



2017

INVESTMENTS STATISTICAL DIGEST

INTRODUCTION

There were 10,559 mutual funds registered with the Cayman Islands Monetary Authority (CIMA) at the end of 2017, down 27 from 2016.

Number of Funds:

Registered Funds	7,331	(2016: 7,293)
Master Funds	2,816	(2016: 2,840)
Administered Funds	331	(2016: 363)
Licensed Funds	81	(2016: 90)

Total and Ending Net Assets in 2017 increased by 13% and 12% respectively, when compared to 2016 despite the slight decrease in the total number of funds at year end. Net income at US\$383 billion was almost three times the amount reported in 2016 and dividends were US\$8 billion higher.

Total Assets:	US\$6.936 trillion	(2016: US\$6.142 trillion)
Net Asset Value (NAV):	US\$4.033 trillion	(2016: US\$3.592 trillion)
Gross Notional Exposure:	US\$8.453 trillion	(2016: US\$7.108 trillion)
Net Income:	US\$383 billion	(2016: US\$128 billion)
Dividends:	US\$38 billion	(2016: US\$30 billion)

Total subscriptions in 2017 were down US\$30 billion or 2% compared to 2016. Total redemptions reversed the trend of prior years and recorded a decrease of US\$94 billion or 7%. The net outflow, which was a result of redemptions exceeding subscriptions by US\$23 billion, was offset by higher net income and asset appreciation during the year. At year end, there was an increase in total net assets of US\$441 billion.

About 69% of the net assets for Cayman Islands funds are managed by firms in the United States (US) with Delaware and New York accounting for 48% or US\$1,946 billion of the US\$2,782 billion net assets for US managed funds. The Cayman Islands provides NAV calculation services for 3,258 funds or 37% of net assets, and register and transfer agent services for 3,615 funds or 40% of net assets of all Cayman Islands funds.

The decline in the number of funds appears to have levelled off following a rebound from the effects of the 2008 financial crisis when the number of funds fell to 9,258 in 2011 but increased to the highest level at 11,379 two years later in 2013. Since then, the number of funds has declined by 3% in 2014, 1% in 2015, 3% in 2016 and by 0.3% in 2017.





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US \$4.033
Trillion
Net Asset Value

Statistical Trend Analysis

HIGHLIGHTS

The total net asset value of Cayman Islands funds increased by 12% in 2017 compared to a relatively small increase of 0.48% in 2016. This improvement was driven by asset appreciation and net income of US\$383 billion which offset the net asset outflow of US\$23 billion.

More than 40% of the increase in total net assets of regulated funds in 2017 were as a result of robust gains in stock markets around the world and a general appreciation of foreign currencies against the dollar. As a result, total return on gross assets was 5.52% (2016: 2.08%) and total return on net assets was 9.50% (2016: 3.56%), the best levels since 2013. Dividend distributions were higher at US\$38

billion (2016: US\$30 billion) but so too were performance fees which were US\$10 billion higher than the prior year.

Fees remain a key issue at the forefront of the fund industry and investment managers are evolving both in what fee is charged and how and when it is levied. On an asset-weighted basis average expense ratio for equity mutual funds fell from 0.99% in 2000 to 0.59% in 2017.

Several major trends will continue to impact the popularity of mutual funds in the coming years. These include shifts in buyer behaviour as the millennial generation becomes a greater force in the

Figure 1

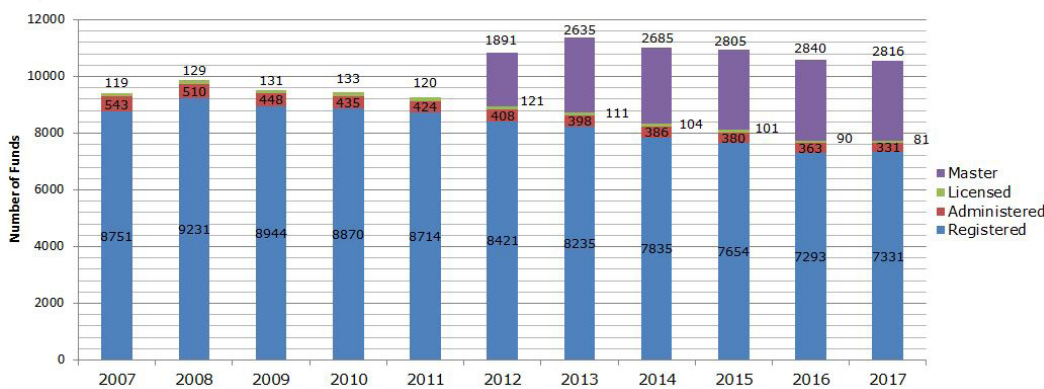
	2017	2016
Net Asset Value	US\$4.033 trillion	US\$3.592 trillion
Total Assets	US\$6.936 trillion	US\$6.142 trillion
Gross Notional Exposure	US\$8.453 trillion	US\$7.108 trillion
Total Subscriptions	US\$1.190 trillion	US\$1.220 trillion
Total Redemptions	US\$1.213 trillion	US\$1.307 trillion
Net Income	US\$383 billion	US\$128 billion
Dividends	US\$38 billion	US\$30 billion
Total performance fees	US\$22 billion	US\$12 billion
Return on Gross Assets	5.52%	2.08%
Return on Net Assets	9.50%	3.56%
Top location of Investment Managers by ending net assets	United States of America (69%)	United States of America (70%)
Primary location for Net Asset Value (NAV) calculation services	Cayman Islands (37%)	Cayman Islands (35%)
Primary location for Registrar and Transfer Agent (RTA) services	Cayman Islands (40%)	Cayman Islands (38%)
% of Funds requiring a minimum initial investment of US\$1M or more	52%	52%
Top two investment strategies	Multi-Strategy (25%) Long/Short Equity (19%)	Multi-Strategy (28%) Long/Short Equity (18%)
% of total number of funds with leverage at 100% or more	Registered Funds - 64% Master Funds - 59% Administered Funds - 32% Licensed Funds - 44%	Registered Funds - 55% Master Funds - 56% Administered Funds - 25% Licensed Funds - 43%
Side pockets implemented during the year to separate liquid assets	335 funds	334 funds
Gate on redemptions implemented during the year	393 funds	417 funds
Equity interest redeemed during the year	872 funds	959 funds
Trading of equities suspended during the year	501 funds	580 funds
Funds currently subject to regulatory investigation	75 funds	96 funds
Funds with intention to terminate	1,077 (12%)	1,160 funds (12%)

investing market place, increased regulation and the transformation effect that blockchain, robotic process automation and other emerging technologies will have on the industry. For example, quant investing which involves the use of big data and computer algorithms removes the emotion from decision making and is potentially cheaper to administer.

Artificial intelligence and machine learning will continue to increase the effectiveness and efficiency with which investment managers perform their tasks by automating activities like content distribution, tagging and brand updates. CIMA will continue to monitor these developments and respond accordingly so that the Cayman Islands can remain as the jurisdiction of choice for the fund industry.

The number of FAR submissions received was 9,323¹ (2016: 9,324) or 88% of all investment funds² registered by CIMA in 2017.

Figure 2



¹ At the date of compilation of this issue of the Digest 9,323 funds had successfully filed a FAR.

² The data presented consists of 6,318 Registered Funds, 300 Administered Funds, 81 Licensed Funds and 2,624 Master Funds.

Statistical Trend Analysis

FINANCIAL POSITION - ALL FUNDS

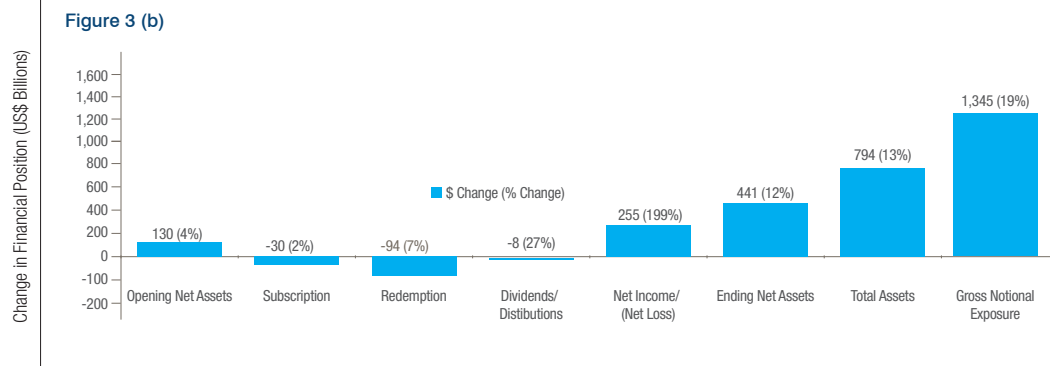
Total subscriptions of US\$1.190 trillion were 2% lower than in 2016 and total redemptions of US\$1.213 trillion were 7% lower. There was a net asset outflow of US\$23 billion but this was lower than the net outflow of US\$86 billion in 2016. Per industry sources, the leading reasons for redemptions by investors was underperformance relative to benchmark markets or targets, level of returns not justifying fees and the availability of alternate investments such as Exchange Traded Funds.⁵

The total net income of US\$383 billion was the best performance since 2013 when net income was US\$344 billion. As a result, the return on gross assets in 2017 more than doubled to 5.52% when compared to 2016 and the return on net assets was 9.50%, up from 3.56% in 2016.

The increase in net income was due to the strong growth in the stock market, rising interest rates and falling unemployment in the United States which led the overall improved performance in global economic activity. Global GDP expanded by 3.8% in 2017 up from 3.2% in 2016. Advanced economies collectively grew by 2.3% in 2017 while emerging markets grew by 4.8%.

However, total return on net income was still low when compared to the S&P 500, which advanced by 19% while the NASDAQ Composite Index gained 28%. In the United Kingdom, the Financial Times Stock Exchange (FTSE) 100 Index was up almost 8% for the year, and in Germany, the Deutscher Aktienindex (DAX) rose about 13%.⁵

Economic performance was also positive in the emerging markets. For example, China reported a slight improvement in economic growth in 2017 - 6.9%, up from 6.7% in 2016 and South America as a whole posted positive economic growth of 0.7% in 2017, a sharp rebound from a 2.4% contraction in 2016.



Financial Position (US\$ Billions) ³	2017	2016	\$ Change	% Change
Opening Net Assets	3,711	3,581	130	4%
Subscriptions ⁴	1,190	1,220	(30)	-2%
Redemptions	(1,213)	(1,307)	(94)	-7%
Dividends / Distributions	(38)	(30)	(8)	27%
Net Income ⁴	383	128	255	199%
Ending Net Assets	4,033	3,592	441	12%
Total Assets	6,936	6,142	794	13%
Gross Notional Exposure	8,453	7,108	1,345	19%
Return on Gross Assets	5.52%	2.08%		
Return on Net Assets	9.50%	3.56%		

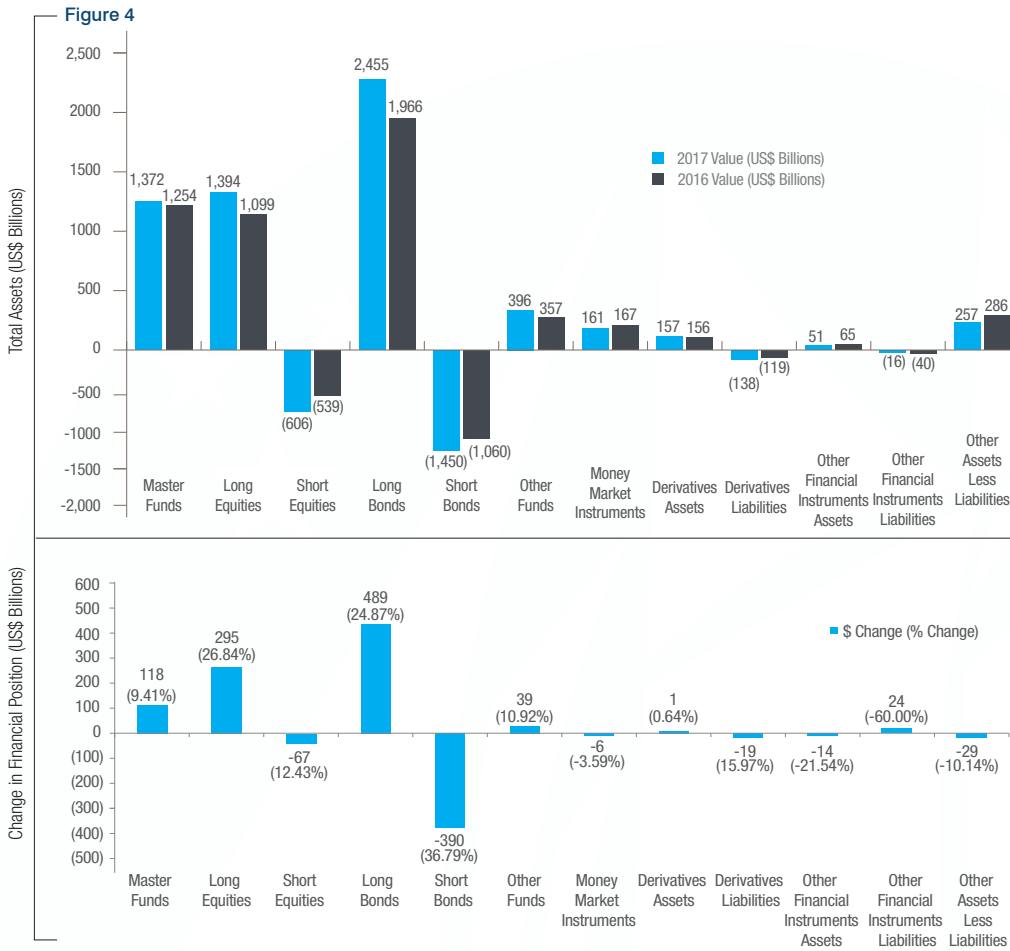
³ The increase from the 2016 ending net assets to the 2017 opening net assets is attributed to new fund authorisations, de-registrations and regulatory waivers during 2017, resulting in a different set of funds filing a 2017 FAR when compared to 2016.

⁴ 2016 subscriptions and net income amended for rounding error.

⁵ Source 2018 Investment Company Factbook.

Statistical Trend Analysis

ASSET ALLOCATION - ALL FUNDS



There was an increase in the following asset types:

- Long Bonds - US\$489 billion
- Long Equities - US\$295 billion
- Master Funds - US\$118 billion
- Short Bonds - US\$390 billion
- Other Funds - US\$39 billion

Long Bonds, in which the price decreases as interest rate increases and provides investors with safety amidst the fear of a recession, increased by 24.87% in 2017. Long Bonds continue to be the most prominent asset type representing 29.04% of total net assets (2016: 27.66%).

Flows to Long Equities, which were up 26.84%, tend to rise and fall with stock prices and in 2017, investors were attracted to equity funds due to increased economic activity around the globe, including emerging markets as international equities were very attractive on a price-earnings basis.

In addition, with the depreciation of the US dollar, foreign investments became more attractive to US investors because they provide an increased rate of return on their holdings of foreign securities. Investors no longer just focus on performance and assets under management but consider fees, liquidity, firm management, credit risk, social responsibility and interest rate risk factor sensitivities when choosing their investment portfolio.

Short Bonds, an investment in which the investment manager sells first and buys later in anticipation that the price will drop, experienced the highest growth at 36.79% while Other Financial Instruments Liabilities declined by 60% in 2017. Gross Notional Exposure of US\$8.453 trillion was 19% higher than in 2016.

Asset Allocation ⁶	2017 Value (US\$ Billions)	2017 % Allocated	2016 Value (US\$ Billions)	2016 % Allocated	\$ Change (US\$ Billions)	% Change
Master Funds	1,372	16.23%	1,254	17.64%	118	9.41%
Long Equities	1,394	16.49%	1,099	15.46%	295	26.84%
Short Equities	(606)	7.17%	(539)	7.58%	(67)	12.43%
Long Bonds	2,455	29.04%	1,966	27.66%	489	24.87%
Short Bonds	(1,450)	17.15%	(1,060)	14.91%	(390)	36.79%
Other Funds	396	4.68%	357	5.02%	39	10.92%
Money Market Instruments	161	1.90%	167	2.35%	(6)	(-3.59%)
Derivatives Assets	157	1.86%	156	2.19%	1	0.64%
Derivatives Liabilities	(138)	1.63%	(119)	1.67%	(19)	15.97%
Other Financial Instruments Assets	51	0.60%	65	0.91%	(14)	(-21.54%)
Other Financial Instruments Liabilities	(16)	0.19%	(40)	0.56%	24	(-60.00%)
Other assets less liabilities	257	3.04%	286	4.02%	(29)	(-10.14%)
Total Net Asset Value	4,033	100%	3,592	100%	441	12%
Gross Notional Exposure	8,453		7,108		1,345	19%

⁶ The data presented in the asset allocation table was gathered from the funds that elected to complete the asset allocation section of the FAR.

Statistical Trend Analysis

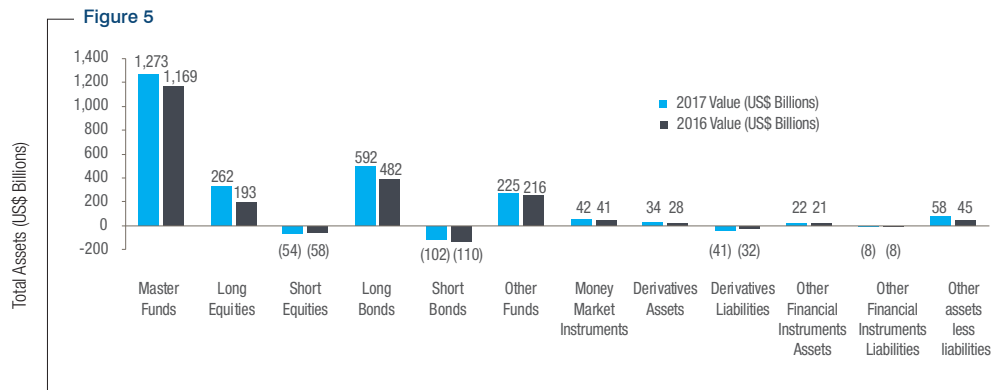
FINANCIAL POSITION & ASSET ALLOCATION - REGISTERED FUNDS

The total number of Registered Funds in 2017 was 7,331 compared to 7,293 in 2016 for a net increase of 38. Total net assets increased by US\$316 billion or 16% in 2017 and by US\$21 billion or 1% in 2016.

There was a net asset inflow of US\$55 billion as subscriptions of US\$827 billion exceeded redemptions of US\$772 billion. This was a reversal from the prior year in which there was a net asset outflow as redemptions were US\$16 billion higher than subscriptions.

Net income in 2017 was US\$189 billion (2016: US\$55 billion) representing a growth of 244% and total dividends distributed were US\$20 billion compared to US\$13 billion in 2016. Master Funds representing 46.92% of total asset allocation remained the most prominent investment type. Investments in almost all asset categories were higher in 2017 except Short Equities which declined 6.90% and Short Bonds which declined 7.27%.

There were 6,318 FARs received representing an 86% submission rate for registered funds.



Financial Position (US\$ Billions) ⁷	2017	2016	\$ Change	% Change
Opening Net Assets	2,079	1,961	118	6%
Subscriptions	827	842	(15)	-2%
Redemptions	(772)	(858)	86	-10%
Dividends/Distributions	(20)	(13)	7	54%
Net Income	189	55	134	244%
Ending Net Assets	2,303	1,987	316	16%
Total Assets	2,708	2,437	271	11%
Gross Notional Exposure	2,713	2,403	310	13%

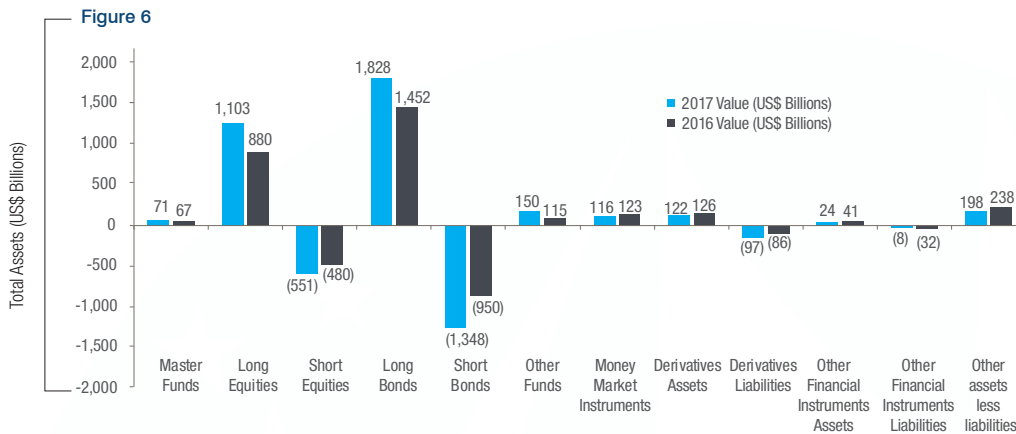
Asset Allocation ⁸	2017 Value (US\$ Billions)	2017 % Allocated	2016 Value (US\$ Billions)	2016 % Allocated	\$ Change (US\$ Billions)	% Change
Master Funds	1,273	46.92%	1,169	48.65%	104	8.90%
Long Equities	262	9.66%	193	8.03%	69	35.75%
Short Equities	(54)	1.99%	(58)	2.41%	4	-6.90%
Long Bonds	592	21.82%	482	20.06%	110	22.82%
Short Bonds	(102)	3.76%	(110)	4.58%	8	-7.27%
Other Funds	225	8.29%	216	8.99%	9	4.17%
Money Market Instruments	42	1.55%	41	1.71%	1	2.44%
Derivatives Assets	34	1.25%	28	1.17%	6	21.43%
Derivatives Liabilities	(41)	1.51%	(32)	1.33%	(9)	28.13%
Other Financial Instruments Assets	22	0.82%	21	0.87%	1	4.76%
Other Financial Instruments Liabilities	(8)	0.29%	(8)	0.33%	0	0.00%
Other assets less liabilities	58	2.14%	45	1.87%	13	28.89%
Total Net Asset Value	2,303	100%	1,987	100%	316	16%

⁷The increase from the 2016 ending net assets to the 2017 opening net assets is attributed to new fund authorisations, de-registrations and regulatory waivers during 2017, resulting in a different set of funds filing a 2017 FAR when compared to 2016.

⁸ The data presented in the asset allocation table was gathered from the funds that elected to complete the asset allocation section of the FAR.

Statistical Trend Analysis

FINANCIAL POSITION & ASSET ALLOCATION - MASTER FUNDS



Unlike the prior year when the total number of Master Funds increased by 35, there was a decrease of 24 funds from 2,840 in 2016 to 2,816 in 2017. However, total net assets increased by 8% (2016: 0.4%) to US\$1,608 billion up from US\$1,494 billion in 2016.

As in the prior year, there was a net asset outflow of US\$74 billion (2016: US\$72 billion) as redemptions of US\$400 billion exceeded subscriptions of US\$326 billion; but total net assets increased due to net income of US\$181 billion and asset appreciation at year end.

Dividends distributed were higher at US\$12 billion compared to US\$7 billion in 2016.

Long Bonds which account for about a third of total asset allocation increased by 25.90% in 2017 and Other Financial Instruments Liabilities were down 75%.

The total number of FARs received was 2,624 for a 93% submission rate for Master Funds.

Financial Position (US\$ Billions) ⁹	2017	2016	\$ Change	% Change
Opening Net Assets	1,513	1,501	12	1%
Subscriptions	326	340	(14)	-4%
Redemptions	(400)	(412)	12	-3%
Dividends / Distributions	(12)	(7)	5	71%
Net Income	181	72	109	151%
Ending Net Assets	1,608	1,494	114	8%
Total Assets	4,099	3,586	513	14%
Gross Notional Exposure	5,616	4,590	1,026	22%

Asset Allocation ¹⁰	2017 Value (US\$ Billions)	2017 % Allocated	2016 Value (US\$ Billions)	2016 % Allocated	\$ Change (US\$ Billions)	% Change
Master Funds	71	1.26%	67	1.46%	4	5.97%
Long Equities	1,103	19.64%	880	19.17%	223	25.34%
Short Equities	(551)	9.81%	(480)	10.46%	(71)	14.79%
Long Bonds	1,828	32.55%	1,452	31.63%	376	25.90%
Short Bonds	(1,348)	24.00%	(950)	20.70%	(398)	41.89%
Other Funds	150	2.67%	115	2.51%	35	30.43%
Money Market Instruments	116	2.07%	123	2.68%	(7)	-5.69%
Derivatives Assets	122	2.17%	126	2.75%	(4)	-3.17%
Derivatives Liabilities	(97)	1.73%	(86)	1.87%	(11)	12.59%
Other Financial Instruments Assets	24	0.43%	41	0.88%	(17)	-41.46%
Other Financial Instruments Liabilities	(8)	0.14%	(32)	0.70%	24	-75.00%
Other assets less liabilities	198	3.53%	238	5.19%	(40)	-16.81%
Total Net Asset Value	1,608	100%	1,494	100%	114	8%

⁹ The increase from the 2016 ending net assets to the 2017 opening net assets is attributed to new fund authorisations, de-registrations and regulatory waivers during 2017, resulting in a different set of funds filing a 2017 FAR when compared to 2016.

¹⁰ The data presented in the asset allocation table was gathered from the funds that elected to complete the asset allocation section of the FAR.

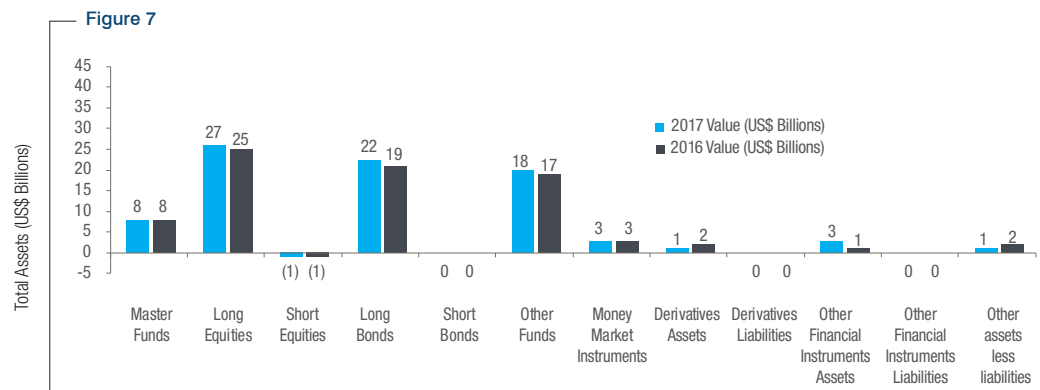
Statistical Trend Analysis

FINANCIAL POSITION & ASSET ALLOCATION - ADMINISTERED FUNDS

There were 331 Administered Funds registered with CIMA in 2017 down 32 compared to 2016. The number of FARs received was 300 or 91% submission rate.

Total net assets were up 8% to US\$82 billion from US\$76 billion and total redemptions of US\$31 billion exceeded subscriptions of US\$26 billion resulting in net asset outflow of US\$5 billion. This was offset by net income of US\$9 billion resulting in higher total net assets at year end.

There was significant improvement in financial performance in 2017 resulting in net income that was 1396% higher than the US\$1 billion in 2016. Despite the increase in net income, total dividends declined from US\$8 billion to US\$5 billion in 2017. Asset allocation was similar to 2016 with Long Equities accounting for one third of the total asset allocation.



Financial Position (US\$ Billions) ¹¹	2017	2016	\$ Change	% Change
Net Income	83	86	(3)	-3%
Subscriptions	26	25	1	5%
Redemptions	(31)	(28)	3	11%
Dividends / Distributions	(5)	(8)	3	-43%
Net Income	9	1	8	1396%
Ending Net Assets	82	76	6	8%
Total Assets	87	83	5	6%
Gross Notional Exposure	84	78	6	7%

Asset Allocation ¹²	2017 Value (US\$ Billions)	2017 % Allocated	2016 Value (US\$ Billions)	2016 % Allocated	\$ Change (US\$ Billions)	% Change
Master Funds	8	9.52%	8	10.26%	0	0.00%
Long Equities	27	32.14%	25	32.05%	2	8.00%
Short Equities	(1)	1.19%	(1)	1.28%	0	0.00%
Long Bonds	22	26.19%	19	24.36%	3	15.79%
Short Bonds	0	0.00%	0	0.00%	0	0.00%
Other Funds	18	21.44%	17	21.79%	1	5.88%
Money Market Instruments	3	3.57%	3	3.86%	0	0.00%
Derivatives Assets	1	1.19%	2	2.56%	(1)	-50.00%
Derivatives Liabilities	0	0.00%	0	0.00%	0	0.00%
Other Financial Instruments Assets	3	3.57%	1	1.28%	2	200.00%
Other Financial Instruments Liabilities	0	0.00%	0	0.00%	0	0.00%
Other assets less liabilities	1	1.19%	2	2.56%	(1)	-50.00%
Total Net Asset Value	82	100%	76	100%	6	8%

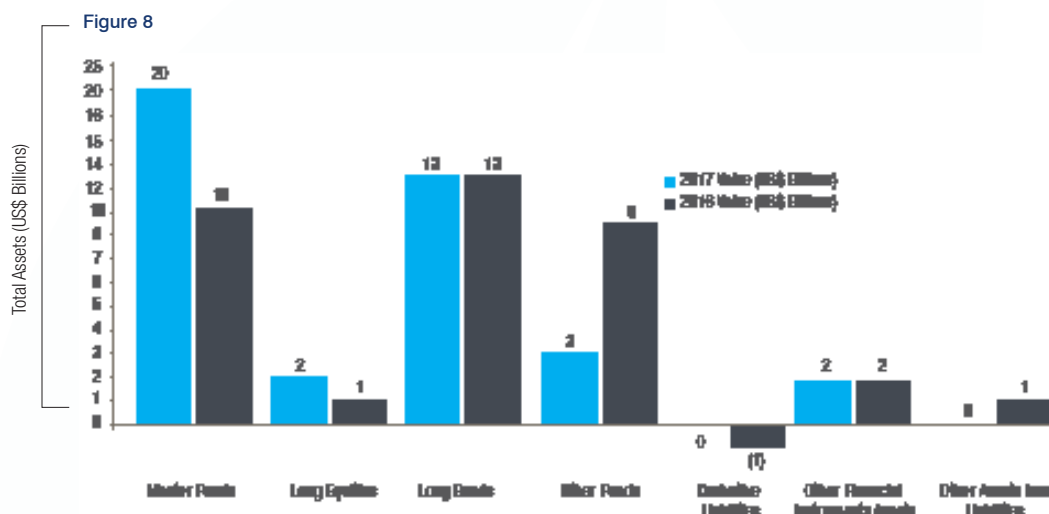
¹¹ The increase from the 2016 ending net assets to the 2017 opening net assets is attributed to new fund authorisations, de-registrations and regulatory waivers during 2017, resulting in a different set of funds filing a 2017 FAR when compared to 2016.

¹² The data presented in the asset allocation table was gathered from the funds that elected to complete the asset allocation section of the FAR.

Statistical Trend Analysis

FINANCIAL POSITION & ASSET ALLOCATION - LICENSED FUNDS

There were 9 fewer Licensed Funds in 2017 compared to 2016. 81 FARs were received representing a 100% submission rate. Total net assets were US\$40 billion (2016: US\$35 billion) or 14% higher than in 2016. There was a net inflow of US\$1 billion as total subscriptions of US\$11 billion exceeded redemptions of US\$10 billion, net income was US\$4 billion (2016: loss of US\$68 million) and dividends were US\$1 billion (2016: US\$1.54 billion). Investments in Master Funds, which account for 50% of total net asset allocation, doubled in 2017 while there were decreases in Other Funds (down 66.74%) and Derivative Liabilities (down 100%).



Financial Position (US\$ Billions) ¹³	2017	2016	\$ Change	% Change
Opening Net Assets	36	33	3	9%
Subscriptions	11	13	(2)	-14%
Redemptions	(10)	(9)	(1)	10%
Dividends/Distributions	(1)	(1.54)	0.54	-35%
Net Income	4	(0.68)	4.32	634%
Ending Net Assets	40	35	5	14%
Total Assets	42	36	6	15%
Gross Notional Exposure	40	37	3	9%

Asset Allocation ¹⁴	2017 Value (US\$ Billions)	2017 % Allocated	2016 Value (US\$ Billions)	2016 % Allocated	\$ Change (US\$ Billions)	% Change
Master Funds	20	50.00%	10	27.03%	10	100.00%
Long Equities	2	5.00%	1	2.70%	1	100.00%
Long Bonds	13	32.50%	13	35.14%	0	0.00%
Other Funds	3	7.50%	9	24.32%	(6)	-66.74%
Derivative Liabilities	0	0.00%	(1)	2.70%	1	-100.00%
Other Financial Instruments Assets	2	5.00%	2	5.41%	0	0.00%
Other assets less liabilities	0	0.00%	1	2.70%	(1)	-100.00%
Total Net Asset Value	40	100%	35	100%	5	14%

¹³ The increase from the 2016 ending net assets to the 2017 opening net assets is attributed to new fund authorisations, de-registrations and regulatory waivers during 2017, resulting in a different set of funds filing a 2017 FAR when compared to 2016.

¹⁴ The data presented in the asset allocation table was gathered from the funds that elected to complete the asset allocation section of the FAR.

Statistical Stand-Alone Analysis

PORTFOLIO INVESTMENTS BY JURISDICTION

The following data based on the jurisdiction of the issuer of securities held by the fund is collected to facilitate participation in the annual International Monetary Fund Coordinated Portfolio Investment Survey. As expected, the majority of securities are issued by the United States capital markets followed by investments attributed to Cayman Islands Master Funds.

The investment by Cayman Islands funds in Master Funds increased by US\$98 billion over the prior year. Consistent with the positive performance of the stock market in 2017, equity investments in the US increased by US\$140 billion. Investments in securities issued by companies in China also increased by US\$23 billion over the prior year, as the capital markets there continue to grow in size and sophistication. However, investments in securities issued in Germany fell by US\$32 billion and Canada by US\$15 billion while

the investment allocation to other developed countries such as Australia and Luxembourg and offshore centers such as Bermuda and Singapore increased.

Short-term (ST) debt securities are investments that are expected to be sold and converted to cash within one year or within the company's operating cycle.

Long-term (LT) investments, unlike ST investments, are not expected to be sold and converted to cash within one year or within the company's operating cycle. In fact, the investments may be made with an indefinite holding period in mind.

Figure 9

Jurisdiction of Issuer (Amounts in US\$ Billions)	Total Portfolio Assets		Equities		Master Funds		ST Debt Securities		LT Debt Securities	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
United States	1,312	1,168	473	333	126	111	107	64	606	660
Cayman Islands	1,180	1,060	101	78	1,068	970	0	0	11	12
United Kingdom	71	78	18	17	0	1	21	24	32	36
Japan	60	69	44	34	1	1	7	11	8	23
China	53	30	42	23	0	0	2	0	9	7
British Virgin Islands	43	41	5	5	36	35	0	0	2	1
France	40	36	8	5	0	0	15	14	17	17
Netherlands	29	18	8	8	0	0	8	1	13	9
Hong Kong	25	17	19	12	0	0	1	0	5	5
Ireland	21	18	12	10	7	6	0	0	2	2
Germany	20	52	9	7	0	0	3	26	8	19
Canada	16	31	6	8	0	0	2	5	8	18
Curacao	16	18	0	0	16	18	0	0	0	0
Denmark	4	6	2	3	0	0	0	0	2	3
Sweden	1	7	0	2	0	0	0	0	1	5
Other Developed Countries	86	64	24	19	8	7	11	2	43	36
Developing Asia and the Pacific	25	19	17	11	0	0	1	0	7	8
Other Offshore Centres	21	15	11	9	5	1	1	0	4	5
Developing Latin America and the Caribbean	20	21	7	3	0	0	1	1	12	17
Developing Europe	9	8	4	4	0	0	0	0	5	4
Developing Africa and the Middle East	9	3	3	3	0	0	0	0	6	0
Total	3,061	2,779	813	594	1,267	1,150	180	148	801	887

Statistical Stand-Alone Analysis

PORTFOLIO INVESTMENTS BY JURISDICTION (CONTINUED)

As in the prior year, the majority of the short position securities were issued in Germany.

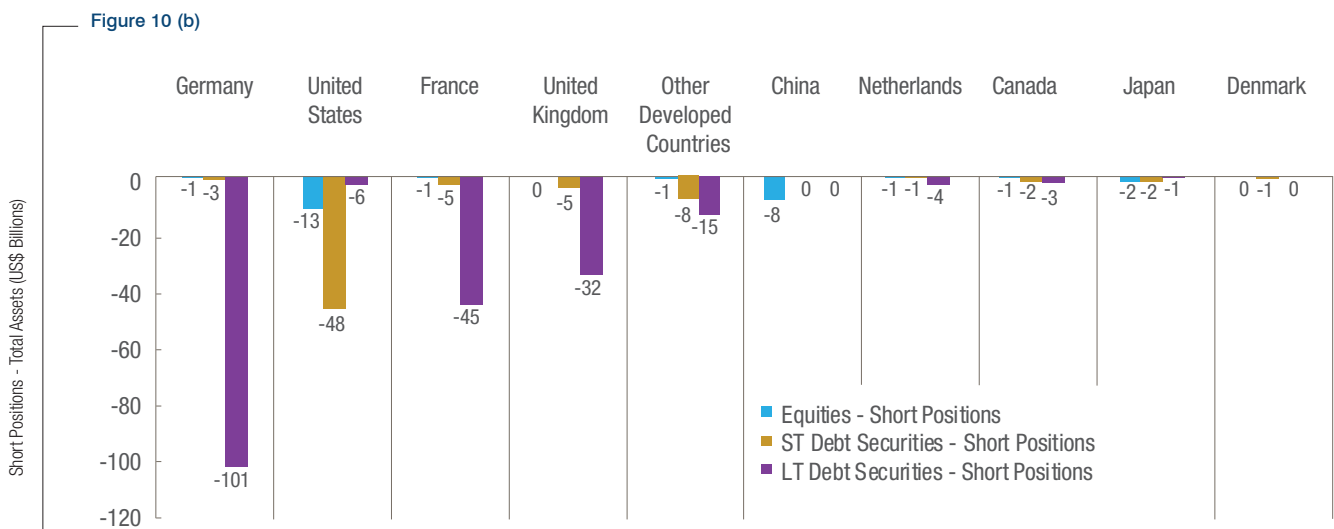
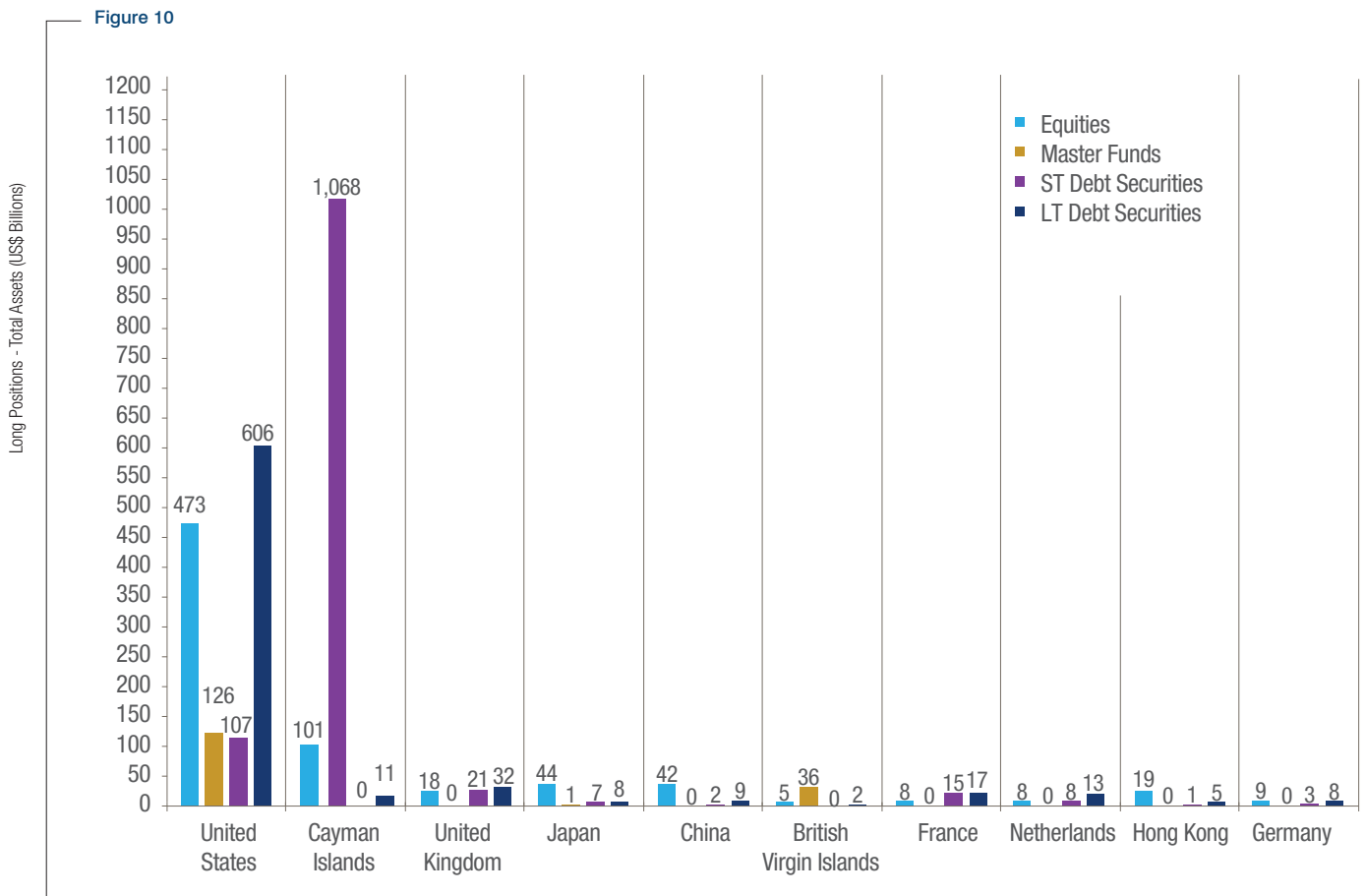
There was a substantial decrease of US\$47 billion or 41% in short securities issued in the United States and a decrease of US\$13 billion or 73% issued in Japan. Conversely, there was an increase of US\$3 billion or 77% issued in China and an increase of US\$8 billion or 41% issued by other developed countries including Spain and Italy.

Figure 9 (b)

Jurisdiction of Issuer (Amounts in US\$ Billions)	Total Portfolio Assets - Short Position		Equities - Short Position		ST Debt Securities - Short Positions		LT Debt Securities - Short Positions	
	2017	2016	2017	2016	2017	2016	2017	2016
Germany	-105	-117	-1	-1	-3	-13	-101	-103
United States	-67	-114	-13	-18	-48	-53	-6	-43
France	-51	-45	-1	0	-5	-7	-45	-38
United Kingdom	-37	-48	0	0	-5	-12	-32	-36
China	-8	-5	-8	-5	0	0	0	0
Netherlands	-6	-5	-1	0	-1	-3	-4	-2
Canada	-6	-9	-1	-2	-2	-2	-3	-5
Japan	-5	-18	-2	-2	-2	-1	-1	-15
Denmark	-1	-1	0	0	-1	-1	0	0
Sweden	0	0	0	0	0	0	0	0
Hong Kong	-1	0	-1	0	0	0	0	0
Cayman Islands	0	0	0	0	0	0	0	0
British Virgin Islands	0	0	0	0	0	0	0	0
Curacao	0	0	0	0	0	0	0	0
Ireland	0	0	0	0	0	0	0	0
Other Developed Countries	-24	-16	-1	0	-8	-16	-15	0
Developing Latin America and the Caribbean	-1	-2	0	-1	0	0	-1	-1
Developing Africa and the Middle East	0	0	0	0	0	0	0	0
Other Offshore Centres	0	0	0	0	0	0	0	0
Developing Asia and the Pacific	0	0	0	0	0	0	0	0
Developing Europe	0	0	0	0	0	0	0	0
Total	-312	-380	-29	-29	-75	-108	-208	-243

Statistical Stand-Alone Analysis

TOP TEN PORTFOLIO INVESTMENT JURISDICTIONS



Statistical Stand-Alone Analysis

LEGAL HOLDER OF FUNDS

Figure 11 below presents the jurisdictions where the mutual fund investor holds more than 10% of the net asset value of the fund.¹⁵ There are 107 countries where investors own at least 10% of a fund. Consistent with the prior year, the majority of investors holding more than 10% of the funds are from the United States, Cayman Islands and Japan.

Figure 11

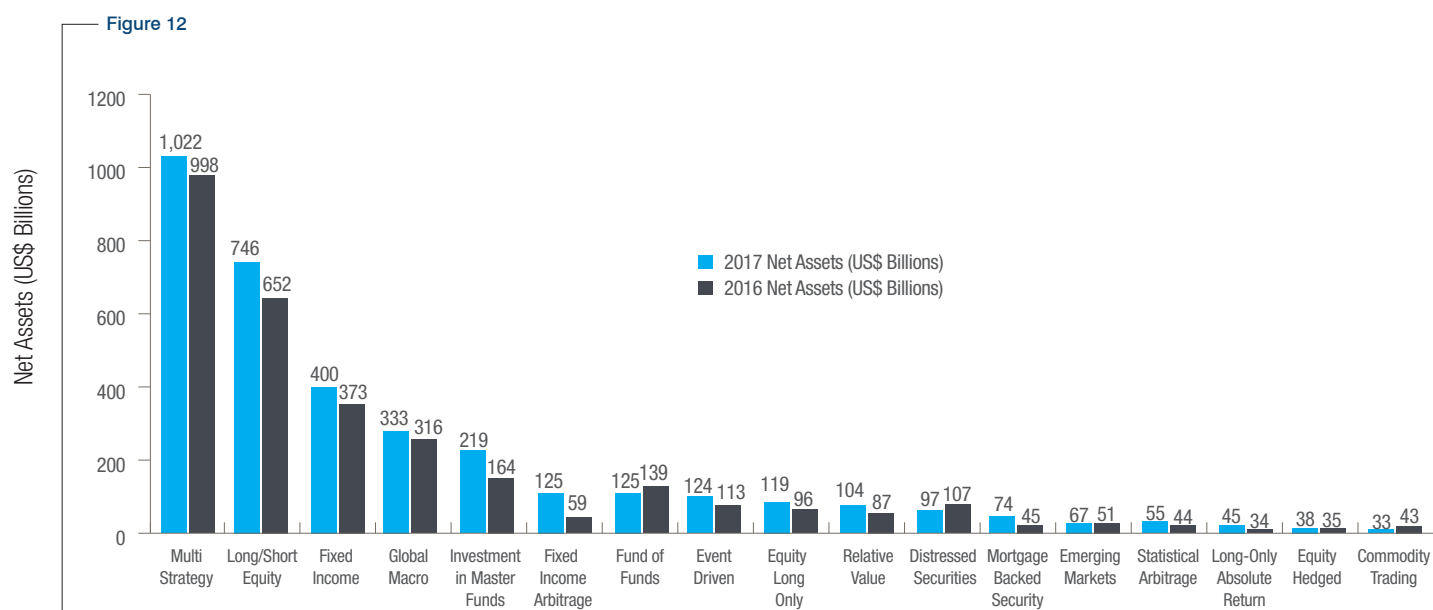
Jurisdiction	Number of funds with Legal Holder owning more than 10% of the Fund		Jurisdiction	Number of funds with Legal Holder owning more than 10% of the Fund		Jurisdiction	Number of funds with Legal Holder owning more than 10% of the Fund		Jurisdiction	Number of funds with Legal Holder owning more than 10% of the Fund	
	2017	2016		2017	2016		2017	2016		2017	2016
United States	3178	3802	Kuwait	39	64	Belize	6	7	Ecuador	1	0
Cayman Islands	3054	3551	Sweden	39	49	Gibraltar	6	8	Egypt	1	0
Japan	1102	1099	Isle of Man	34	31	Indonesia	5	5	Hungary	1	0
Switzerland	832	962	Republic of Korea	30	31	Marshall Islands	5	3	Iceland	1	1
United Kingdom	723	858	Germany	29	28	Portugal	5	7	Jamaica	1	0
Hong Kong	563	538	Malaysia	28	22	Seychelles	5	3	Jordan	1	1
Luxembourg	507	561	Panama	26	39	Saint Kitts and Nevis	4	2	Kyrgyzstan	1	1
British Virgin Islands	463	460	Cyprus	23	32	Swaziland	4	10	Latvia	1	1
Guernsey	402	273	South Africa	23	25	Turkey	4	4	Liberia	1	4
China	288	247	Andorra	19	22	Anguilla	3	7	Nigeria	1	1
Ireland	273	312	U.S. Virgin Islands	19	19	Cook Islands	3	3	Peru	1	2
Canada	246	284	France	17	42	Libyan Arab Jamahiriya	3	6	Puerto Rico	1	2
Saudi Arabia	238	155	Thailand	17	11	Philippines	3	1	Saint Vincent and the Grenadines	1	1
Singapore	230	242	Barbados	16	11	Russian Federation	3	15	Spain	1	1
Brazil	141	161	Denmark	15	19	Turks and Caicos Islands	3	5	Sri Lanka	1	1
Australia	137	150	Monaco	15	16	Botswana	2	1	Trinidad and Tobago	1	0
Bermuda	135	192	Qatar	15	15	Macao	2	2	Tunisia	1	1
Bahamas	128	117	Mauritius	13	12	Saint Lucia	2	2	Vanuatu	1	1
Jersey	89	88	India	10	7	Slovenia	2	0	Venezuela	1	2
Netherlands	79	99	New Zealand	10	15	Uruguay	2	2	Zimbabwe	1	2
Liechtenstein	66	70	Lebanon	11	11	Aruba	1	0	Channel Islands	0	1
Belgium	62	87	Mexico	11	10	Bolivia	1	1	Grenada	0	3
Taiwan, Province of China	62	65	Italy	9	11	Brunei Darussalam	1	1	Kenya	0	2
United Arab Emirates	61	55	Samoa	9	10	Bulgaria	1	2	Palestinian Territory, Occupied	0	2
Israel	56	49	Austria	8	12	Christmas Island	1	0	Czech Republic	0	1
Bahrain	53	65	Greece	8	6	Colombia	1	3	Guatemala	0	1
Curacao	43	53	Norway	8	5	Costa Rica	1	2	Iraq	0	1
Malta	43	80	Chile	7	7	Dominican Republic	1	1	Namibia	0	1
Finland	39	42	Oman	7	6				Paraguay	0	1
			Argentina	6	10				United States Minor Outlying Islands	0	1

¹⁵ A fund can have legal holders of more than 10% in many countries, therefore the total number of responses exceeded the number of FAR submissions received.

Statistical Trend Analysis

INVESTMENT STRATEGY

The allocation of investment strategies was consistent with 2016 in which Multi-Strategy and Long/Short Equity accounted for 44% (2016: 46%) of total ending net assets. There was an increase in ending net assets of 2.4% for Multi-Strategy in which funds aim to deliver consistently positive returns regardless of the directional movement in equity, interest rates or currency markets and 14.42% for Long/Short Equity funds which involves taking long positions in stocks that are expected to appreciate and short positions in stocks that are expected to decline. Fixed Income Arbitrage strategy, which attempts to profit from pricing differences in interest rate securities, experienced the highest growth in 2017, where ending net assets were US\$125 billion compared to US\$59 billion in 2016. When using fixed-income arbitrage strategy the investor assumes opposing positions in the market to take advantage of small price discrepancies while limiting interest rate risk. Fixed income arbitrage is market-neutral and is designed to profit regardless of whether the overall market is bullish or bearish. Total ending net assets for Commodity Trading funds reversed the 38% growth experienced in 2016 and were US\$10 billion or 23.26% lower in 2017.



Investment Strategy	2017 Net Assets (US\$ Billions)	2017 % Allocated ¹⁶	2016 Net Assets (US\$ Billions)	2016 % Allocated ¹⁶	\$ Change ¹⁷ (US\$ Billions)	% Change
Multi-Strategy	1,022	25.34%	998	27.78%	24	2.40%
Long/Short Equity	746	18.50%	652	18.15%	94	14.42%
Fixed Income	400	9.92%	373	10.38%	27	7.24%
Global Macro	333	8.26%	316	8.80%	17	5.38%
Investment in Master Funds	219	5.43%	164	4.57%	55	33.54%
Fixed Income Arbitrage	125	3.10%	59	1.64%	66	111.86%
Fund of Funds	125	3.10%	139	3.87%	(14)	-10.07%
Event Driven	124	3.07%	113	3.15%	11	9.73%
Equity Long Only	119	2.95%	96	2.67%	23	23.96%
Relative Value	104	2.58%	87	2.42%	17	19.54%
Distressed Securities	97	2.41%	107	2.98%	(10)	-9.35%
Mortgage-backed security	74	1.83%	45	1.25%	29	64.44%
Emerging Markets	67	1.66%	51	1.42%	16	31.37%
Statistical Arbitrage	55	1.36%	44	1.22%	11	25.00%
Long-only absolute return	45	1.12%	34	0.95%	11	32.35%
Equity Hedged	38	0.94%	35	0.97%	3	8.57%
Commodity Trading	33	0.82%	43	1.20%	(10)	-23.26%
Total	3,726	92.39%	3,356	93.43%	370	

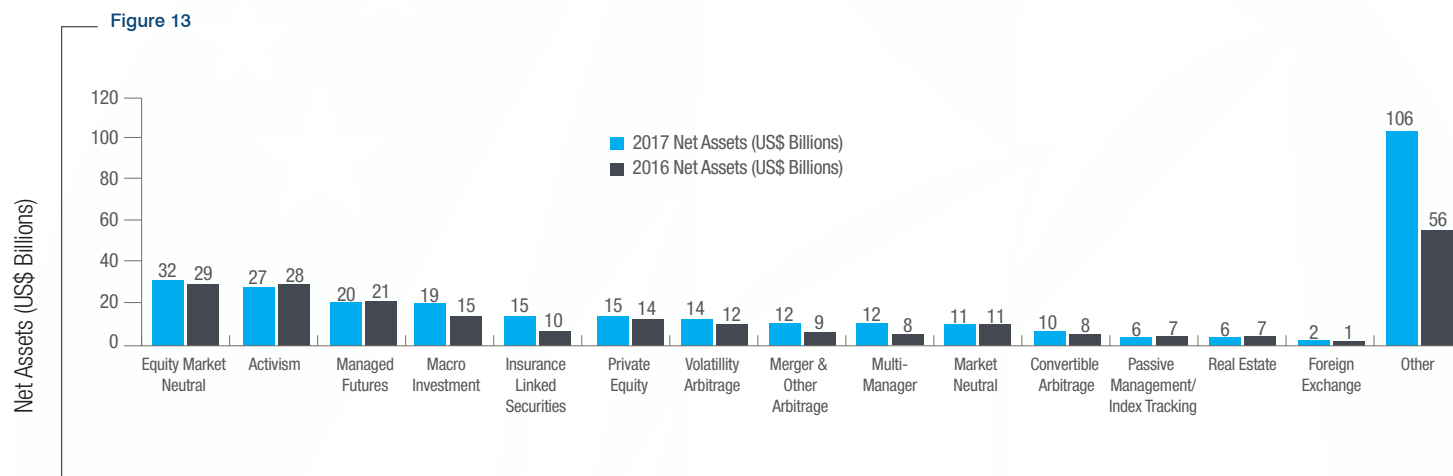
¹⁶ The percentage of total net assets allocated to the investment strategy during the year specified.

¹⁷ The change in net assets allocated to an investment strategy from 2017 compared to 2016.

Statistical Trend Analysis

INVESTMENT STRATEGY (CONTINUED)

Investments in funds which utilise Insurance Linked Securities strategies reversed the decline of 37% in 2016 and reported an increase in total net asset of US\$5 billion or 50%. Insurance Linked Securities are broadly defined as financial instruments whose values are driven by insurance loss events such as hurricanes, floods and cyber attacks. Such instruments which have been employed by insurers eager to transfer risk and tap new sources of capital market funding hold great appeal for investors as interest rates remain near historic lows and investors continue to look for yields in alternative assets classes and they are not correlated with stock market and other asset classes. Investment in Insurance Linked catastrophe bonds which are issued for both life and property/casualty sectors grew in 2017 despite the amounts paid out as result of natural disasters. Given the extent of losses and their impact on the market, some had expected investors to either back-off from investments in catastrophe insurance risks or demand price increases, but the market remained resilient in 2017 and is positioned for continued success in 2018. Multi-Manager investment products which consist of multiple specialised funds overseen by managers with different investment styles and allow for diversification without sacrificing return, experienced a 50% growth in 2017 with ending net assets of US\$12 billion (2016: US\$8 billion).



Investment Strategy	2017 Net Assets (US\$ Billions)	2017 % Allocated ¹⁸	2016 Net Assets (US\$ Billions)	2016 % Allocated ¹⁸	\$ Change ¹⁹ (US\$ Billions)	% Change
Equity Market Neutral	32	0.79%	29	0.81%	3	10.34%
Activism	27	0.67%	28	0.78%	(1)	-3.57%
Managed Futures	20	0.50%	21	0.58%	(1)	-4.76%
Macro Investment	19	0.47%	15	0.42%	4	26.67%
Insurance Linked Securities	15	0.37%	10	0.28%	5	50.00%
Private Equity	15	0.37%	14	0.39%	1	7.14%
Volatility Arbitrage	14	0.35%	12	0.33%	2	16.67%
Merger & Other Arbitrage	12	0.30%	9	0.25%	3	33.33%
Multi-Manager	12	0.30%	8	0.22%	4	50.00%
Market Neutral	11	0.27%	11	0.31%	0	0.00%
Convertible Arbitrage	10	0.25%	8	0.22%	2	25.00%
Passive management/Index tracking	6	0.15%	7	0.19%	(1)	-14.29%
Real Estate	6	0.15%	7	0.19%	(1)	-14.29%
Foreign Exchange	2	0.05%	1	0.03%	1	100.00%
Other	106	2.62%	56	1.56%	50	89.29%
Total	307	7.61%	236	6.57%	71	
Table from Figure 12	3,726	92.39%	3,356	93.43%	370	
Total Net Asset Value	4,033	100%	3,592	100%	441	12%

¹⁸ The percentage of total net assets allocated to the investment strategy during the year specified.

¹⁹ The change in net assets allocated to an investment strategy from 2016 compared to 2017.

Statistical Trend Analysis

SUBSCRIPTIONS, REDEMPTIONS AND NET ASSET FLOWS BY INVESTMENT STRATEGY

Overall demand for mutual funds as measured by net cash flow - subscriptions less redemptions - rebounded in the United States in 2017 following two consecutive years of outflows. However, Cayman Islands funds experienced net asset outflow for the second consecutive year as redemptions of US\$1,213 billion exceeded total subscriptions of US\$1,190 billion. Most of the investment strategies detailed below reported net outflows although Fixed Income and Fixed Income Arbitrage saw net inflows of US\$49 billion and US\$12 billion, respectively. The net subscriptions to these fund types can be attributed to actions taken by the Federal Reserve which increased interest rates three times in 2017. Secondly, investments in mutual funds are influenced by demographics and over the past decade, the aging of baby boomers has boosted flows to bond funds. As investors age, they tend to shift to fixed-income products for yield and safety relative to equities. Multi-Strategy funds which allow fund managers the flexibility to capitalise on the best opportunities in their varied skill sets and allows capital to be allocated from less attractive strategies to those offering superior opportunities are very popular with investors. However, for the last two years, there has been a net asset outflow and in 2017 redemptions exceeded subscriptions by US\$59 billion (2016: US\$52 billion). Nevertheless this fund strategy which represents 25.34% of total ending net assets in 2017 will continue to be the most popular as Multi-Strategy funds offer investors access to a variety of strategies, provide considerable capacity and enhance risk-adjusted returns of a diversified or concentrated investment portfolio.

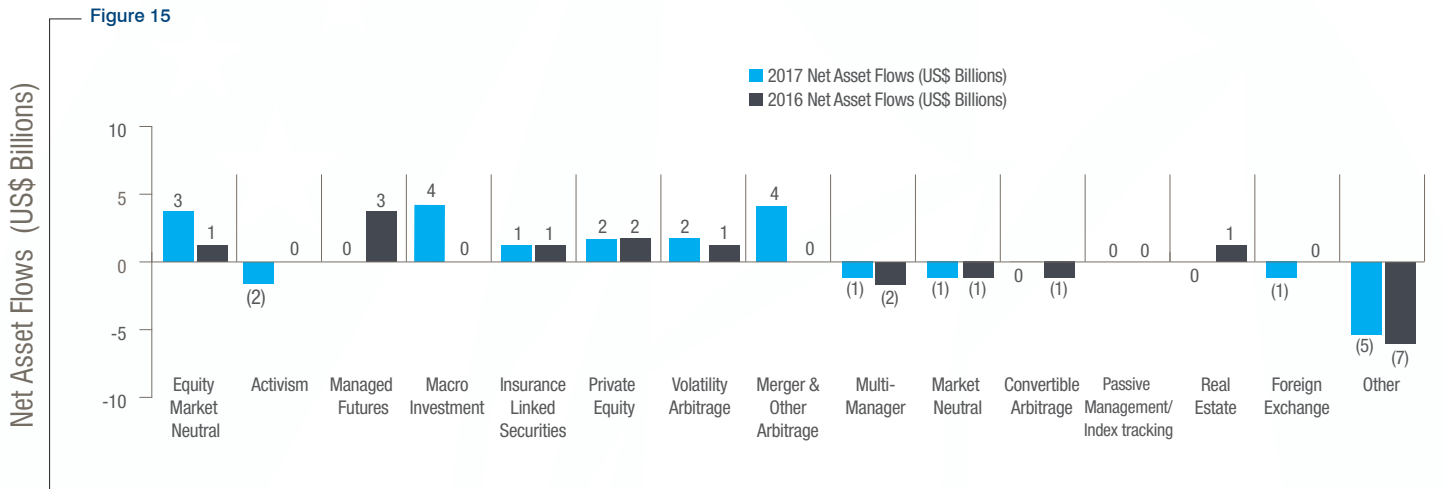


Investment Strategy	2017 Subscriptions (US\$ Billions)	2017 Redemptions (US\$ Billions)	2017 Net Asset Flows (US\$ Billions)	2016 Subscriptions (US\$ Billions)	2016 Redemptions (US\$ Billions)	2016 Net Asset Flows (US\$ Billions)	Change in Net Asset Flows (US\$ Billions)
Multi-Strategy	176	(235)	(59)	194	(246)	(52)	(7)
Long/Short Equity	130	(149)	(19)	120	(150)	(30)	11
Fixed Income	218	(169)	49	105	(75)	30	19
Global Macro	96	(93)	3	99	(94)	5	(2)
Investment in Master Funds	54	(48)	6	34	(39)	(5)	11
Fixed Income Arbitrage	32	(20)	12	19	(22)	(3)	15
Fund of Funds	197	(212)	(15)	409	(414)	(5)	(10)
Event Driven	40	(46)	(6)	33	(54)	(21)	15
Equity Long Only	26	(24)	2	20	(18)	2	0
Relative Value	26	(24)	2	21	(12)	9	(7)
Distressed Securities	17	(23)	(6)	25	(23)	2	(8)
Emerging Markets	14	(11)	3	16	(26)	(10)	13
Mortgage-backed security	21	(24)	(3)	10	(15)	(5)	2
Statistical Arbitrage	14	(8)	6	17	(16)	1	5
Long-only absolute return	9	(9)	0	5	(6)	(1)	1
Equity Hedged	8	(10)	(2)	15	(15)	0	(2)
Commodity Trading	13	(15)	(2)	14	(16)	(2)	0
Total	1,091	(1,120)	(29)	1,156	(1,241)	(85)	56

Statistical Trend Analysis

SUBSCRIPTIONS, REDEMPTIONS AND NET ASSET FLOWS BY INVESTMENT STRATEGY (CONTINUED)

Merger Arbitrage is an investment strategy that involves simultaneously buying and selling the stocks of two merging companies. It is a type of event driven investment strategy that seeks to exploit pricing inefficiencies that may occur before or after a corporate event, such as bankruptcy, merger, acquisition or spinoff. During 2017, there was a net inflow of funds as subscriptions exceeded redemptions by US\$4 billion after experiencing no growth in 2016. Funds that follow a Macro Investment strategy invest in long and short positions in various equity, fixed income, currency, commodities and futures markets based on the overall economic and political views of various countries or their macroeconomic principles. In 2017, there was a net asset inflow of US\$4 billion compared to no increase in the prior year. Multi-Managers refers to the multiple involvement of different managers in the investment strategy of a fund, are typically overseen by an investment advisor and generally incur higher fees because of the involvement of many managers. In 2017, there was a net outflow of US\$1 billion compared to US\$2 billion in 2016.



Investment Strategy	2017 Subscriptions (US\$ Billions)	2017 Redemptions (US\$ Billions)	2017 Net Asset Flows (US\$ Billions)	2016 Subscriptions (US\$ Billions)	2016 Redemptions (US\$ Billions)	2016 Net Asset Flows (US\$ Billions)	Change in Net Asset Flows (US\$ Billions)
Equity Market Neutral	12	(9)	3	10	(9)	1	2
Activism	3	(5)	(2)	5	(5)	0	(2)
Managed Futures	8	(8)	0	9	(6)	3	(3)
Macro Investment	8	(4)	4	6	(6)	0	4
Insurance Linked Securities	5	(4)	1	3	(2)	1	0
Private Equity	3	(1)	2	3	(1)	2	0
Volatility Arbitrage	4	(2)	2	6	(5)	1	1
Merger & Other Arbitrage	6	(2)	4	4	(4)	0	4
Multi-Manager	2	(3)	(1)	0	(2)	(2)	1
Market Neutral	4	(5)	(1)	3	(4)	(1)	0
Convertible Arbitrage	3	(3)	0	1	(2)	(1)	1
Passive mgt/Index tracking	2	(2)	0	3	(3)	0	0
Real Estate	1	(1)	0	2	(1)	1	(1)
Foreign Exchange	0	(1)	(1)	0	0	0	(1)
Other	38	(43)	(5)	9	(16)	(7)	2
Total	99	(93)	6	64	(66)	(2)	8
Total from Figure 14	1,091	(1,120)	(29)	1,156	(1,241)	(85)	56
Grand Total	1,190	(1,213)	(23)	1,220	(1,307)	(87)	64

Statistical Trend Analysis

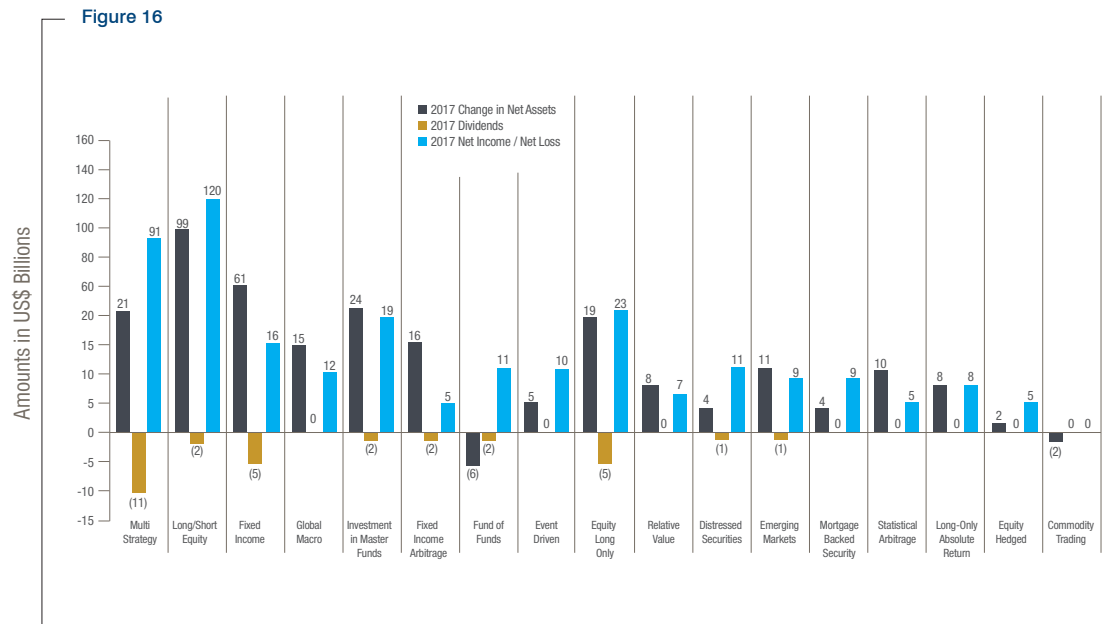
CHANGE IN NET ASSETS, DIVIDENDS & NET INCOME BY INVESTMENT STRATEGY

As a result of asset appreciation and higher net income during the year, total ending assets were US\$322 billion higher than at the beginning of the year despite net asset outflows of US\$23 billion. Investment performance and therefore net income is influenced by monetary policies which varied around the globe. Central banks in Europe and Japan maintained existing accommodative policies, while the Bank of England and the US Federal Reserve began to increase their respective interest rates.

The Federal Reserve's more aggressive monetary policy stance, however, was not enough to offset the depreciation of the US dollar, which declined 7% over the year and led to an increase in total net assets of foreign currency funds when converted to US dollars. Long/Short Equity securities saw the largest increase with ending net assets at year end of US\$746 billion an increase of US\$99 billion over the beginning net asset amount of US\$647 billion.

Net income for this strategy type was US\$120 billion compared to a net loss of US\$5 billion in 2016. Except for Fund of Funds, Commodity Trading, Insurance Linked Securities and Foreign Exchange, all other strategy types reported higher ending net assets.

Net income for the year was US\$383 billion compared to US\$128 billion in 2016 and only Foreign Exchange funds reported a loss during the year. Total dividends distributed was US\$38 billion, up from US\$30 billion in 2016.



Investment Strategy (Amounts in US\$ billions)	2017 Opening Net Assets	2017 Ending Net Assets	2017 Change in Net Assets ²⁰	2017 Dividends	2016 Dividends	2017 Net Income/ Net Loss	2016 Net Income/ Net Loss
Multi-Strategy	1,001	1,022	21	(11)	(4)	91	38
Long/Short Equity	647	746	99	(2)	(2)	120	(5)
Fixed Income	339	400	61	(5)	(5)	16	15
Global Macro	318	333	15	0	0	12	20
Investment in Master Funds	195	219	24	(2)	0	19	10
Fixed Income Arbitrage	109	125	16	(2)	(1)	5	5
Fund of Funds	131	125	(6)	(2)	(1)	11	0
Event Driven	119	124	5	0	(1)	10	3
Equity Long Only	100	119	19	(5)	(5)	23	6
Relative Value	96	104	8	0	0	7	7
Distressed Securities	93	97	4	(1)	(3)	11	10
Emerging Markets	56	67	11	(1)	0	9	2
Mortgage-backed security	70	74	4	0	0	9	3
Statistical Arbitrage	45	55	10	0	(1)	5	3
Long-only absolute return	37	45	8	0	(1)	8	2
Equity Hedged	36	38	2	0	0	5	0
Commodity Trading	35	33	(2)	0	0	0	1
Total	3,427	3,726	299	(31)	(24)	361	120

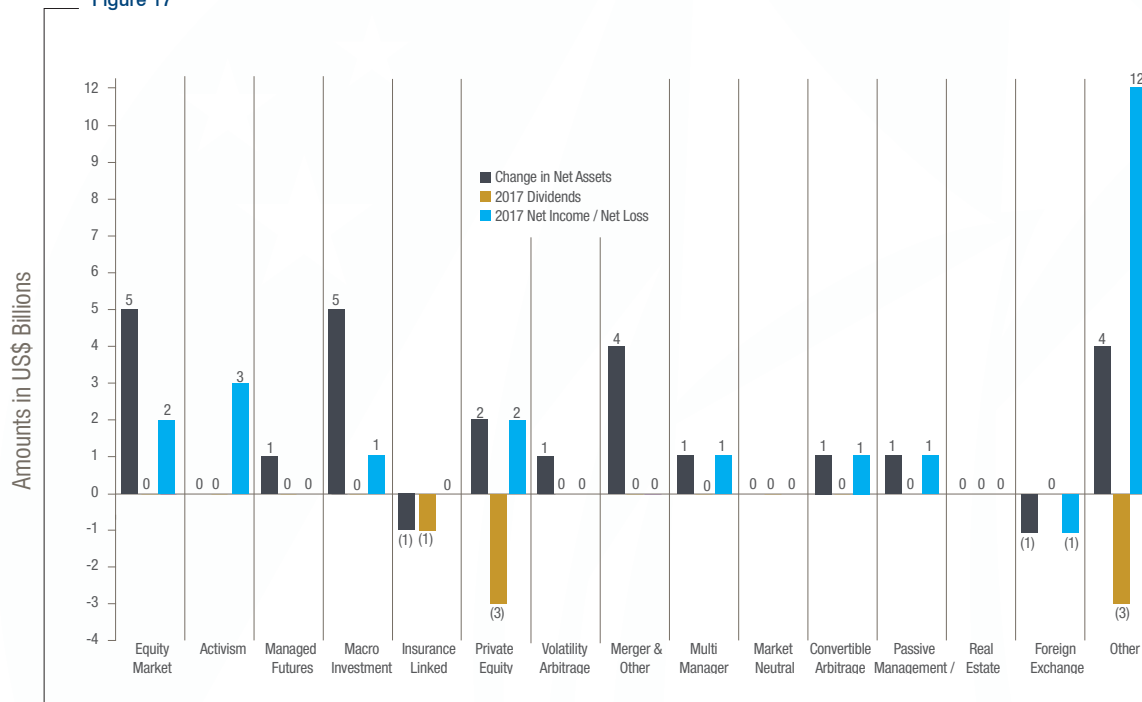
²⁰ Calculated as 2017 Ending Net Assets minus 2017 Opening Net Assets

Statistical Trend Analysis

CHANGE IN NET ASSETS, DIVIDENDS & NET INCOME BY INVESTMENT STRATEGY (CONTINUED)

Equity Market Neutral which describes an investment strategy where the manager attempts to exploit differences in stock prices by being long and short in closely related stocks, within the same sector, industry and country reported ending net assets of US\$32 billion in 2017 an increase of US\$5 billion. Unlike the prior year in which total losses were US\$2 billion, in 2017 net income was US\$2 billion. Private Equity is an alternative investment class and consists of capital that is not listed on a public exchange. The boom years for private equity occurred just before the financial crisis and that asset class continues to offer investment opportunities, as pension funds and other investors provide a line of credit for companies that are unable to tap into the corporate bond market. Total ending assets at year end were US\$15 billion with net income and dividends consistent with the prior year amounts of US\$2 billion and US\$3 billion, respectively.

Figure 17



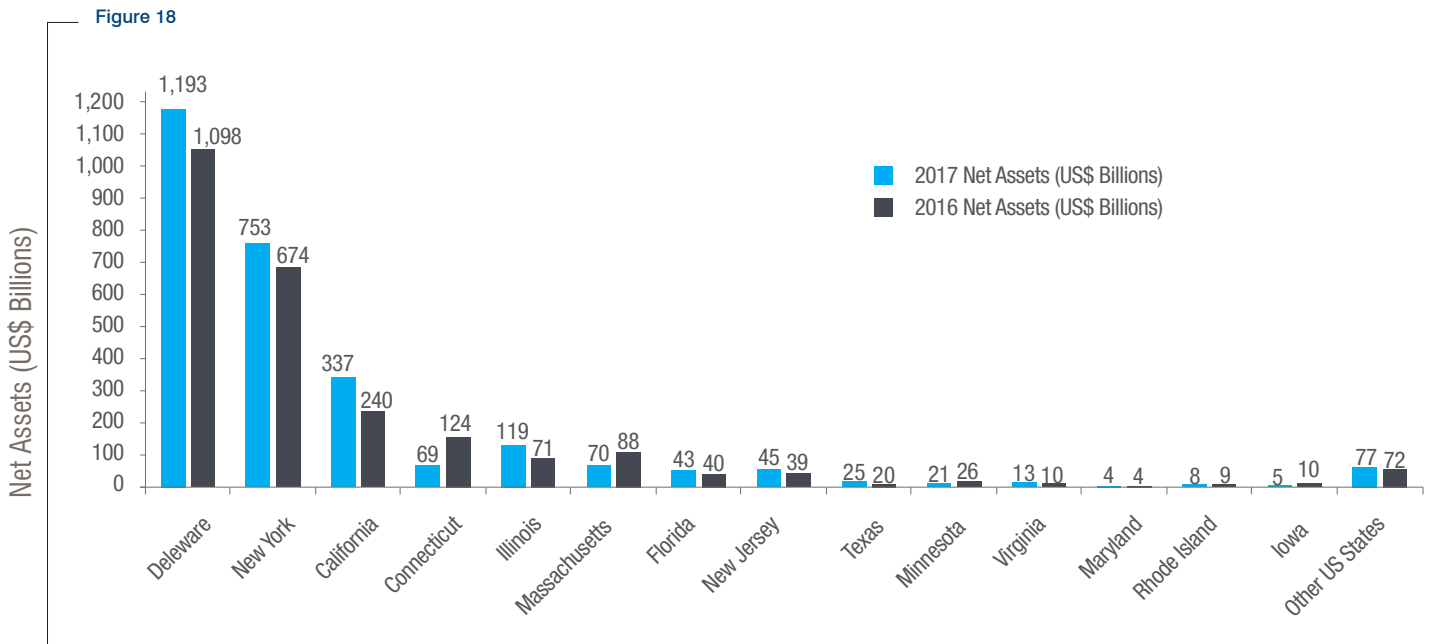
Investment Strategy (Amounts in US\$ billions)	2017 Opening Net Assets	2017 Ending Net Assets	2017 Change in Net Assets ²¹	2017 Dividends	2016 Dividends	2017 Net Income/ Net Loss	2016 Net Income/ Net Loss
Equity Market Neutral	27	32	5	0	0	2	(2)
Activism	27	27	0	0	(2)	3	2
Managed Futures	19	20	1	0	0	0	0
Macro Investment	14	19	5	0	0	1	1
Insurance Linked Securities	16	15	(1)	(1)	0	0	1
Private Equity	13	15	2	(3)	(3)	2	2
Volatility Arbitrage	13	14	1	0	0	0	0
Merger & Other Arbitrage	8	12	4	0	0	0	0
Multi-Manager	11	12	1	0	0	1	0
Market Neutral	11	11	0	0	0	0	0
Convertible Arbitrage	9	10	1	0	0	1	1
Passive management/Index tracking	5	6	1	0	(1)	1	(1)
Real Estate	6	6	0	0	0	0	1
Foreign Exchange	3	2	(1)	0	0	(1)	0
Other	102	106	4	(3)	0	12	3
Total	284	307	23	(7)	(6)	22	8
Total from Figure 16	3,427	3,726	299	(31)	(24)	361	120
Grand Total	3,711	4,033	322	(38)	(30)	383	128

²¹ Calculated as 2017 Ending Net Assets minus 2017 Opening Net Assets

Statistical Trend Analysis

NET ASSETS BY INVESTMENT MANAGER LOCATION - USA

The number of funds managed by companies in the United States were down by 55 (2016: up 201) but total net assets at US\$2,782 billion were higher than in 2016. Companies in Delaware and New York, which manage 48.25% of net assets, remain the top two locations as investment managers concentrate in locations where the industry began. Total net assets of US\$119 billion (2016: US\$71 billion) were managed by Illinois companies and reported the largest increase of 67.61%, followed by California which reported an increase in the number and total assets managed of US\$337 billion or 40.42% higher than 2016. The number of funds managed by companies in Iowa was up by one but total assets decreased by 50% to US\$5 billion from US\$10 billion.

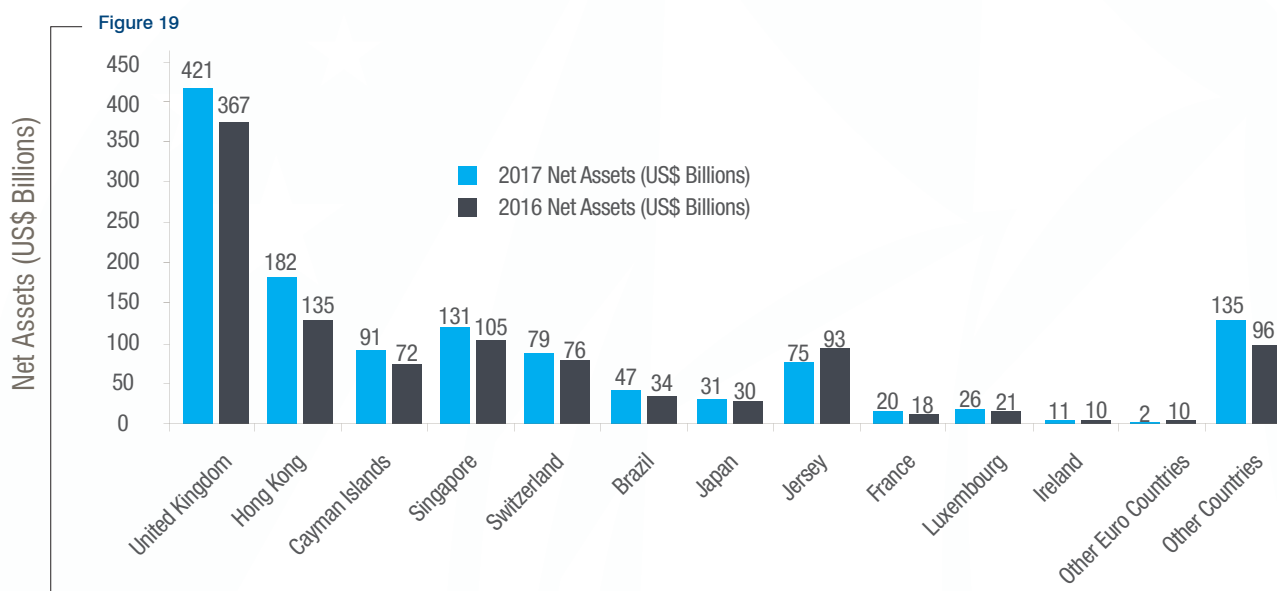


Investment Manager Location	2017 Number of Funds	2017 Net Assets (US\$ Billions)	2017 % Allocated	2016 Number of Funds	2016 Net Assets (US\$ Billions)	2016 % Allocated	\$ Change (US\$ Billions)	% Change
Delaware	2,100	1,193	29.58%	2,067	1,098	30.57%	95	8.65%
New York	1,352	753	18.67%	1,390	674	18.76%	79	11.72%
California	468	337	8.36%	459	240	6.68%	97	40.42%
Connecticut	191	69	1.71%	230	124	3.45%	(55)	-44.35%
Illinois	176	119	2.95%	169	71	1.98%	48	67.61%
Massachusetts	175	70	1.74%	139	88	2.45%	(18)	-20.45%
Florida	106	43	1.07%	114	40	1.11%	3	7.50%
New Jersey	87	45	1.12%	98	39	1.09%	6	15.38%
Texas	64	25	0.62%	74	20	0.56%	5	25.00%
Minnesota	48	21	0.52%	47	26	0.72%	(5)	-19.23%
Virginia	32	13	0.32%	35	10	0.28%	3	30.00%
Maryland	9	4	0.10%	15	4	0.11%	0	0.00%
Rhode Island	6	8	0.20%	6	9	0.25%	(1)	-11.11%
Iowa	6	5	0.12%	5	10	0.28%	(5)	-50.00%
Other US states	307	77	1.91%	334	72	2.00%	5	6.94%
Total USA	5,127	2,782	68.98%	5,182	2,525	70.29%	257	10.18%

Statistical Trend Analysis

NET ASSETS BY INVESTMENT MANAGER LOCATION - OTHER

Total ending net assets managed in other countries were higher than 2016, except for Jersey (down US\$18 billion) and other Euro countries such as Germany, the Netherlands and Spain (down US\$8 billion). The number of funds managed by other Euro countries remained at 23 but total assets decreased to US\$2 billion down from US\$10 billion in 2016. Brazil and Hong Kong reported growth in ending net assets managed of 38.24% and 34.81% respectively, although the number of funds managed in Brazil was down by 8 and those managed in Hong Kong were up by 63. The United Kingdom (UK) remained the largest asset management center in Europe and is globally second only to the US. However, the uncertain political backdrop and the prospect of more turbulence as the UK navigates the Brexit negotiations are concerning for UK fund managers, especially where assets are managed in the UK for funds domiciled in the European Union. The outcome of the negotiations is likely to affect the number of investment managers that remain in the UK.

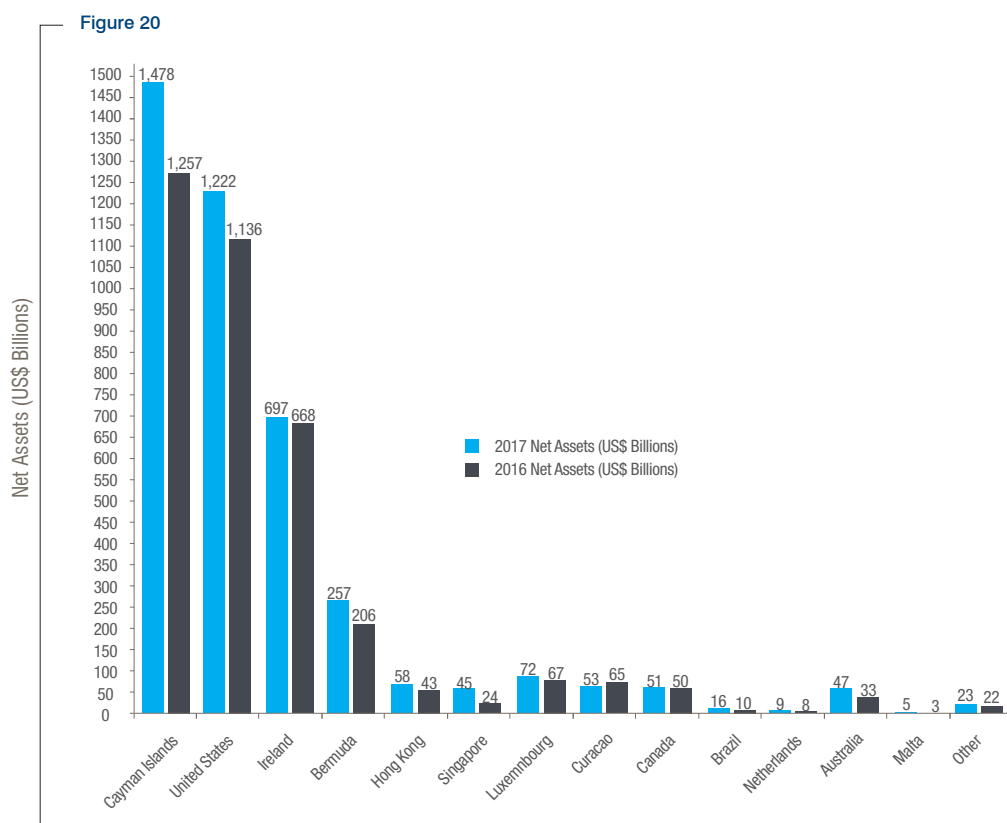


Investment Manager Location	2017 Number of Funds	2017 Net Assets (US\$ Billions)	2017 % Allocated	2016 Number of Funds	2016 Net Assets (US\$ Billions)	2016 % Allocated	\$ Change (US\$ Billions)	% Change
United Kingdom	1,007	421	10.44%	999	367	10.22%	54	14.71%
Hong Kong	809	182	4.51%	746	135	3.76%	47	34.81%
Cayman Islands	532	91	2.26%	529	72	2.00%	19	26.39%
Singapore	383	131	3.25%	372	105	2.92%	26	24.76%
Switzerland	226	79	1.96%	237	76	2.12%	3	3.95%
Brazil	182	47	1.17%	190	34	0.95%	13	38.24%
Japan	141	31	0.77%	135	30	0.84%	1	3.33%
Jersey	88	75	1.86%	78	93	2.59%	(18)	-19.35%
France	35	20	0.50%	34	18	0.50%	2	11.11%
Luxembourg	27	26	0.64%	31	21	0.58%	5	23.81%
Ireland	16	11	0.27%	12	10	0.28%	1	10.00%
Other Euro countries	23	2	0.05%	23	10	0.28%	(8)	-80.00%
Other countries	727	135	3.34%	756	96	2.67%	39	40.63%
Total - Other	4,196	1,251	31.02%	4,142	1,067	29.71%	184	17.24%
Total - USA	5,127	2,782	68.98%	5,182	2,525	70.29%	257	10.18%
Grand Total	9,323	4,033	100%	9,324	3,592	100%	441	12%

Statistical Trend Analysis

NET ASSET VALUE (NAV) CALCULATION LOCATION

The number of funds using Cayman Islands companies offering NAV calculation services increased by 98 and total ending net assets were US\$1,478 billion, up 17.5% from 2016. This represents over a third of all NAV calculation locations and the Cayman Islands reported the highest growth in terms of number of funds and ending net assets during the year. The US²² and Ireland are the second and third most popular destinations with 30.30% and 17.28% of ending net assets respectively. During 2017, NAV calculation services were provided to fewer funds in the US and Ireland but the total ending assets increased. NAV calculation services provided by companies in Curacao continued to decrease with one fewer fund and net assets which were as high as US\$115 billion in 2015 were down by US\$12 billion to US\$53 billion. In 2017, Malta became a top 15 location providing NAV calculation services with 91 funds and US\$5 billion.

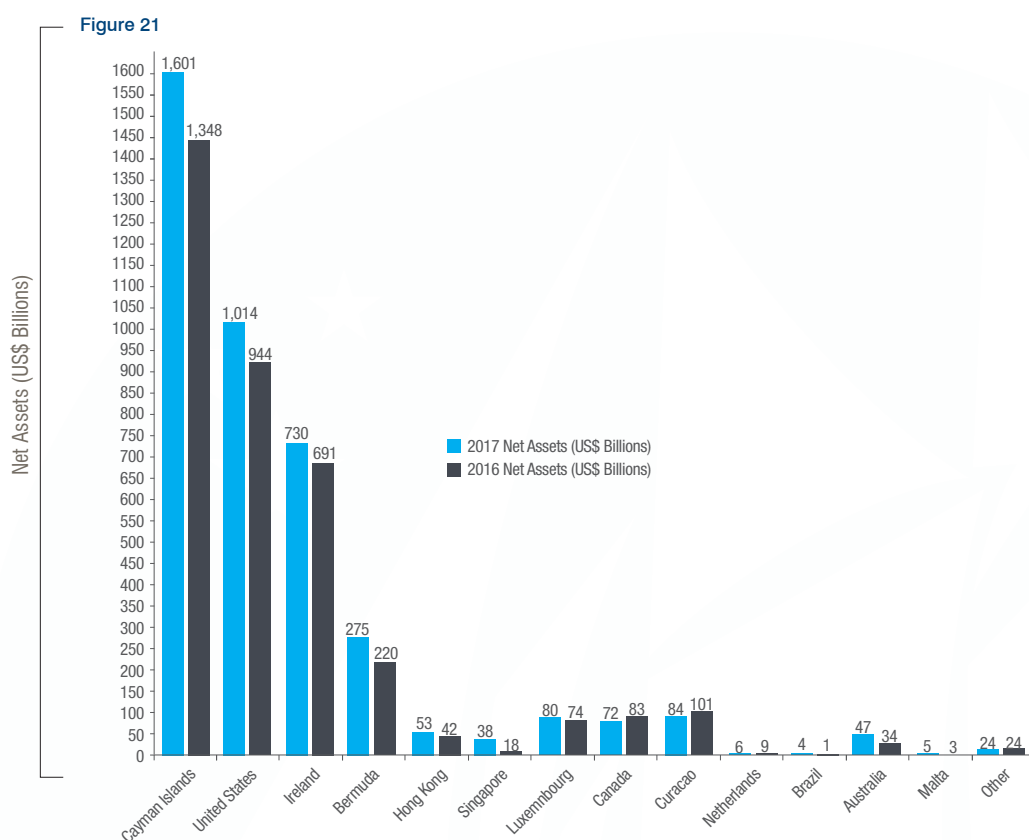


NAV Calculation Location	2017 Number of Funds	2017 Net Assets (US\$ Billions)	Percentage	2016 Number of Funds	2016 Net Assets (US\$ Billions)	Percentage
Cayman Islands	3,258	1,478	36.65%	3,160	1,257	34.99%
United States	2,545	1,222	30.30%	2,592	1,136	31.63%
Ireland	1,379	697	17.28%	1,481	668	18.60%
Bermuda	656	257	6.37%	606	206	5.73%
Hong Kong	345	58	1.44%	317	43	1.20%
Singapore	228	45	1.12%	178	24	0.67%
Luxembourg	191	72	1.79%	211	67	1.87%
Curacao	123	53	1.31%	124	65	1.81%
Canada	102	51	1.26%	119	50	1.39%
Brazil	98	16	0.40%	106	10	0.28%
Netherlands	53	9	0.22%	50	8	0.22%
Australia	20	47	1.17%	30	33	0.92%
Malta	91	5	0.12%	75	3	0.08%
Other	234	23	0.57%	275	22	0.61%
Total	9,323	4,033	100%	9,324	3,592	100%

²² Top five USA states: New York, Massachusetts, Delaware, Pennsylvania and Connecticut

Statistical Trend Analysis

REGISTRAR AND TRANSFER AGENT (RTA) LOCATION



The number of funds using the Cayman Islands for Registrar and Transfer Agent services increased to 3,615 in 2017 and total ending net assets was US\$1,601 billion or 18.76% higher than 2016. This equates to providing services to funds representing about 40% of total assets. The number of funds using Registrar and Transfer Agents in the US²³ and Ireland was lower than in the prior year, but total ending assets was higher. As with NAV calculation services, the Cayman Islands saw the highest growth in terms of the number and ending net asset of funds while the number of funds receiving Registrar and Transfer Agent services from companies in Canada decreased by 32 and total net assets were US\$11 billion lower. However, the number of funds with RTA in Bermuda increased by 40 with assets of US\$275 billion compared to US\$220 billion in 2016.

RTA Location	2017 Number of Funds	2017 Net Assets (US\$ Billions)	Percentage	2016 Number of Funds	2016 Net Assets (US\$ Billions)	Percentage
Cayman Islands	3,615	1,601	39.70%	3,508	1,348	37.53%
United States	2,071	1,014	25.14%	2,092	944	26.28%
Ireland	1,411	730	18.10%	1,529	691	19.24%
Bermuda	678	275	6.82%	638	220	6.12%
Hong Kong	331	53	1.31%	317	42	1.17%
Singapore	262	38	0.94%	206	18	0.50%
Luxembourg	218	80	1.98%	237	74	2.06%
Canada	176	72	1.79%	208	83	2.31%
Curacao	120	84	2.08%	124	101	2.81%
Netherlands	57	6	0.15%	56	9	0.25%
Brazil	23	4	0.10%	22	1	0.03%
Australia	22	47	1.17%	31	34	0.95%
Malta	91	5	0.12%	74	3	0.08%
Other	248	24	0.60%	282	24	0.67%
Total	9,323	4,033	100%	9,324	3,592	100%

²³Top five US states: New York, Massachusetts, Delaware, Connecticut and Pennsylvania

STATISTICAL STAND-ALONE ANALYSIS

NAV & RTA SUB-DELEGATED LOCATION

NAV and RTA services offered by Cayman Islands companies are sub-delegated to a number of other countries with Singapore, Canada, Hong Kong and Ireland being the most popular locations. Fund administration encompasses the middle- and back-office functions necessary to operate the fund, and includes clerical and fund accounting services, data processing, recordkeeping, internal audits, and compliance and risk management functions. The primary motivation behind this arrangement is cost, with these countries providing economies of scale for back office and other administrative functions that cannot be achieved in the Cayman Islands.

Figure 22

NAV Sub-delegated Location	2017 Number of Funds	2017 Net Assets (US\$ Millions)	2016 Number of Funds	2016 Net Assets (US\$ Millions)
Singapore	233	39,353	205	25,014
Canada	203	173,199	212	177,039
Hong Kong	192	37,354	205	31,273
Ireland	187	91,539	145	68,504
United States ²⁴	142	58,165	136	49,146
Australia	24	1,985	24	873
Cayman Islands	23	8,202	19	8,293
Luxembourg	11	1,398	10	1,504
Netherlands	10	1,770	8	1,302
United Arab Emirates	4	320	5	276
South Africa	1	17	2	78
Bermuda	1	104	1	118
Brazil	1	400	1	426
Isle of Man	0	0	1	18
Malta	0	0	1	1
Mauritius	0	0	1	2
Other	2,226	1,064,343	2,184	893,549
Total	3,258	1,478,149	3,160	1,257,416

Figure 23

RTA Sub-delegated Location	2017 Number of Funds	2017 Net Assets (US\$ Millions)	2016 Number of Funds	2016 Net Assets (US\$ Millions)
Hong Kong	193	33,736	186	25,742
Ireland	188	79,134	143	60,670
Singapore	179	25,840	163	14,538
Canada	169	84,358	154	77,562
United States ²⁵	49	15,997	31	7,512
Australia	20	1,711	20	663
Cayman Islands	14	7,086	12	7,363
Netherlands	10	1,770	8	1,302
United Arab Emirates	4	320	5	276
South Africa	2	94	3	143
Luxembourg	1	130	9	1,503
Isle of Man	0	0	1	18
Malta	0	0	1	0
Mauritius	1	143	1	2
Other	2,785	1,350,527	2,771	1,150,285
Total	3,615	1,600,846	3,508	1,347,579

²⁴Top US states for NAV sub-delegated: New Jersey, New York, Delaware, North Carolina and California

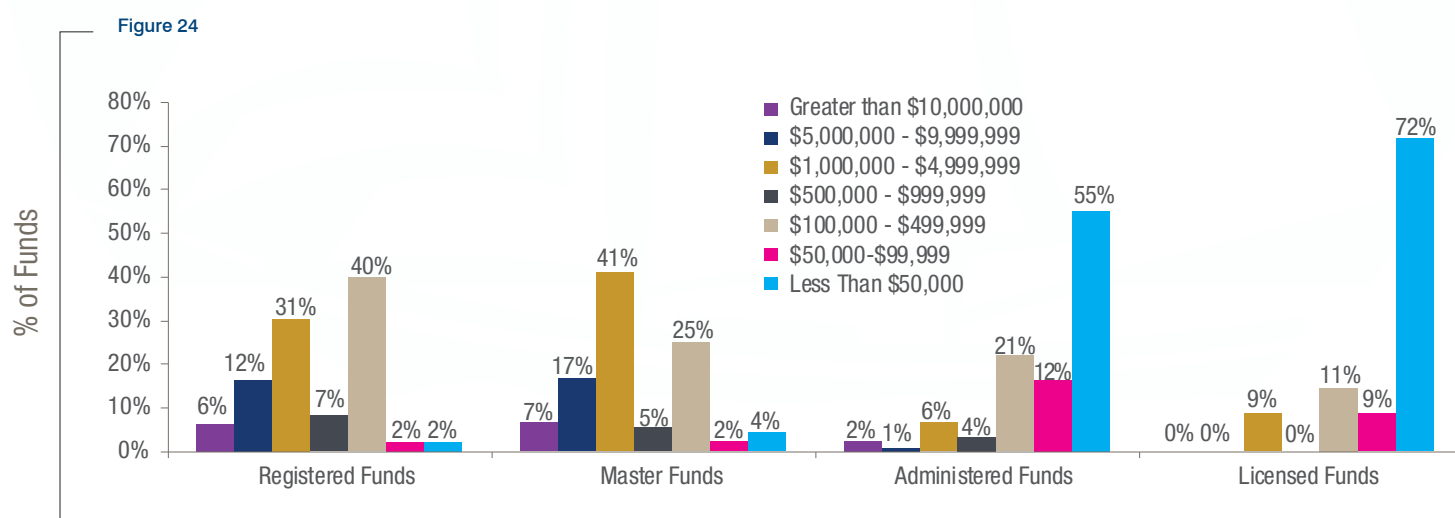
²⁵Top US states for RTA sub-delegated: New York, Illinois, California, Delaware and Pennsylvania

STATISTICAL STAND-ALONE ANALYSIS

MINIMUM INITIAL SUBSCRIPTION

The majority or 40% of Registered Funds, which cater to institutional as well as high net worth individuals, require a minimum initial subscription of between US\$100,000 to US\$499,999. Master Funds, which are funded by feeder funds, require a higher minimum initial subscription of between US\$1,000,000 and US\$4,999,999 for the majority or 41% of funds. Administered Funds require less than US\$50,000 for 55% of funds in that category and Licensed Funds also known as retail funds also require minimum initial subscription of less than US\$50,000 for the majority or 72% of funds.

Minimum Initial Subscription Amount (US\$)	Registered Funds	%	Master Funds	%	Administered Funds	%	Licensed Funds	%
Greater than \$10,000,000	399	6%	173	6%	5	2%	0	0%
\$5,000,000 - \$9,999,999	727	12%	438	17%	2	1%	0	0%
\$1,000,000 - \$4,999,999	1,969	31%	1,087	41%	18	6%	7	9%
\$500,000 - \$999,999	459	7%	127	5%	11	4%	0	0%
\$100,000 - \$499,999	2,536	40%	643	25%	64	21%	9	11%
\$50,000-\$99,999	133	2%	49	2%	35	11%	7	8%
Less Than \$50,000	95	2%	107	4%	165	55%	58	72%
Total	6,318	100%	2,624	100%	300	100%	81	100%



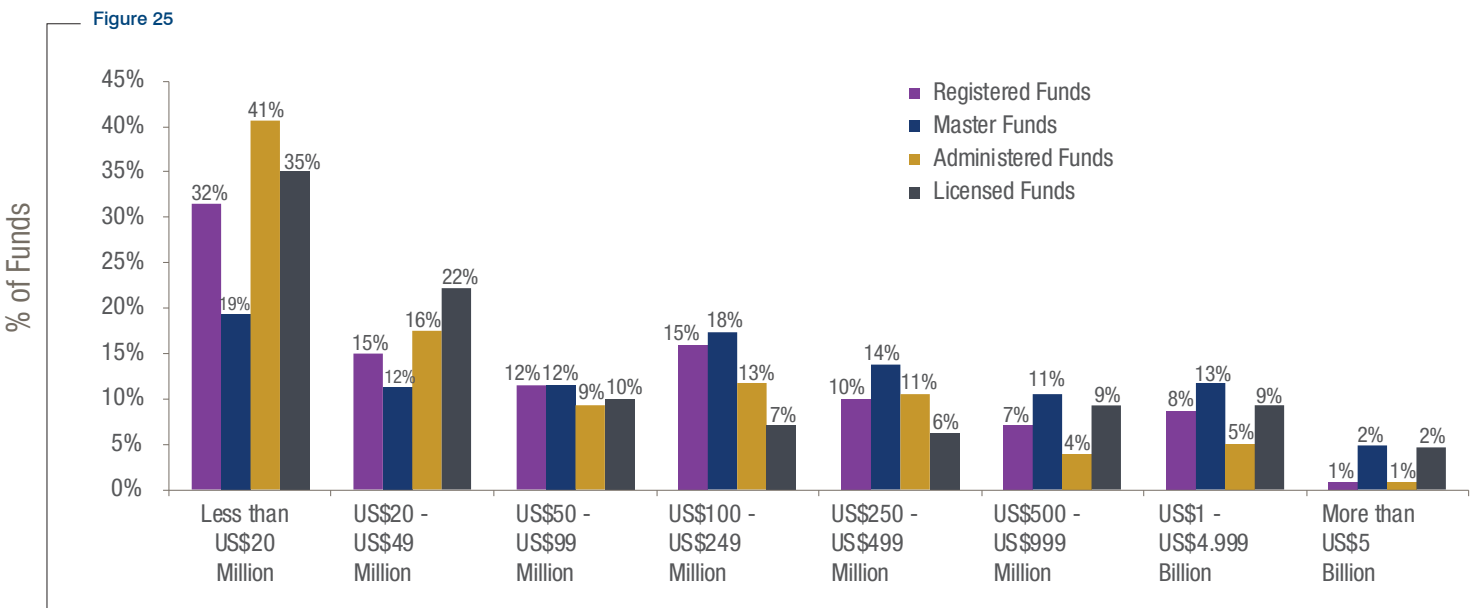
STATISTICAL TREND ANALYSIS

FUND SIZE BY TOTAL ASSETS

The distribution of fund sizes was consistent with the trend over the past three years. There were 2,644 funds with total assets less than US\$20 million which is considered mid-size by industry standards. About one third of the Registered Funds had total assets with less than US\$20 million and seven funds with total assets in excess of US\$20 billion. 19% of the Master Funds had total assets of less than US\$20 million and 18% were between US\$100 to US\$249 million. There were three Master Funds with total assets in excess of US\$20 billion. The majority of Administered (41%) and Licensed Funds (35%) also had total assets of less than US\$20 million.

There were two Administered and two Licensed Funds with total assets in excess of US\$5 billion. Over the past two years, net income and asset appreciation has contributed to the increase in total assets but mutual funds which are waning in popularity will continue to face headwinds as redemptions exceed subscriptions which may lead to falling fund size. Other factors such as rising interest rates, which make alternative investments more attractive relative to mutual funds, accelerating international growth and geopolitical developments will also affect the size of the fund business.

Fund Size (US\$ Millions)	Registered Funds	%	Master Funds	%	Administered Funds	%	Licensed Funds	%
Less than US\$20 million	2,005	32%	487	18%	124	41%	28	35%
US\$20 - US\$49 million	917	15%	315	12%	48	16%	18	22%
US\$50 - US\$99 million	777	12%	323	12%	27	9%	8	10%
US\$100 - US\$249 million	969	15%	468	18%	38	13%	6	7%
US\$250 - US\$499 million	637	10%	358	14%	33	11%	5	6%
US\$500 - US\$999 million	471	7%	286	11%	13	4%	7	9%
US\$1 - US\$4.999 billion	497	8%	338	13%	15	5%	7	9%
More than US\$5 billion	45	1%	49	2%	2	1%	2	2%
Total	6,318	100%	2,624	100%	300	100%	81	100%



STATISTICAL TREND ANALYSIS

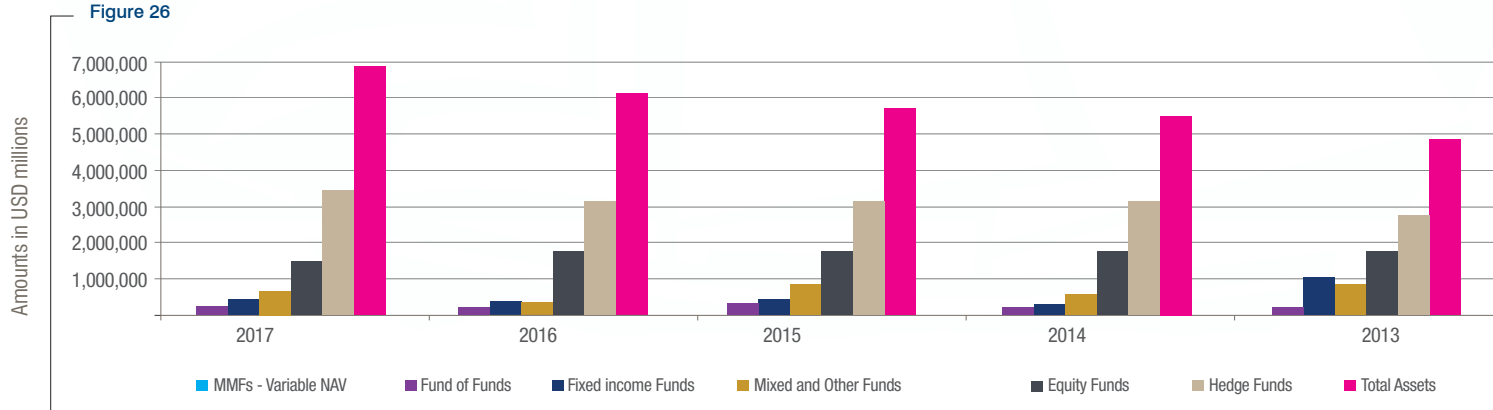
ECONOMIC FUNCTIONS OF INVESTMENT FUNDS

CIMA continued its participation in the annual Non-Bank Financial Intermediation (NBFI) monitoring exercise conducted by the Financial Stability Board (FSB). The comprehensive monitoring of global trends, innovations, adaptations and risks of NBFI is a key priority for the FSB and an important element of its efforts to enhance the resilience of non-bank financial intermediation.

The annual monitoring exercise seeks to assess global trends and risks in NBFI, and to identify financial entity types or activities for which size or rapid growth, in combination with heightened risks, may call for policy responses by the relevant authorities. This monitoring exercise also helps authorities deepen their understanding of NBFI and identify areas for further improvements in data availability and analysis. NBFI (previously referred to as Shadow Banking) is defined as credit intermediation involving entities and activities (fully or partial) outside the regular banking system. Mitigating the build-up of systemic risk, strengthening overall financial stability oversight and ultimately transforming NBFI into “resilient market-based financing” are key financial reform priorities for the G20 countries and the FSB. As detailed below, the total assets of Cayman Islands hedge funds²⁶ continue to increase.

Economic Functions	2017 (US\$ millions)	2016 (US\$ millions)	2015 (US\$ millions)	2014 (US\$ millions)	2013 (US\$ millions)
Money Market Funds - variable NAV ²⁷	5	2	4	5	4
Fund of Funds	229	231	246	275	64
Fixed Income Funds	536	436	364	306	466
Mixed and Other Funds	692	431	685	695	953
Hedge funds	3,825	3,255	2,904	2,917	2,588
Total Potential Credit Intermediation	5,287	4,355	4,203	4,198	4,075
Equity Funds²⁸	1,649	1,787	1,504	1,407	925
Total Assets	6,936	6,142	5,707	5,605	5,000

Figure 26



²⁶Hedge Funds as defined for the NBFI Monitoring Project are funds with a gross leverage ratio (GNE/NAV) exceeding 125%.

²⁷While CIMA is able to collect statistics from funds on their investments in money market instruments, the MMFs – variable NAV represents CIMA's preliminary assessment of these types of funds, from limited information submitted through the FAR reporting. However to improve the accuracy of the report, further work is needed in obtaining specific information on the type of funds classified as money market funds, through enhancements to the FAR. Money market funds include commercial paper, T-bills and certificates of deposits but exclude cash and due to/from brokers.

²⁸Equity Funds invest principally in equity securities and therefore are assessed as not engaging in credit intermediation

Glossary of Terms

Activism – investors targeting companies they believe are undervalued based on financial statement statistics or investment managers that are equipped with more suitable financial incentives and organizational structures for pursuing agendas such as corporate governance.

Arbitrage – a fund which tries to take advantage of price discrepancies for the same asset in different markets. Convertibles are hybrid securities that combine a straight bond with an equity option.

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.

Blockchain – continuously growing list of records, called blocks, which are linked and secured using cryptography. An open, distributed ledger that can record transactions between two parties efficiently and in a verifiable and permanent way.

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, which two parties have agreed to trade at a predetermined price.

Collateralised Swaps – financial security collateralised by swaps of different maturities and credit quality and issued in tranches representing the order in which losses from the portfolio are distributed.

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 fund's net asset or equity to the shareholders, declared by the fund's board of directors.

Dynamic Trading – a strategy that involves rebalancing hedge positions as market conditions change.

Economic Function – as defined by the Financial Stability Board, one of the five areas in which the activities of Shadow Banking can be classified.

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

Equity Hedged – buys stocks that are undervalued and short-sells stocks that are overvalued.

Equity Market Neutral – hedge fund strategy that seeks to exploit investment opportunities unique to some specific group of stocks while maintaining a neutral exposure to broad groups of stocks defined for example by sector, industry, market capitalisation, country or region.

Event Driven Strategy – a strategy that seeks to exploit relative

mispricing 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 (2014 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 (2011 Revision) a trust where none of the beneficiaries is not and is not likely at any time to be resident or domiciled in the Islands.

FAR – Is the Fund Annual Return which is required to be filed with CIMA pursuant to the Mutual Funds (Annual Returns) Regulations (2018 Revision).

FinTech – Financial technology that aims to compete with traditional financial methods in the delivery of financial services

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

Foreign Exchange – purchase and sale of foreign currencies to meet investment objectives.

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 include currency fluctuations and political and economic instability.

Global Trading – closed-end or exchange traded fund that can invest in companies located anywhere in the world, including the investor's own country. These funds provide more global opportunities for diversification and act as a hedge against inflation and currency risks.

Gross Notional Exposure – a measure of the economic or market exposure of the funds' positions including the value of leveraged assets.

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

Glossary of Terms (CONTINUED)

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).

Insurance Linked Securities – financial instruments whose values are driven by insurance loss events.

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

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

Leverage – the use of various financial instruments or borrowed capital, such as margin, to increase the potential return of an investment

Long-only absolute return – funds that aim to deliver positive return regardless of market conditions by balancing traditional longer-term equity investments with other investment techniques with the aim of continuing to generate a positive return even when the value of a market falls.

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.

Managed Futures – investment in government securities, futures contracts and options on futures contracts.

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

Master Fund – as defined under the Mutual Funds Law (2015 Revision) means a company, partnership or unit trust that -

- a) is established or incorporated, as the case may be, in the Islands;
- b) issues equity interests to one or more investors;
- c) holds investments and conducts trading activities for the principal purpose of implementing the overall investment strategy of the regulated feeder fund;
- d) has one or more regulated feeder funds either directly or through an intermediary entity established to invest in the master fund; and
- e) is not licensed under the Banks and Trust Companies Law (2016 Revision) or the Insurance Law, 2010, or registered under the Building

Societies Law (2014 Revision) or the Friendly Societies Law (1998 Revision).

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.

Mortgage-backed securities – an asset-backed security whose cash flows are backed by the principal and interest payments of a set of mortgage loans.

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 (2015 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 (2013 Revision) or an Exempted Limited Partnership registered under the Exempted Limited Partnership Law (2014 Revision) that conducts mutual fund administration outside the Islands.

Net Asset Value (NAV) – the monetary market value of a 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.

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 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.

Passive Management/Index – managing of a mutual fund by relying on automatic adjustments such as tracking index instead of making personal judgments.

Glossary of Terms (CONTINUED)

Plain Vanilla Securities - The most basic or standard version of a financial instrument.

Private Equity – collective investment scheme used for making investments in various equity (and to a lesser extent debt) securities of companies that are not publicly traded or on an exchange.

Real Estate Mutual Fund – type of investment made up of securities usually stocks, of companies that purchase real estate with money collected from investors.

REEFS – Regulatory Enhanced Electronic Forms Submissions – e-reporting system used by CIMA to receive FAR, offering documents, new applications and registrations and changes to existing license information such as directors, investment managers and addresses.

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 on-going basis.

Registrar of Companies – a government body that is within the Cayman Island's General Registry. Registration is governed by the Companies Law (2018 Revision). It is responsible for registration of companies, limited partnerships and exempted trusts.

Return on Gross 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.

Shadow Banking – the Financial Stability Board broadly defines shadow banking as credit intermediation involving entities and activities that are outside of the official banking system.

Short position – investment strategy whereby the investment manager sells shares of borrowed stock in the open market with the expectation that the price of the stock will decrease over time at which point the shares are repurchased in the open market and returned to the owner

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

Subscription – the act of institutional or individual investors purchasing equity interests of a 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



Cayman Islands Monetary Authority

PO Box 10052

80 Shedden Road

Elizabethan Square

Grand Cayman KY1 - 1001

CAYMAN ISLANDS

General Office: 345-949-7089

Fax: 345-949-9730

www.cima.ky