

Credit Suisse Swiss Pension Fund Index Q2 2022



Credit Suisse Swiss Pension Fund Index

Comparison of Swiss pension funds

Q2 2022: -6.22%

YTD 2022: -9.47%

- Further losses
- Significant fall in prices on equity markets
- Negative return from all asset classes

Market review

High inflation prompted central banks to raise interest rates further in the second quarter of 2022. Global equity markets responded, and volatility increased. Government bond yields continued to rise and there was a substantial widening of credit spreads. The US dollar showed firmness against other leading currencies in the second quarter of 2022.

- Global growth slowed again in the second quarter. Economic activity in the US lost momentum, while business sentiment deteriorated. New waves of COVID-19 in China led to reduced mobility due to ongoing lockdowns, thus curbing economic activity across the country. In addition, higher energy prices continued to push up inflation, putting pressure on households and companies. In particular, natural gas prices in Europe rose sharply at the end of the quarter as geopolitical tensions reduced the flow of gas from Russia.
- The scale and pace of monetary tightening on the part of central banks increased in the second quarter of 2022. The US Federal Reserve (Fed) raised its key interest rate by 125 basis points. Furthermore, it began reducing its balance sheet and signaled that further rate hikes were likely in the coming quarters. Meanwhile, the Bank of England and the Swiss National Bank (SNB) raised their key interest rates by 50 basis points. The European Central Bank (ECB) left key interest rates unchanged, although it did signal interest-rate increases in the second half of the year along with the end of its asset purchase program. The Bank of Japan (BoJ) left key interest rates unchanged and maintained its asset purchases.
- Global equities fell by 14% in the second quarter of 2022 due to the combination of tighter monetary policy, higher-than-expected inflation, geopolitical tensions, and fears of recession. All major developed equity markets posted negative returns. US equities were down by 17% and thus underperformed their eurozone peers, which declined by 10%. Swiss equities shed 11% during the same period. Emerging-market equities lost 8%, with the Asia (-7%) region exhibiting the strongest performance. This was chiefly attributable to China – one of the few equity markets to turn in a positive performance. Driven mainly by Brazil, Latin America was the weakest region with a drop of 16%. Energy was the best performer at sector level, but lost 2% nevertheless. Defensive sectors like consumer staples, utilities, and healthcare outperformed global equities. Consumer discretionary and information technology were the worst-performing sectors. World bank stocks fell by 13% in the period under review, although they beat global equities as a whole. European bank shares were down 4% and therefore outperformed global equities. The Chicago Board Options Exchange Market Volatility Index (VIX) rose over the course of the quarter.
- In fixed income, two-year and ten-year US Treasuries showed volatility again in early June, but remained broadly stable for the rest of the quarter. Credit spreads widened in the observation period. Both investment-grade and high-yield bonds once again delivered negative returns. Corporate default rates rose in the US as well as Europe. Emerging-market sovereign bonds underperformed investment-grade and high-yield bonds given ongoing geopolitical tensions.
- Volatility rose on foreign exchange markets in the second quarter of 2022 as a result of monetary policy tightening by major central banks in response to the global surge in inflation. The US dollar strengthened against other major currencies. The euro and pound depreciated against the US currency by 5% and 7%, respectively. The yen declined against most other major currencies, as the BoJ remained the only major central bank still actively seeking to exert pressure in order to lower domestic interest rates. While the Swiss franc likewise lost ground against the greenback, it traded 2% higher against the EUR following the SNB's June decision to raise benchmark interest rates.
- Commodity prices – as measured by the Credit Suisse Commodity Benchmark – continued to increase at the beginning of the quarter, before retreating again in June. While energy prices were higher, agricultural prices declined on account of

The Credit Suisse Swiss Pension Fund Index is calculated on the basis of the equally weighted gross returns (prior to deducting management costs) realized by Swiss pension funds 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.

favorable crop conditions in the euro zone and the US, which helped mitigate the pressure caused by a minimal supply buffer. Industrial metal prices declined, in particular the more cyclical sub-markets such as copper, as Chinese lockdowns weighed on industrial activity. Despite geopolitical tensions, precious metals lost ground during the observation period. The strength of the US dollar and more restrictive stance on the part of central banks, including rising US real yields, had a negative impact on the price of gold.

Credit Suisse Swiss Pension Fund Index: Further losses spreading

- The Pension Fund Index fell by –12.60 points, or –6.22%, in the quarter under review; this gives a change of –9.47% since the start of the year. The index stood at 189.96 points as of June 30, 2022, having risen from a baseline of 100 points at the beginning of 2000. April (–1.42%) and May (–1.17%) were already negative, while June (–3.75%) showed even greater losses.

- The lion's share of negative performance in the second quarter was attributable to equities (–3.98%). Swiss equities made a return contribution of –1.56%, while foreign equities contributed –2.42%. Bonds and real estate likewise weighed on the Q2 result with distinctly negative performance contributions of –1.33% and –0.72%, respectively. The other asset categories were fairly unremarkable, but nonetheless ended in slightly negative territory across the board.

Table 1: Performance contribution (quarterly)

Credit Suisse Swiss Pension Fund Index (January 1, 2022–June 30, 2022)

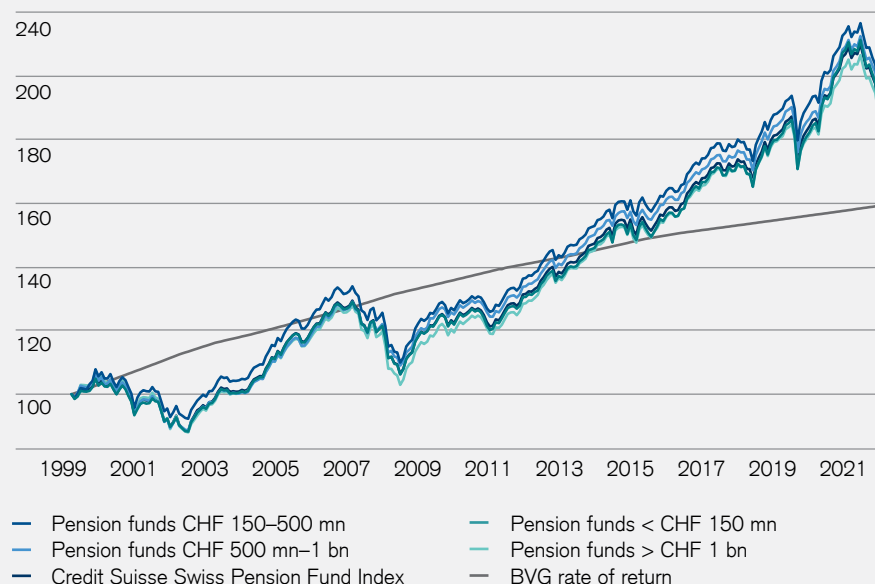
	Q1 22	Q2 22	Q3 22	Q4 22	YTD
Liquidity	–0.03%	–0.11%			–0.13%
CHF bonds	–1.39%	–1.11%			–2.44%
Foreign currency bonds	–0.21%	–0.20%			–0.39%
Convertible bonds	–0.01%	–0.02%			–0.03%
Swiss equities	–0.83%	–1.56%			–2.34%
Foreign equities	–1.00%	–2.42%			–3.34%
Alternative investments	0.07%	–0.04%			0.03%
Real estate	–0.05%	–0.72%			–0.75%
Mortgages	–0.01%	–0.02%			–0.03%
Other	–0.01%	–0.02%			–0.03%
Total	–3.47%	–6.22%			–9.47%

Credit Suisse Swiss Pension Fund Index above BVG mandatory minimum rate of return over long term

■ The index of the BVG mandatory minimum rate of return (1% p.a. since January 1, 2017) rose by 0.40 points (0.25%) to 159.06 points in the reporting quarter from a baseline of 100 in January 2000. The return of the Credit Suisse Swiss Pension Fund Index was therefore –6.47% below the BVG requirement in the second quarter of 2022.

■ The annualized return on the Credit Suisse Swiss Pension Fund Index (since January 1, 2000) amounted to 2.89% as of June 30, 2022. This contrasts with an annualized BVG mandatory minimum rate of return of 2.08%.

Chart 1:
Performance by pension fund segment size



Scale: Index level

BVG rate of return

until 31.12.2002	4.00%
from 1.1.2003	3.25%
from 1.1.2004	2.25%
from 1.1.2005	2.50%
from 1.1.2008	2.75%
from 1.1.2009	2.00%
from 1.1.2012	1.50%
from 1.1.2014	1.75%
from 1.1.2016	1.25%
since 1.1.2017	1.00%

Table 2: Index level 2015–2022

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
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
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
2017	160.03	162.97	164.03	165.65	166.57	165.92	167.78	167.87	168.95	170.97	171.22	172.48
2018	172.42	170.25	170.20	172.40	171.44	171.65	173.73	172.82	173.03	170.69	170.63	166.96
2019	172.06	174.21	176.13	179.15	176.66	179.49	181.14	181.37	182.27	183.16	185.49	186.14
2020	187.09	182.86	172.81	178.56	181.12	182.65	184.03	185.99	186.43	184.18	191.06	193.79
2021	193.32	194.54	199.21	200.58	202.01	205.78	206.66	208.79	205.45	207.15	206.70	209.84
2022	205.93	202.17	202.57	199.70	197.36	189.96						

Table 3: Monthly returns 2015–2021

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
2015	–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%
2016	–0.94%	–0.64%	1.10%	0.94%	1.29%	–0.24%	1.13%	0.58%	–0.01%	–0.72%	0.16%	1.20%	3.87%
2017	0.26%	1.83%	0.65%	0.99%	0.55%	–0.39%	1.12%	0.06%	0.64%	1.20%	0.14%	0.74%	8.05%
2018	–0.04%	–1.26%	–0.03%	1.29%	–0.55%	0.12%	1.21%	–0.52%	0.12%	–1.35%	–0.04%	–2.15%	–3.20%
2019	3.05%	1.25%	1.10%	1.71%	–1.39%	1.60%	0.92%	0.13%	0.49%	0.49%	1.27%	0.35%	11.48%
2020	0.51%	–2.26%	–5.49%	3.33%	1.43%	0.84%	0.76%	1.07%	0.23%	–1.21%	3.73%	1.43%	4.11%
2021	–0.24%	0.63%	2.40%	0.69%	0.72%	1.86%	0.43%	1.03%	–1.60%	0.82%	–0.22%	1.52%	8.28%
2022	–1.86%	–1.83%	0.20%	–1.42%	–1.17%	–3.75%							–9.47%

Table 4: Monthly returns 2022 by pension fund segment size

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
Credit Suisse Swiss Pension Fund Index	–1.86%	–1.83%	0.20%	–1.42%	–1.17%	–3.75%							–9.47%
Pension funds > CHF 1 bn	–1.85%	–1.71%	0.14%	–1.36%	–1.10%	–3.49%							–9.05%
Pension funds CHF 500 mn–1 bn	–1.74%	–1.76%	0.28%	–1.20%	–1.09%	–3.72%							–8.93%
Pension funds CHF 150–500 mn	–1.83%	–1.79%	0.08%	–1.53%	–1.10%	–3.57%							–9.39%
Pension funds < CHF 150 mn	–2.02%	–2.08%	0.41%	–1.44%	–1.44%	–4.42%							–10.56%

Table 5: Annualized returns

January 1. 2000–June 30. 2022

	Annualized performance since January 1. 2000
Credit Suisse Swiss Pension Fund Index	2.89%
BVG rate of return	2.08%
Pension funds > CHF 1 bn	2.84%
Pension funds CHF 500 mn–1 bn	2.97%
Pension funds CHF 150–500 mn	3.04%
Pension funds < CHF 150 mn	2.87%

Performance by asset class

Monthly returns

Table 6: Credit Suisse Swiss Pension Fund Index in 2022

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
Liquidity	-2.31%	1.69%	0.03%	-4.54%	0.87%	0.98%							-3.38%
CHF bonds	-1.48%	-1.83%	-2.35%	-2.30%	-0.51%	-1.94%							-10.00%
Foreign currency bonds	0.05%	-3.09%	-1.96%	-0.16%	-0.83%	-3.71%							-9.38%
Convertible bonds	-3.29%	-1.49%	-0.24%	-2.57%	-2.65%	-4.57%							-13.98%
Swiss equities	-5.67%	-2.58%	2.28%	-0.16%	-4.20%	-7.40%							-16.75%
Foreign equities	-3.33%	-3.72%	2.01%	-3.57%	-0.78%	-8.25%							-16.66%
Alternative investments	0.80%	-0.45%	0.75%	1.80%	-0.81%	-1.48%							0.57%
Real estate	0.09%	-0.71%	0.43%	-0.17%	-1.00%	-1.75%							-3.09%
Mortgages	-0.10%	-0.24%	-0.47%	-0.43%	-0.10%	-0.53%							-1.87%
Other	-2.04%	-1.16%	0.10%	-0.77%	-0.96%	-4.01%							-8.58%
Total	-1.86%	-1.83%	0.20%	-1.42%	-1.17%	-3.75%							-9.47%

Note: In addition to cash, the liquidity asset class includes money market investments and FX forwards for currency hedging purposes.

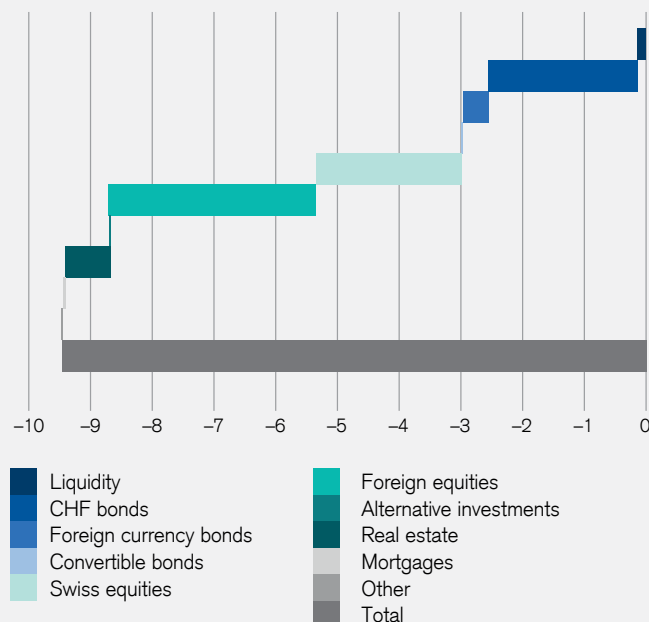
Table 7: Benchmark indices in 2022

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
CHF bonds SBI AAA-BBB 1-15Y (TR)	-1.16%	-1.66%	-2.04%	-1.50%	-0.41%	-1.52%							-8.01%
Foreign currency bonds Bloomberg Global Aggr. (TR)	0.09%	-2.63%	-2.75%	-0.30%	-0.98%	-3.33%							-9.55%
Swiss equities SPI (TR)	-5.67%	-2.20%	2.42%	0.42%	-4.38%	-7.27%							-15.87%
Foreign equities MSCI AC World ex Switzerland (NR)	-2.76%	-4.06%	2.48%	-3.05%	-1.04%	-8.58%							-16.14%
Real estate direct/ investment foundations KGAST Immo-Index (Switzerland) (TR)	0.31%	0.34%	0.57%	0.29%	0.32%	0.36%							2.20%
Real estate funds SXI Real Estate Funds Broad (TR)	-0.19%	-3.45%	-0.56%	-1.13%	-4.42%	-6.01%							-14.88%

Negative second-quarter return heavily affected by foreign equities

- Foreign equities were highly negative (−12.22%) and minimally outperformed the benchmark index MSCI AC World ex Switzerland (NR) (−12.29%).
- Swiss equities were likewise very negative in the quarter under review (−11.43%) and underperformed the SPI (TR) (−10.96%).
- CHF bonds were negative (−4.69%) and behind the SBI AAA-BBB 1–15Y (TR) (−3.39%).
- Foreign currency bonds were negative (−4.66%) and underperformed the benchmark Bloomberg Barclays Global Aggr. (TR) (−4.56%).
- Real estate was negative (−2.90%), but ahead of the benchmark (50% KGAST and 50% SXI Real Estate Funds Broad [TR]) (−5.22%).
- Liquidity (cash, money market investments, and FX forwards for currency hedging) posted a negative return (−2.76%) in the second quarter.

Chart 2:
Contribution waterfall YTD 2022



Scale: Return in percent (%)

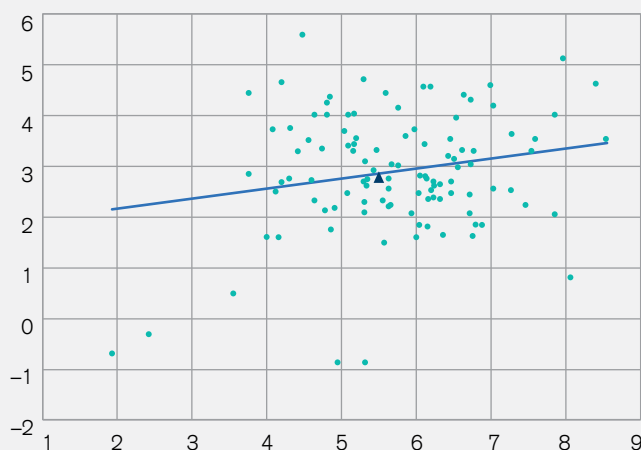
Risk/return positions

Five-year review: Falling annualized return in the reporting quarter, as annualized risk increases

- The unweighted average annualized return in Q2 2022 fell by a significant -1.57 percentage points compared with the first quarter of 2022 to 2.74% amid rising risk ($+0.41\%$ to 5.50%).
- The Sharpe ratio therefore deteriorated significantly from 0.97 to 0.63 .
- Pension funds with an investment volume of more than CHF 1 billion and between CHF 500 million to CHF 1 billion exhibited the best risk/return ratio (Sharpe ratio of 0.65).
- Pension funds with an investment volume of more than CHF 1 billion showed the highest median return (3.03%).
- Pension funds with an investment volume of between CHF 500 million and CHF 1 billion showed the lowest median return (2.78%).
- Pension funds with an investment volume of less than CHF 150 million showed the lowest Sharpe ratio (0.58).

Chart 3:

Annualized risk/return comparison; five-year view, monthly values from July 2017 to June 2022



X-axis: annualized risk in percent (%)

Y-axis: annualized return in percent (%)

▲ : Credit Suisse Swiss Pension Fund Index

Table 8: Risk/return ratios

April 1, 2017–June 30, 2022

	Risk	Return	Sharpe ratio
Credit Suisse Swiss Pension Fund Index	5.50%	2.74%	0.63
Pension funds > CHF 1 bn	5.34%	2.76%	0.65
Pension funds CHF 500 mn–1 bn	5.27%	2.73%	0.65
Pension funds CHF 150–500 mn	5.31%	2.65%	0.63
Pension funds < CHF 150 mn	6.05%	2.80%	0.58

Table 9: Return bandwidths

April 1, 2017–June 30, 2022

	Minimum	1st quartile	Median	3rd quartile	Maximum
Credit Suisse Swiss Pension Fund Index	-0.86%	2.32%	2.78%	3.62%	5.59%
Pension funds > CHF 1 bn	-0.86%	2.22%	3.03%	3.72%	4.26%
Pension funds CHF 500 mn–1 bn	1.61%	2.51%	2.78%	3.46%	4.61%
Pension funds CHF 150–500 mn	-0.85%	2.10%	2.86%	3.51%	5.59%
Pension funds < CHF 150 mn	1.64%	2.27%	2.92%	4.17%	5.13%

Note: The Sharpe ratio shows the return in excess of the risk-free interest rate divided by the volatility, which is a measure of its risk.

The risk/return figures in Table 8 are annualized values for the past five years. A portfolio only contributes to the return and risk of the index during the periods in which this portfolio is included in the index. The data points in Chart 3, by contrast, show the figures for the portfolios that were part of the index at the end of the reference quarter, regardless of the date they joined the index, as well as the figures for the index itself. The data points of recently added portfolios may have been removed if the annualization led to meaningless outliers.

Asset allocation

Rises in real estate and alternative investments, declines in equities

■ The sharp decline in share prices led to a shift in favor of other asset classes, in particular direct real estate and alternative investments, in the reporting quarter.

- Real estate +0.99% to 25.72%
- Alternative investments +0.53% to 7.36%
- Mortgages +0.21% to 1.91%
- CHF bonds +0.17% to 24.39%
- Foreign currency bonds +0.13% to 4.18%
- Liquidity +0.11% to 4.44%
- Convertible bonds –0.02% to 0.20%
- Swiss equities –0.79% to 13.04%
- Foreign equities –1.33% to 18.42%

Chart 4:

Asset allocation

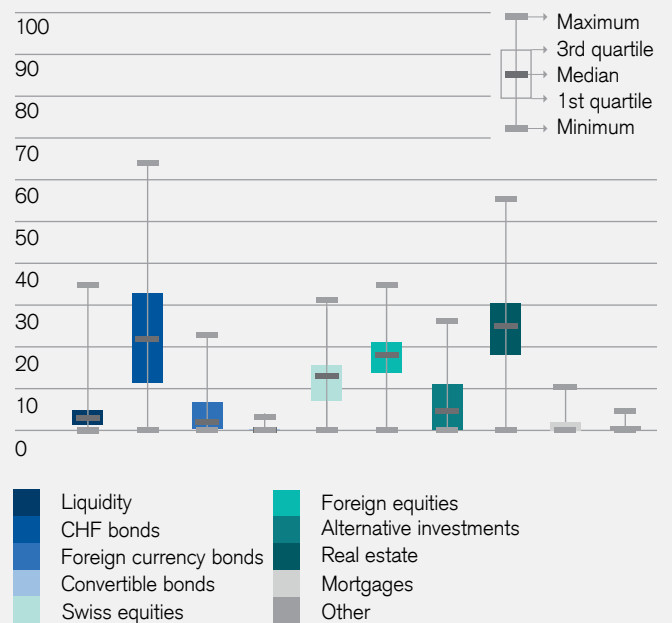
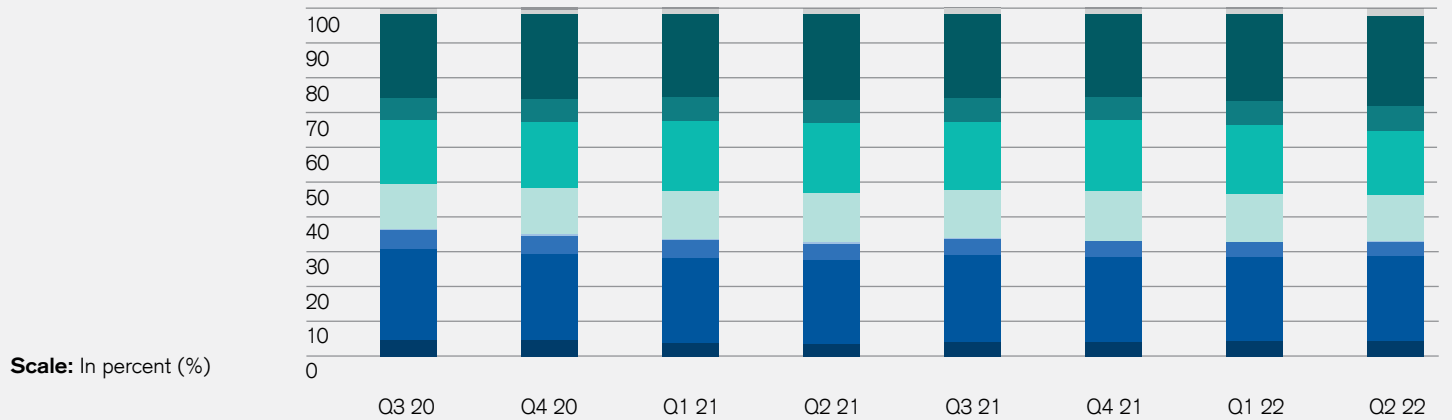


Chart 5:

Asset allocation at the end of the quarter for the last eight quarters



■ Liquidity	4.86%	4.71%	3.84%	3.59%	4.12%	4.14%	4.33%	4.44%
■ CHF bonds	26.03%	24.73%	24.44%	24.03%	24.84%	24.41%	24.22%	24.39%
■ Foreign currency bonds	5.22%	5.10%	4.98%	4.71%	4.60%	4.43%	4.05%	4.18%
■ Convertible bonds	0.37%	0.38%	0.33%	0.32%	0.36%	0.26%	0.22%	0.20%
■ Swiss equities	12.97%	13.26%	13.83%	14.21%	13.76%	14.26%	13.82%	13.04%
■ Foreign equities	18.13%	19.03%	20.10%	19.88%	19.59%	20.09%	19.75%	18.42%
■ Alternative investments	6.46%	6.60%	6.69%	6.71%	6.74%	6.66%	6.83%	7.36%
■ Real estate	24.08%	24.16%	23.87%	24.66%	24.15%	23.84%	24.73%	25.72%
■ Mortgages	1.35%	1.33%	1.46%	1.42%	1.50%	1.54%	1.70%	1.91%
■ Other	0.53%	0.69%	0.45%	0.46%	0.36%	0.36%	0.34%	0.36%

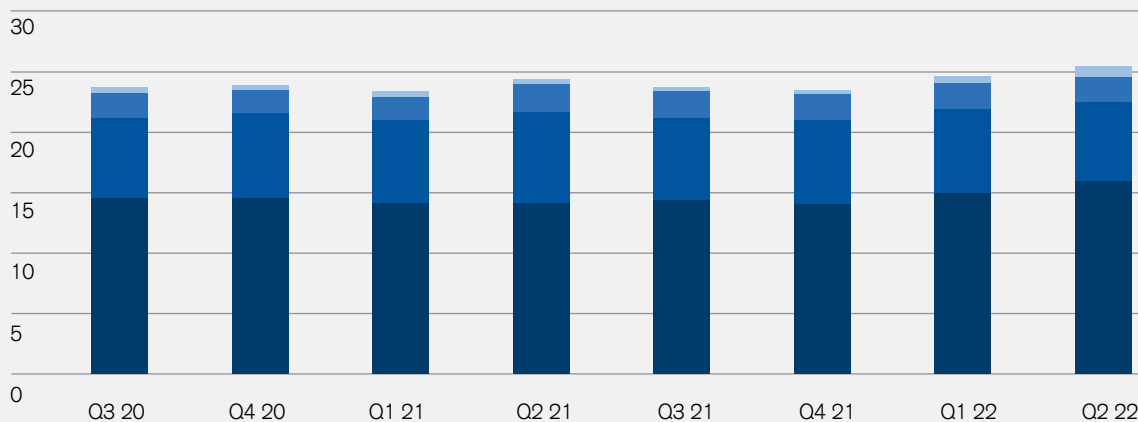
Increase in real estate

- The total proportion of real estate was up as of the end of the second quarter of 2022 (+0.99% to 25.72%).

- Swiss real estate increased overall (+0.95% to 22.65%; direct +1.25% to 16.14%, indirect -0.29% to 6.52%).
- Foreign real estate increased slightly (+0.03% to 3.06%).

Chart 6:

Real estate allocation at the end of the quarter for the last eight quarters



Swiss direct investments / investment foundations	14.78%	14.77%	14.46%	14.35%	14.42%	14.14%	14.89%	16.14%
Swiss investment funds	6.30%	6.53%	6.44%	7.32%	6.78%	6.81%	6.81%	6.52%
Foreign hedged	2.07%	1.98%	1.99%	2.04%	1.97%	1.96%	2.04%	2.10%
Foreign unhedged	0.93%	0.89%	0.98%	0.96%	0.98%	0.93%	1.00%	0.97%
Total	24.08%	24.16%	23.87%	24.66%	24.15%	23.84%	24.73%	25.72%

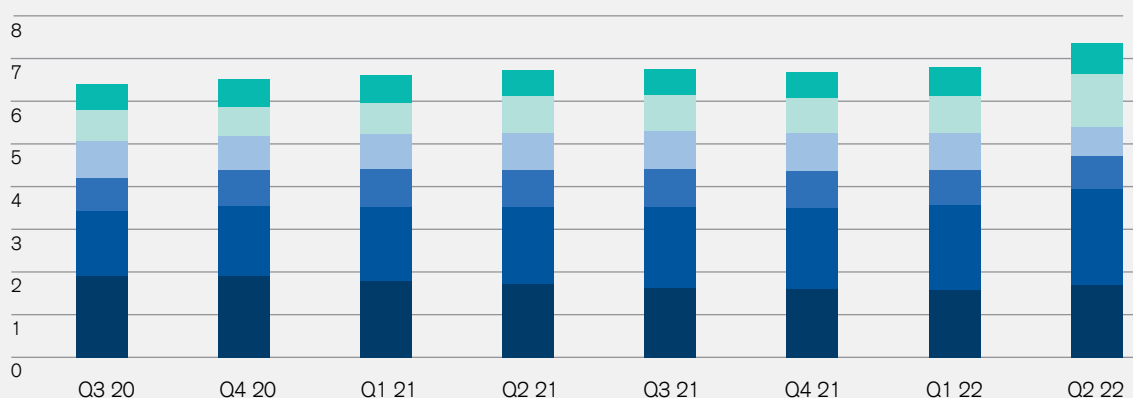
Increase in private equity and infrastructure

- The alternative investments component increased compared with the previous quarter (+0.53% to 7.36%).
- The biggest increases were recorded in private equity (+0.24% to 2.25%) and infrastructure (+0.18% to 1.24%).

- The hedge funds (+0.07% to 1.69%) and senior loans (+0.06% to 0.73%) components increased slightly.
- The insurance-linked (−0.00% to 0.67%) and commodities (−0.02% to 0.78%) components decreased slightly.

Chart 7:

Allocation of alternative investments at the end of the quarter for the last eight quarters



Scale: In percent (%)

Hedge funds	1.96%	1.96%	1.91%	1.89%	1.76%	1.63%	1.62%	1.69%
Private equity	1.49%	1.51%	1.63%	1.74%	1.84%	1.89%	2.01%	2.25%
Commodities	0.68%	0.76%	0.77%	0.75%	0.79%	0.79%	0.80%	0.78%
Insurance-linked	0.83%	0.82%	0.79%	0.73%	0.75%	0.73%	0.67%	0.67%
Infrastructure	0.89%	0.87%	0.90%	0.96%	0.97%	1.00%	1.06%	1.24%
Senior loans	0.60%	0.69%	0.69%	0.64%	0.64%	0.62%	0.67%	0.73%
Total	6.46%	6.60%	6.69%	6.71%	6.74%	6.66%	6.83%	7.36%

Modified duration

- The modified duration for the overall index fell to 4.86 as of June 30, 2022.
- Pension funds with assets between CHF 500 million and CHF 1 billion exhibited the highest modified duration (5.56)

as of the end of June 2022.

- The lowest modified duration as of the end of June 2022 (3.40) was observed in pension funds with investment assets of below CHF 150 million.

Table 10: Modified duration in 2022 (at month-end)

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Credit Suisse Swiss Pension Fund Index	5.20	5.21	4.97	4.88	4.89	4.86						
Pension funds > CHF 1 bn	5.42	5.47	5.23	5.19	5.40	5.34						
Pension funds CHF 500 mn–1 bn	6.58	6.24	5.85	5.70	5.85	5.56						
Pension funds CHF 150–500 mn	4.72	4.92	4.82	4.69	4.53	4.63						
Pension funds < CHF 150 mn	3.99	3.94	3.67	3.52	3.43	3.40						

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

Increase in Swiss franc component in second quarter of 2022

- The reporting quarter saw a shift to the CHF component, the share of which rose to 82.04% (+0.62%). The EUR component also increased marginally (+0.01% to 2.48%).

- The USD component decreased (−0.47% to 7.89%). The JPY component (−0.04% to 0.72%), GBP component (−0.01% to 0.72%), and the other currencies (−0.10% to 6.16%) also showed a decrease.

Chart 8:
Currency allocation for the last eight quarters

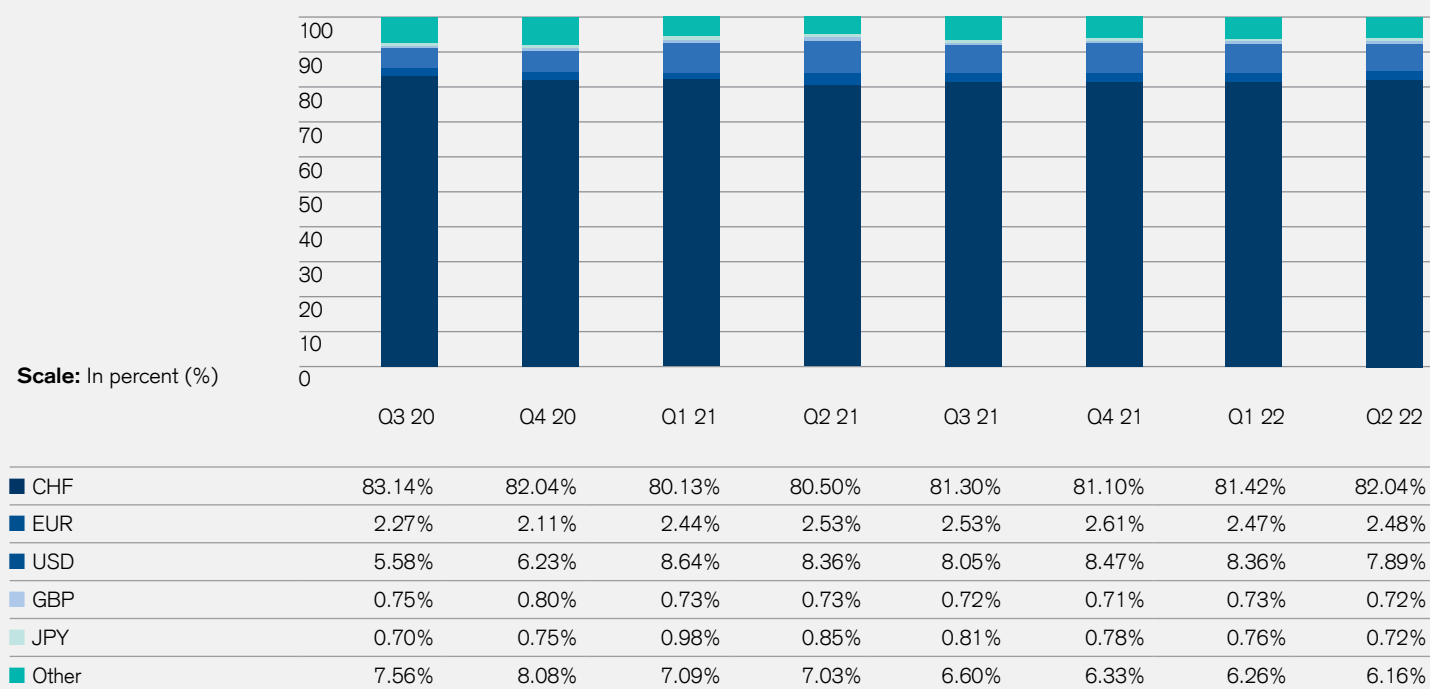


Table 11: Foreign exchange rates against the CHF in 2022

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
EUR	0.73%	−1.27%	−0.64%	0.01%	0.28%	−2.53%							−3.41%
USD	2.18%	−1.46%	0.31%	5.48%	−1.25%	−0.13%							5.07%
GBP	1.22%	−1.45%	−1.57%	0.57%	−0.89%	−3.74%							−5.79%
JPY	2.12%	−1.42%	−4.82%	−1.20%	−0.53%	−5.43%							−10.94%

Data source: Credit Suisse, unless otherwise specified.

Sustainability analysis

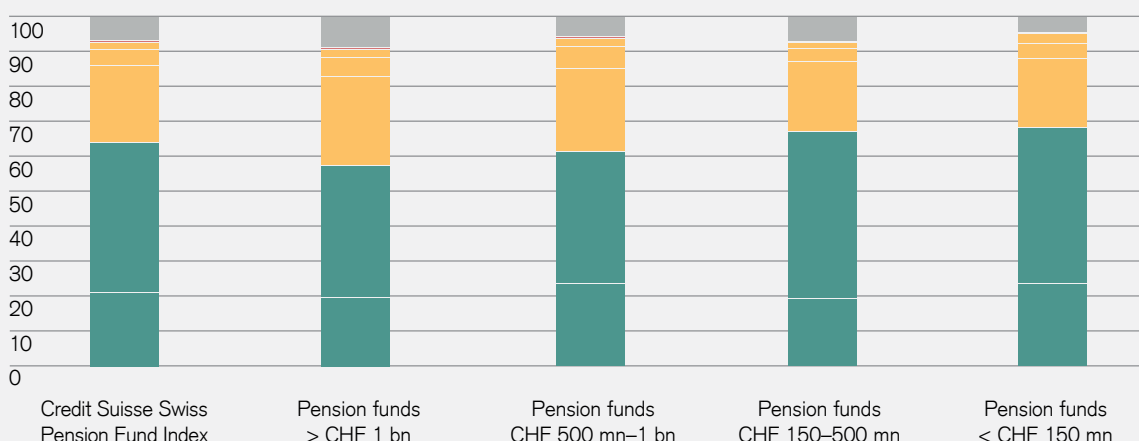
Asset allocation by MSCI ESG rating

- The independent MSCI ESG rating is based on the MSCI ESG score (0–10). The "leader" category for the respective sector is shown in green (AAA & AA), while yellow depicts "average" (A–BB) and red is for "laggard" (B–CCC).
- The leader category remains very strongly represented in the Credit Suisse Swiss Pension Fund Index at 64.00% (+6.41%).
- An MSCI ESG rating of AA accounts for the biggest share of

the overall index of all pension funds at 42.97%. This represents a decrease of 16.62% versus the previous quarter.

- The biggest rise at the end of the second quarter was in the AAA category at 21.04% (+16.70%). By further improving MSCI ESG scores, some investment vehicles now attract an ESG rating of AAA according to MSCI.
- The laggards – MSCI ESG ratings of B and CCC – account for by far the smallest share in all subindices.

Chart 9:
Asset allocation by MSCI ESG rating



Scale: In percent (%)

AAA	21.04%	19.80%	23.65%	19.36%	23.73%
AA	42.97%	37.71%	37.88%	47.79%	44.56%
A	21.96%	25.57%	23.80%	19.88%	19.84%
BBB	4.75%	5.29%	5.94%	4.08%	4.40%
BB	2.25%	2.47%	2.65%	1.64%	2.81%
B	0.35%	0.60%	0.43%	0.22%	0.22%
CCC	0.03%	0.05%	0.00%	0.01%	0.07%
Not rated	6.66%	8.51%	5.66%	7.04%	4.38%

Note: All sustainability analyses relate exclusively to the asset classes of equities and bonds.

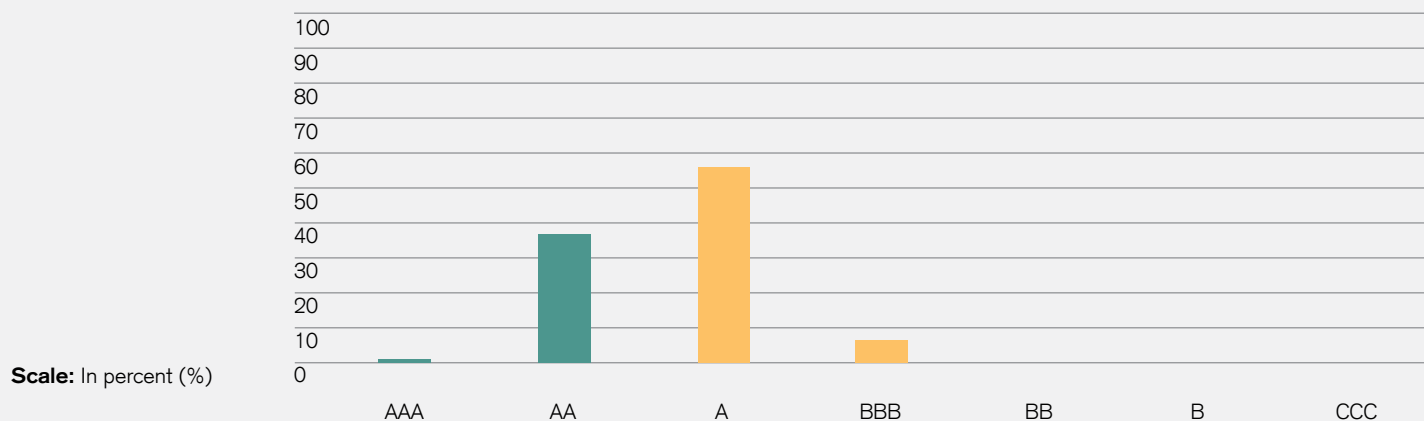
Data source: MSCI, Credit Suisse

Distribution of average MSCI ESG ratings

- The percentage share of pension funds with an average MSCI ESG rating of AA increased significantly compared with the previous quarter to 55.96% as of June 30, 2022.
- 36.70% of the participating pension funds had an MSCI ESG rating of A.
- For the first time, we are seeing an average ESG rating of AAA in the case of 0.92% of pension funds.
- 6.42% received an average MSCI ESG rating of BBB.

Chart 10:

Relative number of average ESG ratings



Note: All sustainability analyses relate exclusively to the asset classes of equities and bonds.

Data source: MSCI, Credit Suisse

Asset allocation by weighted average carbon intensity category (MSCI WACI)

- The weighted average carbon intensity is expressed in tons of carbon emissions per USD million sales. This metric allows the carbon risk of equities and bonds to be measured.
- 33.78% of the overall index falls into the "very low" or "low" carbon intensity categories.

- The largest part of the investments is allocated to the "moderate" category. The allocation to the "very high" and "high" categories is relatively small in every segment size of the pension funds.

Chart 11:
Weighted average carbon intensity category according to MSCI

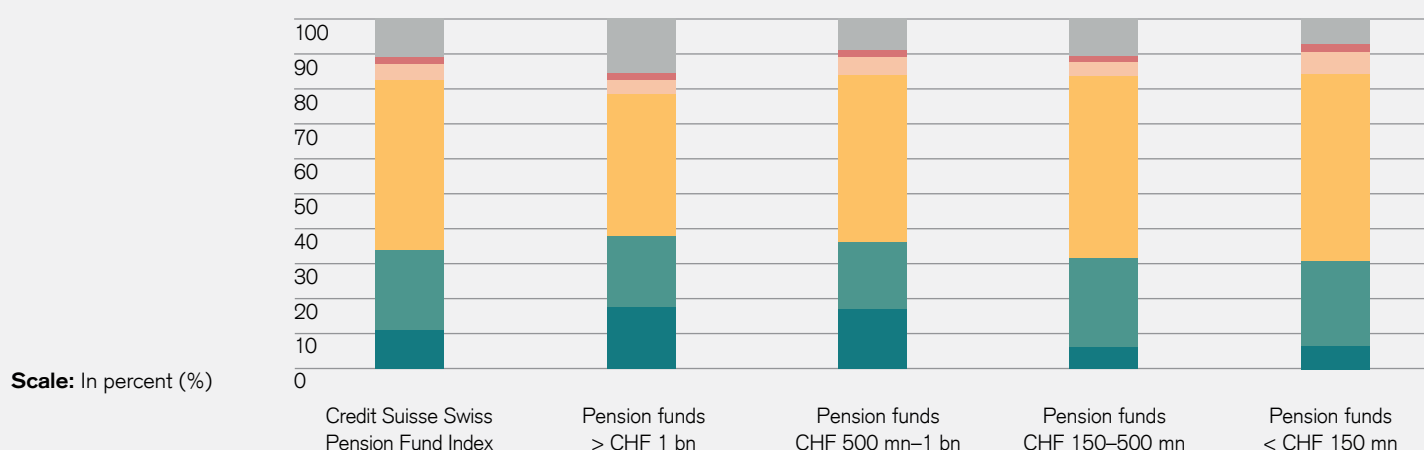


Table 12: Asset allocation by weighted average carbon intensity category as of June 30, 2022

Very low	10.95%	17.60%	17.06%	6.26%	6.64%
Low	22.83%	20.21%	19.05%	25.47%	24.09%
Moderate	48.58%	40.74%	47.66%	51.75%	53.38%
High	4.66%	3.86%	5.24%	4.06%	6.34%
Very high	1.84%	1.86%	1.90%	1.61%	2.19%
Not rated	11.13%	15.74%	9.08%	10.85%	7.35%

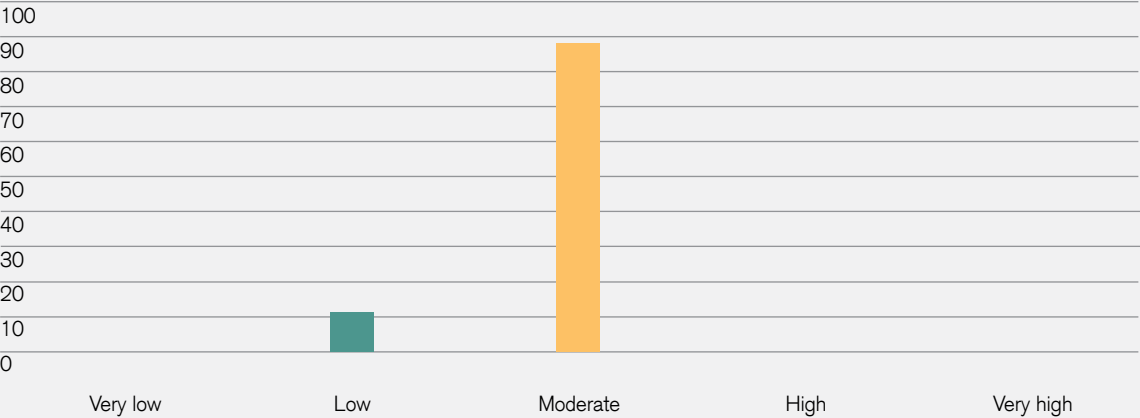
Note: All sustainability analyses relate exclusively to the asset classes of equities and bonds.

Data source: MSCI, Credit Suisse

Distribution of weighted average carbon intensity category according to MSCI

- The percentage share of pension funds with an average carbon intensity category of "low" is 11.43%.
- The vast majority of pension funds (88.57%) were assigned to the "moderate" category.
- None of the participating pension funds were assigned to the average carbon intensity categories of "high" or "very high" as of June 30, 2022.

Chart 12:
Relative number of average MSCI carbon intensity category



Scale: In percent (%)

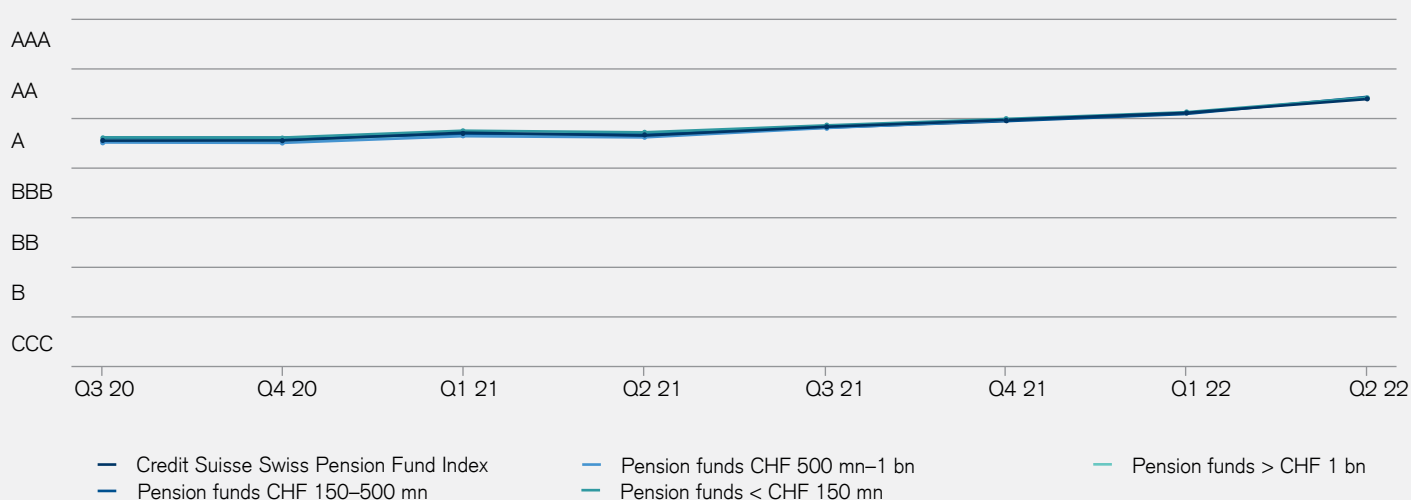
Note: All sustainability analyses relate exclusively to the asset classes of equities and bonds.
Data source: MSCI, Credit Suisse

Average MSCI ESG rating in last eight quarters

- The positive trend in the average MSCI ESG scores seen in the preceding quarters continued.

Chart 13:

Average ESG rating at end of quarter



Average MSCI ESG score for the last eight quarters

	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22
■ Credit Suisse Swiss Pension Fund Index	6.39	6.39	6.56	6.53	6.75	6.95	7.16	7.57
■ Pension funds > CHF 1 bn	6.46	6.46	6.56	6.57	6.74	6.93	7.08	7.46
■ Pension funds CHF 500 mn–1 bn	6.47	6.47	6.66	6.61	6.81	6.99	7.17	7.56
■ Pension funds CHF 150–500 mn	6.33	6.32	6.51	6.47	6.73	6.95	7.20	7.62
■ Pension funds < CHF 150 mn	6.38	6.39	6.60	6.52	6.77	6.96	7.17	7.61

Note: All sustainability analyses relate exclusively to the asset classes of equities and bonds.

Data source: MSCI, Credit Suisse



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