

i Capital International Value Fund

ARSN 134578180

Quarterly Investment Report For the period 1 April 2013 to 30 June 2013

i Capital International Value Fund

Interim Report of the Fund Manager

for the period 1 April 2013 to 30 June 2013

Fund Performance

This is the fourth quarterly report of *i* Capital International Value Fund for the twelve months ended 30 June 2013.

For the period between 1 April 2013 to 30 June 2013, the net asset value (NAV) of the *i* Capital International Value Fund decreased 0.38%, or from AUD0.9915 to AUD0.9877 ⁽¹⁾ per unit. This compares with a 13.82% increase in the MSCI World Index (AUD) ⁽²⁾ and a 12.55% increase in the MSCI ACWI Index (AUD) ⁽³⁾ during said period - see **Figures 1** and **2** on page **5**. **Table 3**, page **4**, shows the composition of the fund for each quarter since Jul 2009.

For the period between 1 July 2012 to 30 June 2013, the NAV of the *i* Capital International Value Fund increased 14.40%, or from AUD0.8634 to AUD0.9877 ⁽¹⁾ per unit. This compares with a 29.91% increase in the MSCI World Index (AUD) ⁽²⁾ and a 27.66% increase in the MSCI ACWI Index (AUD) ⁽³⁾ during the said period - see **Figures 3** and **4** on page **5**.

For the period between 1 July 2009 and 30 June 2013, the NAV of the *i* Capital International Value Fund decreased by 1.23%, or from AUD1.000 to AUD0.9877 ⁽¹⁾ per unit. The Fund made a distribution of AUD0.0126 in June 2010, AUD0.1546 in June 2011, AUD0.025 in June 2012 and AUD0.0284 in June 2013 and the after-distribution-NAV was AUD0.9593. The total return of the Fund with the distributions reinvested is a gain of 20.42%. This compares with a 30.05% increase in the MSCI World Index (AUD) ⁽²⁾ and a 26.97% increase in the MSCI ACWI Index (AUD) ⁽³⁾ during said period - see **Figures 5** and **6** on 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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for the period 1 April 2013 to 30 June 2013 (continued)

Fund Performance (continued)

Table 1 shows the percentage gain or loss of each company held by your Fund as at 30 June 2013. 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 2013) A\$*	%Change
BEIJING CAPITAL LAND LIMITED - H SHARES	0.56	0.45	-19.97%
CHINA WINDPOWER	0.05	0.03	-29.59%
CLOVER CORPORATION LIMITED	0.30	0.58	91.38%
DAH CHONG HONG	1.02	0.77	-24.68%
DISCOVERY COMMUNICATION	49.97	67.31	34.70%
IP GROUP PLC	0.70	2.05	191.61%
MERMAID MARINE AUSTRALIA LIMITED	2.97	3.52	18.64%
MERMAID MARITIME PCL	0.58	0.29	-50.30%
NEW WORLD DEPT STORE CHINA	1.00	0.62	-38.41%
PETRA DIAMONDS LTD	2.51	1.71	-31.81%
PORSCHE AUTOMOBIL HOLDING SE	90.47	100.24	10.80%
QBE INSURANCE	16.19	15.09	-6.82%
REXLOT HOLDINGS LTD	0.10	0.08	-24.16%
SKILLED GROUP LTD	2.70	2.57	-4.98%
TIFFANY & CO	69.90	68.90	-1.43%

*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 2013 to 30 June 2013 (continued)

Fund Performance (continued)

Table 2 shows the percentage gain or loss arising from currency movements as at 30 June 2013, 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 (Jun 2013) A\$**	%Change
BEIJING CAPITAL LAND LIMITED - H SHARES	0.56	0.50	-10.82%
CHINA WINDPOWER	0.05	0.06	17.21%
CLOVER CORPORATION LIMITED	0.30	0.30	0.00%
DAH CHONG HONG	1.02	1.16	13.63%
DISCOVERY COMMUNICATION	49.97	56.50	13.06%
IP GROUP PLC	0.70	0.75	7.12%
MERMAID MARINE AUSTRALIA LIMITED	2.97	2.97	0.00%
MERMAID MARITIME PCL	0.58	0.61	4.56%
NEW WORLD DEPT STORE CHINA	1.00	0.89	-11.25%
PETRA DIAMONDS LTD	2.51	2.79	11.08%
PORSCHE AUTOMOBIL HOLDING SE	90.47	76.23	-15.74%
QBE INSURANCE	16.19	16.19	0.00%
REXLOT HOLDINGS LTD	0.10	0.09	-5.38%
SKILLED GROUP LTD	2.70	2.70	0.00%
TIFFANY & CO	69.90	80.73	15.50%

** 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 2013 to 30 June 2013 (continued)

Fund Performance (continued)

Between 1 April 2013 and 30 June 2013, the NAV of your Fund decreased 0.38%. This compares with a 13.82% increase in the MSCI World Index (AUD) and a 12.55% increase in the MSCI ACWI Index (AUD) during said period ⁽¹⁾.

Table 3 shows the composition of the fund for each quarter since July 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	33.54%	66.46%
End of Sep 12	15.04 %	84.96%
End of Dec 12	10.66 %	89.34%
End of Mar 13	8.09%	91.91%
End of Jun 13	0.11%	99.89%

The portfolio of the *i* Capital International Value Fund as at 30 June 2013 is spread across 15 companies, which are engaged in a wide range of business activities. The top five investments are IP Group PLC (LSX), Discovery Communications (NASDAQ), Mermaid Marine Australia Ltd (ASX), Skilled Group Ltd (ASX), and Petra Diamonds (LSX). These 5 investments make up 56.6% (see page 8) of the fund's total assets.

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

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for the period 1 April 2013 to 30 June 2013 (continued)

Fund Performance (continued)

Figure 1⁽¹⁾

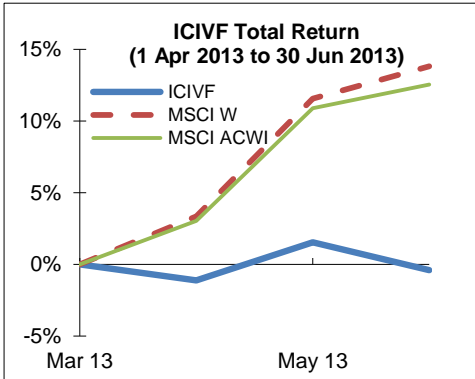


Figure 2⁽¹⁾

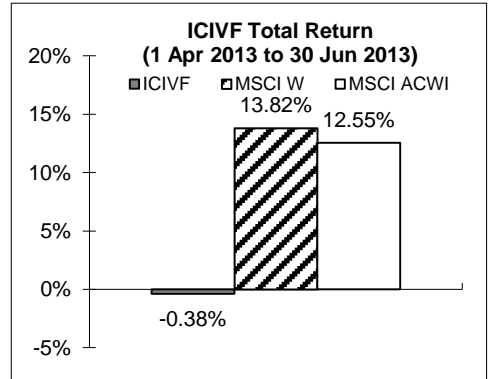


Figure 3⁽¹⁾

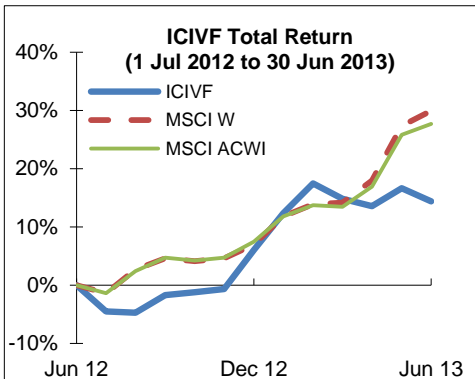
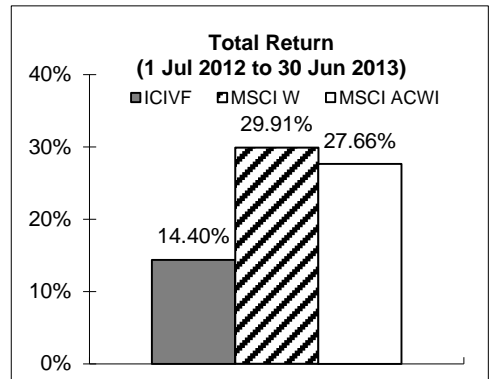


Figure 4⁽¹⁾



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

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for the period 1 April 2013 to 30 June 2013 (continued)

Fund Performance (continued)

Figure 5⁽¹⁾

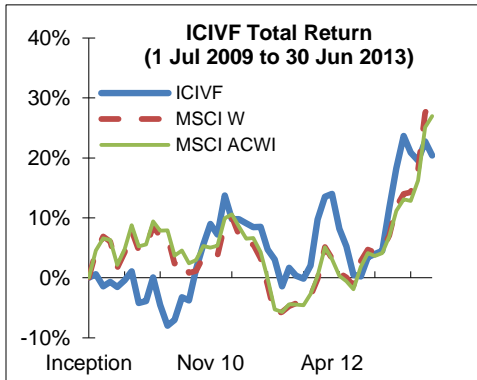
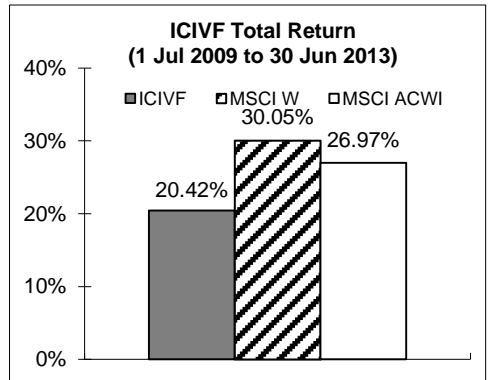


Figure 6⁽¹⁾



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

Outlook and Strategy

After being ahead of the two benchmark indices for the most part of financial year ended 30th June 2013, the weak performance in the final quarter from 1st April to 30th June 2013 unfortunately dragged the overall performance of your Fund down for the whole of financial year 2013. This was due to two main factors.

First, around 50% of your Fund's NAV is exposed to companies listed on the ASX and the Hong Kong stock markets. During said period, these two equity markets were down. Secondly, the NYSE, the world's largest stock market, and NASDAQ, performed strongly in said period. As only 16% of your Fund's NAV was invested in 2 companies listed on NASDAQ and the NYSE, the overall performance of your Fund was adversely affected when measured against the MSCI W and MSCI ACWI.

The ASX and the Hong Kong stock markets were affected by persistent concerns over China's economic outlook. Capital Dynamics (Australia) Ltd, as your fund manager, has not reduced its exposure to these equity markets as it believes that concerns over China's economic conditions are overblown and the companies that it has invested in remain attractive. A good example of this can be found in the monthly NAV commentary for July 2013 where it highlighted REXLot.

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for the period 1 April 2013 to 30 June 2013 (continued)

Outlook and Strategy (continued)

In the July 2013 commentary, it was also disclosed that your Fund has sold all of its Discovery Communication shares.

The *i*Capital International Value Fund is premised on its eclectic value investing style. So while it may be affected by short-term factors, Capital Dynamics (Australia) Ltd is of the view that value will eventually win out. If investors can see beyond a month's or a quarter's weak numbers, then, investors would recognise that periods of weakness are also periods of investing opportunities.

Tan Teng Boo

Capital Dynamics (Australia) Limited

ABN 53 129 846 260 AFSL 326283

2nd September 2013

i Capital International Value Fund

Performance information

Quarter ended 30 June 2013

	Fourth Quarter 30 June 2013 (% of change)
Top 2 out-performing stocks (in local currency)	
Porsche Automobil	4.31%
Discovery Communications	0.17%

The table above presents the top 2 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 2013), and held till the end of the quarter (i.e. 30 June 2013). 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 QBE Insurance was bought on 21 June 2013 and sold on 30 June 2013, its performance is only measured over 21 June to 30 June 2013 and not over the full quarter. Similarly, if it was bought on 20 March 2013 and sold on 30 June 2013, its performance is measured over the period 1 April 2013 to 30 June 2013.

Top 5 net assets attributable to unitholders at 30 June 2013 (in AUD)	
IP Group PLC	56.6%
Discovery Communications	16.6%
Mermaid Marine Australia Limited	12.5%
Skilled Group	11.6%
Petra Diamonds	8.5%
	7.5%

Country allocation for equities (in AUD)	100%
Australia	26%
United Kingdom	24%
Hong Kong	23%
United States of America	16%
Europe	7%
Singapore	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 Licence (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 and 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 publication, and www.icapital.biz, the online edition. It supervises five 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, 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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