

**Credit Suisse**  
**Swiss Pension Fund Index**  
3rd Quarter 2012

**Return in 3rd Quarter 2012: 2.79%**

YTD 2012: 6.17%

- Return Far above BVG Target
- Rising Equity Component
- Slight Increase in Foreign Currency Exposure



## 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.

### Golden Autumn

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 enjoying a splendid autumn. In the reporting quarter, the index rose by 3.59 points, or 2.79%, to 132.31 points as of September 30, 2012. The rates of return reported in July (2.02%), August (0.09%), and September (0.67%) contributed to the positive results. 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 reporting quarter to 141.01, reducing the difference to 8.70 points as of September 30, 2012. The impressive performance throughout the year has helped the pension funds achieve a solid return of 6.17% year-to-date (YTD). The annualized return (since start of measurement) of the Credit Suisse Swiss Pension Fund Index (table 1d) was 2.22% at the end of the quarter, compared to the annualized BVG mandatory minimum rate of return of 2.73%.

Chart 1a: Credit Suisse Swiss Pension Fund Index

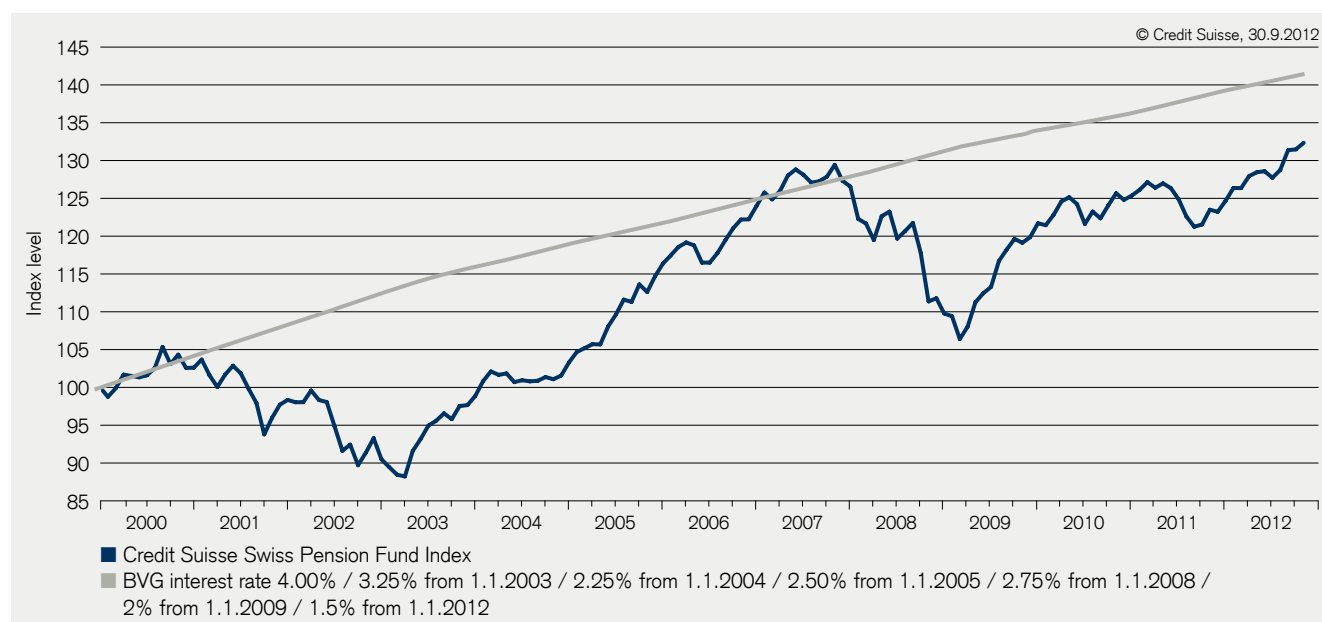


Table 1a

Credit Suisse Swiss Pension Fund Index 1.1.2000–30.9.2012

	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Annual return
<b>2000</b>	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%
<b>2001</b>	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%
<b>2002</b>	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%
<b>2003</b>	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%
<b>2004</b>	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%
<b>2005</b>	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%
<b>2006</b>	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%
<b>2007</b>	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%
<b>2008</b>	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%
<b>2009</b>	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%
<b>2010</b>	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%
<b>2011</b>	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%
<b>2012</b>	126.33	127.90	128.42	128.55	127.69	128.72	131.33	131.44	132.31				6.17%

**Table 1b**

**Performance Contribution (Monthly)**

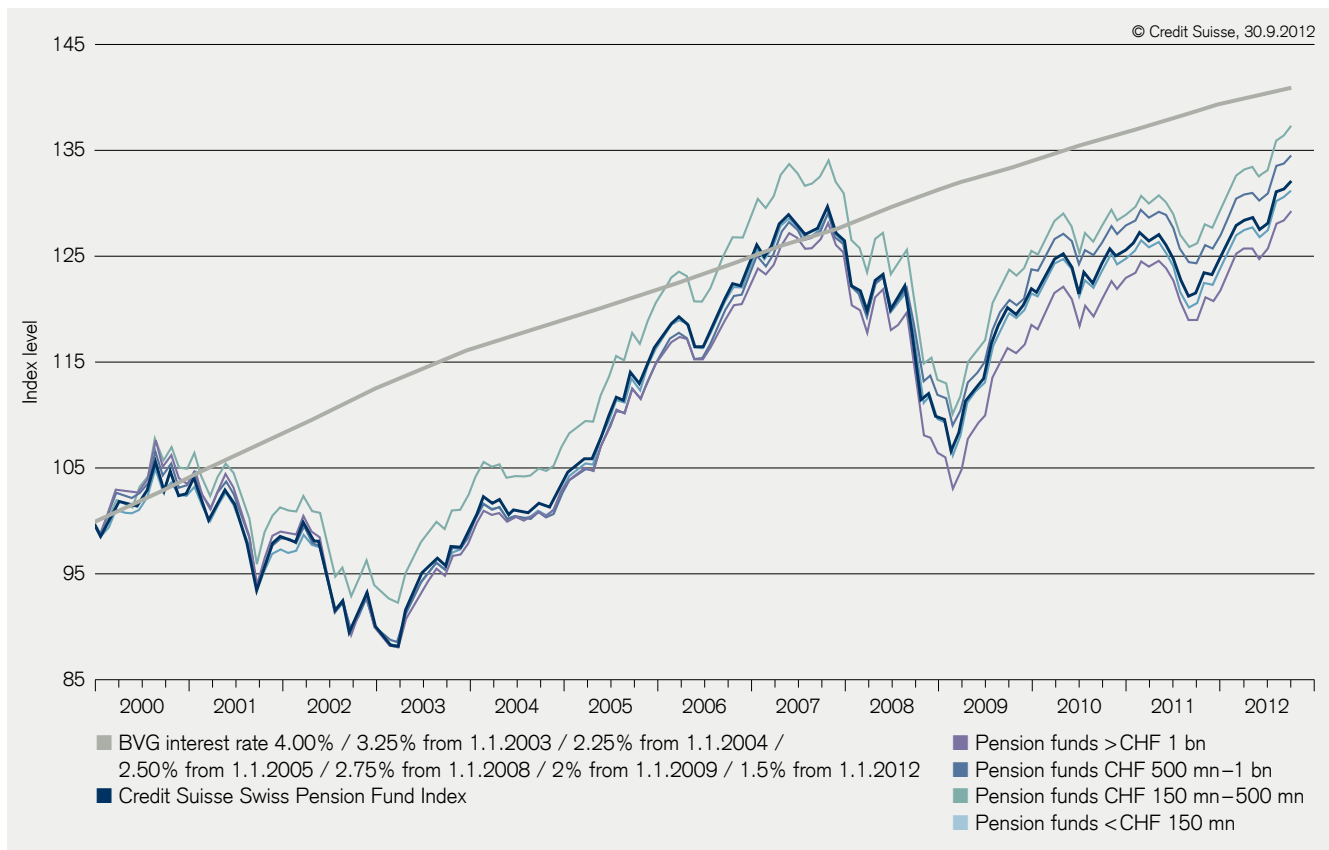
**Credit Suisse Swiss Pension Fund Index 1.1.2012–30.9.2012**

2012	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec	YTD
Liquidity	0.09%	0.12%	-0.02%	-0.04%	-0.30%	0.15%	-0.16%	0.10%	0.04%				-0.02%
CHF bonds	0.19%	0.13%	-0.02%	0.06%	0.24%	-0.02%	0.26%	0.10%	0.02%				0.94%
Foreign currency bonds	0.07%	-0.04%	-0.03%	0.08%	0.34%	-0.10%	0.34%	-0.07%	0.03%				0.62%
Swiss equities	0.18%	0.39%	0.27%	-0.01%	-0.55%	0.36%	0.53%	-0.02%	0.24%				1.40%
Foreign equities	0.71%	0.46%	0.05%	-0.14%	-0.51%	0.35%	0.68%	-0.01%	0.31%				1.92%
Alternative investments	0.05%	0.03%	-0.03%	-0.01%	-0.01%	0.00%	0.13%	0.02%	0.04%				0.23%
Real estate	0.10%	0.17%	0.19%	0.15%	0.10%	0.07%	0.25%	-0.04%	0.02%				1.02%
Mortgages	0.01%	0.00%	-0.01%	0.01%	0.02%	0.00%	0.01%	0.00%	0.00%				0.05%
Other	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%	0.00%				0.03%
<b>Total</b>	<b>1.37%</b>	<b>1.24%</b>	<b>0.40%</b>	<b>0.11%</b>	<b>-0.67%</b>	<b>0.81%</b>	<b>2.02%</b>	<b>0.09%</b>	<b>0.67%</b>				<b>6.17%</b>

**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** 1.1.2012–30.9.2012

<b>2012</b>	<b>Jan</b>	<b>Feb</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>YTD</b>
Credit Suisse Swiss Pension Fund Index	1.37%	1.24%	0.40%	0.11%	-0.67%	0.81%	2.02%	0.09%	0.67%				6.17%
Pension funds > CHF 1 bn	1.45%	1.31%	0.41%	0.03%	-0.74%	0.94%	1.86%	0.18%	0.66%				6.25%
Pension funds CHF 500 mn–1 bn	1.26%	1.41%	0.35%	0.14%	-0.54%	0.76%	1.80%	0.11%	0.60%				6.04%
Pension funds CHF 150 mn–500 mn	1.34%	1.22%	0.46%	0.14%	-0.65%	0.78%	2.03%	0.13%	0.64%				6.21%
Pension funds < CHF 150 mn	1.37%	1.20%	0.38%	0.11%	-0.67%	0.78%	2.12%	0.02%	0.69%				6.14%

**Table 1d**

**Annualized Performance** 1.1.2000–30.9.2012

	<b>Annualized performance since 1.1.2000</b>
Credit Suisse Swiss Pension Fund Index	2.22%
BVG interest rate	2.73%
Pension funds > CHF 1 bn	2.04%
Pension funds CHF 500 mn–1 bn	2.36%
Pension funds CHF 150–500 mn	2.52%
Pension funds < CHF 150 mn	2.17%

## 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, 2010, are

not taken into account in the five-year rolling observation period (1.10.2007–30.9.2012), 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 of September 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, over a period of several years.

Compared to the previous quarter, the unweighted average annualized return has risen to 0.69%. The unweighted average annualized risk (red triangle) is 5.70%. Four pension funds were in the low-risk investment area (annualized risk of 3–4%) on September 30, 2012, while two pension funds still fell into the high-risk area (annualized risk of more than 8%). In the past quarter, approximately 20% of the pension funds included in the Pension Fund Index did not report a positive annualized five-year return. This represents a drop of approximately 13% compared to the previous quarter.

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

Basis of data: Monthly results from October 2007 to September 2012



**Table 2a**

**Key Figures**

1.10.2007–30.9.2012

	Risk	Return	Sharpe ratio
Credit Suisse Swiss Pension Fund Index	5.70%	0.69%	0.03
Pension funds > CHF 1 bn	5.28%	0.47%	0.02
Pension funds CHF 500 mn–1 bn	6.44%	1.15%	0.10
Pension funds CHF 150–500 mn	5.57%	0.74%	0.03
Pension funds < CHF 150 mn	5.68%	0.62%	0.02

**Table 2b**

**Return Bandwidths**

1.10.2007–30.9.2012

	Minimum	1st quartile	Median	3rd quartile	Maximum
Credit Suisse Swiss Pension Fund Index	-2.01%	0.17%	0.85%	1.48%	4.13%
Pension funds > CHF 1 bn	-1.49%	0.70%	0.99%	1.56%	2.15%
Pension funds CHF 500 mn–1 bn	-1.75%	-0.31%	0.79%	1.58%	4.13%
Pension funds CHF 150–500 mn	-0.29%	0.23%	0.85%	1.34%	2.67%
Pension funds < CHF 150 mn	-2.01%	0.42%	0.86%	1.37%	2.69%

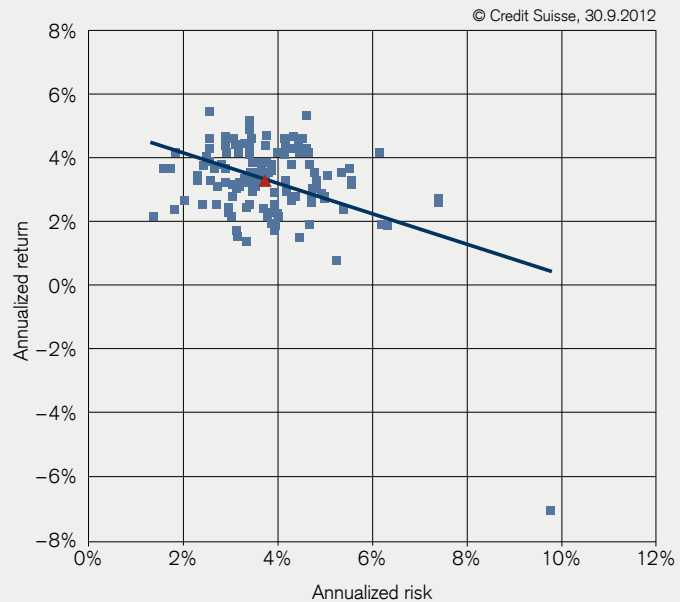
## Negative Trend of Two-Year Line

The rolling two-year line (chart 2b, 1.10.2010–30.9.2012), 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 3.27%, while the unweighted average risk is 3.72% (red triangle).

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

Basis of data: Monthly results from October 2010 to September 2012



**Table 2c**

**Key Figures**

1.10.2010–30.9.2012

	Risk	Return	Sharpe ratio
Credit Suisse Swiss Pension Fund Index	3.72%	3.27%	0.96
Pension funds > CHF 1 bn	3.59%	3.30%	1.05
Pension funds CHF 500 mn–1 bn	3.60%	3.22%	0.96
Pension funds CHF 150–500 mn	3.48%	3.59%	1.06
Pension funds < CHF 150 mn	3.90%	3.11%	0.88

**Table 2d**

**Return Bandwidths**

1.10.2010–30.9.2012

	Minimum	1st quartile	Median	3rd quartile	Maximum
Credit Suisse Swiss Pension Fund Index	-7.05%	2.77%	3.42%	4.10%	5.40%
Pension funds > CHF 1 bn	1.79%	2.67%	3.73%	4.12%	5.14%
Pension funds CHF 500 mn–1 bn	1.48%	2.50%	3.52%	3.87%	5.28%
Pension funds CHF 150–500 mn	2.12%	3.08%	3.70%	4.23%	4.61%
Pension funds < CHF 150 mn	-7.05%	2.64%	3.27%	3.76%	5.40%

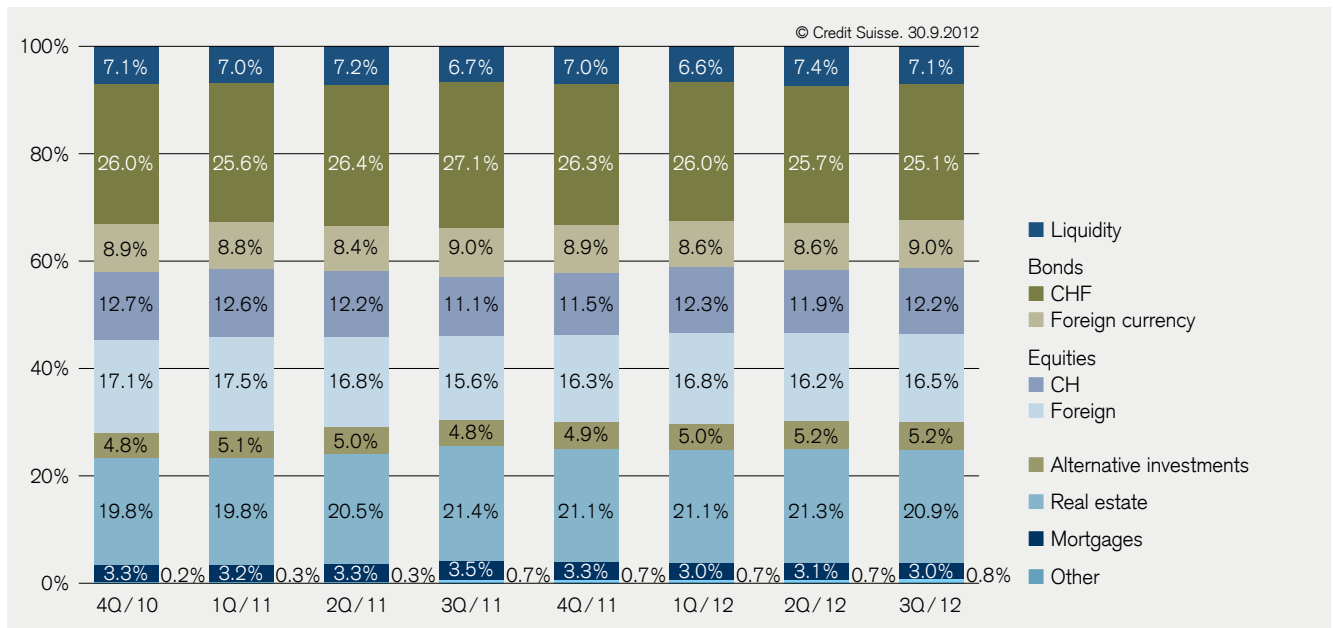
# Asset Allocation

## Rising Equity Component

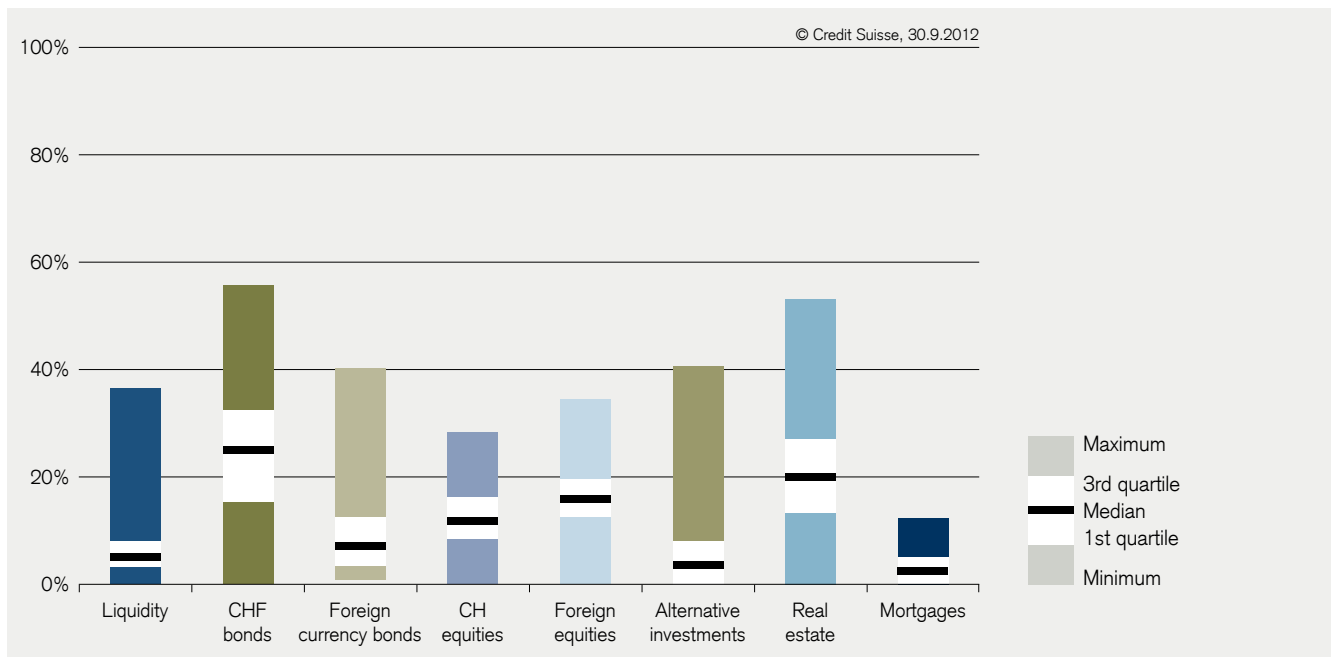
In terms of asset allocation as of September 30, 2012, the liquidity component decreased by 0.30%. Exposure to bonds denominated in Swiss francs was also reduced (-0.60%). By contrast, exposure to foreign currency bonds was increased (+0.40%), resulting in a total bond exposure of 34.1% (-0.20%). Swiss and foreign equity exposure were also in-

creased by +0.30% and +0.30%, respectively, resulting in a total equity exposure of 28.7% (+0.60%). In alternative investments, we see a continuous shift from investments in hedge funds to investments in commodities. Private equity investments remained unchanged.

**Chart 3: Asset Allocation for the Last Eight Quarters**



**Chart 4: Maximum and Minimum Values for 3rd Quarter 2012**

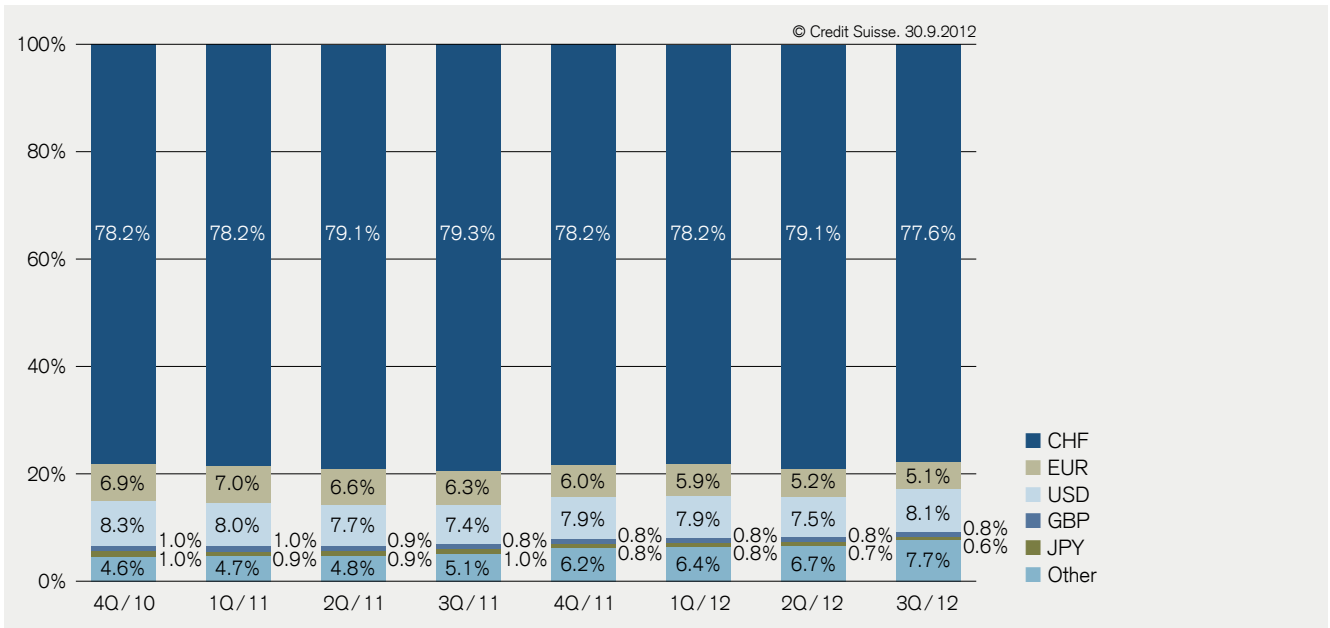


# Currency Allocation

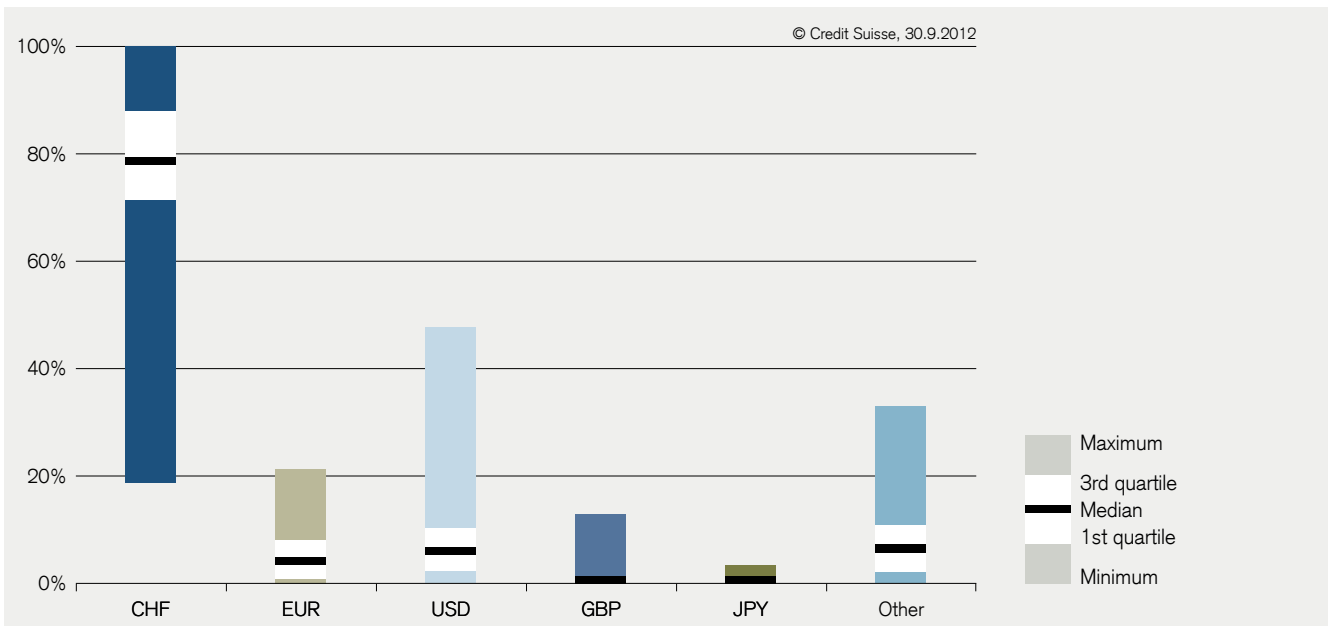
## Slight Increase in Foreign Currency Exposure

The currency allocation shows that the foreign currency exposure was slightly increased versus Swiss franc exposure to 22.70% as of September 30.

**Chart 5: Development for the Last Eight Quarters**



**Chart 6: Maximum and Minimum Values for 3rd Quarter 2012**







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## Important Information

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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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