

Pictet Funds (LUX) – (EUR) Sovereign Liquidity

Simplified Prospectus (January 2010)

Important information

This prospectus contains essential information relating to Pictet Funds (LUX) – (EUR) Sovereign Liquidity 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

The investment objective of the Compartment is to offer investors the opportunity to invest in a vehicle that preserves capital and stability of value while obtaining an appropriate return with a high level of liquidity and observing a policy of risk spreading.

The Compartment invests a minimum of 2/3 of its total wealth/assets in money market instruments or in bonds and notes as well as in other debt instruments and fixed- or variable-income debt securities (excluding convertible bonds, reverse convertible bonds, convertible notes and borrowings with options as well as ABS, MBS, and ABCP), provided that:

- they are issued or guaranteed by a government or public corporation in the OECD or by an international public organisation, including Switzerland or a Member State of the European Union;
- have a residual duration of individual investments that does not exceed 12 months or whose returns are regularly adjusted (at least every 12 months), in compliance with the conditions of the monetary market, or whose risk profile, in particular with respect to credit risk and interest rate risk, corresponds to that for instruments whose maturity or residual maturity matches those mentioned above.

In addition, the Compartment may invest up to 10% of its net assets in UCIs.

In order to reduce its exposure to market risk, the Compartment may temporarily hold up to 100% of its net assets in liquid instruments and/or money market instruments, or monetary funds up to 10%.

The base currency is not necessarily identical to the Compartment’s investment currencies. The related exchange rate risk will be systematically hedged against the Compartment’s base currency.

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

3. Risk profile of the Compartment

The Compartment is subject to 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.

For further information regarding the risks associated with the investment policy, please see the complete 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 in short-term fixed-income securities issued or guaranteed by a government or a public corporation in the OECD or by an international public organisation, including Switzerland or a Member State of the European Union;
- who are averse to risk.

5. Types of shares

Type of share	Activated	ISIN code	Initial min.	Base currency	Subscription and redemption currencies	Dividend distribution	Fees (max%) *		
							Management	Service	Custodian Bank
I (1)	✓	LU0366536638	1 million	EUR	EUR	–	0.15%	0.10%	0.05%
P Cap	✓	LU0366536711	–	EUR	EUR	–	0.30%	0.10%	0.05%
P Distr	✓	LU0366536802	–	EUR	EUR	✓	0.30%	0.10%	0.05%
R	✓	LU0366536984	–	EUR	EUR	–	0.60%	0.10%	0.05%
Z Cap (2)	✓	LU0366537016	–	EUR	EUR	–	0%	0.10%	0.05%
J Cap (1)	✓	LU0392047626	50 million	EUR	EUR	–	0.10%	0.10%	0.05%

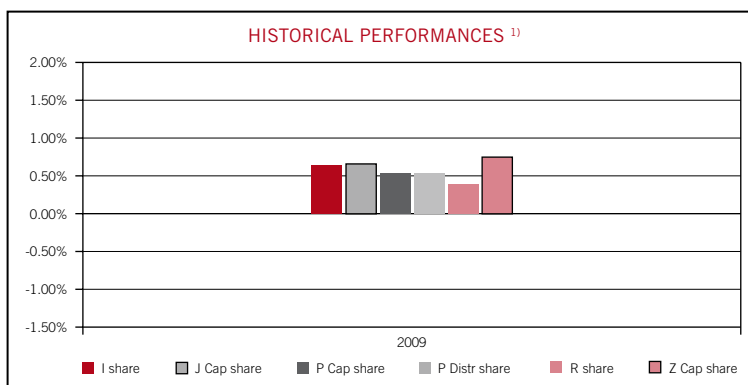
* Per annum of the average net assets attributable to this type of share.

(1) I and J 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.

6. Historical performance

The Compartment was launched on 16 June 2008.



1) after accounting for distributions made.

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

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

7. Net asset value, subscriptions and redemptions

Frequency of net asset value ("NAV") calculations	Each banking day and the first calendar day of the month, unless the first of the month is a Saturday or Sunday.
Consolidation currency	EUR
Deadline for placing subscription and redemption orders	By 12.00 pm on the applicable NAV calculation date.
Payment value date	The banking day following the applicable NAV.
Publication of the NAV	Published at the registered office of the Fund on each valuation day and on the website of Pictet Funds S.A. 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 shares (1)	Front-end	Back-end	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 Cap	Max 5%	Max 1%	Max 2%
J Cap	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	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 Paying 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 perform such functions.
Managers Pictet Asset Management S.A., Geneva Pictet Asset Management Limited, London	