

DIRECTORY FOR THE FUND

Directors of the Fund

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Administrator

HSBC Trustee (Cayman) Limited

Administrator's Delegate

HSBC Institutional Trust Services (Singapore)
Limited

Custodian of the Fund

HSBC Trustee (Cayman) Limited

Legal Advisers to Cayman Law

Walkers

Legal Advisers to Singapore Law

Rajah & Tann

Auditors to the Fund

PricewaterhouseCoopers Cayman

i Capital Global Fund

**First Quarter 2012 Report for
the three months ended
31 July 2011**

i CAPITAL GLOBAL FUND

First Quarter 2012 Report of the Fund Manager
for the three months ended 31 July 2011

Performance

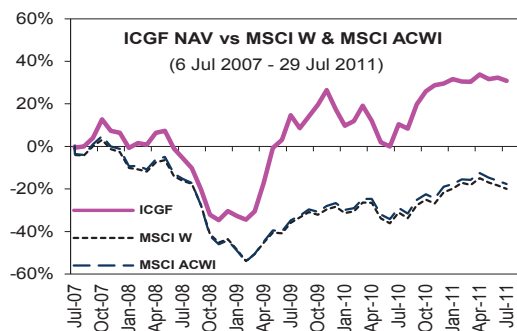
This is the first quarterly report of the *i* Capital Global Fund for the financial year ended 30 April 2012.

In the three months ended 31 July 2011, the net asset value (NAV) of the *i* Capital Global Fund dropped 2.24% or US\$29.996 from US\$1,337.908 to US\$1,307.912 per share. In the same period, the MSCI World Index ⁽¹⁾ fell 5.95% and the MSCI ACWI Index ⁽²⁾ declined 5.88%.

Between 6 July 2007 and 31 July 2011, the net asset value (NAV) of the *i* Capital Global Fund gained 30.79% or US\$307.912 from US\$1,000.000 to US\$1,307.912 per share. In the same period, the MSCI World Index plunged 19.94% and the MSCI ACWI Index slumped 17.66%.

Figure 1 shows the NAV of the *i* Capital Global Fund against the performance of the two MSCI benchmark indices since its launch which was just before the financial markets and economies were seriously affected by the 2008 US-led financial crisis. Since then, your Fund has consistently outperformed the two MSCI benchmark indices.

Figure 1



In the three months ended 31 July 2011, your Fund sold all of its holdings in British Land Co. Plc and Tesco Plc. In addition, your Fund bought 700,000 shares of IP Group Plc, a leading UK intellectual property ("IP") commercialisation company.

The portfolio of your Fund is spread across 9 companies that are engaged in a wide range of business activities – see the Schedule of Securities in page 7.

The top 5 investments as at 31 July 2011 are Rexlot Holdings Ltd, Beijing Capital Land Ltd, Mermaid Marine Australia Ltd, Porsche Automobil Holdings SE and St Galler Kantonbank. They make up 46.43% of the total assets. At the end of July 2011, your Fund had 50.19% of its NAV in cash.

Strategy

In July 2011, your Fund's NAV fell 1.12% but the two MSCI benchmark indices fell slightly more. From inception in July 2007, your Fund has also outperformed the said two benchmarks by around 48 to 50 percentage points.

At the time of writing this report, the same worries have come back to haunt us, giving additional credence to the market folklore of selling in May and going away.

In the last 1 to 2 months, the healthy reassuring growth in the US economy seems to have lost steam again. On the other side of the Pacific Ocean, China's economic growth is apparently losing momentum at a pace faster than was expected, as the latest economic figures indicate. However it is the old continent that is once again causing headaches and heartaches to all of us.

Europe is once again capturing the mass media headlines, again for the wrong reasons. In the last 4 years, the old continent has been caught in a very vicious cycle of economic contraction, high and rising unemployment, worsening social pressures and political instability, persistently high debts and the need for more austerity. The election results in France, Greece and from many local elections across many countries in Europe all point to one direction with one simple but stark conclusion. That is, the austerity measures implemented are simply not producing the desired results and are not working to solve the economic and financial crisis in Europe. While millions are suffering, there has been little progress. For the ordinary people, there has to be a more effective way of tackling the prolonged crisis.

Given the above backdrop, global markets will remain depressed in the coming months. Are there hopes beyond that? While not showing the same old vigour, the US economy will hum along and expand at a relatively decent pace, relative to Europe and Japan. China has slowed decisively and monetary easing will become more prominent. By 2013, investors would be convinced that China has soft landed. In the coming months, Europe is heading for a climatic catharsis. Politicians in many countries are being forced to come out with policies that will generate more growth and place less emphasis on austerity.

A study showed that since 1945, US\$100 invested in the S&P 500 in the October - April period would yield US\$9,329 by 2011. On the other hand, US\$100 invested in the May-September period would end up with only US\$99. If the said research results are repeated and the global environment stabilises or improves in the coming months, then, investors should get ready and take advantage of this period by investing more in the *i* Capital Global Fund. Sell in May but do not go away as the research showed.

In the last 4 to 5 years, the global economy and market has been hit by crisis after crisis. Amidst all the global uncertainties, Capital Dynamics (S) Pte Ltd would reiterate its views that the *i* Capital Global Fund is certainly a haven. Investing or investing more in such a Fund would be a very wise decision. For more details, call us at (+65) 6224 8055 or 8056 or email us at cdpl.info@icapital.biz.

Tan Teng Boo
Managing Director
Capital Dynamics (S) Pte Ltd
15 May 2012

(1): MSCI World Index: A free float-adjusted market capitalisation weighted index which consists of 24 developed markets.
(2): MSCI ACWI Index: A free float-adjusted market capitalisation weighted index which consists of 45 country indices, comprising 24 developed and 21 emerging market country indices. This includes the stock markets of China, which the ICGF cannot invest in at this time.

i CAPITAL GLOBAL FUND

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three months ended 31 July 2011

	For the financial period from 1 May 2011 to 31 July 2011 US\$
Income	
Dividend income	106,783
Interest income	3,604
Net foreign exchange gain	891,460
Other net changes on financial assets and financial liabilities at fair value through profit or loss	(1,996,846)
Total income	<u>(994,999)</u>
Expenses:	
Performance fees	-
Management fees	191,094
Administrative & Custodian fees	25,695
Audit fees	6,908
Other operating expenses	2,882
Total operating expenses	<u>226,579</u>
Operating loss	(1,221,578)
Interest expense	-
Total finance costs	<u>-</u>
Loss before tax	(1,221,578)
Withholding tax on dividends and other investment income	(10,322)
Decrease in net assets attributable to holders of participating shares from operations (at bid market prices)	<u>(1,231,900)</u>
Adjustment from bid market prices to last traded market prices	77,101
Decrease in net assets attributable to holders of participating shares from operations (at last traded market prices)	<u>(1,154,799)</u>

i CAPITAL GLOBAL FUND

BALANCE SHEET (UNAUDITED)

As at 31 July 2011

	31 July 2011 US\$
ASSETS	
Current Assets	
Financial assets at fair value through profit or loss	25,018,820
Due from broker	-
Other receivables	95
Cash and cash equivalents	25,333,661
Total Assets	<u>50,352,576</u>
Equity	
Management shares	10
Total Equity	<u>10</u>
LIABILITIES	
Current Liabilities	
Due to broker	-
Accrued expenses and other payables	291,125
Liabilities (excluding net assets attributable to holders of participating shares)	<u>291,125</u>
Net assets attributable to holders of participating shares (at bid market prices)	<u>50,061,441</u>
Represented by:	
Net assets attributable to holders of participating shares (at last traded market prices)	50,278,432
Adjustment from last traded market prices to bid market prices	(216,991)
Net assets attributable to holders of participating shares (at bid market prices)	<u>50,061,441</u>
Net assets value per holders of participating shares at bid market prices, based on 38,442 shares (2011: 38,801 shares) outstanding	<u>1,302.27</u>

i CAPITAL GLOBAL FUND

STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 31 July 2011

	Number of shares	US\$
Equity at beginning of the period	10	10
Issue of management shares	-	-
Equity at end of financial period	10	10

i CAPITAL GLOBAL FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF PARTICIPATING SHARES (UNAUDITED)

For the three months ended 31 July 2011

	Number of shares	US\$
Net assets attributable to holders of participating shares at the beginning of the period (at last traded market prices)	38,801	51,912,335
Issue of participating shares during the period	306	399,946
Redemption of participating shares during the period	(665)	(879,050)
Net decrease from share transactions	(359)	(479,104)
Increase in net assets attributable to holders of participating shares from operations (at last traded market prices)	-	(1,154,799)
Net assets attributable to holders of participating shares at end of the period (at last traded market prices)	38,442	50,278,432

i CAPITAL GLOBAL FUND

CASH FLOW STATEMENT (UNAUDITED)

For the three months ended 31 July 2011

	US\$
Cash flows from operating activities	
Decrease in net assets attributable to holders of participating shares from operations (at last traded market prices)	(1,154,799)
Adjustment for:	
Last traded market prices to bid market prices	(77,101)
Dividend income	(106,783)
Interest income	(3,604)
Tax expense	10,322
Interest expense	-
Operating cash flow before working capital changes	(1,331,965)
Changes in operating assets and liabilities	
Net decrease in financial assets at fair value through profit or loss	8,015,035
Net increase in other assets	3,379,964
Net decrease in other liabilities	(3,329,454)
Cash provided by operations	6,733,580
Dividend received, net of withholding tax	661,517
Interest received	3,604
Net cash provided by operating activities	7,398,701
Cash flows from financing activities	
Interest paid	-
Proceeds from participating shares issued	399,946
Redemption of participating shares	(879,050)
Net cash used in financing activities	(479,104)
Net increase in cash and cash equivalents held	6,919,597
Cash and cash equivalents at the beginning of the financial period	18,414,064
Cash and cash equivalents at the end of the financial period	25,333,661

i CAPITAL GLOBAL FUND**SCHEDULE OF SECURITIES**

As at 31 July 2011

	Holdings as at 31/07/2011 No. of Shares	Fair Value as at 31/07/2011 USD	Percentage of total net assets attributable to shareholders at 31/07/2011 %
AUTOS & TRUCKS			
PORSCHE PFD NPV	55,000	4,242,599	8.47
DEPARTMENT STORES			
NEW WORLD DEPARTMENT STORE	1,270,000	930,361	1.86
FINANCE			
REXLOT HOLDINGS LTD	76,875,000	6,114,889	12.21
ST GALLER KANTONALBANK	6,527	3,672,576	7.34
INVESTMENT			
K GREEN TRUST	100,000	88,889	0.18
MISCELLANEOUS			
SHANGHAI ASIA HLDGS LTD	1,535,000	224,432	0.45
IP GROUP PLC	700,000	528,563	1.06
REAL ESTATE			
BEIJING CAPITAL LAND LTD H SHR	15,000,000	4,811,085	9.61
TRANSPORT - SHIP			
MERMAID MARINE AUSTRALIA LTD NPV	1,332,420	4,405,426	8.80
		25,018,820	49.98

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 July 2011, the *i* Capital Global Fund's performance is 6.82% per annum, as opposed to -5.32% per annum for the MSCI World Index (MSCI W) and -4.66% per annum for the MSCI ACWI Index (MSCI ACWI). From 1 January 2007 to 29 July 2011, funds under CDPL's management achieved a return of 8.35% per annum, outperforming the MSCI W and MSCI ACWI which in that period recorded -2.75% and -1.96% per annum respectively.

The Fund's performance for the *i* Capital Global Fund as at 29 July 2011 is shown below:

Performance as at 29 July 2011			
(US\$)	ICGF	MSCI W	MSCI ACWI
Cumulative *	30.79%	-19.94%	-17.66%
Annualised Return	6.82%	-5.32%	-4.66%

**Cumulative Returns are measured since inception*

Capital Dynamics (Australia) Ltd (CDAL), a wholly owned subsidiary of CDPL, obtained its Australian Financial Services License (ASFL 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 July 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.

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 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 April 1998 and July 2011, CDAM achieved a net compound return of 20.96% per annum and has substantially outperformed the Kuala Lumpur Composite Index every year, which gained 7.14% 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 Sdn Bhd, 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. 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 or political or government organisation. Being owner-operated, the continuity and consistency of the investment approach adopted by the group is assured.

(Note: Information is current as at 31 July 2011.)