

## **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.

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- Item 4: Stefan Haab replaced Shin Lee, who took another position within the Pictet Group, as Chief Executive Officer and Director of Pictet Asset Management Singapore Pte Ltd (“Pictet AM Singapore”) in December 2022.

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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### **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 which is itself wholly ultimately owned by Pictet & Partners SCA, a Swiss Holding a limited partnership.

Stefan Haab replaced Shin Lee, who took another position within the Pictet Group, as Chief Executive Officer and Director of Pictet Asset Management Singapore Pte Ltd ("Pictet AM Singapore") in December 2022.

### **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, Forex Total Return, Frontier Markets Debt Total Return and Asia Special Situations Long/Short.

### **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\$ 4.09 billion on a discretionary basis as at 31 December 2022 and USD 2.39 billion on an advisory basis.

## **Item 5 Fees and Compensation**

For its investment management services, Pictet AM charges a fee expressed as a percentage of market value of the assets managed based on the period 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 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 monthly or quarterly in arrears. Accounts initiated or terminated during a calendar month or quarter will be charged a prorated fee for the month or quarter.

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

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

Pictet AM'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) and in such cases we will purchase the share class with a zero-management fee. Therefore Pictet AM will calculate its management fee as agreed in the Investment Management Agreement on the total of the client assets managed by Pictet AM.

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

**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 management 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.

**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 entity's Fund Management Company, which receives the management fee directly from the funds.

## **Item 6 Performance-Based Fees and Side-By-Side Management**

### **Performance fees**

Pictet AM 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 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 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 Pictet 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 could 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 a few 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.

Pictet AM Singapore adheres to the UN Principles for Responsible Investment ("UN PRI"). We are committed to integrating material Environmental, Social and Governance ("ESG") criteria in our investment processes and ownership practices with a view to enhance returns and/or mitigate risks over the medium to long term. We also aim to include ESG aspects in our risk management and reporting tools in order to maintain high standards of transparency and accountability.

Exclusions related to ESG apply to actively managed funds, certificates, and discretionary mandates. They do not apply to passive strategies that replicate market indices or open-ended funds managed by third-party managers.

Exclusions are based on reliable sources gathered from reputable third-party research providers. Pictet AM 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 in instances where it is deemed incorrect or incomplete.

Pictet AM Singapore usually relies on third party service providers in determining, from an ESG perspective, what investments to exclude from its selection of securities to purchase. This is based on our service providers' categorization of the types of companies and, industries, which can be excluded from our list of permissible investments. There can be no assurance that the list of exclusions, as determined by Pictet AM, and / or the third-party service is complete or that all relevant securities have been restricted. In addition, the exclusion list is subject to change at any time without notice.

### **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 Sovereign (hereafter “EMS”):*

Our EMS team believes that:

Successful investing in EM Fixed Income requires an **active and research-driven** approach using **diversified** sources of performance drivers and integration of **sustainability factors**.

- › Independent and in-depth fundamental research of EM sovereign and corporate issuers undertaken by an experienced and diverse group of EM investment specialists
- › Consideration and application of global macroeconomic and policy analysis in the construction of EM fixed income portfolios
- › Regional and local expertise is enhanced by a dedicated trading capability to provide additional in-depth and targeted technical knowledge and insights
- › Sustainability research, partnership and engagement to enhance a strong risk-management mindset and investment idea generation while supporting longer-term sustainable outcomes for emerging markets.

The EMS process is split into two stages:

#### **Stage 1- Fundamental Assessment**

Our framework of fundamental assessment is established via our quarterly cycle of meetings which align with four pillars of research (Global Macro, Sovereign Assessment, ESG research and Strategic Asset Allocation)

Global Macro: conduct a top-down assessment of the global risk environment

Sovereign Assessment: examine bottom-up country fundamentals to develop our regional and country views.

ESG Analysis: a formal component of our investment process, which is enhanced by our own Sovereign ESG philosophy and proprietary scoring with the underlying data provided by Verisk Maplecroft and Global Footprint Network.

#### **Stage 2- Portfolio Construction**

The combination of quarterly and daily meetings set the backdrop for our Portfolio Managers to implement active trades in the relevant paired teams.

Once a country is selected, we examine the fundamental and short-term drivers which determine our active trades in the country.

For **interest rates**, we consider among others: monetary policy, inflation, growth, fiscal policy, and politics. We utilise outputs developed internally by our in-team strategists to gauge expected changes in central banks’ policy rates using inflation, real GDP growth and real effective exchange rates as its inputs.

When evaluating **currencies**, we consider among others: interest rate differential, growth differential, balance of payments, and currency policy. Our internal models help identify countries most at risk of

significant currency depreciation based on analysis of cyclical factors, change in reserves and speculative flows. We also monitor the change in the signals for each country over time.

**Short-term drivers:** We also believe that the timing of the trades is very important. We consider short-term drivers which provide the trigger for a given trade. These include: global risk, technical analysis, volatility, flows, and positioning.

The role of the Leads on both hard and local currency debt is to act as one half of the paired team whilst providing challenge and debate surrounding conviction levels, sizing, risk budgeting, profit target and stop-loss levels.

#### *Off Benchmark*

In addition to taking positions in emerging bonds (denominated in USD), we may take off-benchmark exposure to emerging local rates and currencies of the countries outside the benchmark, proxy trades and emerging corporate bonds.

The investment process is a continuous life cycle subject to daily discussion and monitoring and is underlined by ongoing risk management conducted by a dedicated risk managers as well as the head of Emerging Markets Fixed Income.

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

Our EMC team believes that:

- › independent research: credit selection is the primary source of alpha in the long run and needs to be in-house, done by experienced and well-connected company analysts
- › The point in the macro as well as business cycle matters for the level of risk taking, overall duration exposure etc. The team can draw on the experience of the wider Pictet FI group for view on global macro as well as EM country developments
- › Local and technical expertise are key; the intrinsic value of an EM corporate bond tends to be more influenced by domestic factors than by global industry trends. Furthermore, local flows and liquidity conditions have a major impact on how they implement their views; being close to these dynamics is thus key.
- › Sustainability factors are increasingly key for EM companies. Due to the lack of external data coverage and quality, a proprietary approach to ESG focused around the analysts' deep knowledge of and interaction with companies is essential.

The EMC process can be summarised as the following:

The investment process has 5 Stages:

##### 1. Defining the Emerging Corporate Bond Investment Grade Universe:

The investment universe, i.e. the JP Morgan CEMBI BD is the starting point and is filtered using a weighted DTS methodology to capture the majority of investment risk of the index (around 90%). In this way, smaller less liquid issues are excluded. The EM corporate IG strategy then focuses on the investment grade part of the filtered universe. This is supplemented by new issues that might not yet be part of the index but that are considered attractive for further analysis. As per 30th of November 2022, the strategy was invested in 159 issues by 104 issuers compared with 1,194 issues by 406 issuers for the IG part of the CEMBI BD index.

##### 2. Bottom-up credit score assessment:

A detailed credit assessment of each bond where a preliminary ranking of 1 to 4 is given for each security.

3. Top-down assessment:

This is determined by the outputs of the quarterly EMC barometer, which determine overall risk exposure and the EMC 'wedding cake', which summarizes the PMs' and strategist's views on duration, beta, HY versus IG allocation and regional preferences.

4. Portfolio construction:

Based on analysts' rankings, overall macro views combined with liquidity, conviction, timing and guideline specifications, PMs build the overall portfolio.

5. Portfolio oversight:

Ongoing analysis of the portfolios including of attribution, valuations, positioning and changes to top down and bottom-up views allow for optimisation and adjustments of portfolios over time.

***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.

***Forex Total Return (hereafter "FXTR")***

FXTR implements a highly liquid strategy which seeks high quality risk adjusted absolute returns with low correlation to major risk factors. The investment manager believes that significant Forex alpha can be captured across market regimes, including persistent mispricing generated by major macroeconomic themes and central bank intervention. The core strategy seeks to generate alpha by identifying and exploiting these, predominantly through trading in liquid G10 and EM foreign exchange markets. Interest rates derivatives will also be used tactically where appropriate. In addition, a more opportunistic portion of the portfolio will be implemented to seek returns in environments without strong macro direction or clear monetary policy divergence.

More specifically, the investment manager will make directional, relative value, tactical and technical investment decisions over both the short and medium term, using the below instruments:

- Deliverable spot FX contracts and FX forwards/options

- Non-deliverable FX forwards/options
- Investment in sovereign protection (CDS) in all countries of the investment universe either outright (buying protection), or relative value (country spread), keeping the book's overall sovereign credit exposure either negative or flat. (No corporate credit allowed.)
- OTC forward rate agreements and interest rate swaps subject to overall duration risk limits
- Listed futures and options on futures in interest rate markets subject to overall duration risk limits

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

The strategy 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.

## **Risk**

Investing in securities involves the risk of loss that clients should be prepared to bear. These risks are described in more detail below.

### **1. Major risks for Pictet AM Singapore**

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

#### *1.1. General Portfolio Risks*

**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.

**Corporate Event Risks:** Investments in companies that are the subject of publicly disclosed mergers, takeover bids, exchange offers, tender offers, spin-offs, liquidations, corporate restructuring, and other similar transactions may not be profitable due to the risk of transaction failure.

**Counterparty risks:** The insolvency or default of any other brokers involved in a transaction (including derivatives) for clients of Pictet AM, can lead to positions being liquidated or closed out without our consent. 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.

**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.

**Economic risk :** The economic cycle and macroeconomic situation of a country, a region or the global economy can have a significant influence on prices of financial instruments.

**Frequent Trading and Portfolio Turnover Rate Risks:** High turnover and frequent trading in an Advisory Account could result in, among other things, higher transactions costs and adverse tax consequences.

**Inflation:** Most economies have begun to experience higher-than-normal inflation rates. It remains uncertain whether substantial inflation will be sustained over an extended period of time and/or have a significant adverse effect on economies. Inflation and rapid fluctuations in inflation rates have had in the past, and will likely in the future have, negative effects on economies and financial markets.

**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 or product is not a guide to its future performance.

**Investments in Undervalued Assets Risks:** The identification of investment opportunities in undervalued assets is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in undervalued assets offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses.

**Liquidity risk:** Liquidity risk is a financial risk that for a certain period of time a given financial asset, Security or Commodity cannot be traded quickly enough in the market without impacting the market price.

**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 its now taxable yield / dividend would have to equal the taxable yield / dividend of other, comparable securities

**Management risk:** A strategy used by us 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 us will be achieved and investment results of a client's account may vary substantially over time.

**Model risk:** The management of a client's account by Pictet AM 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.

**Restricted securities risks:** Restricted securities are those that cannot 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.

**REITs Risk:** The value of real estate securities in general, and REITs in particular, are subject to the same risks as direct investments in real estate and mortgages, and their value will be influenced by many factors including the value of the underlying properties or the underlying loans or interests. The underlying loans may be subject to the risks of default or of prepayments that occur later or earlier than expected and such loans may also include so-called "subprime" mortgages. The value of these securities will rise and fall in response to many factors, including economic conditions, the demand for rental property, interest rates and, with respect to REITs, the management skill and creditworthiness of the issuer. In particular, the value of these securities may decline when interest rates rise and will also be affected by the real estate market and by the management of the underlying properties. REITs may be more volatile and/or more illiquid than other types of equity securities.

**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.

**Volatility and illiquidity risks:** Due to the risks 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 intends to invest predominantly on behalf of its clients in listed securities or in securities traded on regulated markets some risk of illiquidity can still exist, due to the relatively undeveloped nature of certain stock markets, or the nature of certain small cap securities which the client may authorise Pictet AM to trade in that, 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.

## *1.2. Primary Risks Applicable to Derivatives Investments, Commodities and Short Sales*

**Commodity Exposure Risks:** Exposure to the commodities markets may result in greater volatility than investments in traditional securities due to changes in overall market movements, commodity index volatility, changes in interest rates, factors affecting a particular industry or commodity, as well as changes in value, supply and demand and governmental regulatory policies.

**Risks for derivative instruments:** In the normal course of business, we 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 on some occasions. In addition, because of their complex nature, some derivatives may not always perform as intended on some occasions. 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 potentially result in a disproportionately large movement, unfavourable or favourable, in the price of the derivative in some instances. In certain circumstances, this can 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 result in the liquidation of the portfolio when it is not advantageous to do so.

**Short Selling Risks:** Short selling involves the risk of potentially unlimited losses and the inability to reacquire a security or close the transaction in a timely manner or at an acceptable price.

### *1.3. Primary Risks Applicable to Environment and to Sustainable Investment Strategies*

**Environmental Risks and Natural Disasters :** Investments in or relating to real estate assets may be subject to liability under environmental protection statutes, rules and regulations, and may also be subject to risks associated with natural disasters.

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

- **Transition Risk:** The risk posed by the exposure to issuers that may be negatively impacted by the transition to a low carbon economy due to their involvement in the exploration, production, processing, trading and sale of fossil fuels, or their dependency upon carbon intensive materials, processes, products and services. Transition risk may result from several factors, including rising costs and/or limitation of greenhouse gas emissions, energy-efficiency requirements, reduction in fossil fuel demand or shift to alternative energy sources, due to policy, regulatory, technological and market demand changes. Transition risks may negatively affect the value of investments by impairing assets or revenues, or by increasing liabilities, capital expenditures, operating and financing costs
- **Physical Risk:** The risk posed by the exposure to issuers that may potentially be negatively impacted by the physical impacts of climate change. Physical risk includes acute risks arising from extreme weather events such as storms, floods, droughts, fires or heatwaves, and chronic risks arising from gradual changes in the climate, such as changing rainfall patterns, rising sea levels, ocean acidification, and biodiversity loss. Physical risks may negatively affect the value of investments by impairing assets, productivity or revenues, or by increasing liabilities, capital expenditures, operating and financing costs.
- **Environmental Risk:** The risk posed by the exposure to issuers that may potentially be causing or affected by environmental degradation and/or depletion of natural resources. Environmental risk may result from air pollution, water pollution, waste generation, depletion of freshwater and marine resources, loss of biodiversity or damages to eco-systems. Environmental risks may negatively affect the value of investments by impairing assets, productivity or revenues, or by increasing liabilities, capital expenditures, operating and financing costs.
- **Social Risk:** The risk posed by the exposure to issuers that may potentially be negatively affected by social factors such as poor labour standards, human rights violations, damages to public health, data privacy breaches, or increased inequalities. Social risks may negatively affect the value of investments by impairing assets, productivity or revenues, or by increasing liabilities, capital expenditures, operating and financing costs.
- **Governance Risk:** The risk posed by the exposure to issuers that may potentially be negatively affected by weak governance structures. For companies, governance risk may result from malfunctioning boards, inadequate remuneration structures, abuses of minority shareholders or bondholders' rights, deficient controls, aggressive tax planning and accounting practices, or lack of

business ethics. For countries, governance risk may include governmental instability, bribery and corruption, privacy breaches and lack of judicial independence. Governance risk may negatively affect the value of investments due to poor strategic decisions, conflicts of interest, reputational damages, increased liabilities or loss of investor confidence.

In addition, there are the following risks relating to Environmental, Social, and Governance (“ESG”) investing:

- **Investment Return Risk from ESG Investment:** ESG investments may not provide as favourable returns or protection of capital as other investments and may be more concentrated in certain sectors than investments that are not ESG securities.
- **ESG Definition Risk:** There is a risk that market participants can have different definitions and interpretations of ESG criteria, and therefore assessments on whether securities are ESG compliant or not can differ between them .
- **ESG Public Sector Subsidy / Funding Risk:** Certain environmental and social impact investments depend on government funding, tax credits or other state or private sector provided subsidies, which are not guaranteed to remain in place for the life of the investment.

#### *1.4. Primary Risks Applicable to Market Abuse and Market Disruptions*

**Failure of Brokers, Clearing Houses, Counterparties and Exchange Risks:** An Advisory Account will be exposed to the credit risk of the counterparties with which, or the brokers, clearing houses, dealers, exchanges and other trading platforms through which, it deals.

**Improper Market Actors:** There can be no assurance that any form of regulation or any market constraints would prevent certain other market actors from engaging in fraud, market manipulation, market abuse, or improper influence in the future, which may have a material adverse effect on Advisory Accounts and their Investments. There can be no assurance that any redress would be available to, or would be practical for, Advisory Accounts to pursue with respect to any such fraud, market manipulation, market abuse, or improper influence.

**Market Abuse Risk:** Certain markets have a history of alleged or actual price manipulation and market abuse and improper influence. Any fraud, price manipulation, market abuse, or improper influence in markets in which Advisory Accounts invest, directly or indirectly, may have an adverse effect on such Advisory Accounts.

**Market Disruption Risks and Terrorism Risks:** A number of events could have adverse effects on the global economy and may exacerbate some of the general risk factors related to investing in certain strategies.

**Operation of Markets Risks :** Advisory Accounts may incur losses in the event of the early closure of, complete closure of, suspension of trading in, or similar interruptions affecting one or more domestic or international markets, trading venues, or clearing houses on or through which Pictet AM trades for such Advisory Accounts.

#### *1.5. Primary Risks Applicable to Technology Company Investments*

**Intellectual Property Risks related to Technology Companies:** Risks Related to Intellectual Property—Technology Companies tend to be highly dependent upon intellectual property. Technology Companies may incur substantial costs to license, develop, maintain and protect intellectual property, including

litigation to enforce intellectual property rights and defend against intellectual property violation claims from other companies. If the intellectual property on which a Technology Company relies becomes obsolete or unavailable to it, including due to prohibitively expensive licensing fees or a finding that they have violated other companies' intellectual property rights, the value of the Technology Company could be materially impaired, and the Advisory Accounts could incur losses.

#### *1.6. Technology Sector Risks:*

Stock prices of technology companies may experience significant price movements as a result of intense market volatility, worldwide competition, consumer preferences, product compatibility, product obsolescence, government regulation, or excessive investor optimism or pessimism.

#### *1.7. Primary Risk Applicable to Political and Health special situations*

**Political, legal, tax, market or economic developments and foreign exchange risks:** Client portfolios managed by Pictet AM can be adversely affected by political developments and / or changes in local laws, taxes, foreign exchange controls, exchange rates, market or economic developments.

**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.

**Russian Invasion of Ukraine:** Russia's invasion of Ukraine and corresponding events which began in February 2022, has had, and could continue to have, severe adverse effects on regional and global economic markets. Following Russia's actions, various governments, including the United States, have issued broad-ranging economic sanctions against Russia, including, a prohibition on doing business with certain Russian companies, large financial institutions, officials and oligarchs; a commitment by certain countries and the European Union to remove selected Russian banks from the Society for Worldwide Interbank Financial Telecommunications ("SWIFT"), the electronic banking network that connects banks globally; and restrictive measures to prevent the Russian Central Bank from undermining the impact of the sanctions. The duration of ongoing hostilities and the vast array of sanctions and related events cannot be predicted. Those events present material uncertainty and risk with respect to markets globally, which pose potential adverse risks to Advisory Accounts and the performance of their investments and operations.

#### *1.8. Inherent Business Risks*

**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.

**Data Sources Risks:** Information from third party data sources to which Pictet AM subscribes may be incorrect

**Dependence on Key Personnel:** Advisory Accounts rely on certain key personnel of Pictet AM who may leave Pictet AM or become unable to fulfil certain duties.

**Electronic Trading:** Our clients' trades on electronic trading and order routing systems, can experience component failure and issues with system access, varying response times and security.

**Force Majeure:** Advisory Account investments may be vulnerable to a force majeure event, including acts of God, war and strike, which could result in the destruction, impairment or loss of profitability for the investments.

**Social Media Risks:** The dissemination of negative or inaccurate information about issuers, in which Advisory Accounts invest, via social media could harm their business, reputation, financial condition, and results of operations, which could adversely affect Advisory Accounts and, due to reputational considerations, influence Pictet AM decision as to whether to remain invested in such issuers

**Technological Developments:** The widespread adoption of new internet, networking or telecommunications technologies or other technological changes could require issuers in which Advisory Accounts invest to incur substantial expenditures to modify or adapt their services or infrastructure to such new technologies, which could adversely affect their results of operations or financial condition. In addition, new services or technologies offered by competitors or new entrants may make such issuers less differentiated or less competitive when compared to other alternatives.

**Timing of Implementation Risks:** There may be delays in the implementation of investment strategies, including as a result of differences in time zones and the markets on which securities trade.

## **2. Specific Risks Applicable to Equity and Fund Investment**

**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.

**IPO/ New Issues Risks:** The purchase of IPO/New Issue shares may involve high transaction costs and such shares may be subject to greater risks than investments in shares of publicly traded companies.

**Pre-IPO Investments Risks:** Investments in privately held companies, including in pre-IPO shares, are less liquid and difficult to value, and there is significantly less information available about such companies relative to public companies.

### 3. Specific risks related to fixed income instruments and other debt instruments

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

**Credit risk :** The credit risk is an investor's risk of loss from a fixed income instrument arising from a borrower who does not make payments as promised. This risk can impact the coupon paid and / or the principal which can 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.

**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.

**Interest Rate 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.

**London Interbank Offered Rate (“LIBOR”) Discontinuance Risk:** Risks Related to the Discontinuance of London Interbank Offered Rates, in particular LIBOR— Advisory Accounts that undertake transactions in instruments that are valued using LIBORs or other interbank offered rates ("IBORs") or enter into contracts which determine payment obligations by reference to LIBOR or other IBOR rates may be adversely affected as a result of ongoing changes related to LIBOR. Certain LIBOR settings (including all seven Euro and Swiss franc LIBOR tenors, overnight, one-week, two-month and 12-month sterling LIBOR, spot next, one-week, two-month and 12-month yen LIBOR, and one-week and two-month U.S. dollar LIBOR) permanently ceased to be published as of December 31, 2021. Publication of the overnight and 12-month U.S. dollar LIBOR settings will permanently cease immediately after June 30, 2023. However, the U.S. federal banking agencies have issued guidance strongly encouraging banking organizations to cease using U.S. dollar LIBOR as a reference rate in any new contracts. It is uncertain whether or for how long LIBOR will continue to be viewed as an acceptable market benchmark, what rate or rates may become accepted alternatives to LIBOR, or what effect any such changes may have on the financial markets for LIBOR-linked financial instruments

**Non-Investment Grade Investment Risk:** Non-investment grade fixed-income securities are considered speculative and are subject to the increased risk of an issuer's inability to meet principal and interest payment obligations, greater price volatility, interest rate sensitivity and less secondary market liquidity.

**Reinvestment risk:** Reinvestment risk assumes 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.

### 4. Specific risks related to emerging market securities

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

**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 and economic risks
- Capital repatriation restrictions
- 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.

**Political and economic risks:** In most of the emerging countries in which Pictet AM 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.

**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 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.

**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

Neither Pictet AM Singapore nor any of its management persons is registered, or has an application pending to register, as a broker dealer or as a registered representative of a broker dealer.

### **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 and 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 investment department 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.

We directly disclose in the relevant Pictet affiliates below if some potentially sensitive client information is provided to those affiliates, the potential material conflicts of interest and how it is monitored.

#### **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, Core Compliance Manual, together with relevant Compliance and Business Risk Policies and Procedures, or the equivalent thereof. 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 risk-based 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.



The Pictet Wealth Management (“Pictet WM”) business unit of the Pictet Group and the Pictet AM Group have started a joint ESG engagement for a limited number of companies to increase the effectiveness of the Pictet Group’s engagement with these companies. As a result, the Pictet WM and Pictet AM business lines share their global holdings of approximately 100 companies. These global holdings are only shared between the relevant ESG team of Pictet WM and Pictet AM and not with the investment teams.

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 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 hedge fund domiciled in Cayman Islands. Pictet AM Singapore acts as a sub investment adviser of the Alphanatics Master Fund LLP.

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 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 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 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 USA also provides 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.

<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

Subject to satisfying this policy and applicable laws, officers, directors and employees of Pictet AM Singapore and its affiliates within the Pictet AM Group 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, for example G20 Government debt and third-party mutual funds where Pictet AM does not act as investment adviser. 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 outside of Pictet AM 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 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 outside of Pictet AM 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 entities 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 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 including sustainability 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 and execution criteria 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 and client order handling procedures 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 equity 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 the 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 as described within the Pictet AM Research Policy. . 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 Investment & Anti-Money Laundering ("AML") Controlling 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, Pictet AM carries out formal risk and performance reviews of all products, 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
- Chief Investment Risk & Data Officer
- 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:

A monthly and/or a quarterly report, including a valuation, a performance summary (incl. contribution and/or attribution analysis), and manager comments about the portfolio activity, the performance as well as the market review and outlook. The valuations are broken down by type of asset, by currency, by geography and by sector. They are expressed as weight of the portfolio and benchmark.

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 on occasions, there are 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 different reporting requirements of its clients, including reports with details on transactions and fees.

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.

Very senior managers can receive additional remuneration via the Pictet AM Long Term Incentive Plan and / or by virtue of being an Equity Partner of the Pictet Group.

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 can from time to time refer clients to other Pictet group entities for advisory services. Pictet AM Singapore will receive a distribution fee for such referrals from the other Pictet Group entity.

#### **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 number 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. Other reasons for not voting can include circumstances where a Power of Attorney is not in place; voting recommendations not completed in time; an account is in process of being set up; and voting restrictions on embargoed companies.

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 as part of our Responsible Investment Policy at [https://am.pictet/-/media/pam/pam-common-gallery/article-content/2022/pictet-asset-management/responsible-investment/responsible-investment-report\\_2022\\_web.pdf](https://am.pictet/-/media/pam/pam-common-gallery/article-content/2022/pictet-asset-management/responsible-investment/responsible-investment-report_2022_web.pdf).

This information is also available for clients on request 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://www.group.pictet/pictet-group-privacy-notice>

**Last updated: 20 March 2023**