PICTET
1805

The long-term performance of Swiss equities and bonds (1926-2022)

Commentary

Authors

JACQUES HENRY, CFA
Head of Equities
Pictet Wealth Management

DJÂAFAR ABALLECHE, CFA
Senior Cross-Asset Specialist
Pictet Wealth Management

NADIA GHARBI, CFA
Senior Economist
Pictet Wealth Management

Summary

- Aggressive rate hikes by the Swiss National Bank in response to a spike in inflation contributed to the negative performance of Swiss bonds and equities alike in 2022.
- In real and nominal terms, last year was the fourth worst for 60/40 Swiss portfolios since 1926, with bonds accounting for one-third of the losses as interest rates spiked. Taking stocks and bonds separately, last year was the worst since 1926 for Swiss bond returns in real and nominal terms and the 11th worst for Swiss equities.
- Looking at long-term average annual returns gives a fuller perspective on performance. A 10-year investment initialised in Swiss equities would have produced a negative performance in only three of the 97 years since 1926. Our analysis shows that nobody who kept their initial investment in Swiss equities for at least 14 years would have made a loss since 1926. This falls to 10 years in the case of a 60/40 Swiss portfolio.
- Making generous assumptions for various portfolio costs, we calculate that CHF1,000 invested in Swiss equities in 1926 would be worth over CHF830,000 today. To achieve CHF1 million from a full century of investing would require an annual return of 6.4% over the next three years—close to the actual long-term average for Swiss equities.
- Since 1926, the average annual return for a 10-year investment in Swiss bonds has been about half that of Swiss equities (3.9% versus 7.7% (in CHF)) in nominal terms. In real terms, the annual average return for a 10-year Swiss bond investment is 2.0% compared with 5.6% for Swiss equities.

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.

2022, *annus horribilis* for Swiss bonds and equities—but the long-term appeal of a 60/40 portfolio remains

THE END OF NEGATIVE INTEREST RATES

Largely thanks to disinflation, long-term interest rates in Switzerland trended downward for three decades starting in the early 1990s. But mid-2021 marked the end of this long period as the energy crisis, post-pandemic supply bottlenecks and fiscal stimulus contributed to a sharp acceleration in inflation throughout the developed world, including Switzerland. However, price increases have been more modest in Switzerland than in the euro area and the US for several reasons. First, the strength of the Swiss franc has helped to reduce imported inflation. Second, while a large share of it comes from Russia, Switzerland's dependence on natural gas is comparatively low as the country's electricity needs are almost entirely met by hydro energy and nuclear power. Third, there are government-imposed price controls on a wider range of goods and services than in euro area countries. The recent correction in energy prices and the easing of supply bottlenecks is already bringing down the annual rate of inflation. But the outlook looks highly uncertain and Swiss inflation could remain above its pre-pandemic level in the coming years, driven by the energy transition and the trend towards 're-shoring'.

The Swiss National Bank (SNB) has played a major role in keeping inflation lower than elsewhere by moving away from trying to weaken the Swiss franc towards aiming to keep it strong. The SNB started tightening in mid-2022, raising its key interest rates by 50 bps in June, the first rate rise in 15 years. This was followed by a further 75 bps rate hike in September that brought the policy rate up to 0.5% and ended the period of negative interest rates in Switzerland. Ending negative rates helps banks and other lenders and means people and companies are no longer charged on their bank deposits. But the large increase in the yield on bonds *(see chart 1)* has hurt their performance, as we discuss later.

While Switzerland's inflation rate of around 3% is low by international comparison, it is still well above the 0% to 2% range that the SNB equates with price stability. The SNB will probably continue with its hikes in 2023, although a lower rate of inflation and the SNB's credibility in maintaining price stability mean it does not face policy dilemmas of the same magnitude as the European Central Bank and Federal Reserve. SNB rate hikes should be milder this year, partly restoring the traditional interest-rate differential with the US and euro area.

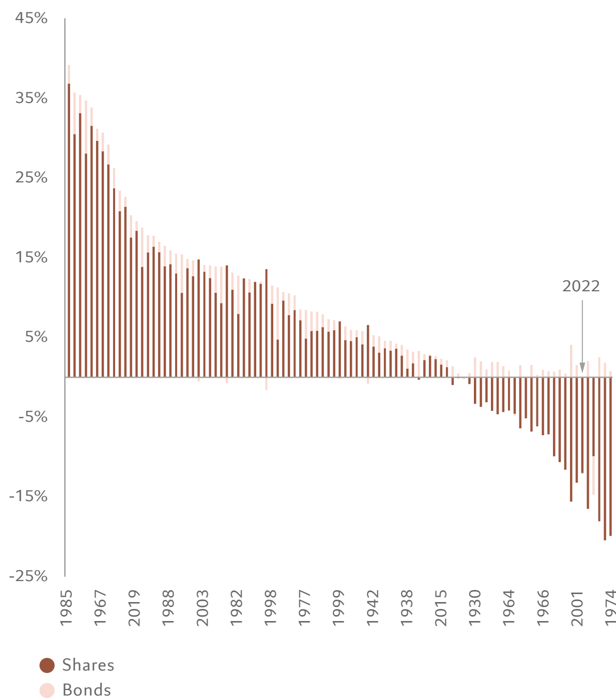
CHART 1
10-year Swiss government bond yield

Source: Pictet Wealth Management, FactSet, as of 31.12.2022

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.

CHART 2

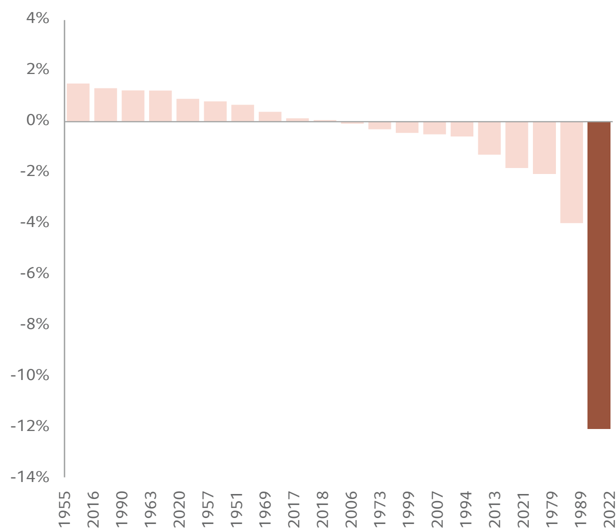
Performance of a 60/40 Swiss portfolio, ranked from best to worst year since 1926



Source: Pictet Wealth Management, FactSet, as of 31.12.2022

CHART 3

Last year saw the worst annual returns for Swiss bonds since 1926



Source: Pictet Wealth Management, FactSet, as of 04.01.2023

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.

BALANCED ALLOCATIONS TAKE A TUMBLE

Along with presenting our annual analysis of the long-term returns of Swiss equities and bonds separately, this year we look at the long-term performance of a balanced Swiss portfolio consisting of 60% Swiss equities and 40% Swiss bonds. Our calculations assume that the portfolio is rebalanced annually to ensure the 60/40 mix is maintained, in line with our annual time series.

What changing monetary policy will mean for assets in 2023 remains to be seen, but 2022 performances show the impact of last year's rapid rise in interest rates. Indeed, as chart 2 shows, last year turned out to be the fourth-worst year for a balanced Swiss portfolio since 1926—just behind 1974 (the aftermath of the first oil shock), 2008 (the global financial crisis) and 1931 (the sequel of the 1929 Wall Street crash). But 2022 was quite different, in the sense that whereas previous exceptionally bad years were solely driven by a major equity sell-off, in 2022 we saw a decline in equities and bonds alike. Bonds alone accounted for one third of the losses experienced by a 60/40 Swiss portfolio last year.

The main driver of bonds' poor performance was sticky inflation, which, as explained, pushed the SNB, like other central banks, to tighten policy aggressively, leading to a rapid rise in bond yields.

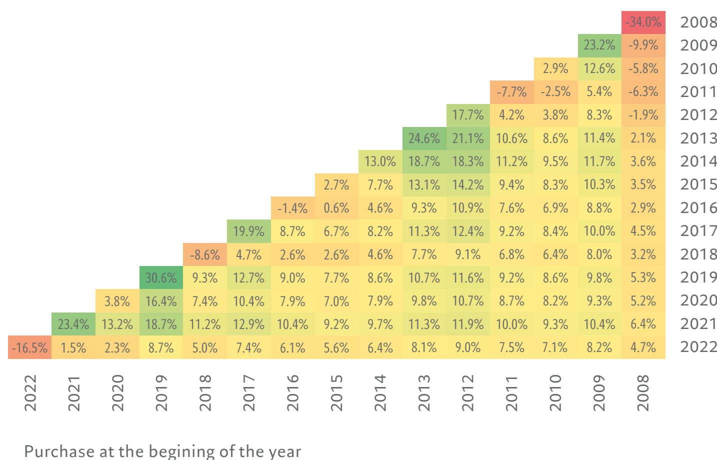
Last year was also the fourth-worst year for Swiss balanced portfolios since 1926 if one looks at returns in real (ie. inflation-adjusted) rather than nominal terms. The worst-ever years, with negative real returns for both bonds and equities, were 1973 and 1974, when inflation was 11.9% and 7.6%, respectively. Annual consumer inflation in Switzerland was a much lower 2.8% in 2022—but was still considerably higher than the 0.7% average of the past 30 years.

THE WORST YEAR ON RECORD FOR SWISS BONDS

With a nominal return of -12.1% in CHF, 2022 was the worst year on record for Swiss government bonds and compares with -4% for the second-worst year (1989, *see chart 3*). Last year was also the worst on record for Swiss bonds in real terms, although

CHART 4

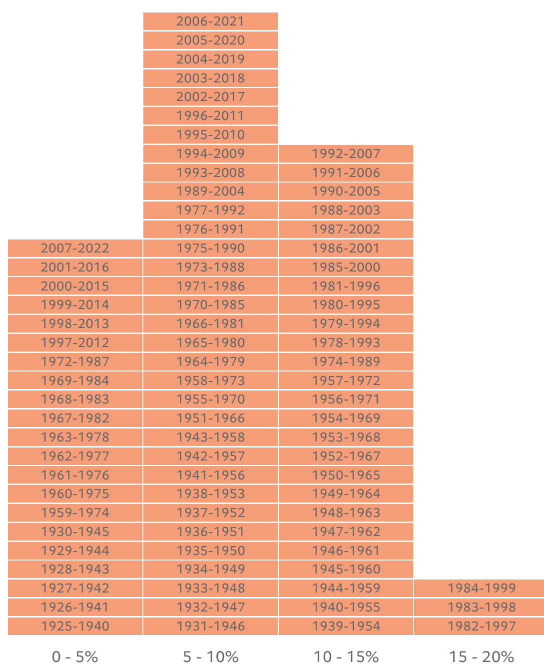
Average annual CHF returns on Swiss equities over the past 15 years



Source: Pictet Wealth Management, FactSet, as of 31.12.2022

CHART 5

Swiss equities' annualised returns grouped by 15-year periods (y-axis) and return range (x-axis)



Source: Pictet Wealth Management, FactSet, as of 31.12.2022

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.

the performance gap looks less daunting, with a real return of -14.5% in 2022 compared with the next-worse years (-10.9% in 1973, -9.6% in 1940 and -8.6% in 1989).

SWISS EQUITIES: TO TIME OR NOT TO TIME

Taking the Swiss Performance Index (SPI) as a reference, Swiss equities went from an annual return in CHF of 23.4% in 2021 (the 19th highest since 1926) to -16.5% in 2022 (the 11th lowest). Taken together, Swiss equities returned an annual average of 1.5% in 2021-2022 *(see chart 4).*

Chart 4, showing average annual returns for Swiss equities between 2008 and 2022, is an extract from a much larger series, represented as a triangle, that can be downloaded at this link: https://www.pictet.com/ch/en/corporate-news/historical-performance-of-shares-and-bonds-in-switzerland The last row of the extract gives annualised CHF returns up to the end of 2022 for different starting years. If we strip out 2020 (distorted by the covid crisis), annualised returns on Swiss equities for investments starting between 2009 and 2019 ranged between 5% and 9% at the end of last year—not far from the 7.7% initial investments have achieved since 1926.

Investors who unfortunately invested in the Swiss stock market at the beginning of 2008 saw an average annual performance of -1.9% in the five-year period to the end of 2012. But assuming these investors did not withdraw their money, the average annual return had rebounded to 4.7% in CHF by the end of 2022—not bad taking into account the 34% loss they would have suffered in 2008 alone and the 16.5% loss in 2022.

An equity drawdown is always stressful. But these numbers show one needs to consider the ability of equities to recover after a sell-off. Smoothed over a long time period, the impact of drawdowns tends to dissipate. An unlucky investor with a five-year time horizon would have faced a negative total return on Swiss equities 14 times over the 97 years between 1926 and 2022. Those 14 occurrences are linked to three major market events: the Wall Street crash in 1929, the bursting of the 'dot com' bubble in 2001 and the global financial crisis in 2008. But investors

with a 10-year horizon would have suffered a negative return if their initial investment had been made in only three different years since 1926, all linked to the 1929 crisis. Our analysis suggests that since 1926, nobody who invested in Swiss equities for at least 14 years would have experienced a loss on their initial investment (chart 5 illustrates the range of returns for investments in Swiss equities held for 15 years). The time period to breakeven shortens to 10 years for a 60/40 Swiss portfolio. In short, a disciplined, patient approach to equity investing is the best response to the old adage that "you can't time the market". Even if investors cannot time the market, they can build up their portfolio's resilience through a buy and hold approach.

THREE MORE YEARS TO BECOME A MILLIONAIRE

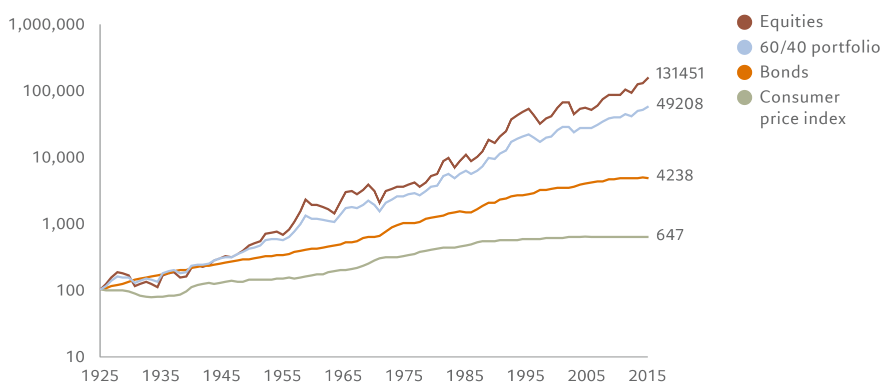
With figures going back to 1926, we now have almost a century's worth of data on annual returns. A good way to illustrate the 'magic' of compounding is to track the total returns from CHF1,000 invested in Swiss equities at the end of 1925 (assuming that dividends are reinvested and no money is withdrawn). Our analysis shows that the initial CHF1,000 would have grown to CHF1.31 million 97 years later. Of course, this figure is too good to be true: we need to consider the costs (brokerage fees, stamp duties, cost of portfolio rebalancing...) linked to equity investing. To take these costs into account in our calculations, we deduct 50 bps from annual equity returns since 1926. This gives us a cumulative total return on the CHF1,000 investment of CHF830,162 between 1926 and 2022. To reach a century return of CHF1 million after costs would require an annual 6.4% return over the next three years—in other words, close to the long-term annual average. Patience remains a virtue; as returns compound over time, investors' time horizon can make all the difference.

Things are different for bonds. On the one hand, risk indicators look less forbidding: Swiss bonds show an annualised standard deviation (a measure of volatility) of 4% compared with 20% for Swiss equities, while the maximum drawdown (the maximum potential loss from investing at market tops and selling at market troughs) is also lower for Swiss bonds than for Swiss equities (12% for Swiss bonds in 2022 vs. 34% for Swiss equities in 2008). But while they fared relatively better than equities last year, the average annual return offered by Swiss bonds has also been much lower over the long term, at 2.2% between 2003 and 2021. The annual total returns from Swiss bonds are around half those earned on Swiss equities if one looks even further back—3.9% since 1926 versus 7.7% for Swiss equities (in CHF). In short, while bonds, despite the 2022 mishap, have proved their worth in mitigating portfolio risk since 1926, equities remain the investment of choice over the long term *(see chart 6)*. Put another way, a decent long-term investment horizon together with a certain risk tolerance justify a significant allocation to equities. As chart 6 shows, equities are also the main driver of 60/40 portfolios' long-term returns.

CHART 6

Equities provide a larger share of a 60/40 portfolio's returns than bonds

Increase in the nominal value of a Swiss equity, bond and 60/40 portfolio since 1926 (Base=100)



Source: Pictet Wealth Management, FactSet, as of 31.12.2022

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.

EQUITIES OFFER BETTER REAL LONG-TERM RETURNS THAN BONDS

The average annualised return (geometric mean) for Swiss equities and bonds in CHF over 10 years now stands at 7.7% and 3.9% in nominal terms, respectively. Given the 2022 sell-off in both asset classes, these figures are somewhat lower than in July 1998 (the first year we published long-term return updates), when 10-year returns stood at 8.6% and 4.6%, respectively.

The resurgence of inflation post covid means that paying attention to real returns (which take account of erosion in the value of money) is more relevant than before. In real terms, the return from Swiss equities averaged 5.6% between 1926 and 2022, only slightly down from the 6.0% figure for the period between 1926 and 1998. The variation is smaller for Swiss bonds, which made an average annualised 10-year real return of 2.0% up to the end of 2022 compared with 2.1% at end-1998. Again, these figures show that equities provide better returns than bonds over the long run.

Conclusion: more of the same

Our long experience of looking after private investors and family offices suggests that drastically reducing equity exposure in reaction to near-term performance issues and then missing the subsequent market upturn is the biggest risk to long-term total: the experience of 2021-2022 is an extreme example of this.

Consequently, it could make sense for investors to map out a long-term, robust and sustainable investment strategy and think carefully about how it is implemented. Only too often, this vitally important question takes second place to other considerations felt to be more important (cost of asset management and advice, cost of analysis etc.).

Equities remain the investment of choice over the long term given how difficult it is to 'time the market'. Good advice and a long-term perspective can make a big difference to investors' wealth, both in nominal and real terms.

Appendix: where do our data come from?

Our study of Swiss equities and bonds, originally published in 1988 and updated annually since 1998, uses data going back to 1926. We have used the Swiss Performance Index (SPI) as a base for calculating equity returns since 1992. The Pictet Bond index is used for our analysis of the performance of Swiss bonds until end 2003. Last year, for reasons of simplicity and consistency, it was decided to switch to the Swiss Bond Index Total Return AAA-BBB Index for annual returns since 2004. This switch has necessitated slight adjustments to historical data on bonds from 2004 to 2021. Such a change does not impact our past comments but will make future updates easier.

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.

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 marketing publication is issued by Banque Pictet & Cie SA. This marketing publication and its content may be cited provided that the source is indicated. All rights reserved. Copyright 2023.

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 2001 ("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 1970 of Singapore, an exempt financial adviser under the Financial Advisers Act 2001 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 an investment product as agent for a third party service provider, Pictet HK Branch distributes the product for 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 directly between 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.

DISCLAIMERS INDEX & DATA PROVIDER

SIX: "SIX Swiss Exchange AG ("SIX Swiss Exchange") is the source of the relevant SIX indices as mentioned in the applicable reporting or publications of the Pictet group and the data comprised therein. SIX Swiss Exchange has not been involved in any way in the creation of any reported information and does not give any warranty and excludes any liability whatsoever (whether in negligence or otherwise) – including without limitation for the accuracy, adequateness, correctness, completeness, timeliness, and fitness for any purpose – with respect to any reported information or in relation to any errors, omissions or interruptions in the relevant index or its data. Any dissemination or further distribution of any such information pertaining to SIX Swiss Exchange is prohibited."

MSCI: The MSCI information may only be used for your internal use, may not be reproduced or redisseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties '') expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement. merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, fast profits) or any other damages. (www.msci.com)

FTSE: "London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group [2022]. FTSE Russell is a trading name of certain of the LSE Group companies.(e.g., "FTSE®" "FTSE Fixed Income""Russell®", "FTSE Russell®) is/are a trade mark(s) of the relevant LSE Group companies and is/are used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication."

JPMORGAN: "Information has been obtained from sources believed to be reliable but J.P. Morgan does not warrant its completeness or accuracy. The Index is used with permission. The Index may not be copied, used, or distributed without J.P. Morgan's prior written approval. Copyright 2017, J.P. Morgan Chase & Co. All rights reserved."

BLOOMBERG: Bloomberg Index Services Limited

STOXX: "STOXX Limited ("STOXX") is the source of The relevant STOXX indices as mentioned in the applicable reporting or publications of the Pictet group and the data comprised therein. STOXX has not been involved in any way in the creation of any reported information and does not give any warranty and excludes any liability whatsoever (whether in negligence or otherwise) – including without limitation for the accuracy, adequateness, correctness, completeness, timeliness, and fitness for any purpose – with respect to any reported information or in relation to any errors, omissions or interruptions in the relevant STOXX indices as mentioned in the applicable reporting or publications of the Pictet group or its data. Any dissemination or further distribution of any such in-formation pertaining to STOXX is prohibited."

MARKIT: "Copyright 2022, Markit Economics Limited. All rights reserved and all Intellectual property rights retained by Markit Economics Limited."

RICI/RICI-Beeland: Rogers International Commodity Index®. "Jim Rogers", "James Beeland Rogers, Jr.", and "Rogers" are trademarks and service marks of, and "Rogers International Commodity Index" and "RICI" are registered service marks of, Beeland Interests, Inc., which is owned and controlled by James Beeland Rogers, Jr., and are used subject to license. The personal names and likeness of Jim Rogers/James Beeland Rogers, Jr. are owned and licensed by James Beeland Rogers, Jr. Products based on or linked to the Rogers International Commodity Index® or any sub-index thereof are not sponsored, endorsed, sold or promoted by Beeland Interests, Inc. ("Beeland Interests") or James Beeland Rogers, Jr. Neither Beeland Interests nor James Beeland Rogers, Jr. makes any representation or warranty, express or implied, nor accepts any responsibility, regarding the accuracy or completeness of this website, or the advisability of investing in securities or commodities generally, or in products based on or linked to the Rogers International Commodity Index® or any sub-index thereof or in futures particularly.

TOPIX: The TOPIX Index Value and the TOPIX Marks are subject to the proprietary rights owned by Tokyo Stock Exchange, Inc. and Tokyo Stock Exchange, Inc. owns all rights and know-how relating to the TOPIX such as calculation, publication and use of the TOPIX Index Value and relating to the TOPIX Marks. No Product is in any way sponsored, endorsed or promoted by Tokyo Stock Exchange, Inc.

EMMI-EURIBOR: Euribor®, Eonia® and Eurepo® are registered trademarks of EMMI a.i.s.b.l. All rights reserved. All use of these names must indicate that the index is a registered trademark.

NOMURA: The intellectual property rights and any other rights, in the Nomura indices belong to Nomura Securities Co., Ltd. ("Nomura"). Nomura does not guarantee accuracy, completeness, reliability, usefulness, marketability, merchantability or fitness of the Index, and does not account for business activities or services that Pictet group undertakes with the use of the Index.

Copyright 2022, S&P Global Market Intelligence. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content. A reference to a particular investment or security, a rating or any observation concerning an investment that is part of the Content is not a recommendation to buy, sell or hold such investment or security, does not address the suitability of an investment or security and should not be relied on as investment advice. Credit ratings are statements of opinions and are not statements of fact.

S&P DOW JONES: The "relevant S&P Dow Jones indices as mentioned in the applicable reporting or publications of the Pictet group" is a product of S&P Dow Jones Indices LLC, a division of S&P Global, or its affiliates ("SPDJI") and Third Party Licensor, and has been licensed for use by Pictet group. Standard & Poor's® and S&P® are registered trademarks of Standard & Poor's Financial Services LLC, a division of S&P Global ("S&P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"); Third Party Licensor Trademarks are trademarks of the Third Party Licensor and these trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by Pictet group. It is not possible to invest directly in an index. The relevant product of the Pictet group are not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, any of their respective affiliates (collectively, "S&P Dow Jones Indices") or Third Party Licensor. Neither S&P Dow Jones Indices nor Third Party Licensor make any representation or warranty, express or implied, to the owners of the relevant product of the Pictet group or any member of the public regarding the advisability of investing in securities generally or in The relevant product of the Pictet group particularly or the ability of the relevant S&P Dow Jones indices as mentioned in the applicable reporting or publications of the Pictet group to track general market performance. Past performance of an index is not an indication or guarantee of future results. S&P Dow Jones Indices and Third Party Licensor only relationship to Pictet Group with respect to the relevant S&P Dow Jones indices as mentioned in the applicable reporting or publications of the Pictet group is the licensing of the Index and certain trademarks, service marks and/or trade names of S&P Dow Jones Indices and/or its licensors. The relevant S&P Dow Jones indices as mentioned in the applicable reporting or publications of the Pictet group is determined, composed and calculated by S&P Dow Jones Indices or Third Party Licensor without regard to Pictet Group or the relevant product of the Pictet group. S&P Dow Jones Indices and Third Party Licensor have no obligation to take the needs of Pictet Group or the owners of The relevant product of the Pictet group into consideration in determining, composing or calculating the relevant S&P Dow Jones indices as mentioned in the applicable reporting or publications of the Pictet group. Neither S&P Dow Jones Indices nor Third Party Licensors are responsible for and have not participated in the determination of the prices, and amount of the relevant product of the Pictet group or the timing of the issuance or sale of The relevant product of the Pictet group in the determination or calculation of the equation by which the relevant product of the Pictet group is to be converted into cash, surrendered or redeemed, as the case may be. S&P Dow Jones Indices and Third Party Licensor have no obligation or liability in connection with the administration, marketing or trading of the relevant product of the Pictet group . There is no assurance that investment products based on the relevant S&P Dow Jones indices as mentioned in the applicable reporting or publications of the Pictet group will accurately track index performance or provide positive investment returns. S&P Dow Jones Indices LLC is not an investment or tax advisor. A tax advisor should be consulted to evaluate the impact of any tax-exempt securities on portfolios and the tax consequences of making any particular investment decision. Inclusion of a security within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, nor is it considered to be investment advice.

NEITHER S&P DOW JONES INDICES NOR THIRD PARTY LICENSOR GUARANTEES THE ADEQUACY, ACCURACY, TIMELINESS AND/OR THE COMPLETENESS OF THE INDICES OR ANY DATA RELATED THERETO OR ANY COMMUNICATION, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATION (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P DOW JONES INDICES AND THIRD PARTY LICENSOR SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS, OR DELAYS THEREIN. S&P DOW JONES INDICES AND THIRD PARTY LICENSOR MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE OR AS TO RESULTS TO BE OBTAINED BY PICTET GROUP, OWNERS OF THE RELEVANT PRODUCT OF PICTET GROUP, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE INDICES OR WITH RESPECT TO ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P DOW JONES INDICES OR THIRD PARTY LICENSOR BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBLITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN S&P DOW JONES INDICES AND PICTET GROUP, OTHER THAN THE LICENSORS OF S&P DOW JONES INDICES.

NASDAQ: Nasdaq®, The relevant NASDAQ indices as mentioned in the applicable reporting or publications of the Pictet group , are registered trademarks of Nasdaq, Inc. (which with its affiliates is referred to as the "Corporations") and are licensed for use by Pictet Group.

HFR: © 2022 Hedge Fund Research, Inc. - All rights reserved. HFR®, HFRI®, HFRX®, HFRQ®, HFRU®, HFRL®, HFR PortfolioScope®, WWW.HEDGEFUNDRESEARCH.COM®, HEDGE FUND RESEARCH®, HFR IndexScope™, and HFR Risk Parity Indices™ are the trademarks of Hedge Fund Research, Inc.This information is obtained from sources that Hedge Fund Research, Inc. considers to be reliable; however, no representation is made as to, and no responsibility or liability is accepted for, the accuracy or completeness of the information. Information contained herein is subject to change at any time without notice. It is not possible to invest directly in a financial index. Exposure represented by an index is available through instruments based on that index. HFR does not sponsor, endorse, sell, promote or manage any investment products.

EURONEXT: "©2022 Euronext N.V. All Rights Reserved. The information, data, analysis and Information contained herein (i) include the proprietary information of Euronext and its content providers, (ii) may not be copied or further disseminated except as specifically authorized, (iii) do not constitute investment advice, (iv) are provided solely for informational purposes and (v) are not warranted to be complete, accurate or timely."

ICE: ICE DATA INDICES, LLC ("ICE DATA"), IS USED WITH PERMISSION. ICE® IS A REGISTERED TRADEMARK OF ICE DATA OR ITS AFFILIATES [AND BOFA® IS A REGISTERED TRADEMARK OF BANK OF AMERICA CORPORATION LICENSED BY BANK OF AMERICA CORPORATION AND ITS AFFILIATES ("BOFA") AND MAY NOT BE USED WITHOUT BOFA'SPRIOR WRITTEN APPROVAL]. ICE DATA, ITS AFFILIATES AND THEIR RESPECTIVE THIRD PARTY SUPPLIERS DISCLAIM ANY AND ALL WARRANTIES AND REPRESENTATIONS, EXPRESS AND/OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, INCLUDING THE INDICES, INDEX DATA AND ANY DATA INCLUDED IN, RELATED TO, OR DERIVED THEREFROM. NEITHER ICE DATA, ITS AFFILIATES NOR THEIR RESPECTIVE THIRD PARTY SUPPLIERS SHALL BE SUBJECT TO ANY DAMAGES OR LIABILITY WITH RESPECT TO THE ADEQUACY, ACCURACY, TIMELINESS OR COMPLETENESS OF THE INDICES OR THE INDEX DATA OR ANY COMPONENT THEREOF, AND THE INDICES AND INDEX DATA AND ALL COMPONENTS THEREOF ARE PROVIDED ON AN "AS IS" BASIS AND YOUR USE IS AT YOUR OWN RISK. ICE DATA, ITS AFFILIATES AND THEIR RESPECTIVE THIRD PARTY SUPPLIERS DO NOT SPONSOR, ENDORSE, OR RECOMMEND [Pictet], OR ANY OF ITS PRODUCTS OR SERVICES.

ICE-LIBOR: The index data referenced herein is the property of ICE Data Indices, LLC, its affiliates ("ICE Data") and/or its Third Party Suppliers and has been licensed for use by Pictet group. ICE Data and its Third Party Suppliers accept no liability in connection with its use.

CME: 'Used with permission from CME Group Inc. 2022'

pictet.com/wealth-management