

## DIRECTORY FOR THE FUND

### *Directors of the Fund*

Tan Teng Boo  
Sim Biow Ming Myra

### *Investment Manager*

Capital Dynamics (S) Private Limited  
36 Robinson Road  
#07-01, City House  
Singapore 068877  
Tel. No. : 6224 8055/6/8  
Fax No. : 6224 8057  
Email : [cdpl@icapital.biz](mailto:cdpl@icapital.biz)

### *Registered Office of the Fund*

c/o HSBC Trustee (Cayman) Limited  
P.O. Box 484  
Strathvale House  
North Church Street  
George Town  
Grand Cayman KY 1-1106  
Cayman Islands

### *Administrator*

HSBC Trustee (Cayman) Limited

### *Administrator's Delegate*

HSBC Institutional Trust Services (Singapore)  
Limited

### *Custodian to the Fund*

HSBC Trustee (Cayman) Limited

### *Legal Advisers as to Cayman Law*

Walkers

### *Legal Advisers as to Singapore Law*

Rajah & Tann

### *Auditors to the Fund*

PricewaterhouseCoopers Cayman

# *i* Capital Global Fund

---

## Quarterly Report for the period 6 July to 31 October 2007

# **i Capital Global Fund**

## **Interim Report of the Fund Manager for the period 6 July to 31 October 2007**

### **Performance**

This is the first quarterly report of the *i Capital Global Fund*. Although the financial year of the *i Capital Global Fund* ends on 30th April, it only started operations in July 2007, that is, after the close of its initial offer period.

For the period between 6 July 2007 and 31 October 2007, the net asset value (NAV) of the *i Capital Global Fund* rose by 12.72% or US\$127.179 from US\$1,000.000 to US\$1,127.179 per share. This compares with a 3.12% rise by the Morgan Stanley World Index <sup>(1)</sup> and a 4.82% rise by the Morgan Stanley All Country Index <sup>(2)</sup> during the said period.

The *i Capital Global Fund* was launched not too long before the world equity markets and financial institutions were adversely affected by the US subprime and mortgage-related problems. Although the fund size is relatively small, and thus could have been fully invested pretty quickly, your Fund Manager did otherwise. As a result, when the equity markets were subsequently hit, the *i Capital Global Fund* took advantage of this and increased its investments. By the end of October 2007, the *i Capital Global Fund* was about 55% invested as opposed to less than 10% at the end of July.

The present portfolio of the *i Capital Global Fund* is spread across 11 companies and engaged in a wide range of business activities (for details, refer to the schedule of securities). The top five investments are Porsche, Bank of East Asia, Tesco plc, Shanghai Industrial Holdings and Sonic Healthcare. These 5 investments make up 39.37% of the total investable funds.

### **Strategy**

The current market volatility can be unnerving but it offers investing opportunities at the same time. At a macro level, 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 vast opportunities. As the *i Capital Global Fund* utilises a value investing style, it finds the current turbulent market conditions an excellent hunting ground for attractive investments. One investor's risk is another investor's opportunity

Tan Teng Boo  
Capital Dynamics (S) Pte Ltd  
19 October 2007

- (1) : This index comprises prices from 23 developed countries.  
(2) : This index comprises prices from 48 countries, including China.

**i CAPITAL GLOBAL FUND**

**Statement of Operations (Unaudited)**

For the financial period from 6 February 2007 (date of incorporation) to 31 October 2007

	<b>Note</b>	<b>For the financial period from 6 February 2007 (date of incorporation) to 31 October 2007 US\$</b>
<b>Investment Income:</b>		
Dividends (net of foreign withholding taxes of \$6,530)		45,878
Interest income		322,459
<b>Total investment income</b>		<u>368,337</u>
<b>Expenses:</b>		
Investment management fees		141,674
Custodian fees		5,952
Accounting and valuation fees		9,445
Legal fees		49,134
Audit and tax services		6,959
Transfer agent fees		1,000
Miscellaneous		55,642
<b>Total expenses</b>		<u>269,806</u>
<b>Net investment income</b>		98,531
<b>Realized and Change in Unrealized Gain (Loss):</b>		
Net change in unrealized appreciation/depreciation of investment		<u>3,666,251</u>
<b>Net Increase in Net Assets Resulting from Investment Operations (at bid market prices)</b>		3,764,782
Adjustment from bid market prices to last traded market prices		83,645
<b>Net Increase in Net Assets Resulting from Investment Operations (at last traded market prices)</b>		<u>3,848,427</u>

**i CAPITAL GLOBAL FUND**

**Statement of Asset and Liabilities (Unaudited)**

As at 31 October 2007

	Note	31 October 2007 US\$
<b>Assets:</b>		
Investments, at value (cost - \$16,530,675)		20,196,926
Cash		13,851,042
Dividends and interest receivable		55,862
Receivable from unitholders		2,530,141
<b>Total Assets</b>		<u>36,633,971</u>
<b>Liabilities</b>		
Accrued expenses		65,984
<b>Total Liabilities</b>		<u>65,984</u>
<b>Net Assets</b>		<u>36,567,987</u>
<b>Net Assets:</b>		
<b>Common Stock:</b>		
Par value (\$0.01 per share, applicable to 32,561 shares issued and outstanding)		326
Paid-in-capital in excess of par		32,802,879
Undistributed net investment income		98,531
Net unrealized appreciation of investments and foreign currency transactions		3,666,251
<b>Net Assets (at bid market prices)</b>		<u>36,567,987</u>
<b>Net Assets Value Per Share</b>		<u>\$1,124.61</u>
<b>Represented by:</b>		
Net assets attributable to holders of redeemable units (at last traded market prices)		36,651,632
Adjustment from bid market prices to last traded market prices		<u>(83,645)</u>

**i CAPITAL GLOBAL FUND**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (Unaudited)**

For the financial period from 6 February 2007 (date of incorporation) to 31 October 2007

---

	<b>For the financial period from 6 February 2007 (date of incorporation) to 31 October 2007</b>	
	<b>Number of units</b>	<b>US\$</b>
<b>Net assets attributable to holders of redeemable units at beginning of financial period (at bid market prices)</b>	-	-
Proceeds from redeemable units issued	32,516	32,803,205
Redemption of redeemable units	-	-
Net increase from units transactions	<u>32,516</u>	<u>32,803,205</u>
Profit after tax	-	3,764,782
Adjustment from bid market prices to last traded market prices	-	83,645
<b>Net assets attributable to holders of redeemable units at end of financial period (at last traded market prices)</b>	<u>32,516</u>	<u>36,651,632</u>

i CAPITAL GLOBAL FUND

**CASH FLOW STATEMENT (Unaudited)**

For the financial period from 6 February 2007 (date of incorporation) to 31 October 2007

	<b>For the financial period from 6 February 2007 (date of incorporation) to 31 October 2007 US\$</b>
<b>Cash flows from operating activities</b>	
Net profit	3,764,782
Adjustment for:	
Dividend income	(52,408)
Interest income	(322,459)
Tax expense	6,530
<b>Operating cash flow before working capital changes</b>	<u>3,396,445</u>
Changes in operating assets and liabilities	
Financial assets and financial liabilities at fair value through profit or loss	(20,196,926)
Payables	65,984
Cash used in operations	<u>(16,734,497)</u>
Dividend received	24,254
Interest received	294,751
Tax paid	(6,530)
<b>Net cash used in operating activities</b>	<u>(16,422,022)</u>
<b>Cash flows from financing activities</b>	
Proceeds from issue of units	<u>30,273,064</u>
<b>Net cash from financing activities</b>	<u>30,273,064</u>
<b>Net increase in cash and cash equivalents held</b>	13,851,042
Cash and cash equivalents at the beginning of the financial period	-
<b>Cash and cash equivalents at the end of the financial period</b>	<u>13,851,042</u>

i CAPITAL GLOBAL FUND

NOTE TO THE FINANCIAL STATEMENTS

For the financial period from 6 February 2007 (date of incorporation) to 31 October 2007

Schedule of securities

	Holdings No. of Shares	2007	
		Fair Value USD	% of Total Net Assets %
<b>AGRICULTURE</b>			
CHAODA MODERN AGRICULTURE	1,750,000	1,582,852	4.33
<b>AUTOS &amp; TRUCKS</b>			
PORSCHE PFD NPV	1,600	4,236,246	11.58
<b>AEROSPACE</b>			
ROLLS ROYCE GROUP PLC B SHR	3,636,000	-	-
ROLLS-ROYCE GROUP PLC	90,000	1,001,301	2.74
<b>FINANCE</b>			
BANK OF EAST ASIA	500,000	3,341,828	9.14
REXCAPITAL FINANCIAL HOLDING LTD	3,000,000	596,110	1.63
<b>FOODS</b>			
TESCO PLC	280,000	2,825,647	7.73
<b>HEALTHCARE</b>			
SONIC HEALTHCARE LTD	120,000	1,897,862	5.19
<b>MISCELLANEOUS</b>			
SHANGHAI ASIA HLDGS LTD	1,535,000	280,689	0.77
SHANGHAI INDUSTRIAL HLDGS LTD	360,000	2,097,223	5.73
<b>OIL &amp; GAS</b>			
CNPC HONG KONG LTD	1,500,000	1,205,768	3.30
DIAMOND OFFSHORE DRILLING INC	10,000	1,131,400	3.09
		<b>20,196,926</b>	<b>55.23</b>

## Other Information

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.

From its inception in July 2007 to 31 October 2007, the *i* Capital Global Fund has gained 32.80% (annualised), as opposed to 21.28% for the Morgan Stanley All Country World Index (MXWO) and 15.32% for the Morgan Stanley World Index (MXWD). For the 10 months ended 31 October 2007, funds under CDPL's management achieved a return of 28.13% (annualised), outperforming the 19.84% gain for MXWO and 16.30% for MXWD.

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.

CDAM has been consistently reporting positive

returns since its inception. Between 1998 and October 2007, CDAM achieved a net compound return of 29.02% per annum and has substantially outperformed the Kuala Lumpur Composite Index every year, which gained 9.03% per annum in the same period.

The Capital Dynamics group traces back to 1988, when its managing director, Tan Teng Boo, an experienced investment manager, founded Capital Dynamics S/B, the first independent investment adviser in Malaysia. It provides top quality advice on investments through *i* Capital, its weekly report, and [www.icapital.biz](http://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 CDPL, is guided by a sound and rigorous value-investing framework. Essentially, the Capital Dynamics group seeks low risk yet high return types of investments.

The Capital Dynamics group is independent and is therefore not part of any financial institution. Being owner-operated, the continuity and consistency of the investment approach adopted by the group is assured.