



“Continually enhancing the Cayman Islands Monetary Authority’s position as a financial services regulator of EXCELLENCE...”

— 2015 —

INVESTMENTS STATISTICAL DIGEST



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Introduction

At the end of 2015, the total number of funds registered/licensed under the Mutual Funds Law (2015 Revision) of the Cayman Islands was 10,940 compared to 11,010 in 2014, a decline of less than 1%. See Figure 2.

Key Points:

Master Funds	2,805	(2014: 2,685)
Registered Funds	7,654	(2014: 7,835)
Administered Funds	380	(2014: 386)
Licensed Funds	101	(2014: 104)

Despite a decline in the total number of funds authorised in 2015, total assets increased by 1.8% and net asset value increased by 3%. However, there was a 59% decline in net income year on year and this reflects the continued economic weakness in the global economy.

Total Assets:	US\$5.707 trillion	(2014: US\$5.604 trillion)
Net Asset Value (NAV):	US\$3.575 trillion	(2014: US\$3.470 trillion)
Net Income:	US\$76 billion	(2014: US\$185 billion)

The United States remains the top location for investment managers and accounted for 4,981 funds with US\$2.545 trillion or 71% of total NAV. Delaware firms were reported as managers for 1,842 funds or 28% of NAV, a change from prior years, when New York was the most popular destination for investment managers. The United Kingdom remained the top location for investment managers outside the US, accounting for 949 funds or US\$337 billion, representing 9% of total ending NAV in 2015.

In 2015, the Cayman Islands became the most popular destination for NAV calculation services surpassing the United States and continues to be the most popular jurisdiction for Registrar and Transfer Agent Services.

Multi-Strategy, which remains the most popular investment strategy, reported a net increase in net assets of 6% at year end. Long/Short Equity, the second most popular strategy, saw an increase of 9% while investments in Fixed Income, which was the third most popular strategy, saw a 27% increase in net assets over 2014.

Changes in the regulatory environment continue to affect the funds sector with initiatives such as the European Union Alternative Investment Fund Managers Directive having a direct impact on the funds industry in the Cayman Islands. This is further addressed on page 25.



2015

2015 / 2014 Statistical Trend Analysis

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**US \$3.575
Trillion**
Net Asset Value

Statistical Trend Analysis

HIGHLIGHTS

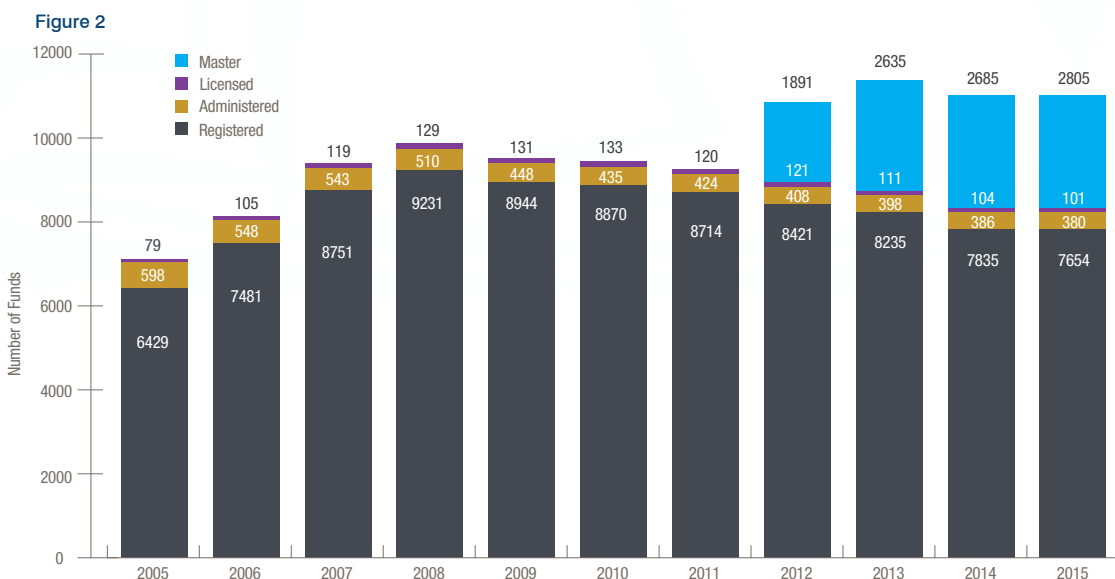
Following new legislation in 2012, when Master Funds were required to be registered, the total number of Cayman Islands funds rebounded to 11,379 in 2013 from 10,841 in 2012. Although, there has been a decline in the total number of funds for two consecutive years by 369 in 2014 and 70 in 2015, both total assets and net asset value increased by US\$10 billion in 2015. However, net income of US\$76 billion was down US\$109 billion or 59% from 2014 and the return on net assets declined to 2.1% compared to 5.3% in 2014. Total dividends of US\$28 billion also decreased by US\$2 billion when compared to 2014.

During the reporting period, global net assets under management increased from net inflows of capital. Total subscriptions were US\$1.334 trillion, an increase from US\$1.012 trillion in 2014 but redemptions were also higher at US\$1.202 trillion when compared to US\$802 billion in 2014.

During 2015, there were 8,935 submissions¹ with a financial year-end within the calendar year representing 82% (2014: 89%) of all funds regulated in the Cayman Islands. With the implementation of a new Fund Annual Return (FAR) form in 2015, the following additional qualitative information was received:

Leverage at 100% or more:	55% of Registered and Master Funds, 27% of the Administered Funds and 18% of Licensed Funds
Side pockets to separate illiquid assets:	4% of funds
Gate on redemptions:	5% of funds
Funds currently subject to regulatory investigation:	1%
Funds which redeemed equity shares during the year:	8%
Funds with intention to terminate:	12%

Figure 1 (amounts in US\$)	2015	2014
Total Assets ²	\$5.707 trillion	\$5.604 trillion
Net Asset Value	\$3.575 trillion	\$3.470 trillion
Total subscriptions	\$1.334 trillion	\$1.012 trillion
Total redemptions	\$1.202 trillion	\$802 billion
Net Income	\$76 billion	\$185 billion
Dividends	\$28 billion	\$30 billion
Total performance fees	\$16 billion	\$18 billion
Return on Gross Assets	1.3%	3.3%
Return on Net Assets	2.1%	5.3%
Top location of Investment Managers by ending net assets	Delaware (28%)	New York (36%)
Primary location for Net Asset Value (NAV) calculation services	Cayman Islands	United States of America
Primary location for Registrar and Transfer Agent (RTA) services	Cayman Islands	Cayman Islands
% of Funds requiring a minimum initial investment of US\$1M or more	53%	50%
Top two investment strategies	Multi-Strategy (30%) Long/Short Equity (19%)	Multi-Strategy (29%) Long/Short Equity (18%)



¹ At the date of compilation of this issue of the Digest 8,935 funds had successfully filed a FAR. The data presented consists of 5,990 Registered Funds (including 2,455 Sub-Funds), 343 Administered Funds, 90 Licensed Funds and 2,512 Master Funds.

² The amounts reported for 2014 have been adjusted to correct a translation error in which a Licensed Fund reported in USD when the reporting currency should have been JPY. The impact was to reduce ending Net Asset Value from US\$3.592 to US\$3.470

Statistical Trend Analysis

FINANCIAL POSITION - ALL FUNDS

Total subscriptions for 2015 were US\$1.334 trillion, which exceeded redemptions of US\$1.202 trillion resulting in a positive net inflow of US\$132 billion.

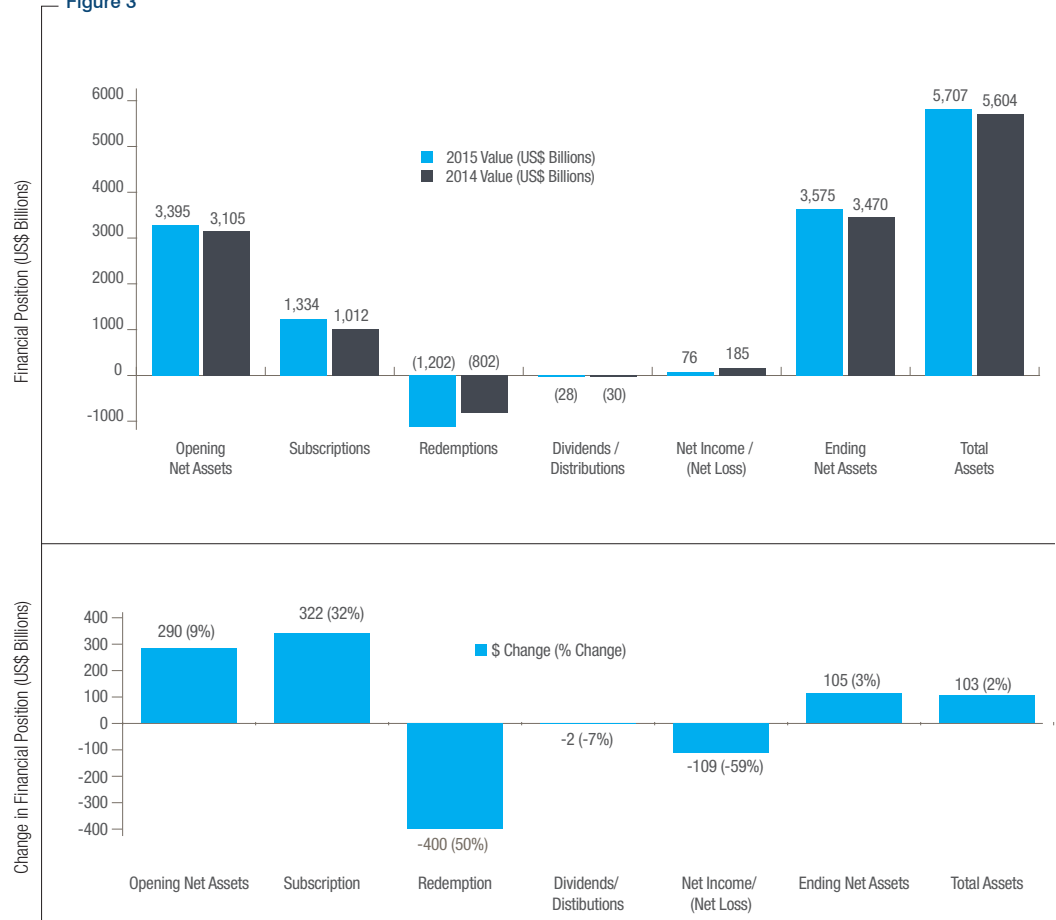
Net income of US\$76 billion was 59% lower and Dividends at US\$28 billion were 7% lower than the prior reporting period. The decline in net income in 2015 resulted in return on net assets of 2.1% compared to 5.3% in 2014. Total return on gross assets was 1.3% compared to 3.3% in 2014.

Such low returns are consistent with the 2015 performance of the Dow Jones Industrial Average, which had losses of 2.2% and the S&P 500 which lost 0.7%. Both suffered their first year of negative returns since the 2008 financial crisis. The Nasdaq was a bright spot gaining 5.7% for the year.

During 2015, fund investors were impacted by the long-running bull market, the prolonged low interest rate environment (despite the increase of 0.25% by the US Federal Reserve in mid-December) and declining commodity prices, mainly oil which was down 30.5%. This was compounded by slower global economic growth especially in China and weaker demand for exports from emerging markets in Asia and Latin America. Geopolitical threats and a resurgence in terror attacks in the later half of 2015 also weighed on investors. All this uncertainty resulted in a shift to Exchange Traded Funds (ETFs), away from funds.

In fact, ETFs now surpass mutual and hedge funds in popularity, according to a 2015 survey conducted by the Journal of Financial Planning and the Financial Planning Association Research and Practice Institute.

Figure 3

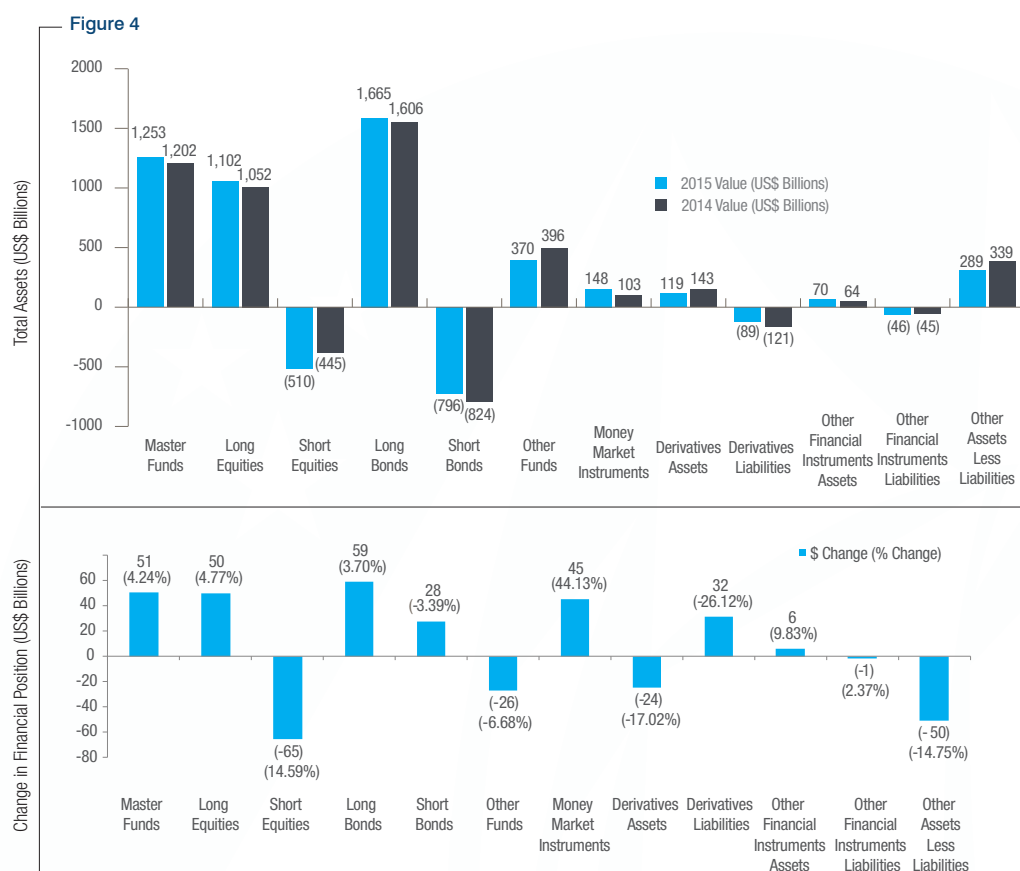


Financial Position (US\$ Billions) ³	2015	2014	\$ Change	% Change
Opening Net Assets	3,395	3,105	290	9%
Subscriptions	1,334	1,012	322	32%
Redemptions	(1,202)	(802)	(400)	50%
Dividends / Distributions	(28)	(30)	(2)	-7%
Net Income	76	185	(109)	-59%
Ending Net Assets	3,575	3,470	105	3%
Total Assets	5,707	5,604	103	2%
Return on Gross Assets	1.3%	3.3%		
Return on Net Assets	2.1%	5.3%		

³ The decrease from the 2014 ending net assets to the 2015 opening net assets is attributed to new fund authorizations, de-registrations and regulatory waivers during 2015, resulting in a different set of funds filing a 2015 FAR when compared to 2014.

Statistical Trend Analysis

ASSET ALLOCATION - ALL FUNDS



In 2015, total net assets increased by US\$105 billion or 3%, as a result of positive net capital inflows. Except for Short Bonds, Other Funds, Derivative Assets and Derivative Liabilities, investments in all other categories were higher in 2015 when compared to 2014. Investment in Short Equities recorded an increase of US\$65 billion in net assets and Derivative Liabilities saw the largest decline of US\$32 billion.

However, Money Market Instruments, which are used by businesses and institutional investors as cash management tools to provide a high degree of liquidity at competitive short-term yields, saw the best performance with a 44% growth in ending net assets in 2015 when compared to 2014. Gross notional exposure which is a measure of the economic or market exposure of the funds' positions, including the value of leveraged assets, was US\$6.457 trillion in 2015, an increase of 1.85% over 2014.

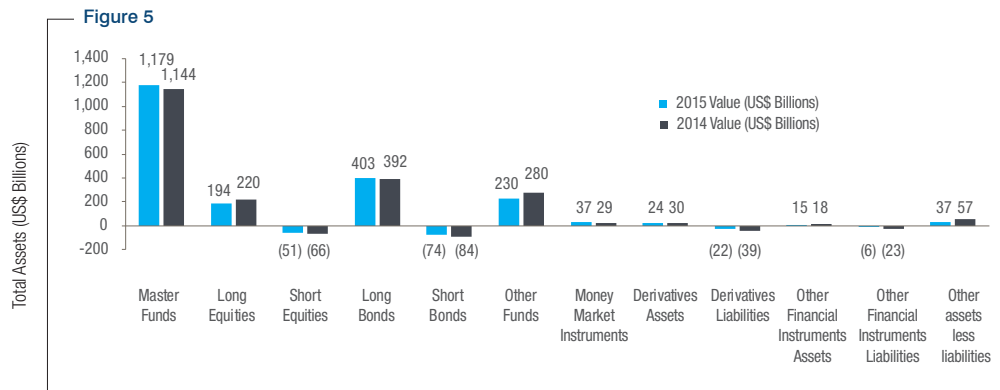
Asset Allocation ⁴	2015 Value (US\$ Billions)	2015 % Allocated	2014 Value (US\$ Billions)	2014 % Allocated	\$ Change (US\$ Billions)	% Change
Master Funds	1,253	19.40%	1,202	18.96%	51	4.24%
Long Equities	1,102	17.07%	1,052	16.59%	50	4.77%
Short Equities	(510)	7.90%	(445)	7.02%	(65)	14.59%
Long Bonds	1,665	25.79%	1,606	25.33%	59	3.70%
Short Bonds	(796)	12.33%	(824)	13.00%	28	(3.39%)
Other Funds	370	5.72%	396	6.25%	(26)	(6.68%)
Money Market Instruments	148	2.30%	103	1.62%	45	44.13%
Derivatives Assets	119	1.84%	143	2.26%	(24)	(17.02%)
Derivatives Liabilities	(89)	1.38%	(121)	1.91%	32	(26.12%)
Other Financial Instruments Assets	70	1.09%	64	1.01%	6	9.83%
Other Financial Instruments Liabilities	(46)	0.71%	(45)	0.71%	(1)	(2.37%)
Other assets less liabilities	289	4.48%	339	5.35%	(50)	(14.75%)
Total Net Asset Value	3,575	100%	3,470	100%	105	3.03%
Gross Notional Exposure	6,457		6,340		117	1.85%

⁴The 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 optional.

Statistical Trend Analysis

FINANCIAL POSITION & ASSET ALLOCATION - REGISTERED FUNDS

Registered Funds continue to account for the majority of funds regulated in the Cayman Islands. 5,990 FARS were received in 2015 (including 2,455 Sub-Funds) representing 67% of the total FAR submissions of 8,935. Total growth in net assets was US\$8 billion, as a result of higher net inflows, while total assets and gross notional exposure were lower than in 2014, as the total number of Registered Funds decreased by 181. The majority of the investments by Registered Funds were in Master Funds (52%), Long Bonds (18%) and Other Funds (10%). Except for Master Funds, Long Bonds and Money Market Instruments there was a decline in net assets of all categories when compared to 2014. Subscriptions and redemptions were higher by 54% and 78% respectively; however, net capital inflows of US\$84 billion were offset by lower net income and distributions during the year. In fact, net income of US\$36 billion was down by US\$52 billion or 59% when compared to 2014, partly attributed to the poor returns from investments in Master Funds, significant losses on derivatives trading, foreign currency swaps and commodities, resulting in the reduction of investments in these instruments.



Financial Position (US\$ Billions) ⁵	2015	2014	\$ Change	% Change
Opening Net Assets	1,859	1,765	94	5%
Subscriptions	869	563	306	54%
Redemptions	(785)	(442)	(343)	78%
Dividends / Distributions	(13)	(16)	3	-17%
Net Income	36	88	(52)	-59%
Ending Net Assets	1,966	1,958	8	0%
Total Assets	2,350	2,394	(44)	-2%

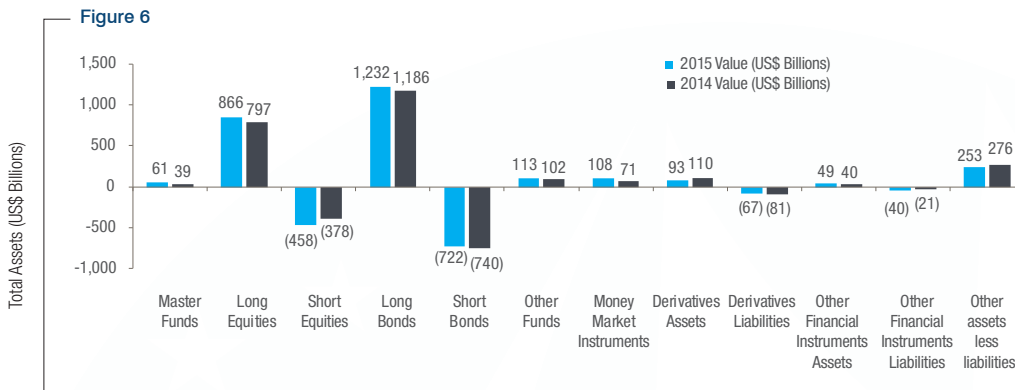
Asset Allocation ⁶	2015 Value (US\$ Billions)	2015 % Allocated	2014 Value (US\$ Billions)	2014 % Allocated	\$ Change (US\$ Billions)	% Change
Master Funds	1,179	51.89%	1,144	48.03%	35	3.06%
Long Equities	194	8.54%	220	9.24%	(26)	-11.82%
Short Equities	(51)	2.24%	(66)	2.77%	15	-22.73%
Long Bonds	403	17.74%	392	16.46%	11	2.81%
Short Bonds	(74)	3.26%	(84)	3.53%	10	-11.90%
Other Funds	230	10.12%	280	11.75%	(50)	-17.86%
Money Market Instruments	37	1.63%	29	1.22%	8	27.59%
Derivatives Assets	24	1.06%	30	1.26%	(6)	-20.00%
Derivatives Liabilities	(22)	0.97%	(39)	1.64%	17	-43.59%
Other Financial Instruments Assets	15	0.66%	18	0.76%	(3)	-16.67%
Other Financial Instruments Liabilities	(6)	0.26%	(23)	1.00%	17	-73.91%
Other assets less liabilities	37	1.63%	57	2.39%	(20)	-35.09%
Total Net Asset Value	1,966	100%	1,958	100%	8	
Gross Notional Exposure	2,272		2,382		(110)	

⁵ The decrease from the 2014 ending net assets to the 2015 opening net assets is attributed to new fund authorizations, de-registrations and regulatory waivers during 2015, resulting in a different set of funds filing a 2015 FAR when compared to 2014.

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, which is optional.

Statistical Trend Analysis

FINANCIAL POSITION & ASSET ALLOCATION - MASTER FUNDS



Although the number of Master Funds, which submitted a FAR in 2015 was 2,512 or 28% of total submissions, total net assets held by these funds are US\$1.488 trillion or 42% of total NAV reported for all 8,935 submissions. Master Funds continue to primarily invest in Long Bonds and Long Equities. A moderate increase in US long-term interest rates during the fourth quarter of 2015, coupled with the expectations that the Federal Reserve will raise rates in 2016, contributed to a decline in bond prices and lower returns on bonds. As a result, total investments in bonds only increased by 4% in 2015 compared to an increase of 24% in 2014. Investments by Master Funds in other Master Funds at US\$61 billion saw the largest increase of 57% when compared to 2014, as investors transferred funds from long only US equities to multistrategy hedge funds and other alternative investments in the hopes of achieving diversification and better performance. There was an increase in total net assets of US\$87 billion as a result of net inflows of US\$37 billion and net income of US\$44 billion. However, net income was down 52% from 2014 due to the low interest rate environment, losses in commodity prices and weak global economies.

Financial Position (US\$ Billions) ⁷	2015	2014	\$ Change	% Change
Opening Net Assets	1,411	1,244	167	13%
Subscriptions	398	384	14	4%
Redemptions	(361)	(313)	(48)	15%
Dividends / Distributions	(4)	(6)	2	-41%
Net Income	44	92	(48)	-52%
Ending Net Assets	1,488	1,401	87	6%
Total Assets	3,227	3,090	137	4%

Asset Allocation ⁸	2015 Value (US\$ Billions)	2015 % Allocated	2014 Value (US\$ Billions)	2014 % Allocated	\$ Change (US\$ Billions)	% Change
Master Funds	61	1.50%	39	1.02%	22	56.66%
Long Equities	866	21.33%	797	20.75%	69	8.69%
Short Equities	(458)	11.27%	(378)	9.84%	(80)	21.11%
Long Bonds	1,232	30.32%	1,186	30.88%	46	3.85%
Short Bonds	(722)	17.78%	(740)	19.27%	18	-2.39%
Other Funds	113	2.78%	102	2.66%	11	10.75%
Money Market Instruments	108	2.67%	71	1.85%	37	52.49%
Derivatives Assets	93	2.30%	110	2.86%	(17)	-15.07%
Derivatives Liabilities	(67)	1.65%	(81)	2.11%	14	-17.48%
Other Financial Instruments Assets	49	1.19%	40	1.04%	9	21.25%
Other Financial Instruments Liabilities	(40)	0.98%	(21)	1.00%	(19)	90.04%
Other assets less liabilities	253	6.23%	276	7.19%	(23)	-8.33%
Total Net Asset Value	1,488	100%	1,401	100%	87	
Gross Notional Exposure	4,062		3,841		221	

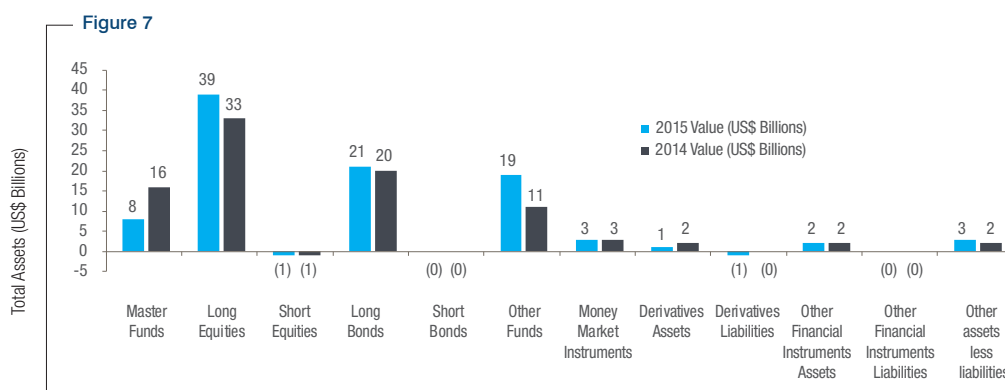
⁷The increase from the 2014 ending net assets to the 2015 opening net assets is attributed to new fund authorisations, de-registrations and regulatory waivers during 2015, resulting in a different set of funds filing a 2015 FAR when compared to 2014.

⁸The 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 optional.

Statistical Trend Analysis

FINANCIAL POSITION & ASSET ALLOCATION - ADMINISTERED FUNDS

The number of Administered Funds which submitted a FAR in 2015, was 343 or 3.8% of total submissions of 8,935. Total ending net assets increased by US\$6 billion due to net inflows of US\$9 billion, net losses of US\$4 billion and dividend distribution of US\$9 billion. The change from net income of US\$4 billion in 2014 to net losses of US\$4 billion in 2015 was due mainly to a group of related funds which reported losses of US\$2.6 billion, primarily as a result of unrealized losses on forward foreign exchange contracts as compared to positive returns reported in 2014. Investment in Other Funds increased by 73%, which was offset by a decrease of 50% in investment in Master Funds but there were no significant changes in other asset allocations.



Financial Position (US\$ Billions) ⁹	2015	2014	\$ Change	% Change
Opening Net Assets	98	75	23	31%
Subscriptions	57	54	3	6%
Redemptions	(48)	(39)	(9)	23%
Dividends / Distributions	(9)	(6)	(3)	58%
Net Income	(4)	4	(8)	-200%
Ending Net Assets	94	88	6	7%
Total Assets	102	96	6	7%

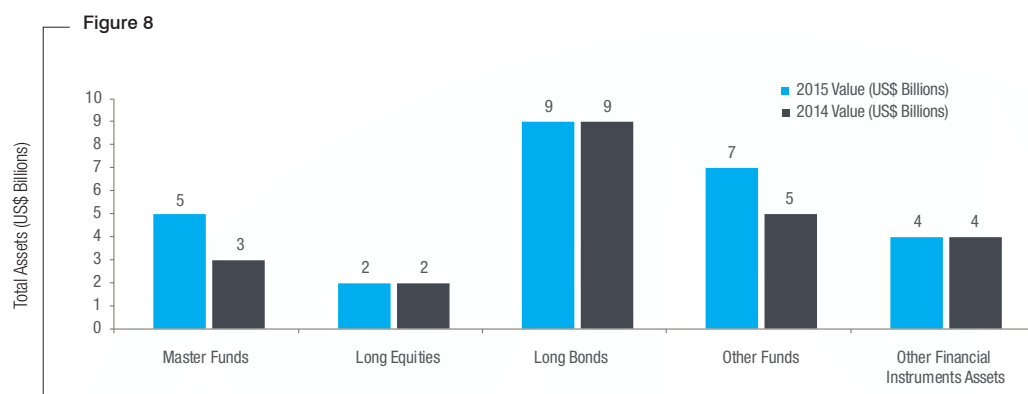
Asset Allocation ¹⁰	2015 Value (US\$ Billions)	2015 % Allocated	2014 Value (US\$ Billions)	2014 % Allocated	\$ Change (US\$ Billions)	% Change
Master Funds	8	8.16%	16	17.78%	(8)	-50.00%
Long Equities	39	39.80%	33	36.67%	6	18.18%
Short Equities	(1)	1.02%	(1)	1.11%	0	0.00%
Long Bonds	21	21.43%	20	22.22%	1	5.00%
Short Bonds	0	0.00%	0	0.00%	0	0.00%
Other Funds	19	19.39%	11	12.22%	8	72.73%
Money Market Instruments	3	3.06%	3	3.33%	0	0.00%
Derivatives Assets	1	1.02%	2	2.22%	(1)	-50.00%
Derivatives Liabilities	(1)	1.02%	0	0.00%	(1)	0.00%
Other Financial Instruments Assets	2	2.04%	2	2.22%	0	0.00%
Other Financial Instruments Liabilities	0	0.00%	0	0.00%	0	0.00%
Other assets less liabilities	3	3.06%	2	2.22%	1	50.00%
Total Net Asset Value	94	100%	88	100%	6	
Gross Notional Exposure	98		90		8	

⁹ The increase from the 2014 ending net assets to the 2015 opening net assets is attributed to new fund authorisations, de-registrations and regulatory waivers during 2015, resulting in a different set of funds filing a 2015 FAR when compared to 2014.

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, which is optional.

Statistical Trend Analysis

FINANCIAL POSITION & ASSET ALLOCATION - LICENSED FUNDS



For Licensed Funds, there were 90 FAR submissions in 2015 or about 1% of total submissions of 8,935. As in the prior year, Licensed Funds did not invest in derivative instruments. The majority (33%) of the investments are held in Long Bonds. Net assets increased by US\$4 billion when compared to 2014. Net income for 2015 was US\$78 million, down 92%, compared to over US\$1 billion in 2014 and net inflows were positive at US\$2 billion.

Financial Position (US\$ Billions) ¹¹	2015	2014	\$ Change	% Change
Opening Net Assets	27	21	6	27%
Subscriptions	10	11	-1	-12%
Redemptions	(8)	(8)	0	0%
Dividends / Distributions	(2)	(2)	(0)	1%
Net Income	0.078	1	-0.92	-92%
Ending Net Assets	27	23	4	17%
Total Assets	27	24	3	13%

Asset Allocation ¹²	2015 Value (US\$ Billions)	2015 % Allocated	2014 Value (US\$ Billions)	2014 % Allocated	\$ Change (US\$ Billions)	% Change
Master Funds	5	18.52%	3	13.04%	2	66.67%
Long Equities	2	7.41%	2	8.70%	0	0.00%
Long Bonds	9	33.33%	9	39.13%	0	0.00%
Other Funds	7	25.93%	5	21.74%	2	40.00%
Other Financial Instruments Assets	4	14.81%	4	17.39%	0	0.00%
Total Net Asset Value	27	100%	23	100%	4	
Gross Notional Exposure	27		23			

¹¹ The increase from the 2014 ending net assets to the 2015 opening net assets is attributed to new fund authorisations, de-registrations and regulatory waivers during 2015, resulting in a different set of funds filing a 2015 FAR when compared to 2014.

All 2014 amounts adjusted to correct translation error in which a licensed fund reported in USD when the reporting currency should have been JPY

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, which is optional.

Statistical Stand-Alone Analysis

PORTFOLIO INVESTMENTS BY JURISDICTION

As part of the new categories of information collected by the revised FAR, CIMA requested a further breakdown of investments by jurisdiction of issuer in order to include this information in the International Monetary Fund Coordinated Portfolio Investment Survey (CPIS) and to enhance data collection so as to improve the Authority's supervisory framework. The CPIS provides information on economies' cross-border holdings of portfolio investment securities (equity and investment fund shares, long-term and short-term instruments including money market funds). The results, which represented 71% of total net assets, excludes derivative assets and liabilities and other investments assets and liabilities. Countries outside the top 15, have been grouped by region as defined

by the International Standard for country codes. The majority of portfolio investment assets are booked against the United States, which provides a diversified economy with deep capital markets and many investment opportunities. The portfolio assets allocated to the Cayman Islands are primarily investments by Registered Funds in Master Funds regulated by CIMA. Other Developed Countries, such as Austria, Switzerland, Italy, Luxembourg and Belgium, account for the majority of the US\$60 billion in total portfolio assets and US\$1.52 billion in short positions. Developing Latin America and the Caribbean countries such as Brazil, Argentina, Chile and Mexico, reported US\$23 billion in portfolio assets and US\$510 million in short positions.

Figure 9

Jurisdiction of Issuer (Amounts in US\$ Billions)	Total Portfolio Assets	Equities	Master Funds	ST Debt Securities	LT Debt Securities
United States	1,117	356	120	90	551
Cayman Islands	1,011	82	917	2	10
United Kingdom	68	17	1	4	46
Japan	59	27	0	19	13
Germany	46	6	0	7	33
France	42	6	0	1	35
China	32	27	0	0	5
Canada	22	7	0	2	13
Curacao	20	0	20	0	0
Denmark	18	3	0	0	15
Hong Kong	15	10	0	1	4
Ireland	15	10	2	0	3
Sweden	15	4	0	0	11
Netherlands	14	4	0	0	10
British Virgin Islands	11	6	5	0	0
Other Developed Countries	60	17	4	7	32
Other Offshore Centres	9	5	1	0	3
Developing Europe	7	3	0	0	4
Developing Latin America and the Caribbean	23	3	0	1	19
Developing Africa and the Middle East	11	5	0	0	6
Developing Asia and the Pacific	20	8	0	0	12
Total	2,635	606	1,070	134	825

Statistical Stand-Alone Analysis

PORTFOLIO INVESTMENTS BY JURISDICTION (CONTINUED)

Figure 9B

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
United States	-26.83	-11.72	-13.95	-1.16
Cayman Islands	-0.04	-0.02	-0.02	0.00
United Kingdom	-7.27	-0.03	-4.59	-2.65
Japan	-2.39	-0.87	-0.07	-1.45
Germany	-29.85	-1.59	-2.01	-26.25
France	-3.65	-0.03	-1.34	-2.28
China	-0.51	-0.51	0.00	0.00
Canada	-3.82	-1.45	-1.51	-0.86
Curacao	-0.01	-0.01	0.00	0.00
Denmark	-0.26	-0.11	-0.15	0.00
Hong Kong	-0.27	-0.27	0.00	0.00
Ireland	-0.05	-0.04	-0.01	0.00
Sweden	-0.42	-0.06	-0.31	-0.05
Netherlands	-0.75	-0.16	-0.59	0.00
British Virgin Islands	0.00	0.00	0.00	0.00
Other Developed Countries	-1.52	-0.63	-0.10	-0.79
Other Offshore Centres	-0.77	-0.76	-0.01	0.00
Developing Europe	-0.01	0.00	0.00	-0.01
Developing Latin America and the Caribbean	-0.51	-0.10	-0.41	0.00
Developing Africa and the Middle East	-0.03	-0.02	-0.01	0.00
Developing Asia and the Pacific	-0.60	-0.57	-0.02	-0.01
Total	-79.56	-18.95	-25.10	-35.51

Statistical Stand-Alone Analysis

TOP TEN PORTFOLIO INVESTMENTS JURISDICTIONS

As shown in Figure 10, Cayman regulated funds purchase securities from two main jurisdictions - the United States and the Cayman Islands. Investments totalling US\$1.117 trillion were primarily long term debt securities and equities issued in the United States and investments of US\$1.010 trillion, mostly Master Funds, were allocated to the Cayman Islands. A short, or short position, were most prevalent in long term debt securities issued in Germany and short term debt securities and equities issued in the United States.

Figure 10

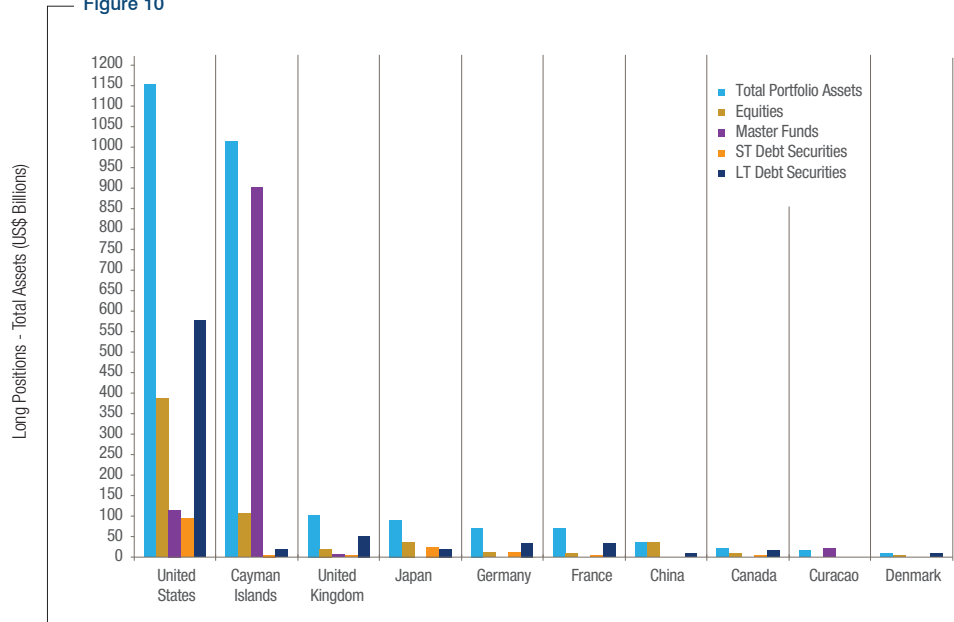
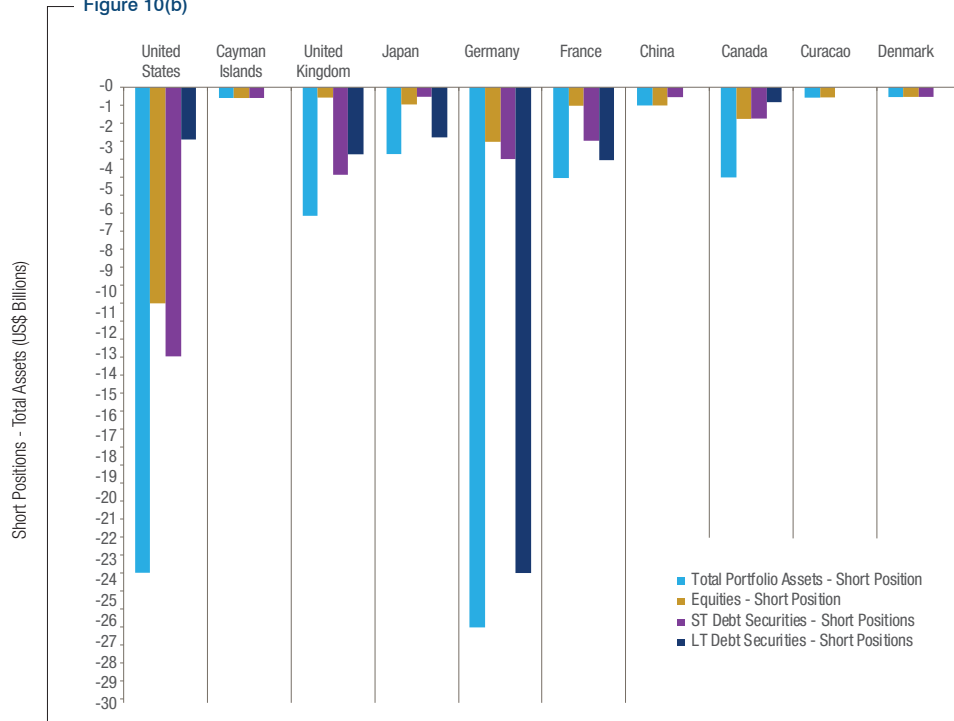


Figure 10(b)



Statistical Stand-Alone Analysis

LEGAL HOLDER OF FUNDS

The 2015 FAR included information on the jurisdiction in which the legal holder held more than 10% of the total assets of a fund¹³. 7,923 funds responded indicating that persons or entities in 112 diverse countries held 10% or more of the total assets of a fund at year end. 3,358 funds listed United States legal holders with more than 10% and 684

of these funds were 100% held in the US. There were 3,132 funds which listed the 10% legal holder as domiciled in the Cayman Islands and 823 of these funds were 100% held here. This is consistent with the Authority's data which shows that the majority of investments are issued and managed in the US, and the investment in Master Funds are by funds regulated in the Cayman Islands.

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
United States	3,358	Curacao	36	Samoa	6	Paraguay	1
Cayman Islands	3,132	Germany	36	Greece	6	Vietnam	1
Switzerland	828	Israel	35	Turks and Caicos	6	Namibia	1
Japan	713	Panama	34	Turkey	5	Philippines	1
United Kingdom	686	Isle of Man	26	India	5	Korea, Democratic People's Republic of	1
Luxembourg	499	Korea, Republic of	24	Argentina	5	Jordan	1
Hong Kong	400	Bahrain	23	Norway	5	Vanuatu	1
British Virgin Islands	374	South Africa	22	Anguilla	4	Sri Lanka	1
Ireland	310	Denmark	20	Kenya	4	Channel Islands	1
Canada	235	Andorra	19	Oman	4	Grenada	1
Guernsey	233	Malaysia	19	Spain	4	Central African Republic	1
Singapore	202	Cyprus	15	Libyan Arab Jamahiriya	3	Bolivia	1
Bermuda	166	U.S. Virgin Islands	15	Seychelles	3	Saint Vincent and the Grenadines	1
China	149	Monaco	14	Iceland	3	Nigeria	1
Bahamas	133	Mexico	14	Macao	3	Czech Republic	1
Brazil	121	Austria	14	Costa Rica	3	Taiwan	1
Australia	98	Qatar	13	Marshall Islands	3	Aruba	1
Netherlands	92	Gibraltar	12	Liberia	3	Palestinian Territory, Occupied	1
Jersey	92	Thailand	10	Uruguay	3	British Indian Ocean Territory	1
Liechtenstein	80	Lebanon	9	Saint Lucia	2	Brunei Darussalam	1
Belgium	61	New Zealand	9	Colombia	2	Egypt	1
Malta	60	Russian Federation	8	Bulgaria	2	Christmas Island	1
Kuwait	58	Barbados	8	Puerto Rico	2	Dominican Republic	1
Sweden	56	Portugal	7	Venezuela	2	Peru	1
Saudi Arabia	53	Chile	7	Republic of Korea	2		
Finland	47	Italy	7	Cook Islands	2		
Taiwan, Province of China	46	Belize	7	Indonesia	2		
United Arab Emirates	40	Saint Kitts and Nevis	7	United States Minor Outlying Islands	1		
France	38	Swaziland	6				
		Mauritius	6				

¹³ A fund can have legal holders in many countries, therefore the total number of responses exceeded the number of FAR submissions received.

Statistical Trend Analysis

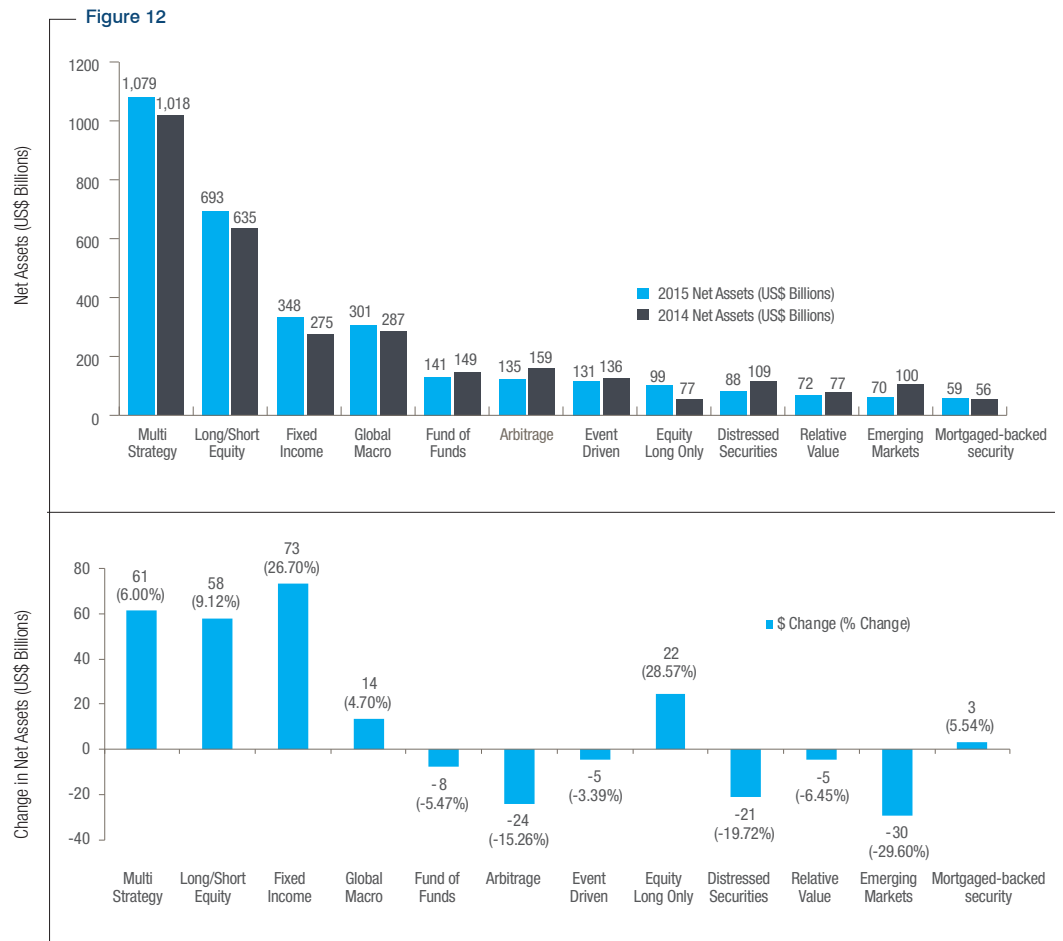
INVESTMENT STRATEGY

Multi-Strategy continues to be the most popular investment strategy, accounting for 30% of total net assets. In 2015, ending net assets for this strategy increased by 6% over the prior year but down from an increase of 34% in 2014.

Investments in Fixed Income, which includes bonds and money market instruments and are considered less risky, increased by 27%, as opposed to a decrease of 42% in 2014.

Although international stock markets posted negative returns in 2015, there was an increase of US\$22 billion or 29% in total net assets of funds invested using the Equity Long Only strategy.

Investments in hedging strategies, such as Arbitrage, Distressed Securities and Emerging Markets, declined in 2015, as investment managers reacted to global market volatility and shifted to longer term investments requiring less active trading.



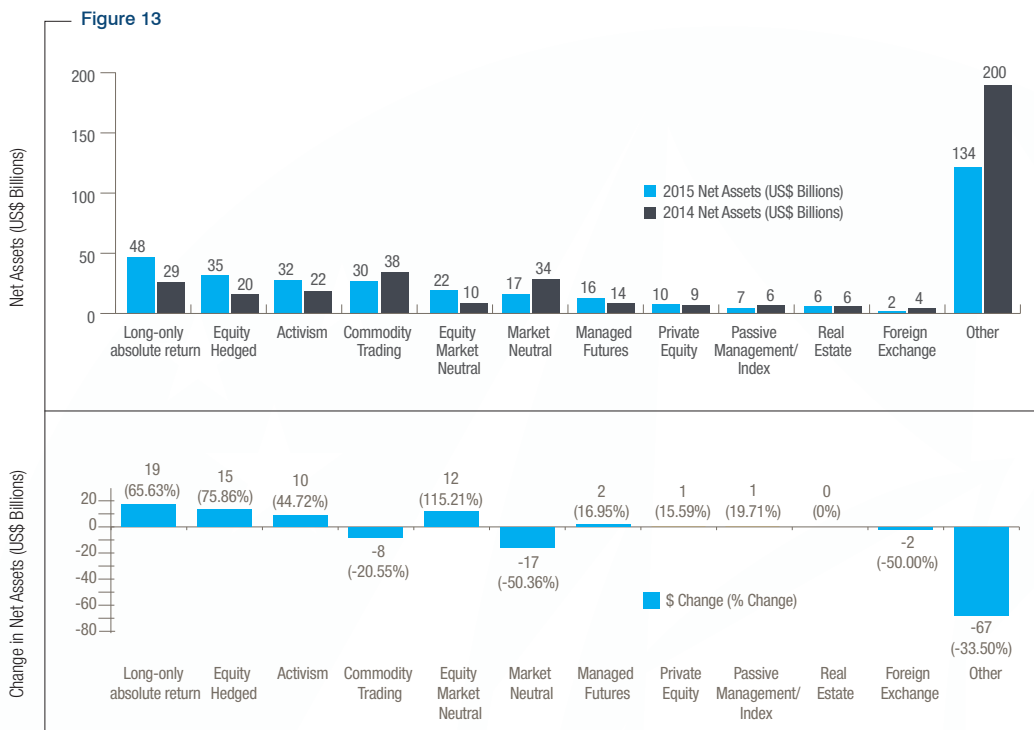
Investment Strategy	2015 Net Assets (US\$ Billions)	2015 % Allocated ¹⁴	2014 Net Assets (US\$ Billions)	2014 % Allocated ¹⁴	\$ Change ¹⁵ (US\$ Billions)	% Change
Multi-Strategy	1,079	30.18%	1,018	29.34%	61	6.00%
Long/Short Equity	693	19.38%	635	18.30%	58	9.12%
Fixed Income	348	9.75%	275	7.93%	73	26.70%
Global Macro	301	8.41%	287	8.27%	14	4.70%
Fund of Funds	141	3.94%	149	4.29%	(8)	(-5.47%)
Arbitrage	135	3.77%	159	4.58%	(24)	(-15.26%)
Event Driven	131	3.68%	136	3.92%	(5)	(-3.39%)
Equity Long Only	99	2.77%	77	2.22%	22	28.57%
Distressed Securities	88	2.45%	109	3.14%	(21)	(-19.72%)
Relative Value	72	2.01%	77	2.22%	(5)	(-6.45%)
Emerging Markets	70	1.97%	100	2.88%	(30)	(-29.60%)
Mortgaged-backed security	59	1.65%	56	1.61%	3	5.54%
Total	3,216	90%	3,078	89%	138	

¹⁴ The percentage of total net assets allocated to the investment strategy during the year specified.

¹⁵ The change in net assets allocated to an investment strategy from 2015 compared to 2014.

Statistical Trend Analysis

INVESTMENT STRATEGY (CONTINUED)



Of the strategies detailed below, Equity Market Neutral saw the largest increase of US\$12 billion or 115% over the prior reporting period. Investment in funds focused on Commodity Trading decreased by 21% in 2015 after a decline of 1% in 2014.

Included in Other Investments in 2015 is Insurance Linked Securities, with ending net assets of US\$8.8 billion and Special Situations, with ending net assets of US\$8.4 billion.

Continued volatility in commodity prices, especially low oil prices, as well as diverging investor preferences, will continue to impact investment strategies of funds.

Technology, including social media, as well as regulatory changes will also impact the industry and strategy selection for years to come.

Investment Strategy	2015 Net Assets (US\$ Billions)	2015 % Allocated ¹⁶	2014 Net Assets (US\$ Billions)	2014 % Allocated ¹⁶	\$ Change ¹⁷ (US\$ Billions)	% Change
Long-only absolute return	48	1.34%	29	0.84%	19	65.63%
Equity Hedged	35	0.98%	20	0.58%	15	75.86%
Activism	32	0.89%	22	0.63%	10	44.72%
Commodity Trading	30	0.84%	38	1.10%	(8)	(-20.55%)
Equity Market Neutral	22	0.60%	10	0.29%	12	115.21%
Market Neutral	17	0.47%	34	0.98%	(17)	(-50.36%)
Managed Futures	16	0.46%	14	0.40%	2	16.95%
Private Equity	10	0.29%	9	0.26%	1	15.59%
Passive Management/Index	7	0.20%	6	0.17%	1	19.71%
Real Estate	6	0.17%	6	0.17%	0	0.00%
Foreign Exchange	2	0.06%	4	0.12%	(2)	(-50.00%)
Other	134	3.74%	200	5.76%	(66)	(-33.50%)
Total	359	10%	392	11%	(33)	
Table from Figure 12	3,216	90%	3,078	89%	401	
Total Net Asset Value	3,575	100%	3,470	100%	105	3.02%

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 2015 compared to 2014.

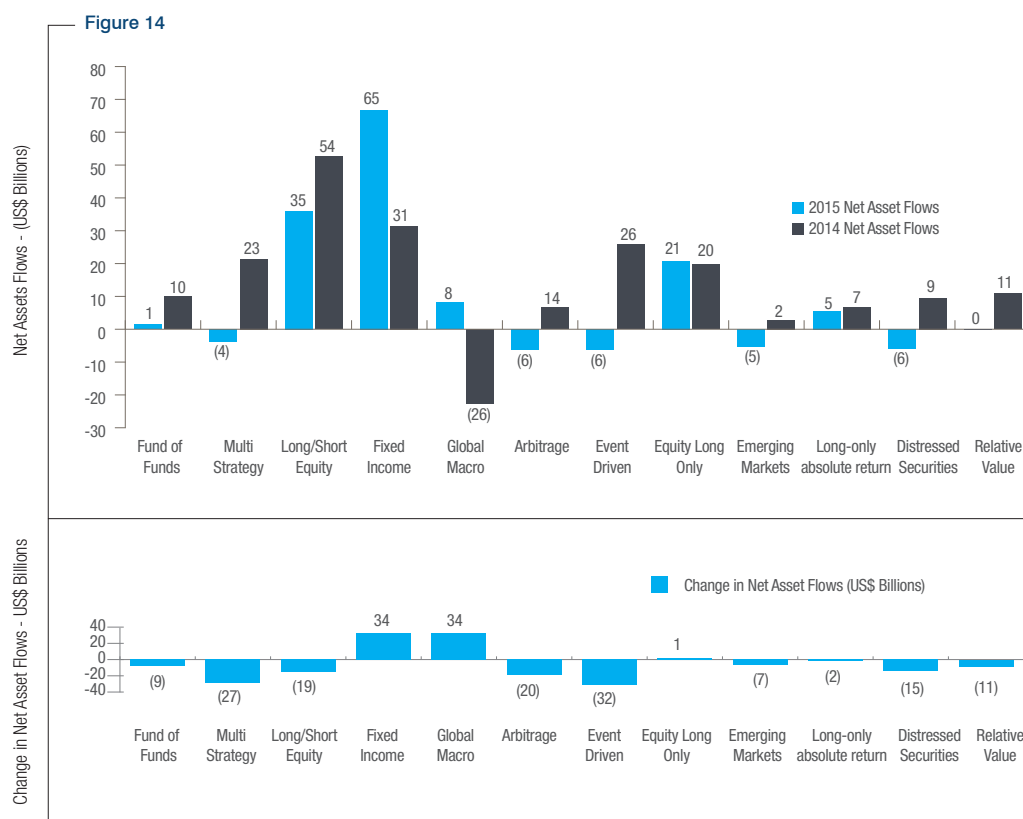
Statistical Trend Analysis

ASSET FLOWS BY INVESTMENT STRATEGY

In 2015, there was an overall net inflow of US\$132 billion into Cayman funds. There were positive net inflows for Fixed Income funds of US\$65 billion, Long/Short Equity of US\$35 billion and Equity Long Only of US\$21 billion. Most other strategies saw minimal or negative capital inflows where redemptions exceed subscriptions.

Flows to equity funds tend to rise and fall with returns on global stock markets and with a 2% drop in 2015 on the heels of 5% rise in 2014, equity funds experienced modest inflows in 2015. Funds exposed to the energy and emerging markets sectors experienced net capital outflows for the first time since 2008.

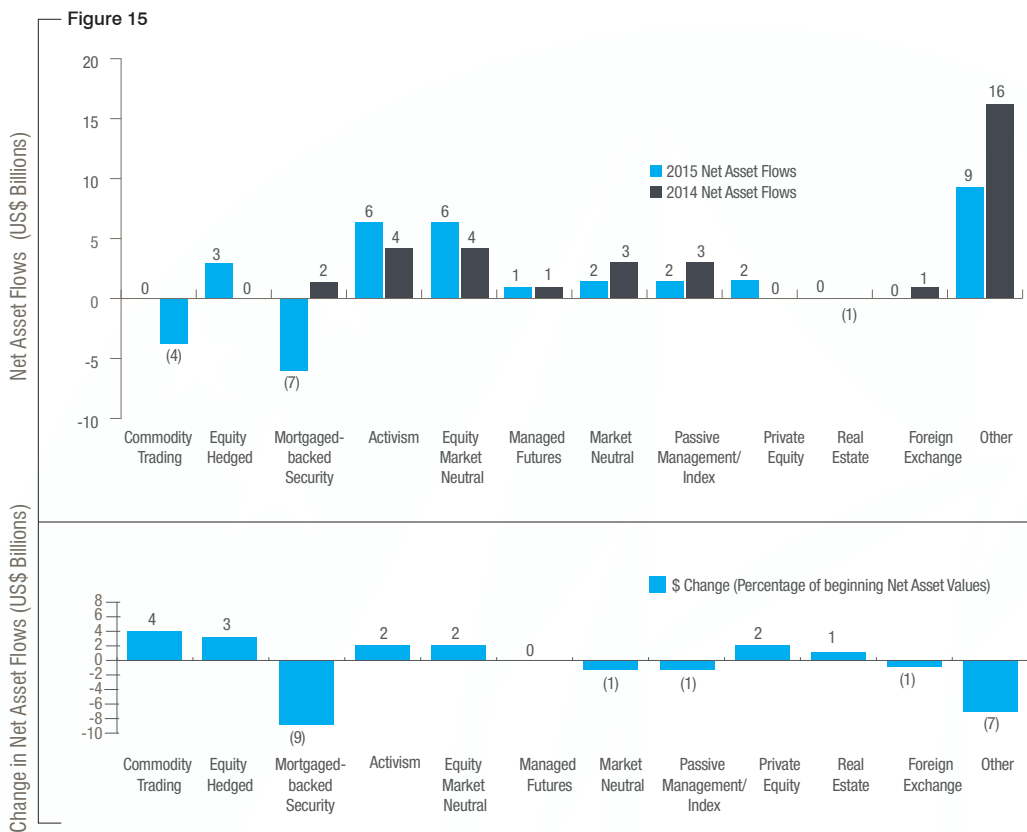
Inflows into Fund of Funds strategies have remained positive for five years but subscriptions were only marginally higher than redemptions in 2015 resulting in a net positive inflow of US\$1 billion.



Investment Strategy	2015 Subscriptions (US\$ Billions)	2015 Redemptions (US\$ Billions)	2015 Net Asset Flows (US\$ Billions)	2014 Subscriptions (US\$ Billions)	2014 Redemptions (US\$ Billions)	2014 Net Asset Flows (US\$ Billions)	Change in Net Asset Flows (US\$ Billions)
Fund of Funds	348	(347)	1	37	(27)	10	(9)
Multi-Strategy	245	(249)	(4)	229	(206)	23	(27)
Long/Short Equity	174	(139)	35	171	(117)	54	(19)
Fixed Income	167	(102)	65	123	(92)	31	34
Global Macro	105	(97)	8	69	(95)	(26)	34
Arbitrage	43	(49)	(6)	58	(44)	14	(20)
Event Driven	39	(45)	(6)	49	(23)	26	(32)
Equity Long Only	37	(16)	21	31	(11)	20	1
Emerging Markets	19	(24)	(5)	22	(20)	2	(7)
Long-only absolute return	15	(10)	5	11	(4)	7	(2)
Distressed Securities	13	(19)	(6)	25	(16)	9	(15)
Relative Value	13	(13)	0	22	(11)	11	(11)
Total	1,218	(1,110)	108	847	(666)	181	(73)

Statistical Trend Analysis

ASSET FLOWS BY INVESTMENT STRATEGY (CONTINUED)



Investments in Mortgage-backed securities, which rebounded after the 2008 financial crisis, saw net inflows in 2014 but experienced a reversal in 2015 whereby redemptions exceeded subscriptions.

Activism and Market Neutral, which saw higher net inflows in 2015 when compared to 2014, are now subject to greater investor enthusiasm as returns on other strategies remain low.

Uncertainty throughout 2015 about when, or whether, the Federal Reserve would raise interest rates caused volatility on global stock markets, while the low interest rate environment continued to dampen profits and affect subscriptions.

Some of the net outflows in 2015 reflect a broader shift driven by both investors and retirement plan sponsors towards other pooled investment vehicles such as index mutual funds, ETFs and Collective Investment Trusts and away from funds.

Investment Strategy	2015 Subscriptions (US\$ Billions)	2015 Redemptions (US\$ Billions)	2015 Net Asset Flows (US\$ Billions)	2014 Subscriptions (US\$ Billions)	2014 Redemptions (US\$ Billions)	2014 Net Asset Flows (US\$ Billions)	Change in Net Asset Flows (US\$ Billions)
Commodity Trading	11	(11)	0	9	(13)	(4)	4
Equity Hedged	11	(8)	3	6	(6)	0	3
Mortgaged-backed security	11	(18)	(7)	17	(15)	2	(9)
Activism	10	(4)	6	8	(4)	4	2
Equity Market Neutral	10	(4)	6	6	(2)	4	2
Managed Futures	7	(6)	1	6	(5)	1	0
Market Neutral	6	(4)	2	9	(6)	3	(1)
Passive Management/Index	3	(1)	2	4	(1)	3	(1)
Private Equity	2	(0)	2	1	(1)	0	2
Real Estate	1	(1)	0	1	(2)	(1)	1
Foreign Exchange	1	(1)	0	2	(1)	1	(1)
Other	43	(34)	9	96	(80)	16	(7)
Total	116	(92)	24	165	(136)	29	(5)
Total from Figure 14	1,218	(1,110)	108	847	(666)	181	(73)
Grand Total	1,334	(1,202)	132	1,012	(802)	210	(78)

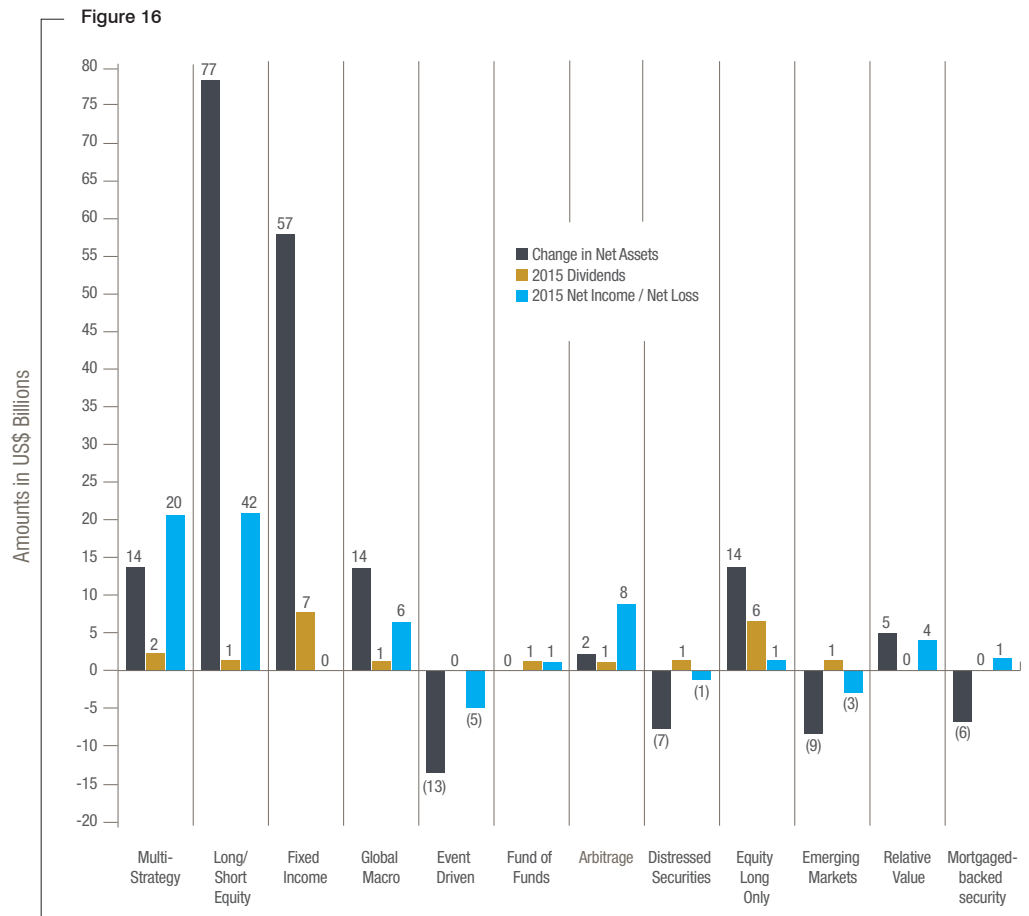
Statistical Trend Analysis

CHANGE FACTORS IN NET ASSETS BY INVESTMENT STRATEGY

In 2015, all categories of investments, except Event Driven, Distressed Securities, Emerging Markets, Mortgage-backed Securities and Commodity Trading, reported higher total net assets than the previous year. With the current economic environment, fund investments tended to flow from US domestic equity markets into international equities and this was reflected in the change in strategies of the Cayman regulated funds.

Due to the continuing economic challenges, net income of US\$76 billion was down 59% from 2014 amount of US\$185 billion. All investment strategies, except Equity Hedged and Activism, reported less income in 2015 than in 2014. For example, net income for Multi-Strategy, of US\$20 billion, was down 64% from US\$56 billion in 2014. Strategies such as Event Driven and Distressed Securities, which reported net income in 2014, reported losses in 2015.

Cost conscious investors also placed more emphasis on less expensive and complex investments such as fixed income and showed a preference for ETFs compared to other fund products. In 2015, digital technology and social media played an important role with less reliance placed on investment managers and more independent decision making by investors who opted for investment products other than funds.

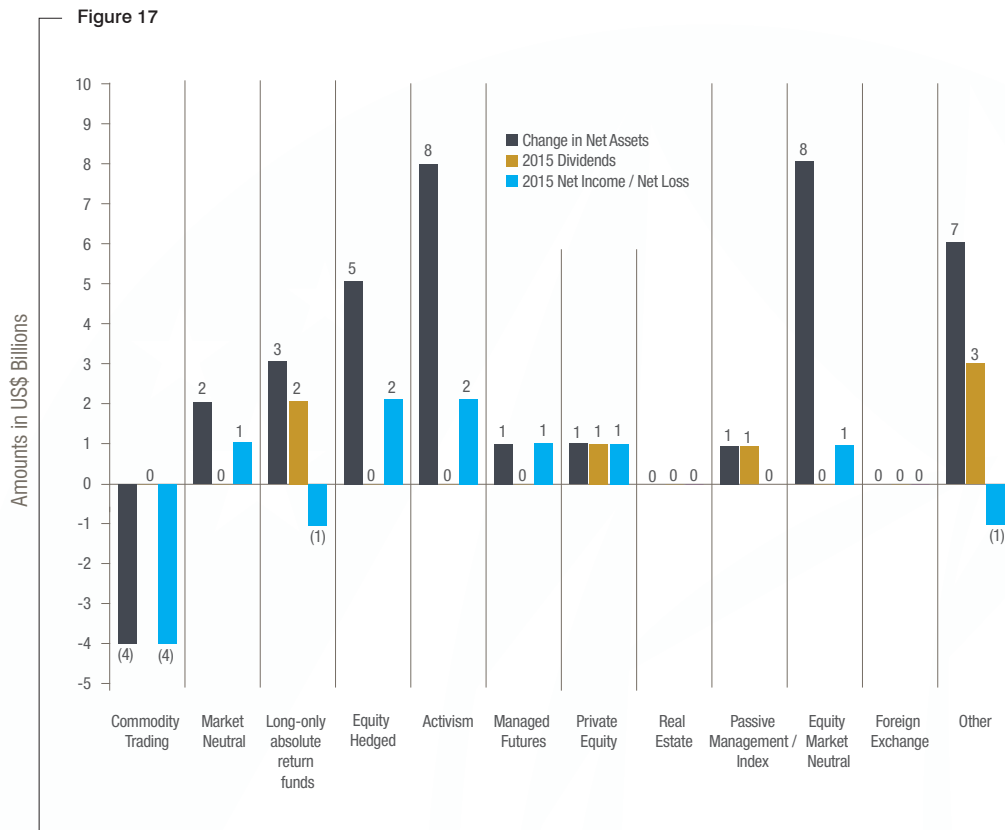


Investment Strategy (Amounts in US\$ billions)	Opening Net Assets	Ending Net Assets	Change in Net Assets ¹⁸	2015 Dividends	2014 Dividends	2015 Net Income/ Net Loss	2014 Net Income/ Net Loss
Multi-Strategy	1,065	1,079	14	2	4	20	56
Long/Short Equity	616	693	77	1	1	42	46
Fixed Income	291	348	57	7	10	0	4
Global Macro	287	301	14	1	1	6	10
Event Driven	144	131	(13)	0	0	(5)	6
Fund of Funds	141	141	0	1	1	1	7
Arbitrage	133	135	2	1	0	8	12
Distressed Securities	95	88	(7)	1	4	(1)	6
Equity Long Only	85	99	14	6	3	1	8
Emerging Markets	79	70	(9)	1	2	(3)	(2)
Relative Value	67	72	5	0	0	4	3
Mortgaged-backed security	65	59	(6)	0	0	1	6
Total	3,068	3,216	148	21	26	74	162

¹⁸ Calculated as 2015 Ending Net Assets minus 2015 Opening Net Assets

Statistical Trend Analysis

CHANGE FACTORS IN NET ASSETS BY INVESTMENT STRATEGY (CONTINUED)



Economic and political uncertainties, as well as diverging investor preferences impacted overall fund growth in 2015. There was a bright spot for funds that focused on environmental, social and governance polices, as evidenced by the increase in investments in funds focused on activism. This strategy was one of only two that did not record a decline in income for the year.

Dividends of US\$28 billion (2014: US\$30 billion) were down 7%, reflecting the difficulties in making distributions from net returns on the existing investment strategies and current economic environment.

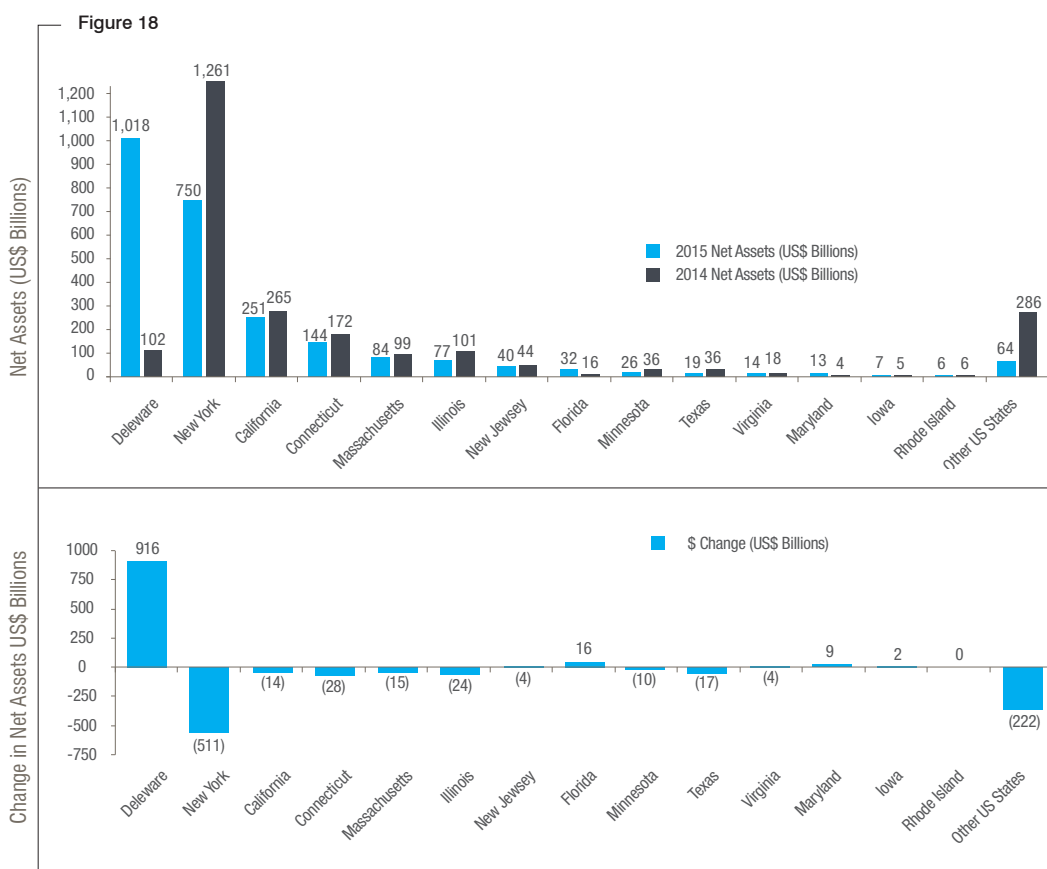
Investment Strategy (Amounts in US\$ billions)	Opening Net Assets	Ending Net Assets	Change in Net Assets ¹⁹	2015 Dividends	2014 Dividends	2015 Net Income/ Net Loss	2014 Net Income/ Net Loss
Commodity Trading	34	30	(4)	0	0	(4)	0
Market Neutral	15	17	2	0	0	1	2
Long-only absolute return	45	48	3	2	0	(1)	2
Equity Hedged	30	35	5	0	0	2	2
Activism	24	32	8	0	0	2	2
Managed Futures	15	16	1	0	0	1	2
Private Equity	9	10	1	1	2	1	2
Real Estate	6	6	0	0	0	0	0
Passive Management/Index	6	7	1	1	0	0	1
Equity Market Neutral	14	22	8	0	0	1	1
Foreign Exchange	2	2	0	0	0	0	0
Other	127	134	7	3	2	(1)	9
Total	327	359	32	7	4	2	23
Total from Figure 16	3,068	3,216	148	21	26	74	162
Grand Total	3,395	3,575	180	28	30	76	185

¹⁹ Calculated as 2015 Ending Net Assets minus 2015 Opening Net Assets

Statistical Trend Analysis

NET ASSETS BY INVESTMENT MANAGER LOCATION - USA

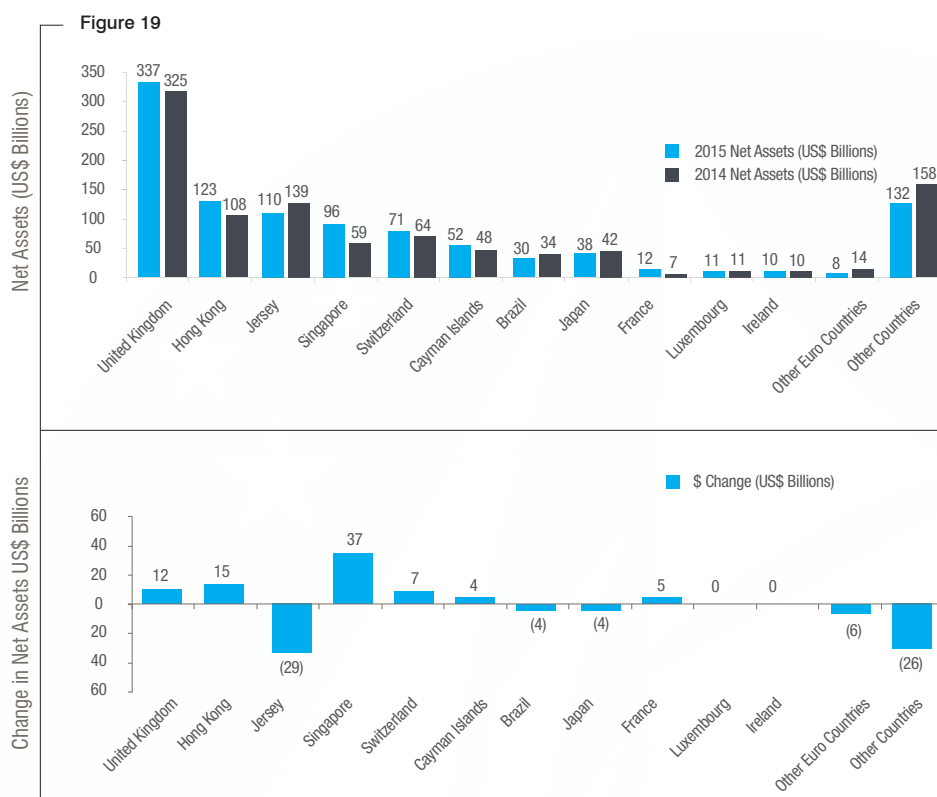
During 2015, there was a change in the most popular location of investment managers from New York to Delaware. This was as a result of the relocation of several investment management companies to take advantage of Delaware's lower cost business-friendly environment, favorable tax structure and well developed infrastructure. Total ending assets managed by investment firms in Delaware increased from US\$102 billion in 2014 to US\$1.018 trillion in 2015 and decreased in New York from US\$1.261 trillion to US\$750 billion. There were 1,842 funds managed in Delaware in 2015 compared to only 75 funds in 2014. The number of funds managed by New York investment firms declined from 2,427 in 2014 to 1,380 in 2015. Delaware, which is also an important onshore fund service provider, leads the United States in the number of statutory trusts that offer investment funds. There was an overall decrease of 94 funds managed in the US when compared to 2014.



Investment Manager Location	2015 Number of Funds	2015 Net Assets (US\$ Billions)	2015 % Allocated	2014 Number of Funds	2014 Net Assets (US\$ Billions)	2014 % Allocated	\$ Change (US\$ Billions)	% Change
Delaware	1,842	1,018	28.47%	75	102	2.94%	916	897.70%
New York	1,380	750	20.98%	2,427	1,261	36.34%	(511)	-40.53%
California	475	251	7.02%	533	265	7.64%	(14)	-5.27%
Connecticut	215	144	4.02%	294	172	4.96%	(28)	-16.51%
Massachusetts	113	84	2.36%	195	99	2.85%	(15)	-14.88%
Illinois	170	77	2.16%	214	101	2.91%	(24)	-23.37%
New Jersey	108	40	1.11%	142	44	1.27%	(4)	-9.73%
Florida	116	32	0.89%	90	16	0.46%	16	98.94%
Minnesota	50	26	0.74%	69	36	1.04%	(10)	-26.44%
Texas	90	19	0.54%	102	36	1.04%	(17)	-46.20%
Virginia	41	14	0.40%	31	18	0.52%	(4)	-20.98%
Maryland	44	13	0.38%	25	4	0.12%	9	236.76%
Iowa	4	7	0.20%	7	5	0.14%	2	40.52%
Rhode Island	5	6	0.17%	6	6	0.17%	0	0.00%
Other US states	328	64	1.79%	1,048	286	8.24%	(222)	-77.68%
Total USA	4,981	2,545	71.21%	5,258	2,451	70.63%	94	19.00%

Statistical Trend Analysis

NET ASSETS BY INVESTMENT MANAGER LOCATION - OTHER



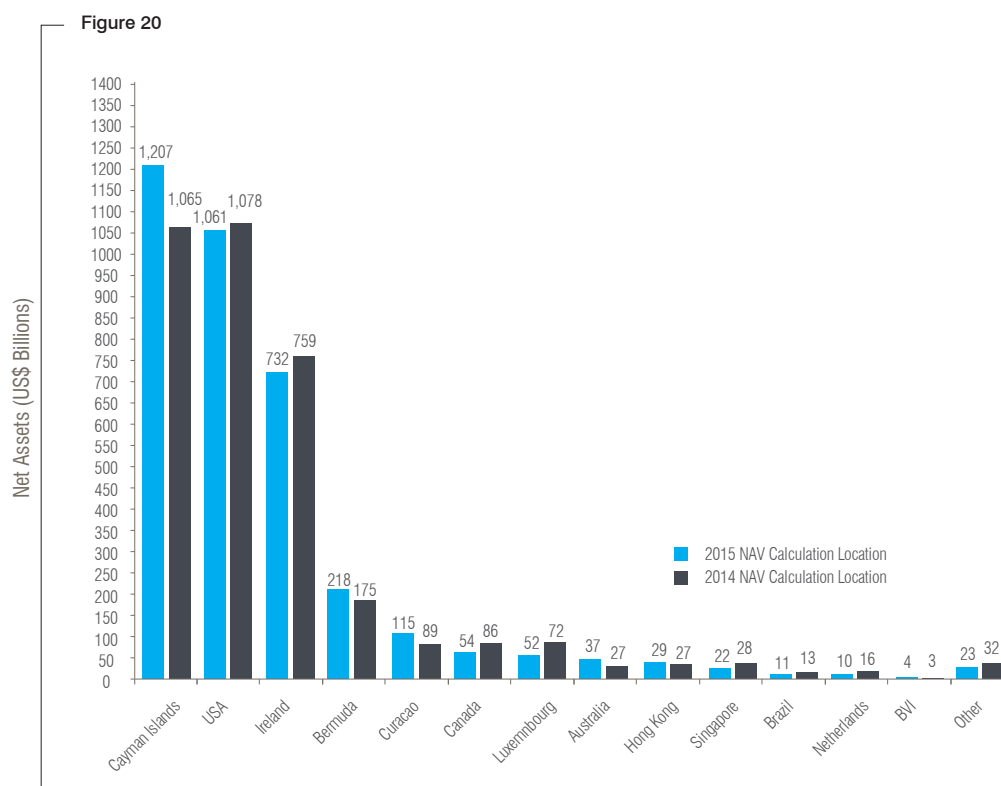
Although the United Kingdom continued to be the most important location for investment managers outside the United States, there were 207 fewer funds managed there than in 2014. There was an increase of US\$15 billion to US\$123 billion in net assets of funds managed out of Hong Kong, while the net asset of funds managed by firms in Jersey decreased to US\$110 billion from US\$139 billion following a substantial growth in 2014. Funds managed by Singapore companies also increased from US\$59 billion in 2014 to US\$96 billion in 2015, an increase of 63%. Net assets by investment managers from Other Countries include Bermuda - US\$21 billion, Australia - US\$15 billion, BVI - US\$14 billion and China - US\$11 billion. Investment managers, which are impacted by low returns on investments, must now deal with Basel III, AIFMD amongst other complex regulation. As such most are now seeking to merge with other firms to reduce operating costs and develop new products to entice new investors while retaining existing investors. They are also taking advantage of outsourcing and social media in order to attract the millennial investor.

Investment Manager Location	2015 Number of Funds	2015 Net Assets (US\$ Billions)	2015 % Allocated	2014 Number of Funds	2014 Net Assets (US\$ Billions)	2014 % Allocated	\$ Change (US\$ Billions)	% Change
United Kingdom	949	337	9.42%	1,156	325	9.37%	12	3.66%
Hong Kong	601	123	3.44%	615	108	3.11%	15	13.99%
Jersey	83	110	3.07%	79	139	4.01%	(29)	-21.05%
Singapore	343	96	2.68%	324	59	1.70%	37	62.53%
Switzerland	231	71	1.99%	323	64	1.84%	7	11.06%
Cayman Islands	590	52	1.45%	602	48	1.38%	4	8.31%
Brazil	181	30	0.84%	286	34	0.98%	(4)	-11.54%
Japan	132	38	1.06%	190	42	1.21%	(4)	-9.44%
France	26	12	0.34%	84	7	0.20%	5	73.13%
Luxembourg	22	11	0.31%	60	11	0.32%	0	1.53%
Ireland	11	10	0.29%	30	10	0.29%	0	3.30%
Other Euro countries	43	8	0.23%	48	14	0.40%	(6)	-40.00%
Other countries	742	132	3.69%	752	158	4.55%	(26)	-16.55%
Total - Other	3,954	1,030	28.83%	4,549	1,019	29.37%	11	-5.00%
Total - USA	4,981	2,545	71.21%	5,258	2,451	70.63%	94	19.00%
Grand Total	8,935	3,575	100%	9,807	3,470	100%	105	12.00%

Statistical Trend Analysis

NAV CALCULATION LOCATION

In 2015, the Cayman Islands surpassed the United States²⁰ as the main jurisdiction for Net Asset Value calculation. There were 2,875 funds, with NAV of US\$1.207 trillion, for which the service is provided by Cayman companies. For companies in the United States, there were 2,487 such funds, with a NAV of US\$1.061 trillion. Together these countries account for 64% of total net asset value for all Cayman regulated funds. Liechtenstein, which accounted for US\$10 billion in NAV calculation in 2014, was replaced by the British Virgin Islands (BVI) in the top 15 locations. Bermuda, Curacao, Australia and Hong Kong also saw growth in this area over the prior reporting period amounts.

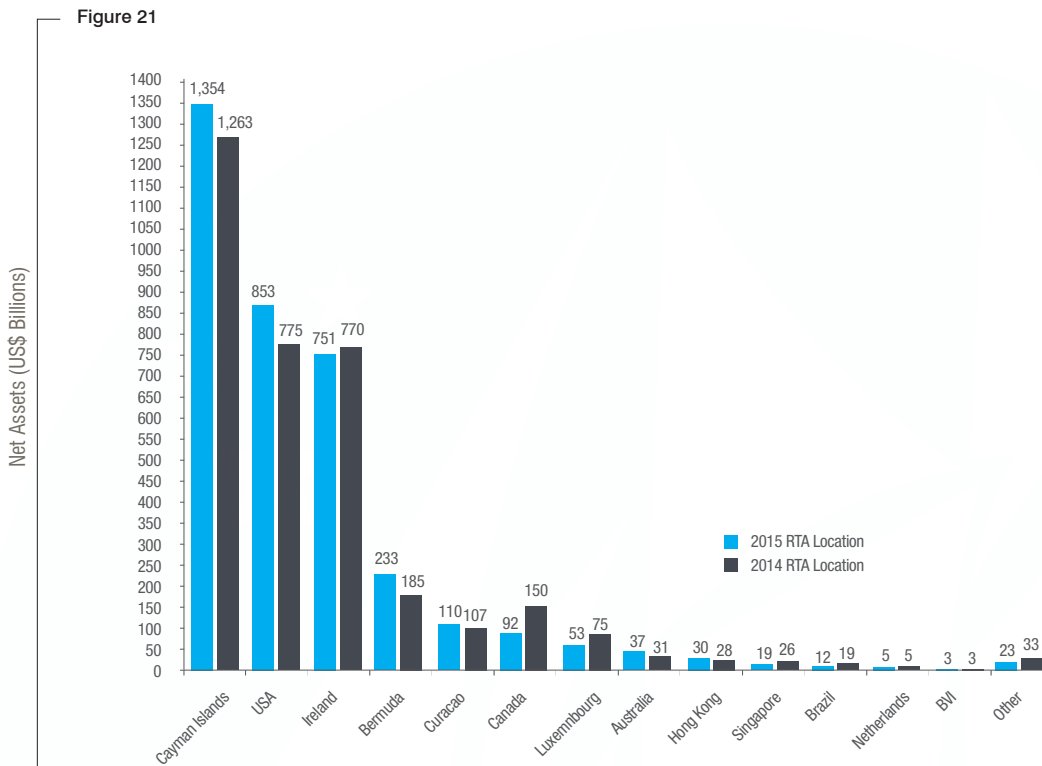


NAV Calculation Location	2015 Number of Funds	2015 Net Assets (US\$ Billions)	Percentage	2014 Number of Funds	2014 Net Assets (US\$ Billions)	Percentage
Cayman Islands	2,875	1,207	33.77%	2,951	1,065	30.69%
USA	2,487	1,061	29.67%	2,632	1,078	31.07%
Ireland	1,621	732	20.48%	1,796	759	21.87%
Bermuda	515	218	6.10%	489	175	5.04%
Curacao	134	115	3.20%	137	89	2.56%
Canada	140	54	1.51%	205	86	2.48%
Luxembourg	201	52	1.45%	331	72	2.07%
Australia	28	37	1.05%	26	27	0.78%
Hong Kong	291	29	0.82%	336	27	0.78%
Singapore	178	22	0.61%	201	28	0.81%
Brazil	104	11	0.30%	202	13	0.37%
Netherlands	62	10	0.28%	96	16	0.46%
BVI	28	4	0.10%	38	3	0.09%
Other	271	23	0.64%	367	32	0.92%
Total	8,935	3,575	100%	9,807	3,470	100%

²⁰ Top six USA states: New York, Massachusetts, Delaware, Connecticut, and New Jersey/Illinois

Statistical Trend Analysis

RTA CALCULATION LOCATION



Registrar and Transfer Agents in the Cayman Islands provided services to 3,319 funds, with a NAV of US\$1.354 trillion or 38% of total funds. The United States²¹ with 1,932 funds and NAV of US\$853 billion and Ireland with 1,653 funds and NAV of US\$751 billion are also important jurisdictions, accounting for net assets of 24% and 21% respectively. Liechtenstein, which provided RTA services to funds accounting for US\$10 billion in net assets in 2014, is no longer in the top 15 and was replaced by the BVI.

RTA Location	2015 Number of Funds	2015 Net Assets (US\$ Billions)	Percentage	2014 Number of Funds	2014 Net Assets (US\$ Billions)	Percentage
Cayman Islands	3,319	1,354	37.87%	3,530	1,263	36.40%
USA	1,932	853	23.85%	1,958	775	22.33%
Ireland	1,653	751	21.01%	1,814	770	22.19%
Bermuda	561	233	6.52%	549	185	5.33%
Curacao	130	110	3.07%	148	107	3.08%
Canada	228	92	2.58%	299	150	4.32%
Luxembourg	206	53	1.48%	354	75	2.16%
Australia	27	37	1.05%	26	31	0.89%
Hong Kong	280	30	0.83%	293	28	0.81%
Singapore	208	19	0.54%	245	26	0.75%
Netherlands	67	12	0.33%	108	19	0.55%
BVI	38	5	0.15%	49	5	0.14%
Brazil	22	3	0.07%	48	3	0.09%
Other	264	23	0.65%	386	33	0.95%
Total	8,935	3,575	100%	9,807	3,470	100%

²¹Top five USA states: Massachusetts, New York, Delaware, Connecticut and California

Statistical Stand-alone Analysis

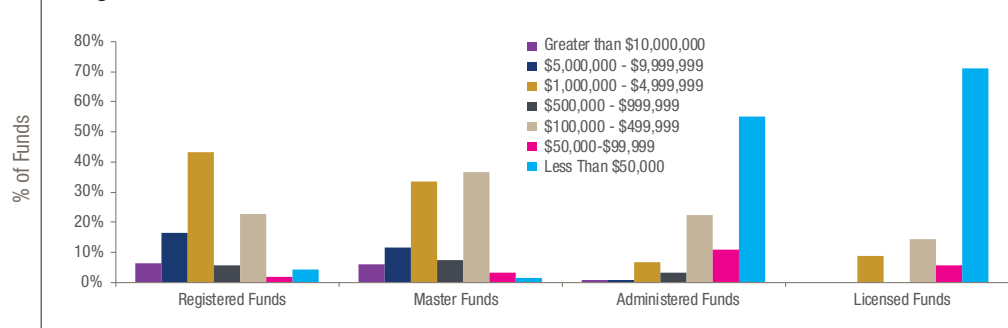
MINIMUM INITIAL SUBSCRIPTION AND FUND SIZE BY TOTAL ASSETS

The minimum initial subscription amount for 37% of Registered Funds is between US\$100,000 and US\$499,999. For Master Funds the required minimum amount for 43% of the funds is between US\$1 million to US\$4.9 million. The majority of Administered (55%) and Licensed Funds (71%) required less than US\$50,000. The majority of Administered (55%) and Licensed Funds (71%) required less than US\$50,000.

In terms of asset sizes, 26% of all funds filing a FAR in 2015 reported total assets of less than US\$20 million, 27% were over US\$20 million but less than US\$100 million, 35% were over US\$100 million but less than US\$1 billion and 12% of the funds were over US\$1 billion. There were two Master Funds with total assets in excess of US\$100 billion.

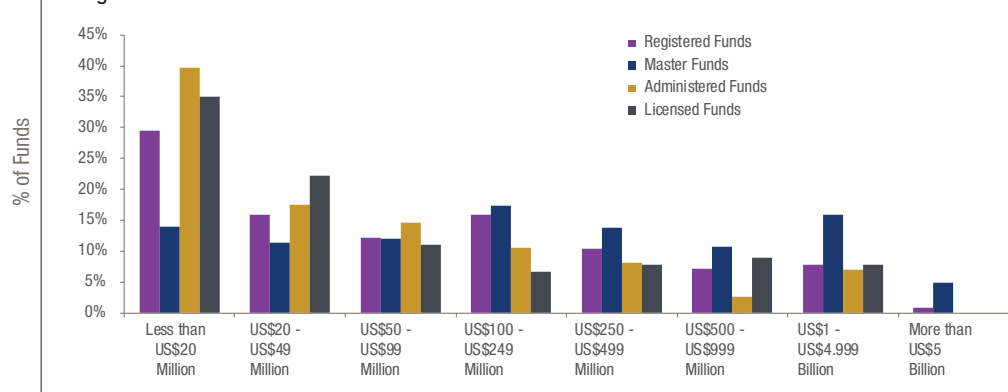
Minimum Initial Subscription Amount (US\$)	Registered Funds	%	Master Funds	%	Administered Funds	%	Licensed Funds	%
Greater than \$10,000,000	352	6%	158	6%	3	1%	0	0%
\$5,000,000 - \$9,999,999	700	12%	409	16%	3	1%	0	0%
\$1,000,000 - \$4,999,999	2,008	34%	1,083	43%	23	7%	8	9%
\$500,000 - \$999,999	445	7%	143	6%	11	3%	0	0%
\$100,000 - \$499,999	2,204	37%	572	23%	77	22%	13	14%
\$50,000 - \$99,999	192	3%	43	2%	37	11%	5	6%
Less Than \$50,000	89	1%	104	4%	189	55%	64	71%
Total	5,990	100%	2,512	100%	343	100%	90	100%

Figure 22



Fund Size (US\$ Millions)	Registered Funds	%	Master Funds	%	Administered Funds	%	Licensed Funds	%
Less than US\$20 million	1,770	30%	352	14%	136	40%	32	35%
US\$20 - US\$49 million	955	16%	284	11%	60	17%	20	22%
US\$50 - US\$99 million	733	12%	303	12%	50	15%	10	11%
US\$100 - US\$249 million	953	16%	435	17%	36	10%	6	7%
US\$250 - US\$499 million	622	10%	348	14%	28	8%	7	8%
US\$500 - US\$999 million	430	7%	268	11%	9	3%	8	9%
US\$1 - US\$4.999 billion	471	8%	400	16%	24	7%	7	8%
More than US\$5 billion	56	1%	122	5%	0	0%	0	0%
Total	5,990	100%	2,512	100%	343	100%	90	100%

Figure 23



Statistical Trend Analysis

EU ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE

The international regulatory community started scrutinizing the role of investment funds in the transmission of financial shocks following the 2008 financial crisis. The G20 Summit on financial markets and the world economy in 2008 considered the challenges that contributed to the crisis and concluded that, among other things, enhancements in transparency, investor protection, and monitoring of systemic risk and prevention of contagion of investment funds would contribute to financial stability.

Along that vein, the Alternative Investment Fund Managers Directive (AIFMD) was designed to provide a harmonized set of rules under a European Union (EU) Passport. The overarching aim of the AIFMD is to help prevent market instability, systemic risk build-up and improve investor protection. The EU Passport is intended to create a level playing field for alternative investment fund managers (AIFMs) managing or marketing alternative investment funds (AIFs) in the EU.

Under the AIFMD, AIFMs can apply for an EU Passport (authorisation) from an EU Member State, after which they can market or manage AIFs in any EU Member State that has transposed the Directive into its laws. The EU Passport is not currently available to non-EU countries. However, non-EU fund managers can manage and market their funds in the EU under the National Private Placement Regimes (NPPRs) whereby such managers must be authorised by each Member State separately. The NPPRs will end, not before 2018, depending on the European Commission's decision regarding the extension of the EU Passport to third countries.

IMPACT OF THE AIFMD ON THE CAYMAN ISLANDS

EU connected Cayman fund managers are captured by the AIFMD and, for the time being, operate there under the NPPRs. However, should the EU Passport be extended to the Cayman Islands and the NPPRs switched off, these managers will come under the full scope of the AIFMD and have to comply with, among other things, reporting and disclosure requirements, remuneration guidelines and obligations to appoint a depositary. Even though the AIFMD does not regulate funds directly, Cayman domiciled funds can be subject to certain requirements if they are being managed or marketed in the EU.

Cayman Islands' AIFMD efforts

- * Signed 27 agreements with EU regulators
- * Amended the Mutual Funds and Securities Investment Business Laws to include AIFMD specific provisions and to allow for an opt-in regime for funds and fund managers with an EU nexus (not yet assented to pending the passing of AIFMD specific regulations).
- * Draft AIFMD relevant regulations for mutual funds and fund managers are expected to be formally considered by the Government within the 2017 calendar year.

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.

Cayman Islands Monetary Authority (CIMA) – was established as a corporate body under The Monetary Authority Law (2016 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 - the provision of advice to the government on monetary, regulatory and cooperative matters.

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.

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.

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.

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.

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, 2006.

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.

Glossary of Terms (CONTINUED)

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 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 hedge 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 (1996 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.

Glossary of Terms (CONTINUED)

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.

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 (2016 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.

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



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