Standards Board for Alternative Investments

Bringing managers and investors together to set standards for the alternative investment industry

Annual Report 2017

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1. Foreword

The Standards Board for Alternative Investments appreciates the ongoing support and commitment of its Signatories, Investor Chapter Members, Core Supporters and Founders to the Standards and continuous efforts to improve practices in the industry.

Since its inception in 2008, the SBAI, as the neutral standard-setter for the industry, has become an important part of the alternative investment industry. Its role in facilitating a dialogue between investors and managers benefits the whole industry and the wider economy. Today, the SBAI platform is widely supported and recognised by regulators for its ability promptly to address issues and concerns raised in the industry, such as conflicts of interest, cyber security, administrator transparency reporting for improving investor due diligence, understanding fees and expenses and many others.

Dame Amelia Fawcett, Chairman

The last 12 months have been ground-breaking for the SBAI in a number of areas, including content development, global events and regulatory interaction.

Our organisation changed its name to reflect the evolution of the SBAI and the alternative investment industry since our founding in 2008. In the decade that the SBAI has been in existence, the alternative investment industry has grown and diversified, such that "hedge fund" no longer captures the range of strategies and vehicles managed by alternative investment managers. Managers offer their investment strategies through a variety of vehicle types beyond "hedge funds" – such as UCITS, '40 Act funds, co-investment vehicles, closed-ended funds, drawdown funds and managed accounts. Managers implement versions of their strategies in ways beyond pure "hedged" strategies – ranging from liquid long-biased or long-only portfolios to illiquid strategies that may include private investments. Similarly, many institutional investors do not use a "hedge fund" category, but instead categorise manager strategies in other ways, such as by underlying asset class traded, return profile, market exposure or liquidity. As a result, our Standards are now a set of globally applicable practices and principles that can be used across an alternative manager's business.

In 2017, the SBAI published the findings of its working group that explored the issue of fee terms and definitions. It also expanded its activities in the APAC region through its APAC Committee, which was instrumental in the SBAI trebling the number of its signatories in the region. A similar committee was in North America to help the SBAI's efforts in the US and Canada. The global events hosted by the SBAI reached new destinations, including Auckland, Boston, San Francisco, Shanghai and Toronto.

In 2017, the SBAI added Open Protocol to its Toolbox and became Co-Chair of the Open Protocol Working Group, which includes managers, investment banks and other industry stakeholders. The Working Group maintains Open Protocol and consults publicly about amendments and additions to the protocol.

Regulatory engagement is a critical part of the SBAI's work, and this past year was no exception. We actively were engaged in discussions and consultations with senior regulators around the globe, sometimes publicly, often in private as a "trusted partner". Regulators take a strong interest in our work, from conflicts of interest to cyber security, and they view the SBAI as an important reference point, complementing their efforts in a number of areas. They understand that we are not a self-interest group or a lobbyist; they see us as a neutral standard-setter and an ally in driving better practices globally and in helping improve outcomes in markets in a cost-effective way.

I am pleased to report that over the course of the last year we added four new trustees to our Board. Each one already has made a significant contribution to our work: Rich Lightburn of MKP Capital and Stuart Fiertz of Cheyne Capital. Their wealth of experience, expertise and independent thinking will continue to add greatly to an already strong Board. I also am pleased to report that, with disciplined cost management and the increase in stakeholders, the SBAI again reported a small surplus for this past year, while increasing its relevance and reach. We will continue to focus on cost efficiency, at the same time as focusing on delivering highest impact for all our stakeholders.

As I look ahead to the next 12 months, it is obvious that regulatory issues in relation to potential vulnerabilities in asset management will continue to loom large on the agenda for all of us, but we also see investors back in the driving seat, focussing the discussion on their priorities. The SBAI will continue its relentless efforts to get as many managers as possible around the globe to sign up to the Standards and to involve more investors in its activities through its Investor Chapter.

We are fortunate at the SBAI to have an exceptionally talented and dedicated team, both the executive and the Trustees. Their support, engagement and goodwill will continue to be the key to our ability to make an impact and a positive difference for the industry. I would like to take this opportunity to thank them all. In particular, I would like to thank Henry Kenner, who retired from the Board in 2017/2018.

We have benefited tremendously from their extraordinary commitment and wise counsel over many years, and we will miss them all.

In closing I would like to pay special tribute to our Founders and Core Supporters who have been so steadfast in their support, both financially and with their time. We would not be here today without their foresight and dedication.

Dame Amelia Fawcett D.B.E.

2018

2. SBAI Mission

The Alternative Investment Standards initially were drawn-up and published in 2008 in response to G8 policy leaders' concerns over financial stability. They have been updated several times since then. The SBAI believes that responsible standards of practice strengthen the hedge fund industry, for the benefit of both investors and managers. Standards can improve how managers operate, increase transparency, provide solutions to industry issues, decrease the need for regulation and make the manager/investor relationship more predictable and efficient.

To this end, the SBAI seeks to:

- Bring managers and investors together as a joint force in the SBAI process to establish responsible standards of practice that meet investor requirements.
- Support the supervisory community by providing information on how the hedge fund industry operates and ensuring the Standards complement public policy.
- Maintain and improve the Standards through public consultations to keep them relevant, up-to-date and in line with the evolving industry practices and needs.
- Promote adoption of the Standards by managers, and the support of them by investors, to increase their effectiveness and improve how the hedge fund industry operates.

The Alternative Investment Standards address key issues related to hedge fund practices, covering the areas of:

- Disclosure
- Valuation
- Risk Management
- Fund Governance
- Shareholder Conduct.

Managers achieve conformity with the Standards on a "comply or explain" basis and make their disclosure statements available to existing and prospective investors upon request. More detailed information on the Standards is available in Appendix III of this Report.

3. The Alternative Investment Standards

The Alternative Investment Standards set levels of quality of working practice that complement the public policy framework, particularly in the areas of complex, diverse or more innovative practice. They are principle-based, consistent with existing regulation in multiple jurisdictions and intended to benefit alternative investment managers from all jurisdictions.

The Standards are deliberately set at a challenging level so as to encourage high quality behaviour in the interest of securing support and respect from all stakeholders, including investors, regulators and counterparties. They can be a more efficient way of achieving regulatory objectives than detailed and rigid rules. The Standards are based on a "comply or explain" regime catering for the entire breadth and diversity of the industry and allowing managers to "explain" where a specific standard is inconsistent with local law and regulation or specific local business model etc.

The signatory process requires that managers make a public commitment to investors. While conformity with the Standards is based on self-certification, failure to conform is a form of misrepresentation. In fact, the FSA[1] stated that they "will take compliance with these [SBAI] standards into account when making supervisory judgements". In this sense, the Standards are binding, and conformity with them can be verified by investors at any point.

Why are the Standards important?

The Standards provide a powerful mechanism for creating a framework of transparency, integrity and good governance that maintains a high reputation for the industry, facilitates investor due diligence and minimises the need for restrictive regulation.

The Standards:

- Demonstrate the industry is willing to voluntarily establish responsible standards of practice.
- Result in the industry being defined by the responsible practices represented in the Standards, rather than by irresponsible actions of individual sub-par firms.
- Enable the industry to organise and take control of its future, rather than having that future dictated by regulators, the media and random events.

[1] The statement was made in 2008, when the FCA was known as the FSA

- Play major roles in industries (such as FASB, GIPS) and the SBAI is emerging to play that role with alternative investment funds.

The Standards expand the Investor Base:

- Well-established standards will enable the industry to grow by building investor confidence.
- The Standards establish common practices that make the investor/manager relationship more predictable and efficient – vs. discordant practices resulting from individual negotiations.
- The presence of investors as equal partners in the SBAI ensures that the Standards are meeting their needs.
- Investors are able to pre-identify managers who have committed to the Standards, which aids their selection and due diligence process.

The SBAI welcomes appropriate regulation of the industry. However, given the diversity of investment strategies, the speed of innovation, the complexity of many platforms and the global scope of the industry, traditional rules and regulations are not expected to meet all the needs of investors and managers.

The Standards are always likely to be more demanding, comprehensive and appropriate than the regime in any one country, because the Standards are defined by those with a strong vested interest in the success of the industry. Over time, the Standards are expected to become the generally accepted norm with all market participants adhering to them. For example, the majority of hedge fund assets under management (60%) in the UK/EU markets now adhere to the Standards, which is an increasing indication of the Standards becoming the "industry norm" in these important markets.

4. The SBAI Toolbox

In April 2014 the SBAI launched its Toolbox, which is intended to be an additional guide to complement the SBAI's standard-setting activities. The materials available through the SBAI Toolbox serve as practical guidance only and are not formally part of the Standards. Managers and investors alike have told us that the content in the Toolbox has become one of the most valuable parts of the SBAI's work.

The Toolbox contains the following items:

- Standardised Board Agenda: *Overview of key issues and topics covered in fund board meetings*
- Administrator Transparency Reporting: *Template for Fund Administrators to provide independent confirmation of fund assets and liabilities, pricing sources, and counterparty exposure*
- Cyber Security: *Overview of cyber security risk management tools, incident response plan, overview regulatory expectations (UPDATED 2017)*
- Standard Total Expense Ratio (STER): *Standardised expense ratio to facilitate better understanding, comparison and monitoring of fees/expenses (NEW 2017)*
- Open Protocol: *Facilitating better risk disclosure by funds through standardised representation of risk information* (NEW 2017)

The Toolbox contents will be updated from time to time and new items will be added.

All SBAI Toolbox Resources are publicly available at www.sbai.org/toolbox/**.**

5. Overview of SBAI's Activities in 2017/2018

The 2017/2018 fiscal year has been a critical year for the SBAI with significant developments in the areas of standard-setting, Toolbox content, increased activities in the APAC region and our work with senior regulators around the globe.

Key Highlights

Rebranding

In September 2017, our organisation changed its name from the Hedge Fund Standards Board to the Standards Board for Alternative Investments (SBAI). The change in name reflects the evolution of the alternative investment industry, in which managers increasingly offer their investment strategies through a variety of vehicles beyond "hedge funds" – including liquid alternatives, regulated funds, co-investment vehicles, drawdown funds and managed accounts. At the same time, investors have moved away from the "hedge fund" term as they classify and integrate a diverse array of alternatives strategies by underlying asset class, return profile, market exposure or liquidity. Further, many of the SBAI's standards and guidelines, while developed for alternatives managers, have broader applicability across asset management.

North American Committee

In March 2018, The SBAI has established a North American Committee of leading alternative investment managers and institutional investors to direct the SBAI's efforts in the region.

Members of the SBAI North American Committee include:

- Jane Buchan, CEO, PAAMCO
- Clint Carlson, President & Chief Investment Officer, Carlson Capital
- John Claisse, CEO, Albourne Partners
- Tom DeVita, COO & CFO, MKP Capital Management
- Samantha Foster, Managing Director, University of Southern California
- Ed O'Reilly, Senior Managing Director, Citadel

• Russell Read, CIO, Alaska Permanent Fund Corporation (APFC)[2]

• John Richardson, COO & General Counsel, Ionic Capital Management

• Scott Taylor, Managing Director, Canada Pension Plan Investment Board[3]

• Karl Wachter, General Counsel, Magnetar Capital

The committee directs the SBAI's efforts in North America, including identifying local issues for inclusion in the SBAI's studies and working groups, supporting the SBAI's North American roundtables, communicating with SBAI members, and driving increased participation in the SBAI among North American alternative investment managers and institutional investors.

SBAI Toolbox

The SBAI has continued to expand its Toolbox with the addition of the following items:

- Open Protocol
- Standard Total Expense Ratio

In addition, The SBAI has actively covered cyber security through dedicated events and in its regulatory engagement.

Open Protocol

Better risk disclosure by investment funds has been a priority for both investors and regulators in recent years. Investors increasingly are seeking to aggregate risk information about their investments to improve overall portfolio risk management, while regulators have started to collect data to assess potential systemic risk concerns.

The Open Protocol (OP) template addresses this by standardising the collection, collation and representation of risk information of hedge funds and other types of investment funds. This provides

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[2] Russell Read left APFC in 2018 and left his post at the SBAI's NA Committee. His seat on the committee is now occupied by Marcus Frampton, Acting CIO of APFC

[3] Scott Taylor left CPPIB in 2018 and left his post at the SBAI's NA Committee. His seat on the Committee is now occupied by Priti Singh, MD, Head of External Portfolio Management of CPPIB

a uniform framework with consistent data inputs, standard calculation methodologies and regular and timely reporting. Where available, OP use commonly accepted standards and protocols.

- In May 2017, the SBAI added Open Protocol to its Toolbox and became Co-Chair of the Open Protocol Working Group. The Open Protocol template standardises the collection and representation of risk information of hedge funds and other types of investment funds, and currently is used by funds with over $1 trillion in assets under management.
- In June 2017, The Open Protocol (OP) Insurance Working Group has published the final version of the Open Protocol Template and Manual for Insurance Funds, following a public consultation launched in November 2016. The OP Template for Insurance Funds will facilitate better risk disclosure about insurance risk exposures. It captures data on the most important areas of insurance risk and facilitates aggregation and comprehensive monitoring of these risk exposures. Because of the uncorrelated nature of most insurance risks, the Insurance Template adds another dimension of risk information about a portfolio, rather than adding to existing risk data dimensions.

Investment managers accounting for over USD 1tn in assets under management currently report fund data using the Open Protocol template.

Standard Total Expense Ratio

In September 2017, the SBAI released the results from the working group it established in 2016 to study fee terms, methodology and definitions. The working group created a Standardised Total Expense Ratio ("STER") that calculates a single, standardised expense ratio to facilitate better understanding, comparison and monitoring of fees and expenses across alternative investment funds. The STER calculation aggregates expenses and management fees charged to, or incurred by, a fund. A unique and important feature of the new STER methodology is that it includes the costs of research bundled with dealing commissions (often referred to as "soft dollared research costs"). The result is a STER that is comparable across funds – whether the manager deploys a pass-through expense model or not; whether the manager uses "hard" or "soft" dollars to pay for research expenses; and whether or not support services are internal or outsourced. The STER was developed in response to needs amongst institutional investors for a standardised tool to compare and monitor structural costs between alternative investment funds and over time. To make it useful for comparison purposes, STER excludes incentive fees which will fluctuate as a function of performance and trading related costs that will vary significantly and depend on the specific investment strategy. STER is intended to be a ratio that is provided in addition to a fund's existing fee and expense disclosures.

Cyber Security

Cyber security continued to be a prominent focus of the financial industry and the regulatory community. The SBAI continued its series of cyber-attack simulation exercises, including an SBAI Cyber security Roundtable hosted at the Monetary Authority of Singapore (MAS). The SBAI actively participates in the global regulatory discussion on the topic (IOSCO, etc.). The SBAI also participated in a global survey to assess cyber security practices in asset management. The survey was conducted in collaboration with the Affiliate Members Consultative Committee (AMCC) of the International Organization of Securities Commissions (IOSCO), of which the SBAI is a member.

In 2017, the SBAI has started to develop the "basic & efficient" approach to cybersecurity focussing on the needs of medium-sized and smaller investment managers.

New SBAI Initiatives

- In 2017 the SBAI launched its initiative on culture and diversity with a series of private breakfast sessions for CEOs and Chairmen hosted by Dame Amelia Fawcett. The second round of sessions will include middle management. The purpose of this initiative is to explore how organisations understand the need for more diversity at senior management and Board levels, the need for accountability at all levels of an organisation and how they should cultivate an ethical and compliant culture, the role of incentives etc. As a result of these culture sessions, the SBAI team is expected to draft a white paper in the next 10-12 months, which will broaden the SBAI's engagement with stakeholders and contribute to improving the image of the industry.
- In November 2017, the SBAI set up a working group to explore factor-based investing/dynamic beta/alternative beta. The working group also will look into if /where standards and/or guidance can help address potential issues in areas such as governance, disclosure, etc. The report of the working group is expected to be published in 2018.
- The topic of big data, artificial intelligence and machine learning has been explored in more detail, including the state of innovation and the compliance and regulatory challenges that can arise in this area (data privacy, right to use data, prevention of insider dealing, etc.).

- The SBAI launched a working group to assess industry practices and standards in the area of insurance linked securities (ILS) management.

Regulatory interaction

- The SBAI continues to contribute to the global regulatory process directly with regulators and through its Affiliate Membership at IOSCO. Areas of focus include cyber security, conflicts of interest, financial stability, definition of leverage, culture & diversity in asset management, etc.

APAC Region

- In January 2017, George Long, Founder, Chairman & CIO of LIM Advisors and Danny Yong, Founding Partner and CIO of Dymon Asia Capital, joined the SBAI's APAC Committee. The SBAI's APAC Committee (Chris Gradel, Chairman) was established in June 2016 with APAC-based representatives from Albourne, CPPIB, Future Fund, GIC and PAG. The Committee directs the SBAI's activities in the Asia-Pacific region, including assisting with the SBAI's dialogue and relationships with regulators, managers and investors, and ensuring that Asia-Pacific regional and local issues and needs are addressed as the SBAI develops standards and guidance.

Global events

- The SBAI hosted 17 global institutional investor roundtables, attended by over 500 representatives from major investors and managers to discuss industry issues. The events were held in Boston, Chicago, Geneva, Helsinki, Hong Kong, London, Los Angeles, Melbourne, Montreal, New York, San Francisco, Shanghai, Singapore, Sydney, Tokyo, Toronto and Washington D.C. Separately, the SBAI hosted two panel discussions within the framework of third party events (SBAI Panels at the GAIM Ops Cayman Conference and the ASK Global Summit in Seoul).

Stakeholder campaign

- 17 new managers signed up to the Standards and 6 investors joined the SBAI Investor Chapter in 2017/2018 fiscal year.

Board of Trustees

- The SBAI welcomed two new Members to its Board of Trustees: Richard Lightburn of MKP Capital Management and Stuart Fiertz of Cheyne Capital.

Media interaction and Social Media

- SBAI representatives feature in many high profile trade publications on a range of relevant topics, including conflicts of interest, cyber security, role of standards, etc.

APAC Committee[4]

In June 2016, the SBAI established an Asia-Pacific (APAC) Committee. The Committee includes: APAC-based SBAI Trustees Chris Gradel of PAG (Chairman), David George of Future Fund and Betty Tay of GIC, as well as senior APAC-based industry executives Richard Johnston of Albourne Partners and Ted Lee of Canada Pension Plan Investment Board (CPPIB). In January 2017, the SBAI added George Long, Founder, Chairman & CIO of LIM Advisors and Danny Yong, Founding Partner and CIO of Dymon Asia Capital.

The APAC Committee helps the SBAI establish a dedicated effort in the region by assisting with the SBAI's dialogue and relationships with regulators, fund managers and investors. It also ensures that Asia-Pacific regional and local issues and needs are addressed as the SBAI develops standards and guidance.

In 2017/2018, the APAC Committee supported a number of high profile events hosted by the SBAI across the APAC region, including Hong Kong (co-hosted by the Hong Kong Monetary Authority), Shanghai (in collaboration with the Lujiazui Financial City), Singapore (an Institutional Investor Roundtable and a Cyber Attack Simulation co-hosted by the Monetary Authority of Singapore (MAS), in Melbourne (co-hosted by Future Fund Australia) and Sydney (co-hosted by Bloomberg Australia).

In Q1 2017, the APAC Committee set up a working group to conduct a comparative analysis of the Alternative Investment Standards and the Chinese regulation. The results were presented to the Asset Management Association of China in August 2018.

Stakeholder Campaign

The SBAI has continued its active engagement with the hedge fund manager and investor communities in North America, the Asia-Pacific region and Europe.

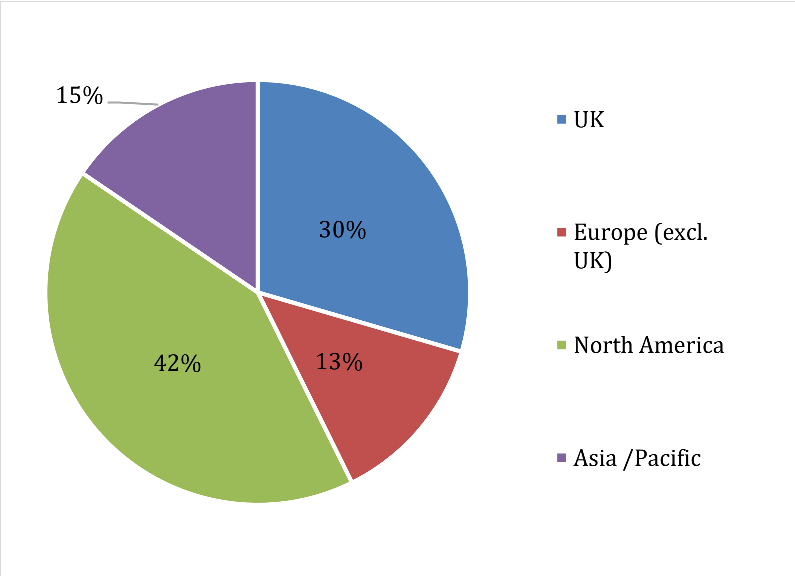
Signatory Progress

Since its inception, managers with over US$1tn in AUM have committed to the Alternative Investment Standards. By comparison, the assets of the global hedge fund industry are estimated at

[4] In Sep 2018, Ted Lee of CPPIB was elected the new Chairman of the SBAI APAC Committee in line with its rotating system.

approximately US$3tr[5]. The signatories from North America still have the largest share of our signatory base [54 signatories] - they account for 42% of all signatories. However, the share of our APAC signatories almost doubled since last year – an increase from 8% to 17%. In 2016-2017 we welcomed 29 new signatories from North America, Europe and Asia Pacific, but we also lost a few signatories due to closure, mergers and redemptions.

SBAI Signatories: 130 managers with over $1tn in AUM (as at August 2018)



New Signatories in 2017-2018

- 400 Capital Management
- Areta Capital Partners
- APR Americas
- Bluebay Asset Management
- China Alpha Fund Management
- Citadel
- Dorsal Capital Management
- DSAM Partners

[5] As of 2nd 2018 according to Barclay Hedge

- Elementum Advisors
- Highbridge Capital Management
- Hiscox Re Insurance Linked Strategies
- Ivaldi Capital
- Jasper Capital International
- Misaki Capital
- Myriad Asset Management
- Nordkinn Asset Management
- Noviscient
- Oasis Management Company
- PIMCO
- Polar Asset Management Partners
- Shanghai Topfund Capital Management
- Simplex Asset Management
- Steadfast Capital Management
- Strategic Capital
- Voss Capital
- Wadhwani Asset Management

Evolution of Signatories

Attracting new signatories, particularly in North America, remains one of the SBAI's key priorities for the next 12 months. The SBAI recognises that the benefits the Standards bring to the industry – including strengthening manager practices, improving investor confidence and bringing greater efficiency to investor/manager relationships – all grow as adoption of the Standards increases.

Investor Campaign

The SBAI process is supported by institutional investors, including pension and endowment funds, sovereign wealth funds, hedge funds of funds, private banks and family offices, and investors are equal partners in the SBAI process. The SBAI's Investor Chapter members manage US$2tn in assets and invest over US$ 600bn in hedge funds. Since the launch of the SBAI Investor Chapter in 2010, the SBAI actively has engaged with investors around the globe in a variety of initiatives, such as reviewing amendments to the Standards, participating in joint panels on investor expectations and contributing to working groups to develop SBAI Toolbox items. The SBAI's Investor Chapter members also actively have encouraged their peers to become involved in the SBAI and have played a critical role in encouraging managers to commit to the Standards.

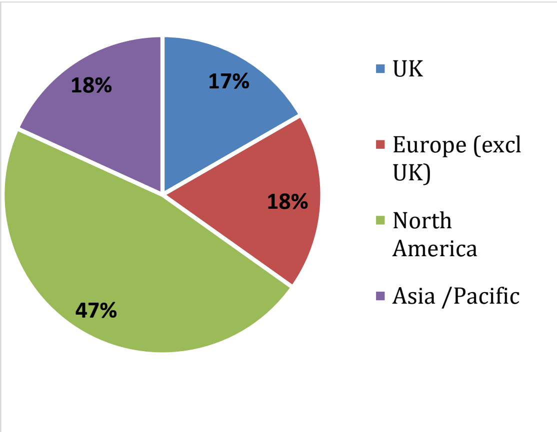
In 2017-2018 our Investor Chapter welcomed ten high profile institutional investors as members:

- Air Canada Pension Investments
- Aktia Asset Mangement
- Albert Investment Management Corporation
- Allianz Global Investors

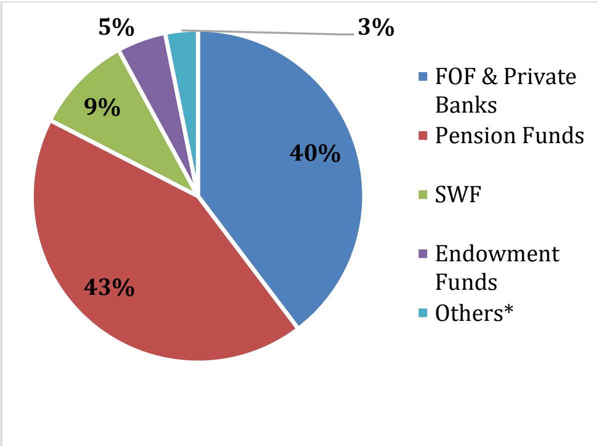
- Annuitas
- Clocktower Group
- Japan Post Bank
- Keva
- Morgan Stanley Investment Management
- Pennsylvania Public Employees' Retirement System
- UTIMCO

SBAI Investor Chapter: 66 members with over $600bn invested in alternative investment funds (as at August 2018)

Investor Chapter Members by region

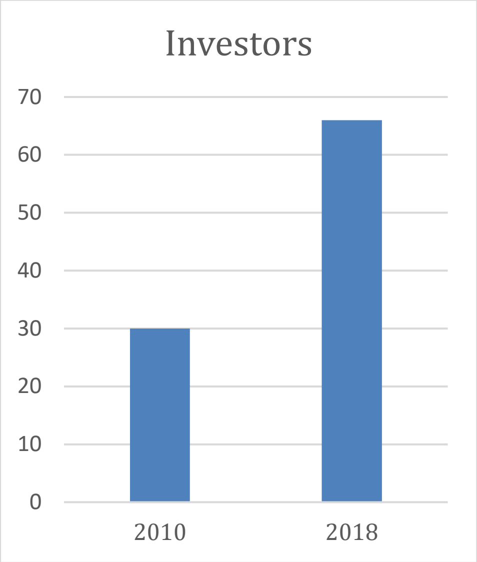


Investor Chapter Members by type



*Others - Family offices and other banks

Evolution of Investor Chapter Members



Core Supporters

In autumn 2010 the SBAI created a special group of stakeholders – Core Supporters – that are committed to making a significant contribution to the SBAI efforts. Today, there are 10 members in this critically important group:

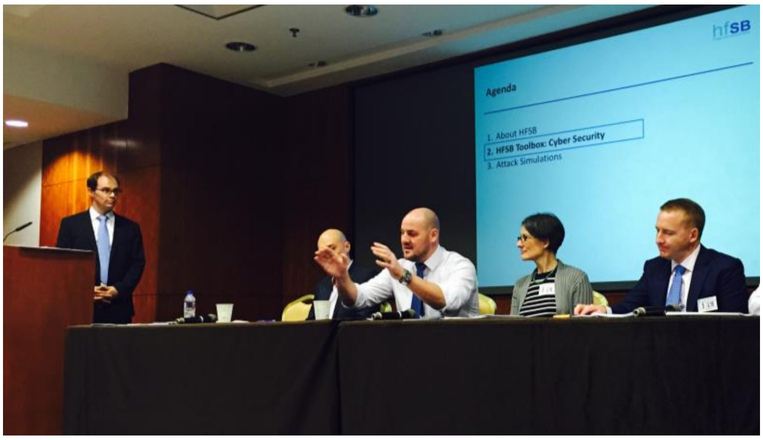
- Aberdeen Asset Management
- Albourne Partners
- Arrowgrass
- Carlson Capital
- Ionic Capital Management
- PAAMCO
- PAG

The Core Supporters are associated with SBAI thought leadership and actively are involved in the SBAI's efforts to improve the market and the industry's contribution to the wider community. Their logos are displayed on the SBAI website, and they interact with the SBAI Trustees and Founders through informal meetings, panels, and Board dinners and meetings with senior regulators in a wide variety of jurisdictions.

SBAI Global Institutional Investor Events

Starting in 2013, the SBAI has hosted small-scale, but highly effective, institutional investor roundtables, which bring together managers, investors and regulators to explore topics of the day through interactive discussions and practical case studies.

Today, the investor roundtables are very popular with SBAI stakeholders and other market participants.



SBAI Cyber Security Seminar, Singapore, April 2017

In 2017/2018 these events included:

SBAI Events 2017	
January	· Institutional Investor Roundtable in Geneva
	· Institutional Investor Roundtable in Helsinki
March	· Roundtable for Japan Securities Dealers Association in London
	· Institutional Investor Roundtable in Toronto
April	· Institutional Investor Roundtable in Hong Kong
	· Institutional Investor Roundtable in San Francisco
	· Cyber Security Seminar in Singapore
May	· Institutional Investor Roundtables in Melbourne
	· Institutional Investor Roundtables in Sydney
June	· North American Stakeholder Annual Forum in New York
	· Institutional Investor Roundtable in Boston
September	· Annual General Assembly in London
	· Institutional Investor Roundtables in Chicago
	· Institutional Investor Roundtables in Washington D.C.
October	· Institutional Investor Roundtables in Los Angeles

November	·	Institutional investor Roundtable in Montreal
December	·	Institutional Investor Roundtable in Shanghai
	·	Institutional Investor Roundtable in Tokyo

SBAI Events 2018		
January	·	Institutional Investor Roundtable in Helsinki
	·	Institutional Investor Roundtable in Geneva
March	·	Big data & artificial intelligence in asset management roundtable in New York
	·	Institutional Investor Roundtable in Toronto
May	·	Big data & artificial intelligence in asset management roundtable in Hong Kong
	·	Institutional Investor Roundtables in Singapore
	·	North American Stakeholder Annual Forum in New York
August	·	Institutional Investor Roundtables in Melbourne
	·	Institutional Investor Roundtables in Sydney
	·	Institutional Investor Roundtables in Auckland
September	·	Annual General Assembly in London

Annual North American Stakeholder Forum, New York, June 2017

The roundtables attracted over 500 participants in aggregate, who gathered to discuss a wide variety of topics, including but not limited to:

Institutional investor and manager priorities and perspectives:

- Creating a better alignment of interest between investors and managers
- Liquid alternatives: potential limitations and factor-based investing

- Responsible investments: applicability to alternative investments and ESG due diligence Building better partnerships with investors
- Culture and diversity in asset management
- Big data and artificial intelligence in asset management (machine learning, ‘arms race’ for big data)
- Key APAC specific issues/input into SBAI process
- Incorporating risk management in the investment process in macro strategies
- The cyber security basics every manager needs to get right" and “how to respond to an attack”
- Mitigating conflicts of interest in ILS fund manager set ups
- Prevention of insider trading: lessons from recent enforcement cases; measures to prevent market abuse
- Corporate ethics: instilling the right culture
- Alternative investments in Japan – state of the industry

SBAI Annual General Assembly, London, September 2017

- **Cyber Security: Battling the unknown and how to respond to a cyber-incident?**

- Exploration of dedicated attack scenarios, including theft of confidential information, crypto ransomware and financial infrastructure attack
- Legal and regulatory considerations
- Cyber due diligence of managers and service providers
- Anatomy of a breach: understanding how and why breaches occur
- C-level perspective: managing cyber security risk
- How to meet regulatory expectations: mapping of regulatory requirements to different safeguards
- IT outsourcing - key requirements for providers

Institutional Investor Roundtable in Montreal, November

The SBAI would like to thank our hosts for these events, who included, Akin Gump Strauss Hauer & Feld LLP, Albourne, Bloomberg Australia, CAIA Asia, Caisse de dépôt et placement du Québec, Canada Pension Plan Investment Board, Future Fund Australia, Grosvenor GCM, Herbert Smith Freehills, Hong Kong Monetary Authority, Jones Day, KPMG Boston, Monetary Authority of Singapore, New Holland Capital, Shanghai Lujiazui Financial City Development Authority, Stroz Friedberg, Unigestion, Varma Mutual Pension Insurance Company, Winton Capital and Zhong Lun Law Firm.

Regulatory Engagement in 2017/2018

Pursuant to its mission to participate in the regulatory debate, the SBAI actively engages with the global supervisory community through meetings with senior officials and smaller SBAI workshops bringing regulators together with managers and investors on important issues of mutual interest. The below table shows the regulators we interacted with over the year.

Overview of Regulatory Interaction

Australia - Australia Prudential Regulation Authority (APRA) - Australian Securities & Investments Commission (ASIC) **Canada** - Autorité des marchés financiers (Québec) - Canadian Securities Administrators (CSA) - Ontario Securities Commission (OSC) **China** - Alternative Management Association of China (AMAC) - China Securities Regulatory Commission (CSRC) - Shanghai Lujiazui Financial City Development Authority	**EU (ex UK)** - AMF (France) - Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) - European Securities and Markets Authority (ESMA - Ministry of Finance of Finland **Hong Kong** - Hong Kong Monetary Authority - Securities and Futures Commission (SFC) **Singapore** - Monetary Authority of Singapore (MAS) **Switzerland** FINMA	**UK** - Bank of England - Financial Conduct Authority (FCA) - HM Treasury - Prudential Regulatory Authority (PRA) **US** - FBI Cyber Branch (New York) - Federal Reserve Bank of Dallas - Securities and Exchange Commission (SEC) - US Attorney's Office, Eastern District of New York **International Organisations** - International Organization of Securities Commissions (IOSCO) - International Forum of Sovereign Wealth Fund (IFSWF) Financial Stability Board (FSB)

The SBAI participates in IOSCO's annual cyber security survey in collaboration with the Affiliated Members Consultative Committee (AMCC) and ICI Global (SBAI is an AMCC member).

IOSCO also regularly distributes the materials published by the SBAI to their membership of global regulators, further broadening the SBAI's influence and impact. For example, the Administrator Transparency Reporting documentation, which was published as a result of the working group put together by the SBAI, was shared and distributed widely by IOSCO.

There is little doubt that regulators value the SBAI's contribution to promoting better practices in the industry, as they have noted many times over the years. We will continue to do all we can to add real value to the process of developing constructive and effective standards. Below are some of the quotes provided by various regulators since the inception of the SBAI.

Quotes on the SBAI by Regulators

Christina Choi, Executive Director of Investment Products, Securities and Futures Commission of Hong Kong, May 2018: "We commend the SBAI's activities in cyber security, specifically its series of table-top cyber-attack simulation exercises, as well as its helpful guidance on basic measures to prevent cyber-attacks. These initiatives help market participants understand key risks and develop practical approaches to address them." The SBAI's collaborative approach is unique in that it gives managers and institutional investors an equal voice in the development of industry practices and proactively addresses emerging issues."

Gerard Fitzpatrick, Senior Leader, Investment Managers and Superannuation, Australian Securities and Investment Commission (ASIC), May 2017: "I commend the HFSB for identifying the importance of adequate risk disclosure and its ongoing transparency initiatives, including the launch of the standardised Administrator Transparency Report last year and the Open Protocol risk reporting standard later this month. These initiatives are not just relevant to hedge fund managers but to all alternative investment funds and beyond."

Ashley Alder, CEO of the Securities and Futures Commission of Hong Kong, April 2017: "When the industry evolves its own robust conduct standards, particularly through an organisation like the HFSB, where funds and investors come together, laws and regulations we enforce are less likely to be breached. There is no reason why the Standards should only apply to hedge fund managers, and we would like to encourage the HFSB to explore widening its remit."

Tan Yeow Seng, Director & Head of the Technology Risk and Payments Department of the Monetary Authority of Singapore, April 2017: "I commend the HFSB's efforts to improve cyber security practices in the asset management industry. The cyber-attack scenarios explored during the event were useful in raising awareness of the participants about different safeguards and actions to consider when responding to a cyber-attack incident."

Ashley Alder, CEO of the Securities and Futures Commission of Hong Kong and the new Chairman of IOSCO, June 2016:

"I would like to recognise the fact that in its short existence, the HFSB has, in my view, broken new ground in the way in which industry associations can operate as standard setters.

The HFSB is one of the first of a new brand of industry associations, which bridges the gap between the old self-regulatory organisation model and conduct regulation by the likes of the SFC. It is significant that the HFSB was the model for the FICC Markets Standards Board set up in the UK last year as a result of the Fair and Effective Markets Review recommendations.

And when the industry evolves its own robust conduct standards, particularly through an organisation like the HFSB where funds and investors come together, the chances are that the laws and rules we enforce are less likely to be breached. This is of obvious value to members as well as the regulators.

At the same time, we are not normally in a position to formally endorse industry standards as part of our formal framework of regulation. For one thing, we cannot do so when rules have not gone through the usual legislative or consultative process. **But more importantly, we should not fetter or formalise the HFSB's own freedom to develop its standards without too much interference from us."**

Gerard Fitzpatrick, Senior Leader of Australian Securities and Investment Commission (ASIC), May 2016:

"I commend the HFSB for identifying the importance of the cyber-attack risk and am glad to see the initiative of running the cyber-attack simulation exercises in London and New York. I also commend the publication of the HFSB Cyber Security Toolbox Memo, which identifies key risks with their possible impacts, as well as strategies to mitigate these threats."

Drew Weilbacher, US SEC's Office of Compliance Inspections and Examinations, September 2015:

"I welcome investors and managers collaborating to improve industry standards, and the HFSB has created an important framework to allow such collaboration to occur."

Michel Noel, Head of Investment Funds, Finance & Markets Global Practice, World Bank, September 2015:

"As part of its support to the development of financial markets in emerging markets and developing countries (EMDEs), the World Bank places a great emphasis on the development of broad and well-regulated capital markets… It welcomes the work done by the HFSB and looks forward to collaborating with the HFSB to contribute to the development of transparent capital markets across EMDEs."

Andrew Bailey, Deputy Governor, Bank of England and CEO, Prudential Regulatory Authority, May 2015:

"The trend towards greater market-based finance should be welcomed, but it is important that accompanying risks to financial stability are well understood and managed. The HFSB provides a powerful platform for the market participants, specifically institutional investors and managers, to contribute to this effort to strengthen the resilience of capital markets."

Rob Taylor, Head of the FCA's Investment Management Department May 2015: "it is encouraging to see the hedge fund industry being proactive in addressing topical issues through the HFSB process, which complements the FCA's efforts".

Tang JinXi, Vice Chairman, Asset Management Association of China (AMAC), the self-regulatory organisation for the mutual fund industry, April 2015:

"The Hedge Fund Standards can help the Chinese hedge fund industry improve risk management, investor disclosure and governance."

James Shipton, Exec Director, Member of the Securities and Futures Commission of Hong Kong, March 2015:

"Improvements in culture cannot be achieved through rules alone, and that the industry needs to take a proactive approach in addressing emerging issues. This is why what the HFSB does is so important."

Drew Bowden, US SEC's Office of Compliance Inspections and Examinations, September 2014:

“Investors play a critical role in improving the industry, and the HFSB has created a helpful platform for collaboration between managers and investors.”

Arminio Fraga, former Governor of the Central Bank of Brazil, September 2014:

"The work of the HFSB is incredibly important at a time when we see the limitations of conventional regulation.”

David Wright, Secretary General of IOSCO, July 2014:

“We are pleased to welcome the Hedge Fund Standards Board as an affiliate member of IOSCO. There is an important role for industry standards to play alongside statutory regulation in promoting transparency and good governance in the financial markets. The HFSB can play a valuable role working with regulators and supervisors.”

Mathieu Simard, Director, Investment Funds Dept of Quebec’s Autorité des marchés financiers, June 2014:

“The application of industry standards that are aligned with the securities regulatory framework and IOSCO principles are encouraged”.

Esther Wandel, Head of Investment Funds Policy, UK FCA, May 2014:

“The FCA encourages the asset management industry to challenge itself constantly. We need a change of culture, not just a change of rules or systems. Initiatives like the Hedge Fund Standards Board can be an important driver for that."

Hector Sants, Former CEO, FSA, October 2008:

“FSA sees the HFSB Standards as a very constructive addition to the wider regulatory architecture. It should be noted that the FSA will take compliance with these standards into account when making supervisory judgements...”

6. Report on Conformity with the Standards

The Alternative Investment Standards (the Standards) are based on the "comply or explain" approach. This approach takes into account the dynamic nature of the industry and caters for its diversity without requiring constant changes to the Standards. It provides signatories to the Standards with flexibility to "explain" in the event that any action required by the Standards is not consistent with their local law, regulation or specific business model. This approach enables the Hedge Fund Standards framework to cover various circumstances of firms, while recognising their idiosyncrasies. It rests on disclosure and needs only minimum prescription. When the Standards were developed in 2008, a "comply only" regime was rejected, as it would make the Standards lengthy, far more prescriptive and more difficult to accommodate current and future signatories.

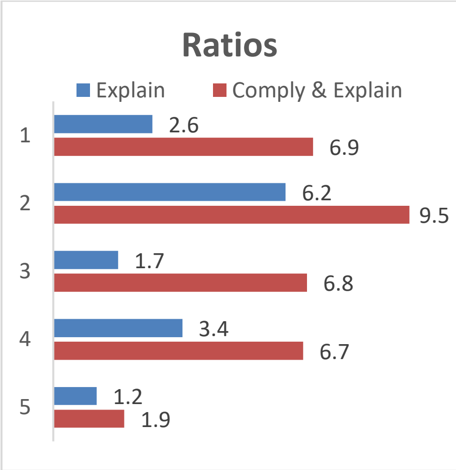
In line with the SBAI's mandate to keep the hedge industry informed of the progress in achieving conformity with the Standards, in February 2017 we started an in-depth analysis of the disclosure statements received from our signatories.

Overview

- Of the 132 signatories, 45% provided disclosure statements with explanations and the rest without explanations, i.e. they complied with all the standards
- Of the 45% who provided explanations: 38% did so on a comply-***and***-explain basis, 40% on a comply-***or***-explain basis and the remaining 22% a combination of both
- The Valuation section triggered proportionally more explanations, even though it has only 10 standards. This appears to reflect higher complexity and large variety of approaches used by the signatories. Risk Management represents the largest section, with 48 standards, but triggered proportionally fewer explanations, perhaps reflecting its more qualitative and principle (concept)-based character. [see Illustration below]

Ratio of Comply & Explain* vs Explain**

Section	No. of sub-sections	No of Explain	No of Comply & Explain
Disclosure	14	37	97
Valuation	10	62	95
Risk Management	48	83	325
Fund Governance	9	31	60
Shareholder Conduct	19	22	36

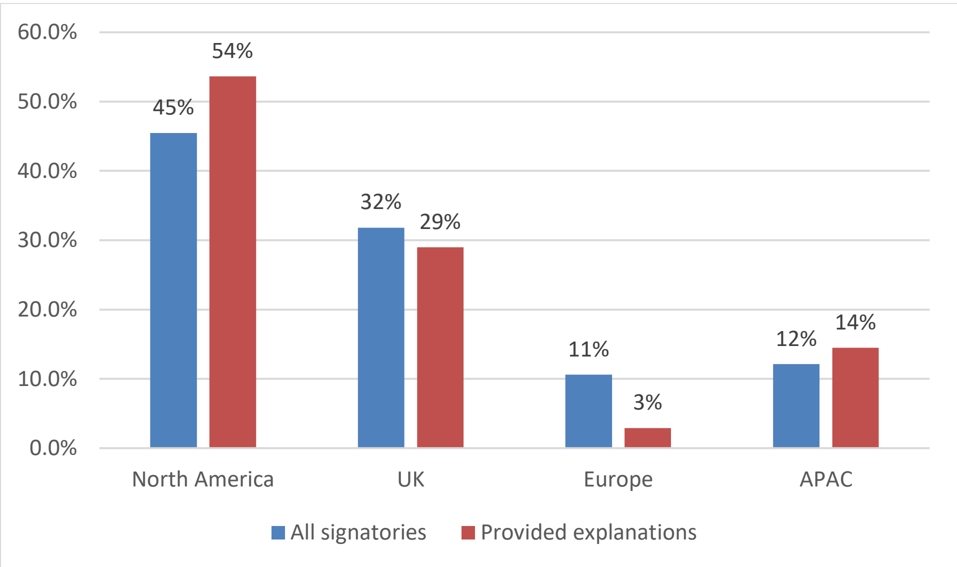


**Calculated as number of Explain/number of Sub-sections*

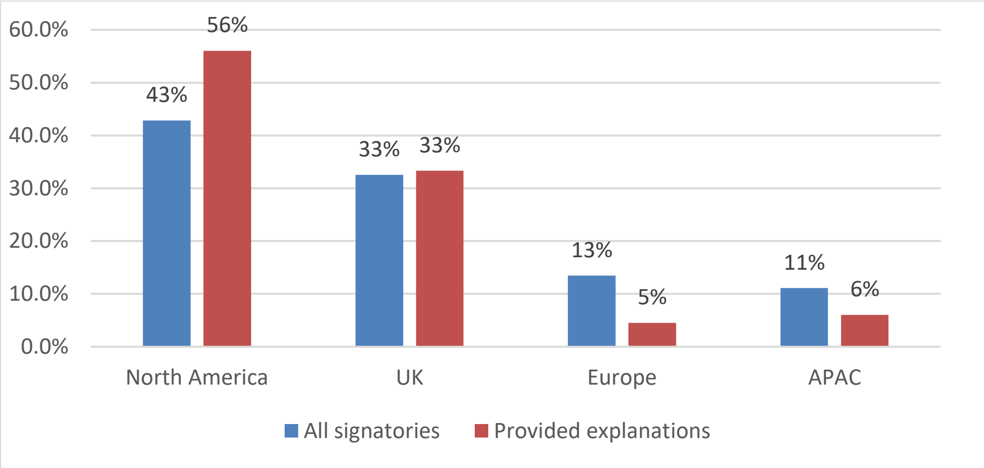
***Calculated as number of Comply & Explain/number of Sub-sections*

- North American signatories represent the largest segment of signatories (54%) who provided disclosure statements with explanations, followed by the UK (32%). However, the explanations among APAC signatories increased from 6% in 2016 to 14% in 2017. This is due to the growing number of fund managers signing up to the Standards.

2017 Regional breakdown of Signatories and Disclosure Statements (Comply & Explain or Explain)



2016 Regional breakdown of Signatories and Disclosure Statements (Comply & Explain or Explain)



- A comply-***and***-explain approach is more common among the North American signatories, even though the SBAI mechanism recommends comply-***or***-explain only.
- There is a significant variation across firms on the way explanations are provided. Some signatories provided an explanation on one standard, others on several or all standards. The level of detail in each explanation ranges from one sentence to large paragraphs where the signatory describes and lists all the procedures.

Please see below the analysis of each section of the Standards.

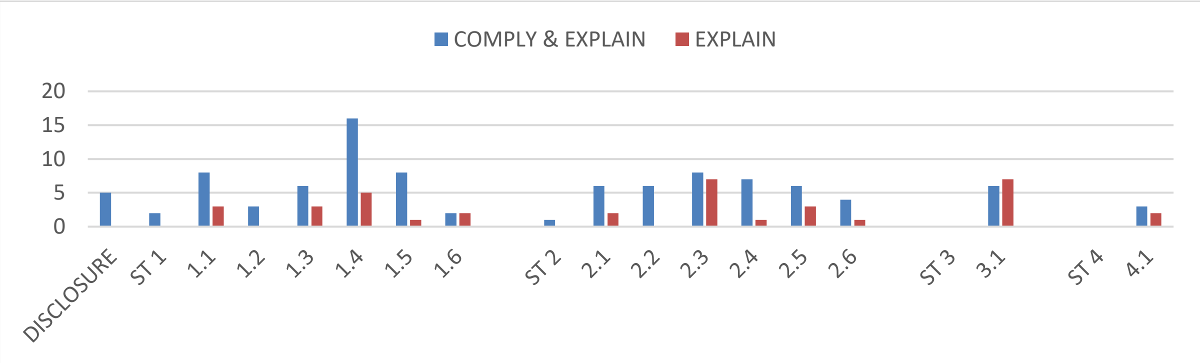
Disclosure

In the Disclosure section, the Standards recommend that the manager should disclose in their fund's offering documents their investment policy, strategy and associated risks. All the signatories comply with these Standards, though some signatories indicated that they do not disclose in the fund's offering documents the details of any investment restrictions or guidelines and the procedures the manager will follow in respect of any breaches. They stated that these details, which are also covered by the Disclosure Standards, are incorporated in separate agreements with the client. Material changes in the investment policy/strategy should be disclosed periodically so that investors have sufficient time to redeem without penalty prior to the effective date of the changes. Here all signatories state that they regularly communicate with their investors on any change in the policy or strategy and give them advance notice to allow them to redeem. The Standards also recommend that the manager should disclose the existence of side letters which contain "material terms" and the nature of such terms. The explanations in this area fall into three categories:

- The existence of such side letters and the nature of the terms are disclosed via the fund's offering documents, prospectus or confidentiality agreements etc.
- The existence of side letters is disclosed but not the terms, due to the confidential nature of these side letters. However, fund directors will ensure that shareholders are not materially disadvantaged in connection with their redemption rights.
- The manager does not enter into side letters, therefore these Standards do not apply to them.

The topic of side letters is frequently discussed at SBAI Institutional Investor Roundtables. In situations where side letters address shortcomings or inconsistencies in the fund's offering documents, it is good practice to adjust the offering documents for the benefit of investors.

Frequency of explanations by Standards (Disclosure section)



Valuation

The explanations in this area vary from signatory to signatory and can be divided into the following groups:

- The Signatory wishes to explain in more detail how it achieved conformity with a standard(s).
- The Signatory wishes to explain what other procedures and arrangements it has in place in addition to what was recommended in the Standards.
- The Signatory chooses not to comply because a particular standard is deemed irrelevant to the firm.

- The Signatory chooses not to comply because a particular policy or a procedure recommended in the Standards has not been adopted by the Signatory yet or it has implemented it differently from what is recommended in the Standards.

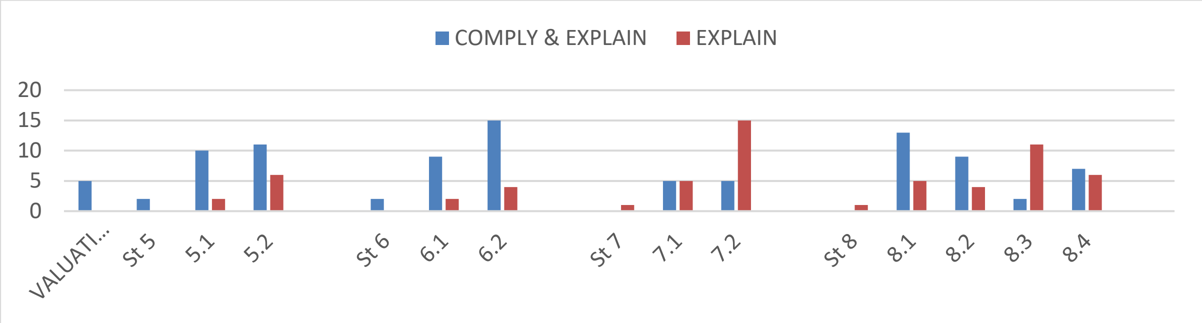
The Valuation section triggered proportionally more explanations, which appears to reflect the high complexity of, and large variety of approaches in, this area.

An area of particular interest is conflicts of interest when performing asset valuation. The Standards in this section recommend that valuation arrangements should be put in place that mitigate conflicts of interest in relation to asset valuation. The explanations provided by the Signatories in this section fall into four categories:

- Valuation is performed by 3rd party service providers only.
- Valuation is performed partially by 3rd party service providers, as the fund administrator may not have the required expertise to value certain types of securities.
- Valuation is performed in-house only because the securities that the firm's funds trade are generally OTC securities and require market specific knowledge, BUT, the firm obtains as many 3rd party prices on a security as possible to ensure that a security is fairly marked.
- Valuation is performed both by 3rd party service providers and in-house for comparison purposes. In addition, Level I & II assets are valued in-house due to size, structure of funds and costs. However, it should be noted that all of the above explanations are disclosed by the signatories to their investors via the disclosure statements.

The Standards also recommend that another way of mitigating conflicts of interest in asset valuation (whether by performing valuations in-house or providing final prices to a valuation service provider) is segregation of the valuation function from portfolio management. The methods used by the signatories here range from complete segregation of the valuation function from portfolio management to partial segregation and full involvement of the portfolio management function in the asset valuation process. Again, in every case variations from the Standards are disclosed to investors with appropriate details and reasoning.

Frequency of explanations by Standards (Valuation section)



Risk Management

Risk management, while being the largest section by the number of Standards, triggered proportionally fewer explanations compared to smaller sections, such as Valuation or Disclosure. This perhaps reflects a more qualitative and principle (concept)-based character of the areas covered by the Risk Management section. It should be noted that 83% of the explanations provided on Risk Management were done on a comply-***and***-explain basis, while the standard SBAI approach is comply-***or***-explain. The Risk Management section focuses on risk framework, portfolio risk, liquidity risk management, control processes, operational risk and outsourcing risk. The Standards recommend that a manager should put in place a risk framework, which sets out its approach to risk management and the governance structure for its risk management activities. Some signatories explain that they do not have a single risk framework but, rather, use various approaches to different types of risk.

Within the same group of Standards on risk framework, it is recommended that a hedge fund manager should explain its approach to managing risk (its risk framework) to the fund governing body. Such risk framework should be explained, to the appropriate extent, in the fund's offering documents. The signatories here use a variety of approaches to disclosing their risk framework. While some of the signatories follow the recommendations of the Standards and disclose it via the fund's offering documents, others choose to disclose via their DDQs, general risk management presentations, transparency reports, risk reports, risk management summaries included in confidential memos etc. There was also a very small group of signatories who chose not to disclose their risk framework in the fund's offering documents due to confidentiality and proprietary reasons.

The Standards require managers to create a written Risk Policy Document, which sets out the responsibilities and procedures to be employed by the hedge fund manager's risk monitoring function. The explanations in this area indicate that there is no single approach to dealing with risk policy documents. The list below includes some of the approaches used by signatories:

- A comprehensive risk framework in place
- No single comprehensive risk policy document but provision of risk reports by the risk management committee
- Risk-related information is distributed via an operational framework to portfolio managers and operational staff
- No central risk policy document, but the firm's risk management framework and logic are hardcoded in their systematised investment process
- No formal written policy document, but "Informal" procedures are followed, including a financial risk management subcommittee
- Risk management procedures are provided in appropriate offering memoranda, prospectuses, supplements and disclosure documents.

A particularly important area worth noting is liquidity risk management, where the Standards recommend that a hedge fund manager should develop a liquidity management framework, the primary role of which is to limit the risk that the liquidity profile of the fund's investments does not align with the fund's obligations. Here the signatories' approaches are:

- Liquidity risk is monitored on a position-by-position basis
- No liquidity risk framework exists because the signatory generally invests in (highly) liquid products
- The signatory established liquidity pools to cover a substantial portion of the fund's net asset value in order to provide liquidity in the event of a severe market dislocation.

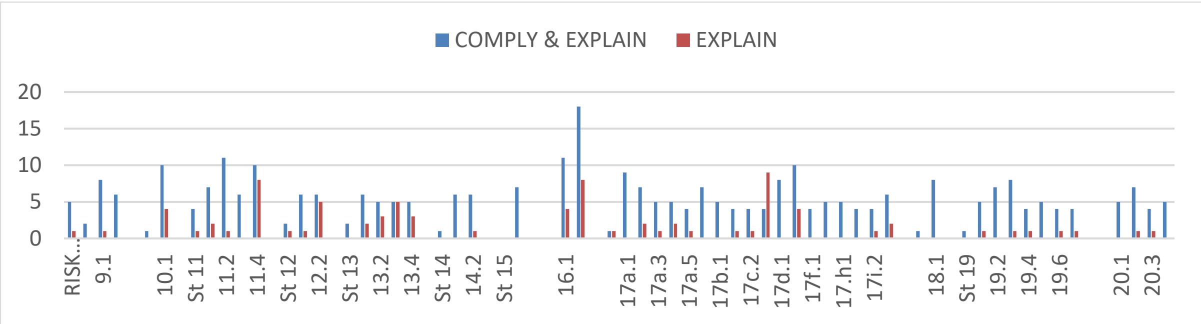
A fair number of signatories explained in great detail how they manage their liquidity.

The same Standard also recommends that a hedge fund manager regularly should conduct stress-testing and scenario analysis of the fund's liquidity position. Most of the signatories conduct regular stress- testing; however, examples for explanations provided in this area are:

- Weekly analysis of liquidity but no systematic operational liquidity stress tests with respect to collateral management or cancellation of credit lines
- Daily margin reports, weekly fund flows reports, portfolio & stress testing reports for the Risk Committee meeting

- Reasons for not conducting regular liquidity stress tests include (a) fund does not trade illiquid or hard-to-value assets and all assets held are Level I and anticipated to be liquidated in one day; (b) limited use of leverage and use of multiple credit sources; (c) funds' liquidity pools provide adequate liquidity to meet the fund's obligations even in the event of a severe market dislocation.
- The signatory monitors any allocation to less liquid investment products and limits the size of this portfolio.

Frequency of explanations by Standards (Risk Management section)



Fund Governance

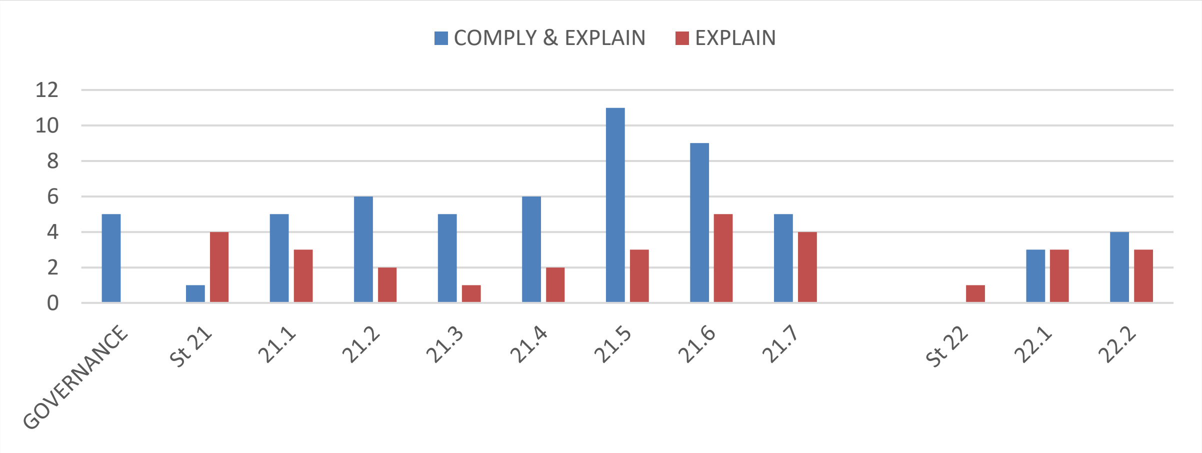
The Fund Governance section of the Standards focuses on putting in place a suitable fund governance structure to deal with potential conflicts of interest. Most of the signatories complied with these Standards; however, a small portion of the signatories provided the following explanations:

- some funds are limited partnerships and do not have a fund governing body;
- no board was created due to the size of the fund; and
- the firm organises its funds in a master-feeder structure, where offshore funds invest in a Cayman island company, US investors invest in an LLC. Each of the Cayman companies is overseen by an independent board of directors.

The signatories also all comply with the recommendation that in those cases where a majority of the individual members of the fund governing body are not independent of the manager or where there is no fund governing body, actions such as material adverse changes to the fees and expenses or the redemption rights available to investors, should only be taken with investor consent or if advance notice is provided sufficient for investors to redeem.

The final standards of this section recommend that the details of the fund governance structure and the existence of any class of shares which are held only by the manager and which carry voting rights affecting any aspect of decision-making in respect of the fund should be disclosed in the fund's offering documents. Most signatories disclose the above in their fund's offering documents with the biographies of each director included in the prospectus.

Frequency of explanations by Standards (Fund Governance section)



Shareholder Conduct

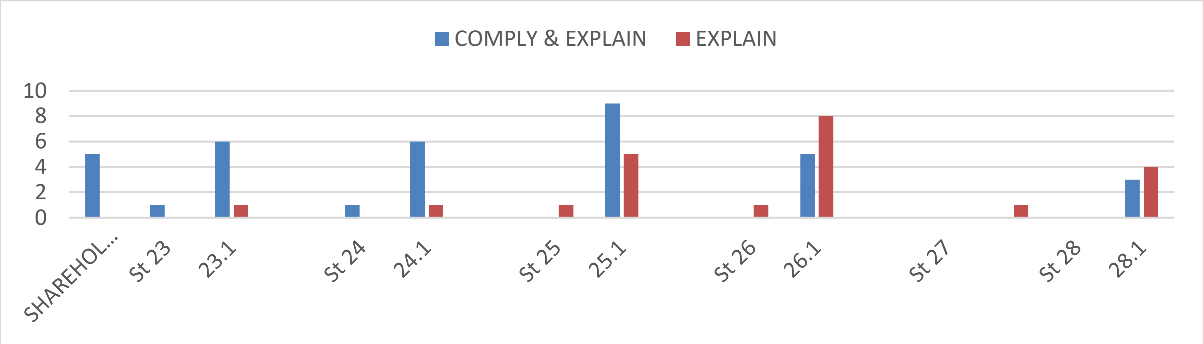
The Shareholder Conduct section focuses on promoting behaviours and practices that contribute to market integrity and shareholder engagement. Specifically, the section covers prevention of market abuse, proxy voting and borrowing stock (to vote). All signatories comply with the standards where they are expected to have internal compliance arrangements in place to detect and prevent breaches of market abuse laws and regulations. As for proxy voting, where the manager is expected to have a proxy voting policy which allows investors to evaluate the general approach the manager takes towards proxy voting, some signatories provided the following explanations:

- These standards are not relevant to them because they do not invest in equities.
- A proxy voting process will be put in place when asset levels allow it to be outsourced to a specialist service provider.
- Proxy voting policy is included in the compliance manual.
- Have the policy but have not made available to investee companies.

- Do not have a formal proxy voting policy document outlining their policies in respect of shareholder conduct and proxy voting. Also do not generally participate in voting.

In terms of borrowing stock to vote, where the standards recommend that the manager should not borrow stock in order to vote, the signatories explained that they neither borrowed stock to vote nor is it in their mandate to do so.

Frequency of explanations by Standards (Shareholder Conduction section)



Conclusions

The analysis above highlights the diversity of practices in the industry, reflecting the wide variety of strategies managers pursue in different jurisdictions and demonstrating that there is often no "uniform" way of doing things. This analysis also shows the suitability of the "comply or explain" mechanism that crystallises relevant disclosures and allows investors to make well-informed investment decision.

The SBAI will continue collecting data for this project to see how the trends are changing among the signatories. This analysis also will enable an understanding of which standards need to be revisited and updated.

7. What's Next

A key priority of the SBAI is to increase the adoption of the Standards among managers and support for the Standards among investors, particularly in the US and Asia Pacific regions, since the positive impact of the Standards increases as the level of adoption grows. The Board, as well as signatories and Investor Chapter members, are committed to this critical initiative and expect to see strong continued progress in this area.

We also will focus on a number of other important initiatives:

- SBAI Toolbox Guidance
    - Application of the Standards to factor-based investing
    - Application of the Standards to ILS managers
    - Big data and artificial intelligence in asset management
- White paper on culture and diversity in asset management
- Expansion of the SBAI Institutional Investor Roundtable Series to new financial centres, including Tokyo and Seoul
- Enhanced collaboration with securities regulators via IOSCO: dedicated workshops on topics such as cyber security, liquidity risk management, conflicts of interest and leverage.

Appendix I: SBAI Board of Trustees

Dame Amelia Fawcett, DBE CVO

Chairman, SBAI

Dame Amelia Fawcett was appointed Chairman of the Standards Board for Alternative Investments on 1 July 2011. Dame Amelia is Chairman of Kinnevik in Stockholm and a Non-Executive Director of State Street Corporation in Boston, Massachusetts and a Non- Executive Director of the HM Treasury. Dame Amelia was Chairman of the Guardian Media Group plc from 2009 – 2013 (and a Non-Executive Director from 2007 – 2009). From 1987 – 2007 she worked for Morgan Stanley, first as an executive and then in a non-executive role. She started her career at the US law firm of Sullivan and Cromwell, first in New York then in Paris. She joined Morgan Stanley in London in 1987, was appointed Vice President in 1990, an Executive Director in 1992 and Managing Director and the Chief Administrative Officer for the Firm's European operations in 1996. In 2002 she was appointed Chief Operating Office and Vice Chairman. As Vice Chairman and Chief Operating Officer, she was a member of the European Management Committee and the Board of Directors of the Firm's major European operating companies. She stepped down from her executive role in October 2006 and was a Senior Advisor to the Firm until April 2007.

Dame Amelia is Deputy Chairman and a Governor of the London Business School and a Trustee of Project HOPE UK. Until recently she was Chairman of The Prince of Wales's Charitable Foundation, a Commissioner of the UK-US Fulbright Commission. She also has been Deputy Chairman of the National Portrait Gallery (and Chairman of the Gallery's Development Board) and a member of the Court of the Bank of England (and Chairman of the Bank's Audit Committee).

Dame Amelia was appointed a Commander of The Royal Victorian Order (CVO) in the Queen's 2018 Birthday Honours. Dame Amelia was appointed a Dame Commander of the British Empire (DBE) in the 2010 Queen's Birthday Honours List for services to the financial services industry, in addition to being awarded the CBE in 2002, also for services to the financial industry. She received The Prince of Wales's Ambassador Award in 2004 and an honorary degree from the American University in London (Richmond) in 2006.

Dame Amelia, a British and American citizen, was born in Boston, Massachusetts, USA in 1956. She has a degree in History from Wellesley (1978) and a law degree from the University of Virginia (1983). She was admitted to the New York Bar in 1984.

Jane Buchan

Co-Founder, PAAMCO

Jane Buchan, PhD, CAIA is a Co-Founder of PAAMCO. As of August 1, 2018 she retired as Chief Executive Officer of PAAMCO and Co-CEO of the holding company, PAAMCO Prisma Holdings, LLC. in order to fulfill her dream of passing the torch to the next generation of PAAMCO leadership and creating a multi-generation asset management firm. Jane began her career at J.P. Morgan Investment Management in the Capital Markets Group and has been an Assistant Professor of Finance at the Amos Tuck School of Business at Dartmouth. She recently served as chairwoman of the board for the Chartered Alternative Investment Analyst Association (CAIA) and is a member of the Advisory Board for the Master of Financial Engineering Program at UCLA Anderson School of Management. Jane holds both a PhD and an MA in Business Economics (Finance) from Harvard University. She earned a BA in Economics from Yale University. Jane has thirty-three years of experience in investment management and portfolio construction with institutional investors.

Clint Carlson[6]

President & CIO, Carlson Capital

Mr. Carlson founded Carlson Capital in 1993. For five years prior, he was head of risk arbitrage for the investment arm of the Bass Brothers organization. Before joining the Bass organization, Mr. Carlson co-managed a risk arbitrage fund for Maxxam Group and affiliated companies. Mr. Carlson received a B.A. and an M.B.A. from Rice University and a law degree from the University of Houston. He is a Board Member of the Rice Management Company and a member of the Board of Overseers for the Jones School of Business at Rice University.

Bruce H. Cundick

[6] Elected to the Board on 19 April 2016

Chief Investment Officer, Utah Retirement Systems

Bruce H. Cundick is the Utah Retirement Systems' Chief Investment Officer. He is responsible for directing the overall operations of the Investment Department. He manages all aspects of investment functions for all plans. The Utah Retirement Systems is a $27 billion state pension fund.

Bruce graduated Magna cum laude from the University of Utah with a Bachelor of Arts degree in Accounting and Master of Business Administration Degree. Bruce is a Chartered Financial Analyst (CFA) and a Certified Public Accountant (CPA).

He has been with the Utah Retirement Systems for fourteen years. During the previous fourteen years, Bruce was the Chief Financial Officer and Chief Investment Officer at Beneficial Life Insurance Company where he directed $2 billion portfolio of fixed income, mortgage-backed and equity securities. Prior to that, he held the position of President and Chief Executive Officer at Deseret Federal Savings and Loan.

He has also taught at the University of Utah for over 30 years. He was an adjunct professor and has taught part-time as an associate instructor of Business Finance and Investments in the University's Masters of Science and Technology program.

He has held Board positions in trucking, mortgage banking, real estate development, savings & loan and property and casualty insurance companies. He currently sits on the Benefits Finance Committee of the Board of Directors for Intermountain Health Care and the Investment Advisory Committee for the University of Utah Endowment.

Luke Ellis

Chief Executive Officer, Man Group plc

Luke Ellis is CEO of Man Group plc ("Man") based in London. Luke was previously President of Man, having joined the firm in 2010, and had been a member of the Executive Committee. Before joining Man, he was Non-Executive Chairman of GLG's Multi-Manager activities. Prior to this, he was Managing Director of FRM from 1998 to 2008 and one of two partners running the business. Before joining FRM, he was a Managing Director at JPMorgan in London, and as Global Head was responsible for building the firm's Global Equity Derivatives and Equity Proprietary trading business. Mr. Ellis holds a BSc (Hons) in Mathematics and Economics from Bristol University.

Stuart Fiertz[7]

Co-Founder, President and Director of Research, Cheyne Capital Management

Stuart Fiertz is the Co-Founder, President and Director of Research of Cheyne Capital Management (UK) LLP. From 1991 to June 2000, and prior to establishing Cheyne Capital with Jonathan Lourie, Stuart worked for Morgan Stanley where he was responsible for the development and implementation of customised portfolio strategies and for credit research in the convertible bond management practice.

Prior to joining Morgan Stanley, Stuart was an equity research analyst for the Value Line Investment Survey, and a high yield credit analyst in Boston at Merrill Lynch and in New York at Lehman Brothers. Stuart is a CFA® charterholder and a CAIA designee. He is also on the board of the CFA Society of the UK, a council director of the Alternative Investment Management Association (AIMA) and chairman of the AIMA Alternative Credit Council.

Stuart was educated at the International School of Geneva and at Dartmouth College where he was awarded a BA degree in Political Science and Economics.

David George

Deputy Chief Investment Officer, Public Markets, Future Fund Australia

David George is Deputy Chief Investment Officer, Public Markets, of Australia's Sovereign Wealth Fund, the Future Fund, valued at A$165.8 billion on 31 December 2017. The organisation is also responsible for the investment of the building Australia Fund, Education Investment Fund, Health and Hospitals Fund and the DisabilityCare Australia Fund. At 31 December 2017 these funds had a combined value of A$25.1 billion.

David joined the Future Fund in April 2008 and from 2013 has had responsibility for investments across the debt, cash and public market alternative investment programs. In March 2018 David took on the newly created role of Deputy Chief Investment Officer, Public Markets, which has oversight of the listed equity, debt, cash, hedge fund and derivative overlay investment activities.

Prior to joining the Future Fund, David was a Principal at Mercer Investment Consulting in Sydney and previously has held management and analytical roles at Mercer in Toronto, the Royal Bank of Canada

[7] Elected to the Board on 30 May 2018

and Integra Capital Management. David sits on the Board of the CAIA Association and is a Trustee of the Standards Board for Alternative Investments (SBAI). David earned a BA in Economics from Western University and is a CFA and CAIA charter holder.

Chris Gradel

Founder, PAG

Chris Gradel is the Founder of PAG, one of Asia's largest alternative investment firms with over USD11 billion under management. At PAG he acts as CIO of its absolute return strategies, which includes managing PAG's multi-strategy hedge fund, as well as a number of credit funds.

Chris has spent 19 years in the Asia Pacific region. Prior to founding PAG in 2002, he led several investments in China for the Marmon Group. This included the buy-out and turnaround of a Chinese State-owned manufacturing company in 1996. Chris also worked as an Engagement Manager for McKinsey and Company, working with clients across the Asia Pacific region.

Chris graduated from New College, Oxford, with an MEng in Engineering, Economics and Management.

Kathryn Graham

Head of Strategy Coordination, Universities Superannuation Scheme Ltd (USS)

Kathryn is Head of Strategy Coordination at Universities Superannuation Scheme Ltd (USS), which operates one of the largest pension schemes in the UK, with total fund assets of over £40 billion. She is a former Director and Head of Special Projects at BT Pension Scheme Management Limited (BTPSM), the pensions advisory arm of the BT Pension Scheme, one of the largest in the UK.

Kathryn spent nine years at BTPSM establishing a new team mandated to invest directly into single manager hedge funds before taking responsibility for Manager Selection across the BT Scheme. Latterly she worked for the BTPSM CEO, setting up a team tasked with managing liability risk and undertaking various projects related to scheme strategy.

Kathryn's career began at SG Warburg in 1994 in fixed income derivatives and she has also worked at UBS and Progressive Alternative Investments before joining BTPSM. She was educated at Edinburgh

University, where she was awarded an MA in Economics and Mathematics. Kathryn is a Trustee of the Hedge Fund Standards Board and a member of the London Board of 100 Women in Hedge Funds.

Richard Lightburn[8]

CEO, MKP Capital Management

Richard Lightburn serves as Chief Executive Officer of MKP Capital Management, bringing more than 25 years' experience in financial markets to the role. He is a Principal of the firm and is a member of the Investment Committee. Prior to being named CEO, Mr. Lightburn led all of MKP's global rates and Agency MBS trading strategies at the firm. Before he joined MKP in 2008, Mr. Lightburn worked for three years as a Managing Director at HSBC Securities, where he managed the prime mortgage trading business. Prior to HSBC, Mr. Lightburn worked for 15 years at Goldman Sachs. When he left the firm in 2004, Mr. Lightburn was a Managing Director and Co-Head of the Mortgage Liquid Products trading group.

Richard Lightburn received a B.S. in Mechanical Engineering from the Massachusetts Institute of Technology (1989).

George Robinson

Co-Founder, Sloane Robinson

George co-founded Sloane Robinson in December 1993. He is also Head of Research, CFO, and Manager of the SR Phoenicia Fund. Between 1979 and 1985 George worked for John Swire & Sons in Hong Kong, UK, Philippines and Korea. In 1985 he joined WI Carr and established their investment offices in both Seoul and Bangkok, before moving to Hong Kong as regional director of research. George graduated from Oxford University with a degree in Engineering Science.

Simon Ruddick

Chairman & Co-Founder, Albourne Partners

[8] Elected to the Board on 30 May 2018

Albourne Partners is the world's largest hedge fund advisory firm, which he co-founded in March 1994. Albourne’s 250+ clients have over $350 billion invested in alternatives. Albourne received the Queen’s Award for Enterprise in 2006 and 2009. Simon Ruddick received Lifetime Achievement Awards from Global Custodian in 2010 and from HFR in 2012, along with the International Leadership Award from the American Red Cross. Also in 2012, Albourne was ranked 1st in HFM Week’s Investor Power 30.

Simon Ruddick previously managed a hedge fund and worked at Bankers Trust, Morgan Grenfell and Daiwa Securities. Simon Ruddick holds an MA in PPE from Trinity College, Oxford.

Dan H. Stern

Co-Founder and Co-CEO, Reservoir Capital Group

Dan Stern co-founded Reservoir Capital Group in 1998. Prior to founding Reservoir, Mr. Stern co-founded and was President of Ziff Brothers Investments, and served as a Managing Director of William A.M. Burden & Co., and an Associate at Bass Brothers Enterprises in Fort Worth, Texas. Mr. Stern has participated in the formation and development of numerous investment management entities, including HBK Investments, Och-Ziff Capital Management, Starwood Capital, Ellington Capital Management, and Anchorage Advisors, among others. He is the President of the Lincoln Center Film Society and serves as a Trustee of Lincoln Center, the Mt. Sinai Medical Center, and the Educational Broadcasting Corporation (PBS Channel 13 New York). Mr. Stern received an A.B. from Harvard College and an M.B.A. from Harvard Graduate School of Business.

Betty Tay

MD, Head of External Managers Department, GIC Private Limited

Betty is Managing Director, Head of External Managers Department in GIC. In her current capacity, Betty oversees the day-to-day activities of the External Managers Department, including portfolio management for all of GIC’s public market external managers programs, manager selection and monitoring, operations and administration for the department. In addition, Betty is a member of GIC’s Business Continuity Plan Steering Committee.

Betty joined GIC in July 1999 as a Senior Portfolio Manager. She served as a Portfolio Manager within the Emerging Markets Group from 1999 to 2002. In this capacity, Betty was posted to GIC’s London office, and was instrumental in developing portfolio management expertise in non-Asia emerging markets. In 2002, Betty joined the External Managers Group.

Betty has over 20 years of experience in international financial markets including trading functions across various products in local and international financial institutions. She began her career as a proprietary trader with the Development Bank of Singapore (DBS). Prior to joining GIC, Betty spent 6 years as a Principal at Bankers Trust Company (Singapore). She served as the Head of the Foreign Exchange Forwards Division and managed the firm's balance sheet in Singapore.

Betty graduated from the National University of Singapore in 1991 with a BSc in Mathematics. She also holds both Chartered Financial Analyst (CFA) and Chartered Alternative Investment Analyst (CAIA) designations. She completed the Stanford Executive Program in August 2014.

Betty is a member of the Investment Advisory Committee for the Lee Kuan Yew Fund for Bilingualism Limited.

Mario Therrien

Senior VP, Strategic Partnerships, Developed, Markets, Caisse de dépôt et placement du Québec

Mario Therrien leads the Strategic Partnerships – Developed Market team, which is responsible for developing a network of sustainable and high-quality local partnership in these markets. He also oversees all investment activities in external hedge funds and public equity funds, in addition to applying an integrated management approach to the Growth Markets mandate in the Equity Markets portfolio. His mandate consists of adding value by building portfolios with the best external managers, while improving CDPQ's in-house management through the sharing of knowledge and expertise. He sits on the Executive Committee.

Mr. Therrien joined CDPQ in 1993 as an Analyst, before taking on the role of Portfolio Manager in the group responsible for absolute return activities. Subsequently, he was mandated to develop external management activities in liquid-asset classes.

Mr. Therrien holds a bachelor's degree in economics and a master's degree in finance from Université de Sherbrooke. He has also completed the Canadian Securities Course given by the Canadian Securities Institute, and is a CFA charter holder.

Dale West

Senior Managing Director, Teacher Retirement System of Texas

Dale West is the Senior Managing Director of External Public Markets at the Teacher Retirement System of Texas in Austin, Texas. TRS is a $130 billion pension system serving 1.4 million active and retired educators and their families. Dale's team oversees the Trust's $39 billion portfolio of externally managed public market assets, including $27 billion in traditional long-oriented equities and $11 billion in hedge funds. Dale serves on the TRS Internal Investment Committee and Management Committee. He is a member and past board member of the Texas Hedge Fund Association.

Prior to joining TRS, Dale was based in London with the emerging markets equity team of T. Rowe Price International, where he covered telecoms and emerging markets. He also served in the U.S. Foreign Service, including a three-year posting to the American embassy in Bucharest, Romania.

Dale received an MBA from Stanford University, and is a graduate of the Plan II Honors Program at the University of Texas at Austin.

Poul Winslow

Senior Managing Director and Global Head of Capital Market and Factor Investing, Canada Pension Plan Investment Board

At CPPIB, Poul Winslow leads the team responsible for selecting and managing relationships with external managers across a wide range of active mandates. He has more than 25 years of experience in the financial services industry. Prior to joining the CPPIB, Poul had several management and investment roles at Nordea Investment Management. He was also Chief Investment Officer of Andra AP-fonden (AP2) within Sweden’s national pension plan system.

Poul obtained his undergraduate and Masters degree in Economics and Management from Aarhus University in Denmark.

Sir Andrew Large

Advisor to the SBAI

Sir Andrew Large was Deputy Governor of the Bank of England from 2002 to 2006. He now acts independently for central banks and governments in relation to financial stability and crisis prevention issues. He is also Chairman of the Senior Advisory Board of Oliver Wyman; Senior Adviser to Hedge Fund Standards Board; Chairman of the Advisory Committee of Marshall Wace, and Chairman of the Board Risk Committee of Axis, Bermuda.

Sir Andrew's career has covered a wide range of senior positions in the world of global finance, within both the private and public sectors. Sir Andrew spent twenty years in capital markets and investment banking, first with Orion Bank and then with Swiss Bank Corporation, on its Management Board from 1987-1989. Prior to his time at the Bank of England he chaired the Securities and Investments Board (precursor of the FSA) 1992-1997 and Deputy Chairman of Barclays Group from 1998-2002.When at Barclays, Sir Andrew was Chairman of Euroclear in Brussels. Concurrently he served on the Managing Director of the IMF's Capital Markets Consultative Group 1999-2002, and chaired for the Group of 30 a global report into strengthening the global financial infrastructure for clearing and settlement. Sir Andrew chaired the Hedge Fund Working Group, that created the original standards and was the first Chairman of the Standards Board for Alternative Investments (formerly known as Hedge Fund Standards Board).

Sir Andrew has a keen interest in education; he is the Chairman of the INSEAD Advisory Council and was a member of the INSEAD Board 1998-2010.

Tom Dunn resigned as a Trustee in February 2017

Henry Kenner resigned as a Trustee in March 2018

Appendix II: Overview of SBAI Accounts

	Year to 31 Jan 2017 £	Year to 31 Jan 2016 £	Year to 31 Jan 2015 £	Year to 31 Jan 2014 £	Year to 31 Jan 2013 £	Year to 31 Jan 2012 £	Year to 31 Jan 2011 £	Year to 31 Jan 2010 £	Year to 31 Jan 2009 £
TURNOVER	1,142,172	1,190,717	1,142,605	1,041,897	905,075	862,113	784,645	898,167	602,509
Admin expenses	(1,126,307)	(1,103,384)	(1,075,186)	(997,242)	(886,120)	(845,170)	(956,465)	(829,487)	(602,365)
LOSS/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	15,865	87,348	67,419	44,655	18,955	16,943	(172,206)	68,680	144
Tax on loss/profit on ordinary activities	(4,425)	(19,322)	(15,825)	(3,262)	13	-	15,102	(14,516)	(599)
LOSS/PROFIT FOR THE FINANCIAL YEAR	11,491	68,026	51,594	41,393	18,968	16,943	(157,104)	54,197	909

All activities derive from continuing operations.

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