
DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



**DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

CONTENTS

	Pages
Management and Administration	1
Report of the Manager	2 - 3
Report of the Trustee	4
Independent Auditor's Report	5 – 7
Statement of Financial Position	8
Statement of Comprehensive Income	9
Statement of Changes in Net Assets Attributable to Unitholders	10
Statement of Cash Flows	11 – 12
Notes to the Financial Statements	13 – 34
Investment Portfolio (Unaudited)	35 – 38
Statement of Movements in Investment Portfolio (Unaudited)	39 – 45
Performance Table (Unaudited)	46



**DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

MANAGEMENT AND ADMINISTRATION

Directors of the Manager

Mr. Luo Dengpan
Mr. Wen Zhimin
Mr. Tan Xiaogang
Mr. Xu Zijie (resigned on 18 September 2018)
Ms. Wu Ping
Mr. Liang Zhongkun (resigned on 18 September 2018)
Mr. Xiao Jian (appointed on 1 February 2018)
Mr. Yao Yudong (appointed on 1 February 2018)
Ms. Zhao Bing (appointed on 18 September 2018)

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

PRC Sub-Custodian

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

Auditor

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

PRC 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

**DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

REPORT OF THE MANAGER

Fund Performance

Da Cheng China Balanced Fund (the “Sub-Fund”) seeks to provide long-term growth of capital and income. As of 31 December 2018, the Net Asset Value (“NAV”) per unit of the RMB Class A was RMB11.68, the NAV per unit of the USD Class A was USD10.20, and the NAV per unit of the HKD Class A was HKD10.31, aggregating a total asset size of approximately RMB2,113,529,257.

A summary of the performance of the Sub-Fund is set out below ¹ (as at 31 Dec 2018)

	2018	2017	2016	Since Inception ²
DA CHENG China Balanced Fund -RMB Class A NAV-to-NAV return	-15.50%	23.05%	-1.6%	45.59%
DA CHENG China Balanced Fund -USD Class A NAV-to-NAV return	-19.99%	31.64%	-7.25%	29.47%
DA CHENG China Balanced Fund -HKD Class A NAV-to-NAV return	-19.77%	32.71%	-7.19%	30.91%

Source: Da Cheng Internal Asset Management Ltd., Bloomberg

The performance of the Sub-Fund is not referenced to pre-determined benchmarks.

Fund activities

Since its inception on 3 March 2014, the Sub-Fund has attracted wide interest among investors to participate in the Mainland China market. As at 31 Dec 2018, there were 33,818,053, 10,374,275, 109,341,767 units outstanding in RMB Class A, USD Class A and HKD Class A respectively.

Market Overview

In 2018 SHCOMP Index and SZCOMP Index declined by 24.6% and 34.4% respectively. Sector wise, sub-indexes of all industries headed downwards, among which non-ferrous and electronics hit hardest, while tourism and banking sector slid slightly. At the beginning of the year, A-shares edged higher shortly yet hurt by the downwards pressure of the economy, de-leverage as well as global market risks. Earnings underperformed, while valuation expectation went down: 1) The tight credit policy at the beginning of the year led to weaker economic expectation. After the stabilizing in Politburo meeting in the middle of the year, there was a turning point for monetary policy. Since the channeling to credit market required longer time, economic data did not recovered obviously; 2) In March, the out-breaking of the US-China trade war imposed pressure on the market sentiment; 3) The depreciation of RMB, along with capital outflow pressure, hurt the market sentiment; 4) February and Q4's slumping of the US equity market, as well as emerging markets' currency depreciation (external market risks), led to risk aversion among investors.

¹ Past performance figures shown are not indicative of the future performance of the Sub-Fund

² Date of commencement of operations is 3 March 2014

**DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

REPORT OF THE MANAGER (Continued)

Outlook

Coming into 2019, all risk factors appear signs of improvement. In addition, due to domestic policy boosting, A-shares rebound strongly and lead gains of the global market: 1) Improved liquidity and risk-on sentiment due to dovish tones from global central banks; 2) Progress of trade talks; 3) Appreciation of RMB; 4) Recovery of domestic economic data, hitting-record of social financing data in Jan, and appearance of the turning point of social financing balance growth rate; 5) Foreign inflow via northbound trading, and MSCI expansion of A-share inclusion; 6) Financial market supply side reform, acceleration of new tech board, and a more significant role of the capital market in economy growth. Generally in 2019, economic recovery will lead to improvement of fundamentals. With foreign inflow, financial market reform, etc, we estimate a bright outlook of the A-share market.

For and on behalf of
Da Cheng International Asset Management Company Limited

29 April 2019



**DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

REPORT OF THE TRUSTEE

We hereby confirm that, in our opinion, the Manager of Da Cheng China Balanced Fund (a sub-fund of DCI Investment Trust, the "Sub-Fund") has, in all material respects, managed the Sub-Fund in accordance with the provisions of the Trust Deed dated 30 December 2011, as amended or supplemented from time to time, for the year ended 31 December 2018.

For and on behalf of
BOCI-Prudential Trustee Limited

29 April 2019

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

Report on the Audit of the Financial Statements

Opinion

What we have audited

The financial statements of Da Cheng China Balanced Fund (the “Sub-Fund”), a sub-fund of DCI Investment Trust, set out on pages 8 to 34, which comprise:

- the statement of financial position as at 31 December 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to unitholders for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 31 December 2018, and of its financial transactions and cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”).

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 Auditor’s Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Sub-Fund in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (the “IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA code.

Other Information

The Trustee and the Manager (the “Management”) of the Sub-Fund are responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and our auditor’s report thereon.

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.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

Responsibilities of the Management for the Financial Statements

The Management of the Sub-Fund is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the 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, the Management of the Sub-Fund is responsible for assessing the Sub-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 the Management either intends to liquidate the Sub-Fund or to cease operations, or has no realistic alternative but to do so.

In addition, the Management of the Sub-Fund is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 30 December 2011, as amended ("Trust Deed") and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission (the "SFC Code").

Auditor's Responsibilities for the Audit of the Financial Statements

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 auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. 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. In addition, we are required to assess whether the financial statements of the Sub-Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the SFC Code.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 Sub-Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Conclude on the appropriateness of the 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 Sub-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 auditor's 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 auditor's report. However, future events or conditions may cause the Sub-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 Management 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.

Report on Matters under the Relevant Disclosure Provisions of the Trust Deed and the SFC Code

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the SFC Code.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 April 2019

DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 RMB	2017 RMB
Assets			
Non-Current Assets			
Deposit reserve		362,034	319,530
Current Assets			
Investments	3.1, 3.4	2,097,247,502	1,944,513,624
Interest receivable		18,339,854	15,288,674
Dividend receivable		74	326,660
Amount receivable on subscription of units		6,244,785	5,645,194
Amount receivable on sale of investments		16,204,182	-
Cash and cash equivalents	3.4, 7.3	58,710,860	54,732,070
Total assets		<u>2,197,109,291</u>	<u>2,020,825,752</u>
Liabilities			
Current Liabilities			
Management fee payable	7.1	2,499,810	2,206,556
Amount payable on redemption of units		2,135,308	24,857,965
Amount payable on purchase of investments		42,333,938	-
Accrued expenses and other payables		715,323	2,490,932
Distribution payable to unitholders		28,193,693	41,994,067
Provision for taxation	8	7,701,962	5,193,012
Total liabilities (excluding net assets attributable to unitholders)		<u>83,580,034</u>	<u>76,742,532</u>
Net assets attributable to unitholders	6	<u><u>2,113,529,257</u></u>	<u><u>1,944,083,220</u></u>

On behalf of
 BOCI-Prudential Trustee Limited

On behalf of
 Da Cheng International Asset Management
 Company Limited

 Authorised Signatory

 Authorised Signatory

 Director

The notes on pages 13 to 34 form an integral part of these financial statements.

DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 RMB	2017 RMB
Income			
Dividend income		49,664,218	12,623,504
Interest income from bank deposits		135,346	86,796
Interest income from investments		36,000,494	18,409,481
Net (losses) /gains on investments	5	(476,653,808)	205,989,566
Sundry income		-	213
Net foreign exchange losses		(5,905,401)	(3,832,626)
Total investment (losses)/gains		<u>(396,759,151)</u>	<u>233,276,934</u>
Expenses			
Management fee	7.1	33,856,359	14,262,958
Trustee fee	7.2	3,088,449	1,439,952
Custodian fee	7.3	1,640,344	1,024,569
Transaction costs		6,565,493	4,338,255
Auditor's remuneration		210,355	183,063
Other expenses		178,698	156,723
Total operating expenses		<u>45,539,698</u>	<u>21,405,520</u>
(Losses)/gains before distributions and tax		<u>(442,298,849)</u>	<u>211,871,414</u>
Distributions to unitholders	10	<u>(117,157,472)</u>	<u>(85,290,767)</u>
(Losses)/gains after distributions and before tax		<u>(559,456,321)</u>	<u>126,580,647</u>
Taxation	8	<u>(8,704,676)</u>	<u>(6,656,594)</u>
(Decrease)/increase in net assets attributable to unitholders		<u><u>(568,160,997)</u></u>	<u><u>119,924,053</u></u>

The notes on pages 13 to 34 form an integral part of these financial statements.

DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 RMB	2017 RMB
Net assets attributable to unitholders at the beginning of the year	1,944,083,220	680,705,322
	-----	-----
Issue of units	2,478,439,200	2,181,324,563
Redemption of units	(1,740,832,166)	(1,037,870,718)
	-----	-----
Net increase from unit transactions	737,607,034	1,143,453,845
	-----	-----
(Decrease)/increase in net assets attributable to unitholders	(568,160,997)	119,924,053
	-----	-----
Net assets attributable to unitholders at the end of the year	2,113,529,257	1,944,083,220
	=====	=====

The notes on pages 13 to 34 form an integral part of these financial statements.

DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	RMB	RMB
Cash flows from operating activities		
(Decrease)/increase in net assets attributable to unitholders	(568,160,997)	119,924,053
Adjustments for:		
Interest income from bank deposits	(135,346)	(86,796)
Interest income from investments	(36,000,494)	(18,409,481)
Dividend income	(49,664,218)	(12,623,504)
Distributions to unitholders	117,157,472	85,290,767
Taxation	8,704,676	6,656,594
Operating (losses)/gains before working capital changes	(528,098,907)	180,751,633
Net increase in investments	(152,733,878)	(1,337,021,737)
Net increase in deposit reserve	(42,504)	(127,996)
Net increase in amount receivable on sales of investments	(16,204,182)	-
Net increase in amount payable on purchase of investments	42,333,938	-
Net decrease in interest receivable purchased	(6,111,125)	(14,487,304)
Net increase in prepayments and other assets	-	50
Net increase in management fee payable	293,254	1,387,460
Net (decrease)/increase in accrued expenses and other payables	(1,775,609)	1,774,312
Cash used in from operations	(662,339,013)	(1,167,723,582)
Dividend income received	49,990,804	12,296,844
Interest income received from bank deposits	135,346	86,796
Interest income received from investments	39,060,439	20,894,813
Tax paid	(6,195,726)	(2,043,680)
Net cash outflow from operating activities	(579,348,150)	(1,136,488,809)
Cash flows from financing activities		
Proceeds from issue of units	2,460,130,871	2,164,096,682
Payments on redemption	(1,763,554,823)	(1,016,585,208)
Distributions paid to unitholders	(113,249,108)	(44,547,283)
Net cash inflow from financing activities	583,326,940	1,102,964,191

**DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 RMB	2017 RMB
Net increase/(decrease) in cash and cash equivalents	3,978,790	(33,524,618)
Cash and cash equivalents at the beginning of the year	54,732,070	88,256,688
Cash and cash equivalents at the end of the year, representing bank deposits	<u>58,710,860</u>	<u>54,732,070</u>

Non-cash transactions

During the year ended 31 December 2018, the Sub-Fund issued 701,441, 260,840 and 85,691 (2017: 443,958, 175,724 and 59,550) new units for class HKD Class A, RMB Class A and USD Class A amounted to HKD8,880,092, RMB3,584,669 and USD1,076,839 (2017: HKD5,415,381, RMB2,379,405 and USD719,705) as part of distributions to the unitholders, totalling RMB17,708,738 (2017: RMB11,582,687). Refer to note 6 for detail.

**DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1 General information

DCI Investment Trust (the “Trust”) is an open-ended unit trust established as an umbrella fund under the laws of Hong Kong by a trust deed dated 30 December 2011, as amended (the “Trust Deed”), between Da Cheng International Asset Management Company Limited as Manager (the “Manager”) and BOCI-Prudential Trustee Limited as Trustee (the “Trustee”). As at 31 December 2018, the Trust has three sub-funds, Da Cheng China Balanced Fund (the “Sub-Fund”), Da Cheng China RMB Fixed Income Fund and Da Cheng Overseas China Concept Fund (collectively, the Sub-Funds). The date of commencement of operations of the Sub-Fund was 3 March 2014.

The Trust and the Sub-Fund are authorised by the Securities and Futures Commission of Hong Kong (the “SFC”) under Section 104(1) of the Hong Kong Securities and Futures Ordinance and is required to comply with the Code on Unit Trusts and Mutual Funds established by the SFC (the “SFC Code”).

The investment objective of the Sub-Fund is to achieve its objective through investing directly in fixed income and equity securities issued in China. The Sub-Fund will invest directly in China’s domestic securities markets through the Manager’s status as a Renminbi Qualified Foreign Institutional Investor (“RQFII”) and via Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (“Stock Connect”). The Sub-Fund will be denominated and settled in renminbi (“RMB”).

Under current regulations in the People’s Republic of China (“PRC”), generally foreign investors can invest only in the domestic securities market through certain qualified foreign institutional investors that have obtained status as a Qualified Foreign Institutional Investor (“QFII”) or a RQFII from the China Securities Regulatory Commission (“CSRC”) and have been granted quota by the State Administration of Foreign Exchange (“SAFE”) of the PRC to remit foreign freely convertible currencies (in the case of a QFII) and RMB (in the case of a RQFII) into the PRC for the purpose of investing in the PRC’s domestic securities markets. Foreign investors can also invest a limited number of equity securities in the domestic securities market through Stock Connect.

The Sub-Fund obtains exposures to securities issued within the PRC through the RQFII quotas of the Manager and Stock Connect. The Manager has obtained RQFII status in the PRC and the RQFII quotas have been granted to the Manager. The Sub-Fund invests in securities issued within the PRC through the RQFII program. To the extent that the Manager has, on behalf of the Sub-Fund, utilised its entire RQFII quota, the Manager may, subject to any applicable regulations, apply for an increase of the RQFII quota.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

**DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation

The financial statements of the Sub-Fund have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

Standards and amendments to existing standards effective 1 January 2018

IFRS 9 'Financial Instruments' became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in IAS 39.

Classification and measurement of debt assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest (SPPI). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. IFRS 9 also introduces a new expected credit loss (ECL) impairment model.

IFRS 9 has been applied retrospectively by the Sub-Fund and did not result in a change to the classification or measurement of financial instruments as outlined in note 2.3. The Sub-Fund's investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. There was no material impact on adoption from the application of the new impairment model.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2018 that have a material effect on the financial statements of the Sub-Fund.

New standards, amendments and interpretations effective after 1 January 2018 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Sub-Fund.

**DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2 Summary of significant accounting policies (Continued)

2.2 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Sub-Fund operates (the “functional currency”). The Sub-Fund invests in securities in the PRC and the performance of the Sub-Fund is measured and reported to the unitholders in Chinese Yuan Renminbi (“RMB”). The Manager considers RMB as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in RMB, which is the Sub-Fund’s functional and presentation currency.

(ii) Transactions and balances

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the reporting date.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within “net gains/(losses) on investments.”

2.3 Investments

(i) Classification

The Sub-Fund classifies its investments based on both the Sub-Fund’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Sub-Fund is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions. The Sub-Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Sub-Fund’s debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Sub-Fund’s business model’s objective. Consequently, all investments are measured at fair value through profit or loss.

The Sub-Fund’s policy requires the Investment Manager and the Directors to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

**DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2 Summary of significant accounting policies (Continued)

2.3 Investments (Continued)

(ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Sub-Fund commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within net changes in fair value of financial assets and liabilities at fair value through profit or loss in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income within dividend income when the Sub-Fund's right to receive payments is established. Interest on debt securities at fair value through profit or loss is recognised in the statement of comprehensive income within interest income based on the effective interest rate.

(iii) Fair value estimation

The fair value of investments that are listed or traded on an exchange is based on quoted market prices at close of trading on reporting date. For listed debt securities, the fair value is determined by using the valuation provided by China Securities Index Co., Ltd., a company jointly established by Shanghai Stock Exchange and Shenzhen Stock Exchange specialising in the creation and management of indices and index-related services.

The fair value of financial assets that are traded in interbank markets (for example, unlisted debt securities) is determined by using the valuation provided by China Central Depository & Clearing Co., Ltd., a company jointly established by People's Bank of China and Ministry of Finance to undertake the function of centralised depository and settlement for the inter-bank bond market.

(iv) Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

2.4 Cash and cash equivalents

Cash and cash equivalents include cash at banks, deposits held with banks with original maturities of three months or less.

**DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2 Summary of significant accounting policies (Continued)

2.5 Interest income and interest from financial assets at fair value through profit or loss

Interest is recognised on a time-proportionate basis using the effective interest method. Interest income includes interest from cash and cash equivalents and deposit reserve. Interest from financial assets at fair value through profit or loss includes interest from debt securities.

The effective interest method is a method of calculating the amortised cost of an interest bearing asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Sub-Fund estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

2.6 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.7 Accrued expenses

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

2.8 Redeemable units

The Sub-Fund issued three classes of redeemable units and the redeemable units do not have identical features. The Sub-Fund classified its puttable instruments as financial liabilities. Units are issued and redeemed at the holder's option at prices based on the Sub-Fund's net asset value per unit at the time of issue or redemption. The Sub-Fund's net asset value per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units.

In accordance with the prospectus of the Sub-Fund, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per unit for creations and redemptions of the Sub-Fund.

2.9 Distribution to unitholders

Distribution to unitholders is recognised in the statement of comprehensive income when they are approved by the Manager.

2.10 Transaction costs

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include the fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs are expensed as incurred in the statement of comprehensive income.

**DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2 Summary of significant accounting policies (Continued)

2.11 Taxation

The Sub-Fund currently incurs withholding taxes on imposed by the PRC on investment income. Such income is recorded gross of withholding taxes in the statement of comprehensive income. Withholding taxes are included as taxation in the statement of comprehensive income.

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

3 Financial risk management

The Sub-Fund is exposed to a variety of risks including but not limited to market price cash flow and fair value interest rate risk, credit and custody risk, liquidity risk and currency risk which are associated with the markets in which the Sub-Fund invests.

The following is a summary of the main risks and risk management policies.

3.1 Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market. All investments present a risk of loss of capital.

The following table discloses the investments of the Sub-Fund by product type:

	2018 RMB	2017 RMB
Investments		
Listed equities	1,285,646,341	1,312,404,885
Bonds	811,488,036	622,960,839
Collective investment schemes	113,125	9,147,900
Total investments	<u>2,097,247,502</u>	<u>1,944,513,624</u>

DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

3 Financial risk management (Continued)

3.1 Market price risk (Continued)

As at 31 December, the fair value of investments were as follows:

Investments	2018		2017	
	Fair value of investment RMB	% of net assets	Fair value of investment RMB	% of net assets
Equity and debt securities				
Basic materials	55,864,085	2.64	71,729,501	3.69
Communications	-	-	25,323,077	1.30
Consumer products	406,833,534	19.25	525,302,105	27.02
Diversified	-	-	43,565,935	2.24
Energy	61,847,520	2.93	17,226,122	0.89
Financial services	950,749,246	44.98	864,476,289	44.47
Government bond	7,310	0.00	6,338	0.00
Health care	145,293,122	6.87	-	-
Industrial	354,757,721	16.79	326,426,172	16.79
Technology	80,194,139	3.79	45,355,130	2.33
Transportation	-	-	-	-
Utilities	41,587,700	1.97	15,955,055	0.82
	<u>2,097,134,377</u>	<u>99.22</u>	<u>1,935,365,724</u>	<u>99.55</u>
Collective investment schemes	<u>113,125</u>	<u>0.01</u>	<u>9,147,900</u>	<u>0.47</u>
Total investments	<u><u>2,097,247,502</u></u>	<u><u>99.23</u></u>	<u><u>1,944,513,624</u></u>	<u><u>100.02</u></u>

**DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

3 Financial risk management (Continued)

3.1 Market price risk (Continued)

The Sub-Fund's market price risk on equities is managed through diversification of the investment portfolio ratios by exposures to different industries. There is no exposure to individual investments representing over 10% of the Sub-Fund's net asset value at the reporting date (2017: Nil).

The following analysis summarises the sensitivity of the Sub-Fund's net assets to price movements of financial instruments held at the reporting date. The analysis is based on the assumptions that the CSI300 Index increased/decreased by 15% (2017: 15%) with all other variables held constant, and that the fair value of the Sub-Fund's portfolio of equity securities of RMB1,285,646,341 (2017: RMB1,312,404,885) moved according to their historical correlation with the index. This would have increased/decreased the net assets of the Sub-Fund by approximately RMB 185,897,086 (2017: RMB174,495,720). This represents management's best estimate of a reasonable possible shift in the CSI300 Index, having regard to the historical volatility of the index.

The Trustee and the Manager of the Sub-Fund do not manage the Sub-Fund's investment strategy to track any index or external benchmark. The sensitivity analysis presented is based upon the portfolio composition at the reporting date and the historical correlation of the securities comprising the portfolio to the index. The composition of the Sub-Fund's investment portfolio and the correlation thereof to the above index are expected to change over time. The sensitivity analysis prepared as of the reporting date is not necessarily indicative of the effect on the Sub-Fund's net assets of future movements in the level of the above-mentioned index.

3.2 Cash flow and fair value Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flow.

**DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

3 Financial risk management (Continued)

3.2 Cash flow and fair value Interest rate risk (Continued)

The tables below summarise the Sub-Fund's exposure to interest rate risks. It includes the Sub-Fund's financial assets and financial liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity dates.

As at 31 December 2018	Maturity up to 1 year RMB	Maturity 1-5 years RMB	Maturity over 5 years RMB	Non-interest bearing RMB	Total RMB
Assets					
Investments					
- RMB denominated bonds	75,943,720	368,119,625	367,424,691	-	811,488,036
- RMB denominated listed equities	-	-	-	1,285,646,341	1,285,646,341
- RMB denominated collective investment schemes	-	-	-	113,125	113,125
Other receivables	-	-	362,034	18,339,928	18,701,962
Cash and cash equivalents	58,710,860	-	-	-	58,710,860
Amount receivable on subscription of units	-	-	-	6,244,785	6,244,785
Amount receivable on sale of investments	-	-	-	16,204,182	16,204,182
Total assets	134,654,580	368,119,625	367,786,725	1,326,548,361	2,197,109,291
	Maturity up to 1 year RMB	Maturity 1-5 years RMB	Maturity over 5 years RMB	Non-interest bearing RMB	Total RMB
Liabilities					
Management fee payable	-	-	-	2,499,810	2,499,810
Amount payable on redemption of units	-	-	-	2,135,308	2,135,308
Amount payable on purchase of investments	-	-	-	42,333,938	42,333,938
Accrued expenses and other payables	-	-	-	715,323	715,323
Distribution payable to unitholders	-	-	-	28,193,693	28,193,693
Net assets attributable to unitholders	-	-	-	2,113,529,257	2,113,529,257
Total liabilities	-	-	-	2,189,407,329	2,189,407,329
Total interest sensitivity gap	134,654,580	368,119,625	367,786,725		

DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

3 Financial risk management (Continued)

3.2 Cash flow and fair value Interest rate risk (Continued)

As at 31 December 2017	Maturity up to 1 year RMB	Maturity 1-5 years RMB	Maturity over 5 years RMB	Non-interest bearing RMB	Total RMB
Assets					
Investments					
- RMB denominated bonds	244,899,807	378,054,694	6,338	-	622,960,839
- RMB denominated listed equities	-	-	-	1,312,404,885	1,312,404,885
- RMB denominated collective investment schemes	-	-	-	9,147,900	9,147,900
Other receivables	-	-	319,530	15,615,334	15,934,864
Cash and cash equivalents	54,732,070	-	-	-	54,732,070
Amount receivable on subscription of units	-	-	-	5,645,194	5,645,194
Total assets	299,631,877	378,054,694	325,868	1,342,813,313	2,020,825,752
Liabilities					
Management fee payable	-	-	-	2,206,556	2,206,556
Amount payable on redemption of units	-	-	-	24,857,965	24,857,965
Accrued expenses and other payables	-	-	-	2,490,932	2,490,932
Distribution payable to unitholders	-	-	-	41,994,067	41,994,067
Net assets attributable to unitholders	-	-	-	1,944,083,220	1,944,083,220
Total liabilities	-	-	-	2,015,632,740	2,015,632,740
Total interest sensitivity gap	299,631,877	378,054,694	325,868		

The Manager and Trustee monitor the interest rate risks by quantifying (a) market exposure in percentage terms; and (b) exposure in duration terms by different countries. As at 31 December 2018, the Sub-Fund has invested in interest-bearing securities of RMB811,488,036 (2017: RMB622,960,839) and the portfolio weighted average modified duration of the Sub-Fund is 3.07 (2017: 1.41).

Given a 100 basis points change in the rate of all debt securities held by the Sub-Fund as at 31 December 2018, the percentage change in net asset value will be the total portfolio weighted average modified duration multiplied by 1%, i.e. RMB24,897,908 (2017: RMB8,785,340) while holding all other variables constant.

**DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

3 Financial risk management (Continued)

3.3 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Sub-Fund is not exposed to currency risk arising from balances and transactions in foreign currencies as its assets and liabilities are mainly denominated in RMB, the Sub-Fund's functional and presentation currency. Accordingly, the Management considers that it is not necessary to present a sensitivity analysis of currency risk.

3.4 Credit and counterparty risk

Credit and counterparty risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Sub-Fund.

All transactions in listed securities are settled or paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal, as delivery of securities sold is made only when the custodian has received payment. Payment is made on a purchase when the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The main concentration to which the Sub-Fund is exposed arises from the Sub-Fund's investments in debt securities. The Sub-Fund does not have explicit restrictions on the minimum credit ratings of securities it may hold. The Manager will actively manage the portfolio of the Sub-Fund. In case of credit rating downgrading, the Manager will adjust the positions in the portfolio using its credit analysis and rating systems that are designed to manage credit risks.

DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

3 Financial risk management (Continued)

3.4 Credit and counterparty risk (Continued)

The tables below summarise the credit quality of the Sub-Fund's debt portfolio, which represents 38.39% (2017:32.04%) of net assets value, as at 31 December 2018 and 2017.

Credit rating agency	Rating range	2018 % of net assets value	2017 % of net assets value
Lianhe	AAA	10.52%	6.55%
	AA+	0.03%	2.02%
	AA	2.63%	-
Dagong	AAA	1.94%	4.14%
	AA	0.29%	-
Moody's	A1	3.98%	2.52%
Chengxin	AAA	12.80%	8.16%
	AA+	3.32%	0.51%
Golden credit rating	AA+	-	1.49%
Shanghai Brilliance	AAA	0.47%	6.65%
	AA+	0.96%	-
China Bond rating	AA+	1.44%	-
Total		38.39%	32.04%

The Manager has assessed the credit quality of the RMB denominated bonds based on the nature of issuers and historical information about the issuers' default rates.

The Sub-Fund is also exposed to credit and counterparty risk on cash and cash equivalents. The tables below summarise the net exposure to the Sub-Fund's counterparties as at 31 December 2018 and 2017 together with its credit rating.

At 31 December 2018	RMB	Credit rating	Source of credit rating
Investments			
Bank of China (Hong Kong) Limited	742,490,358	Aa3	Moody's
Bank of China Limited	1,354,757,144	A1	Moody's
Cash and cash equivalents			
Bank of China (Hong Kong) Limited	57,849,912	Aa3	Moody's
Bank of China Limited	860,948	A1	Moody's
Deposit reserve			
China Securities Depository and Clearing Corporation Limited	362,034	A1	Moody's

**DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

3 Financial risk management (Continued)

3.4 Credit and counterparty risk (Continued)

At 31 December 2017	RMB	Credit rating	Source of credit rating
Investments			
Bank of China (Hong Kong) Limited	582,544,249	Aa3	Moody's
Bank of China Limited	1,361,969,375	A1	Moody's
Cash and cash equivalents			
Bank of China (Hong Kong) Limited	54,290,973	Aa3	Moody's
Bank of China Limited	441,097	A1	Moody's
Deposit reserve			
China Securities Depository and Clearing Corporation Limited	319,530	A1	Moody's

The Sub-Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. At 31 December 2018 and 31 December 2017, all amount receivable on subscription of units, amount receivable on sale of investments, cash and cash equivalents and deposit reserve are held with counterparties with a credit rating of A1 or higher and are due to be settled within 1 month. Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Sub-Fund.

The maximum exposure to credit risk as at 31 December 2018 and 2017 is the carrying amount of the financial assets as shown on the statement of financial position excluding non-debt investments.

The Manager considers that none of these assets are impaired nor past due (2017: Nil).

3.5 Liquidity risk

Liquidity risk is the risk that the Sub-Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Sub-Fund is exposed to daily redemptions of units in the Sub-Fund. The Sub-Fund invests the majority of its assets in securities that are traded in an active market which can be readily disposed of.

DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

3 Financial risk management (Continued)

3.5 Liquidity risk (Continued)

The table below analyses the Sub-Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	2018	2017
	Less than	Less than
	3 months	3 months
	RMB	RMB
Management fee payable	2,499,810	2,206,556
Accrued expenses and other payables	715,323	2,490,932
Amount payable on redemption of units	2,135,308	24,857,965
Amount payable on purchase of investments	42,333,938	-
Distribution payable to unitholders	28,193,693	41,994,067
Net assets attributable to unitholders	2,113,529,257	1,944,083,220
	<u>2,189,407,329</u>	<u>2,015,632,740</u>

Units are redeemed on demand at the unitholder's option.

As at 31 December 2018, the total assets of the Sub-Fund amounted to RMB2,197,109,291 (2017: RMB2,020,825,752). The Sub-Fund manages its liquidity risk by investing in securities that it expects to be able to liquidate within 7 days or less.

3.6 Fair value estimation

The Sub-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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement 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 measurement in its entirety requires judgment, considering factors specific to the asset or liability.

**DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

3 Financial risk management (Continued)

3.6 Fair value estimation (Continued)

The determination of what constitutes “observable” requires significant judgment by the Sub-Fund. The Sub-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 Sub-Fund’s financial assets at fair value at 31 December 2018 and 2017:

As at 31 December 2018	Level 1	Level 2	Level 3	Total
Assets	RMB	RMB	RMB	RMB
Investments				
- RMB denominated bonds	-	811,488,036	-	811,488,036
- RMB denominated listed equities	1,245,059,918	40,586,423	-	1,285,646,341
- RMB denominated collective investment schemes	113,125	-	-	113,125
Total	1,245,173,043	852,074,459	-	2,097,247,502

As at 31 December 2017	Level 1	Level 2	Level 3	Total
Assets	RMB	RMB	RMB	RMB
Investments				
- RMB denominated bonds	-	622,960,839	-	622,960,839
- RMB denominated listed equities	1,286,798,291	25,606,594	-	1,312,404,885
- RMB denominated collective investment schemes	9,147,900	-	-	9,147,900
Total	1,295,946,191	648,567,433	-	1,944,513,624

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include exchange traded debt securities and exchange traded funds. The Sub-Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. The investments in unlisted RMB denominated bonds are valued with reference to valuation provided by China Central Depository and Clearing Co. Ltd.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As at 31 December 2018 and 2017, there is no level 3 investment held by the Sub-Fund.

For the year ended 31 December 2018, the Sub-Fund transferred 1 listed equity from level 1 into level 2 (2017: transferred 1 listed equity from level 1 into level 2). This is because the respective listed company’s shares was suspended.

**DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

3 Financial risk management (Continued)

3.6 Fair value estimation (Continued)

The carrying amount of interest receivable, cash and cash equivalents, deposit reserve, amounts receivable on subscription of units, amount receivable on sale of investment, other assets, management fee payable, amount payable on redemption of units, amount payable on purchase of investment, accrued expenses and other payables, distribution payable to unitholders and net assets attributable to unitholders approximated their fair values and are presented in the statement of financial position. There are no financial assets and financial liabilities not carried at fair value but for which the fair value is disclosed.

3.7 Capital risk management

The Sub-Fund's capital is represented by the net assets attributable to unitholders. The Sub-Fund strives to invest the subscriptions in investments that meet the Sub-Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions.

The Management may:

- Redeem and issue new units in accordance with the constitutive documents of the Sub-Fund; and
- Exercise discretion when determining the amount of distributions of the Sub-Fund to the unitholders.

4 Financial instruments by category

Financial assets

Apart from investments which are classified as financial assets at fair value through profit or loss, all other financial assets as disclosed in the statement of financial position, including deposit reserve, interest receivable, dividend receivable, amount receivable on subscription of units, amount receivable on sale of investments, other assets and cash and cash equivalents, are categorized as financial assets measured at amortized cost.

Financial liabilities

All financial liabilities as disclosed in the statement of financial position, including management fee payable, amount payable on redemption of units, amount payable on purchase of investments, accrued expenses and other payables, distribution payable to unitholders, are categorized as financial liabilities measured at amortized cost.

5 Net (losses)/gains on investments

	2018 RMB	2017 RMB
Net realised (losses)/gains on sale of investments	(97,826,639)	74,704,028
Net change in unrealised losses/gains on investments	(378,827,169)	131,285,538
	<u>(476,653,808)</u>	<u>205,989,566</u>

DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

6 Number of units in issue and net assets attributable to unitholders per unit

Net assets attributable to unitholders are carried at the redemption amount that would be payable if the unitholder exercised the right to redeem the units in the Sub-Fund.

Class A Units are available for sale to the retail public. Class I Units are offered to institutional investors. As at 31 December 2018 and 2017, the Sub-Fund had HKD Class A, RMB Class A and USD Class A units in issue.

The movements of the redeemable units are as follows:

	2018		
	HKD	RMB	USD
Number of units in issue at the beginning of year	83,286,180	25,280,350	7,415,815
Units issued	102,070,448	25,638,445	10,826,048
Reinvestments (Note)	701,441	260,840	85,691
Units redeemed	(76,716,302)	(17,361,581)	(7,953,279)
Number of units in issue at the end of year	<u>109,341,767</u>	<u>33,818,054</u>	<u>10,374,275</u>

	2017		
	HKD	RMB	USD
Number of units in issue at the beginning of year	28,884,171	14,174,909	2,959,272
Units issued	96,824,864	24,288,118	8,890,888
Reinvestments (Note)	443,958	175,724	59,550
Units redeemed	(42,866,813)	(13,358,401)	(4,493,895)
Number of units in issue at the end of year	<u>83,286,180</u>	<u>25,280,350</u>	<u>7,415,815</u>

Note: The amounts represent the distributions to the unitholders which has subsequently reinvested into the Sub-Fund during the year.

The following table details the net asset value per unit of each class of units at the reporting date:

	2018		
	HKD	RMB	USD
Net assets attributable to unitholders per unit (Dealing NAV) at 31 December 2018	<u>10.31</u>	<u>11.68</u>	<u>10.20</u>

	2017		
	HKD	RMB	USD
Net assets attributable to unitholders per unit (Dealing NAV) at 31 December 2017	<u>13.46</u>	<u>14.42</u>	<u>13.36</u>

At the discretion of the Manager, units subscribed may be subject to a subscription charge of up to 5% of the value of any subscription.

**DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

7 Transactions with the Trustee and its affiliates and the Manager and its connected persons

The following is a summary of significant related party transactions/transactions entered into during the year between the Sub-Fund and the Manager and its Connected Persons. Connected Persons of the Manager are those as defined in the “SFC Code”. All transactions entered into during the year between the Sub-Fund and the Manager and its Connected Persons were carried out in the normal course of business and on normal commercial terms. To the best of the Manager’s knowledge, the Sub-Fund does not have any other transactions with Connected Persons except for those disclosed below.

7.1 Management fee

The Manager is entitled to receive a management fee of up to 2% per annum of the net asset value of the Sub-Fund. For the year ended 31 December 2018, the Manager charged a management fee of 1.35% per annum (2017: 1.35%) of the net asset value of Class A units of the Sub-Fund. The fee calculated and accrued on each valuation day and payable monthly in arrears. Management fee charged for the year was RMB33,856,359 (2017: RMB14,262,958) of which RMB2,499,810 (2017: RMB2,206,556) was payable to the Manager.

7.2 Trustee fee

The Trustee is entitled to receive a trustee fee of up to 0.5% per annum of the net asset value of the Sub-Fund. Currently, the Trustee is entitled to receive a fee of up to 0.15% per annum (2017: up to 0.15%), subject to a minimum monthly fee of RMB40,000 (2017: minimum monthly fee of RMB40,000). The fee is calculated and accrued on each dealing day and payable monthly in arrears.

Trustee fee charged for the year was RMB3,088,449 (2017: RMB1,439,952) of which RMB231,669 (2017: RMB207,317) was payable to the Trustee.

7.3 Custodian fee, bank balances and investment balances

The Custodian is entitled to receive transaction charges at customary market rates and custody fees at different rates. Such charges and fees will be calculated monthly and payable monthly in arrears. The Custodian will be paid a custodian fee of up to 0.10% per annum of the net asset value of the Sub-Fund. Custodian fee charged for the year was RMB1,640,344 (2017: RMB1,024,569).

Bank balances amounted to RMB57,849,912 (2017: RMB54,290,973) and RMB860,948 (2017: RMB441,097) were held with Bank of China (Hong Kong) Limited and Bank of China Limited respectively. In addition, the Sub-Fund’s investments are held at Bank of China (Hong Kong) Limited and Bank of China Limited as custodian of the Sub-Fund. Bank of China (Hong Kong) Limited and Bank of China Limited are affiliates of the Trustee.

Interest income earned from bank balance for the year was RMB128,264 (2017: RMB83,518) while the bank charges for the year was RMB14,580 (2017: RMB11,135).

**DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

**7 Transactions with the Trustee and its affiliates and the Manager and its connected persons
(Continued)**

7.4 Transaction costs

Investment transactions with the affiliate of the Trustee are set out below:

Name of company	Aggregate value of purchases and sales of investments RMB	Commission Paid RMB	% of the total aggregate value of purchases and sales of investments in the year	Average commission Rate %
2018				
Bank of China Limited	1,367,650,033	-	18.96	-
2017				
Bank of China Limited	709,718,018	-	16.61	-

During the year, transaction costs, excluding commission, on investment transactions of RMB96,900 and RMB144,875 (2017: RMB131,150 and RMB73,950) was charged by the Trustee and Bank of China Limited, an affiliate of the Trustee, respectively.

7.5 Investments in related parties

During the year, the Sub-Fund purchased RMB20,855,469 (2017: RMB74,881,904) and sold RMB18,981,623 (2017: RMB47,901,819) of shares of Bank of China Limited, an affiliate of the Trustee. During the year, the Sub-Fund recognised a loss of RMB436,319 (2017: gain of RMB1,885,708).

As at year end, the Sub-Fund held RMB32,568,337 (2017: RMB35,439,793) of Bank of China Limited.

8 Taxation

Hong Kong profits tax

No provision for Hong Kong profits tax has been made for the Sub-Fund as it was authorised as collective investment schemes under Section 104 of the Hong Kong Securities and Futures Ordinance and is therefore exempt from profits tax under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

8 Taxation (Continued)

PRC withholding tax

For the year ended 31 December 2018 and 2017, the Sub-Fund had invested in RMB denominated equities and debt securities in the PRC. Withholding tax was charged on dividend income arising from A-Shares and interest income arising from debt securities in PRC during the year.

The taxation of the Sub-Fund for the year ended 31 December 2018 and 2017 represents:

	2018 RMB	2017 RMB
Capital gains tax reversed from realised gains on investments (Note a)	-	(352,302)
Deferred tax reversed from change in unrealised gains on investments (Note a)	-	(34,620)
	<u>-</u>	<u>(386,922)</u>
Withholding tax on dividend income	4,967,915	1,254,496
Value-Added Tax on interest income (Note b & c)	1,510,704	2,459,229
Withholding tax on interest income (Note b)	2,226,057	3,329,791
	<u>8,704,676</u>	<u>7,043,516</u>
Taxation	<u><u>8,704,676</u></u>	<u><u>6,656,594</u></u>

Note a: With effect from 29 December 2017, the Manager has ceased to make Withholding Income Tax ("WIT") provision on gross realised and unrealised capital gains derived from the Sub-Fund's trading of PRC debt securities. The recognised WIT provision amounted to RMB352,302 and deferred tax liability amounted to RMB34,620 as at 29 December 2017 were fully reversed.

Note b: With effect from 29 December 2017, the Manager has made a Value-Added Tax ("VAT") provision of 6% on bond coupon interest income (except PRC government bonds or local governments bonds) recognised by the Sub-Fund and a local surtaxes provision of 12% on the VAT payable. One-off VAT and local surtaxes provision incurred from 1 May 2016 up to and including 29 December 2017 was made.

Note c: With effect from 7 November 2018, the Manager has ceased to make WIT provision and VAT provision on interest income derived from the Sub-Fund's trading of PRC debt securities.

**DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8 Taxation (Continued)

The movement in deferred tax liabilities arising from change in unrealised gains on investments during the year is as follows:

	2018 RMB	2017 RMB
As the beginning of the year	-	34,620
Deferred tax reversed to the statement of comprehensive income	-	(34,620)
	<hr/>	<hr/>
At the end of the year	<hr/> <hr/>	<hr/> <hr/>

The movement in provision for taxation during the year is as follows:

	2018 RMB	2017 RMB
At the beginning of the year	5,193,012	545,478
Taxation charged to the statement of comprehensive income	8,704,676	6,691,214
Tax paid	(6,195,726)	(2,043,680)
	<hr/>	<hr/>
At the end of the year	<hr/> <hr/>	<hr/> <hr/>

9 Soft commission arrangements

The Manager confirms that there has been no soft commission arrangement existing during the year ended 31 December 2018 and 2017 in relation to directing transactions of the Sub-Fund through a broker or dealer.

**DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10 Distribution to unitholders

The Sub-Fund made the following distributions during the year:

	2018	2017
	RMB	RMB
RMB0.14 on 30,673,714 units with ex-date on 20 March 2018 and payment on 9 April 2018	4,294,320	-
HKD0.14 on 113,928,705 units with ex-date on 20 March 2018 and payment on 9 April 2018	12,863,690	-
USD0.14 on 9,830,122 units with ex-date on 20 March 2018 and payment on 9 April 2018	8,705,949	-
RMB0.14 on 38,019,540 units with ex-date on 20 June 2018 and payment on 9 July 2018	5,322,736	-
HKD0.14 on 134,323,196 units with ex-date on 20 June 2018 and payment on 9 July 2018	15,527,493	-
USD0.14 on 12,892,337 units with ex-date on 20 June 2018 and payment on 9 July 2018	11,693,041	-
RMB0.14 on 35,373,079 units with ex-date on 18 September 2018 and payment on 8 October 2018	4,952,231	-
HKD0.14 on 119,510,685 units with ex-date on 18 September 2018 and payment on 8 October 2018	14,675,195	-
USD0.14 on 11,240,737 units with ex-date on 18 September 2018 and payment on 8 October 2018	10,826,605	-
RMB0.14 on 33,229,886 units with ex-date on 14 December 2018 and payment on 4 January 2019	4,652,184	-
HKD0.14 on 110,078,917 units with ex-date on 14 December 2018 and payment on 4 January 2019	13,612,579	-
USD0.14 on 10,382,116 units with ex-date on 14 December 2018 and payment on 4 January 2019	10,031,449	-
RMB0.10 on 13,468,443 units with ex-date on 21 March 2017 and payment on 10 April 2017	-	1,346,844
HKD0.10 on 27,876,301 units with ex-date on 21 March 2017 and payment on 10 April 2017	-	2,468,168
USD0.10 on 3,022,771 units with ex-date on 21 March 2017 and payment on 10 April 2017	-	2,078,307
RMB0.15 on 11,541,282 units with ex-date on 20 June 2017 and payment on 10 July 2017	-	1,731,192
HKD0.15 on 35,287,593 units with ex-date on 20 June 2017 and payment on 10 July 2017	-	4,633,085
USD0.15 on 4,007,277 units with ex-date on 20 June 2017 and payment on 10 July 2017	-	4,103,291
RMB0.28 on 17,004,801 units with ex-date on 19 September 2017 and payment on 9 October 2017	-	4,761,344
HKD0.28 on 50,837,818 units with ex-date on 19 September 2017 and payment on 9 October 2017	-	12,013,993
USD0.28 on 5,240,255 units with ex-date on 19 September 2017 and payment on 9 October 2017	-	9,665,063
RMB0.29 on 25,324,531 units with ex-date on 15 December 2017 and payment on 4 January 2018	-	7,344,114
HKD0.29 on 84,750,914 units with ex-date on 15 December 2017 and payment on 4 January 2018	-	20,785,416
USD0.29 on 7,495,432 units with ex-date on 15 December 2017 and payment on 4 January 2018	-	14,359,950
	<hr/>	<hr/>
	117,157,472	85,290,767
	<hr/>	<hr/>

11 Approval of financial statements

The financial statements were approved by the Trustee and the Manager on 29 April 2019.

DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)
INVESTMENT PORTFOLIO (UNAUDITED)
AS AT 31 DECEMBER 2018

Listed/Quoted Equities	Holdings	Market Value RMB	% of Net asset
AECC AVIATION POWER CO LTD-A	360,000	7,819,200	0.37
AGRICULTURAL BANK OF CHINA LTD-A	3,500,000	12,600,000	0.60
AI SINO CO LTD-A	750,000	17,167,500	0.81
ANGEL YEAST CO LTD-A	698,200	17,615,586	0.83
AVIC HELICOPTER CO LTD-A	329,961	12,327,343	0.58
AVIC JONHON OPTRONIC TECHNOLOGY CO LTD-A	523,870	17,643,942	0.83
BANK OF CHINA LTD-A	9,021,700	32,568,337	1.54
BAOSHAN IRON & STEEL CO LTD-A	1,200,000	7,800,000	0.37
CHANGCHUN HIGH & NEW TECHNOLOGY INDUSTRIES (GROUP) INC-A	33,300	5,827,500	0.28
CHINA AVIONICS SYSTEMS CO LTD-A	770,000	9,994,600	0.47
CHINA CITIC BANK CORP LTD-A	1,665,720	9,078,174	0.43
CHINA CONSTRUCTION BANK CORP-A	5,488,420	34,961,235	1.65
CHINA INTL TRAVEL SERVICE CORP LTD-A	326,700	19,667,340	0.93
CHINA JUSHI CO LTD-A	1,759,000	17,009,530	0.80
CHINA MERCHANTS BANK CO LTD-A	2,296,300	57,866,760	2.74
CHINA MERCHANTS SHEKOU INDUSTRIAL ZONE CO LTD-A	974,700	16,911,045	0.80
CHINA PACIFIC INSURANCE (GROUP) CO LTD-A	1,325,649	37,688,201	1.78
CHINA PETROLEUM & CHEMICAL CORP-A	8,206,400	41,442,320	1.96
CHINA RAILWAY CONSTRUCTION CORP LTD-A	800,000	8,696,000	0.41
CHINA SHENHUA ENERGY CO LTD-A	595,071	10,687,475	0.51
CHINA STATE CONSTRUCTION ENGINEERING CORP LTD-A	3,236,800	18,449,760	0.87
CHINA VANKE CO LTD-A	658,204	15,678,419	0.74
CHINA YANGTZE POWER CO LTD-A	2,391,122	37,971,017	1.80
CITIC SECURITIES CO LTD-A	2,535,067	40,586,423	1.92
DONG-E E-JIAO CO LTD-A	367,529	14,535,772	0.69
FANGDA SPECIAL STEEL TECHNOLOGY CO LTD-A	820,700	8,198,793	0.39
FOCUS MEDIA INFORMATION TECHNOLOGY CO LTD-A	2,000,000	10,480,000	0.50
FOXCONN INDUSTRIAL INTERNET CO LTD-A	76,393	885,395	0.04
FUYAO GLASS INDUSTRY GROUP CO LTD-A	1,867,800	42,548,484	2.01
GLODON SOFTWARE CO LTD-A	614,368	12,784,998	0.60
GREE ELECTRIC APPLIANCES INC-A	1,003,800	35,825,622	1.70
GUANGDONG WENS FOODSTUFFS GROUP CO LTD-A	349,907	9,160,565	0.43
GUANGZHOU BAIYUNSHAN PHARMACEUTICAL HLDGS CO LTD-A	578,498	20,687,088	0.98
GUIZHOU SPACE APPLIANCE CO LTD-A	493,500	10,575,705	0.50
HANGZHOU HIKVISION DIGITAL TECHNOLOGY CO LTD-A	499,900	12,877,424	0.61
HAN'S LASER TECHNOLOGY INDUSTRY GROUP CO LTD-A	226,600	6,879,576	0.33
HENAN SHUANGHUI INVESTMENT & DEVELOPMENT CO LTD-A	829,400	19,565,546	0.93
HUAFU TOP DYED MELANGE YARN CO LTD-A	2,000,000	10,860,000	0.51
HUATAI SECURITIES CO LTD-A	1,545,901	25,043,596	1.18
HUAYU AUTOMOTIVE SYSTEMS CO LTD-A	1,234,474	22,714,322	1.07
HUNDSUN TECHNOLOGIES INC-A	429,300	22,315,014	1.06
INDUSTRIAL & COMMERCIAL BANK OF CHINA LTD-A	6,646,608	35,160,556	1.66
INDUSTRIAL BANK CO LTD-A	1,900,000	28,386,000	1.34
INNER MONGOLIA YILI INDUSTRIAL GROUP CO LTD-A	2,314,957	52,966,216	2.51
JIANGSU APON MEDICAL TECHNOLOGY CO LTD-A	168	6,740	0.00

DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)

INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
AS AT 31 DECEMBER 2018

Listed/Quoted Equities (Continued)	Holdings	Market Value RMB	% of Net asset
JIANGSU EXPRESSWAY CO LTD-A	3,645,495	35,725,851	1.69
JIANGSU HENGRUI MEDICINE CO LTD-A	405,000	21,363,750	1.01
JIANGSU LETTALL ELECTRONIC CO LTD-A	372	14,400	0.00
JIANGSU YANGHE BREWERY JOINT-STOCK CO LTD-A	253,754	24,035,579	1.14
JIANGSU ZIJIN RURAL COMMERCIAL BANK CO LTD	5,854	18,382	0.00
KWEICHOW MOUTAI CO LTD-A	29,700	17,523,297	0.83
LUXSHARE PRECISION INDUSTRY CO LTD-A	993,200	13,964,392	0.66
MUYUAN FOODSTUFF CO LTD-A	319,940	9,198,275	0.44
NEW CHINA LIFE INSURANCE CO LTD-A	370,031	15,630,109	0.74
NINGBO TUOPU GROUP CO LTD	1,000,000	14,780,000	0.70
PING AN BANK CO LTD-A	1,000,000	9,380,000	0.44
PING AN INSURANCE GROUP CO OF CHINA LTD-A	2,545,844	142,821,849	6.78
POLY REAL ESTATE GROUP CO LTD-A	986,500	11,630,835	0.55
SHANGHAI FOSUN PHARMACEUTICAL GROUP CO LTD-A	273,400	6,362,018	0.30
WULIANGYE YIBIN CO LTD-A	428,134	21,783,458	1.03
WUXI SHANGJI AUTOMATION CO LTD-A	477	23,421	0.00
XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO LTD-A	1,000,000	9,990,000	0.47
YUNNAN BAIYAO GROUP CO LTD-A	111,405	8,239,514	0.39
ZHANGZHOU PIENTZEHUANG PHARMACEUTICAL CO LTD-A	54,000	4,679,100	0.22
ZHEJIANG DAHUA TECHNOLOGY CO LTD-A	695,200	7,966,992	0.38
		<hr/> 1,285,646,341	<hr/> 60.83
		-----	-----

DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)
INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
AS AT 31 DECEMBER 2018

	Holdings	Market Value RMB	% of Net asset
Quoted Debt Securities			
AISINO CO LTD CB 1.5% A 12JUN2021	1,110	117,125	0.01
AVIC JONHON OPTRONIC TECHNOLOGY CO LTD CB 0.2% A 05NOV2024	5,598	594,348	0.03
CHINA DEVELOPMENT BANK CORP 2.72% A 03MAR2019	200,000	19,998,280	0.95
CHINA DEVELOPMENT BANK CORP 4.88% A 09FEB2028	400,000	43,593,360	2.06
CHINA GOVT BOND 3.94% S/A 27JUL2045	70	7,310	0.00
CHINA HUARONG FINANCIAL LEASING CO LTD 4% A 11DEC2020	100,000	10,004,760	0.47
CHINA INTL MARINE CONTAINERS GROUP CO LTD 3.89% A PERP	600,000	59,736,000	2.83
CHINA PACIFIC PROPERTY INSURANCE CO LTD 5.1% A 23MAR2028	200,000	20,523,620	0.97
CHINA SOUTH INTERNATIONAL INDUSTRIAL MATERIALS CITY SHENZHEN CO LTD 6.85% A 03MAY2019	64,000	6,064,640	0.29
CHINA VANKE CO LTD 3.78% A 11JUN2020	100,000	9,966,440	0.47
CINDA REAL ESTATE CO LTD 3.8% A 01MAR2021	300,000	29,952,750	1.42
CITIC PACIFIC LTD 4.9% A 31MAY2021	300,000	30,518,400	1.44
FINANCIAL STREET HLDGS CO LTD 4.99% A 27APR2020	100,000	10,152,540	0.48
FORD AUTOMOTIVE FINANCE CHINA LTD 5.38% A 12JUN2020	100,000	10,201,390	0.48
FOUNDER SECURITIES CO LTD 5.7% A 12OCT2020	400,000	39,736,320	1.88
GF SECURITIES CO LTD 4.84% A 15AUG2020	200,000	20,227,300	0.96
GOLDEN EAGLE INTL RETAIL GROUP CHINA CO LTD 3.9% A 21SEP2019	200,000	19,922,660	0.94
GUANGDONG HENGJIAN INVESTMENT HLDG CO LTD 4.1% A 10MAY2026	100,000	9,926,680	0.47
GUOTAI JUNAN SECURITIES CO LTD CB 0.5% A 07JUL2023	95,460	10,026,192	0.47
HAN'S LASER TECHNOLOGY INDUSTRY GROUP CO LTD CB 0.2% A 06FEB2024	1,554	151,708	0.01
HEILONGJIANG BEIDAHUANG NONGKEN GROUP CO 3.34% A 11MAR2019	200,000	19,950,420	0.94
HSBC BANK CHINA CO LTD 4.68% A 15SEP2020	200,000	20,310,900	0.96
JIZHONG ENERGY GROUP CO LTD 5.6% A 20JAN2021	200,000	20,405,200	0.97
KAIHUA REAL ESTATE CHINA GROUP CO LTD 3.5% A 14OCT2021	225,300	22,154,583	1.05
KAIHUA REAL ESTATE CHINA GROUP CO LTD 4.09% A 14OCT2021	350,000	33,459,125	1.58
OVERSEAS CHINESE TOWN ENTERPRISES CO 5.42% A PERP	600,000	61,469,940	2.91
OVERSEAS CHINESE TOWN ENTERPRISES CO LTD 5.8% A PERP	200,000	20,786,360	0.98
PING AN INTL FINANCIAL LEASING CO LTD 5.47% A PERP	788,300	79,637,535	3.77
SHANDONG GOLD GROUP CO LTD 5.8% A PERP	500,000	50,341,650	2.38
SHENWAN HONGYUAN SECURITIES CO LTD 5.5% A 29JAN2019	100,000	10,007,720	0.47
STATE POWER INVESTMENT CORP LTD 5.5% A PERP	200,000	20,656,180	0.98
SUQIAN INDUSTRY DEVELOPMENT GROUP CO LTD 5.3% A 14NOV2022	200,000	20,321,380	0.96
TAIZHOU FINANCE INVESTMENT CO LTD 5.38% A 18APR2023	200,000	20,258,600	0.96
TSINGHUA HLDGS CO LTD 4.98% A 15JAN2020	200,000	20,175,200	0.95
TSINGHUA TONGFANG CO LTD 5.36% A 10APR2023	200,000	19,764,340	0.94
YANZHOU COAL MINING CO LTD 4.95% A 23JUL2022	200,000	20,367,080	0.96
		811,488,036	38.39

DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)

INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
AS AT 31 DECEMBER 2018

	Holdings	Market Value RMB	% of Net asset
Collective Investment Schemes			
FORTUNE SGAM XIANJIN TIANYI MONEY MARKET FUND	1,131	113,125	0.01
		<hr/> 113,125	<hr/> 0.01
		<hr/> -----	<hr/> -----
Total listed/quoted investments		2,097,247,502	99.23
Other net assets		16,281,755	0.77
		<hr/>	<hr/>
Total net assets as at 31 December 2018		2,113,529,257	100.00
		<hr/>	<hr/>
Total investments, at cost		2,357,517,596	
		<hr/>	

DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)
STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Listed/Quoted Equities	31 December 2017	Additions	Bonus/ Dividends	Deductions	31 December 2018
AECC AVIATION POWER CO LTD-A	-	360,000	-	-	360,000
AGRICULTURAL BANK OF CHINA LTD-A	10,870,740	3,500,000	-	(10,870,740)	3,500,000
AIR CHINA LTD-A	-	1,658,678	-	(1,658,678)	-
AISINO CO LTD-A	-	750,000	-	-	750,000
ANGEL YEAST CO LTD-A	-	698,200	-	-	698,200
ANHUI CONCH CEMENT CO LTD-A	638,000	737,367	-	(1,375,367)	-
ANHUI GREATWALL MILITARY INDUSTRY CO LTD-A	-	1,833	-	(1,833)	-
ARGUS SHANGHAI TEXTILE CHEMICALS CO LTD-A	-	332	-	(332)	-
AVARY HLDG SHENZHEN CO LTD-A	-	2,309	-	(2,309)	-
AVIC HELICOPTER CO LTD-A	-	809,961	-	(480,000)	329,961
AVIC JONHON OPTRONIC TECHNOLOGY CO LTD-A	578,111	709,687	-	(763,928)	523,870
BANK OF CHANGSHA CO LTD-A	-	3,723	-	(3,723)	-
BANK OF CHINA LTD-A	8,926,900	4,947,900	-	(4,853,100)	9,021,700
BANK OF COMMUNICATIONS CO LTD-A	-	3,146,500	-	(3,146,500)	-
BAOSHAN IRON & STEEL CO LTD-A	-	3,554,387	-	(2,354,387)	1,200,000
BEIJING EMERGING EASTERN AVIATION EQUIPMENT CO LTD-A	-	331	-	(331)	-
BEIJING KONRUNS PHARMACEUTICAL CO LTD-A	-	360	-	(360)	-
BEIJING NEW BUILDING MATERIALS PLC-A	582,800	1,186,285	-	(1,769,085)	-
BEIJING SHIJI INFORMATION TECHNOLOGY CO LTD-A	-	1,052,214	-	(1,052,214)	-
BETHEL AUTOMOTIVE SAFETY SYSTEMS CO LTD-A	-	517	-	(517)	-
BTG HOTELS (GROUP) CO LTD-A	-	606,320	67,503	(673,823)	-
CHANGCHUN HIGH & NEW TECHNOLOGY INDUSTRIES (GROUP) INC-A	29,100	169,800	-	(165,600)	33,300
CHENGDU KANGHONG PHARMACEUTICAL GROUP CO LTD-A	-	156,500	-	(156,500)	-
CHENGDU SPACEON ELECTRONICS CO LTD-A	-	306	-	(306)	-
CHINA ALUMINUM INTERNATIONAL ENGINEERING CORP LTD-A	-	4,500	-	(4,500)	-
CHINA AVIONICS SYSTEMS CO LTD-A	-	770,000	-	-	770,000
CHINA CITIC BANK CORP LTD-A	3,722,300	1,665,720	-	(3,722,300)	1,665,720
CHINA COMMUNICATIONS CONSTRUCTION CO LTD-A	-	1,142,500	-	(1,142,500)	-
CHINA CONSTRUCTION BANK CORP-A	5,841,420	3,953,300	-	(4,306,300)	5,488,420
CHINA EXPRESS AIRLINES CO LTD-A	-	335	-	(335)	-
CHINA GREATWALL SECURITIES CO LTD-A	-	4,090	-	(4,090)	-

DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)
STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Listed/Quoted Equities (Continued)	31 December 2017	Additions	Bonus/ Dividends	Deductions	31 December 2018
CHINA INTL MARINE CONTAINERS (GROUP) CO LTD-A	726,126	890,275	-	(1,616,401)	-
CHINA INTL TRAVEL SERVICE CORP LTD-A	479,308	685,650	-	(838,258)	326,700
CHINA JUSHI CO LTD-A	749,840	1,614,962	317,884	(923,686)	1,759,000
CHINA MERCHANTS BANK CO LTD-A	567,971	2,924,100	-	(1,195,771)	2,296,300
CHINA MERCHANTS SECURITIES CO LTD-A	1,104,980	579,456	-	(1,684,436)	-
CHINA MERCHANTS SHEKOU INDUSTRIAL ZONE CO LTD-A	-	974,700	-	-	974,700
CHINA MINSHENG BANKING CORP LTD-A	-	2,956,300	-	(2,956,300)	-
CHINA PACIFIC INSURANCE (GROUP) CO LTD-A	918,149	407,500	-	-	1,325,649
CHINA PETROLEUM & CHEMICAL CORP-A	2,810,000	8,300,000	-	(2,903,600)	8,206,400
CHINA RAILWAY CONSTRUCTION CORP LTD-A	-	800,000	-	-	800,000
CHINA RESOURCES SANJIU MEDICAL & PHARMACEUTICAL CO LTD-A	1,155,687	-	-	(1,155,687)	-
CHINA SHENHUA ENERGY CO LTD-A	-	1,165,071	-	(570,000)	595,071
CHINA SOUTHERN AIRLINES CO LTD-A	-	429,900	-	(429,900)	-
CHINA STATE CONSTRUCTION ENGINEERING CORP LTD-A	1,048,800	3,984,000	1,573,120	(3,369,120)	3,236,800
CHINA VANKE CO LTD-A	734,704	703,618	-	(780,118)	658,204
CHINA YANGTZE POWER CO LTD-A	1,023,416	1,367,706	-	-	2,391,122
CITIC SECURITIES CO LTD-A	3,112,181	1,953,600	-	(2,530,714)	2,535,067
CSC FINANCIAL CO LTD-A	-	5,322	-	(5,322)	-
DAQIN RAILWAY CO LTD-A	1,999,938	-	-	(1,999,938)	-
DAZZLE FASHION CO LTD-A	-	699	-	(699)	-
DONG-E E-JIAO CO LTD-A	359,658	252,300	-	(244,429)	367,529
DYNAGREEN ENVIRONMENTAL PROTECTION GROUP CO LTD-A	-	1,077	-	(1,077)	-
E FUND CHINEXT PRICE INDEX ETF	-	17,135,400	-	(17,135,400)	-
ECOVACS ROBOTICS CO LTD-A	-	427	-	(427)	-
FANGDA SPECIAL STEEL TECHNOLOGY CO LTD-A	-	1,200,800	-	(380,100)	820,700
FINANCIAL STREET HLDGS CO LTD-A	1,584,774	-	-	(1,584,774)	-
FOCUS MEDIA INFORMATION TECHNOLOGY CO LTD-A	1,798,514	3,154,900	856,362	(3,809,776)	2,000,000
FOXCONN INDUSTRIAL INTERNET CO LTD-A	-	76,393	-	-	76,393
FUDA ALLOY MATERIALS CO LTD-A	-	298	-	(298)	-
FUYAO GLASS INDUSTRY GROUP CO LTD-A	440,400	1,667,800	-	(240,400)	1,867,800
GEMDALE CORP-A	1,275,387	1,199,917	-	(2,475,304)	-
GF SECURITIES CO LTD-A	1,075,941	625,500	-	(1,701,441)	-
GLODON SOFTWARE CO LTD-A	857,712	886,856	-	(1,130,200)	614,368
GOERTEK INC-A	613,040	-	-	(613,040)	-
GREE ELECTRIC APPLIANCES INC-A	-	1,669,300	-	(665,500)	1,003,800
GUANGDONG GREAT RIVER SMARTER LOGISTICS CO LTD-A	-	534	-	(534)	-
GUANGDONG TOPSTRONG LIVING INNOVATION & INTEGRATION CO LTD-A	-	322	-	(322)	-
GUANGDONG WENCAN DIE CASTING CO LTD-A	-	615	-	(615)	-
GUANGDONG WENS FOODSTUFFS GROUP CO LTD-A	-	349,907	-	-	349,907
GUANGDONG YIZUMI PRECISION MACHINERY CO LTD-A	626,020	-	-	(626,020)	-

DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)
STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Listed/Quoted Equities (Continued)	31 December 2017	Additions	Bonus/ Dividends	Deductions	31 December 2018
GUANGSHEN RAILWAY CO LTD-A	-	6,530,690	-	(6,530,690)	-
GUANGZHOU BAIYUN INTL AIRPORT CO LTD-A	1,275,930	-	-	(1,275,930)	-
GUANGZHOU BAIYUNSHAN PHARMACEUTICAL HLDGS CO LTD-A	-	985,898	-	(407,400)	578,498
GUIZHOU SPACE APPLIANCE CO LTD-A	-	1,711,269	-	(1,217,769)	493,500
GUOTAI JUNAN SECURITIES CO LTD-A	500,000	-	-	(500,000)	-
HAITONG SECURITIES CO LTD-A	-	3,832,206	-	(3,832,206)	-
HANGZHOU HIKVISION DIGITAL TECHNOLOGY CO LTD-A	430,100	569,900	-	(500,100)	499,900
HANJIA DESIGN GROUP CO LTD-A	-	386	-	(386)	-
HAN'S LASER TECHNOLOGY INDUSTRY GROUP CO LTD-A	322,700	200,000	-	(296,100)	226,600
HENAN SHENHUO COAL & POWER CO LTD-A	81	-	-	(81)	-
HENAN SHUANGHUI INVESTMENT & DEVELOPMENT CO LTD-A	-	829,400	-	-	829,400
HUABAO FLAVOURS & FRAGRANCES CO LTD-A	-	398	-	(398)	-
HUADONG MEDICINE CO LTD-A	247,600	440,883	-	(688,483)	-
HUAFU TOP DYED MELANGE YARN CO LTD-A	-	2,679,290	1,339,645	(2,018,935)	2,000,000
HUATAI SECURITIES CO LTD-A	1,456,801	297,500	-	(208,400)	1,545,901
HUAXIN CEMENT CO LTD-A	624,000	-	-	(624,000)	-
HUAYU AUTOMOTIVE SYSTEMS CO LTD-A	1,531,495	242,979	-	(540,000)	1,234,474
HUNAN SALT INDUSTRY CO LTD-A	-	1,467	-	(1,467)	-
HUNAN VALIN STEEL CO LTD-A	-	756,500	-	(756,500)	-
HUNAN YUJING MACHINERY CO LTD-A	-	363	-	(363)	-
HUNDSUN TECHNOLOGIES INC-A	181,200	697,600	-	(449,500)	429,300
INDUSTRIAL & COMMERCIAL BANK OF CHINA LTD-A	6,626,008	3,205,300	-	(3,184,700)	6,646,608
INDUSTRIAL BANK CO LTD-A	1,080,800	819,200	-	-	1,900,000
INNER MONGOLIA YILI INDUSTRIAL GROUP CO LTD-A	1,111,000	1,693,957	-	(490,000)	2,314,957
JIANGSU APON MEDICAL TECHNOLOGY CO LTD-A	-	168	-	-	168
JIANGSU DINGSHENG NEW MATERIAL JOINT-STOCK CO LTD-A	-	551	-	(551)	-
JIANGSU EXPRESSWAY CO LTD-A	-	5,195,495	-	(1,550,000)	3,645,495
JIANGSU HENGLI HIGHPRESSURE OIL CYLINDER CO LTD-A	-	229,549	-	(229,549)	-
JIANGSU HENGRUI MEDICINE CO LTD-A	366,940	500,000	110,502	(572,442)	405,000
JIANGSU LETTALL ELECTRONIC CO LTD-A	-	372	-	-	372
JIANGSU NEW ENERGY DEVELOPMENT CO LTD-A	-	730	-	(730)	-
JIANGSU YANGHE BREWERY JOINT-STOCK CO LTD-A	187,330	253,754	-	(187,330)	253,754
JIANGSU ZIJIN RURAL COMMERCIAL BANK CO LTD	-	5,854	-	-	5,854
JIANGXI COPPER CO LTD-A	-	667,600	-	(667,600)	-
JINHUA CHUNGUANG TECHNOLOGY CO LTD-A	-	316	-	(316)	-
JL MAG RARE-EARTH CO LTD-A	-	548	-	(548)	-
KINGENTA ECOLOGICAL ENGINEERING GROUP CO LTD-A	1,266,237	-	-	(1,266,237)	-

DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)
STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Listed/Quoted Equities (Continued)	31 December 2017	Additions	Bonus/ Dividends	Deductions	31 December 2018
KWEICHOW MOUTAI CO LTD-A	96,983	29,700	-	(96,983)	29,700
LEPU MEDICAL TECHNOLOGY BEIJING CO LTD-A	245,870	1,116,100	-	(1,361,970)	-
LUXSHARE PRECISION INDUSTRY CO LTD-A	-	1,226,300	229,200	(462,300)	993,200
MAANSHAN IRON & STEEL CO LTD-A	-	3,000,000	-	(3,000,000)	-
MUYUAN FOODSTUFF CO LTD-A	-	319,940	-	-	319,940
NANJING SECURITIES CO LTD-A	-	3,452	-	(3,452)	-
NEW CHINA LIFE INSURANCE CO LTD-A	-	534,831	-	(164,800)	370,031
NEW HOPE LIUHE CO LTD-A	800	-	-	(800)	-
NINGBO JOYSON ELECTRONIC CORP-A	-	400,000	-	(400,000)	-
NINGBO SUNRISE ELC TECHNOLOGY CO LTD-A	-	532	-	(532)	-
NINGBO TUOPU GROUP CO LTD	-	1,513,133	-	(513,133)	1,000,000
NINGBO YONG XIN OPTICS CO LTD-A	-	322	-	(322)	-
PEOPLE'S INSURANCE CO GROUP OF CHINA LTD-A	-	16,266	-	(16,266)	-
PERFECT WORLD CO LTD-A	201,944	93,327	-	(295,271)	-
PING AN BANK CO LTD-A	-	2,734,100	-	(1,734,100)	1,000,000
PING AN INSURANCE GROUP CO OF CHINA LTD-A	1,408,660	1,137,184	-	-	2,545,844
PINGDINGSHAN TIANAN COAL MINING CO LTD-A	-	1,315,500	-	(1,315,500)	-
POLY REAL ESTATE GROUP CO LTD-A	851,900	789,600	-	(655,000)	986,500
QINGDAO HAIER CO LTD-A	1,000	538,879	-	(539,879)	-
RED AVENUE NEW MATERIALS GROUP CO LTD-A	-	614	-	(614)	-
RICHINFO TECHNOLOGY CO LTD-A	-	289	-	(289)	-
RUNJIAN COMMUNICATION CO LTD-A	-	479	-	(479)	-
SANGFOR TECHNOLOGIES INC-A	-	411	-	(411)	-
SHANGHAI AIYINGSHI CO LTD-A	-	274	-	(274)	-
SHANGHAI FOSUN PHARMACEUTICAL GROUP CO LTD-A	575,900	636,495	-	(938,995)	273,400
SHANGHAI HUIDE SCIENCE&TECHNOLOGY CO LTD-A	-	293	-	(293)	-
SHANGHAI INTL AIRPORT CO LTD-A	202,223	-	-	(202,223)	-
SHANGHAI PHARMACEUTICALS HLDG CO LTD-A	-	828,400	-	(828,400)	-
SHANXI LUAN ENVIRONMENTAL ENERGY DEVELOPMENT CO LTD-A	-	873,260	-	(873,260)	-
SHENYANG TOLY BREAD CO LTD-A	157,327	-	-	(157,327)	-
SHENZHEN AIRPORT CO LTD-A	2,054,100	-	-	(2,054,100)	-
SHENZHEN MINDRAY BIO-MEDICAL ELECTRONICS CO LTD-A	-	978	-	(978)	-
SHENZHEN O-FILM TECH CO LTD-A	-	1,186,000	-	(1,186,000)	-
SHENZHEN OVERSEAS CHINESE TOWN CO LTD-A	645,700	-	-	(645,700)	-
SHENZHEN SALUBRIS PHARMACEUTICALS CO LTD-A	-	675,500	-	(675,500)	-
SHENZHEN SC NEW ENERGY TECHNOLOGY CORP-A	-	591	-	(591)	-
SHINRY TECHNOLOGIES CO LTD-A	-	302	-	(302)	-
SICHUAN TIANYI COMHEART TELECOM CO LTD-A	-	406	-	(406)	-
SINOTRANS AIR TRANSPORTATION DEVELOPMENT CO LTD-A	619,892	-	-	(619,892)	-
SUZHOU GOLD MANTIS CONSTRUCTION DECORATION CO LTD-A	698,650	2,343,200	-	(3,041,850)	-

**DA CHENG CHINA BALANCED FUND
 (A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**
**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
 FOR THE YEAR ENDED 31 DECEMBER 2018**

Listed/Quoted Equities (Continued)	31 December 2017	Additions	Bonus/ Dividends	Deductions	31 December 2018
TAIHAI MANOIR NUCLEAR EQUIPMENT CO LTD-A	234,500	520,000	-	(754,500)	-
TIANFENG SECURITIES CO LTD-A	-	8,144	-	(8,144)	-
TONGHUA DONGBAO PHARMACEUTICAL CO LTD-A	499,911	645,900	48,000	(1,193,811)	-
WG TECH JIANG XI CO LTD-A	-	294	-	(294)	-
WUHAN BESTER GROUP TELECOM CO LTD-A	-	1,134	-	(1,134)	-
WUHAN RAYCUS FIBER LASER TECHNOLOGIES CO LTD-A	-	247	-	(247)	-
WULIANGYE YIBIN CO LTD-A	237,600	498,134	-	(307,600)	428,134
WUXI APPTec CO LTD-A	-	939	-	(939)	-
WUXI LIHU CORP LTD-A	-	646	-	(646)	-
WUXI SHANGJI AUTOMATION CO LTD-A	-	477	-	-	477
XIAMEN KING LONG MOTOR GROUP CO LTD-A	600,000	600,000	-	(1,200,000)	-
XINJIANG EAST UNIVERSE GROUP GAS CO LTD-A	-	377	-	(377)	-
XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO LTD-A	-	1,988,028	-	(988,028)	1,000,000
YAPP AUTOMOTIVE SYSTEMS CO LTD-A	-	629	-	(629)	-
YUNNAN BAIYAO GROUP CO LTD-A	-	202,005	-	(90,600)	111,405
YUNNAN CHIHONG ZINC & GERMANIUM CO LTD-A	-	1,119,700	-	(1,119,700)	-
YUSYS TECHNOLOGIES CO LTD-A	-	456	-	(456)	-
ZHANGZHOU PIENZEHUANG PHARMACEUTICAL CO LTD-A	119,100	132,300	-	(197,400)	54,000
ZHEJIANG ANGLIKANG PHARMACEUTICAL CO LTD-A	-	209	-	(209)	-
ZHEJIANG DAHUA TECHNOLOGY CO LTD-A	12	1,681,400	-	(986,212)	695,200
ZHEJIANG FENGLONG ELECTRIC CO LTD-A	-	189	-	(189)	-
ZHEJIANG GRANDWALL ELECTRIC SCIENCE&TECHNOLOGY CO LTD-A	-	483	-	(483)	-
ZHEJIANG JIECANG LINEAR MOTION TECHNOLOGY CO LTD-A	-	348	-	(348)	-
ZHEJIANG XINNENG PHOTOVOLTAIC TECHNOLOGY CO LTD-A	-	930	-	(930)	-
ZHENGZHOU YUTONG BUS CO LTD-A	796,350	-	-	(796,350)	-
ZIJIN MINING GROUP CO LTD-A	-	5,790,700	-	(5,790,700)	-
Collective Investment Schemes					
FORTUNE SGAM XIANJIN TIANYI MONEY MARKET FUND	64	301,067	-	(300,000)	1,131
SWS MU SHENZHEN STOCK GROWTH CLASSIFICATION FUND	1	-	-	(1)	-
YINHUA TRADED MONEY MARKET FUND	91,289	4,006,100	-	(4,097,389)	-
Quoted Debt Securities					
AISINO CO LTD CB 1.5% A 12JUN2021	1,110	-	-	-	1,110
ALUMINUM CORP OF CHINA LTD 4.68% A 26AUG2018	300,000	-	-	(300,000)	-
AVIC JONHON OPTRONIC TECHNOLOGY CO LTD CB 0.2% A 05NOV2024	-	5,598	-	-	5,598
BEIJING AUTOMOBILE INVESTMENT CO LTD 3.6% A 10DEC2020	150,000	-	-	(150,000)	-
CHINA CINDA ASSET MANAGEMENT CO LTD 4.1% A 22MAY2018	100,000	-	-	(100,000)	-

**DA CHENG CHINA BALANCED FUND
 (A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**
**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
 FOR THE YEAR ENDED 31 DECEMBER 2018**

Listed/Quoted Equities (Continued)	31 December 2017	Additions	Bonus/ Dividends	Deductions	31 December 2018
CHINA DEVELOPMENT BANK 3.88% A 19APR2020	500,000	-	-	(500,000)	-
CHINA DEVELOPMENT BANK CORP 2.72% A 03MAR2019	-	200,000	-	-	200,000
CHINA DEVELOPMENT BANK CORP 4.88% A 09FEB2028	-	600,000	-	(200,000)	400,000
CHINA GOVT BOND 3.94% S/A 27JUL2045	70	-	-	-	70
CHINA HUARONG FINANCIAL LEASING CO LTD 3.76% A 11DEC2018	100,000	-	-	(100,000)	-
CHINA HUARONG FINANCIAL LEASING CO LTD 4% A 11DEC2020	100,000	100,000	-	(100,000)	100,000
CHINA INTL MARINE CONTAINERS GROUP CO LTD 3.89% A PERP	-	1,200,000	-	(600,000)	600,000
CHINA JIANYIN INVESTMENT LTD 4.46% A 23JUL2020	300,000	-	-	(300,000)	-
CHINA MINMETALS CO LTD 4.03% A 14SEP2018	200,000	-	-	(200,000)	-
CHINA NATIONAL FOREIGN TRADE FINANCIAL & LEASING CO LTD 4.64% A 27AUG2018	100,000	-	-	(100,000)	-
CHINA PACIFIC PROPERTY INSURANCE CO LTD 5.1% A 23MAR2028	-	400,000	-	(200,000)	200,000
CHINA RESOURCES CO LTD 3.25% A 23MAR2021	200,000	-	-	(200,000)	-
CHINA SOUTH INTERNATIONAL INDUSTRIAL MATERIALS CITY SHENZHEN CO LTD 5.98% A 14JAN2019	100,930	-	-	(100,930)	-
CHINA SOUTH INTERNATIONAL INDUSTRIAL MATERIALS CITY SHENZHEN CO LTD 6.85% A 03MAY2019	134,000	-	-	(70,000)	64,000
CHINA SOUTH INTERNATIONAL INDUSTRIAL MATERIALS CITY SHENZHEN CO LTD 7% A 13APR2021	63,000	-	-	(63,000)	-
CHINA VANKE CO LTD 3.78% A 11JUN2020	100,000	-	-	-	100,000
CINDA REAL ESTATE CO LTD 3.8% A 01MAR2021	-	300,000	-	-	300,000
CITIC PACIFIC LTD 4.9% A 31MAY2021	-	800,000	-	(500,000)	300,000
DALIAN WANDA COMMERCIAL PROPERTIES CO LTD 3.2% A 14JAN2021	140,000	-	-	(140,000)	-
DALIAN WANDA COMMERCIAL PROPERTIES CO LTD 3.4% A 21OCT2019	200,000	-	-	(200,000)	-
DATANG INTL POWER GENERATION CO LTD 5.2% A 22AUG2019	-	200,000	-	(200,000)	-
FINANCIAL STREET HLDGS CO LTD 4.99% A 27APR2020	100,000	-	-	-	100,000
FORD AUTOMOTIVE FINANCE CHINA LTD 5.38% A 12JUN2020	100,000	-	-	-	100,000
FOUNDER SECURITIES CO LTD 5.7% A 12OCT2020	400,000	-	-	-	400,000
GF SECURITIES CO LTD 4.84% A 15AUG2020	200,000	100,000	-	(100,000)	200,000
GOLDEN EAGLE INTL RETAIL GROUP CHINA CO LTD 3.9% A 21SEP2019	-	200,000	-	-	200,000
GUANGDONG HENGJIAN INVESTMENT HLDG CO LTD 4.1% A 10MAY2026	-	100,000	-	-	100,000
GUOTAI JUNAN SECURITIES CO LTD CB 0.5% A 07JUL2023	-	95,460	-	-	95,460
HAITONG UNITRUST INTL LEASING CORP 3.6% A 21JAN2019	300,000	-	-	(300,000)	-
HAN'S LASER TECHNOLOGY INDUSTRY GROUP CO LTD CB 0.2% A 06FEB2024	-	1,554	-	-	1,554
HEILONGJIANG BEIDAHUANG NONGKEN GROUP CO 3.34% A 11MAR2019	200,000	-	-	-	200,000

**DA CHENG CHINA BALANCED FUND
 (A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**
**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
 FOR THE YEAR ENDED 31 DECEMBER 2018**

Listed/Quoted Equities (Continued)	31 December 2017	Additions	Bonus/ Dividends	Deductions	31 December 2018
HEILONGJIANG BEIDAHUANG NONGKEN GROUP CO 4.1% A 17NOV2018	100,000	-	-	(100,000)	-
HSBC BANK CHINA CO LTD 4.68% A 15SEP2020	200,000	200,000	-	(200,000)	200,000
HUNAN VALIN IRON & STEEL GROUP CO LTD 6.2% A 17FEB2019	-	200,000	-	(200,000)	-
INDUSTRIAL SECURITIES CO LTD 4.9% A 14APR2019	-	300,000	-	(300,000)	-
JIZHONG ENERGY GROUP CO LTD 5.6% A 20JAN2021	200,000	200,000	-	(200,000)	200,000
KAIHUA REAL ESTATE CHINA GROUP CO LTD 3.5% A 14OCT2021	-	225,300	-	-	225,300
KAIHUA REAL ESTATE CHINA GROUP CO LTD 4.09% A 14OCT2021	-	350,000	-	-	350,000
METALLURGICAL CORP OF CHINA LTD 6.1% A 23JUL2018	500,000	-	-	(500,000)	-
METRO LAND CORP LTD 4.8% A 26JUN2018	50,000	-	-	(50,000)	-
NANJING IRON & STEEL CO LTD 5.8% A 06MAY2018	106,050	-	-	(106,050)	-
NANSHAN GROUP CO LTD 6.5% A 12SEP2018	100,000	-	-	(100,000)	-
NINGBO JOYSON ELECTRONIC CORP 5.74% A 28MAR2019	-	300,000	-	(300,000)	-
OVERSEAS CHINESE TOWN ENTERPRISES CO 5.42% A PERP	-	1,200,000	-	(600,000)	600,000
OVERSEAS CHINESE TOWN ENTERPRISES CO LTD 5.8% A PERP	-	200,000	-	-	200,000
PEKING UNIVERSITY FOUNDER GROUP CORP 5.88% A 21NOV2018	200,000	-	-	(200,000)	-
PING AN INTL FINANCIAL LEASING CO LTD 5.47% A PERP	-	788,300	-	-	788,300
SHANDONG GOLD GROUP CO LTD 5.8% A PERP	-	500,000	-	-	500,000
SHANGHAI FOSUN PHARMACEUTICAL GROUP CO LTD 3.95% A 10SEP2018	100,000	-	-	(100,000)	-
SHENWAN HONGYUAN SECURITIES CO LTD 5.5% A 29JAN2019	-	200,000	-	(100,000)	100,000
SHENZHEN LOGAN HLDG CO LTD 3.4% A 21OCT2021	-	220,000	-	(220,000)	-
SICHUAN KELUN PHARMACEUTICAL CO LTD 5.5% A 02DEC2018	-	300,000	-	(300,000)	-
STATE POWER INVESTMENT CORP LTD 5.5% A PERP	-	200,000	-	-	200,000
SUQIAN INDUSTRY DEVELOPMENT GROUP CO LTD 5.3% A 14NOV2022	-	200,000	-	-	200,000
TAIZHOU FINANCE INVESTMENT CO LTD 5.38% A 18APR2023	-	200,000	-	-	200,000
TSINGHUA HLDGS CO LTD 4.98% A 15JAN2020	200,000	-	-	-	200,000
TSINGHUA TONGFANG CO LTD 5.36% A 10APR2023	-	200,000	-	-	200,000
WHARF HLDGS LTD 3.1% A 14OCT2019	-	600,000	-	(600,000)	-
YANZHOU COAL MINING CO LTD 4.95% A 23JUL2022	-	400,000	-	(200,000)	200,000
ZHEJIANG GEELY HLDG GROUP CO LTD 6.4% A 21JUN2018	500,000	-	-	(500,000)	-
ZIJIN MINING GROUP CO LTD 5.7% A 24OCT2018	-	200,000	-	(200,000)	-

DA CHENG CHINA BALANCED FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)

PERFORMANCE TABLE (UNAUDITED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Net asset values (Dealing NAV)

At the end of financial period date	Net asset value	Net asset value per unit		
	Class A (in RMB)	RMB Class A (in RMB)	USD Class A (in USD)	HKD Class A (in HKD)
31 December 2018	2,113,529,257	11.68	10.20	10.31
31 December 2017	1,944,083,220	14.42	13.36	13.46
31 December 2016	680,705,322	12.43	10.83	10.82

Highest and lowest net asset value per unit

Financial period ended	Highest issue price per unit			Lowest redemption price per unit		
	RMB Class A (in RMB)	USD Class A (in USD)	HKD Class A (in HKD)	RMB Class A (in RMB)	USD Class A (in USD)	HKD Class A (in HKD)
31 December 2018	15.41	14.68	14.79	11.65	10.17	10.26
31 December 2017	15.02	13.69	13.78	12.45	10.89	10.89
31 December 2016	13.25	11.93	11.93	11.60	10.71	10.75
31 December 2015	17.90	17.62	17.60	11.96	11.28	11.26
31 December 2014 (since inception)	13.17	12.94	12.93	9.50	9.30	9.29