

Credit Suisse Swiss Pension Fund Index

Clarification of the Credit Suisse Swiss Pension Fund Index



Basis of the Data:

The data relates exclusively to autonomous Swiss pension funds for which Credit Suisse acts as global custodian. As a leading provider of global custodian services, Credit Suisse is able to prepare broadly based, representative analyses of the Swiss pension fund business. At system level the data provides a very up-to-date picture of the current investment activities pertaining to second pillar assets, as the autonomous pension funds manage around 80% of all such assets.

The data is up-to-date as it is available within 25 business days of the end of a quarter.

Please Note:

As the data relates only to autonomous pension funds, it is particularly representative of this segment. The return generated by a pension fund is extremely dependent on the asset allocation, investment style and selected products, all of which depend on the pension fund's risk capacity and risk tolerance.

For example: A pension fund with a large number of pensioners and a coverage shortfall does not have the same opportunity to generate an above-average return (compared to the selected benchmark) as a pension fund with a favorable age structure and a large loss equalization reserve, because the former can accept fewer risks than a "young" pension fund.

The Charts Explained

See the document "Credit Suisse Swiss Pension Fund Index" for the current charts

Chart 1a: Credit Suisse Swiss Pension Fund Index

This graph compares the development of the Credit Suisse Swiss Pension Fund Index to the development of a theoretical minimum rate of return (4%, 3.25% from 1.1.2003; 2.25% from 1.1.2004; 2.5% from 1.1.2005; 2.75% from 1.1.2008). If the index line is above the line representing the minimum rate of return, the autonomous pension funds included in the index universe generated an average return that was higher than the minimum interest rate prescribed by law. If, however, the index line is below this interest rate line, the average return generated by the pension funds was less than the minimum interest rate. The resulting difference may not be confused with a coverage shortfall or surplus.

Chart 1b: Credit Suisse Swiss Pension Fund Index by Segment Size

This chart contrasts the performance of the Credit Suisse Swiss Pension Fund Index on the basis of segment size against performance based on a theoretical minimum interest rate of 4% (3.25% since January 1, 2003, 2.25% since January 1, 2004, 2.5% since January 1, 2005 and 2.75% since January 1, 2008). However, only limited comparisons of returns are possible, owing to the different initial positions of the individual pension funds.

Chart 2a: Annualized Risk/Return Comparison; Rolling Five-Year Observation Period

This graph presents an annualized risk/return diagram for the last five years. This diagram allows pension funds to compare their risk/return position with other pension funds.

Chart 2b: Annualized Risk/Return: Rolling Two-Year Review

In contrast to chart 2a, this chart represents a rolling review of the last two years. It is more likely to experience greater change than chart 2a, due to the shorter period under review and the rolling approach to the data.

Chart 3: Asset Allocation

This chart shows the average asset allocations over the previous eight quarters. The percentage shifts from quarter to quarter are a result of fluctuations in the financial markets and the inflows and outflows of funds actively made by the pension funds. This chart can be used by pension funds as a rough guide when comparing their own position with the average, although such a comparison will not take account of different liability structures.

Chart 4: Investment Categories – Minimum and Maximum Values

The median refers to the mid-point below which 50% of the data is smaller and above which 50% of the data is larger. Unlike the mean (also known as the average), the median is barely affected by outliers.

Chart 4 shows the investment category bands for the pension funds included in the survey.

The top of the bar for each individual investment category indicates the percentage of the assets invested therein by the pension fund with the highest weighting in that category.

The bottom of the bar indicates that this is the pension fund with the lowest percentage of assets invested in that category.

This way of presenting data is intended to help pension funds compare their own weightings with those of others.

Chart 5: Currency Allocation

This chart shows the average currency allocation over the previous eight quarters. The percentage shifts from quarter to quarter are a result of currency fluctuations as well as active changes made to the asset and currency allocations by the pension funds themselves. Since early 2005 the JPY and GBP have also been included.

Pension funds can use this chart as a rough guide to compare their own position with the average.

Chart 6: Currency Allocation – Maximum and Minimum Values

This chart shows the bandwidth of weightings for the individual currencies for the pension funds included in the survey.

This can help pension funds ascertain whether their own weighting of currencies is at the lower or higher end of the spectrum when compared to other pension funds.