

i Capital International Value Fund

ARSN 134578180

Quarterly Investment Report For the period 1 October 2010 to 31 December 2010

i Capital International Value Fund

Interim Report of the Fund Manager

for the period 1 October 2010 to 31 December 2010

Fund Performance

This is the second quarterly report of *i* Capital International Value Fund for the six months ended 31 December 2010.

For the period between 1 July 2010 and 31 December 2010, the net asset value (NAV) of the *i* Capital International Value Fund jumped 15.31% or from AUD0.9175 to AUD1.058⁽¹⁾ per unit. This compares with a 1.29% rise in the MSCI World Index (AUD)⁽²⁾ and a 1.57% rise in the MSCI All Country Index (AUD)⁽³⁾ during the said period - see figures 1 and 2 in page 5.

For the period between 1 January 2010 and 31 December 2010, the NAV of the *i* Capital International Value Fund gained 4.63% or from AUD1.0112 to AUD1.058⁽¹⁾ per unit. The Fund made a distribution of AUD0.0126 in June 2010. The total return of the Fund with the distribution reinvested is a gain of 6.07%. This compares with a 3.88% fall in the MSCI World Index (AUD)⁽²⁾ and a 3.12% fall in the MSCI All Country Index (AUD)⁽³⁾ during the said period - see figures 3 and 4 in page 5. From 1 January 2010 to 31 December 2010, the ASX 200 fell 2.57%.

For the period between 1 July 2009 and 31 December 2010, the NAV of the *i* Capital International Value Fund rose by 5.80% or from AUD1.00 to AUD1.058⁽¹⁾ per unit. The Fund made a distribution of AUD0.0126 in June 2010. The total return of the Fund with the distribution reinvested is 7.25%. This compares with a 3.70% rise in the MSCI World Index (AUD)⁽²⁾ and a 5.36% rise in the MSCI All Country Index (AUD)⁽³⁾ during the said period - see figures 5 and 6 in page 6.

- (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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for the period 1 October 2010 to 31 December 2010 (continued)

Fund Performance (continued)

Table 1 shows the percentage gain or loss of each company held by your Fund as at 31 December 2010. This table assumes no impact from currency movements.

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

Securities in Australian Dollars	Average Cost (A\$) *	Price (Dec 2010) A\$ *	% Change
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	26.09	23.35	-10.50
BEIJING CAPITAL LAND LTD - H SHARES	0.56	0.41	-26.48
CLOVER CORPORATION LIMITED	0.30	0.39	29.81
GALAXY ENTERTAINMENT GROUP LTD	0.55	1.22	122.62
MERMAID MARINE AUSTRALIA LTD	2.97	3.01	1.45
MERMAID MARITIME PCL	0.58	0.35	-38.95
NEW WORLD DEPT STORE CHINA	1.00	1.02	1.07
PORSCHE AUTOMOBIL HOLDING SE	90.47	100.55	11.14
REXLOT HOLDINGS LTD	0.10	0.12	21.94
SKILLED GROUP LIMITED	1.29	1.85	42.86
TESCO PLC ORD 5P	7.55	8.50	12.55

*Assume constant exchange rates.

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

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for the period 1 October 2010 to 31 December 2010 (continued)

Fund Performance (continued)

Table 2 shows the percentage gain or loss arising from currency movements as at 31 December 2010, assuming no change in stock prices.

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

Securities in Australian Dollars	Average Cost (A\$) **	Price (Dec 2010) A\$ **	% Change
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	26.09	26.09	0.00
BEIJING CAPITAL LAND LTD - H SHARES	0.56	0.44	-20.54
CLOVER CORPORATION LIMITED	0.30	0.30	0.00
GALAXY ENTERTAINMENT GROUP LTD	0.55	0.50	-9.76
MERMAID MARINE AUSTRALIA LTD	2.97	2.97	0.00
MERMAID MARITIME PCL	0.58	0.54	-7.56
NEW WORLD DEPT STORE CHINA	1.00	0.79	-20.93
PORSCHE AUTOMOBIL HOLDING SE	90.47	70.26	-22.34
REXLOT HOLDINGS LTD	0.10	0.08	-15.70
SKILLED GROUP LIMITED	1.29	1.29	0.00
TESCO PLC ORD 5P	7.55	5.77	-23.59

**Assume constant stock prices.

- (1) Past performance is not a reliable indicator of future results.
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Interim Report of the Fund Manager

for the period 1 October 2010 to 31 December 2010 (continued)

Fund Performance (continued)

For the period between 1 July 2010 and 31 December 2010, the NAV of your Fund jumped while the two MSCI benchmark indices gained only slightly during the said period. One of the reasons for this superior performance by your Fund can be seen in **Table 3** – the level of cash held by your Fund. As Capital Dynamics (Australia) Ltd has previously explained, your Fund's performance was initially held back by the relatively high level of cash. By the second quarter of 2010, however, this dropped substantially and with the right stock picks, this helped boost the NAV of *i* Capital International Value Fund.⁽¹⁾

Table 3 Shows the percentage of assets held as cash

	Cash	Equities
End of Jul 09	46.84%	53.16%
End of Sep 09	24.24%	75.76%
End of Dec 09	16.69%	83.31%
End of Mar 10	36.36%	63.64%
End of June 10	5.43%	94.57%
End of Sept 10	5.08%	94.92%
End of Dec 10	28.11%	71.89%

The portfolio of the *i* Capital International Value Fund as at 31 December 2010 is spread across 11 companies, which are engaged in a wide range of business activities. The top five investments are Galaxy Entertainment Group Ltd (HKEX), Mermaid Marine Australia Ltd (ASX), Skilled Group Ltd (ASX), Australia and New Zealand Banking Group (ASX), and Rexlot Holdings Ltd (HKEX). These 5 investments make up 47% (see page 8) of the fund's total assets. In the October to December 2010 period, your Fund bought additional shares in Clover Corporation Ltd but sold shares in PT Jasa Marga (Persero) Tbk and PT Bank Rakyat Indonesia (Persero) Tbk.

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

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for the period 1 October 2010 to 31 December 2010 (continued)

Fund Performance (continued)

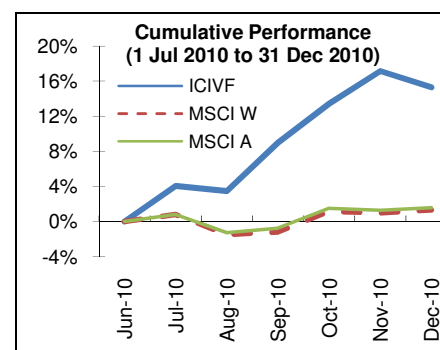


Figure 1⁽¹⁾

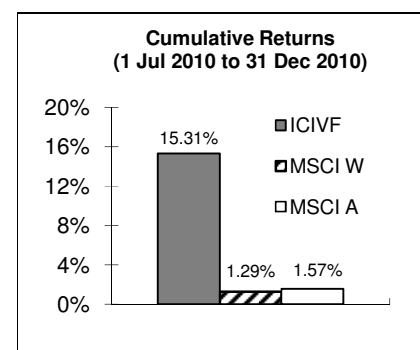


Figure 2⁽¹⁾

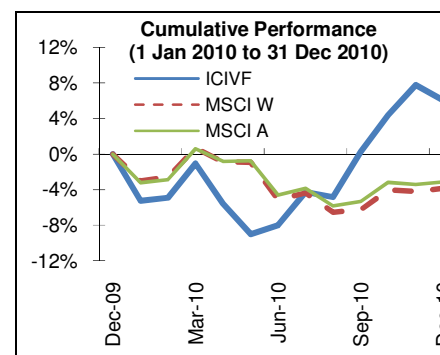


Figure 3⁽¹⁾

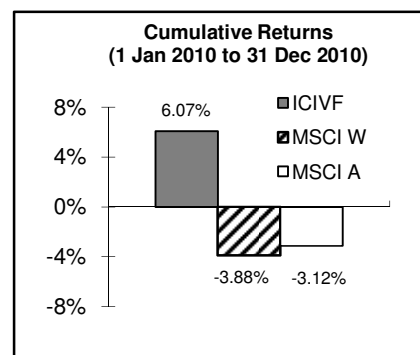


Figure 4⁽¹⁾

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

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Interim Report of the Fund Manager

for the period 1 October 2010 to 31 December 2010 (continued)

Fund Performance (continued)

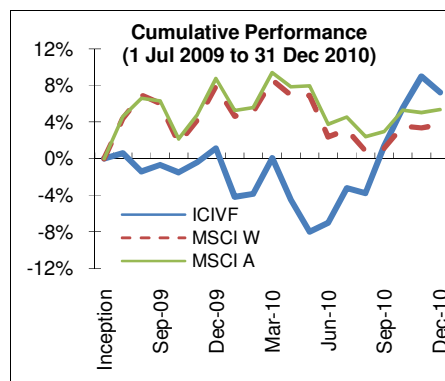


Figure 5⁽¹⁾

Outlook and Strategy

In the last quarter's report, we commented that 2011 and the Year of the Rabbit have certainly started off with many uncertainties. Since then, they have increased. Inflation in the emerging and developed economies has intensified and the pressure for it to worsen may have risen. One, prices of many commodities, due to supply and demand factors, which have surged, have stayed elevated. Given the developments in the last few months, these prices may rise further. While similar worrying conclusions can be made with numerous commodities, key amongst them is the price of crude oil.

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

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for the period 1 October 2010 to 31 December 2010 (continued)

Outlook and Strategy (continued)

The civil war in Libya has caused a substantial oil supply disruption. At the same time, the shutdown of the Fukushima nuclear plant in Japan has boosted global oil demand. Growth in the largest economy in the world, America, is picking up momentum. The global crude oil supply/demand equation simply points towards higher oil price. The unprecedented political uprisings in North Africa and the Middle East have not abated. From a crude oil and inflation standpoint, the political situation in tiny but strategic Bahrain deserves a close watch.

The triple disasters (tri-disaster) that hit Japan in March 2011 have also made the underlying global inflation situation worrying. At the time of writing this report, it is unclear as to what the eventual impact of the tri-disasters will be on the global economy but the disruption in the global supply chain has an inflationary impact.

Monetary policies globally remain too loose.

As your fund manager, Capital Dynamics (Australia) Ltd walks this global tightrope with a high level of cash as its safety net and sticks steadfastly to its "Intelligently Eclectic" value investing philosophy.

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

***i* Capital International Value Fund**

Performance information

Quarter ended 31 December 2010

	Second Quarter 31 December 2010 (% of change)
Top 5 out-performing stocks (in local currency)	
Porsche Automobil Holding Se	64%
Skilled Group Limited	34%
Galaxy Entertainment Group Limited	27%
Clover Corporation Limited	16%
Rexlot Holdings Ltd	11%

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 October 2010), and held till the end of the quarter (i.e. 31 December 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 October 2010 and sold on 15 December 2010, its performance is only measured over 10 October to 15 December 2010 and not over the full quarter. Similarly, if it was bought on 20 July 2010 and sold on 15 November 2010, its performance is measured over the period 1 October to 15 November 2010.

Top 5 net assets attributable to unitholders at 31 December 2010 (in AUD)	47%
Galaxy Entertainment Group Limited	13%
Mermaid Marine Australia Limited	10%
Skilled Group Limited	9%
Australia and New Zealand Banking Group	8%
Rexlot Holdings Ltd	7%

Country allocation for equities (in AUD)	100%
Hong Kong	43%
Australia	38%
Singapore	6%
Europe	9%
United Kingdom	4%

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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 with potential for 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 Sdn Bhd (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 starting as far back as September 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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