

Pictet - Sovereign 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 this month of February 2022, the fund's net performance was slightly negative but consistent with the challenging conditions on the Euro short-term rates market.

Portfolio activity - overweightings & underweightings

During this month, we mainly bought Treasury bills from Germany, Denmark, Singapore and Denmark and we rolled our Swiss T-bills maturities. Other investments were in German Agencies, both bonds and commercial papers. The Weighted Average Maturity (WAM) increased throughout the month to close to the 60-day limit.

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

We allocated the fund's assets to Treasury bills, short-term bonds and commercial papers issued by governments, government-guaranteed agencies and supnationals from an exhaustive list. To be eligible, an issuer must be rated Aaa/AAA by either Moody's or S&P and Aa1/AA+ by the other agency at a minimum.

General information

| | |
|--------------------------------|--------------------------------|
| Legal form | Sub-fund of a SICAV |
| Regulatory status | UCITS |
| Domicile | Luxembourg |
| Inception date | 16.06.2008 |
| Launch date | 16.06.2008 |
| Share class currency | EUR |
| Compartment currency | EUR |
| ISIN | LU0366536638 |
| Reference index | German Sovereign 1 Month (EUR) |
| 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) | 0.11% |
| Performance fee (excluded from OCR) | - |
| Management fee (included in OCR) | 0.02% |
| Max. conversion fee | 2.00% |
| Max. subscription fee | 5.00% |
| Max. redemption fee | 1.00% |

Management team

Sylvian Mauron
Philippe Billot

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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