

i Capital International Value Fund ARSN 134 578 180



Quarterly Investment Report
For the period 1 January 2018 to 31 March 2018

CONTENTS

2	ICIVF at a glance
4	Performance Review
4	Market Review and Outlook
5	Fund Performance
7	Portfolio Information
8	Fund Information
9	Glossary

Investment Objective

To achieve long-term capital appreciation

Who should invest?

Investors seeking a value investing style, exposure to the global stock markets, who are able to adopt a long-term outlook and endure performance fluctuations

Entry Fee

Nil

Withdrawal Fee

Nil

Exit Fee

Nil

Transfer Fee

Nil

Bid/Offer Spread

Nil

Performance Fee

20.50% p.a. only chargeable if the following three criteria are met in the same period

1. Market value exceeds 6% annual rate of return *and*
2. Market value exceeds 6% annual compound rate of return *and*
3. Both annual and annual compound returns must still be above 6% if a performance fee is chargeable

Management Fee

Approx. 1.5375% p.a. of the NAV

Administration Cost

Approx. 0.9843% p.a. of the NAV. These expenses are paid as and when they occur.

Other Expenses

As our direct investor, no commission or additional fees associated with distributors or financial advisers are applicable to you.

A number of other expenses can be paid from the fund if incurred. However we decided not to recover these expenses from the Fund, e.g.

- Printing of quarterly and annual reports
- Costs associated with establishing the fund
- Professional assistance operating the fund
- Independent performance verification.

ICIVF AT A GLANCE

Inception Date	1 July 2009
Minimum Investment (AUD)	\$20,000
Additional Investment (AUD)	\$2,000
Income Distribution	Annually (if any)

The table below gives an example of how the fees and costs in the Fund are charged based on your investment over a one year period. The example does not include the performance fee that may apply to your investment as we do not have a reasonable basis for estimating the performance fee.

Example:	Fee charged per year for an investment balance of \$50,000.00.
Management Fee	$\$50,000.00 \times 1.5375\% = \768.75
Administration Cost	$\$50,000.00 \times 0.9843\% = \492.15
Total Fee Per Year:	\$1260.90

PERFORMANCE REVIEW

By 31 March 2018, the Fund has, from its inception in July 2009, delivered an annual compound return of 4.76%, net of expenses. This is commendable as the return was generated during a very turbulent period and is higher than the average return obtained from a 1-year time deposit. The cumulative total return of the Fund is 50.27%. Comparative benchmark figures are shown in **figure 1** and **table 1**.

During the 31 December 2017 to 31 March 2018 quarter, the Fund returned 1.84% after fees. This compares with the MSCI ACWI Index and ASX200 in AUD (benchmark) return of 0.53% and -5.04%, resulting in relative performance of 1.31% and 6.88%. For the year ending 31 March 2018, the Fund returned 4.48% after fees which compares with the benchmark returns of 12.07% and -1.78%.

MARKET REVIEW AND OUTLOOK

US MID-TERM ELECTIONS

Stock markets have been volatile of late. The America created trade war and the increasingly hawkish stance of the US Federal Reserve are the two key factors contributing to this volatility. Complicating the investment outlook for 2018 will be another American creation - the mid-term elections to be held in November 2018. There are a lot at stake in this election (see **Box**).

A RUNDOWN OF AMERICA'S MID-TERM ELECTIONS

1. Seats in Senate class up for election – 33
2. Seats in House of Representative up for election – 435
3. Governorships up for election – 36
4. State legislative chambers up for election – 87
5. Mayoral elections – 4
6. 32 states will hold State Supreme Court elections in 2018. In total, 74 of the 344 seats on State Supreme Courts are up for election.
7. 29 states will hold intermediate appellate court elections in 2018. In total, 227 seats on intermediate appellate courts are up for election.

In the run up to November 2018, president Trump is expected to gear up his anti-China, anti-trade, White America First rhetoric and he is also expected to show that he is delivering on his pre-election promises. Let us hope that Trump and his gang of hawks do not go overboard.

At the moment, the Republican Party holds 51 seats in the Senate. Democrats hold 47 seats, and the remaining two are held by independents who caucus with the Democratic Party. The Democratic Party faces greater partisan risk in 2018, as they are defending 25 seats (two of which are held by independents), while eight seats up for election in 2018 are held by Republican incumbents. The Democratic Party must defend seats in 10 states that supported Trump over Hillary in 2016.

The Republicans also control the US House of Representatives. As of Mar 2018, the Republican Party is in the majority, having 238 seats versus 192 for the Democrats, with 5 seats being vacant. The Democratic Party is well-positioned to gain seats in the House in 2018; since 1934, the party of a newly elected president has suffered an average loss of 23 seats in the House in the following mid-term but in the present day environment, who can tell.

The House of Representatives has 435 seats in total while the Senate has 100.

The NAV of the *i* Capital International Value Fund can be viewed at either www.capitaldynamics.com.au or www.funds.icapital.biz.

Best wishes,



Tan Teng Boo
Capital Dynamics (Australia) Limited
ABN 53 129 846 260 AFSL 326283
28th April 2018

FUND PERFORMANCE 1

Figure 1 Total return (%)

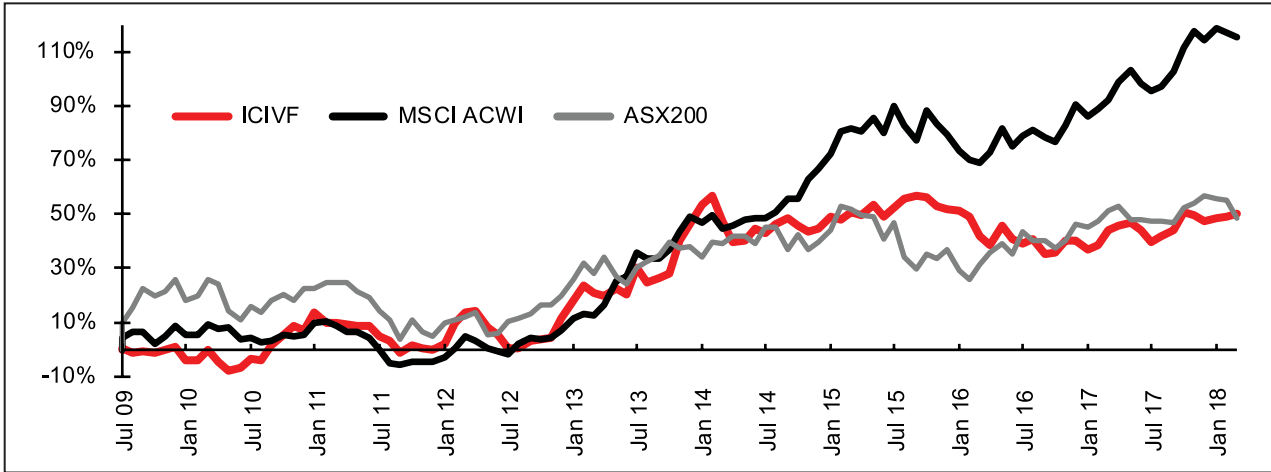


Table 1 Cumulative Total Return and Compound Return

	Cumulative Total Return (%)			Compound Return (%)
	1-Year-Return	2-Year-Return	Since Inception	Since Inception
ICIVF (AUD)	4.48%	5.98%	50.27%	4.76%
MSCI ACWI (AUD)	12.07%	27.37%	115.39%	9.16%
ASX200 (AUD)	-1.78%	13.31%	48.67%	4.63%

Note : Past performance is not a reliable indicator of future performance. Performance is calculated in Australian dollars, net of ongoing fees and expenses and assumes reinvestment of distributions.

FUND PERFORMANCE 2

Table 2 Top 2 performing stocks (in local currency)

	Quarter ending 31 Mar 2018 (% of change)
CLOVER CORPORATION LIMITED	30.14%
CONCORD NEW ENERGY	2.90%

The table above presents the top 2 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 January 2018), and held till the end of the quarter (i.e. 31 March 2018). 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 Clover Corporation Ltd was bought on 21 Jan 2018 and sold on 31 Mar 2018, its performance is only measured over 21 Jan 2018 to 31 Mar 2018 and not over the full quarter. Similarly, if it was bought on 1 Jan 2018 and sold on 11 Mar 2018, its performance is measured over the period 1 Jan 2018 to 11 Mar 2018.

FUND PERFORMANCE 3

Table 3 shows the percentage gain or loss of each company held by your Fund as at 31 Mar 2018. This table assumes no impact from currency movements or constant exchange rates.

Table 3 Percentage gain or loss arising from stock price changes

Security	Average Cost (A\$)	Price Mar 2018 (A\$)	% Change
CHINA NEW TOWN DEV NPV	0.05	0.05	-4.30%
CLOVER CORPORATION LIMITED	0.35	0.95	173.68%
CONCORD NEW ENERGY	0.05	0.04	-10.73%
GUANGDONG PROVINCIAL EXPRESSWAY DEVELOPMENT CO LTD	0.95	1.15	21.46%
K2 ASSET MANAGEMENT HOLDINGS	0.28	0.20	-29.22%
KALBE FARMA IDR 10	0.16	0.14	-13.21%
OVERSEAS EDUCATION LTD	0.37	0.34	-6.89%
PAN-UNITED CORPORATION LIMITED	0.42	0.37	-11.64%
PICO FAR EAST HLDG LTD	0.52	0.51	-2.40%
REXLOT HOLDINGS LTD	0.10	0.01	-93.31%
SINGAPORE AIRPORT TERMINAL SERVICES LIM	5.51	4.86	-11.80%
XINGHUA PORT HLDGS NPV TEMP	0.22	0.21	-6.32%
ZHENGZHOU YUTONG BUS CO LTD ORD SHS A	4.54	4.34	-4.45%

FUND PERFORMANCE 4

Table 4 shows the percentage gain or loss arising from currency movements as at 31 Mar 2018. This table assumes no change in stock prices or constant stock prices.

Table 4 Percentage gain or loss arising from currency movements

Security	Average Cost (A\$)	Price Mar 2018 (A\$)	% Change
CHINA NEW TOWN DEV NPV	0.05	0.05	-1.16%
CLOVER CORPORATION LIMITED	0.35	0.35	0.00%
CONCORD NEW ENERGY	0.05	0.07	38.24%
GUANGDONG PROVINCIAL EXPRESSWAY DEVELOPMENT CO LTD	0.95	0.94	-0.98%
K2 ASSET MANAGEMENT HOLDINGS	0.28	0.28	0.00%
KALBE FARMA IDR 10	0.16	0.16	1.59%
OVERSEAS EDUCATION LTD	0.37	0.38	4.42%
PAN-UNITED CORPORATION LIMITED	0.42	0.43	3.33%
PICO FAR EAST HLDG LTD	0.52	0.51	-1.56%

REXLOT HOLDINGS LTD	0.10	0.11	11.59%
SINGAPORE AIRPORT TERMINAL SERVICES LIM	5.51	5.78	5.01%
XINGHUA PORT HLDGS NPV TEMP	0.22	0.23	2.06%
ZHENGZHOU YUTONG BUS CO LTD ORD SHS A	4.54	4.85	6.84%

PORTFOLIO INFORMATION

Table 5 Percentage of assets held as cash

	Cash (%)	Equities (%)
End of Jun 2017	30.16%	69.84%
End of Sep 2017	17.90%	82.10%
End of Dec 2017	11.96%	88.04%
End of Mar 2018	42.07%	57.93%

Table 6 | Top 5 holdings as at end Mar 2018

	41.8%
ZHENGZHOU YUTONG BUS CO LTD ORD SHS A	10.66%
PICO FAR EAST HLDG LTD	9.49%
GUANGDONG PROVINCIAL EXPRESSWAY DEVELOPMENT CO LTD	8.18%
SINGAPORE AIRPORT TERMINAL SERVICES LIM	7.7%
OVERSEAS EDUCATION LTD	5.77%

Table 7 Portfolio breakdown for equities by region as at end Mar 2018 (in AUD)

	100%
Indonesia	8.18%
Hong Kong	42.2%
Australia	5.28%
Singapore	25.94%
China	18.4%

FUND INFORMATION

About *i* Capital International Value Fund

The *i* Capital International Value Fund invests in listed securities in Australia and internationally.

The strategy is driven by an intelligently eclectic “Bamboo value investing” philosophy with an emphasis on the margin of safety created by stock selections based on divergences between market prices and the underlying intrinsic values of the companies.

The objective of Capital Dynamics (Australia) Limited (CDAL) is to seek long-term capital appreciation whilst reducing the margin of error when investing. This is achieved with a rigorous, innovative and well-defined value investing approach.

Unlike conventional value investing, CDAL adopts a bottom-up approach to portfolio construction, overlaid with a macro view. The objective of CDAL is to obtain a sound investment framework that allows for a clear perspective of how economies, markets and sentiment interact and how this interaction influences its investments.

About the Group

Capital Dynamics is an independent global fund manager and investment adviser, not tied to any bank, insurer, stockbroker or political organisation.

Our managed funds and investment advisory service are all directly accessible by individual, corporate and institutional investors around the world, and we also offer individually managed accounts to wholesale investors. Currently we manage over US\$300m, from our offices in Kuala Lumpur, Singapore, Hong Kong and Sydney. Our investment advisory service is provided via *i* Capital newsletter, a weekly publication, and www.icapital.biz. It is available in English and Chinese.

Philosophies

Independence, intelligence and integrity drive all business and investment decisions at Capital Dynamics. Integrity is central to our corporate culture, and to our loyal clients of many years, our word has proven to be our bond. Capital Dynamics has some of the most stringent compliance policies in the industry.

As a global fund manager, our “Bamboo value investing” philosophy is unique, and has enabled Capital Dynamics to generate sustained superior returns. Based on long-only investment principles, our value investing approach is given flexibility with the addition of macroeconomic factors and further investment intelligence from our team of fund managers and analysts. We go behind the commercial veneer of companies, travelling globally to research first hand.

**The United States House
of Representatives**

The United States House of Representatives is the lower chamber of the United States Congress, the Senate being the upper chamber. Together they compose the legislature of the United States.

NOTES

Past performance is not a reliable indicator of future performance. Performance is calculated in Australian dollars, net of ongoing fees and expenses and assumes reinvestment of distributions.

Capital Dynamics (Australia) Limited (CDAL) (ABN 53 129 846 260 | AFSL 326283) is the responsible entity and issuer of *i* Capital International Value Fund (“Fund”). The Product Disclosure Statement dated 30 September 2017 (“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.

© Capital Dynamics (Australia) Limited 2018. All Rights Reserved.

® “Capital Dynamics” and “*i* Capital” are registered trademarks.



iCapital[®]
BY Capital Dynamics

INDEPENDENCE * INTELLIGENCE * INTEGRITY

Responsible Entity, Issuer and
Investment Manager
Capital Dynamics (Australia) Limited
ABN 53 129 846 260
AFSL 326283

Level 1, 61 York Street, Sydney
NSW 2000, Australia
(61 2) 92622621
www.capitaldynamics.com.au
info@capitaldynamics.com.au