

DIRECTORY FOR THE FUND

Directors of the Fund

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Investment Manager

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Registered Office of the Fund

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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 1 May to 31 July 2008

i Capital Global Fund

Interim Report of the Fund Manager for the three months ended 31 July 2008

Performance

This is the first quarterly report of the *i* Capital Global Fund for the year ending 30th April 2009.

For the period between 30th April 2008 and 31st July 2008, the net asset value (NAV) of the *i* Capital Global Fund fell by 11.15% or US\$118.648 from US\$1063.791 to US\$945.143 per share. This compares with a 9.43% fall in the Morgan Stanley World Index ⁽¹⁾ and a 9.8% fall in the Morgan Stanley All Country Index ⁽²⁾ during the said period.

From inception on 6th July 2007 to 31st July 2008, the NAV of the *i* Capital Global Fund fell by 5.49%. This compares with a 16.25% fall in the Morgan Stanley World Index ⁽¹⁾ and a 15.25% fall in the Morgan Stanley All Country Index ⁽²⁾ during the said period.

First, a quick recapitulation of the turbulent times that has unfolded since 31st July 2008. The *i* Capital Global Fund was launched in July 2007, not too long before the world economy, equity markets and financial institutions were adversely affected by the US-led financial crisis. Since then, events have unfolded rapidly in the global financial markets, primarily in the US and Europe, with many governments responding as fast as they could.

If there is one single month that stands out in this crisis, it would have to be September 2008. In that momentous month, many large US financial institutions witnessed urgent bailouts as their solvency was at risk.

If there is one single event that stands out, it would have to be the collapse of Lehman Brothers on 15th September 2008. This unexpected collapse resulted in the credit market quickly coming to a standstill. With the modern capitalist economy centred upon the smooth functioning of the credit market, the real economy was very soon affected. Economic figures across the world since September 2008 have, not surprisingly, been unanimously negative. Recognising the great impact of this credit jam, the central banks and governments in the US and Europe have consequently taken urgent measures to counter this squeeze. Unfortunately, the numerous measures did not reassure investors as in the equity markets, the months of September and October were cruel as prices plunged in a panic.

(1) This index comprises prices from 23 developed countries.

(2) This index comprises prices from 48 countries, including China.

In the 3 months ending 31st July 2008, the *i* Capital Global Fund sold all its shares in Diamond Offshore and Oil Search. In the said quarter, it made purchases in Keppel Corporation, listed on the Singapore Exchange and added marginally to its holdings in St Galler Kantonalbank. By the end of July 2008, your Fund was about 66% invested as opposed to a bit more than 70% at the end of April 2008.

The portfolio of the *i* Capital Global Fund as at 31st July 2008 is spread across 12 companies and they are 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, Shanghai Industrial Holdings and Chaoda Modern Agriculture.

Strategy

The US-led financial crisis has quickly resulted in a global financial and economic panic and it has in the process revealed many risks and weaknesses that have long been foreseen by the Fund Manager of the *i* Capital Global Fund. Bernard Madoff apparently had a secret black box for his investing "success". We stick to the conservative philosophy of value investing. Adolf Merckle, one of Germany's richest men, sold short VW shares and lost his fortune and his life. In contrast, the *i* Capital Global Fund stays away from short-selling. While others suffer from credit squeeze, the balance sheet of the *i* Capital Global Fund has zero borrowings. Such is the conservative approach of your Fund.

Before September 2008, the world economy was actually humming along fine. Since then, confidence has evaporated and the economy has tanked. The measures undertaken by central banks and governments need time to work. For the global economy, there will be the inevitable recovery. As the *i* Capital Global Fund utilises a value investing style, it is well placed to bargain hunt. As at 31st July 2008, it has about one-third of its total assets in cash, substantially in US\$.

Tan Teng Boo
Capital Dynamics (S) Pte Ltd
10 January 2009

i CAPITAL GLOBAL FUND**Income Statement**

For the financial period from 1 May 2008 to 31 July 2008

	For the financial period from 1 May 2008 to 31 July 2008 US\$
Income	
Dividends	102,675
Interest income	31,804
Net foreign exchange gain	48,193
Other net changes on financial assets and financial liabilities at fair value through profit or loss	<u>(4,773,455)</u>
Total investment loss	<u>(4,590,783)</u>
Expenses:	
Management fees	99,170
Custodian fees	6,932
Accounting and valuation fees	6,871
Audit fees	4,662
Other operating expenses	<u>3,568</u>
Total operating expenses	<u>121,203</u>
Operating loss	(4,711,986)
Finance costs	
Interest expense	<u>(288)</u>
Total finance costs	<u>(288)</u>
Loss before tax	(4,712,274)
Withholding tax on dividends and other investment income	-
Decrease in net assets attributable to holders of participating shares from operations (at bid/asking market prices)	<u>(4,712,274)</u>
Adjustment from bid market prices to last traded market prices	<u>149,425</u>
Decrease in net assets attributable to holders of participating shares from operations (at last traded market prices)	<u>(4,562,849)</u>

i CAPITAL GLOBAL FUND

Balance Sheet

As at 31 July 2008

	31 July 2008
	US\$
Assets	
Financial assets at fair value through profit or loss	24,439,111
Cash and cash equivalents	<u>12,859,596</u>
Total Assets	<u>37,298,707</u>
Equity	
Management shares	<u>10</u>
Total Equity	<u>10</u>
Liabilities	
Accrued expenses and other payables	<u>25,987</u>
Liabilities (excluding net assets attributable to holders of participating shares)	<u>25,987</u>
Net assets attributable to holders of participating shares (at bid/asking market prices)	<u>37,272,720</u>
Represented by:	
Net assets attributable to holders of participating shares (at last traded market prices)	37,453,954
Adjustment from bid/asking market prices to last traded market prices	<u>(181,234)</u>
Net assets attributable to holders of participating shares (at bid/asking market prices)	<u>37,272,720</u>
Net assets value per holder of participating shares at bid/asking market prices, based on 39,575 shares outstanding	<u>941.82</u>

i CAPITAL GLOBAL FUND

STATEMENT OF CHANGES IN EQUITY

For the financial period from 1 May 2008 to 31 July 2008

	For the financial period from 1 May 2008 to 31 July 2008	
	Number of shares	US\$
Equity at beginning of financial 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

For the financial period from 1 May 2008 to 31 July 2008

	For the financial period from 1 May 2008 to 31 July 2008	
	Number of shares	US\$
Net assets attributable to holders of participating shares at 1 May (at bid market prices)	37,559	39,922,829
Represented by:		
Adjustment from bid market prices to last traded prices	-	31,809
Net assets attributable to holders of participating shares at 1 May (at last traded market prices)	37,559	39,954,638
Proceeds from redeemable units issued	2,016	2,062,165
Redemption of redeemable units	-	-
Net increase from units transactions	2,016	2,062,165
Loss after tax	-	(4,712,274)
Adjustment from bid market prices to last traded market prices	-	149,425
Net assets attributable to holders of participating shares at 31 July 2008 (at last traded market prices)	39,575	37,453,954

/ CAPITAL GLOBAL FUND

CASH FLOW STATEMENT

For the financial period from 1 May 2008 to 31 July 2008

	For the financial period from 1 May 2008 to 31 July 2008
	US\$
Cash flows from operating activities	
Loss before tax	(4,712,274)
Adjustment for:	
Dividend income	(102,675)
Interest income	(31,804)
Interest expense	288
Operating cash flow before working capital changes	(4,846,465)
Changes in operating assets and liabilities	
Financial assets at fair value through profit or loss	3,644,931
Other receivables	53,133
Accrued expenses and other payables	(59,331)
Cash used in operations	(1,207,732)
Dividend received	102,675
Interest received	31,804
Net cash outflow from operating activities	(1,073,253)
Cash flows from financing activities	
Interest paid	(288)
Proceeds from issue of units	2,062,165
Net cash inflow from financing activities	2,061,877
Net increase in cash and cash equivalents held	988,624
Cash and cash equivalents at the beginning of the financial period	11,870,972
Cash and cash equivalents at the end of the financial period	12,859,596

/ CAPITAL GLOBAL FUND**NOTE TO THE FINANCIAL STATEMENTS**

As at 31 July 2008

Schedule of securities

	Holdings as at 31 July 2008 No. of Shares	Fair Value as at 31 July 2008 USD	Percentage of total net assets attributable to unitholders at 31 July 2008 %
AGRICULTURE			
CHAODA MODERN AGRICULTURE	1,771,875	2,043,711	5.48
AUTOS & TRUCKS			
PORSCHE PFD NPV	35,000	5,235,634	14.05
AEROSPACE			
ROLLS-ROYCE GROUP PLC	90,000	638,037	1.71
BANK			
ST GALLER KANTONALBANK	4,581	1,969,124	5.28
FINANCE			
BANK OF EAST ASIA	500,000	2,402,953	6.45
REXCAPITAL FINANCIAL HOLDING LTD	5,000,000	410,104	1.10
FOODS			
TESCO PLC	280,000	1,998,310	5.36
HEALTHCARE			
SONIC HEALTHCARE LTD	120,000	1,563,926	4.20
MISCELLANEOUS			
SHANGHAI ASIA HLDGS LTD	1,535,000	235,464	0.63
SHANGHAI INDUSTRIAL HLDGS LTD	1,200,000	3,406,426	9.14
OIL & GAS			
CNPC HONG KONG LTD	1,500,000	642,069	1.72
SHIPBUILDING			
KEPPEL CORP LTD	500,000	3,893,353	10.45
		24,439,111	65.57

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 December 2008, the *i* Capital Global Fund's performance is -30.40%, as opposed to -43.59% for the Morgan Stanley All Country World Index (MXWO) and -44.19% for the Morgan Stanley World Index (MXWD). From 1 Jan 2007 to 31 December 2008, funds under CDPL's management achieved a return of -9.91% per annum, outperforming the MXWO and MXWD which in that period recorded -15.34% and -15.20% per annum respectively.

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 December 2008, CDAM achieved a net compound return of 20.45% per annum and has substantially outperformed the Kuala Lumpur Composite Index every year, which gained 3.28% 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, 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.