

Research Flash

Investment Ideas

Islamic Finance: Combining faith-based values and financial returns

Private Banking

In August 2010, Malaysia's investment holding arm Khazanah issued one of the largest Islamic bonds (Sukuk) in history. The Sukuk with a nominal value of USD 1.1 billion drew a demand of four times book size. This strong interest reflects the growing demand in Islamic Finance.

In fact, Islamic Finance is one of the fastest-growing business segments in the world. Its compound growth rate of 26% from 2004 to 2009 attracts investors on a global scale. Still, there is little knowledge about this rising branch that seeks to combine modern finance and religion-based moral standards. But as the Islamic Finance market rapidly grows (see Figure 1), more investors are asking for background information and investment ideas to benefit from this new development.

Islamic Finance says no to interest, speculation and immoral business branches

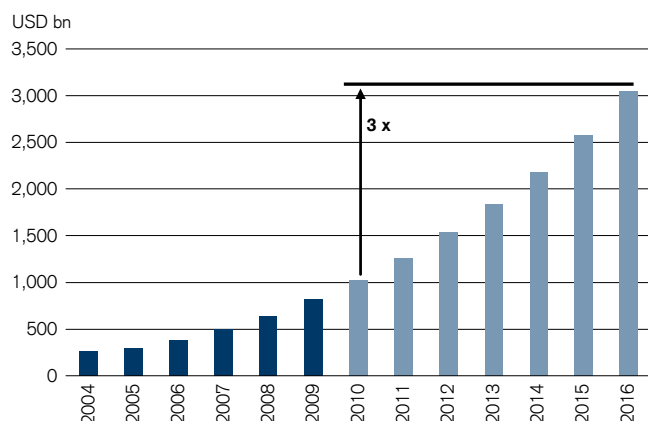
Islamic Finance is the reconciliation of financial needs with the Islamic legal practice of the Sharia. Based on a permanent exchange between some of the reputable banking experts and renowned Islamic scholars, four basic concepts of prohibition have been defined throughout the past two decades: Islamic Investors are not allowed to deal in interest-bearing, specula-

Highlights

- Unlike many other religions, Islam does not differentiate between a spiritual and a secular sphere of everyday life.
- Consequentially, Islamic investors integrate Islamic values into their investment decisions.
- Islamic Finance excludes interest, speculation, and immoral business branches from its investment approach.
- The Islamic Finance industry has developed many new investment opportunities over the last few years. Islamic investors are now able to benefit from a broad investment universe.

Figure 1

Islamic Finance assets expected to triple within the next six years



Source: The Banker, Booz & Company, Credit Suisse

Top investment ideas

Sharia-compliant investing has considerable potential: one in five people around the world are Muslims, but only one US dollar out of every fifty is invested according to Islamic principles.

Equities

BUY Microsoft

The company's solid business model is showing significant leverage as the economy recovers.

BUY Novartis

A diversified healthcare company with good underlying growth, attractive dividend yield (4%).

BUY Samsung Electronics

One of the leading consumer and industrial electronic equipment, attractive P/E valuation.

Figure 2

Islamic Finance's four concepts of prohibition



Source: AAOIFI, Credit Suisse

tive, or gambling-like transactions, or business branches that are considered to be immoral under Islam (see Figure 2).

The ban on interest (Riba) stands at the very center of all Sharia-compliant investment strategies. All interest is defined as usury. Trade, on the other hand, is explicitly promoted by the religious legal sources of Islam. But, as Islamic scholars stress, trade must be beneficial to the community. This link between economic action and social responsibility is emphasized by the Islamic financial market's prohibition of speculation (Gharar) and gambling-like transactions (Maisir/Qimar).

In addition to the prohibition of interest, speculation, and gambling-like transactions, Islamic Finance focuses on the exclusion of immoral business branches. Sharia-compliant portfolios must be free from adult entertainment, alcohol and pork production, and the defense industry.

To guarantee Sharia compliance, financial institutions and clients rely on the expertise of a group of Islamic scholars who check investments or transactions from a religious perspective. The process of this "Islamic auditing" is comparable to a conventional auditing process and is done by renowned Sharia scholars.

How to invest the Islamic way

Since the emergence of the first Islamic financial institutions in the 1970s, various ways and techniques have been developed to combine finance with Islamic moral standards. Currently, there is already a broad range of investments that can be undertaken according to the Sharia (see Table 3).

Equities

Basically, there is nothing "un-Islamic" about holding and trading equities. As long as the Islamic exclusion criteria are met, Islamic investors are free to participate in stock markets. Also, dividend payments can be received by Islamic investors, since they are not representing an interest payment, but a share of profits.

There are different indexes that help Islamic Finance investors to decide which stocks are in line with the Islamic eco-

nomic rules (see Table 1). Most prominently, there are the Dow Jones Islamic Market Indexes that were founded in Bahrain in the late 1990s. The Dow Jones Islamic Market Indexes evaluate different business sectors based on industry screens and financial ratio screens. The industry screens are designed to exclude stocks linked to alcohol, pork-related products, conventional financial services, adult entertainment, tobacco, and weapons and defense. The financial ratio screens select all firms that comply with the Islamic Finance's restrictive concept of risk exposure. To fit the risk exposure accepted by the Dow Jones Islamic Market Indexes, firms must meet the following three conditions:

First, total debt divided by trailing 24-month average market capitalization must be less than 33%. Second, the sum of a company's cash and interest-bearing securities divided by trailing 24-month average market capitalization must be less than 33%. Third, accounts receivables divided by trailing 24-month average market capitalization must be less than 33%. In addition to the four concepts of prohibition, these financial ratio screens have proved to be very efficient in positioning Islamic Finance as a risk-adverse, defensive investment strategy.

There are also a number of Sharia-compliant equity funds. These funds are designed to represent a selection of equities that are compatible to Islam. They are normally supervised and approved by at least three Sharia scholars that are known to the Muslim community.

Due to its exclusion process, Islamic equity trading is more restricted than conventional investing. However, looking at the

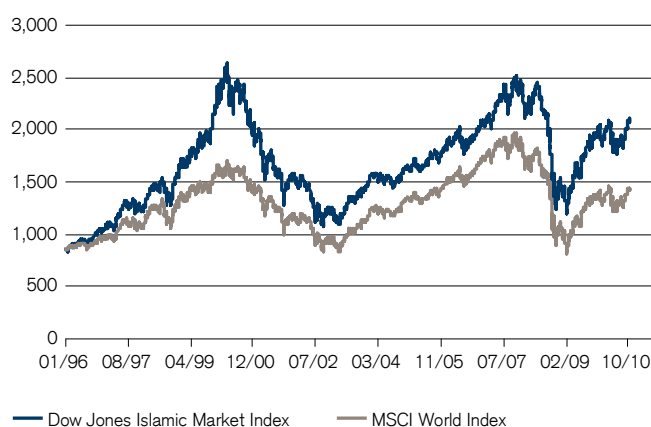
Table 1: Most important Islamic Finance equities indexes and exclusion criteria

Dow Jones Islamic Indices	
- No alcohol - No pork-related products - No conventional financial services - No entertainment - No tobacco	- No weapons and defense - No highly indebted companies - No companies with high interest-based returns
FTSE Shariah Global Index Series	
- No alcohol - No tobacco - No gaming and gambling - No weapons and defense - No pork - No conventional banking and insurance	- No pornography - No highly indebted companies - No companies involved in interest-bearing investments, FX transactions, and derivatives
Standard & Poor's Shariah Indices	
- No pork - No alcohol - No gambling - No financials - No advertising and media (newspaper allowed)	- No pornography - No tobacco - No gold and silver trading - No highly indebted companies
MSCI Global Islamic Indices:	
- No alcohol - No tobacco - No pork related products - No financial services - No gambling - No music	- No hotels - No cinema - No adult entertainment - No highly indebted companies

Source: Dow Jones, FTSE, Standard & Poor's, MSCI, Credit Suisse

Figure 3

Dow Jones Islamic Market Index has outperformed MSCI World Index



Source: Bloomberg, Credit Suisse

performance chart in Figure 3, the Dow Jones Islamic Market Index has outperformed the MSCI World Index since its implementation. This makes Islamic equity screening attractive not only in terms of faith-based values, but also with regard to financial returns.

Sukuk (Islamic bonds)

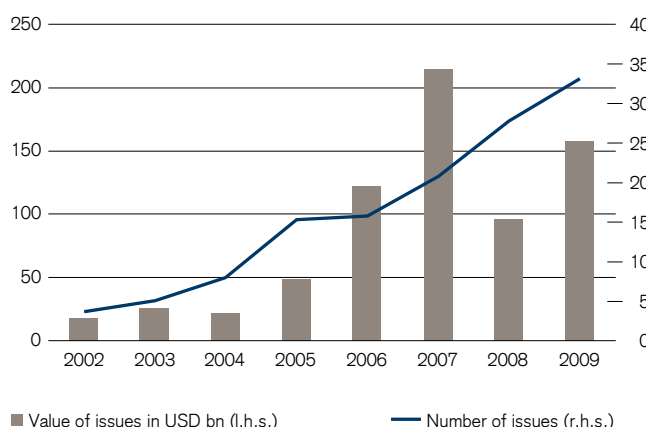
Since conventional bonds are contracts to repay borrowed money with interest at fixed intervals, they are prohibited in Islamic Finance. Sukuk, on the other hand, represent partial ownership in a project, an asset, or an investment. Instead of receiving coupon payments, Sukuk investors normally benefit from earnings derived from the partially owned project, asset or investment. Sukuk – the Arabic plural of Sakk, which means “check” – represent the Islamic version of bonds.

The partial ownership that underlies an Islamic bond can be structured in many different ways. The structure that is called Sukuk al-Ijara is among the most popular ones. In the case of Sukuk al-Ijara, the Islamic bond is based on a Sharia-compliant leasing contract (Ijara) between an investor and a representative of a project that seeks to be financed. A prominent example of this type is the Dubai Airport Sukuk, which was issued in 2004 for USD 1 billion.

Within the last decade, there have been some very impressive Sukuk issuances in the Islamic, as well as the non-Islamic world. In the key Islamic Finance markets of Saudi Arabia, Malaysia, and the UAE, a growing number of entrepreneurs are starting to prefer Sukuk-structures to finance their projects. Even though the volume that has been invested in Su-

Figure 4

Sukuk issuances have multiplied tenfold since 2002



Source: Zawya Sukuk Monitor, Credit Suisse

kuk has suffered from the economic crisis, the number of new issues has continued to rise (see Figure 4).

Sukuk can be attractive for investors, since they are predominantly issued in developing markets with riskier environments and high-yield character. However, it must be noted that Sukuk do not have the same legal basis as conventional bonds. Since no Islamic bonds have been tested by a real default yet, they are linked to a higher risk exposure.

Sharia-compliant structured products

Within the last few years, leading Islamic Finance specialists have put considerable effort into creating Sharia-compliant structured products. Owing to their innovative approaches, they have created a promising mode of imitating conventional derivatives. Instead of using interest-bearing instruments, Islamic structured products work with an underlying Murabaha, a transaction with a mark-up. While the traded good must comply with the Sharia, the mark-up itself does not have to correspond to Islamic law. This legal twist gives Islamic financial engineers the opportunity to link the mark-up to benchmark rates such as LIBOR (London Interbank Offered Rate) and create a derivative that is technically Sharia-compliant.

While these Islamic structured products are a promising opportunity for investors to benefit from the growing Islamic financial market, the “Islamic character” of these structured products is being challenged by some of the prominent Sharia scholars. A change of paradigm at the level of Sharia legal practice could eventually reduce the demand for Islamic structured products.

Commodities

Due to the Islamic guidelines, regular trading of commodities is not allowed. First, commodity trading is normally linked to a futures contract that involves interest. Second, there is a Sharia rule that forbids the trading of goods that the investor is not in possession of.

Table 2: Terminology of most prominent Sukuk structures

Sukuk al-Murabaha	Islamic bond based on mark-up sale
Sukuk al-Ijara	Islamic bond based on Sharia-compliant leasing contract
Sukuk al-Salam	Islamic bond based on direct payment with deferred delivery terms
Sukuk al-Mudaraba	Islamic bond based on partnership
Sukuk al-Musharaka	Islamic bond based on partnership

Source: AAOIFI, Credit Suisse

However, there are ways to trade commodities in Islamic Finance. Applying a Murabaha-transaction, the bank buys a commodity (or a certificate for the commodity) in favor of a client and sells it to him with an added prefixed mark-up. Using Murabaha, commodities can be transferred to an Islamic client without involving interest. At a later stage, the investor can sell the commodity in the same way he purchased it.

This procedure is accepted for nearly all commodities, except for gold, silver, wheat, barley, dates, and salt. Since these six commodities have all been payment instruments in the ancient Middle East, they are treated as currencies with no intrinsic value (see below for treatment of these six “currency-like commodities”).

Foreign exchange trading

Conventional foreign exchange (FX) trading is normally based on futures contracts. But owing to the Sharia, currencies can only be exchanged at spot (on the same day). As a consequence, Islamic investors cannot be active in conventional foreign exchange trading. Additionally, they also are not allowed to benefit from conventional yield linked to FX trading, since this yield is based on interest rates.

However, Sharia-compliant structures aimed at benefiting from changing FX rates do exist. There are two kinds of Islamic FX swaps: the first one is based on a Tawarruq structure, one of the most challenged structures in Islamic Finance. It represents a combination of three contracts that are separately all Sharia-compliant. On the other hand, the combination of the contracts precisely imitates the function of a conventional currency swap with future contracts involved.

The second structure is based on a Wa'd, which literally means a promise in Arabic. After an exchange made at spot, the parties involved promise to make a second transaction on the spot exchange at a certain time for a certain price in future. In some Islamic countries, a Wa'd has the legal status of a written contract.

Moreover, a number of FX brokers are offering special interest and swap free FX accounts to Islamic investors. The providers of these Islamic FX accounts are obliged to exchange currencies on the spot and calculate fixed service fees for the account holders. Based on this approach, the FX brokers are able to meet the conditions of Islamic law.

Real estate

Real estate is one of the most preferred investment objects in Islamic Finance. This affiliation has two reasons: first, many Islamic cities faced a major building boom in the last decade. Investing in real estate has therefore been an interesting opportunity to financially benefit from the structural growth of Islamic Finance hubs, such as Singapore, Riyadh, Dubai, or Doha (Qatar).

Second, for many Islamic investors, the real estate market fits the spirit of Islamic Finance perfectly. The construction of a house can be understood and observed by everyone, so it is fully transparent. Moreover, real estate is an investment beneficial to the community, since everybody needs a place to live.

However, Islamic Finance clients are also bound to restrictions in their real estate investments. With regard to direct investments, they must avoid investments that are linked to immoral business activities (for example real estate used for a nightclub, casino, or a bar). With indirect investments, the supported company must meet all Islamic exclusion criteria, especially the financial ratio restrictions (see Table 1).

Hedge funds

A crucial element of a hedge fund strategy is short-selling, which is not allowed in Islam. However, since hedging mechanisms have become a highly important and lucrative instrument in wealth management in past years, Islamic Finance experts have worked on the establishment of Sharia-compliant hedge funds. Today, there are a number of Islamic hedge funds that

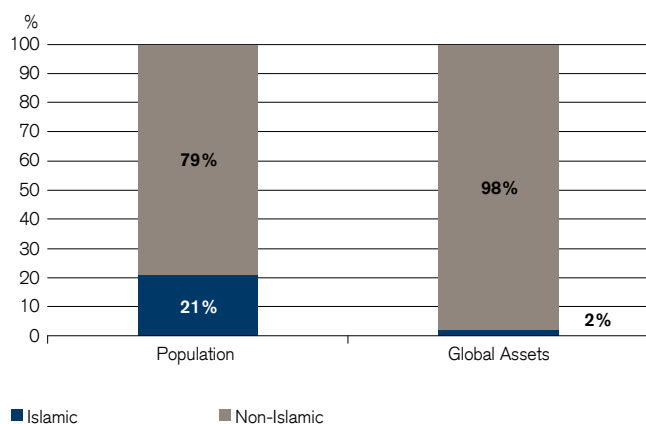
Table 3: Islamic investment opportunities and credibility in terms of Sharia compliance

Asset class	Sharia-compliant	Restrictions	Islamic alternative	Sharia credibility			
				Fully accepted	Generally Accepted	Disputed	Highly disputed
Equities	Yes	Exclusion of interest, speculation, gambling, pork, alcohol, adult entertainment, defense industry		x			
Bonds	No		Sukuk		x		
Structured products	No		Islamic structured products			x	
Commodities	No		Commodities trading based on Murabaha structure		x		
FXs	No		FX trading based on Tawarruq or Wa'd structure		x		
Real estate	Yes	Direct investments: Real estate must not be involved in gambling (casino), alcohol (bar), adult entertainment (night club). Indirect investments: Companies must meet Islamic exclusion criteria, especially the financial ratio restrictions.		x			
Hedge funds	No		Islamic hedge funds			x	

Source: AAQIFI, Islamic Fiqh Academy, Credit Suisse

Figure 5

One in five people are Muslims, but only one US dollar out of every fifty is invested according to Islamic law



Source: Cap Gemini & Merrill Lynch World Wealth report, The Banker, CIA World Fact book, Credit Suisse

are accepted by most Islamic investors. But the debate between scholars, bankers, and investors on the “Islamic nature” of hedge fund is still ongoing. Since the Islamic prophet Muhammad once said that people should not sell what they do not possess, some Islamic experts are critical about all structures that imitate conventional short selling.

Generally speaking, many new Sharia-compliant products have been developed over the past few years. This development has simplified Islamic investing dramatically. Today, Islamic investors can do almost everything that conventional

investors do without violating the Sharia. However, in some cases, this alternative structuring requires additional working steps and creates fees that are not familiar to conventional investors. For this reason, Islamic investors should always consider the final costs involved before launching an investment.

Sharia-compliant investing gains popularity within the fast-growing Muslim population

Unlike many other religions, Islam does not differentiate between a spiritual and a secular sphere of everyday life. Therefore, most Muslim people try to shape their daily routine in accordance with the Sharia, the Islamic law. Even though the Quran, the holy book of Islam, contains an entire collection of business ethics, Muslim people have not had the possibility to reconcile economic behavior and Islamic values at an institutional level for a long time.

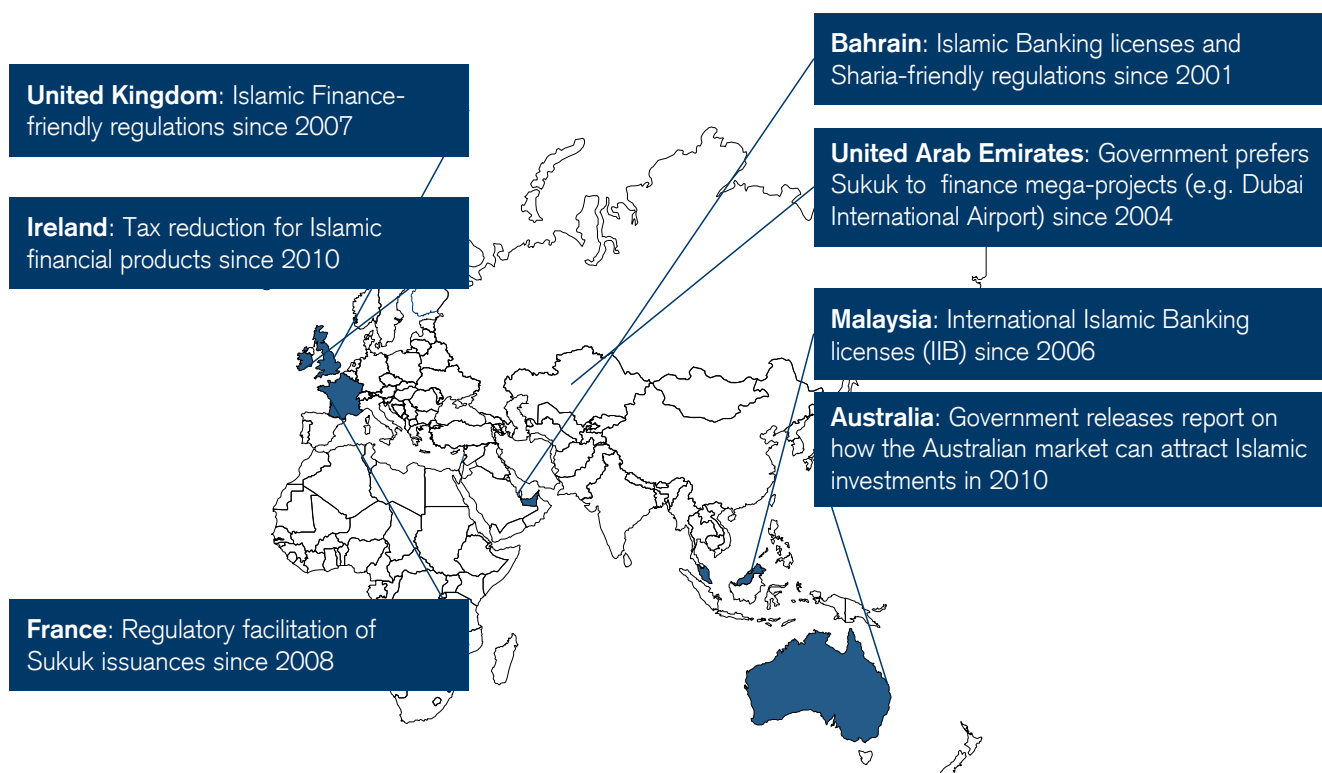
However, this is now starting to change. Based on strong demand from the rapidly growing Muslim community and the additional Sharia-compliant investments available today, Islamic financial services are provided by an increasing number of institutions.

High demand and increasing market penetration indicate ongoing Islamic Finance growth

Currently, every fifth person in the world is a Muslim, but only one US dollar in fifty is invested according to Islamic law (see Figure 5). Assuming that, in future, at least a part of the upcoming young Muslim entrepreneurs choose to invest accord-

Figure 6

Countries are taking pro-active steps to attract Islamic Finance investments



Source: Governments, Credit Suisse

ing to their religious background, Islamic Finance could be the next big market segment to emerge.

Additionally, we have seen that Islamic financial services are not only used as a new method of investment, but also as an alternative to conventional ways of investing. Hence, even within established markets, Islamic Finance will probably gain ground by representing a promising alternative to Muslim, as well as non-Muslim investors.

From a grass roots movement to a unique selling point

Analyzing the history of Islamic Finance, it becomes clear that this market segment is a typical grass roots movement. In the beginning, many governments, even of traditional Islamic countries, tried to avoid any entanglement with Islamic Finance. The reason was that they were scared to harm the country's economic development by going a different way to developed markets. As a consequence, most governments refused to accept the upcoming Sharia-compliant investment opportunities. However, due to strong demand from Muslim clients, Islamic Finance continued to emerge.

As history has shown, the fear of an Islamic way of doing business has proved to be unfounded. On the contrary: over the past few years, many countries have started to rethink their attitudes toward Islamic Finance. Hence, many governments have created friendlier policies toward Islamic Finance or even introduced special Islamic banking licenses to fit the new Sharia-compliant banking activities. In fact, Islamic Finance has become a unique selling point for many countries in the Islamic and non-Islamic world (see Figure 6).

Saudi Arabia, Malaysia, and the United Arab Emirates are key markets for Islamic Finance

Three out of four US dollars invested in accordance with Islam are currently coming from Iran, Saudi Arabia, Malaysia or the United Arab Emirates (see Table 4). For global investors, Saudi Arabia, Malaysia and the United Arab Emirates are highly attractive and politically stable countries. All three coun-

Table 4: Top 10 Islamic Finance markets

	Islamic assets in USD m	Market share
Iran	293,165.8	36%
Saudi Arabia	127,896.1	16%
Malaysia	86,488.2	11%
United Arab Emirates	84,036.5	10%
Kuwait	67,630.2	8%
Bahrain	46,159.4	6%
Qatar	27,515.4	3%
UK	19,410.5	2%
Turkey	17,827.5	2%
Bangladesh	7,453.3	1%

Source: The Banker, Credit Suisse

tries' markets are explicitly organized to support Islamic Finance investments.

Saudi Arabia

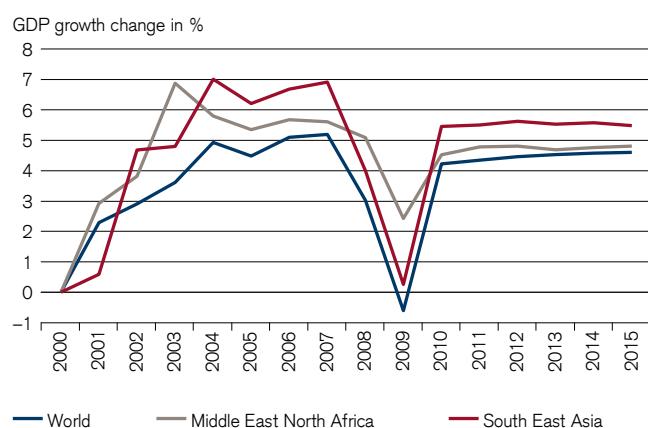
Backed by a quarter of the worldwide petroleum reserves, Saudi Arabia's economy is the major driving force behind the GCC countries. The combination of oil-based wealth and the country's strict interpretation of the Sharia is a clear advantage for Islamic Finance in the Saudi kingdom.

Saudi Arabia is also interesting in terms of its demographic development. The United Nations estimates that Saudi Arabia will have more than 30 million residents by 2020. With an average age of 24.6 years, this demographic development makes the Saudi kingdom an impressive market for consumers and private investors in the future.

Moreover, as the geographical host of Mecca and Medina, the two holy cities of Islam, Saudi Arabia is perceived to be the hub of Islam. This element is of significant symbolic power and makes Saudi Arabia one of the most promising key markets for Islamic Finance.

Figure 7

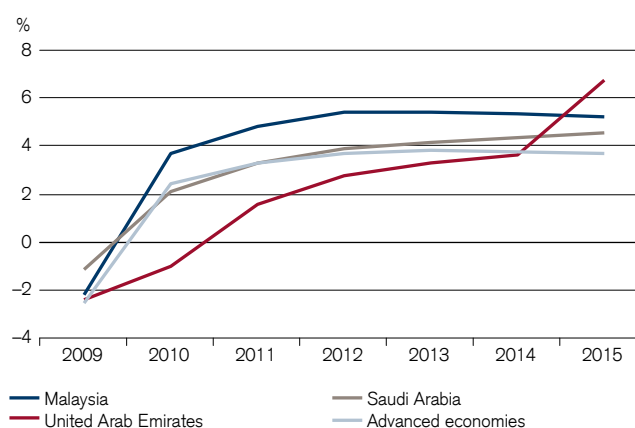
Islamic regions are experiencing superior economic growth



Source: IMF World Economic Outlook Database, Credit Suisse

Figure 8

Strong GDP growth expected in key markets for Islamic Finance



Source: IMF World Economic Outlook Database, Credit Suisse

Malaysia

Malaysia is known to be one of the most efficient countries in promoting Islamic Finance. Since the early 1980s, Bank Negara, Malaysia's central bank, has supported Islamic Finance by developing tailor-made regulations for Sharia-compliant banking institutes. Malaysia understood the importance of Islamic legal transparency at a very early stage. Therefore, the government collaborated with the country's most prominent legal scholars and developed national financial Sharia standards. As a result of this process, Malaysia is one of the most transparent Islamic Finance market worldwide.

Furthermore, Malaysia is geographically very well positioned, providing Islamic financial services not only in Malaysia, but also to its neighboring country Indonesia, the largest Muslim country on the globe (about 180 million Muslims).

United Arab Emirates

Since the early 1970s, the United Arab Emirates, especially Dubai and Abu Dhabi, have developed impressively. However, not many analysts are aware of the fact that the growing financial local economies at the Persian Gulf have not only been driven by oil reserves, but also by the early development of

Islamic Finance. Sharia-compliant financial institutions such as the Dubai Islamic Bank or the Abu Dhabi Islamic Bank have existed for almost four decades. Currently, they strongly benefit from their long-term efforts in developing Sharia-compliant banking services.

After the recent Dubai crisis, all emirates are recovering surprisingly fast. The agreement of the restructuring of Dubai World's debt has been a strong signal to investors, and experts are already forecasting an increase in GDP for 2010. Most likely, the United Arab Emirates will be able to continue their unparalleled pre-crisis path soon again (see Figure 8).

The United Arab Emirates have played a crucial role in creating and shaping Islamic financial services. Due to this pioneering role, many highly important Islamic financial institutions, think tanks and religious experts are located in the emirates. The United Arab Emirates is expected to expand its role of key Islamic Finance market in future.

Conclusion

Islamic Finance has come a long way from a small grass roots movement to a highly promising market. Islamic values, formerly understood as a restriction, have become a resource to many investors – serving as a moral compass within the global

Table 5: Sharia-compliant investment opportunities

Equities	CCY	ISIN	Market cap (in USD bn)	P/E 2010E	P/E 2011E	P/B 2010E	Dividend yield (%)	Rec.
(largest companies listed in the Dow Jones Islamic market index, sorted by market capitalization)								
MICROSOFT	USD	US5949181045	226	12.4	11.0	4.9	2.32	BUY
WAL-MART	USD	US9311421039	201	13.6	12.4	2.6	2.20	BUY
GOOGLE	USD	US38259P5089	194	21.7	18.8	17.7	0.00	BUY
CHEVRON	USD	US1667641005	171	9.6	8.7	1.8	3.35	BUY
NOVARTIS	CHF	CH0012005267	149	11.4	11.1	1.9	4.14	BUY
ORACLE	USD	US68389X1054	144	17.0	14.8	4.7	0.70	BUY
COCA-COLA	USD	US1912161007	143	17.6	15.8	5.2	2.87	BUY
PFIZER	USD	US7170811035	141	8.0	7.7	1.3	4.12	BUY
CISCO SYSTEMS	USD	US17275R1023	137	14.5	13.7	4.2	0.00	BUY
ROCHE	CHF	CH0012032048	124	10.7	9.7	9.8	4.91	BUY
MERCK	USD	US58933Y1055	115	10.9	9.7	4.1	2.16	BUY
INTEL	USD	US4581401001	111	10.2	10.3	2.7	3.39	BUY
SIEMENS	EUR	DE0007236101	104	16.1	12.3	2.7	1.94	BUY
HEWLETT-PACKARD	USD	US4282361033	100	9.3	8.6	2.5	0.84	BUY
SAMSUNG ELECTRONICS	KRW	KR7005930003	99	9.2	9.4	1.5	1.31	BUY
ABBOTT LABORATORIES	USD	US0028241000	81	12.6	11.3	3.2	3.32	BUY
QUALCOMM	USD	US7475251036	72	18.7	17.9	6.9	1.59	BUY
NTT DOCOMO	JPY	JP3165650007	71	11.1	10.9	1.2	4.03	BUY
BG GROUP	GBP	GB0008762899	70	15.7	13.6	3.2	1.09	BUY
UNITED PARCEL SERVICE	USD	US9113121068	69	18.3	15.4	4.7	2.71	BUY
Sukuk (Islamic bonds) ¹	CCY	ISIN	Coupon	Maturity date	Price	Yield to maturity	Rating	
REPUBLIC OF INDONESIA	USD	USY68617AA05	8.8	23.04.2014	120.6	2.55	HOLD	
CENTRAL BANK BAHRAIN	USD	XS0434228127	6.247	17.06.2014	113.5	2.33	HOLD	
Commodities ¹	CCY		Price	Forecast end-Q4 2011				
PALLADIUM	USD		645.50	600.00 (LOW)	650.00 (HIGH)			

¹ The listed Sukuk and commodities are not recommended investments. They are listed in order to give a complete picture of the Sharia-compliant investment opportunities available at Credit Suisse

Source: Dow Jones Islamic Market Index, Bloomberg, Credit Suisse

financial market. Recent developments indicate that Islamic Finance is increasingly accepted as a serious investment strategy not only in an Islamic, but also in a non-Islamic environment. The regulatory amendments of the United Kingdom or France, for example, symbolize the future potential of Sharia-compliant investments.

In sum, Islamic Finance stands out due to two elements: First, it is a faith-based investment. This means that religious values are integrated into economic behavior. Second, even though limited by restrictions and reconciled with faith-based values, Islamic Finance is still attractive in terms of performance. As shown, Islamic equity indices have been able to outperform conventional indices, even after excluding interest, high risk, gambling, and immoral business branches.

Abbreviations frequently used in reports

Abb.	Description	Abb.	Description	Abb.	Description
CAGR	Compound annual growth rate	EPS	Earnings per share	P/B	Price-to-book value
CFO	Cash from operations	EV	Enterprise value	P/E	Price-earnings ratio
CFROI	Cash flow return on investment	FCF	Free cash flow	PEG	P/E ratio divided by growth in EPS
DCF	Discounted cash flow	FFO	Funds from operations	ROE	Return on equity
EBITDA	Earnings before interest, taxes, depreciation and amortization	IBD	Interest-bearing debt	ROIC	Return on invested capital

Disclosure appendix

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Equity rating history as of 08/11/2010

Company	Rating	Date
ABBOTT LABORATORIES (ABT US)	BUY	since 22/10/2010
	BUY	since 26/07/2010
	BUY	since 03/05/2010
	BUY	since 27/01/2010
	BUY	since 14/10/2009
BG GROUP (BG/ LN)	BUY	since 02/11/2010
	BUY	since 28/07/2010
	BUY	since 29/04/2010
	BUY	since 05/02/2010
	BUY	since 28/10/2009
CHEVRON (CVX US)	BUY	since 01/11/2010
	BUY	since 30/07/2010
	BUY	since 30/04/2010
	BUY	since 01/02/2010
	BUY	since 02/11/2009
CISCO SYSTEMS (CSCO US)	BUY	since 06/09/2010
	BUY	since 12/08/2010
	BUY	since 18/05/2010
	BUY	since 04/02/2010
	BUY	since 05/11/2009
COCA-COLA (KO US)	BUY	since 19/10/2010
	BUY	since 21/07/2010
	HOLD	since 20/04/2010
	HOLD	since 26/02/2010
	BUY	since 25/02/2010
	BUY	since 09/02/2010

GOOGLE (GOOG US)	BUY	since 20/10/2009
	BUY	since 18/10/2010
	BUY	since 15/10/2010
	BUY	since 16/07/2010
	BUY	since 19/04/2010
	BUY	since 16/04/2010
	BUY	since 24/03/2010
	BUY	since 03/02/2010
	HOLD	since 22/01/2010
	HOLD	since 19/10/2009
HEWLETT-PACKARD (HPQ US)	BUY	since 15/09/2010
	BUY	since 03/09/2010
	BUY	since 20/08/2010
	BUY	since 10/08/2010
	BUY	since 09/08/2010
	BUY	since 19/05/2010
	BUY	since 29/04/2010
	BUY	since 18/02/2010
	BUY	since 24/11/2009
	HOLD	since 24/11/2009
INTEL (INTC US)	HOLD	since 27/08/2009
	BUY	since 15/10/2010
	BUY	since 13/10/2010
	BUY	since 30/08/2010
	BUY	since 24/08/2010
	BUY	since 20/08/2010
	BUY	since 15/07/2010
	BUY	since 14/07/2010
	BUY	since 16/04/2010
	BUY	since 14/04/2010
MERCK & CO (MRK US)	BUY	since 11/02/2010
	BUY	since 10/02/2010
	BUY	since 19/01/2010
	BUY	since 15/01/2010
	BUY	since 15/10/2009
MICROSOFT (MSFT US)	BUY	since 01/11/2010
	BUY	since 05/08/2010
	BUY	since 06/05/2010
	BUY	since 16/02/2010
NOVARTIS (NOVN VX)	BUY	since 04/11/2009
	BUY	since 29/10/2010
	BUY	since 23/07/2010
	BUY	since 26/04/2010
	BUY	since 23/04/2010
	BUY	since 01/02/2010
	BUY	since 29/01/2010
	BUY	since 26/10/2009
	BUY	since 21/10/2010
	BUY	since 23/09/2010
	BUY	since 22/09/2010
	BUY	since 15/07/2010
	BUY	since 14/06/2010

NTT DOCOMO (9437 JP)	BUY	since 27/04/2010
	BUY	since 20/04/2010
	BUY	since 26/01/2010
	BUY	since 06/01/2010
	BUY	since 04/01/2010
	BUY	since 23/10/2009
ORACLE (ORCL US)	BUY	since 02/11/2010
	BUY	since 04/10/2010
	BUY	since 29/06/2010
	BUY	since 01/02/2010
	BUY	since 05/11/2009
	BUY	since 17/09/2010
PFIZER (PFE US)	BUY	since 30/06/2010
	BUY	since 25/06/2010
	BUY	since 29/03/2010
	BUY	since 26/03/2010
	BUY	since 21/12/2009
	BUY	since 18/12/2009
QUALCOMM (QCOM US)	BUY	since 18/09/2009
	BUY	since 03/11/2010
	BUY	since 03/08/2010
	HOLD	since 11/05/2010
	HOLD	since 03/02/2010
	HOLD	since 21/10/2009
ROCHE (GENUSSSCHEINE) (ROG VX)	BUY	since 04/11/2010
	BUY	since 22/07/2010
	BUY	since 23/04/2010
	BUY	since 22/04/2010
	BUY	since 25/03/2010
	BUY	since 03/02/2010
SAMSUNG ELECTRONICS (005930 KS)	BUY	since 28/01/2010
	BUY	since 05/11/2009
	BUY	since 15/10/2010
	BUY	since 14/10/2010
	BUY	since 23/07/2010
	BUY	since 22/07/2010
SIEMENS (SIE GY)	BUY	since 21/07/2010
	BUY	since 18/06/2010
	BUY	since 16/04/2010
	BUY	since 15/04/2010
	BUY	since 03/02/2010
	BUY	since 11/01/2010
UNITED PARCEL SERVICE (UPS US)	BUY	since 21/10/2009
	BUY	since 15/10/2010
	BUY	since 08/07/2010
	BUY	since 03/05/2010
	BUY	since 14/01/2010
	BUY	since 07/10/2009
	BUY	since 29/09/2010
	BUY	since 29/07/2010
	BUY	since 30/04/2010
	BUY	since 29/04/2010
	BUY	since 27/01/2010
	BUY	since 26/01/2010
	BUY	since 04/12/2009
	BUY	since 03/12/2009
	BUY	since 13/10/2009
	BUY	since 22/10/2010
	BUY	since 21/10/2010
	BUY	since 27/07/2010
	BUY	since 22/07/2010
	BUY	since 29/04/2010

WAL-MART (WMT US)	BUY	since 28/04/2010
	BUY	since 15/04/2010
	HOLD	since 16/02/2010
	HOLD	since 03/02/2010
	HOLD	since 15/01/2010
	HOLD	since 29/10/2009
	BUY	since 07/09/2010
	BUY	since 17/08/2010
	BUY	since 18/05/2010
	BUY	since 18/02/2010
	BUY	since 12/11/2009
	BUY	since 13/08/2009

As at the end of the preceding month, Credit Suisse beneficially owned 1% or more of a class of common equity securities of (MERCK & CO, NOVARTIS, ROCHE (GENUSSSCHEINE), SIEMENS).

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Guide to analysis

Equity rating allocation as of 08/11/2010		
	Overall	Investment banking interests only
BUY	46.39%	47.03%
HOLD	48.75%	48.43%
SELL	2.80%	2.45%
RESTRICTED	2.06%	2.10%

Relative stock performance

At the stock level, the selection takes into account the relative attractiveness of individual shares versus the sector, market position, growth prospects, balance-sheet structure and valuation. The sector and country recommendations are "overweight," "neutral", and "underweight" and are assigned according to relative performance against the respective regional and global benchmark indices.

Absolute stock performance

The stock recommendations are BUY, HOLD and SELL and are dependent on the expected absolute performance of the individual stocks, generally on a 6-12 months horizon based on the following criteria:

BUY:	10% or greater increase in absolute share price
HOLD:	variation between -10% and +10% in absolute share price
SELL:	10% or more decrease in absolute share price
RESTRICTED:	In certain circumstances, internal and external regulations exclude certain types of communications, including e.g. an investment recommendation during the course of Credit Suisse engagement in an investment banking transaction.
TERMINATED:	Research coverage has been concluded.

Absolute bond recommendations

The bond recommendations are based fundamentally on forecasts for total returns versus the respective benchmark on a 3-6 month horizon and are defined as follows:

BUY:	Expectation that the bond issue will outperform its specified benchmark
HOLD:	Expectation that the bond issue will perform in line with the specified benchmark
SELL:	Expectation that the bond issue will underperform its specified benchmark
RESTRICTED:	In certain circumstances, internal and external regulations exclude certain types of communications, including e.g. an investment recommendation during the course of Credit Suisse engagement in an investment banking transaction.

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