PICTET WEALTH MANAGEMENT

Chinese Equities - 2023 Outlook

First in, last out

AUTHORS
JULIEN HOLTZ
jholtz@pictet.com
LING CHEN
lichen@pictet.com

FLASH NOTE

17 JANUARY 2023, CIO OFFICE & MACRO RESEARCH

SUMMARY

- The Chinese economy will likely rebound in 2023, as the government has pledged to prioritise growth and restore confidence after three years of 'zero-covid policy'.
- Economic activity has shown initial signs of recovery since last December thanks to re-opening. We will likely see a revival in domestic consumption from the persistently muted levels of the past three years, partly offsetting the drag from slowing exports, while China's property sector will likely stabilise on more policy support and improved household confidence.
- Although the accelerated re-opening process may mean a quicker economic than we previously expected, the strength of China's recovery remains to be seen. Macro policy will likely continue to be supportive with additional rate cuts and government debt issuance—but the space for large-scale stimulus is limited.
- Several waves of negative events impacted sentiment towards Chinese equities from 2020 onwards, leading to a major bear market for offshore and onshore indices. However, the main negative drivers are rapidly fading, with the lifting of China's zero-covid policy a major catalyst for the recent rebound.
- While valuations of Chinese equities (especially offshore) have sharply rebounded since last November, they remain relatively neutral (on a sector-adjusted basis in particular). We therefore see room for further expansion, if not an overshoot.
- Earnings revisions remain negative overall, but upward revisions in a rising number of consumer-related and other sectors bodes well and should further support market performance if it persists. We also note that earnings growth expectations in China are among the highest across emerging markets.
- Our preference goes towards offshore indices due to their higher consumer exposure, light positioning and still-low relative valuation premium vs A shares.
- We are raising our 2023 year-end target for the MSCI China to HKD 76, which implies a total return of 7% (in USD) based on current prices.

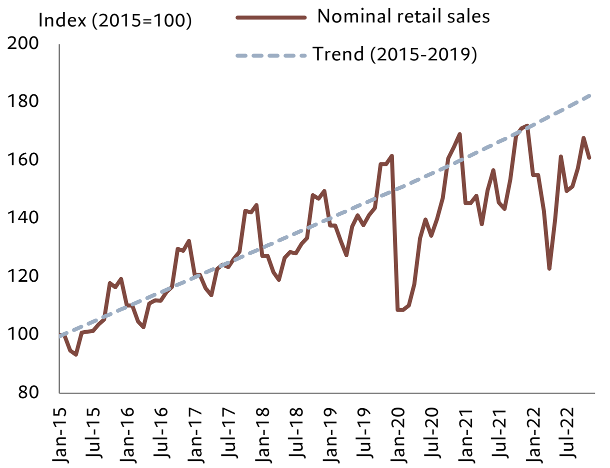
For illustrative purposes. Past performance should not be taken as a guide to or guarantee of future performance. Performances and returns may increase or decrease as a result of currency fluctuations. There can be no assurance that these projections, forecasts or expected returns will be achieved. The projection is not based on simulated past performance.

ECONOMIC ACTIVITY TO RECOVER THANKS TO REOPENING

The Chinese government's abrupt turn from its zero-covid policy in December, and its doubling down on promoting growth set the stage for a stronger-than-expected economic rebound in 2023. Indeed, there have already been encouraging signs of a recovery. According to our estimates, economic activity in China was back to around 68% of its pre-pandemic level at the time of writing, up from an average of 50% in November when the country was under stringent covid restrictions.

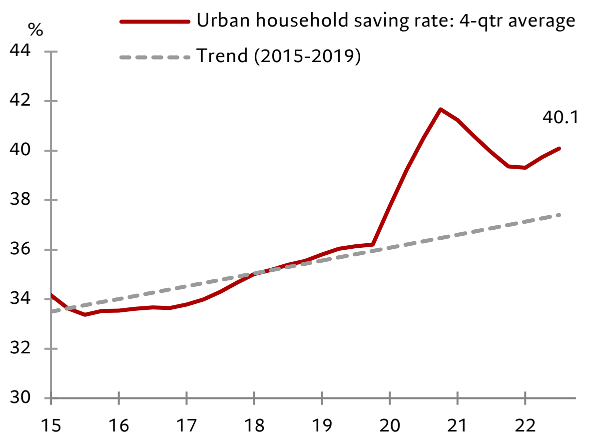
Since the pandemic started in early 2020, Chinese household consumption has remained persistently below its long-term trend (*see Chart 1*), while the savings rate has surged (*see Chart 2*). In the near term, we expect domestic demand to recover, partly offsetting the drag from weakening external demand. But the strength and sustainability of the domestic rebound remains to be seen as the labour market could remain soft until meaningful policy stimulus kicks in.

Chart 1: Chinese nominal retail sales



Source: Pictet WM & CIO Office & Macro Research, National Bureau of Statistics of China, as of 16 January 2023

Chart 2: Chinese household savings rate



Source: Pictet WM & CIO Office & Macro Research, National Bureau of Statistics of China, as of 16 January 2023

After a contraction of -10.0% in property investment and -53.4% in land acquisition in 2022, policy support will likely enable the property sector to stabilise. Housing demand may improve on the back of a recovery in household confidence and more stimulus measures. In Q3 2022, the weighted average mortgage interest rate in China hit 4.3%, its lowest point since 2009. That said, a major rebound in the Chinese property sector seems unlikely for structural reasons, as discussed in our China 2023 Macro Outlook.

POLICIES WILL LIKELY STAY SUPPORTIVE, BUT NO LARGE-SCALE STIMULUS

We expect Chinese economic policies to align with the government's move to prioritise growth in 2023. On the monetary front, the People's Bank of China (PBoC) will likely continue to ease policy, with additional rate cuts in 1H 2023. Meanwhile,

For illustrative purposes. 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. There can be no assurance that these projections, forecasts or expected returns will be achieved. The projection is not based on simulated past performance.

China's Finance Minister Liu Kun recently reiterated plans to expand fiscal spending "appropriately" to aid economic recovery.

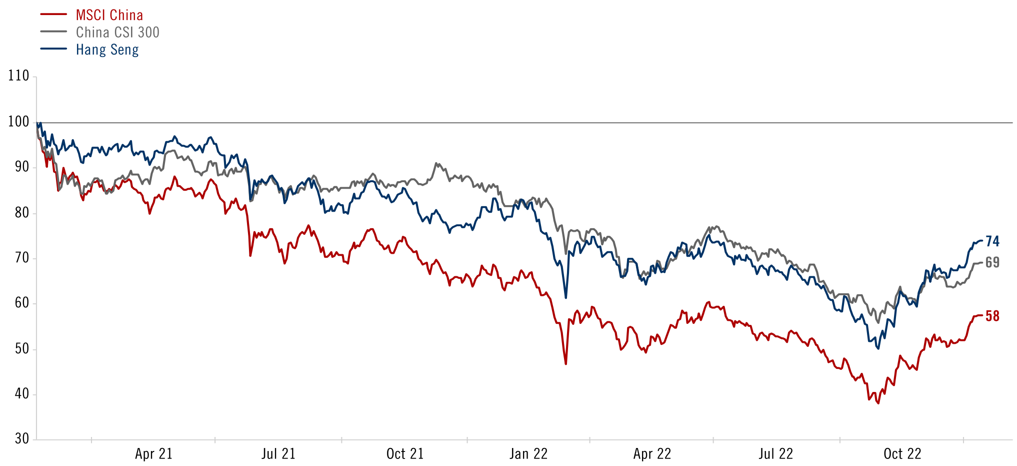
However, the space for large-scale stimulus may be constrained against the backdrop of a sharp decline in local governments' revenues. In our view, debt issuance by Chinese local governments this year will be broadly similar to 2022. We expect the central government's fiscal deficit this year to stay at its usual level of about 3.0% of GDP—slightly higher than 2.8% in 2022, but lower than the 2020 level of 3.6%.

CLEARING SKIES FOR CHINESE EQUITIES

Just a few years ago, global investors' appetite for Chinese equities seemed insatiable despite a brewing trade war between China and the US. Yet, from 2020 onwards, a series of negative events impacted sentiment (and earnings to a lesser extent), leading to a major bear market for all Chinese equity indices. Covid-19, domestic regulatory clampdowns, a major property downturn, China/US geopolitical tensions, delisting threats and president Xi Jinping's moves to increase his powers were among the factors that convinced many prominent investors that Chinese equities had become un-investable.

The MSCI China, CSI 300 and Hang Seng indices experienced maximum drawdowns of -60%, -50 and -40% in USD, respectively (*see Chart 3*). However, all three indices have rebounded massively since the end of October 2022 (by 51%, 48% and 24% respectively at time of writing) as most negative drivers are rapidly fading.

Chart 3: Total return of major Chinese equity indices (rebased to 100, in USD)



Source: FactSet, as of 13 January 2023

Following internal protests, covid-related restrictions were lifted at a brisk pace that defied all expectations. As for the crisis-hit real estate sector, the Chinese authorities have finally put credible backstops in place to restore the most solvent developers' access to credit and buyers' confidence that projects will be completed. The regulatory wave that hit many sectors—from internet platforms to fintech, gaming and education—has now reached the implementation and resolution phase, with very few new announcements. The threat of delisting that hung over US-listed Chinese

For illustrative purposes. 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. There can be no assurance that these projections, forecasts or expected returns will be achieved. The projection is not based on simulated past performance.

firms has also abated as US authorities recently voiced satisfaction with the access they were given to audit documents in China. Finally, while US/China geopolitical tensions remain, there have recently been some marginal signs these are easing.

Logically, one could have expected Chinese stocks to respond positively to these developments, so the real questions are how fast and by how much.

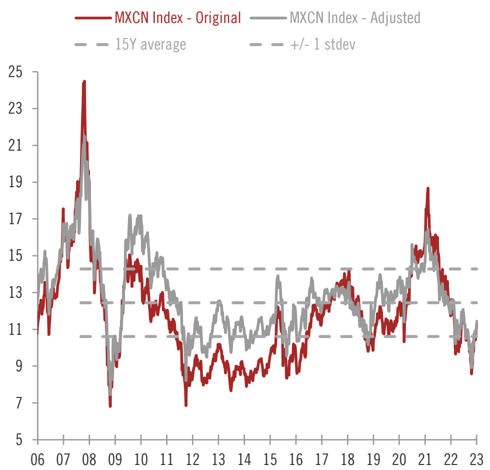
EXPECT A POTENTIAL VALUATION OVERSHOOT

Chinese valuations have rebounded swiftly after hitting a trough at the end of October. The 12-month forward price-to-earnings (P/E) ratio for the MSCI China (including mainly offshore stocks) has risen from about 8x to about 11.6x, i.e. back to its long-term average. Onshore stocks, on the other hand, have gained a less impressive 1.5 point to reach a P/E ratio of 12.6x, still below their long-term average of 13.7x.

The picture is very similar on a relative basis to developed markets, with offshore stocks essentially close to being fairly valued compared to their long-term equilibrium, whereas onshore stocks are still slightly discounted.

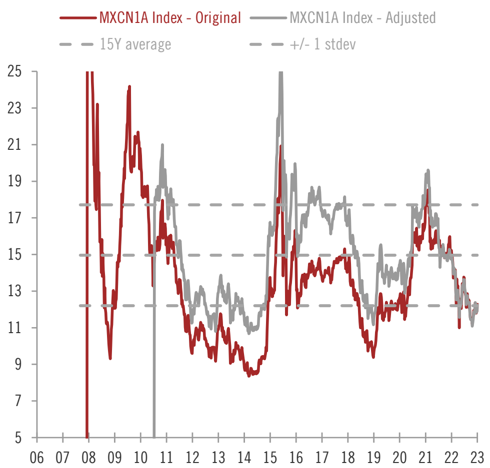
We believe there is room for further expansion in earnings multiples for three main reasons. The first is that on a sector-adjusted basis, both offshore and onshore Chinese stocks still look cheap to us (*see Chart 4 & Chart 5*). The second is that positioning in Chinese stocks remains somewhat light after two years of negative newsflow and capitulation by many investors, notably in the US. The third reason is significant domestic and foreign inflows into Chinese equities since last November. For instance, Northbound flows through StockConnect are currently close to their highest historical level, while Chinese stocks are also benefiting from the spike in non-resident purchases of Asian equities at large.

Chart 4: MSCI China P/E ratio
(12m forward, sector-adjusted)



Source: FactSet, as of 13 January 2023

Chart 5: MSCI China A Onshore P/E ratio
(12m forward, sector-adjusted)



Source: FactSet, as of 13 January 2023

Because of the strong buying momentum, and because China has still to publish economic figures corresponding to the peak of the covid epidemic (which was likely in December '22 – January '23), we believe there is room for a valuation overshoot in the coming months as the economic recovery materialises.

For illustrative purposes. 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. There can be no assurance that these projections, forecasts or expected returns will be achieved. The projection is not based on simulated past performance.

EARNINGS SHOULD SUPPORT A SECOND, MORE PROGRESSIVE LEG UP

If anything is missing in the ongoing recovery, it is a positive earnings trend. Energy and healthcare are the only sectors on the MSCI China index that have seen a rise in their 2023 earnings expectations over the past three months (in local currency terms). We however note a small positive inflection in the past month for several consumer-related sectors. While the overall trend remains negative due to industrials and real estate, a broadening of positive revisions does bode well and should provide further support to market performance, provided it is sustained. By contrast, onshore stock indices still have to show broad-based improvement in earnings expectations.

We also note that 2023 earnings growth expectations for Chinese stocks are among the highest across emerging markets, at 15% and 20%, respectively, for offshore and onshore shares (compared to zero earnings growth expected for EM equities as a whole). While already in the price to some extent, the ongoing reopening and credible signs of policy support comfort us in the belief that Chinese listed companies can meet current (high) earnings growth expectations.

REVISING OUR YEAR-END TARGET UPWARDS

Overall, we see both fundamental and technical indicators as conducive to a continued re-rating of Chinese stocks. Our preference at this stage goes to offshore indices (such as the MSCI China) as they are more geared towards discretionary spending, and also due to light international positioning and a still-high valuation premium for A (onshore) over H (offshore) shares. But we are keeping a close eye on any potential reversal in this trend as, in the long run, A-shares offer better exposure to themes and industries aligned with the policy priorities of the Chinese authorities.

All things considered, we have decided to increase our 2023 year-end target for the MSCI China to HKD 76 (from a target of HKD 62 set at the time of the communist party congress last October). This is based on a target P/E of 11.0x, and 15% earnings growth. It also assumes that earnings revisions turn positive in the coming weeks, or at least remain durably flat. Of note, currency effects have little impact on our forecasts as we expect the renminbi to remain stable against the USD over the 12 months to come (with potential USD upside in the short term).

Our new target implies a 7% total return from the MSCI China based on the current price of HKD 72.

DISCLAIMERS

Distributors: Banque Pictet & Cie SA, Route des Acacias 60, 1211 Geneva 73, Switzerland and Pictet & Cie (Europe) SA, 15A, avenue J. F. Kennedy, L-1855 Luxembourg/B.P. 687 L-2016 Luxembourg.

Banque Pictet & Cie SA is established in Switzerland, exclusively licensed under Swiss Law and therefore subject to the supervision of the Swiss Financial Market Supervisory Authority (FINMA).

Pictet & Cie (Europe) SA is established in Luxembourg, authorized and regulated by the Luxembourg Financial Authority, Commission de Surveillance du Secteur Financier.

This marketing communication is not intended for persons who are citizens of, domiciled or resident in, or entities registered in a country or a jurisdiction in which its distribution, publication, provision or use would violate current laws and regulations.

The information, data and analysis furnished in this document are disclosed for information purposes only. They do not amount to any type of recommendation, either general or tailored to the personal circumstances of any person. Unless specifically stated otherwise, all price information is indicative only. No entity of the Pictet Group may be held liable for them, nor do they constitute an offer or an invitation to buy, sell or subscribe to securities or other financial instruments. The information contained herein is the result neither of financial analysis within the meaning of the Swiss Bankers Association's Directives on the Independence of Financial Research, nor of investment research for the purposes of the relevant EU MiFID provisions. All information and opinions expressed in this document were obtained from sources believed to be reliable and in good faith, but no representation or warranty, express or implied, is made as to its accuracy or completeness.

Except for any obligations that any entity of the Pictet Group might have towards the addressee, the addressee should consider the suitability of the transaction to individual objectives and independently assess, with a professional advisor, the specific financial risks as well as legal, regulatory, credit, tax and accounting consequences.

Furthermore, the information, opinions and estimates in this document reflect an evaluation as of the date of initial publication and may be changed without notice. The Pictet Group is not under any obligation to update or keep current the information contained herein. In case this document refers to the value and income of one or more securities or financial instruments, it is based on rates from the customary sources of financial information that may fluctuate. The market value of financial instruments may vary on the basis of economic, financial or political changes, currency fluctuations, the remaining term, market conditions, the volatility and solvency of the issuer or the benchmark issuer. Some investments may not be readily realizable since the market in the securities can be illiquid. Moreover, exchange rates may have a positive or negative effect on the value, the price or the income of the securities or the related investments mentioned in this document. When investing in emerging countries, please note that the political and economic situation in those countries is significantly less stable than in industrialized countries. They are much more exposed to the risks of rapid political change and economic setbacks.

Past performance must not be considered an indicator or guarantee of future performance, and the addressees of this document are fully responsible for any investments they make. No express or implied warranty is given as to future performance. Moreover, forecasts are not a reliable indicator of future performance. The content of this document can only be read and/or used by its addressee. The Pictet Group is not liable for the use, transmission or exploitation of the content of this document. Therefore, any form of reproduction, copying, disclosure, modification and/or publication of the content is under the sole liability of the addressee of this document, and no liability whatsoever will be incurred by the Pictet Group. The addressee of this document agrees to comply with the applicable laws and regulations in the jurisdictions where they use the information reproduced in this document.

This document is issued by Banque Pictet & Cie SA. This publication and its content may be cited provided that the source is indicated.

Distributor: Pictet & Cie (Europe) S.A., London branch ("Pictet London Branch")

This is a marketing communication distributed by Pictet London Branch.

This document sets forth neither a personal recommendation tailored to the needs, objectives and financial situation of any individual or company (investment advice as defined in the Financial Conduct Authority's Handbook of rules and guidance (the "FCA Handbook")), nor the results of investment research within the meaning of the FCA Handbook. Moreover, it does not constitute an offer, or an invitation to buy, sell or subscribe to securities or other financial instruments, nor is it meant as a proposal for the conclusion of any type of agreement. Furthermore, this document should not be considered a suitability report as Pictet London Branch has not received all the necessary information on the recipient to complete its suitability assessment that covers the recipient's knowledge and experience, tolerance to risk, investment needs and the recipient's ability to absorb financial risk. Should its addressee decide to proceed to any transaction in relation to a financial product referred to herein, this will be in his sole responsibility, and the suitability/appropriateness of the transaction and other financial, legal and tax aspects should be assessed by an expert.

Any information contained in this document is disclosed for information purposes only, and neither the producer nor the distributor can be held liable for any fluctuation of the price of the securities. No express or implied warranty is given as to future performance. The opinions expressed reflect an objective evaluation of information available to the general public, such as rates from customary sources of financial information. The market value of securities mentioned may vary on the basis of economic, financial or political changes, the remaining term, market conditions, the volatility and solvency of the issuer or the benchmark issuer. Moreover, exchange rates may have a positive or negative effect on the value, the price or the income of the securities or the related investments mentioned in this document. It is also expressly noted that forecasts are not a reliable indicator of future performance, while past performance is not a reliable indicator of future results.

You shall only take investment decisions when you fully understand the relevant financial product and the involved risks. In particular, the relevant product documentation (such as the issuance program, final terms, prospectus, simplified prospectus and key (investor) information document), as well as Appendix 4: Risk Warnings Relating to Trading in Financial Instruments of the Terms and Conditions of Pictet London Branch, shall be read. Structured products are complex financial products and involve a high degree of risk. The value of structured products depends not only on the performance of the underlying asset(s), but also on the credit rating of the issuer. Furthermore, the investor is exposed to the risk of default of the issuer/guarantor.

In respect of any product documentation, including key information documents of Packaged Retail and Insurance-based Investment Products ("KIDs") and key investor information documents of Undertakings for Collective Investment in Transferable Securities ("KIIDs"), please note that these may change without notice. You should therefore ensure that you review the latest version of them prior to confirming to Pictet London your decision to invest. If you have been provided with a link to access the respective KID/KIID/other product document, you should therefore click on the link immediately before confirming to Pictet London Branch your decision to invest, in order to review the most recent version of the respective KID/KIID/other product document. If you have not been provided with a link to access the relevant document, or if you are in any doubt as to what the latest version of the respective KID/KIID/other product document is, or where it can be found, please ask your usual Pictet London Branch contact.

Pictet London Branch is not the manufacturer of the product(s) and the KID/KIID/other product document is provided by a third party. The KID/KIID/other product document is obtained from sources believed to be reliable. Pictet London Branch does not make any guarantee or warranty as to the correctness and accuracy of the data contained in the KID/KIID/other product document. Pictet London Branch may not be held liable for an investment decision or other transaction made based on reliance on, or use of, the data contained in the KID/KIID/other product document.

By subscribing to the product(s) proposed herein, you acknowledge that you have (i) received, in good time, read and understood any relevant documentation linked to the product(s), including, as the case may be, the respective KID/KIID/other product document; (ii) taken note of the product(s) restrictions; and (iii) meet the applicable subjective and objective eligibility conditions to invest in the product(s).

Pictet London Branch may, if necessary, rely on these acknowledgements and receive your orders, to transmit them to another professional, or to execute them, according to the relevant clauses of your mandate, as well as the Terms and Conditions of Pictet London Branch.

The content of this document shall only be read and/or used by its addressee. Any form of reproduction, copying, disclosure, modification and/or publication in any form or by any means whatsoever is not permitted without the prior written consent of Pictet London Branch and no liability whatsoever will be incurred by Pictet London Branch. The addressee of this document agrees to comply with the applicable laws and regulations in the jurisdictions where they use the information provided in this document.

Pictet London Branch is a branch of Pictet & Cie (Europe) S.A.. Pictet & Cie (Europe) S.A. is a société anonyme (public limited liability company) incorporated in Luxembourg and registered with the Luxembourg Registre de Commerce et des Sociétés (RCS no. B32060). Its head office is at 15A, avenue J.F. Kennedy, L-2016 Luxembourg. Pictet London Branch is registered as a UK establishment with Companies House (establishment number BR016925) and its UK establishment office address is Stratton House 6th Floor, London, 5 Stratton Street, W1J 8LA.

Authorised and regulated by the Commission de Surveillance du Secteur Financier. Deemed authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website.

Distributors: Bank Pictet & Cie (Asia) Ltd ("BPCAL") in Singapore and/or Banque Pictet & Cie SA, Hong Kong Branch ("Pictet HK Branch") in Hong Kong.

The information, tools and material presented in this document are provided for information purposes only and are not to be used or considered as an offer, an invitation to offer or solicitation to buy, sell or subscribe for any securities, commodities, derivatives, (in respect of Singapore only) futures, or other financial instruments (collectively referred to as "Investments") or to enter into any legal relations, nor as advice or recommendation with respect to any Investments. This document is intended for general circulation and it is not directed at any particular person. This document does not have regard to the specific investment objectives, financial situation and/or the particular needs of any recipient of this document. Investors should seek independent financial advice regarding the appropriateness of investing in any Investments or adopting any strategies discussed in this document, taking into account the specific investment objectives, financial situation or particular needs of the investor, before making a commitment to invest.

BPCAL/Pictet HK Branch has not taken any steps to ensure that the Investments referred to in this document are suitable for any particular investor, and accepts no fiduciary duties to any investor in this regard, except as required by applicable laws and regulations. Furthermore, BPCAL/Pictet HK Branch makes no representations and gives no advice concerning the appropriate accounting treatment or possible tax consequences of any Investment. Any investor interested in buying or making any Investment should conduct its own investigation and analysis of the Investment and consult with its own professional adviser(s) as to any Investment including the risks involved.

This document is not to be relied upon in substitution for the exercise of independent judgment. The value and income of any Investment mentioned in this document may fall as well rise. The market value may be affected by, amongst other things, changes in economic, financial, political factors, time to maturity, market conditions and volatility, and the credit quality of any issuer or reference issuer. Furthermore, foreign currency rates of exchange may have a positive or adverse effect on the value, price or income of any Investment mentioned in this document. Accordingly, investors must be willing and able to assume all risks and may receive back less than originally invested.

Past performance should not be taken as an indication or guarantee of future performance and no representation or warranty, expressed or implied, is made by BPCAL/Pictet HK Branch regarding future performance.

This document does not constitute the investment policy of BPCAL/Pictet HK Branch, or an investment recommendation, and merely contains the different assumptions, views and analytical methods of the analysts who prepared them. Furthermore, the information, opinions and estimates expressed herein reflect a judgment at its original date of publication and are subject to change without notice and without any obligation on BPCAL/Pictet HK Branch to update any of them. BPCAL/Pictet HK Branch may have issued or distributed other reports or documents that are inconsistent with, and reach different conclusions from, the information presented in this document.

While the information and opinions presented herein are from sources believed to be reliable, BPCAL/Pictet HK Branch is not able to, and do not make any representation or warranty as to its accuracy or completeness. Accordingly, BPCAL/Pictet HK Branch accepts no liability for loss arising from the use of or reliance on this document presented for information purposes only. BPCAL/Pictet HK Branch reserves the right to act upon or use any of the information in this document at any time, including before its publication herein.

BPCAL/Pictet HK Branch and its affiliates (or employees thereof) may or may not have long or short positions in, and buy or sell, or otherwise have interest in, any of the Investments mentioned herein, and may or may not have relationships with the issuers of or entities connected with Investments mentioned in this document. BPCAL/Pictet HK Branch and their affiliates (or employees thereof) may act inconsistently with the information and/or opinions presented in this document.

The information used to prepare this document and/or any part of such information, may have been provided or circulated to employees and/or one or more clients of BPCAL/Pictet HK Branch before this document was received by you and such information may have been acted upon by such recipients or by BPCAL/Pictet HK Branch.

This document is provided solely for the information of the intended recipient only and should not be reproduced, published, circulated or disclosed in whole or in part to any other person without the prior written consent of BPCAL/Pictet HK Branch.

Singapore

This document is not directed to, or intended for distribution, publication to or use by, persons who are not accredited investors, expert investors or institutional investors as defined in section 4A of the Securities and Futures Act (Cap. 289 of Singapore) ("SFA") or any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject BPCAL and any of its affiliates or related corporations to any prospectus or registration requirements.

BPCAL is a wholesale bank regulated by the Monetary Authority of Singapore ("MAS") under the Banking Act Cap. 50 of Singapore, an exempt financial adviser under the Financial Advisers Act Cap. 110 of Singapore ("FAA") and an exempt capital markets licence holder under the SFA. Please contact BPCAL in Singapore in respect of any matters arising from, or in connection with this document.

Hong Kong

This document is not directed to, or intended for distribution, publication to or use by, persons who are not "professional investors" within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and any rules made thereunder (the "SFO") or any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject Pictet HK Branch and any of its affiliates or related corporations to any prospectus or registration requirements. If you do not want Pictet HK Branch to use your personal information for marketing purposes, you can request Pictet HK Branch to stop doing so without incurring any charge to you. In distributing investment products as agents for third party service providers, Pictet HK Branch is an agent of the third party service provider and the product is a product of the third party service provider but not Pictet HK Branch. In respect of an eligible dispute (as defined in the Terms of Reference for the Financial Dispute Resolution Centre in relation to the Financial Dispute Resolution Scheme) arising between Pictet HK Branch and you out of the selling process or processing of the related transaction, Pictet HK Branch is required to enter into a Financial Dispute Resolution Scheme process with you; however any dispute over the contractual terms of the product should be resolved between directly the third party service provider and you.

Banque Pictet & Cie SA is a limited liability company incorporated in Switzerland. It is an authorized institution within the meaning of the Banking Ordinance and a registered institution (CE No.: BMG891) under the SFO carrying on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities. The registered address of Pictet HK Branch is 9/F., Chater House, 8 Connaught Road Central, Hong Kong.

Warning: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. Please contact Pictet HK Branch in Hong Kong in respect of any matters arising from, or in connection with this document.

Distributor: Pictet Bank & Trust Limited, where registered office is located at Building 1, Bayside Executive Park, West Bay Street & Blake Road, Nassau, New Providence, The Bahamas.

The document is not directed to, or intended for distribution or publication to or use by persons who are not Accredited Investors (as defined in the Securities Industry Regulations, 2012) and subject to the conditions set forth in the Securities Industry Regulations, 2012 or to any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject Pictet Bank & Trust Limited to any prospectus or registration requirements. Pictet Bank & Trust Limited is incorporated in The Bahamas with limited liability. It is a bank and trust company that is licensed in accordance with the Banks and Trust Companies' Regulation Act and is regulated by the Central Bank of The Bahamas. Additionally, Pictet Bank & Trust Limited is registered with the Securities Commission of The Bahamas as a Broker Dealer II and is approved to (i) Deal in Securities 1.(a) & (c); (ii) Arrange Deals in securities; (iii) Manage Securities; (iv) Advise on Securities.

Warning: The content of this document has not been reviewed by any regulatory authority in The Bahamas. You are, therefore, advised to exercise caution when processing the information contained herein. If you are in any doubt about any of the content of this document, you should obtain independent professional advice.