PICTET
Société d'Investissement à Capital Variable – Open-ended Investment Company
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L-1855 Luxembourg

R.C.S. Luxembourg n° B 38 034

This document is important and requires your immediate attention. If you are in any doubt about the content of this document, you should seek independent professional financial advice.

Notice to shareholders of Pictet (the "Company")

1. PICTET – Agriculture
2. PICTET – Asian Equities Ex Japan
3. PICTET – Clean Energy
4. PICTET – Digital Communication
5. PICTET – Eastern Europe
6. PICTET – Emerging Markets
7. PICTET – Emerging Markets High Dividend
8. PICTET – Environmental Megatrend Selection
9. PICTET – European Equity Selection
10. PICTET – Global Emerging Debt
11. PICTET – Global Megatrend Selection
12. PICTET – High Dividend Selection
13. PICTET – Japanese Equity Selection
14. PICTET – Latin American Local Currency Debt
15. PICTET – Premium Brands
16. PICTET – Russian Equities
17. PICTET – Security
18. PICTET – Timber
19. PICTET – US Equity Growth Selection
20. PICTET – Water (collectively, the "Compartments")

24 March 2014

Re: Notification of various changes affecting the Compartments

Dear Shareholder,

The Board of Directors of the Company (the "**Board**") hereby wishes to notify you of the following proposed changes affecting the Compartments which will take effect on 30 April 2014 (the "**Effective Date**"). Please read this notice carefully as it may relate to changes affecting your shares in the Company.

1. Removal of 0.25% maximum limit for management commission when a compartment invests in other funds managed by the Company, the management company or the manager

With effect from the Effective Date, the last bullet point of point 5 under part A.§1 of the "Investment Restrictions" section of the Company's prospectus (the "**Prospectus**") shall be amended as follows:

"5) Units or shares of approved Undertakings for Collective Investment in Transferable Securities (UCITS) in compliance with Directive 2009/65/EC and/or other Undertakings for Collective Investment (UCI) within the meaning of Art. 1, paragraph (2), point a) of Directive 2009/65/EC, whether or not established in a Member State, provided that:

– *these other UCIs are approved in compliance with laws stipulating that the entities are subject to supervision that the CSSF considers as equivalent to that laid down by the EC legislation and that cooperation between the authorities is adequately guaranteed;*

– *the level of protection guaranteed to holders of shares or units of these other UCIs is equivalent to that intended for holders of shares or units of a UCITS and, in particular, that the rules relating to the division of assets, borrowings, loans, short sales of transferable securities and money market instruments are equivalent to the requirements of Directive 2009/65/EC;*

– *the activities of these other UCIs are reported in semi-annual and annual statements that enable valuation of assets and liabilities, revenues and operations for the period concerned; and that*

– *the proportion of net assets that the UCITS or the other UCIs whose acquisition is envisaged may invest overall in units or shares of other UCITS or other UCIs in conformity with their management rules or constitutive documents, does not exceed 10%;*

– *when a compartment invests in units or shares of other UCITS and/or other UCIs that are linked to the Fund within the framework of common management or control or by a significant direct or indirect holding, or is managed by a management company linked to the manager, no subscription or redemption fees may be invoiced to the Fund for investment in the UCITS or other UCI units or shares~~;~~.*

~~– The Fund, the manager or the management company may not receive any commission for issue or redemption and may only receive a maximum management commission of 0.25% if they acquire target UCIs that are:~~

~~a. directly or indirectly managed by themselves, or~~

~~b. managed by a~~

where one of the Fund's compartments invests in the units of other UCITS and/or of other UCIs that are managed either directly or via delegation by the same management company or by any other company to which ~~they are linked:~~

- ~~under common~~*the* management
- ~~under common~~ *company is linked as part of a joint management or* control *process*, or
- ~~by a direct or indirect holding of more than 10% of the capital or votes.~~ *via a material direct or indirect interest, said management company or the other company cannot invoice subscription or redemption fees relating to the Fund's investment in the units of other UCITS and/or UCIs.*

where one of the Fund's compartments invests a significant portion of its assets in other UCITS and/or other UCIs linked to the Fund, as set out above, the Fund shall mention the maximum management fee amount that can be invoiced both to the actual sub-fund and to the other UCITS and or UCIs in which it intends to invest in the Appendix to this prospectus. The Fund shall set out the maximum percentage of the management fees incurred both at the level of the sub-fund and at that of the UCITS and/or other UCIs in which it invests in its annual report."

Currently no SFC-authorised compartments of the Company invests a significant portion of assets in other UCITS and/or other UCIs linked to the Company.

The above amendment is the result of various regulatory changes, in particular changes relating to the Company's registration in Switzerland.

2. Change of frequency of net asset value ("NAV") calculations

The Board has decided to clarify the paragraphs relating to the placing of orders and the frequency with which the NAV is calculated for all of the Company's compartments in order to reflect foreseeable market holidays where the NAV will not be calculated or be used for trading purposes.

The following paragraph under the section "Remittance of orders" in the Appendix to the Prospectus for each compartment is deleted in its entirety: PICTET – Agriculture, PICTET – Asian Equities Ex Japan, PICTET – Clean Energy, PICTET – Digital Communication, PICTET – Eastern Europe, PICTET – Emerging Markets, PICTET – European Equity Selection, PICTET – Global Emerging Debt, PICTET – Global Megatrend Selection, PICTET – Japanese Equity Selection, PICTET – Latin American Local Currency Debt, PICTET – Premium Brands, PICTET – Russian Equities, PICTET – Security, PICTET – Timber, PICTET – US Equity Growth Selection and PICTET – Water

> *"The shares may be subscribed, converted and redeemed each Banking Day. When more than 25% of the assets serving as a base for the calculation of the NAV are listed on markets that are closed, subscription, conversion and / or redemption requires are carried forward to the next Banking Day on which the 25% limit is not exceeded."*

The following paragraph under the section "Remittance of orders" in the Appendix to the Prospectus for each compartment is deleted in its entirety: PICTET – Emerging Markets High Dividend, PICTET – Environmental Megatrend Selection and PICTET – High Dividend Selection

> *"The shares may be subscribed, converted and redeemed each Banking Day. When more than 50% of the assets serving as a base for the calculation of the NAV are listed on markets that are closed, subscription, conversion and / or redemption requires are carried forward to the next Banking Day on which the 50% limit is not exceeded."*

The following paragraph is included under the section "Frequency of NAV calculation" in the Appendix to the Prospectus for each compartment:

> *"However, the Board of Directors reserves the right not to calculate the NAV or to calculate a NAV that cannot be used for trading purposes when one or several of the markets in which a Fund is invested, and/or which are used to value a material part of the assets are closed. For further information, please refer to our web www. pictetfunds.com website."*

Where the NAV is not calculated or a NAV that cannot be used for trading purposes is calculated due to the reasons specified above, the dealing of subscription, conversion and redemption of shares may be postponed. Orders will be carried forward to the next Banking Day on which one or several of the markets in which a compartment is invested, and/or which are used to value a material part of the assets are not closed.

Henceforth, you will also be able to consult a timetable on our website at www.pictetfunds.com* showing clearly the dates when (i) no NAV will be calculated and (ii) the NAV cannot be used for trading purposes.

3. Change of investment policy of PICTET – Environmental Megatrend Selection

The Board has decided to change the investment policy of the compartment in order to expand its investment universe. It is intended that, upon the change taking effect, the compartment's choice of investments will no longer focus on agriculture, forestry, clean energy and water, and the compartment will invest primarily in securities issued by companies active throughout the environmental chain.

Accordingly, with effect from the Effective Date, the compartment's investment policy shall be revised as follows:

> ***"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 throughout the environmental value chain, for example in agriculture, ~~silviculture~~forestry, clean energy ~~or~~and water.*
>
> *Investments in unlisted securities and in listed securities in Russia other than on the ~~RTS and the~~ MICEX-RTS stock exchanges, and investments in UCI 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. 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, or an undertaking for collective investment, in compliance with the regulations of the Grand Duchy of Luxembourg of 8 February 2008.*
>
> *The compartment may enter into securities lending agreements in order to increase its capital or its revenue or to reduce its costs or risks.*
>
> *The compartment may use derivative techniques and instruments for efficient management within the limits stipulated in the investment restrictions."*

The above changes will not have an impact on the risk profile of the compartment.

For further information on securities lending transactions conducted by the Compartments, please refer to the "Lending on securities" section of the Information for Hong Kong Investors.

4. Change of payment value date for PICTET – European Equity Selection

The Board has decided to change the payment value date for subscriptions and redemptions in respect of the compartment.

With effect from the NAV calculated on 30 April 2014, the period for payment of subscriptions and redemptions will change from three to two Banking Days following the applicable NAV calculation date.

* *Please note that this website has not been reviewed by the SFC and may contain information regarding funds which are not authorised by the SFC.*

5. Merger of PICTET – US Equity Value Selection into PICTET – US Equity Growth Selection (to be renamed as "PICTET – US Equity Selection") and corresponding change of investment style and benchmark for the VAR calculation of Pictet – US Equity Growth Selection

The Board has decided to merge PICTET – US Equity Value Selection (the "**Absorbed Compartment**") with PICTET – US Equity Growth Selection, which will be renamed PICTET – US Equity Selection following the merger (the "**Absorbing Compartment**").

Please note that the Absorbed Compartment is not authorised by the SFC.

The above merger and renaming of the Absorbing Compartment will take effect on the Effective Date.

(i) Purpose of the merger

The Board has decided that the merger is in shareholders' best interests as the value of the assets in the Absorbed Compartment is too low to be managed efficiently.

The merger will have no material impact on the Absorbing Compartment but will allow it to increase the assets under management. There is no change in the investment objectives, policy or restriction of the compartments following the merger in the related Annex to the Prospectus.

Following the merger and the renaming of Pictet – US Equity Growth Selection compartment to Pictet – US Equity Selection, the manager of the Absorbing Compartment will choose to invest in growth and/or value securities, depending on the situation in the markets. This will offer greater investment flexibility during different market cycles and an opportunity for investors to earn greater returns.

The benchmark of the Absorbing Compartment used for calculating Relative value at risk (VAR) will also change from the Russell 1000 Growth index to the S&P 500 Composite index with effect from the Effective Date. This benchmark is used as a risk management method to provide an index against which the VAR of the compartment can be compared.

The key features of the two compartments and the main differences between them are set out in a table in the appendix attached. Please refer to the Prospectus for a more detailed description of the compartments' investment policies.

(ii) Terms and conditions of the merger

On the Effective Date, the assets and the liabilities of the Absorbed Compartment will be transferred into the Absorbing Compartment, and, in exchange for their shares in the Absorbed Compartment, the shareholders of the Absorbed Compartment will automatically be allocated shares in the same category of the Absorbing Compartment. This exchange will be performed at a conversion rate calculated using the NAV of the two compartments on 30 April 2014, in accordance with the provisions of the "Calculation of the net asset value" section of the Prospectus. Due to the difference in the NAV per share of the Absorbed Compartment and the Absorbing Compartment, the number of shares that shareholders will receive in the Absorbing Compartment may differ from the number that they held in the Absorbing Compartment. The shares in the Absorbed Compartment will be cancelled once the shares in the Absorbing Compartment have been issued.

On completion of the merger, the Absorbed Compartment will cease to exist as of the Effective Date.

Subscriptions to and conversions into the Absorbed Compartment will no longer be accepted as from the NAV calculation on 25 March 2014. Redemptions in the Absorbed Compartment will be accepted until the NAV calculation of 23 April 2014.

As from the Effective Date, shareholders of the Absorbed Compartment who have not exercised their right of redemption will be able to exercise their rights as shareholders of the Absorbing Compartment.

All of the liabilities of the Absorbed Compartment will be included in the NAV calculated on the Effective Date. Any liabilities incurred after this date will be borne by the Absorbing Compartment.

The costs and expenses related to this merger will be paid by the Company's management company, Pictet Funds (Europe) S.A.

In the days prior to the merger, the portfolio of the Absorbed Compartment will be reorganised in order to incorporate the features of the Absorbing Compartment. Therefore, the contribution of the Absorbed Compartment to the Absorbing Compartment may be made in shares and/or in cash.

The shares of the Absorbed Compartment will be withdrawn from the Luxembourg stock exchange on the Effective Date.

(iii) Documentation

Pursuant to article 71 (1) of the Luxembourg Law of 17 December 2010 regarding undertakings for collective investment, a merger report will be drawn up by Deloitte Audit, the Company's Statutory Auditor. Shareholders of the Absorbing Compartment and the Absorbed Compartment can obtain a free copy of this report on request from the Company's registered office.

Your tax situation may change following this merger. You may wish to consult your tax adviser to obtain information about how this merger may affect your tax situation.

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Option to redeem

Shareholders who do not agree to the above changes may request redemption of their shares, free of charge, at any time up to the NAV calculated on 23 April 2014.

Update to the Company's Hong Kong offering documents

The Company's Hong Kong offering documents will be updated to reflect the above changes, and the updated Hong Kong offering documents will be uploaded to our website, www.pictetfunds.hk* and will be available free of charge on request from the Hong Kong Representative in due course.

If you have any questions or require any further information regarding the contents of this notice, please contact the Hong Kong Representative whose business address is 9/F, Chater House, 8 Connaught Road Central, Hong Kong (telephone: +852 3191 1880; facsimile: +852 3191 1899).

The Board accepts responsibility for the accuracy of the contents of this notice.

Yours faithfully,

For the Board of Directors,

Marie-Claude Lange
Director

Pascal Chauvaux
Director

* *Please note that this website has not been reviewed by the SFC.*

APPENDIX
Characteristic features and key differences between PICTET – US Equity Value Selection and PICTET – US Equity Growth Selection (renamed PICTET – US Equity Selection with effect from 30 April 2014)

1. Main features

The table below sets out the main features of the compartments after the Effective Date and the differences between them.

Features	PICTET – US Equity Value Selection	PICTET – US Equity Growth Selection (renamed as PICTET – US Equity Selection with effect from 30 April 2014)
Investment policy and objectives	The compartment aims to offer investors the opportunity to benefit from the potential growth in the US equity market, through shares that the manager considers as undervalued. The compartment will invest primarily in equities and similar securities (such as American depository receipts (ADRs), REITs (Real Estate Investment Trusts) of large capitalisation companies that are domiciled in or whose administrative headquarters are located in the United States, or that conduct the majority of their business in the United States or that are traded on a regulated market there. The portfolio will be composed of a limited selection of securities that have the best outlook in the opinion of the manager. This compartment may invest to a lesser extent in convertible bonds. In addition, the compartment may also invest up to 10% of its net assets in UCIs. 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 bonds or other transferable securities whose returns may for example be linked to the performance of an index, transferable securities or a basket of transferable securities, or an undertaking for collective investment. The compartment may enter into securities lending agreements in order to increase its capital or its revenue or to reduce its costs or risks. The compartment may use derivative techniques and instruments (in particular warrants) for efficient management, within the limits specified in the investment restrictions.	This compartment aims to enable investors to benefit from growth in the American equity market. The compartment will invest at least two-thirds of its total assets or wealth in equities issued by companies that are headquartered in or conduct their main activity in the United States. The portfolio will be composed of a limited selection of securities that, in the opinion of the manager, have the most favourable outlook. This compartment will hold a diversified portfolio, generally composed of securities issued by listed companies. These securities may be ordinary or preference shares, convertible bonds and, to a lesser extent, warrants on transferable securities and options. In addition, the compartment may also invest up to 10% of its net assets in UCIs. Investments in debt instruments as defined by the European Directive 2003/48/EC will not exceed 15%. The compartment may enter into securities lending agreements in order to increase its capital or its revenue or to reduce its costs or risks. The compartment may also invest in structured products, such as bonds or other transferable securities whose returns are linked to the performance of an index, transferable securities or a basket of transferable securities, or an undertaking for collective investment, for example. The compartment may use derivative techniques and instruments for efficient management, within the limits specified in the investment restrictions.

Features	PICTET – US Equity Value Selection	PICTET – US Equity Growth Selection (renamed as PICTET – US Equity Selection with effect from 30 April 2014)
	If the manager deems it necessary in the best interest of the shareholders, the compartment may hold up to 100% of its net assets in liquidities, e.g. deposits, money market instruments, money market investment funds (within the 10% limit mentioned above). Investors should be aware, however, 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. As these are securities lending agreements, if the borrower (i.e. the counterparty) of securities loaned by the compartment defaults on payment, there is a risk of delayed recovery (which may limit the compartment's ability to meet its commitments) or risk of loss of rights on the guarantee held. This risk, however, is mitigated by the solvency analysis of the borrower performed by the Pictet Group. The securities lending agreements are also subject to the risk of conflict of interest between the Fund and another entity of the Pictet Group, including the Agent providing services related to the securities lending agreements.	**Investors should be aware, however, 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.** As these are securities lending agreements, if the borrower (i.e. the counterparty) of securities loaned by the compartment defaults on payment, there is a risk of delayed recovery (which may limit the compartment's ability to meet its commitments) or risk of loss of rights on the guarantee held. This risk, however, is mitigated by the solvency analysis of the borrower performed by the Pictet Group. The securities lending agreements are also subject to the risk of conflict of interest between the Fund and another entity of the Pictet Group, including the Agent providing services related to the securities lending agreements.
Risk management method	Relative value at risk (VaR), comparing the VaR of the Compartment with the VaR of the benchmark Russell 1000 Value Index.	Relative value at risk (VaR), comparing the VaR of the compartment with the VaR of the benchmark S&P 500 Composite Index (replacing the Russell 1000 Growth Index).
Expected leverage	0%. Depending on market conditions, the leverage may be greater.	0%. Depending on market conditions, the leverage may be greater.
Method of calculating leverage	Sum of notional amounts	Sum of notional amounts
Manager	Westwood Management Corp.	Waddell & Reed Investment Management Company
Payment value date for subscriptions and redemptions	Within 2 Banking Days following the applicable NAV calculation date.	Within 2 Banking Days following the applicable NAV calculation date.
Synthetic risk indicator	6	6

2. Share classes

The table below sets out the features and classes available in the Absorbed Compartment:

PICTET – US EQUITY VALUE SELECTION

Type of share	Activated	ISIN code	Initial min.	Base currency	Subscription and redemption currencies	Dividend distribution	Fees (max%)*		
							Manage-ment	Service	Custodian Bank
I USD	✓	LU0407233310	1 million	USD	USD	–	0.90%	0.30%	0.30%
P USD	✓	LU0407233401	–	USD	USD	–	1.80%	0.30%	0.30%
P dy USD	✓	LU0434579933	–	USD	USD	✓	1.80%	0.30%	0.30%
R USD	✓	LU0434579776	–	USD	USD	–	2.50%	0.30%	0.30%
Z USD	–	LU0434580196	–	USD	USD	–	0%	0.30%	0.30%
R EUR	✓	LU0434580279	–	EUR	EUR	–	2.50%	0.30%	0.30%
HI EUR	✓	LU0434580352	(1)	EUR	EUR	–	0.90%	0.35%	0.30%
HP EUR	✓	LU0407233583	–	EUR	EUR	–	1.80%	0.35%	0.30%
HR EUR	✓	LU0434579859	–	EUR	EUR	–	2.50%	0.35%	0.30%

* *Per year of the average net assets attributable to this type of share.*
(1) USD 1,000,000 converted to EUR on the day of the NAV calculation.

The table below sets out the features and classes available in the Absorbing Compartment:

PICTET – US EQUITY GROWTH SELECTION (TO BE RE-NAMED AS PICTET – US EQUITY SELECTION)

Type of share	Activated	ISIN code	Initial min.	Base currency	Subscription and redemption currencies	Dividend distribution	Fees (max%)*		
							Manage-ment	Service	Custodian Bank
I USD	✓	LU0256836254	1 million	USD	USD	–	0.90%	0.30%	0.30%
I dy USD	✓	LU0953040796	1 million	USD	USD	✓	0.90%	0.30%	0.30%
P USD	✓	LU0256840108	–	USD	USD	–	1.80%	0.30%	0.30%
P dy USD	✓	LU0256841411	–	USD	USD	✓	1.80%	0.30%	0.30%
R USD	✓	LU0256842575	–	USD	USD	–	2.50%	0.30%	0.30%
Z USD	✓	LU0260655930	–	USD	USD	–	0%	0.30%	0.30%
R EUR	✓	LU0372506948	–	EUR	EUR	–	2.50%	0.30%	0.30%
HI EUR	✓	LU0256843623	(1)	EUR	EUR	–	0.90%	0.35%	0.30%
HP EUR	✓	LU0256844860	–	EUR	EUR	–	1.80%	0.35%	0.30%
HR EUR	✓	LU0256845677	–	EUR	EUR	–	2.50%	0.35%	0.30%

* *Per year of the average net assets attributable to this type of share.*
(1) USD 1,000,000 converted to EUR on the day of the NAV calculation.