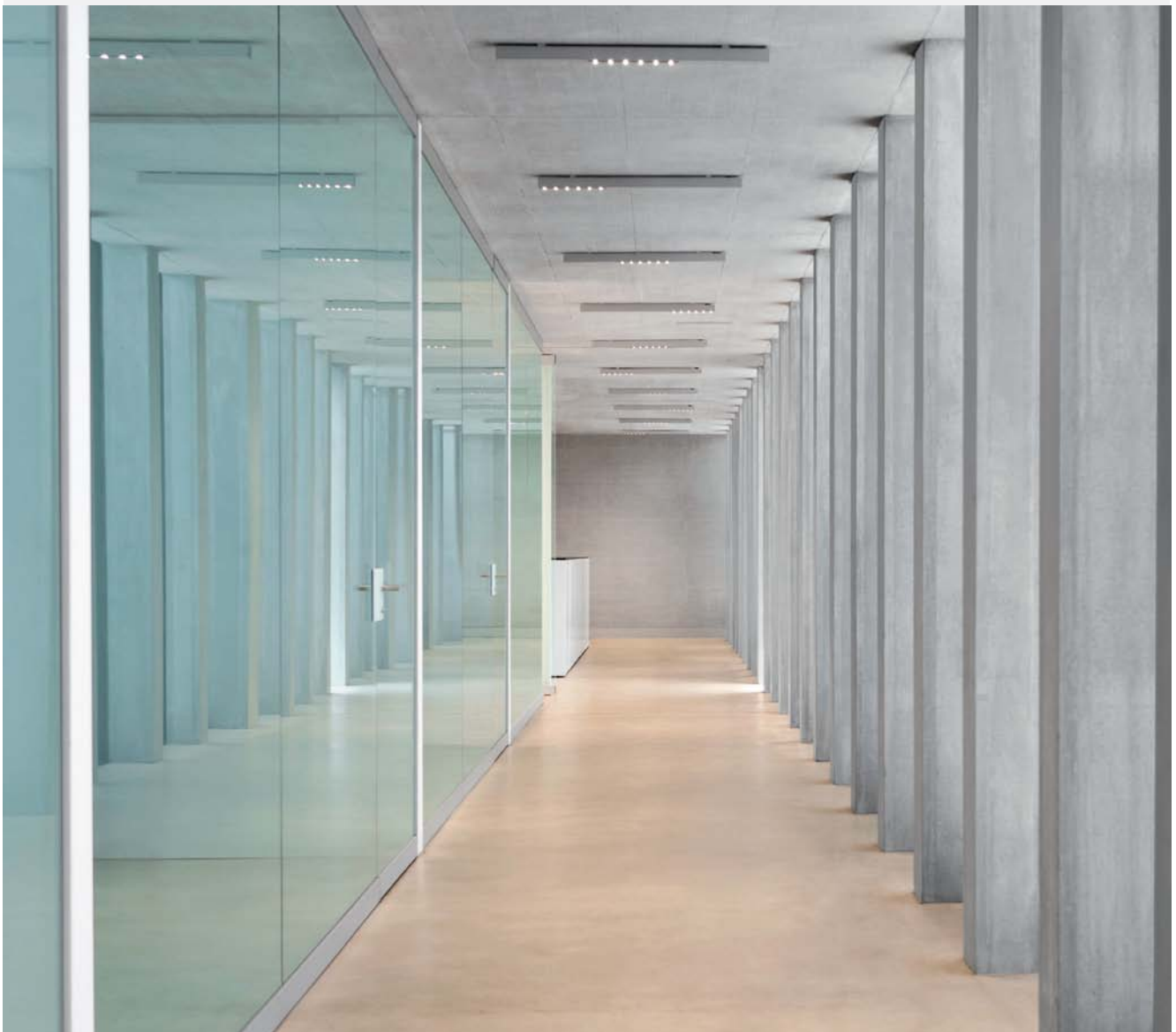


Credit Suisse Swiss Pension Fund Index Q4 2017

2017: 8.05%

Q4 2017: 2.09%

- Fourth-best annual result since start of Credit Suisse Pension Fund Index
- Equities have a crucial impact on the strong results
- Stable currency allocation



Historical performance indications and financial market scenarios are not reliable indicators of future performance.

Index versus Mandatory Minimum Rate of Return since January 2000

Market Review

- **Economic growth** in the key countries accelerated, while inflation remained low. The US Federal Reserve hiked key interest rates by a total of 75 basis points over the course of the year; the European Central Bank meanwhile left its interest rates unchanged, although it announced in October 2017 that it would reduce its bond purchases by EUR 30 billion from January 2018.
- With returns of more than 20%, global **equity markets** had a very successful year thanks to strong corporate profits and a favorable economic backdrop. In terms of leading markets, the performance of the US and Japan was above the global average while the euro zone underperformed. Emerging-market equities benefited from the weaker US dollar and climbed more than 31%. Equity market volatility fell to a record low in 2017.
- Despite the strong economic growth, the long-term US **government bonds** saw little change – mainly on account of subdued inflation expectations. Interest rates at the short end rose due to the hikes in key interest rates, causing the US dollar yield curve to flatten out. Long-term euro and

Swiss franc interest rates rose slightly thanks to the better growth outlook. The generally stronger appetite for risk led to outperformance by corporate bonds versus government bonds as well as high-yield bonds versus investment-grade corporate bonds. Emerging-market bonds likewise benefited from the greater risk appetite among investors.

- On the **currency** front, the US dollar lost ground against most hard currencies despite the rise in short-term interest rates. The euro, on the other hand, was among the winners after the reduction in political risk due to the outcome of the French elections. The improved economic outlook and announcement of a normalization of monetary policy were also helpful. The Swiss franc likewise strengthened against the US dollar, though it lost ground versus the euro against the backdrop of a lessening of political and economic risks in the euro zone and a reduction in the Swiss franc's significance as a safe haven. Meanwhile, the UK pound was buoyed by the negotiations surrounding Brexit.

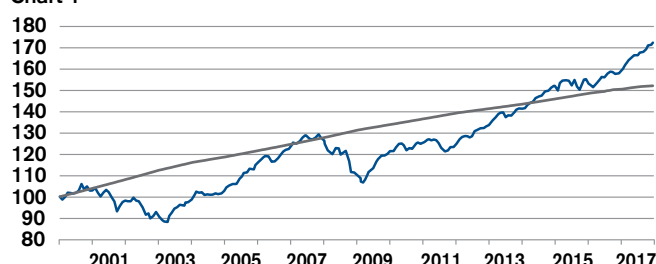
Credit Suisse Swiss Pension Fund Index Ends Year at All-Time High

- The Credit Suisse Swiss Pension Fund Index rose by 2.09% in the reporting quarter to closed at a new all-time high of 172.41 points at the end of December 2017, from a baseline of 100 points at the start of 2000. Following a positive development in the first three reporting quarters, the Pension Fund Index showed an impressive increase in October (+1.20%) as well as December (+0.70%) though only a slight increase of +0.14% in November.
- The bulk of the positive performance in the fourth quarter was thanks to the equities asset class, with a contribution of +1.13% from foreign equities and +0.46% from Swiss equities. Real estate also developed positively at +0.37%. Foreign currency bonds contributed +0.11% to the result and CHF bonds +0.08%. The contribution from alternative investments was a modest +0.04%.
- At +8.05%, the return for the year 2017 was the fourth-best annual result since the index was first measured in 2000. This result was mainly attributable to equities (foreign equities +3.45% and Swiss equities +2.79%), followed by real estate (+1.29%). The contribution from alternative investments was a subdued +0.15%. The negative annual contribution from liquidity at -0.16% is attributable to negative interest rates on cash

holdings as well as losses on currency hedges. In particular, the euro's sharp appreciation in 2017 (+9.15%) is likely to have led to higher losses on short currency forward transactions.

- Only in 2003 (+9.25%), 2005 (+12.62%) and 2009 (+10.86%) did the Pension Fund Index achieve a higher annual return.

Chart 1



— 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% from Jan. 1, 2014 / 1.25% from Jan. 1, 2016 / 1.00% since Jan. 1, 2017

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.

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Credit Suisse Swiss Pension Fund Index Is above the BVG Mandatory Minimum Rate of Return

- The index of the BVG mandatory minimum rate of return (1% p. a. since January 2017) rose by 0.38 points (0.25%) to 152.10 points in the reporting quarter, from a baseline of 100 at the start of 2000. The return of the Credit Suisse Swiss Pension Fund Index is therefore 1.84% above the BVG requirement in the fourth quarter of 2017.
- The annualized return on the Credit Suisse Swiss Pension

Fund Index (since January 1, 2000) was 3.07% as of December 31, 2017. This contrasts with an annualized BVG mandatory minimum rate of return of 2.36%.

- Pension funds with assets of between CHF 150 million and CHF 500 million once again achieved the highest annualized return (since January 1, 2000) as of December 31, 2017 at 3.28%.

Table 1: Credit Suisse Swiss Pension Fund Index Level 2000–2017

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Index	102.6	98.34	90.49	98.86	103.3	116.33	123.99	126.52	109.76	121.68	125.33	124.63	133.61	141.30	152.23	153.67	159.63	172.48
Annual return in %	2.60	-4.15	-7.98	9.25	4.49	12.62	6.58	2.04	-13.25	10.86	3.01	-0.56	7.21	5.76	7.73	0.95	3.87	8.05

Table 2: Credit Suisse Swiss Pension Fund Index Level 2017

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Index	160.03	162.97	164.03	165.65	166.57	165.92	167.78	167.87	168.95	170.97	171.22	172.48
Annual return in %	0.26	1.83	0.65	0.99	0.55	-0.39	1.12	0.06	0.64	1.20	0.14	0.74

Chart 2:

Performance by Pension Fund Segment Size

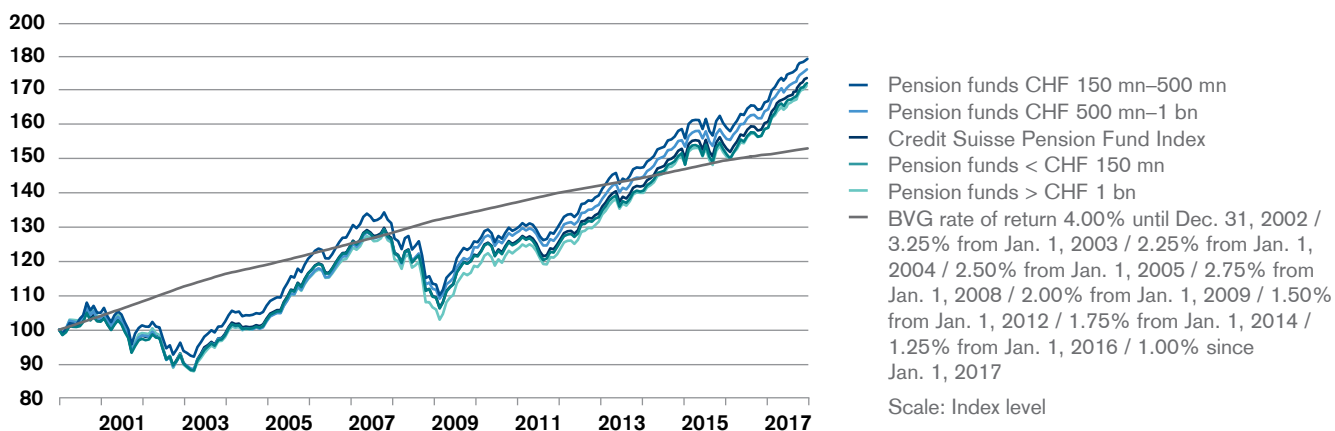


Table 3: Performance by Pension Fund Segment Size. 2017

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	2017
Credit Suisse Swiss Pension Fund Index	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%
Pension funds > CHF 1 bn	0.28%	1.74%	0.54%	0.90%	0.57%	-0.31%	1.00%	0.12%	0.67%	1.26%	0.33%	0.67%	8.04%
Pension funds CHF 500 mn-1 bn	0.33%	1.66%	0.51%	0.84%	0.66%	-0.36%	0.86%	0.23%	0.49%	1.11%	0.22%	0.54%	7.32%
Pension funds CHF 150-500 mn	0.24%	1.83%	0.62%	1.00%	0.54%	-0.37%	1.11%	0.05%	0.63%	1.18%	0.12%	0.74%	7.95%
Pension funds < CHF 150 mn	0.24%	1.94%	0.80%	1.08%	0.52%	-0.46%	1.27%	-0.03%	0.67%	1.22%	0.05%	0.82%	8.40%

**Table 4: Annualized Performance
1.1.2000-31.12.2017**

	Annualized performance since January 1. 2000
Credit Suisse Swiss Pension Fund Index	3.07%
BVG rate of return	2.36%
Pension funds > CHF 1 bn	3.01%
Pension funds CHF 150-500 mn	3.16%
Pension funds CHF 150-500 mn	3.28%
Pension funds < CHF 150 mn	3.03%

Performance by Asset Class

Monthly Returns

Table 5: Credit Suisse Swiss Pension Fund Index 2017

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	2017
Liquidity	-0.47%	-1.28%	-0.05%	-0.15%	-0.61%	0.46%	0.09%	-0.12%	0.07%	0.50%	-0.37%	-0.18%	-2.10%
CHF bonds	-0.15%	0.87%	-0.43%	0.25%	0.30%	-0.53%	0.00%	0.69%	-0.48%	0.33%	-0.10%	0.10%	0.83%
Foreign currency bonds	-1.00%	1.53%	0.27%	0.51%	-0.69%	-0.51%	1.85%	0.46%	0.19%	1.56%	-0.38%	-0.04%	3.78%
Swiss equities	1.22%	3.26%	2.77%	3.85%	2.54%	-1.07%	1.87%	-1.24%	2.63%	1.71%	0.52%	0.94%	20.56%
Foreign equities	-0.02%	4.14%	1.39%	1.21%	-0.24%	-0.48%	3.40%	0.09%	2.51%	4.70%	-0.42%	0.86%	18.34%
Alternative investments	-0.27%	0.92%	-0.35%	0.05%	-0.62%	-0.24%	1.37%	0.32%	0.16%	0.04%	0.00%	0.64%	2.02%
Real estate	0.62%	1.03%	0.63%	0.58%	0.56%	0.19%	0.66%	-0.25%	-0.11%	0.02%	-0.03%	1.80%	5.82%
Mortgages	-0.03%	0.34%	-0.17%	0.03%	0.09%	-0.17%	-0.07%	0.32%	-0.16%	0.11%	0.00%	0.05%	0.34%
Others	-0.09%	0.30%	0.14%	0.13%	0.03%	-0.02%	0.26%	-0.04%	-0.07%	0.19%	0.09%	0.11%	1.04%
Total	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%

Table 6: Benchmark Indices 2017

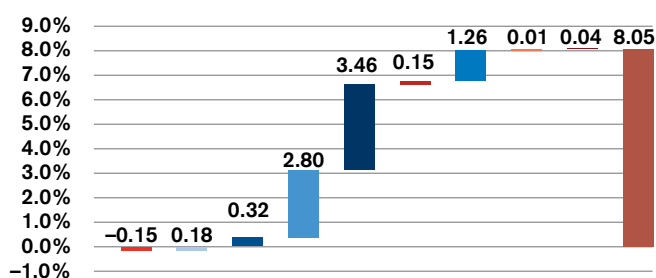
	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	2017
CHF bonds SBI AAA-BBB 1-15Y (TR)	-0.08%	0.86%	-0.63%	0.06%	0.23%	-0.63%	-0.17%	0.79%	-0.52%	0.30%	-0.08%	0.08%	0.19%
Foreign currency bonds Bloomberg Barclays Global Aggr. (TR)	-1.83%	1.98%	0.10%	0.57%	-1.30%	-1.11%	2.45%	0.59%	-0.22%	2.63%	-0.40%	-0.41%	2.97%
Swiss equities SPI (TR)	1.09%	3.35%	2.89%	3.51%	2.73%	-1.18%	1.80%	-1.29%	2.65%	1.50%	0.67%	0.72%	19.92%
Foreign equities MSCI AC World ex Switzerland (NR)	-0.31%	4.39%	1.13%	0.95%	-0.75%	-0.55%	3.62%	0.02%	2.63%	5.27%	0.41%	0.85%	18.90%
Real estate direct/ investment foundations KGAST Immo-Index (Switzerland) (TR)	0.31%	0.31%	0.50%	0.36%	0.43%	0.42%	0.39%	0.51%	0.47%	0.40%	0.37%	0.83%	5.42%
Real estate funds SXI Real Estate Funds (TR)	1.75%	1.69%	1.06%	1.57%	0.23%	0.67%	1.39%	-2.44%	-1.75%	-0.85%	-2.15%	5.49%	6.60%

High Returns for All Classes Except Liquidity in Q4

- Foreign equities strong in Q4 (+5.16%), but significantly behind MSCI AC World ex Switzerland (NR) Index (+6.60%)
- Swiss equities also positive (+3.20%) and better than SPI (+2.91%)
- Real estate behind benchmark index with quarterly return of 1.79% vs. 2.01% (50% KGAST and 50% SXI Real Estate Funds Broad [TR]), although 2017 year-end revaluations for direct real estate still pending in some cases
- Swiss bonds with quarterly return of 0.33%, slightly above SBI AAA-BBB 1-15Y (TR) with 0.30%
- Quarterly return of 1.14% for foreign bonds, behind Bloomberg Barclays Global Aggr. (TR) with 1.80%

Chart 3:

Performance Contribution Credit Suisse Swiss Pension Fund Index 2017



- Liquidity
- CHF bonds
- Foreign currency bonds
- Swiss equities
- Foreign equities
- Alternative investments
- Real estate
- Mortgages
- Other
- Total

Scale: in percentages (%)

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Risk/Return Positions

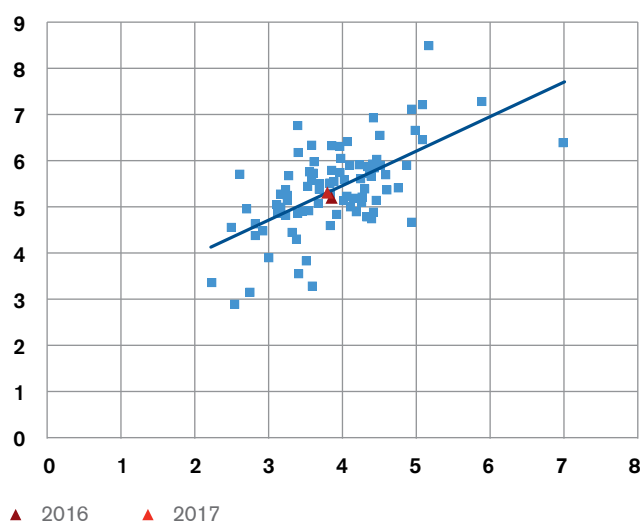
Five-Year Line – Annualized Return Rises in Reporting Quarter, While Annualized Risk Rises Slightly

- The unweighted average annualized return rose by +0.20 percentage points to 5.24% between the third and fourth quarters of 2017 on only slightly higher risk (+0.03 percentage points to 3.87%).
- The 5-year Sharpe ratio improved on a quarter-on-quarter basis from 1.47 in Q3 to 1.53 in Q4 as well as on a year-on-year basis (Q4 2016: 1.45).
- Medium-sized pension funds (CHF 500 million to 1 billion) continue to show the best risk/return ratio (Sharpe ratio of 1.77).

Figure 4:

Annualized Risk/Return Comparison; Five-Year View, Monthly Results from January 2013 to December 2017

Q4 2016 values: average risk 3.89%, average return 5.08%



y-axis: annualized return in percent (%)

x-axis: annualized risk in percent (%)

Table 7: Risk/Return Ratios
1.1.2013–31.12.2017

	Risk	Return	Sharpe Ratio
Credit Suisse Swiss Pension Fund Index	3.87%	5.24%	1.53
Pension funds > CHF 1 bn	3.91%	5.39%	1.61
Pension funds CHF 500 mn–1 bn	3.10%	5.16%	1.77
Pension funds CHF 150–500 mn	3.66%	5.20%	1.58
Pension funds < CHF 150 mn	4.13%	5.25%	1.42

Table 8: Return Bandwidths
1.1.2013–31.12.2017

	Minimum	1st quartile	Median	3rd quartile	Maximum
Credit Suisse Swiss Pension Fund Index	2.89%	4.88%	5.38%	5.91%	8.51%
Pension funds > CHF 1 bn	3.89%	5.52%	5.76%	6.07%	7.29%
Pension funds CHF 500 mn–1 bn	4.47%	4.54%	5.05%	5.27%	5.68%
Pension funds CHF 150–500 mn	2.89%	4.91%	5.32%	5.72%	7.13%
Pension funds < CHF 150 mn	3.14%	4.86%	5.30%	5.97%	8.51%

Our risk/return overview shows the five-year view. It should be noted that only portfolios that were part of the index for the entire observation period are included. Portfolios created on January 1, 2014, for example, are not included in the five-year observation period (January 1, 2013–December 31, 2017).

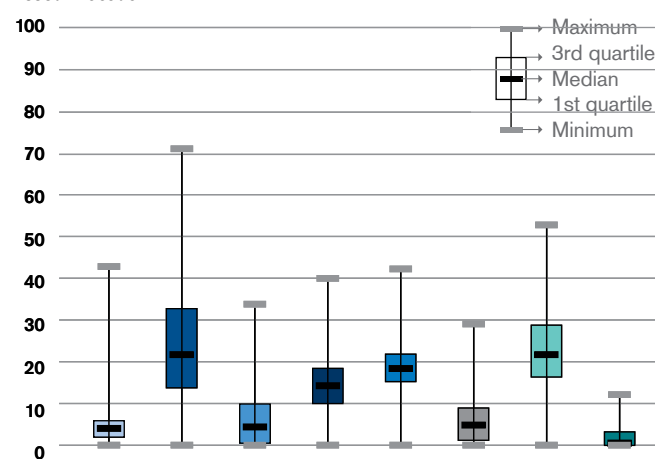
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Asset Allocation

Equities Component at All-Time High

- The asset allocation as of December 31, 2017, again shows a shift in favor of foreign equities (+0.78 percentage points to 19.24%) and Swiss equities (+0.73 percentage points to 14.51%) versus the previous quarter. The increase in the share of foreign equities is mainly due to the positive development of returns, while the increase in the Swiss equities component in Q4 was largely due to active reallocation.
- An increase was also seen in the share of Swiss bonds (+0.11 percentage points to 23.87%) and the share of liquidity (+0.27 percentage points to 5.25%). In both cases, the development was due to reallocations. Viewed in isolation, the development of returns would have led to a reduction in the allocation in these asset classes.
- Due to active reallocation, a decline was seen for real estate (-0.80 percentage points to 22.02%), alternative investments (-0.25 percentage points to 5.71%), foreign bonds (-0.19 percentage points to 6.82%) and other investments (-0.66 percentage points to 0.49%).

Chart 5:
Asset Allocation

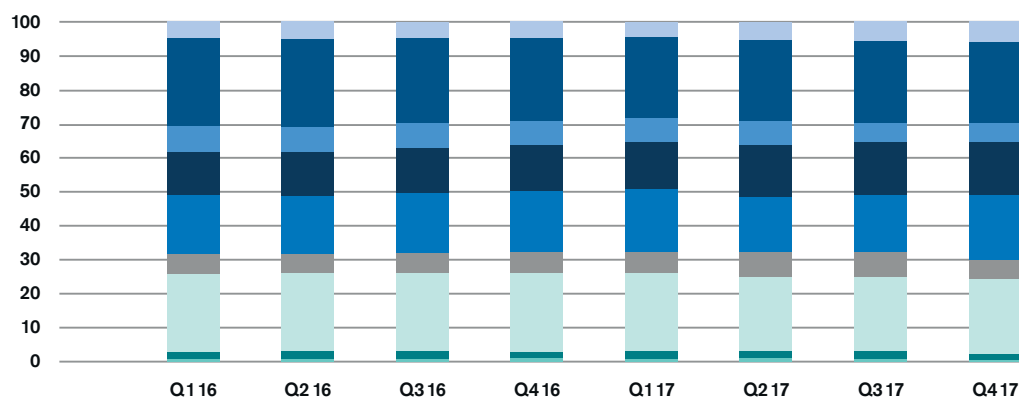


Scale: in percentages (%)

- Liquidity
- CHF bonds
- Foreign currency bonds
- Swiss equities
- Foreign equities
- Alternative investments
- Real estate
- Mortgages

Chart 6:

Asset Allocation over the Last Eight Quarters



Scale: in percentages (%)

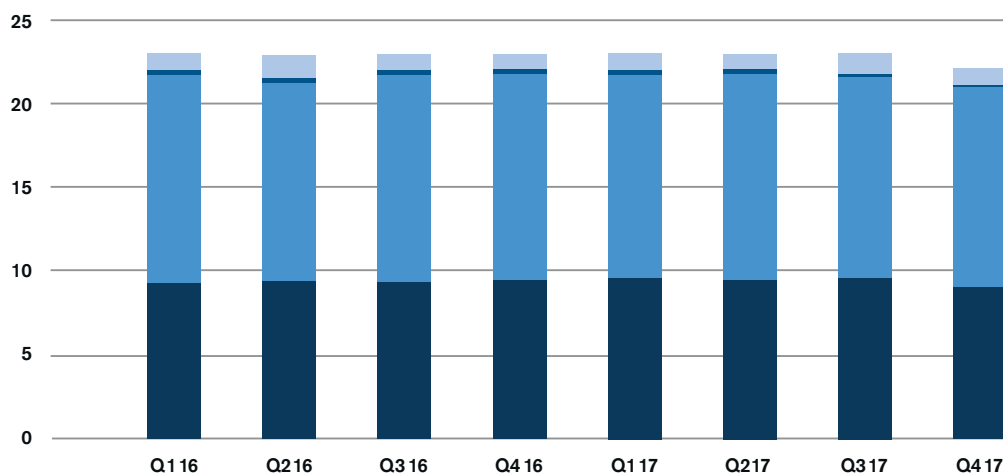
	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17
• Liquidity	4.88%	5.05%	4.66%	4.88%	4.33%	5.05%	4.98%	5.25%
• CHF bonds	25.85%	25.86%	25.05%	24.29%	24.05%	23.93%	23.76%	23.87%
• Foreign currency bonds	7.37%	7.34%	7.51%	7.07%	6.92%	7.00%	7.01%	6.82%
• Swiss equities	12.90%	12.99%	13.17%	13.31%	13.78%	13.69%	13.78%	14.51%
• Foreign equities	17.32%	16.94%	17.55%	18.20%	18.53%	18.19%	18.46%	19.24%
• Alternative investments	5.64%	5.77%	5.88%	6.16%	6.15%	6.15%	5.96%	5.71%
• Real estate	23.05%	22.92%	23.00%	23.00%	23.06%	23.14%	22.82%	22.02%
• Mortgages	2.05%	2.08%	2.12%	2.07%	2.10%	2.12%	2.10%	2.09%
• Other	0.95%	1.06%	1.05%	1.02%	1.06%	0.73%	1.15%	0.49%

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Further Decrease in Real Estate

- There was a reduction in real estate of -0.80 percentage points to 22.02% in the fourth quarter, with a decrease for all categories other than indirect real estate investments in Switzerland (11.87%).
- The decline was in particular due to direct real estate investments (Swiss -0.54 percentage points to 9.09% ; foreign -0.15 percentage points to 0.15%).
- Overall, the share of foreign real estate investments fell by -0.27 percentage points to 1.07% .
- There was a rise in the overall real estate component up to the mid-year point of 2017. From the second half of the year, the share of real estate fell and ended the year at a low point compared with the last eight quarters.

Chart 7:
Real Estate Allocation for the Last Eight Quarters



Scale: in percentages (%)

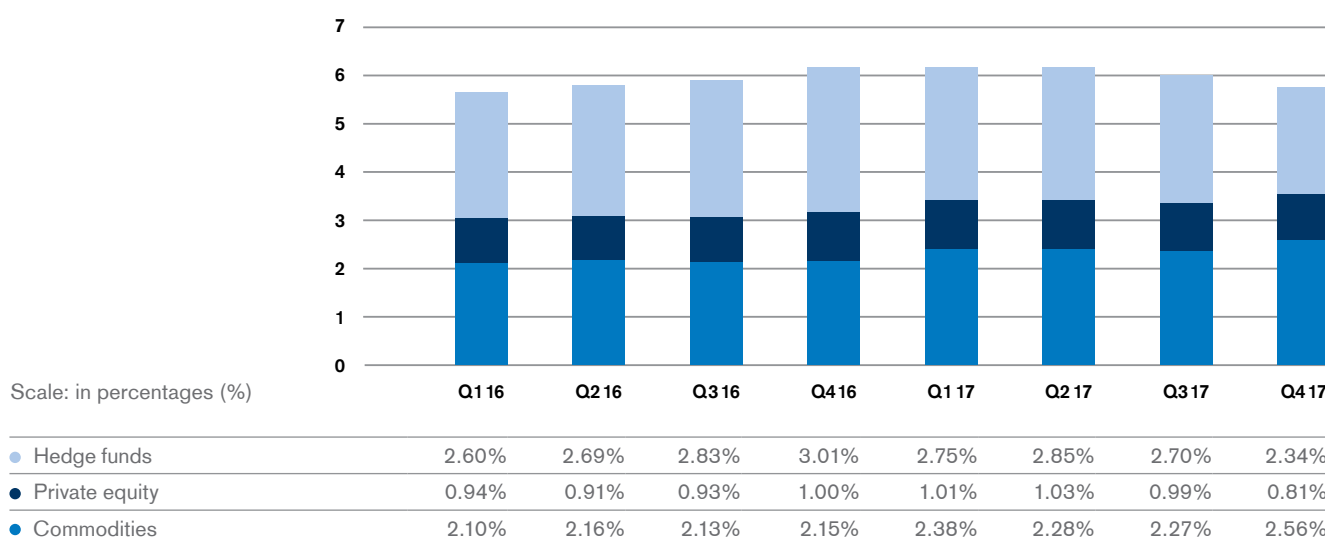
● Foreign real estate, indirect	1.01%	1.34%	0.93%	0.84%	0.96%	0.97%	1.01%	0.92%
● Foreign real estate, direct	0.28%	0.28%	0.29%	0.31%	0.32%	0.34%	0.33%	0.15%
● Swiss real estate, indirect	12.42%	11.88%	12.37%	12.31%	12.15%	12.13%	11.85%	11.87%
● Swiss real estate, direct	9.34%	9.42%	9.41%	9.54%	9.63%	9.70%	9.63%	9.09%
Total	23.05%	22.92%	23.00%	23.00%	23.06%	23.14%	22.82%	22.02%

Further Decrease in Alternative Investments Component

- The alternative investments component fell again compared with the previous quarter (−0.25 percentage points to 5.71%).
- The hedge funds component declined by −0.36 percentage points to 2.34% and the private equity component by −0.18 percentage points to 0.81%.
- By contrast, the commodities component rose +0.29 percentage points to 2.56%.

Chart 8:

Allocation of Alternative Investments for the Last Eight Quarters



Modified Duration

- The modified duration for the overall index rose again in the reporting quarter and stood at 5.95 as of December 31, 2017.
- Pension funds with assets of between CHF 500 million and CHF 1 billion exhibited the highest modified duration at the end of December 2017 at 6.55, despite having fallen by 0.03 versus the third quarter.
- Compared with the previous year, the modified duration of the overall index at 5.95 was slightly below the level as of the end of 2016.

Table 9: Modified Duration 2017

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Credit Suisse Swiss Pension Fund Index	5.98	6.01	6.05	6.07	6.02	6.01	6.00	5.90	5.87	5.93	5.98	5.95
Pension funds > CHF 1 bn	6.03	6.08	6.14	6.11	6.09	6.09	6.02	5.93	5.92	6.00	6.03	6.04
Pension funds CHF 500 mn–1 bn	6.42	6.62	6.65	6.79	6.61	6.56	6.55	6.61	6.58	6.59	6.64	6.55
Pension funds CHF 150–500 mn	5.96	5.96	6.04	6.06	5.98	5.95	5.96	5.74	5.66	5.78	5.83	5.83
Pension funds < CHF 150 mn	5.87	5.86	5.87	5.88	5.88	5.90	5.90	5.88	5.91	5.91	5.96	5.90

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.

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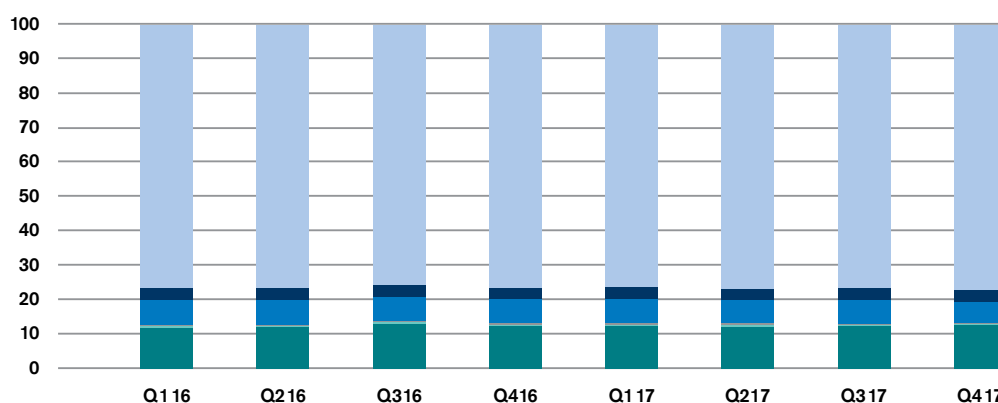
Currency Allocation

Visible Shift into Swiss Franc in Fourth Quarter

- There was a clear shift into the Swiss franc compared with the previous three months ending at 77.13% (+0.64 percentage points), meaning the allocation reached its highest level since the end of 2015.
- Slight increases were also seen for the JPY share (+0.05 percentage points to 0.52%) as well as the share of other currencies (+0.18 percentage points to 12.45%), while the GBP share remained stable at 0.44%.
- Clear decreases could be seen for the USD share (-0.63 percentage points to 6.23%) and the EUR share (-0.23 percentage points to 3.24%). This development took place despite the rise in the EUR and USD exchange rate versus the Swiss franc and is therefore due to currency hedging and reallocation.

Chart 9:

Currency Allocation for the Last Eight Quarters



Scale: in percentage (%)

	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17
● CHF	76.42%	76.47%	75.62%	76.38%	76.17%	76.68%	76.49%	77.13%
● EUR	3.59%	3.46%	3.33%	3.23%	3.33%	3.34%	3.47%	3.24%
● USD	7.10%	7.04%	7.03%	7.06%	7.20%	6.93%	6.86%	6.23%
● GBP	0.49%	0.45%	0.41%	0.43%	0.44%	0.46%	0.44%	0.44%
● JPY	0.51%	0.47%	0.54%	0.52%	0.44%	0.47%	0.47%	0.52%
● Other	11.88%	12.11%	13.06%	12.39%	12.42%	12.12%	12.27%	12.45%

Table 10: Foreign Exchange Rates against the CHF, 2017

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	2017
EUR	-0.55%	-0.19%	0.60%	1.25%	0.37%	0.39%	4.15%	0.44%	0.12%	1.51%	0.83%	-0.05%	9.15%
USD	-2.93%	1.51%	-0.05%	-0.55%	-2.80%	-1.02%	0.75%	-0.40%	0.69%	3.02%	-1.49%	-0.76%	-4.12%
GBP	-1.16%	0.40%	0.44%	2.89%	-3.01%	-0.41%	2.26%	-2.65%	4.84%	4.84%	1.97%	0.42%	4.97%
JPY	0.59%	2.13%	0.36%	-0.59%	-2.02%	-2.59%	2.45%	-0.01%	-1.55%	-1.55%	2.05%	0.03%	-0.72%

Your needs are what drives us. Number one for the 8th time.

This year again, we have won the following awards:

Best Swiss Global Custodian 2017
Best European Global Custodian 2017

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Here for What's Next.

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