CREDIT SUISSE | ASSET MANAGEMENT

CSAM Swiss Pension Fund Index

Global Investment Reporting
3rd Quarter 2005

CSAM Swiss Pension Fund Index

Performance of Swiss pension funds based on Credit Suisse Asset Management's global custody data as at September 30, 2005

Index versus Mandatory Minimum Rate of Return Since January 2000

The CSAM Swiss Pension Fund Index (red line in chart 1a) continued to perform very well in Q3 2005 and gained 3.98 percentage points (3.63%) from 109.62 to 113.60 to reach a new high since the establishment of the index. The past quarter was thus the fifth consecutive quarter showing a positive result, and was also the best quarter of these five. At the same time it was the third best quarter since the establishment of the index (after Q2 2003 with +6.71 percentage points and Q4 2001 with +4.56 percentage points). It also shows the greatest quarterly growth after an already successful previous quarter, i.e. there was no catching-up effect. Extrapolated assets under management of Swiss pension funds for Q3 2005 therefore increased by around CHF 19.5 billion to more than CHF 560 billion.

The BVG/LPP minimum rate of return (the blue line in chart 1a, rebased to 100 as at January 2000) rose a further 0.74 percentage points from 120.23 to 120.98 during the period under review. As the index again performed significantly better in Q3 2005 than the statutory requirement of 2.5% (since 1.1.2005), the performance gap also narrowed compared to the previous quarter, falling a further impressive 3.24 percentage points from 10.61 to 7.37 and thus reaching the realm of single digits again.

The good performance of the past months means that the gap could be narrowed by 9.37 percentage points in the space of one year.

Chart 1b shows a differentiation between the following segments:
<CHF 150 million, CHF 150–500 million, CHF 500 million–CHF 1 billion and

Chart 1a: CSAM Swiss Pension Fund Index

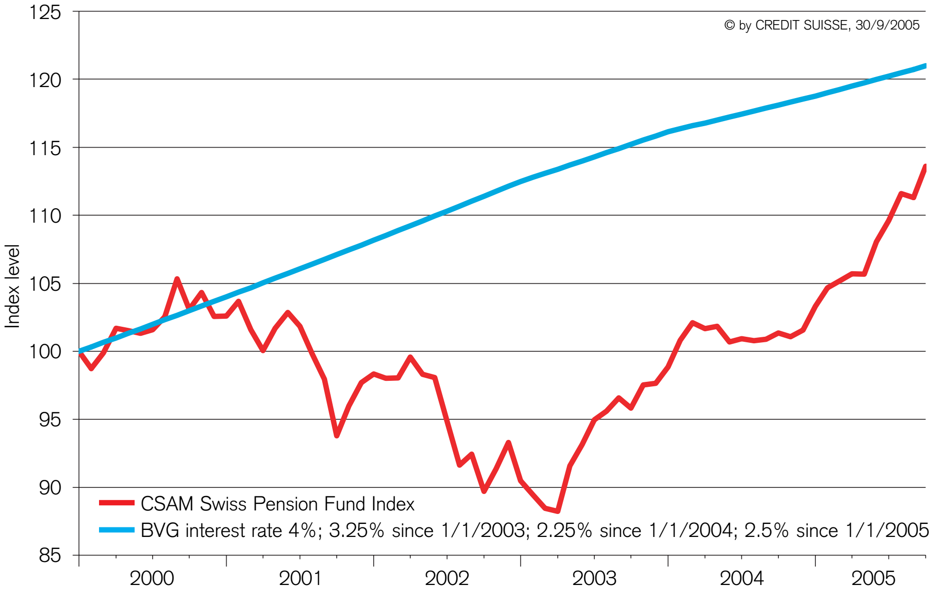


Table 1

	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				9.98%*	13.60%

* YTD

>CHF 1 billion. At a plus of 4.12 percentage points (+3.63%), pension funds with assets under management of CHF 150–500 million again turned in the best quarterly performance in absolute terms, with a new top-placed index level of 117.63. However, in relative terms the category <150 million achieved the best relative performance at +3.69% (+4.03 points to an index level of 113.37) due to the baseline effect, followed by the categories 500 million–1 billion (+3.96 points to 112.48) and >1 billion (+3.70 points to 112.18).
The impressive performance in the quarter under review also means that the gap to the BVG/LPP target narrowed by between 2.96 and 3.38 points in all categories compared to the starting date in 2000.

Risk/Return Positions

Compared with the previous quarters, the rising curve of the annualized risk/return ratios of individual pension funds on specific reference dates since January 2000 (see chart 2a) has started to change, but still does not conform to the current theory that higher risk is rewarded with a higher return. Given the positive performance of the past five quarters, a closer look shows that the straight line has shifted gradually upwards by almost 2% and has also become slightly flatter. Based on the fact that the accumulated data only goes back to the year 2000, it will still take a while before the inclination of the line reflects the theory. The weak financial markets in the years 2001 and 2002 will leave their mark on this graph for some time to come.
The constantly updated two-year overview (chart 2b, 30.9.2003 – 30.9.2005), which

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

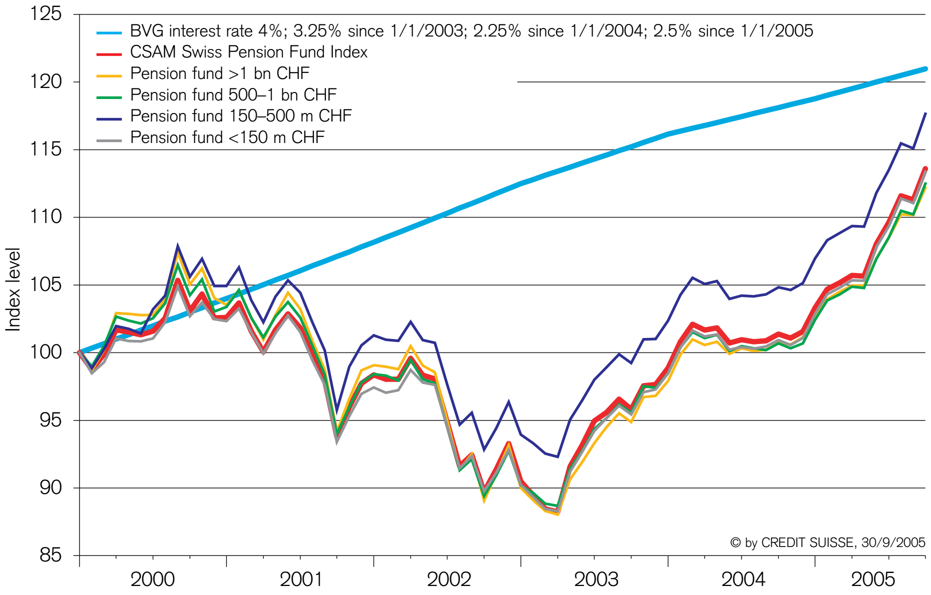
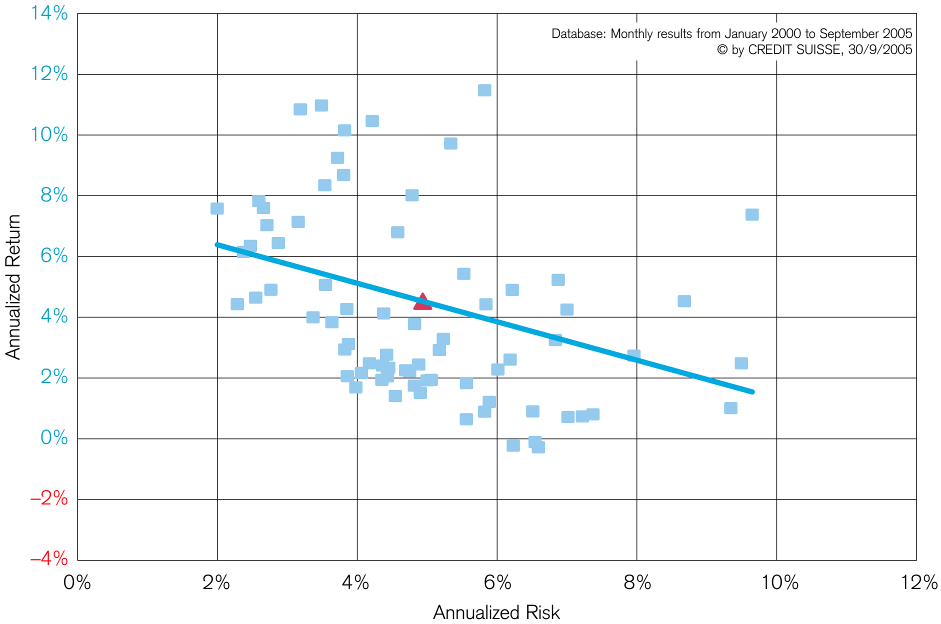


Chart 2a: Annualized risk/return comparison;
Monthly results from January 2000 to September 2005



is given here for the second time, shows a totally different picture. As the period of observation is shorter, this overview shows the strong recovery of the past two years. The straight line confirms the theory that higher risk reaps higher returns. The shorter observation period, which corresponds to a period of strong recovery, means that the inclination of the line clearly reflects this theory. The line will flatten as soon as this observation period starts to include weaker quarters.

Asset Allocation

Liquidity fell by a further 0.2% to 6.7%. Also, compared to Q2 2005, the ratio of Swiss francs to foreign currencies again changed in favor of the foreign component. Although the CHF bond exposure fell by only 0.9% against the previous quarter, the cumulated decline of 3% over 12 months has more of an effect. The weighting of Swiss equities remained more or less unchanged compared to the previous quarter. Foreign currency bonds were reduced by 0.4% in favor of foreign equities which rose by 1.70% and now have a higher weighting of 3.6% than a year ago. The weighting of both the real estate and mortgage components dropped slightly by 0.15% and 0.18% respectively, while alternative investments again make up less than 2% of the portfolio after a reduction of 0.24%. The "other" category (e.g. commodities) rose from 0.46% to 1%, which in nominal terms represents small but significant growth.

The asset allocation spread for the quarter under review shows that the change in the minimum position per asset category is not worth mentioning, but that the maximum position has changed for three categories.

Chart 2b: Annualized risk/return comparison; rolling two-year review monthly results from September 2003 to September 2005

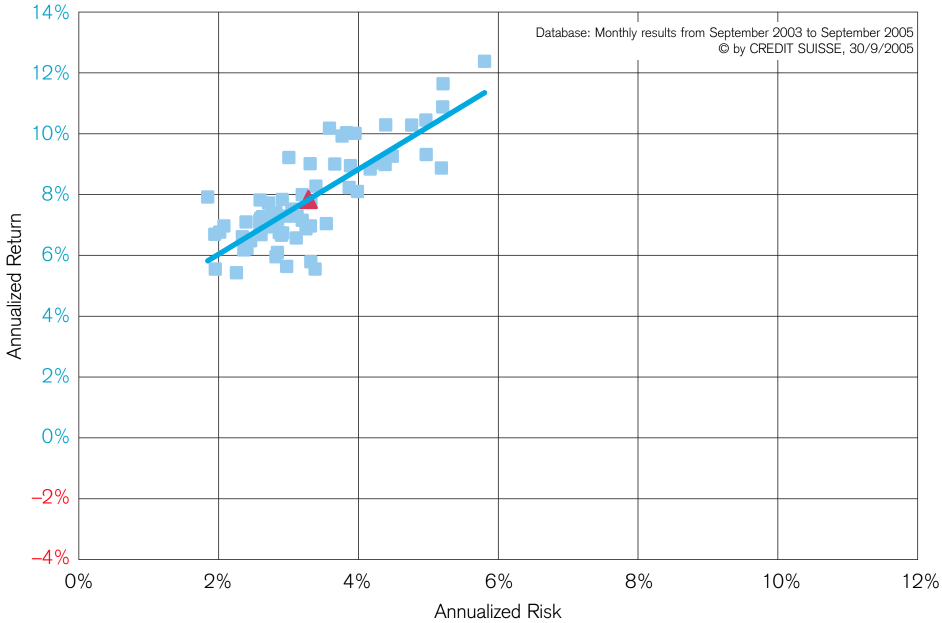
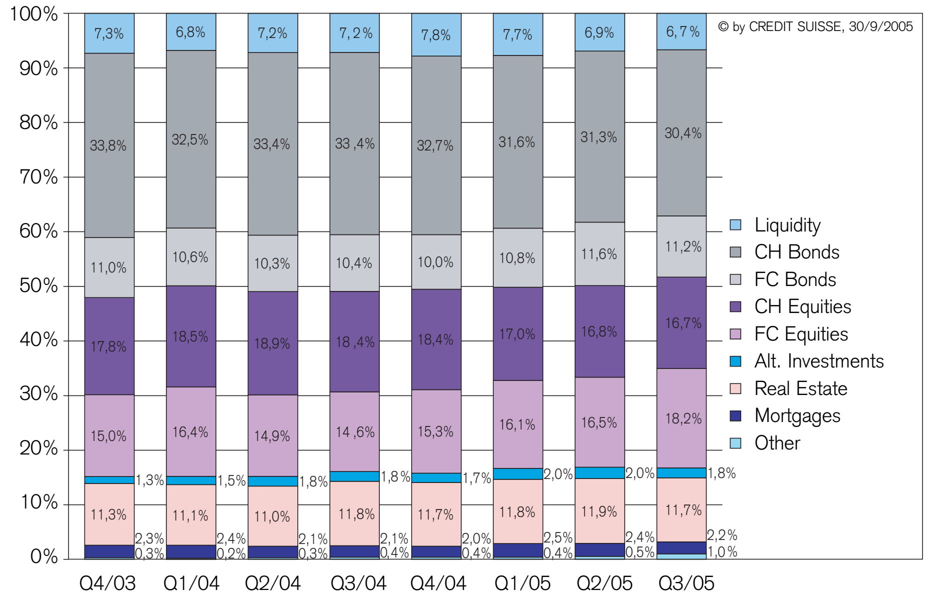


Chart 3: Asset allocation last eight quarters



The maximum position for foreign equities increased strongly from 44.0% to 51.7% and for Swiss equities from 42.3% to 48.1%.

Currency Allocation

As demonstrated by the changes in the asset allocation overview (chart 5), the CHF proportion has fallen again by 1% in the period under review. Compared to Q3 2004, this amounts to a cumulated 4% reduction in the weighting of the Swiss franc. The EUR weighting remained unchanged, while USD increased by 0.6% and JPY jumped ahead to 2%.

Chart 4: Minimum and maximum values 3rd Quarter 2005

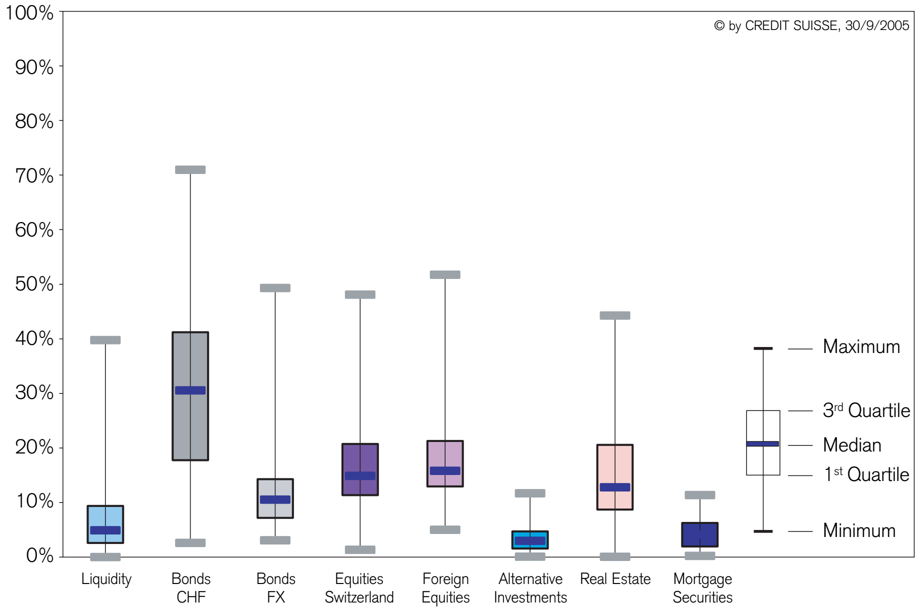


Chart 5: Development over last eight quarters

An examination of chart 6 shows that the 5.9% JPY maximum has risen to 8.4% again. The CHF minimum fell from 36.3% to 27.4%, i.e. at least one pension fund has only 27.4% of its assets invested in CHF. Quartiles 2 and 3 and the median have remained more or less unchanged for all other currencies.

Expected Absolute Risk

From chart 7 it is clear that the expected absolute volatility (in other words the 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 pension funds included in the CSAM Pension Fund Index subsequently rose continuously to around 6.35% at the end of 2003. Risk, i.e. volatility, has increased again in the quarter under review. The pension funds included in the Index show an expected absolute risk of around 6.7% for their portfolios, approximately 0.35% more than three months ago.

Chart 6: Maximum and minimum values previous quarter

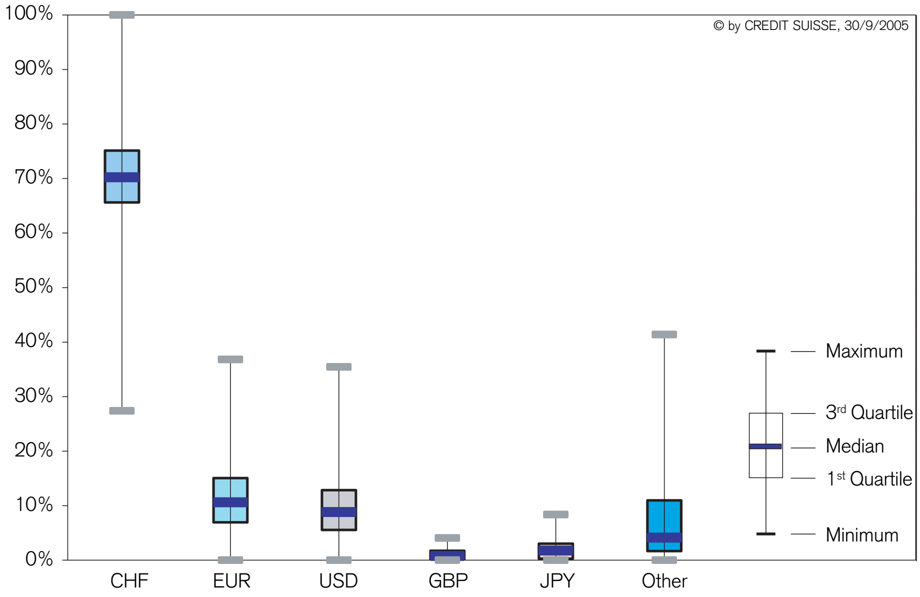
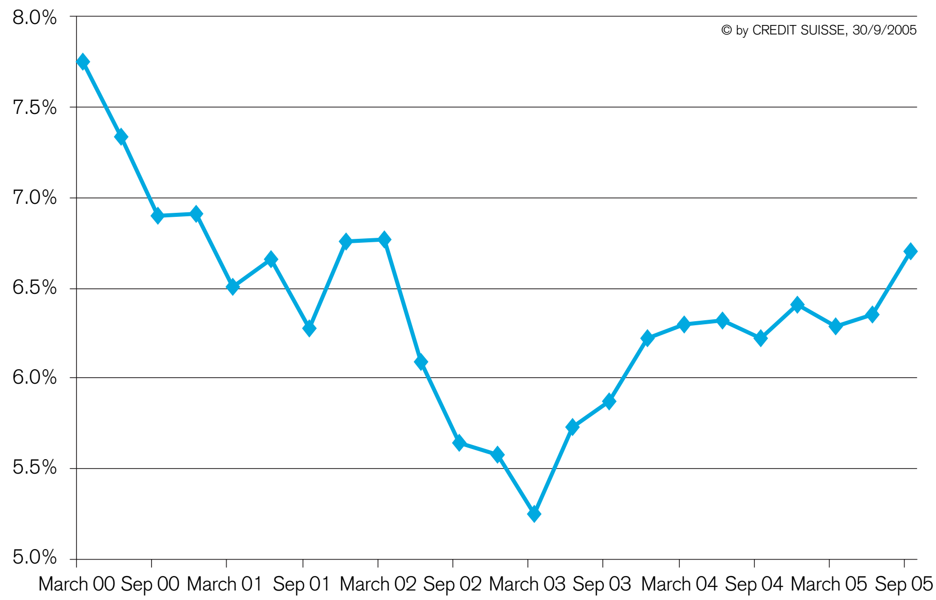


Chart 7: Expected volatility on reference date (annualized)



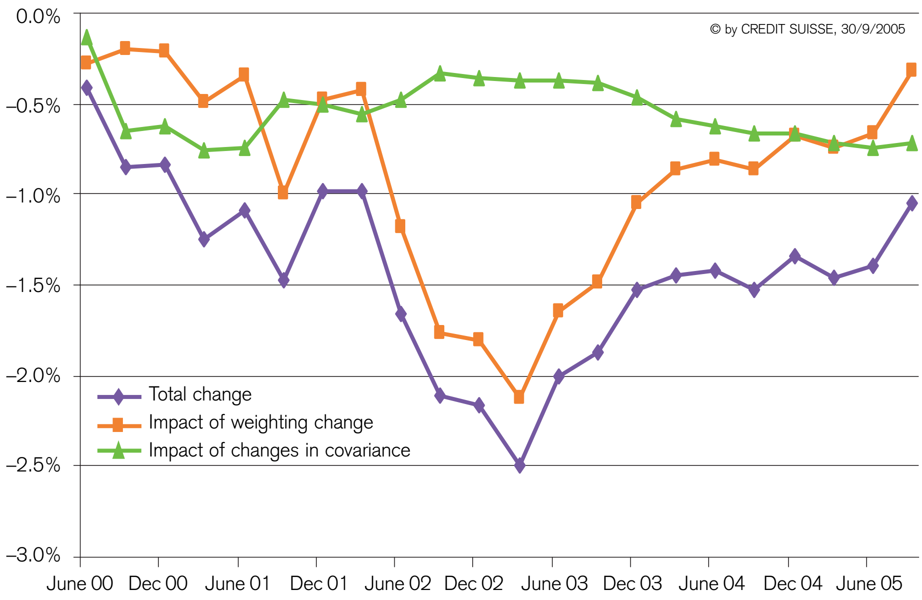
The expected absolute risk for each reference day corresponds to the anticipated volatility of the index. This was calculated on the basis of the spread of returns of selected indices as well their dependencies over the last 10 years, and on the index's corresponding asset allocation.

Chart 8 demonstrates that the reduction in risk (March 2000 to March 2003) and increase in risk (March 2003 to Sep 2005) cannot be explained merely by the calming of the markets and 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. In the same way the current increase in risk can be explained by the changed asset allocation weighting rather than any change in the covariance.

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 difficult to obtain.

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



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