

Credit Suisse Swiss Pension Fund Index Q4 2015

2015: 0.95%

Q4 2015: 2.45%

Positive annual return for fourth time in a row

Real estate at historic high

Swiss franc component at annual high

Both the annualized return and annualized risk over two and five years increased in the reporting quarter



Index versus Mandatory Minimum Rate of Return since January 2000

A year marked by high levels of volatility on the markets nevertheless ends with a positive result for the Credit Suisse Swiss Pension Fund Index

In the reporting quarter, the index rose by 3.68 points (2.45%) and stood at 153.67 points on December 31, 2015, as compared with 100 at the start of 2000. After substantial gains in October (2.70%), month-on-month performance in November was weaker (0.97%), and December produced a negative contribution (-1.20%). This means that the Credit Suisse Swiss Pension Fund Index delivered a positive return for the year (0.95%) for the fourth time in a row. However, there is a definite decline compared with the results of previous years (2014: 7.73%, 2013: 5.76%, 2012: 7.21%).

In the reporting quarter, all asset classes with the exception of liquidity (-0.13%) and mortgages (0.00%) contributed to the positive performance. The largest share of the increase in the Credit Suisse Swiss Pension Fund Index was in the foreign equities asset class (1.21%), followed by Swiss equities (0.75%), and real estate (0.46%). Returns on foreign currency bonds, Swiss franc bonds, and alternative investments were relatively low (0.12%, 0.01%, and 0.03% respectively).

It is notable that real estate (1.05%), Swiss equities (0.52%), Swiss franc bonds (0.23%) and mortgages (0.03%) contributed to the positive result for the year as a whole, while foreign equities (-0.36%), foreign currency bonds (-0.34%), alternative investments (-0.13%), and liquidity (-0.11%) were all negative (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 0.64 points (0.43%) to 148.73 in the reporting quarter. The return of the Credit Suisse Swiss Pension Fund Index is thus 2.02% above the BVG target in the reporting quarter, but -0.80% below the BVG target over the full year.

The annualized return of the Credit Suisse Swiss Pension Fund Index (since January 1, 2000) at 2.72% as of December 31, 2015 remains above the annualized BVG mandatory minimum rate of return of 2.51%.

Chart 1a:



— Credit Suisse Swiss Pension Fund Index
 — BVG rate of return 4.00% until Dec. 31, 2002 / 3.25% from Jan. 1, 2003 / 2.25% from Jan. 1, 2004 / 2.50% from Jan. 1, 2005 / 2.75% from Jan. 1, 2008 / 2.00% from Jan. 1, 2009 / 1.50% from Jan. 1, 2012 / 1.75% since Jan. 1 2014

Scale: Index level

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

Jan. 1, 2000–Dec. 31, 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	154.04	155.54	153.67	0.95 %

Table 1b: Performance Contribution (Monthly)

Credit Suisse Swiss Pension Fund Index (Jan. 1, 2015–Dec. 31, 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 %	-0.08 %	-0.19 %	0.14 %	-0.11 %
CHF bonds	0.40 %	-0.08 %	0.08 %	-0.06 %	0.00 %	-0.25 %	0.15 %	-0.02 %	0.00 %	0.21 %	0.11 %	-0.31 %	0.23 %
Foreign currency bonds	-0.64 %	0.21 %	0.07 %	-0.13 %	-0.05 %	-0.14 %	0.19 %	-0.01 %	0.05 %	0.14 %	0.19 %	-0.21 %	-0.34 %
Swiss equities	-0.85 %	1.00 %	0.33 %	0.11 %	0.22 %	-0.66 %	0.91 %	-0.81 %	-0.44 %	0.70 %	0.21 %	-0.16 %	0.52 %
Foreign equities	-1.43 %	1.38 %	0.13 %	-0.07 %	0.07 %	-0.56 %	0.55 %	-1.12 %	-0.47 %	1.43 %	0.53 %	-0.75 %	-0.36 %
Alternative investments	-0.22 %	0.12 %	0.01 %	-0.01 %	-0.01 %	-0.04 %	-0.01 %	0.02 %	-0.02 %	0.05 %	0.07 %	-0.09 %	-0.13 %
Real estate	0.29 %	0.32 %	0.09 %	0.12 %	-0.35 %	0.00 %	0.28 %	-0.20 %	0.04 %	0.20 %	0.05 %	0.21 %	1.05 %
Mortgages	0.02 %	0.00 %	0.01 %	0.00 %	0.00 %	-0.01 %	0.01 %	0.00 %	0.00 %	0.01 %	0.01 %	-0.02 %	0.03 %
Other	-0.02 %	0.02 %	0.01 %	0.00 %	0.00 %	-0.01 %	0.01 %	-0.02 %	-0.01 %	0.02 %	0.01 %	-0.02 %	0.00 %
Total	-1.83 %	2.74 %	0.64 %	0.12 %	-0.13 %	-1.64 %	1.87 %	-2.21 %	-0.93 %	2.70 %	0.97 %	-1.20 %	0.95 %

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.

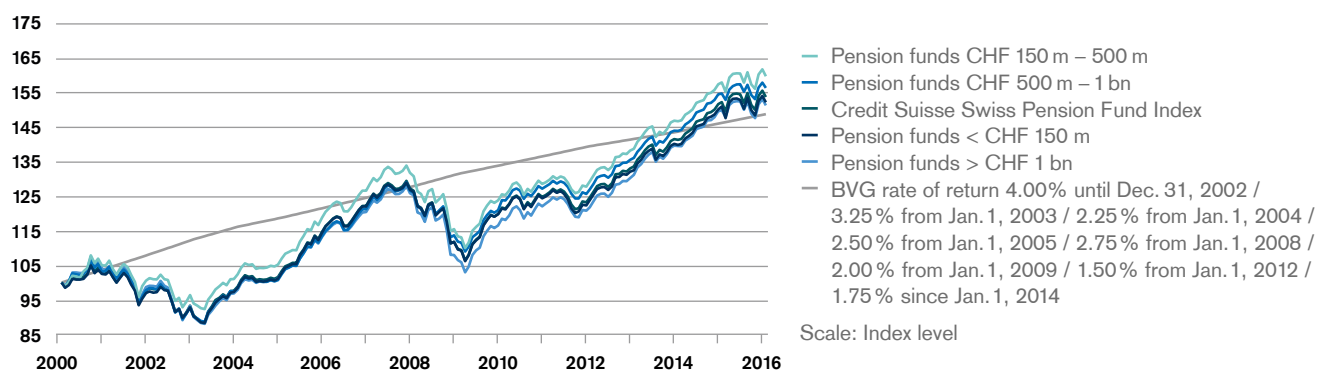


Table 1c: Performance

Jan. 1, 2015–Dec. 31, 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 %	2.70 %	0.97 %	-1.20 %	0.95 %
Pension funds > CHF 1 bn	-1.32 %	2.36 %	0.58 %	0.14 %	-0.01 %	-1.62 %	1.56 %	-2.23 %	-0.91 %	2.72 %	1.02 %	-1.19 %	0.94 %
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 %	2.21 %	0.92 %	-0.96 %	1.06 %
Pension funds CHF 150–500 mn	-1.73 %	2.68 %	0.64 %	0.10 %	-0.04 %	-1.62 %	1.88 %	-2.18 %	-0.83 %	2.67 %	0.93 %	-1.24 %	1.12 %
Pension funds < CHF 150 mn	-2.22 %	3.09 %	0.67 %	0.09 %	-0.28 %	-1.71 %	2.11 %	-2.29 %	-1.04 %	2.81 %	0.99 %	-1.21 %	0.81 %

Table 1d: Annualized Performance

Jan. 1, 2000–Dec. 31, 2015

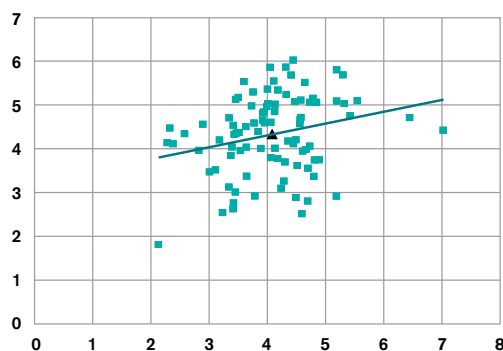
	Annualized performance since January 1, 2000
Credit Suisse Swiss Pension Fund Index	2.72 %
BVG rate of return	2.51 %
Pension funds > CHF 1 bn	2.62 %
Pension funds CHF 500 mn–1 bn	2.83 %
Pension funds CHF 150–500 mn	2.97 %
Pension funds < CHF 150 mn	2.66 %

Risk/Return Positions

Five-year line – both the annualized return and annualized risk increased in the reporting quarter

The five-year annualized risk/return positions line for the individual pension funds (see Chart 2a) moved upward in the fourth quarter and became slightly steeper. Compared with the previous quarter, the unweighted average annualized return rose by 0.29 % to 4.16 %. At the same time, the unweighted average annualized risk (black triangle) also increased by 0.18 % to 4.07 %. Only just under 46 % of the pension funds were in the low-risk investment area (annualized risk of less than 4 %) as of December 31, 2015 (60 % as of September 30, 2015). As of December 31, 2015, there were 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 5-Year View, Monthly Results from
January 2011 to December 2015



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

Table 2a: Key Figures

Jan. 1, 2011–Dec. 31, 2015

	Risk	Return	Sharpe ratio
Credit Suisse Swiss Pension Fund Index	4.07 %	4.16 %	1.12
Pension funds > CHF 1 bn	4.03 %	4.25 %	1.14
Pension funds CHF 500 mn–1 bn	3.73 %	4.11 %	1.24
Pension funds CHF 150–500 mn	3.85 %	4.36 %	1.20
Pension funds < CHF 150 mn	4.32 %	4.03 %	1.03

Table 2b: Return Bandwidths

Jan. 1, 2011–Dec. 31, 2015

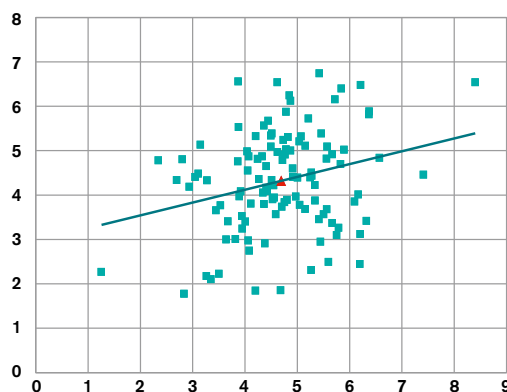
	Minimum	1st quartile	Median	3rd quartile	Maximum
Credit Suisse Swiss Pension Fund Index	1.82 %	3.78 %	4.40 %	5.03 %	6.01 %
Pension funds > CHF 1 bn	2.52 %	3.70 %	4.00 %	5.17 %	6.01 %
Pension funds CHF 500 mn–1 bn	3.47 %	3.80 %	4.34 %	4.70 %	5.80 %
Pension funds CHF 150–500 mn	1.82 %	4.13 %	4.56 %	4.96 %	5.68 %
Pension funds < CHF 150 mn	2.54 %	3.62 %	4.30 %	5.06 %	5.85 %

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 created on January 1, 2013 are not taken into account in the five-year rolling observation period (January 1, 2011–December 31, 2015), but they do form part of the rolling two-year observation period.

Two-year line – in this observation period too, both the annualized return and annualized risk increased

The two-year line (Chart 2b, January 1, 2014–December 31, 2015) became considerably steeper compared with the third quarter. The unweighted average annualized return (red triangle) increased by 0.46 % to finish at 4.29 % in the reporting quarter, while the unweighted average risk rose by 0.43 % to 4.69 %.

Chart 2b:
Annualized Risk/Return Comparison;
Rolling Two-Year View, Monthly Results from
January 2014 to December 2015



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

Table 2c: Key Figures

Jan. 1, 2014–Dec. 31, 2015

	Risk	Return	Sharpe ratio
Credit Suisse Swiss Pension Fund Index	4.69 %	4.29 %	1.04
Pension funds > CHF 1 bn	4.53 %	4.14 %	1.04
Pension funds CHF 500 mn–1 bn	4.10 %	4.25 %	1.10
Pension funds CHF 150–500 mn	4.44 %	4.34 %	1.13
Pension funds < CHF 150 mn	5.09 %	4.31 %	0.96

Table 2d: Return Bandwidths

Jan. 1, 2014–Dec. 31, 2015

	Minimum	1st quartile	Median	3rd quartile	Maximum
Credit Suisse Swiss Pension Fund Index	1.78 %	3.66 %	4.37 %	5.03 %	6.74 %
Pension funds > CHF 1 bn	2.22 %	3.52 %	4.07 %	4.65 %	6.56 %
Pension funds CHF 500 mn–1 bn	2.74 %	3.76 %	3.90 %	4.55 %	5.32 %
Pension funds CHF 150–500 mn	1.78 %	3.81 %	4.54 %	5.00 %	6.54 %
Pension funds < CHF 150 mn	1.85 %	3.56 %	4.39 %	5.11 %	6.74 %

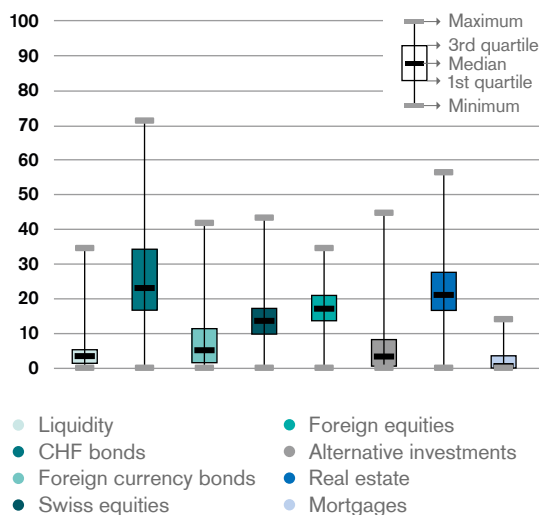
Asset Allocation

Real estate values hit a new all-time high

In terms of asset allocation as of December 31, 2015, there is a new all-time high for real estate of 22.37 %, while the liquidity ratio rose again slightly (4.74 %) from its low for the year in the previous quarter (4.71 %). Furthermore, the Swiss equities component rose by 0.55 percentage points to an annual high of 13.75 % and foreign equities by 0.45 percentage points to 17.30 %.

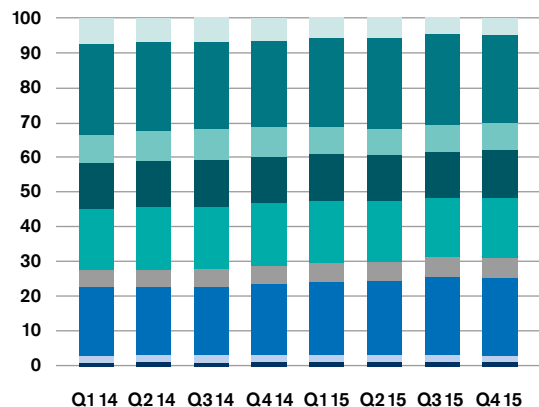
By contrast, the Swiss franc bond component fell by -0.47 % in the fourth quarter to 25.44 %, the alternative investments component by -0.34 percentage points to 5.59 %, and the foreign currency bonds component by -0.23 percentage points to 7.59 %. The mortgages component remained unchanged at 2.01 %.

Chart 4:



Scale: In percentage (%)

Chart 3:



	Q1 14	Q2 14	Q3 14	Q4 14	Q1 15	Q2 15	Q3 15	Q4 15
Liquidity	7.36 %	6.80 %	7.01 %	6.51 %	5.86 %	5.86 %	4.71 %	4.74 %
CHF bonds	26.12 %	25.78 %	24.91 %	24.89 %	25.27 %	25.89 %	25.91 %	25.44 %
Foreign currency bonds	8.05 %	8.45 %	8.79 %	8.34 %	7.94 %	7.63 %	7.82 %	7.59 %
Swiss equities	13.26 %	13.19 %	13.44 %	13.36 %	13.36 %	13.11 %	13.20 %	13.75 %
Foreign equities	17.43 %	18.05 %	17.94 %	17.82 %	17.80 %	17.38 %	16.85 %	17.30 %
Alternative investments	4.85 %	4.88 %	4.87 %	5.26 %	5.34 %	5.49 %	5.93 %	5.59 %
Real estate	19.78 %	19.41 %	19.73 %	20.48 %	21.00 %	21.35 %	22.15 %	22.37 %
Mortgages	1.97 %	2.21 %	2.06 %	2.04 %	2.07 %	2.01 %	2.01 %	2.01 %
Other	1.18 %	1.23 %	1.25 %	1.29 %	1.36 %	1.28 %	1.42 %	1.22 %

Scale: In percentage (%)

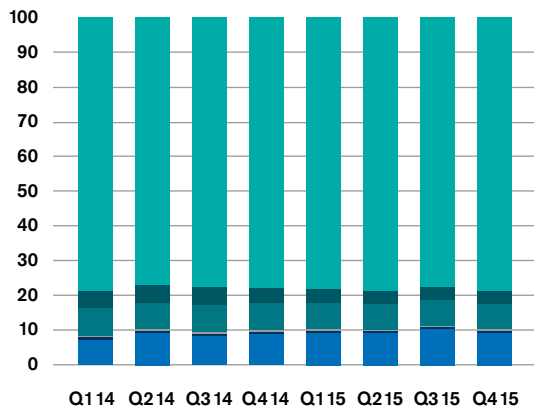
Currency Allocation

Swiss franc component at annual high

In the reporting quarter, the Swiss franc component increased by 1.22 percentage points on a quarter-on-quarter basis to an annual high of 78.63%.

The components in the major currencies USD, GBP and JPY changed only marginally, while the EUR component decreased by 0.17 percentage points to 3.68% and the other currencies component by 1.05 percentage points to 9.30%.

Chart 5:



	Q1 14	Q2 14	Q3 14	Q4 14	Q1 15	Q2 15	Q3 15	Q4 15
● CHF	78.59 %	76.92 %	77.49 %	77.69 %	77.93 %	78.51 %	77.41 %	78.63 %
● EUR	4.91 %	5.03 %	4.96 %	4.45 %	4.21 %	3.86 %	3.85 %	3.68 %
● USD	7.92 %	7.55 %	7.80 %	7.70 %	7.39 %	7.36 %	7.39 %	7.37 %
● GBP	0.56 %	0.59 %	0.58 %	0.54 %	0.50 %	0.47 %	0.46 %	0.45 %
● JPY	0.63 %	0.66 %	0.64 %	0.55 %	0.63 %	0.52 %	0.54 %	0.57 %
● Other	7.39 %	9.25 %	8.52 %	9.06 %	9.34 %	9.28 %	10.35 %	9.30 %

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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CREDIT SUISSE AG
Global Custody Solutions
Uetlibergstrasse 231
CH-8070 Zurich
+41 44 335 75 47
global.custody@credit-suisse.com
www.credit-suisse.com/globalcustody

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