



INVESTMENTS STATISTICAL DIGEST 2009



INTRODUCTION

The Cayman Islands Monetary Authority (CIMA) is pleased to release its 2009 Investments Statistical Digest (Statistical Digest). This issue presents the 2009 aggregate statistics gathered from approximately 7,000 regulated funds. The analytical data tables presented in the Statistical Trend Analysis section of the Statistical Digest compare the 2009 versus 2008 aggregate figures.

During 2009, asset values continued to decrease, primarily due to the level of redemptions relative to subscriptions. However, after experiencing some of the worst returns in recent years during 2008, funds rebounded to positive returns during 2009. Reported asset allocations also suggested a possible shift to less volatile asset classes. The second section of the Statistical Digest presents the Statistical Stand-Alone Analysis, highlighting data from 2009 only.

2009/2008 Statistical Trend Analysis

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HIGHLIGHTS

Stabilisation in markets spur rebound in fund performances

1.561
US\$ Trillion
Net Asset Value

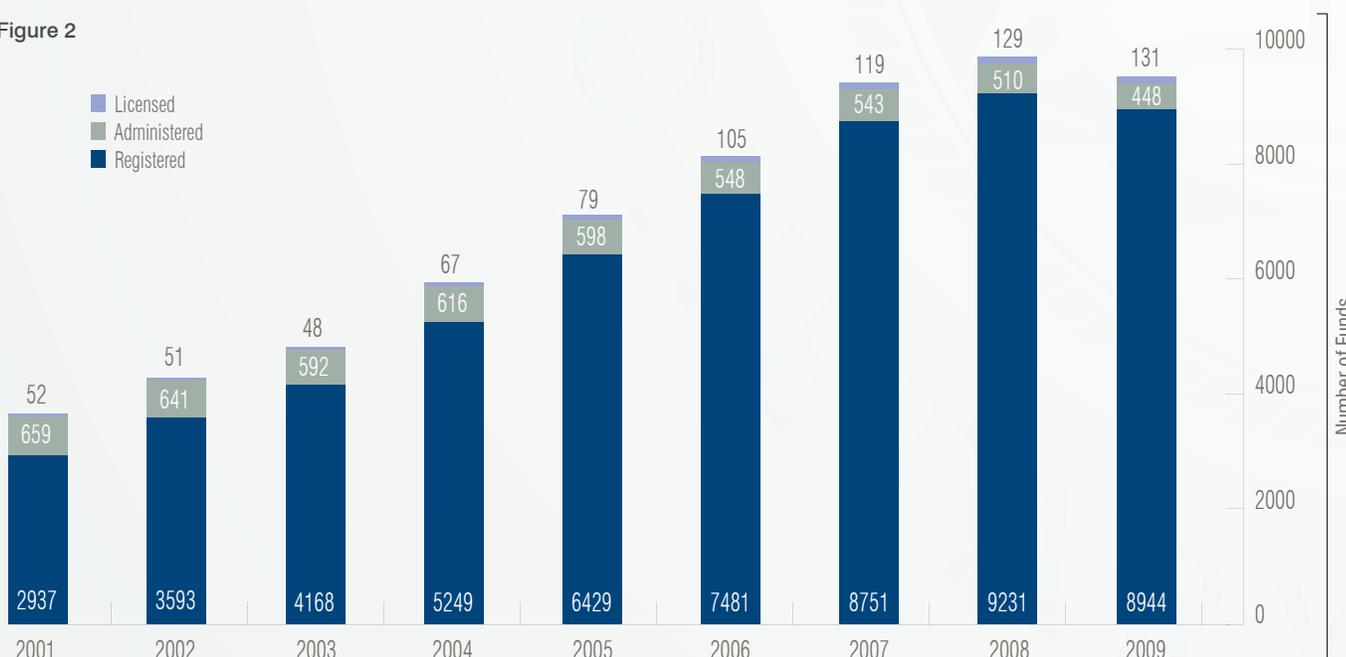
The information presented below captures all funds with a financial year-end within the 2009 and 2008¹ calendar years that filed a Funds Annual Return (FAR) via CIMA's electronic reporting system (E-Reporting). There were 6,938 regulated funds that filed a 2009 FAR, while the 2008 figures represent 7,325 funds that filed a FAR.

The data collected for 2009 represents approximately 85% of Cayman Islands-regulated funds that had a financial year-end during 2009² and 73% of all funds regulated in the jurisdiction as at December 2009 (see figure 2).

Figure 1

	2009	2008
Net asset value of funds	US\$1.561 trillion	US\$1.693 trillion
Top location of investment managers by net assets	New York (28% of net assets)	New York (29% 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	45%	44%
Top two investment strategies utilised	Multi-Strategy (37% of funds) Long / Short Equity (22% of funds)	Multi-Strategy (39% of funds) Long / Short Equity (22% of funds)
Total subscriptions (and redemptions)	US\$598 billion (US\$888 billion)	US\$1.014 trillion (US\$1.110 trillion)
Percentage of funds suspending trading	7%	7%
Total performance fees	US\$14 billion	US\$13 billion
Return on Gross Assets	9%	-17%
Return on Net Assets	13%	-25%

Figure 2



¹The 2008 comparative figures were taken from the Statistical Stand-Alone Analysis section of the 2008 issue of the Statistical Digest, which can be found on CIMA's website at www.cimoney.com.ky.

²A total of 8,196 funds had a financial year-end that occurred within the 2009 calendar year and thus, were due to file a 2009 FAR via E-Reporting. At the date of compilation of this issue of the Digest, 85% (or 6,938 funds) had filed successfully. Of the remaining 15%, 6% were granted regulatory waivers by CIMA and the remaining 9% are under regulatory review.



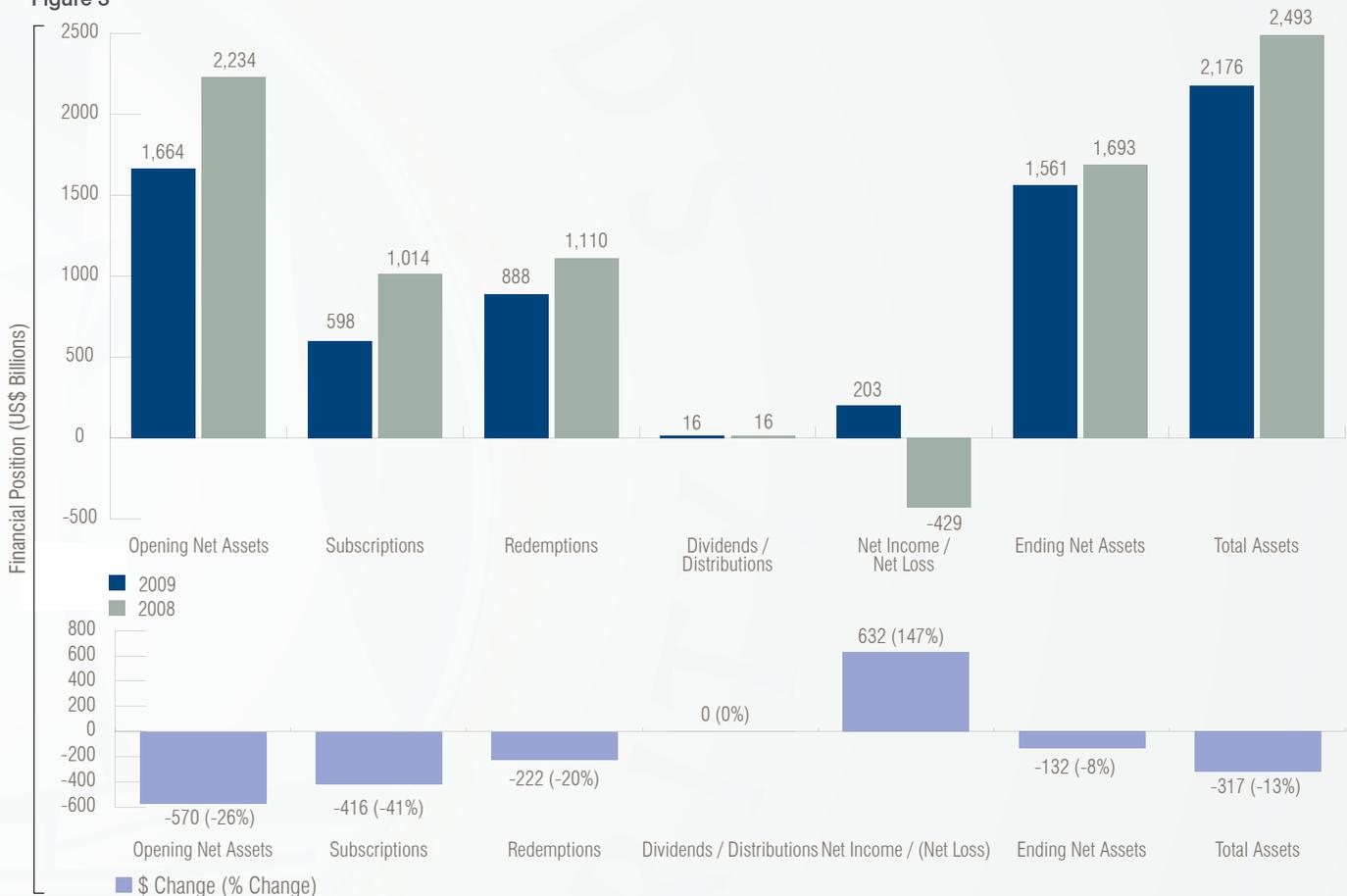
STATISTICAL TREND ANALYSIS

FINANCIAL POSITION

Subsequent to funds experiencing significant losses in 2008 due to the credit crisis and other extraordinary events such as the Madoff fraud, figure 3 illustrates an impressive turnaround in the 2009 performances. For funds that filed a 2009 FAR, net income increased from a loss of US\$429 billion in 2008 to US\$203 billion in 2009, an increase of 147%. The positive performance is also reflected in the return on gross and net assets of 9% and 13% respectively.

The data further shows that redemptions decreased by 20% to US\$888 billion. However, subscriptions decreased by 41% to US\$598 billion. The ratio of redemptions to subscriptions was the main cause for the decrease in the ending net assets of 8%. The ratio of redemptions to subscriptions is further indicative of the period of restructuring and reorganisation that the funds industry was subject to during 2009.

Figure 3



Financial Position (US\$ Billions)	2009	2008	\$ Change	% Change
Opening Net Assets ³	1,664	2,234	-570	-26%
Subscriptions	598	1,014	-416	-41%
Redemptions	888	1,110	-222	-20%
Dividends / Distributions	16	16	0	0%
Net Income / Net Loss	203	-429	632	147%
Ending Net Assets	1,561	1,693	-132	-8%
Total Assets	2,176	2,493	-317	-13%
Return on Gross Assets	9%	-17%		
Return on Net Assets	13%	-25%		

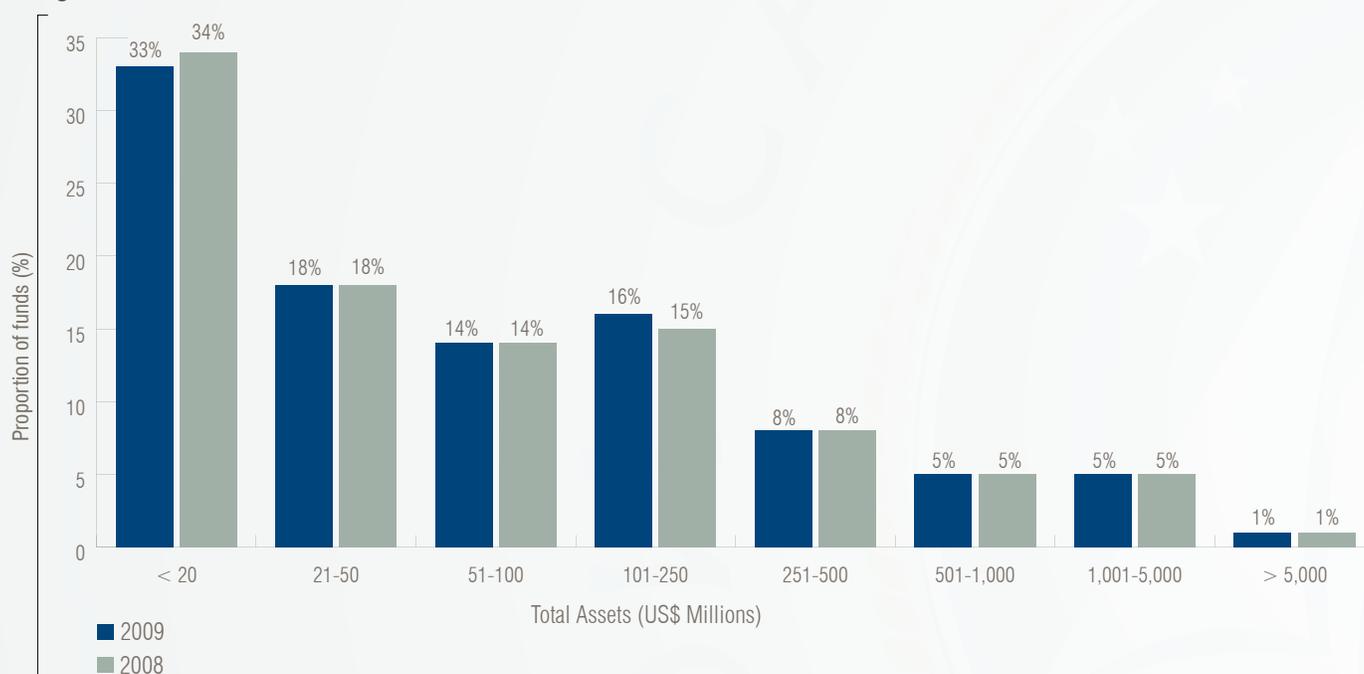
³The decrease from the 2008 ending net assets to the 2009 opening net assets is attributed to new fund authorisations, de-registrations and regulatory waivers during 2009, resulting in a different set of funds filing a 2009 FAR.

STATISTICAL TREND ANALYSIS

FUND SIZE BY TOTAL ASSETS

Statistics on fund sizes, based on the total assets of funds, remained largely unchanged from 2008. Smaller funds continued to dominate the hedge fund industry as reflected by the below numbers. Funds with a fund size of less than US\$20 million represented 33% of all funds that filed a 2009 FAR. In total, 65% of all funds that filed a 2009 FAR had total assets of US\$100 million or less.

Figure 4



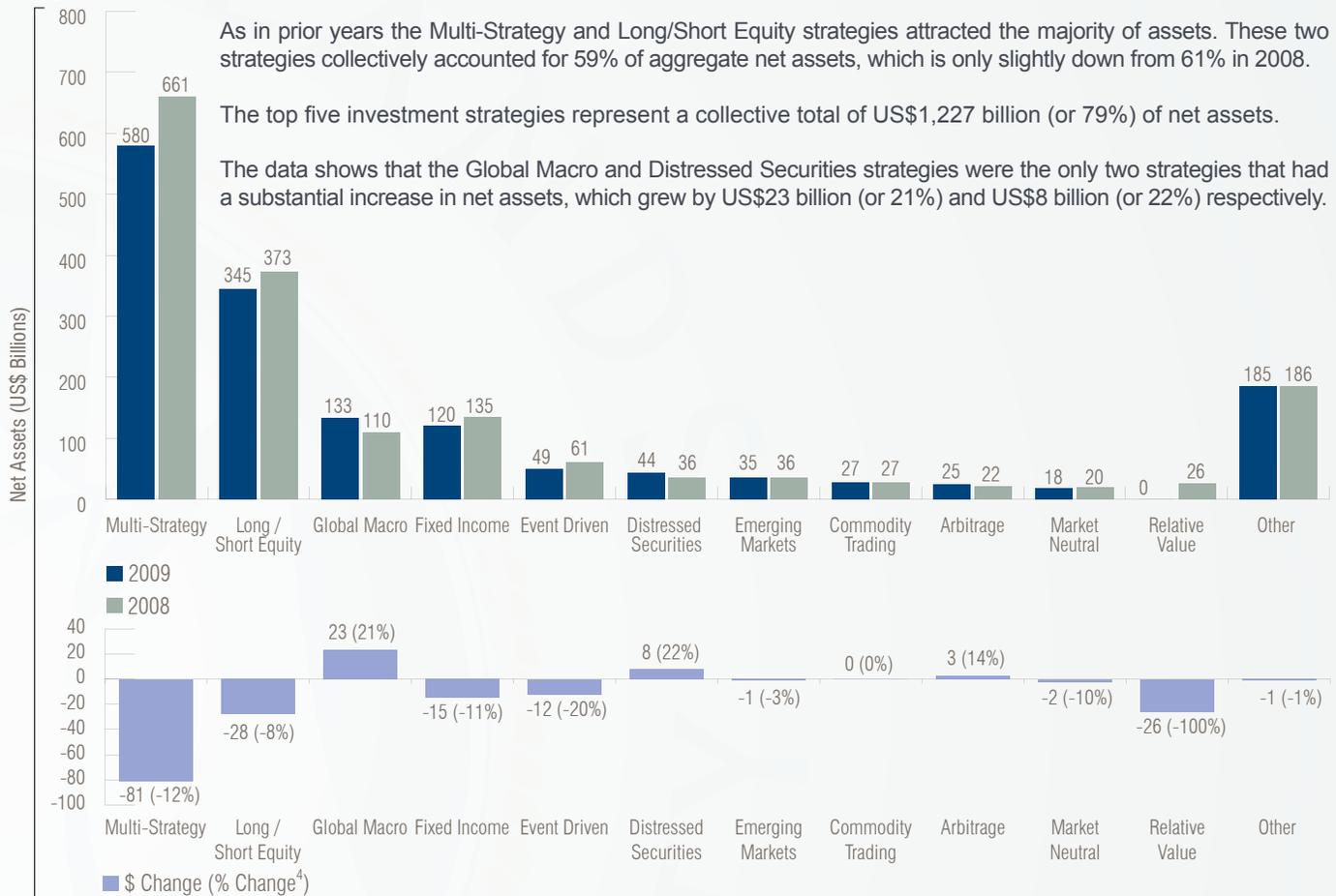
Fund Size (US\$ Millions)	2009	2008
< 20	33%	34%
21-50	18%	18%
51-100	14%	14%
101-250	16%	15%
251-500	8%	8%
501-1,000	5%	5%
1,001-5,000	5%	5%
> 5,000	1%	1%
Total	100%	100%



STATISTICAL TREND ANALYSIS

INVESTMENT STRATEGY

Figure 5



Investment Strategy	2009 Net Assets (US\$ Billions)	2009 % Allocated ⁵	2008 Net Assets (US\$ Billions)	2008 % Allocated ⁵	\$ Change (US\$ Billions)
Multi-Strategy	580	37%	661	39%	-81
Long / Short Equity	345	22%	373	22%	-28
Global Macro	133	8%	110	6%	23
Fixed Income	120	8%	135	8%	-15
Event Driven	49	3%	61	4%	-12
Distressed Securities	44	3%	36	2%	8
Emerging Markets	35	2%	36	2%	-1
Commodity Trading	27	2%	27	2%	0
Arbitrage	25	2%	22	1%	3
Market Neutral	18	1%	20	1%	-2
Relative Value	0	0%	26	2%	-26
Other	185	12%	186	11%	-1
Total	1,561	100%	1,693	100%	-132

⁴ The percentage change in net assets allocated to an investment strategy from 2009 compared to 2008.

⁵ The percentage of total net assets allocated to the investment strategy during the year specified.

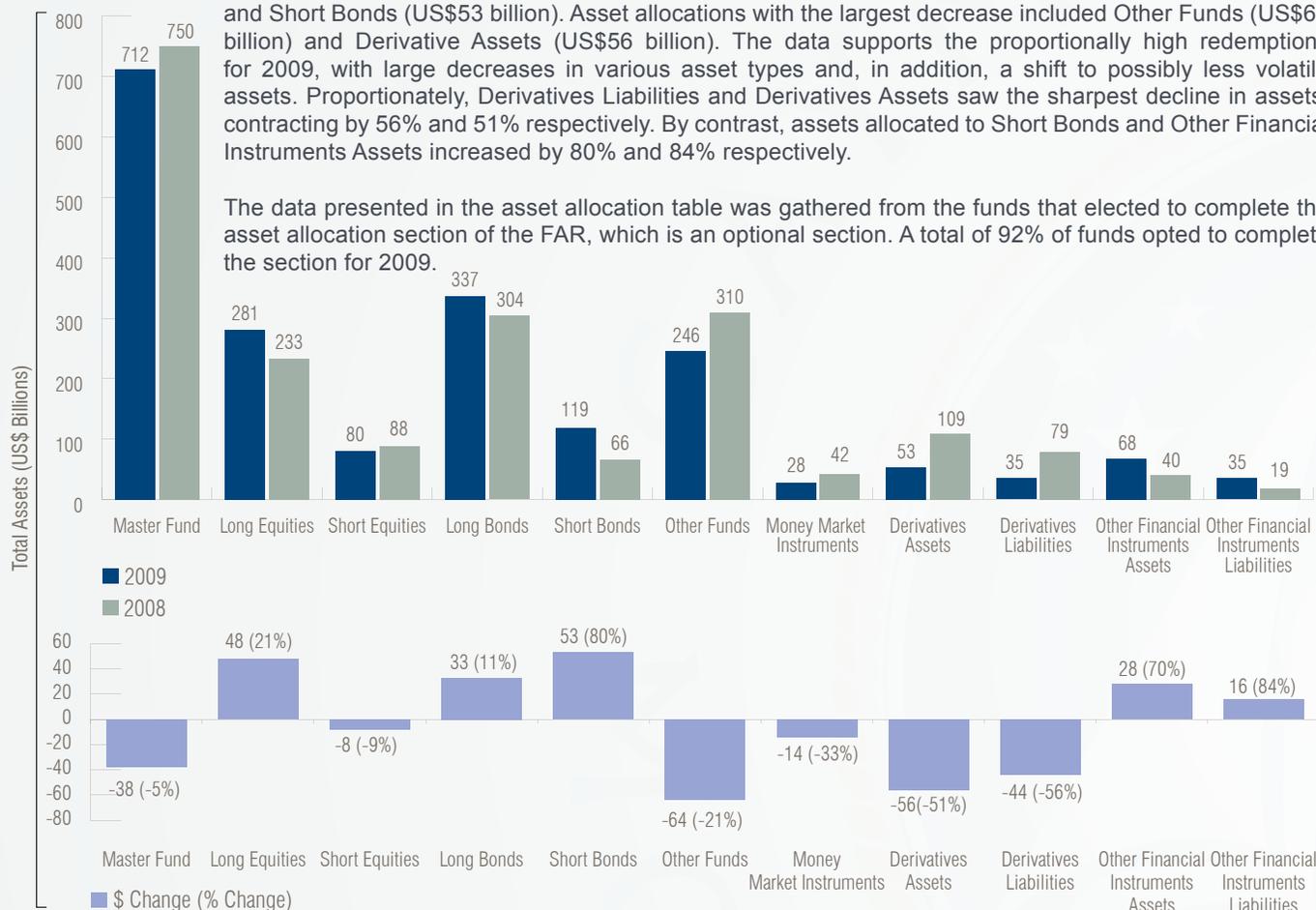
STATISTICAL TREND ANALYSIS

ASSET ALLOCATION

Figure 6

Compared to the 2008 data, which reflected declines across effectively all asset allocations, the 2009 data showed a turnaround and increase in certain asset allocations, most notably Long Equities (US\$48 billion) and Short Bonds (US\$53 billion). Asset allocations with the largest decrease included Other Funds (US\$64 billion) and Derivative Assets (US\$56 billion). The data supports the proportionally high redemptions for 2009, with large decreases in various asset types and, in addition, a shift to possibly less volatile assets. Proportionately, Derivatives Liabilities and Derivatives Assets saw the sharpest decline in assets, contracting by 56% and 51% respectively. By contrast, assets allocated to Short Bonds and Other Financial Instruments Assets increased by 80% and 84% 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 92% of funds opted to complete the section for 2009.



Asset Allocation	2009 Net Assets (US\$ Billions)	2009 % Allocated	2008 Net Assets (US\$ Billions)	2008 % Allocated	\$ Change (US\$ Billions)
Master Fund	712	36%	750	37%	-38
Long Equities	281	14%	233	11%	48
Short Equities	80	4%	88	4%	-8
Long Bonds	337	17%	304	15%	33
Short Bonds	119	6%	66	3%	53
Other Funds	246	12%	310	15%	-64
Money Market Instruments	28	1%	42	2%	-14
Derivatives Assets	53	3%	109	6%	-56
Derivatives Liabilities	35	2%	79	4%	-44
Other Financial Instruments Assets	68	3%	40	2%	28
Other Financial Instruments Liabilities	35	2%	19	1%	16
Total	1,994	100%	2,040	100%	-46

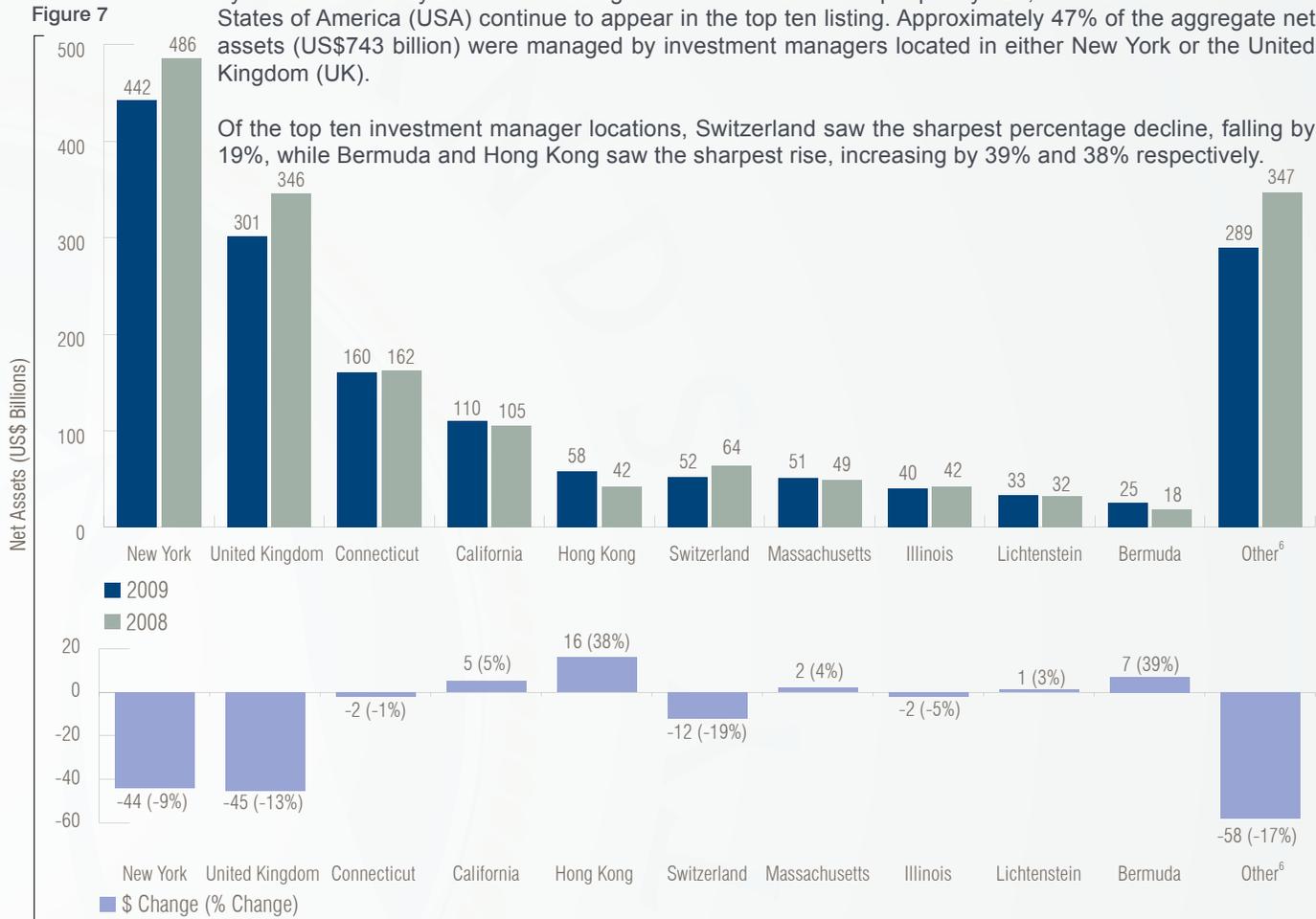


STATISTICAL TREND ANALYSIS

NET ASSETS BY INVESTMENT MANAGER LOCATION

The below data identifies the top ten investment manager locations in 2009 compared to 2008, as measured by net assets held by investment managers in those locations. As per prior years, several states of the United States of America (USA) continue to appear in the top ten listing. Approximately 47% of the aggregate net assets (US\$743 billion) were managed by investment managers located in either New York or the United Kingdom (UK).

Of the top ten investment manager locations, Switzerland saw the sharpest percentage decline, falling by 19%, while Bermuda and Hong Kong saw the sharpest rise, increasing by 39% and 38% respectively.



Investment Manager Location	2009 Net Assets (US\$ Billions)	2009 % Allocated	2008 Net Assets (US\$ Billions)	2008 % Allocated	\$ Change (US\$ Billions)
New York	442	28%	486	29%	-44
United Kingdom	301	19%	346	20%	-45
Connecticut	160	10%	162	10%	-2
California	110	7%	105	6%	5
Hong Kong	58	4%	42	2%	16
Switzerland	52	3%	64	4%	-12
Massachusetts	51	3%	49	3%	2
Illinois	40	3%	42	2%	-2
Lichtenstein	33	2%	32	2%	1
Bermuda	25	2%	18	2%	7
Other ⁶	289	19%	347	20%	-58
Total	1,561	100%	1,693	100%	-132

⁶ Investment manager locations that accounted for 1% or less of the aggregate net assets were grouped as 'Other' and thus are considered individually insignificant.

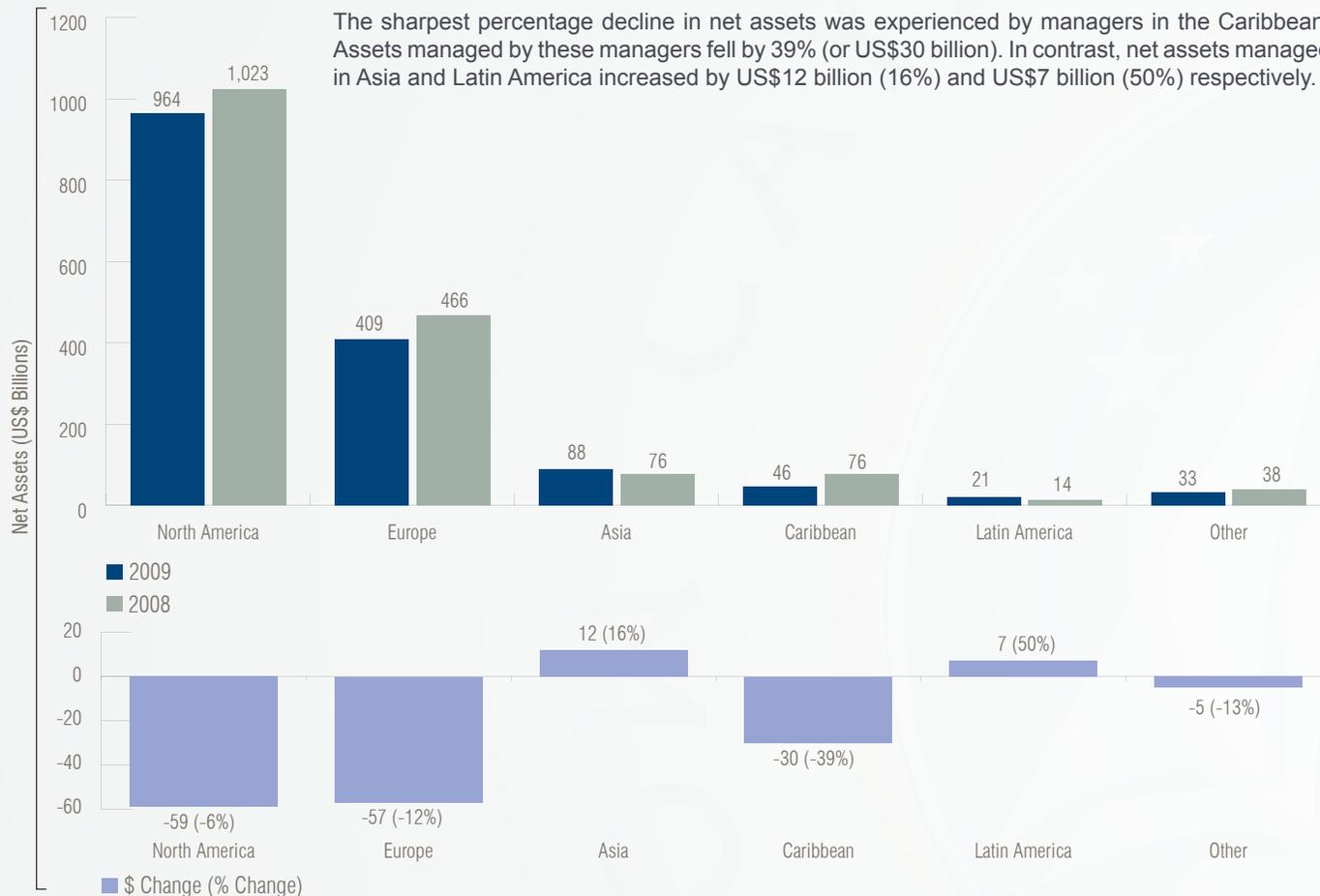
STATISTICAL TREND ANALYSIS

NET ASSETS BY INVESTMENT MANAGER REGION

The below data shows the allocation of net assets per investment manager by region. North America and Europe continued to dominate, accounting for approximately 88% of net assets.

The sharpest percentage decline in net assets was experienced by managers in the Caribbean. Assets managed by these managers fell by 39% (or US\$30 billion). In contrast, net assets managed in Asia and Latin America increased by US\$12 billion (16%) and US\$7 billion (50%) respectively.

Figure 8



Investment Manager Region	2009 Net Assets (US\$ Billions)	2009 % Allocated	2008 Net Assets (US\$ Billions)	2008 % Allocated	\$ Change (US\$ Billions)
North America	964	62%	1,023	60%	-59
Europe	409	26%	466	27%	-57
Asia	88	6%	76	5%	12
Caribbean	46	3%	76	5%	-30
Latin America	21	1%	14	1%	7
Other	33	2%	38	2%	-5
Total	1,561	100%	1,693	100%	-132

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

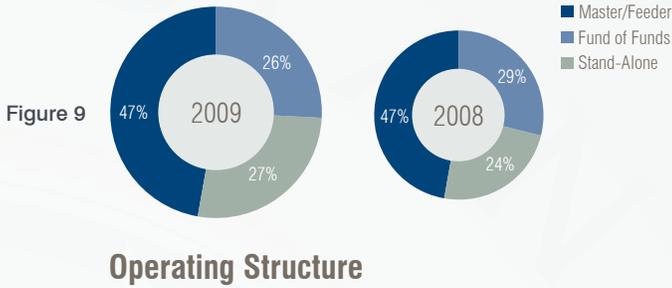
Asia - China, Hong Kong, India, Indonesia, Japan, Malaysia, Singapore, Thailand

Latin America - Argentina, Brazil, Mexico

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

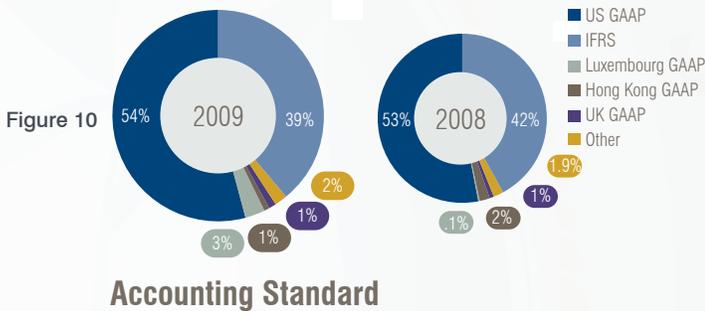


STATISTICAL TREND ANALYSIS



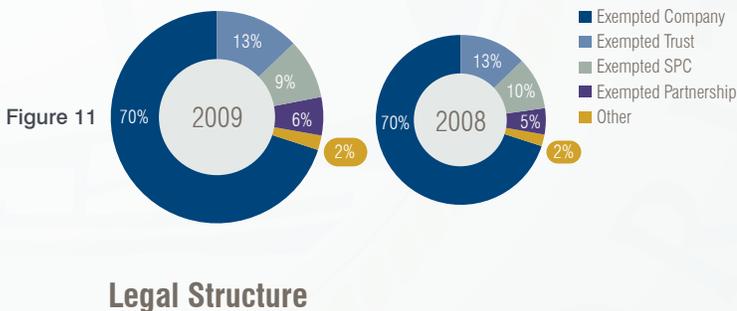
Operating Structure	2009	2008
Master/Feeder	47%	47%
Fund of Funds	26%	29%
Stand-Alone	27%	24%

The breakdown of funds across the three main operating structures remained relatively unchanged from 2008. Of the funds that filed a FAR for 2009, 47% reported using a master/feeder structure, 26% a fund of funds structure and the remaining 27% were stand-alone funds.



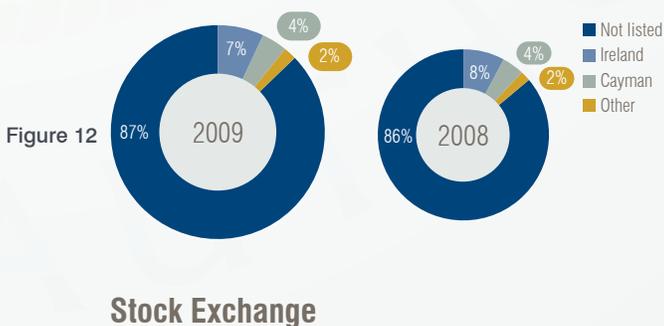
Accounting Standard	2009	2008
US GAAP	54%	53%
IFRS	39%	42%
Luxembourg GAAP	3%	0.1%
Hong Kong GAAP	1%	2%
UK GAAP	1%	1%
Other	2%	1.9%

The two main accounting standards utilised by funds are still United States Generally Accepted Accounting Principles (US GAAP) and International Financial Reporting Standards (IFRS). Of the number of funds that filed a 2009 FAR, 54% presented their financial statements using US GAAP, and 39% used IFRS. The data indicates that Luxembourg GAAP was used by 3% of funds, an increase from 0.1% in 2008. The remaining 4% used accounting principles and standards from a mix of various other jurisdictions.



Legal Structure	2009	2008
Exempted Company	70%	70%
Exempted Trust	13%	13%
Exempted SPC	9%	10%
Exempted Partnership	6%	5%
Other	2%	2%

Statistics of the legal structure used by funds remained relatively unchanged from 2008. The exempted company remains the most popular legal structure used by funds. Of the funds that filed a 2009 FAR, 70% were exempted companies, 13% were exempted trusts, 9% were exempted segregated portfolio companies (SPC) and the remaining 8% were attributed to exempted partnerships and other legal structures.



Stock Exchange	2009	2008
Not listed	87%	86%
Ireland	7%	8%
Cayman	4%	4%
Other	2%	2%

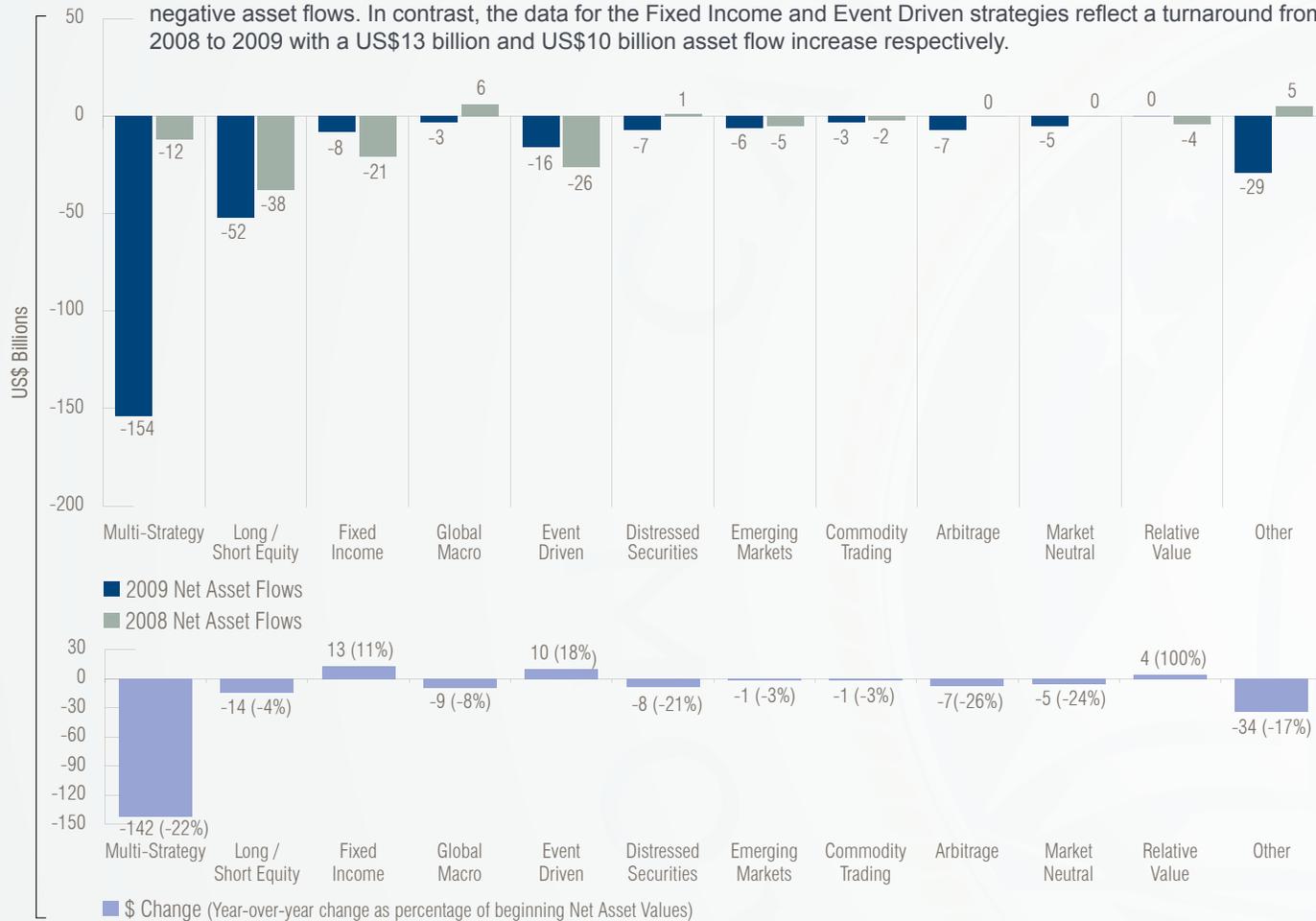
Of the funds that filed a 2009 FAR, a total of 87% did not list their equity interests on a recognised stock exchange. Among those that did, the numbers remained relatively unchanged with 7% of funds that filed a FAR listed on the Irish Stock Exchange and 4% on the Cayman Islands Stock Exchange.

STATISTICAL TREND ANALYSIS

ASSET FLOWS BY INVESTMENT STRATEGY

The data shows that redemptions relative to subscriptions were considerably higher in 2009 than in 2008. The resultant negative asset flows were the main reason for the decrease in net asset values across the majority of the strategies during 2009. The effect of the negative asset flows was partly offset by positive returns across all strategies. However, the returns were not large enough to reverse the effect of the negative asset flows. The movement in the year-over-year net asset flows relative to the 2009 beginning net asset values of each strategy shows that the Arbitrage (-26%), Market Neutral (-24%), Multi-Strategy (-22%) and Distressed Securities (-21%) strategies were most impacted by the negative asset flows. In contrast, the data for the Fixed Income and Event Driven strategies reflect a turnaround from 2008 to 2009 with a US\$13 billion and US\$10 billion asset flow increase respectively.

Figure 13



Investment Strategy	2009 Subscriptions (US\$ Billions)	2009 Redemptions (US\$ Billions)	2009 Net Asset Flows (US\$ Billions)	2008 Subscriptions (US\$ Billions)	2008 Redemptions (US\$ Billions)	2008 Net Asset Flows (US\$ Billions)	Year-over-year Change in Net Asset Flows (US\$ Billions)
Multi-Strategy	144	298	-154	275	287	-12	-142
Long / Short Equity	94	146	-52	174	212	-38	-14
Fixed Income	119	127	-8	251	272	-21	13
Global Macro	49	52	-3	45	39	6	-9
Event Driven	13	29	-16	24	50	-26	10
Distressed Securities	10	17	-7	23	22	1	-8
Emerging Markets	8	14	-6	18	23	-5	-1
Commodity Trading	12	15	-3	14	16	-2	-1
Arbitrage	8	15	-7	13	13	0	-7
Market Neutral	4	9	-5	0	0	0	-5
Relative Value	0	0	0	11	15	-4	4
Other	137	166	-29	166	161	5	-34
Total	598	888	-290	1,014	1,110	-96	-194

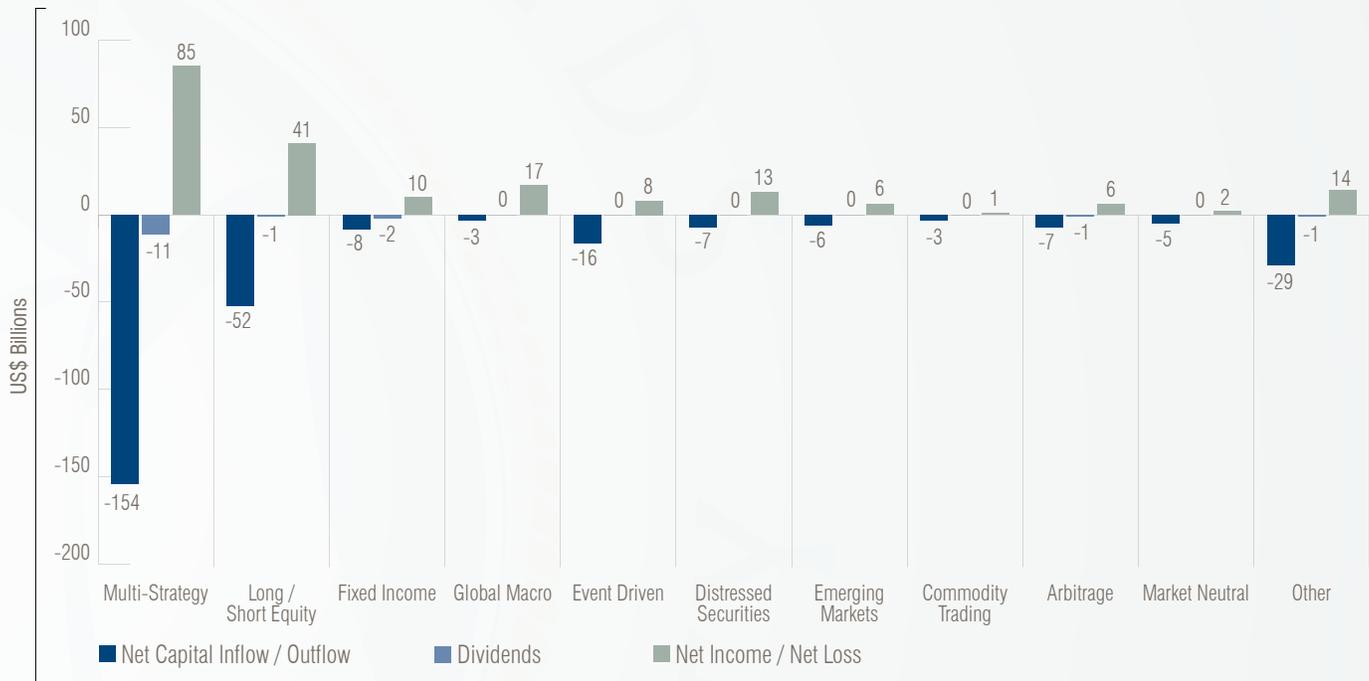


STATISTICAL STAND-ALONE ANALYSIS

CHANGE FACTORS IN NET ASSETS BY INVESTMENT STRATEGY

As in 2008, total net assets across most of the major investment strategies continued to decrease during 2009. However, whereas in 2008 the decrease was primarily due to net losses, in 2009 the decrease was mainly due to negative capital flows. The data shows that all major investment strategies reported net capital outflows. Relatively, based on beginning net assets, the largest net capital outflows were seen in the Multi-Strategy, Event Driven, Arbitrage and Market Neutral strategies. Performance across all strategies was positive with Distressed Securities leading the way.

Figure 14



Investment Strategy	Opening Net Assets	Ending Net Assets	Change in Net Assets ⁷	Net Capital Inflow / Outflow ⁸	Dividends	Net Income/ Net Loss
Multi-Strategy	660	580	-80	-154	-11	85
Long / Short Equity	357	345	-12	-52	-1	41
Fixed Income	120	120	0	-8	-2	10
Global Macro	119	133	14	-3	0	17
Event Driven	57	49	-9	-16	0	8
Distressed Securities	38	44	6	-7	0	13
Emerging Markets	35	35	0	-6	0	6
Commodity Trading	29	27	-2	-3	0	1
Arbitrage	27	25	-1	-7	-1	6
Market Neutral	21	18	-3	-5	0	2
Other	201	185	-16	-29	-1	14
Total	1,664	1,561	-103	-290	-16	203

⁷ Calculated as 2009 Ending Net Assets minus 2009 Opening Net Assets.

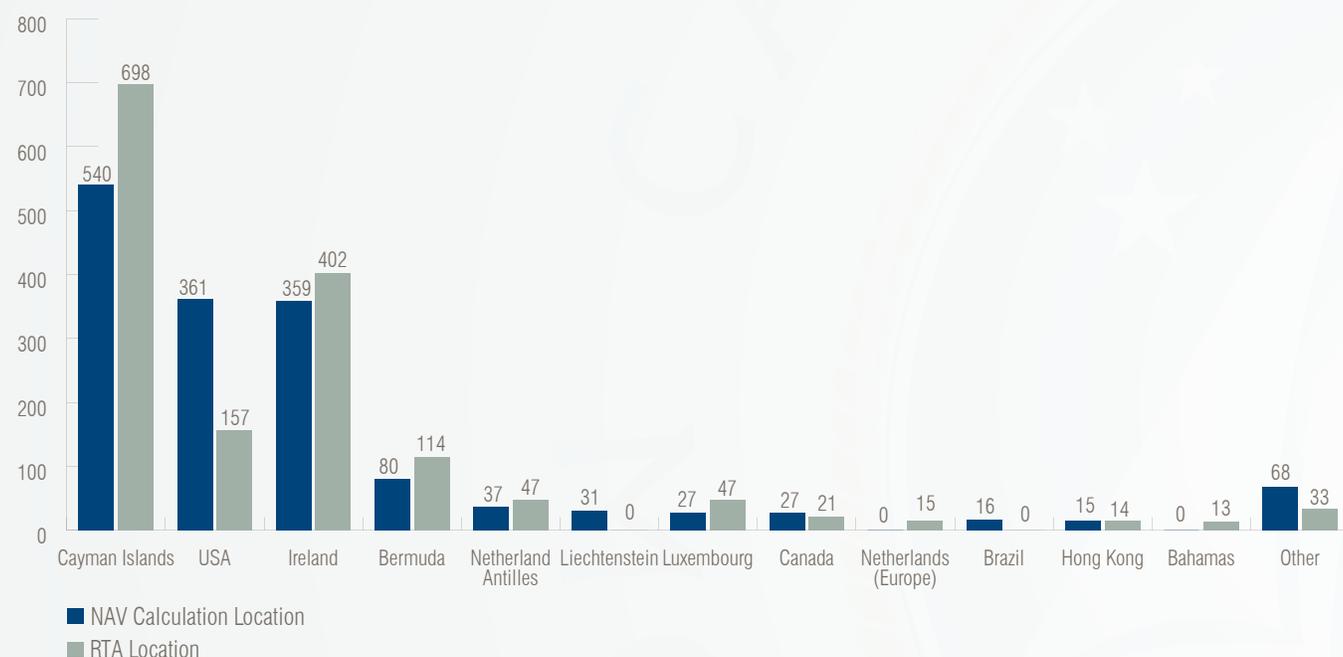
⁸ Calculated as 2009 Subscriptions minus 2009 Redemptions.

STATISTICAL STAND-ALONE ANALYSIS

NAV CALCULATION LOCATION / RTA LOCATION

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 6,938 funds that filed a FAR for 2009. Cayman-based administrators that provided NAV calculation services had US\$540 billion (35% of net assets) under administration. Those that provided RTA services had US\$698 billion (45% of net assets) under administration. Ireland, USA, Bermuda and the Netherland Antilles followed the Cayman Islands. Administrators that provided NAV calculation services from these locations accounted for 53% of the aggregate net assets under administration. RTA services from these same locations accounted for 46% of the aggregate net assets under administration.

Figure 15



NAV Calculation Location	Net Assets (US\$ Billions)	Percentage	RTA Location	Net Assets (US\$ Billions)	Percentage
Cayman Islands	540	35%	Cayman Islands	698	45%
USA	361	23%	Ireland	402	26%
Ireland	359	23%	USA	157	10%
Bermuda	80	5%	Bermuda	114	7%
Netherland Antilles	37	2%	Netherland Antilles	47	3%
Liechtenstein	31	2%	Luxembourg	47	3%
Luxembourg	27	2%	Canada	21	1%
Canada	27	2%	Netherlands (Europe)	15	1%
Brazil	16	1%	Hong Kong	14	1%
Hong Kong	15	1%	Bahamas	13	1%
Other	68	4%	Other	33	2%
Total	1,561	100%	Total	1,561	100%

Top five USA states: New York (104), Massachusetts (70), New Jersey (54), Pennsylvania (31), California (23), other USA states (79)

Top five USA states: New York (48), Massachusetts (32), Pennsylvania (23), Minnesota (16), Connecticut (8), other USA states (30)

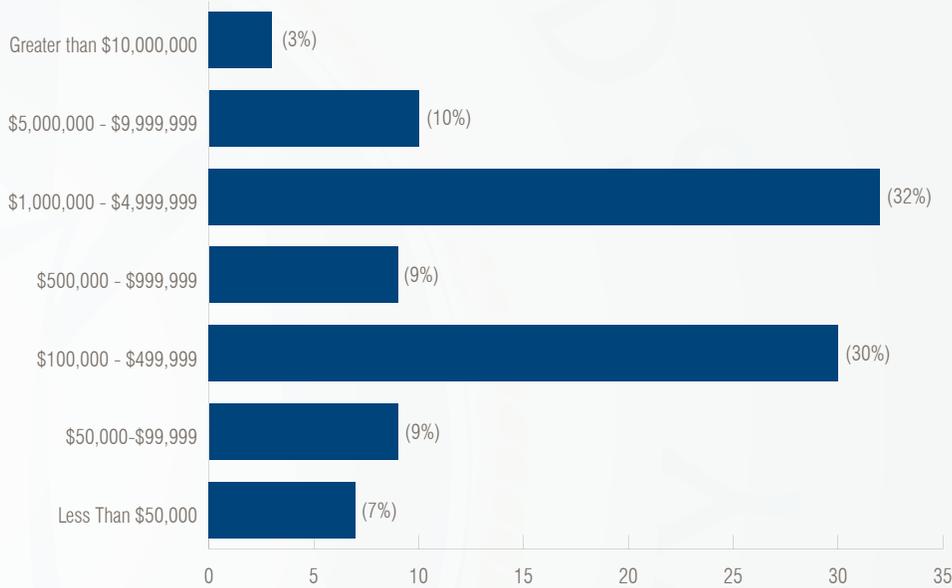


STATISTICAL STAND-ALONE ANALYSIS

MINIMUM INITIAL SUBSCRIPTION AMOUNT

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 2009, 45% required a minimum initial investment of US\$1,000,000 or greater. A total of 30% of the regulated funds required a minimum initial investment of between US\$100,000 and US\$499,999.

Figure 16



Minimum Initial Subscription Amount (US\$)	2009
Greater than \$10,000,000	3%
\$5,000,000 - \$9,999,999	10%
\$1,000,000 - \$4,999,999	32%
\$500,000 - \$999,999	9%
\$100,000 - \$499,999	30%
\$50,000 - \$99,999	9%
Less Than \$50,000	7%
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.

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.



GLOSSARY OF TERMS

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.

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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