

Pictet Targeted Fund (LUX) – Corto Europe

Simplified Prospectus (March 2010)

Important information

This prospectus contains essential information relating to the Pictet Targeted Fund (LUX) – Corto Europe compartment (the “Compartment”). For more detailed information, please refer to the most recent version of the full current Pictet Targeted Fund (LUX) (the “Fund”) prospectus. The full prospectus, as well as the latest annual report, may be obtained free of charge from the Fund or the Custodian Bank.

1. Legal structure

Pictet Targeted Fund (LUX) (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 8 January 2008. 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 follows an equity long/short investment strategy. The objective of the Compartment is to achieve long-term capital growth in absolute terms with a strong focus on capital preservation.

Traditional long positions are coupled with (synthetic) long and short positions, which will be achieved through the use of financial derivative instruments (such as total return swaps).

The Compartment will take exposure principally to companies, which are domiciled, headquartered or exercise the predominant part of their economic activity in Europe. For this purpose, the Compartment will mainly invest in equities, equity related securities (such as but not limited to ordinary or preferred shares) and financial derivative instruments.

Except the above-mentioned geographical criteria, the choice of investments will neither be limited by an economic sector nor in terms of currencies in which investments will be denominated. However, depending on financial market conditions, a particular focus can be placed in a single European country and/or in a single currency and/or in a single economic sector.

For hedging and for any other purposes, within the limits set out in the chapter “Investment restrictions” of the prospectus, the Compartment may use all types of financial derivative instruments traded on a regulated market and/or over the counter (OTC) provided they are contracted with leading financial institutions specialized in this type of transactions. In particular, the Compartment may take exposure through any financial derivative instruments such as but not limited to warrants, futures, options, swaps (including but not limited to total return swaps, contracts for difference, credit default swaps) and forwards on any underlying in line with the Law of 2002 as well as the investment policy of the Compartment, including but not limited to, currencies (including non delivery forwards), transferable securities, basket of transferable securities and indices.

The Compartment may also invest in structured products, such as but not limited to credit-linked notes, certificates or any other transferable securities whose returns are correlated with changes in, among others, an index selected in accordance with the article 9 of the grand-ducal regulation dated 8 February 2008, currencies, exchange rates, transferable securities, a basket of transferable securities, or an undertaking for collective investment, at all times in compliance with the grand-ducal regulation.

Those investments may not be used to elude the investment policy of the compartment.

Investments in debt instruments as defined by the European Directive 2003/48/EC will not exceed 15% of the compartment's net assets.

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

If the manager considers this to be in the best interest of the shareholders, the Compartment may also, hold, up to 100% of its net assets, liquidities as among others cash deposits, money market funds (within the above-mentioned 10% limit) and money market instruments.

3. Risk profile of the Compartment

The Compartment is subject to 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 use of derivative instruments involves certain risks that could have a negative effect on the performance of the compartment.

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

Low risk Lower than average risk Average risk Higher than average risk High risk



4. Typical investor profile

The compartment is an investment vehicle for investors:

- Who wish to invest primarily in shares of European Companies which future looks promising while taking short positions in shares that look overvalued.
- Who are willing to bear variations 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	Fee (Max%) *		
						Management Bank	Service	Custodian
I (1)	✓	LU0496442640	1 million	EUR	EUR	1.60%	0.35%	0.22%
P	✓	LU0496442723	–	EUR	EUR	2.30%	0.35%	0.22%
I-GBP (1)	✓	LU0498550879	(2)	GBP	GBP	1.60%	0.35%	0.22%
P-GBP	✓	LU0498551505	–	GBP	GBP	2.30%	0.35%	0.22%
HI-USD (1) (3)	✓	LU0496442996	(2)	USD	USD	1.60%	0.40%	0.22%
HP-USD (3)	✓	LU0496443028	–	USD	USD	2.30%	0.40%	0.22%
HI-GBP (1) (3)	–	LU0497799840	(2)	GBP	GBP	1.60%	0.40%	0.22%
HP-GBP (3)	–	LU0497799923	–	GBP	GBP	2.30%	0.40%	0.22%
HI-CHF (1) (3)	✓	LU0496443291	(2)	CHF	CHF	1.60%	0.40%	0.22%
HP-CHF (3)	✓	LU0496443374	–	CHF	CHF	2.30%	0.40%	0.22%

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

(1) I shares: reserved for institutional investors.

(2) EUR 1,000,000 converted to USD, GBP or CHF on the date of the NAV calculation.

(3) Hedged shares: shares intended to cover to a large extent the exchange risk in relation to a given currency.

6. Historical performance

Since the Compartment will be activated on 12 April 2010, it does not have any historical performance data yet.

Past performance is not an indicator of future performance.

7. Net asset value, subscriptions and redemptions

Frequency of net asset value ("NAV") calculations	Each Friday (if it is not a Banking Day, the next following Banking Day).
Consolidation currency	EUR
Deadline for placing subscription and redemption orders	No later than 5.00 pm the Friday preceding the applicable NAV calculation date (the preceding Banking Day if it is not a Banking Day).
Payment value date	Within 2 banking days following the applicable NAV
Publication of the NAV	It is published at the registered office of the Management Company 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 Cap	Max 5%	Max 1%	Max 2%
P Distr	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 based on the requirements of local distributors, the Distributor may deem it necessary to establish minimum subscription levels for shares in the Compartment, limit conversions between share classes and, while remaining within the limits imposed by the prospectus, apply a specific policy for subscription, redemption and conversion fees levied on behalf of local distributors.

- **Fees payable by the Compartment:**

In addition to the fees described in point 5 above, the Compartment will also pay brokerage commissions and fees, the tax d'abonnement (subscription tax), legal and auditing fees, and any other fees owed by the Compartment.

The Compartment will also pay a performance fee established using the calculation method described in the full prospectus.

9. Tax status

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

In accordance with the legislation 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 - Supervisory Authority of the Finance Industry 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 held directly or indirectly by Pictet & Cie, Geneva and authorised to exercise such functions.
Managers Pictet Asset Management Limited, London Pictet Asset Management S.A., Geneva	