

Pictet - Short-Term Money Market CHF - I

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

January trade figures had a somewhat weak start of the year. Nominal exports dropped by 1.5% in seasonally adjusted terms, falling for the second month in a row, and back to their October 2021 level. In contrast, there was a strong rebound in imports after the previous month's slump (+7.0% m/m). However, the imports surge was boosted by the huge increase in energy prices, which have doubled since October 2021. January CPI inflation rose further above expectations, posting 1.6% y/y (from 1.5% in December). Core inflation remained unchanged following an uptrend at 0.8% y/y. As before, most of the inflation continued to be driven by higher price inflation for imported goods and services (+0.9 pts contribution) while domestic inflation has also gained pace (+0.7 pts contribution). Along similar lines, January producer and import prices index inflation bounced back to 5.4% y/y (after some slowdown in December to 5.1%). The increase was driven both by higher import (+9.6% y/y from 9.3%) and producer (+3.5% y/y from 3.2%) price inflation, which have been boosted by the CHF weakening over the last month. Despite the expected further gradual weakening of the CHF against the euro in 2022, we should have now reached the supply-side inflationary peak.

Performance analysis

The fund posted a flat performance versus its benchmark index. We profited from a solid basis for Swiss investors. We bought papers in EUR, CAD and yen swapped back in Swiss franc at attractive levels.

Portfolio activity - overweightings & underweightings

In February, we decided to increase the duration to 56 days. The size of the fund increased by CHF 4 million. At the beginning of the month, we had a big sell-off in the rate markets on strong numbers for US payrolls and a hawkish FED. In this context, we were able to invest at higher yields in different currencies. With the invasion of Ukraine, we bought some Government papers like Japanese T-Bills and Singapore T-bills (6-month maturity). In Swiss francs, we participated in private placements and we also bought a new public bond issued by Roche. In terms of rating, we increased our AA exposure by decreasing our AAA and A papers. All our exposures are hedged in Swiss franc. Overall, we kept a good level of liquidity and maintained our conservative approach in this environment of uncertainty.

Market outlook

January SNB's FX reserves continued rising to a new record high, albeit at a much slower pace than in the previous month. Total foreign currency reserves thus reached CHF 947.2Bn (+2.7Bn), around 125% of GDP. The increase reflects limited SNB's foreign currency interventions as total sight deposits, the best proxy for interventions, rose by just CHF 2.1Bn over the month. In addition, the negative equity and bonds market performance over the month was partly compensated by a positive currency valuation effect from the major reserve currencies (USD +2.2%, EUR +0.7%, JPY +2.1%, GBP +1.2% and CAD +1.5%). Looking ahead, we expect only a moderate increase in foreign currency reserves as the SNB's interventions will remain very limited in light of the recent CHF weakening. We will keep a very cautious approach in this context of war.

Portfolio strategy

Going forward, we expect challenging investment conditions for Swiss money market funds. With the invasion of Ukraine, we will have a very defensive approach in the coming weeks. On the credit side, we mainly do stock picking, choosing the best opportunities on the market. Finally, we will maintain some liquidity in this uncertain environment.

General information

Legal form	Sub-fund of a SICAV
Regulatory status	UCITS
Domicile	Luxembourg
Inception date	09.05.2001
Launch date	09.05.2001
Share class currency	CHF
Compartment currency	CHF
ISIN	LU0128499158
Reference index	FTSE CHF 1-Month Eurodeposit (CHF)
Min. investment horizon (days)	1-5
Money Market Category	Short-Term Money Market Fund
NAV Type	VNAV
Fund Rating	Not rated

Fees

Ongoing charges (OCR)	0.12%
Performance fee (excluded from OCR)	-
Management fee (included in OCR)	0.05%
Max. conversion fee	2.00%
Max. subscription fee	5.00%
Max. redemption fee	1.00%

Management team

Micki Junge
Sylvian Mauron

Source: Pictet Asset Management

Further information can be found in the prospectus.

Pictet Asset Management

For further information,
please visit our website
assetmanagement.pictet

Important Information

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The Fund qualifies as short-term variable net asset value money market fund (hereinafter referred to as the "Short-Term VNAV MMF"). The Short-Term VNAV MMF is not a guaranteed investment vehicle. An investment in Short-Term VNAV MMF is different from an investment in deposits, there is in particular a risk that the principal invested in a Short-Term VNAV MMF is capable of fluctuation. The Fund does not rely on external support for guaranteeing the liquidity of the Short-Term VNAV MMF or stabilising the NAV per unit or share and the risk of loss of the principal is to be borne by the investor. The Fund may decide to solicit or finance an external credit rating in which case the Prospectus and any relevant marketing material will be updated at the next available opportunity. **The Short-Term VNAV MMF uses the derogation to invest more than 5 % of its assets in money market instruments issued by the same body and is authorised to invest up to 100% of its assets, in accordance with the principle of risk spreading, in Money Market Instruments issued or guaranteed separately or jointly by the EU, the national, regional and local administrations of the Member States of the EU or their central banks, the European Central Bank, the European Investment Bank, the European Investment Fund, the European Stability Mechanism, the European Financial Stability Facility, a central authority or central bank of a third country, the International Monetary Fund, the International Bank for Reconstruction and Development, the Council of Europe Development Bank, the European Bank for Reconstruction and Development, the Bank for International Settlements, or any other relevant international financial institution or organisation to which one or more Member States of the EU belong.**

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