

Credit Suisse Swiss Pension Fund Index Q4 2021



Credit Suisse Swiss Pension Fund Index

Comparison of Swiss pension funds

Q4 2021: 2.13%

YTD 2021: 8.28%

- End of a year of significant gains
- Equity markets make significant gains
- Shift toward more sustainability

Market review

The world economy recovered in 2021. Global equity markets made significant advances, while major government bond yields also rose – although they remained at a low level. The US dollar appreciated against the other leading currencies in 2021.

- Global economic output picked up in 2021. Activity in the service sector was constrained in the first quarter by the new wave of COVID-19 sweeping across major economies and the accompanying social distancing measures. At the same time, fiscal incentives – particularly in the US – boosted household incomes and fueled growing demand for goods. As the year progressed, vaccination programs enabled some social distancing measures to be lifted and consequently led to increasing demand for services. Inflation showed a palpable increase in most major economies on the back of the strong demand for goods as well as supply shortages and a rapidly recovering labor market.
- Monetary policy was tightened in the second half of 2021. The US Federal Reserve (Fed) left its target range for key interest rates at 0–0.25%, though it began to taper its asset purchase program toward the end of the year and indicated that rate hikes could be on the horizon for 2022. The Bank of England ended its asset purchase program and hiked interest rates at year-end. Several central banks in emerging markets likewise increased interest rates in the second half of the year. However, the European Central Bank, Bank of Japan, and Swiss National Bank all stuck to their accommodative monetary policy stance and kept interest rates at or below zero.
- Global equities were buoyed by the economic recovery in 2021, rallying by more than 20%. Growth was boosted by the measures taken by governments and central banks to contain the pandemic. In particular, this included fiscal stimuli as well as accommodative monetary policy including extensive asset purchase programs. A glance at equity markets in individual regions shows that stocks in the US and Switzerland outperformed the global market, while Japanese and emerging-market equities underperformed. Energy led the way at sector level with an increase of 44%, followed by real estate and information technology. The utilities sector, meanwhile, brought up the rear. Equity-market volatility, as measured by the Chicago Board Options Exchange Market Volatility Index (VIX), showed multiple short-term swings, especially at the end of January and beginning of December 2021. Overall, however, volatility was lower than in 2020. The Credit Suisse Hedge Fund Index rose in 2021. Global bank stocks outperformed the global equity market. Within the banking sector itself, European stocks outperformed their global counterparts in 2021 – chiefly thanks to a strong performance in December. At the close of 2021, global bank stocks were trading 35% higher than their end-2020 level.
- In fixed income, most bonds posted negative returns amid high volatility. This reflected market expectations of an imminent tightening of monetary policy by central banks. In the case of US dollar yields, the spread between ten-year and two-year US government bonds tightened; meanwhile, the EUR and CHF yield curves steepened. On the credit front, global high-yield corporate bonds outperformed global investment-grade corporate bonds as well as emerging-market government bonds, both of which produced a negative total return due to their longer duration. Credit spreads remained tight.
- The Fed's move away from expansionary monetary policy provided support for the US dollar in 2021, with the greenback gaining ground against most leading currencies. The euro shed 7% against the US dollar, while the Swiss franc lost 3%. The Japanese yen depreciated by more than 10% against the US dollar, partly on account of Japan's low inflation. Most emerging-market currencies likewise lost ground against the US currency. By contrast, the Chinese renminbi strengthened versus the US dollar and was the strongest performer among the large emerging markets. The Turkish lira and the Argentine peso were the worst performers against the US dollar.
- Despite a volatile fourth quarter in 2021, the Credit Suisse Commodity Benchmark ended the year with a gain of 43%. The energy sector (oil and gas) was the main outperformer, as oil

The Credit Suisse Swiss Pension Fund Index is calculated on the basis of the equally weighted gross returns (prior to deducting management costs) realized by Swiss pension funds whose assets are held at Credit Suisse under a global custody arrangement. Asset management and advisory tasks, however, are performed by the pension funds themselves or by third parties. In its role as global custodian, Credit Suisse has no influence on the performance of individual pension funds.

inventories were squeezed by supply restrictions on the part of OPEC+ combined with recovering demand. Low global gas inventories and concerns about insufficient winter stockpiling caused prices to rise. Industrial metals and agricultural markets also made gains, although these sectors trailed the benchmark.

Falling inventories in both segments, supply-chain issues, and strong demand led to significant upward pressure on prices. By contrast, it was a negative year for precious metals with a fall in the price of both gold and silver.

Credit Suisse Swiss Pension Fund Index: Upward trend continues

■ The Pension Fund Index rose by 4.39 points, or 2.13%, in the quarter under review; this gives a change of 8.28% since the start of the year. The index stood at 209.84 points as of December 31, 2021, having risen from a baseline of 100 points at the beginning of 2000. October (+0.82%) was surpassed by a strong December (+1.52%), while November showed a slight consolidation (−0.22%). This brought a generally very pleasing year to a positive end.

■ The lion's share of positive performance in the fourth quarter was attributable to equities (+1.94%). Swiss equities made a return contribution of +1.15%, while foreign equities contributed +0.79%. Real estate (+0.26%) likewise delivered a strong contribution to performance. With a negative performance contribution of −0.20%, bonds (including convertible bonds) reduced the result. The other asset categories were fairly unremarkable, but nonetheless ended in slightly positive territory with the exception of alternative investments.

Table 1: Performance contribution (quarterly)

Credit Suisse Swiss Pension Fund Index (January 1, 2021–December 31, 2021)

	Q1 21	Q2 21	Q3 21	Q4 21	YTD
Liquidity	−0.30%	0.07%	−0.02%	0.13%	−0.12%
CHF bonds	−0.39%	0.09%	−0.08%	−0.05%	−0.45%
Foreign currency bonds	0.10%	0.01%	−0.01%	−0.14%	−0.04%
Convertible bonds	0.01%	0.00%	0.00%	0.00%	0.01%
Swiss equities	0.79%	1.24%	−0.24%	1.15%	3.02%
Foreign equities	2.04%	1.02%	−0.11%	0.79%	3.84%
Alternative investments	0.21%	0.16%	0.10%	0.00%	0.48%
Real estate	0.31%	0.68%	0.21%	0.26%	1.49%
Mortgages	0.00%	0.00%	0.00%	0.00%	0.01%
Other	0.02%	0.01%	0.00%	0.00%	0.04%
Total	2.79%	3.30%	−0.16%	2.13%	8.28%

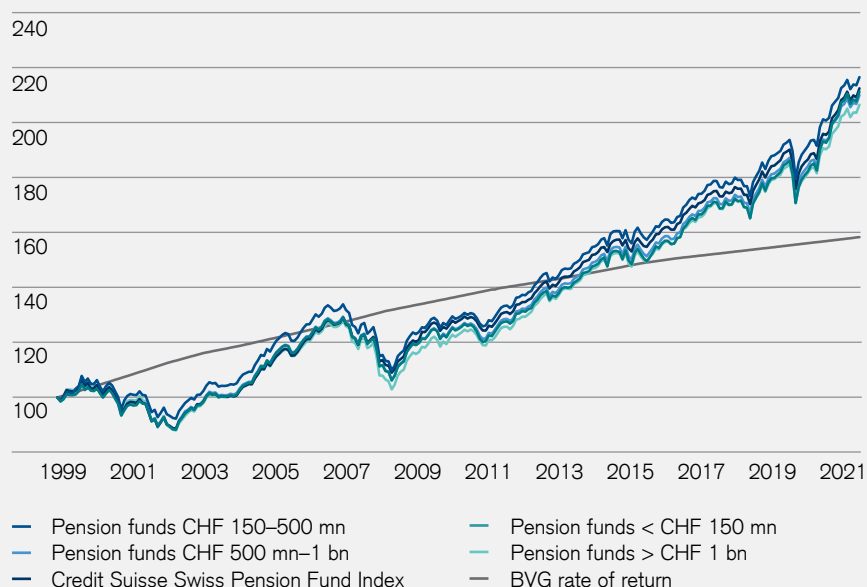
Credit Suisse Swiss Pension Fund Index above BVG mandatory minimum rate of return over long term

■ The index of the BVG mandatory minimum rate of return (1% p.a. since January 1, 2017) rose by 0.39 points (0.25%) to a level of 158.27 points in the reporting quarter from a baseline of 100 in January 2000. The return of the Credit Suisse Swiss Pension Fund Index was therefore 1.89% above the BVG requirement in the fourth quarter of 2021.

■ The annualized return on the Credit Suisse Swiss Pension Fund Index since January 1, 2000, amounted to 3.42% as of December 31, 2021. This contrasts with an annualized BVG mandatory minimum rate of return of 2.10%.

Chart 1:

Performance by pension fund segment size



Scale: Index level

BVG rate of return

until 31.12.2002	4.00%
from 1.1.2003	3.25%
from 1.1.2004	2.25%
from 1.1.2005	2.50%
from 1.1.2008	2.75%
from 1.1.2009	2.00%
from 1.1.2012	1.50%
from 1.1.2014	1.75%
from 1.1.2016	1.25%
since 1.1.2017	1.00%

Table 2: Index level 2015–2021

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
2015	149.45	153.54	154.53	154.71	154.51	151.98	154.82	151.40	149.99	154.04	155.54	153.67
2016	152.24	151.26	152.92	154.35	156.35	155.97	157.73	158.65	158.62	157.48	157.73	159.63
2017	160.03	162.97	164.03	165.65	166.57	165.92	167.78	167.87	168.95	170.97	171.22	172.48
2018	172.42	170.25	170.20	172.40	171.44	171.65	173.73	172.82	173.03	170.69	170.63	166.96
2019	172.06	174.21	176.13	179.15	176.66	179.49	181.14	181.37	182.27	183.16	185.49	186.14
2020	187.09	182.86	172.81	178.56	181.12	182.65	184.03	185.99	186.43	184.18	191.06	193.79
2021	193.32	194.54	199.21	200.58	202.01	205.78	206.66	208.79	205.45	207.15	206.70	209.84

Table 3: Monthly returns 2015–2021

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
2015	–1.83%	2.74%	0.64%	0.12%	–0.13%	–1.64%	1.87%	–2.21%	–0.93%	2.70%	0.97%	–1.20%	0.95%
2016	–0.94%	–0.64%	1.10%	0.94%	1.29%	–0.24%	1.13%	0.58%	–0.01%	–0.72%	0.16%	1.20%	3.87%
2017	0.26%	1.83%	0.65%	0.99%	0.55%	–0.39%	1.12%	0.06%	0.64%	1.20%	0.14%	0.74%	8.05%
2018	–0.04%	–1.26%	–0.03%	1.29%	–0.55%	0.12%	1.21%	–0.52%	0.12%	–1.35%	–0.04%	–2.15%	–3.20%
2019	3.05%	1.25%	1.10%	1.71%	–1.39%	1.60%	0.92%	0.13%	0.49%	0.49%	1.27%	0.35%	11.48%
2020	0.51%	–2.26%	–5.49%	3.33%	1.43%	0.84%	0.76%	1.07%	0.23%	–1.21%	3.73%	1.43%	4.11%
2021	–0.24%	0.63%	2.40%	0.69%	0.72%	1.86%	0.43%	1.03%	–1.60%	0.82%	–0.22%	1.52%	8.28%

Table 4: Monthly returns 2021 by pension fund segment size

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
Credit Suisse Swiss Pension Fund Index	–0.24%	0.63%	2.40%	0.69%	0.72%	1.86%	0.43%	1.03%	–1.60%	0.82%	–0.22%	1.52%	8.28%
Pension funds > CHF 1 bn	–0.20%	0.55%	2.39%	0.67%	0.70%	1.79%	0.40%	1.05%	–1.51%	0.86%	–0.10%	1.44%	8.28%
Pension funds CHF 500 mn–1 bn	–0.23%	0.65%	2.48%	0.65%	0.78%	1.81%	0.43%	1.02%	–1.51%	0.89%	–0.38%	1.61%	8.45%
Pension funds CHF 150–500 mn	–0.24%	0.53%	2.21%	0.68%	0.65%	1.73%	0.45%	0.95%	–1.57%	0.80%	–0.16%	1.40%	7.62%
Pension funds < CHF 150 mn	–0.29%	0.92%	2.69%	0.75%	0.81%	2.22%	0.42%	1.15%	–1.79%	0.78%	–0.34%	1.74%	9.37%

Table 5: Annualized returns

January 1, 2000–December 31, 2021

	Annualized performance since January 1, 2000
Credit Suisse Swiss Pension Fund Index	3.42%
BVG rate of return	2.10%
Pension funds > CHF 1 bn	3.34%
Pension funds CHF 500 mn–1 bn	3.48%
Pension funds CHF 150–500 mn	3.57%
Pension funds < CHF 150 mn	3.45%

Performance by asset class

Monthly returns

Table 6: Credit Suisse Swiss Pension Fund Index in 2021

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
Liquidity	-0.66%	-2.56%	-4.42%	3.30%	1.07%	-2.57%	2.39%	-1.25%	-1.68%	2.68%	-0.71%	1.41%	-3.27%
CHF bonds	-0.38%	-1.32%	0.13%	0.03%	-0.05%	0.39%	1.01%	-0.19%	-1.13%	-0.61%	0.99%	-0.59%	-1.72%
Foreign currency bonds	-0.18%	0.22%	2.05%	-1.55%	-0.19%	2.05%	-1.08%	0.95%	-0.01%	-2.27%	0.26%	-1.10%	-0.94%
Convertible bonds	0.86%	2.29%	-0.60%	0.74%	-0.91%	1.56%	-1.04%	0.95%	-1.18%	0.89%	-1.47%	-0.50%	1.50%
Swiss equities	-0.84%	0.12%	6.62%	1.07%	3.51%	4.17%	1.72%	2.31%	-5.62%	3.47%	-0.90%	5.79%	22.91%
Foreign equities	0.52%	3.83%	5.97%	1.44%	0.36%	3.36%	-1.22%	3.28%	-2.55%	2.99%	-1.68%	2.70%	20.34%
Alternative investments	0.50%	0.97%	1.67%	0.61%	0.85%	0.93%	-0.15%	0.87%	0.88%	-0.28%	-0.05%	0.27%	7.28%
Real estate	-0.59%	0.86%	1.01%	0.61%	0.32%	1.83%	0.61%	0.18%	0.08%	-0.30%	0.10%	1.27%	6.12%
Mortgages	0.06%	0.07%	0.11%	0.10%	0.06%	0.05%	0.07%	0.05%	-0.01%	-0.04%	0.17%	-0.01%	0.66%
Other	-0.21%	0.91%	3.29%	0.46%	1.15%	1.05%	-0.08%	1.30%	-1.39%	0.69%	-0.64%	1.41%	8.17%
Total	-0.24%	0.63%	2.40%	0.69%	0.72%	1.86%	0.43%	1.03%	-1.60%	0.82%	-0.22%	1.52%	8.28%

Note: In addition to cash, the liquidity asset class includes money market investments and FX forwards for currency hedging purposes.

Table 7: Benchmark indices in 2021

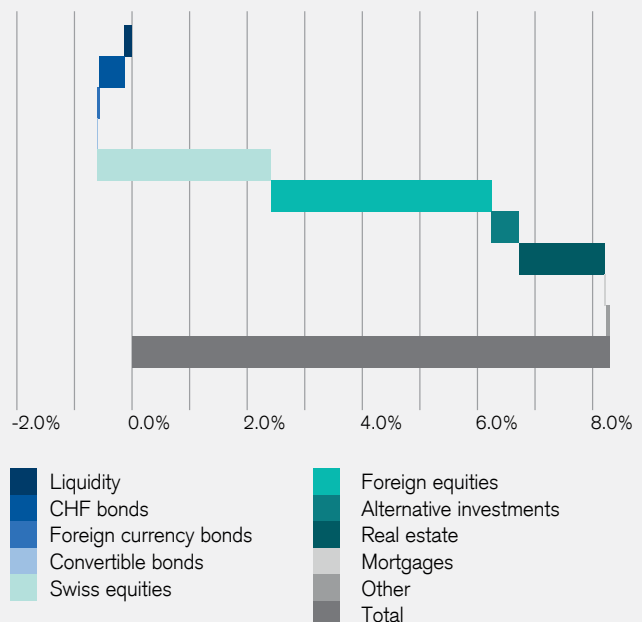
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
CHF bonds SBI AAA-BBB 1-15Y (TR)	-0.07%	-0.86%	0.39%	-0.11%	-0.10%	0.20%	0.70%	-0.15%	-0.97%	-0.89%	1.13%	-0.55%	-1.29%
Foreign currency bonds Bloomberg Global Aggr. (TR)	-0.25%	0.01%	1.96%	-1.87%	-0.47%	1.87%	-0.65%	0.66%	0.02%	-2.28%	0.98%	-1.68%	-1.77%
Swiss equities SPI (TR)	-1.01%	-0.44%	6.70%	1.17%	3.45%	4.62%	1.51%	2.37%	-5.66%	3.78%	-0.51%	5.87%	23.38%
Foreign equities MSCI AC World ex Switzerland (NR)	0.22%	4.25%	6.74%	1.15%	0.06%	4.12%	-1.34%	3.64%	-2.28%	2.92%	-1.19%	2.30%	22.17%
Real estate direct/ investment foundations KGAST Immo-Index (Switzerland) (TR)	0.39%	0.28%	0.46%	0.29%	0.42%	0.44%	0.45%	0.42%	0.60%	0.46%	0.41%	0.96%	5.73%
Real estate funds SXI Real Estate Funds Broad (TR)	-3.45%	1.56%	2.43%	0.96%	-0.43%	5.73%	0.94%	-0.92%	-0.28%	-3.66%	0.76%	3.87%	7.32%

Positive fourth-quarter return heavily driven by Swiss equities

- Swiss equities were very positive in the quarter under review (+8.47%), but lagged behind the benchmark SPI (TR) (+9.31%).
- Foreign equities were likewise positive (+4.00%) but lagged marginally behind the benchmark index MSCI AC World ex Switzerland (NR) (+4.03%).
- Foreign currency bonds were negative (−3.08%) and underperformed the benchmark Bloomberg Global Aggr. (TR) (−2.98%).
- CHF bonds were negative (−0.22%), but ahead of the SBI AAA-BBB 1–15Y (TR) (−0.32%).
- Real estate was positive (1.07%) but behind the benchmark (50% KGAST and 50% SXI Real Estate Funds Broad [TR]) (1.37%).
- Liquidity (cash, FX forwards for currency hedging) posted a positive return (+3.38%) in the fourth quarter.

Chart 2:

Contribution waterfall YTD 2021



Scale: Return in percent (%)

Risk/return positions

Five-year review: Rising annualized return in the reporting quarter, as annualized risk falls slightly

- The unweighted average annualized return in Q4 2021 rose by 0.31 percentage points compared with the third quarter of 2021 to 5.62% amid slightly falling risk (−0.01% to 4.92%).
- The Sharpe ratio therefore improved from 1.20 to 1.26.
- Pension funds from two size segments with an investment volume of CHF 150 million to CHF 1 billion exhibited the best risk/return ratio (Sharpe ratio of 1.28).
- Pension funds with an investment volume of less than CHF 150 million showed the highest median return (6.05%).
- Pension funds with an investment volume of above CHF 1 billion showed the lowest median return (5.59%).
- Pension funds with an investment volume of less than CHF 150 million showed the lowest Sharpe ratio (1.22).

Chart 3:

Annualized risk/return comparison; five-year view, monthly values from January 2017 to December 2021

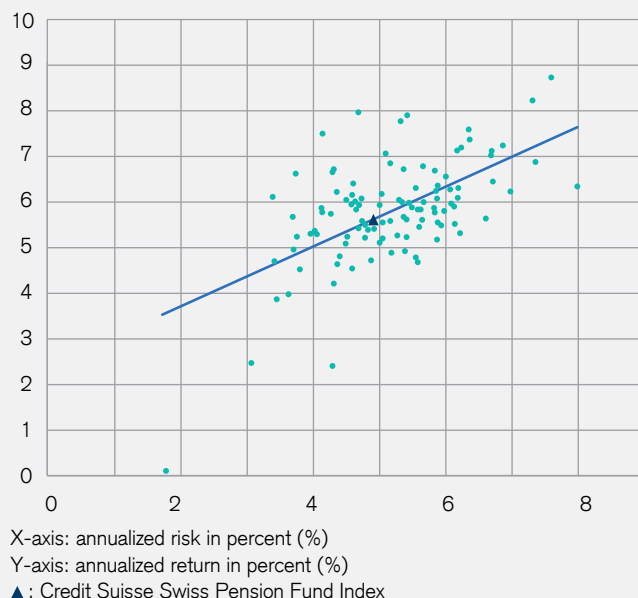


Table 8: Risk/return ratios

January 1, 2017–December 31, 2021

	Risk	Return	Sharpe ratio
Credit Suisse Swiss Pension Fund Index	4.92%	5.62%	1.26%
Pension funds > CHF 1 bn	4.80%	5.50%	1.27%
Pension funds CHF 500 mn–1 bn	4.70%	5.43%	1.28%
Pension funds CHF 150–500 mn	4.75%	5.50%	1.28%
Pension funds < CHF 150 mn	5.35%	5.98%	1.22%

Table 9: Return bandwidths

January 1, 2017–December 31, 2021

	Minimum	1st quartile	Median	3rd quartile	Maximum
Credit Suisse Swiss Pension Fund Index	0.11%	5.30%	5.83%	6.31%	8.71%
Pension funds > CHF 1 bn	4.54%	5.19%	5.59%	6.17%	7.35%
Pension funds CHF 500 mn–1 bn	3.97%	5.23%	5.89%	6.07%	7.56%
Pension funds CHF 150–500 mn	0.11%	5.24%	5.84%	6.23%	7.96%
Pension funds < CHF 150 mn	4.21%	5.42%	6.05%	7.10%	8.71%

Note: The Sharpe ratio shows the return in excess of the risk-free interest rate divided by the volatility, which is a measure of its risk.

The risk/return figures in Table 8 are annualized values for the past five years. A portfolio only contributes to the return and risk of the index during the periods in which this portfolio is included in the index. The data points in Chart 3, by contrast, show the figures for the portfolios that were part of the index at the end of the reference quarter, regardless of the date they joined the index, as well as the figures for the index itself. The data points of recently added portfolios may have been removed if the annualization led to meaningless outliers.

Asset allocation

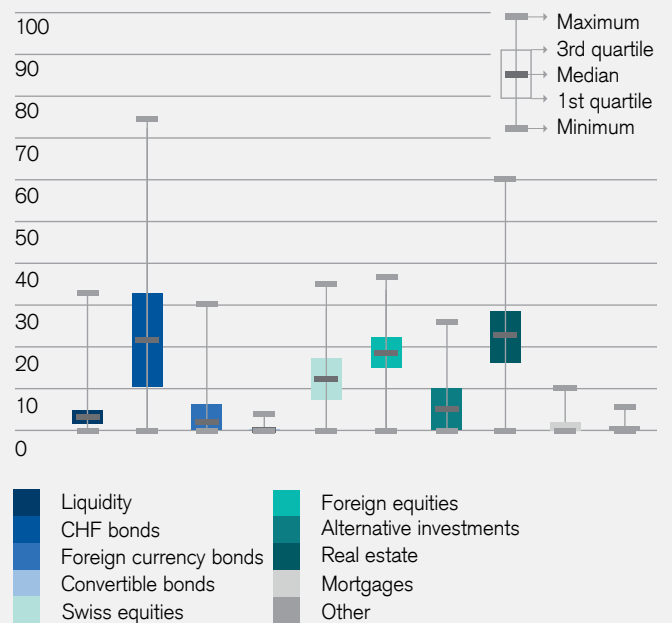
Rises in equities, declines in bonds

■ The sharp rise in share prices led to a shift at the expense of other asset classes, with a marked decrease in CHF bonds, followed by real estate, foreign currency bonds and convertible bonds. In addition, liquidity and mortgages showed an increase.

- Swiss equities +0,50% to 14,26%
- Foreign equities +0,50% to 20,09%
- Mortgages +0,05% to 1,54%
- Liquidity +0,02% to 4,14%
- Alternative investments –0,08% to 6,66%
- Convertible bonds –0.09% to 0.26%
- Foreign currency bonds –0.17% to 4.43%
- Real estate –0,31% to 23,84%
- CHF bonds –0,42% to 24,41%

Chart 4:

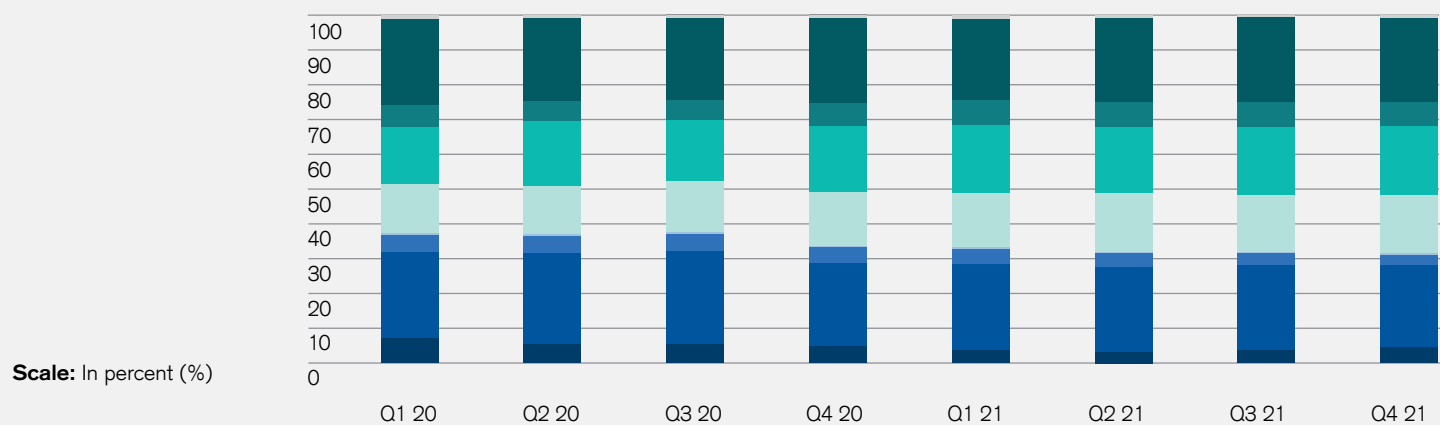
Asset allocation



Scale: In percent (%)

Chart 5:

Asset allocation at the end of the quarter for the last eight quarters



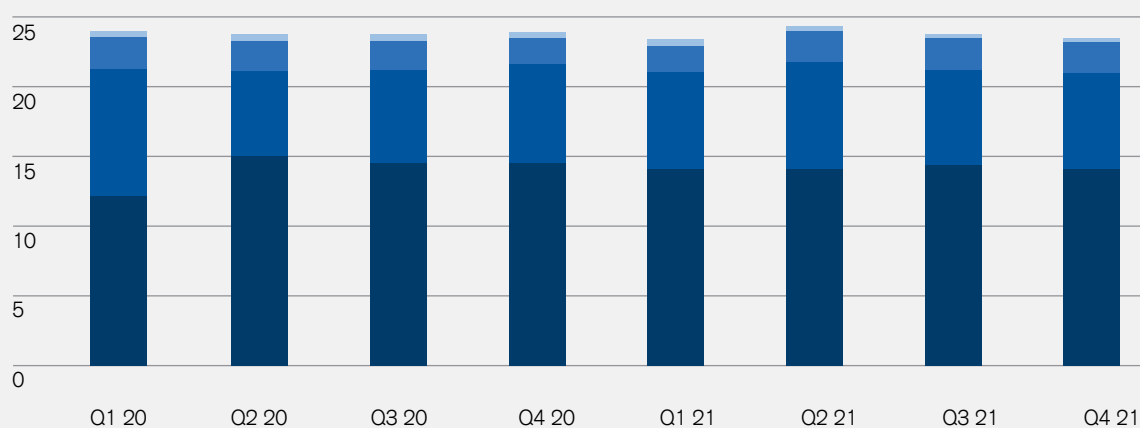
Decline in real estate

- The overall share of real estate fell at the end of the fourth quarter of 2021 (−0.31% to 23.84%).

- Swiss real estate fell overall (−0.25% to 20.95%), (direct −0.28% to 14.14%; indirect +0.03% to 6.81%).
- Foreign real estate decreased slightly (−0.06% to 2.89%).

Chart 6:

Real estate allocation at the end of the quarter for the last eight quarters



Swiss direct investments / investment foundations	12.07%	14.97%	14.78%	14.77%	14.46%	14.35%	14.42%	14.14%
Swiss investment funds	9.62%	6.14%	6.30%	6.53%	6.44%	7.32%	6.78%	6.81%
Foreign hedged	2.13%	2.12%	2.07%	1.98%	1.99%	2.04%	1.97%	1.96%
Foreign unhedged	0.92%	0.92%	0.93%	0.89%	0.98%	0.96%	0.98%	0.93%
Total	24.74%	24.15%	24.08%	24.16%	23.87%	24.66%	24.15%	23.84%

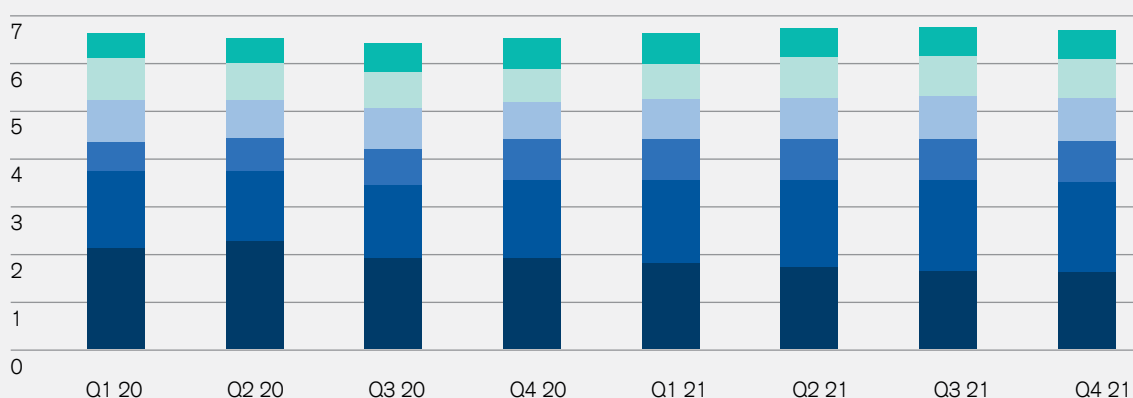
Increase in private equity component

- The alternative investments component fell slightly compared with the previous quarter (−0.08% to 6.66%).
- Private equity showed the biggest increase (+0.05% to 1.89%).

- The infrastructure component increased slightly (+0.03% to 1.00%).
- The hedge funds (−0.13% to 1.63%), insurance-linked (−0.02% to 0.73%), and senior loans (−0.02% to 0.62%) components fell slightly.
- Commodities (+0.00% to 0.79%) were unchanged.

Chart 7:

Allocation of alternative investments at the end of the quarter for the last eight quarters



Scale: In percent (%)

Hedge funds	2.01%	2.02%	1.96%	1.96%	1.91%	1.89%	1.76%	1.63%
Private equity	1.54%	1.45%	1.49%	1.51%	1.63%	1.74%	1.84%	1.89%
Commodities	0.66%	0.66%	0.68%	0.76%	0.77%	0.75%	0.79%	0.79%
Insurance-linked	0.98%	0.89%	0.83%	0.82%	0.79%	0.73%	0.75%	0.73%
Infrastructure	0.92%	0.92%	0.89%	0.87%	0.90%	0.96%	0.97%	1.00%
Senior loans	0.58%	0.58%	0.60%	0.69%	0.69%	0.64%	0.64%	0.62%
Total	6.69%	6.52%	6.46%	6.60%	6.69%	6.71%	6.74%	6.66%

Modified duration

- The modified duration for the overall index increased slightly to 5.29 as of December 31, 2021.
- Pension funds with assets of between CHF 500 million and CHF 1 billion exhibited the highest modified duration (6.68) as of the end of December 2021.

- The lowest modified duration as of the end of December 2021 (4.14) was observed in pension funds with investment assets of below CHF 150 million.

Table 10: Modified duration in 2021 (at month-end)

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Credit Suisse Swiss Pension Fund Index	5.25	5.27	5.30	5.25	5.22	5.19	5.29	5.27	5.28	5.14	5.25	5.29
Pension funds > CHF 1 bn	5.91	5.91	5.77	5.51	5.37	5.35	5.54	5.48	5.45	5.46	5.54	5.47
Pension funds CHF 500 mn–1 bn	6.07	5.96	6.18	6.01	6.29	6.04	6.58	6.62	6.80	6.79	6.69	6.68
Pension funds CHF 150–500 mn	4.97	5.10	5.23	5.35	5.26	5.31	5.03	5.02	4.95	4.69	4.72	4.96
Pension funds < CHF 150 mn	4.09	4.01	4.00	4.00	4.10	4.03	4.12	4.12	4.14	4.10	4.14	4.14

Note: The modified duration indicates the direct sensitivity of the bond price (in percentage terms) to a 1% change in the market interest rate. Only direct bond investments are used in calculating the modified duration; collective investments are excluded.

Currency allocation

Increase in US dollar component in fourth quarter of 2021

- The reporting quarter saw a shift to the USD component, the share of which rose to 8.47% (+0.43%). The EUR component also increased marginally (+0.08% to 2.61%).

- The CHF component decreased (−0.20% to 81.10%). The JPY component (−0.03% to 0.78%), GBP component (−0.01% to 0.71%), and the other currencies (−0.27% to 6.33%) also showed a decrease.

Chart 8:
Currency allocation for the last eight quarters

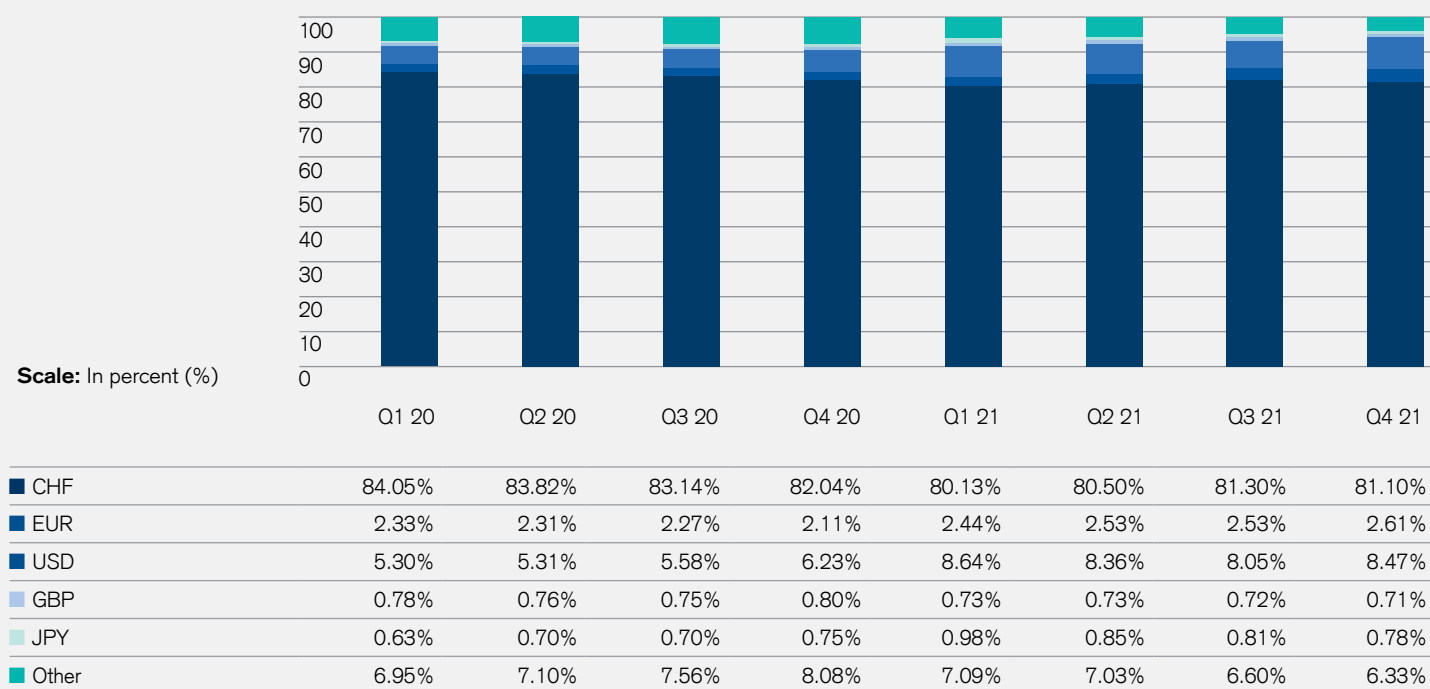


Table 11: Foreign exchange rates against the CHF in 2021

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
EUR	−0.07%	1.67%	0.66%	−0.74%	0.15%	−0.31%	−1.96%	0.62%	−0.02%	−2.19%	−1.49%	−0.53%	−4.20%
USD	0.64%	1.76%	3.96%	−3.09%	−1.39%	2.78%	−1.95%	1.08%	1.83%	−2.05%	1.27%	−1.54%	3.08%
GBP	1.10%	3.61%	2.59%	−2.75%	1.24%	−0.12%	−1.32%	0.05%	−0.23%	−0.42%	−2.25%	0.80%	2.13%
JPY	−0.75%	0.00%	0.24%	−2.04%	−1.47%	1.30%	−0.84%	0.97%	0.27%	−4.15%	1.70%	−2.92%	−7.59%

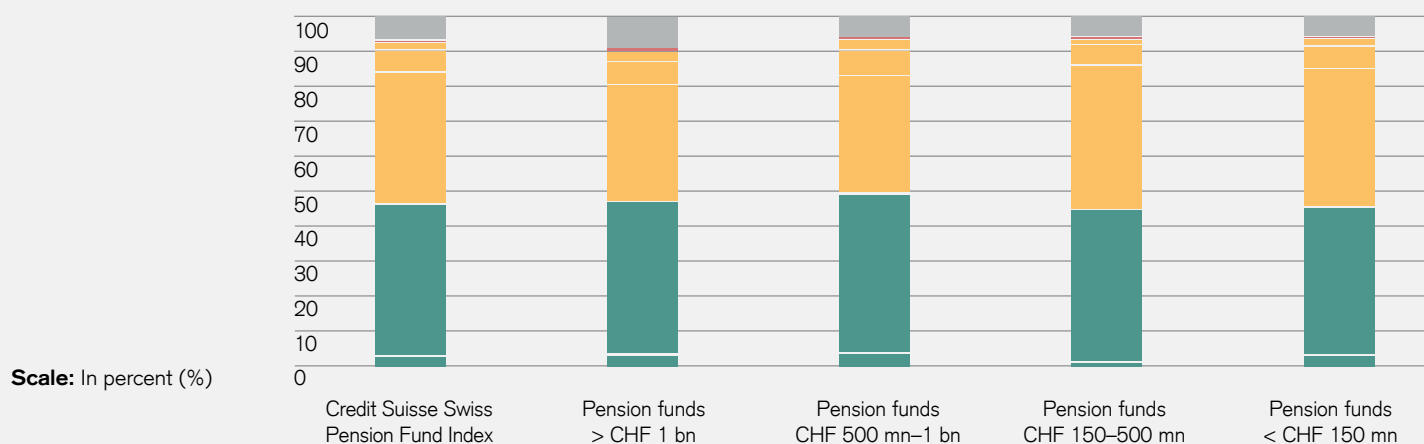
Data source: Credit Suisse, unless otherwise specified.

Sustainability analysis

Asset allocation by MSCI ESG rating

- The independent MSCI ESG rating is based on the MSCI ESG score (0–10). The “leader” category for the respective sector is shown in green (AAA and AA), while yellow depicts “average” (A–BB) and red is for “laggard” (B–CCC).
- An MSCI ESG AA rating accounts for the biggest share of the overall index of all pension funds at 43.22%. This is an increase of 13.64% versus the previous quarter.
- The leader category is very strongly represented in the Credit Suisse Swiss Pension Fund Index at 46.29% (+14.21%).
- The laggards – MSCI ESG ratings of B and CCC – account for by far the smallest share in all sub-indices.
- Many index-linked equity investments showed an improved MSCI ESG rating in Q4.

Chart 9:
Asset allocation by MSCI ESG rating



AAA	3.08%	3.52%	4.09%	1.40%	3.08%
AA	43.22%	43.33%	45.25%	43.24%	41.60%
A	37.45%	33.43%	33.44%	41.08%	38.77%
BBB	6.37%	6.53%	7.32%	5.95%	6.20%
BB	2.20%	2.93%	2.74%	1.53%	2.12%
B	0.72%	0.85%	0.88%	0.65%	0.56%
CCC	0.03%	0.05%	0.00%	0.00%	0.06%
Not Rated	6.95%	9.36%	6.28%	6.15%	5.97%

Note: All sustainability analyses relate exclusively to the asset classes of equities and bonds.

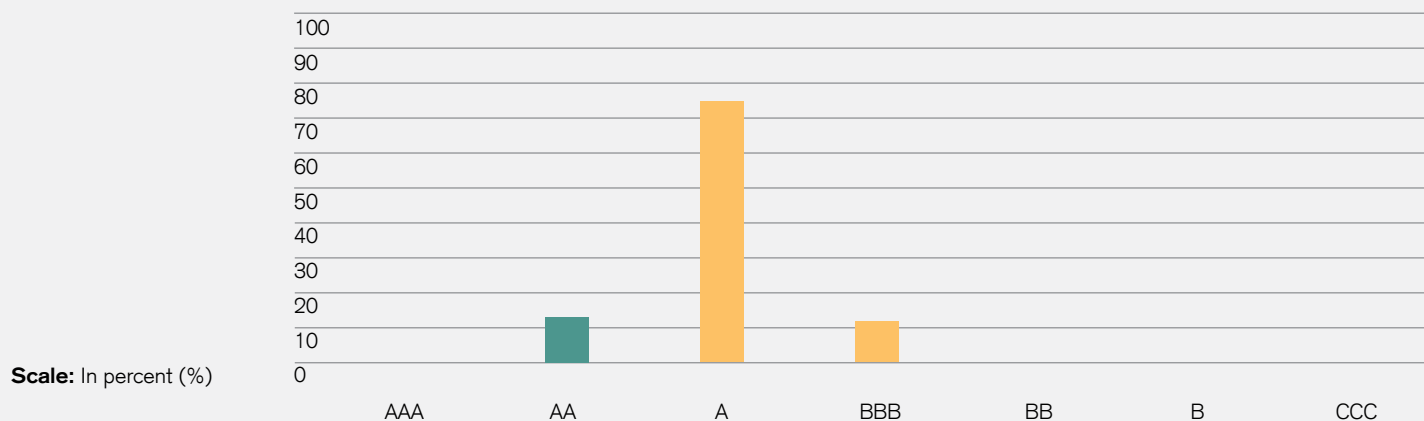
Data source: MSCI, Credit Suisse

Distribution of average MSCI ESG ratings

- The percentage of pension funds with an average MSCI ESG rating of AA increased by +10.14% compared with the previous quarter to 12.84% as of December 31, 2021.
- At 75.23%, the vast majority of participating pension funds had an MSCI ESG rating of A.
- 11.93% were assigned an average MSCI ESG rating of BBB.

Chart 10:

Relative number of average ESG ratings



Note: All sustainability analyses relate exclusively to the asset classes of equities and bonds.

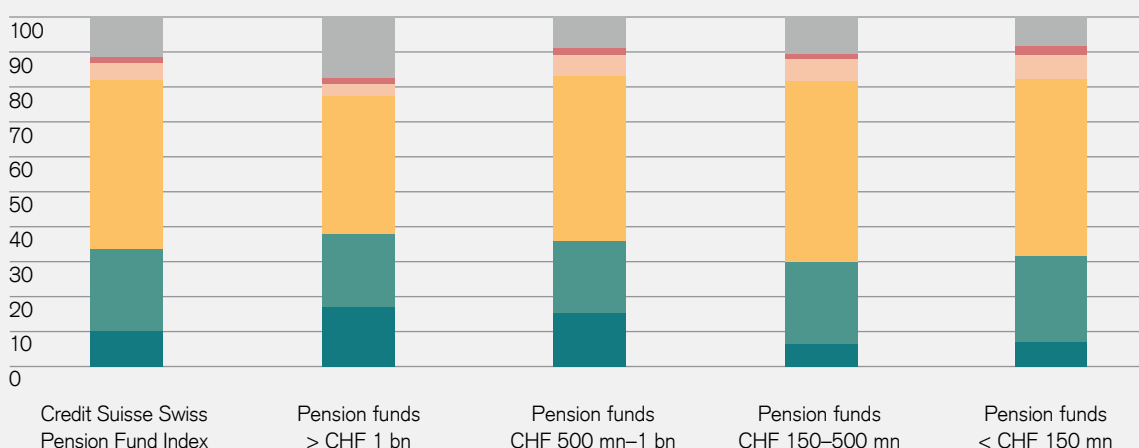
Data source: MSCI, Credit Suisse

Asset allocation by weighted average carbon intensity category (MSCI WACI)

- The weighted average carbon intensity is expressed in tons of carbon emissions per USD million sales. This metric allows the carbon risk of equities and bonds to be measured.
- 33.41% of the overall index falls into the “very low” or “low” carbon intensity categories.

- The largest part of the investments is allocated to the “moderate” category. The allocation to the “very high” and “high” categories is relatively small in every segment size of the pension funds.

Chart 11:
Weighted average carbon intensity category according to MSCI



Scale: In percent (%)

Table 12: Asset allocation by weighted average carbon intensity category as of December 31, 2021

Very low	10.70%	16.94%	15.39%	6.59%	7.13%
Low	22.71%	21.04%	20.59%	23.63%	24.60%
Moderate	47.54%	39.12%	47.01%	51.65%	50.73%
High	5.63%	4.44%	5.80%	5.63%	6.90%
Very high	2.03%	1.97%	1.97%	1.85%	2.43%
Not rated	11.39%	16.50%	9.24%	10.64%	8.21%

Note: All sustainability analyses relate exclusively to the asset classes of equities and bonds.

Data source: MSCI, Credit Suisse

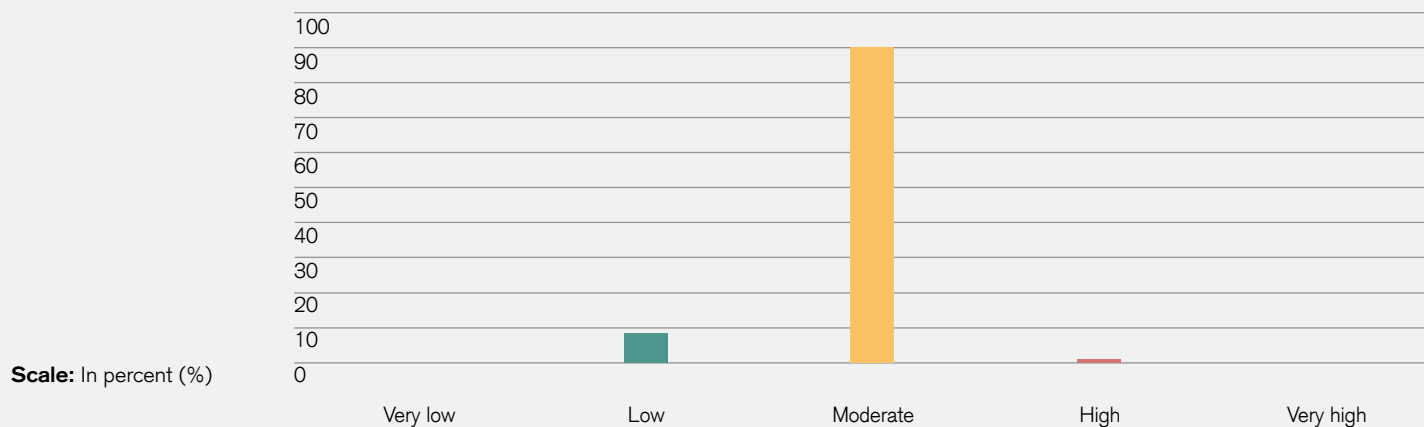
Distribution of weighted average carbon intensity category according to MSCI

- 8.74% of pension funds are in the “low” average carbon intensity category.

- The vast majority of pension funds (90.29%) were assigned to the “moderate” category as of December 31, 2021.
- At 0.97%, the “high” average carbon intensity category accounts for by far the smallest share.

Chart 12:

Relative number of average MSCI carbon intensity category



Note: All sustainability analyses relate exclusively to the asset classes of equities and bonds.

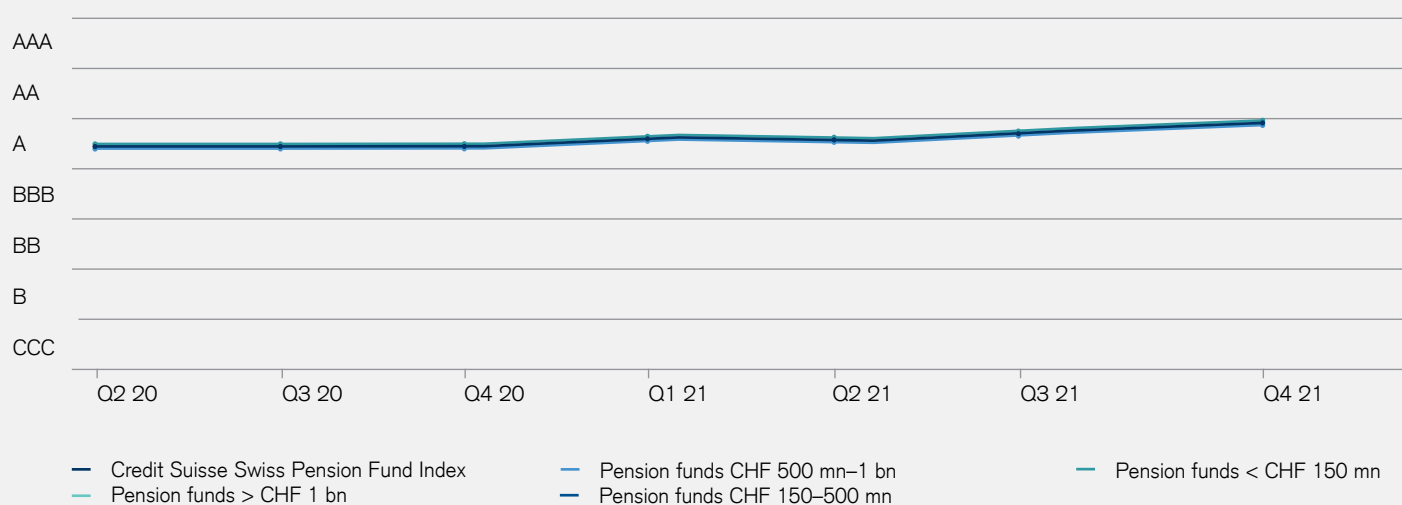
Data source: MSCI, Credit Suisse

Average MSCI ESG rating in last eight quarters

- The average MSCI ESG scores began to show a positive trend in the final two quarters of 2021 in particular.

Chart 13:

Average ESG rating at end of quarter



Average MSCI ESG score at end of quarter in last eight quarters (start of new analysis as of Q2 2020).

	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22
■ Credit Suisse Swiss Pension Fund Index	6.40	6.39	6.39	6.56	6.53	6.75	6.95	
■ Pension funds > CHF 1 bn	6.47	6.46	6.46	6.56	6.57	6.74	6.93	
■ Pension funds CHF 500 mn-1 bn	6.47	6.47	6.47	6.66	6.61	6.81	6.99	
■ Pension funds CHF 150-500 mn	6.34	6.33	6.32	6.51	6.47	6.73	6.95	
■ Pension funds < CHF 150 mn	6.38	6.38	6.39	6.60	6.52	6.77	6.96	

Note: The MSCI ESG scores published in the previous quarter were retroactively updated due to optimization of the analysis and improved data coverage. All sustainability analyses relate exclusively to the asset classes of equities and bonds.

Data source: MSCI, Credit Suisse

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