Credit Suisse

Global Investment Reporting

Credit Suisse Swiss Pension Fund Index

3rd Quarter 2006

Performance of Swiss Pension Funds as at September 30, 2006

- Strong Third-Quarter Performance
- Marked Change in Risk/Return Chart
- Real Estate Still Popular

Index

Performance of Swiss Pension Funds based on Global Custody data of Credit Suisse as at September 30, 2006

Index versus Mandatory Minimum Rate of Return since January 2000

Strong Third-Quarter Performance

Thanks to buoyant market sentiment, the Credit Suisse Swiss Pension Fund Index (the blue line in chart 1a) weathered the setback in the second quarter of 2006 very well and continued to forge ahead in the quarter under review. Owing to a number of positive factors, the index (baseline of 100 as at Jan. 1, 2000) rose by 4.59 points or 3.94% in Q3 06 to stand at 121.07 points at end-September 2006. Thanks to this rise, the 2nd pillar assets managed by Swiss pension funds grew by almost CHF 23 billion to just over CHF 600 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 a further 0.76 points (or 0.62%) during the period under review, climbing from 123.24 to 124.00 points. As the index rose 3.32% more than the BVG/LPP target in Q3 06, the performance gap (based on the year 2000 baseline) was reduced significantly by comparison with the previous quarter: it narrowed to 2.93 points, down from 6.80 points three months earlier.

Chart 1a: Credit Suisse Swiss Pension Fund Index

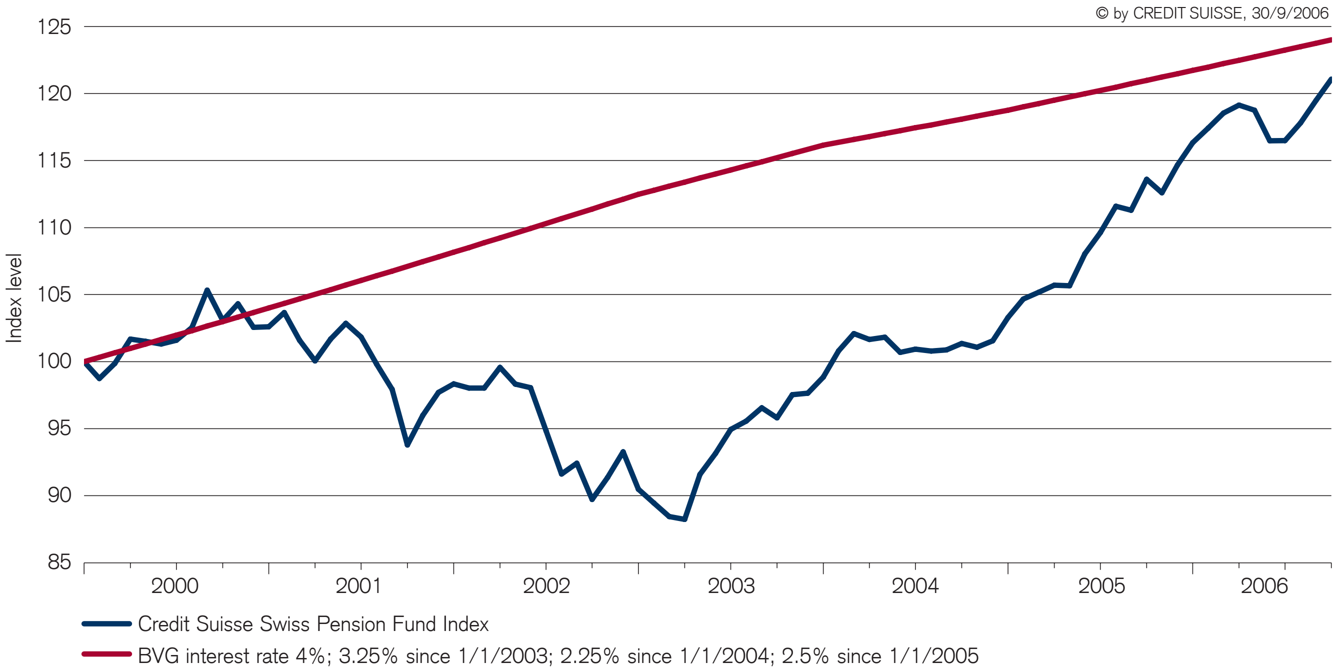


Table 1

	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	118.65	116.48	116.48	117.80	119.48	121.07				4.08%	21.07%

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

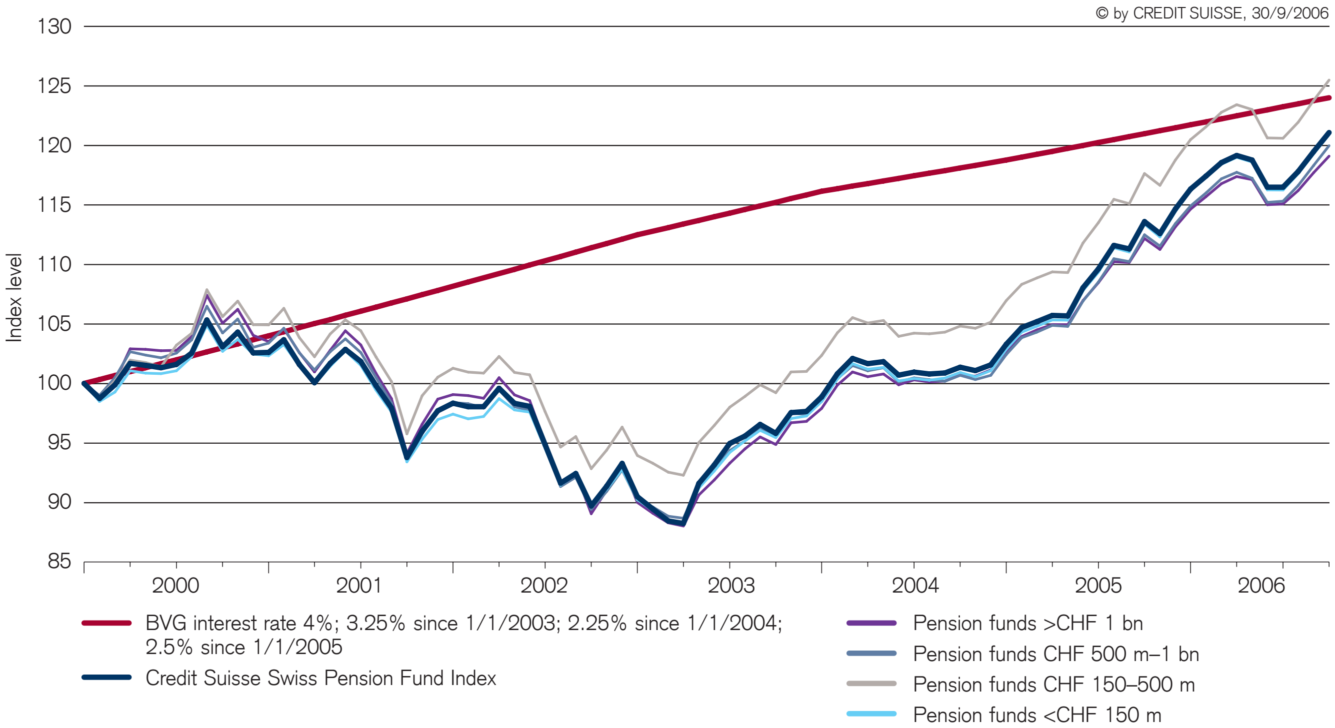


Chart 1b shows a breakdown by segments as follows: <CHF 150 m, CHF 150–500 m, CHF 500 m–1 bn, and >CHF 1 bn.

One Segment Over Target Again

Whereas in the previous quarter all segments had been below the BVG/LPP target (relative to the beginning of 2000), the CHF 150–500 m segment managed to exceed this target again in the period under review. In absolute terms, the category of pension funds with assets of CHF 150–500 m achieved the best quarter-on-quarter result. This segment's performance came to 4.89 points. It was followed by the CHF 500 m–CHF 1 bn segment (up 4.66 points) and the <CHF 150 m segment (4.65-point rise). In percentage terms, all three segments achieved very similar results in Q3 06 (4.00–4.05%). The >CHF 1 bn segment fell back slightly (4.03 points or 3.50%) in the reporting period.

The comparison for the third quarter of 2006 produces the following breakdown per category (change in points / change in percent / gap versus the BVG/LPP target in points as at 30.09.06, see chart below).

Category	Change in points	Change in percentage	Gap to the BVG/LPP target as at September 30, 2006
>CHF 1 bn	+4.03 points	+3.50%	–4.90 points
CHF 500 m–1 bn	+4.66 points	+4.05%	–4.03 points
CHF 150 m–500 m	+4.89 points	+4.05%	+1.48 points
<CHF 150 m	+4.65 points	+4.00%	–3.11 points

Risk/Return Positions

In the risk/return overview we show the rolling five-year and two-year overview. 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, 2002 are not taken into account in the five-year rolling observation period (30.9.01–30.9.06), though they do form part of the rolling two-year observation period.

Marked Change in Risk/Return Chart

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), reflects a considerable change from three months previously. Whereas one quarter that returned a very poor performance (1.7.01–30.9.01) has dropped out of the rolling calculation, a very strong quarter (1.7.06–30.9.06) is now included. For one thing, this means that the straight line – which for a very long time failed to reflect current theory – now exhibits the inclination predicted by the theories, thus demonstrating that higher risk goes hand in hand with higher yields. For another, the line has risen by an impressive 2% to about 4%, though there has been little change in the dots indicating the annualized risk/return ratio (in terms of risk, i.e. along the horizontal axis).

Steepening of the Two-Year Line

The overview of the rolling two-year line (chart 2b, 30.9.04–30.9.06) impressively confirms the theory that higher risk is rewarded by higher returns. Since this overview covers a shorter period, it is more sensitive to market changes. We can see from the chart that the line became slightly steeper in the reporting period. Moreover, the variation in risk lessened and now ranges across 3.53% (from 2.12% to 5.65%; range in previous quarter: 3.8%, from 2% to 5.8%). Following the markets' good performance in the period under review, it is hardly surprising that the entire line has moved upwards slightly, reflecting a somewhat higher return.

Chart 2a: Annualized risk/return comparison; rolling five-year review monthly results from September 2001 to September 2006

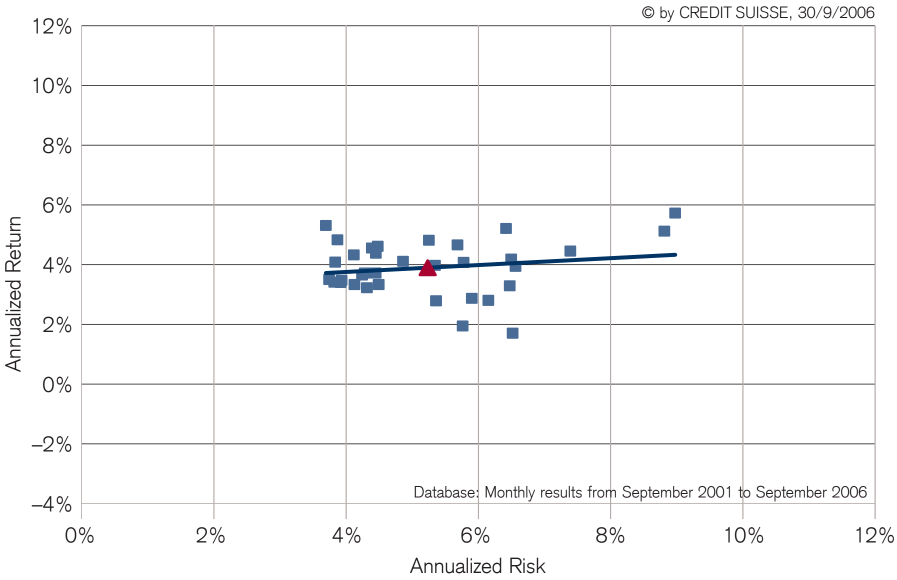
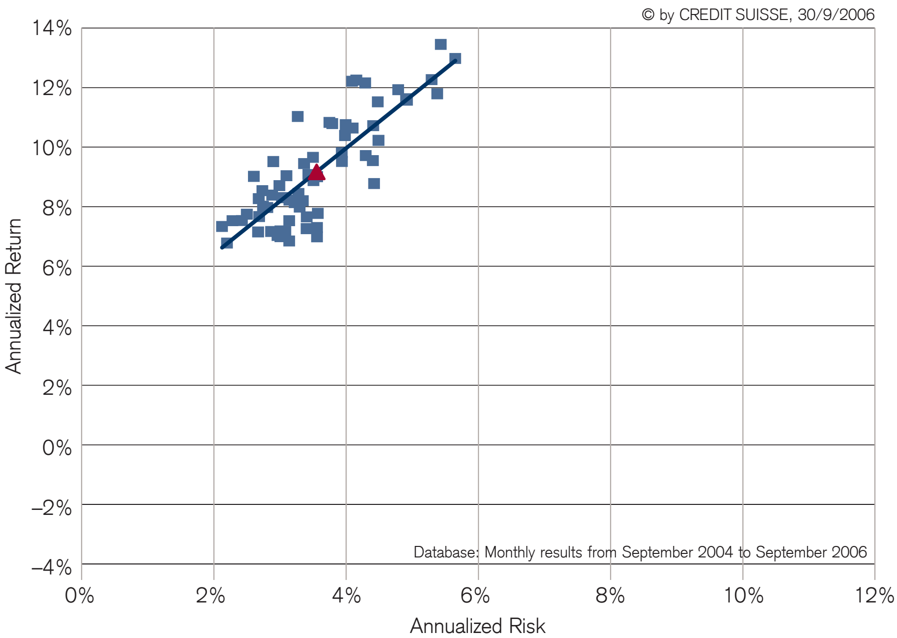


Chart 2b: Annualized risk/return comparison; rolling two-year review monthly results from September 2004 to September 2006



Asset Allocation

A conspicuous feature of the asset allocation overview is the moderate quarter-on-quarter increase in the relative weighting of real estate (from 13.4% to 13.6%) even though the equity markets in particular recorded a healthy performance. As a result, the real estate allocation in the Credit Suisse Swiss Pension Fund Index rose to a new high. There was little change in the exposure to CHF bonds (down from 28.29% to 28.12%) or to foreign-currency bonds (down from 10.86% to 10.70%). The decrease in these two asset classes triggered a slight rise in the weightings of Swiss equities (up from 14.77% to 15.07%) and foreign equities (up from 16.53% to 16.85%). The fact that equity exposure increased only slightly in the review period despite booming stock markets points to net sales of shares. The exposure to alternative investments receded again – from 1.83% to 1.61%. The latter figure is 0.4% below the peak of 2.05% reached at the end of Q2 05. There were no significant changes in the mortgages, liquidity or "other" categories.

Real Estate Still Popular

The overview of asset allocation spread shows little change. The only noticeable change is that the minimum holding for foreign equities has been raised from 1.61% to 5.10%. This means that every legal entity represented in the index must have an exposure of at least 5.1% in non-Swiss stocks.

Chart 3: Asset allocation last eight quarters

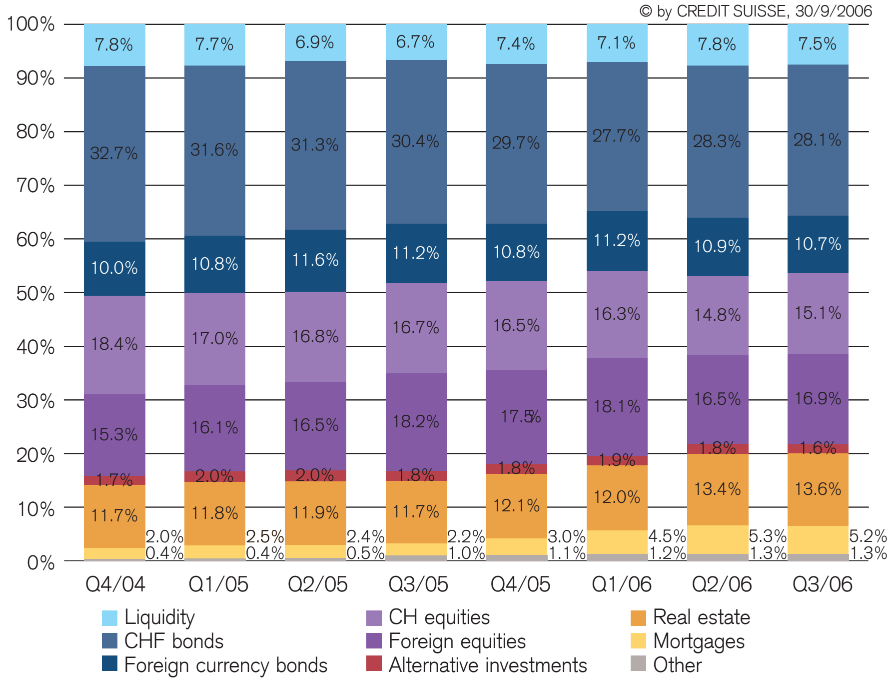
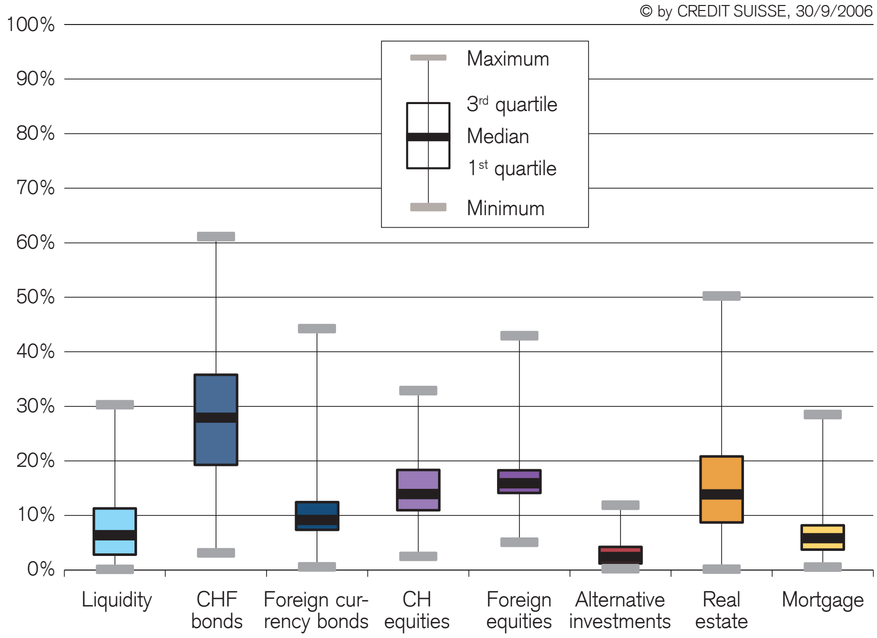


Chart 4: Minimum and maximum values 3rd Quarter 2006



Currency Allocation

The currency allocation also shows no significant change. The Swiss franc weighting eased by 0.8%. While the euro allocation remained virtually unchanged (+0.1%), the USD weighting increased by 0.3% to 8.7%. The exposure to other currencies rose from 7.0% to 7.5%.

Chart 6 shows little significant change from the previous quarter.

Chart 5: Development over the last eight quarters

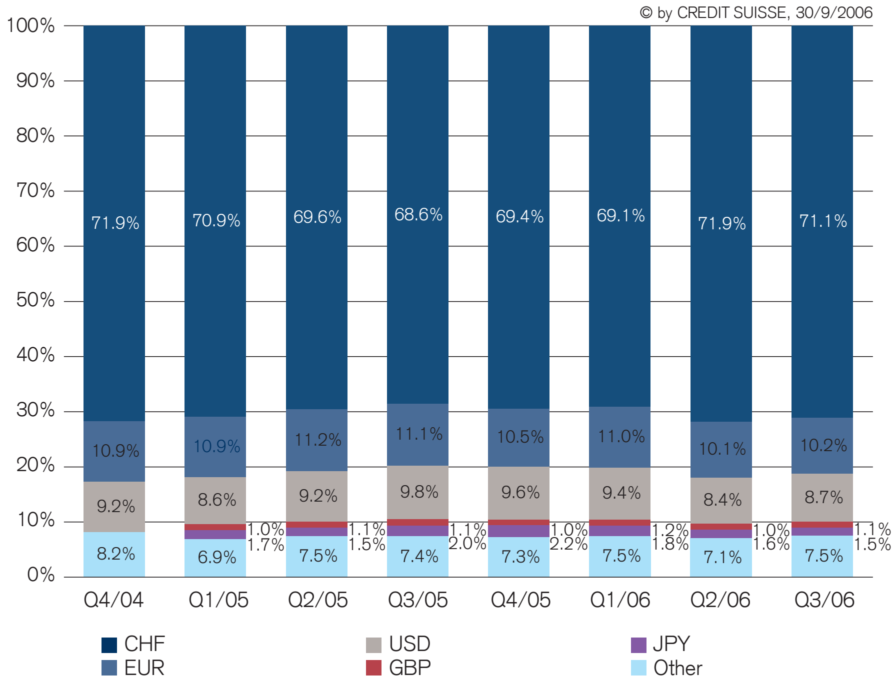
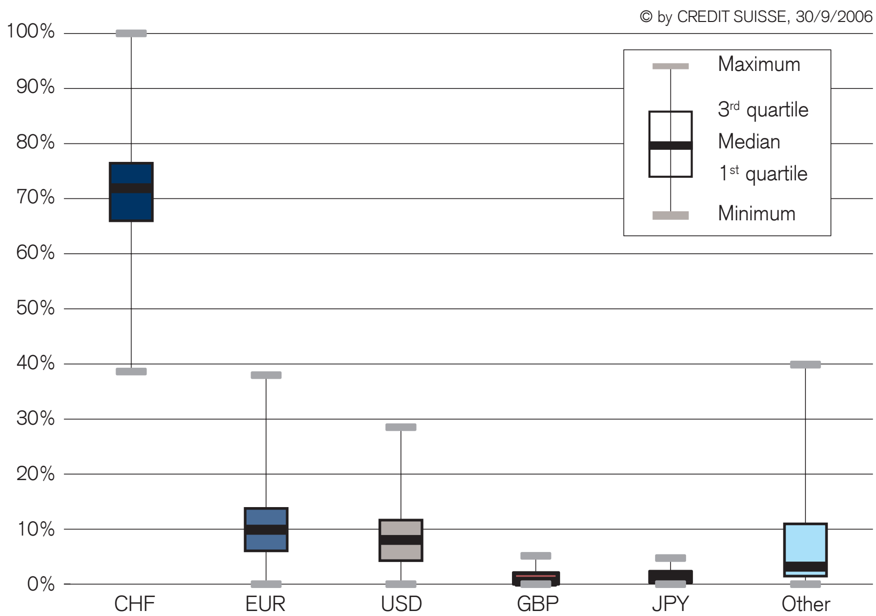


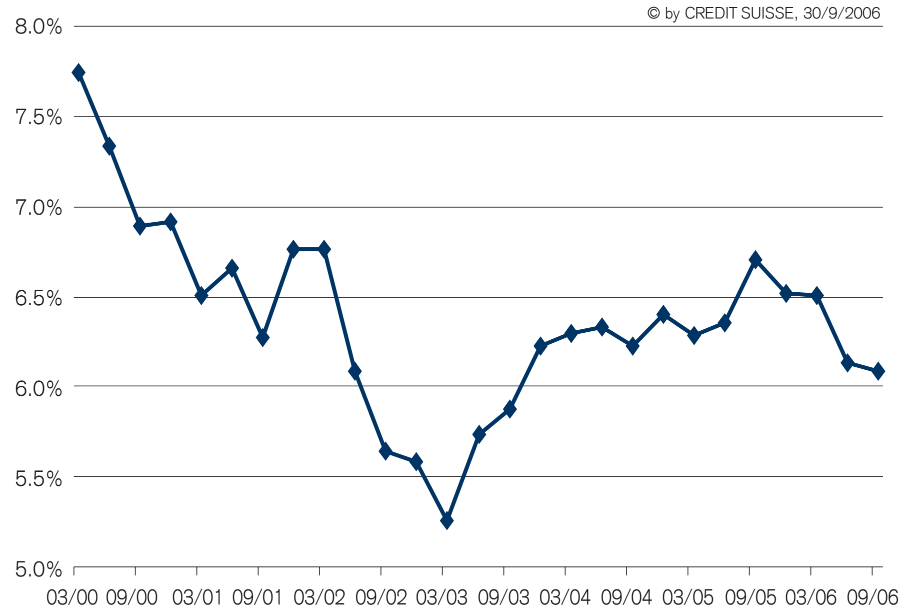
Chart 6: Maximum and minimum values previous quarter



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 6.70% by September 2005. As of the last quarter of 2005, a decrease in risk and volatility became evident – a trend that continued (though in a less pronounced form) in the third quarter of 2006. At the end of September 2006, the funds included in the index exhibited an expected absolute risk of 6.08% in their portfolios. This was 0.05% less than three months previously.

Chart 7: Expected volatility per reference day (annualized)

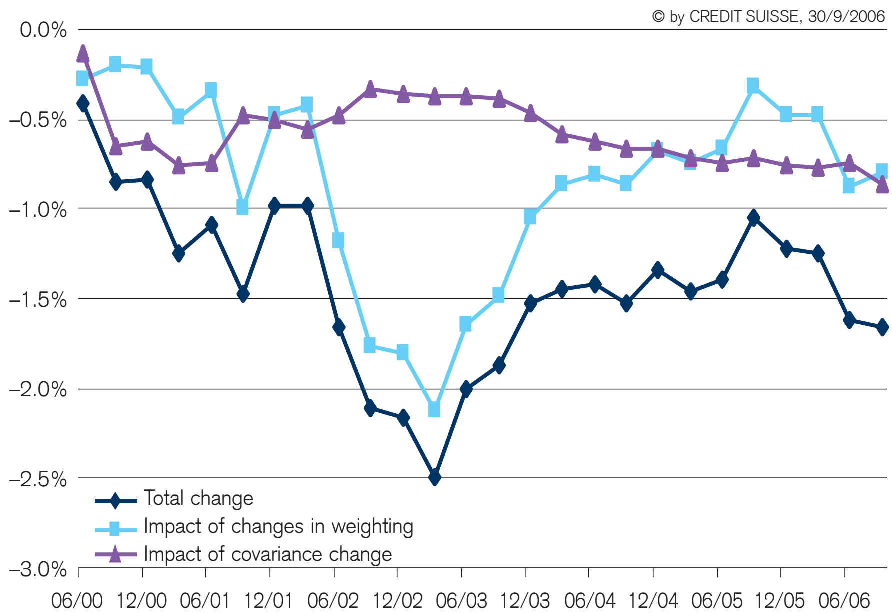


The expected absolute risk for each reference date corresponds to the anticipated volatility of the index. This was calculated on the basis of the spread of returns of selected indices as well their dependencies over the last 10 years, and on the index's corresponding asset allocation.

Risk Still Decreasing

Chart 8 demonstrates that the reduction in risk (March 2000 to March 2003) and increase in risk cannot be explained merely by the calming of the markets and their dependencies, i.e. a lower level of volatility. 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 in the three previous quarters the reduction in risk was caused both by covariance changes and adjustments to weightings, in the period under review an increase in risk due to covariance changes was partly offset by weighting changes. The net result is another slight decrease in risk, with volatility reducing to 6.08% as mentioned above.

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