

CAYMAN ISLANDS CHAMBER OF COMMERCE PENSION PLAN

FINANCIAL STATEMENTS

JUNE 30, 2018

CAYMAN ISLANDS CHAMBER OF COMMERCE PENSION PLAN

JUNE 30, 2018

CONTENTS

	<u>Page</u>
Financial Statements	
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Comprehensive Income	4
Statement of Changes in Net Assets Available to Participants for Their Benefits	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 29
Portfolio Investment Mix (Unaudited)	30



Independent Auditor's Report

To the Trustees, solely in their capacity as the Trustees of the Cayman Islands Chamber of Commerce Pension Plan

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Cayman Islands Chamber of Commerce Pension Plan (the "Plan") as at June 30, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Plan's financial statements comprise:

- the statement of financial position as at June 30, 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets available to participants for their benefits for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Plan in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

The Trustees are responsible for the other information. The other information comprises the Portfolio Investment Mix (Unaudited) (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trustees for the financial statements

The Trustees are responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, the Trustees are responsible for assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Plan or to cease operations, or have no realistic alternative but to do so.



Independent Auditor's Report (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Plan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

This report, including the opinion, has been prepared for and only for the Plan in accordance with the terms of our engagement letter and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

A handwritten signature in black ink that reads "PricewaterhouseCoopers". The signature is written in a cursive, flowing style.

November 22, 2018

Cayman Islands Chamber of Commerce Pension Plan

STATEMENT OF FINANCIAL POSITION

As at June 30, 2018

(Expressed in Cayman Islands dollars)

	2018	2017
ASSETS		
Financial assets, at fair value through profit or loss (Note 3)	\$ 372,544,789	\$ 338,825,575
Cash and cash equivalents	6,767,851	9,330,011
Accrued interest receivable	917,050	1,113,888
Accrued dividends receivable	304,638	108,768
Receivable for securities sold	194,166	1,433,146
Total assets	380,728,494	350,811,388
LIABILITIES		
Benefits payable	3,665,490	3,296,350
Payable for securities purchased	2,035,826	2,635,809
Account payables (Note 4)	734,019	1,018,066
Total liabilities (excluding net assets available to participants for their benefits)	6,435,335	6,950,225
NET ASSETS AVAILABLE TO PARTICIPANTS FOR THEIR BENEFITS (NOTE 9 and 14)	\$ 374,293,159	\$ 343,861,163

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

Jon Brosnihan

Trustee

Bradley Kruger

Trustee

November 22, 2018

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, 2018

(Expressed in Cayman Islands dollars)

	2018	2017
Revenue		
Interest income	\$ 4,099,416	\$ 4,329,913
Dividend income	4,926,249	2,203,334
Other income	21,064	-
Net realised gain on financial assets at fair value through profit or loss	48,522,686	6,082,935
Net realised loss on foreign currency transactions	(87,160)	(66,388)
Net change in unrealised (loss)/gain on financial assets at fair value through profit or loss	(29,329,133)	18,069,785
Net change in unrealised (loss)/gain on other assets and liabilities denominated in foreign currencies	(4,848)	9,303
Total revenue	28,148,274	30,628,882
Expenses		
Administration and custody fees (Note 6)	1,804,676	1,736,573
Investment management fees (Note 7)	752,880	1,193,457
Plan registration fees (Note 15)	370,723	348,100
Salary and benefits	131,148	113,088
Other expenses	329,634	265,310
Consultancy fees (Note 8)	115,265	112,608
Trustees liability insurance expense	7,512	7,512
Total operating expenses	3,511,838	3,776,648
Operating profit	24,636,436	26,852,234
Withholding tax on dividends	(1,125,670)	(464,145)
Net increase in net assets from operations available to participants for their benefits	\$ 23,510,766	\$ 26,388,089

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, 2018

(Expressed in Cayman Islands dollars)

	2018	2017
Net increase in net assets from operations available to participants for their benefits	\$ 23,510,766	\$ 26,388,089
Contributions and transfers in		
Employers and self-employed participants - contributions	14,748,469	14,060,505
Employers and self-employed participants - transfers in	526,231	696,497
Employees and voluntary participants – contributions	15,889,667	15,053,854
Employees and voluntary participants - transfers in	514,053	716,515
Total contributions and transfers in	31,678,420	30,527,371
Benefit payments and transfers out		
Benefits paid to participants (Note 5)	(19,211,381)	(14,983,884)
Amounts transferred out	(5,545,809)	(4,001,207)
Total benefit payments and transfers out	(24,757,190)	(18,985,091)
Net increase in net assets available to participants for their benefits	30,431,996	37,930,369
Net assets available to participants for their benefits at beginning of year	343,861,163	305,930,794
Net assets available to participants for their benefits at end of year	\$ 374,293,159	\$ 343,861,163

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, 2018

(Expressed in Cayman Islands dollars)

	2018	2017
Cash flows from operating activities		
Interest received	\$ 4,296,254	\$ 4,322,757
Dividends received	4,730,379	2,276,308
Administration and custody fees paid	(1,809,528)	(1,824,682)
Investment management fees paid	(994,111)	(1,159,086)
Trustee liability insurance	(7,512)	(7,512)
Other expenses paid	(663,581)	(446,158)
Consultancy fees paid	(115,265)	(112,608)
Plan registration fees paid	(370,723)	(348,100)
Salary and benefits paid	(131,148)	(113,088)
Withholding taxes paid	(1,125,670)	(464,145)
Net cash provided by operating activities	3,809,095	2,123,686
Cash flows from investing activities		
Purchase of investments	(419,866,147)	(193,255,880)
Proceeds from sale and maturity of investments	406,296,529	178,946,978
Net realised loss on foreign currency transactions	(87,160)	(66,388)
Net cash used in investing activities	(13,656,778)	(14,375,290)
Cash flows from financing activities		
Contributions and amounts transferred in from employers and self-employed participants	15,274,701	14,757,002
Contributions and amounts transferred in from employees and voluntary participants	16,403,720	15,770,369
Benefit payments and transfers paid out	(24,388,050)	(18,760,311)
Net cash provided by financing activities	7,290,371	11,767,060
Net decrease in cash and cash equivalents	(2,557,312)	(484,544)
Unrealised foreign currency (loss)/gain on other assets and liabilities	(4,848)	9,303
Cash and cash equivalents at beginning of year	9,330,011	9,805,252
Cash and cash equivalents at end of year	\$ 6,767,851	\$ 9,330,011

The accompanying notes are an integral part of these financial statements

Cayman Islands Chamber of Commerce Pension Plan

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

(Expressed in Cayman Islands dollars)

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 and further amended by a Deed of Amendment dated February 6, 2015 as a membership controlled, private sector operated Trust Fund to enable 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, 2018, the Plan has one employee. 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 Caymanians and residents who either work for an employer that elects to participate in the Plan or are self-employed. At June 30, 2018, there were approximately 19,616 participants in the Plan (2017: 18,614). 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, 2018 are as follows:

- Chamber 2060 (previously Chamber 2055)
- Chamber 2050 (previously Chamber 2045)
- Chamber 2040 (previously Chamber 2035)
- Chamber 2030 (previously Chamber 2025)
- Chamber Income Conservative*
- Chamber Income

The Lifecycle Funds available to members at June 30, 2017 were as follows:

- Chamber 2055
- Chamber 2045
- Chamber 2035
- Chamber 2025
- Chamber Income

* Effective July 1, 2017, the Chamber Income Conservative Fund was added to the Lifecycle Funds. This Lifecycle Fund, approved by the Board of Trustees, gives existing members the option of a more conservative investment strategy. Contributions into this Lifecycle Fund are made at the election of the member, and are not based on retirement age.

During the year ended June 30, 2017, the normal age of pension entitlement was changed to 65. Before this, the normal retirement age was 60. In order to adjust for this, the Plan has renamed certain Lifecycle Funds to best reflect the updated retirement dates, as seen above.

Cayman Islands Chamber of Commerce Pension Plan

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

(Expressed in Cayman Islands dollars)

1. Introduction and background information (continued)

The target investment mix of each of the Lifecycle Funds at June 30, 2018 is as follows:

Chamber 2060 - 94.7% equity investments, 5.3% fixed income investments
Chamber 2050 - 91.6% equity investments, 8.4% fixed income investments
Chamber 2040 - 80.2% equity investments, 19.8% fixed income investments
Chamber 2030 - 60.6% equity investments, 39.4% fixed income investments
Chamber Income Conservative - 35.0% equity investments, 65.0% fixed income investments
Chamber Income - 25.0% equity investments, 75.0% fixed income investments

The target investment mix of each of the Lifecycle Funds at June 30, 2017 was as follows:

Chamber 2055 - 90.0% equity investments, 10.0% fixed income investments
Chamber 2045 - 75.0% equity investments, 25.0% fixed income investments
Chamber 2035 - 62.9% equity investments, 37.1% fixed income investments
Chamber 2025 - 48.7% equity investments, 51.3% fixed income investments
Chamber Income - 25.0% equity investments, 75.0% 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, but not to be greater than 5% by the employee. Contributions in excess of 10% or in excess of \$8,700 per year based on maximum pension earnings of \$87,000 are considered voluntary. The normal contribution rate for self-employed participants is 10% of the participant's earnings. During the year ended June 30, 2017 maximum normal contributions were revised from \$6,000 to \$8,700 per year resultant on the revision of maximum pension earnings from \$60,000 to \$87,000.

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 \$1,101,255 (2017: \$1,564,899) was withdrawn in relation to this amendment (Note 5).

Cayman Islands Chamber of Commerce Pension Plan

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

(Expressed in Cayman Islands dollars)

1. Introduction and background information (continued)

Investment policy

The Trustees have entered into an agreement with the investment managers (see Note 7), which give the managers full discretion in selecting investments for the Plan in accordance with the Regulations of the Pensions Law. During the year ended June 30, 2018, the Plan restructured the investment managers which in turn revised the composition and performance indicators of the equity portfolio. Refer to Notes 7 and 11 for further information thereon. The investment policy has remained unchanged.

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

Amendments to IAS 7, 'Statement of Cash Flows' became effective for annual periods beginning on or after January 1, 2017. These amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Adoption of these amendments did not have a material impact on the Plan's financial statements.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on July 1, 2017 that have a material effect on the financial statements of the Plan.

New standards, amendments and interpretations issued but not effective for the financial year beginning July 1, 2017 and not early adopted

IFRS 9 'Financial Instruments' addresses the classification, measurement and derecognition of financial assets and liabilities. It replaces the multiple classification and measurement models in IAS 39 and is effective for reporting periods beginning on or after January 1, 2018.

Cayman Islands Chamber of Commerce Pension Plan

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

(Expressed in Cayman Islands dollars)

2. Significant accounting policies (continued)

Classification and measurement of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest (SPPI). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. IFRS 9 also introduces a new expected credit loss (ECL) impairment model. On adoption of IFRS 9 the Plan's investment portfolio will continue to be classified as fair value through profit or loss. Other financial assets which are held for collection will continue to be measured at amortised cost with no material impact expected from application of the new impairment model. As a result, the adoption of IFRS 9 is not expected to have a material impact on the Plan's financial statements.

In addition to the above, a number of new standards, amendments to standards and interpretations are effective for annual periods beginning after July 1, 2017, and have not been applied in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Plan.

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 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).

Cayman Islands Chamber of Commerce Pension Plan

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

(Expressed in Cayman Islands dollars)

2. Significant accounting policies (continued)

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.

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.

3. Financial assets at fair value through profit or loss

At June 30, 2018 and 2017, the Plan's portfolio of investments comprised the following:

	2018		2017	
	Fair value	Cost	Fair value	Cost
Equities	\$ 261,322,686	\$ 249,044,682	\$ 131,314,932	\$ 111,122,047
Fixed income	109,963,599	112,577,248	143,549,498	144,201,770
Vanguard investment Series plc - Global Stock Index Fund *	-	-	62,729,798	43,249,771
IShares USD TIPS - Exchange Traded Fund **	1,258,504	1,251,231	1,231,347	1,251,231
Total	\$ 372,544,789	\$ 362,873,161	\$ 338,825,575	\$ 299,824,819

Cayman Islands Chamber of Commerce Pension Plan

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

(Expressed in Cayman Islands dollars)

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

* At June 30, 2017, 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. During the year ended June 30, 2018, the Plan fully disposed of the Vanguard investment therefore there was no Vanguard investment held at June 30, 2018.

** At June 30, 2018 and 2017 the Plan invested in an exchange traded close ended fund, IShares USD TIPS - ("IShares"), that seeks to provide long term growth of capital by tracking the performance of inflation protected U.S. Treasury Bonds. The fund is incorporated in Ireland. The Plan's holding in IShares, as a percentage of IShares' total net asset value, will vary from time to time dependent on the volume of subscriptions and redemptions at the IShares fund level.

At June 30, 2018 and 2017, 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 2018	Fair value 2017	% of net assets 2018	% of net assets 2017
Australian Dollar				
Basic materials	\$ 1,007,567	\$ 541,236	0.27%	0.16%
Communications	96,690	-	0.03%	-
Consumer goods	1,519,527	-	0.41%	-
Energy	371,846	-	0.10%	-
Financial	3,008,836	-	0.80%	-
Industrial	350,762	-	0.09%	-
Technology	41,232	-	0.01%	-
Utilities	169,849	-	0.05%	-
Brazilian Real				
Communications	-	436,639	-	0.13%
Consumer goods	-	967,758	-	0.28%
Utilities	-	552,827	-	0.16%
British Pound				
Communication	1,079,153	-	0.29%	-
Consumer goods	6,351,912	3,239,636	1.70%	0.94%
Energy	3,006,695	-	0.80%	-
Financial	3,764,261	855,999	1.01%	0.25%
Industrial	485,617	-	0.13%	-
Materials	1,560,627	-	0.42%	-
Technology	107,912	-	0.03%	-
Utilities	519,031	-	0.14%	-

Cayman Islands Chamber of Commerce Pension Plan

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

(Expressed in Cayman Islands dollars)

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

	Fair value 2018	Fair value 2017	% of net assets 2018	% of net assets 2017
Canadian Dollar				
Communications	\$ 417,576	\$ -	0.11%	-
Consumer goods	801,129	-	0.21%	-
Energy	2,048,307	-	0.55%	-
Financial	3,601,855	-	0.96%	-
Industrial	814,732	-	0.22%	-
Materials	956,652	-	0.26%	-
Technology	301,332	-	0.08%	-
Utilities	163,662	-	0.04%	-
Danish Krone				
Consumer goods	987,331	830,622	0.26%	0.24%
Energy	74,335	-	0.02%	-
Financial	157,418	-	0.04%	-
Industrial	181,410	-	0.05%	-
Materials	88,076	-	0.02%	-
Utilities	74,508	-	0.02%	-
Euro				
Communications	1,907,317	-	0.51%	-
Consumer goods	9,922,413	7,815,181	2.65%	2.27%
Diversified	26,519	-	0.01%	-
Energy	1,673,505	-	0.45%	-
Financial	6,080,872	3,638,100	1.62%	1.06%
Industrial	4,028,152	5,660,357	1.08%	1.65%
Materials	2,510,719	1,124,466	0.67%	0.33%
Technology	2,311,064	-	0.62%	-
Utilities	1,670,623	-	0.45%	-
Hong Kong Dollar				
Communications	47,415	1,457,258	0.01%	0.42%
Consumer goods	373,779	769,170	0.10%	0.22%
Diversified	262,254	-	0.07%	-
Financial	1,970,341	-	0.53%	-
Industrial	132,672	-	0.04%	-
Technology	22,124	-	0.01%	-
Utilities	311,082	-	0.08%	-
Indonesia Rupiah				
Communication	-	1,092,234	-	0.32%

Cayman Islands Chamber of Commerce Pension Plan

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

(Expressed in Cayman Islands dollars)

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

	Fair value 2018	Fair value 2017	% of net assets 2018	% of net assets 2017
Israeli New Shekel				
Communications	\$ 55,724	\$ -	0.01%	-
Consumer goods	24,591	-	0.01%	-
Financial	132,961	-	0.04%	-
Industrial	17,903	-	-	-
Materials	29,049	-	0.01%	-
Japanese Yen				
Communications	1,552,188	838,769	0.41%	0.24%
Consumer goods	9,625,659	1,166,544	2.57%	0.34%
Energy	255,023	-	0.07%	-
Financial	3,443,014	814,448	0.92%	0.24%
Industrial	4,905,864	989,143	1.31%	0.29%
Materials	1,256,113	-	0.34%	-
Technology	1,089,377	-	0.29%	-
Utilities	420,657	-	0.11%	-
New Zealand Dollar				
Communications	30,124	-	0.01%	-
Consumer goods	95,575	-	0.03%	-
Industrial	54,602	-	0.01%	-
Utilities	17,616	-	-	-
Norwegian Krone				
Communications	118,248	-	0.03%	-
Consumer goods	100,451	-	0.03%	-
Energy	237,416	-	0.06%	-
Financial	145,686	-	0.04%	-
Materials	100,317	-	0.03%	-
Republic of Korea Won				
Technology	-	1,328,095	-	0.39%
Singapore Dollar				
Communications	119,038	-	0.03%	-
Consumer goods	146,388	-	0.04%	-
Diversified	49,409	-	-	-
Financial	753,000	-	0.20%	-
Industrial	97,910	-	0.03%	-
Utilities	12,954	-	-	-

Cayman Islands Chamber of Commerce Pension Plan

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

(Expressed in Cayman Islands dollars)

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

	Fair value 2018	Fair value 2017	% of net assets 2018	% of net assets 2017
Swedish Krone				
Communications	\$ 307,561	\$ -	0.08%	-
Consumer goods	493,748	-	0.13%	-
Diversified	21,017	-	0.01%	-
Energy	38,731	-	0.01%	-
Financial	719,673	-	0.19%	-
Materials	45,435	-	0.01%	-
Industrial	757,089	-	0.20%	-
Swiss Franc				
Communications	75,321	-	0.02%	-
Consumer goods	4,731,603	1,469,498	1.26%	0.43%
Financial	1,460,624	-	0.39%	-
Industrial	777,587	1,301,318	0.21%	0.38%
Technology	59,313	450,922	0.02%	0.13%
Materials	207,062	-	0.06%	-
United States Dollar				
Communication				
Alphabet INC- CL C	-	3,324,437	-	0.97%
Amazon.com Inc	4,575,295	-	1.22%	-
Others	19,252,944	11,951,017	5.14%	3.48%
Consumer goods				
Unitedhealth Group Inc.	-	3,314,382	-	0.96%
Others	47,381,333	27,810,480	12.66%	8.09%
Diversified	141,072	-	0.04%	-
Energy	9,962,425	666,512	2.66%	0.19%
Financial	28,434,625	13,653,672	7.60%	3.97%
Industrial	15,274,096	15,901,723	4.08%	4.62%
Materials	3,425,641	938,376	0.92%	0.27%
Technology				
Apple Inc	6,168,482	4,270,913	1.65%	1.24%
Microsoft Corp	4,716,845	-	1.26%	-
Others	15,500,532	10,095,667	4.14%	2.94%
Utilities	4,547,084	2,047,533	1.21%	0.60%
	\$ 261,322,686	\$ 131,314,932	69.82%	38.20%

Cayman Islands Chamber of Commerce Pension Plan

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

(Expressed in Cayman Islands dollars)

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

At June 30, 2018, 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
7,369,000	US TREASURY N/B 2.375% 01/31/23	\$ 6,046,802	1.62%
	Other	103,916,797	27.76%
	Total Bonds (cost \$112,577,248)	\$ 109,963,599	29.38%

At June 30, 2017, 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
4,679,000	US TREASURY N/B 1.875% 01/31/22	\$ 3,904,040	1.14%
	Other	139,645,458	40.61%
	Total Bonds (cost \$144,201,770)	\$ 143,549,498	41.75%

At June 30, 2018, the Plan's investments have been classified as follows:

	Level 1	Level 2	Level 3	Total
Equities	\$ 261,322,686	\$ -	\$ -	\$ 261,322,686
Fixed income*	-	109,963,599	-	109,963,599
IShares USD TIPS - Exchange Traded Fund	1,258,504	-	-	1,258,504
Financial assets at fair value through profit or loss	\$ 262,581,190	\$ 109,963,599	\$ -	\$ 372,544,789

At June 30, 2017, the Plan's investments have been classified as follows:

	Level 1	Level 2	Level 3	Total
Equities	\$ 131,314,932	\$ -	\$ -	\$ 131,314,932
Fixed income*	-	143,549,498	-	143,549,498
Vanguard investment Series plc - Global Stock Index Fund	-	62,729,798	-	62,729,798
IShares USD TIPS - Exchange Traded Fund	1,231,347	-	-	1,231,347
Financial assets at fair value through profit or loss	\$ 132,546,279	\$ 206,279,296	\$ -	\$ 338,825,575

*Included in Fixed Income is \$10,086,202 (2017: \$11,267,214) 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.

Cayman Islands Chamber of Commerce Pension Plan

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

(Expressed in Cayman Islands dollars)

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, 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. At June 30, 2018 and 2017 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, 2018 and 2017. No securities were categorized in Level 3 during the year.

The All other assets and liabilities carried at amortised cost reasonably approximate fair value.

4. Accounts payable

	2018	2017
Other expenses	\$ 321,890	\$ 338,435
Administration and custody fees	321,570	326,422
Investment management fees	90,364	331,595
Commissions	195	550
Directors fees	-	21,064
Total accounts payable	\$ 734,019	\$ 1,018,066

5. Benefit payments

	2018	2017
Termination of residence	\$ 8,638,364	\$ 7,537,081
Retirement	8,862,151	5,403,898
Housing	1,101,255	1,564,899
Death and medical	609,611	478,006
Total benefit payments	\$ 19,211,381	\$ 14,983,884

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.

Cayman Islands Chamber of Commerce Pension Plan

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

(Expressed in Cayman Islands dollars)

6. Administration and custody fees (continued)

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. Effective July 1, 2015, the all-inclusive fee is calculated at the following revised rates for both years ended June 30, 2018 and 2017:

- i) 0.575% per annum on the first CI\$200,000,000
- ii) 0.30% per annum between CI\$200,000,000 and CI\$300,000,000
- iii) 0.20% per annum between CI\$300,000,000 and CI\$400,000,000
- iv) 0.15% per annum over CI\$400,000,000.

For its service during the year ended June 30, 2018 MUFG earned fees under this agreement amounting to \$1,582,508 (2017: \$1,492,626).

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 \$37,598 (2017: \$84,540).

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

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

For the year ending June 30, 2018, MaplesFS earned fees under this agreement amounting to \$184,570 (2017: \$159,407).

7. Investment management fees

Effective November 8, 2017, the trustees of the Plan authorised the transfer of each equity portfolio held by McKinley and Epoch over to Blackrock Financial Management, Inc. ("Blackrock"). Effective November 16, 2017, the Plan entered into an Investment Management Agreement whereby Blackrock (the "Manager") acts as the Manager for the entire equity portfolio. The management fee is calculated and billed quarterly in arrears (for calendar quarters ending March 31, June 30, September 30 and December 31). The management fee is charged at 4 basis points of net assets invested in the equity portfolio at each quarter end, averaged for the actual number of days in each respective quarter and subject to a minimum quarterly fee of US\$37,500, prorated for partial periods.

- i) 0.04% per annum on the balance.

For its services during the year ended June 30, 2018, Blackrock earned fees under this agreement amounting to \$70,398 (2017: \$nil).

Cayman Islands Chamber of Commerce Pension Plan

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

(Expressed in Cayman Islands dollars)

7. Investment management fees (continued)

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. Effective May 1, 2016, the Plan amended the Discretionary Investment Agreement with Butterfield Bank providing 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 May 1, 2016, the fee is calculated at the following revised rates for both years ended June 30, 2018 and 2017:

- i) 0.275% per annum on the first US\$25,000,000;
- ii) 0.225% per annum on the balance between US\$25,000,000 and US\$50,000,000;
- iii) 0.20% per annum on the balance

For its services during the year ended June 30, 2018, Butterfield Bank earned fees under this agreement amounting to \$40,041 (2017: \$115,076).

During the year, the Trustees of the Plan authorised the transfer of Butterfield's fixed income portfolio to Income Research & Management and EFG Bank, Cayman Branch, the other two fixed income managers. The Plan has since terminated the investment management services agreement with Butterfield.

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. Effective February 19, 2016, the management fee is calculated at the following revised rates for both years ended June 30, 2018 and 2017:

- i) 0.27% per annum on the first US\$50,000,000;
- iii) 0.23% per annum on amounts over US\$50,000,000.

For its services during the year ended June 30, 2018, IRM earned fees under this agreement amounting to \$157,632 (2017: \$130,652).

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. Effective March 1, 2016, the fee is calculated at the following revised rates for both years ended June 30, 2018 and 2017:

- i) 0.25% per annum on the balance.

For its services during the year ended June 30, 2018, EFG earned fees under this agreement amounting to \$100,651 (2017: \$119,396).

During the year ended June 30, 2018, the Plan terminated and replaced the investment management services with McKinley Capital Management, Inc. ("McKinley") with those of Blackrock.

Effective October 30, 2008, the Plan entered into an Investment Agreement with McKinley, whereby McKinley managed a portion of the equity portfolio of the Plan. The agreement provided 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;

Cayman Islands Chamber of Commerce Pension Plan

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

(Expressed in Cayman Islands dollars)

7. Investment management fees (continued)

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, 2018, McKinley earned fees under this agreement amounting to \$168,864 (2017: \$361,520).

During the year ended June 30, 2018, the Plan terminated and replaced the investment management services with Epoch Investment Partners ("Epoch") with those of Blackrock.

Effective September 24, 2010 the Plan entered into an Investment Agreement with Epoch, whereby Epoch managed a portion of the equity portfolio of the Plan. The agreement provided for a fee calculated quarterly in arrears based on the preceding quarter end net value of the investment account. Effective March 31, 2016, the fee is calculated at the following revised rates for both years ended June 30, 2018 and 2017:

- i) 0.75% per annum on the first US\$100,000,000;
- ii) 0.65% per annum on the next US\$50,000,000.

For its services during the year ended June 30, 2018, Epoch earned fees under this agreement amounting to \$215,294 (2017: \$466,813).

During the year ended June 30, 2018, the Plan fully disposed of the Vanguard Investment Series plc – Global Stock Index Fund ("Vanguard"). Vanguard charged 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 included, and was reported, net of such fees. Vanguard's expenses did not exceed, on an annual basis, 1% of the average net asset value of the institutional shares held by the Plan.

Effective June 15, 2010, the Trustees of the Plan entered into a Total Expense Ratio Agreement with the Vanguard Investment Series plc- Global Stock Index Fund which provided for a fee rebate calculated based on the daily gross assets invested in Vanguard and payable monthly in arrears in the form of additional units in Vanguard based on the following schedule:

- i) 0.37% per annum on the first US\$5,000,000
- ii) 0.16% per annum on gross assets in excess of US\$5,000,000

For the year ended June 30, 2018, before the full disposal of the Vanguard, the Plan received additional units in Vanguard with value of \$22,779 (2017: \$45,860) under the Total Expense Ratio Agreement which resulted in an effective expense ratio of approximately 0.18% (2017: 0.16%) for 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 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, 2018, Mercer earned fees under this agreement amounting to \$115,265 (2017: \$112,608).

Cayman Islands Chamber of Commerce Pension Plan

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

(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, 2018 and 2017 are summarized as follows:

	Chamber 2060	Chamber 2050	Chamber 2040	Chamber 2030	Chamber income conservative*	Chamber income	Total plan
Outstanding units, at June 30, 2016	58,312	24,498,006	46,935,090	45,891,792	-	19,654,984	137,038,184
Issued during the period (contributions and transfers from other plans)	642,128	4,363,952	4,198,879	3,226,619	-	1,137,157	13,568,735
Net transfers	114	(62,949)	7,649	(64,890)	-	110,948	(9,128)
Redeemed during the period (benefit payments and transfers to other plans)	(17,614)	(1,598,873)	(2,297,897)	(2,055,142)	-	(2,115,773)	(8,085,299)
Outstanding units, at June 30, 2017	682,940	27,200,136	48,843,721	46,998,379	-	18,787,316	142,512,492
Issued during the period (contributions and transfers from other plans)	1,155,277	4,038,799	3,872,267	2,840,238	1,353	1,058,068	12,966,002
Net transfers	(1,944)	(3,331)	(6,591)	45,024	31,469	(76,360)	(11,733)
Redeemed during the period (benefit payments and transfers to other plans)	(41,030)	(1,726,265)	(2,663,345)	(2,763,128)	-	(2,456,915)	(9,650,683)
Outstanding units, at June 30, 2018	1,795,243	29,509,339	50,046,052	47,120,513	32,822	17,312,109	145,816,078

*The initial transfer into Chamber Income Conservative Fund took place in April 2018.

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, 2018 and 2017 are disclosed in Note 14. As explained in Note 1, the Lifecycle Funds of the Plan were renamed during the year in order to best reflect the updated retirement years of the Plan members.

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, 2018

(Expressed in Cayman Islands dollars)

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, 2018 are presented in Note 3.

At June 30, 2018 and 2017, 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 Blackrock (Note 7)

Global equities, as represented by the MSCI World Index, increased 1.73% (in U.S. dollar terms) in the second quarter of 2018. During the year ended June 30, 2018, the equity portfolios previously held by McKinley and Epoch were transferred to Blackrock, thereby changing the investment composition and performance indicators used in prior years. If the MSCI World Index at June 30, 2018 had increased/decreased by 10% with all other variables held constant, this may have increased/decreased net assets attributable to unitholders by approximately \$26,132,269.

Equity portfolio managed by McKinley (Note 7)

If the MSCI World Equity Index at June 30, 2017 had increased/decreased by 10% with all other variables held constant, this may have increased net assets attributable to unitholders by approximately \$6,312,875 to \$8,991,065 or decreased by \$3,762,219 to 6,440,408.

Equity portfolio managed by Epoch (Note 7)

If the MSCI World Equity Index at June 30, 2017 had increased/decreased by 10% with all other variables held constant, this may have increased/decreased net assets attributable to unitholders by approximately \$6,552,206.

Vanguard (Note 7)

During the year ended June 30, 2018, the Plan disposed of the Vanguard investment and held no shares in the Vanguard investment at June 30, 2018. If the NAV of the Vanguard Global Stock Index Fund at June 30, 2017 had increased/decreased by 10% with all other variables held constant, this may have increased/decreased net assets attributable to unitholders by approximately \$6,272,980.

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

Cayman Islands Chamber of Commerce Pension Plan

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

(Expressed in Cayman Islands dollars)

11. Financial instruments and associated risks (continued)

The above investment advisors, except for Blackrock, 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, 2018 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, 2018 and 2017 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.

Currency risk:

At June 30, 2018 and 2017 the Plan held the following equity securities denominated in currencies other than USD.

<u>(expressed in KYD)</u>	<u>2018</u>	<u>2017</u>
AUSTRALIAN DOLLAR	\$ 6,566,308	\$ 541,237
BRAZILIAN REAL	-	1,957,221
BRITISH POUND	16,875,209	4,095,635
CANADIAN DOLLAR	9,105,246	-
DANISH KRONE	1,563,079	830,622
EURO	30,131,185	18,238,105
HONG KONG DOLLAR	3,119,666	2,226,428
INDONESIAN RUPIAH	-	1,092,234
ISRAELI SHEKEL	260,228	-
JAPANESE YEN	22,547,896	3,808,904
NEW ZEALAND DOLLAR	197,916	-
NORWEGIAN KRONE	702,118	-
REPUBLIC OF KOREA WON	-	1,328,095
SINGAPORE DOLLAR	1,178,696	-
SWEDISH KRONA	2,383,255	-
SWISS FRANC	7,311,511	3,221,739
	<u>\$ 101,942,313</u>	<u>\$ 37,340,220</u>

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, 2018 and 2017, 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 the Trustees believe 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, 2018

(Expressed in Cayman Islands dollars)

11. Financial instruments and associated risks (continued)

(expressed in KYD)	2018 Effect on profit - 5% increase/decrease	2017 Effect on profit - 5% increase/decrease
AUSTRALIAN DOLLAR	\$ 328,315	\$ 27,062
BRAZILIAN REAL	-	97,861
BRITISH POUND	843,760	204,782
CANADIAN DOLLAR	455,262	-
DANISH KRONE	78,154	41,531
EURO	1,506,559	911,905
HONG KONG DOLLAR	155,983	111,321
INDONESIAN RUPIAH	-	54,612
ISRAELI SHEKEL	13,011	-
JAPANESE YEN	1,127,395	190,445
NEW ZEALAND DOLLAR	9,897	-
NORWEGIAN KRONE	35,106	-
REPUBLIC OF KOREA WON	-	66,405
SINGAPORE DOLLAR	58,935	-
SWEDISH KRONA	119,163	-
SWISS FRANC	365,576	161,087
	\$ 5,097,116	\$ 1,867,011

The Plan also holds monetary assets and liabilities denominated in currencies other than KYD, its functional currency and USD to which 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.

At June 30, 2018, the Plan held approximately \$406,295 (2017: \$290,052) of cash and cash equivalents denominated in foreign currencies, other than USD and KYD. Had exchange rates between 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 \$20,315 (2017 : \$14,503).

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.

Cayman Islands Chamber of Commerce Pension Plan

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

(Expressed in Cayman Islands dollars)

11. Financial instruments and associated risks (continued)

Interest rate risk:

June 30, 2018	Up to 1 year	2-5 years	Above 5 years	Total
Cash and cash equivalents	\$ 6,767,851	\$ -	\$ -	\$ 6,767,851
Financial assets at fair value through profit or loss	7,750,921	51,067,899	52,403,283	111,222,103
Total Assets	\$ 14,518,772	\$ 51,067,899	\$ 52,403,283	\$ 117,989,954

June 30, 2017	Up to 1 year	2-5 years	Above 5 years	Total
Cash and cash equivalents	\$ 9,330,011	\$ -	\$ -	\$ 9,330,011
Financial assets at fair value through profit or loss	15,521,998	86,283,580	42,975,266	144,780,844
Total Assets	\$ 24,852,009	\$ 86,283,580	\$ 42,975,266	\$ 154,110,855

At June 30, 2018, should interest rates, for the debt securities held by the Plan, have decreased/increased by 100 basis points (2017: 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 \$2,813,919 (2017: \$3,662,955), 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.

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 custodian 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- (2017: AA-).

Cayman Islands Chamber of Commerce Pension Plan

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

(Expressed in Cayman Islands dollars)

11. Financial instruments and associated risks (continued)

Credit risk: (continued)

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	2018	2017
AAA/Aaa	\$ 33,863,761	\$ 28,863,210
AA+/Aa1	936,819	3,592,437
AA/Aa2	6,212,007	13,329,388
AA-/Aa3	6,137,651	18,294,343
A+/A1	6,610,530	17,807,045
A/A2	12,927,093	13,259,997
A-/A3	14,552,937	22,807,081
BBB+/Baa1	14,280,377	12,683,831
BBB/Baa2	12,132,493	10,274,912
BBB-/Baa3	3,568,435	3,868,600
	\$ 111,222,103	\$ 144,780,844

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, 2018 and 2017, the Plan did not hold any fixed income securities below investment grade. During year ended June 30, 2018 and 2017, no investment was downgraded from investment grade.

Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting financial obligations. The Trustees believe that the Plan has sufficient resources to meet the present and foreseeable needs of its business operations. The Trustees' 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, 2018 and 2017, all of the Plan's liabilities (excluding net assets attributable to participants for their benefits) have a maturity of 3 months or less.

Cayman Islands Chamber of Commerce Pension Plan

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

(Expressed in Cayman Islands dollars)

12. Financial highlights

The increase/(decrease) in net asset value per unit, of each of the Lifecycle Funds, for the years ended June 30, 2018 and 2017, calculated for each Lifecycle Fund based on the Modified Dietz method of performance measurement and is shown as follows:

2060	10.33% (2017: 2055: 13.06%)
2050	9.18 % (2017: 2045: 11.45%)
2040	8.01% (2017: 2035: 9.99%)
2030	5.89% (2017: 2025: 7.48%)
Chamber Income Conservative:	0.48% (2017: N/A%)
Chamber Income:	2.76% (2017: 3.87%)

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, 2018 and 2017, 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, 2018

(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, 2018 and for each Lifecycle Fund is as follows:

	Chamber 2060	Chamber 2050	Chamber 2040	Chamber 2030	Chamber income conservative***	Chamber income	For the year ended June 30, 2018 Total Plan	For the year ended June 30, 2017 Total plan
Opening net assets available to Participants for their benefits	\$ 811,832	\$ 64,183,399	\$ 117,826,557	\$ 112,854,338	\$ -	\$48,185,037	\$ 343,861,163	\$ 305,930,794
Total contributions*	1,495,888	10,247,157	9,966,316	7,299,724	86,101	2,583,234	31,678,420	30,527,372
Total withdrawals*	(51,782)	(4,385,163)	(6,835,912)	(7,012,767)	-	(6,471,566)	(24,757,190)	(18,985,092)
Net increase in net assets from operations	98,983	5,970,380	9,457,529	6,651,690	406	1,331,778	23,510,766	26,388,089
Closing net assets available to Participants for their benefits	\$ 2,354,921	\$ 76,015,773	\$ 130,414,490	\$ 119,792,985	\$ 86,507	\$45,628,483	\$ 374,293,159	\$ 343,861,163
No. of units (Note 9)	1,795,243	29,509,339	50,046,052	47,120,513	32,822	17,312,109	145,816,078	142,512,492
Net asset value per unit - June 30, 2018	\$ 1.31	\$ 2.58	\$ 2.61	\$ 2.54	\$ 2.64	\$ 2.64	\$ 2.57	
Expense ratio 2018**	0.71%	0.83%	0.84%	0.85%	0.67%	0.86%	0.83%	
Net asset value per unit - June 30, 2017	\$ 1.19	\$ 2.36	\$ 2.41	\$ 2.40	\$ -	\$ 2.57	\$	\$ 2.41
Expense ratio 2017**	1.23%	1.07%	1.07%	1.03%	-%	0.98%		1.05%

*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

***The initial transfer into Chamber Income Conservative Fund took place in April 2018. The expense ratio for the year ended June 30, 2018 has not been annualized.

As explained in Note 1, the Lifecycle Funds of the Plan were renamed during the year in order to best reflect the updated retirement years of the Plan members.

Cayman Islands Chamber of Commerce Pension Plan

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

(Expressed in Cayman Islands dollars)

15. Plan Registration Fees

For the financial year ended June 30, 2018, the Plan paid registration fees amounting to \$370,723 (2017: \$348,100).

16. Subsequent Events

There were no subsequent events requiring additional disclosures identified.

Cayman Islands Chamber of Commerce Pension Plan

PORTFOLIO INVESTMENT MIX (UNAUDITED)

For year ended June 30, 2018

(Expressed in Cayman Islands dollars)

For the year ended June 30, 2018

	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 2060	\$ 36,792	1.64%	\$ 1,696,867	75.84%	\$ 503,917	22.52%	\$ 2,237,576	\$ 36,792	\$ 1,617,141	\$ 517,824	\$ 2,171,757
Chamber 2050	1,083,535	1.39%	69,305,347	88.65%	7,791,559	9.97%	78,180,441	1,083,535	66,049,100	7,973,998	75,106,633
Chamber 2040	2,117,209	1.61%	102,945,632	77.91%	27,065,845	20.48%	132,128,686	2,117,209	98,108,827	27,699,593	127,925,629
Chamber 2030	2,396,255	1.98%	71,540,639	59.14%	47,031,083	38.88%	120,967,977	2,396,255	68,179,369	48,132,317	118,707,941
Chamber income conservative	995	1.18%	83,133	98.82%	-	-%	84,128	995	79,226	-	80,221
Chamber Income	1,133,065	2.48%	15,751,068	34.46%	28,829,699	63.08%	45,713,832	1,133,065	15,011,019	29,504,747	45,648,831
Total	\$ 6,767,851		\$ 261,322,686		\$ 111,222,103		\$ 379,312,640	\$ 6,767,851	\$ 249,044,682	\$ 113,828,479	\$ 369,641,012
Percentage of Plan Assets (*) held	1.78%		68.89%		29.32%		100.00%	1.83%	67.37%	30.79%	100.00%

As explained in Note 1, the Lifecycle Funds of the Plan were renamed during the year in order to best reflect the updated retirement years of the Plan members.

For year ended June 30, 2017

	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 2055	\$ 19,072	2.56%	\$ 658,470	88.36%	\$ 67,665	9.08%	\$ 745,207	\$ 19,072	\$ 523,852	\$ 67,739	\$ 610,663
Chamber 2045	1,672,907	2.61%	47,830,092	74.63%	14,589,006	22.76%	64,092,005	1,672,907	38,051,692	14,656,525	54,381,124
Chamber 2035	3,237,954	2.65%	77,125,948	63.18%	41,712,972	34.17%	122,076,874	3,237,954	61,358,294	41,906,021	106,502,269
Chamber 2025	3,059,553	2.70%	56,026,655	49.49%	54,110,888	47.80%	113,197,096	3,059,553	44,572,548	54,361,314	101,993,415
Chamber Income	1,340,525	2.79%	12,403,565	25.82%	34,300,314	71.39%	48,044,404	1,340,525	9,867,776	34,459,057	45,667,358
Total	\$ 9,330,011		\$ 194,044,730		\$ 144,780,845		\$ 348,155,586	\$ 9,330,011	\$ 154,374,162	\$ 145,450,656	\$ 309,154,829
Percentage of Plan Assets (*) held	2.68%		55.74%		41.59%		100.00%	3.01%	49.93%	47.05%	100.00%