CREDIT SUISSE

Global Custody Solutions

Credit Suisse
Swiss Pension Fund Index

2nd Quarter 2008

Performance of Swiss Pension Funds as of June 30, 2008

- Few Changes in 2nd Quarter 2008
- New High for Real Estate and Alternative Investments
- Slightly Higher Equity Exposure

Index

Performance of Swiss Pension Funds based on Global Custody Data of Credit Suisse as of June 30, 2008

Index versus Mandatory Minimum Rate of Return since January 2000

June as Killjoy

The Credit Suisse Swiss Pension Fund Index (blue line in chart 1a), which began with a baseline of 100 at the beginning of 2000, improved marginally by 0.20 points or 0.17% to reach 119.65 points in the second quarter of 2008. At –3.57 points (–2.90%), June was the weakest month and almost completely eroded the gains recorded in April (+3.16 points or +2.64%) and May (+0.61 points or +0.50%). The index consequently lost 6.87 points or 5.43% in the first half of 2008 since December 31, 2007.
The minimum rate of return as per BVG/LPP (the red line in chart 1a, also rebased to 100 as of January 2000) rose by another 0.87 points (or 0.68%) during the quarter under review, climbing from 128.76 to 129.63 points. Although the index turned in a positive performance in the second quarter of 2008, the spread versus the BVG/LPP target rose further by half a percentage, as this increase was greater than the rise in the index. Compared to the start date in 2000, the negative difference between the index and the BVG/LPP minimum

Chart 1a: Credit Suisse Swiss Pension Fund Index

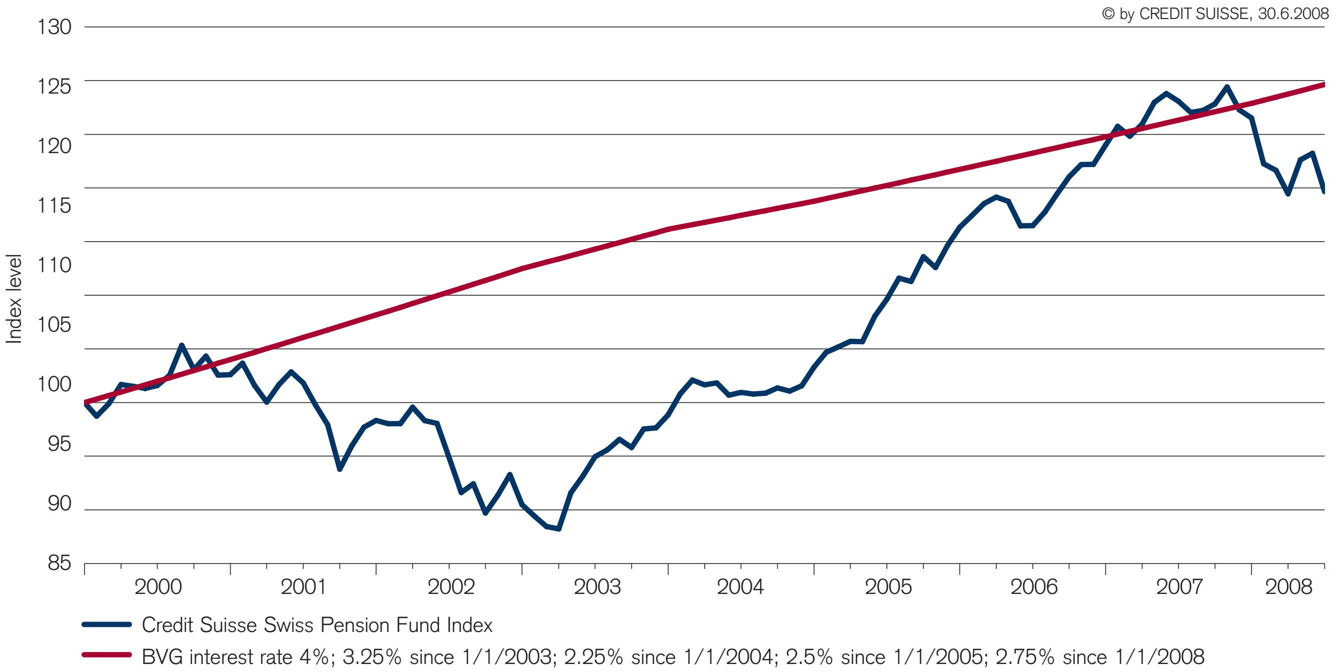
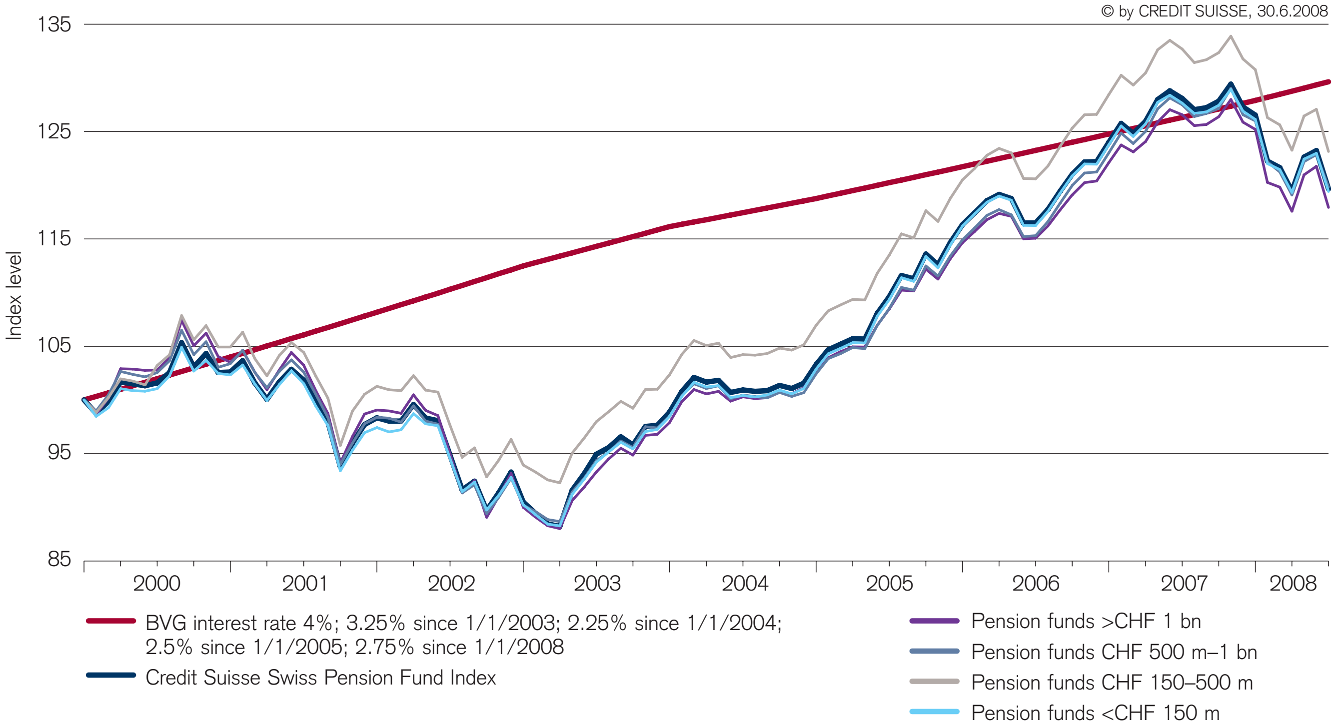


Table 1

	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	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							–5.43%	19.65%

Chart 1b: Credit Suisse Swiss Pension Fund Index based on segment size



rate of return rose continuously in the first six months of 2008, and the index now lags 9.98 points or 7.70% behind.

Three Segments on the Rise

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

Three segments improved slightly in the quarter under review, while the best segment to date (CHF 150–500 million) was the only segment in the red this time. Last quarter the CHF 500 million–1 billion segment performed best at +0.75 points (+0.63%), followed by the largest segment >CHF 1 billion (+0.35 points or +0.30%) and the smallest segment <CHF 150 million (+0.10 points or +0.08%). The CHF 150–500 million segment lost 0.12 points or 0.10%. In spite of the positive performance turned in by three of these segments, none of them managed to reach or exceed the BVG/LPP target, so that the cumulative spread since 2000 increased for all segments.

The 2nd quarter comparison of all segments gives the following performance (change in points / change in percentage / spread versus the BVG/LPP target in points as of June 30, 2008; see table):

Category	Change in points 31.3.2008–30.6.2008	Change in percentage 31.3.2008–30.6.2008	Gap to the BVG/LPP target as at June 30, 2008
>1 bn CHF	+0.35 points	+0.30%	–11.70 points
500 m–1 bn CHF	+0.75 points	+0.63%	–9.79 points
150 m–500 m CHF	–0.12 points	–0.10%	–6.49 points
<150 m CHF	+0.10 points	+0.08%	–10.21 points

Risk/Return Positions

Flattening Incline

In the risk/return overview, we show 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, 2005 are not taken into account in the five-year rolling observation period (01.07.2003–30.06.2008), but they do form part of the rolling two-year observation period.

In spite of the weak financial markets, the line representing the five-year observation period as of the reference date, which shows the annualized risk/return positions of individual pension funds (see chart 2a), continues to confirm the theory that higher risk is rewarded by higher returns in the long term. However, as the last four quarters have now all been negative, with the last quarter just slightly better, and all of them very volatile, the incline of the straight line has now begun to flatten noticeably, not least because this time an excellent quarter (2Q 2003 with +7.6%) dropped out of the rolling calculation. Compared to the previous quarter it is clear that the straight line has dropped around one percent in the quarter under review and is flatter, as mentioned before. This is very obvious on the right side. Whereas the point of intersection was at almost 8% performance and 6% risk on March 31, 2008, it moved down to 6% performance and 6% risk on June 30, 2008. While the yield spread (lowest return/highest return) has declined, the risk spread (lowest risk/highest risk) increased by 0.63% (from 2.70% to 6.87%), which clearly indicates that volatility is on the rise.

Chart 2a: Annualized risk/return comparison; rolling five-year review monthly results from June 2003 to June 2008

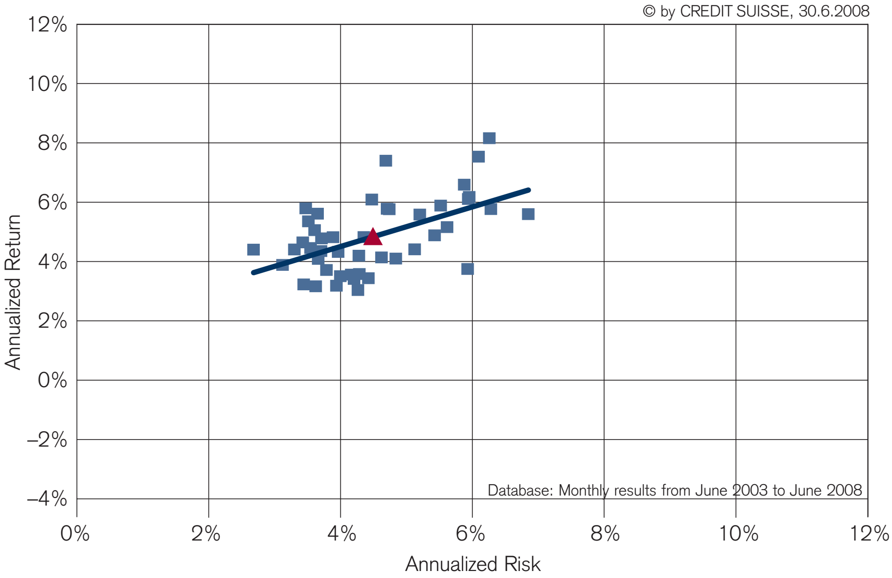
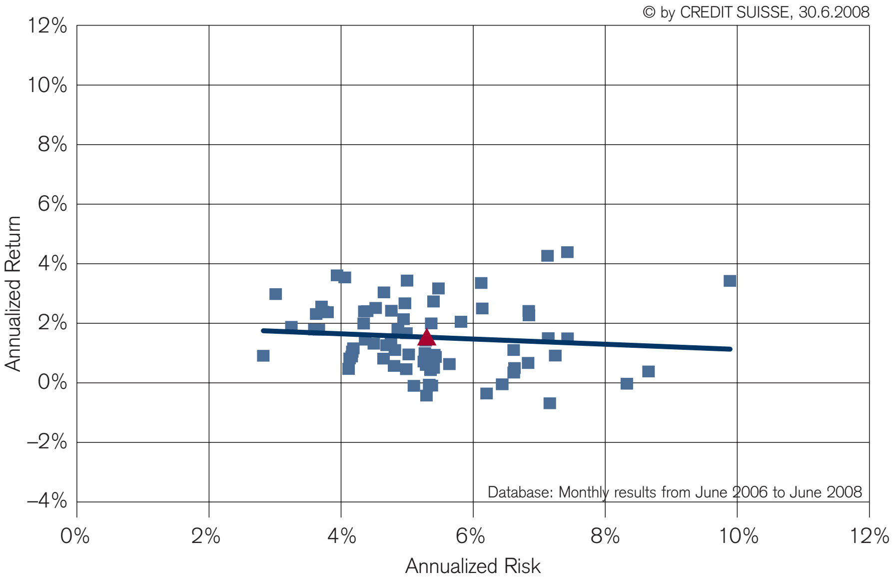


Chart 2b: Annualized risk/return comparison; rolling two-year review monthly results from June 2006 to June 2008



Negative Incline of Two-Year Line Lessens

The rolling two-year line (chart 2b, 01.07.2006–30.06.2008), which has a much stronger reaction to changes, looks different again in the quarter under review, as the negative incline observed in the previous quarter has weakened. The pension funds with a higher level of risk in particular managed to improve their annualized return much more than those with a lower level of risk, with the result that the negative incline lessened. The pronounced increase in the risk spread (difference between the highest and the lowest annualized risk) by around 2% from 2.82% to 9.89% is also very striking.

Asset Allocation

Record for Real Estate and Alternative Investments

The asset allocation overview shows that the weighting of liquid funds was slightly less at 7.85% as of June 30, 2008. The exposure to CHF bonds fell slightly again in the quarter under review by 2.08% to 26.31%, while the foreign-currency bond component fell by 1.15%. Equity exposure increased slightly quarter-on-quarter. Swiss equities increased by 1.54% to 13.15%, and foreign equities were up 4.74% to 15.47%.
Alternative investments, which declined slightly in the previous quarter, reached a new record high of almost 4.96% in the reporting quarter. Real estate exposure also rushed from one high to an other and now lies at 17.35%, up 0.87% from the previous quarter.
As in last quarter's report, the overview of asset allocation diversification shows three categories for the maximum values: while the CHF bond maximum is around 10% lower (55%), the maximum for foreign-currency bonds dropped from 54% to 39%. Swiss equities increased substantially by around 5% to almost 38%.

Chart 3: Asset allocation for the last eight quarters

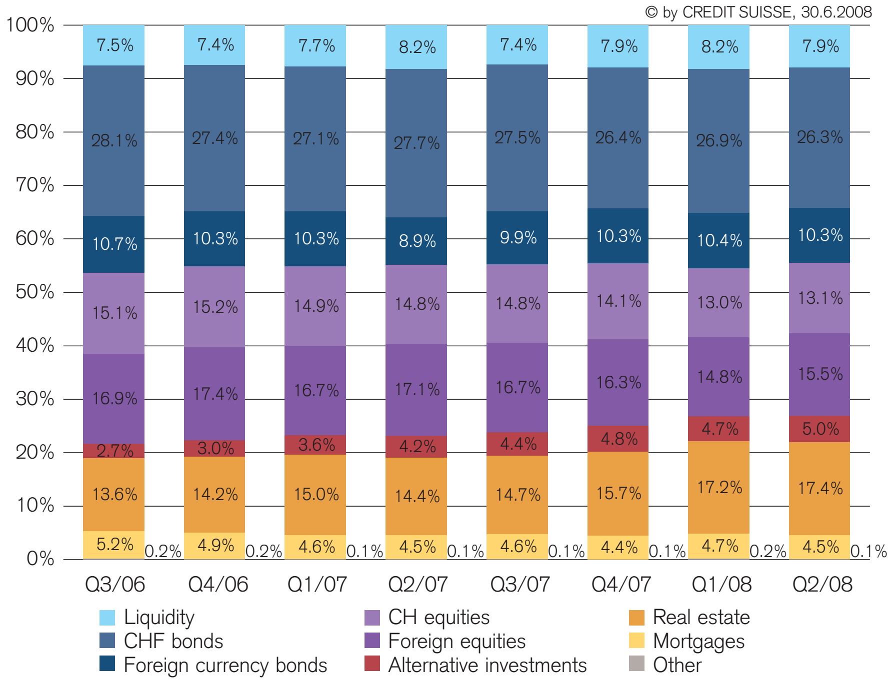
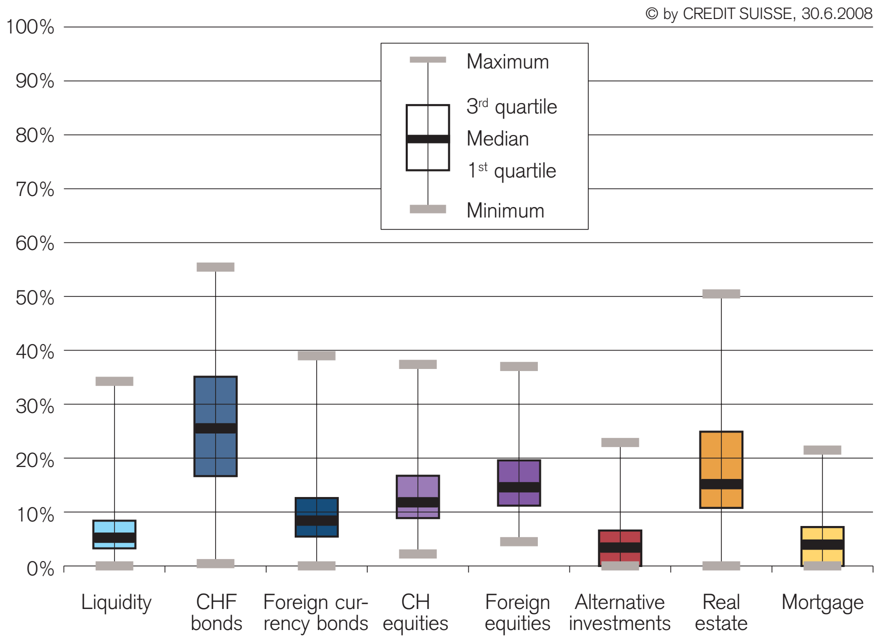


Chart 4: Minimum and maximum values 2nd quarter 2008



Currency Allocation

All the main currencies gained ground to a greater or lesser extent against the Swiss franc. The CHF component fell slightly by 0.47% to 74.90%, while the weightings for the EUR (+1.51%), USD (+6.26%), GBP (+8.65%) and JPY (+8.16%) all increased. "Other currencies" has been experiencing an unbroken downward trend for nearly two years, and fell to a multi-year low this quarter.

Chart 6 shows two notable changes from the previous quarter. The minimum in CHF rose from approximately 32% to around 38% and the EUR maximum dropped from almost 50% to 34%.

Chart 5: Development for the last eight quarters

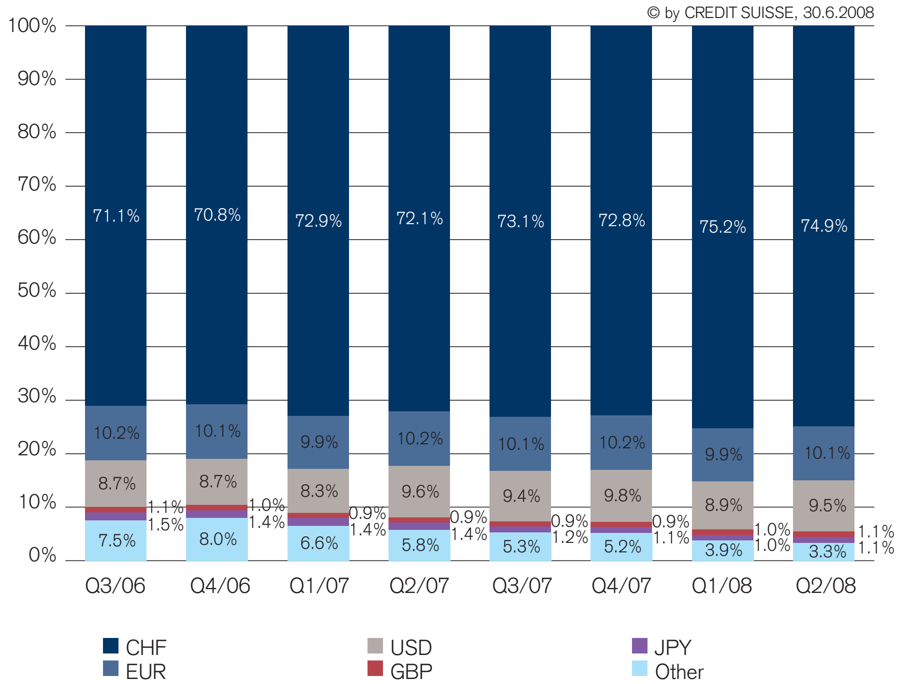
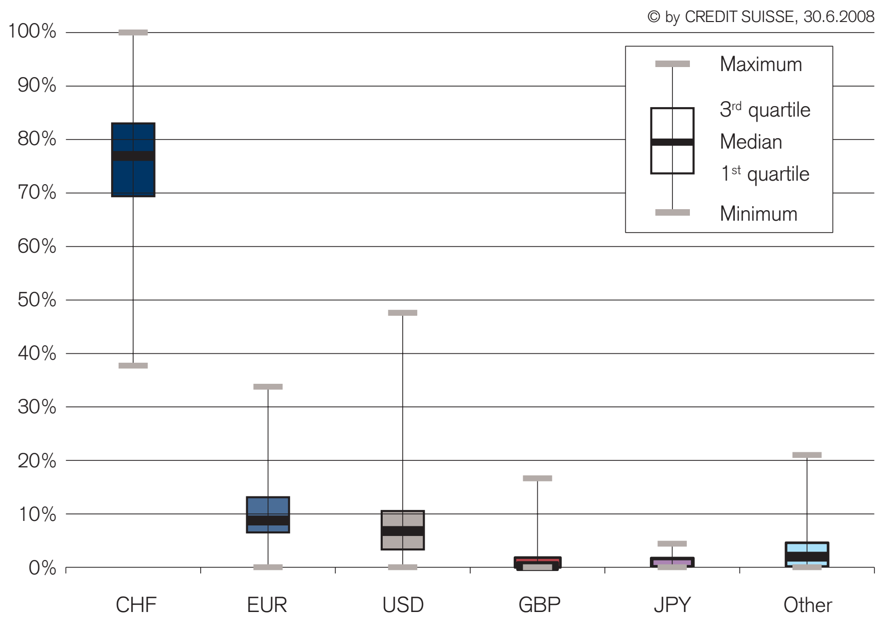


Chart 6: Maximum and minimum values previous quarter

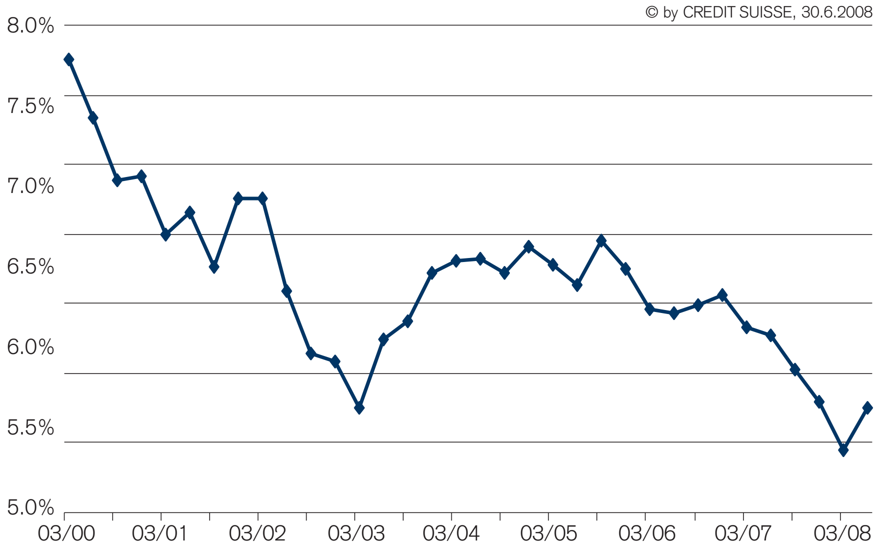


Expected Absolute Risk

PFs with Higher Level of Risk

From chart 7, it is clear that the expected absolute volatility (i.e. risk) was almost 8% at the beginning of 2000. This 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 from the last quarter of 2005, a decrease in risk and volatility became evident – a trend that continued unabated in the quarter under review. After a downward trend of almost three years in expected risk, the last quarter brought a noticeable countermovement with expected risk rising from 4.99% to 5.26%.

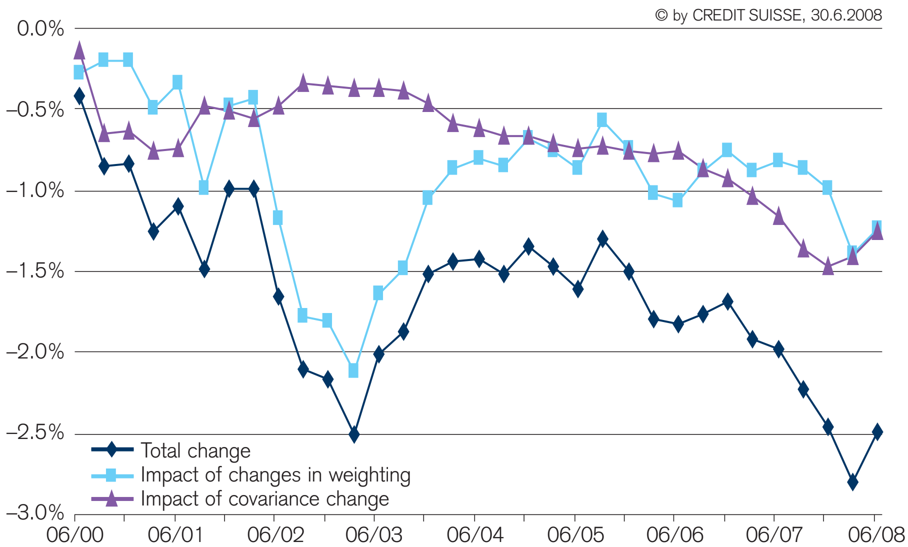
Chart 7: Expected volatility per reference day (annualized)



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 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 2002 and 2003 – were caused mainly by adjustments to asset allocation. The increase in risk witnessed from the middle of 2003 to September 2005 – reduced 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 following 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 of 2006, even canceled by the impact of the changes in the pension fund weightings. In the last two quarters anticipated volatility started rising as a consequence of the turbulence

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



on the markets, but the pension funds overcompensated this trend by actively shifting weight to other asset classes, which generally did reduce volatility. The picture for the reporting period is rather interesting. A renewed increase in market volatility is now further supported by the fact that pension funds are actively taking on more risk, which explains the substantial increase in the cumulative risk.

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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