

i Capital International Value Fund ARSN 134 578 180



Quarterly Investment Report
For the period 1 July 2022 to 30 September 2022

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. 1.1272% 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\% = \563.62
Total Fee Per Year:	\$1332.37

PERFORMANCE REVIEW

By 30 September 2022, the Fund has, from its inception in July 2009, delivered an annual compound return of 0.70%, net of expenses. The cumulative total return of the Fund is 9.69%. Comparative benchmark figures are shown in **figure 1** and **table 1**.

MARKET REVIEW AND OUTLOOK

For Your Fund, 2023 Is Looking Good

Since my last quarterly commentary, the US stock markets have continued to struggle. Despite an aggressive but belated monetary tightening, the US economy has remained seriously overheated. US inflation, whether its headline or core number, has remained stubbornly high and more worryingly, the underlying inflationary pressures have remained durable. While the goods sector is slowing down, the US services sector remains very robust. Unfortunately, the services sector is also the largest economic sector of the US economy. In short, more US monetary tightening is ahead for the US economy. Consequently, a US recession in 2023 is almost a near certainty and US stocks are heading lower in 2023.

On the other hand, as I advised in my last quarterly commentary, by 2023, I expect China's well and wisely managed economy to once again pull the global economy out of a messy contraction caused by the US, the UK and EU economies. As I wrote then, *"The current soft spot in China is due to the sporadic Covid lockdowns, which are expected to end any time soon. Over her very long history, China has experienced 880 epidemic years from 220 BCE to 1949 CE. Each time, China has emerged successful. This time, China will repeat the same success. In fact, I am of the view that China is already exiting her dynamic zero Covid-19 policy, not in an overhyped politics-driven manner but in a step-by-step practical manner."*

I even advised that the best confirmation that China was already exiting her dynamic zero Covid strategy was the overseas trip undertaken by president Xi Jinping to Kazakhstan and Uzbekistan in September 2022. This was his first overseas trip since February 2020 with his trip to Myanmar in January 2020 his previous overseas trip. I said that his trip signalled that China was ready to move on from her dynamic zero Covid strategy, although the Western media chose to misleadingly portray it in a

During the 1 July 2022 to 30 September 2022 quarter, the Fund returned -6.96% after fees. This compares with the MSCI ACWI Index and ASX200 in AUD (benchmark) return of -0.83% and -1.43%, resulting in relative performance of -6.14 percentage points and -5.53 percentage points. For the 1-year ending 30 September 2022, the Fund returned -22.33% after fees which compares with the benchmark returns of -12.38% and -11.70%.

different manner. China's still very robust economy is set to bounce back in 2023.

Recent events in China have proven my earlier advice correct. The Chinese government has in recent weeks unleashed waves of relaxation to its previously tight Covid policy. There will be more such measures to come. In response, prices of the undervalued Chinese stocks have rallied and will continue to do in the medium-term.

The good news for *i* Capital International Value Fund is that it has a very low exposure to US stocks and it has a substantial exposure to Chinese stocks.

As investors face a tumultuous NYSE and NASDAQ in the months ahead, the *i* Capital International Value Fund with a substantial exposure to quality Chinese stocks is well-positioned to weather such global turbulence and emerge stronger.

Once again, we strongly encourage investors to take advantage of this rare opportunity to invest more and benefit from dollar cost averaging while valuations still remain depressed. The NAV of *i* Capital International Value Fund can be viewed at either www.funds.icapital.biz or www.capitaldynamics.com.au.

Best wishes.



Tan Teng Boo
Managing Director
Capital Dynamics (Australia) Limited
AFSL 326283
7th December 2022

FUND PERFORMANCE 1

Figure 1 Total return (%)

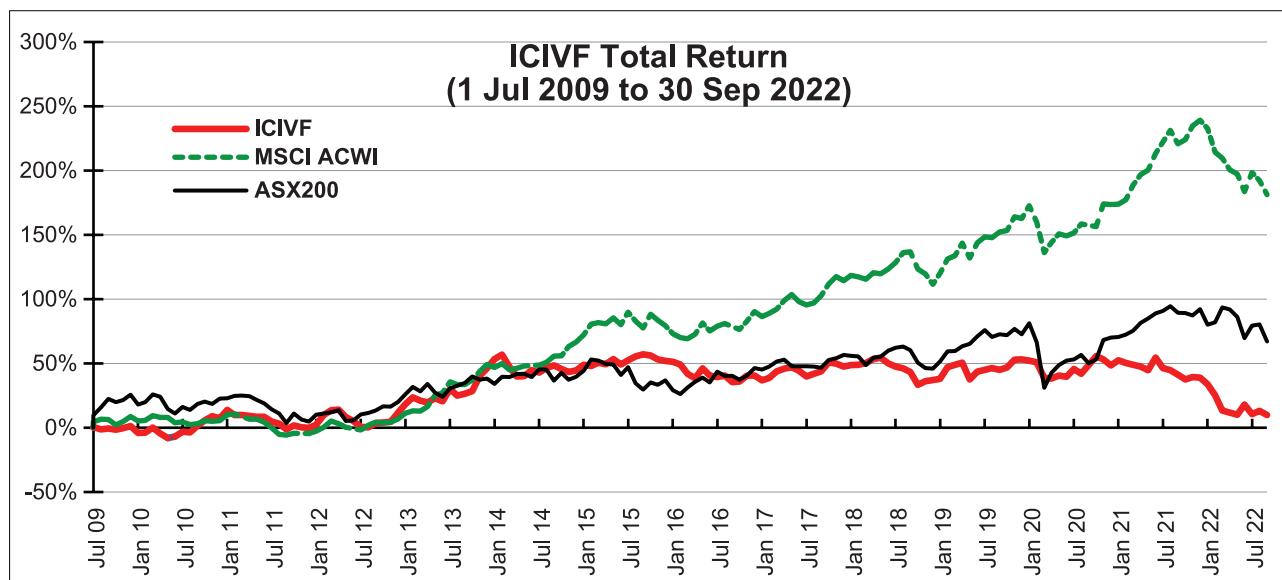


Table 1 Cumulative Total Return and Compound Return

	Cumulative Total Return (%)			Compound Return (%)
	1-Year-Return	2-Year-Return	Since Inception	Since Inception
ICIVF (AUD)	-22.33%	-26.25%	9.69%	0.70%
MSCI ACWI (AUD)	-12.38%	9.15%	181.12%	8.11%
ASX200 (AUD)	-11.70%	11.32%	67.12%	3.95%

FUND PERFORMANCE 2

Table 2 Top performing stock (current holdings only) (in local currency)

	Quarter ending 30 Sep 2022 (% of change)
Pacific Bioscience of California Inc	31.33%

The table above presents the top performing stock 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 July 2022), and held till the end of the quarter (i.e. 30 September 2022). 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 a stock was bought on 22 August 2022 and sold on 30 September 2022, its performance is only measured over 22 August 2022 to 30 September 2022 and not over the full quarter. Similarly, if it was bought on 1 July 2022 and sold on 10 August 2022, its performance is measured over the period 1 July 2022 to 10 August 2022.

FUND PERFORMANCE 3

Table 3 shows the percentage gain or loss of each company held by your Fund as at 30 September 2022. 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 Sep 2022 (A\$)	% Change
Alibaba Group Holding Ltd	16.10	14.30	-11.17%
Concord New Energy	0.05	0.08	62.59%
Guangdong Provincial Expressway Development Co Ltd	0.95	0.90	-5.32%
Hans Laser Technology Industry Group Co Ltd	9.63	5.58	-42.06%
K2 Asset Management Holdings	0.28	0.05	-81.85%
Pacific Bioscience of California Inc	36.80	7.49	-79.64%
Pico Far East Hldg Ltd	0.52	0.18	-65.19%
Ping An Insurance Group of China Limited	15.84	6.49	-59.01%
Rexlot Holdings Ltd	0.10	0.00	-96.88%
United Plantations Bhd	5.07	4.62	-8.86%
Wilmar International Ltd	4.72	3.83	-18.88%

Table 4 shows the percentage gain or loss arising from currency movements as at 30 September 2022. 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 Sep 2022 (A\$)	% Change
Alibaba Group Holding Ltd	16.10	17.39	7.99%
Concord New Energy	0.05	0.08	56.28%
Guangdong Provincial Expressway Development Co Ltd	0.95	1.12	18.10%
Hans Laser Technology Industry Group Co Ltd	9.63	9.87	2.50%
K2 Asset Management Holdings	0.28	0.28	0.00%
Pacific Bioscience of California Inc	36.80	44.34	20.51%
Pico Far East Hldg Ltd	0.52	0.61	17.41%
Ping An Insurance Group of China Limited	15.84	18.95	19.64%
Rexlot Holdings Ltd	0.10	0.13	33.10%
United Plantations Bhd	5.07	5.28	4.13%
Wilmar International Ltd	4.72	5.13	8.72%

PORTFOLIO INFORMATION

Table 5 Percentage of assets held as cash

	Cash (%)	Equities (%)
End of Jun 22	5.46%	94.54%
End of Jul 22	7.37%	92.63%
End of Aug 22	7.41%	92.59%
End of Sep 22	8.20%	91.80%

Table 6 Top 5 holdings as at 30 Sep 2022

	64.93%
Concord New Energy	19.74%
Guangdong Provincial Expressway Development Co Ltd	14.27%
Alibaba Group Holding Ltd	11.91%
United Plantations Bhd	10.38%
Hans Laser Technology Industry Group Co Ltd	8.63%

Table 7 Portfolio breakdown for equities by region as at 30 Sep 2022 (in AUD)

	100.00%
Hong Kong	66.57%
China	9.40%
United States	3.71%
Malaysia	11.30%
Singapore	8.98%
Australia	0.03%

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, 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.

Monetary Policy

Monetary policy is a set of actions that can be undertaken by a nation's central bank to control the overall money supply, rate of inflation and achieve sustainable economic growth.

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 2020 (“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 2022. All Rights Reserved.

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

NOTES

NOTES



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

Suite 101, Level 1, 49-51 York Street, Sydney
NSW 2000, Australia
(61 2) 92622621
www.capitaldynamics.com.au
info@capitaldynamics.com.au