



Solomon Harris

.....Client Update....

Funds Fell but Set for Rebound- Cayman Still Leads the Way

As expected in the funds sector, the magnitude of the global crisis, particularly during late 2008 and the early part of 2009, resulted in an overall slowing of fund formations and an increase in closures in 2009. The 1,162 new funds processed during calendar year 2009, were approximately 30 percent below the 1,650 for calendar year 2008. Terminations increased by seven percent to 1,165. At 31 December 2009, the total number of funds (including registered, administered and licensed) was 9,523.

However, Mrs. Yolanda McCoy, Head of Investments and Securities, notes that by the end of 2009 funds worldwide were beginning to recover from the record financial losses of 2008, with 2009 marking the best annual fund performance in a decade according sources such as Credit Suisse/Tremont Hedge Index and Hedge Fund Research.

Mrs. McCoy points out that, with well over 9,000 funds, Cayman remains the top fund domicile and she believes the signs point to a resumption of growth in 2010. "Global markets are slowly rebounding, paving the way for an increase in fund formations and decrease in terminations this year. For January 2010 we saw 147 new fund authorisations and 58 terminations, compared to 106 authorisations and 39 terminations for January 2008. We are cautiously optimistic that 2010 will bring a steady growth in new fund authorizations and a slowing of fund terminations."

(Excerpt from [*The Navigator- January 2010*](#), a publication by the Cayman Islands Monetary Authority)