

A Global Platform

An Interview with Nicole S. Arnaboldi, Vice Chairman,
Alternative Investments, and Co-head, Illiquid Alternatives, Credit Suisse



Nicole S. Arnaboldi

EDITORS' NOTE Nicole Arnaboldi joined Credit Suisse First Boston in November 2000 through its merger with Donaldson, Lufkin & Jenrette, where she was a Managing Director in the company's merchant banking team. Arnaboldi serves on the investment committees of most of the Credit Suisse private equity funds, and she also serves on the boards of New Yorkers for Children and Prep for Prep. She holds a BA from Harvard College, a JD from Harvard Law School, and an MBA from the Harvard Graduate School of Business Administration, where she was a Baker Scholar.

COMPANY BRIEF Since 1856, Credit Suisse (www.credit-suisse.com) has been offering professional services, assembling expertise, and employing highly qualified people. Credit Suisse's Alternative Investments business is a leading global alternative asset manager and is comprised of a diverse family of funds, including private equity, leveraged buyouts, mezzanine, real estate, secondary funds and fund of funds, as well as the businesses covering hedge funds (both direct and fund of funds), leveraged loan and collateralized debt obligation investment programs, core real estate funds, and quantitative investment and volatility management products. With \$147 billion in assets under management, it is one of the world's largest managers of alternatives.

Are you happy with the strength of the Alternative Investments business at Credit

Suisse? Do you feel the trend is there for strong growth?

Absolutely. We've had terrific growth in our business. We've approximately \$145 billion of assets under management today under the umbrella of alternatives. I think that makes us one of the biggest players out there. So even though we may not be the biggest in certain product areas, we have a very strong business because we have a broad product line and a long history. However, we're in a very fragmented industry, so even with that kind of market strength, we have an enormous opportunity for growth.

Can you give a brief overview of some of the key product areas that you're offering?

Sure. I should take a step back so that you get the context of what our business includes. Alternative Investments includes two business groups. We call one group Liquids, which is primarily our hedge fund of funds business, and the rest of it we call Illiquid Alternatives. Within the Illiquid Alternatives world, we have a range of private equity funds and a range of real estate products. We're just starting to grow a series of credit products. We also have some other products that are inside Alternative Investments that are actually agency products. Those include our market-leading placement businesses in private equity and real estate private equity, and a very successful structured-products business that structures products around our underlying assets in the alternative space. We're also just starting to grow a direct hedge fund platform starting with the credit space.

A number of leading companies are in this competitive industry. What makes you unique in this space?

It's a very fragmented business that is dominated in large part by boutiques. I think that, as the business gets more global, players like us are better positioned, because our global footprint gives us a huge advantage. Having a global platform has become increasingly important, because it's very difficult to grow a global platform as a boutique. We have the benefit of being able to leverage Credit Suisse's physical platform, whether it's infrastructure offices, information technology, knowledge of local regulation, or knowledge of how to do business around the world, as well as the deal flow, the research, and the market knowledge that we get in all these geographies. We're very well positioned in a globalizing industry. Globalization will make it harder for the small

players to be successful when companies are increasingly sourcing in China, for example. We differentiate ourselves in some other fundamental ways because, unlike most of our competitors, we are affiliated with a large bank. This means that we get a real edge on deal flow. Having a competitive sourcing perspective is a really important advantage, because one of the scarcest things in our business is access to attractive deal flow.

When you look at the global landscape across all industries from a growth point of view, certain markets continually come up, first and foremost being China. How much of a focus has China been for you?

We launched a growth-oriented private equity joint venture in China about two years ago with a group called China Renaissance Capital [CRCI] where we were the lead investor in its initial fund. That fund has performed extremely well. It has been a great synergy between the locally based team, which now is a sizeable team, all based in China, and the global network of distribution, deal flow sourcing, analysis of companies, investment committees, expertise, and so forth that Credit Suisse brings to the table. That's a model that we'll pursue, because we think it gives us a strategic advantage. But we're also very interested in directly doing things in emerging markets and private equity through our own vehicles. For example, we have a pan Asian private equity business vehicle that's inside of Credit Suisse. We think that's a big area of focus. In fact, some of that has already borne fruit, in terms of diversifying our earnings streams. A significant portion of our investment gains in 2007 actually came from gains in our emerging markets activities, particularly in China.

How important do you think it is for a corporation to make community involvement and corporate responsibility part of its culture?

I think it's critical. I serve on the board of the Credit Suisse Americas Foundation, and we focus not only on giving back to the community but also on getting our employees involved in giving back to the community. One of the key ingredients for success in our business is retaining personnel, and I think that people want to feel good about their organization and feel that it has goals beyond the purely financial ones. The bottom line has to include meeting other goals in the community. ●