Credit Suisse Asset Management (CSAM) is introducing Single Swinging Pricing (SSP). SSP is a way of calculating the price of an investment fund. It is fairer than the traditional method. Please read the questions and answers for further details.

What is SSP?
Trading in a fund portfolio incurs costs. When these costs are due to the fund managers' investment decisions, they are rightfully borne by all investors. However, when the costs are incurred due to trading in the fund’s shares by individual investors, sharing them across the entire investor base is unfair. Under traditional pricing, this is exactly what happens. SSP is a way of mitigating this effect.

When will CSAM introduce SSP? Which funds will be affected?
As a rule, Equity Funds and some Fixed Income and Multi Asset Class Funds will be moved to SSP in January 2012. The rest of the Fixed Income funds will be moved in April 2012.

Please contact your client advisor for further details on your fund.

How does SSP work?
Every trading day the net flows are tallied. This means that inflows and outflows are compared and it is determined whether on any given day there was a net outflow or a net inflow.

The net asset value of the fund (NAV, which is the “trading value” of the fund) is then adjusted in the following way:
- If the fund is experiencing net inflows, the NAV is adjusted upwards.
- If the day’s dealings generate a net outflow, the NAV is adjusted downwards.

These adjustments serve to insulate non-dealing shareholders from the trading costs triggered by the dealing shareholders.

Are all net flows compensated?
No. Next to the mechanism described above, two further parameters determine the NAV adjustment. They are the Swing Factor and the Threshold. These two parameters can and do vary from fund to fund.

For the NAV to be swung, the net in- or outflows need to be of a certain size. This is the threshold. For certain funds the threshold is fixed at zero which effectively nullifies it. Details can be taken from the sales prospectus of the respective fund.

The Swing Factor determines by how much the price is swung if the Threshold is reached. It, in turn, is determined by the level of transaction costs in the fund, which can vary from fund to fund.
Why introduce SSP?
As stated above, SSP is fairer than traditional pricing methods. The three key advantages of SSP are:

- cost fairness;
  The transaction costs caused by the incoming and the outgoing investors no longer impact all investors.
- protection of existing investors (especially long-term investors);
  Long-term investors realize a fairer performance through the adjusted NAV, which reflects more closely the actual development of the portfolio.
- transactions are performance-neutral
  Ingoing and outgoing transactions have a reduced impact in the performance.

How is performance calculated under SSP?
When the Threshold is reached and the price swung, there is a new price or – equally – a new NAV. This is called the modified NAV. The modified NAV is then used in all calculations of performance and other accounting.

This makes sense for the following reason. If a buyer buys on a day the NAV was swung low and sells on a day the NAV was swung high, he pockets this performance differential. It is real. Therefore it needs to be shown.

Are Threshold and/or Swing Factor ever changed?
Generally speaking, the two parameters are fixed. However, they can be changed in accordance with market forces or the like. There is a committee that meets quarterly, which has the ability to change these parameters.

What could make a change to one of the parameters necessary?
A significant change in the transaction costs or trading activity in a fund. In some cases, the Swing Factor is also determined by special factors, such as a tax. In such cases, a change in the tax code could necessitate a change in the Swing Factor.

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