

bulletin

The Credit Suisse Magazine Since 1895
International Edition / English

Issue 1
February/March 2012

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Looking East

From Romanticized Ideas to Contemporary Realities

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Foreword
Looking East

Any attempt to concisely describe the “Orient” is set to force even the most articulate wordsmith into deep waters. What was once merely used as a geographical description for imperialist conquests of the West has transcended its own metonymy and come to challenge its very definition in these modern days of ours. On a very basic level, the term Orient derives from the Latin word oriens, meaning “east”. Throughout history, of course, the terminology used to describe Asia, the Middle- and Far East has become charged with emotional imagery of a world where dreams and reality merge to create an array of opulent images of exotic and ancient cultures.

In more recent decades, the idea of the Orient has shifted to a more politically charged antithesis. This permutation in popular perception, attributed to the occupation of the Orient throughout history and the mementos the West has left behind, is challenged by Palestinian-American scholar Edward Said in 1978, with the publication of his most controversial work “Orientalism,” in which he describes the pervasive Western tradition, both academic and artistic, of prejudiced outsider interpretations of the East (Orient), shaped by attitudes of European imperialism in the 18th and 19th centuries.

In our attempt to entice readers to a more contemporary observation of Eastern realities, we start with some nostalgic and romanticized visions that Westerners have of the East, such as the colors of the Orient in Ingeborg Waldinger’s feature on page 8. The exoticism attributed to the Oriental world has acquired an almost mythical status as the Ottoman Empire waned in the Occident. Then, we remember one of the Orient’s most significant exports and the basis for our entire financial and commercial system, the letter zero, in Stefanie Schramm’s “The Masters of Nothing At All.” A few pages later, we confront embroidered ideas of the Orient and contrast them with more contemporary realities, such as the globalization of Sukuks – Islamic fixed income products – or a close look at Turkey’s recent economic boom.

This issue of bulletin is not meant to present a comprehensive overview of the current state of the Eastern world, but it should act as a teaser to the discovery of the conundrums of the Orient, to witness and discover yet another important shift in the historic balance of power, economic development and cultural relevance in our modern times.

Stefan Behmer, Editor-in-Chief



Regina Hügli
Departing from Vienna, photographer Regina Hügli set off to discover the caravanserais in Istanbul. **Page 12**



Stefanie Schramm
The Hamburg-based author explores the history of zero and how it has come to be indispensable. **Page 22**



Cover photo: Regina Hügli | Photos: Thomas Eugster | Dieter Nagel | Flavio Gerber | Daniel Gebhart de Koekoek | Credit Suisse

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Peter Scholl-Latour

“THE EXPERTS IN EGYPT WERE OF THE OPINION THAT NOTHING WOULD HAPPEN IN THE NEAR FUTURE.”

Journalist and author Peter Scholl-Latour, one of Europe's most renowned experts on the Middle East, cannot be said to live only from memories, though now at 87, he has accumulated many. His apartment in Berlin is filled with photos from his time as a reporter in Africa, China and the Middle East. One shows him as a prisoner of the Viet Cong. Another was taken in 1979 with the Ayatollah Khomeini, whom Scholl-Latour accompanied back to Iran when the religious leader returned from exile.

Today, Scholl-Latour remains vital and outspoken.

His world view has been shaped by first-hand knowledge and experience, making him an authority on events shaping our lives that begin in countries and cultures many Westerners understand poorly – or not at all.

Interview: Ingo Petz



Photo: Peter Rigaud

For Westerners, the idea of the “Orient” is a place of myths, legends and romance. Does this actually reflect the reality?

When Westerners speak of the “Orient,” they commonly are referring to the immense expanse of land between Morocco and Afghanistan. It’s a deceptive term because it implies a unity that doesn’t exist. People in Europe often don’t even bother to distinguish between the Near East and the Middle East. And for Arabic speakers, Morocco, for example, is still referred to as Maghreb al-Aqsa, the “Far West.” That at least reflects the geographical realities. Additionally, the term “Orient” also stands for a dream world of romanticism. Writers and philosophers were fond of idealizing the countries of the East – either as an exotic or mysterious cultural sphere or as an archaic, backward area of despotism and tyranny. In fact this idealization and general ignorance still characterize the way in which we regard this region today.

What leads us to perceive Islamic countries as being so different, in some ways less advanced and sometimes even threatening?
As far as Islam is concerned, things must be viewed in a historical context. For example, for the time in which the Prophet Mohammad lived, his ideas constituted a progressive social revolution. For the time it was written, the Koran also embodied a relatively tolerant attitude towards what are called the other “religions of the book,” Christianity and Judaism. These religions were allowed. The character of the Islamic Revolution was also thoroughly egalitarian. Its aims included social justice and welfare. Up to the present day, many Islamic parties enjoy their popularity among the masses because of their active engagement on social issues.

Why do Muslims and Christians appear to be hostile towards one another today?
Hostility between Christianity and Islam arises, in part perhaps, because in some ways these religions are so similar. They are monotheistic religions. Like Judaism they start with Abraham. And Jesus is also a great prophet in Islam. In its own terms at least, the driving force behind Islam is to bring the world to salvation. Just like Christianity.

The West and Islam disagree about how the state should function.
The Koran is considered to be the word of God. Every devout Muslim believes that. The problem is that this teaching, which also embodies a legal system, doesn’t take into account modern conditions of life. For instance, for the devout, religion cannot be separated from the state. Our understanding of secularism or even laicism is vigorously rejected by many in the Islamic world. The basic challenge was and still is finding a compromise.

Osama bin Laden, al-Qaeda and terrorism that is linked to extremist groups have raised concerns about the aims of Arabs and Islam in general.
The term “al-Qaeda” is extremely nebulous. What might be much more of a concern to Europeans is the demography, the population explosion in nearby Islamic

Peter Scholl-Latour

Award-winning German-French journalist Peter Scholl-Latour was born in Bochum in 1924. As the author of more than 30 books and producer of many documentary films, he is regarded as a leading authority on the regions and issues discussed in this interview. He began his career as a journalist for the Saarbrücker Zeitung and traveled to Iran, Iraq, Syria and Israel in 1951.

As a correspondent for German Television, he reported from Africa and the Arab world. Prior to becoming a reporter, he served in 1945/46 with the Commando Parachutiste Ponchardier, a unit of French paratroopers who were active in the First Indochina War.

Today he lives in Berlin and Paris.

countries. When I first went to Algeria it had a population of eight million. Now it’s more than thirty million. There has been a migration, which means that nowadays most European countries have a substantial Muslim population. And this leads to social divisiveness. I do my best to understand Islam and do not misuse it as a screen onto which to project my anxieties. I can only say that one has to be aware that there are many different currents within any religion.

You refer to the fear among Western Europeans that Muslim immigration may lead to alienation. Is it really so difficult to integrate Islam?

There are a great many differences among different groups. Turkish Alevi, who are close to the Shiites in many respects, have had very few integration problems. Sunni Islam is characterized by major differences in its practice. The mysticism of Sufi Islam is far removed from the rigorous faith of the Salafists. At present there is a strong movement towards the original practices of Islam, which can be seen as a reaction to the westernization that was preached by many intellectuals. The Muslim Brotherhood, which looks to be on the verge of assuming power in Egypt, appears to be taking a path of moderation.

Islam seems to have regained its significance in the postcolonial Arab world. Why is this?

During the 19th century, Islamic intellectuals adopted European terms such as “nationalism” and even “Marxism.” But the “Arab nation” that Gamal Abdel Nasser attempted to unite from Morocco to the Persian Gulf failed. One saying has become more popular: “al-Islam huwa al-hal – Islam is the only solution.” You could say that the Islamic revolution was directed against those Arab rulers who were regarded as stooges of the West. But Islam’s influence doesn’t necessarily mean that things will become unpleasant for people outside of the region.

In your new book “Arabia’s Moment of Truth” you look at the Arab Spring.
I’m very wary of using the term “Arab Spring.” There has already been one “Arab Spring” which, however, was largely ignored in Europe. That was at the start of the 1990s in Algeria when the military dictatorship in that country allowed free elections, which were followed by a military coup. Western governments did nothing.

“I see no successful example of an adaptation of the democratic model in the Arab world.”

There was an appalling civil war with an estimated 200 000 casualties. I happened to be in Algeria shortly before the outbreak of the latest so-called “Arab Spring.” People there were still traumatized by the civil war and were understandably hesitant about yet another revolution.

Is that why your new book begins with Algeria and not Tunisia?

That the uprisings would begin in Tunisia came as a surprise to me, even though the former Tunisian president Zine al-Abidine Ben Ali was particularly disliked. Tunisia, however, was not a former colony. It was a French protectorate with close ties to Europe. What’s more, Tunisians are usually regarded as very peaceful, agreeable people.

Were you surprised by the rebellion in Egypt?
Yes, the mood didn’t really seem close to rebellion. I was also in Cairo shortly before the protests began. I met a number of experts when I was there and all were of the opinion that nothing would happen in Egypt in the near future. Neither the CIA nor the omnipresent Egyptian secret service seemed to notice that anything was brewing.

In contrast to many others, you do not regard the young people who demonstrated on Tahrir Square and came together through internet-based social media as the driving force behind the revolution in Egypt.

Those who gathered in Tahrir Square in Cairo were essentially the young intellectuals, the children of the middle classes, and frustration was especially great among the middle classes. The widespread corruption was perceived as insufferable. However, I’m convinced that they were not and are not the real driving force in the country. You can compare it to some extent with the 1968 student riots in Paris. The rioters were the children of the “bourgeoisie”. The “proletariat” wasn’t there.

Unlike the politically successful Muslim Brotherhood.
As I’ve already said, the revolutionary movement that has been active in the Arab countries since the start of 2011

has primarily targeted corrupt elites who have become too closely identified with the West. The hatred of the majority of people in these countries is directed against a ruling class that has moved away from Islam. Real political power in Egypt rests with the Muslim Brotherhood, the simple people, the poor, and the peasant farmers. They have a structured leadership. The Muslim Brotherhood has remained in the background and waited for its moment, which came with the elections at the start of this year. What alarms me is that the radical Salafists received around a quarter of the votes.

What does the future hold for Libya?
In Libya I expect a conflict between rival extremists. When I had finished my book I went back to Libya. Every five kilometers we were stopped by armed rebels and never knew which tribe or faction they belonged to. But we did find out that they all seemed to be at each other’s throats.

Turkish Prime Minister Recep Tayyip Erdogan visited Libya shortly after the rebels had taken over. Is Turkey attempting to strengthen its influence in Northern Africa?

Erdogan naturally had the advantage that as a Muslim he was able to pray with the Libyans – unlike David Cameron and François Sarkozy. But Erdogan also made a speech in which he promoted the secular state, and as I mentioned, the old Ottoman Empire represented to some Arabs foreign despotism. This could stand in the way of any expansion of Turkey’s role in Northern Africa.

Is it then completely wrong to believe that democracy could establish itself somewhere in the Arab world?
I’m delighted that I live in a democracy. But personally, I’m convinced that this Western model won’t work in Arab/Islamic countries. I see no successful example of an adaptation of the democratic model in the Arab world.

What can the EU, and Europeans do now?
It’s not our business to define the shape of politics in Syria. We don’t even know what will happen there if the insurgents win. At present, I fear that a civil war looks likely. Europe shouldn’t overestimate its strength. And there should certainly be no talk of military intervention in Syria. <

Book tip
Peter Scholl-Latour: Arabia’s Moment of Truth. Turmoil on Europe’s Doorstep, Propyläen Verlag, 384 pages.

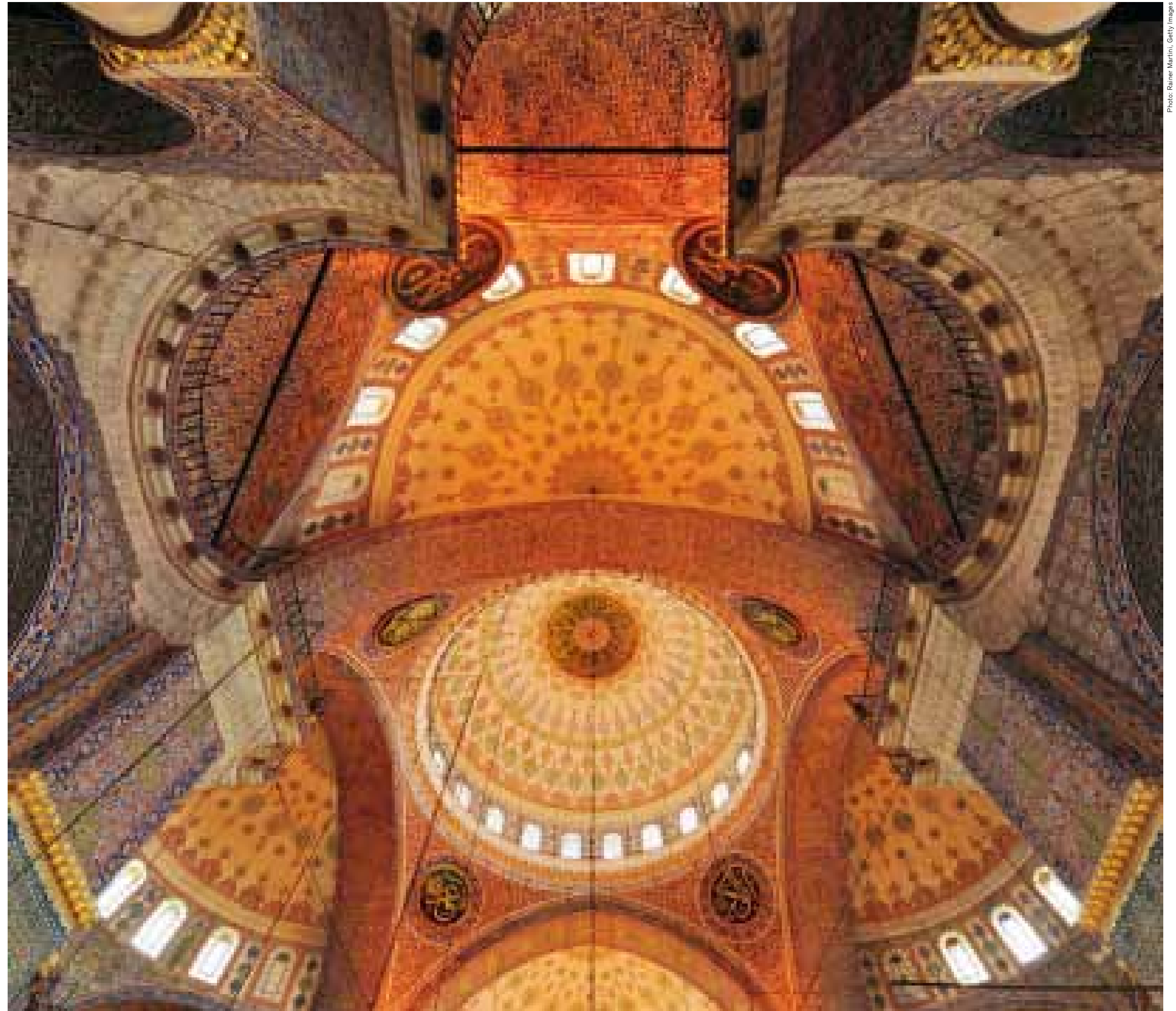
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The Colors of the Orient

TURKISH RED AND MOHAMMEDAN BLUE

For thousands of years, Europeans have associated the Orient with one particular attribute: Sensuality. The fragrances of exquisite spices and aphrodisiac perfumes helped to create this perception, but mainly it was shaped by the magical variety of brilliant colors to be seen throughout the oriental world.

Text: Ingeborg Waldinger



Gold, yellow and white embellish the elaborate interior domes of the Yeni Valide Mosque in Istanbul.

Over the years, indigo turbans tinted the skin of the Tuaregs, giving the Berbers the sobriquet “blue riders of the desert.” Eventually white and black muslin replaced the costly indigo cloth.

Precious commodities traveled from the east to the west along the Silk Road in early times, accompanied by reports of distant cultures. Dreams and reality merged to create an array of opulent images. Exoticism acquired almost mythical status as Ottoman power waned in the Occident. Poets and painters played a major part in romanticizing the part of the world where the sun rises: Sol oriens, the Orient – its colors still cast their spell, despite a few dark clouds.

The oriental palette of colors holds 1001 tales in store. They tell of cochineal-red silk caftans, purple ships' sails, and cobalt-blue earthenware; of gold-embroidered brocades and royal robes of saffron yellow; of the henna used in wedding ceremonies and the ochre applied to mummies; and of blue desert riders and white harem roses.

So it comes as no surprise that “Orient” is the name given to a precious variety of iridescent pearl that reflects all colors of the rainbow. The very word “Orient” evokes a host of shimmering colors, although the geographical area that it denotes has varied somewhat over time. It used to be understood as describing the countries and cultures of both the Near and Far East, but nowadays it only covers the Middle East and the Arab-Islamic world. Nevertheless, Far Eastern colors figure to some extent among the hues that suffuse our imaginary visions of the Orient: In the 18th century, Europe’s metropolitan centers revered textiles and works of art from the most distant Orient as the last word in fashion. The color that set the tone was Chinese Green – the green of silk carpets and legendary Celadon porcelain.

Green Has Cult Status

Throughout the Islamic Orient, green enjoys the status of a cult color because it is the color of the prophet Muhammad. Prayer carpets with green grounds are to be seen in mosques. So is there a taboo against green carpets in secular rooms? We put this question to Farhad Mirfattahi of Rahimi & Rahimi, the Vienna carpet store. “No, not at all,” he replied. “The most popular colors for oriental carpets are red, blue, and beige, but green examples can also be found on the market.” Among the desert people of the Orient, green also represents the long-

ing for life-giving nature. It even appears on national flags, such as those of Mauretania, Saudi Arabia, and Pakistan.

On the other hand, a precious mineral – the fiery-green emerald – was a source of national pride for the ancient Egyptians, while the verdant hue of ground malachite was prized as a seductive eye shadow by Egyptian women.

Even so, it was a blue stone that achieved almost divine status in Egypt: the lapis lazuli. This semi-precious stone from Afghanistan was given to pharaohs to accompany them into the next life, and it adorns Tutankhamun’s death mask. When lapis lazuli is pulverized, it produces the prohibitively expensive ultramarine pigment used by painters. The ancient Egyptians also manufactured the world’s first artificial pigment: “Egyptian blue,” made of silicon, calcium and copper.

Toxic Blue

Cobalt blue, which originated in Persia, is a heavenly color, but it is also toxic. It contains arsenic. The Persians used this “Mohammedan blue” (as well as turquoise) for the glazed tiles that decorate their mosques. Indigo, a natural and intense blue dye that probably came from India and has been used to color textiles for centuries, is credited with unrivaled beauty and durability. Although blue, as the color of Krishna, has a divine aura in Hindu India, the indigo plantations could hardly be described as hallowed ground. The British colonial power used force to compel peasants to cultivate this plant, and the obligation to grow it was only brought to an end by the so-called Indigo Riots in Bengal. In the 17th century, this “king of dyes” conquered Europe, where the pale blue obtained from dyer’s woad dominated the market. Synthetic indigo, identical to its natural counterpart, supplanted Indian indigo from the end of the 19th century onwards. The Tuareg also used to wear indigo: Over the years, their turbans (known as “alasho”) tinted the skin on their faces, giving the Berber people the sobriquet of “blue riders of the desert.” White and black muslins eventually replaced the costly indigo cloth.

Of course, the oriental color spectrum also includes ochre, the original earth pigment; in ancient times, the best qualities came from Sinop on the Black Sea. Other famous colors include the extremely light-resistant walnut

The dark red to violet-purple pigment obtained from the secretion of the murex snail requires 10,000 snails to manufacture one gram of dye. Originally used by the Phoenicians, it became highly popular with powerful rulers.

brown of “classical” Persian carpets and the stark “mummy brown” that the British extracted from the bituminous balsam used to preserve Egyptian mummies. In the 18th and 19th centuries, European painters prized this color for shading.

Costly Yellow

But let us turn to sunnier matters now: Yellow is regarded as a wedding color in some parts of the Orient. Harald Böhmer, the German chemist and expert on textile colors, carried out an extensive study of the colors in Turkish carpets, and in 1981 initiated the reintroduction of natural dyeing in Anatolia. He is enthusiastic about the harmonious tones of golden Konya yellow: “Bazaar merchants use the old name, Eski, for this color.”

The most expensive yellow comes from the stigmas of the crocus: Anything from 100,000 to 200,000 flowers are needed to make one kilogram of saffron. In ancient Babylon, saffron yellow was used to dye the shoes of the wealthy, and in Persia it was the color of royal robes. However, it is not light-resistant, unlike the intense yellow color obtained from dyer’s rocket, which according to Harald Böhmer can be found in Lotto carpets, the types featured in paintings by the Italian Renaissance artist Lorenzo Lotto: As was the custom at the time, Lotto portrayed his princely patrons together with their priceless carpets.

Sensual Red

However, the most Oriental of all colors is red. Nature abounds in sources for this color: The glowing carmine from the Indo-European kermes insect is used to color Campari as well as the wool felt used to make fezzes; for silk, the Persian, Ottoman and Indian carpet weavers preferred the dark red dye from an insect, the Indian lac. Both these variants were superseded by the extremely expensive, intense and brilliant red color extracted from the Central American cochineal bug. This was used to dye luxury carpets as well as the silken caftans worn by Ottoman sultans.

However, the inexpensive warm red obtained from the root of dyer’s madder proves to be highly light-resistant and weatherproof on cotton. The formula for it was

a long-guarded secret of the Ottomans. Without this “Turkish red,” there would have been no red in national flags in the era before synthetic red was invented, according to Harald Böhmer.

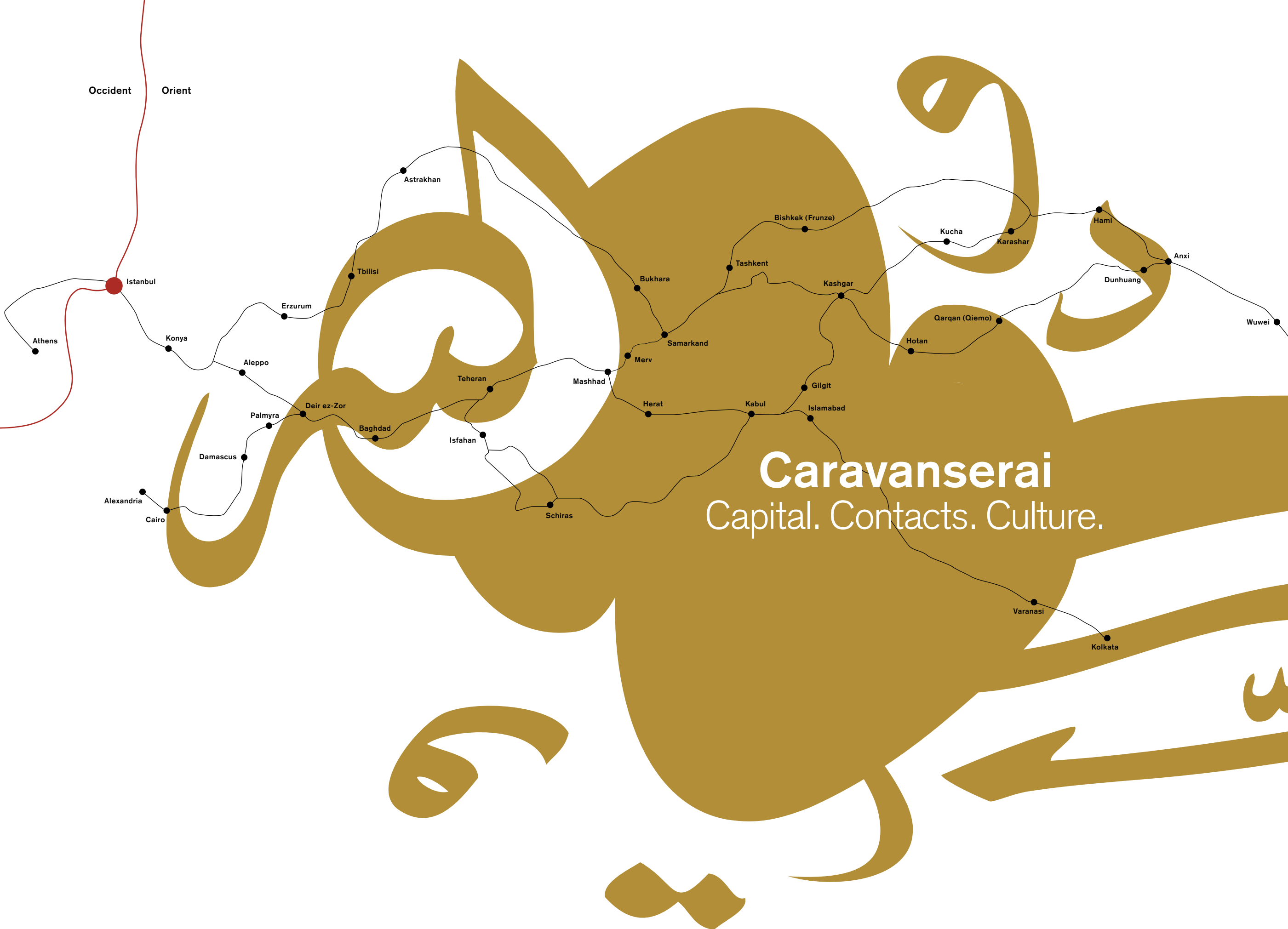
Another color that is exclusive in terms of image as well as price is the dark red to violet-purple pigment obtained from the secretion of the murex snail (10,000 murex snails are needed for one gram of dye). The Phoenicians discovered it, and it became popular in general with powerful rulers. According to legend, Cleopatra had purple sails hoisted on her gilded royal barge before she invited Mark Anthony to come on board. Under certain conditions, a blue shade can also be extracted from the murex snail. Purplish blue was used to dye the fringes of the tekhelet, the Jewish prayer shawl. The fashionable violet familiar to us in the 21st century is admittedly a long way from this violet purple. “Clients even ordered violet carpets, with synthetic dyes, of course,” says Omar Besim of the Adil Besim carpet emporium in Vienna. But ecology is also in demand: “Carpets with natural colors, using patterns from the 16th and 17th centuries, are manufactured as exclusive items.”

The red from the henna bush also has a long tradition in the Orient: On the “henna night” before a wedding, it was used to paint the bride’s hands and feet as well as less visible parts of her anatomy. The wearer of these decorations is exempt from housework as long as they do not fade – an inspiring custom. Turkish author Orhan Pamuk evokes the supercolor of the Orient in another way: In his novel “My Name Is Red” the color red briefly takes on the role of the narrator.

Secretive Black

Of course, there is plenty of glittering gold in the Orient as well, but the “non-colors” – black and white – are equally essential: Since time immemorial, oriental women have used khol as eyeliner; gold-embroidered black brocade (the kiswah) shrouds the Kaaba at Mecca, and Iranian women are veiled in black chadors. On the other hand, white is the color of the Arab kandura, an ankle-length shirt, or of the marble in many mosques. And the coded flower language of the harem tells us what white roses stand for: Secret love. <

Caravanserais line the network of trans-Asian trade routes at intervals of 30 to 40 kilometers. As the original Farsi word kervansaray suggests, these are stopping-places for caravans. Walled inns where travelers can stay overnight in safety together with their animals and merchandise and where they can also obtain food. Caravanserais attract merchants and craftsmen and they serve as warehouses and trading posts. Trade between the Mediterranean countries and Persia, India and China began in the pre-Christian era, even before the age of Alexander the Great. But virtually no European traveler along these routes is fully able to bridge the infinity that separates the Occident and the Orient, so Marco Polo would have us believe. Caravanserais are true meeting places. This is where different races, religions and cultures come together; it is here that stories are dreamt up for a thousand and one nights and fairy tales are recounted. Tales of Scheherazade, the ingenious storyteller, of Caliph Stork and Little Muck. A crossroads between the Occident and the Orient where both sides truly get to know one another ...





Istanbul Picturesque Melancholy

In 1453, Constantinople became Istanbul. The city continued to be a much-frequented point of contact between the Orient and the Occident. The Karaköy district of Istanbul, on the shore of the Golden Horn, is home to many ship chandlers. In Yelkenci Han – the Han (or marketplace) of the Sailmakers – the craftsmen cater to mariners' needs. One last foundry still remains in this dilapidated building that dates back to the 17th century. The furnace, recessed into the ground, heats the bronze alloy with diesel oil. The master craftsmen still cast anchor chains, ship's bells – and anything else a mariner might need – by hand. A tradition lives on.



Abraham – A Trademark For 125 Years

Abraham's precious metal shop in the Grand Bazaar, founded back in 1878, is hardly any larger than a closet. Turnover in articles made from precious metals is high here in the Cuhacilar Han. But the silver bowl – about a century old – belonging to the silver dealer's family, is not for sale. The future of businesses in the caravanserai is fueling plenty of discussion. To make it easier to refurbish the buildings and put them to new uses, the businesses are to be transferred to the periphery of the city. Not everyone agrees with this move as a suitable solution.



The Jewelry Trade Depends on Teamwork

Gems and jewelry have been prized commodities since time immemorial. In the Büyük Yeni Han, or Great New Han, teamwork is perfectly attuned: Silversmiths and jewelers, silver polishers and gem setters (pictured) all work hand in hand. Sought-after raw materials are procured in the Grand Bazaar and this is also where the merchants offer their precious treasures for sale. The Grand Bazaar encompasses 3,300 shops, 20,000 merchants and half a million daily customers. Kitsch and commercial products are displayed here alongside cultural artifacts. A veritable paradise for treasure hunters.



Custodian of the Old Dormitory

Nowadays, travelers no longer spend the night on rugs that they bring along with them, opting for the austere 17th-century dormitory of the Büyük Valide Han instead. The bekçi (warden), whose name is Mehdi, now acts as the evening watchman to guard the valuable goods that are stored here and he has many a memory and tale to tell.



Tea Servers – A Century-Old Tradition

At the heart of the Grand Bazaar, we find the Zincirli Han, the Han of the Chain. The chain in question was used to haul the goods lift, but today it is no longer in use. However, access to the Han is still difficult, even after it was carefully refurbished. Tea servers cater to visitors' daily needs here.

According to Ahmet Rasim, the most famous writer of Istanbul, “The beauty of a landscape resides in its melancholy.” And Orhan Pamuk, winner of the Nobel Prize for Literature, adds on an equally wistful note: “When Flaubert came to Istanbul one hundred and two years before I was born, he was so impressed by the throng of humanity in this city and its highly individual character that he could imagine Constantinople as the capital of the world in a hundred years’ time, according to a letter he wrote. Due to the collapse of the Ottoman Empire, more or less the opposite of what Flaubert predicted has actually happened.” Then again, 10 years later, there are growing signs that Flaubert could eventually be proven right. Istanbul has developed a remarkable momentum; it has been the European Capital of Culture, and it offers sufficient scope to realize the vision of a vast caravanserai where races, cultures and religions meet, a point of contact and interchange between the Occident and the Orient, and a place where they can truly get to know one another.



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MASTERS OF
NOTHING AT ALL

The history of zero centers on the Orient. Here it was born and from here it conquered the world.

Text: Stefanie Schramm

It is both the most useful and the most dangerous of all numbers. Without it our numeric system wouldn't even be possible. It makes everyday arithmetic easy; it is the most important tool in mathematics and the focus of the most profound problems in physics. At the same time it can, if handled without due care, bring down the entire numeric system like a house of cards and lead to disastrous computer errors. For a long time it was even feared as a threat to the entire world order, to philosophy and religion: the number zero.

The history of zero centers on the Orient. Here it was born and from here it conquered the world. First it traveled to the East where mathematicians recognized its true value. It wasn't until much later that Muslims brought it back to Arabia and from there, finally, to Europe – as one of the "Arabic numerals," as we call them today. For two thousand years the Western world had held out against this sinister number that embodies both nothing and infinity. The number zero stood at the heart of the conflict between East and West.

Zero was a Cipher, Not a Number

Two small oblique wedges were the world's first symbol for zero. It was invented by the Babylonians around 300 B.C. in Mesopotamia, modern-day Iraq. Just as we do, the Babylonians used a positional number system for counting, but where we use units, tens and hundreds, the Babylonians used units, sixties, and 3,600s. The basic problem, however, is the same. Gaps in numbers have to be indicated somehow; otherwise 11 could be 101 or 1001. And that's why the Babylonians inserted the two oblique wedges into the gaps – as place-holders. But they didn't assign any value to the symbol; for them, zero was a cipher, not a number. Meanwhile, zero was being invented for a second time on the other side of the world. The Mayans used it in exactly the same way as the Babylonians as a gap-filler, and for their sophisticated calendar: Their months began on day zero.

The early Europeans, however, didn't really know what to make of the discovery. The Greek number system was strictly bound to geometrical concepts, and a surface with an area of zero made no sense to them. They also had no place for zero's twin, infinity, in their world view. For Aristotle the universe was

finite, and the Earth was enclosed in crystal spheres which were kept in motion by the "unmoved mover." Christians regarded this doctrine as proof of the existence of God – and zero therefore as unholy.

Discovering Zero's Potential

The Hindus had fewer problems with zero. On his campaign of conquest Alexander the Great transported the idea as far as India and it was there that scholars discovered its true potential. In 628 A.D., the astronomer Brahmagupta described the world of negative numbers – and assigned zero its rightful place, between 1 and –1. In doing so he made zero a real number.

But this teaching remained unknown in the West until Muslim invaders from the Arabian Peninsula conquered India. The concept of zero began to spread in their far-flung empire, not least because it made it easier for Arab traders to do their sums. Together with spices, silk and jewels, they introduced the number zero in everyday life – an extremely successful and momentous reimport.

In 1202, on the south coast of the Mediterranean the most important mathematician of the Middle Ages, Leonardo da Pisa, also known as Fibonacci, encountered the Arabic (actually Indian) number system with its zero, and made a note of it. European merchants and bankers were quick to see its usefulness. It was much easier to count with than the cumbersome abacus. The political class was less enthusiastic; the city of Florence banned it in fact, fearing that it would make it too easy to falsify invoices and notes of debt. How simple it would be to turn a hundred florins into a thousand, or a hundred thousand into a million!

As potentially dangerous as the zero was in everyday business life, the reasons for rejecting it went much deeper. Christendom was still alarmed by the concepts of nothingness and infinity. It took until the 16th century for Copernicus to shatter Aristotle's crystal spheres and place the sun at the center of the universe. Only then were the mathematicians able to free themselves from the dogma of a world without zero.

And it was not just in the rarified atmosphere of abstract mathematics that zero began to win ground; physicists began to find traces of it in nature – in the infinite density of material before the Big Bang, in the all-devouring nothingness of a black hole, in the maximum chill of absolute zero, in the unlimited energy of a vacuum. Neither modern science nor our everyday lives are conceivable without zero. It can even bring warships to a standstill. As US author Charles Seife explains in his book "Zero: The Biography of a Dangerous Idea," on September 21, 1997, the 80,000 horsepower engines of the USS Yorktown suddenly stopped. The onboard computer had attempted to divide by zero. <



Sukuk

AN ORIENTAL CONCEPT
GOES GLOBAL

What happens when financial markets meet cultural values? Islamic finance is spearheading the movement towards the integration of local conventions into the increasingly globalized market economy. Currently, Sukuk – Islamic fixed income products – are at the very center of this movement.

Text: Stefan Leins

In October 2011, a leading American bank announced the launch of its first Sukuk to raise capital in the Islamic financial market. The issuance of this fixed income product structured in accordance to the requirements of the Sharia, the Islamic legal code, by a leading western financial institution, has sparked myriad discussions among the financial sector. With 2 billion US dollars, its size is significant and its timing – during the ongoing financial crisis – is striking. In fact, this Sukuk could signal the final breakthrough of Islamic finance into an international arena, leading the way to new financing opportunities for challenged institutions in the current market environment.

The Ban on Interest as a Central Message

Islamic finance encompasses the reconciliation of financial activities and Islamic law. The Sharia is based on various spiritual and legal sources, most importantly the Quran and the Sunnah. The Quran is a fully codified text that, to Muslims, represents the word of God.

The Sunnah refers to the way of life of the Islamic prophet Muhammad, which is partly reported and should be followed by all Muslims. Since Muhammad himself was a tradesman at a certain stage of his life, the Quran and the Sunnah contain detailed advice and rules on how Muslims should act economically. At the center of these advises is the prohibition of Riba, which means interest or

usury in Arabic. Consequentially, the absence of interest is a crucial requirement to any kind of Islamic financial transaction.

The prohibition of interest is not an exclusive feature of Islam. Most monotheistic religions have regarded interest with distrust at one time or another. In ancient Judaism and Christianity, taking interest was considered a sin. To both religious communities, it took centuries to advance their religious conventions in order to make interest-based financial activities socially acceptable. In Jewish tradition, this process has been mainly facilitated by the permission of interest-based lending to non-Jews and the Christians' claim that Jewish people should be charged with the handling of financial affairs. For Christians, restrictions on dealing with interest were maintained until the end of the Middle Ages. Here, it was basically an intellectualized discourse on the time value of money that has led to a changing perception of interest within the Christian community.

Speculation, Gambling, and Non-Compliant Branches

The critical attitude towards interest, however, is still reflected in national laws today. In the USA, for example, so-called usury statutes define the maximal interest rate that can be claimed on loans. The prohibition of interest is not the only thing that differentiates conventional from Islamic finance. The regulations also dictate the >

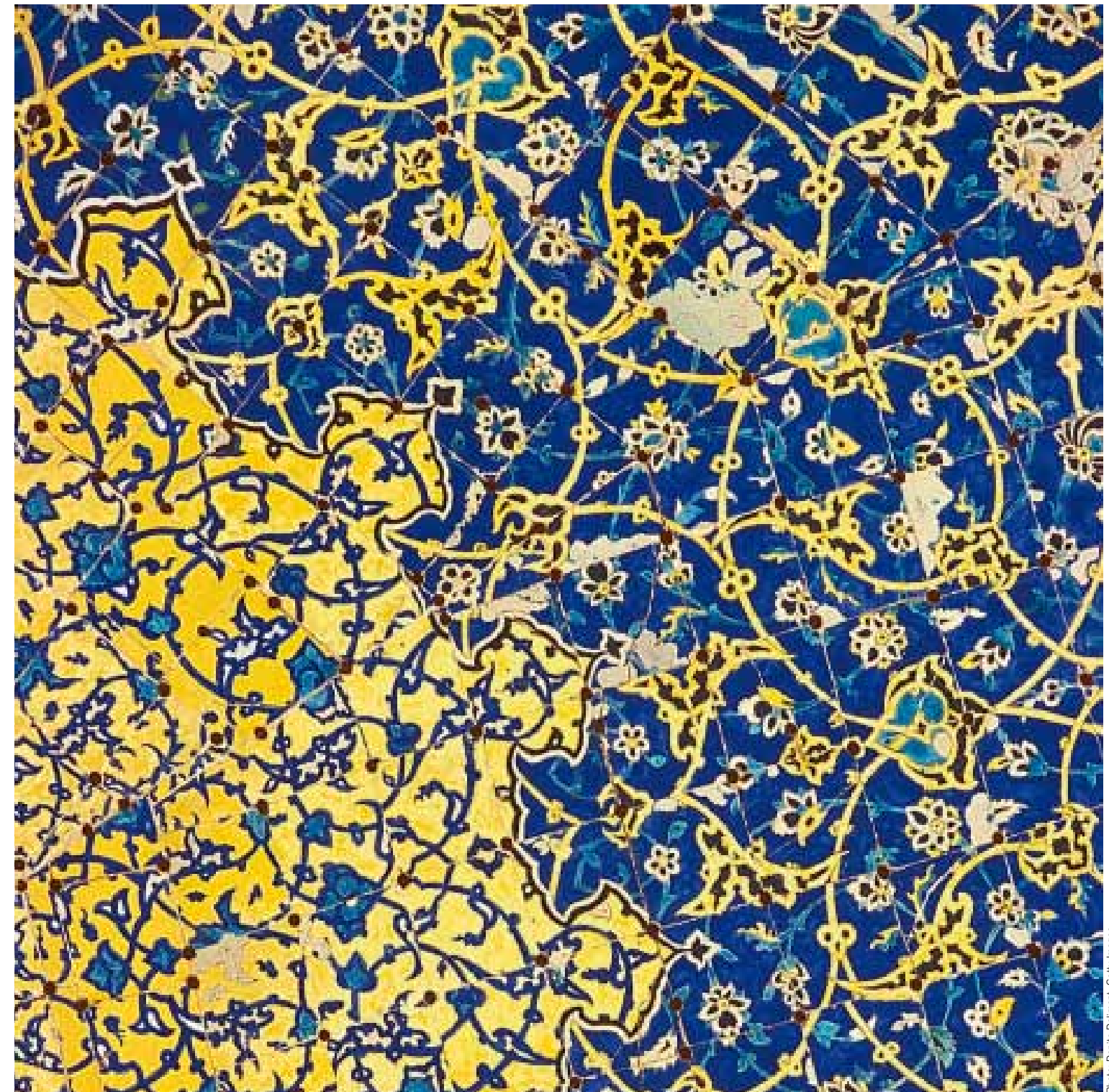


Photo: Danita Delmont, Getty Images

For further reading on
Islamic Finance,
including downloadable PDFs
on the topic, please visit
credit-suisse.com/publications



The idea of a Sharia-compliant way of banking and finance originated in the Middle East and has been mainly developed and promoted by Middle Eastern and South East Asian actors and financial institutions.

Photo: Du Jian, Corbis

handling of risk and speculation, gambling-like situations and a classification of “good” and “bad” business sectors. The rules on risk and speculation underline the need of sustainable growth for local economies. The prohibition of gambling-like situations stems from the fact that in pre-Islamic Mecca, gambling for soft commodities was very popular. While some players benefited from the values gained, others ended up highly indebted. It is said that the prophet Muhammad aimed at increasing social cohesion among Islamic believers and therefore fought the gambling-like practices that enlarged the gap between the rich and the poor.

Moreover, Islamic finance became famous for its application of a so-called negative screening approach. Since the emergence of the sector, religious scholars have started to define business sectors that are in the spirit of Islam and the ones that are classified as non-Islamic. Today, the Dow Jones Islamic Market Index, the best known benchmark index for Islamic equities, identifies the following business sectors as not compliant with Islam: the production of alcohol-, tobacco- and pork-related products, conventional financial services, the entertainment sector, as well as the weapons and defense industry. In addition to that, highly indebted companies are excluded, because Islamic scholars argue that equity must be preferred over debt.

A Fully-Fledged Financial Service Sector

The idea of considering Sharia principles for the structuring of financial transactions emerged among Egyptian intellectuals in the middle of the twentieth century. At this stage in history, the Middle East was not a wealthy region and thus, the first Islamic finance experiments did not gain attention on a supra-regional level. In the 1970s, however, when the oil crisis led to tremendous amounts of new wealth in the Middle East, the idea of Sharia-compliant finance was taken up again. Since then, a number of institutions in the Middle East and South East Asia have steadily worked on developing an Islamic form of economic action. These institutions were mainly located in the Gulf countries and enjoyed strong support by the Islamic Development Bank that was founded in 1973.

In the 1980s, Islamic financial services became increasingly popular in South East Asia. In contrast to the Middle Eastern markets, where Islamic financial institutions mainly focused on wealthy private banking clients and private equity activities, South East Asian Islamic financial institutions started to establish a stronger focus on retail clients. Still, until the end of the twentieth century, Islamic finance offered fairly limited opportunities to its practitioners. Since direct interest was forbidden, a complete banking service that goes beyond equity investing could not be offered to Islamic clients. This, however, changed in the new millennium, when Islamic institutions started to put more effort into research and development. Afterwards, the Islamic fixed income market grew, Islamic mortgages became more popular, Sharia-compliant credit cards were offered. At the end of the last decade, Islamic market participants could finally benefit from a fully-fledged Islamic financial service sector.

Expanding to Non-Islamic Financial Markets

In the first decade of the new millennium, Sukuk became very popular among companies based in the Middle East and South East Asia to raise capital in financial markets. The expression Sukuk – often translated as Islamic bond – is the plural of the Arabic word Sakk, that stands for deed or legal document. Etymologically, the word has the same roots as the English word check and refers to the old tradition of issuing legal documents to verify outstanding debt. The word Sukuk, a number of checks, has therefore been used to describe the first attempts to create Islamic fixed income products. While from 2002 to 2005 there were annually less than fifty new Sukuk issued globally, the amount of new issues increased to 398 in 2010. This massive increase took place for various reasons: First, it has been driven by the growing transparency of the way Sukuk are structured. To avoid interest payments that are normally applied for conventional fixed income products, Sukuk generally rely on highly complex legal

“Sukuk are, by contrast, a sign of the emergence of a multipolar world, which will no longer be governed by established markets exclusively.”

and cash flow structures. After the Islamic financial market had to deal with a number of defaults, frameworks of Sukuk have been stress-tested and improved. Further, the demand for Sukuk has been stimulated by the growing number of Islamic equity investors that enhanced their religion-based approach to fixed income products.

Finally, another important development has recently boosted the Sukuk market: To raise capital in the Islamic world, various non-Islamic companies have started to issue Sukuk that enable Islamic investors to purchase fixed income products of non-Islamic companies. The first non-Islamic Sukuk issuer was the German state Saxony-Anhalt. With the pioneering idea to raise capital in the Islamic financial market, Saxony-Anhalt significantly enlarged its potential investors’ base in 2004. Since then, companies like General Electric, Hewlett Packard or Petronas issued Sukuk to raise Islamic capital. The launch of the recent Goldman Sachs Sukuk signals that even established financial institutions are currently considering this step. This does not come as a surprise. Due to the current belt-tightening in the USA and in Europe, to some companies, raising capital in the Middle East and South East Asia might be the only way to stay liquid in future.

A New Era of Globalization?

Since the late 1980s, the term globalization has been used to describe the increasing international production and circulation of goods, services and ideas. While many of the goods and services today are provided by emerging markets, the ideas are generally still produced by western political and financial institutions. Here, Islamic finance is a powerful counterexample. The idea of a Sharia-compliant way of banking and finance originated in the Middle East and has been mainly developed and promoted by Middle Eastern and South East Asian actors and institutions. The fact that non-Islamic companies have taken up the idea of Islamic finance and are now looking for Islamic financial products to raise capital, does not follow the traditional pattern of globalization. It is, by contrast, a sign of the emergence of a multipolar world, which will no longer be governed by established markets exclusively. Without any doubt, this development towards a multipolar world is currently accelerated by the ongoing financial crisis and the need of western-based companies to raise new capital from new sources. <



Photo: Thomas Eugster

Turkey

THE END OF THE PARTY?

While challenges dominate the short term, the longer-term growth perspective for the Turkish economy remains intact.

Text: Nora Wassermann and Maxime Botteron
Global Economic Research

Turkey is the 17th largest economy in the world based on the size of its gross domestic product (GDP) taking figures into account as of the end of 2010. The International Monetary Fund (IMF) estimates Turkey's GDP for 2011 at around USD 763 billion, which is around 20 percent higher than Switzerland's GDP of the previous year. The economy is well diversified, with the manufacturing sector accounting for almost 25 percent of GDP. Since the country was hit by a severe crisis in 2000/01, important economic and political reforms have been implemented. Some economic progress was achieved with the support of the IMF who was involved in Turkey's macroeconomic management for an entire decade (1998–2008). One major achievement from that time was the improvement of Turkey's fiscal position. Gross government debt declined from almost 80 percent in 2001 to 45 percent of GDP in 2010. A banking sector reform, introduction of a floating exchange rate and significant reduction of inflation were other areas of progress. Thanks to the improved domestic and global economic conditions, real GDP grew by an annual 6.8 percent on average between 2002 and 2007.

Domestic and External Challenges Could Put an End to a Strong Recovery

Turkey was severely affected by the global financial crisis in 2009. The economy experienced a deep recession with a contraction of the GDP of 4.8 percent that year, which highlighted the still strong reliance on global growth and capital flows. Since then, the economy rebounded markedly and Turkey saw growth reach a China-like pace of 9 percent in 2010 before slowing to an estimated 8 percent in 2011. In the aftermath of the financial crisis, growth was mainly driven by domestic demand (private consumption and investment), which was financed by cheap credit as interest rates remained low by historical standards. The credit boom created challenges that Turkey has to face as we enter 2012. Domestically, fairly elevated inflation coupled with erratic but probably tighter monetary policy weigh on growth. On the external side, the sovereign debt crisis in the Eurozone, Turkey's main trade partner, is likely to be a drag on eco-

nomic growth as exports but also financial inflows weaken. Turkish banks strongly rely on foreign loans, which are to a fairly large share short-term in nature. Dependence on this funding makes the economy vulnerable to stress in global financial markets, which is also reflected in a volatile currency.

Turkey's Monetary Policy Too Loose For Too Long

In the aftermath of the financial crisis, emerging markets (EM) experienced large capital inflows as foreign investors were attracted by higher interest rates and stronger growth. This interest was reinforced by the close-to-zero interest rates in the many advanced economies. As a result, short-term capital flows to emerging markets increased, EM currencies appreciated significantly and in some countries created large external imbalances. In the case of Turkey the effect of the stronger currency (imports became cheaper and grew faster than exports, leading to a trade deficit) was exacerbated by rapid domestic credit growth. The external deficit has been mirrored by a current account deficit that is estimated to be more than 10 percent of GDP and the largest among G-20 countries. More than 80 percent of the deficit was financed through foreign short-term capital inflows which are rather volatile in nature. To address the risks stemming from the external imbalances, the Central Bank of the Republic of Turkey (CBRT) made unconventional monetary policy moves in October 2010. It reduced interest rates despite strong economic growth, but at the same time raised the reserve requirement for >

commercial banks at the central bank. The goal of this policy mix was to dampen the fast credit growth, which was fuelling domestic demand and imports. Lower interest rates were intended to reduce the attractiveness for money inflows and higher reserve requirements reduce commercial banks' willingness to lend money. As a result, imbalances should improve. The CBRT's action backfired, however. The interest rate cut in combination with increasing financial market turmoil due to the Eurozone debt crisis led to a very sharp depreciation of the Turkish lira that was stronger than in most other EM. In September 2011, the CBRT ultimately had to abruptly shift to a tighter monetary policy stance (by increasing interest rates) in order to avoid a sudden stop of capital flows to the country.

External Financing Needs the Biggest Short-term Challenge

Overall Turkey's economy will be challenged by the imbalances that were exacerbated by the lax monetary policy (strong stimulus during economic boom) pursued by the CBRT and would need to be corrected through a sharp slowdown of domestic demand. Since a "mild recession" in the Eurozone is likely to curb external demand for a while, the trade deficit is to remain substantial despite a relatively weak Turkish lira. Turkey's external financing needs will thus continue to pose a major risk to economic growth in 2012. While net capital flows have already started to decline, the risks here are that investors could more rapidly repatriate the assets they invested in Turkey, either because of a drop in confidence in the Turkish economic outlook, or because of liquidity needs. This process would lead to a financing shortage and could thus have a considerably negative effect on economic growth. In addition, the deleveraging efforts by European banks to meet the capital requirement targets by June 2012 could also be a negative factor for Turkey¹.

Favorable Demographics Support Long-term Growth Story

While challenges dominate the short term, the longer-term growth perspective for the Turkish economy remains intact. The domestic labor market conditions still appear to be favorable and demographic development in Turkey is supportive for long-term growth, as the working population is likely to increase further over the coming decades, according to the United Nations estimates (see Figure 2). In addition, Turkey has lately diversified the destinations of its exports, in particular towards the Middle East and Central Asia. Its rather stable political system (compared to its regional peers) and its geo-strategic position between Europe and the oil-rich Middle East provide Turkey with a comparative advantage at the regional level. However, some challenges to sustainable long-term economic growth persist: Additional social and economic reforms will still be necessary (i.e., increase in quality of education, equal rights for ethnic minorities, environmental reforms). Importantly, the financial sector will have to be developed further to tackle the relatively low savings rate that, when compared to other fast-growing emerging markets, created a chronic dependency on foreign capital. That way Turkey's economy could become more robust against global economic downturns. Externally, the political instability in many neighboring countries (e.g. Syria, Iran, and Iraq) poses a certain risk as well. <

¹ According to the Bank of International Settlement, claims of European banks in Turkey stood at USD 171 billion (end of June 2011), approximately 20 percent of GDP.

Figure 1
Economic growth is likely to slow down from high levels. Source: Datastream, Credit Suisse

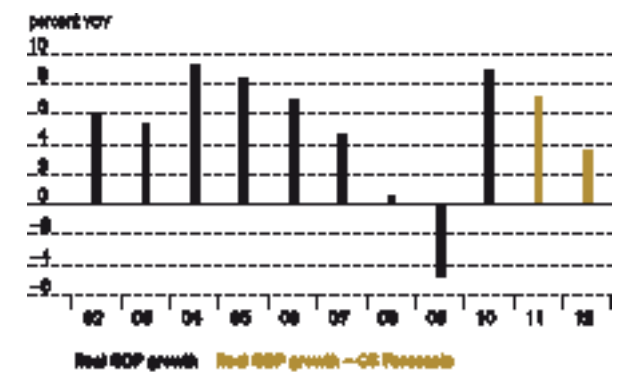
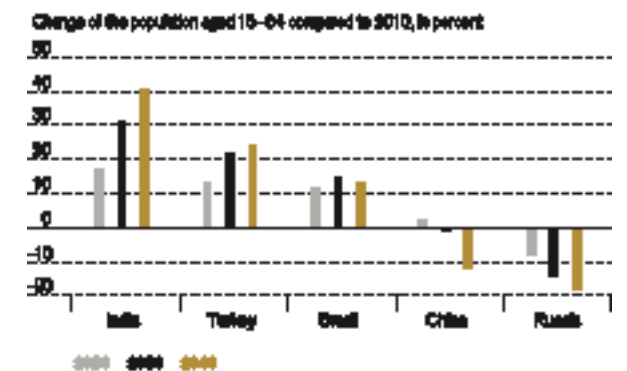


Figure 2
Favorable demographics even compared to other large emerging markets. Source: United Nations, Credit Suisse



Turkey is the 17th largest economy in the world based on the size of its gross domestic product (GDP).



Credit Suisse News

Striving to Become a Competitive Financial Center



At the end of October, Russian President Dmitry Medvedev convened a high-profile group of Russian and foreign top bankers and members of the Russian government at a meeting in Moscow. The aim of the meeting was to identify concrete measures to improve Russia's competitiveness as an international financial center and make it more attractive to investors and issuers. To that end, an ambitious project is under way to create a Moscow International Financial Center (MIFC). Urs Rohner, Chairman of the Board of Directors of Credit Suisse, and Herman Gref, CEO and Chairman of the Management Board of Sberbank, Russia's largest financial institution, chair the MIFC Advisory Board, which is made up of a number of prominent individuals. Shortly after the meeting in October 2011, President Medvedev unveiled specific plans of action for various departments of the Russian government in order to drive the reforms forward.

All Inclusive

Set up in 2008, the International Gay and Lesbian Chamber of Commerce (IGLCC) is a global business network with members in over fifteen countries advocating for equality and inclusion at the workplace. Each year, a comprehensive survey is carried out among major corporations throughout the world. Credit Suisse has taken part in this annual survey since 2010, when it secured the 13th place out of a total of 25 participating firms.

In the 2011 survey, the bank improved its ranking by five places, moving up to the 8th position. The members of Credit Suisse's Open Network comment: "We are delighted to hear this good news. We shall continue to contribute with ideas for improvements so that we can maintain a leading position in the future." Credit Suisse is also one of the first companies to support the "It Gets Better" movement. The initiative includes video material in which employees recount their personal experiences.

Best in Class

Euromoney magazine, one of the leading publications for the banking community, has named Credit Suisse the best private bank globally for the third consecutive year.

Project Firefly

Launched as an independent global platform, Project Firefly aims to encourage university students to develop and refine their ideas on pressing societal problems. Fifteen leading scholars from around the world support this merit-based independent initiative. Project Firefly is a unique combination of an innovative platform for students and graduates, scholars with worldwide reputations to ensure quality, and strong incentives for participation provided by enlightened sponsors such as Credit Suisse. www.project-firefly.com

Young Artist Award

Text: Shirley Apthorp

A Glimpse Of the Future

Since it was brought to life 12 years ago, the biennial Credit Suisse Young Artist Award has gone to young musicians who have, without exception, gone on to enjoy major international careers. The announcement of a new winner also feels like a glimpse of the future, a sneak preview of outstanding musical achievement.

Vilde Frang, winner of the 2012 Credit Suisse Young Artist Award. Born in Oslo, she is best known for great expressiveness and a high caliber of virtuosity, musicality and understanding of contemporary repertoire – an aspect which ties in well with the Lucerne Festival's support of new music and young artists.

When Michael Haefliger phoned violinist Vilde Frang to tell her that she had won this year's prestigious award, he was greeted by a wild scream of joy. "In all the years of giving this award," he said, "I don't think I've ever had a response quite like that." The Artistic Director of the Lucerne Festival waited for the 25-year-old Norwegian to catch her breath before going into detail about the prize, which includes a concert with the Vienna Philharmonic Orchestra under Sir Bernard Haitink at the 2012 Lucerne Festival next September. "She convinced us as a violinist, as a personality and as an artist of tremendous potential," Haefliger said, explaining the choice.

"In the decision process, we take many things into account, including how much this decision will affect the future of a young artist in terms of giving a last push to a great career. What we find most satisfying is that we can really make a sustainable difference for a young artist. It's not a Nobel Prize for a life's work. Rather, it's recognition for a young person who has already spent a childhood and youth dedicated to this job. This is a recognition of that enormous achievement – to say that we support that, so that they are able to realize their full potential."

Not a Conventional Competition

As Head of the Credit Suisse Foundation, which funds and administers the award, Manuel Rybach knows that for the young artists concerned, the win is worth even more than the considerable sum of 75,000 Swiss francs that it brings. He attended two days of recitals, discussions and deliberations that led to the 2012 award in Vienna as an observer. "For me it was absolutely fascinating and also, in a way, humbling to see the passion of these young musicians," he observed afterwards. "They're individuals who are living their lives for music, with music and because of music. I don't think people in >

Photo: Dieter Nagel

“An engagement at THIS festival, with THIS orchestra, with a conductor who has been my hero for years. It feels like paradise!” *Vilde Frang*

normal lines of work have anything comparable. We might have great and interesting jobs, but that level of commitment is something else. You want them all to succeed, and it's tough that there can be only one winner.” Credit Suisse, the Vienna Philharmonic, the Gesellschaft der Musikfreunde in Wien and the Lucerne Festival established the award back in 2000 with the shared intent of supporting young talent and investing in a collective cultural future at a significant international level. It is not a competition in the conventional sense. Its five jury members nominate one candidate each; the decision-making process includes an hour-long recital covering a broad range of musical epochs and an interview, and the jury reaches a verdict through open discussion and dialogue.

A Unanimous Final Decision

For the 2012 award the jury included Prof. Dr. Dieter Flury of the Vienna Philharmonic, Dr. Peter Haggmann, critic for the Neue Zürcher Zeitung, Dr. Thomas Angyan, Artistic Director of the Gesellschaft der Musikfreunde in Vienna and the American Academy's Pamela Rosenberg, former Artistic Director of the Berlin Philharmonic, along with Haefliger. The final decision in favor of Frang was unanimous. “She has a range of colors in her playing that really surprised us in someone so young,” said Rosenberg. “She's incredibly mature for her age and has expressive power and stylistic assurance and an immense honesty in performance – it really comes from an inner connection to the music.” Something of that directness emerges in conversation with Frang. Her chestnut hair remains determinedly tousled even in photos and her eyes widen with astonishment at the suggestion that another award might not

be such a major accomplishment for a young woman who already has recorded her third disc for the EMI label. She's also performed at many of the world's leading festivals, with many leading conductors, on numerous concert stages. “Oh!,” she exclaims with true amazement. “Of course it is! The circus that comes with awards and scholarships and prizes is one thing. But an engagement like this is altogether something else. That's what makes it special – at THIS festival, with THIS orchestra, with a conductor who has been my hero for years – it feels like paradise!”

An Innate Sense of Musicality

Frang counts several previous recipients of the Credit Suisse Young Artist Award amongst her friends, and she has given a recital as part of the Lucerne Festival's “Young” series. As a student of Kolja Blacher, concertmaster of the Lucerne Festival Orchestra, she was a regular visitor – and fan – of the Lucerne Festival. A concert there with the prestigious Vienna Philharmonic – not an orchestra which otherwise allots much programming space in its calendar to lesser-known young soloists – is a dream come true. “I grew up with the Vienna Philharmonic's recordings,” says Frang. “I watch their New Year's concert every year. I know these faces already and they don't have a clue about me. So it's a fantastic thing. The Lucerne Festival has been such a large part of my life for so many years.”

A further reason for Frang's 2012 victory, according to jury member Peter Haggmann, was her innate sense of musicality in contemporary repertoire – an aspect which ties in well with the Lucerne Festival's support for new music as well as for young artists. “She says that Mozart is important for her, that Bach is important for her and she approaches the music of Lutoslawski with exactly the same self-evident attitude,” says Haggmann. “She uses all her emotional power to communicate this to her public. I think that is a prerequisite for an artist living in the here and now – that they can not only play this music, but also recognize and care for it, fill it with emotion and communicate something of their own. She does this in a very unique way.”

No Room for Three “Double Basses”

The daughter of a professional double bass player, Oslo-born Frang always assumed that she would also tend towards the bottom of the string group. Her older sister also played the double bass and as a toddler, it was the instrument that defined her horizon. “My fa-

ther decided I should play the violin instead,” she recalls. “He said that there would be no room in our small family car for three double basses, so we couldn't go on holidays unless I played something smaller!” From the moment she picked up her first violin as a 4-year-old, Frang never looked back. “It immediately felt right. And although I never found practicing in itself intriguing, it was always part of my day. To play was fun.”

At the age of 11, Frang impressed Anne-Sophie Mutter so profoundly that the eminent German violinist began to play a role in her life as a mentor; it is Mutter's Freundeskreis Stiftung that furnished the violin Frang plays, a 19th-century Jean-Baptiste Vuillaume, and it was Mutter who encouraged her, at the age of 17, to move to Germany to study privately with Blacher. The rest of the story is not yet history; it seems rather to be a story that is just beginning. Frang agrees. “This is one of the great moments of my life; and I'm quite sure the value of this award is something that will keep growing as the years go by.”

For Frang, growing older also means growing into repertoire that has taken her time to approach. As a young child, she says, she could only listen to Mozart and Haydn; Holst and Mussorgsky would have her trembling with genuine terror, much to her sister's amusement, while Tchaikovsky would reduce her to floods of helpless tears. “Music always had a very strong impact on me – maybe too strong,” Frang says. “And it's still the same. It's like certain words or notions – they change their meaning as you go through life. When you are 10 years old, ‘love’ means one thing; when you are 20, it means another thing; and when you are 70 years old, ‘love’ means something else again. The truth is gradually shifting; you just need to change your approach.”

More Information

Frang plays with the Vienna Philharmonic under Sir Bernard Haitink at the Lucerne Festival on September 14, 2012. lucernefestival.ch

Training the Creative Mind Text: Hugh Esten

Business Looks To the Arts

Creativity, vision and imagination may not be typical courses in most business schools, but as the global economy continues to pose unexpected challenges, these very qualities are now at a premium in the business world. In 2010, an IBM survey of more than 1,500 CEOs in 60 countries identified creativity as the most sought-after leadership skill for the 21st century.

Roger Wacker, Managing Director of Private Banking (USA) for Credit Suisse Securities, sees creativity as an essential aspect in the workplace. “Creativity should always have a strong place in the business world. Every business has its own unique challenges and professionals who learn to think out of the box, including organizations like Credit Suisse that foster such thinking, can not only survive the ups and downs of today's economic environment, but thrive.”

A growing number of business leaders and academics in the US are exploring an expanded role for arts education as a way to foster creativity among the next generation. For Credit Suisse, such involvement is part of its longstanding global dedication to the arts and education. In 2011, the bank became a supporter of Friends of CalArts (FoCA). The group unites the most committed donors to the California Institute of the Arts, a college north of Los Angeles best known for its experimental ethos.

CalArts president Steven Lavine sees an increasingly rapid convergence driving innovation across the arts, business and technology. “It's a broader phenomenon than most people imagine, especially if you think of the prevalence of design in everything we see and do today. The success of a company like Apple is part engineering and part design. Or Pixar, for example, combining technological innovation with storytelling and visual arts. These things tend to come together more often in our contemporary economy.” Lavine cites the example of one alumnus, animator



and film director John Lasseter, who first explored the potential of digital animation in the 1970s as an undergraduate. Failing to interest The Walt Disney Company in his vision, he instead found a willing collaborator in Apple co-founder Steve Jobs. Together they created animation powerhouse Pixar. Disney bought Pixar in 2006. Lasseter was hired to restore Disney, which introduced the world to Mickey Mouse, to its former glory as world leader in animated entertainment. Supporters of CalArts and institutions like it believe arts can play a bigger role in education. Credit Suisse's Roger Wacker, who is on the school's Board of Trustees, believes the institute's emphasis on innovation can instill in students creative skills needed not only in the arts, but in other disciplines as well. Gilbert Maurer, former pres-

ident of Hearst Magazines, is a member of CalArts' New York-based Board of Overseers. Maurer believes the future growth of the developed economies will depend on the creation of new industries. Public education in the US, however, was designed to equip the workforce for the old manufacturing economy. “We're applying 20th-century standards to children who will hold 21st-century jobs. We need to create and maintain an educational system that will support our position in the world,” he says. “Art probably offers some of the best training for problem solving, as creating art is a form of intellectual challenge that has no easy answers.” CalArts president Lavine believes “a pedagogy of creativity” can be applied throughout the educational system. “We need a workforce that is flexible, adaptive and highly creative; and this requires an educational system that develops these qualities in everyone,” says Lavine. “Creativity is no longer a luxury.” Through its support for FoCA, Credit Suisse continues to support the arts while nurturing the creative workforce of tomorrow.

Photos: Steven A. Gunther | Courtesy of Pixar | Scott Geller

Cape Festival

Music is Another World

Lungiswa Bapela wakes early in a bed that she shares with several younger cousins and an aunt, helping with a series of domestic chores, all the while humming the soprano line of an opera chorus by English baroque composer Henry Purcell. She heats water on an oil stove to wash, irons her school blouse carefully and sets off for a day of classes where she will share a prefabricated classroom with some forty classmates.

At the age of 16, Lungiswa has lost both parents and a sibling. In this, she is no different from many of the sixty children who crowd into the classroom. When the last class is over, Lungiswa helps push the desks to the back of the room and stack the chairs above them. It's time for her favorite part of the day: choir practice. "When you sing in the choir," she says, "you forget everything that happens at home. Music is another world."

Like hundreds of thousands of South African schoolchildren, Lungiswa dreams of growing up to become an opera singer. Through her choir and national competitions in which the choral group participates, she has come into contact with the music of operas and oratorios. Although she owns very little, she has a voice. She knows that her compatriot Pretty Yende, who is just a dozen years older than her and comes from a similar background, is now performing at Milan's La Scala, and Lungiswa hopes that she can follow in her footsteps.

Unlike most of her peers around the country, Lungiswa already has the experience of one opera staging under her belt and is now preparing for a second. Lungiswa's choir conductor, Siyabulela Sulelo, worked his way up to the University of Cape Town's opera course before economic constraints drove him back to school teaching. He is determined to offer his young charges a better future. A visiting professor of choral con-



"When you sing in the choir, you forget everything that happens at home. Music is another world."

Lungiswa Bapela



"We believe that South Africa can meet the rest of the world at intellectual eye level in music theater."

Shirley Apthorp



Choir conductor Siyabulela Sulelo is determined to offer a better future to young singers. A full staging of Purcell's "The Fairy Queen" is set for 2012.

ducting put him in touch with Umculo / Cape Festival, an international initiative that supports social change through music in South Africa. Sulelo arranged for his choir to be included in their 2011 production of Henry Purcell's "King Arthur."

King Arthur brought Lungiswa and her peers into contact with German stage director Robert Lehmeier, Dutch conductor Gerben Grooten, an orchestra of baroque instruments, professional opera singers and choirs from other communities. This specific production was such a success that Umculo resolved to follow it with a more ambitious project. The organization that is run by a dedicated international team of volunteers and music professionals will present a full staging of Purcell's "The Fairy Queen" in March of 2012, with a view to touring with the production in Switzerland and Germany in 2013. "The talent of these young singers is incredible," says Umculo's director Shirley Apthorp, "but what really motivates us is their optimism. They're all passionate about music, and they

all believe they can sing their way to a better future." The production brings a strong cast of African soloists together with 30 members of Sulelo's choir.

Musicians from the Lucerne Festival Orchestra will join young instrumentalists from the South African National Youth Orchestra. A full staging will be presented in Johannesburg and Cape Town between March 23 and April 1, 2012. "We believe that South Africa can meet the rest of the world at intellectual eye level in music theater," says Apthorp. "Commercial productions are all very well, but unless we invest seriously in music education, most of these youngsters will never be able to realize their potential." ■

More information

Umculo / Cape Festival, founded in 2010, works on a strictly non-profit basis. For more information, please visit www.capefestival.com.

Masthead

118th year of publication, issues published regularly in English, German, French and Italian

Publisher
Credit Suisse AG
(HCGP)
CH-8070 Zurich
SWITZERLAND
Phone: +41 (0)44 333-1111

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ISSN registration:
ISSN 1423-1360

Design / Layout / Project Management:
www.arnold.inhaltundform.com

Proofreading: Text Control AG
Translations: Credit Suisse Language Services
Printing: Swissprinters Zürich AG, Switzerland

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bulletin is available in print, for the iPad and online.

Camfed International is a UK-registered charity number 1029161 and Camfed USA Foundation is a 501(c)(3) tax exempt organization

First Name	Last Name	Country	-	-	Winfrida	Muaya	TAN	2365	-	Ruth	Chibamba	ZAM	2539	-	Mwanaisha	Amanzi	TAN	2713	-	Lawrence	Gore	ZIM	2884	-	Tatu	Makenga	TAN	3050	-
Furaha	Chandi	TAN	2193	-	Andie	Moyo	ZAM	2366	-	Farida	Makela	ZAM	2540	-	Rachael	Mulenga	ZAM	2714	-	Angella	Masanga	ZIM	2885	-	Simela	Sandra	ZIM	3051	-
Bonani	Duke	ZIM	2194	-	Maryando	Makumbi	ZAM	2367	-	Memory	Kunda	ZAM	2541	-	Lenia	Matega	ZIM	2715	-	Fanista	Myungile	TAN	2886	-	Mucaci	Masaye	ZAM	3052	-
Precious	Kapambwe	ZAM	2195	-	Ncube	Makumba	ZAM	2368	-	Beauty	Mukunda	ZAM	2542	-	Asopia	Napani	GHA	2716	-	Esther	Kaira	TAN	2887	-	Dehora	Mabula	TAN	3053	-
Jubilee	Gurika	ZIM	2196	-	Licelli	Mufunda	ZAM	2369	-	Maria	Kalinga	TAN	2543	-	Alice	Nachila	ZAM	2717	-	Martha	Musinyani	ZIM	2888	-	Sikhululekile	Moyo	ZIM	3054	-
Advey	Magya	TAN	2197	-	Fanja	Kenzi	TAN	2370	-	Caster	Chikwena	ZAM	2544	-	Sylvia	Ngulube	ZAM	2718	-	Rabecca	Mutumbo	ZAM	2889	-	Lusinde	Kumala	ZAM	3055	-
Kacoma	Chama	ZAM	2198	-	Naomi	Mumba	ZAM	2371	-	Mogosi	Kayawanga	TAN	2545	-	Sinikwe	Sibanda	ZIM	2719	-	Charity	Mwerwebwa	ZAM	2890	-	Talenda	Moyo	ZAM	3056	-
Margaret	Kangwa	ZAM	2199	-	Saphira	Sankwe	ZAM	2372	-	Zorndani	Mahamrah	GHA	2546	-	Zandani	Sibanda	ZIM	2720	-	Sesipio	Musinyebo	ZAM	2891	-	Prudence	Chileche	ZAM	3057	-
Faith	Swiff	ZIM	2200	-	Randi	Nyam	ZIM	2373	-	Niam	Fungai	ZIM	2547	-	Sara	Nkawe	ZAM	2721	-	Jemimah	Namumba	ZAM	2892	-	Odilly	Kalaba	ZAM	3058	-
Decipherer	Chiluba	ZAM	2201	-	Chili	Mwamba	ZAM	2374	-	Enmaldah	Chisanga	ZAM	2548	-	Trish	Denderema	ZIM	2722	-	Sibonginkosi	Ncube	ZIM	2893	-	Marian	Mukosa	ZAM	3059	-
Nalukui	Libaka	ZAM	2202	-	Blantina	Mbalase	TAN	2375	-	Stumbeko	Naluka	ZAM	2549	-	Happiness	Mutale	ZIM	2723	-	Adija	Isaahaku	GHA	2894	-	Veronica	Chisauka	ZIM	3060	-
Mohammed	Hamida	GHA	2203	-	Namalia	Sibanda	ZAM	2376	-	Murtha	Mukunda	ZAM	2550	-	Delphister	Lushinga	ZAM	2724	-	Mary	Kashelle	TAN	2895	-	Nyamba	Nawa	ZAM	3061	-
Naomi	Mwila	ZAM	2204	-	Duschi	Moazi	GHA	2377	-	Pascalina	Mwakila	ZIM	2551	-	Tatu	Sanga	TAN	2725	-	Zikhumba	Tendai	ZIM	2896	-	Mpande	Chameya	ZAM	3062	-
Pumulo	Ikwendo	ZAM	2205	-	Pollie	Ohidawanyika	ZIM	2378	-	Buchedo	Murkuli	ZIM	2552	-	Madzinise	Precious	ZIM	2726	-	Shorai	Ohpazure	ZIM	2897	-	Priscilla	Mudenda	ZIM	3063	-
Florence	Mwansa	ZAM	2206	-	Rebecca	Mimbiba	TAN	2379	-	Change	Nancy	ZIM	2553	-	Victora	Chanda	ZAM	2727	-	Ineen	Mwansa	ZAM	2898	-	Kaatu	Mwila	ZAM	3064	-
Mildred	Machokoto	ZIM	2207	-	Eunice	Marako	ZIM	2380	-	Margret	Gumika	ZIM	2554	-	Miriam	Nawelwa	ZAM	2728	-	Mwangali	Imbwa	ZAM	2899	-	Tumaini	Chaha	TAN	3065	-
Resuta	Njikelela	ZIM	2208	-	Mable	Mukumbi	ZAM	2381	-	Tumusa	Namatawa	ZAM	2555	-	Asridah	Chimfwembe	ZAM	2729	-	Gladys	Mulenga	ZAM	2900	-	Ruth	Kondo	ZIM	3066	-
Mudita	Sitai	ZAM	2209	-	Lucy	Namwanga	ZAM	2382	-	Alleta	Thuma	ZIM	2556	-	Aynsha	Ididisi	GHA	2730	-	Nelwa	Butele	ZAM	2901	-	Hamory	Shichena	ZIM	3067	-
Josephine	Chikanyira	ZIM	2210	-	Blesna	Mwayo	ZAM	2383	-	Mercy	Chate	ZAM	2557	-	Mwango	Mwale	ZAM	2731	-	Shuvai	Dzinda	ZIM	2902	-	Enart	Chewe	ZAM	3068	-
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Mwaye	ZAM	2732	-	Priscilla	Mwaye	ZAM	2903	-	Perfect	Nyathi	ZIM	3069	-			
Masiva	ZIM	2733	-	Sibonkinkosi	Mpoti	ZIM	2904	-	Monica	Kalaba	ZAM	3070	-			
Kaniala	TAN	2734	-	Mumba	Jubilee	ZAM	2905	-	Hellen	Ngabo	ZAM	3071	-			
Kabulu	ZAM	2735	-	Patience	Nyandoro	ZIM	2906	-	Musonda	Mile	ZAM	3072	-			
Christine	Mwewa	ZAM	2907	-	Christine	Mwewa	ZAM	2907	-	Mainess	Mutambo	ZAM	3073	-		
Mayumbelo	Munulula	ZAM	2908	-	Mayumbelo	Munulula	ZAM	2908	-	Viollet	Nkaya	ZAM	3074	-		
Salamba	ZAM	2909	-	Salamba	ZAM	2909	-	Salamba	ZAM	2909	-	Mandela	Hanchabula	ZAM	3075	-
Juliet	Chanda	ZAM	2911	-	Juliet	Chanda	ZAM	2911	-	Christiebell	Mwamba	ZAM	3077	-		
Rosemary	Kumba	ZAM	2912	-	Rosemary	Kumba	ZAM	2912	-	Precious	Mumba	ZAM	3078	-		
Suraya	Seidu	GHA	2913	-	Suraya	Seidu	GHA	2913	-	Juliet	Mambye	ZAM	3079	-		
Eunice	Kalaba	ZAM	2914	-	Eunice	Kalaba	ZAM	2914	-	Monica	Kalaba	ZAM	3080	-		
Mercy	Mabuku	ZAM	2915	-	Mercy	Mabuku	ZAM	2915	-	Kalumba	Bupe	ZAM	3081	-		
Sikutambwa	Kasenga	TAN	2916	-	Sikutambwa	Kasenga	TAN	2916	-	Mutangu	Mubana	ZAM	3082	-		
Nyapanga	ZAM	2917	-	Nyapanga	ZAM	2917	-	Nyapanga	ZAM	2917	-	Mary	Nambye	ZAM	3083	-
Gift	Chipemba	ZAM	2918	-	Gift	Chipemba	ZAM	2918	-	Bridget	Kufawadama	ZIM	3084	-		
Marvis	Mwansa	ZAM	2919	-	Marvis	Mwansa	ZAM	2919	-	Anna	Mukunza	ZIM	3085	-		
Mambo	ZAM	2920	-	Mambo	ZAM	2920	-	Mambo	ZAM	2920	-	Harriet	Naggo	ZAM	3086	-
Seidu	Amina	GHA	2921	-	Seidu	Amina	GHA	2921	-	Bukari	Natu	GHA	3087	-		
Esther	Mwansa	ZAM	2922	-	Esther	Mwansa	ZAM	2922	-	Muriya	Mercy	ZIM	3088	-		
Chibekulali	GHA	2923	-	Chibekulali	GHA	2923	-	Chibekulali	GHA	2923	-	Elozy	Chikanda	TAN	3089	-
Beatrice	Bwalya	ZAM	2924	-	Beatrice	Bwalya	ZAM	2924	-	Beatrice	Bwalya	ZAM	3090	-		
Namelo	Chand	ZAM	2925	-	Namelo	Chand	ZAM	2925	-	Namelo	Chand	ZAM	3091	-		
Agnes	Kianga	ZAM	2926	-	Agnes	Kianga	ZAM	2926	-	Agnes	Kianga	TAN	3093	-		
Agnes	Kianga	ZAM	2927	-	Agnes	Kianga	ZAM	2927	-	Agnes	Kianga	TAN	3093	-		
Maryngidira	ZAM	2929	-	Maryngidira	ZAM	2929	-	Maryngidira	ZAM	2929	-	Maryngidira	ZAM	3094	-	
Chido	Kunguma	ZIM	2930	-	Chido	Kunguma	ZIM	2930	-	Chido	Kunguma	ZIM	3095	-		
Chido	Kunguma	ZIM	2931	-	Chido	Kunguma	ZIM	2931	-	Chido	Kunguma	ZIM	3096	-		
Chido	Kunguma	ZIM	2932	-	Chido	Kunguma	ZIM	2932	-	Chido	Kunguma	ZIM	3097	-		
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Chido	Kunguma	ZIM	2935	-	Chido	Kunguma	ZIM	2935	-	Chido	Kunguma	ZIM	3100	-		
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Chido	Kunguma	ZIM	2939	-	Chido	Kunguma	ZIM	2939	-	Chido	Kunguma	ZIM	3104	-		



Education Project in Zambia

Text: Joy Boli

Inclusive Education

In Zambia, only 10 percent of children with disabilities have the opportunity to attend school. Leonard Cheshire Disability, a partner organization of Credit Suisse, makes it possible for these children to participate in classroom education, and thus be fully included in society.



Photos: Flavio Gerber

01 Children with learning disabilities in Zambia are given the opportunity to attend classes thanks to the inclusive education program run by Leonard Cheshire Disability.

02 Will Kelvin Zimba be an artist one day? Despite his learning disability he goes to school.

Kelvin Zimba is nine years old. He is a bright boy who loves ball games. He is also proud and happy to be able to attend school. Kelvin lives with a learning disability. When he writes, he uses only short, uniform, wavy lines. “He has his own language,” says his teacher Mercy Sakala. “Whether it’s English, maths or music, Kelvin writes everything using wavy lines, repeated over and over.” She tells us that she’s proud of this boy who is determined to learn. “We give Kelvin more oral tasks than written assignments. That way, he can progress alongside his classmates.”

One in Ten Children

In Zambia, it is estimated that only one in ten children with disabilities attend school. There continues to be a stigma and discrimination around disability and this leads to some children being kept at home rather than being able to attend school. Just as importantly, lack of accessible classrooms and trained teachers means children with disabilities are unable to receive the benefits of education. Kelvin is one of 47 disabled children who attend lessons at the Kazemba Basic School.

“First of all, we had to learn to recognize disabilities, to understand them and to find ways of developing each child according to his or her abilities,” Mercy Sakala explains. This wasn’t always easy. “In the beginning, we found it difficult to include these children in our teaching,” Mercy recalls. “But it became much easier thanks to the training in Inclusive Education Leonard Cheshire Disability provides.”

Inclusive Education

Inclusive education aims to teach disabled and non-disabled children at the same time. This is done through providing physical accessibility in the schools, training teachers and working closely with the parents themselves. By doing so, it promotes the inclusion of children with disabilities and their parents into the lives of the communities. “What’s >

“Just because people have a disability, it doesn’t mean they should be hidden from society.”

Miyoba Hamuhuma



Photos: Flavio Gerber



- 03 All children benefit when disabled and non-disabled study and play together.
- 04 Leonard Cheshire Disability trained teachers of the Kazemba primary school in applying different teaching methods.

Leonard Cheshire Disability
Leonard Cheshire Disability works in the UK and with independent, locally managed partners in over 50 countries, many of whom share the Cheshire name. Together they support over 300 disability and development organizations that, in turn, support people with disabilities to access quality inclusive education, livelihoods, health and rehabilitation services and a voice in their societies. The charity's work is underpinned by campaigns to change attitudes and policies, as well as a disability and development research center run jointly with University College London. Credit Suisse supported Leonard Cheshire Disability through a grant awarded in 2011 as part of its Education Initiative.

Credit Suisse Global Education Initiative
The Credit Suisse Global Education Initiative was launched in 2008 with the objective of improving educational opportunities for about 45,000 young adults all over the world through partnerships with selected international development organizations. Geared to local needs, the programs aim to provide children and young adults with better access to education and to improve the quality of their educational opportunities.

For more information, please visit:
www.credit-suisse.com/responsibility/focusthemes



By scanning the QR code you can watch a short film about the work of Leonard Cheshire Disability in Zambia. For further information, please visit:
www.credit-suisse.com/responsibility

more, the children are not segregated," according to Miyoba Hamuhuma, the National Coordinator for Leonard Cheshire Disability in Zambia, adding that "just because people have a disability doesn't mean that they have to be hidden away from society." Leonard Cheshire Disability provides comprehensive support for teachers. With the help of partners such as Credit Suisse, the organization equips schools to meet requirements of children in the surrounding area. In Kazemba, for instance, ramps were installed to allow wheelchair access to classrooms and lavatories. Headmaster Leonard Himunjile welcomes the collaboration: "With Leonard Cheshire Disability we educate parents, helping them to understand their children's needs and sending them to school."

Unfolding The Full Potential

Miyoba thinks that the direct cooperation with parents is particularly important: "We have to create an awareness that disabled people also count for something in society." He speaks from experience, because he himself contracted polio as a child. Since then he has been unable to walk. In the early years, he tried to get by with the help of friends. "If someone has to help carry you – as well as your heavy wheelchair – up and down three staircases whenever there's a break, if you always have to ask your friends whether they'll help you go to the toilet, which is inaccessible to wheelchairs – that can't carry on for years without problems. At some point, it simply puts too much pressure on the friendship." Miyoba looked for a solution, partly to avoid losing his friends but mainly to regain his dignity. "Leonard Cheshire Disability was exactly what I needed to get my life back on the right track again," he explains. "As well as getting support with my school education, I also found a good job: Nowadays I manage the organization's activities in Zambia."

Miyoba makes no secret of the fact that he likes to serve as an example to others. So he also regards it as his duty to visit the schools that are supported by Leonard Cheshire Disability. At the same time, he checks out their accessibility with his own wheelchair and he talks with the children. "I think it's important to show them that with a disability, you can still go a very long way."

Kelvin's grandmother, who looks after him, says, "The boy has plenty of talent. We are full of hope," she adds: "He hopes to become an artist one day!"

Mentoring Advisory Group
Text: Diane Baumann

Making the Most Of Female Talent

Despite comprising almost half of the global workforce, women are underrepresented in senior executive positions and in boardrooms across the world. To promote constructive change, Credit Suisse has introduced a special mentoring program in its own organization.

Women lag in job rank and pay at every stage of their careers, according to a study by Catalyst, a non-profit think-tank that studies women and their opportunities in business. The researchers followed the careers of more than 4,000 men and women in the US, Europe, Canada and Asia who graduated from full-time MBA programs between 1996 and 2007 and worked full-time at the time of the survey in 2007–2008.

A Waste of Talent

The OECD comes to the same conclusion. New female entrants in the labor market in the OECD countries have comparable and often higher education than their male peers, but they are less likely to progress in their careers and are on average paid 16 percent less than men. Furthermore, the gaps are wider the more senior the position is. "The 'glass ceiling' results in a waste of investment in women's human capital, a loss of talent in the economy and a loss of diversity in decision-making positions," the OECD concluded in 2011.

Mentoring Matters

Creating more gender equality in senior management is high on the strategic agenda at most large private sector companies. At a time when the overall talent pool has shrunk due to lower birth rates in recent decades, companies realize that by not fully utilizing their available pool of female talent, they could be exacerbating the skills shortage

Photos: Credit Suisse



MAG participants working on business cases: The program actively contributes to the improvement of the gender balance within Credit Suisse's senior leadership.

that exists in many industries today, thus undermining their long-term competitiveness.

There are numerous reasons given to explain why women don't progress as quickly to top jobs as their male peers, but it has been difficult to create a causal relationship. However, one factor that is seen as being critical to accelerating women's careers is sponsorship by more senior executives. Effective sponsorship is a virtuous cycle: It increases a woman's visibility and exposure to boards, which in turn ensures she is considered for key promotions and more senior roles when the opportunity arises.

Credit Suisse has taken these insights to heart by creating its own sponsorship program for its most talented senior women. The Mentoring Advisory Group (MAG) is an 18-month program consisting of classroom instruction, group assignments on high-profile projects, peer coaching and regular mentoring by a Credit Suisse Executive Board member. Participation is by invitation only. The first edition of MAG started in 2011 with 30 women from the company's senior ranks. A total of five classroom sessions, each lasting two days, will take place during the 18 months.

Changing the Status Quo

Each participant is paired to an Executive Board member, who serves as her sponsor and coach. Mentoring sessions take place regularly. The mentees can talk about anything they want, from seeking advice on how to deal with a specific leadership challenge they face to discussing general strategic topics for the bank.

"This program will help us change the status quo," says Brady Dougan, CEO of Credit Suisse and one of the sponsors. "We are creating a group of female role models who will lead the way for other women to step in their shoes and improve the gender balance at the top level of the firm."

Women account for 37 percent of Credit Suisse's total staff, whereas 16 percent of its senior leadership (directors and managing director positions) are female. Credit Suisse wants to increase the representation of women in senior leadership positions across its global operations. Michelle Gadsden-Williams, global head of diversity and inclusion at Credit Suisse, adds: "Our message to our female senior leaders at Credit Suisse is, 'Your development is very important to us. Our goal is to ensure that you are supported and that we offer the right opportunities to advance'."

Pathways to Success

When Olympian Cathy Freeman retired from the world of competitive running, she thought hard about how she could use her profile as a gold medalist to make a difference in an area she felt passionate about – Indigenous education.

Cathy's mother and grandparents were born on the small, remote tropical Palm Island, about 15 minutes by light plane from Townsville in far-north Queensland. One of the largest Indigenous communities in Australia, the island is home to approximately 3,800 people including an estimated 1,000 school-age Indigenous children. This felt like a natural place for Cathy to start.

With an unemployment rate of more than 90percent, a very low school attendance rate and approximately nine out of 10 of 7th grade students unable to read and write at a minimum national standard, Palm Island is considered the fourth most disadvantaged community in Australia. With this in mind, Cathy got to work to set up the Cathy Freeman Foundation (CFF). "In a nutshell the greatest motivation behind setting up the CFF in 2007 was to put my name and my story to something that was of great meaning to me – and that is Indigenous education," Ms Freeman said, when visiting the Credit Suisse Melbourne office recently. "The main driver was the fact that I want to help the children of Palm Island explore their talents, achieve in school and fulfill their dreams."

The Cathy Freeman Foundation has a very clear aim, to bridge the education gap between Indigenous and non-Indigenous children in Australia, and to provide them with pathways to success. It does this by deliver-

ing targeted programs aimed at promoting and encouraging positive education outcomes, recognizing those who meet key education milestones and rewarding those children who attend and achieve at school.

CFF is based in Melbourne, with an established office on Palm Island. There are four Palm Island staff members who work directly with the community and deliver the education programs, which focus on the areas of school attendance, literacy and behavior. One of these is the Horizons Programme – which incentivizes, recognizes and rewards students who reach key criteria with interstate camps. With Credit Suisse's support in 2012, the CFF will be supporting three camps – in Sydney, Melbourne and the Vic-

torian ski resort town of Mount Buller, including the help of volunteers to assist with everything ranging from cooking sausages for community barbecues to providing mentoring support programs.

For many of these children, going to nearby Townsville would be significant enough, but the notion of traveling to capital cities such as Sydney or Melbourne for these camps may be a far-off dream. Some children don't even own the shoes required to get on a plane or ferry to leave the island. Given the tropical nature of the island, the idea of playing in snow is a world away.

Striving to Achieve Brings Results

"These camps open up a whole new world and horizons for these wonderful children. The support from Credit Suisse will also provide positive role models to highlight the important role education plays in creating a

Learn more about our social commitment: www.credit-suisse.com/responsibility/society



01



02



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04

- 01 Australia CEO David Livingstone and Cathy Freeman at the Credit Suisse offices in Sydney.
- 02 Back to the roots: Cathy Freeman on Palm Island.
- 03 One of the camp excursions to Mount Buller with Credit Suisse volunteers.
- 04 Helping the children of Palm Island to explore their talents, achieve in school and fulfill their dreams.

brighter future," said CFF Chief Executive Officer Sonya Stephen. "The changes we see in these kids once they return from a camp, which usually last for about 5 days, are extraordinary. They recognize that education and striving to achieve brings results."

Employees will be invited to travel to Palm Island to volunteer either at sporting activities throughout the year or at educational award ceremonies at the end of each school-term, rewarding children for improvements in literacy, attendance and behavior. The support is very welcome. Palm Island itself is characterized by high fertility, premature mortality and a young age distribution, with 35.7 percent of the population under the age of 14 years and a median age of 22 years. Typically, Indigenous Australians born in the period 1996–2001 are estimated to have a life expectancy at birth of 59.4 years for males, and 64.8 years for females. This

is approximately 16–17 years less than the overall Australian population born over the same period. CFF works in partnership with the schools, elders, council, police and community leaders on Palm Island to identify the major issues facing the community with regards to children and educational outcomes and finding the way to tackle the issues and reverse some long entrenched intergenerational patterns.

Rewarding School Achievements

CFF programs are incorporated into the educational structure of the two Palm Island schools and provide a holistic "whole of community" approach to achieve positive results in this vitally important and needy area. The CFF Horizons Programme has been rewarding school achievers since 2009, based on merit, attitude and their desire to achieve, serving as an incentive to students and helping them to achieve goals beyond their expectations.

"The Cathy Freeman Foundation is undertaking incredible work and achieving success," Credit Suisse CEO, Australia, David Livingstone said. "We are excited to be able to support these programs, while also providing our staff with the opportunity to become involved with this great organization." The partnership officially commences in January 2012 and staff are already being invited to get involved. "We are really looking to provide a focus for our charity efforts in Australia, toward an organization that epitomizes our mission of supporting education for underprivileged children," said Mr Livingstone. "We are channeling our funds and efforts so we can make a real difference in the lives of Indigenous Australian children."

Ms Freeman echoed this sentiment: "The Cathy Freeman Foundation is very proud and honored to have a partner in Credit Suisse. It's not just an opportunity for us to work together, it's an opportunity for us to create wonderful change in this great country of ours. We're very thankful, and I look forward to creating magic together." ■

Roundtable Interview: Willy-Andreas Heckmann

“Companies no longer have the **luxury of time**”

Giles Keating, John Tobin and Stefan Keitel discuss how to integrate an analysis of environmental, social and governance (ESG) issues into the investment process. They also explain why total assets incorporating ESG analysis currently exceed 6 trillion US dollars globally.

Why do sustainable investments and sustainably managed companies get so much more public attention now when compared to ten years ago?

Giles Keating: Environmental, Social and Governance (ESG) issues are nothing new. You can look back to the entrepreneurs with a social conscience in Britain’s Industrial Revolution who reacted to poor labor conditions by building quality homes and providing services to their employees. And look at the health, safety and environmental legislation that every country has developed over the decades, often in response to poor ESG activities by companies! What is new is the speed with which ESG failings, actual or perceived, get publicized, be it via conventional means or social media, as well as the ability of groups to leverage such issues.

That in turn mobilizes consumer and government reactions more swiftly, ultimately making investors more sensitive. Companies no longer have the luxury of time. They need to have proactive ESG strategies in place to avoid issues, and they need procedures for rapid, high-level responses when something does happen. It’s natural for investors to focus on companies that are prepared.

How can doing business sustainably directly affect a company’s business strategy and profitability?

John Tobin: Let me start by pointing out that sustainability goes with responsibly managing the environmental aspects of the business. Environmental sustainability is key, but it doesn’t exist in a vacuum. Environmental sustainability and financial sustainability are closely connected. A company conducting business sustainably generally does so because it has made a strategic decision to focus on the longer term, and it is making a clear statement that it seeks to manage environmental risks responsibly by minimizing their long-term impacts. But, it is also saying that it seeks to produce consistent, strong returns year after year, rather than simply aiming to maximize returns in the very short term, even at the cost of longer-term profitability. >

Photo: Cedric Favero, Getty Images

➤ **Doesn't investment in a sustainably-managed company amount to accepting an underperformance in exchange for a clean conscience?**

Giles Keating: Quite the contrary: companies with good governance that respect those communities and the physical environment in which they work, can perform better over a period of time than those that ignore such issues. Those latter firms might see sales and profits suffer as their actions are rejected by consumers and punished by governments. And there's an issue of risk, as companies that have low ESG scores can be more vulnerable to sudden adverse events, such as an oil spill or accusations of poor labor conditions.

Over 80 percent of global Fortune 500 companies already produce corporate responsibility reports. What is motivating companies to increasingly monitor corporate practices on sustainability issues?

John Tobin: First and foremost, our stakeholders and the broader public have higher expectations of businesses than they used to. The days when a business simply did what it could, rather than what it should, are gone. Today, businesses must make positive contributions to society and create a sound and stable environment if they are to keep their social license to operate. As society seeks to pull itself out of the financial crisis, the public expects businesses, in particular banks, to behave responsibly.

Part of establishing a solid basis of trust and obtaining a clear understanding of the issues at hand entails engaging in a fair and open dialogue with clients, shareholders, regulatory bodies, politicians and others in society. By producing reports describing company contributions to society, a business initiates a transparent discourse and provides an overview of how it generates long-term value for the different stakeholders.

What is the link between environmental, social, and corporate governance investments and philanthropy?

Giles Keating: I personally see a range from pure philanthropy through unlisted (and often rather small) social enterprises at one end of the spectrum, to listed (and usually larger) companies that have good ESG ratings on the other end. All of these entities are capable of doing positive things for the community and the environment, but each has a different approach to the future. Philanthropic money is 100 percent devoted to its social or environmental goal. However,



John Tobin

Head of Public Policy - Sustainability Affairs

John Tobin, as the global head of Public Policy - Sustainability Affairs at Credit Suisse, is responsible for managing environmental and social issues. He joined Credit Suisse in 2002 from Clifford Chance in New York, where he was mainly responsible for cross-border financial business.



Stefan Keitel

Global Chief Investment Officer Asset Management and Private Banking

Stefan Keitel is Global Chief Investment Officer of Asset Management and Private Banking at Credit Suisse, chairman of the Global Investment Committee and the Global Asset Management Committee, as well as Co-Head of the product area Global Multi-Asset-Class-Solutions (MACS). He joined Credit Suisse in 2001 from Prudential Securities.



Giles Keating

Head of Research Private Banking and Asset Management

Giles Keating heads Private Banking Research at Credit Suisse and is responsible for research groups in Asset Management. He is chairman of the Global Economics and Strategy Group, and vice-chairman of the Investment Committee. Prior to joining Credit Suisse in 1986 he was a research fellow at London Business School.

it is not really sustainable because charitable money is spent and then gone (even for an endowment fund that endures, its income is channeled into projects).

On the other hand, social enterprises aim to combine those admirable end-objectives with a model of financial sustainability. So, if you put money into a social enterprise, it can be in a sense self-renewing in a way that charitable money is not. Listed companies with good ESG scores are of course less focused on social and environmental aims than a charity or social enterprise, but they are likely able to operate on a large scale and also aim to be financially sustainable. This combination of scalability and financial sustainability means that in some areas, they may be a better vehicle than either a charity or a social enterprise when it comes

“Environmental sustainability is key but it does not exist in a vacuum.”

John Tobin

to providing benefits to the community and improving our physical surroundings.

Switzerland is the world's fastest growing market in sustainable investments, recording 40 percent growth per year in the last four years. What do you see as the main drivers of this trend?

Stefan Keitel: Catastrophes like Fukushima or Deepwater Horizon caused investors to question what the impact is of their investments on the environment and communities. With the recent and current market turbulence, awareness of sustainable investments has also gained importance. Increasingly the focus has shifted from the short-term towards favoring longer-term sustainable investments.

Investors, also in Switzerland, are growing increasingly aware that sustainable investing does not mean just focusing on high-risk alternative energy projects and companies with innovative, but unproven technologies. Elsewhere in Europe, especially Scandinavia, sustainable investing has a long history and in some cases, is already part of the investment process by law. Therefore, driven by public interest in sustainable investments, a rising demand in Switzerland is closing the gap.

In what sense is Credit Suisse a sustainably managed company?

John Tobin: There are many ways in which Credit Suisse is managed sustainably, and the manner in which sustainability has become part of the fabric of the organization over time is very interesting. Initially, when Credit Suisse took the strategic decision to incorporate sustainability into the way in which the organization is managed it focused on its own environmental footprint: how it manages energy consumption, the impact of business travel, recycling, and other direct impacts of our business operations.

Over time, it became evident that the direct environmental and social impacts of a bank's operations are very small compared to the impacts of where it deploys capital, what industries it supports, and what projects it finances. That's when Credit Suisse started looking a lot more carefully at the environmental and social risks associated with its business activities and managing those risks much more carefully, working both with clients to improve their environmental management and with other banks to agree on industry standards to manage these risks.

Finally, we are now at the stage where we recognize that sustainability is about thinking for the longer term and ensuring that we leave resources, both environmental and financial, to future generations. In connection with this, sustainability thinking is becoming mainstream within the organization. Beyond top management and a few specialist teams, many of our employees are now thinking about our role in society and the impacts of our activities. It is becoming widely understood that we not only need to ensure we act responsibly, but also that we are viewed by others as acting responsibly. At Credit Suisse we take economic, environmental and social aspects into account when conducting business because we believe that an all-encompassing approach to corporate responsibility is key to our long-term success.

Of course, this also includes being aware of our regulatory environment and actively taking part in the discussions around the world on how to constructively redefine the regulatory landscape. As a firm we will continue to assess and adjust our business mod-

“Low ESG scores may make companies vulnerable.”

Giles Keating

“Increasingly focus has shifted from the short-term towards favoring long-term sustainable investments.”

Stefan Keitel

el in order to generate sustainable earnings in this changing environment.

What is Credit Suisse doing to integrate the analysis of sustainability factors into the investment process?

Stefan Keitel: Currently we follow a sequential investment process for sustainable mandates and funds. In order to benefit from the long-term experience of external research houses, we established ESG criteria and best-in-class research. In a second step, we intend to add our funded and proven valuation approach to the investment process, which yields a very valid stock selection for equities. In addition, we are continuously improving our valuation methods in order to integrate sustainable behaviors of individual companies. We are convinced that companies provide better yield over time when they have sustainability principles in place as part of their overall strategy.

Can you describe the investment process of the Global Responsible Equities Fund?

Stefan Keitel: We keep the investment process for the Global Responsible Equities Fund very simple. The basis for our stock selection for this equity fund is the universe of the MSCI All Countries Index. We exclude all companies that are not compliant with the UN Global Compact regulations and all companies with measurable exposure to tobacco, alcohol or weapons businesses. To make sure we have an independent filter, we are using research from GES Investment Services. This is an independent Swedish Research company that focuses solely on companies meeting the ESG criteria. On a regular basis, GES also screens our holdings and certifies the appropriateness of the selection according to ESG criteria, as previously described here.

We then bring in our own experience in valuing stocks in order to select the best equities from the remaining universe. In addition, we take positive ESG criteria into account in order to select the best-in-class

companies. The combination of our own valuation experience, and the ESG knowledge of one of the oldest and most experienced research houses in this field, makes this fund unique.

How has it performed relative to benchmark?

Stefan Keitel: The Global Responsible Equities fund has been designed to be as close as possible to the DJ Sustainability World Index and the MSCI World Index. Since inception in January 2009, the fund's retail shares rose by around 29 percent measured in euros (the fund's currency). Over the same period, the DJ Sustainability World Index rose by around 32 percent and the MSCI World Total Return (net) gained around 33 percent.

Looking ahead, do you see the sustainable investment trend staying limited to niche pure plays such as clean tech, or do you see the integration of ESG criteria becoming an enduring trend in the global investment community?

Giles Keating: It clearly will become more integrated, partly because ESG criteria are becoming easier to measure as companies improve their reporting and better consolidate their data. In addition, consumer, media and political sensitivity to ESG issues looks to be rising, with social media progressing the effects. Adverse ESG behavior now results in hard financial effects (sales, fines, etc.) more swiftly and more visibly. And I think the niches themselves get much larger. For example, look at the way electric vehicles have gone over the last three years from an esoteric idea to something embraced by all major manufacturers worldwide.

Where do you see Credit Suisse in five years' time with regard to sustainable investing?

Stefan Keitel: In our view, sustainable investing should be part of every investment decision and investment process. We put all our effort on becoming a preferred partner for sustainable investors in Switzerland. Being already one of the largest asset managers globally, we have the ability, but also the will, to drive sustainable awareness even further. We aim to provide investors with our expertise in sustainable investments; play a visible, major and leading role in this field; and benefit from the continuous growth in this area. **I**

Unaltered Reprint from VR-Praxis 2/2011. www.vrpraxis.ch

Interview with Morten Lund – Inventor of Skype, and Entrepreneur

“I want to change the world ...

Even millionaires go bankrupt. Danish entrepreneur and venture capitalist **Morten Lund** found that out firsthand after the Internet calling software Skype went down in 2009 and took every penny with it while sinking. A year after filing for bankruptcy he was back on his feet. Now, the 37-year old is making money again, but taking a more controlled approach.

bulletin: In 2009 you had millions at the bank.

What went wrong?

Morten Lund: I went wrong. And so did the newspaper I invested in. It was a very simple business: A free paper that went to a million homes in Denmark every morning. Too simple. People really liked it so naturally it became the country's biggest newspaper.

Well, what killed it?

Advertising. Although we sold the most advertising space of any paper in the country, we still couldn't cover the massive cost of delivering a million newspapers each day. We were 66 percent of the way but at one point during the financial crisis it became obvious that we were not going to succeed. We had to get out and stop spending other people's money. It was a tough choice but I decided to take the hit and then figure out how to restructure.

How did you restructure?

The first four or five months were weird. I had to send myself e-mails to check if the server was actually working because everything, all business activity, literally stopped. After a while, getting back on top became a challenge similar to those I had faced in my experience with start-ups. I had to get myself out of bankruptcy and through it as fast as I could. Luckily too, Denmark has some pretty fair bankruptcy regulations.

Your name was already well known in entrepreneurial circles. It must have been tough to open up and say, “Hey, I’m bankrupt.”

I actually make a living from it now. I charge a fortune to speak at events about the dos and don'ts of investing and the lessons I learned. But I don't do it only to pay the bills; I'm serious about the topic. That's why I blog about it as well, it's a bit like therapy for me and at the same time I can help other people – three birds with one stone. To the rest of the world, however, it seems to be a shock that someone would ever admit that they are bankrupt, or, in my case, were bankrupt.

Will you tell us some of the dos and don'ts for free?

I'm trying to make a living here! Here are a couple of tips: Do listen to advice. I should have listened to more people and made my investments following a different logic. But that's not how entrepreneurs tick. However, I didn't take advice on investing in

Skype and that was the smartest move I could have made in that particular case. My advisors said I shouldn't, but my stubbornness earned me a fortune. I would also never finance something with my personal guarantee again. That was stupid, but at the time it showed people that I was serious.

You would have been kicking yourself if you had taken that advice on not investing in Skype. It must have been the jewel in your investment portfolio and it has revolutionized the way we communicate. What was your role in its success?

My job was to keep it as simple as possible. Unlike ICQ, an earlier but also successful calling and chatting software that was packed with features, Skype consists of a clean user interface and superior sound quality and that's what people want. While ICQ is packed with fancy features, we made them uncomplicated and simple to use.

You mean the user experience made Skype the international hit it is today?

Boiled down, its success can be attributed to the combination of a talented technology team, brilliant software and simplicity. Furthermore, as a peer-to-peer network, each user acts as an individual server rather than all users calling over one central, overworked unit. The technical nitty-gritty is complex but on the surface it's this infrastructure that makes the software so fast, as if you were on the telephone. This also made it very cheap to roll out so we could offer it to the world free of charge. Everyone likes freebies, so that also played a big role in its success.

And the market reacted positively from the word go?

The timing couldn't have been better. Once the technology was ready the market was suddenly there, too. Laptops with sound card slots and speakers became popular and those components combined with our software turned laptops essentially into just very big phones with screens. The early computers, those huge old machines, had no integration whatsoever. You needed special, expensive speakers and an engineer to make it all function. All of a sudden, and fortunately for us, everything appeared in a single, easy-to-use package at just the right time: the stars, moon and our software were suddenly aligned.



... and I will do it with software.”

You made a mint from the sale of Skype to eBay.

From the perspective of Morten Lund today, what's it like being in the shoes of a multimillionaire?

I know this sounds ridiculous, because everyone wants cash and I know I'll be very rich soon, but it's nice to be brought back down to earth and understand the value of money again. It has made me sharper. Along with 99 percent of the population, I have realized that you can't buy everything you want. You have to make choices: You must choose between that fancy camera, nice jacket or posh hotel room. You get one, not three. The funny thing is that I was just your average Joe Bloggs who tried to be silly rich, was successful at it for some time and then got thrown back down to reality. Not everyone tries that.

Being rich prevented you from being able to make choices? Sounds like the familiar saying, “more money than brains.”

Almost. I had it all, so I couldn't imagine why it wouldn't be my responsibility to pay for my friends' apartments and all kinds of other crazy things. I paid for every dinner I attended and I thought it was my duty to do so. It just goes to show that newly rich people are crazy; they don't know how to handle their money. I wasn't born rich so nobody taught me the rules.

You use the word “focus” a lot on your blog.

You want to focus on a couple of companies, rather than dozens now. Is the focus strategy working?

It's all really just a cover-up. I am trying to control myself but I would love to start more companies. I just have to figure out the right structure and way to do things. Doing less is actually more fun because I can keep better control of what I'm doing. That became clear when I had money invested in more than 80 running projects at the same time. Right now, I'm focusing on two companies: Everbread, a travel search company, and Tradeshift, the world's first open business network. Both are well positioned to be huge success stories. They are based on software that everybody uses, everybody needs and they make lives easier.

Do you consider yourself to be a role model?

I would be disappointed if other people took me too seriously as a role model, but being a funny role model would be okay. I do, however, inject ideas into peoples' heads that make them go home and say, “Stuff this office job, I want to revolutionize the world. I want to make cupcakes and have fun with it.” If people don't like me or my work, great – it means that they have an opinion. While it can sometimes be difficult for people around me, you generally learn to live with it.

So imagine that I do go home and decide to go into the cupcake business, but I need money to get going. What do I need to do to convince you to invest in my business idea?

Get my attention and prove something. I'll then take all the knowledge I have and use it to decide whether the idea is worth it. It also has to be something that I understand and that screams big business – so not really cupcakes. Nowadays a lot of people use their credit cards to make purchases over the Internet, for example. That signals huge business online and those are the kind of bells I'll be listening to.

Speaking of big business, what are your views on philanthropy?

That is a big one. Strategically speaking, it's easy: If you're into philanthropy it has to be profitable, business-driven and aggres-

“Skype's success can be attributed to the combination of a talented technology team, brilliant software and simplicity.”

sive within the niche you want to go. If not, you'll have a bunch of volunteers running the plot who are there because they were the only people available, not because they are passionate about it. That simply won't work. Passion means everything. Philanthropy is a serious thing for the givers and the getters and it's very important that it provides a chance for the givers to get more than just rich on honor. But in general it's an impossible topic: How do you actually make a person rich out of philanthropy?

What are you passionate about?

Above all, people. It's fascinating to see five weird guys get together and grow a crazy idea into something massive, something viral. That's highly addictive.

Sounds like the Skype story. Would you say that you are successful?

Compared to some of the guys I went to high school with, yes. But they also probably think that I'm completely nuts and that's okay because I dared, I stepped out and tried something they didn't. Unlike some of those guys too, I'm not from a very intellectual or wealthy family, but I still became successful in my own right. Compared to my heroes, however, no, I'm not a success.

Who are your heroes?

Some technology geeks who have been outlining the infrastructure of the online world. I also look up to people like Richard Branson and a few politicians – game-changing people. Compared to them I'm nothing. Although I don't actually aspire to get to that level, I have no problem stating that I want to change the world and I will do it with software.

Where does your happy-go-lucky attitude come from?

From being an only child, although it does make you a little messed up. You get too much attention, too much love, too much of everything and you think there's nothing you can't do or have. That made me confident, perhaps a little too confident, and I always knew I would someday do something influential. I started my first sizable business with a couple of mates when I was a student, an equipment company selling caps and T-shirts for graduates. We secured 95 percent of that market in Scandinavia over two years when I was 19 years old. It all went uphill, or downhill depending on how you look at it, from there.

What's really important to you now?

My family and my girlfriend, Josephine. They carried me through the hard times in 2009. It wasn't hell, just hard, like losing your job. The good thing about the work I'm doing now, sharing my experiences and knowledge, is that we can travel around together. Sometimes the amount of money a person has makes them forget about the value of family. But I can say from firsthand experience that you can't ask for more than a loving, supporting family.

Interview: Cushla K. Sherlock

Keeping Federer Fit

At the age of 30, Roger Federer remains in peak condition. Much of the credit for that goes to Pierre Paganini, who has known Federer since he was 13 years old and whose role goes well beyond fitness coach.

He’s the bald guy in the baseball cap. Behind the spectacles is a keen mind and a self-effacing demeanor. Pierre Paganini is not one to grab the spotlight. In the more than 11 years he’s helped Roger Federer stay in peak form, he’s seldom been seen courtside – even then, it’s usually in a crouch, as though trying not to draw attention to himself. “I don’t want people to focus on me,” Paganini says, who rarely gives interviews. He abhors coaches who put themselves in the spotlight. “In the end, it’s the player who goes out onto the court. Just look at soccer. Sometimes the only name you hear is the coach’s. I think that’s wrong.” At 54, Paganini is still strong and wiry. Never an elite athlete, certainly not a world-class tennis player, he and Federer played tennis only once. That seems to have been enough: “I ran around for about 10 minutes and never even saw the ball!”

“Paga,” as his friends call him, lives in Zermatt and Dubai. He trains regularly with Federer in the United Arab Emirates, planning to use that as a base for travel with his wife, Isabelle, also a fitness coach. Born in Zurich, his late father R   was a pianist who also opened music schools in Switzerland. His mother, Maria, was a professor. In his youth Paganini was also musical, starting at age 4 with the violin. But he always loved sports. “I remember watching the 1970 World Cup final between Brazil and Italy. My co-workers were interested in what was happening on the field. I was the only one wondering what had gone on before the match.” His early clients included tennis player Marc Rosset, the gold medalist from the 1992 Olympics, with whom he worked for 17 years, along with the Maleeva sisters, Manuela and Magdalena, both world-class players, and later Ana Ivanovic. In 1991, he began working with the Swiss Davis Cup team, continuing until 1995 before returning again from 2003 to 2008. The method developed by him is still used today at an intensive training center in Bienne, Switzerland.

Working With an “Artist” Who Values Hard Work

He was among the drivers when Swiss Tennis set up a new program, “Tennis/etudes,” to develop young players, through which he first met



Federer in 1994 as a promising 13-year old. The pair has worked together on a private basis since August 2000. At the end of that year, he drew up a three-year plan for Federer, then 19, that provided the foundation for his rise to tennis stardom. The chemistry has always been good. “Roger is a fantastic person and that makes working with him so much easier,” says Paganini. “He’s an artist who knows the value of hard work.” Paganini has been a member of Federer’s innermost circle for years. His opinion is often sought and always respected. He is aware of how lucky he is. “We can speak freely, nobody bothers us and that helps enhance the quality of the work.”

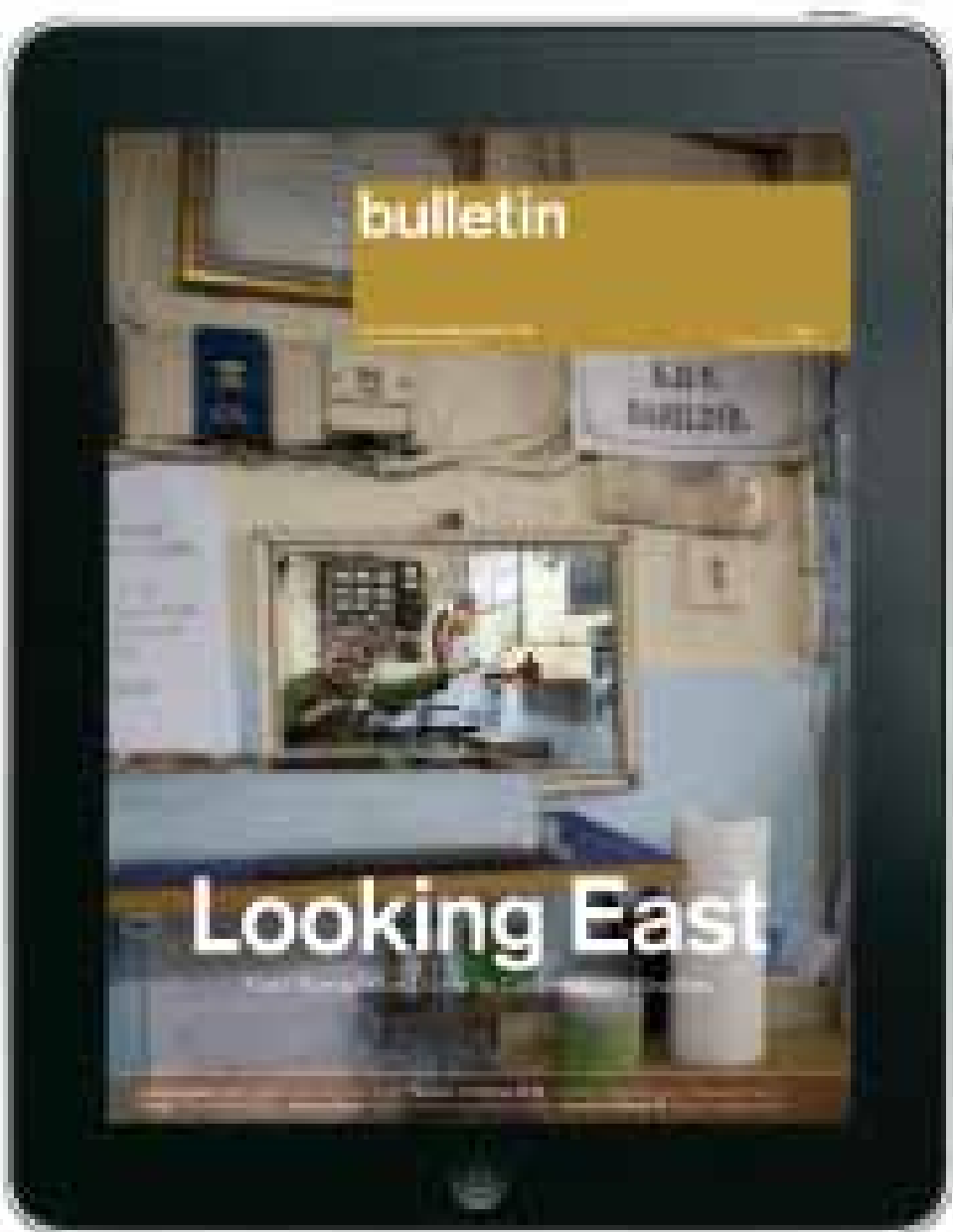
The Right Thing at the Right Time

Since 2003, Pierre Paganini has also worked as the private trainer of Stanislas Wawrinka, Federer’s Davis Cup partner and fellow doubles gold medalist at the Beijing Olympics. He works with Federer between 140 and 160 days each year, and devotes about 70 days to Wawrinka. The ingenious programs consisting of three or four basic blocks distributed throughout the year can be adjusted at short notice should, for example, a player need to deal with minor injuries. Paganini’s work usually is done far away from tournaments. “Doing the right thing at the right time,” is one of his mottos. “The dosage is enormously important,” he says. “Roger is very good at listening to what his body is telling him. You have to do things when they produce the greatest benefit.”

At 30, Federer has to train differently. “Anticipation and planning have become more important, especially now that he’s the father of two young children. That’s a real challenge,” says Paganini. “But,” he adds, “in tennis you’re not old at 30. Someone who has played 1,000 matches may not have the stamina that they used to have, but they certainly know their way around the court. And in this sport, it’s often the small things that make the difference. The key thing is to adjust the planning and to establish the right balance between preparation, tournament play and recovery time. I’m absolutely certain that as long as Roger wants to play tennis and stays fit and healthy, he’ll play extremely well.”

Text: Marco Falbo

Photo: Jack Flash, Getty Images



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