

Credit Suisse Swiss Pension Fund Index Q1 2016

Q1 2016: -0.49%

Disappointing start to the year with a glimmer of light in March
Swiss equity quota at a new low – real estate continues at a new high
Significant flattening of the two-year risk/return line

NEW ANALYSES

Breakdown of real estate and alternative investments
Reporting of modified duration for direct investments in bonds



Index versus Mandatory Minimum Rate of Return since January 2000

Disappointing Start to the Year for the Credit Suisse Swiss Pension Fund Index, with a Glimmer of Light in March

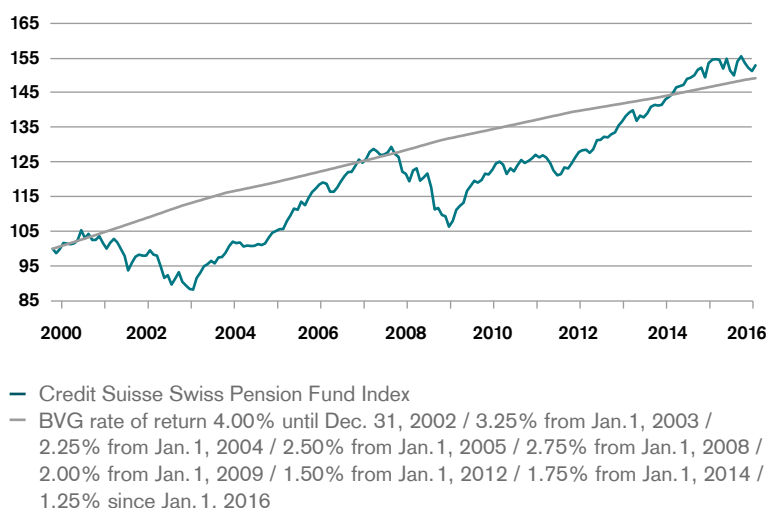
In the reporting quarter the index fell by 0.75 points (0.49%) to 152.92 points as of March 31, 2016, from a baseline of 100 at the start of 2000. After a poor start in January (-0.94%) and February (-0.64%), the index showed tentative signs of recovery in March (1.10%). However, the solid performance in March failed to make up for the negative showing of the previous months.

The equities asset class accounted for the lion's share of the decline in the Pension Fund Index. The negative result for the reporting quarter was mainly down to Swiss (-1.02%) and foreign equities (-0.59%), followed by alternative investments (-0.09%). By contrast, Swiss bonds (0.48%), real estate (0.43%), liquidity (0.21%), foreign currency bonds (0.07%), and mortgages (0.03%) made positive contributions in the first quarter.

The BVG mandatory minimum rate of return (1.25% p.a. since January 2016) rose by 0.47 points (0.31%) to 149.20 in the reporting quarter, likewise from a baseline of 100 at the start of 2000. The return of the Credit Suisse Swiss Pension Fund Index is therefore 0.80% below the BVG requirement in the reporting quarter.

The annualized return of the Credit Suisse Swiss Pension Fund Index (since January 1, 2000) is 2.65% as of March 31, 2016. This contrasts with the annualized BVG mandatory minimum rate of return of 2.49%.

Chart 1a:



Scale: Index level

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.

Table 1a: Credit Suisse Swiss Pension Fund Index

Jan. 1, 2000–Mar. 31, 2016

	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	154.71	154.51	151.98	154.82	151.40	149.99	154.04	155.54	153.67	0.95%
2016	152.24	151.26	152.92										-0.49%

Table 1b: Performance Contribution (Monthly)

Credit Suisse Swiss Pension Fund Index (Jan. 1, 2016–Mar. 31, 2016)

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
Liquidity	-0.14%	0.19%	0.16%										0.21%
CHF bonds	0.31%	0.21%	-0.04%										0.48%
Foreign currency bonds	0.17%	-0.12%	0.01%										0.07%
Swiss equities	-0.70%	-0.47%	0.15%										-1.02%
Foreign equities	-0.70%	-0.52%	0.63%										-0.59%
Alternative investments	0.03%	-0.07%	-0.05%										-0.09%
Real estate	0.08%	0.13%	0.22%										0.43%
Mortgages	0.02%	0.01%	-0.01%										0.03%
Other	-0.01%	-0.01%	0.01%										-0.01%
Total	-0.94%	-0.64%	1.10%										-0.49%

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.

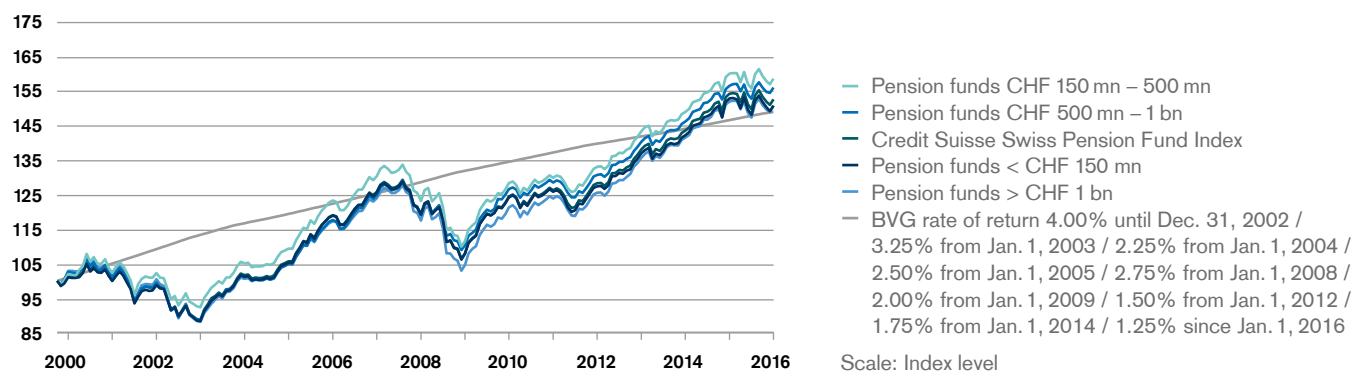


Table 1c: Performance

Jan. 1, 2016–Mar. 31, 2016

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
Credit Suisse Swiss Pension Fund Index	-0.94%	-0.64%	1.10%										-0.49%
Pension funds > CHF 1 bn	-0.90%	-0.51%	1.25%										-0.17%
Pension funds CHF 500 mn–1 bn	-0.82%	-0.22%	1.04%										-0.01%
Pension funds CHF 150–500 mn	-0.91%	-0.62%	1.03%										-0.50%
Pension funds < CHF 150 mn	-1.00%	-0.81%	1.09%										-0.73%

Table 1d: Annualized Performance

Jan. 1, 2000–Mar. 31, 2016

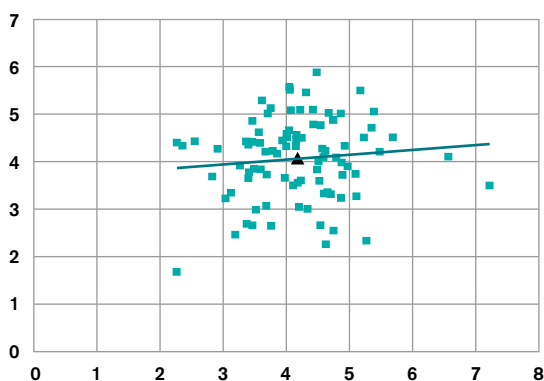
	Annualized performance since January 1, 2000
Credit Suisse Swiss Pension Fund Index	2.65%
BVG rate of return	2.49%
Pension funds > CHF 1 bn	2.57%
Pension funds CHF 500 mn–1 bn	2.79%
Pension funds CHF 150–500 mn	2.89%
Pension funds < CHF 150 mn	2.57%

Risk/Return Positions

Five-Year Line – Annualized Return Falls Slightly in the Reporting Quarter While Annualized Risk Rises

The line showing the five-year annualized risk/return positions of the individual pension funds (see Chart 2a) flattened slightly in the first quarter of 2016. Compared with the previous quarter, the unweighted average annualized return fell by 0.27% to 3.89%. At the same time, the unweighted average annualized risk (black triangle) rose by 0.11% to 4.18%. As of March 31, 2016, just under 38% of pension funds had an annualized risk of less than 4%; as of December 31, 2015 it was 46%. There were two pension funds with an annualized risk of more than 6% as of March 31, 2016.

Chart 2a:
Annualized Risk/Return Comparison; Rolling Five-Year View, Monthly Results from April 2011 to March 2016



y-axis: Annualized return in percentage (%)
x-axis: Annualized risk in percentage (%)

Table 2a: Key Figures

Apr. 1, 2011–Mar. 31, 2016

	Risk	Return	Sharpe ratio
Credit Suisse Swiss Pension Fund Index	4.18%	3.89%	1.05
Pension funds > CHF 1 bn	4.23%	4.02%	1.06
Pension funds CHF 500 mn–1 bn	3.59%	3.97%	1.21
Pension funds CHF 150–500 mn	3.93%	4.09%	1.14
Pension funds < CHF 150 mn	4.47%	3.70%	0.93

Table 2b: Return Bandwidths

Apr. 1, 2011–Mar. 31, 2016

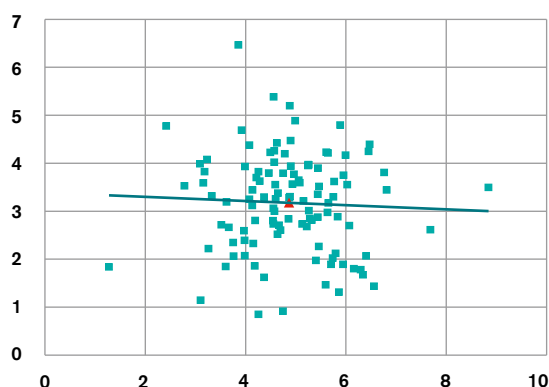
	Minimum	1st quartile	Median	3rd quartile	Maximum
Credit Suisse Swiss Pension Fund Index	1.68%	3.56%	4.21%	4.58%	5.88%
Pension funds > CHF 1 bn	2.27%	3.56%	3.99%	5.08%	5.88%
Pension funds CHF 500 mn–1 bn	3.23%	3.66%	4.21%	4.43%	4.86%
Pension funds CHF 150–500 mn	1.68%	3.84%	4.34%	4.58%	5.51%
Pension funds < CHF 150 mn	2.34%	3.33%	4.09%	4.51%	5.57%

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 created on January 1, 2013 are not included in the five-year rolling observation period (April 1, 2011–March 31, 2016) but do form part of the rolling two-year observation period.

Two-Year Line – Significant Fall in Annualized Return and Slight Rise in Risk

Compared with Q4 2015, the two-year line (Chart 2b, April 1, 2014–March 31, 2016) has more than just leveled off and now shows a slightly negative gradient. In the reporting quarter, the unweighted average annualized return (red triangle) fell significantly by 1.17 percentage points to finish at 3.12%, while the unweighted average risk rose by just 0.18 percentage points to 4.87%.

Chart 2b:
Annualized Risk/Return Comparison; Rolling Two-Year View, Monthly Results from April 2014 to March 2016



y-axis: Annualized return in percentage (%)
x-axis: Annualized risk in percentage (%)

Table 2c: Key Figures

Apr. 1, 2014–Mar. 31, 2016

	Risk	Return	Sharpe ratio
Credit Suisse Swiss Pension Fund Index	4.87%	3.12%	0.79
Pension funds > CHF 1 bn	4.67%	3.22%	0.84
Pension funds CHF 500 mn–1 bn	4.24%	3.33%	0.87
Pension funds CHF 150–500 mn	4.53%	3.19%	0.90
Pension funds < CHF 150 mn	5.37%	2.98%	0.66

Table 2d: Return Bandwidths

Apr. 1, 2014–Mar. 31, 2016

	Minimum	1st quartile	Median	3rd quartile	Maximum
Credit Suisse Swiss Pension Fund Index	0.85%	2.59%	3.28%	3.82%	6.46%
Pension funds > CHF 1 bn	1.84%	2.34%	3.28%	3.82%	6.46%
Pension funds CHF 500 mn–1 bn	1.86%	2.52%	3.44%	3.93%	3.99%
Pension funds CHF 150–500 mn	0.85%	2.71%	3.32%	3.97%	5.38%
Pension funds < CHF 150 mn	0.91%	2.22%	3.01%	3.79%	4.88%

Asset Allocation

Swiss Equity allocation at a New Low – Real Estate Reaches a New Record High

Compared with the previous quarter, the equity asset allocation of March 31, 2016 shows a fall of 0.83 percentage points to 30.22% (Q4 2015: 31.05%). Most of this change is due to the Swiss equities component, which has fallen 0.85 percentage points to a record low of 12.90%. The foreign equities component has not changed significantly.

The bonds component has risen 0.19 percentage points compared to the previous quarter and now stands at 33.22%. There was a reduction of 0.22 percentage points in the foreign bonds component to 7.37%, while Swiss franc bonds rose by 0.41 percentage points to 25.85%.

Moreover, the real estate component rose by 0.68 percentage points to a new record high of 23.05%. Alternative investments, mortgages and liquidity also rose slightly.

Chart 3:

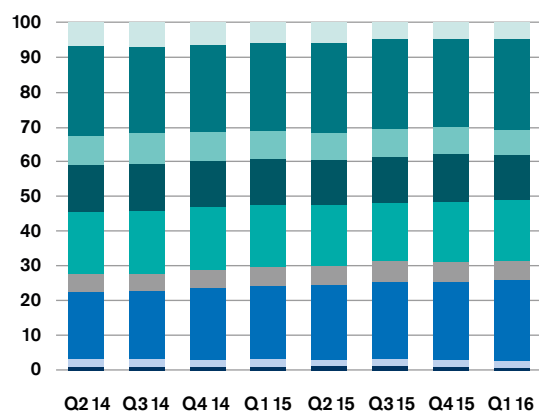
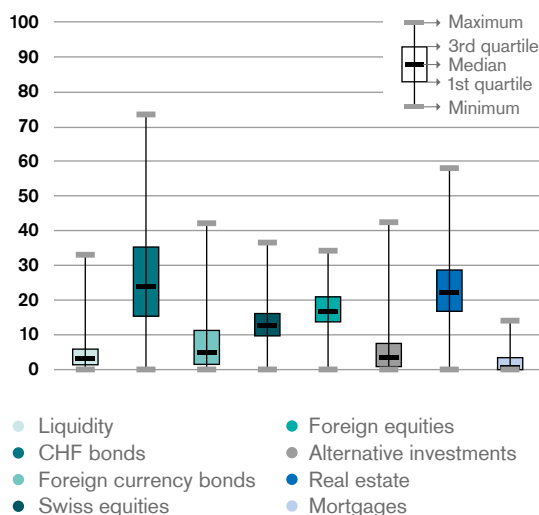


Chart 4:



Scale: In percentage (%)

	Q2 14	Q3 14	Q4 14	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16
Liquidity	6.80	7.01	6.51	5.86	5.86	4.71	4.74	4.88
CHF bonds	25.78	24.91	24.89	25.27	25.89	25.91	25.44	25.85
Foreign currency bonds	8.45	8.79	8.34	7.94	7.63	7.82	7.59	7.37
Swiss equities	13.19	13.44	13.36	13.36	13.11	13.20	13.75	12.90
Foreign equities	18.05	17.94	17.82	17.80	17.38	16.85	17.30	17.32
Alternative investments	4.88	4.87	5.26	5.34	5.49	5.93	5.59	5.64
Real estate	19.41	19.73	20.48	21.00	21.35	22.15	22.37	23.05
Mortgages	2.21	2.06	2.04	2.07	2.01	2.01	2.01	2.05
Other	1.23	1.25	1.29	1.36	1.28	1.42	1.22	0.95

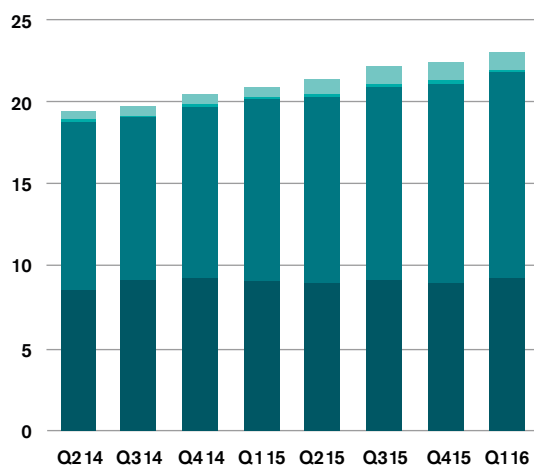
Scale: In percentage (%)

NEW: Allocation of the Real Estate Component

This analysis shows the composition of the real estate component in the asset allocation. Here we distinguish between direct and indirect Swiss and non-Swiss real estate investments. The most noticeable fact is that the vast majority of the real estate component (94.40%) is Swiss. This is made up of approx. 57% indirect investments and around 43% direct investments. Another striking feature of this chart is that both direct and indirect investments in Swiss real estate have risen steadily over recent

quarters. In the case of foreign real estate, indirect investments account for around 78%, with direct investments making up the other 22%. Over the longer term, it is notable that investments in foreign real estate, both direct and indirect, have doubled over the past two years. In spite of this, the proportion is well below the figure of up to 10% permitted under the BVV 2 investment guidelines.

Chart 5:



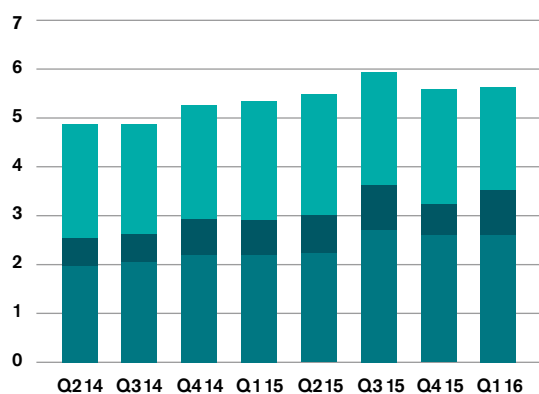
	Q2 14	Q3 14	Q4 14	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16
● RE CH direct	8.54	9.18	9.29	9.08	9.06	9.11	9.03	9.34
● RE CH indirect	10.25	9.88	10.41	11.07	11.25	11.82	12.10	12.42
● RE non-CH direct	0.10	0.12	0.17	0.15	0.15	0.20	0.26	0.28
● RE non-CH indirect	0.52	0.56	0.61	0.70	0.89	1.02	0.98	1.01

Scale: In percentage (%)

NEW: Breakdown of Alternative Investments

The proportion of alternative investments has increased slightly over the last two years, to 5.64% in the reporting quarter. Hedge funds make up the lion's share of the alternative investments, with approx. 46%, followed by commodities with approx. 37%. Private equity investments have also risen steadily, although with a share of approx. 17%, they constitute the smallest category of alternative investments.

Chart 6:



	Q2 14	Q3 14	Q4 14	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16
Commodities	2.33	2.23	2.32	2.42	2.47	2.29	2.33	2.10
Private equity	0.59	0.59	0.74	0.73	0.77	0.93	0.64	0.94
Hedge funds	1.97	2.05	2.20	2.19	2.24	2.70	2.62	2.60

Scale: In percentage (%)

NEW: Modified Duration

The modified duration has increased consistently over recent reporting quarters and stood at 5.96 as of March 31, 2016. This is a result of both falling interest rates and longer durations within the index.

Table 3a: Modified Duration¹

Jan. 1, 2016–Mar. 31, 2016

	Jan. 16	Feb. 16	Mar. 16	Apr. 16	May 16	Jun. 16	Jul. 16	Aug. 16	Sep. 16	Oct. 16	Nov. 16	Dec. 16
Credit Suisse Swiss Pension Fund Index	5.80	5.91	5.96									
Pension funds > CHF 1 bn	5.66	5.81	5.95									
Pension funds CHF 500 mn–1 bn	5.96	6.01	6.05									
Pension funds CHF 150–500 mn	5.96	6.10	6.15									
Pension funds < CHF 150 mn	5.70	5.79	5.80									

Table 3b: Modified Duration¹

Jan. 1, 2015–Dec. 31, 2015

	Jan. 15	Feb. 15	Mar. 15	Apr. 15	May 15	Jun. 15	Jul. 15	Aug. 15	Sep. 15	Oct. 15	Nov. 15	Dec. 15
Credit Suisse Swiss Pension Fund Index	5.46	5.60	5.67	5.73	5.80	5.76	5.75	5.77	5.77	5.76	5.80	5.81
Pension funds > CHF 1 bn	5.58	5.64	5.71	5.75	5.85	5.81	5.73	5.78	5.70	5.75	5.68	5.65
Pension funds CHF 500 mn–1 bn	6.16	5.96	6.05	5.76	5.90	5.74	5.69	5.68	5.63	5.87	5.86	5.82
Pension funds CHF 150–500 mn	5.58	5.89	5.84	5.91	5.95	5.83	5.84	5.85	5.89	5.93	5.97	6.04
Pension funds < CHF 150 mn	5.21	5.31	5.46	5.59	5.64	5.70	5.69	5.72	5.74	5.61	5.71	5.71

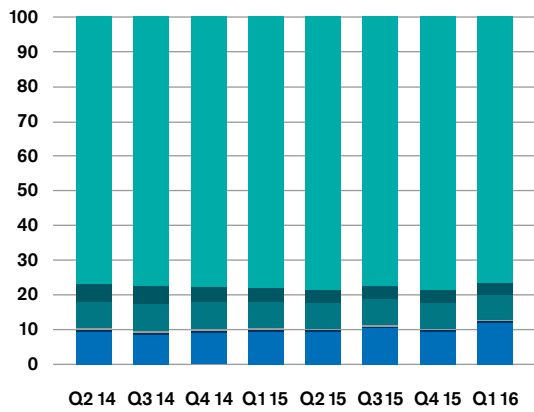
¹ Note: The modified duration indicates the direct sensitivity of the bond price (in percentage terms) to a 1% change in the market interest rate. Only direct bond investments are used in calculating the modified duration; collective investments are excluded.

Currency Allocation

Swiss Franc Component Reduced

In the reporting quarter, the Swiss franc component fell by 2.21 percentage points from its multi-year high at the end of 2015 to 76.42%. The USD component also fell by 0.27 percentage points to 7.10%. There were only marginal changes to the EUR, JPY and GBP components.

Chart 7:



	Q2 14	Q3 14	Q4 14	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16
● CHF	76.92	77.49	77.69	77.93	78.51	77.41	78.63	76.42
● EUR	5.03	4.96	4.45	4.21	3.86	3.85	3.68	3.59
● USD	7.55	7.80	7.70	7.39	7.36	7.39	7.37	7.10
● GBP	0.59	0.58	0.54	0.50	0.47	0.46	0.45	0.49
● JPY	0.66	0.64	0.55	0.63	0.52	0.54	0.57	0.51
● Other	9.25	8.52	9.06	9.34	9.28	10.35	9.30	11.88

Scale: In percentage (%)

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The Credit Suisse Swiss Pension Fund Index is calculated on the basis of the stated performance of the 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. As a leading provider of global custodian services, Credit Suisse is able to prepare broadly-based and representative analyses of the Swiss pension fund business. At system level, the data provides a very up-to-date picture of current investment activities relating to second-pillar assets, since second-pillar pension funds (excluding institutions with complete coverage) manage around 80 percent of all such assets. 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.