

**CAYMAN ISLANDS CHAMBER OF  
COMMERCE PENSION PLAN**

**FINANCIAL STATEMENTS**

**JUNE 30, 2010**

**CAYMAN ISLANDS CHAMBER OF  
COMMERCE PENSION PLAN**

**FINANCIAL STATEMENTS**

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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 of June 30, 2010 and the statement of comprehensive income, statement of changes in net assets available to participants for benefits and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

*Trustees' 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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*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 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 the Trustees, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Plan as of June 30, 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



November 12, 2010

**CAYMAN ISLANDS CHAMBER OF COMMERCE PENSION PLAN**

**STATEMENT OF FINANCIAL POSITION**

(Expressed in Cayman Islands dollars)

	As at	
	<u>June 30,</u>	
	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,574,516	\$ 2,656,590
Receivable for securities sold	1,262,679	581,134
Accrued interest receivable	731,135	674,002
Accrued dividends receivable	189,542	151,039
Financial assets, at fair value through profit or loss (Note 3)	181,850,090	154,773,380
Unrealised gain on forward currency contracts (Note 3)	519,931	329,421
Prepaid fees and other receivables	<u>45,103</u>	<u>167,010</u>
Total assets	<u>188,172,996</u>	<u>159,332,576</u>
<b>LIABILITIES</b>		
Payable for securities purchased	1,551,092	1,497,611
Unrealised loss on forward currency contracts (Note 3)	741,002	323,325
Benefits payable	1,020,621	832,665
Accounts payable (Note 4)	<u>603,795</u>	<u>471,458</u>
Total liabilities (excluding net assets available to participants for benefits)	<u>3,916,510</u>	<u>3,125,059</u>
<b>NET ASSETS AVAILABLE TO PARTICIPANTS FOR BENEFITS (NOTES 9 AND 14)</b>	<b>\$ <u>184,256,486</u></b>	<b>\$ <u>156,207,517</u></b>

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

Peter Huber  
.....  
Trustee

Dan Szydowski  
.....  
Trustee

November 12, 2010  
.....  
Date

The accompanying notes are an integral part of these financial statements.

**CAYMAN ISLANDS CHAMBER OF COMMERCE PENSION PLAN**

**STATEMENT OF COMPREHENSIVE INCOME**

(Expressed in Cayman Islands dollars)

	For the year ended <u>June 30,</u>	
	<u>2010</u>	<u>2009</u>
<b>Revenue</b>		
Interest income - bonds	\$ 2,106,796	\$ 2,424,050
Interest income - cash and cash equivalents	-	29,373
Dividend income net of withholding taxes	1,813,305	995,592
Net realised gain/(loss) on financial assets at fair value through profit or loss	3,040,825	(46,191,876)
Net realised gain/(loss) on futures, forward currency contracts, and foreign currency transactions	1,591,936	(3,242,837)
Net change in unrealised gain/(loss) on financial assets at fair value through profit or loss	5,276,057	(39,173)
Net change in unrealised loss on forward currency contracts and other assets and liabilities denominated in foreign currencies	<u>(234,198)</u>	<u>(164,075)</u>
Total revenue	<u>13,594,721</u>	<u>(46,188,946)</u>
<b>Expenses</b>		
Administration and custody fees (Note 6)	1,271,418	859,289
Investment management fees (Note 7)	1,034,575	692,732
Consultancy fees (Note 8)	108,123	98,991
Salary and benefits (Note 1)	112,412	66,009
Trustees liability insurance expense	12,512	46,613
Other expenses	83,649	48,397
Printing and advertising costs	<u>100,554</u>	<u>62,342</u>
Total operating expenses	<u>2,723,243</u>	<u>1,874,373</u>
Operating profit/(loss)	<u>10,871,478</u>	<u>(48,063,319)</u>
<b>Net increase/(decrease) in net assets from operations available to participants for benefits</b>	<b>\$ <u>10,871,478</u></b>	<b>\$ <u>(48,063,319)</u></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 BENEFITS**

(Expressed in Cayman Islands dollars)

	For the year ended <u>June 30,</u>	
	<u>2010</u>	<u>2009</u>
Net increase/(decrease) in net assets from operations available to participants for benefits	\$ 10,871,478	\$ (48,063,319)
<b>Contributions and transfers in</b>		
Employers and self employed participants – contributions	13,762,576	15,408,621
Employers and self employed participants - transfers in	987,814	1,092,849
Employees and voluntary participants – contributions	13,448,620	15,036,072
Employees and voluntary participants - transfers in	<u>907,917</u>	<u>1,306,831</u>
Total contributions and transfers in	<u>29,106,927</u>	<u>32,844,373</u>
	<u>39,978,405</u>	<u>(15,218,946)</u>
<b>Benefit payments and transfers out</b>		
Benefits paid to participants (Note 5)	(9,468,617)	(6,962,212)
Amounts transferred out	<u>(2,460,819)</u>	<u>(1,076,970)</u>
Total benefit payments and transfers out	<u>(11,929,436)</u>	<u>(8,039,182)</u>
<b>Net increase/(decrease) in net assets available to participants for benefits</b>	28,048,969	(23,258,128)
Net assets available to participants for benefits at beginning of year	<u>156,207,517</u>	<u>179,465,645</u>
<b>Net assets available to participants for benefits at end of year</b>	<u>\$ 184,256,486</u>	<u>\$ 156,207,517</u>

The accompanying notes are an integral part of these financial statements.

**CAYMAN ISLANDS CHAMBER OF COMMERCE PENSION PLAN**

**STATEMENT OF CASH FLOWS**

(Expressed in Cayman Islands dollars)

	For the year ended <u>June 30,</u>	
	<u>2010</u>	<u>2009</u>
<b>Cash flows from operating activities</b>		
Interest received	\$ 2,403,920	\$ 3,335,955
Dividends received	1,774,802	999,314
Administration and custody fees paid	(1,172,073)	(877,181)
Investment management fees paid	(986,936)	(842,864)
Printing and advertising costs paid	(92,843)	(62,342)
Trustee liability insurance	(12,512)	(37,830)
Other expenses paid	(124,757)	(66,304)
Consultancy fees paid	(89,373)	(98,991)
Salary and benefits paid	<u>(112,412)</u>	<u>(66,009)</u>
Net cash provided by operating activities	<u>1,587,816</u>	<u>2,283,748</u>
<b>Cash flows from investing activities</b>		
Purchase of investments	(278,230,900)	(203,525,535)
Proceeds from sale and maturity of investments	258,605,923	180,124,940
Net realised gain/(loss) on forward currency contracts, futures contracts and foreign currency transactions	<u>1,591,936</u>	<u>(3,242,837)</u>
Net cash used in investing activities	<u>(18,033,041)</u>	<u>(26,643,432)</u>
<b>Cash flows from financing activities</b>		
Contributions and amounts transferred in from employers and self employed participants	14,750,390	16,501,470
Contributions and amounts transferred in from employees and voluntary participants	14,356,537	16,342,903
Benefit payments and transfers paid out	<u>(11,741,480)</u>	<u>(7,977,365)</u>
Net cash provided by financing activities	<u>17,365,447</u>	<u>24,867,008</u>
<b>Net increase in cash and cash equivalents</b>	920,222	507,324
Unrealised foreign currency (loss)/gain on other assets and liabilities denominated in foreign currency	(2,296)	12,474
<b>Cash and cash equivalents at beginning of year</b>	<u>2,656,590</u>	<u>2,136,792</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 3,574,516</u>	<u>\$ 2,656,590</u>

The accompanying notes are an integral part of these financial statements.

# **CAYMAN ISLANDS CHAMBER OF COMMERCE PENSION PLAN**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2010**

### **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. The Plan has one employee, a customer relationship manager, appointed on April 13, 2006, and 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, 2010, there were approximately 18,451 participants in the Plan (2009: 18,317). 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 in accordance with the Trust Deed.

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. 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 Lifecycle Funds available to members at June 30, 2010 are as follows:

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

The investment mix of each of the Lifecycle Plans is as follows:

- Chamber 2045 – 90% equity investments, 10% fixed income investments
- Chamber 2035 – 80% equity investments, 20% fixed income investments
- Chamber 2025 – 70% equity investments, 30% fixed income investments
- Chamber 2015 – 55% equity investments, 45% fixed income investments
- Chamber Income – 25% equity investments, 75% fixed income investments

#### **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. Contributions in excess of 10% are considered voluntary. The normal contribution rate for self-employed participants is 10% of the participant's earnings.

**CAYMAN ISLANDS CHAMBER OF COMMERCE PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2010**

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

**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. The unit value is formally calculated by the administrator of the Plan on 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 realised by the Trustees and the participant's account applied in the purchase of a fully paid up life annuity and/or other prescribed savings arrangement(s). In certain circumstances the participant may receive the value of his/her units as a lump sum payment.

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 Trustee and to withdraw the cash.

**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.

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 financial 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 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.

**CAYMAN ISLANDS CHAMBER OF COMMERCE PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2010**

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

**New and amended standards that are effective in the current period and have been adopted by the Plan**

IAS 1 (Revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they are required to present a restated balance sheet as at the beginning comparative period in addition to the requirement to present balance sheets at the end of the current period and comparative period. The Plan has applied IAS 1 (Revised) from July 1, 2009, and has elected to present solely a statement of comprehensive income. The adoption of this revised standard has not resulted in a significant change to the presentation of the Plan's performance statement, as the Plan has no other comprehensive income.

IFRS 7 (amendment) 'Financial instruments: Disclosures'. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The Plan has applied IFRS 7 (amendment) from July 1, 2009. The adoption of the amendment results in additional disclosures but does not have an impact on the Plan's financial position or performance.

IAS 39 (amendment), 'Financial instruments: Recognition and measurement'. The amendment was part of the IASB's annual improvements project published in May 2008. The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading was amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition. Adoption did not have a significant impact on the Plan's financial statements.

IAS 32 (amendment), 'Financial instruments: Presentation', and IAS 1 •(amendment), 'Presentation of financial statements – Puttable financial instruments and obligations arising on liquidation'. The amended standards require entities to classify puttable financial instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions, including that all financial instruments in the class of instruments that is subordinate to all other instruments have identical features. As the Plans's units are issued as different classes of units that participate in differing investment strategies, their features are not considered identical. The adoption of these amendments has not therefore resulted in any change in the classification of the Plan's units.

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 are valued based on the share price as determined by the administrators of those entities in accordance with industry practice.

**CAYMAN ISLANDS CHAMBER OF COMMERCE PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2010**

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

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.

The Plan adopted the amendment to IFRS 7, effective July 1, 2009, This 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 are not based on observable market data (unobservable inputs).

The level in 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.

**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.

**Forward and futures contracts:** Forward and futures contracts are recorded as open contractual commitments. These contracts are marked to market. Positions in forward contracts are valued based upon forward rates available from reputable, established sources. The value of each futures position is determined on the basis of the settlement price of the relevant futures contract as published by the exchange on which such contract is traded. The resulting unrealised gains or losses are reflected in the statement of comprehensive income.

**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.

**CAYMAN ISLANDS CHAMBER OF COMMERCE PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2010**

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

**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, which is pegged to the United States dollar at the rate of C.I. \$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.

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

At June 30, 2010 and 2009, the Plan's portfolio of investments comprised the following:

	<b><u>2010</u></b>	<b><u>2009</u></b>
Equities	\$ 105,970,509	\$ 80,114,962
Fixed Income	65,200,815	58,362,808
Money Market Fund*	10,678,766	16,295,610
	<hr/>	<hr/>
Total fair value	\$ 181,850,090	\$ 154,773,380
	<hr/>	<hr/>
Total cost	\$ 185,329,223	\$ 163,528,570
	<hr/>	<hr/>

\* The money market fund represents a holding in the J.P. Morgan U.S. Government money market fund, an open-ended fund incorporated in the United States of America, which invests in high quality, short-term securities that are issued or guaranteed by the U.S. government, its agencies or instrumentalities.

At June 30, 2010 and 2009, the Plan held the following equity investments:

<b><u>Shares</u></b>	<b><u>Fair Value</u></b>	<b><u>Fair Value</u></b>	<b><u>% of</u></b>	<b><u>% of</u></b>
	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>net</u></b>	<b><u>net</u></b>
			<b><u>assets</u></b>	<b><u>assets</u></b>
			<b><u>2010</u></b>	<b><u>2009</u></b>
<b>Australian Dollar</b>				
- Finance	\$ 331,559	\$1,115,533	0.18%	0.71%
- Materials	81,593	-	0.04%	0.00%
- Capital equipment	-	220,683	0.00%	0.14%
- Energy	-	673,215	0.00%	0.43%
- Services	98,199	130,860	0.05%	0.08%
- Miscellaneous	499,816	-	0.27%	0.00%
- Gold mines	255,387	-	0.14%	0.00%
<b>Brazilian Real</b>			0.00%	
- Finance	406,939	285,522	0.22%	0.18%
- Materials	213,526	218,510	0.12%	0.14%
- Miscellaneous	214,894	162,134	0.12%	0.10%

**CAYMAN ISLANDS CHAMBER OF COMMERCE PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2010**

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

<b><u>Shares</u></b>	<b><u>Fair Value</u></b> <b><u>2010</u></b>	<b><u>Fair Value</u></b> <b><u>2009</u></b>	<b><u>% of</u></b> <b><u>net</u></b> <b><u>assets</u></b> <b><u>2010</u></b>	<b><u>% of</u></b> <b><u>net</u></b> <b><u>assets</u></b> <b><u>2009</u></b>
<b>British Pound</b>				
- Finance	2,392,741	26,941	1.30%	0.00%
- Other	-	2,236,032	0.00%	1.43%
- Materials	2,841,529	2,151,551	1.54%	1.38%
- Miscellaneous	3,115,277	1,064,380	1.69%	0.68%
- Capital equipment	1,948,356	1,690,517	1.06%	1.08%
- Consumer goods	1,068,273	670,057	0.58%	0.43%
- Energy	-	222,711	0.00%	0.14%
- Services	814,366	887,105	0.44%	0.57%
<b>Canadian Dollar</b>				
- Finance	621,469	620,546	0.34%	0.40%
- Materials	308,476	241,172	0.17%	0.15%
- Gold mines	499,724	652,288	0.27%	0.42%
- Miscellaneous	593,062	316,741	0.32%	0.20%
- Energy	346,997	417,422	0.19%	0.27%
<b>Euro</b>				
- Finance	1,690,949	2,389,527	0.92%	1.53%
- Materials	1,193,440	1,431,469	0.65%	0.92%
- Miscellaneous	3,334,068	2,023,920	1.81%	1.30%
- Capital equipment	2,283,435	554,797	1.24%	0.35%
- Consumer goods	1,523,928	1,142,712	0.83%	0.73%
- Energy	1,498,468	1,782,141	0.81%	1.14%
- Services	1,360,411	1,955,427	0.74%	1.25%
<b>Czech Kroner</b>				
- Capital equipment	-	74,907	0.00%	0.05%
<b>Danish Kroner</b>				
- Capital equipment	-	414,540	0.00%	0.27%
- Consumer goods	247,922	622,162	0.13%	0.40%
- Finance	275,117	-	0.15%	0.00%
<b>Hong Kong Dollar</b>				
- Materials	-	167,767	0.00%	0.11%
- Miscellaneous	1,421,609	1,649,828	0.77%	1.06%
- Consumer goods	757,499	249,805	0.41%	0.16%
- Energy	-	201,220	0.00%	0.13%
- Finance	-	356,445	0.00%	0.23%
- Gold mines	111,046	-	0.06%	0.00%
- Services	391,457	-	0.21%	0.00%
<b>Indonesia Rupiah</b>				
- Consumer goods	743,726	265,222	0.40%	0.17%
- Finance	507,170	-	0.28%	0.00%

**CAYMAN ISLANDS CHAMBER OF COMMERCE PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2010**

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

<b>Shares</b>	<b>Fair Value 2010</b>	<b>Fair Value 2009</b>	<b>% of net assets 2010</b>	<b>% of net assets 2009</b>
<b>Japanese Yen</b>				
- Finance	694,843	279,033	0.38%	0.18%
- Materials	180,058	447,329	0.10%	0.29%
- Miscellaneous	1,266,518	951,127	0.69%	0.61%
- Capital equipment	1,898,103	1,463,369	1.03%	0.94%
- Consumer goods	2,813,052	1,240,873	1.53%	0.79%
- Energy	559,236	108,540	0.30%	0.07%
- Services	702,801	322,960	0.38%	0.21%
<b>New Taiwan Dollar</b>				
- Capital equipment	438,808	524,213	0.24%	0.34%
<b>Norwegian Kroner</b>				
- Miscellaneous	213,169	311,425	0.12%	0.20%
- Services	-	98,848	0.00%	0.06%
<b>Singapore Dollar</b>				
- Services	-	68,171	0.00%	0.04%
- Finance	292,780	-	0.16%	0.00%
- Miscellaneous	123,040	-	0.07%	0.00%
<b>South African Rand</b>				
- Finance	180,337	145,488	0.10%	0.09%
- Miscellaneous	-	174,736	0.00%	0.11%
- Services	-	467,967	0.00%	0.30%
<b>South Korean Won</b>				
- Materials	-	114,412	0.00%	0.07%
- Capital equipment	659,362	273,058	0.36%	0.17%
- Consumer goods	137,961	-	0.07%	0.00%
- Miscellaneous	484,365	195,910	0.26%	0.13%
<b>Swedish Kroner</b>				
- Materials	-	372,878	0.00%	0.24%
- Miscellaneous	-	260,545	0.00%	0.17%
- Capital equipment	196,761	58,313	0.11%	0.04%
- Services	211,744	-	0.11%	0.00%
<b>Swiss Franc</b>				
- Finance	441,026	1,352,669	0.24%	0.87%
- Miscellaneous	445,021	472,263	0.24%	0.30%
- Capital equipment	260,064	286,617	0.14%	0.18%
- Consumer goods	1,964,145	1,177,022	1.07%	0.75%
- Services	362,059	-	0.20%	0.00%
<b>Thailand Baht</b>				
- Energy	-	89,859	0.00%	0.06%
<b>Turkish Lira</b>				
- Finance	353,618	-	0.19%	0.00%

**CAYMAN ISLANDS CHAMBER OF COMMERCE PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2010**

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

<b>Shares</b>	<b>Fair Value</b>	<b>Fair Value</b>	<b>% of</b>	<b>% of</b>
	<b><u>2010</u></b>	<b><u>2009</u></b>	<b>net</b>	<b>net</b>
			<b>assets</b>	<b>assets</b>
			<b><u>2010</u></b>	<b><u>2009</u></b>
<b>United States Dollar</b>				
- Finance	5,397,140	3,559,317	2.93%	2.28%
- Materials	1,483,050	1,582,556	0.80%	1.01%
- Miscellaneous	3,773,291	3,649,468	2.05%	2.34%
- Capital equipment				
Apple Inc. Com (9,562 shares)	2,004,275	787,163	1.09%	0.50%
Other	12,382,840	8,799,512	6.72%	5.62%
- Consumer goods	18,489,562	11,123,106	10.03%	7.12%
- Energy	3,349,435	2,473,104	1.82%	1.58%
- Services	7,377,400	7,406,707	4.00%	4.74%
- Gold mines	527,243	-	0.29%	0.00%
- Technology	1,881,155	-	1.02%	0.00%
Warrants	433,819	217,536	0.24%	0.14%
<b>Total Equities (cost</b>				
<b>\$110,357,013) (2009: cost</b>				
<b>\$88,799,917)</b>	<b><u>\$105,970,509</u></b>	<b><u>\$80,114,962</u></b>	<b><u>57.51%</u></b>	<b><u>51.29%</u></b>

**CAYMAN ISLANDS CHAMBER OF COMMERCE PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2010**

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

At June 30, 2010, 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):

<b><u>Nominal</u></b>	<b><u>U.S. Dollar Denominated Bonds</u></b>	<b><u>Fair Value</u></b>	<b><u>% of</u></b>
<b><u>Amount</u></b>			<b><u>net assets</u></b>
4,500,000	Bank of America Corp. 4.25% 01/OCT/2010	\$ 3,774,600	2.05%
4,000,000	Berkshire Hathaway Inc. 3.2% BDS 11/FEB/2015	3,432,700	1.86%
2,000,000	BP Capital Markets 2.75% NTS 27/FEB/2012	1,533,333	0.83%
1,000,000	BP Capital Markets 5.25% GTD SNR NTS 07/NOV/2013	769,917	0.42%
2,000,000	CME Group Inc. 5.75% BDS 15/FEB/2014	1,853,817	1.01%
2,500,000	Commonwealth Bank of Australia 2.4% MTN 12/JAN/2012	2,123,438	1.15%
3,000,000	Denmark (Kingdom of) 2.75% BDS 15/NOV/2011	2,559,875	1.39%
5,000,000	Eurohypo AG 4.625% MTN 30/SEP/2010	4,198,542	2.28%
1,000,000	General Electric Capital Corp 2.80% 08/JAN/2013	842,583	0.46%
2,000,000	General Electric Capital Corp 5.25% MTN 19/OCT/2012	1,781,483	0.97%
2,500,000	General Dynamics Corp. 4.5% 15/AUG/2010	2,091,979	1.14%
2,500,000	Goldman Sachs Group Inc. 5.45% NTS 01/NOV/2012	2,194,667	1.19%
2,500,000	Kommunal Banken 3.375% BDS 15/NOV/2011	2,148,229	1.17%
5,000,000	Kommuninvest I Sverige AB 5.375% EMTN 15/JUN/2011	4,347,292	2.36%
5,000,000	Oesterreichische Kontrollbank AG 3.125% BDS 14/OCT/2011	4,278,333	2.32%
4,000,000	Procter and Gamble Co. 1.375% BDS 01/AUG/2012	3,366,567	1.83%
3,000,000	Royal Bank of Scotland Group PLC 1.45% BDS 20/OCT/2011	2,504,725	1.36%
2,500,000	Shell International Finance BV 4% UNS LN STK 21/MAR/2014	2,203,521	1.20%
2,200,000	Wal-mart Stores Inc. 4.55% NTS 01/MAY/2013	1,994,080	1.08%
5,000,000	Wells Fargo & Co. 5.25% SNR NTS 23/OCT/2012	4,459,000	2.42%
	Other	12,742,134	6.92%
	<b>Total Bonds (cost \$64,293,444)</b>	<b>\$65,200,815</b>	<b>35.39%</b>

**CAYMAN ISLANDS CHAMBER OF COMMERCE PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2010**

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

At June 30, 2009, 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):

<b>Nominal</b>			<b>% of</b>
<b>Amount</b>	<b>U.S. Dollar Denominated Bonds</b>	<b>Fair Value</b>	<b>net assets</b>
2,500,000	All State Life Global Fund 4.250% 26/FEB/2010	\$ 2,101,063	1.35%
4,500,000	Bank of America Corp. 4.25% 01/OCT/2010	3,761,925	2.41%
2,000,000	BP Capital Markets 2.75% NTS 27/FEB/2012	1,690,667	1.08%
5,000,000	Eurohypo AG 4.625% MTN 30/SEP/2010	4,141,042	2.65%
2,500,000	General Dynamics Corp. 4.5% 15/AUG/2010	2,153,458	1.38%
2,000,000	General Electrical Capital Corp. 5.25% MTN 19/OCT/2012	1,713,300	1.10%
2,500,000	Goldman Sachs Group Inc. 5.45% NTS 01/NOV/2012	2,154,146	1.38%
4,000,000	International Lease Finance Corp. 5.3% BDS 01/MAY/2012	2,583,900	1.65%
5,000,000	Kommuninvest I Sverige AB 5.375% EMTN 15/JUN/2011	4,439,791	2.84%
2,000,000	Procter and Gamble Corp. 4.6% NTS 15/JAN/2014	1,752,800	1.12%
2,000,000	Royal Bank of Canada 4.125% BDS 26/JAN/2010	1,699,750	1.09%
2,200,000	Wal-mart Stores Inc. 4.55% NTS 01/MAY/2013	1,921,077	1.23%
5,000,000	Wells Fargo & Co. 5.25% SNR NTS 23/OCT/2012	4,313,041	2.76%
2,500,000	Export Development Canada 4.625% 01/APR/2010	2,142,271	1.37%
4,000,000	Federal Home Loan Banks 3% BDS 11/JUN/2010	3,411,467	2.18%
2,500,000	Kommunal Banken 3.375% BDS 15/NOV/2011	2,141,771	1.37%
5,000,000	NED Waterschapsbk 3% SNR MTN 16/JUN/2010	4,241,458	2.72%
5,000,000	United States of America Treasury Notes 1.875% 28/FEB/2014	4,058,917	2.60%
	Other	7,940,964	5.08%
		<hr/>	
	Total Bonds (cost \$58,433,044)	\$58,362,808	37.36%
		<hr/>	

**Open Forward Currency Contracts**

The following forward currency contracts were open at June 30, 2010:

						<b>Unrealised gains</b>	
Sell	AUD	450,325	-	Buy	USD	389,106	\$ 7,362
Sell	CAD	2,412,000	-	Buy	USD	2,365,416	80,217
Sell	EUR	7,604,000	-	Buy	USD	9,511,101	162,550
Sell	GBP	1,523,000	-	Buy	USD	2,348,999	58,699
Sell	USD	696,844	-	Buy	SEK	5,424,000	113
Buy	JPY	375,814,550	-	Sell	USD	4,098,221	126,447
Buy	CHF	354,000	-	Sell	USD	305,278	19,288
Buy	EUR	3,430,000	-	Sell	USD	4,123,958	65,255
							<hr/>
							\$ 519,931
							<hr/>

**CAYMAN ISLANDS CHAMBER OF COMMERCE PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2010**

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

**Open Forward Currency Contracts (continued)**

						<b><u>Unrealised loss</u></b>		
Sell	AUD	1,027,000	-	Buy	USD	800,014	\$	(18,974)
Sell	CHF	2,136,000	-	Buy	USD	1,920,432		(51,536)
Sell	GBP	1,595,000	-	Buy	USD	2,338,641		(39,699)
Sell	JPY	173,738,000	-	Buy	USD	1,903,290		(51,272)
Sell	NOK	16,993,000	-	Buy	USD	2,570,075		(30,679)
Sell	NZD	1,891,000	-	Buy	USD	1,260,730		(29,547)
Sell	SEK	15,588,000	-	Buy	USD	1,948,135		(45,759)
Sell	USD	4,119,017	-	Buy	GBP	2,751,000		(2,705)
Buy	NZD	5,229,000	-	Sell	USD	3,700,258		(96,700)
Buy	AUD	2,714,000	-	Sell	USD	2,418,717		(115,571)
Buy	NOK	44,593,344	-	Sell	USD	7,079,538		(198,741)
Buy	SEK	22,633,000	-	Sell	USD	2,980,105		(59,819)
								<hr/>
<b>Total unrealised losses</b>								<b>\$ (741,002)</b>
								<hr/> <hr/>

The following forward currency contracts were open at June 30, 2009:

**Open Forward Currency Contracts**

						<b><u>Unrealised gain</u></b>		
Buy	AUD	4,365,000	-	Sell	USD	3,288,379	\$	190,210
Sell	CAD	723,000	-	Buy	USD	625,270		2,128
Buy	GBP	870,000	-	Sell	USD	1,403,932		23,983
Buy	NOK	6,651,344	-	Sell	USD	1,029,492		2,183
Buy	NZD	3,114,000	-	Sell	USD	1,888,887		102,453
Buy	USD	1,370,697	-	Sell	JPY	131,820,000		3,100
Buy	USD	676,461	-	Sell	SEK	5,203,000		4,158
Buy	USD	325,095	-	Sell	CHF	352,000		1,041
Buy	AUD	8,621	-	Sell	USD	6,949		16
Buy	ZAR	71,771	-	Sell	USD	9,114		149
								<hr/>
<b>Total unrealised gains</b>								<b>\$ 329,421</b>
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**CAYMAN ISLANDS CHAMBER OF COMMERCE PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2010**

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

<b>Open Forward Currency Contracts</b>						<b><u>Unrealised loss</u></b>		
Buy	CAD	2,907,000	-	Sell	USD	2,598,078	\$	(78,584)
Buy	EUR	1,479,000	-	Sell	USD	2,090,655		(13,446)
Buy	CAD	34,838	-	Sell	USD	30,309		(259)
Buy	JPY	9,999,856	-	Sell	USD	104,839		(996)
Buy	USD	1,593,319	-	Sell	CHF	2,215,000		(39,991)
Buy	DKK	38,769	-	Sell	USD	7,339		(31)
Buy	GBP	19,202	-	Sell	USD	31,776		(127)
Buy	JPY	476,507,000	-	Sell	USD	4,960,927		(16,279)
Buy	USD	2,011,930	-	Sell	GBP	1,299,000		(106,049)
Buy	USD	1,993,573	-	Sell	EUR	1,479,000		(67,455)
Buy	CHF	21,014	-	Sell	USD	19,451		(108)
<b>Total unrealised losses</b>							\$	<b>(323,325)</b>

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

<b>2010</b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>	<b><u>Total</u></b>
Equities and warrants	\$ 105,970,509	\$ -	\$ -	\$ 105,970,509
Fixed Income	-	65,200,815	-	65,200,815
Money market fund	10,678,766	-	-	10,678,766
Financial assets at fair value through profit or loss	<u>\$ 116,649,275</u>	<u>\$ 65,200,815</u>	<u>\$ -</u>	<u>\$ 181,850,090</u>
Derivative Financial Instruments - Net unrealised loss	\$ -	\$ (221,071)	\$ -	\$ (221,071)

<b>2009</b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>	<b><u>Total</u></b>
Equities	\$ 80,114,962	\$ -	\$ -	\$ 80,114,962
Fixed Income	-	58,362,808	-	58,362,808
Money market fund	16,295,610	-	-	16,295,610
Financial assets at fair value through profit or loss	<u>\$ 96,410,572</u>	<u>\$ 58,362,808</u>	<u>\$ -</u>	<u>\$ 154,773,380</u>
Derivative Financial Instruments - Net unrealised gain	\$ -	\$ 6,096	\$ -	\$ 6,096

There were no significant transfers between levels 1 and 2 during the years ended June 30, 2010 and 2009.

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

**CAYMAN ISLANDS CHAMBER OF COMMERCE PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2010**

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

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, listed equities and over-the-counter derivatives. 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 Fund has used valuation techniques to derive the fair value. At June 30, 2010 the Plan did not hold any investments classified in level 3.

**4. Accounts payable**

	<b><u>2010</u></b>	<b><u>2009</u></b>
Administration and custody fees	\$ 342,810	\$ 243,464
Other expenses	26,460	41,108
Investment management fees	<u>234,525</u>	<u>186,886</u>
Total accounts payable	<u>\$ 603,795</u>	<u>\$ 471,458</u>

**5. Benefit payments**

Benefits paid to participants leaving the Plan can be analysed as follows:

	<b><u>2010</u></b>	<b><u>2009</u></b>
Termination of residence	\$ 3,157,531	\$ 3,525,877
Retirement	5,854,741	3,228,948
Death and medical	<u>456,345</u>	<u>207,387</u>
Total benefit payments	<u>\$ 9,468,617</u>	<u>\$ 6,962,212</u>

**6. Administration and custody fees**

Effective March 1, 2006, the Plan entered into an Amended and Restated Administrative Services Agreement, whereby Butterfield Fulcrum (formerly Butterfield Fund Services (Cayman) Limited) (“Butterfield”) provides transfer agent 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, 2010, Butterfield earned fees under this agreement amounting to \$1,039,178 (2009: \$750,172).

**CAYMAN ISLANDS CHAMBER OF COMMERCE PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2010**

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

Effective March 1, 2006, the Plan entered into a Global Custody Agreement with JP Morgan Chase Bank, N.A (“JP Morgan”), whereby JP Morgan provides administrative and custodial services to the Plan. For these services, JP Morgan receives a fee calculated at standard rates based on the volume of transactions and the market value of the portfolio. For its services during the year ended June 30, 2010, JP Morgan earned fees under this agreement amounting to \$232,240 (2009: \$109,117).

**7. Investment management fees**

**Investment management fees**

Effective February 28, 2006, the Plan entered into a Discretionary Investment Agreement whereby Butterfield Bank (Cayman) Ltd. (“Butterfield Bank”), manages 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. For its services during the year ended June 30, 2010, Butterfield Bank earned fees under this agreement amounting to \$296,974 (2009: \$211,790).

Effective March 1, 2006, the Plan entered into a Discretionary Investment Agreement with Alliance Bernstein L.P (“Alliance Bernstein”), whereby Alliance Bernstein manages a portion of the cash and cash equivalents and equity portfolio of the Plan. The agreement provides for a fee calculated quarterly in arrears based on the net value of the investment account on the last business day of the quarter at the following annual rates:

- i) 0.60% per annum on the first US\$100,000,000;
- ii) 0.45% per annum on the next US\$175,000,000; and
- iii) 0.40% per annum on the balance.

For its services during the year ended June 30, 2010, Alliance Bernstein earned fees under this agreement amounting to \$471,563 (2009: \$451,055).

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, 2010, McKinley earned fees under this agreement amounting to \$266,038 (2009:\$29,888).

**CAYMAN ISLANDS CHAMBER OF COMMERCE PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2010**

**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.

**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, subject to the provisions of the Trust Deed.

Transactions in units June 30, 2008 to June 30, 2010 are summarized as follows:

	<b>Chamber 2045</b>	<b>Chamber 2035</b>	<b>Chamber 2025</b>	<b>Chamber 2015</b>	<b>Chamber Income</b>
Outstanding units, at June 30, 2008	5,138,991	25,788,502	31,540,024	19,021,449	6,800,344
Issued during the period (contributions and transfers from other plans)	3,697,797	8,190,021	6,555,029	3,209,286	685,550
Net transfers	(2,862)	22,910	(16,894)	5,986	(8,107)
Redeemed during the period (benefit payments and transfers to other plans)	(218,662)	(1,182,770)	(1,074,809)	(1,331,883)	(1,089,770)
Outstanding units, at June 30, 2009	8,615,264	32,818,663	37,003,350	20,904,838	6,388,017
Issued during the period (contributions and transfers from other plans)	3,592,421	6,742,394	5,114,257	2,322,563	461,716
Net transfers	(48,451)	41,754	18,857	458	(16,650)
Redeemed during the period (benefit payments and transfers to other plans)	(568,520)	(1,754,610)	(1,705,540)	(1,763,926)	(1,237,668)
Outstanding units, at June 30, 2010	11,590,714	37,848,201	40,430,924	21,463,933	5,595,415

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, 2010 and 2009 are disclosed in Note 14.

**CAYMAN ISLANDS CHAMBER OF COMMERCE PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2010**

**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, 2010 are presented in Note 3.

At June 30, 2010, 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 Alliance Bernstein (Note 7)***

If the MSCI World Equity Index at June 30, 2010 and June 30, 2009 had increased/decreased by 10% with all other variables held constant, this may have increased/decreased net assets attributable to unitholders by approximately \$5,280,467 to \$9,594,087 (2009: \$1,967,177 to \$9,604,453).

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

If the MSCI World Growth Net Dividend Index at June 30, 2010 had increased/decreased by 10% with all other variables held constant, this may have increased/decreased net assets attributable to unitholders by approximately \$1,947,040 to \$4,860,792 (2009: \$378,300 to \$6,023,700).

The aforementioned analyses exclude 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, 2010 and 2009 is not necessarily indicative of the effect on the Plan's net assets of future movements in the level of the index.

**CAYMAN ISLANDS CHAMBER OF COMMERCE PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2010**

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

Price risk (continued):

The majority of the investments are denominated in USD. At June 30, 2010 and 2009 the Plan held the following equity securities denominated in currencies other than the USD.

(expressed in Cayman Islands dollars)	<u>2010</u>	<u>2009</u>
AUSTRALIAN DOLLAR	\$ 1,266,554	\$ 2,140,291
BRAZILIAN REAL	835,359	666,166
CANADIAN DOLLAR	2,369,727	2,248,169
SWISS FRANC	3,472,315	3,288,570
CZECH KRONA	-	74,907
DANISH KRONE	523,039	665,731
EURO	12,884,699	11,650,964
BRITISH POUND	12,180,541	8,943,455
HONG KONG DOLLAR	2,681,612	2,625,065
INDONESIAN RUPIAH	1,250,896	265,222
JAPANESE YEN	8,114,612	4,813,231
SOUTH KOREA WON	1,281,688	583,379
NORWEGIAN KRONE	213,169	410,272
SWEDISH KRONA	408,505	691,737
SINGAPORE DOLLAR	415,820	68,171
THAILAND BAHT	-	89,859
TURKISH LIRA	353,618	-
NEW TAIWAN DOLLAR	438,808	524,213
SOUTH AFRICAN RAND	180,336	788,191
	<u>\$ 48,871,298</u>	<u>\$ 40,537,593</u>

The Cayman Islands dollar (“KYD”) 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, 2010 and 2009, had the exchange rate between the Cayman 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.

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.

**CAYMAN ISLANDS CHAMBER OF COMMERCE PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2010**

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

Price risk (continued):

	2010		2009	
	Effect on profit – 5% decrease (expressed in KYD)	Effect on profit – 5% increase (expressed in KYD)	Effect on profit – 5% decrease (expressed in KYD)	Effect on profit – 5% increase (expressed in KYD)
AUSTRALIAN DOLLAR	\$ 63,328	\$ (63,328)	\$ 107,015	\$ (107,015)
BRAZILIAN REAL	41,768	(41,768)	33,308	(33,308)
CANADIAN DOLLAR	118,486	(118,486)	112,408	(112,408)
SWISS FRANC	173,616	(173,616)	164,429	(164,429)
CZECH KRONA	-	-	3,745	(3,745)
DANISH KRONE	26,152	(26,152)	33,287	(33,287)
EURO	644,235	(644,235)	582,548	(582,548)
BRITISH POUND	609,027	(609,027)	447,173	(447,173)
HONG KONG DOLLAR	134,080	(134,080)	131,253	(131,253)
INDONESIAN RUPIAH	62,545	(62,545)	13,261	(13,261)
JAPANESE YEN	405,730	(405,730)	240,662	(240,662)
SOUTH KOREA WON	64,084	(64,084)	29,169	(29,169)
NORWEGIAN KRONE	10,658	(10,658)	20,514	(20,514)
SWEDISH KRONA	20,425	(20,425)	34,587	(34,587)
SINGAPORE DOLLAR	20,791	(20,791)	3,409	(3,409)
THAILAND BAHT	-	-	4,493	(4,493)
TURKISH LIRA	17,681	(17,681)	-	-
NEW TAIWAN DOLLAR	21,940	(21,940)	26,211	(26,211)
SOUTH AFRICAN RAND	9,017	(9,017)	39,410	(39,410)
	<u>\$ 2,443,563</u>	<u>\$ (2,443,563)</u>	<u>\$ 2,026,882</u>	<u>\$ (2,026,882)</u>

Currency risk:

In the normal course of its business, the Plan trades derivative financial instruments where the risk of potential loss due to changes in the currency market exceeds the related amounts recorded. These financial instruments are forward currency contracts.

Forward currency contracts involve the delivery of a foreign currency in which the counterparty agrees to take delivery at a specified price. Risk arises from possible unfavourable movements in foreign exchange rates and failure of counterparties to fulfil the terms of the contracts.

The forward contracts are collateralised by cash amounting to \$55,756 (2009: \$47,356). Details of the Plan's forward currency contracts are disclosed in Note 3. Derivative contracts are generally collateralized by the Plan's assets custodied by the prime broker.

The Plan also holds monetary assets and liabilities denominated in currencies other than the KYD, its functional currency and the US dollar 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, 2010**

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

Currency risk (continued):

At June 30, 2010 the Plan held approximately \$993,704 (2009: 455,861) of cash and cash equivalents denominated in foreign currencies, other than the USD and KYD.

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 daily basis.

Interest rate risk:

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.

<b>June 30, 2010</b>	<b><u>Up to 1 year</u></b>	<b><u>2-5 years</u></b>	<b><u>Above 5 years</u></b>	<b><u>Total</u></b>
<b>Assets</b>				
Cash and cash equivalents	\$ 3,574,516	\$ -	\$ -	\$ 3,574,516
Financial assets at fair value through profit or loss	28,046,766	47,832,815	-	75,879,581
<b>Total Assets</b>	<b>\$31,621,282</b>	<b>\$47,832,815</b>	<b>\$ -</b>	<b>\$79,454,097</b>

<b>June 30, 2009</b>	<b><u>Up to 1 year</u></b>	<b><u>2-5 years</u></b>	<b><u>Above 5 years</u></b>	<b><u>Total</u></b>
<b>Assets</b>				
Cash and cash equivalents	\$ 2,656,590	\$ -	\$ -	\$ 2,656,590
Financial assets at fair value through profit or loss	32,020,720	42,637,698	-	74,658,418
<b>Total Assets</b>	<b>\$34,677,310</b>	<b>\$42,637,698</b>	<b>\$ -</b>	<b>\$77,315,008</b>

At June 30, 2010, should interest yields, for the debt securities held by the Plan, have lowered/increased by 100 basis points with all other variables remaining constant, the increase/decrease in net assets attributable to unitholders for the year would amount to approximately \$1,105,507 (2009: \$1,525,262), 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, 2010**

**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; b) unrealized gains on derivative financial instruments; and c) its debt securities. The fair value of substantially all favourable derivative contracts outstanding (contracts with unrealized gains) and cash and cash equivalents are with the Plan's prime broker - JP Morgan.

Although the Trustees monitor JP Morgan and believe that it is an appropriate custodian, there is no guarantee that JP Morgan will not become insolvent. There is no certainty that in the event of a failure of JP Morgan 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 custodied with JP Morgan, 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 JP Morgan by regularly monitoring its credit worthiness.

At June 30, 2010 and 2009 the Plan held investments in money market funds (Note 3). An investment in money market funds is exposed to the risk that a money market fund will not be able to maintain a NAV per share of \$1.00 at all times. The investments in money market funds are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. In addition money market funds are exposed to market risk, interest rate risk, credit risk and liquidity risk.

The Plan invests in debt securities, which have an investment grade as rated by a well-known rating agency. Portfolio by rating, as provided by Standard & Poor's, is as follows:

	<u>2010</u>	<u>2009</u>
Rating		
AAA	\$ 26,934,670	\$ 21,444,765
AA+	7,763,933	1,713,300
AA	8,485,595	4,508,410
AA-	10,398,617	10,711,829
A	11,618,000	8,901,896
BBB+	-	2,583,900
Not Rated*	-	8,498,708
	<hr/>	<hr/>
	\$ 65,200,815	\$ 58,362,808

\* The balance comprises \$nil (2009: \$4,058,917) of US treasury notes and the remainder is bonds rated Aaa by other rating agencies.

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.

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 are traded in an active market and can be readily disposed of.

**CAYMAN ISLANDS CHAMBER OF COMMERCE PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2010**

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

Liquidity risk (continued):

At June 30, 2010 and 2009, all of the Plan's liabilities (excluding net assets attributable to participants for benefits) have a maturity of 3 months or less.

The table below analyses the Plan's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>June 30, 2009:</u>	<u>1 month or less</u>	<u>1-3 months</u>	<u>3-12 months</u>
Forward contracts			
- outflows	\$ (619,763)	\$ (46,896,580)	\$ -
- inflows	628,123	46,667,390	
<u>June 30, 2009:</u>			
Forward contracts			
- outflows	\$ (174,817)	\$ (21,750,322)	\$ -
- inflows	173,460	21,757,775	

**12. Financial highlights**

The increase/decrease in net asset value per unit, of each of the Lifecycle Funds, for the years ended June 30, 2010 and 2009, calculated based on the movement in net asset value per unit, is as follows:

2045: 8.88% (2009: -36.54%)  
2035: 8.31% (2009: -32.17%)  
2025: 7.37% (2009: -27.61%)  
2015: 7.19% (2009: -20.91%)  
Chamber Income: 5.48% (2009: -8.87%)

The expense ratio (excluding withholding taxes), for the Plan as a whole, for the year ended June 30, 2010 is 1.50% (2009: 1.12%), calculated based on total expenses as a percentage of average annual net assets available to participants for benefits.

**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, 2010, 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, 2010**

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

The movement in the net assets for the year ended June 30, 2010 and for each Lifecycle Fund is as follows:

**For the Year ended June 30, 2010**

	Chamber 2045	Chamber 2035	Chamber 2025	Chamber 2015	Chamber Income	For the year ended June 30, 2010 Total Plan	For the year ended June 30, 2009 Total Plan
Opening net assets available to Participants for benefits	\$10,852,835	\$44,608,080	\$54,241,152	\$34,041,216	\$12,464,234	\$156,207,517	\$179,465,645
Total contributions	5,205,610	10,421,856	8,398,779	4,127,222	953,460	29,106,927	32,844,373
Transfers	(70,691)	73,919	357	(3,150)	(435)	-	-
Total withdrawals	(812,285)	(2,702,493)	(2,820,180)	(3,081,458)	(2,513,020)	(11,929,436)	(8,039,182)
Net increase in net assets available to participants for benefits	732,258	3,296,660	3,838,575	2,392,634	611,351	10,871,478	(48,063,319)
Closing net assets available to Participants for benefits	<u>\$15,907,727</u>	<u>\$55,698,022</u>	<u>\$63,658,683</u>	<u>\$37,476,464</u>	<u>\$11,515,590</u>	<u>\$184,256,486</u>	<u>\$156,207,517</u>
No. of units at June 30, 2010	11,590,714	37,848,201	40,430,924	21,463,933	5,595,415		
Net asset value per unit – June 30, 2010	\$ 1.372	\$ 1.472	\$ 1.574	\$ 1.745	\$ 2.058		
Net asset value per unit – June 30, 2009	\$ 1.260	\$ 1.359	\$ 1.466	\$ 1.628	\$ 1.951		

**CAYMAN ISLANDS CHAMBER OF COMMERCE PENSION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2010**

**15. Subsequent Events**

During August 2010, the Plan entered into investment advisory agreements with Epoch Investment Partners, Inc. and The Vanguard Group (Ireland) Limited.