

Credit Suisse Swiss Pension Fund Index Q2 2015

YTD 2015: -0.16%

Q2 2015: -1.65%

Negative performance in June wipes out first-quarter gains

Liquidity ratio remains low

Further increase in Swiss franc component, euro component hits new low



Index versus Mandatory Minimum Rate of Return since January 2000

A turbulent June pushes YTD performance of the Credit Suisse Pension Fund Index into the red

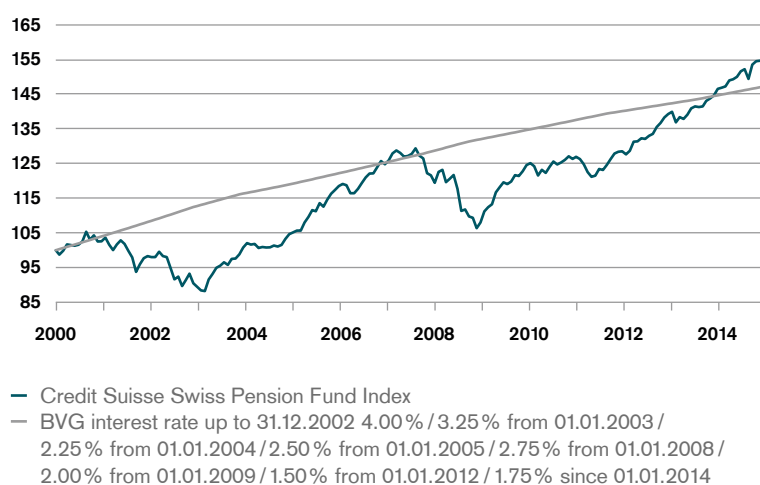
The Credit Suisse Swiss Pension Fund Index (turquoise line in Chart 1a), which was launched with a baseline of 100 at the beginning of 2000, fell by 2.55 points or 1.65% in Q2 2015 and stood at 151.98 points as of June 30, 2015. The index essentially moved sideways in April and May (+0.12% and -0.13% respectively), while the fall of 1.64% in June wiped out first-quarter gains and resulted in a marginally negative return of 0.16% for the first half of 2015.

All asset classes, with the sole exception of liquidity, contributed to the negative result in Q2 2015. The largest share in the downturn was due to foreign equities (-0.56%), while Swiss equities (-0.33%), foreign currency bonds (-0.32%), and Swiss franc bonds (-0.30%) all contributed more or less equally to the negative result. Real estate (-0.23%) and alternative investments (-0.06%) also had a negative, if less marked, impact. As in the preceding quarter, the positive contribution made by liquidity (0.18%) was due mainly to gains from current hedging programs (Chart 1b).

The index of 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 147.45 in the reporting quarter. This means that the return on the Credit Suisse Swiss Pension Fund Index was -2.09% below the BVG target in this quarter.

The annualized return on the Credit Suisse Swiss Pension Fund Index (since January 1, 2000) was 2.74% as of June 30, 2015. This contrasts with the annualized BVG mandatory minimum rate of return of 2.54%.

Chart 1a:



Scale: Index

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

01.01.2000–30.06.2015

	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	154.71	154.51	151.98							-0.16%

Table 1b: Performance Contribution (Monthly)

Credit Suisse Swiss Pension Fund Index (01.01.2015–30.06.2015)

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
Liquidity	0.58%	-0.26%	-0.08%	0.17%	0.00%	0.02%							0.42%
CHF bonds	0.40%	-0.08%	0.08%	-0.06%	0.00%	-0.25%							0.09%
Foreign currency bonds	-0.63%	0.21%	0.07%	-0.13%	-0.05%	-0.14%							-0.67%
Swiss equities	-0.84%	1.00%	0.32%	0.11%	0.22%	-0.66%							0.13%
Foreign equities	-1.42%	1.38%	0.13%	-0.07%	0.07%	-0.56%							-0.49%
Alternative investments	-0.22%	0.12%	0.01%	-0.01%	-0.01%	-0.04%							-0.15%
Real estate	0.29%	0.32%	0.09%	0.12%	-0.34%	0.00%							0.48%
Mortgages	0.02%	0.00%	0.01%	0.00%	0.00%	-0.01%							0.01%
Other	-0.02%	0.02%	0.01%	0.00%	0.00%	-0.01%							-0.01%
Total	-1.83%	2.74%	0.64%	0.12%	-0.13%	-1.64%							-0.16%

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.

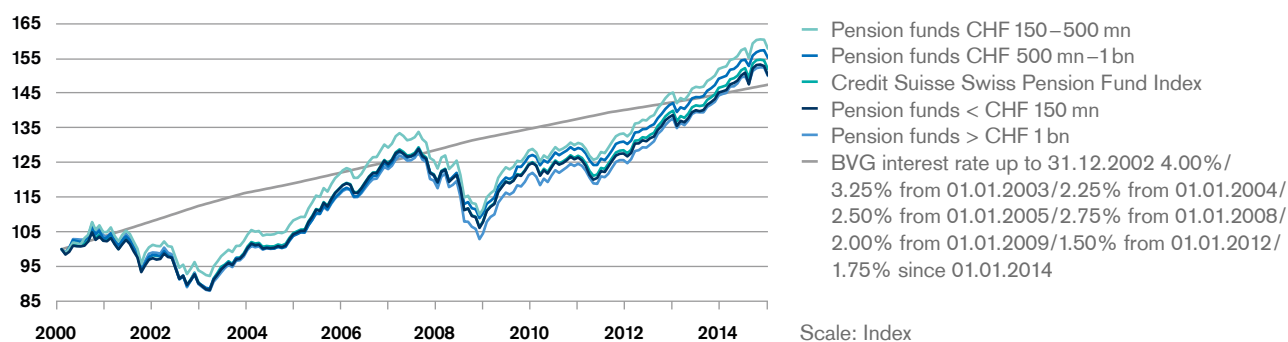


Table 1c: Performance

01.01.2015–30.06.2015

	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%	0.12%	-0.13%	-1.64%							-0.16%
Pension funds > CHF 1 bn	-1.32%	2.36%	0.58%	0.14%	-0.01%	-1.62%							0.07%
Pension funds CHF 500 mn–1 bn	-1.21%	1.97%	0.65%	0.30%	0.04%	-1.37%							0.34%
Pension funds CHF 150–500 mn	-1.73%	2.68%	0.64%	0.10%	-0.04%	-1.62%							-0.03%
Pension funds < CHF 150 mn	-2.22%	3.09%	0.67%	0.09%	-0.28%	-1.71%							-0.46%

Table 1d: Annualized Performance

01.01.2000–30.06.2015

	Annualized performance since January 1, 2000
Credit Suisse Swiss Pension Fund Index	2.74%
BVG rate of return	2.54%
Pension funds > CHF 1 bn	2.65%
Pension funds CHF 500 mn–1 bn	2.88%
Pension funds CHF 150–500 mn	2.99%
Pension funds < CHF 150 mn	2.66%

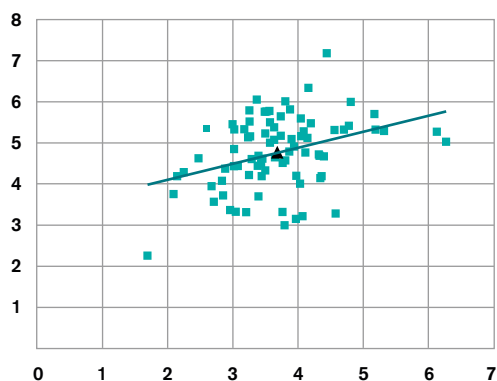
Risk/Return Positions

Five-year line – annualized return rises while risk falls slightly

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

Compared to the previous quarter, the unweighted average annualized return rose by 0.17% to 4.57%. At the same time, the unweighted average annualized risk (black triangle) fell marginally by 0.08% and now stands at 3.68%. Just under 68% of the pension funds were in the low-risk investment area (annualized risk of less than 4%) as of June 30, 2015. No pension funds were in the high-risk range (annualized risk of more than 8%). All of the pension funds in the Credit Suisse Pension Fund Index continued to show a positive annualized five-year return in the second quarter of 2015.

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



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

Table 2a: Key Figures

01.07.2010–30.06.2015

	Risk	Return	Sharpe ratio
Credit Suisse Swiss Pension Fund Index	3.68%	4.57%	1.33
Pension funds > CHF 1 bn	3.77%	4.83%	1.40
Pension funds CHF 500 mn–1 bn	3.35%	4.56%	1.46
Pension funds CHF 150–500 mn	3.42%	4.72%	1.43
Pension funds < CHF 150 mn	3.92%	4.39%	1.21

Table 2b: Return Bandwidths

01.07.2010–30.06.2015

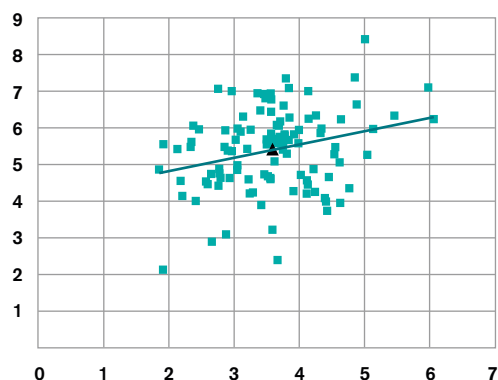
	Minimum	1st quartile	Median	3rd quartile	Maximum
Credit Suisse Swiss Pension Fund Index	2.24%	4.19%	4.78%	5.32%	7.17%
Pension funds > CHF 1 bn	3.99%	4.43%	5.15%	5.51%	7.17%
Pension funds CHF 500 mn–1 bn	3.55%	4.50%	4.98%	5.22%	5.37%
Pension funds CHF 150–500 mn	2.24%	4.42%	4.71%	5.49%	6.33%
Pension funds < CHF 150 mn	3.14%	3.74%	4.76%	5.30%	6.05%

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 (01.07.2010–30.06.2015), but they do form part of the rolling two-year observation period.

Two-year line – slightly flatter

The two-year line (Chart 2b, 01.07.2013–30.06.2015) has flattened. The unweighted average annualized return (black triangle) fell by 0.34% to finish at 5.36% in the reporting quarter, while the unweighted average risk also fell to 3.59% (–0.13%).

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



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

Table 2c: Risk/return ratio

01.07.2013–30.06.2015

	Risk	Return	Sharpe ratio
Credit Suisse Swiss Pension Fund Index	3.59%	5.36%	1.61
Pension funds > CHF 1 bn	3.47%	5.42%	1.72
Pension funds CHF 500 mn–1 bn	3.21%	5.45%	1.73
Pension funds CHF 150–500 mn	3.38%	5.39%	1.73
Pension funds < CHF 150 mn	3.86%	5.28%	1.46

Table 2d: Return Bandwidths

01.07.2013–30.06.2015

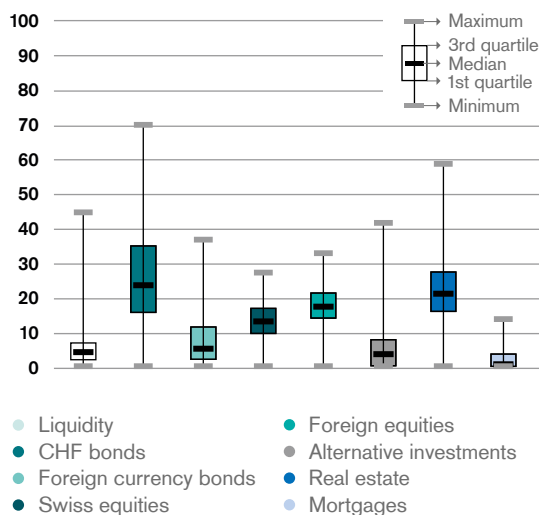
	Minimum	1st quartile	Median	3rd quartile	Maximum
Credit Suisse Swiss Pension Fund Index	2.11%	4.62%	5.54%	6.05%	8.41%
Pension funds > CHF 1 bn	4.12%	4.62%	5.54%	5.95%	6.99%
Pension funds CHF 500 mn–1 bn	3.88%	4.62%	5.41%	5.58%	6.93%
Pension funds CHF 150–500 mn	2.11%	4.67%	5.67%	6.42%	7.37%
Pension funds < CHF 150 mn	2.38%	4.34%	5.46%	6.22%	8.41%

Asset Allocation

Liquidity component remains low

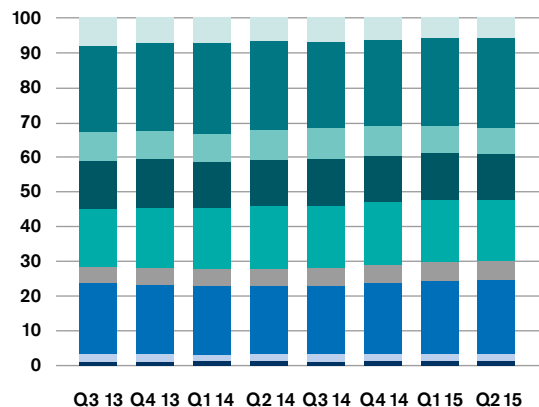
In the asset allocation as of June 30, 2015, the liquidity component remained at an all-time low (5.9%), which it reached after the SNB introduced negative interest rates in the preceding quarter. In the second quarter of 2015, the biggest reductions were in foreign equities (−0.4 percentage points to 17.4%), foreign currency bonds (−0.3 percentage points to 7.6%), and Swiss equities (−0.3 percentage points to 13.1%). By contrast, the Swiss franc bonds component rose once again in this quarter to reach 25.9% (+0.6 percentage points). There was also a rise in real estate (+0.3 percentage points to 21.3%) and alternative investments (+0.2 percentage points to 5.5%).

Chart 4:



Scale: In percentage (%)

Chart 3:



	Q3 13	Q4 13	Q1 14	Q2 14	Q3 14	Q4 14	Q1 15	Q2 15
Liquidity	8.3%	7.4%	7.4%	6.8%	7.0%	6.5%	5.9%	5.9%
CHF bonds	24.7%	25.2%	26.1%	25.8%	24.9%	24.9%	25.3%	25.9%
Foreign currency bonds	8.1%	8.0%	8.0%	8.5%	8.8%	8.3%	7.9%	7.6%
Swiss equities	13.9%	14.0%	13.3%	13.2%	13.4%	13.4%	13.4%	13.1%
Foreign equities	16.6%	17.4%	17.4%	18.0%	17.9%	17.8%	17.8%	17.4%
Alternative investments	4.7%	4.7%	4.9%	4.9%	4.9%	5.3%	5.3%	5.5%
Real estate	20.3%	19.9%	19.8%	19.4%	19.7%	20.5%	21.0%	21.3%
Mortgages	2.3%	2.1%	2.0%	2.2%	2.1%	2.0%	2.1%	2.0%
Other	1.0%	1.2%	1.2%	1.2%	1.2%	1.3%	1.4%	1.3%

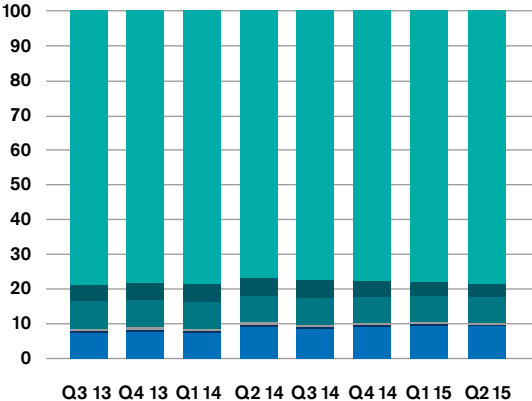
Scale: In percentage (%)

Currency Allocation

Swiss franc component rises again

In the reporting quarter, the Swiss franc component rose by 0.6 percentage points to 78.5%, largely at the expense of the EUR component, which reached a new all-time low of 3.86%.

Chart 5:



	Q3 13	Q4 13	Q1 14	Q2 14	Q3 14	Q4 14	Q1 15	Q2 15
● CHF	78.8%	78.3%	78.6%	76.9%	77.5%	77.7%	77.9%	78.5%
● EUR	4.4%	4.7%	4.9%	5.0%	5.0%	4.5%	4.2%	3.9%
● USD	8.2%	8.0%	7.9%	7.6%	7.8%	7.7%	7.4%	7.4%
● GBP	0.6%	0.6%	0.6%	0.6%	0.6%	0.5%	0.5%	0.5%
● JPY	0.7%	0.7%	0.6%	0.7%	0.6%	0.6%	0.6%	0.5%
● Other	7.3%	7.8%	7.4%	9.3%	8.5%	9.1%	9.3%	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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CREDIT SUISSE AG
Global Custody Solutions
Uetlibergstrasse 231
CH-8070 Zurich
+41 44 335 75 47
global.custody@credit-suisse.com
www.credit-suisse.com/globalcustody

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.