

Credit Suisse

Transparency Statement

Transparency under the Shareholder Rights Directive II

The Directive (EU) 2017/828, commonly referred to as Shareholder Rights Directive II (SRD II), aims to encourage long-term engagement with EU-listed companies. To this end, SRD II sets out new obligations for EU-listed companies, intermediaries, proxy advisors, institutional investors and asset managers leading to greater transparency and stronger engagement.

Credit Suisse (see entities listed in the header), in its role as asset manager, is well aware of its transparency obligations toward institutional investors with which Credit Suisse has business relationships. SRD II entered into force on June 10, 2019, and Credit Suisse therefore now reports on:

1. How its investment strategy complies with the arrangements agreed with institutional investors.
2. How the implementation of its investment strategy complies with the arrangements agreed with institutional investors.
3. How the implementation of its investment strategy contributes to the medium- to long-term performance of the assets of the institutional investor or of the fund.

The Credit Suisse Transparency Statement applies to the Credit Suisse entities explicitly listed in the header of the first page of this document, which provide asset management services in relation to investments in equities of companies domiciled in the European Economic Area (EEA) and which are listed on a recognized trading venue in the EEA. The Credit Suisse Transparency Statement is effective as of the date stated in the header of the first page of this document, to the extent required by law. The Credit Suisse Transparency Statement applies in the same form to all institutional investors of Credit Suisse.

Reporting on key material on medium- to long-term risks associated with investments

Credit Suisse manages assets entrusted to it either by clients collectively encompassing mandates on a discretionary client-by-client basis (discretionary portfolio management

mandate) or by investors in collective investment schemes (Credit Suisse funds).

In line with the client's individual risk profile and investment objective, Credit Suisse aims to achieve medium- to long-term success for the client's portfolio. Consequently, Credit Suisse pursues a responsible approach when investing on behalf of its clients. A responsible approach includes a high degree of risk awareness and a wide range of risk management practices to address the variety of risks that arise when investing in financial instruments.

In the course of investing the client's assets, Credit Suisse may take into account key material risks related, but not limited to, business strategy, financial and non-financial performance, capital structure, social and environmental impact, and corporate governance of the investee companies. Credit Suisse continuously monitors the risks arising from the client's portfolio and the applied investment strategy. Furthermore, Credit Suisse discloses these risks during regular client meetings, on a product level or during the mandate opening process and through the regulatory required disclosures.

Such risk disclosure enables the client to understand the nature, risks, costs, potential gains and losses of the product or the investment strategy.

For investors in Credit Suisse funds, investment risks of specific products are disclosed in the Key Investor Information Document (KIID). The KIID includes additional key risk figures and is available on FundGateway.

Portfolio composition

For Credit Suisse mandate clients considered institutional investors, portfolio composition is presented in the quarterly or monthly asset statements, as required by the Directive 2014/65/EU (MiFID II).

Credit Suisse funds' portfolio composition is presented in the annual report available on FundGateway.

Turnover rate and turnover costs

The level of portfolio turnover may be an indicator of whether an asset manager's processes are fully aligned with the identified strategy and interests of the institutional investor, and it also indicates whether the asset manager holds equities for a period of time that enables it to engage with the company in an effective way.

Mandate clients can find information about the turnover rate¹ and turnover costs in MiFID II client reports.

Investors in Credit Suisse funds can find information about the turnover rate and turnover costs on FundGateway and in the funds' annual reports.

The use of proxy advisors for the purpose of engagement activities

Institutional investors and asset managers can rely on proxy advisors to provide research, advice and recommendations on how to vote at general meetings of listed companies.

Credit Suisse Asset Management (CSAM) is collaborating with Institutional Shareholder Services (ISS) to get research on investee companies and to facilitate the exercising of voting rights for funds. Vote recommendations provided by ISS are CSAM specific and derived from CSAM's custom voting policy.

Policy on securities lending

Securities lending provides for some specific setup in the area of shareholder engagement under which the client's shares can in effect be sold, subject to a buyback right. Only if the custody bank or the client recall them are they eligible for engagement purposes, including voting at the general meeting.

Credit Suisse discretionary portfolio management mandate clients and funds may enter into a securities lending agreement for the purpose of efficient portfolio management. Further information on whether a specific fund is qualified for securities lending is available in the fund prospectus on FundGateway.

Please refer to the Credit Suisse Engagement Policy Statement for additional information on the exercising of voting rights in connection with securities on loan.

Application of the policy on securities lending

In order to fulfil its engagement activities for Credit Suisse funds at the time of the general meeting of investee companies, securities on loan that meet defined materiality thresholds for the exercising of voting rights are recalled before the record date of an annual general meeting.

Consideration of medium- to long-term performance in investment decisions

Credit Suisse offers investment strategies across various asset classes and trading strategies, including but not limited to equities, fixed income, real estate, alternatives, index solutions and quantitative trading. Given the number of investment areas and the range of investment strategies, Credit Suisse adopts a responsible approach when managing the client's assets. As part of its responsible approach and if consistent with the trading strategy, Credit Suisse may consider the medium- to long-term financial and non-financial performance of the investee companies as an integral part of the investment process. We believe that the screening of financial and non-financial performance of the investee companies enables Credit Suisse to invest in well-managed companies looking to create long-term shareholder value.

Conflicts of interest in connection with engagement activities

When conducting engagement activities, Credit Suisse may face potential or actual conflicts of interest. In such cases, it will always consider its fiduciary responsibilities with the aim of acting in the best interest of the client and the fund. Credit Suisse has adopted an internal conflict of interest policy that identifies the different categories of conflicts, the procedures established to manage such conflicts and the review process. Further information on Credit Suisse's conflict of interest policy is available here.

Where the client's interests vary across investments and differing portfolio management styles, the investment guidelines and restrictions will be given due consideration with the objective of treating the client fairly and putting the client's interests in the center of any considerations and the ultimate allocation decision.

Similarly, where a conflict of interest arises between Credit Suisse and a client with regard to voting, Credit Suisse will make a decision to resolve or mitigate the conflict in order to protect the assets and, ultimately, the interest of the client. Where the measures to resolve or mitigate the conflict are deemed insufficient, Credit Suisse may disclose the conflict to the relevant client through a durable medium (such as pdf, website, email etc.). Credit Suisse maintains a register of conflicts of interest, which is regularly updated.

Further references

The following documents should be read in conjunction with the information provided above:

1. Credit Suisse Engagement Policy Statement²
2. Corporate Responsibility³
3. Corporate Governance⁴
4. Credit Suisse Statement on Sustainability⁵

¹ For mandate clients of Credit Suisse Asset Management (Schweiz) AG, turnover rate will be published in Q1/2020.

² <https://am.credit-suisse.com/international/en/asset-management/esg.html>

³ <https://www.credit-suisse.com/about-us/en/our-company/corporate-responsibility.html>

⁴ <https://www.credit-suisse.com/about-us/en/our-company/our-governance.html>

⁵ <https://www.credit-suisse.com/media/assets/corporate/docs/about-us/responsibility/banking/sustainability-statement-en.pdf>



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