

Credit Suisse Swiss Pension Fund Index 1st Quarter 2014

YTD 2014: 1.77%

Q1 2014: 1.77%

- February showed good performance
- Investments in Swiss franc bonds are on the rise
- Highest rate of Swiss franc in 1.5 years



Index versus Mandatory Minimum Rate of Return since January 2000

The Credit Suisse Swiss Pension Fund Index is calculated on the basis of the returns realized by Swiss pension funds (prior to deducting management costs) whose assets are held by Credit Suisse under a global custody arrangement. Asset management and advisory tasks, however, are per-

formed 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.

Pleasing start to the 2014 investment year

The Credit Suisse Swiss Pension Fund Index (blue line in Chart 1a), which began with a baseline of 100 at the beginning of 2000, has made a successful start to 2014, rising by 2.50 points (1.77%) to a total of 143.80 points as of March 31, 2014. February made a major contribution of 1.12% toward the result for the first quarter, while January and March came in well under the 1% mark at 0.16% and 0.48% respectively. Compared with the outstanding first two quarters of 2012 (3.01%) and 2013 (3.48%), the start to the 2014 investment year was a bit lower. However, when we compare the result of Q1 2014 with the prior quarter (Q4 2013: 1.56%), we see a small increase.

Notably, in Q1 2014 all asset classes showed positive performance. In particular, Swiss securities, bonds in CHF (0.44%), and Swiss equities (0.61%) made a large contribution to this result (Table 1b).

The BVG mandatory minimum rate of return (currently 1.75%), which also started with a baseline of 100 as of January 2000, rose by 0.62 points (0.43%) to 144.29. This means that in the first quarter of 2014, the return on the Credit Suisse Swiss Pension Fund Index was 1.33% above the BVG target. The difference between the BVG mandatory minimum rate of return and the Credit Suisse Swiss Pension Fund Index has narrowed considerably and as of March 31, 2014 stood at just 0.49 points (Q4 2013: 2.36 points). At the end of the quarter, the annualized return of the Credit Suisse Swiss Pension Fund Index (since January 1, 2000) was 2.58%, compared to the annualized BVG mandatory minimum rate of return of 2.61%.

Chart 1a: Credit Suisse Swiss Pension Fund Index

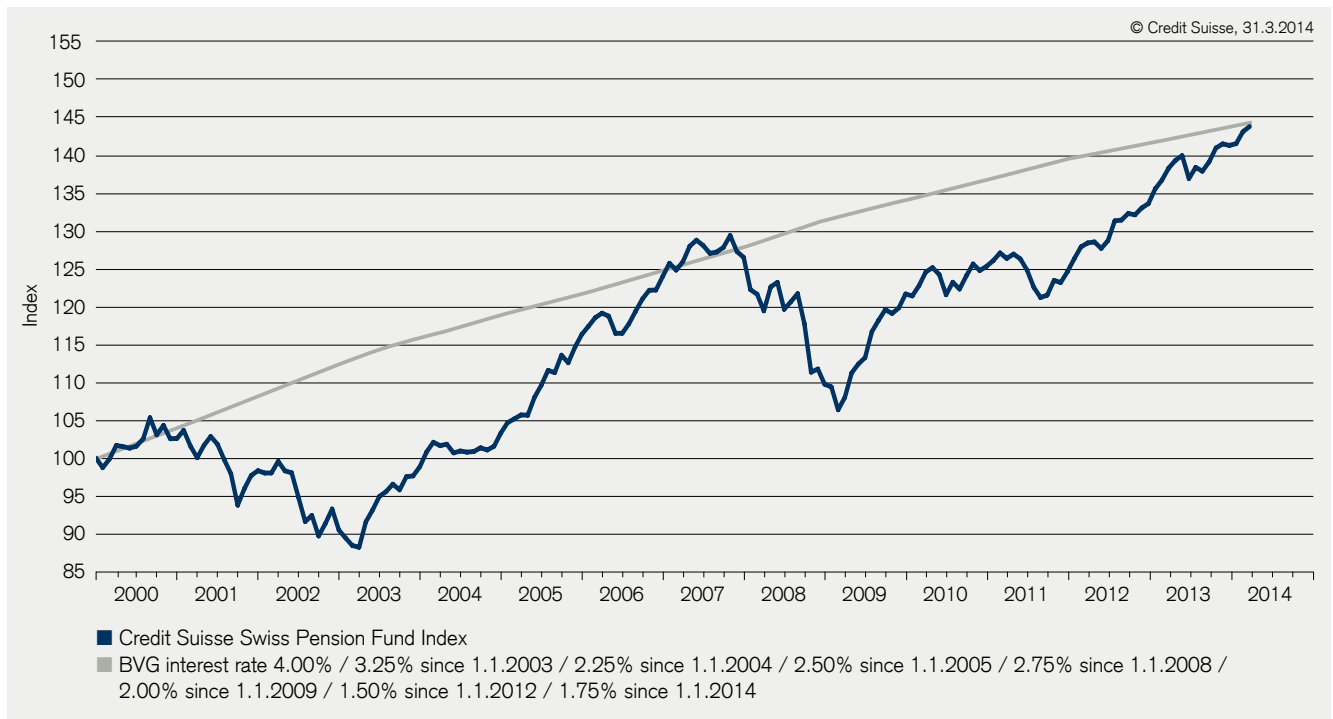


Table 1a

Credit Suisse Swiss Pension Fund Index (January 1, 2000 – March 31, 2014)

	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Annual return
2000	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%
2001	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%
2002	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%
2003	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%
2004	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%
2005	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%
2006	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%
2007	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%
2008	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%
2009	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%
2010	121.42	122.79	124.59	125.15	124.24	121.57	123.23	122.32	124.06	125.64	124.77	125.33	3.01%
2011	126.09	127.10	126.37	126.95	126.32	124.84	122.56	121.22	121.52	123.47	123.19	124.63	-0.56%
2012	126.33	127.90	128.42	128.55	127.69	128.72	131.33	131.44	132.31	132.13	133.04	133.61	7.21%
2013	135.56	136.71	138.31	139.33	139.95	136.91	138.40	137.89	139.14	140.95	141.50	141.30	5.76%
2014	141.53	143.11	143.80										1.77%

Table 1b

Performance Contribution (Monthly)

Credit Suisse Swiss Pension Fund Index (January 1, 2014 – March 31, 2014)

2014	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec	YTD
Liquidity	-0.08%	0.12%	-0.02%										0.02%
CHF bonds	0.33%	0.04%	0.06%										0.44%
Foreign currency bonds	0.12%	-0.05%	0.04%										0.11%
Swiss equities	0.00%	0.52%	0.08%										0.61%
Foreign equities	-0.43%	0.37%	0.14%										0.08%
Alternative investments	0.05%	0.04%	0.02%										0.11%
Real estate	0.15%	0.06%	0.15%										0.36%
Mortgages	0.02%	0.00%	0.00%										0.02%
Other	0.00%	0.01%	0.00%										0.01%
Total	0.16%	1.12%	0.48%										1.77%

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

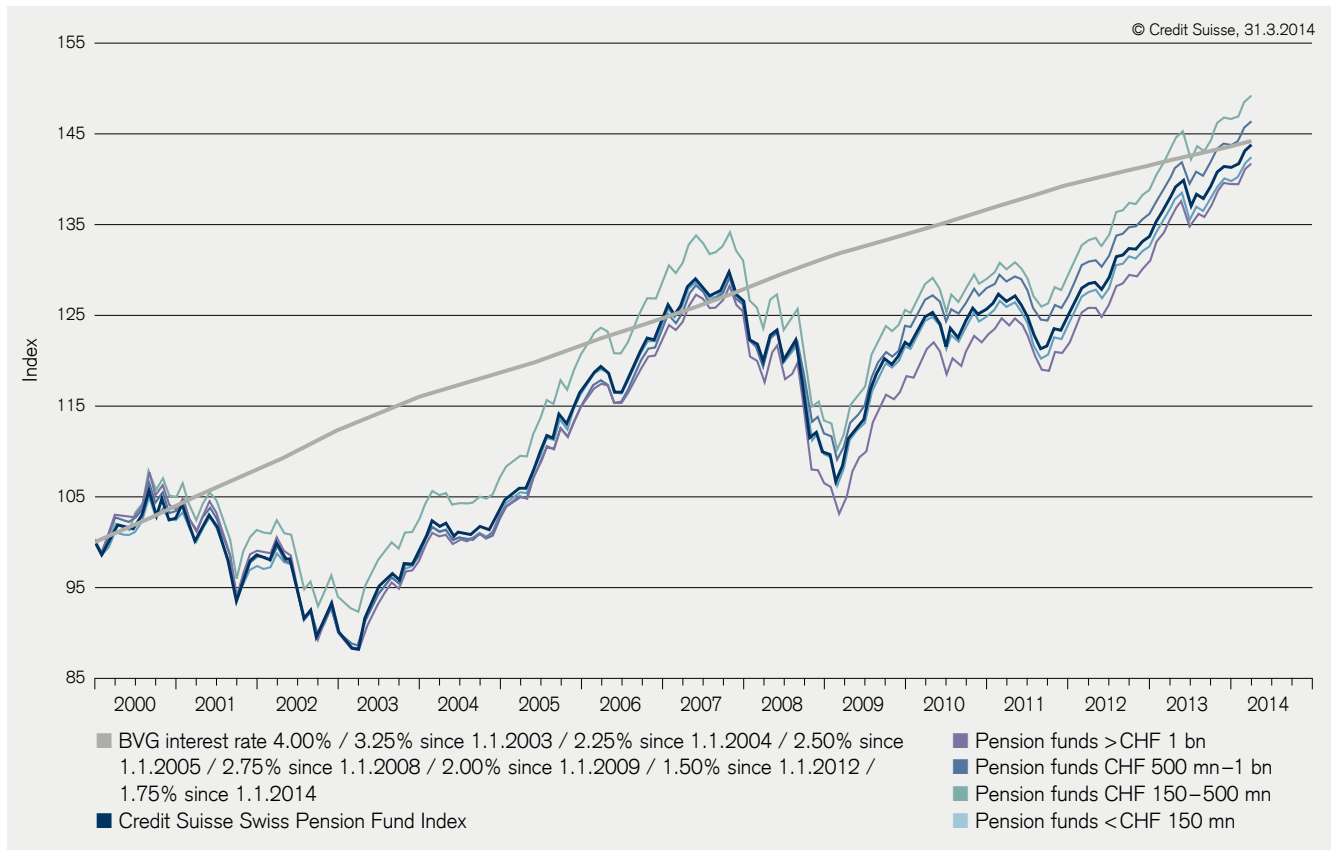


Table 1c

Performance (January 1, 2014 – March 31, 2014)

2014	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec	YTD
Credit Suisse Swiss Pension Fund Index	0.16%	1.12%	0.48%										1.77%
Pension funds > CHF 1 bn	-0.01%	1.16%	0.47%										1.61%
Pension funds CHF 500 mn–1 bn	0.23%	1.07%	0.46%										1.77%
Pension funds CHF 150–500 mn	0.15%	1.11%	0.45%										1.73%
Pension funds < CHF 150 mn	0.22%	1.11%	0.50%										1.85%

Table 1d

Annualized Performance (January 1, 2000 – March 31, 2014)

	Annualized performance since 1.1.2000
Credit Suisse Swiss Pension Fund Index	2.58%
BVG interest rate	2.61%
Pension funds > CHF 1 bn	2.48%
Pension funds CHF 500 mn–1 bn	2.71%
Pension funds CHF 150–500 mn	2.85%
Pension funds < CHF 150 mn	2.51%

Risk/Return Positions

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 included. For example, portfolios formed on July 1, 2010, are

not taken into account in the five-year rolling observation period (April 1, 2009 – March 31, 2014), but they do form part of the rolling two-year observation period.

Returns continue to increase, risk decreases

The curve of the rolling five-year view of the annualized risk-return positions of the individual pension funds (see Chart 2a) shows a clearly positive trend.

Compared with the previous quarter, the unweighted average annualized return rose again and is at 5.89% (Q4 2013: 5.18%). The unweighted average annualized risk (red triangle) dropped further to 3.93% (Q4 2013: 4.18%). In the low-risk

area (3% to 4% annualized risk) there were 43 pension funds (of the total of 74) as of March 31, 2014. No pension funds were in the high-risk range (annualized risk of more than 8%). In the first quarter of 2014, all of the pension funds in the Credit Suisse Swiss Pension Fund Index showed a positive annualized five-year return.

Chart 2a: Annualized Risk/Return Comparison; Rolling Five-Year View. Monthly Results from April 2009 to March 2014

Basis of data: Monthly results from April 2009 to March 2014

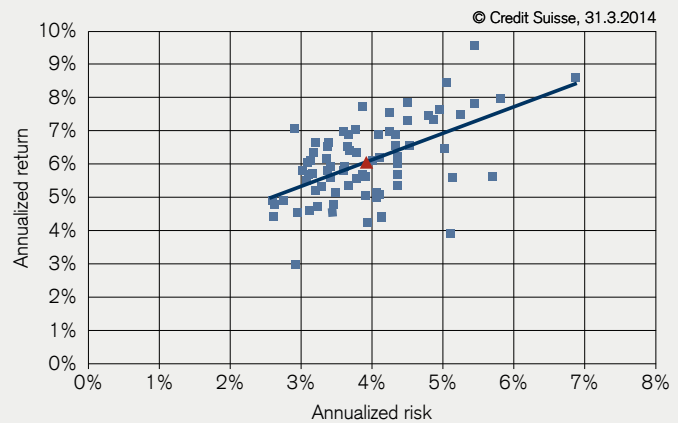


Table 2a

Key Figures

April 1, 2009 – March 31, 2014

	Risk	Return	Sharpe ratio
Credit Suisse Swiss Pension Fund Index	3.93%	5.89%	1.54
Pension funds >CHF 1 bn	4.11%	6.27%	1.60
Pension funds CHF 500 mn–1 bn	3.65%	5.83%	1.70
Pension funds CHF 150–500 mn	3.70%	5.99%	1.58
Pension funds <CHF 150 mn	4.03%	5.72%	1.46

Table 2b

Return Bandwidths

April 1, 2009 – March 31, 2014

	Minimum	1st quartile	Median	3rd quartile	Maximum
Credit Suisse Swiss Pension Fund Index	2.96%	5.18%	5.93%	6.86%	9.54%
Pension funds >CHF 1 bn	4.90%	5.68%	6.09%	7.28%	9.54%
Pension funds CHF 500 mn–1 bn	4.53%	5.82%	6.30%	6.59%	7.80%
Pension funds CHF 150–500 mn	4.36%	5.12%	5.89%	6.49%	8.44%
Pension funds <CHF 150 mn	2.96%	5.03%	5.68%	6.87%	7.95%

Two-year line – slight flattening

The two-year line (Chart 2b, April 1, 2012 – March 31, 2014) flattened slightly. The unweighted average annualized risk (red triangle) is 5.82% (Q4 2013: 6.48%), while the unweighted average risk is 3.13% (Q4 2013: 3.19%).

Chart 2b: Annualized Risk/Return Comparison; Rolling Two-Year View. Monthly Results from April 2012 to March 2014

Basis of data: Monthly results from April 2012 to March 2014

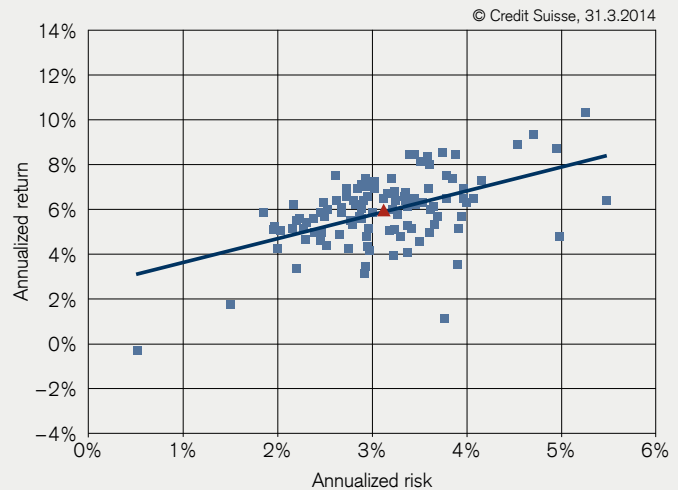


Table 2c

Key Figures

April 1, 2012 – March 31, 2014

	Risk	Return	Sharpe ratio
Credit Suisse Swiss Pension Fund Index	3.13%	5.82%	1.91
Pension funds > CHF 1 bn	3.28%	6.19%	1.98
Pension funds CHF 500 mn–1 bn	2.67%	5.78%	2.18
Pension funds CHF 150–500 mn	3.03%	5.84%	1.95
Pension funds < CHF 150 mn	3.23%	5.69%	1.80

Table 2d

Return Bandwidths

April 1, 2012 – March 31, 2014

	Minimum	1st quartile	Median	3rd quartile	Maximum
Credit Suisse Swiss Pension Fund Index	-0.35%	5.12%	5.98%	6.66%	10.32%
Pension funds > CHF 1 bn	4.36%	5.19%	6.47%	6.65%	10.32%
Pension funds CHF 500 mn–1 bn	4.65%	5.08%	6.05%	6.35%	6.99%
Pension funds CHF 150–500 mn	1.08%	5.46%	5.91%	6.52%	8.13%
Pension funds < CHF 150 mn	-0.35%	4.95%	5.83%	6.87%	9.33%

Asset Allocation

Equity positions reduced once again

The investment allocation as of March 31, 2014 shows that the equity ratio dropped further versus the prior quarter. In Q1 2014 it was 30.7% (Q4 2013: 31.4%). There was a relatively large reduction (0.6%) in the share of Swiss equities (13.3%), while the share of foreign equities dropped very slightly to 17.4% (Q4 2013: 17.5%). The share of mortgages also declined (-0.1%).

However, the share of Swiss franc bonds increased significantly from 25% in Q4 2013 to 26.1%. The exposure in all other asset classes remained about the same.

Of note for the alternative investments is that the exposure in hedge funds increased again (+1.1%) and that in raw materials and private equity (-0.6% in each case) declined again.

Chart 3: Asset Allocation for the Last Eight Quarters

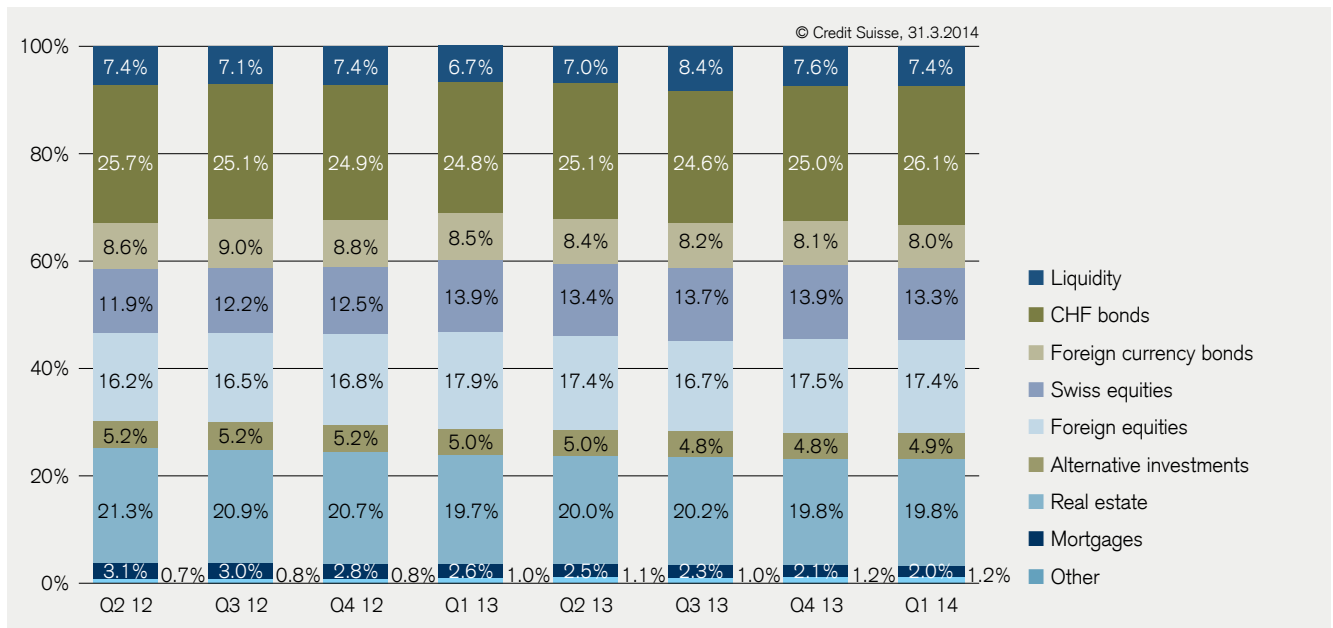
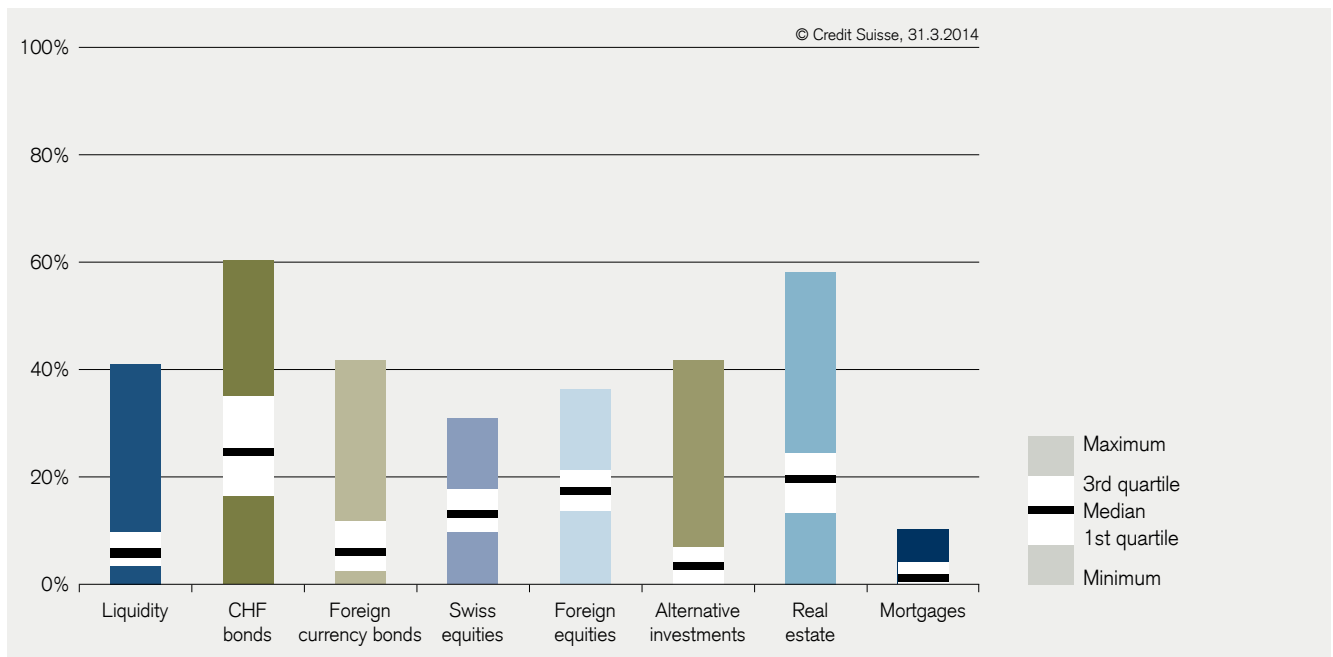


Chart 4: Maximum and Minimum Values for 1st Quarter 2014

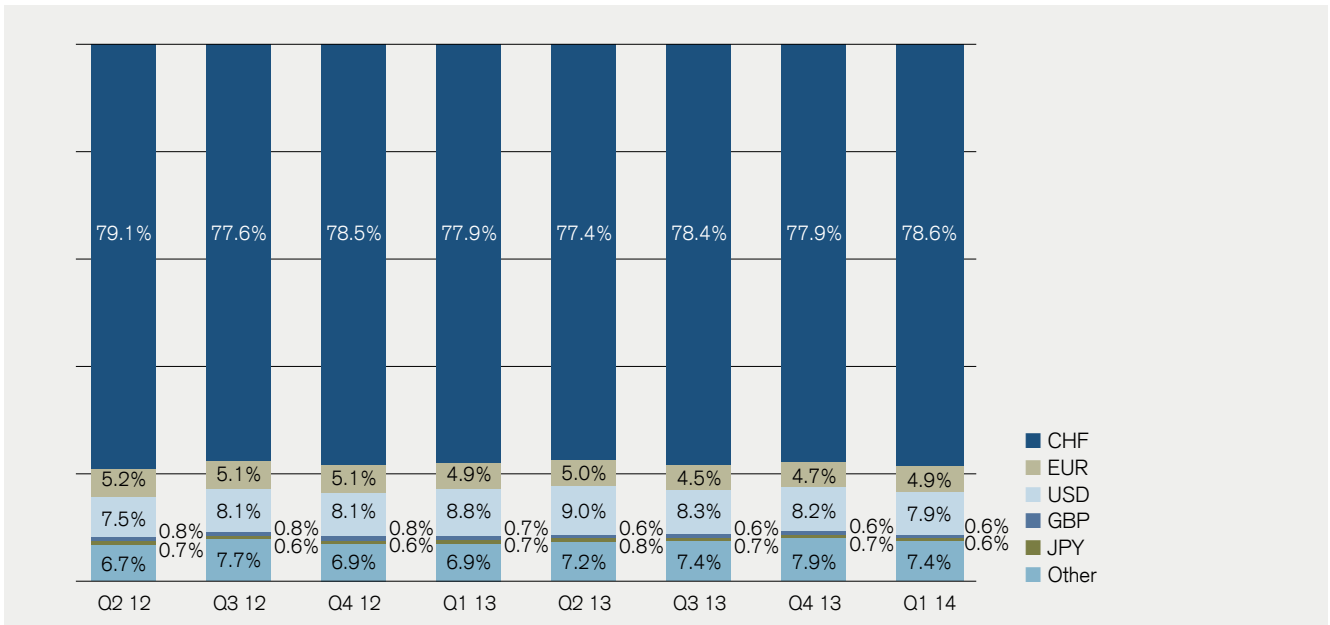


Currency Allocation

Swiss franc component rises again

The Swiss franc increased again versus foreign currencies (+0.7%) and was 78.6% as of March 31, 2014. This is the highest rate in 1.5 years.

Chart 5: Development for the Last Eight Quarters





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Important Information

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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 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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