

GLOBAL INVESTMENT REPORTING

CSAM Swiss Pension Fund Index
2nd Quarter 2004

CREDIT ASSET
SUISSE MANAGEMENT



CSAM SWISS PENSION FUND INDEX

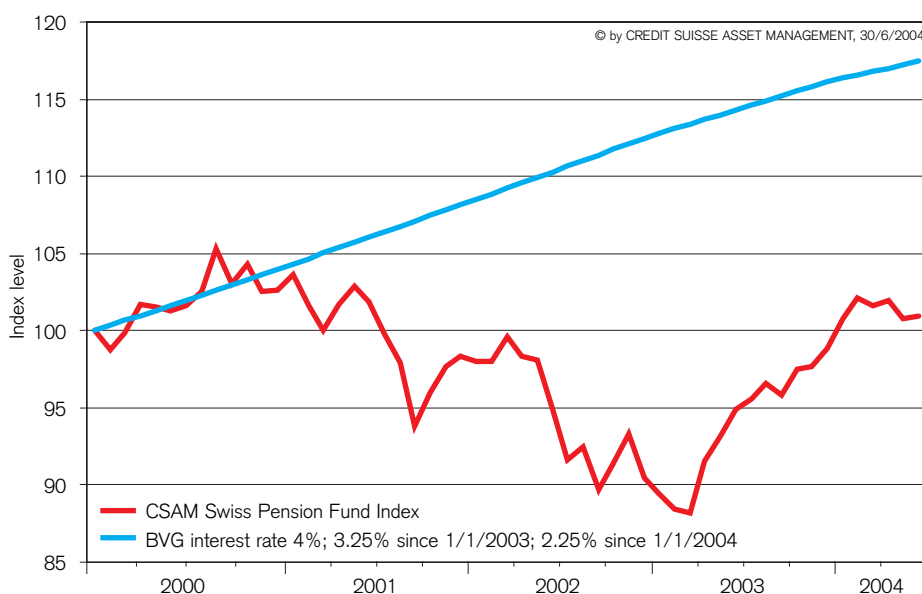
Performance of Swiss pension funds based on Credit Suisse Asset Management's global custody data as at June 30, 2004

Index versus mandatory minimum rate of return since January 2000

In the second quarter of 2004 the CSAM Swiss Pension Fund Index (red line in fig. 1a) deteriorated slightly for the first time in four quarters, slipping 0.68 percentage points from 101.65 to 100.97. This took it almost back to its starting value of 100 at the beginning of 2000. If this slippage were extrapolated to include all assets managed by independent Swiss pension funds approximately CHF 500 billion, the resultant loss of asset value would be around CHF 3 billion in absolute terms. Starting from a baseline of 100 at the beginning of 2000, the minimum rate of return required under Switzerland's BVG (occupational retirement, survivors' and disability pension) legislation (the blue line in fig. 1a) would result in a level of 117.44 as at end-June. Since the index witnessed a slight downturn in the second quarter, the performance shortfall widened from 15.14 to 16.47 percentage points.

As a supplement to the overall performance of the CSAM Swiss Pension Fund Index as shown in fig. 1a, fig. 1b gives a breakdown by the following volume segments:

Chart 1a: CSAM SWISS PENSION FUND INDEX



<CHF 150 m, CHF 150–500 m, CHF 500 m–CHF 1 bn, and >CHF 1 bn. From this it is clear that pension funds with assets under management of CHF 150 m–500 m significantly outperform both the index and the other pension

funds. By contrast, the largest pension funds have tended to underperform the index for the past two years or so, although in the second quarter of 2004 they have gained ground on the index and the other pension funds.

Table 1

	Jan.	Febr.	March	April	May	June	July	Aug.	Sept.	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	101.93	100.75	100.97							2.14%*	0.97%*

* YTD

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Risk/return profiles

The picture for risk/return profiles of individual pension funds (see fig. 2), based on values measured at cut-off dates and annualized since January 2000, shows little change on the first quarter. Overall, the individual pension funds are less broadly spread in terms of both return and risk. There is scarcely any change with regard to returns in the negative area, while in the positive area there are fewer exceptions to the norm. With regard to risk, only half as many pension funds had annualized risk exposures of less than 2% or greater than 10% compared with when the index was last published. In addition, for the second time in succession the regression line has become flatter and shifted slightly upwards. This once again brings us closer to the premise of modern portfolio theory, whereby in the long term higher levels of risk are compensated by higher rates of return. Despite this, the (retrospective) premium for the assumption of additional risk is still negative.

Chart 1b: CSAM SWISS PENSION FUND INDEX ON THE BASIS OF SEGMENT SIZE

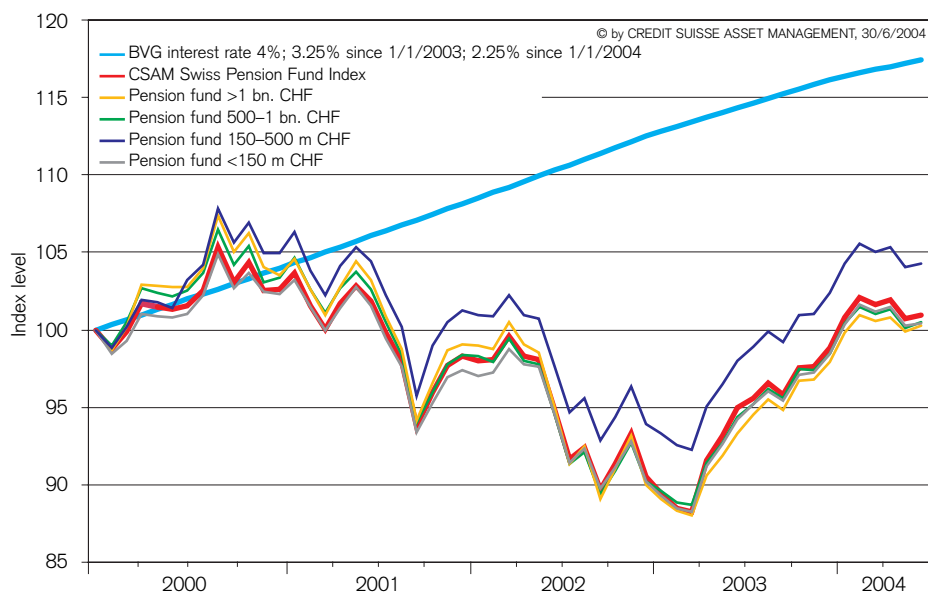
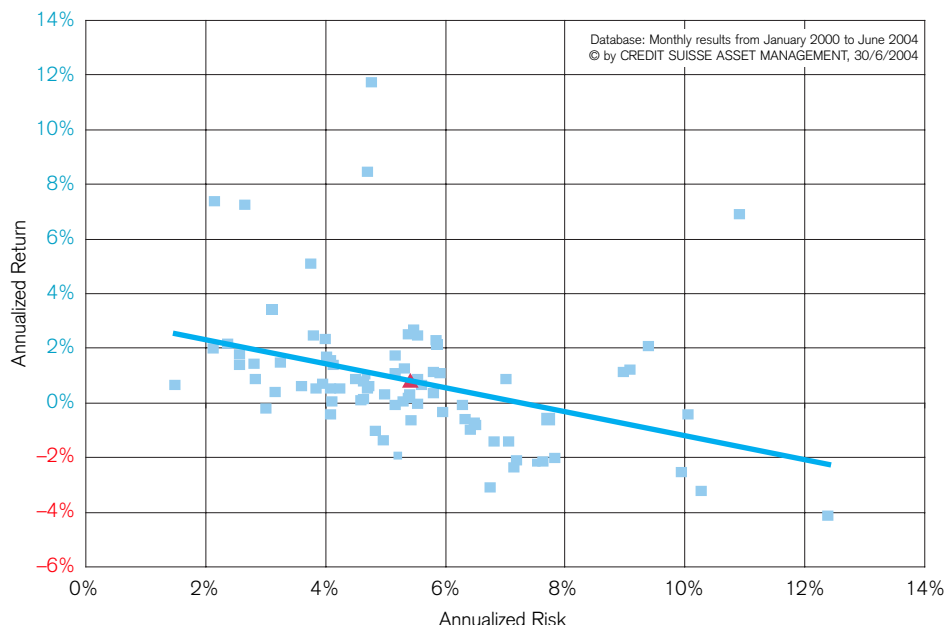


Chart 2: ANNUALIZED RISK/RETURN COMPARISON



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Asset allocation

Compared with the first quarter there was very little change in the weighting of most investment categories. There was a relatively sharp decrease in the foreign equities allocation, down 1.5 percentage points from 16.4 to 14.9 per cent. It is not clear whether this is due to exchange rate movements or a structural shift in the weighting. Either way, the markets are unlikely to be the main factor, given that they have generally been treading water. Combined with a slight (0.4 percentage point) increase in the Swiss equities allocation, the result is a decline in the overall equity allocation of 1.1 percentage points to 33.8 per cent. The Swiss bonds allocation expanded by 0.9 percentage points to 33.4 per cent. This increase is more a result of shifts in favor of the Swiss franc than anything to do with bond market developments over the last three months. Combined with a slight shrinkage of the foreign bond allocation, this results in a slight (0.6 percentage point) increase in the bond weighting to 43.7 per cent. Against a backdrop of rising interest rates, the liquidity allocation rose 0.4 percentage points to 7.2 per cent. For the third time in succession there was also an increase in the alternative investment allocation, taking it to 1.8 per cent. This low figure still corresponds to almost CHF 9 billion worth of assets. Meanwhile, there was a minimal decrease in the real property allocation, down 0.1 percentage points to 11.0 per cent.

The spread within the individual investment categories (see fig. 4) has changed little compared with the first quarter. Liquidity spread declined by approximately 5 percent-

Chart 3: ASSET ALLOCATION LAST FOUR QUARTERS

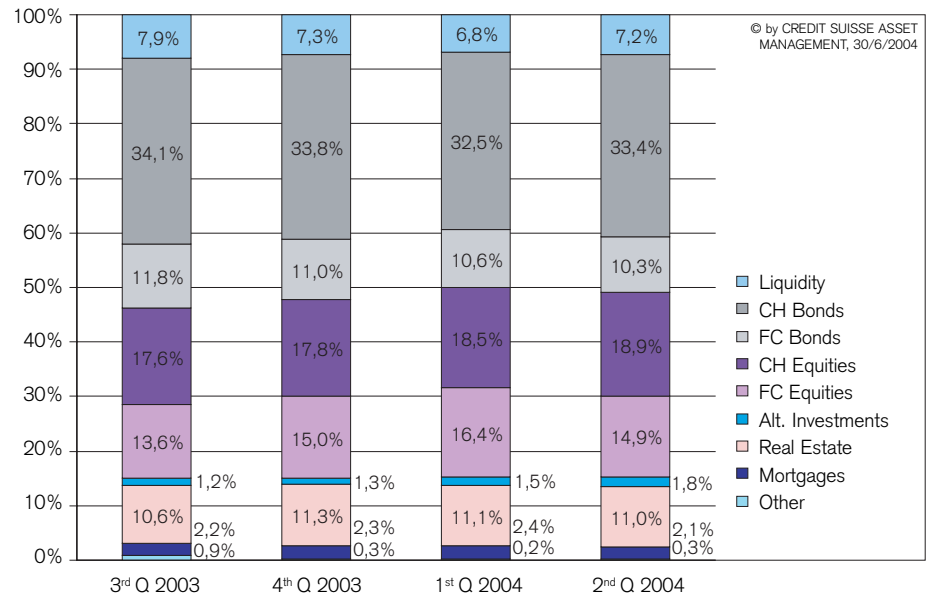
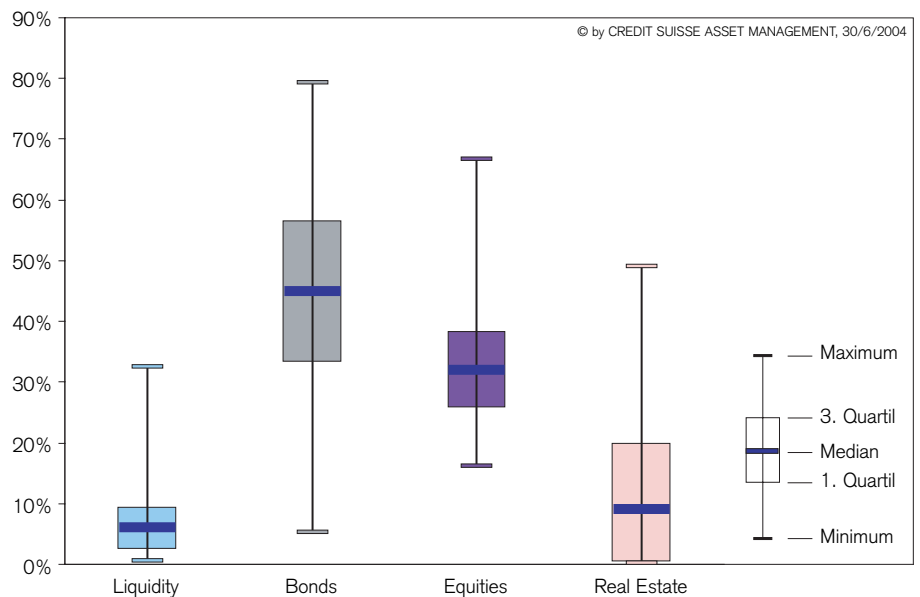


Chart 4: MINIMUM AND MAXIMUM VALUES 2ND QUARTER 2004



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age points, and the picture is similar for bonds. The average pension fund continues to display a greater spread in bonds and real estate property than is true for equities and liquidity.

Currency allocation

In the currency allocation (see fig. 5) a shift is discernible from euros and US dollars in favor of the Swiss franc, owing both to the latter's strengthening and active shifts into the Swiss franc.

In the currency allocation the euro spread and in particular the US dollar spread have decreased. By contrast, the Swiss franc spread has barely changed at all.

Important information

When interpreting these figures, it must be kept in mind that the CSAM 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 unavailable.

Chart 5: DEVELOPMENT OVER LAST FOUR QUARTERS

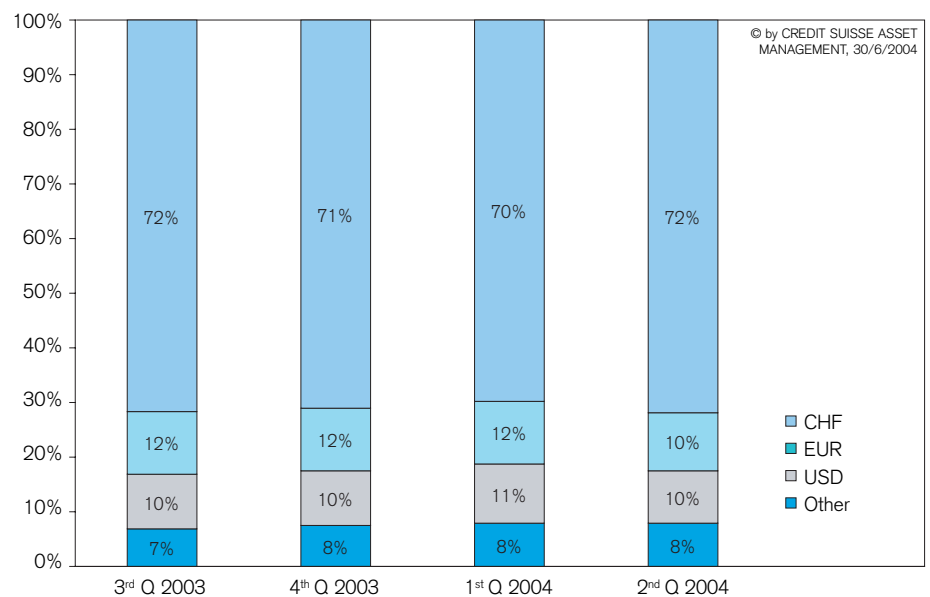
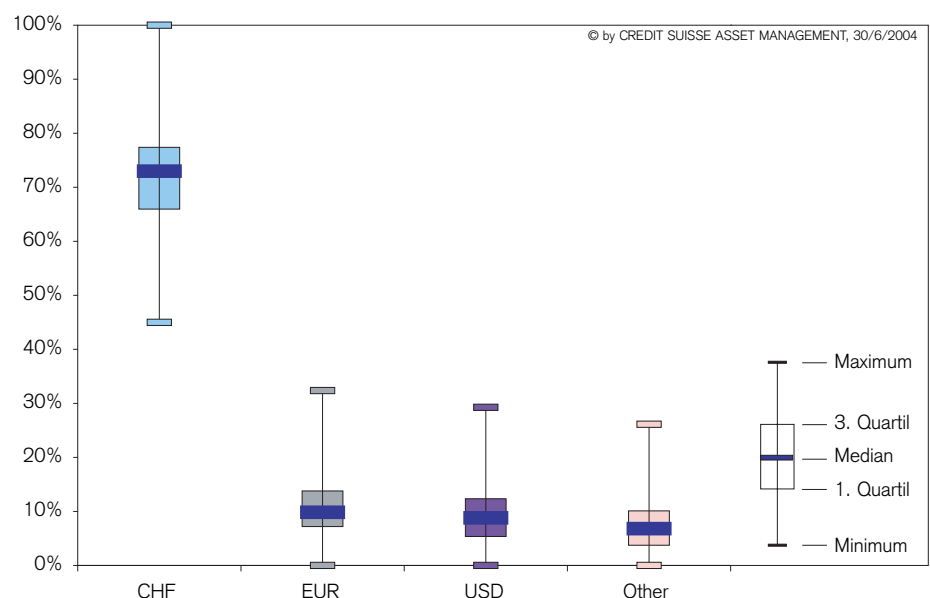


Chart 6: MAXIMUM AND MINIMUM VALUES PREVIOUS QUARTER



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