



INVESTMENTS STATISTICAL DIGEST 2008



INTRODUCTION

The Cayman Islands Monetary Authority (CIMA) is pleased to release its 2008 Investments Statistical Digest (Statistical Digest). This issue presents the 2008 aggregate statistics gathered from over 7,300 regulated funds. The analytical data tables presented in the Statistical Trend Analysis section of the Statistical Digest compare the 2008 figures against 2007.

Large redemptions, an overall reduction in asset values and changes in asset allocation were consequences of the global financial crisis. The data also shows an increase in the proportion of smaller funds and a movement toward the use of International Financial Reporting Standards as the accounting standard. The second section of the Statistical Digest presents the Statistical Stand Alone Analysis, highlighting data from 2008 only.

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STATISTICAL TREND ANALYSIS

HIGHLIGHTS



1.693
US\$ Trillion
Net Asset Value

Surviving the challenges amidst the financial crisis

The information presented below captures all funds with a financial year ending within the 2008 and 2007¹ calendar years that filed a Fund Annual Return (FAR) via CIMA's electronic reporting system (E-Reporting). There were 7,325 regulated funds that filed a 2008 FAR, while 7,010 funds filed a 2007 FAR.

The data collected for 2008 represents approximately 82% of the regulated hedge funds in the Cayman Islands.²

As most of the indicators below show, funds were not immune to the financial turmoil of 2008. Asset values and returns fell, along with total subscriptions. Redemptions increased and the increase in trading suspensions was a mechanism used by funds to remain operational. Understandably, performance fees also fell sharply, by 67%. Nevertheless the funds remained consistent in preferred locations of business (New York remained the top investment manager location and the Cayman Islands remained the leader in administration services).

Figure 1

	2008	2007
Net asset value of funds	US\$1.693 trillion	US\$2.265 trillion
Top location of investment managers by net assets	New York (29% of net assets)	New York (30% of net assets)
Primary location for fund administration services by net assets	Cayman Islands	Cayman Islands
Percentage of funds requiring a minimum initial investment of US\$1 million or more	44%	44%
Top two investment strategies utilised	Multi-Strategy (39% of funds) Long / Short Equity (22% of funds)	Multi-Strategy (38% of funds) Long / Short Equity (22% of funds)
Total subscriptions (and redemptions)	US\$1.014 trillion (US\$1.110 trillion)	US\$1.235 trillion (US\$782 billion)
Percentage of funds suspending trading	7%	3%
Total performance fees	US\$13 billion	US\$39 billion
Return on Gross Assets	-17%	6%
Return on Net Assets	-25%	10%

¹The 2007 comparative figures were taken from the Statistical Stand-Alone Analysis section of the 2007 issue of the Statistical Digest, which can be found on CIMA's website at www.cimoney.com.ky.

²A total of 8,957 funds had a financial year-end that occurred within the 2008 calendar year and thus, were due to file a 2008 FAR via E-Reporting. At the date of compilation of this issue of the Digest, 82% (or 7,325 funds) had filed successfully. Of the remaining 18%, 10% were granted regulatory waivers by CIMA and the remaining 8% are under regulatory review.



STATISTICAL TREND ANALYSIS

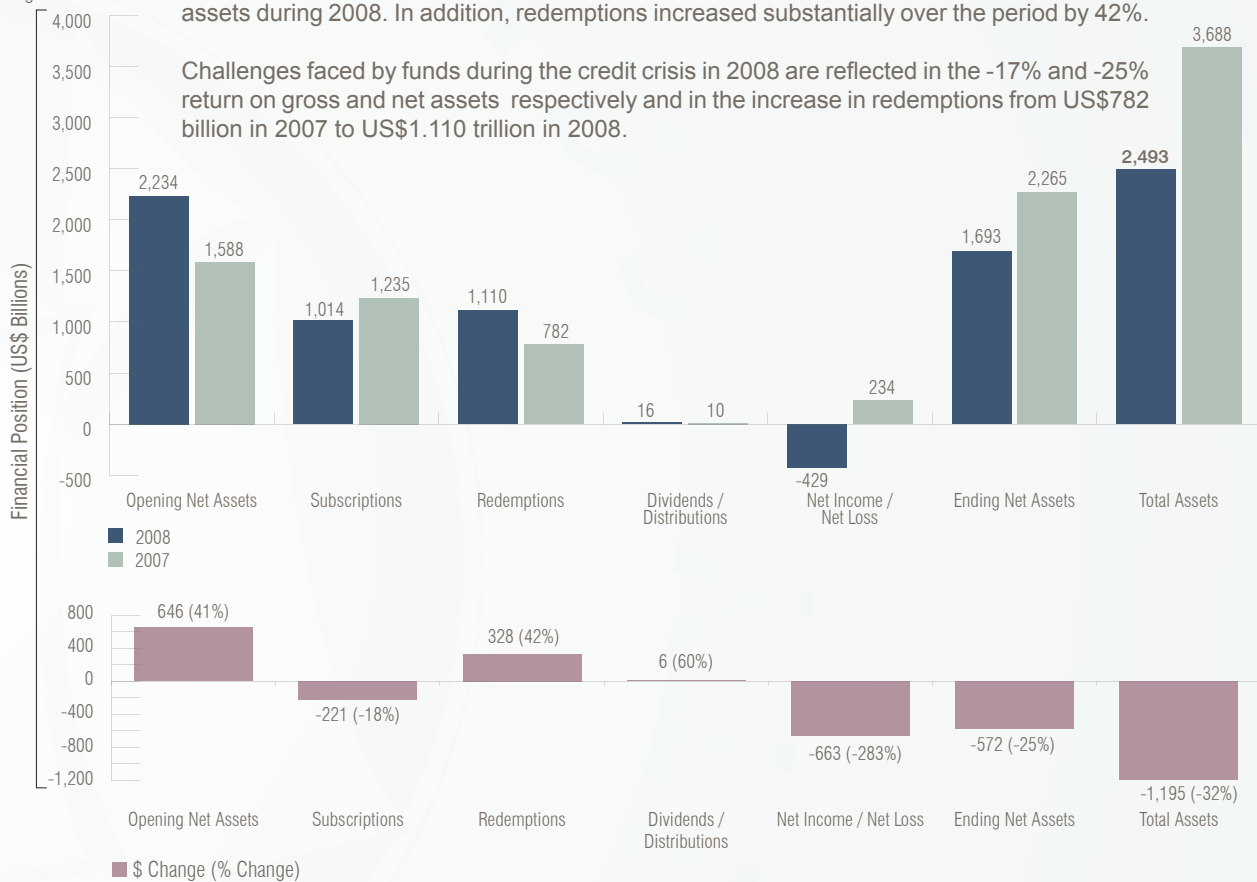
FINANCIAL POSITION (US\$ BILLIONS)

Total assets of all funds that filed a 2008 FAR fell dramatically to US\$2.493 trillion from US\$3.688 trillion in 2007. Ending net assets fell from US\$2.265 trillion in 2007 to US\$1.693 trillion in 2008, a decline of 25%. This is primarily attributed to net losses of US\$429 billion as well as net redemptions of US\$96 billion.

While opening net assets reflected positive performance during 2007 the data and charts illustrate the decrease in the funds' total assets, subscriptions, net income and ending net assets during 2008. In addition, redemptions increased substantially over the period by 42%.

Challenges faced by funds during the credit crisis in 2008 are reflected in the -17% and -25% return on gross and net assets respectively and in the increase in redemptions from US\$782 billion in 2007 to US\$1.110 trillion in 2008.

Figure 2



Financial Position (US\$ Billions)	2008	2007	\$ Change	% Change
Opening Net Assets ³	2,234	1,588	646	41%
Subscriptions	1,014	1,235	-221	-18%
Redemptions	1,110	782	328	42%
Dividends / Distributions	16	10	6	60%
Net Income / Net Loss	-429	234	-663	-283%
Ending Net Assets	1,693	2,265	-572	-25%
Total Assets	2,493	3,688	-1,195	-32%
Return on Gross Assets	-17%	6%		
Return on Net Assets	-25%	10%		

³The decrease from the 2007 ending net assets to the 2008 opening net assets is attributed to new fund authorisations, de-registrations and regulatory waivers during 2008, resulting in a different set of funds filing a 2008 FAR.

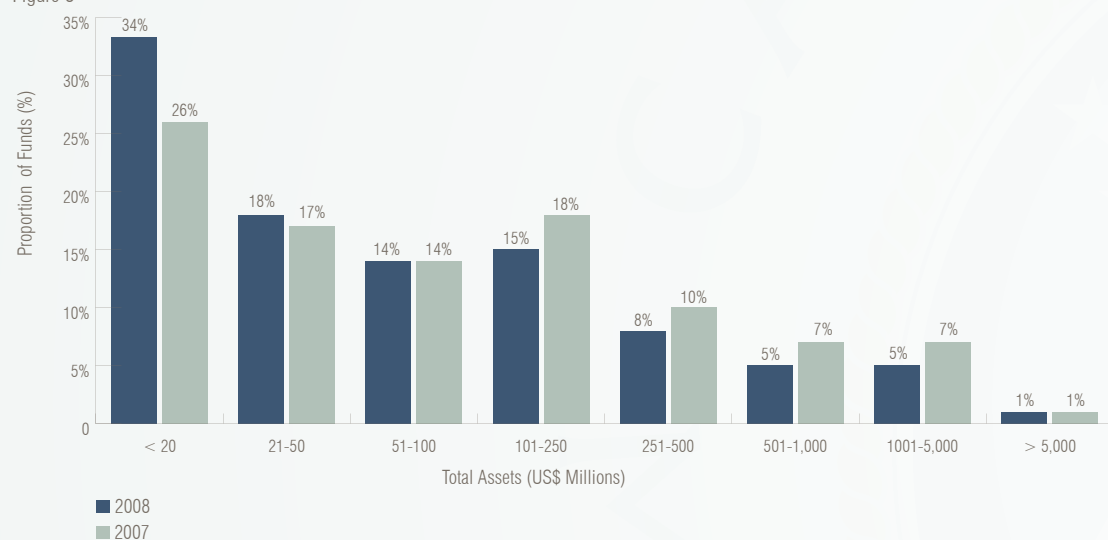
STATISTICAL TREND ANALYSIS

FUND SIZE BY TOTAL ASSETS (US\$ MILLIONS)

The year 2008 saw a notable increase in the proportion of smaller funds. The percentage of funds with assets of US\$50 million or less increased from 43% in 2007 to 52% in 2008.

While this move can partly be attributed to significant net losses and redemptions across the hedge fund industry during 2008, it may also indicate a shift towards smaller funds being created and managed which has been observed in other market research on hedge funds.⁴

Figure 3



Fund Size (US\$ Millions)	2008	2007
< 20	34%	26%
21-50	18%	17%
51-100	14%	14%
101-250	15%	18%
251-500	8%	10%
501-1,000	5%	7%
1,001-5,000	5%	7%
> 5,000	1%	1%
Total	100%	100%

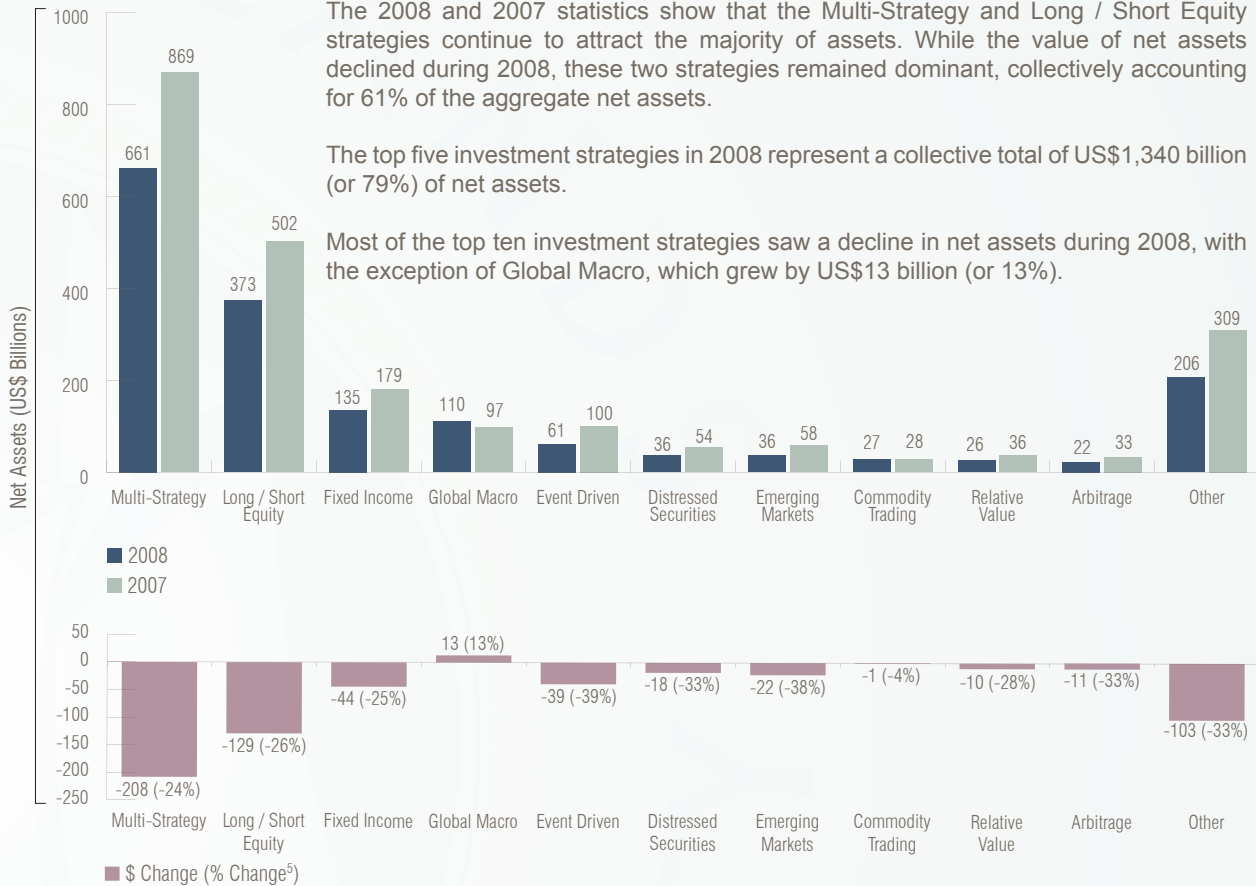
⁴"Key Trends in Funds of Hedge Funds." Eurekahedge, March 2008. Web. 14 May 2010.



STATISTICAL TREND ANALYSIS

INVESTMENT STRATEGY (US\$ BILLIONS)

Figure 4



Net Assets per Investment Strategy	2008 Net Assets (US\$ Billions)	2008 % Allocated ⁶	2007 Net Assets (US\$ Billions)	2007 % Allocated ⁶	\$ Change (US\$ Billions)
Multi-Strategy	661	39%	869	38%	-208
Long / Short Equity	373	22%	502	22%	-129
Fixed Income	135	8%	179	8%	-44
Global Macro	110	6%	97	4%	13
Event Driven	61	4%	100	4%	-39
Distressed Securities	36	2%	54	3%	-18
Emerging Markets	36	2%	58	3%	-22
Commodity Trading	27	2%	28	1%	-1
Relative Value	26	2%	36	2%	-10
Arbitrage	22	1%	33	1%	-11
Other	206	12%	309	14%	-103
Total	1,693	100%	2,265	100%	-572

⁵The percentage change in net assets allocated to an investment strategy during 2008 compared to 2007.

⁶The percentage of total net assets allocated to the investment strategy during the year specified.

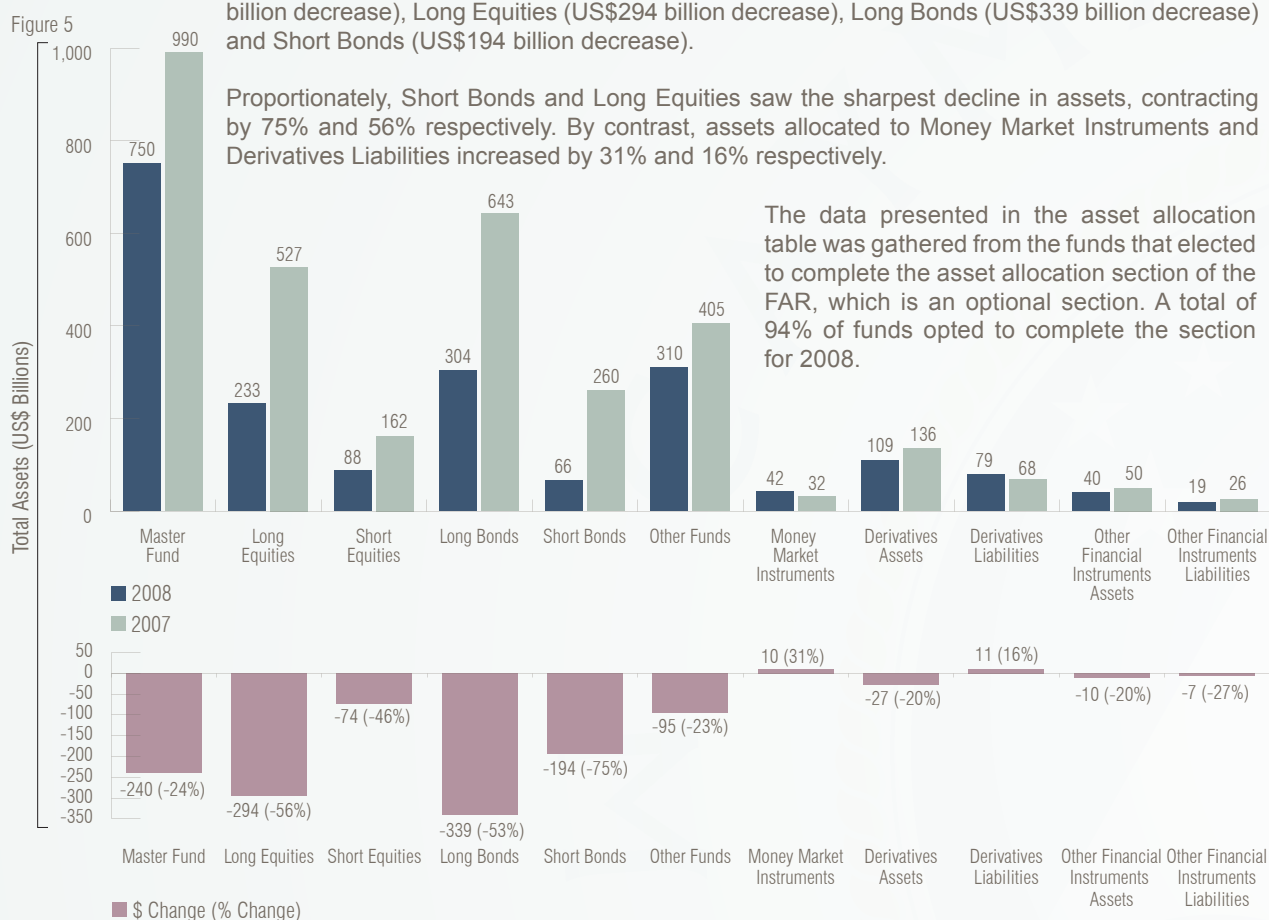
STATISTICAL TREND ANALYSIS

ASSET ALLOCATION (US\$ BILLIONS)

Significant shifts in asset allocation from 2007 to 2008 mainly occurred in Master Funds (US\$240 billion decrease), Long Equities (US\$294 billion decrease), Long Bonds (US\$339 billion decrease) and Short Bonds (US\$194 billion decrease).

Proportionately, Short Bonds and Long Equities saw the sharpest decline in assets, contracting by 75% and 56% respectively. By contrast, assets allocated to Money Market Instruments and Derivatives Liabilities increased by 31% and 16% respectively.

The data presented in the asset allocation table was gathered from the funds that elected to complete the asset allocation section of the FAR, which is an optional section. A total of 94% of funds opted to complete the section for 2008.



Asset Allocation	2008 Net Assets (US\$ Billions)	2008 % Allocated	2007 Net Assets (US\$ Billions)	2007 % Allocated	\$ Change (US\$ Billions)
Master Fund	750	37%	990	30%	-240
Long Equities	233	11%	527	16%	-294
Short Equities	88	4%	162	5%	-74
Long Bonds	304	15%	643	19%	-339
Short Bonds	66	3%	260	8%	-194
Other Funds	310	15%	405	12%	-95
Money Market Instruments	42	2%	32	1%	10
Derivatives Assets	109	6%	136	4%	-27
Derivatives Liabilities	79	4%	68	2%	11
Other Financial Instruments Assets	40	2%	50	2%	-10
Other Financial Instruments Liabilities	19	1%	26	1%	-7
Total	2,040	100%	3,299	100%	-1,259

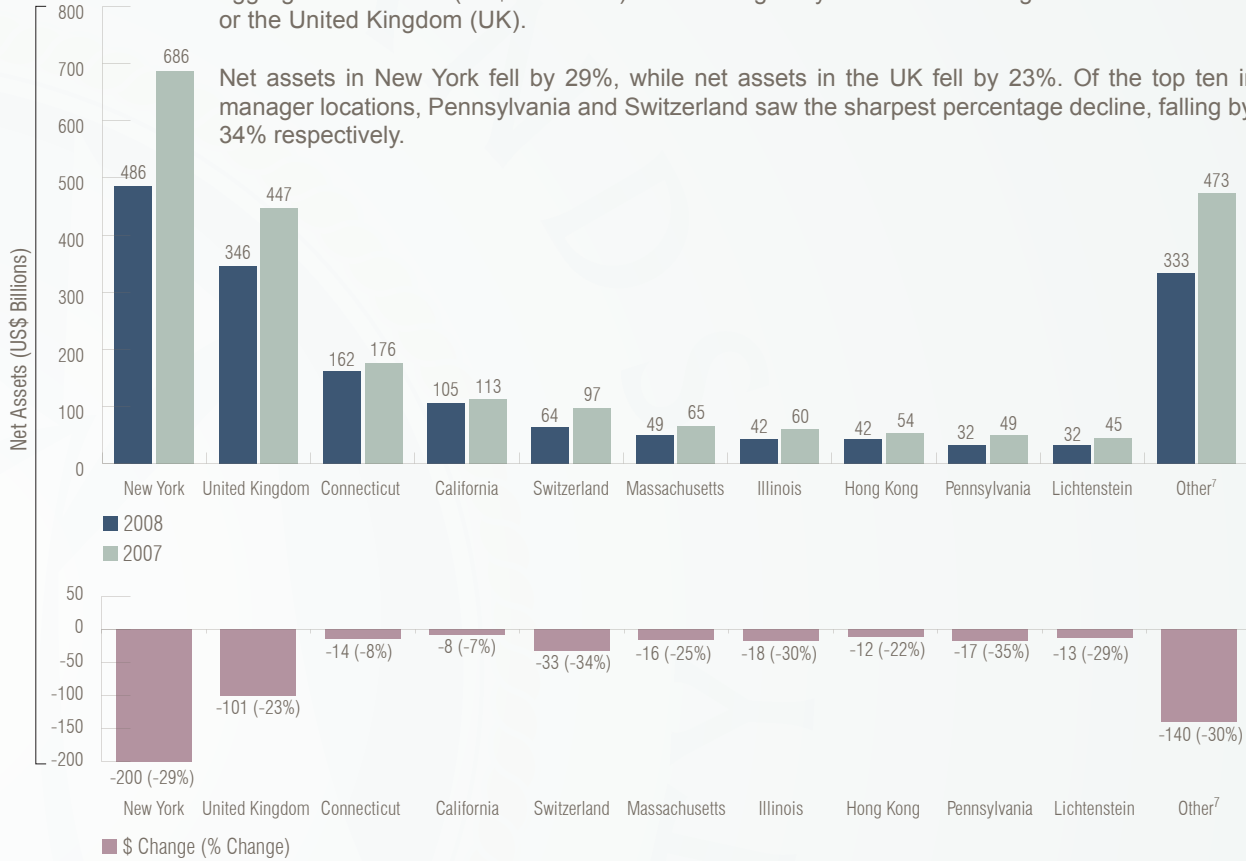


STATISTICAL TREND ANALYSIS

INVESTMENT MANAGER BY LOCATION (US\$ BILLIONS)

Figure 6 below identifies the top ten investment manager locations in 2008 compared to 2007. Several states of the United States of America (USA) appear in the top ten listing. Approximately half of the aggregate net assets (US\$832 billion) were managed by investment managers located in either New York or the United Kingdom (UK).

Figure 6



Investment Manager Location	2008 Net Assets (US\$ Billions)	2008 % Allocated	2007 Net Assets (US\$ Billions)	2007 % Allocated	\$ Change (US\$ Billions)
New York	486	29%	686	30%	-200
United Kingdom	346	20%	447	20%	-101
Connecticut	162	10%	176	8%	-14
California	105	6%	113	5%	-8
Switzerland	64	4%	97	4%	-33
Massachusetts	49	3%	65	3%	-16
Illinois	42	2%	60	3%	-18
Hong Kong	42	2%	54	2%	-12
Pennsylvania	32	2%	49	2%	-17
Lichtenstein	32	2%	45	2%	-13
Other ⁷	333	20%	473	21%	-140
Total	1,693	100%	2,265	100%	-572

⁷Investment manager locations that accounted for 1% or less of the aggregate net assets were grouped as 'Other'.

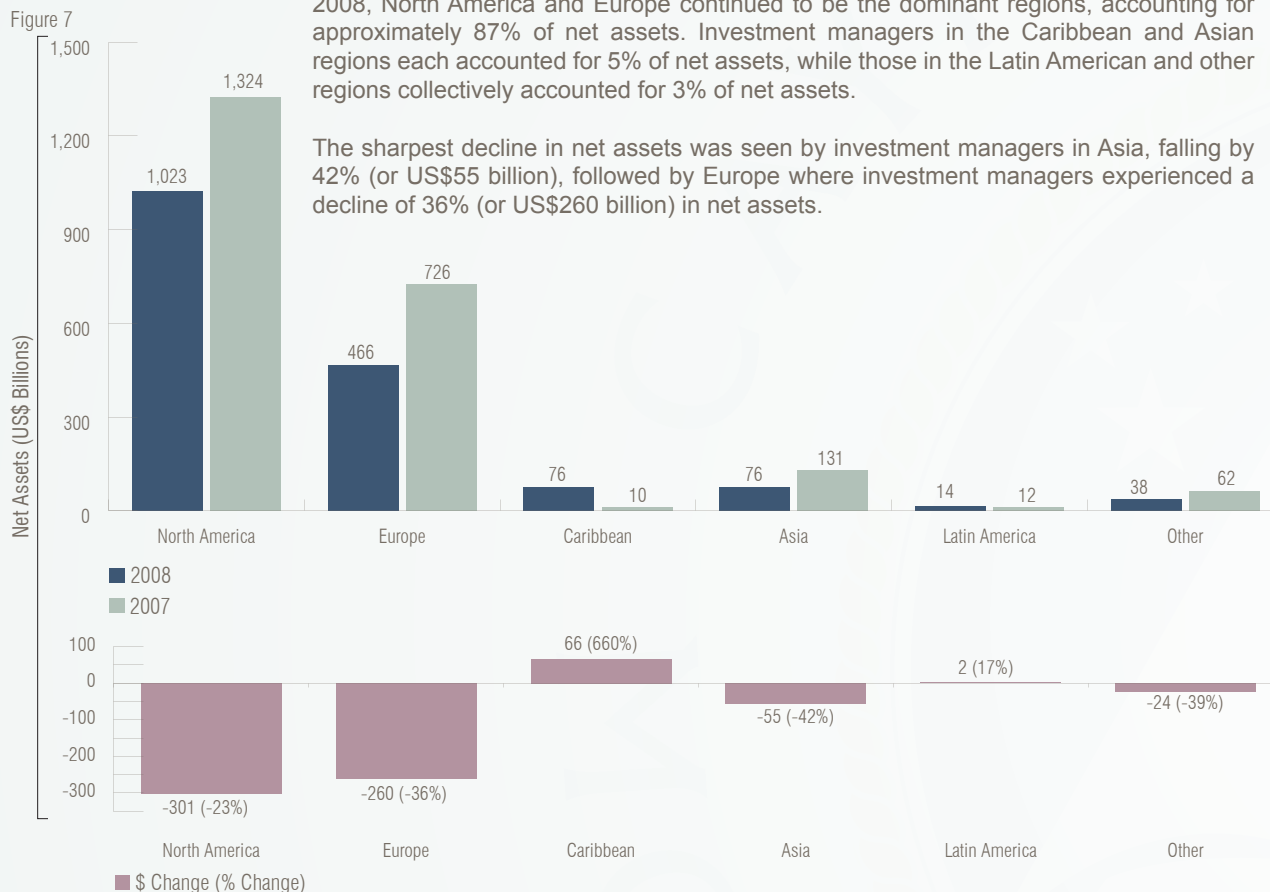
STATISTICAL TREND ANALYSIS

INVESTMENT MANAGER BY REGION (US\$ BILLIONS)



Figure 7 shows the allocation of net assets per investment manager by region. During 2008, North America and Europe continued to be the dominant regions, accounting for approximately 87% of net assets. Investment managers in the Caribbean and Asian regions each accounted for 5% of net assets, while those in the Latin American and other regions collectively accounted for 3% of net assets.

The sharpest decline in net assets was seen by investment managers in Asia, falling by 42% (or US\$55 billion), followed by Europe where investment managers experienced a decline of 36% (or US\$260 billion) in net assets.



Investment Manager Region	2008 Net Assets (US\$ Billions)	2008 % Allocated	2007 Net Assets (US\$ Billions)	2007 % Allocated	\$ Change (US\$ Billions)
North America	1,023	60%	1,324	58%	-301
Europe	466	27%	726	32%	-260
Caribbean	76	5%	10	0.5%	66
Asia	76	5%	131	6%	-55
Latin America	14	1%	12	0.5%	2
Other	38	2%	62	3%	-24
Total	1,693	100%	2,265	100%	-572

North America - Canada, USA

Europe - Austria, Denmark, Finland, France, Germany, Guernsey, Ireland, Isle of Man, Italy, Jersey, Luxembourg, Monaco, Netherlands, Norway, Russia, Spain, Sweden, Switzerland, United Kingdom

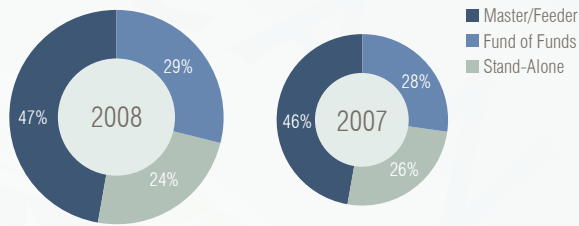
Caribbean - Bahamas, Barbados, Bermuda, British Virgin Islands, Cayman Islands

Asia - China, Hong Kong, India, Indonesia, Japan, Malaysia, Singapore, Thailand

Latin America - Argentina, Brazil, Mexico

Other - Australia, Bahrain, Israel, Kuwait, Mauritius, New Zealand, Saudi Arabia, South Africa, United Arab Emirates

Figure 8

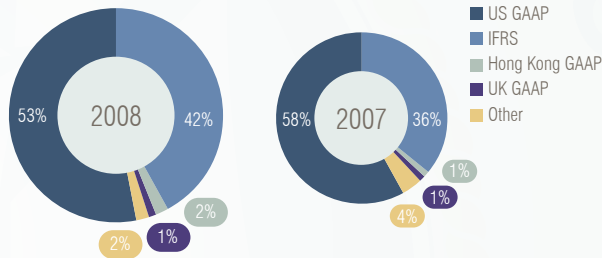


Operating Structure

Operating Structure	2008	2007
Master/Feeder	47%	46%
Fund of Funds	29%	28%
Stand-Alone	24%	26%

The breakdown of funds across the three main operating structures remained relatively unchanged from the 2007 statistics. Of the funds that filed a FAR for 2008, 47% reported using a master/feeder structure. Use of the fund of funds structure accounted for 29% of funds and the remaining 24% were stand-alone funds.

Figure 9

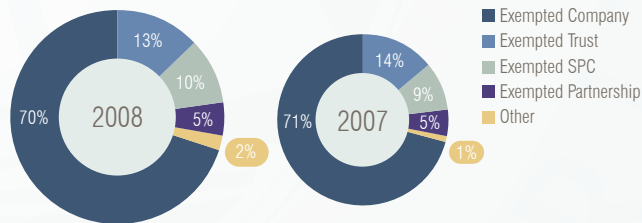


Accounting Standard

Accounting Standard	2008	2007
US GAAP	53%	58%
IFRS	42%	36%
Hong Kong GAAP	2%	1%
UK GAAP	1%	1%
Other	2%	4%

The data shows a movement away from the use of Generally Accepted Accounting Principles (GAAP) of the United States (US) toward the use of International Financial Reporting Standards (IFRS). Of funds that filed a 2008 FAR, 53% presented their financial statements using US GAAP, a decrease from 58% in 2007. IFRS was used by 42%, an increase from 36% in 2007. Hong Kong GAAP was used by 2% of funds, 1% used UK GAAP. The remaining 2% of funds used a mix of GAAP from various jurisdictions.

Figure 10

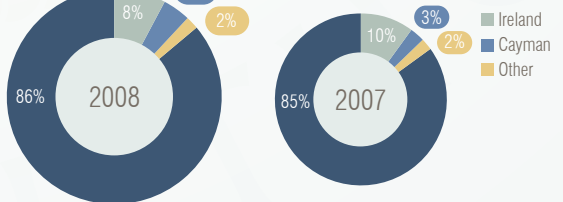


Legal Structure

Legal Structure	2008	2007
Exempted Company	70%	71%
Exempted Trust	13%	14%
Exempted SPC	10%	9%
Exempted Partnership	5%	5%
Other	2%	1%

Of the funds that filed a 2008 FAR, 70% were exempted companies, 13% were exempted trusts, 10% were exempted segregated portfolio companies (SPC) and the remaining 7% were attributed to exempted partnerships and other legal structures. Statistics of the legal structure used by funds remained relatively unchanged from 2007.

Figure 11



Stock Exchange

Stock Exchange	2008	2007
Not listed	86%	85%
Ireland	8%	10%
Cayman	4%	3%
Other	2%	2%

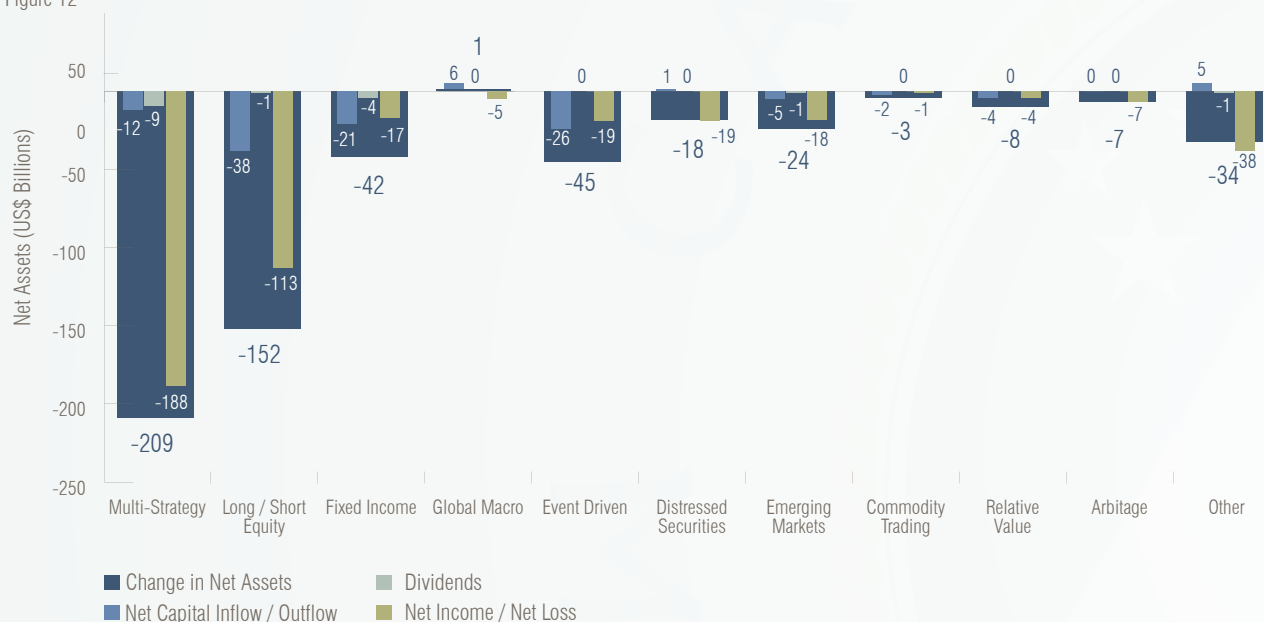
A total of 86% of funds did not list their equity interests on a recognised stock exchange. For those that did, the Irish Stock Exchange was the leader with 8% of funds listing on that exchange. The Cayman Islands increased its share from 3% to 4%.

STATISTICAL STAND-ALONE ANALYSIS

CHANGE FACTORS IN NET ASSETS BY INVESTMENT STRATEGY (US\$ BILLIONS)

In 2008 net assets decreased across most of the major investment strategies, primarily due to net losses that were experienced as a result of the global financial crisis. The largest net capital outflows were seen in the Long / Short Equity, Fixed Income and Event Driven investment strategies. The Global Macro strategy showed net capital inflows, as did the Asset-backed / Mortgage-backed Securities and Money Market investment strategies, which were not captured in the graph.

Figure 12



Change in Net Assets by Investment Strategy (US\$ Billions)	Opening Net Assets	Ending Net Assets	Change in Net Assets ⁸	Net Capital Inflow / Outflow ⁹	Dividends	Net Income / Net Loss
Multi-Strategy	870	661	-209	-12	-9	-188
Long / Short Equity	525	373	-152	-38	-1	-113
Fixed Income	177	135	-42	-21	-4	-17
Global Macro	109	110	1	6	0	-5
Event Driven	106	61	-45	-26	0	-19
Distressed Securities	54	36	-18	1	0	-19
Emerging Markets	60	36	-24	-5	-1	-18
Commodity Trading	30	27	-3	-2	0	-1
Relative Value	34	26	-8	-4	0	-4
Arbitrage	29	22	-7	0	0	-7
Other	240	206	-34	5	-1	-38
Total	2,234	1,693	-541	-96	-16	-429

⁸ Calculated as 2008 Ending Net Assets minus 2008 Opening Net Assets.

⁹ Calculated as 2008 Subscriptions minus 2008 Redemptions.



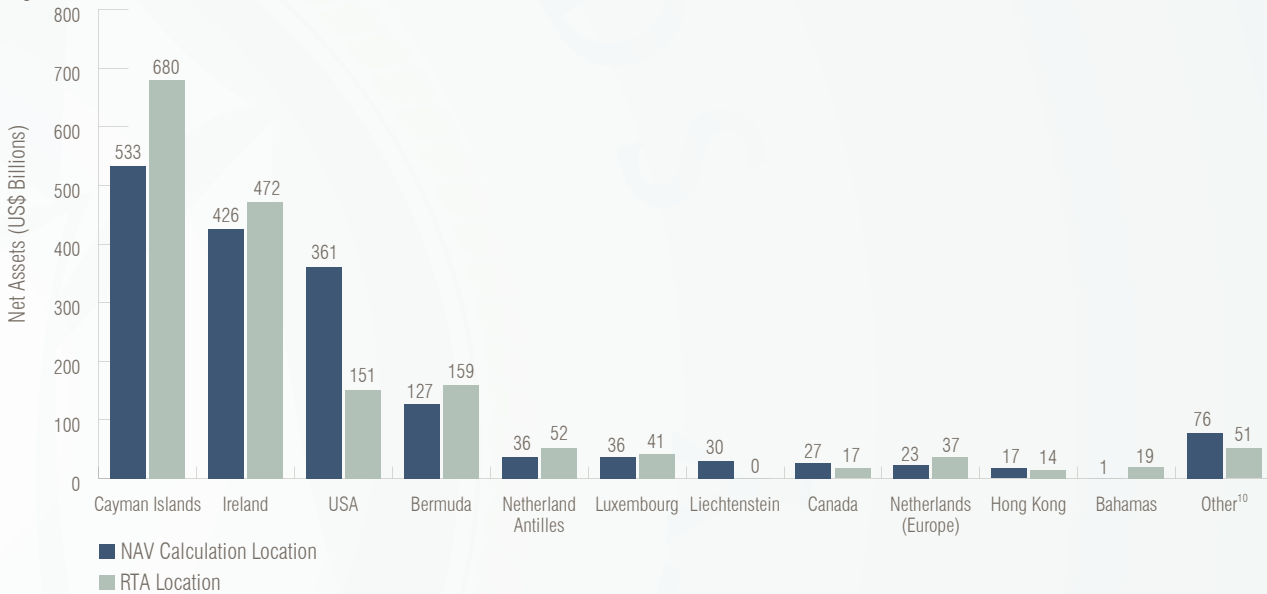
STATISTICAL STAND-ALONE ANALYSIS

NAV CALCULATION LOCATION / RTA LOCATION

(US\$ BILLIONS)

The Cayman Islands was the leading fund administration location for both Net Asset Value (NAV) calculation and Register and Transfer Agency (RTA) services among the 7,325 funds that filed a FAR for 2008. Cayman-based Administrators that provided NAV calculation services had US\$533 billion (31% of net assets) under administration. Those that provided RTA services had US\$680 billion (40% of total net assets) under administration. Ireland, Bermuda, the USA and the Netherland Antilles followed the Cayman Islands. Administrators that provided NAV calculation services from these locations accounted for 56% of the aggregate net assets under administration. RTA services from these same locations accounted for 49% of the aggregate net assets under administration.

Figure 13



NAV Calculation Location	Net Assets (US\$ Billions)	Percentage	RTA Location	Net Assets (US\$ Billions)	Percentage
Cayman Islands	533	31%	Cayman Islands	680	40%
Ireland	426	25%	Ireland	472	28%
USA	361	21%	Bermuda	159	9%
Bermuda	127	8%	USA	151	9%
Netherland Antilles	36	2%	Netherland Antilles	52	3%
Luxembourg	36	2%	Luxembourg	41	3%
Liechtenstein	30	2%	Netherlands (Europe)	37	2%
Canada	27	2%	Bahamas	19	1%
Netherlands (Europe)	23	1%	Canada	17	1%
Hong Kong	17	1%	Hong Kong	14	1%
Other	77	5%	Other	51	3%
Total	1,693	100%	Total	1,693	100%

Top five USA states: New York (105), New Jersey (54), Massachusetts (42), Pennsylvania (41), Connecticut (24), other USA states (95)

Top five USA states: New York (52), Pennsylvania (32), Massachusetts (25), Minnesota (12), Connecticut (8), other USA states (22)

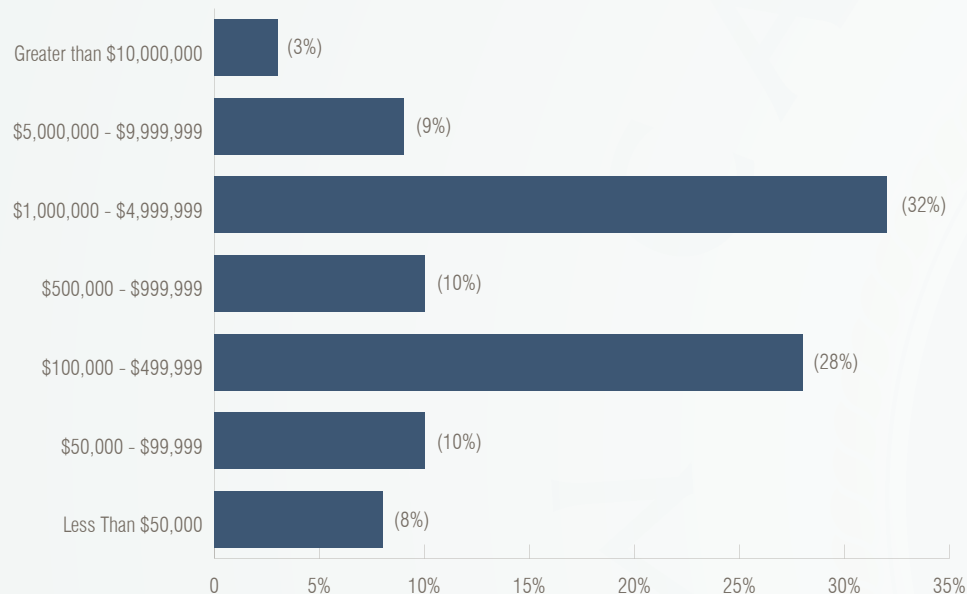
¹⁰The 'Other' category in the NAV Calculation Location table above includes US\$1 Billion for the Bahamas, whereas the corresponding 'Other' category in the bar chart does not.

STATISTICAL STAND-ALONE ANALYSIS

MINIMUM INITIAL SUBSCRIPTION AMOUNT (US\$)

The majority of funds regulated by CIMA are investment funds that cater to sophisticated, high net-worth individual or institutional investors. The minimum initial subscription amount required by CIMA for registered funds is US\$100,000. Of the regulated funds that filed a FAR with CIMA for 2008, 44% required a minimum initial investment of US\$1,000,000 or greater.

Figure 14



Minimum Initial Subscription Amount (US\$)	2008
Greater than \$10,000,000	3%
\$5,000,000 - \$9,999,999	9%
\$1,000,000 - \$4,999,999	32%
\$500,000 - \$999,999	10%
\$100,000 - \$499,999	28%
\$50,000 - \$99,999	10%
Less Than \$50,000	8%
Total	100%



GLOSSARY OF TERMS

Asset Allocation – the process of dividing investments among different kinds of assets/liabilities, such as private or publicly traded equities, bonds, currencies, real estate, derivative securities, and over-the-counter contracts.

Cayman Islands Monetary Authority (CIMA) – was established as a body corporate under The Monetary Authority Law (2008 Revision). CIMA has four principal functions: 1) Monetary - the issue and redemption of Cayman Islands currency and the management of currency reserves, 2) Regulatory - the regulation and supervision of financial services, the monitoring of compliance with money laundering regulations, the issuance of a regulatory handbook on policies and procedures and the issuance of rules and statements of principle and guidance, 3) Cooperative - the provision of assistance to overseas regulatory authorities, including the execution of memoranda of understanding to assist with consolidated supervision, 4) Advisory - and the provision of advice to the government on monetary, regulatory and cooperative matters.

Commodity Strategy – a strategy that invests in commodity securities, usually through futures contracts. The underlying asset or liability in a commodity derivative security is a future quantity of a physical substance, such as food, grains, and metals, that two parties have agreed to trade at a predetermined price.

Corporate Governance – the set of processes, customs, policies, laws and institutions affecting the way a corporation is directed, administered or controlled and includes the relationships among the many stakeholders involved and the goals for which the corporation is governed. The objective is to ensure accountability of actions and decisions made during the course of business.

Distressed Debt Strategy – a strategy that invests in the security of a company undergoing or expected to undergo bankruptcy or restructuring in an effort to avoid insolvency.

Dividends/Distributions – a payment of a portion of a hedge funds' net asset or equity to the shareholders, declared by the fund's board of directors.

Emerging Markets Strategy – a strategy that invests in the financial markets of developing countries, usually in small markets with short operating histories.

E-Reporting – a secure, web-based system that allows regulated hedge funds to electronically submit a FAR along with a copy of their annual audited financial statements.

Event Driven Strategy – a strategy that seeks to exploit relative mispricings between securities whose issuers are involved in mergers, divestitures, restructurings or other corporate events.

Exempted Company – a company carrying on business activities primarily outside of the Cayman Islands.

Exempted Limited Partnership – the Exempted Limited Partnership Law (2007 Revision) makes it possible to form limited partnerships for offshore investors. Such a partnership may not undertake business with the public in the Cayman Islands, other than as necessary for the carrying on of business outside of Cayman. A partner may be a general or limited partner as well as corporations with or without limited liability.

Exempted Segregated Portfolio Company (SPC) – a type of exempted company, which allows the separation of assets and liabilities between different segregated portfolios, established under one company.

Exempted Trust – as defined under the Trusts Law (2007 Revision) a trust where none of the beneficiaries are not and are not likely at any time to be resident or domiciled in the Islands.

Fixed Income Strategy – a strategy that focuses on purchasing securities with specific interest rates, such as a bond, money market instrument, or preferred stock.

Fund of Funds – a hedge fund which invests in the shares of other hedge funds. These funds are designed to achieve greater diversification than traditional hedge funds.

Generally Accepted Accounting Principles (GAAP) – a widely-accepted set of rules, principles, conventions, standards, and procedures for reporting financial information. US GAAP was established by the Financial Accounting Standards Board (FASB) in the US.

Global Macro Strategy – a strategy that invests in securities throughout the world. Additional risks associated with global macro strategies including currency fluctuations and political and economic instability.

Hedge Fund – a private investment vehicle, usually owned by high net-worth, sophisticated individuals and institutional investors, which allows for the aggressive use of investment strategies that are typically unavailable to conventional mutual funds, including short selling, leverage, program trading, swaps, arbitrage, and other derivatives. The net assets are managed by an investment manager/advisor or management company, to which investors in the hedge fund pay a performance fee and management fee.

Industry Best Practice – a framework or methodology that through extensive analytical research and testing trials, has delivered successful outcomes, and is proven to reliably lead to a most-desired result each time.

GLOSSARY OF TERMS



Industry Standard – an adopted policy or procedure that fulfils the expectations held by industry stakeholders regarding an entity’s use of resources, operational policies or procedures or quality of end-product or service offered.

International Financial Reporting Standards (IFRS) – standards and interpretations adopted by the International Accounting Standards Board (IASB).

Investment Manager – an individual, group of individuals or entity that performs investment management or advisory services to a hedge fund.

Investment Strategy – a investment plan of acquiring and managing the assets and liabilities that is designed to effectively achieve the investment objectives of the hedge fund, while taking into account certain investment restrictions and risk tolerance levels.

Long / Short strategy – a strategy that focuses on the current and speculative future prices of a security. Having a long position indicates ownership of a security, and appears as an asset on the balance sheet. A short position is the obligation to sell a certain quantity of a security at a particular price in the future, which appears as a liability on the balance sheet.

Market Neutral Strategy – a strategy that aims to produce almost the same profit regardless of market circumstances.

Master/Feeder Fund – a feeder hedge fund typically raises shareholder capital and invests the proceeds into the shares of a master hedge fund. The master hedge fund conducts the purchasing and selling of portfolio investments using the proceeds received from the feeder fund investor.

Minimum initial subscription – the minimum amount an investor must initially subscribe into a hedge fund.

Multi-Strategy – a combination of investment strategies used within the same hedge fund to manage the assets and liabilities and generally achieve a high degree of diversification.

Mutual Fund Administrator – as defined under the Mutual Funds Law (2009 Revision) means a person who conducts mutual fund administration in or from the Islands and includes a company formed under the Companies Law, a foreign company registered pursuant to Part IX of the Companies Law, a limited partnership registered under the Partnership Law or an Exempted Limited Partnership registered under the Exempted Limited Partnership, that conducts mutual fund administration outside the Islands.

NAV Calculation Agent – an administrative service provider that performs the accounting function, including the compilation

and reconciliation of portfolio assets and liability positions and the calculation of the total net asset value of the hedge fund. This also includes verifying, accruing or calculating other operational assets and liabilities, such as cash, prepaid expenses, subscriptions received in advance or fees payable. The NAV calculation agent may also be responsible for independently pricing the investments held in the portfolio, depending on the service contract.

Net Asset Value (NAV) – the monetary market value of a hedge fund, based on the fair value of the underlying assets minus the fair value of the liabilities. Net asset value per share of the fund is calculated as the total net assets divided by the number of shares outstanding.

Net Income – the amount remaining after expenses and losses are subtracted from a hedge fund’s revenue earned over a period. Revenues include realised gains from the purchase/sale of investments, as well as unrealised gains from the change in fair value of investments held in the portfolio. Revenues also include interest and dividends earned from investments held in the portfolio. Expenses include fees payable to the investment manager, such as performance and management fees, legal fees, and administration fees, accounting fees and audit fees. Losses include those realised from the sale of investments and unrealised losses from the change in fair value of investments held in the portfolio.

Net Subscriptions – the total value of subscriptions less the total value to redemptions over a period to result in a net increase or net decrease of cash flows resulting from shareholder activity.

Relative Value Strategy – a strategy that measures the value of one security relative to another by comparing the securities using certain measurements, and determining the degree a security is under or over-valued.

Redemption – the total or partial return of an investor’s ownership stake in the hedge fund in exchange for proceeds calculated at a price equal to the net asset value per share of the hedge fund.

Registrar and Transfer Agent (RTA) – an agent that processes shareholder subscriptions, redemptions and transfers. A register of shareholder ownership is also maintained for the fund on an ongoing basis.

Registrar of Companies – a government body that is within the Cayman Island’s General Registry. Registration is governed by the Companies Law (2009 Revision). It is responsible for registration of companies, limited partnerships and exempted trusts.



GLOSSARY OF TERMS

Return on Assets – a measure of a hedge fund’s performance, calculated as the net income of a period divided by the total gross assets, expressed as a percentage.

Return on Net Assets – a measure of a hedge fund’s performance, calculated as the net income of a period divided by the total net assets, expressed as a percentage.

Stand-Alone – A hedge fund that invests mainly in individual securities.

Subscription – the act of institutional or individual investors purchasing equity interests of an hedge fund by subscribing an initial minimum monetary amount or subsequent amount in exchange for ownership of shares or units in the entity at a price equal to the net asset value of the hedge fund.

Total Assets – the sum of current and long-term assets owned by an entity. Three characteristics of an asset are that its future benefit of contributing to income generation is probable, the entity can control access to the asset or benefit, and a transaction rise to the transfer of ownership, or risks and rewards associated with that ownership, has occurred.

Scale:

US\$1 Trillion = US\$1,000,000,000,000

US\$1 Billion = US\$1,000,000,000

US\$1 Million = US\$1,000,000



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Cayman Islands Monetary Authority
PO Box 10052
80e Shedden Road
Elizabethan Square
Grand Cayman KY1 - 1001
CAYMAN ISLANDS

General Office: 345-949-7089

Fax: 345-949-2532

www.cimoney.com.ky