

Corporate directors dominate in Cayman

According to the SEC's ADV filings there are 17,120 funds, from approximately 1,000 promoters, domiciled in Cayman. Only a minority of these promoters use individual as opposed to corporate directors for their fund boards.

This data is sourced from Castle Hall's DiligenceExpress tool, which enables investors to analyse information extracted from the SEC's Form ADV.

The clear majority of those using corporate entities on their boards are private equity and real estate funds. However, some Cayman private equity funds do have boards with named individuals on them, including independent directors.

Many hedge funds also use corporate directors too, either on their own or alongside an independent. Having a token outsider on the board, alongside a corporate entity, is common.

Under half of the promoters of funds domiciled in Cayman, 421 of them, have named individuals on their boards only – whether they be non-executive or executive directors. Those that have independent, non-execs on their boards will almost always use the same people for all their funds.

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Struggling? Time to strengthen the board

Many hedge funds are struggling and 2019 could well be even worse. For managers committed to being around for the long term strengthening their boards at this time of uncertainty is a great way to reassure investors.

Hedge fund numbers do not look good at the end of this year. Citadel, Millennium Management, Greenlight Capital, Point72 and a host of other well-known hedge fund managers have suffered significant losses in 2018.

November, in particular, was a terrible month – both for performance and for hedge fund closures. Closures this autumn have included the following: Brenham Capital, Brenner West Capital Partners, Tourbillon Capital Partners, Highfields Capital Management and Criterion Capital Management.

A number of analysts forecast that things could be even worse in the year ahead.

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