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Administrator

HSBC Trustee (Cayman) Limited

Administrator's Delegate

HSBC Institutional Trust Services (Singapore)
Limited

Custodian to the Fund

HSBC Trustee (Cayman) Limited

Legal Advisers as to Cayman Law

Walkers

Legal Advisers as to Singapore Law

Rajah & Tann

Auditors to the Fund

PricewaterhouseCoopers Cayman

i Capital Global Fund

**Quarterly Report for the period
1 May 2009 to 31 January 2010**

i Capital Global Fund

Interim Report of the Fund Manager for the period 1 May 2009 to 31 January 2010

Performance

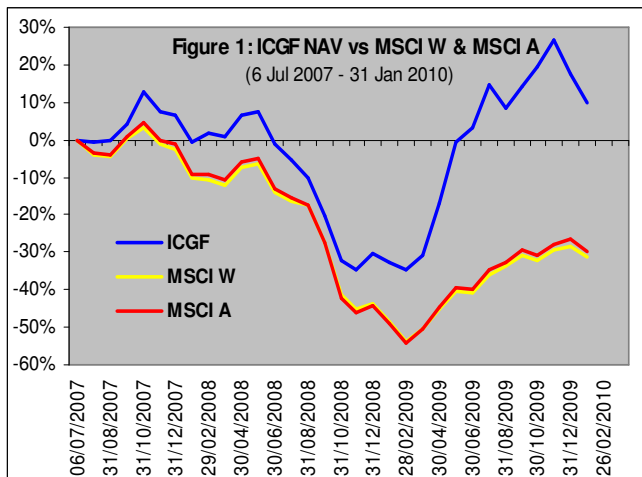
This is the third quarterly report of the *i* Capital Global Fund for the financial year ending 30 April 2010.

In the nine months ending 31 January 2010, the net asset value (NAV) of the *i* Capital Global Fund rose 32.13% or US\$266.82 from US\$830.481 to US\$1,097.301 per share. In the same period, the MSCI World Index ⁽¹⁾ rose 25.37% and the MSCI All Country Index ⁽²⁾ gained 27.12%.

Between 6 July 2007 and 31 January 2010, the net asset value (NAV) of the *i* Capital Global Fund gained 9.73% or US\$97.301 from US\$1,000.000 to US\$1,097.301 per share. In the same period, the MSCI World Index plunged 28.50% and the MSCI All Country Index slumped 27.21%.

The performance of your Fund, since its inception in July 2007, is best seen visually. **Figure 1** shows the NAV of the *i* Capital Global Fund against the performance of the two MSCI benchmark indices since its launch. As can be seen, your Fund has consistently outperformed the two MSCI benchmark indices by a huge margin.

Figure1



In calendar year 2009, the increase in the NAV of your Fund exceeded an annual return of 6% and a compound return of 6% per annum since its inception in July 2007, hence simultaneously fulfilling both performance fee criteria. The above performance data of your Fund ending 31 January 2010 is nett of the US\$106.063 that was paid to the Fund Manager as performance fee. On a gross basis, the performance of your Fund is higher.

As a performance fee was paid in calendar year 2009, this quarterly report would explain in some detail your Fund's unique performance fee structure. In the *i* Capital Global Fund 2010 Gathering held on 22 May 2010 at Grand Millennium, Kuala Lumpur, where all investors were invited to attend, a similar explanation on its performance fee structure was provided.

First and foremost, besides being fair, the performance fee structure was designed to protect investors' long-term interest, an important objective of your Fund. It has two hurdle rates, one of which also serves as a high water mark, except that the high water mark is rising every day and perpetually.

To illustrate your Fund's unique performance fee structure, we simulate a case study by assuming that the Dow Jones Industrial Average is a fund using your Fund's performance fee structure – see **Figure 2**. The top portion of chart shows that the Dow Jones Industrial Average lies below your Fund's two 6% combined hurdle rates from 1929 up to 2009. This means that no performance fee is payable from 1929 to 2009. Performance fee is only payable for the year 1927 and 1928. On the other hand, if the Dow Jones Industrial Average index is a fund with a typical high water mark performance fee structure (a typical high water mark charges performance fees only when the fund NAV exceeds its historical peak), the performance fee would have been chargeable for 20 years from 1953 to 2009. Obviously, there is a huge difference between the two performance fee structures, which unfortunately can only be appreciated from a long-term perspective. The compound return for the Dow Jones Industrial Average from 1926 to 2009, an 84-year period covering many bull and bear markets, is 5.14% per annum.

In a second case study, the S&P 500 index is assumed to be the fund using your Fund's performance fee structure – see **Figure 3**.

Figure2

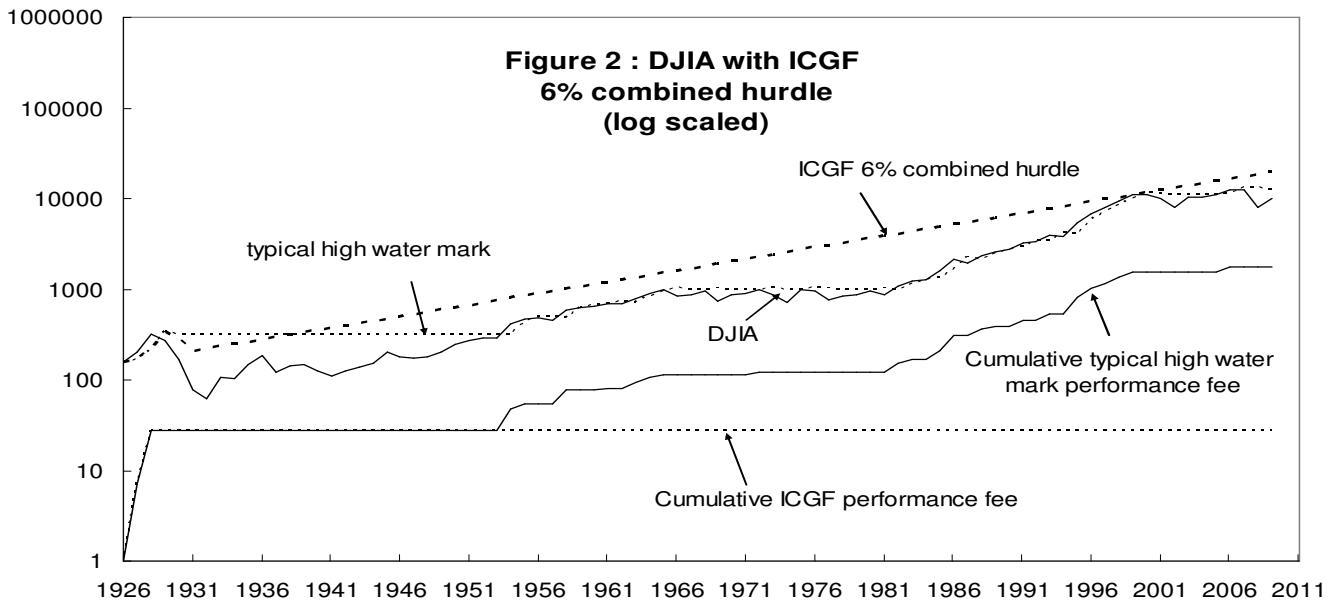
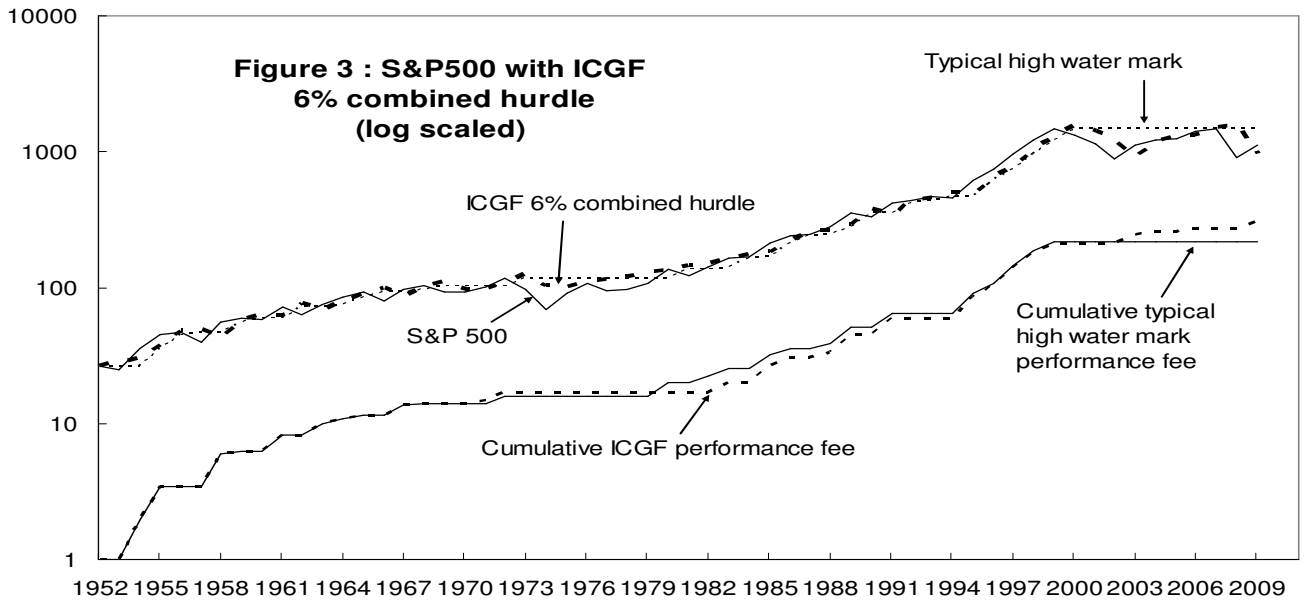


Figure3



From 1952 to 1979, the performance fee charged based on your Fund's performance fee structure is almost the same as that charged based on a typical high water mark performance fee structure (A typical high water mark charges performance fees only when the fund NAV exceeds its historical peak).

From 1980 to 2002, the performance fee charged based on your Fund's performance fee structure is lower than that charged based on a typical high water mark performance fee structure. However, from 2003 to 2009, the performance fee charged based on your Fund's performance fee structure is higher than that charged based on a typical high water mark performance fee structure. Why is there such a difference?

From 1980 to 2002, the New York stock exchange experienced a secular bull market. It is relatively easy to generate returns in such a bull market and fund managers should not charge higher performance fees. However, during the period from 2003 to 2009, the New York stock exchange experienced very volatile conditions. Many investors lose money in a volatile market, let alone generate profit consistently. That is why we think a fund manager should be rewarded more for generating consistent returns in such a difficult market as opposed to a rising bull market. Again, there is a major difference between the two performance fee structures which can only be truly appreciated from a longer-term perspective. The compound return for the S&P 500 index from 1952 to 2009, a 58-year period covering many bull and bear markets, is 6.78% per annum.

As the two case studies show, the performance fee structure of the *i* Capital Global Fund is essentially aimed at protecting the long-term interests of investors.

The top 5 investments as at 31 January 2010 are Rexlot Holdings Ltd, Beijing Capital Land Ltd, Shanghai Industrial Holdings Ltd, Keppel Corporation Ltd and Tesco Plc. They make up 62.82% of the total assets. By the end of January, your Fund had about US\$3.3 million in cash or 7.08% of NAV. The portfolio of your Fund is spread across 14 companies that are engaged in a wide range of business activities – see the Schedule of Securities on page 9.

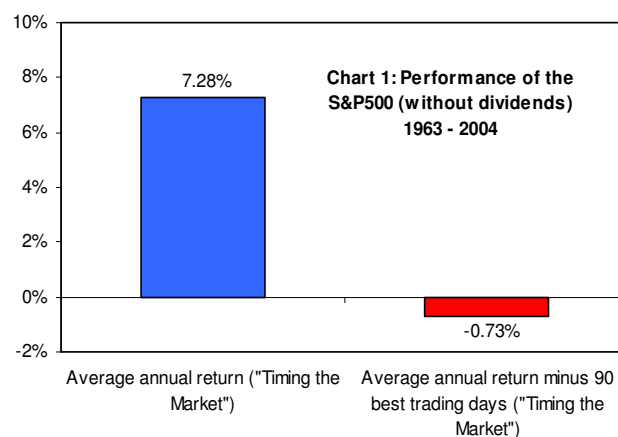
In early April 2010, your Fund sold its holdings in Keppel Corporation Ltd (SGX) and Rolls Royce Plc (London). However, later in the same month, it invested in PT Jasa Marga and ANZ Banking Group. PT Jasa Marga is an Indonesian toll operator listed on the Jakarta stock exchange and the Asia-Pacific banking group ANZ is listed on the ASX. In May, it bought more of ANZ and bought back some Keppel Corporation's shares.

Strategy

In our previous commentary dated 5 July 2010, we advised that global stock market conditions since July 2009 have been volatile, swinging from fear to optimism and back to fear again. To invest successfully in such conditions, one needs to have the correct perspective obtained with a clear mind. It is useful in such conditions to examine the following chart, which is the result of a study conducted at the University of Michigan.

Essentially, **Chart 1** shows that an investor who missed the 90 best trading days from 1963 to 2004 would have earned a negative return of 0.73% per annum. In contrast, an investor who stayed invested throughout that entire 42-year period would have earned a positive return of 7.28% per annum. Not many investors realise that timing the stock market is a lot less profitable than time in the market.

Chart1



By 31 January 2010, the NAV of your Fund has outperformed the MSCI World Index by 41.10% percentage points and the MSCI All Country Index by 39.54% percentage points. On an annualised basis, your Fund has impressively outperformed these two indices by around 16.50% percentage points. In such turbulent conditions, it makes solid investment sense to stay invested with the tested and proven. Once again, it is an excellent time to add to your investment in the *i* Capital Global Fund.

Tan Teng Boo
Capital Dynamics (S) Pte Ltd
1 September 2010

(1): This index comprises prices from 23 developed countries.
(2): This index comprises prices from 48 countries, including China.

i CAPITAL GLOBAL FUND**Income Statement (Unaudited)**

For the financial period from 1 May 2009 to 31 January 2010

	For the financial period from 1 May 2009 to 31 January 2010 US\$
Income	
Dividend income	498,529
Interest income	7,584
Net foreign exchange loss	(57,203)
Other net changes on financial assets & financial liabilities at fair value through profit or loss	16,292,470
Total income	16,741,380
Expenses:	
Performance Fees	4,560,825
Management fees	551,802
Administrative and Custodian fees	77,087
Audit fees	14,613
Other operating expenses	13,533
Total operating expenses	5,217,860
Operating profit	11,523,520
Interest expense	-
Total finance costs	-
Profit before tax	11,523,520
Withholding tax on dividends and other investment income	(44,403)
Increase in net assets attributable to holders of participating shares from operations (at bid market prices)	11,479,117
Adjustment from bid market prices to last traded market prices	(31,476)
Increase in net assets attributable to holders of participating shares from operations (at last traded market prices)	11,447,641

i CAPITAL GLOBAL FUND

Balance Sheet (Unaudited)

As at 31 January 2010

	31 January 2010
	US\$
ASSETS	
Current Assets	
Financial assets at fair value through profit or loss	49,050,642
Other receivables	10
Cash and cash equivalents	3,302,686
Total Assets	52,778,012
Equity	
Management shares	10
Total Equity	10
LIABILITIES	
Current Liabilities	
Accrued expenses and other payables	5,718,139
Liabilities (excluding net assets attributable to holders of participating shares)	5,718,139
Net assets attributable to holders of participating shares (at bid market prices)	46,635,189
Represented by:	
Net assets attributable to holders of participating shares (at last traded market prices)	46,829,691
Adjustment from bid/asking market prices to last traded market prices	(194,502)
Net assets attributable to holders of participating shares (at bid market prices)	46,635,189
Net assets value per holder of participating shares at bid market prices, based on 42,677 shares outstanding	1,092.75

i CAPITAL GLOBAL FUND

STATEMENT OF CHANGES IN EQUITY (Unaudited)

For the financial period from 1 May 2009 to 31 January 2010

	For the financial period from 1 May 2009 to 31 January 2010	
	Number of shares	US\$
Equity at beginning of the period	10	10
Issue of management shares	-	-
Equity at end of financial period	10	10

i CAPITAL GLOBAL FUND

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF PARTICIPATING SHARES
(Unaudited)**

For the financial period from 1 May 2009 to 31 January 2010

	For the financial period from 1 May 2009 to 31 January 2010	
	Number of shares	US\$
Net assets attributable to holders of participating shares at the beginning of the period (at last traded market prices)	42,527	35,317,617
Issue of participating shares during the period	1,780	1,936,757
Redemption of participating shares during the period	(1,630)	(1,872,324)
Net increase from share transactions	150	64,433
Increase in net assets attributable to holders of participating shares from operations (at last traded market prices)	-	11,447,641
Net assets attributable to holders of participating shares at end of the period (at last traded market prices)	42,677	46,829,691

i CAPITAL GLOBAL FUND

CASH FLOW STATEMENT (Unaudited)

For the financial period from 1 May 2009 to 31 January 2010

	For the financial period from 1 May 2009 to 31 January 2010
	US\$
Cash flows from operating activities	
Increase in net assets attributable to holders of participating shares from operations (at last traded market prices)	11,447,641
Adjustment for:	
Bid market prices to last traded market prices	31,476
Dividend income	(498,529)
Interest income	(7,584)
Tax expense	44,403
Operating cash flow before working capital changes	11,017,407
Changes in operating assets and liabilities	
Net increase in financial assets at fair value through profit or loss	(16,722,207)
Net increase in other liabilities	5,476,310
Cash provided by operations	(228,490)
Dividend received, net of withholding tax	810,116
Interest received	7,584
Net cash provided by operating activities	589,210
Cash flows from financing activities	
Proceeds from participating shares issued	1,936,757
Redemption of participating shares	(1,872,324)
Net cash provided by financing activities	64,433
Net increase in cash and cash equivalents held	653,643
Cash and cash equivalents at the beginning of the financial period	2,649,043
Cash and cash equivalents at the end of the financial period	3,302,686

i CAPITAL GLOBAL FUND**NOTE TO THE FINANCIAL STATEMENTS**

As at 31 January 2010

Schedule of securities

	Holdings as at 31 January 2010 No. of Shares	Fair Value as at 31 January 2010 USD	Percentage of total net assets attributable to unitholders at 31 January 2010 %
AEROSPACE			
ROLLS-ROYCE GROUP PLC	90,000	691,227	1.48
AGRICULTURE			
CHAODA MODERN AGRICULTURE	2,840,875	2,794,819	5.99
AUTOS & TRUCKS			
PORSCHE PFD NPV	55,000	3,135,866	6.72
DEPT STORES			
NEW WORLD DEPARTMENT STORES	1,270,000	1,138,207	2.44
FINANCE			
BANK OF EAST ASIA	1,100,000	3,774,836	8.09
ST GALLER KANTONALBANK	6,527	3,040,278	6.52
FOODS			
TESCO PLC	600,000	4,091,408	8.77
INFORMATION TECHNOLOGY-SOFTWARE & SERVICES			
REXLOT HOLDINGS LTD (formerly known as REXCAPITAL FINANCIAL HOLDING LTD)	76,875,000	9,107,122	19.53
MISCELLANEOUS			
SHANGHAI ASIA HLDGS LTD	1,535,000	174,960	0.39
SHANGHAI INDUSTRIAL HLDGS LTD	1,200,000	5,555,055	11.91
OIL & GAS			
CNPC HONG KONG LTD	1,500,000	1,877,438	4.03
REAL ESTATE			
BEIJING CAPITAL LAND LTD H SHR	15,000,000	5,176,477	11.10
SHIPBUILDING			
KEPPEL CORP LTD	900,000	5,366,340	11.51
TRANSPORT - SHIP			
MERMAID MARINE AUSTRALIA LTD	444,237	3,126,609	6.70
		49,050,642	105.18

Other Information

Capital Dynamics (S) Pte Ltd (CDPL), a global fund manager based in Singapore, is the fund manager for the *i* Capital Global Fund.

CDPL commenced operations in June 2006 and is part of the established Capital Dynamics group, which provides fund management and investment advisory services to institutional and retail clients. As a global fund manager, CDPL manages the *i* Capital Global Fund, an open-end fund, and discretionary accounts.

From its inception in July 2007 to Jan 2010, the *i* Capital Global Fund's performance gained 9.73%, as opposed to -31.37% for the MSCI World Index (MSCIW) and -29.81% for the MSCI All Country World Index (MSCIA). From 1 Jan 2007 to 31 Jan 2010, funds under CDPL's management achieved a return of 6.28 % per annum, outperforming the MSCIW and MSCIA which in that period recorded -7.80% and -8.73% per annum respectively.

Capital Dynamics (Australia) Ltd (CDAL), a wholly owned subsidiary of CDPL, obtained its Australian Financial Services License (ASFL 326283) from the Australian Securities and Investments Commission in December 2008. This allows CDAL to provide funds management and financial advisory services to retail and wholesale investors.

Based in Sydney, CDAL was set up with the aim of providing investors with the proven investment success of the Capital Dynamics group through the launch of the *i* Capital International Value Fund (ARSN 134578180) and individually managed accounts.

Launched in June 2009, the *i* Capital International Value Fund invests in global equities and is managed with a focus on long term capital appreciation while providing distributions.

Capital Dynamics Asset Management S/B (CDAM), based in Kuala Lumpur, manages icapital.biz Berhad, a closed-end fund listed on Bursa Malaysia, and discretionary accounts. The share price of icapital.biz Berhad consistently trades at a premium to its net asset value.

CDAM has been consistently reporting positive returns since its inception. Between 1998 and Jan 2010, CDAM achieved a net compound return of 21.28% per annum and has substantially outperformed the Kuala Lumpur Composite Index every year, which gained 6.28% per annum in the same period.

The Capital Dynamics group traces back to 1988, when its managing director, Tan Teng Boo, an experienced investment manager, founded Capital Dynamics S/B, the first independent investment adviser in Malaysia. It provides top quality advice on investments through *i* Capital, its weekly report, and www.icapital.biz, the Internet edition. It supervises 5 portfolios with the oldest started as far back as Sep 1991. Every portfolio has outperformed the market indices by a substantial margin.

The investment philosophy of the Capital Dynamics group, including that of CDPL, is guided by a sound and rigorous value-investing framework. Essentially, the Capital Dynamics group seeks low risk yet high return types of investment.

The Capital Dynamics group is independent and is therefore not part of any financial institution or political or government organisation. Being owner-operated, the continuity and consistency of the investment approach adopted by the group is assured.