

# Credit Suisse Swiss Pension Fund Index Q1 2015

**YTD 2015: 1.51%**

**Q1 2015: 1.51%**

Positive start to the year despite negative performance in January

Liquidity ratio at historically low levels

Swiss franc component rises again



# Index versus Mandatory Minimum Rate of Return since January 2000

## The Credit Suisse Pension Fund Index now stands at an all-time high despite the SNB decision

The Credit Suisse Swiss Pension Fund Index (bright line in chart 1a), which was launched with a baseline of 100 at the beginning of 2000, now stands at an all-time high – despite poor performance in January. In the reporting quarter, the index rose by 2.30 points (1.51%) reaching a record high of 154.53 points on March 31, 2015, compared with 100 at the start of 2000. As expected, the SNB decision to remove the EUR/CHF exchange rate cap resulted in a negative return of –1.83% in January. However, the poor start to the year was made good by a solid return of 2.74% in February and a positive return of 0.64% in March, which means that the Credit Suisse Pension Fund Index's upward trend is continuing.

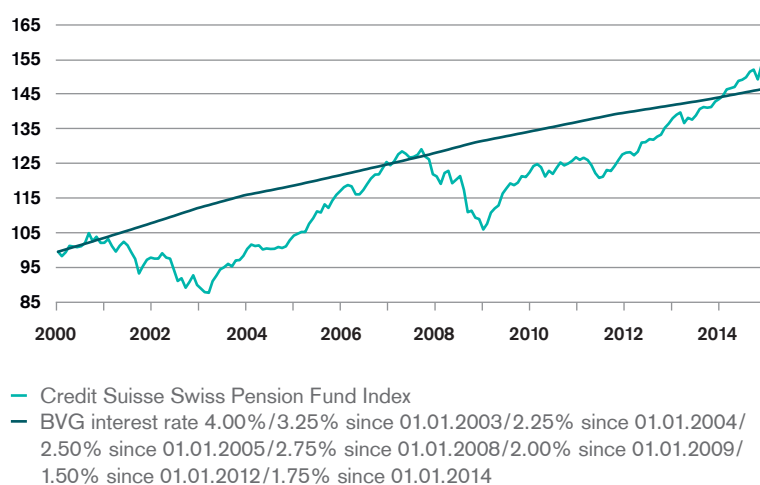
All asset classes with the exception of foreign currency bonds (–0.36%) and alternative investments (–0.09%) contributed to the good result in the first quarter of 2015. The positive return in the reporting quarter was primarily the result of contributions from real estate (0.71%), Swiss equities (0.48%), CHF bonds (0.40%) and foreign equities (0.07%), although both Swiss and foreign equities posted negative results in January. Liquidity also made a positive contribution to performance in the reporting quarter (0.24%), mainly due to gains from current hedging programs in January (see table 1b).

The BVG mandatory minimum rate of return (currently 1.75% p. a.), which also started with a baseline of 100 in January 2000, rose by 0.64 points (0.43%) to 146.81 in the reporting quarter. This means that the return on the Credit Suisse Swiss Pension Fund Index was 1.08% above the BVG target in this quarter.

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 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.

The annualized return on the Credit Suisse Swiss Pension Fund Index (since 01.01.2000) was 2.89% as of March 31, 2015. This contrasts with the annualized BVG mandatory minimum rate of return of 2.55%.

Chart 1a:



Scale: Index

**Table 1a: Credit Suisse Swiss Pension Fund Index**

01.01.2000–31.03.2015

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	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	144.68	146.55	146.91	147.27	149.01	149.32	150.06	151.64	152.23	7.73%
2015	149.45	153.54	154.53										1.51%

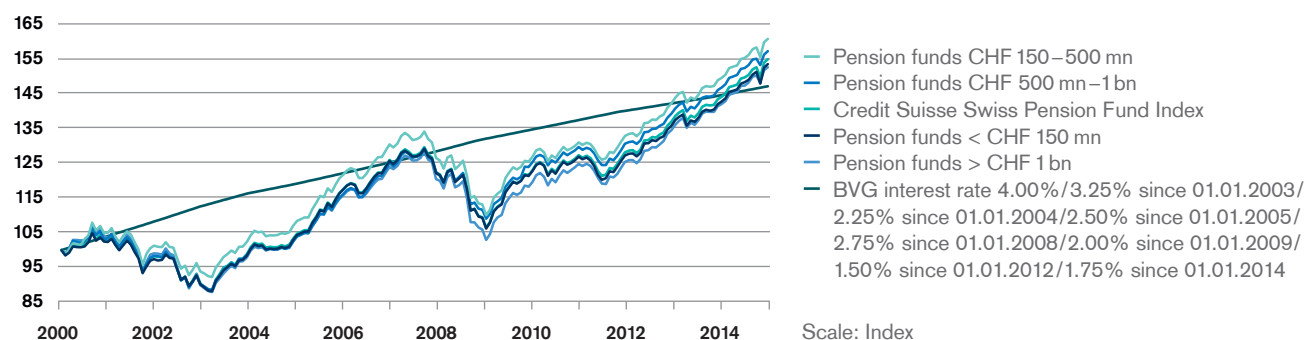
**Table 1b: Performance Contribution (Monthly)**

Credit Suisse Swiss Pension Fund Index (01.01.2015–31.03.2015)

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
Liquidity	0.58%	-0.26%	-0.08%										0.24%
CHF bonds	0.40%	-0.08%	0.08%										0.40%
Foreign currency bonds	-0.64%	0.21%	0.07%										-0.36%
Swiss equities	-0.85%	1.01%	0.33%										0.48%
Foreign equities	-1.43%	1.39%	0.13%										0.07%
Alternative investments	-0.22%	0.12%	0.01%										-0.09%
Real estate	0.29%	0.32%	0.09%										0.71%
Mortgages	0.02%	0.00%	0.01%										0.02%
Other	-0.02%	0.02%	0.01%										0.01%
Total	-1.83%	2.74%	0.64%										1.51%

**Chart 1b:****Credit Suisse Swiss Pension Fund Index by 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**

01.01.2015–31.03.2015

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
Credit Suisse Swiss Pension Fund Index	–1.83%	2.74%	0.64%										1.51%
Pension funds > CHF 1 bn	–1.32%	2.36%	0.58%										1.59%
Pension funds CHF 500 mn–1 bn	–1.21%	1.97%	0.65%										1.38%
Pension funds CHF 150–500 mn	–1.73%	2.68%	0.64%										1.55%
Pension funds < CHF 150 mn	–2.22%	3.09%	0.67%										1.47%

**Table 1d: Annualized Performance**

01.01.2000–31.03.2015

	Annualized performance since January 1, 2000
Credit Suisse Swiss Pension Fund Index	2.89%
BVG rate of return	2.55%
Pension funds > CHF 1 bn	2.80%
Pension funds CHF 500 mn–1 bn	3.00%
Pension funds CHF 150–500 mn	3.15%
Pension funds < CHF 150 mn	2.83%

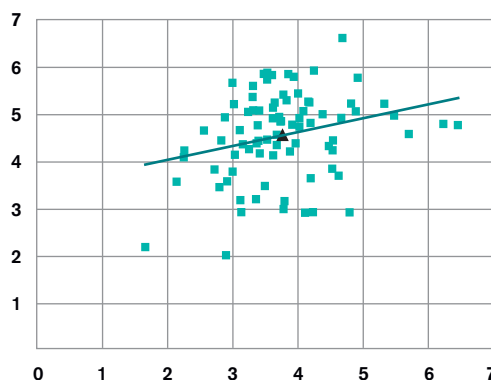
# Risk/Return Positions

## Five-Year Line – Annualized Return Falls While Risk Rises Slightly

The curve of the rolling five-year view of the annualized risk-return positions of the individual pension funds (see chart 2a) continues to show a positive trend.

Compared to the previous quarter, the unweighted average annualized return fell by 0.18% to 4.40%. At the same time, the unweighted average annualized risk (black triangle) rose by 0.30% and now stands at 3.76%. Fifty percent of the pension funds are in the low-risk investment area (annualized risk of 3%–4%) as of March 31, 2015. No pension funds were in the high-risk range (annualized risk of more than 8%). In the first quarter of 2015, all of the pension funds in the Credit Suisse Pension Fund Index showed a positive annualized five-year return.

**Chart 2a:**  
Annualized Risk/Return Comparison; Rolling Five-Year View, Monthly Results from April 2010 to March 2015



Y-Scale: Annualized return in percentage (%)  
X-Scale: Annualized risk in percentage (%)

**Table 2a: Risk/return ratio**

01.04.2010–31.03.2015

	Risk	Return	Sharpe ratio
Credit Suisse Swiss Pension Fund Index	3.76%	4.40%	1.24
Pension funds > CHF 1 bn	3.85%	4.63%	1.33
Pension funds CHF 500 mn–1 bn	3.42%	4.36%	1.38
Pension funds CHF 150–500 mn	3.50%	4.54%	1.34
Pension funds < CHF 150 mn	4.00%	4.26%	1.12

**Table 2b: Return Bandwidths**

01.04.2010–31.03.2015

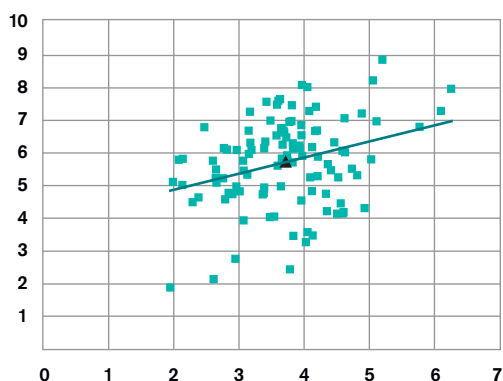
	Minimum	1st quartile	Median	3rd quartile	Maximum
Credit Suisse Swiss Pension Fund Index	2.02%	4.13%	4.76%	5.22%	6.62%
Pension funds > CHF 1 bn	3.65%	4.44%	4.95%	5.37%	6.62%
Pension funds CHF 500 mn–1 bn	3.46%	4.24%	4.80%	5.05%	5.25%
Pension funds CHF 150–500 mn	2.20%	4.24%	4.74%	5.15%	5.93%
Pension funds < CHF 150 mn	2.02%	3.58%	4.58%	5.07%	5.86%

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, 2011, are not taken into account in the five-year rolling observation period (April 1, 2010–March 31, 2015), but they do form part of the rolling two-year observation period.

### Two-Year Line – Slightly Steeper

The two-year line (chart 2b, April 1, 2013–March 31, 2015) has become marginally steeper. The unweighted average annualized return (black triangle) fell by 1.04% to finish at 5.70% in the reporting quarter, while the unweighted average risk is 3.72% (+0.89%).

**Chart 2b:**  
Annualized Risk/Return Comparison; Rolling Two-Year  
View, Monthly Results from April 2013 to March 2015



Y-Scale: Annualized return in percentage (%)  
X-Scale: Annualized risk in percentage (%)

**Table 2c: Risk/return ratio**

01.04.2013–31.03.2015

	Risk	Return	Sharpe ratio
Credit Suisse Swiss Pension Fund Index	3.72%	5.70%	1.61
Pension funds > CHF 1 bn	3.67%	5.87%	1.69
Pension funds CHF 500 mn–1 bn	3.31%	5.66%	1.71
Pension funds CHF 150–500 mn	3.50%	5.69%	1.74
Pension funds < CHF 150 mn	3.97%	5.66%	1.48

**Table 2d: Return Bandwidths**

01.04.2013–31.03.2015

	Minimum	1st quartile	Median	3rd quartile	Maximum
Credit Suisse Swiss Pension Fund Index	1.88%	4.83%	5.82%	6.68%	8.85%
Pension funds > CHF 1 bn	3.47%	5.25%	5.76%	6.63%	7.48%
Pension funds CHF 500 mn–1 bn	3.58%	4.74%	5.82%	5.93%	7.65%
Pension funds CHF 150–500 mn	1.88%	4.98%	6.13%	6.79%	8.22%
Pension funds < CHF 150 mn	2.13%	4.45%	5.76%	6.69%	8.85%



# Asset Allocation

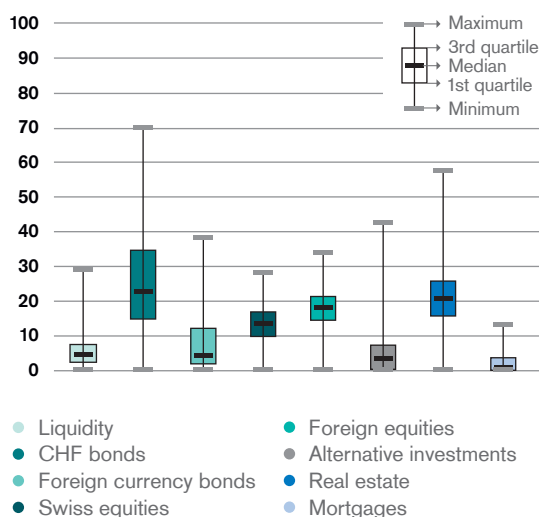
## Liquidity component at historically low level

The asset allocation as of March 31, 2015 shows an unchanged equity component compared to the previous quarter. This applies to both Swiss equities (13.4%) and foreign equities (17.8%). While the foreign currency bonds component fell by 0.4 percentage points to 7.9%, the Swiss franc bonds component rose by 0.4 percentage points to 25.3%.

The liquidity component fell by 0.6 percentage points to 5.9%, reaching its lowest level since measurement of the Pension Fund Index began. Given that the SNB has introduced negative interest rates, this comes as no surprise.

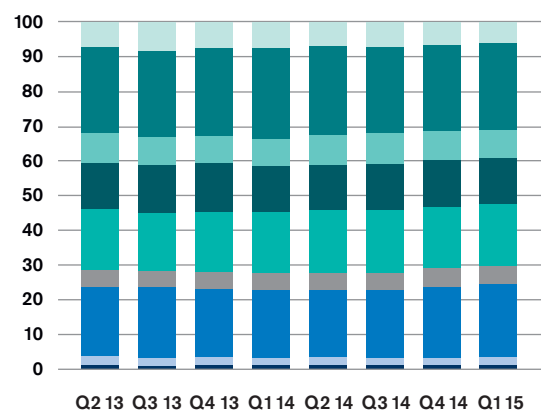
In the other asset classes, real estate rose by 0.5 percentage points to 21.0%, while mortgages were up by just 0.1 percentage points at 2.1%.

Chart 4:



Scale: In percentage (%)

Chart 3:



	Q2 13	Q3 13	Q4 13	Q1 14	Q2 14	Q3 14	Q4 14	Q1 15
Liquidity	7.0%	8.3%	7.4%	7.4%	6.8%	7.0%	6.5%	5.9%
CHF bonds	25.1%	24.7%	25.2%	26.1%	25.8%	24.9%	24.9%	25.3%
Foreign currency bonds	8.4%	8.1%	8.0%	8.0%	8.5%	8.8%	8.3%	7.9%
Swiss equities	13.4%	13.9%	14.0%	13.3%	13.2%	13.4%	13.4%	13.4%
Foreign equities	17.4%	16.6%	17.4%	17.4%	18.0%	17.9%	17.8%	17.8%
Alternative investments	5.0%	4.7%	4.7%	4.9%	4.9%	4.9%	5.3%	5.3%
Real estate	20.0%	20.3%	19.9%	19.8%	19.4%	19.7%	20.5%	21.0%
Mortgages	2.5%	2.3%	2.1%	2.0%	2.2%	2.1%	2.0%	2.1%
Other	1.1%	1.0%	1.2%	1.2%	1.2%	1.2%	1.3%	1.4%

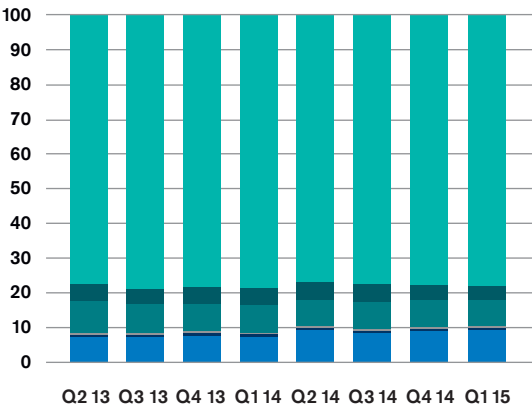
Scale: In percentage (%)

# Currency Allocation

## Swiss franc component rises again

In the reporting quarter, the Swiss franc component rose by 0.2 percentage points to 77.9%. By contrast, the EUR and USD components fell by 0.3 percentage points each.

Chart 5:



	Q2 13	Q3 13	Q4 13	Q1 14	Q2 14	Q3 14	Q4 14	Q1 15
CHF	77.4%	78.8%	78.3%	78.6%	76.9%	77.5%	77.7%	77.9%
EUR	5.0%	4.4%	4.7%	4.9%	5.0%	5.0%	4.5%	4.2%
USD	9.0%	8.2%	8.0%	7.9%	7.5%	7.8%	7.7%	7.4%
GBP	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.5%	0.5%
JPY	0.8%	0.7%	0.7%	0.6%	0.7%	0.6%	0.6%	0.6%
Other	7.2%	7.2%	7.8%	7.4%	9.3%	8.5%	9.1%	9.3%

Scale: In percentage (%)



# Number 1 for the sixth time.

Best Swiss Global Custodian 2015  
Best European Global Custodian 2015

R&M SURVEYS 

**Credit Suisse has been named Best Swiss Global Custodian 2015  
and Best European Global Custodian 2015 for the sixth time.**  
Many thanks to our clients and their portfolio managers for such an excellent appraisal.  
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