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

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



**DA CHENG CHINA RMB FIXED INCOME FUND
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**DA CHENG CHINA RMB FIXED INCOME FUND
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MANAGEMENT AND ADMINISTRATION

Directors of the Manager

Mr. Tan Xiaogang
Mr. Xiao Jian
Mr. Wen Zhimin
Mr. Yao Yudong
Ms. Zhao Bing
Ms. Wu Ping

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
22/F, Prince's Building,
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 RMB FIXED INCOME FUND
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REPORT OF THE MANAGER

Fund Performance

Da Cheng China RMB Fixed Income Fund (the “Sub-Fund”) seeks to provide investment return on interest income and capital appreciation. As of 31 December 2020, the Net Asset Value (“NAV”) per unit of the Sub-Fund was RMB12.00 (RMB Class A), aggregating a total net asset size of approximately RMB19,462,665.

A summary of the performance of the Sub-Fund is set out below (as at 31 December 2020).

	2020	2019	2018	2017	2016	2015	2014	2013	Since inception ¹
Da Cheng China RMB Fixed Income Fund – RMB Class A NAV-to-NAV return	6.76%	5.64%	16.28%	-0.22%	-4.51%	3.63%	2.95%	0.58%	38.46%

Source: Da Cheng International Asset Management Limited, Bloomberg
The performance of the Sub-Fund is not referenced to pre-determined benchmarks.

Market overview

2020 bond market: COVID and policy response were the main themes in 2020. From January to April, the bond market entered a bull run because of domestic and overseas implementation of easing monetary policy in response to COVID-19. From late April to early July, the bond market fell into continued retreat. In late April, the risk appetite was boosted by expectations for domestic and overseas economic recovery, accompanied by the rise in average funding cost triggered by the PBOC’s continued suspension of injection. The supply shock arrived in May. Early July witnessed the remained tightening of liquidity and the seesaw effect of rise in the stock market on the equity/bond market. In late July, the end of the stock market’s rally was followed by tightly balanced liquidity and a range-bound stage for the bond market. In August, the low excess reserves rate, in combination with tax payment and loan repayment factors, led to tightened liquidity, ascending average funding cost, neutral monetary policy, continued recovery in the economy, slight rise in TSF, and Bear Flattener of the bond market. In September, the bond market sentiment was boosted by positives such as the PBOC’s expansion of liquidity injection, temporary relief of pressure on structural deposits, reduced supply of bonds, flush of fiscal spending at the end of the quarter, and inclusion of Chinese government bonds in the WGBI Index. However, with the steady economic recovery, TSF saw a substantial surprise to the upside, consumption growth turned positive for the first time, bonds’ bear market continued. From October to November, commodities rose rapidly, but the bond market continued its volatile bear market due to slowed economic recovery and continued fall in supply of bonds. On November 10th, the bond market and credit bonds fell sharply due to CYMG’s unexpected default. Since late November, the bond market has recovered, driven by Financial Stability Board’s announcement, the PBOC’s increased injection in the open market, and the Central Economic Working Conference’s statement that policy will not change rapidly.

¹ Date of commencement of operation is 20 February 2012

**DA CHENG CHINA RMB FIXED INCOME FUND
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REPORT OF THE MANAGER (CONTINUED)

Outlook

Rates bond strategy: Considering the consolidated bear market, short and medium-term bonds offer higher certainty. From a fundamental point of view, the economy will continue to recover in the next year and ensure improvement in manufacturing fundamentals, despite the possible slowed growth of property investment and TSF. The short-term inflationary pressure will be contained, but the PPI risk will still exist in 2021Q2. In terms of liquidity, the PBOC will maintain its liquidity policy before the Spring Festival. The market interest rate will neither be significantly higher nor significantly lower than the policy rate. Neither tighter nor looser policy is expected in 21Q1. The necessity of any marginal tightening depends on the extent of economic and inflation recovery, and the presence of such risk will still be perceivable in 21Q2 or 21Q3. When it comes to supply and demand in the bond market, due to the delayed approval of special-purpose local government bonds quota for the next year, the supply pressure in the bond market may be lower than expected in the beginning of the year. With the decline in bond supply for the next year and the inflow of foreign capital, the balance between supply and demand of bonds could remain positive, but the impact of the extension of AMC Regulations is still uncertain. Overall, considering the intertwining of positive and negative factors, we expect that the yield of 10-year treasury bonds will range within 3.1% ~ 3.3% before the Spring Festival. Short- and medium-term bonds bring higher certainty than long-term bonds. Besides, as a result of the new regulation on the issuance of local government bonds, the scarcity of long-term bonds has become more prominent. The current bear market of bonds is forecasted to continue till 2021Q2. It is expected that the yield of 10-year treasury bonds may rise to around 3.5% in 2021.

Credit bond strategy: The tightened credit environment may intensify divergence and turn attention to entity credit research. The scale of credit debt repayment will reach a minor peak in March or April after the Spring Festival, with average monthly repayment being about 1trn RMB. The risk-free rate will remain its uptrend. As for credit bond investment, we recommend focusing on high yield, medium- and short-term options in 2021H2. LGFV bond is still a better allocation choice in the short term. With controlled duration, it is recommended to avoid potential defaults, strengthen the monitoring of tail risks, and pay attention to the debt rolling pressure from the upcoming LGFV debt repayment peak. Changes in the industry investment idea after the introduction of Three Red Lines will further widen the divergence between real estate developers and highlight the effect of developers' deleveraging efforts. The current economic recovery may extend to 2021H1. The inflection point of the overall sentiment on private enterprise bonds is yet to come. We still need to wait patiently for allocation opportunities in the next year. In the short term, small allocation in sector leaders with decent operating performance and remarkable employment contributions are warranted, but the duration should not be too long; the risks related to SOE industrial bonds are the recent focus of the market. The weakening of confidence in oblivion SOEs and the gradual clearance of "zombie enterprises" may still continue. Investment decision should refocus on entity credit research rather than blindly follow "labeling".

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

28 April 2021



**DA CHENG CHINA RMB FIXED INCOME FUND
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REPORT OF THE TRUSTEE

We hereby confirm that, in our opinion, the Manager of Da Cheng China RMB Fixed Income 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 2020.

For and on behalf of
BOCI-Prudential Trustee Limited

28 April 2021

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF DA CHENG CHINA RMB FIXED INCOME 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 RMB Fixed Income 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 2020;
- 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 2020, 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 Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for 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 RMB FIXED INCOME 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 (the "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 Appendix E of 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 RMB FIXED INCOME FUND
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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 Appendix E of 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 Appendix E of the SFC Code.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 April 2021

**DA CHENG CHINA RMB FIXED INCOME FUND
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**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	Notes	2020 RMB	2019 RMB
Assets			
Current assets			
Investments	4.1, 4.4	22,068,532	24,687,491
Interest receivable		389,355	389,412
Prepayments and other assets		100,709	94,320
Cash and cash equivalents	4.4, 8.3	1,785,153	54,197
Total assets		<u>24,343,749</u>	<u>25,225,420</u>
Liabilities			
Current liabilities			
Management fee payable	8.1	60,754	63,403
Trustee fee payable	8.2	20,000	20,667
Amount payable on redemption of units		-	128,377
Accrued expenses and other payables		201,243	201,103
Provision for taxation	9	4,599,087	4,599,084
Total liabilities		<u>4,881,084</u>	<u>5,012,634</u>
Equity			
Net assets attributable to unitholders	7	<u>19,462,665</u>	<u>20,212,786</u>
Total liabilities and equity		<u>24,343,749</u>	<u>25,225,420</u>

On behalf of
BOCI-Prudential Trustee Limited

On behalf of
Da Cheng International Asset Management
Company Limited

Authorised Signatory

Authorised Signatory

Director

**DA CHENG CHINA RMB FIXED INCOME FUND
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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 RMB	2019 RMB
Income			
Dividend income		48,905	84,061
Interest income from bank deposits	8.3	551	614
Interest income from investments		854,607	945,976
Net gains on investments	6	918,676	730,217
Sundry income	8.5	260,508	286,200
Total investment income		<u>2,083,247</u>	<u>2,047,068</u>
Expenses			
Management fee	8.1	241,676	262,952
Trustee fee	8.2	240,000	240,000
Custodian fee	8.3	60,358	39,111
Transaction handling fees	8.4	10,300	7,600
Transaction costs	12	12,771	7,206
Auditor's remuneration		198,547	172,263
Legal and professions fee		61,926	136,373
Other expenses		7,710	8,366
Total operating expenses		<u>833,288</u>	<u>873,871</u>
Profit before tax		1,249,959	1,173,197
Taxation	9	(4,929)	(8,457)
Increase in net assets attributable to unitholders		<u>1,245,030</u>	<u>1,164,740</u>

The notes on pages 12 to 34 form an integral part of these financial statements.

**DA CHENG CHINA RMB FIXED INCOME FUND
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**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 RMB	2019 RMB
Net assets attributable to unitholders at the beginning of the year	20,212,786	21,507,538
Subscription of units	110,645	14,187
Redemption of units	(2,105,796)	(2,473,679)
Net decrease from unit transactions	(1,995,151)	(2,459,492)
Increase in net assets attributable to unitholders	1,245,030	1,164,740
Net assets attributable to unitholders at the end of the year	19,462,665	20,212,786
Number of units issued and redeemed		
	2020 RMB Class A	2019 RMB Class A
Number of units in issue at the beginning of the year	1,797,702	2,021,799
Units issued	9,440	1,278
Units redeemed	(184,752)	(225,375)
Number of units in issue at the end of the year	1,622,390	1,797,702

**DA CHENG CHINA RMB FIXED INCOME FUND
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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 RMB	2019 RMB
Cash flows from operating activities		
Increase in net assets attributable to unitholders	1,245,030	1,164,740
Adjustments for:		
Interest income from bank deposits	(551)	(614)
Interest income from investments	(854,607)	(945,976)
Dividend income	(48,905)	(84,061)
Taxation	4,929	8,457
Operating profit before changes in working capital	<u>345,896</u>	<u>142,546</u>
Decrease in investments	2,618,959	1,203,617
Increase in prepayments and other assets	(6,389)	(10,742)
Decrease in management fee payable	(2,649)	(5,578)
Decrease/(increase) in trustee fee payable	(667)	667
Increase in accrued expenses and other payables	140	38,303
Cash generated from operations	<u>2,955,290</u>	<u>1,368,813</u>
Dividend income received	48,905	91,067
Interest income received from bank deposits	551	614
Interest income received from investments	854,664	909,754
Tax paid	(4,926)	(18,010)
Net cash generated from operating activities	<u>3,854,484</u>	<u>2,352,238</u>
Cash flows from financing activities		
Proceeds from subscription of units	110,645	14,187
Payments on redemption of units	(2,234,173)	(2,345,302)
Net cash used in financing activities	<u>(2,123,528)</u>	<u>(2,331,115)</u>
Net increase in cash and cash equivalents	<u>1,730,956</u>	<u>21,123</u>
Cash and cash equivalents at the beginning of the year	<u>54,197</u>	<u>33,074</u>
Cash and cash equivalents at the end of the year, representing bank deposits	<u><u>1,785,153</u></u>	<u><u>54,197</u></u>

The notes on pages 12 to 34 form an integral part of these financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 2020, the Trust has six sub-funds, Da Cheng China RMB Fixed Income Fund (the “Sub-Fund”), Da Cheng China Balanced Fund, Da Cheng Overseas China Concept Fund, Da Cheng Money Market Fund, Da Cheng Total Return Bond Fund and Da Cheng Hong Kong Dollar Money Market Fund (collectively, the “Sub-Funds”). The date of commencement of operations of the Sub-Fund was 20 February 2012.

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 seek investment return on interest income and capital appreciation through investment in a portfolio of domestic securities traded in mainland China and denominated and settled in Chinese Yuan Renminbi (“RMB”) consisting primarily a fixed income portfolio of bonds and money market instruments issued by the government, government related entities or corporate entities, and public bond funds authorised by the China Securities Regulatory Commission (the “CSRC”) for retail investment. The Sub-Fund may also invest in RMB denominated and settled equities or equity related securities (mainly China A-shares) in the People’s Republic of China (“PRC”) and RMB denominated deposits such as bank certificates of deposit, bank deposits and negotiated term deposits with authorised financial institutions.

Under current regulations in the PRC, generally foreign investors can only invest in the domestic securities markets through certain qualified foreign institutional investors that have obtained status as a Qualified Foreign Institutional Investor (“QFII”) or a Renminbi Qualified Foreign Institutional Investor (“RQFII”) from the CSRC and have been granted quota by the State Administration of Foreign Exchange (the “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, or via 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. The asset allocation of each approved quota will be no less than 80% of debt securities issued in the PRC, and no more than 20% of equity securities listed in the PRC. 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.

**DA CHENG CHINA RMB FIXED INCOME FUND
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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.

2.1 Basis of preparation

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

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires the Trustee and the Manager (the “Management”) to exercise its judgement in the process of applying the Sub-Fund’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Standards and amendments to existing standards effective 1 January 2020

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2020 that have a material effect on the financial statements of the Sub-Fund.

New standards, amendments and interpretations effective after 1 January 2020 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 2020, 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.

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 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.

**DA CHENG CHINA RMB FIXED INCOME FUND
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2 Summary of significant accounting policies (Continued)

2.2 Foreign currency translation (Continued)

(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 carried at fair value through profit or loss are presented in the statement of comprehensive income within “net gains 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 Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 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.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Sub-Fund has transferred substantially all risks and rewards of ownership.

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 investments are presented in the statement of comprehensive income within “net gains on investments” 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 from investments” based on the effective interest rate.

(iii) Fair value estimation

The fair value of equities investments traded in active markets (such as listed equities) is based on quoted market prices at the closing of trading on the reporting date. The quoted market price used for listed equities investments held by the Sub-Fund is the last traded price.

The fair value of debt securities investments that are listed or traded on an exchange (for example, listed debt securities) 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 debt securities investments 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 and deposits held with banks with original maturities of three months or less.

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2 Summary of significant accounting policies (Continued)

2.5 Interest income from bank deposits and interest income from investments

Interest is recognised on a time-proportionate basis using the effective interest method. Interest income from deposits includes interest from cash and cash equivalents. Interest from investments 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 Accrued expenses

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

2.7 Redeemable units

The Sub-Fund is authorised to issue two classes of redeemable units which are redeemable at the unitholder's option and do not have identical rights. For the year ended 31 December 2020 and 2019, only one class of units has been issued. The issued units are classified as equity in accordance with IAS 32 (Amendment), "Financial instruments: Presentation", as they meet all the following criteria:

- the puttable instruments must entitle the holder to a pro-rata share of net assets;
- the puttable instruments must be the most subordinated class and class features must be identical;
- there must be no contractual obligations to deliver cash or another financial asset other than the obligation on the issuer to repurchase; and
- the total expected cash flows from the puttable instrument over its life must be based substantially on the profit or loss of the issuer.

Redeemable units can be put back to the Sub-Fund at each dealing date for cash equal to a proportionate share of the Sub-Fund's net asset value.

Redeemable units are issued and redeemed at the unitholder's option at prices based on the Sub-Fund's net asset value per share at the time of issue or redemption. The Sub-Fund's net asset value per share is calculated by dividing the net assets attributable to the unitholders of each class of redeemable units with total number of outstanding redeemable units of each respective class.

2.8 Dividend income

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

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2 Summary of significant accounting policies (Continued)

2.9 Transaction costs

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

2.10 Taxation

The Sub-Fund currently incurs withholding taxes 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.

The Sub-Fund considers penalties on related tax liabilities to be an inseparable element of the tax liability and accounts for penalties as if they are within the scope of IAS 12. These amounts are included within the taxation in the statement of comprehensive income, and the liability would be included within the provision for taxation on the statement of financial position.

2.11 Establishment costs

Establishment costs are recognised as expenses in the year in which they are incurred in accordance with IFRSs.

2.12 Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.13 Comparative figures

Certain comparatives have been amended to conform to the current year's presentation.

3 Critical accounting estimates and judgments

The Manager makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

PRC tax provision

In preparing these financial statements, the Manager has made certain assumptions and used various estimates concerning the tax exposure which is dependent on what might happen in the future. The resulting accounting estimates may not equal the related actual results.

Under the general tax provision of PRC Corporate Income Tax Law ("PRC CIT Law"), the non-PRC residents with no place of effective management, establishment or place of business in the PRC may be subject to 10% PRC withholding income tax ("WIT") on the PRC-sourced income, unless exempt or reduced under current PRC tax laws and regulations or relevant tax treaties.

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3 Critical accounting estimates and judgments (Continued)

PRC tax provision (Continued)

In addition, the non-PRC residents with interest income derived from the debt securities will be subject to 10% WIT. Pursuant to the PRC CIT Law, debt securities issuers in the PRC are obligated to withhold the 10% PRC WIT on interest income for those foreign debt securities holders. However, interest income derived from government bonds issued by the State Council's finance departments and/or local government bonds approved by the State Council is exempt from PRC WIT under the PRC CIT Law.

Furthermore, according to the notice Caishui [2016] No.36 ("Circular 36"), Value-Added Tax ("VAT") at 6% shall be levied on the difference between the selling and buying prices of those marketable securities starting from 1 May 2016. The gains derived by QFII/RQFII and through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect from trading of marketable securities (including A-shares and other PRC listed securities) are exempted from VAT in the PRC under Circular 36 and other prevailing VAT regulations. Dividend income or profit distributions on equity investment derived from the PRC are not included in the taxable scope of VAT under Circular 36. In addition, deposit interest income and interest received from government bonds and local government bonds are also exempt from VAT. However, the prevailing VAT regulations do not specifically exempt VAT on interest received by QFII/RQFII. Hence, gains derived by QFII/RQFII and interest income on non-government bonds (including corporate bonds) technically should be subject to 6% VAT. In addition, if VAT is applicable, local surtaxes including Urban Maintenance and Construction Tax (currently at the rate ranging from 1% to 7%), Education Surcharge (currently at the rate of 3%) and Local Education Surcharge (currently at the rate of 2%) are imposed based on the VAT liabilities (the "VAT related taxes").

Exemption of PRC WIT and VAT effective from 7 November 2018

On 7 November 2018, the Ministry of Finance and the PRC State Administration of Taxation ("SAT") jointly issued a notice Caishui [2018] No.108 ("Circular 108") which stipulates that foreign institutional investors are temporarily exempted from PRC WIT and VAT in respect of bond interest income received from from 7 November 2018 to 6 November 2021.

Hence, the Manager decides to change the tax provisioning policy of the Sub-Fund and cease to make provisions for PRC WIT and VAT (plus the VAT related taxes) on the interest income received from PRC non-government bonds from 7 November 2018 to 6 November 2021.

(a) Capital gains on PRC debt securities and investment funds ("PRC Investments")

During the years ended 31 December 2020 and 2019, the Sub-Fund invests in PRC Investments in PRC through the RQFII program. The Manager considers that the enforcement of PRC tax on gains derived from the PRC Investments is uncertain as at the date of approval of these financial statements and has exercised its judgment when assessing whether the Sub-Fund may be liable for PRC taxation on its gains, the amount of potential liability and the probability of such tax being levied up to the reporting date. However, significant uncertainties exist and estimation of the Manager may substantially differ from the actual events.

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3 Critical accounting estimates and judgments (Continued)

PRC tax provision (Continued)

**(a) Capital gains on PRC debt securities and investment funds (“PRC Investments”)
(Continued)**

As a matter of practice, such 10% PRC WIT on capital gains realised by non-PRC tax resident enterprises from the trading of these securities has not been strictly enforced by the PRC tax authorities. With effect from 9 February 2018, the Manager has decided to change the tax provisioning policy with the Sub-Fund and ceased to provide PRC WIT for realised and unrealised gains on trading of PRC debt securities on or after 9 February 2018.

Based on the current verbal interpretation of the SAT and the local PRC tax authorities, the authorities are of the view that capital gains derived by foreign investors from investment in PRC Investments would not be treated as PRC-sourced income and thus would not be subject to PRC WIT. However, there are no written tax regulations issued by the PRC tax authorities to confirm this interpretation. As a matter of practice, such 10% PRC WIT on capital gains realised by non-PRC tax resident enterprises from the trading of these PRC debt securities has not been strictly enforced by the PRC tax authorities. The Manager has considered the applicability of the arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion to the Sub-Fund and assessed that the probability of such tax being levied up to the approval date of the financial statements of the Sub-Fund is reasonably low. Based on all the aforementioned factors, the Manager has reassessed the provisioning approach and has continued not making PRC WIT provision on gains derived from the PRC Investments of the Sub-Fund.

The Manager estimates the gross realised gains from 20 February 2012 (date of inception) to 31 December 2020 and gross unrealised gains of the Sub-Fund as at 31 December 2020 which could be exposed to PRC WIT at the rate of 10% to be RMB38,093,224 (from 20 February 2012 (date of inception) to 31 December 2019: RMB37,533,448) and RMB732,501 (As at 31 December 2019: RMB633,137) respectively. The estimated potential capital gain tax exposure arising from realised capital gain and unrealised capital gain would be RMB3,809,322 and RMB73,250 respectively which in aggregate represents 20% (As at 31 December 2019: RMB3,753,345 and RMB63,314 respectively which in aggregate represents 19%) of the net assets attributable to unitholders of the Sub-Fund as at 31 December 2020. The Manager considers that the PRC WIT on capital gains from PRC Investments is still uncertain and has not made the provision on the gross realised capital gains derived from PRC Investments in the Sub-Fund as at 31 December 2020 and 2019.

The Manager has exercised its judgment when assessing whether the Sub-Fund may be liable for PRC taxation on its gains, the amount of potential liability and the probability of such tax being levied up to the reporting date. However, significant uncertainties exist and estimation of the Manager may substantially differ from the actual events.

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3 Critical accounting estimates and judgments (Continued)

PRC tax provision (Continued)

(b) Interest income on bonds issued by PRC tax residents (“PRC bonds”)

Management considers that the PRC WIT treatment on accrued interest arising from PRC non-government bonds from 20 February 2012 (date of inception) to 6 November 2018 and the enforcement of VAT and the VAT related taxes from 1 May 2016 to 6 November 2018 is uncertain as at the date of approval of these financial statements. The Manager has exercised significant judgment in their assessment of the PRC withholding tax expense and the related tax provision.

PRC WIT

For the PRC bonds disposed of during the year, Management has not made provision on the accrued interest income of PRC bonds during the year and as at reporting date as they consider that:

- (i) the issuers of PRC bonds are required to withhold 10% WIT at the coupon payment date before distributing the interest income to the bond holder; and
- (ii) the Manager has sold the PRC bonds before the coupon payment dates or the maturity dates of the PRC bonds.

PRC VAT and related taxes

As at 31 December 2020 and 2019, the Manager estimated that the Sub-Fund’s accumulated interest income generated from PRC non-government bonds from 1 May 2016 to 6 November 2018 of RMB3,622,136 could be exposed to PRC VAT, Urban Maintenance and Construction Tax, Education Surcharge and Local Education Surcharge amounting to approximately RMB243,406. This amount has been provided in the statement of financial position.

4 Financial risk management

The Sub-Fund is exposed to a variety of risks including but not limited to market price risk, cash flow and fair value interest rate risk, credit and counterparty 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.

4.1 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.

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4 Financial risk management (Continued)

4.1 Market price risk (Continued)

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

	2020	2019
	RMB	RMB
Investments		
RMB denominated listed equity securities	4,011,835	3,763,276
RMB denominated quoted debt securities	18,056,697	20,924,215
Total investments	<u>22,068,532</u>	<u>24,687,491</u>

The following table discloses the investments of the Sub-Fund by industrial sectors:

	2020		2019	
	Fair value of investments RMB	% of net assets	Fair value of investments RMB	% of net assets
Investments				
Equity and debt securities				
Communications	117,775	0.61%	306,960	1.52%
Consumer products and services	1,845,530	9.48%	1,894,365	9.37%
Energy	2,851,118	14.65%	2,645,310	13.09%
Financials	8,626,606	44.31%	14,712,253	72.79%
Government	1,797,655	9.24%	1,738,334	8.60%
Industrials	2,368,573	12.17%	1,684,944	8.34%
Technology	435,229	2.24%	-	-
Telecommunications	-	-	230,035	1.14%
Utilities	4,026,046	20.69%	1,475,290	7.29%
Total investments	<u>22,068,532</u>	<u>113.39%</u>	<u>24,687,491</u>	<u>122.14%</u>

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4 Financial risk management (Continued)

4.1 Market price risk (Continued)

The Sub-Fund's market price risk on equity securities is managed through diversification of the investment portfolio ratios by exposures to different industries. There is no individual investment in government and other public securities respectively over 10% of the Sub-Fund's net asset value at 31 December 2020 and 2019.

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% (2019: 15%) with all other variables held constant, and that the fair value of the Sub-Fund's portfolio of equity securities of RMB4,011,835 (2019: RMB3,763,276) moved according to their historical correlation with the index. This would have increased/decreased the net assets of the Sub-Fund by approximately RMB595,722 (2019: RMB618,211). This represents the 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.

The sensitivity analysis of market price risk for debt securities is disclosed in the interest rate sensitivity analysis in Note 4.2 below.

4.2 Cash flow and fair value interest rate risk

Interest rate risk is the risk that the future cash flow and 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 future cash flow.

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4 Financial risk management (Continued)

4.2 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 at fair values, categorised by the earlier of contractual re-pricing or maturity dates.

As at 31 December 2020	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 quoted debt securities	2,890,257	14,237,051	929,389	-	18,056,697
- RMB denominated listed equity securities	-	-	-	4,011,835	4,011,835
Interest receivable	-	-	-	389,355	389,355
Prepayments and other assets	-	-	-	100,709	100,709
Cash and cash equivalents	1,785,153	-	-	-	1,785,153
Total assets	4,675,410	14,237,051	929,389	4,501,899	24,343,749
Liabilities					
Management fee payable	-	-	-	60,754	60,754
Trustee fee payable	-	-	-	20,000	20,000
Accrued expenses and other payables	-	-	-	201,243	201,243
Provision for taxation	-	-	-	4,599,087	4,599,087
Total liabilities	-	-	-	4,881,084	4,881,084
Total interest sensitivity gap	4,675,410	14,237,051	929,389		

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4 Financial risk management (Continued)

4.2 Cash flow and fair value interest rate risk (Continued)

As at 31 December 2019	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 quoted debt securities	1,985,182	15,423,353	3,515,680	-	20,924,215
- RMB denominated listed equity securities	-	-	-	3,763,276	3,763,276
Interest receivable	-	-	-	389,412	389,412
Prepayments and other current assets	-	-	-	94,320	94,320
Cash and cash equivalents	54,197	-	-	-	54,197
Total assets	2,039,379	15,423,353	3,515,680	4,247,008	25,225,420
Liabilities					
Management fee payable	-	-	-	63,403	63,403
Trustee fee payable	-	-	-	20,667	20,667
Amount payable on redemption of units	-	-	-	128,377	128,377
Accrued expenses and other payables	-	-	-	201,103	201,103
Total liabilities	-	-	-	413,550	413,550
Total interest sensitivity gap	2,039,379	15,423,353	3,515,680		

The Manager and the Trustee monitor the interest rate risks by quantifying the market exposure in percentage terms and the exposure in duration terms by different countries. As at 31 December 2020, the Sub-Fund has invested in interest-bearing securities of RMB18,056,697 (2019: RMB20,924,215) and the portfolio weighted average modified duration of the Sub-Fund is 1.88 (2019: 2.22).

Given a 100 basis points change in the rate of all debt securities held by the Sub-Fund as at 31 December 2020, the percentage change in net asset value will be the total portfolio weighted average modified duration multiplied by 1%, i.e. RMB339,466 (2019: RMB464,518) while holding all other variables constant.

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4 Financial risk management (Continued)

4.3 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.

4.4 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 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 only made when the broker 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.

The table below summarises the credit quality of the Sub-Fund's debt securities, which represents 92.79% (2019: 103.52%) of net assets as at 31 December 2020 and 2019.

Credit rating agency	Rating range	2020 % of net assets	2019 % of net assets
Chengxin	AAA	34.15%	24.79%
Dagong	AAA	13.73%	14.75%
Lianhe	AAA	6.06%	15.24%
Lianhe	AA+	4.17%	19.42%
Lianhe	AA	0.07%	-
Pengyuan	AA	7.56%	8.63%
Shanghai Brilliance	AAA	1.80%	13.89%
Moody's	A2	-	6.80%
Fitch	A+	9.24%	-
Fitch	A	8.45%	-
S&P	A+	7.56%	-
Total		<u>92.79%</u>	<u>103.52%</u>

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4 Financial risk management (Continued)

4.4 Credit and counterparty risk (Continued)

The Manager has assessed the credit quality of the RMB denominated quoted debt securities 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 summarises the exposure to the Sub-Fund's counterparties as at 31 December 2020 and 2019 together with its credit rating.

At 31 December 2020	RMB	Credit rating	Source of credit rating
Investments			
Bank of China (Hong Kong) Limited	22,068,532	Aa3	Moody's
Cash and cash equivalents			
Bank of China (Hong Kong) Limited	39,996	Aa3	Moody's
Bank of China Limited	1,745,157	A1	Moody's
At 31 December 2019			
Investments			
Bank of China (Hong Kong) Limited	24,687,491	Aa3	Moody's
Cash and cash equivalents			
Bank of China (Hong Kong) Limited	37,004	Aa3	Moody's
Bank of China Limited	17,193	A1	Moody's

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4 Financial risk management (Continued)

4.4 Credit and counterparty risk (Continued)

The Sub-Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. At 31 December 2020 and 2019, all receivables and cash and cash equivalents 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 at the year ended 31 December 2020 and 2019 was the carrying amount of the investments and cash and cash equivalents.

4.5 Liquidity risk

Liquidity risk is the risk that the Sub-Fund may not be able to generate sufficient cash and 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 investments that are traded in an active market which can be readily disposed of.

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 are equal to their carrying balances as the impact of discounting is not significant.

	2020	2019
	Less than	Less than
	3 months	3 months
	RMB	RMB
Management fee payable	60,754	63,403
Trustee fee payable	20,000	20,667
Amount payable on redemption of units	-	128,377
Accrued expenses and other payables	201,243	201,103
	<u>281,997</u>	<u>413,550</u>

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

As at 31 December 2020, the total assets of the Sub-Fund amounted to RMB24,343,749 (2019: RMB25,225,420). The Sub-Fund manages its liquidity risk by investing in investments that it expects to be able to liquidate within 7 days or less.

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4 Financial risk management (Continued)

4.6 Fair value estimation

The fair value of financial assets traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the year end date. The Sub-Fund utilises the last traded market price as its fair valuation inputs for financial assets.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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.

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.

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4 Financial risk management (Continued)
4.6 Fair value estimation (Continued)

The following tables analyse within the fair value hierarchy the Sub-Fund's investments at 31 December 2020 and 2019:

As at 31 December 2020	Level 1	Level 2	Level 3	Total
Assets	RMB	RMB	RMB	RMB
Investments				
- RMB denominated quoted debt securities	-	18,056,697	-	18,056,697
- RMB denominated listed equity securities	4,011,835	-	-	4,011,835
Total	4,011,835	18,056,697	-	22,068,532

As at 31 December 2019	Level 1	Level 2	Level 3	Total
Assets	RMB	RMB	RMB	RMB
Investments				
- RMB denominated quoted debt securities	-	20,924,215	-	20,924,215
- RMB denominated listed equity securities	3,763,276	-	-	3,763,276
Total	3,763,276	20,924,215	-	24,687,491

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

Investments 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 listed debt securities that are not considered to be active are valued with reference to valuation provided by China Securities Index Co., Ltd.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As at 31 December 2020 and 2019, there is no level 3 investment held by the Sub-Fund.

There was no transfer between levels for the year ended 31 December 2020 and 2019.

The carrying amount of interest receivable, payments and other assets, cash and cash equivalents, management fee payable, trustee fee payable, amount payable on redemption of units, accrued expenses and other payables 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4 Financial risk management (Continued)

4.7 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.

5 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 interest receivable, prepayment and other assets, and cash and cash equivalents, are categorised as financial assets measured at amortised cost.

Financial liabilities

All financial liabilities as disclosed in the statement of financial position, including management fee payable, trustee fee payable, account payable on redemption of units, accrued expenses and other payables and provision for taxation are categorised as financial liabilities measured at amortised cost.

6 Net gains on investments

	2020	2019
	RMB	RMB
Net change in unrealised gains/losses on investments	358,900	411,523
Net realised gains on sale of investments	559,776	318,694
	<u>918,676</u>	<u>730,217</u>

**DA CHENG CHINA RMB FIXED INCOME FUND
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

7 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 2020 and 2019, the Sub-Fund had 1 class (Class A) of units in issue.

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

	2020 RMB Class A	2019 RMB Class A
Net assets attributable to unitholders per unit (Dealing NAV) at year end date	12.00	11.24

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.

8 Transactions with related parties or connected persons

The following is a summary of transactions entered into during the year between the Sub-Fund and its related parties including the Manager, the investment delegate, the Trustee/custodian and their connected persons (the "Connected Persons"). Connected Persons are those as defined in the SFC Code. All such transactions were entered into in the ordinary course of business and on normal commercial terms. To the best of the Management's knowledge, the Sub-Fund does not have any other transactions with the Connected Persons except for those disclosed below.

8.1 Management fee

The Manager is entitled to receive a management fee of up to 2% per annum (2019: 2% per annum) of the net asset value of the Sub-Fund. For the year ended 31 December 2020, the Manager charged a management fee of 1.25% per annum (2019: 1.25% per annum) of the net asset value of Class A units of the Sub-Fund. The fee calculated and accrued on each dealing day and payable monthly in arrears.

Management fee charged for the year was RMB241,676 (2019: RMB262,952) of which RMB60,754 (2019: RMB63,403) was payable to the Manager.

8.2 Trustee fee

The Trustee is entitled to receive a trustee fee of up to 0.5% per annum (2019: 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 (2019: up to 0.15% per annum) of the net asset value of the Sub-Fund, subject to a minimum monthly fee of RMB20,000 (2019: RMB20,000). The fee is calculated and accrued on each dealing day and payable monthly in arrears.

Trustee fee charged for the year was RMB240,000 (2019: RMB240,000) of which RMB20,000 (2019: RMB20,667) was payable to the Trustee.

**DA CHENG CHINA RMB FIXED INCOME FUND
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8 Transactions with related parties or connected persons (Continued)

8.3 Custodian fee, cash and cash equivalents and investment balances

The custodian, an affiliate of the Trustee, 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 0.1% per annum (2019: up to 0.1% per annum) of the net asset value of the Sub-Fund. Custodian fee charged for the year was RMB60,358 (2019: RMB39,111). All the custodian fee payable was fully settled as of 31 December 2020 and 2019.

Cash and cash equivalents amounted to RMB39,996 (2019: RMB37,004) and RMB1,745,157 (2019: RMB17,193) 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 Limited as the 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 cash and cash equivalents for the year was RMB551 (2019: RMB614) while the bank charges for the year was RMB1,768 (2019: RMB2,002).

8.4 Transaction handling fees

In its purchases and sales of investments, the Sub-Fund utilises the investment transaction services of the Trustee. Details of transactions effected through the Trustee are as follows:

	2020	2019
	RMB	RMB
Transaction handling fees paid for the year	10,300	7,600
Average rate of transaction handling fees	0.04%	0.03%
Total aggregate value of such transactions for the year	24,388,301	21,917,080
Percentage of such transactions in value to total transactions for the year	100%	100%

8.5 Sundry income

With effective from 30 November 2017, any ongoing expense of the Sub-Fund in exceeding 3% of average net asset value was borne by the Manager. Sundry income earned for the year was RMB260,508 (2019: RMB286,200) which was receivable from the Manager.

**DA CHENG CHINA RMB FIXED INCOME FUND
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8 Transactions with related parties or connected persons (Continued)

8.6 Holdings in the Sub-Fund

The Sub-Fund allows the Manager and its connected persons and other funds managed by the Manager to subscribe for and redeem units in the Sub-Fund. The holdings in the Sub-Fund by the Manager and its connected persons as at 31 December 2020 and 2019 were as follows:

Units held by Bank of China (Hong Kong) Nominees Limited, a group company of the Trustee, as agent:

2020	Units outstanding at 1 January 2020	Units subscribed during the year	Units redeemed during the year	Units outstanding at 31 December 2020
RMB Class A	118,513	-	(27,924)	90,589
2019	Units outstanding at 1 January 2019	Units subscribed during the year	Units redeemed during the year	Units outstanding at 31 December 2019
RMB Class A	122,424	-	(3,911)	118,513

Units held by Bank of China Limited Macau Branch, a group company of the Trustee, as agent:

2020	Units outstanding at 1 January 2020	Units subscribed during the year	Units redeemed during the year	Units outstanding at 31 December 2020
RMB Class A	748,799	-	(100,986)	647,813
2019	Units outstanding at 1 January 2019	Units subscribed during the year	Units redeemed during the year	Units outstanding at 31 December 2019
RMB Class A	879,179	-	(130,380)	748,799

9 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 RMB FIXED INCOME FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

9 Taxation (Continued)

PRC withholding tax

For the year ended 31 December 2020 and 2019, the Sub-Fund had invested in RMB denominated equity securities and debt securities in the PRC. Withholding tax was charged on dividend income and interest income received from debt securities in PRC during the year. Refer to Note 3 for details.

The taxation of the Sub-Fund for the year ended 31 December 2020 and 2019 represents:

	2020 RMB	2019 RMB
Withholding tax on dividend income	4,891	8,406
Withholding tax on interest income	38	51
	<hr/>	<hr/>
Taxation	<u>4,929</u>	<u>8,457</u>

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

	2020 RMB	2019 RMB
At the beginning of the year	4,599,084	4,608,637
Taxation charged to the statement of comprehensive income	4,929	8,457
Tax paid	(4,926)	(18,010)
	<hr/>	<hr/>
At the end of the year	<u>4,599,087</u>	<u>4,599,084</u>

10 Soft commission arrangements

The Manager confirms that there has been no soft commission arrangement existing during the year ended 31 December 2020 and 2019 in relation to directing transactions of the Sub-Fund through a broker or dealer.

11 Establishment costs

The Sub-Fund's explanatory memorandum requires the establishment costs to be amortised over the first three accounting periods of the Sub-Fund for the purpose of calculating its dealing net asset value ("Dealing NAV"), whereas IFRSs require the establishment costs to be expensed when incurred. There are no unamortised establishment costs for the year ended 31 December 2020 and 2019.

12 Transaction costs

The amount represents the commission or other charges incurred in the purchases and sales of investments paid to brokers or other services providers.

13 Approval of financial statements

The financial statements were approved by the Trustee and the Manager on 28 April 2021.

**DA CHENG CHINA RMB FIXED INCOME FUND
 (A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**
**INVESTMENT PORTFOLIO (UNAUDITED)
 AS AT 31 DECEMBER 2020**

	Holdings	Market value RMB	% of net assets
Listed/quoted investments			
Listed equity securities			
China			
AIR CHINA LTD-A	14,500	108,605	0.56
CHINA MERCHANTS BANK CO LTD-A	7,000	307,650	1.58
EAST MONEY INFORMATION CO LTD-A	4,900	151,900	0.78
HANGZHOU DPTECH TECHNOLOGIES CO LTD-A	4,700	171,033	0.88
HUNAN AIHUA GROUP CO LTD-A	5,600	150,080	0.77
HUNDSUN TECHNOLOGIES INC-A	1,100	115,390	0.59
INNER MONGOLIA YILI INDUSTRIAL GROUP CO LTD-A	4,800	212,976	1.09
JACK SEWING MACHINE CO LTD-A	10,000	304,200	1.56
JIANGSU HENGRUI MEDICINE CO LTD-A	3,100	345,526	1.78
KWEICHOW MOUTAI CO LTD-A	200	399,600	2.05
LUXSHARE PRECISION INDUSTRY CO LTD-A	4,800	269,376	1.38
MICRO-TECH NANJING CO LTD-A	700	128,807	0.66
PING AN INSURANCE GROUP CO OF CHINA LTD-A	5,100	443,598	2.28
SANGFOR TECHNOLOGIES INC-A	600	148,806	0.76
SHENZHEN MINDRAY BIO-MEDICAL ELECTRONICS CO LTD-A	600	255,600	1.31
VALIANT CO LTD-A	8,300	180,691	0.93
YIFENG PHARMACY CHAIN CO LTD-A	2,220	200,222	1.03
ZTE CORP-A	3,500	117,775	0.61
		4,011,835	20.60
Quoted debt securities			
China			
ANHUI CONCH CEMENT CO LTD 5.1% A 07NOV2022	16,000	1,644,917	8.46
CHINA CITIC BANK CORP LTD CB 0.8% A 04MAR2025	9,100	956,191	4.91
CHINA DEVELOPMENT BANK CORP 3.39% A 03FEB2027	8,280	828,954	4.26
CHINA DEVELOPMENT BANK CORP 3.87% A 01AUG2023	6,250	641,554	3.30
CHINA GOVT BOND 2.15% A 16JUL2021	18,000	1,797,655	9.24
CHINA HUADIAN CORP LTD 3.25% A 21JUL2021	2,800	280,357	1.44
CHINA NATIONAL PETROLEUM CORP 4.73% A 12APR2022	1,990	202,789	1.04
CHINA NATIONAL PETROLEUM CORP EB 1% A 13JUL2022	14,500	1,468,705	7.55
CHINA PETROCHEMICAL CORP 3.02% A 23SEP2023	11,800	1,179,622	6.06
CHONGQING SANXIA FINANCING GUARANTEE GROUP CORP 4.6% A 04APR2024	3,500	350,765	1.80
CITIC SECURITIES CO LTD 5.1% A 25JUN2025	13,550	1,429,675	7.35
GUANGDONG HENGJIAN INVESTMENT HLDG CO LTD 4.1% A 10MAY2026	1,000	100,435	0.52
KAIHUA REAL ESTATE CHINA GROUP CO LTD 5.1% A 14OCT2021	8,100	812,245	4.17
SHANTOU INVESTMENT & FINANCING GROUP CO 7.99% A 04MAR2024	23,230	1,471,797	7.56
SHENZHEN GAS CORP LTD 4.8% A 18APR2023	18,150	1,866,054	9.59
STATE GRID CORP OF CHINA 5% A 20NOV2022	4,050	417,166	2.14
TIANFENG SECURITIES CO LTD 3.48% A 31AUG2021	7,600	759,771	3.90
TIANFENG SECURITIES CO LTD 5.8% A 27MAR2023	4,700	472,507	2.43
YIFENG PHARMACY CHAIN CO LTD CB 0.4% A 01JUN2026	100	13,503	0.07

**DA CHENG CHINA RMB FIXED INCOME FUND
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**INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
AS AT 31 DECEMBER 2020**

	Holdings	Market value RMB	% of net assets
Listed/quoted investments (Continued)			
Quoted debt securities (Continued)			
China (Continued)			
ZHEJIANG PROVINCIAL ENERGY GROUP CO LTD 4.88% A 26APR2023	13,200	1,362,035	7.00
		<u>18,056,697</u>	<u>92.79</u>
Total listed/quoted investments		22,068,532	113.39
Other net liabilities		<u>(2,605,867)</u>	<u>(13.39)</u>
Total net assets as at 31 December 2020		<u>19,462,665</u>	<u>100.00</u>
Total investments, at cost		<u>21,336,031</u>	

**DA CHENG CHINA RMB FIXED INCOME 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 2020**

	Holdings				31 December 2020
	31 December 2019	Additions	Bonus/ Dividends	Deductions	
Listed/quoted investments					
Quoted debt securities					
ANHUI CONCH CEMENT CO LTD 5.1% A 07NOV2022	-	16,000	-	-	16,000
BEIJING AUTOMOBILE INVESTMENT CO LTD 3.6% A 10DEC2020	19,800	-	-	(19,800)	-
CHINA CITIC BANK CORP LTD CB 0.8% A 04MAR2025	-	9,100	-	-	9,100
CHINA DEVELOPMENT BANK CORP 3.39% A 03FEB2027	-	8,280	-	-	8,280
CHINA DEVELOPMENT BANK CORP 3.87% A 01AUG2023	16,900	3,200	-	(13,850)	6,250
CHINA GOVT BOND 2.15% A 16JUL2021	-	18,000	-	-	18,000
CHINA HUADIAN CORP LTD 3.25% A 21JUL2021	-	2,800	-	-	2,800
CHINA NATIONAL PETROLEUM CORP 4.73% A 12APR2022	-	1,990	-	-	1,990
CHINA NATIONAL PETROLEUM CORP EB 1% A 13JUL2022	15,000	-	-	(500)	14,500
CHINA PETROCHEMICAL CORP 3.02% A 23SEP2023	11,000	800	-	-	11,800
CHINA TRIUMPH INTERNATIONAL ENGINEERING CO LTD 4.68% A 18OCT2023	14,400	-	-	(14,400)	-
CHINA UNITED NETWORK COMMUNICATIONS CORP LTD 3.67% A 19JUN2022	-	6,200	-	(6,200)	-
CHONGQING SANXIA FINANCING GUARANTEE GROUP CORP 4.6% A 04APR2024	3,500	-	-	-	3,500
CITIC SECURITIES CO LTD 5.1% A 25JUN2025	13,550	-	-	-	13,550
GUANGDONG HENGJIAN INVESTMENT HLDG CO LTD 4.1% A 10MAY2026	1,000	-	-	-	1,000
KAIHUA REAL ESTATE CHINA GROUP CO LTD 5.1% A 14OCT2021	19,600	-	-	(11,500)	8,100
NANJING XINGANG DEVELOPMENT CORP 4.06% A 25APR2021	19,690	-	-	(19,690)	-
PING AN INTL FINANCIAL LEASING CO LTD 5.47% A PERP(CALLED)	19,500	-	-	(19,500)	-
SHANGHAI JINQIAO EXPORT PROCESSING ZONE DEVELOPMENT CO LTD 5% A 17NOV2022	9,500	-	-	(9,500)	-
SHANTOU INVESTMENT & FINANCING GROUP CO 7.99% A 04MAR2024	23,230	2,323	-	(2,323)	23,230
SHENZHEN GAS CORP LTD 4.8% A 18APR2023	-	18,150	-	-	18,150
STATE GRID CORP OF CHINA 5% A 20NOV2022	-	4,050	-	-	4,050
TIANFENG SECURITIES CO LTD 3.48% A 31AUG2021	7,600	-	-	-	7,600

**DA CHENG CHINA RMB FIXED INCOME FUND
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**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2020**

	Holdings				31 December 2020
	31 December 2019	Additions	Bonus/ Dividends	Deductions	
Listed/quoted investments (Continued)					
Quoted debt securities (Continued)					
TIANFENG SECURITIES CO LTD 5.8% A 27MAR2023	4,700	-	-	-	4,700
YIFENG PHARMACY CHAIN CO LTD CB 0.4% A 01JUN2026	-	100	-	-	100
ZHEJIANG PROVINCIAL ENERGY GROUP CO LTD 4.88% A 26APR2023	13,200	-	-	-	13,200
Listed equity securities					
AIR CHINA LTD-A	32,500	-	-	(18,000)	14,500
CHINA MERCHANTS BANK CO LTD-A	7,000	-	-	-	7,000
CHINA SHENHUA ENERGY CO LTD-A	3,000	-	-	(3,000)	-
CITIC PRESS CORP-A	1,600	2,200	-	(3,800)	-
EAST MONEY INFORMATION CO LTD-A	-	13,200	-	(8,300)	4,900
FOCUS MEDIA INFORMATION TECHNOLOGY CO LTD-A	36,000	-	-	(36,000)	-
FUYAO GLASS INDUSTRY GROUP CO LTD-A	9,200	-	-	(9,200)	-
GREE ELECTRIC APPLIANCES INC-A	3,850	-	-	(3,850)	-
GUANGDONG SOUTH NEW MEDIA CO LTD-A	-	1,200	960	(2,160)	-
GUOTAI JUNAN SECURITIES CO LTD-A	11,000	-	-	(11,000)	-
HANGZHOU DPTECH TECHNOLOGIES CO LTD-A	-	4,700	-	-	4,700
HANGZHOU HIKVISION DIGITAL TECHNOLOGY CO LTD-A	-	5,000	-	(5,000)	-
HAN'S LASER TECHNOLOGY INDUSTRY GROUP CO LTD-A	5,500	-	-	(5,500)	-
HONGFA TECHNOLOGY CO LTD-A	-	3,200	-	(3,200)	-
HUNAN AIHUA GROUP CO LTD-A	-	5,600	-	-	5,600
HUNDSUN TECHNOLOGIES INC-A	-	1,100	-	-	1,100
INNER MONGOLIA YILI INDUSTRIAL GROUP CO LTD-A	6,800	-	-	(2,000)	4,800
JACK SEWING MACHINE CO LTD-A	-	10,000	-	-	10,000
JIANGSU CHANGSHU RURAL COMMERCIAL BANK CO LTD-A	17,000	6,000	-	(23,000)	-
JIANGSU HENGRUI MEDICINE CO LTD-A	-	3,100	-	-	3,100
JONJEE HI-TECH INDUSTRIAL AND COMMERCIAL HLDG CO LTD-A	-	5,000	-	(5,000)	-
KWEICHOW MOUTAI CO LTD-A	200	-	-	-	200
LUXSHARE PRECISION INDUSTRY CO LTD-A	-	4,800	-	-	4,800
MICRO-TECH NANJING CO LTD-A	-	700	-	-	700
PING AN INSURANCE GROUP CO OF CHINA LTD-A	5,100	-	-	-	5,100
SAIC MOTOR CORP LTD-A	10,600	-	-	(10,600)	-
SANGFOR TECHNOLOGIES INC-A	-	600	-	-	600
SHENZHEN MINDRAY BIO-MEDICAL ELECTRONICS CO LTD-A	-	600	-	-	600

**DA CHENG CHINA RMB FIXED INCOME FUND
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**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Holdings				31 December 2020
	31 December 2019	Additions	Bonus/ Dividends	Deductions	
Listed/quoted investments (Continued)					
Listed equity securities (Continued)					
SHENZHEN SUNLORD ELECTRONICS CO LTD-A	-	6,000	-	(6,000)	-
VALIANT CO LTD-A	-	8,300	-	-	8,300
YIFENG PHARMACY CHAIN CO LTD-A	2,700	-	920	(1,400)	2,220
YINHUA TRADED MONEY MARKET FUND	-	1,400	-	(1,400)	-
ZHANGZHOU PIENZEHUANG PHARMACEUTICAL CO LTD-A	1,900	-	-	(1,900)	-
ZTE CORP-A	6,500	-	-	(3,000)	3,500

**DA CHENG CHINA RMB FIXED INCOME FUND
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**PERFORMANCE TABLE (UNAUDITED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Net asset value (Dealing NAV)

At the end of financial year date	Net asset value	Net asset value
	Class A (In RMB)	per unit Class A (In RMB)
31 December 2020	19,462,665	12.00
31 December 2019	20,212,786	11.24
31 December 2018	21,507,538	10.64

Highest and lowest net asset value per unit

Financial year ended	Highest issue price per unit		Lowest redemption price per unit	
	Class A (in RMB)	Class I (in USD)	Class A (in RMB)	Class I (in USD)
31 December 2020	12.00	N/A	10.99	N/A
31 December 2019	11.24	N/A	10.63	N/A
31 December 2018	10.67	N/A	9.16	N/A
31 December 2017	9.18	N/A	9.12	N/A
31 December 2016	10.03	9.84	9.17	9.51
31 December 2015	10.20	10.46	9.99	9.71
31 December 2014	10.08	10.43	9.73	9.95
31 December 2013 (since inception)	10.54	N/A	9.84	N/A