Global Investment Reporting

Credit Suisse
Swiss Pension Fund Index

2nd Quarter 2007

Performance of Swiss pension funds as at June 30, 2007

- Good quarterly results
- For the first time in six years all segments are in positive territory
- Expected absolute risk is at its lowest level since September 30, 2003

Index

Performance of Swiss Pension Funds Based on Global Custody Data of Credit Suisse as at June 30, 2007

Index versus Mandatory Minimum Rate of Return Since January 2000

Small Cushion

The Credit Suisse Swiss Pension Fund Index (blue line in chart 1a) once again performed well in the second quarter of 2007 and continued the uptrend that started more than three years ago. The index, which started with a baseline of 100 as at January 1, 2000 together with the BVG/LPP target, rose by 2.13 points or 1.69% in the quarter under review to close at 128.08 points. As the index suffered a small setback in June, the increase derived mainly from the performance in April and May, when equity markets did very well. Thanks to this increase, the extrapolated 2nd pillar assets managed by Swiss pension funds grew by almost CHF 11 billion to just over CHF 635 billion in the three-month period under review.

The minimum rate of return as per BVG/LPP (the red line in chart 1a, also rebased to 100 as at January 2000) rose by 0.78 points (or 0.62%) during the period under review, climbing from 125.54 to 126.32 points. As the index improved 1.07% or 1.35 points better than the BVG/LPP required rate, the performance gap increased by 0.41

Chart 1a: Credit Suisse Swiss Pension Fund Index

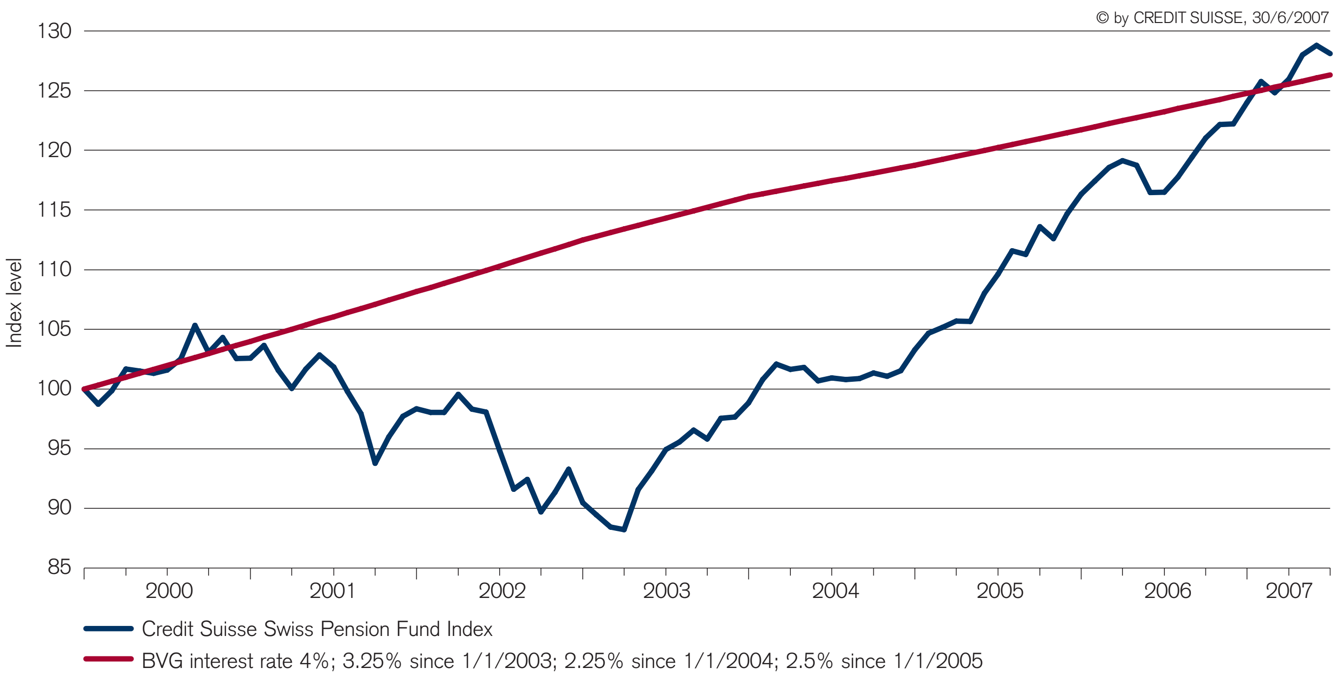
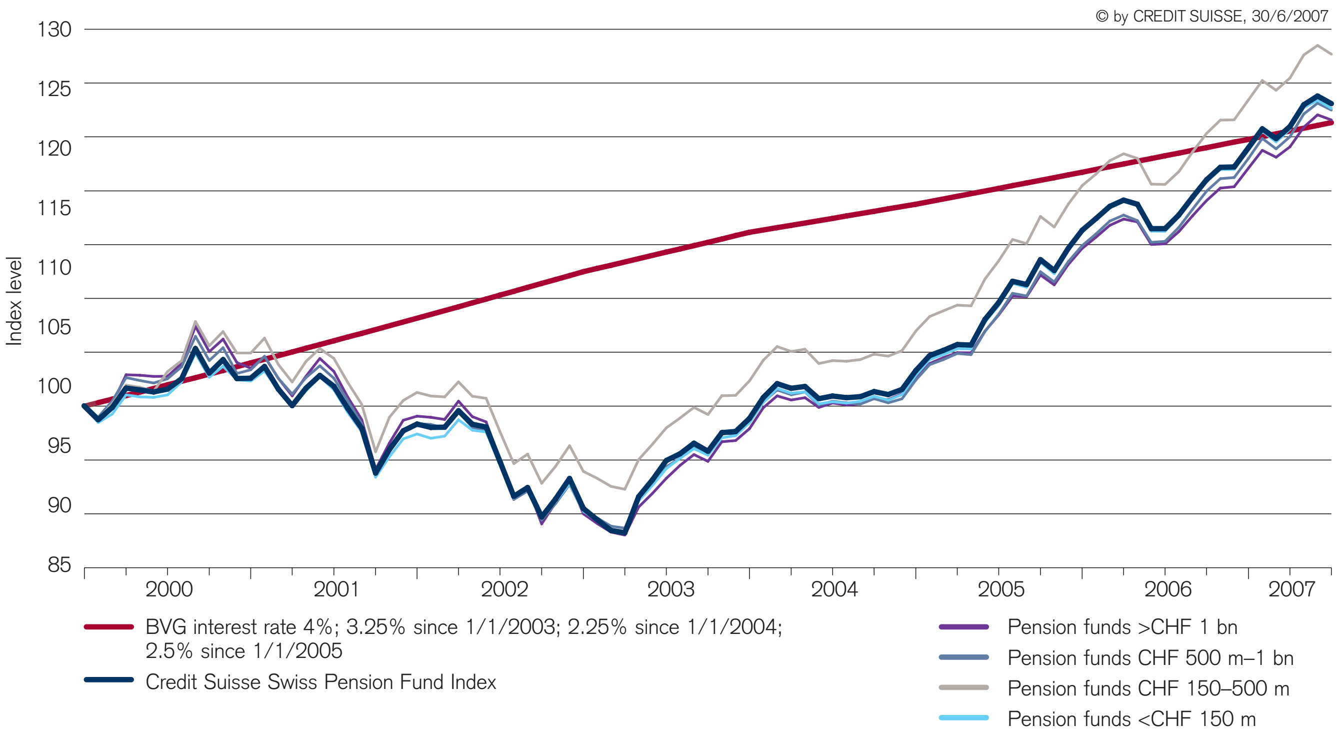


Table 1

	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	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							3.30%	28.08%

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



points to 1.77 points. The cumulated return for the first semester is 3.30%.

All Segments in Positive Territory

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

For the first time in six years, all segments exceeded the BVG/LPP target in the period under review. It is interesting that the large segments >CHF 1 billion (+2.49 points) and CHF 500 million–1 billion (+2.48) turned in the best quarterly performance, both gaining around 2% in the reporting period and reducing the gap in relation to the smaller segments. The CHF 150–500 million is still the undisputed leader and gained 1.70% or 2.22 points, while the smallest segment <CHF 150 million reported a good but still the lowest performance of 1.54% or 1.94 points.

The quarter-on-quarter comparison gives the following performance (change in points / change in percentage / gap versus the BVG/LPP target in points as at June 30, 2007):

Category	Change in points	Change in percentage	Gap to the BVG/LPP target as at June 30, 2007
>CHF 1 bn	+2.49 points	+2.01%	+0.25 points
CHF 500 m–1 bn	+2.48 points	+1.98%	+1.17 points
CHF 150 m–500 m	+2.22 points	+1.70%	+6.36 points
<CHF 150 m	+1.94 points	+1.54%	+1.32 points

Risk/Return Positions

In the risk/return overview we show the rolling five-year and two-year lines. It should be noted that only portfolios which were in the index for the entire observation period are taken into account. For example, portfolios formed on June 1, 2003 are not taken into account in the five-year rolling observation period (30.06.2002 – 30.06.2007), though they do form part of the rolling two-year observation period.

Rising Increase

The line representing the five-year observation period as per reference date, which shows the annualized risk/return positions of individual pension funds (see chart 2a), is now confirming the theory that higher risk is rewarded by higher returns in the long term. For example, although the risk/return line in the chart did not move upwards in its entirety compared to the previous quarter, the right side moved upward substantially (1%), making the line much steeper without significantly changing the annualized risk of the individual portfolios. The overview now also confirms that pension funds that accepted a higher risk are earning a higher return. If we compare last quarter's overview with the scenario depicted here, we can see that the portfolio on the far right in the current five-year observation period achieved a better annualized performance with a lower annualized risk compared to the previous overview.

Two-Year Line Slightly Steeper

The overview of the rolling two-year line (chart 2b, 30.06.2005 – 30.06.2007), which has a much stronger reaction to changes, impressively confirms the theory that higher risk is rewarded by higher returns. The straight line steepened slightly quarter-on-quarter in the reporting period. Interestingly, this picture differs from the rolling five-year overview in that the right end of the line did not change (approx. 5.7% risk/13% return), while the left end fell from around 6% to 5.5% with the same risk. The risk bandwidth narrowed marginally from 3.63% to 3.49% (min. 2.23%, max. 5.72%).

Chart 2a: Annualized risk/return comparison; rolling five-year review monthly results from June 2002 to June 2007

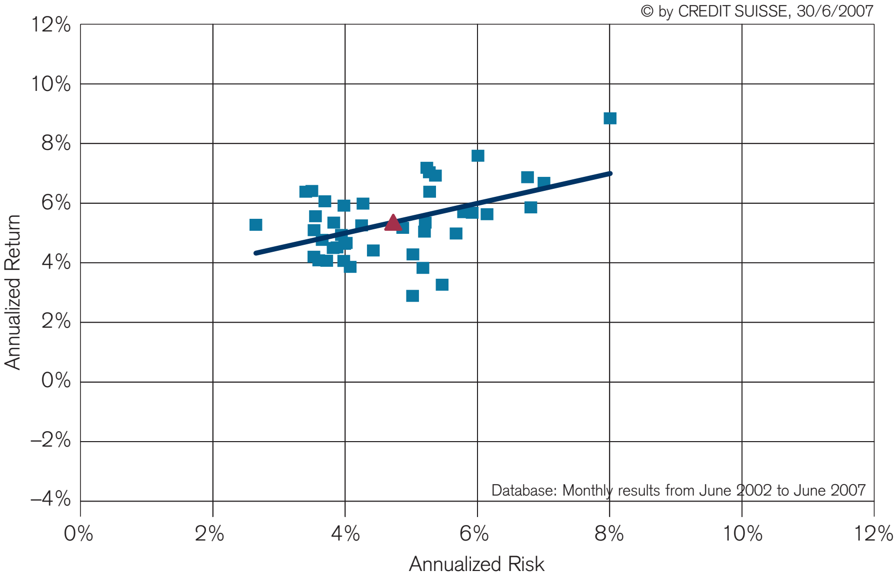
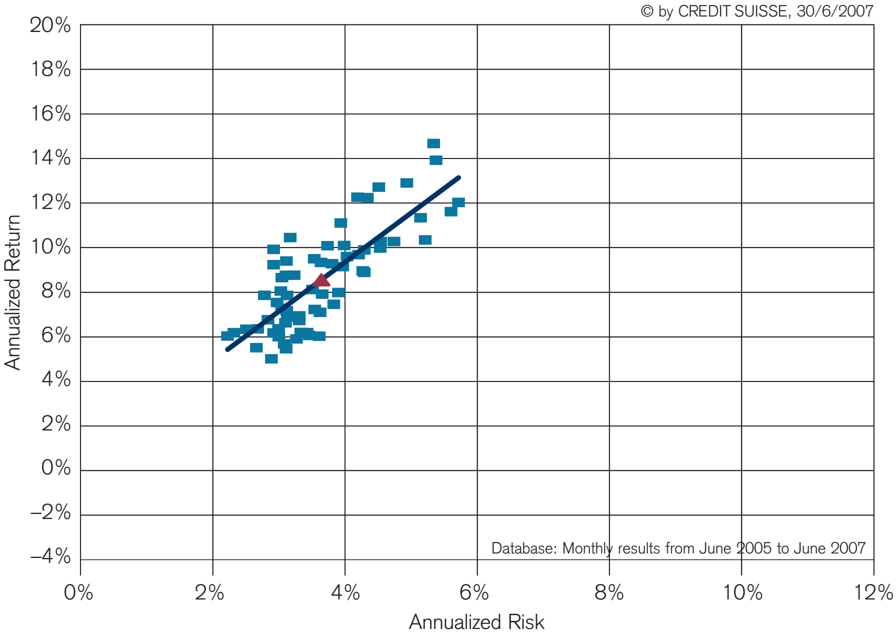


Chart 2b: Annualized risk/return comparison; rolling two-year review monthly results from June 2005 to June 2007



Asset Allocation

According to the asset allocation overview for the quarter under review, liquid funds now account for 8.2% (+0.5%) of holdings. Swiss franc bonds also increased by 0.6% to 27.69%. These components mainly increased at the cost of foreign currency bonds, which fell substantially by 1.40% to 8.90%. Swiss equities decreased by –0.1% to 14.84%, while the weighting of foreign equities increased slightly by 0.43%. Other holdings and mortgages remained unchanged, and real estate dropped slightly by 0.52%. Relatively speaking, alternative investments increased significantly by 0.52% (which equals an increase of 13%) to a new record weighting.

Upswing of Alternative Investments

The overview of the asset allocation spread shows some notable changes. At 38.47%, the maximum holding of liquid funds is almost 10% higher than in the previous reporting period. For Swiss franc bonds, the maximum fell by 3% to 60.1% and the minimum increased from almost zero to around 5%. For foreign equities, the minimum fell 5% to only around 2%, while the maximum for mortgages increased by almost 5% and the median by around 3%.

Chart 3: Asset allocation last eight quarters

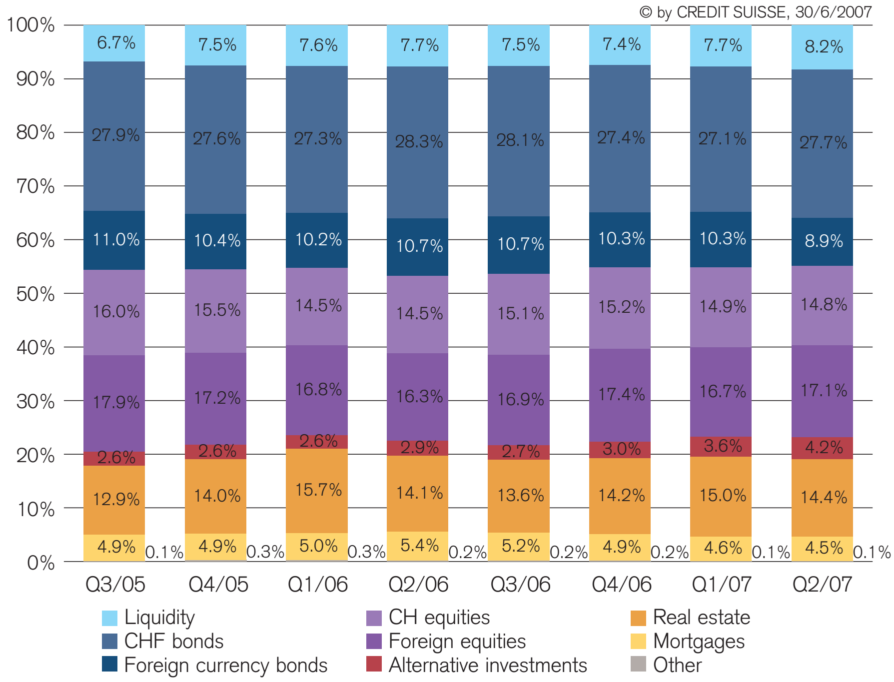
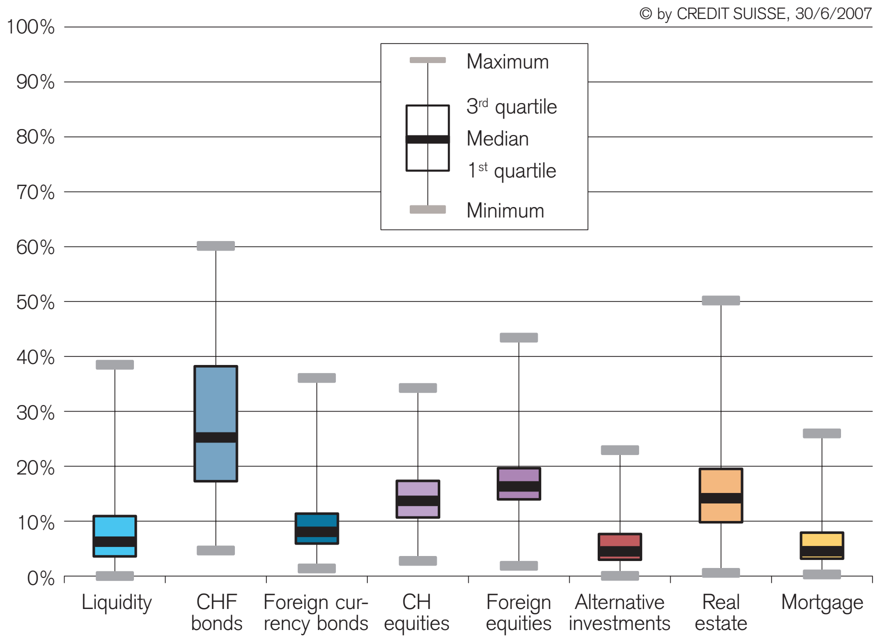


Chart 4: Minimum and maximum values 2nd Quarter 2007



Currency Allocation

When looking at the currency allocation, two changes attract attention: the weighting of the US dollar increased by 1.3%, while "other currencies" fell by 0.8%. Following the substantial increase in the previous quarter, the Swiss franc decreased by 0.8%, the euro increased by 0.27%, and the yen and British pound remained unchanged.

Chart 6 reveals a notable change quarter-on-quarter, with the maximum US dollar holding rising by around 7% to 37%, thereby exceeding the euro maximum.

Chart 5: Development over the last eight quarters

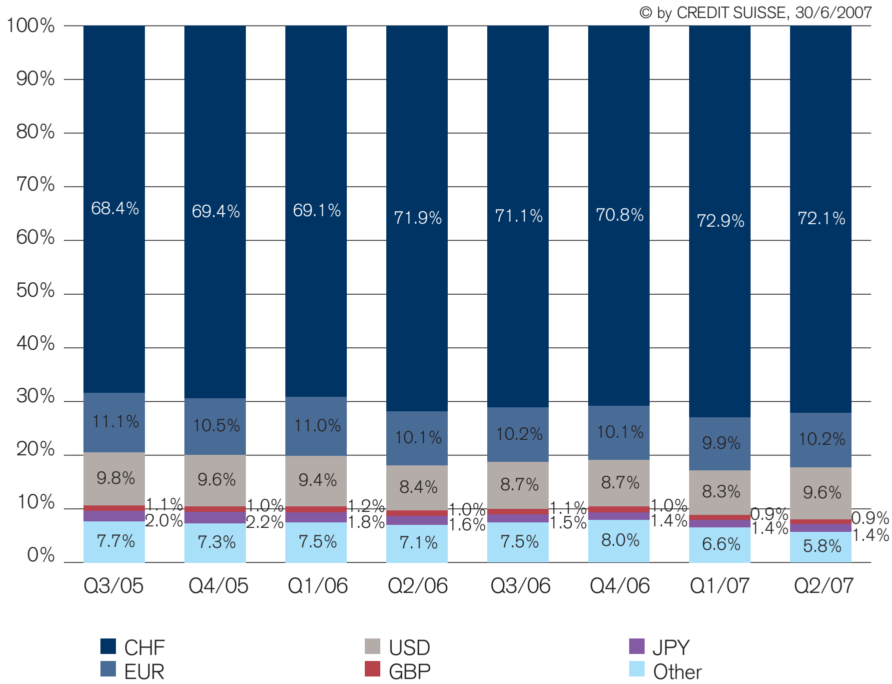
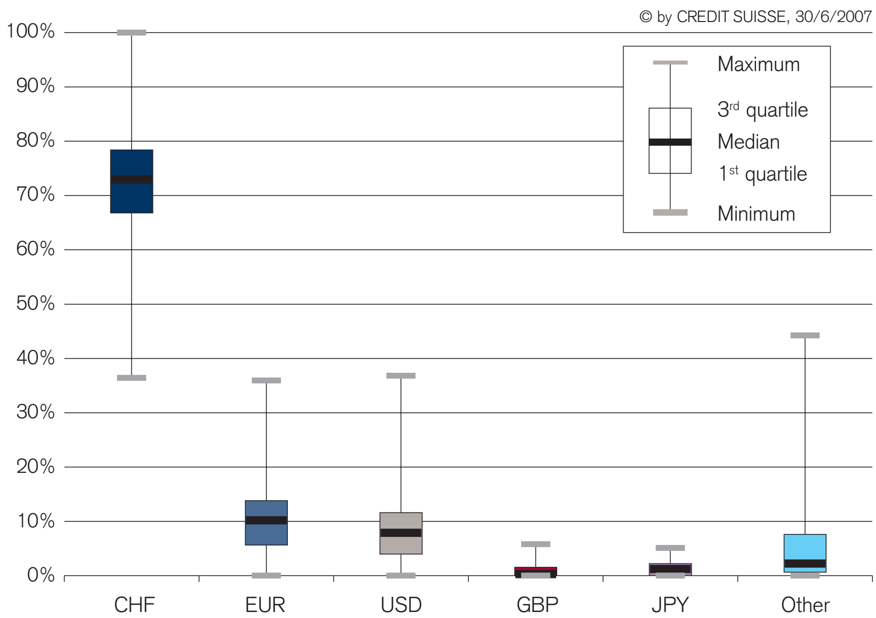


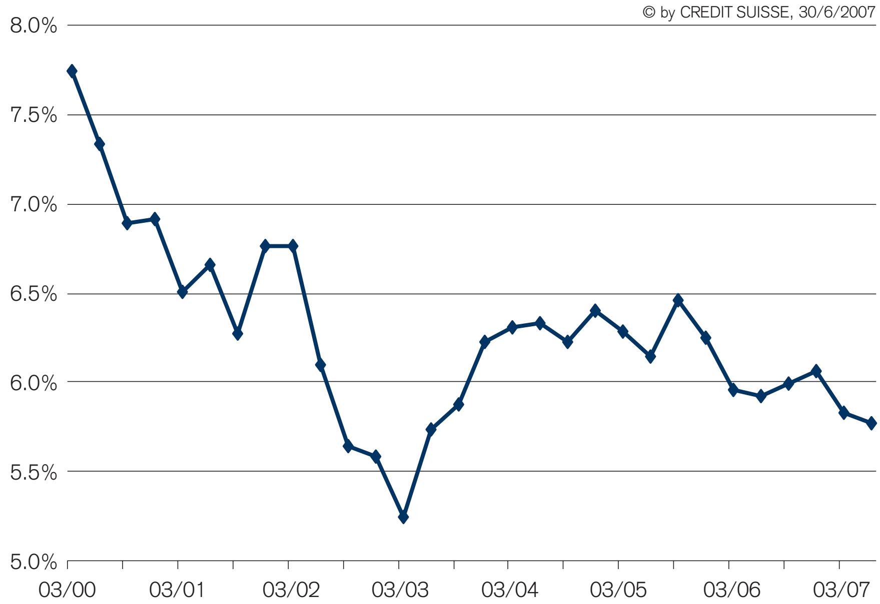
Chart 6: Maximum and minimum values previous quarter



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. The figure was then successively reduced to around 5.25% within a period of three years (March 2003). The expected absolute risk for the funds included in the Credit Suisse Swiss Pension Fund Index subsequently climbed from this low (in terms of the observation period), rising continuously to around 6.50% by September 2005. As of the last quarter of 2005, a decrease in risk and volatility became evident – a trend that continued until September 2006. The increase in risk identified in the last quarter of 2006 was short-lived, and the risk decreased again in the quarter under review by 0.07% to 5.77%, thereby reaching the lowest level since 2003.

Chart 7: Expected volatility per reference day (annualized)



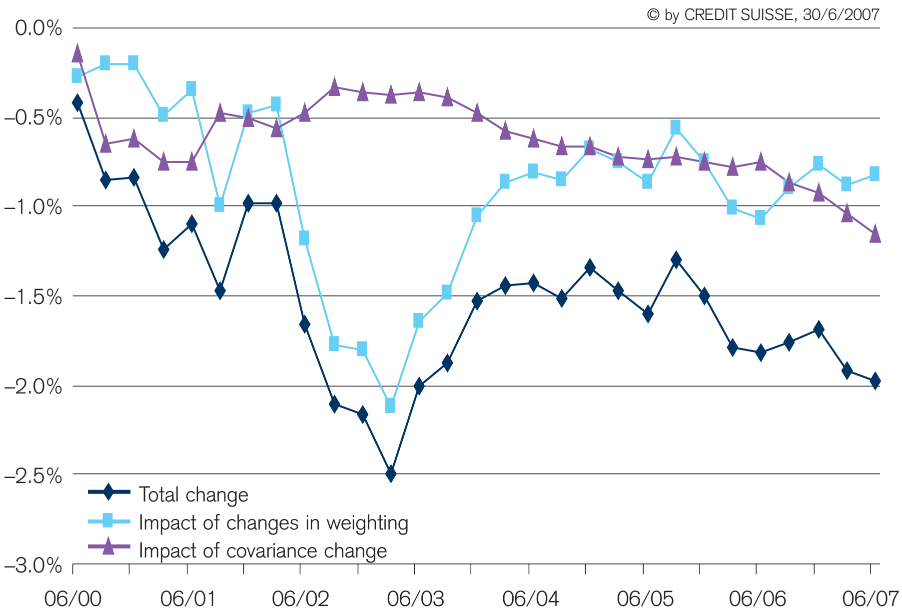
The expected absolute risk for each reference date corresponds to the anticipated volatility of the index. This was calculated on the basis of the spread of returns of selected indices as well their dependencies over the last 10 years, and on the index's corresponding asset allocation.

Expected Risk Still Falling

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 on 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 to asset allocation. The increase in risk witnessed from the middle of 2003 to September 2005 – attenuated slightly by falling covariances – was likewise caused by changes to the weightings of the asset classes. Whereas from July 2005 to June 2006 the reduction in risk was caused both by covariance changes and adjustments to weightings, it became clear in the last four quarters that although the continuously falling covariance change (decreasing volatility) reduced the expected risk, this reduction was moderated or, as in the third and fourth quarters, even cancelled by the impact of the weighting changes. The impact of the covariance change on the expected risk again reached a new record low, as has been the case without interruption since December 2005.

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.

Contact

Credit Suisse
Global Investment Reporting
Giesshübelstrasse 30
P.O. Box 800
CH-8070 Zurich

Telephone:
+41 44 335 75 47
E-mail:
global.custody@credit-suisse.com

www.credit-suisse.com