2017

ICGF

i Capital Global Fund
Audited Financial Statements
For the financial year ended 30 April 2017

*i*capital®
BY Capital Dynamics

Contents

Annual report of the Fund Manager for the financial year ended 30 April 2017

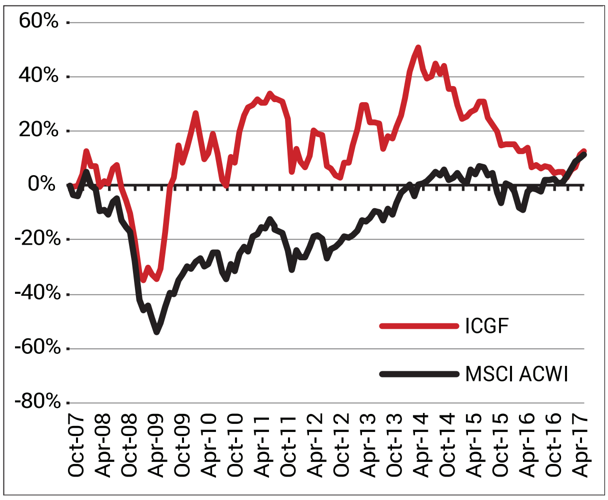
Performance

This is the fourth Quarterly and Annual Report of the *i* Capital Global Fund for the financial year ended 30 April 2017.

Between 6 July 2007 and 30 April 2017, the NAV of the *i* Capital Global Fund gained 12.53% or US$125.345 from US$1,000.000 to US$1,125.345 per share. In the same period, the MSCI ACWI increased 11.57%.

Figure 1 shows the NAV of the *i* Capital Global Fund against the performance of the MSCI All Country World Index[(1)] (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.

Figure 1 ICGF NAV vs MSCI ACWI (6 JUL 2007 - 28 APR 2017)



In the twelve months ended 30 April 2017, the net asset value (NAV) of the *i* Capital Global Fund increased 5.65% or US$60.182 from US$1,065.163 to US$1,125.345 per share. In the same period, the MSCI ACWI increased 12.85%.

The portfolio of your Fund is spread across 12 companies that are engaged in a wide range of business activities – see the Schedule of Securities in page 32.

The top 5 investments as at 30 April 2017 were Zhejiang Expressway, Air China Ltd, National Australia Bank Ltd, Guangdong Provincial Express-B and Pico Far East Holdings Ltd. They made up 46.1% of the total assets. At the end of April 2017, your Fund had 39.31% of its NAV in cash.

Strategy

THE 19TH NATIONAL CONGRESS

The 19th National Congress of the Communist Party of China must surely be the most important event not only for China but also for the rest of the world. As it will shape China's growth and development direction for the longer term, the rest of the world will be impacted as well. No less important is president Xi Jinping's opening address. Instead of tweeting, as the president of an important nation, he did the correct thing by delivering a 3.5-hour clear, frank and comprehensive speech. There was no need for anyone to second guess what the objectives were.

President Xi Jinping said that China will develop and modernise according to socialist principles which have Chinese characteristics. Xi Jinping outlined a two-stage development plan. The period between now and 2020 will be decisive in finishing the construction of a moderately prosperous society in all respects. In the first stage from 2020 to 2035, the Communist Party of China will build on the foundation created by China's moderately prosperous society with a further 15 years to see that socialist modernisation is basically realised. In the second stage from 2035 to 2050, the Communist Party of China will, develop China into a great modern socialist country that is "*prosperous, strong, democratic, culturally advanced, harmonious, and* *beautiful.*”

A key message running through Xi Jinping’s inspiring speech was the need to work hard and to be prepared for more struggles. “The great rejuvenation of the Chinese nation is no walk in the park or mere drumbeating and gong-clanging. The whole party must be prepared to make ever more difficult and harder efforts,” said Xi Jinping. This emphasis is far more important than meets the eye.

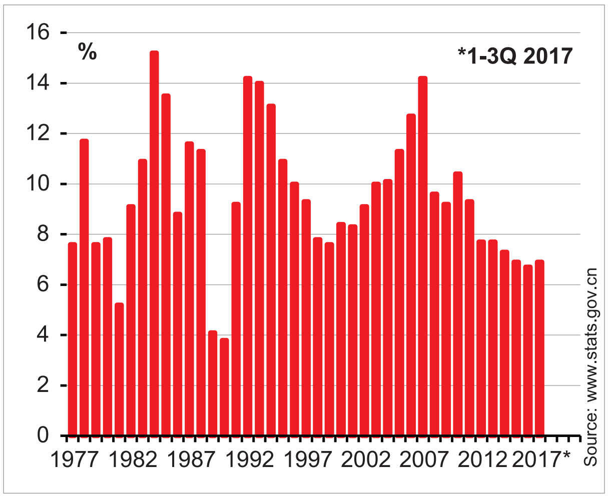
His emphasis on hard work has to be seen in the context of his sustained and intense anti-corruption campaign. Engaging in corrupt practises is taking the easy way out; working hard reduces or even eliminates the need or temptation to be engaged in corrupt practises. President Xi correctly said that the survival of the Communist Party would be decided largely by the fight against corruption, which remained “grave and complex.” He did not mince his words - “The people resent corruption most … Only by intensifying efforts to address both the symptoms and causes of corruption … can we avoid history’s cycle of rise and fall and ensure the long-term stability of the party and the country.”

The importance of the 19th National Congress is not just about the people who were promoted or retired, or key changes to the Constitution of China’s Communist Party. Its importance can be found all over the place. For example, the continued top emphasis given to China’s anti-corruption policy. The Communist Party strengthened the powerful Central Commission of Discipline Inspection’s (CCDI) authority by reserving two seats for its members on the Politburo. Zhao Leji, a newcomer on the powerful Politburo Standing Committee, was also appointed head of the Party’s anti-graft agency, while the second member was Yang Xiaodu. As Zhao’s deputy, Yang is the first deputy of the CCDI to occupy a Politburo seat.

At the same time, the formidable Central Military Commission (CMC) saw Lieutenant General Zhang Shengmin being appointed as a new member. Zhang Shengmin is chief of the CMC’s Discipline Inspection Commission, and his elevation suggests that Xi Jinping’s anti-graft campaign will continue in full swing in the PLA. The anti-corruption campaign has already brought down more than 100 generals. These moves are telling us that president Xi Jinping wants to make the anti-graft campaign an entrenched part of good and effective governance in China.

Hidden in president Xi Jinping’s opening speech was the omission of a GDP target. He was silent on China’s GDP target for 2021, the 100th anniversary of the foundation of the Chinese Communist Party, and 2035, the year when China achieves “basic modernisation” (China’s GDP growth over the last 40 odd years has been spectacular for its speed and sustainability – figure 2).

Figure 2 CHINA’S REAL GDP GROWTH



The GDP omission sends a loud and clear message about China’s priorities in the coming years. The omission was deliberate and the message is that the quality of China’s growth instead of its quantity matters most for the world’s second largest economy. In the parlance of Tan Teng Boo, the emphasis is on development instead of merely growth. China needs to shift from high-speed growth to high-quality growth. This way, China will successfully move away from the middle-income trap and become more than moderately prosperous. Greater emphasis on development will mean a better environment, less corruption, sustainable economic growth, poverty reduction, and better income and wealth distribution. In short, to develop China into a great modern socialist country that is "*prosperous, strong, democratic, culturally advanced, harmonious, and beautiful*", Xi Jinping knows that China's economic approach needs to be changed. Deng Xiaoping's emphasis was on economic growth and, to a lesser extent, development. Now, Xi Jinping is right in emphasising political, economic, cultural and environmental development.

By the middle of the 21st century, when China's GDP will be larger than that of the US but still with a lower GDP per capita, China will have reached new heights in every dimension of material, political, cultural, ethical, social, and ecological advancement. Common prosperity for everyone will have basically been achieved; the Chinese people will enjoy happier, safer, and healthier lives. The Chinese will have a nation that they will be truly proud of and the global community will have a key member that is responsibly committed to promoting global development and prosperity. China now contributes more troops to United Nations peacekeeping missions than any other permanent member of the UN Security Council.

Xi Jinping came in as president only 5 years ago. Yet, he has effectively tackled corruption, making sure that the Communist Party serves the public and restoring party discipline and cohesion. Xi is offering a China solution to a world plagued by political, economic, environmental and financial uncertainties.

Deng Xiaoping's emphasis was on economic growth. As China has advanced in the last 4 decades, Xi Jinping is right in emphasising political, economic, cultural and environmental development. Unlike Deng, who said some people could "get rich first", Xi has focused on the need for better wealth and income redistribution via "precise poverty alleviation" and lifting everybody in the country above the poverty line by 2020.

After 1949, China went through the highly successful Mao era. After 1978, it was Deng's era. Now it is Xi Jinping's era. Although Xi's contribution is expected to be different, one must see that all of them as are part of the "great Chinese revival."

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

Best wishes.

Tan Teng Boo
Director
Capital Dynamics (S) Private Limited
8th November 2017

(1): MSCI ACWI Index: A free float-adjusted market capitalisation weighted index which consists of 45 country indices, comprising 24 developed and 21 emerging market country indices. This includes the stock markets of China, which the ICGF cannot invest in at this time.

Statement by Directors

We, Che Hui Shan and Kok Tzu Wei, being the two directors of *i* Capital Global Fund, do hereby state that, in our opinion:

(i) the accompanying statement of financial position, statement of comprehensive income, statement of changes in net assets attributable to holders of participating shares and statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Fund as at 30 April 2017 and the results of the business, changes in net assets attributable to holders of participating shares and cash flows of the Fund for the financial year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they fall due.

Che Hui Shan
DIRECTOR

Kok Tzu Wei
DIRECTOR

Singapore
28 July 2017

Building a better working world

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Independent Auditors' Report

THE BOARD OF DIRECTORS
***i* CAPITAL GLOBAL FUND**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of *i* Capital Global Fund (the "Fund") which comprise the statement of financial position as at 30 April 2017, and the statement of comprehensive income, statement of changes in net assets attributable to holders of participating shares and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 30 April 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the Statement by directors. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and the Board of Directors for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Fund's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

This report is made solely to the Board of Directors, as a body. Our audit work has been undertaken so that we might state to the Board of Directors those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Board of Directors as a body, for our audit work, for this report, or for the opinions we have formed.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young Ltd.

28 July 2017

Statement of Financial Position

AS AT 30 APRIL 2017

	Note	2017 US$	2016 US$
Assets			
Cash and cash equivalents		11,905,084	26,777,865
Investments in securities, at fair value (cost: US$18,070,112; 2016: US$8,061,863)	3	18,104,044	4,023,726
Dividends receivable		311	453
Interest receivable		–	2,742
Other receivable		2,100	2,100
Total assets		30,011,539	30,806,886
Liabilities			
Management fee payable	4	37,288	38,468
Due to broker		149,950	–
Other payables	6	31,264	32,102
Total liabilities		218,502	70,570
Net assets attributable to the shareholders of the Fund		29,793,037	30,736,316
Net assets attributable to :			
Participating shares		29,793,027	30,736,306
Management shares		10	10
Net assets attributable to the shareholders of the Fund		29,793,037	30,736,316
Net asset value ("NAV") per participating share			
Based on 26,475 participating shares outstanding (2016: 28,856)		1,125.35	1,065.16

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 APRIL 2017

	Note	2017 US$	2016 US$
Investment income			
Dividend income (net of withholding tax of US$136; 2016: US$56,722)		175,855	257,170
Interest income		21,938	10,876
Total investment income		197,793	268,046
Expenses			
Management fee	4	448,106	527,152
Administration and custodian fees	6	81,864	70,589
Professional fees		20,167	23,128
Other expenses		9,459	9,543
Total expenses		559,596	630,412
Net investment expense		(361,803)	(362,366)
Gain/(loss) on investments and foreign currency transactions			
Net realised loss on securities transactions		(1,995,119)	(4,010,759)
Net change in unrealised gain/(loss) on securities transactions		4,072,069	(2,964,172)
Net (loss)/gain on foreign currency transactions		(143,458)	40,760
Net gain/(loss) on investments and foreign currency transactions		1,933,492	(6,934,171)
Net change in net assets attributable to holders of participating shares resulting from operations		1,571,689	(7,296,537)

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Statement of Changes in Net Assets Attributable to Holders of Participating Shares

FOR THE YEAR ENDED 30 APRIL 2017

	2017	2016
	US$	US$
Operations		
Net investment expense	(361,803)	(362,366)
Net gain/(loss) on investments and foreign currency transactions	1,933,492	(6,934,171)
Net change in net assets attributable to holders of participating shares resulting from operations	1,571,689	(7,296,537)
Capital transactions		
Redemption of participating shares	(2,514,968)	(2,773,606)
Net change in net assets attributable to holders of participating shares resulting from capital transactions	(2,514,968)	(2,773,606)
Net change in net assets attributable to holders of participating shares for the year	(943,279)	(10,070,143)
Net assets attributable to participating shareholders at beginning of year	30,736,306	40,806,449
Net assets attributable to holders of participating shares at end of year	29,793,027	30,736,306

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Statement of Cash Flows

FOR THE YEAR ENDED 30 APRIL 2017

	2017	2016
	US$	US$
Cash flows from operating activities		
Net change in net assets attributable to holders of participating shares resulting from operations	1,571,689	(7,296,537)
Changes in operating assets and liabilities :		
Investments in securities, at fair value	(14,080,318)	12,767,043
Dividends receivable	142	(453)
Interest receivable	2,742	(2,349)
Other receivable	–	1,189
Management fee payable	(1,180)	(12,604)
Due to broker	149,950	–
Other payables	(838)	(26,603)
Net cash flows (used in)/generated from operating activities	(12,357,813)	5,429,686
Cash flows from financing activities		
Payments for redemption of shares	(2,514,968)	(2,773,606)
Net cash flows used in financing activities	(2,514,968)	(2,773,606)
Net change in cash and cash equivalents for the year	(14,872,781)	2,656,080
Cash and cash equivalents at beginning of year	26,777,865	24,121,785
Cash and cash equivalents at end of year	11,905,084	26,777,865
Supplemental disclosure of cash flow information		
Dividends received	175,997	256,853
Interest received	24,680	8,527

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Notes to Financial Statements

FOR THE YEAR ENDED 30 APRIL 2017

1. The Fund Information

i Capital Global Fund (the "Fund") was incorporated as an exempted company with limited liability under the companies law of the Cayman Islands on 6 February 2007 and has been registered with CIMA pursuant to Section 4(3) of the Cayman Islands Mutual Fund Law. The Fund commenced operations on 6 July 2007. The Fund is registered as a regulated mutual fund under the Cayman Islands Mutual Funds Law.

The registered office of the Fund is located at P.O. Box 1984, Boundary Hall, Cricket Square, George Town, Grand Cayman KYI-1104, Cayman Islands.

The Fund's investment manager is Capital Dynamics (S) Pte. Ltd. (the "Investment Manager"), a private limited company incorporated in Singapore.

The primary investment objective of the Fund is long term capital appreciation of its investments, whilst dividend and/or interest income from the investments would be of secondary consideration.

The Fund has appointed Deutsche Bank AG Singapore as administrator (the "Administrator") and custodian (the "Custodian") to the Fund.

2. Summary of Significant Accounting Policies

2.1 BASIS OF PREPARATION

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and are stated in United States dollars ("USD" or "US$"), which is the Fund's functional and presentation currency.

The financial statements have been prepared on a historical cost basis, except for financial instruments classified at fair value through profit or loss that have been measured at fair value. The following is a summary of the significant accounting and reporting policies used in preparing the financial statements.

2.2 NEW AND AMENDED STANDARDS

The accounting policies adopted are consistent with those of the previous year. There are no new or amended standards adopted with effect from 1 May 2016 that have a material impact on the financial statements.

2.3 IMPACT OF IFRS ISSUED BUT NOT YET EFFECTIVE

The Fund has not yet adopted the following IFRS that have been issued but not yet effective:

Descriptions	Effective date (Annual periods beginning on or after)
Amendments to IAS 27 Statement of Cash Flows	1 January 2017
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 9 Financial Instruments	1 January 2018

Except for IFRS 9 Financial Instruments, the Directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the standards is described below.

IFRS 9 Financial instruments: Classification and Measurement

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, bringing together the classification and measurement, impairment and hedge accounting phase of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement and is effective for annual periods beginning on or after 1 January 2018. Entities will have the option to early apply the accounting for own credit risk-related fair value gains and losses arising on financial liabilities designated at fair value through profit and loss without applying the other requirements of IFRS 9. IFRS 9 introduces principles-based requirements for classification and measurement. Also the IASB has addressed the key concern that arose as a result of the financial crisis that the incurred loss model in IAS 39 contributed to the delayed recognition of credit losses, by issuing the new impairment requirements that are based on a more forward-looking expected credit loss model. The directors do not expect any material impact arising from this standard given that all of the Fund's investments are carried at fair value.

2.4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant changes in value. All cash and cash equivalents are held by the Custodian as at 30 April 2017.

2.5 INVESTMENT TRANSACTIONS AND RELATED INVESTMENT INCOME

Investment transactions are accounted for on a trade date basis. Realised gains or losses from investment transactions are recorded on the first-in-first-out ("FIFO") method. Unrealised gains or losses are reflected in the statement of comprehensive income. Investment income represents dividends received from quoted investments and interest earned from deposit with banks and brokers. Dividends are recorded on the ex-dividend date. Interest is recorded on an accrual basis.

2.6 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

All of the Fund's investments in securities are classified as financial assets at fair value through profit or loss with changes in fair value reflected in the statement of comprehensive income. The fair values of financial assets traded in active markets (such as publicly traded securities and derivatives) are based on the last traded price, where the last traded price falls within the bid-ask spread on the reporting date. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value. Investments for which market quotations are not readily available are valued using estimated fair value as determined in good faith by the Investment Manager.

Loans and receivables are non-derivative financial assets that are not quoted in an active market. The Fund includes in this category cash and cash equivalents, dividends receivable and other receivable.

The Fund includes management fee payable, due to broker and other payables as other financial liabilities.

Loans and receivables and financial liabilities (other than those classified as at fair value through profit or loss) are measured initially at their fair values plus any directly attributable incremental costs of acquisition or issue.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

2.7 IMPAIRMENT OF FINANCIAL ASSETS

The Fund assesses at the end of each reporting period whether a financial asset classified as loans and receivables is impaired. Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss as a '*Credit loss expense*'.

2.8 FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

The Fund's functional and presentation currency is USD, which is the currency of the primary economic environment in which it operates. The Fund's performance is evaluated and its liquidity is managed in USD. Therefore, the USD is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

(b) Transactions and balances

Assets and liabilities denominated in currencies other than USD are translated at the prevailing rates of exchange at the date of the financial statements. Transactions in foreign currencies are translated at the rates of exchange prevailing at the time of the transaction. Exchange gains or losses are included in the statement of comprehensive income.

The Fund does not isolate that portion of the gains or losses on investments which is due to changes in foreign exchange rates from that which is due to changes in market prices of the investments. Such fluctuations are included in the net realised and unrealised gains or losses from securities transactions.

2.9 PARTICIPATING SHARES

The Fund offers participating shares which are redeemable at the shareholders' option after the expiry of such shareholders' commitment period in the Fund and are classified as financial liabilities.

The liabilities arising from the participating shares are carried at the redemption amount being the Net Asset Value ("NAV") calculated in accordance with IFRS.

2.10 MANAGEMENT SHARES

Management shares are not redeemable, do not participate in the net income/(loss) or dividends of the Fund and are classified as equity.

2.11 RELATED PARTIES

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Fund if that person:

(i) Has control or joint control over the Fund;

(ii) Has significant influence over the Fund; or

(iii) Is a member of the key management personnel of the Fund or of a parent of the Fund;

(b) An entity is related to the Fund if any of the following conditions applies:

(i) The entity and the Fund are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Fund or an entity related to the Fund. If the Fund is itself such a plan, the sponsoring employers are also related to the Fund;

(vi) The entity is controlled or jointly controlled by a person identified in (a); or

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.12 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilised in preparing its financial statements are reasonable and prudent. However, actual results could differ from those estimates and the differences could be material.

Taxation

There is currently no taxation imposed on income or capital gains by the Government of the Cayman Islands. The only taxes payable by the Fund are withholding taxes applicable to certain investment income. As a result, no tax liability or expense has been recorded in the financial statements.

Going concern

The directors have made an assessment of the Fund's ability to continue as a going concern and are satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt upon the Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Assessment as investment entity

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their investments at fair value through profit or loss rather than consolidate them. The criteria which define an investment entity are, as follows:

(i) An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services.

(ii) An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both.

(iii) An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The directors have concluded that the Fund continue to meet the definition of an investment entity. These conclusions will be reassessed on an annual basis, if any of these criteria or characteristics changes.

3. Fair value of financial instruments

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (i.e., unobservable inputs).

The Level in the fair value hierarchy within which the fair value measurements are categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurements in its entirety. For this purpose, the significance of an input is assessed against the fair value measurements in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurements in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgement by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

The following tables analyse within the fair value hierarchy the Fund's financial instruments measured at fair value at 30 April:

2017	**Level 1** US$	**Level 2** US$	**Level 3** US$	**Total** US$
Financial assets at fair value through profit or loss :				
Investments in securities	18,104,044	–	–	18,104,044
2016				
Financial assets at fair value through profit or loss :				
Investments in securities	4,023,726	–	–	4,023,726

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, include active listed equities securities. The Fund does not adjust the quoted price for this instrument.

There is no investment classified under Level 2 and 3 and there is no transfer between the categories during the year.

The fair value of the Fund's assets and liabilities, other than those classified as fair value through profit or loss, which qualify as financial instruments approximate the carrying amounts presented in the financial statements due to their short-term nature.

4. Related party transactions

Pursuant to an agreement between the Investment Manager and the Fund, the Investment Manager is entitled to receive a management fee on a calendar quarter basis equal to one-quarter of 1.5% of the NAV of the Fund. Management fee is accrued on a monthly basis and will be payable by the Fund quarterly in arrears. During the year, the Fund recorded a total management fee of US$448,106 (2016: US$527,152), out of which US$37,288 (2016: US$38,468) remains payable as at the end of the reporting period.

The Fund will also pay to the Investment Manager a performance fee if the following two criteria are satisfied:

(a) the appreciation in NAV of the Fund at the end of any Performance Period when compared with the NAV of the Fund at the beginning of the relevant Performance Period is higher than Hurdle Annualised Rate of Return ("AROR"); and

(b) the NAV of the Fund as at the end of any Performance Period is higher than the Benchmark NAV.

Such performance fee shall be equal to 20% of the difference between the NAV of the Fund as at the end of the Performance Period and the Hurdle AROR of the Fund in respect of the period in question.

For purposes of this section the offering memorandum has the following definition:

"Hurdle AROR" is the notional appreciation in NAV of the Fund represented by multiplying the NAV of the Fund at the beginning of any Performance Period by 6 per cent, but making adjustments to take into account the subscriptions and redemptions of the Fund during the relevant Performance Period.

"Benchmark NAV" is the notional NAV of the Fund calculated based on the NAV of the Fund as at the initial closing date compounded by 6 per cent annually.

"Performance Period" is the period commencing on the initial date the participating share is issued and ending at the close of business on each 31 December 2007, and thereafter, is each period commencing as of the day following the last day of the preceding Performance Period and ending as of the close of business on each 31 December. If the investment management agreement is terminated before 31 December in any year, the performance fee in respect of the then Performance Period will be calculated and paid as though the date of termination were the end of the relevant Performance Period. The Fund's NAV per share as at 31 December 2016 is US$1,026.72 (31 December 2015: US$1,153.10).

If 30 April 2017 were deemed to be the end of the relevant Performance Period as defined in the Fund's offering memorandum, the performance fee to be recognised would be US$Nil (2016: US$Nil).

5. Share capital

The authorised share capital of the Fund is US$1,000,000 divided into 10 Management Shares of a nominal or par value of US$1.00 each and 99,999,000 Participating Shares of a nominal or par value of US$0.01 each. The directors have the right to increase or reduce its capital, consolidate its shares or any of them into smaller number of shares or cancel any shares not taken or agreed to be taken by any person from time-to-time.

The Management shares carrying voting rights do not participate in the profits or losses of the Fund and are not redeemable. The Management shares are held by the principal of the Investment Manager.

The Participating Shares were initially issued at US$1,000 per share. Additional shares may be subscribed at the beginning of each month during the year, or at such other time as determined at the sole discretion of the Fund's Directors at the price equal to the NAV per share of the Fund as of the last business day of the prior month.

The Participating Shares are redeemable on the first business day of each calendar quarter or such other time as determined by the discretion of the Directors, upon 30 days prior written notice, after 12 months from the date of the issuance of such shares at the NAV per share as of the close of the business day on the redemption date.

Participating share transactions for the year ended 30 April were as follows:

	2017	2016
Shares outstanding at beginning of year	28,856	31,187
Shares redeemed	(2,381)	(2,331)
Shares outstanding at end of year	26,475	28,856

6. Administration and custodian fees

The Administrator is entitled to receive an administrative fee in accordance to the administration agreement.

The administration and custodian fees are accrued and calculated as at each relevant valuation day and payable monthly in arrears. During the year, the Fund recorded administration and custodian fees amounting to US$81,864 (2016: US$70,589), out of which US$6,000 (2016: US$6,000) included in other payables remains unpaid as at the end of the reporting period.

7. Financial risk management objectives and policies

Risks arising from holding financial instruments are inherent in the Fund's activities and are managed through a process of ongoing identification, measurement and monitoring. The Fund is exposed to credit risk, liquidity risk and market risk (including interest rate risk and foreign currency risk).

Financial instruments of the Fund comprise investments in financial assets for the purpose of generating a return on the investments made by the Fund, in addition to cash and cash equivalents, dividends receivable, interest receivable, other receivable and other financial instruments such as management fee and other payables, which arise directly from its operation.

The Investment Manager is responsible for identifying and controlling the risks that arise from these financial instruments. The Investment Manager undertakes ongoing analysis of the risks of the portfolio in order to maintain a level of risk in the Fund that is compatible with the aim of producing positive absolute return on the Fund's investment portfolio in the long-term.

The risks are measured using a method that reflects the expected impact on the results and net assets attributable to shareholders of the Fund from reasonably possible changes in the relevant risk variables. Information about these risk exposures at the end of the reporting period, measured on this basis is disclosed below. Information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits is also monitored by the Investment Manager. These guidelines reflect the investment strategy and market environment of the Fund, as well as the level of risk that the Fund is willing to accept with additional emphasis on selected industries.

In order to avoid excessive concentrations of risk, the Fund monitors its exposure to ensure concentrations of risk remain within acceptable levels.

(A) CREDIT RISK

Credit risk represents the risk that the counterparty to the financial instruments will fail to discharge an obligation and cause the Fund to incur a financial loss.

Financial assets which potentially expose the Fund to credit risk consist principally of cash and cash equivalents, dividends receivable and interest receivable. The Fund seeks to mitigate its exposure to credit risk by placing its cash and cash equivalents with large financial institutions and monitoring the creditworthiness of such large financial institutions. The Fund limits its exposure to credit risk by undertaking transactions with reputable counterparties. The extent of the Fund's exposure to credit risk in respect of these financial assets approximates their carrying values as recorded in the Fund's statement of financial position.

The Fund holds no collateral as security or any other credit enhancements. There is no financial asset which is past due or impaired, or would otherwise be past due or impaired. Credit risk is not considered to be significant to the Fund.

The list below shows the percentage of financial assets held with major counterparties as at 30 April:

	Total assets %	
	2017	**2016**
Deutsche Bank AG Singapore	100	100

(B) LIQUIDITY RISK

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities, including investor redemptions. The risk is controlled through the Fund's investments in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Fund maintains sufficient cash and cash equivalents to meet normal operating requirements.

Maturity analysis for financial liabilities

Financial liabilities of the Fund comprise management fee payable, other payables and net assets attributable to holders of participating shares. Management fee payable, and other payables are typically settled within 30 to 90 days from the transaction date.

(C) MARKET RISK

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and foreign exchange rates. Market risk is managed and monitored using risk management strategies and analytical monitoring techniques and minimised through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies.

The Fund trades in listed equity instruments. The value of these investments may change adversely due to changes in market conditions such as volatility in the prices thereby adversely affecting the Fund. The Fund cannot engage in short sales and borrowings. Thus, losses from purchases cannot exceed the total amount invested.

The following risk analysis is for reporting at the end of the reporting period under IFRS 7 and does not guarantee future risk profile of the investment securities portfolio ("Portfolio"). The risk profile of the Portfolio will change depending upon market environment and strategic positioning. Consequently, the disclosed risk analysis does not necessarily reflect the risk position of the Portfolio at any time other than at the end of the reporting period. It demonstrates management's best estimate of sensitivity to reasonably possible changes in each of the indicated variables with all other variables held constant of the Fund's net assets and profit. In practice, the actual trading results may differ from the sensitivity analysis and difference could be material.

At the end of the reporting period the market exposure of the Fund's investments in securities by country and industry are as follows:

	Fair value as at 30 April 2017 US$	% of NAV
By Country:		
Bermuda	803,484	2.70
Hong Kong	1,459,983	4.90
Australia	4,804,540	16.13
British Virgin Islands	753,500	2.53
China	8,960,162	30.07
Italy	447,717	1.50
Singapore	874,658	2.94
	18,104,044	60.77
By Industry:		
Consumer	2,751,974	9.24
Financials	4,746,046	15.93
Industrials	10,606,024	35.60
	18,104,044	60.77

	Fair value as at 30 April 2016 US$	% of NAV
By Country:		
Bermuda	965,278	3.14
Hong Kong	1,369,682	4.45
Australia	1,330,412	4.33
British Virgin Islands	358,354	1.17
	4,023,726	13.09
By Industry:		
Consumer	2,392,014	7.78
Financials	1,273,358	4.14
Industrials	358,354	1.17
	4,023,726	13.09

The Investment Manager does not manage the Fund's investment strategy to track any particular index or external benchmark. The country listing above reflects the domicile country of each investment and may not reflect the geography of the underlying operations. The sensitivity analysis presented is based upon the portfolio composition and the historical fluctuations in the price of the portfolio securities.

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. As at 30 April 2017, the majority of the Fund's financial assets and financial liabilities are non-interest bearing, as the Fund's investments are mainly in listed equities. The Fund's cash and cash equivalents held with the custodian are exposed to interest rate risk which is considered by the Investment Manager to be minimal as they are overnight and short-term instruments all with maturities of less than one month. Hence, the effect of a sensitivity analysis on the Fund's net profit and NAV would be negligible.

(ii) Foreign currency risk

Foreign currency risk includes the risk that the fair values or future cash flows of a financial instrument will fluctuate due to changes in foreign currency exchange rates.

The Fund may invest in assets denominated in currencies other than its reporting and functional currency, USD. Consequently, the Fund is exposed to risks that the exchange rate of USD relative to other currencies may change in a manner which has an adverse effect on the reported value of that portion of the Fund's assets which is denominated in currencies other than USD.

The following table indicates the currencies to which the Fund had significant exposure at the end of the reporting period on its monetary financial assets and liabilities:

Concentration of assets and liabilities

2017	USD US$	HKD US$	EUR US$	AUD US$	SGD US$	Total US$
Assets						
Investments in securities, at fair value	–	11,977,129	447,717	4,804,540	874,658	18,104,044
Cash and cash equivalents	37,256	52,132	11,802,130	12,541	1,025	11,905,084
Dividends receivable	–	–	–	311	–	311
Other receivable	2,100	–	–	–	–	2,100
Total assets	39,356	12,029,261	12,249,847	4,817,392	875,683	30,011,539
Liabilities						
Management fee payable	37,288	–	–	–	–	37,288
Due to broker	–	121,554	–	–	28,396	149,950
Other payables	11,225	–	–	–	20,039	31,264
Total liabilities	48,513	121,554	–	–	48,435	218,502
Net currency exposure	(9,157)	11,907,707	12,249,847	4,817,392	827,248	29,793,037

2016	USD US$	HKD US$	EUR US$	AUD US$	SGD US$	Total US$
Assets						
Investments in securities, at fair value	–	2,334,960	–	1,330,412	358,354	4,023,726
Cash and cash equivalents	11,184,241	13,044,027	2,515,335	34,262	–	26,777,865
Interest receivable	2,742	–	–	–	–	2,742
Dividends receivable	–	–	–	453	–	453
Other receivable	2,100	–	–	–	–	2,100
Total assets	11,189,083	15,378,987	2,515,335	1,365,127	358,354	30,806,886
Liabilities						
Management fee payable	38,468	–	–	–	–	38,468
Other payables	11,150	–	–	136	20,816	32,102
Total liabilities	49,618	–	–	136	20,816	70,570
Net currency exposure	11,139,465	15,378,987	2,515,335	1,364,991	337,538	30,736,316

The analysis calculates the effect of a reasonably possible movement of the currency rate against the USD on the net profit and NAV, with all other variables held constant. In practice, the actual results may differ from the below sensitivity analysis and the difference could be material:

Currency	Appreciation (+)/ depreciation (-) of currency against USD %	Change in NAV US$
2017		
Hong Kong Dollar	+/- 0.06	+/- 6,978
Euro	+/- 1.44	+/- 176,669
Australia Dollar	+/- 2.29	+/- 110,179
Singapore Dollar	+/- 1.31	+/- 10,864
2016		
Hong Kong Dollar	+/- 0.08	+/- 13,053
Euro	+/- 1.69	+/- 42,532
Australia Dollar	+/- 2.38	+/- 32,442
Singapore Dollar	+/- 1.36	+/- 4,597

(iii) Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market. Equity price risk exposure arises from the investment portfolio strategy.

The effect on the statement of comprehensive income due to a reasonable possible change in market factors, based on the Portfolio's beta (which reflects the Portfolio's sensitivity to the movement in the market) with all other variables held constant, is indicated in the table on the next page:

By Country	Movement in percentage %	Change in net profit %	Change in NAV %
2017			
Bermuda	+/- 5	+/- 2.56	+/- 0.13
Hong Kong	+/- 5	+/- 4.64	+/- 0.25
Australia	+/- 5	+/- 15.28	+/- 0.81
British Virgin Islands	+/- 5	+/- 2.40	+/- 0.13
China	+/- 5	+/- 28.50	+/- 1.50
Italy	+/- 5	+/- 1.42	+/- 0.08
Singapore	+/- 5	+/- 2.78	+/- 0.15

By Country	Movement in percentage %	Change in net profit %	Change in NAV %
2016			
Bermuda	+/- 5	+/- 0.66	+/- 0.16
Hong Kong	+/- 5	+/- 0.94	+/- 0.22
Australia	+/- 5	+/- 0.91	+/- 0.22
British Virgin Islands	+/- 5	+/- 0.25	+/- 0.06

8. Capital risk management

The Fund's capital is represented by the net assets attributable to holders of participating shares. The Fund strives to invest the subscriptions of redeemable participating shares in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet shareholder redemptions.

9. Net assets attributable to holders of participating shares

In accordance with the provisions of the offering memorandum of the Fund, the pricing for listed or quoted investments dealt on any exchange, or over-the-counter market will be made by reference to the last traded price for (or the official last traded price provided by the exchanges) the purpose of determining net asset value per participating share for subscriptions and redemptions and for various fee calculations.

10. Subsequent events

Subsequent to 30 April 2017, up to 28 July 2017 the Fund recorded US$1,743,880 redemptions.

11. Approval of the financial statements

The financial statements of the Fund for the year ended 30 April 2017 were authorised for issue in accordance with a resolution of the directors on 28 July 2017.

If you have any questions or require further information, you can contact us as follows:

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