

PICTET ASSET MANAGEMENT

Scenari macroeconomici 2023 ed impatto su megatrends

GIAMBATTISTA CHIARELLI

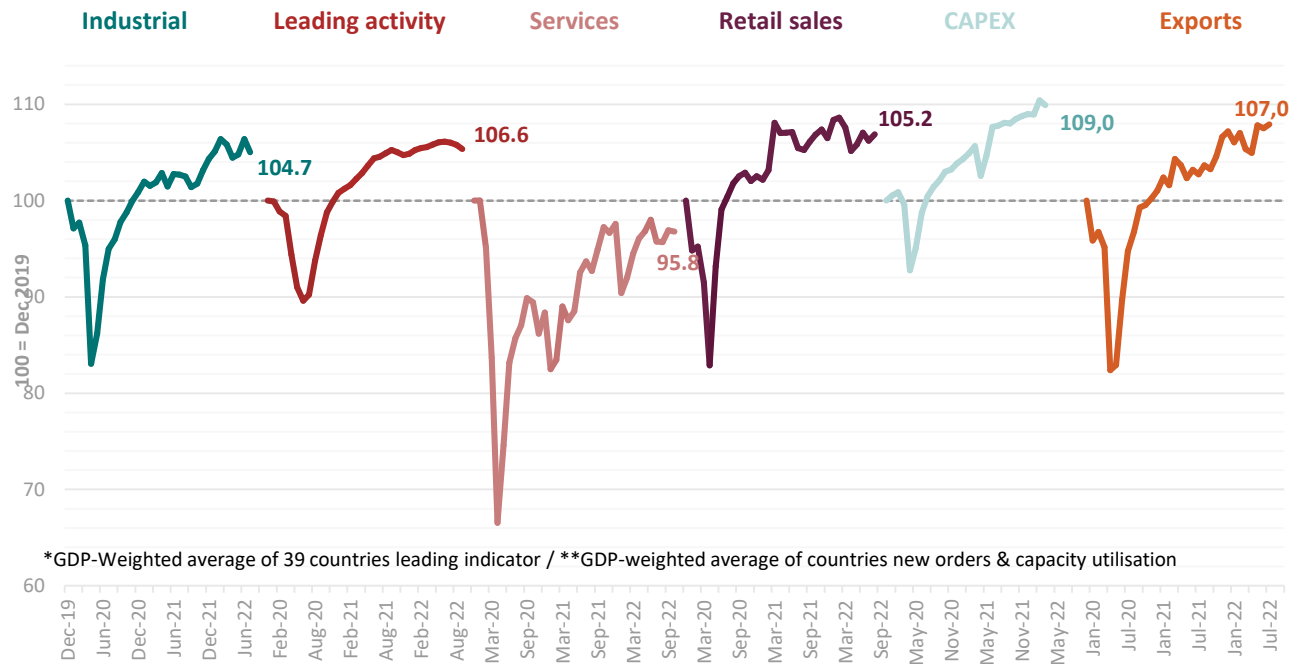
RESPONSABILE ISTITUZIONALE ITALIA E ISRAELE

NOVEMBRE 2022, MILANO

Macroeconomic outlook

World economic activity has peaked ... recession risk is material

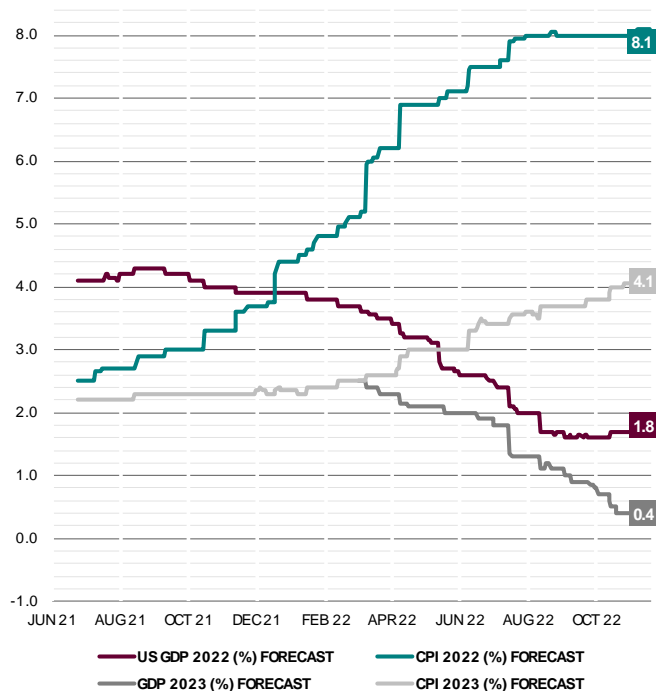
World main activity indicators (100 = Dec 2019)



Source: Pictet Asset Management, CEIC, Refinitiv, CPB Netherlands, Google LLC, <https://www.google.com/covid19/mobility/>

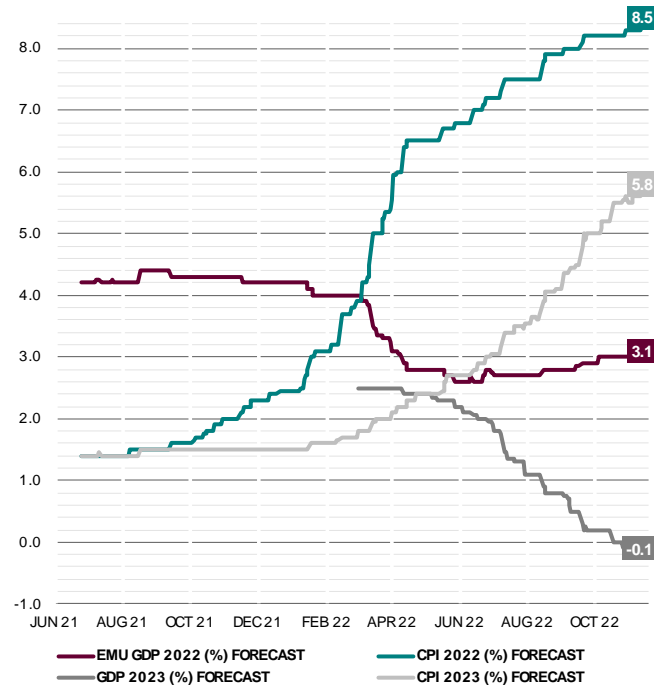
The GROWTH/INFLATION MIX continues to deteriorate

US Bloomberg Consensus Real GDP & CPI Forecasts (%)



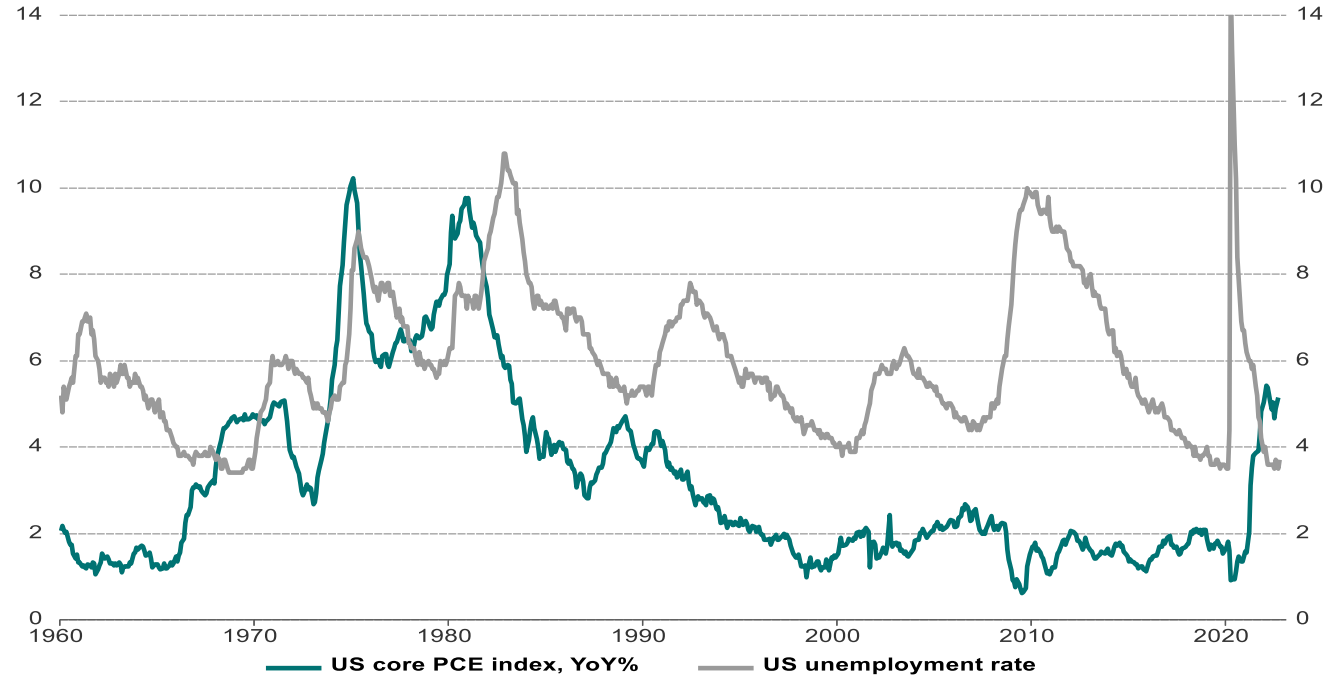
Source: Bloomberg, Pictet Asset Management. As of 18th November 2022.

EMU Bloomberg Consensus Real GDP & CPI Forecasts (%)



Source: Bloomberg, Pictet Asset Management. As of 18th November 2022.

US core inflation rate and US unemployment rate



Source: RefinitivDatastream, US Bureau of Labor Statistics, Pictet Asset Management.

Global monetary conditions ... spot the difference!

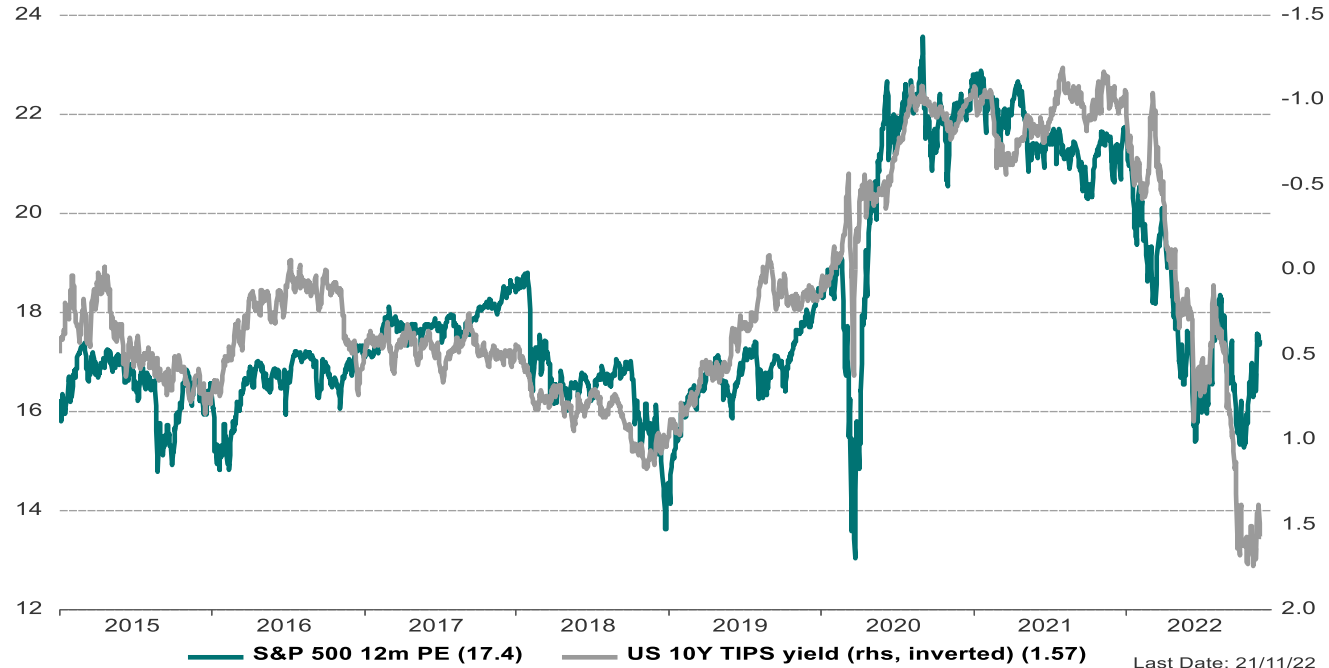
Last update: 08/11/22



Source: Refinitiv Datastream, Pictet Asset Management. Monetary conditions indices are based on the standard deviations from average of money supply growth, policy rates and real effective exchange rates, the latter weighted by the country's export share of GDP. A low reading implies monetary conditions are tight relative to their historical average.

Equity valuation still driven by changes in real bond yields ...

US 10Y TIPS yield in % and S&P 500 12m PE

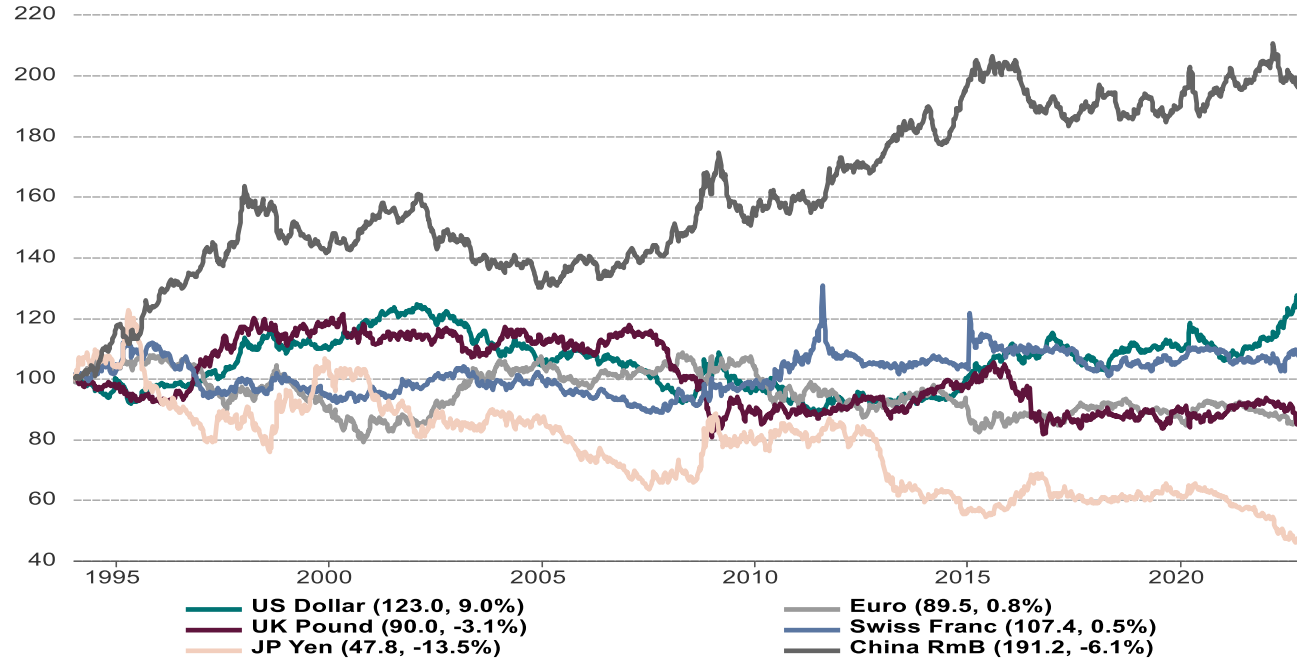


Source: Refinitiv Datastream, MSCI, IBES, Pictet Asset Management.

Secular and cyclical trends in major currencies

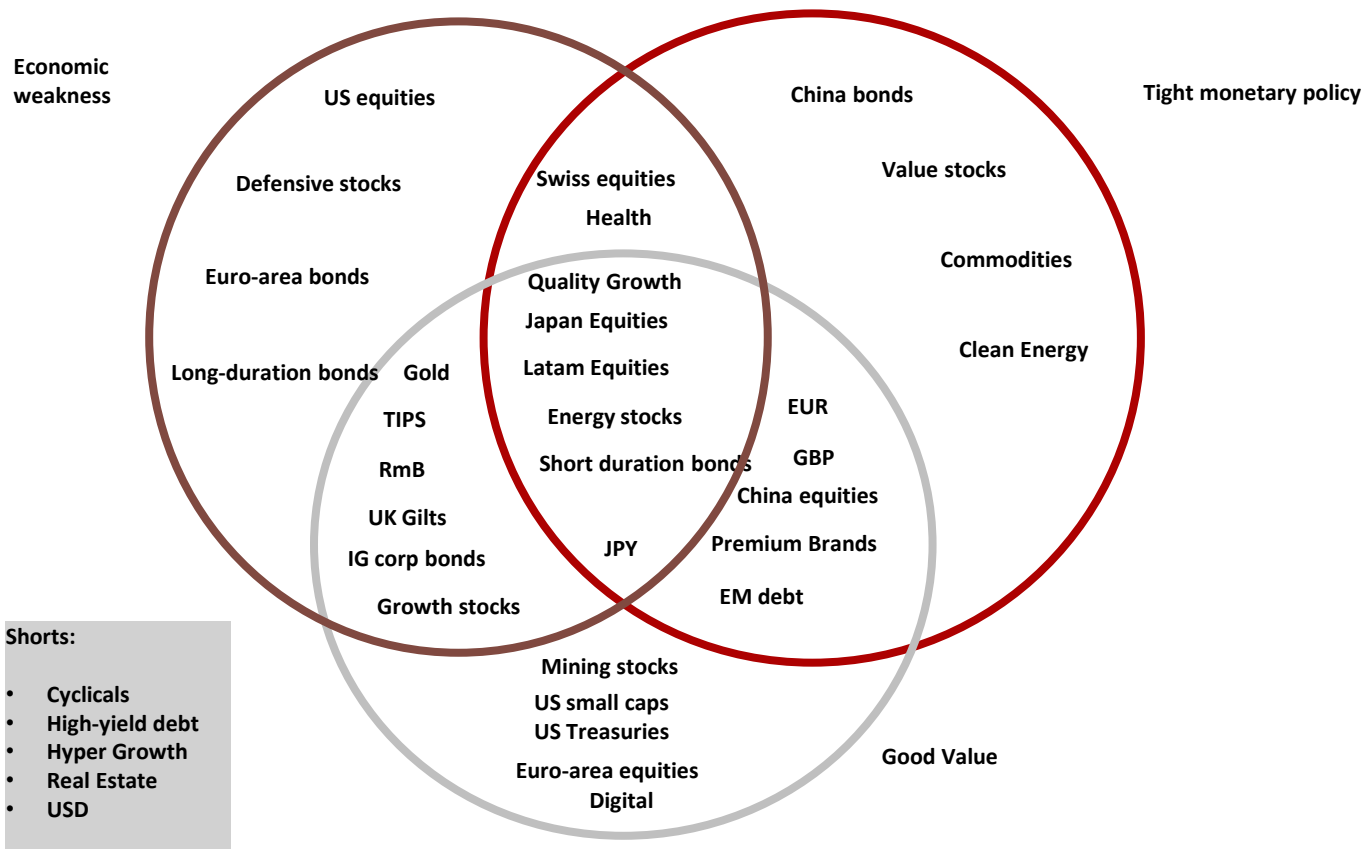
Real effective exchange rates (rebased to 100, YoY% in brackets)

Last Update: 18/11/22



Source: Refinitiv Datastream, JPM, Pictet Asset Management

The 3 key themes: weak economy, tight money, good value

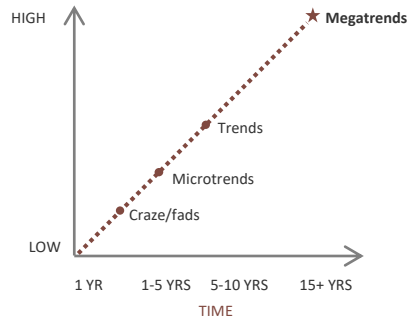


Thematic investing

A solution to long-term investment challenges

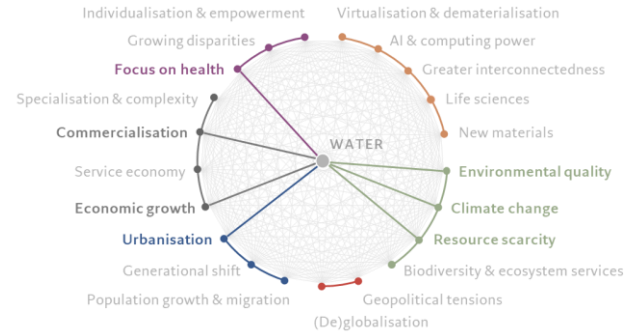
Forces with the ability to impact society, the economy and our lives

- Megatrends are large, social, economic, political, environmental or technological transformations
- They have high impact on the economy, society, cultures, personal lives and ultimately businesses
- They represent tectonic shifts that occur over decades



Source: Pictet Asset Management 2022, Copenhagen Institute for Futures Studies 2022

Themes sit at the intersection of megatrends




- Themes are pockets of economic activities underpinned by multiple megatrends
- Companies exposed to these pockets have predictable value drivers and visibility on growth and margins

Example 1

Healthy living

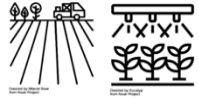
Food demand

By 2050...
+2bn people¹
+60% food demand²




Natural resources

Food production accounts for:
40% of Land³; 70% of Water⁴




Waste & emissions

33% of global food is wasted⁵




Obesity & malnutrition⁶




Foodborne Illness & Zoonoses⁷

What factors are increasing zoonotic emergence?
(Diseases transmitted from animals to humans)



Antibiotic Resistance⁸



Holdings examples⁹

COMPANY	SUB-SEGMENT
ThermoFischer Scientific	Prevention
Garmin	Wearables
John Deere	Technologies for sustainable food production
Boston Scientific	Prevention
Kerry	Sustainable and healthy food
Compass Group	Technologies for sustainable food production
Sysco	Technologies for sustainable food production
DSM	Sustainable and healthy food
AGCO	Technologies for sustainable food production
Reckitt	Prevention

Source: Pictet Asset Management, as of 31.05.2022

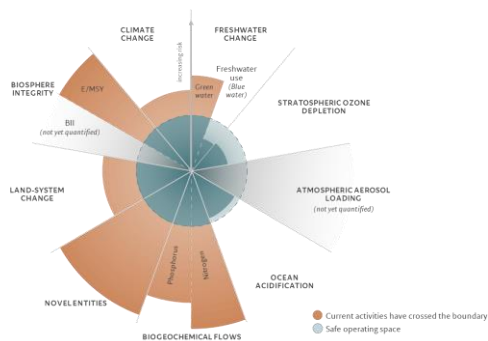
Source: Pictet Asset Management, July 2022. 1.UN World Population Prospects, 2019. 2.FAO, 2012. 3.FAO, 2020. 4.OECD, 2020. 5.FAO, 2013. 6.UNSTATS, 2020. 7.UNEP Frontiers 2016 Report. 8.CDC, Antibiotic Resistant Threats in the United States, 2013. 9. The mentioned financial instruments are provided for illustrative purposes only and shall not be considered as a direct offering, investment recommendation or investment advice. Reference to a specific security is not a recommendation to buy or sell that security. Holdings are subject to change.

Example 2

Global Environmental Opportunities

Environmental approach that uses the 'Planetary Boundaries' scientific framework¹

- Nine quantitative boundaries within which humanity can continue to develop and thrive
- Crossing these boundaries increases the risk of large-scale abrupt or irreversible environmental changes
- We invest in companies that are within the Safe Operating Space



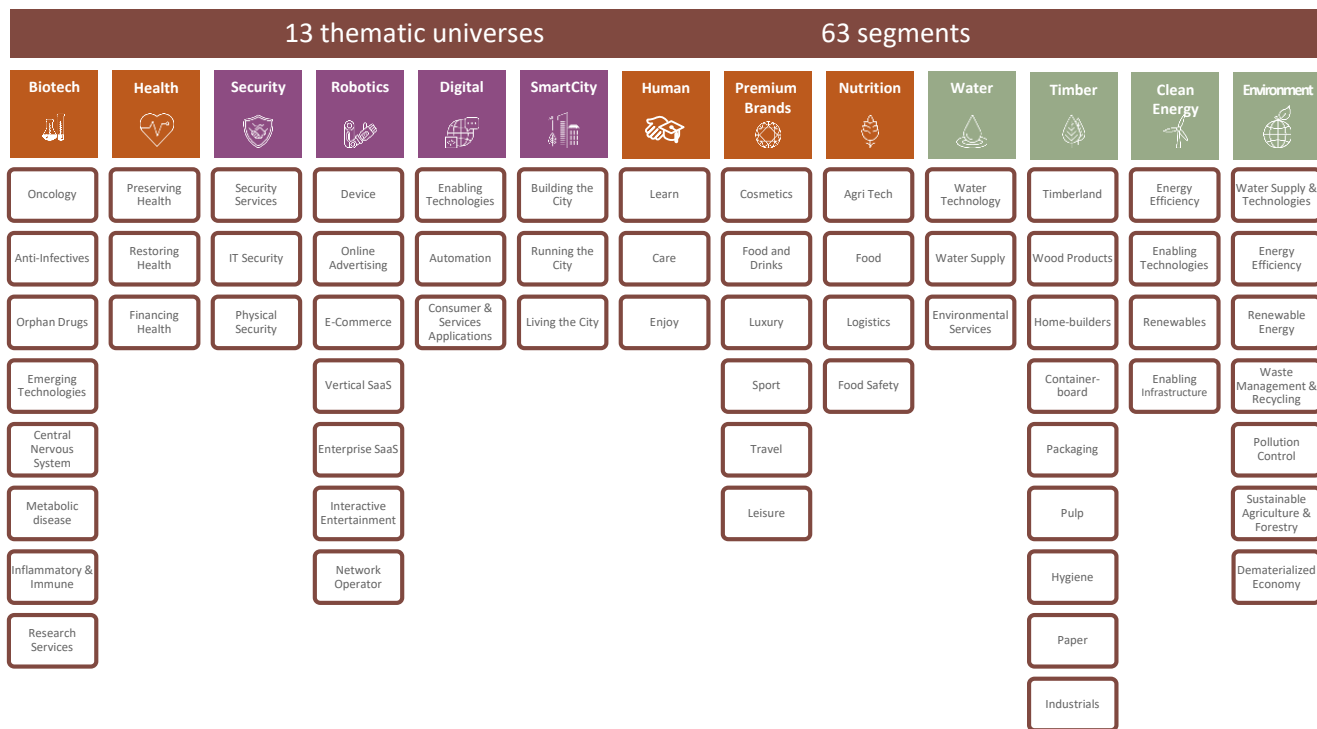
1. The trajectory of the Anthropocene: the great acceleration, Steffen et al, The Anthropocene Review, March 2015; Stockholm Resilience Centre, based on analysis in Persson et al 2022 and Steffen et al 2015. 2. The mentioned financial instruments are provided for illustrative purposes only and shall not be considered as a direct offering, investment recommendation or investment advice. Reference to a specific security is not a recommendation to buy or sell that security. Holdings are subject to change.

Holdings examples²

COMPANY	SECTOR	GEO SEGMENT
Republic Services Inc	Industrials	Waste management & recycling
American Water Works	Utilities	Water supply & technologies
Thermo Fisher Scientific	Healthcare	Pollution control
Soraleedge	IT	Renewable energy
Agilent	Healthcare	Pollution control
Waste Connections	Industrials	Waste management & recycling
Synopsys	IT	Dematerialized economy
Johnson Controls	Industrials	Energy efficiency
Waste Management	Industrials	Waste management & recycling
Applied Materials	IT	Energy efficiency

Source: Pictet Asset Management, as at 31.05.2022

Thematic solutions: segment building blocks



Source: Pictet Asset Management, 31.08.2022

Thematic investing and Private Equity

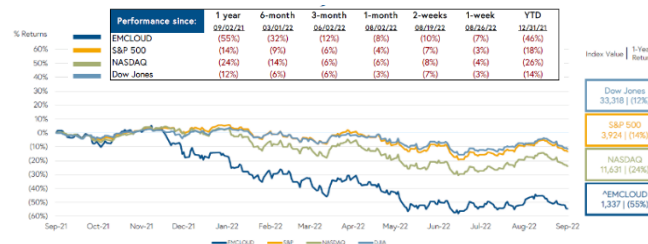
Understanding the impact of macro factors on the Technology sector

With macro environment deteriorating meaningfully, valuations across Technology have corrected drastically

Public markets

- As the macro environment deteriorated significantly at the end of 2021, bringing uncertainty and volatility with now extremely high inflation, rising interest rates, recession fears, and increasing geopolitical instability, public markets reacted quite drastically and have entered correction territory across the board
- BVP Emerging Cloud index (a good proxy for growth stage technology companies) is down 46%, NASDAQ is down 26% while the S&P500 is down 18% since the beginning of the year

Major indices 1-year performance

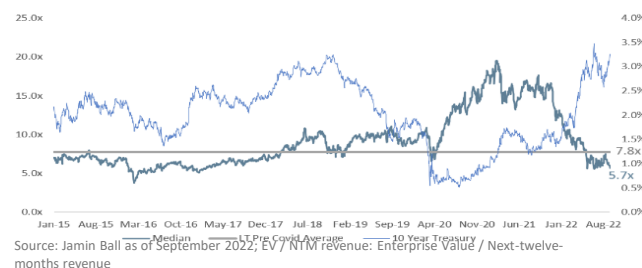


Source: BVP as of September 2022

Rising interest rates

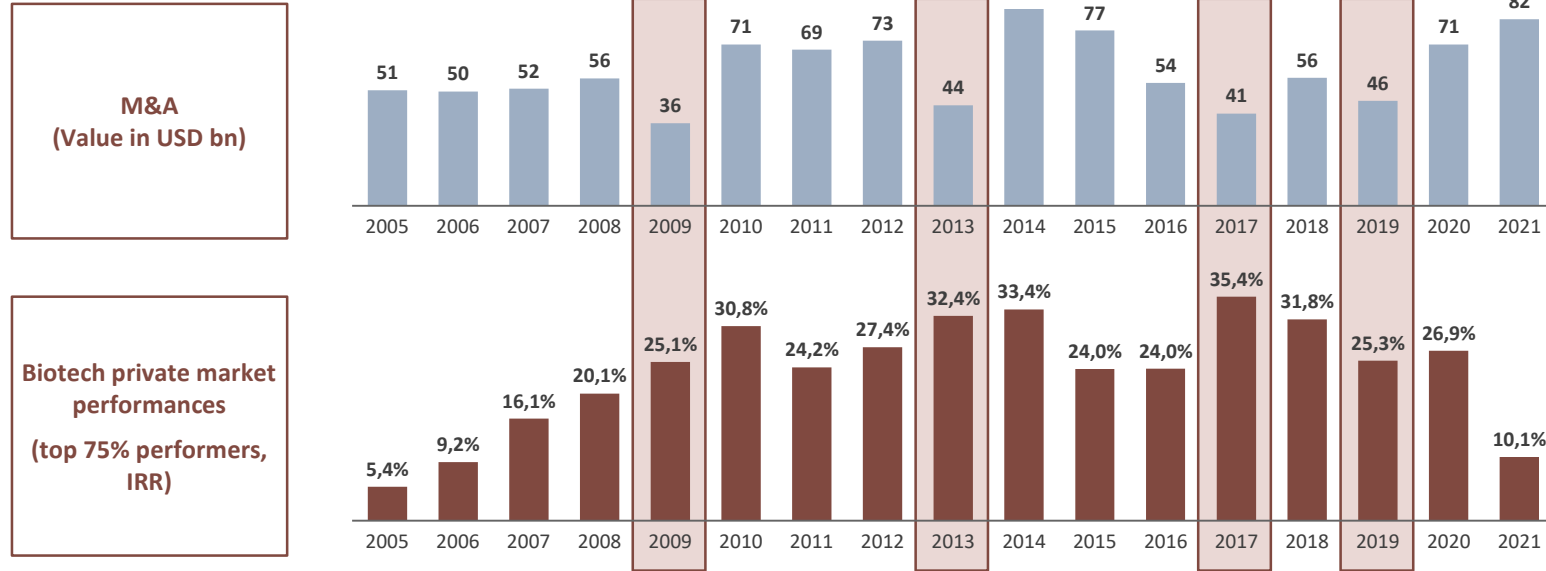
- Increase of interest rates seems like the most important factor in the broader technology valuation correction; correlation between rising rates and multiple contraction has been exacerbated over the last 3 years
- As such, the massive valuation correction observed in the last 9 months has been driven by multiple contraction, not by meaningful changes in the underlying business fundamentals
- With capital becoming more expensive, "growth" became less appealing for investors
- Median EV / NTM revenue multiple currently trades at around 5.7x, well below the long-term pre-COVID average of 7.8x

EV / NTM revenue multiples of cloud companies



Source : Pictet Alternative Advisors, data as of 31.08.2022. For illustration purposes only. Past performance should not be taken as a guide to or guarantee of future performance. Performances and returns may increase or decrease as a result of currency fluctuations.

Changing environments seem to have created new opportunities in the past



Early stage biotech benchmarks for funds launched in the years corresponding to the 4 lowest years in terms of M&A activity do not seem to be negatively impacted. They likely benefit from :

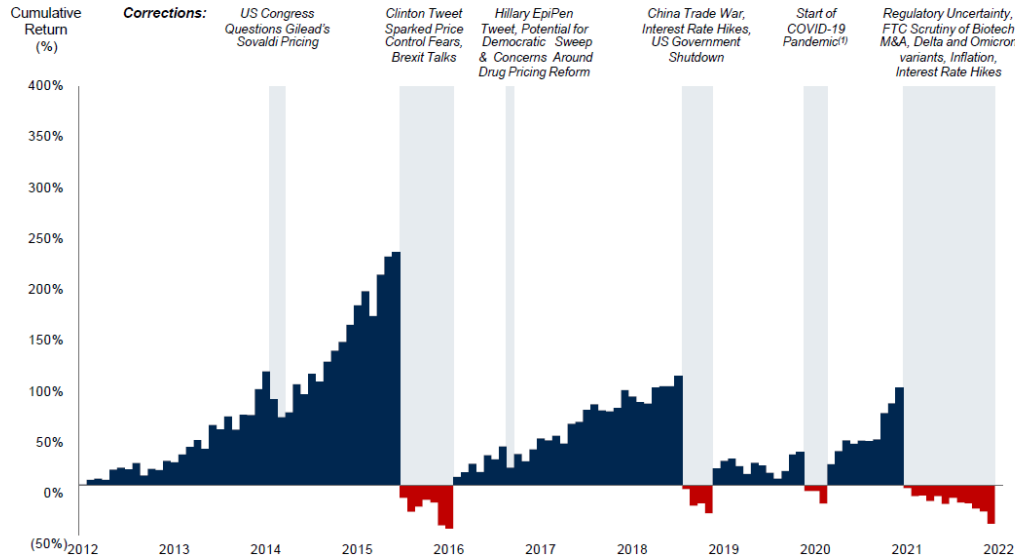
1

Low entry valuations

2

Strong subsequent M&A activity

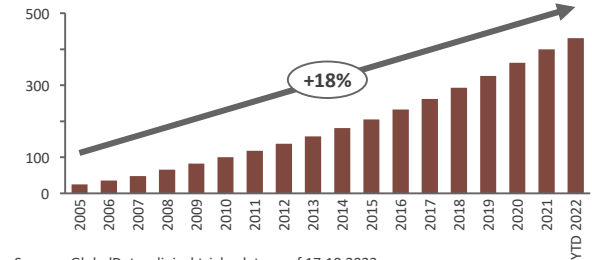
Markets have experienced cycles in the past (and they will again), but fundamentals remain very solid



Source : CapitalIQ, Market data as of 31.01.2022

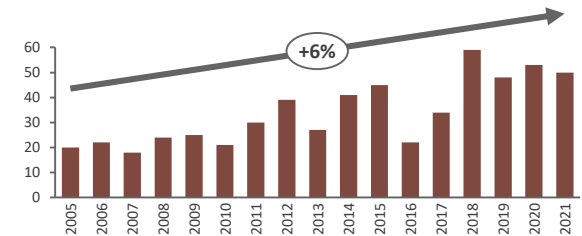


of registered clinical trials (in '000)



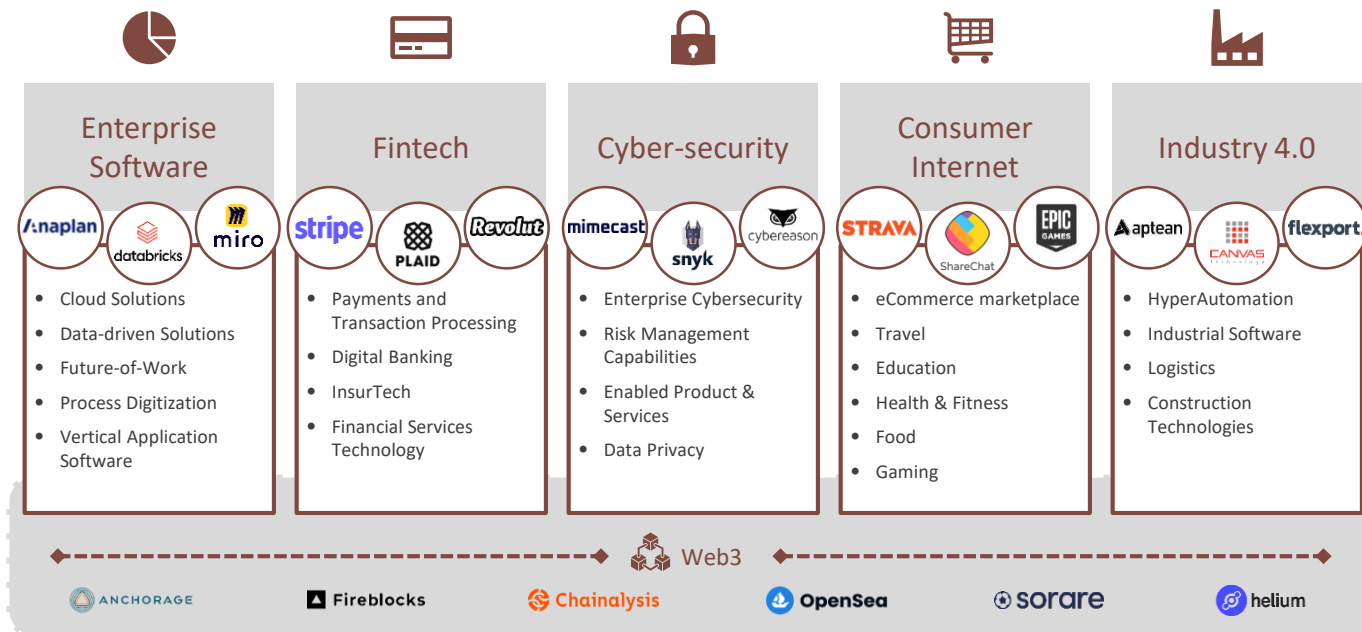
Source : GlobalData, clinical trials, data as of 17.10.2022

of drugs approved by US Food & Drug Administration



Source : FDA, data as of 31.12.2021

Thematic investing with high convictions in identified segments



For illustration purpose only. Pictet has not acquired any rights or license to reproduce the trademarks, logos or images set out in this document except that it holds the rights to use the Pictet trademarks. The trademarks, logos and images set out in this document are used only for the purpose of this document. Any reference to a specific company or security does not constitute a recommendation to buy, sell, hold or directly invest in that company or security.

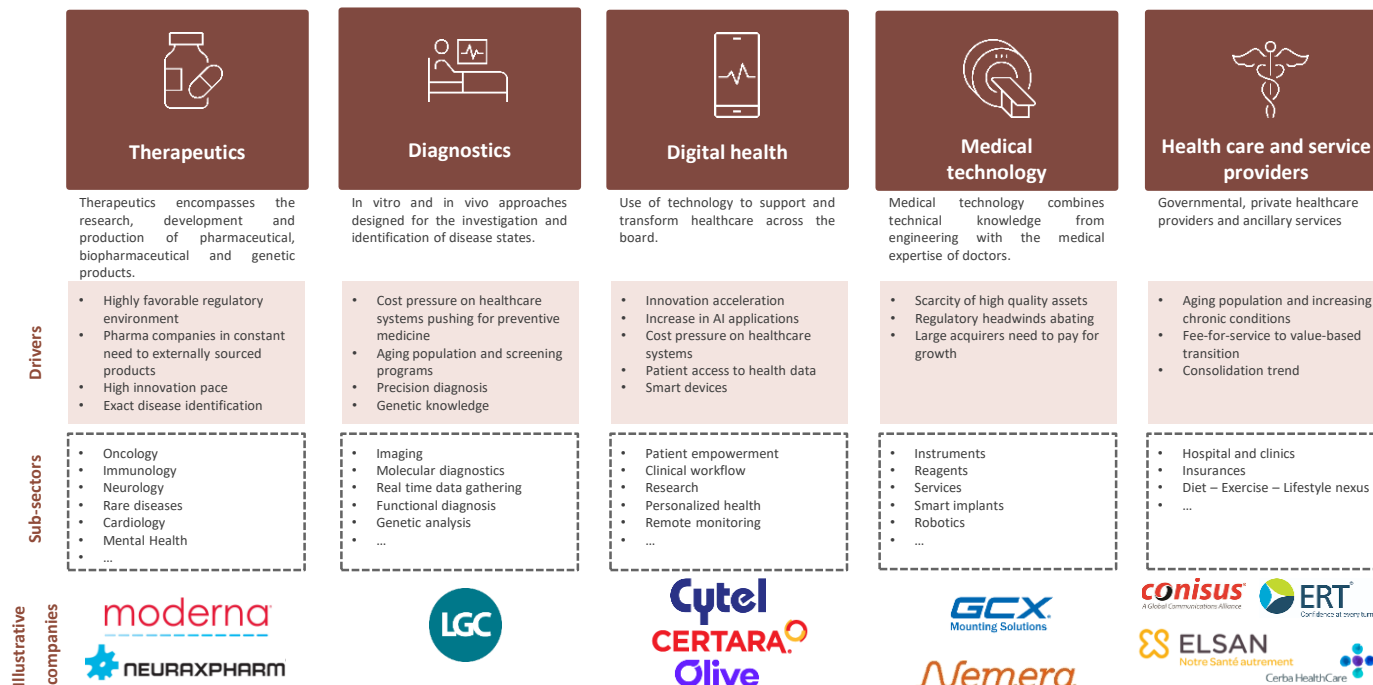
Our investment convictions are defined across 5 segments

We invest in opportunities at the intersection of our established thematic expertise and of the opportunities we see in private markets



Source: Pictet Alternatives Advisors, SA. For illustrative purposes only. *Agri-Tech is the use of technology for farming that is developed to improve efficiency and profitability.

5 vertical themes



Source: Pictet Alternatives Advisors, SA. For illustrative purposes only. Pictet has not acquired any rights or license to reproduce the trademarks, logos or images set out in this document except that it holds the rights to use the Pictet trademarks. The trademarks, logos and images set out in this document are used only for the purpose of this document. This slide may contain information about financial instruments or issuers but does not set out any direct or implied recommendation whatsoever (either general or personalized). The allocation may be changed without notice. Figures are not contractual.

For more information

PICTET ASSET MANAGEMENT
EUROPE SA
ITALIAN BRANCH
www.assetmanagement.pictet

This material is for distribution to professional investors only. However it is not intended for distribution to any person or entity who is a citizen or resident of any locality, state, country or other jurisdiction where such distribution, publication, or use would be contrary to law or regulation.

The information and data presented in this document are provided for illustrative purposes only and are not to be considered as an offer or solicitation to buy, sell or subscribe to any securities or financial instruments or services.

Information used in the preparation of this document is based upon sources believed to be reliable, but no representation or warranty is given as to the accuracy or completeness of those sources. Any opinion, estimate or forecast may be changed at any time without prior warning. Investors should read the prospectus or offering memorandum before investing in any Pictet managed funds. Tax treatment depends on the individual circumstances of each investor and may be subject to change in the future. Past performance is not a guide to future performance. The value of investments and the income from them can fall as well as rise and is not guaranteed. You may not get back the amount originally invested.

This document has been issued in Switzerland by Pictet Asset Management SA and in the rest of the world by Pictet Asset Management (Europe) SA, and may not be reproduced or distributed, either in part or in full, without their prior authorization.