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Building Responsible Partnerships

**TO OUR CLIENTS,  
COLLEAGUES, COMMUNITIES  
AND COMPANIES  
IN WHICH WE INVEST**

It is with pride and humility  
that I introduce the seventh Annual Review  
of the Pictet Group — an assessment of  
the previous year and a reflection of our thoughts  
for 2021. In many ways 2020 has been  
a year of record achievement. Pictet has demonstrated  
once again its resilience under stress and  
the power of partnership to overcome adversity.

We did so relying on three pillars:  
absolute integrity, investment leadership and  
‘the Pictet fortress’. It has always been  
our belief that a financially robust business has both  
the privilege of stability and a responsibility  
to effect positive change. We recognise that privilege  
and the responsibility that comes with it.

As a firm and as individuals we have a duty  
to serve not only our clients but  
also our communities and future generations —  
both through our own actions  
and the investment decisions we make.

Only then can we be truly proud  
of our professional achievements.

Renaud de Planta  
On behalf of the Managing Partners



### Year ended 31 December<sup>1</sup>

	2020	2019	
CHF	2,885 m	2,629 m	Operating income
CHF	577 m	539 m	Consolidated profit
CHF	45.3 bn	36.8 bn	Total assets
CHF	3.17 bn	3.13 bn	Total equity
	20.6 %	20.5 %	Core tier 1 capital ratio <sup>2</sup>
	20.6 %	20.5 %	Total capital ratio <sup>2</sup>
	182 %	156 %	Liquidity coverage ratio <sup>2</sup>
CHF	609 bn	576 bn	Assets under management or custody



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## PARTNERSHIP

While Pictet has the legal form of a partnership, it is also a partnership in a wider sense. Partnership embodies respect, trust and interdependence over the long term. It also means embracing diversity and promoting inclusion.

## The Pictet Group

The Pictet Group comprises four business units: asset management, wealth management, alternative advisers and asset services. It is constituted as a *société en commandite par actions* (a corporate partnership), which is the managing entity of the Group.

The principal operating companies are the Swiss bank, Banque Pictet & Cie SA; Pictet & Cie (Europe) SA; Bank Pictet & Cie (Asia) Ltd; and the asset management subsidiaries grouped under Pictet Asset Management Holding SA, a holding company belonging to the Pictet Group.

Other than the head office in Geneva, Pictet has 29 offices in 19 countries worldwide, including three new locations opened in 2020: Monaco, New York and Shanghai.

The Group is owned and managed by seven managing partners, and overseen by an independent supervisory board. Renaud de Planta, a partner since 1998, has been senior partner since 1 September 2019.

At 1 April 2021, a further 42 senior executives, known as equity partners, held equity in the Group. Each leads a strategically important function and plays a central role in the development of Pictet. Elections are made every second year.

In selecting new employees and promoting career advancement, Pictet aims for diversity of gender, background and education, which together contribute to diversity in thought, opinion and experience. But diversity also goes hand in hand with inclusion – that is, making each employee feel valued and giving each a voice in daily business.

<sup>3</sup> The term 'Assets under management or custody' excludes double counting. It represents the assets of private and institutional clients looked after by the Pictet Group. These assets may be managed through individual discretionary mandates, benefit from value-added services such as investment advice, or simply be under deposit.

<sup>4</sup> Leavers as a percentage of average employee count

4881

group full-time  
equivalent employees

CHF 609 BILLION  
assets  
under management  
or custody<sup>3</sup>

30 19  
offices countries

5.5% employee  
turnover rate<sup>4</sup>

**PARTNERS**

Renaud de Planta *Senior Partner* · Rémy Best · Marc Pictet · Bertrand Demole  
 Laurent Ramsey · Boris Collardi · Sébastien Eisinger

**EQUITY PARTNERS<sup>5</sup>**

Heinrich Adami · Victor Aerni · Elif Aktug · Derick Bader  
 Xavier Barde · Dominique Benoit · Marc Briol · Yves Bruggisser · Nicolas Campiche  
 Andrea Delitala · Philippe de Weck · Elizabeth Dillon · Luca Di Patrizi  
 Christophe Donay · Jean-Claude Erne · Olivier Ginguené · Claude Haberer  
 Takuhide Hagino · Christèle Hiss Holliger · Zsolt Kohalmi · Gaspare La Sala  
 Philippe Liniger · Christopher Mouravieff-Apostol · Epaminondas Pantazopoulos  
 Fabio Paolini · Claude-Joseph Pech · César Pérez Ruiz · Grégory Petit  
 Hans Peter Portner · Niall Quinn · Lorenz Reinhard · Gonzalo Rengifo Abbad  
 Raymond Sagayam · Andres Sanchez Balcazar · Christian Schröder  
 Markus Signer · Hervé Thiard · Bernd Uhe · Alberto Valenzuela · Giovanni Viani  
 Pierre-Alain Wavre · Peter Wintsch

**BUSINESS UNITS**

### Asset Management

Specialist Investment  
 Management for Institutions  
 and Investment Funds

### Wealth Management

Private Banking  
 Wealth Solutions  
 Family Office Services

### Alternative Advisors

Private Equity  
 Real Estate  
 Hedge Funds

### Asset Services

Custody  
 Fund Solutions  
 Trading Services

**SEMESTRIELLE**  
**AUDITORIUM CHARLES PICTET**  
**GENEVA, SEPTEMBER 2020**

Standing (from left to right): **Bertrand Demole** and Hubertus Kuelps.  
First row: **Sébastien Eisinger**, **Boris Collardi**, **Renaud de Planta** and **Laurent Ramsey**. Second row: Charles Pictet and **Marc Pictet**. Third row: Andres Sanchez Balcazar, Hans Isler, Guy Demole, **Rémy Best** and Christèle Hiss Holliger. Fourth row: Gaspare La Sala, Philippe Liniger, Luca Di Patrizi, Yves Bruggisser, Marc Briol, Barbara Lambert and Christian Schröder. Fifth row: Jean-Claude Erne, Xavier Barde, Zsolt Kohalmi, César Pérez Ruiz, Jacques de Saussure, Ivan Pictet, Bernd Uhe, Nicolas Campiche and Pierre-Alain Wavre. Sixth row: Elif Aktug, Grégory Petit, Derick Bader and Christophe Donay



All companies have their rituals. Pictet's is the semestrielle.

Seen here are Pictet's seven managing partners and senior staff (suitably distanced) at the September 2020 twice-yearly semestrielle meeting. Right of centre, three rows back, is Guy Demole, senior partner from 1988 to 1996, who introduced a quarterly results presentation known as *la trimestrielle*.

When Guy retired, Charles Pictet (left, behind Bertrand Demole, turning) adjusted the frequency to three times a year — hence *la quadrimestrielle*. Charles' successor, Ivan Pictet, can be seen in the third seat to the right of Jacques de Saussure. When Jacques (directly behind Guy) took over from Ivan in 2010, it became the semestrielle.

'I wish I could see you all face-to-face, but we have had to adapt,' said Renaud de Planta, senior partner, opening the September meeting. Pictet was not alone — companies worldwide transformed, temporarily or permanently, their ways of working during the Covid-19 pandemic.

'We have risen to one of the biggest challenges the Group has faced,' he added. At Pictet, as elsewhere, it fell to IT and Operations in particular to ensure that staff could keep the business going — managing and administering assets, serving clients — while working largely from home.

In February 2021, instead of an in-person meeting of up to 2,000 colleagues, the gathering was fully virtual. All at Pictet keenly anticipate the return of genuine human contact — with clients, colleagues and communities — once again.

## ENTREPRENEURIAL SPIRIT

Independence, long-term thinking, partnership and responsibility count for little if we do not keep our entrepreneurial spirit alive.

Many businesses lose their boldness, adaptability and originality as they grow. They become process-driven bureaucracies. Pictet is determined to stay true to its entrepreneurial origins.

## A polarising year

*It was the best of times, it was the worst of times... it was the spring of hope, it was the winter of despair, we had everything before us, we had nothing before us.*<sup>6</sup> These words resonate with so many events of 2020: the Beirut explosion, the Black Lives Matter movement, the Belarus protests, the Myanmar crackdown, and on 6 January 2021 the storming of the US Capitol. Above all they evoke the polarising consequences of the Covid-19 pandemic that has swept around the globe.

To offset its economic impact, governments everywhere have introduced massive stimulus programmes. Newly elected president Biden's USD 1.9 trillion package brought total US fiscal support to 15 per cent of GDP. Stock markets touched bottom in mid-March 2020 and then rose strongly as investors anticipated recovery — and a successful Covid-19 vaccine. And vaccines developed in the US, Germany, UK, Russia and China were approved in record time.

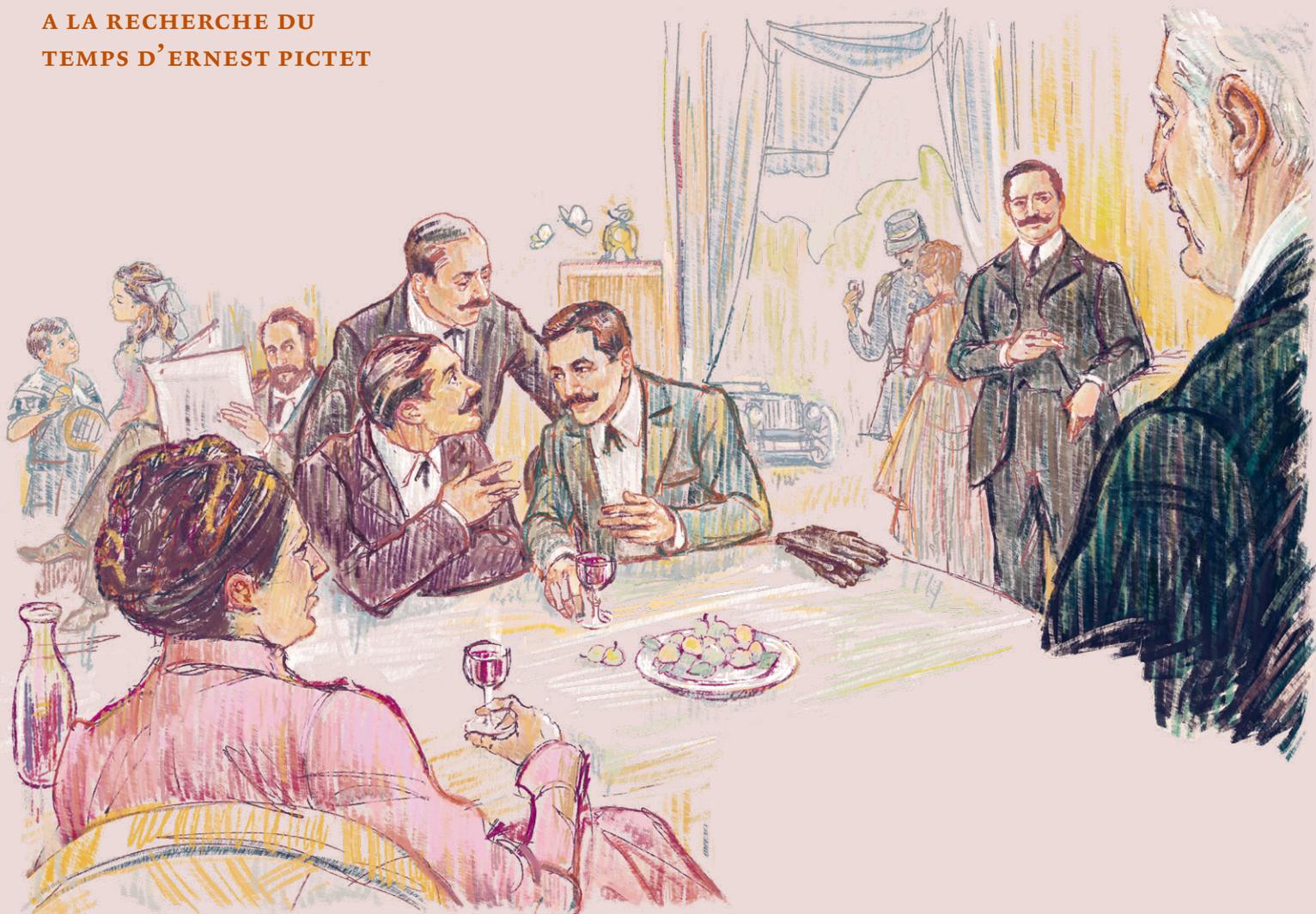
As many countries introduced full lockdowns or strict controls, inequality rose. Most white-collar employees have been able to work safely from home; workers in healthcare, public services, transport and education not. Furlough has protected many laid-off employees; not so the self-employed. The effects on social health,

mental health or the non-treatment of other diseases have hardly been accounted for. Worldwide Covid deaths alone stand at 2.7 million and rising. The world economy shrunk by 4 per cent in 2020, while GDP in some major economies fell by 10 per cent or even more.

Some celebrated clean skies and a drop in carbon output — a welcome respite, but in the end CO<sub>2</sub> emissions fell by only 6.4 per cent in 2020. The UN estimates emissions would have to fall over 7 per cent annually for the next decade if the Paris 2015 target of 1.5 °C global warming above pre-industrial levels is to be met. But at least the US has rejoined the Paris Agreement, and China has committed to be carbon-neutral by the year 2060.

The consequences of Covid-19 will linger for years to come. Will the unprecedented fiscal injections lead to resurgent inflation? Are periodic lockdowns a fact of life? Is working from home the new normal? No one knows. But in navigating the future, Pictet, as a responsible, independent firm, will always act in the best economic and human interests of its clients, employees and the communities in which it operates.

## A LA RECHERCHE DU TEMPS D'ERNEST PICTET



Among all the characters that populate the Pictet story, few loom larger than ERNEST Pictet. Stern, fastidious, fecund, he is the fulcrum of the Pictet banking clan. By the time he dies in 1909, aged 80 and still in the senior partner's chair, he will have commanded the bank for 31 years.

Let us visit him at his summer house, *Villars*, at Petit-Saconnex just outside Geneva, surrounded by his wife GABRIELLE and their six children. It is 1905. As he looks over his five sons and one daughter, he can feel justly proud of having led Pictet through nearly three decades of almost uninterrupted prosperity.

Yet his brow is more than usually furrowed. Because his fifth son, ARNOLD — always a reluctant banker — has just resigned to take up (in something of a family tradition) entomology. Ernest will never know how eminent in the field he is to become.

As for AMÉ, his eldest, a noted professor of chemistry at Geneva university, he can look after himself, thinks Ernest. LUCIEN, the fourth,

a passionate and carefree motor-car maker, is possibly a little too enthusiastic for his father's taste.

The third, PAUL, is a *publiciste* — a lawyer, journalist and sometime member of the Grand Council who founded the Geneva daily, *La Suisse*. A frivolous business, thinks Ernest, in his less forgiving moments. It would have pleased him to know that Paul's 17-year-old daughter, HÉLÈNE, would marry Charles Gautier, a future partner. She would later become one of Switzerland's leading women's rights activists. As for his daughter CAROLINE, she is safely married to a cavalry officer: Godefroy Mallet of the wealthy Geneva-Paris banking dynasty, as it happens.

It is his second son of whom Ernest is most proud. For GUILLAUME has been groomed to succeed the patriarch since abandoning his photographic hobby to train for the bank. He joined in 1887. It was said that Guillaume could have succeeded at anything, so endowed was he with cross-disciplinary brilliance. Already he has taken Pictet and its clients into profitable American and Mexican investments. He will introduce a ground-breaking employee profit-sharing scheme in 1921. And

go on to steer the bank throughout the First World War and into the Roaring Twenties.

By the time he dies in 1926, still senior partner, Guillaume and his father will have led Pictet consecutively for almost half a century — the only instance of direct succession from father to son in 216 years. Together they will have firmly established Pictet et Cie as the most solid and respectable bank in Geneva.

This was the rich and diverse milieu of scientists, entrepreneurs, academics and politicians into which Guillaume was born, in which he lived and which still informs Pictet today.

Although eight of Ernest Pictet's direct descendants have been partners since the Second World War (as one still is), his legacy is more than his bloodline.

In recent decades Pictet has brought in new partners from outside the founding families, and in doing so has regularly rejuvenated the Pictet Group well into the present decade.

## Pictet Wealth Management

Pictet Wealth Management provides a comprehensive service for both wealthy individuals and families that goes beyond managing assets to consider wealth management in its widest sense.

Our integrated approach is built on three pillars: wealth, investment, and banking services.

We begin by discovering each client's particular requirements regarding their family, future and extended ambitions, whether philanthropic or otherwise. Clients then decide how much they wish to be involved in the investment process, from delegating the management of their wealth to taking advantage of our investment advisory services. This allows us to define an investment strategy that meets their financial goals in the context of their broader aspirations. Finally, we add the operational platform best suited to achieving these goals.

For clients whose needs are more complex, we offer a full range of personalised services, including, dedicated holding structures, bespoke reporting, global custody and direct access to trading services. Our experts in family office services also help clients with multi-generation wealth transmission by designing the most appropriate governance for the family organisation, investment strategy and administration of portfolios.

Our investment capabilities extend across developed and emerging markets and cover almost all asset classes and currencies, including our expertise in private assets. We also offer our international capabilities in holding client assets, as demanded by economic, geopolitical or personal circumstances.

In short, our aim is to be the trusted advisor for every single one of our clients.

<sup>7</sup> See note 3 relating to Pictet Group figures

<sup>8</sup> Investment professionals are defined as all staff whose principal activity is in the area of investment research and analysis, portfolio management, trading, wealth planning, investment advisory, sales, marketing or client relationship management, or the management of such activities. Not included are those occupying, for example, pure operational, mid-office, compliance or risk management functions.

<sup>9</sup> Private bankers are defined as all staff whose principal activity is to actively advise clients on wealth management solutions. They ensure the quality of the client experience while some are responsible for new client acquisition.

CHF **240** BILLION  
assets  
under management<sup>7</sup>

**22 611** investment professionals<sup>8</sup>  
offices worldwide

**363** of which private  
bankers<sup>9</sup>

**1098** full-time  
equivalent employees

## Responsible investing or superior returns, or both? —

Interest in responsible investing is rising exponentially, according to Marc Pictet, joint managing partner for Pictet Wealth Management (PWM) with Boris Collardi. So too is the understanding that there is no trade-off between investing responsibly and achieving attractive returns.

‘Our largest institutional clients, as well as private clients and family offices, are all seeking our advice and expertise in this area.’ Crucially, they all want to take environmental, social, and corporate governance (ESG) factors into account as a means of achieving superior investment returns over time.

Responsible investing was once confined to a small part of overall portfolios. Clients now want a more holistic approach to their wealth. They also look for increased transparency on the environmental and social outcomes of portfolio investment decisions. ‘We are seeing a clear shift. Clients consider responsible investing as essential to risk mitigation and a lens to spot interesting investments. Take climate change — companies that do not account for it are at risk of becoming value traps.

Equally, those that provide solutions, or are in the midst of a transition, will present great investment opportunities.’

‘As an investment-led firm, we have been at the forefront of providing clients with solutions that are positive for people, planet and portfolios.’ Pictet’s water strategy, the first of its kind launched over twenty years ago, has achieved above-average returns by investing in the technologies needed to increase the resilience and adaptation of our societies to changing weather patterns. ‘Looking forward,’ adds Marc, ‘I’m expecting our responsible investing approach to become part of every client interaction.’

PWM, and the entire Pictet Group, is well positioned to take advantage of these trends. Its independence and unique governance structure have focused the Group on long-term thinking and responsibility. ‘By design, we think in terms of decades, and this is reflected in our approach to investing,’ according to Marc. ‘Put simply, what is the point of passing on wealth if future generations are to inhabit a degraded planet? So, when clients ask me if they should aim for higher returns or responsible investing, my reply has always been: why not aim for both?’ he asks.

## Pictet Asset Management

Pictet Asset Management provides specialist investment management services across a range of strategic capabilities including multi-asset solutions, thematic equities, emerging markets and liquid alternatives.

Our clients include financial institutions, pension funds, foundations and financial advisors. We aim to be the investment partner of choice, by offering original strategies that outperform over the long-term and impeccable client service. As an active manager, we focus on strategies that cannot be easily replicated.

We incorporate environmental, social and governance (ESG) factors into all our investment decisions and responsibility is central to our approach. In that respect, we actively exercise our rights as investors and engage with companies and sovereign issuers directly wherever possible. Our clients' interests take precedence over growing our assets under management. We therefore do not hesitate to close strategies to new investors to protect our ability to add value.

By having an investment philosophy that we implement rigorously through a disciplined and focused process, we allow our clients to be confident that their future objectives can be met. Our investment approach emphasises valuation across equities, credit, sovereign debt and currencies, while risk management is an integral part of the decision-making process.

Our independence sustains our capacity to innovate. We constantly explore opportunities to uncover new sources of return and commit substantial resources to building and maintaining our strategic capabilities.

We aim to build a collegiate atmosphere, which allows ideas to mature, experience to accumulate and our people to reach their full potential. In this respect, we consider it fundamental to cultivate a meritocratic environment that attracts people with unusual talent and a strong sense of team spirit.

<sup>10</sup> See note 3 relating to Pictet Group figures

<sup>11</sup> See note 8 relating to Pictet Wealth Management figures

asset manager  
since  
**1980**

CHF **223** BILLION  
assets  
under management<sup>10</sup>

**18 410** investment  
professionals<sup>11</sup>  
offices worldwide

**7** investment  
centres

full-time equivalent  
employees  
**1035**

## Alternatives are no longer esoteric

‘In recent years we have witnessed a shift as investors have increasingly looked towards liquid alternative investments to diversify their risk and return profiles,’ says Doc Horn, head of Total Return Equities at Pictet Asset Management (PAM). ‘Of course, there is more than one reason, but the prospect of generating alpha while reducing exposure to market volatility is high on everyone’s list.’

Those other reasons — historically-low interest rates and geopolitical uncertainty, raising the prospects of market stress — come on top of large-scale government interventions to support markets and the economy during the Covid-19 pandemic.

That is why investors are looking towards market-neutral and directional hedge funds, according to Doc. ‘But this requires expertise and tested teams who have experience managing risk in a variety of market environments.’

While Doc only joined in 2017, PAM has been creating a portfolio of established and proven alternatives strategies for more than 16 years. ‘Most people in the industry don’t know that we are now Europe’s sixth-largest hedge fund manager in terms of

assets under management. But to us, size is far less relevant than ensuring our seasoned team of investment professionals are delivering compelling risk-adjusted returns for our clients.’

For example, he says, ‘three of our top-performing strategies this year were *Mandarin*, *Agora* and *Distressed Debt*. As it happens, each of these is led by a female fund manager.’

PAM’s range of strategies has always embraced long-term thinking and a focus on capital preservation. Says Doc, ‘This is calibrated in the way we think about risk management, but increasingly about ESG factors too.’ His unit builds on PAM’s commitment to sustainability and the resources it now has to help investment teams integrate such considerations into their investment processes.

‘It is fair to say that the liquid alternatives space has dropped its previous niche status and is fast becoming a mainstream asset class,’ he concludes.

## Pictet Alternative Advisors

Pictet Alternative Advisors provides alternative investment services in private equity, real estate and hedge funds, both directly and through selected external managers. Our mission is to invest in, manage and advise on alternative investment portfolios for private and institutional clients of Pictet Asset Management and Pictet Wealth Management.

Our first private equity investments were made in 1989, and in hedge funds in 1991. Since 2004, we have also invested indirectly on behalf of clients in real estate. By building close, long-term relationships with managers in these fields, we are able to gain access to leading funds and to attractive co-investment opportunities. In 2018, we began to expand into direct capabilities, beginning with the launch of a European real estate fund.

Underscoring the Group's commitment to private assets as a central component of Pictet's business strategy, Pictet Alternative Advisors became a full business line from 1 January 2020.

We collaborate with teams across the Group with distinctive expertise in alternative assets, including Pictet Asset Management—who have been advising clients since 1980 and have developed one of Europe's leading hedge fund franchises.

The Pictet Group's growing investment in alternative asset resources will make an important contribution to the investment opportunities available for our clients in the coming years.

<sup>12</sup> Client assets invested in hedge funds, private equity and real estate funds. This figure is included in the assets under management of Pictet Wealth Management and Pictet Asset Management. See note 3 relating to Pictet Group figures.

<sup>13</sup> See note 8 relating to Pictet Wealth Management figures

CHF **29** BILLION  
assets  
under management <sup>12</sup>

**32** years of experience  
in alternatives

full-time  
equivalent employees

**100 55**

investment professionals <sup>13</sup>

First co-investment

**1992**

## New fund concepts in Pictet private equity

Trillions of dollars in monetary stimulus and billions in stockpiled dry powder has helped the private equity (PE) industry bounce back from the early market downturn that accompanied the onset of the Covid-19 pandemic. Yet, to launch a tech-focused PE vehicle during a period of heightened volatility might seem counter-intuitive. But, as Nicolas Campiche explains, ‘PE investing is never about timing the market.’

According to Nicolas, the joint head of Pictet Alternative Advisors (PAA) with Zsolt Kohalmi, ‘tech and its capability to disrupt entire industries is not a fad. It’s going to stick with us for decades to come. For us and our clients, who invest with a longer-than-normal time horizon, now is as good a moment as any.’

The capital pool, which invests in different maturities across enterprise software, fintech, cybersecurity, consumer internet, and industry 4.0, will be followed by a health-focused vehicle later this year. ‘This is something our clients have been asking us about,’ says Nicolas. ‘The health sector is undergoing a seismic tech-driven shift

and a fund that seeks investments across bio-tech, med-tech and in the nutritional space will only increase in importance.’

PAA is also in the early stages of a project that will source direct – minority or majority – investments in family-run businesses. This will appeal to founders who, according to Bertrand Demole, managing partner responsible for PAA, are more willing to work with Pictet than with traditional buy-out firms. ‘We have an excellent network in this segment and the founders of these companies share many of our values – long-term thinking and an entrepreneurial approach. This makes us an attractive partner for these businesses.’

Alternatives and PE in particular are capturing the interest of a wider group of investors. A trend Pictet is well positioned to participate in, according to Bertrand. ‘We made our first PE investment in 1989 and have an outstanding track record of managing crisis and downside risks. If you add to that the success of some of our other strategies – last year our *Mosaic* fund saw its best performance since it was launched in 1994 – it’s a natural evolution for us to expand further in this field.’

## Pictet Asset Services

Pictet Asset Services manages every aspect of the asset-servicing process, employing value-adding analytics, execution services and digital front-end interfaces to provide the most competitive client experience.

Among our principal business-to-business clients are external asset managers both for funds and private clients, as well as a range of institutional clients. With the capacity to offer bespoke services to the largest investing institutions, in particular in the field of data, we aim to be a leader in this area.

Relying on a unified core platform and experienced staff, we provide cash and securities settlements, corporate actions, valuation and reporting in a consistent way across multiple booking centres.

To enable us to offer an integrated solution for mutual funds, we run dedicated third-party management companies that handle relationships with regulators and provide fund governance services in addition to fund administration and transfer-agent services. We have related capabilities in investment control, performance measurement and risk management.

We also offer round-the-clock execution capabilities through a single point of entry across asset classes – including equities, bonds, foreign exchange, derivatives and mutual funds.

As the Pictet Group does not have any investment banking activities, we can always act without conflicts of interest and to the best advantage of our clients.

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<sup>14</sup> This figure does not include assets held in custody for internal clients, that is, Pictet Wealth Management and Pictet Asset Management

<sup>15</sup> This figure does not include the 1,449 full-time equivalent employees of PAS Operations and IT, now part of a unit called Technology & Operations, or the 177 full-time equivalent employees of Pictet Trading & Sales

CHF **193** BILLION  
assets  
in custody<sup>14</sup>

of which CHF **90** BILLION  
fund services

**208** full-time equivalent  
employees<sup>15</sup>

**6** offices  
worldwide **1** global  
platform

## Accounting for the unplannable

If uncertainty is the only certainty, how do you plan for the unknown? It's a question Céline Cottet Bendayan deals with every day. As Chief Risk Officer at Pictet Asset Services (PAS) she needs to be ready to advise clients on both plannable and 'black swan' events — so-called unplannable risks.

'We have a diverse client base, dealing with asset managers as well as institutional clients and sovereign wealth funds. Handling the foreseeable risks they might face is already very complex. Add an unexpected event such as the Covid pandemic, which has affected how we live, work and do business, and you see how far-reaching things can get.'

Risk — whether market, financial, operational or fraud — looms everywhere and requires a clear, analytical approach to assess possible hazards. It might otherwise seem overwhelming. 'I like complexity and the fact that what we do is so diverse and changes all the time,' says Céline. 'But sometimes you need to stand back and apply common sense, while also relying on an experienced and crisis-proven team.'

To judge a situation and counsel its clients, PAS draws on the expertise of the entire Group — something Céline, who has been with Pictet since 2008, does regularly.

'I joined Pictet Asset Management initially and moved to PAS in 2012. We collaborate and share views across the Group both through committees and on an ad-hoc basis. This allows us to make better-informed risk decisions and advise our clients.'

The approach gives Céline and her team a level of credibility which is rare in the industry. This, she says, and the fact that a lot of clients have grown their business while partnering with PAS, makes difficult discussions about risk easier. 'What we are trying to do is to help them stay out of harm's way. While we cannot predict the unforeseeable, by definition, we can and do help clients to build resilience into their systems that enable them to better withstand unpredictable shocks.' This, Céline believes, makes a real difference.

## LONG-TERM THINKING

To think long term means to resist the temptations of short-term fashion in favour of sustainable decision-making. Both our investments and our businesses have a long-term focus, to the lasting benefit of all stakeholders and thus of the Pictet Group.

## The origins of the Pictet Group

Throughout the centuries, most Pictets were ministers of the church, soldiers, councillors, scientists and academics. The first documented Pictet in finance does not appear until 1707 — the young André, who hoped, in vain, to profit from the Wars of the Spanish Succession.

The firm that was to become Pictet emerged out of the ashes of the French Revolution. Louis XVI's government, desperately raising foreign loans in its final years, restructured and largely reneged on its debts, causing many Geneva partnerships to collapse. Family estates had to be sold, leaving the heirs bereft.

But some families retained wealth and new banking partnerships began to form once France annexed the city state in 1798 and gave Geneva a measure of stability and security. After Napoleon pulled out of Geneva in 1813, the so-called Restoration marked the beginning of several decades of peace and rising prosperity.

Two families with capital were the de Candolles and the Mallets, who in 1805 formed De Candolle, Mallet & Cie: the partnership that was to become Pictet. Jacob-Michel-François de Candolle, brother of the celebrated botanist, soon brought in a Turrettini, and then, in 1836, his wife's nephew, Edouard Pictet-Prevost, who became a partner in 1841.

Between 1848 and 1926, the bank was continuously headed by a Pictet, first Edouard, then Ernest, and third, Guillaume — each drawing their last breath while still occupying the senior partner's chair.

Their persistence had the great merit of stabilising the bank's *raison sociale* — the only one of the partnerships existing before Geneva's 1846 Radical Revolution to do so in the second half of the 19th century.

This is the era in which Pictet established itself as the most solid and respectable bank in Geneva.

## INDEPENDENCE

Rooted in Swiss tradition,  
our independence  
is protected by the absence of  
external shareholders.  
It frees us to concentrate on  
the interests of our clients,  
colleagues, communities and  
the companies in which  
we invest. And it underpins  
the independence of  
mind that lies at the heart  
of successful investment  
performance.

**CONSOLIDATED INCOME STATEMENT**  
Year ended 31 December

	2020	2019
	CHF 000	CHF 000
Net interest income	140,322	260,520
Net fee and commission income	2,518,997	2,216,395
Fees from securities trading and investment activities	3,380,390 <sup>A</sup>	2,937,687 <sup>A</sup>
Fees from lending activities	5,456	3,245
Fees from other services	13,974	20,141
Commission expenses	(880,823) <sup>B</sup>	(744,678) <sup>B</sup>
Income from trading activities and the fair value option	221,950 <sup>C</sup>	141,324 <sup>C</sup>
Other ordinary income	3,461	10,509
Operating expenses	(2,111,677)	(1,928,804)
Personnel expenses	(1,578,336)	(1,339,362)
General and administrative expenses	(533,341) <sup>D</sup>	(589,442) <sup>D</sup>
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	(53,228)	(47,787)
Changes to provisions and other value adjustments, losses	(26,101)	(46,071)
<b>Operating result</b>	<b>693,724</b>	<b>606,086</b>
Extraordinary income	372	864
Extraordinary expenses	(136)	(0)
Taxes	(117,246)	(67,890)
<b>Consolidated profit</b>	<b>576,714</b>	<b>539,060</b>

**CONSOLIDATED BALANCE SHEET**  
at 31 December

	2020	2019
ASSETS	CHF 000	CHF 000
Cash and balances with central banks	13,869,915 <sup>E</sup>	8,591,441 <sup>E</sup>
Due from banks	1,597,424 <sup>F</sup>	1,254,807 <sup>F</sup>
Due from securities financing transactions	3,758,383	4,613,000
Due from clients	8,320,080 <sup>G</sup>	9,104,114 <sup>G</sup>
Trading portfolio assets	47,073	43,040
Positive replacement values of derivative financial instruments	1,450,531	1,283,232
Other financial instruments at fair value	1,432,513 <sup>H</sup>	746,502 <sup>H</sup>
Financial investments	13,301,761 <sup>I</sup>	9,960,306 <sup>I</sup>
Accrued income and prepaid expenses	683,024	442,435
Non-consolidated participations	5,845	8,373
Fixed assets	474,827	463,976
Other assets	404,489	325,267
<b>Total assets</b>	<b>45,345,865</b>	<b>36,836,493</b>
LIABILITIES AND EQUITY	CHF 000	CHF 000
Due to banks	1,392,722 <sup>J</sup>	1,172,011 <sup>J</sup>
Liabilities from securities financing transactions	1,402,249	410,042
Amounts due in respect of client deposits	34,423,463 <sup>K</sup>	28,564,562 <sup>K</sup>
Trading portfolio liabilities	6,676	5,083
Negative replacement values of derivative financial instruments	1,728,573	1,376,649
Liabilities from other financial instruments at fair value	1,639,385	859,693
Accrued expenses and deferred income	1,106,919	855,561
Other liabilities	250,328	248,112
Provisions	227,564 <sup>L</sup>	213,678 <sup>L</sup>
<b>Total equity</b>	<b>3,167,986<sup>M</sup></b>	<b>3,131,102<sup>M</sup></b>
Equity owners' contribution	780,519	820,319
Capital reserve	11,664	11,664
Retained earnings reserve	1,808,262	1,789,101
Currency translation reserve	(9,173)	(29,042)
Consolidated profit	576,714	539,060
<b>Total liabilities and equity</b>	<b>45,345,865</b>	<b>36,836,493</b>

- A Fees from securities trading and investment activities** includes fees earned from the management, administration and custody of client investments, as well as related brokerage services.
- B Commission expenses** includes custody and brokerage fees paid to third parties.
- C Income from trading activities and the fair value option** mainly includes earnings from foreign exchange operations on behalf of clients and from sales of certificates to clients (see note H, *Other financial instruments at fair value*).
- D General and administrative expenses** includes all operating costs other than those related to personnel. The two main items are information technology such as banking platform maintenance and upgrade, and physical infrastructure such as rents.
- E Cash and balances with central banks** are effectively on call and held in order to carry out ordinary payment operations on behalf of clients and to meet their cash withdrawals.
- F Due from banks** includes cash deposits with bank counterparties, typically arising from securities transactions by clients or from client deposits made in currencies other than the Swiss franc. The counterparty risk of such banks is managed by Pictet's Treasury Committee, which decides on limits for each counterparty.
- G Due from clients** includes securities-backed, so-called Lombard loans made to clients. The risk arising from these loans is generally limited, as Pictet adopts a conservative approach to loan collateralisation.
- H Other financial instruments at fair value** represents the value of financial assets bought as underlying assets for certificates sold to clients. The value of these underlying assets is also shown on the liabilities side of the balance sheet under *Liabilities from other financial instruments at fair value*. The risk of such certificates is borne entirely by clients.
- I Financial investments** includes investments into money market instruments and straight bonds issued by corporations, governments or supranational institutions. The credit risk of such bond issuers is managed by Pictet's Treasury Committee, which decides on limits by credit rating and geography. As a rule Pictet does not invest in structured financial products.
- J Due to banks** includes liabilities vis-à-vis bank counterparties, generally arising from client transactions. As a rule Pictet does not rely on short-term capital market funding.
- K Amounts due in respect of client deposits** represents cash deposits of clients.
- L Provisions** covers risks, including legal expenses, arising from an identifiable cause and for which a potential cost and likely time frame for payment can be estimated.
- M Total equity** is the capital that the equity owners have entrusted to the Pictet Group. It also corresponds to the net value of the Pictet Group from an accounting point of view. In Pictet's case, equity, core tier 1 capital and total capital all amount to the same figure, since Pictet holds only the strongest form of capital.
- Core tier 1 capital ratio (20.6%)**  
In Pictet's case, the core tier 1 capital ratio and the total capital ratio are identical (see note M, *Total equity*): namely the ratio of equity to risk-weighted assets. These measures aim to reflect the economic strength of a financial institution by taking into account the riskiness of its assets and its operations.
- Liquidity coverage ratio (182%)**  
The liquidity coverage ratio is the ratio of highly liquid assets to expected short-term liabilities. This measure aims to reflect the ability of a financial institution to withstand short-term liquidity disruptions such as sudden cash withdrawals from clients. The Pictet Group's high ratio is explained by its large cash deposits with central banks and investments in highly liquid bonds.

## DOG DAYS ON THE RUE DIDAY

The joys, consolations  
(and petty bureaucracy)  
of office life.

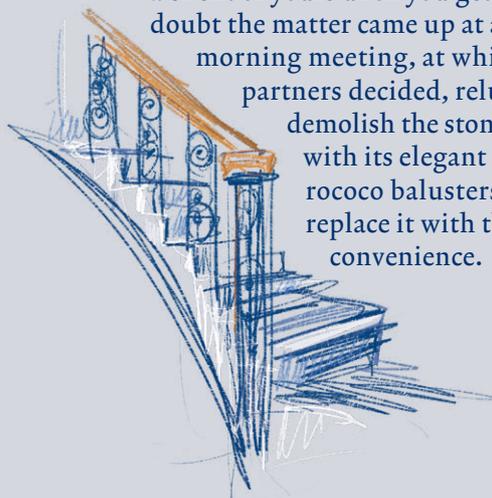
From 1926 to 1975 the Pictet head office was at 6 rue François-Diday, Geneva. As staff numbers grew from 58 to 285 over these years, space became tight. An employee noted that the accounting department was located in the attic. In the summer one staff member would wear a string vest, while another took his shirt off altogether. It became so cramped in the semi-basement that employees in the stocks (*Titres*) department had to stand in order to open their desk drawers; some people would chain their chairs to their desks when they went on holiday, as there were insufficient to go round. It was asserted that 'those who arrived first could sit down during the day and the last one in would have to work standing up.'



The chief cashier in the early 1970s was a forbidding individual named Lucien Chalut, who had joined the bank as a lift boy in 1918. He later spent some time in Pictet's now-closed Montevideo office. Pierre Pictet, partner from 1963 to 1988, recalled that at one time the *Caisse* had just two employees, one happy and smiling and one 'as welcoming as a prison door'. His mother called them Laughing Jean and Crying Jean. 'She clearly preferred to go to Laughing Jean because with each withdrawal he always asked, *have I given you enough?*' His father, Albert, told him never to trust a well-dressed client. 'They always come to withdraw money,' he said. 'If they're not well dressed, it means they're coming to deposit.' Up the entrance stairs, just to the right after two open mahogany doors, was the desk of Signor Pironi, the long-serving concierge, who was well known — and loved — by many clients, a few of whom even enjoyed a taste of the garlic-laden Italian dishes he would throw together in the small *Caisse* kitchen. Chalut, meanwhile, was known for his particularly fine fondue.



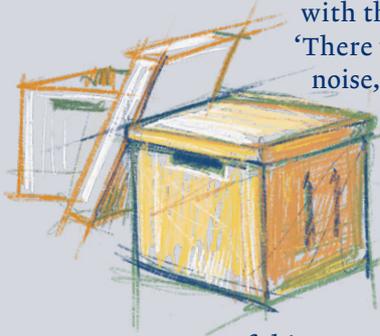
It is recounted that one prospective client stated adamantly, 'I won't become a client of yours until you get a lift!' No doubt the matter came up at a rue Diday morning meeting, at which the partners decided, reluctantly, to demolish the stone staircase, with its elegant wrought-iron rococo balusters, and replace it with the desired convenience.



Despite Diday's confined conditions, Michel Pictet noted that Jean-Pierre Demole (senior partner, 1965 to 1975) was *'sûrement premier le matin et dernier le soir'*. It was not unusual for his wife to leave a dinner engagement half way through to fetch him. At ten o'clock in the evening, she could be seen dressed for dinner outside the building — two fingers from each hand in her mouth — giving vent to a prodigious wolf-whistle. It was the only way to get him out of the office.



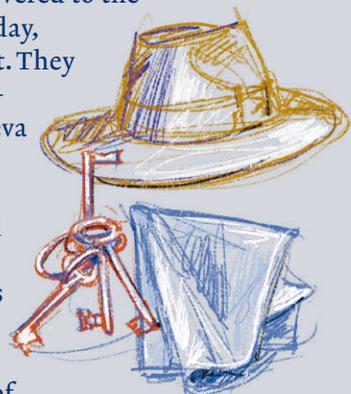
Pierre Lardy, partner from 1975 to 1995, was previously a managing director at UBS. His first day as partner coincided with the move to Georges-Favon. 'There was a huge mess and a lot of noise, so I was quite lost. Suddenly a lady asked me, *What are you doing here?* I answered that I didn't know. *If you don't know what to do, she said, then take those boxes.* And so I spent the entire day moving boxes under the directions of this very strict lady, who later became my assistant.'



'In the old days, in order to get a new pencil from the *Economat* (storeroom), you had to take back your used pencils. The storeroom manager, Truffer, knew exactly who had come to get a new pencil in the past two weeks. There was no taking home office supplies. But you could always soften him up by talking about trains. After one particularly good discussion, he allowed me an extra eraser. Twenty-five years later I still have it, and when I retire from Pictet, I'm going to give it to the archives.'  
(Charles Christe).



On 2 February 1959, rue Diday was the scene of one of the biggest bank robberies of the era. In broad daylight four masked bandits grabbed a postal sack containing 1.4 million Swiss francs in banknotes (5.6 million today), being delivered to the Swiss National Bank at 10 Diday, practically next door to Pictet. They beat the sole security guard — a retired adjutant in the Geneva gendarmerie — on the back of the head with the butt of a machine gun. Leaving behind various objects, including a handkerchief, a bunch of keys and 'a hat of foreign origin', the thieves fled at speed in a stolen car 'in the direction of boulevard Georges-Favon'. Pictet employees watched the entire episode from their office windows. Ironically, it may have been the very same route that Pictet's armoured vans would take 16 years later when the bank moved its clients' gold from Diday to the new offices at Georges-Favon.



## RESPONSIBILITY

Responsibility goes hand-in-hand with a long-term, partnership approach. It ensures a sense of responsibility and integrity towards not only the present generation but also to future generations — and towards the real economy and the wider world. This is the true meaning of sustainable thinking.

## Thinking and acting responsibly

Pictet's thinking has always been defined by an instinctive sense of responsibility. While the Covid-19 crisis has shown how much economies depend on the health of the population, it has also demonstrated humanity's astonishing capacity for successful scientific innovation in the shape of vaccine development.

But a much greater challenge looms, in the shape of climate change. The world needs to move from high to low carbon intensity. The better we understand the risks and opportunities of this transition, the more successful we will be in retaining our investment edge and our capacity to advise our clients.

Twenty years ago we were an early mover in environmental strategies, which today represent a leading franchise for Pictet. We now integrate environmental, social and governance (ESG) principles into at least 75 per cent of actively managed assets across asset and wealth management.

In our business, we have cut CO<sub>2</sub> emissions per employee by more than 60 per cent between 2007 and 2020. In 2021 we will be publishing precise and ambitious targets for reductions in the environmental impact of our investments and our operations; and for full integration of ESG and active ownership in all investment processes.

Currently endowed with CHF 55 million, the Pictet Group Foundation began operation last year with two principal objectives: to support projects with measurable impact that build resilient communities and ecosystems in the field of water and nutrition – which are also two major fields for Pictet's responsible investment activities.

The Pictet Group has always considered not only the interests of the present, but also of future generations. The most powerful way we can do this is in investing responsibly on behalf of our clients. This is the highest contribution we can make to the future of sustainable life on the planet.

## The Prix Pictet

The partners of the Pictet Group created the Prix Pictet award in 2008 to draw worldwide attention to, and stimulate action on, issues of environmental sustainability through outstanding photography. The award is widely acknowledged as one of the most prestigious prizes in global photography.

The prize is awarded on an approximately two-year cycle. In eight cycles since foundation, the Prix Pictet has addressed the themes of *Water, Earth, Growth, Power, Consumption, Disorder, Space* and *Hope*. The winner of the eighth Prix Pictet was the Ivorian photographer, Joana Choumali, for her series *Ça va aller* (It will be okay).

The ninth Prix Pictet, on the theme of *Fire*, was announced in November 2020 and will be awarded at the Victoria and Albert Museum, London in December 2021.

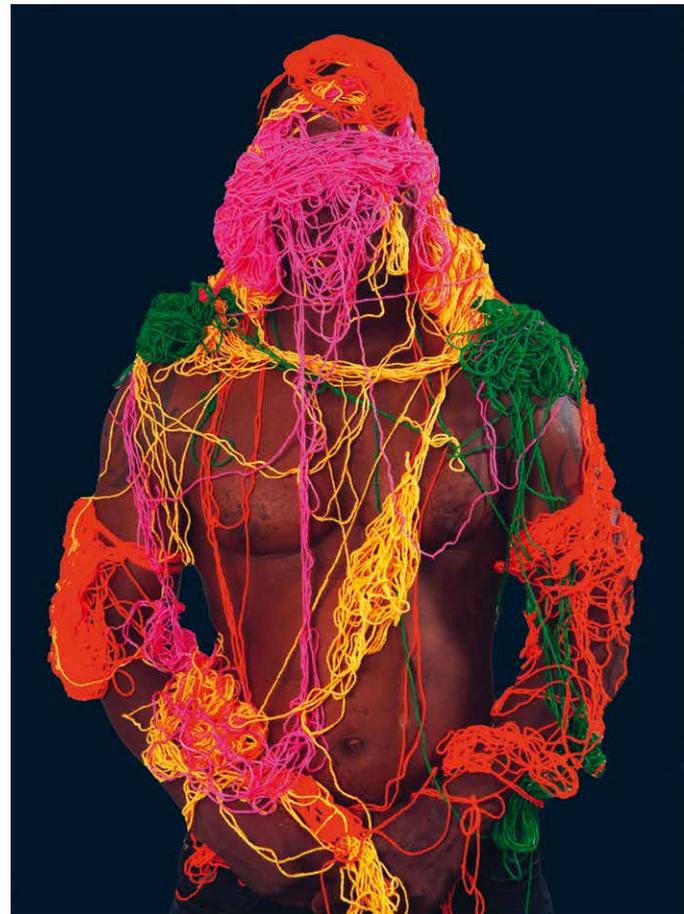
Submission is by nomination. Over 300 nominators — independent experts in photography from 66 countries and six continents — may recommend recent portfolios from up to three photographers each.

To date over 2,800 photographers have been nominated and the eight cycles have together been shown at 99 exhibitions in more than 22 countries globally.

The prize jury comprises curators, critics and practitioners with an expertise in the visual arts or sustainable practice. They are required to select a shortlist of twelve, whose work is powerful visually and in the message conveyed on the given theme.

The portfolios submitted must have narrative drive, and are likely to be deeply researched and several years in the making. Since the Prix Pictet accepts work ranging from documentary or photojournalism to fine art and conceptual photography — and the shortlist is widely exhibited — the selection is in effect an act of curation.

To mark the year of the Covid-19 pandemic, the Prix Pictet published a book, *Confinement*. The extended global interlude of lockdown, quarantine and now vaccination has changed, perhaps permanently, the way we work and live. Possibly too, in the brief experience of clean city air and clear skies, we have learnt something about our impact on our planet. Nor should we forget the amplified economic inequalities within societies and between nations, with lasting effects. *Confinement* records, in compelling images and words, the personal responses to the Covid-19 crisis of 43 (of over 90) past shortlisted Prix Pictet photographers.



*L'homme et la matière*  
Nyaba Léon Ouedraogo (2020)  
Pigmentary inkjet print on  
Hahnemühle baryta, 50cm x 70cm

From the series 'The visible and the invisible', made in Ouagadougou by the Burkina Faso-born photographer during the early days of Covid-19 confinement. Here he reinterprets the tradition

of the Burkina Faso mask that, he writes, 'unites identities and forces in perpetual motion in an artistic confrontation which summons the past and the present'. Ouedraogo was short-listed for Prix Pictet *Growth* in 2010.

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The listings on this page show the Pictet Group's active subsidiaries, branches and representative offices at 1 April 2021

\*Pictet Alternative Advisors SA has Real Estate professionals based in Berlin, Geneva, London, Luxembourg, Madrid and Stockholm at 1 April 2021

#### ABOUT THIS REVIEW

This review is published in traditional and simplified Chinese, English, French and German. It is also available as a pdf from our website, [group.pictet](http://group.pictet), where a regulatory annual report with more detailed financial information may also be found.

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