Global Custody Solutions

Credit Suisse
Swiss Pension Fund Index

3rd Quarter of 2008

Performance of Swiss Pension Funds as of September 30, 2008

- Declining 3rd quarter 2008
- Another new high for real estate and alternative investments
- Bonds increase substantially

Credit Suisse Swiss Pension Fund Index 3rd Quarter of 2008

Index

Performance of Swiss Pension Funds Based on Global Custody Data of Credit Suisse as of September 30, 2008

Index versus Mandatory Minimum Interest Rate Since January 2000

Cool September

The Credit Suisse Swiss Pension Fund Index (blue line in chart 1a), which started with a baseline of 100 at the beginning of 2000, receded 1.88 points or 1.58 % to 117.76 points in the third quarter of 2008. At –3.96 points (–3.25 %), September was the weakest month and more than canceled out the improvement recorded in July (+1.00 point or 0.84 %) and August (+1.07 points or 0.89 %). Seen overall, the index lost 8.67 points or 6.92 % in the nine months since December 31, 2007.
The minimum BVG/LPP interest rate (the red line in chart 1a, also rebased to 100 as of January 2000) rose by another 0.88 points (or 0.68 %) during the period under review, climbing from 129.63 to 130.52 points. As the index moved downward in the third quarter of 2008, the gap with respect to the BVG/LPP target increased by 2.26 % or 2.77 points. Compared to the start date in 2000, the gap between the index and the minimum BVG/LPP interest rate rose by 12.75 points or 9.78 % in the first three quarters of 2008.

Chart 1a: Credit Suisse Swiss Pension Fund Index

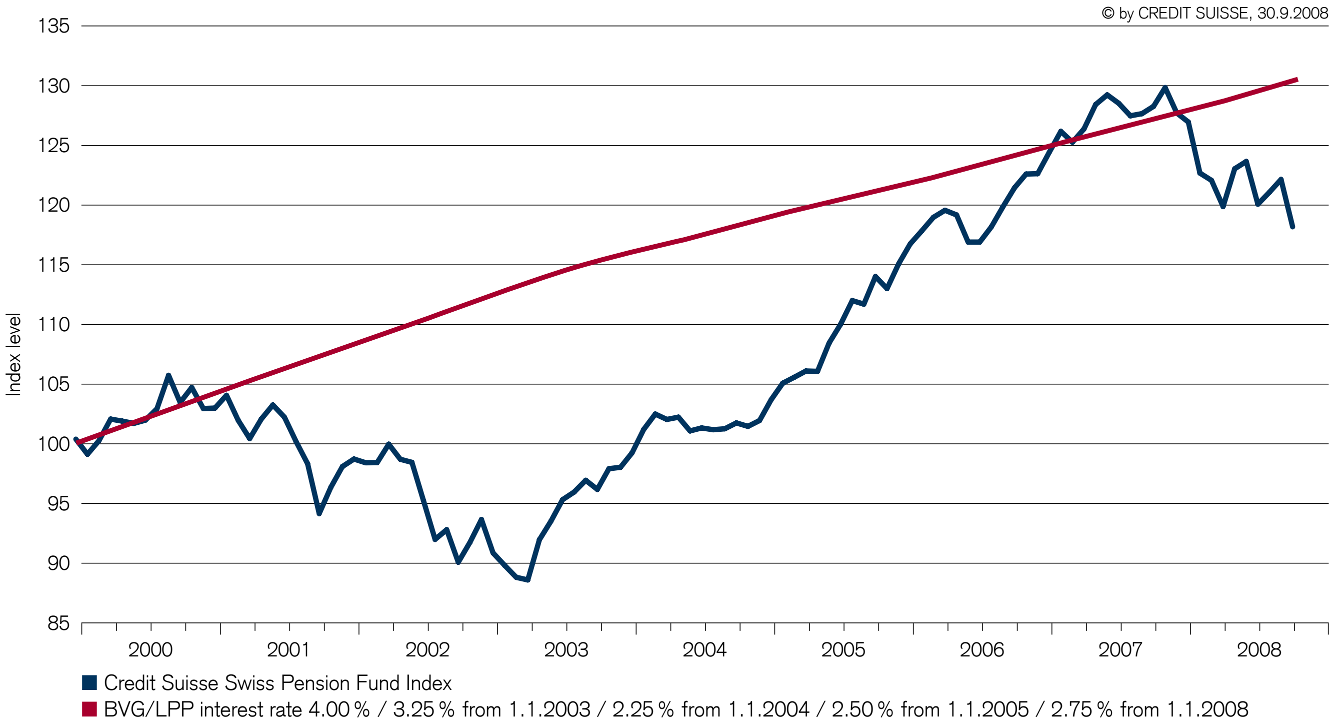
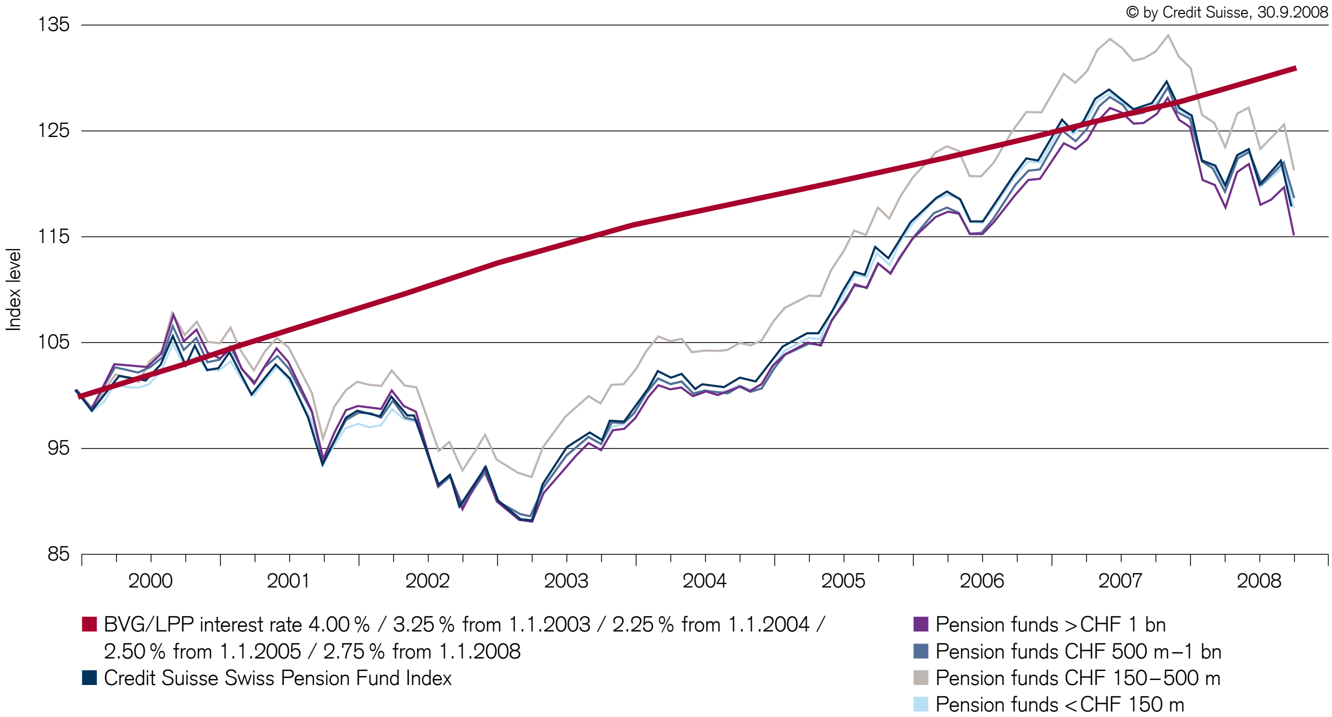


Table 1

	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	120.65	121.72	117.76				–6.92 %	17.76 %

Chart 1b: Credit Suisse Swiss Pension Fund Index Based on Segment Size



All Segments in Negative Territory

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

All segments reported losses in the quarter under review. From the end of June to the end of September 2008, the CHF 500 million–1 billion segment suffered the smallest loss at –1.23 points or –1.03 %. This was followed by the segment CHF 150 million–500 million, which fell by 1.74 points or –1.41 % and the segment < CHF 150 million, which was down by 1.78 points or –1.49 %. The largest loss of –2.82 points or –2.39 % was recorded by the segment > CHF 1 billion.

The 3rd quarter comparison of all segments reveals the following performance (change in points / change in percentage / spread versus the BVG/LPP target in points as of September 30, 2008; see table):

Segment Size	Change in Points 31.6.2008–30.9.2008	Change in Percent 31.6.2008–30.9.2008	Spread versus BVG/LPP Target in Points per 30.9.2008
>1 bn CHF	–2.82 points	–2.39 %	–15.40 points
500 m–1 bn CHF	–1.23 points	–1.03 %	–11.91 points
150 m–500 m CHF	–1.74 points	–1.41 %	–9.11 points
<150 m CHF	–1.78 points	–1.49 %	–12.88 points

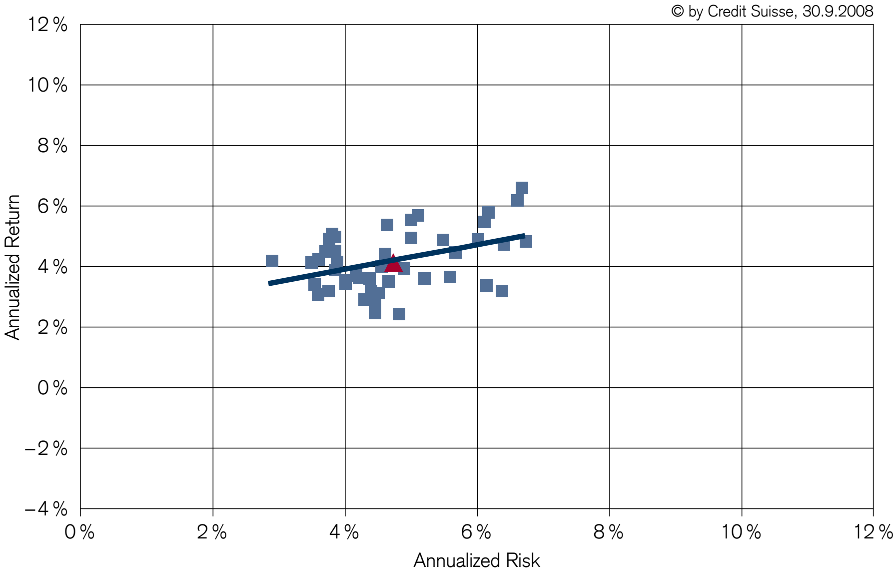
Risk / Return Positions

Slope Still Flattening

Our risk/return overview shows 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, 2006 are not taken into account in the five-year rolling observation period (1.7.2003–30.9.2008), but they do form part of the rolling two-year observation period.

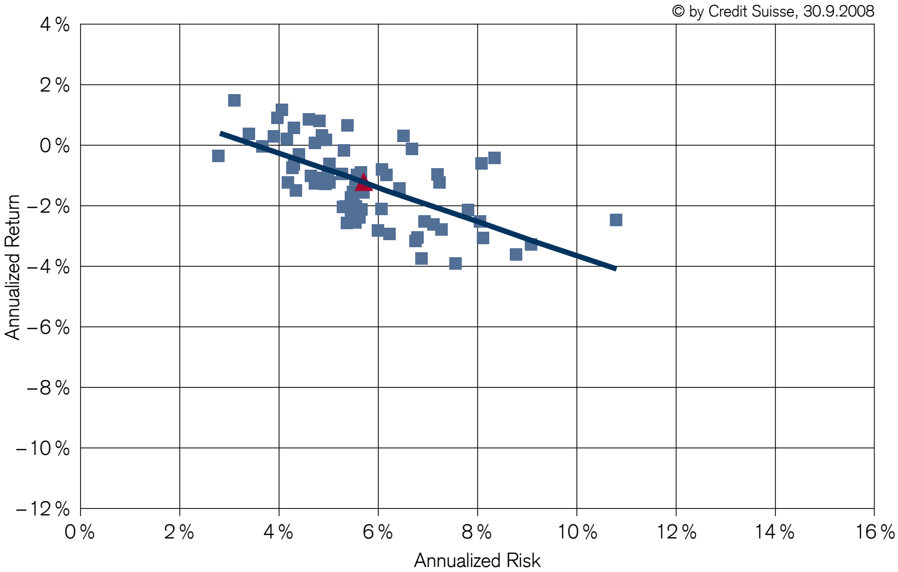
In spite of the weak financial markets of the past few months, the line representing the five-year observation period as of the reference date, which shows the annualized risk/return positions of individual pension funds (see chart 2a), still confirms the theory that higher risk is rewarded by higher returns in the long term. However, as the last five quarters were, with just one minor exception, all negative to very negative and very volatile, the slope of the straight line flattened even further, in particular because a positive quarter (3rd quarter of 2003) 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 previously mentioned. While the reduction in the annualized return had a smaller impact in the area of low-risk investments, the higher-risk segment suffered a decline in the annualized return of around 1.3 %. The annualized risk spread also dropped 0.31% (from 2.88 % to 6.74 %) and the yield spread fell by 0.93 % (lowest return 2.40 % / highest return 6.59 %). The points on the rolling five-year overview therefore became more closely clustered.

Chart 2a: Annualized Risk/Return Comparison; Rolling Five-Year Review Monthly Results from September 2003 to September 2008



Database: Monthly results from September 2003 to September 2008

Chart 2b: Annualized Risk/Return Comparison; Rolling Two-Year Review Monthly Results from September 2006 to September 2008



Database: Monthly results from September 2006 to September 2008

Negative Slope of Two-Year Line Increases Substantially

The rolling two-year line (chart 2b, 1.10.2006–30.9.2008), which is much more responsive to changes, looks much different again in the quarter under review, as the negative slope observed in the previous quarter has strengthened noticeably. It is particularly noticeable that the points representing the individual pension funds are clustered much closer around the straight line than in the previous quarters. This means that a lower annualized risk in past years has paid off almost without exception while in almost all cases a price had to be paid for a higher risk exposure. At 1% (from 2.79 % to 10.79 %), the increase in the risk spread (difference between the highest and the lowest annualized risk) is once again very pronounced. It is also striking that the average risk exposure changed only minimally while the annualized return fell by around 3 %. This is due to the fact that an excellent quarter (3rd quarter 2006) dropped out of the two-year comparison.

Asset Allocation

CHF Bonds Enjoy an Upswing

The asset allocation overview shows that the liquidity weighting was slightly less at 7.73 % as of September 30, 2008, in spite of the weaker financial markets. This leads to the conclusion that the available funds were invested. The exposure to CHF bonds increased significantly by 1.65 % to 27.96 %, while foreign bonds fell by 0.30 %. The exposure to Swiss equities fell slightly by 0.37%, while foreign equities dropped as much as 1.21%, thereby reducing the total exposure to equity by almost 1.6 %. Alternative investments, which started rising again in the previous quarter, reached a new high at 5.15 % (+0.19 %), as did real estate, which continued to jump from one record to another (+0.07%).

As in last quarter's report, the overview of asset allocation diversification shows three categories for the maximum values. The CHF bond minimum is now around 5 % and the maximum is almost 60 %, while the maximum exposure for both Swiss equities and foreign equities dropped around 5 % from the previous quarter.

Chart 3: Asset Allocation for the Last Eight Quarters

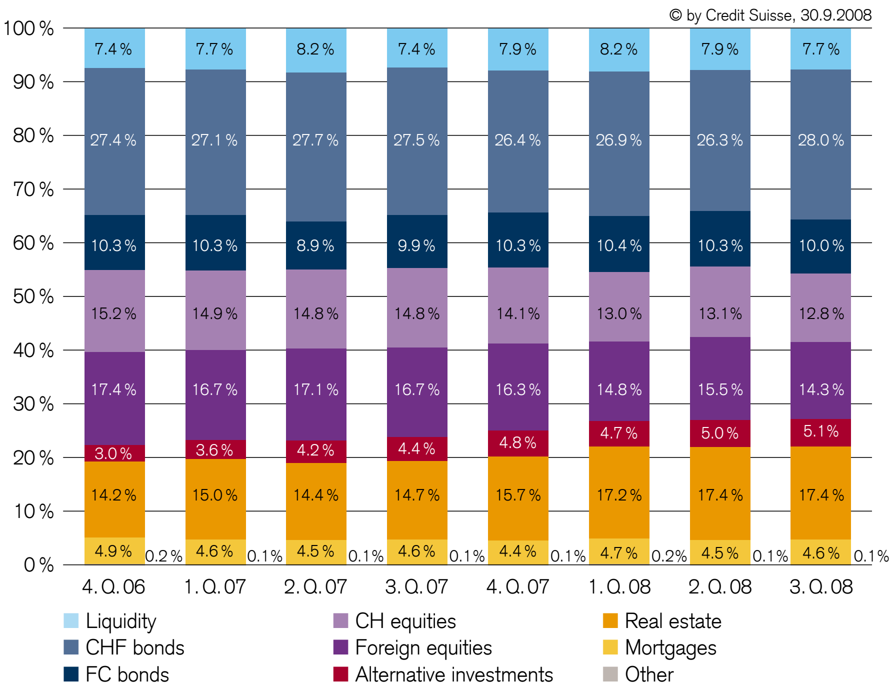
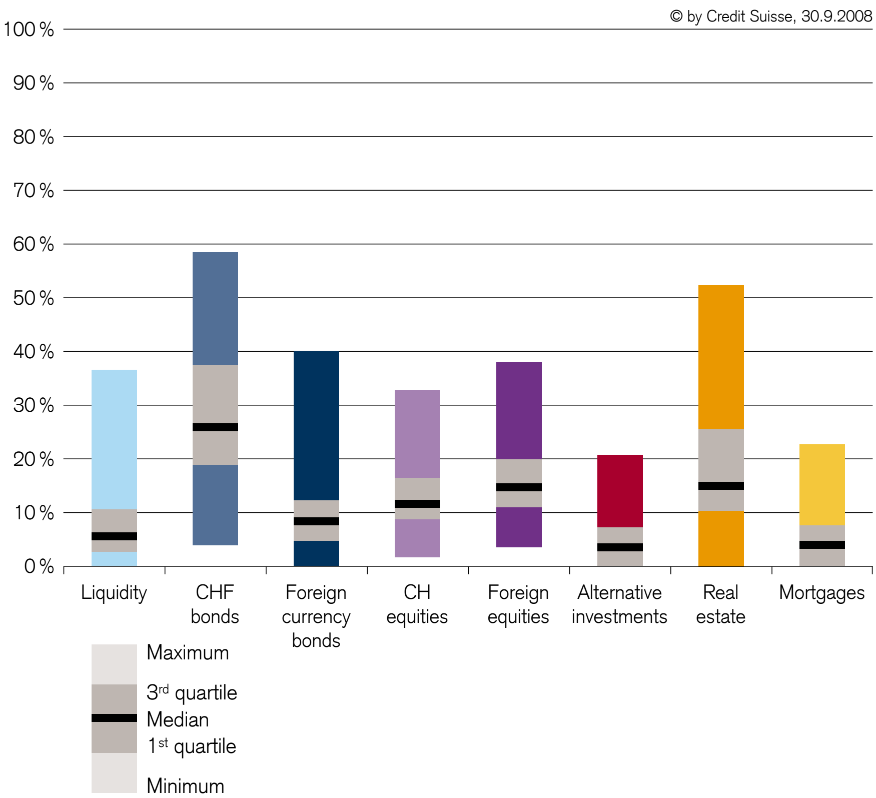


Chart 4: Minimum and Maximum Values 3rd Quarter 2008



Currency Allocation

The Swiss Franc as a Safe Haven

At almost 77%, the CHF component is higher than ever before. This increase was at the expense of the EUR (–0.7%), the USD (–1.18 %), which interestingly lost ground in spite of its strength, and the GBP (–0.07%).

Figure 6 shows that, compared to the previous quarter, the USD in particular lost much ground from a maximum of around 50 % to a maximum of around 30 %.

Chart 5: Development for the Last Eight Quarters

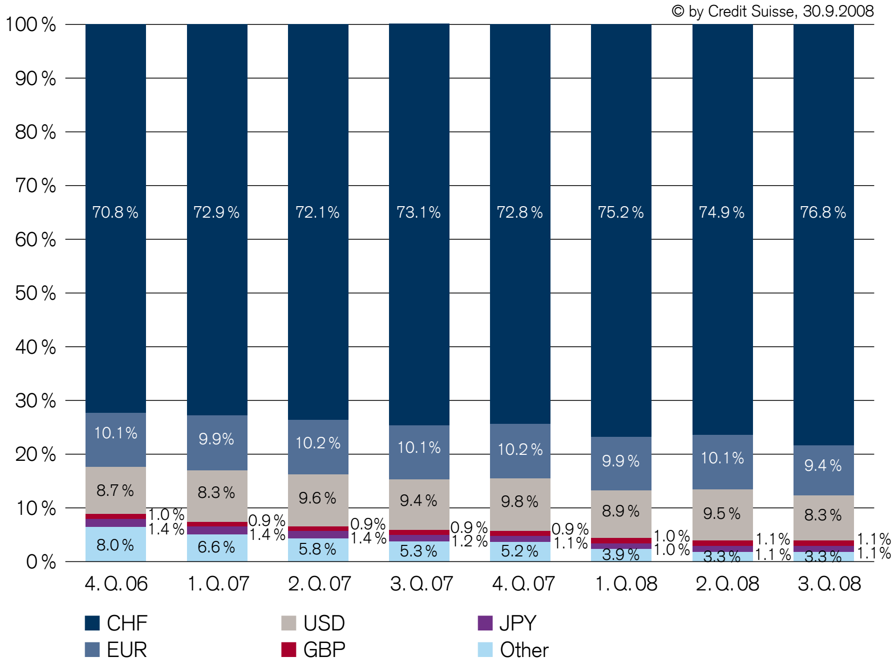
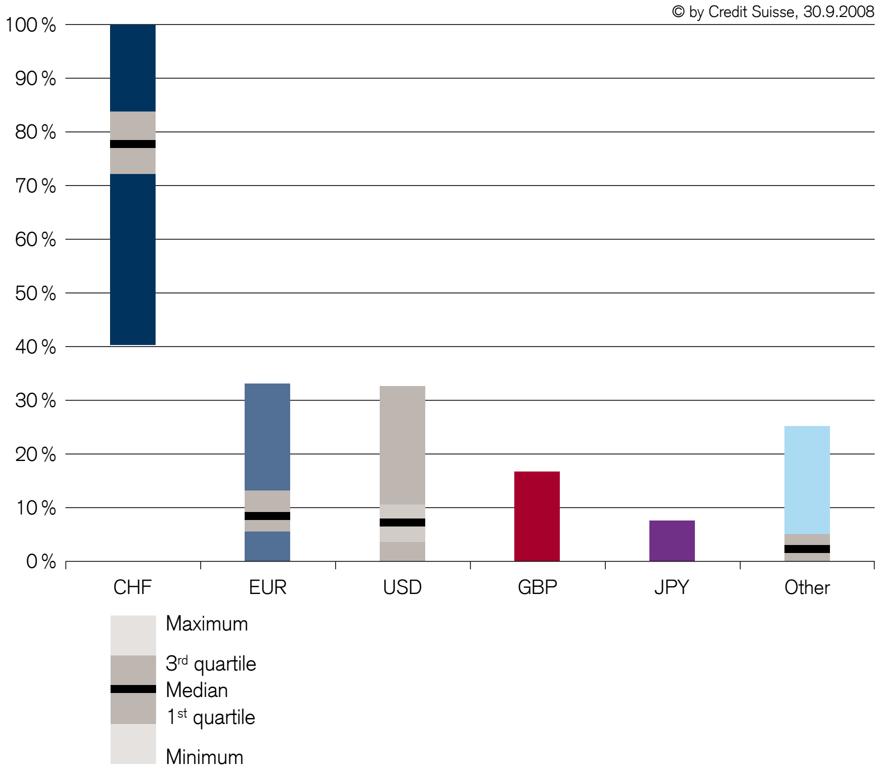


Chart 6: Minimum and Maximum Values 3rd Quarter 2008



Expected Absolute Risk

Pension Funds with Lower Risk

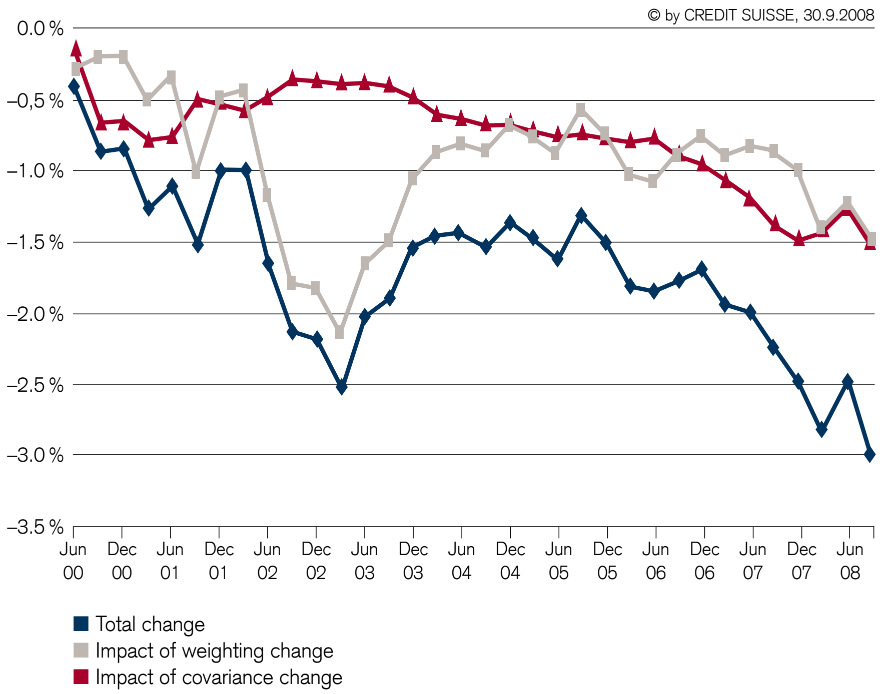
From chart 7, it is clear that the expected absolute volatility (and risk) was almost 8 % at the beginning of 2000. This figure was then successively reduced to around 5.25 % within a period of three years (March 2003). The expected absolute risk for the funds included in the Credit Suisse Swiss Pension Fund Index subsequently climbed from this low (in terms of the observation period), rising continuously to around 6.50 % by September 2005. From the last quarter of 2005, a decrease in risk and volatility became evident. After a downward trend of almost three years, the previous quarter brought a noticeable countermovement, which was more than compensated by an even more pronounced trend movement in the quarter under review. Expected risk fell substantially from 5.26 % to 4.74 %, its lowest level since measuring started.

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 weighting. In the last quarter of 2007 and the first quarter of 2008, anticipated volatility started rising as a consequence of the turbulence on the markets, but the pension funds overcompensated this trend by actively shifting weight to other asset classes, which generally did reduce volatility. In the previous quarter market volatility increased again and pension funds took on more risk, but both market volatility and the pension funds' risk exposure fell again in the reporting quarter.

Chart 7: Anticipated Volatility per Reference Date (Annualized)

The expected absolute risk for each reference date corresponds to the anticipated volatility of the index, which 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: Explanation of Cumulative Change in Expected Volatility Total Index (Annualized)



CREDIT SUISSE

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. Consequently, 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 highly accurate pension fund data remains difficult to obtain.

Contact

Credit Suisse
Global Custody Solutions
Giesshübelstrasse 30
P.O. Box 800
CH-8070 Zurich

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

www.credit-suisse.com