

DIRECTORY FOR THE FUND

Directors of the Fund

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Investment Manager

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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

**Second Quarter 2013 Report for
the six months ended
31 October 2012**

i Capital Global Fund

Second Quarter 2013 Report of the Fund Manager
for the six months ended 31 October 2012

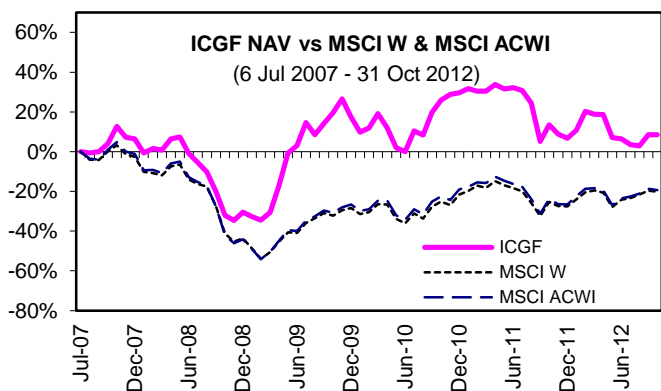
Performance

This is the second quarterly report of the *i Capital Global Fund* for the financial year ended 30 April 2013.

In the six months ended 31 October 2012, the net asset value (NAV) of the *i Capital Global Fund* dropped 8.49% or US\$100.76 from US\$1,186.538 to US\$1,085.778 per share. In the same period, the MSCI World Index⁽¹⁾ increased 4.07% and the MSCI ACWI Index⁽²⁾ increased 4.03%.

Between 6 July 2007 and 31 October 2012, the NAV of the *i Capital Global Fund* gained 8.58% or US\$85.778 from US\$1,000.000 to US\$1,085.778 per share. In the same period, the MSCI World Index plunged 20.22% and the MSCI ACWI Index slumped 19.34%.

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.



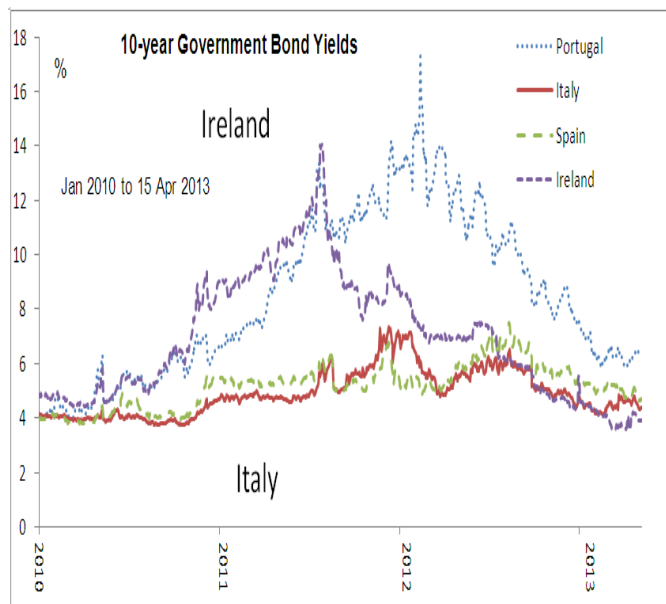
The portfolio of your Fund is spread across 12 companies that are engaged in a wide range of business activities – see the Schedule of Securities in page 8.

The top 5 investments as at 31 October 2012 are Rexlot Holdings Ltd, Beijing Capital Land Ltd, Mermaid Marine Australia Ltd, Discovery Communications Inc. and Porsche Automobil Holding SE PFD. They make up 54.77% of the total assets. At the end of October 2012, your Fund had 22.65% of its NAV in cash.

Strategy

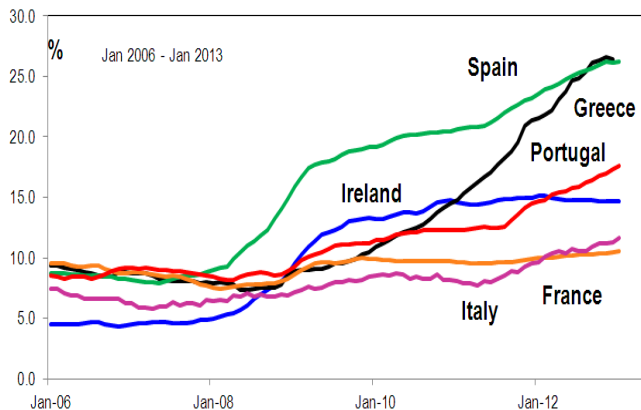
The global economy of today has 3 major economic blocks. The first is the US. The second is China, which Capital Dynamics (S) Pte Ltd has commented on recently in its February's 2013 commentary. The third is the Eurozone. This quarter's strategy will present a quick review of the prospects of this important economic region.

Capital Dynamics (S) Pte Ltd is of the view that the worst is over for the Eurozone even though its economic recovery in the initial phase will be laboured. One of the clearest signs that the Eurozone has passed its lowest point was the muted and calm reaction of the financial markets towards Cyprus' bank crisis in March 2013. Had this well covered bank crisis erupted in 2011 or 2012, it would have immediately triggered alarm across the Eurozone. The 10-year government bond yields of the distressed European economies would have spiked up, like they did in 2011 and 2012. Nothing of this panic reaction occurred this time - see **Figure 2** below. The response, as gauged by the bond yields of the distressed Eurozone economies, was muted.



In the meantime, **Figure 3** illustrates the unemployment rates of selected distressed European economies. Even though the unemployment rates of Italy and France are a lot lower than those of Spain and Greece, they are running

at a double-digit rate and are still rising. The contraction in these countries has been prolonged. After years of austerity, the pressure for the governments to abandon such painful policies in favour of economic growth is rising. While 2013 will generally remain a year of contraction, it could mark the low point.



Europe, a wealthy continent, would emerge from the last few years a different and healthier continent. Almost 5 years after the collapse of Lehman Brothers, the global economy is normalising across all regions. Since its last quarterly report, Capital Dynamics (S) Pte Ltd has been lowering its cash holdings.

Best wishes,

Tan Teng Boo
 Managing Director
 Capital Dynamics (S) Pte Ltd
 14 May 2013

(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 six months ended 31 October 2012

	For the six months ended 31/10/2012 US\$
Income	
Dividend income	502,566
Interest income	1,500
Net foreign exchange gain	3,637
Other net changes on financial assets and financial liabilities at fair value through profit or loss	<u>(3,769,557)</u>
Total income	<u>(3,261,854)</u>
Expenses:	
Management fees	296,378
Administrative & Custodian fees	38,989
Transaction expenses	7,378
Audit fees	9,978
Other operating expenses	<u>9,761</u>
Total operating expenses	<u>362,484</u>
Loss before tax	(3,624,338)
Withholding tax on dividends and other investment income	(13,791)
Decrease in net assets attributable to holders of participating shares from operations (at bid market prices)	<u>(3,638,129)</u>
Adjustment from bid market prices to last traded market prices	(74,618)
Decrease in net assets attributable to holders of participating shares from operations (at last traded market prices)	<u>(3,712,747)</u>

iCAPITAL GLOBAL FUND

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 October 2012

	US\$
ASSETS	
Current Assets	
Financial assets at fair value through profit or loss	31,019,124
Other receivables	94,609
Cash and cash equivalents	9,103,709
Total Assets	<u>40,217,442</u>
Equity	
Management shares	10
Total Equity	<u>10</u>
LIABILITIES	
Current Liabilities	
Due to broker	-
Accrued expenses and other payables	86,827
Liabilities (excluding net assets attributable to holders of participating shares)	<u>86,827</u>
Net assets attributable to holders of participating shares (at bid market prices)	<u>40,130,605</u>
Represented by:	
Net assets attributable to holders of participating shares (at last traded market prices)	40,194,133
Adjustment from last traded market prices to bid market prices	(63,528)
Net assets attributable to holders of participating shares (at bid market prices)	<u>40,130,605</u>
Net assets value per holders of participating shares at bid market prices, based on 37,018 shares (30 April 2012: 37,020 shares) outstanding	<u>1,084.08</u>

i CAPITAL GLOBAL FUND

STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 31 October 2012

	31 October 2012			
	Share Capital		Other reserves US\$	Total US\$
	Number of shares	US\$		
Equity at beginning of the period	10	10	(138,146)	(138,136)
Adjustment from bid market prices to last traded market prices attributable to holders of participating shares	-	-	74,618	74,618
Equity at end of financial period	10	10	(63,528)	(63,518)

	30 April 2012			
	Share Capital		Other reserves US\$	Total US\$
	Number of shares	US\$		
Equity at beginning of the year	10	10	(139,890)	(139,880)
Adjustment from bid market prices to last traded market prices attributable to holders of participating shares	-	-	1,744	1,744
Equity at end of financial year	10	10	(138,146)	(138,136)

i CAPITAL GLOBAL FUND

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

For the six months ended 31 October 2012

	Number of shares	US\$
Net assets attributable to holders of participating shares at the beginning of the period (at last traded market prices)	37,020	43,926,735
Issue of participating shares during the period	719	754,893
Redemption of participating shares during the period	(721)	(774,748)
Net decrease from share transactions	(2)	(19,855)
Decrease in net assets attributable to holders of participating shares from operations (at last traded market prices)	-	(3,712,747)
Net assets attributable to holders of participating shares at end of the period (at last traded market prices)	37,018	40,194,133

i CAPITAL GLOBAL FUND

STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 31 October 2012

	US\$
Cash flows from operating activities	
Decrease in net assets attributable to holders of participating shares from operations (at last traded market prices)	(3,712,747)
Adjustment for:	
Last traded market prices to bid market prices	74,618
Dividend income	(502,566)
Interest income	(1,500)
Tax expense	13,791
Operating cash flow before working capital changes	(4,128,404)
Changes in operating assets and liabilities	
Net decrease in financial assets at fair value through profit or loss	834,553
Net decrease in other assets	30,243
Net decrease in other liabilities	5,213
Cash used in operations	(3,258,395)
Dividend received, net of withholding tax	847,469
Interest received	1,144
Net cash used in operating activities	(2,409,782)
Cash flows from financing activities	
Proceeds from participating shares issued	754,893
Redemption of participating shares	(774,748)
Net cash used in financing activities	(19,855)
Net decrease in cash and cash equivalents held	(2,429,637)
Cash and cash equivalents at the beginning of the financial period	11,533,346
Cash and cash equivalents at the end of the financial period	9,103,709

iCAPITAL GLOBAL FUND**SCHEDULE OF SECURITIES***As at 31 October 2012*

	Holdings as at 31/10/2012 No. of Shares	Fair Value as at 31/10/2012 USD	Percentage of total net assets attributable to shareholders at 31/10/2012 %
AUTOS & TRUCKS			
PORSCHE AUTOMOBIL HOLDING SE PFD	55,000	3,659,663	9.12
CONSUMER			
PETRA DIAMONDS LTD	2,000,000	3,204,378	7.98
DEPARTMENT STORES			
NEW WORLD DEPARTMENT STORE	1,270,000	761,995	1.90
ENTERTAINMENT			
DISCOVERY COMMUNICATION INC COM	70,000	3,831,100	9.55
FINANCE			
REXLOT HOLDINGS LTD	76,875,000	5,554,803	13.84
ST GALLER KANTONALBANK	4,575	1,847,294	4.60
INVESTMENT			
K GREEN TRUST	100,000	82,783	0.21
MISCELLANEOUS			
SHANGHAI ASIA HOLDINGS LTD	1,535,000	94,361	0.24
IP GROUP PLC	700,000	1,332,983	3.32
REAL ESTATE			
BEIJING CAPITAL LAND LTD H SHR	15,000,000	4,470,939	11.14
TRANSPORT - SHIP			
MERMAID MARINE AUSTRALIA LTD NPV	1,332,420	4,462,739	11.12
UTIL-ELECTRIC			
CHINA WINDPOWER GROUP LTD	64,250,000	1,716,086	4.28
		31,019,124	77.30

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 October 2012, the *i* Capital Global Fund performance is 1.56% per annum, as opposed to -4.15% per annum for the MSCI World Index (MSCI W) and -3.95% per annum for the MSCI ACWI Index (MSCI ACWI). From 30 August 2006 to 31 October 2012, funds under CDPL's management achieved a return of 3.33% per annum, outperforming the MSCI W and MSCI ACWI which in that period recorded -0.69% and -0.28% per annum respectively.

The Fund's performance for the *i* Capital Global Fund as at 31 October 2012 is shown below:

Performance as at 31 October 2012 (%)			
(US\$)	ICGF	MSCI W	MSCI ACWI
Cumulative *	8.58	-20.22	-19.34
Annualised Return	1.56	-4.15	-3.95

*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.

CDAM has been consistently reporting positive returns since its inception. Between April 1998 and October 2012, CDAM achieved a net compound return of 19.04% per annum and has substantially outperformed the Kuala Lumpur Composite Index every year, which gained 7.06% 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 organization. Being owner-operated, the continuity and consistency of the investment approach adopted by the group is assured.

(Note: Information is current as at 31 October 2012.)

