

Credit Suisse
Swiss Pension Fund Index
4th Quarter 2013

YTD 2013: 5.76%

4th Quarter 2013: 1.56%

- BVG target exceeded by more than 4%
- Equities mainly responsible for good performance
- Slightly reduced Swiss franc component



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.

Solid Annual Balance Sheet for the Credit Suisse Swiss Pension Fund Index

The Credit Suisse Swiss Pension Fund Index (blue line in chart 1a), which started with a value of 100 at the beginning of 2000, shows that 2013 was a successful investment year overall. In the reporting quarter, the index rose by 2.16 points (1.56%) to 141.30 points as of December 31, 2013. The main contributor to the good performance in the fourth quarter was the month of October with 1.30%. November too was a good month (0.39%), while December produced a marginally negative result (-0.14%). The BVG mandatory minimum rate of return (the gray line in chart 1a), which also started with a baseline of 100 in January 2000, put on another 0.53 points (0.37%) in the reporting quarter to reach 143.66. The difference between the BVG mandatory minimum rate of return and

the Credit Suisse Swiss Pension Fund Index fell sharply and stood at just 2.36 points on December 31, 2013. This means that the difference has more than halved compared with last year (2012: 7.94 points). In 2013 the Credit Suisse Swiss Pension Fund Index rose by a total of 7.69 points (5.76%), beating the BVG target by 4.26%. This good outcome was driven primarily by equities and real estate. Bonds delivered a negative performance at the end of the year for the first time since 2009. The annualized return of the Credit Suisse Swiss Pension Fund Index (since January 1, 2000) at the end of the year was 2.50%, compared to the annualized BVG mandatory minimum rate of return of 2.62%.

Chart 1a: Credit Suisse Swiss Pension Fund Index



Table 1a

Credit Suisse Swiss Pension Fund Index 1.1.2000–31.12.2013

	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%

Table 1b

Performance Contribution (Monthly)

Credit Suisse Swiss Pension Fund Index 1.1.2013–31.12.2013

2013	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%	-0.02%	0.11%	-0.03%	0.00%	0.08%	0.08%
CHF bonds	-0.20%	0.14%	0.05%	0.17%	-0.16%	-0.36%	0.11%	-0.05%	0.13%	0.13%	0.04%	-0.18%	-0.19%
Foreign currency bonds	-0.02%	0.10%	0.10%	0.03%	0.01%	-0.30%	-0.01%	-0.06%	-0.02%	0.12%	-0.07%	-0.13%	-0.25%
Swiss equities	0.91%	0.46%	0.39%	0.31%	0.11%	-0.44%	0.30%	-0.07%	0.46%	0.39%	0.10%	0.01%	2.97%
Foreign equities	0.64%	0.32%	0.51%	0.10%	0.56%	-0.86%	0.50%	-0.31%	0.36%	0.70%	0.18%	0.00%	2.73%
Alternative investments	0.06%	-0.01%	0.05%	-0.09%	0.04%	-0.13%	0.01%	0.06%	-0.10%	0.02%	-0.01%	-0.02%	-0.11%
Real estate	0.09%	-0.05%	0.15%	0.12%	0.06%	-0.21%	0.12%	0.07%	-0.02%	-0.01%	0.14%	0.11%	0.56%
Mortgages	-0.01%	0.01%	0.00%	0.01%	-0.01%	-0.01%	0.01%	0.00%	0.01%	0.00%	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%	0.01%	0.01%	0.00%	0.05%
Total	1.46%	0.85%	1.17%	0.74%	0.45%	-2.17%	1.09%	-0.37%	0.91%	1.30%	0.39%	-0.14%	5.76%

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

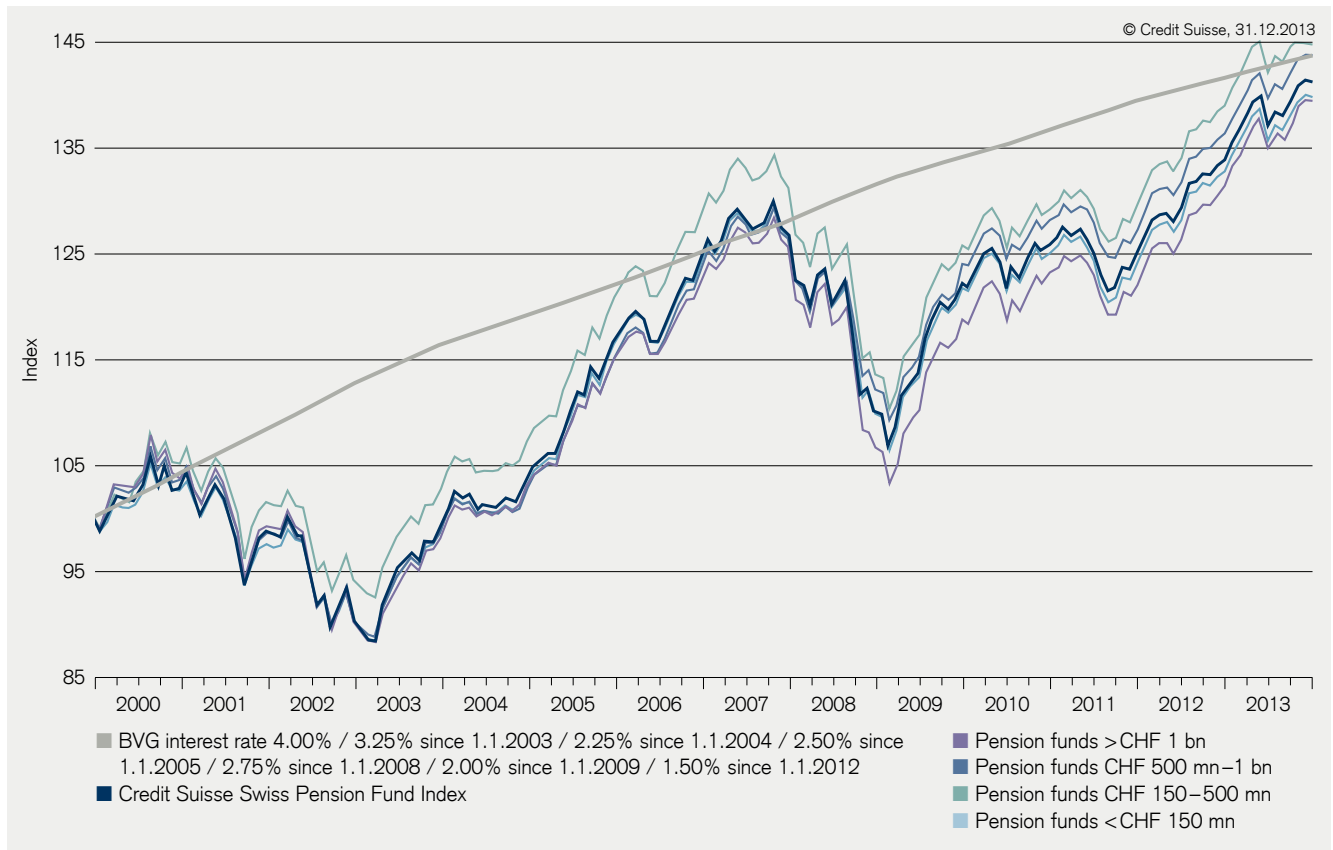


Table 1c

Performance 1.1.2013–31.12.2013

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%	1.30%	0.39%	-0.14%	5.76%
Pension funds > CHF 1 bn	1.62%	0.76%	1.15%	0.82%	0.58%	-2.04%	1.09%	-0.46%	0.97%	1.40%	0.41%	-0.07%	6.35%
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%	1.20%	0.29%	-0.04%	5.73%
Pension funds CHF 150–500 mn	1.42%	0.91%	1.14%	0.81%	0.33%	-2.12%	1.04%	-0.39%	0.91%	1.33%	0.37%	-0.10%	5.75%
Pension funds < CHF 150 mn	1.45%	0.84%	1.21%	0.66%	0.46%	-2.31%	1.14%	-0.33%	0.87%	1.26%	0.41%	-0.20%	5.54%

Table 1d

Annualized Performance 1.1.2000–31.12.2013

	Annualized performance since 1.1.2000
Credit Suisse Swiss Pension Fund Index	2.50%
BVG interest rate	2.62%
Pension funds > CHF 1 bn	2.41%
Pension funds CHF 500 mn–1 bn	2.63%
Pension funds CHF 150–500 mn	2.77%
Pension funds < CHF 150 mn	2.42%

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 June 1, 2010 are not

taken into account in the five-year rolling observation period (1.1.2009–31.12.2013) but they do form part of the rolling two-year observation period.

Positive Trend for Five-Year Line

As of December 31, 2013, the curve of the rolling five-year view of the annualized risk/return positions of the individual pension funds (see chart 2a) showed a positive trend, confirming that higher (systematic, i.e. market-driven) risk attracts higher returns in the long term.

Compared to the previous quarter, the unweighted average annualized return has risen to 5.18% (Q3: 3.39%), while the unweighted average annualized risk (red triangle) fell to 4.18%

(Q3: 5.08%). As of December 31, 2013, 36 pension funds were in the low-risk investment area (annualized risk of 3 to 4%) and not a single pension fund was in the high-risk range (annualized risk of more than 8%). It is pleasing to note that in the past quarter, all of the pension funds included in the Pension Fund Index were able to report a positive annualized five-year return.

Chart 2a: Annualized Risk/Return Comparison; Rolling Five-Year View. Monthly Results from January 2009 to December 2013

Basis of data: Monthly results from January 2009 to December 2013

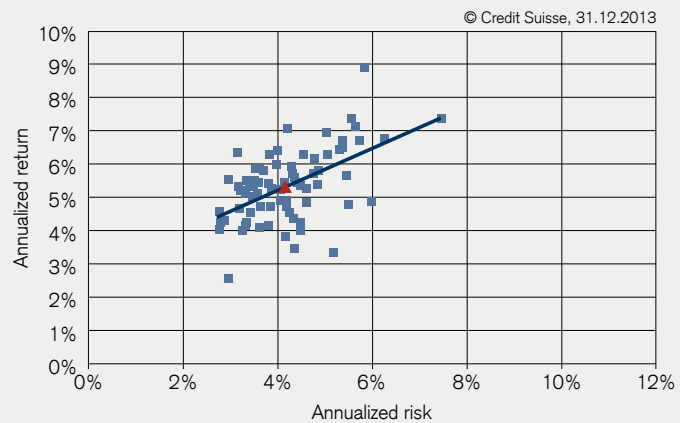


Table 2a

Key Figures

1.1.2009–31.12.2013

	Risk	Return	Sharpe ratio
Credit Suisse Swiss Pension Fund Index	4.18%	5.18%	1.27
Pension funds >CHF 1 bn	4.33%	5.54%	1.35
Pension funds CHF 500 mn–1 bn	3.90%	5.17%	1.41
Pension funds CHF 150–500 mn	3.98%	5.30%	1.29
Pension funds <CHF 150 mn	4.27%	5.00%	1.20

Table 2b

Return Bandwidths

1.1.2009–31.12.2013

	Minimum	1st quartile	Median	3rd quartile	Maximum
Credit Suisse Swiss Pension Fund Index	2.55%	4.67%	5.32%	5.91%	8.86%
Pension funds >CHF 1 bn	4.38%	5.15%	5.44%	6.23%	8.86%
Pension funds CHF 500 mn–1 bn	3.98%	5.27%	5.49%	5.84%	7.08%
Pension funds CHF 150–500 mn	3.48%	4.53%	5.23%	5.86%	7.39%
Pension funds <CHF 150 mn	2.55%	4.52%	5.12%	6.15%	6.94%

Positive Trend of Two-Year Line

The rolling two-year line (chart 2b, 1.1.2012–31.12.2013), which has a much stronger reaction to changes, confirms the theory that higher risk is generally rewarded by higher returns.

The unweighted average annualized return is 6.48%, while the unweighted average risk is 3.19% (red triangle).

Chart 2b: Annualized Risk/Return Comparison; Rolling Two-Year View. Monthly Results from January 2012 to December 2013

Basis of data: Monthly results from January 2012 to December 2013

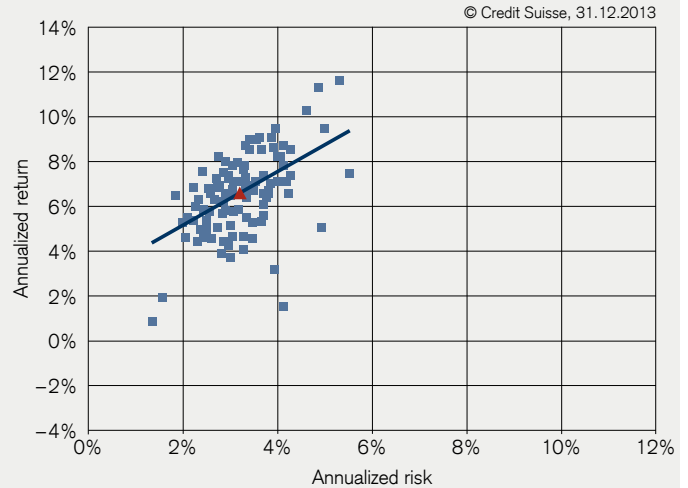


Table 2c

Key Figures

1.1.2012–31.12.2013

	Risk	Return	Sharpe ratio
Credit Suisse Swiss Pension Fund Index	3.19%	6.48%	2.10
Pension funds > CHF 1 bn	3.33%	7.02%	2.20
Pension funds CHF 500 mn–1 bn	2.80%	6.45%	2.33
Pension funds CHF 150–500 mn	3.08%	6.52%	2.13
Pension funds < CHF 150 mn	3.27%	6.27%	2.00

Table 2d

Return Bandwidths

1.1.2012–31.12.2013

	Minimum	1st quartile	Median	3rd quartile	Maximum
Credit Suisse Swiss Pension Fund Index	0.91%	5.64%	6.76%	7.42%	11.66%
Pension funds > CHF 1 bn	4.29%	6.45%	7.15%	8.32%	11.66%
Pension funds CHF 500 mn–1 bn	5.01%	5.65%	6.82%	6.95%	7.41%
Pension funds CHF 150–500 mn	1.55%	5.82%	6.76%	7.35%	8.99%
Pension funds < CHF 150 mn	0.91%	5.30%	6.61%	7.57%	11.33%

Asset Allocation

Significant Increase in Foreign Equity Component

The asset allocation as of December 31, 2013 shows a significant change, insofar as the foreign equity component has risen markedly (+0.80%) over the previous three months. The Swiss equity component also rose (+0.20%). Total equity exposure therefore now stands at 31.4%, which is 2.1% more than last year.

Exposure in other areas fell, notably liquidity (-0.80%), real estate (-0.50%), and mortgages (-0.20%). Exposure to foreign currency bonds also fell (-0.10%), while Swiss franc bond holdings were up (+0.40%). As a result, total bond exposure now stands at 33.1%, a reduction of 0.6% compared to the previous year.

Chart 3: Asset Allocation for the Last Eight Quarters

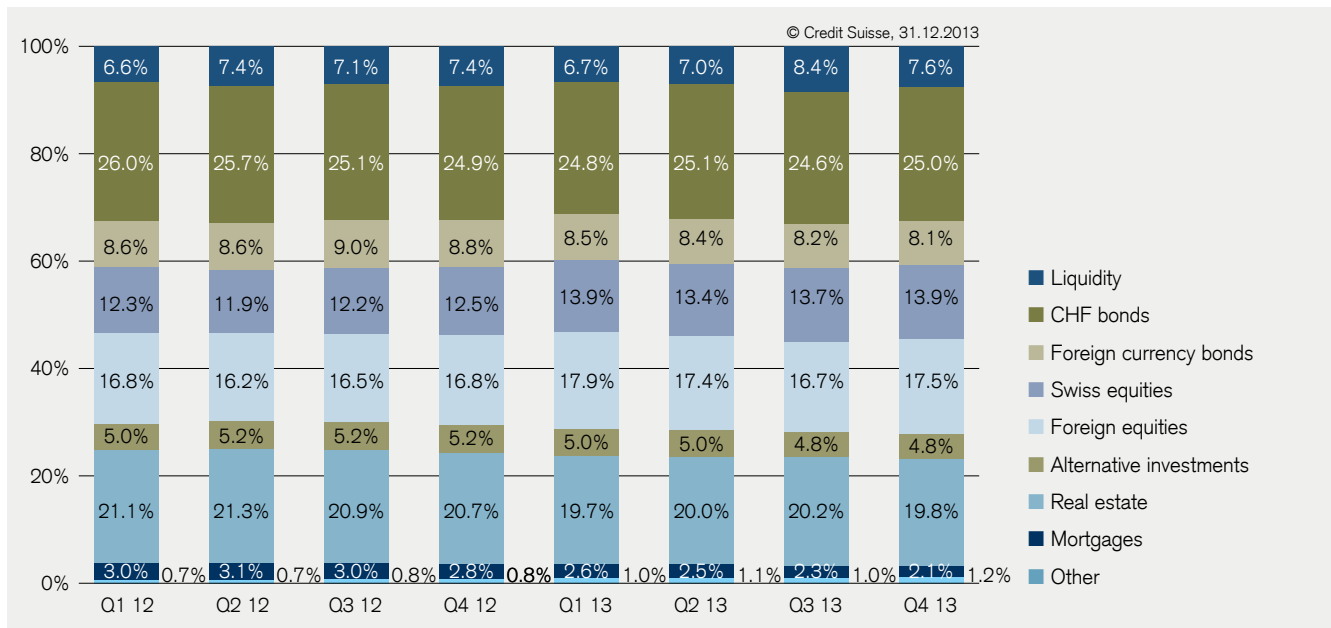
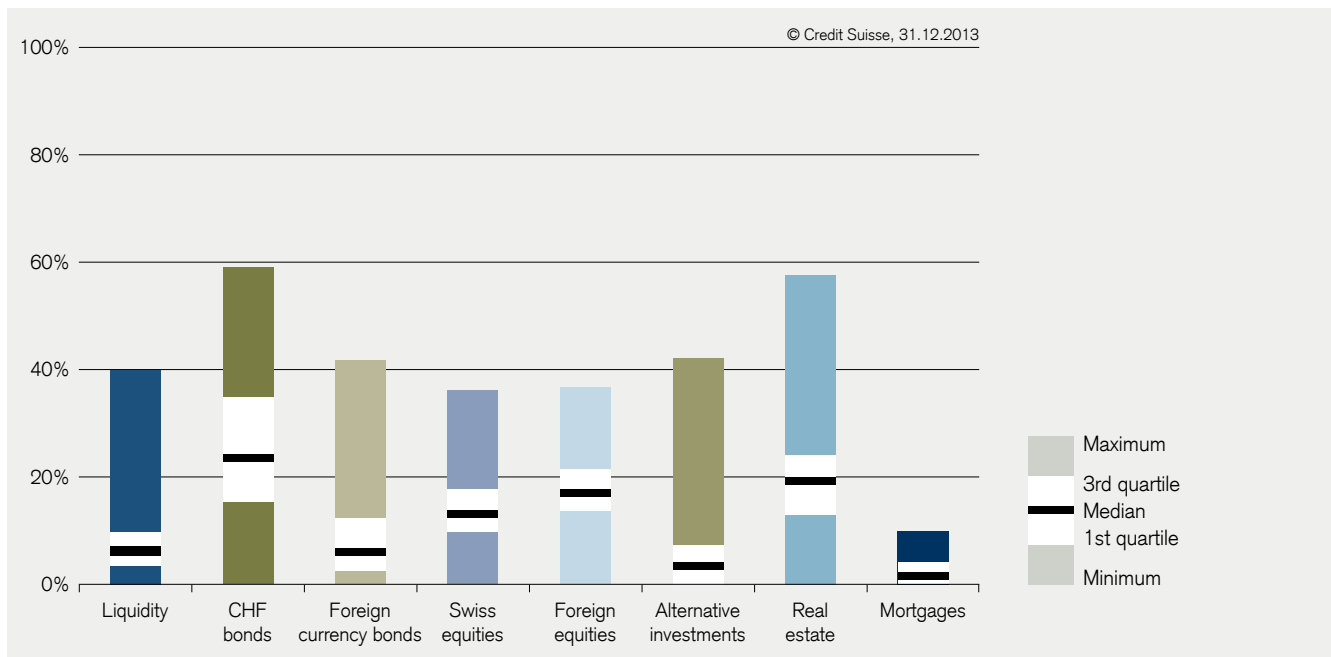


Chart 4: Maximum and Minimum Values for 4th Quarter 2013



Currency Allocation

Lower Swiss Franc Component

The currency allocation shows that the Swiss franc component fell slightly once again (-0.50%) compared to foreign currencies. As of December 31, 2013, it stood at 77.9%, exactly the same level as in the first quarter of 2013.

Chart 5: Development for the Last Eight Quarters

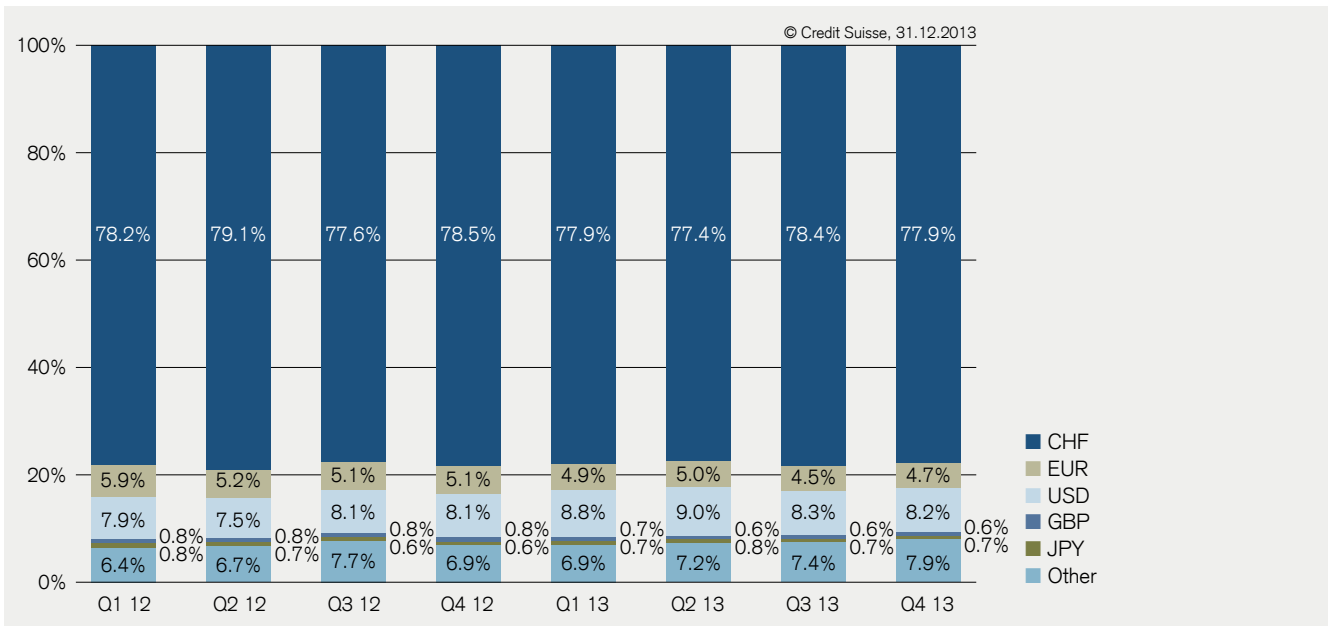
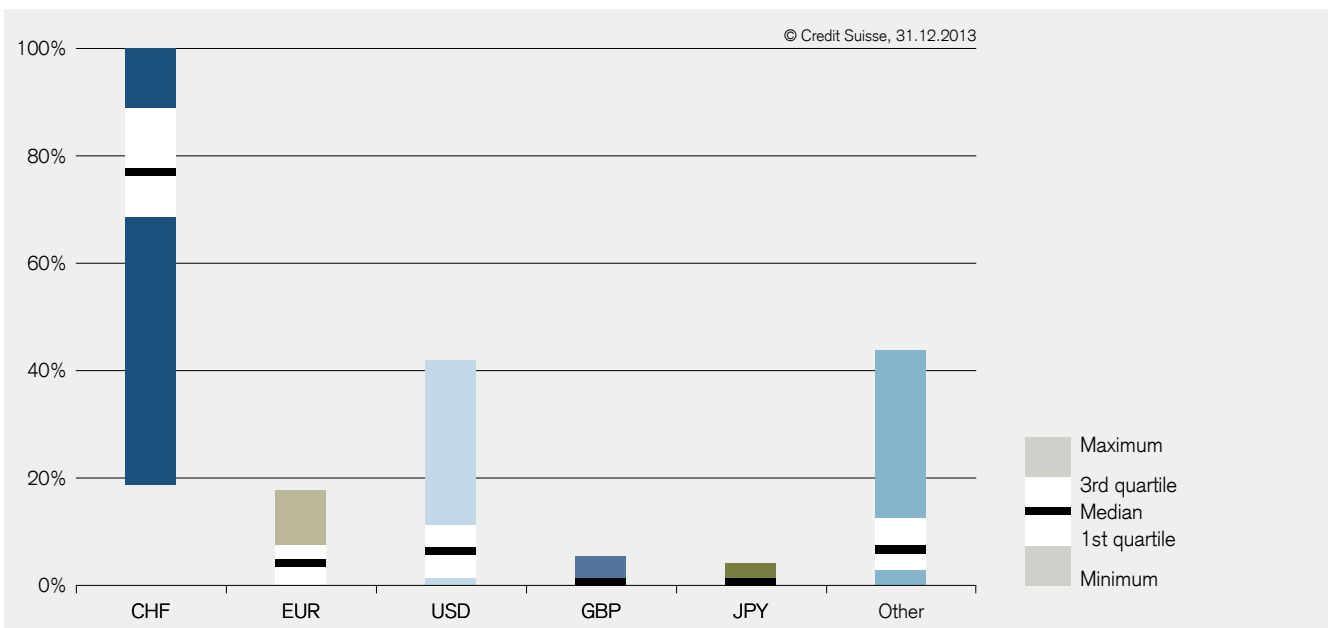


Chart 6: Maximum and Minimum Values for 4th Quarter 2013





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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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