

## Credit Suisse Swiss Pension Fund Index

First Quarter 2010



### Performance of Swiss Pension Funds as at March 31, 2010

- Fourth positive quarter in a row
- Annualized return for the last ten years: 2.02%
- Real estate component reaches a new all-time high

# Credit Suisse Swiss Pension Fund Index 1<sup>st</sup> Quarter 2010

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# Performance of Swiss Pension Funds Based on Global Custody Data of Credit Suisse on March 31, 2010

## Index versus Mandatory Minimum Rate of Return since January 2000

### Encouraging Start to the Year

In the first quarter of 2010, the Credit Suisse Swiss Pension Fund Index (blue line in chart 1a), which started with a value of 100 at the beginning of 2000, continued its positive mood. In the quarter under review, the index increased by

2.88 points or 2.37% to 124.56 points. Both March (+1.44%) and February (+1.13%) contributed to the positive performance, while a slight negative trend of -0.22% was observed in January. The minimum BVG interest rate (the red line in chart 1a, which also started with a value of 100 as of January 2000), improved by another 0.5% or 0.67 points in the reporting quarter, climbing to

134.70 and reducing the difference to 10.14 points. The annualized return of the Credit Suisse Swiss Pension Fund Index (table 1b) was 2.02% as at March 31, 2010 as opposed to the annualized BVG minimum interest rate which was 2.74% at the end of March 2010. The overall index would still have to improve by around 10% for this gap to be closed by the end of 2010.

Chart 1a: Credit Suisse Swiss Pension Fund Index

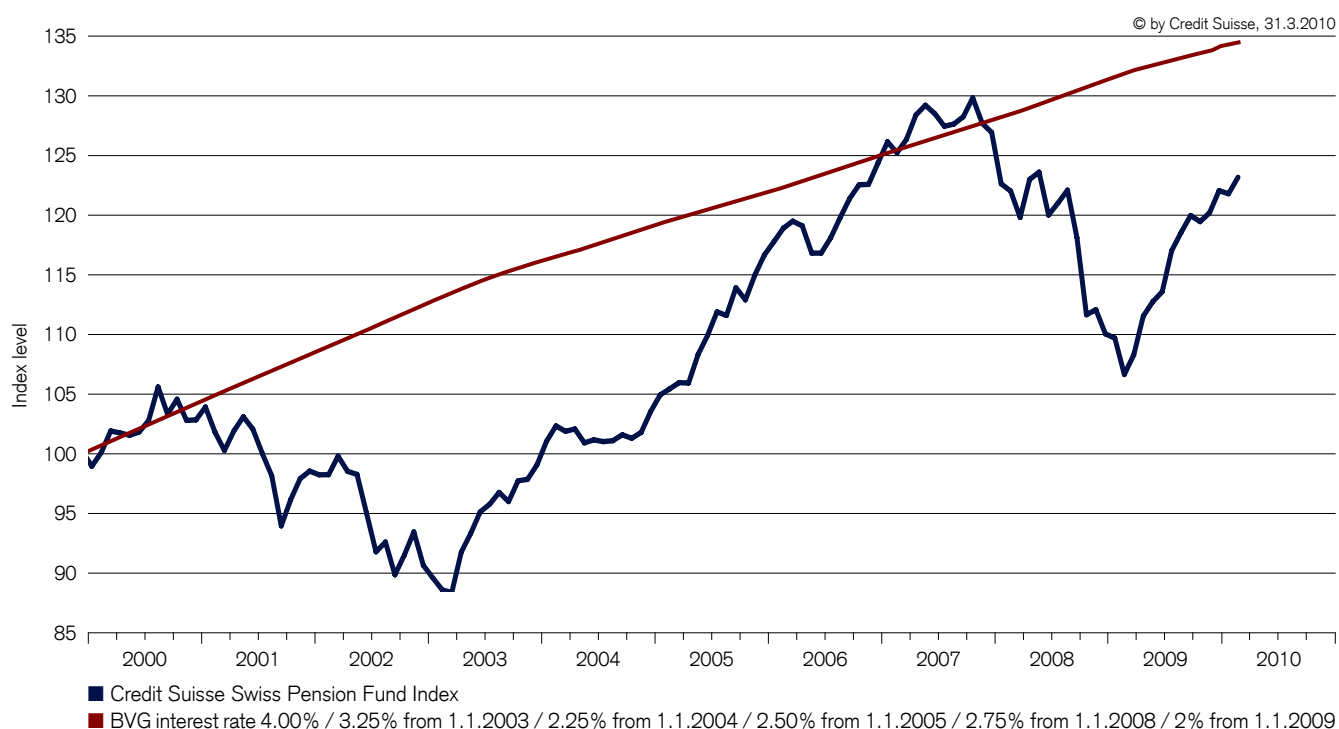


Table 1a  
Credit Suisse Swiss Pension Fund Index 01.01.2000–31.03.2010

	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Annual return
<b>2000</b>	98.74	99.88	101.68	101.51	101.32	101.59	102.55	105.34	103.07	104.32	102.56	102.60	2.60%
<b>2001</b>	103.67	101.59	100.05	101.68	102.86	101.84	99.81	97.94	93.78	95.97	97.71	98.34	-4.15%
<b>2002</b>	98.03	98.04	99.58	98.32	98.06	94.85	91.62	92.43	89.71	91.36	93.28	90.49	-7.98%
<b>2003</b>	89.45	88.45	88.23	91.59	93.15	94.94	95.58	96.56	95.80	97.53	97.65	98.86	9.25%
<b>2004</b>	100.81	102.10	101.65	101.84	100.69	100.94	100.79	100.87	101.36	101.07	101.56	103.30	4.49%
<b>2005</b>	104.68	105.18	105.70	105.67	108.04	109.62	111.59	111.29	113.60	112.59	114.66	116.33	12.62%
<b>2006</b>	117.42	118.55	119.14	118.75	116.48	116.48	117.75	119.43	121.02	122.17	122.20	123.99	6.58%
<b>2007</b>	125.74	124.83	125.95	127.98	128.79	128.08	127.04	127.22	127.83	129.40	127.28	126.52	2.04%
<b>2008</b>	122.25	121.64	119.45	122.61	123.22	119.65	120.65	121.72	117.76	111.35	111.77	109.76	-13.25%
<b>2009</b>	109.40	106.38	108.02	111.24	112.43	113.27	116.69	118.21	119.61	119.10	119.84	121.68	10.86%
<b>2010</b>	121.42	122.79	124.56										2.37%

**Chart 1b: Credit Suisse Swiss Pension Fund Index Based on Segment Size**

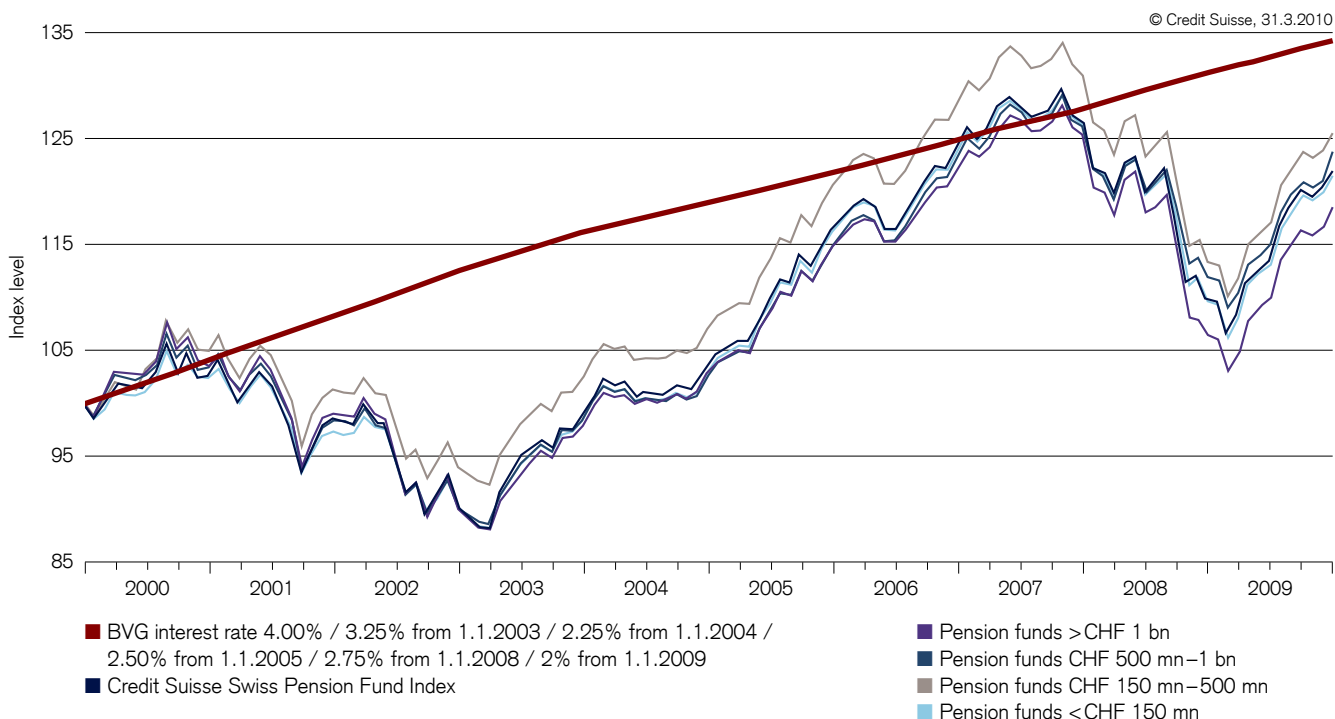


Chart 1b shows a breakdown by segment as follows: < CHF 150 million, CHF 150–500 million, CHF 500 million–1 billion and > CHF 1 billion.

Quarterly Comparison at a Glance:

Segment Size	Change in Points 1.1.2010–31.3.2010	Change in Percent 1.1.2010–31.3.2010	Spread versus BVG Target in Points as of 31.3.2010	Annual Return in Percent
CHF >1 bn	+3.00 points	+2.54%	-13.25 points	+2.54%
CHF 500 mn–1 bn	+2.78 points	+2.25%	- 8.07 points	+2.25%
CHF 150 mn–500 mn	+2.97 points	+2.37%	- 6.22 points	+2.37%
CHF <150 mn	+2.84 points	+2.34%	-10.43 points	+2.34%

**Annualized Return  
of 2.02%**

**Table 1b**

**Annualized return** 01.01.2000–31.03.2010

	Annualized performance since 01.01.2000
Credit Suisse Swiss Pension Fund Index	2.02%
BVG interest rate	2.74%
Pension funds > CHF 1 bn	1.78%
Pension funds CHF 500 mn–1 bn	2.17%
Pension funds CHF 150–500 mn	2.30%
Pension funds < CHF 150 mn	1.99%

## Risk/Return Positions

### Rolling Five-Year Line Almost Unchanged

Our risk/return overview shows the rolling five-year and two-year lines. It should be noted that only portfolios that were part of the index for the entire observation period are taken into account. For example, portfolios formed on June 1, 2007, are not taken into account in the five-year rolling observation period (01.04.2005–31.03.2010), but they do form part of the rolling two-year observation period.

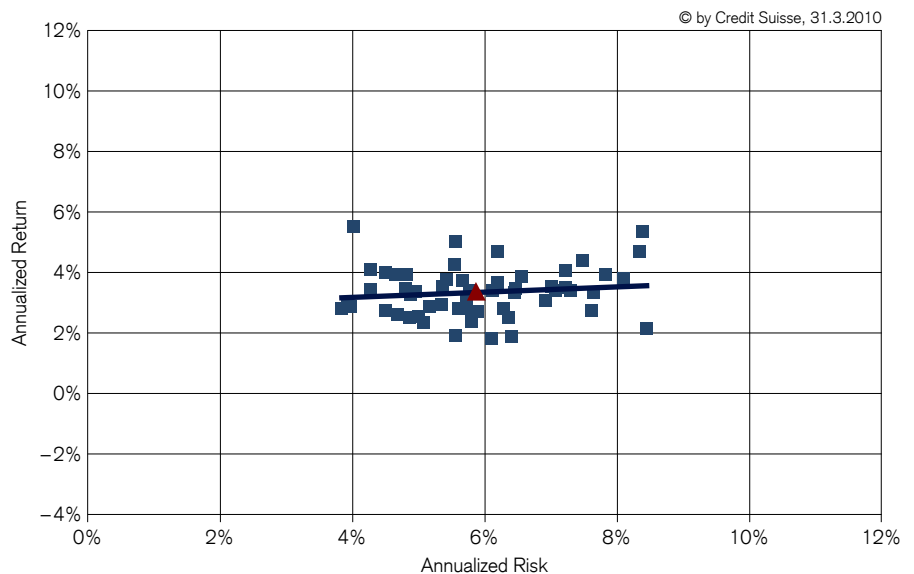
The line representing the rolling five-year observation period as of the reference date, which shows the annualized risk/return positions of individual pension funds (see chart 2a), now confirms by a very narrow margin the theory that higher risk is rewarded by higher returns in the long term.

Compared to the previous quarter, the unweighted average annualized return (red triangle) has fallen slightly to 3.35%, while the unweighted average annualized risk (red triangle) rose slightly to 5.86%. Only three pension funds still remain in the low-risk investment area (annualized risk of 3 to 4%), while four pension funds still fall into the high-risk area (annualized risk of more than 8%). We are happy to observe that, in the first quarter of 2010 just ended, all the pension funds are once again reporting a distinctly positive annualized return for the last five years.

### Negative Trend of Two-Year Line Continues

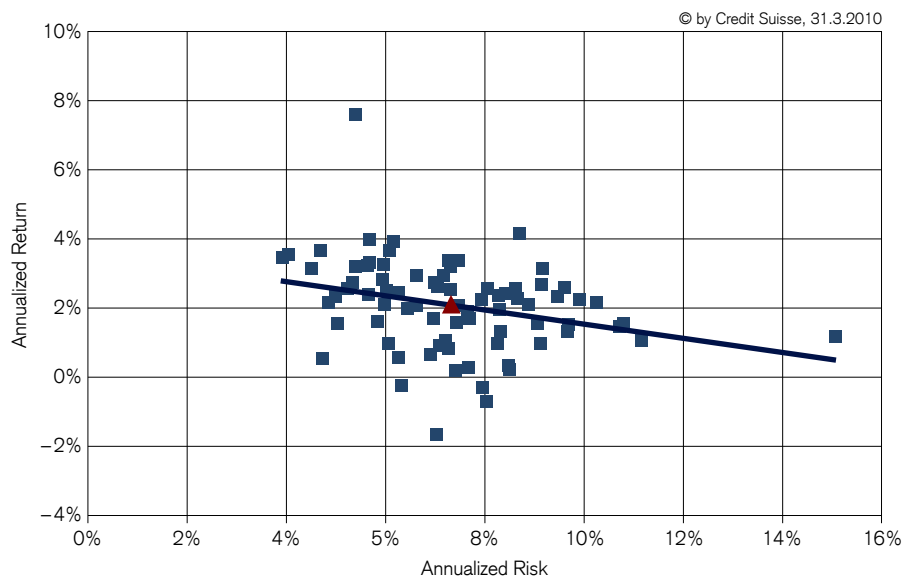
The rolling two-year line (chart 2b, 01.04.2008–31.03.2010), which has a much stronger reaction to changes, sends a very clear message: The downward incline remains negative, from which it can be concluded that the acceptance of higher fluctuation risks in

**Chart 2a: Annualized Risk/Return Comparison; Rolling Five-Year Review**  
Monthly Results from April 2005 to March 2010



Database: Monthly results from April 2005 to March 2010

**Chart 2b: Annualized Risk/Return Comparison; Rolling Two-Year Review**  
Monthly Results from April 2008 to March 2010



Database: Monthly results from April 2008 to March 2010

the past two years has been “penalized” by a decidedly negative performance (exceptions prove the rule). The unweighted average annualized return (red triangle) is 2.1%, while the unweighted average risk (red triangle) is 7.3%. As a very weak quarter in the first

quarter of 2008 has fallen out of the comparison, the straight line is moving closer to the theory that higher risk is rewarded by higher returns in the long run. The number of pension funds with a negative annualized return over two years has fallen to four by March 31, 2010.

## Asset Allocation

### Real Estate Exposure Continues to Rise

The asset allocation overview shows that the weighting of liquid funds dropped by 0.9% to 7.1% at the end of the first quarter of 2010. This shift mainly favored the real estate component, which grew by 0.6% and brought the real estate exposure to a new all-time high.

Chart 3: Asset Allocation for the Last Eight Quarters

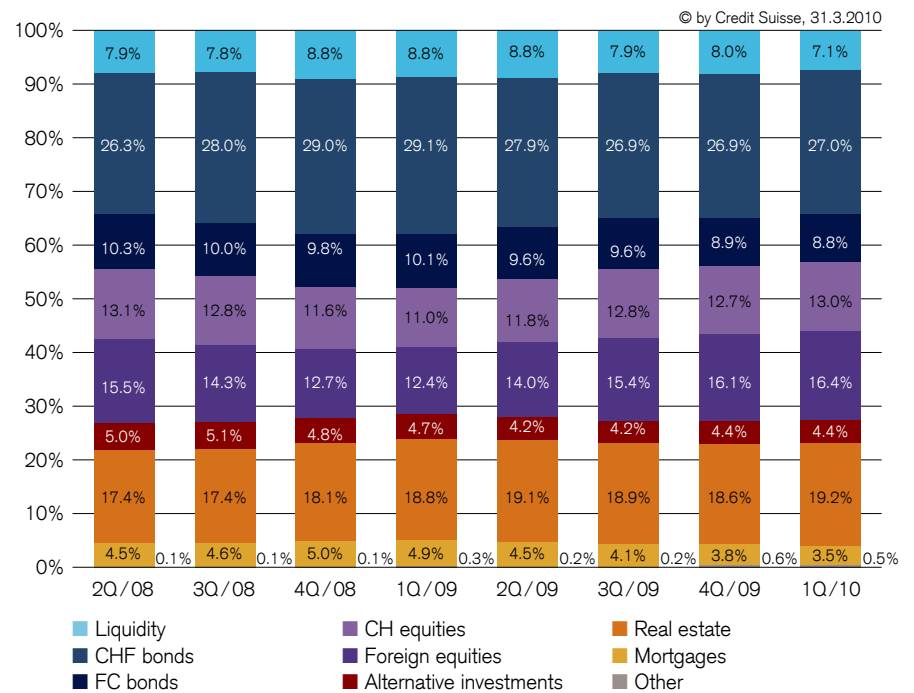
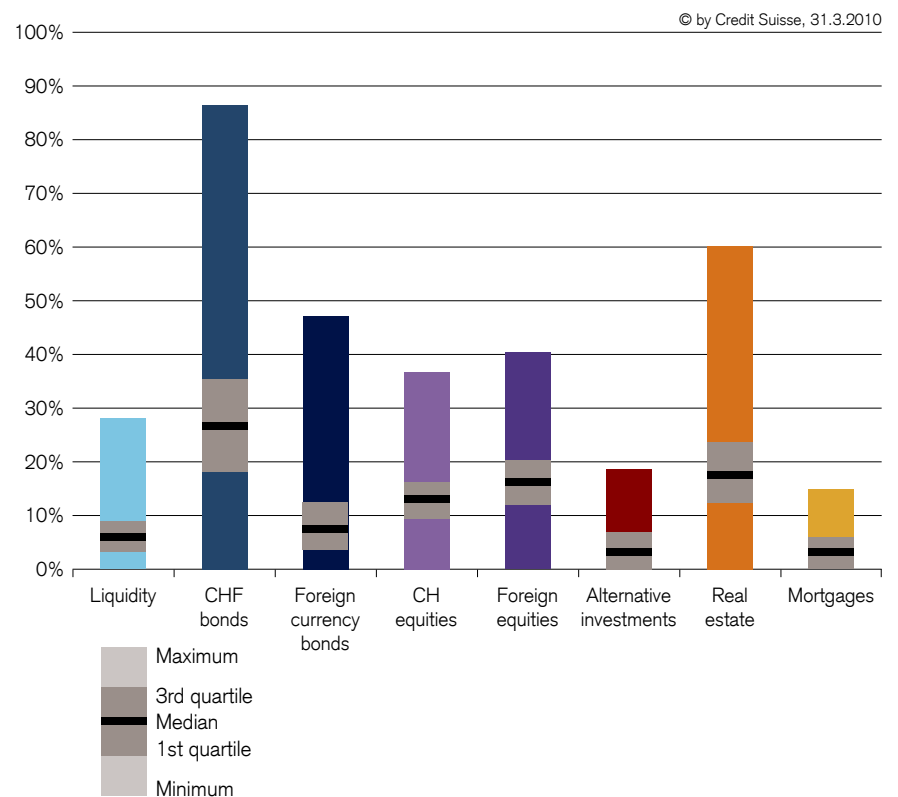


Chart 4: Minimum and Maximum Values 1st Quarter 2010



## Currency Allocation

### The Swiss Franc as Safe Haven

In the reporting quarter the Swiss franc component increased again by 0.42% to 78.46%. The euro dropped sharply (-1.00%), while the US dollar exposure grew by +0.40%.

Chart 5: Development for the Last Eight Quarters

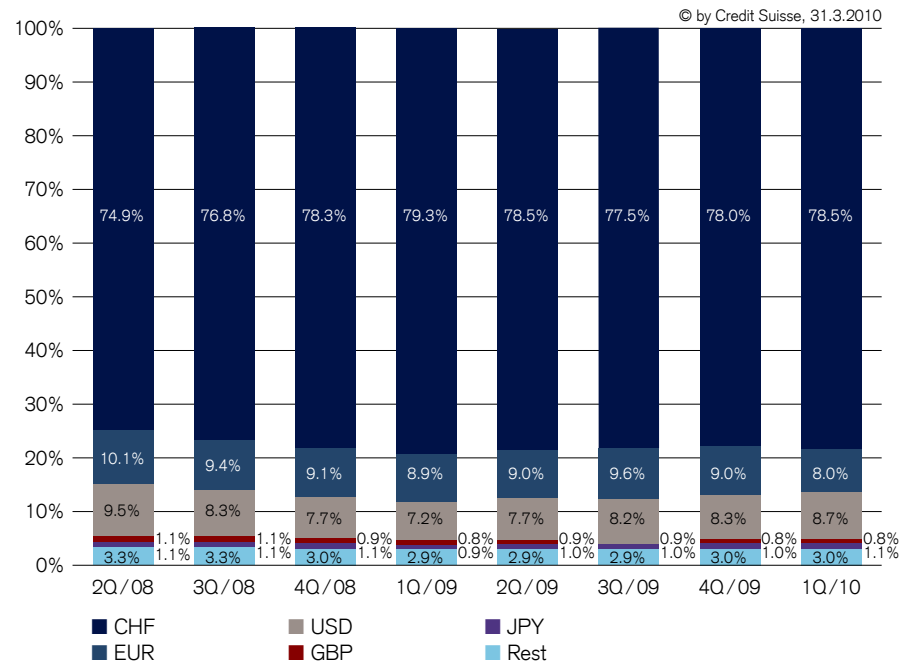
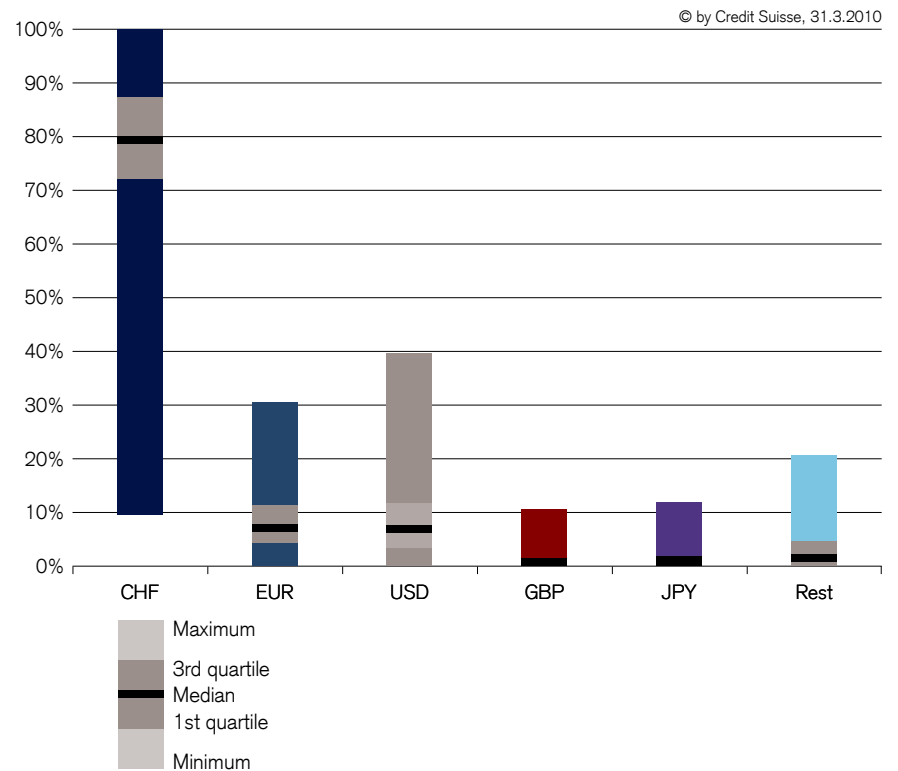


Chart 6: Minimum and Maximum Values 1<sup>st</sup> Quarter 2010



## Important Information

When interpreting these figures, it must be kept in mind that the Credit Suisse Swiss Pension Fund Index is not an artificially constructed performance index but an index that is based on actual pension fund data. Consequently, the index is “alive,” which significantly increases its informative value regarding the current

investment behavior of Swiss pension funds. On the other hand, the fact that it is constantly revised limits the comparability of data over time. The index is nevertheless an up-to-date indicator, especially as highly accurate pension fund data remains difficult to obtain.

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