

# Pictet Funds (LUX) – Security

## Simplified Prospectus (January 2010)

### Important information

This prospectus contains essential information relating to Pictet Funds (LUX) – Security compartment (the “Compartment”). For more detailed information, please refer to the most recent version of the complete current prospectus of Pictet Funds (LUX) (the “Fund”). The complete 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 Funds (LUX) (“the Fund”) is a multi-compartment open-end investment company (SICAV) 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 modified by notarial act dated 23 January 2009. The Fund has appointed Pictet Funds (Europe) S.A. (the “Management Company”) to act as management company within the meaning of Section 13 of the Law of 20 December 2002.

### 2. Investment policy and objectives

This compartment applies a capital growth strategy by investing primarily in shares or similar securities issued by companies that contribute to providing integrity, health, and freedom, whether it be individual, corporate or political. The Compartment will invest at least two-thirds of its total assets or wealth in equities issued by companies operating in this sector.

The target companies shall include, but not be limited to, those that operate in the following domains: Internet security; software, telecommunications and computer hardware security; physical safety and health protection; security of access and identification; traffic security; security of workplace environments and national defence, etc. . .

This compartment will hold a diversified portfolio, generally composed of securities issued by listed companies. These securities may be ordinary or preferred shares, convertible bonds and, to a lesser extent, warrants on transferable securities or options. In addition, the Compartment may also invest up to 10% of its net assets in UCIs.

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

The Compartment may also invest in structured products, including in particular bonds and 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 purposes of efficient management, within the limits defined in the investment restrictions.

### 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.

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

**Investors should note that the acquisition of derivative instruments entails certain risks that may have a negative impact on the performance of the Compartment. Furthermore, owing to their volatile nature, warrants present an above-average economic risk.**

Low risk    Lower than average risk    Average risk    Higher than average risk    High 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 are willing to bear significant variations in market value and thus have a low aversion to risk;
- who have a long-term investment horizon (at least 7 years).

### 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 (1)          | ✓         | LU0256845834 | 1 million    | USD           | USD                                      | –                     | 1.20%         | 0.45%   | 0.30%          |
| P Cap          | ✓         | LU0256846139 | –            | USD           | USD-EUR                                  | –                     | 2.40%         | 0.45%   | 0.30%          |
| P Distr        | ✓         | LU0256846303 | –            | USD           | USD-EUR                                  | ✓                     | 2.40%         | 0.45%   | 0.30%          |
| R              | ✓         | LU0256846568 | –            | USD           | USD-EUR                                  | –                     | 2.90%         | 0.45%   | 0.30%          |
| Z (2)          | ✓         | LU0328681696 | –            | USD           | USD                                      | –                     | 0%            | 0.45%   | 0.30%          |
| I-EUR (1)      | ✓         | LU0270904351 | (3)          | EUR           | EUR                                      | –                     | 1.20%         | 0.45%   | 0.30%          |
| P Cap-EUR      | ✓         | LU0270904781 | –            | EUR           | EUR                                      | –                     | 2.40%         | 0.45%   | 0.30%          |
| R-EUR          | ✓         | LU0270905242 | –            | EUR           | EUR                                      | –                     | 2.90%         | 0.45%   | 0.30%          |
| I Distr-GBP    | ✓         | LU0448836865 | (3)          | GBP           | GBP                                      | ✓                     | 1.20%         | 0.45%   | 0.30%          |
| P Distr-GBP    | ✓         | LU0320647950 | –            | GBP           | GBP                                      | ✓                     | 2.40%         | 0.45%   | 0.30%          |
| HI-EUR (4) (1) | –         | LU0474968293 | (3)          | EUR           | EUR                                      | –                     | 1.20%         | 0.50%   | 0.30%          |

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

\*\* Any conversion fees will be borne by 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) USD 1,000,000 converted to EUR or GBP on the day of the NAV calculation.

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

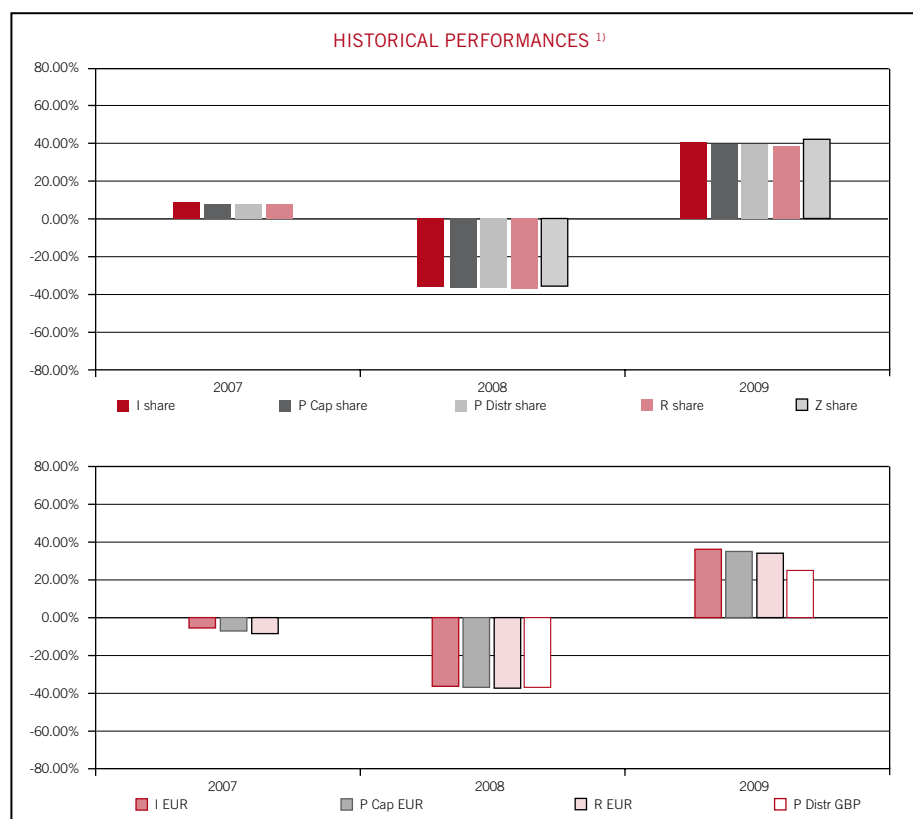
### 6. Historical performance

The P Distr-GBP share was launched on 14 November 2007.

I Distr-GBP shares were activated on 10 September 2009.

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.



1) after accounting for distributions made.

## 7. Net asset value, subscriptions and redemptions

|  |   |
|--|---|
| <b>Frequency of net asset value ("NAV") calculations</b>       | Each banking day and the first calendar day of the month, unless the first of the month is a Saturday or Sunday.  |
| <b>Consolidation currency</b>                                  | USD   |
| <b>Deadline for placing subscription and redemption orders</b> | 3:00 pm on the last banking day preceding the applicable NAV calculation date.  |
| <b>Payment value date</b>                                      | Within 3 banking days following the applicable NAV.   |
| <b>Publication of the NAV</b>                                  | Published at the registered office of the Fund on each valuation day and on the website of Pictet Funds S.A. <a href="http://www.pictetfunds.com">www.pictetfunds.com</a> |

## 8. Compartment fees and charges

### • Fees payable directly by the investor:

Intermediaries may deduct the following maximum commissions from Compartment shares:

| Type of shares (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.

When marketing the Fund abroad, regulations in certain jurisdictions may require the presence of a local Paying Agent. In such cases, investors domiciled in these jurisdictions may be required to pay any fees and charges deducted by the local Paying Agents.

In accordance with market practices, and in line with the requirements of local distributors, the Distributor may deem it necessary to set minimum subscription levels for shares in the Compartment, limit conversions between share classes and, while remaining within the limits set out 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 taxe 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 legislation. Purchasers of Shares in the Compartment should refer to the Fund's complete prospectus and are responsible for ensuring that they are duly informed of the relevant legislation and regulations applicable to the acquisition, holding and sale of shares, with regard to their residence and nationality.

In accordance with legislation in force in Luxembourg, the Compartment is not liable to any Luxembourg income tax, capital gains tax or wealth tax, withheld at source or otherwise. 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 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

Custodian Bank  
Pictet & Cie (Europe) S.A.  
1, Boulevard Royal, L-2449 Luxembourg

Transfer Agent, Administrative Agent and Paying Agent  
Pictet & Cie (Europe) S.A.  
1, Boulevard Royal, L-2449 Luxembourg

Promoter  
Pictet & Cie (Europe) S.A.  
1, Boulevard Royal, L-2449 Luxembourg

Managers  
Pictet Asset Management S.A., Geneva  
Pictet Asset Management Limited, London

Fund Auditors:  
Deloitte S.A.  
560 rue de Neudorf, L-2220 Luxembourg

Legal Adviser  
Elvinger, Hoss & Prussen  
2, Place Winston Churchill, B.P. 425,  
L-2014 Luxembourg

Supervisory Authority  
CSSF - Supervisory Authority of the  
Finance Industry  
110 Route d'Arlon, L-2991 Luxembourg

Distributor  
Any legal entity of the Pictet Group held directly or indirectly by Pictet & Cie, Geneva, and authorised to perform such functions.