

Credit Suisse
Swiss Pension Fund Index
2nd Quarter 2014

YTD 2014: 4.06%

Q2 2014: 2.25%

- May Delivers Strong Performance
- Increased Investment in Foreign Securities
- Swiss Franc Allocation Back Below 78%



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 at 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.

Strong Second Quarter of 2014

The Credit Suisse Swiss Pension Fund Index (blue line in Chart 1a), which began with a baseline of 100 at the beginning of 2000, recorded a strong second quarter of 2014, rising by 3.24 points (2.25%) to a total of 147.04 points as of June 30, 2014. April (0.72%) and especially May (1.28%) contributed to the excellent performance in the second quarter. At 0.25%, June was somewhat down on the preceding months, although this can be explained by a consolidation following the sharp rise in May. Compared with the previous quarter (1.77%) the index rose again in the second quarter. The difference is even more significant if we compare the current quarter with the same quarter in the previous year (Q2 2013: -0.98%). In the second quarter of 2014 all asset classes, with the exception of liquidity, delivered a positive performance contribution. Foreign equities came out on top with 0.90%, followed by Swiss equities with 0.37%, and Swiss franc bonds with 0.36% (Table 1b).

The BVG mandatory minimum rate of return (currently 1.75% p.a.), which also started with a baseline of 100 as of January 2000, rose by 0.63 points (0.43%) to 144.91 in the reporting quarter. This means that in the second quarter of 2014, the return on the Credit Suisse Swiss Pension Fund Index was 1.82% above the BVG target. It is gratifying to note that the shortfall in the Credit Suisse Swiss Pension Fund Index against the BVG mandatory minimum rate of return that arose due to the financial crisis has now been made good.

The annualized return of the Credit Suisse Swiss Pension Fund Index (since January 1, 2000) was 2.69% at the end of the quarter. This contrasts with the annualized BVG mandatory minimum rate of return of 2.59%.

Chart 1a: Credit Suisse Swiss Pension Fund Index

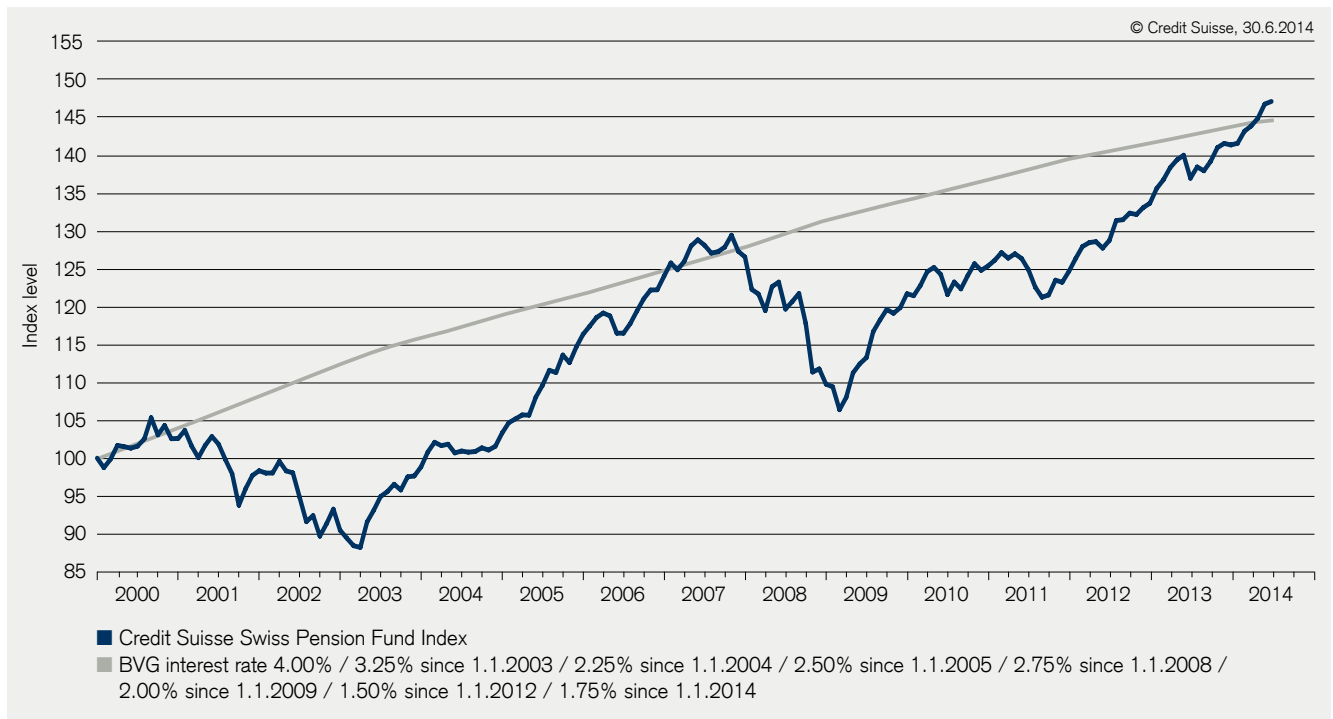


Table 1a

Credit Suisse Swiss Pension Fund Index (January 1, 2000 – June 30, 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	144.83	146.68	147.04							4.06%

Table 1b

Performance Contribution (Monthly)

Credit Suisse Swiss Pension Fund Index (January 1, 2014 – June 30, 2014)

2014	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec	YTD
Liquidity	-0.08%	0.12%	-0.02%	0.00%	-0.06%	0.02%							-0.03%
CHF bonds	0.34%	0.04%	0.06%	0.14%	0.16%	0.07%							0.81%
Foreign currency bonds	0.12%	-0.05%	0.04%	0.06%	0.17%	0.00%							0.33%
Swiss equities	0.00%	0.53%	0.08%	0.18%	0.32%	-0.13%							0.99%
Foreign equities	-0.43%	0.37%	0.14%	0.11%	0.61%	0.19%							0.98%
Alternative investments	0.05%	0.04%	0.02%	0.13%	0.02%	0.03%							0.30%
Real estate	0.15%	0.06%	0.16%	0.10%	0.06%	0.07%							0.60%
Mortgages	0.02%	0.00%	0.00%	0.01%	0.01%	0.00%							0.05%
Other	0.00%	0.01%	0.00%	0.01%	0.01%	0.00%							0.03%
Total	0.16%	1.12%	0.48%	0.72%	1.28%	0.25%							4.06%

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

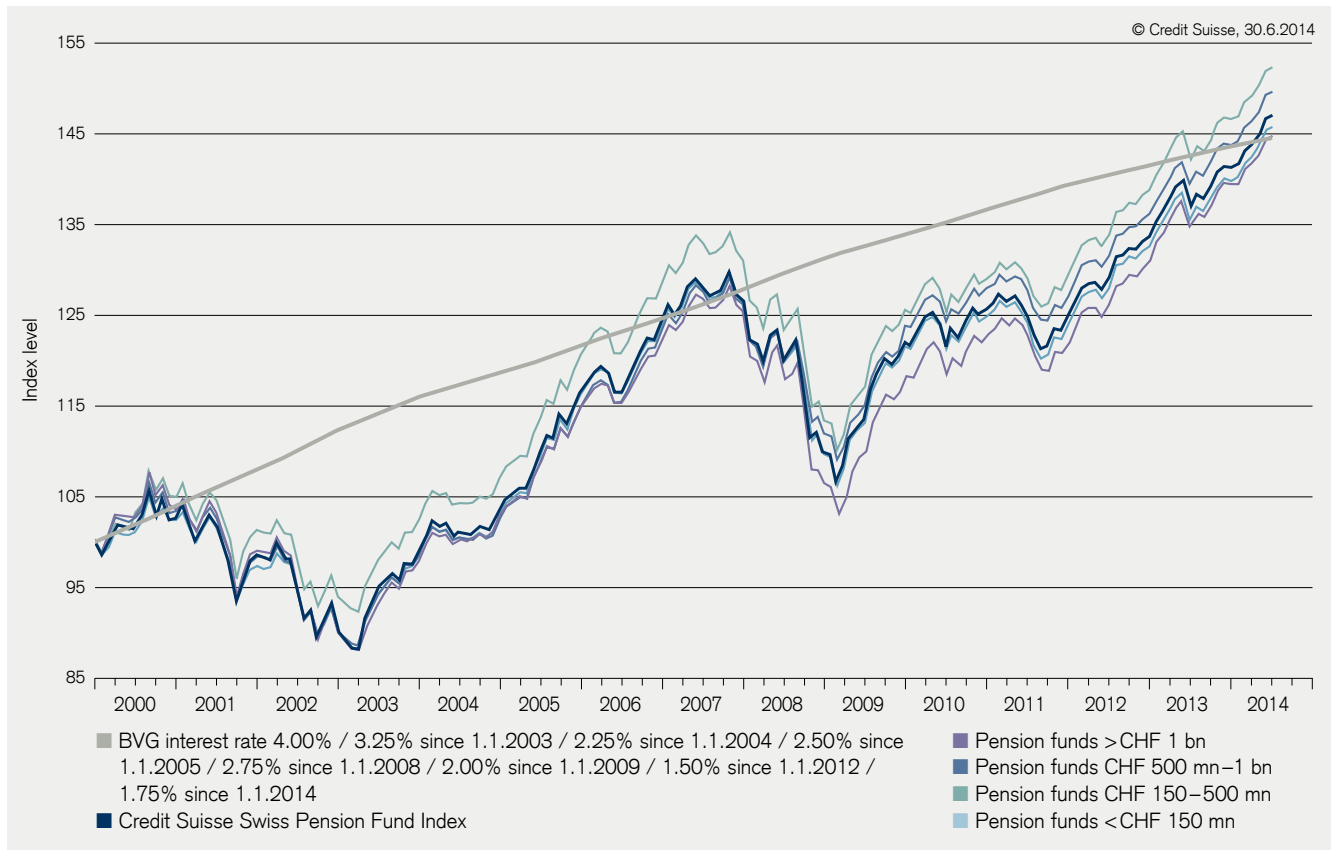


Table 1c

Performance (January 1, 2014 – June 30, 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%	0.72%	1.28%	0.25%							4.06%
Pension funds > CHF 1 bn	-0.01%	1.16%	0.47%	0.55%	1.30%	0.28%							3.80%
Pension funds CHF 500 mn–1 bn	0.23%	1.07%	0.46%	0.64%	1.26%	0.29%							4.01%
Pension funds CHF 150–500 mn	0.15%	1.11%	0.45%	0.59%	1.28%	0.28%							3.92%
Pension funds < CHF 150 mn	0.22%	1.11%	0.50%	0.88%	1.27%	0.21%							4.26%

Table 1d

Annualized Performance (January 1, 2000 – June 30, 2014)

	Annualized performance since 1.1.2000
Credit Suisse Swiss Pension Fund Index	2.69%
BVG rate of return	2.59%
Pension funds > CHF 1 bn	2.59%
Pension funds CHF 500 mn–1 bn	2.82%
Pension funds CHF 150–500 mn	2.95%
Pension funds < CHF 150 mn	2.63%

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 October 1, 2010 are not in-

cluded in the five-year rolling observation period (July 1, 2009 to June 30, 2014), but they do form part of the rolling two-year observation period.

Five-year line – solid returns, decreasing risk

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.

Although the unweighted average of the annualized returns fell slightly compared with the previous quarter, it remains at a good 5.36% (Q1 2014: 5.89%). The unweighted average annualized risk (red triangle) fell again to 3.75% (Q1 2014: 3.93%). In the

low-risk area (3% to 4% annualized risk) there were 50 pension funds (of the total of 74) as of June 30, 2014. No pension funds were in the high-risk range (annualized risk of more than 8%). In the second quarter, as in the first, 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 July 2009 to June 2014

Basis of data: Monthly results from July 2009 to June 2014

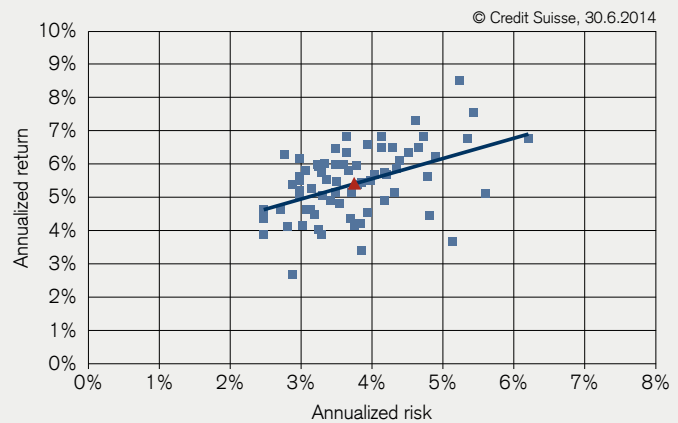


Table 2a

Key Figures

July 1, 2009 – June 30, 2014

	Risk	Return	Sharpe ratio
Credit Suisse Swiss Pension Fund Index	3.75%	5.36%	1.47
Pension funds >CHF 1 bn	3.93%	5.64%	1.53
Pension funds CHF 500 mn–1 bn	3.52%	5.42%	1.65
Pension funds CHF 150–500 mn	3.49%	5.43%	1.54
Pension funds <CHF 150 mn	3.86%	5.21%	1.37

Table 2b

Return Bandwidths

July 1, 2009 – June 30, 2014

	Minimum	1st quartile	Median	3rd quartile	Maximum
Credit Suisse Swiss Pension Fund Index	2.74%	4.70%	5.53%	6.13%	8.59%
Pension funds >CHF 1 bn	4.61%	5.18%	5.87%	6.59%	8.59%
Pension funds CHF 500 mn–1 bn	4.18%	5.43%	5.55%	6.20%	7.61%
Pension funds CHF 150–500 mn	3.50%	4.70%	5.46%	6.04%	7.39%
Pension funds <CHF 150 mn	2.74%	4.42%	5.22%	5.99%	6.85%

Two-year line – strong growth

The two-year line (Chart 2b, 1.7.2012–30.6.2014) has risen sharply once again compared to the previous quarter. The unweighted average annualized risk (red triangle) is 6.88% (Q1 2014: 5.82%), while the unweighted average risk is 3.09% (Q1 2014: 3.13%).

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

Basis of data: Monthly results from July 2012 to June 2014

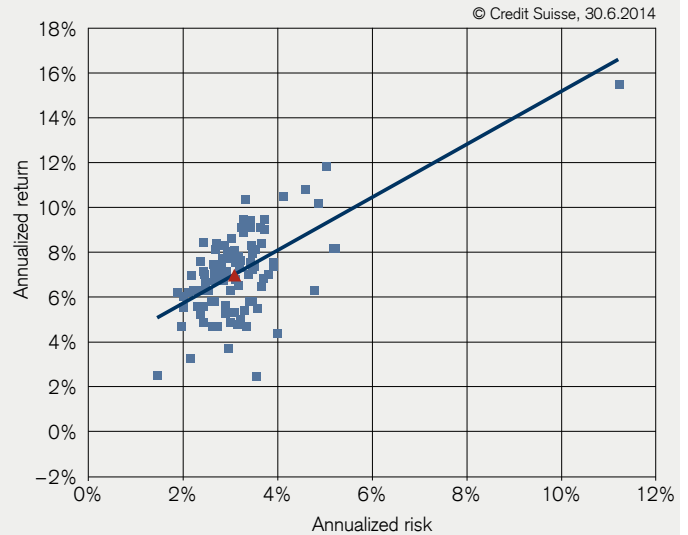


Table 2c

Key Figures

July 1, 2012 – June 30, 2014

	Risk	Return	Sharpe ratio
Credit Suisse Swiss Pension Fund Index	3.09%	6.88%	2.35
Pension funds >CHF 1 bn	3.11%	7.21%	2.41
Pension funds CHF 500 mn–1 bn	2.59%	6.74%	2.62
Pension funds CHF 150–500 mn	2.93%	6.83%	2.37
Pension funds <CHF 150 mn	3.26%	6.81%	2.27

Table 2d

Return Bandwidths

July 1, 2012 – June 30, 2014

	Minimum	1st quartile	Median	3rd quartile	Maximum
Credit Suisse Swiss Pension Fund Index	0.12%	6.06%	7.02%	7.85%	15.50%
Pension funds >CHF 1 bn	4.77%	6.12%	7.35%	8.07%	11.80%
Pension funds CHF 500 mn–1 bn	4.85%	5.96%	7.03%	7.64%	8.18%
Pension funds CHF 150–500 mn	2.46%	6.31%	7.03%	7.82%	9.11%
Pension funds <CHF 150 mn	0.12%	5.66%	6.83%	7.91%	15.50%

Asset Allocation

Increased investment in foreign securities

The investment allocation as of June 30, 2014 shows that the overall equity ratio rose once again compared with the previous quarter. In the second quarter of 2014 it stood at 31.3% (Q1 2014: 30.7%), primarily because of increased investment in foreign equities (+0.7%). The proportion of Swiss equities (13.2%) fell slightly again (by 0.1%). Increases compared with the previous quarter were recorded in foreign currency bonds with 8.4% (Q1 2014: 8.0%), while the share of Swiss franc

bonds (25.8%) was down by 0.3% (Q1 2014: 26.1%). In the other asset classes it is notable that the percentage of mortgages rose compared with the previous quarter (from 1.97% to 2.19%) while liquidity fell significantly (from 7.36% to 6.75%). Only marginal changes were posted for alternative investments in the reporting quarter. The proportion of commodities rose by 0.1% to 2.3%, while all other alternative investments remained unchanged.

Chart 3: Asset Allocation for the Last Eight Quarters

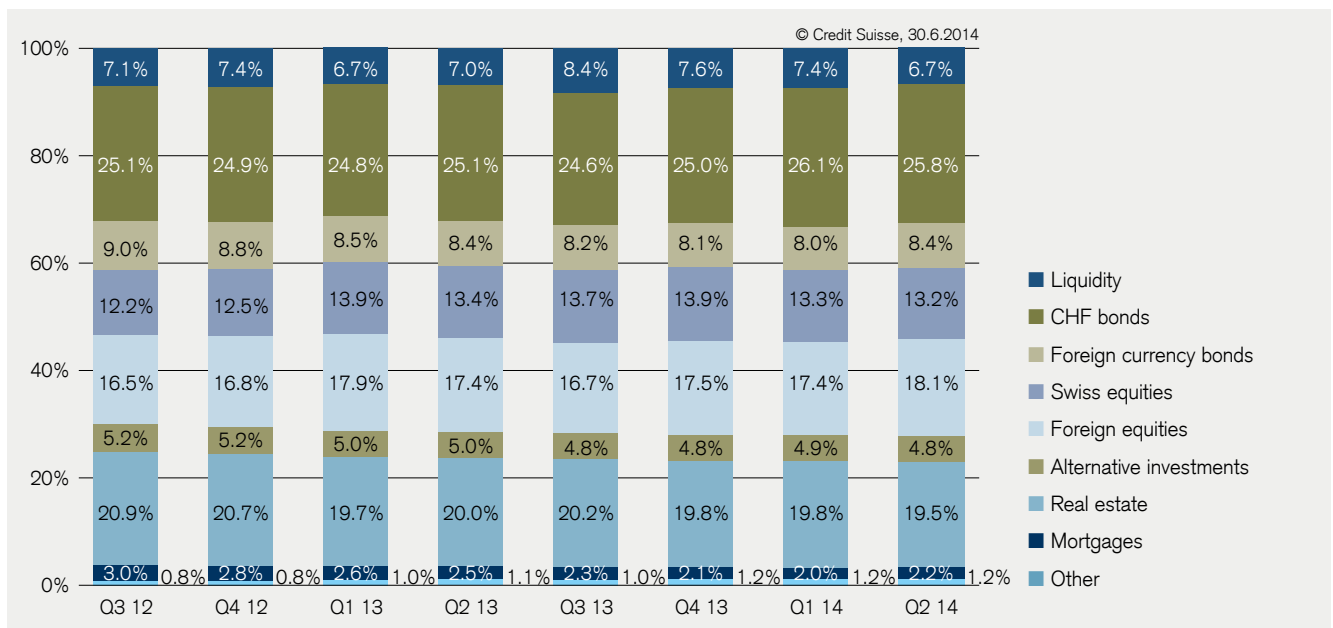
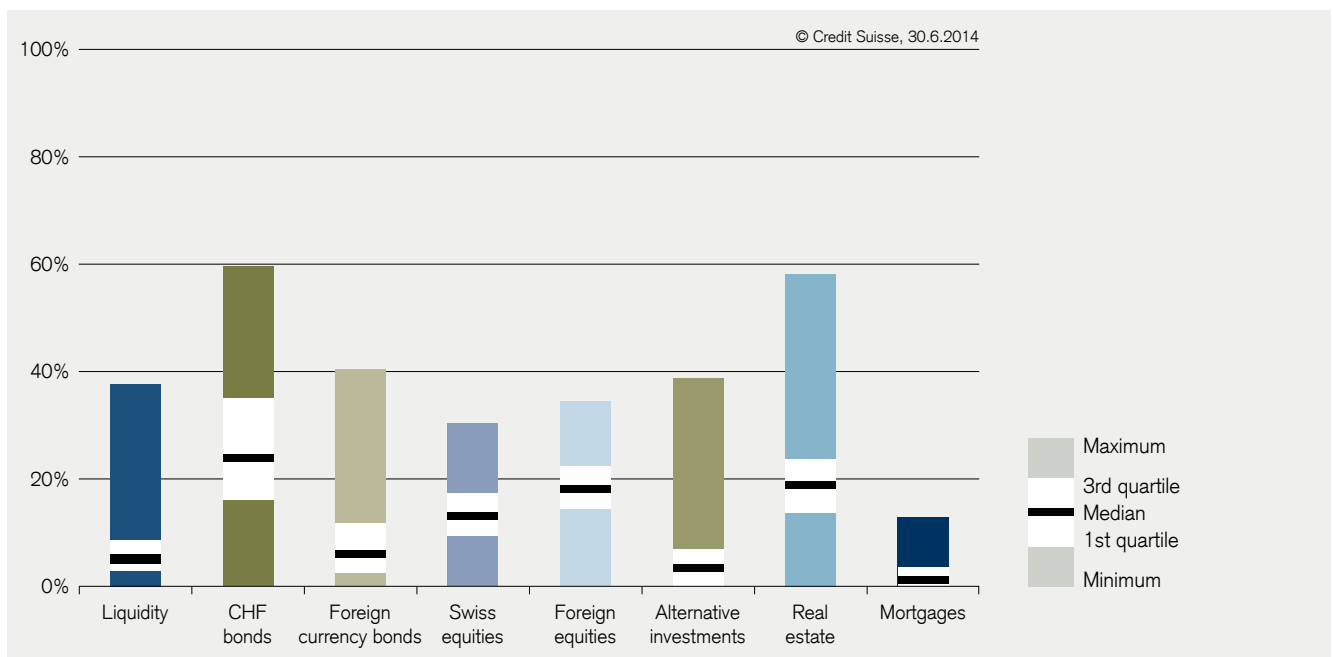


Chart 4: Maximum and Minimum Values for 2nd Quarter 2014

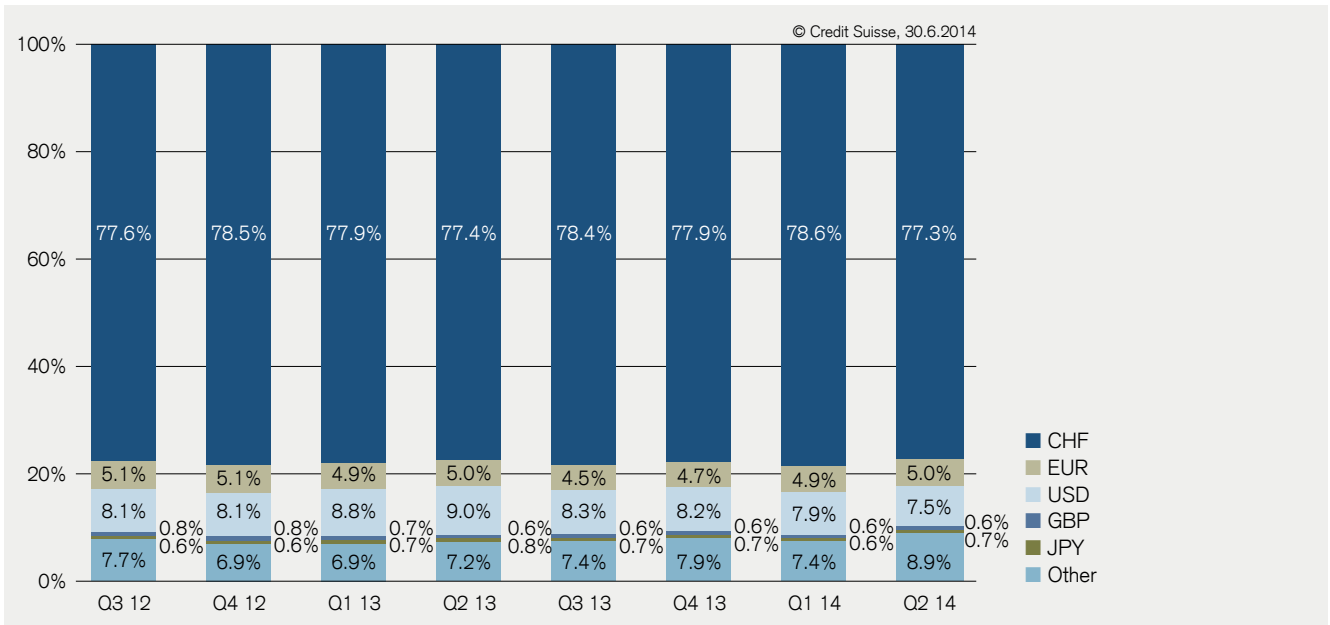


Currency Allocation

Swiss franc allocation back below 78%

The Swiss franc allocation fell substantially compared with other currencies (-1.3%) and stood at 77.3% as of June 30, 2014, falling below the 78% mark for the first time in a year.

Chart 5: Development for the Last Eight Quarters





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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 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.

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