

## Credit Suisse Swiss Pension Fund Index 3rd Quarter 2013

**YTD 2013: 4.14%**

**3rd quarter 2013: 1.63%**

- Good performance in July and September
- Liquidity up once again
- Swiss franc component rises again



## 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 has no influence on the performance of individual pension funds.

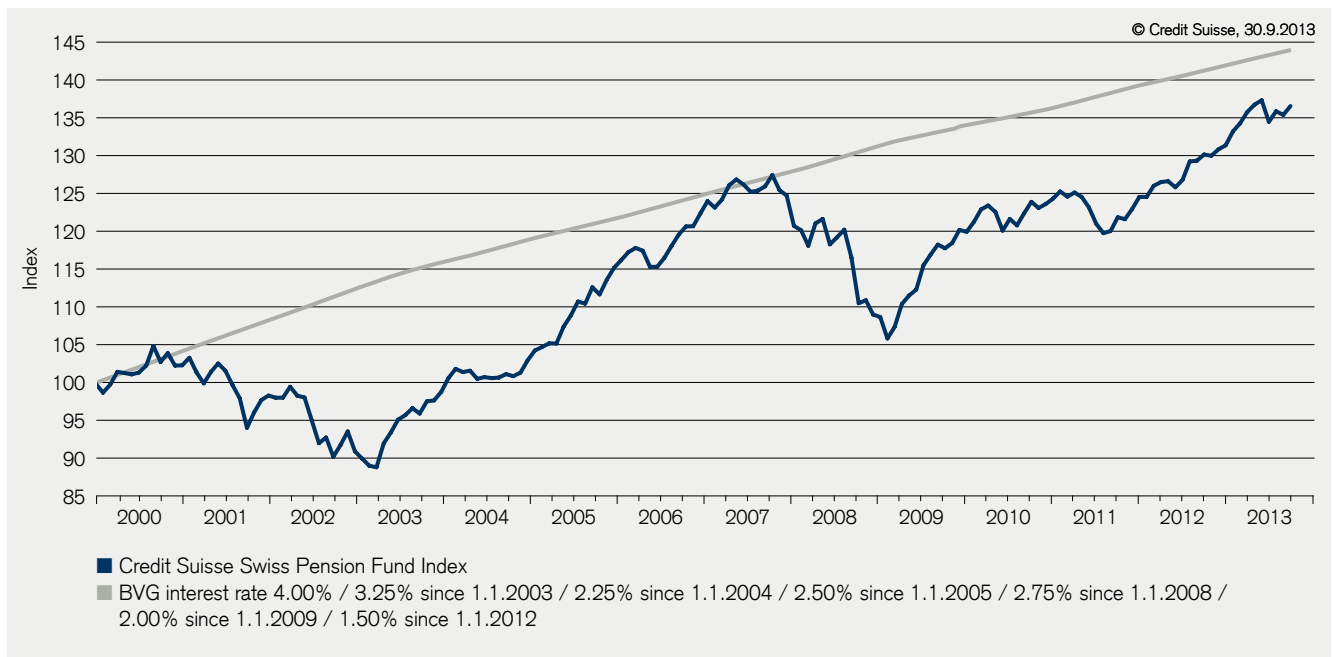
### The downturn in the early summer was more than offset by good performance in July and September

The Credit Suisse Swiss Pension Fund Index (blue line in chart 1a), which began with a baseline of 100 at the beginning of 2000, produced a turnaround in the third quarter of 2013, rising by 2.23 points (1.63%) to a total of 139.14 points on September 30, 2013. July (1.09%) and September (0.91%) made particularly impressive contributions to this result, which would have been even better but for negative performance in August (-0.37%). Compared with June 2013, when all asset classes except liquidity reported a negative performance contribution, the picture is now looking a little rosier. In September 2013, only foreign currency bonds, alternative investments and real estate failed to deliver a positive performance contribution (see chart 1b).

In the reporting quarter, the BVG mandatory minimum rate of return rose by 0.53 points (0.37%) to 143.13, also from a baseline of 100 at the beginning of 2000. This meant that the difference between the BVG mandatory minimum rate of return and the Credit Suisse Swiss Pension Fund Index fell once again, ending at just 3.99 points on September 30, 2013 (Q2 2013: 5.68 points).

The annualized return of the Credit Suisse Swiss Pension Fund Index (since January 1, 2000) at the end of the quarter was 2.43%, compared to the annualized BVG mandatory minimum rate of return of 2.64%.

**Chart 1a: Credit Suisse Swiss Pension Fund Index**



**Table 1a**

**Credit Suisse Swiss Pension Fund Index 1.1.2000–30.9.2013**

	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	132.13	133.04	133.61	7.21%
<b>2013</b>	135.56	136.71	138.31	139.33	139.95	136.91	138.40	137.89	139.14				4.14%

**Table 1b**

**Performance Contribution (Monthly)**

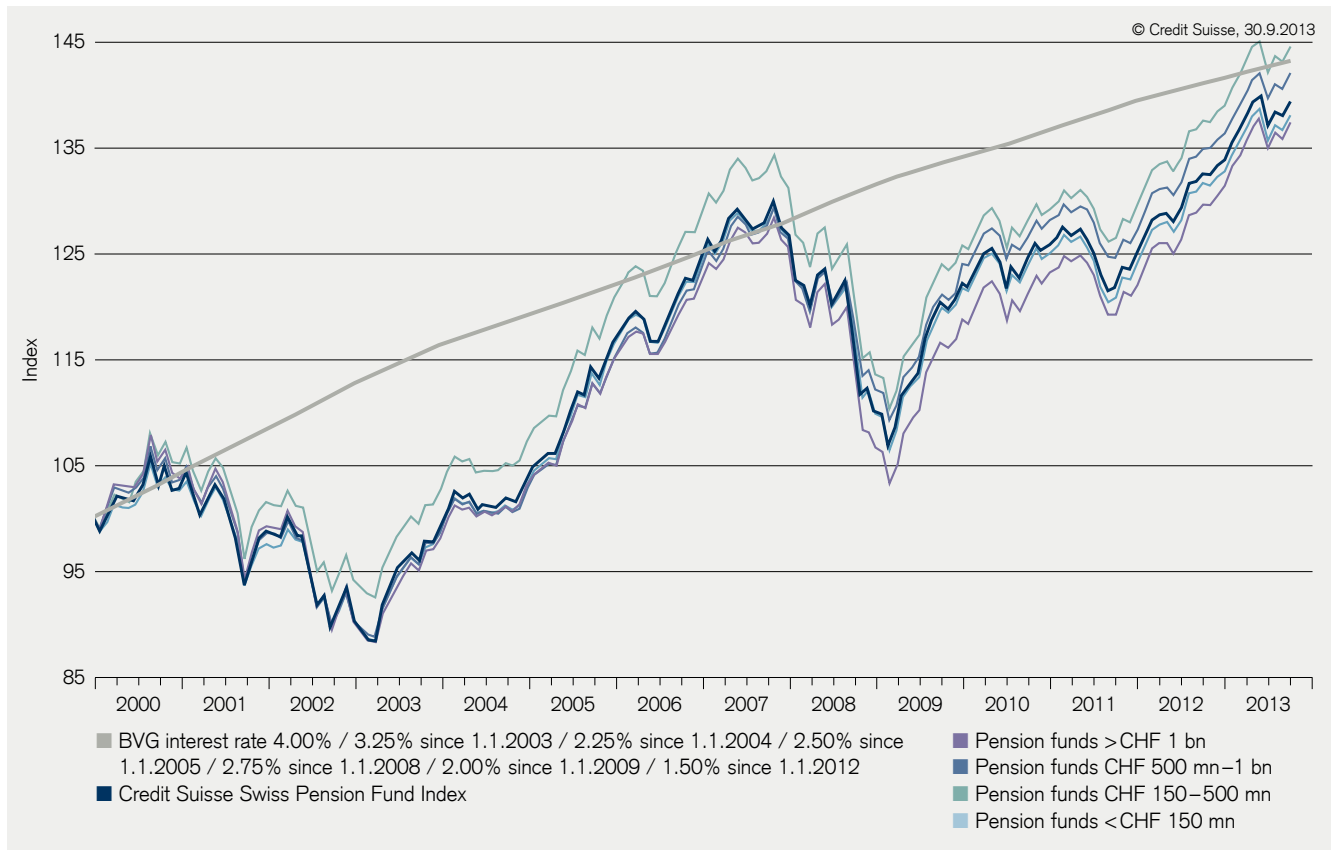
**Credit Suisse Swiss Pension Fund Index 1.1.2013–30.9.2013**

<b>2013</b>	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec	YTD
Liquidity	0.01%	-0.11%	-0.08%	0.10%	-0.16%	0.09%	0.08%	-0.01%	0.11%				0.02%
CHF bonds	-0.19%	0.14%	0.05%	0.17%	-0.16%	-0.35%	0.11%	-0.05%	0.13%				-0.17%
Foreign currency bonds	-0.02%	0.10%	0.10%	0.03%	0.01%	-0.30%	-0.01%	-0.06%	-0.02%				-0.17%
Swiss equities	0.90%	0.46%	0.38%	0.31%	0.11%	-0.43%	0.30%	-0.07%	0.46%				2.43%
Foreign equities	0.63%	0.32%	0.51%	0.10%	0.56%	-0.86%	0.50%	-0.31%	0.36%				1.81%
Alternative investments	0.06%	-0.01%	0.05%	-0.09%	0.04%	-0.13%	0.01%	0.06%	-0.10%				-0.10%
Real estate	0.09%	-0.05%	0.15%	0.12%	0.06%	-0.21%	0.12%	0.07%	-0.02%				0.32%
Mortgages	-0.01%	0.01%	0.00%	0.01%	-0.01%	-0.01%	0.01%	0.00%	0.01%				0.00%
Other	0.01%	0.01%	0.01%	0.01%	0.00%	-0.02%	0.01%	0.00%	0.01%				0.03%
<b>Total</b>	<b>1.46%</b>	<b>0.85%</b>	<b>1.17%</b>	<b>0.74%</b>	<b>0.45%</b>	<b>-2.17%</b>	<b>1.09%</b>	<b>-0.37%</b>	<b>0.91%</b>				<b>4.14%</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 1.1.2013–30.9.2013**

2013	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec	YTD
Credit Suisse Swiss Pension Fund Index	1.46%	0.85%	1.17%	0.74%	0.45%	-2.17%	1.09%	-0.37%	0.91%				4.14%
Pension funds > CHF 1 bn	1.62%	0.76%	1.15%	0.82%	0.58%	-2.04%	1.09%	-0.46%	0.97%				4.53%
Pension funds CHF 500 mn–1 bn	1.28%	0.89%	1.04%	0.76%	0.44%	-1.82%	0.97%	-0.31%	0.93%				4.22%
Pension funds CHF 150–500 mn	1.42%	0.91%	1.14%	0.81%	0.33%	-2.12%	1.04%	-0.39%	0.91%				4.07%
Pension funds < CHF 150 mn	1.45%	0.84%	1.21%	0.66%	0.46%	-2.31%	1.14%	-0.33%	0.87%				4.01%

**Table 1d**

**Annualized Performance 1.1.2000–30.9.2013**

	Annualized performance since 1.1.2000
Credit Suisse Swiss Pension Fund Index	2.43%
BVG interest rate	2.64%
Pension funds > CHF 1 bn	2.32%
Pension funds CHF 500 mn–1 bn	2.57%
Pension funds CHF 150–500 mn	2.71%
Pension funds < CHF 150 mn	2.36%

## 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 January 1, 2010, are not

taken into account in the five-year rolling observation period (1.10.2008–30.9.2013) but they do form part of the rolling two-year observation period.

### Positive Trend for Five-Year Line

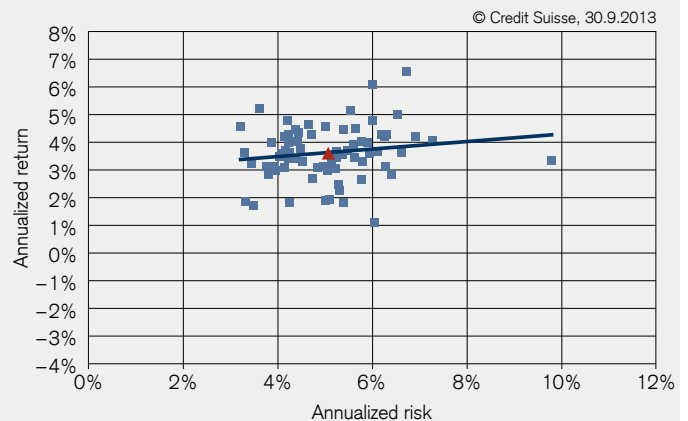
The curve of the rolling five-year view of the annualized risk-return positions of the individual pension funds (see chart 2a) has changed since the last index publication from slightly negative to slightly positive.

Compared to the previous quarter, the unweighted average annualized return rose to 3.39% (Q2 2013: 2.74%), while the unweighted average annualized risk (red triangle) fell once again

to 5.08% (Q2 2013: 5.31%). Eleven pension funds were in the low-risk investment area (annualized risk of 3 to 4%) on September 30, 2013, while just one pension fund was in the high-risk range (annualized risk of more than 8%). In the third quarter of 2013, all of the pension funds in the Credit Suisse Pension Fund Index showed a positive annualized 5-year return.

**Chart 2a: Annualized Risk/Return Comparison; Rolling Five-Year View. Monthly Results from October 2008 to September 2013**

Basis of data: Monthly results from October 2008 to September 2013



**Table 2a**

**Key Figures**

1.10.2008–30.9.2013

	Risk	Return	Sharpe ratio
Credit Suisse Swiss Pension Fund Index	5.08%	3.39%	0.67
Pension funds >CHF 1 bn	5.20%	3.56%	0.68
Pension funds CHF 500 mn–1 bn	4.69%	3.64%	0.84
Pension funds CHF 150–500 mn	4.84%	3.52%	0.71
Pension funds <CHF 150 mn	5.21%	3.22%	0.61

**Table 2b**

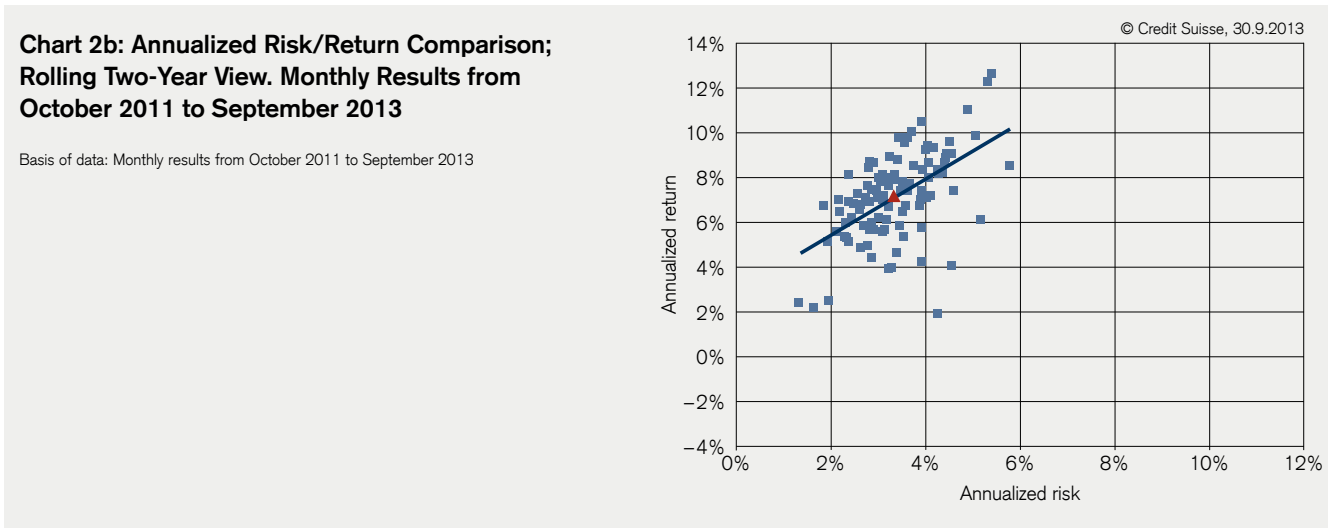
**Return Bandwidths**

1.10.2008–30.9.2013

	Minimum	1st quartile	Median	3rd quartile	Maximum
Credit Suisse Swiss Pension Fund Index	1.05%	3.07%	3.56%	4.16%	6.53%
Pension funds >CHF 1 bn	1.86%	2.98%	3.47%	4.39%	6.53%
Pension funds CHF 500 mn–1 bn	2.75%	3.58%	3.96%	4.53%	6.06%
Pension funds CHF 150–500 mn	1.80%	3.39%	3.54%	4.25%	4.98%
Pension funds <CHF 150 mn	1.05%	3.00%	3.45%	3.99%	4.78%

## Two-year line

The two-year line (chart 2b, 1.10.2011–30.9.2013) is rising sharply. The unweighted average annualized return is 7.01%, while the unweighted average risk (red triangle) is 3.33%.



**Table 2c**

**Key Figures**

1.10.2011–30.9.2013

	Risk	Return	Sharpe ratio
Credit Suisse Swiss Pension Fund Index	3.33%	7.01%	2.18
Pension funds > CHF 1 bn	3.46%	7.39%	2.17
Pension funds CHF 500 mn–1 bn	2.95%	6.80%	2.36
Pension funds CHF 150–500 mn	3.21%	6.95%	2.21
Pension funds < CHF 150 mn	3.42%	6.92%	2.12

**Table 2d**

**Return Bandwidths**

1.10.2011–30.9.2013

	Minimum	1st quartile	Median	3rd quartile	Maximum
Credit Suisse Swiss Pension Fund Index	1.87%	5.87%	7.17%	8.19%	12.64%
Pension funds > CHF 1 bn	2.35%	5.86%	7.46%	9.46%	12.64%
Pension funds CHF 500 mn–1 bn	5.45%	5.97%	7.01%	7.39%	8.93%
Pension funds CHF 150–500 mn	1.87%	6.11%	7.43%	8.00%	10.08%
Pension funds < CHF 150 mn	2.42%	5.74%	7.17%	8.32%	12.24%

# Asset Allocation

## Equity positions were reduced once again

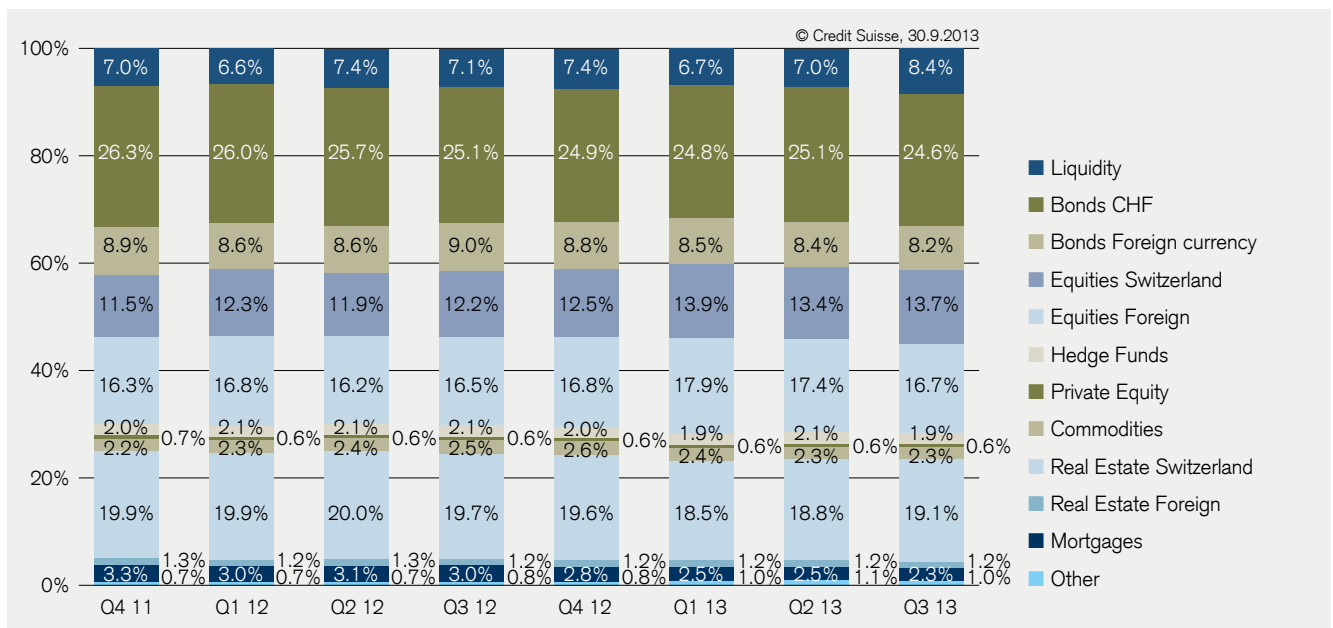
As at September 30, 2013, the asset allocation shows that the equity component fell for the second time in a row. Although more was invested in Swiss equities (0.40%), holdings of foreign equities were reduced once again (-0.69%). Total equity exposure in the third quarter of 2013 was therefore 30.41% (Q2 2013: 30.70%).

There were reductions in other areas too, specifically in mort-

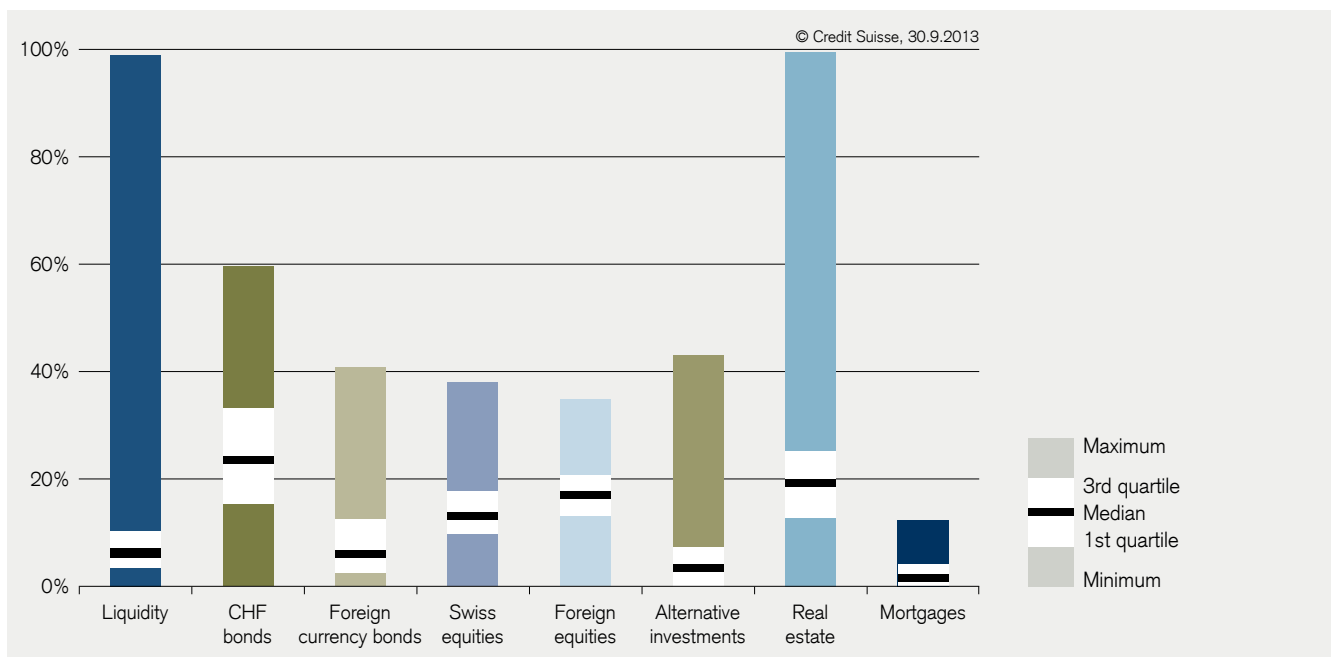
gages (-0.20%), alternative investments (-0.26%), Swiss franc bonds (-0.48%) and foreign currency bonds (-0.20%). In contrast, exposure to real estate (+0.21%) and liquidity (+1.38%) rose again.

In the case of alternative investments, it is worth noting that the switch from commodities into hedge funds, which we observed in the second quarter, has now been reversed: commodities (+2.72%) and hedge funds (-3.04%).

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



**Chart 4: Maximum and Minimum Values for 3rd Quarter 2013**



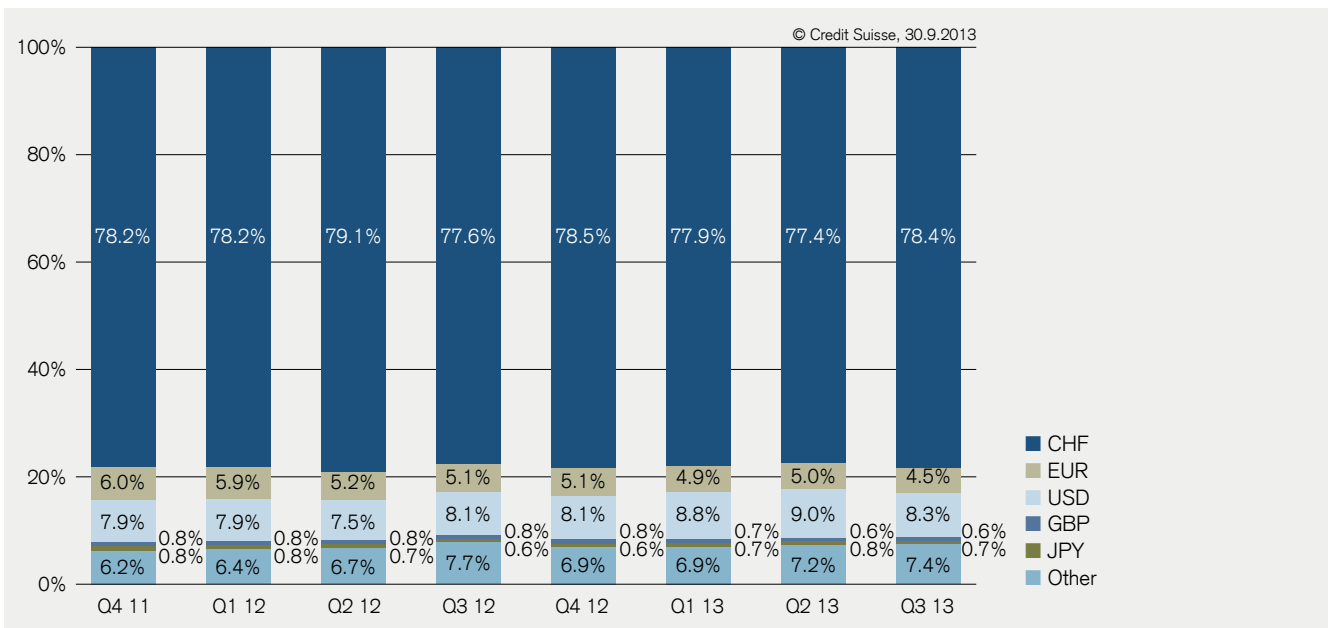


# Currency Allocation

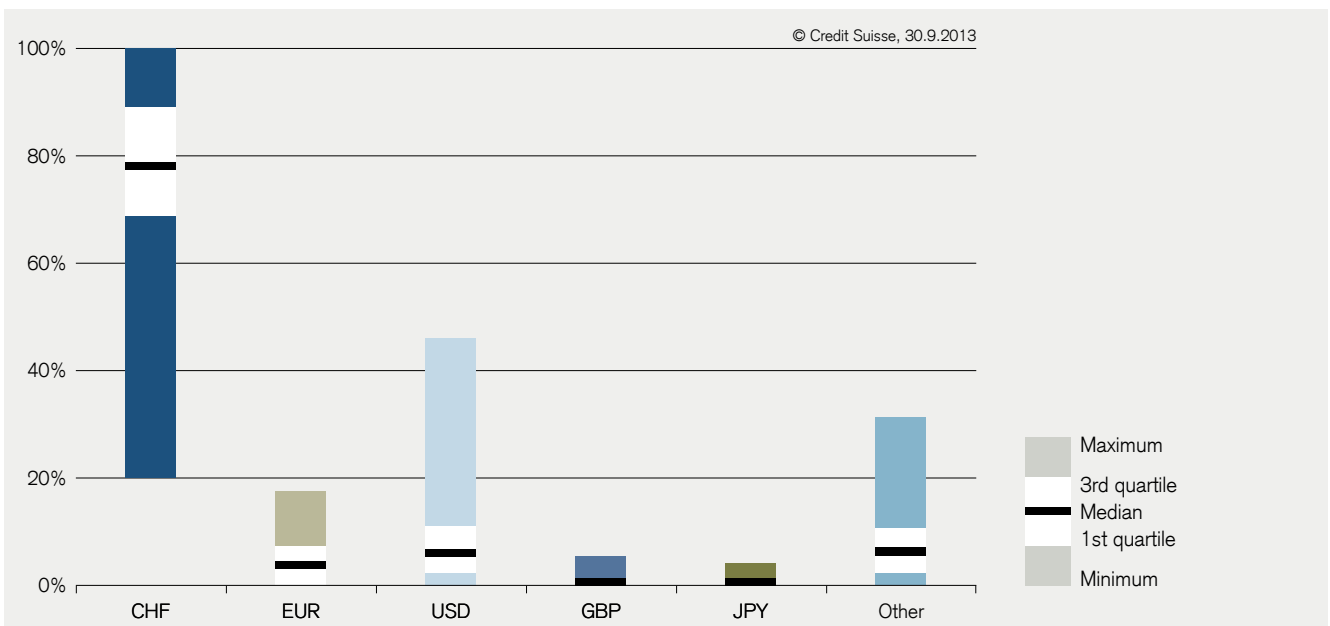
## Increased Swiss Franc Component

The currency allocation shows that Swiss franc exposure versus foreign currencies rose again slightly (+1.00%) to 78.40% as of September 30, 2013.

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



**Chart 6: Maximum and Minimum Values for 3rd Quarter 2013**







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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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