Global Custody Solutions

Credit Suisse
Swiss Pension Fund Index

1st Quarter of 2009

Performance of Swiss Pension Funds as of March 31, 2009

- Weak Start to Year
- Equity Component Continues Falling
- The Swiss Franc as a Safe Haven

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Index

Performance of Swiss Pension Funds Based on Global Custody Data of Credit Suisse on March 31, 2009

Index versus Mandatory Minimum Rate of Return since January 2000

Frosty Start to Year

The Credit Suisse Swiss Pension Fund Index (blue line in chart 1a), which started with a baseline of 100 at the beginning of 2000, receded further by 1.74 points or 1.58% to 108.02 points in the first quarter of 2009. After the index managed to stay almost stable at –0.36 points (–0.33%) in January, February saw a marked decline of 3.02 points (–2.76%). Thanks to the improved mood on the stock exchange in March, the index managed to recoup around half of its loss (+1.64 points or 1.54%).
The minimum BVG interest rate (red line in chart 1a, also rebased to 100 as of January 2000), was set at 2% from January 1, 2009 by the Federal Council. This benchmark thus increased by 0.5% or 0.65 points to 132.06 points in the reporting quarter. As the index moved downward in the first quarter of 2009, the gap to the BVG target increased by another 2% or 2.30 points in this period. The gap between the index and the BVG target therefore grew to a total of 24.03 points. In other words, the overall index would have to improve by more than 24% for this gap to be closed by the end of 2009. This would require double the performance of the excellent stock exchange year of 2005.

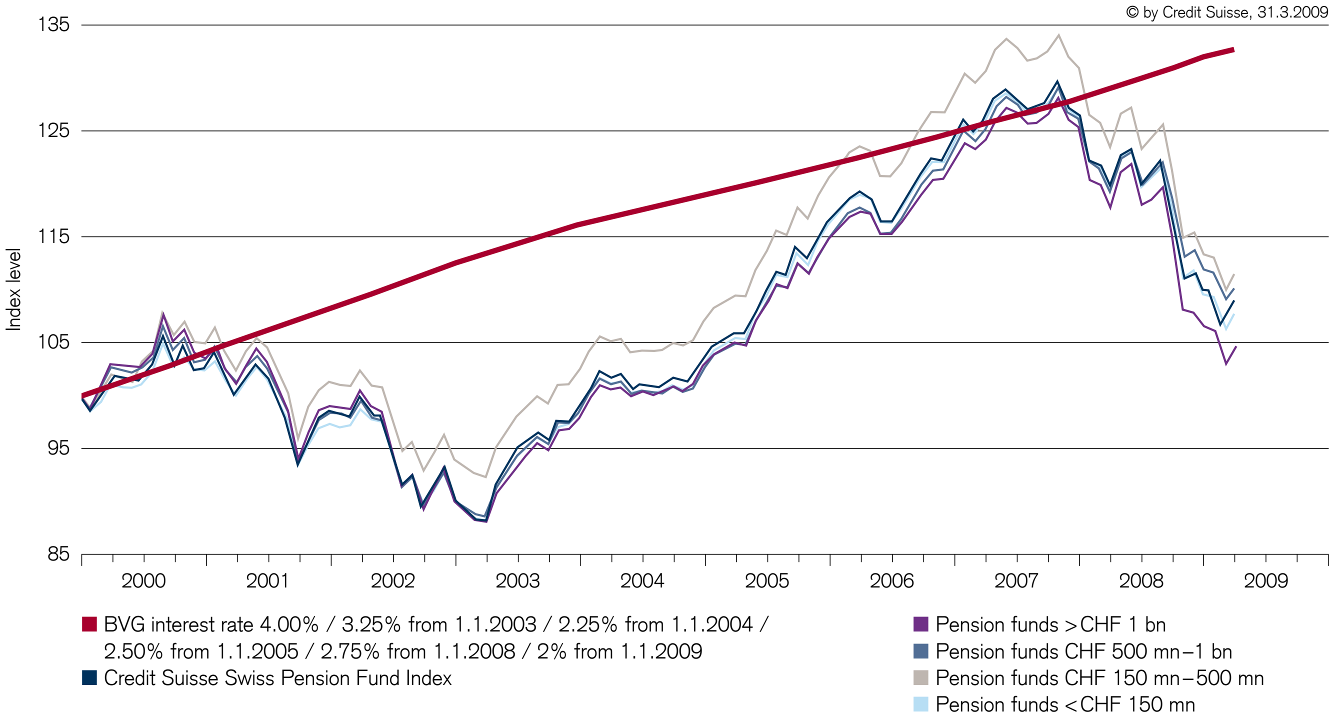
Chart 1a: Credit Suisse Swiss Pension Fund Index

■ Credit Suisse Swiss Pension Fund Index
■ BVG interest rate 4.00% / 3.25% from 1.1.2003 / 2.25% from 1.1.2004 / 2.50% from 1.1.2005 / 2.75% from 1.1.2008 / 2% from 1.1.2009

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	118.75	116.48	116.48	117.75	119.43	121.02	122.17	122.20	123.99	6.58%	23.99%
2007	125.74	124.83	125.95	127.98	128.79	128.08	127.04	127.22	127.83	129.40	127.28	126.52	2.04%	26.52%
2008	122.25	121.64	119.45	122.61	123.22	119.65	120.65	121.72	117.76	111.35	111.77	109.76	–13.25%	9.76%
2009	109.40	106.38	108.02										–1.58%	8.02%

Chart 1b: Credit Suisse Swiss Pension Fund Index Based on Segment Size



Largest Segment Again Suffers Most

Chart 1b shows a breakdown by segment size as follows: < CHF 150 million, CHF 150–500 million, CHF 500 million–1 billion and > CHF 1 billion.

All segments reported heavy losses in the quarter under review. Between the end of 2008 and the end of March 2009, the CHF 500 million to 1 billion segment suffered the smallest loss both in absolute terms (–1.50 points) and in relative terms (–1.43%). While the two segments CHF 150 million to 500 million (–1.77 points/–1.56%) and < CHF 150 million (–1.71 points/–1.56%) took a middle position in the table, the largest segment >CHF 1 billion once again recorded the largest loss (–1.93 points/–1.81%).

Quarterly Comparison at a Glance:

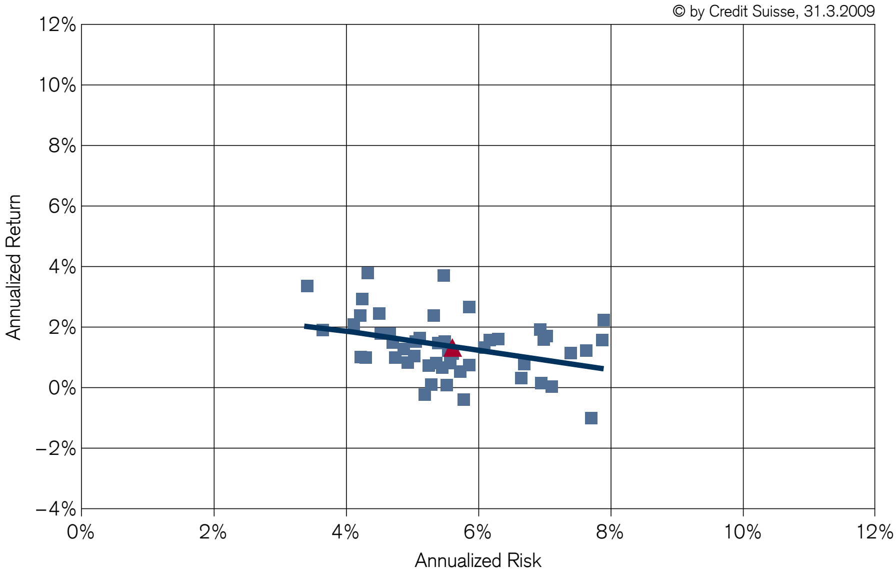
Segment Size	Change in Points 1.1.2009–31.3.2009	Change in Percent 1.1.2009–31.3.2009	Spread versus BVG Target in Points 1.1.2009–31.3.2009
>1 bn CHF	–1.93 points	–1.81%	–27.48 points
500 mn–1 bn CHF	–1.50 points	–1.43%	–21.75 points
150 mn–500 mn CHF	–1.77 points	–1.56%	–20.50 points
<150 mn CHF	–1.71 points	–1.56%	–24.20 points

Risk / Return Positions

Negative Trend

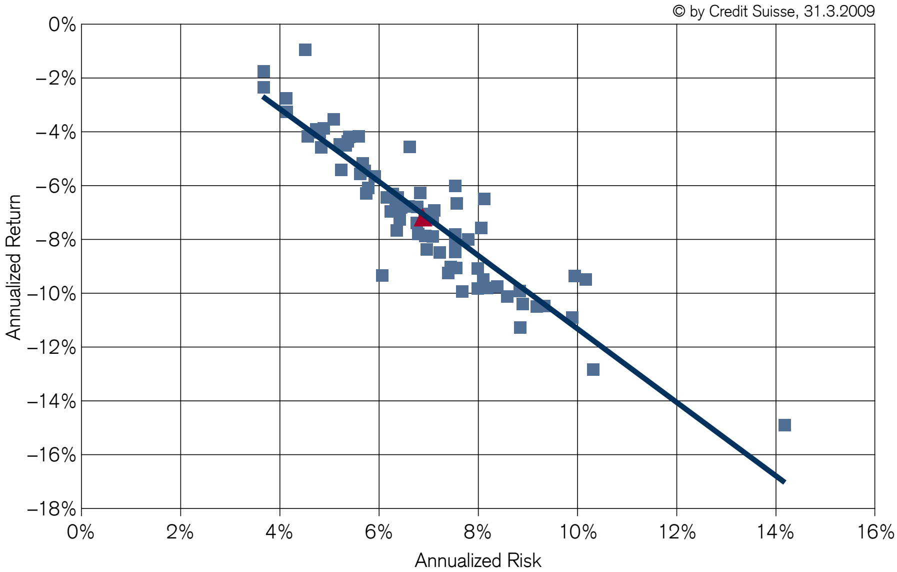
Our risk / return overview shows the rolling five-year and two-year lines. It should be noted that only portfolios that were part of the index for the entire observation period are taken into account. For example, portfolios formed on June 1, 2006 are not taken into account in the five-year rolling observation period (1.4.2004–31.3.2009), but they do form part of the rolling two-year observation period.
The line representing the rolling five-year observation period as per reference date, which shows the annualized risk / return positions of individual pension funds (see chart 2a), contradicts the theory that higher risk is rewarded by higher returns in the long term even more clearly than at the time of the last report because a positive quarter was once again replaced by a negative quarter.
Compared to the previous quarter, it is apparent that the unweighted average annualized return (red triangle) has fallen further (approx. 0.8%), while the unweighted average annualized risk (red triangle) rose slightly. Only one pension fund remains in the low-risk investment area (annualized risk of 3 to 4%), while all other pension funds now have an annualized risk of more than 4%. In the higher annualized risk area, the portfolios of a few pension funds have now reached the 8% mark. An interesting observation is that while all pension funds included in the index still reported a positive annualized return in the previous quarter (Q4 2008), no pension fund has earned more than 4% on its investments in the period from 1.4.2004 to 31.3.2009, and the first pension funds are now showing a negative annualized return for the last five years.

Chart 2a: Annualized Risk/Return Comparison; Rolling Five-Year Review Monthly Results from April 2004 to March 2009



Database: Monthly results from April 2004 to March 2009

Chart 2b: Annualized Risk/Return Comparison; Rolling Two-Year Review Monthly Results from April 2007 to March 2009



Database: Monthly results from April 2007 to March 2009

Negative Trend of Two-Year Line Increases Substantially

The rolling two-year line (chart 2b, 1.4.2007–31.3.2009), which has a much stronger reaction to changes, sends a very clear message: The downward incline is clearly negative, which leads to the conclusion that, on average, the acceptance of higher fluctuation risks in the last two years was "penalized" by a decidedly negative performance. Even pension funds that accepted only moderate annual fluctuation risk reported a negative performance, without exception. Particularly noticeable is the fact that the points representing the individual pension funds are grouped even closer around the straight line. Compared to the previous quarter it is also apparent that the unweighted average annualized return (red triangle) is lower by around 1%, while the unweighted average annualized risk (red triangle) hardly changed at all. In contrast to the previous quarter, the risk spread (difference between the highest and lowest annualized risk) remained more or less stable, both with and without the "outliers."

Asset Allocation

Real Estate and Real Estate Again

The asset allocation overview shows that the weighting of liquid funds as of March 31, 2009 retreated only marginally from 8.84% to 8.76% (–0.08%). The equity component fell by another 0.9% to 23.4%, with foreign equities showing a greater decline at –0.6% than Swiss equities (–0.3%). CHF bonds (+0.1%) and foreign currency bonds (+0.3%) rose slightly to bring the total bond component to 39.2%. For the umpteenth time in an uninterrupted period of several years, the real estate component rose to a new record high of 18.8% (+0.7%) of the asset allocation. Alternative investments, which reached their highest level ever in the third quarter of 2008, dropped slightly for the second quarter running by 0.1% to 4.7%.

There are so few notable changes to the overview of the asset allocation for the reporting quarter that its stability is almost surprising.

Chart 3: Asset Allocation for the Last Eight Quarters

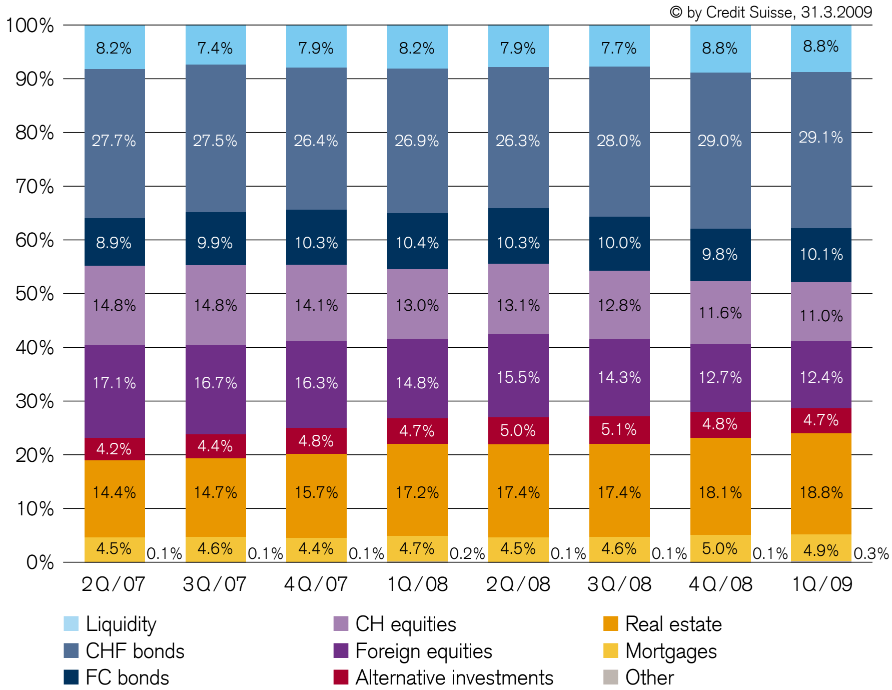
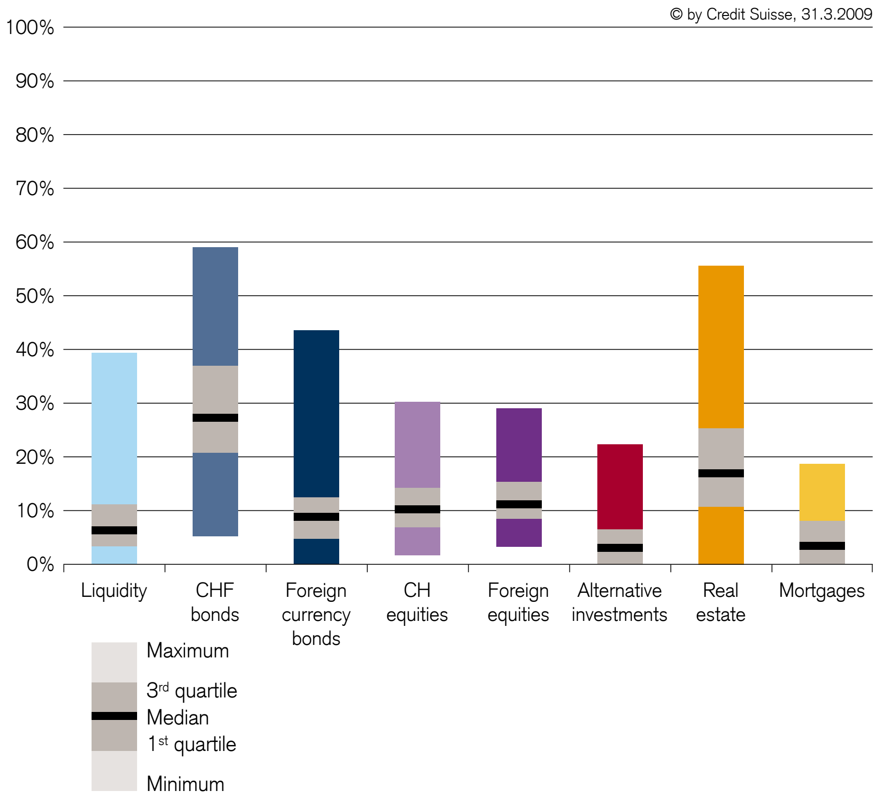


Chart 4: Minimum and Maximum Values 1st Quarter 2009



Currency Allocation

The Swiss Franc as a Safe Haven

CHF exposure rose by 1.08% and reached another all-time high at 79.29%, mainly to the detriment of the USD (–0.5%) and the EUR (–0.2 %). The weighting of all the other currencies, i.e. GBP, JPY and "other", was also smaller again.

Chart 6 provides a comparison to the previous quarter. The CHF minimum is slightly higher, and, maybe surprisingly, the maximum for USD also rose slightly. The maximum for the "other" currencies dropped sharply by almost 10%.

Chart 5: Development for the Last Eight Quarters

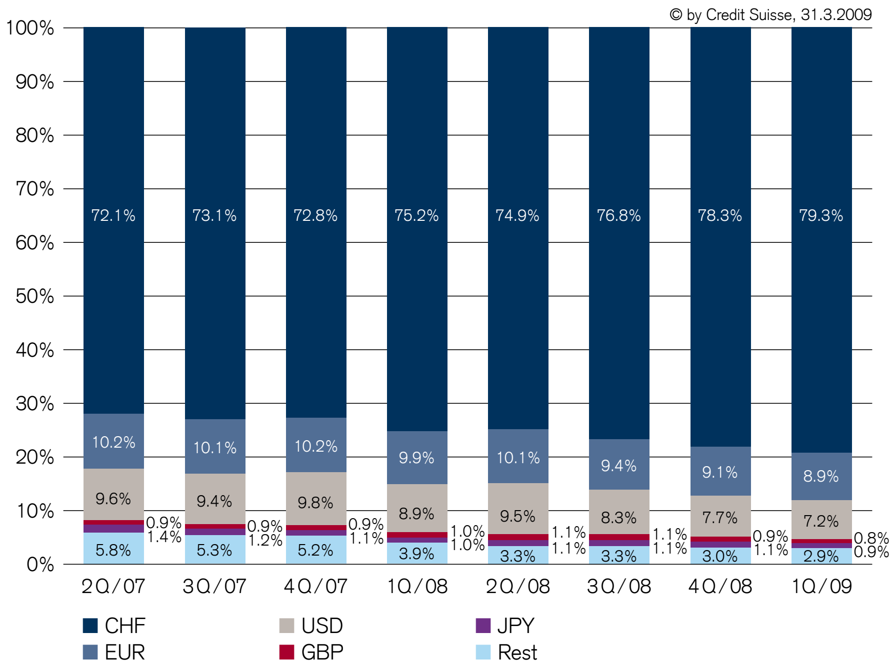
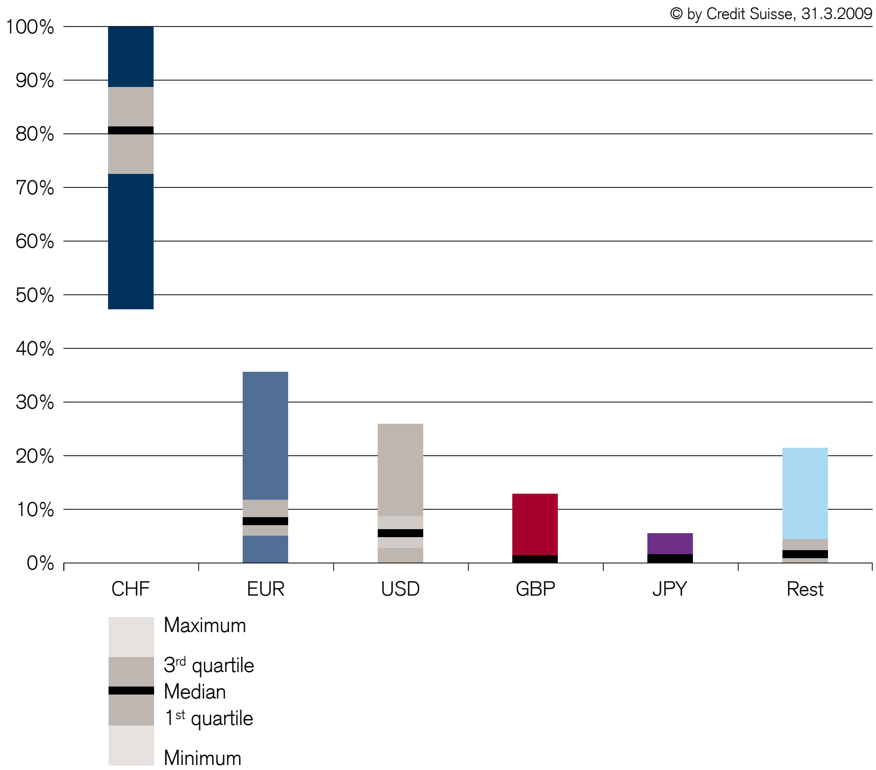


Chart 6: Minimum and Maximum Values 1st Quarter 2009



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. Consequently, 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 highly accurate pension fund data remains difficult to obtain.

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