Press Release

INSTITUTIONALSURVEY.CH:

SWISS PENSION FUNDS IN FAVOR OF GREATER AUTONOMY

Nyon/Zurich, May 15, 2007 **The second part of the 8th edition of the Swiss Institutional Survey focused on the topic of prudent investor rules. It examined the extent to which the BVG* regulations governing both the investment limits for the individual asset classes and the provisions introduced in 2000 to allow for deviations from these limits are still appropriate in today's investment environment. The 172 institutional investors with total assets of CHF 211.7 billion that participated in the survey considered the current investment rules set out in the BVV2** to be largely outdated and stated that they were only moderately satisfied with the regulations.**

According to the study, the BVG regulations are unable to meet the requirements of the constantly changing investment environment in a number of respects. The majority of the institutional investors that participated in the Swiss Institutional Survey criticized the fact that the regulations fail to take the diverse nature of investment products and the growing internationalization of investment opportunities sufficiently into account. They rated the current BVV2 investment rules as only "moderately" satisfactory.

Contradictions in the current BVV2 investment rules
The survey participants expressed different views regarding the main topic under review: half of the institutions want the existing rules to be retained, while the other half would like to see moderate or significant adjustments to the rules or believe they should be abolished completely. This result reflects the contradictory nature of the existing regulations: on the one hand, the investment activities of investors are subject to restrictions. On the other hand, these restrictions can be waived under the terms of Article 59 of the BVV2 and the investments can be adapted in line with individual requirements.

Active use is made of the provisions allowing for deviations from the investment rules
Although pension funds should generally comply with the maximum limits defined for investments in the permitted asset classes pursuant to the BVV2, around 80% of these institutions make use of the provisions allowing for deviations from these investment limits. The application of Article 59 of the BVV2 appears to have become the rule rather than the exception in the case of the institutions surveyed: the proportion of investments in foreign currencies due, for example, to investments in foreign equities, is continuing to increase and investments in non-traditional asset classes (hedge funds, private equity and commodities) are constantly growing. However, compliance with the investment limits does not appear to be a problem in the case of the investments made by employers using funds supplied by pension funds.

A clear majority in favor of the introduction of prudent investor rules
The institutions surveyed agreed with the proposal that general prudent investor rules should be introduced. All of the proposed rules (criteria) set out in the survey received a positive average rating. Of the 15 criteria that were examined, 12 were assigned a rating of between 7.0 and 8.7 points (maximum rating: 10 points). A total of 85% of the survey participants considered these types of rules to be a good and efficient basis for the profitable management of pillar 2 assets. Finally, the majority (60%) of participants were in favor of the replacement of the BVV2 investment rules with prudent investor rules, under which the responsible management bodies would have an obligation to:

1. Act in a prudent, diligent, efficient, impartial and loyal manner;
2. Define the investment strategy;
3. Ensure the appropriate diversification of investment risks;
4. Act solely in the best interests of the beneficiaries;
5. Perform the tasks and duties assigned to them in a responsible manner;
6. Define the goals and principles of the investments;
7. Organize the investment activities appropriately within the context of the applicable legislation;
8. Inform the beneficiaries transparently;
9. Regularly review and document requirements;
10. Ensure that guaranteed benefits are paid;
11. Ensure the continued training and further development of decision-makers;
12. Control costs.

The Swiss Institutional Survey is an online survey of Swiss pension funds and institutional investors, which is conducted by Lusenti Partners every six months and is sponsored by Credit Suisse. The latest survey involved 172 institutional investors with total assets of CHF 211.7 billion. The full version of the report, including various graphics and a three-page management summary, can be found at the end of this media release.

*BVG:
Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans

**BVV2:
Ordinance on Occupational Retirement, Survivors' and Disability Pension Plans

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Additional information is available at:
www.institutionalsurvey.ch

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