

Pictet - Short-Term Money Market EUR - 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

The Euro Money Market evolved in quite exceptional circumstances during the month of February. While the public health crisis is not yet over and European inflation is at its highest level in decades, a diplomatic crisis has developed and Russia has, in the end, attacked its Ukrainian neighbor. In this unfavorable context, to say the least, the Money Market behaved resiliently. Given the fears that rising energy prices would weigh on inflation, the upward trend in short rates continued during the first part of the month before correcting. It is notable that maturities below three months were very stable (with one and three-month Euribor progressing by about 0.01%) and that market liquidity was maintained.

Performance analysis

During the month of February 2022, the Fund performance has been in line with the portfolio's objectives and benchmark.

Portfolio activity - overweightings & underweightings

During February, we maintained the portfolio's WAM at around 39 days and slightly increased its WAL to 82 days. Given the uncertain financial and international environment, we have been very cautious in our investments. With this view, we increased the portfolio's overnight liquidity to above 10% and its weekly liquidity to over 25%. We also allocated 3.4% of our portfolio in new Treasury Bills positions (France, Japan and Singapore). The rest of the new investments were allocated to short-term bonds (10.2% of the portfolio) and Commercial Papers or Certificates of Deposits (8.9%, on an average maturity of 53 days). In terms of duration, we continued our strategy of hedging the longest maturities in the portfolio (2% of 9-month positions were hedged) against the Ester index. Portfolio liquidity has remained high.

Market outlook

Following the ECB's press conference, several GC members expressed their views (the tone was overall less hawkish), starting with President Lagarde in front of the European Parliament (7 February), where she stated that any move on policy will depend on data and be gradual. The ECB is very faithful to its sequence, i.e. no rate hike until asset purchases are completed. Chief economist Lane continues expecting inflation to ease. He warned about the impact of a premature tightening on economic activity that would not reduce inflation. This was echoed by President Lagarde while clarifying that the ECB is not in a wait-and-see mode as it has already taken measures by planning to finish PEPP in March. On the rate front, the ECB should wait for more evidence that inflation will stabilize at target in the medium term; wage developments so far point to a rate hike in Q1 2023. The overall uncertainty has increased due to the military conflict in Ukraine, which might lead to energy shortages, higher energy prices, increased inflationary pressures and weaker sentiment. In that context, the ECB would look through this temporary supply shock (more than half of the cold season is over), reducing the possibility of seeing a rate hike anytime soon.

Portfolio strategy

In terms of duration, we are consistent with our benchmark. As for portfolio assets, we pay attention to both a very high credit quality and the liquidity of the securities we purchase.

General information

Legal form	Sub-fund of a SICAV
Regulatory status	UCITS
Domicile	Luxembourg
Inception date	07.05.2001
Launch date	07.05.2001
Share class currency	EUR
Compartment currency	EUR
ISIN	LU0128494944
Reference index	FTSE EUR 1-Month Eurodeposit (EUR)
Min. investment horizon (days)	1-5
Money Market Category	Short-Term Money Market Fund
NAV Type	VNAV
Fund Rating	

Fees

Ongoing charges (OCR)	0.14%
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

Philippe Billot
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 money market fund ("MMF") is not a guaranteed investment vehicle. An investment in MMF is different from an investment in deposits, there is in particular a risk that the principal invested in a MMF is capable of fluctuation. The Fund does not rely on external support for guaranteeing the liquidity of the 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 rating of the Fund was solicited or financed by the MMF or by the manager of the MMF.

The 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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