

# Credit Suisse Supply Chain Finance Funds

(New questions are marked red; revised answers are highlighted in yellow).

## Key messages:

- On March 1, 2021, the boards of four Supply Chain Finance Funds (SCFFs) decided to suspend redemptions and subscriptions of the SCFFs. The fund boards subsequently approved the commencement of the liquidation process of the SCFFs.
- Reason: Some of the funds' assets were and continue to be subject to considerable uncertainty with respect to their valuation. Moreover, the reduced availability of insurance coverage for new investments and the related substantial challenges to source suitable investments made it unachievable for the funds to remain invested in accordance with their investment policies. Credit Suisse Asset Management's fiduciary duty is to act in the best interests of investors in its funds. The liquidation will ensure equal treatment of all investors and safeguard their interests.
- The liquidation of the SCFFs is administered in compliance with the applicable laws and regulations. The liquidation proceedings and liquidation proceeds must be and will be made based on equal treatment of all the investors in the SCFFs. Consequently, all investors will get proportional payouts in relation to their investment and there is no possibility of preferential payments.
- The seventh payment of proceeds took place on June 7, 2023. Approx. USD 0.2 bn was distributed, thus bringing the total amount returned to investors to approx. USD 7.00 bn as of **January 9, 2024**.
- Together with the cash that has already been distributed and cash remaining in the funds as of **January 9, 2024**, the cash position is equivalent to approx. USD 7.4 bn or 74% of the funds' AuM at the time of their suspension.
- The recovery effort is focused on several SCFF programs with an aggregate amount of USD 2.3 bn as of February 26, 2021, which are essentially related to the following three groups of companies: "GFG Alliance", Katerra, and Bluestone.
  - In October 2021, CSAM reached an agreement with the "GFG Alliance" for the repayment in full of the portion of the "GFG Alliance" exposure relating to its Australian operations, with an initial payment of AUD 129 mn (approx. USD 96 mn) and an agreement to repay the remaining principal of AUD 240 mn (approx. USD 178 mn) with interest by mid-2023. Full repayment of the remaining principal of AUD 240mn with interest was completed on June 30, 2023. **CSAM has signed with GFG and other creditors a non-binding term sheet on an agreement in principle for a debt restructuring. As a first step, the parties have executed a settlement agreement in June 2023 which defines the cornerstones of a settlement and provides the framework for the subsequent drafting and negotiating of definitive transaction documents. However, as the proposed payment date for the upfront cash portion of the agreement in principle has passed without payment, the settlement deed will not be implemented as envisaged in June 2023. CSAM continues discussions with GFG and is considering all options to maximize investor returns.**
  - In June 2022, CSAM reached an agreement with Bluestone and its shareholders for the repayment of cash to noteholders. This agreement includes (inter alia) a two-year standstill period, recurring payments from Bluestone of up to USD 320 mn to all noteholders, as well as the sharing by noteholders and the Justice family in the proceeds from any potential sale of the Bluestone entities.
- 18 insurance claims have been filed. This amounts to all the insurance claims being filed by CSAM in respect of the SCFF programs.
- For the Liechtenstein domiciled Credit Suisse Supply Chain Finance Investment Grade Fund, the final payment of liquidation proceeds, totaling approximately USD 31.3 mn, was made with value date November 11, 2022. This brought the total amount returned to investors to approx. USD 667 mn, which amounts to 99.7% of the fund's NAV at the time of its suspension.
- For the Credit Suisse Nova (Lux) Supply Chain Finance Investment Grade Fund, the final payment of liquidation proceeds, totaling approximately USD 8.1 mn, was made with value date February 6, 2023. The final share of the sub-fund's NAV (at the time of suspension) returned to investors differs between the share classes ranging from 99.4% to 99.9%.
- The SCFFs Q&A is posted quarterly; the next update is expected to be posted in **April 2024**.

Note: Figures may be rounded upwards/downwards

# Table of Content

A. General Background .....	3
B. Liquidation of the Funds.....	6
C. Insurance .....	9
D. Project Governance & Organizational Set-up .....	12
E. Recent Updates and Progress .....	13

## A. General Background

### 1. Why is Credit Suisse Asset Management winding down the Supply Chain Finance Funds (what was the trigger event)?

The decision to first close the SCFFs for subscriptions and redemptions, and then to liquidate them was taken due to valuation uncertainties that have arisen from aspects related to the financial infrastructure of the funds and certain exogenous factors. Moreover, the reduced availability of insurance coverage for new investments and the related substantial challenges to source suitable investments make it currently unachievable for the funds to remain invested in accordance with their investment policies. Credit Suisse Asset Management's fiduciary responsibility is to act in the best interests of investors in its funds.

All shares of the SCFFs will be compulsorily redeemed and will participate pro-rata to the funds' assets. Pending redemption requests will be cancelled.

Liquidation proceeds will be distributed as soon as feasible until the investors receive the funds' total net collected liquidation proceeds. Investors will receive notification of these payments. Management fees are waived with immediate effect.

### 2. What percentage of SCFFs assets are in cash and cash equivalents?

Cash and cash equivalents in % of fund volume as of **January 9, 2024**, of affected funds are shown in the table below.

Fund volume defined as notional value of notes outstanding plus cash and cash equivalents. Cash equivalents are defined as treasuries, positions in Credit Suisse Money Market Funds, and unrealized FX profit or loss.

Cash and cash equivalent levels listed below are impacted by FX effects. Cash available in the funds is earning interest at rates typical for bank deposits or money market investments.

Credit Suisse (Lux) Supply Chain Finance Fund	Approx. 14%, USD 312 mn
Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund	Approx. 18%, USD 88 mn
Credit Suisse Nova (Lux) Supply Chain Finance Investment Grade Fund	Fund liquidated
Credit Suisse Supply Chain Finance Investment Grade Fund	Fund liquidated

### 3. Are there any other funds managed by Credit Suisse Asset Management that are directly invested in the SCFFs?

For the following funds managed by Credit Suisse Asset Management, the Board of Directors of the Umbrella "Credit Suisse Virtuoso SICAV – SIF" suspended the subscriptions and redemptions effective March 1, 2021, because a certain part of the funds' assets is invested in SCFFs:

- Credit Suisse (Lux) Multi Strategy Bond Fund
- Credit Suisse (Lux) Multi Strategy Alternative Fund
- Credit Suisse (Lux) Qatar Enhanced Short Duration Fund
- Credit Suisse (Lux) Institutional Target Volatility Fund EUR

The illiquid part of these funds' assets was subsequently separated into a separate share class to allow for subscriptions and redemptions of the original share classes, reflecting the liquid part of the funds' assets, to resume as of April 7, 2021. The separate share class reflecting the illiquid assets is in the process of being liquidated, and shareholders receive pro rata payments of the redemption proceeds.

A final cash payment from the side pocket of the Credit Suisse (Lux) Qatar Enhanced Short Duration Fund to the accounts of affected clients was made with value date November 15, 2022. This was the final payment from the side pocket of the Credit Suisse (Lux) Qatar Enhanced Short Duration Fund to its shareholders. Upon final distribution from the side pocket, the related SP Shares of the Credit Suisse (Lux) Qatar Enhanced Short Duration Fund were redeemed and cancelled.

#### 4. Have there been any provisions made by the funds to cover liquidation expenses? If so, how much?

The recovery work that CSAM is doing on behalf of fund investors inevitably incurs external expenses, which are being provisioned. The external costs for 2021 and 2022 (see question 6) have now been paid by the funds. For the remaining external costs, CSAM is fronting as much of this expense as possible and will seek to recoup the amount which has been incurred when appropriate. In addition, a substantial part of the recovery work is conducted by CSAM's internal teams, the cost of which will be absorbed by Credit Suisse.

The boards of the Supply Chain Finance Funds (i.e., Credit Suisse (Lux) Supply Chain Finance Fund (Credit Suisse Virtuoso SICAV-SIF), Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund, Credit Suisse Nova (Lux) Supply Chain Finance Investment Grade Fund and Credit Suisse (Lie) Supply Chain Finance Investment Grade Fund) decide on costs charged to the respective funds.

At this stage, approx. USD 291 mn have been provisioned by the funds for the estimated recovery costs from 2021 - 2031. These costs do not include internal costs absorbed by Credit Suisse and cover external support in form of:

- Operating expenses for the broader SCF Infrastructure (e.g., Greensill Capital UK, Citi/TMF): Fees for administration, recovery, insurance, trustee fees and expenses, fees for administration of SPVs
- Advisory fees: Fees for restructuring and recovery activities, valuation services, external counsel fees, project management, and recovery support

In addition to the recovery costs there are ongoing fund operational fees and expenses which are billed directly to the funds (not part of the provisions): Administration, custodian bank, applicable taxes, audit expenses, regulatory fees, reporting fees, domiciliation, and registration fees. As indicated in the respective audited annual reports of October 31, 2021, these amounted in aggregate to USD 9.9 mn for the Credit Suisse (Lux) Supply Chain Finance Fund, and USD 3.8 mn for the Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund for the fund financial year 2021. As indicated in the respective audited annual reports of October 31, 2022, these amounted in aggregate to USD 3.1 mn for the Credit Suisse (Lux) Supply Chain Finance Fund, and USD 1.1 mn for the Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund for the fund financial year 2022.

#### 5. Can you provide a breakdown of the provisioned liquidation costs by fund?

As per the latest financial accounts USD 291 mn have been provisioned by the funds for the estimated liquidation costs for 2021 - 2031. The estimated breakdown of the provisions by fund are as shown in the following table:

Fund	Provisioned estimated costs USD mn
Credit Suisse (Lux) Supply Chain Finance Fund <sup>1</sup>	241
Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund <sup>1</sup>	50
Credit Suisse Nova (Lux) Supply Chain Finance Investment Grade Fund	Fund liquidated
Credit Suisse Supply Chain Finance Investment Grade Fund	Fund liquidated
<b>Total</b>	<b>291</b>

1. As per the respective audited annual reports from October 31, 2022 (aligned to FX rate used in the respective audited annual reports to ensure consistency between the numbers in the audited financial report with the Q&A); values shown are rounded to the closest million

The provisions cover a term until 2031, a much longer term than the initial provisions which explains the increase versus the previously disclosed figures. This is due to accounting requirements. Since CSAM is still actively working on underlying recoveries, the above-mentioned figures do not yet reflect the final amounts that are expected to be charged to each fund. These might change materially, upwards or downwards, in light of the recovery strategy, insurance developments and litigation outcomes relating to obligors, other creditors and insurance companies. The provision will be reviewed and adjusted as needed periodically as reflected in the latest financial accounts.

The main cost categories underlying the provisioned estimated costs are as follows: Legal advice excl. insurance (53%), Insurance advisors (31%) and Greensill servicing costs (6%).

## 6. Have any amounts of the provisioned costs already been deducted from amounts payable to investors?

For the Liechtenstein domiciled Credit Suisse Supply Chain Finance Investment Grade Fund and the Credit Suisse Nova (Lux) Supply Chain Finance Investment Grade Fund, the costs have been deducted as part of the liquidation procedure.

The Fund Boards have approved the payments of the 2021 and 2022 external costs relating to asset recovery (separate investor notices have been sent). These costs have now been paid by the funds - please find details in the table below.

<b>Fund</b>	<b>2021 Actuals USD mn</b>	<b>2022 Actuals USD mn</b>	<b>Total Actuals USD mn</b>	<b>Total in % of NAV as of Feb 2021</b>
Credit Suisse (Lux) Supply Chain Finance Fund	57	56	113	1.6 %
Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund	16	11	27	1.5 %
Credit Suisse Nova (Lux) Supply Chain Finance Investment Grade Fund	< 1	-	< 1	0.2 %
<b>Total</b>	<b>73</b>	<b>67</b>	<b>140</b>	<b>1.5%</b>

Note: Figures in the table above were converted to USD using FX rates per Dec 30, 2022 for 2021 Actuals and per May 31, 2023 for 2022 Actuals. All figures rounded

The main cost categories underlying the total 2021 external costs relating to asset recovery are as follows: Legal advice excl. insurance (49%), Insurance advisors (25%) and Greensill servicing costs (13%). The main cost categories underlying the total 2022 external costs relating to asset recovery are as follows: Legal advice excl. insurance (58%), Insurance advisors (22%) and Greensill servicing costs (7%).

Note 2021 and 2022 actuals relate only to costs invoiced and paid in 2021 and 2022, while the 2021 and 2022 provisioned liquidation costs relate to the costs forecast for the same periods and thus may differ from the actuals.

## B. Liquidation of the Funds

### 7. Can we provide a structured timetable for payouts?

Further payouts on the SCFFs will depend on the progress of recovery efforts across the programs. As of **January 9, 2024**, a total of approx. USD 7.00 bn has been returned so far to investors in the SCFFs.

Further liquidation proceeds are expected to be paid out to investors as soon as practicable in future installments. Due to provisions (see question 5) and cash collateral requirements for FX hedging purposes, the entire cash amount in the funds is not available for distribution (as was the case with all payouts so far).

We continue to monitor the free cash available for distribution in the Credit Suisse (Lux) Supply Chain Finance Fund and Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund and assess further payouts on an ongoing basis. Concrete timing on the next cash payouts, if any, cannot be provided at this moment.

Investors will receive notification of such payments once more information is available. A certain percentage of cash needs to remain in the fund.

Payment of liquidation proceeds in % of NAV as last published on February 26, 2021<sup>1</sup>:

Payment	Credit Suisse (Lux) Supply Chain Finance Fund	Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund	Credit Suisse Nova (Lux) Supply Chain Finance Investment Grade Fund	Credit Suisse Supply Chain Finance Investment Grade Fund
Distribution as of Mar 10, 2021	31.0%	14.5%	45.0%	71.7%
Distribution as of Apr 15, 2021	19.0%	8.8%	22.4%	14.3%
Distribution as of Jul 7, 2021	1.4%	27.8%	28.9%	9.0%
Distribution as of Aug 6, 2021	4.8%	3.0%	-	-
Distribution as of Sep 29, 2021	4.8%	2.7%	-	-
Distribution as of Dec 15, 2021	3.9%	6.5%	-	-
Distribution as of Nov 11, 2022	-	-	-	4.7%
Distribution as of Feb 6, 2023	-	-	3.1%	-
Distribution as of Jun 7, 2023	1.1%	6.4%	-	-
Cumulative distribution	Approx. 66%	Approx. 70%	Approx. 99.4%	Approx. 99.7%

<sup>1</sup> Updated to reflect the actual payout figures

## 8. Do investors need to take any action?

Investors do not need to take any action. The proceeds from the liquidation will be credited to their accounts in several installments. Payments will be made in the fund currency. Clients holding an account in the corresponding currency and who have issued appropriate instructions will have the liquidation proceeds credited to this account. Otherwise, the proceeds will be credited to the client's reference currency account.

## 9. Will the liquidation entail any costs or fees for clients?

Any costs and charges that are incurred in relation to the liquidation of all shares of the SCFFs will be borne by the SCFFs. Management fees were waived with immediate effect since March 4, 2021.

## 10. What are the tax implications?

Liquidations may have tax implications. As our clients have very different tax positions, Credit Suisse Asset Management is unable to make general statements. We therefore recommend that clients contact their tax advisors to find out what the tax implications of the fund closure will be in their native country, country of residence, or country of domicile.

## 11. Will the net asset value (NAV) per share of the SCFFs be adapted after the payment of the liquidation proceeds?

With every distribution to investors the published NAV will be adjusted accordingly. The adjusted NAV does not reflect any review of the actual NAV of the underlying assets and is not an implicit valuation.

## 12. In what currencies are the remaining notes denominated for both the Credit Suisse (Lux) Supply Chain Finance Fund as well as the Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund?

Due to valuation uncertainty surrounding some positions in the funds, the level of currency exposure of investors is also uncertain. We are able to indicate what proportion of the remaining notes are denominated in each currency when weighted by face value and do so in the table below. These proportions will fluctuate over time as when a currency strengthens versus others in the fund, its proportion of face value rises, and vice versa when a currency weakens. Please note the figures below also ignore the impact of currency forwards that may be applied at the fund or share class level.

The currency composition of the remaining notes as of **January 9, 2024**, of these two funds are shown in the table below:

<b>Credit Suisse (Lux) Supply Chain Finance Fund</b>				
	<i>Currency Exposure<sup>1</sup></i>			
<i>As % of total fund notional note exposure</i>	<b>AUD</b>	<b>EUR</b>	<b>GBP</b>	<b>USD</b>
<b>Non-Focus Areas</b>	0.0%	0.0%	4.6%	6.2%
<b>Focus Areas (GFG, Katerra &amp; Bluestone notes)</b>	0.0%	10.0%	2.7%	76.4%
<b>Total currency exposure</b>	0.0%	10.0%	7.3%	82.7%

<b>Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund</b>				
	<i>Currency Exposure<sup>1</sup></i>			
<i>As % of total fund notional note exposure</i>	<b>AUD</b>	<b>EUR</b>	<b>GBP</b>	<b>USD</b>
<b>Non-Focus Areas</b>	0.4%	0.0%	8.0%	10.7%
<b>Focus Areas (GFG, Katerra &amp; Bluestone notes)</b>	0.0%	0.0%	59.6%	21.3%
<b>Total currency exposure</b>	0.4%	0.0%	67.6%	32.0%

<sup>1</sup> Face value & late payments, excluding cash, treasuries, and FX forwards (subject to rounding errors)

### 13. What is the funds' approach to hedging foreign exchange risks?

As of end of January 2022, the Board of Directors of the Credit Suisse (Lux) Supply Chain Finance Fund and Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund decided to modify the approach for FX hedging. Previously, the entire underlying book value of each instrument was used to determine the amount needed to be hedged. The new method will follow the below three steps:

1. CSAM, in consultation with the Alternative Investment Fund Manager, will assess for each investment instrument whether a narrow band of probable recovery values can be determined, and will from such band determine a conservatively estimated value (the "**Estimated Value**"). If a full recovery is expected the Estimated Value will generally equal the current book value. Insurance recoveries are only taken into account once certainty of payments under the insurance policies has been confirmed.
2. To hedge foreign exchange risks, CSAM will use the Estimated Value to determine the trades to effect portfolio, as well as share class FX hedges.
3. For investment instruments, in particular notes, for which an Estimated Value cannot be determined, CSAM will not apply any portfolio or share class FX hedges.

The Board of Directors of the Credit Suisse (Lux) Supply Chain Finance Fund and Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund considers this modification to be in the investors' best interest for the following reasons:

1. It reduces the maximum drawdown risk in a range of scenarios. This is because it reduces the likelihood of scenarios where losses on currency forwards are not offset by gains on corresponding positions. The risk of such situations is particularly elevated where positions have high degrees of valuation uncertainty.
2. It reduces the amount of cash collateral required for currency hedging, increasing the amount of cash that can be distributed to shareholders, and removing some of the tail-risks that collateral can be exposed to.
3. It continues to minimize the currency risk that shareholders are exposed to where that relates to positions where valuations are more certain, and hence currency risk can be more reliably quantified.

## C. Insurance

### 14. What is the extent of insurance purchased by the funds, particularly within the focus areas?

Generally, insurance for the notes was purchased in line with the description given in the applicable prospectuses and other fund documentation for each fund (with the fund named as loss payee on applicable policies with Greensill entities such as Greensill Bank as the insured parties).

The purchased insurance was intended to cover financing arrangements of both the purchase of existing receivables and suppliers' undertakings related to future rendition of services or sale of goods.

The portion of insured versus not insured assets (information as of 26.02.2021):

- **The Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund:** As of 26.02.2021, insurance had been bought for more than 1/3 of the notes.
- **The Credit Suisse (Lux) Supply Chain Finance Fund (Virtuoso):** As of 26.02.2021, insurance had been bought for all obligors and their respective note programs.
- **The two Investment Grade Funds** (Credit Suisse Supply Chain Finance Investment Grade Fund and Credit Suisse Nova (Lux) Supply Chain Finance Investment Grade Fund): As of 26.02.2021, insurance had been bought for obligors rated A- or lower.

### 15. What is the impact of the termination by the insurance company of its insurance policy with Greensill Bank? Is there a risk that a potential loss to the insured funds is not covered by the insurance policy?

The termination by the insurance company of its insurance policy with Greensill Bank does not alter the insurance situation for the existing notes for the period before the termination. Three aspects are important with regard to insurance claims: 1) potential defaults of obligors and their non-payment of the debt need to first materialize, 2) the respective insurance claim (the claim being in respect of the unpaid debt) needs to be submitted to the respective insurance company by the policy holder, i.e., Greensill Bank, 3) the insurance company will assess the claim through its investigations (e.g., asking for additional information / documentation) and after what could amount to months, ultimately state its position in respect of coverage (meaning partially or fully covering or denying the loss). A number of conditions and criteria must be satisfied under the policy in order to have a covered loss.

## 16. How many insurance claims have been filed to date?

CSAM has protected the rights of the Funds by claiming for all insurable losses within the relevant limitation period. To that end, the following tables summarize the insurance claims filed by the Funds.

<b>Credit Suisse (Lux) Supply Chain Finance Fund</b>	Number of insurance claims filed <sup>1,2</sup>	Corresponding CSAM exposure of claims filed <sup>3</sup> in USD mn
Focus areas (for GFG and Bluestone related entities)	9	1,405
Non-focus areas	8	318
Total	17	1,723

<b>Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund</b>	Number of insurance claims filed <sup>1,2</sup>	Corresponding CSAM exposure of claims filed <sup>3</sup> in USD mn
Focus areas (for GFG and Bluestone related entities)	3	466
Non-focus areas	1	3
Total	4	469

<sup>1</sup> Across the two funds a total of 18 insurance claims with a corresponding Fund exposure of approx. USD 2.2 bn have been filed (a submitted claim can be for both funds)

<sup>2</sup> Insurance claims under notes that included future receivables

<sup>3</sup> Figures are subject to currency variations and loss mitigations due to asset recoveries. Exposure of claims filed may exceed the remaining exposure in the funds as there may have been recoveries subsequent to filing the insurance claim.

CSAM has now filed insurance claims on behalf of the Funds in respect of all the SCFF programs where there are insurable losses. Over 90% of CSAM total filed claims (approx. USD 2.2 bn, please refer to table above) are against Insurance Australia Ltd with the remainder split between Zurich Insurance PLC and Tokio Marine. The figures above do not reflect amounts recovered.

## 17. Update on Insurance Claims Process and Litigation in respect of the Insurance Claims:

As noted above, CSAM has filed insurance claims on behalf of the Funds in respect of all the SCFF programs where there are insurable losses. The Insurers have made extensive requests for further information and documentation regarding each of the insurance claims and CSAM was in the process of engaging with these requests but as litigation has now been commenced, the replies to these requests are on hold.

In order to protect the rights of investors we commenced litigation in the New South Wales (Australia) Federal Court in respect of the Catfoss Renewables exposure on February 22, 2022 in order to be joined to the insurance cases currently before the court. This important action was taken to protect the rights of investors as the judge will be hearing claims brought by other parties under the same insurance policy as the Catfoss Renewables claim. On February 27, 2023, litigation on the remaining available 15 claims were commenced in the Federal Court of Australia. These claims are combined in, and referred to as, the Global Claim. In essence the grounds on which the Global Claim is based are the same as those in the current proceedings before the Court for Catfoss Renewables. The Judge has ruled that all of the claims currently before the Court (including those brought by other parties) will be heard together. Litigation on the 1 claim filed in the English High Court was commenced on March 10, 2023. Out of the remaining 2 claims, 1 claim was subject to a standstill agreement with the insurer and the underlying notes have now been fully repaid and 1 claim is a restructured debt.

The Insurer in the Australian proceedings have filed their Defences in respect of all respective insurance claims filed by Funds. As anticipated the Insurer is challenging the validity of the relevant insurance policy and alleging misrepresentations and non-disclosure of the risks at the time of inception of the policy. CSAM's position remains firm that all relevant insurance policies are valid and that the Insurer's claims are unfounded. At the Case Management Hearing for these claims on October 24, 2023 the judge gave the parties an opportunity to join additional parties to the litigation by November 7, 2023. The Funds commenced litigation against Tokio Marine and Marsh on November 7, 2023. A Discovery Conference took place on December 21, 2023 with the judge ordering that a

Strike Out and Summary Dismissal Interlocutory Application hearing take place on March 7, 2024 and all parties to provide discovery by April 24, 2024.

## **D. Project Governance & Organizational Set-up**

### **18. How is the Credit Suisse Asset Management investment management team organized?**

On May 3, 2021, Credit Suisse Asset Management established a dedicated investment committee for key decisions regarding the liquidation of the portfolios. Day-to-day decisions on portfolio management are made by the portfolio management team. Furthermore, the unwinding and liquidation process is supported by internal and external legal counsel, insurance, and credit valuation specialist teams.

### **19. Have the funds held their annual general meeting of shareholders in 2022?**

The annual general meetings of shareholders for Credit Suisse Nova (Lux) and Credit Suisse Virtuoso SICAV-SIF were held in person on July 7, 2022 in Luxembourg. All resolutions tabled at the meeting were passed.

### **20. Have the funds held their annual general meeting of shareholders in 2023?**

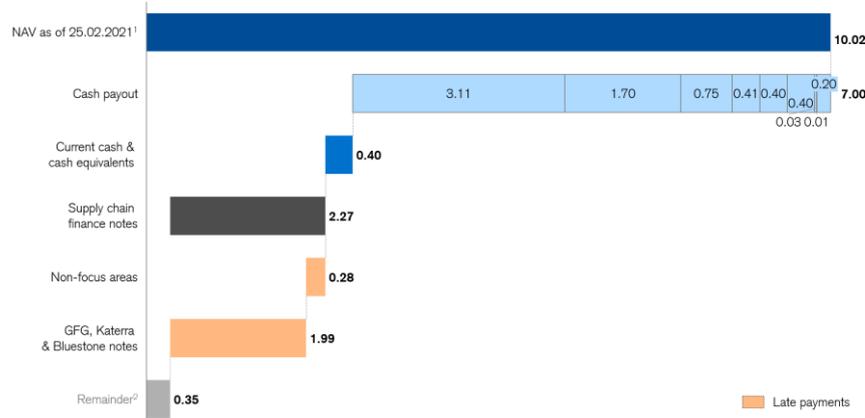
The annual general meetings of shareholders for Credit Suisse Nova (Lux) and Credit Suisse Virtuoso SICAV-SIF were held in person on April 26, 2023 in Luxembourg. All resolutions tabled at the meeting were passed.

## E. Recent Updates and Progress

### 21. What is the volume of payments that have not been made to the SCFFs when due? What is the recovery rate you are expecting?

All original notes have become due.

Fund volume break-down (in USD bn), as of **January 9, 2024** (a detailed breakdown per fund is provided in the Portfolio Details, which are updated regularly):



<sup>1</sup> Differences in totals are due to rounding

<sup>2</sup> Remainder is due to a combination of factors including, but not limited to: profits & losses from FX hedging, ongoing costs charged to the fund (e.g., custody, fund administration), changes in FX rates, settlements at values different to the book value on Feb 25, 2021, different cut-off times/data sources and reserves for recovery processes and legal proceedings

Please note:

Non-focus area notes: Relates to a program where issued notes are backed by obligations from a single paying party (single obligor).

Within the focus areas we are making the efforts described in the answer to question 22 to collect the amounts outstanding. Given the complexity of the situation and negotiations, any predictions on recovery rates for the focus areas would be premature.

Within the non-focus areas, substantially all remaining exposures relate to obligors that are late in making payments, and / or obligors where we expect an element of restructuring. We are applying individual restructuring strategies for each debtor with the goal to maximize recovery. However, we expect an overall recovery for non-focus areas of >90% (Note: recovery rate is relative to approx. USD 2.8 bn book value of non-focus areas exposure as of March 31, 2021).

### 22. What has been the progress on the three focus areas lately?

We continue to invest substantial efforts to maximize and expedite recovery. Dedicated teams of internal and external financial, legal, and restructuring experts have been put in place to progress each of the focus areas. To maximize recovery, we generally pursue concepts of consensual restructuring but also seek the legal enforcement of the funds' claims where needed. Progress has been made on defining the consensual restructuring and enforcement plans. For instance:

GFG: In October 2021, CSAM reached an agreement with the "GFG Alliance" for the repayment in full of the portion of the "GFG Alliance" exposure relating to its Australian operations (more details in question 23). Full repayment of the remaining principal of AUD 240mn with interest was completed on June 30, 2023. Discussions regarding the refinancing and restructuring of assets in the US, and the UK are ongoing. In June 2022, the outstanding exposure (outside of Australia) was allocated in the amount of USD 651 mn to Credit Suisse (Lux) Supply Chain Finance Fund and was allocated in the amount of USD 236 mn to Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund in accordance with the pro rata exposure to non Australia related GFG entities. International media has reported on the UK Government's decision to remove the guarantees on Greensill loans provided to GFG from the Coronavirus Large Business Interruption Loans (CLBILS) Facility. The UK Government's decision to remove the CLBILS' Facility guarantees is expected to impact only beneficiaries of the guarantee. The SCFFs were not beneficiaries of the guarantees. You may have seen reporting in mid-November 2022 on progress being made with regards to the focus area "GFG Alliance". CSAM has signed with

GFG and other creditors a non-binding term sheet on an agreement in principle for a debt restructuring. As a first step, the parties have executed a settlement agreement in June 2023 which defines the cornerstones of a settlement and provides the framework for the subsequent drafting and negotiating of definitive transaction documents. However, as the proposed payment date for the upfront cash portion of the agreement in principle has passed without payment, the settlement deed will not be implemented as envisaged in June 2023. CSAM continues discussions with GFG and is considering all options to maximize investor returns.

Bluestone: In June 2022, CSAM reached an agreement with Bluestone and its shareholders for the repayment of cash to noteholders. This agreement includes (inter alia) a two-year standstill period, recurring payments from Bluestone of up to USD 320 mn to all noteholders, as well as the sharing by noteholders and the Justice family in the proceeds from any potential sale of the Bluestone entities. The calculation of the recurring payment amounts is tied to Bluestone's operating performance. EBITDA shall be assessed on a monthly basis and payments will be calculated accordingly. As of January 9, 2024, a gross total of approximately USD 48.2 mn has been received and allocated to the funds on a pro rata basis. Noteholders' share of any proceeds from a potential Bluestone entity sale are expected to be in addition to recurring payments. Although, we expect Bluestone to perform its obligations under the agreement, the agreement provides for certain remedies in the event of default by Bluestone. Recurring payments will accumulate and shall accrue to the Fund's account in cash. However, the total amount recovered over the standstill period depends on Bluestone's operational performance and market environment. Insurance claims are unaffected by the Standstill Agreement and insurance claims extend to any non-payment under the Standstill Agreement. In terms of original nominal exposure, the total Bluestone related exposure was USD 850 mn out of which USD 690 mn related to the SCFFs, split into USD 620 mn relating to Multi-Obligor Programs and USD 70 mn relating to one Single-Obligor Program. In June 2022, the outstanding Bluestone exposure was allocated in the amount of USD 595 mn to Credit Suisse (Lux) Supply Chain Finance Fund and was allocated in the amount of USD 95 mn to Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund in accordance with the pro rata exposure to Bluestone entities.

Katerra: On December 23, 2021, Credit Suisse filed two applications for document discovery in the United States, and on August 3, 2022, a preliminary application was filed in the English courts, in connection with proposed litigation in the United Kingdom against various entities affiliated with Softbank Group Corp. This is in connection with the recovery of amounts backed by outstanding receivables sold by Katerra Inc., a now bankrupt US construction company, and its affiliates. The two US discovery applications have been filed in the California and Arizona federal courts, and are publicly available online. Discovery under the Arizona order is complete. Discovery of documents under the Californian order is in progress. Credit Suisse (Lux) Supply Chain Finance Fund (Virtuoso) exposure to Katerra is under the name "Fairymead" in our disclosures. CSAM has reached agreement with the Softbank entities to accept service of the claim without the requirement for a further court hearing. The Note Trustee was joined as co-claimant and the claim filed with the English Court on April 6, 2023. The claim was served on the Softbank entities on April 11, 2023. Their defence was served on June 8, 2023. CSAM served its reply on August 3, 2023.

Further, we continue to follow the insurance process for all insurable losses in respect of Bluestone and GFG. For Katerra, CSAM is pursuing litigation as path to recovery. At this point we cannot comment further on any specific negotiations due to their underlying confidentiality. After further proceeds from negotiations on focus areas materialize, we will provide an update accordingly.

### **23. What is the agreement regarding the GFG Australia restructuring?**

In October 2021, CSAM reached an agreement with the "GFG Alliance" for the repayment in full of the portion of the "GFG Alliance" exposure relating to its Australian operations. This agreement does not include any haircut in terms of principal or accrued interests. It consists of an initial payment of AUD 129 mn (approx. USD 96 mn) which was received in October 2021 and reflects both a substantial principal payment and additional payments for default interest and legal costs. "GFG Alliance" agreed to repay the remaining principal of AUD 240 mn (approx. USD 178 mn) with interest by mid-2023. Full repayment of the remaining principal of AUD 240mn with interest was completed on June 30, 2023.

While there is still much work to do with regard to the larger sum owed by GFG's UK businesses, it provides encouragement that even within the focus areas there are at least some prospects for recovery.

The agreement with "GFG Alliance" on the repayment of the portion relating to its Australian operations affects the Credit Suisse (Lux) Supply Chain Finance Fund and Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund. Outside of this agreement there is no other outstanding debt relating to the Australian operations of GFG.

**24. What has been the progress on the non-focus areas in the past months?**

The remaining exposure of approx. USD 0.28 bn is increasingly comprised of cases where there is valuation uncertainty. This includes cases where payment is expected in full, but repayment may be late, and cases where full repayment by the obligor is no longer likely. All of these cases are being addressed on an ongoing basis to ensure the best possible outcome for investors.

**25. How does the assumption on outstanding maturities look (taking into considerations renegotiated timelines with obligors)?**

The remaining portfolio is increasingly comprised of situations where negotiation with obligors is necessary, and restructuring and litigation may be required to maximize investor recoveries. Typically, these sorts of situations can take in excess of a year to be resolved, and as a result it would be reasonable to expect the rate of payment into the funds to slow down. Due to the high level of uncertainty around when the majority of our remaining exposures will be repaid, we no longer report portfolio level maturity profiles in our investor communications. In addition, CSAM is focused on ensuring that, where restructurings are required, obligors are making payments as soon as they are able to do so.

**26. Are there any assumptions as to how long it will take to estimate the net losses?**

At this point it is difficult to estimate the extent of any net losses, as the work covering direct recoveries, litigation and insurance is ongoing. Given the complexity of the situation and negotiations, predictions on the timing would be premature.

**27. When will the investment grade funds be closed?**

For the Liechtenstein domiciled Credit Suisse Supply Chain Finance Investment Grade Fund, the final payment of liquidation proceeds, totaling approximately USD 31.3 mn, was made with value date November 11, 2022. This brought the total amount returned to investors to approximately USD 667 mn, which amounts to 99.7% of the fund's NAV at the time of its suspension. As of the publicly available audited liquidation report, final recovery-related costs paid by the fund amount to approx. USD 2.2 mn.

For the Credit Suisse Nova (Lux) Supply Chain Finance Investment Grade Fund, the final payment of liquidation proceeds, totaling approximately USD 8.1 mn, was made with value date February 6, 2023. The final share of the sub-fund's NAV (at the time of suspension) returned to investors differs between the share classes ranging from 99.4% to 99.9%.

**28. Does CSAM plan to publish an updated valuation for the SCFFs?**

Given some of the funds' assets continue to be subject to considerable uncertainty with respect to their valuation, publication of an updated valuation for the SCFFs is not planned. CSAM will continue to monitor the situation and assess options.

**29. In light of the recent developments in Ukraine, do the SCFFs have any direct exposure to entities in Russia or Ukraine?**

The SCFFs do not have any direct exposure to entities in Russia or Ukraine.

**30. What are the consequences of FINMA's enforcement measures?**

This marks an important step towards the final resolution of the SCFF issue. Since March 2021, Credit Suisse has taken action to directly address many of the issues subsequently highlighted by FINMA, and notes that FINMA is supportive of the measures already taken to

strengthen governance and control processes. Credit Suisse has a clear strategic plan in place, as communicated on October 27, 2022, which is being executed by a new leadership team. Significant progress has been made in terms of embedding a risk management mindset across the Group, and the focus on strengthening Risk and Compliance continues to be a critical part of the broader transformation program.

FINMA has not ordered any confiscation of profits in connection with the proceedings and the implementation of the additional measures is not expected to result in significant costs for Credit Suisse.

FINMA's findings are not expected to impact the recovery efforts, and Credit Suisse continues to prioritize maximizing recovery for investors in the Supply Chain Finance Funds.

Additionally, FINMA will appoint an audit officer to assess compliance with these supervisory measures; this is not an "in-house monitor", rather, FINMA will assign a representative to verify that the supervisory measures have been implemented satisfactorily.

### **31. What are the consequences of the completed UBS-Credit Suisse transaction on the SCFF?**

Based on our current understanding and expectation, we do not anticipate that the completed UBS-Credit Suisse transaction will have a direct impact on the recovery process. A new governance has been established, along with a dedicated team that will continue to seek to maximize recovery for investors.

**SCFFs payout of liquidation proceeds (Status as of January 9, 2024)<sup>1</sup>**

In USD mn	Value as of	Credit Suisse (Lux) Supply Chain Finance Fund	Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund	Credit Suisse Nova (Lux) Supply Chain Finance Investment Grade Fund	Credit Suisse Supply Chain Finance Investment Grade Fund	SCFFs in total
Net Asset Value (NAV)	26.02.2021	7,253	1,834	260	669	<b>10,016</b>
First payout of liquidation proceeds	10.03.2021	2,246	266	117	480	<b>3,109</b>
Second payout of liquidation proceeds	15.04.2021	1,381	161	58	96	<b>1,696</b>
Third payout of liquidation proceeds	07.07.2021	105	510	75	60	<b>750</b>
Fourth payout of liquidation proceeds	06.08.2021	350	55	-	-	<b>405</b>
Fifth payout of liquidation proceeds	29.09.2021	350	50	-	-	<b>400</b>
Sixth payout of liquidation proceeds	15.12.2021	280	120	-	-	<b>400</b>
Seventh payout of liquidation proceeds	11.11.2022	-	-	-	31	<b>31</b>
Eighth payout of liquidation proceeds	06.02.2023	-	-	8	-	<b>8</b>
Ninth payout of liquidation	07.06.2023	82	118	-	-	<b>200</b>

First payout of liquidation proceeds in % of NAV	10.03.2021	31.0%	14.5%	45.0%	71.7%	<b>31.0%</b>
Second payout of liquidation proceeds in % of NAV	15.04.2021	19.0%	8.8%	22.4%	14.3%	<b>16.9%</b>
Third payout of liquidation proceeds in % of NAV	07.07.2021	1.4%	27.8%	28.9%	9.0%	<b>7.5%</b>
Fourth payout of liquidation proceeds in % of NAV	06.08.2021	4.8%	3.0%	-	-	<b>4.0%</b>
Fifth payout of liquidation proceeds in % of NAV	29.09.2021	4.8%	2.7%	-	-	<b>4.0%</b>
Sixth payout of liquidation proceeds in % of NAV	15.12.2021	3.9%	6.5%	-	-	<b>4.0%</b>
Seventh payout of liquidation proceeds in % of NAV	11.11.2022	-	-	-	4.7%	<b>&lt; 1%</b>
Eighth payout of liquidation proceeds	06.02.2023	-	-	3.1%	-	<b>&lt; 1%</b>
Ninth payout of liquidation proceeds	07.06.2023	1.1%	6.4%	-	-	<b>2.0%</b>
Cumulative distribution in % of NAV	07.06.2023	66.1%	69.8%	99.4%	99.7%	<b>70%</b>

<sup>1</sup> Updated to reflect the actual payout figures

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