Global Investment Reporting

Credit Suisse
Swiss Pension Fund Index

4th Quarter 2006

Performance of Swiss Pension Funds as at December 31, 2006

- Annual Performance of 6.58%
- Risk/Return Line Getting Steeper
- Unbroken Real Estate Trend

Index

Performance of Swiss Pension Funds based on Global Custody data of Credit Suisse as at December 31, 2006

Index versus Mandatory Minimum Rate of Return since January 2000

Thanks to the good market conditions, the Credit Suisse Swiss Pension Fund Index (the blue line in chart 1a) performed well also in the last quarter of 2006, continuing its upward trend. The index, which started with a baseline of 100 as of January 1, 2000 together with the BVG/LPP target, rose by 2.97 points, or 2.45%, in the quarter under review, and closed at 123.99 points. This represents a total year-on-year increase of 7.66 points, or 6.58%. Thanks to this rise, the 2nd pillar assets managed by Swiss pension funds grew by almost CHF 15 billion (extrapolated) in the three-month period under review and by around CHF 40 billion to almost CHF 615 billion compared with the previous year.

Annual Performance of 6.58%

The BVG/LPP minimum rate of return (the red line in chart 1a, also rebased to 100 as of January 2000) rose by a further 0.77 points (or 0.62%) during the period under review, climbing from 124.00 to 124.77 points. As the index rose 1.83% (2.20 points) more than the BVG/LPP target in the fourth quarter of 2006, the performance gap (based on the year 2000 baseline) was reduced further versus the previous quarter, and stood at only 0.78 points at the end of 2006.

Chart 1a: Credit Suisse Swiss Pension Fund Index

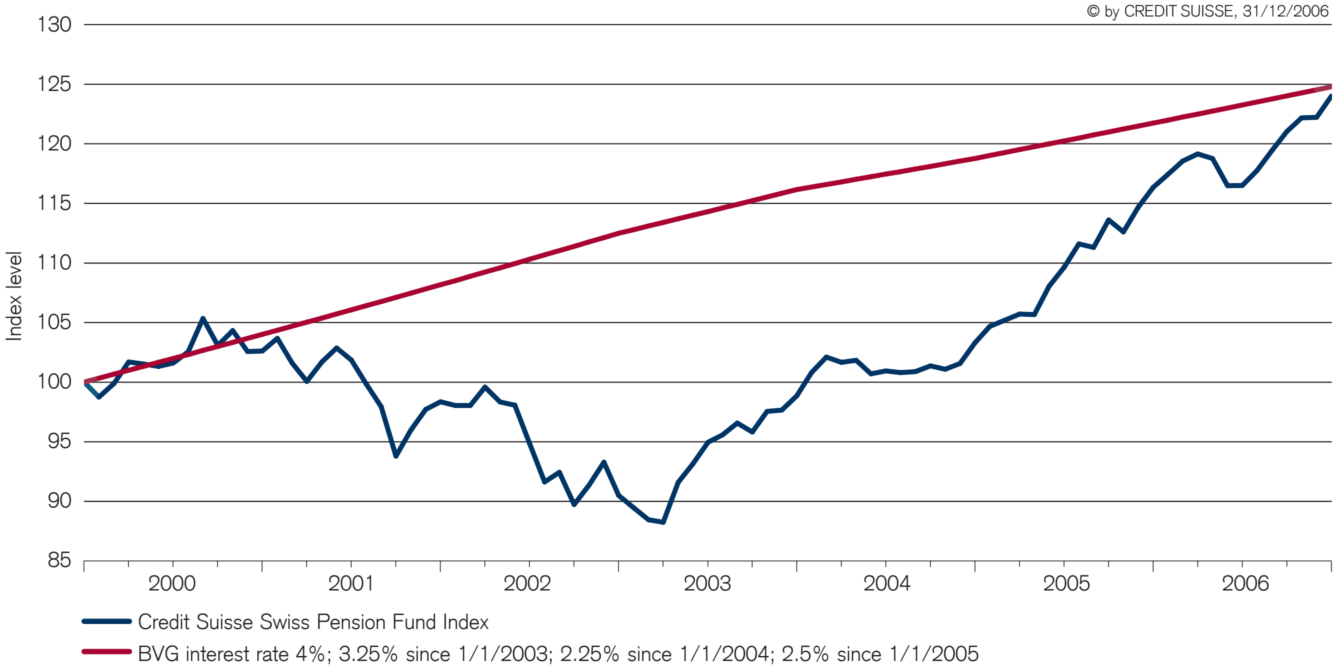


Table 1

	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%

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

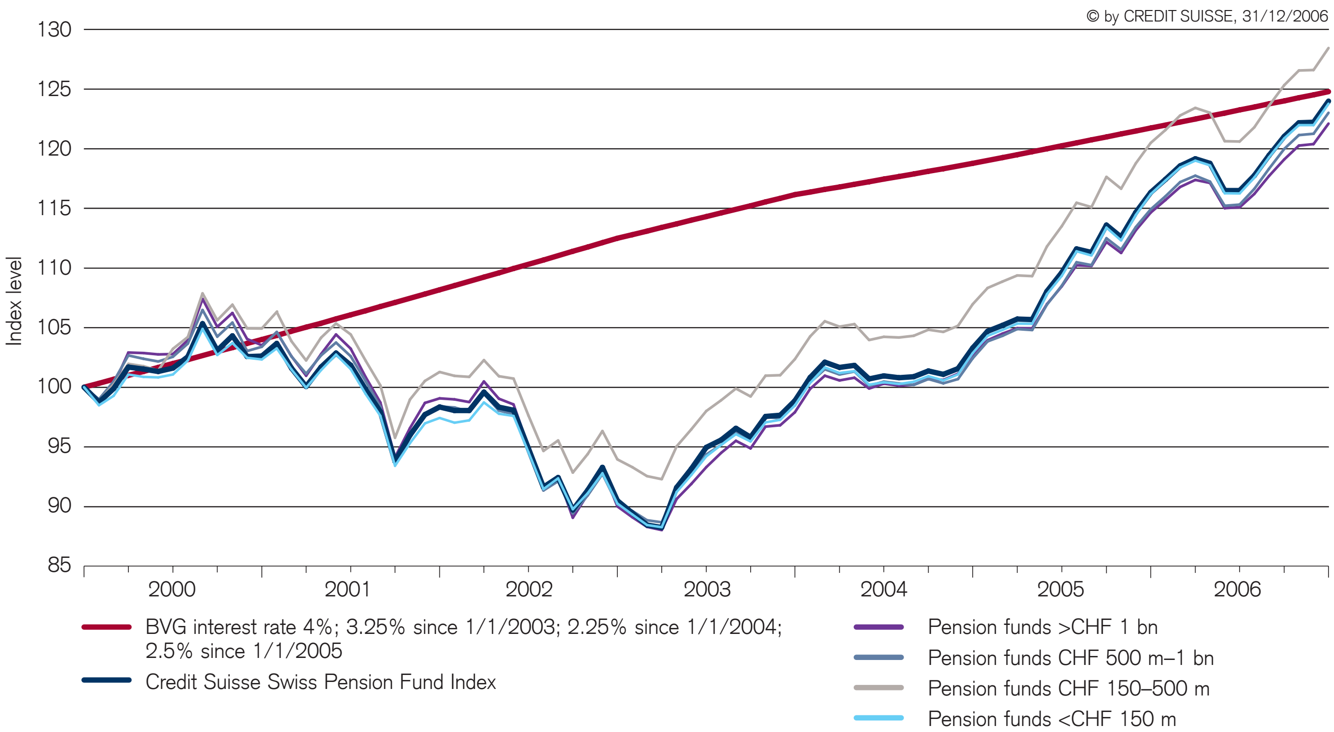


Chart 1b shows a breakdown by segment as follows: < CHF 150 million, CHF 150 – 500 million, CHF 500 million – 1 billion and > CHF 1 billion.

Three Segments Still Slightly Negative

While the CHF 150 – 500 million segment gained the most in terms of points (3.12 points, or 2.49%), the CHF 500 million –1 billion segment turned in the best performance (3.04 points, or 2.53%). The largest segment, the > CHF 1 billion segment, performed just slightly less well (3.00 points, or 2.52%), while the < 150 CHF million segment still gained a respectable 2.90 points, or 2.4%, in the quarter under review.

The year-on-year comparison gives the following performance for 2006 (change in points / change in percentage / gap versus the BVG/LPP target in points as of December 31, 2006):

Category	**Change in points**	**Change in percentage**	**Gap to the BVG/LPP target as at December 31, 2006**
>CHF 1 bn	+7,44 points	+6,49%	–2,67 points
CHF 500 m–1 bn	+8,10 points	+7,05%	–1,76 points
CHF 150 m–500 m	+7,95 points	+6,60%	+3,67 points
<CHF 150 m	+7,57 points	+6,52%	–1,00 point

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, 2003 are not taken into account in the five-year rolling observation period (31.12.2001–31.12.2006), though they are included in the rolling two-year observation period.

Risk/Return Line Getting Steeper

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), reflects a considerable change from three months previously, and looks very different for the first time in a long period. For the second time running, a quarter that returned a very poor performance (Q4 2001) dropped out of the rolling calculation and was replaced by a good quarter (Q4 2006). For one thing, this means that the straight line – which in the previous quarter for the first time exhibited the inclination predicted by the theories – became steeper, and for another, that the line again shifted slightly upward. It is also interesting that the dots indicating the annualized risk/return ratio moved not only slightly upward, but also slightly to the left (lower risk).

Steepening of the Two-Year Line

The overview of the rolling two-year line (chart 2b, 31.12.2004–31.12.2006), which has a much stronger reaction to changes, impressively confirms the theory that higher risk is rewarded by higher returns. This line steepened some more in the reporting period. While the points with a lower risk did not change much in terms of return, the points with a high risk showed a substantially better annualized return (from almost 14% to almost 16%), despite the fact that, at 3.65% (from 2.11% to 5.76%), the risk bandwidth changed only slightly compared with the previous quarter (+ 0.12%).

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

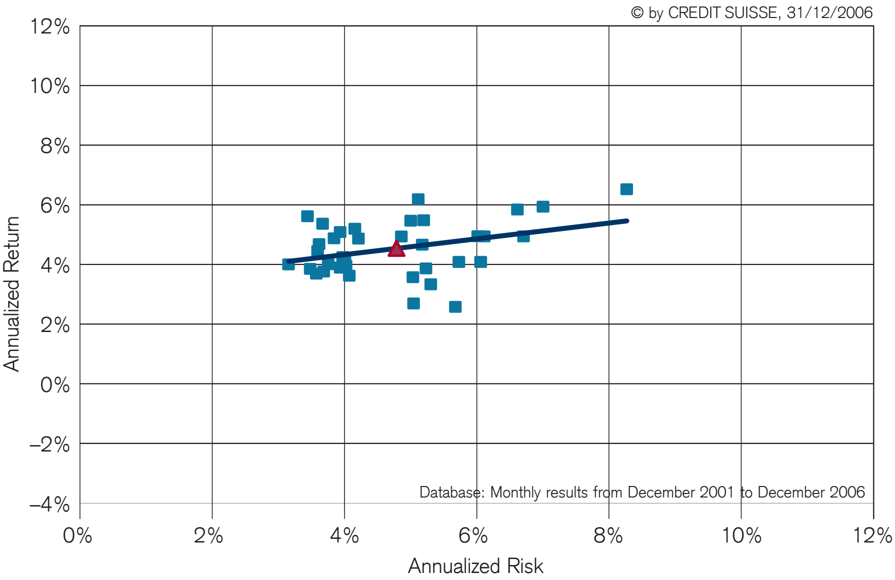


Chart 2b: Annualized risk/return comparison; rolling two-year review monthly results from December 2004 to December 2006

Asset Allocation

Once again the asset allocation overview shows a higher relative weighting of real estate compared with the previous quarter. The increase is 0.45% for the quarter under review and as much as 1.93% year-on-year, even though equity markets in particular performed very well. At 14.04%, the real estate allocation in the Credit Suisse Swiss Pension Fund Index rose to a new high. The mortgage component also performed very well. Although the fourth quarter saw a slight decline in the relative weighting of 0.32%, this component increased by an impressive 1.86% from 3.04% to 4.90% year-on-year.

Unbroken Real Estate Trend

The list of losers as far as relative weighting is concerned was headed by CHF bonds. This segment fell for the third time running by 0.68%. Compared with the previous year, the weighting fell by 2.29% and now stands at 27.44%. This trend is repeated by Swiss equities, the relative weighting of which rose slightly by 0.18% in the fourth quarter but fell by 1.26% year-on-year in spite of the buoyant markets. The weighting of foreign currency bonds fell 0.39% during the quarter under review and 0.52% year-on-year. Although the "other" category is rather small at 1.52%, it rose by as much as 0.24% in the fourth quarter and 0.44% relative to the previous year. The other asset classes such as alternative investments, foreign equities and liquidity did not change significantly either during the quarter under review or compared with the previous year.
The overview of asset allocation spread again shows little change. The only change worth mentioning is the increase in the minimum holding for foreign equities, which rose a further 0.42% to 5.52%. The minimum holding for foreign equities therefore rose by a total of 2.03% during the last two quarters.

Chart 3: Asset allocation last eight quarters

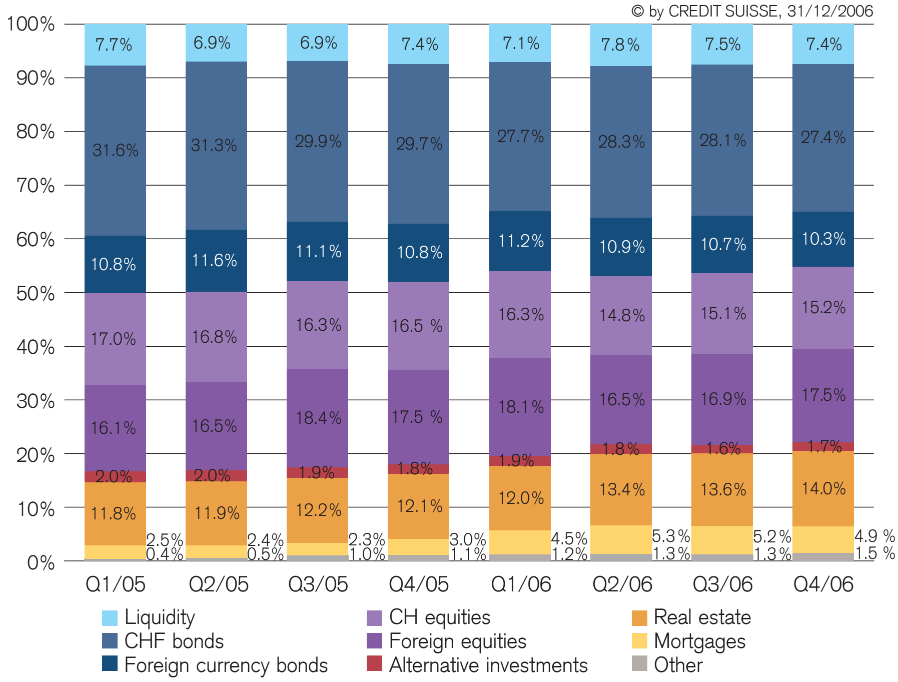
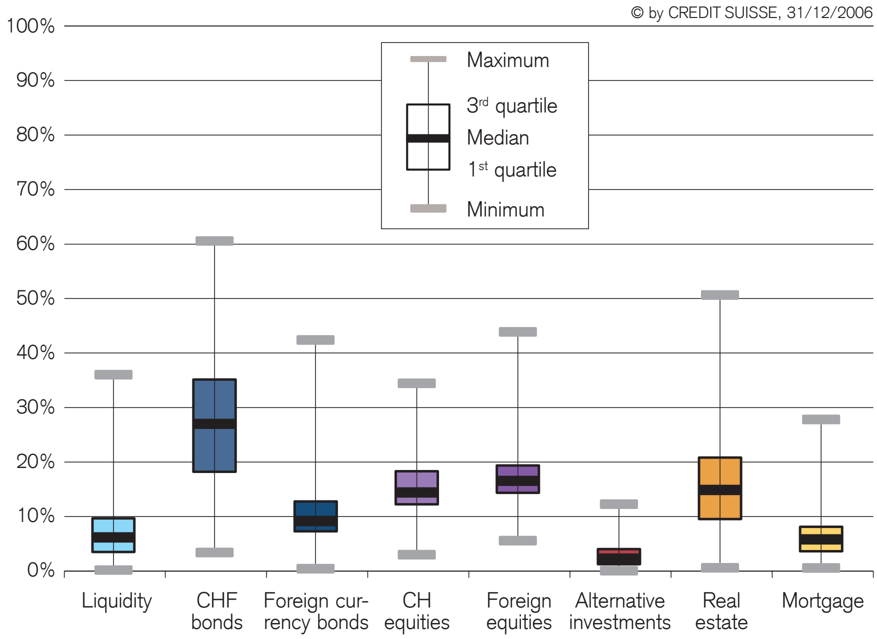


Chart 4: Minimum and maximum values 4th Quarter 2006



Currency Allocation

The currency allocation also changed little. The Swiss franc weighting eased by a further 0.29% during the fourth quarter, but still rose by 1.34% year-on-year. The exposure to JPY, GBP, USD and EUR fell very slightly, while the exposure to other currencies rose by 0.46%. Compared with the previous year, exposure to EUR (-0.36%), USD (–0.95%) and JPY (–0.72%) was reduced, while "other" currencies increased and GBP remained unchanged.

Chart 6 shows little significant change from the previous quarter. From the figures at hand, we can see that the CHF minimum increased slightly (from 38.59% to 39.26%). The same is true for the "other" category, where both the median (from 3.19% to 4.34%) and the maximum (from 39.87% to 42.32%) increased.

Chart 5: Development over the last eight quarters

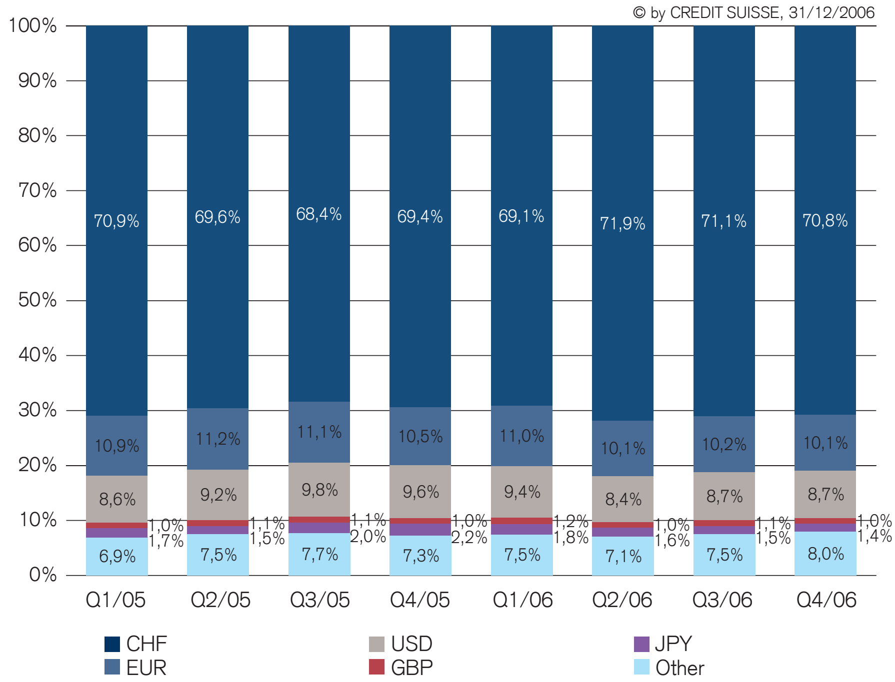
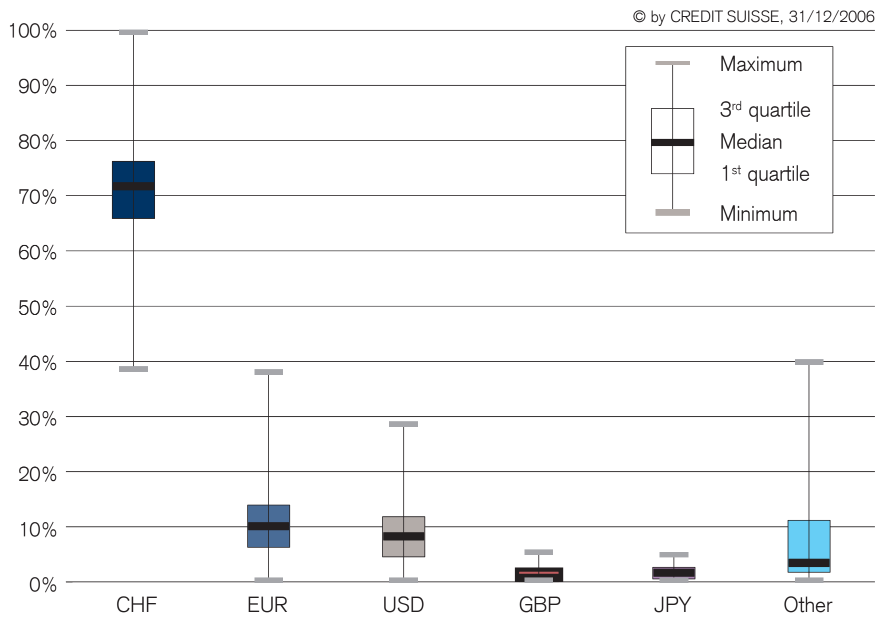


Chart 6: Maximum and minimum values previous quarter



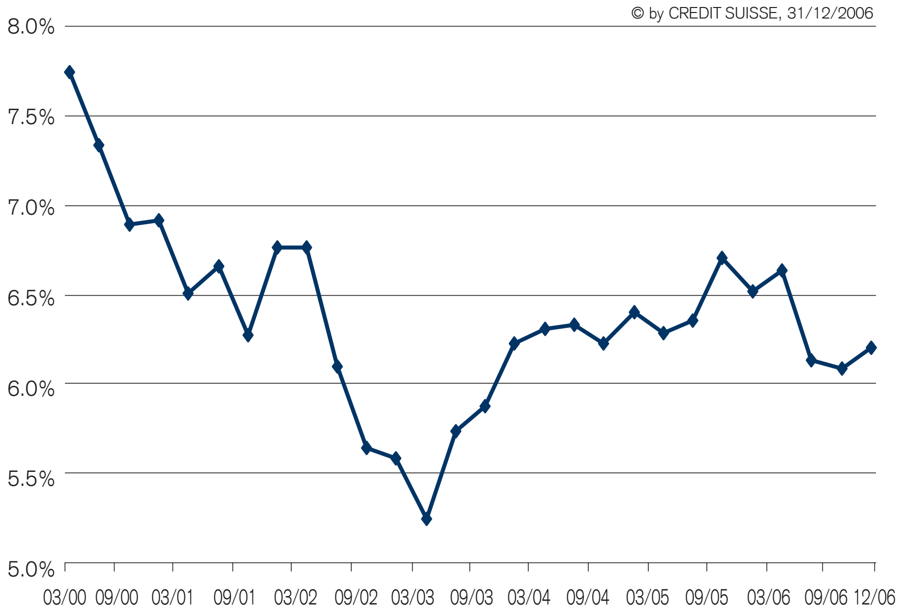
Expected Absolute Risk

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. A decrease in risk and volatility became evident from the last quarter of 2005, and this continued until September 2006. The last quarter of 2006 saw an increase in risk for the first time in a year; up 0.12% to 6.20%.

Slightly Higher Risk

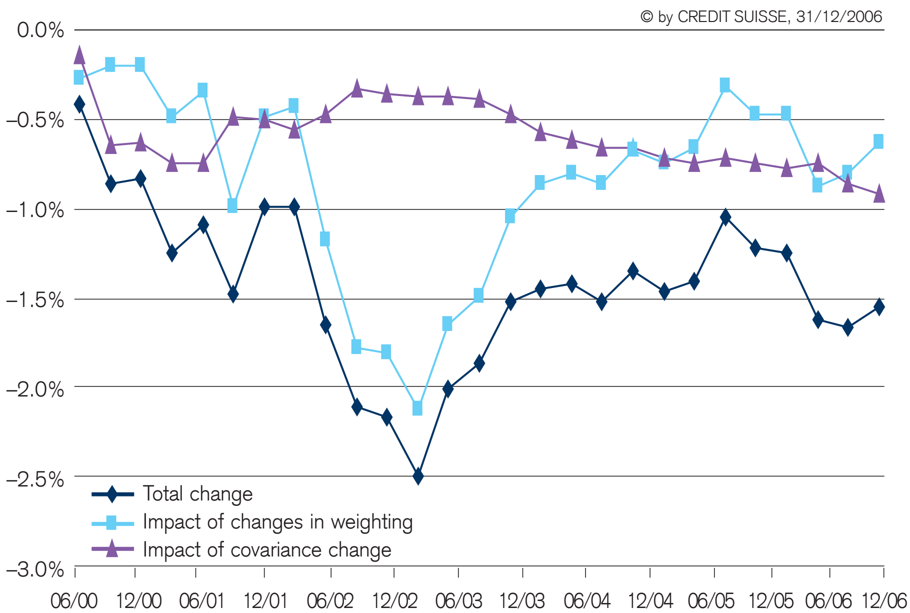
Chart 8 demonstrates that the reduction in risk (March 2000 to March 2003) and increase in risk (March 2003 to December 2005) cannot be explained merely by the calming of the markets and their dependencies, i.e. a lower level of volatility (and vice versa). Rather, the changes in risk – particularly 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 – attenuated slightly by falling covariances – was likewise caused by changes to the weightings of the asset classes. While from July 2005 to June 2006 the reduction in risk was caused by both covariance changes and adjustments to weightings, in the third quarter of 2006 the decline in risk due to covariance changes was partly offset by weighting changes. If we take a closer look, we can see that volatility declined consistently from September 2003 on, which reduced the risk. However, this was compensated again in December 2006 by the increase in risk caused by weighting changes, and expected volatility rose to 6.20%.

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: 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.

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