

AUSTRALIAN

RESEARCH

MANAGED INVESTMENTS ANALYSIS

Credit Suisse PL100 – Emerging Markets Infrastructure Development Trust

EXTRACT

October 2007

Exposure to the performance of international infrastructure companies that derive revenues from and/or operate in emerging market economies with the safeguard of capital protection and the option of 100% loan

Australian Managed Investments

Structured Products

Note: This report is based on the PDS, dated **4 October 2007**, together with other information provided by CSI as at September 2007.

Credit Suisse PL 100 – Emerging Markets Infrastructure Development Trust

Exposure to the performance of international infrastructure companies that derive revenues from and/or operate in emerging market economies with the safeguard of capital protection and the option of 100% loan

Offer Overview

The Credit Suisse PL 100 – Emerging Markets Infrastructure Development Trust (the *Trust*) has been structured by Credit Suisse International (*CSI*). The Trust will provide exposure to the performance of international infrastructure companies that derive revenues from and/or operate in emerging market economies. The Trust also provides the safeguard of at least 100% capital protection at maturity. The Trust will be notionally exposed to a portfolio of 20 international listed infrastructure companies (the *Notional Portfolio*) that generate revenue and/or operate in emerging market countries. The Notional Portfolio will be partially rebalanced annually. Returns to investors will be in the form of capital and, to a lesser degree income during the term, the latter of which is determined by the level of dividends paid by portfolio companies. CSI's obligation to provide capital protection will be managed through the constant proportion portfolio insurance (*CPPI*) method. Protection is of a rising nature, whereby if the value of the Notional Portfolio plus the CPPI-related Fixed Income Portfolio reaches 110% and 150% of the Issue Price, the level of protection is increased by the same amount. Exposure to the Notional Portfolio will initially be 100% and, during the term, may range from 125% to a minimum of 25%, as determined by the CPPI rules. The Trust will be ASX-listed, and CSI will act as market maker.

Investment View

Investor Suitability

Investor suitability will differ between those opting for 100% loan and those who do not. With respect to 100% loan, Aegis regards the Trust as well suited to asset-poor, income-rich investors capable of covering annual interest costs and receiving the greatest tax benefit for such payments. For those not opting for 100% loan, the Trust may be well suited for investors seeking solid growth prospects, but are highly averse to or intolerant of a capital loss. Such investors may include pre-retirement, retired and/or superannuant investors. Although Aegis would suggest the investment represents only a component of a broader portfolio, the growth prospects of the Trust may be useful in addressing longevity risk for pre-retirement/retired investors. Investors should note that the risk-return profile of the Trust is high, especially for loan investors. In relation to the latter, while the initial investment amount is capital protected, investors may incur a total loss equal to cumulative interest and income-related taxation costs.

Recommendation

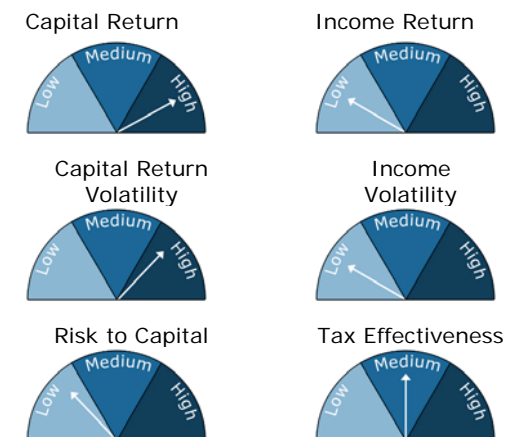
Aegis has assigned the Trust with a **Highly Recommended** rating.



Offer Details

| | |
|------------------|---------------------|
| Offer Period | 29-Oct:28-Nov-07 |
| Listing Date | 19-Dec-07 |
| Issue Price | A\$1.00 |
| Day 1 NAV | A\$1.00 |
| Maturity (years) | 19-Dec-12 (5 years) |
| Min. Investment | A\$20,000 |
| Liquidity | Daily (ASX listed) |
| Distributions | Semi-annually |

Risk/Return Profile



Fees (paid to advisors), incl. GST, %

| | |
|-------------------------|-------------|
| Up-front (no loan) | Up to 1.1* |
| Ongoing, p.a. (no loan) | 0.0 |
| Up-front (Loan) | Up to 2.6** |
| Ongoing, p.a. (Loan) | 0.5% p.a. |

*The 1.1% advisor fee may be waived by advisors, as determined by the commercial relationship between the advisor and the investor.

**Comprises an up-front 1.5% loan establishment fee and the 1.1% advisor fee. As noted above, the advisor fee may be waived off by advisors. An investment loan trail of 0.5% p.a. applies to loan investors only.

The investment opinion in this report is current as at the date of publication. Investors and advisers should be aware that over time the circumstances of the issuer and/or product may change which may affect our investment opinion.

SWOT Summary

Strengths

- A stock selection methodology (HOLT) backed by a track record of out-performance and established reputation. Very strong historical performance of the Notional Portfolio.
- Swap agreement minimises costs (zero tax on the CPPI-related cash asset) and maximises returns (entitlement to dividends, taxation certainty, minimal rebalancing-related trading costs).
- Capital protection: Value-at-risk minimisation through rising 'lock-ins'; no risk of a 'cash-lock'; cost-effective, given notional rebalancing and leverage.
- The convenience of daily liquidity/pricing and a market-maker facility ensure units trade at parity to NAV (less the applicable off-market buy/sell spread).

Weaknesses

- High deleverage risk due to historically high volatility of the Notional Portfolio, augmented by limited portfolio rebalancing and the rising capital protection structure.
- HOLT: The investable universe is, at a sector level, very broadly defined; portfolio turnover is limited to three stocks per year; and stock selection pays no consideration to the appropriate degree of CPPI-related volatility in the underlying investment.

Opportunities

- Access to companies that are already well positioned in a sector with significant exposure to emerging market growth, which may otherwise be difficult to obtain for Australian investors.
- The ability to enlarge investment exposure through a 100% investment loan.

Threats

- The high historical volatility of the constituent stocks of the Notional Portfolio creates high de-leverage risk. The risk is compounded by the lack of portfolio weight rebalancing. Deleverage risk is greatest at inception and immediately after the 110% and 150% lock-in events.
- As a listed entity, the applicable buy price for an investor may exceed the capital-protected level. Consequently, investors' protected amount may be materially less than their investment amount when purchasing Trust units on the secondary market.

Product Fees (paid by investors)

| | Product | Product w/ Loan | Sector Avg.* |
|-------------------------------|---------|------------------|--------------|
| Base Fees, % of Assets | | | |
| Up-front ¹ | 1.1 | 2.6 ² | 1.9 |
| Ongoing ³ | 2.4 | 2.4 | 1.8 |
| Exit ⁴ | 0.3 | 0.3 | 0.2 |
| Avg., p.a. | 2.7 | 3.0 | 2.2 |

*Based on structured products reviewed by Aegis over the past 12 months.

¹Assumes a maximum advisor commission. Actual commissions may be less.

²Comprises the 1.5% up-front loan establishment fee and the maximum 1.1% up-front advisor commission.

³Comprises an administration fee of 1.0% p.a. of NAV and a portfolio fee of 1.4% p.a. of GAV.

⁴Based on the CSI estimated buy/sell spread. A maximum buy/sell spread of up to 2.0% may apply to investors redeeming off-market. Loan investors should note that an early exit fee of 1.5% applies in year 1, 1.0% in year 2 and 0.5% for years 3 to 5.

Total Fees, % of Expected Total Return*

| | | | |
|--------------|-------------|-------------|-------------|
| Up-front | 1.7 | 4.0 | 2.9 |
| Ongoing | 18.5 | 18.5 | 14.4 |
| Exit | 0.5 | 0.5 | 0.4 |
| Total | 20.6 | 22.9 | 17.6 |

* Based on an assumed total return of 13% p.a.

Performance Fees

There are no performance fees.

Indirect Fees

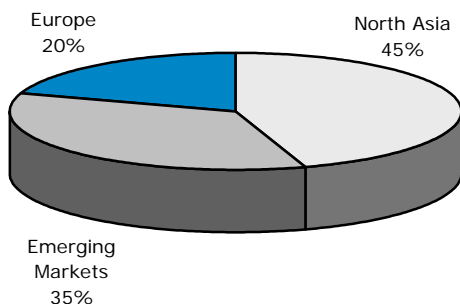
To Aegis' knowledge, there are no indirect fees.

Fee Commentary

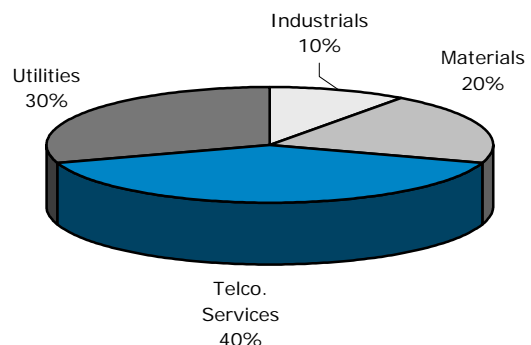
The loan establishment fee of 1.5% exceeds the 1.0% benchmark currently available in the market. Aegis regards the ongoing fee of 2.4% as competitive. While the amount exceeds the industry average, many products with an actively managed underlying portfolio utilise third-party managers in which the associated MER is external to the product itself. However, on a look-through basis, the ongoing fee levels of such products are likely to be more comparable to those of the Trust. The 100% loan investors should note their interest margins.

Portfolio Diversification

By Market Listing Region



By Sector





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An investor considering purchasing a structured product should conduct their own investigation and analysis of the product and consult their professional advisers as to the risks involved in making such a purchase.

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