

## Pictet - Quest Europe Sustainable Equities - I EUR

### Risk and reward profile

Don't take unnecessary risks.  
 Read the Key Investor  
 Information Document.

Lower Risk	Higher Risk
1   2   3   4   5	6   7
Typically lower rewards	Typically higher rewards

### Market review

Markets were in turmoil towards the end of February following Russia's invasion of Ukraine, which triggered severe sanctions from Western countries, including blocking Russian banks from the Swift global payments system. Investors' focus quickly shifted from the implications of hawkish central banks earlier in the month to geopolitical tensions, impacts of higher commodity prices, worsening sentiment, and dampening growth and rate hike expectations. Developed Markets equities declined 2.5 per cent in the month, leaving them 7.7 per cent down for the year in USD. Within DM, UK equities were up slightly, US equities fell 3.0 per cent while Europe ex-UK was hit the hardest. Emerging Markets equities fell 3.0 per cent with Russian equities collapsing and becoming untradeable by the end of the month. Latin American equities defied the broader selling and ended the month higher. Commodities rallied led by sharply higher oil and natural gas prices. In Europe, Materials along with defensive sectors such as Utilities, Health Care and Consumer Staples held well in the month. Consumer discretionary, Financials, and IT were the biggest decliners. AstraZeneca, Shell, Anglo American, Rio Tinto and Glencore were the biggest contributors to benchmark performance. LVMH, Prosus, BNP Paribas, Total, ING and Allianz were the main detractors.

## Performance analysis

From a strategy perspective, the fund's performance computed at market close shows that it is above the benchmark in February, adding to the gains from the previous month. However, given high intraday volatility, the NAV valuation chain that takes a snapshot at 4pm looks behind the market for the month. The overweight in Financials and underweight in Energy, Materials and Utilities dragged performances, the drag was offset by contributions from overweight to Health Care, underweight to Discretionary and stock selection in Industrials. Overweights in Switzerland and Norway and underweights in Germany and France were the main positive contributors. Bottom-up, positive contributors to relative performance were our overweight positions in Bunzl, Norsk Hydro and UCB and not investing in Prosus. Overweights in Societe Generale, ING, Allianz and absence of Shell and AstraZeneca detracted. Within our 4P framework, all the dimensions were positive, with Protection as the main contributor.

## Portfolio activity - overweightings & underweightings

As of the end of the February, the largest overweight sectors in the fund were Financials, Health Care, and Industrials. Major underweight sectors are Consumer Discretionary, Energy, IT, Materials, and Utilities. In terms of countries, Switzerland remains the largest overweight, followed by the Netherlands, Finland and Norway. France and Germany are the main underweight countries. At a stock level, among the major overweight positions are Allianz, GlaxoSmithKline, UBS, Generali and Sanofi. Among the largest underweight positions are LVMH, AstraZeneca, SAP, Total, and Shell. Within the 4P framework, the strategy continues to remain constructive on Price offset by the underweights in Profit and Protection. Our exposures continue to be driven by a bottom-up stock selection approach using the 4P Framework and sustainability criteria.

## Market outlook

Markets are likely to remain volatile as long as the Russia/ Ukraine geopolitical risks continue to be elevated. While the direct impact of the crisis on corporate earnings are likely to be limited, indirect risks appear more substantial through higher and persistent inflationary pressures, dampening economic growth and confidence, contagion effects of sanctions, global supply-chains and trade disruptions and a risk of policy mistakes. US growth will be less adversely impacted, but the risks to European economies are higher given proximity, energy dependencies, and financial linkages to the conflict region. EM countries geared to higher commodity prices might see some respite while net commodity importers will feel the impact of higher costs. Russia will be dropped from EM benchmarks as the market becomes un-investable. The crisis is also likely to see a dovish reassessment of monetary policy by central banks to various degrees and more sharply in the Eurozone. In this context, quality and defensive stocks with strong pricing power be able to pass on higher costs and those less likely to be impacted should economic growth slows down sharply are a better refuge. The US is more attractive vs. Europe and within Europe, the UK and Swiss equities are better positioned we believe. In EM, China continues to look attractive given the accommodative monetary policy stance and valuations.

## Portfolio strategy

The fund provides investors the opportunity to benefit from a robust investment strategy, systematically taking advantage of mispricing in the equity markets, resulting from structural and behavioural biases. By investing in high quality companies with superior long-term fundamentals, the fund aims for steady capital growth while limiting downside risks due to short term price distortions. We assess a company's investment potential through a proprietary framework that focuses on four key determinants of Defensiveness: Profitability, Prudence, Protection and Price. Our portfolio construction aims to achieve maximum return for a given level of risk. With its embedded focus on a "quality with value" approach, the fund offers smoother yet attractive long-term performance.

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## General information

Legal form	Sub-fund of a SICAV
Regulatory status	UCITS
Domicile	Luxembourg
Inception date	30.09.2002
Launch date	28.11.2006
Share class currency	EUR
Compartment currency	EUR
ISIN	LU0144509550
Reference index	MSCI Europe (EUR)
Min. investment horizon (year(s))	5

## Fees

Ongoing charges (OCR)	0.78%
Performance fee (excluded from OCR)	-
Management fee (included in OCR)	0.50%
Max. conversion fee	2.00%
Max. subscription fee	5.00%
Max. redemption fee	1.00%

## Management team

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Laurent Nguyen

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Source: Pictet Asset Management

**Further information can be found in the prospectus.**

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Pictet Asset Management

For further information,  
please visit our website  
[assetmanagement.pictet](http://assetmanagement.pictet)

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#### Important Information

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