

Report of the Investment Committee 2007

Political Panorama and Performance Development

The fall of the American real estate market, the international liquidity crisis provoked by the crisis in high risk property loans, and the considerable rise in oil prices have not overcome world growth. Although reduced in its momentum, it has remained firm, especially due to the astonishing resistance in the euro zone and its persistence in Asia. America, on the other hand, has been more affected than was anticipated.

Whereas the American Federal Reserve lowered its interest rates by one percent between August and December, the Central European Bank increased theirs by half-a-percent during the first semester, and then left them unchanged. During the year, the Swiss National Bank has augmented its intervention rates three times by 2.75%. The marked event of the year in this sphere has been the situation in which central banks found themselves compelled to inject massive amounts of liquidities into the inter-bank market, in order to ensure liquidity.

In this context, the weakening of the dollar could only accelerate. It lost 9.5% against the euro to reach a historic bottoming out at 1.456, 6.2% against the yen and 2.88% against the Swiss franc.

World growth, in addition to the known but not negligible geopolitical risks, have contributed a strong support for raw materials, of which oil, that recorded a rise of 56% in USD 93.89, and gold, which climbed by 31%

Under these circumstances, the allocation of assets proved to be particularly important and difficult. According to the figures obtained from our depositor, the performance of our managed bank investments rose by an average of 4.12%, whereas the global performance of managed assets, including the managed real estate portfolio, went up by nearly 5%. These excellent results, bearing in mind the aforementioned context, have enabled the Board of Trustees to set the remuneration of the committed funds at 3%, while retaining the coverage rate at 111%.

Activities of the Investment Committee

During the 2007 financial year, the Investment Committee has had three formal meetings. Its activities have mainly concerned the following spheres:

- 1) Follow-up of the investment performances and analysis of the results of the managers
- 2) Review of the investment chart
- 3) Recommendation to the Board concerning the signing of a distribution contract with CS
- 4) Studying a collaboration agreement with UBS
- 5) Creating an application procedure to support the choice of possible new managers
- 6) Recommending the Board with regard to the sale and acquisition of various properties, as well as the work for enhancing the value of the properties.

Real estate portfolio

The real estate portfolio has seen various changes. The properties at Bussigny (VD), Bex (VD) and Lens (VS) have been sold. Lens is still mentioned in the 2007 balance sheet, however, following a delay in recording the sale in the land register due to a minor misunderstanding with the buyer. The building at 21 route du Livron, adjoining our own, was purchased in April. The buildings at 38-58 rue des Alpes in Montreux were purchased in December. The real estate fortune of the Foundation has thus grown from CHF 59.8 million in 2006 to CHF 83.6 million at the end of 2007.

Investment policy

Our investment policy has not been formally changed. It has, nevertheless, included a clarification, in the sense that a minimum of 30% of the assets must be invested in directly held real estate.

The share of assets held in "bonds & equivalents" is the most important at 32.29%, followed by "real estate" at "28.38%", by "shares & equivalents" at "26.79%", and by "liquidities" at 8.43%.

For the Investment Committee

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