

# **i Capital Global Fund**

**Annual Report  
for the financial year ended  
30 April 2013**

# **i CAPITAL GLOBAL FUND**

*(Incorporated in the Cayman Islands)*

## **ANNUAL REPORT**

*For the financial year ended 30 April 2013*

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## **i Capital Global Fund**

Annual report of the Fund Manager  
For the financial year ended 30 April 2013

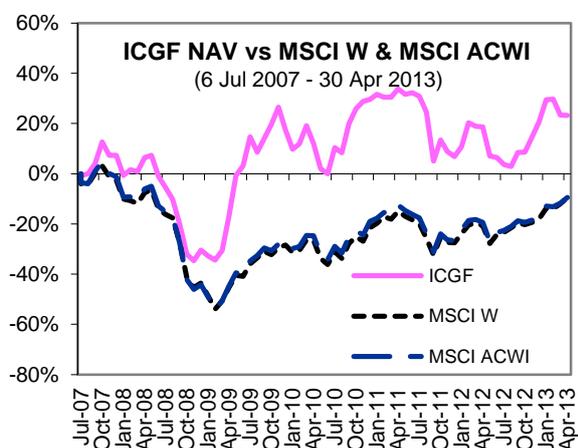
### **Performance**

This is the fourth Quarterly and Annual Report of the *i Capital Global Fund* for the financial year ended 30 April 2013.

Between 6 July 2007 and 30 April 2013, the NAV of the *i Capital Global Fund* gained 23.26% or US\$232.645 from S\$1,000.000 to US\$1,232.645 per share. In the same period, the MSCI World Index decreased 9.52% and the MSCI ACWI Index decreased 9.45%.

Figure 1 shows the NAV of the *i Capital Global Fund* against the performance of the two MSCI benchmark indices since its launch which was just before the financial markets and economies were seriously affected by the 2008 US-led financial crisis. Since then, your Fund has consistently outperformed the two MSCI benchmark indices.

**Figure 1**



In the twelve months ended 30 April 2013, the net asset value (NAV) of the *i Capital Global Fund* increased 3.89% or S\$46.107 from US\$1,186.538 to US\$1,232.645 per share. In the same period, the MSCI World Index<sup>(1)</sup> increased 14.08% and the MSCI ACWI Index<sup>(2)</sup> increased 12.40%.

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 in page 28.

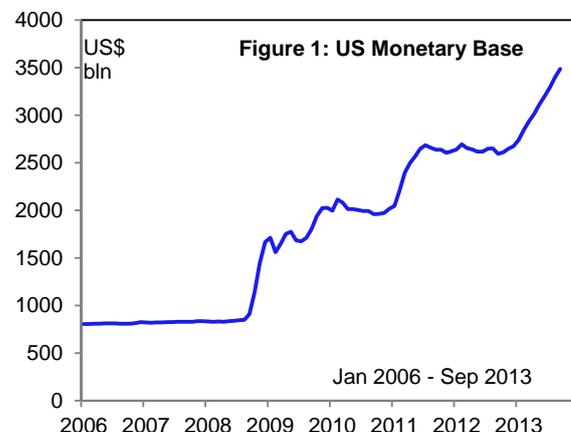
The top 5 investments as at 30 April 2013 were Rexlot Holdings Ltd, Mermaid Marine Australia Ltd, Discovery Communication Inc., Tiffany & Co. and Porsche Automobil Holding SE PFD. They made up 57.11% of the total assets. At the end of April 2013, your Fund had 4.01% of its NAV in cash.

### **Strategy**

The recent US economic indicators, – the 3rd quarter GDP, the ISM manufacturing, the non-ISM manufacturing, and employment report for October – were all better than expected, despite the silly political squabbles that led to the US government being shut down for the 18th time. While this is reassuring, it brings to fore the 64 million dollar question. When will monetary policy in the US reverse?

The monetary tightening by the US Fed (or euphemistically called tapering) is not a question of when or if. Figure 2 shows the unprecedented explosion in US monetary base. This explosion cannot continue at such a frenzied pace without generating adverse effects on the US economy sometime in the future.

**Figure 2**



Although the monetary tightening has to start sooner or later, the more critical question is what will be the impact of such a development on the US and also global financial markets? The 3 rounds of quantitative easing started by Ben Bernanke in 2009 were unprecedented as America resorted to all kinds of desperate measures to save an economy from further spiraling downwards. Unfortunately, mounting a tiger creates the complicated problem of dismounting from the tiger. The Federal Reserve in such a dilemma now as it attempts to embark on an unprecedented tightening or tapering.

As a value investor, it is the frothy state of the NYSE, amidst the macro uncertainties, that concerns Capital Dynamics (S) Pte Ltd more. *“Warren Buffett cannot find bargains. Pimco’s co-chief investment officer Bill Gross agrees with BlackRock’s boss Larry Fink that markets are getting bubbly. Margin debt is at historic levels”* as *i* Capital (an investment publication from Capital Dynamics group) advised in its issue dated 1st Oct 2013. Admittedly, an overvalued market can remain overvalued for a lengthy period but the higher the valuation, the higher the risk.

As at the time of writing this commentary, the *i* Capital Global Value Fund has 26.54% of its NAV in cash. Capital Dynamics (S) Pte Ltd has sold all of its Tiffany shares. Your fund manager is also in the midst of switching some of its current holdings.

Best wishes.

Tan Teng Boo  
Managing Director  
Capital Dynamics (S) Pte Ltd  
12 November 2013

(1): MSCI World Index: A free float-adjusted market capitalisation weighted index which consists of 24 developed markets.

(2): MSCI ACWI Index: A free float-adjusted market capitalisation weighted index which consists of 45 country indices, comprising 24 developed and 21 emerging market country indices. This includes the stock markets of China, which the ICGF cannot invest in at this time.

**i CAPITAL GLOBAL FUND**

**STATEMENT BY DIRECTORS**

*For the financial year ended 30 April 2013*

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In the opinion of the directors,

- (a) the financial statements of *i* Capital Global Fund (the "Fund") as set out on pages 5 to 27 are drawn up so as to give a true and fair view of the state of affairs of the Fund at 30 April 2013 and of the results of the business, changes in net assets attributable to holders of participating shares and cash flows of the Fund for the financial year ended 30 April 2013; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they fall due.

On behalf of the directors,



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Tan Teng Boo  
Director



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Chew Poh Imm, Claudine  
Director

24 October 2013



## **Independent Auditor's Report**

To the shareholders of *i* Capital Global Fund

We have audited the accompanying financial statements of *i* Capital Global Fund (the "Fund") set out on pages 5 to 27, which comprise the statement of financial position as at 30 April 2013, and the statements of comprehensive income, changes in equity, changes in net assets attributable to holders of participating shares and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 30 April 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

A stylized, handwritten signature of 'PricewaterhouseCoopers' in a dark blue or black ink.

24 October 2013

**i CAPITAL GLOBAL FUND****STATEMENT OF COMPREHENSIVE INCOME***For the financial year ended 30 April 2013*

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	Note	2013 US\$	2012 US\$
<b>Income</b>			
Dividend income		<b>1,103,696</b>	828,588
Interest income	5	<b>2,449</b>	4,945
Net foreign exchange loss		<b>(4,157)</b>	(2,404,785)
Other net changes on financial assets at fair value through profit or loss	7	<b>1,482,963</b>	(3,339,719)
<b>Total net income/(loss)</b>		<b>2,584,951</b>	(4,910,971)
<b>Expenses</b>			
Management fees	12	<b>637,151</b>	683,707
Administrative & custodian fees	12	<b>87,847</b>	84,811
Transaction expenses		<b>22,192</b>	58,223
Audit fees		<b>22,774</b>	25,218
Other operating expenses		<b>24,540</b>	20,003
<b>Total operating expenses</b>		<b>794,504</b>	871,962
<b>Profit/(loss) before tax</b>		<b>1,790,447</b>	(5,782,933)
Withholding tax on dividend income		<b>(110,092)</b>	(71,394)
<b>Increase/(decrease) in net assets attributable to holders of participating shares from operations (at bid market prices)</b>		<b>1,680,355</b>	(5,854,327)
Adjustment from bid market prices to last traded market prices	13	<b>36,477</b>	(1,744)
<b>Increase/(decrease) in net assets attributable to holders of participating shares from operations (at last traded market prices)</b>		<b>1,716,832</b>	(5,856,071)

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*The accompanying notes form an integral part of these financial statements.*

**i CAPITAL GLOBAL FUND****STATEMENT OF FINANCIAL POSITION***As at 30 April 2013*

	Note	2013 US\$	2012 US\$
<b>ASSETS</b>			
<b>Current assets</b>			
Financial assets at fair value through profit or loss	6	<b>42,494,718</b>	31,853,677
Other receivables	9	<b>479,190</b>	483,190
Cash and cash equivalents	8	<b>2,054,113</b>	11,533,346
<b>Total assets</b>		<b>45,028,021</b>	43,870,213
<b>SHARE CAPITAL</b>			
Management shares	11	<b>10</b>	10
<b>Total share capital</b>		<b>10</b>	10
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accrued expenses and other payables	10	<b>528,981</b>	81,614
<b>Liabilities (excluding net assets attributable to holders of participating shares)</b>		<b>528,981</b>	81,614
<b>Net assets attributable to holders of participating shares (at bid market prices)</b>	13	<b>44,499,030</b>	43,788,589
<b>Represented by:</b>			
Net assets attributable to holders of participating shares (at last traded market prices)		<b>44,673,653</b>	43,926,735
Adjustment from last traded market prices to bid market prices	13	<b>(174,623)</b>	(138,146)
Net assets attributable to holders of participating shares (at bid market prices)		<b>44,499,030</b>	43,788,589
Net assets value per share attributable to holders of participating shares at bid market prices, based on 36,242 shares (2012: 37,020 shares) outstanding		<b>1,227.83</b>	1,182.83

*The accompanying notes form an integral part of these financial statements.*

**i CAPITAL GLOBAL FUND****STATEMENT OF CHANGES IN EQUITY***For the financial year ended 30 April 2013*

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	Note	<u>Share Capital</u>		<u>Other Reserves</u>	<u>Total</u>
		Number of shares	US\$	US\$	US\$
<b>2013</b>					
<b>Equity at beginning of financial year</b>		10	10	(138,146)	(138,136)
Adjustment from bid market prices to last traded market prices attributable to holders of participating shares			-	(36,477)	(36,477)
<b>Equity at end of financial year</b>	11	<b>10</b>	<b>10</b>	<b>(174,623)</b>	<b>(174,613)</b>
		<u>Share Capital</u>		<u>Other Reserves</u>	<u>Total</u>
		Number of shares	US\$	US\$	US\$
<b>2012</b>					
<b>Equity at beginning of financial year</b>		10	10	(139,890)	(139,880)
Adjustment from bid market prices to last traded market prices attributable to holders of participating shares			-	1,744	1,744
<b>Equity at end of financial year</b>	11	<b>10</b>	<b>10</b>	<b>(138,146)</b>	<b>(138,136)</b>

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*The accompanying notes form an integral part of these financial statements.*

**i CAPITAL GLOBAL FUND**

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

*For the financial year ended 30 April 2013*

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	<b>2013</b>		<b>2012</b>	
	<b>Number of shares</b>	<b>US\$</b>	<b>Number of shares</b>	<b>US\$</b>
<b>Net assets attributable to holders of participating shares at the beginning of the year (at last traded market prices)</b>	<b>37,020</b>	<b>43,926,735</b>	38,801	51,912,335
Issue of participating shares during the year	<b>881</b>	<b>954,890</b>	698	849,872
Redemption of participating shares during the year	<b>(1,659)</b>	<b>(1,924,804)</b>	(2,479)	(2,979,401)
Net decrease from share transactions	<b>(778)</b>	<b>(969,914)</b>	(1,781)	(2,129,529)
Increase/(decrease) in net assets attributable to holders of participating shares from operations (at last traded market prices)	-	<b>1,716,832</b>	-	(5,856,071)
<b>Net assets attributable to holders of participating shares at end of the year (at last traded market prices)</b>	<b>36,242</b>	<b>44,673,653</b>	37,020	43,926,735

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*The accompanying notes form an integral part of these financial statements.*

**i CAPITAL GLOBAL FUND****STATEMENT OF CASH FLOWS***For the financial year ended 30 April 2013*

	Note	2013 US\$	2012 US\$
<b>Cash flows from operating activities</b>			
Increase/(decrease) in net assets attributable to holders of participating shares from operations (at last traded market prices)		1,716,832	(5,856,071)
Adjustment for:			
Last traded market prices to bid market prices		(36,477)	1,744
Dividend income		(1,103,696)	(828,588)
Interest income		(2,449)	(4,945)
Tax expense		110,092	71,394
Unrealised currency translation loss		8,295	120,875
<b>Operating cash flow before working capital changes</b>		<b>692,597</b>	<b>(6,495,591)</b>
Changes in operating assets and liabilities:			
Net change in financial assets at fair value through profit or loss		(10,641,041)	1,180,178
Net change in other receivables		4,000	22,442
Net change in accrued expenses and other payables		447,367	(211,611)
<b>Net cash used in operations</b>		<b>(9,497,077)</b>	<b>(5,504,582)</b>
Dividend received, net of withholding tax		993,594	869,323
Interest received		2,459	4,945
<b>Net cash used in operating activities</b>		<b>(8,501,024)</b>	<b>(4,630,314)</b>
<b>Cash flows from financing activities</b>			
Proceeds from participating shares issued		954,890	849,872
Redemption of participating shares		(1,924,804)	(2,979,401)
<b>Net cash used in financing activities</b>		<b>(969,914)</b>	<b>(2,129,529)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(9,470,938)</b>	<b>(6,759,843)</b>
Cash and cash equivalents at the beginning of the financial year		11,533,346	18,414,064
Effects of currency translation on cash and cash equivalents		(8,295)	(120,875)
<b>Cash and cash equivalents at the end of the financial year</b>	8	<b>2,054,113</b>	<b>11,533,346</b>

*The accompanying notes form an integral part of these financial statements.*

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 April 2013*

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

**1. General information**

i Capital Global Fund (the “Fund”) is an open-ended investment company incorporated as an exempt limited liability company under the Companies Law (Revised) of the Cayman Islands on 6 February 2007. The Fund commenced operations on 6 July 2007.

**Investment objective**

The primary objective of the Fund is to generate long term capital appreciation of its investments, whilst dividend and/or interest income from these investments would be of secondary consideration.

The Fund will primarily invest in a managed portfolio of securities, which includes shares, stocks, warrants and bonds issued by companies listed in the stock markets of countries shown below, as the same may be revised by the Investment Manager at its discretion from time to time.

Countries that the Fund may invest in

<b>Oceania</b>	<b>North America</b>	<b>Asia</b>	<b>Europe</b>	<b>South America</b>	<b>Africa</b>
Australia	Canada	China	Austria	Brazil	South Africa
New Zealand	Mexico	Hong Kong	Belgium	Chile	
	United States	India	Denmark		
		Indonesia	Finland		
		Japan	France		
		Korea (South)	Germany		
		Malaysia	Greece		
		Pakistan	Ireland		
		Philippines	Italy		
		Russia	Luxembourg		
		Singapore	Netherlands		
		Sri Lanka	Norway		
		Taiwan	Portugal		
		Thailand	Spain		
		Turkey	Sweden		
		Vietnam	Switzerland		
			United Kingdom		

The Fund will select a company as an investee where there is a disparity between the company’s market price and its intrinsic value. The Fund may also invest in cash deposits and/or in short term obligations in order to have funds available for general corporate purposes. The Fund will not invest in other collective investment vehicles.

The Fund’s investment activities are managed by Capital Dynamics (S) Private Limited (the “Investment Manager”). The Fund’s administration is delegated to Deutsche Bank AG Singapore (the “Administrator”). The registered office of the Fund is P.O. Box 1984, Boundary Hall, Cricket Square, George Town, Grand Cayman KY1-1104, Cayman Islands.

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 April 2013*

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**2. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

**2.1. Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

The preparation of these financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements for the financial year ended 30 April 2013 and 2012 are disclosed in Note 3.

*Impact of International Accounting Standards ("IAS") and IFRS Issued and Effective*

The accounting policies adopted are consistent with those of the previous year, except for the following new and amended IAS and IFRS adopted in the year commencing January 1, 2012:

- IAS 12 Income Taxes (Amendment) - Deferred Taxes: Recovery of Underlying Assets effective January 1, 2012
- IAS 1 First-Time Adoption of International Financial Reporting Standards (Amendment)
  - Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters effective July 1, 2011
- IFRS 7 Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements effective July 1, 2011

The adoption of these standards did not have any impact on the financial performance or position of the Fund nor did they give rise to additional disclosures.

*Impact of IAS and IFRS Issued But Not Yet Effective*

The Fund has not yet adopted the following IAS and IFRS that have been issued but not yet effective:

<b>IAS</b>	<b>Descriptions</b>	<b>Effective date (Annual periods beginning on or after)</b>
IAS 1	Presentation of Financial Statements - Amendments Relating to Presentation of Items of Other Comprehensive Income	July 1, 2012
IAS 28	Investments in Associates and Joint Ventures (as revised in 2011)	January 1, 2013
IAS 32	Financial Instruments: Presentation - Amendment Relating to Offsetting Financial Assets and Financial Liabilities	January 1, 2014
IFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7	January 1, 2013

**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 April 2013***2. Summary of significant accounting policies (continued)****2.1. Basis of preparation (continued)***Impact of IAS and IFRS Issued But Not Yet Effective (continued)*

<b>IAS</b>	<b>Descriptions</b>	<b>Effective date (Annual periods beginning on or after)</b>
IFRS 9	Financial Instruments: Classification and Measurement	January 1, 2015
IFRS 10	Consolidated Financial Statements, IAS 27 Separate Financial Statements	January 1, 2013
IFRS 11	Joint Arrangements	January 1, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013
IFRS 13	Fair Value Measurement Annual Improvements May 2012 - IFRS 1 First-time Adoption of International Financial Reporting Standards - IAS 1 Presentation of Financial Statements Clarification of the Requirement for Comparative Information - IAS 16 Property, Plant and Equipment Classification of Servicing Equipment - IAS 32 Financial Instruments, Presentation - Tax Effect of Distribution to Holders of Equity Instrument - IAS 34 Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities	January 1, 2013
IAS & IFRS	- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	January 1, 2014

Except for IFRS 13, the Directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application.

**2.2. Foreign currency translation****(a) Functional and presentation currency**

The primary activity of the Fund is to invest in global equities which have strong fundamentals and good growth potential. The performance of the Fund is measured and reported to the investors in US Dollar. The Investment Manager considers the US Dollar as the currency which most faithfully represents the economic effects of the underlying transactions, events and conditions. The Fund's functional and presentation currency is the US Dollar.

**(b) Transactions and balances**

Foreign currency transactions are translated into the US Dollar using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary assets and liabilities are translated into the US Dollar at the rates of exchange prevailing at the end of the reporting period. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Translation differences on non-monetary financial assets and liabilities such as equities at fair value through profit or loss are recognised in the statement of comprehensive income within the fair value net gain or loss.

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 April 2013*

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**2. Summary of significant accounting policies (continued)**

**2.3. Financial assets at fair value through profit or loss**

(a) Classification

The Fund classifies its investments in equity securities as financial assets at fair value through profit or loss. These financial assets are designated by the Board of Directors at fair value through profit or loss at inception.

Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Investment Manager and the Board of Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information.

(b) Recognition/derecognition

Regular-way purchases and sales of investments are recognised on the trade date – the date on which the Fund commits to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

(c) Measurement

Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the statement of comprehensive income. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income in the year in which they arise. Interest income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income within interest income using the effective interest method. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income within dividend income when the Fund's right to receive payments is established.

(d) Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices as at the end of the reporting period. The quoted market price used for financial assets held by the Fund is the current bid price.

**2.4. Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

**2.5. Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash held with banks.

**2.6. Other receivables**

Other receivables are recognised initially at fair value plus transaction costs that are directly attributable to their acquisition or origination. They are subsequently re-measured at amortised cost using the effective interest method, less provision for impairment.

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 April 2013*

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**2. Summary of significant accounting policies (continued)**

**2.7. Other payables**

Other payables are recognised initially at fair value and subsequently stated at amortised cost. The difference between the proceeds and the amount payable is recognised over the period of the payable using the effective interest method.

**2.8. Provisions**

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

**2.9. Interest income and dividend income**

Interest income is recognised on a time proportion basis using the effective interest method.

Dividend income is recognised when the right to receive payment is established.

**2.10. Taxation**

The Fund is domiciled in the Cayman Islands. Under the current laws of the Cayman Islands, there is no income, estate, corporation, capital gains or other taxes payable by the Fund.

The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the statement of comprehensive income.

**2.11. Participating shares**

The Fund issues participating shares, which may be redeemed by the holder serving notice on the Fund after the expiry of the holder's commitment period in the Fund, and are classified as financial liabilities. Participating shares can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value. The participating share is carried at the redemption amount that is payable at the end of the reporting period if the holder exercises the right to put the share back to the Fund.

Participating shares are issued and redeemed at the holder's option at prices based on the Fund's net assets value per share at the time of issue or redemption. The Fund's net asset value per share is calculated by dividing the net assets attributable to the holders of participating shares with the total number of outstanding participating shares. In accordance with the provisions of the Fund's regulations, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per share for subscriptions and redemptions.

**2.12. Share capital**

Management shares are not redeemable, do not participate in the net income or dividends of the Fund and are classified as equity.

**2.13. Net asset value per share**

The net asset value per share is calculated by dividing the net assets attributable to holders of participating shares of the Fund by the number of participating shares in issue at the end of the reporting period.

**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 April 2013***3. Critical accounting estimates and judgments**

The preparation of financial statements in conformation with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Taxation

In preparing these financial statements, management has made certain assumptions and used various estimates concerning the tax exposure which is dependent on what might happen in the future. The resulting accounting estimates may not equal the actual results.

The Fund invests in securities issued by entities which are mostly domiciled in countries other than the Cayman Islands. Many of these foreign countries have tax laws which indicate that capital gains taxes may be applicable to non-residents, such as the Fund. Typically, these capital gains taxes are required to be determined on a self assessment basis and, therefore, such taxes may not be deducted by the Fund's brokers on a "withholding" basis.

In accordance with IAS 12 - Income Taxes, the Fund is required to recognise a tax liability when it is probable that the tax laws of foreign countries require a tax liability to be assessed on the Fund's capital gains sourced from such foreign country, assuming the relevant taxing authorities have full knowledge of all the facts and circumstances. The tax liability is then measured at the amount expected to be paid to the relevant taxation authorities using the tax laws and rates that have been enacted or substantively enacted by the end of the reporting period. There is sometimes uncertainty about the way enacted tax law is applied to offshore investment funds. This creates uncertainty about whether or not a tax liability will ultimately be paid by the Fund. Therefore, when determining any uncertain tax liabilities, management considers all of the relevant facts and circumstances available at the time which could influence the likelihood of payment, including any formal or informal practices of the relevant tax authorities. As at 30 April 2013, the Fund has determined uncertain tax liabilities with respect to foreign capital gains taxes as nil (2012: nil).

**4. Financial risk management****4.1. Strategy in using financial instruments**

In the ordinary course of business, the Fund may be exposed to a variety of risks including but not limited to interest rate, market, currency, credit, concentration and liquidity risks as described more fully in the Private Placing Memorandum (the "PPM"). The Investment Manager attempts to minimise the risks by employing a detailed research based, fundamentally driven, bottom up research process.

**4.2. Market price risk**

The Fund trades in financial instruments, taking positions in traded instruments. The value of these investments may change adversely due to changes in market conditions such as volatility in the prices, thereby adversely affecting the Fund.

The Fund cannot engage in short sales and borrowings. Thus, losses from purchases cannot exceed the total amount invested.

	2013		2012	
	Fair Value US\$	% of net assets valued at bid market price	Fair Value US\$	% of net assets valued at bid market price
Securities designated at fair value through profit or loss	42,494,718	95.50	31,853,677	72.74

**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 April 2013***4. Financial risk management (continued)****4.2. Market price risk (continued)**

The largest single holding accounts for 15% (2012: 21%) of the fair value above and relates to an investment in the shares of a finance company (2012: finance company). As at 30 April 2013, 56% and 17% of securities designated at fair value through profit or loss are exposed to the consumer and financials sectors respectively. As at 30 April 2012, 27%, 16% and 14% of securities designated at fair value through profit or loss are exposed to the financial, consumer and transport-shipping sectors respectively.

*Sensitivity Analysis*

The overall net market exposure of the Fund's securities investments are as follows:

	2013		2012	
	Fair value US\$	% of net assets valued at bid market price	Fair value US\$	% of net assets valued at bid market price
Australia	5,331,637	11.98	4,424,899	10.11
Germany	4,299,905	9.66	3,365,324	7.69
Hong Kong	16,056,871	36.08	14,534,626	33.19
Singapore	204,866	0.46	300,438	0.68
Switzerland	1,986,134	4.46	1,847,339	4.22
United Kingdom	5,084,845	11.43	6,685,391	15.26
United States	9,530,460	21.43	695,660	1.59
	42,494,718	95.50	31,853,677	72.74

The Investment Manager does not manage the Fund's investment strategy to track any particular index or external benchmark. The country listing in Note 4.2 reflects the country of the primary listing of each investment and may not reflect the geography of the underlying operations. The sensitivity analysis presented is based upon the portfolio composition and the historical fluctuations in the price of the portfolio securities. Specifically, for the current reporting period, the average absolute monthly price change for each security over the last 12 months. For the prior period, the directional fluctuation in prices was incorporated in determining the average monthly price change. The composition of the Fund's investment portfolio is expected to change over time. Accordingly, the sensitivity analysis prepared as of the end of the reporting period is not necessarily indicative of the effect on the Fund's net assets due to future movements in the prices of the portfolio securities.

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 April 2013*

**4. Financial risk management (continued)**

**4.2. Market price risk (continued)**

*Sensitivity Analysis (continued)*

If the prices of the portfolio securities had been moved by the reasonable possible percentage change, with all other variables held constant, the net assets attributable to the holders of participating shares will increase/(decrease) by:

2013	Reasonable possible percentage change in price of portfolio of securities	Fair value US\$	Changes in net assets attributable to participating shareholders	
			If the price goes up US\$	If the price goes down US\$
Australia	7%/-7%	5,331,637	373,215	(373,215)
Germany	7%/-7%	4,299,905	300,993	(300,993)
Hong Kong	8%/-8%	16,056,871	1,284,550	(1,284,550)
Singapore	5%/-5%	204,866	10,243	(10,243)
Switzerland	3%/-3%	1,986,134	59,584	(59,584)
United Kingdom	8%/-8%	5,084,845	406,788	(406,788)
United States	6%/-6%	9,530,460	571,828	(571,828)

2012	Reasonable possible percentage change in price of portfolio of securities	Fair value US\$	Changes in net assets attributable to participating shareholders	
			If the price goes up US\$	If the price goes down US\$
Australia	4%/-4%	4,424,899	176,996	(176,996)
Germany	10%/-10%	3,365,324	336,532	(336,532)
Hong Kong	11%/-11%	14,534,626	1,598,809	(1,598,809)
Singapore	4%/-4%	300,438	12,017	(12,017)
Switzerland	5%/-5%	1,847,339	92,367	(92,367)
United Kingdom	11%/-11%	6,685,391	735,393	(735,393)
United States	6%/-6%	695,660	41,740	(41,740)

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 April 2013*

**4. Financial risk management (continued)**

**4.3. Interest rate risk**

The Fund may hold assets and liabilities that may be adversely affected by fluctuations in market interest rates. The Investment Manager monitors interest rate risk exposure from interest bearing products and the correlations of other investments with interest rates in order to evaluate the effect of interest rate changes on the investments. Any excess cash and cash equivalents are invested at short-term market interest rates.

	Up to 1 year US\$	Non-interest bearing US\$	Total US\$
<b>2013</b>			
<b>Assets</b>			
Financial assets at fair value through profit or loss	-	42,494,718	42,494,718
Other receivables	-	479,190	479,190
Cash and cash equivalents	2,054,113	-	2,054,113
<b>Total assets</b>	<b>2,054,113</b>	<b>42,973,908</b>	<b>45,028,021</b>
<b>Liabilities</b>			
Accrued expenses and other payables	-	528,981	528,981
<b>Total liabilities (excluding net assets attributable to holders of participating shares)</b>	<b>-</b>	<b>528,981</b>	<b>528,981</b>
	<b>2,054,113</b>	<b>42,444,927</b>	<b>44,499,040</b>
	Up to 1 year US\$	Non-interest bearing US\$	Total US\$
<b>2012</b>			
<b>Assets</b>			
Financial assets at fair value through profit or loss	-	31,853,677	31,853,677
Other receivables	-	483,190	483,190
Cash and cash equivalents	11,533,346	-	11,533,346
<b>Total assets</b>	<b>11,533,346</b>	<b>32,336,867</b>	<b>43,870,213</b>
<b>Liabilities</b>			
Accrued expenses and other payables	-	81,614	81,614
<b>Total liabilities (excluding net assets attributable to holders of participating shares)</b>	<b>-</b>	<b>81,614</b>	<b>81,614</b>
	<b>11,533,346</b>	<b>32,255,253</b>	<b>43,788,599</b>

Total interest income from cash and cash equivalents is not significant to the overall performance of the Fund. Interest income does not constitute the principal income source of the Fund and management's expected shift in interest rates will not have a material effect on the Fund's income source. Therefore, a sensitivity analysis is not prepared.

**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 April 2013***4. Financial risk management (continued)****4.4. Credit risk**

The Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The values of assets exposed to credit risks are disclosed in the statement of financial position, and it applies to cash and cash equivalents and other receivables. For transactions in listed securities which are settled/paid for upon delivery using approved brokers, the risk of default is considered minimal as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Investment Manager structures the level of the Fund's credit risk by undertaking transactions with approved brokers and other reputable financial institutions. The Fund's financial assets are also held in custody with established and approved counter-parties. Financial assets are securities which are listed with reputable stock exchanges. The Investment Manager assesses the need to diversify the Fund's credit risk whilst considering the costs associated with maintaining multiple relationships with brokers and financial institutions. In this regard, the Investment Manager monitors the credit rating of the Fund's counter-parties to assess the costs and benefits associated with maintaining one or more counter-parties. As at the date of these financial statements, the Fund's financial assets at fair value through profit or loss and all the cash and cash equivalents are placed with Deutsche Bank AG Singapore, the custodian of the Fund. The S&P credit rating of the custodian at year end was A (2012: Hongkong and Shanghai Banking Corporation Limited with credit ratings AA).

**4.5. Liquidity risk**

The Fund is exposed to quarterly cash redemptions of participating shares after a commitment period of 12 months commencing from the date on which a shareholder is registered. The liquidity risk is managed by the Board's right to postpone redemptions if aggregating redemptions are more than 10 per cent of the total number of participating shares in issue.

The Fund invests in investments that are traded in active markets and can be readily disposed. These listed securities are considered readily realisable, as they are listed on official stock exchanges.

In accordance with the Fund's policy, the Investment Manager monitors the Fund's liquidity position on a daily basis, and the Board of Directors reviews it on a quarterly basis.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The maturity grouping of net assets attributable to holders of participating shares is based on the date from which holders of participating shares may serve notice for redemption of their units as described in the Fund's PPM. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal to their carrying balances, as the impact of discounting is not significant.

	1-3 months US\$	3-12 months US\$	Total US\$
<b>2013</b>			
Accrued expenses and other payables	528,981	-	528,981
Net assets attributable to holders of participating shares	43,588,012	1,085,641	44,673,653
<b>2012</b>			
Accrued expenses and other payables	81,614	-	81,614
Net assets attributable to holders of participating shares	43,476,811	449,924	43,926,735

In order to manage the Fund's overall liquidity, the Fund has the ability to postpone or suspend redemption requests. The Fund will take all reasonable steps to end any such period of postponement or suspension as soon as may be possible.

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 April 2013*

**4. Financial risk management (continued)**

**4.6. Currency risk**

Exposure to currencies other than US dollar in the Fund may adversely affect the Fund due to changes in currency rates versus the US dollar. In addition, the Fund also incorporates macro-economic analysis, in which economic growth, interest and inflation rates are some of the fundamental factors.

The table below summarises the Fund's exposure to currency risks.

*Concentration of assets and liabilities*

	USD US\$	HKD US\$	EUR US\$	AUD US\$	GBP US\$	SGD US\$	CHF US\$	Total US\$
<b>2013</b>								
<b>Assets</b>								
Financial assets at fair value through profit or loss	9,530,460	16,056,871	4,299,905	5,331,637	5,084,845	204,866	1,986,134	42,494,718
Other receivables	-	406,289	-	-	-	-	72,901	479,190
Cash balances	2,054,113	-	-	-	-	-	-	2,054,113
<b>Total assets</b>	<b>11,584,573</b>	<b>16,463,160</b>	<b>4,299,905</b>	<b>5,331,637</b>	<b>5,084,845</b>	<b>204,866</b>	<b>2,059,035</b>	<b>45,028,021</b>
<b>Liabilities</b>								
Accrued expenses and other payables	447,910	38,849	-	-	-	16,305	25,917	528,981
<b>Total liabilities (excluding net assets attributable to shareholders of participating shares)</b>	<b>447,910</b>	<b>38,849</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,305</b>	<b>25,917</b>	<b>528,981</b>
<b>Net currency exposure</b>	<b>11,136,663</b>	<b>16,424,311</b>	<b>4,299,905</b>	<b>5,331,637</b>	<b>5,084,845</b>	<b>188,561</b>	<b>2,033,118</b>	<b>44,499,040</b>
<b>2012</b>								
<b>Assets</b>								
Financial assets at fair value through profit or loss	695,660	14,534,626	3,365,324	4,424,899	6,685,391	300,438	1,847,339	31,853,677
Other receivables	10	423,440	-	10	-	-	59,730	483,190
Cash balances	11,387,000	-	-	140,042	-	6,304	-	11,533,346
<b>Total assets</b>	<b>12,082,670</b>	<b>14,958,066</b>	<b>3,365,324</b>	<b>4,564,951</b>	<b>6,685,391</b>	<b>306,742</b>	<b>1,907,069</b>	<b>43,870,213</b>
<b>Liabilities</b>								
Accrued expenses and other payables	65,418	-	-	-	32	16,164	-	81,614
<b>Total liabilities (excluding net assets attributable to shareholders of participating shares)</b>	<b>65,418</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32</b>	<b>16,164</b>	<b>-</b>	<b>81,614</b>
<b>Net currency exposure</b>	<b>12,017,252</b>	<b>14,958,066</b>	<b>3,365,324</b>	<b>4,564,951</b>	<b>6,685,359</b>	<b>290,578</b>	<b>1,907,069</b>	<b>43,788,599</b>

**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 April 2013*

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**4. Financial risk management (continued)****4.6. Currency risk (continued)***Sensitivity analysis*

When formulating its view on the reasonable possible shift in foreign exchange rates, the Investment Manager considers historical movements in such rates. For the purposes of the sensitivity analysis, the Investment Manager applied the average monthly shift in foreign exchange rates over the last 12 months. This analysis represents the Investment Manager's best estimates as to the reasonable possible change in foreign exchange rates and is not the maximum possible change that may actually occur.

If the exchange rate between the USD and the major holding currencies had moved, with all other variables held constant, net assets attributable to participating shareholders would have changed by the amounts shown below.

**2013**

	<b>Net Assets US\$</b>	<b>Changes in net assets attributable to participating shareholders US\$</b>
Reasonable possible change in exchange rates		
Hong Kong Dollar, 0.04%	16,424,311	6,570
Euro, 2%	4,299,905	85,998
Australian Dollar, 2%	5,331,637	106,633
British Pound, 2%	5,084,845	101,697
Singapore Dollar, 1%	188,561	1,886
Swiss Francs, 2%	2,033,118	40,662

**2012**

	<b>Net Assets US\$</b>	<b>Changes in net assets attributable to participating shareholders US\$</b>
Reasonable possible change in exchange rates		
Hong Kong Dollar, 0.1%	14,958,066	14,958
Euro, 2%	3,365,324	67,306
Australian Dollar, 3%	4,564,951	136,949
British Pound, 2%	6,685,359	133,707
Singapore Dollar, 2%	290,578	5,812
Swiss Francs, 3%	1,907,069	57,121

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 April 2013*

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**4. Financial risk management (continued)**

**4.7. Fair value measurement**

The fair value of financial instruments traded in active markets (such as trading securities) is based on quoted market prices on the financial year end date. The quoted market price used for financial assets held by the Fund is the current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The carrying value less impairment provision of other receivables and payables approximate to their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. At the end of the reporting period, there were no investments categorised in Level 2 and Level 3 and there were no transfers between levels during the year.

## i CAPITAL GLOBAL FUND

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2013

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#### 4. Financial risk management (continued)

##### 4.7. Fair value measurement (continued)

###### 2013

Assets	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total balance US\$
<u>Financial assets at fair value through profit or loss</u>				
Designated as fair value through profit or loss				
- Listed securities	42,494,718	-	-	42,494,718

###### 2012

Assets	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total balance US\$
<u>Financial assets at fair value through profit or loss</u>				
Designated as fair value through profit or loss				
- Listed securities	31,853,677	-	-	31,853,677

#### 4.8. Capital management

The Fund's capital is represented by the net assets attributable to holders of participating shares. The Fund strives to invest the subscriptions of redeemable participating shares in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet shareholder redemptions.

#### 5. Interest income

	2013 US\$	2012 US\$
Interest from cash held at bank and in trading accounts	2,449	4,945

#### 6. Financial assets at fair value through profit or loss

	2013 US\$	2012 US\$
Designated at fair value through profit or loss		
- Listed equity securities	42,494,718	31,853,677
<b>Total financial assets at fair value through profit or loss</b>	<b>42,494,718</b>	<b>31,853,677</b>

## **i CAPITAL GLOBAL FUND**

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 April 2013*

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#### **7. Other net changes on financial assets and liabilities at fair value through profit or loss**

	<b>2013</b>	<b>2012</b>
	<b>US\$</b>	<b>US\$</b>
Other net changes on financial assets and liabilities at fair value through profit or loss		
- realised	885,067	(354,992)
- unrealised	597,896	(2,984,727)
	<u>1,482,963</u>	<u>(3,339,719)</u>

#### **8. Cash and cash equivalents**

For the purposes of the cash flow statements, cash and cash equivalents for the Fund comprised the following:

	<b>2013</b>	<b>2012</b>
	<b>US\$</b>	<b>US\$</b>
Cash held at bank	<u>2,054,113</u>	<u>11,533,346</u>

#### **9. Other receivables**

	<b>2013</b>	<b>2012</b>
	<b>US\$</b>	<b>US\$</b>
Dividend receivable	479,119	452,927
Interest receivable	-	10
Other receivables	71	30,253
	<u>479,190</u>	<u>483,190</u>

#### **10. Accrued expenses and other payables**

	<b>2013</b>	<b>2012</b>
	<b>US\$</b>	<b>US\$</b>
Management fee payable	231,785	54,984
Administrative and custodian fee payable	6,000	5,498
Audit fee payable	20,305	20,164
Withholding tax payable	64,767	-
Subscription received in advance	200,000	-
Other operating expenses	6,124	968
	<u>528,981</u>	<u>81,614</u>

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 April 2013*

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**11. Share capital**

(a) Authorised share capital

The authorised share capital of the Fund is US\$1,000,000 comprising 10 management shares of par value of US\$1 and 99,999,000 participating shares of par value of US\$0.01.

(b) Management shares

Management shares were issued to Tan Teng Boo, Director of the Fund. Management shares are not redeemable at the option of the holder. In the event of liquidation, holders of management shares are entitled to the return of the nominal capital paid up on the management shares, after return of the nominal amounts paid-up on Participating Shares. Management Shares confer no other right to participate in the profits or assets of the Fund. Management shares are classified as equity in the Fund's statement of financial position.

(c) Participating shares

Participating shares are voting and redeemable, after the commitment period of 12 months commencing from the date on which a shareholder is registered, at the shareholders' option. Participating shares are therefore classified as financial liabilities. The participating shares are entitled to dividends at the discretion of the Board of Directors. The distribution of these participating shares is recognised in the statement of comprehensive income as finance costs. The participating shares can be put back to the Fund in a manner described in the PPM for cash equal to a proportionate share of the Fund's net asset value. The participating shares are carried at the redemption amount that is payable at the end of the reporting period if the shareholders exercised their right to redeem their shares to the Fund.

**12. Related-party transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Fund pays the following fees to the Investment Manager in accordance with and as described in the Fund's PPM.

	<b>2013</b>	<b>2012</b>
	<b>US\$</b>	<b>US\$</b>
Management fees	<u>637,151</u>	<u>683,707</u>

(a) Performance fees

The Fund will pay to the Investment Manager a performance fee if the following two criteria are satisfied:

1. the appreciation in NAV of the Fund at the end of any Performance Period when compared with the NAV of the Fund at the beginning of the relevant Performance Period is higher than the hurdle Annualised Rate of Return ("AROR"); and
2. the NAV of the Fund as at the end of any Performance Period is higher than the Benchmark NAV (as defined herein).

Such fee shall be equal to 20% of the difference between the NAV of the Fund as at the end of the Performance Period and the hurdle AROR of the Fund in respect of the period in question.

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 April 2013*

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**12. Related-party transactions (continued)**

(a) Performance fees (continued)

"Performance Period", as defined in the PPM, for each Participating Share is the period commencing on the initial date the Participating Share is issued and ending at the close of business on 31 December 2007, and thereafter, is each period commencing as of the day following the last day of the preceding Performance Period for the Participating Shares and ending as of the close of business on each 31 December. If the Investment Management Agreement is terminated before 31 December in any year, the Performance Fee in respect of the then Performance Period will be calculated and paid as though the date of termination were the end of the relevant Performance Period. The Fund's NAV per share as at 31 December 2012 is US\$1,206.21 (31 December 2012: US\$1,067.81).

As of 30 April 2013, the Fund's NAV per share for subscriptions and redemptions purposes is US\$1,232.65 (2012: US\$1,186.57). If 30 April 2013 were deemed to be the end of the relevant Performance Period, as defined in the Fund's PPM, the Performance fee to be recognised would be nil (2012: nil).

For purposes of this section:

"Hurdle AROR" is the notional appreciation in NAV of the Fund represented by multiplying the NAV of the Fund at the beginning of any Performance Period by 6 per cent, but making adjustments to take into account the subscriptions and redemptions of the Fund during the relevant Performance Period.

"Benchmark NAV" is the notional NAV of the Fund calculated based on the NAV of the Fund as at the Initial Closing Date compounded by 6 per cent annually.

(b) Management fees

The Fund is managed by Capital Dynamics (S) Pte Ltd (the Investment Manager"), a company incorporated with limited liability in Singapore. Under the terms of the Investment Management Agreement dated 25 April 2007 the Investment Manager receives from the Fund the management fees at 1.5% per annum on the monthly basis of the net asset values of the Fund as at last business day in each month ("Valuation Point") and payable calendar quarterly in arrears.

(c) Administrative fees

The Fund has engaged the services of Deutsche Bank AG Singapore to provide administration and custodian services. The administrative fees are charged at 0.0083% per month of the NAV up to US\$250 million, 0.0075% per month of the NAV from US\$250 million and up to US\$500 million and 0.005% of the NAV thereafter subjected to a minimum amount of US\$5,000 per month. The custodian fees are charged at 0.05% per annum of the NAV subjected to a minimum amount of US\$10,000. Administration and custodian fees paid by the Fund for the financial year 30 April 2013 was US\$87,847 (2012: US\$84,811).

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 April 2013*

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**13. Net assets attributable to holders of participating shares**

In accordance with the provisions of the PPM of the Fund, the pricing for listed or quoted investments dealt on any exchange, or over-the-counter market will be made by reference to the last traded price for (or the official last traded price provided by the exchanges) the purpose of determining net asset value per participating share for subscriptions and redemptions and for various fee calculations. In accordance with the Fund's accounting policies detailed in note 2.3, based on the requirement of IFRS, long quoted investment positions have been re-valued based on the closing bid prices and short quoted investment positions have been re-valued based on the closing ask prices.

Applying the IFRS basis of valuation of investment positions resulted in reductions in value of investments of US\$174,623 (2012:US\$138,146), compared to valuing them on the basis of the PPM.

Net assets attributable to participating shares represent a liability in the statement of financial position, carried at the redemption amount that would be payable at the end of the reporting period if the shareholder exercised the right to redeem the participating shares to the Fund. Consequently, the carrying amount of net assets attributable to participating shares are therefore adjusted to reflect the amount payable on the basis of PPM valuation.

**14. Authorisation of financial statements**

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of *i* Capital Global Fund on 24 October 2013.

# i CAPITAL GLOBAL FUND

## SCHEDULE OF SECURITIES

As at 30 April 2013

	Holdings as at 30/04/2013 No. of Shares	Fair Value as at 30/04/2013 USD	Percentage of total net assets attributable to shareholders at 30/04/2013 %
<b>AUTOMOBILES</b>			
PORSCHE AUTOMOBIL HLDG	55,000	4,299,905	9.66
<b>CAPITAL MARKETS</b>			
IP GROUP PLC	700,000	1,677,314	3.77
<b>COMMERCIAL BANKS</b>			
ST GALLER KANTONALBANK	4,575	1,986,134	4.46
<b>COMMERCIAL SERVICES &amp; SUPPLIES</b>			
SHANGHAI ASIA HOLDINGS LTD	1,535,000	120,856	0.27
K GREEN TRUST	100,000	84,010	0.19
<b>DISTRIBUTORS</b>			
DAH CHONG HONG	3,300,000	3,036,125	6.82
<b>HOTELS, RESTAURANTS &amp; LEISURE</b>			
REXLOT HOLDINGS LTD	76,875,000	6,240,698	14.02
<b>INDEPENDENT POWER PRODUCERS &amp; ENERGY TRADERS</b>			
CHINA WINDPOWER GROUP LTD	64,250,000	2,483,716	5.58
<b>MARINE</b>			
MERMAID MARINE AUSTRALIA LTD	1,332,420	5,331,637	11.98
<b>MEDIA</b>			
DISCOVERY COMMUNICATION INC COM	70,000	4,962,300	11.15
<b>METALS &amp; MINING</b>			
PETRA DIAMONDS LTD	2,000,000	3,407,531	7.66
<b>MULTILINE RETAIL</b>			
NEW WORLD DEPARTMENT STORE CHINA	1,270,000	649,683	1.46
<b>REAL ESTATE MANAGEMENT &amp; DEVELOPMENT</b>			
BEIJING CAPITAL LAND LTD H SHR	10,000,000	3,646,649	8.19
<b>SPECIALTY RETAIL</b>			
TIFFANY & CO	62,000	4,568,160	10.27
		<b>42,494,718</b>	<b>95.50</b>

## **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 April 2013, the *i* Capital Global Fund performance is 3.66% per annum, as opposed to -1.70% per annum for the MSCI World Index (MSCI W) and -1.69% per annum for the MSCI ACWI Index (MSCI ACWI). From 1 January 2007 to 30 April 2013, funds under CDPL's management achieved a return of 4.57% per annum, outperforming the MSCI W and MSCI ACWI which in that period recorded 1.25% and 1.48% per annum respectively.

The Fund's performance for the *i* Capital Global Fund as at 30 April 2013 is shown below:

Performance as at 30 April 2013 (%)			
(US\$)	ICGF	MSCI W	MSCI ACWI
Cumulative *	23.26	-9.52	-9.45
Annualised Return	3.66	-1.70	-1.69

\*Cumulative Returns are measured since inception.

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 July 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 Sdn Bhd (CDAM), based in Kuala Lumpur, manages icapital.biz Berhad, a closed-end fund listed on Bursa Malaysia and discretionary accounts.

CDAM has been consistently reporting positive returns since its inception. Between April 1998 and April 2013, CDAM achieved a net compound return of 18.09% per annum and has substantially outperformed the Kuala Lumpur Composite Index every year, which gained 7.01% 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 Sdn Bhd, 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 starting as far back as September 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 investments.

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.

(Note: Information is current as at 30 April 2013.)

## Directory for the Fund

### ***Directors of the Fund***

Tan Teng Boo  
Chew Poh Imm, Claudine

### ***Investment Manager***

Capital Dynamics (S) Private Limited  
8 Robinson Road  
#07-00, ASO Building  
Singapore 048544  
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Web site: [www.capitaldynamics.com.sg](http://www.capitaldynamics.com.sg)

### ***Registered Office of the Fund***

Deutsche Bank (Cayman) Limited  
P.O. Box 1984  
Boundary Hall  
Cricket Square  
George Town  
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Cayman Islands

### ***Administrator***

Deutsche Bank AG, Singapore Branch

### ***Custodian of the Fund***

Deutsche Bank AG, Singapore Branch

### ***Legal Advisers to Cayman Law***

Walkers

### ***Legal Advisers to Singapore Law***

Rajah & Tann

### ***Auditors to the Fund***

PricewaterhouseCoopers Cayman

Disclaimers: The information in this Annual Report is not intended to provide advice. It has not been prepared taking into account any particular investor's or class of investor's investment objectives, financial situation or needs, and should not be used as the basis for making investment, financial or other decisions. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. None of CDPL nor any of its related entities guarantees the performance of the Fund or any particular rate of return.

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