
DA CHENG CHINA RMB FIXED INCOME FUND

(SUB-FUND OF DCI INVESTMENT TRUST)

SEMI-ANNUAL REPORT

**FOR THE PERIOD FROM 20 FEBRUARY 2012 (DATE OF COMMENCEMENT OF
OPERATIONS) TO 30 JUNE 2012**





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MANAGEMENT AND ADMINISTRATION

Directors of the Manager

CAO Xiongfei
CHEN Shangqian
LIAN Shaodong (resigned on 20/2/2012)
DENG Shaoyong (appointed on 20/2/2012)
DU Peng
LIU Caihui
XIAO Bing
YANG Chunming

Manager

Da Cheng International Asset Management
Company Limited
Room 5811
Two International Finance Centre
8 Finance Street
Central, Hong Kong

Investment Advisor

Da Cheng Fund Management Company Limited
32/F, Tower of China Merchants Bank,
No. 7088 Shennan Road,
Futian, Shenzhen 518040,
People's Republic of China

Trustee and Registrar

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

Custodian

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

PRC Sub-Custodian

Bank of China Limited
No.1, Fuxingmen Nei Dajie,
Beijing, 100818,
China

Auditor

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

Legal Counsel to the Manager

Simmons & Simmons
13/F, One Pacific Place
88 Queensway
Hong Kong

REPORT OF THE MANAGER TO THE UNITHOLDERS

DA CHENG CHINA RMB FIXED INCOME FUND (A SUB-FUND OF DCI INVESTMENT TRUST)

General Information

Da Cheng China RMB Fixed Income Fund (the “Sub-Fund”) seeks to provide investment return on interest income and capital appreciation. As of 30 June 2012, the Net Asset Value (“NAV”) per unit of the Sub-Fund was RMB 10.13 with a total of 20,563,601.500 units outstanding, aggregating a total asset size of approximately RMB 208.33 million.

For the period from 20 February 2012 (date of commencement of operations) to 30 June 2012, the Sub-Fund distributed a semi-annual dividend amounted RMB 0.10 per Class A unit on 26 June 2012. As at 30 June 2012, the Sub-Fund’s investment holdings compose of policy bank bonds with national credit support, credit bonds with rating of AAA or AA+¹ and also convertible bonds (6.76% of total net asset).

Fund Activities

The Dividend Policy was amended to as follows on 6 February 2012:
 “Semi-annually (subject to Manager’s discretion) subject to PRC withholding tax provisioning (in June and December each year).”

A new Class I was established on 28 May 2012. The minimum initial investment and subsequent investment of Class A Units is RMB10, 000, the minimum initial investment of Class I Units is RMB6, 500,000 and the minimum subsequent investment of Class I Units is RMB100, 000. The management fee of Class A Unit is 1.25% and Class I Unit is 0.75%. Currently, the Sub-Fund has two share classes, Class A and Class I.

The manager declared the following dividends for the Sub-Fund during the period under review:-

Record Date	Ex-Dividend Date	Payment Date	Share Class	Currency	Gross Dividend	Dividend per Share
25-Jun-2012	26-Jun-2012	11-Jul-2012	Class A	RMB	2,044,927	0.10
-	-	-	Class I	RMB	N/A	N/A

Market Overview

The published domestic macroeconomic data of the first half of 2012 shows the economic growth slowing down further and inflation going down notably. Under this circumstance, the monetary policy has been further relaxed with loan and deposit rate and deposit-reserve ratio each cut twice. In the context of European debt crisis and U.S. economic slowdown, China’s economy in 2012H2 will barely experience apparent recovery. The monetary policy is expected to remain relaxed, which will favour the bond market in slow recovery. Moreover, as the valuation of China stock market is currently at historically low levels, there exists a long-term investment value. We may take actively participation in stock market by using convertible bonds.

Da Cheng International Asset Management Company Limited

28 August 2012

¹ The PRC local credit rating standards may be significantly different from that adopted by internationally recognised credit rating agencies.

**DA CHENG CHINA RMB FIXED INCOME FUND
(A SUB-FUND OF DCI INVESTMENT TRUST)**

**STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 JUNE 2012**

	Da Cheng China RMB Fixed Income Fund
	30 June 2012 (Unaudited) RMB
Assets	
Financial assets at fair value through profit or loss	190,549,276
Cash at banks	22,889,194
Cash equivalents	5,684,931
Interest receivable on bank deposits	4,656,365
Preliminary expenses	903,062
Prepaid expenses and other receivables	5,931
Subscription proceeds receivable	1,389,716
Total assets	<u>226,078,475</u>
Liabilities	
Financial liabilities at fair value through profit or loss	-
Amounts due to brokers	14,062,938
Redemption proceeds payable	232,117
Amounts payable on redemption of units	-
Management fee payable	568,279
Trustee fee payable	27,952
Dividend payable to unitholders	2,044,927
Withholding tax payable	711,691
Accrued expenses and other payable	96,717
Total liabilities	<u>17,744,621</u>
Equity	
Share capital	206,291,349
Retained earnings	2,042,505
Total equity	<u>208,333,854</u>
Total liabilities and equity	<u>226,078,475</u>
Number of Units in Issue	20,563,601.5
- Class A	20,563,601.5
- Class I	-
Net Asset Value Per Unit	
- Class A	10.13
- Class I	-

**DA CHENG CHINA RMB FIXED INCOME FUND
(A SUB-FUND OF DCI INVESTMENT TRUST)**

**STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD FROM 20 FEBRUARY 2012 (DATE OF COMMENCEMENT OF
OPERATIONS) TO 30 JUNE 2012**

	Da Cheng China RMB Fixed Income Fund
	20 February 2012 (date of commencement of operations) to 30 June 2012 (Unaudited) RMB
Income	
Dividend income	152,065
Interest income on financial assets at fair value through profit or loss	2,175,340
Interest income on bank deposits	94,361
Net unrealized gains on financial assets at fair value through profit or loss	2,400,579
Net gains on financial assets at fair value through profit or loss	1,150,092
Total net income	<u>5,972,437</u>
Expenses	
Management fee	766,492
Trustee fee	107,270
Legal and professional fee	-
License fee	-
Custodian fee	67,484
Auditors' remuneration	80,906
Preliminary expenses	105,729
Publishing expenses	725
Brokerage fee and other transaction	23,473
Other expenses	16,932
Total operating expenses	<u>1,169,011</u>
Profit before tax	4,803,426
Withholding tax	715,994
Total comprehensive income	<u><u>4,087,432</u></u>

**DA CHENG CHINA RMB FIXED INCOME FUND
(A SUB-FUND OF DCI INVESTMENT TRUST)**

**CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO
UNITHOLDERS (UNAUDITED)
FOR THE PERIOD FROM 20 FEBRUARY 2012 (DATE OF COMMENCEMENT OF
OPERATIONS) TO 30 JUNE 2012**

	Share capital RMB	Retained earnings RMB	Total RMB
Net assets attributable to unitholders at 20 February 2012 (date of commencement of operations)	-	-	-
Subscription of units	210,729,959	-	210,729,959
Redemption of units	(4,438,610)	-	(4,438,610)
Dividend Distribution	-	(2,044,927)	(2,044,927)
Total comprehensive income for the period	-	4,087,432	4,087,432
Net assets attributable to unitholders at 30 June 2012	<u>206,291,349</u>	<u>2,042,505</u>	<u>208,333,854</u>

**DA CHENG CHINA RMB FIXED INCOME FUND
 (A SUB-FUND OF DCI INVESTMENT TRUST)**
**INVESTMENT PORTFOLIO (UNAUDITED)
 AS AT 30 JUNE 2012**

	Holdings	Market Value RMB	% of Net assets
Listed/quoted Investments			
Fixed Interest Securities			
China			
AGRICULTURAL DEVELOPMENT BANK OF CHINA CO LTD 4.59% A 01JUL2018	100,000	10,443,700	5.01
BEIJING VANTONE REAL ESTATE CO LTD 7% A 14OCT2014	60,360	6,277,440	3.01
CHINA DEV BK 3.83% A 05APR2015	100,000	10,114,160	4.85
CHINA DEV BK 4.11% A 16APR2017	100,000	10,156,110	4.87
CHINA DEV BK 4.21% A 22MAR2022	100,000	10,100,940	4.85
CHINA RAILWAY 21 BUREAU GROUP CO LTD 7.38% A 12OCT2012	100,000	10,088,550	4.84
CHINA SHIPBUILDING INDUSTRY CORP CB 0.5% A 04JUN2018	30,000	3,131,700	1.50
DARE TECHNOLOGY CO LTD 5.5% A 29JAN2015	90,000	9,022,500	4.33
EXPORT-IMPORT BANK OF CHINA 3.87% A 23FEB2017	100,000	10,123,800	4.86
FOSHAN NATIONSTAR OPTOELECTRONICS CO LTD	100,000	10,220,000	4.91
GD POWER DEVELOPMENT CO LTD CB 0.5% A 19AUG2017	20,000	2,247,800	1.08
GUANGZHOU R&F PROPERTIES CO LTD 6.85% A 23OCT2014	107,680	11,252,560	5.40
HANZHONG CITY CONSTRUCTION INVESTMENT & DEVELOPMEN CO LTD 7.48% A 14MAR2018	70,000	7,202,300	3.46
HENGDIAN GROUP DMEGC MAGNETICS CO LTD 7% A 09FEB2017	83,310	8,672,904	4.16
INDUSTRIAL & COMMERCIAL BANK OF CHINA CB 0.7% A 31AUG2016	50,000	5,443,500	2.61
LINFEN CITY INVESTMENT CONSTRUCTION DEVELOPMENT CO LTD 7.23% A 22FEB2019	80,000	8,241,600	3.96
SDIC POWER HLDGS CO LTD CB 0.7% A 25JAN2017	30,000	3,222,000	1.55
SHANGHAI FORTE LAND CO 7.3% A 22SEP2014	80,000	8,356,000	4.01
SHANGHAI JINFENG INVESTMENT CO LTD 5.9% A 25DEC2012	79,360	7,995,520	3.84
SHANGHAI ZI JIANG ENTERPRISE GROUP CO LTD 6.1% A 28DEC2017	60,000	6,120,000	2.94
SINOCHEN INTL CORP 1.8% A 01DEC2012	50,000	4,954,500	2.38
ZHEJIANG BAOXINIAO GARMENT CO LTD 7% A 24NOV2016	80,090	8,193,207	3.93
ZHUZHOU CITY CONSTRUCTION INVESTMENT OPERATION CO LTD 8.36% A 10NOV2021	38,570	4,141,261	1.99

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**INVESTMENT PORTFOLIO (UNAUDITED)(CONTINUED)
AS AT 30 JUNE 2012**

	Holdings	Market Value RMB	% of Net assets
Collective Investment Schemes			
China			
E FUND SUIFENG TIANLI BOND FUND	7,484,971	7,582,276	3.64
FULLGOAL TIANFONG BOND FUND	6,999,950	7,244,948	3.48
Total listed/quoted investments		190,549,276	91.46
Other net assets		17,784,578	8.54
Net asset as at 30 June 2012		208,333,854	100.00
Total investments, at cost		188,148,697	
		=====	

**DA CHENG CHINA RMB FIXED INCOME FUND
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**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
FOR THE PERIOD FROM 20 FEBRUARY 2012 (DATE OF COMMENCEMENT OF
OPERATIONS) TO 30 JUNE 2012**

	30 June 2012 % of Total Net Asset	20 February 2012 (Date of commencement of operations) % of Total Net Asset
Listed/Quoted investments		
Fixed Interest Securities - China	84.34	-
Collective Investment Schemes - China	7.12	-
	<hr/>	<hr/>
Total listed/quoted investments	91.46	-
Other net assets	8.54	100.00
	<hr/>	<hr/>
Net assets at 30 June 2012	100.00	100.00
	<hr/>	<hr/>

**DA CHENG CHINA RMB FIXED INCOME FUND
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**PERFORMANCE RECORD (UNAUDITED)
AS AT 30 JUNE 2012**

Net asset value

Since 20 February 2012 (date
of commencement of
operations)

Financial period ended
as at 30 June 2012

Highest subs cription price per unit Class A	Lowest rede mption price per unit Class A
10.22	10.00
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