

# Credit Suisse Swiss Pension Fund Index Q1 2017

**YTD 2017: 2.76%**

**Q1 2017: 2.76%**

Credit Suisse Pension Fund Index starts year at all-time high

Allocation to foreign equities at all-time high; allocation to Swiss equities at 12-month high

Allocation to liquidity at all-time low



# Index versus Mandatory Minimum Rate of Return since January 2000

## Positive Start to Year for Credit Suisse Swiss Pension Fund Index Leads to New All-Time High

In the reporting quarter, the Credit Suisse Pension Fund Index advanced by 4.40 points (2.76%) to reach a new all-time high of 164.03 points as of March 31, 2017, from a baseline of 100 at the start of 2000.

After a marginal positive start in January (+0.26%), the Credit Suisse Pension Fund Index showed a remarkable increase (+1.83%) in February before ending the first quarter in March on a slightly more moderate note (+0.65%).

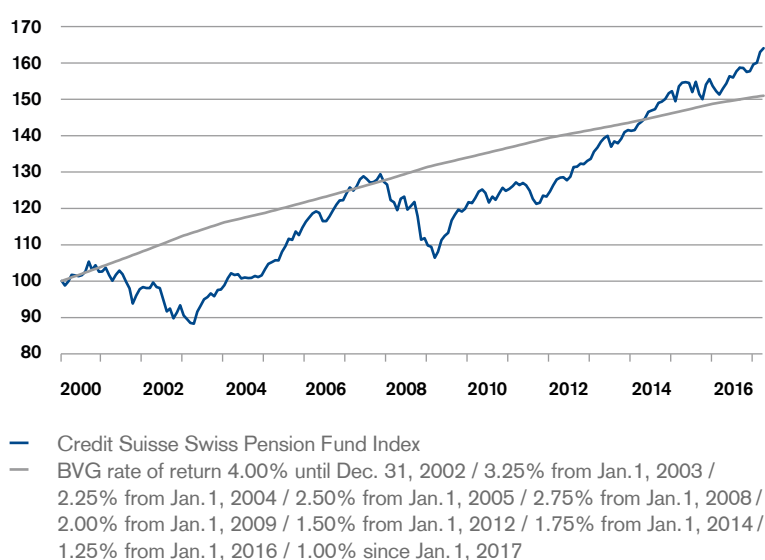
All asset classes posted positive returns in the first quarter of the year. Swiss equities (+1.03%) and foreign equities (+1.03%) contributed most to the sizable advance in the Credit Suisse Swiss Pension Fund Index. The real estate asset class also made a significant contribution (+0.49%).

Smaller contributions were made by Swiss (+0.06%) and foreign currency bonds (+0.05%), alternative investments (+0.03%), liquidity (+0.03%), others (+0.02%), and mortgages (+0.01%).

The BVG mandatory minimum rate of return (1% p.a. since January 2017) rose by 0.38 points (0.25%) to 150.97 points in the reporting quarter, likewise from a baseline of 100 in January 2000. The return of the Credit Suisse Swiss Pension Fund Index is therefore 2.51% above the BVG requirement in the first quarter of 2017.

The annualized return on the Credit Suisse Swiss Pension Fund Index (since January 1, 2000) was 2.91% as of March 31, 2017. This contrasts with an annualized BVG mandatory minimum rate of return of 2.42%.

Chart 1a:



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–Mar. 31, 2017

	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%
2016	152.24	151.26	152.92	154.35	156.35	155.97	157.73	158.65	158.62	157.48	157.73	159.63	3.87%
2017	160.03	162.97	164.03										2.76%

**Table 1b: Performance Contribution (Monthly)**

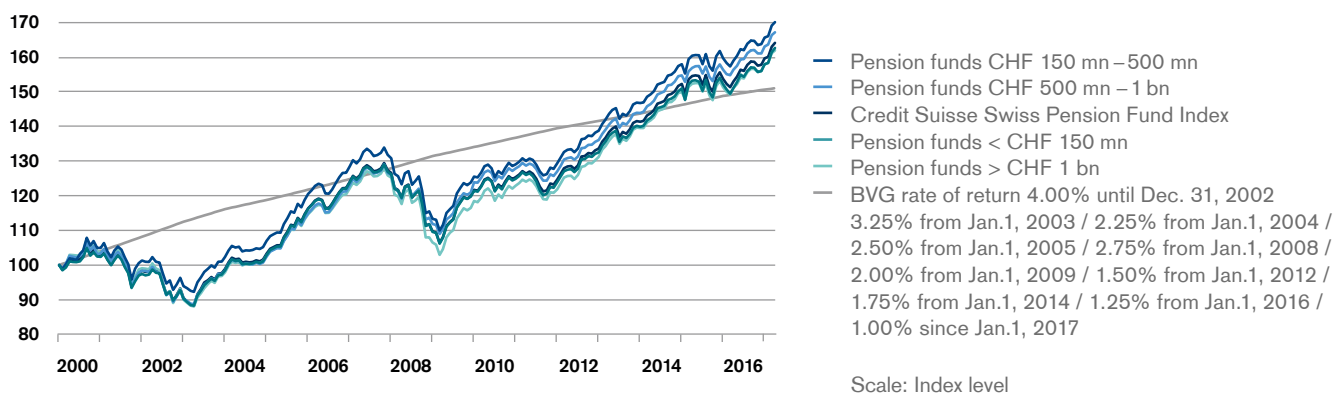
Credit Suisse Swiss Pension Fund Index (Jan. 1, 2017–Mar. 31, 2017)

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
Liquidity	0.15%	-0.08%	-0.03%										0.03%
CHF bonds	-0.05%	0.23%	-0.12%										0.06%
Foreign currency bonds	-0.11%	0.14%	0.02%										0.05%
Swiss equities	0.17%	0.46%	0.39%										1.03%
Foreign equities	0.00%	0.76%	0.26%										1.03%
Alternative investments	-0.04%	0.08%	0.00%										0.03%
Real estate	0.13%	0.23%	0.13%										0.49%
Mortgages	0.00%	0.01%	-0.01%										0.01%
Other	0.00%	0.02%	0.01%										0.02%
Total	0.26%	1.83%	0.65%										2.76%

**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, 2017–Mar. 31, 2017

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
Credit Suisse Swiss Pension Fund Index	0.26%	1.83%	0.65%										2.76%
Pension funds > CHF 1 bn	0.28%	1.74%	0.54%										2.58%
Pension funds CHF 500 mn–1 bn	0.33%	1.66%	0.51%										2.52%
Pension funds CHF 150–500 mn	0.24%	1.83%	0.62%										2.71%
Pension funds < CHF 150 mn	0.24%	1.94%	0.80%										2.99%

**Table 1d: Annualized Performance**

Jan. 1, 2000–Mar. 31, 2017

**Annualized performance since January 1, 2000**

Credit Suisse Swiss Pension Fund Index	2.91%
BVG rate of return	2.42%
Pension funds > CHF 1 bn	2.83%
Pension funds CHF 500 mn–1 bn	3.02%
Pension funds CHF 150–500 mn	3.13%
Pension funds < CHF 150 mn	2.86%

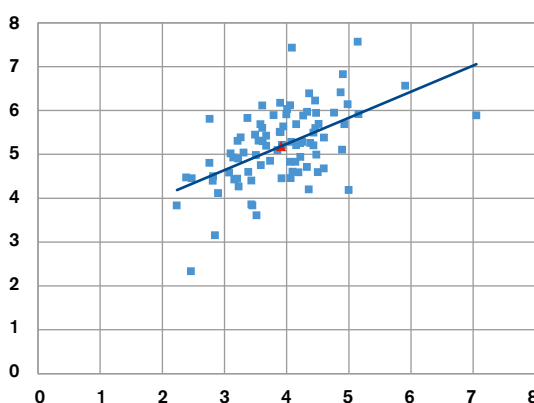
# Risk / Return Positions

## Five-Year Line – Annualized Return Falls Marginally in the Reporting Quarter While Annualized Risk Rises Slightly

The line showing the five-year annualized risk/return positions of the individual pension funds (Chart 2a) showed only minimal change in the first quarter of 2017. The unweighted average annualized return fell to 5.02% in the reporting quarter (-0.06 percentage points), while the unweighted average annualized risk increased slightly to 3.91% (+0.02 percentage points; red triangle).

As of March 31, 2017, 52% of the pension funds had an annualized risk of less than 4% (as of December 31, 2016, it was 55%). There is just one pension fund with an annualized risk of more than 6%.

**Chart 2a:**  
Annualized Risk/Return Comparison; Five-Year View,  
Monthly Results from April 2012 to March 2017



y-axis: annualized return in percent (%)  
x-axis: annualized risk in percent (%)

**Table 2a: Key Figures**

Apr. 1, 2012–Mar. 31, 2017

	Risk	Return	Sharpe ratio
Credit Suisse Swiss Pension Fund Index	3.91%	5.02%	1.44
Pension funds > CHF 1 bn	3.86%	5.20%	1.49
Pension funds CHF 500 mn–1 bn	3.34%	5.02%	1.61
Pension funds CHF 150–500 mn	3.72%	5.00%	1.48
Pension funds < CHF 150 mn	4.23%	4.98%	1.33

**Table 2b: Return Bandwidths**

Apr. 1, 2012–Mar. 31, 2017

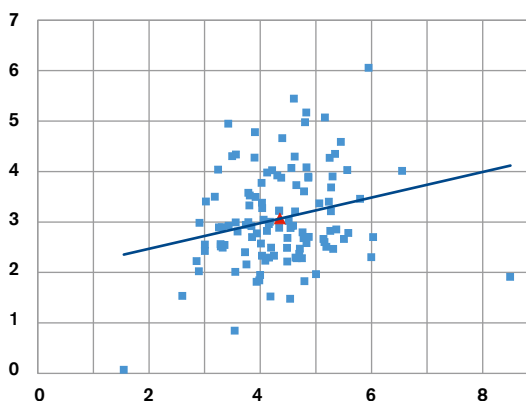
	Minimum	1st quartile	Median	3rd quartile	Maximum
Credit Suisse Swiss Pension Fund Index	2.33%	4.59%	5.21%	5.81%	7.57%
Pension funds > CHF 1 bn	4.26%	4.58%	5.25%	5.68%	7.43%
Pension funds CHF 500 mn–1 bn	4.11%	4.85%	5.05%	5.30%	5.89%
Pension funds CHF 150–500 mn	2.33%	4.75%	5.10%	5.63%	6.82%
Pension funds < CHF 150 mn	3.15%	4.59%	5.28%	5.94%	7.57%

Our risk/return overview shows the five-year and two-year views. 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, 2014, are not included in the five-year observation period (April 1, 2012–March 31, 2017) but do form part of the two-year observation period.

## Two-Year Line – Clear Rise in Annualized Return with Declining Risk

Compared with Q4 2016, the two-year line (Chart 2b, April 1, 2015–March 31, 2017) shifted noticeably upward and shows a clear rise. The unweighted average annualized return (red triangle) increased significantly in the reporting quarter to finish at 3.03% (+0.63 percentage points), while the unweighted average risk declined (–0.57 percentage points to 4.36%).

**Chart 2b:**  
Annualized Risk/Return Comparison; Two-Year View,  
Monthly Results from April 2015 to March 2017



y-axis: annualized return in percent (%)  
x-axis: annualized risk in percent (%)

### Table 2c: Key Figures

Apr. 1, 2015–Mar. 31, 2017

	Risk	Return	Sharpe ratio
Credit Suisse Swiss Pension Fund Index	4.36%	3.03%	0.90
Pension funds > CHF 1 bn	4.33%	3.12%	0.91
Pension funds CHF 500 mn–1 bn	3.80%	3.23%	1.04
Pension funds CHF 150–500 mn	4.18%	2.97%	0.90
Pension funds < CHF 150 mn	4.63%	3.05%	0.87

### Table 2d: Return Bandwidths

Apr. 1, 2015–Mar. 31, 2017

	Minimum	1st quartile	Median	3rd quartile	Maximum
Credit Suisse Swiss Pension Fund Index	0.07%	2.48%	2.90%	3.68%	6.05%
Pension funds > CHF 1 bn	0.84%	2.36%	3.21%	3.90%	5.16%
Pension funds CHF 500 mn–1 bn	2.29%	2.49%	3.22%	3.40%	4.97%
Pension funds CHF 150–500 mn	0.07%	2.55%	2.88%	3.04%	5.44%
Pension funds < CHF 150 mn	1.82%	2.47%	2.79%	3.90%	6.05%

# Asset Allocation

## Foreign Equities Component at All-Time High; Swiss Equities at 12-Month High; Liquidity Component at All-Time Low

The asset allocation as of March 31, 2017, shows new developments at the start of the year. Increasing allocations can be seen in foreign and Swiss equities. The Swiss (+0.47 percentage points to 13.78%) and foreign equities (+0.33 percentage points to 18.53%) components increased visibly, as in the previous quarter, to end the reporting quarter at all-time highs. Further increases were seen for real estate (+0.06 percentage points to 23.06%), mortgages (+0.03 percentage points to 2.1%), and “others” (+0.04 percentage points to 1.06%).

As in the prior quarter, the Swiss franc (−0.24 percentage points to 24.05%) and foreign bonds components (−0.15 percentage points to 6.92%) were reduced and ended the reporting quarter at their respective lowest points since the Index began. Furthermore, the liquidity component fell significantly and is likewise at its lowest point since the start of the Index (−0.55% to 4.33%). The alternative investments component fell only marginally (−0.01 percentage points to 6.15%) after peaking in the preceding quarter.

Chart 3:

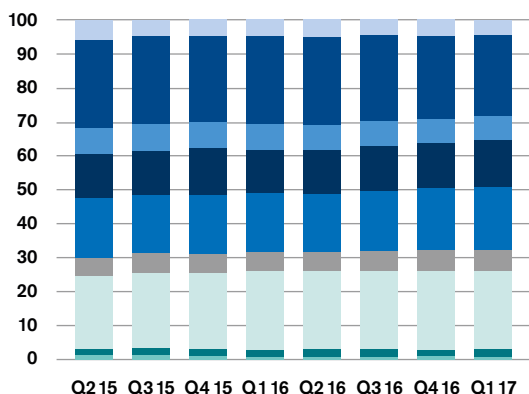
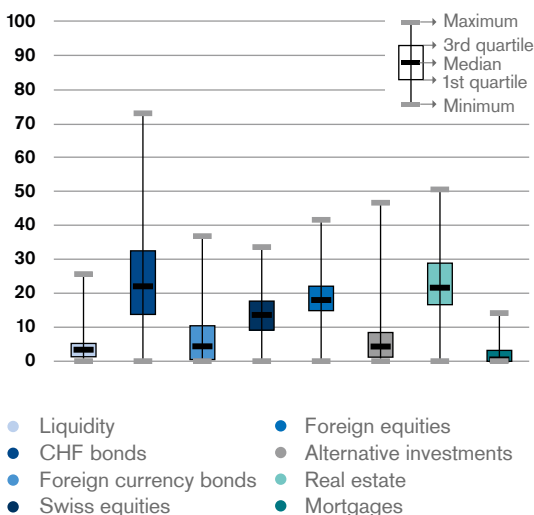


Chart 4:



Scale: in percent (%)

	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17
Liquidity	5.86	4.71	4.74	4.88	5.05	4.66	4.88	4.33
CHF bonds	25.89	25.91	25.44	25.85	25.86	25.05	24.29	24.05
Foreign currency bonds	7.63	7.82	7.59	7.37	7.34	7.51	7.07	6.92
Swiss equities	13.11	13.20	13.75	12.90	12.99	13.17	13.31	13.78
Foreign equities	17.38	16.85	17.30	17.32	16.94	17.55	18.20	18.53
Alternative investments	5.49	5.93	5.59	5.64	5.77	5.88	6.16	6.15
Real estate	21.35	22.15	22.37	23.05	22.92	23.00	23.00	23.06
Mortgages	2.01	2.01	2.01	2.05	2.08	2.12	2.07	2.10
Other	1.28	1.42	1.22	0.95	1.06	1.05	1.02	1.06

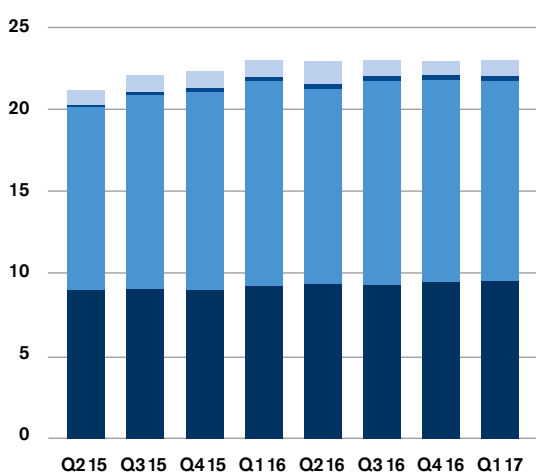
Scale: in percent (%)

### Slight Increase in Direct Investments in Swiss and Foreign Real Estate

As in the previous quarter, there was another slight increase in direct real estate investments within the real estate asset class.

The share of direct investments in real estate in Switzerland (+0.09 percentage points to 9.63%) and abroad (+0.01 percentage points to 0.32%) rose slightly. In the case of indirect real estate investments only the foreign share showed an increase (+0.12 percentage points to 0.96%), while the proportion of investments in Switzerland was further reduced (-0.16 percentage points to 12.15%).

Chart 5:



	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17
● Foreign real estate, indirect	0.89	1.02	0.98	1.01	1.34	0.93	0.84	0.96
● Foreign real estate, direct	0.15	0.20	0.26	0.28	0.28	0.29	0.31	0.32
● Swiss real estate, indirect	11.25	11.82	12.10	12.42	11.88	12.37	12.31	12.15
● Swiss real estate, direct	9.06	9.11	9.03	9.34	9.42	9.41	9.54	9.63

Scale: in percent (%)

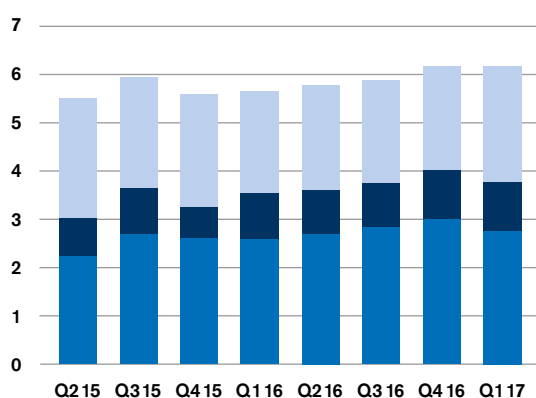


## Increase in Commodities Component, While Hedge Fund Component Visibly Declines

The commodities component visibly increased (+0.23 percentage points to 2.38%), while the private equity component showed only a marginal rise (+0.01 percentage points to 1.01%).

In contrast with the previous quarter, a decrease in the hedge funds category was observed (−0.26 percentage points to 2.75%).

Chart 6:



	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17
Commodities	2.47	2.29	2.33	2.10	2.16	2.13	2.15	2.38
Private equity	0.77	0.93	0.64	0.94	0.91	0.93	1.00	1.01
Hedge funds	2.24	2.70	2.62	2.60	2.69	2.83	3.01	2.75

Scale: in percent (%)

## Modified Duration

The modified duration increased slightly during the reporting quarter and stood at 6.05% as of March 31, 2017.

Table 3a: Modified Duration<sup>1</sup>

Jan. 1, 2017–Mar. 31, 2017

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Credit Suisse Swiss Pension Fund Index	5.98	6.01	6.05									
Pension funds > CHF 1 bn	6.03	6.08	6.14									
Pension funds CHF 500 mn–1 bn	6.42	6.62	6.65									
Pension funds CHF 150–500 mn	5.96	5.96	6.04									
Pension funds < CHF 150 mn	5.87	5.86	5.87									

<sup>1</sup> Note: The modified duration indicates the direct sensitivity of the bond price (in percentage terms) to a 1% change in the market interest rate. Only direct bond investments are used in calculating the modified duration; collective investments are excluded.

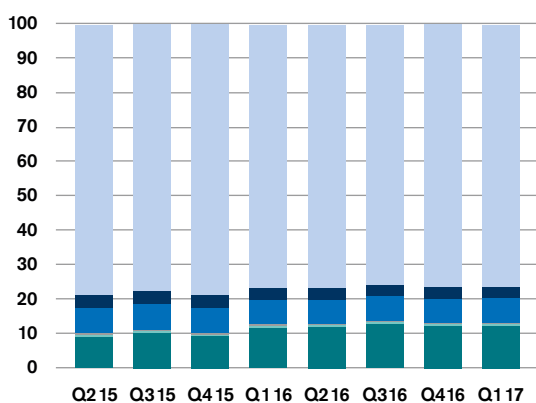
# Currency Allocation

## Swiss Franc Component Lower Again

The currency allocation in the first quarter of 2017 showed a decrease in the CHF component to 76.17% (-0.21 percentage points) after significant gains in the preceding quarter. The JPY component also declined (-0.08 percentage points to 0.44%).

An increase can be seen in the USD (+0.14 percentage points to 7.20%) and EUR components (+0.10 percentage points to 3.33%). There was only a marginal increase in the GBP (+0.01 percentage points to 0.44%) and "Other" components (+0.03 percentage points to 12.42%).

Chart 7:



	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17
CHF	78.51	77.41	78.63	76.42	76.47	75.62	76.38	76.17
EUR	3.86	3.85	3.68	3.59	3.46	3.33	3.23	3.33
USD	7.36	7.39	7.37	7.10	7.04	7.03	7.06	7.20
GBP	0.47	0.46	0.45	0.49	0.45	0.41	0.43	0.44
JPY	0.52	0.54	0.57	0.51	0.47	0.54	0.52	0.44
Other	9.28	10.35	9.30	11.88	12.11	13.06	12.39	12.42

Scale: in percent (%)

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**Important Note**

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