

Credit Suisse Swiss Pension Fund Index 4th Quarter 2014

YTD 2014: 7.73%

Q4 2014: 1.94%

- November delivers strong performance
- Third successive year with a positive annual return
- Lowest liquidity component in the year under review – real estate component continues to grow
- EUR component reduced by 0.5 percentage points



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.

Gratifying Annual Results for Credit Suisse Swiss Pension Fund Index

The Credit Suisse Swiss Pension Fund Index (blue line in chart 1a), which was launched with a baseline of 100 at the beginning of 2000, continued to rise during the fourth quarter, ending above the 150 mark for the first time. In the reporting quarter, the index rose by 2.91 points (1.94%) to 152.23 points as of December 31, 2014. The overall good result was due primarily to November (1.05%), followed by October (0.50%) and December (0.38%).

The yield for 2014 as a whole was 7.73%, exceeding the annual yields for both 2013 and 2012 (5.76% and 7.21% respectively). 2014 is the third successive year in which a positive return has been reported for the year (following -0.56% in 2011).

In the fourth quarter, the main contributions to this positive outcome came from foreign equities (0.68%), real estate (0.52%), Swiss franc bonds (0.42%) and Swiss equities (0.26%), followed by foreign currency bonds (0.19%) and mortgages (0.03%). Liquidity, as expected, was negative (-0.18%).

The picture is similar for the positive annual return for 2014 to which all asset classes, with the exception of liquidity (-0.53%) made some contribution. The most important contributions came from foreign equities (2.53%), Swiss equities (1.60%), Swiss franc bonds (1.46%), real estate (1.45%) and foreign currency bonds (0.85%) (see 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 146.18 in the reporting quarter. The return on the Credit Suisse Swiss Pension Fund Index was therefore 1.51% above the BVG target in this quarter.

Over the year as a whole, the difference between the BVG mandatory minimum rate of return and the Credit Suisse Swiss Pension Fund Index was 5.98%.

The annualized return on the Credit Suisse Swiss Pension Fund Index (since 1.1.2000) was 2.84% at the end of the quarter. This contrasts with the annualized BVG mandatory minimum rate of return of 2.56% (table 1d).

Chart 1a: Credit Suisse Swiss Pension Fund Index

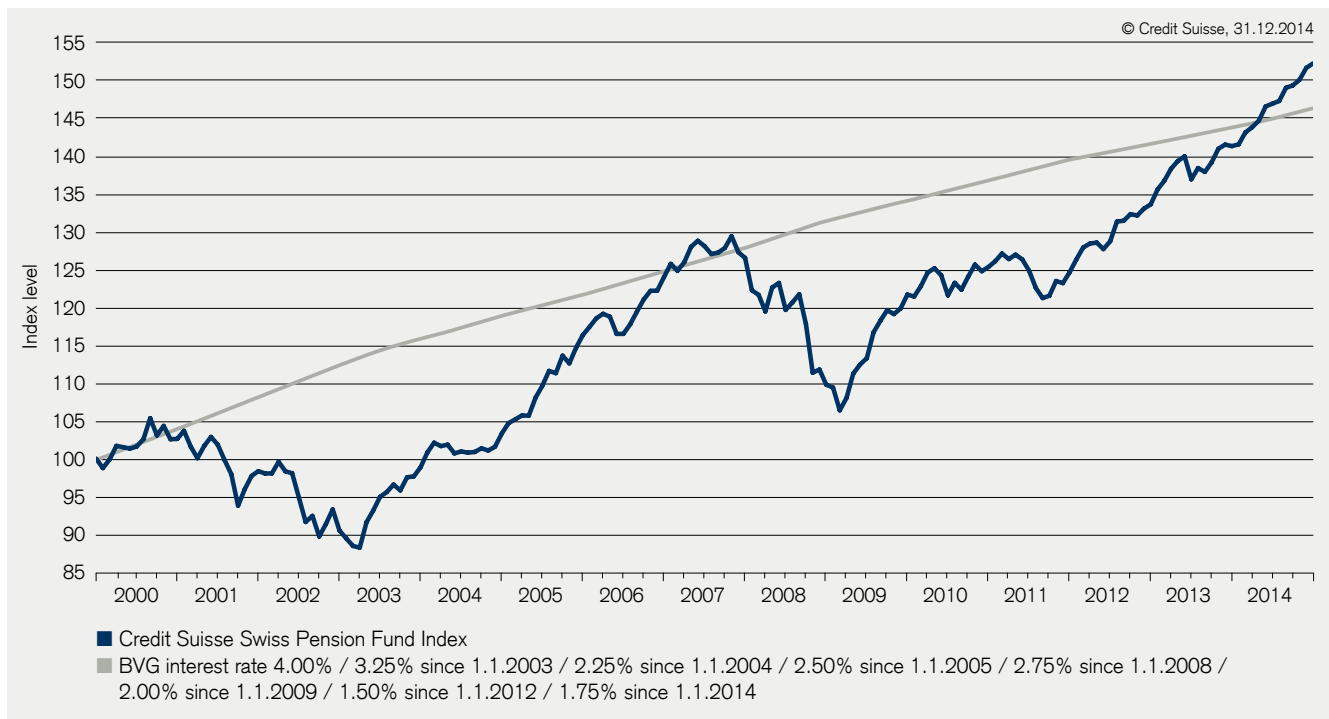


Table 1a

Credit Suisse Swiss Pension Fund Index (1.1.2000–31.12.2014)

	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	-3.25%
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%

Table 1b

Performance Contribution (Monthly)

Credit Suisse Swiss Pension Fund Index (1.1.2014–31.12.2014)

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%	-0.03%	0.03%	-0.19%	-0.53%
CHF bonds	0.34%	0.04%	0.07%	0.14%	0.17%	0.07%	0.07%	0.21%	-0.08%	0.08%	0.19%	0.15%	1.46%
Foreign currency bonds	0.12%	-0.05%	0.04%	0.06%	0.17%	0.00%	0.12%	0.10%	0.09%	0.08%	0.01%	0.10%	0.85%
Swiss equities	0.00%	0.53%	0.08%	0.19%	0.33%	-0.14%	-0.17%	0.35%	0.14%	-0.03%	0.44%	-0.15%	1.60%
Foreign equities	-0.44%	0.38%	0.14%	0.11%	0.63%	0.19%	0.21%	0.47%	0.10%	0.22%	0.32%	0.15%	2.53%
Alternative investments	0.05%	0.05%	0.02%	0.02%	0.02%	0.04%	0.01%	0.02%	0.01%	0.00%	-0.01%	0.02%	0.26%
Real estate	0.15%	0.07%	0.16%	0.10%	0.06%	0.07%	0.12%	0.07%	0.12%	0.17%	0.07%	0.29%	1.45%
Mortgages	0.02%	0.00%	0.00%	0.01%	0.01%	0.00%	0.01%	0.01%	0.00%	0.00%	0.01%	0.01%	0.09%
Other	0.00%	0.01%	0.00%	0.01%	0.01%	0.00%	0.00%	0.01%	0.00%	0.00%	0.01%	0.01%	0.07%
Total	0.16%	1.12%	0.48%	0.61%	1.29%	0.25%	0.24%	1.18%	0.21%	0.50%	1.05%	0.38%	7.73%

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

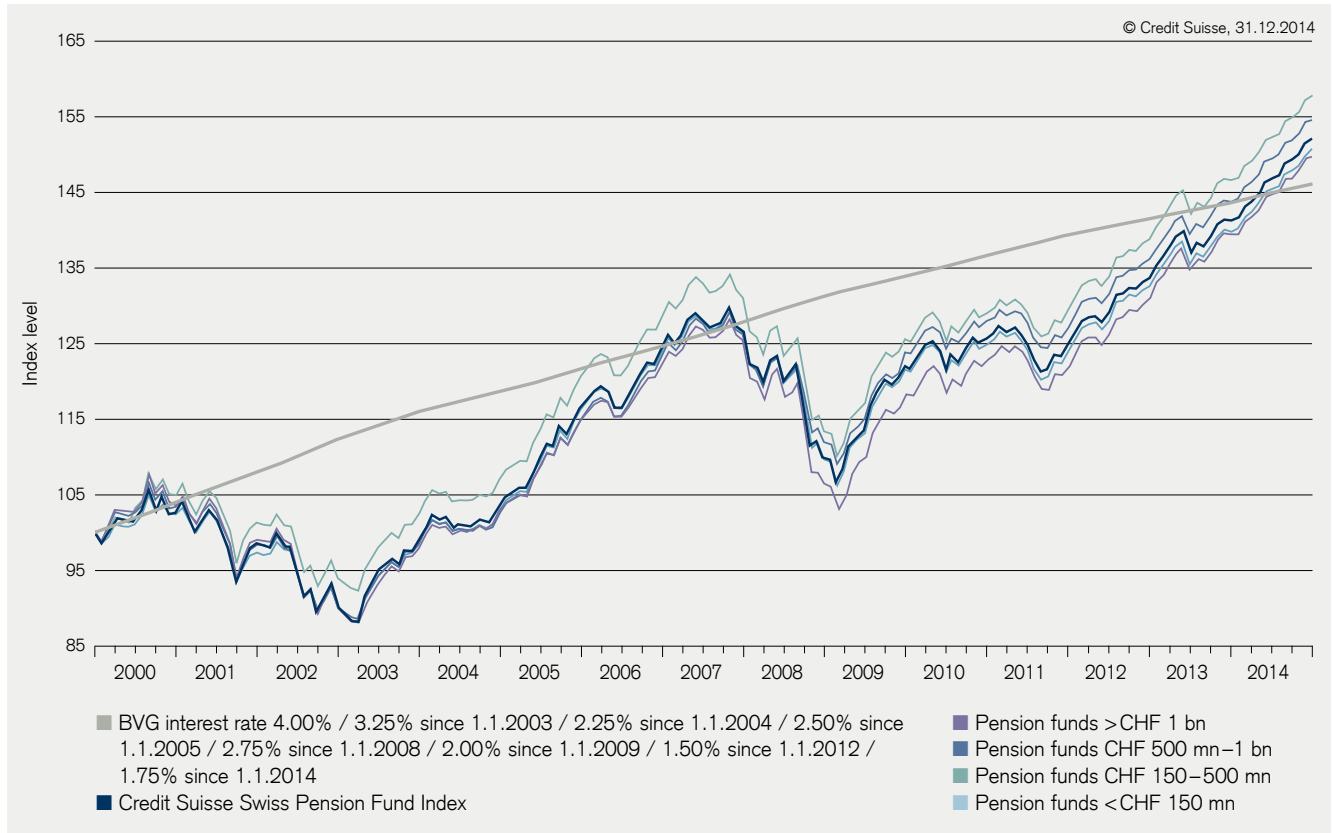


Table 1c

Performance (1.1.2014–31.12.2014)

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%	0.50%	1.05%	0.38%	7.73%
Pension funds > CHF 1 bn	-0.01%	1.16%	0.47%	0.55%	1.30%	0.28%	0.24%	1.24%	0.05%	0.55%	1.18%	0.20%	7.44%
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%	0.56%	1.04%	0.15%	7.53%
Pension funds CHF 150–500 mn	0.15%	1.11%	0.45%	0.59%	1.28%	0.28%	0.22%	1.20%	0.20%	0.53%	1.07%	0.34%	7.66%
Pension funds < CHF 150 mn	0.22%	1.11%	0.50%	0.65%	1.30%	0.21%	0.26%	1.15%	0.29%	0.44%	0.99%	0.54%	7.93%

Table 1d

Annualized Performance (1.1.2000–31.12.2014)

	Annualized performance since 1.1.2000
Credit Suisse Swiss Pension Fund Index	2.84%
BVG rate of return	2.56%
Pension funds > CHF 1 bn	2.73%
Pension funds CHF 500 mn–1 bn	2.95%
Pension funds CHF 150–500 mn	3.09%
Pension funds < CHF 150 mn	2.78%

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, 2011 are

not taken into account in the five-year rolling observation period (1.1.2010–31.12.2014) but they do form part of the rolling two-year observation period.

Five-Year Line – The Annualized Return Rose While Risk Fell Slightly

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 rose to 4.58%, an increase of 0.04% compared to the previous quarter. In the fourth quarter, the unweighted average of the annualized risks fell by 0.06% to 3.46%. Forty-three pension funds were

in the low-risk investment area (annualized risk of 3% to 4%) on December 31, 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 Swiss Pension Fund Index also showed a positive annualized five-year return in the fourth quarter.

Chart 2a: Annualized Risk/Return Comparison; Rolling Five-Year View, Monthly Results from January 2010 to December 2014

Basis of data: Monthly results from January 2010 to December 2014

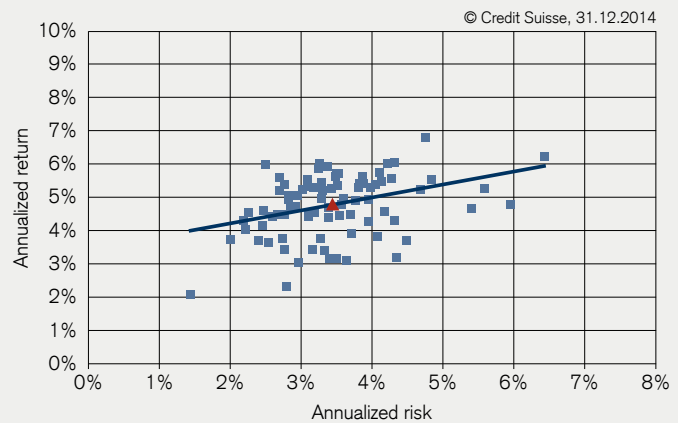


Table 2a

Key Figures

1.1.2010–31.12.2014

	Risk	Return	Sharpe ratio
Credit Suisse Swiss Pension Fund Index	3.46%	4.58%	1.40
Pension funds >CHF 1 bn	3.56%	4.82%	1.47
Pension funds CHF 500 mn–1 bn	3.02%	4.55%	1.62
Pension funds CHF 150–500 mn	3.18%	4.70%	1.50
Pension funds <CHF 150 mn	3.65%	4.45%	1.28

Table 2b

Return Bandwidths

1.1.2010–31.12.2014

	Minimum	1st quartile	Median	3rd quartile	Maximum
Credit Suisse Swiss Pension Fund Index	2.11%	4.28%	4.84%	5.42%	6.81%
Pension funds >CHF 1 bn	3.92%	4.51%	5.22%	5.52%	6.81%
Pension funds CHF 500 mn–1 bn	3.66%	4.43%	4.94%	5.51%	5.72%
Pension funds CHF 150–500 mn	2.11%	4.41%	5.03%	5.43%	6.03%
Pension funds <CHF 150 mn	2.31%	3.74%	4.66%	5.30%	6.25%

Two-Year Line Shows a Similar Picture to the Five-Year Line

The two-year line (Chart 2b, 1.1.2013–31.12.2014) has not changed substantially compared to the previous quarter. The unweighted average annualized return fell to 6.74% (previous

quarter: 6.23%), while the unweighted average risk fell marginally to 2.83% (previous quarter: 2.86%).

Chart 2b: Annualized Risk/Return Comparison; Rolling Two-Year View, Monthly Results from January 2013 to December 2014

Basis of data: Monthly results from January 2013 to December 2014

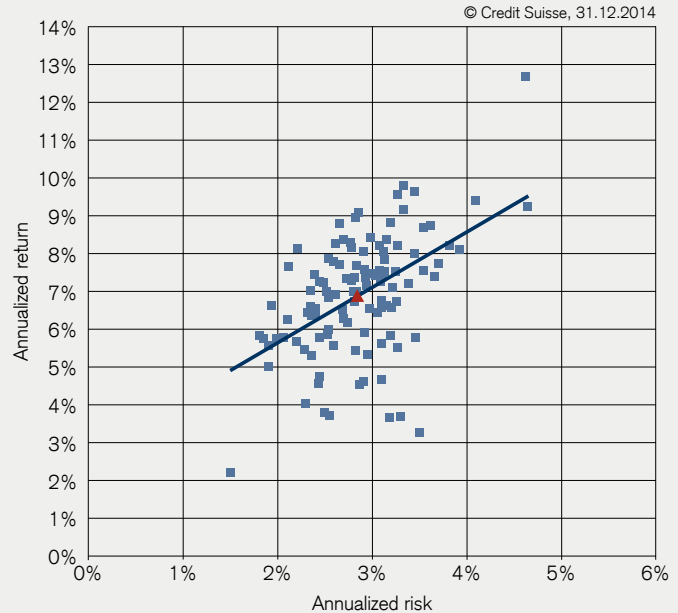


Table 2c

Key Figures

1.1.2013–31.12.2014

	Risk	Return	Sharpe ratio
Credit Suisse Swiss Pension Fund Index	2.83%	6.74%	2.45
Pension funds > CHF 1 bn	2.96%	6.89%	2.39
Pension funds CHF 500 mn–1 bn	2.48%	6.63%	2.71
Pension funds CHF 150–500 mn	2.77%	6.70%	2.47
Pension funds < CHF 150 mn	2.89%	6.73%	2.41

Table 2d

Return Bandwidths

1.1.2013–31.12.2014

	Minimum	1st quartile	Median	3rd quartile	Maximum
Credit Suisse Swiss Pension Fund Index	2.20%	5.78%	6.97%	7.82%	12.64%
Pension funds > CHF 1 bn	3.68%	5.78%	7.30%	7.63%	9.53%
Pension funds CHF 500 mn–1 bn	3.66%	5.76%	6.87%	7.26%	8.77%
Pension funds CHF 150–500 mn	2.20%	5.90%	6.96%	7.70%	9.77%
Pension funds < CHF 150 mn	3.69%	5.75%	6.82%	8.03%	12.64%

Asset Allocation

Liquidity Component at its Lowest Level in 2013 & 2014 – Real Estate Component up 0.8 Percentage Points

The asset allocation as of December 31, 2014 shows a practically unchanged overall equity component compared with the previous quarter at 31.2%. While the foreign equities component fell by just 0.1 percentage points to 17.8%, Swiss equities remained unchanged at 13.4%.

At the same time, foreign bonds fell by 0.5 percentage points to 8.3% while the CHF bond component was unchanged at 24.9%.

In other asset classes, liquidity was down by 0.5 percentage points to 6.5%, its lowest level for the past two years, while real estate rose to 20.5% (+0.8 percentage points) and alternative investments to 5.3% (+0.4 percentage points). The mortgage component fell by just 0.1 percentage points to 2.0%.

Chart 3: Asset Allocation for the Last Eight Quarters

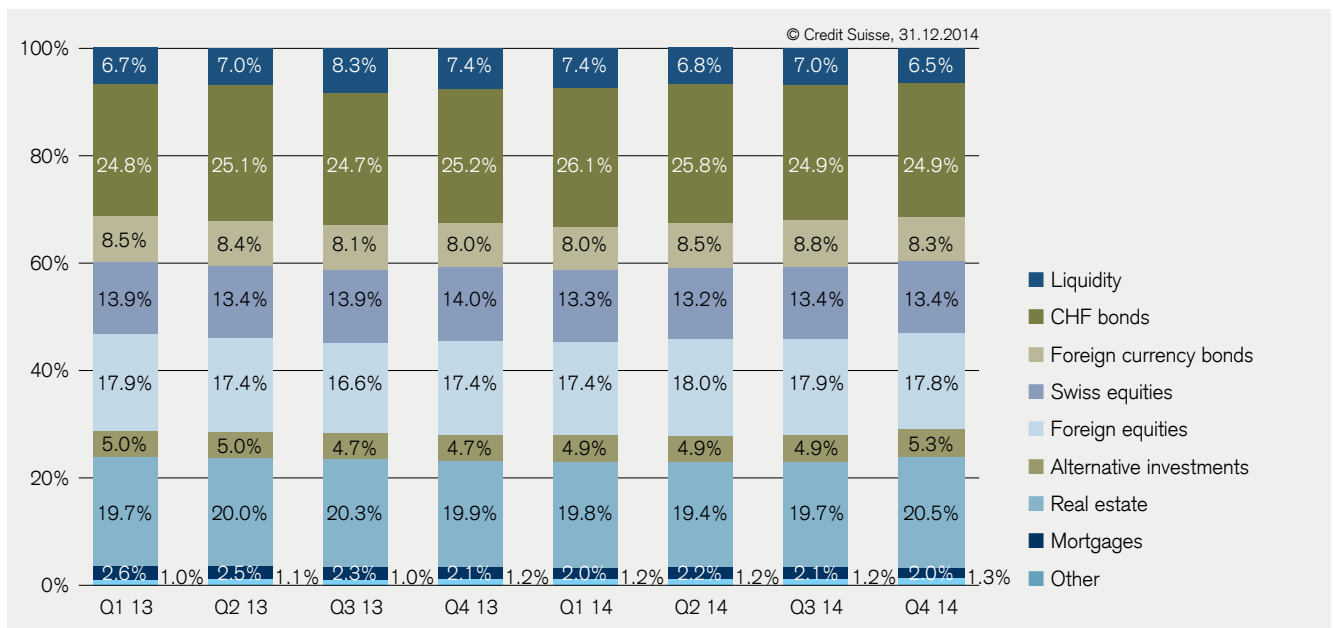
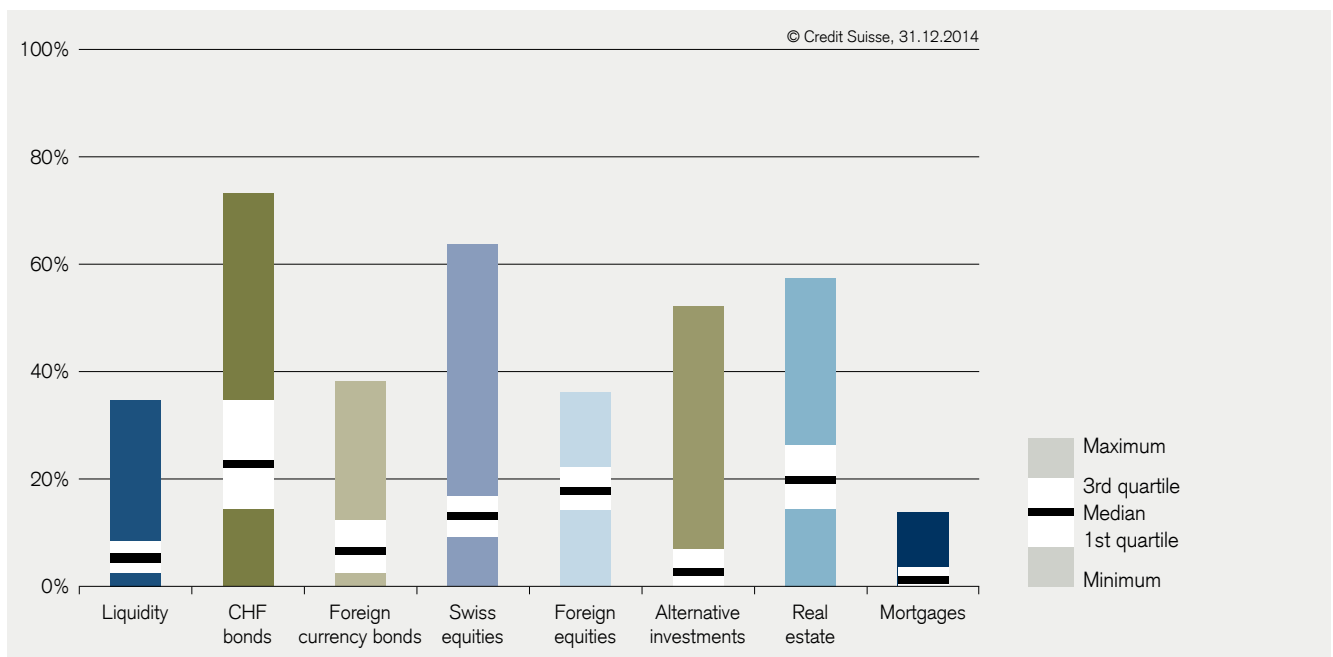


Chart 4: Maximum and Minimum Values for 4th Quarter 2014



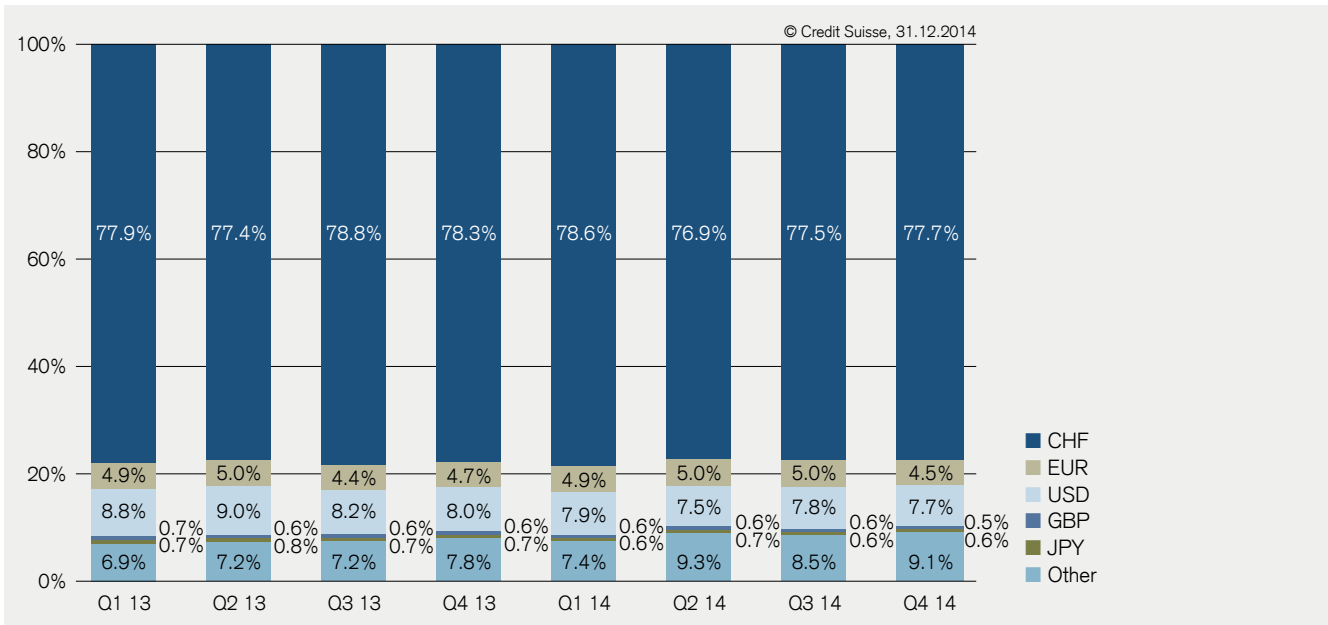
Currency Allocation

Reduced EUR Component

The Swiss franc component was increased slightly compared to foreign currencies in the quarter under review (0.2%) and stood at 77.7% on December 31. In contrast, the EUR component

was cut by 0.5% to its lowest level in 2014. The USD component also fell marginally by 0.1%.

Chart 5: Development for the Last Eight Quarters





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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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