

***i* Capital International Value Fund**

ARSN 134578180

Quarterly Investment Report For the period 1 April 2010 to 30 June 2010

***i* Capital International Value Fund**

Interim Report of the Fund Manager
for the period 1 April 2010 to 30 June 2010

Fund Performance

This is the fourth quarterly report of *i* Capital International Value Fund for the twelve months ended 30 June 2010.

For the period between 1 July 2009 and 30 June 2010, the net asset value (NAV) of *i* Capital International Value Fund fell by 6.99% or from AUD1.00 to AUD0.9301⁽¹⁾ per unit. The Fund made a distribution of AUD0.0126 in June 2010 and the NAV after distribution is AUD0.9175. This compares with a 2.38% rise in the MSCI World Index (AUD)⁽²⁾ and a 3.73% rise in the MSCI All Country Index (AUD)⁽³⁾ during the said period.

In the said period, your Fund's NAV fell while the two benchmark indices rose due to three main factors, which exerted a varying degree of impact on your Fund's NAV over the twelve month period ending 30 June 2010. One, for the most parts of the said 12 months, the cash level of your Fund was relatively high – see table 3. Two, as your Fund invested in numerous non-Australian stocks, the strong Australian dollar was a drag initially. Three, from April 2010 onwards, there was a sharp sell-off in global stock markets, which although it affected your Fund's NAV relatively less at that time, nevertheless, it still had an overall negative impact.

In the end, for the twelve-month period ending 30 June 2010, your Fund recorded a realised gain of AUD 0.619 million and an unrealised loss of AUD 2.428 million. For the said period, a dividend distribution of AUD 0.337 million was made. A substantial number of investors decided to reinvest their distribution. For more details, please refer to the audited financial statements of the *i* Capital International Value Fund.

Table 1 shows the percentage gain or loss of each company held by your Fund as at 31 March 2010. This table assumes no impact from currency movements. **Table 2** shows the percentage gain or loss arising from currency movements as at 31 March 2010, assuming no change in stock prices.

- (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.

i Capital International Value Fund

Interim Report of the Fund Manager

for the period 1 April 2010 to 30 June 2010 (continued)

Fund Performance (continued)

Table 1 Shows the percentage gain or loss arising from stock price changes ^{(1) (2)}

Securities in Australian Dollars	Average Cost (A\$) [*]	Price (June 2010) A\$ [*]	% Change
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	26.02	21.61	-16.96
BANK RAKYAT INDONESIA	1.11	1.14	2.61
BEIJING CAPITAL LAND LTD - H SHARES	0.56	0.35	-37.00
CLOVER CORPORATION LIMITED	0.28	0.28	0.98
GALAXY ENTERTAINMENT GROUP LTD	0.55	0.59	7.65
JASA MARGA INDONES IDR500	0.24	0.25	3.13
MERMAID MARINE AUSTRALIA LTD	2.96	2.54	-14.17
MERMAID MARITIME PCL	0.59	0.40	-31.43
NEW WORLD DEPT STORE CHINA	1.01	1.13	12.53
PORSCHE AUTOMOBIL HOLDING SE	90.73	59.84	-34.05
REXLOT HOLDINGS LTD	0.10	0.11	7.45
SKILLED GROUP LIMITED	1.31	1.09	-16.87
TESCO PLC ORD 5P	7.50	7.61	1.45

*Assume constant exchange rates.

- (1) Past performance is not a reliable indicator of future results.
 (2) Please note numbers have been rounded to two decimals.

i Capital International Value Fund

Interim Report of the Fund Manager

for the period 1 April 2010 to 30 June 2010 (continued)

Fund Performance (continued)

Table 2 Shows the percentage gain or loss arising from currency movements ^{(1) (2)}

Securities in Australian Dollars	Average Cost (A\$) ^{**}	Price (June 2010) A\$ ^{**}	% Change
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	26.02	26.02	0.00
BANK RAKYAT INDONESIA	1.11	1.18	6.29
BEIJING CAPITAL LAND LTD - H SHARES	0.56	0.54	-4.48
CLOVER CORPORATION LIMITED	0.28	0.28	0.00
GALAXY ENTERTAINMENT GROUP LTD	0.55	0.60	8.87
JASA MARGA INDONES IDR500	0.24	0.26	7.83
MERMAID MARINE AUSTRALIA LTD	2.96	2.96	0.00
MERMAID MARITIME PCL	0.59	0.59	0.92
NEW WORLD DEPT STORE CHINA	1.01	0.96	-4.59
PORSCHE AUTOMOBIL HOLDING SE	90.73	77.62	-14.46
REXLOT HOLDINGS LTD	0.10	0.10	1.50
SKILLED GROUP LIMITED	1.31	1.31	0.00
TESCO PLC ORD 5P	7.50	6.64	-11.52

**Assume constant stock prices.

- (1) Past performance is not a reliable indicator of future results.
 (2) Please note numbers have been rounded to two decimals.

***i* Capital International Value Fund**

Interim Report of the Fund Manager

for the period 1 April 2010 to 30 June 2010 (continued)

Fund Performance (continued)

Table 3 Shows the percentage of assets held as cash ⁽¹⁾

	Cash	Equities
End of Jul 09	46.84%	53.16%
End of Aug 09	47.90%	52.10%
End of Sep 09	24.24%	75.76%
End of Oct 09	30.51%	69.49%
End of Nov 09	14.82%	85.18%
End of Dec 09	16.69%	83.31%
End of Jan 10	18.73%	81.27%
End of Feb 10	18.83%	81.17%
End of Mar 10	36.36%	63.64%
End of Apr 10	18.02%	81.98%
End of May 10	4.64%	95.36%
End of June 10	5.43%	94.57%

The portfolio of *i* Capital International Value Fund as at 30 June 2010 is spread across 13 companies, which are engaged in a wide range of business activities. The top five investments are PT Jasa Marga (Persero), PT Bank Rakyat Indonesia (Persero), Rexlot Holdings (HKEX), Mermaid Marine Australia (ASX), and New World Department Store (HKEX). These 5 investments make up 53 % (see page 7) of the total assets. In the April to June 2010 period, your Fund bought PT Bank Rakyat Indonesia (Persero), PT Jasa Marga (Persero), Clover Corporation Ltd, Skilled Group Ltd and Australia and New Zealand Banking Group.

(1) Past performance is not a reliable indicator of future results.

***i* Capital International Value Fund**

Interim Report of the Fund Manager

for the period 1 April 2010 to 30 June 2010 (continued)

Fund Performance (continued)

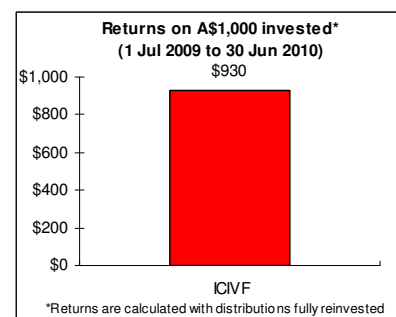


Figure 1

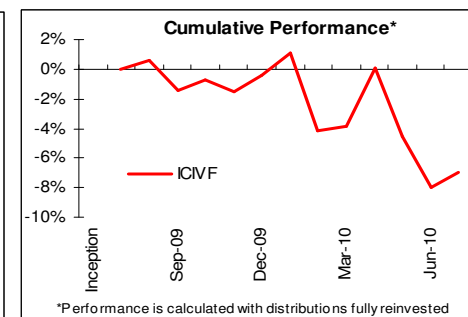


Figure 2

Outlook and Strategy

Since our last quarter's report, the pessimism prevailing in many parts of the global economy has somewhat subsided. While Japan and many parts of Europe remained weak and mired with gloom, the dark clouds hanging over the global economy, especially in many key economies, have become less ominous. As we write this report, jobs growth is slowly but surely coming back to the American labour market, portending that 2011 will be a good year for the world's largest economy. The German economy, the biggest in Europe, is on a tear as it benefits substantially from a booming China and other emerging economies.

i Capital International Value Fund

Interim Report of the Fund Manager

for the period 1 April 2010 to 30 June 2010 (continued)

Outlook and Strategy (Continued)

From an economic growth standpoint, the fact that talks of a double-dip have faded is a useful sign that economic growth has become entrenched. However, just in case investors have the notion that everything is fine and dandy, Anne Bronte reminded us 163 years ago that “there is always a “but” in this imperfect world”. How true.

The first “but”. As we enter 2011, the global economy has to deal with an unusual situation. Led by China, a big part of the world community, which essentially comprises the many emerging economies, has been driving global economic growth. Unfortunately, these economies have seen inflation rates worsening. At the same time, prices of many commodities, due to supply and demand factors, have been surging. The worry is that the inflation rates will rise further and the central banks in these countries would need to further tighten their monetary policies. Will this then choke off economic growth in the most dynamic part of the global economy?

The second “but”. Although political tension in the Korean peninsula has eased substantially, due largely to China’s strategy of peaceful negotiations instead of military exercises, that peninsula is like a dormant volcano. It can erupt any time.

So what should investors do? “*But he that dares not grasp the thorn Should never crave the rose,*” said Anne Bronte. Essentially, as your fund manager, Capital Dynamics (Australia) Ltd attempts to crave the rose without grasping the thorn through its eclectic value investing philosophy.

Tan Teng Boo
Capital Dynamics (Australia) Limited
ABN 53 129 846 260 AFSL 326283
7 January 2011

i Capital International Value Fund

Performance information

Quarter ended 30 June 2010

Top 5 out-performing stocks (in local currency)	Fourth Quarter 30 June 2010 (% of change)
Galaxy Entertainment Group Limited	18%
PT Jasa Marga (Persero) Tbk	3%
Bank Rakyat Indonesia	3%
Clover Corporation Limited	1%
New World Dept Store China	-5%

The table above presents the top 5 out-performing stocks your fund held at some time within the referenced quarter. The stocks do not necessarily need to be bought at the start of the quarter (i.e. 1 April 2010), and held till the end of the quarter (i.e. 30 June 2010). Stock performance will only be measured over the specific period that your fund held the stock in the referenced quarter. This means that, for example, if Galaxy Entertainment Group Limited was bought on 10 April 2010 and sold on 15 June 2010, its performance is only measured over 10 April to 15 June 2010 and not over the full quarter. Similarly, if it was bought on 20 Nov 2009 and sold on 15 June 2010, its performance is measured over the period 1 April to 15 June 2010.

Top 5 net assets attributable to unitholders at 30 June 2010 (in AUD)	
PT Jasa Marga (Persero) Tbk	53%
PT Bank Rakyat Indonesia (Persero) Tbk	12%
Rexlot Holdings Ltd	11%
Mermaid Marine Australia Limited	10%
New World Dept Store China	10%

Country allocation for equities (in AUD)	
Hong Kong	100%
Australia	36%
Indonesia	24%
Singapore	23%
Europe	7%
United Kingdom	5%
	4%

***i* Capital International Value Fund**

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.

***i* Capital International Value Fund**

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 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.

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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Fund manager

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