



Thematic Investments

Gonzalo RENGIFO FIAFIN Seminar, Cancún, Mexico , July 10th 2009

Agenda



- 1. Identifying megatrends
- 2. Two thematic investments opportunities
 - Water
 - Clean Energy
- 3. How to build a Global Megatrend Fund
- 4. Conclusions





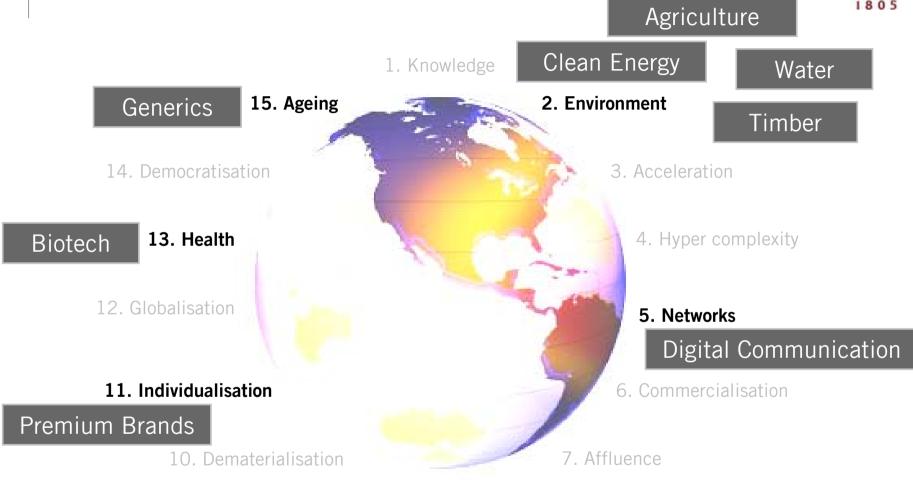


1. Identifying Megatrends



Investment Opportunities



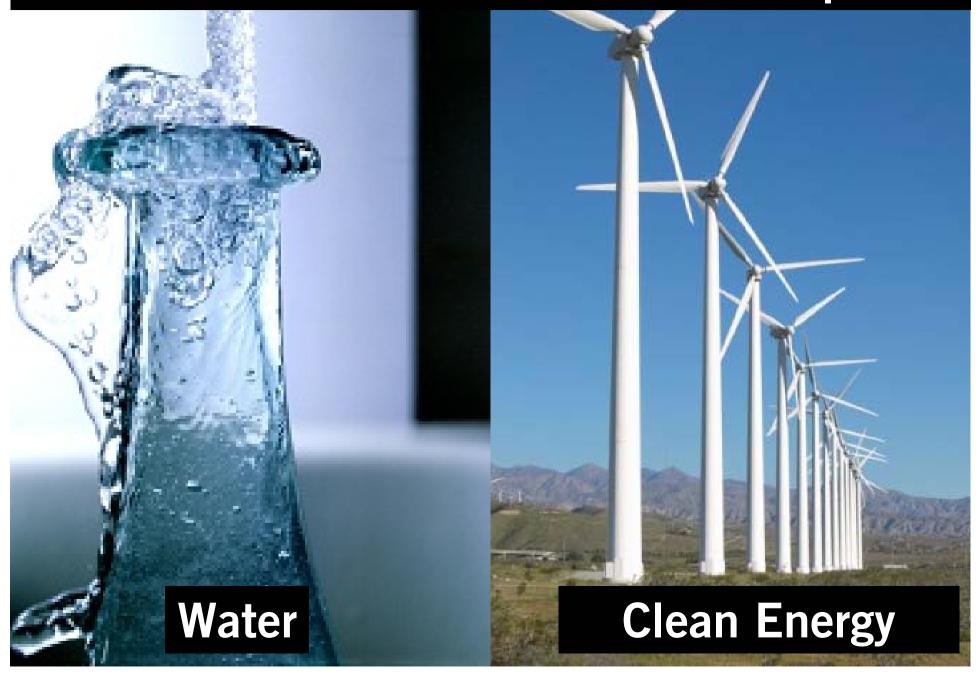


9. Polarisation

8. New Technology

Security

2. Two Thematic Investments Examples

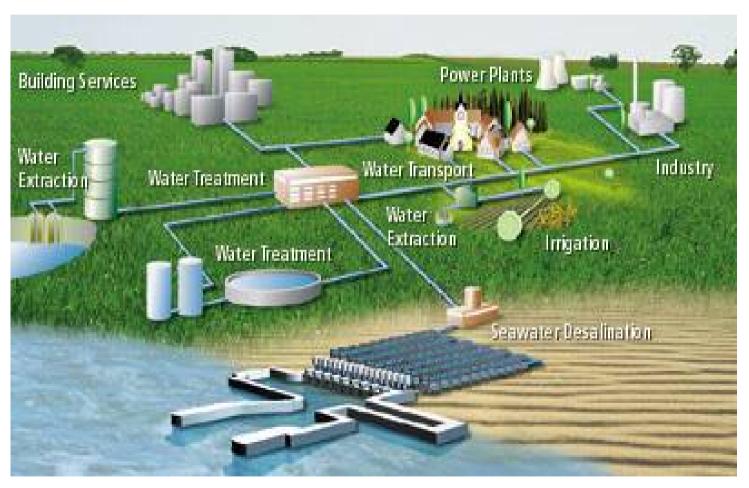


How To Invest In The Water Industry



Water – A Basic Resource





Source: K.S.B. Treatment Group

1. Outdated Or Non-Existent Infrastructure



- Worldwide water infrastructure is completely outdated
 - Operational issue:
 - Thames Water* with 20'000 miles of water pipes:
 - 1'100 miles to be replaced in 2005-2010 => equivalent of 91 years for the entire network.
 - 50% of mains over 100 years old 30% of mains over 150 years old
 - Financial issue:
 - USD 485-896 bn of capital spending needed between 1999-2019**
 - Legal issue:
 - EU current and anticipated legislation (2006-2025) will trigger capital expenditure up to EUR 350 bn ***

SUBSTANTIAL AND INEVITABLE INVESTMENTS
HUGE OPPORTUNITY FOR EQUIPMENT MANUFACTURERS

Sources

^{*} Thames Water, Evidence to the House of Lords, 4th October 2006

^{** &#}x27;The Clean Water and Drinking Water Infrastructure Gap Analysis' US EPA, Office of Water, Sept. 2002

^{***} David Owen, Independent Water Sector Analyst

2. Outsourcing Of Water Services



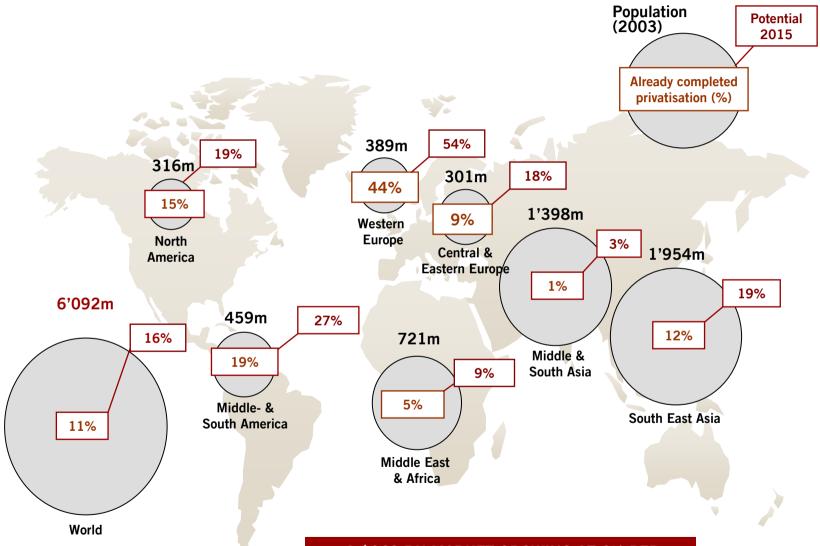
- Municipal level
 - Outsourcing of water business with Public-Private-Partnership (PPP)
 - PPPs operate with up to less than 30% costs than pure public suppliers*
 - Better quality through performance targets
 - Ever stronger water quality standards
 - Ever scarcer financing
- Industry level
 - Reduction of operating costs due to margin erosion
 - Focus on core business
 - Need for reliable water supply (semiconductor, tourism)
- Liberalisation of service markets worldwide
 - General Agreement on Trade in Services (GATS)

HUGE BUSINESS OPPORTUNITY FOR WATER SERVICE COMPANIES

Water Services Outsourcing - Forecasts



Market potential 2003-2015



Excessive Water Consumption

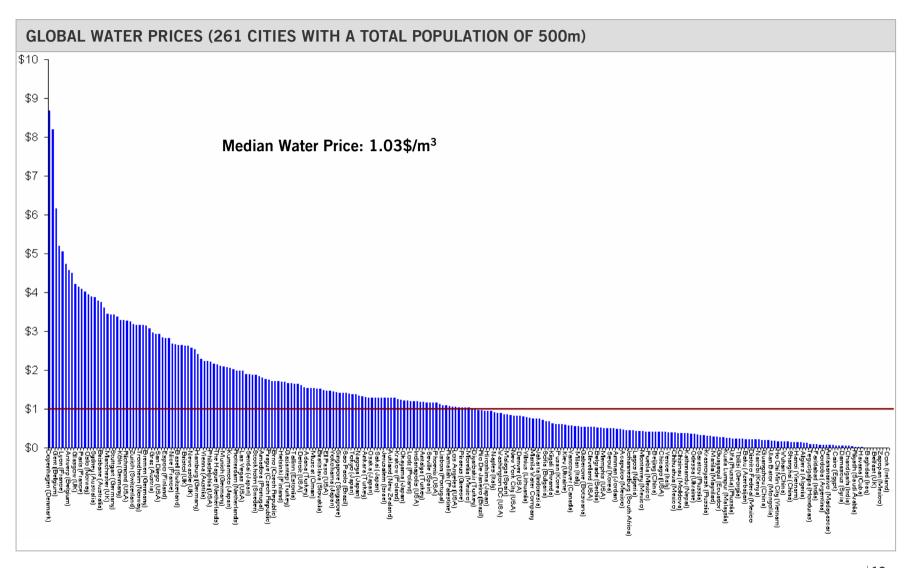


MUNICIPAL WATER CONSUMPTION										
Location	Litres Per capita – day									
Las Vegas, Nevada, U.S.A.	1162									
United States, average	382									
Bangkok, Thailand	208									
UK, all urban users	151									
Cairo, Egypt	132									
Estimated minimum need	77									

INDUSTRIAL WATER NEEDS (PE	R TON PRODUCED)
Industry	Litres
Wool / cotton	764'653
Synthetic rubber	416'395
Steel	235'453
Paper	227'125
Plastic	181'700
Beet sugar	125'297
Cane sugar	106'370
Cement	5'148

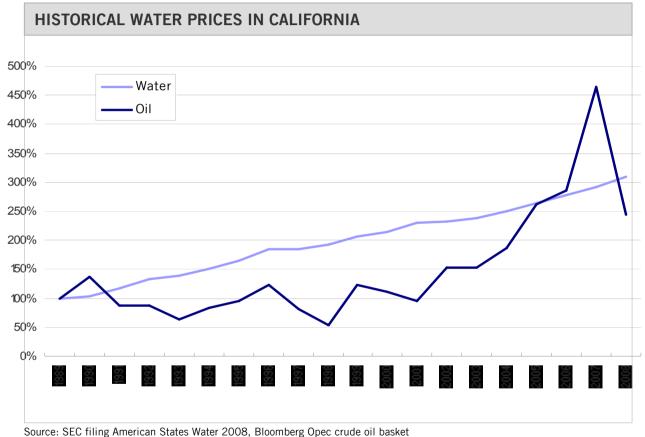
Water Prices Need To Rise





Dynamics Of Water Prices (1989-2008)





	AVERAGE PRICE INCREASE	VOLATILITY
Water	6.1%	3.9%
Oil	4.8%	43.2%





3. Portfolio Characteristics



From Investment Universe To Investment Portfolio



Water Exposure 755 Companies

		Water Supply				nvironme	ntal Servic	es		Water Te	chnology					
	Dev	Developped Markets		Emerging	Developped Markets			Emarcina	Developped Markets			Emarcina	Dev	elopped Mark	ets	Emerging
	Asia	Europe	North America	Markets		Europe	North America	Emerging Markets		Europe	North America	Emerging Markets	Asia	Europe	North America	Markets
# of companies	45	44	24	58	90	42	59	6	124	42	82	76	10	17	15	21
Market Cap in bn	€8	€ 143	€ 21	€ 57	€ 18	€ 34	€ 37	€ 14	€ 32	€ 68	€ 228	€ 36	€3	€ 132	€ 4	€6
Total # of companies		17	71		197					32	24		63			
Total Market Cap in bn		€ 2	29		€ 103				€ 364				€ 145			

Water Universe 241 Companies

		Water Supply				nvironme	ntal Servic	es		Water Te	chnology					
	Developped Markets		rkets	Emarrina	Developped Markets			Emorging	Developped Markets		kets	Emorging	Developped Markets			Emerging
	Asia	Europe	North America	Emerging Markets	Asia	Europe	North America	Emerging Markets	Asia	Europe	North America	Emerging Markets	Asia	Europe	North America	Markets
# of companies	3	22	14	27	6	6	13	2	16	23	61	32	-	5	6	5
Market Cap in bn	€.2	€56.6	€6.5	€28.8	€1.0	€1.5	€21.8	€.8	€7.4	€9.2	€44.4	€3.9	-	€118.1	€.1	€.2
Total # of companies		6	6		27					13	32		16			
Total Market Cap in bn		€9	2.0		€ 25.1			€ 64.9				€ 118.4				

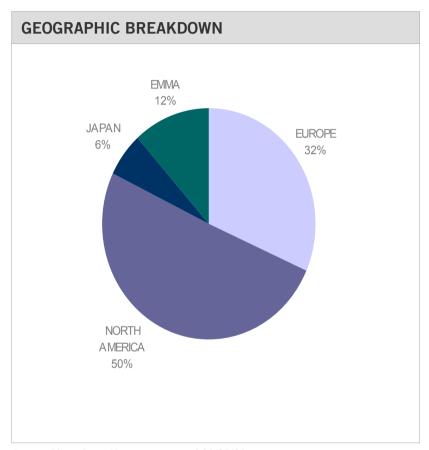
WaterFund Holdings 79 Companies

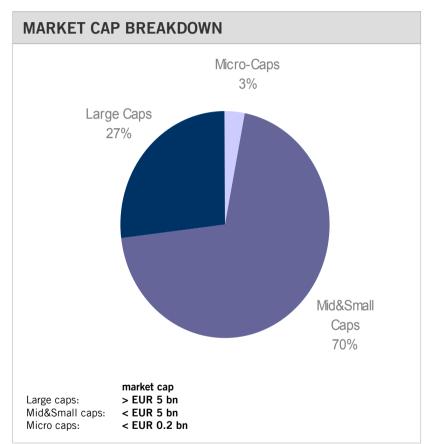
		Water Supply				nvironme	ntal Servic	es		Water Te	chnology					
	Developp		rkets	Emerging	Developped I		lopped Markets		Developped Markets		Emerging	Der	evelopped Markets		Emerging	
	Asia	Europe	North America	Markets	Asia	Europe	North America	Emerging Markets	l	Europe	North America	Markets	Asia	Europe	North America	Emerging Markets
# of companies	-	12	7	9	1	2	7	-	4	6	26	2	-	2	1	-
Market Cap in bn	-	€42.2	€5.5	€18.2	€.6	€.4	€20.5	-	€4.3	€5.7	€40.4	€1.7	-	€118.0	€.0	-
Total # of companies		2	8		10					3	8		3			
Total Market Cap in bn		€6	5.9			€:	21.5		€ 52.1							

Source: Pictet Asset Management, March 2009

PF(LUX)-Water Portfolio Characteristics





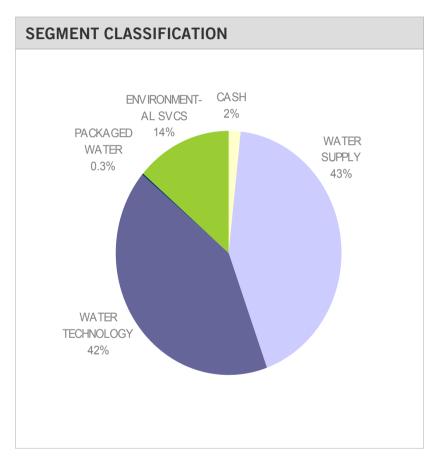


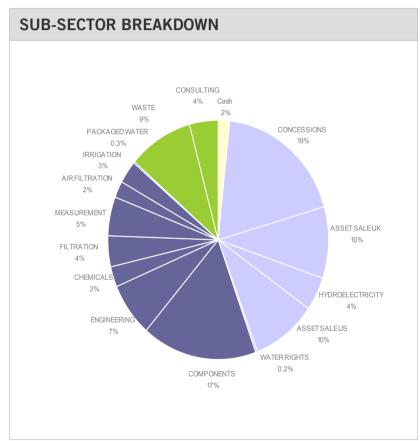
Source: Pictet Asset Management, as of 29/05/09

Source: Pictet Asset Management, as of 29/05/09

PF(LUX)-Water Portfolio Breakdown







Source: Pictet Asset Management, as of 29/05/09

Source: Pictet Asset Management, as of 29/05/09

Top 10 Portfolio Holdings



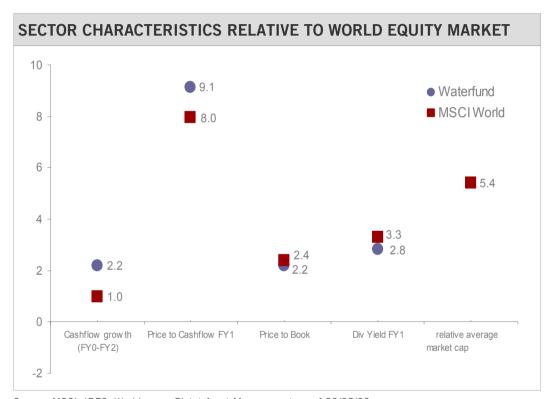
COMPANY	DOMICILE	% IN FUND	SECTOR	MARKET CAP(€ Bn)	% WATER	PRODUCTS AND SERVICES
S_CZ	France	4.9%	Water Supply	6.2	100%	Concessions, Engineering, Technology
VEOLIA ENVIRONNEMENT	France	4.8%	Water Supply	10.7	69%	Concessions, Engineering, Technology
O DANAHER	USA	4.6%	Water Technology	14.5	20%	Components Residential/Commercial
*ITT Industries	USA	4.1%	Water Technology	5.9	39%	Components (Pumps) Municipal Markets
AQUA America.	USA	3.5%	Water Supply	1.6	100%	Regulated Water Utility
ALRITA WATER INDUSTRIES LITE.	Japan	3.4%	Water Technology	2.5	100%	Engineering Technology
Pennon Group Plc	Britain	3.3%	Water Supply	1.9	100%	Regulated Water Utility, Waste collector and treatement
ROPER	USA	3.3%	Water Technology	3.0	24%	Engineering Technology
SEVERN TRENT	Britain	2.9%	Water Supply	3.1	100%	Regulated Water Utility, Engineering, Technology
MILLIPORE	USA	2.8%	Water Technology	2.6 20%		Engineering Technology Filtration

Source: Pictet Asset Management, as of 29/05/09

PF(LUX)-Water Portfolio Characteristics



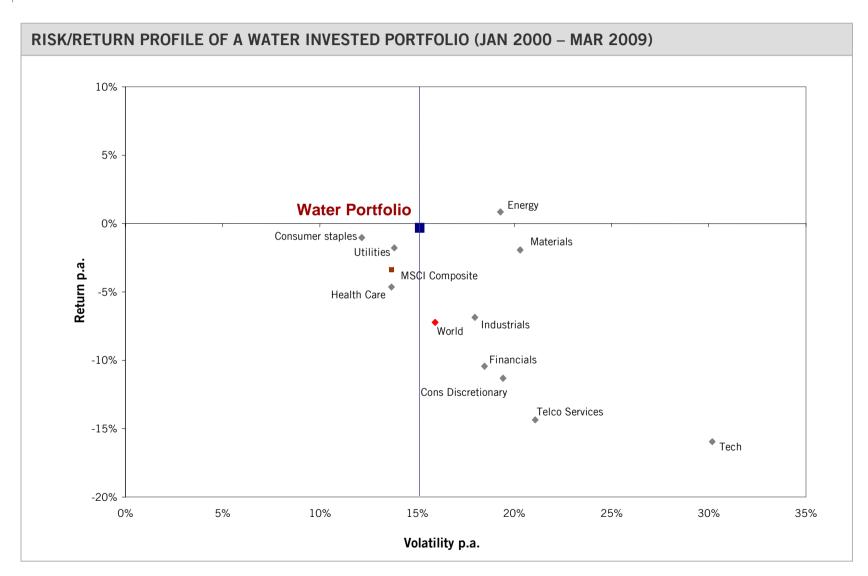
- Market still underprices strategic importance of the water industry
- Strong fundamentals
 - under supplyrising demandrising prices
 - sustainable growth for contributors water value chain for water supply and infrastructure
- Still highly fragmented industry, consolidation continuing
- Attractive risk return profile



Source: MSCI, IBES, Worldscope, Pictet Asset Management, as of 29/05/09

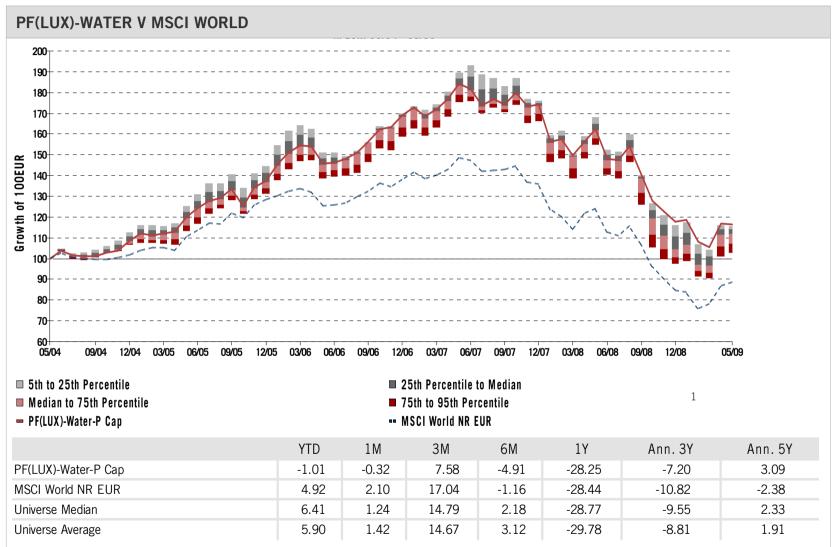
Risk/Return Profile





Review of Performance as of May 29, 2009





Past Performance is no guarantee of future performance. Performance data does not include the commissions and fees charged at the time of subscribing for or redeeming shares.

Source: Lipper (MPI-Stylus)

Plan Obama: Investment Opportunities



- Final package to be disclosed mid-February. \$15bn currently being discussed* for water infrastructure spending and environmental restoration:
 - \$9.5 billion for EPA's water and wastewater loan programs
 - \$4.5 billion for the Corps of Engineers programs, including water
 - \$1.0 billion for water projects
- Water Technology and the Consulting segment of Environmental Services are most concerned, whereas Utilities are less likely to see an impact
- However, spending outlays may take years to flow through to the economy...
 - "Shovel-ready" water projects are in limited supply
 - Short-term temporary funding delays are arising as municipalities adopt "wait and see" attitude in expectation of federal funding.

RECOGNITION OF HISTORICAL UNDER-INVESTMENT WITHIN
WATER INFRASTRUCTURE

Companies That Stand To Benefit



■ **Insituform** — Pipeline rehabilitation with trenchless pipeline reconstruction technology



■ **Tetra Tech** — Consulting and environmental activities for US EPA



 Stantec — Consulting and environmental activities for the public sector



 Calgon Carbon — Water treatment equipment and consumables (activated carbon)



ITT Industries — Pumps, valves and related systems to control water flow



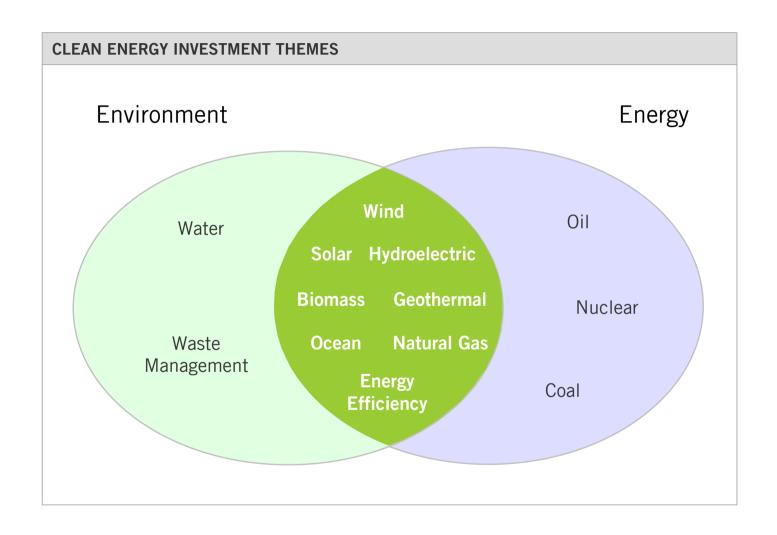
LONG-TERM INVESTMENT OPPORTUNITIES EXIST FOR WATER INFRASTRUCTURE STOCKS

How To Invest In Clean Energy



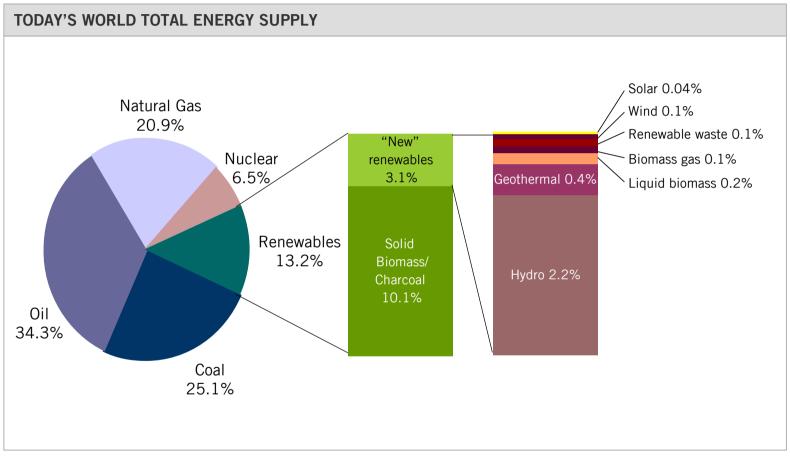
Clean Energy Universe





The Current Composition Of Energy Sources





Source: International Energy Agency; Statistics: 2006 Renewables Information

Drivers for Clean Energy



1. Environment:

There is increasing consensus on climate change, the world is responding



2. Energy supply:

Today's energy resources are finite



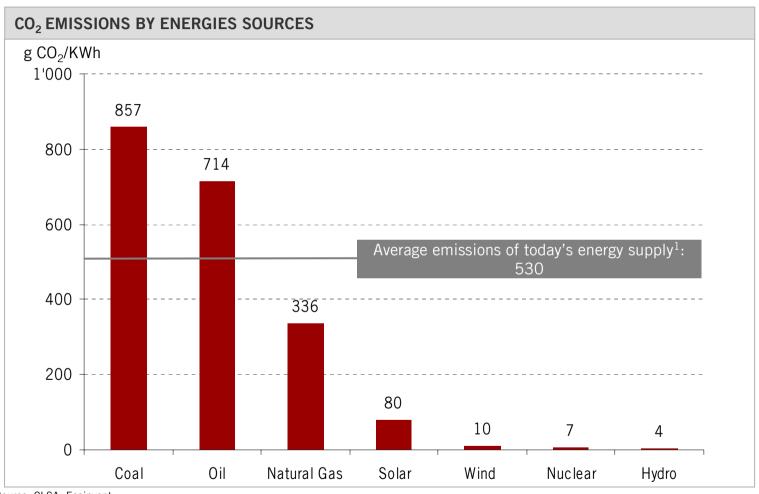
3. Energy independence:

Concerns over dependence on imported energy



Carbon Intensity Of Energy





Source: CLSA, Ecoinvent

¹ Pictet Asset Management's calculation

Clean Energy Presents Opportunities



Supply

Carbon Free Energy

- Solar

- Wind
- Hydroelectric
- Geothermal
- Tidal/Wave





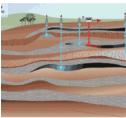




- Natural Gas
- Biomass
- Waste to energy
- CO2 Capture & Storage







Demand

Energy Efficiency

- Lighting
- Batteries
- Power monitoring & control
- Heating, cooling & insulation
- Appliances
- Flywheels
- Fuel cell







TRANSITION TO CLEAN ENERGY WILL DRIVE GROWTH IN DIVERSE AREAS



3. Portfolio Characteristics



From Investment Universe To Investment Portfolio



Clean Energy Exposure 730 Companies

	Tec	Technology & Equipment				Infrastructure				Energy I	Efficiency					
	Devel	lopped Mar	kets		Developped Markets			F	Developped Markets			F		elopped Ma	F	
	Asia/Pac	Europe	North America	Emerging Markets	Asia	Europe	North America	Emerging Markets	Asia	Europe	North America	Emerging Markets	Asia	Europe	North America	Emerging Markets
# of companies	17	60	83	37	28	94	194	51	15	38	87	13	3	2	7	1
Market Cap in bn	\$38	\$183	\$186	\$40	\$118	\$756	\$958	\$105	\$67	\$40	\$78	\$4	\$0	\$45	\$35	\$0
Total # of companies		19	97		367				153				13			
Total Market Cap in bn		\$4	47		\$1'937			\$189				\$80				

Clean Energy Universe 246 Companies

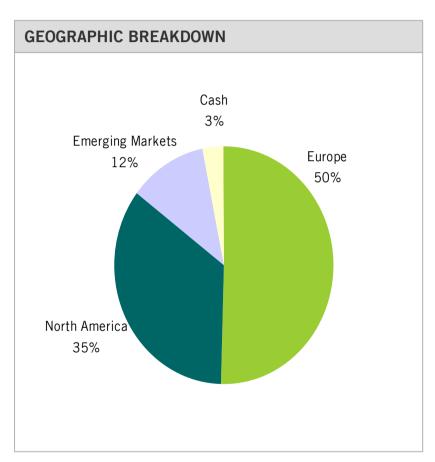
	Tec	Technology & Equipment				Infrastructure					Efficiency					
	Deve	lopped Mar	kets	F	Developped Markets		F	Developped Markets			Developped Markets			F		
	Asia/Pac	Europe	North America	Emerging Markets	Asia	Europe	North America	Emerging Markets	Asia	Europe	North America	Emerging Markets	Asia	Europe	North America	Emerging Markets
# of companies	6	36	28	23	9	38	34	13	6	10	31	7	0	1	4	0
Market Cap in bn	\$8	\$43	\$23	\$17	\$52	\$219	\$159	\$22	\$9	\$8	\$17	\$2	\$0	\$45	\$35	\$0
Total # of companies		9	3		94			54				5				
Total Market Cap in bn		\$9	91		\$452			\$36				\$80				

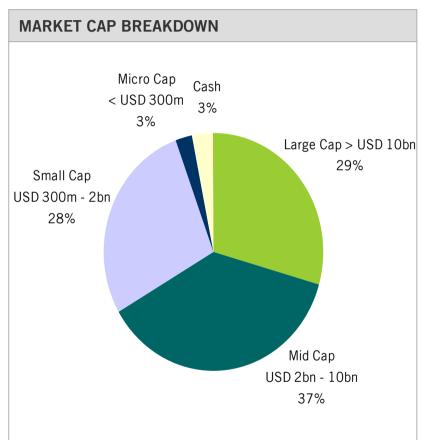
Clean Energy Holdings 63 Companies

	Tec	Technology & Equipment				Infrastructure					Efficiency					
	Devel	opped Mar	kets	F	Developped Markets		F	Developped Markets				Developped Markets			F	
	Asia/Pac	Europe	North America	Emerging Markets	Asia	Europe	North America	Emerging Markets	Asia	Europe	North America	Emerging Markets	Asia	Europe	North America	Emerging Markets
# of companies	0	12	9	1	0	11	12	2	0	2	8	3	0	1	2	0
Market Cap in bn	\$0	\$26	\$19	\$1	\$0	\$154	\$57	\$11	\$0	\$1	\$5	\$1	\$0	\$45	\$21	\$0
Total # of companies		2	2		25]	l3		3				
Total Market Cap in bn		\$4	-6			\$2	\$221		\$8							

PF(LUX)-Clean Energy Portfolio Characteristics

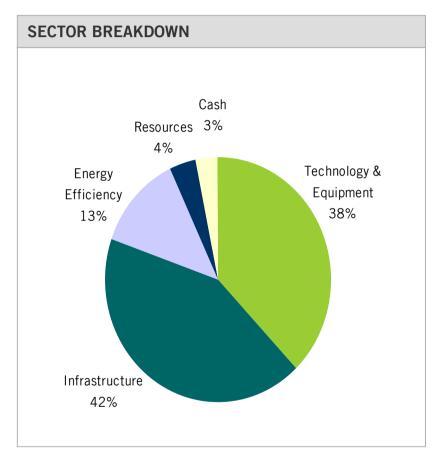


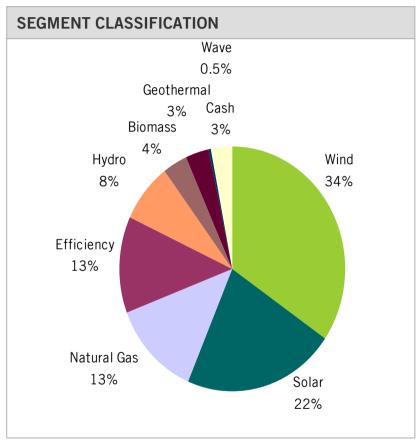




PF(LUX)-Clean Energy Portfolio Breakdown







Top 10 Portfolio Holdings

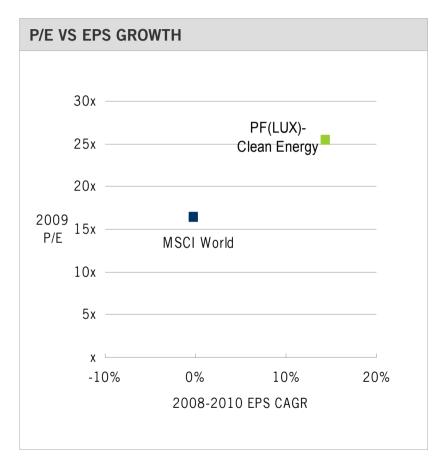


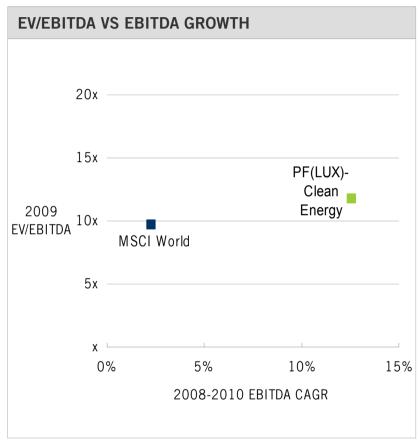
COMPANY	E FUND		SECTOR	MARKET CAP(\$BN)	% CLEAN ENERGY	PRODUCTS AND SERVICES		
edp renováveis	Portugal	6.5%	Infrastructure	\$9.1	100%	Generates and distributes wind power		
IBERDROLA Renovables	Spain	4.7%	Infrastructure	\$20.7	95%	Generates and distributes wind power		
Vestas.	Denmark	4.3%	Technology & Equipment	\$14.8	100%	Manufactures wind turbines		
Gamesa	Spain	4.0%	Technology & Equipment	\$5.7	100%	Manufactures wind turbines		
SMA .	Germany	3.5%	Technology & Equipment	\$2.9	100%	Manufactures converters for the solar market		
FPL	US	3.4%	Infrastructure	\$23.9	35%	Generates and distributes hydro and wind power		
energies eDF nouvelles	France	3.2%	Infrastructure	\$3.6	100%	Generates and distributes wind and solar power		
ORMAT \$\%	US	3.2%	Infrastructure	\$1.9	100%	Design and operates geothermal power plants		
First Solar.	US	3.1%	Technology & Equipment	\$15.9	100%	Manufactures thin film solar modules		
CHINA TRANSMISSION	China	3.1%	Technology & Equipment	\$2.6	80%	Manufactures mechanical transmission equipment for wind power generation		

Source: Pictet Asset Management, Bloomberg, as of 29/05/09

PF(LUX)-Clean Energy Portfolio Characteristics

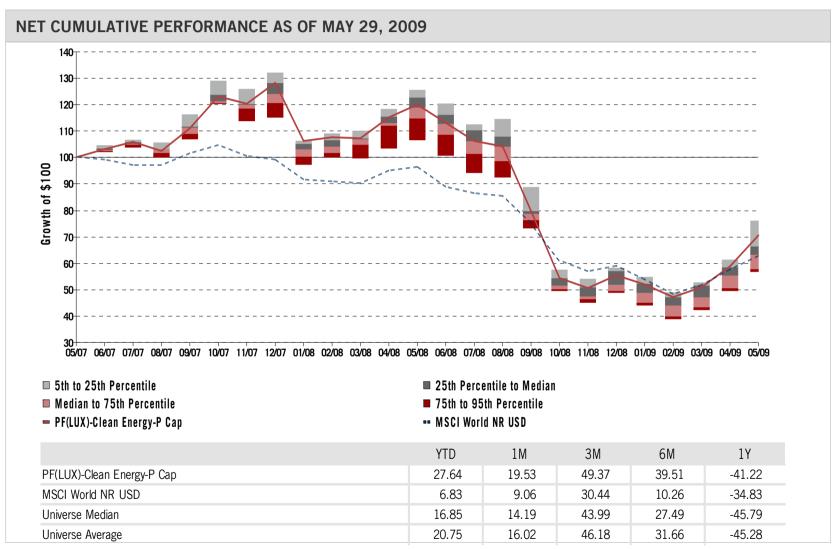






PF(LUX)-Clean Energy Performance





Past Performance is no guarantee of future performance. Performance data does not include the commissions and fees charged at the time of subscribing for or redeeming shares.

Source: Lipper (MPI-Stylus) / Pictet Funds

Plan Obama: Clean Energy & Recession



- Why Clean Energy in a recession?
 - Energy prices collapse & the environment becomes a "luxury"
- What is different than the 1970's?
 - Climate change was not an issue
 - Wind and Solar power are much closer to cost of incumbent power (in some cases cheaper)
- Governments recognize Clean Energy is the future and want to capitalize
 - Creation of jobs in "industries of the future" has led governments to establish programs
 - Germany, Japan & U.S.
- Obama administration will be game changing
 - \$65 billion of \$789 billion Stimulus Bill aimed at clean energy (in reality more)
 - Energy Bill & Climate Bill to come

Stimulus Package Overview And Potential Impact



- \$65 billion of \$789 billion Stimulus Bill were directed at Clean Energy
 - \$21 billion of tax incentives for wind, solar & geothermal energy
 - 30% tax credit for investments in renewable energy projects or factories
 - \$44 billion of spending programs including:
 - \$11 bn of efficient "smart" electric grid
 - \$6 bn of clean energy bank (able to provide \$60 bn loans)
 - \$10.8 bn government building efficiency upgrades
 - \$4.5 bn for energy and efficiency research
 - \$3bn grants for advanced batteries and electric transport
- Additional legislation slated for 2009
 - Energy Bill which will introduce minimum targets for clean energy on a federal level
 - Climate Bill which will put a price on emissions and act as a revenue source for clean energy funding
- Impact of Stimulus Bill likely to begin in 2009, but visible in
 - Stimulus bill will create immediate job creation for U.S. Labor force in "industries of the future"

Companies That Stand To Benefit



 First Solar – Lowest cost producer of thin-film solar modules with large U.S. solar farm project pipelines



 Ormat – Leading independent U.S. geothermal power plant developer



 Florida Power & Light – Largest operator of U.S. wind farms



 Iberdrola Renovables – Largest global operator of wind farms with half of projects in U.S.



 Itron – Leading manufacturer of smart-meters deployed in "smart" grid infrastructure

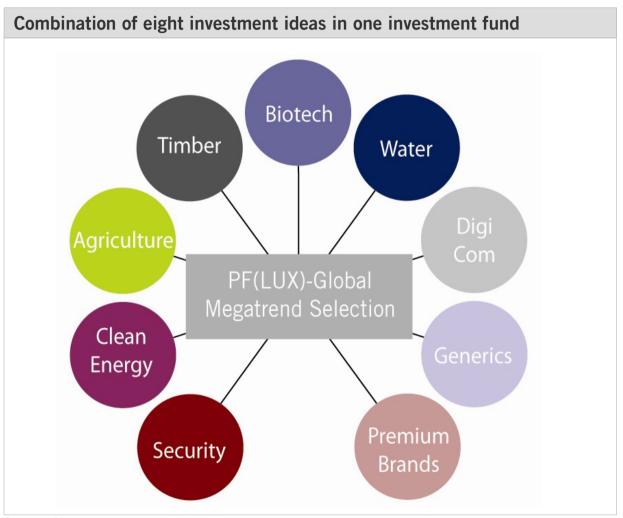


Long-term investment opportunities exist for clean energy stocks

3. How To Build A Global Megatrend Fund

Pictet Funds (LUX)-Global Megatrend Selection



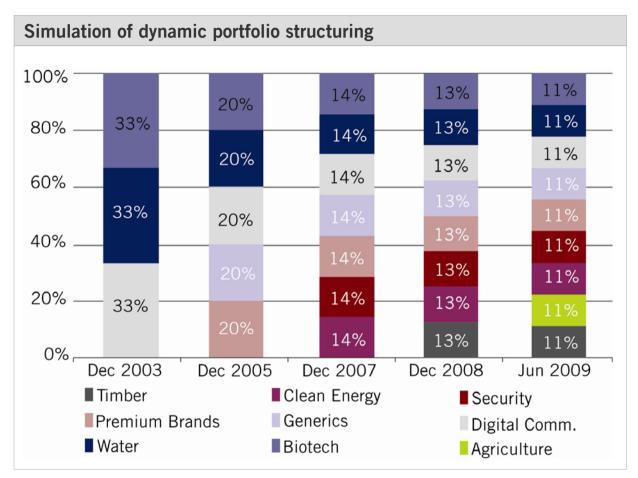


Source: Pictet

Dynamic Portfolio Structure



Participate in investment themes of the future

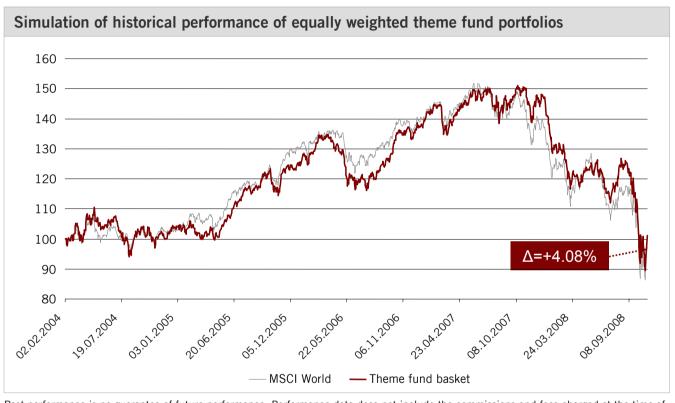


- Equally weighted Pictet theme-fund basket
- Monthly rebalancing triggered by performance differences of the individual funds
- New investment ideas of the future will be added, while outdated ones will disappear
- Daily publication of the funds' NAV

INCLUSION OF AGRICULTURE STRATEGY WITH END MAY REBALANCING

Return Benefits





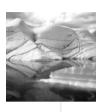
- 1. Equal weighting with monthly rebalancing
- 2. Out performance against the MSCI World after management fees

Past performance is no guarantee of future performance. Performance data does not include the commissions and fees charged at the time of subscribing for or redeeming shares.

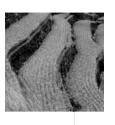
Green Megatrend Profile











PF(LUX)-Water

Energy

Launch:

PF(LUX)-Timber

Launch:

PF(LUX)-Agriculture

Launch: 2000

2007

2008

Launch: 2009

AuM: 2.0bn EUR

AuM: 577m USD AuM: 25m USD

AuM: 22m USD

Rising demand in water

Global warming increasing water scarcity

Lack of efficient and adapted infrastructure

Increasing response to climate change globally

Energy supply constraints

Reducing dependence on imported energy

Forest resources
are limited
Wood
consumption
linked to
economic &
demographic
growth
Wood as a CO2
neutral energy

substitute

Population growth, urbanization and climate change decrease arable land

Changing dietary pattern

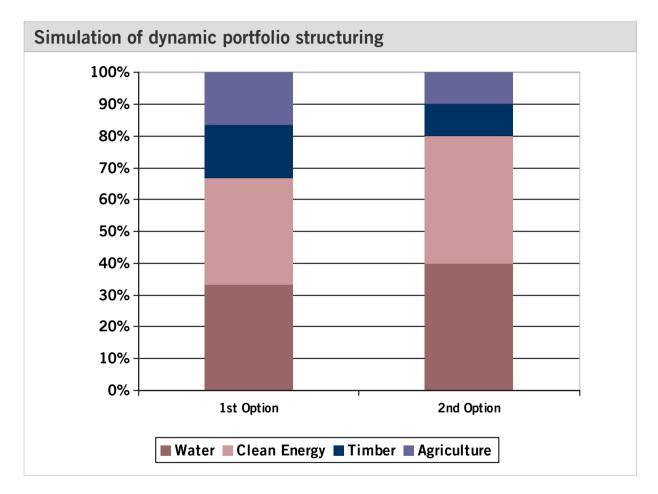
Biofuels demand



Dynamic Portfolio Structure

1805

Participate in investment themes of the future



- Equally weighted Pictet theme-fund basket
- 2. Monthly rebalancing triggered by performance differences of the individual funds
- New investment ideas of the future will be added, while outdated ones will disappear
- 4. Daily publication of the funds' NAV

3. Conclusions



Conclusions



- Which are the added values of Thematic Investments?
 - The investment framework is in constant evolution, creating new opportunities for mid-long term Investors
 - Thematic investments universe offer a very attractive growth and return profile aligned with Investors investment objectives
 - Global Equity Exposure regardless of MSCI traditional sectorisation
 - Access to a group of companies not reflected in traditional indexes and unresearched
 - Structural exposure to Thematic investments provides healthy diversification and low correlation along with a very efficient risk-return profile

THEMATIC INVESTMENT APPROACH ALLOWS INVESTORS TO BENEFIT FROM MEGATRENDS MEANING LONG TERM & SUSTAINABLE INVESTMENT THEMES



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