

Pictet (CH) Precious Metals Fund – Physical Gold

Securities fund under Swiss law of the type “other securities funds”

Simplified prospectus (July 2010)

Important disclosures

This simplified prospectus contains key information about the Pictet (CH) Precious Metals Fund – Physical Gold Subfund (the "Subfund"). The conclusive regulations on the legal and economic aspects are laid down in the full prospectus with integrated Fund contract containing the regulations of the Pictet (CH) Precious Metals Fund (the "Fund"). These govern, among other things, the rights of the investors, the duties and obligations of the fund management company and the custodian bank, and the investment policy of the Fund. The investor is recommended to consult the full prospectus with integrated Fund regulations. The annual and semi-annual reports provide information on the assets and income statement. These documents may be obtained free of charge from the fund management company, the custodian bank and all distributors.

1. Legal structure

The Fund Pictet (CH) Precious Metals Funds is an umbrella fund subject to Swiss law, in the " other securities funds " category, established under the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 (CISA). The Fund is divided into the following subfund:

- Pictet (CH) Precious Metals Fund – Physical Gold

The Fund's contract regulations have been established jointly by Pictet Funds S.A. (the fund management company) and Pictet & Cie (the custodian bank). They were approved by the Swiss Financial Market Supervisory Authority (FINMA) on 12 August 2009.

2. Investment objective

The subfund's investment objective is to offer investors an alternative to investing directly in physical gold, with the aim of tracking the changing price of gold after deducting the costs and commissions associated with the subfund.

3. Investment policy

This Subfund invests primarily in money market instruments, bonds, warrants and variable-rate bonds, and in other fixed- or variable-rate debt instruments or rights placed with banks in Switzerland or other countries.

For the efficient management of the Subfund's assets, the fund management company may use derivative financial instruments.

The subfund invests, after deduction of the liquid assets, at least 85% of its total assets in:

- Physical gold in the form of standard bars weighing around 12.5 kg of a purity of not less than 995 thousandths. The market price is determined with due regard to the purity of the bars and ingots; and
- Physical gold in the form of ingots of different exact weights of a purity of not less than 995 thousandths. These ingots may be of the following exact

weights only: 1 kg, ½ kg, ¼ kg, 200g, 100g, 50g, 20g, 10g, 5g, 100 ounces, 50 ounces, 25 ounces, 10 ounces, 5 ounces and 1 ounce.

In addition, up to a maximum of 15% of the subfund's assets may also be invested as follows:

- holding gold via a metal account;
- holding sight and time deposits within the meaning of §9 of the fund contract;
- investing in gold ETFs;

Moreover, for the efficient management of the Subfund's assets, the fund management company may use derivative financial instruments.

Account currency: USD

4. Subfund risk profile

More detailed information on the risks specified here can be found in the full prospectus.

The subfund is subject to the risks inherent in any investment, and in particular:

- Risks relating to Gold market

The primary risks of the Subfund are:

Risk concentration: The subfund's investment policy consists of investing mainly in physical gold. The value of a unit will therefore fluctuate strongly with the price of gold. This concentration of risk increases the risk of capital losses regardless of the investor's investment horizon. No more than weak exposure to this subfund is recommended, given the low level of diversification it offers.

Passive management: The subfund shall be managed passively and its objective shall be to invest in physical gold, and in securities and financial instruments whose prices are linked to the gold price. No active management of any kind will be undertaken with a view to limiting the losses in the case of a drop in the gold price.

Counterparty risks: The subfund may invest in "metal accounts" with financial institutions. The fund may be the holder of a bank account, booked in ounces of gold, representing a claim to delivery by the bank of the merchandise booked in the account, but the fund will have no ownership rights over the gold. If the financial institution concerned should file for bankruptcy, the claim would be regarded as part of the institution's total debts and would be ranked accordingly by the administrators.

Change of legal and tax status: A change in the law or in monetary policy that would restrict transactions and transfers of ownership of precious metals could have a negative impact on the fund assets. Value added tax does not apply to purchases of gold. A change in tax status could have negative repercussions on the fund assets.

Production risk associated with the emerging countries: The main gold producers are emerging countries such as China and South Africa. Historically, the political, legislative and economic situation of these countries has generally been more unstable. Unforeseen changes such as measures to restrict the import and export of precious metals, international embargoes etc. could have a negative impact on the gold price.

Currency or exchange-rate risks: The subfund's reference currency is the US dollar. Gold has no face value; it is quoted in dollars. Investors wishing to invest in a class denominated in CHF or EUR are exposed to currency or exchange-rate risks.

Risks associated with the gold market: The price of gold is affected by fundamental and cyclical factors and may be very volatile. This means that a drop in the gold price could lead to a loss that may never be made up. This subfund is intended for

investors with a long-term investment horizon.

The value of the Subfund's investments is determined by the markets on which they are traded. Net asset value can fluctuate considerably depending on the performance of the market in general and of the securities in the Subfund's portfolio. The possibility of a short fall in value cannot be ruled out. There is no guarantee that investors will receive a specific income or that they will be able to return their units to the fund management company for redemption at a certain price.

Investors' attention is drawn to the fact that the purchase of derivative instruments entails certain risks that may adversely affect the Subfund's performance.

5. Performance of Subfund units

Launch of "I" (CHF), "I"(EUR), "I" (USD), "P"(CHF), "P" (EUR), "P" (USD) "R" (EUR) et "R" (USD) Units: 1st October 2009.

Past performance is no indication of the future performance of the Subfund's units. Future returns will depend on movements in stock markets, in interest rates worldwide, and on how successful the fund manager is in implementing the investment policy.

Performance data do not account for fees and commissions charged for issuing and redeeming units.

6. Profile of the typical investor

The Subfund is suitable for investors who:

- wish to invest directly in Physical Gold
- have a long-term savings horizon

High risk

7. Treatment of income

The Subfund's net income is distributed to investors each year within four months of the end of the accounting year in UD-Dollar. The fund management company may decide not to distribute income if the total amount of income available for distribution is less than USD 1.

8. Unit classes

For the subfund **Pictet (CH) Precious Metals Fund - Physical Gold**, the accounting currency is the US-Dollar. Unit classes may be denominated in US dollars (USD), Swiss francs (CHF) or Euros (EUR).

No currency hedging is carried out between the various currencies of the unit classes and the subfund's reference currency.

The unit classes currently available are the following:

"I (USD)" units are available upon request to investors making an initial investment worth at least USD 1,000,000 or the equivalent or who are qualified investors within the meaning of Article 10, paragraphs 3 and 4 CISA at the time of subscription.

"I (CHF)" units are available on the same conditions as "I (USD)" units.

"I (EUR)" units are available on the same conditions as "I (USD)" units.

"J (USD)" units are available upon request to investors making an initial investment worth at least USD 5,000,000.

"P (USD)" units are not subject to any restrictions.

"P (CHF)" units are available on the same conditions as "P (USD)" units.

"P (EUR)" units are available on the same conditions as "P (USD)" units.

"R (USD)" units are characterised by their management commission and the fact that they do not charge an issue or redemption commission.

"R (CHF)" units are available on the same conditions as "R (USD)" units.

"R (EUR)" units are available on the same conditions as "R (USD)" units.

"Z (USD)" units are available on request to qualified investors or investors making an initial investment worth at least USD 500,000 or the equivalent in Pictet funds and who have concluded a discretionary management or service agreement with an entity of the Pictet group.

There is no charge for switching between classes.

9. Economic information

Costs and commissions	2009
Costs and commissions charged directly to investors on the purchase and redemption of units	
Maximum issuing commission	5 %
Maximum redemption commission	1 %
Commission on conversions between unit classes	0
Costs and commissions charged to the fund's assets on an ongoing basis	
Maximum management fee payable to the fund management company:	
I (USD) units, I (CHF) units, I (EUR) units	0.20 %
J (USD) units	0.15 %
P (USD) units, P (CHF) units, P (EUR) units	0.40 %
R (USD) units, R (CHF) units, R (EUR) units	0.60 %
Z (USD) units the commission is billed directly to the investor by the Pictet group	-
Performance Fee	-
Maximum custodian bank commission for safe keeping	0.08 %
Additional costs in line with actual expenses incurred (annual fees for the supervision of the investment fund in Switzerland, printing the annual and semi-annual reports etc., excluding transaction costs)	< 0.01%
Total Expense Ratio (TER) (at 30 September of each year) (excluding securities transaction costs)	
I (USD) units	-
I (CHF) units	-
I (EUR) units	-
J (USD) units	-
P (USD) units	-
P (CHF) units	-
P (EUR) units	-
R (USD) units	-
R (CHF) units	-
R (EUR) units	-
Z (USD) units	-
Portfolio Turnover Rate (PTR) as per EU norm	-

*) Key data not yet known at the time of publishing the simplified prospectus. Last year's data may allow for a provisional estimate of the current year's data.

10. Fee sharing agreements and pecuniary benefits ("soft commissions")

There are no fee sharing agreements.

The fund management company has concluded no agreements in respect of trailer fees in the form of "soft commissions".

- 11. Tax information (in respect of the Fund)** The Fund has no legal personality in Switzerland. It is not subject to tax on income or capital.
- The Swiss federal withholding tax deducted from the Fund's Swiss income will be reclaimed in full for the Fund by the fund management company.
- 12. Tax information (for investors who are resident for tax purposes in Switzerland)** Distributions of income made by the fund to investors domiciled in Switzerland are subject to Swiss federal withholding tax (source tax) at 35%. Any capital gains paid on a separate coupon are not subject to withholding tax. Investors domiciled in Switzerland may reclaim the deducted withholding tax via their tax returns or by submitting a separate refund application.
- 13. Tax information (for investors who are resident outside Switzerland for tax purposes)** Distributions of income made by the fund to investors domiciled outside Switzerland are subject to Swiss federal withholding tax (source tax) at 35%. Any capital gains paid on a separate coupon are not subject to withholding tax.
- Investors domiciled outside Switzerland may reclaim federal withholding tax under the terms of a double taxation agreement (DTA) between Switzerland and their country of domicile.
- The distributed income and/or interest income realised on the sale or redemption of units is/are subject to European savings tax in Switzerland.
- The other tax implications for investors who hold, buy or sell Subfund units are defined by the tax laws and regulations in the investor's country of domicile.
- 14. Publication of Subfund prices** The net asset value (stated on a "commission excluded" basis) is published daily in Swiss Fund Data AG (www.swissfunddata.ch). Price publication is also published in Le Temps and, Neue Zürcher Zeitung, Corriere del Ticino, as well as via www.fundinfo.com and www.pictetfunds.com.
- 15. Modalities for purchasing and redeeming units** Subscriptions and redemptions of units will be accepted on every bank working day at the net asset value.
- Subscription and redemption orders received by the custodian bank by 12pm at the latest on a given bank working day (order day) will be traded on the same day on the basis of the net asset value calculated on that day. The net asset value used for the calculation is therefore not yet known at the time the order is placed (forward pricing).
- Calculation of the net asset value for "I USD", "I CHF", "I EUR", "J USD", "P USD", "P CHF", "P EUR", "R USD", "R CHF", "R EUR" unit classes is as following:
- When, for a given day, the total amount of issues and redemptions of units in favour of or to the detriment of the subfund leads to a rise or fall in the net asset value, the net asset value assessed is revised upwards or downwards, taking into account the costs related to the investment or disinvestment of the net flow of assets into or out of the fund. The net asset value obtained and published after applying the swinging single pricing method is therefore adjusted ("swung NAV").
- Calculation of the net asset value for "Z USD" unit class is using the averaged incidental costs method.
- Moreover, the investor has the right to demand, instead of reimbursement in cash, the redemption of his units in kind: that is, the exchange value of his units in the form of the precious metal in which the subfund invests (redemption in kind), i.e. bars each weighing approximately 12.5 kg of a minimum purity of 995 thousandths. Redemptions in kind may be possible in the form of bars of other weights, subject to the prior approval of the custodian bank and the fund management company.
- Conditions linked to subscriptions requests, to the delivery times and methods, costs and delivery effects are fully described in the full prospectus and fund contract (§

5.2.1 in prospectus and § 17 in the fund contract).

Requests for a redemption in kind are dealt with separately as described above as well as in section 5.2.1 of the prospectus. In consequence, the cost of adjusting the portfolio is not taken into account (SSP not applied, no spread on the NAV).

In the case of a request for a redemption in kind is converted into a redemption in cash, the costs of adjusting the portfolio are taken into account by applying the SSP method or a spread, as described above as well as in section 5.2.2. of the prospectus.

16. Brief profile of the Subfund

Brief profile of the Subfund

Launch date	I (USD) unit, I (CHF) unit, I (EUR) unit: 1 st October 2009 J (USD) unit: P (USD) unit, P (CHF) unit, P (EUR): 1 st October 2009 R (USD) unit, R (CHF) unit, R (EUR): 1 st October 2009 Z (USD) unit:
Financial year	1 October to 30 September
Security number	I (USD) unit: Telekurs 10484826 I (CHF) unit: Telekurs 10484972 I (EUR) unit: Telekurs 10484958 J (USD) unit: Telekurs P (USD) unit: Telekurs 10485049 P (CHF) unit: Telekurs 10485101 P (EUR) unit: Telekurs 10485096 R (USD) unit: Telekurs 10485146 R (CHF) unit: Telekurs 10485173 R (EUR) unit: Telekurs 10485166 Z (USD) unit: Telekurs
ISIN	I (USD) unit: CH00104848269 I (CHF) unit: CH00104849721 I (EUR) unit: CH00104849580 J (USD) unit: CH00 P (USD) unit: CH00104850497 P (CHF) unit: CH00104851016 P (EUR) unit: CH00104850968 R (USD) unit: CH00104851461 R (CHF) unit: CH00104851735 R (EUR) unit: CH00104851669 Z (USD) unit: CH00
Term to maturity (of the fund)	unlimited
Promoter	Pictet Funds S.A., Route des Acacias 60 1211 Geneva 73
Fund management company	Pictet Funds S.A., Route des Acacias 60 1211 Geneva 73
Asset manager	Pictet Asset Management S.A., Route des Acacias 60 1211 Geneva 73
Custodian bank	Pictet & Cie, Route des Acacias 60 1211 Geneva 73
Auditors	PricewaterhouseCoopers S.A., Geneva
Supervisory authority	Swiss Financial Market Supervisory Authority (FINMA), Bern
Contact(s)	Pictet Funds S.A., Route des Acacias 60 1211 Geneva 73