



CAYMAN ISLANDS MONETARY AUTHORITY

v. 1.0

INVESTMENTS AND SECURITIES DIVISION

THE MUTUAL FUNDS (ANNUAL RETURNS) REGULATIONS, 2006

GUIDANCE NOTES and DIRECTIONS TO COMPLETING THE FUND ANNUAL RETURN

The Cayman Islands Monetary Authority (the “Authority”) issues these Guidance Notes as explanatory material and directions to assist fund operators in completing the Fund Annual Return (“FAR”) (FAR v.1.0) pursuant to the Mutual Funds (Annual Returns) Regulations, 2006.

Auditors should consult the separately issued “Auditor Guidance On Filing Audited Accounts and Annual Returns for Regulated Funds,” which is explanatory material and directions to assist local audit firms file the annual audited financial accounts and the FAR under the Mutual Funds Law (2003 Revision), as amended (the “Law”).

A. Overview, Scope, and Background

Operators¹ of all funds regulated under the Law are responsible for the completion of the FAR. Funds that are not regulated under the Law (eg: “exempt funds” that fall within s. 4(4)(a) of the Law) do not complete the FAR. In a master-feeder structure, only the fund(s) that are regulated under the Law complete the FAR.

Operators may delegate completion of the FAR to a service provider, but operators remain legally responsible for the accuracy and completion of the FAR.

Completion of the FAR is a separate obligation from the requirement under the Law that a fund files its audited financial accounts annually with the Authority within six months of the fund’s financial year-end.

Once the FAR is complete, operators must ensure it is delivered to the fund’s Cayman Islands audit firm in electronic format (eg: emailed, on cd-rom) as the audit firm may require. The audit firm will then submit the FAR and the annual audited financial accounts to the Authority.

The audit firm must submit both the FAR and its annual audited financial accounts to the Authority at the same time, in the manner required by the Authority.² The Authority will not permit the FAR and its annual audited financial accounts to be submitted at different times.

¹ The operators of a fund are the directors of a fund that is a company, the general partners of a fund that is a partnership, the trustee of a fund that is a unit trust, and the managing member of a LLC.

² Auditors should consult the separately issued “Auditor Guidance On Filing Audited Accounts and Annual Returns for Regulated Funds.”

Accounts Filed As Adobe® PDF

The Authority requires a fund's annual audited financial accounts to be submitted as an Adobe® PDF. The Authority requests and recommends that the PDF contents be in a textual format (i.e.: generated from an electronic document), and not scanned.

In a few cases, some funds not domiciled in the Cayman Islands may have no Cayman Islands auditor. These funds should contact the Analyst responsible for the fund in the Authority's Investments and Securities Division for further filing instructions.

Contacting the Authority's Analyst Responsible for the Fund

As directed by these Guidance Notes, it may be necessary to contact the Analyst responsible for the fund in the Authority's Investments and Securities Division. In order to identify the Analyst, enter the fund's name in the "Search For Entities" function on the Authority's website (www.cimoney.com.ky/entities/default.aspx). The Analyst's name will be displayed beside the fund's name.

The FAR itself is not an audited document, but some of the information will likely come from the annual audited financial accounts.

A blank FAR may be obtained from the Authority's website (www.cimoney.com.ky/ereporting).

The line numbers in the FAR contain hyperlinks to the corresponding section in these Guidance Notes, and identification numbers in the Guidance Notes correspond to line numbers in the FAR.

The majority of regulated funds do not have sub-funds. If, however, the fund comprises more than one portfolio, or sub-trusts, or participating classes, see the guidance for lines 1.4 to 1.6.

Funds' Obligation to Inform the Authority

The Authority reminds funds and their operators of their obligation to inform the Authority of material changes. The Law provides that a fund's promoters and operators are obliged to notify the Authority within 21 days of any change that materially affects any of the information in, or the prescribed details of, an offering document filed with the Authority. "Material" in relation to an offering document means any aspect that a prospective investor may consider to make an informed decision whether or not to subscribe in the fund.

B. Technical Issues, Macros, and Electronic Security

The FAR is based on Microsoft[®] Excel software (all versions since 1997), and may be saved, copied, and emailed as any other Excel file. The FAR contains XBRL coding, is locked, and cannot be amended. Any attempt to create or submit a form that looks similar will be automatically rejected by the Authority's systems.

It may be possible to open the FAR through an internet browser. Do not do so. Instead, open the file using only Microsoft[®] Excel.

The FAR contains Excel macros, and has been digitally signed by the Authority using a Verisign[®] Digital Certificate. As such, it is impossible for an outside party to modify the macros without removing the Authority's certificate.³

When the FAR is first opened, a security warning message may be displayed, indicating that the file contains macros and that the macros have been signed by Cayman Islands Monetary Authority.

1. Tick the "Always Trust Macros from this Publisher"
2. Then click "Enable Macros"

If the security message indicates that it is unsigned, or is signed by any organization other than the Cayman Islands Monetary Authority, please contact the Authority immediately and obtain the correct file from the Authority's website (www.cimoney.com.ky/ereporting).

If "Always Trust Macros from this Publisher" is not ticked, or if the macros are not enabled then the FAR will not work correctly, and will likely result in a failed submission.

Cells that are shaded in yellow *must* be completed before submitting the FAR to the fund's audit firm. (Cells change color when information has been completed). A warning in red writing towards the top of the form indicating an incomplete form appears for as long as a yellow mandatory cell remains blank. The red warning will disappear when all mandatory (ie: yellow) fields are completed. ***An incomplete FAR will be automatically rejected by the Authority's systems.***

³ In order to verify the macro certificates:

- Go to Tools → Macros → Visual Basic Editor (Or hit ALT+F11)
- When the Visual Basic Editor Opens, go to Tools → Digital Signature
- Review the digital signature. If the digital signature is blank, or does not say Cayman Islands Monetary Authority, contact the Authority immediately, and obtain a copy of the correct form of FAR from the Authority's website.

1. Identification

1.1 Fund Name

Insert full legal name of the fund as at the date the FAR is completed.

Fund names may be confirmed on the Authority's website by using the "Search for Entities" function (at <http://www.cimoney.com.ky/entities/default.aspx>) by inserting any part of the fund's name.

Note, at present, the Authority does not record the names of any sub-funds. See guidance below for lines 1.4 to 1.6.

1.2 Certificate Number

Insert the certificate or licence number as shown on the fund's certificate of registration or licence issued by the Authority. Certificate/licence numbers may be confirmed on the Authority's website by using the "Search for Entities" function (at <http://www.cimoney.com.ky/entities/default.aspx>) by inserting any part of the fund's name.

Note, at present, the Authority does not issue certificate/licence numbers for sub-funds. See guidance below for lines 1.4 to 1.6.

Do not use the certificate number issued by the Cayman Islands Registrar of Companies on a Certificate of Incorporation or Certificate of Good Standing or equivalent, or issued by any other body.

1.3 Operating Structure

Select from the drop down box the fund operating structure that best describes the fund for which the FAR is being completed.

"Single Fund" refers to a fund that is not a Multi-Fund, defined below. The Authority expects that the vast majority of funds are "Single Funds."

"Multi-Fund" refers to a fund that has sub-funds. For the purposes of the FAR, a "sub-fund" includes a segregated portfolio within a segregated portfolio company (SPC) structure; a sub-trust within an umbrella or master unit trust structure; and a class of shares, or units or interests within a fund, trust or partnership structure, where each such class represents a separate stand-alone reporting entity (e.g. a fund with multiple portfolios, where each portfolio is individually presented with separate assets, liabilities, income and expenses). Sub-funds are presented as separate reporting entities within the annual audited financial accounts, whether presented in a multi-column format or in separate stand-alone financial statements.

See also guidance to lines 1.4 and 1.5 below.

1.4 Number of Sub-Funds

If the answer to line 1.3 is “Multi-Fund,” then insert the number of sub-funds associated with the fund.

1.5 Number of Sub-Funds included in this form

Although nearly all funds are Single Fund structures, this form may be used to report any number of sub-funds, up to the number inserted in the answer to line 1.4. Insert the number of sub-funds reported on the FAR. The number of sub-funds reported at line 1.5 cannot be more than the number of sub-funds answered at line 1.4, and the FAR will raise a red warning flag if otherwise.

For example, if the answer to line 1.4 is “6” sub-funds, the number inserted at line 1.5 may be any number between 1 and 6, depending on how many sub-funds are reported on the FAR. See the text box immediately below to determine how many sub-funds may be reported on one FAR.

A fund must file data that covers all sub-funds.

The FAR and its annual audited financial accounts for a fund and its sub-funds must be submitted to the Authority at the same time. All sub-funds need not report on the same FAR, but if separate FARs are to be filed, all FARs must be filed at the same time.

In the rare cases that some sub-funds must submit their data at different times (eg: sub-funds may have different year-ends), fund operators should contact the Analyst responsible for the fund in the Authority’s Investments and Securities Division.

(remainder of this page intentionally blank)

How Many Sub-Funds May Be Reported on One FAR:

One FAR for Each Sub-Fund

1) If a sub-fund prepares stand-alone annual audited financial accounts, then the fund must submit one FAR per set of accounts.

2) If several sub-funds present their financial information (ie: the information required at sections 8, 9, and 10 of the FAR) in a multi-columnar format (ie: without a total column such that the financial information is not presented in an aggregated format) in one set of annual audited financial accounts, operators may choose to submit one FAR for each sub-fund. In such cases, each FAR would contain information unique to its particular sub-fund, but the annual audited financial accounts to be filed would be the same. (In other words, the same set of accounts would be filed over and over again so long as the accounts included particulars reported on that FAR).

One FAR for More than One Sub-Fund

In order to submit one FAR for more than one sub-fund, all of the standing, non-financial data required in sections 1, 2, 3, 4, 6, and 7 of the FAR must be the same for all sub-funds on a combined basis. All of the sub-funds being reported on a combined basis must have the same fund details required by section 2.1, the same service providers, the same operating information, the same reporting period, and the same currency. If any of these particulars are different, then a separate FAR will be required for each set of sub-funds (or group of sub-funds) which have different standing, non-financial data, such that all of the information on an FAR relates only to the sub-funds being reported.

If the annual audited financial accounts aggregate the sub-funds, then such aggregated data may easily be reported on the FAR in sections 8, 9, and 10.

If the annual audited financial accounts do not aggregate or total the sub-funds, then in order to report more than one sub-fund on one FAR, the operator must add together the necessary data (ie: manually combine or consolidate) the information required in sections 8, 9, and 10.

In addition, the financial information for the sub-funds covered by the FAR must be presented in only one set of annual audited financial accounts.

Terminology. If a set of sub-funds reports in an aggregated format, reference in these Guidance Notes and on the FAR to a “fund” should be read as “set of sub-funds.”

Sub-Fund Examples

Example A. The annual audited financial accounts include dozens of different sub-funds (ie: portfolios), all of which have the same service providers (administrator, custodian, auditor, etc.), the same currency, the same reporting periods, and the same answers to be reported otherwise throughout sections 2, 3, 4, 6, and 7.

What to File: The fund may either (a) submit one FAR for all sub-funds reflected in the accounts, or (b) submit one FAR for each sub-fund or grouping of sub-funds. The same set of audited accounts will be filed, so long as the particulars reported in a FAR are also reflected in the audited accounts filed.

Example B. The annual audited financial accounts include dozens of different sub-funds, all of which have the same service providers (administrator, custodian, auditor, etc. and other answers for sections 2, 3, 4, and 6), but some sub-funds have different currencies, and the accounts do not provide consolidated totals in the currency indicated at line 7.1.

What to File: At a minimum, the fund must submit one FAR for each group of sub-funds that have the same currency.

Example B*. Same as **Example B** above, except the accounts provide consolidated totals in the single currency indicated at line 7.1.

What to File: The fund may either (a) submit one FAR (in the one currency indicated at line 7.1), or (b) submit one FAR for each currency. The same set of audited accounts will be filed (either once under option (a), or several times under option (b)).

Example C. The fund has several sub-funds, each with its own set of accounts.

What to File: Each sub-fund files its own FAR, together with its own annual audited financial accounts.

Example D. The fund has several sub-funds, presented in an aggregated format only in the audited accounts.

What to File: The fund files one FAR for all sub-funds.

1.6 Name of Sub-Funds (optional)

Insert a name to refer to the sub-fund(s) being reported on this FAR to assist operators that must complete multiple returns for different sub-funds, or to assist auditors that must match FARs to the relevant annual audited financial accounts.

2. General Information

2.1.1 Indicate if fund of funds

Select from the drop down box “yes” or “no” to indicate if the primary investment objective of the fund is to invest in other funds.

2.1.2 Indicate if master-feeder

Select from the drop down box “yes” or “no” to indicate if the fund is part of a master-feeder structure.

2.1.3 Investment Strategy

Select from the drop down box the choice that best indicates the overall strategy of the fund (or the set of sub-funds, if relevant) for the period. The Authority recognizes that many funds have multiple investment strategies that may change over time, and that this information can only be used for statistical and trending purposes. If none of the strategies provided reasonably describes the fund’s overall strategy, select “Other” and specify the strategy in the box provided.

2.1.4 Stock Exchange

If the fund is listed on a stock exchange, select the exchange from the drop down box. If “Other,” specify the exchange in the box provided. If the fund is not listed, select “Not Listed.”

2.1.5 GAAP

Select from the drop down box the Generally Accepted Accounting Principles used by the fund to compile the information contained in the annual audited financial accounts. If “Other,” specify the GAAP in the box provided.

2.1.6 GAAS

Select from the drop down box the Generally Accepted Auditing Standards followed by the fund’s auditors. If “Other,” specify the GAAS in the box provided.

2.1.7 Minimum subscription amount (in USD)

Select from the drop down box the choice that best indicates the minimum initial subscription amount in US dollars, as indicated in the fund’s offering document. If the investment advisor or operator has discretion to lower that minimum to the statutory minimum, do not indicate this statutory minimum.

For example, many funds have US\$1 million initial minimum subscription, but the directors / operators may, in their absolute discretion, accept subscriptions of lesser amounts, provided that

the absolute minimum initial subscription for shares or other equity units is not less than US\$50,000 (which was the statutory minimum before November 14, 2006 for certain funds⁴). In this case, select the appropriate range of US\$1,000,000 to US\$4,999,999 as the minimum, not US\$50,000 to US\$99,999.

If the minimum initial subscription amount is not normally expressed in US dollars, please convert the currency at a prevailing bank rate as at the date the FAR is completed.

2.1.8 Legal Structure

Select from the drop down box the choice that best indicates the fund's legal form or structure. Note that the terms used (as explained below) are specific to terms used in the Cayman Islands. The fund's certificate of incorporation (or equivalent) will indicate the fund's structure.

Each of "Exempted Company," "Exempted Segregated Portfolio Company," "Exempted Limited Duration Company," and "Exempted Segregated Portfolio Limited Duration Company" are defined under the Cayman Islands Companies Law. The term "exempted" refers to a company incorporated in the Cayman Islands, which conducts its business mainly outside the Cayman Islands.

The Authority expects that the vast majority of funds are "exempted companies."

"Ordinary Company (Resident or Non-Resident)" refers to a company incorporated in the Cayman Islands which may conduct its business mainly within the Cayman Islands (an "ordinary" company under the Cayman Islands Companies Law). The main difference between a fund that is formed as an "ordinary" company versus any form of "exempted" entity is that an "ordinary" company conducts the business of the fund mainly within the Cayman Islands.

"Foreign Company" refers to a company not incorporated in the Cayman Islands.

"Cayman Partnership (General or Exempted Limited Partnerships)" refers to any partnership established or subject to the laws of the Cayman Islands.

"Foreign Partnership" refers to any partnership established or subject to the laws of a jurisdiction other than the Cayman Islands.

"Cayman Unit Trust" refers to a unit trust formed under and subject to the Cayman Islands Trusts Law.

"Foreign Unit Trust" refers to a unit trust formed under and subject to the laws of a jurisdiction other than the Cayman Islands.

⁴ For funds registering under s. 4(3)(a)(i) of the Law, as of November 14, 2006, the statutory minimum initial subscription is US\$100,000.

2.2 Fund Operators

Insert the legal name of all of the fund's operators as of the date the FAR is completed. The "operators" are the directors of a fund that is a company, the general partner(s) of a fund that is a partnership, the trustee of a fund that is a unit trust, and the managing member(s) of a LLC.

If the operator is a natural person, enter the first name first and the last name last, excluding any titles (eg: exclude titles such as Mr., Mrs., Sir, etc.)

Clicking the "Add operator" button on the form adds additional cells in order to insert the name of more than one operator. Add as many additional cells as are necessary.

If an operator is a company or trustee that is already licensed by the Authority, (eg: a Cayman Islands licensed administrator or registered office service provider, or a trustee licensed under the Cayman Islands Banks and Trust Companies Law), then insert the name of that entity only.

If any of the operators is not a natural person and not licensed by the Authority, the following guidance applies:

If an operator is a company, then also list the names of the directors who are natural persons responsible for the fund in separate operator cells in parentheses after the company's name. There should be at least two such directors. For example, if one of the operators of a fund is ABC Directors Ltd., and ABC has two directors responsible for the fund named John Smith and Jim Jones, insert "ABC Directors Ltd. (John Smith)" in one operator cell, and "ABC Directors Ltd. (Jim Jones)" in another operator cell.

If an operator is a general partner or a limited liability company, then similarly also list the name(s) of the directors / principals / managing member (as the case may be) responsible for the fund in separate operator cells in parentheses after the general partner's / limited liability company's name. For example, if the name of the general partner is DEF, LLC and there are two principals responsible for the fund named Adam Smith and John Keynes, insert "DEF, LLC (Adam Smith)" in one operator cell, and "DEF, LLC (John Keynes)" in another operator cell.

2.3.1 Name of Investment Manager

Insert the name of the person or legal entity who, in practice, primarily makes the investment decisions for the fund, as of the date the FAR is completed.

If the investment manager named is an “excluded person” under the Cayman Islands Securities Investment Business Law (“SIBL”) and that person delegates investment decisions to another person or entity, insert the name of that other person or entity (ie: the delegee) and not the excluded person under SIBL.

2.3.2 Location of Investment Manager

Select from the drop down box the geographic location that best describes where the Investment Manager is based. If none of the locations provided is applicable, select “Other” and specify the location in the box provided.

Note that the United States of America is subdivided by state (with California and Texas further subdivided).

2.4.1 Name of NAV Calculation Agent

Insert the name of the administrator that is responsible for the calculation of the fund’s NAV, as of the date the FAR is completed. If the administrator delegates its responsibilities to another entity, insert the name of the administrator that is legally responsible.

2.4.2 Location of NAV Calculation Agent

Select from the drop down box the geographic location that best describes where the NAV Calculation Agent is based. If none of the locations provided is applicable, select “Other” and specify the location in the box provided.

Note that the United States of America is subdivided by state (with California and Texas further subdivided).

2.4.3 Name of R&T Agent

Insert the name of the administrator that is legally responsible for the registrar and transfer services (ie: shareholder services) for the fund, as of the date the FAR is completed. If the administrator responsible delegates its responsibilities to another entity, insert the name of the administrator that is legally responsible.

2.4.4 Location of R&T Agent

Select from the drop down box the geographic location that best describes where the R&T Agent is based. If none of the locations provided is applicable, select “Other” and specify the location in the box provided.

Note that the United States of America is subdivided by state (with California and Texas further subdivided).

2.5.1 Name of Registered Office

Select from the drop down box the name of the company services provider that provides the registered office for the fund in the Cayman Islands (or the registered office of the trustee, if a unit trust), as of the date the FAR is completed. If “Other,” specify the name of the registered office in the box provided.

2.6.1 Name of Cayman Islands Legal Counsel

Select from the drop down box the name of the fund’s Cayman Islands legal counsel. If “Other,” specify the name of the law firm in the box provided. If none, select “Other” and type “None” in the field provided.

2.7.1 Name of Onshore Legal Counsel

Insert the name of the fund’s principal law firm that is based outside the Cayman Islands. If the fund does not have onshore legal counsel, insert “None”. If the fund uses the investment manager’s in-house legal counsel as onshore legal counsel equivalent, insert “In-House”.

2.7.2 Location of Onshore Legal Counsel

Select from the drop down box the geographic location that best describes where the Onshore Legal Counsel is based. If none of the locations provided is applicable, select “Other” and specify the location in the box provided. If there is no onshore legal counsel, select “Other” and type “None” in the field provided.

Note that the United States of America is subdivided by state (with California and Texas further subdivided).

2.8.1 Name of auditor

Select from the drop down box the name of the fund’s audit firm in the Cayman Islands.

Certain funds not incorporated in the Cayman Islands may not have a Cayman Islands audit firm, in which case, select “Other,” and specify the audit firm in the box provided. In addition, operators of these funds that have no Cayman Islands auditor should contact the Analyst responsible for the fund in the Authority’s Investments and Securities Division for further filing instructions.

2.8.2 Audit Opinion

Select from the drop down box the choice that most accurately describes the type of audit opinion expressed in relation to the fund’s accompanying annual audited financial accounts filed with the FAR.

3. Operating Information

3.1 Was trading of the equity interests suspended?

Select “yes” or “no” to indicate if trading (ie: subscriptions or redemptions) of the equity interests (ie: the participating shares or units) of the fund was suspended at any time between the beginning of the reporting period as indicated at line 6.1 to the date the FAR is completed.

3.2 Have all or substantially all the participating equity interests been redeemed?

Select “yes” or “no” to indicate if all or substantially all of the equity interests (ie: the participating (or non-managing) shares or units) of the fund have been redeemed as of the date the FAR is completed.

3.3 Have there been any regulatory investigations against the fund?

Select “yes” or “no” to indicate if there have been any regulatory investigations against the fund only (and not against the investment manager or any other service provider to the fund) that would constitute a material change to the information contained in the fund’s offering document, as at the date the FAR is completed. For further reference on “materiality,” see the text box entitled “Funds’ Obligation to Inform the Authority” at the end of Section A (Overview, Scope, and Background) above.

3.4 Has the offering document changed?

Select “yes” or “no” to indicate if the fund’s offering document has changed at any time between the beginning of the reporting period as indicated at line 6.1 to the date the FAR is completed.

3.5 Has the operator made the decision to terminate the fund?

Select “yes” or “no” to indicate if the operators of the fund have decided to terminate (voluntarily or involuntarily) the fund, irrespective that any such a decision has not been formally minuted. Termination includes a decision to redeem all investors out of the fund, effectively closing down the fund.

4. Operator Responsible for Filing

4.1 Name

The fund’s operator is responsible for completing the FAR. Insert the name of the operator completing (or responsible for completion of) the FAR. If the operator has delegated initial completion of the FAR to another party, insert the name of that operator, not the delegee.

If the operator completing (or responsible for completing) the FAR is a natural person (eg: John Smith), insert that person’s name.

If the operator completing (or responsible for completing) the FAR is not a natural person, insert that entity’s name, followed by the natural person’s name in parentheses. For example, if the operator completing the form is ABC Fund Directors Ltd., and the person at ABC is John Smith, insert: “ABC Fund Directors Ltd. (John Smith)”.

4.2 Position

Insert the title of the position (in relation to the fund) of the person completing the FAR.

For example, if that person is directly the operator of the fund, insert “director”, “general partner”, or “managing member” as the case may be.

If that person is completing the FAR on behalf of an operator that is not a natural person (for example, a corporate operator), then insert that person’s position within that entity (ie: the corporate operator) that is responsible for completing the FAR. For example, in the example described above for line 4.1 in which John Smith of ABC Fund Directors Ltd. completed the form, if John Smith is a director of ABC, insert “director” for line 4.2.

4.3 Email address

Insert the email address to which the Authority should write to contact the operator completing the FAR. This is also the email address to which the Authority will acknowledge receipt of the FAR and the annual audited financial accounts.

Note, operators may wish to enter a group email address if operators desire that more than one person receive email relating to the FAR from the Authority.

4.4 Completion Date

Insert the date the FAR is completed. Because the host computer may automatically re-order numeric data (day-month-year), please review the date in written form as re-displayed for accuracy.

5. Intentionally omitted

Financial Information

6.1 Reporting Period “From”

Insert the first date of the reporting period being reported in the accompanying annual accounts. Because the host computer may automatically re-order numeric data (day-month-year), please review the date in written form as re-displayed for accuracy.

6.2 Reporting Period “To”

Insert the last date of the reporting period being reported in the accompanying annual accounts. Because the host computer may automatically re-order numeric data (day-month-year), please review the date in written form as re-displayed for accuracy.

7.1 Currency

Select from the drop down box the currency in which the financial information is reported for lines 8-10 of the FAR, which should be the same reporting currency as in the accompanying annual audited financial accounts.

The values for sections 8 to 10 below should be reported in the currency used in the fund’s accompanying annual audited financial accounts.

8. Summary statement of financial position

Note, the FAR adds each value entered at lines 8.2 to 8.6. As such, the values for redemptions at line 8.4 and dividends at line 8.5 should be entered as a negative number with a minus (“-”) sign. If the fund recorded a net loss under line 8.6, that value should be entered as a negative number with a minus (“-”) sign.

Consolidated Accounts

If the annual audited financial accounts consolidate funds without any breakdown (eg: a master-feeder structure, in which both the master and feeders are regulated by the Authority, but only one set of consolidated accounts are issued), each of the regulated funds must file their own FAR and report their financial position as reflected in the accounts. At present, there is no way to eliminate double-counting if the accounts are consolidated in this fashion.

8.1 Total Assets

Insert the calculated total assets at the end of the reporting period, as shown in the accompanying annual audited financial accounts (usually presented on the Balance Sheet or the Statement of Assets and Liabilities).

8.2 Beginning Net Asset Value

Insert the total amount of net assets held at the end date of the previous reporting period, as shown in the accompanying annual audited financial accounts.⁵ If there is no previous reporting period, insert the net asset value of the fund for the date operations commenced.

8.3 Total Subscriptions

Insert the total of all investor subscriptions (also known as contributions) to the fund during the reporting period, as shown in the accompanying annual audited financial accounts (usually presented in the Statement of Shareholders’ Equity or Statement of Changes in Net Assets).

⁵ ***Changes in Accounting Policy or Prior Period Adjustments:*** If there has been a change in accounting policy or prior period adjustment that is presented in the statement of changes in net assets / statement of changes in equity, include the effect of such change in accounting policy or prior period adjustment as an addition to or deduction from the beginning net asset value of the fund.

8.4 Total Redemptions

Insert the total of all investor redemptions (also known as withdrawals) from the fund during the reporting period as a negative number, as shown in the accompanying annual audited financial accounts (usually presented in the Statement of Shareholders' Equity or Statement of Changes in Net Assets), using a minus ("-") sign).

8.5 Total Dividends / Distributions

Insert the total of all investor dividends and distributions (also known as returns on investment to investors) from the fund during the reporting period as a negative number, as shown in the accompanying annual audited financial accounts (usually presented in the Statement of Shareholders' Equity or Statement of Changes in Net Assets), using a minus ("-") sign).

8.6 Net Income / Net Loss

Insert the total of the net income (increase) or the net loss (decrease) in net assets resulting from operations (ie: the total of all income less expenses, including all investment gains or losses) earned by the fund during the reporting period, as shown in the accompanying annual audited financial accounts (usually presented in the Statement of Shareholders' Equity or Statement of Changes in Net Assets). If the value is a net loss, insert the value as a negative number using a minus ("-") sign.

8.7 Ending Net Asset Value

Insert the total amount of net assets held at the last date of the reporting period, as shown in the accompanying annual audited financial accounts. (Ending net asset value should be equal to the total amount of net assets held at the beginning of the reporting period, plus subscriptions, less redemptions, less dividends and distributions to investors, plus net income or less net loss, during the reporting period).

The FAR flags a warning as values are inserted for lines 8.1 to 8.6, until the expected value for 8.7 is inserted. Although the warning flag may persist, the FAR permits an unexpected value for line 8.7 to be entered in case there are rounding or other discrepancies.

9. Asset Allocation (ie: Investment Portfolio Allocation)

For lines 9.1 to 9.11, if the information is presented in the accompanying annual audited financial accounts, insert the value of the type of asset (ie: actual value, not a percentage) described in the currency reported at line 7.1, as at the last date of the reporting period. This information is usually contained in the Statement of Assets and Liabilities, Balance Sheet, Condensed Schedule of Investments, or the footnotes of the financial accounts. If the fund did not hold any of the named asset class, leave the relevant cell blank.

If the information is not available in the accompanying annual audited financial accounts, leave lines 9.1 to 9.11 blank.

The sum of the information reported in this section 9 may not necessarily correspond to the information reported in section 8.

Line 9.1 relates only to funds that are feeder funds in a master-feeder structure.

Line 9.2, “Long Equities” also include all private placements (ie: privately held companies).

For lines 9.3 and 9.5, insert any “short” positions as negative numbers, using a minus sign (“-”).

In lines 9.4 and 9.5, “debt” broadly includes all types of debt instruments, including government and corporate bonds, repurchase agreements, bank debt, structured notes, mortgage backed securities, and collateralized debt obligations, but excludes cash and due to/from broker balances, divided into long and short positions as appropriate.

In line 9.6, “Other Funds” include any other kind of collective investment structure (hedge funds, mutual funds, etc.) but not exchange traded funds (ETFs). Investments in ETFs should be reported according to the main underlying asset class (eg: long equities, short debt instruments, etc.).

In line 9.7, “Money Market instruments” include commercial paper, T-Bills, and certificates of deposit, but exclude cash and due to/from broker balances.

For lines 9.8 and 9.9, “Derivatives” include the unrealised appreciation or depreciation of all derivative instruments disclosed in the annual audited financial accounts, including futures, forwards, options, swaps, etc.

For lines 9.9 and 9.11, insert any “liabilities” as negative numbers, using a minus sign (“-”).

For lines 9.10 and 9.11, “Other Financial Investments” include assets and liabilities which comprise a component of the investment portfolio that are not already described above. This category excludes cash and due to/from broker and excludes receivables/payables as a result of unsettled investment transactions or corporate actions, divided into assets and liabilities as appropriate.

10. Summary Expenses

10.1 Management Expenses

Insert the total management expenses related to the fund (not including any expenses allocated from another structure such as a master fund, and not including any management fee rebate in the form of participating equity units) for the reporting period as shown in the accompanying annual audited financial accounts, as a negative number using a minus (“-” sign). If none, insert the number zero.

10.2 Performance Expenses

Insert any performance expenses related to the fund (not including any expenses allocated from another structure such as a master fund, but including any allocations of profit when presented in equity, if applicable) for the reporting period as shown in the accompanying annual audited

financial accounts, as a negative number using a minus (“-” sign). If none, insert the number zero.

10.3 Administration Expenses

If the information is presented in the accompanying annual audited financial accounts, insert the total global administration expenses directly related to the fund (not including any expenses allocated from another structure such as a master fund) for the reporting period as shown in the accounts, as a negative number using a minus (“-” sign). If the information is not identifiable, leave blank.

10.4 Professional Expenses

If the information is presented in the accompanying annual audited financial accounts, insert the total global professional expenses directly related to the fund (that typically include all legal, audit costs, directors’ fees, and start-up costs that were expensed) (not including any expenses allocated from another structure such as a master fund) for the reporting period as shown in the accounts, as a negative number using a minus (“-” sign). If the information is not identifiable, leave blank.

11. Intentionally omitted

12. Signature

The FAR provides for a signature box at the bottom of the second page for the benefit of the fund and any of its service providers. The box is not designed to accept either a digital or electronic signature. A fund’s service provider may ask the operator to print and sign the FAR. The Authority does not require the FAR to be signed (either physically or electronically). If neither the fund nor any of its service providers requires the FAR to be signed, leave blank.

NOTE: Ensure that no cells in the FAR remain in yellow shading (indicating a mandatory cell has not been completed). The red warning indicating that the form is incomplete will disappear when all mandatory (ie: yellow) cells are completed. ***An incomplete FAR will be automatically rejected by the Authority’s systems.***

If you have any queries concerning completion or submission of the FAR, please email ereporting@cimoney.com.ky, or contact the Analyst responsible for the fund in the Authority’s Investments and Securities Division.