Individual investment strategies for 1e plans

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The 1e pension plans meet the growing requirement for more flexibility and individualization when it comes to private pension provision. The Credit Suisse Investment Foundations offer a comprehensive product range that is ideally suited to implementing individual investment strategies.

Implementing 1e plans with CSA/CSA 2 Mixta investment groups

- Broad, clearly structured product offering
- One security per investment strategy
- BVV-2 compliant investment strategies
- Transparency through monthly reporting
- A long track record
- Simple administration
- Daily subscriptions and redemptions

Investment is suitable for beneficiaries who are enrolled in a 1e pension plan as part of their employee benefits insurance and who have received advice about choosing an investment strategy and the associated risks and costs. This group has the relevant knowledge and experience with the investment products.

Investing in assets entails associated risks which may include market risk, portfolio management risk, foreign exchange risk, and liquidity risk.

CSA/CSA 2 investment groups for 1e plans

With over CHF 20 billion in assets under management, the Credit Suisse Investment Foundations are among the largest investment foundations in Switzerland. The existing CSA/CSA 2 Mixta investment groups (mixed funds) are professionally managed by Credit Suisse Asset Management (Switzerland) Ltd. and have a long track record.

The CSA/CSA 2 Mixta investment groups are mixed funds that have been optimized in terms of risk and return and are tailored to the Swiss pension system. Due to the status of the investment foundation, some of the investment groups enjoy tax advantages or make investments via collective investment instruments that are taxed more favorably. Moreover, they benefit from various withholding tax agreements. For example, they are exempt from Japanese withholding tax and, in the case of CSA 2, also from US withholding tax.

Having only one security per investment strategy means that 1e foundations can reduce the financial and administrative burden associated with implementing the individual investment strategies. The full cost of the investment strategy is charged directly to the respective mixed fund in the form of a flat-rate fee. Detailed and regular reporting provides transparency vis-à-vis 1e foundations and their beneficiaries.

The Credit Suisse Investment Foundations

The Credit Suisse Investment Foundation (CSA) was founded in 1974 by the then Schweizerische Kreditanstalt SKA. Today, it offers an extensive range of products for employee benefits insurance and private pension provision (second and third pillars). Credit Suisse Investment Foundation 2nd Pillar (CSA 2) was founded in 2006 and specializes in collective investments with a significant US equity holding. Both Investment Foundations are members of the Konferenz der Geschäftsführer von Anlagestiftungen [Conference of Investment Foundation Managers] (KGAST by its German acronym).

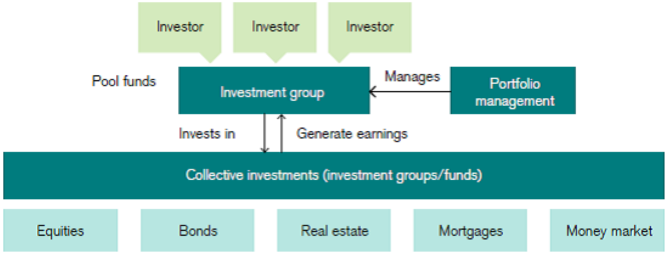
The Credit Suisse Investment Foundations are subject to the provisions of the Swiss Federal Act on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) and the Ordinance on Investment Foundations (OFP). Additionally, the general provisions of foundation law apply subsidiarily here. Investment foundations are overseen by the Occupational Pension Supervisory Commission (OPSC).

High degree of diversification in the CSA/CSA 2 Mixta investment groups

The CSA/CSA 2 Mixta investment groups have a fund-of-funds structure. As a result, the risk associated with investing in a Mixta investment group is spread across several collective investments (investment groups of the CSA/CSA 2 or investment funds) and the underlying assets that form part of these target funds (e.g. equities, bonds, real estate, mortgages, the money market, and currencies). Certain investment groups might also contain alternative investments. The structure of the Mixta investment groups means that such groups offer a high degree of diversification.

The range of products includes both actively and passively managed Mixta investment groups. In the case of actively managed investment groups, the portfolio management team endeavors to optimize returns over the long term through skillful investments, thereby outperforming the benchmark. Passively managed (indexed) investment groups track indices, and thus developments in the relevant markets, as closely as possible.

The illustration below gives an example of how an investment group functions:



Efficiently implementing 1e plans

The CSA/CSA 2 Mixta investment groups are ideal for ensuring simple, efficient implementation of 1e pension plans. The clearly structured product portfolio, which is tailored to the Swiss pension system, lends itself to a range of investment strategies. In addition, the mixed funds offer an intrinsically high level of diversification and are also continually optimized in terms of risk and return. The track record of the Mixta investment groups is clear proof of historically strong performance with an acceptable level of risk.

Special share classes are available to support implementation of 1e plans. Having only one security per investment strategy means that the 1e foundations can significantly reduce the financial and administrative burden. What's more, switching between strategies is easy, and the full cost of the investment strategy is charged directly to the product in the form of a flat-rate fee. The large proportion of fixed assets gives the Mixta investment groups extremely high liquidity, supporting daily subscriptions and redemptions.

Another benefit for the 1e foundations and their beneficiaries is the high level of transparency over their assets, by virtue of detailed and regular reporting. Reporting (e.g. fact sheets) includes performance figures, data on portfolio composition, and other key figures. An audited annual report is also published once a year.

Credit Suisse Asset Management (Switzerland) Ltd. manages the portfolio for the Mixta investment groups, giving investors access to the expertise of a prestigious, professional asset manager. The Mixta investment groups already have a large number of satisfied investors from the second pillar and Pillar 3a.

The CSA/CSA 2 investment groups at a glance

Investment group	CSA Low-Risk Strategy CHF E[1]	CSA Mixta-BVG 15 E	CSA Mixta-BVG 15 Plus E	CSA 2 Mixta-BVG 25 E	CSA 2 Mixta-BVG 25 Plus E
Security no.	43.663.477	45.868.145	43.663.719	43.665.396	43.663.749
Investment style	Active	Active	Active	Active	Active
Equity holding	0%	15%	15%	25%	25%
Risk category	Low	Moderate	Moderate	Moderate	Moderate
$TER_{ex\ ante}$ p.a.[2]	0.15%	0.45%	0.55%	0.45%	0.55%

Investment group	CSA 2 Mixta-BVG 35 E	CSA 2 Mixta-BVG 45 E	CSA 2 Mixta-BVG 65 Real E[3]	CSA 2 Mixta-BVG 75 E[3]
Security no.	43.665.406	43.665.413	116.680.729	43.665.420
Investment style	Active	Active	Active	Active
Equity holding	35%	45%	65%	75%
Risk category	Medium	Enhanced	High	High
$TER_{ex\ ante}$ p.a.[2]	0.45%	0.45%	0.70%	0.45%

Investment group	CSA 2 Mixta-BVG Index 25 E	CSA 2 Mixta-BVG Index 35 E	CSA 2 Mixta-BVG Index 45 E	CSA 2 Mixta-BVG Index 75 E[3]
Security no.	43.665.425	43.665.431	43.668.934	43.668.938
Investment style	Passive	Passive	Passive	Passive
Equity holding	25%	35%	45%	75%
Risk category	Moderate	Medium	Enhanced	High
$TER_{ex\ ante}$ p.a.	0.20%	0.20%	0.20%	0.22%

Investment group	CSA 2 Mixta-BVG Index 75 E[4]
Security no.	114.508.518
Investment style	Passive
Equity holding	45%
Risk category	Enhanced
$TER_{ex\ ante}$ p.a.	0.26%

[1] No mixed assets; only investments pursuant to Art. 53a BVV 2.
[2] The cost burden for actively managed CSA/CSA 2 mixed funds is disclosed to investors by means of the TER figure based on the KGAST guidelines. The available mixed funds have a fund-of-funds structure. Accordingly, in addition to the costs relating to the fund of funds (Mixta investment group), the TER calculation also includes the weighted cost of the target funds. The composition of the mixed funds can change over time, meaning that the TER is subject to certain fluctuations. Therefore, the TER that is currently stated cannot be guaranteed. However, CSA/CSA 2 is committed to keeping the TER as stable as possible.
[3] Equity component exceeded pursuant to BVV 2.
[4] In contrast to the other four indexed investment groups, this investment group additionally invests in real estate.

Risks relating to investments

Risks relating to investments
As a general rule, investments are exposed to market risks, currency risks, and other risks, such as counterparty risks and liquidity risks, and are subject to certain fluctuations in value (volatility). The risks differ depending on the investment category and investment group.

Market risk: The investor bears the risk that the value of the CSA/CSA 2 investment groups may fall during the specified term. This can be the result of fluctuations in the market prices of the underlying assets. Fluctuations result from a range of causes, including changes in fundamentals and unforeseeable, sometimes irrational, behavior on the part of market participants.

Portfolio management risk: The portfolio management team of the CSA/CSA 2 investment groups selects the collective investments and determines the weightings within the defined bandwidths. These decisions can also lead to losses.

Foreign exchange risk: The CSA/CSA 2 investment groups (with the exception of CSA Low-Risk Strategy CHF) also invest in currencies other than the Swiss franc. Exchange rate fluctuations can therefore have a negative impact on unit values.

Liquidity risk: Units in the CSA/CSA 2 investment groups for 1e pension plans can generally be subscribed and redeemed on a daily basis. In exceptional circumstances, including but not limited to liquidity squeezes, management of the Credit Suisse Investment Foundations can redeem units on a staggered basis, or defer the redemption of units for up to two years. If important grounds exist, in particular if the investments could only be sold at a loss or if there is insufficient liquidity, the redemptions can be further postponed, or other options explored following consultation with the investors concerned and notification of the supervisory authority.

Tracking risk: The return on a CSA/CSA 2 investment group can be lower than the return on the underlying benchmark because the investment group is subject to management fees.

Alternative investment risk: The risks involved in these investments arise in particular due to the extensive use of short-selling, derivatives, and debt capital, as well as a long-term investment horizon.

Other risks: Investors may be exposed to other risks – for example, those related to the counterparty/issuer risk, the use of derivatives, or investments in emerging markets or real estate.

The loss potential of the 1e pension plan assets: Under some circumstances, investments in the CSA/CSA 2 investment groups for 1e pension plans may fall in value. Thanks to risk diversification across a variety of collective investments and the underlying assets contained within these, the likelihood of a total loss is low.

Sale at an inopportune time: If the units have to be sold on a fixed date due to special circumstances, such as termination of the employment relationship, advance withdrawal for the promotion of home ownership, or divorce, this can lead to losses depending on the current market situation.

Transfer: Investment foundation units may only be held and transferred in the context of employee benefits insurance (second pillar). It may be that the new employer's pension fund will not agree to the transfer of the units. The units must then be sold.

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