CREDIT SUISSE

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Media Release

Commodities Gained Due to Higher Energy and Growth Expectations

New York, January 12, 2017 **Commodities gained in December due to improving supply/demand fundamentals for crude oil and higher economic growth expectations, according to Credit Suisse Asset Management.**

The Bloomberg Commodity Index Total Return performance was positive for the month, with 10 out of 22 Index constituents posting gains.

Credit Suisse Asset Management observed the following:

- Livestock increased the most, up 10.00%, led by Lean Hogs after the USDA reported higher US pork sales in December compared to the same period last year.
- Energy gained 9.04%, due to increased confidence that OPEC members will deliver on previously announced production cuts, potentially moving the supply/demand balance into deficit sooner than previously expected.
- Precious Metals declined 2.17% due to the strengthening of the US Dollar and higher US Treasury yields, dampening investor demand for Gold and Silver.
- Agriculture decreased 2.26%, led lower by Coffee. CONAB, Brazil's national supply agency, increased its production outlook as ideal growing conditions continued in the country's key coffee producing regions.
- Industrial Metals declined the most, down 5.04%, amid predictions of reduced base metal demand out of China after its president announced his willingness to accept less than the 6.5% targeted economic growth rate in an attempt to keep the economy from overheating.

Nelson Louie, Global Head of Commodities for Credit Suisse Asset Management, said: "The year ended strongly for commodities, with fundamentals improving for key commodities as cyclical over-supply resulting from the previous period of higher prices has further eroded. This was especially true for oil after OPEC and non-OPEC members agreed to reduce production, allowing prices to end 2016 in positive territory, something not seen since 2013. During 2017, markets will be focused on whether these countries will comply with the output quotas as well as on monitoring the potential supply response from US shale players as prices increase. However, the price outlook has improved as the global oil supply/demand balance looks set to move into deficit in 2017 and as OPEC reasserts itself as a major player in the oil markets."

Christopher Burton, Senior Portfolio Manager for the Credit Suisse Total Commodity Return Strategy, added: "In 2016, multiple foreign central banks increased stimulus measures to support their respective economies. On the other hand, the US Federal Reserve raised short-term interest rates in December and indicated the path for rate hikes in 2017 has accelerated. This policy divergence will continue to impact US Dollar volatility and most likely commodity prices, in the short term. Additional fiscal stimulus measures paired with continued loose monetary policy may potentially lead to more inflation risk. Amid this uncertainty, it may be more difficult to predict how markets will react, highlighting the benefits of holding commodities as a valuable asset class diversifier."

About the Credit Suisse Total Commodity Return Strategy

Credit Suisse's Total Commodity Return Strategy is managed by a team with over 30 years of experience, and seeks to outperform the return of a commodities index, such as the Bloomberg Commodity Index Total Return or the S&P GSCI Total Return Index, using both a quantitative and qualitative commodity research process. Commodity index total returns are achieved through:

- Spot Return: price return on specified commodity futures contracts;
- Roll Yield: impact due to migration of futures positions from near to far contracts; and
- Collateral Yield: return earned on collateral for the futures.

As of December 30, 2016, the Team managed approximately USD 9.2 billion in assets globally.

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Asset Management

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