

Update on best practices in investment reporting

Date: 6th October 2011
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Basic idea behind the need for best practices

GIPS Standards

Performance Presentation Standards Report						
Composite	Equities Switzerland SPI active Mandates			Inception Date	01 Jan 1997	
Benchmark	Swiss Performance Index (S) in CHF			Reporting Currency	CHF	
	Total Return (%)	Benchmark Return (%)	Number of Portfolios	Composite Dispersion (%)	Total Assets at End of Period (millions)	Percentage of Firm Assets (%)
YTD Mar 02	-4.3	-4.1	19	0.1	1,331.2	1.2
2001	-22.4	-22.0	16	0.4	1,242.9	1.2
2000	11.8	11.9	16	0.5	1,427.7	1.3
1999	10.4	11.7	13	1.0	1,169.3	1.3
1998	14.5	15.4	12	2.4	625.3	1.4
1997	50.0	55.2	11	1.3	836.2	1.7

CREDIT SUISSE ASSET MANAGEMENT Switzerland
Equities Switzerland SPI active Mandates Composite
Accompanying Notes

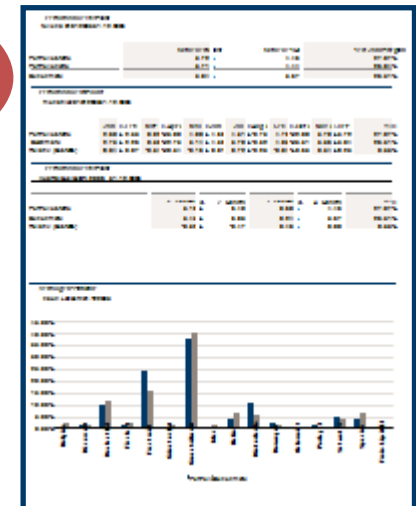
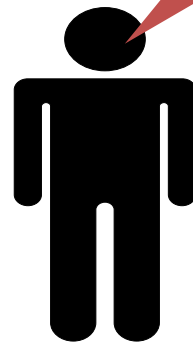
Compliance Statement
Credit Suisse Asset Management (Switzerland) has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS) (TM), the Swiss Performance Presentation Standards (SPPS) and the Performance Presentation Standards of the Association of Investment Management and Research (AIMR) (PFS) (TM). The Swiss Banking Association and AIMR have not been involved with the preparation or review of this report.

Definition of the Firm
Credit Suisse Asset Management (Switzerland) is an independent investment management firm established in 1997. Credit Suisse Asset Management (Switzerland) manages a variety of equity, fixed income, and balanced assets for primary Swiss and European clients.

Benchmark
If the composite has a customized benchmark the details are not shown in the above report file. However the full details are available on request. Sources of foreign exchange rates may be different.

... but what about investment reporting to existing clients?

Prospective clients gain from improved transparency.



Investment reporting

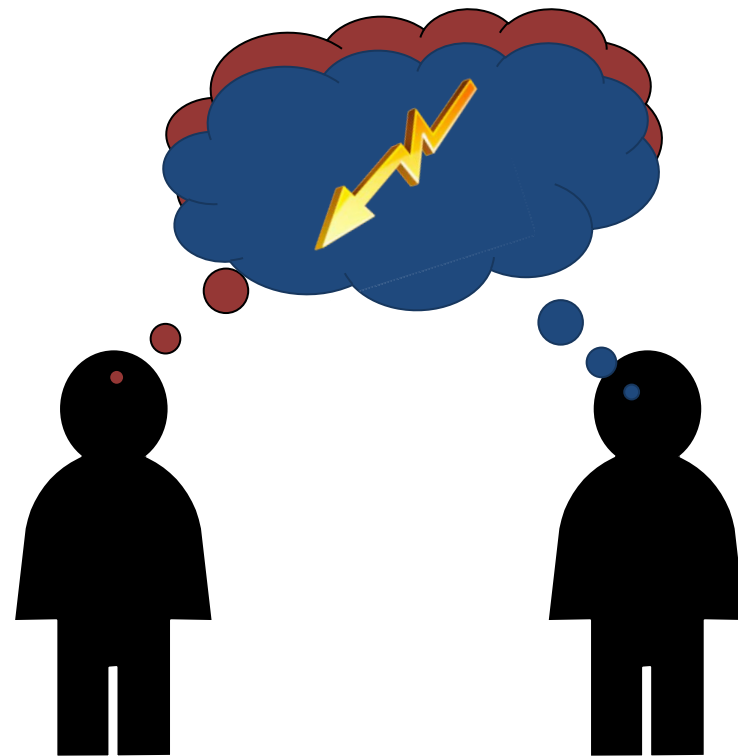
Is there a common understanding?

(1/3)



Is there a common understanding?

(2a/3)



Portfolio
Manager

Client

Areas for discussion:

- returns (TWR versus MWR),
- relevant capital if overlay or leverage,
- market value versus economical exposure,
- fees and taxes (gross versus net),
- absolute versus relative return / risk,
- definition of risk,
- reporting periods,
- underlying prices,
- valuation of illiquid investments,
- underlying reference data,
- etc.

Is there a common understanding?

(2b/3)

Return calculation

5.12%

- TWR or MWR?
- net or gross?
- after tax?
- ...

Valuation and classification

25.71%

- what prices?
- considering leverage?
- how classified?
- ...

Benchmark

1.38%

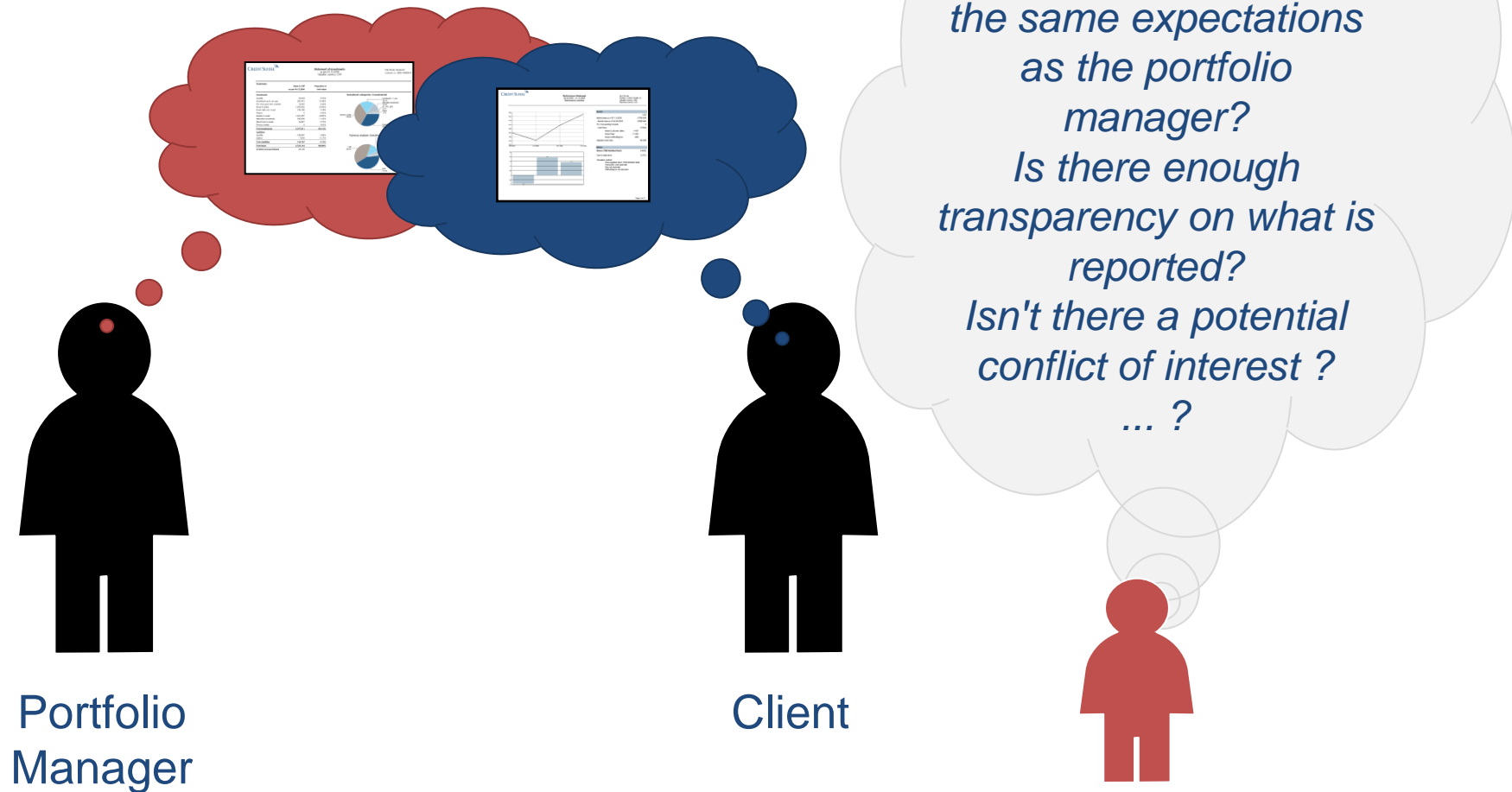
- what BM?
- appropriate BM?
- after tax?
- ...

and others



Is there a common understanding?

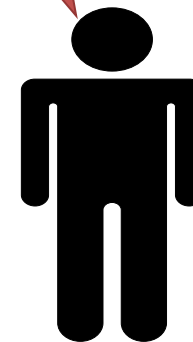
(3/3)



Why is guidance on investment reporting important?

- To increase transparency.
- To improve investor education.
- To enhance investment industry credibility.
- To improve communication of expectations and results.
- To mitigate and better understand risks.
- To reduce and understand conflicts of interests.
- ...

... for sure on a global basis
and for all client segments!



Establish best practices for investment reporting to "existing" clients !

What happened so far? - Status August 2011 (1/3)

- 2001: Discussion started within the European Investment Performance Committee (EIPC => now EMEA Regional Investment Performance Subcommittee) on transparency needs with respect to performance attribution.
- 2002: EIPC published "Guidance for Users of Attribution Analysis".
- 2004: EIPC published "Guidance on Performance Attribution Presentation".
- 2005: Discussion started within the EIPC on transparency needs with respect to investment reporting.
- 2006: EMEA RIPS published the "Guidance for Recipients of Investment Reporting" => List of questions to ask asset managers with respect to client reporting.
- 2006: Discussion started within GIPS Executive Committee and its subcommittees on transparency needs with respect to client reporting to "existing clients".

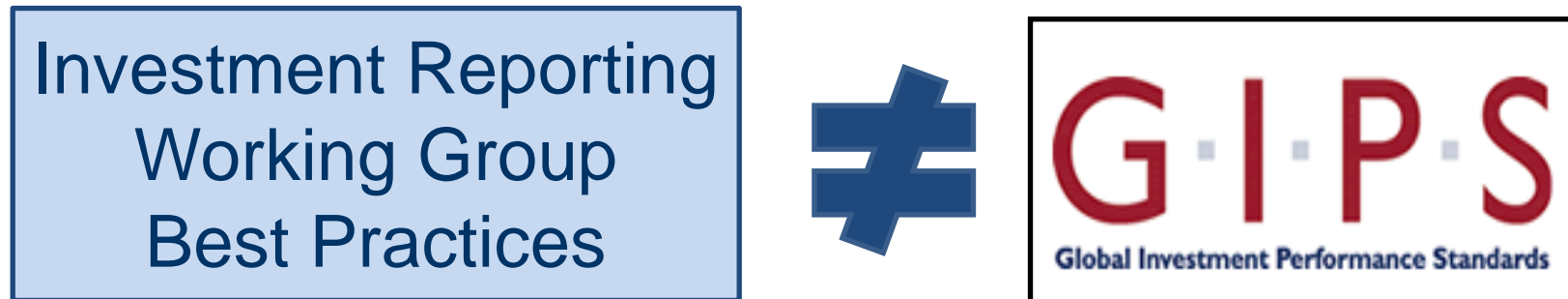
What happened so far? - Status August 2011 (2/3)

- 2009: Discussion started within CFA Institute to form a working group on guidance on investment reporting.
- 2009: Discussion started within CFA Institute to form a working group on guidance on investment reporting.
- 2009: CFA Institute decided to begin work to develop best practice guidelines for client reporting => GIPS Newsletter
- 2010: GIPS Standards 2010 includes three provisions referring to "existing clients":
 - 0.A.8: Statements referring to the performance of a single, existing client portfolio as being “calculated in accordance with the Global Investment Performance Standards” are prohibited, except when a GIPS-compliant firm reports the performance of an individual client’s portfolio to that client.
 - 0.B.4: Firms should provide to each existing client, on an annual basis, a compliant presentation of the composite in which the client’s portfolio is included.

What happened so far? - Status August 2011 (3/3)

- 2010: GIPS Standards 2010 approved by ... continued
 - 8.A.4: When firms present composite performance to an existing wrap fee/sma sponsor that includes only that sponsor's wrap fee/sma portfolios (resulting in a “sponsor-specific composite”):
 - a. Firms must disclose the name of the wrap fee/sma sponsor represented by the sponsor-specific composite; and
 - b. If the sponsor-specific composite compliant presentation is intended for the purpose of generating wrap fee/sma business and does not include performance net of the entire wrap fee, the compliant presentation must disclose that the named sponsor-specific compliant presentation is only for the use of the named wrap fee/sma sponsor.
- 2010: CFA Institute formed the Investment Reporting Working Group (IRWG).
- December 2010: IRWG started work (working group members were chosen and governing documents were created).
- Since December 2010: Monthly IRWG conference calls.

Relationship to GIPS Standards



- Please note that this discussion is a preliminary report on work that is ongoing and evolving and therefore subject to changes (status as of August 2011).
- Please note that the Investment Reporting Working Group Best Practices is separate and distinct from the GIPS Standards.

IRWG's objectives and stakeholders

- To **establish investment industry best practices** for reporting investment results and information that promote interests of and instill confidence in the users of investment reporting (=> principle based best practices).
- To **obtain worldwide acceptance of a single standard** for the reporting of investment results and information based on the principles of transparency, fair representation, and full disclosure.
- To **foster the notion of industry “self-regulation”** on a global basis.
- The **IWRG stakeholders** are both the professional preparers and the (intended) users of investment reporting, such as:
Asset management companies, custodians, administrators, prime brokers, investment consultants, and investors.

IRWG - definition of investment reporting

- The IWRG defines investment reporting as the preparation and presentation of investment information including the illustration of the investments made, the results achieved, and the risks taken.
- The IRWG understands investment reporting as a subset of overall client reporting within the investment management industry.
- The IWRG considers investment reporting to focus on current exposures of the investments and to include reports on asset allocation, performance, and risk, etc. Therefore, the IRWG does not address reports designed for accounting, tax, and regulatory purposes.
- The IRWG considers investment reporting not only to include the output, but also the inputs and the respective policies and procedures.

IRWG - goals of the best practices

(1/2)

- To improve the quality of investment reporting to allow better feedback into the investment decision-making process.
- To provide guidance on the minimum content of investment reporting.
- To provide guidance on methodologies for preparers and intended users of investment reporting.
- To provide the basis for comparability of investment reporting.
- To provide guidance on the quality of the input data for investment reporting.
- To support stronger internal processes for preparers of investment reporting.
- To provide assurance to intended users of investment reporting that preparers adhere to ethical best practices.
- To provide regulators the basis for potential future regulations in the area of investment reporting.

IRWG - goals of the best practices

(2/2)

- To facilitate education for preparers and recipients/users of investment reporting.

IRWG - guiding principles of the best practices (1/2)

- The purpose for investment reporting and the reasons for its creation and content are transparent and clear.
- The type of the intended user or the audience in mind, and their expected use of the investment information, are taken into account when designing the investment reports.
- The investment reporting is a fair representation of the investments made, results achieved, and the risks taken.
- The investment reporting is relevant and appropriate for the presented asset classes and investment strategies.
- The investment reporting complies with all applicable laws and regulations.
- The policies and procedures for investment reporting are documented and available upon request.

IRWG - guiding principles of the best practices (2/2)

- The policies and procedures for investment reporting are reviewed by an independent third party.
- ...

Comments and questions

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