

**CAYMAN ISLANDS CHAMBER OF COMMERCE PENSION PLAN**

**FINANCIAL STATEMENTS**

**JUNE 30, 2014**

# CAYMAN ISLANDS CHAMBER OF COMMERCE PENSION PLAN

JUNE 30, 2014

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## INDEPENDENT AUDITOR'S REPORT

To the Trustees, solely in their capacity as the trustees 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, 2014 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, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

A stylized, handwritten signature of 'PricewaterhouseCoopers' in black ink.

November 3, 2014

# Cayman Islands Chamber of Commerce Pension Plan

## STATEMENT OF FINANCIAL POSITION

As at June 30, 2014

(Expressed in Cayman Islands dollars)

	2014	2013
<b>ASSETS</b>		
Cash and cash equivalents	\$ 8,176,486	\$ 9,550,372
Receivable for securities sold	1,657,396	659,403
Accrued interest receivable	694,757	696,627
Accrued dividends receivable	163,309	75,835
Financial assets, at fair value through profit or loss (Note 3)	281,090,815	242,374,582
<b>Total assets</b>	<b>291,782,763</b>	<b>253,356,819</b>
<b>LIABILITIES</b>		
Payable for securities purchased	974,339	1,244,450
Benefits payable	3,344,408	3,378,928
Account payables (Note 4)	1,001,608	751,539
Total liabilities (excluding net assets available to participants for their benefits)	5,320,355	5,374,917
<b>NET ASSETS AVAILABLE TO PARTICIPANTS FOR THEIR BENEFITS (NOTE 9 and 14)</b>	<b>\$ 286,462,408</b>	<b>\$ 247,981,902</b>

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

Eduardo Silva

Trustee

Paul Schreiner

Trustee

November 3, 2014

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, 2014

(Expressed in Cayman Islands dollars)

	2014	2013
<b>Revenue</b>		
Interest income	\$ 3,104,784	\$ 2,408,238
Dividend income	2,168,829	2,347,441
Net realised gain on financial assets at fair value through profit or loss	18,827,871	10,474,644
Net realised loss on foreign currency transactions	(20,479)	(31,338)
Net change in unrealised gain on financial assets at fair value through profit or loss	12,991,390	10,831,744
Net change in unrealised gain on other assets and liabilities denominated in foreign currencies	3,855	5,777
<b>Total revenue</b>	<b>37,076,250</b>	<b>26,036,506</b>
<b>Expenses</b>		
Administration and custody fees (Note 6)	1,670,939	1,505,437
Investment management fees (Note 7)	1,126,138	1,015,907
Consultancy fees (Note 8)	78,849	78,800
Salary and benefits	105,905	133,247
Plan Registration Fees (Note 15)	309,740	342,720
Trustees liability insurance expense	7,392	7,512
Other expenses	420,752	285,463
Printing and communication costs	74,423	50,701
<b>Total operating expenses</b>	<b>3,794,138</b>	<b>3,419,787</b>
Operating profit	33,282,112	22,616,719
Withholding tax on dividends	(511,604)	(484,768)
<b>Net increase in net assets from operations available to participants for their benefits</b>	<b>\$ 32,770,508</b>	<b>\$ 22,131,951</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, 2014

(Expressed in Cayman Islands dollars)

	2014	2013
Net increase in net assets from operations available to participants for their benefits	\$ 32,770,508	\$ 22,131,951
<b>Contributions and transfers in</b>		
Employers and self-employed participants - contributions	11,921,180	12,070,298
Employers and self-employed participants - transfers in	519,887	687,314
Employees and voluntary participants – contributions	12,632,002	13,035,728
Employees and voluntary participants - transfers in	561,680	801,170
Total contributions and transfers in	25,634,749	26,594,510
<b>Benefit payments and transfers out</b>		
Benefits paid to participants (Note 5)	(13,150,800)	(14,489,748)
Amounts transferred out	(6,773,951)	(4,010,862)
Total benefit payments and transfers out	(19,924,751)	(18,500,610)
<b>Net increase in net assets available to participants for their benefits</b>	38,480,506	30,225,851
Net assets available to participants for their benefits at beginning of year	247,981,902	217,756,051
<b>Net assets available to participants for their benefits at end of year</b>	\$ 286,462,408	\$ 247,981,902

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, 2014

(Expressed in Cayman Islands dollars)

	2014	2013
<b>Cash flows from operating activities</b>		
Interest received	\$ 3,106,654	\$ 2,304,722
Dividends received	2,081,355	2,412,325
Administration and custody fees paid	(1,652,092)	(1,637,422)
Investment management fees paid	(1,040,907)	(1,050,731)
Printing and advertising costs paid	(29,971)	(69,793)
Trustee liability insurance	(7,392)	(7,512)
Other expenses paid	(321,780)	(238,382)
Consultancy fees paid	(78,849)	(78,800)
Plan Registration fees paid	(309,740)	(342,720)
Salary and benefits paid	(105,905)	(146,184)
Withholding taxes paid	(511,604)	(484,768)
<b>Net cash provided by operating activities</b>	<b>1,129,769</b>	<b>660,735</b>
<b>Cash flows from investing activities</b>		
Purchase of investments	(182,988,857)	(172,784,594)
Proceeds from sale and maturity of investments	174,825,606	157,733,878
Net realised loss on foreign currency transactions	(20,479)	(31,338)
<b>Net cash used in investing activities</b>	<b>(8,183,730)</b>	<b>(15,082,054)</b>
<b>Cash flows from financing activities</b>		
Contributions and amounts transferred in from employers and self-employed participants	12,441,067	12,757,612
Contributions and amounts transferred in from employees and voluntary participants	13,193,682	13,836,898
Benefit payments and transfers paid out	(19,959,271)	(19,826,373)
<b>Net cash provided by financing activities</b>	<b>5,675,478</b>	<b>6,768,137</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,378,483)</b>	<b>(7,653,182)</b>
Unrealised foreign currency gain on other assets and liabilities	4,597	4,249
Cash and cash equivalents at beginning of year	9,550,372	17,199,305
<b>Cash and cash equivalents at end of year</b>	<b>\$ 8,176,486</b>	<b>\$ 9,550,372</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, 2014

(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"). As at June 30, 2014, the Plan has no employees. 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, 2014, there were approximately 15,767 participants in the Plan (2013: 15,486). 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, 2014 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, 2014 is as follows:

Chamber 2045 - 78.3% equity investments, 21.7% fixed income investments  
Chamber 2035 - 66.7% equity investments, 33.3% fixed income investments  
Chamber 2025 - 53.4% equity investments, 46.6% fixed income investments  
Chamber 2015 - 31.7% equity investments, 68.3% 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, 2014

(Expressed in Cayman Islands dollars)

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

#### General (continued)

The target investment mix of each of the Lifecycle Funds at June 30, 2013 was 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

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 qualified 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 \$850,315 (2013: \$1,070,526) was withdrawn in relation to this amendment (Note 5).

# Cayman Islands Chamber of Commerce Pension Plan

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(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.

#### New standards, amendments and interpretations effective during the year

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 did not have any impact on the Plan's financial position or performance.

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 structured entities. The new standard did not have a significant impact on the Plan's financial position, performance or disclosures.

# Cayman Islands Chamber of Commerce Pension Plan

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(Expressed in Cayman Islands dollars)

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### 2. Significant accounting policies (continued)

#### **New standards, amendments and interpretations effective during the year (continued)**

IFRS 13, 'Fair value measurement', effective for annual periods beginning on or after January 1, 2013. The standard improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. If an asset or a liability measured at fair value has a bid price and an ask price, the standard requires valuation to be based on a price within the bid-ask spread that is most representative of fair value and allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurement within a bid-ask spread. The new standard did not have a significant impact on the Plan's valuation of its fair valued assets and/or liabilities.

IFRS 7, 'Financial instruments: Disclosures' amendment effective for annual periods beginning on or after January 1, 2013, and has been retrospectively applied. These new IFRS 7 disclosures are intended to facilitate certain comparisons between IFRS and US GAAP preparers. 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 standard did not have a significant impact on the Plan's financial position, performance or disclosures.

There are no other standards, interpretations or amendments to existing standards effective during the year that impacted the Plan.

#### **New standards, amendments and interpretations issued but not effective for the financial year beginning July 1, 2013 and not early adopted.**

Amendments to IFRS 10 and IFRS 12 for investment entities, effective for periods beginning on or after January 1, 2014, define an 'investment entity'. Such entities will be exempt from consolidating most of their subsidiaries. Instead, such entities will measure their 'subsidiaries' at fair value through profit or loss. Changes have also been made to IFRS 12 to introduce new disclosures that an investment entity needs to make. The amendment is not expected to have any impact on the Plan's current consolidation conclusions.

IFRS 9, 'Financial instruments', specifies how an entity should classify and measure financial assets and liabilities, including some hybrid contracts, along with providing amended guidance for hedge accounting. The standard improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39. The standard applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. The standard is not expected to have a significant impact on the Plan's financial position or performance, as it is expected that the Plan will continue to classify its financial assets and financial liabilities (both long and short) as being at fair value through profit or loss, and the Plan does not apply hedge accounting. The effective date for IFRS 9 is for periods beginning January 1, 2018, as the standard setters continue to work on other phases of IFRS 9.

# Cayman Islands Chamber of Commerce Pension Plan

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(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 13 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, 2014

(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, 2014

(Expressed in Cayman Islands dollars)

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

At June 30, 2014 and 2013, the Plan's portfolio of investments comprised the following:

	2014		2013	
	Fair value	Cost	Fair value	Cost
Equities, warrants and rights	\$ 111,845,928	\$ 93,179,336	\$ 102,286,154	\$ 87,074,594
Fixed income	117,576,989	117,207,350	94,520,406	95,348,431
Vanguard investment Series plc - Global Stock Index Fund *	51,667,898	37,203,917	45,568,022	39,442,735
<b>Total</b>	<b>\$ 281,090,815</b>	<b>\$ 247,590,603</b>	<b>\$ 242,374,582</b>	<b>\$ 221,865,760</b>

\* At June 30, 2014 and 2013, the Plan invested in a daily traded open ended fund, Vanguard Investment Series plc – Global Stock Index Fund (“Vanguard”), 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. The Plan's holding in Vanguard, as a percentage of Vanguard's total net asset value, will vary from time to time dependent on the volume of subscriptions and redemptions at the Vanguard fund level. It is possible that the Plan may, at any point in time, hold a majority of Vanguard's total units in issue.

At June 30, 2014 and 2013, 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 2014	Fair value 2013	% of net assets 2014	% of net assets 2013
<b>Australian Dollar</b>				
Finance	\$ 893,677	\$ -	0.31%	- %
Communications	-	593,828	- %	0.24%
<b>British Pound</b>				
Consumer goods	2,891,083	2,296,776	1.01%	0.93%
Finance	1,612,669	690,961	0.56%	0.28%
Communication	2,694,277	574,305	0.94%	0.23%
Energy	1,224,792	-	0.43%	0.00%
Industrial	-	3,211,062	- %	1.29%
Materials	-	377,717	- %	0.15%
Rights and Warrants	-	17,907	- %	0.01%
<b>Canadian Dollar</b>				
Materials	340,597	375,583	0.12%	0.15%

# Cayman Islands Chamber of Commerce Pension Plan

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(Expressed in Cayman Islands dollars)

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

	Fair value 2014	Fair value 2013	% of net assets 2014	% of net assets 2013
<b>Danish Krone</b>				
Energy	894,629	-	0.31%	- %
<b>Euro</b>				
Consumer goods	2,944,361	5,235,504	1.03%	2.11%
Industrial	4,582,117	2,478,263	1.60%	1.00%
Communications	1,042,928	2,578,404	0.36%	1.04%
Finance	1,031,048	-	0.36%	- %
Materials	-	1,579,083	- %	0.64%
<b>Hong Kong Dollar</b>				
Consumer goods	-	617,369	- %	0.25%
<b>Indonesia Rupiah</b>				
Industrial	528,956	503,955	0.18%	0.20%
Finance	-	713,350	- %	0.29%
<b>Israeli New Shekel</b>				
Communications	825,546	-	0.29%	0.00%
<b>Japanese Yen</b>				
Finance	1,410,515	738,905	0.49%	0.30%
Consumer goods	3,434,424	2,233,210	1.20%	0.90%
Industrial	1,713,964	1,644,944	0.60%	0.66%
Technology	901,082	572,372	0.31%	0.23%
Communications	602,724	-	0.21%	- %
<b>Malaysian Ringgit</b>				
Energy	632,330	640,504	0.22%	0.26%
Utilities	605,951	-	0.21%	- %
<b>Norwegian Kroner</b>				
Industrial	598,841	-	0.21%	- %
Materials	618,262	-	0.22%	- %
Consumer goods	-	587,732	- %	0.24%
<b>Philippine Peso</b>				
Consumer goods	-	818,947	- %	0.33%
Finance	-	441,305	- %	0.18%
<b>Polish Zloty</b>				
Finance	592,222	-	0.21%	- %

# Cayman Islands Chamber of Commerce Pension Plan

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(Expressed in Cayman Islands dollars)

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

	Fair value 2014	Fair value 2013	% of net assets 2014	% of net assets 2013
<b>Republic of Korea Won</b>				
Technology	829,557	1,037,924	0.29%	0.42%
<b>South African Rand</b>				
Consumer goods	926,267	693,086	0.32%	0.28%
<b>Materials</b>				
<b>Swedish Kroner</b>				
Finance	886,075	823,750	0.31%	0.33%
<b>Swiss Franc</b>				
Consumer goods	2,327,467	1,910,856	0.81%	0.77%
Finance	167,461	-	0.06%	- %
<b>Taiwan Dollar</b>				
Industrial	543,885	-	0.19%	- %
<b>Thailand Baht</b>				
Finance	-	718,094	- %	0.29%
Communication	-	700,628	- %	0.28%
<b>Turkish Lira</b>				
Miscellaneous	-	774,629	- %	0.31%
<b>United States Dollar</b>				
Consumer goods	24,584,359	21,797,424	8.58%	8.79%
Finance	15,579,293	-	5.44%	- %
Visa	-	2,929,026	- %	1.18%
Other	-	13,963,719	- %	5.63%
Technology	13,965,681	7,150,903	4.88%	2.88%
Materials	1,080,660	5,714,845	0.38%	2.30%
Communication	5,084,597	5,316,775	1.77%	2.14%
Energy	5,844,418	4,653,142	2.04%	1.88%
Industrial	7,409,213	4,188,197	2.59%	1.69%
Utilities	-	391,170	- %	0.16%
	\$ 111,845,928	\$ 102,286,154	39.04%	41.25%



# Cayman Islands Chamber of Commerce Pension Plan

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(Expressed in Cayman Islands dollars)

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

At June 30, 2014, 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	US Dollar Denominated bonds	Fair Value	% of net assets
4,077,000	US TREASURY N/B 0.500% 06/15/16	\$ 3,402,443	1.19%
4,347,000	US TREASURY N/B 0.750% 07/31/18	3,647,526	1.27%
	Other	110,527,020	38.59%
	<b>Total Bonds (cost \$117,207,350)</b>	<b>\$ 117,576,989</b>	<b>41.05%</b>

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	US 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>

# Cayman Islands Chamber of Commerce Pension Plan

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(Expressed in Cayman Islands dollars)

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

At June 30, 2014, the Plan's investments have been classified as follows:

	Level 1	Level 2	Level 3	Total
Equities, warrants and rights	\$ 111,845,928	\$ -	\$ -	\$ 111,845,928
Fixed income*	-	117,576,989	-	117,576,989
Vanguard investment Series plc - Global Stock Index Fund	-	51,667,898	-	51,667,898
Financial assets at fair value through profit or loss	\$ 111,845,928	\$ 169,244,887	\$ -	\$ 281,090,815

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

\*Included in Fixed Income is \$16,927,687 (2013: \$15,184,212) of US Securities and Exchange Commission Rule 144A restricted securities.

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, 2014 and 2013 the Plan did not hold any investments classified in level 3.

Transfers between levels of the fair value hierarchy, for the purposes of preparing the tables above and below are deemed to have occurred at the date of the event or change in circumstances that caused the transfer. There were no transfers between levels 1 and 2 during the year ended June 30, 2014 and 2013. No securities were categorized in Level 3 during the year.

The following table analyses within the fair value hierarchy the Plan's assets and liabilities (by class) not measured at fair value at June 30, 2014 but for which fair value is disclosed.

# Cayman Islands Chamber of Commerce Pension Plan

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(Expressed in Cayman Islands dollars)

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

	Level 1	Level 2	Level 3	Total balance
<b>Assets</b>				
Cash and cash equivalents	8,176,486	-	-	8,176,486
Receivable for securities sold	-	1,657,396	-	1,657,396
Accrued interest receivable	-	694,757	-	694,757
Accrued dividends receivable	-	163,309	-	163,309
<b>Total</b>	<b>8,176,486</b>	<b>2,515,462</b>	<b>-</b>	<b>10,691,948</b>
<b>Liabilities</b>				
Payable for securities purchased	-	974,339	-	974,339
Benefits payable	-	3,344,408	-	3,344,408
Account payables	-	1,001,608	-	1,001,608
<b>Total</b>	<b>-</b>	<b>5,320,355</b>	<b>-</b>	<b>5,320,355</b>

The assets and liabilities included in the above table are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

### 4. Accounts payable

	2014	2013
Administration and custody fees	\$ 301,794	\$ 282,947
Other expenses	276,948	177,234
Investment management fees	358,495	273,264
Printing and advertising	61,452	17,000
Commissions	2,919	1,094
<b>Total accounts payable</b>	<b>\$ 1,001,608</b>	<b>\$ 751,539</b>

### 5. Benefit payments

	2014	2013
Termination of residence	\$ 6,356,840	\$ 7,829,010
Retirement	5,498,443	5,367,939
Death and medical	445,202	222,273
Housing	850,315	1,070,526
<b>Total benefit payments</b>	<b>\$ 13,150,800</b>	<b>\$ 14,489,748</b>

# Cayman Islands Chamber of Commerce Pension Plan

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(Expressed in Cayman Islands dollars)

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### 6. Administration and custody fees

Effective March 1, 2006, the Plan entered into an Amended and Restated Administrative Services Agreement, whereby MUFG Fund Services (Cayman) Limited ("MUFG"), previously named Butterfield Fulcrum Group, 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 on 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, 2014, MUFG earned fees under this agreement amounting to \$1,470,213 (2013: \$1,314,118).

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.

Effective October 1, 2012, the Plan entered into a Custody agreement with State Street Bank and Trust Company ("State Street"). For its services State Street earned fees amounting to \$65,147 (2013: \$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:

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

For the year ending June 30, 2014, MaplesFS earned fees under this agreement amounting to \$135,579 (2013: \$118,236).

# Cayman Islands Chamber of Commerce Pension Plan

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(Expressed in Cayman Islands dollars)

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### 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 provided 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 agreement was revised and the wrap up fee is now 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, 2014, Butterfield Bank earned fees under this agreement amounting to \$95,298 (2013: \$84,294).

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, 2014, IRM earned fees under this agreement amounting to \$110,710 (2013: \$99,127).

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, 2014, EFG earned fees under this agreement amounting to \$102,582 (2013: \$76,540).

# Cayman Islands Chamber of Commerce Pension Plan

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(Expressed in Cayman Islands dollars)

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### 7. Investment management fees (continued)

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, 2014, McKinley earned fees under this agreement amounting to \$348,780 (2013: \$309,150).

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, 2014, Epoch earned fees under this agreement amounting to \$468,768 (2013: \$446,796).

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.

### 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, 2014, Mercer earned fees under this agreement amounting to \$78,849 (2013: \$78,800).

# Cayman Islands Chamber of Commerce Pension Plan

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(Expressed in Cayman Islands dollars)

### 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, 2014 and 2013 are summarized as follows:

	Chamber 2045	Chamber 2035	Chamber 2025	Chamber 2015	Chamber income	Total plan
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
Issued during the period (contributions and transfers from other plans)	3,379,720	4,081,940	3,245,444	1,322,666	208,931	12,238,701
Net transfers	225	(4,884)	(135,615)	795	127,641	(11,838)
Redeemed during the period (benefit payments and transfers to other plans)	(1,534,470)	(2,976,152)	(2,283,128)	(2,071,058)	(607,275)	(9,472,083)
Outstanding units, at June 30, 2014	19,419,968	43,889,205	43,164,167	18,772,508	3,456,429	128,702,277

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 endeavors 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, 2014 and 2013 are disclosed in Note 14.

### 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:

- 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
- 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.

# Cayman Islands Chamber of Commerce Pension Plan

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(Expressed in Cayman Islands dollars)

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

#### 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, 2014 are presented in Note 3.

At June 30, 2014 and 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, 2014 had increased/decreased by 10% with all other variables held constant, this may have increased/decreased net assets attributable to unitholders by approximately \$5,558,701 to \$6,357,057 (2013: \$5,309,237 to \$9,353,788).

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

If the MSCI World Equity Index at June 30, 2014 had increased/decreased by 10% with all other variables held constant, this may have increased/decreased net assets attributable to unitholders by approximately \$5,540,317 (2013: \$5,856,507).



# Cayman Islands Chamber of Commerce Pension Plan

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(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, 2014 had increased/decreased by 10% with all other variables held constant, this may have increased/decreased net assets attributable to unitholders by approximately \$5,166,790 (2013: \$4,556,802).

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, 2014 and 2013 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, 2014 and 2013 the Plan held the following equity securities denominated in currencies other than the USD.

<b>(expressed in KYD)</b>	<b>2014</b>	<b>2013</b>
AUSTRALIAN DOLLAR	\$ 893,677	\$ 593,828
BRITISH POUND	8,422,822	7,168,727
CANADIAN DOLLAR	340,597	375,583
DANISH KRONE	894,629	-
EURO	9,600,455	11,871,254
HONG KONG DOLLAR	-	617,369
INDONESIAN RUPIAH	528,956	1,217,305
ISRAELI SHEKEL	825,546	-
JAPANESE YEN	8,062,709	5,189,432
MALAYSIAN RINGGIT	1,238,281	640,504
NORWEGIAN KRONE	1,217,103	587,732
PHILIPPINE PESO	-	1,260,253
POLISH ZLOTY	592,222	-
REPUBLIC OF KOREA WON	829,557	1,037,923
SOUTH AFRICAN RAND	926,267	693,086
SWEDISH KRONA	886,075	823,750
SWISS FRANC	2,494,928	1,910,856
TAIWAN DOLLAR	543,885	-
THAILAND BAHT	-	1,418,722
TURKISH LIRA	-	774,630
	<b>\$ 38,297,709</b>	<b>\$ 36,180,954</b>

# Cayman Islands Chamber of Commerce Pension Plan

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(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, 2014 and 2013, 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)	2014 Effect on profit - 5% increase/decrease	2013 Effect on profit - 5% increase/decrease
AUSTRALIAN DOLLAR	\$ 44,684	\$ 29,691
BRITISH POUND	421,141	358,436
CANADIAN DOLLAR	17,030	18,779
DANISH KRONE	44,731	-
EURO	480,023	593,563
HONG KONG DOLLAR	-	30,868
INDONESIAN RUPIAH	26,448	60,865
ISRAELI SHEKEL	41,277	-
JAPANESE YEN	403,135	259,472
MALAYSIAN RINGGIT	61,914	32,025
NORWEGIAN KRONE	60,855	29,387
PHILIPPINE PESO	-	63,013
POLISH ZLOTY	29,611	-
REPUBLIC OF KOREA WON	41,478	51,896
SOUTH AFRICAN RAND	46,313	34,654
SWEDISH KRONA	44,304	41,188
SWISS FRANC	124,746	95,543
TAIWAN DOLLAR	27,194	-
THAILAND BAHT	-	70,936
TURKISH LIRA	-	38,732
	\$ 1,914,884	\$ 1,809,048

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, 2014

(Expressed in Cayman Islands dollars)

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

At June 30, 2014, the Plan held approximately \$219,295 (2013: \$101,619) 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 \$10,965 (2013 : \$5,081).

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, 2014</b>	<b>Up to 1 year</b>	<b>2-5 years</b>	<b>Above 5 years</b>	<b>Total</b>
Cash and cash equivalents	\$ 8,176,486	\$ -	\$ -	\$ 8,176,486
Financial assets at fair value through profit or loss	21,418,100	60,945,074	35,213,815	117,576,989
<b>Total Assets</b>	<b>\$ 29,594,586</b>	<b>\$ 60,945,074</b>	<b>\$ 35,213,815</b>	<b>\$ 125,753,475</b>

  

<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>

At June 30, 2014, should interest rates, for the debt securities held by the Plan, have decreased/increased by 100 basis points (2013: 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 \$1,410,765 (2013: \$1,082,252), 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, 2014

(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 AA- (2013: 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	2014	2013
AAA/Aaa	\$ 26,332,339	\$ 9,628,742
AA+/Aa1	15,427,828	22,821,121
AA/Aa2	4,987,035	3,297,116
AA-/Aa3	12,615,246	12,366,742
A+/A1	10,900,451	6,929,882
A/A2	10,550,124	9,774,118
A-/A3	18,127,862	12,460,109
BBB+/Baa1	6,981,247	8,086,890
BBB/Baa2	4,068,263	4,489,690
BBB-/Baa3	5,646,229	4,173,009
BB+/Ba1*	339,420	492,987
BB/Ba2*	1,446,023	-
BB-/Ba3*	154,922	-
	\$ 117,576,989	\$ 94,520,406

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.

The Pension Law requires the Plan to hold fixed income securities that are rated at least investment grade. As at June 30, 2014, the Plan held fixed income securities with a value of \$1,940,365 that were below investment grade, and therefore were in violation of the Pension Law. Included within this amount is \$1,446,023 that were downgraded from investment grade during the year, and the Trustees elected to retain the investments in accordance with the provision of Section 15 of the Pension Law (see note 16).

# Cayman Islands Chamber of Commerce Pension Plan

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(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, 2014 and 2013, 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, 2014 and 2013, calculated for each Lifecycle Fund based on the Modified Dietz method of performance measurement and is shown as follows:

2045: 16.80% (2013: 13.32%)  
2035: 15.06% (2013: 11.78%)  
2025: 12.51% (2013: 9.68%)  
2015: 8.70% (2013: 6.45%)  
Chamber Income: 6.96% (2013: 4.51%)

### 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, 2014 and 2013, 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, 2014

(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, 2014 and for each Lifecycle Fund is as follows:

	Chamber 2045	Chamber 2035	Chamber 2025	Chamber 2015	Chamber income	For the year ended June 30, 2014 Total Plan	For the year ended June 30, 2013 Total plan
Opening 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
Total contributions*	6,935,211	8,588,375	6,465,537	2,855,333	790,293	25,634,749	26,594,510
Total withdrawals*	(3,105,856)	(6,210,998)	(4,679,747)	(4,500,105)	(1,428,045)	(19,924,751)	(18,500,610)
Net increase in net assets from operations	5,643,341	12,493,719	10,601,763	3,464,305	567,380	32,770,508	22,131,951
Closing net assets available to Participants for their benefits	42,058,051	97,398,773	96,642,923	41,942,519	8,420,142	\$ 286,462,408	\$ 247,981,902
No. of units (Note 9)	19,419,968	43,889,205	43,164,167	18,772,508	3,456,429	128,702,277	125,947,497
Net asset value per unit - June 30, 2014	\$ 2.166	\$ 2.219	\$ 2.239	\$ 2.234	\$ 2.436	\$ 2.226	
Expense ratio 2014**	1.55%	1.44%	1.37%	1.31%	1.33%	1.41%	
Net asset value per unit - June 30, 2013	\$ 1.854	\$ 1.929	\$ 1.990	\$ 2.055	\$ 2.278		\$ 1.969
Expense ratio 2013**	1.60%	1.48%	1.41%	1.35%	1.34%		1.45%

\*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, 2014

(Expressed in Cayman Islands dollars)

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### 15. Plan Registration Fees

For the financial year ended June 30, 2014, the Plan paid registration fees amounting to \$309,740 (2013: \$342,720).

### 16. Subsequent Events

Subsequent to June 30, 2014, all of the fixed income securities that were below investment grade as detailed in Note 11 have either matured or been sold.

There were no other subsequent events requiring additional disclosures identified.

# Cayman Islands Chamber of Commerce Pension Plan

JUNE 30, 2014

## PORTFOLIO INVESTMENT MIX (UNAUDITED)

(Expressed in Cayman Islands dollars)

For year ended June 30, 2014

	Market Value							Cost			
	Cash and cash equivalents	% of Total	Equity	% of Total	Fixed Income	% of Total	Total	Cash and cash equivalents	Equity	Fixed Income	Total
Chamber 2045	\$ 1,146,497	2.72%	\$32,289,386	76.59%	\$ 8,720,151	20.69%	\$ 42,156,034	\$ 1,146,497	\$25,747,030	\$ 8,692,736	\$35,586,263
Chamber 2035	2,774,340	2.79%	65,274,872	65.39%	31,770,140	31.83%	99,819,352	2,774,340	52,049,116	31,670,261	86,493,717
Chamber 2025	2,745,355	2.85%	50,595,023	52.49%	43,050,727	44.66%	96,391,105	2,745,355	40,343,644	42,915,385	86,004,384
Chamber 2015	1,262,064	2.96%	13,307,111	31.23%	28,046,786	65.81%	42,615,961	1,262,064	10,610,872	27,958,612	39,831,548
Chamber Income	248,230	3.00%	2,047,434	24.71%	5,989,185	72.30%	8,284,849	248,230	1,632,591	5,970,356	7,851,177
<b>Total</b>	<b>\$ 8,176,486</b>		<b>\$163,513,826</b>		<b>\$117,576,989</b>		<b>\$289,267,301</b>	<b>\$ 8,176,486</b>	<b>\$130,383,253</b>	<b>\$117,207,350</b>	<b>\$255,767,089</b>
Percentage of Plan Assets (*) held	2.83%		56.53%		40.65%		100%	3.19%	50.98%	45.83%	100.00%

For year ended June 30, 2013

	Market value							Cost			
	Cash and cash equivalents	% of Total	Equity	% of Total	Fixed Income	% of Total	Total	Cash and cash equivalents	Equity	Fixed Income	Total
Chamber 2045	\$ 1,306,960	4.00%	\$ 25,611,981	78.30%	\$ 5,789,839	17.70%	\$ 32,708,780	\$1,306,960	\$ 21,915,913	\$ 5,840,560	\$ 29,063,433
Chamber 2035	3,261,634	3.89%	57,073,616	68.00%	23,594,109	28.11%	83,929,359	3,261,634	48,837,319	23,800,800	75,899,753
Chamber 2025	3,232,342	3.76%	48,211,437	56.13%	34,450,794	40.11%	85,894,573	3,232,342	41,254,041	34,752,592	79,238,975
Chamber 2015	1,446,075	3.56%	14,663,372	36.11%	24,497,436	60.33%	40,606,883	1,446,075	12,547,300	24,712,040	38,705,415
Chamber Income	303,361	3.45%	2,293,770	26.11%	6,188,228	70.44%	8,785,359	303,361	1,962,756	6,242,439	8,508,556
<b>Total</b>	<b>\$ 9,550,372</b>		<b>\$ 147,854,176</b>		<b>\$94,520,406</b>		<b>\$ 251,924,954</b>	<b>\$9,550,372</b>	<b>\$ 126,517,329</b>	<b>\$ 95,348,431</b>	<b>\$231,416,132</b>
Percentage of Plan Assets (*) held	3.79%		58.69%		37.52%		100%	4.13%	54.67%	41.20%	100.00%

(\*) The references to the Percentage of Plan Assets held above refers to only the following Assets: Cash and cash equivalents, and Financial assets, at fair value through profit or loss.