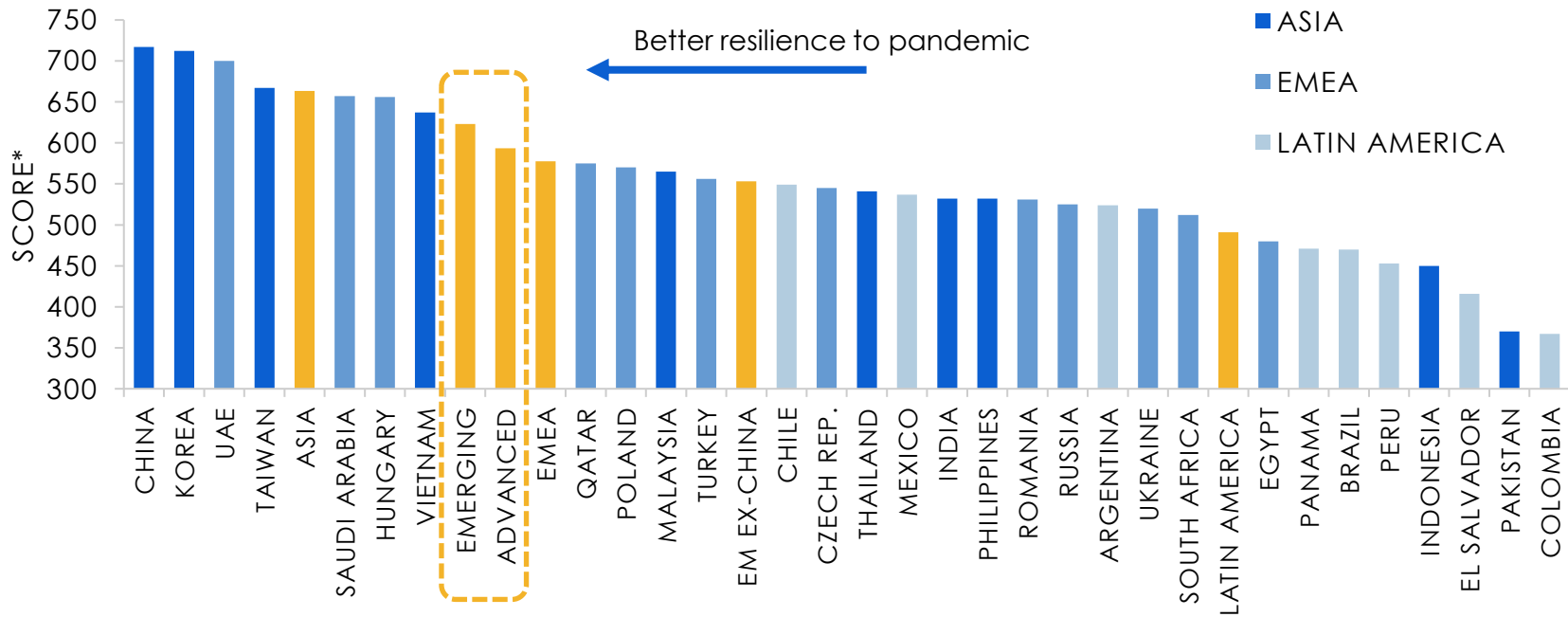


CHINA, EMERGING MARKETS AND THE PANDEMIC

Patrick Zweifel

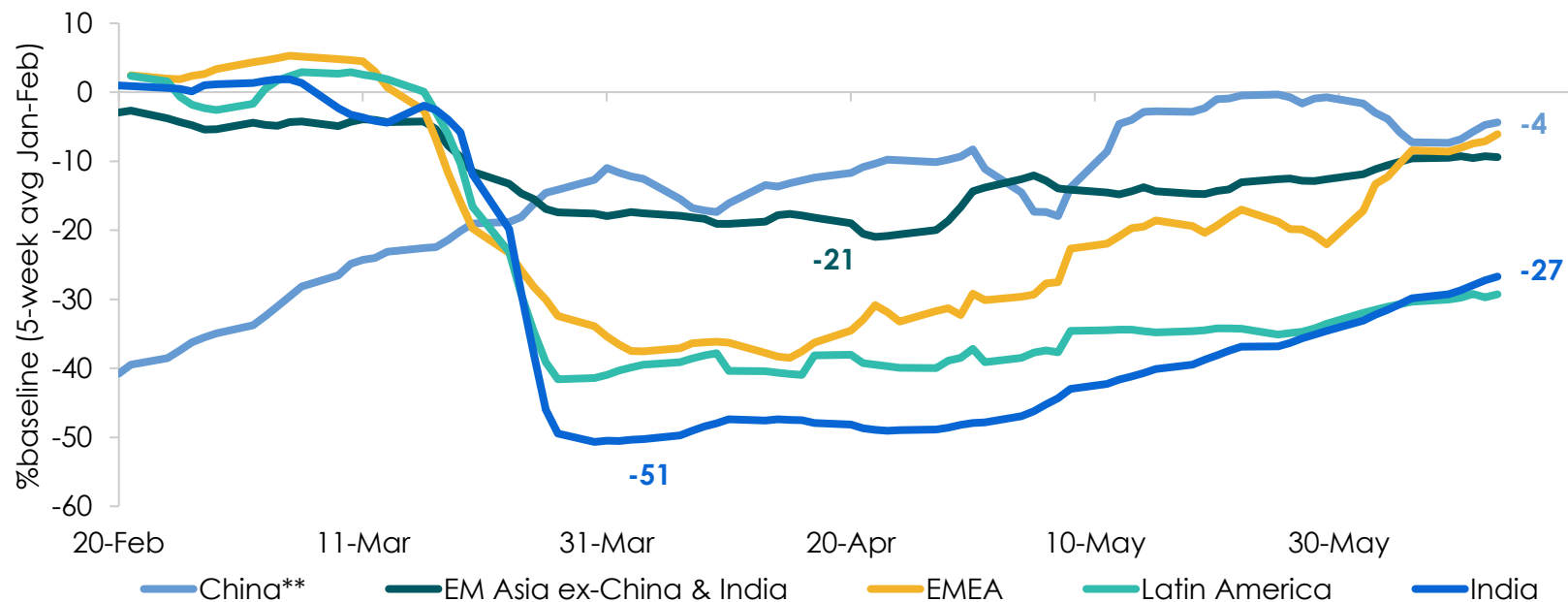
Chief economist, Pictet Asset Management

Resilience to the pandemic in emerging markets



*Based on 1) Quarantine efficiency, 2) Government efficiency of risk management, 3) Monitoring and decisions, 4) Healthcare readiness, 5) Regional resilience, 6) Emergency preparedness
 Source: Pictet Asset Management, Deep Knowledge Group; as of June 15, 2020.

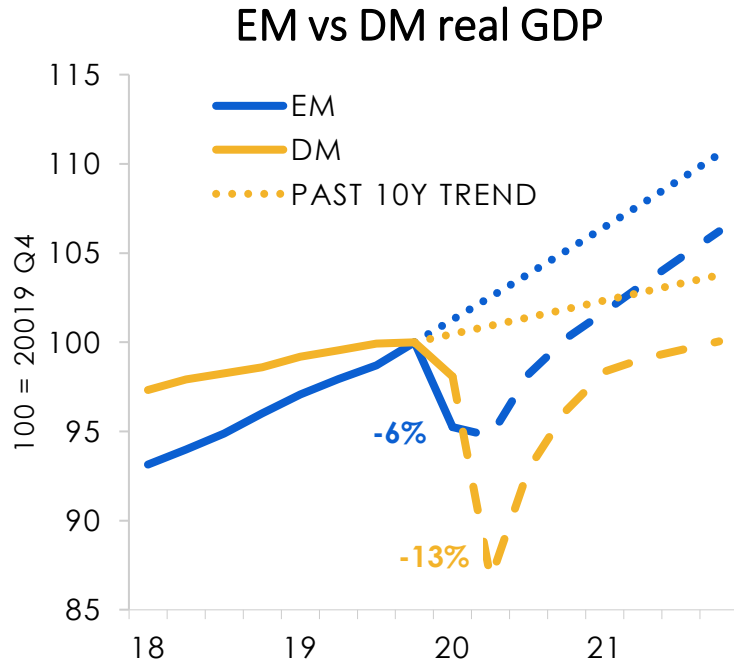
Activity* recovery in emerging markets



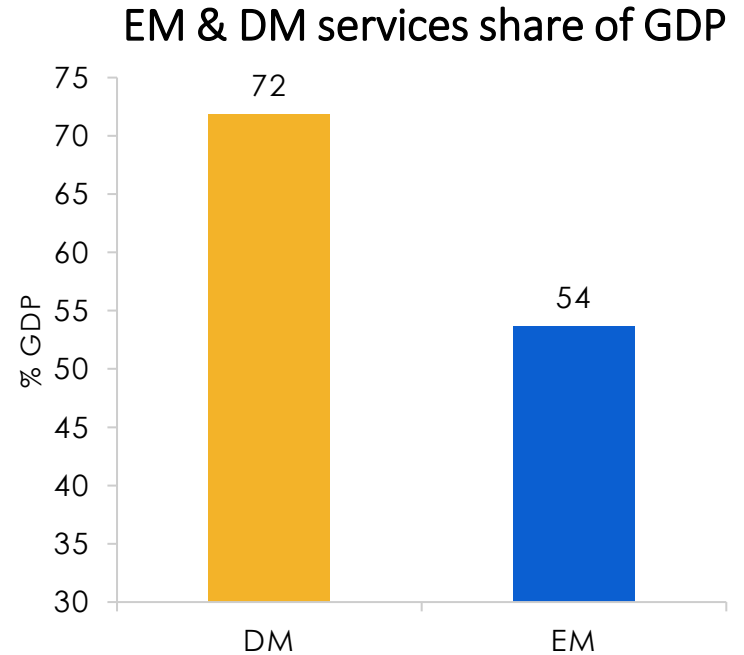
*Retail & recreation, transit stations, parks, grocery & pharmacy, workplaces, residential / ** coal consumption, traffic congestion, property transactions

Source: Pictet Asset Management, Google LLC, <https://www.google.com/covid19/mobility/>. As of June 15, 2020

EM GDP growth to outperform DM



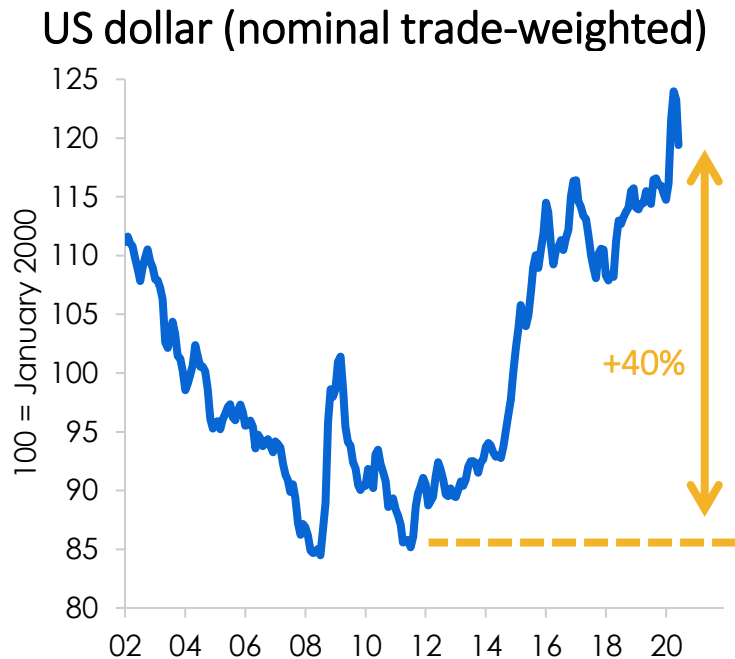
Source: Pictet Asset Management, CEIC, Refinitiv. As of June 19, 2020



Source: Pictet asset Management, CEIC, World Bank. As of June 19, 2020

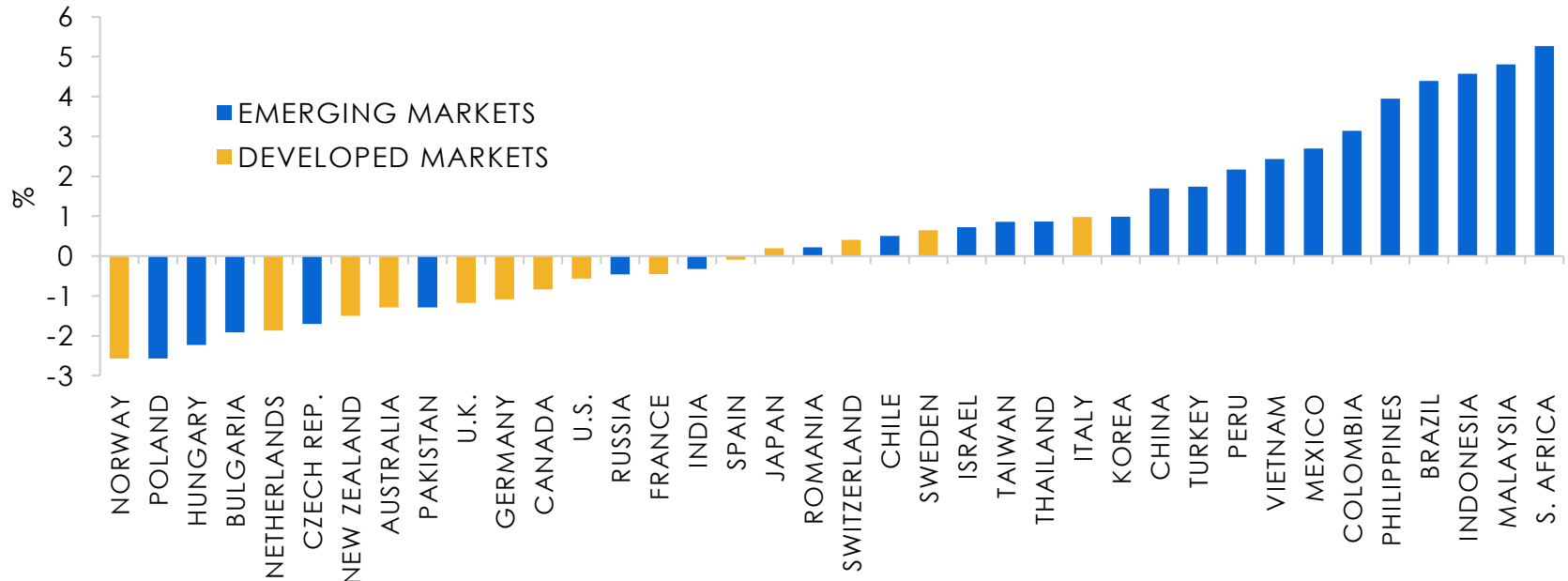
Conditions for EM to outperform DM

- US dollar
- China activity
- Commodities
- Global trade
- EM policy responses



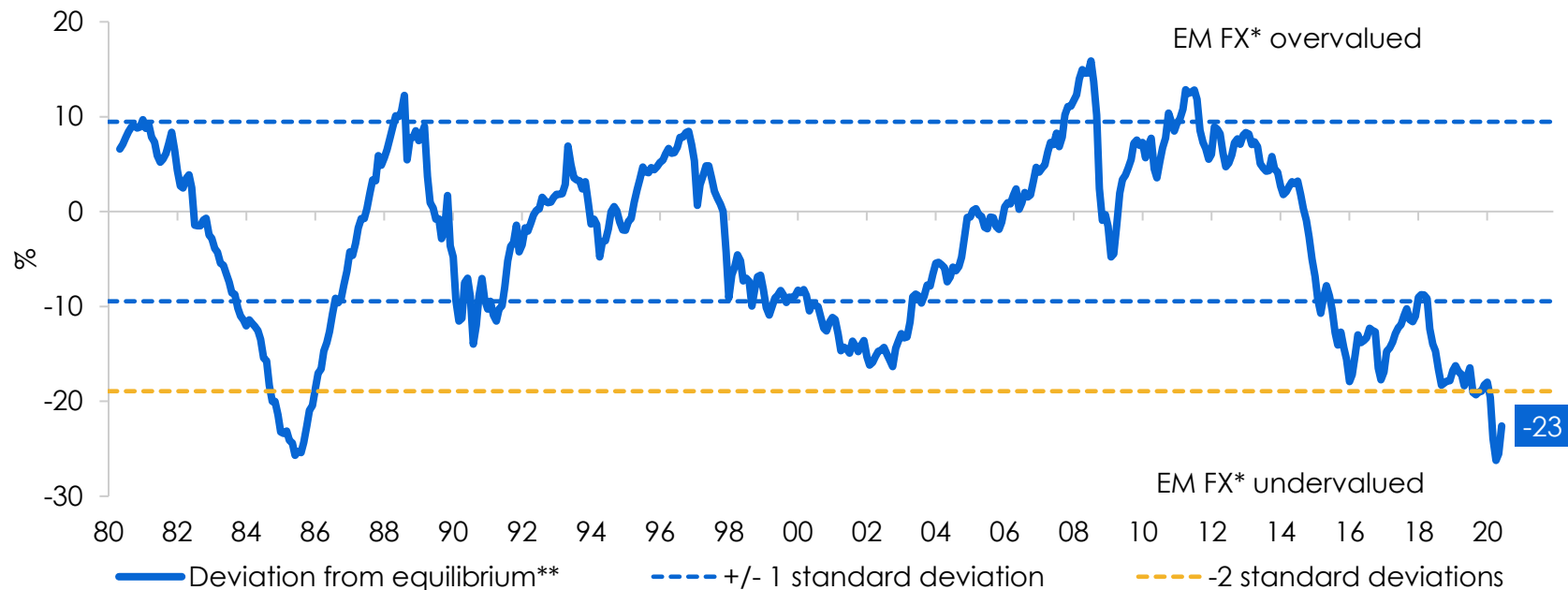
Source: Pictet Asset Management, CEIC, Refinitiv. As of June 15, 2020

EM & DM 10-year real government bond yields*



*10-year local government bond yield deflated by core CPI (9-year yield for Peru)
 Source: Pictet Asset Management, CEIC, Refinitiv, Bloomberg. As of June 15, 2020

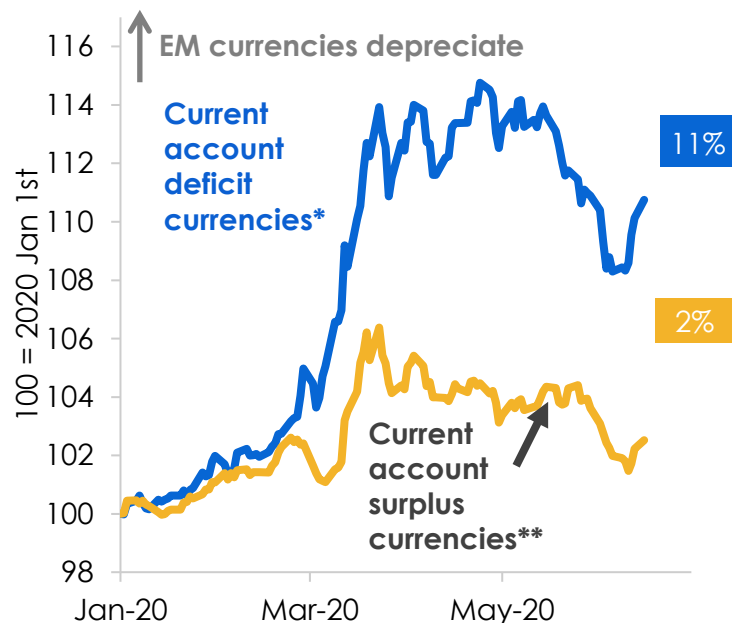
EM currencies cheap on fundamentals



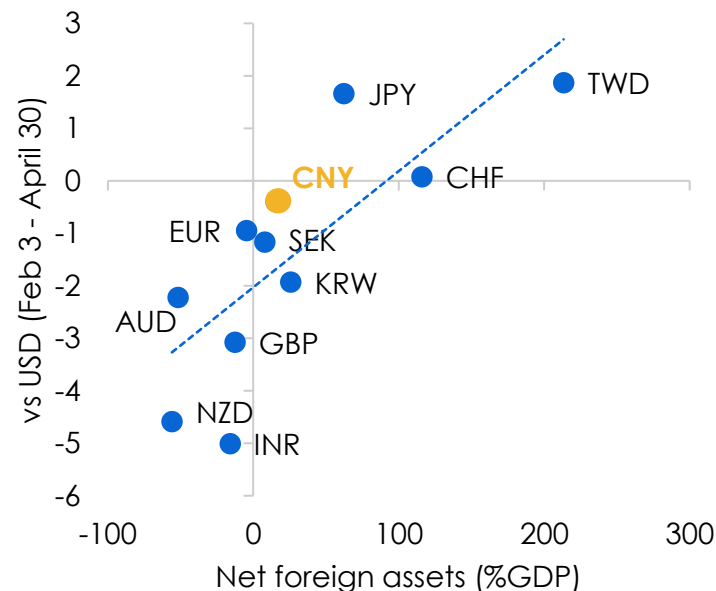
*Unweighted 31 EM exchange rates vs USD / **based on relative prices, relative productivities & net foreign assets

Renminbi - a safe haven currency

EM currencies against USD



Net foreign assets & main currencies



*Current account deficit EM (CAD): INR, IDR, PHP, ARS, BRL, CLP, COP, MXN, PEN, RON, ZAR, TRY

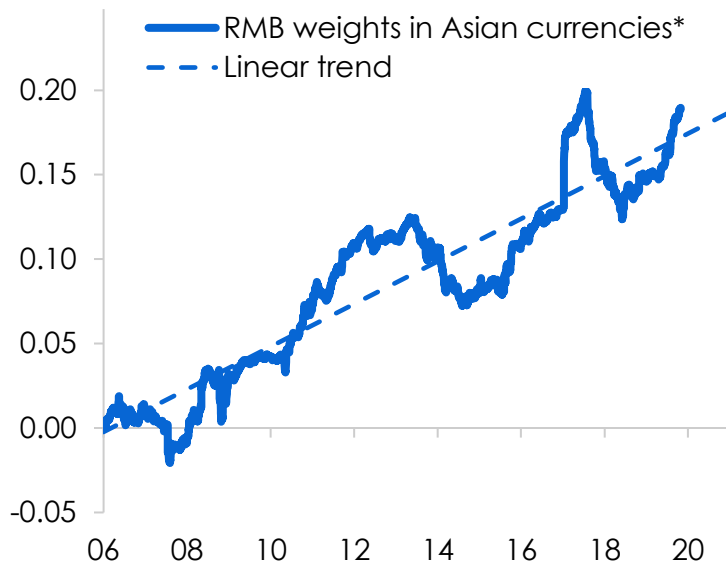
**Current account surplus EM (CAS): CNY, KRW, MYR, SGD, THB, TWD, CZK, HUF, ILS, PLN

Source: Pictet Asset Management, CEIC, refinitiv. As of June 15, 2020

Source: Pictet Asset Management, CEIC, refinitiv. As of June 15, 2020

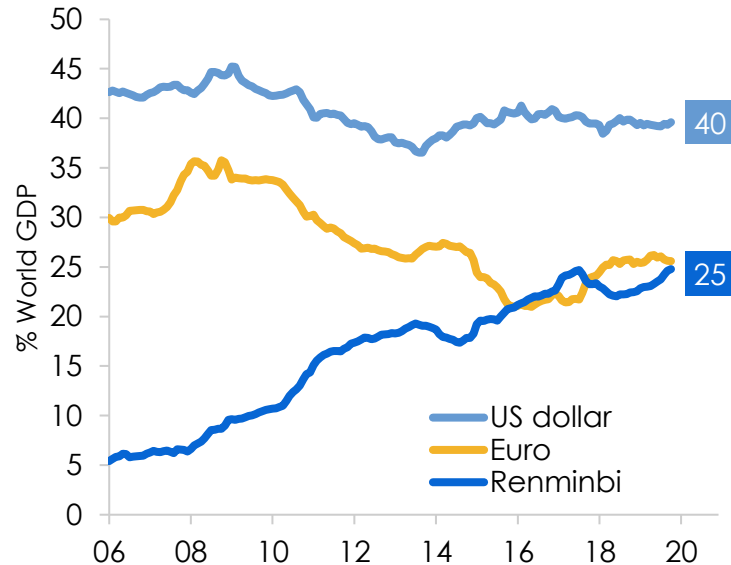
Renminbi bloc

Asian FX sensitivity to RMB



*2-step Frankel-Wei rolling regression (average with CAD, NZD & CHF as numeraire)
Source: Pictet Asset Management, CEIC, Refinitiv. As of January 2020

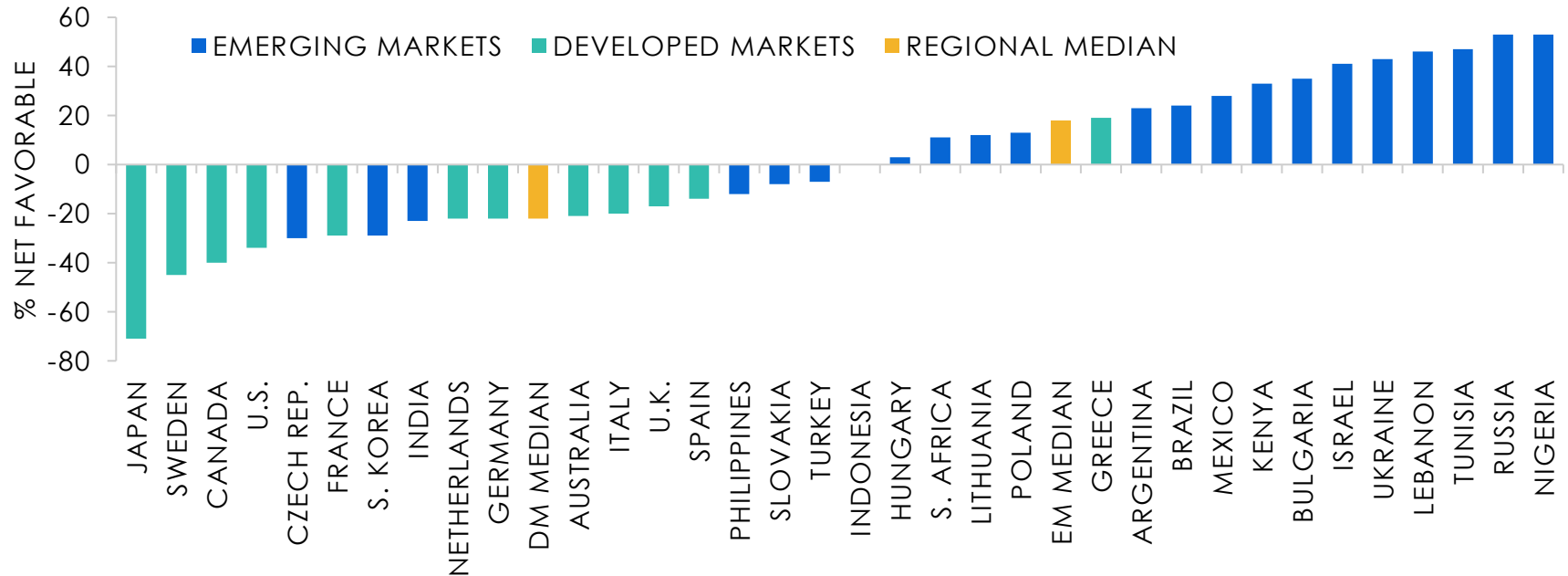
Monetary zones evolution



*Monetary zone is estimated as the elasticity-weighted share of 48 economies GDP where elasticity is the reserve currency weight in a given currency using 2-step Frankel-Wei regression
Source: Pictet Asset Management, CEIC, Refinitiv. As of January 2020

EM have more positive views on China than DM

% with a favorable/unfavorable view of China



Source: Pictet Asset Management, PEW Research Center, Spring 2019 Global Attitudes Survey

Important information

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.

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 Limited, which is authorised and regulated by the Financial Conduct Authority, and may not be reproduced or distributed, either in part or in full, without their prior authorisation.

For UK investors, the Pictet and Pictet Total Return umbrellas are domiciled in Luxembourg and are recognised collective investment schemes under section 264 of the Financial Services and Markets Act 2000. Swiss Pictet funds are only registered for distribution in Switzerland under the Swiss Fund Act, they are categorised in the United Kingdom as unregulated collective investment schemes. The Pictet group manages hedge funds, funds of hedge funds and funds of private equity funds which are not registered for public distribution within the European Union and are categorised in the United Kingdom as unregulated collective investment schemes.

For Australian investors, Pictet Asset Management Limited (ARBN 121 228 957) is exempt from the requirement to hold an Australian financial services license, under the Corporations Act 2001.

For US investors, Shares sold in the United States or to US Persons will only be sold in private placements to accredited investors pursuant to exemptions from SEC registration under the Section 4(2) and Regulation D private placement exemptions under the 1933 Act and qualified clients as defined under the 1940 Act. The Shares of the Pictet funds have not been registered under the 1933 Act and may not, except in transactions which do not violate United States securities laws, be directly or indirectly offered or sold in the United States or to any US Person. The Management Fund Companies of the Pictet Group will not be registered under the 1940 Act.

Pictet Asset Management Inc. (Pictet AM Inc) is responsible for effecting solicitation in North America to promote the portfolio management services of Pictet Asset Management Limited (Pictet AM Ltd) and Pictet Asset Management SA (Pictet AM SA).

In Canada Pictet AM Inc is registered as Portfolio Manager authorized to conduct marketing activities on behalf of Pictet AM Ltd and Pictet AM SA. In the USA, Pictet AM Inc. is registered as an SEC Investment Adviser and its activities are conducted in full compliance with the SEC rules applicable to the marketing of affiliate entities as prescribed in the Adviser Act of 1940 ref. 17CFR275.206(4)-3.