

# Pictet-Global Environmental Opportunities

PICTET ASSET MANAGEMENT

September 2021  
Marketing Presentation

## EXECUTIVE SUMMARY

Growth engine building block within a global equity allocation

- **High conviction** Concentrated global equity portfolio of ~50 stocks, unconstrained by sectors, sizes or regions
- **Superior risk-return** Outperforms MSCI ACWI by 5.2% p.a. since inception (October 2014) with a 5.7% tracking error and 71% quarterly batting average
- **Impact investing** Allocate capital to companies with the intent to have a positive environmental impact alongside an attractive risk-return. Integrate ESG, engage and vote
- **Diversifying** 96% active share, 17% of stocks off the ACWI
- **Thematic team experience** more than 25 years of experience, more than 50 investment professionals managing over USD 86 billion

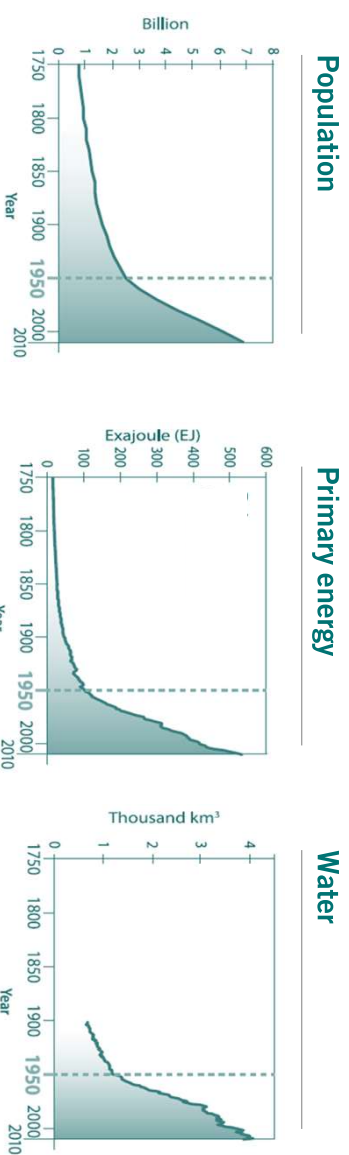


Source: Pictet Asset Management as of 31.08.2021  
 The strategy is not constrained by MSCI ACWI which is shown for comparison purposes only. The index does not influence portfolio construction and the strategy's investment universe extends beyond the components of the index. Alternative global equity indexes are equally appropriate.  
 Past performance is not a guarantee or a reliable indicator of future performance. Performance data does not include the commissions and fees charged at the time of subscribing for or redeeming shares. The client's returns will be reduced by the management fees and other expenses. These are internal guidelines, subject to changes at any time and without any notice.

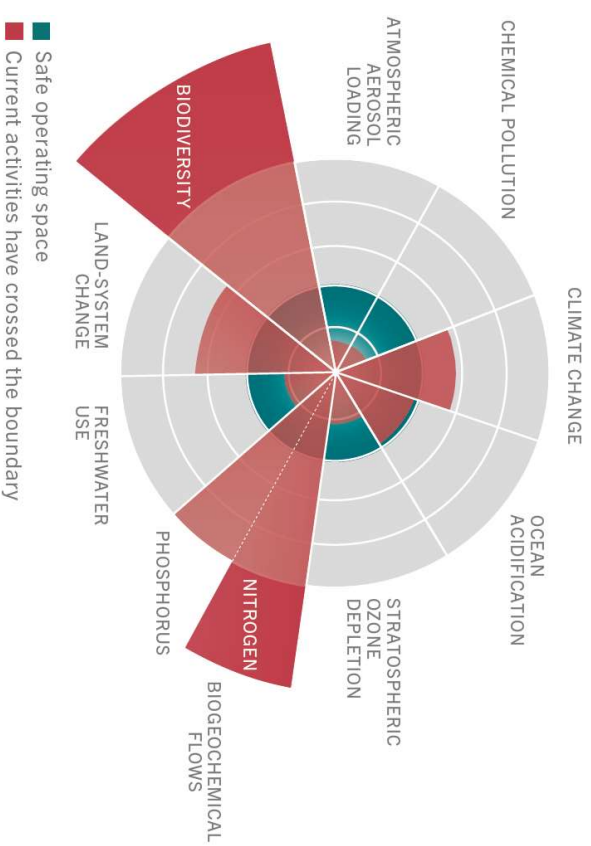
# HOW WE DEFINE THE ENVIRONMENTAL THEME

- > **Natural resource efficiency.**  
Finite natural resources lead to scarcity and quality challenges

- > **Protection of ecological integrity.** A holistic approach to environmental science, nine dimensions with their respective boundaries and a “safe operating space” for economic activities



## Planetary Boundaries

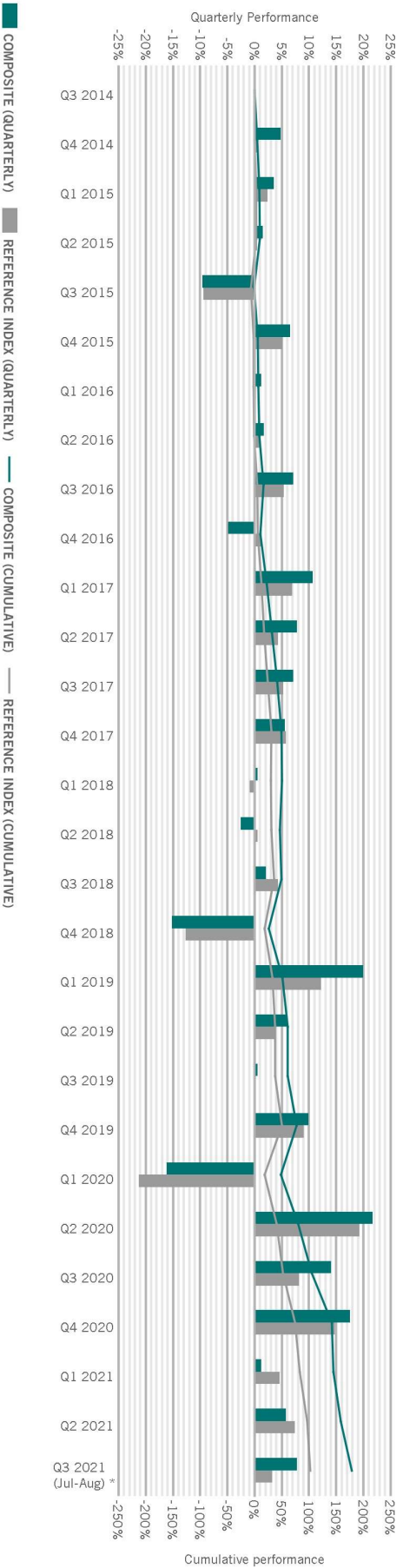


Source: The trajectory of the Anthropocene: the great acceleration, Steffen et al, 'The Anthropocene Review, March 2015  
A safe operating space for humanity, Rockström et al, Nature, September 2009  
This is an internal guideline which can be amended at any time without notice.

## COMPOSITE PERFORMANCE

### Performance evolution since inception of the strategy (Thematic Equities Global Environmental Consolidated Composite vs. MSCI ACWI)

Performance since inception (30.09.2014)



\* Partial quarter  
Source: Pictet Asset Management

#### Performance % (annualised beyond 1 year)

	COMPOSITE	REFERENCE INDEX	EXCESS RETURN
1M	4.68	2.50	2.18
3M	10.36	4.57	5.79
YTD	15.22	15.91	-0.69
1Y	36.31	28.64	7.67
2Y	32.95	22.43	10.52
3Y	22.56	14.34	8.22
5Y	19.19	14.29	4.90
Since inception (annualised)	15.95	10.75	5.21

Inception date of the composite: 30.09.2014  
Source: Pictet Asset Management

#### Risk statistics ex-post - since inception

	COMPOSITE	REFERENCE INDEX
Annualised volatility (%)	14.25	14.00
Tracking error (%)	5.73	-
Information ratio	0.82	-
Beta	0.93	-
Sharpe ratio	1.05	0.65

Source: Pictet Asset Management

Source: Pictet Asset Management, Gross Asset Value (TWR) in USD, as of 31.08.2021.

The client's returns will be reduced by the management fees, the commissions and fees charged at the time of subscribing for or redeeming shares and other expenses. Past performance is not a guarantee or a reliable indicator of future performance.

The strategy is not constrained by MSCI ACWI which is shown for comparison purposes only. The index does not influence portfolio construction and the strategy's investment universe extends beyond the components of the index. Alternative global equity indexes are equally appropriate. The indications are based on figures denominated in USD. If this currency is different from the currency of the country in which the investor is resident, the return may increase or decrease as a result of currency fluctuations



## PERFORMANCE CONTRIBUTION

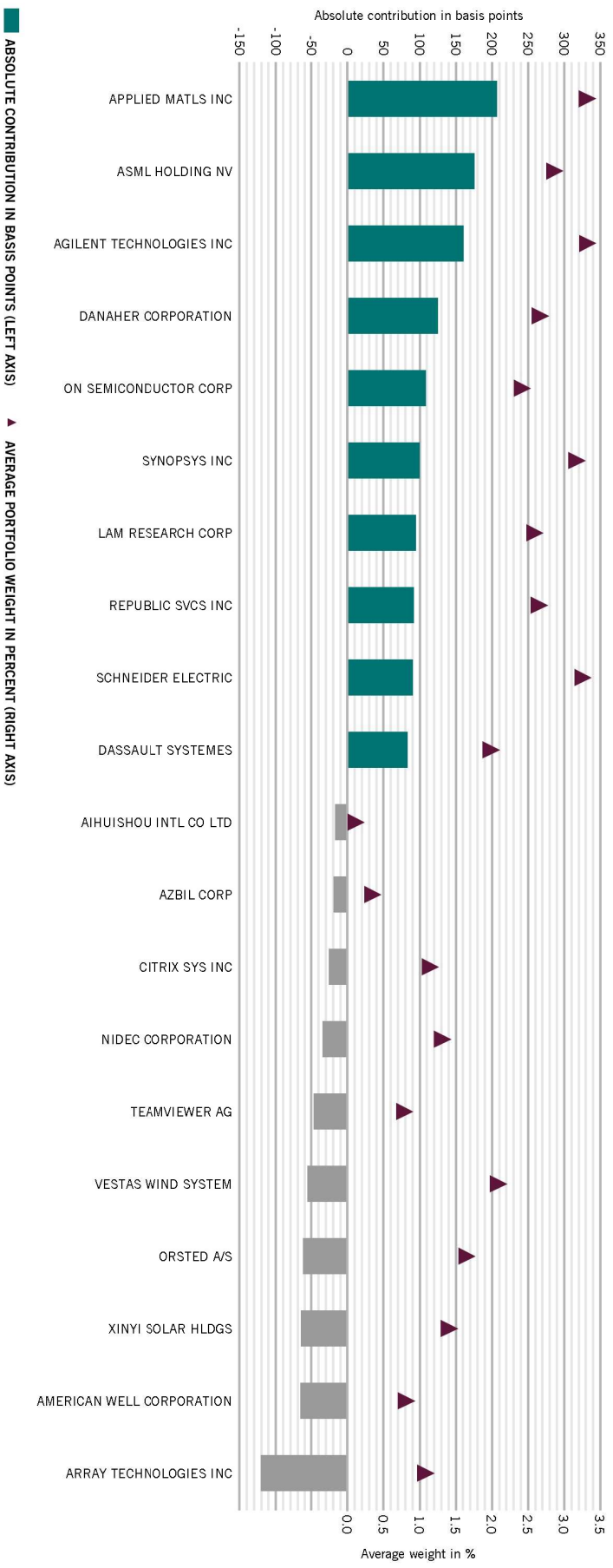
### Performance contribution by segment – YTD to 31.08.2021



Source: Pictet Asset Management, FactSet, Total Return Net Before Fees data in EUR as of 31.08.2021 (not GIPS compliant)  
 Past performance is not a guarantee or a reliable indicator of future performance. Effective allocations are subject to change and may have changed since the date.

## PERFORMANCE CONTRIBUTION

### Performance contribution by stock – YTD to 31.08.2021



Source: Pictet Asset Management, FactSet, data in EUR as of 31.08.2021

Past performance is not a guarantee or a reliable indicator of future performance. Effective allocations are subject to change and may have changed since the date. Stocks are shown for illustrative purposes and may be sold at any time without prior notice and shall not be considered as investment recommendations.

## PORTFOLIO ACTIVITY DURING H1 2021

### Main portfolio activity

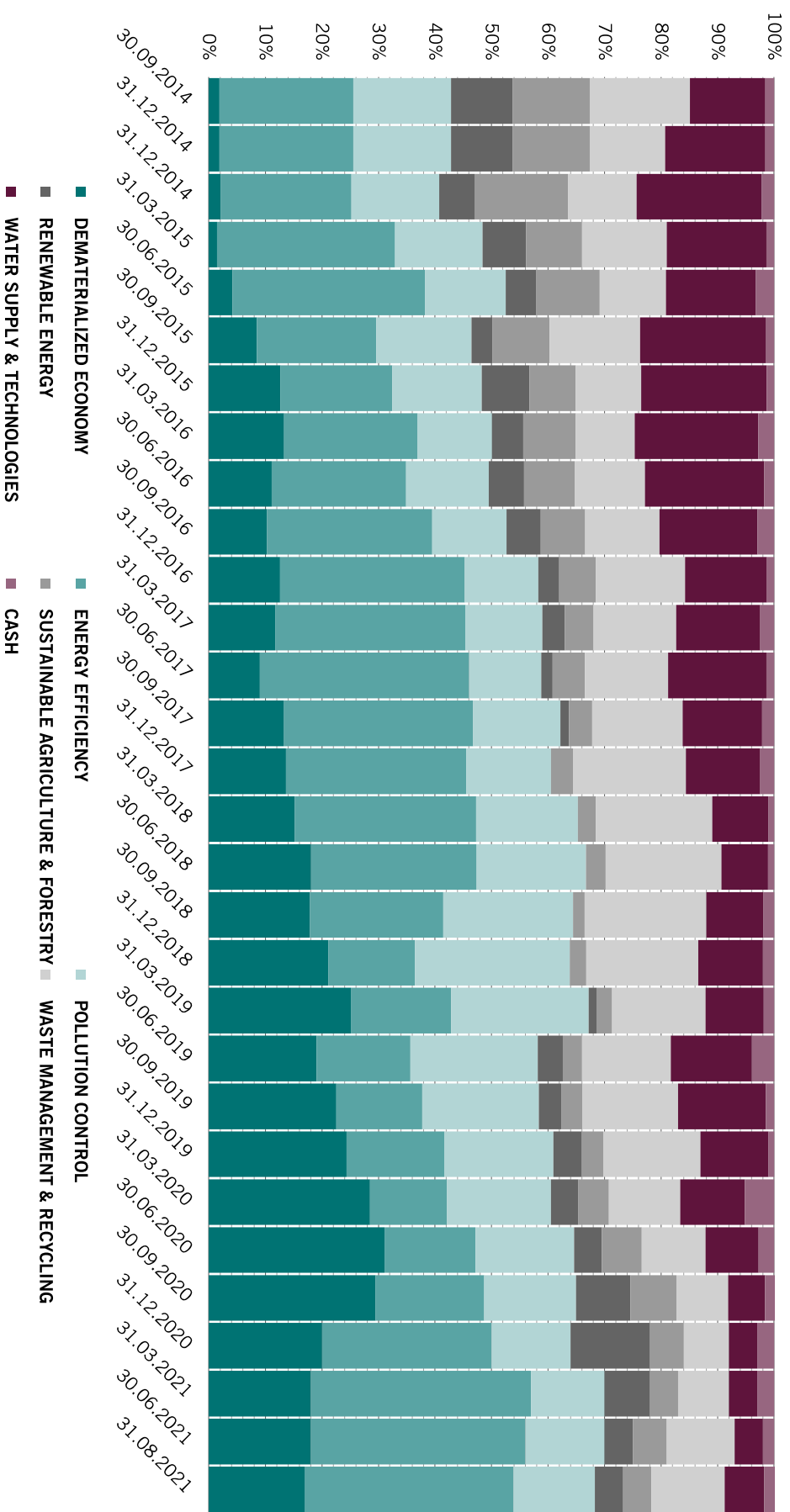
Segment	Exposure 31.12.2020	Exposure 21.09.2021	Change	New Positions	Exited Positions	Rationale
Energy Efficiency*	30%	37%	↑	Johnson Controls, Signify, NXP, Nidec, A.O. Smith	Kingspan, Azbil, Spirax Sarco	Added exposure to building efficiency solution providers and companies in the e-mobility supply chain
Renewable Energy	14%	4%	↓	-	Xinyi Solar	Reduced exposure to wind energy (in particular Vestas and Orsted)
Waste Mgmt. & Recycling	8%	13%	↑	Westrock, International Paper, AT Renew (IPO)	Waste Management	Demand improvement for sustainable packaging as the global economy reopens
Pollution Control	14%	15%		-	Halma, Intertek, SGS	Relative valuation reasons. Lower expectations for testing companies organic growth prospects
Dematerialized Economy	20%	17%		PTC, Ping An Healthcare	Bentley Systems, Citrix, Ping An Healthcare, Amwell	Positive outlook for industrial software demand such as Product Lifecycle Management and industrial IoT. Sold Work from Home stocks
Water Supply & Technologies	5%	7%		-	-	
Sustainable Agri. & Forestry	6%	5%		Oatly (IPO)	Beyond Meat	Strong outlook for oat milk, within the plant-based dairy alternatives market

Source: Pictet Asset Management. Data as of 21.09.2021

\*) Semiconductor equipment manufacturing stocks were reclassified during 2020 from Dematerialized Economy to Energy Efficiency. Effective allocations are subject to change and may have changed since the date

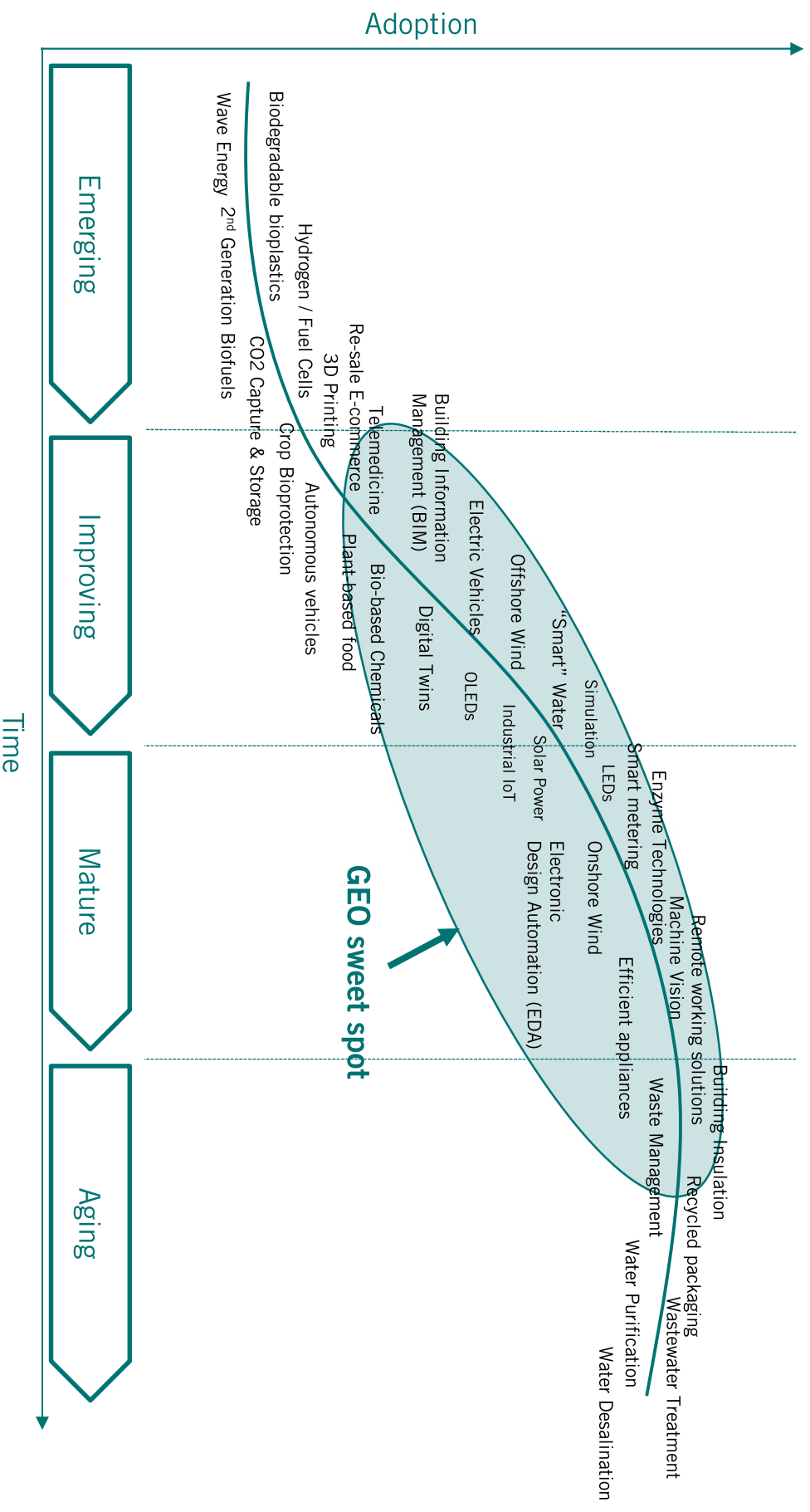
Stocks are shown for illustrative purposes and may be sold at any time without prior notice and shall not be considered as investment recommendations.

## SEGMENT ALLOCATION SINCE INCEPTION



Source: Pictet Asset Management, data as of 31.08.2021  
Effective allocations are subject to change and may have changed since the date.

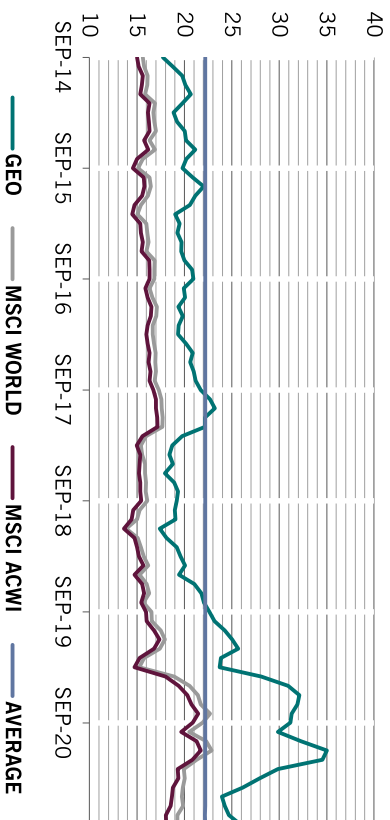
## TECHNOLOGY MATURITY CURVE



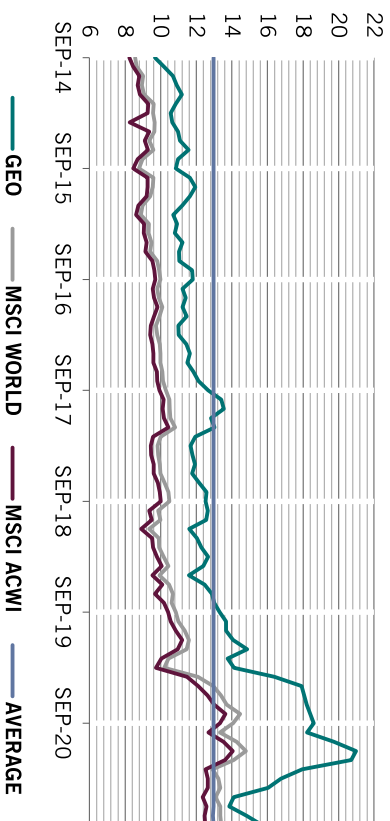
Source: Pictet Asset Management, 2021  
This is for information purpose only and does not constitute an investment advice.

## CURRENT PORTFOLIO VALUATION

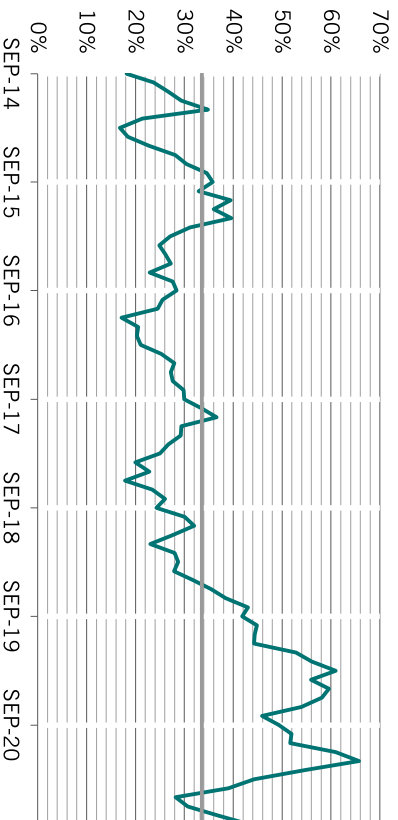
### GEO monthly P/E FY1



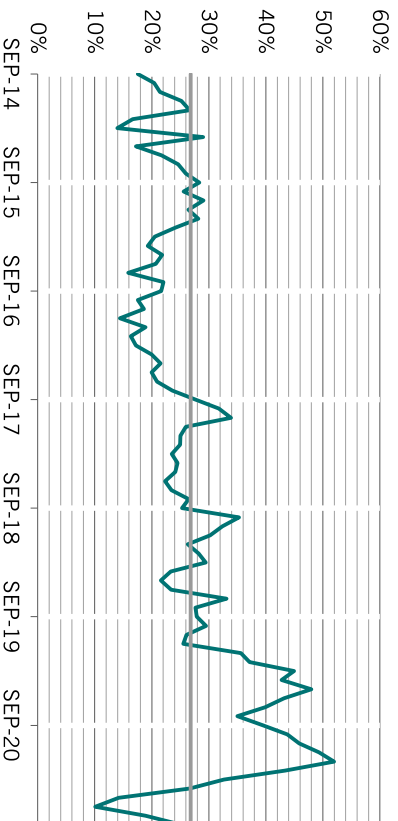
### GEO monthly EV/EBITDA FY1



### P/E Premium / Discount to MSCI ACWI



### EV/EBITDA Premium / Discount to MSCI ACWI



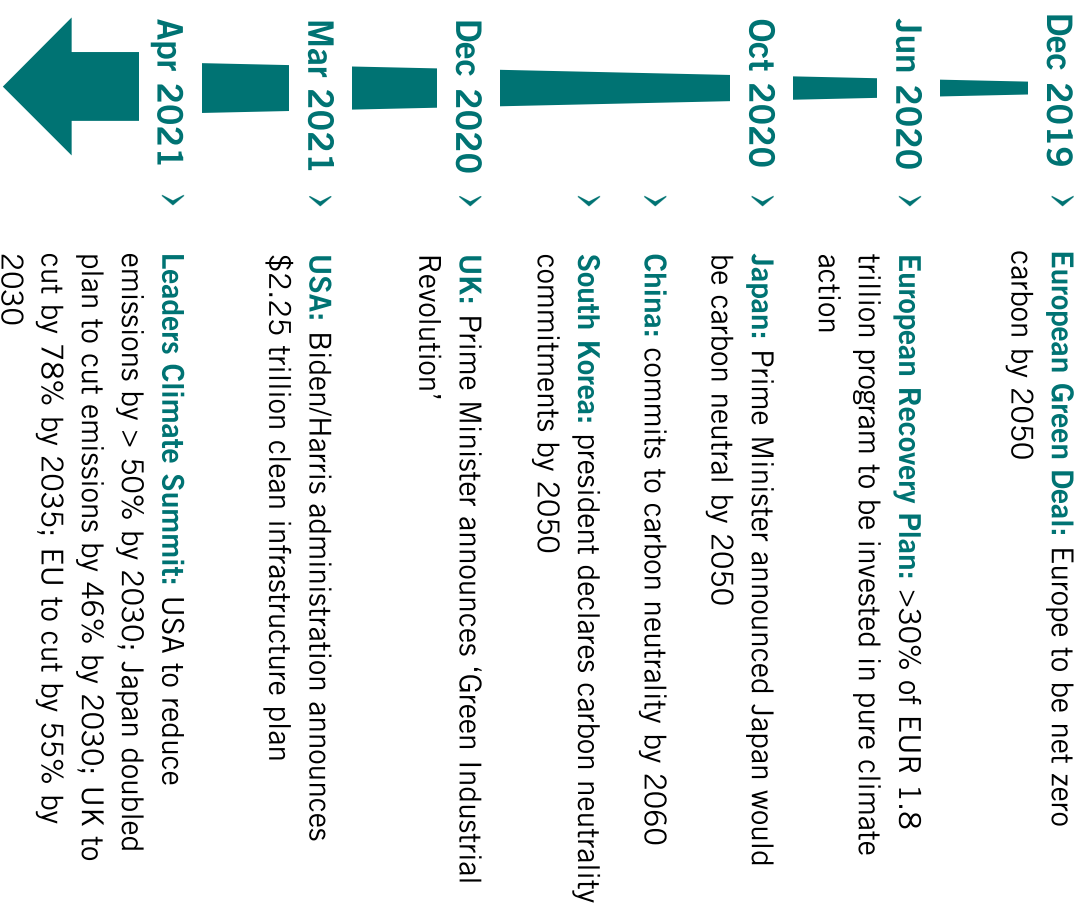
Source : Pictet, Factset, as of 31.08.2021  
The strategy is not constrained by MSCI ACWI which is shown for comparison purposes only. The index does not influence portfolio construction and the strategy's investment universe extends beyond the components of the index. Alternative global equity indexes are equally appropriate.

## OUTLOOK BY SEGMENT

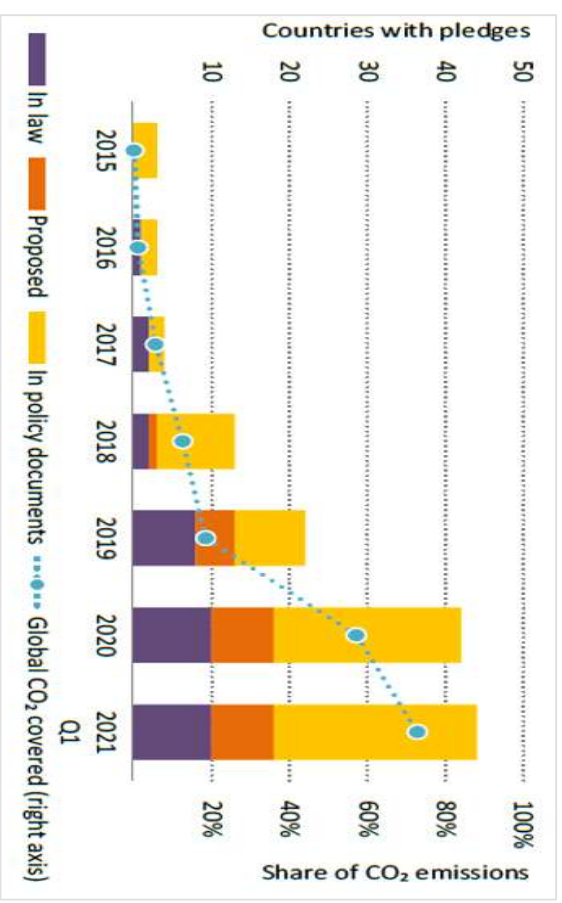
Segment	Portfolio Weight	Outlook
Energy Efficiency	37%	<ul style="list-style-type: none"> <li>➤ Robust semiconductor demand cycle, driven by automotive electrification, industrial automation solutions and consumer electronics. Secular acceleration in semiconductor capital equipment spending</li> <li>➤ Steady demand in EU and US for building automation and smart building solutions. Positive inflection in global industrial production and capex trends, supporting demand for energy management solutions</li> </ul>
Dematerialized Economy	17%	<ul style="list-style-type: none"> <li>➤ Strong demand for digital product life cycle management (PLM), simulation and Building Information Management (BIM) software. Acceleration in digitalization of manufacturing, industrial IoT spend</li> </ul>
Waste Management & Recycling	13%	<ul style="list-style-type: none"> <li>➤ Increasing favourable waste volume/price mix in the US, due to the reopening of the economy. Positively impacted by rising inflation due to contract indexation</li> <li>➤ Increasingly favourable supply/demand dynamics in containerboard packaging, thanks to broad economic recovery, e-commerce and sustainability (plastic conversion)</li> </ul>
Pollution Control	15%	<ul style="list-style-type: none"> <li>➤ Environmental protection back in focus under the new US administration. Life science tools companies well positioned for rising food and environmental testing demand, offsetting a declining Covid-19 contribution</li> <li>➤ Significant rise in environmental protection spending in China and emerging markets in general</li> </ul>
Sustainable Agriculture & Forestry	5%	<ul style="list-style-type: none"> <li>➤ Favourable trends in natural food ingredients and enzyme technology. Increasing investable stock opportunities in the plant-based food market</li> </ul>
Water Supply & Technologies	7%	<ul style="list-style-type: none"> <li>➤ Favorable and stable regulatory outlook for US water utilities, supported by strong focus on water infrastructure investments. Rebound in industrial water on the back of strong industrial recovery</li> <li>➤ Water pollution action plan in China, stimulating wastewater infrastructure investments</li> </ul>
Renewable Energy	4%	<ul style="list-style-type: none"> <li>➤ Some short-term uncertainty due to logistics challenges, component shortages and raw material price increases</li> <li>➤ In offshore wind, increasing competition from oil &amp; gas majors. In solar, strong outlook for residential and utility-scale global demand. Overall, very supportive policy in US, Europe and China, due to 2050 decarbonization targets</li> </ul>

Source: Pictet Asset Management, data as of 22.09.2021  
This is for information purpose only and does not constitute an investment advice. Effective allocations are subject to change and may have changed since the date.

## STRONG ACCELERATION IN NET-ZERO EMISSIONS PLEDGES BY GOVERNMENTS



### Number of national net zero pledges and share of global CO2 emissions covered



Source: International Energy Agency (IEA) – May 2021

- > 20% of pledges are **legally binding** and enshrined in law
- > Another 18% proposed to parliament to be soon voted into law

Sources: Pictet Asset Management 2021, [www.ieabiden.com/clean-energy](https://www.ieabiden.com/clean-energy) 2020, ClimateChangeNews.com 2020, International Energy Agency (IEA) – May 2021



# EXPOSURE TO ENVIRONMENTAL DIMENSIONS

## 6 environmental objectives of the EU taxonomy



## GEO exposure to the different Planetary Boundaries:

	Climate Change	Ocean Acidification	Ozone depletion	Biochemical flows	Water use	Land use	Biodiversity	Aerosol loading	Chemical Pollution
	40%	37%	16%	22%	41%	29%	24%	24%	35%

Source: Pictet Asset Management, Beyond Ratings, September 2021  
Effective allocations are subject to change and may have changed since the date

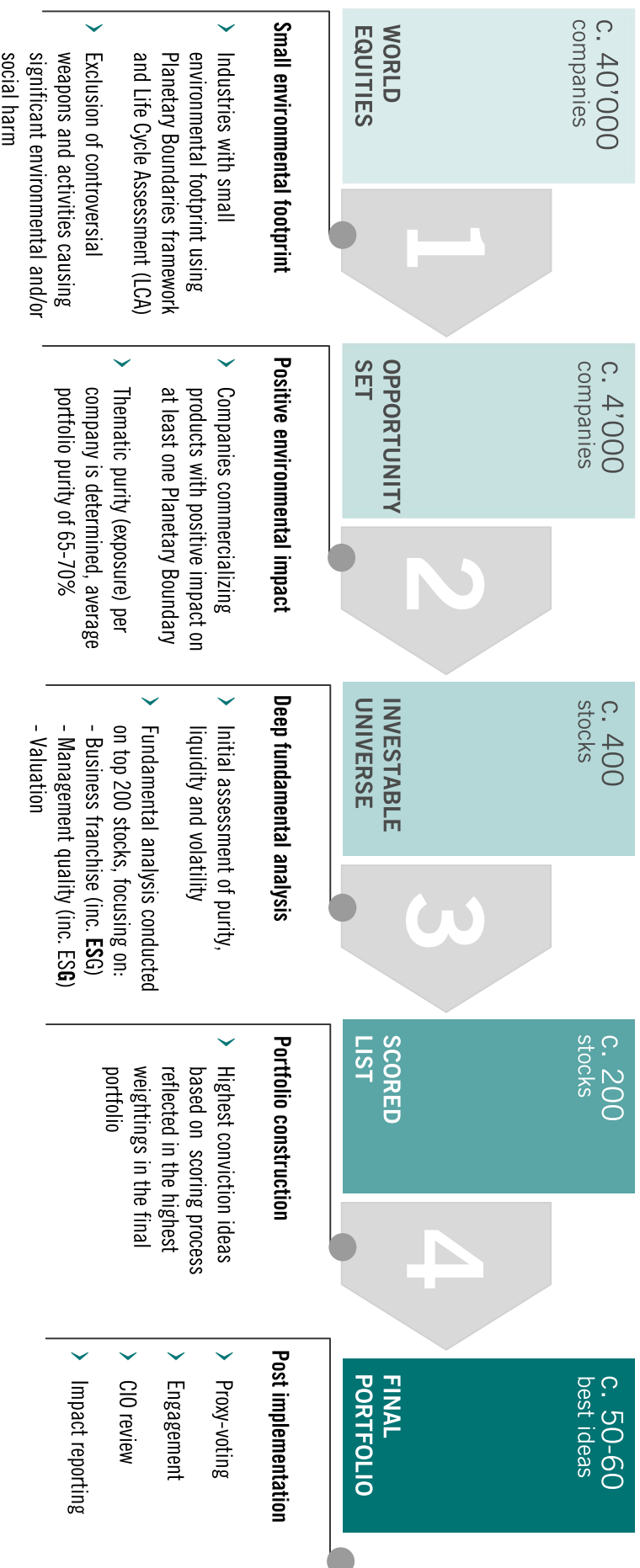
# Technicals

---

# INVESTMENT PROCESS OVERVIEW

## ENVIRONMENTAL ANALYSIS

## FUNDAMENTAL COMPANY RESEARCH

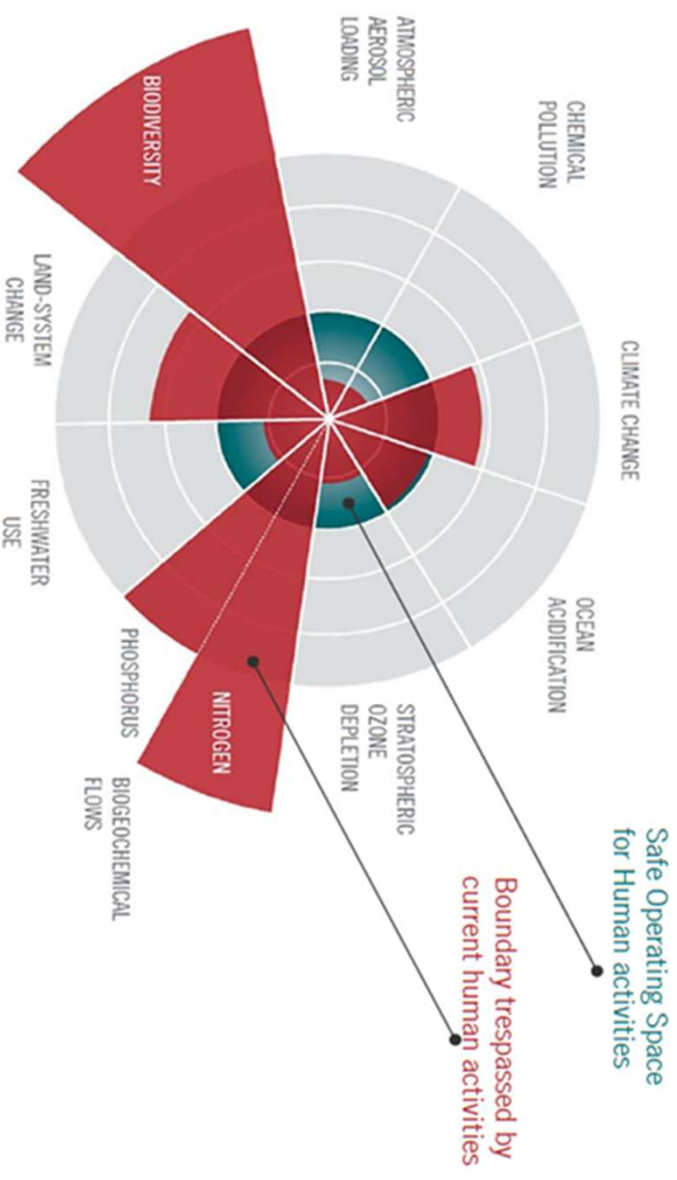


Source: Pictet Asset Management, 2021  
 These are internal guidelines, subject to changes at any time and without any time notice within the limits of the fund's prospectus.

## STEP ONE – SMALL ENVIRONMENTAL FOOTPRINT

### The Planetary Boundaries (PB) Framework

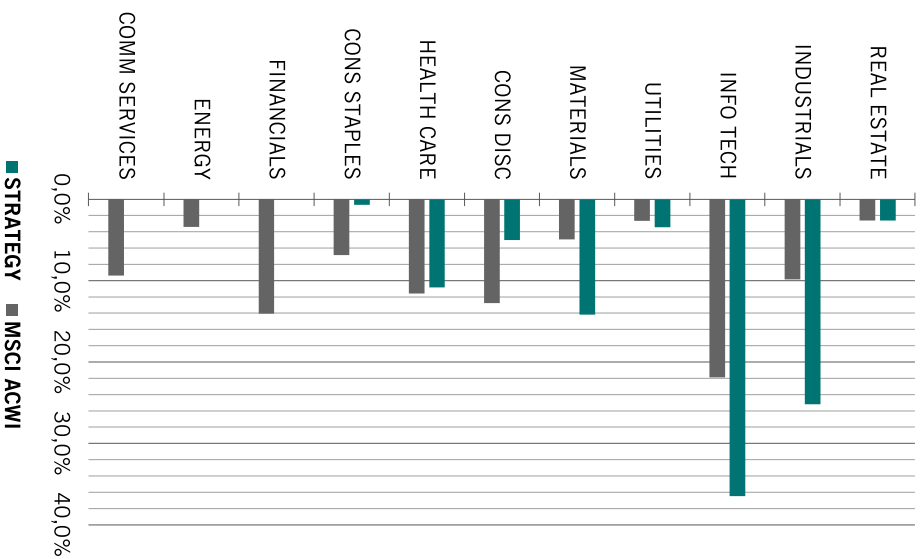
- Developed in 2009 by the Stockholm Resilience Centre and a group of internationally renowned scientists
- Nine quantitative boundaries within which humanity can continue to develop and thrive
- Crossing these boundaries increases the risk of large-scale abrupt or irreversible environmental changes
- We invest in companies that are within the Safe Operating Space



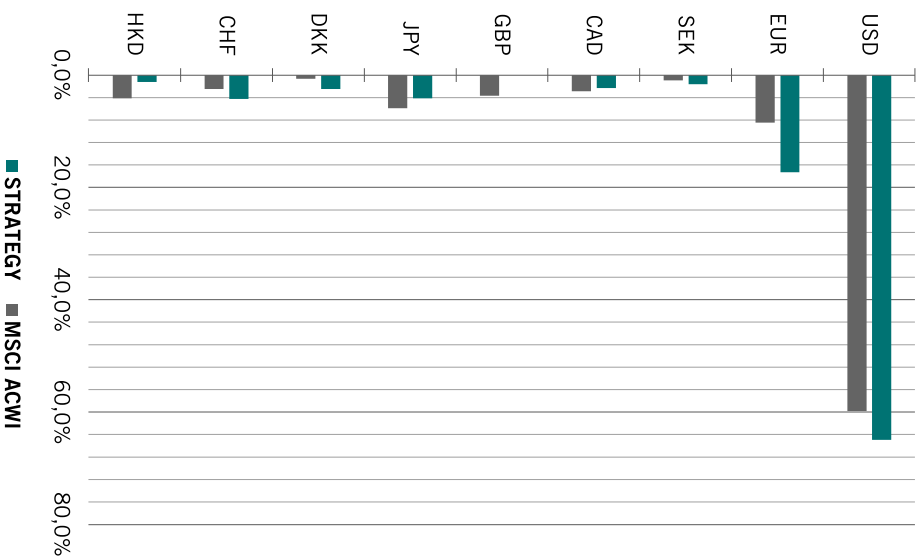
Source: "The trajectory of the Anthropocene; the great acceleration", Steffan et al. Stockholm Resilience Centre, September 2009.

## CURRENT EXPOSURE ANALYSIS

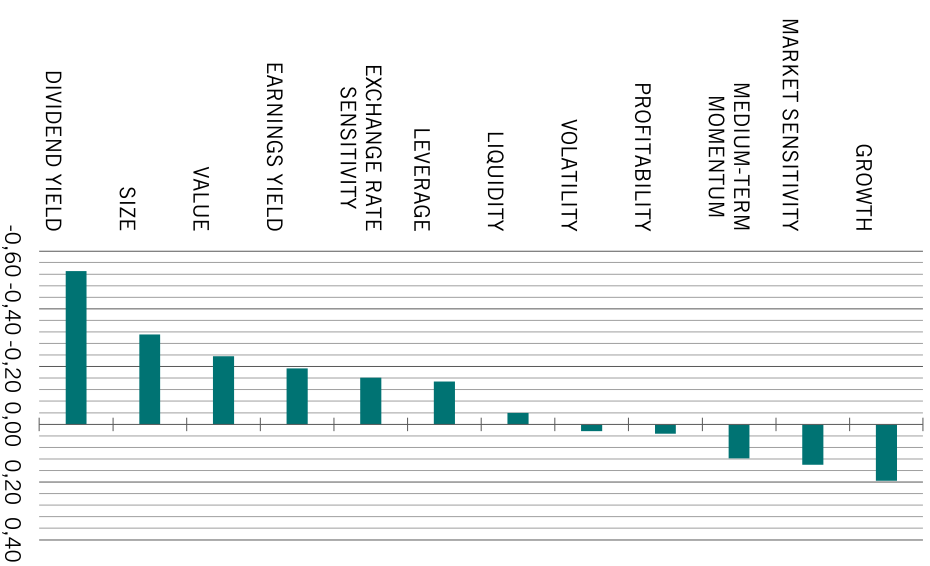
### MSCI sector exposure



### Currency exposure



### Rel. styles exposure vs MSCI ACWI (3 yrs avg)



Source: Pictet Asset Management as at 30.06.2021, 3 years average as at 30.06.2021 (quarterly update).  
 Effective allocations are subject to change and may have changed since the date.  
 The strategy is not constrained by MSCI ACWI which is shown for comparison purposes only. The index does not influence portfolio construction and the strategy's investment universe extends beyond the components of the index. Alternative global equity indexes are equally appropriate.

## TECHNICALS

### Management company:

Pictet Asset Management (Europe) S.A., part of the Pictet group

### Name:

Pictet-Global Environmental Opportunities

### Legal status:

Compartment of the Pictet Luxembourg SICAV, UCITS compliant

### Custodian:

Pictet & Cie (Europe) S.A.

### Consolidation currency:

EUR

### Calculation:

Daily; settlement NAV + 2

### Inception:

September 10, 2010 at NAV EUR 100 (repositioned and composite re-initiated as per October 1st 2014)

### Dividend:

Reinvested (I, P, R) or distributed (P dy)

### Fund size:

USD 11'017 m as of 31.08.2021

### Reference Index:

MSCI ACWI (net dividend reinvested)

### Subscription Fee:

Maximum 5%

### Redemption Fee:

Maximum 3%

### Switch Fee:

Maximum 2%

### Investment horizon:

The fund may not be appropriate for investors who plan to withdraw their money within 5 years

### SFDR

Article 9

### Investment objective:

The Compartment aims to achieve a positive environmental impact by investing mainly in companies with a low environmental footprint that contribute to solving global environmental challenges by providing products & services in the environmental value chain. These products and services are needed to support the transition towards a lower carbon economy, a circular economy model, monitor and prevent pollution or for example protect scarce resources such as water.

The Compartment invests mainly in companies whose significant proportion of their activities (as measured by turnover, enterprise value, earning before income and tax, or similar metrics) are related to, but not limited to, energy efficiency, renewable energy, pollution control, water supply & technology, waste management & recycling, sustainable agriculture & forestry or dematerialized economy. When selecting the Compartment's investments, the ESG characteristics of issuers are taken into account to increase or decrease the target weight. It is expected that the resulting Compartment's ESG characteristics will be higher than the reference index after removing the bottom 20% of issuers with the lowest ESG characteristics.

In actively managing the Compartment, the investment manager uses a combination of market and fundamental company analysis with a bias towards companies with superior ESG characteristics to select securities that it believes offer favourable growth prospects at a reasonable price. It also applies an exclusion policy relating to direct investment in issuers that are deemed incompatible with Pictet Asset Management's approach to responsible investment. For further information, please refer to our exclusion framework in the Responsible Investment policy\*. It methodically exercises voting rights and may engage with issuers in order to positively influence ESG practices. The portfolio composition is not constrained relative to the benchmark, so the similarity of the Compartment's performance to that of the benchmark may vary.

Source: Pictet Asset Management as of 31.08.2021

The strategy is not constrained by MSCI ACWI which is shown for comparison purposes only. The index does not influence portfolio construction and the strategy's investment universe extends beyond the components of the index. Alternative global equity indexes are equally appropriate.



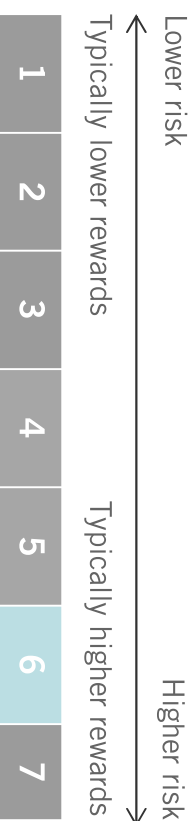
## TECHNICALS

### Share classes:

Class	ISIN	MF(%)	TER(%)	ONGOING CHARGES*
I EUR	LU0503631631	0.80	1.12	1.12
I USD	LU0503632100	0.80	1.12	1.12
I CHF	LU1860289294	0.80	1.11	1.12
Idv GBP	LU0503632878	0.80	1.12	1.12
Idv EUR	LU1749431174	0.80	1.12	1.13
Idv USD	LU1901200318	0.80	1.11	1.12
P CHF	LU0503632795	1.60	2.01	2.02
P EUR	LU0503631714	1.60	2.01	2.02
P USD	LU0503632282	1.60	2.01	2.02
Pdv EUR	LU0503631805	1.60	2.01	2.02
Pdv GBP	LU0503632951	1.60	2.01	2.02
Pdv USD	LU0503632449	1.60	2.01	2.02
R EUR	LU0503631987	2.30	2.71	2.72
R USD	LU0503632522	2.30	2.71	2.72
HP USD	LU0503633330	1.60	2.07	2.08
HIJ CHF	LU1863666977	0.67	0.99	0.99
HIJ EUR	LU1863667199	0.67	0.99	0.99
HIJ USD	LU1863667272	0.67	0.99	0.99
Z USD	LU1164803287	0.00	0.12	0.11
Z EUR	LU0503632019	0.00	0.12	0.11

I-Shares: minimum investment EUR 1,000,000, or the equivalent in other currencies  
 \*Ongoing charges as of 31.12.2020 (yearly update)  
 Source: Pictet Asset Management as of 31.08.2021

### Risk indicator for the I-USD share class



- › The risk category shown is based on historical data and may not be a reliable indication for the future risk profile of the Share class.
- › The risk category shown is not a target or a guarantee and may change over time.
- › The lowest category does not mean a risk-free investment.
- › Equity investments are subject to high price volatility (variations in net asset value of the Share class) but may offer rewards in line with the risks taken, which is why this Share class is in this risk category.
- › This value is affected by various factors, including:
  - The Compartment offers no capital guarantee or asset protection measures.
  - The Compartment may invest in emerging markets.
  - This asset class is subject to political and economic risks which may have a significant impact on the Compartment's performance and volatility.
  - Because of our investment approach, the Compartment may be exposed to currency risk.

- › The Share class also bears the following risks that are not explained by the synthetic risk indicator:
  - Liquidity risk: when market conditions are unusual or a market is characterised by particularly low volumes, the Compartment may encounter difficulties in valuing and/or trading some of its assets, particularly to satisfy large redemption requests.
  - Operational risk: the Compartment is subject to the risk of material losses resulting from human error or system failures or incorrect valuation of the underlying securities.
  - Counterparty risk: the use of derivatives in the form of contracts with counterparties may imply significant losses if a counterparty defaults and cannot honour its liabilities.
- Investments in mainland China are subject to restrictions by the local regulators, and include among other things: daily and market aggregate trading quotas, restricted classes of shares, capital restrictions and ownership restrictions.
- Sustainability risk: ESG related risk events or conditions could cause a material negative impact on the value of the investment if they were to occur.



For further information, please  
visit our websites

PICTET ASSET MANAGEMENT  
assetmanagement.pictet

<p>This marketing material is issued by Pictet Asset Management (Europe) S.A.. It is neither directed to, nor intended for distribution or use by, any person or entity who is a citizen or resident of, or domiciled or located in, any locality, state, country or jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. Only the latest version of the fund's prospectus, KIID (Key Investor Information Document), regulations, annual and semi-annual reports may be relied upon as the basis for investment decisions. These documents are available on assetmanagement.pictet or at Pictet Asset Management (Europe) S.A., 15, avenue J. F. Kennedy, L-1855 Luxembourg.</p> <p>The information and data presented in this document are not to be considered as an offer or solicitation to buy, sell or subscribe to any securities or financial instruments or services.</p> <p>Information, opinions and estimates contained in this document reflect a judgment at the original date of publication and are subject to change without notice. Pictet Asset Management (Europe) S.A. has not taken any steps to ensure that the securities referred to</p>	<p>in this document are suitable for any particular investor and this document is not to be relied upon in substitution for the exercise of independent judgment. Tax treatment depends on the individual circumstances of each investor and may be subject to change in the future. Before making any investment decision, investors are recommended to ascertain if this investment is suitable for them in light of their financial knowledge and experience, investment goals and financial situation, or to obtain specific advice from an industry professional.</p> <p>The value and income of any of the securities or financial instruments mentioned in this document may fall as well as rise and, as a consequence, investors may receive back less than originally invested.</p> <p>Past performance is not a guarantee or a reliable indicator of future performance. Performance data does not include the commissions and fees charged at the time of subscribing for or redeeming shares. This marketing material is not intended to be a substitute for the fund's full documentation or any information which investors should obtain from their financial intermediaries acting in relation to their</p>	<p>investment in the fund or funds mentioned in this document.</p> <p>Any index data referenced herein remains the property of the Data Vendor. Data Vendor Disclaimers are available on assetmanagement.pictet in the "Resources" section of the footer.</p> <p>This document is a marketing communication issued by Pictet Asset Management and is not in scope for any MiFID II/MiFIR requirements specifically related to investment research. This material does not contain sufficient information to support an investment decision and it should not be relied upon by you in evaluating the merits of investing in any products or services offered or distributed by Pictet Asset Management.</p> <p>Pictet Asset Management has not acquired any rights or license to reproduce the trademarks, logos or images set out in this document except that it holds the rights to use any entity of the Pictet group trademarks. For illustrative purposes only.</p> <p>Copyright 2021 Pictet</p>
--	--	--