

ANNUAL REVIEW 2017





Annual Review 2017 &
Financial Statements
for the year ended
31 December 2016





CONTENTS

President's Statement	4
Why Cyprus	6
Cyprus Funds Sector	7
European Investment Fund Developments	8
Trends in Worldwide Investment Fund Assets	13
About CIFA.....	14
Our Mission	15
Our Goals.....	16
CIFA Board of Directors.....	17
Activities.....	18
Events	21
Technical Committees.....	26
CIFA Strategic Partners.....	34
CIFA Corporate Membership	36
Financial Statements	41

President's Statement

First and foremost, I would like to personally thank those who have enabled CIFA to grow and develop over the years. The support and cooperation of the Minister of Finance, Harris Georgiades, as well as the Chairman of Invest Cyprus, Christodoulos Angastiniotis, has been integral in the creation and development of CIFA. My warm thanks also go to the Chairwoman of CySEC, Demetra Kalogerou, and to our Members for their unfailing support and trust, and I want to express my gratitude for the constructive spirit and good work achieved by the CIFA Board Members and by the Chairmen and Members of our 13 Technical Committees. Their positive business-minded approach and continuous support show that true professionalism and a constructive attitude are an absolute asset to further enhance the credibility of our Association.

During the year under review, the Cypriot economy has moved into macroeconomic stability, confidence has been restored and the country is continuing on a path of recovery and growth. The GDP growth rate in real terms during the second quarter of 2017 is positive, and is estimated at +3.6% over the corresponding quarter of 2016. The recovery of the Cyprus economy was also noted in the European Commission's Spring Forecast, which stated that real GDP growth is expected to reach 2.5% in 2017, and then to moderate gradually to 2.3% in 2018.

International ratings agencies have also consistently revised their forecasts on Cyprus over the last year. In July 2017, Moody's upgraded its assessment of Cyprus to Ba3 from B1, with the rating agency saying the outlook was 'positive'. In September 2017, Standard & Poor's affirmed the BB+ rating of the Cypriot economy, and revised the outlook of the long-term sovereign credit rating from stable to positive, with expectations that the Cypriot economy will expand by 3% between 2017 and 2020.

In the energy sector Exxon Mobil and Qatar Petroleum, as well as major European companies Eni and Total, signed exploration and production sharing contracts with the Republic of Cyprus.

In the tourist sector the arrivals of tourists totalled 3,186,531 for the period of January-December 2016, compared to 2,659,405 in the corresponding period of 2015 – recording an increase of 19.8%. For the period of January-July 2017, revenue from tourism is estimated at €1.422.1mn, compared to €1.233.4mn in the corresponding period of 2016 – recording an increase of 15.3%.

Cyprus remains an excellent base for international business, with a skilled workforce and wide network of double-tax treaties. Regarding our funds legal framework, Cyprus, with the support of CIFA, has worked diligently to bring the country on par with other top fund hubs and is seeing increasing interest and appetite from investors and fund service providers looking for EU-regulated jurisdictions. Coming soon is an ambitious additional reform of the legal framework regarding investment funds, including provisions for the introduction of registered funds, partnerships with legal personality, and the introduction of a 'Mini Manager' concept for managing assets below the thresholds AIFMD.

In the area of taxation, Cyprus offers one of the most attractive fund tax regimes in Europe – both at the level of the fund manager and investors, as well as at the level of the fund. In fact, maintaining a stable and competitive tax regime is probably one of the issues where there is strong consensus across the political spectrum in Cyprus. This, together with the stabilisation of the banking sector, has been instrumental in the restoration of consumer and business confidence, and ultimately in the recovery of our economy.



“Cyprus’ financial services sector continues to expand in terms of size, reputation and attractiveness, backed by a resilient regulatory framework, prudent supervision, consumer protection, and strong money laundering prevention mechanisms. The robustness of the sector is reflected in healthy capital and liquidity levels held by banks and continued registration of new companies, funds and investment vehicles, providing employment opportunities both within the direct financial intermediation segment and other related professional services activities.”

Cyprus’ financial services sector continues to expand in terms of size, reputation and attractiveness, backed by a resilient regulatory framework, prudent supervision, consumer protection, and strong money laundering prevention mechanisms. The robustness of the sector is reflected in healthy capital and liquidity levels held by banks and continued registration of new companies, funds and investment vehicles, providing employment opportunities both within the direct financial intermediation segment and other related professional services activities.

The annual growth rate for the deposits in the Cyprus banking system stood at 3.7% in August 2017, compared to 4.7% in July 2017. The outstanding amount of deposits reached €49.13 billion in August 2017, compared to €48.8 billion in July 2017.

CIFA is also closely monitoring developments within the European Union and especially the current discussions on Brexit. Cyprus is a reliable member of the EU and Eurozone, an island of safety and stability offering opportunities for business, investment and cooperation, but it is also a country with a broader outlook and can be a strategic partner of the UK.

Reflecting on the industry trends the demographic drivers are clear. Not only is the fund industry likely to be considerably larger in 15 years’ time than it is today due to trends such as the growth of the middle class, the increasing mobility and the growing economic influence of the developing world, but perhaps more interestingly, we believe the industry will have a more important role to play in clients’ lives and in society in general.

Individuals will need to take greater responsibility for their retirement planning, as it is clear that no one else will do it for them given the decline of state provision in many countries, and the continued pressure on traditional annuity models.

This presents an opportunity for the industry to capture clients earlier rather than only focus on attracting clients when they have assets to invest. The net result is likely to be a much broader, younger, more diverse, multi-generational and multi-cultural client base. This opens up a great opportunity as future generations will be more engaged in managing their savings and planning their retirements, whilst institutional investors will be calling for greater information, education, flexibility and certainty.

The new business models will demand new skill sets and technology could continue to replace many traditional roles. The industry will need to adjust to the prospect of acquiring talent from different pools and employing a more diverse multi-generational staff, which will have a similarly diverse range of expectations.

The funds industry in Cyprus is a strong supporter of the Capital Markets Union (CMU) and welcomes the view of the European Commission to acknowledge that the industry has a key role to play in this action plan. We continue to support the CMU and its principles, such as lowering the regulatory costs of setting up funds and facilitating the cross-border operation of investment funds.

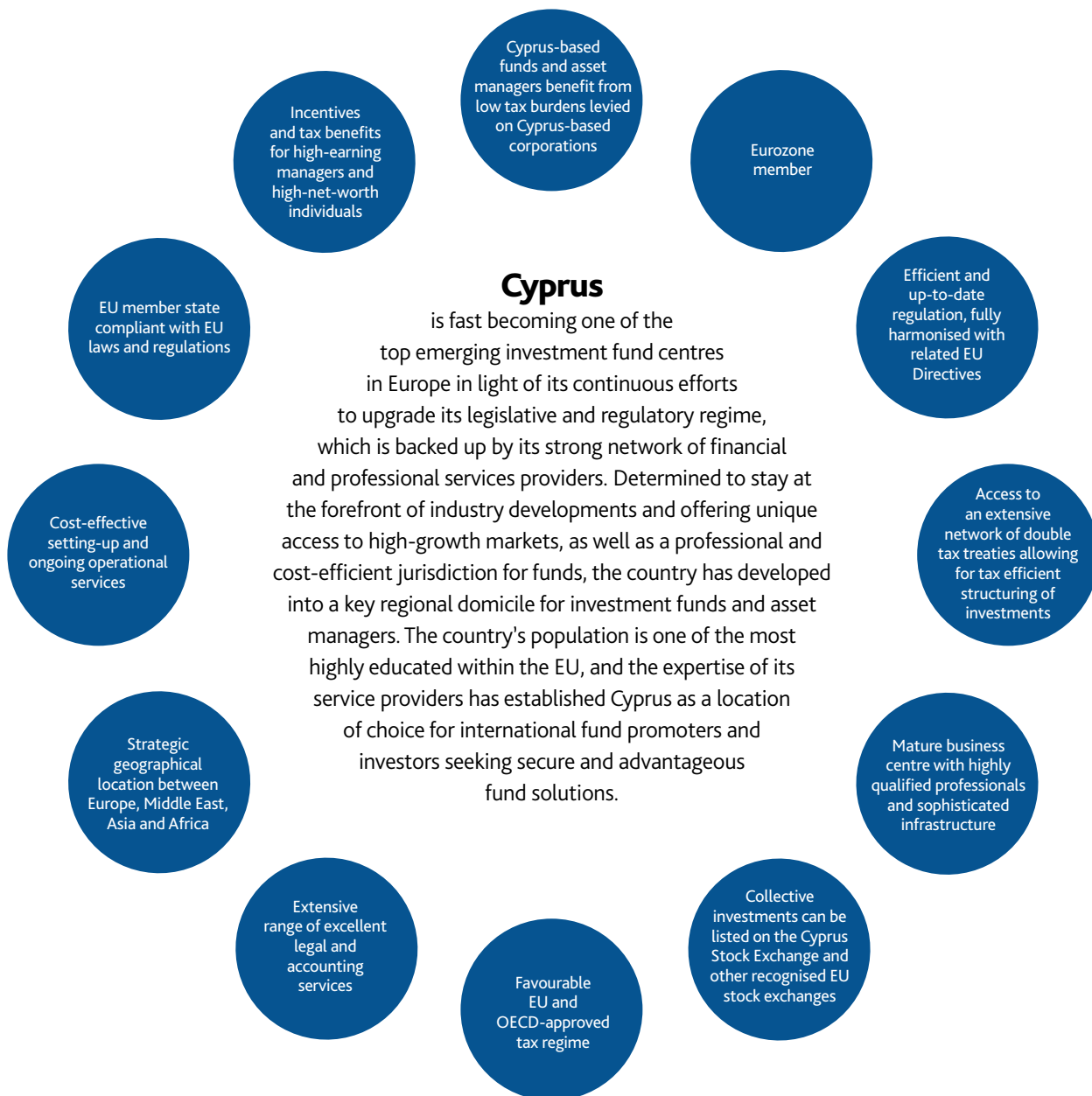
As a full member of the European Fund and Asset Management Association (EFAMA), CIFA actively participates in the organisation’s quarterly meetings and contributes to the voice of the European funds industry. In a vote of confidence, Director General Peter De Proft announced that EFAMA will hold their AGM in Cyprus in 2018, a prestigious event that will bring together EFAMA’s 28 member associations and 62 corporate members representing close to €23 trillion in assets under management.

We are therefore committed to remain proactive in these discussions, to keep working with the government, the Cypriot regulators and European institutions, with the aim to expand our funds sector and establish Cyprus as a successful alternative fund jurisdiction.

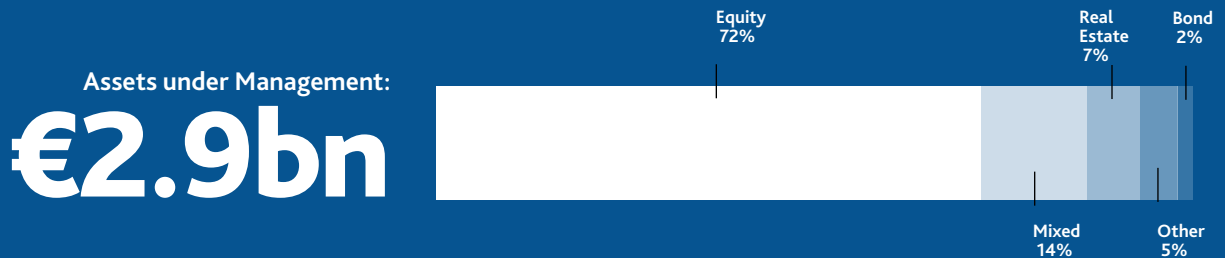
Angelos Gregoriades

President - Cyprus Investment Funds Association (CIFA)

Why Cyprus



Cyprus Funds Sector



Cyprus Investment Firms (MiFID):

223

(+34 new applications under review)

Administrative Service Providers:

172

(+ 7 new applications under review)

Issuers of securities trading on the CSE:

74

Alternative Investment Fund Managers:

19

(+ 10 new applications under review)

Multilateral Trading Facility (MTF):

1

(64 shares and bonds trading)

Custodian Banks:

7

UCITS Management Companies:

5

UCITS Funds:

8

of which 7 are single schemes and 1 is an umbrella-type with 17 sub-funds (+ 6 new applications under review)

AIFs (Non-UCITS):

101

of which 54 are Self-Managed Alternative Investment Funds with limited number of persons (+ 48 new applications under review)

European Venture Capital Fund (EuVECA):

1

Regulated Markets:

1

(the Cyprus Stock Exchange)

Regulator:

1

(the Cyprus Securities and Exchange Commission CySEC)

International Memberships

- International Organization of Securities Commissions (IOSCO)
- European Securities and Markets Authority (ESMA)
- European Fund and Asset Management Association (EFAMA)
- European Systemic Risk Board (ESRB)

Memoranda of Understanding (MoU)

- Bilateral MoU with 19 Regulatory Authorities for the exchange of Information
- Bilateral MoU with 47 Supervisory Authorities outside the EU for enhanced supervision of Alternative Investment Fund Managers
- Full signatory of the IOSCO and ESMA Multilateral MoU

European Investment Fund Developments in 2016

2016 was another record year for the European investment fund industry, with net assets of European investment funds rising to an all-time high of €14,142 billion. Net assets of UCITS increased to €8,658 billion, while net assets of AIF rose to €5,483 billion.

Investment fund assets per inhabitant registered a 5.7% increase to reach €27,300, compared to €25,850 at end 2015 and €18,540 at end 2012. Net assets of European investment funds represented 87% of GDP at end 2016, up from 82% at end 2015. This indicator highlights the important role played by investment fund managers in the European economy, as managers of long-term savings, investors in financial markets, shareholders in European companies, providers of short-term funding for many European corporations and of direct and indirect employment. See charts 1 and 2

Chart 1. Net assets of European Investment Funds (in € billions)

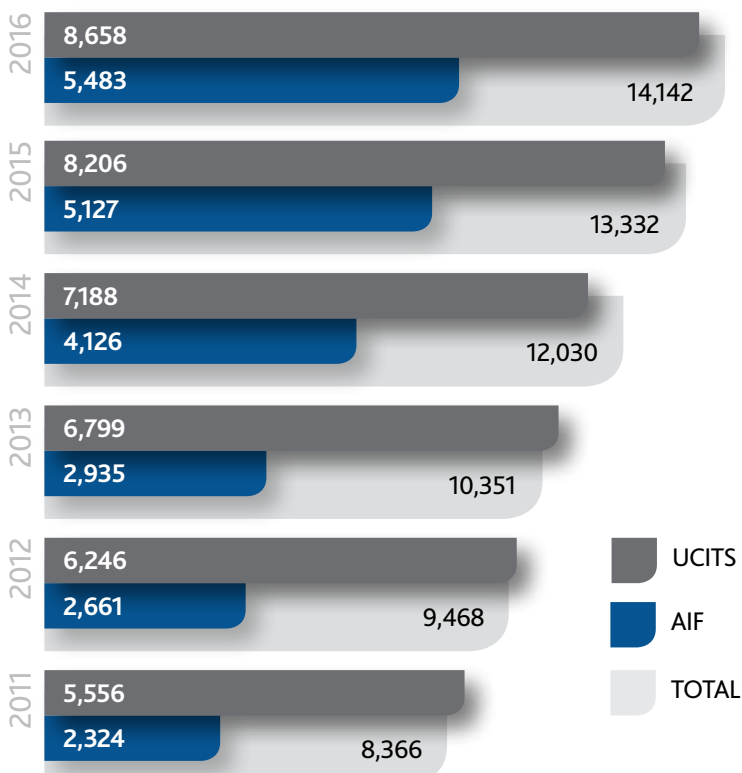
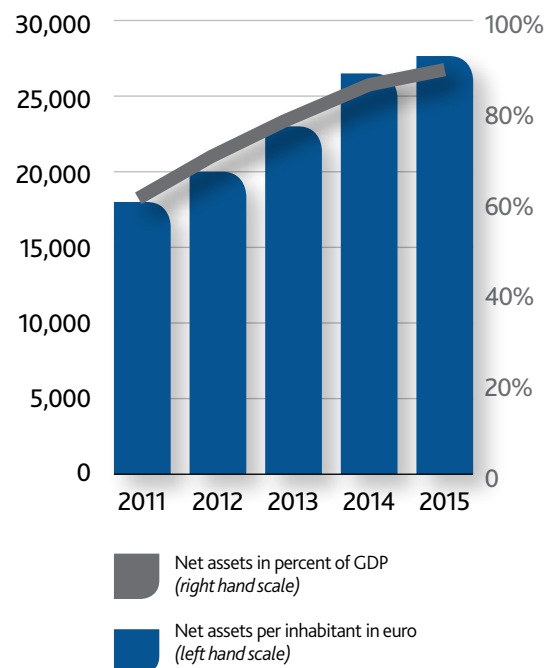


Chart 2. Trends in Investment Funds in Europe



Five countries held market shares greater than 10% at end 2016: Luxembourg, Ireland, Germany, France and the United Kingdom. Added together, these top five countries held a cumulative share of more than 77% of the industry's assets at end 2016. *See chart 3*

Chart 3. The European Investment Market

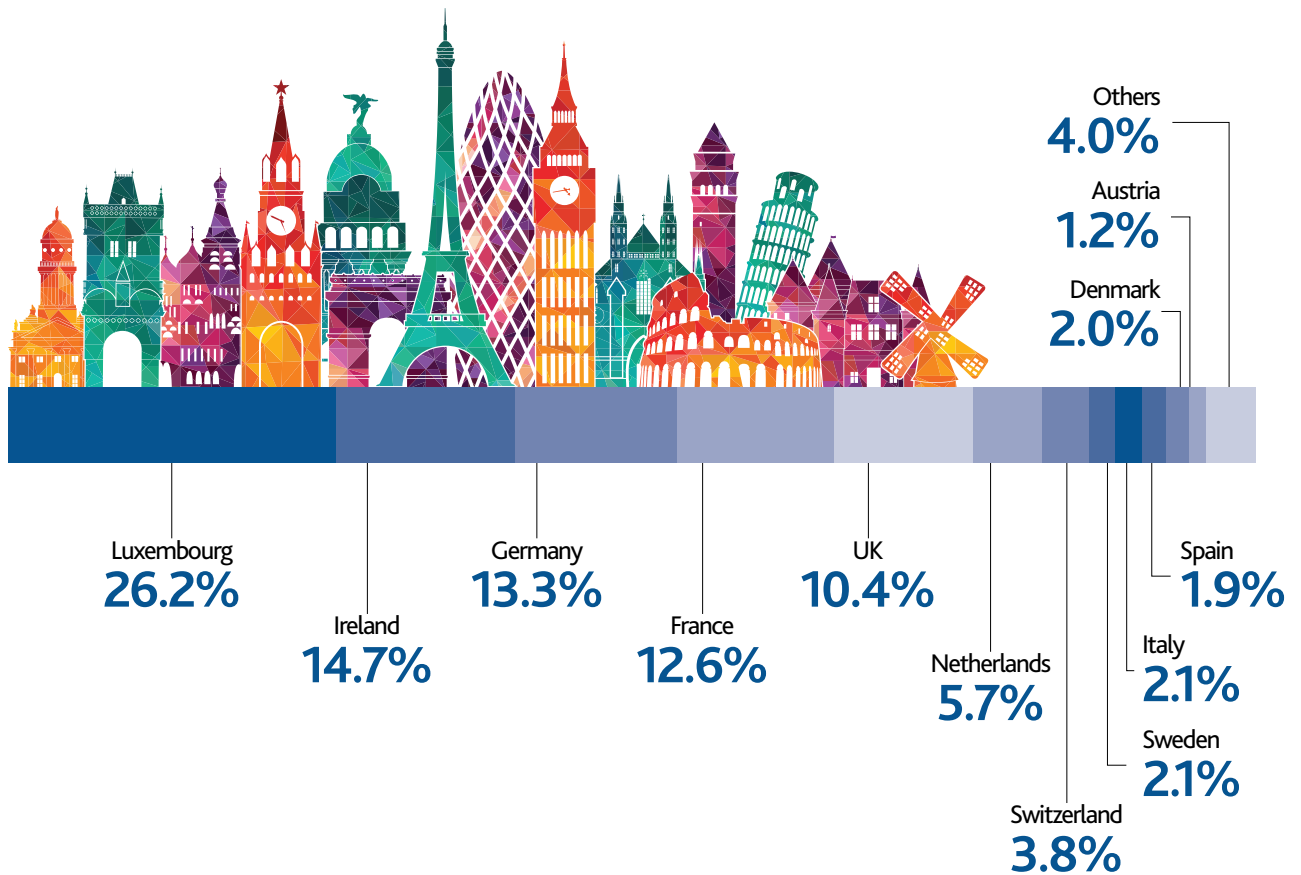
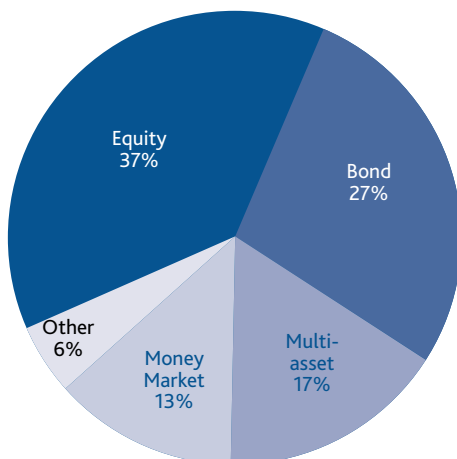


Chart 4. Asset Allocation by UCITS funds at end 2016



Source: EFAMA

Developments in the UCITS industry in 2016

Total UCITS net assets increased by 5.5% in 2016 to stand at €8,658 billion at year end, its highest point to date. This growth marked the fifth successive year of growth for UCITS net assets. Strong asset growth was seen across all categories of UCITS in 2016. Of the mainstream categories, the largest growth was seen in bond funds, which increased 8% thanks to a surge in investor demand. Money market funds also posted strong growth in 2016 (6%), whereas equity funds and multi-asset funds posted a smaller increase (3%).

Asset allocation of UCITS remained relatively stable in 2016. The share of equity decreased from 38% in 2015 to 37% in 2016, whereas the share of bond funds increased from 26% to 27%. Multi-asset fund holdings remained stable at 17% of UCITS assets. Money market fund holdings decreased to 13% in 2016, from 14% in 2015. The share of "other" fund asset holdings increased from 5% in 2015 to 6% in 2016. *See chart 4*

Net sales of UCITS funds totalled €275 billion in 2016. Although lower than in the record-breaking years of 2014 and 2015, this level of net sales of UCITS was higher than in any single year in the 2007- 2013 period. Long-term UCITS recorded net sales of €169 billion, while money market funds registered net sales of €106 billion.

Bond and money market funds were the clear winners in 2016, with equity and multi-asset funds experiencing lower net sales. Bond funds enjoyed the largest net inflows in 2016 (€112 billion) on the back of falling long-term interest rates. Money market funds attracted €106 billion as the higher uncertainty and renewed downside risks continued to increase demand for these funds, despite very low returns. Equity funds suffered net outflows of €8 billion, as equity funds were never able to recover from the stock market sell-off in January. Net sales of multi-asset funds totalled €49 billion, down from €239 billion in 2015, as investors tried to limit their direct and indirect exposure to stock markets.

Developments in the AIF Industry in 2016

Total AIF net assets enjoyed growth of 7% in 2016, ending the year at €5,483 billion. 2016 marks the eighth consecutive year of AIF net asset growth since 2008. Net assets of real estate funds experienced the largest increase (12%) among the various categories of AIF funds, ending the year at €582 billion. AIF equity and multi-asset funds both increased 7% to end the year at €655 billion and €1,391 billion, respectively. Net assets of AIF bond funds increased 5% to €1,017 billion. On the other hand, net assets of money market funds decreased 1% to €88 billion. Other funds, which include funds that do not fall under the other categories or for which information is unavailable, experienced net asset growth of 7%, totalling €1,750 billion at end 2016. ***See charts 5 and 6*

Chart 5. Total Net Assets of AIFs
(in € billions)

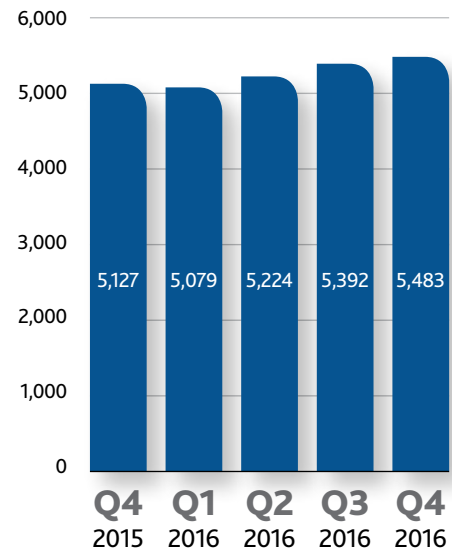


Chart 6. Total Net Assets by type of AIF
(in € billions)

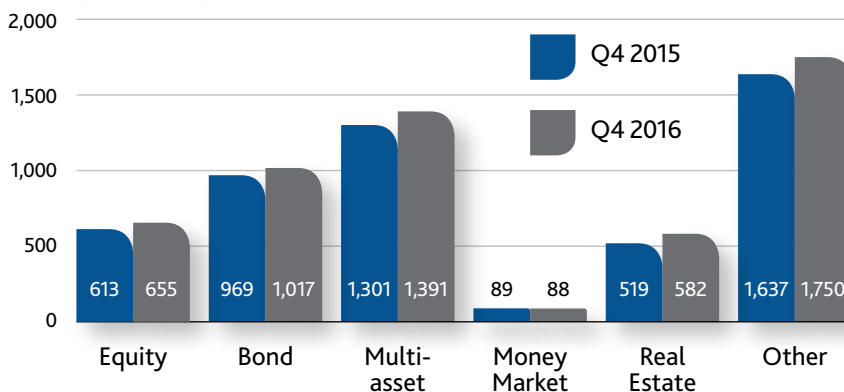
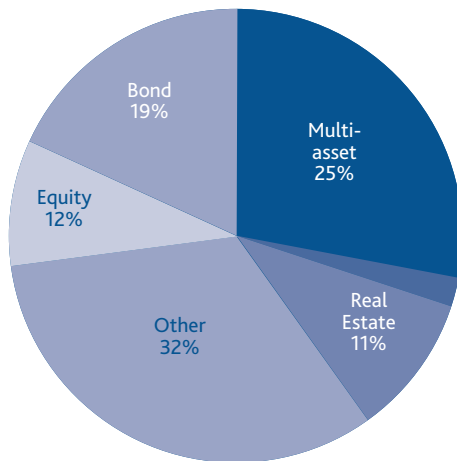


Chart 7. Asset Allocation by AIF type



The asset allocation of AIF funds remained stable except for real estate funds, whose share increased from 10% to 11% at end 2016. Net assets of AIF multi-asset funds represented 25% of the total AIF market, followed by bond (19%), equity (12%) and money market funds (2%). The asset allocation of other funds remained steady at 32%.

AIF funds enjoyed strong net sales of €184 billion in 2016. This represented the largest net inflows into AIF funds to date, even larger than the net sales of long-term UCITS. AIF institutional funds, an "of which" category of AIF funds, attracted €138 billion in net sales in 2016. *See chart 7*

All categories of AIF funds recorded positive net inflows in 2016, but multi-asset funds were the clear winners among the mainstream asset classes with net sales of €64 billion in 2016. Real estate funds (€18 billion), bond funds (€14 billion), and equity funds (€10 billion) followed in this ranking. AIF money market funds registered net sales of €1 billion, and other AIF funds attracted €76 billion in net sales in 2016.

Trends across Europe

UCITS assets in Europe enjoyed growth of 5.5% in 2016, with all but six countries experiencing net asset growth. Amongst the largest domiciles of UCITS, Ireland recorded the largest net asset growth in 2016 (9%), followed by Germany (6%), Luxembourg (6%), France (4%) and the UK, which suffered net asset decreases of 0.4%. Elsewhere in Europe, large UCITS net asset growth was seen in Cyprus (80%), Hungary (41%), Croatia (34%), Bulgaria (29%), Norway (15%), the Czech Republic (14%), the Netherlands (12%), and Finland (10%). Net assets of AIF funds grew by 7%, reflecting the large net sales that this category of funds enjoyed in 2016. Amongst the five largest domiciles in the AIF industry, Ireland recorded the largest increase in AIF assets at end 2016 (12%), followed by Germany (10%), Netherlands (9%), France (7%) and Luxembourg (5%). Elsewhere in Europe, large increases in net assets of AIF funds was registered in Switzerland (9%), Spain (9%), Finland (8%), Liechtenstein (7%) and Denmark (5%). Although small markets, strong growth was also recorded in Bulgaria (218%) and the Czech Republic (105%). Luxembourg is the largest domicile in terms of total funds (i.e. UCITS and AIF), with €3,701 billion in investments and a market share of 26 percent at end 2016. Ireland (€2,085 billion; 15%), Germany (€1,886 billion; 13%), France (€1,784 billion; 13%), and the United Kingdom (€1,466 billion, 10%) follow in this ranking.

The large majority of countries registered net inflows into UCITS funds in 2016, with Ireland and Luxembourg capturing the largest share, €117 billion and €73 billion, respectively. France registered €28 billion in net sales, followed by Switzerland (€14 billion), Germany (€13 billion) and Italy (€9 billion). Seven countries suffered net outflows in 2016, albeit relatively small: the Netherlands (€3 billion), Austria (€1 billion), Liechtenstein (€1 billion), Poland (€1 billion), Malta (€0.5 billion), Portugal (€0.4 billion) and Greece (€0.3 billion).

Net Assets of Nationally Domiciled UCITS and AIF

(€ million, at end of 2016)

Members	UCITS ASSETS	% CHANGE ¹	AIF ASSETS	% CHANGE ¹	TOTAL ASSETS	% CHANGE
Austria	80,301	1.4%	93,497	5.0%	173,789	3.3%
Belgium	78,823	1.6%	48,106	-3.3%	126,929	-0.3%
Bulgaria	523	28.5%	8	218.1%	531	29.7%
Croatia	2,439	34.5%	385	-19.0%	2,824	23.4%
Cyprus	108	80.0%	2,069	-10.4%	2,177	-8.1%
Czech Republic	8,554	14.1%	657	104.5%	9,211	17.8%
Denmark	117,455	8.9%	158,514	5.2%	275,968	6.7%
Finland	86,180	9.6%	20,215	7.5%	106,395	9.2%
France	795,696	4.3%	988,134	7.4%	1,783,830	6.0%
Germany	328,484	6.0%	1,557,453	9.7%	1,885,937	9.1%
Greece	4,347	-1.7%	2,743	3.3%	7,090	0.2%
Hungary	667	41.4%	18,065	2.4%	18,732	3.5%
Ireland	1,578,920	9.1%	505,828	11.9%	2,084,748	9.8%
Italy	234,214	3.6%	63,490	-2.3%	297,704	2.3%
Liechtenstein	26,445	2.7%	17,658	6.5%	44,103	4.2%
Luxembourg	3,116,104	5.7%	584,972	4.6%	3,701,076	5.6%
Malta	2,240	-18.2%	7,569	2.1%	9,810	-3.3%
Netherlands	38,294	12.0%	763,564	9.0%	801,858	9.1%
Norway	108,026	14.7%			108,026	14.7%
Poland	21,073	-3.2%	37,635	0.7%	58,709	-0.7%
Portugal	7,207	-4.9%	14,422	-7.4%	21,630	-6.6%
Romania	4,819	4.0%	4,181	-4.0%	9,001	0.1%
Slovakia	4,349	9.4%	1,538	-10.8%	5,887	3.3%
Slovenia	2,464	6.7%			2,464	6.7%
Spain	193,454	4.3%	75,059	8.9%	268,513	5.6%
Sweden	283,468	8.0%	20,407	-11.7%	303,874	6.4%
Switzerland ²	437,886	6.7%	99,885	9.4%	537,771	7.2%
Turkey ²	11,647	1.6%	15,620	-3.7%	27,267	-2.8%
United Kingdom	1,084,231	-0.4%	381,420	-3.7%	1,465,651	-1.3%
Europe	8,658,419	5.5%	5,483,096	7.0%	14,141,514	6.1%

¹ Net sales figure for Belgium is based on an estimation

² Funds domiciled in Turkey and Switzerland that fulfil the UCITS criteria are classified as UCITS in this report

In the AIF market, Germany captured by far the largest net sales (€98 billion) in 2016, reflecting the size of the German AIF market. Luxembourg attracted net sales of €26 billion, followed by Ireland (€23 billion), the Netherlands (€14 billion), and France (€14 billion). Spain closely followed with net sales of €10 billion. The largest net outflows, albeit small, were recorded in Denmark (€4.2 billion), Sweden (€0.8 billion) and Hungary (€0.6 billion). Ireland attracted the largest net sales of total investment funds in 2016 (€139 billion), followed by Germany (€111 billion), Luxembourg (€100 billion), France (€41 billion), and Switzerland (€17 billion).

Trends in Worldwide Investment Fund Assets

Worldwide investment fund assets under management increased 10% in 2016 to reach €41.3 trillion, with asset growth of 6.3% in Europe.

Worldwide investment fund assets under management increased 10% in 2016 to reach €41.3 trillion, with asset growth of 6.3% in Europe. Measured in U.S. dollars, worldwide investment fund net assets amounted to US\$43.5 trillion. Investment fund net assets in the United States rose 9.9% in 2016 when calculated in euro. However, on a U.S. dollar denominated basis, U.S. mutual funds registered a net asset increase of 6.5% on account of the appreciation of the dollar vis-à-vis the euro during the year. Calculated using national currency, Brazil posted strong growth of 17.8%, followed by Canada (9.9%), Australia (7.2%), and Japan (6.9%).

Worldwide investment funds registered net sales of €1,180 billion, down from €1,957 billion in 2015. Long term funds registered €1,117 billion in net sales, down from €1,590 billion in 2015. Money market funds registered net inflows of €62 billion, compared to €367 billion in 2015. Long-term funds in Europe attracted net sales of €345 billion during the year, compared to €319 billion in the United States.⁴ At the same time, money market funds recorded net inflows of €104 billion in Europe during 2016, compared to net outflows of €20 billion in the US. Overall, net inflows into Europe reached €449 billion, compared to €299 billion in the US. Europe and the US both registered weak net sales of equity funds (€5 billion and €34 billion, respectively). Bond funds attracted stronger net sales in the US (€248 billion) than in Europe (€130 billion), while European mixed-assets experienced greater demand (€102 billion) than in the US (€27 billion). Real estate and other funds accounted only for net sales of €10 billion in the US, compared to €108 billion in Europe.

Looking at the worldwide distribution of investment fund assets, the United States and Europe held the largest share in the world market at end 2016, with 48% and 33% respectively. Brazil, Australia, Japan, Canada, China, Rep. of Korea, India and South Africa follow in this ranking.

About CIFA

The Cyprus Investment Funds Association (CIFA) was established in February 2013 and registered as an Association in April of the same year, under the Associations and Foundations Law of 1972. The purpose and aspiration of CIFA is to become the collective voice and the reference point for all professionals and legal entities offering services or who are engaged in the investment funds industry in Cyprus. The Board of CIFA is comprised of highly reputable professionals experienced in all aspects of the industry, including fund management, advisory, banking, auditing and legal services. CIFA now has 225 members from more than 100 leading companies in Cyprus.



Technical Expertise

To better fulfil its mandate, and to best utilise the valuable expertise of its members, CIFA has established 13 Technical Committees comprising of experienced industry professionals, which follow relevant developments at local and international level, analyse and discuss implications, challenges and opportunities and recommend best policy options and course of action, that will allow Cyprus to remain at the forefront of related issues internationally, while continuously expanding and updating its product to meet market needs.



Strong Cooperation

CIFA has a strong working relationship with Cyprus' investment promotion agency, Invest Cyprus, which first took the initiative for the establishment of CIFA as a natural development of the progress made thus far in promoting Cyprus as a competitive investment funds jurisdiction. In extending its local network, CIFA has established close cooperation with the competent regulatory authorities, the Ministry of Finance, as well as the relevant industry associations and professional bodies. At an international level, CIFA is taking all the necessary steps to become a national member of widely recognised and respected international bodies.



European Fund and Asset Management Association (EFAMA)

An important milestone for CIFA in 2016 was the upgrade of its status to full membership of the National Association of the European Fund and Asset Management Association (EFAMA). The representative association of the European investment management industry had in its Annual General Meeting on 17 June 2016, where it gave formal membership to CIFA after the completion of a two-year observer status. CIFA is actively involved in EFAMA's Board of Directors' meetings and will host the AGM of EFAMA in June 2018 in Cyprus.

International Capital Markets Association (ICMA)

CIFA became an Associate Member to the International Capital Markets Association (ICMA) in December 2016. ICMA is the leading international association, committed to serving the needs of its wide range of members representing both the buy side and sell side of the Capital Markets industry. Its membership includes issuers, intermediaries, investors and capital market infrastructure providers. ICMA currently has more than 530 members located in over 60 countries worldwide.

The Chartered Institute for Securities & Investment (CISI)

CIFA signed a Memorandum of Understanding with The Chartered Institute for Securities & Investment (CISI) in November 2017. CISI is the leading professional body for securities, investment, wealth and financial planning professionals.





Provide support to CIFA members

CIFA's Technical Committees analyse and discuss implications, challenges and opportunities presented by developments at both a local and international level. Related guidance papers are issued to act as sources of reference to market participants.

Promote the Cyprus investment fund industry

CIFA's ultimate goal is to promote the Cyprus investment fund industry. This is done locally by representing the industry in economic missions organised by the government and regulatory authority, by hosting fund conferences, events and seminars, and by interacting with the media. Internationally this is achieved by promoting awareness through its involvement with industry associations and participation in industry conferences.

Encourage high industry standards and professionalism

CIFA encourages professionalism, quality and integrity in the services offered by market participants by promoting the protection of investors, advocating adherence to high ethical standards, transparency and good corporate governance. CIFA also provides relevant training in order to further support the industry's growth and the development of best practices.



Our Mission


Engage in the development of related regulation

CIFA monitors developments in the global industry and works closely with the government and regulatory authority in shaping regulation, both when required in light of regulatory developments at a European level, as well as when needed to develop new products and services in order to remain competitive.



Our Goals

CIFA's goal is to capitalise on what has already been achieved and to continue developing Cyprus as a competitive international fund jurisdiction. A goal of utmost importance is to streamline procedures and to further enhance our legal and regulatory framework with the introduction of the Registered Alternative Investment Fund (Registered AIF) regime, and to ensure it is passed by Parliament in the coming months. Having CIFA's Mission and Constitutional Objectives as the key guidelines, the Board and Technical Committees are expected to also intensify their efforts and initiatives to meet the following goals:



- ▶ Strengthen the competitiveness of Cyprus by efficiently developing and promoting the funds sector

- ▶ Increasing the number of CIFA members

- ▶ Members capacity building and professional development by organising seminars and training events to cater to the needs of our members in the face of international and local developments

- ▶ Cooperation and consultation with supervisory and licensing authorities to establish an efficient system for implementing the envisaged new legal framework

- ▶ Planning and organising more targeted promotional activities, including international events in selected financial centres, as well as promoting Cyprus' new funds regime through various communication activities and strategies

Board of Directors

Executive Committee

Left: Angelos Gregoriades, President
Middle: Andreas Yiasemides, Vice President
Right: Marios Tannousis, Board Secretary



Board Members

Left: Christoforos Antoniadis
Middle: Andreas Athinodorou
Right: Costas Argyrides



Board Members

Left: Charalambos Fokas
Middle: Omiros Pissarides
Right: Constantinos Papanastasiou, Treasurer



Board Members

Left: Savvas Pentaris
Middle: Marios Pilavakis
Right: George Rologis



Board Members

Left: Demetris Taxitaris
Middle: Nicolas Tantis
Right: Panikos Teklos





Activities

Developing the Fund Industry

Throughout 2017, the CIFA Board of Directors has been working in close cooperation with the Technical Committees to fulfil a number of priority objectives, starting from the strengthening of the membership base to raise CIFA's profile at both an international and national level, by providing quality information and training to its members and enhancing professional standards. One of the most important objectives is the initiative undertaken to formulate and implement a well-designed strategy for the development and promotion of the funds sector and the enhancement of the attractiveness of Cyprus as a jurisdiction of choice for investment funds and international fund managers.

Project for the Development of the Funds Sector

The inclusion of the funds sector in the National Action Plan for Growth demonstrates the attention paid by the Cyprus Government to the recommendations and proposals submitted by CIFA. It is also the outcome of a well-prepared and presented case for the potential benefits of investment funds to the development of the Cyprus economy in general. In accordance with this Action Plan, and in close cooperation with competent public authorities and the support of prominent stakeholders from the private sector, the CIFA Board initiated a project aiming first at defining the strategy for building a strong funds sector in Cyprus. In this respect, CIFA concluded an agreement with the international law firm King & Wood Mallesons (KWM). According to the Action Plan, based on the defined strategy, a study of current legislation and relevant regulatory and legal framework was performed with a view to introduce improvements in line with international best practice. The recommendations of the study have been translated into legislative proposals in cooperation with local legal experts covering investment funds and fund managers, tax and Company Law. In parallel to the enactment of the above legislation, CIFA is also updating financial institutions on the investment funds sector and its prospects. Upon enactment of the legislation, CIFA is planning to embark on an intense promotional activity in close coordination and cooperation with industry stakeholders by organising global events in selected international financial centres and in Cyprus.

CIFA Website and Quarterly Newsletter

CIFA's website and newsletter were initiated in 2013, providing a platform of information to CIFA members and the funds industry in general, as well as an insight into legal and technical issues and developments in the funds sector. These are important tools in establishing a direct channel of communication with members and other persons engaged in relevant activities, as well as making CIFA known to a broader audience. The newsletter, issued on a quarterly basis, contains valuable contributions on a wide variety of subjects by CIFA members, government officials and the supervisory authority. Since September 2013, when the first newsletter was released, 15 issues have been published and distributed. They are also posted on the CIFA website.



Communication Activities

To increase international awareness about Cyprus' growing investment funds sector and to gain greater exposure for CIFA and its members, the Association has been communicating its message through editorial contributions and interviews in a number of local and international channels, including:

► **CIFA Investment Funds Guide:**

The 2017 edition of CIFA's Investment Funds Guide was published in October 2017 in cooperation with CountryProfiler. The official publication provides international readers with an in-depth look at Cyprus investment funds and introduces key contacts within the sector. The 64-page Guide includes topics such as: Cyprus Fund Domicile Statistics; Introduction to the Cyprus Securities and Exchange Commission; Funds Sector Profile; Cyprus AIFs and UCITS; Passporting; Fund Hosting; Redomiciliation of Foreign Entities; Listing on the Cyprus Stock Exchange; Taxation; and a business directory of key players in the Cyprus funds industry.

The Guide is available in hard copy and as a download from CIFA's website as well as on CountryProfiler's online business and investment portal – CyprusProfile.com. Printed copies of the Guide are distributed at all events attended by CIFA. An updated version of the Guide will be published as soon as the upgraded legislation has been approved by Parliament.



► **Cyprus Country Report (March 2017):**

CountryProfiler's annual Cyprus Country Report is read by a high-calibre international audience of senior executives and professional advisors. The 160-page publication includes articles about Cyprus' economy, foreign direct investment and detailed sector profiles including investment funds, as well as cutting-edge insights from some of Cyprus' most influential political, economic and business leaders shaping the future of their country and its industries.



► **EFAMA Fact Book 2017 (May 2017):**

EFAMA's annual Fact Book offers comprehensive information on recent trends in the European investment fund industry and analyses a number of issues that are at the centre of the future development of the industry. Important trends relate to recent developments in the investment fund markets in and outside Europe, to the growth perspectives of the industry, the role of investment funds in pension provision, ownership of investment funds and much more. The Fact Book also includes reports on the investment fund market in 29 European EFAMA member countries, including Cyprus, as well as a statistical section presenting historical data and assets under management of the largest European managers.

► **HFM – Cyprus Report (June 2017):**

HFM WEEK, a leading source of hedge fund news, analysis and commentary covering compliance, technology, operations, investor relations and strategy, published a 28-page report on Cyprus in June 2017. The report covered the growth of the Cyprus funds industry and the challenges the sector faces along with the benefits of launching funds in Cyprus, the country's advantageous tax system, the administration and implementation of alternative funds in Cyprus and why the island makes for a choice AIFM hub.



► **CyprusProfile.com:**

CIFA's participation on CountryProfiler's business and investment portal for Cyprus has enabled the Association to increase local and international awareness about developments in the country's fund sector. CyprusProfile.com includes in-depth sector profiles on the country's key sectors, including investment funds, as well as sector-related articles, interviews, insights and publications. The 2017 Investment Funds Guide is available for download from CyprusProfile.com.

► **Local and International Media Coverage:**

CIFA, and its event participation over the course of the year, has also been covered by various international and local media, such as, but not limited to, Hedgeweek, Funds Europe Journal, HFM WEEK, Private Equity, International Investment, Sigmalive, Stock Watch, Phileleftheros, Kathimerini, Cyprus Mail, CyprusProfile.com, Gold News, Capital Today and Financial Mirror.





Events

Cyprus Investment Funds Association (CIFA) was well represented at a number of events during 2017, both in Cyprus and abroad, to promote the Cyprus investment funds sector. The events provided an important occasion to raise the international profile of both the Association and the funds industry in Cyprus, and offered valuable networking and professional development opportunities to its members and industry stakeholders.

EFAMA Board of Directors Meetings Brussels, Belgium

CIPA participates in the European Fund and Asset Management Association (EFAMA) Board meetings on a regular basis where important issues are discussed and decisions taken.



7th Annual Fund Marketing and Distribution Forum

London, United Kingdom

January 2017

CIFA participated at the 7th Annual Fund Marketing and Distribution Forum in January 2017 which offered insights from asset managers, national financial regulators, national fund associations and fund distributors. Attendees were updated on fund flows and sales trends, cross-border distribution, the role of Robo-advice, developments in the framework of fund distribution and much more. Key sessions included: European Regulatory Update; Fund flows and sales trends in Europe, Asia and Latin America; The rise of non-bank lending; An update on the progress of PRIIPs; The rise of the Super ManCo; Private placement in a post-Brexit landscape; The growth of the passive market; UCITS: the challenge of gaining new markets; and Opportunities in China's financial market liberalisation.

SuperReturn International Fund Forum

Berlin, Germany

February 2017

The SuperReturn International Fund Forum is the world's largest private equity and venture capital event. The event is the flagship of Fund Forums in Europe with more than 2,200 participants from across the world who come mainly from the Private Equity and Venture Capital fields. Invest Cyprus was an associate sponsor with a special panel session on Cyprus as an emerging jurisdiction for investment funds. Cyprus was promoted as an attractive investment destination for the domiciliation and management of investment funds as well as an investment destination to General Partners and Limited Partners of funds and other investment fund professionals. CIFA members of the Board as well as the Vice-Chairman of CySEC took part on a panel session on Cyprus and presented the advantages of Cyprus as a funds jurisdiction.



Capital Link Invest in Cyprus Forum

New York, USA

March 2017

The Forum was organised by Capital Link, a leading international investor relations firm with offices in New York, London and Athens. The Forum took place on March 22, 2017 at the Metropolitan Club in New York City and was attended by more than 300 guests including senior executives of US and international companies active in the region. Participation was by invitation only. The conference featured presentations by political and business leaders, including President Anastasiades, Minister of Finance Mr Harris Georgiades, Minister of Energy, Commerce, and Industry & Tourism Mr Yiorgos Lakkotrypīs, Minister of Transport, Communications and Works Mr Marios Demetriades and CEOs of major Cypriot organisations. The aim of the Forum was to raise awareness of Cyprus as an investment and business destination among the US investment, financial and business communities. It showcased the increasing importance of Cyprus as a regional maritime, logistics, energy and operational hub and highlighted investment and business opportunities in these areas as well as in financial services, IT and tourism. CIFA board members took part in a panel that promoted the Cyprus fund industry.



EBRD Global Annual Meeting

Nicosia, Cyprus

May 2017

For the first time, the European Bank for Reconstruction and Development's annual meeting was held in Cyprus. The meeting provided an important opportunity for Cyprus to showcase the country's opportunities to potential investors from EBRD's 67 shareholder countries. The event, which rotates among the 36

countries in which EBRD invests, attracted 2,000 attendees to Cyprus. During the Cyprus session, Peter De Proft, Director General of the European Fund and Asset Management Association (EFAMA) stressed the importance of promoting the investment fund sector and commended the efforts and achievements being made by the Cyprus Investment Funds Association (CIFA) as a member of EFAMA. Mr Peter De Proft also announced that EFAMA's annual meeting for 2018 will be held in Cyprus.

BEST INVEST: Cyprus Investment Conference & Exhibition

Limassol, Cyprus

May 2017

BEST INVEST Conference is a practitioner-oriented networking event for those who work in finance and investments. Ministers, leaders of professional associations and organisations shared their opinions, valuable information and future plans. The Conference was held at the Four Seasons Hotel in Limassol on 15th of May 2017 and included presentations by 22 speakers including; Mr Constantinos Petrides, Minister of Interior; Mr Marios Demetriades, Minister of Transport, Communications and Works; Mr Demetris Syllouris, President of the House of Representatives; and Mr Angelos Gregoriades, President of the Cyprus Investment Fund Association (CIFA).

XIV CIS and Baltic States Bond Congress

Limassol, Cyprus

June 2017

The CIS and Baltic States Bond Congress is the largest regional conference on fixed income markets. It gathers about 200 representatives of financial institutions every year to discuss key trends in local bond market development in Russia, Ukraine, the CIS and Caucasus, as well as the EM Eurobond market. The Congress participant list includes representatives of banks, leading investment companies, issuers and infrastructure organisations from Russia, the CIS and Caucasus, Baltic states, and Europe. The Congress was attended by CIFA representatives and the Chairman of CIFA, Mr Angelos Gregoriades delivered a presentation on the Cyprus Fund Industry.

Cyprus Business Forum in Beirut

Beirut, Lebanon

June 2017

Within the framework of President Anastasiades' visit to Lebanon between 13-15 June 2017, the Cyprus Chamber of Commerce and Industry, the Ministry of Energy, Commerce, Industry and Tourism and Invest Cyprus organised in cooperation with the Cyprus-Lebanon Business Association, a Business Delegation and Forum in Beirut. The aim of the event was the broad promotion of business relations between the business communities of the two countries. CIFA Vice-Chairman, Mr Andreas Yiasemides, made a presentation about Cyprus' investment fund sector.

Bloomberg/Invest Cyprus: Cyprus: A growing financial centre in the EU

London, United Kingdom

July 2017

Investors showed a keen interest in an event organised in London by Invest Cyprus and international news agency Bloomberg to present the investment opportunities Cyprus has to offer in the financial services, shipping, energy, information technology and innovation sectors. The event took place at Bloomberg's headquarters, in the presence of the Minister of Finance, Mr Harris

Georgiades, as well as other prominent representatives of the Cyprus and United Kingdom business community. Under the general title "Cyprus: A growing financial centre in the EU", the event hosted speakers from relevant sectors and representatives of the State, including Mr Constantinos Herodotou, Executive Director and member of the Board Directors of the Central Bank, Mrs Demetra Kalogerou, Chairwoman of the Cyprus Securities and Exchange Commission. Members of the Board of Directors of CIFA participated on a panel discussion on Cyprus as an attractive funds jurisdiction. Other key speakers at the event included the CEOs of the three largest Cypriot banks and of international companies in the shipping, energy and technology fields that operate in Cyprus, as well as representatives of the biggest audit firms.

3rd International Funds Summit

Limassol, Cyprus

October 2017

The Summit was organised by the Cyprus Investment Funds Association (CIFA) and IMH, supported by EFAMA as well as International Capital Market Association (ICMA) and Invest Cyprus, and took place under the patronage of the President of the Republic. This three-day event took place from 29-31 October 2017 at the GrandResort Hotel in Limassol, Cyprus. The Summit welcomed leading fund managers and administration specialists to evaluate the changing competitive landscape in the asset management services sector while collectively addressing international standardisation, regulatory and legal compliance criteria and challenges.



The Summit was attended by 450+ investment professionals and asset managers from Europe, the Middle East, North Africa, Asia, Russia and the USA. The event comprised of 37 industry professional speakers who made presentations on topics such as: Regulatory developments in Europe; Regulation, compliance and fund administration issues; Financial technology; Fundraising, asset management and asset allocation megatrends; Bridging the gap between Europe, Africa and Asia; and Learning from Europe's leading award-winning pension funds.



Cyprus – Hong Kong Business and Investment Forum

Hong Kong, China

November 2017

The Cyprus Chamber of Commerce and Industry and the Cyprus-China Business Association, in cooperation with the Ministry of Energy, Commerce, Industry and Tourism, organised the Hong Kong seminar with the sole purpose of promoting Cyprus as an International Business and Services Centre. CIFA Vice-Chairman, Mr Andreas Yiasemides, made a presentation entitled "Funds: A well-regulated financial product".



The Economist: 13th Annual Cyprus Summit entitled "Europe on the move – Cyprus in the fast lane?"

Nicosia, Cyprus

November 2017

The Summit was chaired by John Peet, Political Editor of The Economist and featured presentations by political and business leaders, including Enrico Letta, former PM of Italy, John Bruton, former PM of Ireland, Jeremy Browne, Special Representative for the City of London, John Negroponte, former US Deputy Secretary of State, President of Cyprus, Nicos Anastasiades, Minister of Finance, Mr Harris Georgiades, Minister of Energy, Commerce, Industry & Tourism Mr Yiorgos Lakkotrypis, Minister of Transport, Communications and Works, Mr Marios Demetriades, Minister of Interior, Mr Constantinos Petrides, Mr Peter Sanfey – Deputy Director for Country Economics and Policy EBRD and CEOs of major international and Cypriot organisations. Mr Andreas Yiasemides, the Vice-Chairman of CIFA's BoD, participated in the panel discussion with the title "An update on the Cypriot Banking Sector" and delivered a presentation on the fund industry.

FundForum Middle East & Africa

Dubai, United Arab Emirates

November 2017

FundForum Middle East & Africa is part of the FundForum Series, one of the world's leading asset management events. CIFA, in collaboration with Invest Cyprus, participated in the Forum promoting Cyprus as an attractive jurisdiction for the domiciliation and management of investment funds. The Forum brought an institutional flavour to the program, looking at topics such as global asset allocation, winning institutional mandates and the needs of individual groups such as family offices. It also covered themes crucial to the retail part of the market, such as distribution, the changing needs of the HNWI and product development. The event hosted key stakeholders in the Middle Eastern asset management community, family offices, insurance companies, wealth management platforms, institutional investors, heads of asset management businesses, portfolio managers and strategists. The Cyprus delegation participated in a panel discussion on Cyprus' benefits as a funds jurisdiction and an attractive investment location. The Chairman of CIFA, Mr Angelos Gregoriades, chaired the session while the Vice-Chairman of CySEC, Mr Andreas Andreou covered the regulatory developments in Cyprus. The delegation in collaboration with the Cyprus Trade Centre in Dubai distributed marketing material to the participants and provided information through a promotional booth.

FundForum
Middle East
& Africa

Business Direction: Cyprus

London, United Kingdom

November 2017

The aim of the conference was to promote Cyprus as a centre for financial and legal services, ship management and property investment. The event provided an opportunity to solicitors, accountants, bankers, economists, as well as property developers and estate agents to present their services and projects. Board Members of CIFA took part in a panel discussion on Asset and Fund Management and the benefits of the Cyprus Funds Platform.

EFAMA Investment Management Forum 2017

Brussels, Belgium

November 2017

CIFA participated in EFAMA's 2017 Investment Management Forum which explored the implications that Brexit is likely to have on asset managers and their investors. And beyond the horizon of Brexit, agendas continue to be dedicated to the EU but also to the global regulatory debates that govern and drive the business model of asset managers. Whatever the shape and pace of political events, the industry continues to support and contribute to the CMU project, to the PEPP project, to planned next steps to make the fund industry thrive, to sustainable finance and Fintech. The EFAMA Investment Management Forum was an occasion for the industry, policymakers and regulators to continue the open dialogue from a European and global perspective.

Cyprus – Israel Business and Investment Forum

Tel Aviv, Israel


December 2017

Members of CIFA's Board of Directors participated in a Business Delegation and Forum in Tel Aviv, Israel on 4th December 2017. The Forum was organised by the Cyprus Chamber of Commerce and Industry and the Ministry of Energy, Commerce, Industry & Tourism in cooperation with the Cyprus-Israel Business Association and OEB. The aim of the Forum was the broad promotion of business relations between the business communities of Cyprus and Israel. The presentations included Cyprus as a business and finance centre, large scale projects and the country's developing investment funds sector.



Technical Committees

To fulfil its mandate and to best utilise the valuable expertise of its members, CIFA has established 13 Technical Committees comprising of experienced industry professionals. The Committees follow relevant developments at local and international level, analyse and discuss implications, challenges and opportunities and recommend best policy options and course of action, to allow Cyprus to remain at the forefront of related issues internationally, while continuously expanding and updating its product to meet market needs.

- 
- ▶ AIF Committee
 - ▶ AML Committee
 - ▶ Ethics and Risk Management Committee
 - ▶ Fintech Committee
 - ▶ Fund Administration and Custodian Services Committee
 - ▶ Funds Distribution Committee
 - ▶ Fund and Asset Management Committee
 - ▶ Legal and Regulatory Committee
 - ▶ Statistics and Fund Research Committee
 - ▶ Taxation Committee
 - ▶ Training and Human Resource Committee
 - ▶ UCITS Committee
 - ▶ Wealth Management Committee

Technical Committee Summary Reports

AIF Committee

Committee Chairman: Christos Vasiliou

The Committee had five meetings: 18 May 2017, 22 June 2017, 13 July 2017, 14 September 2017 and 9 November 2017. During the period under review the Committee had 10 members. Members of the board of the association attended meetings held when necessary to provide an update on important issues. Furthermore, representatives from the Cyprus Securities and Exchange Commission ("CySEC") were invited to participate at the meeting held on 9 November 2017. Main matters discussed during the period:

Legal framework update and amendments: The Committee extensively discussed the legal framework and changes to be made throughout the period. More specifically, during the meetings, views were exchanged with CySEC representatives on matters that had to do with clarifications on articles of the drafted law, suggestions for amendments in the wording of articles and comments on the consultation paper issued. Most significant legislation matters discussed during the period included:

- Registered funds
- Limited liability partnerships
- 'Mini Managers' law
- The Legal Ring Fencing of Assets and Liabilities

Application process for funds: Views were exchanged with CySEC representatives on matters that had to do with clarifications on articles of the drafted law, while the Committee also raised their concerns as to the delays in the enactment of the drafted laws and the delays in the review of applications for new AIFs.

Monitoring of the new developments in the Fund Industry: The Committee is currently reviewing the product offering of Cyprus and comparing it with other European fund jurisdictions with the aim to provide recommendations for further improvements while at the same time monitoring the impact of any significant new developments at the European and international level for the interest of the local industry. Countries that are being closely monitored are Malta, Ireland and Luxembourg. The report on the relevant comparison will be ready for consideration by the Board of CIFA at the beginning of 2018.

Citizenship Scheme: The Committee briefly discussed the citizenship scheme and its current and future status with respect to the fund industry. The conclusion made was that we are still facing significant issues. It was agreed that we will follow this matter during the upcoming meetings.

AML Committee

Committee Chairman: Ioannis Demetriades

The Committee was set up in early 2017, and meets every couple of months. It has held 4 meetings in 2017.

The members of the Committee have:

- Reviewed the existing CySEC and Central Bank AML Directives
- Held meetings with various fund services providers and three banks, and analysed/discussed the AML issues that they face
- Prepared a first draft of the CIFA AML guidelines. These are currently under discussion amongst the members of our Committee

We expect that by the end of 2017, Cyprus will have amended its AML laws in order to comply with the 4th EU AML Directive. The provisions, relevant to funds, of the new AML law will have to be incorporated into the draft AML guidelines.

We hope that we will have our final draft AML guidelines early next year, and will then hold further meetings with fund service providers and banks before seeking meetings with CySEC and the Central Bank.





Ethics and Risk Management Committee

Committee Chairman: Andreas Theophanous

The Committee is primarily focused on monitoring developments in the areas of ethics and risk management, with an aim to translate these into best practice recommendations for our members and the industry as a whole. In this respect, during the year under review, we have reviewed and assessed new and amended laws and directives affecting the scope and terms of reference of the committee. At the same time, we kept abreast with developments in the field at global level and their impact to the industry, utilising information from EFAMA and other relevant sources. Looking ahead to the next year, the Committee will continue monitoring developments in its area and is also aiming to enhance its relationship with regulatory authorities, and organise relevant conferences and other training sessions and material, to support the needs of service providers and businesses involved in the sector.

FinTech Committee

Committee Chairman: Antonis Houry

Recognising the importance of technology in the world of finance, CIFA established the Financial Technology (FinTech) Committee aiming to identify how new technologies can influence and empower the funds industry.

The scope of the FinTech Committee is to monitor developments in the financial technology industry, identify major trends and technologies that can be utilised in the investment funds industry and recommend and assist CIFA in the adoption of new technology and standards that can facilitate the growth of the investment funds industry in Cyprus.

Since its establishment, the Committee met on a regular basis and reviewed a number of technological developments and their implications in the investment funds industry. Special attention was given to the adoption of new technology standards by investment funds and the impact of new technology in the funds industry. Particular emphasis was given to Regulatory Technology (RegTech), the technology created to address regulatory challenges in the financial services sector. The Committee held meetings and discussions with Cyprus Securities and Exchange Commission (CySEC)

representatives and exchanged views and ideas on ways of promoting RegTech in the Cyprus funds industry for monitoring and supervision, Know Your Client (KYC) and Anti Money Laundering (AML) purposes.

Going forward, the Committee aims to continue monitoring the trends of new technologies and suggest recommendations as to the necessary changes that need to be adopted by the fund industry.

Fund Administration and Custodian Services Committee

Committee Chairman: Andreas Athinodorou

The Committee commenced its workings under the new Chairman in September 2017 and meets every first Tuesday of the month. The objectives of the Committee are to be re-stated in the light of the upcoming legislations relating to the funds industry but the focus will remain on the following:

- Support the CIFA Board of Directors on issues relating to the Fund Administration Services and Custody Services
- Liaise with other Industry bodies such as CySEC, Central Bank, ICPAC, ROC etc on matters relating to the services covered by the Committee
- Liaise with other Committees of CIFA to cover areas of Legislation, Regulations, Training, Strategy and Development, Technology, Taxation and other matters
- Provide support to CIFA Members that operate in the areas of services covered by the Committee
- Engage with international parties that relate to the areas of services covered by the Committee



In order to better service the objectives, two Vice Chairmen were appointed – one with a focus on Fund Administration Services and the other with a focus on Custody Services. A committee secretary was appointed to support all the proceedings. Further, the proceedings of the Committee are to be focused under the following main headings to allow for members to apply their skills and experience in a more focused way:

- Strategy and Commercial issues
- Law, Regulation and Compliance
- Communication and Education
- Taxation
- Government Agencies

The five related legislations that the committee is reviewing are the following:

- AIF Law
- Fund Administration Services Law
- Mini Manager Law
- Tax Law
- Partnership and Company Law

The Committee is working very closely with the CIFA Board of Directors and other industry bodies to ensure that the Fund Administration Services profession is properly regulated through an effective law that is implemented soon.

Funds Distribution Committee

Committee Chairman: Kevin Mudd

In essence the role of our Committee is to promote Cyprus as a fund distribution platform. Broadly we define this as attracting distributors, funds and fund managers to operate from Cyprus. Our remit further directs us to undertake our activities in CIS and Gulf/MENA.

In our preliminary discussions we felt that marketing tours to these various countries, addressing ourselves to the regulators, regulated trade associations, accountants and auditors, lawyers and fund managers would be the way forward. We need to decide between us whether this should take place via small or large audiences and to organise mailshots, media campaigns etc; we need to decide what collateral we may need presentations, videos, and we need to decide between us whether we have sufficient case studies and success stories that we can access and utilise.

We have discussed this initiative with CIFA who support the initiative provided that it is self-funded. CIFA will assist with contacts they have, including contacts from previous CIFA initiatives. CIFA also suggested addressing other committee members for contacts. CIFA is happy to supply collateral material for the trip and general guidance.

Scheduled Q1/Q2 2018: Following the enactment of the final phase of legislation due this year, the members will meet again before the AGM to ensure each can obtain the sponsorship of their company for this initiative or whether we need to rethink our plans or seek alternate members.

We will prepare a short promotional video of people's experience in Cyprus, compiling the unique selling points of Cyprus in this industry together with interviews of CySEC Chairman and CIFA President and Vice President. The first draft is currently underway and the final result should be ready soon. CIFA have agreed to sponsor this initiative, as it can be used at CIFA events such as the 2018 Investment Summit, CIFA website and on member's websites.



Fund and Asset Management Committee

Committee Chairman: Panikos G. Teklos

The main objective of the Fund and Asset Management technical committee is the support, development and growth of the Fund and Asset Management industry in Cyprus. Based on the global and European Investment Fund assets under management statistics, Global AUMs on Investment Funds as at September 2017 stand at approximately US\$45 trillion and European Investment Funds make for approximately €14 trillion. At the same time Emerging Fund Managers have been growing at more than 3% CAGR for the last six years. Such statistics, in conjunction with the level of interest seen by the existing and pending Fund Management licenses make for a very positive outlook on the future of the Cyprus Fund and Asset Management industry.

In order to achieve its main objective, the Committee has set a dynamic roadmap that it aims to update on a regular basis taking into account geopolitical and economic developments, the industry evolution and the international regulatory environment. This roadmap involves the following initiatives:

- A Gap analysis to identify the opportunities and development points between Cyprus and other well-known and established Fund and Asset Management jurisdictions.
- Focus on how to promote Cyprus as a Fund hosting centre where AIFMs and UCITS Management Companies setup fully fledged substance to accommodate and service EU and Non-EU funds.
- Establish a channel of communication and regular

dialogue with the national competent authority CySEC, the Ministry of Finance and market participants, making suggestions for the industry's improvement and development. A practical Q&A guide addressing specific issues that are important to fund managers and handbooks to be prepared in collaboration with CySEC in order to facilitate a speedy and efficient licensing process.

- Adoption of a long-term strategy, based on the mantra of "Identify-Build-Promote". Focus on the further development of the local market whilst working on the growth of attracting participants from abroad
 - Collaboration with the Tax Committee in order to discuss the introduction of local-tax incentive schemes so that Cypriot investors become incentivised to be more actively involved in investing in investment funds and therefore provide incentives for the establishment of more local and foreign fund managers
 - Collaboration with the FinTech Committee in a joint effort to stay abreast and make use of the technology and digital revolution of the industry in order to minimise costs, maximise economies of scale and remain compliant with ever increasing regulatory requirements
 - Arrange meetings with industry participants (fund managers) in order to get their feedback for the problems they face, and hear their suggestions how to resolve them
 - Collaboration with the Statistics Committee, CySEC and the Central Bank of Cyprus to collate official data identifying the size and the structure of the industry
 - Publish relevant industry articles.
- The Committee aims to meet every two months or on an ad hoc basis should the circumstances require it



Legal and Regulatory Committee

Committee Chairman: Michalis Ioannides

The Committee monitors and shares all legal and regulatory developments impacting the local and the European fund industry through four Working Groups focusing, in particular, on the following:

- Fund Comparative Law Working Group
- EU Development Regulation Working Group
- Cyprus Regulation Working Group
- Publications Working Group

The Committee completed two official sessions, on 20 June 2017 and 13 November 2017 and several working group meetings. During those sessions, the committee reviewed the process, legal framework and the amendments regarding the following proposed legislation:

- Amendment of Alternative Investment Funds Law
- Amendment of Companies Law, Cap 113
- Amendment of Partnership and Business Names Law
- New Fund Admin Services Law
- New Mini Manager Amendment

In particular, views were exchanged with CySEC and other stakeholders on the proposed amendments of the AIF law and the new Fund Administration Services Law, leading to suggestions for amendments in the legislation and a detailed review and amendments regarding the new Fund Administration Services Law. In October 2017, the President of the Committee had a series of official meetings with the industry and the government, including the Minister of Finance, to discuss the status of the proposed legislation. Currently the Committee is preparing accordingly, in order to represent CIFA during the parliamentary discussions regarding the proposed legislation.

In the future the Committee is committed to work together with CySEC in the publication of a Funds Rulebook, Q&A or practice notes and checklists. Last but not least, the Committee is preparing a detailed comparison of all legislation and amendments that affects the Cyprus fund industry.

Statistics and Research Committee

Committee Chairman: George Martides

Since its establishment, the CIFA Statistics and Fund Research Committee has been working diligently on the following:

- Establishing smooth and efficient channels of communication with the relevant regulatory authorities – specifically the Cyprus Securities and Exchange Commission and the Central Bank of Cyprus – so as to ensure the availability of data required for both internal reporting and reporting to EFAMA
- Collecting and analysing data on local UCITS and non-UCITS (the latter including AIFs, AIFLNs and CSE closed-ended listed funds)
- Publishing articles in local newspapers and online media highlighting industry statistics and activity

The most important achievements of our Committee during the last year were the inclusion of Cyprus in the EFAMA statistical databases and reports. This includes the monthly and quarterly statistical reports which track, among others, assets under management, net sales and number of funds by fund type. We have been working with EFAMA and submitting such information since September 2016.

In addition to the above, our work also included the preparation and submission of the Cyprus Country Report in May 2017 to EFAMA for inclusion in its upcoming Fact Book 2017. This is the third time that Cyprus is included as a funds jurisdiction in a global statistical publication dedicated to this sector, especially one being issued by such a highly reputable global association. The Cyprus Country Report included, among others:

- Statistics on assets under management, net sales and number of funds from 2012 through to year-end 2016 on the Cyprus funds industry
- A summary of the key regulatory as well as tax and VAT developments and how these might affect, either positively or negatively, the Cyprus funds industry (eg. AIFMD cross-border distribution rules, MiFID II/MiFIR transposition, ELTIFs, SFTR, Benchmarks Regulation, Shareholders' Right Directive, and Corporate Governance)
- An update of the activities of CIFA including domestic lobbying efforts, conferences / workshops, and publications



Taxation Committee

Committee Chairman: Neofytos Neofytou

The members of the Taxation Committee have met a number of times during the year in order to discuss the proposed changes in the Cypriot tax legislation in order to improve its attractiveness to investors and fund managers. There were meetings with officials of the Ministry and the Tax Department to discuss and finalise the proposed amendments, which were subsequently presented by the Ministry to the office of the Attorney General of Cyprus for the final check. This check has now been completed and it is expected that the relevant bills will be presented to the House of Representatives before the end of 2017.

The proposals include issues relating to Islamic funds and the taxation of 'carried interest' payments to fund managers.

The Taxation Committee is reviewing the current situation in the taxation systems of competing jurisdictions in the fund industry in order to recommend additional changes to the Cypriot tax rules so that the fund industry in Cyprus can become more competitive.

Training and Human Resource Committee

Committee Chairman: Charles Charalambous

The Training and Human Resource Committee provides industry training and relevant Continuous Professional Development (CPD) seminars to CIFA Members. It promotes the association's Code of Practice & Ethical Standards for Fund Managers and Risk Management Principles which are founded on ethics, knowledge and competency to its members and ensures members maintain adherence to these values.

The Committee's aim is to maintain a high level of competence within the fund industry locally, while benchmarking competency to its peers internationally. With this in mind, the Committee monitors and evaluates fellow international fund association modernised approaches in training practices and advises changes to the CIFA Board of Directors for implementation.

The Committee continues to support the efforts of the Cyprus Securities and Exchange Commission (CySEC) in the upkeep of ethics and integrity within the industry. In 2017, CIFA signed a Memorandum of Understanding (MOU) with The Chartered Institute for Securities and Investment (CISI) for collaboration in areas of Continuing Professional Development (CPD) courses and promotion of its examinations in Cyprus. In addition, the Committee supports the CIFA board and Cyprus' investment promotion agency Invest Cyprus in promoting Cyprus as a fund jurisdiction.

The Committee will be organising CPD events in 2018, in collaboration with the CISI and other institutions in the fields of Anti-Money Laundering (AML) and Fund Administration, Risk Management and other pertinent events in coordination with the Chartered Institute for Securities and Investment (CISI).

UCITS Committee

Committee Chairman: Zacharias Clerides

The main targets of the Committee are:

- Monitor the developments regarding UCITS Law and directives at the local, regional and international level. The Committee keeps track of the relevant legislation surrounding UCITS, and tries to influence as much as possible legislation with an aim to build and expand the industry in our jurisdiction
- Increase the awareness of UCITS as a product and re-introduce it to the professional services sector in Cyprus
- Participate and contribute to publications regarding Investment Funds and specifically UCITS Funds
- Prepare comparison charts between AIFs and UCITS
- A draft example/study cases where a structure shaped around a UCITS could be better than an AIF structure. The committee should find ways to communicate these cases to carefully selected target groups (such as high-wealth individuals etc.)
- Propose ways to make the UCITS product more competitive

Wealth Management Committee

Committee Chairman: Costas Argyrides

The newly established CIFA Wealth Management Committee has had two meetings: 29 June 2017 and 25 September 2017. During the period under review the Committee had 11 members. Members of the board of the association attended meetings held when necessary to provide an update on important issues.

The scope of the Committee is to encompass the asset management sector and to focus on the development of wealth management sector. The main focus of the Committee is on family offices, third parties/clients and discretionary asset managers.

The Mission of the Committee is for assisting Cyprus to become a centre for managing wealth; for Cyprus vehicles to be used for managing global wealth; and, for Cyprus to be utilised as a booking office.

The main matters discussed during the period:

- How to promote Cyprus not only as a banking centre and irrespective of the asset location of the investors
- How to bring people that will utilise the set-up of Cyprus to manage their global wealth through Cyprus
- The focus can be on the funds that are not domiciled in Cyprus
- How to integrate Tax, Legal, Regulatory aspects to attract family offices/ clients/ asset managers
- How to bring to Cyprus the value-added activities
- How to convince family offices/ clients/ asset managers to have their operations in Cyprus irrespective of their country of activities

The Committee has been examining the possibility of organising a Wealth Management event for Private Label Funds and Family Offices of High Net Worth individuals.



CIFA Strategic Partners

alterDomus*

Alter Domus (Cyprus) Limited

Tel: +357 22 465 151

Website: www.alterdomus.com



ATG Fund Services Limited

Tel: +357 22 418 811

Website: www.atgfunds.com



Bank of Cyprus Public Company Limited

Tel: +357 22 128 000

Website: www.bankofcyprus.com



CyproFund Administration Services Limited

Tel: +357 22 474 000

Website: www.cpf.com.cy

Deloitte.

Deloitte Limited

Tel: +357 22 360 300

Website: www.deloitte.com



EFFECT Software Solutions

Tel: +30 21 0825 6790

Website: www.effect.gr



Eurobank Cyprus Limited

Tel: +357 22 208 004

Website: www.eurobank.com.cy



EY Cyprus

Tel: +357 22 209 999

Website: www.ey.com



GMM Global Money Managers

Tel: +357 22 205 858

Website: www.global-mm.com



HARNEYS Aristodemou Loizides Yiolitis LLC

Tel: +357 25 820 020

Website: www.harneys.com



Invest Cyprus

Tel: +357 22 441 134

Website: www.investcyprus.org.cy



KMG Capital Markets

Tel: +357 25 818 412

Website: www.kmgcapitalmarkets.com



KPMG Limited

Tel: +357 22 209 000

Website: www.kpmg.com.cy



Numisma Capital

Tel: +357 22 455 677

Website: www.numismacap.com



Point Nine Limited

Tel: +357 25 028 241

Website: www.p9ft.com



PwC Cyprus

Tel: +357 22 555 000

Website: www.pwc.com.cy



Systemic Cyprus

Tel: +357 22 022 623

Website: www.systemic-rm.com



Treppides Fund Services Limited

Tel: +357 22 678 944

Website: www.treppidesfs.com



CIFA Corporate Membership

Abacus Ltd

+357 22 555 800
www.abacus.com.cy

Alpha Bank

+357 22 888 888
www.alphabank.com.cy

Alphastone Limited

+357 25 581 005
www.alphastone.com

Alter Domus (Cyprus) Ltd

+357 22 465 151
www.alterdomus.com

AMF Global

+357 25 585 583
www.amf-global.com

Amicorp (Cyprus)

+357 22 504 000
www.amicorp.com

Andreas M. Sofocleous & Co LLC

+357 25 849 000
www.sofocleous.com.cy

AstroBank (Cyprus) Ltd

+357 22 575 555
www.astrobank.com

ATG Fund Services

+357 22 418 811
www.atgfunds.com

Axia Ventures

+357 22 742 000
www.axiavg.com

Baker Tilly in South East Europe

+357 22 458 500
www.bakertillyklitou.com

Bank of Cyprus PLC

+357 22 121 801
www.bankofcyprus.com

BAO Capital Partners Ltd

+357 22 021 606
www.baocapital.com

BDO Cyprus

+357 22 495 707
www.bdo.com.cy

Bizserve Consultants Limited

+357 22 375 504
www.bizserve.eu

C. Savva & Associates Ltd

+357 22 516 671
www.savvacypus.com

CDB Bank

+357 22 846 500
www.cdb.com.cy

Centaur Trust Group

+357 22 499 994
www.centaurtrust.com

Christodoulos G. Vassiliades & Co. LLC

+357 22 556 677
www.vasslaw.com

Christos Patsalides LLC

+357 22 677 677
www.patsalides.com.cy



Chrysanthou & Chrysanthou LLC

+357 22 677 443
www.chryslaw.com

Chrysses Demetriades & Co LLC

+357 25 800 000
www.demetriades.com

Citigrade Capital Ltd

+357 25 004 550
www.citigrade-capital.com

Costas Indianos & Co

+357 22 675 231
www.indianos.com.cy

CP Palema

+357 25 960 000
www.palema.net

CyproFund Administration Services Limited - CPF

+357 22 474 000
www.cpf.com.cy

Cyproman Services Ltd (CPM)

+357 22 474 000
www.cpm.com.cy

Cyprus Bar Association

+357 22 873 300
www.cyprusbarassociation.org

Cyprus Cooperative Bank

+357 22 743 000
www.ccb.coop.com.cy

Cyprus Fiduciary Association

+357 25 590 086
www.cfa.org.cy

Cyprus International Institute of Management

+357 22 462 246
www.ciim.ac.cy

Deloitte (Cyprus)

+357 22 360 300
www.deloitte.com

Demetra Investments Public Ltd

+357 22 818 222
www.demetra.com.cy

Demetrios A Demetriades LLC

+357 22 769 000
www.dadlaw.com.cy

DFK Cyprus

+357 22 879 300
www.dfky.com

Dimacos Capital Ltd

+357 25 020 104
www.dimacos.com

Dr. K. Chrysostomides & Co. LLC

+357 22 777 000
www.chrysostomides.com

E & G Economides LLC

+357 25 866 480
www.economideslegal.com

EFG Bank (Luxembourg) S.A., Cyprus Branch

+357 22 025 903
www.efginternational.com

Eurobank Cyprus Ltd

+357 22 208 000
www.eurobank.com.cy



CIFA CORPORATE MEMBERSHIP

Eurofast

+357 22 699 222
www.eurofast.eu

European Institute of Management and Finance

+357 22 274 470
www.eimf.eu

Exsus Trust

+357 22 877 120
www.exsusinternational.com

EY Cyprus

+357 25 209 999
www.ey.com

Fidescorp Limited

+357 22 262 844
www.fides-corp.com

Fiducenter (Cyprus) Ltd

+357 25 504 000
www.fiducenter.com.cy

Fiducitrust Services Limited

+357 22 600 700
www.fiducitrust.com

Fiduserve Management Limited

+357 22 418 200
www.fiduserve.com

First Names (Cyprus) Limited

+357 22 749 000
www.firstnames.com

Forticap Ltd

+357 22 367 610
www.forticap.eu

G. Apostolou & Co. LLC

+357 22 028 888
www.apostoloulaw.com

Georghios Colocassides LLC

+357 22 459 345
www.cohalaw.com

GlobalServe Consultants Ltd

+357 25 817 181
www.globalserve.com.cy

GMM Global Money Managers Ltd

+357 22 205 858
www.global-mm.com

GPB-Financial Services Limited

+357 25 055 000
www.gpbfs.com.cy

GQS Services Limited

+357 22 660 183
www.gqs-services.com

Harneys Aristodemou Loizides Yiolitis LLC

+357 25 820 020
www.harneys.com

Haviaras & Philippou L.L.C

+357 22 764 001
www.haviarasphilippoullc.com

Hellenic Bank Public Company Limited

+357 22 500 823
www.hellenicbank.com

HLB Cyprus Limited

+357 22 002 700
www.hlb.com.cy



Horwath DSP Ltd (Cyprus)

+357 22 755 656

www.crowehorwath.net

IKOS CIF Ltd

+357 25 814 714

www.ikos.com.cy

Invest Cyprus

+357 22 441 133

www.investcyprus.org.cy

InvestCor Corporate Ltd

+357 25 000 333

www.investcor.eu

Joannides + Co Ltd

+357 22 556 556

www.joannides.com.cy

K Argyridou & Associates LLC

+357 22 000 408

www.argyridou.com

K. Treppides & Co Limited

+357 22 678 944

www.treppides.com

Kinanis LLC

+357 22 558 888

www.kinanis.com

KMG Capital Markets Ltd

+357 25 818 412

www.kmgcapitalmarkets.com

KPMG Limited (Cyprus)

+357 22 209 000

www.kpmg.com.cy

Ledra Management Ltd

+357 22 400 500

www.ledramanagement.net

M. Eliades & Partners LLC

+357 22 667 730

www.eliades.eu

MAP S.Platis

+357 25 351 335

www.mapsplatis.com

Marcuard Heritage (Europe) Ltd

+357 25 814 870

www.marcuardheritage.com

Mellstock Limited

+357 25 345 351

www.mellstock.com

MNK Risk Consulting Ltd

+357 25 508 202

www.mnkrisconsulting.com

Mouflon Real Estate Fund Limited

+357 22 873 380

www.mouflonfund.com

Nexia Poyiadjis Chartered Accountants

+357 22 456 111

www.nexia.com.cy

Nobel Trust Ltd

+357 22 022 777

www.nobeltrust.com

Numisma Capital Limited

+357 22 455 677

www.numismacap.com



CIFA CORPORATE MEMBERSHIP

PanGlobe

+357 22 451 222
www.panglobe-services.com

PCS SA

+30 210 62 66 900
www.pcs.gr

Pelagias, Christodoulou & Vrachas LLC

+357 22 764 216
www.pelagiaslaw.com

Point Nine Limited

+357 25 028 241
www.p9ft.com

PwC Cyprus

+357 22 555 000
www.pwc.com.cy

Reanda Cyprus Ltd

+357 22 670 680
www.reandacyprus.com

RMG Holding Ltd

+357 22 447 024
www.rmgh.eu

Royal Pine & Associates Ltd

+357 25 040 404
www.royalpine.com

SCSS Fund Management Ltd

+357 22 376 006
www.scssfunds.com

SPA Financial Services Ltd

+357 22 028 585
www.spafs.com

Stelios Americanos & Co LLC

+357 22 465 500
www.americanoslaw.com

Tassos Papadopoulos & Associates

+357 22 889 999
www.tplaw.com.cy

The Institute of Certified Public Accountants of Cyprus

+357 22 870 030
www.icpac.org.cy

TMF Group Cyprus

+357 22 451 327
www.tmf-group.com

Treppides Fund Services

+357 22 678 944
www.treppidesfs.com

VB Partners

+357 25 279 000
www.vbpartners.com.cy

VGDA Accountants Limited

+357 22 300 900
www.vgda.com.cy

Financial Statements

for the year ended 31 December 2016

Contents	Page
Officers and Professional Advisers	42
Report of the Board of Directors of the Association	43
Independent Auditors' Report	44-45
Statement of Comprehensive Income	46
Statement of Financial Position	47
Statement of Fund Account	48
Statement of Cash Flows	49
Notes to the Financial Statements	50-52



OFFICERS AND PROFESSIONAL ADVISERS

Board of Directors

Angelos Gregoriades - President
Andreas Yiasemides - Vice President
Marios Tannousis - Secretary
Constantinos Papanastasiou - Treasurer
Demetris Taxitaris - Member
George Rologis - Member
Charalambos Fokas - Member
Andreas Athinodorou - Member
Omiros Pissarides - Member
Christoforos Antoniadis - Member
Marios Pilavakis - Member
Savvas Pentaris - Member
Costas Argyrides - Member
Panikos Teklos - Member
Nicolas Tantis - Member

Independent Auditors

Joannides + Co Limited
Certified Public Accountants and Registered Auditors
Nicosia

Bankers

Bank of Cyprus Public Co Ltd
Hellenic Bank Public Company Limited

Registered Office

Severis Building
9 Makarios III ave., 4th Floor
1065 Nicosia

REPORT OF THE BOARD OF DIRECTORS OF THE ASSOCIATION

for the year ended 31 December 2016

The Board of Directors of Cyprus Investment Funds Association (CIFA), (the "Association"), present to the members their report and the audited financial statements for the year ended 31 December 2016.

Principal activity

The main purpose of the Association is to act as the single unified representative body of the industry in Cyprus, representing the sector in economic missions to promote and support the development of the Cyprus Investment Fund industry, provide support to its members in knowledge building through regular educational programs and encourage maintenance of industry standards and professionalism.

Results

The results for the year are shown on page 46.

Board of Directors

The members of the Board of Directors as at the date of this report are presented on page 1. The Electoral General Meeting is held every three years.

Independent Auditors

The independent auditors of the association Joannides + Co Limited, have expressed their willingness to continue in office. A resolution proposing their reappointment as auditors to the association and giving authority to the directors to fix their remuneration will be submitted at the annual general meeting.

By order of the Board of Directors,

Marios Tannousis
Secretary
20 November 2017



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CYPRUS INVESTMENT FUNDS ASSOCIATION (CIFA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cyprus Investment Funds Association (CIFA) (the "Association"), which are presented in pages 6 to 14 and comprise the statement of financial position as at 31 December 2016, and the statements of comprehensive income, the statement of fund account and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Association as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Articles of Association of the Association, the Associations and Foundations and Other Relevant Issues Law of 2017.

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 are independent of the Association in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the director's report, 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 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 Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Articles of Association of the Association, the Associations and Foundations and Other Relevant Issues Law of 2017, and for such internal control as the Board of Directors determines 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 Board of Directors is responsible for assessing the Association'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 Board of Directors either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Association's financial reporting process.

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 skepticism 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 Association'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 Association 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 a true and fair view.

We communicate with the Board of Directors 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.

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the information given in the director's report is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the director's report.

Other Matter

This report, including the opinion, has been prepared for and only for the Association's members as a body 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 whose knowledge this report may come to.

Lefkios Joannides *Certified Public Accountant and Registered Auditor for and on behalf of*
Joannides + Co Limited *Certified Public Accountants and Registered Auditors*
Nicosia, 20 November 2017



STATEMENT OF COMPREHENSIVE INCOME

	Notes	€	2016 €	€	2015 €
Income					
Subscriptions and registration fees			55.102		41.093
			55.102		41.093
Other income from operations					
Donations and sponsorships		177.951		149.212	
			177.951		149.212
			233.053		190.305
Administrative expenses					
Hospitality and event expenses		13.027		4.873	
Consultancy fees		152.951		143.792	
Professional fees		1.571		2.975	
Printing, postages and stationery		923		177	
Website expenses		-		416	
Travelling abroad		4.754		-	
Subscriptions		4.361		-	
Accountancy fees		2.142		2.142	
Audit fees		1.190		1.190	
Sundry expenses		400		400	
Sponsorship		2.663		-	
Bank charges		883		146	
			(184.865)		(156.111)
			48.188		34.194
Net financial income					
Bank interest received (net)	3	24		98	
			24		98
Surplus for the period			48.212		34.292
Surplus brought forward			88.387		54.095
Surplus carried forward			136.599		88.387

The notes on pages 50 to 52 form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION

	Note	2016 €	2015 €
ASSETS			
Current assets			
Other receivables	5	36.200	31.760
Cash and cash equivalents	6	131.753	250.512
Total assets		167.953	282.272
SURPLUS AND LIABILITIES			
Fund account		136.599	88.387
Current liabilities			
Other payables	7	19.496	12.475
Deferred income	8	11.858	181.410
		31.354	193.885
Total surplus and liabilities		167.953	282.272

The financial statements on pages 46 to 52 were approved and authorised for issue by the Board of Directors on 20 November 2017:

Angelos Gregoriades
President

Marios Tannousis
Secretary

The notes on pages 50 to 52 form an integral part of the financial statements.



STATEMENT OF FUND ACCOUNT

	Surplus €	Total €
Balance 31 December 2015	54.095	54.095
Surplus for the year	34.292	34.292
Balance 31 December 2015	88.387	88.387
Surplus for the year	48.212	48.212
Balance 31 December 2016	136.599	136.599

The notes on pages 50 to 52 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

	Note	2016 €	2015 €
Cash flows from operating activities			
Surplus for the period		48.212	34.292
Adjustments for: Bank interest received	3	(24)	(98)
Operating surplus before working capital changes			
(Increase) in other receivables		(4.440)	(22.560)
Increase in other payables		7.021	7.436
(Decrease) increase in deferred income		(169.552)	173.115
Cash (used in) from operations			
Cash flows from investing activities			
Bank interest received		24	98
Net cash from investing activities			
		24	98
Net (decrease) increase in cash and cash equivalents			
		(118.759)	192.283
Cash and cash equivalents at the beginning of the year			
		250.512	58.229
Cash and cash equivalents at the end of the year			
	6	131.753	250.512

The notes on pages 50 to 52 form an integral part of the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

1. Registration and principal activities

The Cyprus Investment Funds Association (CIFA), (the "Association"), was registered in Cyprus on 25 April 2013, as an Association in accordance with the Associations and Foundations and Other Relevant Issues Law of 2017.

The main purpose of the Association is to act as the single unified representative body of the industry in Cyprus, representing the sector in economic missions to promote and support the development of the Cyprus Investment Fund industry, provide support to its members in knowledge building through regular educational programs and encourage maintenance of industry standards and professionalism.

2. Principal accounting policies

2.1. Basis of accounting and preparation of financial statements

The financial statements, which are expressed in Euro, have been prepared in accordance with applicable International Financial Reporting Standards as adopted by the European Union (EU). The financial statements have been prepared using the historical cost convention. A summary of the significant accounting policies adopted by the Association are as follows:

2.2. Subscription income

Subscription income receivable is recognised on an accruals basis.

2.3. Donations and sponsorships

Donations and sponsorships are recognised as income in the period they are confirmed.

2.4. Other receivables

Other receivables represent amounts due from members for subscription and registration fees.

2.5. Cash and cash equivalents

Cash and cash equivalents are considered by the Association to be the cash in hand and at bank less bank overdrafts. In the statement of financial position, bank overdrafts are included in loans under current liabilities.

2.6. Other payables

Other payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not they are presented as non-current liabilities.

2.7. Deferred income

Deferred income represents subscription and registration fees that have been received by the Association during the year in relation to income of the next year. Therefore, deferred income has been recognised as a liability in the statement of financial position and will be de-recognised during the year the income relates to.

3. Net financial income	2016	2015
	€	€
Bank interest received (net)	24	98

4. Profit from operations	2016	2015
	€	€
Operating profit is stated after charging the following:		
Auditors' remuneration	1.190	1.190

5. Other receivables	2016	2015
	€	€
Other receivables	36.200	31.760

Other receivables are due for receipt on demand.

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above. The exposure of the Association to credit risk and impairment losses in relation to trade and other receivables is reported in note 9 of the financial statements.

6. Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following amounts:

	2016	2014
	€	€
Bank balances	131.753	250.512
Cash and cash equivalents as per statement of cash flows	131.753	250.512

The exposure of the Association to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 9 of the financial statements.

7. Other payables	2016	2015
	€	€
Other payables	2.000	-
Accruals	17.496	10.475
	12.475	

Other payables are due for payment on demand.

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.



8. Deferred income	2016	2015
	€	€
At the beginning of the year	181.410	8.295
Deferred income for the year	(169.552)	173.115
At the end of the year	11.858	181.410

9. Contingent liabilities

The Association did not have any contingent liabilities as at 31 December 2016.

10. Financial instruments and risk factors

The Association is exposed to the following risks arising from the financial instruments it holds:

- Credit risk
- Liquidity risk

The Board of Directors has overall responsibility for the establishment and oversight of the Association's risk management framework.

The Association's risk management policies are established to identify and analyse the risks faced by the Association, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Association's activities. Risk management policies are discussed below:

Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the statement of financial position date. The Association has no significant concentration of credit risk and has policies in place to ensure that transactions are entered into with parties with an appropriate credit history and monitors on a continuous basis the ageing profile of receivables.

Liquidity risk

Liquidity risk is defined as the risk when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Association has procedures with the object of minimising such losses, such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

11. Fair values

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms length transaction.

The fair value of the financial assets and liabilities of the Association approximate those appearing on the statement of financial position.

12. Events after the reporting period

There were no material events after the reporting period which have a bearing on the understanding of the financial statements or could affect the true and fair view of financial statements as at 31 December 2016.

