

Pictet - Global Environmental Opportunities

PICTET ASSET MANAGEMENT

January 2020

EXECUTIVE SUMMARY

Growth engine building block within a global equity allocation

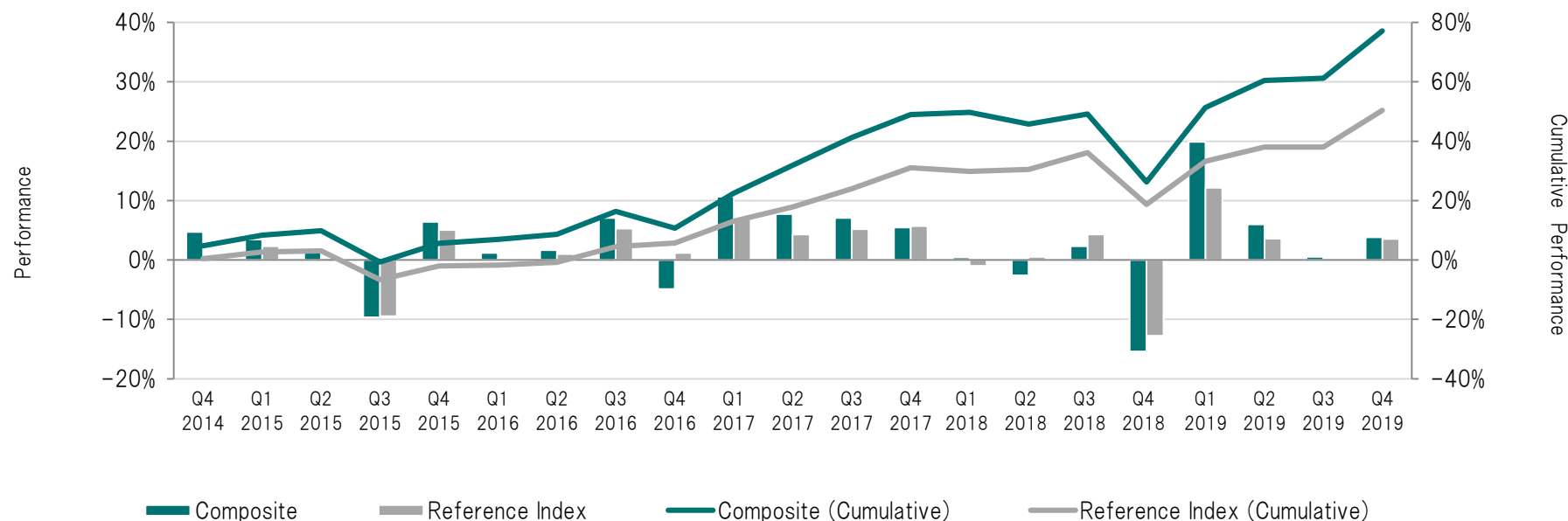
- Strong conviction: Concentrated global equity portfolio of ~50 stocks, unconstrained by sectors, sizes or regions
- Superior return profile: Strategy outperforms MSCI ACWI by 3.4% per annum since inception with a 71% batting average (quarterly).
- Diversification: 97% active share vs MSCI ACWI, 21% off-index bets
- Responsible investing: invests in companies with low environmental impact, driving & benefitting from development of environmental solutions
- Thematic team capacity: 24 years of experience, over US\$42 billion of AUMs and over 39 investment professionals





PERFORMANCE THEMATIC EQUITIES GLOBAL ENVIRONMENTAL CONSOLIDATED COMPOSITE VS. MSCI AC WORLD

Performance evolution since inception



Source: Pictet Asset Management, Gross Asset Value (TWR)

Performance % (annualised beyond 1 year)

	PORTFOLIO	REFERENCE INDEX	EXCESS RETURN
1M	3.82	3.52	0.30
3M	9.85	8.95	0.90
YTD	40.30	26.60	13.70
1Y	40.30	26.60	13.70
3Y	16.96	12.44	4.52
5Y	11.08	8.41	2.67
Since inception 30.09.2014 (annualised)	11.50	8.08	3.43

Source: Pictet Asset Management, Gross Asset Value (TWR)

Risk statistics ex-post – since inception

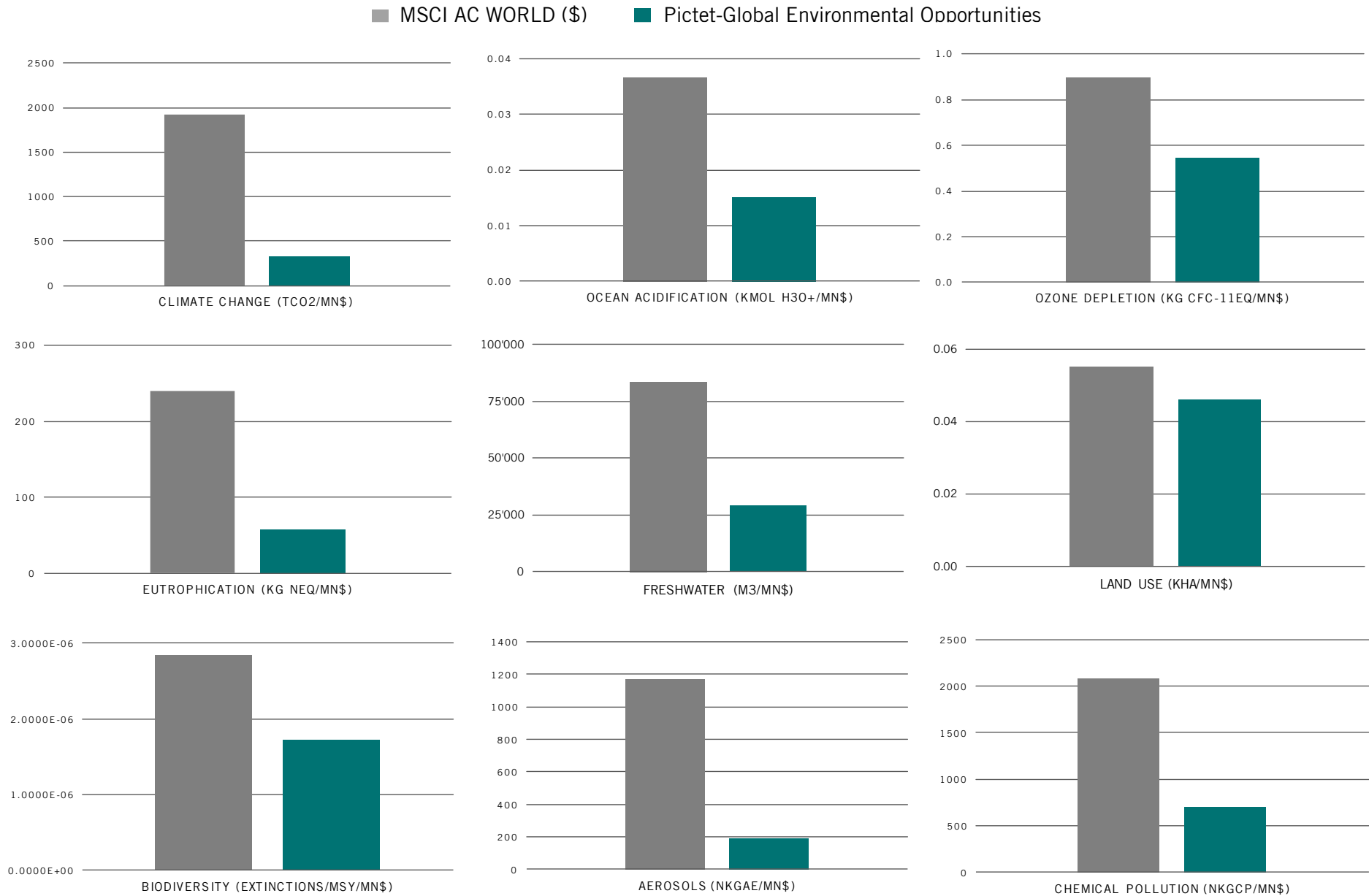
	PORTFOLIO	REFERENCE INDEX
Annualised volatility (%)	13.01	11.56
Tracking error (%)	5.20	-
Information ratio	0.56	-
Beta	1.03	-
Sharpe ratio	0.75	0.56

Source: Pictet Asset Management

Source: Pictet Asset Management, Gross Asset Value (TWR), as at 31.12.2019. The client's returns will be reduced by the management fees and other expenses. 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. Please note that the strategy is unconstrained; the MSCI AC World (\$) is not a benchmark but a reference index which serves as a proxy for Global Equities. The strategy's investment universe is more concentrated than global indices as it is limited to the theme, but it contains stocks not included in those indices as it is unconstrained in sizes and regions. Reference indices do not influence the portfolio construction process.



GEO ENVIRONMENTAL IMPACT PERFORMANCE



Source: Pictet Asset Management, as of 31.12.2019



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1 Thematic Equities at Pictet



A PIONEER IN THEMATIC EQUITIES

Pioneer in thematic
equities since **1995**

USD42 bn AUM

39 investment
professionals

14 strategies*

Heritage

- › A pioneer in thematic equities since 1995
- › While Pictet AM is independent, proximity to Pictet WM has allowed for the development of relevant client solutions
- › Thematic equities identifies investment ideas on the basis of growth drivers being underpinned by secular trends
- › Thematic equities combines the liquidity benefits of listed equity with the tangibility of private equity

* As at 31.12.2019

OUR THEMATIC INVESTING APPROACH

We believe a **focused, unconstrained** approach to owning companies whose value drivers are underpinned by **secular growth** can outperform the global equity market

Secular growth



- › Themes are pockets of economic activities underpinned by secular growth trends
- › Thematic companies exhibit predictable value drivers, visibility on growth and margins
- › Visibility allows exploitation of market inefficiencies: volatility and overstated fade rate

Focused



- › “We know everything about little”, we are *long* our concentrated universes
- › Our companies are focused, we prefer pure-play businesses with high theme exposure
- › Our managers are thematic experts combining analysis and portfolio construction functions

Unconstrained



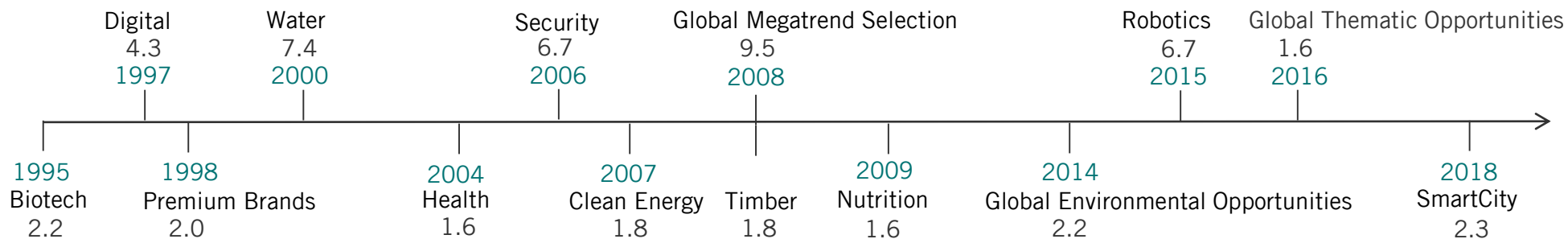
- › Only conviction holdings, we do not look at global indexes for portfolio construction
- › Our portfolios are built on fundamentals and forward-looking, not market-cap weighted
- › Being fully unconstrained by regions and sizes, our portfolios act as diversifiers

For more details on our thematic approach, see <https://www.am.pictet/en/globalwebsite/global-articles/2016/insights/equities/in-depth/thematicstocks-jun2016>

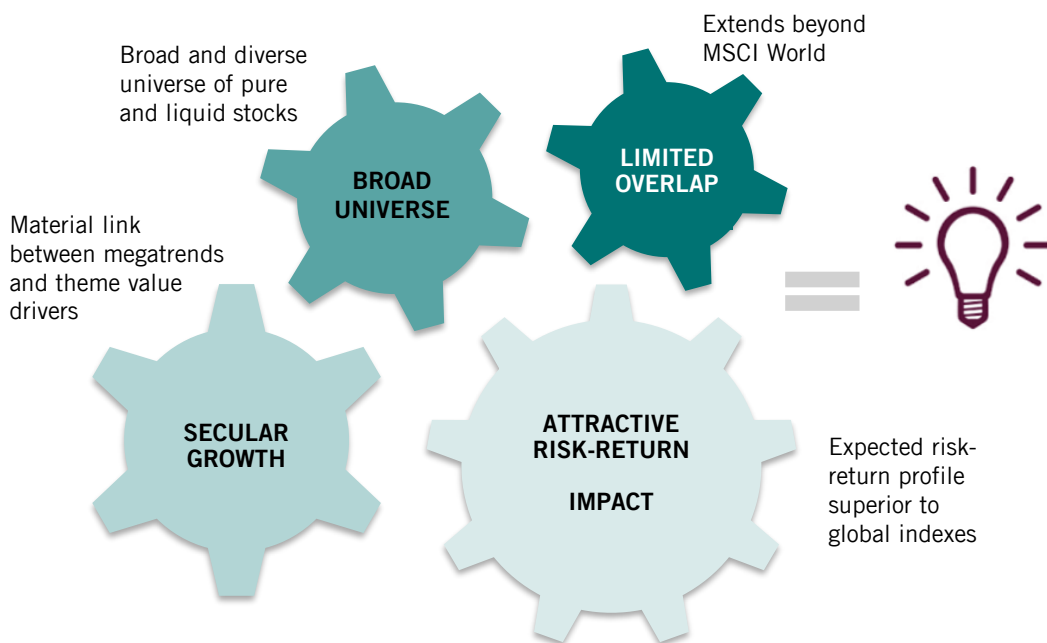


IDENTIFYING AND MAINTAINING THEMES

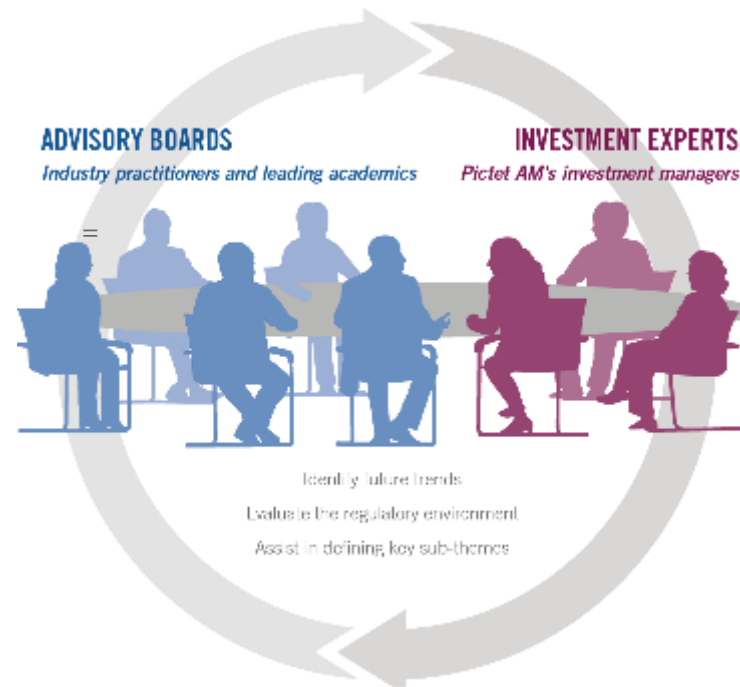
Timeline of Themes Launches at Pictet AM



Identifying Themes



Maintaining Themes



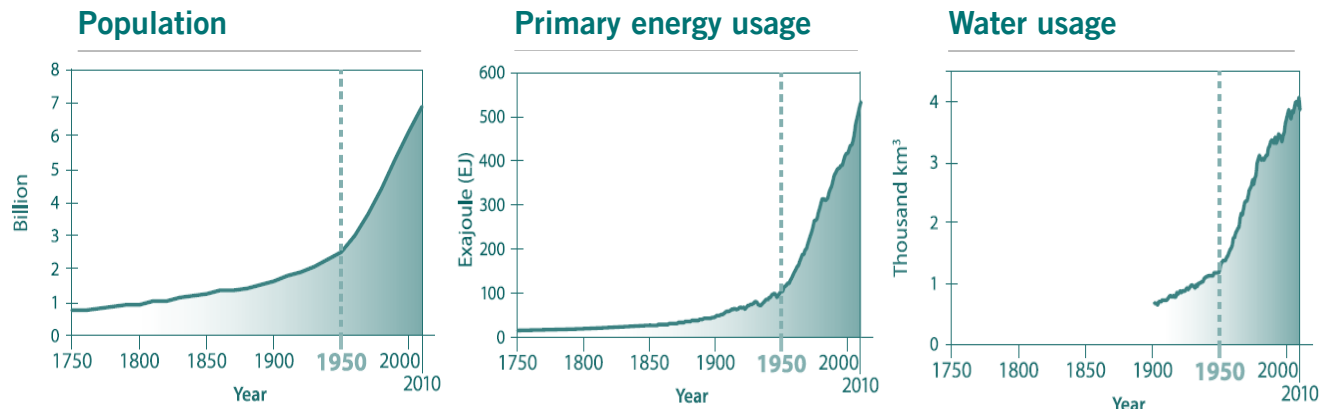
* As at 31.12.2019. Note: All AuM in billion of USD; Premium Brands repositioned in 2005, Health repositioned 2015, Digital repositioned in 2008. Environmental Opportunities repositioned in 2014, Nutrition repositioned in 2017



2 Investment case

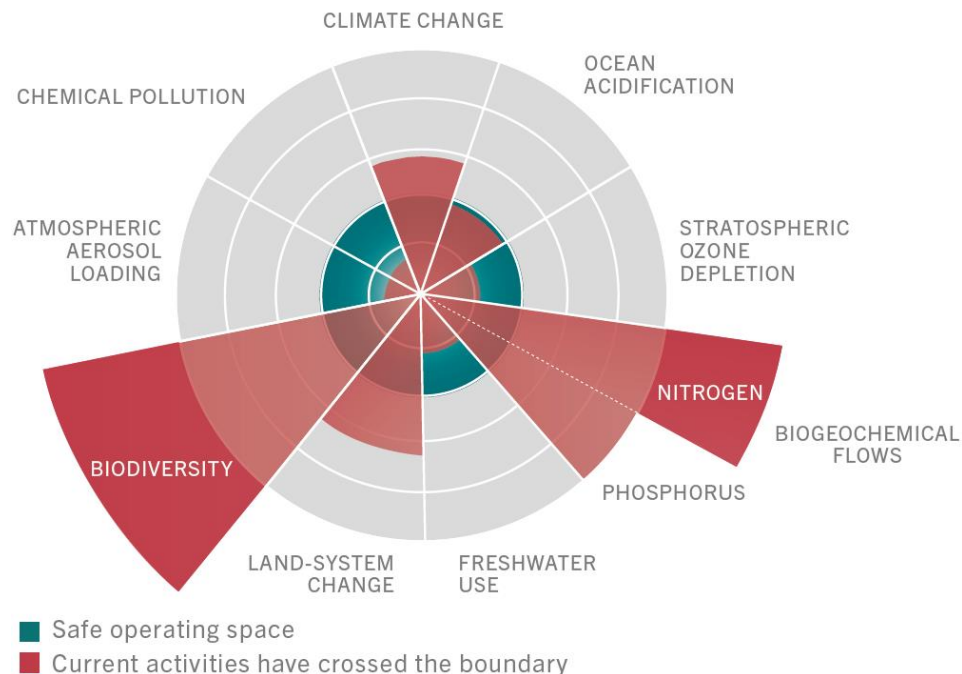
NEED FOR A MORE EFFICIENT USAGE OF NATURAL RESOURCES

- Secular trend towards higher standard of living
- 3 billion people will enter the global middle class by 2030
- Finite natural resources lead to scarcity and quality challenges



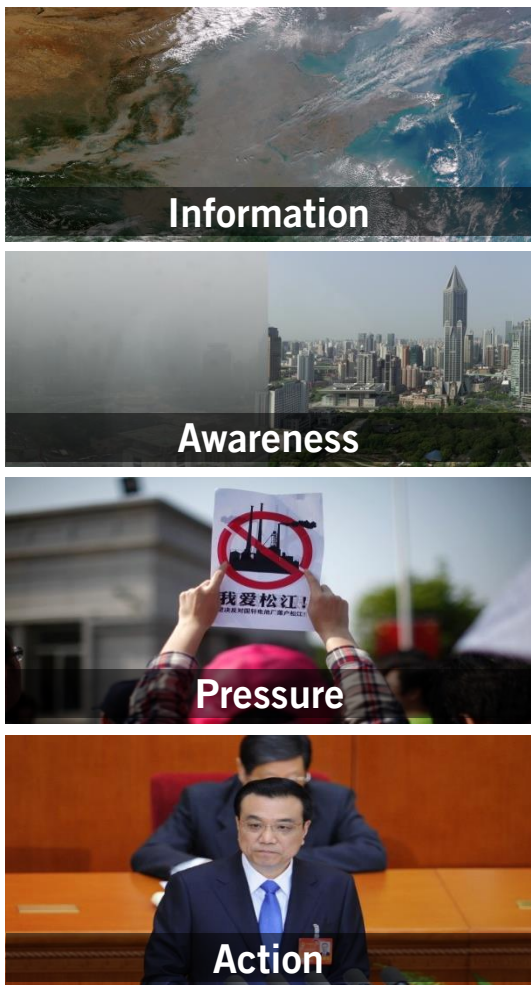
Planetary Boundaries Framework

- Framework: nine global environmental challenges, their respective boundaries and a “safe operating space” for economic activities
- Investable universe represented by companies that operate within that space and that actively solve environmental challenges

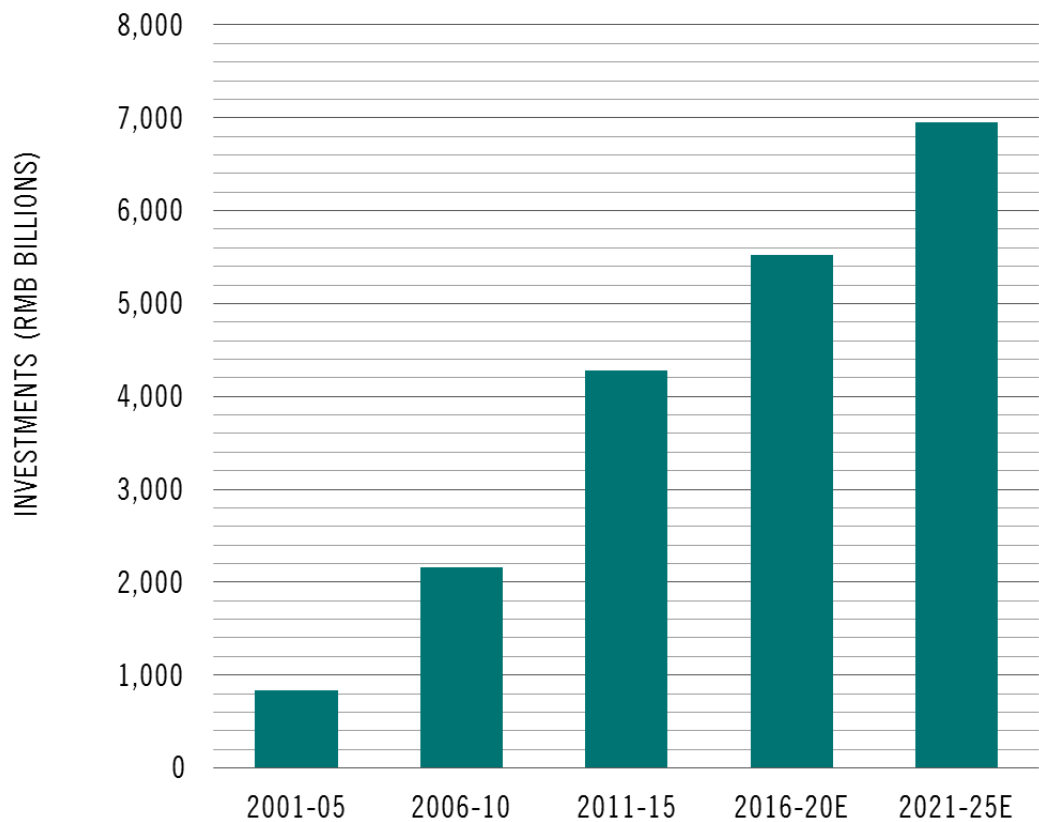


Source: “The trajectory of the Anthropocene: the great acceleration”. Steffen et al. March 2015. Stockholm Resilience Centre, Nature September 2009

INCREASING FOCUS ON POLLUTION



Environmental spending in China: waging a “war on pollution”



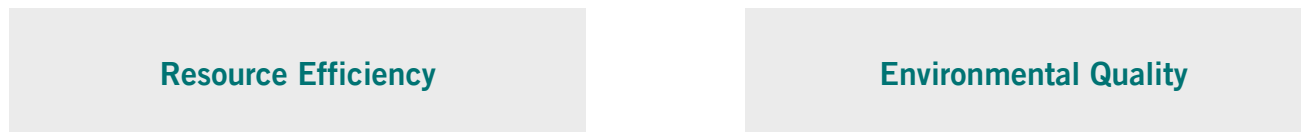
Source: China National Bureau of Statistics, Pictet Asset Management



ENVIRONMENTAL SOLUTIONS

A \$2 trillion market growing at 6-7% p.a. with a broad impact on the economy

Categories



Segments

Renewable Energy	Energy Efficiency	Dematerialized Economy	Sustainable Agriculture & Forestry	Water Supply & Technologies	Waste Management & Recycling	Pollution Control
Power generation	Industrial efficiency	Simulation	Organic food & natural flavors	Clean water supply	Waste collection & treatment	Pollutants monitoring & testing
Energy storage	Building efficiency	Design & engineering software	Precision agriculture	Wastewater treatment	Sustainable packaging	Environmental consulting
Smart grids	Transportation electrification	Semiconductor value chain	Forestry	Water technology	Circular economy	Green chemistry

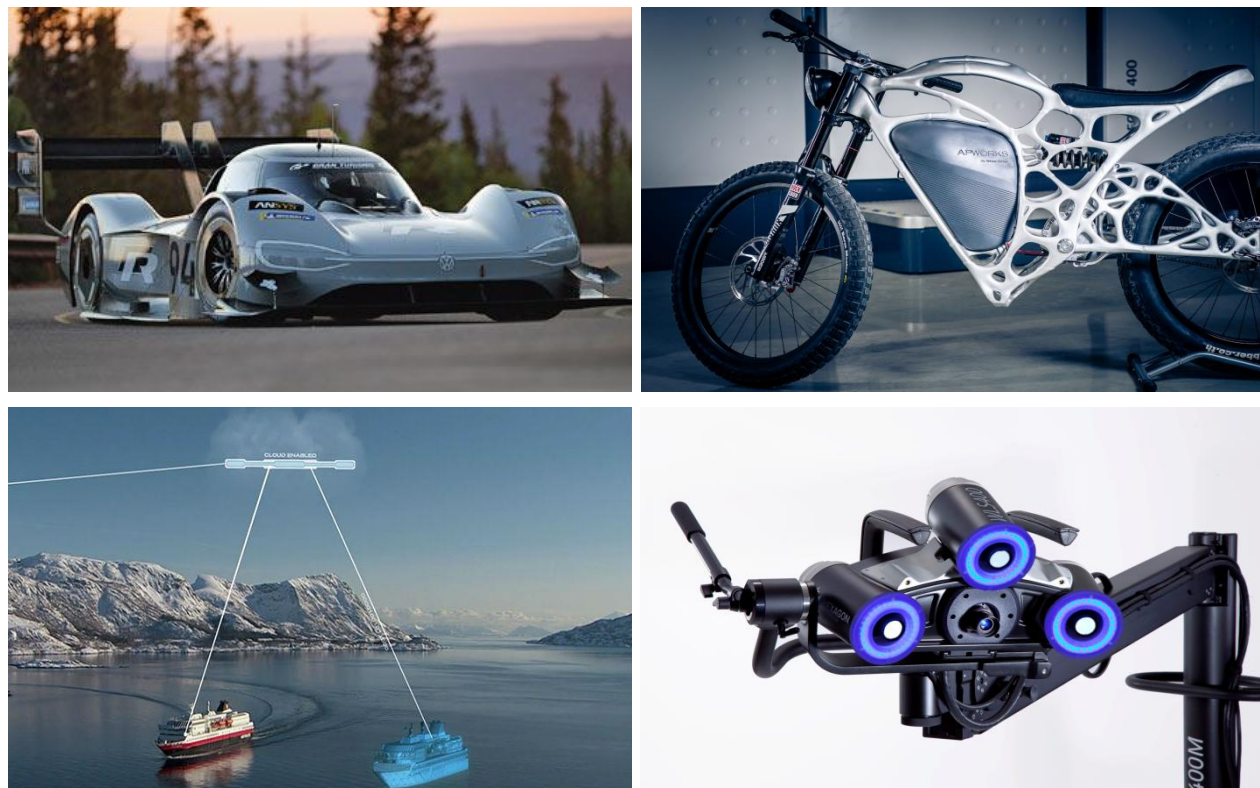
Source: Pictet Asset Management

RESOURCE EFFICIENCY IN PRODUCT DESIGN AND MANUFACTURING

Solutions for a dematerialized economy

- › The digital industrial transformation has several environmental connotations
- › Opportunities in:
 - Multi-physics simulation and testing (e.g. fluid dynamics, optics)
 - Generative design (to create lighter products, make green material choices etc..)
 - Digital twin technologies (extended asset life, preventive maintenance, etc..)
 - Industrial automation and advanced real-time metrology solutions

Innovation through convergence of physical and digital worlds



Source: Ansys, Autodesk, DNV, Hexagon



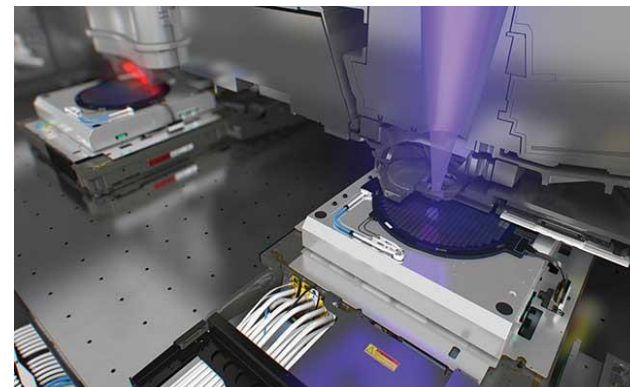
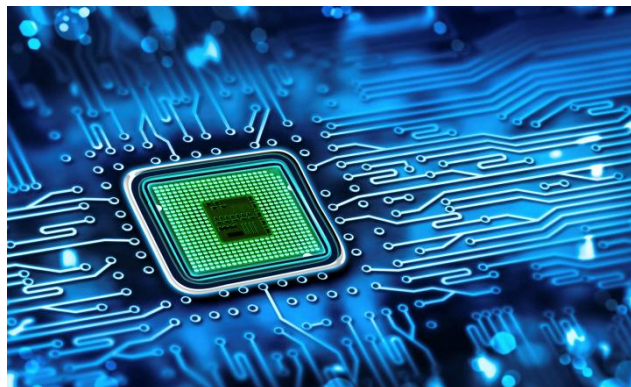
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SEMICONDUCTORS ARE KEY RESOURCE EFFICIENCY ENABLERS

Solutions for a dematerialized economy

- › Semiconductors are key enablers of the digitization megatrend, which leads to a lower environmental footprint
- › Semiconductor solutions are becoming ever smaller, powerful and power efficient
- › Opportunities in:
 - Electronic Design Automation (EDA) software solutions
 - Extreme UV lithography (EUV)
 - Tools for semiconductor etching, deposition etc..
 - Tools to manufacture advanced materials such as OLED

Technologies to extend Moore's Law and to enable the use of advanced materials



Source: ASML, Applied Materials

SYNOPSYS®

cādence™

ASML

APPLIED MATERIALS®

POLLUTION CONTROL - ENVIRONMENTAL MONITORING

Water, air, soil and food quality testing solutions

- Tools for air, water, soil and food quality measurement
- Environmental testing is a \$5 billion market growing mid-single digit, in particular in EM
- High barriers to entry for tool manufacturers, who enjoy high levels of consumable revenues



Source: Pictet Asset Management

WATER QUALITY AND QUANTITY

Solutions to address water scarcity and pollution challenges

- › Pumps, valves, filters for municipal wastewater treatment
- › Solutions for industrial water supply, recycling and reuse
- › Water-savings solutions for precision irrigation
- › Water quality monitoring

Opportunities across municipal, industrial and agricultural markets



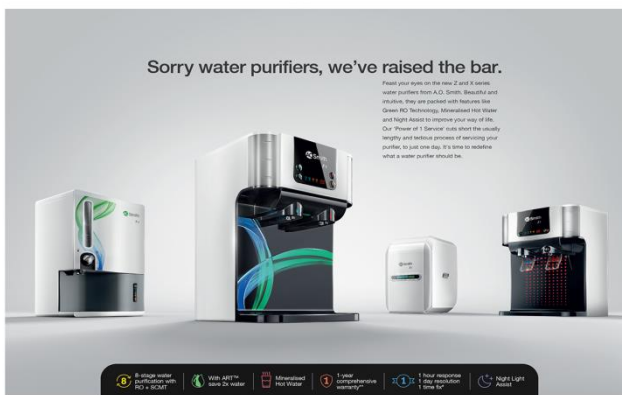
Source: Geberit, Pentair, Thermo Fisher, Green Water Tech



A wide range of products and technologies

Examples:

- Air treatment filters for engines and industrial applications
- Emission monitoring in transportation
- Domestic water filtration and purification (e.g. using Reverse Osmosis)
- Green chemistry (e.g. environmentally friendly bio-based active ingredients for cosmetics)



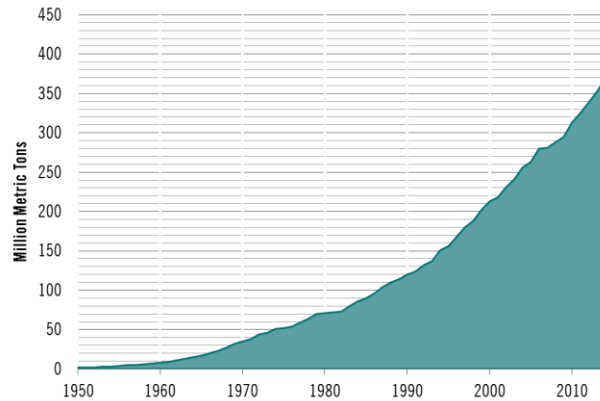
Source: Pictet Asset Management

SUSTAINABLE PACKAGING

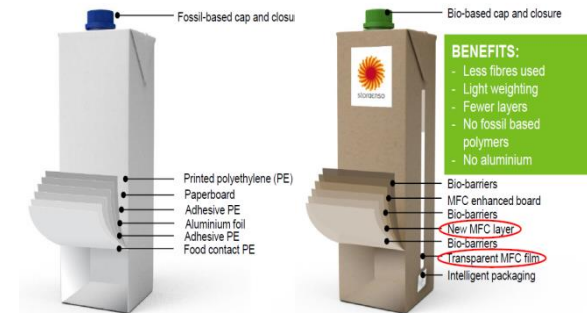
Packaging solutions for a circular economy

- As much plastic has been produced from 2000-2015 as during all years before that
- ~40% of plastics is used in packaging of which only 14% is recycled. Wood fiber based recycled material can be a sustainable alternative
- Consumer preferences are changing and companies are now responding with innovation in packaging
- E-commerce an important demand driver

Relentless growth in plastic usage and massive impact on our oceans



Recycled and biodegradable packaging



Source: Geyer, Jambeck and Law study, Pictet Asset Management



3 Investment team and process

GEO Investment Team



Luciano Diana
Senior Investment
Manager



Gabriel Micheli
Senior Investment
Manager



Yi Du
Investment
Manager



Marc-Olivier Buffle
Senior Product
Specialist



Stephen Freedman
Senior Product
Specialist

Portfolio Construction

Pictet Thematic Equities Investment Team

The team operates in an open environment where information sharing is encouraged. Names in bold represent the GEO team's most frequent interactions.

Mayssa Al Midani, CIIA^N

Anjali Bastianpillai^{PS}

Rachele Beata^S

Laurent Belloni^{PB}

Grégoire Biollaz, PhD^H

Marc-Olivier Buffle, PhD^{PS}

Christoph Butz, CIIA^T

Xavier Chollet^{CE}

Alice de Lamaze, CFA^N

Luciano Diana, MBA^G

Gillian Diesen, CAIA^{PS}

Olivier Djopwouo^D

Moritz Dullinger, CFA, CAIA^H

Yi Du^{GE}

Stanislas Effront^D

Stephen Freedman, PhD, CFA, FRM^{PS}

John Gladwyn, CFA^R

Lydia Haueter, CFA^B

Mikael Jafs

Yves Kramer^S

Cédric Lecamp^W

Peter Lingen^R

Lucia Macaccaro^{SC}

Gabriel Micheli, CFA^{GE}

Marco Minonne^B

Alexandre Mouthon, CFA^S

Francesco Pighini^R

Marien-Baptiste Pouyat^N

Hans Peter Portner, CFA^{GT}

Peter Rawlence, CFA^W

Caroline Reyl^{PB}

Christian Roessing, CFA^{CE}

Philippe Rohner, PhD^{AB}

Sylvie Sejournet, SFAF^D

Tazio Storni, PhD^B

Gertjan van der Geer, CEFA^{GT}

Louis Veilleux, CFA^W

Ivo Weinoehrl, CFA^{SC}

Sandy Wolf, CIIA^{PS}

AB: Chairman Advisory Boards, B: Biotech, CE: Clean Energy, D: Digital, GE: Global Environmental, GT: Global Thematics, H: Health, N: Nutrition, PB: Premium Brands, PS: Product Specialist, S: Security, SC: SmartCity, R: Robotics, T: Timber, U: Utilities, W: Water. Additional regular exchanges with Pictet AM DM, EM & Small Cap Equity and ESG teams.

GEO Advisory Board

External Expert

Nino Tronchetti Provera – Environmental Technologies

Founder and Managing Partner of Ambienta Sgr (Environmental Private Equity)

Brings in expertise on latest environmental technology developments

Internal Environmental Experts

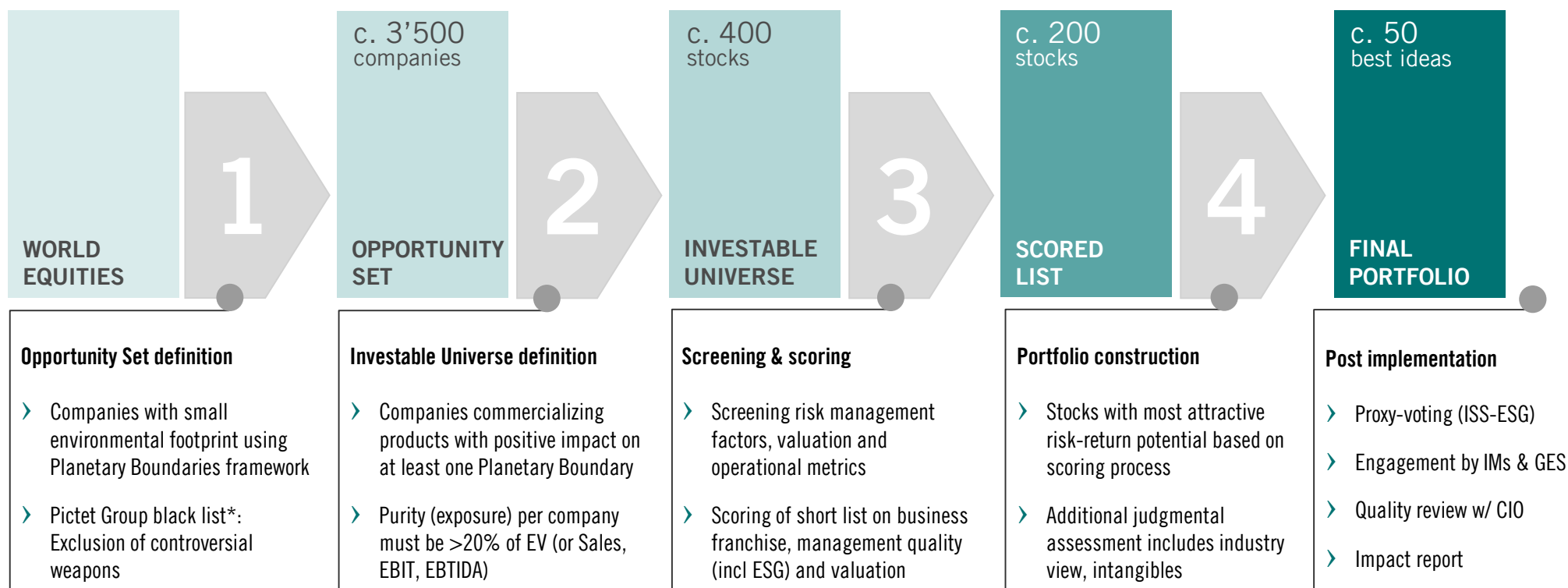
Christoph Butz – Senior Investment Manager Timber

Expertise: Environmental research concept, land-use & resources

Marc-Olivier Buffle, PhD – Senior Product Specialist for Environmental Strategies

Expertise: Environmental technologies & sustainability

INVESTMENT PROCESS OVERVIEW



Notes: *M. Buffle, a member of Pictet Sustainability Board which decides on black list.

IN-DEPTH COMPANY FUNDAMENTAL ANALYSIS

BUSINESS FRANCHISE



30% of score

- › We favour businesses with secular revenue growth, wide economic moats and high ROIC
- › We prefer capital-light models
- › We avoid bleeding edge technology
- › We integrate Environmental and Social factors (internal analysis supported by Sustainalytics, CFRA and RepRisk)

MANAGEMENT QUALITY



20% of score

- › We favour a coherent strategy, strong execution capabilities and track record
- › We conduct >300 company meetings / year, on-site and via bespoke field research trips, factory visits, conferences, trade fairs
- › We integrate Governance factors (internal analysis supported by ISS)

FINANCIAL ATTRACTIVENESS



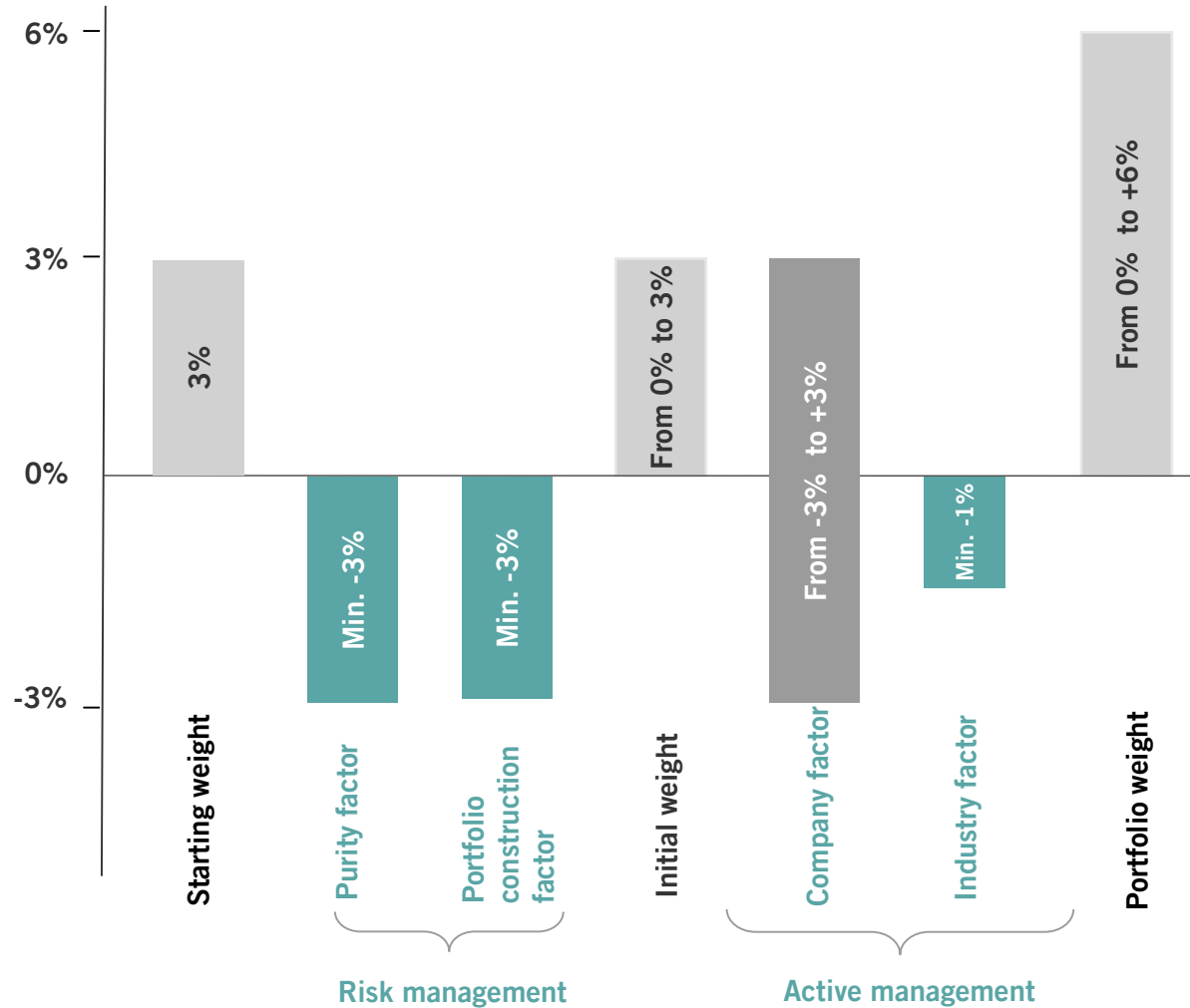
50% of score

- › We define attractiveness as a combination of stock valuation and earnings momentum
- › We value stocks based on proprietary DCF analysis and a range of multiples (P/E, EV/EBIT and FCF yield, which are chosen based on back-testing)

SCORING AND PORTFOLIO CONSTRUCTION

- › 3% starting weight for all stocks in investment universe
- › Initial weight identifies 'core' stocks
- › Detailed stock analysis done on 'core' stocks plus top quartile of remaining 'opportunities'
- › Company scores based on analysis of:
 - › 30% business franchise
 - › 20% management quality
 - › 50% financial attractiveness
- › ESG considerations fully integrated in the scoring process

Portfolio construction walk-through



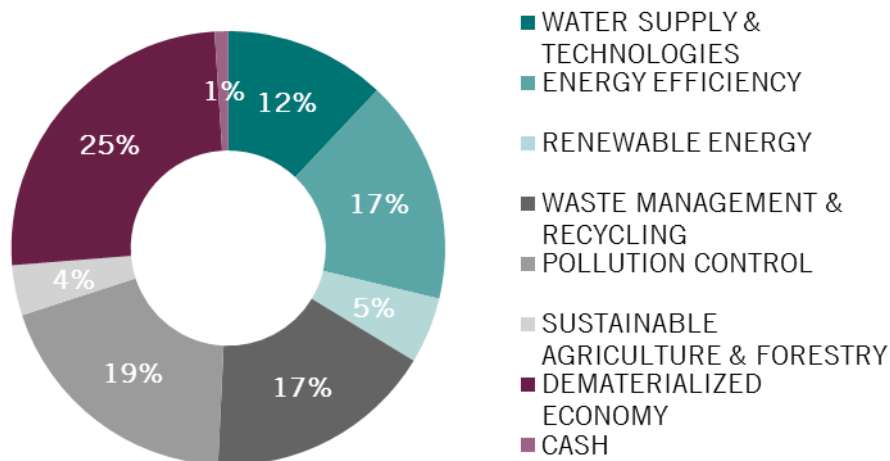


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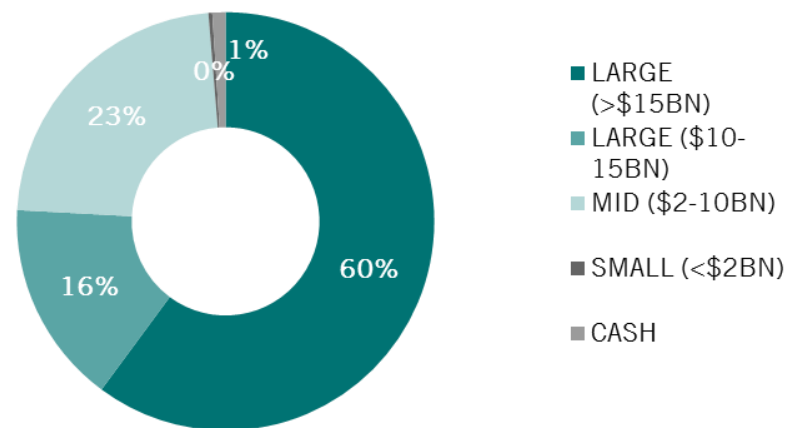
Portfolio characteristics

PORTFOLIO CHARACTERISTICS

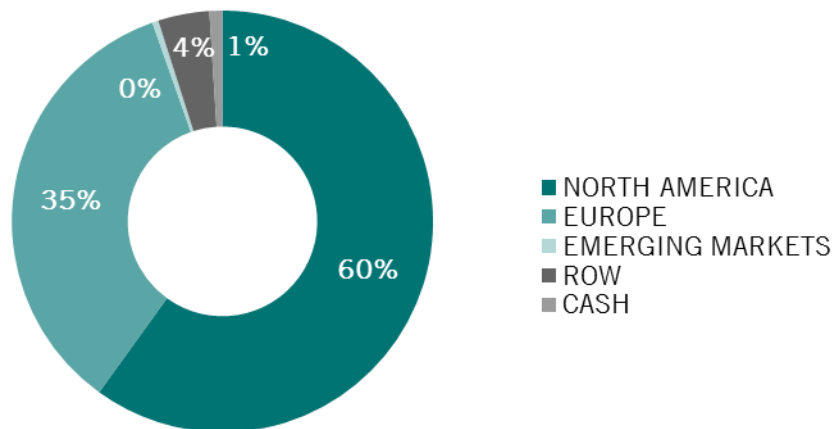
Theme by segments (%)



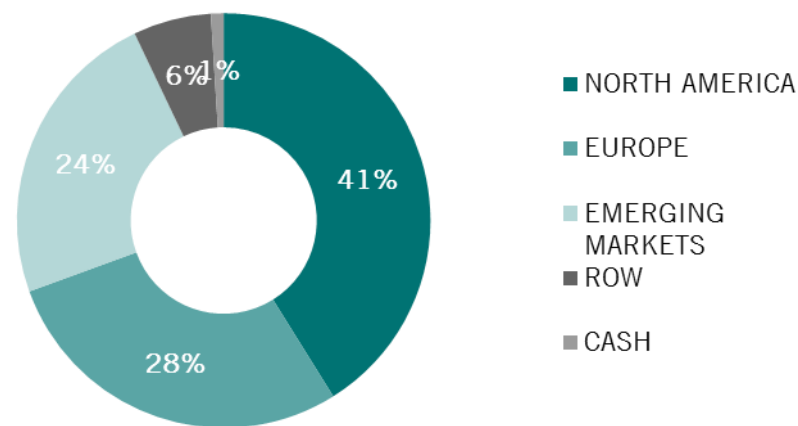
Market capitalization (%)



Geography by domicile (%)



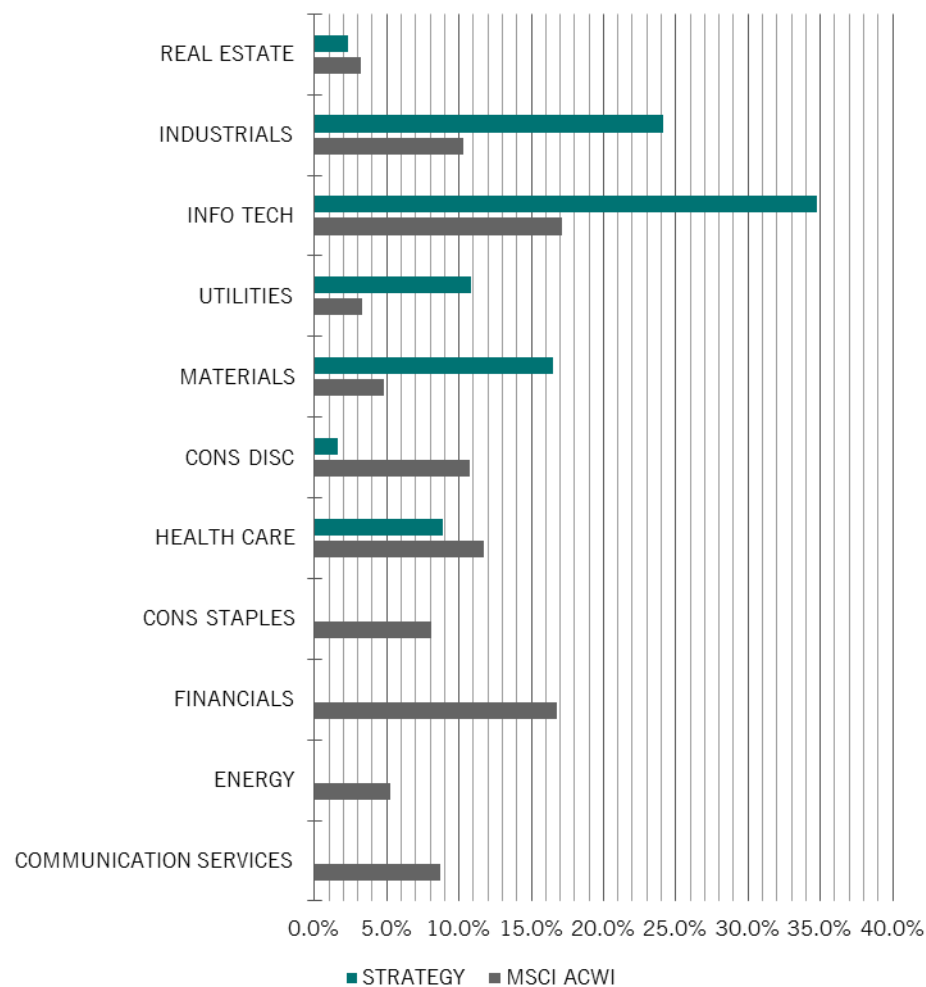
Geography by sales (%)



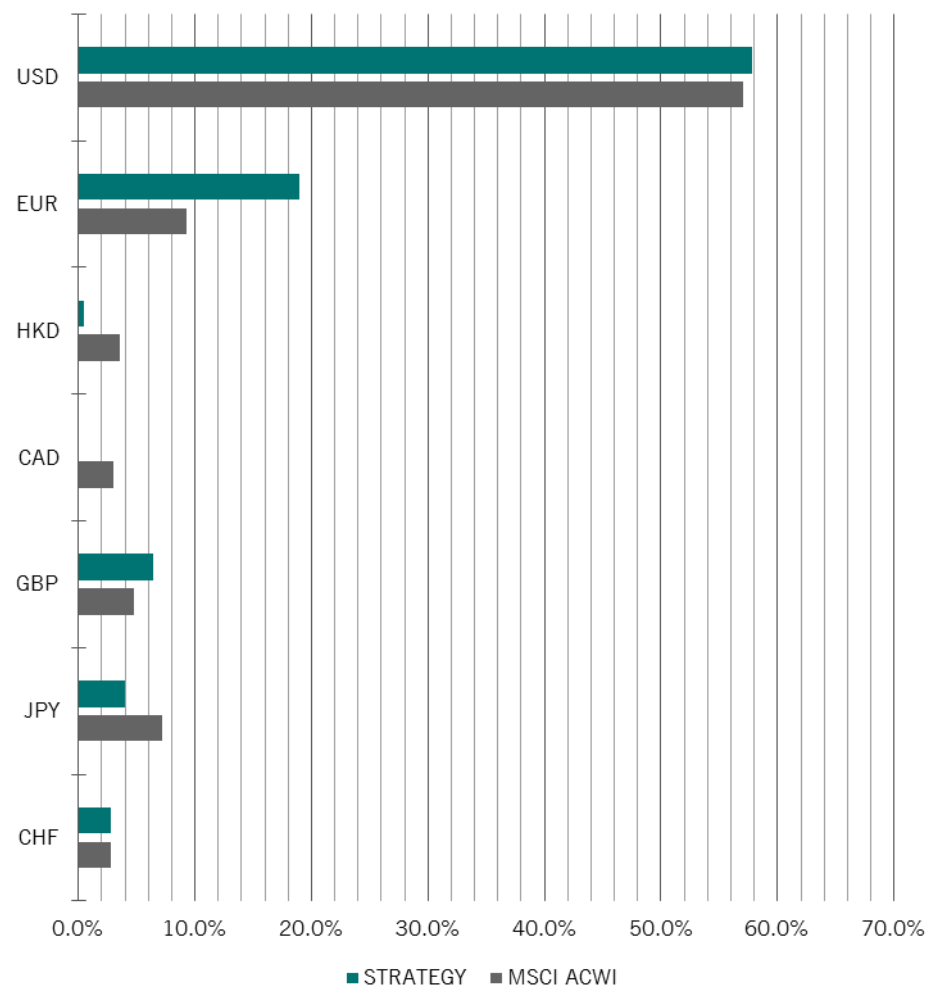
Source: Pictet Asset Management, data as of 31.12.2019

EXPOSURE ANALYSIS

MSCI Sector exposure



Currency exposure



Source: Pictet Asset Management, data as of 31.12.2019

TOP-10 HOLDINGS

Company	Domicile	% in fund	Market cap (\$ bn)	Segment	GICS Sector
Autodesk Inc	US	3.4%	41.3	Dematerialized economy	Information Technology
ANSYS Inc	US	3.3%	22.2	Dematerialized economy	Information Technology
Thermo Fisher Scientific Inc	US	3.2%	130.9	Pollution Control	Health Care
Veolia Environnement SA	FR	3.2%	15.0	Water supply & technologies	Utilities
Ecolab Inc	US	3.1%	54.8	Pollution Control	Materials
Applied Materials Inc	US	2.9%	56.9	Dematerialized economy	Information Technology
Synopsys Inc	US	2.8%	21.5	Dematerialized economy	Information Technology
American Water Works Co Inc	US	2.8%	21.7	Water supply & technologies	Utilities
Vestas Wind Systems A/S	DE	2.7%	19.4	Renewable energy	Industrials
Waste Management Inc	US	2.7%	48.5	Waste management & recycling	Industrials
Total		29.9%			

Source: Bloomberg, Pictet Asset Management, data as of 31.12.2019



RISK CHARACTERISTICS AND INVESTMENT PRACTICES

Risk Characteristics ex-post (since inception)

Versus MSCI ACWI

- › Tracking error: 5.20% (anticipated 4-8%)
- › Beta: 1.03
- › Volatility: 13.01% p.a. (vs. 11.56% for MSCI ACWI)

General Risk Information

- › Active Share versus MSCI ACWI: 97%
- › Off-MSCI ACWI bets: 21% by stock
- › Thematic purity: 69%
- › Capacity: USD 5 billion

Risk Characteristics ex-ante

Versus MSCI ACWI

- › Tracking error: 4.56% (anticipated 4-8%)
- › Beta: 1.12
- › Volatility: 13.12% (vs. 11.16% for MSCI ACWI)

Investment practices and guidelines

- › Number of holdings, ca. 50
- › Annualized name turnover, 25 - 35%
- › Cash < 5%
- › No sector, regional, or style constraints
- › No short sells, no leverage, no hedging, no derivatives
- › Liquidity 10% of portfolio in 1 day
- › Largest position < 10% of portfolio
- › \sum positions > 5%, < 40% of portfolio
- › Ownership of issuer's share <10%

Note: Data as of 31.12.2019 versus MSCI ACWI in USD
Source: Pictet Asset Management

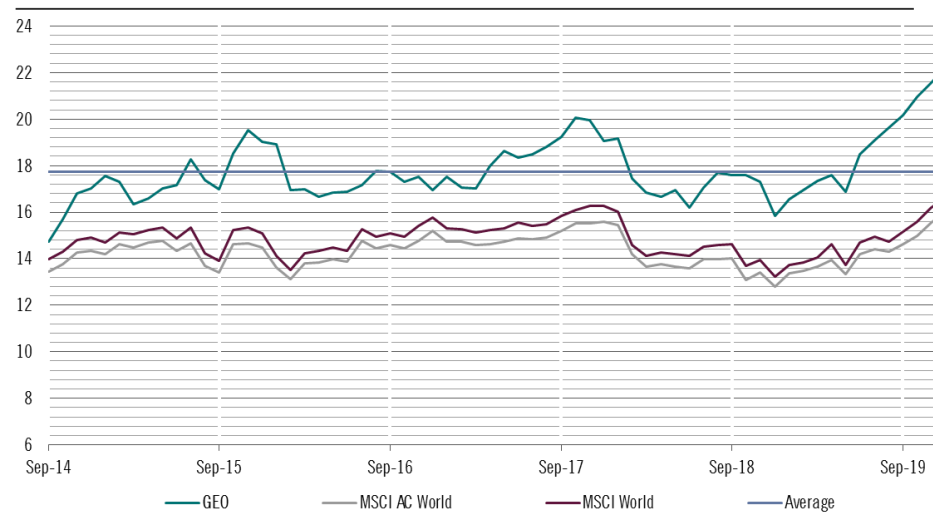


CURRENT STRATEGY VALUATION

GEO monthly P/CF FY1



GEO monthly P/E FY2



P/CF Premium / Discount to MSCI AC World



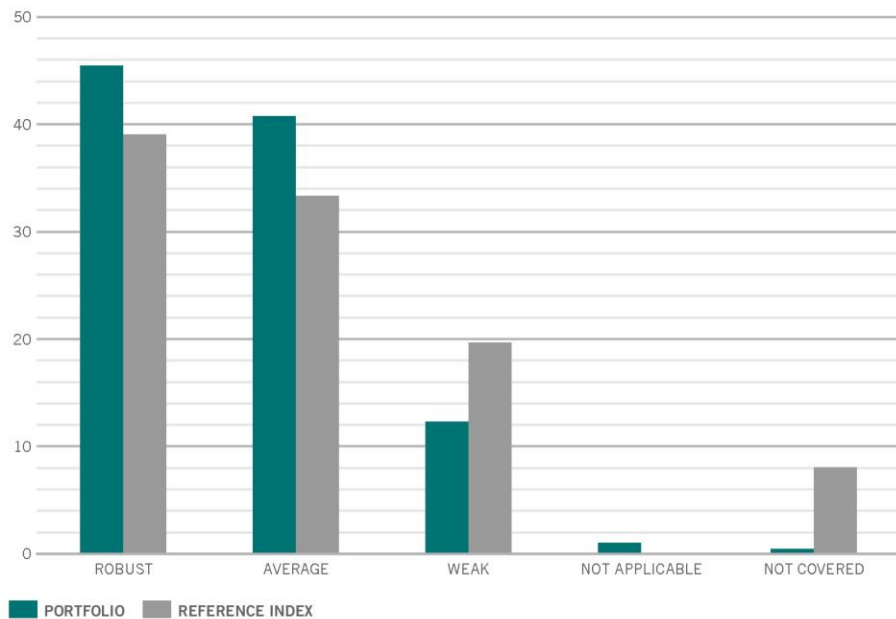
P/E FY2 Premium / Discount to MSCI AC World



Source : Pictet, Factset, as of 31.12.2019

ESG CHARACTERISTICS

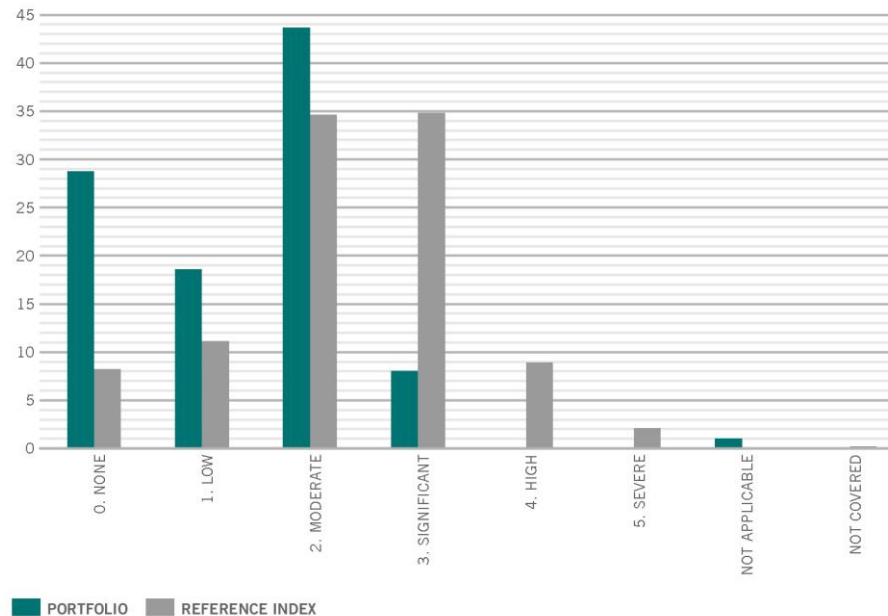
Corporate governance (by weight, in %)



Portfolio: Pictet-Global Environmental Opportunities, Reference index: MSCI AC World
Data source: ISS as of 31.12.2019 (quarterly update only)

Corporate Governance analysis of underlying companies is based on four pillars: board structure, executive remuneration, shareholder rights, audit practices. Evaluation criteria reflect regional best practices. Decile scores indicate relative rank by country or region and are grouped in three categories: "Robust" (decile scores 1 to 3), Average (decile score 4 to 7) and Weak (decile scores 8 to 10). "Not covered" corresponds to securities or single line derivatives for which no scores are available. "Not applicable" corresponds to index derivatives, cash, sovereign and quasi sovereign bond issuers. The scores and categories are provided by third-party research and may not reflect our internal view.

ESG Controversies (by weight, in %)

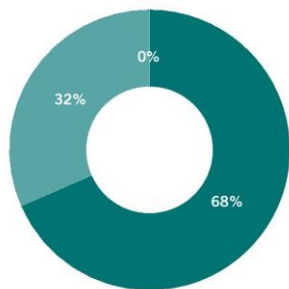


Portfolio: Pictet-Global Environmental Opportunities, Reference index: MSCI AC World
Data source: Sustainalytics as of 31.12.2019 (quarterly update only)

ESG Controversies analysis of underlying companies is based on incidents and events that may pose a business or reputational risk due to the potential impact on stakeholders, the environment, or the company's operations. Event categories include pollution incidents, employees accidents, violations of human rights, product-related issues and breaches of business ethics. Controversies are rated based on their seriousness and recurrence, sector and company response and are rated on a 0 to 5 scale. (0) : No involvement in any relevant controversies; (1) : Controversy has a low impact on the environment and society, posing negligible risks to the company, (2) Controversy has a moderate impact on the environment and society, posing minimal risks to the company, (3) Controversy has a significant impact on the environment and society, posing moderate risks to the company; (4) Controversy has a high impact on the environment and society, posing significant risks to the company. (5) Controversy has a severe impact on the environment and society, posing serious risks to the company. "Not covered" corresponds to securities or single line derivatives for which no scores are available. "Not applicable" corresponds to index derivatives, cash, sovereign and quasi sovereign bond issuers. The scores and categories are provided by third-party research and may not reflect our internal view.

PROXY VOTING ACTIVITY

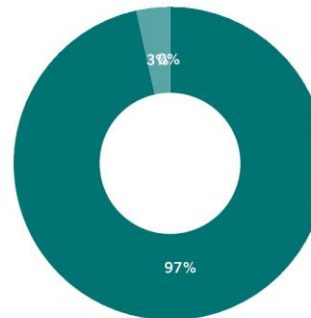
Breakdown of votable meetings



- ALL VOTES "FOR" (39)
- AT LEAST ONE VOTE AGAINST, WITHHOLD OR ABSTAIN (18)
- MEETINGS NOT VOTED (0)

Number and percentage of General Assembly meetings where votable items were presented to shareholders. Meetings are broken down in three categories : (i) meetings where we supported all items, (ii) meetings where we voted against, withheld, or abstained on at least one item, and (iii) meetings where we could not vote for technical or legal reasons.

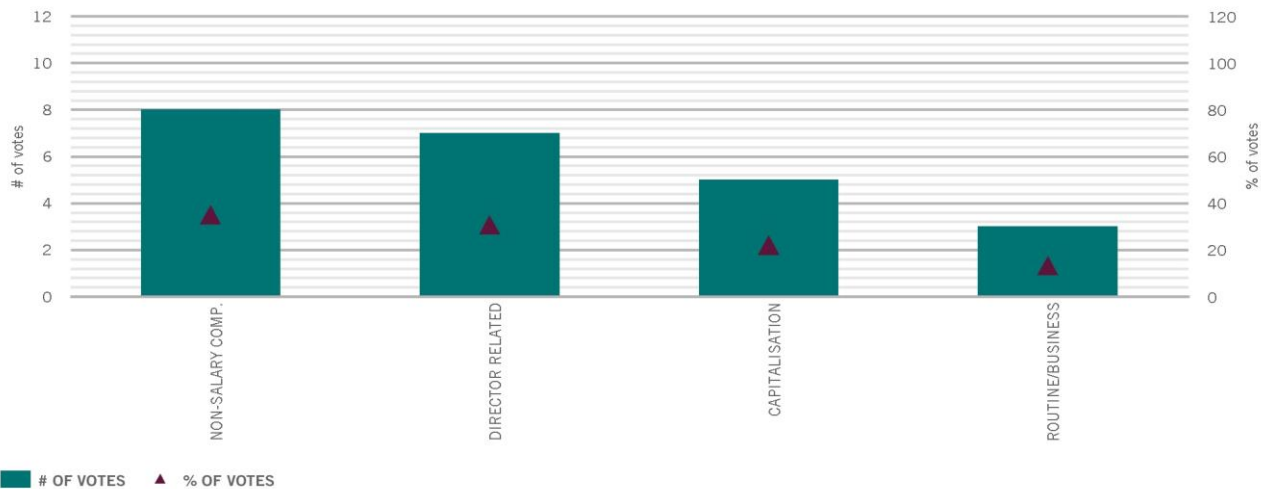
Breakdown of votable items



- VOTES WITH MANAGEMENT (721)
- VOTES AGAINST MANAGEMENT (26)
- ITEMS NOT VOTED (0)

Number and percentage of votable items presented to shareholders at General Assembly meetings of portfolio companies. Items are broken down in three categories: (i) votes in line with the management (ii) votes against the management (iii) items not voted.

Breakdown of votes against management



Number and percentage of votes against management broken down by category. This includes votable items proposed by management and excludes votable items proposed by shareholders. Please refer to the glossary for a description of categories.

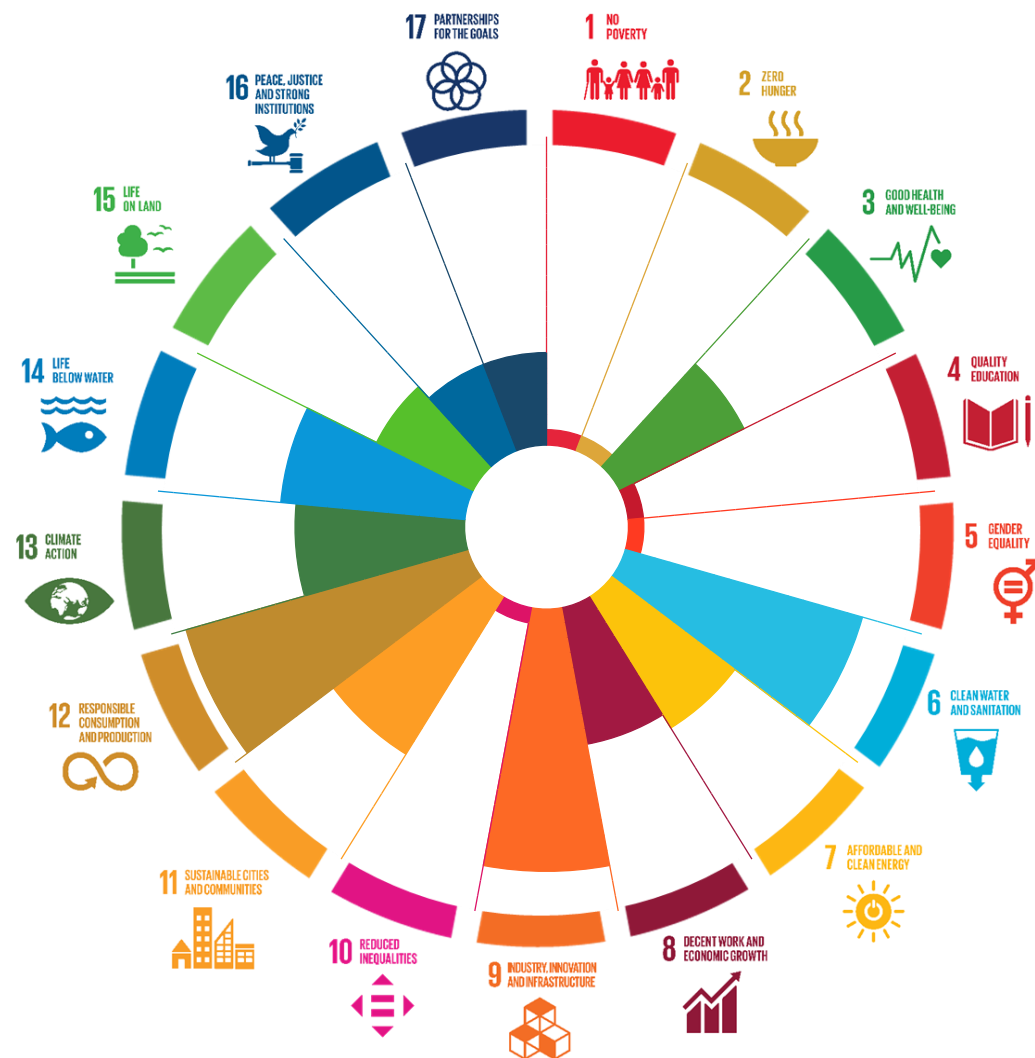
SDG EXPOSURE – PICTET-GLOBAL ENVIRONMENTAL OPPORTUNITIES

Sustainable Development Goals are 17 goals set by the United Nations in 2015.

Our SDG assessment is based on the products & services provided by the companies in our strategy.

We apply a two-fold methodology:

1. Quantitative approach to identify a companies' key operations, products and/or services. We map each company's exposure to SDGs through big data analysis and natural language processing
2. Fundamental analysis of 169 SDG targets and how the companies in our thematic universes help to reach the Sustainable Development Goals.



Source: Pictet Asset Management, as of December 2019

The chart demonstrates the relative importance of the SDGs for the strategy as of December 2019 based on our own SDG methodology. We assess the impact of the companies' products and services to help achieving the SDGs. The chart has been scaled to the highest SDG exposure of this strategy. SDG exposure data below 14.0% (MSCI World average) are not shown.

Highest SDG exposure of Pictet-GEO is:

SDG 12 50%

TECHNICALS

Name:	Pictet- Global Environmental Opportunities
Legal status:	Compartment of the Pictet Luxembourg SICAV, UCITS compliant
Consolidation currency:	EUR
Calculation:	Daily; settlement NAV + 2
Inception:	September 10, 2010 at NAV EUR 100 (repositioned and composite re-initiated as per October 1st 2014)
Dividend:	Reinvested (I, P, R) or distributed (P dy)
Fund size:	USD 2'097 m as at 31.12.2019
Reference Index:	MSCI World (net dividend reinvested)
Subscription Fee:	Maximum 5%
Redemption Fee:	Maximum 3%
Switch Fee:	Maximum 2%
Investment horizon:	The fund may not be appropriate for investors who plan to withdraw their money within 5 years

Share classes:

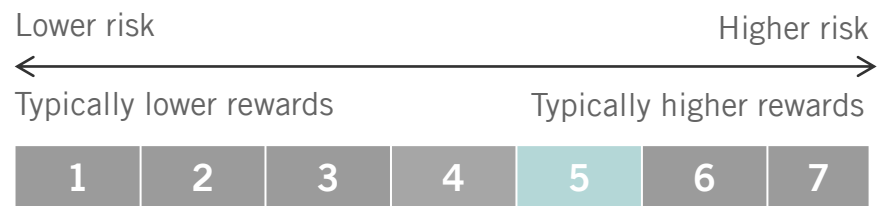
Class	ISIN	MF(%)	TER(%)	ONGOING CHARGES*
I EUR	LU0503631631	0.80	1.15	1.16
I USD	LU0503632100	0.80	1.16	1.17
I JPY	LU1733284860	0.80	1.16	1.17
I CHF	LU1860289294	0.80	1.14	1.15
Idy GBP	LU0503632878	0.80	1.15	1.17
Idy EUR	LU1749431174	0.80	1.14	1.15
Idy USD	LU1901200318	0.80	1.11	1.11
P CHF	LU0503632795	1.60	2.01	2.02
P EUR	LU0503631714	1.60	2.01	2.02
P USD	LU0503632282	1.60	2.01	2.02
Pdy EUR	LU0503631805	1.60	2.01	2.02
Pdy GBP	LU0503632951	1.60	2.01	2.02
Pdy USD	LU0503632449	1.60	2.01	2.02
R EUR	LU0503631987	2.30	2.71	2.72
R USD	LU0503632522	2.30	2.71	2.72
HP USD	LU0503633330	1.60	2.08	2.08
H1J CHF	LU1863666977	0.67	1.02	1.03
H1J EUR	LU1863667199	0.67	1.01	1.03
H1J USD	LU1863667272	0.67	1.02	1.03
Z USD	LU1164803287	0.00	0.19	0.20



I-Shares: minimum investment EUR 1,000,000, or the equivalent in other currencies

*Ongoing charges as at 31.12.2019 (yearly update)
Source: Pictet Asset Management as at 31.12.2019

Risk indicator for the I-USD share class



- › The risk category shown is based on historical data and may not be a reliable indication for the future risk profile of the Share class.
- › The risk category shown is not a target or a guarantee and may change over time.
- › The lowest category does not mean a risk-free investment.
- › Equity investments are subject to high price volatility (variations in net asset value of the Share class) but may offer rewards in line with the risks taken, which is why this Share class is in this risk category.
- › This value is affected by various factors, including:
 - The Compartment offers no capital guarantee or asset protection measures.
 - The Compartment may invest in emerging markets.
 - This asset class is subject to political and economic risks which may have a significant impact on the Compartment's performance and volatility.
 - Because of our investment approach, the Compartment may be exposed to currency risk.

- › The Share class also bears the following risks that are not explained by the synthetic risk indicator:
 - Liquidity risk: when market conditions are unusual or a market is characterised by particularly low volumes, the Compartment may encounter difficulties in valuing and/or trading some of its assets, particularly to satisfy large redemption requests.
 - Operational risk: the Compartment is subject to the risk of material losses resulting from human error or system failures or incorrect valuation of the underlying securities.
 - Counterparty risk: the use of derivatives in the form of contracts with counterparties may imply significant losses if a counterparty defaults and cannot honour its liabilities.
- Investments in mainland China are subject to restrictions by the local regulators, and include among other things: daily and market aggregate trading quotas, restricted classes of shares, capital restrictions and ownership restrictions.



5 Appendix

BIOGRAPHY



LUCIANO DIANA

Senior Investment Manager
Thematic Equities Team

Luciano Diana joined Pictet Asset Management in 2009 and is a Senior Investment Manager in the Thematic Equities team.

Before joining Pictet, Luciano spent four years at Morgan Stanley, where he headed the London based clean energy sell-side research team. He began his career in 1998 as an IT strategy consultant at Accenture.

Luciano holds a Laurea in Telecommunications Engineering from the University of Padua, Italy, and he was a Visiting Scholar at the University of California at Berkeley. He holds an MBA from INSEAD.



GABRIEL MICHELI

Senior Investment Manager
Thematic Equities Team

Gabriel Micheli joined Pictet Asset Management in 2006 and is a Senior Investment Manager in the Thematic Equities team.

He co-managed the Pictet Clean Energy strategy from 2007 to 2010 and has been managing the Pictet Timber strategy since 2008. He has been co-managing the Global Environmental Opportunities strategy since 2014.

Gabriel is a Chartered Financial Analyst (CFA) charterholder. He graduated with a degree in Economics from the University of St. Gallen.



YI DU

Investment Manager
Thematic Equities Team

Yi Du joined Pictet Asset Management in 2018. He is an Investment Manager in the Thematic Equities Team.

Before joining Pictet, Yi worked in the Global Equity Research team of J.P. Morgan in Hong Kong covering utilities and environmental sectors in Asia. Prior to that, he worked in the Investment Banking team at Barclays in Hong Kong.

Yi holds a BBA in Accounting and Finance with First Class Honors from Hong Kong Polytechnic University and an MSc in Financial Economics with Distinction from the University of Oxford.

BIOGRAPHY

MARC-OLIVIER BUFFLE



Senior Product Specialist
Thematic Equities Team

Marc-Olivier Buffle joined Pictet Asset Management in 2014 as a Senior Product Specialist in the Thematic Equities team and is a member of Pictet's Sustainability Board.

Before joining Pictet, Marc was at RobecoSAM where he acted successively as senior analyst, head of industrials and head of SI research, responsible for the research methodology of the S&P Dow Jones Sustainability Index. Prior to that he was responsible for environmental business development at the Danaher Corporation. Marc started his career at Trojan Technologies in London Canada, where he led a R&D team focusing on water treatment technologies.

Marc holds a MSc in engineering from the ETH in Zurich, and a PhD from EAWAG in Environmental Chemistry and is the author of patents, scientific articles, technical and financial publications.

STEPHEN FREEDMAN



Senior Product Specialist
Thematic Equities Team

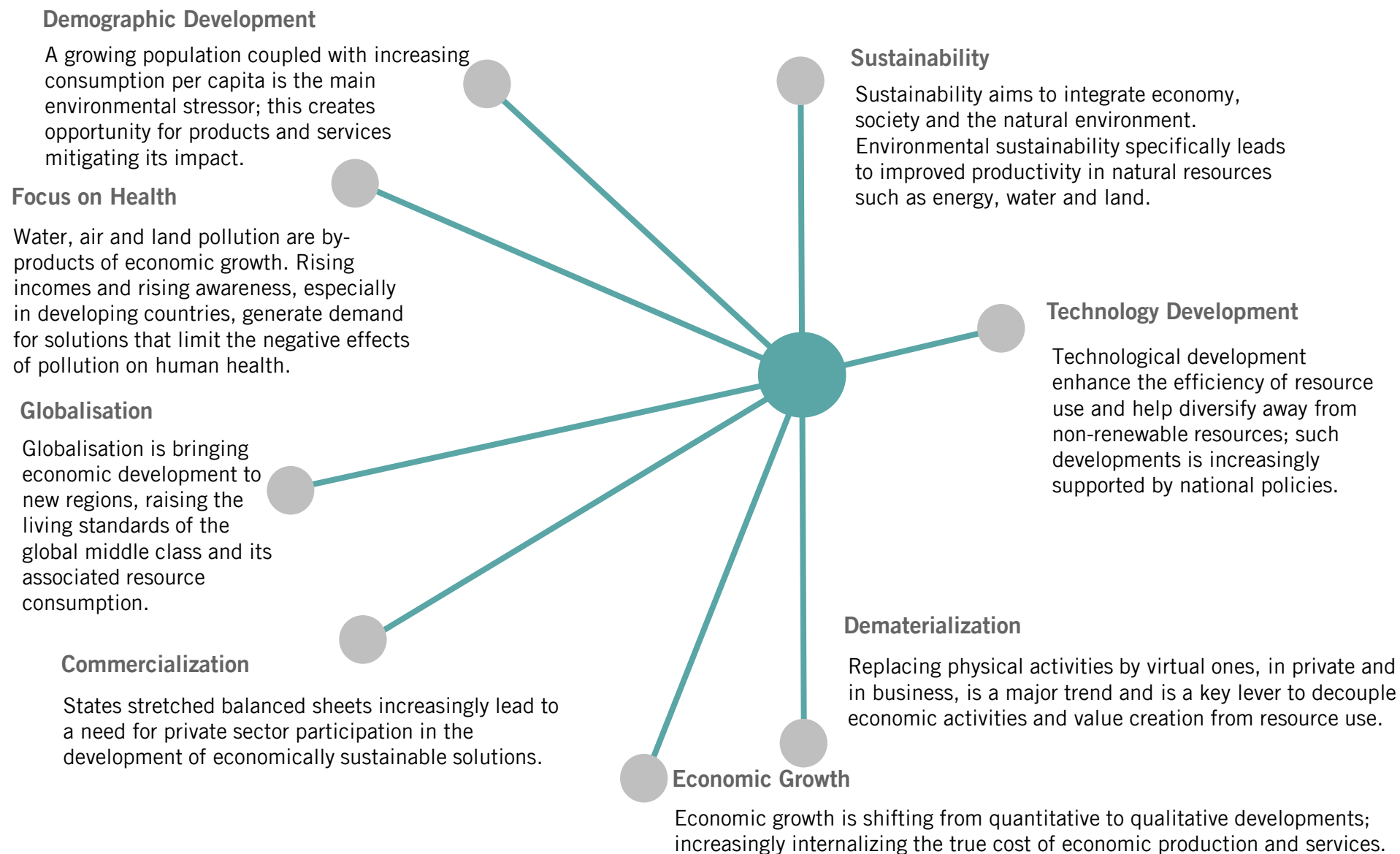
Stephen Freedman joined Pictet Asset Management in 2019 as Senior Product Specialist in the Thematic Equities team.

Before joining Pictet, Stephen was at UBS Wealth Management, where he most recently served as head of Sustainable Investing Solutions for the Americas, based in New York. Prior to that he served in various Investment Strategy roles, including head of Thematic Investing Strategy and head of Tactical Asset Allocation. He started his career with UBS in Zurich in 1998 as an economist and public policy analyst. Since 2019, he has been teaching environmental finance at New York University.

Stephen holds a PhD and a Master in economics from the University of St. Gallen. He is a CFA charterholder and earned the FRM designation from the Global Association of Risk Professionals.



ENVIRONMENTAL THEME SUPPORTED BY POWERFUL MEGATRENDS



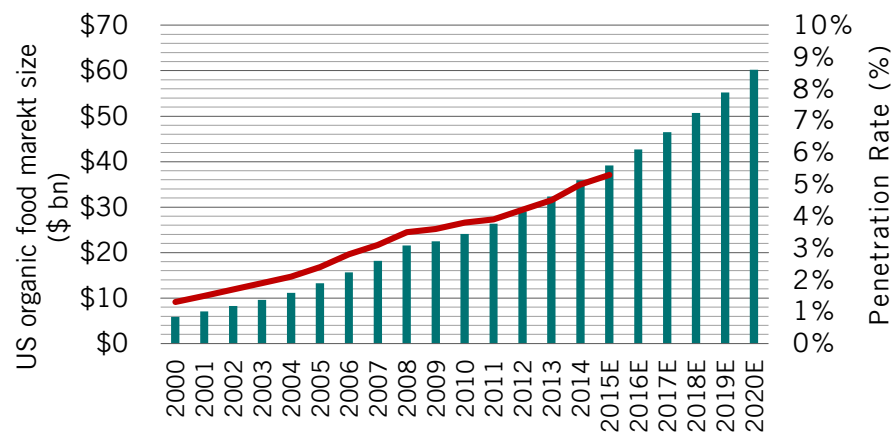
Source: Copenhagen Centre for Future Studies; Pictet Asset Management



CONSUMERS AND PRIVATE SECTOR RISING TO THE CHALLENGE

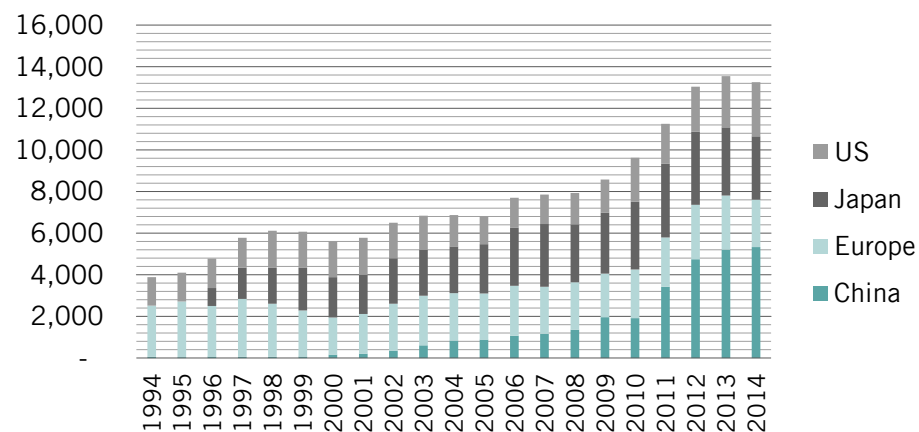
- > **Consumers** increasingly aware of environmental challenges
- > Products and services increasing resource efficiency and minimizing pollution experience **superior growth rates**

North American market for organic products



- > **Companies** recognize consumer and policy shifts
- > While leading corporations adapt their operations to obtain environmental certifications...
- > ... the most proactive revisit their business models and **generate new opportunities**

Environmental patents by region



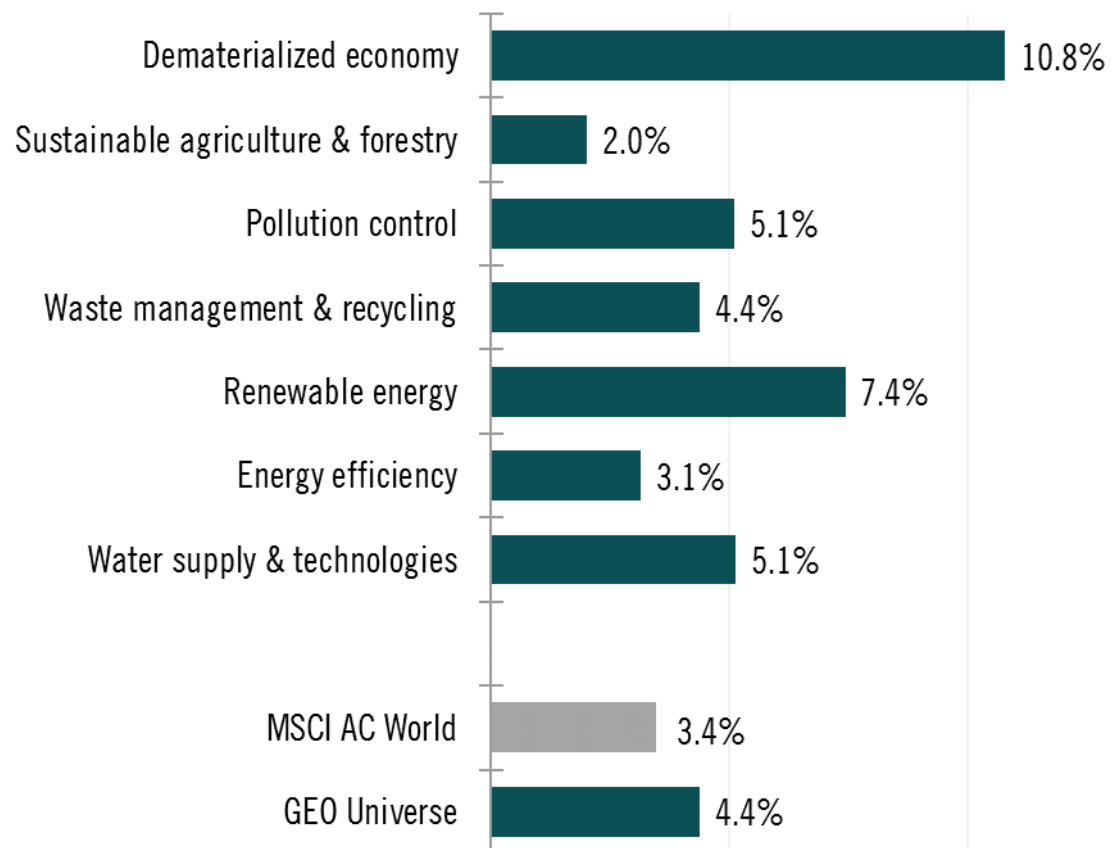
Source: WIPO statistics database. Jefferies equity research. Last updated: April 2016, Pictet Asset Management



INVESTABLE UNIVERSE CHARACTERIZED BY SECULAR GROWTH

- › \$2 trillion addressable market, growing to \$3 trillion by 2020
- › Companies in investable universe expected to grow sales by 4.4%, vs. 3.4% for MSCI AC World stocks*
- › Growth is highly diversified

Investable universe sales growth by segment*

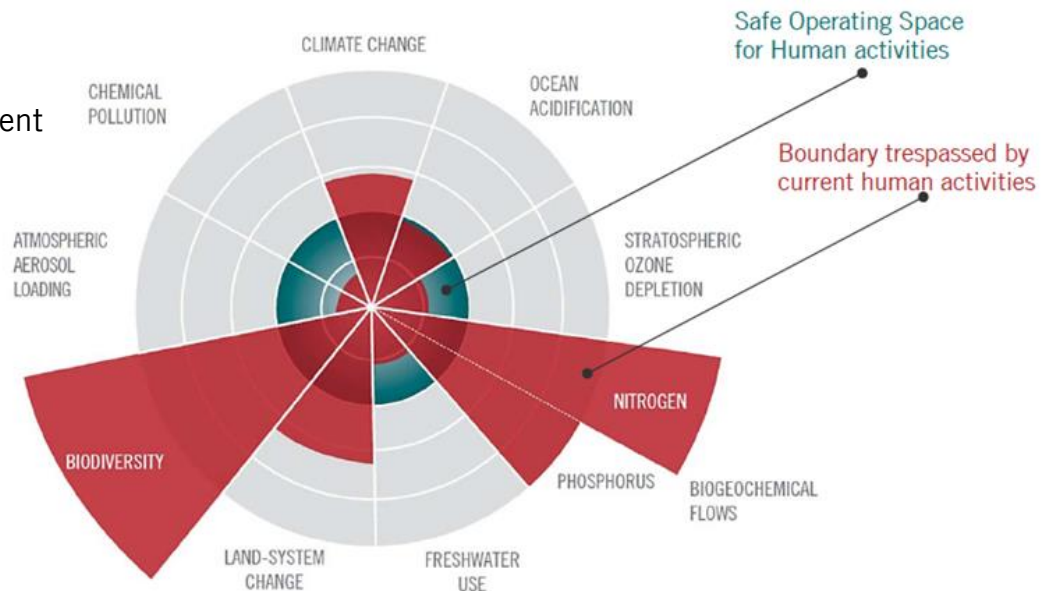


*) Median 2017-19e sales CAGR (%) in local currency
Source: Bloomberg, Pictet Asset Management 30.11.2019

CREATING THE INVESTABLE UNIVERSE

The Planetary Boundaries

- › Represents the current **scientific** consensus regarding which environmental challenges **matter most**
- › Used to identify companies that have a **low environmental impact across their life cycle**
- › Only companies whose natural resource usage and emissions stay within the safe operating space are included in our **investment universe**
- › The use of the PB framework to define the investment universe is a rule based approach to **account for externalities**

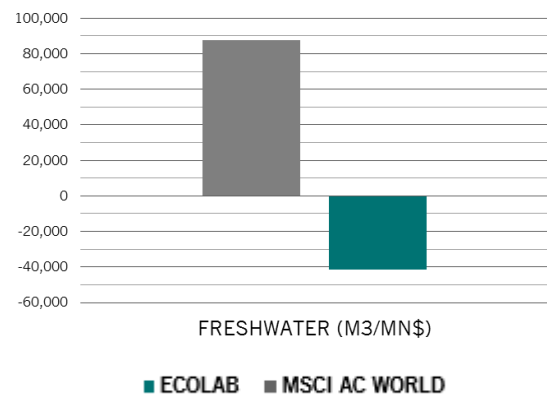


Source: "The trajectory of the Anthropocene: the great acceleration". Steffen et al. March 2015. Stockholm Resilience Centre, *Nature September 2009

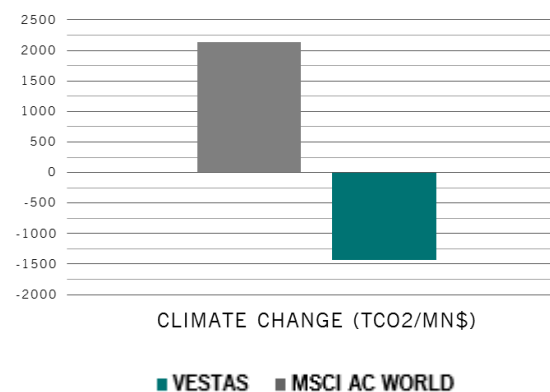
Environmental thematic purity

- › Thematic purity indicates what proportion of a firms activities* is derived from developing **environmental solutions**
- › Environmental solutions help the economy stay within the boundaries
- › Purity measured by the positive environmental impact from a certain activity or value chain on at least one the planetary boundaries
- › Purity value >20% to be included in investable universe
- › Examples of primary environmental impact**:

Ecolab



Vestas



* Enterprise value, revenue or EBITDA derived from environmental products and services

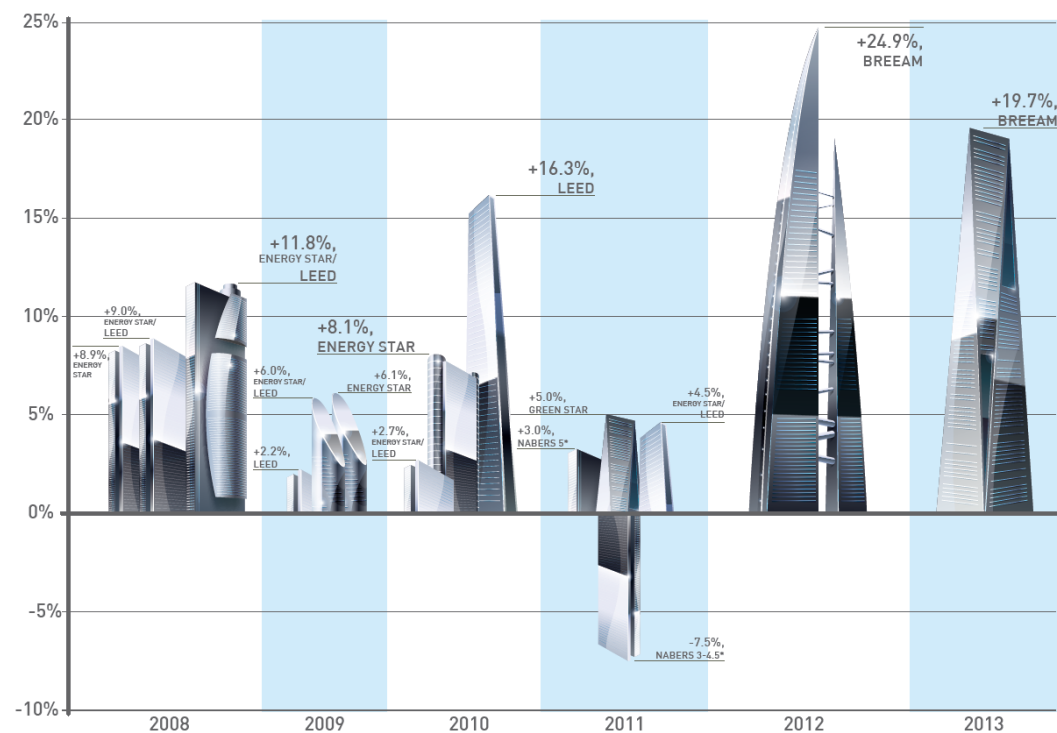
** Companies often have a significant positive impact on more than one environmental dimension

ENERGY EFFICIENCY IN GREEN BUILDINGS

Solutions for smart buildings

- Green building legislation has global momentum, for economic reasons
- Environmental solutions can lower energy use by 25-30%, for LEED-certified buildings:
 - LED lighting
 - Smart energy management
 - Thermal insulation
 - Energy-efficient appliances e.g. water heaters
- Wider benefits in terms of water consumption, waste generation

Increase in rental premiums for green building (%)



Source: World Green Buildings Council



ADVANCED TRANSPORTATION

Solutions for the electrification of transport

- › Secular decline of internal combustion engine (e.g. diesel-gate), due to de-carbonization and local pollution issues
- › Opportunities in components, semiconductors and infrastructure for electric and hybrid vehicles

Opportunities across OEMs, components, semiconductors and infrastructure



Source: Tesla, Infineon

TESLA

• **APTIV** •

Valeo

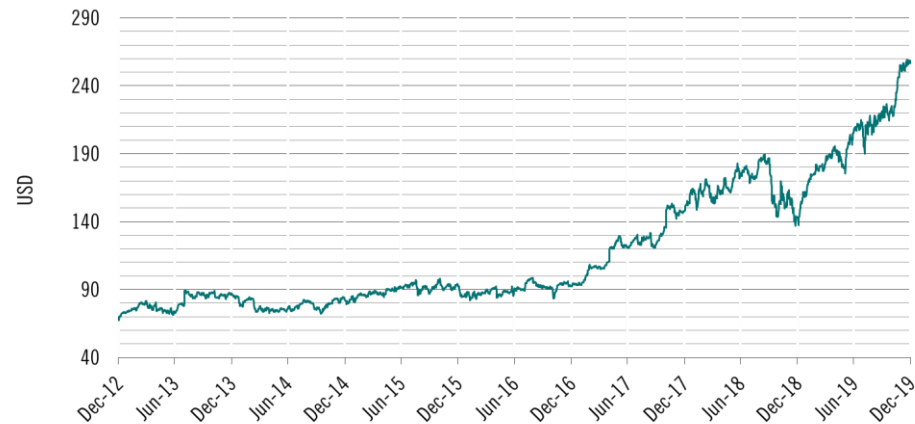
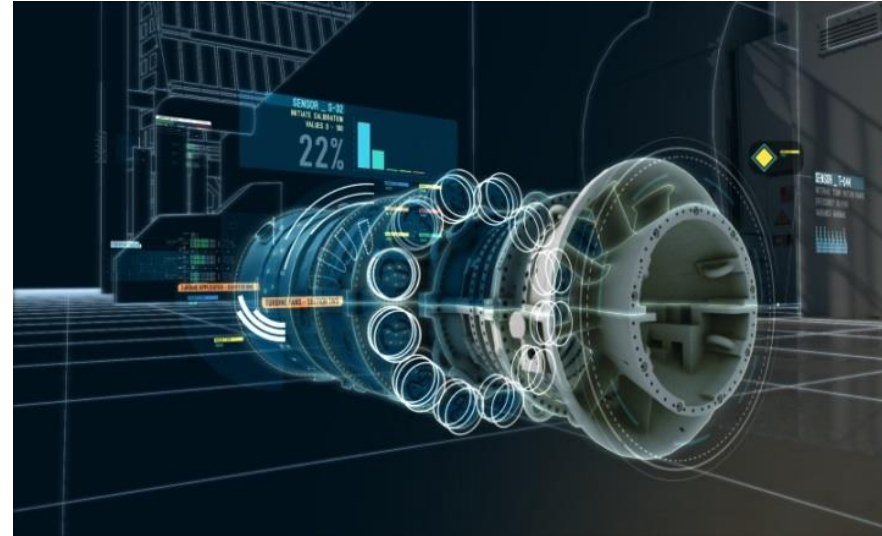
infineon

DEMATERIALIZED ECONOMY STOCK EXAMPLE – ANSYS



Global leader in engineering simulation. Develops, markets and supports engineering simulation software used to predict how products will behave and how manufacturing processes will operate in real-world environments. Offers the most comprehensive suite of simulation solvers in the world e.g. fluid dynamics, structural mechanics, electromagnetics, multi physics. Simulation is an environmental technology because it's a key enabler of lower raw material usage

Market capitalization: USD \$22.0 billion



Source: Pictet/Bloomberg, 31/12/2019

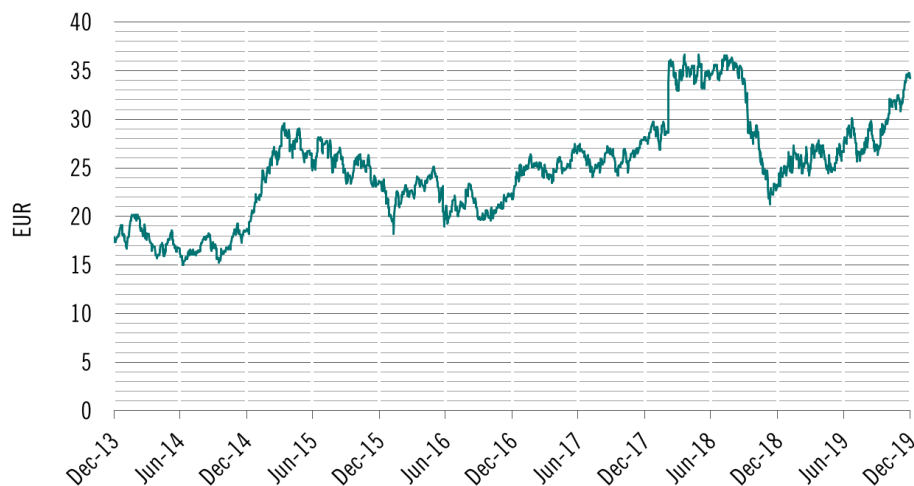
Note: The stock is shown for illustrative purposes and may be sold at any time without prior notice.

WASTE MANAGEMENT & RECYCLING STOCK EXAMPLE – SMURFIT KAPPA



A world leading producer of paper-based packaging such as corrugated packaging, solid board and folding carton. Provides recycling solutions and owns over 100k hectares of forest globally. Designs and delivers cost effective packaging solutions for its customers by preventing waste of packaged products, by optimizing material usage and by reducing transport trips through appropriate packaging design.

Market capitalization: USD \$9.1 billion



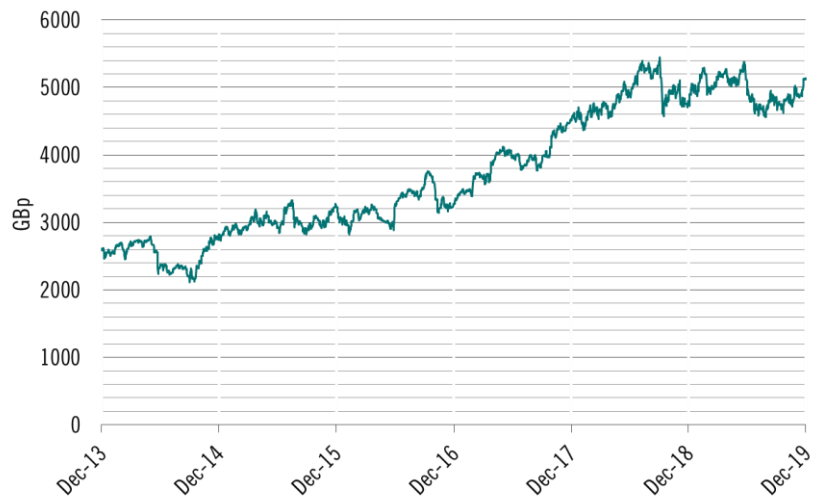
Source: Pictet/Bloomberg, 31/12/2019

Note: The stock is shown for illustrative purposes and may be sold at any time without prior notice.

CRODA

Creates, makes and sells specialty chemicals for a range of diverse products including health and beauty, engine lubricants and plastics. Fully committed to using renewable raw materials and environmentally sensitive processes to create ingredients with sustainable properties

Market capitalization: USD \$8.7 billion



Source: Pictet/Bloomberg, 31/12/2019

Note: The stock is shown for illustrative purposes and may be sold at any time without prior notice.



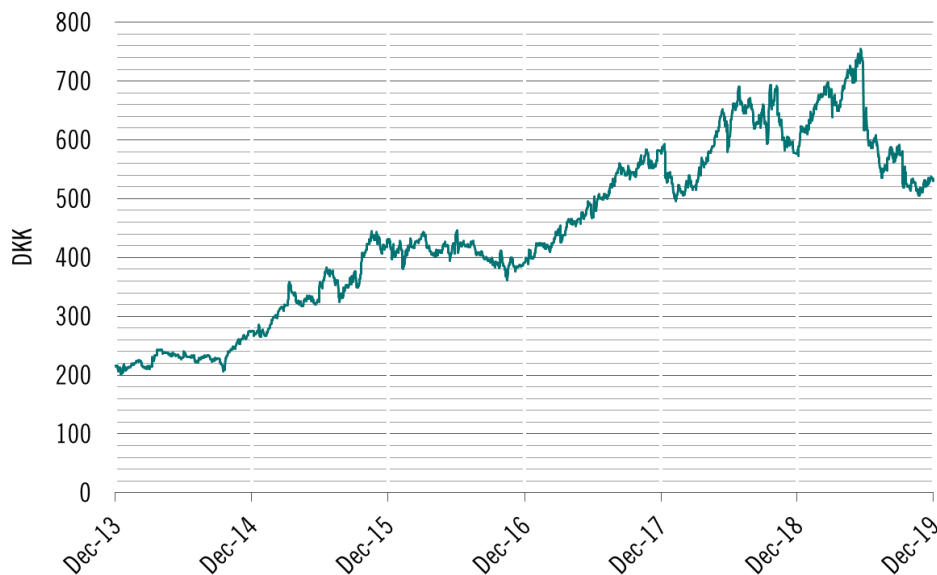
SUSTAINABLE AGRICULTURE STOCK EXAMPLE – CHRISTIAN HANSEN

CHR HANSEN

Improving food & health

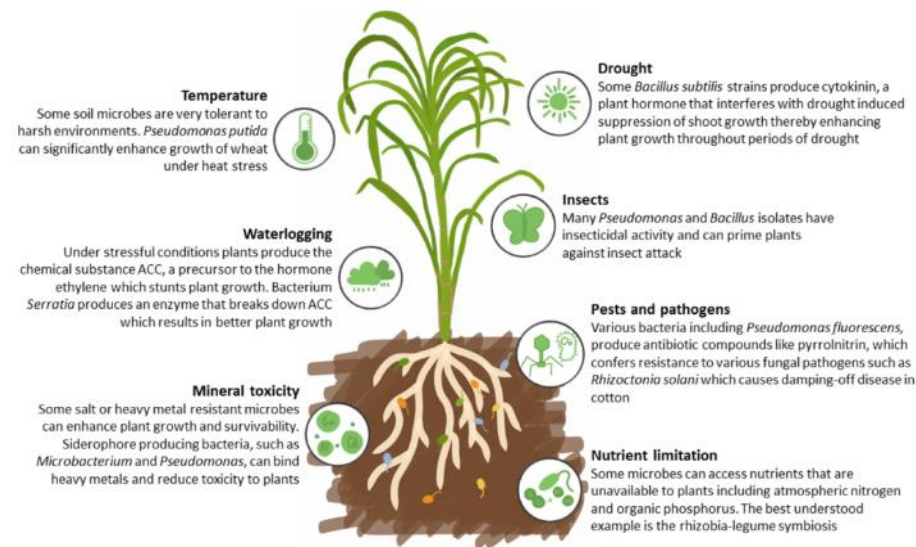
Global market leader in dairy enzymes, cultures and natural colors. Develops and produces natural food ingredients and preservatives, pharmaceutical and biotechnological products. Also develops bacteria for crops that can substitute fertilizers

Market capitalization: USD \$10.5 billion



Source: Pictet/Bloomberg, 31/12/2019

Note: The stock is shown for illustrative purposes and may be sold at any time without prior notice.

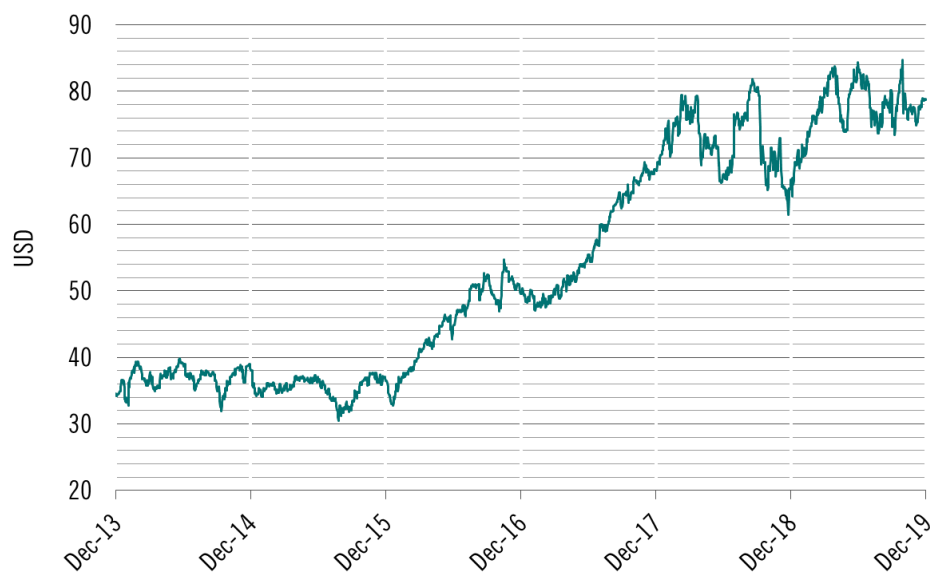


WATER STOCK EXAMPLE - XYLEM



Leading global water technology company that addresses its customer challenges across the entire water cycle, from the transport stage to treatment and testing. Its business is divided into “water infrastructure” and “applied water”, its end-markets are industrial, utility, commercial and residential.

Market capitalization: USD \$14.2 billion



Source: Pictet/Bloomberg, 31/12/2019

Note: The stock is shown for illustrative purposes and may be sold at any time without prior notice.

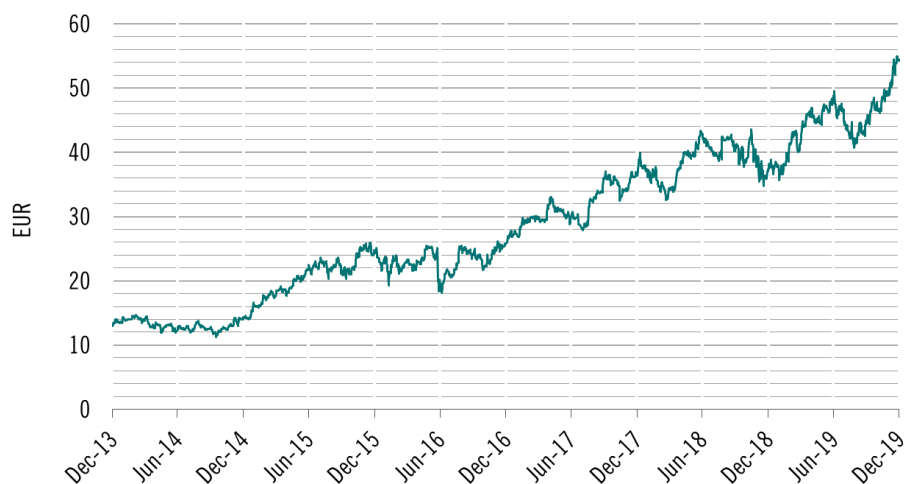


ENERGY EFFICIENCY STOCK EXAMPLE - KINGSPAN



Global leader in high performance insulation and building envelope solutions. It helps its customers to build in an energy efficient manner that reduces running costs and also meets environmental regulations and greenhouse gas emissions targets.

Market capitalization: USD \$11.1 billion



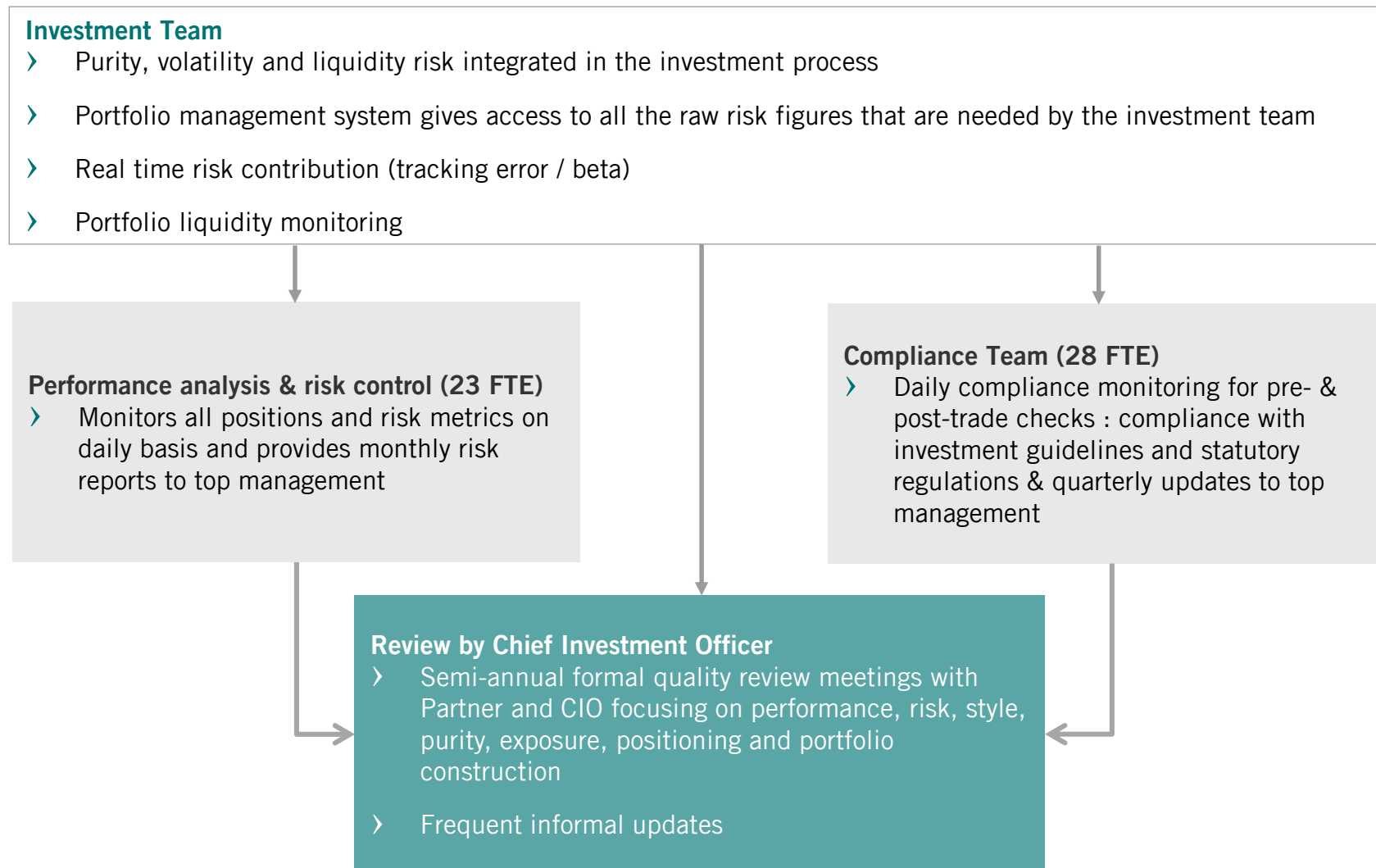
Source: Pictet/Bloomberg, 31/12/2019

Note: The stock is shown for illustrative purposes and may be sold at any time without prior notice.



RISK MANAGEMENT OVERVIEW

Our main principle = avoid active bets where risks cannot be estimated





PRIMARY RESEARCH & KNOWLEDGE TRANSFER

WHAT	WHEN
Formal investment team meetings to discuss portfolio activities	weekly
Morning video-conference calls with Pictet AM sector analysts	daily
In-person meetings with Advisory Board	semi-annual
Company meetings	>300 / year
Participation to bespoke field research trips, factory visits, conferences, trade fairs	regular
Meetings with exclusive research partner	monthly

Tools and resources at disposal include but are not limited to:

Bloomberg, Credit Suisse HOLT, Starmine, Factset, RepRisk, Style Research Skylines™, CFRA, ISS, Inrate, Sustainalytics GES, internally developed analysis and portfolio management software suites, as well as access to 60+ global and specialized research providers

MID-TERM OUTLOOK BY SEGMENT

SEGMENT	PORTFOLIO WEIGHT	OUTLOOK
Energy Efficiency	17%	<ul style="list-style-type: none"> ➤ Ongoing semiconductor demand cycle driven by automotive electrification and sustained CAPEX investments in industrial automation solutions ➤ Steady demand in EU and US for energy efficiency solutions such as insulation, LED
Water Supply & Technologies	12%	<ul style="list-style-type: none"> ➤ Favorable, stable regulatory outlook for US water utilities, supported by strong focus on water infrastructure investments ➤ Water pollution action plan in China stimulating wastewater infrastructure investments
Waste Management and Recycling	17%	<ul style="list-style-type: none"> ➤ Continued favorable volume/price mix due to economic and private consumption recovery ➤ Favorable supply/demand dynamics in containerboard
Dematerialized Economy	25%	<ul style="list-style-type: none"> ➤ Strong demand for digital product life cycle management, simulation and testing ➤ Digitalization of manufacturing
Pollution Control	19%	<ul style="list-style-type: none"> ➤ Significant rise in environmental protection spending in China to boost industrial pollution control
Sustainable Agriculture & Forestry	4%	<ul style="list-style-type: none"> ➤ Favorable trends in natural food ingredients, enzymes and biotechnology
Renewable Energy	5%	<ul style="list-style-type: none"> ➤ Uncertainty in US wind market due to potential review of tax credit regime

CURRENT STRATEGY VALUATION

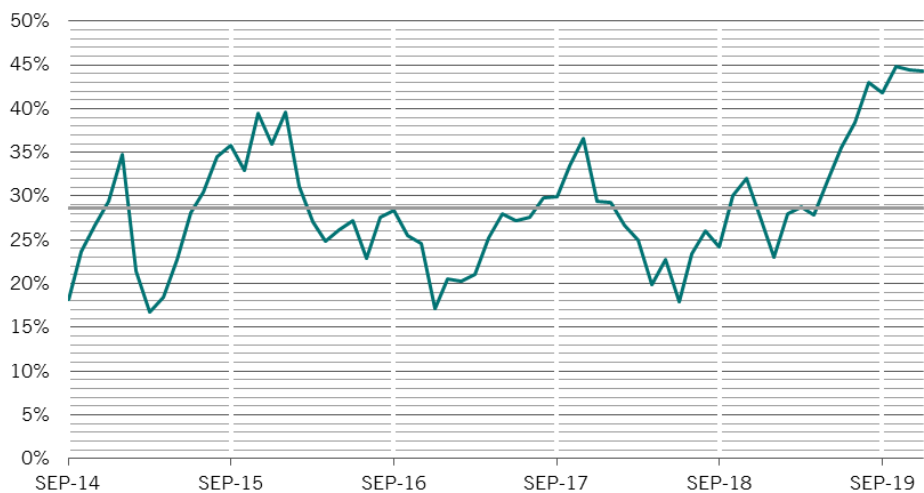
GEO monthly P/E FY1



GEO monthly EV/EBITDA FY1



P/E Premium / Discount to MSCI AC World



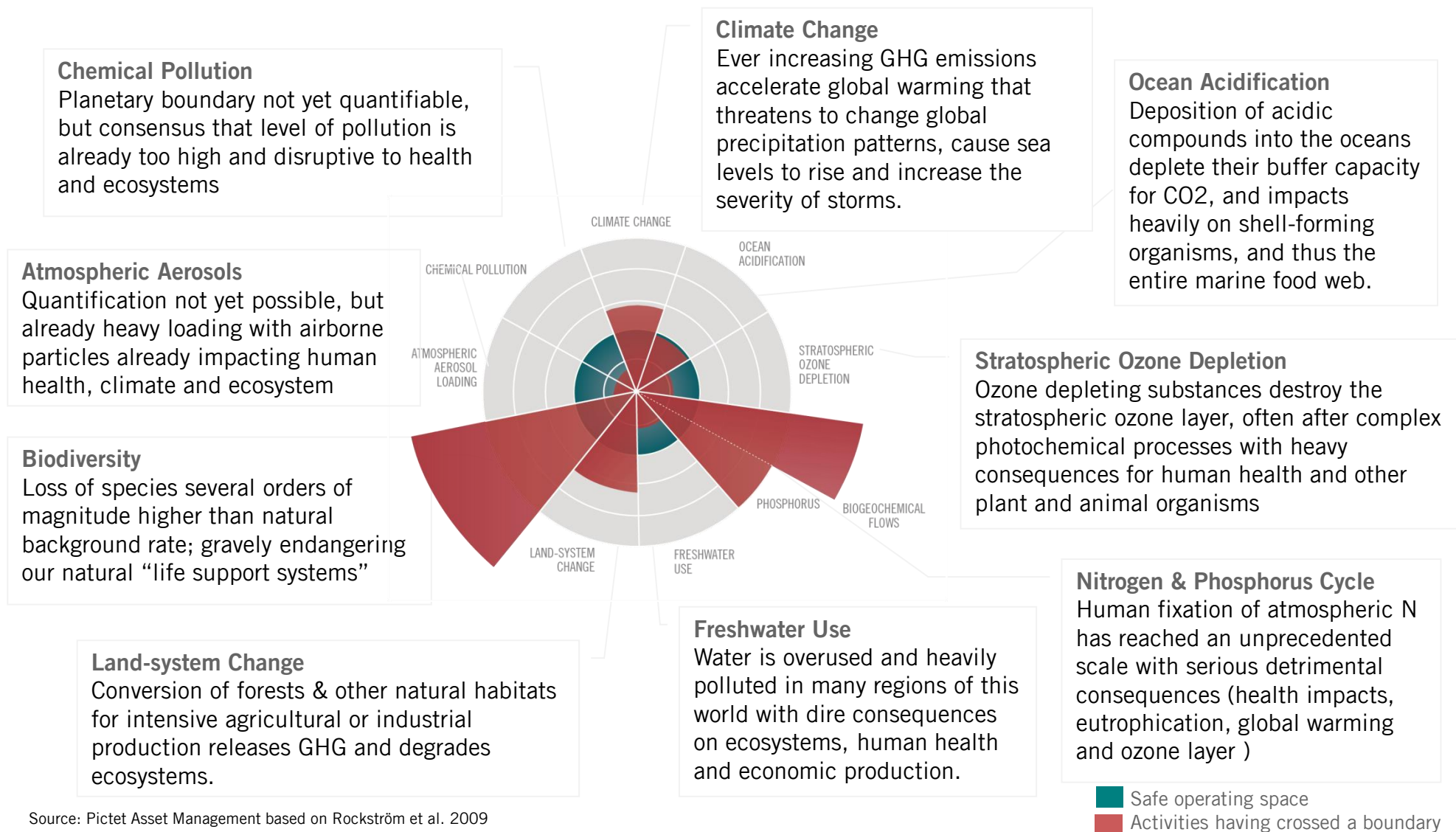
EV/EBITDA Premium / Discount to MSCI AC World



Source : Pictet, Factset, as of 31.12.2019

THE NOVEL CONCEPT OF PLANETARY BOUNDARIES

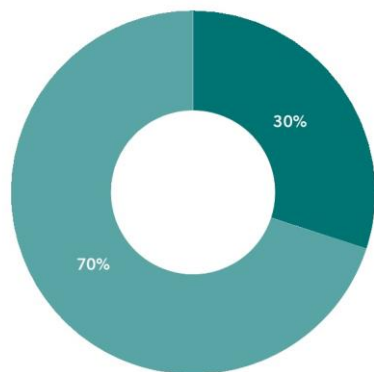
- Rigorous framework identifies 9 global environmental challenges, their respective boundaries and a “safe operating space” for economic activities
- The investable universe is represented by the companies that operate within that space, which also actively solve environmental challenges through their products and services (>20% min. exposure)



Source: Pictet Asset Management based on Rockström et al. 2009

PROXY VOTING ACTIVITY

Breakdown of shareholder resolutions



■ SUPPORTED (3) ■ AGAINST (7)

Number and percentage of votable items proposed by shareholders. Items are broken down in three categories. (i) shareholder resolutions that we supported, (ii) shareholder resolutions that we opposed, (iii) shareholders resolutions for which we abstained.

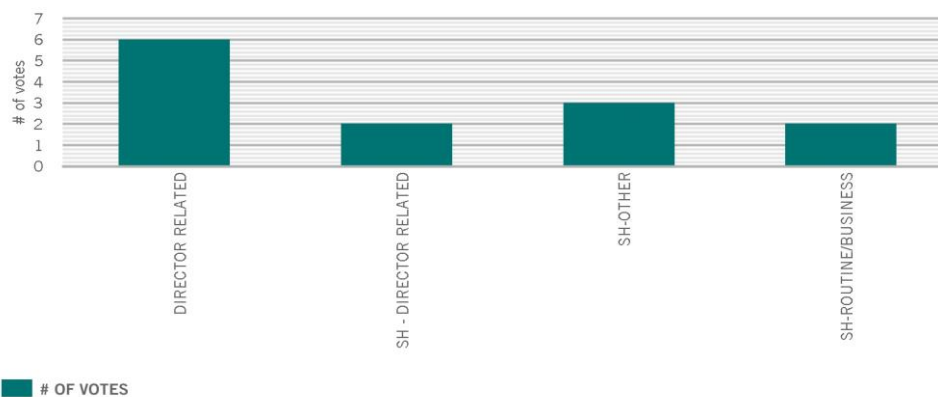
Categories of shareholder resolutions that we supported



■ # OF VOTES ▲ % OF VOTES

Number and percentage of shareholder resolutions that we supported broken down by category. Please refer to the glossary for a description of categories.

Breakdown of deviations from voting guidelines



■ # OF VOTES

Number of votable items where we deviated from our voting guidelines due to company-specific circumstances. Please refer to the glossary for a description of categories.

For further information, please visit our websites

PICTET ASSET MANAGEMENT
assetmanagement.pictet

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