

Pictet – Environmental Megatrend Selection

Simplified Prospectus (October 2010)

Important information

This prospectus contains essential information relating to the Pictet – Environmental Megatrend Selection compartment (the «Compartment»). For more detailed information, please refer to the most recent version of the full current Pictet (the «Fund») prospectus. The full prospectus, as well as the latest annual and semi-annual reports, may be obtained free of charge from the Fund or the Custodian Bank.

1. Legal structure

Pictet (the «Fund») is an open-ended investment company (SICAV) with multiple compartments incorporated under Luxembourg law, in accordance with the provisions of Part I of the Law of 20 December 2002 governing undertakings for collective investment. The Fund was incorporated for an indefinite period on 20 September 1991 under the name of Pictet Umbrella Fund. Its Articles of Association were last amended by notarised deed on 9 April 2010. The Fund has appointed Pictet Funds (Europe) S.A. (the «Management Company») to act as management company in accordance with Chapter 13 of the Law of 20 December 2002.

2. Investment policy and objectives

The Compartment applies a capital growth strategy, by investing principally in equities, or in any other transferable security linked to or similar to equities (including structured products as described below), issued by companies throughout the world (including emerging countries).

It will invest mainly in securities issued by companies active in the sectors of agriculture, silviculture, clean energy or water.

Investments in unlisted securities and in listed securities in Russia other than on the RTS and the MICEX stock exchanges, and investments in UCIs other than those listed in §1 of the investment restrictions section, will not together exceed 10% of the Compartment's net assets.

Risks will be minimised by diversified geographic distribution of the portfolio.

The management company will continuously monitor economic and political events in the countries in which the Compartment invests and it will give preference to securities with high growth potential and to companies with targeted activity rather than more renowned large companies.

In addition, the Compartment may also invest up to 10% of its net assets in undertakings for collective investment (UCI).

If the manager deems it necessary and in the best interest of the shareholders, the Compartment may hold up to 100% of its net assets in liquidities, e.g. in deposits, money market instruments, and money market investment funds (within the above-mentioned 10% limit).

Investments in debt instruments as defined by the European Directive 2003/48/EC will not exceed 15%.

The Compartment may also invest in structured products such as in particular credit linked notes, certificates or any other transferable security whose returns are linked to, among others, an index that adheres to the procedures stipulated in Article 9 of the regulations of the Grand-Duchy of Luxembourg of 8 February 2008 (including indexes on commodities, precious metals, volatility, etc.), currencies, interest rates, transferable securities, a basket of transferable securities, an undertaking for collective investment, in compliance with the regulations of the Grand-Duchy of Luxembourg of 8 February 2008.

The Compartment may use derivative techniques and instruments for efficient management within the limits specified in the investment restrictions.

3. Risk profile of the Compartment

The Compartment is subject to the risks inherent in any investment, such as the following:

- risks specific to a given market
- variations in exchange rates
- variations in interest rates.

The capital invested may fluctuate downwards as well as upwards, and investors may not recover the entire value of the capital initially invested.

Investors should be aware that the acquisition of derivative instruments involves certain risks that could have a negative effect on the performance of the Compartment. In addition, due to their volatility, warrants present an above-average economic risk.

For further information regarding the risks associated with the investment policy, please refer to the full prospectus.



4. Typical investor profile

The Compartment is an investment vehicle for investors:

- Who wish to invest in the securities of companies in line with Pictet's theme funds focused on the environment;
- Who are willing to bear significant fluctuations in market value and thus have a low aversion to risk;

5. Types of shares

Type of share	Activated	ISIN code	Initial min.	Base currency	Subscription and redemption currencies**	Dividend distribution	Fees (max%) *		
							Management	Service	Custodian Bank
I EUR (1)	✓	LU0503631631	1 million	EUR	EUR-USD	–	1.20%	0.45%	0.30%
P EUR	✓	LU0503631714	–	EUR	EUR-USD	–	2.40%	0.45%	0.30%
P dy EUR	✓	LU0503631805	–	EUR	EUR-USD	✓	2.40%	0.45%	0.30%
R EUR	✓	LU0503631987	–	EUR	EUR-USD	–	2.90%	0.45%	0.30%
Z EUR (2)	–	LU0503632019	–	EUR	EUR	–	0%	0.45%	0.30%
I USD (1)	✓	LU0503632100	(4)	USD	USD	–	1.20%	0.45%	0.30%
P USD	✓	LU0503632282	–	USD	USD	–	2.40%	0.45%	0.30%
P dy USD	✓	LU0503632449	–	USD	USD	✓	2.40%	0.45%	0.30%
R USD	✓	LU0503632522	–	USD	USD	–	2.90%	0.45%	0.30%
P CHF	✓	LU0503632795	–	CHF	CHF	–	2.40%	0.45%	0.30%
I dy GBP (1)	–	LU0503632878	(4)	GBP	GBP	✓	1.20%	0.45%	0.30%
P dy GBP	✓	LU0503632951	–	GBP	GBP	✓	2.40%	0.45%	0.30%
HP CHF (3)	–	LU0503633173	–	CHF	CHF	–	2.40%	0.50%	0.30%
HI USD (1) (3)	–	LU0503633256	(4)	USD	USD	–	1.20%	0.50%	0.30%
HP USD (3)	–	LU0503633330	–	USD	USD	–	2.40%	0.50%	0.30%
HR USD (3)	–	LU0503633504	–	USD	USD	–	2.90%	0.50%	0.30%

* per year of the average net assets attributable to this type of share.

** the conversion costs will be charged to the Compartment.

(1) I Shares: reserved for institutional investors.

(2) Z shares: reserved for institutional investors who have concluded a specific remuneration agreement with Pictet & Cie, Geneva, or any other entity of the Pictet Group.

(3) Hedged shares: shares intended to significantly hedge the exchange risk in relation to a given currency.

(4) EUR 1,000,000 converted to USD or GBP on the day of the NAV calculation.

6. Historical performance

The Compartment was activated on 13 September 2010.

Historical performance data are not yet available.

Past performance is not an indicator of present or future performance.

The performance data do not include commissions and fees received on the issue or redemption of shares.

7. Net asset value, subscriptions and redemptions

Frequency of net asset value (“NAV”) calculations)	Each banking day in Luxembourg and the first calendar day of the month, unless this day is a Saturday or Sunday.
Consolidation currency	EUR
Deadline for placing subscription and redemption orders	By 1:00 pm on the banking day preceding the applicable NAV calculation date.
Payment value date	Within 3 banking days of the applicable NAV.
Publication of the NAV	It is published at the Fund’s registered office on each valuation date and on the Pictet Funds S.A. website www.pictetfunds.com

8. Compartment fees and charges

• **Fees payable directly by the investor**

Intermediaries may deduct the following maximum commissions from Compartment shares:

Type of share (1)	Front-end load	Back-end load	Conversion
I	Max 5%	Max 1%	Max 2%
P	Max 5%	Max 1%	Max 2%
R	Max 5%	Max 3%	Max 2%
Z	Max 5%	Max 1%	Max 2%

(1) *And any corresponding shares.*

In addition, when the Fund is distributed abroad, the regulations in force in some jurisdictions may require the presence of a local Payment Agent. In this case, investors domiciled in these jurisdictions may be required to bear the fees and commissions levied by the local Payment Agents.

In accordance with market practices, and in line with the requirements of local distributors, the Distributor may decide to set minimum subscription levels for shares in the Compartment, limit conversions between share classes and, while remaining within the limits set out in the prospectus, apply a specific policy for subscription, redemption and conversion fees levied on behalf of local distributors.

• **Fees payable by the Compartment:**

The Compartment will also pay, in addition to the fees described in point 5 above, brokerage commissions and fees, the tax d’abonnement (subscription tax), legal and auditing fees and any other costs incurred on behalf of the Compartment.

9. Tax status

The Compartment is subject to Luxembourg tax laws. Purchasers of shares in the Compartment should refer to the Fund's full prospectus and should ensure they are informed of the relevant laws and regulations applicable to the acquisition, holding and sale of shares, in light of their residence or their nationality.

In accordance with the laws in force in Luxembourg, the Compartment is not liable to any Luxembourg tax whatsoever, whether withheld at source or otherwise, on capital gains or income. However, the net assets of the Compartment are subject to tax at an annual rate of 0.05%, payable at the end of each quarter and calculated on the basis of the amount of the Compartment's net assets at the end of each quarter. This tax will be reduced to 0.01% for assets relating to shares reserved for institutional investors.

10. Miscellaneous

Prospectuses, annual reports, semi-annual reports and other information concerning the Fund may be obtained from:

Pictet & Cie (Europe) S.A.
1, Boulevard Royal, L-2449 Luxembourg
Tel: +352 467 171-1, Fax: +352 220 229

11. Other information

Management Company Pictet Funds (Europe) S.A. 3 Boulevard Royal, L-2449 Luxembourg	Fund Auditors Deloitte S.A. 560 Rue de Neudorf, L-2220 Luxembourg
Custodian Bank Pictet & Cie (Europe) S.A. 1 Boulevard Royal, L-2449 Luxembourg	Legal Adviser Elvinger, Hoss & Prussen 2, Place Winston Churchill, B.P. 425, L-2014 Luxembourg
Transfer Agent, Administrative Agent and Payment Agent Pictet & Cie (Europe) S.A. 1 Boulevard Royal, L-2449 Luxembourg	Supervisory Authority CSSF - Commission de Surveillance du Secteur Financier 110 Route d'Arlon, L-2991 Luxembourg
Promoter Pictet & Cie (Europe) S.A. 1, Boulevard Royal, L-2449 Luxembourg	Distributor Any legal entity of the Pictet Group directly or indirectly held by Pictet & Cie, Geneva and duly authorised to exercise such functions.
Managers Pictet Asset Management S.A., Geneva Pictet Asset Management Limited, London	