

**CAYMAN ISLANDS CHAMBER OF COMMERCE PENSION PLAN**

**FINANCIAL STATEMENTS**

**JUNE 30, 2013**

# CAYMAN ISLANDS CHAMBER OF COMMERCE PENSION PLAN

JUNE 30, 2013

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## INDEPENDENT AUDITOR'S REPORT

To the Trustees and the Unitholders of the  
**Cayman Islands Chamber of Commerce Pension Plan**

We have audited the accompanying financial statements of the Cayman Islands Chamber of Commerce Pension Plan (the "Plan"), which comprise the statement of financial position as at June 30, 2013 and the statements of comprehensive income, changes in net assets available to participants for their benefits and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Trustee's responsibility for the financial statements*

The Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion the financial statements present fairly, in all material respects, the financial position of the Plan as at June 30, 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive, stylized font.

November 13, 2013

## Cayman Islands Chamber of Commerce Pension Plan

### STATEMENT OF FINANCIAL POSITION

As at June 30, 2013

(Expressed in Cayman Islands dollars)

	2013	2012
<b>ASSETS</b>		
Cash and cash equivalents	\$ 9,550,372	\$ 17,199,305
Receivable for securities sold	659,403	1,056,735
Accrued interest receivable	696,627	593,111
Accrued dividends receivable	75,835	140,719
Financial assets, at fair value through profit or loss (Note 3)	242,374,582	207,288,433
Prepaid fees and other receivables	-	3,870
<b>Total assets</b>	<b>253,356,819</b>	<b>226,282,173</b>
<b>LIABILITIES</b>		
Payable for securities purchased	1,244,450	2,916,805
Benefits payable	3,378,928	4,704,691
Account payables (Note 4)	751,539	904,626
Total liabilities (excluding net assets available to participants for their benefits)	5,374,917	8,526,122
<b>NET ASSETS AVAILABLE TO PARTICIPANTS FOR THEIR BENEFITS (NOTE 9 and 14)</b>	<b>\$ 247,981,902</b>	<b>\$ 217,756,051</b>

Approved for issuance on behalf of the Cayman Islands Chamber of Commerce Pension Plan's Board of Trustees by:

Stuart Jessop \_\_\_\_\_

Trustee

Lynn Roffey \_\_\_\_\_

Trustee

November 13, 2013 \_\_\_\_\_

Date

The accompanying notes are an integral part of these financial statements

## Cayman Islands Chamber of Commerce Pension Plan

### STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2013

(Expressed in Cayman Islands dollars)

	2013	2012
<b>Revenue</b>		
Interest income	\$ 2,408,238	\$ 2,428,337
Dividend income	2,347,441	1,761,560
Net realised gain/ (loss) on financial assets at fair value through profit or loss	10,474,644	(3,258,985)
Net realised loss on foreign currency transactions	(31,338)	(37,237)
Net change in unrealised gain/ (loss) on financial assets at fair value through profit or loss	10,831,744	(4,374,212)
Net change in unrealised gain on other assets and liabilities denominated in foreign currencies	5,777	-
<b>Total revenue / (loss)</b>	<b>26,036,506</b>	<b>(3,480,537)</b>
<b>Expenses</b>		
Administration and custody fees (Note 6)	1,505,437	1,414,879
Investment management fees (Note 7)	1,015,907	971,745
Consultancy fees (Note 8)	78,800	143,325
Salary and benefits	133,248	127,142
Plan Registration Fees (Note 15)	342,720	363,180
Trustees liability insurance expense	7,512	7,512
Other expenses	285,462	149,015
Printing and communication costs	50,701	167,809
<b>Total operating expenses</b>	<b>3,419,787</b>	<b>3,344,607</b>
<b>Operating profit/ (loss)</b>	<b>22,616,719</b>	<b>(6,825,144)</b>
Withholding tax on dividends	(484,768)	(349,933)
<b>Net increase/ (decrease) in net assets from operations available to participants for their benefits</b>	<b>\$ 22,131,951</b>	<b>\$ (7,175,077)</b>

The accompanying notes are an integral part of these financial statements

## Cayman Islands Chamber of Commerce Pension Plan

### STATEMENT OF CHANGES IN NET ASSETS AVAILABLE TO PARTICIPANTS FOR THEIR BENEFITS

For the year ended June 30, 2013

(Expressed in Cayman Islands dollars)

	2013	2012
Net increase/ (decrease) in net assets from operations available to participants for their benefits	\$ 22,131,951	\$ (7,175,077)
<b>Contributions and transfers in</b>		
Employers and self employed participants - contributions	12,070,298	11,699,511
Employers and self employed participants - transfers in	687,314	740,445
Employees and voluntary participants – contributions	13,035,728	11,572,191
Employees and voluntary participants - transfers in	801,170	746,598
Total contributions and transfers in	26,594,510	24,758,745
	48,726,461	17,583,668
<b>Benefit payments and transfers out</b>		
Benefits paid to participants (Note 5)	(14,489,748)	(13,924,114)
Amounts transferred out	(4,010,862)	(8,253,003)
Total benefit payments and transfers out	(18,500,610)	(22,177,117)
<b>Net increase / (decrease) in net assets available to participants for their benefits</b>	30,225,851	(4,593,449)
Net assets available to participants for their benefits at beginning of year	217,756,051	222,349,500
<b>Net assets available to participants for their benefits at end of year</b>	\$ 247,981,902	\$ 217,756,051

The accompanying notes are an integral part of these financial statements

## Cayman Islands Chamber of Commerce Pension Plan

### STATEMENT OF CASH FLOWS

For the year ended June 30, 2013

(Expressed in Cayman Islands dollars)

	2013	2012
<b>Cash flows from operating activities</b>		
Interest received	\$ 2,304,722	\$ 2,517,344
Dividends received	2,412,325	1,744,064
Administration and custody fees paid	(1,637,422)	(1,358,633)
Investment management fees paid	(1,050,731)	(915,429)
Printing and advertising costs paid	(69,793)	(138,709)
Trustee liability insurance	(7,512)	(8,252)
Other expenses paid	(238,382)	(98,306)
Consultancy fees paid	(78,800)	(143,325)
Plan Registration fees paid	(342,720)	(363,180)
Salary and benefits paid	(146,184)	(133,161)
Withholding taxes paid	(484,768)	(349,933)
<b>Net cash provided by operating activities</b>	<b>660,735</b>	<b>752,480</b>
<b>Cash flows from investing activities</b>		
Purchase of investments	(172,784,594)	(168,779,507)
Proceeds from sale and maturity of investments	157,733,878	160,690,615
Net realised loss on forward currency contracts, futures contracts and foreign currency transactions	(31,338)	(37,237)
<b>Net cash used in investing activities</b>	<b>(15,082,054)</b>	<b>(8,126,129)</b>
<b>Cash flows from financing activities</b>		
Contributions and amounts transferred in from employers and self employed participants	12,757,612	12,439,956
Contributions and amounts transferred in from employees and voluntary participants	13,836,898	12,318,789
Benefit payments and transfers paid out	(19,826,373)	(20,314,761)
<b>Net cash provided by financing activities</b>	<b>6,768,137</b>	<b>4,443,984</b>
<b>Net cash decreases in cash and cash equivalents</b>	<b>(7,653,182)</b>	<b>(2,929,665)</b>
Unrealised foreign currency gain/(loss) on other assets and liabilities	4,249	(8,653)
Cash and cash equivalents at beginning of year	17,199,305	20,137,623
<b>Cash and cash equivalents at end of year</b>	<b>\$ 9,550,372</b>	<b>\$ 17,199,305</b>

The accompanying notes are an integral part of these financial statements

# Cayman Islands Chamber of Commerce Pension Plan

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Expressed in Cayman Islands dollars)

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### 1. Introduction and background information

The Cayman Islands Chamber of Commerce Pension Plan (the "Plan") was established under the laws of the Cayman Islands by a Declaration of Trust (the "Trust Deed") on May 12, 1992 as amended by a Deed of Amendment dated October 21, 1999 as a membership controlled, private sector operated Trust Fund to enable all Caymanians and other residents to participate in a properly structured and efficiently managed retirement plan.

The Plan's registration number is OSP4/03/0031. The Plan's reporting currency is the Cayman Islands dollar ("KYD"). The Plan has one employee, a Chief Operating Officer. The registered office of the Plan is P.O. Box 1000, Grand Cayman, KY1-1102.

The following description of the Plan provides only general information. Participants should refer to the Trust Deed for a more complete description of the Plan's provisions.

#### General

The Plan is a defined contribution pension plan and is available to all Caymanians and residents who either work for an employer that elects to participate in the Plan or are self-employed. At June 30, 2013, there were approximately 15,486 participants in the Plan (2012: 17,135). The Plan is subject to the provisions of the National Pensions Law of the Cayman Islands, which became effective on June 1, 1998 (the "Pensions Law"). The Plan is divided into units applicable to each Lifecycle Fund.

Effective November 1, 2006, the Plan launched its Lifecycle Funds. The Lifecycle Funds available under the Plan contain a mix of investments linked to a specific target retirement year and each target retirement year corresponds to a specific investment time horizon. The risk profile of each Lifecycle Fund reflects the Lifecycle Fund's expected time horizon and the participants' expected retirement dates, according to the Pensions Law. Lifecycle Funds reflect the participants' changing needs throughout the participants' working life by automatically adjusting the combination of assets invested based on age to reflect evolving investment needs and goals. The assets attributable to any one Lifecycle Fund are subject to the general creditors of the Plan, or another Lifecycle Fund. The Lifecycle Funds available to members at June 30, 2013 are as follows:

- Chamber 2045
- Chamber 2035
- Chamber 2025
- Chamber 2015
- Chamber Income

The target investment mix of each of the Lifecycle Funds at June 30, 2013 is as follows:

Chamber 2045 - 80% equity investments, 20% fixed income investments  
Chamber 2035 - 69% equity investments, 31% fixed income investments  
Chamber 2025 - 56% equity investments, 44% fixed income investments  
Chamber 2015 - 35% equity investments, 65% fixed income investments  
Chamber Income - 25% equity investments, 75% fixed income investments

# Cayman Islands Chamber of Commerce Pension Plan

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Expressed in Cayman Islands dollars)

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### 1. Introduction and background information (continued)

The target investment mix of each of the Lifecycle Funds at June 30, 2012 is as follows:

Chamber 2045 - 82% equity investments, 18% fixed income investments  
Chamber 2035 - 71% equity investments, 29% fixed income investments  
Chamber 2025 - 58% equity investments, 42% fixed income investments  
Chamber 2015 - 38% equity investments, 62% fixed income investments  
Chamber Income - 25% equity investments, 75% fixed income investments

The fixed income investments defined in the above target investment mix includes a proportion of cash and cash equivalents.

#### Contributions and transfers in

If an employer is a contributor, then the normal contribution rate is 10% of the employee's earnings (up to the maximum pensionable earnings), typically, being borne equally by the employee and employer, but not to be greater than 5% by the employee. Contributions in excess of 10% or in excess of \$6,000 per year based on maximum pension earnings of \$60,000 are considered voluntary. The normal contribution rate for self-employed participants is 10% of the participant's earnings.

#### Participant Accounts

Each participant's account is credited with the contributions received in respect of that participant which are applied to the purchase of units in the Plan. These units are calculated by dividing each participant's contributions by the unit value of the participant's Lifecycle Fund. The unit value is formally calculated by the administrator of the Plan (see Note 6) as of the last business day of each month (the "valuation date"). The value of any benefits paid to a participant or his/her beneficiaries is deducted from the participant's account.

#### Payment of benefits and transfers out

On retirement, the units allocated to each participant can be released by the Trustees and the participant's account applied in the purchase of a fully paid up life annuity and/or other prescribed retirement savings arrangement(s). In certain circumstances the participant may receive the value of his/her units as a lump sum payment. The above outcomes must be approved by the Superintendent of Pensions.

Participants whose membership is transferred to another pension plan may elect to transfer the balance of their account to that pension plan.

Those members that cease Cayman Islands residency may elect, after the expiry of a two-year waiting period from termination of their employment, to have the units allocated to their account realised by the Trustees and to withdraw the cash.

The Cayman Islands National Pensions Law was amended November 8, 2011 to allow pension members to withdraw up to KYD\$35,000 from their pension plan to purchase a home, construct a home, pay off an existing mortgage or purchase a parcel of residential land. During the year, approximately \$1,070,526 (2012: \$980,000) was withdrawn in relation to this amendment (Note 5).

# Cayman Islands Chamber of Commerce Pension Plan

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Expressed in Cayman Islands dollars)

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### 1. Introduction and background information (continued)

#### Investment policy

The Trustees have entered into an agreement with the investment managers (see Note 7), which gives the managers full discretion in selecting investments for the Plan in accordance with the Regulations of the Pensions Law, except for the Vanguard Global Stock Index Fund, which is a non-discretionary index fund.

The Plan may invest in such shares, securities, or other investments wherever situated as permitted by the Pensions Law. The investment objective of the Plan is to achieve maximum return for minimum risk and to that end investments are diversified as far as is reasonably practical to ensure that risk is not unduly concentrated in any one type of investment, area or currency, other than investment in United States dollar denominated securities. The Plan is invested primarily for long term growth and the United States dollar is the primary currency of investment, although up to 30% of the Plan's assets may be invested in securities denominated in other currencies.

### 2. Significant accounting policies

The financial statements of the Plan have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related results. It also requires the Trustees to exercise judgment in the process of applying the Plan's accounting policies.

All references to net assets throughout this document refer to net assets attributable to participants for their benefits unless otherwise stated. Net assets per unit information as disclosed in Note 14 has been determined as total assets less liabilities divided by the number of outstanding units for each Lifecycle Fund.

#### Standards and amendments to standards effective July 1, 2012

There were no standards, interpretations or amendments to existing standards that are effective during the year ended June 30, 2013 that have had a significant impact on the Plan's financial statements.

#### New standards, amendments and interpretations issued but not effective for the financial year beginning July 1, 2012 and not early adopted.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The Plan is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 after the accounting period beginning on or after January 1, 2015.

## Cayman Islands Chamber of Commerce Pension Plan

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Expressed in Cayman Islands dollars)

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#### 2. Significant accounting policies (continued)

IFRS 10, 'Consolidated financial statements', effective for annual periods beginning on or after January 1, 2013, builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent Company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The new standard is not expected to have any impact on the Plan's current conclusions.

IFRS 12, 'Disclosures of interests in other entities', effective for annual periods beginning on or after January 1, 2013, includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The new standard is not expected to have any impact on the Plan's financial position or performance.

Amendments to IFRS 10 and IFRS 12 for investment entities, effective for periods beginning on or after January 1, 2014, will result in many investment funds and similar entities being exempt from consolidating most of their subsidiaries. Instead, such entities will measure their 'subsidiaries' at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made IFRS 12 to introduce disclosures that an investment entity needs to make. The new standard is not expected to have any impact on the Plan's current consolidation conclusions.

The IAS 32, 'Financial instruments: Presentation' amendments clarify some of the requirements for offsetting financial assets and financial liabilities in the statement of financial position. In connection therewith, IFRS 7, 'Financial instruments: Disclosures' amendments were also issued. These new IFRS 7 disclosures are intended to facilitate comparison between IFRS and US GAAP preparers. The converged offsetting disclosures in IFRS 7 are to be retrospectively applied, with an effective date of annual periods beginning on or after January 1, 2013. The IAS 32 changes are retrospectively applied, with an effective date of annual periods beginning on or after January 1, 2014. Master netting agreements where the legal right of offset is only enforceable on the occurrence of some future event, such as default of the counterparty, continue not to meet the offsetting requirements. The disclosures focus on quantitative information about recognized financial instruments that are offset in the statement of financial position, as well as those recognized financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset. The new amendments are not expected to have any impact on the Plan's financial position or performance.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Plan.

## Cayman Islands Chamber of Commerce Pension Plan

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Expressed in Cayman Islands dollars)

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#### 2. Significant accounting policies (continued)

The significant accounting policies of the Plan are as follows:

**Financial assets, at fair value through profit or loss:** The Plan's investments are considered trading securities and consequently its investment securities have been classified as financial assets or liabilities at fair value through profit or loss. Financial assets and financial liabilities at fair value through profit or loss are initially recognized at fair value, which is considered the cost basis of the security. Securities that are traded on recognised securities exchanges are valued by reference to quotations provided by the market on which the securities are traded on the last day of trading in the period.

Securities that are not traded on recognised securities exchanges are valued by reference to price quotations furnished by investment services firms (such as brokers, dealers, or other entities). Investments in short-term money market funds and other open-ended funds are valued based on the share price as determined by the administrators of those entities in accordance with industry practice.

Investments are accounted for on the trade date basis (the date the order is executed). Realised and unrealised gains and losses are calculated on an average cost basis and are recognised in the statement of comprehensive income in the period in which they arise. Transaction costs are expensed as incurred and included as a component of realised and unrealised gains and losses in the statement of comprehensive income.

Financial assets and financial liabilities at fair value through profit or loss are those that are managed and their performance evaluated on a fair value basis in accordance with the Plan's documented investment strategy. The Plan's policy is for the Trustees to evaluate the information about these financial assets and liabilities on a fair value basis, together with other related financial information, for the purposes of making investment management decisions.

IFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

Level 1: Quoted priced (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

## Cayman Islands Chamber of Commerce Pension Plan

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Expressed in Cayman Islands dollars)

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#### 2. Significant accounting policies (continued)

**Interest income:** Interest income is accounted for using the effective interest method.

**Dividend income:** Dividend income is recognised at the time the income becomes receivable (the "ex-dividend" date).

**Contributions and transfers in:** Contributions and transfers in are accounted for as the cash is received by the administrator.

**Benefit payments and transfers out:** Benefit payments and transfers out are accounted for on the accrual basis.

**Expenses:** Expenses are accounted for on the accrual basis.

**Foreign currencies:** Transactions in foreign currencies are translated at the rate of exchange prevailing at the date of the transaction. Assets and liabilities that are denominated in foreign currencies are translated at the rate prevailing at the valuation date. The Plan does not isolate the effect of changes in foreign exchange rates from fluctuations arising from changes in the market prices of investments held at year end.

Similarly, the Plan does not isolate the effect of changes in foreign exchange rates from fluctuations arising from changes in the market prices of investments sold during the year. Accordingly, realised and unrealised foreign currency gains (losses) on investments are included in the reported net realised and unrealised gains (losses) on investments in the statement of comprehensive income.

**Functional and presentation currency:** Items included in the Plan's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Cayman Islands dollar ("KYD"), which is pegged to the United States dollar ("USD") at the rate of KYD. \$0.8333 = U.S. \$1.00. In addition, the Plan has adopted the Cayman Islands dollar as its presentation currency.

**Cash and cash equivalents:** For the purposes of the statement of cash flows, cash and cash equivalents consist of bank balances on demand and at short notice with original maturities of three months or less.

## Cayman Islands Chamber of Commerce Pension Plan

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Expressed in Cayman Islands dollars)

#### 3. Financial assets at fair value through profit or loss

At June 30, 2013 and 2012, the Plan's portfolio of investments comprised the following:

	2013		2012	
	Fair value	Cost	Fair value	Cost
Equities, warrants and rights	\$ 102,286,154	\$ 87,074,594	\$ 90,469,735	\$ 81,263,455
Fixed income	94,520,406	95,348,431	79,452,970	78,745,560
Vanguard investment Series plc - Global Stock Index Fund *	45,568,022	39,442,735	37,365,728	37,602,340
Total	\$ 242,374,582	\$ 221,865,760	\$ 207,288,433	\$ 197,611,355

\* At June 30, 2013 and 2012, the Plan invested in a daily traded open ended fund, Vanguard Investment Series plc – Global Stock Index Fund, that seeks to provide long term growth of capital by tracking the performance of the MSCI World Index which measures the investment return of stocks of companies located in developed markets around the world. The fund is incorporated in Ireland.

At June 30, 2013 and 2012, the Plan held the following equity investments (investments where either cost or value exceeds 1% of the Plan's net assets are presented individually):

	Fair value 2013	Fair value 2012	% of net assets 2013	% of net assets 2012
<b>Australian Dollar</b>				
Communications	\$ 593,828	\$ -	0.24%	0.00%
Gold mines	-	555,791	0.00%	0.26%
<b>British Pound</b>				
Industrial	3,211,062	-	1.29%	0.00%
Consumer goods	2,296,776	6,912,541	0.93%	3.17%
Finance	690,961	-	0.28%	0.00%
Communication	574,305	-	0.23%	0.00%
Materials	377,717	984,459	0.15%	0.45%
Capital equipment	-	615,630	0.00%	0.28%
Energy	-	518,417	0.00%	0.24%
Rights and Warrants	17,907	24,303	0.01%	0.01%
<b>Canadian Dollar</b>				
Materials	375,583	347,630	0.15%	0.16%
<b>Euro</b>				
Consumer goods	5,235,504	-	2.11%	0.00%
Anheuser-Busch	-	1,812,631	0.00%	0.83%
Other	-	4,930,675	0.00%	2.26%

## Cayman Islands Chamber of Commerce Pension Plan

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Expressed in Cayman Islands dollars)

#### 3. Financial assets at fair value through profit or loss (continued)

	Fair value 2013	Fair value 2012	% of net assets 2013	% of net assets 2012
<b>Euro (continued)</b>				
Industrial	2,478,263	-	1.00%	0.00%
Materials	1,579,083	3,107,219	0.64%	1.43%
Communication	2,578,404	-	1.04%	0.00%
Miscellaneous	-	1,913,228	0.00%	0.88%
Capital Equipment	-	600,951	0.00%	0.28%
<b>Hong Kong Dollar</b>				
Consumer goods	617,369	1,129,487	0.25%	0.52%
<b>Indonesia Rupiah</b>				
Finance	713,350	598,721	0.29%	0.27%
Industrial	503,955	-	0.20%	0.00%
Consumer goods	-	480,510	0.00%	0.22%
<b>Japanese Yen</b>				
Finance	738,905	681,247	0.30%	0.31%
Consumer goods	2,233,210	1,361,590	0.90%	0.63%
Industrial	1,644,944	-	0.66%	0.00%
Technology	572,372	-	0.23%	0.00%
Materials	-	1,265,530	0.00%	0.58%
<b>Malaysian Ringgit</b>				
Energy	640,504	-	0.26%	0.00%
<b>Norwegian Kroner</b>				
Consumer goods	587,732	-	0.24%	0.00%
Energy	-	508,050	0.00%	0.23%
<b>Philippine Peso</b>				
Consumer goods	818,947	392,239	0.33%	0.18%
Finance	441,305	-	0.18%	0.00%
<b>South African Rand</b>				
Consumer goods	693,086	-	0.28%	0.00%
Miscellaneous	-	572,298	0.00%	0.26%
<b>South Korean Won</b>				
Technology	-	908,102	0.00%	0.42%
Consumer goods	-	611,209	0.00%	0.28%
Communications	1,037,924	-	0.42%	0.00%
<b>Swedish Kroner</b>				
Finance	823,750	551,882	0.33%	0.25%

## Cayman Islands Chamber of Commerce Pension Plan

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Expressed in Cayman Islands dollars)

#### 3. Financial assets at fair value through profit or loss (continued)

	Fair value 2013	Fair value 2012	% of net assets 2013	% of net assets 2012
<b>Swiss Franc</b>				
Consumer goods	1,910,856	2,003,034	0.77%	0.92%
<b>Thailand Baht</b>				
Finance	718,094	620,455	0.29%	0.28%
Communication	700,628	-	0.28%	0.00%
Miscellaneous	-	459,253	0.00%	0.21%
<b>Turkish Lira</b>				
Miscellaneous	774,629	609,949	0.31%	0.28%
<b>United States Dollar</b>				
Consumer goods	21,797,424	-	8.79%	0.00%
Unitedhealth Group Inc.	-	1,614,990	0.00%	0.74%
Others	-	15,809,222	0.00%	7.26%
Finance				
Visa Inc.	2,929,026	2,649,082	1.18%	1.22%
Other	13,963,719	5,291,034	5.64%	2.43%
Technology	7,150,903	-	2.88%	0.00%
Apple Inc.	-	4,266,607	0.00%	1.96%
Oracle Corp	-	1,452,825	0.00%	0.67%
Microsoft Corp.	-	2,652,994	0.00%	1.22%
Other	-	4,006,453	0.00%	1.84%
Miscellaneous	-	6,325,306	0.00%	2.90%
Materials	5,714,845	9,540,892	2.30%	4.38%
Communication	5,316,775	-	2.14%	0.00%
Energy	4,653,142	1,783,299	1.88%	0.82%
Industrial	4,188,197	-	1.69%	0.00%
Utilities	391,170	-	0.16%	0.00%
	\$ 102,286,154	\$ 90,469,735	41.25%	41.55%

## Cayman Islands Chamber of Commerce Pension Plan

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Expressed in Cayman Islands dollars)

#### 3. Financial assets at fair value through profit or loss (continued)

At June 30, 2013, the Plan held the following fixed income investments (investments where either cost or value exceeds 1% of the Plan's net assets are presented individually):

Nominal Amount	U.S Dollar Denominated bonds	Fair Value	% of net assets
3,059,000	US TREASURY N/B 0.500% 10/15/13	\$ 2,552,253	1.03%
3,883,000	US TREASURY N/B 0.750% 12/31/17	3,164,670	1.28%
	Other	88,803,483	35.81%
	<b>Total Bonds (cost \$95,348,431)</b>	<b>\$ 94,520,406</b>	<b>38.12%</b>

At June 30, 2012, the Plan held the following fixed income investments (investments where either cost or value exceeds 1% of the Plan's net assets are presented individually):

Nominal Amount	U.S. Dollar Denominated bonds	Fair Value	% of net assets
3,000,000	Barclays Bank PLC 2.5% CVD BDS 21/SEPT/2015	\$ 2,557,650	1.17%
4,000,000	Berkshire Hathaway Inc. 3.2% BDS 11/FEB/2015	3,543,767	1.63%
3,000,000	HSBC Bank PLC 3.5% 28/JUN/15	2,619,200	1.20%
2,500,000	L-Bank BW Foerderbank 2.75% 26/MAY/15	2,184,771	1.00%
2,500,000	Neder Waterschapsbank 3.00% 17/MAR/15	2,170,771	1.00%
3,000,000	Novartis Capital Corp 2.9% BDS 24/APR/2015	2,646,900	1.22%
4,000,000	Procter and Gamble Co. 1.375% BDS 01/AUG/2012	3,335,966	1.53%
3,000,000	Royal Bank of Canada 3.125% BDS 14/APR/2015	2,649,725	1.22%
	Other	57,744,220	26.53%
	<b>Total Bonds (cost \$78,745,560)</b>	<b>\$ 79,452,970</b>	<b>36.50%</b>

## Cayman Islands Chamber of Commerce Pension Plan

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Expressed in Cayman Islands dollars)

#### 3. Financial assets at fair value through profit or loss (continued)

At June 30, 2013, the Plan's investments have been classified as follows:

	Level 1	Level 2	Level 3	Total
Equities and warrants	\$ 102,286,154	\$ -	\$ -	\$ 102,286,154
Fixed income*	-	94,520,406	-	94,520,406
Vanguard investment Series plc - Global Stock Index Fund	-	45,568,022	-	45,568,022
Financial assets at fair value through profit or loss	\$ 102,286,154	\$ 140,088,428	\$ -	\$ 242,374,582

At June 30, 2012, the Plan's investments have been classified as follows:

	Level 1	Level 2	Level 3	Total
Equities, warrants and rights	\$ 90,469,735	\$ -	\$ -	\$ 90,469,735
Fixed income*	-	79,452,970	-	79,452,970
Vanguard investment Series plc - Global Stock Index Fund	-	37,365,728	-	37,365,728
Financial assets at fair value through profit or loss	\$ 90,469,735	\$ 116,818,698	\$ -	\$ 207,288,433

\*Included in Fixed Income is \$15,184,212 (2012: \$12,195,863) of 144A restricted securities.

There were no significant transfers between levels 1 and 2 during the years ended June 30, 2013 and 2012.

Investments, whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities and certain non-US sovereign obligations. The Plan does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include investment-grade corporate bonds and certain non-US sovereign obligations, US government treasury bills, listed equities, and open ended mutual funds. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments include private equity and corporate debt securities. As observable prices are not available for these securities, the Plan uses valuation techniques to derive the fair value. At June 30, 2013 and 2012 the Plan did not hold any investments classified in level 3.

## Cayman Islands Chamber of Commerce Pension Plan

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Expressed in Cayman Islands dollars)

#### 4. Accounts payable

	2013	2012
Administration and custody fees	\$ 282,947	\$ 414,932
Other expenses	177,234	130,154
Investment management fees	273,264	308,088
Printing and advertising	17,000	36,092
Salary and benefits	-	12,937
Commissions	1,094	2,423
Total accounts payable	\$ 751,539	\$ 904,626

#### 5. Benefit payments

	2013	2012
Termination of residence	\$ 7,829,010	\$ 6,565,091
Retirement	5,367,939	6,037,634
Death and medical	222,273	341,751
Housing	1,070,526	979,638
Total benefit payments	\$ 14,489,748	\$ 13,924,114

#### 6. Administration and custody fees

Effective March 1, 2006, the Plan entered into an Amended and Restated Administrative Services Agreement, whereby Butterfield Fulcrum Group ("BFG") provides member administration services to the Plan.

The Amended and Restated Administrative Services Agreement provides for an all-inclusive fee, calculated on a monthly basis of the month-end net assets available to participants of the Plan at the following rates:

- i) 0.75% per annum on the first CI\$50,000,000
- ii) 0.60% per annum between CI\$50,000,000 and CI\$100,000,000
- iii) 0.50% per annum between CI\$100,000,000 and CI\$150,000,000
- iv) 0.45% per annum over CI\$150,000,000.

For its service during the year ended June 30, 2013, BFG earned fees under this agreement amounting to \$1,314,118 (2012: \$1,222,370).

Effective October 1, 2012, the Global Custody Agreement with JP Morgan was terminated. For its services during the year ended June 30, 2013, JP Morgan earned fees amounting to \$20,387 (2012: \$77,385).

## Cayman Islands Chamber of Commerce Pension Plan

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Expressed in Cayman Islands dollars)

#### 6. Administration and custody fees (continued)

Effective October 1, 2012, the Plan entered into a Custody agreement with State Street Bank and Trust Company ("State Street"). For its services during the year ended June 30, 2013, State Street earned fees amounting to \$52,696.

Effective July 1, 2011, the Plan entered into an Administration Agreement with Maples Fund Services (Cayman) Limited ("MaplesFS"), whereby MaplesFS provides Net Asset Value ("NAV") calculation services to the Plan. For these services MaplesFS receives a fee calculated on a monthly basis as a percentage of the month end NAV at the following rates:

Net Asset Value in US\$	Percentage/basis points
First \$500 million	5 bps
\$500 million - \$1 billion	4 bps
Over \$1 billion	3 bps

For the year ending June 30, 2013, MaplesFS earned fees under this agreement amounting to \$118,236 (2012: \$115,124).

#### 7. Investment management fees

Effective February 28, 2006, the Plan entered into a Discretionary Investment Agreement whereby Butterfield Bank (Cayman) Ltd. ("Butterfield Bank"), manages a portion of the fixed income portfolio of the Plan. The amended Discretionary Investment Agreement with Butterfield Bank provides for a wrap up fee of 0.35% per annum, calculated on the total market value of the fixed income portfolio of the Plan, and paid on a quarterly basis. Effective January 1, 2012, the wrap up fee is calculated at the following rates:

- i) 0.30% per annum on the first US\$25,000,000;
- ii) 0.25% per annum on the balance.

For its services during the year ended June 30, 2013, Butterfield Bank earned fees under this agreement amounting to \$84,294 (2012: \$234,288).

Effective December 20, 2011 the Plan entered into an Investment Management Agreement with Income Research & Management ("IRM"), whereby IRM manages a portion of the fixed income portfolio of the Plan. The agreement provides for a fee calculated quarterly in arrears based on the average month-end net value of the investment account during the quarter at the following annual rates:

- i) 0.30% per annum on the first US\$50,000,000;
- ii) 0.25% per annum on the next US\$25,000,000;
- iii) 0.20% per annum on amounts over US\$75,000,000.

For its services during the year ended June 30, 2013, IRM earned fees under this agreement amounting to \$99,127 (2012: \$14,764).

## Cayman Islands Chamber of Commerce Pension Plan

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Expressed in Cayman Islands dollars)

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#### 7. Investment management fees (continued)

Effective December 20, 2011 the Plan entered into an Investment Management Agreement with EFG Bank, Cayman Branch ("EFG"), whereby EFG manages a portion of the fixed income portfolio of the Plan. The agreement provides for a fee calculated quarterly in arrears based on the average month-end net value of the investment account during the quarter at the following annual rates:

- i) 0.30% per annum on the first US\$25,000,000;
- ii) 0.25% per annum on the balance.

For its services during the year ended June 30, 2013, EFG earned fees under this agreement amounting to \$76,540 (2012: \$12,000).

Effective October 30, 2008, the Plan entered into an Investment Agreement with McKinley Capital Management, Inc. ("McKinley"), whereby McKinley manages a portion of the equity portfolio of the Plan. The agreement provides for a fee calculated quarterly in arrears based on the average month-end net value of the investment account during the quarter at the following annual rates:

- i) 0.75% per annum on the first US\$10,000,000;
- ii) 0.65% per annum on the next US\$15,000,000;
- iii) 0.60% per annum on the next US\$25,000,000;
- iv) 0.50% per annum on the next US\$100,000,000;
- v) 0.48% per annum on the next US\$50,000,000 up to US\$200,000,000.

A separate sliding scale with rates of 0.50% to 0.225% is employed for net asset values between US\$200 million and US\$900 million. For net assets in excess of US\$900 million, a sliding scale with rates of 0.35% and 0.32% is employed.

For its services during the year ended June 30, 2013, McKinley earned fees under this agreement amounting to \$309,150 (2012: \$273,158).

Effective September 24, 2010 the Plan entered into an Investment Agreement with Epoch Investment Partners ("Epoch"), whereby Epoch manages a portion of the equity portfolio of the Plan. The agreement provides for a fee calculated quarterly in arrears based on the preceding quarter end net value of the investment account at the following annual rates:

- i) 0.85% per annum on the first US\$50,000,000;
- ii) 0.75% per annum on the next US\$50,000,000;

For its services during the year ended June 30, 2013, Epoch earned fees under this agreement amounting to \$446,796 (2012: \$437,535).

The Vanguard Investment Series plc – Global Stock Index Fund ("Vanguard") charges a fixed annual management fee of 0.29% of the net asset value of the institutional shares held by the Plan. The net asset value of Vanguard includes, and is reported, net of such fees. Vanguard's expenses will not exceed, on an annual basis, 1% of the average net asset value of the institutional shares held by the Plan.

## Cayman Islands Chamber of Commerce Pension Plan

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Expressed in Cayman Islands dollars)

#### 8. Consultancy fees

Effective December 15, 2004, the Trustees of the Plan entered into an agreement with Mercer Investment Consulting, Inc. ("Mercer") under which Mercer was engaged to perform a review of the Plan's investment arrangements as well as to provide ongoing quarterly investment performance evaluation services.

Effective April 12, 2006, the Plan entered into an agreement with Mercer to provide certain marketing and communication services to the Plan.

Effective March 5, 2009, the Plan entered into an agreement with Mercer that updated the scope of services surrounding its ongoing quarterly investment performance evaluation services.

For its services during the year ended June 30, 2013, Mercer earned fees under this agreement amounting to \$78,800 (2012: \$143,325).

#### 9. Unit transactions

Units of the Plan are issued or redeemed on the first business day of each month at a price based on the underlying net asset value of the relevant Lifecycle Fund at the opening of business on that date.

Transactions in units for the year ended June 30, 2012 to June 30, 2013 are summarized as follows:

	Chamber 2045	Chamber 2035	Chamber 2025	Chamber 2015	Chamber income	Total plan
Outstanding units, at June 30, 2011	13,489,753	39,754,594	40,981,571	20,372,236	4,930,701	119,528,855
Issued during the period (contributions and transfers from other plans)	3,192,638	4,986,394	3,958,773	1,622,124	329,007	14,088,936
Net transfers	1,821	(3,707)	(12,783)	(56,805)	62,392	(9,082)
Redeemed during the period (benefit payments and transfers to other plans)	(1,235,827)	(3,752,152)	(3,714,642)	(2,443,722)	(1,023,547)	(12,169,890)
Outstanding units, at June 30, 2012	15,448,385	40,985,129	41,212,919	19,493,833	4,298,553	121,438,819
Issued during the period (contributions and transfers from other plans)	3,430,271	4,948,560	3,802,293	1,567,690	281,125	14,029,939
Net transfers	10,750	(9,674)	(83,373)	256,798	51,286	225,787
Redeemed during the period (benefit payments and transfers to other plans)	(1,314,913)	(3,135,714)	(2,594,373)	(1,798,216)	(903,832)	(9,747,048)
Outstanding units, at June 30, 2013	17,574,493	42,788,301	42,337,466	19,520,105	3,727,132	125,947,497

The Plan's capital is primarily represented by these units. In accordance with the objectives outlined in Note 1 and the risk management policies in Note 11, the Plan endeavours to invest the contributions received from unitholders into appropriate investments while maintaining sufficient liquidity to meet withdrawals.

The net asset values per unit of each of the Lifecycle Funds, at June 30, 2013 and 2012 are disclosed in Note 14.

## Cayman Islands Chamber of Commerce Pension Plan

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Expressed in Cayman Islands dollars)

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#### 10. Plan termination

The Trustees may at any time, with the sanction of an Extraordinary Resolution of the Members in a general meeting and in accordance with the provisions of the Pensions Law, determine that the Plan shall forthwith terminate, and upon termination either:

- a. apply all sums credited to a participant's account to the purchase of a fully paid up life annuity, commencing at the normal retirement date, or other prescribed savings arrangement; or
- b. transfer all sums credited to a participant's account to another pension plan approved by the Trustees for the benefit of the participant.

#### 11. Financial instruments and associated risks

The Plan's activities expose it to a variety of financial risks: market risk (including price risk, currency risk and interest rate risk), credit risk and liquidity risk. The Plan's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Plan's financial performance.

##### Price risk:

All securities investments present a risk of loss of capital. The investment advisors (Note 7) moderate this risk through a careful selection of securities and other financial instruments within specified limits. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The Plan's overall market positions are monitored on a daily basis by the investment advisors. The Plan's equity and trading derivative financial instruments are susceptible to market price risk arising from uncertainties about future prices of the instruments.

The Plan's market price risk is managed through diversification of the investment portfolio ratios by exposures. The overall market exposures as at June 30, 2013 are presented in Note 3.

At June 30, 2013, the Plan's market risk is affected by three main components: changes in actual market prices, interest rate and foreign currency movements.

##### ***Equity portfolio managed by McKinley (Note 7)***

If the MSCI World Growth Net Dividend Index at June 30, 2013 had increased/decreased by 10% with all other variables held constant, this may have increased/decreased net assets attributable to unitholders by approximately \$5,309,237 to \$9,353,788 (2012: \$3,825,209 to \$6,375,348).

##### ***Equity portfolio managed by Epoch (Note 7)***

If the MSCI World Equity Index at June 30, 2013 had increased/decreased by 10% with all other variables held constant, this may have increased/decreased net assets attributable to unitholders by approximately \$5,856,507 (2012: \$4,365,035).

## Cayman Islands Chamber of Commerce Pension Plan

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Expressed in Cayman Islands dollars)

#### 11. Financial instruments and associated risks (continued)

##### *Vanguard (Note 7)*

If the NAV of the Vanguard Global Stock Index Fund at June 30, 2013 had increased/decreased by 10% with all other variables held constant, this may have increased/decreased net assets attributable to unitholders by approximately \$4,556,802 (2012: \$3,736,573).

The aforementioned analysis excludes the market risk associated with the Plan's fixed income portfolio, which is discussed under "Interest rate risk" below.

The above investment advisors do not manage the Plan's investments to track any particular index or external benchmark. The sensitivity analysis presented above is based upon the portfolio composition as at June 30 and the performance of the securities in the portfolio relative to a benchmark index. The composition of the Plan's investment portfolio and the correlation thereof to the respective index is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2013 and 2012 is not necessarily indicative of the effect on the Plan's net assets of future movements in the level of the index.

The majority of the investments are denominated in USD. At June 30, 2013 and 2012 the Plan held the following equity securities denominated in currencies other than the USD.

(expressed in KYD)	2013	2012
AUSTRALIAN DOLLAR	\$ 593,828	\$ 555,791
BRITISH POUND	7,168,727	9,031,048
CANADIAN DOLLAR	375,583	347,630
EURO	11,871,254	10,451,476
HONG KONG DOLLAR	617,369	1,129,487
INDONESIAN RUPIAH	1,217,305	1,079,231
JAPANESE YEN	5,189,432	3,308,367
MALAYSIAN RINGGIT	640,504	-
NORWEGIAN KRONE	587,732	508,050
PHILIPPINE PESO	1,260,253	392,239
SOUTH AFRICAN RAND	693,086	572,298
SOUTH KOREA WON	1,037,923	1,519,311
SWEDISH KRONA	823,750	551,882
SWISS FRANC	1,910,856	2,003,033
THAILAND BAHT	1,418,722	1,079,708
TURKISH LIRA	774,630	609,949
	\$ 36,180,954	\$ 33,139,500

## Cayman Islands Chamber of Commerce Pension Plan

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Expressed in Cayman Islands dollars)

#### 11. Financial instruments and associated risks (continued)

The Cayman Islands dollar is pegged to the US dollar (Note 2) therefore the Plan is only affected by changes in movements in the exchange rates of other foreign currencies. The table below shows the approximate effect on profit, at June 30, 2013 and 2012, had the exchange rate between the Cayman Islands dollar and the respective foreign currencies, other than the US dollar, in which the equity securities were denominated, increased or decreased by 5% with all other variables held constant. All fixed income securities are denominated in USD (Note 3).

The analysis below is performed for what management believes to be reasonably possible movements in foreign currency exchange rates with all other variables held constant, showing the impact on net increase in net assets from operations available to unitholders (due to changes in fair value of currency sensitive non-monetary assets, excluding changes in fair value of forward foreign currency exchange contracts). In performing the analysis below, it is assumed that the change in the relevant risk variable had occurred at the statement of financial position date and had been applied to the risk exposures in existence at that date.

(expressed in KYD)	2013 Effect on profit - 5% increase/decrease	2012 Effect on profit - 5% increase/decrease
AUSTRALIAN DOLLAR	\$ 29,691	\$ 27,790
BRITISH POUND	358,436	452,767
CANADIAN DOLLAR	18,779	17,381
EURO	593,563	618,235
HONG KONG DOLLAR	30,868	56,474
INDONESIAN RUPIAH	60,865	53,962
JAPANESE YEN	259,472	165,418
MALAYSIAN RINGGIT	32,025	-
NORWEGIAN KRONE	29,387	25,402
PHILIPPINE PESO	63,013	19,612
SOUTH AFRICAN RAND	34,654	28,614
SOUTH KOREA WON	51,896	75,966
SWEDISH KRONA	41,188	27,594
SWISS FRANC	95,543	100,151
THAILAND BAHT	70,936	53,985
TURKISH LIRA	38,732	30,497
	\$ 1,809,048	\$ 1,753,848

The Plan also holds monetary assets and liabilities denominated in currencies other than the KYD, its functional currency and the USD to which the KYD is pegged. It is therefore exposed to currency risk, as the value of the monetary assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates. The Plan may enter into currency hedging transactions.

## Cayman Islands Chamber of Commerce Pension Plan

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Expressed in Cayman Islands dollars)

#### 11. Financial instruments and associated risks (continued)

At June 30, 2013, the Plan held approximately \$101,619 (2012: \$695,618) of cash and cash equivalents denominated in foreign currencies, other than the USD and KYD. Had exchange rates between the KYD and the respective foreign currencies, other than USD in which the foreign cash was denominated increased/decreased by 5% with all other variables held constant, the effect would be an increase/decrease on profit of approximately \$5,081 (2012 : \$34,780).

Currency risk with respect to the Plan's equity investments is discussed under "Price risk" above.

In accordance with the Plan's policy, the investment advisors monitor the Plan's net currency position on a regular basis. The Plan's fixed rate and zero coupon bond holdings are subject to market risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

The table below summarises the Plan's exposure to interest rate risks. It includes the Plan's assets at fair values, categorised by the earlier of contractual re-pricing or maturity dates.

#### Interest rate risk:

<b>June 30, 2013</b>	<b>Up to 1 year</b>	<b>2-5 years</b>	<b>Above 5 years</b>	<b>Total</b>
Cash and cash equivalents	\$ 9,550,372	\$ -	\$ -	\$ 9,550,372
Financial assets at fair value through profit or loss	13,883,620	55,605,701	25,031,085	94,520,406
<b>Total Assets</b>	<b>\$ 23,433,992</b>	<b>\$ 55,605,701</b>	<b>\$ 25,031,085</b>	<b>\$ 104,070,778</b>

  

<b>June 30, 2012</b>	<b>Up to 1 year</b>	<b>2-5 years</b>	<b>Above 5 years</b>	<b>Total</b>
Cash and cash equivalents	\$ 17,199,305	\$ -	\$ -	\$ 17,199,305
Financial assets at fair value through profit or loss	14,258,338	47,902,890	17,291,742	79,452,970
<b>Total Assets</b>	<b>\$ 31,457,643</b>	<b>\$ 47,902,890</b>	<b>\$ 17,291,742</b>	<b>\$ 96,652,275</b>

At June 30, 2013, should interest rates, for the debt securities held by the Plan, have lowered/increased by 100 basis points (2012: 100 basis points) with all other variables remaining constant and ignoring the effects of any management fees, the increase/decrease in net assets attributable to unitholders for the year would amount to approximately \$1,082,252 (2012: \$1,167,726), arising substantially from the increase/decrease in market values of debt securities.

In accordance with the Plan's policy, the investment advisors monitor the Plan's overall interest sensitivity on a daily basis.

# Cayman Islands Chamber of Commerce Pension Plan

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Expressed in Cayman Islands dollars)

### 11. Financial instruments and associated risks (continued)

#### Credit risk:

The Plan takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Plan's main credit risk is comprised of a) its cash and cash equivalent balances; and b) its debt securities. The aggregate extent of the Plan's exposure to credit risk in respect of these financial assets approximates their carrying value as recorded in the Plan's statement of financial position. The fair value of substantially all cash and cash equivalents and debt securities are with the Plan's prime broker - State Street.

Although the Trustees monitor State Street and believe that it is an appropriate custodian, there is no guarantee that State Street will not become insolvent. There is no certainty that in the event of a failure of State Street that has custody of Plan's assets, the Plan would not incur losses due to its assets being unavailable for a period of time or that there is ultimately a less than full recovery of its assets, or both. Because substantially all of the Plan's assets are held with State Street, such losses could be significant and could materially impair the ability of the Plan to achieve its investment objective. The Trustees manage the credit risk with State Street by regularly monitoring its credit worthiness. State Street has a Standard & Poor's rating of A+.

The Plan's debt securities portfolio by rating, as provided by Standard & Poor's and Moody's (with the highest rating of the two) is as follows:

Rating	2013	2012
AAA	\$ 9,628,742	\$ 14,641,183
AA+	22,821,121	20,450,038
AA	3,297,116	4,549,799
AA-	12,366,742	13,446,787
A+	6,929,882	1,499,393
A	9,774,118	5,717,044
A-	12,460,109	12,001,731
BBB+	8,086,890	3,997,066
BBB	4,489,690	1,689,240
BBB-	4,173,009	1,378,464
BB+	492,987	82,225
	\$ 94,520,406	\$ 79,452,970

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

## Cayman Islands Chamber of Commerce Pension Plan

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Expressed in Cayman Islands dollars)

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#### 11. Financial instruments and associated risks (continued)

##### Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting financial obligations. Management believes that the Plan has sufficient resources to meet the present and foreseeable needs of its business operations. Management's guiding policies require monthly or quarterly payments for an 'emergency' reserve. The Plan invests the majority of its assets in investments that can be readily disposed of.

At June 30, 2013 and 2012, all of the Plan's liabilities (excluding net assets attributable to participants for their benefits) have a maturity of 3 months or less.

#### 12. Financial highlights

The increase (decrease) in net asset value per unit, of each of the Lifecycle Funds, for the years ended June 30, 2013 and 2012, calculated based on the movement in net asset value per unit during the year divided by the average monthly net asset value of each of the Lifecycle Funds, is as follows:

2045: 13.29% (2012: (4.71%))  
2035: 11.78% (2012: (4.00%))  
2025: 9.75% (2012: (3.25%))  
2015: 6.43% (2012: (1.88%))  
Chamber Income: 4.51% (2012: (0.46%))

#### 13. Taxation

The Plan is not subject to any income, withholding or capital gains taxes in the Cayman Islands. Generally the Plan conducts its affairs so as not to be liable to taxation in any other jurisdiction; however, the Plan does invest in securities whose income is subject to non-refundable foreign withholding taxes, which are expensed in the statement of comprehensive income.

The Plan invests in securities issued by entities which are virtually all domiciled in countries other than the Cayman Islands. Many of these foreign countries have tax laws which indicate that capital gains taxes may be applicable to non-residents, such as the Plan. Typically, these capital gains taxes are required to be determined on a self assessment basis and, therefore, such taxes may not be deducted by the Plan's brokers on a "withholding" basis. At June 30, 2013 and 2012, the Plan has measured its tax liabilities with respect to foreign capital gains taxes at nil. However, there is a risk that foreign tax authorities will begin seeking to collect taxes on capital gains earned by the Plan, without giving any prior warning and possibly, on a retrospective basis. Any retrospective enforcement may result in a potential loss to the Plan.

## Cayman Islands Chamber of Commerce Pension Plan

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Expressed in Cayman Islands dollars)

#### 14. Financial information on a Lifecycle Fund basis

The movement in the net assets for the year ended June 30, 2013 and for each Lifecycle Fund is as follows:

	Chamber 2045	Chamber 2035	Chamber 2025	Chamber 2015	Chamber income	For the year ended June 30, 2013 Total Plan	For the year ended June 30, 2012 Total plan
Opening net assets available to Participants for their benefits	25,282,621	70,721,116	74,733,214	37,648,809	9,370,291	\$ 217,756,051	\$ 222,349,500
Total contributions*	6,126,213	9,196,889	7,312,282	3,257,737	701,389	26,594,510	24,758,745
Total withdrawals*	(2,349,320)	(5,834,191)	(5,126,061)	(3,203,717)	(1,987,321)	(18,500,610)	(22,177,117)
Net increase in net assets	3,525,841	8,443,863	7,335,935	2,420,157	406,155	22,131,951	(7,175,077)
Closing net assets available to Participants for their benefits	32,585,355	82,527,677	84,255,370	40,122,986	8,490,514	\$ 247,981,902	\$ 217,756,051
No. of units at June 30, 2013 (Note 9)	17,574,493	42,788,301	42,337,466	19,520,105	3,727,132	125,947,497	121,438,819
Net asset value per unit - June 30, 2013	\$ 1.854	\$ 1.929	\$ 1.990	\$ 2.055	\$ 2.278		
Expense ratio 2013**	1.60%	1.48%	1.41%	1.35%	1.34%		
Net asset value per unit - June 30, 2012	\$ 1.637	\$ 1.726	\$ 1.813	\$ 1.931	\$ 2.180		
Expense ratio 2012**	1.72%	1.50%	1.43%	1.36%	1.34%		

\*Total contributions and total withdrawals include net transfers

\*\*Expense ratio is calculated as expenses for the year divided by the average monthly net assets available to Participants for their benefits by Lifecycle Fund. General expenses are allocated to each Lifecycle Fund based upon its proportionate share of total net assets. Certain investment related expenses are proportionately allocated to each Lifecycle Fund based upon its monthly investment mix.

## **Cayman Islands Chamber of Commerce Pension Plan**

### **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2013**

**(Expressed in Cayman Islands dollars)**

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#### **15. Plan Registration Fees**

For the financial year ended June 30, 2013, the Plan paid registration fees amounting to \$342,720 (2012: \$363,180).

#### **16. Subsequent Events**

Subsequent to year end, the Plan was notified that its investment management agreement with EFG Bank, Cayman Branch would be amended. A new investment management agreement is expected to be executed in the near term with Helix Advisory Services Ltd., an investment management company that has contractual arrangements in place with EFG Bank, Cayman Branch to provide portfolio management services for its mutual clients. The lead portfolio manager remains the same under the new arrangement, and therefore no significant changes to investment style or strategy are expected.

There were no other subsequent events requiring additional disclosures identified.

## Cayman Islands Chamber of Commerce Pension Plan

JUNE 30, 2013

### PORTFOLIO INVESTMENT MIX (UNAUDITED)

(Expressed in Cayman Islands dollars)

For year ended June 30, 2013

	Market value						Cost		
	Cash and cash equivalents	% of Cash	Equity*	% of Equity	Fixed Income	% of Fixed Income	Cash and cash equivalents	Equity	Fixed Income
Chamber 2045	\$ 1,306,960	13.68%	\$ 25,611,981	17.32%	\$ 5,789,839	6.13%	\$ 1,306,960	\$ 21,915,913	\$ 5,840,560
Chamber 2035	3,261,634	34.15%	57,073,616	38.60%	23,594,109	24.96%	3,261,634	48,837,319	23,800,800
Chamber 2025	3,232,342	33.84%	48,211,437	32.61%	34,450,794	36.45%	3,232,342	41,254,041	34,752,592
Chamber 2015	1,446,075	15.15%	14,663,372	9.92%	24,497,436	25.92%	1,446,075	12,547,300	24,712,040
Chamber Income	303,361	3.18%	2,293,770	1.55%	6,188,228	6.54%	303,361	1,962,756	6,242,439
<b>Total</b>	<b>\$ 9,550,372</b>	<b>100.00%</b>	<b>\$ 147,854,176</b>	<b>100.00%</b>	<b>\$ 94,520,406</b>	<b>100.00%</b>	<b>\$ 9,550,372</b>	<b>\$ 126,517,329</b>	<b>\$ 95,348,431</b>

For year ended June 30, 2012

	Market value						Cost		
	Cash and cash equivalents	% of Cash	Equity*	% of Equity	Fixed Income	% of Fixed Income	Cash and cash equivalents	Equity	Fixed Income
Chamber 2045	\$ 1,748,795	10.17%	\$ 20,043,976	15.68%	\$ 4,177,176	5.26%	\$ 1,748,795	\$ 18,637,576	\$ 4,139,827
Chamber 2035	5,282,777	30.72%	48,908,957	38.26%	19,078,116	24.01%	5,282,777	45,477,224	18,907,533
Chamber 2025	5,944,763	34.55%	42,456,553	33.22%	28,412,364	35.76%	5,944,763	39,477,559	28,158,322
Chamber 2015	3,312,021	19.26%	14,067,468	11.00%	21,128,317	26.59%	3,312,021	13,080,414	20,939,403
Chamber Income	910,949	5.30%	2,358,509	1.84%	6,656,997	8.38%	910,949	2,193,022	6,597,475
<b>Total</b>	<b>\$ 17,199,305</b>	<b>100.00%</b>	<b>\$ 127,835,463</b>	<b>100.00%</b>	<b>\$ 79,452,970</b>	<b>100.00%</b>	<b>\$17,199,305</b>	<b>\$ 118,865,795</b>	<b>\$ 78,742,560</b>

\*Includes investments in other funds