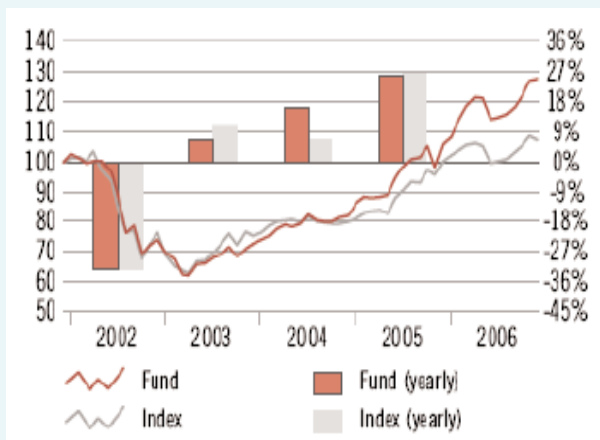




RESOURCEFUL: PICTET WATER FUND



Focus: almost 70% of the portfolio is allocated to the water sector, in particular to those players that have a presence in global water infrastructure and in companies that build, operate and maintain the same.

Strengths: pioneer in the field; high level of expertise

Weaknesses: exhibits a high correlation to stock markets

Opportunities: International water stocks continue to be re-rated as investors' perception of risk in these activities is very limited. Dynamics of the international water market remain intact. Demographics, industrialisation, regulation and environmental protection will magnify growth prospects in the water sector.

Threats: as a third of the portfolio is allocated in USD - currency risk and sensitivity to US economic growth forecast related issues could have a bearing on performance.

Risk Assessment

□ = low □ = low/moderate □ = moderate □ = moderate to high □ = high

- | | | | |
|--|-----------|---|-----------|
| • Rate the asset risk | □ □ □ □ □ | • Allocations in "unregulated market" water securities | □ □ □ □ □ |
| • Liquidity of the underlying asset | □ □ □ □ □ | • Avg. annual cost of "protection" as a proportion of avg. annual returns | □ □ □ □ □ |
| • Currency risk | □ □ □ □ □ | • Leverage related risk | none |
| • Ability to detect "true" value of the underlying asset | □ □ □ □ □ | • Competitor related risks | □ □ □ □ □ |
| • Ability to exploit underlying stock volatility | □ □ □ □ □ | • Key Man risk | □ □ □ □ □ |

Performance Parameters

■ = insufficient ■ = adequate ■ = satisfactory ■ = good ■ = outstanding

- | | | | |
|--|-------------|--|-----------|
| • Based on the fund's track record: | | • Since inception, consistency in delivering targeted annual returns | ■ ■ ■ □ □ |
| Ability to deliver targeted returns in a bear market | ■ □ □ □ □ | • Diversification benefit of including fund: | |
| Ability to deliver targeted returns in a bull market | ■ ■ ■ ■ ■ | In a conservative portfolio | ■ ■ □ □ □ |
| Ability to deliver targeted returns in a sideways market | ■ ■ ■ □ □ | In a balanced portfolio | ■ ■ □ □ □ |
| • Avg. annual correlation to: | | In an aggressive portfolio | ■ ■ ■ □ □ |
| Equities as an asset class | high | | |
| Bonds as an asset class | moderate | | |
| Hedge funds as an asset class | low to zero | | |

Outlook

↑ upside potential ↗ upside to range bound ↔ range bound ↘ range bound to down ↓ downside potential

- | | | | |
|--|---|--|---|
| • Fund's outlook on investing in the global water sector | ↑ | • Barriers to entry | Expertise on the global water sector required |
| • Peer group perception of investing in the space | ↑ | • Do investments in water display cyclical behaviour | We are in the midst of a "clean water" scarcity cycle |
| • Fund's ability to deliver targeted annual returns: | | • Conditions for the fund to out perform | Relative out performance of stock markets, strong USD, increased M&A activity within the water sector, tightening regulatory/legal enforcements |
| over the next 1 year | ↗ | • Max. capacity of the fund (AuM) | Can comfortably manage EUR 4 bn |
| over the next 3-5 years | ↗ | | |

Investment Insights

- | | | | |
|-----------------------|---------------------------------|-----------------------------------|--|
| • Target audience | private investors, institutions | • Recommended avg. holding period | 5 yrs |
| • Level of complexity | low | • The fund is registered in | AT, BE, CH, CL, DE, ES, FI, FR, GB, IT, LI, LU, NL, PT, SE, SG |
| • Fund offers | sector diversification | • Transparency provide | moderate/high |
| • Fund currencies | base EUR; others=USD,CHF | • Rating: | S&P 5 stars |
| • Tax breaks | none | • Risk/reward compensation: | moderate |
| • Liquidity provided | moderate | | |