

Credit Suisse Swiss Pension Fund Index Q3 2015

YTD 2015: -1.47%

Q3 2015: -1.31%

Return on the Credit Suisse Pension Fund Index continues to fall, despite good July performance

Annualized returns fall, while risk increases

In terms of asset allocation, liquidity and real estate are at new historic levels



Index versus Mandatory Minimum Rate of Return since January 2000

The high level of volatility in the markets is reflected in the Credit Suisse Pension Fund Index, which has fallen back to where it was at the end of January 2015

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 1.98 points or 1.31% in Q3 2015 and stood at 149.99 points as of September 30, 2015. The Credit Suisse Pension Fund Index thus stands just above where it was at the end of January 2015 (149.45 points). The initially positive start to the reporting quarter with a July performance of 1.87% was wiped out by the month of August with -2.21%, the worst monthly performance in the reporting year to date, followed by September with -0.93%.

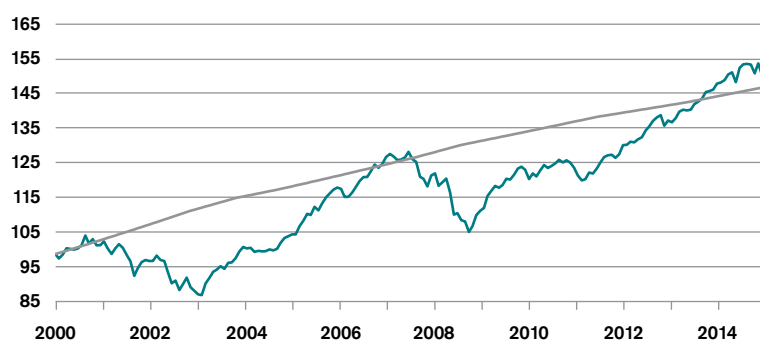
As in the second quarter, the largest share in the downturn in the Pension Fund Index was due to the equities asset class, with foreign equities (-1.03%) and Swiss equities (-0.35%) contributing to the negative performance. Liquidity also made a negative contribution of -0.40%, primarily due to the weakening during the quarter of the Swiss franc against major currencies and the associated hedging programs. The positive numbers came from foreign currency bonds (0.22%), Swiss franc bonds (0.12%), and real estate (0.12%), while alternative investments (-0.01%) and mortgages (0.02%) were practically unchanged (Table 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 148.09 in the reporting quarter. This means that the return on the Credit Suisse Swiss Pension Fund Index was -1.74% below the BVG target in this quarter.

The annualized return on the Credit Suisse Swiss Pension Fund Index (since January 1, 2000) was 2.61% as of September 30, 2015. This contrasts with the annualized BVG mandatory minimum rate of return of 2.52%.

Chart 1a:



— Credit Suisse Swiss Pension Fund Index
 — BVG interest rate up to 31.12.2002 4.00% / 3.25% from 01.01.2003 / 2.25% from 01.01.2004 / 2.50% from 01.01.2005 / 2.75% from 01.01.2008 / 2.00% from 01.01.2009 / 1.50% from 01.01.2012 / 1.75% since 01.01.2014

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

01.01.2000–30.09.2015

	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	154.82	151.40	149.99				-1.47%

Table 1b: Performance Contribution (Monthly)

Credit Suisse Swiss Pension Fund Index (01.01.2015–30.09.2015)

	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%	-0.22%	-0.09%	-0.08%				0.02%
CHF bonds	0.40%	-0.08%	0.08%	-0.06%	0.00%	-0.25%	0.15%	-0.02%	0.00%				0.22%
Foreign currency bonds	-0.63%	0.21%	0.07%	-0.13%	-0.05%	-0.14%	0.18%	-0.01%	0.05%				-0.45%
Swiss equities	-0.84%	1.00%	0.32%	0.11%	0.22%	-0.66%	0.90%	-0.80%	-0.44%				-0.21%
Foreign equities	-1.42%	1.38%	0.13%	-0.07%	0.07%	-0.56%	0.55%	-1.11%	-0.47%				-1.51%
Alternative investments	-0.22%	0.12%	0.01%	-0.01%	-0.01%	-0.04%	-0.01%	0.02%	-0.02%				-0.15%
Real estate	0.29%	0.32%	0.09%	0.12%	-0.34%	0.00%	0.28%	-0.20%	0.04%				0.59%
Mortgages	0.02%	0.00%	0.01%	0.00%	0.00%	-0.01%	0.01%	0.00%	0.00%				0.03%
Other	-0.02%	0.02%	0.01%	0.00%	0.00%	-0.01%	0.01%	-0.02%	-0.01%				-0.02%
Total	-1.83%	2.74%	0.64%	0.12%	-0.13%	-1.64%	1.87%	-2.21%	-0.93%				-1.47%

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.

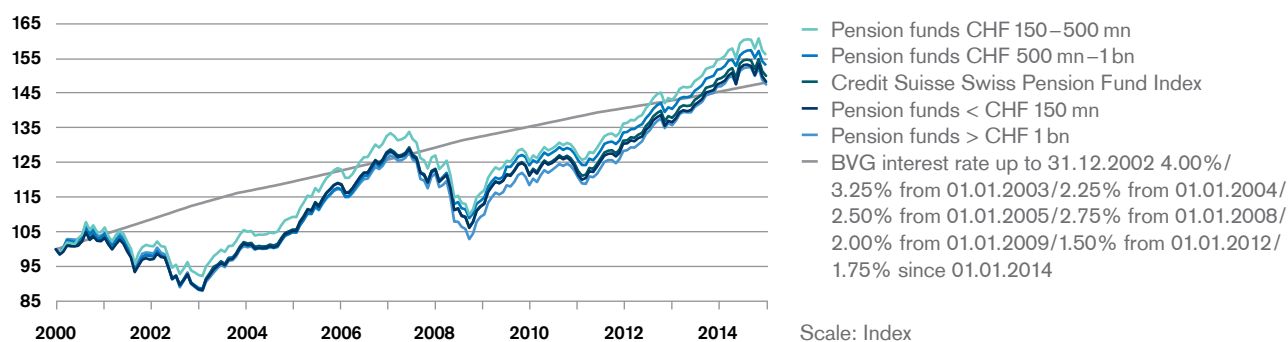


Table 1c: Performance

01.01.2015–30.09.2015

	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%	1.87%	-2.21%	-0.93%				-1.47%
Pension funds > CHF 1 bn	-1.32%	2.36%	0.58%	0.14%	-0.01%	-1.62%	1.56%	-2.23%	-0.91%				-1.55%
Pension funds CHF 500 mn–1 bn	-1.21%	1.97%	0.65%	0.30%	0.04%	-1.37%	1.29%	-1.89%	-0.79%				-1.08%
Pension funds CHF 150–500 mn	-1.73%	2.68%	0.64%	0.10%	-0.04%	-1.62%	1.88%	-2.18%	-0.83%				-1.20%
Pension funds < CHF 150 mn	-2.22%	3.09%	0.67%	0.09%	-0.28%	-1.71%	2.11%	-2.29%	-1.04%				-1.71%

Table 1d: Annualized Performance

01.01.2000–30.09.2015

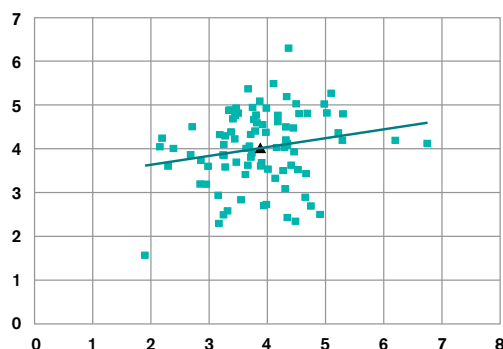
	Annualized performance since January 1, 2000
Credit Suisse Swiss Pension Fund Index	2.61%
BVG rate of return	2.52%
Pension funds > CHF 1 bn	2.50%
Pension funds CHF 500 mn–1 bn	2.74%
Pension funds CHF 150–500 mn	2.87%
Pension funds < CHF 150 mn	2.54%

Risk/Return Positions

Five-year line – annualized return falls while risk increases

The rolling five-year view of the annualized risk/return positions of the individual pension funds (see chart 2a) shows that the risk-reward ratio deteriorated again in the reporting quarter after a positive change in Q2. Compared to the previous quarter, the unweighted average annualized return fell significantly by 0.70% to 3.87%. At the same time, the unweighted average annualized risk (black triangle) increased by 0.21% and now stands at 3.89%. Only just under 60% of the pension funds were in the low-risk investment area (annualized risk of less than 4%) as of September 30, 2015 (68% as of June 30, 2015). As of September 30, 2015, there are two pension funds above the annualized risk of 6%. All the pension funds show a positive annualized five-year return.

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



y-Scale: Annualized return in percentage (%)
x-Scale: Annualized risk in percentage (%)

Table 2a: Key Figures

01.10.2010–30.09.2015

	Risk	Return	Sharpe ratio
Credit Suisse Swiss Pension Fund Index	3.89%	3.87%	1.09
Pension funds > CHF 1 bn	3.87%	4.00%	1.17
Pension funds CHF 500 mn–1 bn	3.68%	3.90%	1.18
Pension funds CHF 150–500 mn	3.66%	4.04%	1.16
Pension funds < CHF 150 mn	4.11%	3.72%	0.98

Table 2b: Return Bandwidths

01.10.2010–30.09.2015

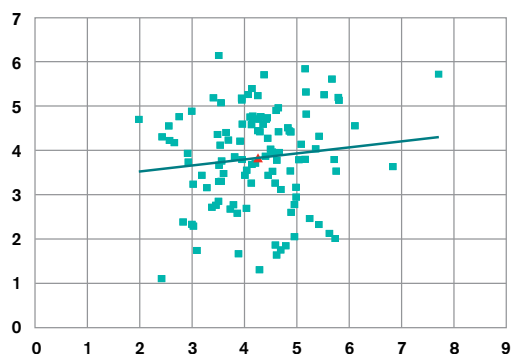
	Minimum	1st quartile	Median	3rd quartile	Maximum
Credit Suisse Swiss Pension Fund Index	1.57%	3.59%	4.10%	4.68%	6.32%
Pension funds > CHF 1 bn	2.70%	3.54%	4.20%	4.94%	6.32%
Pension funds CHF 500 mn–1 bn	2.90%	3.69%	4.33%	4.60%	5.04%
Pension funds CHF 150–500 mn	1.57%	3.81%	4.10%	4.69%	5.28%
Pension funds < CHF 150 mn	2.30%	3.09%	4.06%	4.63%	5.38%

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, 2012, are not included in the five-year rolling observation period (October 1, 2010 to September 30, 2015), but they do form part of the rolling two-year observation period.

Two-year line – in this observation period too, the annualized return falls while risk increases

The two-year line (Chart 2b, October 1, 2013, to September 30, 2015) has flattened again and clearly moved downwards. The unweighted average annualized return (red triangle) fell by 1.53% to finish at 3.83% in the reporting quarter, while the unweighted average risk rose by 0.68% to 4.27%.

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



y-Scale: Annualized return in percentage (%)
x-Scale: Annualized risk in percentage (%)

Table 2c: Key Figures

01.10.2013–30.09.2015

	Risk	Return	Sharpe ratio
Credit Suisse Swiss Pension Fund Index	4.27%	3.83%	1.01
Pension funds > CHF 1 bn	4.09%	3.74%	1.04
Pension funds CHF 500 mn–1 bn	3.79%	3.89%	1.08
Pension funds CHF 150–500 mn	4.06%	3.96%	1.12
Pension funds < CHF 150 mn	4.60%	3.75%	0.91

Table 2d: Return Bandwidths

01.10.2013–30.09.2015

	Minimum	1st quartile	Median	3rd quartile	Maximum
Credit Suisse Swiss Pension Fund Index	1.12%	3.18%	3.96%	4.72%	6.16%
Pension funds > CHF 1 bn	1.66%	2.78%	3.68%	4.46%	6.16%
Pension funds CHF 500 mn–1 bn	1.77%	2.87%	3.70%	4.57%	4.79%
Pension funds CHF 150–500 mn	1.12%	3.50%	4.36%	4.78%	5.73%
Pension funds < CHF 150 mn	1.32%	2.80%	3.81%	4.60%	5.86%

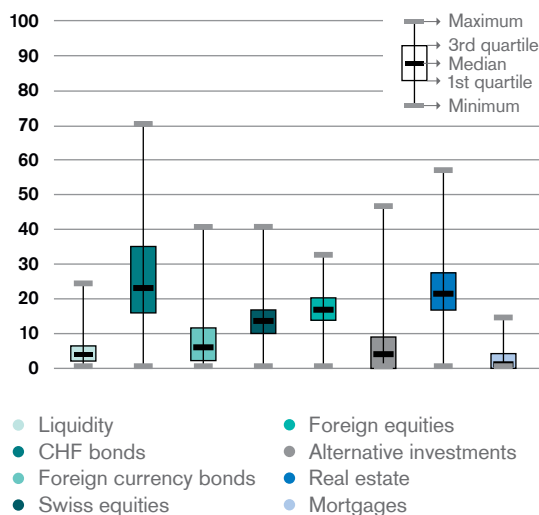
Asset Allocation

Real estate and liquidity at historic levels

In the asset allocation as of September 30, 2015, there are two historic events to report. Firstly, the real estate component rose by 0.9 percentage points to a new high of 22.2%, while the liquidity component reached a new low of 4.7% (-1.2 percentage points). Since publication of the Credit Suisse Pension Fund Index started in 2000, these levels have never been reached.

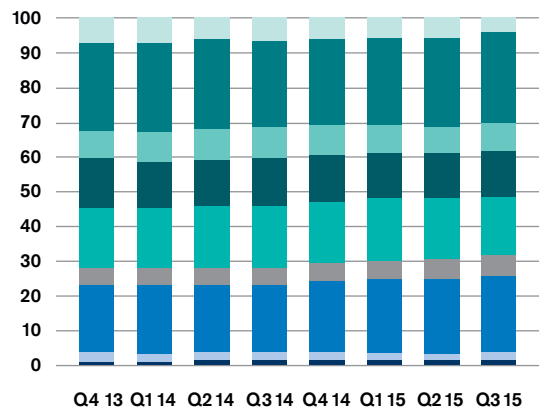
In addition, the foreign equity component fell by 0.5 percentage points in Q3 to 16.9. By contrast, the alternative investments component rose (0.4 percentage points to 5.9%), as did foreign currency bonds (0.2 percentage points to 7.8%), followed by Swiss equities (0.1 percentage points to 13.2%).

Chart 4:



Scale: In percentage (%)

Chart 3:



	Q4 13	Q1 14	Q2 14	Q3 14	Q4 14	Q1 15	Q2 15	Q3 15
Liquidity	7.4%	7.4%	6.8%	7.0%	6.5%	5.9%	5.9%	4.7%
CHF bonds	25.2%	26.1%	25.8%	24.9%	24.9%	25.3%	25.9%	25.9%
Foreign currency bonds	8.0%	8.1%	8.5%	8.8%	8.3%	7.9%	7.6%	7.8%
Swiss equities	14.0%	13.3%	13.2%	13.4%	13.4%	13.4%	13.1%	13.2%
Foreign equities	17.4%	17.4%	18.1%	17.9%	17.8%	17.8%	17.4%	16.9%
Alternative investments	4.7%	4.9%	4.9%	4.9%	5.3%	5.3%	5.5%	5.9%
Real estate	19.9%	19.8%	19.4%	19.7%	20.5%	21.0%	21.4%	22.2%
Mortgages	2.1%	2.0%	2.2%	2.1%	2.0%	2.1%	2.0%	2.0%
Other	1.2%	1.2%	1.2%	1.3%	1.3%	1.4%	1.3%	1.4%

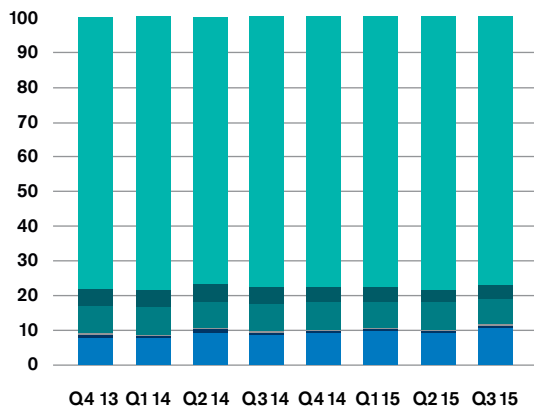
Scale: In percentage (%)

Currency Allocation

Swiss franc component falls

In the reporting quarter, the Swiss franc component fell by 1.1 percentage points to 77.4% compared with foreign currencies. The components of the main currencies EUR, USD, GBP, and JPY remained unchanged, while the remaining currencies rose by 1.1 percentage points to over 10%.

Chart 5:



	Q4 13	Q1 14	Q2 14	Q3 14	Q4 14	Q1 15	Q2 15	Q3 15
● CHF	78.3%	78.6%	76.9%	77.5%	77.7%	77.9%	78.5%	77.4%
● EUR	4.7%	4.9%	5.0%	5.0%	4.5%	4.2%	3.9%	3.9%
● USD	8.0%	7.9%	7.6%	7.8%	7.7%	7.4%	7.4%	7.4%
● GBP	0.6%	0.6%	0.6%	0.6%	0.5%	0.5%	0.5%	0.5%
● JPY	0.7%	0.6%	0.7%	0.6%	0.6%	0.6%	0.5%	0.5%
● Other	7.8%	7.4%	9.3%	8.5%	9.1%	9.3%	9.3%	10.4%

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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