Global Investment Reporting

Credit Suisse
Swiss Pension Fund Index

1st Quarter 2006

Performance of Swiss Pension Funds as at March 31, 2006

- Momentum carried over into Q1 2006
- One segment has closed performance gap
- Decrease in CHF bond holdings

Index

Performance of Swiss Pension Funds based on Global Custody data of Credit Suisse as at March 31, 2006

Index versus Mandatory Minimum Rate of Return since January 2000

Momentum Carried Over into Q1 2006

The Credit Suisse Swiss Pension Fund Index (the blue line in chart 1a) has maintained its momentum of last year, performing well once again in the first quarter of 2006. The quarterly plus amounted to 2.81 points, or 2.42%, taking the index from 116.33 to a new high of 119.14. This represents the seventh positive quarterly result in succession.

Despite a backdrop of rising interest rates, the basic trend in the financial markets remained upbeat, enabling Swiss pension funds to increase pillar 2 assets under management by an extrapolated CHF 14 billion to CHF 590 billion in the first quarter of 2006.

The BVG/LPP minimum rate of return (the red line in chart 1a, rebased to 100 as at January 2000) rose a further 0.75 points (or 0.62%) during the period under review, from 121.72 to 122.47. As index growth was again significantly greater than the statutory requirement in the first quarter of 2006, the performance gap also narrowed compared with the previous quarter, falling a further

Chart 1a: Credit Suisse Swiss Pension Fund Index

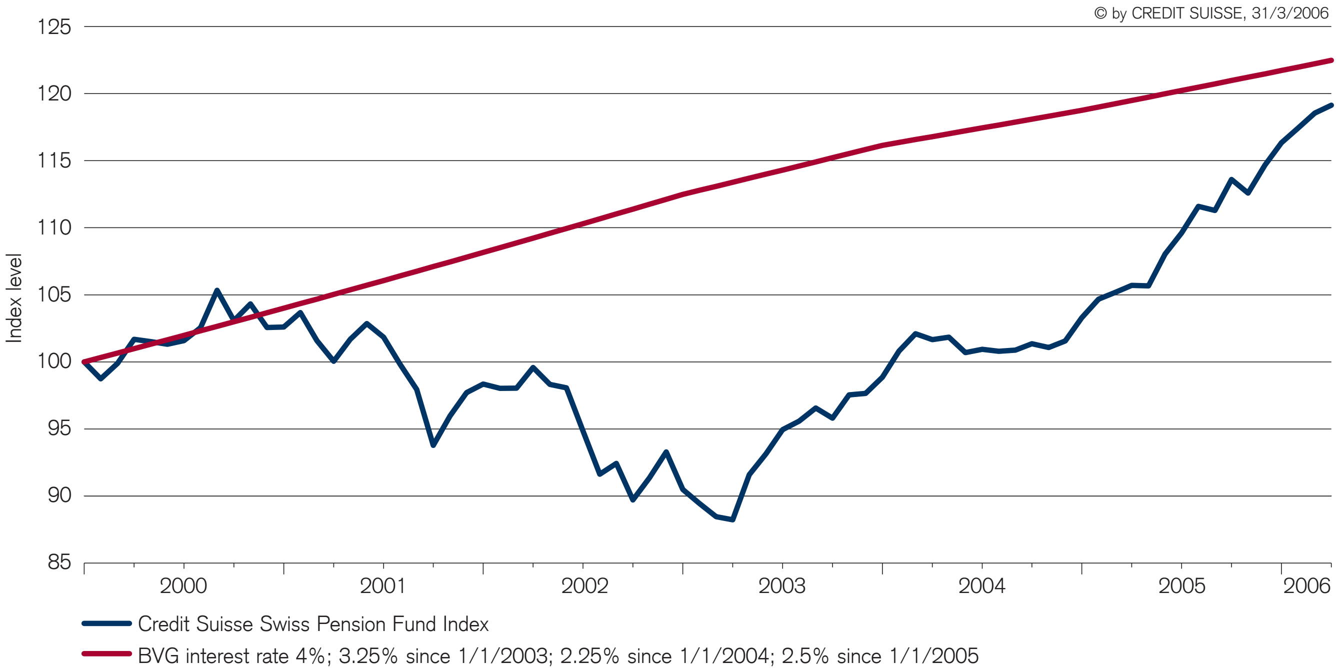
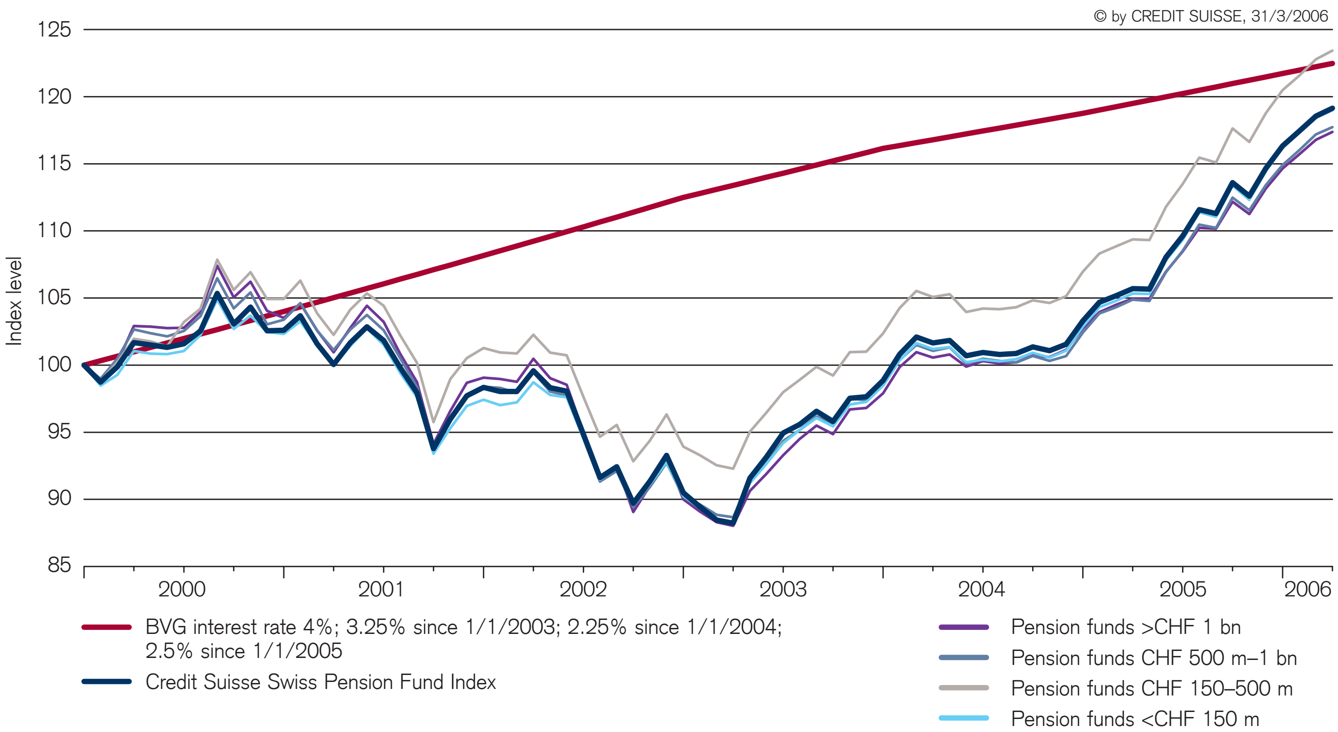


Table 1

	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Annual return	Cumulative return (since 2000)
2000	98.74	99.88	101.68	101.51	101.32	101.59	102.55	105.34	103.07	104.32	102.56	102.60	2.60%	2.60%
2001	103.67	101.59	100.05	101.68	102.86	101.84	99.81	97.94	93.78	95.97	97.71	98.34	–4.15%	–1.66%
2002	98.03	98.04	99.58	98.32	98.06	94.85	91.62	92.43	89.71	91.36	93.28	90.49	–7.98%	–9.51%
2003	89.45	88.45	88.23	91.59	93.15	94.94	95.58	96.56	95.80	97.53	97.65	98.86	9.25%	–1.14%
2004	100.81	102.10	101.65	101.84	100.69	100.94	100.79	100.87	101.36	101.07	101.56	103.30	4.49%	3.30%
2005	104.68	105.18	105.70	105.67	108.04	109.62	111.59	111.29	113.60	112.59	114.66	116.33	12.62%	16.33%
2006	117.42	118.55	119.14										2.42%	19.14%

Chart 1b: Credit Suisse Swiss Pension Fund Index on the basis of segment size



2.06 points, or 1.80%. This gap is now just 3.33 points. If the financial markets were to prove in similarly good health in the months ahead, the overall index would surpass the minimum rate of return in the third quarter for the first time since 2001.

One Segment Has Closed Performance Gap

Chart 1b shows the differentiation between the following segments: <CHF 150 million, CHF 150–500 million, CHF 500 million–CHF 1 billion and >CHF 1 billion. With a gain of 2.94 points (+2.44%), pension funds with assets under management of CHF 150–500 million again turned in the best quarterly performance in absolute terms, further extending their top-ranking index level to 123.42 (+0.15 to 4.44 points ahead of the <CHF 150 million category). In terms of relative performance, however, this time it was the CHF 500 million–CHF 1 billion category that achieved the best result in the quarter under review due to the baseline effect, rising 2.46% (or +2.83 points, to an index level of 117.73). The comparison for the first quarter of 2006 produces the following breakdown per category (change in points / change in percentage / gap to the BVG/LPP target in points as at 31/03/06, see chart below).
Each segment thus managed to narrow the gap by at least 1.97 points. One segment managed to outperform the BVG/LPP requirement for the first time since 2001.

Category	Change in points	Change in percentage	Gap to the BVG/LPP target as at March 31, 2006
>CHF 1 bn	+2.72 points	+2.38%	–5.10 points
CHF 500 m–1 bn	+2.83 points	+2.46%	–4.74 points
CHF 150 m–500 m	+2.94 points	+2.44%	+0.95 points
<CHF 150 m	+2.80 points	+2.41%	–3.49 points

Risk/Return Positions

Alongside the risk/return overview we show the rolling five-year and two-year overview. It should be noted that only portfolios that were in the index for the entire observation period are taken into account. For example, portfolios formed on June 1, 2002 are not taken into account in the five-year rolling observation period (31/12/2000–31/03/2006), though they do form part of the rolling two-year observation period.

Conforming Gradually to Theory

The representation of the rolling five-year observation period as per reference date, which shows the annualized risk/return positions of individual pension funds (see chart 2a), continues to show a curve whose inclination slightly contradicts the conventional theory that higher risk is compensated for by a higher return. As a result of positive performance over the last seven quarters, it is now almost horizontal. If the trend of positive quarterly performance continues, reality can soon be expected to begin to conform to theory. However, financial market weakness in 2001 and 2002 will continue to influence this graph for another few quarters yet.

Slight Flattening of the Two-Year Line

The overview of the rolling two-year line (chart 2b, 31/03/2004–31/03/2006) impressively confirms the theory that higher risk is rewarded with higher returns. Given the short observation period, and the fact that this coincides with a period of highly positive financial market performance, this theory is clearly reflected, even if the line has flattened slightly in the period under review.

Chart 2a: Annualized risk/return comparison; rolling five-year review monthly results from March 2001 to March 2006

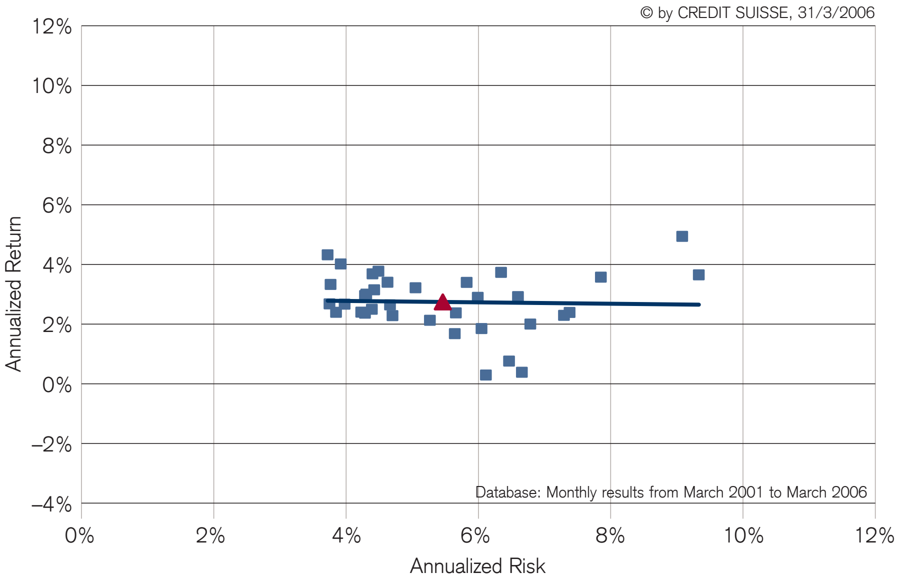
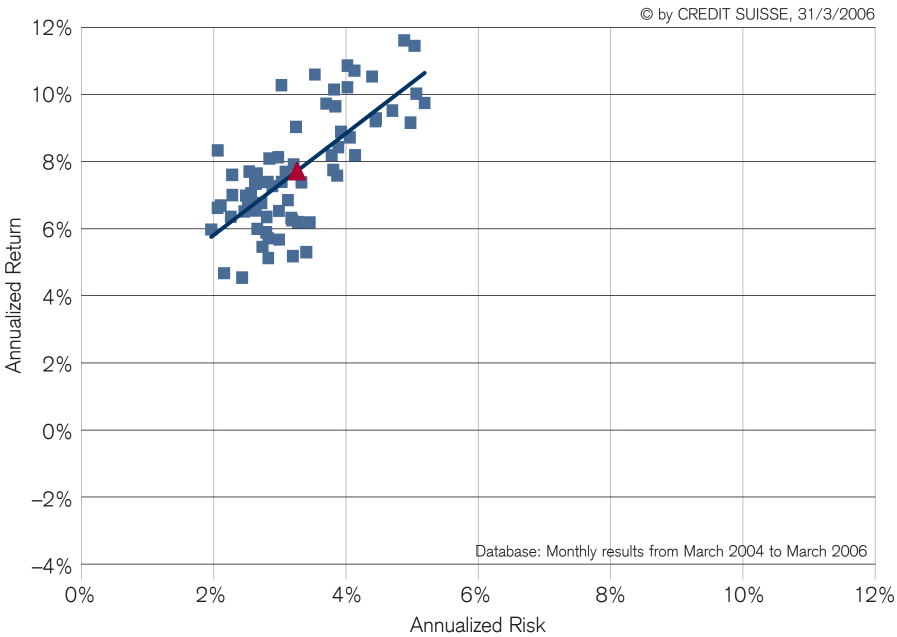


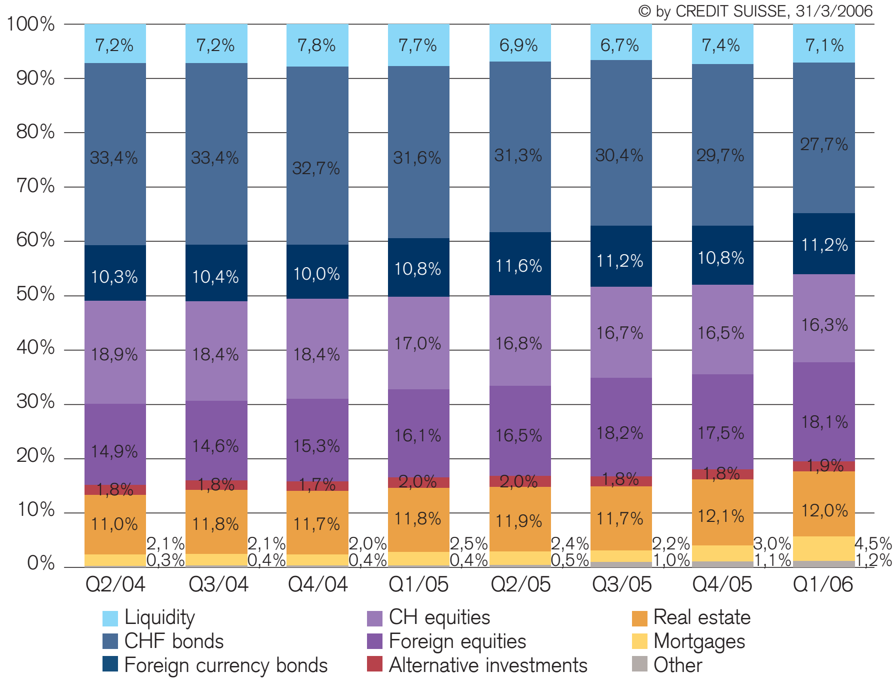
Chart 2b: Annualized risk/return comparison; rolling two-year review monthly results from March 2004 to March 2006



Asset Allocation

After the slight increase in liquidity holdings at the end of 2005, this element has now decreased by 0.3% to 7.1%. Likewise, we observe that CHF bond holdings have fallen by around 2%. This trend has now been continually in evidence for the last two years, amounting to a total drop of almost 6%. This drop has only been partially compensated by increasing bond holdings in foreign currencies, so the overall proportion of bond holdings has fallen. The proportion of Swiss equities has fallen for the eighth quarter in succession, falling by 0.2% in the period under review and by 2.6% over the last two years. By contrast, the proportion of foreign equities rose by 0.6% to 18.1%, resulting in a total rise of 3.2% over the last two years. Combined, Swiss bond and equity holdings have decreased by a total of 8.3% in two years, from 52.30% to 44.0%, while combined holdings of foreign equities and bonds have increased by 4.4% to 29.3%.

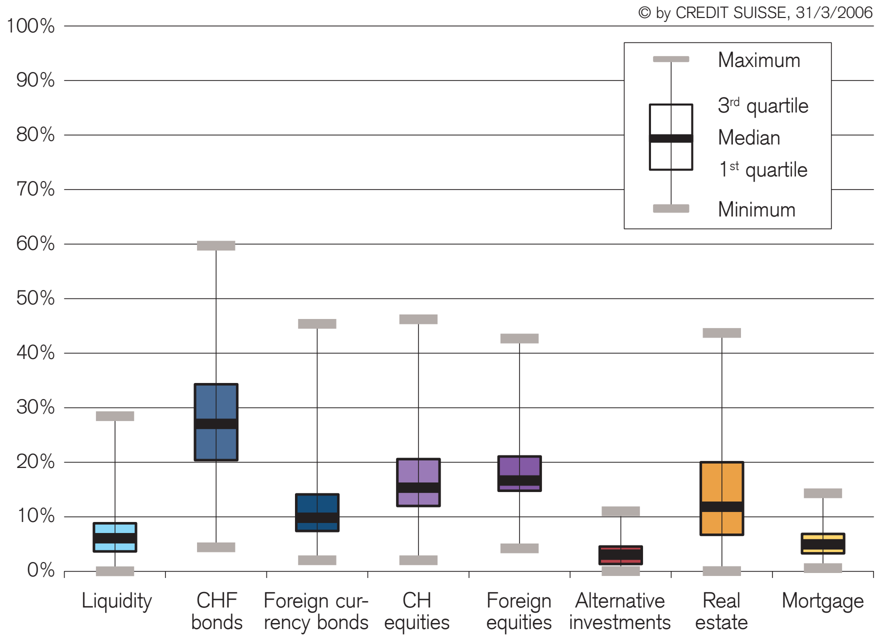
Chart 3: Asset allocation last eight quarters



Decrease in CHF Bond Holdings

The quarterly comparison continues to show virtually no change in the proportion of real estate and alternative investments, while the proportion of mortgages has increased fairly dramatically in relative terms to 4.5%. The "other" category has likewise experienced growth (from 1.08% to 1.24%), and includes difficult-to-categorize collective investments as well as structured products.
The overview of asset allocation diversification in the period under review shows in particular that the maximum value for CHF bonds of around 75% has fallen right back to 60%. No other asset categories experienced any noteworthy changes apart from "other", where the maximum has risen to more than 11%.

Chart 4: Minimum and maximum values 1st Quarter 2006



Currency Allocation

As can be seen from the changes to the asset allocation overview discussed above, the proportion of Swiss francs in the period under review fell by around 0.3% (chart 5). While the weighting of USD has barely changed, EUR increased by around half a percent. JPY once again fell back to below the 2% level (–0.33% to 1.85%). GBP (+0.2%) and "other" (+0.21%) both increased slightly.

Chart 6 shows two notable changes from the previous quarter. On the one hand, the maximum value for CHF of 100% dropped back to 95%. On the other, the maximum value of JPY likewise fell from around 20% to below 10%. No significant changes were observed for the other currencies.

Chart 5: Development over the last eight quarters

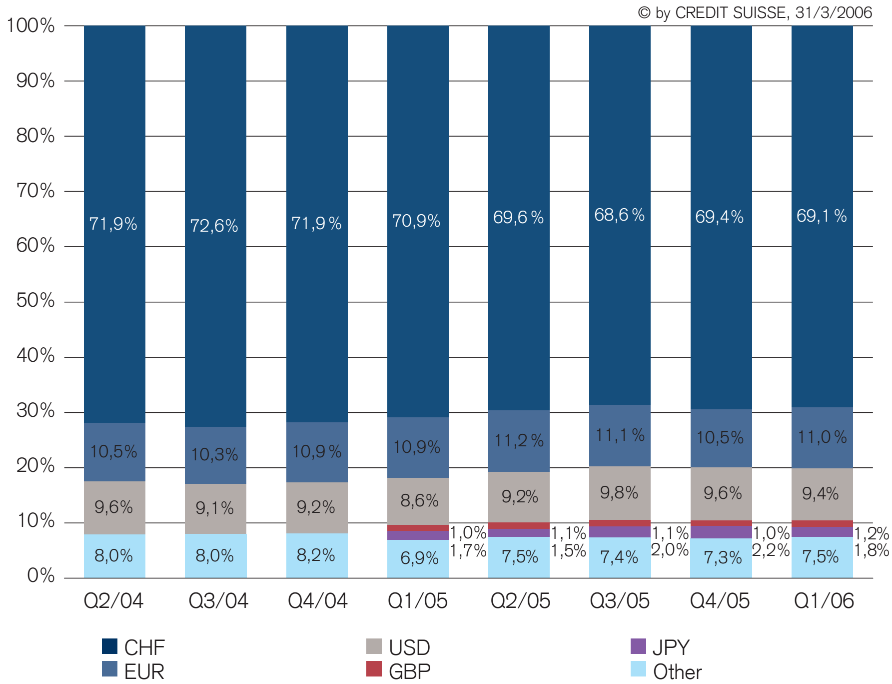
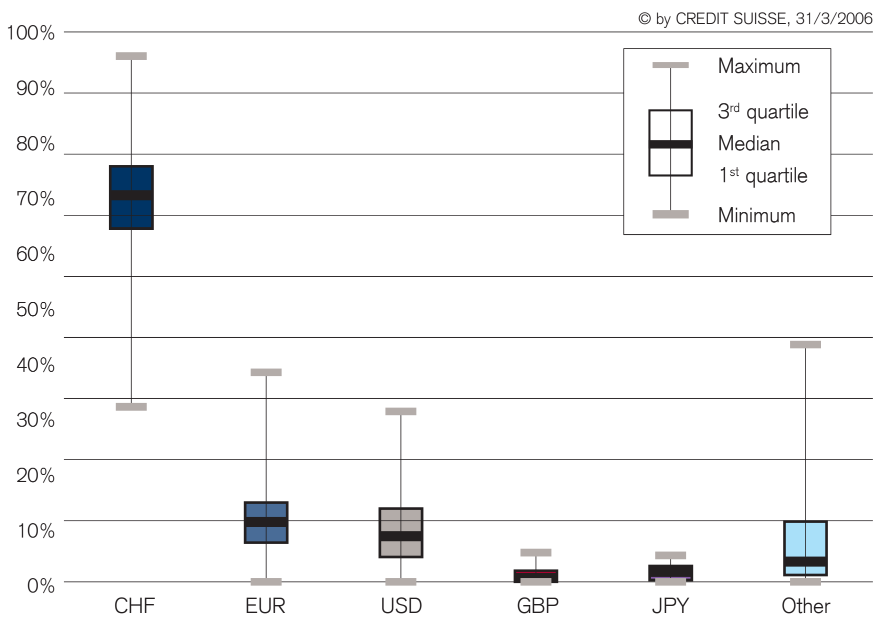


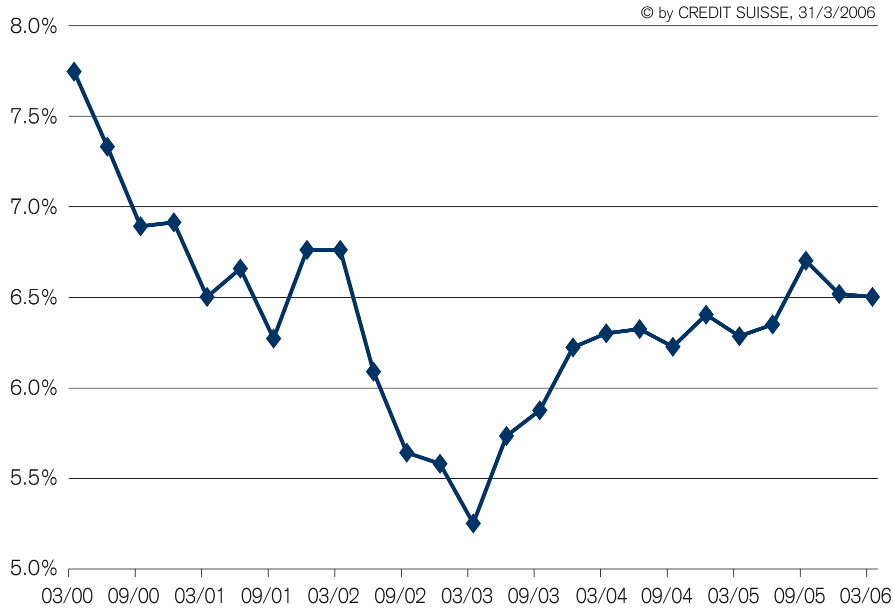
Chart 6: Maximum and minimum values previous quarter



Expected Absolute Risk

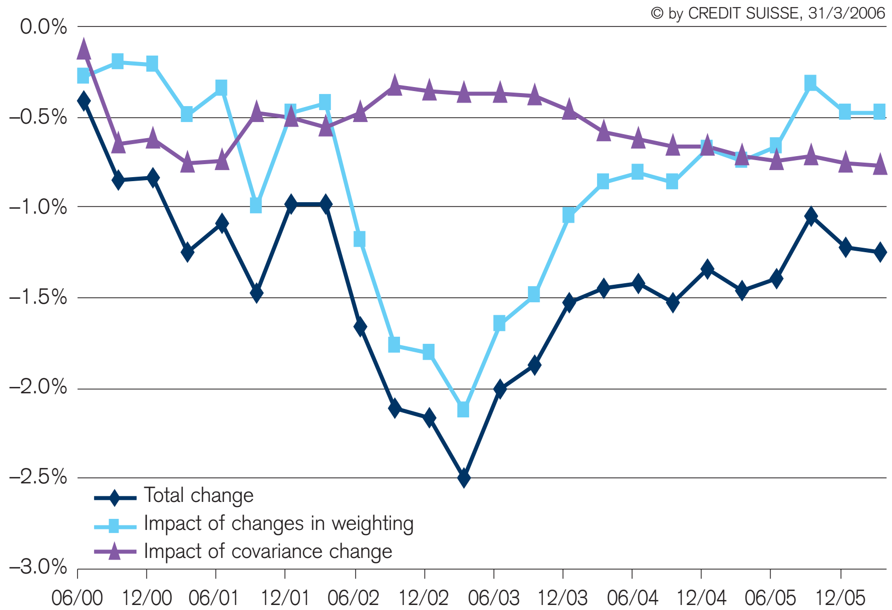
From chart 7 it is clear that the expected absolute volatility (i.e. risk) was almost 8% at the beginning of 2000. This risk was then successively reduced to around 5.25% within a period of three years (March 2003). This was the lowest value during the period under observation, and the expected absolute risk for the funds included in the Credit Suisse Swiss Pension Funds Index subsequently rose continuously to around 6.70% by September 2005. In the last quarter of 2005 a decrease in risk and volatility became evident, a trend that has marginally continued in the first quarter of 2006. At the end of March 2006, the funds included in the index showed an expected absolute risk of 6.50% in their portfolios.
The expected absolute risk for each reference date corresponds to the anticipated volatility of the index. This was calculated on the basis of the spread of returns of selected indices as well their dependencies over the last 10 years, and on the index's corresponding asset allocation.
Chart 8 demonstrates that the reduction in risk (March 2000 to March 2003) and increase in risk (March 2003 to December 2005) cannot be explained merely by the calming of the markets and their dependencies, i.e. a lower level of volatility (and vice versa). Rather, the changes in risk, particularly in the years 2002 and 2003, were mainly caused by adjustments in the pension funds' asset allocation. The increase in risk witnessed from the middle of 2003 to September 2005 – dampened down slightly as a result of falling covariances – was likewise caused by changes in the weightings of investment categories. While in the last quarter of 2005 an active reduction of risk on the part of pension funds was particularly in evidence, the slight reduction in risk during the period under review was once again due to falling covariances.

Chart 7: Expected volatility per reference day (annualized)



The expected absolute risk for each reference date corresponds to the anticipated volatility of the index. This was calculated on the basis of the spread of returns of selected indices as well their dependencies over the last 10 years, and on the index's corresponding asset allocation.

Chart 8: Explanation of cumulated change in expected volatility overall Index (annualized)



Important Information

When interpreting these figures, it must be kept in mind that the Credit Suisse Swiss Pension Fund Index is not an artificially constructed performance index but an index that is based on actual pension fund data. The result is that the index is "alive", which significantly increases its informative value regarding the current investment behavior of Swiss pension funds. On the other hand, the fact that it is constantly revised limits the comparability of data over time. The index is nevertheless an up-to-date indicator, especially as very accurate pension fund data remains difficult to obtain.

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