

Credit Suisse Supply Chain Finance Funds

Key messages:

- It is our fiduciary responsibility to act in the best interests of investors in these funds, and we are taking action to protect them from potential downside risk and valuation uncertainty. With the suspension of redemptions, we aim to ensure the fair and equal treatment of all investors in the funds.
- These investors are sophisticated and aware of the potential risks involved with funds of this nature, including valuation uncertainty. Investors have benefited from the solid performance of our Supply Chain Finance Funds (SCF) since their inception and throughout the current COVID-19 crisis.

Background Q&A:

1. How many Supply Chain Finance (SCF) Funds do you manage that contain Greensill-backed paper? How many investors are there in each of them, and what is the total value of the funds?

Credit Suisse Asset Management manages four Supply Chain Finance Funds (three Luxembourg funds and one Liechtenstein fund):

- Credit Suisse (Lux) Supply Chain Finance Fund (USD 7.3 bn NAV, 25.02.2021)
- Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund (USD 1.8 bn NAV, 25.02.2021)
- Credit Suisse Nova (Lux) Supply Chain Investment Grade Fund (USD 300 mn NAV, 25.02.2021)
- Credit Suisse Supply Chain Finance Investment Grade Fund (USD 700 mn NAV, 25.02.2021)

Please refer to the attached portfolio breakdowns.

In aggregate, there are >1,000 investors invested across these funds, all of whom are institutional/professional investors.

2. Do the SCF Funds continue to benefit from insurance protection? Has any insurance provider decided not to extend the insurance coverage?

The SCF Funds' insurance coverage for existing notes as described in the relevant prospectus has not changed, and current notes are covered until maturity. One of the major insurers has decided not to extend the insurance coverage for any new notes (effective from March 1, 2021).

3. How dependent is the effectiveness of the insurance coverage on Greensill Bank?

Where, as set out in the prospectuses, the notes acquired by the SCF Funds require insurance, the SCF Funds are named as loss payees of the insurance. Greensill Bank is one of the insured parties; consequently, it plays a role in the insurance claims process, including ensuring the insurance coverage of the relevant notes.

4. Why are you gating these funds now (what was the trigger event), and what are the valuation uncertainties?

The decision to suspend redemptions from the SCF Funds was made on the basis of several factors that cumulatively led the respective fund boards to the conclusion that suspension is an appropriate measure to safeguard the interests of investors and ensure their fair and equal treatment.

5. What is the impact for investors? How and when will liquidity be restored?

Investors will not be able to subscribe or redeem units of the funds until further notice. This also affects all pending redemption requests filed prior to the announcement, which will not be executed.

Given the significant amount of cash (and cash equivalents) in the funds, we are exploring mechanisms for distributing excess cash to investors.

The amount distributed will differ from fund to fund as the underlying cash and cash equivalent levels differ.

Cash and cash equivalents in % of NAV per 26.02.2021 per fund:

- Credit Suisse (Lux) Supply Chain Finance Fund: 38%
- Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund: 16%
- Credit Suisse Nova (Lux) Supply Chain Investment Grade Fund: 45%
- Credit Suisse Supply Chain Finance Investment Grade Fund: 68%

6. Is this a step you have decided to take yourselves, or are you under pressure from regulators, investors in Credit Suisse, or any other stakeholders?

We are acting in line with our fiduciary responsibility to act in the best interests of our investors. This decision was taken by the respective boards of each fund.

7. Are you suspending the funds, or will you be winding them down?

At this stage we are suspending the funds (i.e. closing them both for subscriptions and, for the time being, for redemptions).

8. Have SCF notes defaulted and is this the reason for the suspension?

No, the decision has been based on valuation uncertainty.

9. Is there a risk of losses for the insured funds?

The insured funds are subject to various risks, including risk of losses, as described in the prospectus.

10. Will you be looking for other partners with whom to manage these funds?

Our sole focus is to protect the interests of our investors – with respect to this, we are open to considering all options that help us achieve this objective.

11. Is there any evidence to suggest fraud or any financial irregularity either with the papers issued by Greensill or the underlying companies?

We are currently not aware of such evidence.

12. What is the typical duration of the funds?

Please refer to the attached portfolio breakdowns.

13. Why is Credit Suisse Asset Management suspending the entire funds? If the valuation uncertainty is contained to certain exposures/factors, why is Credit Suisse Asset Management not creating side pockets?

Credit Suisse Asset Management will continue to monitor the situation and act in the best interest of investors – this may include other structural solutions versus the suspension in the future.

Legal Notes:

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