constant flow of communication with our dedicated fixed income risk team to discuss any movements within the portfolio.

- Stage 5. Monitoring and control. The investment managers and risk teams monitor all portfolios to ensure that our positions are consistent across all portfolios and portfolios are managed according to their respective guidelines

Risks involved for EMC: (please see the end of item 8 for fuller risk descriptions)

- Major risks
- Specific risks for fixed income instruments
- Specific risks for Emerging markets equities or debts.

#### ***Frontier Markets Debt Total Return (hereafter “TR Frontier”)***

The Frontier Markets Debt Long/Short Strategy adopts a global approach to emerging markets opportunities, focussing on diversified bottom up Alpha sources designed to perform in all market environments. The strategy aims to mitigate the volatility of the Beta by:

- Blending hard/local assets through asset allocation
- Using decorrelated assets within the frontier markets
- Positioning for the repricing of overvalued assets

This takes advantage of both relative value and macro opportunities with no structural bias to directionality, combined with a focus on downside protection.

Risks involved for TR Frontier: (please see the end of item 8 for fuller risk descriptions)

- Major risks
- Specific risks for fixed income instruments
- Specific risks for Emerging markets equities or debts.

#### ***Total Return Asian Special Situations (hereafter “TR Asia”)***

The segment follows an event driven approach with a focus on opportunities in Asian equities. It aims to deliver consistent and uncorrelated returns throughout the market cycle by exploiting any special situation in corporate life. The segment has little directionality, and opportunities which the segment seeks to exploit can be grouped into defined catalysts, announced Mergers and Acquisitions and pre-event situations.

Risks involved for TR Asia: (please see the end of item 8 for fuller risk descriptions)

- Major risks
- Specific risks for Emerging markets equities or debts.

## **1. Major risks.**

Major investment risks generally include, but are not limited to:

### **1.1 *Political, legal, tax, market or economic developments and foreign exchange risks***

Client portfolios managed by Pictet AM Singapore may be adversely affected by political developments and / or changes in local laws, taxes, foreign exchange controls and exchange rates, market or economic developments.

### **1.2. *Investment risks***

The investments within a client's portfolio are subject to normal market fluctuations and other risks which are inherent in investing in securities and we give no assurances that capital appreciation or income will be achieved. The value of investments and the income from them, and therefore the value of a client's portfolio, can go down as well as up. Clients are warned that they may not get back the amount invested. Furthermore, past performance of a strategy is not a guide to its future performance.

### **1.3. *Risks for derivative instruments***

In the normal course of business, Pictet AM Singapore can trade various financial derivative instruments and enter various derivative contracts including forward and future contracts, options, swaps, warrants other derivative instruments, short sales, margin and leverage with different risk profiles. In some instances, we can also invest on behalf of our clients directly in such financial instruments to manage volatility and to hedge the currency exposure risk.

The markets in derivative instruments can be highly volatile, illiquid and difficult to price in some occasions. In addition, because of their complex nature, some derivatives may not always perform as intended. Such instruments often carry a high degree of risk as they often involve a high degree of gearing or leverage so that a relatively small movement in the price of the underlying security can result in a disproportionately large movement, unfavourable or favourable, in the price of the derivative in some instances. In certain circumstances, this may result not only in the loss of the original investment, but also in an unquantifiable further loss exceeding any margin deposit. This can increase the volatility of the portfolios which are invested in derivatives and can potentially result in the liquidation of the portfolio securities when it is not advantageous to do so.

### **1.4. *Volatility and illiquidity risks***

Due to the above-mentioned risk of instability caused by social, political and economic developments, the prices for transferable securities in which the clients invest can fluctuate significantly in short-term periods. Although Pictet AM Singapore intends to invest predominantly

on behalf of its clients in liquid investments, some risk of illiquidity can still exist, due to the relatively undeveloped nature of certain markets, or the nature of certain small cap securities, which in crisis periods, can give rise to the suspension of the valuation of one or several clients' securities, or to the removal of a liquid market for these stocks.

#### **1.5. *Currency exchange risks***

Where a liability in one currency is to be matched by an asset in a different currency, or where the services to be provided under a client's agreement relate to an investment denominated in a currency other than the currency in which an account is valued, a movement of exchange rates can have a separate effect, unfavourable as well as favourable, on the gain or loss which would otherwise be experienced on the investment.

#### **1.6. *Counterparty risks***

The insolvency or default of any other brokers involved in a transaction (including derivatives) for clients of Pictet AM Singapore, can lead to positions being liquidated or closed out without the consent of Pictet AM Singapore. In certain circumstances, our clients may not get back the actual assets that we lodged as collateral on behalf of our clients or they may have to accept any available payment in cash.

#### **1.7 *Capitalisation risks***

Investments in small- and mid-capitalisation companies can be more volatile and more illiquid than investing in large-cap companies. Investments in small-cap companies have additional risks because these companies have limited product lines, markets or financial resources.

#### **1.8 *Concentration risk***

If the investments of client's account are concentrated in issuers within the same country, state, geographic region, industry or economic sector, and adverse economic, business or political developments occur, this concentration of investments can affect the value of the investments of the client's account more than if its investments were not so concentrated.

#### **1.9 *Management risk***

A strategy used by Pictet AM Singapore may fail to produce the intended results for a client's account, including the risk of loss of the entire amount invested. There is no guarantee that the investment objective of an account managed by Pictet AM Singapore will actually be achieved and investment results of the client's account may vary substantially over time.

#### **1.10 *Model risk***

The management of a client's account by Pictet AM Singapore can include the use of various proprietary quantitative or investment models. There may be deficiencies in the design and operation of these models, including as a result of shortcomings or failures of the processes, people or systems. Investments selected using models can perform differently than expected as a result of the factors used in the models, the weight placed on each factor, changes from the factor's historical trends, and technical issues in the construction and implementation of the models. There is no guarantee that the use of these models will result in effective investment decisions for the client's account.

### **1.11 *Restricted securities risks***

Restricted securities are those that may not be sold to the public without effective registration statement under the U.S. Securities Act of 1933, as amended, or if they are unregistered, can be sold only in a privately negotiated transaction or pursuant to an exemption from registration. These restrictions could prevent a client's account from promptly liquidating unfavourable positions and subject such client's account to substantial losses.

### **1.12 *Cyber security risk***

With the increased use of technologies such as the Internet and the dependence on computer systems to perform necessary business functions, a company in which we have invested on behalf of our clients, or we may be prone to operational and informational security risks resulting from breaches in cyber security ("cyber-attacks"). A cyber-attack refers to both intentional and unintentional events that may cause us or the invested company to lose proprietary information, suffer data corruption, or lose operational capacity. Cyber-attacks include, but are not limited to, infection by computer viruses or other malicious software code, gaining unauthorized access to systems, networks, or devices that are used to service our operations through "hacking" or other means for the purpose of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks can also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on our firm or invested company's websites (i.e. efforts to make network services unavailable to intended users). In addition, authorized persons could inadvertently or intentionally release confidential or proprietary information stored on our firm or invested company's systems.

Cyber security failures or breaches by our firm or an invested company's affiliates or service providers, may cause disruptions and impact the business operations, potentially resulting in financial losses to our firm or the invested company, impediments to trading, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, and/or additional compliance costs. In addition, substantial costs can be incurred in attempting to prevent any cyber incidents in the future.

### **1.13 *Valuation risk***

Valuation risk is the financial risk that an asset is overvalued and is worth less than expected when it matures or is sold. Factors contributing to valuation risk can include incomplete data, market instability, financial modelling uncertainties and poor data analysis by the people responsible for determining the value of the asset.

### **1.14 *Legal and regulatory risk***

Legal and regulatory risk is the risk of financial or reputational loss that can result from a lack of awareness or misunderstanding of, ambiguity in, or reckless indifference to, the way law, regulation and their evolutions apply to our business, its relationships, processes, products and services including the price of a security. In addition, law, regulation and their evolution can also impact our investment process and the performance of our managed accounts.

Furthermore, because tax-exempt securities have to satisfy specific legal requirements, and if it is later determined that the security does not satisfy these requirements, its tax-exempt status can be eliminated, which would reduce not only the effective return of the securities after taxes, but it

would also reduce the price of the security in the secondary market because now taxable yield / dividend would have to equal the taxable yield / dividend of other, comparable securities.

### **1.15 Sustainability risks**

The risk arising from any environmental, social or governance (“ESG”) events or conditions that, were they occur, could cause a material negative impact on the value of the investment. Specific sustainability risks will vary of each portfolio, and include but are not limited to the following:

- Transition risk: the risk posed by the exposure to issuers that can potentially be negatively affected by the transition to a low carbon economy due to their involvement in fossil fuels, or their dependency upon carbon intensive items.
- Physical risk: the risk posed by the exposure to issuers that can potentially be negatively affected by the physical impacts of climate change.
- Environmental risk: the risk posed by the exposure to issuers that can potentially be causing or affected by environmental degradation and / or depletion of natural resources.
- Social risk: the risk posed by the exposure to issuers that can potentially be negatively affected by social factors.
- Governance risk: the risk posed by the exposure to issuers that can potentially be negatively affected by weak governance structures.

### **1.16 Public health risks**

Managed accounts could be materially adversely affected by the widespread outbreak of infectious diseases or other public health crises, including the Covid-19 pandemic. Public health crises such as the Covid-19 pandemic, together with any containment or other remedial measures undertaken or imposed, could have a material and adverse effect on managed accounts and their investments. Such events could adversely impact (a) Pictet AM staff managing accounts, and (b) issuers, markets and economies over the short and long-term with potential material adverse effects on the value of investments, including in ways that cannot necessarily be foreseen.

## **2. Specific risks related to fixed income instruments**

In addition to the major risks, there are some specific risks for fixed income investments, and the main ones are defined below:

### **2.1. Interest risk**

Interest rate risk is the risk borne by an interest-bearing asset, such as a bond, due to the variability of interest rates. In general, as rates rise, the value of a fixed rate bond will fall, and vice versa.

### **2.2. Duration risk**

The duration risk is how the price of a fixed income instrument changes in response to interest rate changes. As interest rates change, the price does not change linearly, but rather is a convex function of interest rates which will affect the value of the price of the fixed income instrument.



### **2.3. Credit risk**

The credit risk is an investor's risk of loss of a fixed income instrument arising from a borrower who does not make payments as promised. This risk can impact the coupon paid or the principal which may cause a decrease in the value of the investment. There are three types of credit risk:

- Default risk is the risk that the issuer will default on its payments, which jeopardizes both interest and principal.
- Credit spread risk results where the market perceives that the issuer is in weaker financial health and may have trouble maintaining payments in the future, resulting in a larger spread between bid and ask prices in the secondary market.
- Downgrade risk is the risk that the current credit rating will be downgraded by one or more of the credit rating agencies.

### **2.4. Liquidity risk**

This is the spread between the bid and ask prices for a security being offered in the secondary market. If there is not much interest in the security, then the bid-ask spread can widen, resulting for example in the price of the sold security being significantly less than other similar recent transactions even when there is no change in any other significant factor.

### **2.5. Reinvestment risk**

Reinvestment risk is based on the assumption that cash flows from a fixed-income security are reinvested, so that interest can be earned on interest and, thus, the risk is that the reinvested money will not earn the same rate of return as the original investment.

## **3. Specific risks related to emerging markets equities or debt**

There are some specific risks for emerging markets debt and equity portfolios and the main ones are defined below:

### **3.1. General emerging markets risks**

Clients should be aware that, due to the social, political and economic situations in emerging countries, investment in emerging market securities presents greater risk and is intended only for investors who are able to bear and assume this increased risk. Emerging market securities are generally only suitable for investors seeking a long-term investment.

Investing in emerging market securities is subject to other risks including:

- Political risks
- Capital repatriation restrictions
- Risk of weaker accounting standards
- Counterparty risks and

- Volatility and / or illiquidity risks in the markets of the emerging countries.

The two latter risk types have already been described in the major risks section, but their impact and / or occurrence can even be greater for emerging markets than for developed ones. These other three risks are described in more detail below.

### **3.2. Political and economic risks**

In most of the emerging countries in which Pictet AM Singapore invests on behalf of its clients, the governments have implemented or are implementing policies of economic and social liberalisation. Although it is presumed that these reforms should be beneficial to these economies in the long term, there is no guarantee that these reforms will be maintained or that they will achieve the expected results. These reforms can be challenged or slowed by political or social events or by national or international armed conflicts. All these political risks can affect the capital gains objectives set for the clients investing in emerging countries.

### **3.3. Capital repatriation restrictions**

The repatriation of capital regarding investments made in certain securities or countries can be sometimes restricted during certain times from the date of such investments or even indefinitely. If Pictet AM Singapore is unable to repatriate capital from the clients' investments, in whole or in part, this can have an adverse effect on the cash flows of our clients and their results.

### **3.4. Weaker accounting standards**

In some emerging markets, the applicable accounting and auditing standards are not as strict as those applied in the USA. Consequently, the accounting and financial information on the companies in which the clients are invested can be more cursory and less reliable.

## **Item 9 Disciplinary Information**

Pictet AM Singapore has no information to report in response to this item.

## **Item 10 Other Financial Industry Activities and Affiliations**

### **Registration as a broker dealer**

Pictet AM Singapore is not a broker dealer but an institutional asset manager which is part of the Pictet Group.

## **Registration with the National Futures Authority**

Pictet AM Singapore is neither registered with the CFTC as a Futures Commission Merchant, Commodity Pool Operator, nor a Commodity Trading Advisor and is not an associated person of any such registered entities. However, we are recorded with the National Futures Authority as an Exempt Commodity Pool Operator and Exempt Commodity Trading Advisor.

## **Material affiliates of Pictet AM Singapore, their material conflict and how they are addressed**

Listed below are the Pictet Group legal entities with which Pictet AM Singapore has a relationship or arrangement that is material to our advisory business, or to our clients.

The material conflicts arising from our business relationships with our affiliated entities, are set out below, together with details of how they are managed.

### **1. The execution of orders by affiliated brokers.**

Pictet AM Singapore may use the broker-dealer services of Pictet Group brokers on a limited basis for non-US client accounts, but any client may request that trades are not executed using such brokers. If Pictet Group brokers are used, they must comply with our best execution policy, and only charge an arms-length commission or spread. There is regular monitoring of these requirements.

### **2. The use of Pictet AM Group affiliates to execute or place orders for execution into the market.**

Where Pictet AM Singapore directs client orders to other Pictet AM trading desks for trade execution, these trades must be executed in accordance with the Pictet AM Best Execution Policy, and there is no additional cost to clients for this service. There is regular monitoring of adherence to this Best Execution Policy. All Pictet AM entities act solely as agent, and do not charge any commission or mark-up additional to that charged by the executing broker.

The Pictet AM Group trading desks execute orders or place orders for execution only for its clients and those of the Pictet AM group of companies.

### **3. The potential sharing or leakage of sensitive information relating to clients, their investment and their trading activities to affiliates.**

All Pictet AM companies have robust “Chinese Walls” in place to mitigate and reduce potential conflicts arising, which include:

- Physical access controls restricting access to Pictet AM premises to Pictet AM staff.
- Controls restricting systems access to sensitive investment management and trading information to the relevant investment teams only.

- The use by Pictet AM of separate systems for portfolio management, trading and investment accounting from the rest of the Pictet Group, with strict controls in place to prevent any access by non-Pictet AM staff to Pictet AM systems.
- There are no shared employees between Pictet AM and the rest of the Pictet Group who carry out activities of portfolio management, operations or trading for Pictet AM and other parts of the Pictet Group.

#### **4. Referrals of clients to / from other Pictet Group entities.**

Clients may be referred to / from Pictet AM Singapore by other Pictet Group entities. However, Pictet AM Singapore does not make or receive any payments for US client referrals.

In addition:

- All the compliance activities of the Pictet AM group are supervised by the Global Co-Heads of Pictet AM Compliance, to ensure that a common standard is applied to all Pictet AM entities providing key services to Pictet AM Singapore.
- All Pictet AM entities are subject to the Pictet AM Code of Ethics and Core Compliance Manual or equivalent procedures. These set the required high professional standards of behaviour that all Pictet AM employees are expected to follow in the conduct of their personal and professional affairs in compliance with the SEC rules and those of any other regulators to whom these entities are subject to.
- There is also a compliance monitoring programme in place that is reasonably designed to ensure that the activities carried out by related entities to Pictet AM Singapore are carried out in compliance with all relevant rules and regulations.

#### ***Banque Pictet & Cie SA***

Banque Pictet & Cie SA is licensed as a bank and broker dealer with the Swiss Financial Market Supervisory Authority FINMA. It is engaged in the provision of asset management, custodial and broker dealer services, and may provide general research information to Pictet AM Singapore and can refer or delegate clients to Pictet AM Singapore.

Pictet AM Singapore can use the broker-dealer services of Banque Pictet & Cie SA on a limited basis for non-US client accounts, but any client may request that Banque Pictet & Cie SA not be used as broker for their accounts. If Banque Pictet & Cie SA is used as a broker, it must comply with our best execution policy.

Banque Pictet & Cie SA also provides certain administrative, support and IT services to Pictet AM Singapore. Otherwise, there is no material business relationship between Pictet AM Singapore and Banque Pictet & Cie SA.

#### ***Pictet Asset Management Limited (Pictet AM Ltd)***

Pictet AM Ltd, (based in London) is an affiliate company to Pictet AM Singapore and is registered as an investment adviser with the SEC and is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

Pictet AM Ltd's business mainly comprises managing a wide range of equity, fixed income and multi asset strategies, including total return, on behalf of institutional clients and collective investment schemes.

Pictet AM Singapore can refer to Pictet AM Ltd clients wanting to invest in strategies managed by Pictet AM Ltd, and Pictet AM Ltd refers to Pictet AM Singapore clients wanting to invest in strategies managed by Pictet AM Singapore. Furthermore, Pictet AM Singapore and Pictet AM Ltd also share research for all strategies managed by both entities.

We generally use the services of the trading desks of Pictet AM Ltd to execute orders or place orders for the execution of corporate bond securities for our clients, in non-Asian markets

#### ***Pictet Asset Management SA ("Pictet AM SA")***

Pictet AM SA is registered as an investment adviser with the SEC and is regulated in Switzerland by the Swiss Financial Markets and Supervisory Authority ("FINMA").

Pictet AM SA manages a wide range of equity, fixed income and multi asset strategies including total return.

Pictet AM SA refers to Pictet AM Singapore clients wanting to invest in strategies managed by Pictet AM Singapore, and Pictet AM Singapore refers to Pictet AM SA clients wanting to invest in strategies managed by Pictet AM SA. Furthermore, Pictet AM SA and Pictet AM Singapore also share research.

Pictet AM Singapore uses the services of Pictet AM SA's trading desk for some fixed income trades. The purpose of this arrangement is to utilize a trading desk in the same time zone as the relevant markets that are being invested in.

Pictet AM SA is also the manager and investment advisor of the Alphanatics Master Fund LLP, which is a hedge fund domiciled in Cayman Islands for whom Pictet AM Singapore acts as a sub investment adviser.

The above fund is a "Private Fund" as defined under SEC rule 203 (b)(3) – 1, and is only to be marketed to "accredited investors" as defined in Regulation D.

#### ***Pictet Asset Management (Europe) SA (« Pictet AM Europe »)***

Pictet AM Europe is regulated by the Luxembourg Financial Authority, Commission de Surveillance du Secteur Financier and is the Luxembourg based affiliate of Pictet AM Singapore. Pictet AM Europe is the Fund Management Company of the Pictet AM Group Luxembourg mutual funds which are neither marketed to nor target US clients except to US based intermediaries and wealth managers for distribution to their offshore clients. Pictet AM Europe has delegated the management of a number of its Luxembourg mutual funds to Pictet AM Singapore.

#### ***Pictet Asset Management (Japan) Ltd ("Pictet AM Japan")***

Pictet AM Japan is a sister company of Pictet AM Singapore and is regulated by the Japanese Financial Services Agency. Pictet AM Japan is primarily involved in distribution activities for Japanese domestic investors and also manages Japanese domestic funds.

Pictet AM Singapore performs various operational functions for equity trades executed or placed for execution by Pictet AM Japan.

Pictet AM Japan refers to Pictet AM Singapore clients wanting to invest in strategies managed by Pictet AM Singapore.

#### ***Pictet Asset Management (Hong Kong) Ltd (“Pictet AM Hong Kong”)***

Pictet AM Hong Kong is a sister company of Pictet AM Singapore and is regulated by the Securities & Futures Commission of Hong Kong.

We use the services of a dedicated trading desk at Pictet AM Hong Kong to execute orders or place orders for execution of transactions mainly in Asian equity instruments.

#### ***Pictet Asset Management (USA) Corp (“Pictet AM USA”)***

Pictet AM USA is the New York based affiliate of Pictet AM Singapore and is registered as an investment adviser with the SEC. Pictet AM USA conducts business development activities for the Pictet AM Group in the USA.

Pictet AM US will also provide investment advisory services focusing on the Pictet- Short Term Emerging Market Local Currency Debt Fund, which is a Luxembourg regulated UCITS fund that is not available to US investors.

#### ***Pictet Private Fund Management (Shanghai) Limited. (“Pictet AM China”)***

Pictet AM China is the Shanghai based affiliate company of Pictet AM Singapore and will apply to be regulated by the Asset Management Association of China. Pictet AM China conducts business development activities for the Pictet AM Group in China with supporting client servicing activities for Chinese clients.

<b>Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading</b>
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#### **Code of Ethics**

We strive to adhere to the highest industry standards of conduct based on the principles of professionalism, integrity, honesty and trust and we have adopted a Code of Ethics (“Code”) under SEC Rule 204A-1 to help us meet these standards and manage conflicts of interest. All our staff and connected persons must comply with the Code, which covers the following key areas:

- Personal account dealing rules
- Gifts and entertainment
- Protecting the confidentiality of client information
- Dealing with personal conflicts of interest
- Respecting Pictet AM Singapore and Pictet confidential information

Our staff are required to follow Pictet AM Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Pictet AM Singapore and its affiliates may trade for their own accounts in securities which are recommended to and / or purchased for Pictet AM Singapore's clients. The Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of the employees of Pictet AM Singapore will not interfere or conflict with:

- making decisions in the best interests of advisory clients
- and implementing such decisions

while at the same time, allowing employees to invest for their own accounts.

Under the Code, certain classes of securities have been designated as exempt transactions from Compliance's pre-approval, based upon a determination that trading these would not materially interfere or conflict with the best interests of our clients. In addition, the Code requires pre-clearance by Compliance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances permits employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is monitored by Compliance on a daily basis, to manage conflicts of interest between us and our clients.

Some entities of the Pictet Group undertake trading for their own accounts. This is managed by dedicated teams within those entities who have no responsibility for managing assets or executing trades on behalf of Pictet AM Singapore clients. Furthermore, Pictet AM Singapore does not undertake any proprietary investment, nor does any other entity of the Pictet Group conduct any proprietary investment on behalf of Pictet AM Singapore or any other Pictet AM entity.

Some entities of the Pictet Group can buy or sell securities for their own accounts that Pictet AM Singapore may have bought or sold on behalf of its clients. However, there are strict Chinese walls in place between Pictet AM Singapore and those entities, including separate staff, accounting and trading systems, so that the staff of those banks that manage this type of account have no access to the orders, transactions or positions of Pictet AM Singapore clients.

Pictet AM Singapore and its affiliates can recommend to, or purchase or sell on behalf of clients, securities or other investment products in which Pictet AM Singapore, its affiliates, or other related persons have a financial interest as investment manager, general partner, or as a co-investor in such investment products.

In addition, due to the nature of its clientele, Pictet AM Singapore occasionally places orders in securities issued by its clients but we carry out regular monitoring of trading in such securities to ensure it is consistent with our procedures for the management of inside information.

Where it is permitted by, and in the best interests of both clients, Pictet AM Singapore can decide to cross securities from one client to another. These trades are executed via external or affiliated brokers at an independently determined market price and usually at lower than normal broker commissions. We will

receive no fees for such transactions. ERISA plan clients and US 1940 Act Investment Companies cannot participate in cross trades.

Pictet AM Singapore's clients or prospective clients can request a copy of the firm's Code of Ethics by contacting Melaine Tan, Head of Compliance of Pictet AM Singapore at +65 6306 3774 (email at [meytan@pictet.com](mailto:meytan@pictet.com)) or David Cawthrow, Global Co-Head of Compliance of Pictet AM at +44 207 847 5040 (e-mail at [dcawthrow@pictet.com](mailto:dcawthrow@pictet.com)).

## **Gifts and Entertainment**

Brokers, counterparties, service providers and other third parties with whom we do business occasionally provide gifts and entertainment to our principals and employees. We and our affiliates enter into business transactions and relationships on behalf of a client with the providers of such gifts and entertainment. Such gifts and entertainment create a conflict of interest in our selection and retention of these donors as service providers for clients. To address this conflict, we have adopted policies and procedures to monitor and limit gifts and entertainment given and received by our principals and employees.

We also have policies and procedures in place to help us monitor the US political contributions that our principals and employees make to public officials and candidates for elected office in accordance with the requirements of Rule 206(4)-5 of the Investment Advisers Act of 1940.

## **Disclosure of Portfolio and Other Information**

We sometimes provide portfolio holdings information to investors or entities that have been retained by investors in our managed funds to evaluate portfolio risk and for regulatory reporting purposes. We provide this information at our sole discretion and reserve the right to cease providing information at any time. We make reasonable efforts to preserve the confidentiality of the information we provide, such as by entering into non-disclosure agreements, but we cannot guarantee that the entities to which we provide information will fulfil their confidentiality obligations.

In the course of conducting due diligence, investors in our managed funds periodically request information pertaining to their investments and pertaining to us. When we respond to these requests, we can provide information that is not generally made available to other investors in the same fund. When we provide this information, we do so without an obligation to update the information provided. However, we endeavour to provide the information requested in the most current form available in compliance with our Portfolio Information Disclosure Policy.

<b>Item 12 Brokerage Practices</b>
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### **General brokerage practices**

In its capacity as discretionary investment manager, Pictet AM Singapore has the authority to determine the securities, and the amounts of securities, to be bought or sold for a client's account, subject to compliance with the client's objectives and investment guidelines.



Pictet AM Singapore also has the discretionary authority to select the brokers, dealers and banks through which it will execute transactions for the benefit of its clients

All brokers used must be approved by the Pictet Group Counterparty Risk Committee under the delegated authority of the Group Treasury Committee. When assessing a broker, the Group Counterparty Risk Committee takes a risk-based approach which considers quantitative and qualitative factors such as the broker's financial strength, its regulator and if the broker is used for delivery versus payment or more complex security deliveries. Each assessment is bespoke, with a different emphasis on various evaluation criteria according to the market and nature of future transactions.

We use affiliated brokers as described in item 10 above on a limited basis. In all instances, affiliates are not paid more than a standard rate, or spread in the case of securities that are dealt net of commission such as fixed interest securities. Any client may request that we do not use affiliated brokers to execute transactions for its account. We carry out regular monitoring to ensure that best execution is achieved on trades executed via affiliated entities, and of the volumes of transactions executed by such entities.

Where advantageous, Pictet AM Singapore will deal directly with the market maker in a security. Pictet AM Singapore does not enter into express or implied agreements with brokers based on Pictet AM Singapore's interest in receiving client referrals.

### **Best execution**

Pictet AM has a Best Execution Policy, which sets out the most important and relevant execution factors we take into account in complying with our best execution obligations i.e. to ensure that our client trades achieve the best possible result on a consistent basis, where we either execute our client's order directly on a trading venue or place the order with an approved broker for execution on their behalf.

We monitor the effectiveness of our best execution policy and execution arrangements to identify, and where appropriate, correct any deficiencies. This will include an assessment of whether the execution venues included in our policy continue to provide the best possible result for our clients.

We review our best execution policy at least annually and whenever a material change occurs that affects our ability to continue to obtain the best possible results for our clients on a consistent basis.

The Pictet AM Trade Execution Committees for Equities and Fixed Income are responsible for overseeing the best execution arrangements and policy within Pictet AM.

In addition, on-going compliance with our best execution policy is monitored firstly by the traders, and, secondly by Compliance

### **Research and other soft dollar benefits**

Portfolio transactions can be executed through brokers who provide research and investment ideas, if otherwise consistent with the achievement of best execution, but the over-riding factor in the selection of a broker is the achievement of best execution.

Pictet AM Singapore uses research received from a variety of external sources, including brokers, and third-party and other independent research providers ("external research"). In accordance with applicable laws and its fiduciary obligations, Pictet AM Singapore can use a percentage of client dealing commissions to pay for external research that assists in the investment decision-making process of its equity investment managers.

Equity orders initiated by Pictet AM Singapore are placed by Pictet AM Hong Kong. All trades executed by Pictet AM Hong Kong are fully unbundled. Research commission is collected alongside the cost of execution via Commission Sharing Agreement (CSA) brokers, and trades with non-CSA brokers are on execution only rates. In all cases, the provision of external research will be dependent of the ability to fulfil our best execution obligations to clients as well as our obligations under Section 28 (e) of the Securities and Exchange Act of 1934.

All research used for the benefit of fixed income strategies managed by Pictet AM Singapore is paid for from Pictet AM's own Profit & Loss account.

In order for the research services to be eligible for payment via a CSA, they must meet the following criteria:

- concerning one or several financial instruments or other assets, or
- concerning the issuers or potential issuers of financial instruments, or
- closely related to a specific industry or market such that it informs views on financial instruments, assets or issuers,

and which explicitly or implicitly recommends or suggests an investment strategy and provides a substantiated opinion as to the present or future value or price of such instruments or assets, or otherwise contains analysis and original insights and reach conclusions based on new or existing information that could be used to inform an investment strategy and be relevant and capable of adding value to the investment firm's decisions on behalf of clients.

In addition, our affiliate Pictet AM Ltd also reviews the research services on behalf of Pictet AM Singapore provided by brokers and paid for by CSA to ensure that they meet the standards set out in section 28(e) of the Securities Exchange Act of 1934. Such a review is carried out on a sample and on-going basis.

Pictet AM regularly reviews and evaluates trading costs and the continuing value of the research services it uses to ensure the use of clients' funds for a service remains appropriate and offers good value for clients.

The purchase of research, including the setting and monitoring of a research budget, is overseen by the Pictet AM Research Committee.

Equity research is bought for the benefit of clients of Pictet AM Singapore by the managers and analysts responsible for a defined set of products and portfolios. A budget is calculated for each team using the Pictet AM approach and parameters. This budget is calculated by the desk head, reviewed by the CIO and finally ratified by the Pictet AM Research Committee. This budget is reviewed on a quarterly basis by the Pictet AM Research Committee.

Pictet AM will ensure that the use of client dealing commissions for the purchase of equity research has been conducted in accordance with the relevant principles and regulations, and in accordance with our policies and procedures.

### **Brokerage for client referrals**

We do not receive client referrals from brokers and there are no such arrangements in place.

## **Directed brokerage**

Although it strongly discourages the practice of directed commission, Pictet AM Singapore may agree with a client's request to direct brokerage transactions for the client's account to a specific broker or brokers. However, directed brokerage at the request of clients may impede the achievement of best execution on portfolio transactions such as:

- Impairing the Advisor's ability to negotiate commission rates and other terms on behalf of directed brokerage clients.
- Denying to directed brokerage clients the benefit of our experience in selecting broker-dealers who are able to execute efficiently difficult trades.
- Limiting directed brokerage clients' opportunities to obtain lower transaction costs and better prices by aggregating their orders with orders for other clients.
- Receiving less favourable prices on securities transactions to the extent that we must place transaction orders for directed brokerages clients after placing aggregated orders for other clients.

In addition, such brokers may not have been subject to the due diligence and approval of the Pictet Group Counterparty Risk Committee as described earlier in this section.

## **Trade aggregation**

When buying and selling securities and other investment products for clients, we generally aggregate multiple transactions so that as many eligible clients may participate equally over time on a fair and equitable basis, in terms of best available cost, efficiency and terms. Each client that participates in an aggregated order participates at the average price. However, in some instances where aggregation is not possible, certain client accounts may trade the same securities after other client accounts, and this can impact the execution prices obtained by different clients.

In the case of the partial execution of an aggregated order, the executed trades and related external broker commissions are normally allocated on a pro rata basis subject to complying with market conventions on minimum fill and increments, and to avoid uneconomic allocations.

Clients' orders are only aggregated with other Pictet AM clients' orders and not with orders for the clients of other Pictet Group entities nor any Pictet AM or Pictet group entity, nor their employees. Aggregation may on occasion work to the disadvantage of a client in relation to a particular order. Trade allocations are monitored by the Compliance department on a periodic basis.

## **Reallocations**

Occasionally, we may reallocate transactions in order to correct an error in the original order or the original allocation. We have procedures in place and carry out compliance monitoring to ensure that such reallocations are carried out fairly and in full compliance with our fiduciary duty.

## **Trade Errors**

We have established policies and procedures for the handling of errors in client accounts. Pursuant to these policies and procedures, we try to correct errors as soon as practicable after discovery and will always ensure that clients do not suffer any loss as a result of the error.

All errors are overseen by the Business Risk Department, who report all identified errors and breaches for scrutiny by the Pictet AM Business Risk & Compliance Committee, and the Pictet AM Risk Committee.

<b>Item 13 Review of Accounts</b>
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Following the take on of the client, the primary (or in their absence, the alternate) portfolio manager assumes day-to-day responsibility for supervision of the account including complying with investment restrictions.

Investment restrictions on a client's account are also independently monitored by the Compliance department on a daily basis. They also ensure that any appropriate corrective actions are promptly carried out and that breaches are reported to the client.

In addition, formal risk and performance reviews of all products are carried out by the Pictet AM group, on a periodic basis, where the performance and risk characteristics of the portfolio are reviewed by a committee usually consisting of:

- Co-CEO / Head of Investment
- The Chief Investment Officer of the investment team under review
- The Head of the investment team under review, together with the Senior Portfolio Managers from that team
- The Head of the Pictet AM Investment Risk Department
- The Risk Manager or their deputy for the relevant investment team.

In addition, the Chief Risk Officer may attend such meetings on an ad hoc basis, especially for significant strategies.

Pictet AM Singapore's standard reporting package for segregated clients includes the following:

1. A monthly report, except for quarter ends, that includes a valuation, transaction statements and a performance summary. These statements describe all assets held, the quantity and market price in local currency for each position and the market value of the account expressed in the client's base currency translated at the current rates of exchange. Positions are broken down by type of asset and by market value or currency of denomination. All changes in holdings and income and expense items are listed by date.
2. A quarterly report, which provides the information included in the monthly report as at the quarter end, together with (a) a Fund Manager's report, including a review of fund performance together with performance attribution, and (b) an Investment review and outlook.

Please note that the valuation of a client account will be generated by Pictet AM's investment accounting and portfolio management systems. Therefore, there is a risk that there may on occasions be differences in the valuation of assets by Pictet AM's systems and the valuation by the client's custodian.

Whilst the above is the standard reporting package, Pictet AM Singapore can provide alternative reporting to satisfy the differing reporting requirements of its clients.

Following formal reviews and from time to time, additional supplementary information and reports are prepared for the client, highlighting characteristics such as average maturity, regional asset mix, largest holdings, etc.

#### **Item 14 Client Referrals and Other Compensation**

Pictet AM Singapore primarily relies on the Institutional and Intermediaries Sales departments of other Pictet AM Group companies. These staff are paid a salary, a profit share based on the Pictet Group's results and a bonus. The criteria used in determining the size of a member of the Business Development staff's bonus, are:

- Net new revenues introduced during the year.
- Gross new revenues introduced during the year.
- Qualitative and / or soft scores, including for example teamwork.

There is also a potential deduction to bonuses in the event of a poor Compliance score by for all staff and management.

Our SEC registered affiliate, Pictet AM USA refers US clients to Pictet AM Ltd and for some of these investment strategies, Pictet AM Ltd will delegate a portion of the management to Pictet AM Singapore. Pictet AM USA will be remunerated by Pictet AM Ltd for the institutional clients introduced by it. There is no additional charge made to clients to pay for the remuneration of Pictet AM US.

Pictet AM Singapore does not pay compensation for client referrals to any external parties, in respect of SEC regulated business.

Pictet AM Singapore may from time to time refer its clients to other Pictet Group entities for additional services. Pictet AM Singapore will not receive any remuneration or fee for such referrals except a distribution fee for investor referrals in non-US in-house mutual funds which are not eligible for US investors. Pictet Group entities may also, from time to time, refer clients to us, but will not receive any remuneration or fee for such referrals.

#### **Item 15 Custody**

Pictet AM Singapore does not have direct custody of clients' assets, and any entity of the Pictet Group where acting as qualified custodian sends quarterly, or more frequent, account statements directly to clients.

US clients should receive at least quarterly statements from their bank, broker-dealer or other qualified custodian, that holds and maintains their managed assets. Pictet AM Singapore urges its clients to carefully review such statements and compare such official custodial records to the account statements that clients receive from us as described in section 13. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

#### **Item 16 Investment Discretion**

Pictet AM Singapore usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives and investment restrictions for the particular client account.

Pictet AM Singapore tries to manage different client accounts within the same product grouping in a similar manner. However, this will always be carried out in accordance with the investment guidelines provided by our clients. Our institutional clients usually determine in conjunction with Pictet AM Singapore the investment constraints to be followed in the management of their assets.

For registered investment companies, Pictet AM Singapore's authority to trade securities may also be limited by certain federal securities and, tax laws and regulations that require the diversification of investments.

Investment guidelines and restrictions must be provided to Pictet AM Singapore in writing prior to the commencement of investment management activities.

#### **Item 17 Voting Client Securities**

Our proxy voting policy is based on generally accepted standards of best practice in corporate governance including board composition, executive remuneration, risk management and shareholder rights. Because the long-term interests of shareholders are our paramount objective, we do not always support the management of companies and may vote against management from time to time. We also reserve the right to deviate from our voting policy to take into account company-specific circumstances.

In accordance with SEC guidance on proxy voting responsibilities, a client and Pictet AM, as investment advisor, can agree:

- that we would not exercise voting authority where this would impose implied costs on the client, for example restricting the use of securities for lending in order to preserve the right to vote;
- that we will focus voting resources only on particular types of proposals based on the client's preferences, for example proposals relating to contested elections for directors;
- that we would not exercise voting authority on certain types of matters where the cost of voting would be high, or the benefit to the client would be low; and
- the circumstances under which casting a vote would not reasonably be expected to have a material effect on the value of the client's investment.

Furthermore, in considering whether our proxy voting policies and procedures are reasonably designed to ensure compliance with SEC Rule 206(4)-6 and to fulfil our fiduciary duty to multiple clients, Pictet AM

considers whether voting all of our clients' shares in accordance with a uniform voting policy is in the best interest of each of our clients.

Finally, Pictet AM, as investment advisor, is not required to vote every proxy: (i) provided it has been agreed in advance to limit the conditions under which we would exercise voting authority; or (ii) it has been determined that refraining from voting is in the best interest of that client, for example where cost is expected to exceed benefit.

To assist in exercising proxy votes, we use the services of third-party advisors, whose expertise and international experience allows us to vote at all relevant company meetings worldwide.

The following principles are used to define the scope of accounts and securities eligible for proxy voting :

- For actively managed funds, we aim to vote on 100 per cent of equity holdings.
- For passive strategies, we aim to vote on companies representing 80% by weight of underlying benchmarks. This target can be revised upwards or downwards for specific strategies depending on factors such as portfolio size, geography or market capitalization.
- For segregated accounts, including mandates and third-party (i.e. sub-advisory) mutual funds managed by Pictet AM, clients who delegate the exercise of voting rights to us have the choice between Pictet AM's policy or their own voting policy.

Conflicts of interest related to proxy voting are included in our policies, procedures or systems and controls and reviewed on a regular basis.

A complete record of our proxy voting activity is made publicly available on our website under: <https://www.am.pictet/en/globalwebsite/global-articles/2019/expertise/esg/proxy-voting>. This information is also available at portfolio level for open-ended funds and segregated accounts.

## **Item 18 Financial Information**

This item is not applicable.

We are required in this item to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs our ability to meet our contractual and fiduciary commitments to clients, and we have not been the subject of a bankruptcy proceeding.

We do not require or solicit the prepayment of fees.

## **Privacy Notice**

As our Group privacy notice has been slightly amended with no material changes for our clients, please click on the attached link to view the updated privacy notice:

<https://perspectives.group.pictet/privacy-notice>

**Last updated: 25 March 2021**