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AN ALTERNATIVE FUND; PICTET MOSAIC CLASS I (USD) FUND OF HEDGE FUNDS

On 21st February the Helvetic Team had the pleasure of having a face-to-face discussion and interview with Mr. Nicolas Campiche, the CEO of Pictet Alternative Investments (PAI). In the following article we want to share with our accredited investors an abstract from this meeting – also because we on behalf of a number of investors have already invested into this fund of hedge funds (FoHF) – and feel comfortable with the investment.

Pictet Group

Established as a partnership in Geneva around 200 years ago, the group evolved into Pictet Group, a significant and independent wealth and asset manager in Europe. With over 3'500 staffs, consisting of more than 900 investment professionals, the group has a presence worldwide in 25 locations.

Assets under management stood at EUR 318bn (USD 439bn, CHF 390bn) at end of December 2013 which spreads over 80 countries, as per Pictet Group's information, January 2014. Pictet is committed to organic growth and independence, having its succession and transmission model unchanged for over two decades. Currently eight partners are responsible for the strategic management and oversight of the Group, and it is today the eighth generation of partners bearing the name Pictet.

Pictet enjoys a solid rating among the banking industry peers today, being awarded AA- long-term rating from Fitch for eight consecutive years.

Pictet Alternative Investments (PAI)

The total amount managed by PAI is USD 8.2bn in hedge funds, USD 4.9bn in private equity and USD 0.6bn in real estate – and totally USD 0.8bn is invested in the Pictet Mosaic Class I (USD) fund as per 31.12.2013, according to Pictet Alternative Investments, 2014.

Being in the hedge fund industry for 22 years, PAI is monitoring around 130 HF managers close (55% US, 35% Europe, 10% rest of the world) and the Pictet Mosaic Class I (USD) fund – established in May 1994 – is currently invested in 22 single manager funds, with a target portfolio size of 20 – 25 funds. The hedge fund team is headed by Jean-Pierre Selvatico. Jean-Pierre Selvatico joined Pictet in 2012 as a senior hedge fund analyst and portfolio manager. He

is head of hedge funds and a member of the investment committee. His past tenure included being the managing director at Barclays Capital London, Credit Suisse First Boston, and JP Morgan; having over 20 years of experience in the industry.

A prominent example of fund in the Asian market that Pictet Mosaic Class I (USD) fund has invested into is Fortress Asia in Singapore, which macro fund won the “Best Asia-Based Macro Fund” and the “Best Singapore Hedge Fund” at Eurekahedge Asian Hedge Fund Awards 2013.

Pictet among the top hedge funds players

Funds of hedge funds by AuM in USD bn

| Rank | | 31.12.2012 | Rank | | 31.12.2012 |
|-------------|---|-------------------|-------------|---|-------------------|
| 1 | Blackstone Alternative Asset Management | 45.19 | 26 | Lighthouse Partners | 6.52 |
| 2 | Towers Watson | 20.20 | 27 | Liongate Capital Management | 1.90 |
| 3 | HSBC Alternative Investments | 25.12 | 28 | Credit Suisse | 7.44 |
| 4 | UBS Global Asset Management A&Q | 25.46 | 29 | The Capital Holdings/Edmond de Rothschild | 6.90 |
| 5 | Grosvenor Capital Management | 22.30 | 30 | Amundi Alternative Investments | 6.80 |
| 6 | Goldman Sachs Asset Management | 22.89 | 31 | Arden Asset Management | 6.90 |
| 7 | Permal Investment Management | 18.31 | 32 | Diversified Global Asset Management | 6.10 |
| 8 | Morgan Stanley | 20.33 | 33 | Banca del Ceresio Group | 5.84 |
| 9 | BlackRock Alternative Advisors | 18.09 | 34 | LGT Capital Partners | 6.00 |
| 10 | Pacific Alternative Asset Management & Co | 14.80 | 35 | GAM Multi-Manager | 5.89 |
| 11 | FRM | 16.70 | 36 | HFR Asset Management | 4.48 |
| 12 | Mesirow Advances Strategies | 13.51 | 37 | Gottex Fund Management | 6.77 |
| 13 | UBP Alternative Investments | 11.90 | 38 | Silver Creek Capital Management | 5.85 |
| 14 | Aetos Capital | 9.44 | 39 | Mirabaud Asset Management | 5.00 |
| 15 | Aurora Investment Management | 9.95 | 40 | Hall Capital Partners | 2.87 |
| 16 | JP Morgan Alternative Asset Management | 9.20 | 41 | Evanston Capital Management | 4.30 |
| 17 | K2 Advisors | 8.69 | 42 | Axa Investment Managers | 4.49 |
| 18 | Prisma Capital Partners | 8.56 | 43 | Northern Trust Global Investments | 2.29 |
| 19 | Lyxor Asset Management | 9.60 | 44 | Swiss Capital Alternative Investments | 2.43 |
| 20 | SkyBridge Capital | 7.12 | 45 | EIM | 4.50 |
| 21 | Entrust Capital | 8.14 | 46 | The Archstone Partnerships | 3.65 |
| 22 | Rock Creek Global | 8.00 | 47 | Schroders NewFinanace Capital | 3.90 |
| 23 | Pictet | 8.10 | 48 | Common Sense Investments | 3.88 |
| 24 | BlueCrest Capital Management | 8.70 | 49 | ABS Investments Management | 3.56 |
| 25 | Crestline Investors | 7.27 | 50 | Corbin Capital Partners | 3.22 |
| | | | // | Total (99 firms) | |

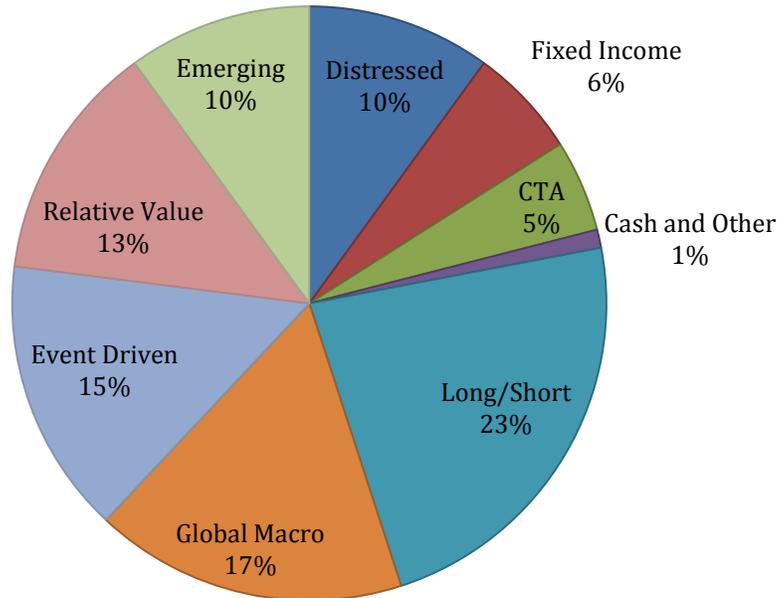
Note: Only 50 first funds of hedge funds over USD 1bn are shown on a total of 99 funds.

Source: HedgeFund Intelligence, as at 30.06.2013

The Pictet Mosaic Class I (USD) FoHF

The Pictet Mosaic Class I (USD) fund; ISIN LU0213915068 is a multi-strategy fund of hedge funds investing in relative-value, event-driven, opportunistic and long/short strategies.

Strategy Allocation



*Strategy allocation of Pictet Mosaic Class I (USD) Fund of Hedge Funds
Source: Pictet Mosaic-I USD Factsheet, December 2013*

The investment objective is to achieve superior risk-adjusted returns with limited correlation to traditional asset classes. Mosaic has a performance target (annual return) of LIBOR +3% to +5% and a risk target (annual volatility) of 5% to 7%. The worst and the best months have produced performances of -5.4% and +5.9% compared to -19% and +11.25% for MSCI world.

During the financial crisis in 2008 and the following years, PAI managed to avoid establishing side pockets – and was able to meet all clients' redemption requests at scheduled time.

The investment selection is bottom-up driven and a hedge fund in question to make it to the narrow selection process must have a manager with a proven track record (3 years in the same field and strategy as a minimum). PAI conducts monthly meetings with / monitoring of the managers to assure the investments are on track.

Pictet Mosaic Class I (USD) FoHF has an annualized net return since May 1994 of 7.03% as per Pictet Alternative Investments, 2013, compared to 6.8% for MSCI world equities and 5.6% for HF indices (HF mandate MSCI World TR Index and HFRI FOF - Diversified Index data as of 31.12.2013). The annualized volatility for the fund was 5.8% versus 15.4% for the MSCI world. As per December 2013, the fund's return stood at 9.82% for the year. The past correlation to MSCI world is 0.47, which does not mean that it could not be higher in the future and especially in the short to medium term.

It is worth noting as well that the Mosaic FoHF avoided investing into Madoff’s fund and feeder funds – other FoHF were less successful in this regard.



Pictet Mosaic Class I (USD) FoHF vs. HFRI FoF Diversified Index from 31 March 2005 to 31 January 2014
 Source: Bloomberg

Conclusion

PAI Mosaic shares the strong 200-year old brand name of its parent company. The manager is experienced and has a strong team behind – and the fund enjoys a long and stable track record. Operations, a strong risk monitoring and strict selection process ensures that the fund is among “best-in-class” fund of hedge funds. It is believed that redemptions should be met during crises – as it was the case in 2008 – but this is not guaranteed. Redemption is quarterly and subscription is monthly. The minimum subscription amount is USD 1m – but in most cases we should be able to assist our investors with investments from USD 250’000.

An investment into this fund grants investors access to some of the most skilled fund managers in the industry, combined with a robust risk management in place at PAI. PAI charges a management fee of 1.15% and no performance fee.

Due to the illiquid nature of investing into hedge funds (and FoHF), such an investment is not appropriate for all investors – and a potential investment should be discussed and analyzed carefully and be seen together with the investors' overall risk profile and strategically asset allocation.

In case further information is required, we would be happy to assist.

Your Helvetic Team / JW, YANG

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