

PICTET ASSET MANAGEMENT

Pictet TR-Mandarin : Chine, quand l'investisseur se réveille

April 2025

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1. Strategy and team overview	4
2. Performance update	7
3. Outlook and positioning	11
4. Appendix	23

1.

Strategy and team overview

Pictet TR-Mandarin at a glance

A UCITS-compliant long/short equity strategy focusing on companies in Greater China

Positions	Number of positions	70-120
	Instruments	Single stocks, CFDs, Indices, Options, Futures
Sizing	Average long	1-4%
	Average short	1-3%
Exposure	Long	40-130%
	Short	20-70%
	Gross	60-200%
	Net	20-80%

Excluding extreme market conditions - These figures represent anticipated normal market conditions and not limits. These investment guidelines are internal guidelines which are subject to changes at any time and without any notice. For complete investment rules and limits, please refer to the fund's prospectus.

Strategy

- Seeks to benefit from **structural winners** and **losers** created by China's transition towards a consumption-driven, higher value-added, more diversified economy
- Focus on **liquid** stocks
- Deep **fundamental** analysis
- High **conviction** portfolio of 70-120 names

Investment objective

- Capture China's growth while mitigating downside risk

Focused team with local expertise

- Lead investment manager with ~30 years' investment experience
- Corporate access and long-standing relationships with companies
- Supported by the infrastructure of a global asset manager

Focused team supported by global resources

TEAM	COVERAGE
Lan Wang Simond	• Macro • Financials • Materials • TMT
Kevin Duan	• EV & Supply chain • Industrials • Logistics • Renewables
Olivia Zhu	• Consumer • Internet • Healthcare



Exchange of information with
firm-wide investment resources

Global Sector Research Platform & Specialist investment teams

>260 portfolio managers and analysts

Macroeconomics and Strategy

11 economists and strategists



Global infrastructure

Centralised trading

17 traders in Hong Kong and London

Investment Risk & Performance

33 risk & performance professionals including
dedicated risk manager

Operations and Compliance

>275 IT, operations, compliance and legal
professionals

Client Relations

>170 Sales & client relationship managers



Dedicated client portfolio manager

Nataliya Taleva, Senior client portfolio manager

Source: Pictet Asset Management, global resources as of 31.07.2023.



Long/Short Equity – China/Greater China
Best Performing Fund over 2, 3, 4 and 7 Year Periods
 Pictet TR - Mandarin
(Pictet)



Long/Short Equity – China/Greater China
Best Performing Fund over 2, 3, 4 and 5 Year Periods
 Pictet TR – Mandarin
(Pictet)



Long Short Equity - Asia
Best Performing Fund over 2, 3, 4, 5 and 7 Year Periods
 Pictet TR – Mandarin
(Pictet)



Equity Long/Short Asia
Best Performing Fund over 4, 5 and 7 Years
 Pictet TR – Mandarin
(Pictet)

2.

Performance update

Pictet TR-Mandarin I-USD – Portfolio Performance as of 31.03.2025 (Net)

At a glance

Inception	1 October 2010
End of Month NAV	222.91
Fund Assets	USD 535m
Team Assets	USD 1,193m
Beta ex post (relative to MSCI Golden Dragon)	0.4

Cumulative return net of fees since inception (1 October 2010)



Performance and risk statistics*

	MTD	YTD	1 YR	3YR	5YR	ANN. RETURN SINCE INCEPTION	ANN. VOLATILITY SINCE INCEPTION
Pictet TR-Mandarin – I USD	2.5	6.1	15.9	6.8	5.6	5.7	9.4
MSCI Golden Dragon	-3.0	3.6	25.2	3.0	5.5	5.0	19.3

* 3YR and 5YR returns are annualised.

MSCI Golden Dragon is a reference index, used for risk monitoring and performance measurement.

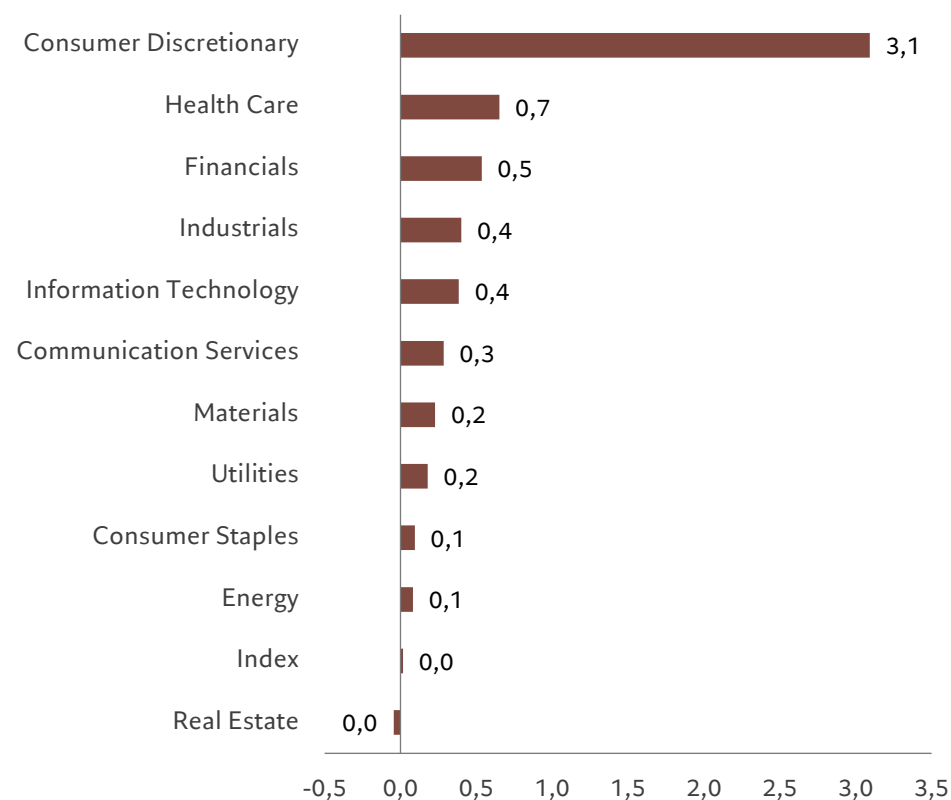
Past performance is not a guarantee or a reliable indicator of future performance.

Performance data does not include the commissions and fees charged at the time of subscribing for or redeeming shares.

Source: Pictet Asset Management. Performance as of 31.03.2025 for the Pictet-TR Mandarin I-USD share class, net of fees.

Q1 2025 Performance contribution (gross of fees)

Contribution by sector (in %, gross of fees USD)



Source: Pictet Asset Management, Q1 2025

Note: Performance contributions gross of fees, in USD; excludes cash and cash equivalents

Past performance is not a reliable guide to future performance. The value of investments and the income from them may fluctuate and investors may not get back the full amount invested.

- Pictet TR-Mandarin gained 6.1% (I USD, net of fees) in the first quarter, outperforming Greater China equities, which finished the quarter at 3.6% (MSCI Golden Dragon (net in USD)).

What worked?

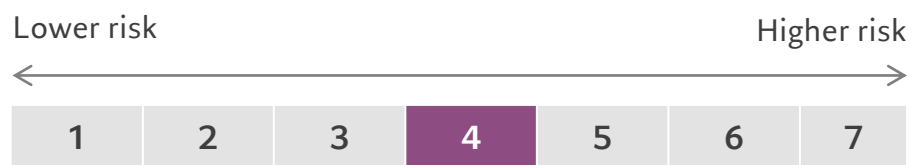
- Both longs and shorts added to returns in Q1
- On the long side, Consumer Discretionary took the lead, helped by:
 - a recovery in Alibaba
 - autonomous driving initiatives for BYD
 - idiosyncratic consumption plays (Laopu Gold, Pop Mart etc)
- Healthcare was also boosted by a focus on innovation in the sector.
- On the short side, Information Technology drove returns, driven by semi equipment players.

What did not work?

- Luxury shorts (now closed) and select auto hedging counterparts offsetting some of the gains in Consumer Discretionary.

Summary Risk Indicator (SRI)

Risk indicator for the I-USD share class



The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.

The risk indicator assumes you keep the product for 5 years. The actual risk can vary significantly if you cash in at an early stage and you may get back less.

This product may be exposed to further risks that are not included in the Summary Risk Indicator, for example:

- **Currency risk:** where your reference currency differs from the currency of the share class, you will receive payments in a different currency, so the final return you will get depends on the exchange rate between the reference currency and your local currency.
- **Financial derivatives risk:** the leverage resulting from derivatives amplifies losses in certain market conditions.
- **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.

This product does not include any protection from future market performance so you could lose some or all your investment.

All forms of investment involve risk. The value of investments and the income derived from them is not guaranteed and it can fall as well as rise and you may not get back the original amount invested.

Further information can be found in the prospectus.

The risk profile is given on a scale from 1 to 7, with 1 being the lowest risk and 7 the highest risk. The Summary Risk Indicator (SRI) is defined by the PRIIPs regulation and is designed to show the relative risk of a product, using a combination of market and credit risk measures.

This slide is intended for all investors excepted UK investors.

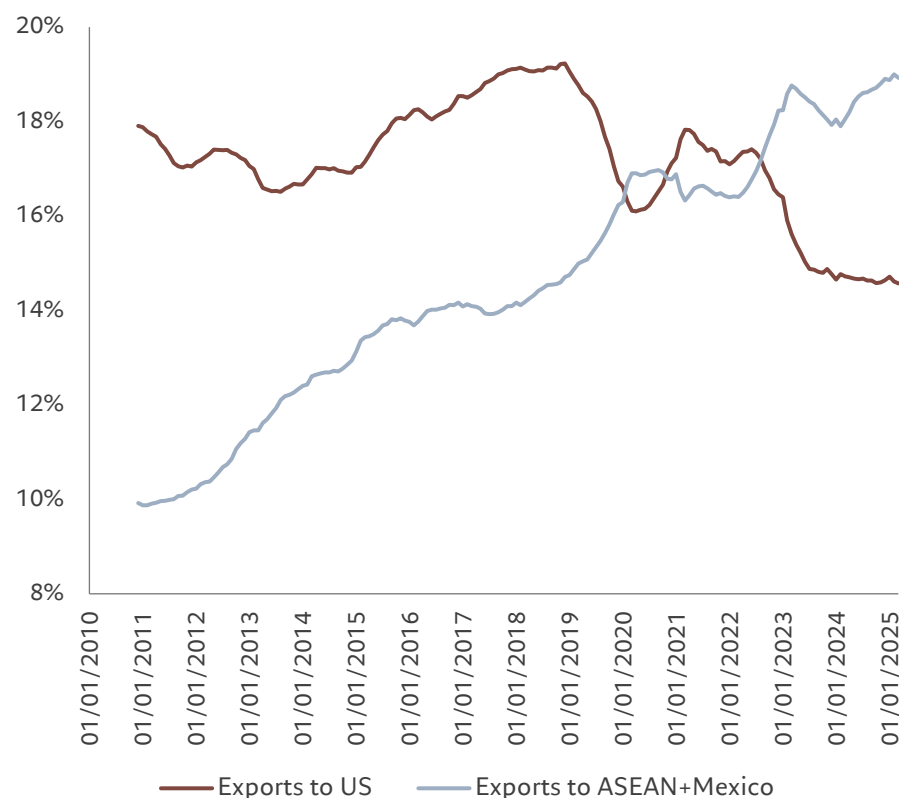
Source: Pictet Asset Management.

3.

Outlook and positioning

The US-China relationship is top of mind for equity markets going forward

China exports by destination (12 month moving average, as % of total China exports)



Source: Pictet Asset Management, Bloomberg, as of 31.03.2025

- The US-China relationship has already been a source of volatility this year with successive tariffs imposed on China starting with 10% in February. Pre-April, China retaliation had been limited (select US agricultural goods). Other uncertainty was driven by the America First Investment Policy Presidential Memorandum raising question marks on financial investment in China and standards applicable to Chinese ADRs.
- Heading into the 2nd April announcement, consensus expected that China is better prepared than in 2018 to weather tariffs given the diversification of its supply chains since then. In this context, the broad-based announcement of US tariffs, including a higher-than-expected tariff on China but also on a large number of other trading partners, was worse than expected.
- There is limited visibility on forward-looking growth scenarios until we have clarity on trade policy. We are focused on the ongoing tariff announcements from the US and China and any actions from other bilateral trading partners (e.g. Europe).
- Scenarios for the global economic growth backdrop have widened given ongoing policy uncertainty.

Domestically, potential for additional government support

Potential for accelerated support

- The deterioration in the US-China trade relationship is likely to accelerate domestic stimulus in China, which could include further monetary easing, an acceleration of fiscal package measures, stimulating domestic demand.
- Post 125% tariff announcement China policymaker meeting discussing housing, consumer spending, technological innovation

NPC takeaways (March 2025)

- ~5% GDP growth target for 2025
- 4% fiscal deficit target, in line with consensus, but up from 3% historically, indicating willingness for fiscal support
- Focus on consumption as a source of growth in addition to investment. Detailed policies still needed.
- increased focus on tech innovation, highlighting AI applications and intelligent terminals (NEVs, AI-enabled phones and PCs, humanoids)

Source: Pictet Asset Management, Morgan Stanley, April 2025

Shift in support for the private sector

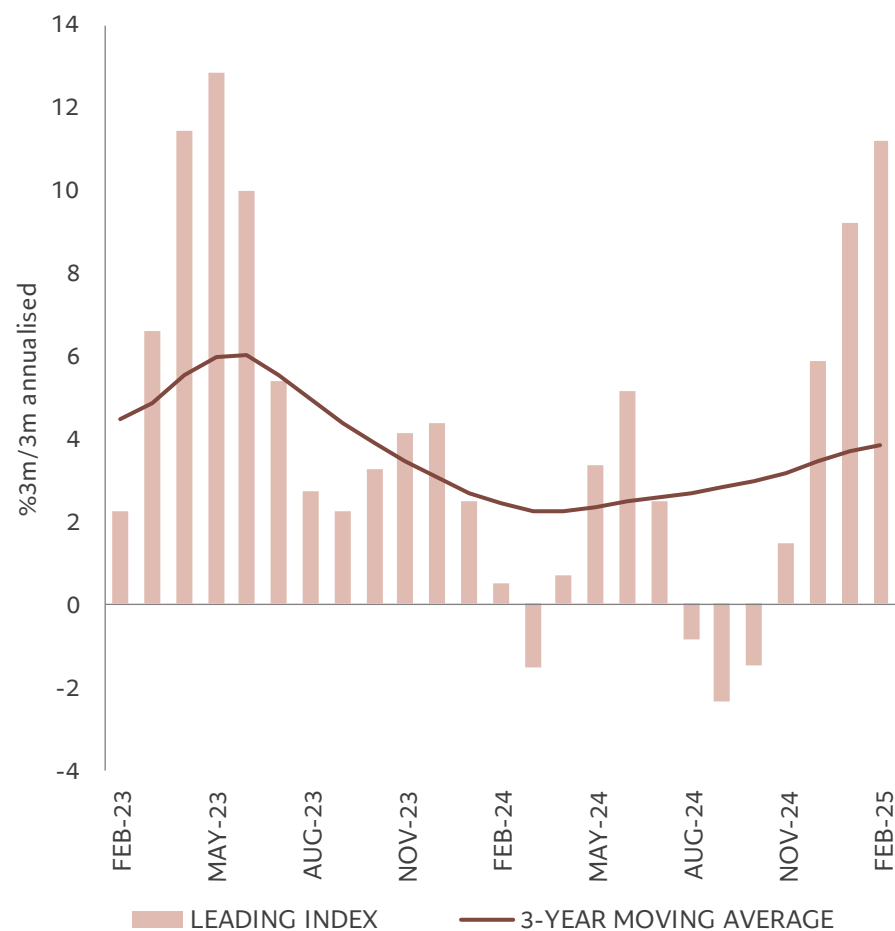


High Level symposium with private sector entrepreneurs in February attended by President Xi showing support for industries such as tech, advanced manufacturing, EVs etc

Source: SCMP, Feb 2025

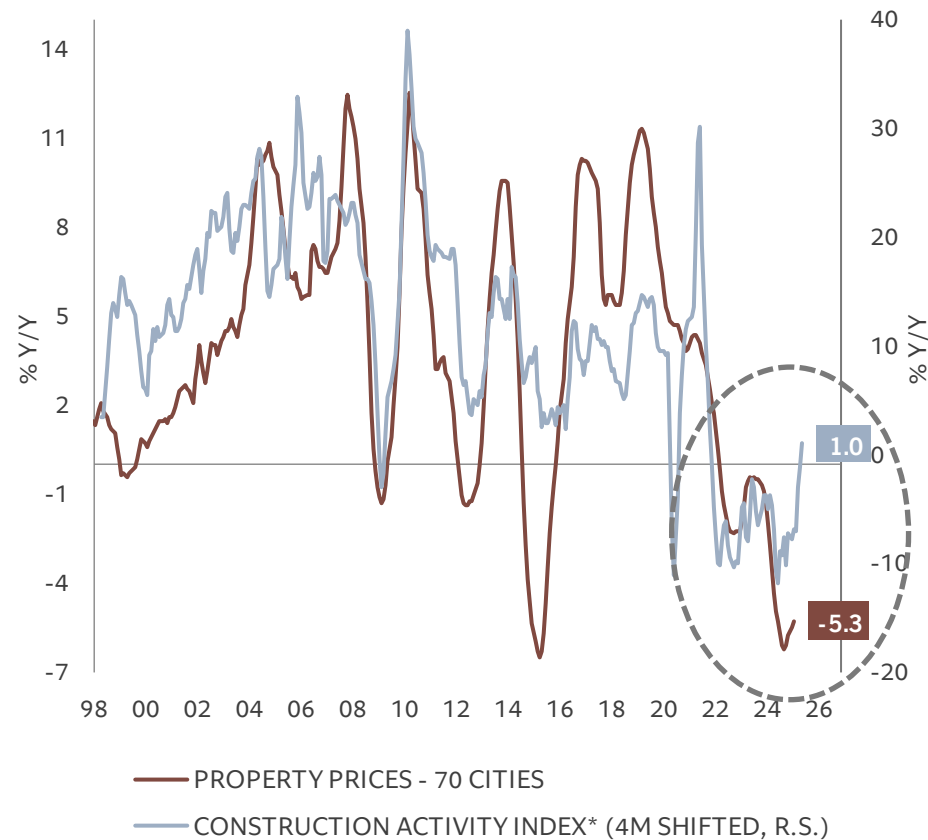
Macro stabilisation year to date

China leading indicator (%3m/3m ann.)



Source: Pictet Asset Management, CEIC, Refinitiv, March 2025

China home prices & construction activity (%Y/Y)

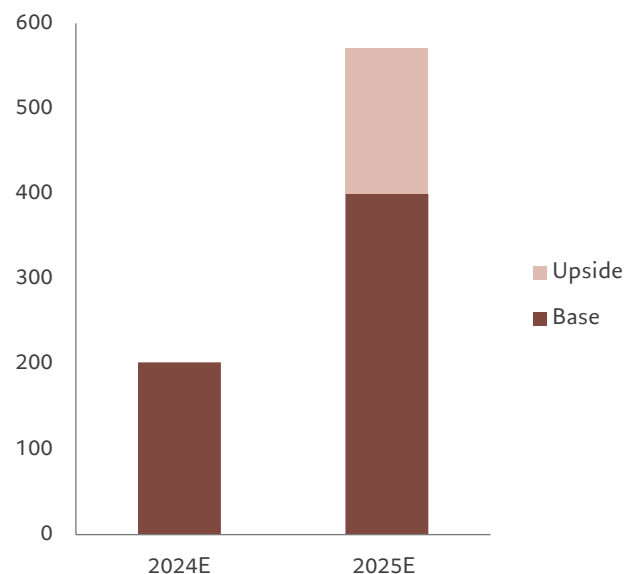


* 10 indicators: Floor space under construction - commodity building; Floor space started - commodity building; Floor space under construction - residential; Pig iron production; Steel production; Cement production Real estate loans; Commodity building sold; Real estate investment; Building sold

Source: Pictet Asset Management, CEIC, Refinitiv, March 2025

Innovation driven opportunity set

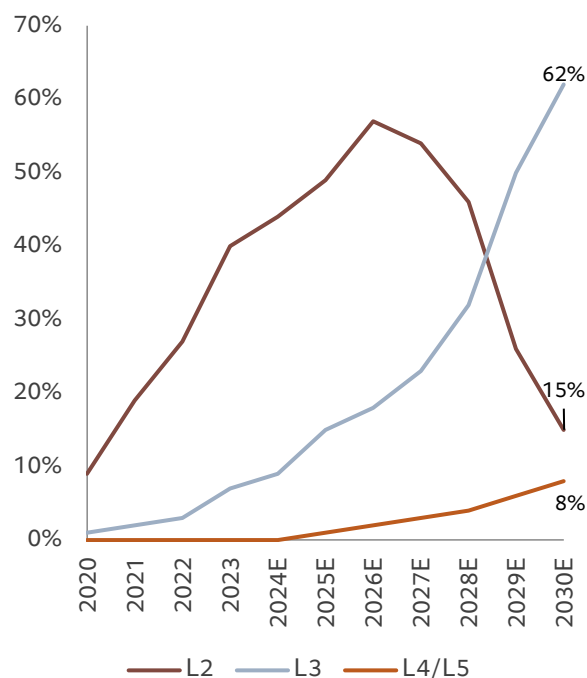
AI Capex from main internet providers



AI enthusiasm driving 2-3x increase in AI capex investment from Chinese internet companies

Source: Pictet Asset Management estimates, Morgan Stanley, company data, March 2025

Autonomous driving

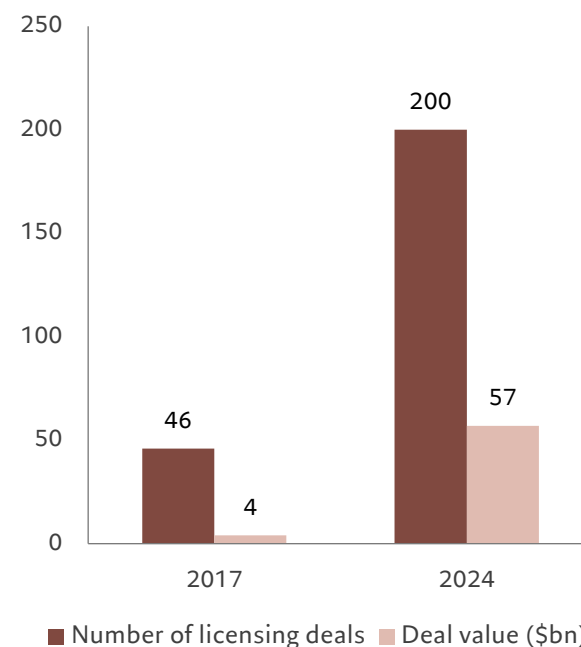


Autonomous driving expected to reach 85% penetration rate in China by 2030E across L2-L5.

Source: Bank of America Global Research, February 2025; The Society of Automotive Engineers defines the levels of driving autonomy as: L0 – No driving Automation; L1 – Driver Assistance; L2 – Partial Driving Automation; L3 – Conditional Driving Automation; L4 – High Driving Automation; L5 – Full Driving Automation



Biotech innovation

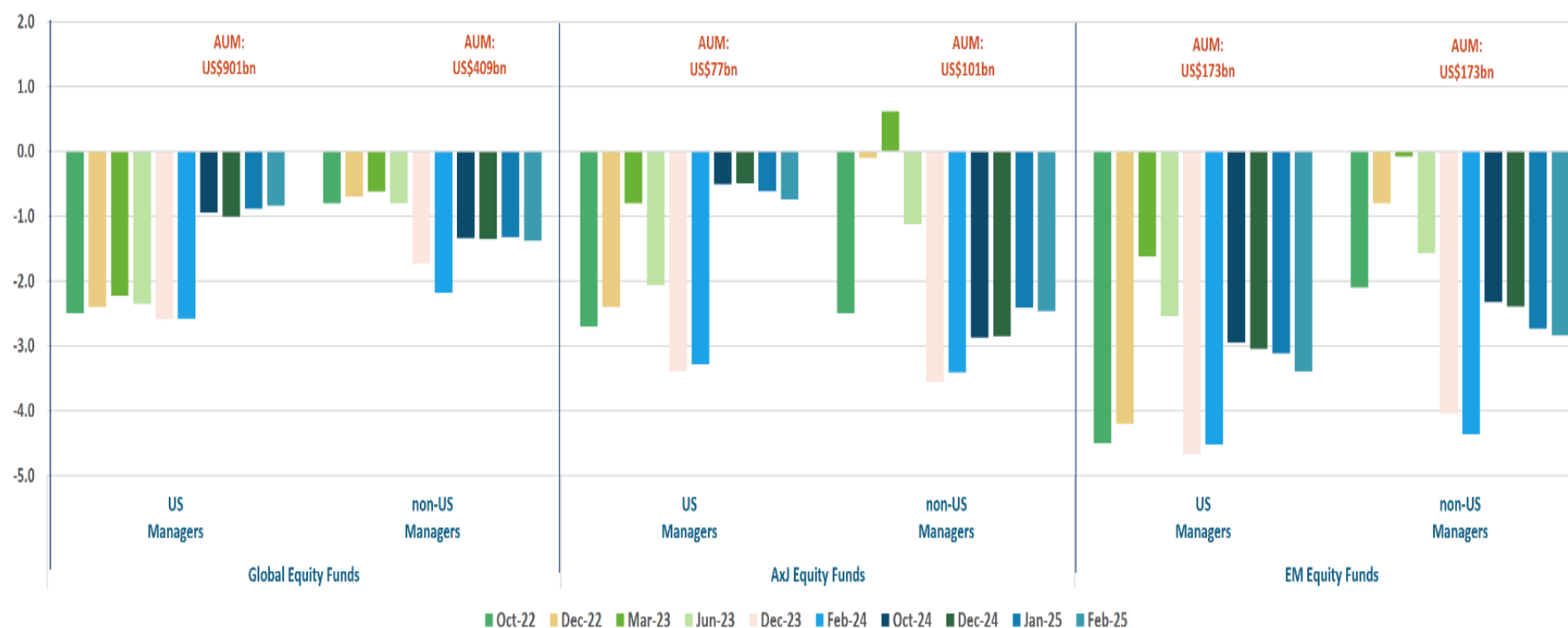


Licensing deals for drugs by Chinese biotech companies increasing 5x since 2017 by numbers and ~15x by value

Source: HSBC Qianhai Securities, CNN, March 2025

Underweight positioning by global funds

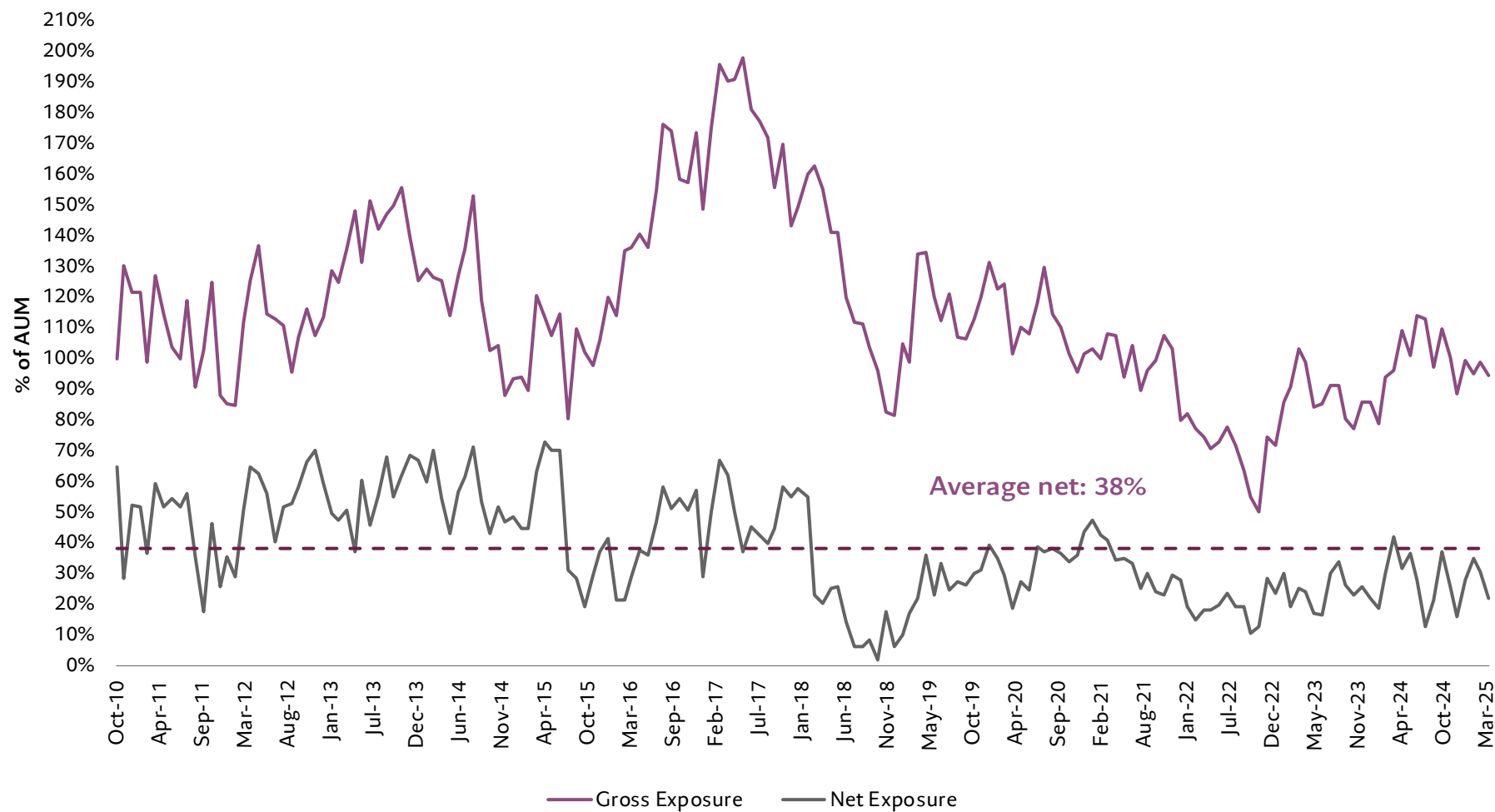
Active weights of China/HK equities by regional fund category and manager domicile



Source: FactSet, MorningStar, EPFR, Morgan Stanley Research; data as of February 28, 2025. Notes: fund universe of each category is formed by the largest 30 active mutual funds under MorningStar regional category. Funds under "non-US Managers" are mostly domiciled in Europe. We exclude ESG funds, income funds, and systematic funds. All the covered funds are benchmarking to either MSCI or FTSE standard regional indices of All Country World, Asia ex Japan, or Emerging Markets

Exposure evolution

Pictet TR-Mandarin monthly exposures since inception (1 October 2010)



Source: Pictet Asset Management, performance as of 31.03.2025.

Portfolio exposures

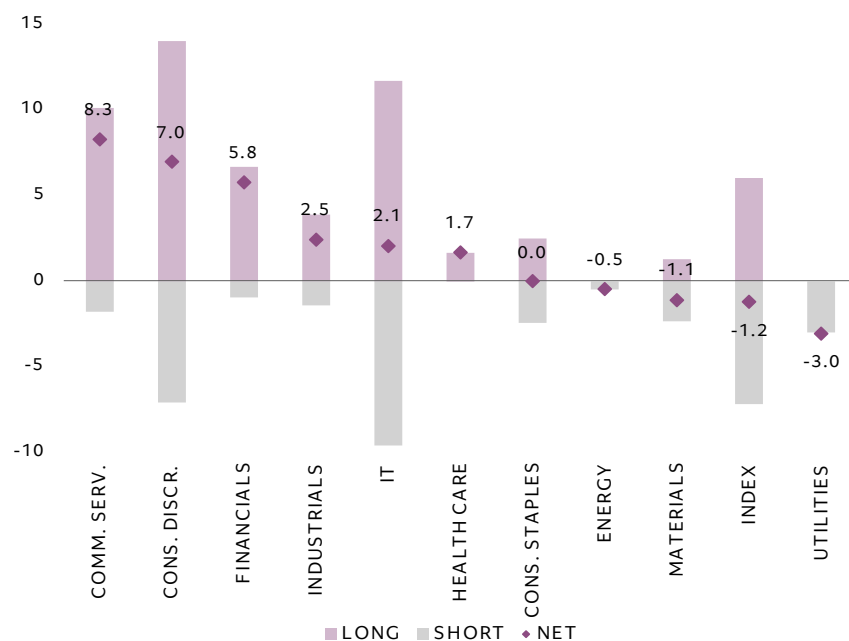
At a glance

Gross exposure	94.6
Net exposure	21.7
Long exposure	58.1
Short exposure	-36.4

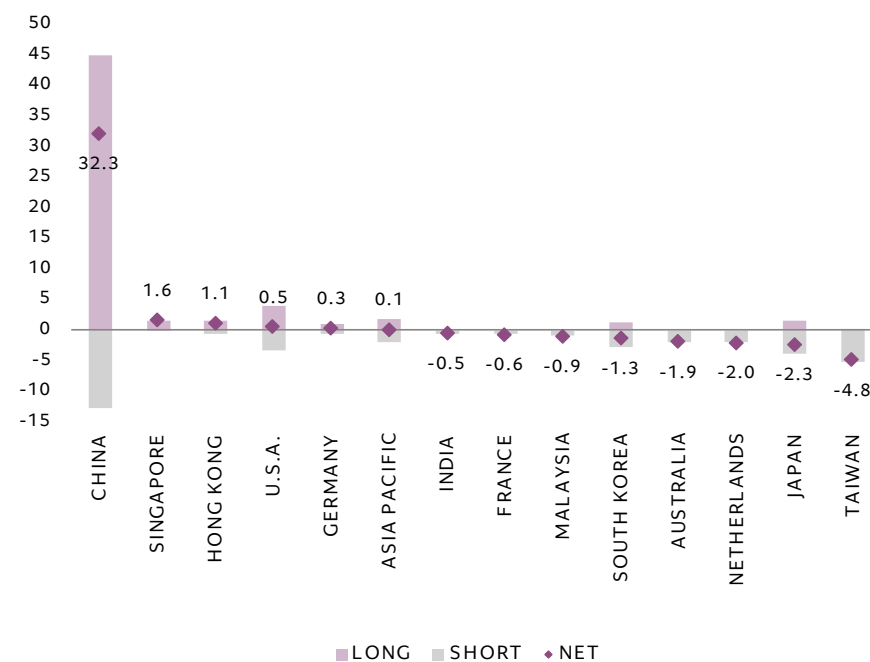
Top 5 long positions in %

Tencent Holdings Ltd	8.6
Cambricon Technologies Corp Ltd	2.8
Alibaba Group Holding Ltd	2.3
Ping An Insurance Group Co of China Ltd	2.3
Xiaomi Corp	2.0

Sector breakdown (in %)



Geographical breakdown (in %)



Note: All exposures are delta-adjusted. Effective allocations are subject to change and may have changed since the date.

Source: Pictet Asset Management, performance as of 31.03.2025.

Market Cap & liquidity analysis

Market cap analysis

%	LONG	SHORT
Less than USD 1 bn	0.7	0.0
USD 1 bn to USD 5 bn	3.4	-0.4
USD 5 bn to USD 15 bn	10.6	-4.9
More than USD 15 bn	43.4	-31.2
Total	58.1	-36.4

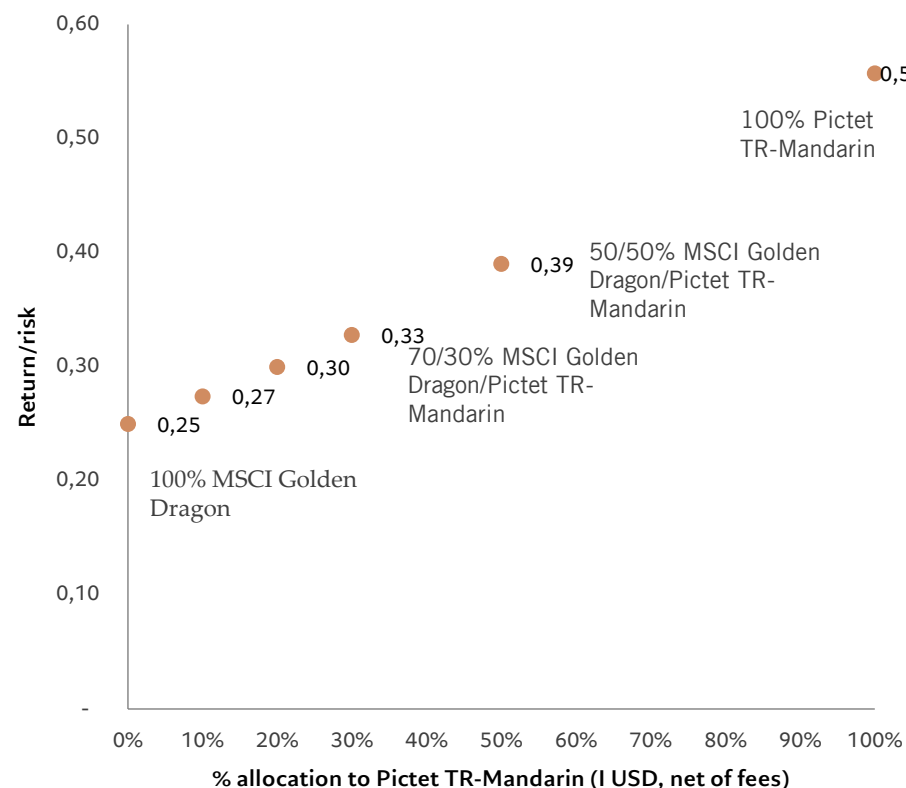
Days to liquidate¹

%	LONG	SHORT
Less than 1 day	97.1	94.6
1 to 5 days	2.1	5.4
More than 5 days	0.8	0.0
Total¹	100.0	100.0

¹ Portfolio liquidity is calculated using LiquidityMetrics and is based on transaction costs, trading horizon and quantity traded.
Source: Pictet Asset Management, performance as of 31.03.2025.

Risk/reward improvement and diversification potential of a long/short approach

Return/risk improvement of a Greater China allocation



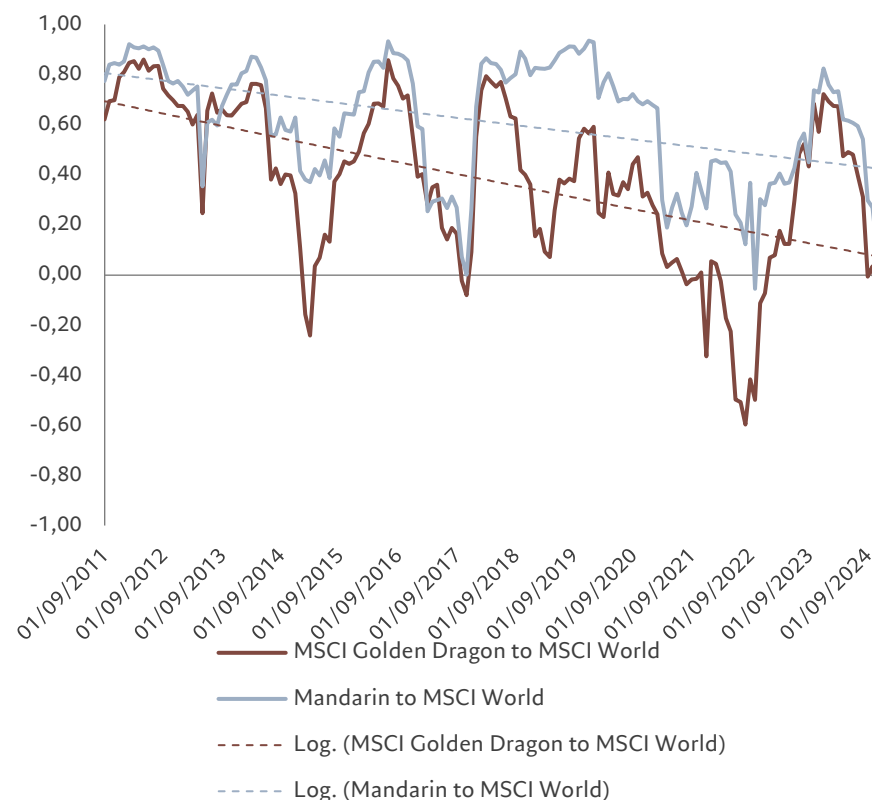
Note: All performance data shown net of fees for the Pictet TR-Mandarin I USD share class, since inception on 1 October 2010; MSCI Emerging Markets (net in USD) and MSCI Golden Dragon (net in USD) used for illustrative purposes only.

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Source: Pictet Asset Management, Bloomberg, as at 28.02.2025

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1-year rolling correlations to developed equities



Source: Pictet Asset Management, Bloomberg, as at 28.02.2025, based on Pictet TR-Mandarin (I USD net of fees); MSCI Golden Dragon (net return in USD) and MSCI World (net return in USD) used for illustrative purposes only.

Why Mandarin

Experience and local access	Long-term opportunity	Investment approach	Risk management	Pictet resources
...experienced investment team with local expertise. Lead manager with 30 years of industry experience, managing the strategy since inception	As China transitions its economy, a long/short approach offers flexibility to benefit from the winners and losers of structural change	Strategy uses deep fundamental research and has a long-term proven track record in mitigating downside risk since inception	...active gross and net exposure management for better upside/downside capture ratio	...established infrastructure and deep corporate access allows the team to focus on investing and enhances research resources

Pictet TR-Mandarin – Fund Terms

Management Company	Pictet Asset Management (Europe) S.A.
Compartment Name	Pictet TR Mandarin
Launch date	01 October 2010
Reference currency	USD
Legal status	Compartment of a Luxembourg SICAV - Part I - UCITS compliant
Investment policy and portfolio assets	The Fund mainly invests in equities of companies that are domiciled, or do most of their business, in Asia and, especially, in Hong Kong, Mainland China or Taiwan. The Fund can invest across any sector and currency. Money market instruments and deposits may represent a significant component of the assets; however, much of its actual performance is likely to derive from exposures created through derivatives and structured products.
Custodian/Administrator	BNP Paribas, Luxembourg
Trade date (T)	Daily
Cut-off	T-1 at 5.00pm CET
Settlement date	T+3
Performance fee	20% of the outperformance against the Index* since the last performance fee payment.
Hurdle rate	The overnight rate of the currency of the share class (E.g.,: Secured Overnight Financing Rate (SOFR) (for USD share classes). From 01/10/2010 to 31/12/2021, LIBOR USD (for USD share classes).
Investment horizon	The fund may not be appropriate for investors who plan to withdraw their money within 5 years.
Reference Index	MSCI Golden Dragon (USD). Used for risk monitoring and performance measurement****. Active fund not managed in reference to any benchmark.
SFDR Classification	Article 6 - Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on Sustainability-related disclosures in the financial services sector (SFDR).

CLASS	ISIN	ONGOING COSTS***	ENTRY & EXIT COSTS**
I USD ¹	LU0496443457	1.47%	USD 0
I EUR ¹	LU0592589740	1.47%	EUR 0
HI CHF ¹	LU0496443960	1.52%	CHF 0
HI JPY ¹	LU1022372699	1.51%	JPY 0
HI EUR ¹	LU0496443705	1.52%	EUR 0
P USD	LU0496443531	1.97%	USD 0

¹ Minimum initial investment: USD 1,000,000 converted to EUR/CHF/JPY as at relevant valuation day.

Hedged share classes available on demand in GBP.

* Index: Secured Overnight Financing Rate (SOFR); crystallization frequency is yearly; with absolute and relative High Water Mark principle (past losses have to be recovered, with no losses reset).

** We do not charge an entry or exit fee, however the person selling you the product may charge you up to a maximum of 5% for entry fee, and up to 1% as an exit fee and up to 2% as a conversion fee. The costs 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 costs may increase or decrease as a result of currency fluctuations. Fees in favour of the Distributor and not the Management Company. Actual rates may be less. You can find the actual amount you might pay out from your financial advisor or fund distributor.

Please refer to the fund's prospectus for full details.

Ongoing charges are based over 12 months of expenses ending the 31 December of the previous year. They are annually updated but may be adjusted more frequently. They mainly include management fees and other administrative and operating costs. Performance fees and portfolio transaction costs are excluded except in the case of an entry/exit charge paid by the Compartment when buying or selling units/shares in another collective investment undertaking. Estimate of future charges is used for funds younger than 12 months. * The strategy is not constrained by SOFR 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 multi-strategy market neutral indexes are equally appropriate.

Source: Pictet Asset Management, as of 31st of December 2024.

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Pictet Asset Management
For further information, please visit our website am.pictet.com

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The latest version of the fund's prospectus, Pre-Contractual Disclosure (PCD) when applicable, Key Information Document (KID), annual and semi-annual reports must be read before investing. They are available free of charge in English on pictet.com/assetmanagement or in paper copy at the management company of the fund or at the office of the fund local agent, distributor or centralizing agent if any.

The KID is also available in the local language of each country where the compartment is registered.

The prospectus, the PCD when applicable and the annual and semi-annual reports may also be available in other languages, please refer to the website for other available languages. Only the latest version of these documents may be relied upon as the basis for investment decisions.

The management company is Pictet Asset Management (Europe) S.A., a company authorized and regulated by the Luxembourg regulator "Commission de Surveillance du Secteur Financier", and domiciled at 6B, rue du Fort Niedergruenewald, L-2226 Luxembourg.

For Luxembourg domiciled funds, the summary of investor rights (in English and in the different languages of the website) is available here and at pictet.com/assetmanagement under the heading "Resources", at the bottom of the page.

The list of countries where the fund is registered can be obtained at all times from the management company, which may decide to terminate the arrangements made for the marketing of the fund or compartments

of the fund in any given country.

Any investment guidelines presented are internal guidelines which are subject to change at any time and without any notice within the limits of the fund's prospectus or Private Placement Memorandum.

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.

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.

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