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fund managers
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one event.

Pictet-Premium Brands

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Pictet Asset Management
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Investment case for Premium Brands

Premium brands: a unique concept

Brands of superior quality focusing on aspirational goods

Products synonymous with quality, exclusivity, taste and innovation have relative pricing power and higher customer loyalty

Found in every consumer segment (apparel, sport, hotels, autos, food & drinks, health & wellness…)

ASPIRATIONAL GOODS

- Exclusivity, prestige
- Social distinction
- Innovation, creativity
- Relative pricing power

Premium Brands

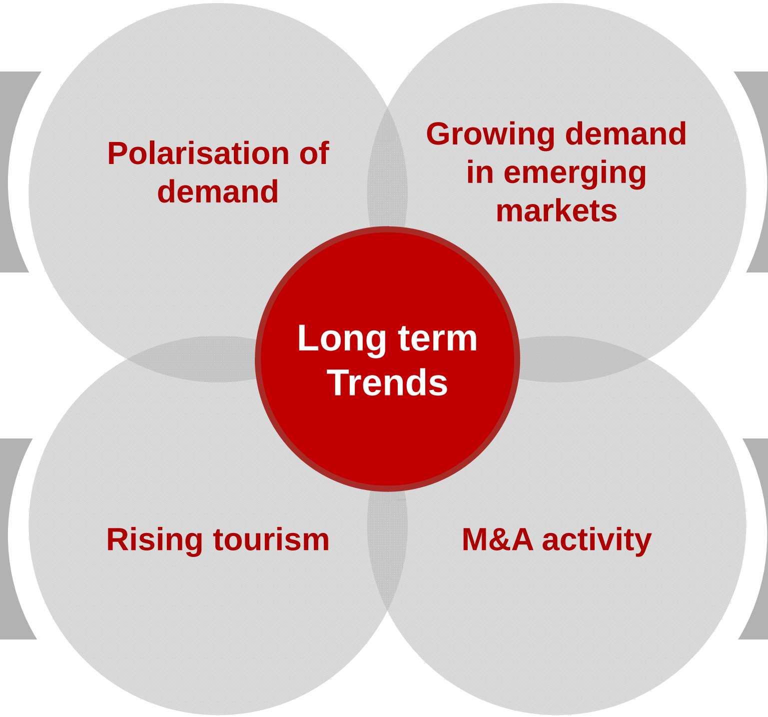
PROVEN BRAND QUALITY

- Know-how
- Consistency
- Strong brand recognition
- Global reach

Supportive long term trends

Premium brands have benefited from the rise in the wealthiest population.
They stay in favour as consumer demand polarises

Major opportunities in new markets like China, India & Russia where brands are under-penetrated



Continues to be supportive for prestigious brands

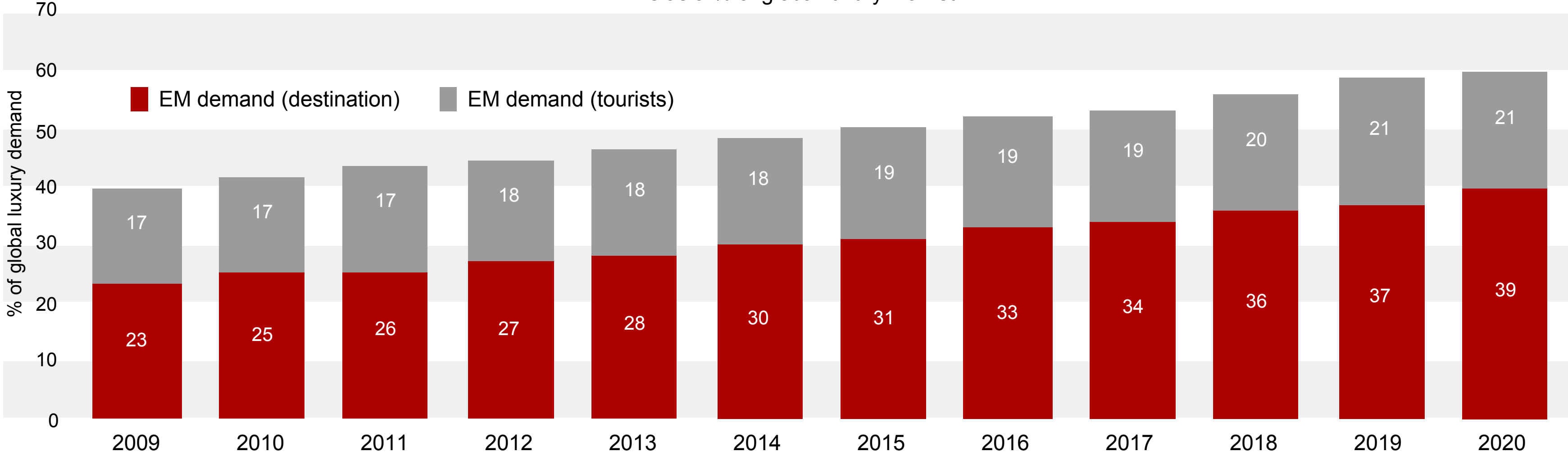
Expected to be a positive factor for Premium Brands

Long term trends: emerging markets rising contribution

The EM expenditure on luxury items represented 15% in 1999, 42% in 2010 and is expected to reach 60% of global luxury spending by 2020

Emerging markets weight

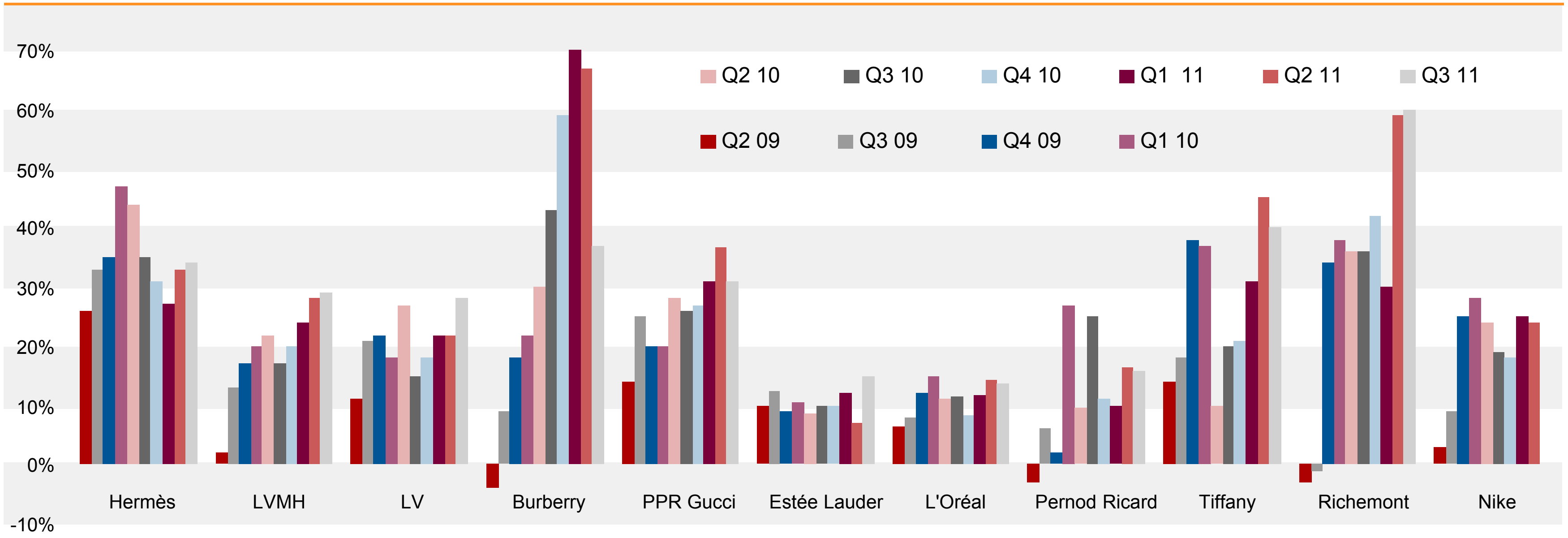
EMs as a % of global luxury market



Source: Altagamma, Bernstein Estimates, August 10

Long term trends: emerging markets rising contribution

Emerging markets: quarterly sales growth



Source: Company Reports (latest data available), Citi Investment Research Analysis, Nov 2011

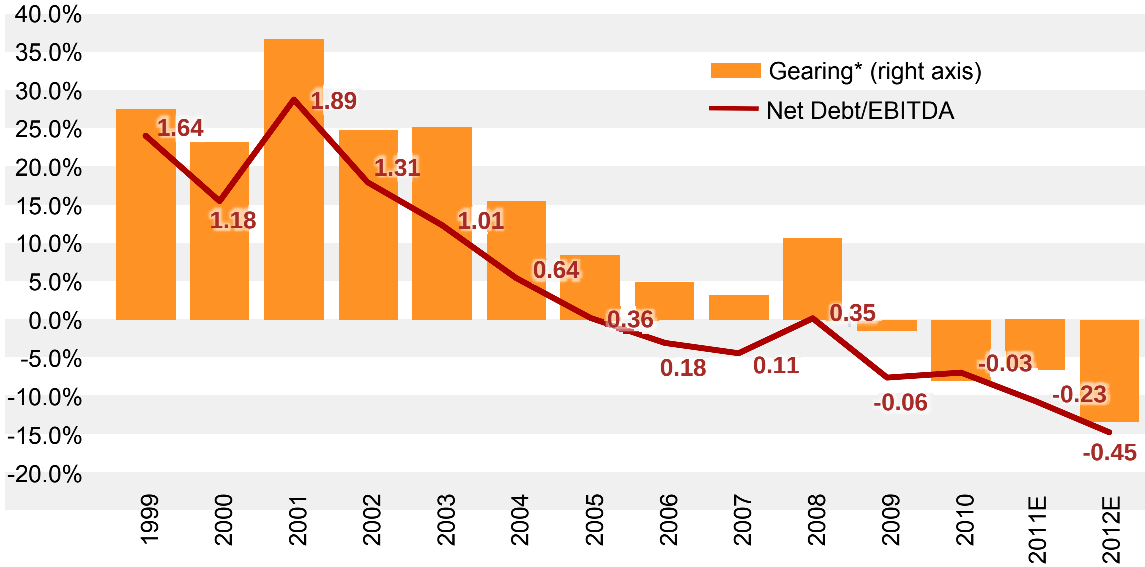
Long term trends
M&A on the cards as balance sheets restored

The luxury sector has been broadly cash neutral since the end of 2006

M&A deals bounced back since 2010

- Companies hold historical amount of cash
- Interest rates are at low levels
- Some industries are consolidating
- Valuation is at attractive levels

Luxury sector – Gearing and net debt/EBITDA: 1999-2012e



* Gearing defined as net debt to shareholders' equity
Source: Citi Investment Research Analysis, July 11

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Investment Team & Portfolio Construction

Team & resources

Advisory Board

Pam Strategy Unit

Risk Management

Caroline Reyl
Senior Investment Manager

Laurent Belloni
Senior Investment Manager

Alice De Lamaze, CFA
Investment Manager

Investment Managers

Pam Equity Research

Emerging Markets

Developed Markets

Credit Analysis

Small Cap Team

Investment Responsibilities	Apparel / Luxury goods	Food/Drinks	Travel / Lodging/ Vehicles	Health / Wellness/Cosmetics	Sporting Goods
	Caroline Reyl	Laurent Belloni	Laurent Belloni	Alice de Lamaze	Alice de Lamaze

Pictet Premium Brands Universe Definition

Strategic Definition of Investment Themes	c.800 companies Identification of Investment Universe	c.150 companies €850bn market cap Creation and Maintenance of Investable Universe	c.75 stocks Management of Investment Portfolio	c.30-50 stocks Pictet-Premium Brands
Semi-annual advisory board meeting	**Database screening**	**Quantitative screening**	**Portfolio construction and stock selection**	
▪ Review of recent fund performance ▪ Update of industry growth trends ▪ Topical discussions related to the themes	▪ Identification of companies with consumer related activities ▪ Qualitative screening of consumer companies (800 companies) ▪ One formal review of the investment universe each year	▪ Screen of the investment universe for net sales, EBIT, EBITDA to determine the percent enterprise value of the overall group related to Premium Brands and thus creating the investable universe of stocks	▪ Screen & calibrate investable universe for purity, trading liquidity and share price vol. to determine initial portfolio weights ▪ Score all stocks with initial weight > 0 ▪ Screen top quartile, then score stocks with initial weight ≤ 0	

Investment process example: Diageo

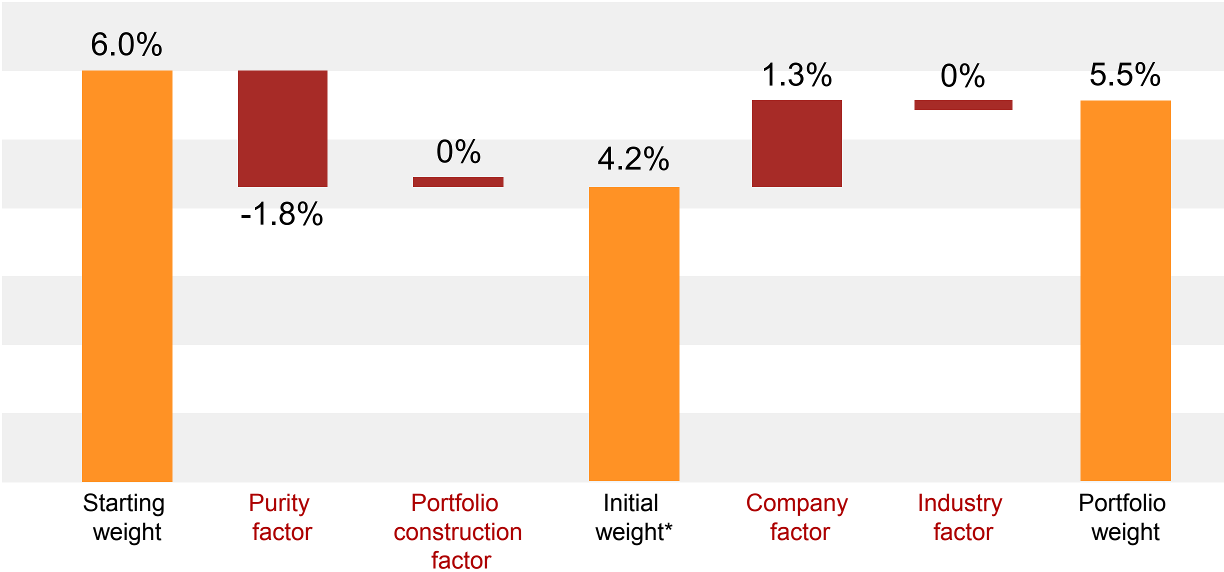
Purity: Deduction as 70% of activity is premium related

Portfolio construction: No liquidity adjustment, as % of fund exposure bought in 5 days, at 20% volume is >4% No volatility deduction as annualized volatility ~ 20% is below universe median of 35%

Company: 1.8% due to strong business franchise (score +1.4), positive management score (score +1.5) and positive valuation score (+1.3). Company score = +1.4*30% +1.5*20% + 1.3*50% = +1.3%

Industry: No particular discount on FX, margin and financial leverage

Investment process example



Source: Pictet Asset Management, as of 31/10/2011

* Purity, liquidity, volatility are calibrated. The sum of initial weights is calibrated to 50% on a pro rata basis and is a function of the sustainable fund size and the structure of the investable universe

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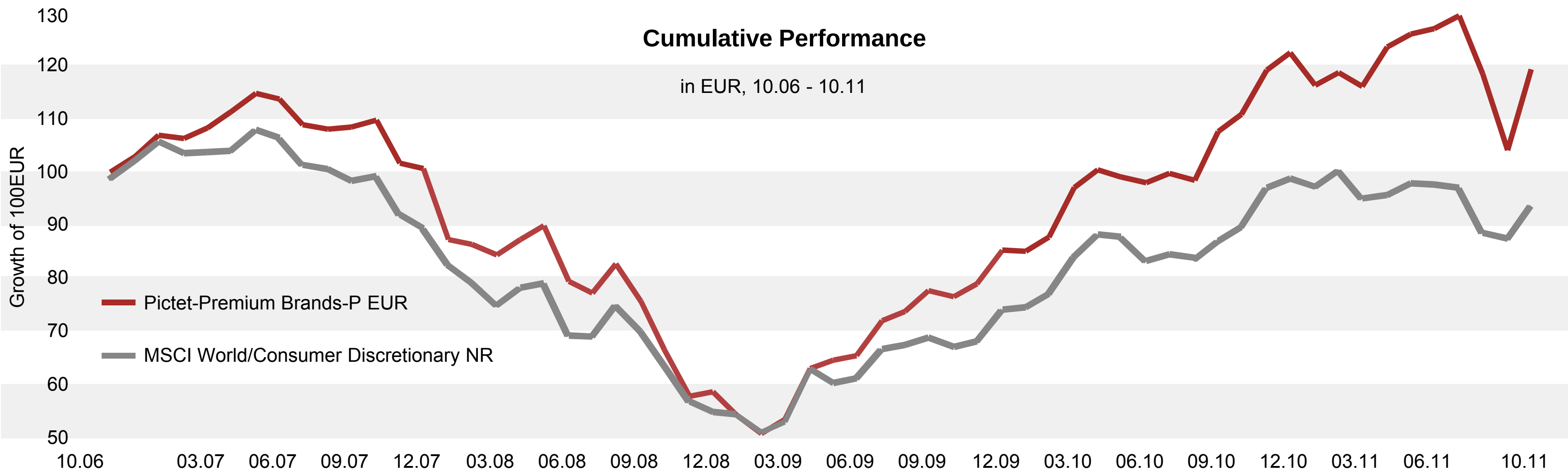
Portfolio performance and characteristics

Review of performance as of November 30, 2011



	YTD	1 month	3 months	6 months	1 year	3 years	5 years	Since inception
Pictet-Premium Brands P EUR	-5.73%	-3.18%	-2.52%	-8.27%	-2.98%	99.62%	15.48%	49.75%
MSCI World Consumer Discretionary	-4.67%	0.45%	5.78%	-3.96%	-3.04%	66.11%	-4.65%	12.09%

The performance disclosed in this document is net of commissions charged to the Fund. The data does not take into account the subscription and redemption fees that can be charged by our intermediaries within the limits set forth in the prospectus of the Fund.
Source: Lipper monthly data, created with MPI Stylus

Our strategy in the current macroeconomic context

Our investment strategy remains the same, focusing on fundamentals with a long-term approach

Since July, we have maintained a healthy cash level. We will continue to do so until markets settle down

We have highlighted the following themes that we think are crucial in the current environment:

1. Strong Brand Equity, appealing to higher income consumers
Given inflationary and employment pressures on middle and low income consumers, we are focused on the resilient higher-end companies that have pricing power such as: LVMH, Hermès, Laurent Perrier, Hengdeli and Tiffany

2. Strong Balance Sheet and cash flow generation
With companies such as Essilor, Swatch, and Nike

3. Compelling valuation Given the high equity market volatility, we reassess regularly the valuation of our companies vs peers and vs their own 10 year-history on P/Es, EV/EBITDAs, FCF yields. We identify new investment opportunities on a selective basis: we bought Tod's, Lindt, Diageo, Asics recently

4. Geographic Diversification with international growth prospects. Emerging markets and in particular Asia (ex Japan) remain a key theme and growth driver for years to come and represent about 40% of our portfolio's exposure. Recent company reports highlight still strong double digit sales growth from Asia in Q3 2011, with notably LVMH growing at 29%, Gucci group at 31% and Burberry at 37%

5. Excellent Earnings and Market Share gains Premium Brands have been in a "beat and raise" mode over the past quarterly reports. We take into account the potential effect from currency movements on earnings and integrate it in our investment process

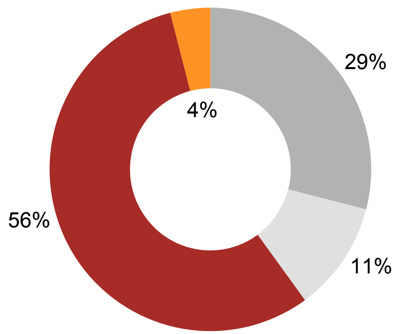
6. Special situation or M&A angle Given the high level of cash of companies, we think the current market sell off could create opportunities for acquirers to take over companies at a discounted valuation

Fund breakdown

Geographic breakdown (by domicile)

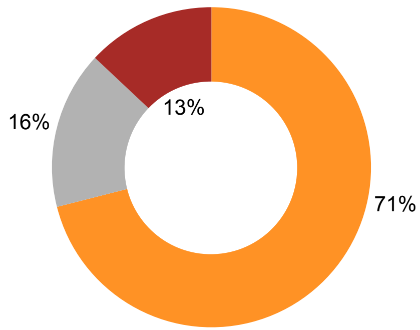
North America
Asia › Indirect and direct exposure to EM: 40%
Europe ›
Cash

France	27%
Switzerland	10%
Britain	9%
Germany	5%
Italy	5%



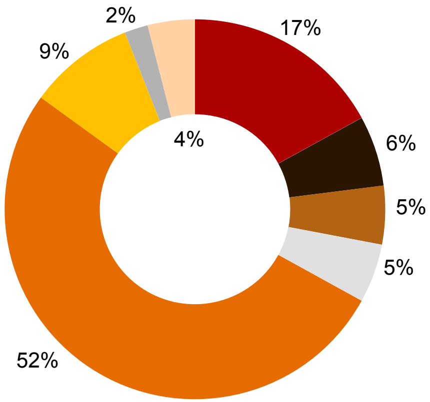
Market cap breakdown

Market Cap > €3.5bn
Market Cap €1-3.5bn
Market Cap < €1bn



Sector breakdown

Food / Drinks
Cosmetics
Heath & Wellness
Sports
Luxury Goods/Apparel
Travel
Vehicles
Cash



Source: Pictet Asset Management
Based on EUR exposure in the fund, as of 30/11/2011

Top 10 holdings

The fund is invested in 42 companies

Company	Domicile	% in fund	Sector	Market cap (EUR bn)	% EM Sales/EBIT	EPS growth FY2/FY1	Op. margin FY 2010	PE FY2
LVMH	FR	5.8%	Luxury Goods	€ 56.9	35%	13	21.1	16.7x
DIAGEO	UK	5.7%	Spirits	€ 38.8	35%	10	28.6	13.8x
TIFFANY & CO.	US	4.6%	Luxury Goods	€ 6.3	25%	12	19.4	16.0x
Pernod Ricard	FR	4.4%	Spirits	€ 18.4	40%	11	25.0	13.8x
RICHEMONT	CH	3.8%	Luxury Goods	€ 21.9	40%	20	20.0	14.1x
NIKE	US	3.7%	Sports	€ 32.7	45%	16	13.1	16.7x
PVH	US	3.5%	Luxury Goods	€ 3.4	20%	14	10.4	11.7x
BURBERRY	UK	3.5%	Luxury Goods	€ 6.1	35%	17	20.1	17.6x
ESTÉE LAUDER	US	3.4%	Cosmetics	€ 15.9	25%	15	13.5	22.7x
ESSILOR	FR	3.3%	Health & Wellness	€ 11.0	20%	11	17.5	19.1x
	TOTAL	41.7%						

Source: Factset, Bloomberg, as of 30/11/2011

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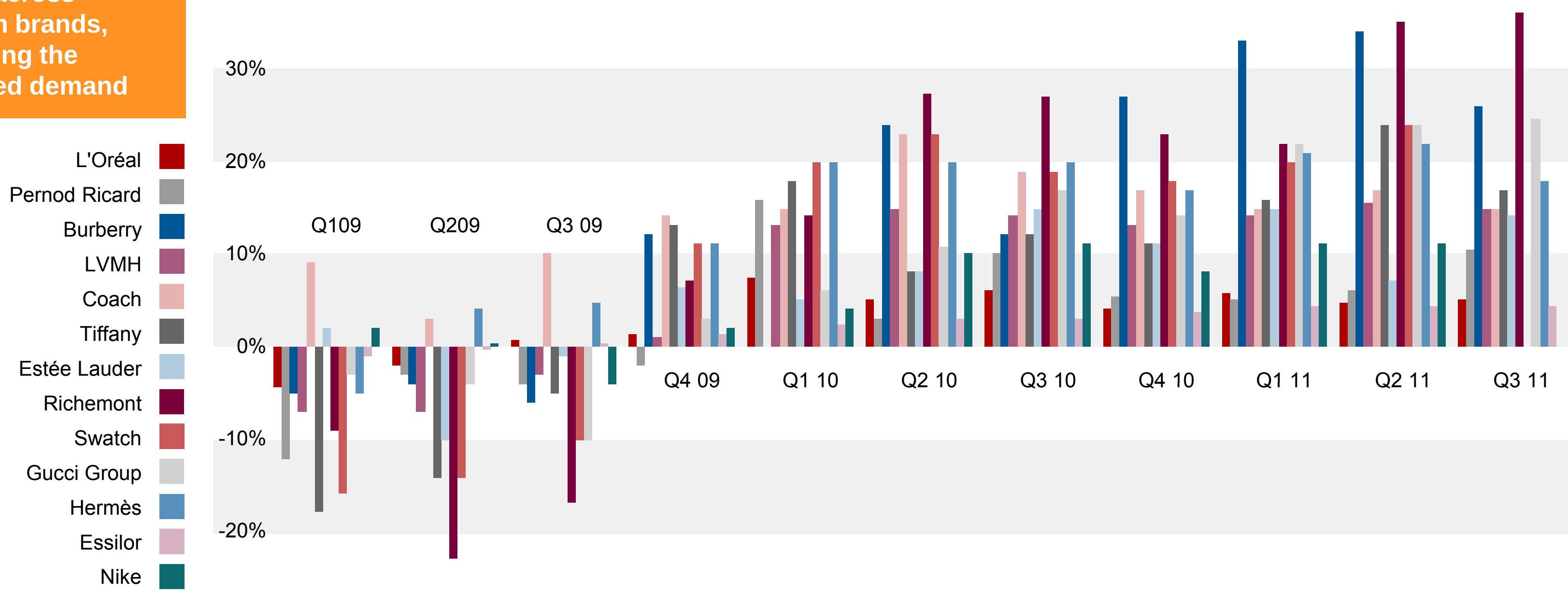
Current strategy and outlook

Outlook – strong earnings momentum

Strong organic sales growth across premium brands, confirming the continued demand

Organic sales growth by quarter



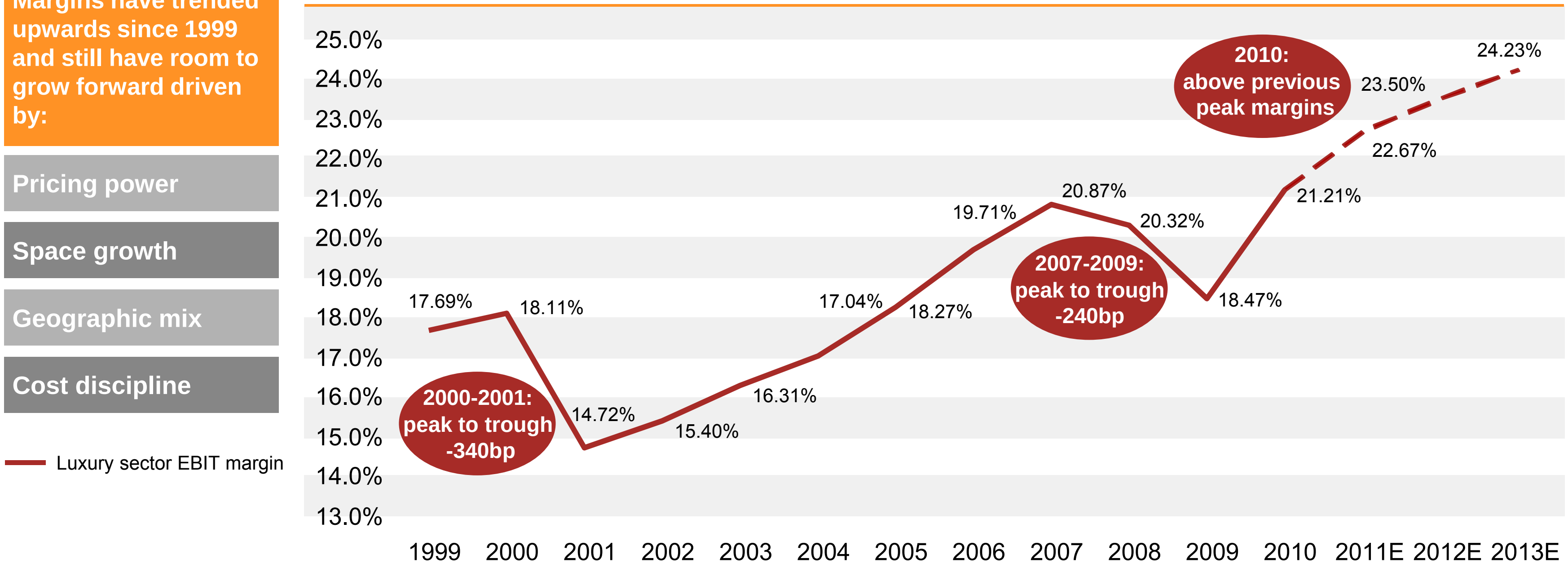
Source: Company Reports Nov 11, Citi Investments Research Analysis. July 2011

Outlook – strong earnings momentum

Margins have trended upwards since 1999 and still have room to grow forward driven by:

- **Pricing power**
- **Space growth**
- **Geographic mix**
- **Cost discipline**

Luxury market margin evolution, 1999-2013E



Source: Company Reports Nov 11, Citi Investments Research Analysis. July 2011

Why we believe the premium brands industry is different than in 2008?

We believe the premium brands companies should not experience the same stock market reaction as in 2008

Market consensus is already assuming very conservative sales and earnings growth for 2012

Emerging markets exposure has increased from c26% in 2008 to c40% in 2011. These are faster growing than developed economies for Premium Brands

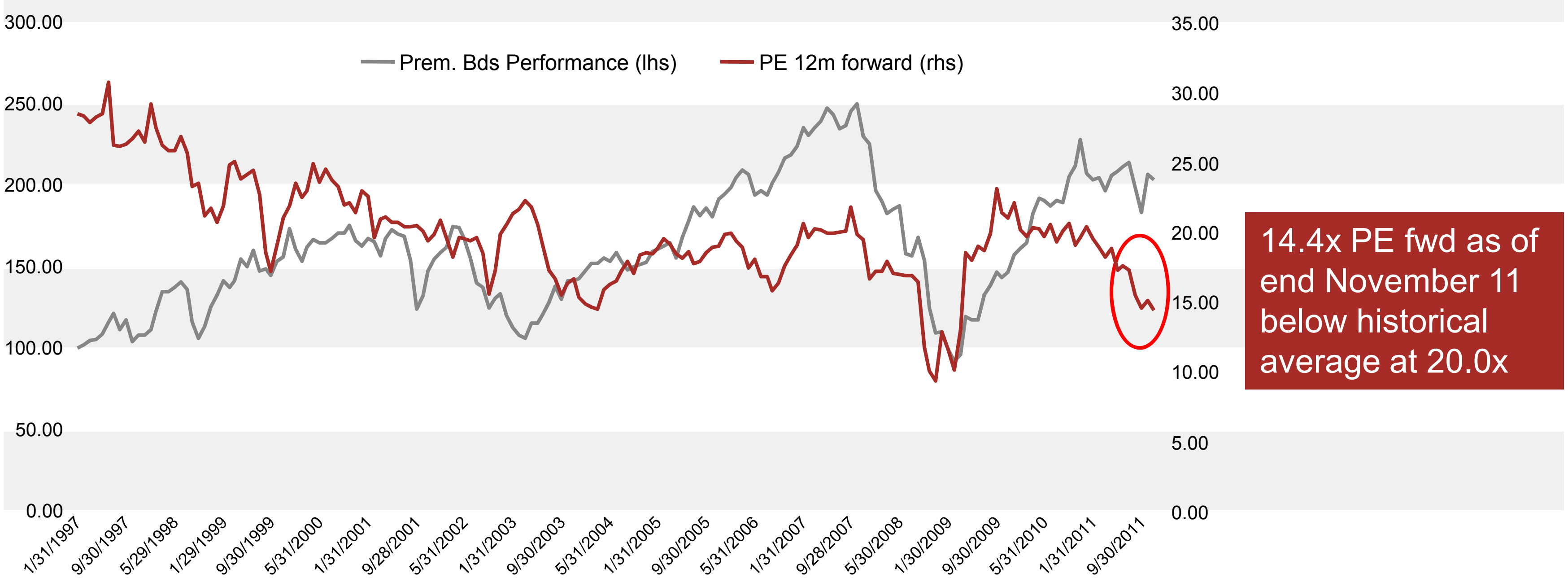
Retail exposure ie directly operated stores proportion as a % of total sales is expected to be c30% in 2012 from 23% in 2008. This enables better control of the distribution in terms of location, pricing, margins and inventories

Our industry contacts believe that the inventories in distribution channels across geographies and across sub-segments of Premium Brands have been rationalised to their lowest levels as a proportion of sales, especially in Champagne and in Sporting shoes, compared to 2008

Premium Brands companies are sitting on record levels of net cash on their balance sheet. They rely less and less on the credit market for funding their growth, hence there is lesser risk than in 2008 that Premium Brands experience earnings disappointment due to interest expense hikes in 2012

Attractive valuation levels

Valuation for premium brands universe



Source: FactSet in EUR, based on our 150 Premium Brands universe, as of 30/11/2011

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Conclusion

Conclusions

Why invest in Premium Brands?

High revenue growth

- Exposure to high-end consumers relatively less impacted in their ability to spend
- Historically, premium brands have benefited from strong demand globally, with exceptional growth from emerging markets

Superior operating margins

- EBIT margins above average consumer goods (21% OPM for luxury sector)
- Profitability helped by relative pricing power, strong reputation

Strong cash flow generation & healthy balance sheets

- Cash flow generation is strong so they do not rely on credit markets to finance their growth such as Lindt and Nike
- Companies such as Hermès, Ralph Lauren or Estée Lauder are net cash positive

Technicals

Name: Pictet-Premium Brands

Currency: EUR

Legal Status:
Sicav part I of Luxembourg Law December 20, 2002

Calculation:
Daily; settlement NAV + 3

Inception:
June 1, 2005

Fund size:
EUR 490m as of November 30, 2011

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

Benchmark:
MSCI World Consumer Discretionary (net div reinvest)

Share Classes:

Class	ISIN	MF(%)	Admin / custody	TER(%)
I EUR	LU0217138485	0.80	0.33	1.13
I dy GBP	LU0448836519	0.80	0.33	1.12
I USD	LU0280433417	0.80	0.33	1.16
P EUR	LU0217139020	1.60	0.33	1.99
P USD	LU0280433847	1.60	0.33	1.99
P dy EUR	LU0217139533	1.60	0.33	1.98
P dy GBP	LU0320647794	1.60	0.33	1.99
R EUR	LU0217138725	2.30	0.33	2.68
R USD	LU0280434068	2.30	0.33	2.67

I-Shares: minimum investment USD 1'000'000; Source: Pictet Funds, 30.11.2011

Biographies – Investment Team

Caroline Reyl
Senior Investment Manager

17 years experience

Responsibilities
Stock selection and portfolio construction

History

Pictet Asset Management	2002 to date
GLG Partners	1997-2002
Lehman Brother	1994-1997

Education
Finance and Economics Degree from the Institut d'Etudes Politiques in Paris
Master's Degree in Finance from Dauphine University

Laurent Belloni
Senior Investment Manager

10 years experience

Responsibilities
Stock selection and portfolio construction

History

Pictet Asset Management	2005 to date
Pictet & Cie	2001-2005

Education
BA degree in Finance from the University of Geneva

Alice de Lamaze, CFA
Investment Manager

10 years experience

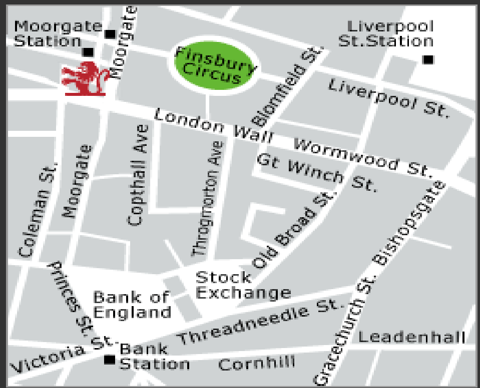
Responsibilities
Stock selection and portfolio construction

History

Pictet Asset Management	2008 to date
MLIM / BlackRock	2001-2008

Education
Specialized Master in Finance and Treasury from Ecole Supérieure de Commerce de Paris
Master's Degree in Finance from Dauphine University

100% consumer background - Buy side analysis and Fund management



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