

Quarterly strategy profile

Sustainable Emerging Debt Blend

December 31, 2023
Marketing material
 For professional investors only

GENERAL INFORMATION

Composite inception:	September 30, 2019
Base currency:	USD
Reference index:	JP MORGAN ESG EMD SOVEREIGN HC/LC BLENDED USD (RID)

PORTFOLIO MANAGERS

	INDUSTRY EXPERIENCE SINCE	FIRM EXPERIENCE SINCE
Robert Simpson	2005	2019
Christopher Preece	2013	2015

INVESTMENT PHILOSOPHY AND APPROACH

We believe that ESG considerations are inefficiently reflected in emerging asset prices. This is a consequence of the market still being at an early stage in its understanding and application of ESG factors and analysis. There is also a lack of consistent and transparent ESG data for many emerging countries.

In our view, having a sustainable lens through which to examine emerging markets' fundamentals helps us to mitigate risk and unearth interesting investment opportunities. We achieve this by using our own ESG data and analysis and engaging smartly with sovereign bond issuers to help drive long-term change.

INVESTMENT PROCESS OVERVIEW

We take an active, diversified and sustainable approach:

- A top-down view of the macro environment enables us to assess conditions for taking risk.
- Understanding the direction of a country's credit quality enables us to establish a bias.
- A dynamic and flexible approach to asset allocation between hard and local currency debt gives us access to the full spectrum of emerging markets debt opportunities.
- Use of an ESG benchmark combined with our own proprietary ESG engagement and analysis allows us to identify issuers with an improving ESG trajectory.
- The right diversification and sizing of active trades helps avoid concentrated risk and significant additional volatility.

BENEFITS OF THE STRATEGY

- Our Sustainable Emerging Debt Blend strategy gives exposure to the world's fastest growing economies, with a long-term sustainability focus.
- It offers a dynamic asset allocation between hard and local currency debt.
- We believe it is an attractive solution for yield seeking investors.
- It shows low correlation with other asset classes.
- It benefits from the know-how of a dedicated team with over 20 years' experience in emerging market debt investing.

¹ Partial period.

Pictet AM Responsible Investment approach: https://documents.am.pictet/?cat=regulatory-permalink&d-ty=RI_POLICY&dla=en&bl=PAM

Source: Pictet Asset Management

COMPOSITE PERFORMANCE

For illustrative purposes

Per period and calendar year, % in USD

	COMPOSITE (NET)	COMPOSITE (GROSS)	REFERENCE INDEX (NET)
QTR	9.68	9.83	8.82
2023	9.78	10.38	12.17
2022	-12.18	-11.58	-15.35
2021	-6.61	-6.01	-5.98
2020	7.70	8.30	4.94
2019 (Oct-Dec) ¹	4.16	4.31	3.56

Annualized, % in USD

	COMPOSITE (NET)	COMPOSITE (GROSS)	REFERENCE INDEX (NET)
1 year	9.78	10.38	12.17
2 years	-1.81	-1.21	-2.56
3 years	-3.44	-2.84	-3.71
5 years	—	—	—
10 years	—	—	—
SI	0.24	0.84	-0.71

The net of fees return in this case reflects the deduction of the management fee of 0.60% per annum (which may be lower than the management fee used to calculate the net-of-fees GIPS Compliant return) and is presented as supplemental information.

IMPORTANT INFORMATION

The published performance represents past data. Past performance is not a guarantee or a reliable indicator of future performance. There is no guarantee that the same yields will be obtained in the future. The value and income of any of your investments may fluctuate with market conditions and may lose some or all its value. The portfolio may be affected by changes in currency exchange rates, which can have an adverse effect on the value or income of the portfolio.

QTR = Quarter; YTD = Year to Date;
 SI = Since inception

Source: Pictet Asset Management

REPRESENTATIVE PORTFOLIO INFORMATION²

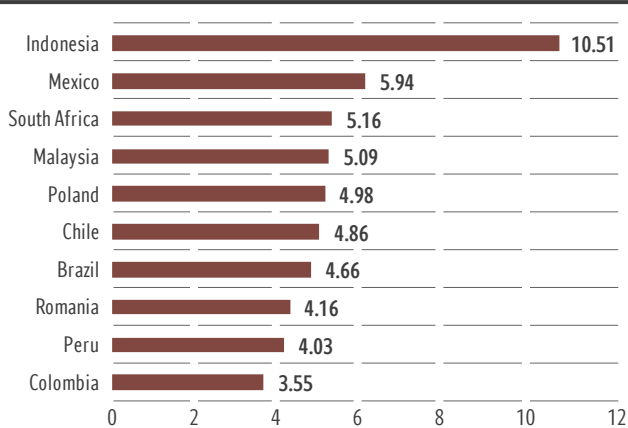
Statistics since inception³

Annualized volatility (%)	12.68
Information ratio	0.65
Sharpe ratio	-0.09
Max. drawdown (%)	-24.47
Turnover (p.a. %) ⁴	9.89

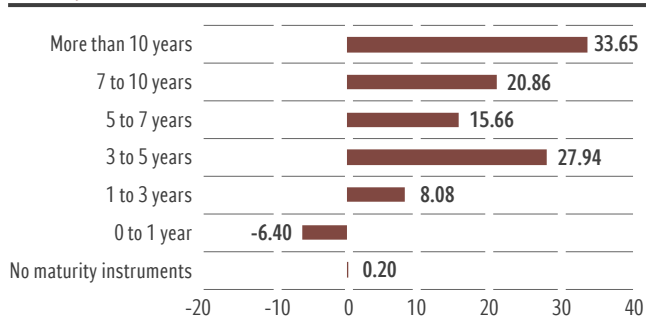
Statistics as at quarter end

Weighted avg. modified duration (years)	6.77
Yield to maturity (%)	6.62
Average coupon (%)	5.46
Average credit rating	Baa3/BBB-
Hard/local currency weightings (%)	50/50

Top 10 country exposure (MV% of assets)



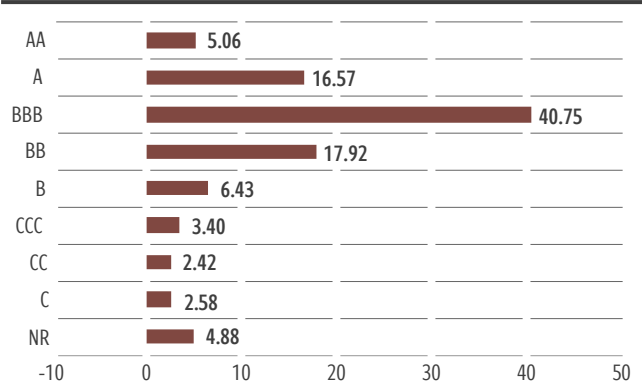
Maturity breakdown (MV% of assets)



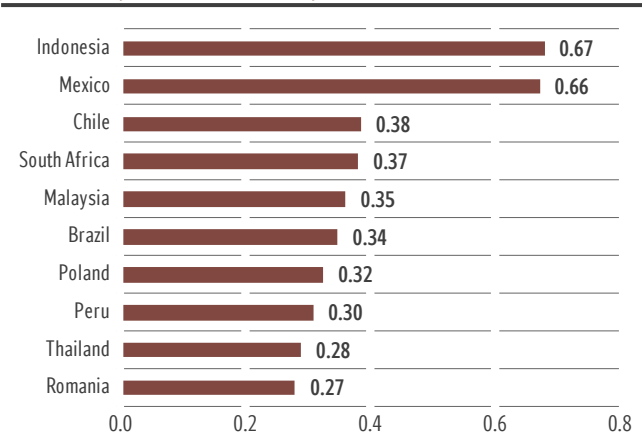
Top 10 issuers (MV% of assets)⁵

ISSUER	COUNTRY	%
Indonesia	Republic Of Indonesia	9.95
South Africa	Republic Of South Africa	5.96
Mexico	United Mexican States	5.34
Poland	Republic Of Poland	4.89
Brazil	Federative Republic Of Brazil	4.58
Malaysia	Federation Of Malaysia	4.37
Romania	Romania	4.16
Peru	Republic Of Peru	4.03
Chile	Republic Of Chile	3.78
Colombia	Republic Of Colombia	3.55

Quality ratings breakdown (MV% of assets)



Active country duration allocation (years)⁶



² Portfolio information refers to a portfolio that is representative of the strategy presented in this document and included in the composite used in the Composite Performance section.

³ Inception date for the representative portfolio is September 16, 2019.

⁴ Turnover: Please note that the above turnover figure represents the 5Y average of 1Y rolling Cashflow-Adjusted Turnover, which is calculated monthly as $[(\text{Purchases} + \text{Sales} - (\text{Absolute value of Net Cashflow}))/2]/\text{Average Market Value}$.

⁵ The mentioned financial instruments are provided for illustrative purposes only and shall not be considered as a direct offering, investment recommendation or investment advice. Reference to a specific security is not a recommendation to buy or sell that security.

⁶ Countries excluded if less than 0.05 Weighted Modified Duration in absolute terms. Maximum of top 10 active country allocations only for the purpose of this document.

Effective allocations are subject to change and may have changed since the reporting date.

MV = Market value

Source: Pictet Asset Management

Risk considerations

The portfolio may be exposed to the following risks which may negatively impact its performance:

- Financial Derivatives risk: the leverage resulting from derivatives amplifies losses in certain market conditions.
- Liquidity risk: markets with low volumes result in difficulties valuing and/or trading some assets.
- Counterparty risk: losses occur when a counterparty does not honour its obligations related to contracts such as over-the-counter derivatives.
- Credit risk: sudden losses may occur when issuers of debt securities default on their payment obligations.
- Investments in emerging markets are generally more sensitive to risk events, such as changes in the economic, political, fiscal and legal environment, as well as fraud.
- Investments in Mainland China may be subject to capital restrictions and trading quotas (e.g. QFII and RQFII regimes). The portfolio may encounter difficulties or delays in enforcing its rights in the event of disputes.
- Sukuk investments may lead to losses because of the lack of uniform regulatory standards and weak legal frameworks for settling disputes and defaults, among other risks.
- Operational risk: losses resulting from human errors, system failures, incorrect valuation and safekeeping of assets.
- 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.

COMPOSITE DISCLOSURE

For illustrative purposes only

Composite: Emerging Debt 'Sustainable Blend' Consolidated
 Benchmark: 100%JP MORGAN ESG EMD SOVEREIGN HC/LC BLENDED USD (RID)
 Currency: USD
 Returns as of: December 31, 2023
 Inception date: September 30, 2019
 Creation date: November 30, 2019

PERIOD	COMPOSITE RETURN (NET %) ⁷	COMPOSITE RETURN (GROSS %)	BENCHMARK RETURN (%)	COMPOSITE 3YR STANDARD DEVIATION (GROSS % P.A.) ⁸	BENCHMARK 3YR STANDARD DEVIATION (GROSS % P.A.) ⁸	NUMBER OF PORTFOLIOS ⁹	COMPOSITE ASSETS (USD M) ⁹	COMPOSITE DISPERSION (%)	TOTAL FIRM ASSETS (USD M) ⁹
2023	10.22	10.38	12.17	11.24	10.98	1	61	–	259,262
2022	-12.61	-11.58	-15.35	12.57	12.58	1	75	–	235,637
2021	-6.27	-6.01	-5.98	–	–	1	99	–	283,101
2020	8.00	8.30	4.94	–	–	1	90	–	251,670
2019 (Oct - Dec) ¹⁰	4.26	4.31	3.56	–	–	1	52	–	206,994

7 The net-of-fees returns are not "swing factor" adjusted and are based on the capital-weighted aggregation of the different portfolios included in this composite. As a consequence, they don't reflect the real net-of-fees return of any given portfolio.

8 Ex-post standard deviation; not presented if less than 36 months returns are available.

9 As of end of period.

10 Partial period.

Past performance is not a guarantee or a reliable indicator of future performance.

Source: Pictet Asset Management

Disclosures

Composite description

The composite encompasses actively managed portfolios invested in a blend of local and hard currency emerging market bonds. The investment manager considers ESG factors a core element of its strategy by adopting a tilted approach which seeks to increase the weight of securities with low sustainability risks and/or to decrease the weight of securities with high sustainability risks, subject to good governance practices. Activities that adversely affect society or the environment are also avoided. Voting rights are methodically exercised and there may be engagement with companies to positively influence ESG practices. For further information, please refer to our exclusion framework in the Responsible Investment policy, SFDR product category Article 8. The composite is measured against the 100%JP MORGAN ESG EMD SOVEREIGN HC/LC BLENDED USD (RID) benchmark.

Compliance with GIPS, verification and inception date

Pictet AM claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Pictet AM has been independently verified by PricewaterhouseCoopers for the periods from December 31, 1990 to December 31, 2022. The verification report(s) is/are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firmwide basis. Verification does not provide assurance on the accuracy of any specific performance report.



Definition of the firm and investment discretion

For the purpose of complying with GIPS, the Firm is defined as Pictet Asset Management (Pictet AM) and comprises all assets managed in Switzerland by Pictet Asset Management S.A. (including its branches), in the United Kingdom by Pictet Asset Management Limited (including its branches), in Italy by Pictet Asset Management Ltd Succursale Italiana, in Hong Kong by Pictet Asset Management (Hong Kong) Limited, in Japan by Pictet Asset Management (Japan) Ltd and in Singapore by Pictet Asset Management (Singapore) Pte Ltd.

Portfolios must have a minimum size of 10,000,000 US Dollar in order to be included in the composite. Portfolios are excluded from the composite if their market value falls below 7,000,000.

Calculation of return of the portfolio, composite and benchmark

Segregated portfolios returns are calculated gross of fees; i.e. after deduction of transaction fees (brokerage, stamp duties, etc.), but before deduction of management fees, and custody charges. Pictet AM bundled all-in fees may include management fees, Pictet's handling fees, as well as Pictet's custody charges. In some rare cases, correspondent fees are also included. Since January 01, 2006, the transaction cost portion of the Pictet AM all-in fees is treated on a net basis. Reclaimed withholding taxes are taken into account at the time of their payment. Income of all funds are accounted for net of withholding tax. However, since 1996 Swiss Equity and Swiss Bond composites are calculated gross of withholding tax. Returns of Swiss Balanced composites are calculated net of withholding tax prior to December 31, 2001 and gross of withholding tax from January 01, 2002. Fixed Income securities are accounted for on an accrual basis and dividends as well from July 01, 2010.

The monthly composite performance is calculated by weighing the performance of each individual portfolio by its respective value within the composite at the beginning of the month. These monthly returns are geometrically linked to generate returns for time periods longer than one month. All transactions are taken into consideration on their trade date.

The benchmark is rebalanced on a monthly basis using the weighted average returns of the benchmarks of all of the portfolios included in the composite. The components that constitute the portfolio-weighted custom benchmark, including the weights that each component represents, are available for prior periods upon request.

Use of derivative instruments

Portfolios within the composite are not leveraged. However, derivatives may be used for tactical reasons.

Calculation of risk measures

Composite dispersion is calculated as the equal-weighted standard deviation of the portfolio returns within the composite if there have been more than 4 portfolios in the composite during the entire reporting period. The threeyear ex-post standard deviation of the composite and the benchmark is not presented if less than 36 months returns are available. The Sharpe ratio measures the excess return on a risk free investment for a consented risk. In the case of the Sharpe ratio, the risk is calculated from the volatility. The Tracking Error indicates how closely a portfolio follows the index to which it is benchmarked. The Information Ratio measures risk relative to benchmark. The Beta defines the sensitivity of the portfolio to market movements. The presented risk measures are using the same return type than the performance numbers presented in this report.

The risk-free rate used to calculate the additional risk measures is the Treasury Bill \$ 3M ESD.

Other information

A detailed description of the Emerging Debt investment approach and a full list of all Pictet AM's composites descriptions is available on request.

Additional information regarding policies for calculating and reporting returns, valuing portfolios and preparing compliant presentations are available upon request.



For more information
Pictet Asset Management
assetmanagement.pictet

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The companies listed were selected from the universe of companies covered by the portfolio managers to assist the reader in better understanding the themes presented. Top 10 holdings do not represent the full portfolio. There is no guarantee that these securities will be held in the future, and you should not assume that investment in the securities listed was or will be profitable.

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