

PICTET
Société d'Investissement à Capital Variable (SICAV; open-ended investment company)
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This document is important and requires your immediate attention. If you are in any doubt about the content of this document, you should seek independent professional financial advice.

Notice to shareholders of the Pictet-Absolute Return Global Diversified subfund (the "Subfund")
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Luxembourg, 29 December, 2011

Dear Sir or Madam,

Introduction of performance fee

We are writing to inform you that the board of directors of Pictet (the "Company") has decided to introduce a performance fee for all shares in the Subfund, with the exception of "Z" shares. Such performance fee may have negative impact on your investment.

The performance fee is introduced to align the pricing structure of the Subfund to the industry standard for absolute return products, that usually provide for a fee based on the assets and a fee based on the performance. The Board of Directors believes that this set-up is in the best interest of shareholders since the manager only earns a performance fee if the Subfund's portfolio generates a positive performance calculated in accordance with the formula set out below.

The performance fee will be calculated as described below and such change will be effective as of 2nd April 2012. At this date, we will start computing the performance fee and it will be accrued in the net asset value (NAV) of the Subfund on daily basis.

The manager will receive a performance fee accrued on each valuation day and paid annually within 30 days after the end of the business year of the Company, based on the NAV equivalent to 20% of the NAV performance per share (measured against the High Water Mark) vis à-vis the Euro Over Night Index Average ("EONIA") rate +2% per annum from the time when the previous performance fee payment was made.

EONIA is the benchmark index used by the manager to achieve the investment strategy of the Subfund as disclosed in the Luxembourg prospectus. EONIA has been chosen as the benchmark of the Subfund to reflect the characteristic of the expected return which is to achieve a performance above the deposit rate. The Subfund is positioned as a riskier alternative to cash. The most appropriate comparative index is therefore EONIA.

Where the Subfund's performance exceeds the hurdle rate and the High Water Mark, the performance fee (F) is calculated as follows:

$$F = \begin{cases} \text{If } [(B / E - 1) - X] > 0 \\ [(B / E - 1) - X] * E * C * A \end{cases}$$

$$\text{The new High Water Mark}^* = \begin{cases} \text{If } (B/E - 1) - X > 0; D \\ \text{If } (B/E - 1) - X < / = 0; E \text{ (no new High Water Mark)} \end{cases}$$

Based on:

A = Number of outstanding shares

B = NAV/share before the performance fee

C = Rate of the performance fee (20%)

D = NAV/share after the performance fee (being a new E for next performance calculation period)

E = High Water Mark*

F = Performance fee

X = Minimum return based on EONIA + 2% p.a. accumulated at each valuation date since the last payment of a performance fee i.e. the level of performance the Subfund should achieve at a minimum before a performance fee could be charged ("hurdle rate")

* The initial High Water Mark is defined as the NAV calculated on 30 March 2012 while the new High Water Mark will be the last recorded historical net asset value per share for which a performance fee was paid. The new High Water Mark will not be reset to a level lower than the previously recorded High Water Marks.

Below are the illustrative examples for performance fee calculation mechanism:

	Year 1	Year 2	Year 3	Year 4	Year 5
A (No. of shares outstanding) =	10	15	22	28	30
B (NAV/share before the performance fee) =	104	107	105	109	108
C (Performance fee rate) =	20%	20%	20%	20%	20%
E (High Water Mark) =	105	105	106.684	106.684	108.63
X (hurdle rate)=	0.30%	0.40%	0.35%	0.45%	0.5%
Performance Fee (Yes/No)	No	Yes	No	Yes	No

Year 1: $[(B / E - 1) - X] = -0.013$, i.e. ≤ 0 : $F = 0$ (No performance fee is payable, High Water Mark for the next performance period will remain as E i.e. 105 as provided in the above example.)

Year 2: $[(B / E - 1) - X] = 0.015$, i.e. > 0 : $F = 4.74$ (Performance fee is payable, the new High Water Mark (i.e. D in the formula) for the next performance fee calculation period will become 106.684 (i.e. $107 - 4.74/15$). E will thus become 106.684 for next performance fee calculation period.)

Year 3: $[(B / E - 1) - X] = -0.0193$, i.e. ≤ 0 : $F = 0$ (No performance fee is payable, High Water Mark for the next performance period will remain as 106.684)

Year 4: $[(B / E - 1) - X] = 0.0172$, i.e. > 0 : $F = 10.28$ (Performance fee is payable, the new High Water Mark for the next performance fee calculation period will become 108.63 (i.e. $109 - 10.28/28$). E will thus become 108.63 for next performance fee calculation period.)

Year 5: $[(B / E - 1) - X] = -0.0108$, i.e. ≤ 0 : $F = 0$ (No performance fee is payable, High Water Mark for the next performance period will remain as 108.63)

Please note that the above examples are provided to explain the performance fee calculation mechanism. They are for illustrative purpose only and are not indicative of the actual return likely to be achieved.

The performance fee as described above could increase the total expense ratio of the Subfund in case there is an outperformance compared to the hurdle rate mentioned above and therefore, affect the capital gain of the existing investors.

The method of calculating the performance fee applied (daily accrual) may give rise to the risk that a shareholder redeeming shares may still incur a performance fee in respect of shares, even though a loss in investment capital has been suffered by the redeeming shareholder.

On each Dealing Day, the accounting provision made on the immediately preceding Dealing Day is adjusted to reflect the Subfund's performance, positive or negative, calculated as described above. If the NAV per share on any given Dealing Day is lower than the hurdle rate or the High Water Mark, the account provision made as at such Dealing Day is reversed for the benefit of the Subfund. The accounting provision may, however, never be negative.

Since the performance fee is calculated in accordance with the High Water Mark principle, if the NAV per share at redemption is below High Water Mark, the performance fee is not charged against an investor whose NAV per share at subscription is lower than the NAV per share at redemption. On the contrary, if the NAV per share at redemption is higher than the High Water Mark and the hurdle rate, notwithstanding the investors whose subscription price per share is higher than the NAV per share at redemption, they may still need to bear the performance fees as reflected in the redemption price. The price at which shareholders subscribe or redeem shares at different time during a performance period will be affected by the performance of the Subfund and its level of subscription and redemptions, which could have a positive or negative effect on the performance fee borne by them. In other words, there is a risk that you may bear a performance fee, notwithstanding the fact that you do not benefit from the positive performance of the Subfund.

The details of the performance fee will be included in the next Pictet prospectus which will be available upon request at the Company's registered office.

As a result of these amendments, you may request redemption of your shares (with the exception of "Z" shares), free from any charges, up to 29 March 2011.

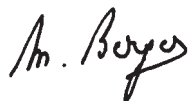
The revised Hong Kong offering documents will be uploaded to our website (www.pictetfunds.hk) and will be available free of charge on request from the Hong Kong Representative in due course.

If you have any questions or require any further information regarding the contents of this notice, please contact the Hong Kong Representative whose business address is at 39/F, Edinburgh Tower, the Landmark, 15 Queen's Road Central, Hong Kong (telephone: +852 3191 1880; facsimile: +852 3191 1899).

The directors of the Fund accept responsibility for the accuracy of the contents of this notice.

We thank you in advance for taking due note of the above.

On behalf of the Board of Directors



Michèle Berger
Director



Pascal Chauvaux
Director