

Credit Suisse Swiss Pension Fund Index 2nd Quarter 2012

Return in 2nd Quarter 2012: 0.24%

YTD: 3.29%

- Return Far above BVG Target
- Rising Liquidity Component
- Swiss Franc at Steady Level



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 the 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 does not have any influence over the performance of the individual pension funds.

Sluggish Pre-Summer

The Credit Suisse Swiss Pension Fund Index (blue line in chart 1a), which started with a value of 100 at the beginning of 2000, is experiencing a sluggish pre-summer. In the reporting quarter, the index rose by 0.31 points, or 0.24%, to 128.72 points as of June 30, 2012. Both April (0.11%) and June (0.81%) contributed to the positive result, while May posted a slight minus of 0.67%. The BVG mandatory minimum rate of return (the gray line in chart 1a, which also started with a baseline of 100 as of January 2000), improved by 0.37% or 0.52 points in the re-

porting quarter, climbing to 140.49 and increasing the difference to 11.77 points as of June 30, 2012. The impressive performance at the start of the year helped the pension funds achieve a respectable return of 3.29% year-to-date (YTD), despite the sluggish 2nd quarter. The annualized return (since start of measurement) of the Credit Suisse Swiss Pension Fund Index (table 1d) was 2.04% at the end of the quarter, compared to the annualized BVG mandatory minimum rate of return of 2.76%.

Chart 1a: Credit Suisse Swiss Pension Fund Index

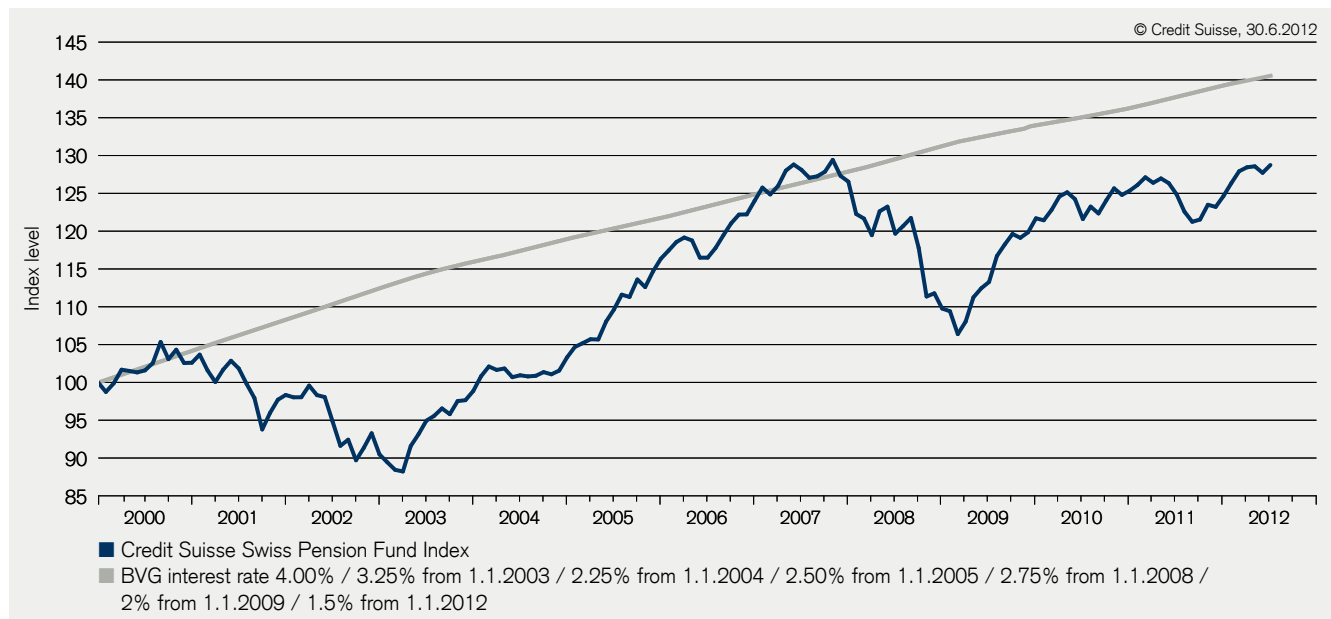


Table 1a

Credit Suisse Swiss Pension Fund Index 1.1.2000–30.6.2012

	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	124.05	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							3.29%

Table 1b

Performance Contribution (Monthly)

Credit Suisse Swiss Pension Fund Index 1.1.2012–30.6.2012

2012	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec	YTD
Liquidity	0.09%	0.12%	-0.02%	-0.04%	-0.29%	0.15%							0.01%
CHF bonds	0.19%	0.13%	-0.02%	0.06%	0.23%	-0.02%							0.56%
Foreign currency bonds	0.07%	-0.03%	-0.03%	0.08%	0.33%	-0.10%							0.33%
Swiss equities	0.18%	0.38%	0.27%	-0.01%	-0.54%	0.36%							0.63%
Foreign equities	0.70%	0.45%	0.05%	-0.13%	-0.50%	0.35%							0.91%
Alternative investments	0.05%	0.03%	-0.03%	-0.01%	-0.01%	0.00%							0.03%
Real estate	0.10%	0.17%	0.19%	0.15%	0.09%	0.07%							0.77%
Mortgages	0.01%	0.00%	-0.01%	0.01%	0.02%	0.00%							0.03%
Other	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%							0.01%
Total	1.37%	1.24%	0.40%	0.11%	-0.67%	0.81%							3.29%

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

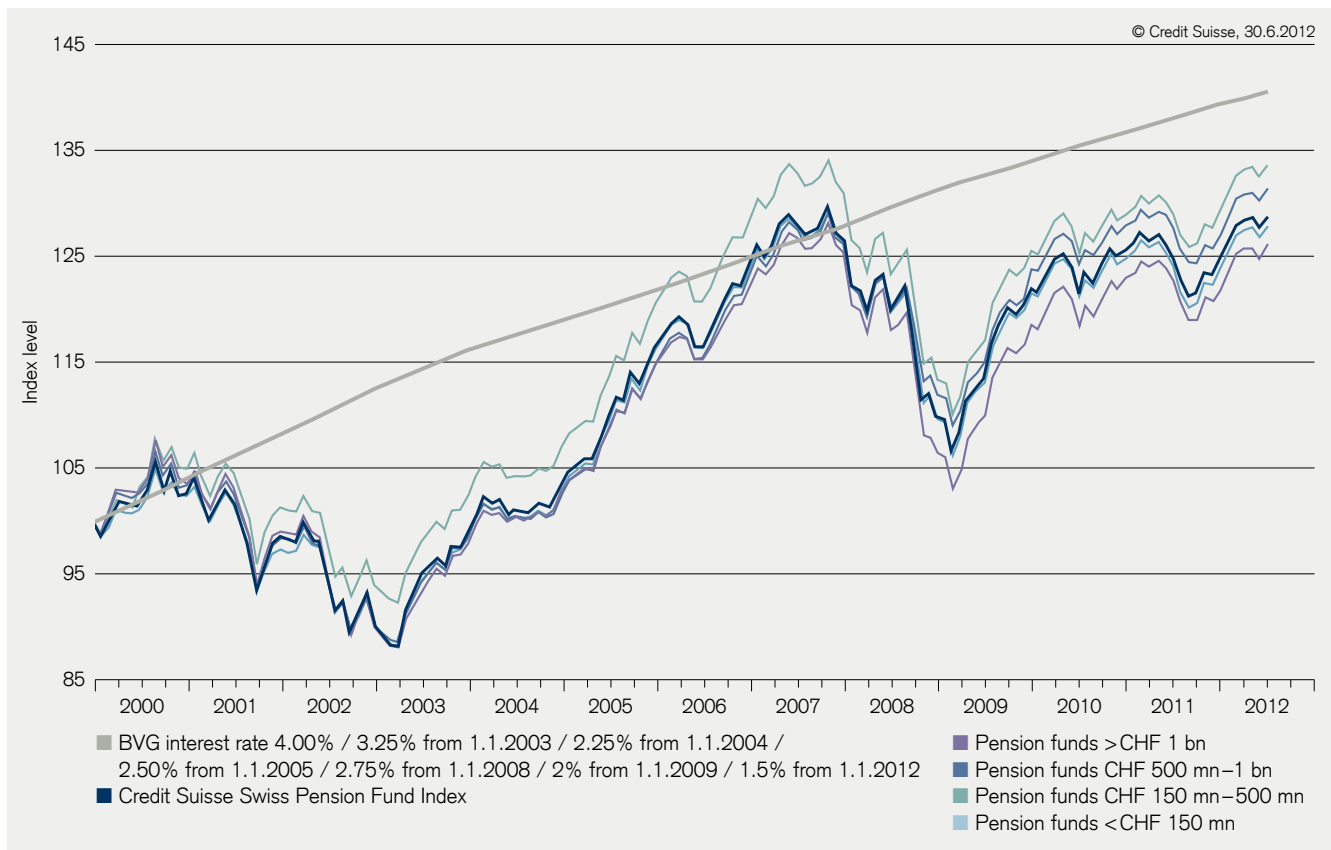


Table 1c

Performance 1.1.2012–30.6.2012													
2012	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec	YTD
Credit Suisse Swiss Pension Fund Index	1.37%	1.24%	0.40%	0.11%	-0.67%	0.81%							3.29%
Pension funds > CHF 1 bn	1.45%	1.31%	0.41%	0.03%	-0.74%	0.94%							3.44%
Pension funds CHF 500 mn–1 bn	1.26%	1.41%	0.35%	0.14%	-0.54%	0.76%							3.43%
Pension funds CHF 150 mn–500 mn	1.34%	1.22%	0.46%	0.14%	-0.65%	0.78%							3.31%
Pension funds < CHF 150 mn	1.37%	1.20%	0.38%	0.11%	-0.67%	0.78%							3.20%

Table 1d

Annualized Performance 1.1.2000–30.6.2012		Annualized performance since 1.1.2000
Credit Suisse Swiss Pension Fund Index		2.04%
BVG interest rate		2.76%
Pension funds > CHF 1 bn		1.86%
Pension funds CHF 500 mn–1 bn		2.20%
Pension funds CHF 150–500 mn		2.34%
Pension funds < CHF 150 mn		1.98%

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 taken into account. For example, portfolios formed on June 1, 2009, are

not taken into account in the five-year rolling observation period (1.7.2007–30.6.2012), but they do form part of the rolling two-year observation period.

Negative Trend of Five-Year Line

The presentation of the rolling five-year view on the cut-off date of the annualized risk-return positions of the individual pension funds (see chart 2a) has hardly changed since the last index publication. As at June 30, 2012, the regressive curve is negative, showing that one of the premises of modern portfolio theory, which states that higher (systematic, i.e. market-driven) risk is offset by higher returns, may not prove true, depending on the timing of entry seen over a period of several years.

Compared to the previous quarter, the unweighted average annualized return has fallen to 0.10%, as did the unweighted average annualized risk (red triangle), which dropped to 5.66%. Five pension funds are in the low-risk investment area (annualized risk up to 4%) on June 30, 2012, while two pension funds still fall into the high-risk area (annualized risk of more than 8%). In the past quarter, approximately 37% of the pension funds included in the Pension Fund Index could not report a positive annualized five-year return.

Chart 2a: Annualized Risk/Return Comparison; Rolling Five-Year View. Monthly Results from July 2007 to June 2012

Database: Monthly results from July 2007 to June 2012

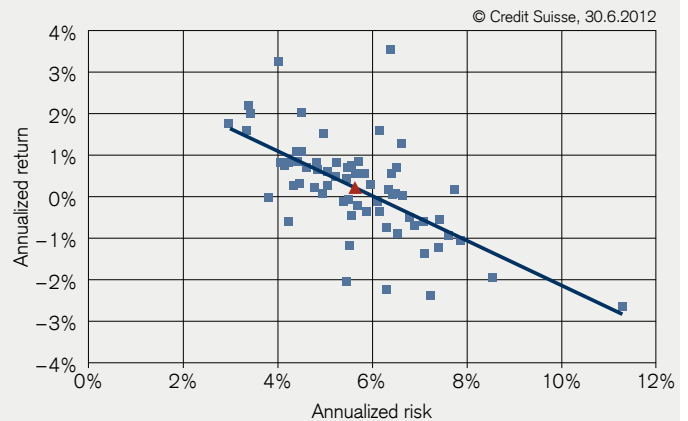


Table 2a

Key Figures

1.7.2007–30.6.2012

	Risk	Return	Sharpe ratio
Credit Suisse Swiss Pension Fund Index	5.66%	0.10%	-0.10
Pension funds >CHF 1 bn	5.32%	-0.09%	-0.12
Pension funds CHF 500 mn–1 bn	6.39%	0.59%	-0.01
Pension funds CHF 150–500 mn	5.51%	0.13%	-0.09
Pension funds <CHF 150 mn	5.61%	0.02%	-0.11

Table 2b

Return Bandwidths

1.7.2007–30.6.2012

	Minimum	1st quartile	Median	3rd quartile	Maximum
Credit Suisse Swiss Pension Fund Index	-2.61%	-0.48%	0.32%	0.84%	3.57%
Pension funds >CHF 1 bn	-2.21%	0.02%	0.69%	0.88%	1.60%
Pension funds CHF 500 mn–1 bn	-2.61%	-0.86%	0.35%	1.13%	3.57%
Pension funds CHF 150–500 mn	-1.04%	-0.32%	0.56%	0.85%	2.04%
Pension funds <CHF 150 mn	-2.33%	-0.48%	0.29%	0.73%	2.21%

Negative Trend of Two-Year Line

The rolling two-year line (chart 2b, 1.7.2010–30.6.2012), which has a much stronger reaction to changes, also contradicts the theory that higher risk is rewarded by higher returns in the long term. This statement must be treated with caution, however, as

this is a rolling presentation of the past 24 months. The unweighted average annualized return is 2.89%, while the unweighted average risk is 3.71% (red triangle).

Chart 2b: Annualized Risk/Return Comparison; Rolling Two-Year View. Monthly Results from July 2010 to June 2012

Database: Monthly results from July 2010 to June 2012

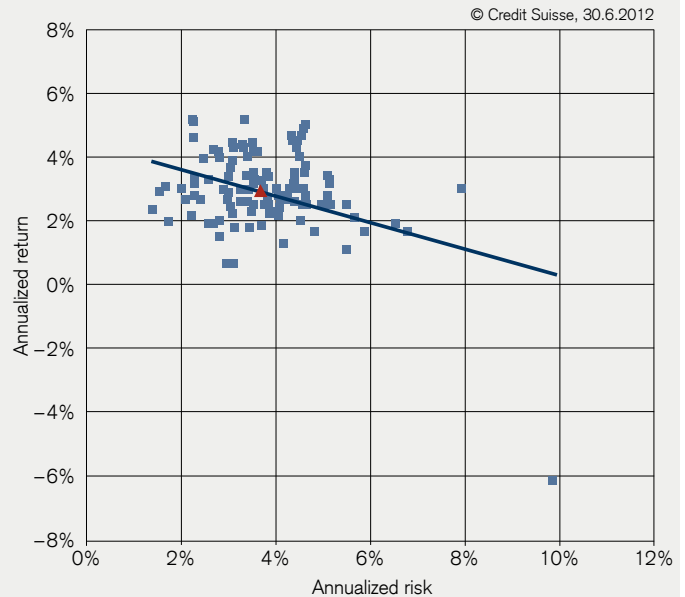


Table 2c

Key Figures

1.7.2010–30.6.2012

	Risk	Return	Sharpe ratio
Credit Suisse Swiss Pension Fund Index	3.71%	2.90%	0.86
Pension funds > CHF 1 bn	3.66%	3.11%	0.95
Pension funds CHF 500 mn–1 bn	3.26%	2.83%	0.95
Pension funds CHF 150–500 mn	3.43%	3.23%	0.98
Pension funds < CHF 150 mn	3.94%	2.67%	0.76

Table 2d

Return Bandwidths

1.7.2010–30.6.2012

	Minimum	1st quartile	Median	3rd quartile	Maximum
Credit Suisse Swiss Pension Fund Index	-6.16%	2.48%	2.95%	3.48%	5.19%
Pension funds > CHF 1 bn	1.31%	2.05%	3.11%	4.18%	5.19%
Pension funds CHF 500 mn–1 bn	1.96%	2.30%	2.79%	3.33%	4.98%
Pension funds CHF 150–500 mn	1.81%	2.59%	3.02%	4.12%	4.72%
Pension funds < CHF 150 mn	-6.16%	2.20%	2.76%	3.26%	5.19%

Asset Allocation

Rising Liquidity Component

In terms of asset allocation as of June 30, 2012, the liquidity component was increased by 0.80%. The exposure to CHF bonds was reduced (-0.30%), with foreign currency bonds holding steady at the same level, resulting in a total bond exposure of 34.3% (-0.30%). Swiss and foreign equity exposures were also reduced (-0.40% and -0.60%, respectively) and

total equity exposure is 28.10% (-1.00%). In alternative investments, we see a continuous shift from investments in hedge funds to investments in commodities. Exposures to private equity investments have been reduced slightly (-0.20%).

Chart 3: Asset Allocation for the Last Eight Quarters

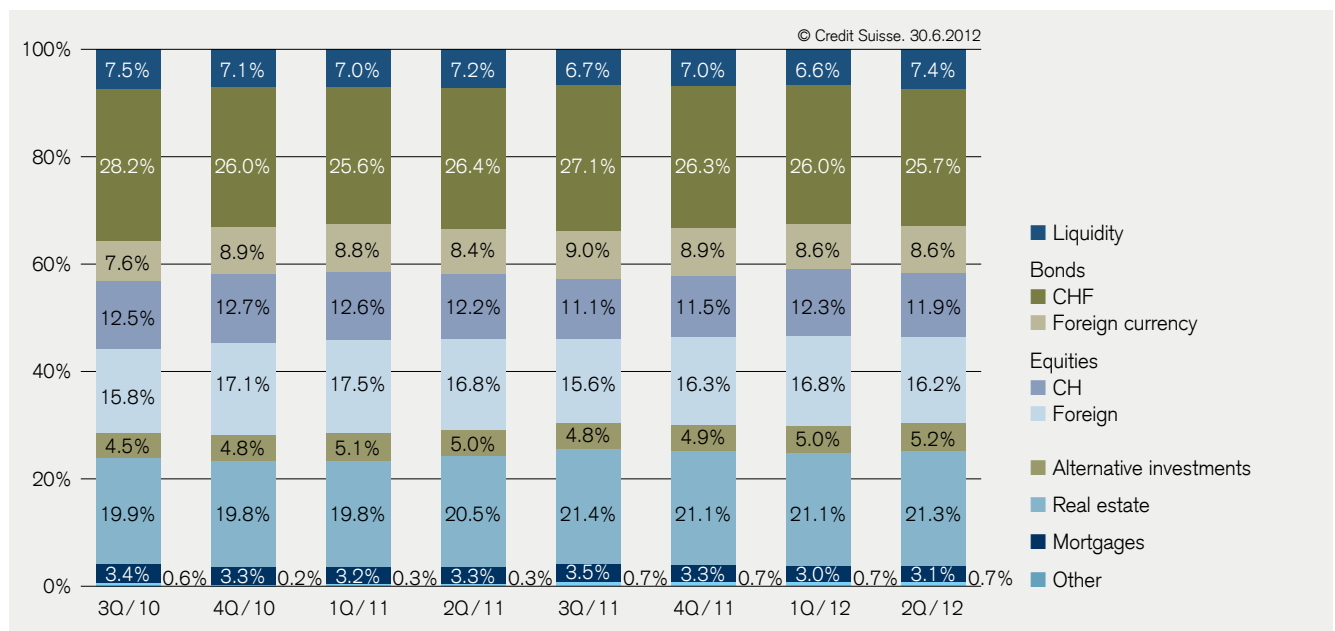
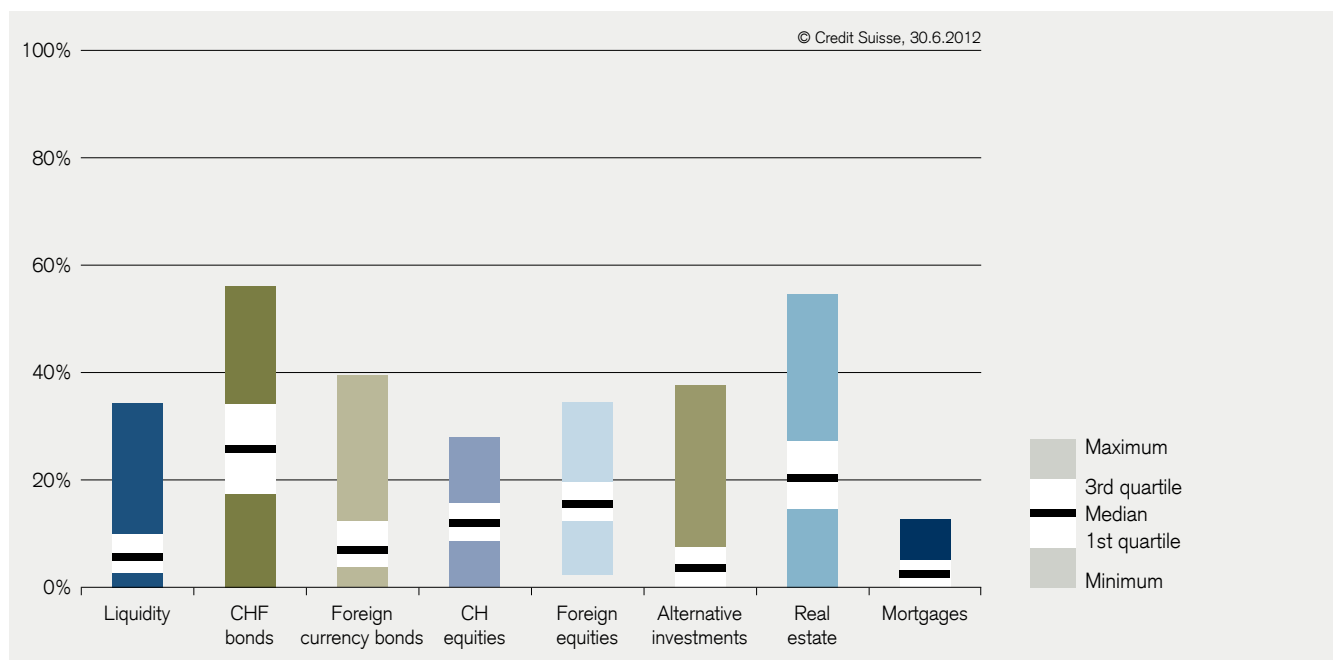


Chart 4: Maximum and Minimum Values for 2nd Quarter 2012



Currency Allocation

Swiss Franc at Steady Level

The currency allocation shows that the foreign currency exposure versus the Swiss franc is slightly lower than in the previous quarter (-0.9%).

Chart 5: Development for the Last Eight Quarters

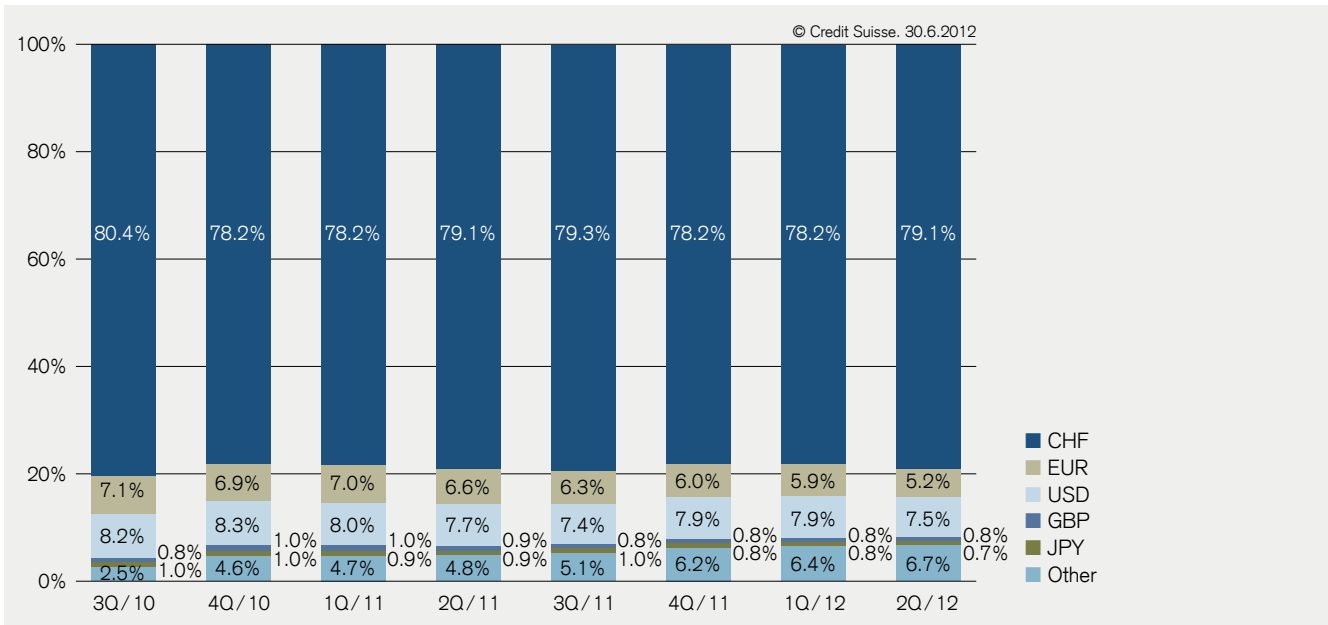
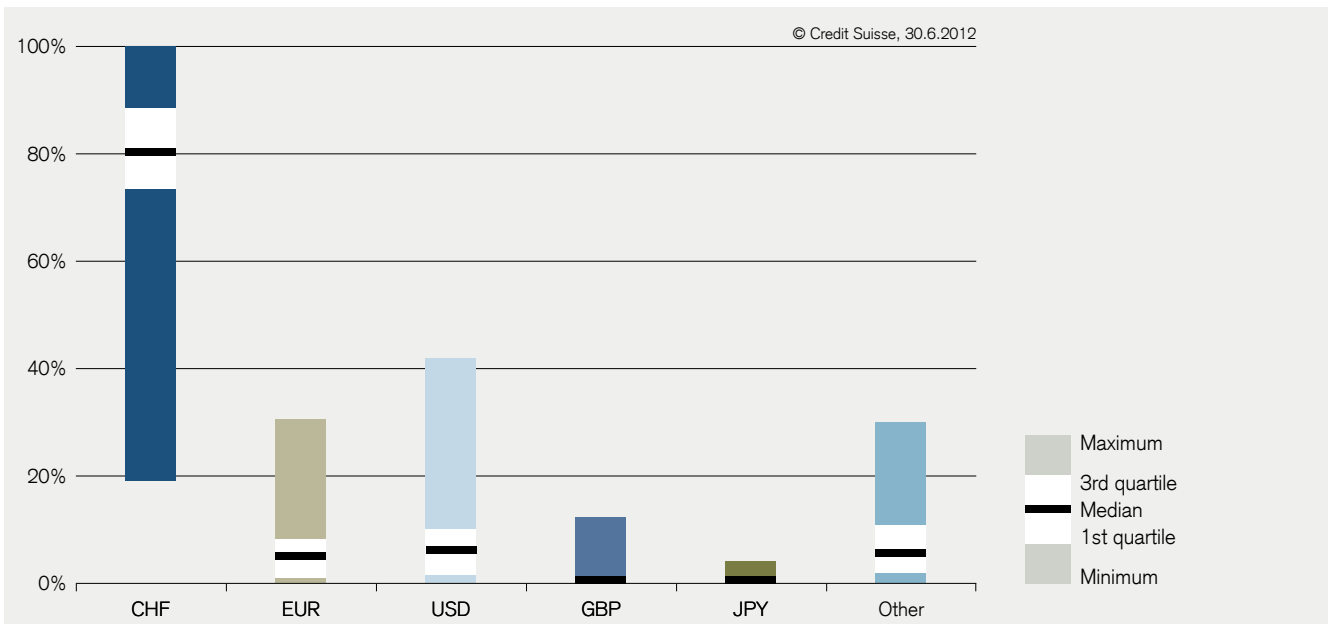
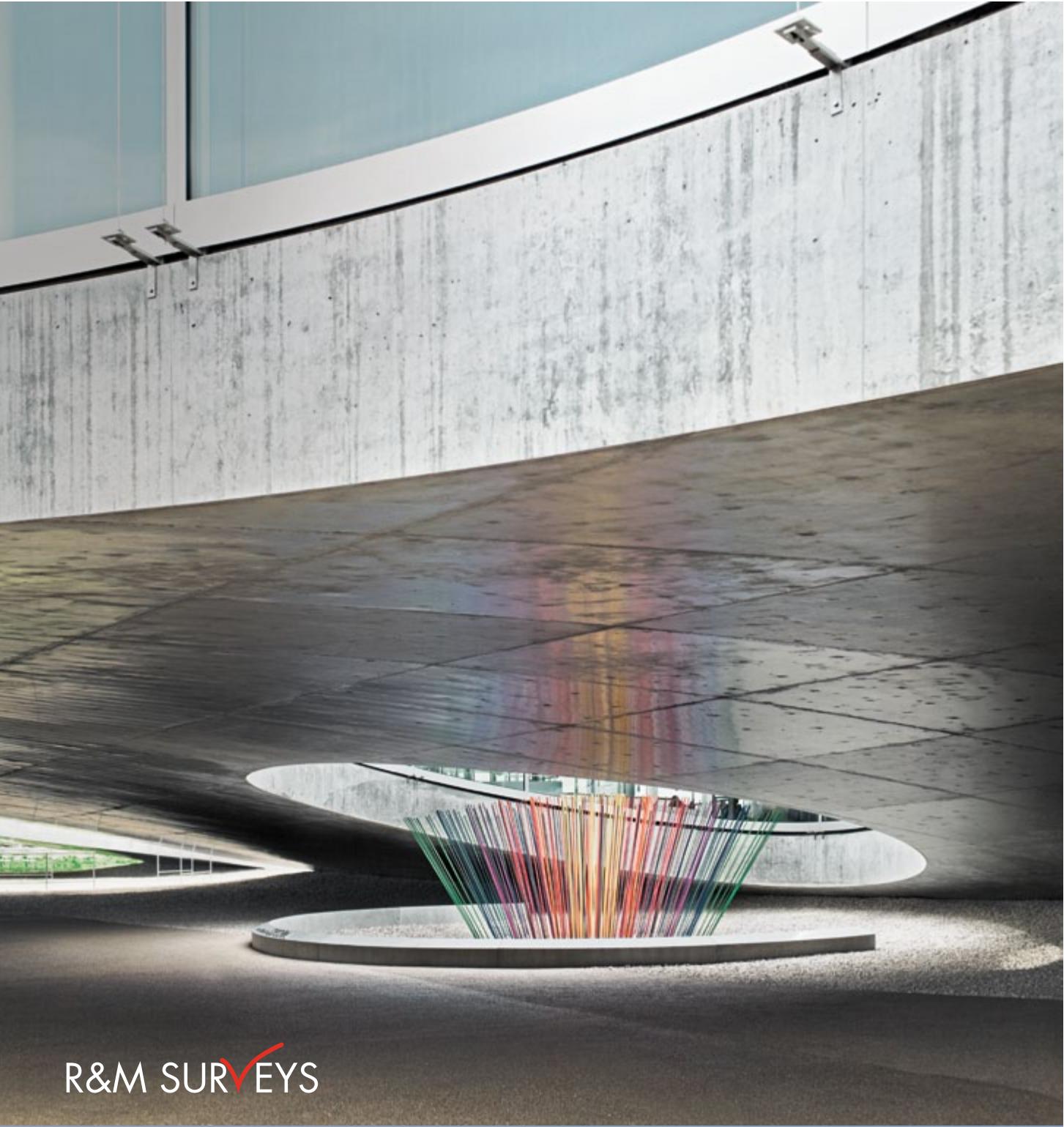


Chart 6: Maximum and Minimum Values for 2nd Quarter 2012





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* Assessed by our clients (R&M Survey 2012)

** Assessed by our clients & Portfolio Managers (R&M Survey 2012)

Important Information

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 by 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 does not have any influence over the performance of the 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 the current investment activities pertaining to second pillar assets, as the autonomous pension funds manage around 80% 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.

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