



Pictet: Clean Energy

Investing in the Energy Transition

October 2007

Clean Energy: the businesses interest. . .



Agenda



1. Investment case for Clean Energy
2. Investment process
3. Portfolio characteristics
4. Conclusions
5. Appendices



1. Investment case for Clean Energy



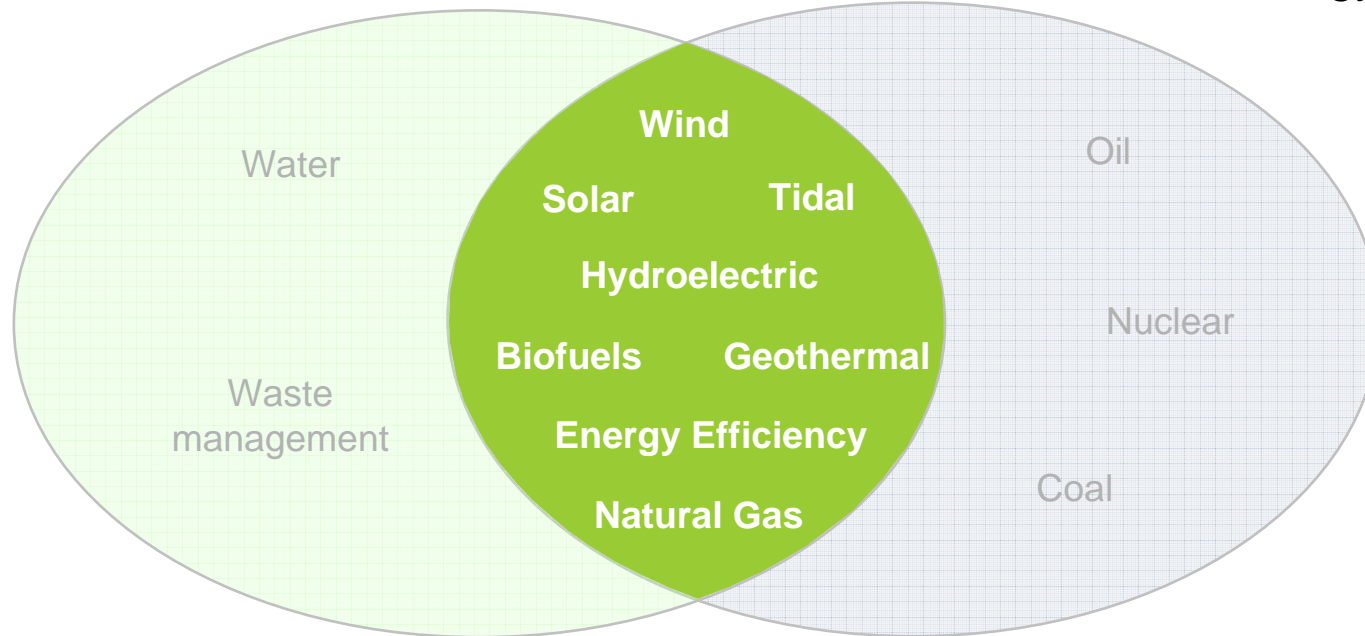
Clean Energy defined



CLEAN ENERGY INVESTMENT THEMES

Environment

Energy



PF(LUX)-Clean Energy aims to invest in the universe of companies which will profit from the transition to Clean Energy

Drivers for Clean Energy



1. Environment:

The debate on climate change is over, the world is responding



2. Energy supply:

Today's energy resources are finite



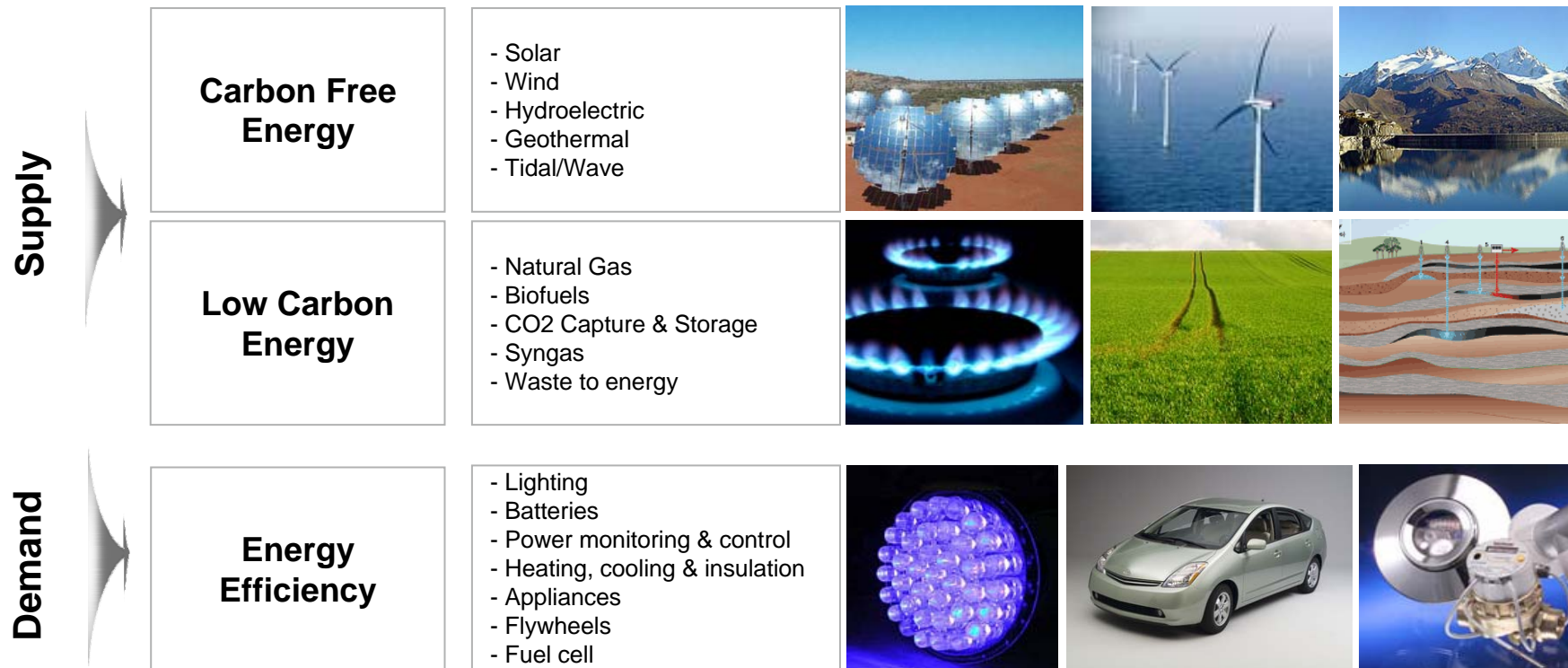
3. Energy independence:

Concerns over dependence on imported energy



Multiple long term trends support the investment case for Clean Energy

Clean Energy presents opportunities

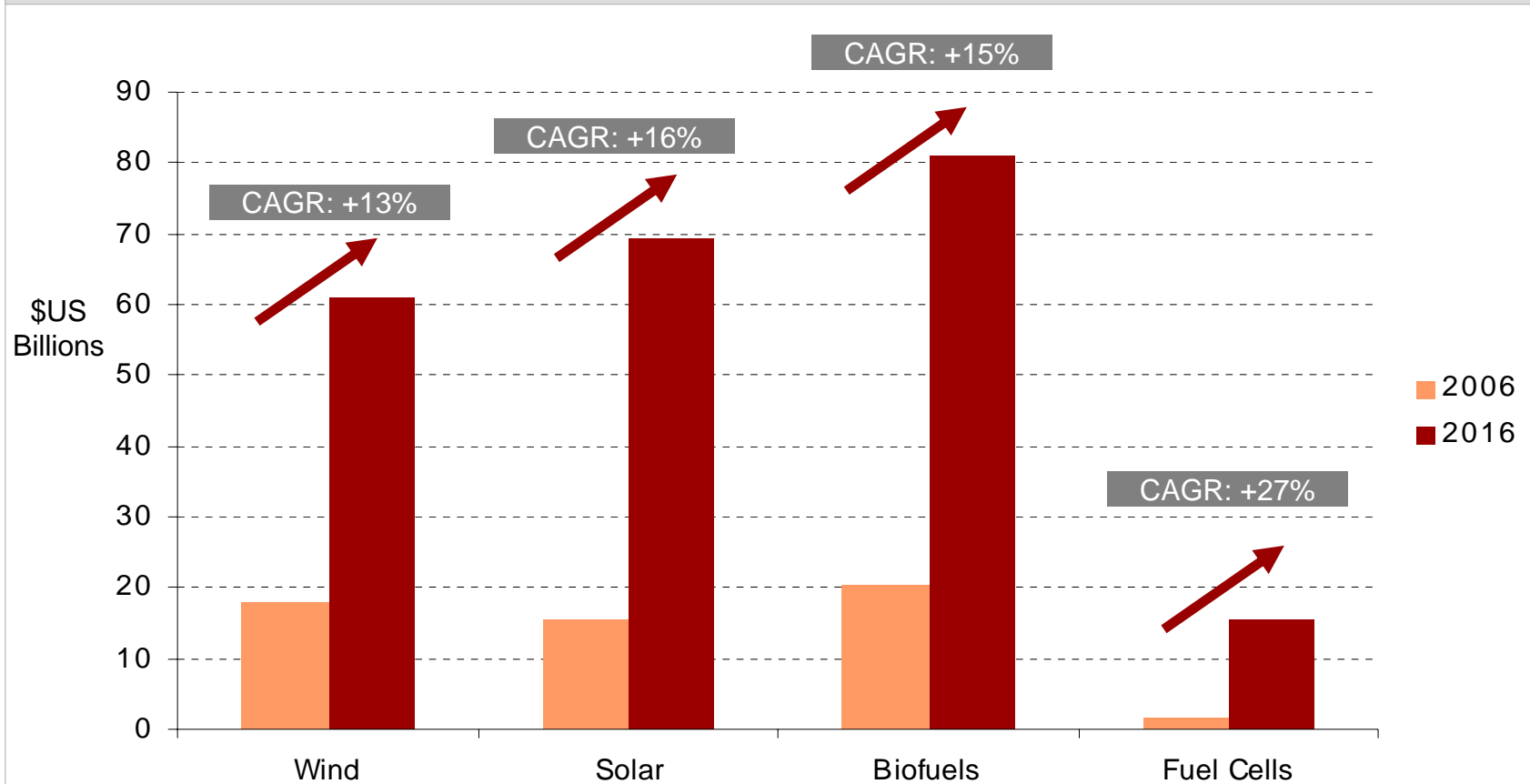


Transition to Clean Energy will drive growth in diverse areas

Long term growth of renewable energy



SELECT RENEWABLE ENERGY PROJECTED REVENUE GROWTH RATES



Source: Clean Edge, March 2007; biofuels: global manufacturing and wholesale pricing of ethanol and biodiesel, wind: new installation capital costs, solar: modules, system components and installation)

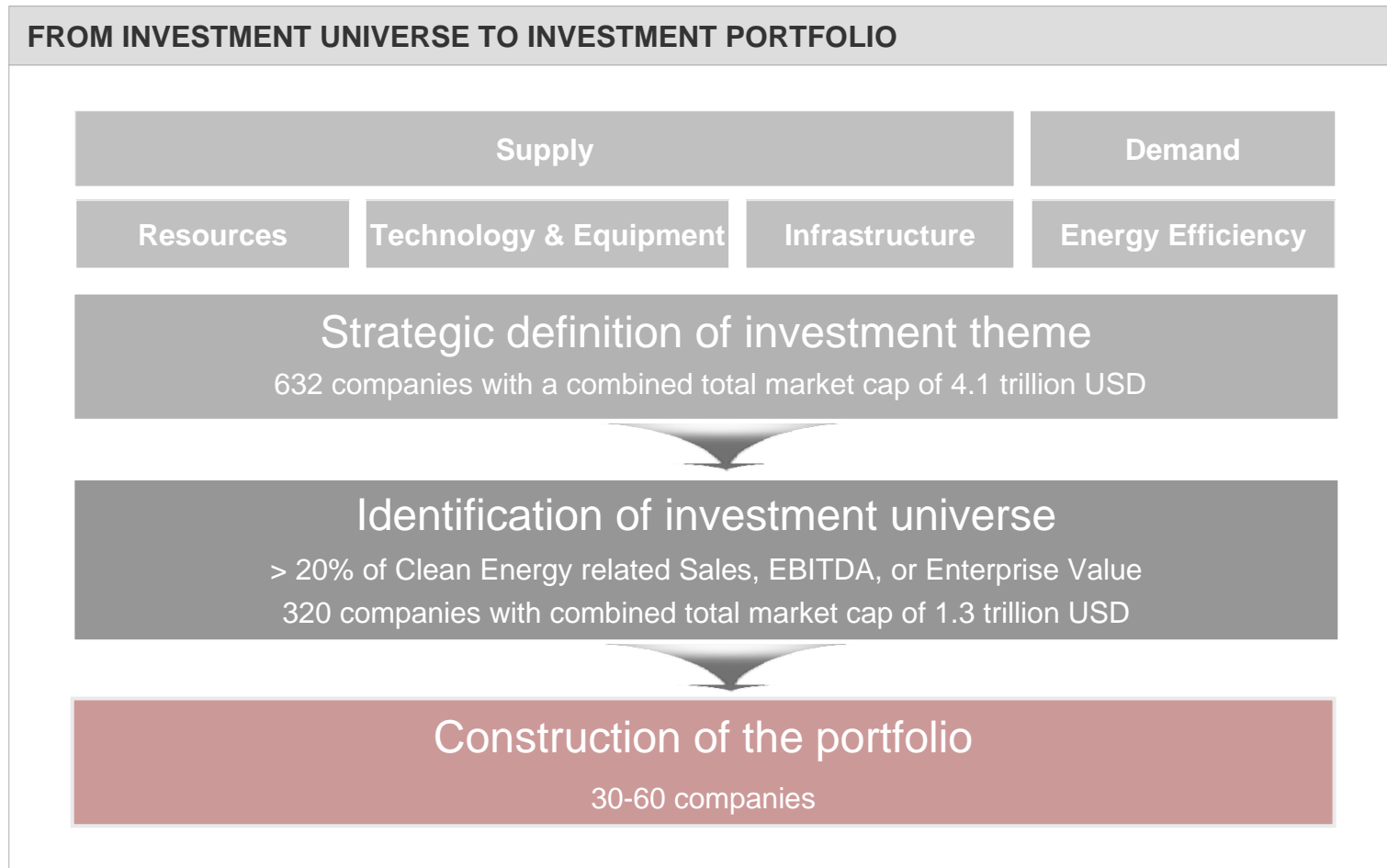
Clean Energy is projected to grow substantially in the coming



2. Investment process



From investment universe to investment portfolio



Structured investment process which results in a well balanced

Investment process: Portfolio construction



- We prefer stocks with

1. High degree of Clean Energy related activities (**complexity**)
2. High **liquidity**
3. Low **volatility**
4. Attractive **industry** fundamentals
5. Attractive company fundamentals (**alpha**)

*Portfolio weight = 6% - adjustments for complexity, liquidity, volatility and industry
+ company specific alpha*

Complexity: max -6% as a function of the size of Clean Energy related exposure
Liquidity: max -6% as a function of the trading activity of each company's equity
Volatility: max -3% as a function of stock price volatility
Attractiveness: max -3% as a function of industry score

Alpha : +/- 3% as a function of franchise, management, valuation

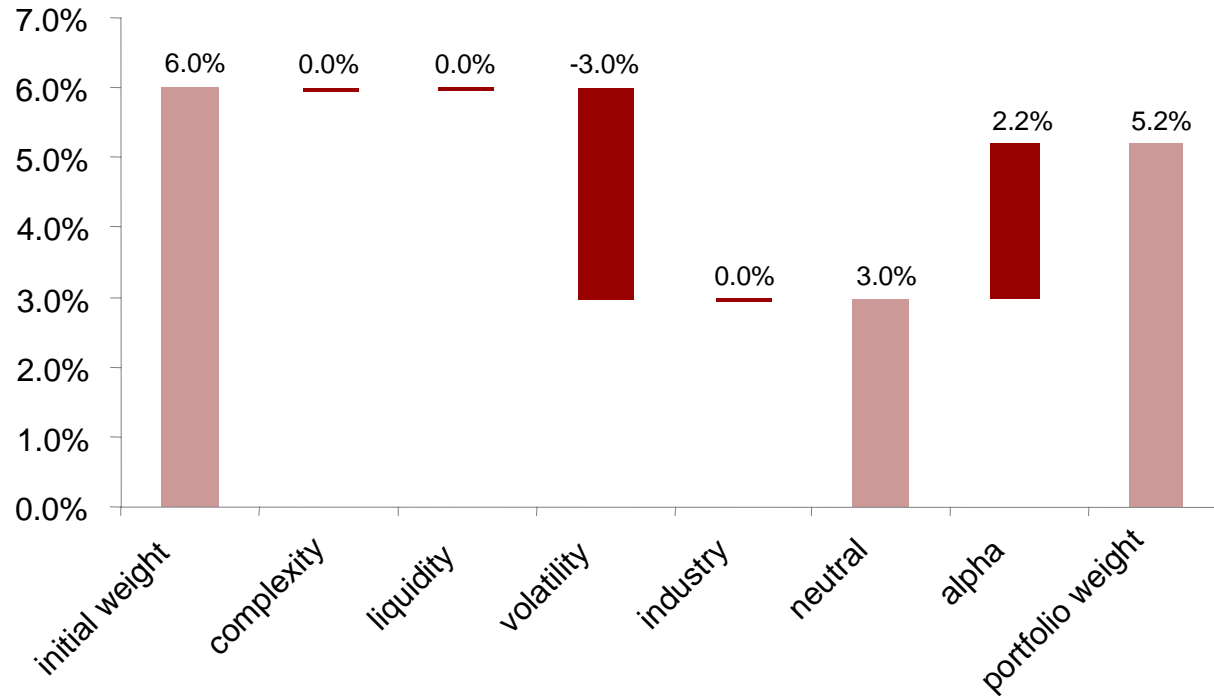
Portfolio weight of each stock of the investment universe floats between 0% and 9%

Note: for further details, see slides 36 and 37.

Investment process example: Vestas



INVESTMENT PROCESS EXAMPLE



1. No deduction for complexity as 100% of activity is Clean Energy related
2. No liquidity discount
3. Large deduction for volatility as it is 42% which is above target zone of 15%
4. No industry discount as industry fundamentals are positive
5. Alpha factor of 2.2 % (takes into account business franchise, management score and valuation)

Source: Pictet Asset Management, as per September 28th 2007

Structured investment process taking into account important



3. Portfolio characteristics

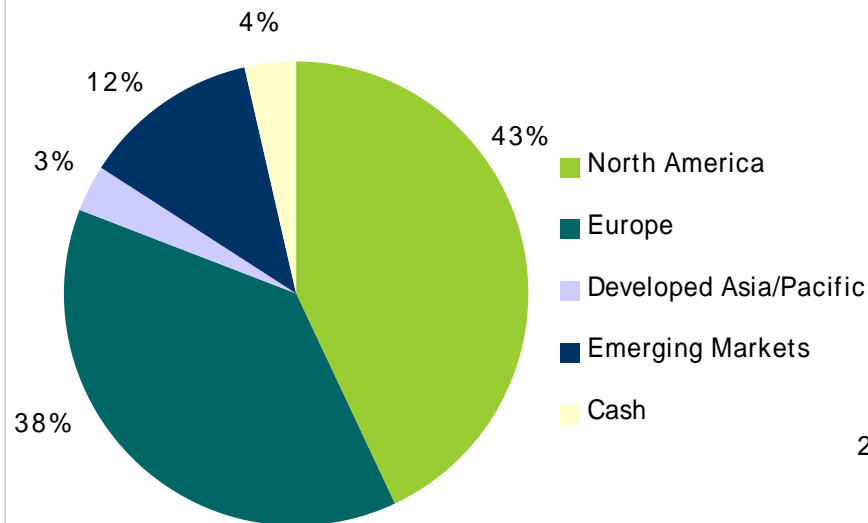


PF(LUX)-Clean Energy portfolio characteristics

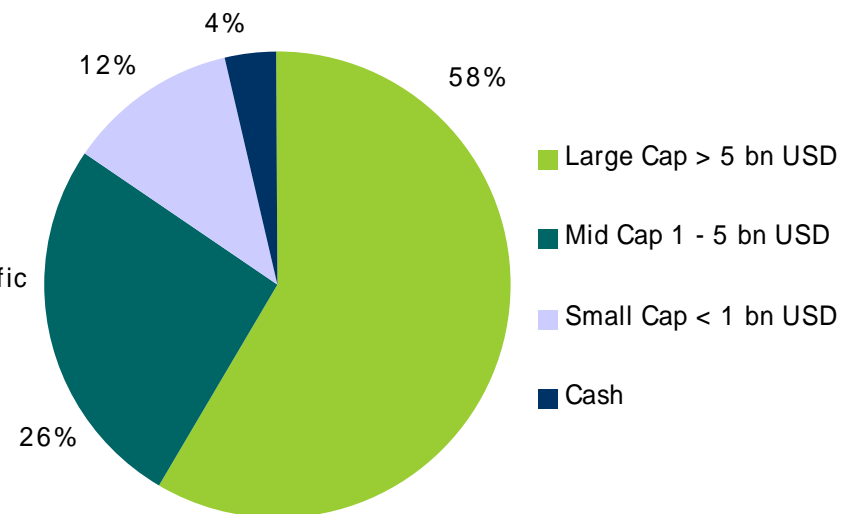


PF(LUX)-CLEAN ENERGY PORTFOLIO

Geographic breakdown



Market Cap breakdown



Source: Pictet Asset Management, as per September 28th 2007

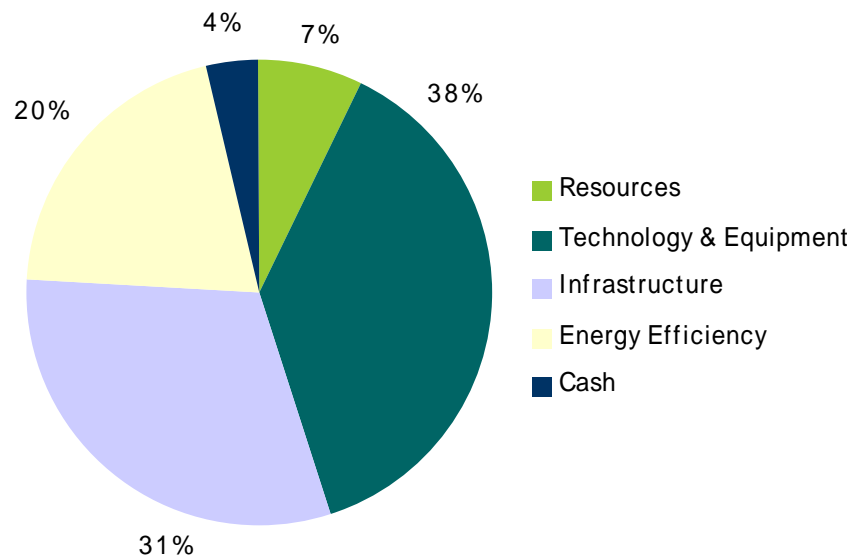
PF(LUX)-Clean Energy fund is well distributed across the world and size

PF(LUX)-Clean Energy portfolio breakdown

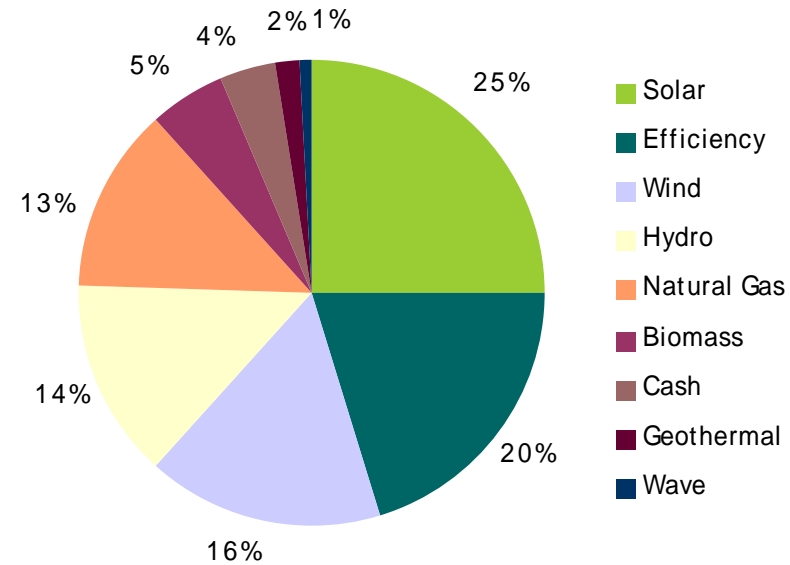


PF(LUX)-CLEAN ENERGY PORTFOLIO

Sub-sector breakdown



Energy breakdown



Source: Pictet Asset Management, as per September 28th 2007

PF(LUX)-Clean Energy fund is broadly diversified across sectors

Top 10 portfolio holdings



Company	Domicile	% in Fund	Sector	Market Cap(\$bn)	% Clean Energy	Products and Services
 Vestas	Denmark	5.2%	Technology & Equipment	\$14.6	100%	Manufactures wind turbines
 edp	Portugal	4.0%	Infrastructure	\$21.4	36%	Generates and distributes hydro and wind power
 Gamesa	Spain	3.8%	Technology & Equipment	\$9.9	100%	Manufactures wind turbines
 REC	Norway	3.5%	Technology & Equipment	\$22.8	100%	Polysilicon, solar wafers, cells and modules
 Chesapeake ENERGY	US	3.1%	Resources	\$16.7	100%	Exploration and production of natural gas
 FPL	US	2.8%	Infrastructure	\$23.9	20%	Generates and distributes hydro and wind power
 Williams	US	2.6%	Infrastructure	\$20.4	100%	Production, collection, processing & transportation of natural gas
 Q.CELLS	Germany	2.6%	Technology & Equipment	\$9.7	100%	Manufactures solar cells
 SUNTECH 尚德电力	China	2.5%	Technology & Equipment	\$6.1	100%	Manufactures solar cells and modules
 CREE	US	2.4%	Energy Efficiency	\$2.5	81%	Develops and manufactures LEDs (light emitting diodes)

Source: Pictet Asset Management, as per September 28th 2007

Unique group of companies exposed to the transition to Clean Energy



4. Conclusion



Conclusions



- Why Clean Energy?
 - Climate change has joined energy supply and independence to make Clean Energy a “megatrend”
- Why now?
 - Wide-spread regulation is now being enacted to support Clean Energy
 - Economies of scale are rapidly driving down costs
- Why Pictet?
 - Unique investment universe and process
 - Extensive thematic fund experience



The Clean Energy transition is imminent and will be a long duration investment



5. Appendices





Risks to the investment case

1. Regulatory framework fails to support clean energy technologies
 - A. Global price for carbon
 - B. Incentives to make Clean Energy competitive
2. Drop in price of conventional energy

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