

LATIN AMERICAN LOCAL DEBT PRESENTS ATTRACTIVE OPPORTUNITIES



A growing asset class offering high yield and currency exposure

December 2011

Summary

- Strengthening fundamentals with better growth prospects
- Asset class that is growing in size and liquidity compared to the USD denominated debt
- Yield differentials coupled with potential currency appreciation

Improving fundamentals supported by strong economic growth

Latin American economy has experienced strong growth over the years, driven by higher domestic consumption and commodity exports. The region's low debt-to-GDP ratio (Brazil 54.8%, Mexico 34.0% vs advanced economy 100.7%) combined with the growing FX reserves have better positioned Latin American countries for further growth.

An under-owned yet fast growing asset class

The increasing AUM in domestic pension funds has been the main driver of Latin American local currency debt. However, the recent increasing participation from foreign pension funds and mutual funds have also contributed to the development of the asset class as global investors continue to search for yield.

Two return engines — bonds and FX offer attractive opportunities

Higher yields in the Latin American local debt markets (i.e. 11.5% Brazilian overnight rate) vs the 0.25%-1.5% overnight interest rate in the US and Europe, coupled with potential returns from currency appreciation provide an attractive alternative to traditional fixed-income investing.

We are likely to see further rate cuts in some emerging countries as we enter a phase of slower growth globally, along with the easing inflation in the region.

TWO ENGINES OF RETURN – RATE & FX



Source: JP Morgan GBI-EM Global Latin America Index as of 31 October 2011.

Latin American local debt characteristics

	Index weight	Market cap (bn USD)	Average bond size (bn USD)	Average duration	Average yield	S&P credit rating
Brazil	58.4%	238.6	18.3	2.55	11.59%	BBB+
Mexico	34.0%	132.9	7.0	5.63	6.16%	A-

Source: JP Morgan GBI-EM Global Index as of 31 August 2011.

PICTET-LATIN AMERICAN LOCAL CURRENCY DEBT

Important Note

- Pictet-Latin American Local Currency Debt (the "Fund") seeks revenue and capital growth by investing a minimum of two-thirds of its total assets or wealth in a diversified portfolio of bonds and other debt securities linked to local Latin American emerging countries.
- The Fund may invest up to 1/4 of its assets in structured products (such as bonds or other transferable securities whose returns are linked to the performance of an index, asset backed securities and mortgage-backed securities). Specifically, investments in asset-backed securities and mortgage-backed securities can be made up to only 20% of the total net assets of the Fund.
- The Fund may also invest in financial derivative instruments (such as credit derivative instruments on indexes) to meet its investment objective.
- Investment in the above investment products may involve higher degree of credit/counterparty, market and liquidity risks and may result in higher degree of volatility and substantial loss.
- Investors should note that investment in bonds and other debt instruments are exposed to the credit risks of the issuer. In the event that any issuer of bonds or other debt instruments experiences financial or economic difficulties, the value of the investment may be adversely affected and in extreme situation, may become zero.
- Investors should be aware that, due to the political and economic situations in emerging countries, investment in the Fund presents greater risk.
- The Fund focuses on investing in a single geographical area and thus, is subject to higher concentration risk than funds following a more diversified policy.
- The investment decision is yours but you should not invest unless the intermediary who sells it to you has advised you that it is suitable for you and has explained why, including how buying it would be consistent with your investment objective.
- Investors should not only base on this marketing material alone to make investment decisions.

Top performer in the emerging market debt universe

PICTET-LATIN AMERICAN LOCAL CURRENCY DEBT-P USD¹

	Fund	Emerging Local Currency Debt Peer Average	Asian Bond Peer Average
YTD	10.22%	1.39%	2.91%
1 Year	9.96%	-0.29%	1.73%
Since Inception ²	10.90%	5.64%	5.09%

Source: Pictet and Morningstar, as of 31 October 2011.

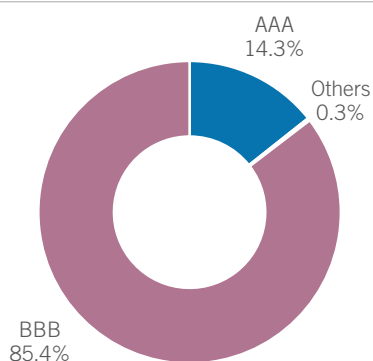
PICTET-LATIN AMERICAN LOCAL CURRENCY DEBT-P DM USD

Ex-Dividend Date	Payment Date	NAV	Dividend Amount	Annualized Dividend Rate ³
20.10.2011	26.10.2011	111.82	0.65	7.03%
20.09.2011	26.09.2011	110.52	0.65	7.11%
22.08.2011	26.08.2011	121.49	0.65	6.47%
20.07.2011	26.07.2011	119.88	0.65	6.56%
20.06.2011	24.06.2011	117.27	0.65	6.71%

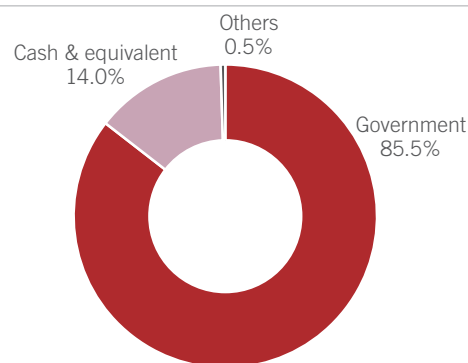
Source: Pictet Funds S.A. as of 20 October 2011.

Investment grade portfolio predominately government issues⁴

RATING BREAKDOWN



SECTOR BREAKDOWN



Average yield: 6.52%
Average duration: 5.08 years

¹ Source: Pictet, as of end of October 2011. Fund calendar year return: 2011 YTD, 10.2%; 2010, 13.9%; 2009, 34.1%; 2008, -11.7%; 2007 (performance since inception to end of 2007), 4.2%.in USD, NAV-NAV, dividend reinvested..

² Fund inception: 26 November 2007.

³ Source: Pictet Funds S.A. as of 20 October 2011.

Please note that positive annualized dividend rate does not imply a positive return. The annualized dividend rate is calculated by dividing the monthly dividend amount by the (NAV at ex-dividend date for this month + dividend amount) and then multiply by (365/30).

⁴ Source: Pictet Funds S.A., as of end September 2011.

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