Registered number: 10146102

CREDIT SUISSE GROUP (UK) PENSION FUND

Annual report and financial statements

Year ended 31 December 2019

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TRUSTEE AND ITS ADVISERS

Trustee	Credit Suisse First Boston Trustees Limited:
Trustee Directors	Glenn Wellman (Chairman) Adrian Cooper (Deputy Chairman) Paul Brine Stephen Foster – member nominated David Mayes Simon Meadows Patrick Flaherty – member nominated Alex Spain – member nominated The Law Debenture Pension Trust Corporation plc represented by Vicky Paramour – independent Trustee
Principal Employer	Credit Suisse Securities (Europe) Limited (until 30 August 2019) Credit Suisse International Limited (from 30 August 2019)
Chief Operating Officer to the Trustee – from 1 January 2020	Mrs J Pocock Pegasus Pensions PLC 100 Wood Street London EC2V 7EX cspensions@pegasusplc.com
Chief Operating Officer to the Trustee – Until 31 December 2019	Mr N Kripps, Mercer Limited, Tower Place, London EC3R 5BU
Administrators	FIL Pensions Management and FIL Life Insurance Limited ("Fidelity")
Independent Auditors	PricewaterhouseCoopers LLP
Bankers	Royal Bank of Scotland
Fund Actuary	Philip Dennis FIA Aon Hewitt
Investment Consultant	Lane Clark & Peacock LLP
Investment Custodian	Northern Trust Corporation
Investment Providers	**Defined Benefit:** FIL Investment Management (Luxembourg) S.A. Insight Investment Management (Global) Limited M&G Investment Management Limited Northern Trust Asset Management PIMCO Europe Limited Willis Towers Watson (until August 2019)

Investment Providers	**Defined Contribution:**
	BlackRock Advisors (UK) Limited Fidelity Investments Life Insurance Limited HSBC Life (UK) Limited Legal & General Assurance (Pensions Management) Limited Threadneedle Investment Services All funds are accessed via the Fidelity Investments Life Insurance Limited Platform
AVC Providers	AEGON Utmost Life and Pensions Limited (from 1 January 2020) Equitable Life (up to 31 December 2019) Scottish Friendly Assurance Society Limited The Prudential Assurance Company Standard Life Assurance Company Phoenix Life Limited
Legal Advisers	Linklaters LLP
Contact Address	FIL Pensions Management Fidelity International Beech Gate Millfield Lane Lower Kingswood Tadworth KT20 6RP Tel: DB – 0800 368 6870 DC – 0800 368 6868 Email: Pensions.Service@fil.com

TRUSTEE'S REPORT

Introduction

The Trustee of the Credit Suisse Group (UK) Pension Fund (the 'Fund') is pleased to present the annual report together with the audited financial statements for the year ended 31 December 2019. The Fund incorporates Defined Benefit and Defined Contribution Sections and is administered by FIL Pensions Management and FIL Life Insurance Limited ('Fidelity'), in accordance with the establishing documents and rules, solely for the benefit of its members and other beneficiaries.

Pegasus Pensions PLC was appointed by the Trustee of the Fund and Credit Suisse International Limited (the 'Company') to deliver the Trustee Chief Operating Officer ('COO') services with effect from 1 January 2020. This appointment followed the successful handover of the key Fund information from Mercer Limited during Q4 2019.

HMRC Registration

The Fund is registered with HMRC under Chapter 2 of Part 4 of the Finance Act 2004. This means that the contributions paid by both the Company and the members qualify for full tax relief, and enables income earned from investments by the Trustee to receive preferential tax treatment.

Principal Employer

During the year, Credit Suisse Securities (Europe) Limited was replaced as Principal Employer of the Fund by the Company. This change took place with effect from 30 August 2019.

The Fund offers benefits for all eligible employees of the Principal and participating employers.

Trustee and Advisers

The responsibility for setting the strategy for managing the Fund rests with the Trustee.

The Trustee Directors are shown on page 1.

Decisions are made by majority voting of the Trustee Directors.

Subject to sections 241 to 243 of the Pensions Act 2004, the Principal Employer may, at any time, appoint or remove from office any company appointed director of the Trustee Company.

Member Nominated Trustee Directors (MNTDs) can be either active or pensioner members of the Fund. MNTD applications are reviewed by a selection panel and a number of suitable candidates are then interviewed. The selection panel will select candidates that meet the Trustee's criteria to fill the vacancies. The selection panel is made up of a number of Trustee Directors, the COO to the Trustee and a representative of the Company. MNTDs selected by this exercise normally serve for four years, but may be required to leave the Board if their membership status changes. If an active MNTD becomes a deferred member they may continue at the discretion of the Board and on consultation with the Company, but not beyond the next selection process. MNTDs may resign at any time and may exceptionally be required to leave the Board (by unanimous resolution of the Directors).

The present advisers and service providers to the Trustee are shown on pages 1 and 2. The day to day management and operation of the Fund has been delegated to these service providers, operating in accordance with formal contracts with day to day oversight provided by the COO. The Trustee monitors the performance of all delegates, including the COO.

Trustee meetings

The Trustee Board met formally four times during the year. Other meetings were held, as required, to deal with business that could not await the next scheduled meeting.

The only sub-committee of the Trustee Board to have met during the year is the Investment Committee. The Investment Committee met four times during the year and its membership during the year was as follows:

Simon Meadows (chair) – Trustee Director
Paul Brine – Trustee Director
David Mayes – Trustee Director
Glenn Wellman – Trustee Director
Craig Gillespie – Company representative (DB related items only)
Clare Abrahams – Company representative (DC related items only)

Financial development of the Fund

The Financial Statements included in this annual report are the accounts required by the Pensions Act 1995. They have been prepared and audited in compliance with the regulations made under Sections 41 (1) and (6) of that Act.

Pension increases

In accordance with the Rules of the Fund, pensions in payment are generally subject to increase in whole or in part on 1 April each year. Members of the Donaldson, Lufkin & Jenrette International Retirement Savings Plan (DLJ) Final Salary Section of the Fund receive increases on the anniversary of the date they retired. Certain pensions are increased in line with inflation (either RPI or CPI) subject to a maximum increase of 5% p.a. For the purpose of the 1 April 2019 pension increases, the applicable increase was 3.3% for those receiving an RPI linked increase and 2.4% for those receiving a CPI linked increase.

For those members who were previously members of the Credit Suisse First Boston Section of the Fund, the Rules provide for increases (to that part of the pension accrued after 5 April 1997) which are calculated as the increase in inflation subject to a maximum of 5% p.a. In respect of pensions accrued before 6 April 1997, the Principal Employer did not grant a discretionary increase on 1 April 2019. The Principal Employer considers, on an annual basis, whether to award discretionary pre 1997 pension increases for the Credit Suisse First Boston Section as per Rule 18.2. For members of the Credit Suisse RBP section, the rules provide for increases of fixed 5% for both pre and post 6 April 1997 entitlement. For the purpose of the 1 April 2019 pension increases the applicable increase was 3.3% for those receiving an RPI linked increase and 2.4% for those receiving a CPI linked increase.

Furthermore, for Guaranteed Minimum Pensions (GMPs) in payment the Fund pays an increase in line with inflation, up to a maximum of 3% p.a. on GMPs in payment which accrued after 5 April 1988. For the purpose of the 1 April 2019, pension increases the applicable increase was 2.4% for those receiving an RPI linked increase and 2.4% for those receiving a CPI linked increase.

Increases to deferred benefits

During the year, deferred benefits were increased in accordance with statutory requirements.

Fund changes

There was a new Schedule of Contributions signed and certified in March 2019.

The Trustee, along with its investment consultant, regularly reviews the suitability of Defined Contribution "DC" funds available to members in order to ensure that they remain appropriate and suitable for its purpose. In February 2019, the number of self-select funds available to DC members was reduced from 22 funds to 16 funds in order to improve the value for money offered in the self-select range.

As part of continued de-risking, the Trustee continued work on removing the Defined Benefit "DB" funds allocation from property investments. A partial redemption was carried out in early 2020 and this work is expected to continue until a full redemption from the Fidelity UK Real Estate UK Fund has been achieved.

The remaining DB section equity assets were sold during 2019.

Transfer values

Members leaving service can transfer the value of their benefits under the Fund to another scheme that they join or to an insurance contract or personal pension. Transfer values do not include an allowance, where applicable, for any discretionary benefits which might be awarded. During the year the transfer values paid were equal to the cash equivalent of the members' leaving service rights.

Contributions

The DB sections received employer contributions for payment of the administrative expenses and death in service benefits of the Fund up until Q1 2019. With effect from 31 March 2019 until 31 March 2022, administrative expenses, PPF levies, and other statutory levies are to be paid by the Fund and the Fund will meet the cost of providing death in service benefits. Employers may pay additional contributions in respect of expenses for certain one-off projects from time to time as agreed between the Trustee and the Company. From 1 April 2022, the Employer will pay such expense contributions as have been agreed between the Trustee and the Employer.

In the DC sections, the Company makes an Age-Related Contribution, via a salary sacrifice arrangement, on behalf of each member. Age-Related Contributions are a percentage of Pensionable Salary based on the member's age as follows:

Your age at that start of the month	**Percentage of pensionable salary**
Under 40	10.5%
40 or more but under 50	13.0%
50 or more but under 65	15.5%

The Age-Related Contribution is the amount payable before members make pensions related decisions under the Company's My Benefits plan. If a member opts to make additional contributions via MyBenefits these Additional Employer Contributions are also paid by the Company via a salary sacrifice arrangement.

Actuarial Liabilities Report

As required by Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102), the financial statements do not include liabilities in respect of promised retirement benefits.

Under section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions, which represent the present value of benefits to which members are entitled based on pensionable service to the valuation date. This is assessed at least every 3 years using assumptions agreed between the Trustee and the Company and set out in the Statement of Funding Principles, a copy of which is available to Fund members on request.

Report on actuarial liabilities

Formal actuarial valuations of the Fund are carried out every three years, and the most recent valuation had an effective date of 31 December 2017. This valuation was completed on 28 March 2019, and has been used to prepare this report on the actuarial liabilities.

Significant Technical Provisions assumptions as at 31 December 2017

Method used – Projected Unit Method.

Discount interest rate: term dependent rates set by reference to the fixed interest gilt curve (as derived from Bank of England data) at the valuation date plus an addition representing a prudent allowance for the expected out-performance of return-seeking assets held by the Fund. This allowance is 0.20% p.a.

Future Retail Prices Index (RPI) inflation: term dependent rates derived from gilt market implied break-even inflation (as derived from Bank of England data).

Future Consumer Prices Index (CPI) inflation: term dependent rates derived from the assumption for future RPI less an adjustment equal to 0.80% p.a.

Pension increases: derived from the term dependent rates for future RPI or CPI inflation allowing for the caps and floors on pension increases according to the provisions in the Fund’s rules and market derived volatilities.

Pay increases: general pay increases of 1.25% p.a. above the term dependent rates for the future CPI.

Mortality: for the period in retirement, SAPS S2 light tables with a 95% scaling factor and allowance for improvements in line with CMI 2017 core projections with a smoothing parameter of 8.0 and a long-term rate of improvement of 1.5% p.a. for men and women.

Recovery plan following the valuation as at 31 December 2017

The valuation as at 31 December 2017 revealed a Technical Provisions surplus of £329.6m which corresponded to a funding level of 117%. The Fund therefore does not have a current recovery plan.

Review of Fund's financial prospects having regard to the actuarial report as at 31 December 2018

The Fund’s overall funding position improved since the 31 December 2017 actuarial valuation, showing a surplus at 31 December 2018 of £320.9 million and a funding ratio of 118%.

This funding target to meet the promised benefits is known as the Fund’s Technical Provisions and is assessed on the basis that the Fund continues with support from the Employers. At the end of December 2018, the assets were sufficient to cover 118% of the Technical Provisions. The Employers continue to pay contributions to the Fund to provide benefits for current active members. From 1 April 2019 to 31 March 2022, the Fund's running costs (including provision of death in service pensions) will be met from the surplus assets.

The technical provisions funding position at 31 December 2018 has remained at a broadly similar level since the actuarial valuation as at 31 December 2017. The technical provisions liabilities decreased over 2018, mainly due to the rise in long-term interest rate expectations over 2018 and benefits paid out of the Fund.

The value of the Fund's assets has also fallen by a similar amount, with the fall in value of the hedging assets broadly matching the fall in the technical provisions. The hedging assets did slightly outperform the technical provisions liabilities from the updated valuation. This was offset by a drop in the value of the return seeking assets.

The solvency liabilities were also impacted by interest rate and inflation movements over 2018, and by improved pricing in the insurer market including reflection of recent heavier population mortality in insurer pricing, which reduced the solvency liabilities and improved the solvency funding position.

The estimated amount needed to ensure that all members' benefits could be paid in full by an insurance company if the Fund was wound up at 31 December 2017 and 31 December 2018 was £2,260.2 million and £2,014.6 million respectively, whereas the value of the assets at the same dates were £2,258.4 million and £2,075.7 million respectively. This assessment is referred to as the solvency funding position.

Events since 31 December 2018

Over the year to 31 December 2019, the technical provisions funding position has improved above that reported in the annual funding update as at 31 December 2018 revealing a surplus at 31 December 2019 of £412.7 million and a funding ratio of 122%. The solvency funding position has also improved due to reductions in insurance company annuity pricing over 2019. The estimated amount needed to ensure that all members' benefits could be paid in full by an insurance company if the Fund was wound up at 31 December 2019 was £2,127.3m, whereas the value of the assets at the same date was £2,286.3 million

Employer related investments

The investments of the Fund are invested in compliance with the Pensions Act 1995. The only investments deemed to be employer-related are as follows:

- Some of the Fund's defined contribution pooled investment funds may invest in Credit Suisse securities.

The Trustee actively reviews this to ensure that the level of employer-related investment is below 5% of the net assets of the Fund. As at 31 December 2019 the Trustee estimates that self-investment amounted to 0.0% (2018: 0.0%). This estimate excludes any possible holdings within the defined contribution pooled funds.

Governance and Risk Management

The Trustee has in place a business plan which sets out its objectives for all areas of activity. This, together with a list of the main priorities and a timetable for completion, helps the Trustee run the Fund efficiently and serves as a useful reference document.

The Trustee attaches a high priority to risk management and has updated the process for managing risk. Formerly this was done via a risk register alone but this also now includes a risk management framework that sets out the key risks to which the Fund is subject, along with the key controls in place to mitigate these risks. The framework and the effectiveness of the relevant controls are regularly reviewed by the Trustee and updated as appropriate. Credit Suisse's Internal Audit team periodically assesses certain aspects of the Fund's operations.

The Trustee has established and maintains a Conflicts of Interest Policy and Register. It is the responsibility of each individual Trustee Director to identify any potential instances where their personal, business or other interests might come into conflict with their duties as a director of the Trustee Board. Any such potential conflict is brought to the attention of the Chairman of the Trustee Board and the COO, for consideration and guidance to the individual Trustee Director and agreement of an approach to managing the potential conflict of interest.

Further information

Further information about the Fund is available, on request, to members and prospective members, their spouses and other beneficiaries together with all recognised trade unions. In particular, the documents constituting the Fund, the Rules and a copy of the latest actuarial valuation/report and the Trustee's Statement of Investment Principles and Statement of Funding Principles can be inspected. Please contact the COO at the address on page 1.

Members can request details of the amount of their current transfer value. Such requests cannot, however, be made more frequently than once a year, without incurring a charge.

If members have any queries concerning the Fund in general or their personal pension position, or wish to obtain further information, they should contact the Fund Administrator at the address on page 2, who will also be able to provide further copies of the Fund booklet and answer any queries about entitlements to benefits. If members have any complaints in relation to the Fund, they should in the first instance contact the Fund Administrator.

Matters that cannot be addressed by the Fund Administrator should be directed to the COO at the address on page 1, as should any communication for the Trustee.

Please see page 76 and 77 for pertinent contact detail details including the Pensions Ombudsman and the Money and Pensions Service.

Data Protection

The Data Protection Act 1988 extends data protection laws to cover paper-based records held for individuals and restrictions on the processing of sensitive data to which individuals must have given express consent.

The Trustee, the Company and the Fund's advisers and service providers each have a legal obligation and a legitimate interest to process data relating to members for the purpose of administering and operating the Fund in accordance with the Act.

From 25 May 2018, this was replaced by the General Data Protection Regulation (GDPR). GDPR follows the broad principles of the Data Protection Act 1988 and many of the requirements are similar. However, it also brings in new requirements and makes some existing requirements more stringent. Details of how the Trustee uses member data can be found in the Trustee's Privacy Notice which is available from the Fund Administrator (see page 2 for contact details).

GMP Equalisation

In 2018 the High Court ruled that the Lloyds Banking Group Pension Schemes must equalise benefits between females and males who have GMP because of contracted out benefits. This ruling is not expected to result in a material GMP equalisation liability arising for the Fund. Further information can be found in note 26 of the financial statements.

Covid-19

Since the end of 2019, the Covid-19 viral outbreak has spread across the world, resulting in the World Health Organisation declaring a global pandemic in early March 2020. The Covid-19 pandemic has resulted in a significant impact on the global economy and financial and stock markets alike. Given that the Fund has a strong funding position with a low level of investment risk (as the investment strategy is de-risked) the funding position has not changed significantly. In line with established practice, the Trustee continues to monitor the financial strength of the Company and, as at 31 March 2020, the Fund continued to have a funding level above 100% on a solvency basis and was 110% hedged on both an inflation rate and interest rate basis relative to the Technical Provisions (liabilities).

The Trustee has continued to monitor the funding level and since 31 March 2020 the solvency position has remained above 100% during the months of April and May. The Trustee has set up and is maintaining a Register of Covid-19 Business Continuity Plan (BCP) risks (which cover operational as well as financial risks). The Trustee currently receives a fortnightly BCP update from its Administrator and has no concerns with the operational effectiveness of the Administrator to date. Further information is set out in note 27 of the financial statements.

Fund membership

ACTIVE MEMBERS	DB Sections	DC Sections	Total
Active membership at the start of the year	90	864	**954**
Adjustments	1	-	**1**
	91	**864**	**955**
Retirements	(2)	-	**(2)**
Deaths	(1)	-	**(1)**
Deferred	(7)	(112)	**(119)**
Transfers out	(1)	-	**(1)**
Active membership at the end of the year	**80**	**752**	**832**
PENSIONERS AND DEPENDANTS			
Pensioners and dependants at the start of the year	778	-	**778**
Deferred members retiring	76	-	**76**
Active members retiring	2	-	**2**
Commutation of benefits	(1)	-	**(1)**
Cessation of pension	(2)	-	**(2)**
New dependants	12	-	**12**
Deaths	(11)	-	**(11)**
Pensioners and dependants at the end of the year	**854***	**-**	**854**
DEFERRED MEMBERS			
Deferred members at the start of the year	3,851	10,417	**14,268**
Actives becoming deferred	7	112	**119**
	3,858	**10,529**	**14,387**
Retirements	(76)	(15)	**(91)**
Transfers out	(77)	(348)	**(425)**
Deaths	(2)	(9)	**(11)**
Deferred members at the end of the year	**3,703**	**10,157**	**13,860**

*There are 139 (2018: 130) dependants within the figures above.

The 80 active members in the Defined Benefit Sections are those individuals with a retained benefit within the Defined Benefit Sections; these members are actively contributing to DC Plus section of the Fund.

The figures shown represent the number of records held by the Administrator. Some members have more than one record as they hold more than one entitlement to benefits from the Fund. This applies to the 80 active DB members referred to above and also 1,155 DB deferred members.

These figures do not reflect movements notified to the Administrator after 31 December 2019.

Statement of Trustee's responsibilities

Trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Fund during the Fund year and of the amount and disposition at the end of the Fund year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Fund year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging these responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Fund will continue as a going concern.

The Trustee is also responsible for making available certain other information about the Fund in the form of an annual report.

The Trustee also has a general responsibility for ensuring that accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

Trustee's responsibilities in respect of contributions

The Trustee is responsible under pensions legislation for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions showing the rates of contributions payable to the Fund by or on behalf of employers and the active members of the Fund and the dates on or before which such contributions are to be paid.

The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Fund and for adopting risk-based processes to monitor whether contributions that fall due to be paid are paid into the Fund in accordance with the schedule of contributions.

Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

Investment Report

Investment Strategy

All investments have been managed during the year under review by the investment providers listed on pages 1 and 2. There is a degree of delegation of responsibility for investment decisions. The Trustee is responsible for the investment strategy of the Fund and this has been agreed after taking appropriate advice. Subject to complying with the agreed strategy and investment mandates the day to day management of the Fund's asset portfolio is the responsibility of the individual manager.

Further information on investment issues is detailed in the Statement of Investment Principles prepared by the Trustee in accordance with the requirements of the Pensions Act 1995. The Trustee has obtained written advice on the preparation of the Statement of Investment Principles from its investment consultant, Lane Clark & Peacock LLP ("LCP''). A copy of this statement is available on request, please contact the COO at the address on page 1.

For the purpose of this report the investment information has been disclosed under Defined Benefit and Defined Contribution Sections as appropriate.

Approach to social, environmental and ethical investing

The Trustee has considered how environmental, social, governance ("ESG") should be taken into account in the selection, retention and realisation of investments since it recognises that these factors can be relevant to investment performance and are therefore considered as financial factors.

The Trustee considers it is necessary to act in the best financial interests of Fund members and therefore it expects its investment managers to take account of these issues where they may be financially material, taking into account the nature and time horizon of the investments. It seeks to appoint managers that have appropriate skills and processes to do this, and from time to time review how its managers are taking account of these issues in practice. The Trustee cannot usually directly influence investment managers' policies on ESG and ethical factors where assets are held in pooled funds; this is due to the nature of these investments.

The Trustee does not take into account any non-financial factors (ie factors not motivated by considerations of financial risk and return) when making investment decisions. The Trustee is satisfied that it has good reason to think Fund members share its view and that there is no risk of material financial detriment to the Fund.

Within the DC Section, the Trustee offers members ethical and Islamic funds, amongst others, for members to invest in if they choose.

Approach to voting rights

The Trustee has examined how rights, including voting rights, attached to investments should be exercised. The Trustee recognises its responsibilities as owners of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, protect and enhance the long-term value of investments.

The Trustee cannot usually directly influence the manager's policies on the exercise of ownership rights where assets are held in pooled funds; this is due to the nature of these investments. The Trustee understands that ownership rights will be exercised by the investment managers in line with the managers' general policies on stewardship, which reflect the recommendations of the UK Stewardship Code issued by the Financial Reporting Council where relevant, and which are provided to the Trustee from time to time, taking into account the long-term financial interests of the beneficiaries.

Defined Benefit Sections

The primary objective for the DB Section is to ensure that the Fund should be able to meet benefit payments as they fall due. There are a number of secondary objectives the Trustee also considers, full details of which can be found in the Statement of Investment Principles. The Trustee, with the help of its advisers and in consultation with the employer, has reviewed the investment strategy, taking into account the objectives.

As at 31 December 2019, the Fund's strategic asset allocation is as follows:

Asset class	Strategic allocation	Actual Allocation
Bonds	24.0%	25.4%
Liability hedging portfolio (inc cash)	76.0%	73.2%
Alternatives	-	1.4%

The Fund's asset allocation as at 31 December 2019 deviated slightly from the strategic allocation due to the impact of market movements. The remaining allocation to "Alternatives" represents a holding in Fidelity's UK Real Estate Fund which should be fully redeemed in 2020.

The deviation of the actual allocation from the strategic allocation is reviewed by the Trustee Board on a quarterly basis.

Over the year to 31 December 2019, the investment managers appointed to manage the assets of the Defined Benefit Sections were as shown in the table below:

Manager	Asset Class	Holding % 31.12.19	Holding % 31.12.18	Benchmark Index
Insight	Equities	-	4.7	Bespoke Benchmark[1]
PIMCO	Bonds	8.7	8.9	30% UK Gilt 4.75% 2030, 70% US Treasury 5.375% 2031
Insight	Bonds	8.3	8.7	M&G's benchmark used as proxy
M&G	Bonds	8.4	8.7	32% UK Gilt 6% 2028, 60% UK Gilt 4.75% 2030, 2% US Treasury 5.375% 2031, 6% US Treasury 4.5% 2036
Willis Towers Watson	Alternatives	-	0.6	65% GBP 6 month LIBOR, 35% USD 6 month LIBOR
Fidelity	Alternatives	1.4	2.6	IPD UK PFI – All balanced Property Funds Index
Northern Trust	Cash	-	0.4	7-day LIBID
Insight	Liability hedging portfolio	73.2	65.4	Proxy Liability Benchmark[2]
Total DB Sections		**100.0**	**100.0**	

[1] Bespoke benchmark based on the initial allocation as follows: Futures – UK (4.5%), US (27.0%), Europe (7.8%), Japan (4.0%) and Australia (3.8%) Total Return Swaps – UK (5.5%), US (32.9%), Europe (9.6%), Japan (4.9%)

[2] Proxy liability benchmark defined by a set of notionals intended to represent about 100% of the Fund's accrued liabilities valued on a Technical Provision basis plus the return on a portfolio of USD, EUR and GBP interest rate swaps to hedge the overseas interest rate risk in the credit portfolio.

The fees charged by each manager are:

Manager	Asset Class	Fees	Charged
Insight	Global Equity	5 bps pa of equity exposure through equity total return swaps, futures, and options	Invoiced to Trustee
M&G	Global Credit	15 bps pa on first £150m of assets 8 bps pa on next £150m of assets 6 bps pa thereafter	Charged internally to fund
PIMCO	Global Credit	16 bps pa on first £150m of assets 15 bps pa thereafter	Invoiced to Trustee
Insight	Global Credit	12 bps pa on first £200m of assets 10 bps pa thereafter	Invoiced to Trustee
Fidelity	UK Property	60 bps pa, plus a performance fee of 0.35% of NAV if outperformance is between 0.85% pa and 2.0% pa above benchmark, or 0.50% of NAV if outperformance is more than 2.0% above the benchmark.	Charged internally to fund
Insight	Liability Driven Investment	4 bps pa of the present value of the manager benchmark	Invoiced to Trustee

[1] We have shown the fees charged by Willis Towers Watson, who manage a portfolio of hedge funds. We have not shown the fees charged by the underlying hedge funds, although the Fund implicitly bears these costs.

Each manager has daily liquidity except Fidelity UK Property. The Fidelity International UK Real Estate Fund has dealing dates on the 22nd of each month or, if not a working day, the last business day before. Due to the illiquid nature of property it may take a significant period of time to partially or fully redeem units in the Fund. Furthermore redemptions may take place over more than one dealing date which may result in different prices being realised for each disinvested amount. Fidelity has confirmed that it expects to meet redemption requests within 3-6 months from the dealing date when the request was submitted in normal market conditions, and as long as 15-18 months in periods of market stress.

The Investment Committee receives performance reports for the assets managed by each investment manager monthly.

Investment performance

Over the year to 31 December 2019, the overall return (for the Defined Benefit Sections' assets) was 14.0% according to the calculations conducted by LCP, compared with the target benchmark of 12.3%, the three year return was 5.6% compared with a benchmark of 5.1%, and the five year return was 9.9% compared with a benchmark of 9.8%.

A review of the investment performance for each of the mangers in the Defined Benefit Sections, over the year, three year and five year periods to 31 December 2019, is shown overleaf. All returns are stated net of fees. The Willis Towers Watson fund was fully redeemed in August 2019. The synthetic equity exposure with Insight was offset in September 2019, although a small residual equity contract holding remains.

		One Year %	One Year Target %	Three Years % p.a.	Three Year Target % p.a.	Five Years % p.a.	Five Year Target % p.a.
PIMCO	Global Credit	14.7	6.0	-	-	-	-
Insight	Global Credit	12.8	5.7	-	-	-	-
M&G	Global Credit	10.7	6.0	-	-	-	-
Fidelity	UK Property	1.9	1.6	7.4	6.0	-	-
Insight	Liability Driven Investment	15.4	15.3	5.0	4.4	17.1	16.8

Inception dates are as follows: Fidelity UK Property 21 August 2015; Insight LDI 31 July 2012; Global Credit portfolios 10 October 2017

Defined Contribution Sections

Members' investments are represented by units in funds as chosen by the member. At 31 December 2019, the investment managers appointed to manage the assets of the DC Plus Section, together with their benchmarks and investment objectives, were as follows:

BlackRock

Fund	Benchmark
European Equity	FTSE All World Developed Europe (ex UK) Index
Global Equity (50:50)	50% FTSE All Share, 17% FTSE Dev Europe ex UK, 17% FTSE AW USA, 8% FTSE AW Japan, 8% FTSE AW Dev Asia Pacific ex Japan
Japanese Equity	FTSE All World Japan Index
Over 5 Year UK Index Linked Gilt	FTSE UK Index-linked Over 5 Years Index
Over 15 Year UK Gilt	FTSE A UK Gilts Over 15 Years Gilts Index
Overseas Consensus Equity	CAPS Consensus Overseas ex Emerging Markets Index From 31/05/2016: Blackrock Overseas Consensus fund custom
Pacific Rim Equity	FTSE AW Dev Asia Pacific ex Japan
UK Equity	FTSE All Share Index
US Equity	FTSE All World USA Index
Cash Fund	7 DAY Sterling LIBID

The investment target for all BlackRock funds is to perform in line with the specified benchmark, with the exception of the Cash fund which aims to outperform its index.

Threadneedle Investments

Fund	Benchmark
Property Fund	AREF/IPD All Balanced Property Fund Index

The investment target for the Threadneedle Pensions Property Fund is to outperform the benchmark.

Fidelity

Fund	Benchmark
European Equity	MSCI Europe (ex UK) Index GDR
North American Equity	S&P 500 Index
UK Equity	FTSE All Share Index
Asia Pacific (ex Japan) Equity	MSCI AC Asia Pacific ex Japan
UK Corporate Bond	Performance is calculated on a total return basis with gross income reinvested.
Multi Asset Allocator Balanced	10% DJ – UBS Commodity Ind TR, 15% FTSE All Share, 10% GBP 1W LIBID, 40% BofA Ster Lg Cap (NUK), 20% MSCI AC World Ind (NUK), 5% EPRA/NAREIT Dev(G)
Passive Multi Asset Fund	30% FTSE All Share index, 10% FTSE Dev Europe Ex UK, 10% FTSE AW US, 5% FTSE AW Dev Asia Pacific Ex Japan, 5% FTSE AW Japan, 10% iBoxx Sterling non Gilt, 10% FTSE UK Gilts Over 15 Years, 10% FTSE UK Gilt I-L Over 5 Years, 10% JPM Global Government (Ex UK) Traded Bond

The target for the funds managed by Fidelity is to outperform their respective benchmarks.

Legal & General

Fund	Benchmark
Global Emerging Markets Equity	IFCI Global Emerging Markets Index
Overseas Bond Index	JP Morgan Global Government (ex UK) Traded Bond Index
UK Ethical Fund	IMA UK All Companies Sub-Sector Average

The investment target for all L&G funds is to perform in line with the specified benchmark.

HSBC

Fund	Benchmark
Amanah Fund	DJ Islamic Market Titan 100

The investment target for the HSBC fund is to perform in line with the specified benchmark.

Investment performance

A review of the investment performance for each of the funds available in the DC Plus Section, over the year, three-year and five-year periods to 31 December 2019, is shown below. All returns are stated net of fees.

	One Year %	One Year Target %	Three Years % p.a.	Three Years Target % p.a.	Five Years % p.a.	Five Years Target % p.a.	Market Value £000	% of total
BlackRock								
European Equity	20.7	21.2	8.3	8.4	9.8	10.0	14,268	1.3
Global Equity (50:50)	19.4	20.2	8.0	9.1	9.6	9.8	828,155	76.6
Japanese Equity	17.3	15.5	6.9	6.5	11.9	11.7	5,750	0.5
Pacific Rim Equity	13.0	13.2	7.4	7.6	9.3	9.5	13,456	1.2
UK Equity	18.3	19.3	6.7	6.7	7.4	7.5	14,587	1.3
US Equity	27.1	27.6	12.0	12.3	14.9	15.1	29,830	2.8
Over 5 Year UK Index Linked Gilt	6.4	6.4	2.7	3.0	6.5	6.6	5,227	0.5
Over 15 Year UK Gilt	11.5	11.8	4.7	5.1	6.6	6.6	9,023	0.8
Cash Fund	0.6	0.6	0.4	0.4	0.4	0.4	40,215	3.7
							960,511	**88.7**
Fidelity								
UK Corporate Bond	10.1	9.5	4.5	4.0	4.9	4.6	3,447	0.3
Passive Multi Asset Fund	14.6	15.1	6.2	6.4	-	-	96,962	9.0
							100,409	**9.3**
Legal & General								
Global Emerging Markets Equity	12.7	13.5	8.3	9.2	9.1	9.8	10,933	1.0
Overseas Bond Index	1.3	1.5	1.3	1.5	5.4	5.7	2,795	0.3
UK Ethical Fund	19.2	19.7	7.2	7.8	7.4	7.4	1,627	0.2
							15,355	**1.5**
HSBC								
Amanah Fund	29.0	29.4	13.7	14.8	14.4	15.2	2,668	0.3
							2,668	**0.3**
Threadneedle Investments								
Property Fund	-5.6	1.6	5.5	6.0	5.5	6.0	2,017	0.2
							2,017	**0.2**
Total Assets							**1,080,960**	**100**

Notes to Tables

All the performance data has been sourced from Fidelity and is shown net of the annual management charges levied by the investment managers and the administration charges levied by Fidelity.

All the Defined Contribution funds have daily liquidity, although the Threadneedle Property Fund may impose redemption restrictions in periods of market stress and as such suspended trading on the 20 March 2020 consequent on the Covid-19 pandemic.

As at 31 December 2019 the Utmost property Fund was suspended from trading consequent on the Covid-19 global pandemic. This is an AVC fund, and does not form part of the DC funds set out in the table above.

Custody of assets

The Trustee is responsible for ensuring the Fund assets are securely held, and it reviews the custodian arrangements from time to time.

Northern Trust is the custodian of the assets invested under the Defined Benefit Sections. Investments in the Defined Contribution Sections are represented by units in unit-linked insured funds and the Trustee does not directly own the underlying investments.

DC benefits have generally been secured by unit-linked insurance policies provided by FIL Life Insurance Limited amounting to £1,081m. Of this amount £100m is backed by securities directly held by FIL Life and £981m by unit-linked reinsurance contracts with third party insurers in accordance with normal market practice. The Trustee has been advised that such reinsurance contracts lie outside the scope of the Financial Services Compensation Scheme ("FSCS") and, in the event of failure of the reinsurer, would not be eligible for FSCS compensation. The Trustee has confirmed that FIL Life holds security over sufficient assets of the reinsurers to cover the value of these contracts, that the reinsurers' exposure to businesses other than such unit-linked insurance is insignificant. The Trustee, having taken investment and legal advice, has accordingly concluded that the use of reinsurance contracts is a normal market practice, that the risk of default is minimal and that DC members' benefits are adequately protected. However, the Trustee notes that, since no such UK reinsurer has ever failed, these protections have not been tested in court.

All of the investment managers listed in the legal and administrative information are regulated by the Financial Conduct Authority.

The Trustee's Report was approved by the Board of Directors of the Trustee and

signed for and on behalf of Credit Suisse First Boston Trustees Limited

Glenn Wellman

Director:
Glenn Wellman

Date: 17 July 2020

DC Governance Statement, covering the period from 1 January 2019 to 31 December 2019

1. Introduction

Governance requirements apply to defined contribution ("DC") pension arrangements to help members achieve a good outcome from their pension savings. The Trustee of the Credit Suisse Group (UK) Pension Fund (the "Fund") is required to produce a yearly statement (which is signed by the Chair of the Trustee) to describe how these governance requirements have been met in relation to:

- the investment options in which members can invest (this means the "default arrangement" and other funds members can select or have assets in, such as "legacy" funds);
- the requirements for processing core financial transactions;
- the charges and transaction costs borne by members;
- an illustration of the cumulative effect of these costs and charges;
- a 'value for members' assessment; and
- Trustee knowledge and understanding (TKU).

- This DC Governance Statement (the 'Statement') covers the period from 1 January 2019 to 31 December 2019 (the reporting period).

A copy of this Statement is available for members to view here: www.fidelitypensions.co.uk/costs-charges/CSGP

2. Default arrangement

The Fund is used as a Qualifying Scheme for auto-enrolment.

As noted later, the Fund offers three Lifestyling options plus a limited number of funds available for self-selection including funds considered appropriate for members wishing to invest consistently with Islamic or broadly ethical principles. The three Lifestyling strategies are intended respectively for members intending to transfer the value at retirement towards drawdown (the default), annuity purchase or cash

Members of the Fund who do not choose an investment option are placed into the CSPF Drawdown Lifestyle Strategy, (the "default arrangement"). When deciding on the Fund's investment strategy, the Trustee recognises that most members do not make active investment decisions and instead invest in the default arrangement. After taking advice, and analysing the actual choices made by retirees to date, the Trustee decided to make the default arrangement a lifestyle strategy, which means that members' assets are automatically moved between different investment funds as they approach their target retirement date.

In the case of our member population, the Trustee determined that most would be expected to take the maximum tax free lumps sum and to draw benefits thereafter by means of drawdown from a portfolio including a significant proportion of return-seeking assets.

The Trustee is responsible for the Fund's investment governance, which includes setting and monitoring the investment strategy for the Fund's default arrangement.

Details of the objectives and the Trustee's policies regarding the default arrangement can be found in a document called the 'Statement of Investment Principles' ("SIP"). The Fund's SIP covering the default arrangement is attached to this Statement.

The aims and objectives of the default arrangement, as stated in the SIP, is to generate returns significantly above inflation whilst members are some distance from retirement, but then to switch automatically and gradually towards a somewhat lower risk investment portfolio as members near retirement.

The default arrangement was not formally reviewed during the period covered by this Statement. The last review was completed on 21 August 2018. The Trustee regularly monitors the performance of the default arrangement and will formally review both this and the strategy at least every three years (the next review is intended to take place by 20 August 2021) or immediately following any significant change in investment policy or the Fund's member profile.

In addition to the strategy review the Trustee also reviews the performance of each of the Lifestyling options, including the default arrangement against their aims, objectives and expected risk profiles on a quarterly basis. This review includes an analysis of fund performance and member activity to check that the risk and return levels meet expectations. The reviews that took place during the reporting period concluded that the default arrangement and each alternative Lifestyling options were all performing essentially as expected.

3. Requirements for processing core financial transactions

The Trustee has a specific duty to ensure that core financial transactions (which includes the investment of contributions, processing of transfers of member assets into and out of the Fund, switches between different investments within the Fund and payments in respect of members/beneficiaries) relating to the Fund are processed promptly and accurately. This is done by receiving and reviewing regular quarterly reporting provided by the Fund's bundled provider, Fidelity, which sets out performance against the service level agreement (SLA) in place. The quarterly administration reports include the total number of transactions completed and the percentage of transactions completed within SLA.

The Trustee has received assurance from Fidelity the Fund's administrator and has taken steps to try and ensure that there are adequate internal controls to ensure that core financial transactions relating to the Fund are processed promptly and accurately The Trustee operates a system of internal controls aimed at monitoring the Fund's administration and management.

The SLA sets out the transactions the administrator will undertake for the Trustee together with the agreed service standards. The service standards cover the timescales within which transactions should be undertaken. This includes:

- Contribution processing this includes any ongoing additional voluntary contributions (AVCs) paid by members to the administrator
- Switching of investments
- Benefit payments on death, retirement or transfer
- Benefit statement production
- Data changes
- Leavers and new joiners

As part of the reporting process, the Chief Operating Officer ("COO") to the Fund requests further details and an explanation where transactions were not completed within the agreed SLAs and reports on these exceptions to the Trustee within quarterly COO administration reports which are discussed at quarterly Trustee board meetings. The Trustee completes an annual review of the accuracy of the data held by the administrator and receives a report from the administrator on the availability of common and conditional data.

To ensure the accuracy of transactions, the administrator monitors the quality of the work undertaken by its administration teams through an internal but operationally independent Quality Control team who ensure that the processing teams operate in a controlled environment by checking calculations and monitoring the existing procedures and controls.

The Trustee is satisfied that during the reporting period:

- the administrator was operating appropriate procedures, checks and controls and operating within the agreed SLA;
- there have been no material administration errors in relation to processing core financial transactions; and
- core financial transactions have been processed promptly and accurately during the reporting period

Going forward for future reporting periods the administrator has been asked to expand the detail of management information specifically for core financial transactions that is provided to the Trustee and reported on in quarterly administration reports. Examples of additional management information requested are for the payment steps to be split out and reported on separately from the non-core financial element of transfers out and death cases.

The Trustee Board is satisfied that the majority of core financial transactions have been processed promptly and accurately during the reporting period and no issues were identified during the reporting period.

Covid-19 – Since 17 March 2020 the COO has received weekly business continuity updates from the administrator with regards to the impact of Covid-19 which covers the following key areas, staff and sickness levels, working arrangements, service levels, cash flow analysis project updates and member communications.

4. Member-borne charges and transaction costs

The Trustee is required to set out the on-going charges incurred by members in this Statement, which are annual fund management charges plus any additional fund expenses, such as custody costs, but excluding transaction costs; this is also known as the total expense ratio ("TER"). The TER is paid by the members and is reflected in the unit price of the funds.

The stated charges also include any costs, e.g. administration and investment costs, since members incur these costs.

The Trustee is also required to separately disclose transaction cost figures. In the context of this Statement, the transaction costs shown are those incurred when the Fund's investment managers buy and sell assets within investment funds but are exclusive of any costs incurred when members invest in and switch between funds. The transaction costs are borne by members.

The charges and transaction costs have been supplied by Fidelity, the Fund's platform provider, and by Prudential, Aegon, Phoenix Life, Equitable Life and Standard Life, who are the Fund's AVC providers.

The Trustee has obtained charges and transaction cost data for most of the funds for the reporting period (1 January 2019 to 31 December 2019) with the exceptions being:

- the 6 funds that were removed from the Fund during the year. Fidelity are unable to provide transaction costs over the 2-month period they were available for investment due to restrictions in their transaction cost reporting system.

- Prudential was unable to provide transaction costs for the year to 31 December 2019. Data from Prudential to cover the reporting period is expected to become available in July 2020.

- Phoenix Life has not yet provided the transaction cost for the Deposit Administration Fund.

The Trustee (via its DC investment advisor) continues to press Phoenix Life and Prudential to remedy any outstanding disclosure deficiencies.

When preparing this section of the Statement the Trustee has taken account of the relevant statutory guidance. Due to the way in which transaction costs have been calculated it is possible for figures to be negative; since transaction costs are unlikely to be negative over the long term the Trustee has shown any negative figure as zero.

4.1. Default arrangements

The default arrangement is the CSPF Drawdown Lifestyle Strategy. The default arrangement has been set up as a lifestyle approach, which means that members' assets are automatically moved between different investment funds as they approach their target retirement date. This means that the level of charges and transaction costs will vary depending on how close members are to their target retirement date and in which fund(s) they are invested.

For the reporting period covered by this Statement, annualised charges and transaction costs are set out in the table below.

CSPF Drawdown Lifestyle Strategy charges and transaction costs

Years to target retirement date	TER (%)	Transaction costs (%)
10 years or more to retirement	0.14	0.01
5 years to retirement	0.15	0.01
At retirement	0.17	0.01

4.2. Self-select options

In addition to the default arrangement, members also have the option to invest in two other lifestyles, targeting annuity purchase and cash withdrawal and several other self-select funds. The annual charges for these lifestyles during the period covered by this statement are set out in the tables below.

CSPF Cash Lifestyle Strategy charges and transaction costs

Years to target retirement date	TER (%)	Transaction costs (%)
10 years or more to retirement	0.14	0.01
5 years to retirement	0.16	0.01
At retirement	0.24	0.01

CSPF Annuity Lifestyle Strategy charges and transaction costs

Years to target retirement date	TER (%)	Transaction costs (%)
10 years or more to retirement	0.14	0.01
5 years to retirement	0.14	0.01
At retirement	0.17	0.00

The level of charges for each self-select fund (including those used in the default arrangement) and the transaction costs over the period covered by the reporting period are set out in the following table. The underlying funds used within the default arrangement are shown in **bold**.

Self-select fund charges and transaction costs

Manager – Fund name	TER (%)	Transaction costs (%)
BlackRock Global 50/50 Index Fund	**0.14**	**0.01**
Passive Multi Asset Fund	**0.15**	**0.01**
BlackRock Cash Fund	**0.24**	**0.01**
BlackRock Over 15 Year Gilts Index Fund	0.14	0.00 [1]
BlackRock European Equity Index Fund	0.17	0.00
BlackRock Japanese Equity Index Fund	0.17	0.14
BlackRock Over 5 Years Index Linked Gilt Index Fund	0.14	0.04
BlackRock Pacific Rim Equity Index Fund	0.17	0.00 [1]
BlackRock UK Equity Index Fund	0.15	0.07
BlackRock US Equity Index Fund	0.17	0.00
HSBC Islamic Fund	0.51	0.06
L&G Global Emerging Markets Index Fund	0.51	0.05
L&G Overseas Bond Fund	0.26	0.00 [1]
L&G Ethical UK Equity Index Fund	0.35	0.01
Fidelity Corporate Bond Fund	0.40	0.00 [1]
Threadneedle Property Fund	0.96	0.23
BlackRock Overseas Consensus Fund [2]	Not available	Not available
Fidelity European Equity Pensions Fund [2]	Not available	Not available
Fidelity North American Equity Pensions Fund [2]	Not available	Not available
Fidelity Pacific Equity Pensions Fund [2]	Not available	Not available
Fidelity Multi-Asset Allocator Balanced Fund [2]	Not available	Not available
Fidelity UK Equity Pensions Fund [2]	Not available	Not available

[1] Due to the way in which transaction costs have been calculated it is possible for figures to be negative; since transaction costs are unlikely to be negative over the long term, the Trustee has shown any negative figure as zero in the Statement.
[2] These funds were removed from the self-select fund range during February 2019. Fidelity are unable to provide transaction costs or TERs over the year to February 2019 due to operating a quarterly reporting system.

4.3. Additional Voluntary Contribution (AVC) policies

The charges and transaction costs for the Fund's AVC arrangements which members paid for during the reporting period (except where otherwise stated below) are detailed in the tables below.

Prudential AVC charges and transaction costs

Fund name	TER (%)	Transaction costs (%)
Prudential With-Profits Cash Accumulation Fund [1]	0.24	0.09
Prudential Discretionary [2]	0.79	0.00 [3]
Prudential Global Equity [2]	0.76	0.00 [3]
Prudential International Equity [2]	0.76	0.02
Prudential UK Property [2]	1.17	0.40
Prudential Deposit Fund [2]	0.00	0.00

[1] The transaction cost for the Prudential With-Profits Cash Accumulation Fund is for the period between 1 April 2018 and 31 March 2019. Prudential has advised that transaction costs for the year to 31 December 2019 will be available in July 2020.

[2] Transaction costs are the period between 1 July 2018 and 30 June 2019. Prudential has advised that transaction costs for the year to 31 December 2019 will be available in July 2020.

[3] Due to the way in which transaction costs have been calculated it is possible for figures to be negative; since transaction costs are unlikely to be negative over the long term, the Trustee has shown any negative figure as zero in the Statement.

Aegon AVC charges and transaction costs

Fund name	TER (%)	Transaction costs (%)
Mixed Fund	1.01	0.35

Phoenix Life AVC charges and transaction costs

Fund name	TER (%)[1]	Transaction costs (%)[1]
Deposit Administration Fund Number 1	**1.75**	**Not provided**

[1] The Trustee has been unable to obtain transaction cost data from Phoenix Life. The Trustee (via its DC advisor) continues to follow up with Phoenix Life to obtain this.

Equitable Life AVC charges and transaction costs

Fund name[1]	TER (%)	Transaction costs (%)
With-Profits Fund	1.00	1.04
Money Market Fund	0.50	0.01
UK Government Bond Fund	0.50	0.11
Managed Fund	0.75	0.10
UK Equity Fund	0.75	0.30
UK FTSE All Share Tracker Fund	0.50	0.03
Asia Pacific Equity Fund	0.75	0.18
European Equity Fund	0.75	0.21
Global Equity Fund	0.75	0.13
US Equity Fund	0.75	0.02
Funds of Investment Trusts	0.75	0.30
Property Fund	1.48	0.17

[1] In January 2020 the AVC assets held with Equitable Life were transferred to Utmost Life and pensions.

Standard Life AVC charges and transaction costs

Fund name	TER (%)[1]	Transaction costs (%)
Pension Millennium With-Profits Fund	0.15%	0.04
Pension With-Profits Fund	0.75%	0.06

[1] For with profits investments there is no explicit fund management charge or additional expenses. However, Standard Life make deductions for costs and charges, including the cost of guarantees provided by With-Profits business. These deductions, which may vary, may affect the proceeds received although they will not reduce any guaranteed benefits.

4.4. Illustration of charges and transaction costs

The following table sets out an illustration of the impact of charges and transaction costs on the projection of an example member's pension savings.

- The "before costs" figures represent the savings projection assuming an investment return with no deduction of member borne fees or transaction costs. The "after costs" figures represent the savings projection using the same assumed investment return but after deducting member borne fees and an allowance for transaction costs.
- The transaction cost figures used in the illustration are those provided by the managers over the past year, subject to a floor of zero (so the illustration does not assume a negative cost over the long term).
- The illustration is shown for the default arrangement (CSPF Drawdown Lifestyle Strategy) since this is the arrangement with the most members invested in it, as well as four funds from the Fund's self-select fund range. The four self-select funds shown in the illustration are:
    - the fund with the highest before costs expected return – there are many funds that could be shown but the L&G Global Emerging Markets Index Fund has been selected for the illustration;

- the fund with the lowest before costs expected return – this is the BlackRock Cash Fund;
- the fund with highest annual member borne costs – this is the Threadneedle Property Fund; and
- the fund with lowest annual member borne costs – this is the BlackRock Over 15 Year Gilts Index Fund.

Projected pension pot in today's money

	Default option		L&G Global Emerging Markets Index Fund		BlackRock Cash Fund		Threadneedle Property Fund		BlackRock Over 15 Year Gilts Index Fund	
Years invested	Before costs	After costs	Before costs	After costs	Before costs	After costs	Before costs	After costs	Before costs	After costs
1	£101,400	£101,300	£101,400	£100,900	£98,500	£98,300	£101,400	£100,200	£98,600	£98,500
3	£106,400	£106,000	£106,400	£104,700	£97,600	£96,800	£106,400	£102,800	£97,800	£97,400
5	£111,700	£110,900	£111,700	£108,700	£96,600	£95,400	£111,700	£105,300	£97,100	£96,400
10	£126,000	£124,200	£126,000	£119,300	£94,300	£91,900	£126,000	£112,100	£95,200	£93,900
15	£142,100	£139,000	£142,100	£130,900	£92,000	£88,600	£142,100	£119,300	£93,400	£91,400
20	£160,300	£155,700	£160,300	£143,700	£89,700	£85,300	£160,300	£126,900	£91,600	£89,000
25	£180,900	£174,400	£180,900	£157,700	£87,600	£82,200	£180,900	£135,100	£89,800	£86,700
30	£204,000	£195,300	£204,000	£173,100	£85,400	£79,200	£204,000	£143,700	£88,000	£84,400
35	£226,500	£215,100	£230,200	£190,000	£83,400	£76,300	£230,200	£152,900	£86,300	£82,200
40	£241,300	£227,200	£259,700	£208,500	£81,300	£73,600	£259,700	£162,700	£84,700	£80,000

Notes

- Values shown are estimates and are not guaranteed. The illustration does not indicate the likely variance and volatility in the possible outcomes from each fund. The numbers shown in the illustration are rounded to the nearest £100 for simplicity.
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
- Annual inflation is assumed to be 2.5%.
- The starting pot size used is £99,000 as this is the average member fund value as at 31 December 2019.
- The projection is for 40 years, being the approximate duration that the youngest Fund member has until they reach the Fund's Normal Pension Age.
- As approximately 95% of members are deferred and the Fund is closed to new entrants, no contributions have been assumed.
- The projected annual returns (before costs) used are as follows:
  - CSPF Drawdown Lifestyle Strategy: 2.4% above inflation for the initial years, gradually reducing to a return of 0.9% above inflation at the ending point of the lifestyle.
  - L&G Global Emerging Markets Index Fund: 2.4% above inflation
  - BlackRock Cash Fund: 0.5% below inflation
  - Threadneedle Property Fund: 2.4% above inflation
  - BlackRock Over 15 Year Gilts Index Fund: 0.4% below inflation
- No allowance for active management has been made.

5. Value for members assessment

The Trustee is required to assess on an annual basis the extent to which member borne charges and transaction costs represent good value for members. There is no legal definition of 'good value' which means that determining this, other than in hindsight, must involve a degree of subjective judgement however it is broadly considered that this means the combination of costs and the quality of what is provided in return for those costs is appropriate for the Fund membership as a whole, when compared to other options available in the market. The general policy of the Trustee in relation to value for member considerations is set out below.

The Trustee is committed to ensuring that members receive value for money for the services that are provided from the Fund, in particular any costs that are met by the members themselves.

The Trustee reviews all member-borne charges (including transaction costs where these are available, annually, with the aim of ensuring that members are obtaining value for money given the circumstances of the Fund. The last value for members' assessment was completed in March 2020. The assessment was undertaken taking account of the Pensions Regulator's Code of Practice No.13 (Governance and administration of occupational trust-based schemes providing money purchase benefits).

The Trustee notes that value for money does not necessarily mean the lowest fee, and the overall quality of the services provided to members has also been considered in the assessment. However, the Trustee also notes the extensive evidence that the greatest single impediment to satisfactory member outcomes results from excessive expenses and charges and cost is an important determinant in selecting investment vehicles for its members.

The Trustee's investment advisers have confirmed that the fund charges considered as a whole are very competitive for the types of fund available to members and are unlikely to be bettered by other providers. The Trustee's assessment included a review of the performance of the Fund's investment funds (after all charges) in the context of their investment objectives. The returns on the investment funds members' were able to choose during the reporting period have been consistent with their stated investment objectives.

In carrying out the assessment the Trustee also considered the other services members receive from the Fund, which include:

- the design and efficiency of implementation of the default arrangement and how this reflects the interests of members as a whole;;
- the range of investment options and strategies;
- the quality of communications delivered to members;
- stringent investment governance and oversight by the Trustee
- the quality of support services such as the Fund website PlanViewer where members can access their Fund information and modelling tools online; and
- the efficiency of other administration and client facing processes and the extent to which the administrator met or exceeded its service level standards for the Fund year.

- In summary:

  - As detailed in the previous section covering processing of core financial transactions, the Trustee is satisfied with the quality and efficiency of the administration processes.

  - The Trustee believes the transaction costs that have been reported provide value for members as the ability to transact forms an integral part of the investment approaches, and expects this to lead to greater investment returns net of fees over time.

    - The fees for the Drawdown Lifestyle (the default) range from 0.14% pa to 0.18% pa. The default fund charges are significantly below the 0.75% pa charge cap

    - During 2019 Fidelity agreed at the Trustee's request to give fee reductions to three of the self-select range of funds available to members:

    - The assessment by the Trustee's investment advisers where the Fund charges were compared against those of similar peer group funds concluded that the charges applicable were very competitive and are unlikely to be replicated by other providers.

For these reasons above, the Trustee believes that overall members of the Fund are receiving good value for money for the charges and transaction costs incurred during the reporting period (in so far as it has been possible to review and disclose these).

The Trustee aims to improve the level of transaction charge reporting in future reporting periods by continuing to work with Prudential and Phoenix Life who have not provided the required information for this statement by reiterating they have a requirement to do so, with the intention of reporting on transaction costs in full in future Statements.

6. Trustee knowledge and understanding (TKU)

The Fund's Trustee Directors are required to maintain appropriate levels of knowledge and understanding relating to pensions and trusts, as well as an understanding of the matters relating to funding and investment of assets of occupational pension schemes and other matters to run the Fund effectively. The Trustee Directors are also required to be conversant with the Fund's governing documents.

The degree of knowledge and understanding required is that appropriate for the purposes of enabling proper execution of functions relating to their trusteeship of the Fund.

These requirements have been met, during the reporting period, by virtue of the Trustee having a structured TKU process in place which includes:

- Reviewing the Pension Regulators toolkit, ensuring that all modules are revisited over a maximum three year rolling period with three (or more) modules revisited and re-examined each year

- Having a training plan in place which targets training at an appropriate time to tie up with the Trustee business plan on relevant topics being considered by the Trustee

- The Trustee carries out an evaluation of the performance and effectiveness of the Trustee Board as a whole as measured against the objectives of the Fund's business plan. A questionnaire is issued to Trustee Directors to establish any areas where further training may be required.

- Attending relevant training and sharing material from these sessions, if appropriate. This includes attending training sessions provided by advisors and other industry groups. (A training log is maintained in line with best practice and the training programme is reviewed annually to ensure it is up to date). Training topics covered during the reporting period included :

  - Cyber security awareness and
  - a Cyber security and data risk training session.

- Maintaining and monitoring an annual training record for each Trustee Director.

- Trustee Directors ensure they have a working knowledge through training on all key documents setting out the Trustee's current policies, the Trust Deed and Rules and current SIP. During the reporting period, the Fund Statement of Investment Principles was updated and reviewed by both the Trustee and the Company.

Additionally, the Fund has in place a structured induction process is in place for new Trustee Directors with all new Trustee Directors required to complete the Pensions Regulator's Toolkit. During the period there were no new Trustee Director appointments.

The Trustee Board includes a Director who is an Independent Professional Trustee from an established provider of independent pension trusteeship services in the UK providing services to over 200 pension schemes. All its trustee directors are members of the Association of Professional Trustees and undertake continuous professional development. Over the reporting period this consisted of a formal training programme including regular meetings with industry participants and bi-annual away days where business strategy, regulatory matters and client case studies were discussed. During the reporting period the independent Trustee passed the PMI Award in Pension Trusteeship.

Based on the actions taken by the Trustee Directors during the reporting period and taking into account the specialist advice (both in writing and whilst attending meetings) available from its appointed professional advisors (e.g. investment consultants, legal advisors), the Trustee believes that its combined knowledge means that it is well placed to effectively and properly exercise its functions as Trustee of the Fund.

Approved by the Trustee Directors and signed by the Chair of Trustee of the Credit Suisse Group (UK) Pension Fund

Glenn Wellman

(G Wellman – Chairman) Date: 17 July 2020

Statement of Investment Principles for the Credit Suisse Group (UK) Pension Fund

1. Introduction

This Statement of Investment Principles ("SIP") sets out the policy of the Trustee Directors of the Credit Suisse Group (UK) Pension Fund ("the Trustee") on various matters governing decisions about the investments of the Credit Suisse Group (UK) Pension Fund ("the Fund"), a scheme with Defined Benefit ("DB") and Defined Contribution ("DC") sections; the Final Salary and Money Purchase Section, respectively. This SIP replaces the previous SIP dated December 2017.

The SIP is designed to meet the requirements of Section 35 (as amended) of the Pensions Act 1995 ("the Act"), the Occupational Pension Schemes (Investment) Regulations 2005, the Pension Regulator's guidance for defined benefit pension schemes (March 2017) and the Occupational Pension Schemes (Charges and Governance) Regulations 2015. The SIP also reflects the Trustee's response to the Myners voluntary code of investment principles.

This SIP has been prepared after obtaining and considering written professional advice from LCP, the Fund's Investment Adviser, whom the Trustee believes to be suitably qualified and experienced to provide such advice. The advice takes into account the suitability of investments including the need for diversification, given the circumstances of the Fund, and the principles contained in this SIP. The Trustee has consulted with the relevant employer in producing this SIP.

The Trustee will review this SIP from time to time and, with the help of its advisers, will amend it as appropriate. These reviews will take place as soon as practicable after any significant change in investment policy, and at least once every three years.

- Appendix 1 sets out details of the Fund's investment governance structure, including the key responsibilities of the Trustee, investment advisers and investment managers. It also contains a description of the basis of remuneration of the investment adviser and the investment managers.
- Appendix 2 sets out the Trustee's policy towards risk appetite, measurement and management.

2. Investment objectives

2.1. Final Salary Section

The primary objective for the Final Salary Section is to ensure that the Fund should be able to meet benefit payments as they fall due. In practice, this means that the Trustee expects, with a high degree of confidence, that the Fund's assets meet its technical provisions plus a sufficient margin to allow for the possibility that future benefit obligations may exceed those assumed at the most recent valuation date ("self-sufficiency basis"), or (when there is a funding deficit on this basis) that there is an appropriate recovery plan in place and/ or that sufficient reserve assets (e.g. contingent contribution assets or assets held in escrow) are available to the Trustee to make up any shortfall.

To do so, the Trustee recognises that it must take into account the employer's position in relation to the Fund and, in particular, its attitude to risk.

In addition to this primary objective, the Trustee has a series of secondary objectives. These are as follows:

- The Fund's assets should deliver sufficient returns to achieve the long-term funding objective of full funding on a self-sufficiency basis by 2035. The Trustee looks to minimise risk subject to adopting an investment strategy that has a reasonable expectation of achieving the return target.
- The Trustee invests in a range of asset classes with appropriate liquidity, security and diversification characteristics which seek to generate sufficient income and capital growth to meet the cost of benefits without any further contributions from the employer, given the current strong funding position.
- The Fund has a hedging target of 110% of interest rate and inflation risk arising from the Technical Provisions Value of the liabilities.

2.2. Money Purchase Section

The Trustee's primary objectives for the Money Purchase Scheme are to provide members with access to:

- an appropriate range of investment options, reflecting the membership profile of the Money Purchase Section and the variety of ways that members can draw their benefits in retirement; and
- a default investment option that the Trustee believes to be reasonable for those members that do not wish to make their own investment decisions. The objective of the default option is to generate returns significantly above inflation whilst members are some distance from retirement, but then to switch automatically and gradually to lower risk investments as members near retirement.

3. Investment strategy

The Trustee, with the help of its advisers and in consultation with the employer, reviewed the investment strategy for the Final Salary and Money Purchase Sections in 2016, taking into account the objectives described in Section 2 above.

3.1. Final Salary Investment Strategy

The investment strategy resulting from the review of the Final Salary Section is outlined in the Investment Policy Implementation Document ("IPID").

The Trustee expects to use any future employer contributions and disinvestments to rebalance the Fund's assets to match the target asset allocation within agreed tolerances. The progress against the target asset allocation is monitored on a quarterly basis.

3.2. Money Purchase Investment Arrangements

For the Money Purchase Section of the Fund, the Trustee has made available a range of investment funds for members. Each member is responsible for specifying one or more funds for the investment of their account, having regard to their attitude to the risks involved. If a member does not choose an investment option, their account will be invested into the default option, which is managed as a "lifestyle" strategy (ie it automatically combines investments in proportions that vary according to the time to retirement age). There are another two "lifestyle" investment strategies available to members, details of which can be found in the IPID.

The default option was designed to be in the best interests of the majority of the members based on analysis of the demographics of the Fund's membership carried out when the strategy was reviewed in 2015. The default option targets drawdown at retirement, since the Trustee believes that most members will wish to take their benefits in this form. Therefore, in the initial growth phase the default option is invested to target a return significantly above inflation, and then in the 10 years before retirement, it switches gradually into less risky assets, with the asset allocation at retirement being designed to be appropriate for members taking drawdown.

The Trustee will monitor the relevant members' behaviour to check whether assumptions made about how members will access their benefits are borne out in practice.

4. Considerations in setting the investment arrangements

When deciding how to invest the Fund's assets, the Trustee considers a number of risks, including, but not limited to, those set out in Appendix 2. Some of these risks are more quantifiable than others, but the Trustee has tried to allow for the relative importance and magnitude of each risk.

The Trustee considered a wide range of asset classes for investment, taking account of the expected returns and key individual risks associated with those asset classes as well as how these risks can be mitigated where appropriate. The key financial assumption underlying the most recent review of strategy considered by the Trustee is corporate bonds will outperform gilts by around 0.9% pa and UK property will outperform by around 3.3% pa.

Some of the Trustee's key investment beliefs are set out below.

- asset allocation is the primary driver of long-term returns;
- risk-taking is necessary to achieve return, but not all risks are rewarded;
- equity, credit and illiquidity are the primary rewarded risks;
- risks that are typically not rewarded should generally be avoided, hedged or diversified;
- investment markets are not always efficient and there may be opportunities for good active managers to add value
- long-term environmental, social and economic sustainability is one of many factors that the Trustee should consider when making investment decisions; and
- costs have a significant impact on long-term performance.

4.1. Final Salary Section

In setting the strategy for the Final Salary Section the Trustee took into account:

- the Fund's investment objectives, including the target return required to meet the Trustee's investment objectives;
- the best interests of members and beneficiaries;
- the circumstances of the Fund, including the profile of the benefit cash flows, the funding level, and the strength of the employer covenant;

- the risks, rewards and suitability of a number of possible asset classes and investment strategies and whether the return expected for taking any given investment risk is considered sufficient given the risk being taken;
- the need for appropriate diversification between different asset classes to ensure that both the Fund's overall level of investment risk and the balance of individual asset risks are appropriate; and
- the Trustee's investment beliefs about how investment markets work and which factors are most likely to impact investment outcomes.

4.2. Money Purchase Section

In determining the investment arrangements for the Money Purchase Section the Trustee took into account:

- the best interests of members and beneficiaries;
- the profile of the membership and what this is likely to mean for the choices members might make upon reaching retirement;
- the risks, rewards and suitability of a number of possible asset classes and lifestyle strategies and whether the return expected for taking any given investment risk is considered sufficient given the risk being taken;
- the need for appropriate diversification within the default strategy and other lifestyle options to ensure that, for each such option, both the overall level of investment risk and the balance of individual asset risks are appropriate;
- the need for appropriate diversification within the other investment options offered to members;
- the Trustee's investment beliefs about how investment markets work and which factors are most likely to impact investment outcomes.

5. Implementation of the investment arrangements

Before investing in any manner, the Trustee obtains and considers proper written advice from its investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments.

Details of the investment managers are set out in the separate IPID.

The Trustee has limited influence over mangers' investment practices, but it encourages its managers to improve their practices where appropriate.

The Trustee's view is that the fees paid to the investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high quality service that meets the stated objectives, guidelines and restrictions of the Fund. However, in practice managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

It is the Trustee's responsibility to ensure that the managers' investment approaches are consistent with its policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies. The Trustee expects investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve their performance. It assesses this when selecting and monitoring managers.

The Trustee evaluates investment manager performance by considering performance over both shorter and longer-term periods as available. Except in closed-ended funds where the duration of the investment is determined by the fund's terms, the duration of a manager's appointment will depend on strategic considerations and the outlook for future performance. Generally, the Trustee would be unlikely to terminate a mandate on short-term performance grounds alone.

The Trustee's policy is to evaluate each of its investment managers by reference to the manager's individual performance as well as the role it plays in helping the Scheme meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment managers. The Trustee expects its investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Fund's investment mandates.

5.1. Money Purchase Section

In respect of the Money Purchase Section, the Trustee has entered into a contract with a platform provider, who makes available the range of investment options to members. There is no direct contract between the Fund and the underlying investment managers of the Money Purchase Section investment funds.

The Trustee has signed agreements with the platform provider in respect of the Money Purchase Section setting out in detail the terms on which the portfolios are to be managed. The investment managers' primary role is the day-to-day investment management of the Fund's investments.

The Trustee and investment managers, to whom discretion has been delegated, exercise their powers to give effect to the principles in this Statement of Investment Principles, so far as is reasonably practicable.

6. Realisation of investments

The investment managers have discretion over the timing of realisation of investments of the Fund within the portfolios that they manage, and in considerations relating to the liquidity of investments.

6.1. Final Salary Section

For the Final Salary Section, when appropriate, the Trustee, on the administrators' recommendation, decides on the amount of cash required for benefit payments and other outgoings and informs the investment managers of any liquidity requirements. A working cash balance is held for imminent payment of benefits and expenses.

The Trustee's preference is for investments that are readily realisable, but recognises that achieving a well-diversified portfolio may mean holding some investments that are less liquid (eg property). In general, the Trustee's policy is to use cash flows to rebalance the Fund's assets towards the strategic asset allocation (as set out in the accompanying IPID), and also receive income from some of the portfolios where appropriate.

6.2. Money Purchase Section

For the Money Purchase Section, the Trustee's policy is to invest in funds that offer daily dealing to enable members to readily realise and change their investments. The Fund Administrator will disinvest assets as instructed, according to members' entitlements.

7. Environmental, social, governance and ethical considerations

The Trustee has considered how environmental, social, governance ("ESG") should be taken into account in the selection, retention and realisation of investments since it recognises that these factors can be relevant to investment performance and are therefore considered as financial factors.

The Trustee considers it is necessary to act in the best financial interests of Fund members and therefore it expects its investment managers to take account of these issues where they may be financially material, taking into account the nature and time horizon of the investments. It seeks to appoint managers that have appropriate skills and processes to do this, and from time to time review how its managers are taking account of these issues in practice. The Trustee cannot usually directly influence investment managers' policies on ESG and ethical factors where assets are held in pooled funds; this is due to the nature of these investments.

The Trustee does not take into account any non-financial factors (i.e. factors not motivated by considerations of financial risk and return) when making investment decisions. The Trustee is satisfied that it has good reason to think Fund members share its view and that there is no risk of material financial detriment to the Fund.

Within the Money Purchase Section, the Trustee offers members ethical and Islamic funds, amongst others, for members to invest in if they choose.

8. Exercise of ownership rights

The Trustee has examined how rights, including voting rights, attached to investments should be exercised. The Trustee recognises its responsibilities as owners of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, protect and enhance the long-term value of investments.

The Trustee cannot usually directly influence the manager's policies on the exercise of ownership rights where assets are held in pooled funds; this is due to the nature of these investments. The Trustee understands that ownership rights will be exercised by the investment managers in line with the managers' general policies on stewardship, which reflect the recommendations of the UK Stewardship Code issued by the Financial Reporting Council where relevant, and which are provided to the Trustee from time to time, taking into account the long-term financial interests of the beneficiaries.

9. Additional voluntary contributions (AVCs)

The Fund has six AVC providers:

- Aegon Scottish Equitable
- Equitable Life
- MGM
- Phoenix Life Limited
- Prudential
- Standard Life

Members invest across a selection of With Profits and Unit Linked funds as part of these AVC arrangements.

10. Money purchase underpin

Certain categories of member have Final Salary benefits with a Money Purchase underpin, where the money purchase element is a notional money purchase fund and the value varies in line with the returns on the Fund's Final Salary assets.

SIP signed for and on behalf of the Trustee of the Fund:

Signed: **Simon Meadows** **Date: 17.12.2019**

Signed: **David Mayes** **Date: 17.12.2019**

Appendix 1 - Investment governance, responsibilities, decision-making and fees

The Trustee has decided on the following division of responsibilities and decision-making for the Fund. This division is based upon the Trustee's understanding of the various legal requirements placed upon it, and its view that the division of responsibility allows for efficient operation and governance of the Fund overall. The Trustee's investment powers are set within the Fund's governing documentation.

1. Trustee

In broad terms, the Trustee is responsible in respect of investment matters for:

- setting out the risk parameters, in consultation with the employer;
- setting the investment strategy, in consultation with the employer;
- developing a mutual understanding of investment and risk issues with the employer;
- reviewing the investment policy as part of any review of the investment strategy;
- setting the policy for rebalancing between asset classes;
- appointing (and, when necessary, dismissing) investment managers, investment advisers, Scheme Actuary and other service providers;
- monitoring the exercise of the investment powers that they have delegated to the investment managers and monitoring compliance with Section 36 of the Act;
- communicating with members as appropriate on investment matters, such as the Trustee's assessment of its effectiveness as a decision-making body, the policies regarding responsible ownership and how such responsibilities have been discharged;
- Putting effective governance arrangements in place and documenting these arrangements in a suitable form;
- reviewing the content of this SIP from time to time and modifying it if deemed appropriate; and
- consulting with the employer when reviewing the SIP.

2. Investment Committee

The Trustee has established an Investment Committee to focus primarily on investment matters. Details of Investment Committee duties and responsibilities are set out in the appended Investment Committee Terms of Reference.

3. Platform provider – money purchase section

The investment platform provider will be responsible for:

- providing access to a range of funds managed by various investment managers; and
- providing the Trustee with regular information concerning the management and performance of the assets.

4. Investment managers

In broad terms, the investment managers will be responsible for:

- managing the portfolios of assets according to their stated objectives, and within the guidelines and restrictions set out in their respective investment manager agreements and/or other relevant governing documentation.
- taking account of financially material considerations (including climate change and other ESG considerations) as appropriate when managing the portfolios of assets;
- providing the Trustee / investment platform provider with regular information concerning the management and performance of their respective portfolios; and
- having regard to the provisions of Section 36 of the Act insofar as it is necessary to do so.

The custodians of the portfolios (whether there is a direct relationship between the custodian and the Trustee or not) are responsible for safe keeping of the assets and facilitating all transactions within the portfolios.

5. Investment Adviser

In broad terms, the Investment Adviser will be responsible, in respect of investment matters, as requested by the Trustee, for:

- the Final Salary Section, advising on how material changes within the Fund's benefits, membership, and funding position may affect the manner in which the assets should be invested and the asset allocation policy;
- the Money Purchase Section, advising on a suitable fund range and default strategy for the Fund, and how material changes to legislation or within the Fund's benefits and membership may impact this;
- advising on the selection, and review, of the investment managers, incorporating its assessment of the nature and effectiveness of the managers' approaches to financially material considerations (including climate change and other ESG considerations) and;
- participating with the Trustee in reviews of this SIP.

The details of the Investment Adviser's appointment, including the scope of its remit and its fees are set out in a contract entered into between the Trustee and the Investment Adviser.

6. Scheme Actuary

The Scheme Actuary is responsible for performing valuations for the Fund's Final Salary Section at least every three years, in accordance with regulatory requirements. The purpose of this is to:

- assess the extent to which the Fund's Final Salary Section assets cover the accrued liabilities; and
- to provide information that will assist the Trustee and employer in agreeing contribution rates.

The details of the Scheme Actuary's appointment, including the scope of its remit and its fees are set out in a contract entered into between the Trustee and the Scheme Actuary.

7. Fee structures

The Trustee recognises that the provision of investment management and advisory services to the Fund results in a range of charges to be met, directly or indirectly, by deduction from the Fund's assets.

The Trustee has agreed Terms of Business with the Investment Adviser, under which work undertaken is charged for by an agreed fixed fee or on a "time-cost" basis.

The investment managers and platform provider receives fees calculated by reference to the market value of assets under management and also in some cases a performance related fee. The fee rates are believed to be consistent with the managers' general terms for institutional clients and are considered by the Trustee to be reasonable when compared with those of other similar providers.

The Trustee has appointed a custodian in respect of some of the Fund's investments. The custodian fees are predominantly calculated on a fixed fee basis. The fee rates are believed to be consistent with the custodian's general terms for institutional clients and are considered by the Trustee to be reasonable when compared with those of other similar providers.

The fee structure used in each case has been selected with regard to existing custom and practice, and the Trustee's view as to the most appropriate arrangements for the Fund. However, the Trustee will consider revising any given structure if and when it is considered appropriate to do so.

8. Performance assessment

The Trustee is satisfied, taking into account the external expertise available, that there are sufficient resources to support its investment responsibilities. The Trustee believes that it has sufficient expertise and appropriate training to carry out its role effectively.

It is the Trustee's policy to assess the performance of the Fund's investments, investment providers and professional advisers from time to time. The Trustee will also periodically assess the effectiveness of its decision-making and investment governance processes and will decide how this may then be reported to members.

9. Working with the Fund's employer

When reviewing matters regarding the Fund's investment arrangements (such as the SIP), the Trustee seeks to give due consideration to the employer's perspective. While the requirement to consult does not mean that the Trustee needs to reach agreement with the employer, the Trustee believes that better outcomes will generally be achieved if the Trustee and employer work together collaboratively.

Appendix 2 – Policy towards risk

1. Final Salary Section

1.1. Risk appetite and risk capacity

Risk appetite is a measure of how much risk the Trustee is willing to bear within the Fund in order to meet its investment objectives. Taking more risk is expected to mean that those objectives might be achieved more quickly, but it also means that there is a greater likelihood that the objectives are missed, in the absence of remedial action. Risk capacity is a measure of the extent to which the Trustee can tolerate deviation from its long term objectives before attainment of those objectives is seriously impaired. The Trustee's aim is to strike the right balance between risk appetite and risk capacity.

When assessing the risk appetite and risk capacity, the Trustee considered a range of qualitative and quantitative factors, including:

- The strength of the employer's covenant and how this may change in the near/medium future;
- The Fund's liability profile, its interest rate and inflation sensitivities, and the extent to which these are hedged;
- The Fund's cash flow and target return requirements; and
- The level of expected return and expected level of risk (as measured by Value at Risk ("VaR")), now and as the strategy evolves.

Following implementation of the Fund's current investment strategy, using assumptions as at December 2018, the Fund's 3 year 95% Value at Risk was £128m. This means that there is a 1 in 20 chance that the Fund's funding position will worsen by £128m or more over a three year period. When deciding on the current investment strategy, the Trustee believed this level of risk to be appropriate given the Trustee's and employer's risk appetite and capacity, given the Fund's objectives.

1.2 Approach to managing and monitoring investment risks

The Trustee considers that there are a number of different types of investment risk that are important to manage and monitor. These include, but are not limited to:

i. Risk of inadequate returns

For the Final Salary Section, a key objective of the Trustee is that, over the long-term, the Fund should generate its target return so that it has adequate assets to meet its liabilities as they fall due. The Trustee therefore invests the assets of the Fund to produce a sufficient long-term return in excess of the liabilities. There is also a risk that the performance of the Fund's assets and liabilities diverges in certain financial and economic conditions in the short term. This risk has been taken into account in setting the investment strategy and is monitored by the Trustee on a regular basis.

ii. Risk from lack of diversification

This is the risk that failure of a particular investment, or the general poor performance of a given investment type, could materially adversely affect the Fund's assets. The Trustee believes that the Fund's Final Salary Section assets are adequately diversified between different asset classes and within each asset class. This was key consideration when determining the Fund's investment arrangements and is monitored by the Trustee on a regular basis.

iii. Interest rate and inflation risk

The Final Salary Section's assets are subject to interest rate and inflation risk because some of the Fund's assets are held in bonds / interest rate swaps, as segregated investments. However, the interest rate and inflation exposure of the Fund's assets hedges part of the corresponding risks associated with the Fund's liabilities.

The Trustee considers interest rate, inflation and overseas currency risks to be generally unrewarded investment risks.

As a result, the Trustee aims to hedge 100% of the Fund's exposure to interest rate risk and 100% of the Fund's exposure to inflation risk (arising from the Technical Provisions value of the liabilities), by investing in a mixture of bonds as well as leveraged LDI arrangements managed by Insight Investment Management. The Trustee reviews the liability hedging arrangements periodically and may adjust the benchmark for the liability hedging portfolio so that it continues to provide an appropriate hedge for the Fund's liabilities.

The net effect of the Trustee's approach to interest and inflation risk will be to reduce the volatility of the funding level, and so the Trustee believes that it is appropriate to manage exposures to these risks in this manner and to review them on a regular basis. The Trustee will consult with the employer in respect of any proposed changes to the way that the hedging portfolio operates and, upon request; will provide the employer with a summary of any discussions held with the manager(s) of the Liability Hedging Portfolio in this regard.

iv. Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Fund is subject to credit risk because it invests in bonds via segregated funds. The Trustee manages its exposure to credit risk by agreeing investment guidelines with the investment manager which ensure the relevant portfolios have a diversified exposure to different credit issuers, and only invests in bonds that are classified as "investment grade" at purchase.

v. Investment manager risk

This is the risk that an investment manager fails to meet its investment objectives. Prior to appointing an investment manager, the Trustee receives written advice from a suitably qualified individual, and will typically undertake an investment manager selection exercise. The Trustee monitors the investment managers on a regular basis to ensure they remain appropriate for its selected mandates.

vi. Liquidity/marketability risk

For the Final Salary Section, this is the risk that the Fund is unable to realise assets to meet benefit cash flows as they fall due, or that the Fund will become a forced seller of assets in order to meet benefit payments. The Trustee is aware of the Fund's cash flow requirements and believes that this risk is managed by maintaining an appropriate degree of liquidity across the Fund's investments and by investing in income generating assets, where appropriate.

vii. Collateral adequacy risk

The Fund is invested in leveraged Liability Driven Investment ("LDI") arrangements to provide protection ("hedging") against adverse changes in interest rates and inflation expectations. The LDI manager may from time to time call for additional cash to be paid to the LDI portfolio in order to support a given level of leverage. Collateral adequacy risk is the risk that the Trustee when requested to do so will not be able to post additional cash to the LDI fund within the required timeframe. A potential consequence of this risk is that the Fund's interest rate and inflation hedging could be reduced and that the Fund's funding level could suffer subsequently as a result. In order to manage this risk, the Trustee ensures that the Fund has a sufficient allocation to cash and other highly liquid assets which can be readily realised, so that cash can be posted to the LDI manager at short notice.

viii. Swaps, and other derivative instruments

Within the Final Salary Section there are risks associated with Over the Counter ("OTC") and Exchange Traded derivatives, which include (but may not be limited to) counterparty, liquidity and leverage risks. The Trustee has appointed investment managers to manage these risks and actively collateralise any positions to reduce the risk of counterparty default to the Fund. The Trustee is aware that derivative instruments may not be transparent in their pricing and OTC elements may have limited liquidity.

ix. Currency risk

Whilst the majority of the currency exposure of the Fund's assets is to Sterling, the Fund is subject to currency risk because some of the Fund's investments are held in overseas markets. The Trustee considers the overseas currency exposure in the context of the overall investment strategy, and believes that the currency exposure that exists diversifies the strategy and is appropriate. Furthermore, the Trustee manages the amount of currency risk by investing in pooled funds that hedge currency exposure or implements separate currency hedging arrangements.

x. Stock lending risk

The Trustee has taken steps to manage the risks associated with the appointed investment managers or the custodian lending the assets of the Fund to third parties. The Trustee recognises that this can be a source of incremental returns and are comfortable with appointed investment managers and custodian engaging in stock lending provided that there are appropriate controls in place.

xi. Risk from excessive charges

The Trustee is comfortable that the charges applicable to the Fund are in line with market practice and assess regularly whether these represent good value for members.

xii. Environmental, social and governance (ESG) risks

Environmental, social and corporate governance (ESG) factors are sources of risk to the Fund's investments, some of which could be financially significant, over both the short and longer term. These potentially include risks relating to factors such as climate change, unsustainable business practices, and unsound corporate governance. The Trustee seeks to appoint investment managers who will manage these risks appropriately on their behalf and from time to time reviews how these risks are being managed in practice.

xiii. Other non-investment risks

The Trustee recognise that there are other, non-investment, risks faced by the Fund, and takes these into consideration as far as practical in setting the Fund's investment arrangements as part of its assessment of the other aspects of the Fund's Integrated Risk Management framework, namely funding and covenant.

Examples for the Final Salary Section include:

- funding risk (the risk that the agreed funding plan is not borne out in practice); and
- sponsor covenant risk (the risk that, for whatever reason, the sponsoring employer is unable to support the Fund as anticipated).

Together, the investment and non-investment risks give rise generally to funding risk. This is the risk that the Fund's funding position falls below what is considered an appropriate level. The Trustee regularly reviews progress towards the Fund's funding target, both in the longer-term as well as against short-term milestones, comparing the actual versus the expected funding level.

By understanding, considering and monitoring the key risks that contribute to funding risk, the Trustee believes that it has appropriately addressed and is positioned to manage this general risk.

2. Money purchase section

2.1. Approach to managing and monitoring investment risks

The Trustee considers that there are a number of different types of investment risk that are important to manage and monitor. These include, but are not limited to:

i. Risk of inadequate returns

In the Money Purchase Section, as members' benefits are dependent on the investment returns achieved, it is important that investment options are available which can be expected to produce adequate real returns over the longer term. Accordingly, equity and equity-based funds, which are expected to provide positive returns above inflation over the long term, have been made available to members and feature in the growth phase of the default strategy. To reduce the chance of a sharp deterioration in members' benefits close to retirement, the Trustee has made the default option a "lifestyle" strategy.

ii. Risk from lack of diversification

This is the risk that failure of a particular investment, or the general poor performance of a given investment type, could materially adversely affect assets. The Trustee believes that the Fund's Money Purchase default strategy is adequately diversified between different asset classes and within each asset class and the Money Purchase options provide a suitably diversified range for members to choose from. This was key consideration when determining the Fund's investment arrangements and is monitored by the Trustee on a regular basis.

iii. Liquidity/marketability risk

For the Money Purchase Section, this is the risk that core financial transactions, such as investing members' contributions, are not processed promptly due to lack of liquidity in the investments. The Trustee manages this risk by only using pooled funds with daily dealing within the default strategy and diversifying the strategy across different types of investment.

iv. Investment manager risk

This is the risk that an investment manager fails to meet its investment objectives. Prior to appointing an investment manager, the Trustee receives written advice from a suitably qualified individual, and will typically undertake an investment manager selection exercise. The Trustee monitors the investment managers on a regular basis to ensure they remain appropriate for its selected mandates.

v. Risk from excessive charges

Within the Money Purchase Section, if the investment management charges together with other charges levied on, for example, transfers or early retirement are excessive, then the value of a member's account will be reduced unnecessarily. The Trustee is comfortable that the charges applicable to the Fund are in line with market practice and assess regularly whether these represent good value for members.

vi. Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Money Purchase Scheme is subject to credit risk because a number of options available to members invest in bonds. Credit risk is mitigated by the investment managers ensuring that the relevant portfolios have a diversified exposure to different credit issuers.

vii. Currency risk

The Money Purchase Section is subject to currency risk because some of the options available involve investing in overseas markets. Members should consider their overseas currency exposure in the context of their overall investment strategy. The Trustee believes that the currency exposure that exists within the default strategy diversifies the strategy and is appropriate. Furthermore, a number of the options available manage the amount of currency risk by hedging currency exposure.

viii. Environmental, social and governance (ESG) risks

Environmental, social and corporate governance (ESG) factors are sources of risk to the Fund's investments, some of which could be financially significant, over both the short and longer term. These potentially include risks relating to factors such as climate change, unsustainable business practices, and unsound corporate governance. The Trustee seeks to provide investment options to the Money Purchase Section which will manage these risks appropriately on members' behalf and from time to time the Trustee reviews how these risks are being managed in practice.

ix. Other non-investment risks

The Trustee recognises that there are other, non-investment, risks faced by the Fund, and takes these into consideration as far as practical.

For the Money Purchase Section, the Trustee has conducted due diligence into areas such as the structure of funds available to members, risk management processes of the fund managers and custodian arrangements. The Trustee is therefore satisfied with the security of assets held within this section and believes that the impact of the Financial Service Compensation Scheme not applying in certain circumstances is a relatively remote risk.

Independent Auditors' Report to the Trustee of the Credit Suisse Group (UK) Pension Fund

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, Credit Suisse Group (UK) Pension Fund's financial statements:

- show a true and fair view of the financial transactions of the Fund during the year ended 31 December 2019, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

We have audited the financial statements, included in the annual report and financial statements, which comprise: the Statement of Net Assets available for benefits as at 31 December 2019; the Fund Account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the Trustee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Fund's ability to continue as a going concern.

Reporting on other information

The other information comprises all the information in the annual report and financial statements other than the financial statements, our auditors' report thereon and our auditors' statement about contributions. The Trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the Trustee for the financial statements

As explained more fully in the statement of Trustee's responsibilities, the Trustee is responsible for ensuring that the financial statements are prepared in accordance with the applicable framework and for being satisfied that they show a true and fair view. The Trustee is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the Trustee is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Fund, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date

FINANCIAL STATEMENTS

Fund Account

For the year ended 31 December 2019

	Note	**Defined Benefit Sections 2019 £000**	**Defined Contribution Sections 2019 £000**	**Total 2019 £000**	Defined Benefit Sections 2018 £000	Defined Contribution Sections 2018 £000	Total 2018 £000
Employer contributions	**4**	**909**	**12,242**	**13,151**	3,167	13,399	16,566
		909	**12,242**	**13,151**	3,167	13,399	16,566
Transfers In	**6**	**-**	**571**	**571**	-	722	722
Other income	**7**	**237**	**-**	**237**	892	-	892
		1,146	**12,813**	**13,959**	4,059	14,121	18,180
Benefits paid or payable	**8**	**(17,080)**	**(4,305)**	**(21,385)**	(14,669)	(1,978)	(16,647)
Transfers out	**9**	**(45,398)**	**(39,727)**	**(85,125)**	(110,275)	(245,721)	(355,996)
Administrative expenses	**10**	**(2,307)**	**-**	**(2,307)**	(2,257)	-	(2,257)
		(64,785)	**(44,032)**	**(108,817)**	(127,201)	(247,699)	(374,900)
Net withdrawals from dealings with members		**(63,639)**	**(31,219)**	**(94,858)**	(123,142)	(233,578)	(356,720)
Returns on investments							
Investment income	**11**	**40,698**	**-**	**40,698**	48,415	-	48,415
Change in market value of investments	**13**	**228,858**	**168,790**	**397,648**	(112,854)	(72,421)	(185,275)
Investment management expenses	**12**	**(1,691)**	**-**	**(1,691)**	(5,848)	-	(5,848)
Net returns on investments		**267,865**	**168,790**	**436,655**	(70,287)	(72,421)	(142,708)
Net increase/(decrease) in the fund during the year		**204,226**	**137,571**	**341,797**	(193,429)	(305,999)	(499,428)
Opening net assets		**2,075,772**	**954,302**	**3,030,074**	2,258,443	1,271,059	3,529,502
Transfers between sections	**5**	**6,369**	**(6,369)**	**-**	10,758	(10,758)	-
Closing net assets		**2,286,367**	**1,085,504**	**3,371,871**	2,075,772	954,302	3,030,074

The notes on pages 50 to 70 form an integral part of these financial statements.

Statement of Net Assets available for benefits

As at 31 December 2019

	Note	2019 £000	2018 £000
Defined Benefit Sections			
Investment assets	13		
Bonds		**2,096,960**	1,808,371
Pooled Investment Vehicles	15	**131,532**	113,660
Derivatives	16	**42,806**	46,867
Other Investment balances		**13,119**	12,653
Cash	17	**39,825**	87,530
		2,324,242	2,069,081
Investment liabilities			
Derivatives	16	**(64,316)**	(37,879)
Total Net Investments		**2,259,926**	2,031,202
Current assets	23	**27,512**	48,494
Current liabilities	24	**(1,071)**	(3,924)
Total Net Assets of Defined Benefit Sections		**2,286,367**	2,075,772
Defined Contribution Sections			
Investment assets			
Pooled investment vehicles	15	**1,080,960**	950,019
AVC Investments	18	**4,544**	4,283
Total Net Investments		**1,085,504**	954,302
Current assets	23	**-**	-
Current liabilities	24	**-**	-
Total Net Assets of Defined Contribution Sections		**1,085,504**	954,302
TOTAL NET ASSETS AVAILABLE FOR BENEFITS		**3,371,871**	3,030,074

The financial statements summarise the transactions of the Fund and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year. The actuarial position of the DB sections of the Fund, which does take account of such obligations, is dealt with in the actuarial report on pages 6 and 7 and in the certificate included on page 73 of the annual report and these financial statements should be read in conjunction with this information.

The notes on pages 50 to 70 form an integral part of these financial statements.

These financial statements were approved by the Trustee and were signed on their behalf by:

Glenn Wellman

Director:
Glenn Wellman

Date: 17 July 2020

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Credit Suisse Group (UK) Pension Fund (the "Fund") is a hybrid pension scheme, established under trust and under the jurisdiction of English law. The Fund was established to provide retirement benefits for certain groups of employees of the Principal and Participating employers. The Fund incorporates defined benefit and defined contributions sections and is still open to new members.

The address for the Fund is 1 Cabot Square, London, E14 4QJ.

The Fund is a registered pension scheme under Chapter 2, Part 4 of the Finance Act 2004.

2. BASIS OF PREPARATION

The individual financial statements of the Fund have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised June 2018) ("the SORP").

In June 2018, a revised SORP was issued which is applicable to accounting periods commencing on or after 1 January 2019. The Trustee has adopted the revised SORP for the first time in these financial statements. The adoption of the revised SORP has had no material impact on the financial statements. However it has required certain additions to or amendments of disclosures in the financial statements.

3. ACCOUNTING POLICIES

The following principal accounting policies, which have been applied consistently, have been adopted in the preparation of the Financial Statements.

3.1 Accruals concept

The Financial Statements have been prepared on an accruals basis.

3.2 Contributions and benefits

Employer normal contributions and Employer additional contributions are accounted for in the period in which they fall due under the schedule of contributions in force.

Employer death in service contributions and administrative expense contributions are accounted for in the period in which they fall due under the schedule of contributions in force.

Pensions in payment are accounted for in the period to which they relate. When members can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later date of retirement and the date the option is exercised. Other benefits (including the purchase of annuities) are accounted for on an accruals basis on the date of retirement or death as appropriate.

3.3 Transfers to and from other schemes

Individual transfer values to and from other pension schemes are accounted for when the receiving scheme accepts the liability to pay for future benefits which is usually when the transfer value is paid or received.

Group transfers are accounted for when the transfer value is paid or received.

3. ACCOUNTING POLICIES (continued)

3.4 Investment income and expenditure

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, change in market value also includes income, net of withholding tax, which is reinvested in the fund.

Income distributed by pooled investment vehicles is reinvested to purchase more units. Income distributed is reported as investment income and purchase of units included as a purchase in the investment reconciliations table. Investment distributions are recognised on an ex-dividend basis.

Income from equities and bonds is accounted for when the security is quoted ex-dividend.

Interest on bank deposits accrues on a daily basis.

Receipts or payments under swap contracts, representing the difference between the swapped cash flows, are included in investment income on a cash basis.

Investment income is reported net of attributable tax credits but gross of withholding taxes which are accrued in line with the associated investment income.

Transaction costs are included in the cost of purchases and sales proceeds. Transaction costs include costs charged directly to the Fund such as fees, stamp duties, commissions and other fees. Other investment management expenses are accounted for on an accruals basis and shown separately within investment returns.

Foreign currencies

The Fund’s functional currency and presentation currency is pounds sterling (GBP).

Amounts denominated in foreign currencies at the year end are translated at rates ruling at that time.

Differences on foreign currency transactions are reflected in change in market value of investments.

Investment income denominated in foreign currencies is recorded at the rate of exchange on the date of receipt.

3.5 Valuation of investments

Investments are stated at fair value:

i) The majority of listed investments are stated at the bid price or the last traded price, depending on the convention of the stock exchange on which they are quoted, at the date of the net assets statement.

ii) Bonds are valued at their clean prices (i.e. without accrued income). Accrued income is accounted for within investment income.

iii) Pooled Investment Vehicles are stated at bid price for funds with bid/offer spreads, or single price where there are no bid/offer spreads, as provided by the investment manager.

iv) Hedge funds are fair valued at the year end net asset value (“NAV”) provided by the investment managers.

3. ACCOUNTING POLICIES (continued)

3.5 Valuation of investments (continued)

v) Derivative contracts are valued at market value.

Exchange traded derivatives are stated at market values determined using market quoted prices.

For exchange traded derivative contracts which are assets, market value is based on quoted bid prices. For exchange traded derivative contracts which are liabilities, market value is based on quoted offer prices.

Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.

All gains and losses arising on derivative contracts are reported within ‘Change in market value’.

Swaps - OTC are valued at fair value, using a discounted cash flow pricing model which calculates the current value of future expected net cash flows arising from the swap, for which the time value of money is taken into account. Interest is accrued monthly under the terms relating to individual contracts.

Receipts on swap contracts are generally reported as interest income; net payments on swap contracts are generally reported as interest expense. Premiums paid or received at inception are included in the cost basis of the swap.

Realised gains and losses on closed contracts and unrealised gains or losses on open contracts are included within 'Change in market value'.

The notional principal amount is used for the calculation of cash flows only.

vi) External AVC funds are included at the market value advised by the Fund's managers at the year end.

vii) Annuities are purchased and held in the name of the member so the value is not recorded in the financial statements of the Fund.

3.6 Administrative and Investment Management Expenses

Administrative and investment management expenses are accounted for on an accruals basis.

Life insurance premiums are borne by the Company.

4. EMPLOYER CONTRIBUTIONS

	DB Sections £000	2019 DC Sections £000	Total £000
Employers Contributions			
Normal	-	12,193	12,193
Administrative expenses	708	-	708
Death in service contributions	201	-	201
Additional	-	49	49
	909	**12,242**	**13,151**

	DB Sections £000	2018 DC Sections £000	Total £000
Employers Contributions			
Normal	-	13,330	13,330
Administrative expenses	2,256	-	2,256
Death in service contributions	911	-	911
Additional	-	69	69
	3,167	**13,399**	**16,566**

Prior to 1 April 2019, death in service contributions were made by the employers to fund the payment of pensions provided on death in service. Administrative expense contributions were made to the Fund by the employers to cover the cost of administering the Fund. From April 2019 until March 2022, death in service contributions and administrative expenses including the PPF Levy will be met directly by the Fund.

Additional employer contributions relate to redundancy payments made direct to the members' account by the Employer.

5. TRANSFERS BETWEEN SECTIONS

	DB Sections £000	2019 DC Sections £000	Total £000
Transfers between sections	**6,369**	**(6,369)**	**-**
	6,369	**(6,369)**	**-**

	DB Sections £000	2018 DC Sections £000	Total £000
Transfers between sections	10,758	(10,758)	-
	10,758	**(10,758)**	**-**

5. TRANSFERS BETWEEN SECTIONS (continued)

The inter-section transfers comprise transfers from the DC employer pot for the payment of Fund expenses arising from investment gains from members leaving the Fund with no vested benefit and contributions returned to the Fund on death in service.

6. TRANSFERS IN

	DB Sections £000	2019 DC Sections £000	Total £000
Transfers In – individual	-	571	571
	-	**571**	**571**

	DB Sections £000	2018 DC Sections £000	Total £000
Transfers In – individual	-	722	722
	-	**722**	**722**

7. OTHER INCOME

	DB Sections £000	2019 DC Sections £000	Total £000
Claims on term insurance policies	237	-	237
	237	**-**	**237**

	DB Sections £000	2018 DC Sections £000	Total £000
Claims on term insurance policies	892	-	892
	892	**-**	**892**

8. BENEFITS PAID OR PAYABLE

	2019 DB Sections £000	DC Sections £000	Total £000
Pensions payable	11,639	-	11,639
Commutations and lump sum retirement benefits	5,427	2,843	8,270
Lump sum death benefits	14	489	503
Purchase of annuities	-	405	405
Pension sharing orders	-	568	568
	17,080	**4,305**	**21,385**

	2018 DB Sections £000	DC Sections £000	Total £000
Pensions payable	10,788	-	10,788
Commutations and lump sum retirement benefits	2,846	-	2,846
Lump sum death benefits	1,035	1,068	2,103
Purchase of annuities	-	581	581
Pension sharing orders	-	329	329
	14,669	**1,978**	**16,647**

Benefit figures above are shown gross of taxable deductions. Taxation arising on benefits paid or payable are in respect of Pay as You Earn (PAYE) income tax or member's whose benefits have exceeded the lifetime allowance.

9. TRANSFERS OUT

	2019 DB Sections £000	DC Sections £000	Total £000
Individual transfers out to other plans	45,398	39,727	85,125
	45,398	**39,727**	**85,125**

	2018 DB Sections £000	DC Sections £000	Total £000
Individual transfers out to other plans	110,275	55,860	166,135
Group transfers out	-	189,859	189,859
Transfers out of non-vested leavers	-	2	2
	110,275	**245,721**	**355,996**

9. TRANSFERS OUT (continued)

The group transfer out was made in 4 tranches and paid in specie to the Credit Suisse section of the Fidelity Master Trust.

10. ADMINISTRATIVE EXPENSES

Defined benefit sections	2019 £000	2018 £000
Administration and processing	471	494
Audit fee	61	80
Pension Regulator levy	57	56
Legal fees	232	175
Actuarial fees	435	440
Trustee fees and expenses	36	34
Chief Operating Officer to the Trustee fees	1,008	972
Sundry expenses	7	6
	2,307	**2,257**

The fees above are shown including VAT, as the Fund is unable to reclaim this tax charge.

The Trustee Directors' expenses paid by the Fund during the year (other than those paid to the Independent Trustee) total £1,849 (2018: £2,613). Fees paid by the Fund to the Independent Trustee total £34,560 (2018: £30,838).

11. INVESTMENT INCOME

Defined benefit sections	2019 £000	2018 £000
Dividends from equities	(24)	2
Income from bonds	36,881	36,172
Income from pooled investment vehicles	1,669	2,564
Net receipts from derivatives	1,457	8,617
Income from cash	621	858
Interest on cash deposits	94	60
Other investment income	-	142
	40,698	**48,415**

12. INVESTMENT MANAGEMENT EXPENSES

Defined benefit sections	2019 £000	2018 £000
Administration	1,304	3,624
Performance fees	-	1,803
Consultancy	387	421
	1,691	**5,848**

The funds in the Defined Contribution sections have annual management charges. The funds also incur expenses such as auditing and registry fees. The annual management charge and the other expenses are deducted from each fund's assets and are reflected in the quoted daily price for the fund. They are not taken directly from member's pension accounts. Performance figures for the funds, therefore, take account of all charges.

13. RECONCILIATION OF INVESTMENTS

During the year ended 31 December 2019 the investment movements were as follows:

	Value at 01/01/2019 £000	Purchases at cost and derivative payments £000	Sales proceeds and derivative receipts £000	Change in market value £000	Value at 31/12/2019 £000
DB SECTIONS					
Bonds	1,808,371	1,640,784	(1,524,800)	172,605	2,096,960
Pooled investment vehicles	113,660	100,000	(82,496)	368	131,532
Derivative contracts - net	8,988	18,901	(112,640)	63,241	(21,510)
Sub total	**1,931,019**	**1,759,685**	**(1,719,936)**	**236,214**	**2,206,982**
Cash deposits	87,530			(7,356)	39,825
Accrued income	12,653			-	13,119
	2,031,202			**228,858**	**2,259,926**
DC SECTIONS					
Pooled investment vehicles	950,019	12,813	(50,401)	168,529	1,080,960
AVC investments	4,283	-	-	261	4,544
	954,302	**12,813**	**(50,401)**	**168,790**	**1,085,504**

13. RECONCILIATION OF INVESTMENTS (continued)

The volume of purchases and sales in 2019 was lower compared with the previous financial year, but aligned to the overall investment strategy of the Fund. The LDI portfolio was restructured to hold more physical assets and reduce leverage on the back of an improved funding position and desire to reduce risk in the portfolio. Other changes included the remaining allocation to the Fund of Hedge Funds managed by Towers Watson being fully redeemed.

The change in market value of cash deposits was generated by realised gains and losses on foreign currency exchanges.

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Transaction Costs

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Fund such as fees, commissions, stamp duty and other fees. In addition to the transaction costs disclosed below, indirect costs are incurred through bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the Fund.

There were no commissions paid on Equities during 2019 (2018: £0).

With respect to the Pooled Investment Vehicles in the DC Sections at 31 December 2019, £1,080,825,000 is designated to members and relates to members' units (2018: £949,810,00) and £135,000 relates to the units not designated to members and held by the Trustee (2018: £209,000).

Insurance policies are held to cover pensions in payment in respect of certain members. These policies are specifically allocated to the provision of benefits for, and provide all the benefits payable under the Fund to, those members. Accordingly, the acquisition costs of such policies are treated in the fund account in the period in which they arise, as the cost of discharging the obligations of the Fund to the relevant members at the time of purchase. These policies are held in the members' names and are therefore not valued in these financial statements.

14. FAIR VALUE HIERARCHY ANALYSIS

The fair value of financial instruments has been determined using the following fair value hierarchy:

Level 1 - The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3 - Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

Unrated - represents items that are not required to be assigned a level such as pending trades, dividends and tax, they have been included for completeness.

14. FAIR VALUE HIERARCHY ANALYSIS (continued)

The Fund's investments have been analysed using the above hierarchy categories as follows:

	At 31 December 2019				
	Level 1 £000	**Level 2 £000**	**Level 3 £000**	**Unrated £000**	**Total £000**
DB SECTIONS					
Bonds	1,496,257	600,703	-	-	**2,096,960**
Pooled investment vehicles	-	131,532	-	-	**131,532**
Derivative contracts (net)	-	(21,510)	-	-	**(21,510)**
Cash	39,825	-	-	-	**39,825**
Accrued income	-	-	-	13,119	**13,119**
	1,536,082	**710,725**	**-**	**13,119**	**2,259,926**
DC SECTIONS					
Pooled investment vehicles	-	1,078,943	2,017	**-**	**1,080,960**
AVC investments	-	4,544	-	**-**	**4,544**
	-	**1,083,487**	**2,017**	**-**	**1,085,504**
	1,536,082	**1,794,212**	**2,017**	**13,119**	**3,345,430**

	At 31 December 2018				
	Level 1 £000	**Level 2 £000**	**Level 3 £000**	**Unrated £000**	**Total £000**
DB SECTIONS					
Bonds	1,251,547	556,824	-	-	**1,808,371**
Pooled investment vehicles	-	113,660	-	-	**113,660**
Derivative contracts (net)	-	8,988	-	-	**8,988**
Cash	87,530	-	-	-	**87,530**
Accrued income	-	-	-	12,653	**12,653**
	1,339,077	**679,472**	**-**	**12,653**	**2,031,202**
DC SECTIONS					
Pooled investment vehicles	-	947,531	2,488	**-**	**950,019**
AVC investments	-	4,283	-	**-**	**4,283**
	-	**951,814**	**2,488**	**-**	**954,302**
	1,339,077	**1,631,286**	**2,488**	**12,653**	**2,985,504**

Fair value hierarchy analysis has been amended so that 2018 comparatives are consistent with 2019 classifications, which have been revised in accordance with the requirements of the SORP (2018).

Level 3 investments, comprising pooled investment vehicles, have been valued and assessed as advised by the investment manager.

15. POOLED INVESTMENTS VEHICLES

Defined benefit sections	**2019 £000**	**2018 £000**
Hedge funds	-	10,561
Property	31,452	35,291
Cash	100,080	67,808
	131,532	**113,660**

15. POOLED INVESTMENTS VEHICLES (continued)

Defined contribution sections	2019 £000	2018 £000
Equities	918,606	815,612
Bonds	20,492	18,105
Multi Asset funds	99,630	77,398
Cash	40,215	36,416
Property	2,017	2,488
	1,080,960	**950,019**

16. DERIVATIVES

	2019		2018	
Defined benefit sections	**Assets £000**	**Liabilities £000**	**Assets £000**	**Liabilities £000**
Swaps	35,051	(64,314)	46,840	(32,117)
Futures	801	-	-	(731)
Forward Currency Contracts	6,954	(2)	27	(5,031)
Total derivative investments	**42,806**	**(64,316)**	**46,867**	**(37,879)**

Futures are exchange traded, whereas the other derivatives are over the counter investments.

Objectives and policies

The Trustee has authorised the use of derivatives by its investment managers as part of its investment strategy for the Fund.

Investment managers may use derivatives for both efficient portfolio management and to manage investment risks.

The main objectives for the use of key classes of derivatives and the policies followed during the year are summarised as follows:

Swaps – The Fund uses swaps (including equity and gilt total return swaps) to hedge a proportion of the interest rate risk of the bond assets as well as a proportion of the estimated interest rate and inflation risk of the accrued liabilities of the Fund. The Trustee's aim is to hedge 80% of the Fund’s interest rate and inflation risk arising from the Economic Value of the liabilities.

Forwards – The Trustee does not have a specific strategy for Forward Contracts, the Contracts held by the Fund relate to the management of a discretionary US Credit account by PIMCO Europe Limited rather than being specific Forward Contracts taken on by the Fund.

16.1 SWAPS

Type of contract	Expiration	Notional amounts £000	Asset £000	Liability £000
Inflation Swap	0-10 years	18,139	-	(2,640)
	10-20 years	16,756	-	(2,204)
	Over 20 years	26,711	2,571	(9,858)
		61,606	**2,571**	**(14,702)**
Interest Rate Swap	0-10 years	179,911	45	(17,102)
	10-20 years	57,247	124	(7,788)
	Over 20 years	95,224	1,440	(9,892)
		332,382	**1,609**	**(34,782)**
Equity Swap	0-10 years	**2,022**	**10,415**	**(8,744)**
Total Return Swap	0-10 years	**520,811**	**20,456**	**(6,086)**
Sub total			**35,051**	**(64,314)**
Swaps Total net asset				**(29,263)**

Under the swap contracts, the counterparties had deposited £183.8m (2018: £167.0m) of cash collateral, and the Trustee had deposited £159.5m (2018: £159.5m) of bonds collateral at the year end.

16.2 Forward Contracts

Buy/Sell Currency	Bought Currency '000	Sold Currency '000	Asset £000	Liability £000
Sterling / Japanese Yen	540	77,200	4	-
Sterling / US Dollar	217,497	279,320	6,930	-
Sterling / Euro	1,465	1,705	20	(2)
			6,954	**(2)**

FX is traded under ISDA (International Swaps and Derivatives Association) and is collateralised using the LDI portfolio.

All contracts had a duration of less than 1 year.

17. Cash deposits

	2019 **£000**	2018 £000
Sterling cash deposits	37,066	79,388
Foreign currency cash deposits	2,759	8,142
	39,825	**87,530**

18. AVC Investments

The Trustee holds assets in respect of members' Additional Voluntary Contributions (AVCs) which are separately invested from the main fund. These secure additional benefits, on a money purchase basis, for those members who have elected to pay additional voluntary contributions.

Members participating in this arrangement receive an annual statement confirming the amounts held to their account and the movements during the year.

The total amount of AVC investments at the year end is shown below.

Defined contribution sections	2019 £000	2018 £000
AEGON (unit linked)	7	7
Utmost Life and Pensions Limited (formerly Equitable Life) (unit linked)	2,907	2,578
Scottish Friendly (formerly MGM Assurance) (with profits)	13	53
Phoenix Life Limited (with profits)	15	15
The Prudential Assurance Company (with profits)	922	948
Standard Life Assurance Company (unit linked)	680	682
	4,544	**4,283**

19. STOCK LENDING

Towards the end of the year to 31 December 2017, the Fund began to lend securities under a Trustee approved securities lending programme, which gives the custodian approval to lend securities in the market, subject to certain restrictions. The Trustee is comfortable that the custodian has appropriate risk management systems in place, including only lending to approved borrowers who are deemed to be creditworthy and to have appropriate collateral arrangements in place.

At 31 December 2019, the market value of securities that had been lent in the market was £460,415,228 (2018: £40,039,815). All securities lent were bonds.

Collateral held in respect of the securities on loan at 31 December 2019 had a total value of £494,986,728 (2018: £41,453,626).

20. INVESTMENT RISKS

FRS 102 requires the disclosure of information in relation to certain investment risks.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation, either directly or indirectly.

Market risk comprises currency risk, interest rate risk and other price risk, defined as follows:

- Currency risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- Other price risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

20. INVESTMENT RISKS (continued)

The Trustee determined the Fund's investment strategy after taking advice from its investment consultant. Details are also included in the Statement of Investment Principles. The Fund has exposure to the aforementioned risks via the investments held to implement the investment strategy.

Within each investment portfolio, investment objectives and restrictions to manage risk are implemented through the legal agreements in place with the Fund's investment managers. The Trustee monitors the performance of the strategy and associated risks, and each investment manager against its objectives and restrictions, on a regular basis.

Further information on these risks and the approach of the Trustee to risk management is set out below. This does not include AVC investments, as these are not considered significant in relation to the overall investments of the Fund. Totals may not sum due to rounding.

Asset class	Investment manager	Valuations £000		Risks			
				Credit	Currency	Interest	Other
		2019	2018				
Defined Benefit Sections							
		Equities					
(Global synthetic)	Insight	-	95,485	S	P	N	S
		Bonds					
Global	PIMCO	197,647	179,993	S	P	S	P
Global	Insight	188,056	175,685	S	P	S	P
Global	M&G	189,030	177,442	S	P	S	P
		Liability Driven Investments					
LDI	Insight	1,639,232	1,328,882	S	N	S	S
		Pooled investment vehicles					
Indirect:							
Fund of hedge funds	Willis Towers Watson	-	12,766	P	P	P	S
UK Property	Fidelity	31,043	35,292	P	N	P	S
Cash	Northern Trust	13,047	25,657	S	N	N	P
Equity contracts	Insight	1,871	0	S	N	N	P
Total Defined Benefit		2,259,926	2,031,202				
Defined Contribution sections							
Pooled investment vehicles		1,080,960	950,019	S	P	S	S

Key: Significant =(S), partial (P), negligible (N)

Defined Benefit Section

The table above has been presented using a different categorisation to that set out in note 14. This is because the investment risks attached to the asset classes and their respective managers are, in the view of the Trustee, more appropriately presented by the categorisation shown above for the purposes of this note 20.

20. INVESTMENT RISKS (continued)

Defined Benefit Section (continued)

The categorisation is principally by investment manager, rather than just by asset class (equities, bonds, pooled investment vehicles, derivatives, cash and other) as the risks relate to the overall portfolio held by each investment manager (equities, bonds, LDI and pooled investment vehicles).

Some investment managers (across all asset classes) may, for example, also use derivative instruments as part of the investment strategy, and may also hold cash as part of their overall portfolio. Any accrued income or pending purchases and sales as they pertain to each investment manager is also shown in the totals above, and has not been separately analysed.

The LDI portfolio comprises bonds, derivatives, pooled investment vehicles and cash.

Credit risk

The Fund invests in various pooled funds and is therefore directly exposed to credit risk in relation to the solvency of the investment manager and custodian of those funds. Furthermore, where the Fund holds assets via segregated portfolios, the Fund is directly exposed to credit risk in relation to the custodian, Northern Trust.

These direct credit risks are mitigated by the underlying assets of the pooled funds and segregated portfolios being ring-fenced from the investment managers and the custodians, the regulatory environments in which the pooled fund managers and custodians operate and diversification of the Fund's investments across a number of pooled funds and segregated portfolios. The Trustee carries out due diligence checks prior to the appointment of any new investment manager or fund, and on an on-going basis monitors for changes to the operating environment of the existing pooled funds and custodian of the segregated assets.

A summary of pooled investment vehicles by type of arrangement are shown in the table below:

Defined benefit sections

	2019 £000	2018 £000
Open ended investment companies	131,532	100,894
Shares of limited liability partnerships	-	12,766
	131,532	**113,660**

Defined contribution sections

	2019 £000	2018 £000
Authorised unit trusts	1,077,513	947,127
Open ended investment companies	3,447	2,892
	1,080,960	**950,019**

The Fund is directly exposed to credit risk from its segregated portfolios in Global Buy & Maintain Credit managed by PIMCO, Insight and M&G.

These managers monitor credit risk on a daily basis and mitigate it via detailed research on the issuing entities. In addition credit risk is mitigated by the strict limits for specific credit exposures set for each of the portfolios set by the Trustee.

20. INVESTMENT RISKS (continued)

The full restrictions on credit exposures are set out in the managers' Investment Management Agreements.

In addition, the Fund is indirectly exposed to credit risks arising from the underlying investments held by the pooled funds, where they invest in bonds (through a Cash fund). The amount invested is shown in the Statement of Net Assets.

The managers of these pooled funds manage credit risk by having a diversified exposure to bond issuers, conducting thorough research on the probability of default of those issuers, and having only a limited exposure to bonds rated below investment grade. At the year end, over 99% of bonds were investment grade. The Trustee take a standard definition of investment grade credit i.e. any bonds rated BBB- or above. The magnitude of credit risk within each fund will vary over time, as the manager changes the underlying investments in line with its views on markets, asset classes and specific bonds.

Within the LDI portfolio, there is exposure to credit risk as the portfolio manager uses derivative instruments. These derivatives are subject to robust collateralisation processes to mitigate the credit risk on a daily basis.

Currency risk

Whilst the majority of the currency exposure of the Fund's assets is to Sterling, the Fund is subject to currency risk because some of the Fund's investments are denominated in overseas currencies.

The Trustee considers the overseas currency exposure in the context of the overall investment strategy, and believes that the currency exposure that exists is appropriate. Furthermore, the Trustee manages the amount of currency risk by investing in pooled funds that hedge some or all of their currency exposure, or implement separate currency hedging arrangements. Even where currency hedging arrangements are in place, there will still be residual currency risks, as these hedging arrangements may not be perfectly aligned to the assets.

The Fund's assets that are exposed to currency risk are the various international bond portfolios. The amount invested in each of these mandates is shown in the Statement of Net Assets.

Within the Willis Towers Watson hedge fund mandate, there are several US Dollar-denominated funds. This exposes the Fund to direct currency risk.

The exposure to foreign currencies within the pooled funds will vary over time as the manager changes the underlying investments, but is not expected to be a material driver of returns over the longer term. Decisions about the exposure to foreign currencies within the pooled funds held are at the discretion of the fund managers.

Interest rate risk

The DB Section's investments in the LDI strategy and the Buy & Maintain Credit portfolios expose the Fund to a material amount of interest rate risk. The amount invested in each of these mandates is shown in the Statement of Net Assets.

However, the interest rate exposure of these assets is structured to hedge the aggregate corresponding risks associated with the Fund's liabilities. The net effect will be to reduce the volatility of the actuarial funding level, and so the Trustee believes that it is appropriate to take exposures to these risks in this manner.

20. INVESTMENT RISKS (continued)

Other price risk

The Fund's assets are exposed to risks of market prices other than currencies and interest rates, such as the UK Property fund holdings being subject to movements in the property market. The Trustee believes that the Fund's DB assets are adequately diversified between different asset classes and within each asset class to manage this risk.

Within the LDI portfolio there is a significant exposure to inflation-linked swaps and index-linked bonds. Therefore the Fund's assets are exposed significantly to expectations of future inflation rates. The magnitude of this risk to which the Fund is exposed in its assets has been carefully chosen to match closely the magnitude of this risk which is inherent in its liabilities to pay inflation-protected pensions. The Trustee is therefore comfortable that it is appropriate to take this risk in its assets.

Defined Contribution Sections

Investment strategy

The Trustee's primary objectives for the DC Section are to provide members with access to:

- an appropriate range of investment options, reflecting the membership profile of the DC Section and the variety of ways that members can draw their benefits in retirement; and
- a default investment option that the Trustee believes to be reasonable for those members that do not wish to make their own investment decisions. The objective of the default option is to generate returns significantly above inflation whilst members are some distance from retirement, but then to switch automatically and gradually to lower risk investments as members near retirement.

The SIP outlines the investment objectives and strategy for the DC assets of the Fund.

The investment funds offered to members are provided by FIL Life Insurance Limited ("FIL Life"). These are invested in other underlying funds available through the FIL Life platform and provide reduced pricing on the funds being used. Asset mix of the funds available as follows:

- Equities
- Bonds
- Multi asset
- Property
- Cash

The Trustee has an investment management agreement in place with FIL Life that sets out guidelines for the underlying investments held by the funds. The day to day management of the underlying investments of the funds is the responsibility of FIL Life, including the direct management of credit and market risks.

The Trustee monitors the underlying risks by quarterly investment reviews with their investment advisors LCP. FIL Life provides performance information and data on a quarterly basis to the LCP.

(i) Direct credit risk

The DC Sections are subject to direct credit risk in relation to FIL Life through its holding in unit linked insurance funds provided by FIL Life. All DC pooled investment funds held at 31 December 2019 and 31 December 2018 are structured as unit linked insurance funds.

20. INVESTMENT RISKS (continued)

FIL Life is regulated by the Financial Conduct Authority and maintains separate funds for its policy holders. The Trustee monitors the creditworthiness of FIL Life by reviewing published credit ratings. All the funds offered by FIL Life on their DC investment platform are invested through a life policy issued by FIL Life. FIL Life offers the Trustee a range of unit linked funds that in turn are invested with a range of underlying fund managers. The day to day management of the underlying investments within these funds is the responsibility of the respective Fund managers. In the event of default by FIL Life, members may be entitled to compensation from the Financial Services Compensation Scheme.

(ii) Indirect credit risk and market risk

The DC Sections are subject to indirect credit and market risk arising from the underlying investments held in the white label funds. Member level risk exposures will be dependent on the funds invested in by members.

At the year-end the Bond, Cash and Diversified Growth funds were exposed to underlying credit risk.

The Trustee only invests in funds where the financial instruments and all counterparties are at least investment grade.

The Fund's DC Sections are subject to indirect foreign exchange, interest rate and other price risk arising from the underlying financial instruments held in the funds managed by FIL Life.

Please note, the default strategy used by the Fund and the range of underlying funds and their collective blends have been selected by the Trustee of the Fund on the advice of its investment consultant. The risk categorisation below for each of the funds is based purely on the interpretation of the data provided to FIL Life by or on behalf of the managers of the underlying funds. It should not be relied upon to make any decisions relating to the funds provided to the Fund. For any clarification or further details regarding the credit risk, market risk or fair value hierarchy of these funds the Fund's investment consultants should be consulted.

20. INVESTMENT RISKS (continued)

All prices shown below are as at 31 December 2019.

Funds	Price	Value £000	Credit Risk	Market Risk: Currency	Market Risk: Interest rate	Market Risk: Other price risk
CSPF BlackRock Global 50:50 Index Fund	**528.4**	**828,155**	✓	✓	×	✓
CSPF Passive Multi Asset Fund	**289.1**	**96,962**	✓	✓	×	✓
CSPF BlackRock Cash Fund	**207.7**	**40,215**	✓	×	✓	✓
CSPF BlackRock US Equity Index Fund	946.4	29,830	✓	✓	×	✓
CSPF BlackRock UK Equity Index Fund	463.4	14,587	✓	×	×	✓
CSPF BlackRock European Equity Index Fund	449.8	14,268	✓	✓	×	✓
CSPF BlackRock Pac Rim Equity Index Fund	469.6	13,456	✓	✓	×	✓
CSPF L&G Global Emerging Markets Index Fund	245.2	10,933	✓	✓	×	✓
CSPF BlackRock Over 15 Year Gilts Index Fund	**480.6**	**9,023**	✓	×	✓	×
CSPF BlackRock Japanese Equity Index Fund	460.9	5,750	✓	✓	×	✓
CSPF BlackRock Over 5 Year Index-Linked-Gilt Fund	454.3	5,227	✓	×	✓	×
CSPF Fidelity Corporate Bond Fund	449.6	3,447	✓	×	✓	×
CSPF L&G Overseas Bond Index Fund	155.1	2,795	✓	✓	✓	×
CSPF HSBC Islamic Fund	808.0	2,668	✓	✓	×	✓
CSPF Threadneedle Pooled Property Fund	437.2	2,017	✓	×	×	✓
CSPF L&G Ethical UK Equity Index Fund	692.9	1,627	✓	×	×	✓
		1,080,960				

The funds within the default lifestyle are shown in **bold**.

21. CONCENTRATION OF INVESTMENTS

The following investments, excluding UK Government securities, account for more than 5% of the Fund's net assets as at 31 December 2019.

	2019 Market Value £000	2019 %	2018 Market value £000	2018 %
BlackRock 50:50 Global Equity (DC section)	828,155	24.6	728,234	24.0

22. EMPLOYER RELATED INVESTMENTS

The investments of the Fund are invested in compliance with the Pensions Act 1995. The only investments deemed to be employer-related are as follows:

- Some of the Fund's defined contribution pooled investment funds may invest in Credit Suisse securities.

The Trustee actively reviews this to ensure that the level of employer-related investment is below 5% of the net assets of the Fund. As at 31 December 2019 the Trustee estimates that self-investment amounted to 0.0% (2018: 0.0%). This estimate excludes any possible holdings within the defined contribution pooled funds.

23. CURRENT ASSETS

		2019	
	DB Sections	**DC Sections**	**Total**
	£000	**£000**	**£000**
Employer contributions due	-	-	-
Prepayments	1,054	-	1,054
Trustee bank account	26,458	-	26,458
	27,512	**-**	**27,512**

		2018	
	DB Sections	**DC Sections**	**Total**
	£000	**£000**	**£000**
Employer contributions due	150	-	150
Prepayments	918	-	918
Trustee bank account	47,426	-	47,426
	48,494	**-**	**48,494**

Employer contributions due were received after the year end in accordance with the requirements of the schedule of contributions.

24. CURRENT LIABILITIES

		2019	
	DB Sections	**DC sections**	**Total**
	£000	**£000**	**£000**
Benefits payable	(8)	-	(8)
Accrued expenses	(695)	-	(695)
H M Revenue & Customs	(368)	-	(368)
	(1,071)	**-**	**(1,071)**

		2018	
	DB Sections	**DC Sections**	**Total**
	£000	**£000**	**£000**
Benefits payable	(1,114)	-	(1,114)
Accrued expenses	(2,564)	-	(2,564)
H M Revenue & Customs	(246)	-	(246)
	(3,924)	**-**	**(3,924)**

25. RELATED PARTY TRANSACTIONS

Key Management Personnel

Transactions with related parties of the Fund have been disclosed in the Financial Statements as follows:

Adrian Cooper, David Mayes, Simon Meadows, Glenn Wellman and Paul Brine were paid a fee of £128,000 (2018: £97,000) for their services as Trustee Directors. This fee is paid by the Employer. Fees paid to the Independent Trustee, Law Debenture Pension Trust Corporation Plc, are disclosed in note 10.

For completeness, Adrian Cooper, Alex Spain and Glenn Wellman are in receipt of pensions in payment from the Fund. Patrick Flaherty is an active member of the Fund and also employed by the Employer. Paul Brine, Simon Meadows, Stephen Foster and David Mayes are deferred members of the Fund. In addition, the spouse of one of the Trustee Directors is a deferred member of the Fund.

26. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

In October 2018, the High Court determined that benefits provided to members who had contracted out of their pension scheme must be recalculated to reflect the equalisation of state pension ages between May 1990 and April 1997 for both men and women. The Trustee is now reviewing, with their advisers, the implication of this ruling on the Fund and the equalisation of guaranteed minimum pensions between men and women; in the context of the rules of the Fund and the value of any liability. As soon as this review is finalised and any liability quantified , members will receive further communication and any impact on financial reporting will be considered by the Trustee.

In the opinion of the Trustee, the Fund had no other contingent liabilities or capital commitments at 31 December 2019.

27. SUBSEQUENT EVENTS

Since the year end, consequent on the global impact of the Coronavirus (Covid-19) pandemic, the value of investment assets and liabilities (across all categories) have been impacted. This is a non-adjusting subsequent event, as it does not impact the valuation of assets as at the year-end date. However, given that the Fund has a strong funding position with a lower level of investment risk the funding position has not changed significantly as a result of recent market volatility. As a consequence of market stress caused by the Covid-19 pandemic both the Threadneedle Property Fund and the Utmost Property Fund suspended trading in March 2020; these, in the aggregate, had a fair value of £2,026k at 31 December 2019.

Trustee's Summary of Contributions payable under the Schedules in respect of the Fund year ended 31 December 2019:

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of, the Trustee. It sets out the employer and employee contributions payable to the Fund for the year ended 31 December 2019 under the Schedules of Contributions certified by the Fund Actuary on 17 May 2018 and 28 March 2019. The Fund auditors report on contributions payable under the Schedules in the Auditors' Statement about Contributions.

Contributions payable under the Schedules in respect of the year ended 31 December 2019 were as follows:

	DB £000	DC £000
Employer		
Normal contributions	-	12,193
Administrative expenses contributions	708	-
Death benefit contributions	201	-
Contributions payable under the Schedules (as reported on by the Fund Auditors)	**909**	**12,193**
Additional employer contributions	-	49
Total contributions reported in the financial statements	**909**	**12,242**

Approved by the Trustee and signed on behalf of Credit Suisse First Boston Trustees Limited by:

Glenn Wellman

Director:
Glenn Wellman

Date:17 July 2020

INDEPENDENT AUDITORS' STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF THE CREDIT SUISSE GROUP (UK) PENSION FUND

STATEMENT ABOUT CONTRIBUTIONS

Our opinion

In our opinion, the contributions payable under the schedules of contributions for the Fund year ended 31 December 2019 as reported in Credit Suisse Group (UK) Pension Fund's summary of contributions have, in all material respects, been paid in accordance with the schedules of contributions certified by the Fund actuary on 17 May 2018 and 28 March 2019.

We have examined Credit Suisse Group (UK) Pension Fund's summary of contributions for the Fund year ended 31 December 2019 which is set out on the preceding page.

Basis for opinion

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have, in all material respects, been paid in accordance with the relevant requirements. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Fund under the schedules of contributions and the timing of those payments.

RESPONSIBILITIES FOR THE STATEMENT ABOUT CONTRIBUTIONS

Responsibilities of the Trustee in respect of contributions

As explained more fully in the statement of Trustee's responsibilities, the Fund's Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions and for monitoring whether contributions are made to the Fund by employers in accordance with relevant requirements.

Auditors' responsibilities in respect of the statement about contributions

It is our responsibility to provide a statement about contributions and to report our opinion to you.

Use of this report

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date

Actuarial certification of the schedule of contributions

Name of scheme: **Credit Suisse Group (UK) Pension Fund**

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the Statutory Funding Objective could have been expected on 31 December 2017 to continue to be met for the period for which the schedule is to be in force.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 28 March 2019.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Fund's liabilities by the purchase of annuities, if the Fund were wound up.

Signature	Philip Dennis	Date:	28 March 2019
Name	Philip Dennis	Qualification:	Fellow of the Institute and Faculty of Actuaries
Address	3 The Embankment Sovereign Place Leeds LS1 4BJ	Name of employer:	Aon Hewitt Limited

SCHEDULE OF CONTRIBUTIONS

This schedule of contributions has been prepared by the Trustee to satisfy the requirements of Section 227 of the Pensions Act 2004, after obtaining the advice of Philip Dennis, the Scheme Actuary and after obtaining the agreement of Credit Suisse Securities (Europe) Limited ("the Company") on behalf of all the Employers which participate in the Fund. It covers contributions to the Fund from all Employers who participate in the Fund from time to time.

This schedule comes into effect on the date it is certified by the Scheme Actuary and covers a period of five years.

1. DC Plus

The Employers will pay contributions monthly to the Fund in accordance with the rates detailed below except that, for members who participate in a flexible benefits arrangement, the level of contributions will be in accordance with the contributions selected by the members as part of that arrangement, subject to any over-riding auto-enrolment legislation. The contributions will fall due on the last day of the calendar month to which they relate, and will be paid on or before the 19th of the subsequent month.

Member's age at start of month to which the contribution relates	Employer's contribution % of Pensionable Salary
Less than 40	10.5
40 or more but less than 50	13.0
50 or more but less than Normal Retirement Age	15.5

For certain members, the contributions payable by the Employers are not as described above but are as agreed with the members by their Employer from time to time. The Company has provided the Trustee with (and will keep updated) a list recording the contributions payable in such cases.

2. Other contributions

- From 31 March 2019 until 31 March 2022, administration expenses, PPF levies and other statutory levies will be paid by the Fund and the Fund will meet the cost of providing death in service pensions. The Employers may pay additional contributions in respect of expenses for certain one-off projects from time to time as agreed between the Trustee and the Company.

- Prior to 1 April 2019 and from the 1 April 2022, in respect of administration expenses, PPF levies and other statutory levies, the Company will pay such expense contributions as have been agreed between the Trustee and the Company in line with the Trustee's annual budget (excluding Trustee Director fees which are paid directly by the Company). These contributions will be payable quarterly and will be paid in the first month of the calendar quarter following the quarter to which they relate. From 1 April 2022 if actual expenses paid by the Fund over a calendar year (or part year for 2022) exceed the expense contributions paid in respect of that period then the Company will pay an additional contribution in respect of the shortfall. The additional contribution will be payable in January of the year following the year to which the catch up payment relates.

- Prior to 1 April 2019, in respect of pensions provided on death in service, each Employer will pay 0.9% of Pensionable Salaries. Alternatively a greater amount may be paid as may be agreed from time to time. These contributions will fall due on the last day of the calendar month to which they relate, and will be paid on or before the 19th of the subsequent month.

- From 1 April 2022, in respect of pensions provided on death in service, each Employer will pay 1.5% of Pensionable Salaries. Alternatively a greater amount may be paid as may be agreed from time to time. These contributions will fall due on the last day of the calendar month to which they relate, and will be paid on or before the 19th of the subsequent month.

- The premiums required to insure any lump sum death in service benefits will be paid directly by the Participating Employers and do not appear on this schedule. If for any reason the Participating Employers do not pay the premiums, and so the premiums need to be paid by the Fund, the Participating Employers will between them reimburse the Fund for the amounts paid within 19 days of Trustee requesting reimbursement.

- For the avoidance of doubt, investment management expenses are met directly from the Fund's assets and no contributions are paid in respect of investment management expenses.

3. Contributions by active members

Members are not required to pay contributions to the Fund. Employees can choose to pay Voluntary Contributions.

4. Definition of Pensionable Salary

For the purpose of this schedule, Pensionable Salary is defined under the Rules of the DC Plus Section of the Fund (and is normally basic salary as notified by the Employers to the Trustee from time to time, but is restricted to the Fund Earnings Cap for members who commenced Pensionable Service after 31 May 1989 except for members who were in the BZW Money Purchase Section on 31 March 2004).

For the avoidance of doubt, for the purpose of this schedule, the definition of Pensionable Salary does not include any payments made in lieu of salary when employment is terminated before the end of the member's notice period.

5. Other information

Any surplus which emerges as a result of members leaving early and receiving a refund of their own contributions will be used to help fund administrative expenses

Signed on behalf of the Company

Name:	Caroline Waddington	Name:	Ahmed Kubba
Position:	Managing Director	Position:	Managing Director - COO
Date:	28 March 2019	Date:	28 March 2019
Signed:	Caroline Waddington	Signed:	Ahmed Kubba

Note: The Company has been nominated as the employers' representative for this purpose.

Signed on behalf of the Trustee

Name:	Glenn Wellman	Name:	Simon Meadows
Position:	Trustee Director	Position:	Trustee Director
Date:	28 March 2019	Date:	28 March 2019
Signed:	Glenn Wellman	Signed:	Simon Meadows

COMPLIANCE STATEMENT

Introduction

The Fund is a hybrid scheme incorporating Defined Benefit and Defined Contribution Sections.

The registration number in the Register of Occupational and Personal Pension Schemes is **10146102**.

Other information

(i) The Trustee is required to provide certain information about the Fund to the Pension Tracing Scheme. This has been forwarded to:

The Pension
Service 9
Mail Handling Site
A
Wolverhampton
WV98 1LU

(ii) The Pensions Ombudsman may investigate and determine any complaint or dispute of fact or law in relation to an Occupational Pension scheme. Any such complaints should be addressed in the first instance to the Scheme Adjudicator. Enquiries should be addressed to:

The Pensions Ombudsman
10 South Colonnade
Canary Wharf
E14 4PU

(iii) The Money and Pensions Service deals with general requests for information or guidance concerning pension arrangements TPAS may be contacted at:

Money and Pensions Service
120 Holborn
London
EC1N 2TD

(iv) The Pensions Regulator (tPR) is the UK regulator of work-based pension schemes.

The Pensions Act 2004 gives the Pensions Regulator a set of specific objectives:

- to protect the benefits of members of work-based pension schemes;
- to promote good administration of work-based pension schemes; and
- to reduce the risk of situations arising that may lead to claims for compensation from the Pension Protection Fund.

Other information (continued)

tPR can be contacted at:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW

(v) The Pension Protection Fund was introduced to protect members' interests in certain circumstances, i.e. to provide compensation where an employer has become insolvent and the scheme assets have been reduced due to fraud, theft, or misappropriation. It does not cover losses resulting from adverse investment returns.

The Pension Protection Fund is funded by a levy on occupational pension schemes.

(vi) The Trust Deed and Rules, the scheme details and a copy of the Schedule of Contributions, Statement of Investment Principles, Statement of Funding Principles and Recovery Plan are available for inspection free of charge by contacting the Trustee c/o the COO at the address shown on page 1 of this report.

Any information relating to the member’s own pension position, including estimates of transfer values should be requested from the administrator of the Fund, Fidelity, at the address shown on page 2.