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Custodian of the Fund

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Legal Advisers to Cayman Law

Walkers

Legal Advisers to Singapore Law

Rajah & Tann

Auditors to the Fund

PricewaterhouseCoopers Cayman

i Capital Global Fund

**First Quarter 2014 Report for
the three months ended
31 July 2013**

i Capital Global Fund

First Quarter 2014 Report of the Fund Manager
for the three months ended 31 July 2013.

Performance

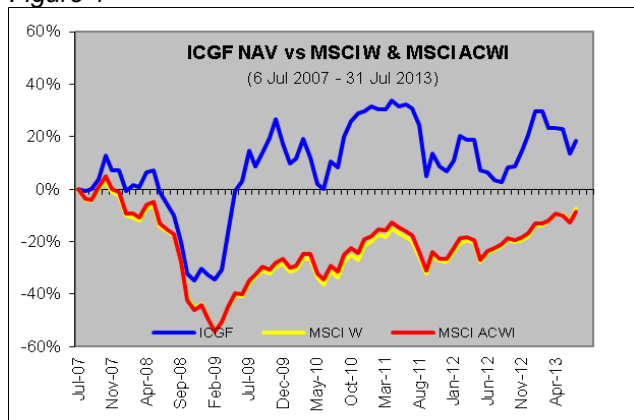
This is the first quarterly report of the *i* Capital Global Fund for the financial year ended 31 July 2013.

In the three months ended 31 July 2013, the net asset value (NAV) of the *i* Capital Global Fund dropped 4.08% or US\$50.244 from US\$1,232.645 to US\$1,182.401 per share. In the same period, the MSCI World Index⁽¹⁾ increased 2.15% and the MSCI ACWI Index⁽²⁾ increased 0.83%.

Between 6 July 2007 and 31 July 2013, the NAV of the *i* Capital Global Fund gained 18.24% or US\$182.401 from US\$1,000.000 to US\$1,182.401 per share. In the same period, the MSCI World Index plunged 7.57% and the MSCI ACWI Index slumped 8.69%.

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



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 8.

The top 5 investments as at 31 July 2013 are Rexlot Holdings Ltd, Tiffany & Co, Mermaid Marine Australia Ltd, Porsche Automobil Holding SE PFD and Petra Diamonds Ltd. They make up 53.73% of the total assets. At the end of July 2013, your Fund had 1.1425% of its NAV in cash.

Strategy

Capital Dynamics began 2014 by launching 3 new websites – www.capitaldynamics.biz (our corporate site) and www.funds.icapital.biz (our site for all funds managed by Capital Dynamics) and www.icapital.biz (our advisory website). Do visit these websites. We would appreciate it if we can have your feedback on how to further improve on them.

On 18 December 2013, I was interviewed by Bloomberg at their Sydney studio (the interview can be watched in any of the above 3 websites). The gist of my interview was that the New York stock exchange (NYSE) is richly valued, based on numerous valuation metrics. While an undervalued stock market can become more undervalued, a richly valued stock market can also become more richly valued. It is hard to pinpoint accurately the time when a stock market will turn. What we can say is that in a stock market that is already richly valued, stock picking becomes more difficult and even more important. At the moment, the *i* Capital Global Value Fund has no exposure to the NYSE although your fund manager, Capital Dynamics (S) Pte Ltd, continues to hunt for attractive investments there.

If and when the NYSE falls, what would the impact be on the other stock markets? Based on history, the other stock markets would in most cases fall too. For the Hong Kong stock market (your fund has exposure to numerous companies listed there), the situation is somewhat more complex in recent times.

In the past, the Hong Kong stock market has more or less moved in tandem with the NYSE. Nowadays, the Hong Kong economy and stock market are closely linked with the conditions in China. Hence, the Hong Kong stock market has moved rather separately from the NYSE. For example, while the S&P 500 has been consistently making new highs, the Hang Seng index has been struggling in the last few years. For the Hong Kong stock market, the assessment is made more complex by the fact it is still trading at an attractive PE multiple, unlike the NYSE. So, judging what the impact of a fall on the NYSE will be on the Hong Kong stock market nowadays is not as straightforward as before. Your fund manager, Capital Dynamics (S) Pte Ltd, is still deliberating over this difficult issue.

As at the time of writing this commentary, the *i* Capital Global Value Fund has about 28% of its NAV in cash.

Best wishes.

Tan Teng Boo
Managing Director
Capital Dynamics (S) Pte Ltd
22 January 2014

(1): MSCI World Index: A free float-adjusted market capitalisation weighted index which consists of 23 developed markets.

(2): MSCI ACWI: A free float-adjusted market capitalisation weighted index which consists of 45 country indices, comprising 23 developed markets and 21 emerging market countries. This includes the stock markets of China, which ICGF cannot invest in at this time.

i CAPITAL GLOBAL FUND

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three months ended 31 July 2013

	For the three months ended 31/07/2013 US\$
Income	
Dividend income	281,809
Interest income	205
Net foreign exchange loss	(68,577)
Other net changes on financial assets at fair value through profit or loss	<u>(1,819,943)</u>
Total net loss	<u>(1,606,506)</u>
Expenses	
Management fees	161,386
Administrative & custodian fees	56,938
Audit fees	4,939
Other operating expenses	<u>1,517</u>
Total operating expenses	<u>224,780</u>
Loss before tax	(1,831,286)
Withholding tax on dividends and other investment income	(44,364)
Decrease in net assets attributable to holders of participating shares from operations	<u>(1,875,650)</u>

i CAPITAL GLOBAL FUND

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 July 2013

	US\$
ASSETS	
Current assets	37,043,260
Financial assets at fair value through profit or loss	5,183,139
Other receivables	<u>485,494</u>
Cash and cash equivalents	<u>42,711,893</u>
Total assets	
EQUITY	<u>10</u>
Management shares	<u>10</u>
Total equity	
LIABILITIES	
Current liabilities	
Accrued expenses and other payables	<u>92,342</u>
Liabilities (excluding net assets attributable to holders of participating shares)	<u>92,342</u>
Net assets attributable to holders of participating shares (at last traded market prices)	<u>42,619,541</u>
Net assets value per share attributable to holders of participating shares at last traded market prices, based on 36,045 shares outstanding	<u>1,182.40</u>

i CAPITAL GLOBAL FUND

STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 31 July 2013

	31 July 2013			
	Share Capital			
	Number of shares	US\$	Other Reserves US\$	Total US\$
Equity at beginning of the period	10	10	(174,623)	(174,613)
Adjustment from bid market prices to last traded market prices attributable to holders of participating shares	-	-	174,623	174,623
Equity at end of the period	10	10	-	10

	30 April 2013			
	Share Capital			
	Number of shares	US\$	Other Reserves US\$	Total US\$
Equity at beginning of financial year	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)
Equity at end of financial year	10	10	(174,623)	(174,613)

i CAPITAL GLOBAL FUND

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

For the three months ended 31 July 2013

	Number of Shares	US\$
Net assets attributable to holders of participating shares, 1 May 2013 (at last traded market prices)	36,242	44,673,653
Issue of participating shares during the period	472	580,000
Redemption of participating shares during the period	(669)	(758,462)
Net decrease from share transactions	(197)	(178,462)
Decrease in net assets attributable to holders of participating shares from operations (at last traded market prices)	-	(1,875,650)
Net assets attributable to holders of participating shares, 31 July 2013 (at last traded market prices)	36,045	42,619,541

i CAPITAL GLOBAL FUND

STATEMENT OF CASH FLOWS (UNAUDITED)

For the three months ended 31 July 2013

	US\$
Cash flows from operating activities	
Decrease in net assets attributable to holders of participating shares from operations (at last traded market prices)	(1,875,650)
Adjustments for:	
Dividend income	(281,809)
Interest income	(205)
Tax expense	44,364
Currency translation loss	9,545
Operating cash flow before working capital changes	(2,103,755)
Changes in operating assets and liabilities:	
Net change in financial assets at fair value through profit or loss	5,626,081
Net change in other receivables	(5,180,611)
Net change in accrued expenses and other payables	(436,639)
Net cash used in operations	(2,094,924)
Dividend received, net of withholding tax	714,107
Interest received	205
Net cash used in operating activities	(1,380,612)
Cash flows from financing activities	
Proceeds from participating shares issued	580,000
Redemption of participating shares	(758,462)
Net cash used in financing activities	(178,462)
Net decrease in cash and cash equivalents	(1,559,074)
Cash and cash equivalents, 1 May 2013	2,054,113
Effects of currency translation on cash and cash equivalents	(9,545)
Cash and cash equivalents, 31 July 2013	485,494

i CAPITAL GLOBAL FUND

SCHEDULE OF SECURITIES

As at 31 July 2013

	Holdings as at 31/07/2013 No. of Shares	Fair Value as at 31/07/2013 USD	Percentage of total net assets attributable to shareholders at 31/07/2013 %
AUTOMOBILES			
PORSCHE AUTOMOBIL HLDG	55,000	4,674,488	10.97
CAPITAL MARKETS			
IP GROUP PLC	700,000	1,542,290	3.62
COMMERCIAL BANKS			
ST GALLER KANTONALBANK	2,852	1,065,336	2.50
COMMERCIAL SERVICES & SUPPLIES			
SHANGHAI ASIA HOLDINGS LTD	1,535,000	-	-
K GREEN TRUST	100,000	80,439	0.19
DISTRIBUTORS			
DAH CHONG HONG	3,300,000	2,497,663	5.86
HOTELS, RESTAURANTS & LEISURE			
REXLOT HOLDINGS LTD	76,875,000	4,956,064	11.63
INDEPENDENT POWER PRODUCERS & ENERGY TRADERS			
CHINA WINDPOWER GROUP LTD	64,250,000	2,485,285	5.83
MARINE			
MERMAID MARINE AUSTRALIA LTD	1,332,420	4,691,039	11.01
INSURANCE			
QBE INSURANCE GROUP LTD	150,000	2,205,135	5.17
METALS & MINING			
PETRA DIAMONDS LTD	2,000,000	3,644,280	8.55
MULTILINE RETAIL			
NEW WORLD DEPARTMENT STORE CHINA	1,270,000	648,456	1.52
REAL ESTATE MANAGEMENT & DEVELOPMENT			
BEIJING CAPITAL LAND LTD H SHR	10,000,000	3,623,165	8.50
SPECIALTY RETAIL			
TIFFANY & CO	62,000	4,929,620	11.57
		37,043,260	86.92

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 July 2013, the *i* Capital Global Fund performance is 2.80% per annum, as opposed to -1.29% per annum for the MSCI World Index (MSCI W) and -1.49% per annum for the MSCI ACWI Index (MSCI ACWI). From 1 January 2007 to 31 July 2013, funds under CDPL's management achieved a return of 4.06% per annum, outperforming the MSCI W and MSCI ACWI which in that period recorded 1.52% and 1.55% per annum respectively.

The Fund's performance for the *i* Capital Global Fund as at 31 July 2013 is shown below:

Performance as at 31 July 2013 (%)			
(US\$)	ICGF	MSCI W	MSCI ACWI
Cumulative *	18.24	-7.57	-8.69
Annualised Return	2.80	-1.29	-1.49

*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 July 2013, CDAM achieved a net compound return of 17.73% per annum and has substantially outperformed the Kuala Lumpur Composite Index every year, which gained 7.11% 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 31 July 2013.)