

Credit Suisse Supply Chain Finance Funds

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

Key messages:

- On March 1, 2021, Credit Suisse Asset Management suspended redemptions and subscriptions in all of its four Supply Chain Finance Funds (SCFF).
- The fund boards subsequently approved the commencement of the liquidation process of the SCFF.
- Reason: Some of the funds' assets are subject to considerable uncertainty with respect to their valuation. Moreover, the reduced availability of insurance coverage for new investments and the related substantial challenges to source suitable investments make it currently unachievable for the funds to remain invested in accordance with their investment policies. Credit Suisse Asset Management's fiduciary duty is to act in the best interests of investors in its funds. The liquidation will ensure equal treatment of all investors and safeguard their interests.
- Credit Suisse Asset Management has been working closely with Grant Thornton since its appointment; the Joint Administrators have confirmed that the platform remains operational.
- USD 3.1 bn was returned to the investors in March, representing on average 30% of the aggregated net asset value (NAV) of the four funds as at February 26, 2021.
- USD 1.7 bn will be paid out to investors as the second instalment of proceeds from the liquidation of the SCFFs with the value date April 15, 2021. Together with the initial cash distribution and current cash & cash equivalents in the funds, the total cash position amounts to USD 5.4 bn or more than half of the total AuM of the four funds at the time of their suspension.
- The liquidation of the Funds is administered in compliance with the applicable laws and regulations. The liquidation proceedings and liquidation proceeds must be and will be made based on equal treatment of all the investors in the SCFF. Consequently, all investors will get proportional payouts in relation to their investment and there is no room for preferential payments.
- Management fees are waived with immediate effect.
- Acting in the best interest of investors in the funds, Credit Suisse Asset Management will focus on maximizing value for the investors and will not be making any new investments.
- Several SCFF programs with an aggregated amount of USD 2.3 bn are essentially related to the following three groups of companies: "GFG Alliance", Kattera, and Bluestone.
- Detailed disclosure on the SCFF portfolios, including exposure to "GFG Alliance", Kattera, and Bluestone is provided below and in the separate document ([SCFF Portfolio Details as of April 13, 2021](#)).

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

The decision to first close the SCFFs for subscriptions and redemptions, and then to liquidate them was taken due to valuation uncertainties that have arisen from aspects related to the financial infrastructure of the funds and certain exogenous factors. Moreover, the reduced availability of insurance coverage for new investments and the related substantial challenges to source suitable investments make it currently unachievable for the funds to remain invested in accordance with their investment

policies. Credit Suisse Asset Management's fiduciary responsibility is to act in the best interests of investors in its funds.

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

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

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

Affected funds and cash and cash equivalents in % of fund volume as of April 8, 2021:

Credit Suisse (Lux) Supply Chain Finance Fund	30%
Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund	24%
Credit Suisse Nova (Lux) Supply Chain Finance Investment Grade Fund	58%
Credit Suisse Supply Chain Finance Investment Grade	40%

The assets held by the SCFFs, largely consisting of notes backed by existing and future receivables, were originated and structured by Greensill Capital (UK) Limited or one of its affiliates (Greensill Capital). The portfolio management team continues to work on liquidating the remaining assets in the four funds as the receivables comprising the funds' assets mature. However, there remains considerable uncertainty regarding the valuation of a significant part of the remaining assets, including the fact that the portfolio manager has been informed that some of the notes underlying the funds will not be repaid when they fall due, and the amounts that ultimately will be distributed to investors in respect of the funds.

3. How many SCFFs that invest in notes issued by Greensill-sponsored SPVs do you manage? How many investors are invested in those funds, and what is the funds' total notional value?

Credit Suisse Asset Management manages four Supply Chain Finance Funds (three Luxembourg-domiciled funds and one domiciled in Liechtenstein).

In aggregate, there are more than 1,000 investors invested in these funds.

Funds' notional values:

Fund	Notional value after cash distribution in March 2021 ¹	Notional value after cash distribution in April 2021 ¹	Aggregate exposure to "GFG Alliance", Bluestone, Kattera
Credit Suisse (Lux) Supply Chain Finance Fund	USD 4.9 bn	USD 3.5 bn	USD 1.8 bn
Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund	USD 1.6 bn	USD 1.4 bn	USD 0.5 bn
Credit Suisse Supply Chain Finance Investment Grade	USD 0.19 bn	USD 0.09 bn	n/a
Credit Suisse Nova (Lux) Supply Chain Finance Investment Grade Fund	USD 0.14 bn	USD 0.08 bn	n/a

¹ The Notional Value does not reflect any review of the actual NAV of the underlying assets. The actual NAV calculation has been suspended. Rounded numbers and pro-forma for notional value after cash distribution in April 2021.

4. When will the audited annual report of Credit Suisse Nova (Lux) Supply Chain Finance funds for the financial year ending on October 31, 2020, be available? Can you comment on the reason for the delay?

The decision to suspend subscriptions and redemptions in the two funds – the Credit Suisse Nova (Lux) Supply Chain Finance Investment Grade Fund and the Credit Suisse Nova (Lux) Supply Chain High Income Fund – followed by the decision to liquidate them, both of which were commented on in the media, took place when the annual report for the period ending on October 31, 2020, and the audit of the respective financial statements, were being finalized and just about to be released. The situation and the circumstances that led to the liquidation of the two funds need to be assessed with regard to their implications for the annual report. The Alternative Investment Fund Managers and the fund board are cooperating with the auditors in order to clarify any open points as soon as practicable. We cannot provide a clear indication as to by when the report will be made available.

5. Is the liquidation of the SCFFs a step you have decided to take yourselves, or are you under pressure from regulators, investors in Credit Suisse, or any other stakeholders?

Credit Suisse Asset Management is acting in line with its fiduciary responsibility to act in the best interests of its investors. It was an act of prudence taken at the sole discretion of Credit Suisse Asset Management.

6. What will the liquidation process look like?

All shares of the SCFFs will be compulsorily redeemed and will participate pro-rata to the funds' assets. Pending redemption requests will be cancelled. The first payments of proceeds from the liquidation of the three Luxembourg-domiciled funds, amounting to approximately 80% of the available cash and cash equivalents, commenced on March 8, 2021, with value date March 10, 2021. The payout of proceeds from the liquidation of the Liechtenstein-domiciled fund amounting to USD 480 mn (approximately 95% of the available cash and cash equivalents) commenced on March 9, 2021, with the value date March 10, 2021.

As at April 9, 2021 we have collected USD 2.0 bn from receivables redeemed since March 1, 2021. The total cash position, including the USD 3.1 bn that has already been distributed to investors, thus amounts to USD 5.4 bn, or more than half of the total AuM of the four funds at the time of their suspension. We therefore announced on April 13, 2021, a second cash distribution to investors, amounting to USD 1.7 bn, with the value date April 15, 2021 (for Lux-domiciled funds). This takes the total distribution so far to USD 4.8 bn.

Current amount of cash and cash equivalents by fund:

Fund	USD
Credit Suisse (Lux) Supply Chain Finance Fund	1.5 bn
Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund	378 mn
Credit Suisse Nova (Lux) Supply Chain Finance Investment Grade Fund	82 mn
Credit Suisse Supply Chain Finance Investment Grade Fund	101 mn

The amount distributed will differ from fund to fund as the underlying cash and cash equivalent levels differ.

Credit Suisse (Lux) Supply Chain Finance Fund
(amount distributed approx. USD 1'381 mn)

ISIN	Share Class	Currency	Proceeds per Share	Adjusted NAV as of April 12
LU1624420318	DA	USD	193.67	494.64
LU1598746565	DBH	EUR	198.73	508.30
LU1624422108	IA25	USD	193.60	494.57
LU1624421555	IA5	USD	193.51	494.47
LU1624422280	IAH25	EUR	193.30	494.54
LU2035390371	IAH25	JPY	19,339	49'459.00
LU1598748348	IB100	USD	202.50	517.27
LU1598747530	IBH10	SEK	194.73	497.85
LU1598747969	IBH25	CHF	195.53	500.43
LU1598747886	IBH25	EUR	197.78	506.01
LU2035390967	IBH25	JPY	19,542	49'971.00
LU1881904301	IBH25	SGD	195.45	499.19
LU1624420821	IBH5	EUR	196.20	502.04
LU1881903915	IBH5	SGD	194.07	495.88
LU1598746482	DB	USD	218.32	557.56
LU1598746995	DBH	CHF	197.07	504.28
LU1664199483	IAH10	JPY	19,371	49'540.00
LU1598747027	IB10	USD	213.98	546.71
LU1598747704	IB25	USD	215.27	549.92
LU1624420748	IB5	USD	211.99	541.68
LU1598747290	IBH10	EUR	197.15	504.45
LU1624421126	IBH5	GBP	202.47	517.31

Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund
(amount distributed approx. USD 161 mn)

ISIN	Share Class	Currency	Proceeds per Share	Adjusted NAV as of April 12
LU1799126948	DA	USD	88.50	768.19
LU1799127243	DB	USD	103.81	901.12
LU1799127326	DBH	CHF	95.94	833.69
LU1799128134	EBH	CHF	93.06	808.98
LU1799128217	EBH	EUR	94.64	822.64
LU1799128480	IA	USD	88.40	767.70
LU1799130387	IA10	USD	88.44	767.90
LU1799129454	IA5	USD	88.41	767.78
LU1799131518	IAH25	EUR	88.31	767.61
LU1799128993	IB	USD	100.46	872.48
LU1799130890	IB10	USD	101.61	882.31
LU1799131781	IB25	USD	97.62	847.58
LU1799129967	IB5	USD	100.89	876.13
LU1799129025	IBH	CHF	93.59	813.74
LU1799129298	IBH	EUR	94.38	820.44
LU1799129371	IBH	GBP	96.91	841.66
LU1962447865	IBH	JPY	9,050	78'617.00
LU1799131948	IBH25	EUR	93.46	812.31

Credit Suisse Nova (Lux) Supply Chain Finance Investment Grade Fund
(amount distributed approx. USD 58 mn)

ISIN	Share Class	Currency	Proceeds per Share	Adjusted NAV as of April 12
LU2105087832	DB	USD	228.27	326.69
LU2105086511	DBH	EUR	225.73	323.72
LU2105088053	IB	USD	227.49	325.80
LU2105086784	IBH	EUR	225.09	323.03

Credit Suisse Supply Chain Finance Investment Grade Fund
(amount distributed approx. USD 96 mn)

ISIN	Share Class	Currency	Proceeds per Share	Adjusted NAV as of April 14
LI0499305824	DA USD	USD	144.22	To follow
LI0439111209	DB USD	USD	149.62	To follow
LI0439111456	IB25 USD	USD	145.87	To follow
LI0439111449	IB USD	USD	148.47	To follow

Some percentage of cash needs to remain in the fund to ensure the ability to wind down the portfolio in the best interest of investors.

Payment of liquidation proceeds in % of NAV as of February 26, 2021:

Fund	Distribution as of March 10	Distribution as of April 15	Cumulated distribution
Credit Suisse (Lux) Supply Chain Finance Fund	31.2%	19.3%	50.6%
Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund	14.6%	8.8%	23.4%
Credit Suisse Nova (Lux) Supply Chain Finance Investment Grade Fund	45.0%	22.6%	67.6%
Credit Suisse Supply Chain Finance Investment Grade Fund	71.7%	14.3%	86.0%

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

A technical adjustment has been made to the last published NAV to reflect payments of the liquidation proceeds and orderly cash distributions (A class). The adjusted NAV does not reflect any review of the actual NAV of the underlying assets. Please refer to the "Adjusted NAV" column of the table above.

8. Is there a timeline of the liquidation process according to which Credit Suisse Asset Management will make the next payments to investors?

Credit Suisse Asset Management is committed to winding down the funds in an orderly manner in the best interest of its investors. Credit Suisse Asset Management continues to work through the issues involved in order to provide further cash distributions to investors.

9. Do investors need to take any action?

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

10. Will the investment management team change?

Yes, all four of the SCFFs are now managed by Philipp Büchler and Andreas Asche. The change came into effect on March 10, 2021.

Affected funds

- Credit Suisse (Lux) Supply Chain Finance Fund
- Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund
- Credit Suisse Nova (Lux) Supply Chain Finance Investment Grade Fund
- Credit Suisse Supply Chain Finance Investment Grade

Portfolio managers

Philipp Büchler (MSc, CEFA, CFA), Managing Director, is a Senior Portfolio Manager and chairs the Fixed Income Investment Committee. He joined Credit Suisse Asset Management in 2005 from the Swiss National Bank, where he worked as a senior portfolio manager. Prior to that, Philipp was a consultant at Ecofin Investment Consulting. He started his career at UBS Geneva in 1995, and worked for UBS Brinson and Swiss Bank Corporation in New York and Geneva. Philipp holds a master's degree in Economics from the London School of Economics and Political Science, as well as a master's degree in Economics and Political Science from the University of Bern. In addition, he is an EFFAS Certified European Financial Analyst (CEFA) and is a CFA charterholder.

Andreas Asche (MA, CFA), Vice President, is a Portfolio Manager in the Alternative Fixed Income team for supply-chain financing. Before joining Credit Suisse Asset Management in March 2019, he worked for six years as a senior portfolio manager in the fixed-income yield-enhancement team of Talanx Asset Management. His institutional mandates focused on CLOs, private and distressed debt portfolio management. Between 2010 and 2012, Andreas lead the credit-risk team for AXA Group. He started his career in 2005 in the structured-solutions group at Merrill Lynch International in London. Andreas studied at the London School of Economics (LSE) and the University of Lausanne (HEC) and holds a master's degree in Economics (with honors) from the University of St. Gallen (HSG).

11. Were there any changes at the management level at Credit Suisse Asset Management?

On March 18, 2021, Credit Suisse Group AG announced the appointment of Ulrich Körner as CEO of Asset Management and a member of the Executive Board of Credit Suisse Group AG and Credit Suisse AG, reporting directly to CEO Thomas Gottstein, effective April 1, 2021.

This means that Asset Management will be separated from International Wealth Management and managed as a separate division within Credit Suisse Group going forward.

The appointment emphasizes the strategic importance of the Asset Management business for Credit Suisse and its clients.

Filippo Rima, Head of Equities at Credit Suisse Asset Management Switzerland and EMEA, has additionally taken on the role of ad-interim Head of Asset Management Switzerland and EMEA.

Alexandre Bouchardy, Head of Asset Management Investment Strategy Switzerland and EMEA and Chairman of the Asset Allocation Committee Switzerland and EMEA, has additionally taken on the role of ad-interim Head of Fixed Income at Credit Suisse Asset Management Switzerland and EMEA.

These changes came into effect as of March 10, 2021.

12. Will an alternative investment option be available for investors in the SCFFs?

There are currently no plans to offer an alternative investment option to investors.

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

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

14. What are the tax implications?

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

15. Are there any US investors in the SCFFs?

The SCFFs are not eligible for distribution in the US or to US clients, and are not managed in the US. The volume for the SCFFs (approx. USD 10 bn) constitutes a very small portion of Credit Suisse Asset Management's overall AuM (over USD 450 bn) and Credit Suisse Asset Management's revenues, and represent one investment strategy out of the many different investment strategies that CSAM offers its clients worldwide.

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

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

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

To reopen the funds for valuation, subscriptions and redemptions, the illiquid part of the funds' assets were separated and side pockets were created. For this illiquid part, clients have received a separate share class with distinct ISIN and valor no. The side pocket share classes, reflecting the illiquid part of the funds' assets, will be subsequently liquidated and paid out in cash.

Subscriptions and redemptions of the original share classes reflecting the liquid part of the funds' assets resumed as of April 7, 2021.

Apart from SCFFs and the funds listed above, there is no further direct exposure in relation to the SCFFs by funds managed by CSAM

17. Is there a risk of losses for the insured funds? What recovery rates can be expected in case of a potential default if there is no insurance?

As previously stated the termination by the insurance company of its insurance policy with Greensill Bank has not changed the insurance situation for the existing Notes. Three aspects are important with regard to insurance claims: 1) potential defaults of obligors and their non-payment on the Notes need to first materialize, 2) then respective claims need to be submitted to the respective insurance company by the policy holder, i.e. Greensill Bank, and 3) then we will understand the position the insurance company is taking.

18. What is the relationship of this decision by Credit Suisse Asset Management to recent media reports that Tokio Marine has stopped providing insurance to Greensill? Was CSAM aware of the dispute between Tokio Marine and Greensill that took place in November 2020 and still continued the marketing of the SCFFs? Tokio Marine also owns Insurance Australia's Trade Credit Insurance business. The fund materials show these entities as two different insurance companies – does that misrepresent the concentration to a single insurer?

Credit Suisse Asset management is not in a position to comment on the relationship between Tokio Marine and Greensill. Credit Suisse Asset Management was not informed of any insurance cancellation until very recently. While Tokio Marine acquired

the Bond and Credit Company (BCC) – a specialist product insurance underwriting agency – back in April 2019, the existing policies from Insurance Australia remain unchanged.

19. Can insurance be effective if fraud from Greensill is identified? If all the notes are insured, what is the risk that insurance companies will refuse to pay? If Greensill defaults, what will be the impact on the notes? Will the only problem be the default of the obligors and the time needed to claim the insurers for payment?

We are looking into all angles that could potentially affect the valuation of the securities.

20. Is Grant Thornton Greensill Capital's insolvency administrator?

Greensill Capital (UK) Limited filed for Administration in the UK courts on March 8, 2021. Credit Suisse Asset Management has been working closely with the Grant Thornton team since appointment; the Joint Administrators have confirmed that the platform remains operational.

21. Please provide transparency on the holdings of the fund.

Several SCFF programs with an aggregated amount of USD 2.3 bn are essentially related to the following three groups of companies: "GFG Alliance", Katerra, and Bluestone. Notes issued by these programs are in particular held by the Credit Suisse (Lux) Supply Chain Finance Fund and the Credit Suisse Nova (Lux) Supply Chain Finance High Income Fund.

The aggregate notional exposures of the two SCFFs (including sponsored multi-obligor programs) to these groups are the following:

- GFG Alliance: USD 1.2 bn
- Bluestone: USD 690 mn
- Katerra: USD 440 mn

For further information please refer to the [Portfolio Details slides](#) as of April 13, 2021.

Legal Notes:

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