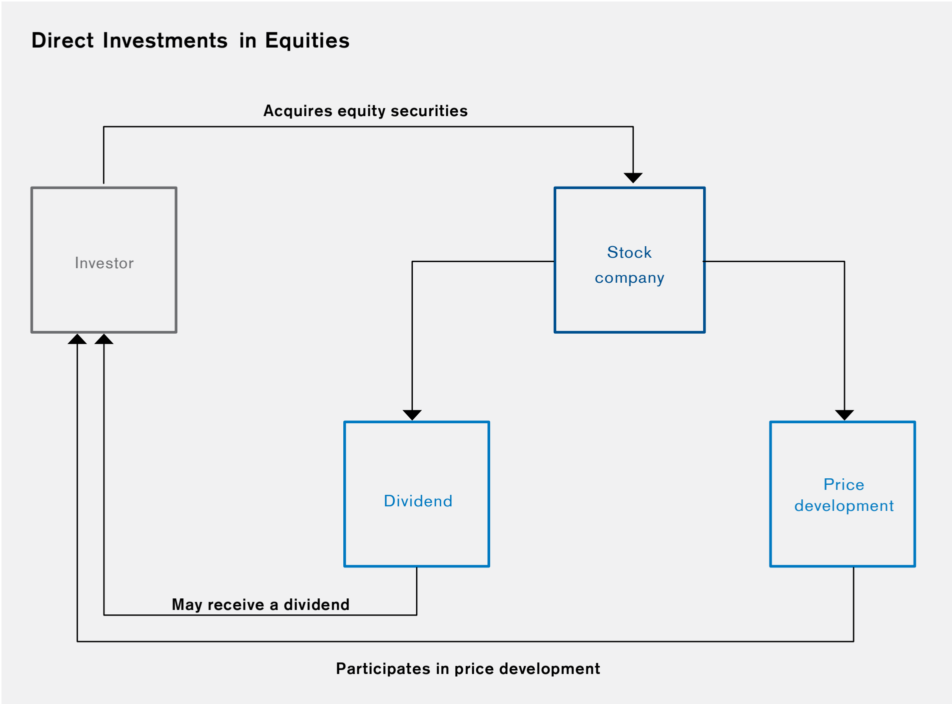
Direct Investments: Equities
Product Class Documentation

This document explains the characteristics, benefits and risks associated with direct investments in equities. The knowledge acquired should help you when making investment decisions. If you have any further questions, please contact your client advisor.



Characteristics
With a share, the investor acquires equity securities in a company or a collective investment scheme.
Shares are the most common form of equity securities. Equities are unsecuritized rights that give the holder a share in the capital of a stock company.
The development of the share price is dependent on a number of different factors, such as the performance of the company, the market situation or the general stock exchange environment. You generally have to assume that the share price will fluctuate.
In addition to participating in share price development, many stock companies also pay out a dividend.

Typical Direct Investments in Equity Securities
Equities, preferred shares, participation certificate, dividend coupons, dividend-right certificates, subscription rights.

Possible Advantages

- Long-term potential for return
- Additional return through dividend payment
- Pricing and liquidity controlled by regulated stock exchange trading for listed equity securities
- Shareholders have voting and election rights

Possible Risks

- Market risk (fluctuations in the market price)
- Company-specific risk (credit risk)
- Liquidity risk
- Foreign currency risk

Other Features

Special Kinds of Equities

- **Registered shares** are shares where the shareholder is registered with his/her name and address in the joint-stock company's share register. The shareholder is only granted voting and election rights and the right to receive a dividend after he/she has been entered in the share register.
- **Bearer shares** are shares where the current holder is considered the shareholder and is entitled to exercise voting and election rights and to receive dividends.
- Compared to common shares, **preferred shares** have financial advantages such as the right to a higher dividend or a bigger subscription right in the event of a share capital increase. Preferred shares can also be issued without voting rights.

Other Equity Securities

There are other equity securities such as dividend-right certificates, participation certificates, dividend coupons, or subscription rights.
These differ from equities as regards tradability, par value, dividend rights, and the rights of the holder.

Possible Benefits

Return Potential and Dividend Payment

With your equity investment you acquire a share in a joint-stock company. You also participate in the economic success of the joint-stock company. The joint-stock company can pay you a variable dividend. In addition, there is the possibility of a price gain. As a result, an equity investment has potential for a higher return in the long term than traditional bonds, for example, but such an investment is generally exposed to more volatility.

Pricing and Liquidity Controlled by Regulated Stock Exchange Trading for Listed Equity Securities

Distinctions are made, among others, between listed and unlisted shares. Listed equities are bought or sold on an exchange at their current price.

Shareholders' Rights

An equity investment also grants membership rights such as voting and election rights at the Annual General Meeting.

Possible Risks

Potential Loss

An investor who invests money in equity securities issued by a company can suffer a partial loss due to fluctuations in the value of the securities.
If the company goes bankrupt, the investor can also lose the entire investment.

Market Risk

The investor runs the risk that the price of the share can fall during the holding period.
The price of a share is determined by supply and demand on the stock exchange or directly between two parties in the case of an over-the-counter (OTC) trade. The share price can be affected by changes in the investors' behavior or risk appetite. As a result, the price of a share can deviate strongly from the theoretical value of the company.

Company-Specific Risk (Credit Risk)

By buying an equity, the shareholder acquires a share in the company's risk capital. If the company becomes insolvent, claims by shareholders will only be fulfilled after all claims by creditors have been satisfied. As a result, investors can lose all of their invested capital if the company goes bankrupt.

Liquidity Risk

The liquidity of a share describes the investor's options of buying or selling the shares at market price on the stock exchange on a daily basis. The investor bears the risk that the shares cannot be bought/sold within a reasonable period of time, at market price or without affecting the market.
Regulatory and statutory restrictions, listing rules and changes to these (e.g. the ban on short selling, disclosure obligations and registration requirements) also affect share prices and liquidity.

Foreign Currency Risk

Investors may be exposed to a foreign currency risk if the share is listed in a currency other than their home currency.
Further information can be found in the risk aspect documentation on foreign currency risks issued by Credit Suisse (Switzerland) Ltd.

Short Selling Risks

This document does not discuss the risks associated with short sales of equity securities.
Information on this topic can be found in the product class documentation on traded options and financial futures (TOFF) as well as forwards, swaps and contract based derivatives issued by Credit Suisse (Switzerland) Ltd.

Other Risk Aspects

Investors may also be exposed to other risk aspects. For example, the investor can invest in equities from emerging market companies that are subject to higher political risks. He/she can trade unlisted shares on over-the-counter (OTC) markets where no regulatory provisions exist.
Further information on the related risks is provided in the respective risk aspect documentation issued by Credit Suisse (Switzerland) Ltd.

SOLS 6 03E 2530024 08.2015