CREDIT SUISSE

Investment strategies in 1e retirement capital savings

July 1, 2019

The extensive range of mixed funds offered by the Credit Suisse Investment Foundations is suited to cover the six investment strategies in the context of 1e retirement capital savings at the Pension Fund of Credit Suisse Group (Switzerland).

Benefits of 1e retirement capital savings with CSA/CSA 2 investment groups

- Professional, sustainable and effective
- Liquid, diversified and flexible
- Cost-effective and transparent
- Regulated and supervised

CSA/CSA 2 investment groups for 1e retirement capital savings

With assets under management totaling more than CHF 20 billion, the two Credit Suisse Investment Foundations are among the largest investment foundations in Switzerland. The CSA/CSA 2 investment groups available are professionally managed by Credit Suisse Asset Management (Switzerland) Ltd. and have a long track record.

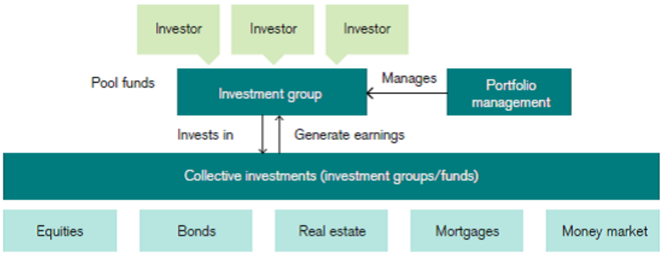
The CSA/CSA 2 investment groups are investment products that have been optimized in terms of risk and return and are tailored to the Swiss pension system. They are used both in the second pillar (employee benefits insurance) and in Pillar 3a (tied private pension provision), and are very popular thanks to the historically good performance with appropriate risks.

Due to the status of the investment foundation, some of the investment groups enjoy tax advantages or make investments via collective investment instruments that are taxed more favorably. Moreover, they benefit from various withholding tax agreements. For example, they are exempt from Japanese withholding tax and, in the case of CSA 2, also from US withholding tax. Furthermore, sustainable orientation of the investment groups according to ESG criteria is planned from 2020.

High degree of diversification in the CSA/CSA 2 Mixta-LOB investment groups

The CSA/CSA 2 Mixta-LOB investment groups have a fund-of-funds structure. The risk associated with a Mixta-LOB investment group is spread across several collective investments (investment groups of the CSA/CSA 2 or investment funds) and the underlying assets that form part of these target funds (e.g. equities, bonds, real estate, mortgages, the money market, and currencies). As a result, there is a very high degree of diversification in the Mixta-LOB investment groups.

The illustration shows an example of how an investment group works:



Large fund assets give investors the flexibility they need

Other Swiss pension funds are also invested in the Mixta-LOB investment groups. The assets of most Mixta-LOB investment groups are therefore large and very liquid due to the high degree of diversification, which makes it possible for larger amounts of units to be issued and redeemed on a daily basis. This allows investors to adapt their investment strategy at any time according to the market situation.

Better performance thanks to favorable conditions

The costs are charged to the investment groups in the form of a flat-rate fee in accordance with the relevant class. The flat-rate fee includes, for example, the asset management and safekeeping account fees and the costs of the target funds. The investment groups are additionally charged with value-added taxes and, in some cases, also external safekeeping account fees. The total expense ratio (TER) is a measure of the total cost burden from the investor's point of view.

Regular reporting and LOB regulation create trust and security

A fact sheet that is updated monthly with the key figures of the investment groups and the Investment Foundation's audited annual report ensure a high degree of transparency in the investment groups.

The Credit Suisse Investment Foundations are subject to the provisions of the Swiss Federal Act on Occupational Retirement, Survivors' and Disability Pension Plans (LOB) and the Ordinance on Investment Foundations (OFP). The general provisions of foundation law apply subsidiarily to this. Investment foundations are overseen by the Occupational Pension Supervisory Commission (OPSC).

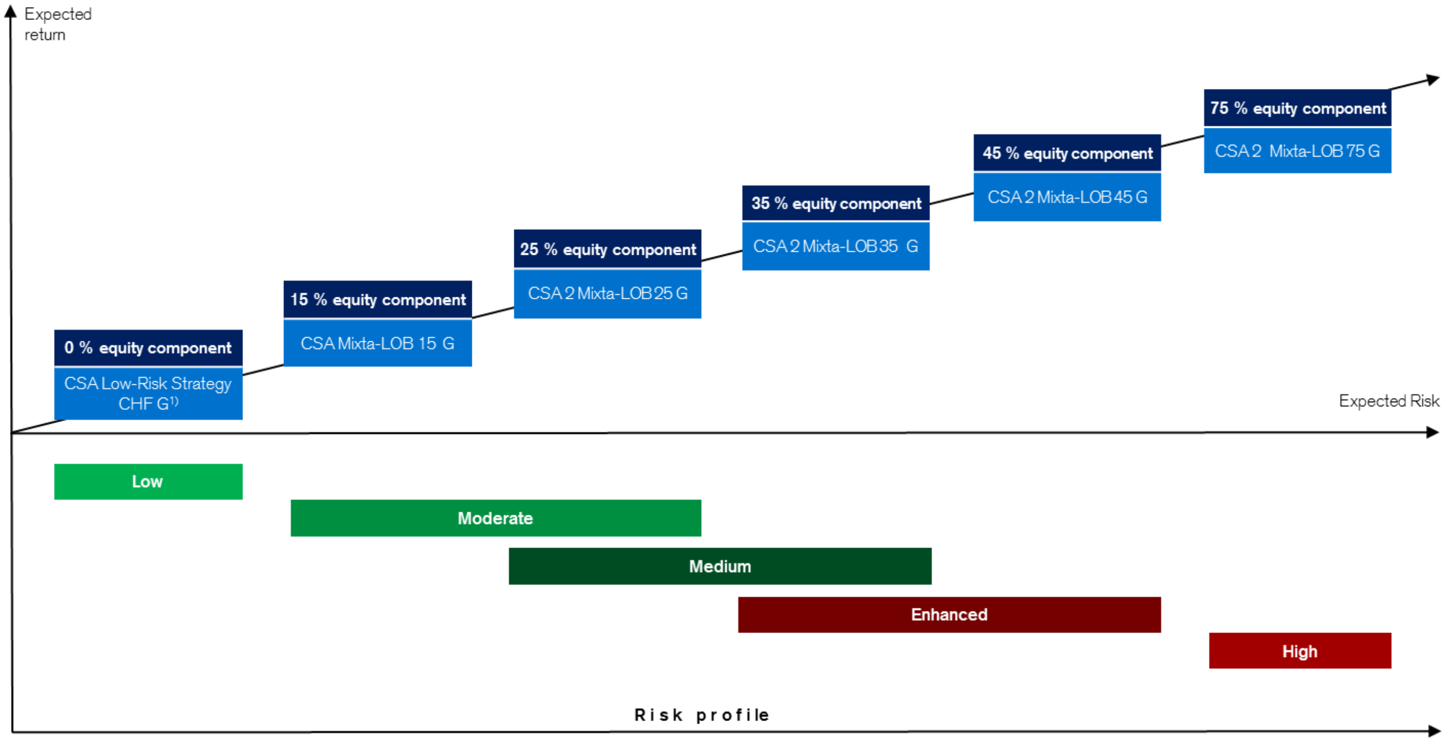
Perfect for use in 1e retirement capital savings

The wide range of CSA/CSA 2 Mixta-LOB investment groups is particularly suitable for implementing 1e retirement capital savings simply and efficiently. The clearly structured product portfolio, which is tailored to the Swiss pension system, allows a range of investment strategies to be implemented cost-effectively, successfully, and with maximum flexibility.

The CSA/CSA 2 investment groups at a glance

Investment group	CSA Low-Risk Strategy CHF G	CSA Mixta-LOB 15 G	CSA 2 Mixta-LOB 25 G
Security no.	47.884.957	46.505.676	46.505.677
Investment style	Active	Active	Active
Average equity component	0%	15%	25%
Range of equity component	0%	5–25%	15–35%
Average foreign currency component	0%	14%	18%

Investment group	CSA 2 Mixta-LOB 35 G	CSA 2 Mixta-LOB 45 G	CSA 2 Mixta-LOB 75 G
Security no.	46.505.678	46.505.679	46.505.680
Investment style	Active	Active	Active
Average equity component	35%	45%	75%
Range of equity component	25–45%	35–50%	65%–85%
Average foreign currency component	22%	26%	25%



1) No mixed funds, only receivables pursuant to Art. 53a BVV 2.

Risks relating to investments and 1e retirement capital savings

Risks relating to investments
As a general rule, investments are exposed to market risks, currency risks and other risks, such as counterparty risks and liquidity risks, and are subject to certain fluctuations in value (volatility). The risks differ depending on the investment category and investment group.

Market risk: The investor bears the risk that the value of the CSA/CSA 2 investment groups may fall during the specified term. This can be the result of fluctuations in the market prices of the underlying assets. Fluctuations result from a range of causes, including changes in fundamentals and unforeseeable, sometimes irrational, behavior on the part of market participants.

Portfolio management risk: The portfolio management team of the CSA/CSA 2 investment groups selects the collective investments and determines the weightings within the defined ranges. These decisions can also lead to losses.

Foreign exchange risk: The CSA/CSA 2 investment groups (with the exception of CSA Low-Risk Strategy CHF) also invest in currencies other than the Swiss franc. Exchange rate fluctuations can therefore have a negative impact on unit values.

Liquidity risk: Units in the CSA/CSA 2 investment groups for 1e pension plans can generally be subscribed and redeemed on a daily basis. In exceptional circumstances, including but not limited to liquidity squeezes, management can redeem units on a staggered basis, or defer the redemption of units for up to two years. If important grounds exist, in particular if the investments could only be sold at a loss or if there is insufficient liquidity, the redemptions can be further postponed, or other options explored following consultation with the investors concerned and notification of the supervisory authority.

Tracking risk: The return on a CSA/CSA 2 investment group can be lower than the return on the underlying benchmark because the investment group is subject to management fees.

Other risks: Investors may be exposed to other risks – for example, those related to the counterparty/issuer risk, the use of derivatives, or investments in emerging markets or real estate.

Loss potential of 1e pension plan assets: Under some circumstances, investments in the CSA/CSA 2 investment groups for 1e retirement capital savings may fall in value. Thanks to risk diversification across a variety of collective investments and the underlying assets contained in them, the likelihood of a total loss is low.

Sale at an inopportune time: If the units have to be sold on a fixed date due to special circumstances, such as termination of the employment relationship, advance withdrawal for the promotion of home ownership, or divorce, this can lead to losses depending on the current market situation.

Transfer: Investment foundation units may only be held and transferred in the context of employee benefits insurance (second pillar). It may be that the new employer's pension fund will not agree to the transfer of the units. The units must then be sold.

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