

i Capital International Value Fund

ARSN 134578180

Quarterly Investment Report For the period 1 July 2009 to 30 September 2009

Capital International Value Fund

Interim Report of the Fund Manager
for the period 1 July 2009 to 30 September 2009

Fund Performance

This is the first quarterly report of *i Capital International Value Fund*, for the three months ended 30 September 2009.

For the period between 1 July 2009 and 30 September 2009, the net asset value (NAV) of *i Capital International Value Fund* decreased by 0.69% or from AUD 1.00 to AUD 0.9931 ⁽¹⁾ per unit. This compares with a 6.04% rise in the MSCI World Index (AUD) ⁽²⁾ and a 6.31% rise in the MSCI All Country Index (AUD) ⁽³⁾ during the said period.

Investors may remember that the global economy and equity markets quickly and suddenly contracted when Lehman Brothers unexpectedly collapsed in September 2008. The ensuing global panic led many governments to aggressively implement fiscal stimulus and monetary easing. By March 2009, the situation had somewhat stabilised, allowing global equity markets to stage strong rallies. By 31 July 2009, the MSCI W (AUD) and MSCI A (AUD) had rebounded 8.44% and 10.09% from their lows in March 2009.

i Capital International Value Fund was launched in July 2009 at a time when the global economy and equity markets were still in a state filled with immense uncertainty, although global equity markets had rebounded impressively. This posed tactical challenges for Capital Dynamics (Australia) Ltd, the fund manager of *i Capital International Value Fund*. Given the strong rallies, holding too much cash might be costly but yet it had to be mindful of the fact that equity prices had risen substantially. In the end, the fund manager had to be careful when investing.

- (1) Past performance is not a reliable indicator of future results
- (2) This index comprises prices from 23 developed countries.
- (3) This index comprises prices from 48 countries, including China.

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Interim Report of the Fund Manager

for the period 1 July 2009 to 30 September 2009 (continued)

Although the fund size is relatively small, and thus could have been fully invested pretty quickly, your fund manager did otherwise. By the end of September 2009, *i* Capital International Value Fund still held about 24% cash.

The present portfolio of *i* Capital International Value Fund is spread across 11 companies, which are engaged in a wide range of business activities. The top five investments are Mermaid Maritime (listed on SGX), Oil Search (listed on ASX), RexLot (listed on HKEX), New World Department Store (listed on HKEX) and Porsche (listed on Frankfurt). These 5 investments make up 47.77% (see page 4) of the total funds. Subsequent to 30 September 2009, your Fund has sold all its investment in Oil Search and bought Mermaid Marine (listed on ASX).

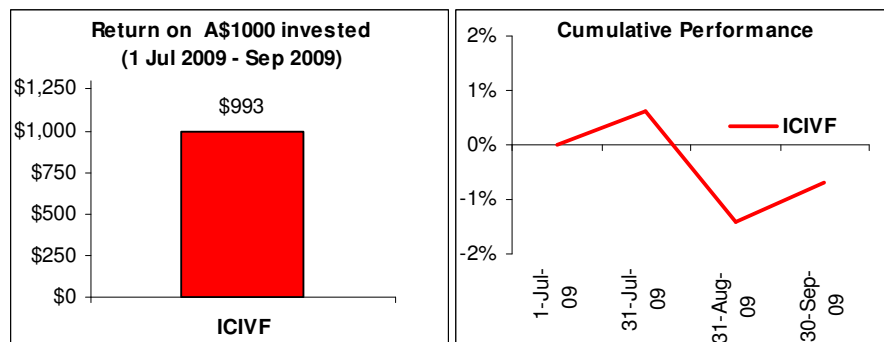


Figure 1

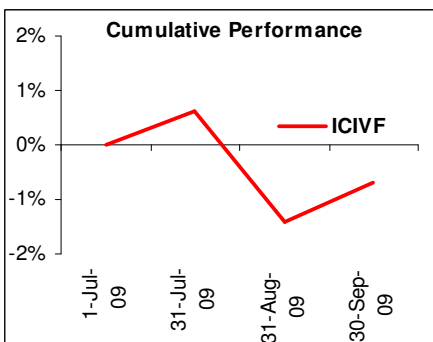


Figure 2

i Capital International Value Fund

Interim Report of the Fund Manager

for the period 1 July 2009 to 30 September 2009 (continued)

Outlook and Strategy

Some of you may have noticed that the NAV of your Fund has not budged significantly since its launch in July 2009. Why? The first reason is due to the substantial rise in equity prices by the time your Fund was launched in July 2009, which warranted caution in the selection of stocks and hence more time to build the desired portfolio. Secondly, as the rise in equity prices has been substantial, more time is needed for the equity prices to rise further. Thirdly, while your Fund is priced in AUD, most of its assets are invested in securities priced in non-AUD (as at 30 September 2009, out of the 11 stocks invested, only one stock was priced in AUD). The strengthening of the AUD against many other currencies has diluted the gains made from the rise in stock prices. However, over the longer-term, the currency impact is expected to subside.

As a long-term investor, your Fund will not be distracted by short-term movements. We have the right investment framework, we stick to our time tested value investing philosophy and we have a Fund that is conservative (your Fund does not borrow, invest in derivatives or sell short).

The world economy has and is still undergoing an immense structural transformation. This secular development, resulting mainly from China's economic transformation, offers unprecedented challenges and at the same time vast opportunities. As the fund manager of *i* Capital International Value Fund, it will continue to hunt for opportunities utilizing its eclectic value investing style.

Tan Teng Boo
Capital Dynamics (Australia) Limited
ABN 53 129 846 260 AFSL 326283
22 December 2009

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Performance information

Quarter ended 30 September 2009

Top 5 out-performance stocks (as compared to inception date, based on local currency)

Mermaid Maritime Public Co Limited	43%
Bank of East Asia	20%
Keppel Corporation Ltd	14%
Tesco PCL	6%
Oil Search Limited	6%

Top 5 net assets attributable to unitholders at 30 September 2009

Mermaid Maritime Public Co Limited	47.77%
Rexlot Holdings Ltd	10.08%
Porsche Automobil Holding SE	9.47%
New World Dept Store China	9.11%
Oil Search Limited	9.21%

Country allocation

	100%
Hong Kong	43.71%
Singapore	25.85%
Australia	13.00%
Europe	11.96%
United Kingdom	5.47%

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About the Fund

Capital Dynamics (Australia) Ltd (CDAL), a wholly owned subsidiary of Capital Dynamics (S) Pte Ltd (CDPL), obtained its Australian Financial Services License (AFSL 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.

About the Group

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.

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About the Group (continued)

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.

The Capital Dynamics group traces back to 1988, when its managing director, Tan Teng Boo, an experienced investment manager, founded Capital Dynamics Sdn Berhad, 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 CDAL) 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 affiliated to 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.

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Notes

Capital Dynamics (Australia) Limited (CDAL) is the responsible entity and issuer of *i* Capital International Value Fund ("Fund"). The Product Disclosure Statement dated 9 April 2009 ("PDS") is the current offer document for the Fund. You can obtain a copy of the PDS from CDAL's website www.capitaldynamics.com.au, or contact CDAL at 1300 798 655, or email CDAL at info@capitaldynamics.com.au.

Before making any investment decision you will need to consider your particular investment needs, objectives and financial circumstances. You should also consider the PDS in deciding whether to acquire, or continue to hold, units in the Fund.

Disclaimer: The information in this Quarterly Investment 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 CDAL nor any of its related entities guarantees the performance of the Fund or the repayment of capital or any particular rate of return or any distribution.

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***i* Capital International Value Fund**

Fund manager

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