

Performance report 2020

Private pension – 3rd pillar

2020 Annual Report - Review

Brexit, COVID-19, and US elections: An eventful year for the stock market, with a surprisingly positive outcome for investors.

The divergence between financial-market performance and the real economy has rarely been as wide as it was in 2020. While the global economy lost significant momentum due to the COVID-19 pandemic, particularly in Europe and the US, financial markets – and equities in particular – posted remarkable gains overall for 2020. Credit Suisse Research expects global gross domestic product (GDP) to have slumped by 3.7% in 2020. We expect the economy to bounce back by 4.1% in 2021 thanks to an extensive vaccination campaign that began at the end of last year. However, this scenario is contingent upon the vaccination program being a resounding success – no allowance is made for resistant mutations. Financial markets have already discounted this scenario – and in some cases gone even further.

The world looked a very different place back in early 2020. The UK's exit from the EU had been one of the key issues at the beginning of the year. The relationship between the two sides was meant to have been resolved during the transition period of 2020, but by the end of the year there was only a minimal agreement with lots of question marks. Even so, it was COVID-19 that dictated developments on the financial markets. China – the country where the pandemic originated – had already begun to see a market correction back in late January. Once it became clear in February that this was a global rather than a local problem, the world's equity markets suffered a correction of approximately 30% between their February high and March low. The fact that equities reacted so strongly was not so surprising given the lofty levels of valuations prior to the slump. What caught market participants on the wrong foot, however, was the fallout in the bond markets. Only spirited intervention by central banks – led by the US Fed, which cut key rates to virtually zero through two massive rate moves – was enough to placate investors and stabilize markets.



Performance data as of Dec. 31, 2020¹

Actively managed investment groups	Avg. equity component	2020 return
CSA Mixta-BVG Basic	0%	1.44%
CSA Mixta-BVG Defensiv	25%	2.08%
CSA Mixta-BVG	35%	2.33%
CSA Mixta-BVG Maxi	45%	2.60%
CSA Mixta-BVG Equity 75 (equity component exceeded pursuant to BVV2) ²	75%	6.62%
Indexed investment groups	Avg. equity component	2020 return
CSA Mixta-BVG Index 25	25%	3.69%
CSA Mixta-BVG Index 35	35%	4.36%
CSA Mixta-BVG Index 45	45%	4.94%
CSA Mixta-BVG Index 75 (equity component exceeded pursuant to BVV 2) ²	75%	4.20%

¹ Performance figures are shown on a net basis, meaning the all-in fee is already included in the performance.

² These products have an average equity component of 75% and thus exceed the prescribed category limit for equities pursuant to Art. 55 BVV 2. Due to the large equity component, these products involve a higher risk than pension solutions with a maximum equity holding of 50%.

In the second half of 2020, financial markets began to become unsettled ahead of the presidential elections in the US. The incumbent President Trump made it clear at an early stage that he would not be leaving the White House without a fight. Fears that this could even develop into a civil war dampened the mood on a liquidity-driven market in September and October. In the end, the Democrats led by President-elect Joe Biden took charge though without the feared nationwide unrest – the main beneficiary being the equity markets, which continue to be driven by financial injections and economic packages. Alternative investments such as gold, infrastructure, and residential real estate performed very well during the crisis.

It remains a concern as to how a further economic slump due to the second and a potential third wave of COVID-19 – coupled with exploding levels of debt for many countries – can be reconciled with the enormous expectations on the part of financial markets.

Developments in 2020

Given the steadily increasing pressure on the Swiss pension system, the Private pension – 3rd pillar is becoming ever more important as a means to greater financial security in retirement. To maintain your accustomed standard of living in retirement, it is worth considering paying into Pillar 3a in order to close any pension gaps.

The Pension account – 3rd pillar – a solid foundation

Safety-conscious account holders were able to benefit from a preferential interest rate³ on their Pension account – 3rd pillar in 2020.

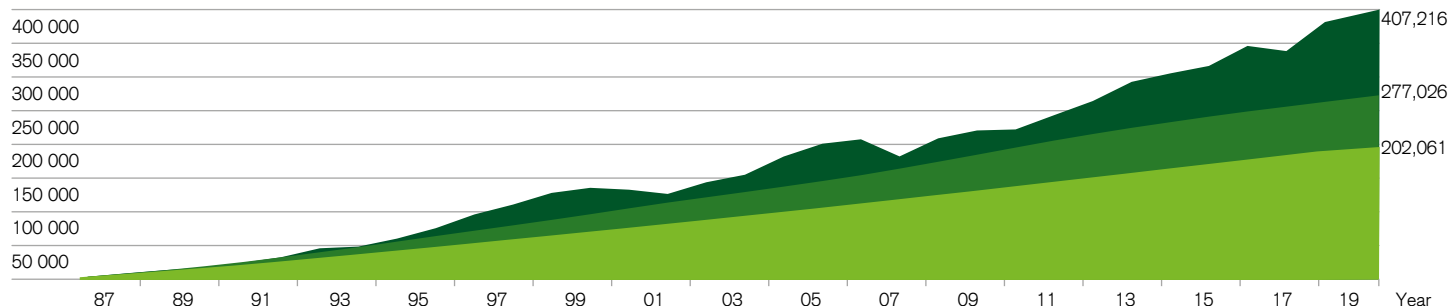
Saving with securities – 3rd pillar: Impressive returns

All nine securities solutions reported a positive return for 2020. Despite a challenging and in some cases turbulent market environment, both the actively managed and indexed CSA Mixta BVG investment groups ended 2020 with an impressive performance and were able to benefit in particular from the market recovery that took place in the second half of the year. The long-term picture shows that investing retirement assets in securities solutions clearly pays off.

Example based on CSA Mixta-BVG investment group (net performance)

From January 1, 1987 to December 31, 2020, the statutory maximum contributions were paid in each case – representing a total of CHF 202,061. The additional income for the CSA Mixta-BVG investment group compared with the Pension account – 3rd pillar was CHF 130,190.

Assets in CHF



Contributions	Total	CHF	202,061
Pension account – 3rd pillar	Average interest rate 1.67% p.a. Final net worth	CHF	277,026
Saving with securities – 3rd pillar (CSA Mixta-BVG investment group)	Average return 3.65% p.a. Final net worth	CHF	407,216
Additional income from CSA Mixta-BVG compared with Pension account – 3rd pillar		CHF	130,190

More transparency and a good overview – new functionalities for Pillar 3a in Credit Suisse's online and mobile banking

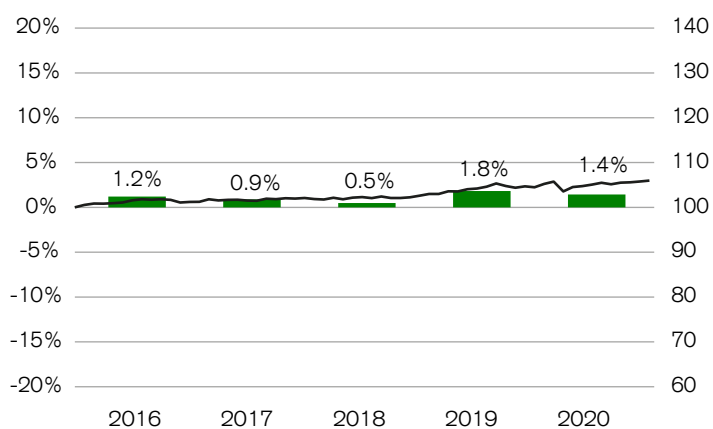
In 2020, our account holders benefited from new and enhanced digital functionalities for Pillar 3a in Credit Suisse's online and mobile banking. Account holders can now open a Pillar 3a account in seconds, as well as independently buy, sell, and switch their CSA Mixta-BVG investment groups with just a few clicks. A dedicated Pillar 3a section also provides a clear overview of Pillar 3a relationships.

³ This is a preferential interest rate compared with the standard savings rates currently offered by Credit Suisse (Switzerland) Ltd. The interest rate is variable. Interest rate from January 1 to February 1, 2020 = 0.2%, from February 1 to December 31, 2020 = 0.1%.

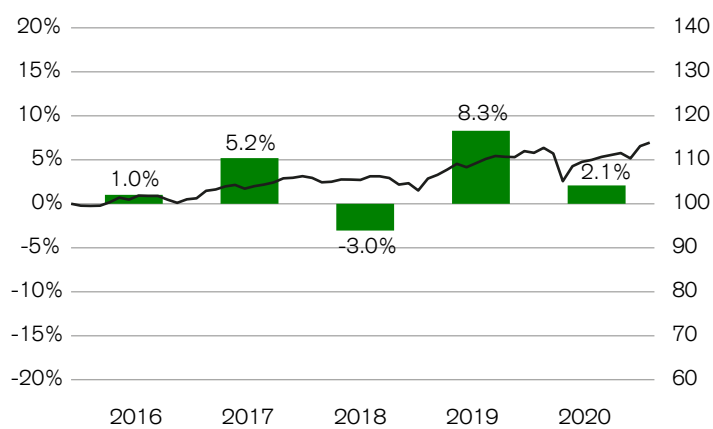
Five-year performance history

Actively managed investment groups⁴

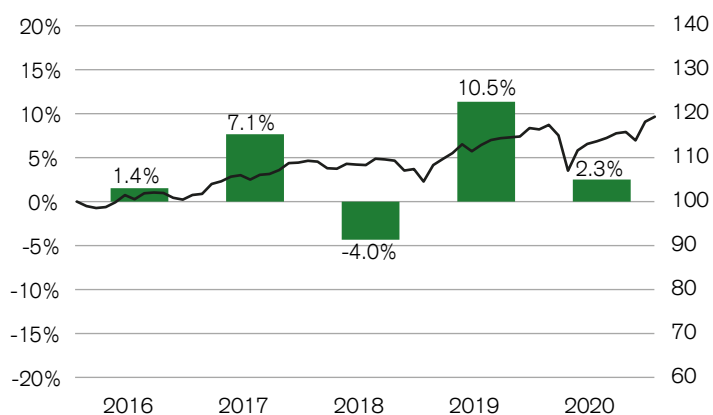
CSA Mixta-BVG Basic



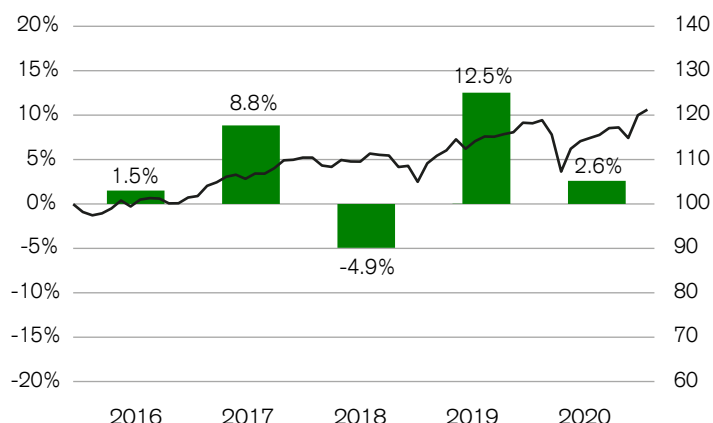
CSA Mixta-BVG Defensiv⁵



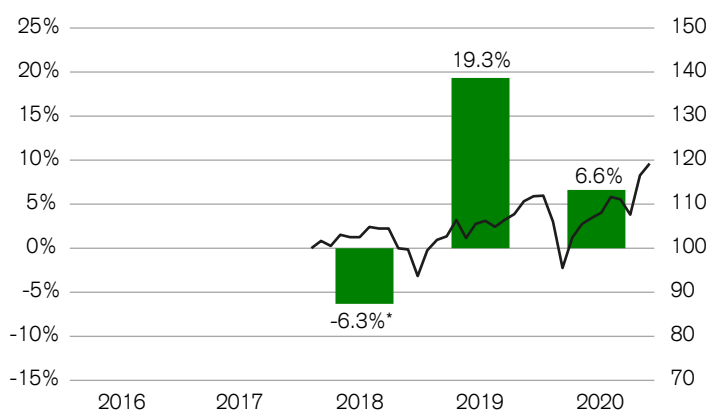
CSA Mixta-BVG⁵



CSA Mixta-BVG Maxi⁵



CSA Mixta-BVG Equity 75^{5,6}



* from Februarv 12. 2018

■ Annual performance in % (left-hand scale)
 — Net asset value (indexed)

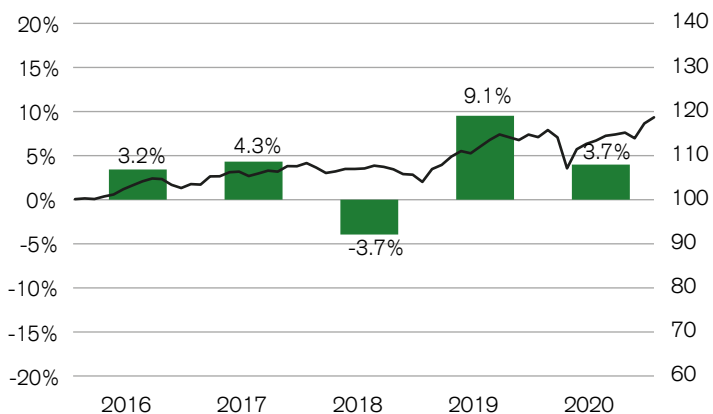
⁴ Source: Credit Suisse Investment Foundation. Positive performance in the past is no guarantee of positive performance in the future.

⁵ This investment group considers ESG aspects.

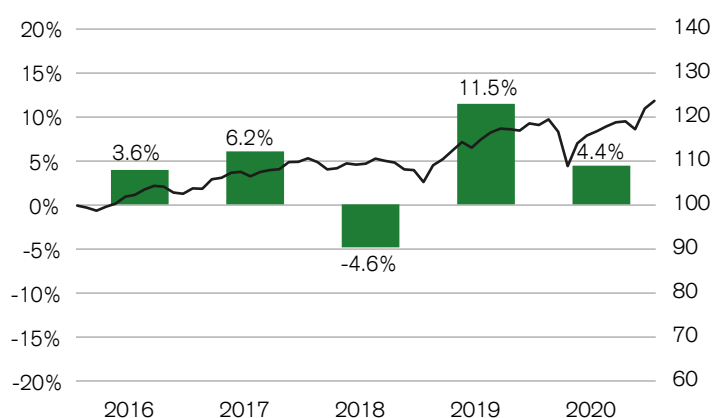
⁶ These products have an average equity component of 75% and thus exceed the prescribed category limit for equities pursuant to Art. 55 BVV 2. Due to the large equity component, these products involve a higher risk than pension solutions with a maximum equity holding of 50%.

Indexed investment groups⁷

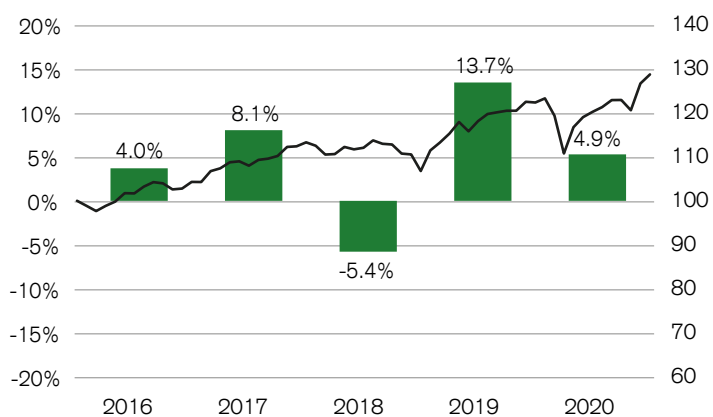
CSA Mixta-BVG Index 25



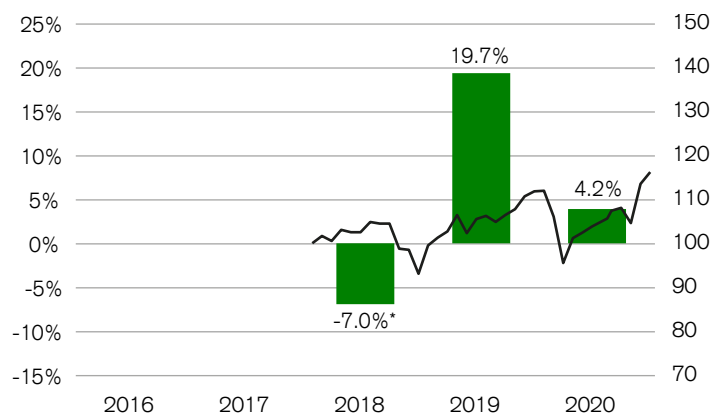
CSA Mixta-BVG Index 35



CSA Mixta-BVG Index 45



CSA Mixta-BVG Index 75⁸



* from February 13, 2018

■ Annual performance in % (left-hand scale)
 — Net asset value (indexed)

⁷ Source: Credit Suisse Investment Foundation. Positive performance in the past is no guarantee of positive performance in the future.

⁸ These products have an average equity component of 75% and thus exceed the prescribed category limit for equities pursuant to Art. 55 BVV 2. Due to the large equity component, these products involve a higher risk than pension solutions with a maximum equity holding of 50%.



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