

LATIN AMERICAN LOCAL CURRENCY DEBT OFFERS HIGH YIELD AND POTENTIAL CAPITAL GAINS

Q1 2012

Summary

- Capture higher yields from Latin American local currency debt in a “low rates stay longer” environment
- Long-term currency appreciation trend remains intact
- Benefit from rate cuts on slowing global growth

Capture higher yields from Latin American local currency debt in a “low rates stay long” environment

In the current low interest rate environment, higher yields from Latin American local currency debt continue to be attractive to investors. For example, at end November 2011, the average coupon rate of the JPM Latin American Government Bond Index stood at an attractive 6.07%, and Brazilian short-term rates are double digit vs near-zero rates in developed countries.

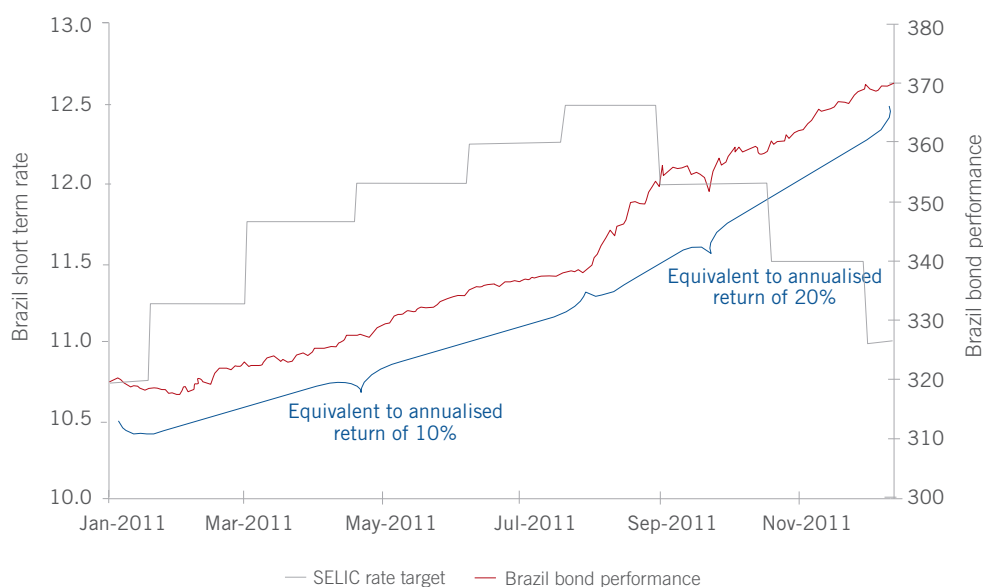
Long term currency appreciation trend remains intact

While we expect short term currency volatility given the Euro debt crisis, in the long-term we continue to believe that in a freely floating world of currencies, money flows to countries where you can make the best return on capital. This continues to be emerging markets, including Latin America, with considerably better balance sheets.

Benefit from rate cuts on slowing global growth

In addition, investors stand to gain from bond price appreciation from potential rate cuts by Latin American central banks on declining growth expectations. For example, short-term rates in Brazil were cut by 50bp at end August, October 2011 and again by 50bp at end November. When rates were rising earlier in the year, Brazil bondholders still had a positive return due to the high coupons on these bonds. As rates were cut in the second half of 2011, bond returns doubled (as measured in local currency).

CAPITAL GAIN ON BONDS AS RATES ARE CUT



Source: JP Morgan GBI-EM Global Brazil and SELIC rate target as of 12 December 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.

Fund Details

COUNTRY ALLOCATION

Country	Portfolio Allocation	Benchmark ¹ Allocation
Brazil	54.2%	61.1%
Mexico	28.2%	31.5%
Colombia	2.4%	4.6%
Peru	1.9%	2.6%
Chile	0.2%	0.2%
Others	13.1%	0.0%

Source: Pictet, as of 30 November 2011.

PICTET-LATIN AMERICAN LOCAL CURRENCY DEBT-P DM USD

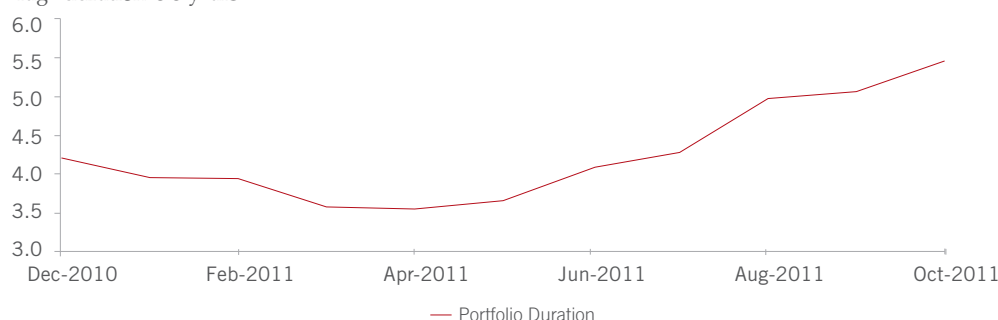
Month	Dividend Amount	Annualized Dividend Rate ²
November 2011	0.65	7.10%
October 2011	0.65	7.03%
September 2011	0.65	7.11%
August 2011	0.65	6.47%
July 2011	0.65	6.56%

Source: Pictet Funds S.A. as of 21 November 2011.

PORTFOLIO AVERAGE RATING = BBB+³

PORTFOLIO DURATION EVOLUTION OVER 2011

Average duration: 5.5 years



Source: Pictet Funds S.A. as of 31 October 2011.

¹ Jp morgan GBI-EM Global Latin America

² 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).

³ Source: Pictet Funds S.A. as of 30 November 2011.

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