

i Capital International Value Fund

ARSN 134578180

**Quarterly Investment Report
For the period 1 April 2012 to
30 June 2012**

***i* Capital International Value Fund**

Interim Report of the Fund Manager

for the period 1 April 2012 to 30 June 2012

Fund Performance

This is the fourth quarterly report of *i* Capital International Value Fund for the three months ended 30 June 2012.

For the period between 1 April 2012 to 30 June 2012, the net asset value (NAV) of the *i* Capital International Value Fund decreased 7.28% or from AUD0.9582 to AUD0.8884 ⁽¹⁾ per unit. This compares with a 4.81% decrease in the MSCI World Index (AUD) ⁽²⁾ and a 5.36% decrease in the MSCI ACWI Index (AUD) ⁽³⁾ during the said period - see **Figures 1 and 2** in page 5. **Table 3**, page 4, shows the asset allocation of your Fund for each quarter since Jul 2009.

For the period between 1 July 2011 to 30 June 2012, the NAV of the *i* Capital International Value Fund fell 2.97% or from AUD0.9156 to AUD0.8884 ⁽¹⁾ per unit. This compares with a 3.05% fall in the MSCI World Index (AUD) ⁽²⁾ and a 4.63% decline in the MSCI ACWI Index (AUD) ⁽³⁾ during the said period - see **Figures 3 and 4** in page 5.

For the period between 1 July 2009 and 30 June 2012, the NAV of the *i* Capital International Value Fund dropped by 11.16% or from AUD1.000 to AUD0.8884 ⁽¹⁾ per unit. The Fund made a distribution of AUD0.0126 in June 2010, AUD0.1546 in June 2011 and AUD0.025 in June 2012 and the after-distribution-NAV was AUD0.8634. The total return of the Fund with the distribution reinvested is a gain of 5.27%. This compares with a 0.11% rise in the MSCI World Index (AUD) ⁽²⁾ and a 0.55% fall in the MSCI ACWI 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 24 developed countries.
- (3) This index comprises prices from 45 countries, including China.

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Interim Report of the Fund Manager

for the period 1 April 2012 to 30 June 2012 (continued)

Fund Performance (continued)

Table 1 shows the percentage gain or loss of each company held by your Fund as at 30 June 2012. This table assumes no impact from currency movements.

Table 1. Percentage gain or loss arising from stock price changes ^{(1) (2)}

Securities in Australian Dollars	Average Cost (A\$)*	Price (Jun 2012) A\$*	%Change
BEIJING CAPITAL LAND LIMITED - H SHARES	0.56	0.36	-35.24%
CHINA WINDPOWER	0.05	0.03	-30.84%
CLOVER CORPORATION LIMITED	0.30	0.38	26.48%
DISCOVERY COMMUNICATION	46.48	48.10	3.49%
IP GROUP PLC	0.70	2.32	228.97%
MERMAID MARINE AUSTRALIA LIMITED	2.97	2.82	-4.95%
MERMAID MARITIME PCL	0.58	0.21	-64.50%
NEW WORLD DEPT STORE CHINA	1.00	0.66	-34.15%
PETRA DIAMONDS LTD	2.51	1.80	-28.24%
PORSCHE AUTOMOBIL HOLDING SE	90.47	65.97	-27.08%
REXLOT HOLDINGS LTD	0.10	0.08	-18.21%

*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 April 2012 to 30 June 2012 (continued)

Fund Performance (continued)

Table 2 shows the percentage gain or loss arising from currency movements as at 30 June 2012, assuming no change in stock prices.

Table 2. Percentage gain or loss arising from currency movements ^{(1) (2)}

Securities in Australian Dollars	Average Cost (A\$)**	Price (Mar 2012) A\$ **	%Change
BEIJING CAPITAL LAND LIMITED - H SHARES	0.56	0.44	-20.37%
CHINA WINDPOWER	0.05	0.05	4.66%
CLOVER CORPORATION LIMITED	0.30	0.30	0.00%
DISCOVERY COMMUNICATION	46.48	47.22	1.58 %
IP GROUP PLC	0.70	0.70	-1.08%
MERMAID MARINE AUSTRALIA LIMITED	2.97	2.97	0.00%
MERMAID MARITIME PCL	0.58	0.54	-6.25%
NEW WORLD DEPT STORE CHINA	1.00	0.80	-20.76%
PETRA DIAMONDS LTD	2.51	2.57	2.58 %
PORSCHE AUTOMOBIL HOLDING SE	90.47	66.46	-26.54%
REXLOT HOLDINGS LTD	0.10	0.08	-15.51%

** Assume constant stock prices.

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

i Capital International Value Fund

Interim Report of the Fund Manager

for the period 1 April 2012 to 30 June 2012 (continued)

Fund Performance (continued)

Between 1 April 2012 and 30 June 2012, the NAV of your Fund decreased 7.28%. This compares with a 4.81% decrease in the MSCI World Index (AUD) ⁽¹⁾ and a 5.36% decrease in the MSCI ACWI Index (AUD) during the said period. **Table 3** shows the asset allocation of your Fund for each quarter since Jul 2009.

Table 3. 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%
End of Mar 11	50.47%	49.53%
End of Jun 11	50.34%	49.66%
End of Sep 11	60.59%	39.41%
End of Dec 11	58.14%	41.86%
End of Mar 12	31.78%	68.22%
End of Jun 12	33.72%	66.28%

The portfolio of the *i* Capital International Value Fund as at 30 June 2012 is spread across 11 companies, which are engaged in a wide range of business activities. The top five investments are IP Group PLC (LSX), Mermaid Marine Australia Ltd (ASX), Petra Diamonds (LSX), China Windpower (HKEX), and Rexlot Holdings Ltd (HKEX). These 5 investments make up 48.3% (see page 8) of your Fund's total assets.

(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 April 2012 to 30 June 2012 (continued)

Fund Performance (continued)

Figure 1⁽¹⁾

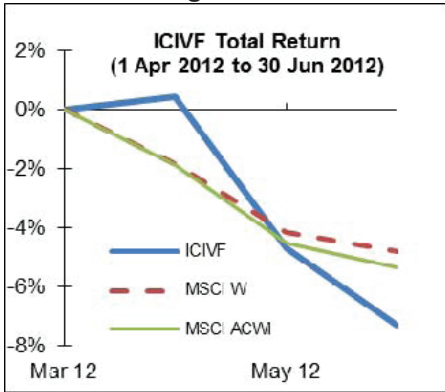


Figure 2⁽¹⁾

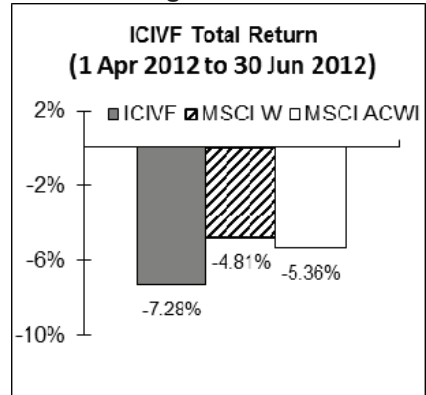


Figure 3⁽¹⁾

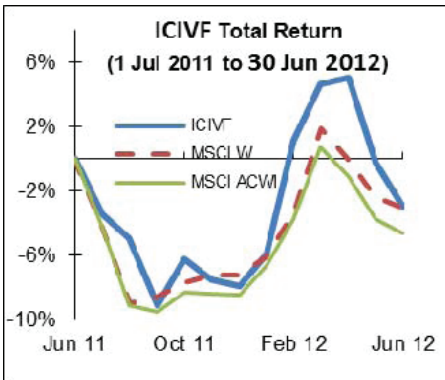
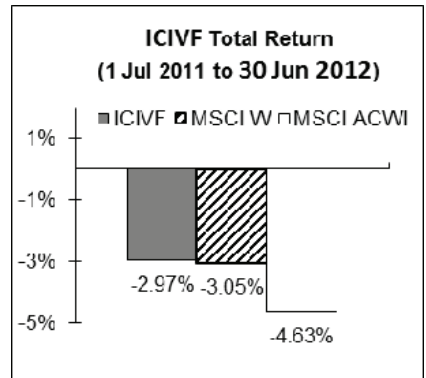


Figure 4⁽¹⁾



(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 April 2012 to 30 June 2012 (continued)

Fund Performance (continued)

Figure 5⁽¹⁾

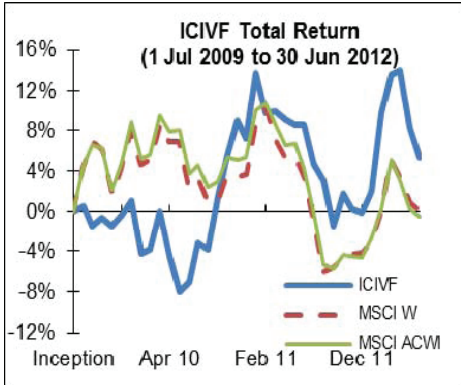
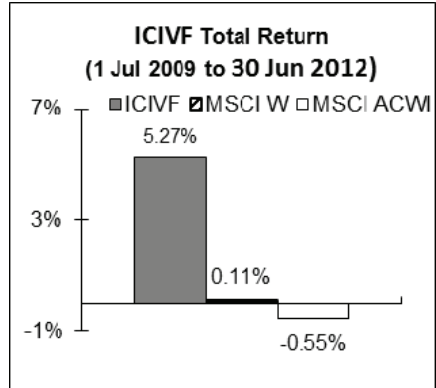


Figure 6⁽¹⁾



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

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Interim Report of the Fund Manager

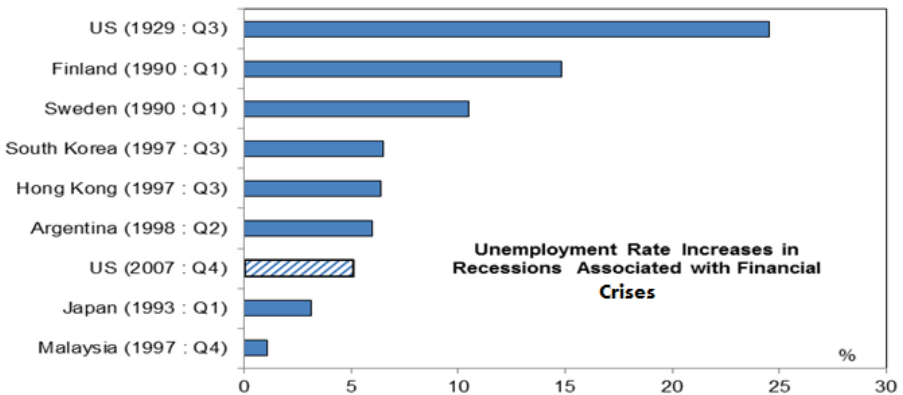
for the period 1 April 2012 to 30 June 2012 (continued)

Outlook and Strategy

It has been 3 years since your Fund was launched in July 2009. Since then, the global economy has stumbled upon one crisis after another, particularly in the developed economies. Consequently, even as we write this commentary, the major developed economies are still gripped with a high level of uncertainty. While the last 4 to 5 years have certainly been tumultuous, the 2 following figures provide useful perspectives to the severity and scope of the 2008 US-led financial crisis.

Figure 1 shows that while the US unemployment rate stays elevated, the rise in its unemployment rate was actually mild by financial crises standards.

Percentage point increase from business-cycle peak



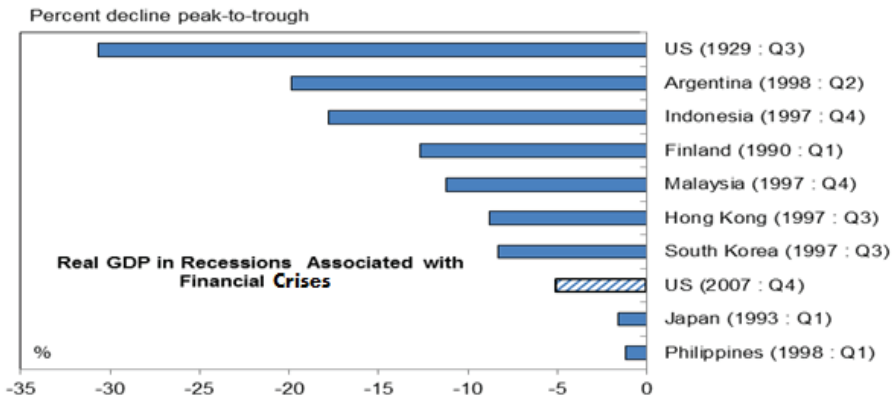
Source : Economic Report of the President 2012

Figure 2 gives a similar message. While the US economic growth has been sluggish, the decline in its GDP has been actually mild by financial crises standards.

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Interim Report of the Fund Manager

for the period 1 April 2012 to 30 June 2012 (continued)



Source : Economic Report of the President 2012

The above two figures from the “Economic Report of the President 2012” are useful to illustrate the real impact of the 2008 US-led financial crisis. First, it comes nowhere near the 1929 Great Depression and secondly, the impact on the US economy has been far less serious than those economies that also suffered financial crises. What these mean is that subsequent US economic recovery may not be as weak or as protracted as many feared. With China still slowing down, a healthier US economy would certainly be welcomed.

Tan Teng Boo
Capital Dynamics (Australia) Limited
ABN 53 129 846 260 AFSL 326283
8th October 2012

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Performance information

Quarter ended 30 June 2012

	Fourth Quarter 30 June 2012 (% of change)
Top 4 out-performing stocks (in local currency)	
IP Group Plc	11.72%
Clover Corporation Limited	5.56%
Beijing Capital Land Limited	4.57%
Discovery Communication	3.49 %

The table above presents the top 4 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 Apr 2012), and held till the end of the quarter (i.e. 30 June 2012). 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 Discovery Communication was bought on 13 Apr 2012 and sold on 30 Jun 2012, its performance is only measured over 13 Apr to 30 Jun 2012 and not over the full quarter. Similarly, if it was bought on 20 Mar 2011 and sold on 30 Jun 2012, its performance is measured over the period 1 Apr 2012 to 30 Jun 2012.

Top 5 net assets attributable to unitholders at 30 June 2012 (in AUD)	48.3%
IP Group PLC	18.7%
Mermaid Marine Australia Limited	10.1%
Petra Diamonds	7.9%
China Windpower	6.2%
Rexlot	5.4%

Country allocation for equities (in AUD)	100%
United Kingdom	40%
Hong Kong	30%
Australia	17%
Europe	6%
Singapore	4%
United States of America	3%

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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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i Capital International Value Fund

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