

# *i* Capital Global Fund



Quarterly Investment Report  
For the period 1 Nov 2017 to 31 Jan 2018



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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  
Kok Tzu Wei

**Investment  
Manager**

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**Administrator**

Deutsche Bank AG, Singapore Branch

**Custodian of the Fund**

Deutsche Bank AG, Singapore Branch

**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 third quarterly report of the *i* Capital Global Fund for the financial year ended 30 April 2018.

In the three months ended 31 Jan 2018, the net asset value (NAV) of the *i* Capital Global Fund increased 5.24% or US\$61.527 from US\$1,173.599 to US\$1,235.126 per share. In the same period, the MSCI All Country World Index (MSCI ACWI)<sup>[2]</sup> increased 9.07%.

Between 6 July 2007 and 31 Jan 2018, the NAV of the *i* Capital Global Fund gained 23.51% or US\$235.126 from US\$1,000.000 to US\$1,235.126 per share. In the same period, the MSCI ACWI increased 32.78%.

**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. Since then, your Fund has consistently outperformed the MSCI ACWI.

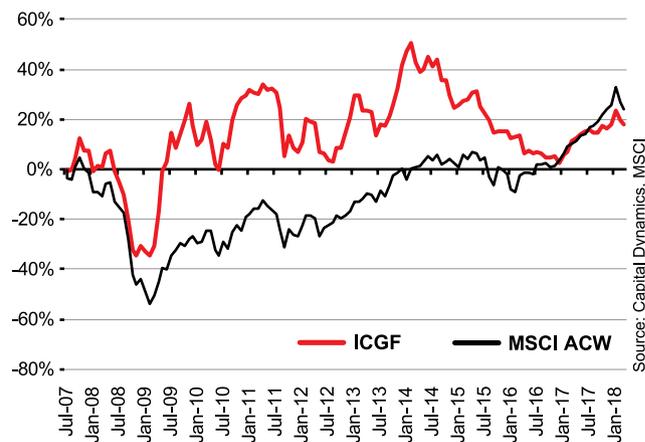
The portfolio of your Fund is spread across 17 companies that are engaged in a wide range of business activities – see the Schedule of Securities on Page 10.

## 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.

**Figure 1 ICGF NAV vs MSCI ACWI** (6 JUL 2007 - 31 JAN 2018)



The top 5 investments as at 31 Jan 2018 were Air China Ltd, Zhejiang Expressway Co. Ltd, Pico Far East Holdings Ltd, SATS Ltd and AIA Group. They made up 54.58% of the total assets. At the end of Jan 2018, your Fund had 10.95% of its NAV in cash.

## 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 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  
30th April 2018

## STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the financial period ended 31 January 2018

	US\$
<b>Investment Income</b>	
Dividend income	138,970
Interest income	23
Total investment income	138,993
<b>Expenses</b>	
Management fees	107,327
Administrative and Custodian fees	21,002
Professional fees	15,028
Other expenses	1,315
Total expenses	144,672
Net investment loss	(5,679)
<b>Gain/(loss) on investment and foreign currency transactions</b>	
Net realised loss on securities transactions	(54,195)
Net change in unrealised gain on securities transactions	1,250,884
Net gain on foreign currency transactions	259,816
Net gain on investment and foreign currency transactions	1,456,505
<b>Net change in net assets attributable to holders of participating shares resulting from operations</b>	1,450,826

## STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 January 2018

	US\$
<b>Assets</b>	
Cash and cash equivalents	3,176,604
Investments in securities, at fair value (cost US\$ 24,522,562)	26,154,721
Due from broker	-
Interest receivable	15
Other receivables	2,888
Total assets	<u>29,334,228</u>
<b>Liabilities</b>	
Management fee payable	142,874
Withholding tax payable	-
Other payables	169,849
Total liabilities	<u>312,723</u>
<b>Net assets attributable to the shareholders of the Fund</b>	<u><u>29,021,505</u></u>
Net assets attributable to:	
Participating shares	29,021,495
Management shares	10
<b>Net assets attributable to the shareholders of the Fund</b>	<u><u>29,021,505</u></u>
<b>Net asset value ("NAV") per participating share</b>	
Based on 23,497 participating shares outstanding (October 2017: 24,200)	<u><u>1,235.13</u></u>

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

For the financial period ended 31 January 2018

US\$

<b>Net change in net assets attributable to holders of participating shares resulting from operations</b>	1,450,826
<hr/>	
<b>Capital transactions</b>	
Shares issued from participating shares during the financial period	19,975
Redemption of participating shares during the financial period	(850,884)
	<hr/>
Net change in net assets attributable to holders of participating shares resulting from capital transactions	(830,909)
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Net change in net assets attributable to holders of participating shares for the period	619,917
Net assets attributable to holders of participating shares at beginning of period	28,401,578
	<hr/>
<b>Net assets attributable to holders of participating shares at end of period</b>	<u>29,021,495</u>

## STATEMENT OF CASH FLOWS (UNAUDITED)

For the financial period ended 31 January 2018

US\$

### Cash flows from operating activities

Net change in net assets attributable to holders of participating shares resulting from operations 1,450,826

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	(1,986,774)
Dividends receivable	1,366
Interest receivable	21
Other receivables	(2,363)
Management fee payable	107,328
Withholding tax payable	(410)
Other payables	150,045

**Net cash flows used in operating activities** (279,961)

### Cash flows from financing activities

Proceeds from participating shares issued 19,975

Redemption of participating shares (850,884)

**Net cash flows used in financing activities** (830,909)

**Net change in cash and cash equivalents for the period** (1,110,870)

Cash and cash equivalents at the beginning of the period 4,287,474

**Cash and cash equivalents at the end of the period** 3,176,604

## SCHEDULE OF SECURITIES (UNAUDITED)

As at 31 January 2018

	Holdings as at 31-Jan-18 No. of Shares	Fair Value as at 31-Jan-18 US\$	Percentage of total net assets attributable to shareholders at 31-Jan-18 %
<b>AIRLINES</b>			
AIR CHINA LTD-H	3,834,000	5,608,137	19.32
<b>BUILDING PRODUCTS</b>			
PANARIAGROUP INDUSTRIE CERAM SPA	146,503	1,035,137	3.57
<b>CAPITAL MARKETS</b>			
K2 ASSET MANAGEMENT HOLDINGS LTD	249,834	58,523	0.20
<b>CHEMICALS</b>			
CLOVER CORP LTD	291,169	159,930	0.55
<b>COMMERCIAL SERVICES</b>			
XINGHUA PORT HOLDINGS LTD	2,299,500	278,746	0.96
<b>DIVERSIFIED CONSUMER SERVICES</b>			
OVERSEAS EDUCATION LTD	5,791,800	1,658,021	5.71
<b>HOTELS, RESTAURANTS &amp; LEISURE</b>			
REXLOT HOLDINGS LTD	53,875,000	385,759	1.33
<b>INSURANCE</b>			
AIA GROUP LTD	200,000	1,713,347	5.90
QBE INSURANCE GROUP LTD	150,000	1,306,132	4.50
<b>MACHINERY</b>			
PRIMA INDUSTRIE SPA	16,032	738,888	2.55
ZHENGZHOU YUTONG BUS CO LTD-A	470,000	1,638,214	5.64
<b>MEDIA</b>			
PICO FAR EAST HOLDINGS LTD	6,231,000	2,493,691	8.60

## SCHEDULE OF SECURITIES (UNAUDITED)

As at 31 January 2018

	Holdings as at 31-Jan-18 No. of Shares	Fair Value as at 31-Jan-18 US\$	Percentage of total net assets attributable to shareholders at 31-Jan-18 %
<b>REAL ESTATE MANAGEMENT &amp; DEVELOPMENT</b>			
CHINA NEW TOWN DEVELOPMENT CO LTD	15,222,650	603,382	2.08
<b>TRADING COMPANIES &amp; DISTRIBUTORS</b>			
PAN-UNITED CORP LTD	2,299,500	737,272	2.54
<b>TRANSPORTATION INFRASTRUCTURE</b>			
GUANGDONG PROVINCIAL EXPRESSWAY DEVELOPMENT CO LTD-B	1,999,980	1,713,330	5.90
SATS LTD	530,000	2,237,414	7.71
ZHEJIANG EXPRESSWAY CO LTD-H	3,200,000	3,788,798	13.06
		<b>26,154,721</b>	<b>90.12</b>

## OTHER INFORMATION

### About *i* Capital Global Fund

From its inception in July 2007 to Jan 2018, the *i* Capital Global Fund performance is 2.02% per annum, as opposed to 2.72% per annum for the MSCI ACWI. From 1 May 2007 to 31 Jan 2018, funds under CDPL's management achieved a return of 2.06% per annum, underperforming the MSCI ACWI which in that period recorded 4.30% per annum.

The Fund's performance for the *i* Capital Global Fund as at 31 Jan 2018 is shown below:

Performance as at 31 January 2018 (%)

(US\$)	ICGF	MSCI ACWI
Cumulative *	23.51	32.78
Annualised Return	2.02	2.72

\* Cumulative Returns are measured since inception.

(Note: Information is current as at 31 Jan 2018.)

### 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\$200m, 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* Berhad, a closed-end fund listed on Bursa Malaysia and discretionary accounts.

CDAM has been consistently reporting positive

## OTHER INFORMATION

returns since its inception. Between April 1998 and Jan 2018, CDAM achieved a net compound return of 13.87% per annum and has substantially outperformed the Kuala Lumpur Composite Index every year except in year 2009, 2010, 2012, 2013, 2014 and 2015 which gained 5.73% per annum in the same period.

### **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 ] 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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