

Credit Suisse

Credit Suisse has one of the most experienced, best qualified, and stable transition management teams in the industry. Responsibility to clients lies with Graham Dixon, Managing Director and Head of European Transition Services. Graham is a pioneer of the industry and has been in the transition management business since the early nineties. Rick Boomgaardt is the lead project manager; he has been project managing transition management assignments for 10 years, for a wide variety of clients from local authority and corporate pensions to asset managers, insurance companies and ultra high net worth individuals. Karin Russell-Wiederkehr is responsible for pan-European sales and marketing of Transition Services and has been involved in the transition management industry for over 10 years. Graham, Rick and Karin are highly experienced and dedicated transition managers with no competing responsibilities.



TEAM AND ORGANISATIONAL SET-UP

The Transition Services team is a separate, distinct, and dedicated unit. This is important from both a conflict of interest and a client confidentiality perspective. The vast majority of trading is handled electronically by the Transition Services team. Credit Suisse traders are used for less liquid securities, foreign exchange and fixed income securities. These traders are located outside the transition services unit, in both the securities and asset management divisions, and are only engaged at the moment of execution.

We have structured the Transition Services unit to address potential conflicts of interest. We are situated well away from the sales and trading operations in a secure, dedicated office. Our work is carried out in an area physically separated (Transition Services Room) from other employees of the firm. Transition data is

held on segregated systems that are accessible only to Transition Services. This removes conflicts and ensures confidentiality by retaining sensitive information away from the trading floors. As a matter of course, we enter into confidentiality agreements and have explicit compliance procedures to ensure that information provided to us by clients remains confidential. Our Transition Services specialists are dedicated to transition management – they have no other product or client responsibilities.

The philosophy employed by Credit Suisse Transition Services is well captured in the components of the T-Charter. Credit Suisse is one of the instigators of the T-Charter, an industry code of best practice for transition management due to be released before the year-end. This charter sets a high standard for transparency, disclosure and behaviour. We act in the client's interest, in good faith, with due skill and care, and according to best execution rules.

Feedback from clients and consultants has consistently highlighted our people as a key competitive advantage. We are considered to be both the best qualified and the most experienced team in the industry. Credit Suisse also has industry leadership in trading technology and operations and settlement. Our business model is transparent and driven by disclosure and integrity. We have excellent access to markets, equities, fixed-income, alternative assets and foreign exchange, for liquidity and crossing.

TRANSITION PROCESS

Every transition management assignment is different and we tailor our approach to best address the needs and challenges of each project. The analysis undertaken before the transition identifies the dealing issues and helps determine our transition strategy. An inflexible standard approach would not be in our clients' interests.

Crossing

An important tool for reducing costs. We encourage asset managers to cross assets wherever possible, this is particularly important when considering how to handle pooled fund and potential in-specie redemptions or subscriptions. We do not believe it is good practice to suspend the dealing strategy in the hope of crossing opportunities. We will not allow crossing to compromise our risk management strategy.

Agency trading/principal trading

Typically we favour agency execution for equities. For recent assignments around 85% of equities have been traded using our proprietary algorithmic execution service (AES) using direct market access (DMA). Credit Suisse is the industry leader in this field and this is a key reason behind the low cost and low risk transition results we have achieved for our clients. Credit Suisse can and does commit capital in

conducting principal trades for clients as part of a transition. This is only done with the prior consent of the client. The use of principal trades can be intuitively appealing to clients but much greater care is required. We clearly present the costs and benefits to our clients and are committed to offering the full spectrum of transition management solutions.

Derivatives

Our pre-transition analysis identifies the need for or the advantage of a derivatives (financial futures) overlay to manage asset allocation risk. In some instances we find that the added benefit of the overlay is marginal given that much of the restructuring (over 90%) is completed on the first day of dealing. We have also had clients who have been reluctant to, or not permitted to use any derivatives; our dealing strategy was adjusted accordingly. For other assignments a derivatives overlay has been essential. We often use forward contracts for currency management.

Maintenance of market exposure

This is a core responsibility of the transition manager. The fund must not be underexposed as this could lead to a huge loss of value during the transition. Over-exposure carries the same risk but many funds are prohibited from being leveraged in any way.

Fixed income

Our transition management clients can have their fixed income assets traded by our securities fixed income traders or by our asset management fixed income dealing desk or a combination of both. We believe we are one of the few transition managers to offer this flexibility.

Foreign exchange

We prefer to carry out these transactions. Leaving this to the custodian can often lead to delays giving rise to increased risk and cost.

Awards

We are a regular and recent award winner for our Advanced Execution Services (AES).

We also win industry awards and survey for our operations and settlement performance.

The views of our clients are ultimately the best way to demonstrate the high standard of our work:

“We selected Credit Suisse for their experience and their ability to reduce both the costs and the risk of our project implementation. Our choice was fully justified and we are delighted by the results achieved.”



Graham Dixon

Managing Director

Transition Management Services Europe

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