

Pictet-Security Enabling a safer world

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Pictet Asset Management

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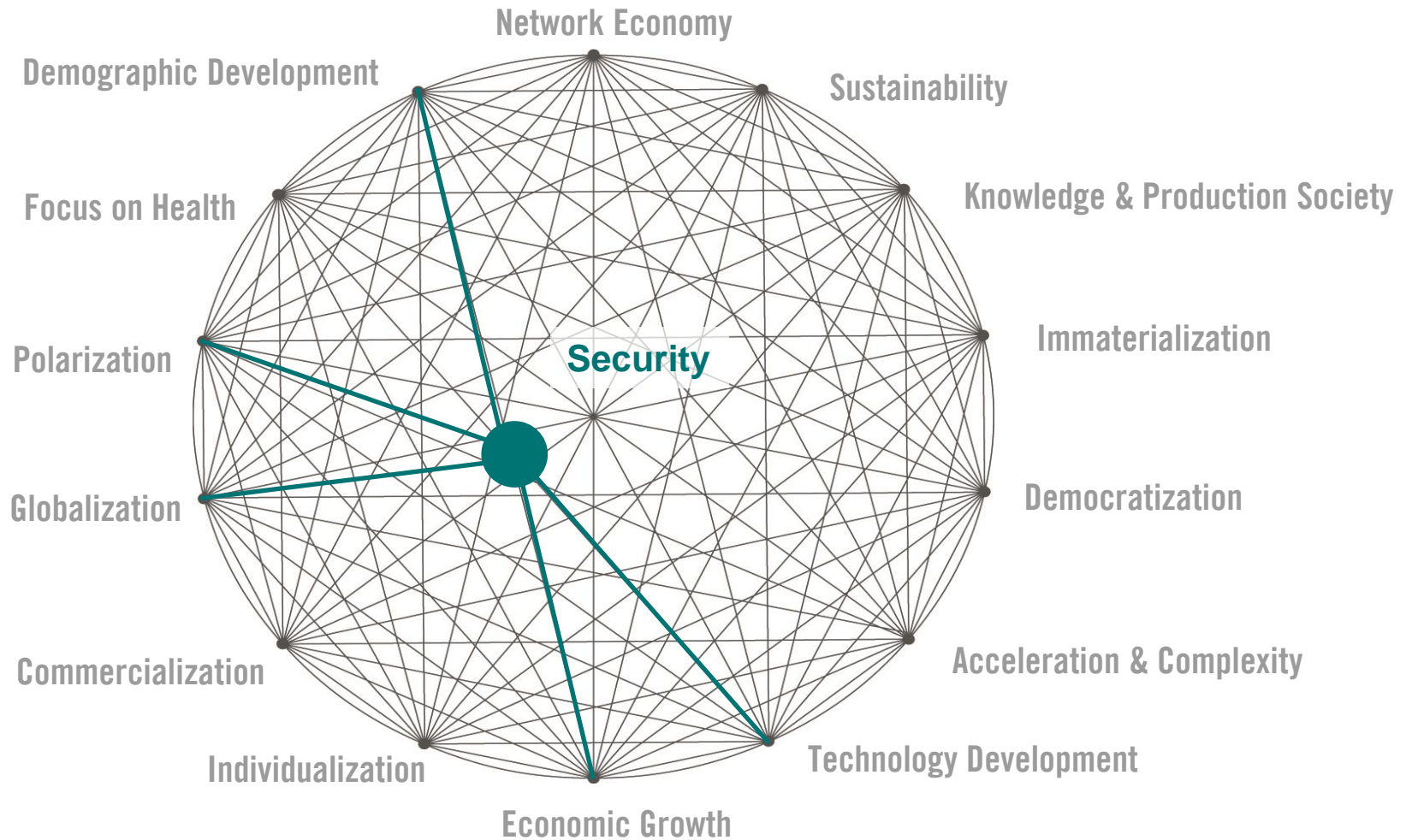
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1. Security as an investment theme? Why?

FROM MEGATRENDS TO INTERSECTIONS POINTS – SECURITY THEME

Themes sit at the interception of different megatrends which creates focused investment opportunities. An investment theme integrates a group of companies that create value, driven by their common exposure to megatrends.



Source: Copenhagen Institute for Futures Studies, CIFS

SECURITY AS AN INVESTMENT THEME

Polarization



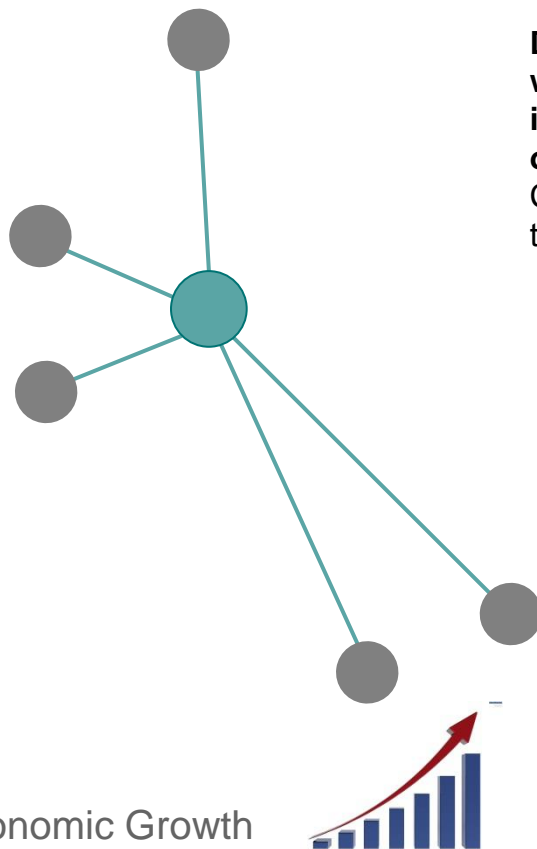
Growing gap between the top and bottom segments of a given demographic, such as : political polarization, economic inequality, migration, with potential consequences such as social unrest or political upheaval.

Globalization



Increased circulation of people, goods and services around the world is creating new safety challenges (various trafficking, terrorism, cyber attacks, health outbreak).

Security Opportunity



Economic Growth

Demand for security is growing faster than WW GDP (2x or 3x GDP).



Demographic Development

Doubling of Urbanisation by 2050 will require massive infrastructure investment, driving deployment of security solutions (guarding, CCTV camera, access control technologies...).



Technology Development

Tech Innovations (cloud, mobility, mobile payment, virtual networks) requires more security propositions.

WE ARE ALL «DAILY CONSUMERS» OF SAFETY SOLUTIONS



Gas for heating and shower water provided by secured utilities



Bisphenol free «tested» baby bottle



E-mail exchanges and web browsing on your smartphone / tablet done via secured networks



Shopping done via electronic payment



Download of the day's pics on your PC and availability anywhere through the cloud

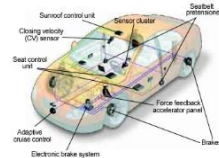


Morning

Noon

Night

Use of passive and active safety solutions in cars and public transportation



A healthy meal thanks to food testing and traceability

At the airport, safety is ensured by both agents and systems



Activate the Alarm System to sleep safely



2. Enabling a safer world: which opportunities?

LONG-TERM FAVOURABLE DRIVERS IN SECURITY

Evolution of risks and threats support long-term trends

1

Innovation

(Technology Development)

new technologies open new IoT security needs

(cloud computing - safety of personal data - electronic payments - advanced driver assistance systems (ADAS))

2

Urbanization

(Demographic Development,
Economic Growth, Polarization)

EM opportunities : faster trend of urbanization, social differences exacerbating security needs

(mass transit, critical infrastructures and major public events are increasingly secured)

3

Regulation

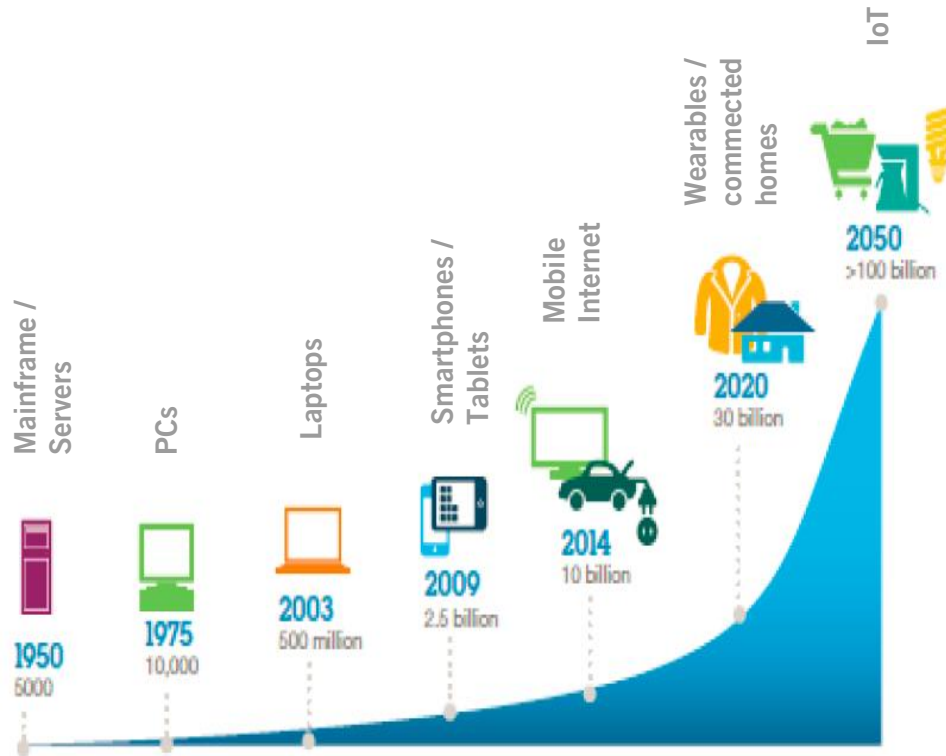
(Globalization)

security is benefiting from strengthening regulation across the board (which favors testing, analysis, and inspection needs)

1. INNOVATION - INCREASINGLY CONNECTED DEVICES AND CYBER-THREATS

Exponential number of connected devices ...

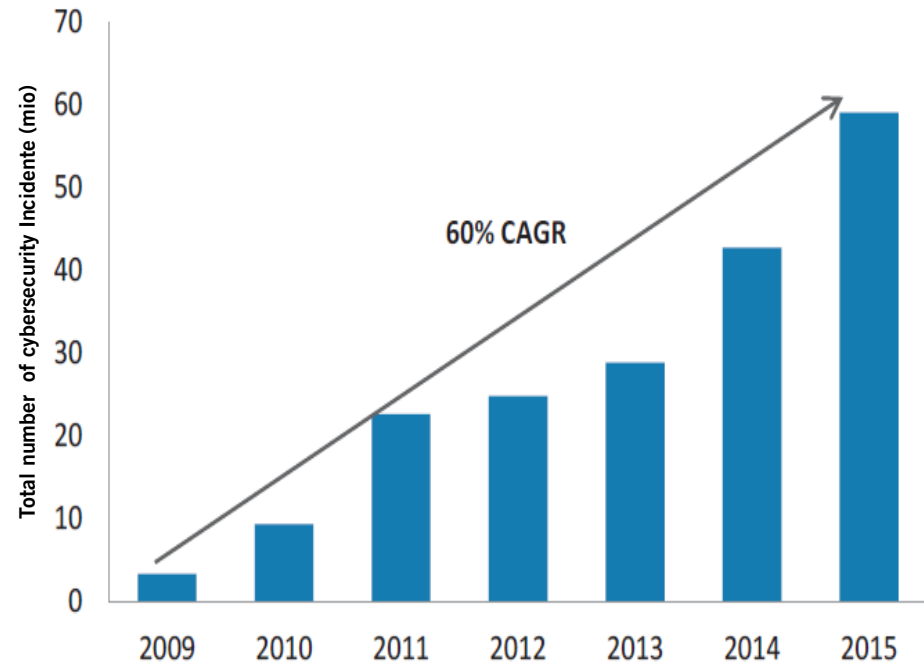
The IoT represents the next big computing cycles. Over the next 6 years, the number of connected devices will triple



Source: IBM Institute for Business Value, "Device democracy", September 2014

... meaning more possibilities for data breaches

... And it is getting more costly for enterprises



Source: PwC Global State of Information Security Survey 2015 & 2016

IT SECURITY – PALO ALTO NETWORKS

Cybersecurity

Company profile



Provides network security solutions

The company offers firewalls that identify and control applications, scan content to stop threats, prevent data leakage, integrated application, user, and content visibility

Share price



INDUSTRY DYNAMICS	BUSINESS FRANCHISE & STRATEGY	FINANCIAL ANALYSIS	VALUATION
<ul style="list-style-type: none"> > A growing number of malicious threats coupled with ramping user demand for mobile devices, cloud-based apps and IoT have driven a growing priority of cybersecurity > Cybersecurity market should continue to outpace growth in IT spend > Broader platform providers will likely be winners as they roll up best of breed technology, offering a broader set of products and services 	<ul style="list-style-type: none"> > Market share to be less than 10% now, and could reach roughly 25% by 2025 as corporations continue to migrate their network security over the next-generation firewalls > First company to establish itself as a security platform vendor (WildFire, Traps, Firewall) > Endpoint security provides another leg of growth 	<ul style="list-style-type: none"> > 20%+ sustainable long-term revenue growth > Generating increasing operating leverage that is expanding operating margins and throwing off an ever increasing level of FCF > Deferred revenue benefit from the growing subscription base produces free cash flow margins 	<ul style="list-style-type: none"> > P/S (NTM): 5.9x > PER (NTM): 33.8x > PEG: 1.1x

Source: Pictet Asset Management, FactSet and Bloomberg 30/04/2017

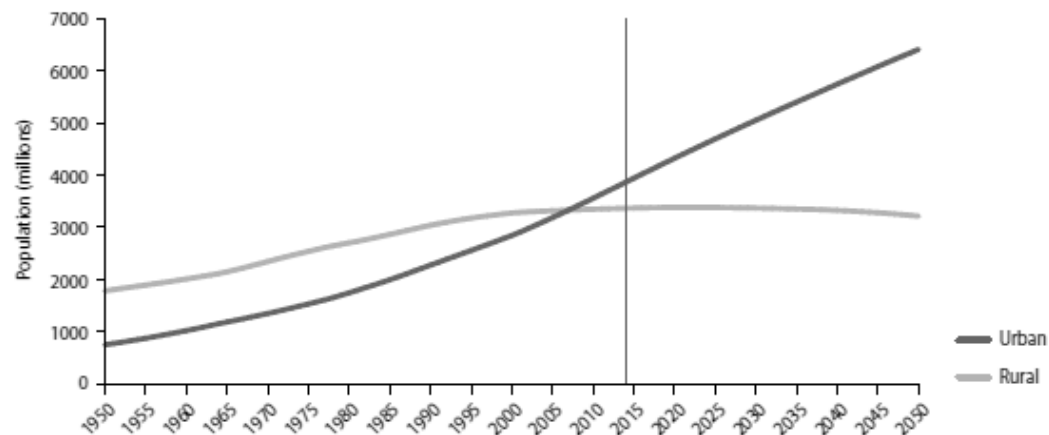


2. URBANIZATION HAS A MASSIVE IMPACT ON SECURITY NEEDS

Costs of insecurity are too important to bear

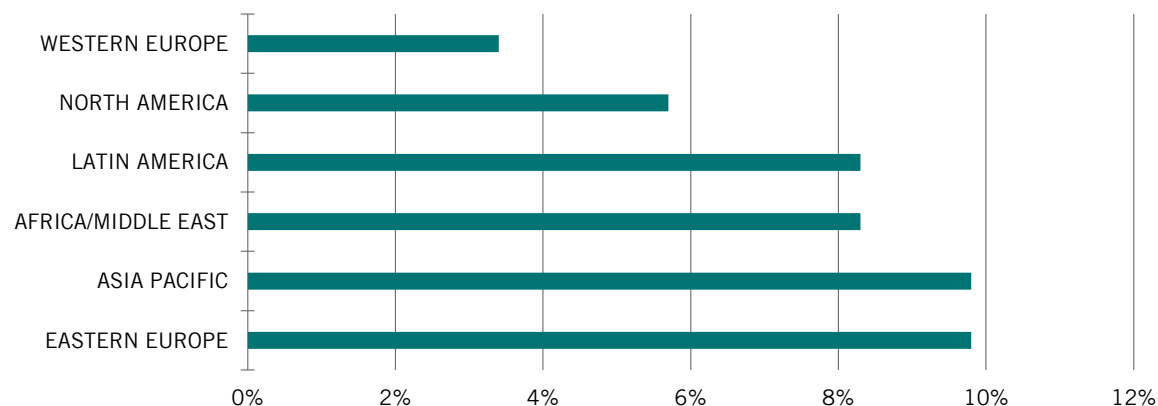
By 2050, 66% of the world's population is projected to be urban, megacities will require massive investments to secure infrastructure (mass transit, airports, power plants...)

Urban and rural population of the world, 1950-2050



Developing economies security market growths will be around 9%, more than 2x those in developed markets

Security market estimated annual growth CAGR 2016 to 2021 by region*



*Freedonia 2013, G4S, Guarding, & monitoring, market does not include Facility Management, Immigration, other outsourcing
Sources: United Nations, Department of Economic and Social Affairs, Population Division: World Urbanization Prospects, the 2014 Revision, 2014



PHYSICAL SECURITY - ASSA ABLOY

Self help initiative with the manufacturing footprint, value-enhancing acquisitions strategy

Company profile

ASSA ABLOY

World's leading manufacturer and supplier of access control solutions, entrance automation and identification technology.

More than 10% of the world market and more than 100 companies operating in 40 countries

Share price



INDUSTRY DYNAMICS	BUSINESS FRANCHISE & STRATEGY	FINANCIAL ANALYSIS	VALUATION
<ul style="list-style-type: none"> > Potential for a recovery in key mature markets > Transition from mechanical to electro-mechanical locks > Convergence of access control systems and energy efficiency > Emerging market focus on urbanization 	<ul style="list-style-type: none"> > Leader in access control and automatic door solutions > Restructuring potential and SG&A reduction > Highly acquisitive and strong integration track record 	<ul style="list-style-type: none"> > Resilience of top line with large aftermarket exposure > Self help story with potential for operating margin leverage 	<ul style="list-style-type: none"> > PER (NTM): 21.9x > PEG (NTM): 2.3x

Source: Pictet Asset Management, FactSet and Bloomberg 30/04/2017

3. REGULATION – TESTING, INSPECTION & CERTIFICATION INDUSTRY (TIC)

- TIC : an immature industry

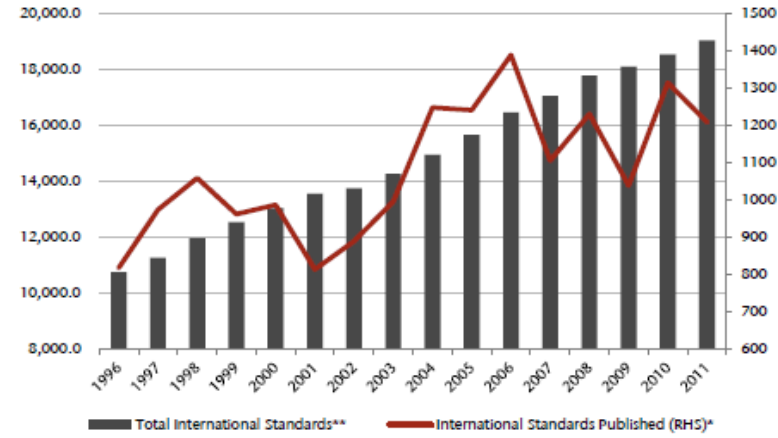
 - Highly fragmented industry
 - Low level of outsourcing penetration
 - High EM growth opportunity
- Strong structural growth drivers

 - Regulation
 - Technological innovation
 - Globalisation
- High barriers to entry

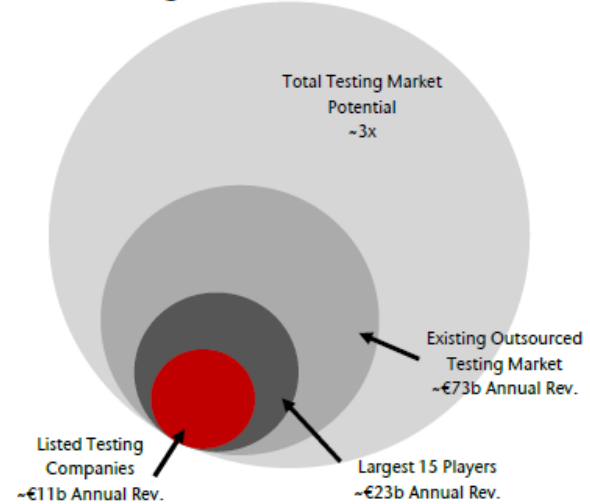
 - Quality of service
 - Reputational risk
- M&A opportunities

 - Need for more integrated solutions
 - Consolidation

Chart 71: International Standards Published



Outsourcing Potential



Source: Goldman Sachs Research, Jefferies

SECURITY SERVICES - EUROFINS SCIENTIFIC

Regulation strength

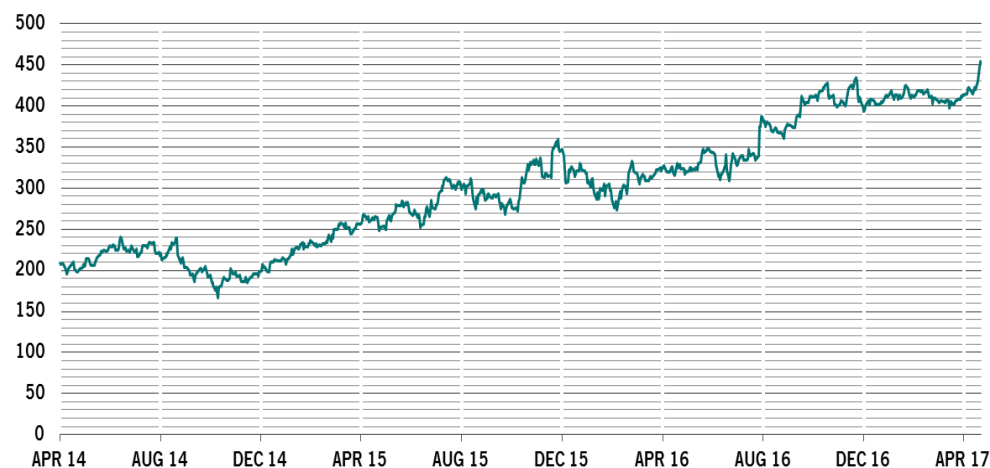
Company profile



Global leader in bioanalytical testing in the food, environment and pharmaceutical sectors

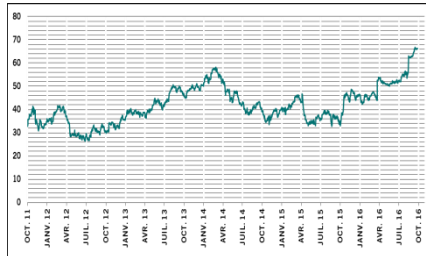
Network of more than 190 laboratories in 36 countries

Share price



INDUSTRY DYNAMICS	BUSINESS FRANCHISE & STRATEGY	FINANCIAL ANALYSIS	VALUATION
<ul style="list-style-type: none"> > Solid structural drivers: <ul style="list-style-type: none"> — strengthening regulation — increase in global trades — increase food testing in response to scandals > Fragmented industry with strong consolidation potential 	<ul style="list-style-type: none"> > Massive investment in laboratory network > Strengthen and expand market leadership in food, environment and pharmaceutical testing > M&A activity should fuel growth 	<ul style="list-style-type: none"> > Organic revenue growth of 5% > Operational efficiency program should drive higher margins > Strong financial position > EPS growth expected: 15% 	<ul style="list-style-type: none"> > PER (NTM): 30.1x > PEG (NTM): 2.4x

4. MAJOR M&A TRANSACTIONS



Wincor Nixdorf (IT Security)

The company entered into a business combination agreement with Diebold. The transaction value Wincor Nixdorf at EUR 1.7bn or EUR 38.98 per share in cash plus 0.434 Diebold shares. Combined companies will have a focus on growing services and software and target to deliver about USD160m of cost synergies. At the time of announcement, the premium paid was around 41% with an EV/EBITDA of 11.6x.

Reason:
Consolidation



ADT Corp. (Security Services)

The company agreed to be acquired by Apollo Global Management for a total consideration of 12.3bn or \$42/share in cash, a 50% premium on the previous day closing. The deal is expected to create futures growth of the business through the combination of Protection 1. Multiple associated with the transaction on are 7.0x EV/EBITDA or 3.4x sales.

Reason:
Financial



Tyco International (Physical Security)

Tyco and Johnson Controls agreed to merge into a company (Johnson Controls) domiciled in Ireland, for a total revenue base of 32bn. Tyco shareholder will own 44% of the combined company. This is a tax inversion deal that will create shareholder value through annual synergies of USD150m. The exchange ratio of the merger represents a 11% premium on the last closing.

Reason:
Financial
Consolidation



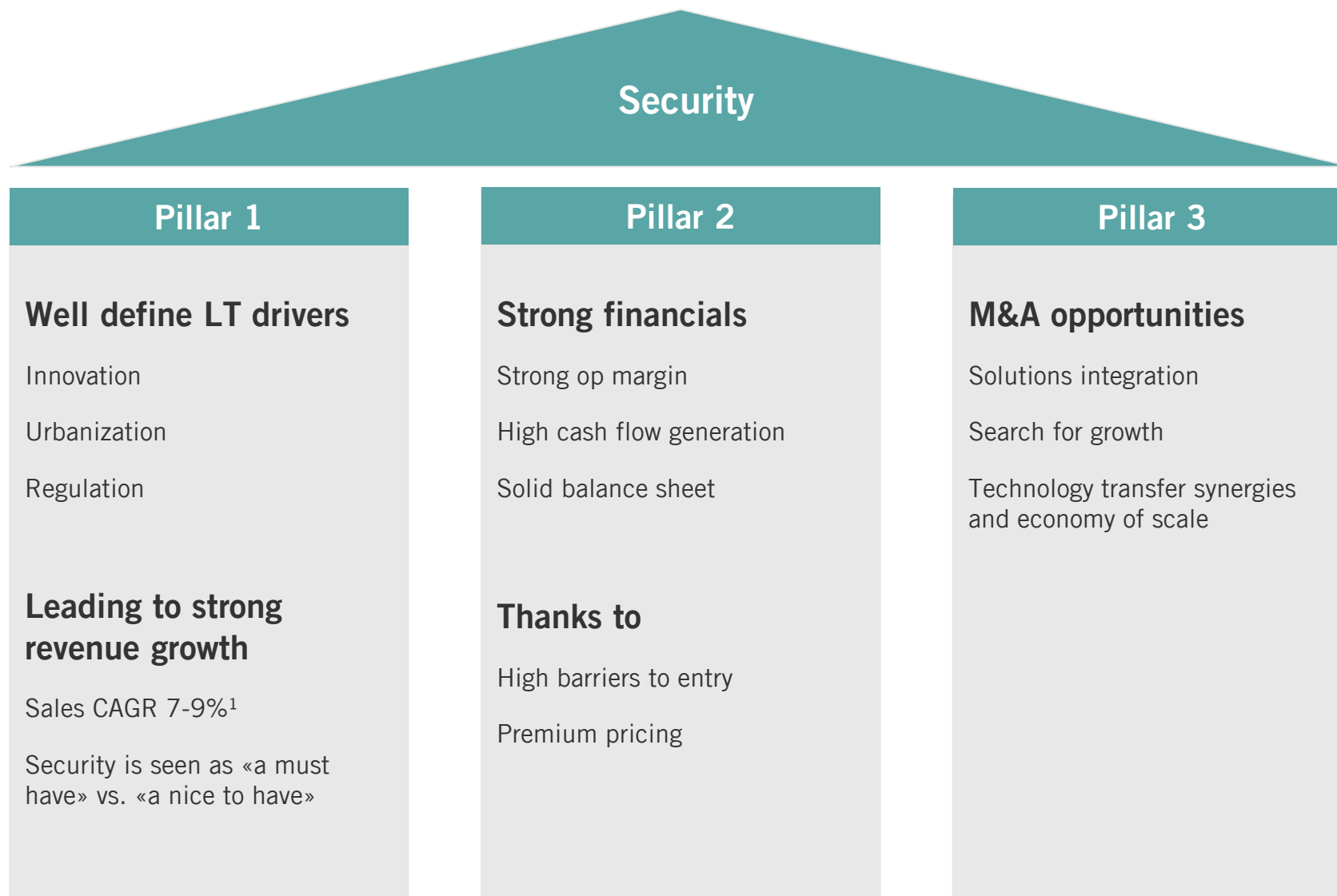
Mobileye (Physical Security)

Intel offered USD 15.3bn to acquire Mobileye, the world leading developer of software algorithms for camera based ADAS (advanced driver assistance systems), allowing pattern, motion and object recognition. The combination of the two companies is creating a leader in autonomous driving. Intel is offering a 34% premium on Mobileye previous day close. The deal is expected to close within the next nine months after the announcement.

Reason:
Technology

Source: Bloomberg

WHY INVEST IN SECURITY?



¹ Source: Pictet Asset Management estimate, December 2016

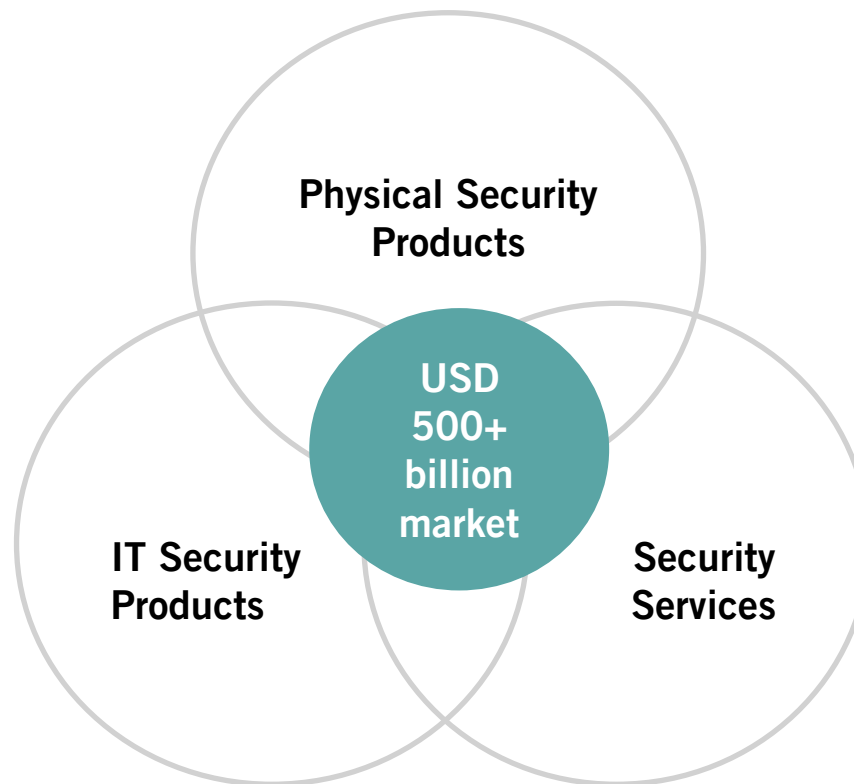


3. Investment process & portfolio construction

SECURITY DEFINED

Providers of physical and IT based products & services help maintain the integrity, health, safety and protection of individuals, companies and governments

Broad investment themes, strong growth and low accessible stocks

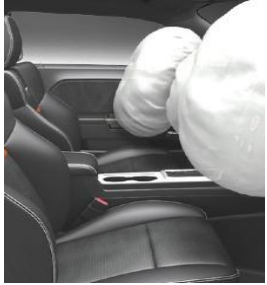


Universe is cleaned up of any companies with more than 5% sales tied to weapons and military contracting activities

Source: BoAML, «Safer world primer – global safety & security», February 2014, excluding «oil & gas» and «defense», «military» related markets

INVESTMENT OPPORTUNITIES

New applications and evolutions are driving growth



PHYSICAL SECURITY PRODUCTS

- Airbags, night vision systems
- CCTV and video surveillance camera
- Helmets and protective lenses
- Police and forensic tools and kits



SECURITY SERVICES

- Guard-services and person protection
- Hazardous waste management
- Recall management
- Testing and controlling



IT SECURITY PRODUCTS

- Internet security
- Biometry
- Secured electronic payment
- Surveillance & access control systems



SECURITY INVESTMENT TEAM

Periodic board to review industry developments

Doron Bergerbest-Eilon
President, CEO of ASERO Worldwide

Jules Trocchi
CEO of Security Direction International

James Arroyo OBE
Director of the Renowed Ditchley Foundation

ADVISORY BOARD

PICTET AM STRATEGY UNIT

RISK MANAGEMENT

Yves Kramer
Senior Investment Manager

Frédéric Dupraz, CFA
Senior Investment Manager

Alexandre Mouthon, CFA
Senior Product Specialist

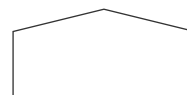
Daily meetings and exchange of ideas via internal chat system

PICTET AM EQUITY RESEARCH

EMERGING MARKETS

DEVELOPED MARKETS

SMALL CAP TEAM

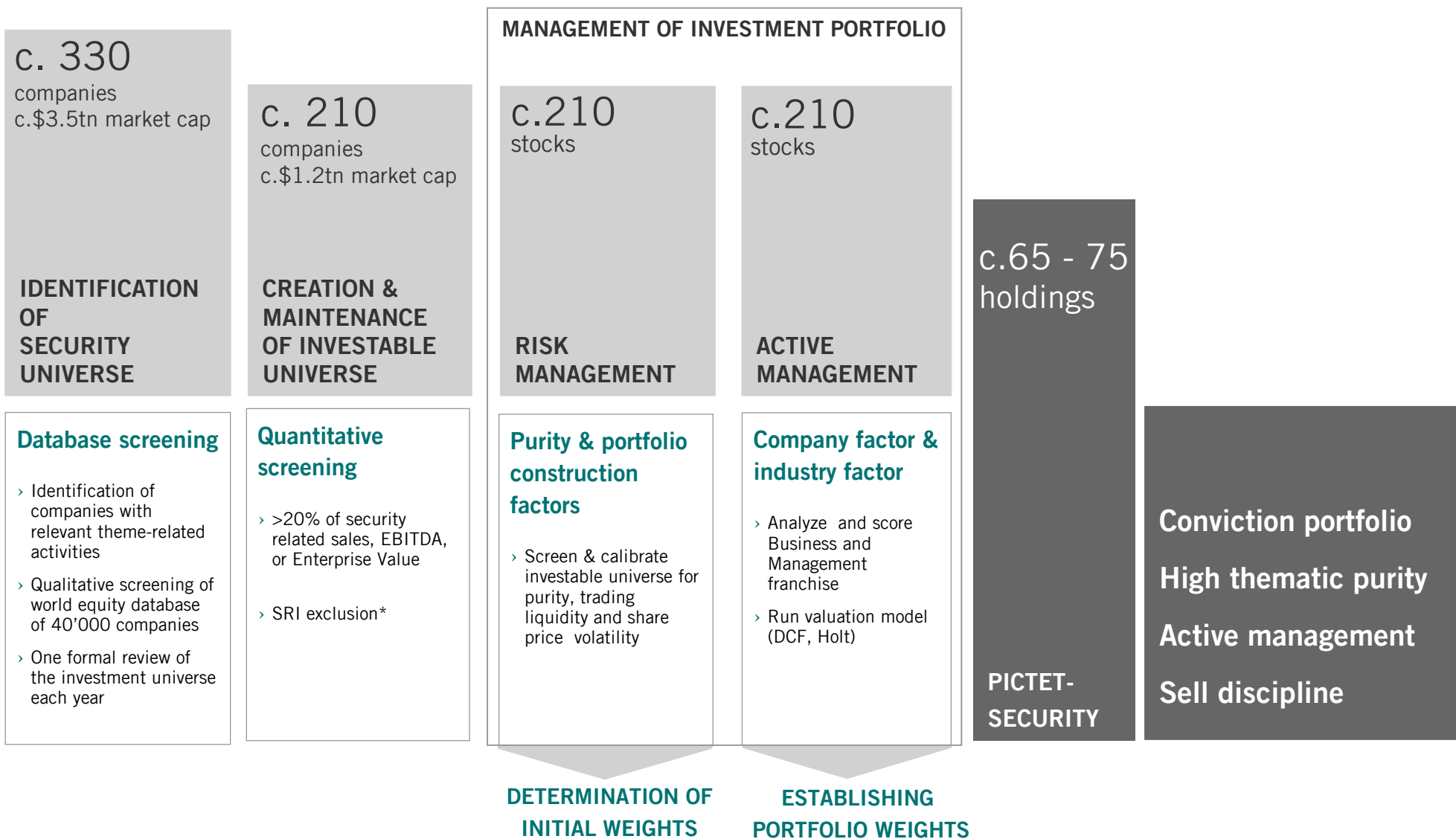


IT Security
Yves Kramer

Security Services
Yves Kramer
Frédéric Dupraz

Physical Security
Frédéric Dupraz

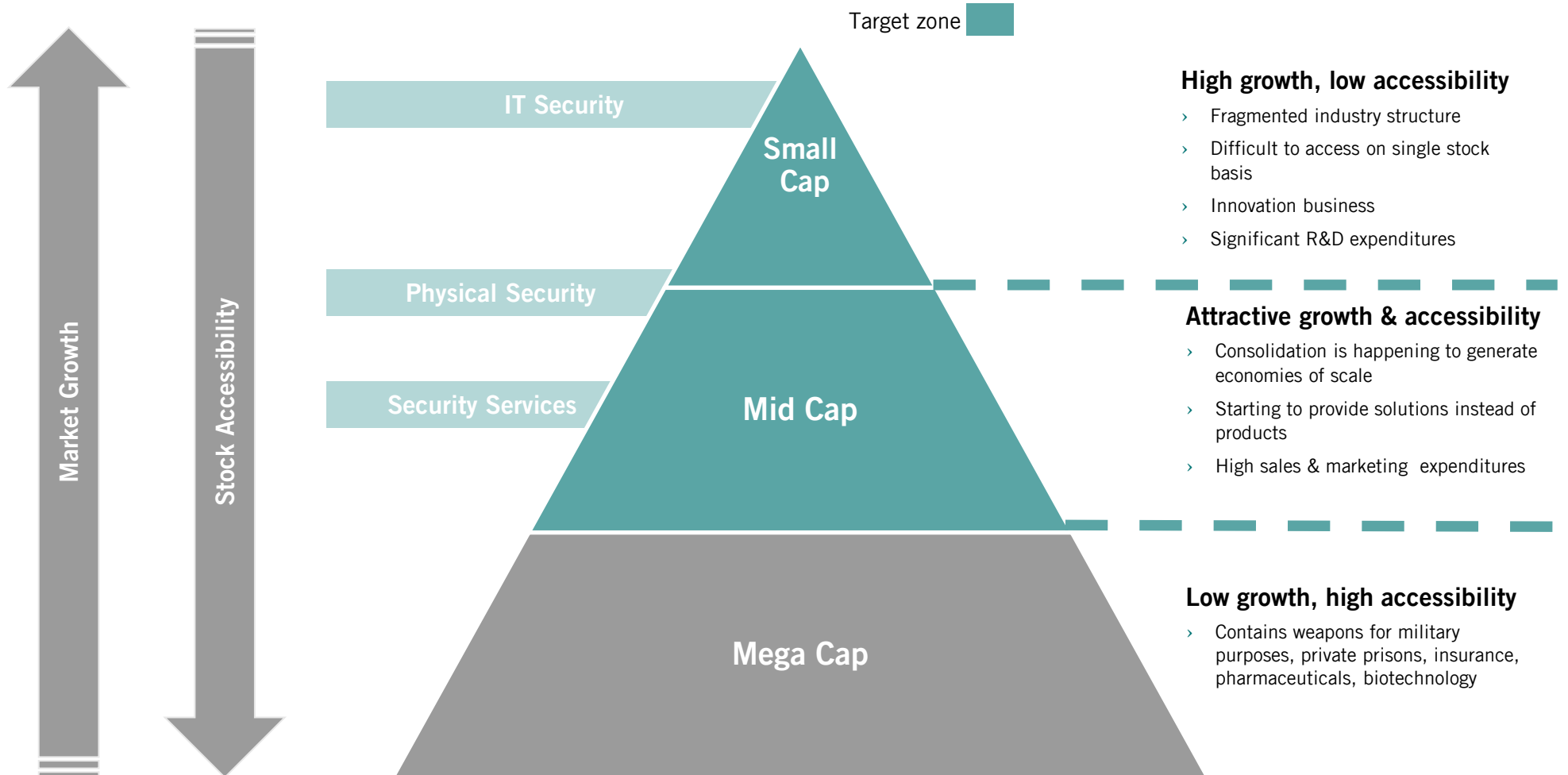
PICTET-SECURITY INVESTMENT PROCESS



* Exclusion filter for activities related to: weapons and military contracting, production, development, testing, and maintenance of nuclear power, human rights violation, child labour

INVESTMENT FOCUS

Focus on high growth and low accessibility niches

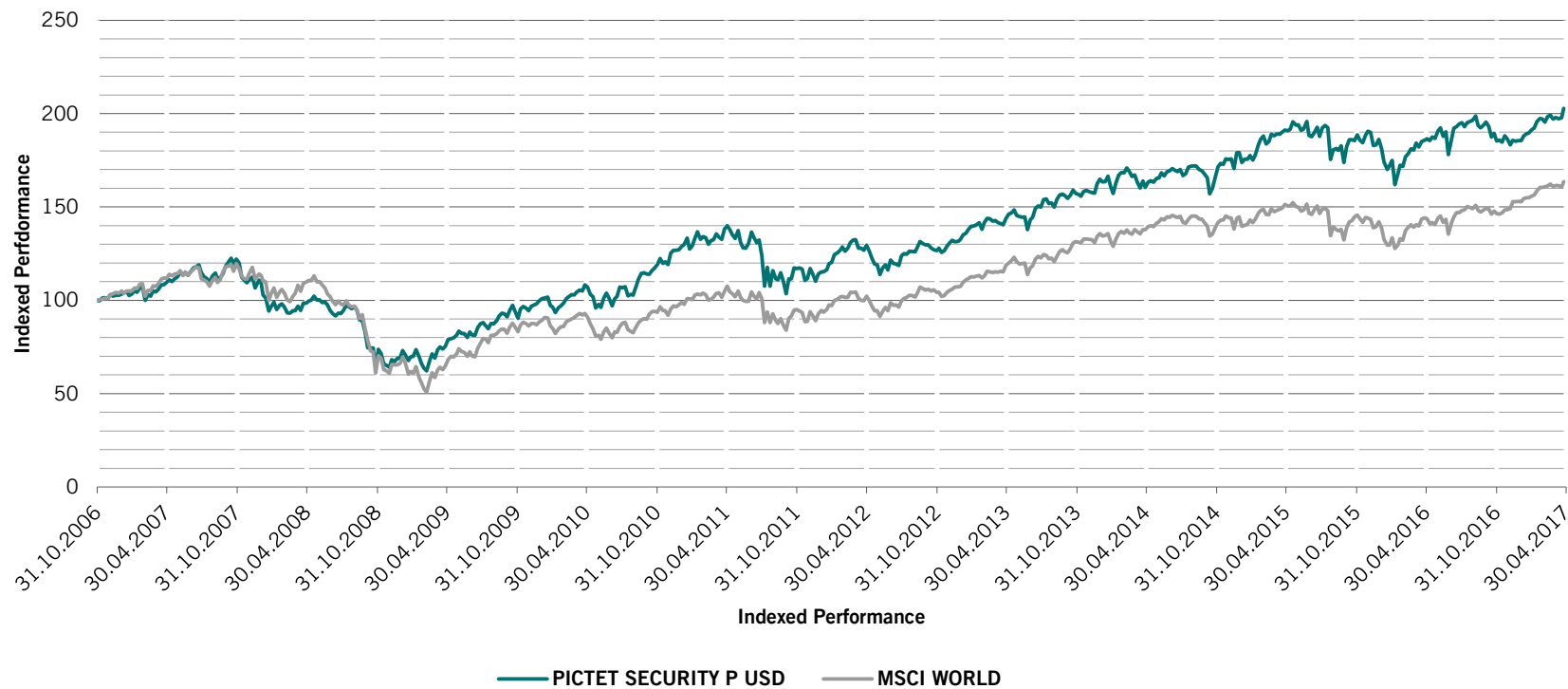


4. Portfolio characteristics



REVIEW OF PERFORMANCE

From 31/10/2006 to 30/04/2017



	YTD	1 M	3 M	6 M	1 Y	ANN. 3 Y	ANN. 5 Y	ANN. SINCE INCEPTION
Pictet – Security P USD	10.53%	2.23%	5.75%	9.87%	10.04%	7.81%	9.47%	7.01%
MSCI World NR USD	7.95%	1.48%	5.41%	12.12%	14.65%	5.68%	9.94%	4.84%

The performance disclosed in this document is net of commissions charged to the Fund.

The data does not take into account the subscription and redemption fees that can be charged by our intermediaries within the limits set forth in the prospectus of the Fund.

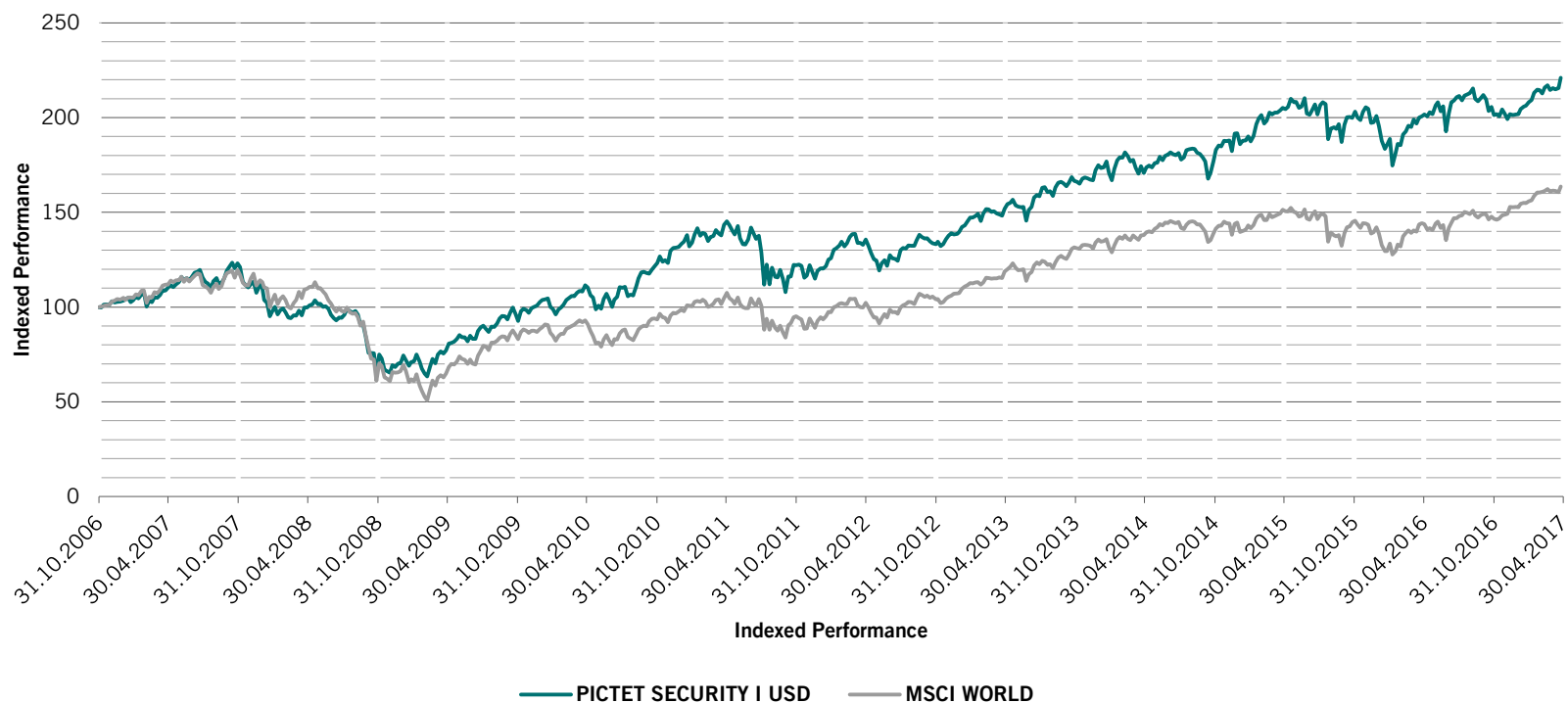
Source: Lipper monthly data, created with MPI Stylus as of 30/04/2017

For professional investors only. A customised peer group, created by Pictet Asset Management, is used for this analysis and data are sourced from Lipper. This peer group, and the fund's position within it, may differ from third-party provided peer groups. The Pictet Asset Management peer group comprises competitor funds with the same or similar benchmark to the one detailed in this slide. Charts are created using MPI Stylus. Please contact your relationship manager for further information. The performance disclosed in this document is calculated using the fund's Net Asset Value, meaning it is net of fees charged to the fund. The data do not take into account the subscription and redemption fees that can be charged by our intermediaries within the limits set forth in the prospectus of the Fund.



REVIEW OF PERFORMANCE

From 31/10/2006 to 30/04/2017



	YTD	1 M	3 M	6 M	1 Y	ANN. 3 Y	ANN. 5 Y	ANN. SINCE INCEPTION
Pictet – Security I USD	10.81%	2.29%	5.96%	10.30%	10.92%	8.68%	10.35%	7.89%
MSCI World NR USD	7.95%	1.48%	5.41%	12.12%	14.65%	5.68%	9.94%	4.84%

The performance disclosed in this document is net of commissions charged to the Fund.

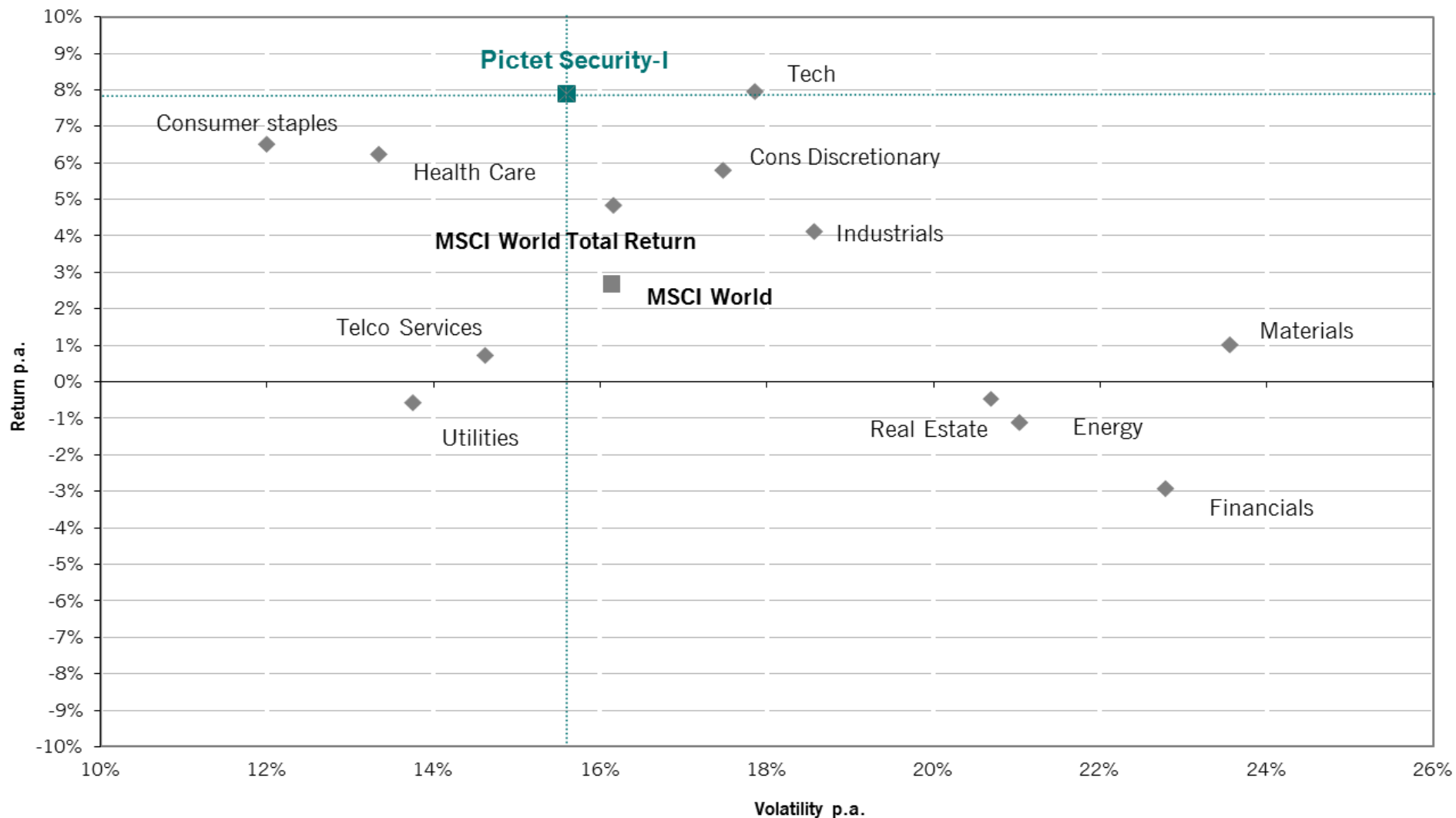
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RISK/RETURN PROFILE

Risk-Return Profile since launch Net of fees in USD



Source: Pictet Asset Management, Bloomberg, "MSCI World Index USD" and MSCI World sector Index in USD" as of 30/04/2017, Price indices

TOP TEN HOLDINGS

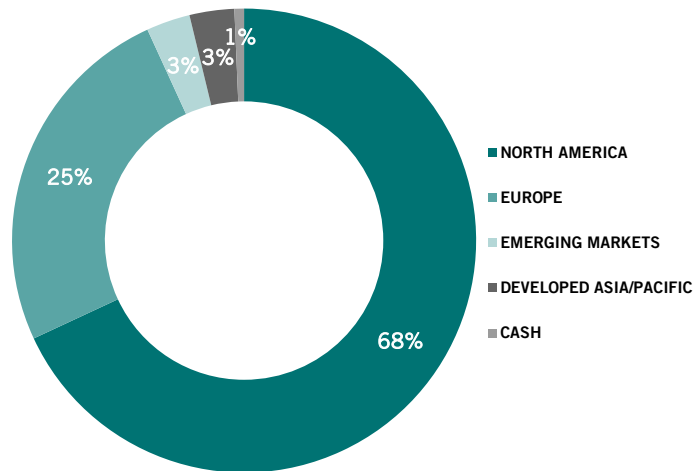
Logo	Company	Domicile	Portfolio Weight	Market cap (\$bn)	Purity	Reporting Segment	Products and Services Description
	Fidelity National Info Serv	US	4.2%	\$ 27.7	40%	Security Services	Payment services provider. Credit and debit card processing, check risk management
	Thermo Fisher Scientific Inc	US	3.9%	\$ 65.1	60%	Physical Security Products	Analytical instruments for environmental, industrial & safety and specialty diagnostics
	Equinix Inc	US	3.8%	\$ 29.9	30%	Security Services	Cloud infrastructure and disaster recovery. Interconnections, data centers and protect identity
	3M Co	US	3.4%	\$ 116.9	40%	Physical Security Products	Safety products for personal protection and workplace safety, identifications systems
	Valeo Sa	FR	3.2%	\$ 17.1	35%	Physical Security Products	Automotive supplier for performance and safety improvement
	Global Payments Inc	US	3.1%	\$ 12.7	40%	Security Services	Payment services provider. Credit and debit card processing, check risk management
	Fiserv Inc	US	3.1%	\$ 25.7	40%	Security Services	Payment services provider. Credit and debit card processing, check risk management
	Allegion Plc	IR	3.0%	\$ 7.5	90%	Physical Security Products	Security locks and access control systems
	Vantiv Inc - Cl A	US	2.8%	\$ 12.2	50%	Security Services	Integrated payment processor. Enables merchants of all sizes to accept and process credit, debit, and prepaid payments
	Equifax Inc	US	2.6%	\$ 16.3	30%	Security Services	Information management, suite of online tools to help control credit and protect identity

Source: Pictet Asset Management, Bloomberg, as of 30/04/2017

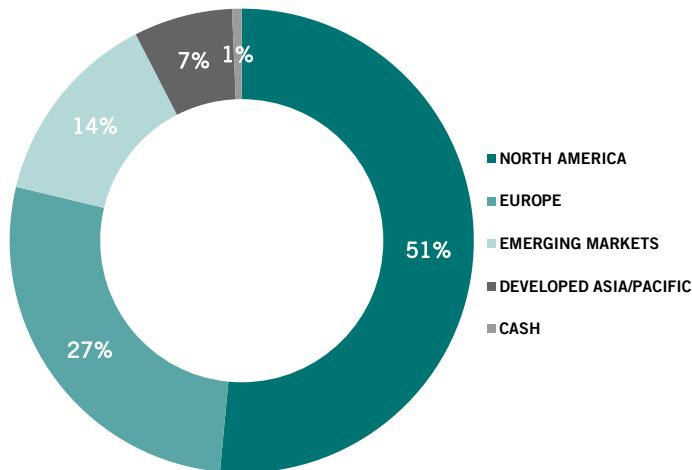


BROADLY DIVERSIFIED PORTFOLIO

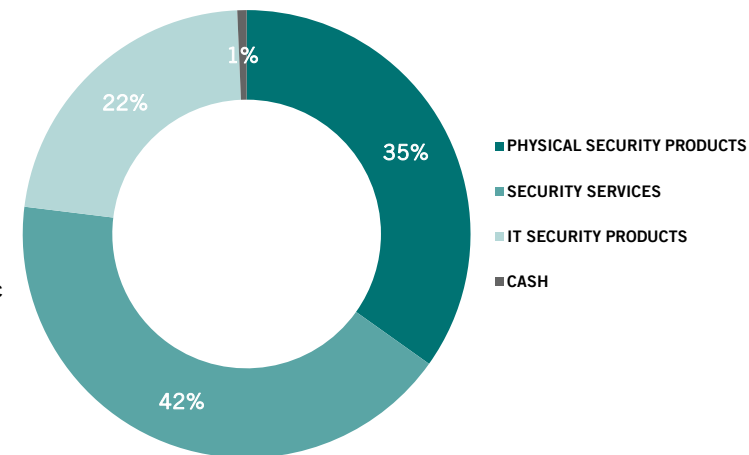
Geographic breakdown - Supply view¹



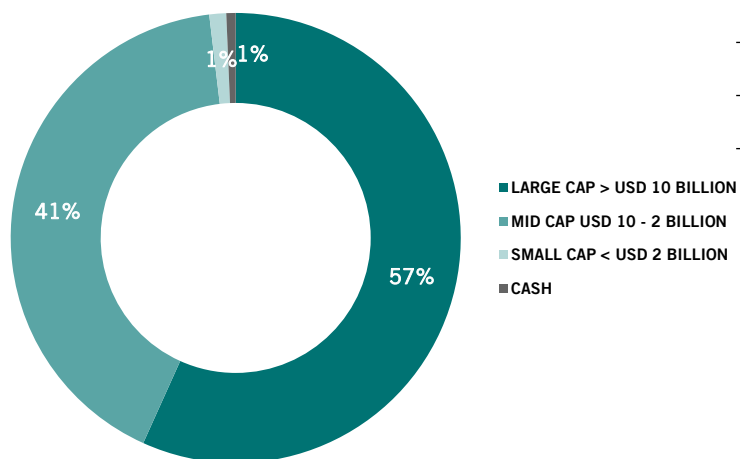
Geographic breakdown - Demand view



Sector breakdown



Market capitalization breakdown



Technicals

Number of positions	72 positions
Mid-small cap bias	USD 7.9bn median market cap
High thematic focus	53.2% purity score*

* Purity score: % related to security (financial metrics)

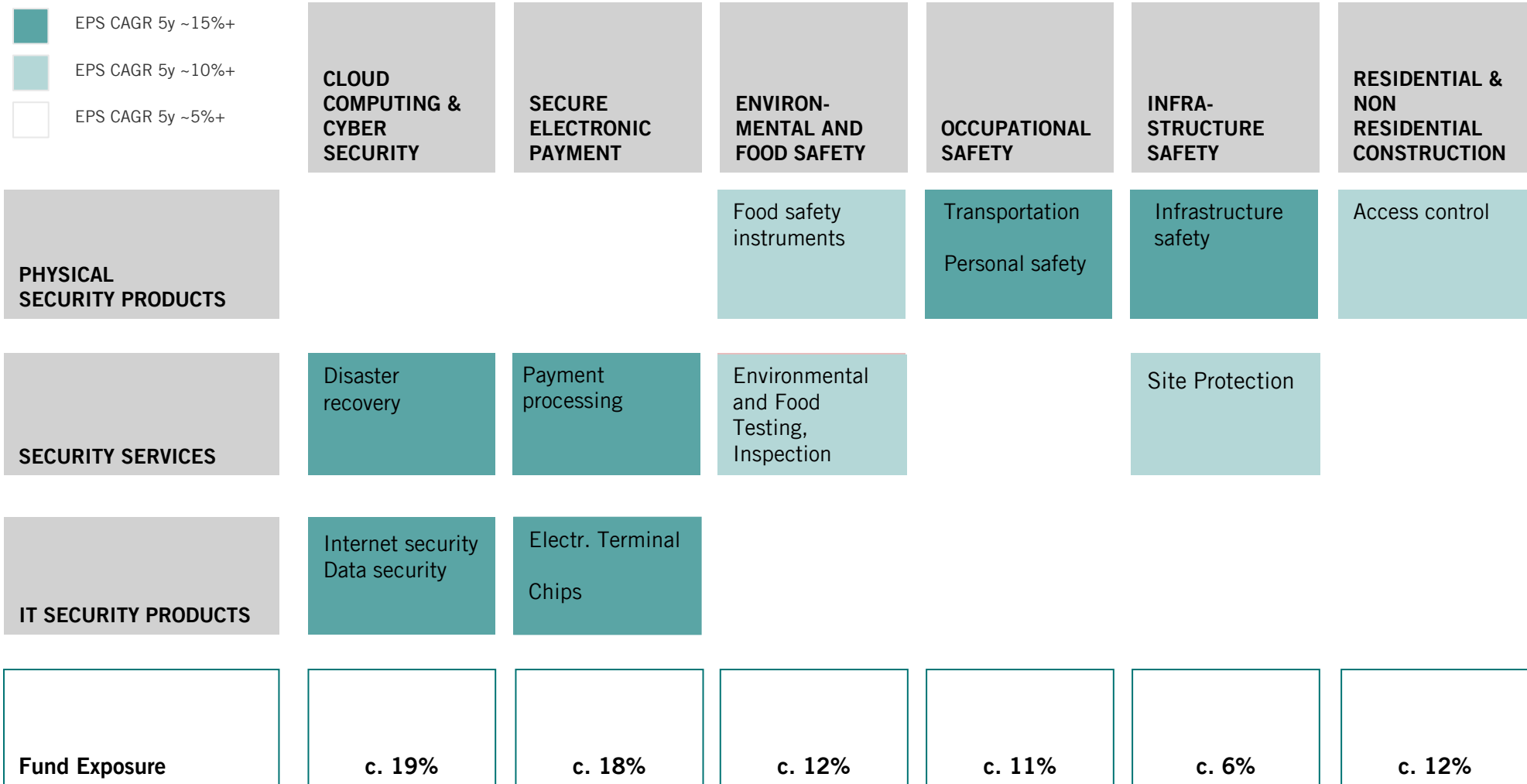
¹ Country of domicile
Source: Pictet Asset Management, Bloomberg, as of 30/04/2017

5. Outlook & conclusion



MARKET OPPORTUNITIES

Some Transversal Opportunities

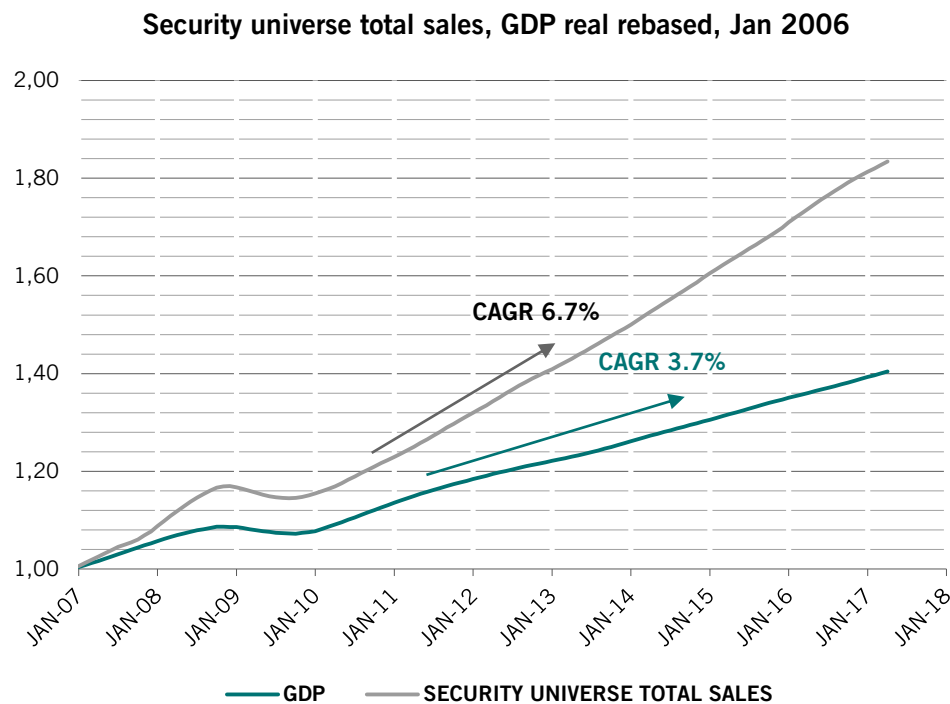


Source: Pictet Asset Management, as of 30/04/2017

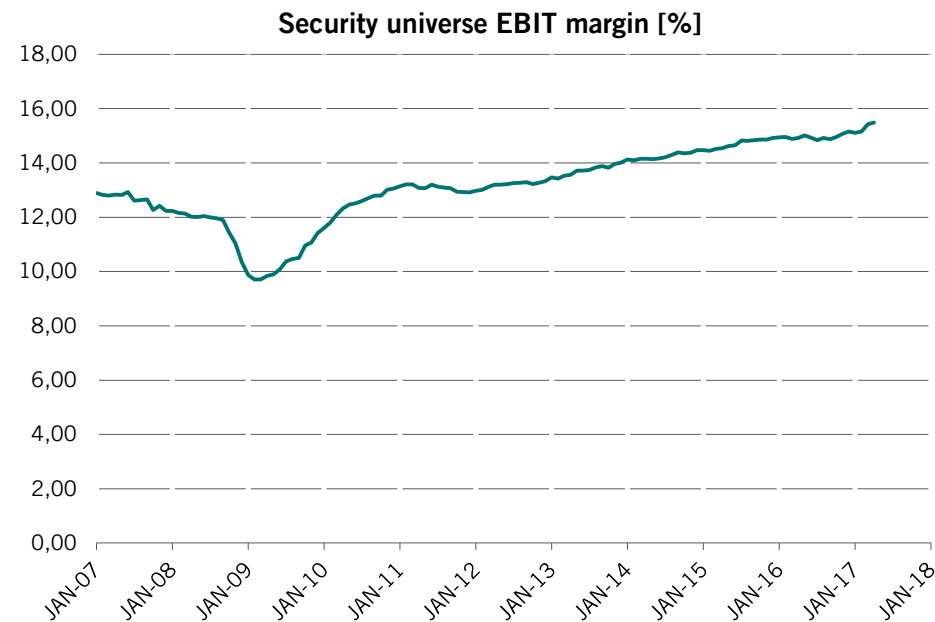


STRONG EARNINGS AND MARGINS POTENTIAL

Security sales will continue to grow much faster than GDP*...



... which will drive further margin upside

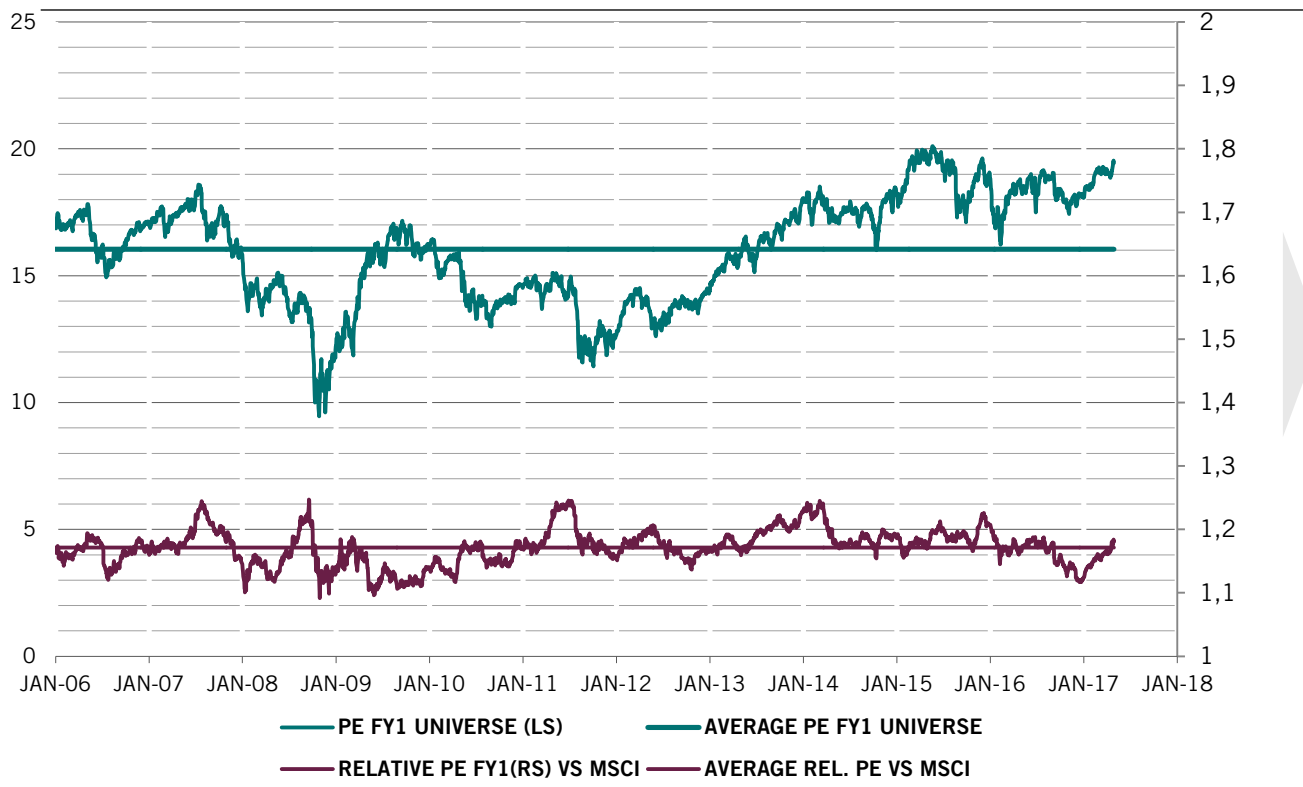


We estimate that with the **large restructurings** during the last crisis and **better cost discipline**, a large majority of companies in the universe can **expand margin above prior peaks**

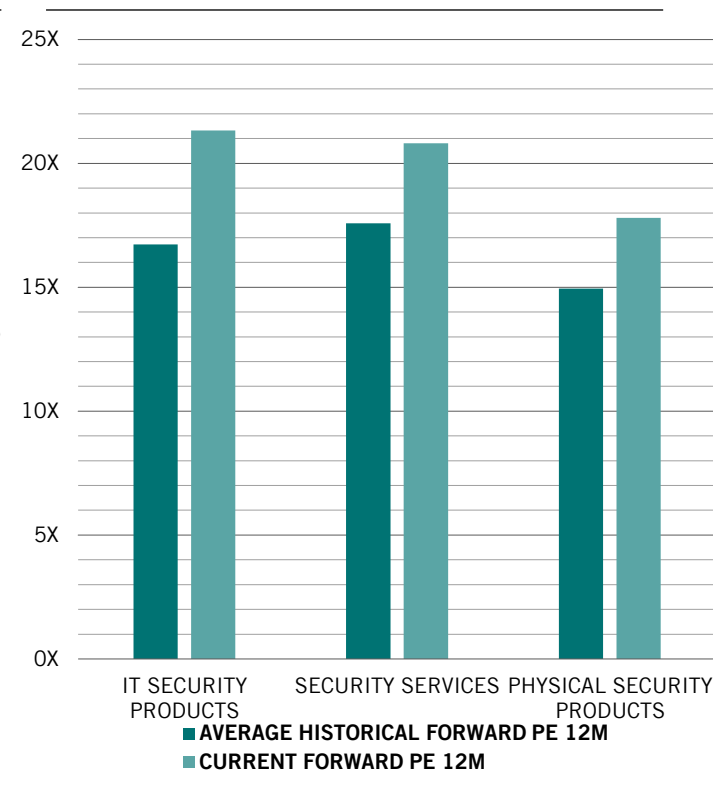
*GDP: OECD data G20 GDP – Constant Prices, Growth Rate Same Period Previous Year Seasonality adjusted % - World
Source: FactSet in USD, based on our c210 Security universe, as of 30/04/2017

ATTRACTIVE VALUATION LEVELS

Valuation for Pictet - Security universe* vs. MSCI World since 2006



Security segments*, current vs. average



Current PE FY1 at 19.4x, above historical average at 16.0x (LS)

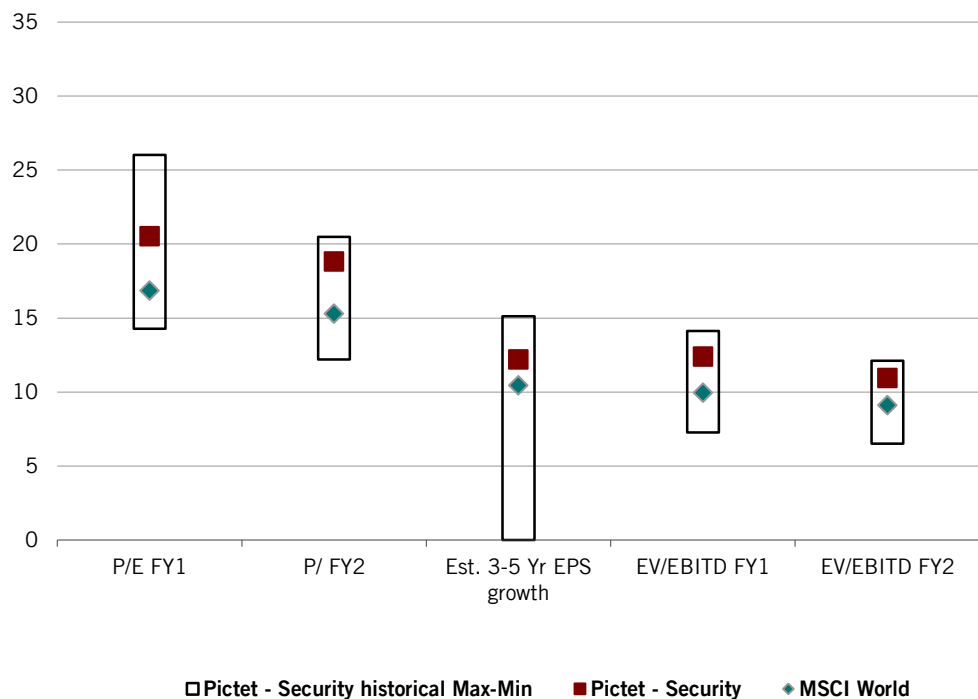
Current relative PE FY1 vs. MSCI World at 1.18x, in line with historical average at 1.17x (RS)

*Source: FactSet in USD, based on the universe of c210 securities, as of 30/04/2017

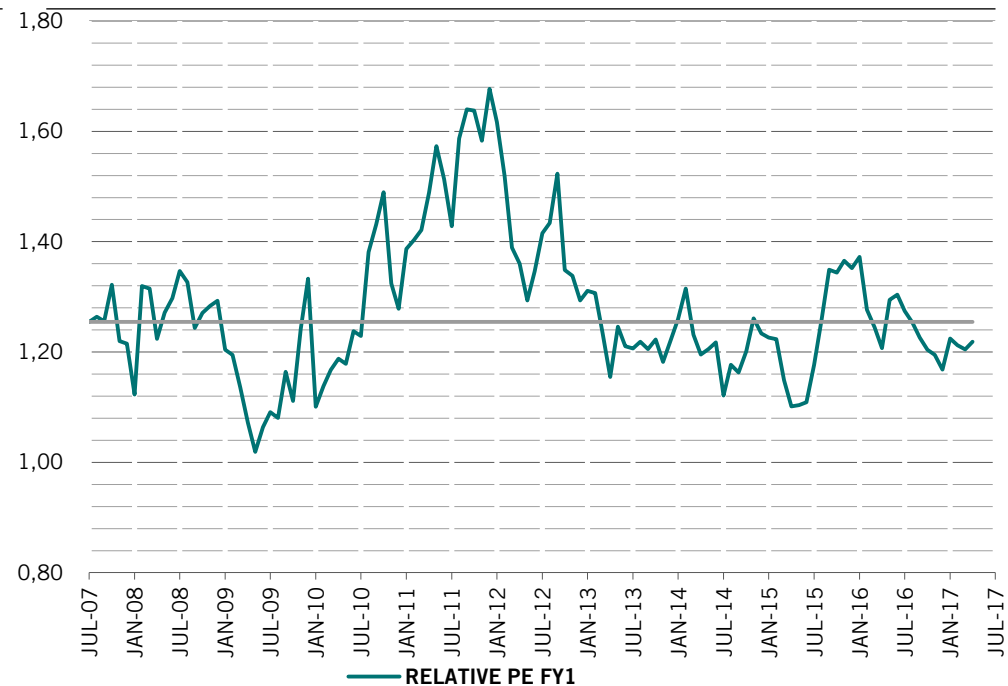


SUPERIOR GROWTH AT AN ATTRACTIVE PRICE

Portfolio* : Characteristics relative to MSCI World



Portfolio* : Historical PE FY1 relative to MSCI World



- > Strong fundamentals
- > Attractive risk-return profile

- > Mid-small cap bias
- > Highly fragmented market supporting M&A activity

*Source: FactSet in USD, based on the Pictet Security holdings, as of 30/04/2017

CONCLUSION

The security transition is happening now and will be a long duration investment theme

Why Security ?

- › Strong structural drivers (Innovation, Urbanization, Regulation)
- › Superior growth at an attractive price
- › Resilience during worst period in history and positioned to face further turbulences, should they come

Why now ?

- › Innovative security technologies are in their infancy
- › Untapped investment theme
- › To invest in a SAFER, HEALTHIER & CLEANER WORLD

6. Technical



TECHNICALS

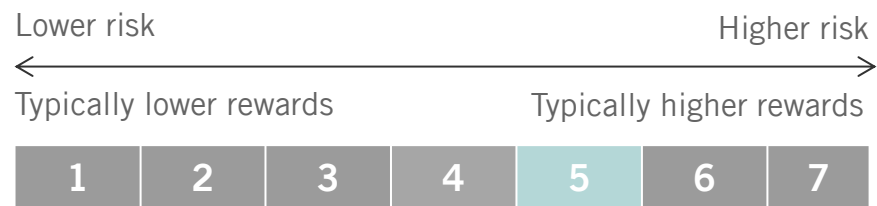
Managing company:	Pictet Asset Management (Europe) S.A., part of the Pictet group
Name:	Pictet-Security
Currency:	USD
Domicile/ Legal Status:	compartment of a Luxembourg SICAV, UCITS compliant
Custodian:	Pictet & Cie (Europe) S.A.
Calculation:	daily; settlement NAV + 3
Inception:	1 November 2006 at NAV USD 100
Fund size:	USD 2'248m as of April 30 th 2017 (Strategy size : USD 2'768m)
Dividend:	reinvested (I, P, R) or distributed (P dy, I dy)
Reference index:	MSCI World (net div reinvest)
Investment horizon:	The fund may not be appropriate for investors who plan to withdraw their money within 7 years
Share classes:	

Class	ISIN	MF(%)*	Admin/custody	TER(%)	ONGOING CHARGES
HI EUR*	LU0474968293	0.80	0.37	1.19	1.26
I EUR*	LU0270904351	0.80	0.32	1.13	1.21
I USD*	LU0256845834	0.80	0.32	1.13	1.21
Idy GBP*	LU0448836865	0.80	0.32	1.13	1.21
P EUR	LU0270904781	1.60	0.32	1.94	2.01
P USD	LU0256846139	1.60	0.32	1.93	2.01
Pdy GBP	LU0320647950	1.60	0.32	1.95	2.01
Pdy USD	LU0256846303	1.60	0.32	1.94	2.01
R USD	LU0256846568	2.30	0.32	2.63	2.71
R EUR	LU0270905242	2.30	0.32	2.63	2.71
Z USD	LU0328681696	N/A	0.16	0.11	0.19

I-Shares: minimum investment USD 1'000'000; *Management fees

Source: Pictet Asset Management, as of 30/04/2017

Risk indicator



- › The risk category shown is based on historical data and may not be a reliable indication for the future risk profile of the Share class.
- › The risk category shown is not a target or a guarantee and may change over time.
- › The lowest category does not mean a risk-free investment.
- › Equity investments are subject to high price volatility (variations in net asset value of the Share class) but may offer rewards in line with the risks taken, which is why this Share class is in this risk category.
- › This value is affected by various factors, including:
 - The Compartment offers no capital guarantee or asset protection measures.
 - The Compartment may invest in emerging markets.
 - This asset class is subject to political and economic risks which may have a significant impact on the Compartment's performance and volatility.
 - Because of our investment approach, the Compartment may be exposed to currency risk.

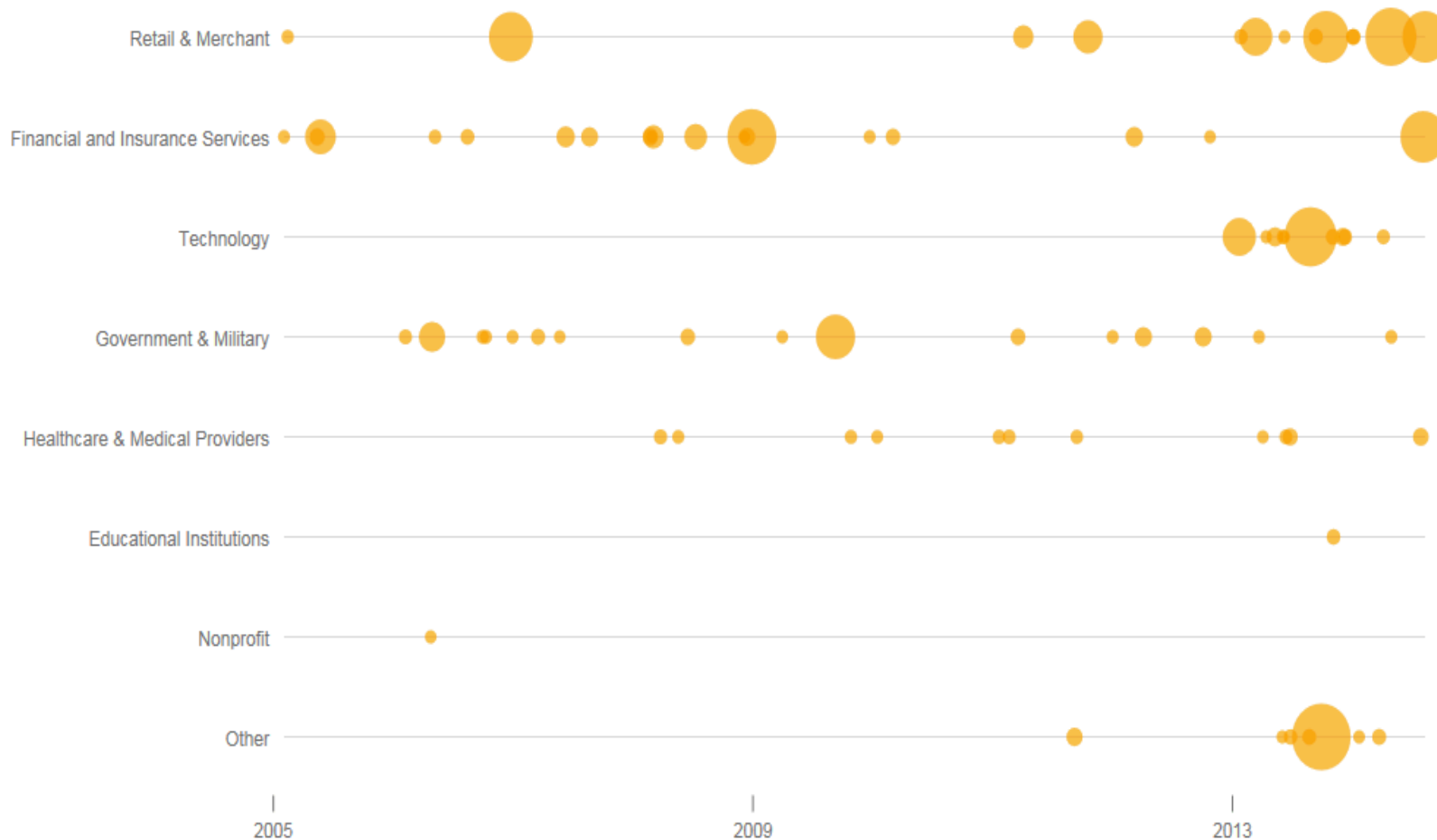
- › The Share class also bears the following risks that are not explained by the synthetic risk indicator:
 - Liquidity risk: when market conditions are unusual or a market is characterised by particularly low volumes, the Compartment may encounter difficulties in valuing and/or trading some of its assets, particularly to satisfy large redemption requests.
 - Operational risk: the Compartment is subject to the risk of material losses resulting from human error or system failures or incorrect valuation of the underlying securities.
 - Counterparty risk: the use of derivatives in the form of contracts with counterparties may imply significant losses if a counterparty defaults and cannot honour its liabilities.
- Investments in mainland China are subject to restrictions by the local regulators, and include among other things: daily and market aggregate trading quotas, restricted classes of shares, capital restrictions and ownership restrictions.



Appendices

Number & Frequency of attacks is on the rise ... and this across more vertical industries

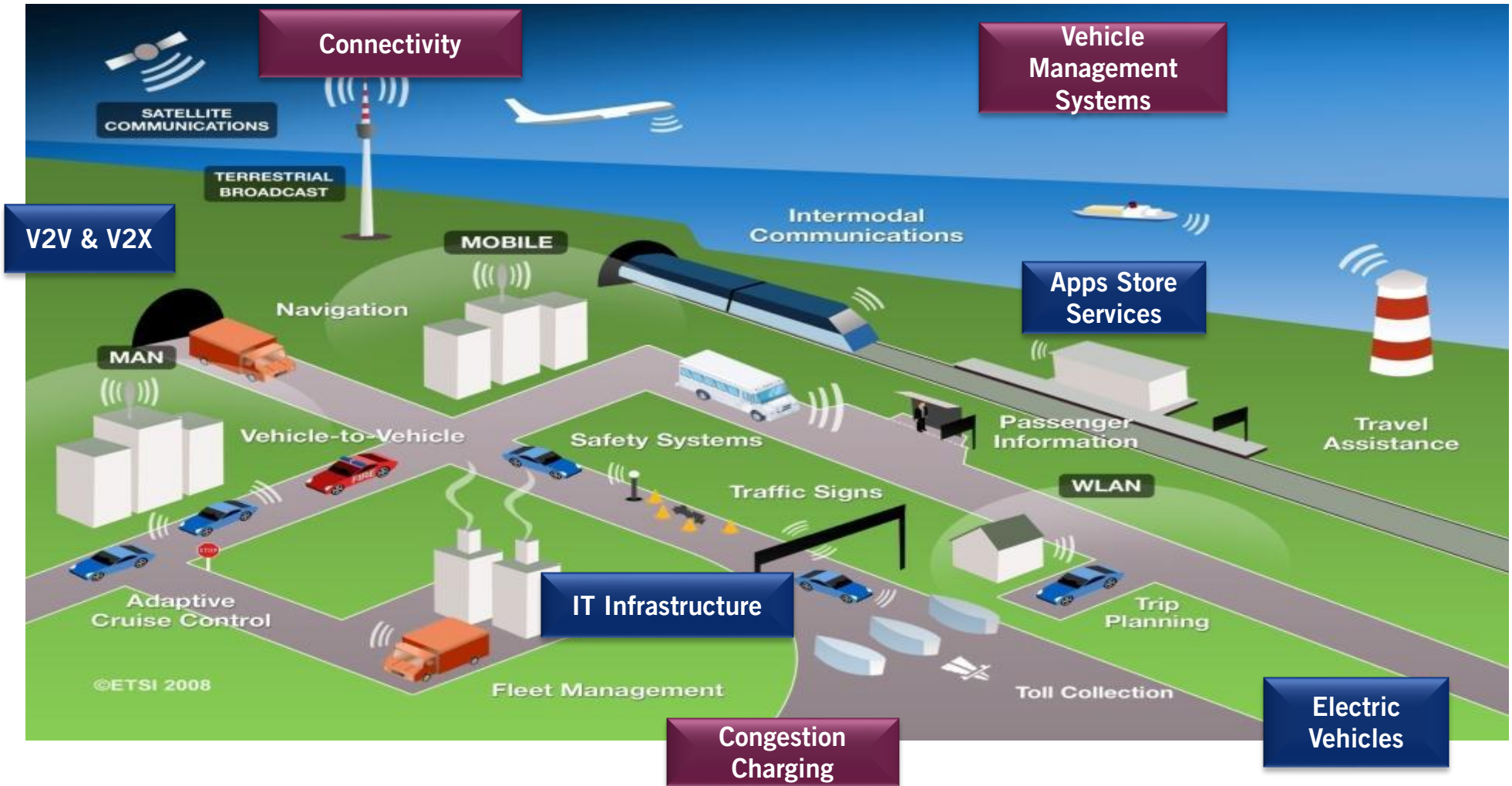
Since 2005, more than 75 data breaches in which 1'000'000 or more records were compromised have been publicly disclosed



Source: Bloomberg, Data Breaches, December 2014, www.bloomberg.com/graphics/2014-data-breaches/

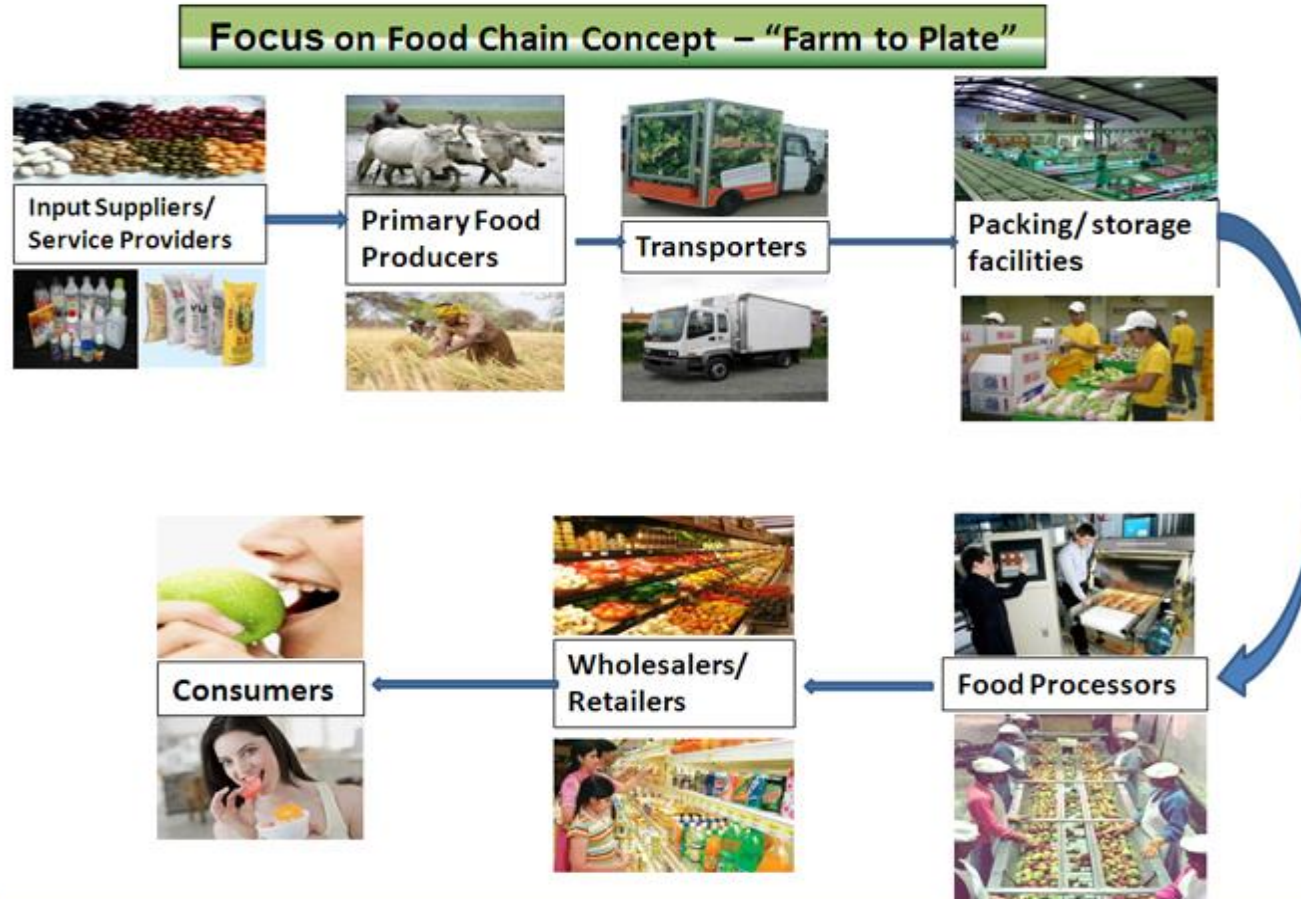
IOT - SMART CITIES : THE SECURITY ISSUE

The future of urban mobility – Connected, Green, Integrated, Smart



Source: ETSI

Main Factors driving the demand for testing in the Food and Feed market



It is necessary to ensure food safety and quality through out the Food Chain by implementing Recognized Good Agricultural, Manufacturing, Storage, Transportation & Distribution Practices. Any dilution in any of the activities within the Food Chain can effect Food Safety, Quality and Sale of the products.

CHECK LIST FOR THEME ASSESSMENT

	CRITERIA	DEFINITION
Liquidity & Thematic purity	Pure and liquid portfolio	Feasible investment portfolio with assets > current strategy size @ thematic purity > 20% where 50% of the assets can be liquidated in five trading days
Diversification	Low overlap with traditional indices	Overlap with MSCI World < 20%
Expected outcome	Robust & attractive risk-return profile	Expected risk return profile beats MSCI World (Sharpe ratio) Theme withstands stress test through different scenarios
Materiality	Measurable thematic drivers with material impact on value drivers	Materially accretive and measurable megatrend related impact on value drivers (growth, margins, risk premium)

INTEGRATING ESG

Pictet invests in security related businesses looking at ESG

Exclusion policy

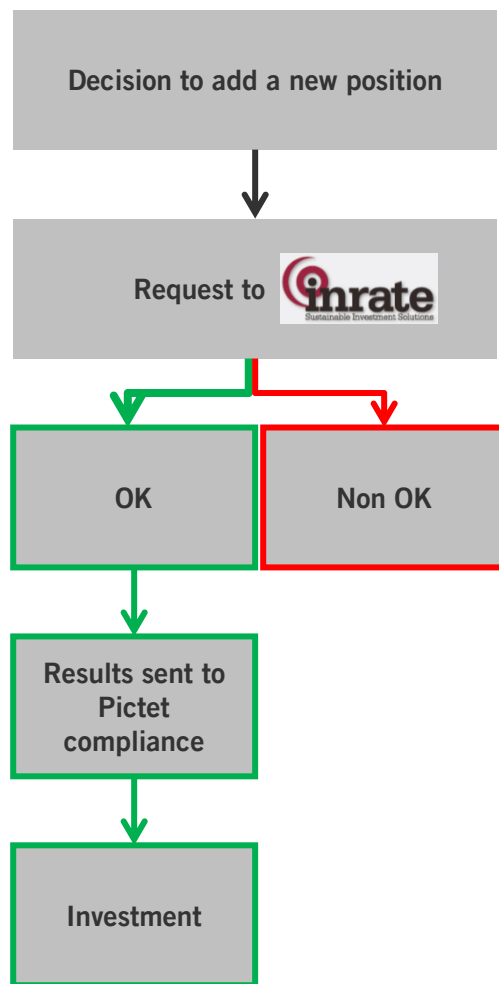
Avoid investments in companies that constitute unacceptable risk of contributing to violations of fundamental humanitarian principles, serious violations of human rights, gross corruption or severe environmental damage.

For Pictet-Security this means exclusion if **> 5% of turnover is tied to**

- Weapons and military contracting
- Production, development, testing, and maintenance of nuclear power

Other ESG issues, more distant to the theme, analysed on a case-by-case basis (e.g. child labour, human rights violation)

Stock screening process



Stock screening result

Isin	Bloomberg Ticker	Company	Recommendation based on defined ethical criteria	Defense involvement	Defense involvement (as estimated % of turnover)	Defense involvement description	Estimated reputation risk (based on defense activities and controversial practice)	Controversy description
IE00BFRT3W74	ALLE US	Allegion	Investable	None			None	

Portfolio quarterly review

Comp ID	Isin	Bloom Ticker	Company	Recommendation based on defined ethical criteria	Defense involvement	Defense involvement (as estimated % of turnover)	Defense involvement description	Estimated reputation risk (based on controversial practice)	Controversy description
627	US885791	MMM US	3M Company	Investable	Minor	100	safety and protection products for military ships, submarines and aircraft carriers; products for weapon performance and tactical communication	Minor	
6742	US009101	ADT US	ADT CORPORATION	Investable	None			Minor	
7236	E00BFRT3	ALLE US	Allegion Plc	Investable	None			None	
437	SE000025	ASSAB S	Assa Abloy	Investable	None			Minor	
6401	US052600	ALV US	AUTOLIV (USD)	Investable	None			Minor	
647	US12673P	CA US	CA, Inc.	Investable	None			Minor	
6903	USM964U	CAYM US	Cavium	Investable	None			None	
1474	US172306	CTAS US	Cintas	Investable	None			Minor	
6304	US184496	CLH US	Clean Harbors	Investable	None			None	
380	JP355050	6302 JP	Denso Corp.	Investable	None			Minor	
6526	US253888	DLR US	Digital Realty Trust	Investable	None			None	
109	US276995	ECL US	Ecotek	Investable	None			Minor	
593	US269449	EMC US	EMC Corporation	Investable	Minor	0.10	defense and intelligence data storage and analysis devices and software	Minor	
6396	US294331	EVHC US	Evident Healthcare Holdings	Investable	None			Minor	
1769	US294429	EFX US	Equifax	Investable	None			Minor	
6661	US294441	EQO US	Equinix Inc.	Investable	None			Minor	
6103	FR000003	EPF FP	European Scientific SE	Investable	None			None	
2478	GB00B19F	ESP LN	Esperian Group	Investable	None			None	
6906	US302251	EXR US	Extra Space Storage	Investable	None			None	
2503	US338206	FIS US	Fidelity National Information Services	Investable	None			None	
1737	US337738	FISV US	Fiserv	Investable	None			Minor	
6807	US343596	FTNT US	Fortinet	Investable	None			None	
6908	US34964C	FBHS US	Fortune Brands Home & Security	Investable	None			None	
1402	GB00E018	GFS LN	G4S	Investable	Minor	150	land-mine clearance, ordnance management and training services	Sensitive	G4S has been involved recently in major controversies related to its practices (protests against illegal detention and torture in 11 countries, staff reduction in prisons in UK leaving guards more at risk, etc.). In December 2012, it was nominated as "Worst Company of the Year" in the Public Eye People's Choice Awards.
6265	NL000140	GTFD FP	Genelink NV	Investable	None			None	
6909	US368736	GNPC US	Generac Holdings	Investable	None			None	
6921	US371901	GNTX US	Genetec Corp.	Investable	None			None	
6307	US373409	GPI US	Global Payments Inc.	Investable	None			None	
6016	GB00040F	HLMA LN	Halma plc.	Investable	None			None	
6881	US457734	IHS US	IHS Inc.	Investable	None			None	
6310	US45452L	IMPV US	Imperva	Investable	None			Minor	
6311	FR000012	ING FP	Indenico Cie Ind Et Financiere	Investable	None			None	

* Inrate is a leading independent sustainability rating agency active in Europe. It is based in Switzerland and has more than 20 years of experience in linking its know-how on sustainability with the financial markets.

THEME FUNDS: MANAGEMENT OF INVESTMENT PORTFOLIO

We prefer stocks with

- › High thematic purity
- › High trading liquidity
- › Low price volatility
- › Attractive company fundamentals
- › Attractive industry and favorable market(s) dynamics

Portfolio weight

- › = 6% - adjustments for purity, liquidity, volatility
= initial weight* +/- company factor - industry factor

Risk management

- › Purity: limit -6% as a function of the size of the theme-related exposure in each company
- › Portfolio construction: limit -6% as a function of the trading activity and stock price volatility

Active management

- › Company: +/- 3% as a function of management, business franchise, equity attractiveness
- › Industry: limit -3% as a function of industry fundamentals / market(s) dynamics

Portfolio weight of each stock of the investment universe floats between 0% and 9%



THEME FUNDS: COMPANY AND INDUSTRY FACTORS

Growth at reasonable price

COMPANY FACTOR	DECISION WEIGHTINGS	
	Blue Chip*	Opportunity**
Management	20%	50%
Business franchise	30%	30%
Attractiveness of equities		
> Valuation	50%	20%

* Initial weight > 0; ** Initial weight ≤ 0

We look for

- > Solid management track record
- > Franchises with secular growth drivers
- > Attractive risk-adjusted return

INDUSTRY FACTOR	
Industry fundamentals	Barriers to entry Pricing power Input cost dynamics Operating leverage Competitive environment
Market(s) dynamics	Supply / demand imbalances Regulatory / political environment

THEME FUNDS - COMPANY FACTOR SCREENING / SCORING

We score the whole blue chip universe (initial weight > 0) for:

- › Management ability to deliver
- › Sustainability of the franchise associated with the investment theme
- › Attractive equity valuation and share price momentum

We screen the opportunity universe (initial weight ≤ 0) for scoring:

- › Using a mix of financial metrics (which are theme specific)
- › Selecting top quartiles stocks for further company factor analysis
- › Scoring the stocks not currently in the portfolio (buy, “challenges”)

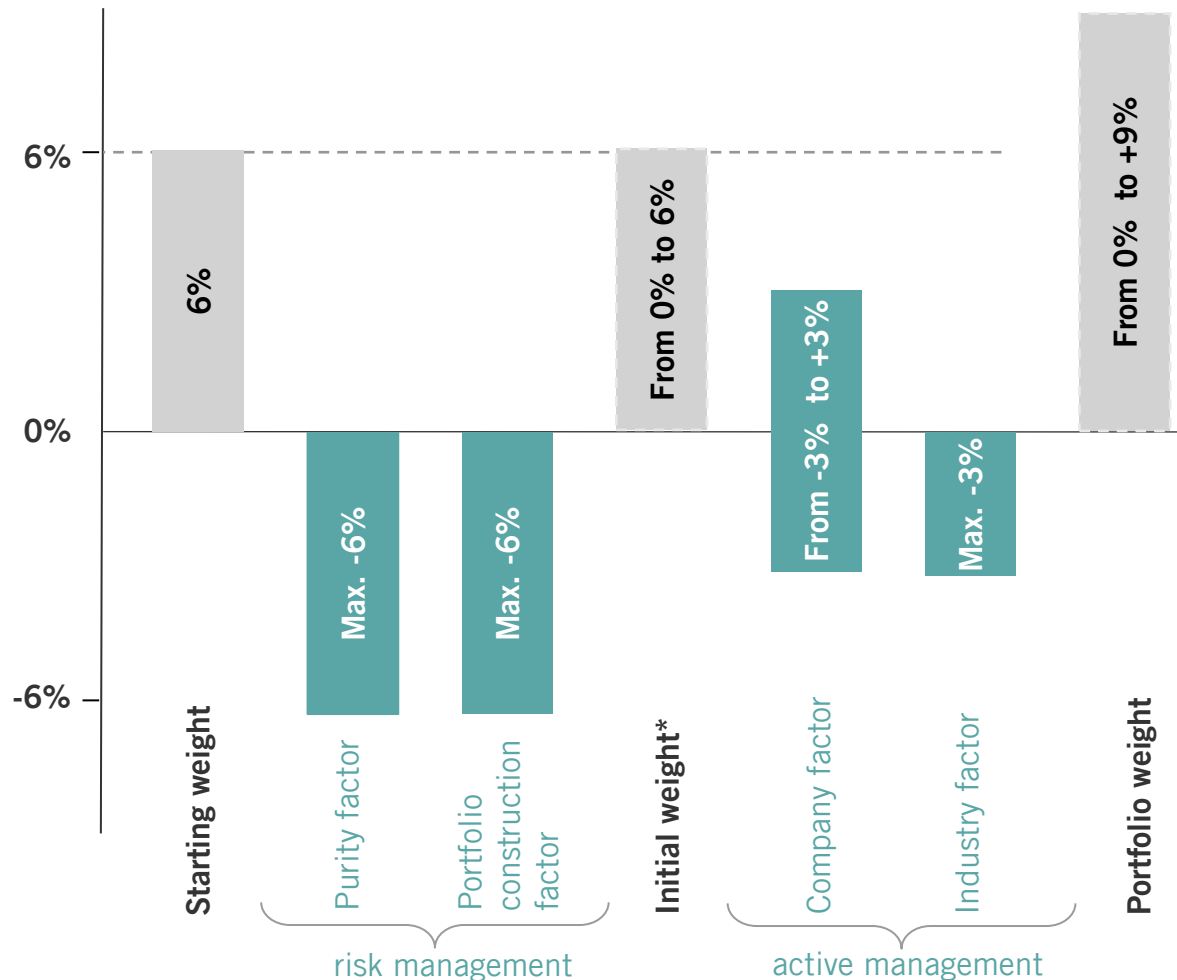
The process for screening and scoring ensures that the company factor for the entire investable universe is monitored systematically

PICTET-SECURITY PORTFOLIO CONSTRUCTION

We look for:

- › High degree of thematic related activities (purity)
- › High trading liquidity
- › Low price volatility
- › Attractive company fundamentals
- › Attractive industry fundamentals and market(s) dynamics

Portfolio construction example



*Purity, liquidity, volatility are calibrated. The sum of Initial Weights is calibrated to 40-60%, pro rata basis of the current strategy size (AuM) and the structure of the investable universe

INVESTMENT PROCESS EXAMPLE: ASSA ABLOY

Purity: no deduction as 100% of activity is security related

Portfolio construction “liquidity and volatility”: a deduction of the maximum for the liquidity and volatility, 3.6%

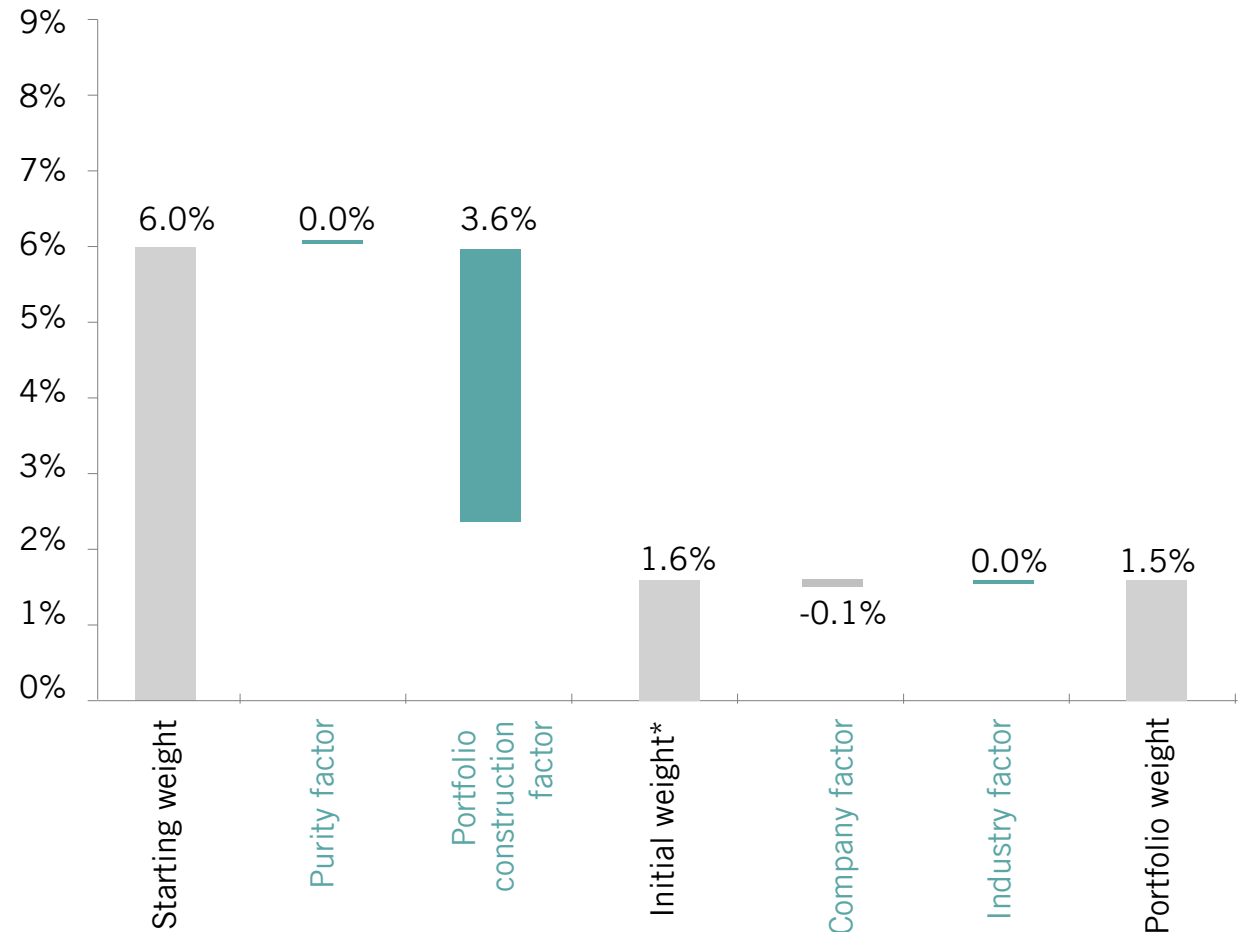
Recalibration : The sum of Initial Weights is calibrated to 40-60%, pro rata basis of the current strategy size (AuM) and the structure of the investable universe, calibration factor of 144.3%

Company: good business franchise score (-0.4), positive management score (+1.8) and a negative valuation score (-0.6).

Company factor: $-0.4 \times 30\% + 1.8 \times 20\% + (-0.6) \times 50\%$
 $= -0.1\%$

Industry: no industry discount

Investment process example



*Purity, liquidity, volatility are calibrated. The sum of Initial Weights is calibrated to 40-60%, pro rata basis of the current strategy size (AuM) and the structure of the investable universe
 Source: Pictet Asset Management, as of 30/04/2017

SELL DISCIPLINE

1. Constant, strict and daily review discipline of the Portfolio weights

2. Sales triggered by :
 - › a fundamental change reducing the scoring (either a change of management, or a business franchise deterioration)

 - › change of the industry factors

 - › a stock reaching its fair-value without new fundamental changes, implying a reduction of its attractiveness

THEMATIC RISK

- › Government spending
 - Economy & Political
 - National Deficits & Poor spending visibility

- › Legislation

- › Competition and pricing issues

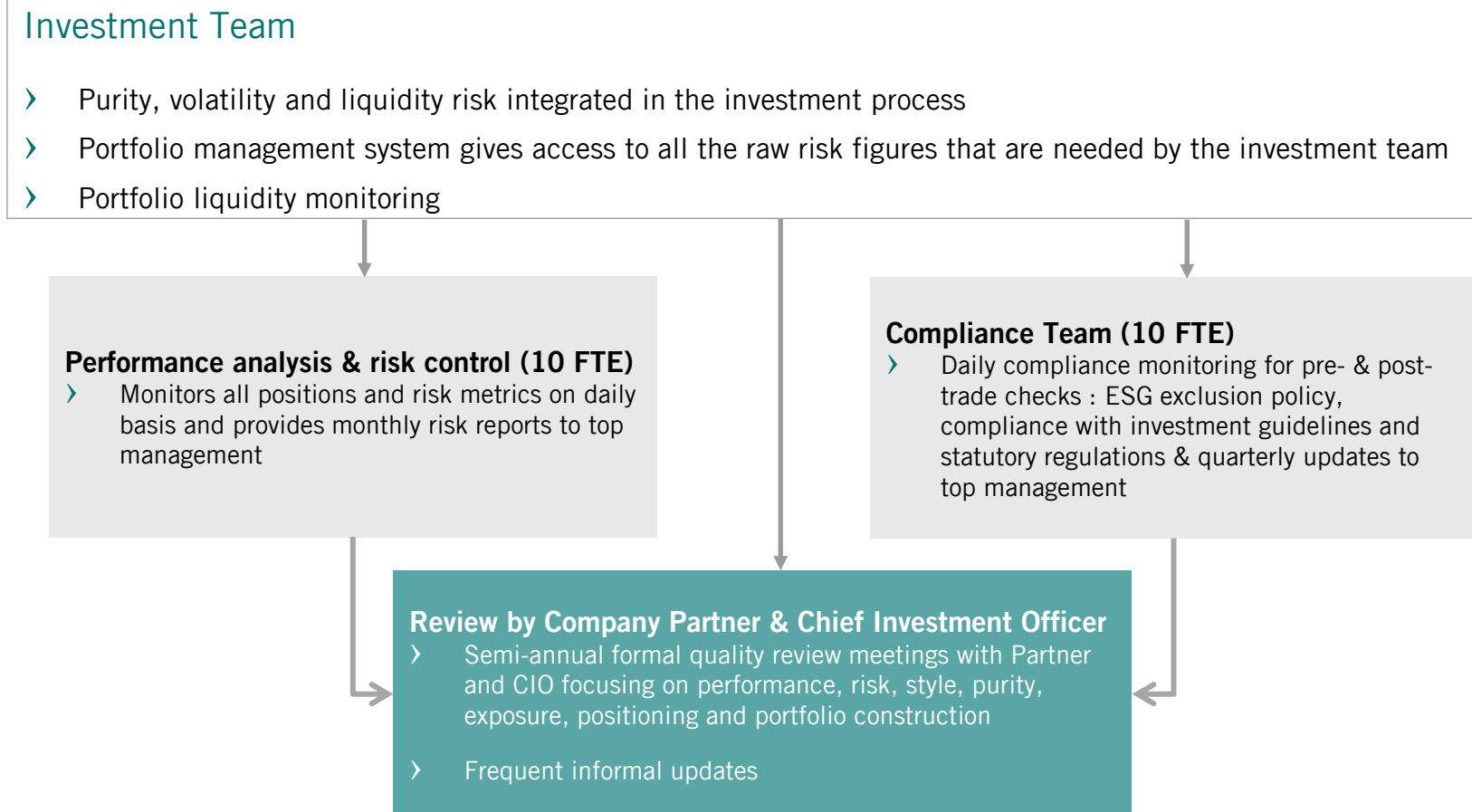
- › Acceptance of security solutions

- › Technology disruption

- › Competing standards

RISK MANAGEMENT OVERVIEW

Our main principle = avoid active bets where risks cannot be estimated



FROM INVESTMENT UNIVERSE TO INVESTMENT PORTFOLIO

					Security Exposure 327 Companies \$3485 bn											
					Physical Security Products				Security Services				IT Security Products			
					Developped Markets			Emerging Markets	Developped Markets			Emerging Markets	Developped Markets			Emerging Markets
					Asia	Europe	North America		Asia	Europe	North America		Asia	Europe	North America	
# of companies	14	34	67	10	13	19	41	10	20	25	58	16				
Market Cap in bn \$	\$61	\$280	\$987	\$26	\$25	\$133	\$313	\$9	\$32	\$173	\$1,418	\$28				
Total # of companies	125				83				119							
Total Market Cap in bn \$	\$1,354				\$481				\$1,651							

					Security Universe 203 Companies \$1240 bn											
					Physical Security Products				Security Services				IT Security Products			
					Developped Markets			Emerging Markets	Developped Markets			Emerging Markets	Developped Markets			Emerging Markets
					Asia	Europe	North America		Asia	Europe	North America		Asia	Europe	North America	
# of companies	12	17	32	6	4	24	35	3	7	21	33	9				
Market Cap in bn \$	\$54	\$128	\$330	\$24	\$22	\$131	\$296	\$8	\$17	\$90	\$114	\$27				
Total # of companies	67				66				70							
Total Market Cap in bn \$	\$537				\$457				\$247							

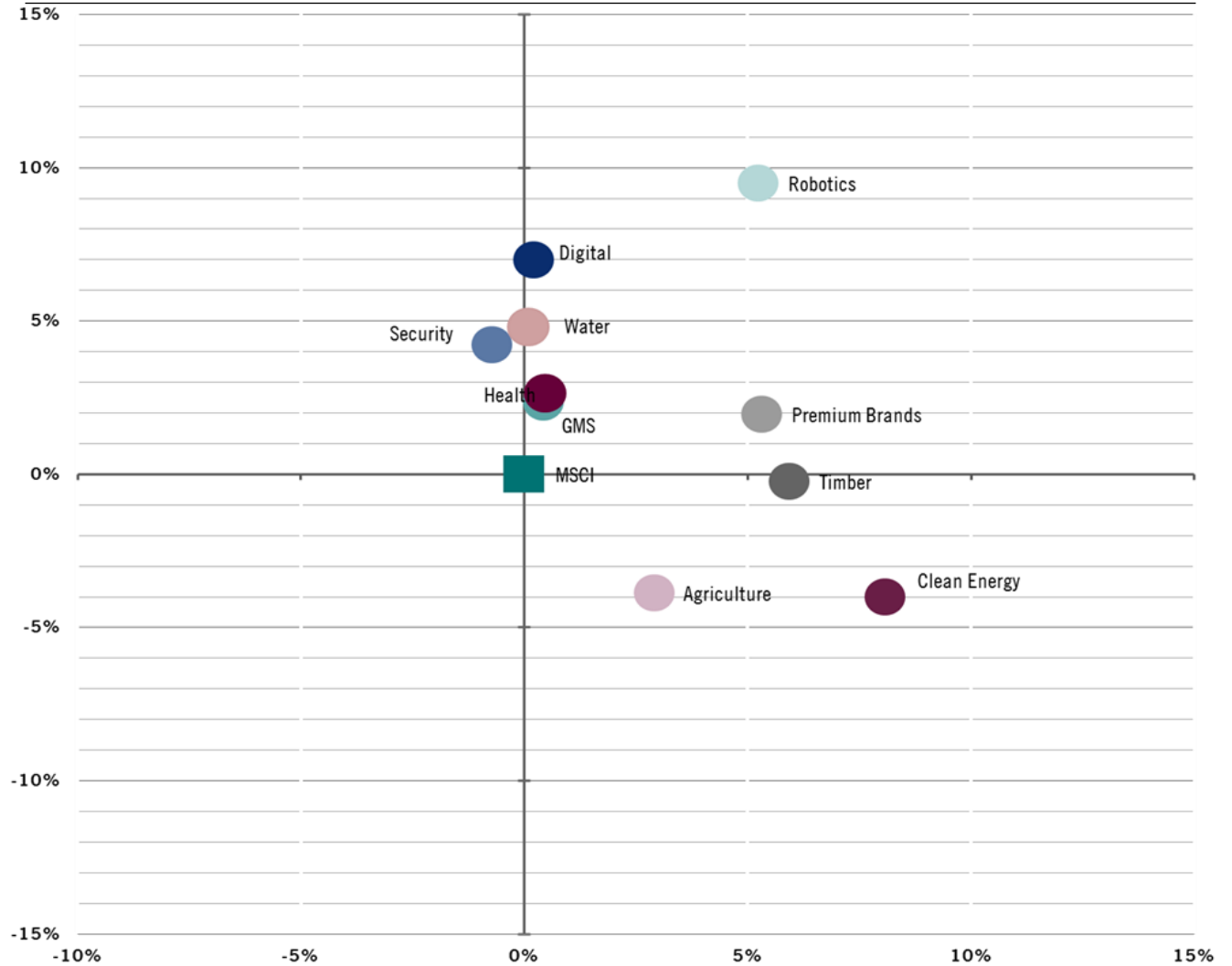
					Security Holdings 72 Companies \$1026 bn											
					Physical Security Products				Security Services				IT Security Products			
					Developped Markets			Emerging Markets	Developped Markets			Emerging Markets	Developped Markets			Emerging Markets
					Asia	Europe	North America		Asia	Europe	North America		Asia	Europe	North America	
# of companies	2	6	13	1	2	11	16	0	1	6	12	2				
Market Cap in bn \$	\$39	\$61	\$296	\$44	\$20	\$93	\$281	\$0	\$6	\$74	\$93	\$19				
Total # of companies	22				29				21							
Total Market Cap in bn \$	\$440				\$395				\$192							

Source: Pictet Asset Management, as of 30/04/2017

BENEFITS FROM INCLUDING THEMES IN A PORTFOLIO

- Global equity risk premium
- Investment thesis based on future expectations, not past winners
- Diversification - no benchmark
- Enduring secular performance
- Attractive risk/return profiles compared to global equities

Individual risk / return profiles compared to MSCI World since inceptions



Health profile since December 2014
 Source: Pictet Asset Management, GIPS, MSCI, Bloomberg, as at 30th April 2017

BIOGRAPHY

YVES KRAMER



Senior Investment Manager
Thematic Equities Funds team

Yves Kramer joined Pictet Asset Management in 2005 and is a Senior Investment Manager in the Thematic Equities Funds team. He launched the Security Fund.

He spent five years at Pictet & Cie's Financial Research Department as an Equity Buy-Side Analyst for European and North American software stocks. Before joining Pictet he worked as a Financial Analyst for North American equities at Union Bancaire Privée.

Yves graduated from the University of Geneva with a BA degree in Finance.

FRÉDÉRIC DUPRAZ, CFA



Senior Investment Manager
Thematic Equities Funds team

Frédéric Dupraz joined Pictet Asset Management in 2007 and is an Investment Manager in the Thematic Equities Funds team since 2009.

Before joining Pictet in 2004, Frédéric was a consultant in the Financial Services industry with PricewaterhouseCoopers and IBM. He started his career as a research assistant working on energy problems at the University of Geneva.

Frédéric holds a Master's degree in Econometrics from the University of Geneva. He is also a Chartered Financial Analyst (CFA) charterholder and certified Financial Risk Manager (FRM) of the Global Association of Risk Professionals.

ALEXANDRE MOUTHON, CFA



Senior Client Portfolio Manager

Alexandre Mouthon joined Pictet in 2012 and is a Senior Client Portfolio Manager.

Before joining Pictet, Alexandre spent six years as Head of Asset Management at Pentagram SA, responsible for fund selection and asset allocation strategy.

Between 2001 and 2006, he was a Deputy Director at UBP, responsible for the buy-side TMT equities analysts, the selection of third-party sectoral and US funds, co-managed the UBAM Tech fund and managed the UBAM Multifunds US Equities fund. He began his career as a Buy-Side US Equities Analyst at BNP Paribas in 1997.

Alexandre is a Chartered Financial Analyst (CFA) charterholder and holds a degree in Economic Sciences specialized in Finance from the University of Geneva.

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