

# Pictet Funds (LUX) – EUR High Yield

## Simplified Prospectus (January 2010)

### Important information

This prospectus contains essential information relating to Pictet Funds (LUX) – EUR High Yield 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 invests at least two-thirds of its total assets or wealth in a diversified portfolio of second quality high-yield bonds and convertible bonds with a minimum rating equivalent to B-, within the limits allowed by the investment restrictions. Second quality investments, compared to investments in securities from first quality debtors, may present a higher than average yield but also carry greater risk with regard to the issuer’s solvency.

The Compartment may also invest up to 10% of its net assets in securities pledged by assets, securities of issuers enjoying State support, issues securitised by bonds, issues securitised by loans and mortgages (including the securitisation of such debts).

The Compartment may also invest in warrants on fixed-income transferable securities. However, investments in warrants may account for no more than 10% of the Compartment’s net assets.

Investments in convertible bonds may not exceed 20% of the Compartment’s net assets, while convertible bonds trading at more than 140% will have to be sold. Following the conversion of such bonds, the Compartment may hold up to 5% of its net assets in the shares issued.

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

Such investments may be made in all markets while seeking capital growth in the base currency.

Moreover, the Compartment may invest up to 10% of its net assets in emerging markets.

At least two-thirds of the Compartment’s net assets will be denominated in euros.

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 the purpose of efficient management within the limits defined in the investment restrictions.

The Compartment may conclude credit default swaps as more fully described in the complete prospectus.

### 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.**

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 the high-yield bond market in euros;
- who have a medium to high risk tolerance;
- who favour a medium-term savings strategy (5 years and more).

### 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 (2)	✓	LU0133806785	1 million	EUR	EUR	–	1.10%	0.30%	0.05%
P Cap	✓	LU0133807163	–	EUR	EUR	–	1.45%	0.30%	0.05%
P Distr	✓	LU0133807593	–	EUR	EUR	✓	1.45%	0.30%	0.05%
R	✓	LU0133807916	–	EUR	EUR	–	1.75%	0.30%	0.05%
Z Cap (3)	✓	LU0215400546	–	EUR	EUR	–	0%	0.30%	0.05%
Z Distr	–	LU0474964037	–	EUR	EUR	✓	0%	0.30%	0.05%
HI-CHF (4)	✓	LU0174593094	(1)	CHF	CHF	–	1.10%	0.35%	0.05%
HP Cap-CHF	✓	LU0174610443	–	CHF	CHF	–	1.45%	0.35%	0.05%
HI-NOK	✓	LU0474467916	(1)	NOK	NOK	–	1.10%	0.35%	0.05%

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

(1) EUR 1,000,000 converted to CHF or NOK on the day of the NAV calculation.

(2) I Shares: reserved for institutional investors.

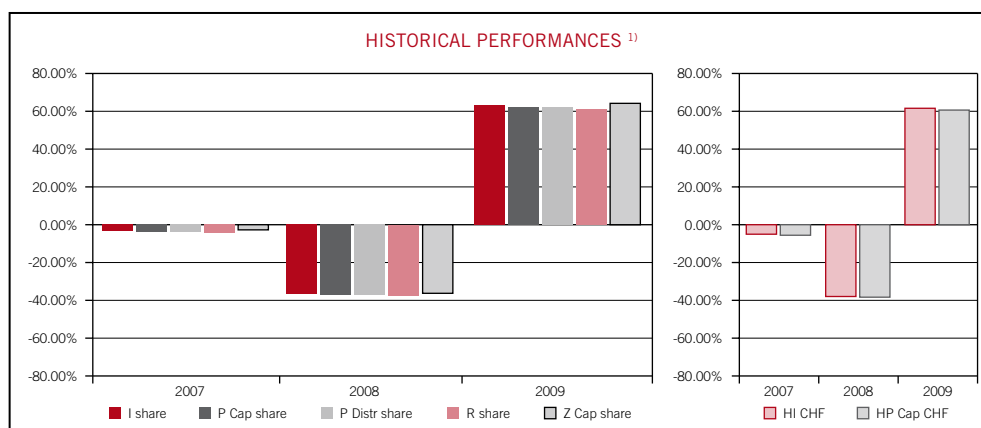
(3) Z shares: reserved for institutional investors who have concluded a specific remuneration agreement with Pictet & Cie, Geneva, or any other entity of the Pictet Group.

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

## 6. Historical performance

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.

HI-NOK shares were launched on 22 December 2009.

## 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>	EUR
<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 2 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 Cap	Max 5%	Max 1%	Max 2%
Z Distr	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	