

i Capital Global Fund



Quarterly Investment Report
For the period 1 August 2021 to 29 October 2021

CONTENTS

2	ICGF at a glance
4	Performance Review
4	Market Review and Outlook
12	Statement of Comprehensive Income (Unaudited)
13	Statement of Financial Position (Unaudited)
14	Statement of Changes in Net Assets Attributable to Holders of Participating Shares (Unaudited)
15	Statement of Cash Flows (Unaudited)
16	Statement of Securities (Unaudited)
17	Other Information
19	Glossary
20	Notes

ICGF AT A GLANCE

Investment Objective

The Fund's investment objective is to focus on long-term capital appreciation.

Who should invest?

Eligible Investors ^[1] seeking a value investing style and exposure to the global stock markets, who are able to adopt a long-term outlook and endure performance fluctuations

Buy / Sell Spread

Nil

Management Fee

1.5% p.a.

Performance Fee

Only chargeable if the following three criteria are met in the same period:

1. NAV exceeds 6% annual rate of return *and*
2. NAV exceeds 6% annual compound rate of return *and*
3. Both annual and annual compound returns must still be above 6% after the performance fee is charged

Inception Date

6 July 2007

Minimum Investment (USD)

\$100,000 minimum

Additional Investment (USD)

\$10,000 minimum

Directors of the Fund

Che Hui Shan
Nadzari Yusof Norzan

**Investment
Manager**

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**Registered Office of the
Fund**

Vistra (Cayman) Limited
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Cayman Islands

Administrator

Standard Chartered Bank (Singapore) Limited

Custodian of the Fund

Standard Chartered Bank (Singapore) Limited

**Legal Advisers to
Cayman Law**

Walkers

**Legal Advisers to
Singapore Law**

Rajah & Tann

Auditors of the Fund

Ernst & Young, Cayman Islands

PERFORMANCE REVIEW

This is the second quarterly report of the *i* Capital Global Fund for the financial year ended 30 April 2022.

In the three months from 1 August 2021 to 29 October 2021, the net asset value (NAV) of the *i* Capital Global Fund (ICGF) decreased US\$40 from US\$964.801 to US\$924.802, or a loss of 4.15%. In the

same period, the MSCI All Country World Index (MSCI ACWI) increased 2.90%. In the Year of the Ox, we remain confident that the NAV of *i* Capital Global Fund will continue to climb steadily from its low of US\$825.608 reached in March 2020. We are still recommending investors to subscribe for more ICGF shares.

MARKET REVIEW AND OUTLOOK

Why is the NAV of *i* Capital Global Fund undervalued?

Let me emphasise again that the NAV of *i* Capital Global Fund or any fund for that matter is a reflection of the market prices of the stocks that the fund invests in. To have an accurate appreciation of *i* Capital Global Fund, one needs to go deeper and look at the businesses of the stocks that the fund has invested in. In fact, one needs to do this so that one can decide whether to invest more when its NAV is falling.

In 2021, investor sentiment was too bullish on the NYSE and NASDAQ. New highs were constantly reached by the NYSE and NASDAQ. However, even before Russia's military operations in Ukraine started on 24th Feb 2022, investors on the NYSE and NASDAQ were ignoring the fact that the US economy was overheating, that surging US inflation was becoming a serious problem and that the Federal Reserve was far behind the monetary tightening curve. The complex Ukrainian crisis is now making an already very difficult US inflation problem even harder to deal with. For Joe Biden and Jerome Powell, it is damn if I do, damn if I don't.

In contrast, sentiment in relation to many Chinese-related stocks in 2021 was far too pessimistic.

Investors were worried that Xi Jinping's "Common Prosperity" campaign was driving China back to her old revolutionary era. Although China's GDP was expanding at an envious 8.1% in 2021 and the pandemic well controlled, her economy was far from overheating, inflationary pressures were well-contained and the People's Bank of China has plenty of room to ease monetary policy, which it has recently started. Despite such positive factors, Chinese-related stocks were sold down, whether rightly or wrongly. Now, unlike the overheated US economy, Russia's military operations in Ukraine have limited impact on China's economy. The sell down in 2021 did not make sense for many Chinese-related companies. Now, the continued sell down in Chinese-related stocks do not make sense.

Since your Fund holds a substantial portion of its NAV in Alibaba, we will use this stock to illustrate how irrational investors in the US and China have become. In the former, they became far too euphoric; in the latter, they have become far too pessimistic.

According to Daniel O'Keefe, a US fund manager, Alibaba is "one of the cheapest stocks I've ever seen, especially for a business of that quality with that financial

strength” and probably “the cheapest company in the world” outside of Russia. It will not come as surprise to you all if I say all that I agree with him.

Alibaba has plunged about 69% from the stock’s closing high on Oct 2020 (one key reason why your Fund’s NAV has fallen). Looking at the way its price plunged, one would think that Alibaba is on the way to big trouble. For context, the NASDAQ Composite, despite soaring US inflation amidst an overheated economy and facing severe impact from the Ukrainian crisis, has fallen only 18.4% as at 4 Mar 2022 from its record high in Nov 2021.

Alibaba began tumbling after the Chinese government cracked down on many sectors in China, including the technology platform companies like Alibaba, Tencent, and many more. So, was the Chinese government crazy ? I have written before that the measures undertaken by the Chinese government make sense. Lest I am accused of being biased, let us listen to what O’Keefe said: *“Everyone just goes, ‘Oh my God, regulation, the Chinese government.’ But you look at the facts, what have they done? Well, they’ve intervened on merchant exclusivity, so they’ve made platforms more competitive. They’ve intervened on payments exclusivity, so they’ve made payments systems*

more competitive. And they’ve intervened on network exclusivity to make networks more interoperable and more competitiveNone of those things are irrational and none of them are outside the bounds of what any developed world regulator would like to do, but cannot because they have to do it through the legislative process.”

For a start, Alibaba’s current market capitalisation is around US\$272 billion, compared with US\$1.48 trillion for Amazon.com, its US counterpart. Both companies are similar in many ways in terms of business operations and business model. Both manage powerful ecosystems.

Such a huge disparity in valuation does not make sense at all. At US\$272 billion, Alibaba’s current market capitalisation is even lower than what Amazon.com fetched way back in 2015. As the largest e-commerce company in the world, Alibaba is well-positioned to benefit from the immense opportunities of China’s rapid digitization and expansion of the increasing consumption of her rapidly expanding Chinese middle class. Even in 2021, when China’s macro-economy faced many headwinds from the Covid-19 pandemic and regulatory reforms, Alibaba was seeing strong sales growth across the board (**Table 1**).

Table 1 Revenue for Nine months ended December 31 (RMB millions)

Total revenue	529,894	649,010	22%
China commerce	371,292	452,375	22%
International commerce	35,435	46,743	32%
Local consumer services	27,319	33,046	21%
Cainiao	27,299	34,525	26%
Cloud	43,693	55,597	27%
Digital media and entertainment	23,139	24,267	5%

In nine months ending 31 Dec 2021, Alibaba saw revenue growth of nearly RMB120 billion (nearly US\$19 billion). Imagine what the group can do in more normal times. In short, Alibaba faces far superior longer-term prospects than Amazon.com and yet it is selling at a much lower valuation.

Besides being solidly profitable and generating tons of free cash flow, Alibaba has net cash of around US\$60 billion, which makes the stock even cheaper than what it looks. Translate all these into the NAV of *i* Capital global Fund and one begins to realise that the *i* Capital global Fund is also very undervalued. When investors act irrationally, it is time to think and behave rationally.

We again strongly recommend investors to invest more and benefit from dollar cost averaging. It has been many years since we last earned a performance fee. We are working very hard to improve your Fund's future return so that we can also share in this reward. The NAV of *i* Capital Global Fund can be viewed at either www.capitaldynamics.com.sg or www.funds.icapital.biz.

Best wishes.

Handwritten signature in Chinese characters: 陳鼎武

Tan Teng Boo
Director
Capital Dynamics (S) Private Limited
4th March 2022

FUND PERFORMANCE 1

In some of our 2020 monthly commentaries, we have shared with our investors that there is a new phase, a new beginning for the *i* Capital Global Fund. What do we mean?

Figure 1 shows the NAV of the *i* Capital Global Fund against the performance of the MSCI ACWI since its

launch which was just before the financial markets and economies were seriously affected by the 2008 US-led financial crisis. Between 6 July 2007 and 29 October 2021, the NAV of the *i* Capital Global Fund lose 7.52% from US\$1,000.000 to US\$924.802 per share. In the same period, the MSCI ACWI increased 82.67%.

Figure 1 ICGF NAV vs MSCI ACWI

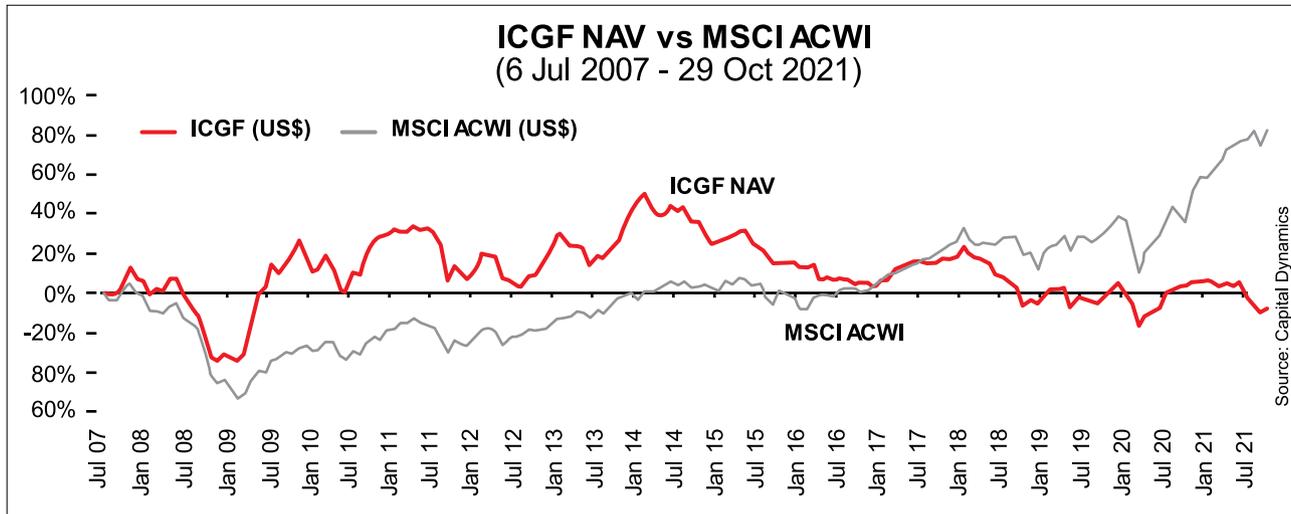


Table 2 Cumulative Total Return and Compound Return

	Cumulative Total Return (%)			Compound Return (%)
	1-Year-Return	2-Year-Return	Since Inception	Since Inception
ICGF (US\$)	-10.78%	-5.61%	-7.52%	-0.54%
MSCI ACWI (US\$)	35.25%	39.45%	82.67%	4.30%

FUND PERFORMANCE 2

Table 3 Top 5 holdings as at end of October 2021 (in US\$).

	61.69%
Alibaba Group Hldg	20.83%
Concord New Energy Group Ltd	12.89%
Han's Laser Techno	9.40%
Pacific Bioscience	9.29%
Angel Yeast Co Ltd	9.27%

Table 4 Top 3 performing stocks in local currency from 1 August 2021 to 29 October 2021.

	Quarter ending 29 October 2021 (% of change)
Concord New Energy Group Ltd	43.86%
Angel Yeast Co Ltd	18.94%
Guangdong Provincial Expr-B	6.82%

The portfolio of your Fund is spread across 11 companies that are engaged in a wide range of business activities.

The top 5 investments as at 29 October 2021 were Alibaba Group Holding, Concord New Energy Group Ltd, Han's Laser Techno, Pacific Bioscience and Angel Yeast Co Ltd. They made up 61.69% of the total assets. At the end of October 2021, your Fund had 14.11% of its NAV in cash.

The table above presents the top 3 performing stock your fund held at sometime within the referenced

quarter. The stocks do not necessarily need to be bought at the start of the quarter (i.e. 1 August 2021), and held till the end of the quarter (i.e. 29 October 2021). 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 Angel Yeast Co Ltd was bought on 20 August 2021 and sold on 29 October 2021, its performance is only measured over 20 August 2021 to 29 October 2021 and not over the full quarter. Similarly, if it was bought on 10 August 2021 and sold on 11 October 2021, its performance is measured over the period 10 August 2021 and sold on 11 October 2021.

FUND PERFORMANCE 3

Table 5 shows the percentage gain or loss of each company held by your Fund as at 29 October 2021. This table assumes no impact from currency movements or constant exchange rates.

Table 5 Percentage gain or loss arising from stock price changes.

Security	Average Cost (US\$)	Price Oct 2021 (US\$)	% Change
Rexlot Holdings Ltd	0.04	0.00	-92.56%
China New Town Development Co Ltd	0.04	0.01	-71.85%
Pico Far East Holdings Ltd.	0.40	0.17	-58.41%
Guangdong Provincial Expr-B	0.74	0.71	-4.30%
K2 Asset Mgmt Hldg	0.20	0.06	-71.98%
Alibaba Group Hldg	198.57	164.94	-16.94%
Concord New Energy Group Ltd	0.06	0.11	89.80%
Ping An Insurance Group Co -H	12.80	7.20	-43.73%
Angel Yeast Co Ltd	9.60	8.65	-9.91%
Pacific Bioscience	28.58	26.48	-7.36%
Han's Laser Techno	6.96	6.62	-4.90%

Table 6 shows the percentage gain or loss arising from currency movements as at 29 October 2021. This table assumes no change in stock prices or constant stock prices.

Table 6 Percentage gain or loss arising from currency movements.

Security	Average Cost (US\$)	Price Oct 2021 (US\$)	% Change
Rexlot Holdings Ltd	0.04	0.04	-0.31%
China New Town Development Co Ltd	0.04	0.04	-0.21%
Pico Far East Holdings Ltd.	0.40	0.40	0.09%
Guangdong Provincial Expr-B	0.74	0.74	-0.10%
K2 Asset Mgmt Hldg	0.20	0.20	-2.50%
Alibaba Group Hldg	198.57	198.57	0.00%
Concord New Energy Group Ltd	0.06	0.06	-0.33%
Ping An Insurance Group Co -H	12.80	12.77	-0.24%
Angel Yeast Co Ltd	9.60	9.65	0.54%
Pacific Bioscience	28.58	28.58	0.00%
Han's Laser Techno	6.96	7.04	1.22%

Table 7 Percentage of assets held as cash.

	Equities (%)	Cash (%)	Other Liquidities (%)
End of Jul 21	92.77%	7.63%	-0.40%
End of Aug 21	95.35%	5.16%	-0.51%
End of Sep 21	95.41%	5.17%	-0.58%
End of Oct 21	86.19%	14.11%	-0.30%

Table 8 Portfolio breakdown for equities by currency as at end of October 2021.

	100.00%
HKD	43.28%
AUD	0.11%
CNY	21.66%
USD	34.95%

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the financial period ended 29 October 2021

For the financial
period from 01
August 2021
to 29 October 2021
US\$

Investment Income

Dividend income 23,189

Total investment income 23,189

Expenses

Management fees 53,121

Administrative & custodian fees 18,516

Professional fees 4,066

Other expenses 15,434

Total expenses 91,137

Net investment gain/(loss) (67,948)

Gain/(loss) on investment and foreign currency transactions

Net realised gain/(loss) on securities transactions (134,293)

Net change in unrealised gain/(loss) on securities transactions (392,457)

Net gain/(loss) on foreign currency transactions (26,015)

Net gain/(loss) on investment and foreign currency transactions (552,765)

Net change in net assets attributable to holders of participating shares resulting from operations (620,713)

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 29 October 2021

	29 October 2021 US\$
Assets	
Cash and cash equivalents	2,011,089
Investments in securities, at fair value (cost US\$ 19,744,577)	12,282,917
Total assets	<u>14,294,006</u>
Liabilities	
Management fee payable	17,836
Other payables	24,938
Total liabilities	<u>42,774</u>
Net assets attributable to the shareholders of the Fund	<u>14,251,232</u>
Net assets attributable to:	
Participating shares	14,251,222
Management shares	10
Net assets attributable to the shareholders of the Fund	<u>14,251,232</u>
Net asset value ("NAV") per participating share	
Based on 15,410 participating shares outstanding (October 21:15,410)	<u>924.80</u>

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

For the financial period ended 29 October 2021

**For the financial
period from 01
August 2021
to 29 October 2021
US\$**

Net change in net assets attributable to holders of participating shares resulting from operations	(620,713)
Capital transactions	
Shares issued	-
Redemption of participating shares during the financial period	(60,000)
Net change in net assets attributable to holders of participating shares resulting from capital transactions	(60,000)
Net change in net assets attributable to holders of participating shares for the period	(680,713)
Net assets attributable to holders of participating shares at beginning of period	14,931,935
Net assets attributable to holders of participating shares at end of period	14,251,222

STATEMENT OF CASH FLOWS (UNAUDITED)

For the financial period ended 29 October 2021

For the financial period
from
01 August 2021 to
29 October 2021
US\$

Cash flows from operating activities

Net change in net assets attributable to holders of participating shares resulting from operations (620,713)

Adjustment to reconcile net change in net assets attributable to holders of participating shares resulting from operations to net cash used in operating activities :

Changes in operating assets and liabilities:

Investments in securities, at fair value 1,569,509

Management fee payable (852)

Other payables (15,946)

Net cash provided by operating activities 931,998

Cash flows from financing activities

Redemption of participating shares (60,000)

Net cash used in financing activities (60,000)

Net change in cash and cash equivalents for the period 871,998

Cash and cash equivalents at the beginning of the period 1,139,091

Cash and cash equivalents at the end of the period 2,011,089

SCHEDULE OF SECURITIES (UNAUDITED)

As at 29 October 2021

	Holdings as at 29 October 2021 No. of Shares	Fair Value as at 29 October 2021 US\$	Percentage of total net assets attributable to shareholders at 29 October 2021 %
CAPITAL MARKETS			
K2 ASSET MANAGEMENT HOLDINGS LTD - NPV	249,834	13,698	0.10
DIVERSIFIED CONSUMER SERVICES			
PACIFIC BIOSCIENCES CALIFORNIA	50,000	1,324,000	9.29
HOTELS, RESTAURANTS & LEISURE			
REXLOT HOLDINGS LTD	53,875,000	145,439	1.02
INTERNET & DIRECT MARKETING RETAIL			
ALIBABA GROUP HOLDING LTD - SPON ADS EAC	18,000	2,968,920	20.83
MACHINERY			
ANGEL YEAST	151,988	1,321,253	9.27
HAN'S LASER TECHNOLOGY INDUSTRY GP - 'A'	200,000	1,339,522	9.40
MEDIA			
PICO FAR EAST HOLDINGS LTD.	6,231,000	1,033,287	7.25
REAL ESTATE MANAGEMENT & DEVELOPMENT			
CHINA NEW TOWN DEVELOPMENT CO LTD	9,547,650	110,462	0.78
TRANSPORTATION INFRASTRUCTURE			
GUANGDONG PROVINCIAL EXPR-B	1,628,280	1,147,052	8.05
ENERGY			
CONCORD NEW ENERGY GROUP LTD	17,430,000	1,837,319	12.89
PING AN INSURANCE GROUP CO -H	145,000	1,041,965	7.31
		12,282,917	86.19

OTHER INFORMATION

About *i* Capital Global Fund

From its inception in July 2007 to October 2021, the *i* Capital Global Fund performance is -0.54% per annum, as opposed to 4.30% per annum for the MSCI ACWI. The performance for the *i* Capital Global Fund as at 29 October 2021 is shown below:

Performance as at 29 October 2021 (%)

(US\$)	ICGF	MSCI ACWI
Cumulative *	-7.52	82.67
Annualised Return	-0.54	4.30

* Cumulative Returns are measured since inception.
(Note: Information is current as at 29 October 2021.)

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 services 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\$200 million, from our offices in Kuala Lumpur, Singapore, 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.

Capital Dynamics (S) Private Limited (CDPL), a global fund manager based in Singapore, is the investment 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.

Capital Dynamics (Australia) Limited (CDAL) 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), *i* Capital Asia-Pacific ex-Japan BTB Fund (ARSN 646 553 246) 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.

The *i* Capital Asia-Pacific ex-Japan BTB Fund (as known as ICAPBF) was recently launched in January 2022, invests in dividend paying securities and fixed income bonds securities across the Asia-Pacific ex-Japan region and aimed to generate regular income and potential capital growth over the longer term.

OTHER INFORMATION

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 2021, CDAM achieved a net compound return of 12.05% per annum and has substantially outperformed the Kuala Lumpur Composite Index every year except in year 2005, 2009, 2012, 2013, 2018 and 2020 which gained 4.00% per annum in the same period.

Capital Dynamics Asset Management (HK) Private Limited holds a Type 9 (Asset Management) licence issued by the Securities and Futures Commission Hong Kong (SFC). Its principal activity is to provide asset management service to corporations, institutions and individual investors.

Besides providing discretionary investment management service for Professional Investors, we manage the *i* Capital China Fund, a retail unit trust fund authorised by the SFC.

Launched in January 2018, the *i* Capital China Fund aims to benefit from China's spectacular past and the magnificent boom that lay ahead. By primarily investing in equity securities issued by companies listed in Hong Kong, Shanghai and/or Shenzhen, their Capital China Fund targets at achieving attractive long-term capital appreciation.

Capital Dynamics China started off as a representative office in 2013. We quickly set up our Wholly Foreign Owned Enterprise (WFOE) and purchased an office in Shanghai, steadily growing our business in China and familiarising ourselves with the complexities of the country's economic, cultural, political and regulatory landscapes. Capital Dynamics China also conducts an annual China Immersion Programme. Please visit <http://www.cip-cn.com/> for more information.

Our 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-term 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.

GLOSSARY

[1] Monetary tightening curve

A course of action undertaken by a central bank such as the Federal Reserve to slow down overheated economic growth, to constrict spending in an economy that is seen to be accelerating too quickly, or to curb inflation when it is rising too fast.

[2] “Common Prosperity” Campaign (共同富裕, Gongtong fuyu)

The new era of politically led economic development emerging in China.

[3] Free cash flow

The cash a company generates after accounting for cash outflows to support operations and maintain its capital assets.

[4] Dollar cost averaging

An investment strategy that spreads out entry points to reduce market risk while also potentially lowering investment costs and thereby boosting the returns. People tend to buy more when prices are low; buy less when prices are high.

NOTES

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

Disclaimer: The information in this Quarterly Investment Report is not intended to provide advice and is being provided strictly for informational purposes only and does not constitute an advertisement. 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 CDPL 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.

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INDEPENDENCE * INTELLIGENCE * INTEGRITY

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