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**DA CHENG MONEY MARKET FUND**

**(SUB-FUND OF DCI INVESTMENT TRUST)**

**SEMI-ANNUAL REPORT**

**FOR THE PERIOD ENDED 30 June 2019**





**DCI INVESTMENT TRUST  
FOR THE PERIOD ENDED 30 June 2019**

**SEMI-ANNUAL REPORT**

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**DCI INVESTMENT TRUST  
FOR THE PERIOD ENDED 30 June 2019**

**MANAGEMENT AND ADMINISTRATION**

**Directors of the Manager**

Mr. Tan Xiaogang  
Mr. Xiao Jian  
Mr. Wen Zhimin  
Mr. Yao Yudong  
Ms. Zhao Bing  
Ms. Wu Ping  
Mr. Luo Dengpan (resigned on 8 August 2019)

**Manager**

Da Cheng International Asset Management Company  
Limited  
Suites 3516 - 3519  
Jardine House  
1 Connaught Place  
Central, Hong Kong

**Custodian**

Bank of China (Hong Kong) Limited  
14/F, Bank of China Tower  
1 Garden Road  
Hong Kong

**Trustee and Registrar**

BOCI-Prudential Trustee Limited  
12/F & 25/F, Citicorp Centre  
18 Whitfield Road  
Causeway Bay  
Hong Kong

**Legal Counsel to the Manager**

Simmons & Simmons  
30/F, One Taikoo Place,  
979 King's Road,  
Hong Kong

**Auditor**

PricewaterhouseCoopers  
21/F, Edinburgh Tower  
15 Queen's Road Central  
Hong Kong



## **REPORT OF THE MANAGER TO THE UNITHOLDERS**

### **DA CHENG MONEY MARKET FUND (A SUB-FUND OF DCI INVESTMENT TRUST)**

#### **Fund Performance**

Da Cheng China Money Market Fund (the “Sub-Fund”) seeks to achieve a return in US Dollars in line with a combination RMB, HKD and US Dollars money market rates, with primary considerations of both capital security and liquidity. As of 30 June 2019, the Sub-Fund aggregates a total asset size of approximately USD 21,918,023.

#### **Market Overview**

Trade war and rate cut remained the hottest topics in 2019 1H. The Fed faced a difficult situation to decide whether to have rate cuts. Though, the US economic data seems not really support the immediate rate cuts, however, the market's expectation on rate cuts became quite strong. The benchmark yields on 2-year, 5-year and 10-year bonds decreased by 73.29bps, 74.47bps and 67.91bps, respectively, during 2019 1H. Market's risk exposures remained conservative due to the challenge of US-China relations. Generally, IG space performed better than HY space in the first half of 2019, the Bloomberg Barclays U.S. Investment Grade Corporate Total Return Bond Index reached the record high by the end of 2019 1H. Due to investment restriction on Da Cheng Money Market fund, i.e. the fund can only invest in high grade security, it benefited from IG space outperformance.

#### **Outlook**

The United States and China relation seems still to be tense, which will remain the biggest concern to the market in 2019 2H. The fed is likely to have 1-2 rate cuts with 25bps each time in 2019 2H. Treasury yields may reach lower in the second half, yield curve may hit steeper level after the rate cuts. With the double factors of US China trade war and stronger expectation of Fed rate cut, IG space may remain the outperformer in the second half. There will be an investment opportunity in Asia credit especially Chinese US dollar credit, as the incremental size for financing and refinancing requirement of Chinese Corporates and the Chinese government's economy stimulation and stabilization approaches, aiming to support the economy by spurring the recovery of consumption. Furthermore, due to the spread contraction in IG space, investors may tend to increase the portfolio duration. This may also provide the fund with the opportunity to source more and better high grade security.

**Da Cheng International Asset Management Company Limited**

**28 August 2018**

**DCI INVESTMENT TRUST  
DA CHENG MONEY MARKET FUND  
(A SUB-FUND OF DCI INVESTMENT TRUST)**

**STATEMENT OF FINANCIAL POSITION (UNAUDITED)  
AS AT 30 June 2019**

	DA CHENG MONEY MARKET FUND
	30 June 2019 (Unaudited) USD
<b>Assets</b>	
Financial assets at fair value through profit or loss	7,926,275
Amount receivable on subscription of units	227,125
Prepayments and other assets	137,620
Cash and cash equivalents	14,343,465
<b>Total assets</b>	<u>22,634,485</u>
<b>Liabilities</b>	
Management fee payable	4,472
Amount payable on redemption of units	703,155
Accrued expenses and other payables	8,835
<b>Total liabilities</b>	<u>716,462</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>	<u><u>21,918,023</u></u>
<b>Number of Units in Issue</b>	
- USD Class I	504,873
- HKD Class I	4,487,461
- HKD Class P - Hedged	521,830
- USD Class P	867,345
- USD Class M	166,995
<b>Net Asset Value Per Unit</b>	
- USD Class I	10.1019
- HKD Class I	10.0542
- HKD Class P - Hedged	10.0152
- USD Class P	10.0312
- USD Class M	10.0140



**DCI INVESTMENT TRUST  
DA CHENG MONEY MARKET FUND  
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**STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE PERIOD FROM 18 February 2019 TO 30 June 2019**

	<b>DA CHENG MONEY MARKET FUND</b>
	<b>Period from 18 February 2019 to 30 June 2019</b>
	<b>(Unaudited) USD</b>
<b>Income</b>	
Interest income	126,351
Net changes in fair value on financial assets at fair value through profit or loss	28,217
Net foreign exchange differences	1,438
<b>Total investment income</b>	<u>156,006</u>
<b>Expenses</b>	
Management fee	5,453
Trustee fee	8,652
Custodian fee	1,252
Preliminary expenses	2,648
Transaction costs	1,575
Auditors' remuneration	6,198
Other expenses	1,370
<b>Total operating expenses</b>	<u>27,148</u>
<b>Profit before tax</b>	128,858
Taxation	-
<b>Profit after tax</b>	<u>128,858</u>
Adjustment for different basis adopted by the sub-Fund in arriving net assets attribute to unitholders	-
<b>Increase in net assets attributable to unitholders</b>	<u><u>128,858</u></u>

**DCI INVESTMENT TRUST  
DA CHENG MONEY MARKET FUND  
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**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (UNAUDITED)  
FOR THE PERIOD FROM 18 February 2019 TO 30 June 2019**

	<b>Period from 18 February 2019 to 30 June 2019 (Unaudited) USD</b>
<b>Net assets attributable to unitholders at the beginning of the period</b>	-
--Proceeds on issue of units	28,290,987
--Payments on redemption of units	(6,501,822)
<b>Net increase from unit transactions</b>	<u>21,789,165</u>
<b>Increase in net assets attributable to unitholders</b>	<u>128,858</u>
<b>Net assets attributable to unitholders at the end of the period</b>	<u>21,918,023</u>



**DCI INVESTMENT TRUST  
DA CHENG MONEY MARKET FUND  
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**INVESTMENT PORTFOLIO (UNAUDITED)  
AS AT 30 June 2019**

	Holdings	Market Value USD	% of Net Asset
<b>Quoted Debt Securities</b>			
<b>CHINA</b>			
BANK OF CHINA LTD/LONDON 1.875% S/A 09NOV2019	400,000	399,184	1.82
<b>HONG KONG</b>			
CAIYUN INTL INVESTMENT LTD 3.125% S/A 12JUL2019	1,490,000	1,487,646	6.79
<b>UNITED STATES</b>			
HYUNDAI CAPITAL AMERICA 2% S/A 01JUL2019 REGS	300,000	299,982	1.37
UNITED STATES OF AMERICA TREASURY BILL 0% A 02JUL2019	500,000	499,894	2.28
UNITED STATES OF AMERICA TREASURY BILL 0% A 16JUL2019	470,000	469,525	2.14
<b>VIRGIN ISL, BT</b>			
CENTRAL PLAZA DEVELOPMENT LTD 3.875% S/A 25JAN2020	500,000	501,235	2.29
CHANG DEVELOPMENT INTL LTD 3.625% S/A 20JAN2020	700,000	698,950	3.19
CITICS SECURITIES FINANCE MTN CO LTD 3.5% S/A 30OCT2019	300,000	300,678	1.37
HUARONG FINANCE CO LTD 4% S/A 17JUL2019	1,000,000	1,000,460	4.56
HUARONG FINANCE II CO LTD 2.875% S/A 22NOV2019	200,000	199,954	0.91
HUAXING INVESTMENT HLDG CO LTD 3.5% S/A 26JAN2020	700,000	698,516	3.19
VANKE REAL ESTATE HONG KONG CO LTD 3.95% S/A 23DEC2019	250,000	251,308	1.15
YUNNAN ENERGY INVESTMENT OVERSEAS FINANCE CO LTD 3.5% S/A 13DEC2019	1,120,000	1,116,595	5.09

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**INVESTMENT PORTFOLIO (UNAUDITED)  
AS AT 30 June 2019**

	<b>Holdings</b>	<b>Market Value USD</b>	<b>% of Net Asset</b>
<b>Forward Currency Contracts</b>			
HKD/USD		2,448	0.01
Total listed/quoted investment		7,926,375	36.16
Other net assets		13,991,648	63.84
Total net assets as at 30 June 2019		<u>21,918,023</u>	100.00
Total investments, at cost		<u><u>7,899,639</u></u>	



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**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)**  
**FOR THE PERIOD FROM 18 February 2019 TO 30 June 2019**

	18 February 2019	Additions	Bonus /Dividends	Deductions	30 June 2019
<b>Quoted Debt Securities (in terms of holdings)</b>					
AGRICULTURAL BANK OF CHINA LTD/NEW YORK 1.875% S/A 16MAY2019	-	250,000	-	(250,000)	-
ALIBABA GROUP HLDG LTD 2.5% S/A 28NOV2019	-	300,000	-	(300,000)	-
BAIDU INC 2.75% S/A 09JUN2019	-	1,500,000	-	(1,500,000)	-
BANK OF CHINA LTD/LONDON 1.875% S/A 09NOV2019	-	400,000	-	-	400,000
BOC AVIATION LTD 3.875% S/A 09MAY2019	-	400,000	-	(400,000)	-
CAIYUN INTL INVESTMENT LTD 3.125% S/A 12JUL2019	-	1,690,000	-	(200,000)	1,490,000
CENTRAL PLAZA DEVELOPMENT LTD 3.875% S/A 25JAN2020	-	500,000	-	-	500,000
CHANG DEVELOPMENT INTL LTD 3.625% S/A 20JAN2020	-	700,000	-	-	700,000
CICC HONG KONG FINANCE 2016 MTN LTD 2.75% S/A 18MAY2019	-	500,000	-	(500,000)	-
CITICS SECURITIES FINANCE MTN CO LTD 3.5% S/A 30OCT2019	-	300,000	-	-	300,000
CSCEC FINANCE CAYMAN II LTD 2.25% S/A 14JUN2019	-	200,000	-	(200,000)	-
HUARONG FINANCE CO LTD 4% S/A 17JUL2019	-	1,000,000	-	-	1,000,000
HUARONG FINANCE II CO LTD 2.875% S/A 22NOV2019	-	200,000	-	-	200,000
HUAXING INVESTMENT HLDG CO LTD 3.5% S/A 26JAN2020	-	700,000	-	-	700,000
HYUNDAI CAPITAL AMERICA 2% S/A 01JUL2019 REGS	-	300,000	-	-	300,000
HYUNDAI CAPITAL AMERICA 2.5% S/A 18MAR2019 REGS	-	210,000	-	(210,000)	-
ICBCIL FINANCE CO LTD 2.375% S/A 19MAY2019 REGS	-	300,000	-	(300,000)	-
INDUSTRIAL & COMMERCIAL BANK OF CHINA LTD/HONG KONG 1.875% S/A 23MAY2019	-	300,000	-	(300,000)	-
POLY REAL ESTATE FINANCE LTD 5.25% S/A 25APR2019	-	600,000	-	(600,000)	-
SHAOXING CITY INVESTMENT HK LTD 4.75% S/A 12APR2019	-	800,000	-	(800,000)	-
SINOPEC GROUP OVERSEAS DEVELOPMENT 2014 LTD 2.75% S/A 10APR2019 REGS	-	300,000	-	(300,000)	-

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**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)  
FOR THE PERIOD FROM 18 February 2019 TO 30 June 2019**

	18 February 2019	Additions	Bonus /Dividends	Deductions	30 June 2019
<b>Quoted Debt Securities (in terms of holdings)</b>					
UNITED STATES OF AMERICA TREASURY BILL 0% A 02JUL2019	-	500,000	-	-	500,000
UNITED STATES OF AMERICA TREASURY BILL 0% A 16JUL2019	-	470,000	-	-	470,000
VANKE REAL ESTATE HONG KONG CO LTD 3.95% S/A 23DEC2019	-	250,000	-	-	250,000
YUNNAN ENERGY INVESTMENT OVERSEAS FINANCE CO LTD 3.5% S/A 13DEC2019	-	1,120,000	-	-	1,120,000
YUNNAN INVESTMENT GROUP CO LTD 3.375% S/A 01APR2019	-	800,000	-	(800,000)	-
<b>Forward Currency Contracts</b>					
HKD/USD	-				2,448



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**PERFORMANCE RECORD (UNAUDITED)  
AS AT 30 June 2019**

**Net asset value**

	Net asset value per unit	Net asset value per unit	Net asset value per unit	Net asset value per unit	Net asset value per unit
	USD Class I	HKD Class I	HKD Class P - Hedged	USD Class P	USD Class M
<b>At the end of the financial period ended</b>					
30 June 2019	10.1019	10.0542	10.0152	10.0312	10.0140

**Highest and lowest net asset value per unit**

	Highest subscription price per unit	Lowest redemption price per unit
<b>Financial period ended 30 June 2019</b>		
USD Class I	10.1019	10.0000
HKD Class I	10.0798	10.0000
HKD Class P - Hedged	10.0152	10.0000
USD Class P	10.0312	10.0000
USD Class M	10.0140	10.0000