Our core objectives

- To provide an interactive and professional forum for our membership and act as a catalyst and promoter of the industry’s global development

- To provide leadership to the industry and to be its pre-eminent voice

- To develop sound practices, enhance industry transparency and education, and to aid better understanding within the wider financial community, institutional investors, the media, regulators, governments and other policymakers
AIMA’s Year in Numbers

1,409 Corporate members (as of 31 Dec 2013)
53 Countries where our members are based (as of 31 Dec 2013)
220 New corporate members joined in 2013
600+ Member participants in AIMA’s working groups and committees
74 Member committees and working groups worldwide

120+ AIMA events worldwide
3,000+ Attendees at AIMA events
50+ Speaking engagements at industry conferences globally

91 Regulatory submissions, summaries and briefing notes
24 Tax submissions, summaries and briefing notes

$1.5 trillion AUM of manager members of AIMA
$910 billion AUM of respondents to AIMA/MFA/KPMG compliance survey
220,000+ Visits to the AIMA website in 2013
90+ Pages in our expanded quarterly, the AIMA Journal
1,700+ Followers of AIMA on Twitter (as of 31 Dec 2013)
700+ Followers of AIMA on LinkedIn (as of 31 Dec 2013)
It is my pleasure once again to introduce the AIMA Annual Report. I would like to begin with a few words about the compliance challenges which our members face before reporting on some of the key activities that we have undertaken over the course of 2013 on behalf of the global hedge fund industry.

Compliance phase

As you know, many of the policies initially put forward at the G20, IOSCO and FSB levels have been introduced into national legislation and percolated through the various government agencies in the form of detailed implementing rules and regulations. AIMA has worked on behalf of its members and the industry through this challenging time and as a result, many of the worst fears about the impact of the new regulations have not come to pass.

But it is also clear that the industry is having to make significant investments in compliance. As our 2013 survey with the Managed Funds Association (MFA) and KPMG showed, the industry has spent more than $3 billion since the crisis on compliance, and this spend will grow going forward. In some individual cases, managers are having to allocate more than 10% of their total operating costs on compliance-related activity. Our survey showed that the additional burden is heavier on smaller firms and could become a barrier to entering the market. This is obviously a significant cause for concern.

We are under no illusions as to the size of the task facing the industry, but AIMA is determined to do everything we can to support our members in meeting the compliance challenge. In 2013, we produced a self-diagnostic tool and implementation guides for firms needing to
comply with the Alternative Investment Fund Managers Directive (AIFMD). The diagnostic tool and implementation guide form part of AIMA’s AIFMD Implementation Project, which seeks to provide guidance to the industry on complying with the Directive, create a forum for discussion within the industry on the practicability of the new requirements, and generate feedback on practical implementation issues that will be passed to policymakers. We also published an updated Guide to Sound Practices for Hedge Fund Valuation last year.

Regulatory engagement

I am pleased to say that the spirit of constructive collaboration which has always marked AIMA’s engagement with regulators continues to bear fruit. The CEO Statement that follows in this Annual Report has more details on the outcomes of AIMA’s regulatory engagement last year, but suffice to say, I believe that our efforts made a real difference for the industry in 2013 and delivered significant results for our members.

Underpinning and informing AIMA’s regulatory engagement have been our Policy Principles, which we updated significantly in 2013. An expansion of our landmark Policy Platform of 2009, the new and augmented set of principles were built around four key tenets - investor protection, regulatory consistency, market integrity and the mitigation of systemic risk.

One of the most important of them relates to the need to maintain the diversity of business models in the market. Developing capital markets as strong and significant sources for the financing of the real economy requires the existence of specialists. A critical feature of a stable financial system is the diversity of its key participants as well as the difference in their capacity to take on particular risks.

Collectively, AIMA believes these principles provide a sound basis for regulation of the industry in a way that is compatible with deepening capital markets, fostering economic growth and achieving a more resilient financial system.

The relationship between capital market depth and economic growth was explored further by research which AIMA commissioned from the respected German academics Christoph Kaserer and Marc Steffen Rapp in 2013. The paper, ‘Capital Markets and Economic Growth: Long-term trends and policy challenges’ (published in early 2014), found that hedge funds and other capital markets participants are increasingly helping the real economy to compensate for the post-financial crisis decline in bank lending.

Although the paper took as an example the economies of the European Union, it showed how governments globally could benefit from a well-developed capital markets policy. We believe this is especially true for countries where a bank-based economic model still dominates. At a time when bank lending is not keeping pace with demand, the global economic recovery could be jeopardised unless new sources of financing can be found, particularly from the investment management community. We have therefore been keen to stress that governments globally should implement policies that help to protect and grow capital markets.

Governance

Moving on to matters regarding the AIMA organisation, 2013 of course was marked by Andrew Baker’s decision to step down as our
CEO. As I said in the Annual Report last year, Andrew built an impressive legacy, and when he finally departed at the end of January 2014 he left behind a stronger and more effective organization.

We were hugely gratified that Jack Inglis agreed to take over as our new CEO. Jack’s breadth of experience in the industry, including executive roles in prime brokerage and experience as the CEO of a hedge fund, made him an outstanding candidate, and he is already delivering significant results in representing the industry and taking our message to new territories and markets. I have very much enjoyed working with him already and have been enormously impressed by his passion, his energy and his determination to succeed.

At the same time, we have strengthened and coordinated our engagement with the National Groups, underscoring our global governance focus in 2013.

Meanwhile, the Council continues to prioritise our relations with the MFA and other industry bodies. We recognise that it is critical that we continue to align AIMA’s resources to our members’ requirements, delivering a non-duplicative and complementary service to our members in common. Our joint submissions to regulators and our collaboration on the Cost of Compliance report last year demonstrated that these efforts are producing excellent results. We have been keen to ensure this progress continues in 2014.

Finally, I continue to be gratified by the generous engagement of so many of our members. There are well over 70 working groups and committees worldwide, which represents a huge level of member involvement. Our members are the backbone of the Association. As ever, your continued support is hugely appreciated.

Kathleen Casey
I am delighted to provide my first CEO’s Report since taking over in February 2014. I will begin with a summary of the main highlights of last year. I will also take this opportunity to provide some observations about my first seven months in the role.

**Regulation**

- We continued to work closely with regulatory bodies globally and particularly in the US on the improvement of the cross border derivatives regimes for asset managers, obtaining significant results in the decrease of overlap and extraterritorial scope of certain provisions.

- In AIFMD, we achieved improvements in ESMA’s remuneration guidelines, including permitting the disapplication of certain onerous rules such as deferrals and claw-backs on a proportionate basis.

- For managers reporting under AIFMD, we successfully argued that the initial reporting date should be delayed, that reporting periods should be aligned with the calendar year and that reporting for periods prior to AIFM authorisation should no longer be required.

- We argued successfully for improvements to the UK’s implementing legislation of AIFMD including the depositary light regime, the transitional provisions, the guidance on marketing, delegation by non-EEA AIFMs and improvements to certain key definitions.

- We also created an online self-diagnostic tool and detailed guide to implementation for firms needing to comply with the AIFMD. (This has been updated in 2014.)
In the important revision of the MiFID framework, key changes which we had worked to secure were made to the third country framework, allowing for a more liberal cross border regime as well as improvements in areas regulating algorithmic, high frequency trading and commodity derivatives.

AIMA produced a detailed position paper regarding the proposed imposition of a bonus cap and a restriction on the payment of performance fees in the UCITS V legislation which was the basis of our advocacy activities. These amendments were voted on in Plenary by the European Parliament and were voted out of the UCITS V text.

Our keynote statement of regulatory principles, “Regulating Capital Markets: AIMA’s policy principles” was published.

We produced a paper which detailed potential areas of overlap between EMIR and CFTC derivatives rules. This paper, entitled ‘Addressing overlaps between EMIR and CFTC OTC derivatives regulation’, was put together with the assistance of Shearman & Sterling LLP.

In 2013, we produced over 100 regulatory and tax consultation submissions and documents, the most in our history.

Education and sound practices

We conducted the biggest survey of the cost of regulatory compliance of the industry globally covering 200 managers with an AUM of more than $900bn in a joint effort with the MFA and KPMG. The report attracted significant press coverage and proved useful in our ongoing regulatory engagement efforts.

We produced the first global review of the industry’s charitable activities in our ‘Contributing to Communities’ report, again with a lot of coverage in the press.

We published a timely paper in conjunction with the AIMA Investor Steering Committee on how investors view hedge fund allocations in their portfolios, titled ‘Beyond 60/40’.

We published an updated Guide to Sound Practices for Hedge Fund Valuation, which took account of recent regulatory reforms, including a summary of valuation requirements under the AIFMD.

Global network

AIMA has continued to strengthen its global network. By 31 December 2013, the Association had a little over 1,400 corporate members in more than 50 countries worldwide.

An impressive international network encompassing Asia-Pacific, EMEA and the Americas has been constructed. The USA continues to be our fastest-growing market in terms of members. The Americas region as a whole now contributes over 50% of the aggregate AUM of our global membership, a reflection both of the success of our colleagues in Cayman and Canada and our efforts in the United States and Brazil. Further, our Asia Pacific groups in Hong Kong, Singapore, Japan and Australia all have keen manager membership and China presents an exciting opportunity for the industry.

AIMA Canada celebrated its 10th anniversary and extended its national footprint by establishing new regional committees in Alberta and British Columbia. AIMA Canada also held 33 events across the country, including its Annual Debate Luncheon and a series of Emerging Managers Seminars.
AIMA Hong Kong produced two template documents designed as a basic framework to assist members with their regulatory obligations effective 1 January 2014 under the Securities and Futures Commission (SFC) regulation of electronic trading. AIMA Hong Kong also organised over 20 events on subjects including SFC electronic trading rules; fundraising; and conducting due diligence in China.

AIMA Singapore held business and networking events throughout the year; the AIMA Brazil Network held eight events; AIMA Australia held a number of events including the AIMA Australia Hedge Fund Forum in September 2013; and AIMA Cayman held seven events during the year, including a very well-attended event during the GAIM Ops Cayman conference.

Elsewhere, the AIMA Annual Conference, held in London in October 2013, drew more than 330 attendees, representing some 200 firms from more than 12 countries. The event was sponsored by CME Group, EY, Simmons & Simmons, Straightedge & UBS. Speakers included Sajid Javid MP, Economic Secretary to the Treasury, HM Treasury; Jamie Dinan, Founder, Chairman and CEO, York Capital Management; and Kathleen Casey, Chair, AIMA.

Our flagship regulatory forum, the AIMA Global Policy and Regulatory Forum, drew 300 people to London’s Guildhall in March 2013, making it the largest in the series to date. Fifteen different regulatory authorities were represented, along with 180 member firms.

AIMA’s Sponsoring Members and Global Partners

We continued to receive unstinting and vitally important support from our Sponsoring Members. Our Sponsoring Members in 2013 were CME Group, Deutsche Bank, EY, Man, Permal, Simmons & Simmons and SEI. Their contributions last year, both financial and technical, were enormously appreciated. We were also extremely grateful for the continued support of our Global Partners, who in 2013 comprised Citco, Clifford Chance, Eurex, KPMG, Maples and Calder, Newedge, PwC and UBS.

Advisers and service providers

I would also like to thank all our advisers and service providers for their outstanding guidance and support. Particular thanks, as always, go to our accountants MacIntyre Hudson, our legal counsel Simmons & Simmons and our auditors Rees Pollock.

Members of committees and working groups

Our members continue to be closely involved in the work of the association, contributing to very important output such as responses to regulatory consultations and industry guides. We have more than 70 committees and working groups globally, comprising over 600 individual member contacts. As always, we are enormously grateful for their time and support.

AIMA staff

We continued to increase the size of our team globally last year to respond to the regulatory

1 For our current Sponsoring Members, visit this page on the AIMA website - http://www.aima.org/en/about/sponsoring-members.cfm

2 For our current Global Partners, visit this page on the AIMA website - http://www.aima.org/en/about/global-partners.cfm
challenges facing the industry and to continue to expand our activities globally. Special thanks are due to them all for their tireless efforts and professionalism.

Finally, I would like to express our gratitude for the support we receive from our members. It is that support that allows us to continue to deliver all the services our members ask us for; and to undertake, with the help of the members who volunteer their time, all our work on behalf of the industry around the world.
As I mentioned at the top of the CEO’s Report, I would like to add a few words about my first seven months in the role. Firstly, and most importantly, it has been a hugely rewarding and productive period which has helped shape my ideas for AIMA’s future strategy and our ongoing value to members. I have been determined to meet with as many of our members, staff and volunteer committees as possible. In addition I have sought to meet with key policymakers and regulators in every region. It has been important to understand our members’ requirements and to engage with those who have been most influencing change to the oversight of our industry. I am very grateful to all the members I’ve met and for all the constructive comments and ideas they have shared about AIMA and the hedge fund industry. I am assisted greatly by the guidance of the AIMA Council and look forward to working with the new board following the AGM.

My visits to our various National Groups have brought home to me the diversity of our local organisations. Whether Cayman or Canada, Sydney or Singapore, each one is different and has its own particular characteristics, reflecting the differences in content and structure of the local industry. In all our National Group countries, our staff and volunteers continue to cement AIMA’s position as a respected voice of the industry and a trusted partner of local policymakers and regulators. An ongoing focus for me is to harness our local strengths and activities to achieve a cohesive and consistent service at wider regional and global levels. The US, as the largest hedge fund community, continues to be our fastest-growing jurisdiction in terms of members and these now make up over 50% of the aggregate AUM of our global membership. Many of our larger US members have physical presences in all three regions so it is particularly important that AIMA can deliver comparable and connected services in these three places.

The ongoing review into potential systemic risk within the asset management sector by FSB/IOSCO and the FSOC prompted our academic paper on the importance of capital markets as well as follow up articles written by us in the press. There is more to come from us as we conduct research to demonstrate the economic benefits of specific hedge fund strategies in credit and activist equity. This will help to explain the value of these classes of hedge funds to policymakers as they review further asset management regulation. I am eager to expand the range of our published research in fostering better understanding for key hedge fund stakeholders, namely investors and regulators. I also remain committed to improving understanding of our industry in the media and to be ready to address misconceptions as they arise. We continue to brief privately as well as write publicly.

Specifically on the regulatory affairs front, AIFMD ended its transitional phase on July 22nd and many of our members have now received authorisation. We have published updated tools and planners for members to navigate this complex directive and will continue to provide guidance on specific areas, most notably on available marketing options. We have also embarked on a programme to update and augment our full suite of sound practice guides and DDQs. We have also launched a series of webinar briefings, the first being on FATCA to help meet the fast-approaching compliance date. The lengthy MiFID II discussion and consultation papers have been a summer focus for us as we responded with members’ views on some of the proposed far reaching changes which will impact their market activities. Lastly, the need still to address the cross-border aspects of derivatives reform remains a priority item. I will always seek to align our resources to our members’ requirements and I shall continue to listen to all that our members say and provide regular updates on how we are doing.
New members of AIMA in 2013

The companies listed are existing AIMA members which joined the Association during 2013

**Australia**
- QIC Limited
- Select Asset Management
- Willis Australia Limited

**Austria**
- Qbasis Invest GMBH

**Belgium**
- Candriam Belgium

**Bermuda**
- Aeolus Capital Management Ltd

**Brazil**
- Advis Investimentos LTDA
- Claritas Investimentos
- Guepardo Investimentos LTDA

**British Virgin Islands**
- Maples and Calder

**Canada**
- Alignvest Capital Management Inc
- ARA Compliance Support
- Ballast Healthcare Partners Inc
- Breton Hill Capital Ltd
- CME Group
- Edgehill Partners
- Frontfour Capital Corp
- Genfund Management Inc
- ITG Canada Corp
- Kinersis Renewables
- Lakeroad Asset Management Inc
- Newedge Canada Inc
- PSP Investments
- Razorbill Advisors LLC
- SRE Securities Canada Inc
- State Street
- TD Asset Management Inc
- TD Securities
- Timelo Investment Management Inc

**Cayman Islands**
- Carne Global Financial Services (Cayman) Limited
- Krys Global

**France**
- Candriam France
- Rothschild HDF Investment Solutions

**Germany**
- Clifford Chance

**Gibraltar**
- Burren Capital Advisors Limited
- HM Government of Gibraltar, Finance Centre Department

**Hong Kong**
- ACA Compliance Group (Asia) Limited
- Aidyia Limited
- AllianceBernstein HK Limited
- Amicorp Hong Kong Limited
- Asiya Investments HK LTD
- Boci Securities Limited
- Complianceplus Consulting Limited
Complyport (HK) Limited
Control Risks
Cordium
Dillon Eustace HK
Ellis Brady Management (Hong Kong) Limited
Everbright Capital Management Limited
Kinetic Partners Hong Kong Ltd
Macquarie Funds Management HK Limited
Matsco Solutions (Hong Kong) Limited
Morningstar Asia Limited
Nanhua Asset Management Hong Kong, Co Ltd
Orangefield Fund Services (Hong Kong) Limited
SHK Fund Management Limited
Sidley Austin
Silverhorn Investment Advisors Limited
STI Asset Management Limited
Tor Investment Management (Hong Kong) Limited
TPG Axon Capital (HK) Limited
Turiya Advisors Asia Ltd
Voltex Asia Capital Ltd
Wellington Global Investment Management Ltd
Wells Fargo Global Fund Services
Willis Hong Kong Limited
Xingtai Capital Management Limited

Jersey

Autonomy Capital (Jersey) LP

Liechtenstein

Lobtek AG

Luxembourg

Gavekal Investments S.A
KNEIP

Malta

Malta Capital Management Ltd
RTFX Fund Management Ltd
Thybo Investment (Management) Malta Limited

Monaco

Altern8 Investment Advisors

The Netherlands

Arete Caerus Fund Management BV
Clifford Chance LLP
PGGM Vermogensbeheer BV
Romanesco Capital Management BV

New Zealand

EY — New Zealand

Singapore

Crescent Hill Capital Management PTE Limited
Edelweiss Alternative Asset Advisors PTE Limited
Effissimo Capital Management PTE Ltd
Fuchs Capital Partners Ltd
Hermes BPK Partners
Maples and Calder
Matcham Capital Investment Management PTE Ltd
Morningstar Research PTE Limited
Quantedge Capital PTE Ltd
Sidley Austin
Simmons & Simmons
Stewart Asia Investment Singapore PTE Ltd
SunGard
Vistra Fund Services (Singapore) PTE Limited
Wells Fargo Global Fund Services (Asia) PTE Ltd
Woodside Holdings Investment Management PTE Ltd

**South Africa**

Coronation Asset Management (PTY) Limited

**Sweden**

Advisor Kapitalförvaltning I Stockholm AB

**Switzerland**

Carnegie Fund Services SA
CERN Pension Fund
Enhanced Value Advisory Ltd
Ineichen Research & Management
Novus Switzerland GMBH
Swiss Trust Advisors AG
UBS O’Connor Ltd

**UK**

Advent Europe Ltd
Alcova Asset Management LLP
Axiom SL
Bell Rock Capital Management LLP
Bovill Limited
Bramshott Capital LLP
BTG Pactual Europe LLP
Buzzacott LLP

Camares Capital LLP
Cleary Gottlieb Steen & Hamilton LLP
Coronation Fund Managers
Covalis Capital
Decura
Denjoy Capital Services Limited
EMEA Capital LLP
Global Prime Partners Ltd
Gracchi Capital Partners
Haysmacintyre
Idalion Capital UK LLP
King & Spalding
Macquarie Funds Group UK
Mariana Capital Markets LLP
MET Capital Management LLP
MSK Capital Partners LLP
Napier Park Global Capital Limited
Northlight Group LLP
Otus Capital Management Limited
Panima Capital LLP
Partners Capital LLP
PDT Partners London
Privium Fund Management (UK) limited
QIC European Investment Services Limited
Renshaw Bay LLP
Rhodium Capital Management LLP
Robert Quinn Consulting Ltd
Ronit Capital LLP
Sturgeon Ventures LLP
The Depository Trust & Clearing Corporation
Trium Investment Management LLP

**United Arab Emirates**

Maples and Calder
Permal Dubai

**USA**

400 Capital Management LLC
Abraham Trading Co
Acadia Investment Management
Arbiter Partners Capital Management LLC
Axiom SL
Ballymena Advisors LLC
Beachhead Capital Management LLC
Birch Grove Capital LP
Brown Brothers Harriman
Calamos Advisors, LLC
Chadbourne & Parke LLP
Chinus Asset Management LLC
EJF Capital LLC
Elanus Capital Management LLC
Elm Ridge Capital Management, LLC
Finepoint Capital LP
First Western Capital Management
Hermes BPK
Imagine Software, Inc
K&L Gates LLP
Kaust Investment Management Company
Kerrisdale Advisers, LLC
Latin America Structured Finance Advisors, LLC
Liongate Capital Management
Macquarie Funds Group USA
Madison Park Capital Partners, LLC
Marketaxess Holdings Inc
Mittleman Brothers LLC
Morgan, Lewis & Bockius LLP
Nomura Global Alpha, LLC
Parche Capital Management, LLC
PDT Partners LLC
Pepperdine University
Shearman & Sterling LLP
State of Wisconsin Investment Board
Tolis Advisors LP
TPG Axon Capital Management LP
US Bank NA
UBS O’Connor LLC
Velocity Capital Management LLC
Vertical Capital LLC
Vinci Partners
WalekPeppercomm
Whitebox Advisors LLC
Willis North America
Zimmer Partners LP
About AIMA

Founded in 1990, the Alternative Investment Management Association (AIMA) is the global representative of the hedge fund industry. We represent all practitioners in the alternative investment management industry - including hedge fund managers, fund of hedge funds managers, prime brokers, legal and accounting firms, investors, fund administrators and independent fund directors. AIMA members benefit from our active influence in policy development, our leadership in industry initiatives and our outstanding reputation with regulators.

We address the real issues affecting the industry’s development. We represent the global hedge fund industry at national and international levels in ongoing discussions about the future regulatory framework for the industry. Our focus on education, regulation, policy development and sound practices has resulted in a substantial body of work used around the world by members, institutional investors, policymakers and supervisors.

We are a dynamic organisation that reflects our members’ interests and provides them with a vibrant global network. We are committed to developing industry skills and education standards, and we are a co-founder of the Chartered Alternative Investment Analyst designation (CAIA) - the industry’s first and only specialised educational standard for alternative investment specialists. AIMA is governed by its Council (Board of Directors).
The Alternative Investment Management Association Limited

Report and Financial Statements

31 December 2013
The Alternative Investment Management Association Limited  
(A company limited by guarantee)

 COMPANY INFORMATION

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<tr>
<th>The Board of Directors</th>
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<td>J E Inglis (CEO)</td>
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| Company secretary     | M A Richardson    |

| Registered number     | 04437037          |

| Registered office      | 2nd Floor         |
|                        | 167 Fleet Street   |
|                        | London             |
|                        | EC4A 2EA           |

| Auditors              | Rees Pollock       |
|                        | 35 New Bridge Street|
|                        | London             |
|                        | EC4V 6BW           |

| Bankers               | National Westminster Bank |
|                        | 116 Fenchurch Street   |
|                        | London                |
|                        | EC3M 5AL              |

| Solicitors            | Simmons & Simmons   |
|                        | CityPoint            |
|                        | One Ropemaker Street |
|                        | London               |
|                        | EC2Y 9SS             |
DIRECTORS' REPORT
for the year ended 31 December 2013

The directors present their report and the financial statements for the year ended 31 December 2013.

Principal activities and business review

The principal activity of the company during the year continued to be the global representation of the hedge fund management sector and related services: to influence positive regulatory outcomes and further greater understanding amongst policymakers, investors, the media and the public.

The directors report a continued growth in membership, which together with a general increase in the 2013 membership fee levels, led to an 12% increase in membership fees included in turnover for the year.

Expenditure increased by 22% to £5 million, which with the exception of the costs of recruiting Andrew Baker's successor as CEO, was within the budget for the year under review. The general and budgeted increases in expenditure included an increase in headcount, associated travel, office related costs and advisory fees. These increases supported the broader scope of the Association’s services to its members and the increased engagement with other key stakeholders including regulators, policymakers, investors, the media and the public.

The deficit for the year, after taxation, amounts to £173,916 which the directors recommend is financed from the existing reserves of the Association.

The directors are pleased to report that membership revenue for the current year has exceeded expectations, through a restructure of the member fee levels and continued new membership gains. Fees for the current year are projected to be approximately £5.7 million, an increase of 21% on the preceding year.

The Association believes that its efforts made a real difference for the industry in 2013 and that it had delivered significant results for its members.

In terms of regulatory engagement, the Association continued to work closely with regulatory bodies globally in order to ensure that the new regulatory regime for hedge fund managers is workable, consistent and proportionate. The Association produced various tools and guides to assist its members in complying with the new regulations, including an online self-diagnostic tool and detailed guide to implementation for firms needing to comply with the AIFMD and an updated Guide to Sound Practices for Hedge Fund Valuation. Of significance also was the production by the Association of a keynote statement of regulatory principles, titled “Regulating Capital Markets: AIMA’s Policy Principles”.

In terms of intellectual thought leadership, the Association produced the biggest ever survey of the cost of regulatory compliance of the industry globally in 2013, in a joint effort with the Managed Funds Association and KPMG. It published the first global review of the industry's charitable activities and released a paper on how investors view hedge fund allocations in their portfolios.

For 2014, the Association intends to maintain and indeed increase its significant workload, with plans for revised DDQs, a major piece of research on capital markets and a new educational section on the website. Much of the post-crisis regulation is still being implemented globally and it is a time when the Association recognises that it needs to be extremely engaged in the detail of the new regulatory regimes in order to secure the best result for its members.

The Association has budgeted for a further increase in overhead, to assist with the general increase in membership and related administration and to ensure that it is well placed to respond to the continued regulatory challenges facing the industry.

The directors are confident, given the increase in membership fees and projected expenditure, that the company will report a surplus in the current year.
DIRECTORS' REPORT
for the year ended 31 December 2013

Directors

The directors who served during the year were:

K L Casey (Chair)

O M Alexander
A J Baker (resigned 31 January 2014)
A N Bastow
R F De Rito
J G Dinan
S C Fiertz (appointed 08 May 2014)
J E Inglis (CEO) (appointed 01 February 2014)
S M Lorne (appointed 03 May 2014)
T W J O'Brien (appointed 08 May 2014)
M J O'Sullivan
C J Pearce
P E R Sater
P T Schmitt
H S N Smith
P A Tye

Donations

During the year the company made charitable donations of £9,734 (2012: £9,440).

Provision of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
DIRECTORS' REPORT
for the year ended 31 December 2013

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

Auditor

The auditor, Rees Pollock, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small company provision

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 11 September 2014 and signed on its behalf.

M A Richardson
Secretary
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ALTERNATIVE INVESTMENT MANAGEMENT ASSOCIATION LIMITED

We have audited the financial statements of The Alternative Investment Management Association Limited for the year ended 31 December 2013, which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report.

Jonathan Moulsdale (Senior statutory auditor)
for and on behalf of Rees Pollock, Statutory Auditor

11 September 2014
The Alternative Investment Management Association Limited
(A company limited by guarantee)

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2013

<table>
<thead>
<tr>
<th>Note</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>TURNOVER</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>4,872,293</td>
<td>4,437,747</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>(5,069,155)</td>
<td>(4,144,928)</td>
</tr>
</tbody>
</table>

| OPERATING (LOSS)/PROFIT | 5 | (196,862) | 292,819 |
| Interest receivable and similar income | 22,946 | 31,751 |

| (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 12 | (173,916) | 324,570 |
| Tax on (loss)/profit on ordinary activities |  |  |  |

The notes on pages 7 to 11 form part of these financial statements.
The Alternative Investment Management Association Limited
(A company limited by guarantee)
Registered number: 04437037

BALANCE SHEET
as at 31 December 2013

<table>
<thead>
<tr>
<th>Note</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
</tbody>
</table>

**FIXED ASSETS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Note</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangible assets</td>
<td>6</td>
<td>58,430</td>
<td>83,184</td>
</tr>
<tr>
<td>Investments</td>
<td>7</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>58,430</td>
<td>83,184</td>
</tr>
</tbody>
</table>

**CURRENT ASSETS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Note</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debtors</td>
<td>8</td>
<td>343,527</td>
<td>328,486</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>3,586,071</td>
<td>3,175,678</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>3,929,598</td>
<td>3,504,164</td>
</tr>
</tbody>
</table>

**CREDITORS: amounts falling due within one year**

<table>
<thead>
<tr>
<th>Description</th>
<th>Note</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9</td>
<td>(1,496,629)</td>
<td>(922,033)</td>
</tr>
</tbody>
</table>

**NET CURRENT ASSETS**

<table>
<thead>
<tr>
<th>Description</th>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2,432,969</td>
<td>2,582,131</td>
</tr>
</tbody>
</table>

**NET ASSETS**

<table>
<thead>
<tr>
<th>Description</th>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2,491,399</td>
<td>2,665,315</td>
</tr>
</tbody>
</table>

**MEMBERS' FUNDS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Note</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital contribution</td>
<td>12</td>
<td>293,014</td>
<td>293,014</td>
</tr>
<tr>
<td>Profit and loss account</td>
<td>12</td>
<td>2,198,385</td>
<td>2,372,301</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>13</td>
<td>2,491,399</td>
<td>2,665,315</td>
</tr>
</tbody>
</table>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11 September 2014.

J E Inglis
Director

P E R Sater
Director

The notes on pages 7 to 11 form part of these financial statements.
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The company is the parent undertaking of a small group and as such is not required by the Companies Act 2006 to prepare group accounts. These financial statements therefore present information about the company as an individual undertaking and not about its group. The group comprises the company and Alternative Investment Management Association - Canada Inc., its sole subsidiary.

1.2 Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they adopt the going concern basis in preparing the financial statements.

1.3 Turnover

The turnover shown in the profit and loss account represents the value of membership fees and other income receivable by the company during the year, stated net of value added tax. Income is recognised only to the extent that it relates to the accounting period.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Depreciation Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold improvements</td>
<td>over the remaining lease period</td>
</tr>
<tr>
<td>Fixtures &amp; fittings</td>
<td>4 years straight line basis</td>
</tr>
<tr>
<td>Equipment</td>
<td>4 years straight line basis</td>
</tr>
</tbody>
</table>

1.5 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.6 Pension costs

The company makes payments into defined contribution personal schemes for members of staff who have completed the required qualifying service. Contributions are charged to the profit and loss account as they become payable. Differences between contributions payable and contributions actually paid are shown either as accruals or prepayments.

1.7 Deferred taxation

Deferred taxation is provided on all timing differences, without discounting, calculated at the rate at which it is estimated that tax will be payable, except where otherwise required by accounting standards.
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

1. ACCOUNTING POLICIES (continued)

1.8 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. TURNOVER

The turnover for the year was derived from the company’s principal continuing activity. The company operates principally in the U.K., but also through National Groups located in Australia, the Cayman Islands, Hong Kong and Singapore.

The company also has a subsidiary, Alternative Investment Management Association - Canada Inc. (AIMA Canada), the details of which are included in note 7. AIMA Canada is entitled to a proportion of the fees for that region, with this entitlement being included within AIMA’s operating costs.

The Association also operates a foreign not-for-profit corporation’s branch in the United States of America. The principal activity of the Branch, which is located in New York City, is that of a representative office primarily servicing the US membership and assisting with the promotion of the Association within the US. The membership fees derived from the US membership have been recognised in the financial statements.

The company’s affiliate, AIMA Japan Non-Profit Mutual Benefit Corporation, is a Japanese Ippan Shadan Hojin operating independently in Japan under a local license agreement. The proportion of membership fee income attributable to the company, amounted to £9,625 (2012 - £13,532) during the year under review.

3. OPERATING COSTS

Operating costs totalling £782,221 (2012 - £636,072) represent expenditure incurred by the National Groups of the Association located in Australia, the Cayman Islands, Hong Kong and Singapore. It also includes £175,169 (2012 - £162,364), payable to AIMA Canada in respect of its entitlement to fees received for that region. At the year end the amount due to AIMA Canada was £14,383 (2012 - £23,045).

Operating costs totalling £199,403 (2012 - £108,410) relate to the staff and office costs of the representative branch in the United States.

£11,064 (2012 - £17,016) was paid to AIMA Japan in respect of the proportion of global membership fees attributable to that region.
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

4. DIRECTORS' REMUNERATION

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aggregate emoluments (including pension contributions)</td>
<td>361,653</td>
<td>350,454</td>
</tr>
</tbody>
</table>

Directors' emoluments are those received by the full-time director employed by the Association.

During the year retirement benefits were accruing to 1 director (2012 - 1) in respect of defined contribution pension schemes.

In addition, payments were made to a third party in respect of certain services provided by the non-executive chair of the council as set out in note 14.

5. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation of tangible fixed assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- owned by the company</td>
<td>29,048</td>
<td>33,455</td>
</tr>
<tr>
<td>Auditors' remuneration</td>
<td>10,000</td>
<td>9,250</td>
</tr>
<tr>
<td>Pension costs</td>
<td>153,966</td>
<td>126,106</td>
</tr>
<tr>
<td>Operating lease costs</td>
<td>90,000</td>
<td>89,407</td>
</tr>
<tr>
<td>Net (gain)/loss on foreign currency translation</td>
<td>9,249</td>
<td>45,084</td>
</tr>
</tbody>
</table>

6. TANGIBLE FIXED ASSETS

<table>
<thead>
<tr>
<th></th>
<th>Leasehold improvements</th>
<th>Fixtures &amp; fittings</th>
<th>Equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January 2013</td>
<td>128,896</td>
<td>57,638</td>
<td>145,804</td>
<td>332,338</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>-</td>
<td>4,294</td>
<td>4,294</td>
</tr>
<tr>
<td>At 31 December 2013</td>
<td>128,896</td>
<td>57,638</td>
<td>150,098</td>
<td>336,632</td>
</tr>
<tr>
<td>Depreciation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January 2013</td>
<td>121,985</td>
<td>41,392</td>
<td>85,777</td>
<td>249,154</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>1,420</td>
<td>7,699</td>
<td>19,929</td>
<td>29,048</td>
</tr>
<tr>
<td>At 31 December 2013</td>
<td>123,405</td>
<td>49,091</td>
<td>105,706</td>
<td>278,202</td>
</tr>
<tr>
<td>Net book value</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 December 2013</td>
<td>5,491</td>
<td>8,547</td>
<td>44,392</td>
<td>58,430</td>
</tr>
<tr>
<td>At 31 December 2012</td>
<td>6,911</td>
<td>16,246</td>
<td>60,027</td>
<td>83,184</td>
</tr>
</tbody>
</table>
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

7. FIXED ASSET INVESTMENTS

The company has a controlling interest in AIMA Canada. This controlling interest was gained at no cost. Details of the profit/(loss) and the capital and reserves (net assets) of this subsidiary are given below, converted at the year end foreign exchange rate.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>AIMA Canada</td>
<td>(30,214)</td>
<td>56,143</td>
<td>(23,204)</td>
<td>91,330</td>
</tr>
</tbody>
</table>

8. DEBTORS

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade debtors</td>
<td>186,942</td>
<td>234,920</td>
</tr>
<tr>
<td>Other debtors</td>
<td>156,585</td>
<td>93,566</td>
</tr>
<tr>
<td></td>
<td>343,527</td>
<td>328,486</td>
</tr>
</tbody>
</table>

9. CREDITORS:
    Amounts falling due within one year

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade creditors</td>
<td>91,873</td>
<td>44,795</td>
</tr>
<tr>
<td>Social security and other taxes</td>
<td>567,787</td>
<td>513,284</td>
</tr>
<tr>
<td>Other creditors</td>
<td>836,969</td>
<td>363,954</td>
</tr>
<tr>
<td></td>
<td>1,496,629</td>
<td>922,033</td>
</tr>
</tbody>
</table>

10. OPERATING LEASE COMMITMENTS

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expiry date:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between 2 and 5 years</td>
<td>100,000</td>
<td>75,000</td>
</tr>
</tbody>
</table>

Page 10
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

11. COMPANY LIMITED BY GUARANTEE

The company is a private company limited by guarantee and consequently does not have share capital. In the event of a winding up, should the company be unable to meet its liabilities, the members have agreed to contribute £10 each to the assets of the company.

The capital contribution is the contribution received from the Alternative Investment Management Association, when the company commenced activity.

12. RESERVES

<table>
<thead>
<tr>
<th></th>
<th>Capital contribution £</th>
<th>Profit and loss account £</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 January 2013</td>
<td>293,014</td>
<td>2,372,301</td>
</tr>
<tr>
<td>Loss for the financial year</td>
<td>-</td>
<td>(173,916)</td>
</tr>
<tr>
<td>At 31 December 2013</td>
<td>293,014</td>
<td>2,198,385</td>
</tr>
</tbody>
</table>

13. RECONCILIATION OF MOVEMENT IN MEMBERS’ FUNDS

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening members' funds</td>
<td>2,665,315</td>
<td>2,340,745</td>
</tr>
<tr>
<td>(Loss)/profit for the financial year</td>
<td>(173,916)</td>
<td>324,570</td>
</tr>
<tr>
<td>Closing members' funds</td>
<td>2,491,399</td>
<td>2,665,315</td>
</tr>
</tbody>
</table>

14. RELATED PARTY TRANSACTIONS

During the year W T Groome, a non-executive director, was paid £nil (2012 - £53,132) for the provision of consultancy services to the company.

During the year KLC Consulting Group LLC, was paid £144,943 (2012 - £39,222) for the provision of consultancy services to the company by K L Casey, non-executive director.