

## Integrated Portfolio Services for Institutional Investors





## **Credit Suisse Integrated Portfolio Services for Institutional Investors - Considering every step of the long-short investment process.**

Modern institutional investors recognize the benefits of long-short portfolio strategies, and many are analyzing their alternatives for achieving this exposure.

Credit Suisse has carefully explored each step of the long-short investment process—from transition to execution, from financing to securities lending, from operational structure to tax considerations—and assembled an integrated package of services designed to provide maximum advantage to this type of exposure.

## Transitioning to a long-short portfolio

During the exploratory process, consultants often help investors identify an allocation technique to achieve long-short exposure that best suits their particular mission, legal and regulatory status, and operational capabilities.

At that point, selecting the right service provider is a key step to making it all happen with minimal disruption and cost. With an integrated service team and leading edge prime brokerage offering, Credit Suisse smoothes the transition from a long-only strategy while anticipating potential structural pitfalls and opportunities, and implementing an efficient movement of assets to new managers.

For investors moving out of long-only portfolios, Credit Suisse Capital Services serves as a highly effective conduit for moving capital between fund managers and potential investors, and can assist institutional investors in identifying third party managers that can help implement a long-short strategy. Our Transition Management Services group also offers a dedicated team to serve as a single point of communication, coordination and execution. With our depth of expertise spanning all major markets and across all asset classes, we can help minimize risk and cost to the portfolio while streamlining the implementation process. Moreover, we are known for creating highly successful customized solutions for even the most complicated multi-asset and multi-manager transitions.

### The Benefits of a Separate Account Investment Structure

Among the early decisions that must be made in transitioning to a long-short portfolio is choosing between separate or commingled account structures. Each alternative has its benefits as well as drawbacks. The distinct benefit of a commingled account is as a quick and easy route to long-short exposure: since the manager coordinates all structural and operational arrangements, the commingled structure eliminates the need for operational oversight on the part of the investor. This convenience comes at a cost: the investor cedes control to the manager over where assets are held, the financing costs that may be imposed, how (and if) regulatory compliance is achieved, and the amount and format of disclosure provided.

In contrast, some convenience is necessarily sacrificed with a separate account structure, in order to provide the investor with the utmost in control. The separate account structure allows the investor to negotiate all details of the portfolio's custody, reporting, borrowing costs, securities lending arrangements, and operating process with a designated prime broker. Particularly in today's challenging investment environment, we regard this superior level of transparency, liquidity, control and flexibility as a key advantage. Unless they are utilizing an investible index or a fund of funds as a means of gaining long-short exposure, we encourage our clients to consider holding their portfolios in a separate account.



**Q. “We’re not the biggest organization in the world—by far. How can I make sure we don’t get lost in the shuffle?”**

**A. Client service is at the heart of the Credit Suisse business model—we have succeeded over the years by providing a superior level of focus and resources to some of the most demanding clients in the world. We focus on only a targeted number of clients to ensure that each receives a superior level of focus.**

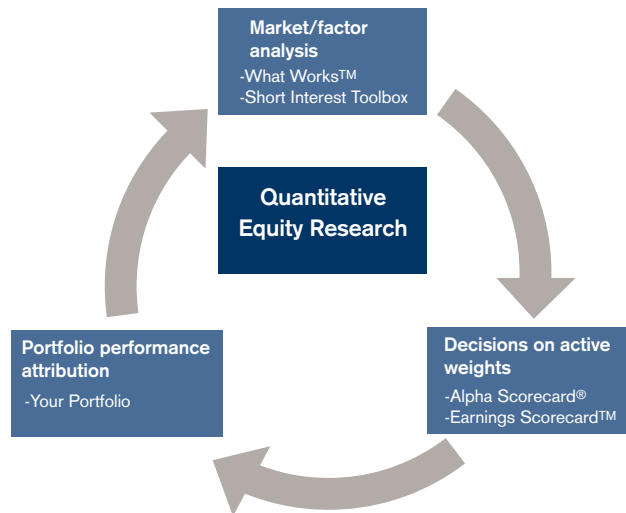
## The Long-Short Investment Process

A long-short portfolio involves a markedly broader range of investment options, creating new challenges in identifying the most attractive opportunities, the best balance among them, and the most suitable mechanisms to control risk in the portfolio.

To this end, Credit Suisse delivers a comprehensive approach to investment strategy, in a format that emphasizes flexibility and ease of use. And the Credit Suisse Integrated Portfolio Services offering provides an additional layer of customized support, assembling dedicated advisory teams as appropriate, and delivering access to Credit Suisse experts around the globe on issues ranging from risk management strategies to cost estimation and risk analysis for portfolio restructurings.

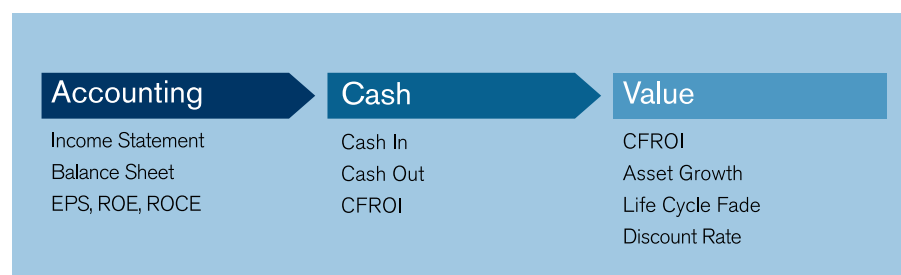
### Credit Suisse Quantitative Research Group

Robust tools available through our Quantitative Equity Research Group support a systematic approach to market/factor analysis and forecasting, decisions on active weights, and portfolio performance attribution. With our comprehensive alpha factor framework, all available information is incorporated into a disciplined analytical process that identifies excess return opportunities within specified risk limitations.



Clients are provided with sophisticated yet accessible tools at each step in the process of developing portfolios that meet their specifications. The first step involves our What Works™ software, used to forecast future alpha factor performance as well as identify trends, and our Short Interest Toolbox, which tracks fluctuations in short interest across individual securities, sectors and industry groups. Next, active

weights are determined with the Alpha Scorecard®, which uses alpha generator rankings and fundamental analyst ratings to identify buy and sell candidates, and the Earnings Scorecard™, which gauge profitability trends to help determine investment positions. Finally, Your Portfolio supports a continual process of portfolio optimization by identifying sources of alpha within the portfolio at the factor, sector and individual stock levels. These programs are complemented by a range of timely and incisive reports as well as customized macro studies and model testing.



## HOLT™

With its proprietary system of analytics and vast data trove, the HOLT valuation framework elevates the process of investment selection to a higher level of sophistication and efficacy. The proprietary HOLT methodology creates a consistent measure of corporate performance. Using the CFROI® methodology, the HOLT valuation framework maintains universal comparability of company results across sectors and regions, and over time, because accounting and inflation distortions are eliminated. This unique, global perspective serves as the foundation of a proprietary database offering unparalleled coverage—over 20,000 companies in 59 countries, incorporating data that is rigorously analyzed and regularly reviewed for accuracy.

The best of the HOLT valuation framework is captured in its scoring model, which screens investment alternatives on the basis of three categories of highly predictive factors. The Operational category identifies companies with appealing corporate performance characteristics; the Valuation category finds stocks that are attractively valued according to HOLT's Discounted Cash Flow model and the Momentum category highlights stocks that are benefiting from market expectations. The factors and categories used in the screening process have proven in back tests to identify stocks that collectively outperform the market.

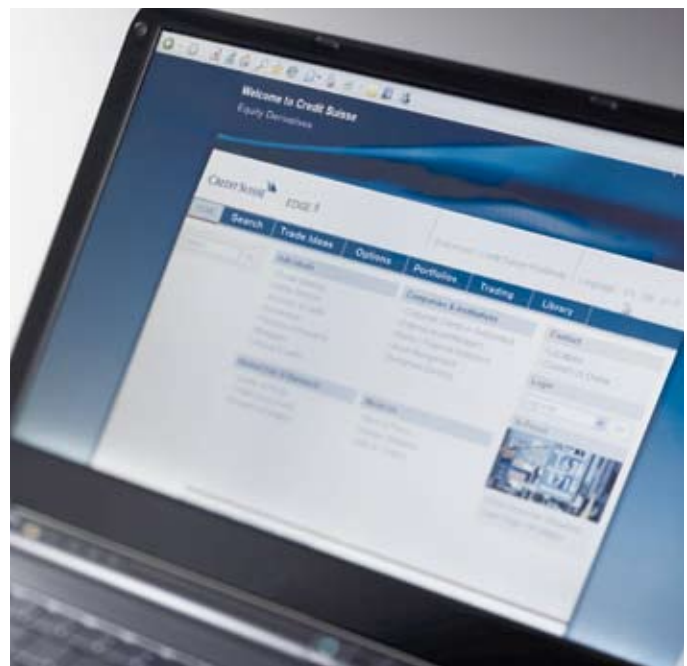
The HOLT valuation framework allows Credit Suisse clients to focus on investment decision-making, rather than data collection or integrity. With its feature-rich software platform, consistent and reliable data, and experienced and dedicated support team, the HOLT platform provides the edge that investors need to engineer portfolio alpha.

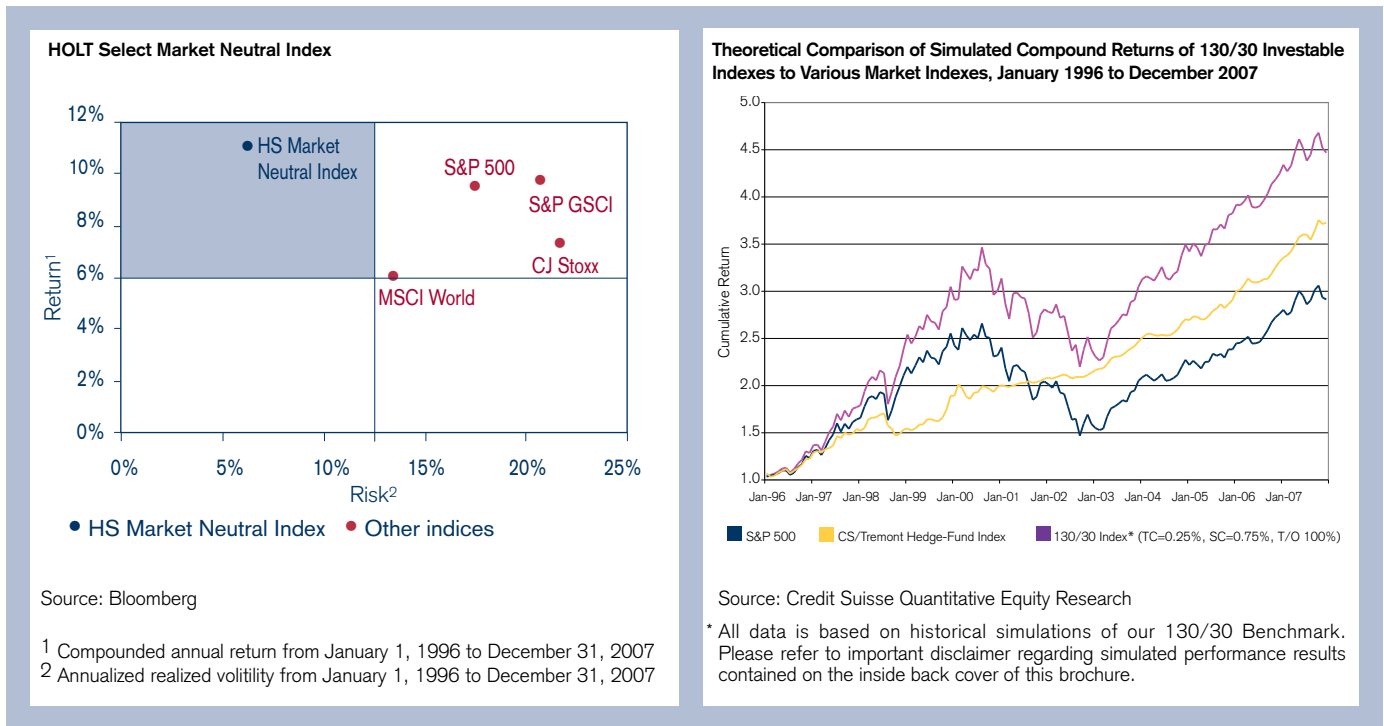
**The HOLT advantage: a sophisticated valuation methodology and advanced screening tools, applied to a comprehensive, rigorously maintained global investment database.**

### Equity Derivatives Solutions

After the alpha opportunities are identified, the Credit Suisse Equity Derivatives Solutions team helps clients mitigate any trade-specific risks inherent in the newly minted long-short portfolio. The team, which specializes in the development of trading strategies for dedicated short-bias, market-neutral, and volatility arbitrage funds, can design protective overlays that incorporate the state of the art techniques utilized by these funds.

Moreover, the team utilizes a host of statistical and econometric algorithms specifically designed to stress-test the structural integrity of the portfolio as a whole and the efficacy of its component long-short pairs in adverse volatility regimes. And, the Credit Suisse client group can assemble dedicated advisory teams, tapping experts on issues ranging from risk containment to cost estimation and risk analysis for portfolio restructurings.





**Credit Suisse Indices**

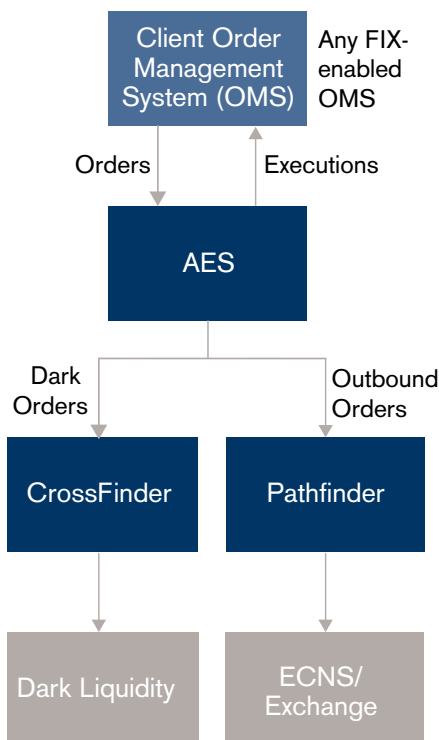
Credit Suisse sponsors several different indices that track long-short strategies. The Credit Suisse 130/30 Index is based on a comprehensive set of factors determined by the Credit Suisse Quantitative Research Group and can be used by investors as a benchmark against which to measure performance or a blueprint for constructing a long-short portfolio.

Similarly, the HOLT Select™ Market Neutral Index offers investors the opportunity to participate in a rules-based methodology that maintains a low correlation to other asset classes and leverages the HOLT advanced valuation framework, extensive company database and sophisticated screening protocols. It is devised as a tradable index; performance data is calculated and maintained by Standard & Poor's and is easily accessible through conventional investment news sources.

The Credit Suisse/Tremont Hedge Fund Index™ (the "Broad Index") was the first and remains the largest asset-weighted hedge fund index. The Credit Suisse/Tremont Hedge Fund Index is broadly diversified, encompassing 482 funds (as of March, 2008) across ten style-based sectors, and is representative of the entire hedge fund industry. Index construction is fully transparent, with unbiased, rules-based selection criteria and published constituents. Ten sub strategies track every major style of hedge fund manager. An investor may attempt to track the performance of this index by investing in an offshore vehicle, the "Credit Suisse/Tremont Hedge Index Tracker". This vehicle invests into funds from each of the ten strategies of the Broad Index. As some hedge funds of the Broad Index are closed to new investment, quantitative procedures form the foundation for a selection process where the end result is a portfolio built to minimize expected tracking error to the Broad Index.

## Enhancing Portfolio Management

Institutional investors must be assured that their managers are efficiently and effectively trading and financing their positions, while conforming to the specific rules and regulations to which they are subject.



Through our unique position as a bank and broker/dealer, we are able to deliver the market-leading global trading platform as well as a broad spectrum of financing and capital services, provided by a global financial institution. This integrated platform extends our core prime brokerage offering beyond basic access to portfolio financing, helping to bridge the gap between idea and execution by helping to deliver seamless access to all products and services within the Credit Suisse global franchise.

### AES®

Credit Suisse Prime Services' technology provides clients with desktop access to Advanced Execution Services (AES), our award winning, and ever-evolving suite of algorithmic trading strategies, tools and analytics. AES provides confidential, 24-hour execution across 23 countries on four continents, multiple trading methodologies as well as custom algorithms, and intelligent, real-time messaging. The emphasis is on ease of use, relevance and confidentiality, with a platform that delivers single point global trading access, ensures complete order anonymity and provides the market color needed to trade effectively.

Instead of requiring clients to learn to use a new interface, the AES system is fully integrated into over 66 technology providers, including order management systems, execution management systems, transaction networks and middleware providers. Consequently, clients can send orders to AES in a natural and intuitive process, using the same system to which they have become accustomed. And with our Storyboard® real-time market communication system, clients can completely customize their information flow, filtering out the noise so that they receive a relevant picture of the market. From the moment AES was launched in 2001, it completely changed the landscape for trade execution, and we continue refining its capabilities as the marketplace evolves and new, more effective trading techniques are developed.

### Prime Services

Credit Suisse Prime Services has emerged as the prime broker of choice for some of the largest and most sophisticated funds in the world. This is due to both our on-going quest to provide the highest level of service excellence, and our ability to seamlessly deliver innovative financing and structuring solutions across equities, fixed income, FX and commodities. Moreover, Credit Suisse offers clients unparalleled stock loan capability, leveraging its unique position as a bank and a broker/dealer to provide access to greater than \$600 billion in assets, including hard-to-borrow names in all markets worldwide. All of this is provided on a single global prime brokerage and swaps platform, covering our active participation in over 40 markets around the world.



Prime Services has experience with facilitating the implementation of clients' long-short strategies. We can accommodate many of the clients' requirements that arise out of the clients' regulatory and tax status, including the clients' requirements involving custody, UBTI, ERISA, UCITS III, and margin financing.

### Securities Lending

Credit Suisse began offering agent lending programs in 1991 and currently manages over \$540 billion in agent arrangements. Managed Lending, our fully integrated agency lending business, helps long-short investors gain efficiencies from the long side of their portfolios by lending out their assets. Credit Suisse uses both ASTEC Consulting's Lending Pit™ and Data Explorer's Performance Explorer™ to monitor the performance and profitability of our clients' securities lending programs. In ASTEC Consulting's 3rd quarter 2007 survey of client earnings per billion of lendable assets, five of Credit Suisse's public fund clients ranked among the top 40 highest earning clients. For the years 2005 and 2006, five of our six public fund clients were in the top 20 based on earnings per billion of lendables. The ASTEC surveys consisted of approximately 130 public funds across the country. This reflects Credit Suisse's commitment to balancing supply and demand by carefully selecting lender participation on the basis of performance potential. Each portfolio receives active attention, control and review by our trading, coverage and product specialists.

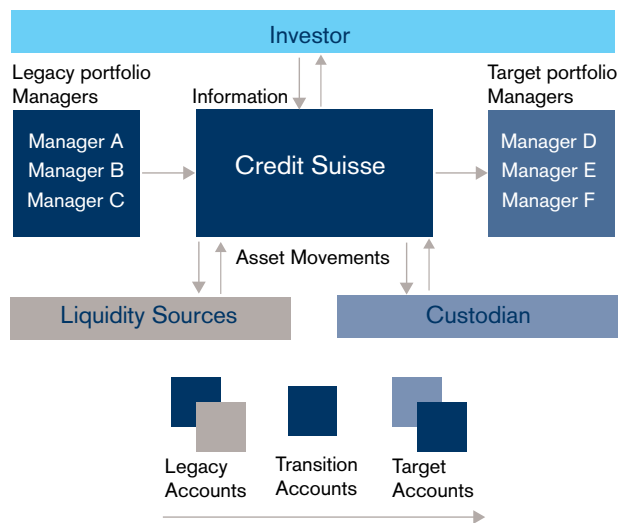
	Agent Program	Principal Program
<b>Legal Entity</b>	Credit Suisse, New York Branch	Credit Suisse Securities (USA) LLC
<b>Legal Entity Structure</b>	Bank	Broker Dealer
<b>Years of Experience</b>	17 years	32 years
<b>Program Size</b>	\$540 Billion	\$100 Billion
<b>Technology and Support</b>	Real-Time Web Reporting Portal	Daily Reporting
<b>Borrowers</b>	Various Approved Borrowers	Credit Suisse Securities (USA) LLC

The Managed Lending team has exhaustively refined the productivity benefits that our systems convey to clients. Our trading flows have been automated through our ownership in Equilend and participation in the Brokertec and Eurex trading platforms. Position reconciliation is simplified with straight-through processing to most major custodians around the world. An electronic link to Omgeo TradeSuite<sup>SM</sup> provides us with sale notification 1-2 days earlier than the typical sale confirmation process used by many securities lending service providers, including custodial lenders. And, our relationship with ISS facilitates proxy notification for clients who wish to participate in regularly scheduled corporate elections.

We produce quality performance reporting that clearly illustrates the detailed components of each client's program, goals and results. Our easily-accessible, always-available web-based portal offers clients detailed information concerning on-loan positions, collateralization and borrower exposure on a real-time basis, with daily earnings updates. In addition to this Agency lending platform, Credit Suisse also offers a Principal Securities lending program, which is briefly described in the chart above.

**Transition Services**

Credit Suisse Transition Services is a risk management service provided to plan sponsors to implement the movement of assets from legacy accounts to target managers with minimal financial and operational risks. We provide a dedicated professional to act as the single reference point and communication center for all facets of the transition, coordinating among all internal and external groups. Superior results—whether in asset manager and allocation changes, asset rebalancing, mergers and/or acquisitions, or funding/cash contributions—are facilitated by proprietary state-of-the-art risk management tools, including Advanced Execution Services (AES®), and our customized risk management tool, Portfolio Hedging Device (PHD™). Risk is controlled through flexible trading strategies that help minimize market impact and opportunity costs and maintain confidentiality, while our hedging and equitization techniques maintain benchmark exposure, reduce tracking error, and greatly reduce opportunity costs.



**Delta One**

Through our Delta One swap business, we provide clients with exposure to a global spectrum of single stocks, market indices and industry sectors, as well as supporting the creation of custom baskets or participation notes. Credit Suisse enables clients to write synthetic positions over equities, ETFs, listed options, convertible bonds, bank loans, corporate bonds and OTC equity options. The Delta One team can completely integrate your coverage with Prime Services, operating on the same reporting, margining and servicing platform.

In addition to total return swaps, Delta One offers futures, forwards, participation notes and exposure to commodities indices. Each trading alternative—be it cash, swap, futures or ETFs— has distinct advantages, and the Delta One team works with clients to decide the most efficient way for them to implement an investment idea.

## Supporting Portfolio Operations and Reporting

The complexities of modern portfolios demand comprehensive solutions that encompass the full breadth of investment activities and relationships.

Credit Suisse has constructed an advanced information platform that provides clients with an unparalleled level of insight. Through services like PrimeView®, Advanced Prime<sup>SM</sup> and PrimeRisk®, investors have immediate access to the full range of their securities transactions, financing activities, risk exposures and portfolio accounting, with the ability to consolidate multiple prime broker relationships into a single information source.

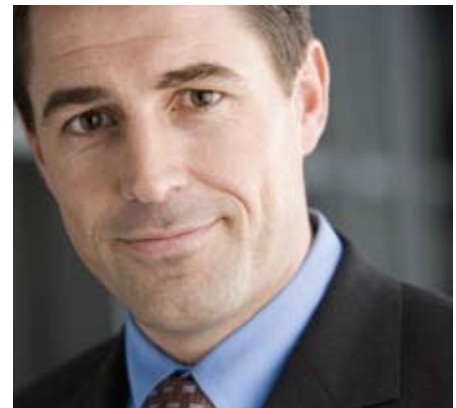
### PrimeView®

The PrimeView interactive, web-based portal is designed to streamline clients' access to portfolio information, providing comprehensive reporting across all asset classes. With the PrimeView portal both investors and managers can gain immediate insight into all aspects of investment operations and accounting through a single global portal. Covering portfolio accounting, swaps, securities lending and custody activities, and risk analytics, the PrimeView portal's interactive functionality provides clients with the flexibility to look at the big picture or drill down into specific transactions across the full history of the account. Online capabilities include traditional custody reporting, portfolio accounting, swap reporting, risk analytics and the ability to review detailed financing activity (including securities lending reporting, cancel and corrects and cross margining). Client information is protected with encryption technologies, secure log-in processes and a comprehensive protocol for disaster recovery.

PrimeView's built-in functionality includes over 35 dynamic reports, each with its own interactive query capabilities, across such parameters as trade date, settlement date, posting date, security identifier, action type, and many others, depending on the report selected. Through an integrated sorting and filtering tool, any combination of parameters can be used in concert to create customized report views. PrimeView technology is complimented by global, 24 hour technical support; our Client Technology group is capable of developing an array of individually tailored reports, delivered to the client's desktop via a secure FTP site.

### Advanced Prime<sup>SM</sup>

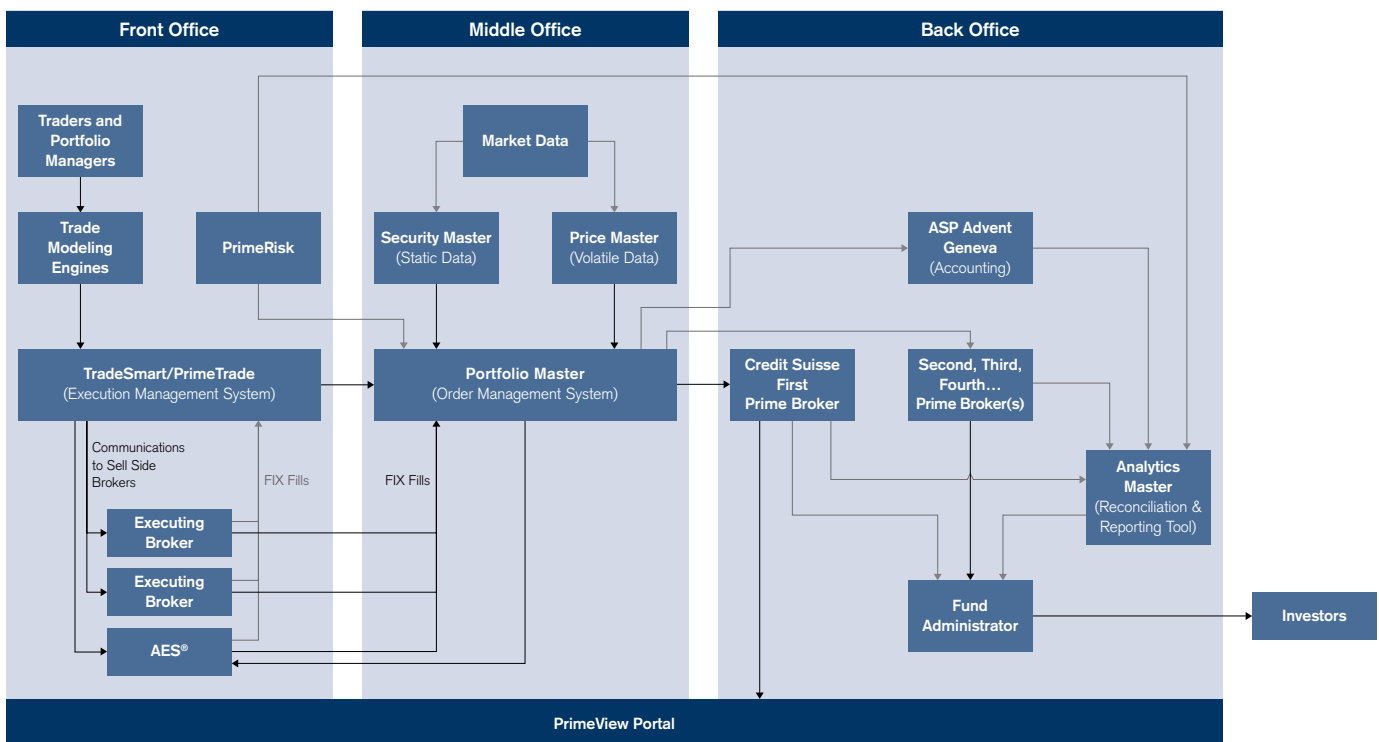
Our Advanced Prime Services group provides consulting support to clients anywhere in the world, assisting with everything from customized project management for start-ups to IT consulting and staffing referrals. This team, comprised of industry professionals with a deep understanding of the marketplace, technology, instruments and processes, serves as an essential sounding board for clients as they make organizational decisions and select external vendors to support their business operations.



**Q. "Once I move to a long-short strategy, can I lend out my long positions? Are there any other alternatives to make these assets more productive?"**

**A. Through our unique agency Managed Lending platform, we offer clients pursuing a long-short strategy the ability to continue lending their long investments in compliance with applicable regulation.**

This team complements Credit Suisse's Advanced Prime technology suite, which brings all our services together in a single, fully hosted Application Service Provider platform that may alleviate the need for funds to invest in costly technology infrastructure and support personnel. Advanced Prime technology can serve as a complete front-to-back office infrastructure solution or just round-out needed support functions. With these capabilities, clients can outsource operations to a third party middle office provider/fund administrator, allowing them to quickly and easily scale up as their businesses evolve. With its flexible open architecture and robust functionality, the Advanced Prime suite liberates fund clients from the constraints imposed by traditional "single prime" technology, supporting multiple prime relationships by providing reconciliation among numerous data sources and across various types of products.



**PrimeRisk®**

As part of Prime Services' standard offering, clients are given access to customized risk reports on a daily basis; alternatively, the software platform, Imagine, can be made available for clients' use as part of our Advanced Prime<sup>SM</sup> technology platform. The Imagine application produces over 30 risk reports, including: stress testing and value at risk, portfolio composition, exposure analysis and liquidity. In addition to risk reporting, Prime Services has a team of risk experts who can help navigate our risk and collateral systems.

## All of the Resources and Support Needed to Succeed

Carrying out a long-short strategy requires numerous resources; the most advantageous service relationship expands the universe of opportunities and provides a new dimension of support to pursue them. Success is predicated on having a partner that anticipates challenges ranging from multi-asset/multi-manager transitions to custom swaps to cross-border tax efficiency, and everything in between. These considerations require the support of an ally that delivers the skills and resources of an entire organization, not discrete silos of capabilities.

Credit Suisse is such a partner. Every need related to long-short investing has been addressed in our Integrated Portfolio Services offering; nowhere else will institutional investors find the combination of our breadth of services, depth of expertise, or level of integration, convenience and security.

**Credit Suisse Integrated Portfolio Services for Institutional Investors—enhancing the opportunities of alternative investments.**



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Backtested, hypothetical or simulated performance results have inherent limitations. Simulated results are achieved by the retroactive application of a backtested model itself designed with the benefit of hindsight. The backtesting of performance differs from the actual account performance because the investment strategy may be adjusted at any time, for any reason and can continue to be changed until desired or better performance results are achieved. Alternative modeling techniques or assumptions might produce significantly different results and prove to be more appropriate. Past hypothetical backtest results are neither an indicator nor a guarantee of future returns. Actual results will vary from the analysis.

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## Long-Short Investment Options

Today as the Long-Short market continues to evolve, investors have a broader selection when examining appropriate investment vehicles. While the actual structures may vary among individual managers, here are some typical characteristics that investors are likely to find in the marketplace today.

	<b>Separately Managed Account with Sub-Advisor</b>	<b>Direct Investment in Commingled Fund</b>	<b>Funds of Funds</b>	<b>Index Tracking</b>	<b>Active Index</b>
<b>Portfolio</b>	A single manager's trading strategies	A single manager's trading strategies	A diversified portfolio of funds actively managed with the goal of selecting the best managers for the portfolio	A diversified portfolio of funds passively managed to mimic an index's return	An investible index that is designed to emulate a particular strategy or theme
<b>Fees</b>	Management fee, or management fee plus performance fee	Management fee, or management fee plus performance fee	Additional management fee and performance fee	Management fee and performance fee	Management fee and performance fee
<b>Liquidity</b>	Medium - High	Medium	Low	Medium	Medium
<b>Valuation Frequency</b>	High	Medium	Low	Medium	Medium
<b>Transparency</b>	High	Medium - Low	Low	High	High
<b>Trading</b>	Active	Active	Active	Passive	Active

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