

# *i* Capital Global Fund



**Quarterly Investment Report**  
For the period 1 May 2020 to 30 July 2020



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## ICGF AT A GLANCE

### Investment Objective

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

### Who should invest?

Eligible Investors <sup>[1]</sup> 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)

\$200,000 minimum

### Additional Investment (USD)

\$10,000 minimum

**Directors of the Fund**

Che Hui Shan  
Ng Kian Teck

**Investment  
Manager**

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**Registered Office of the  
Fund**

Vistra (Cayman) Limited  
P.O Box 31119  
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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 first quarterly report of the *i* Capital Global Fund for the financial year ended 30 April 2021.

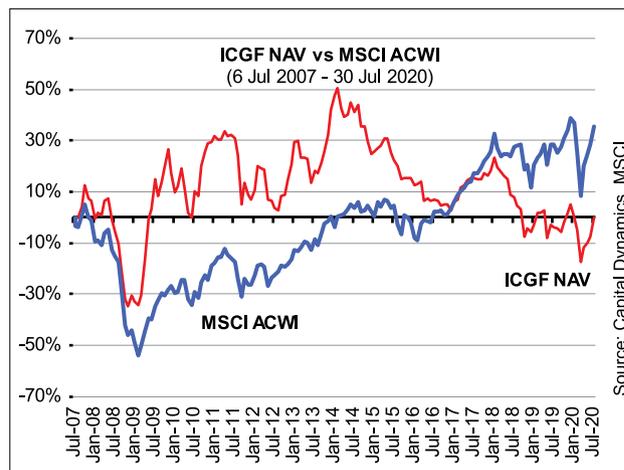
In the three months ended 30 July 2020, the net asset value (NAV) of the *i* Capital Global Fund increased 13.50% or US\$118.780 from US\$879.619 to US\$998.399 per share. In the same period, the MSCI All Country World Index (MSCI ACWI) (2) increased 12.82%.

The portfolio of your Fund is spread across 14 companies that are engaged in a wide range of business activities – see the Schedule of Securities on Page 10.

The top 5 investments as at 30 July 2020 were Alibaba Group Holding Ltd, Pfeiffer Vacuum Technology, Zhengzhou Yutong Bus Co Ltd, Qualys Inc, and Overseas Education Ltd. They made up 64.50% of the total assets. At the end of July 2020, your Fund had 5.83% of its NAV in cash. It has subsequently sold its position in Pfeiffer Vacuum, Qualys and The Hour Glass and invested in Formfactor (NASDAQ), Kronos AG (Frankfurt) and Concord New Energy (HKEX).

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

**Figure 1 ICGF NAV vs MSCI ACWI** (6 JUL 2007 - 30 JUL 2020)



launch in July 2007, just before the financial markets and economies were seriously affected by the 2008 US-led financial crisis. Between 6 July 2007 and 30 July 2020, the NAV of the *i* Capital Global Fund lost 0.16% from US\$1,000.000 to US\$998.399 per share. In the same period, the MSCI ACWI increased 35.28%. From July 2007 to mid-2016, the NAV of the *i* Capital Global Fund outperformed the MSCI ACWI but this reversed subsequently mainly due to a high cash level.

## MARKET REVIEW AND OUTLOOK

### A Better United States?

The year 2020 is almost coming to an end and this year holds many painful lessons for the United

States of America. The relatively young democracy was torn asunder by a reckless president, who until now has not entirely conceded defeat even though the Electoral College has confirmed president-elect

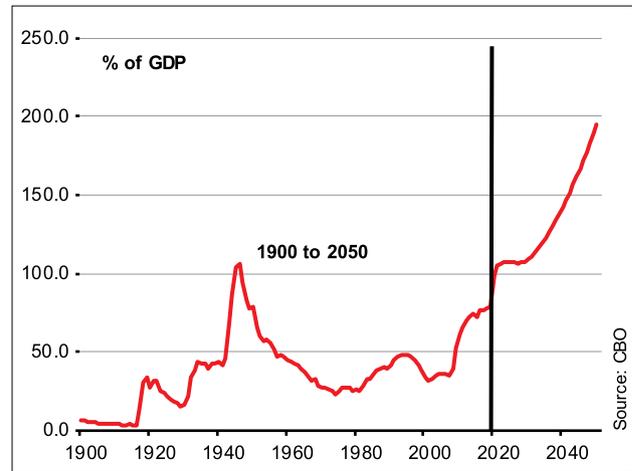
Joe Biden’s victory over Donald Trump in the presidential election. The challenges posed by Trump against the presidential election results gave the Electoral College vote a rare significance. Looking forward to next year, we can expect the Biden-Harris transition team to prioritise the Covid-19 pandemic, economic recovery, racial equity and climate change as they take over the governing of the country. So, can the Americans look forward to a better United States?

Most of the issues happening this year were tied with the Covid-19 pandemic. First came the not-so-surprising interest rate cuts by the Federal Reserve; then, came the unprecedented stimulus support by the government in order to spur the economy. In total, four legislative relief bills have been signed - US\$8.3 billion Coronavirus Preparedness and Response Supplemental Appropriations Act; US\$192 billion Families First Coronavirus Response Act; US\$2 trillion Coronavirus Aid, Relief, and Economic Security Act [CARES] and the US\$483 billion Paycheck Protection Program and Health Care Enhancement Act. On 21 December 2020, the US Congress overwhelmingly passed another package – a US\$900 billion stimulus deal that would extend Pandemic Unemployment Assistance and Pandemic Emergency Unemployment Compensation until 14 March 2021. However, the US president has yet to sign the bill into law as he has demanded that the current US\$600 stimulus check be increased to US\$2,000. A two-thirds vote in both chambers of Congress would be required to override a presidential veto.

The effect of the huge spending and budget deficits will cause the US federal debt to surge and will have a long lasting impact on the US economy. Based

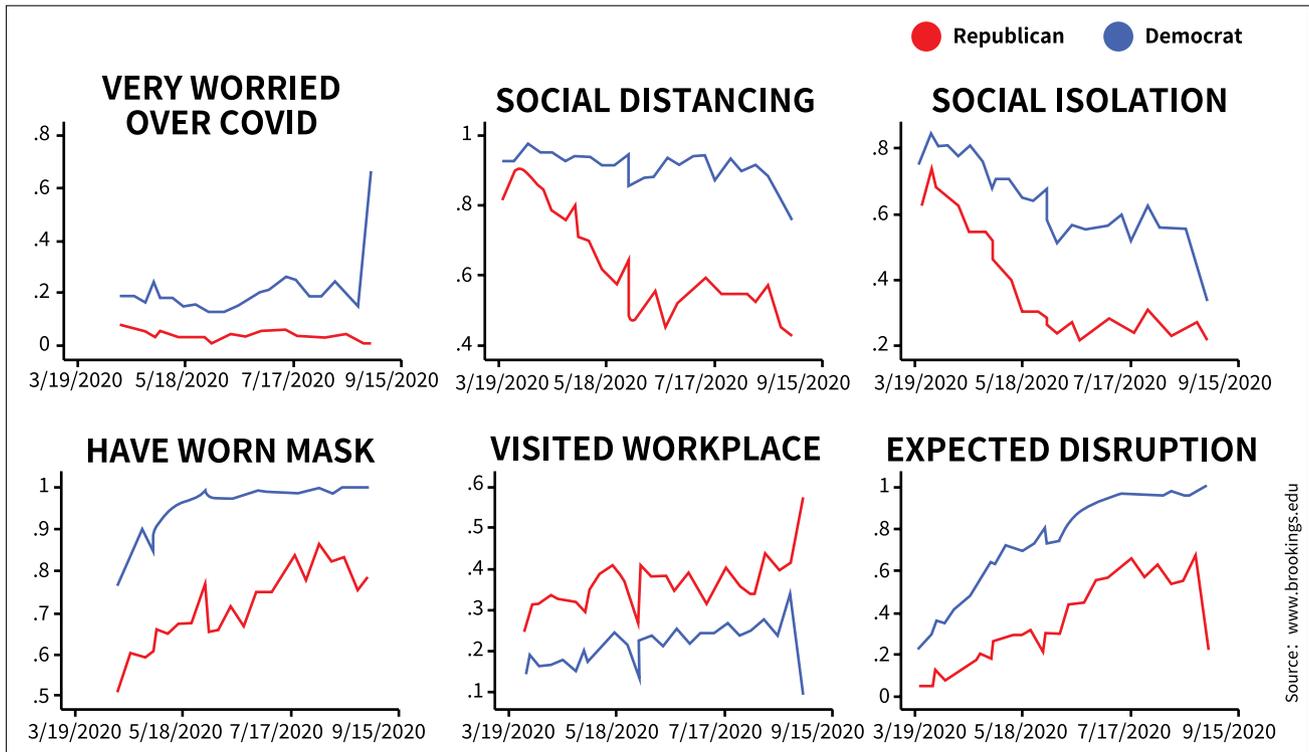
on the Congressional Budget Office’s projections in Sep 2020, the US federal debt will reach 195% of GDP by 2050, a level that will be much higher than even during World War 2 (**Figure 2**). Worryingly, as at 27 December 2020, the Covid-19 pandemic in the US is still in a very serious state of crisis. There are a total of 18.985 million confirmed cases and 331,916 deaths and both are still rising.

**Figure 2 Federal Debt Held by the Public**



In 2020, the Covid-19 pandemic also brought out the fundamental differences amongst the Americans to the forefront. American’s attitudes towards the coronavirus diverged greatly according to their political affiliations. Depending on whether one supported the Republican or the Democrat, there were significant differences in their attitudes and behaviours concerning the Covid-19 pandemic (**Figure 3**). Since the start of the Covid-19 pandemic, Democrats have always been more likely than Republicans to view Covid-19 as a major threat to public health.

**Figure 3** Attitudes and behaviors regarding COVID-19 by political party of respondent, March to August 2020



Source: <https://www.brookings.edu/blog/up-front/2020/09/17/politics-is-wrecking-americas-pandemic-response/>

In addition, the George Floyd incident amidst the Covid-19 pandemic brought the issue of racism back to the forefront. Racism has always been deeply rooted in the contemporary history of America, but it took the George Floyd killing and the “Black Lives Matter” movement to bring it to public attention. The Covid-19 pandemic has also amplified the issues of racism as minority groups have been more affected by the pandemic; for example, in terms

of unemployment or hospitalisations and deaths. The importance of tackling racism issues has led to Biden putting it as a priority issue along with his running mate, Kamala Harris who is the first non-White woman vice president-to-be. Some actions stated in their plan include promoting public-private investment through a small business opportunity plan, making bold investments in homeownership and access to affordable housing for Black, Brown

and Native families and to ensure workers of colour are compensated fairly and treated with dignity. The significance in the appointment of Kamala Harris as vice-president has been grossly overhyped by the Western media. Barack Obama 2-term presidency did nothing to reduce systemic racism in the United States.

The 2020 election was deemed by 83% of registered voters to be highly important – “it really matters who wins” – compared with prior presidential elections dating back to 2000. However, the close results of the 2020 presidential election also show that the United States of America remains highly divided, and the Biden-Harris team will have a near impossible job ahead in uniting the country. The irony of the Covid-19 pandemic and a politically divided United States is that they will allow the NYSE and NASDAQ to sustain their rallies in 2021 even as inequality and poverty worsen. Interest rate will remain near zero and an expansionary fiscal policy will remain, both of which are supportive of the US equity markets.

We still strongly recommend investors to invest more. The NAV of *i* Capital Global Fund can be viewed at either [www.capitaldynamics.com.sg](http://www.capitaldynamics.com.sg) or [www.funds.icapital.biz](http://www.funds.icapital.biz).

Best wishes.



Tan Teng Boo  
Director  
Capital Dynamics (S) Private Limited  
27<sup>th</sup> December 2020

## STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the financial period ended 30 July 2020

For the financial  
period from  
1 May 2020 to  
30 July 2020  
US\$

### Investment Income

Dividend income	280,913
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Total investment income	280,913
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### Expenses

Management fees	62,901
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Administration and custodian fees	18,288
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Professional fees	5,377
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Other expenses	5,434
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Total expenses	92,000
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Net investment loss	188,913
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### Gain/(loss) on investment and foreign currency transactions

Net realised gain on securities transactions	-
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Net change in unrealised loss on securities transactions	1,905,619
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Net loss on foreign currency transactions	21,017
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Net loss on investment and foreign currency transactions	1,926,636
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<b>Net change in net assets attributable to holders of participating shares resulting from operations</b>	<b>2,115,549</b>
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## STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 July 2020

	30 July 2020 US\$
<b>Assets</b>	
Cash and cash equivalents	1,036,167
Investments in securities, at fair value (cost US\$ 22,543,705)	16,800,540
Dividends receivable	8,642
Other receivables	1,563
Total assets	<u>17,846,912</u>
<b>Liabilities</b>	
Management fee payable	22,255
Other payables	42,616
Total liabilities	<u>64,871</u>
<b>Net assets attributable to the shareholders of the Fund</b>	<u>17,782,041</u>
Net assets attributable to:	
Participating shares	17,782,031
Management shares	10
<b>Net assets attributable to the shareholders of the Fund</b>	<u>17,782,041</u>
<b>Net asset value ("NAV") per participating share</b>	
Based on 17,811 participating shares outstanding (April 20: 17,811)	<u>998.37</u>

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

**For the financial period ended 30 July 2020**

**For the financial  
period from  
1 May 2020 to  
30 July 2020  
US\$**

<b>Net change in net assets attributable to holders of participating shares resulting from operations</b>	2,115,549
<b>Capital transactions</b>	
Redemption of participating shares during the financial period	-
Net change in net assets attributable to holders of participating shares resulting from capital transactions	-
Net change in net assets attributable to holders of participating shares for the period	2,115,549
Net assets attributable to holders of participating shares at beginning of period	15,666,482
<b>Net assets attributable to holders of participating shares at end of period</b>	<b>17,782,031</b>

## STATEMENT OF CASH FLOWS (UNAUDITED)

For the financial period ended 30 July 2020

For the financial period  
from 1 May 2020 to  
30 July 2020  
US\$

### Cash flows from operating activities

Net change in net assets attributable to holders of participating shares resulting from operations 2,115,549

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 (1,905,619)

Dividends receivable (8,642)

Other receivables 937

Management fee payable 2,647

Other payables 6,028

Redemption payable -

**Net cash used in operating activities** 210,900

### Cash flows from financing activities

Redemption of participating shares -

**Net cash used in financing activities** -

**Net change in cash and cash equivalents for the period** 210,900

Cash and cash equivalents at the beginning of the period 825,267

**Cash and cash equivalents at the end of the period** 1,036,167

## SCHEDULE OF SECURITIES (UNAUDITED)

As at 30 July 2020

	Holdings as at 30-Jul-20 No. of Shares	Fair Value as at 30-Jul-20 US\$	Percentage of total net assets attributable to shareholders at 30-Jul-20 %
<b>BUILDING PRODUCTS</b>			
PANARIAGROUP INDUSTRIE CERAM	425,721	456,926	2.57
<b>CAPITAL MARKETS</b>			
K2 ASSET MANAGEMENT HOLDINGS	249,834	8,372	0.05
<b>DIVERSIFIED CONSUMER SERVICES</b>			
OVERSEAS EDUCATION LTD	5,791,800	1,220,124	6.86
<b>HOTELS, RESTAURANTS &amp; LEISURE</b>			
REXLOT HOLDINGS LTD	53,875,000	145,984	0.82
<b>INTERNET &amp; DIRECT MARKETING RETAIL</b>			
ALIBABA GROUP HOLDING	18,000	4,549,320	25.58
<b>INTERNET SOFTWARE &amp; SERVICES</b>			
QUALYS INC - COM USD0.001	12,000	1,469,160	8.26
<b>MACHINERY</b>			
PFEIFFER VACUUM TECHNOLOGY	12,000	2,383,432	13.40
ZHENGZHOU YUTONG BUS CO -A	940,000	1,842,348	10.36
<b>MEDIA</b>			
PICO FAR EAST HOLDINGS LTD	6,231,000	844,200	4.75
<b>REAL ESTATE MANAGEMENT &amp; DEVELOPMENT</b>			
CHINA NEW TOWN DEVELOPMENT	15,222,650	251,419	1.41
<b>SEMI CONDUCTOR</b>			
IPG PHOTONICS CORPORATION	6,500	1,176,305	6.62
<b>SPECIALTY RETAIL</b>			
HOUR GLASS LTD/THE	1,503,200	737,077	4.15
<b>TRADING COMPANIES &amp; DISTRIBUTORS</b>			
PAN-UNITED CORP LTD	3,397,800	715,794	4.03
<b>TRANSPORTATION INFRASTRUCTURE</b>			
GUANGDONG PROVINCIAL EXPR-B	1,628,280	1,000,079	5.62
		<b>16,800,540</b>	<b>94.48</b>

## OTHER INFORMATION

### About *i* Capital Global Fund

From its inception in July 2007 to July 2020, the *i* Capital Global Fund performance is -0.01% per annum, as opposed to 2.34% per annum for the MSCI ACWI. The performance for the *i* Capital Global Fund as at 30 July 2020 is shown below:

Performance as at 30 Jul 2020 (%)

(US\$)	ICGF	MSCI ACWI
Cumulative *	-0.16	35.28
Annualised Return	-0.01	2.34

\* Cumulative Returns are measured since inception.

(Note: Information is current as at 30 Jul 2020.)

### 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](http://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) 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](http://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 Jul 2020, CDAM achieved a net compound return of 10.30% per annum and has substantially

## OTHER INFORMATION

outperformed the Kuala Lumpur Composite Index every year except in year 2005, 2009, 2012, 2013 and 2018 which gained 4.35% 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.

### [ 1 ] Eligible Investors

A person to whom the issue or transfer of, or where the holding of participating Shares:

- (i) would not constitute a breach of the laws of any jurisdiction; or
- (ii) would not be contrary to the regulations of any government authority; or
- (iii) would not give rise to circumstances (whether taken alone or conjunctively with other persons or any other circumstances appearing to the Directors to be relevant) which, in the opinion of the Directors, might result in the Fund and/or its Shareholders as a whole incurring any liability for taxation or suffering any other regulatory, pecuniary, legal or material administrative disadvantage that the Fund and/or its Shareholders might not otherwise have suffered or incurred; or
- (iv) would not give rise to circumstances which may cause the Fund to breach the terms of any license, registration or approval procured by it in relation to its investments; and
- (v) would satisfy the requirements set out in this section titled “Eligible Investors”.

Eligible Investors must also satisfy the requirements for an “accredited investor” or an “institutional investor” under the definition of the Securities and Futures Act.

### [ 2 ] MSCI ACWI

A free float-adjusted market capitalisation weighted index which consists of 46 country indices, comprising 23 developed markets and 23 emerging market countries. This includes the stock markets of China, which ICGF cannot invest in at this time.

## 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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BY Capital Dynamics

INDEPENDENCE \* INTELLIGENCE \* INTEGRITY

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