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Jay Leno and Richard Branson headline the 2016 Cayman Summit

By Gillian Kemmerer

Tue Feb 16, 2016

Hedgies, investors and celebrities once again gathered at the Cayman Alternative Investment Summit at the Ritz Carlton on February 3-5.

The weather was clear and 86 degrees on the first evening of the Cayman Alternative Investment Summit (CAIS), hosted in Grand Cayman, British West Indies last week. Pulling up to the lush palm-lined driveway of the Ritz Carlton on Seven Mile Beach, a prominent asset manager—in his early fifties, sunburned from recent diving trips on Little Cayman—slid open the sun roof of his car to let in the breeze. Within seconds, a large object fell from the sky, causing him and two junior analysts to jump out of the car and into the well-manicured brush. A blue iguana, perhaps equally as terrified, had missed the mark between forest canopy jumps, and landed squarely in the front seat of a luxury SUV.

This wasn't the last time a prominent inhabitant of the island would make a splash in a select enclave of hedgies.

Cayman premier Alden McLaughlin opened the first sessions of the conference on Thursday morning, using the podium to launch a surprise hit on BBC journalist Jacques Peretti who recently released a documentary titled "Britain's Trillion Pound Island," an investigation into the Caymans where "seemingly no one [is] paying a penny of tax," the BBC website reads.

"In a triumph of investigative journalism," McLaughlin sarcastically quipped to conference-goers, "Mr. Peretti revealed that there are rich people living on the island. Lots of them have boats. Some of them have expensive cars. Who knew? We thank him for this insight."

Eliciting a roar of laughter from the audience, the satirical deluge continued. "Apparently much of the wealth here is fueled by the financial services industry because a lot of other rich people chose to put their assets here," the Premier added. "The Pulitzer's in the bag."



The road up to the Ritz Carlton Grand Cayman.

(Photo: Gillian Kemmerer)

Peretti could not be reached for comment by press time.

McLaughlin extolled the financial stability of the island, adding that Cayman was able to cut taxes for both households and businesses alike—and proclaimed a commitment to poverty reduction.

“[Peretti’s] contention was that relative poverty for some is a price that these islands pay for having a thriving financial services industry,” McLaughlin said, adding that economic expansion—particularly in financial services—benefited all inhabitants.

The BBC’s depiction of the tropical tax haven permeated anxious discussions across the conference. At a private dinner hosted at Grand Old House, a waterfront plantation built in 1908, attendees expressed disdain over the “tenuous” ties drawn between persistent social issues in the United Kingdom and Cayman’s seeming abundance of wealth.

“The U.K. should take a look at its own political mismanagement before reaching its hands into Cayman’s pockets to help,” said one attendee, who had moved to the island a decade earlier. “Cayman isn’t the reason that social services there are crumbling.”

Fellow hedge fund managers and financiers discussed the documentary at-length over freshly-caught snapper, tuna ceviche and blackened grouper at a private event later that evening. A man hand-rolled Cuban cigars from the restaurant’s sprawling verandah as giant tarpon lapped at the edge of the shoreline.

Select hotel guests received invitations from Five Mile Capital, a Conn.-based asset manager, to preview an exclusive penthouse for sale at the Ritz Carlton Residences. Ex-Baltimore Orioles shortstop Cal Ripken Junior made an appearance, and while asking price was not publicly disclosed, the hotel’s penthouse hit the market in 2010 for \$44 million according to the Wall Street Journal. At the time, it included a Rolls-Royce Phantom and a yacht.

The theme of disruption—both among the Cayman glitterati and in markets—fueled much of the talk of the following two days. Morgan Creek Capital Management founder Mark Yusko again offered a “ten surprises for 2016” keynote (last year he went seven for eleven), with pessimistic predictions including the bankruptcy of one or more commodity trading giants and a multi-sector bond bubble. At the end of his lively talk, Yusko gave a nod to his Superbowl-bound Carolina Panthers, opening his shirt to reveal a Superman logo a la Panthers quarterback Cam Newton, except the S had been interchanged with the Greek symbol for alpha.

Yusko conceded the stage to the conference’s annual menagerie of permabears—economists Nouriel Roubini, Constance Hunter, Raoul Pal and John Mauldin—who expressed concerns over negative interest rate policies and global economies teetering on full-blown recession. The quartet offered eight investment ideas of varying degrees of risk, including going long Iran and short the Japanese Yen.

In the vein of SkyBridge’s annual SALT conference—nicknamed the “spring break for hedge funds”—celebrity guests dotted the agenda, including chats with actresses Jamie Lee Curtis and Meghan Markle, and an off-the-record comedy set by former Tonight Show host Jay Leno. Certain conference attendees received coveted tickets to have their photographs taken with the stars after their keynotes in the green room.

The second evening concluded with cocktails and a Caribbean dinner on Camana Bay, a dining and entertainment campus constructed by Cayman-based conglomerate Dart Enterprises, a headline sponsor of the conference. Guests posed for photos with leather-clad models in front of luxury cars and smoked Cuban cigars before adjourning to parties at nightclub Whiskey Mist and private homes.

After Tortuga Rum-induced hangovers dissipated, the conference’s most hotly-attended panels were saved for Friday afternoon. The annual philanthropy talk, hosted by KPMG global head of citizenship Lord Michael Hastings, featured the late Senator Robert Kennedy’s daughter, Kerry; Sky Sports presenter Julia Immonen who rowed across the Atlantic Ocean to raise money for human trafficking victims; and youth leadership forum One Young World founder David Jones. Virgin chief executive Richard Branson again closed out the conference, maintaining the social responsibility focus with a discussion of ocean conservation.

Branson's charity Virgin Unite co-sponsored several tags that track the movement of endangered species of sharks off the coast of Grand Cayman. One of Branson's tags, a shortfin mako shark named Ebenezer, traveled over 7,300 miles during its six month tracking period—making it the fastest shark in the Guy Harvey Ocean Foundation's conservation program. Branson was presented with a painting of an underwater landscape as a reward.

Attendees were escorted from the Ritz Carlton to the Camana Bay Festival Green once again to attend the Legends tennis tournament, a series of doubles and singles matches including former pros Anna Kournikova, Andy Roddick, Jim Courier and Mark Philippoussis. VIP attendees sipped Moët & Chandon rosé champagne straight from bottles while nursing widely-sported sunburns—and in one case—a New Orleans Saints Superbowl ring belonging to team orthopedic surgeon Misty Suri.

ISSN: 2151-1845 / CDC10004H



*Tennis stars Andy Roddick
(foreground) and Jim Courier.
(Photo: Gillian Kemmerer)*