

Credit Suisse
Swiss Pension Fund Index
3rd Quarter 2014

YTD 2014: 5.68%

Q3 2014: 1.64%

- August delivers strong performance
- Swiss bond component back under 25%



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.

Unbroken Upward Trend Continues in the Third Quarter of 2014

In the third quarter of 2014, the Credit Suisse Swiss Pension Fund Index (blue line in Chart a), which was launched with a value of 100 at the beginning of 2000, continued to deliver positive returns and is approaching the threshold of 150 points. In the reporting quarter, the index rose by 2.41 points, or 1.64%, to 149.32 points as of September 30, 2014. August delivered the biggest contribution (1.18%) toward the positive third-quarter result, while July and September lagged slightly behind with 0.24% and 0.21% respectively.

The following asset classes made the biggest contributions to overall performance in the third quarter: foreign equities (0.77%), Swiss equities (0.31%), foreign currency bonds (0.31%), and real estate (0.29%), while liquidity (-0.31%) bucked the positive trend (Table 1b).

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 0.63 points (0.43%) to 145.54 in the reporting quarter. This means that the return on the Credit Suisse Swiss Pension Fund Index in the third quarter of 2014 was 1.21% above the BVG target and that the main index (149.32 points) continues to outperform the BVG minimum return (145.54 points).

The annualized return of the Credit Suisse Swiss Pension Fund Index (since 1.1.2000) was 2.76% at the end of the quarter, compared to the annualized BVG mandatory minimum rate of return of 2.58% (Table 1d).

Chart 1a: Credit Suisse Swiss Pension Fund Index



Table 1a

Credit Suisse Swiss Pension Fund Index (January 1, 2000 – September 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	144.68	146.55	146.91	147.27	149.01	149.32				5.68%

Table 1b

Performance Contribution (Monthly)

Credit Suisse Swiss Pension Fund Index (January 1, 2014 – September 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%	-0.12%	-0.02%	-0.18%				-0.35%
CHF bonds	0.34%	0.04%	0.07%	0.14%	0.16%	0.07%	0.07%	0.20%	-0.08%				1.02%
Foreign currency bonds	0.12%	-0.05%	0.04%	0.06%	0.17%	0.00%	0.12%	0.10%	0.09%				0.65%
Swiss equities	0.00%	0.53%	0.08%	0.19%	0.32%	-0.13%	-0.17%	0.35%	0.14%				1.32%
Foreign equities	-0.44%	0.37%	0.14%	0.11%	0.62%	0.19%	0.21%	0.47%	0.10%				1.79%
Alternative investments	0.05%	0.05%	0.02%	0.02%	0.02%	0.03%	0.01%	0.02%	0.01%				0.24%
Real estate	0.15%	0.06%	0.16%	0.10%	0.06%	0.07%	0.12%	0.06%	0.11%				0.91%
Mortgages	0.02%	0.00%	0.00%	0.01%	0.01%	0.00%	0.01%	0.01%	0.00%				0.06%
Other	0.00%	0.01%	0.00%	0.01%	0.01%	0.00%	0.00%	0.01%	0.00%				0.05%
Total	0.16%	1.12%	0.48%	0.61%	1.29%	0.25%	0.24%	1.18%	0.21%				5.68%

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

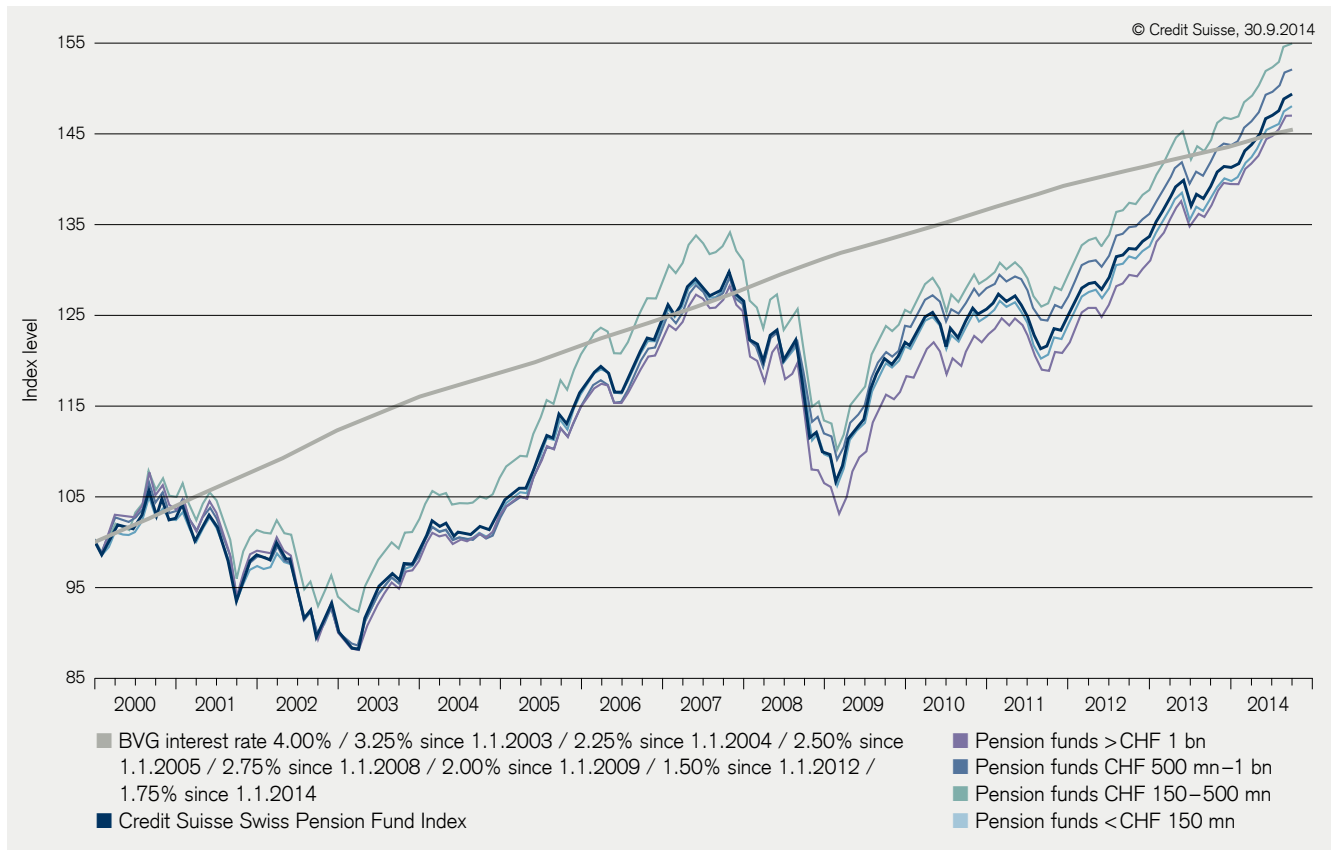


Table 1c

Performance (January 1, 2014 – September 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%	0.61%	1.29%	0.25%	0.24%	1.18%	0.21%				5.68%
Pension funds > CHF 1 bn	-0.01%	1.16%	0.47%	0.55%	1.30%	0.28%	0.24%	1.24%	0.05%				5.39%
Pension funds CHF 500 mn–1 bn	0.23%	1.07%	0.46%	0.64%	1.26%	0.29%	0.27%	1.17%	0.15%				5.66%
Pension funds CHF 150–500 mn	0.15%	1.11%	0.45%	0.59%	1.28%	0.28%	0.22%	1.20%	0.20%				5.61%
Pension funds < CHF 150 mn	0.22%	1.11%	0.50%	0.65%	1.30%	0.21%	0.26%	1.15%	0.29%				5.83%

Table 1d

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

	Annualized performance since 1.1.2000
Credit Suisse Swiss Pension Fund Index	2.76%
BVG rate of return	2.58%
Pension funds > CHF 1 bn	2.65%
Pension funds CHF 500 mn–1 bn	2.88%
Pension funds CHF 150–500 mn	3.01%
Pension funds < CHF 150 mn	2.69%

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, 2011, are not

taken into account in the five-year rolling observation period (1.10.2009–30.9.2014) but they do form part of the rolling two-year observation period.

Five-Year Line – Slight Decline in Annualized Return and Risk Numbers

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.

The unweighted average of the annualized returns fell to 4.54%, a drop of 0.82% compared to the previous quarter. In the third quarter, the unweighted average of the annualized risks fell by 0.23% to 3.52%. Thirty-eight pension funds were in the low-

risk investment area (annualized risk of 3% to 4%) on September 30, 2014. Not a single pension fund was in the high-risk range (annualized risk of more than 8%). As in the preceding quarters, all of the pension funds in the Credit Suisse Pension Fund Index showed a positive annualized five-year return in the third quarter.

Chart 2a: Annualized Risk/Return Comparison; Rolling Five-Year View. Monthly Results from October 2009 to September 2014

Basis of data: Monthly results from October 2009 to September 2014

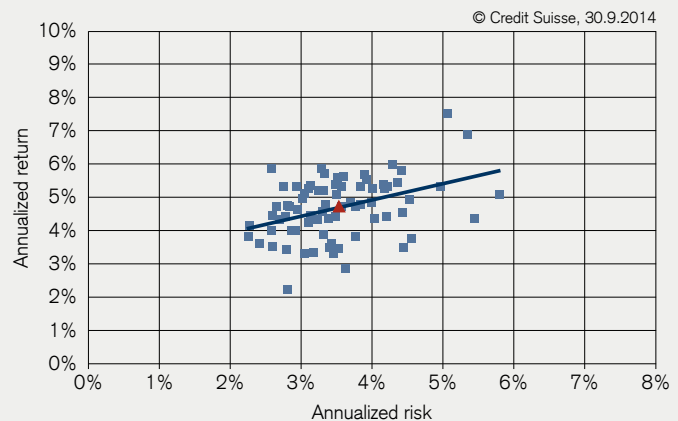


Table 2a

Key Figures

October 1, 2009 – September 30, 2014

	Risk	Return	Sharpe ratio
Credit Suisse Swiss Pension Fund Index	3.52%	4.54%	1.34
Pension funds >CHF 1 bn	3.64%	4.79%	1.41
Pension funds CHF 500 mn–1 bn	3.43%	4.72%	1.48
Pension funds CHF 150–500 mn	3.32%	4.62%	1.42
Pension funds <CHF 150 mn	3.57%	4.37%	1.25

Table 2b

Return Bandwidths

October 1, 2009 – September 30, 2014

	Minimum	1st quartile	Median	3rd quartile	Maximum
Credit Suisse Swiss Pension Fund Index	2.23%	4.01%	4.71%	5.31%	7.54%
Pension funds >CHF 1 bn	3.82%	4.39%	5.10%	5.34%	7.54%
Pension funds CHF 500 mn–1 bn	3.54%	4.71%	4.79%	5.37%	6.91%
Pension funds CHF 150–500 mn	2.86%	4.21%	4.71%	5.37%	5.97%
Pension funds <CHF 150 mn	2.23%	3.60%	4.43%	5.29%	5.87%

Two-Year Line – Strong Growth

The two-year line (Chart 2b, 1.10.2012–30.9.2014) has risen again compared to the previous quarter. The unweighted average annualized return is 6.23% (previous quarter 6.88%),

while the unweighted average risk is 2.86% (previous quarter 3.09%).

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

Basis of data: Monthly results from October 2012 to September 2014



Table 2c

Key Figures

October 1, 2012 – September 30, 2014

	Risk	Return	Sharpe ratio
Credit Suisse Swiss Pension Fund Index	2.86%	6.23%	2.25
Pension funds > CHF 1 bn	2.99%	6.59%	2.27
Pension funds CHF 500 mn–1 bn	2.45%	6.26%	2.56
Pension funds CHF 150–500 mn	2.78%	6.22%	2.27
Pension funds < CHF 150 mn	2.94%	6.12%	2.17

Table 2d

Return Bandwidths

October 1, 2012 – September 30, 2014

	Minimum	1st quartile	Median	3rd quartile	Maximum
Credit Suisse Swiss Pension Fund Index	1.76%	5.39%	6.47%	7.23%	11.42%
Pension funds > CHF 1 bn	3.99%	5.54%	6.75%	7.48%	11.07%
Pension funds CHF 500 mn–1 bn	4.06%	5.55%	6.59%	6.85%	7.91%
Pension funds CHF 150–500 mn	1.76%	5.63%	6.47%	7.08%	8.97%
Pension funds < CHF 150 mn	2.67%	5.31%	6.32%	7.23%	11.42%

Asset Allocation

CHF Bond Component Back under 25%

The asset allocation as of September 30, 2014 shows that the overall equity ratio rose slightly (0.1%) compared with the previous quarter, reaching 31.3% in the third quarter of 2014. While the foreign equities component fell by 0.10% compared to the previous quarter to 17.9%, Swiss equities were up by 0.2% to 13.4%.

The most salient feature on the bonds front is that foreign currency bonds (8.8%) rose once again by 0.3%, while the Swiss

bonds component (24.9%) was down by 0.9%, falling back below the 25% mark. In other asset classes, the mortgage component fell by 0.1% to 2.1% while liquidity rose by 0.2% to 7.0%.

No notable changes over the previous quarter were posted for alternative investments in the period under review.

Chart 3: Asset Allocation for the Last Eight Quarters

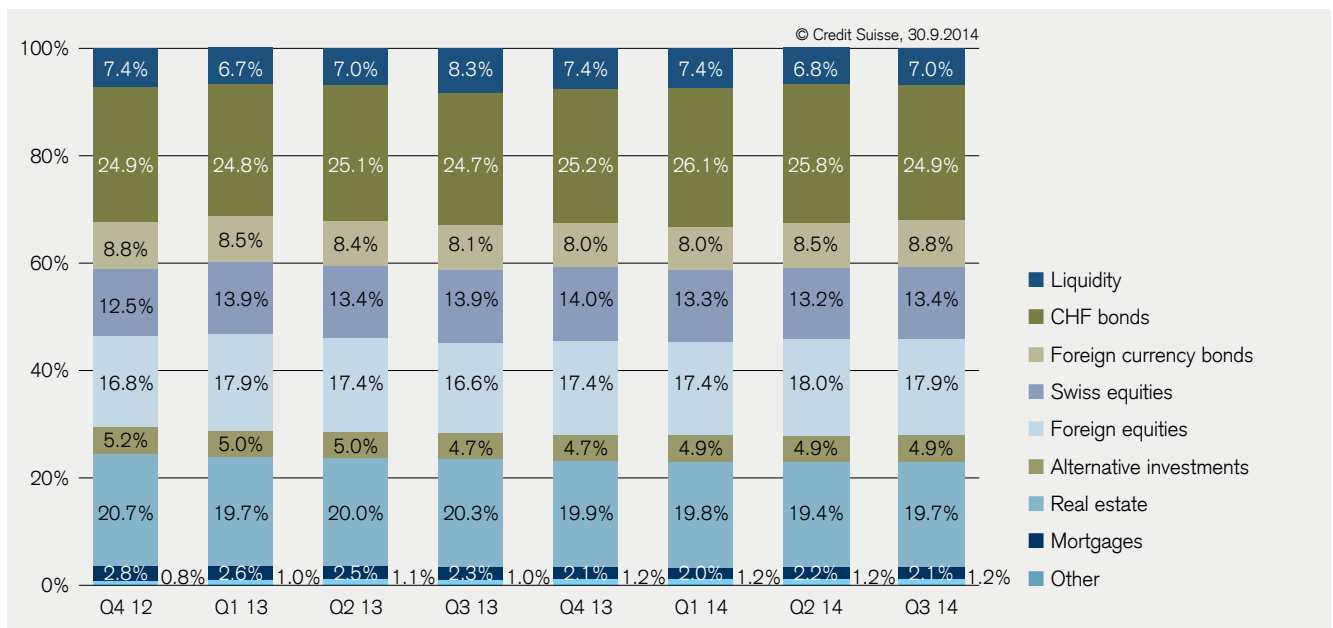
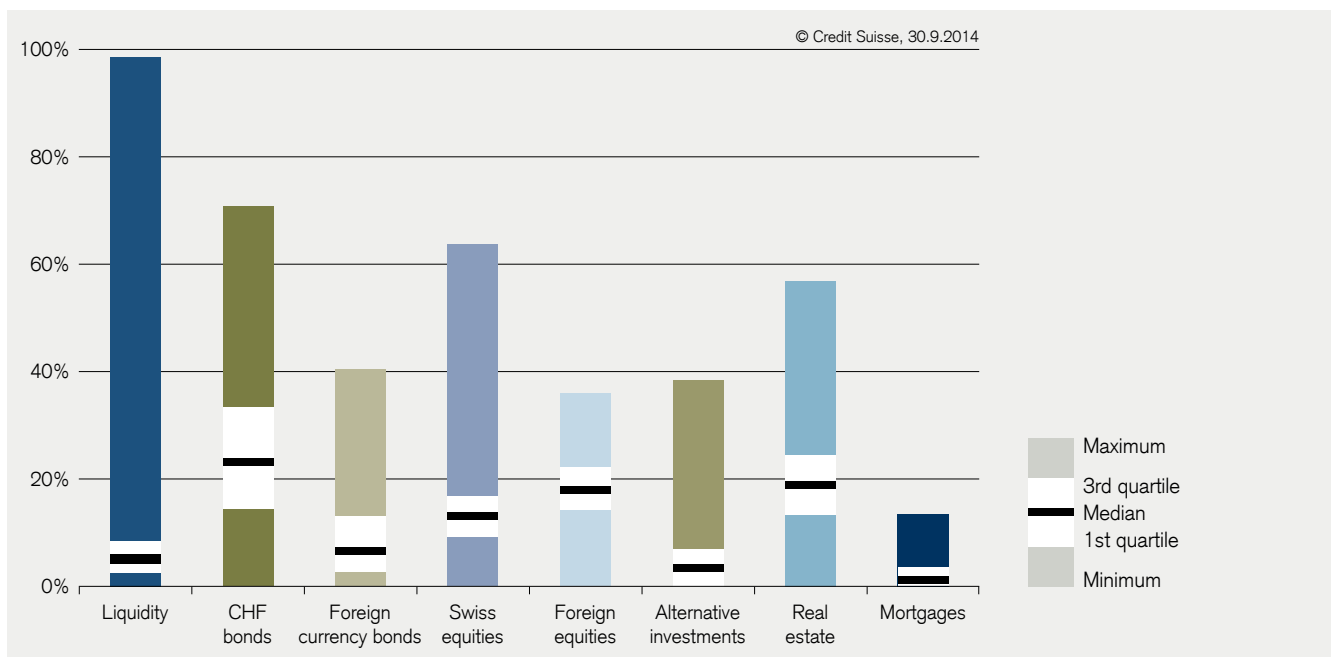


Chart 4: Maximum and Minimum Values for 3rd Quarter 2014

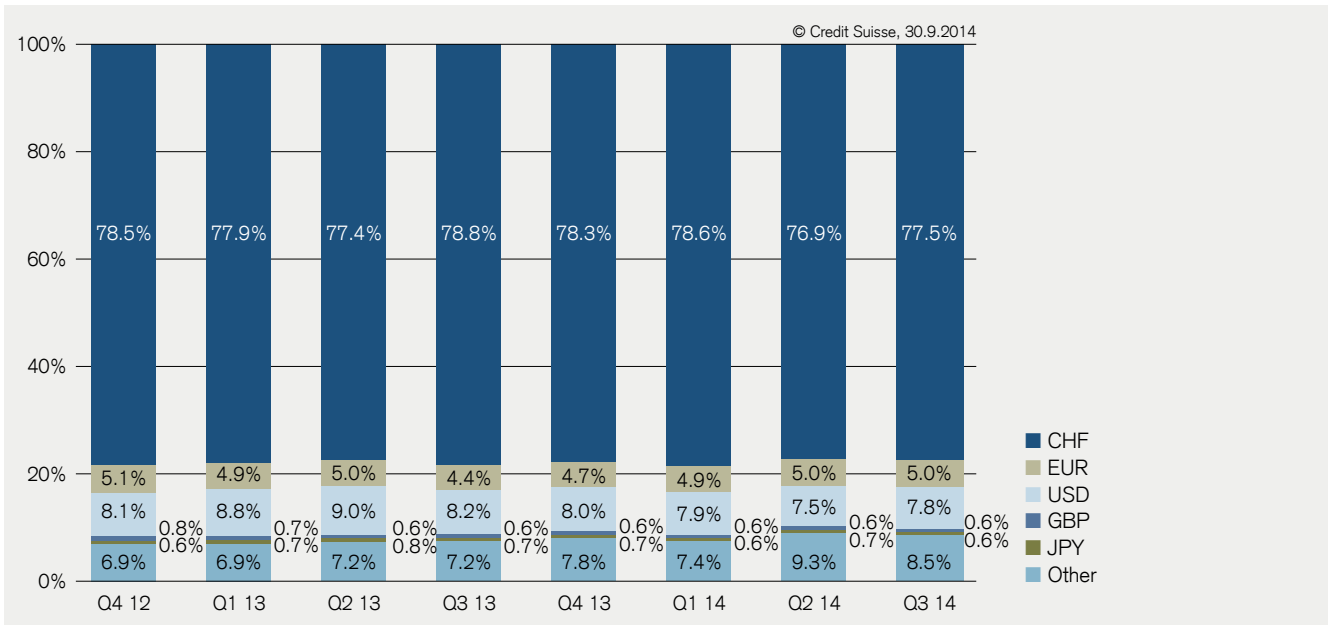


Currency Allocation

Swiss Franc Component Slightly Increased

The Swiss franc component was increased slightly compared to foreign currencies (0.6%) and stood at 77.5% on September 30, 2014.

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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