
DA CHENG TOTAL RETURN BOND FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)

REPORTS AND FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 JANUARY 2022 (DATE OF TERMINATION)



**DA CHENG TOTAL RETURN BOND 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 | 10-11 |
| Statement of Cash Flows | 12 |
| Notes to the Financial Statements | 13 - 29 |
| Statement of Movements in Investment Portfolio (Unaudited) | 30 - 31 |
| Performance Table (Unaudited) | 32 |



**DA CHENG TOTAL RETURN BOND FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

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

Trustee and Registrar

BOCI-Prudential Trustee Limited
Suites 1501-1507 & 1513-1516, 15/F,
1111 King's Road,
Taikoo Shing, Hong Kong

Manager

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

Legal Counsel to the Manager

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

Custodian

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

Auditor

PricewaterhouseCoopers
22/F, Prince's Building,
Central,
Hong Kong



**DA CHENG TOTAL RETURN BOND FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

REPORT OF THE MANAGER

Fund Performance

Da Cheng Total Return Bond Fund (the “Sub-Fund”) provide a stable income as well as capital growth over the medium to long term by investing in a globally diversified portfolio of debt securities. As of 31 January 2022 (date of termination), the last redemption date of the Sub-Fund, the Sub-Fund aggregates a total net asset size was nil (2020: USD24,208,882).

A summary of the performance of the Sub-Fund is set out below.

| | 2021 | Since inception |
|--|--------|---------------------------|
| Da Cheng Total Return Bond Fund - USD Class A NAV-to-NAV return | -9.19% | -7.50% (From 12 Feb 2019) |
| Da Cheng Total Return Bond Fund - HKD Class A NAV-to-NAV return | -8.18% | -5.90% (From 12 Apr 2019) |

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

Market Overview

Gongfu bond market had a turbulent 2021 hit by a flurry of idiosyncratic events. Rising UST yields also weighed on the dollar bond market. Measured by iBoxx USD Asia ex-Japan Corp Index, China’s corporate bonds produced a -5.8% total return in 2021, significantly underperformed the returns of the whole Asia ex-Japan USD Corporate Bond index (-2.93%), as well as the iBoxx Global USD Corporate Bond Index (-0.96%).returned -21.3%, far lower than the -11.3% return of the Asia ex-Japan HY Index.



**DA CHENG TOTAL RETURN BOND FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

REPORT OF THE MANAGER (CONTINUED)

Noted Da Cheng Total Return Bond Fund has been terminated on 31 January 2022 (date of termination). We thank investors for the many years of support of the Sub-Fund.

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

25 April 2022



**DA CHENG TOTAL RETURN BOND 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 Total Return Bond 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 period from 1 January 2021 to 31 January 2022 (date of termination).

For and on behalf of
BOCI-Prudential Trustee Limited

25 April 2022

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF DA CHENG TOTAL RETURN BOND 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 Total Return Bond Fund (the "Sub-Fund"), a sub-fund of DCI Investment Trust, which are set out on pages 8 to 29, comprise:

- the statement of financial position as at 31 January 2022 (date of termination);
- the statement of comprehensive income for the period from 1 January 2021 to 31 January 2022 (date of termination);
- the statement of changes in net assets attributable to unitholders for the period from 1 January 2021 to 31 January 2022 (date of termination);
- the statement of cash flows for the period from 1 January 2021 to 31 January 2022 (date of termination); and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 January 2022 (date of termination), and of its financial transactions and its cash flows for the period from 1 January 2021 to 31 January 2022 (date of termination) 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.

Emphasis of Matter

We draw your attention to Note 1 and Note 2 to these financial statements which state that the Trustee and the Manager (the "Management") have decided to terminate the Sub-Fund on 31 January 2022. As a result, the financial statements of the Sub-Fund have not been prepared on a going-concern basis. Our opinion is not modified in respect of this matter.

Other Information

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.

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

Other Information (Continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of 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 TOTAL RETURN BOND 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.
- 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, 25 April 2022

**DA CHENG TOTAL RETURN BOND FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2022 (DATE OF TERMINATION)**

| | Notes | 31 January 2022 (date of termination) USD | 31 December 2020 USD |
|--|----------|--|----------------------------|
| Assets | | | |
| Current assets | | | |
| Investments | 3.1, 3.4 | - | 23,652,709 |
| Interest receivable | | - | 442,029 |
| Cash and cash equivalents | 3.4, 7.3 | - | 109,585 |
| Total assets | | - | 24,204,323 |
| Liabilities | | | |
| Current liabilities | | | |
| Management fee payable | 7.1 | - | 4,690 |
| Trustee fee payable | 7.2 | - | 3,061 |
| Amount payable on redemption of units | | - | 260 |
| Accrued expenses and other payables | | - | 20,058 |
| Total liabilities (excluding net assets attributable to unitholders) | | - | 28,069 |
| Net assets attributable to unitholders (in accordance with IFRSs) | 6 | - | 24,176,254 |
| Adjustment for different basis adopted by the Sub-Fund in arriving at net assets attributable to unitholders | 6 | - | 32,628 |
| Net assets attributable to unitholders (in accordance with the Sub-Fund's explanatory memorandum) | 6 | - | 24,208,882 |

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 29 form an integral part of these financial statements.

**DA CHENG TOTAL RETURN BOND FUND
 (A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**
**STATEMENT OF COMPREHENSIVE INCOME
 FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 JANUARY 2022 (DATE OF TERMINATION)**

| | Notes | For the period from 1 January 2021 to 31 January 2022 (date of termination) USD | For the period from 16 September 2019 (date of commencement of operations) to 31 December 2020 USD |
|--|-------|--|--|
| Income | | | |
| Interest income from bank deposits | 7.3 | 19 | 2,044 |
| Interest income from investments | | 1,427,434 | 1,948,227 |
| Net loss on investments | 5 | (4,367,526) | (805,403) |
| Other income | | 54,334 | - |
| Total investment (expense) / income | | (2,885,739) | 1,144,868 |
| Expenses | | | |
| Management fee | 7.1 | 8,786 | 14,964 |
| Trustee fee | 7.2 | 32,293 | 40,913 |
| Custodian fee | 7.3 | 7,855 | 8,891 |
| Establishment costs | 6 | - | 43,635 |
| Transaction handling fees | 7.4 | 1,126 | 1,302 |
| Auditor's remuneration | | 19,295 | 20,000 |
| Net foreign exchange loss | | 634 | 527 |
| Legal and professional fee | | 1,607 | 12,983 |
| Other expenses | | 55,447 | 1,501 |
| Total operating expenses | | 127,043 | 144,716 |
| (Loss) / profit before distributions | 10 | (3,012,782) | 1,000,152 |
| Distributions to unitholders | 10 | (159,969) | (485,997) |
| (Loss) / profit after distributions | | (3,172,751) | 514,155 |
| Adjustment for different basis adopted by the Sub-Fund in arriving at net assets attributable to unitholders | 6 | (8,259) | 32,628 |
| (Decrease) / increase in net assets attributable to unitholders | | (3,181,010) | 546,783 |

The notes on pages 13 to 29 form an integral part of these financial statements.

**DA CHENG TOTAL RETURN BOND FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 JANUARY 2022 (DATE OF TERMINATION)**

| | For the period from 1 January 2021 to 31 January 2022 (date of termination) | For the period from 16 September 2019 (date of commencement of operations) to 31 December 2020 |
|--|--|---|
| | USD | USD |
| Net assets attributable to unitholders at the beginning of the period | 24,208,882 | - |
| Subscription of units | 1,393,147 | 24,181,623 |
| Redemption of units | (22,421,019) | (519,524) |
| Net (decrease) / increase from unit transactions | (21,027,872) | 23,662,099 |
| (Decrease) / increase in net assets attributable to unitholders | (3,181,010) | 546,783 |
| Net assets attributable to unitholders at the end of the period | - | 24,208,882 |

The notes on pages 13 to 29 form an integral part of these financial statements.

DA CHENG TOTAL RETURN BOND FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (Continued)
FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 JANUARY 2022 (DATE OF TERMINATION)
Number of units issued and redeemed

| | For the period from 1 January 2021 to 31 January 2022 (date of termination) | | | | | |
|--|---|----------------|----------------|----------------|--------------------------------------|--------------------------|
| | USD Class M | USD Class A | HKD Class A | USD Class I | RMB (Hedged) Class A (Dist) | USD Class A (Dist) |
| Number of units in issue at the beginning of the period | 2,135,552 | 46,309 | 664,702 | 101,501 | - | - |
| Units issued | 103,712 | 3,755 | 110,950 | - | 1,387 | 99 |
| Reinvestments (Note) | 15,200 | - | - | 670 | - | - |
| Units redeemed | (2,254,464) | (50,064) | (775,652) | (102,171) | (1,387) | (99) |
| Number of units in issue at the end of the period | - | - | - | - | - | - |

| | For the period from 16 September 2019 (date of commencement of operations) to 31 December 2020 | | | |
|--|--|----------------|----------------|----------------|
| | USD Class M | USD Class A | HKD Class A | USD Class I |
| Number of units in issue at the beginning of the period | - | - | - | - |
| Units issued | 2,089,102 | 92,047 | 717,683 | 100,000 |
| Reinvestments (Note) | 46,450 | - | - | 1,501 |
| Units redeemed | - | (45,738) | (52,981) | - |
| Number of units in issue at the end of the period | 2,135,552 | 46,309 | 664,702 | 101,501 |

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

**DA CHENG TOTAL RETURN BOND FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 JANUARY 2022 (DATE OF TERMINATION)**

| | For the period from 1 January 2021 to 31 January 2022 (date of termination) USD | For the period from 16 September 2019 (date of commencement of operations) to 31 December 2020 USD |
|--|--|---|
| Cash flows from operating activities | | |
| (Decrease) / increase in net assets attributable to unitholders | (3,181,010) | 546,783 |
| Adjustments for: | | |
| Adjustment for different basis adopted by the Sub-Fund in arriving at net assets attributable to unitholders | 32,628 | (32,628) |
| Interest income from bank deposits | (19) | (2,044) |
| Interest income from investments | (1,427,434) | (1,948,227) |
| Distributions to unitholders | 159,969 | 485,997 |
| Operating loss before changes in working capital | (4,415,866) | (950,119) |
| Increase in investments | 23,652,709 | (23,652,709) |
| Decrease / increase in management fee payable | (4,690) | 4,690 |
| Decrease / increase in trustee fee payable | (3,061) | 3,061 |
| Decrease / increase in accrued expenses and other payables | (20,058) | 20,058 |
| Cash generated from / (used in) operations | 19,209,034 | (24,575,019) |
| Interest income received | 1,869,482 | 1,508,242 |
| Net cash generated from / (used in) operating activities | 21,078,516 | (23,066,777) |
| Cash flows from financing activities | | |
| Proceeds from subscription of units | 1,233,178 | 23,695,626 |
| Payments on redemption of units | (22,421,279) | (519,264) |
| Net cash generated from financing activities | (21,188,101) | 23,176,362 |
| Net (decrease) / increase in cash and cash equivalents | (109,585) | 109,585 |
| Cash and cash equivalents at the beginning of the period | 109,585 | - |
| Cash and cash equivalents at the end of the period, representing bank deposits | - | 109,585 |

Non-cash transactions

During the period from 1 January 2021 to 31 January 2022 (date of termination), the Sub-Fund issued 15,200 (2020: 46,450), and 670 (2020: 1,501) new units for USD Class M and USD class I amounted to USD152,853 (2020: USD 469,902) and USD 7,116 (2020: USD 16,095) as part of distributions to the unitholders, totalling USD159,969 (2020: USD485,997).

The notes on pages 13 to 29 form an integral part of these financial statements.

**DA CHENG TOTAL RETURN BOND FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 JANUARY 2022 (DATE OF TERMINATION)**

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”) (collectively the “Management”). As at 31 January 2022 (date of termination), the Trust has six sub-funds, Da Cheng Total Return Bond Fund (the “Sub-Fund”), Da Cheng China Balanced Fund, Da Cheng Overseas China Concept Fund, Da Cheng Money Market Fund, Da Cheng Hong Kong Dollar Money Market Fund and Da Cheng Short Term Bond Fund (collectively, the “Sub-Funds”). The date of commencement of operations of the Sub-Fund was 16 September 2019.

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 provide a stable income as well as capital growth over the medium to long term by investing in a globally diversified portfolio of debt securities. The Sub-Fund seeks to achieve its investment objective by primarily invests in debt securities issued by governments, government agencies, supra-nationals, banks or companies worldwide.

Pursuant to the notice to unitholders dated 10 December 2021, the Management has decided to terminate the Sub-Fund with effect from 31 January 2022 (date of termination). All the units of the Sub-Fund have been redeemed by the unitholders on [13 January 2022] and the redemption proceeds were fully settled on [14 January 2022].

These financial statements were only prepared for the Sub-Fund for the period from 1 January 2021 to 31 January 2022 (date of termination).

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 periods 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.

**DA CHENG TOTAL RETURN BOND FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 JANUARY 2022 (DATE OF TERMINATION)**

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

As refer to Note 1, the Sub-Fund was terminated on 31 January 2022 (date of termination). As a result, the financial statements for the period from 1 January 2021 to 31 January 2022 (date of termination) have not been prepared on a going concern basis. The Management has assessed that the values of all assets and liabilities at the reporting date approximate their net realisable value, and therefore no changes of accounting policies or adjustments have been made in the financial statements in order to reflect the fact that the Sub-Fund will be able to realise its assets or to extinguish its liabilities in the normal course of business.

Standards and amendments to existing standards effective 1 January 2021

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2021 that have a material effect on the financial statements of the Sub-Fund.

New standards, amendments and interpretations effective after 1 January 2021

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021, 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 performance of the Sub-Fund is measured and reported to the unitholders in United States dollar (“USD”). The Manager considers USD as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in USD, 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 gain and loss relating to the financial assets carried at fair value through profit or loss is presented in the statement of comprehensive income within “net loss on investments”.

Foreign exchange gain and loss relating to cash and cash equivalents is presented in the statement of comprehensive income within “net foreign exchange loss”.

**DA CHENG TOTAL RETURN BOND FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 JANUARY 2022 (DATE OF TERMINATION)**

2 Summary of significant accounting policies (Continued)

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.

(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 loss on investments" in the period in which they arise.

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 financial instruments traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices at the closing of trading on the reporting date. The quoted market price used for financial assets held by the Sub-Fund is the last traded price.

(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.

**DA CHENG TOTAL RETURN BOND FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 JANUARY 2022 (DATE OF TERMINATION)**

2 Summary of significant accounting policies (Continued)

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.

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 bank 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 issued multiple 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 of the respective class at the time of issue or redemption. The Sub-Fund's net asset value per unit of the respective class is calculated by dividing the net assets attributable to unitholders of the respective class with the total number of outstanding units of the respective class.

The redeemable units are carried at amortised cost which corresponds to the redemption amount that is payable at the reporting date if the unitholder exercises the right to put the units back to the Sub-Fund.

In accordance with the explanatory memorandum 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 subscriptions and redemptions of the Sub-Fund.

2.8 Distributions to unitholders

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

**DA CHENG TOTAL RETURN BOND FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 JANUARY 2022 (DATE OF TERMINATION)**

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 Establishment costs

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

2.11 Receivables

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

3 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, currency 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.

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.

As at 31 January 2022 (date of termination), there were no investments held by the Sub-Fund. As a result, the Sub-Fund does not expose to the market price risk through the investments as at 31 January 2022 (date of termination).

The following table discloses the investments of the Sub-Fund by product type as at 31 December 2020:

| | 2020 USD |
|------------------------|---------------------|
| Investments | |
| Quoted debt securities | 23,652,709 |

**DA CHENG TOTAL RETURN BOND FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 JANUARY 2022 (DATE OF TERMINATION)**

3 Financial risk management (Continued)

3.1 Market price risk (Continued)

The following table discloses the investments of the Sub-Fund by industrial sectors as at 31 December 2020:

| Investments | <u>2020</u> | |
|-------------------------------|-------------------------------------|-----------------|
| | Fair value of investments USD | % of net assets |
| Quoted debt securities | | |
| Basic materials | 2,202,779 | 9.10 |
| Financials | 19,859,670 | 82.03 |
| Utilities | 1,590,260 | 6.57 |
| Total investments | <u>23,652,709</u> | <u>97.70</u> |

The Sub-Fund's market price risk on debt securities is managed through diversification of the investment portfolio ratios by exposures to different industries. There is no exposure to individual investment representing over 10% of the Sub-Fund's net asset value at 31 December 2020.

The sensitivity analysis of market price risk for debt securities is disclosed in the interest rate sensitivity analysis in Note 3.2 below.

3.2 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.

As at 31 January 2022 (date of termination), there were no interest-bearing assets/liabilities held by the Sub-Fund. As a result, the Sub-Fund does not expose to the interest rate risk as at 31 January 2022 (date of termination).

The tables below summarise the Sub-Fund's exposure to interest rate risks as at 31 December 2020. It includes the Sub-Fund's financial assets at fair values, categorised by the earlier of contractual re-pricing or maturity dates.

**DA CHENG TOTAL RETURN BOND FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 JANUARY 2022 (DATE OF TERMINATION)**

3 Financial risk management (Continued)

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

| As at 31 December 2020 | Maturity up to 1 year USD | Maturity 1-5 years USD | Maturity over 5 years USD | Non-interest bearing USD | Total USD |
|--|---------------------------------|------------------------------|---------------------------------|--------------------------------|-------------------|
| Assets | | | | | |
| Investments | 11,622,110 | 12,030,599 | - | - | 23,652,709 |
| Interest receivable | - | - | - | 442,029 | 442,029 |
| Cash and cash equivalents | 109,585 | - | - | - | 109,585 |
| Total assets | <u>11,731,695</u> | <u>12,030,599</u> | <u>-</u> | <u>442,029</u> | <u>24,204,323</u> |
| Liabilities | | | | | |
| Management fee payable | - | - | - | 4,690 | 4,690 |
| Trustee fee payable | - | - | - | 3,061 | 3,061 |
| Amount payable on redemption of units | - | - | - | 260 | 260 |
| Accrued expenses and other payables | - | - | - | 20,058 | 20,058 |
| Net assets attributable to unitholders | - | - | - | 24,208,882 | 24,208,882 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>24,236,951</u> | <u>24,236,951</u> |
| Total interest sensitivity gap | <u>11,731,695</u> | <u>12,030,599</u> | <u>-</u> | | |

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 USD23,652,709 and the portfolio weighted average modified duration of the Sub-Fund is 0.77.

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. USD182,126 while holding all other variables constant.

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 USD, 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.

**DA CHENG TOTAL RETURN BOND FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 JANUARY 2022 (DATE OF TERMINATION)**

3 Financial risk management (Continued)

3.4 Credit and counterparty risk (Continued)

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.

As at 31 January 2022 (date of termination), there were no debt securities held by the Sub-Fund, the table below summarises the credit quality of the Sub-Fund's debt securities, which represents 97.70% of net assets, as at 31 December 2020.

| Credit rating agency | Rating range | 2020 % of net assets |
|-----------------------------|---------------------|---------------------------------|
| Fitch | BBB- | 22.06 |
| Fitch | BB- | 2.13 |
| Fitch | B+ | 13.73 |
| Moody's | Baa3 | 3.30 |
| Moody's | Ba2 | 6.19 |
| Moody's | Ba3 | 7.96 |
| Moody's | B2 | 14.86 |
| Moody's | B1 | 10.52 |
| S&P | BB- | 7.50 |
| S&P | B | 1.26 |
| Unrated | | 8.19 |
| Total | | 97.70 |

The Manager has assessed the credit quality of the 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 table below summarises the exposure to the Sub-Fund's counterparty as at 31 December 2020 together with its credit rating:

| At 31 December 2020 | USD | Credit rating | Source of credit rating |
|-----------------------------------|------------|----------------------|--------------------------------|
| Investments | | | |
| Bank of China (Hong Kong) Limited | 23,652,709 | Aa3 | Moody's |
| Cash and cash equivalents | | | |
| Bank of China (Hong Kong) Limited | 109,585 | Aa3 | Moody's |

**DA CHENG TOTAL RETURN BOND FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 JANUARY 2022 (DATE OF TERMINATION)**

3 Financial risk management (Continued)

3.4 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, interest receivable and cash and cash equivalents are held with a counterparty with a credit rating of Baa2/BBB- or above and are due to be settled within 3 months. Management considers the probability of default to be close to zero as the counterparty has 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 period from 16 September 2019 (date of commencement of operations) to 31 December 2020 was the carrying amount of the investments and cash and cash equivalents.

3.5 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.

| | As at 31 December 2020 Less than 3 months USD |
|--|--|
| Management fee payable | 4,690 |
| Trustee fee payable | 3,061 |
| Amount payable on redemption of units | 260 |
| Accrued expenses and other payables | 20,058 |
| Net assets attributable to unitholders | 24,208,882 |
| | <hr/> |
| | 24,236,951 |
| | <hr/> <hr/> |

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

**DA CHENG TOTAL RETURN BOND FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 JANUARY 2022 (DATE OF TERMINATION)**

3 Financial risk management (Continued)

3.5 Liquidity risk (Continued)

As at 31 January 2022 (date of termination), the total assets of the Sub-Fund was zero. As at 31 December 2020, the total assets of the Sub-Fund amounted to USD24,204,323. The Sub-Fund manages its liquidity risk by investing in investments that it expects to be able to liquidate within 7 days or less.

3.6 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 period 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.

**DA CHENG TOTAL RETURN BOND FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 JANUARY 2022 (DATE OF TERMINATION)**

3 Financial risk management (Continued)

3.6 Fair value estimation (Continued)

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

| | Level 1 USD | Level 2 USD | Level 3 USD | Total USD |
|-------------------------------|----------------|-------------------|----------------|-------------------|
| As at 31 December 2020 | | | | |
| Assets | | | | |
| Investments | | | | |
| - Quoted debt securities | - | 23,652,709 | - | 23,652,709 |
| | ----- | ----- | ----- | ----- |
| Total | - | 23,652,709 | - | 23,652,709 |
| | ===== | ===== | ===== | ===== |

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1. The Sub-Fund does not adjust the quoted price for these. As at 31 December 2020, there is no level 1 investment held by the Sub-Fund.

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.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. There is no level 3 investment held by the Sub-Fund.

There was no transfer between levels for the period from 1 January 2021 to 31 January 2022 (date of termination) and the period from 16 September 2019 (date of commencement of operations) to 31 December 2020.

As at 31 December 2020, the carrying amount of interest receivable, cash and cash equivalents, management fee payable, trustee fee payable, amount payable on redemption of units, accrued expenses and other payables 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.

**DA CHENG TOTAL RETURN BOND FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 JANUARY 2022 (DATE OF TERMINATION)**

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 interest receivable, 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, amount payable on redemption of units, accrued expenses and other payables and net assets attributable to unitholders, are categorised as financial liabilities measured at amortised cost.

5 Net loss on investments

| | For the period from 1 January 2021 to 31 January 2022 (date of termination) | For the period from 16 September 2019 (date of commencement of operations) to 31 December 2020 |
|---|--|---|
| | USD | USD |
| Net realised loss on sale of investments | (4,239,053) | (933,876) |
| Net change in unrealised gain/loss on investments | (128,473) | 128,473 |
| | <u>(4,367,526)</u> | <u>(805,403)</u> |

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. Class M units are available for investments by managed accounts and other funds managed by the Manager or its associated entities. As at 31 January 2022 (date of termination), all the units have been redeemed by the unitholders. As at 31 December 2020, the Sub-Fund had USD Class M units, USD Class A units, HKA Class A units and USD Class I units in issue.

**DA CHENG TOTAL RETURN BOND FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 JANUARY 2022 (DATE OF TERMINATION)**

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

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

| | 31 January 2022 (date of termination) | | | | | |
|--|---------------------------------------|----------------------------|----------------------------|----------------------------|--|--------------------------------------|
| | USD Class M (in USD) | USD Class A (in USD) | HKD Class A (in HKD) | USD Class I (in USD) | RMB (Hedged) Class A (Dist) (in RMB) | USD Class A (Dist) (in USD) |
| Net assets attributable to unitholders per unit (Dealing NAV) at 31 January 2022 (date of termination) | - | - | - | - | - | - |

| | 31 December 2020 | | | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | USD Class M (in USD) | USD Class A (in USD) | HKD Class A (in HKD) | USD Class I (in USD) |
| Net assets attributable to unitholders per unit (Dealing NAV) at 31 December 2020 | 10.19 | 10.23 | 10.27 | 10.76 |

In accordance with the Sub-Fund's explanatory memorandum, the establishment costs of the Sub-Fund will be amortised over the first 5 years. The costs of establishment of the Sub-Fund are estimated to be zero. As at 31 December 2020, USD32,628 are unamortized for the Sub-Fund. However, the accounting policy of the Sub-Fund for the purpose of financial statements preparation in compliance with IFRSs is to expense establishment costs in the statement of comprehensive income as incurred. The differences between expensing the establishment costs as incurred in accordance with IFRSs and capitalisation and amortisation of the establishment costs indicated in the Sub-Fund's explanatory memorandum resulted in adjustment on the net asset value.

As at 31 January 2022 (date of termination), the above difference between the dealing net asset value ("Dealing NAV") and the accounting net asset value results an adjustment of USD8,259 (2020: USD32,628) below.

| | 2020 USD |
|--|-------------|
| Net assets attributable to unitholders (in accordance with IFRSs) | 24,176,254 |
| Adjustment for different basis adopted by the Sub-Fund in arriving at net assets attributable to unitholders | 32,628 |
| Net assets attributable to unitholders (in accordance with the Sub-Fund's explanatory memorandum) | 24,208,882 |

**DA CHENG TOTAL RETURN BOND FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 JANUARY 2022 (DATE OF TERMINATION)**

7 Transactions with related parties or connected persons

The following is a summary of transactions entered into during the period 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.

7.1 Management fee

The Manager is entitled to receive a management fee of up to 2% per annum (2020: 2% per annum) of the net asset value of the Sub-Fund. For the period from 1 January 2021 to 31 January 2022 (date of termination), the Manager charged a management fee of 1.00% per annum (2020: 1.00% per annum) of the net asset value of Class A units, 0.5% per annum (2020: 0.5% per annum) of the net asset value of Class I units and 1.00% per annum (2020: 1.00% per annum) of the net asset value of Class A (Dist) units. No management fee is charged for Class M units. The fee calculated and accrued on each valuation day and payable monthly in arrears.

Management fee charged for the period from 1 January 2021 to 31 January 2022 (date of termination) was USD8,786 (2020: USD14,964) of which no outstanding (2020: USD4,690) 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 (2020: 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 (2020: 0.15% per annum), subject to a minimum monthly fee of USD2,250 (2020: USD2,250). The fee is calculated and accrued on each valuation day and payable monthly in arrears.

Trustee fee charged for the period from 1 January 2021 to 31 January 2022 (date of termination) was USD32,293 (2020: USD40,913) of which no outstanding (2020: USD3,061) was payable to the Trustee.

7.3 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 0.10% per annum (2020: up to 0.10% per annum) of the net asset value of the Sub-Fund. Custodian fee charged for the period from 1 January 2021 to 31 January 2022 (date of termination) was USD7,855 (2020: USD8,891). All the custodian fee payable was fully settled as of 31 January 2022 (date of termination) and 31 December 2020.

As at 31 January 2022 (date of termination), there were no cash and cash equivalents and investments held by the Sub-Fund.

As at 31 December 2020, cash and cash equivalents amounted to be zero (2020: USD109,585) is held with Bank of China (Hong Kong) Limited. In addition, the Sub-Fund’s investments are held at Bank of China (Hong Kong) Limited as custodian of the Sub-Fund.

**DA CHENG TOTAL RETURN BOND FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 JANUARY 2022 (DATE OF TERMINATION)**

7 Transactions with related parties or connected persons (Continued)

7.3 Custodian fee, cash and cash equivalents and investment balances (Continued)

Interest income earned from cash and cash equivalents held with Bank of China (Hong Kong) Limited for the period from 1 January 2021 to 31 January 2022 (date of termination) was USD19 (2020: USD2,044) while the bank charges of Bank of China (Hong Kong) Limited for period from 1 January 2021 to 31 January 2022 (date of termination) was USD402 (2020: USD375).

7.4 Transaction handling fees

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

| Name of company | Transaction handling fees paid for the period USD | Average rate of transaction handling fees | Total aggregate value of such transactions for the period USD | Percentage of such transactions in value to total transactions for the period |
|--|---|---|---|---|
| For the period from 1 January 2021 to 31 January 2022 (date of termination) | | | | |
| BOCI Securities Limited | - | - | 309,287 | 0.39% |
| BOCI-Prudential Trustee Limited | 1,126 | 0.00% | 78,369,294 | 100.00% |
| For the year ended 31 December 2020 | | | | |
| BOCI Securities Limited | - | - | 2,516,254 | 3.04% |
| BOCI-Prudential Trustee Limited | 1,302 | 0.00% | 82,709,649 | 100.00% |

7.5 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 January 2022 (date of termination) and 31 December 2020 were as follows:

Units held by the segregated account managed by Da Cheng International Asset Management Company Limited, the Manager:

| 2021 | Units outstanding at 1 January 2021 | Units subscribed during the period | Units reinvested during the period | Units redeemed during the period | Units outstanding at 31 January 2022 |
|-------------|-------------------------------------|------------------------------------|------------------------------------|----------------------------------|--------------------------------------|
| USD Class M | 149,647 | 5,094 | 1,059 | (155,800) | - |

**DA CHENG TOTAL RETURN BOND FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 JANUARY 2022 (DATE OF TERMINATION)**

7 Transactions with related parties or connected persons (Continued)

7.5 Holdings in the Sub-Fund (Continued)

| 2020 | Units outstanding at 16 September 2019 | Units subscribed during the period | Units reinvested during the period | Units redeemed during the period | Units outstanding at 31 December 2020 |
|-------------|---|---|---|---|--|
| USD Class M | - | 147,482 | 2,165 | - | 149,647 |

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.

9 Soft commission arrangements

The Manager confirms that there has been no soft commission arrangement existing during the period from 1 January 2021 to 31 January 2022 (date of termination) and period from 16 September 2019 (date of commencement of operations) to 31 December 2020 in relation to directing transactions of the Sub-Fund through a broker or dealer.

10 Distribution to unitholders

The Sub-Fund made the following distributions during the period from 1 January 2021 to 31 January 2022 (date of termination):

| | 2021 USD |
|--|---------------------|
| <u>Interim distributions</u> | |
| USD Class I 0.04 on 101,501 units with ex-date on 19 January 2021 and payment on 25 January 2021 | 4,060 |
| USD Class M 0.04 on 2,135,551 units with ex-date on 19 January 2021 and payment on 25 January 2021 | 85,422 |
| <u>Final distributions</u> | |
| USD Class M 0.03 on 2,247,681 units with ex-date on 19 February 2021 and payment on 25 February 2021 | 67,430 |
| USD Class I 0.03 on 101,880 units with ex-date on 19 February 2021 and payment on 25 February 2021 | 3,057 |
| | <hr/> |
| | 159,969 |
| | <hr/> <hr/> |

There is no undistributed income carried forward as at 31 January 2022 (date of termination).

**DA CHENG TOTAL RETURN BOND FUND
(A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 JANUARY 2022 (DATE OF TERMINATION)**

10 Distribution to unitholders (Continued)

The Sub-Fund made the following distributions during the period from 16 September 2019 (date of commencement of operations) to 31 December 2020:

| | 2020 USD |
|--|---------------------|
| <u>Interim distributions</u> | |
| USD Class M 0.05 on 1,900,000 units with ex-date on 29 October 2019 and payment on 31 October 2019 | (95,000) |
| USD Class M 0.02 on 1,909,462 units with ex-date on 20 November 2019 and payment on 25 November 2019 | (38,189) |
| USD Class I 0.03 on 100,000 units with ex-date on 20 August 2020 and payment on 25 August 2020 | (3,000) |
| USD Class M 0.03 on 2,081,255 units with ex-date on 20 August 2020 and payment on 25 August 2020 | (62,438) |
| USD Class I 0.03 on 100,277 units with ex-date on 21 September 2020 and payment on 25 September 2020 | (3,008) |
| USD Class M 0.03 on 2,093,200 units with ex-date on 21 September 2020 and payment on 25 September 2020 | (62,796) |
| USD Class I 0.03 on 100,558 units with ex-date on 19 October 2020 and payment on 23 October 2020 | (3,017) |
| USD Class M 0.03 on 2,102,936 units with ex-date on 19 October 2020 and payment on 23 October 2020 | (63,088) |
| USD Class I 0.04 on 100,839 units with ex-date on 19 November 2020 and payment on 25 November 2020 | (4,034) |
| USD Class M 0.04 on 2,112,811 units with ex-date on 19 November 2020 and payment on 25 November 2020 | (84,512) |
| <u>Final distributions</u> | |
| USD Class I 0.03 on 101,219 units with ex-date on 21 December 2020 and payment on 24 December 2020 | (3,037) |
| USD Class M 0.03 on 2,129,283 units with ex-date on 21 December 2020 and payment on 24 December 2020 | (63,878) |
| | <u>(485,997)</u> |

The net income for distribution for the period from 16 September 2019 (date of commencement of operations) to 31 December 2020 was USD872,206. There is no undistributed income carried forward as at 31 December 2020.

11 Subsequent events

Pursuant to the notice from the Securities and Futures Commission of Hong Kong on 9 February 2022, it has withdrawn the authorisation of the Sub-Fund and the offering documents. The Sub-Fund has ceased to be an authorised fund from 9 February 2022.

12 Approval of financial statements

The financial statements were approved by the Trustee and the Manager on 25 April 2022.

**DA CHENG TOTAL RETURN BOND FUND
 (A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**
**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
 FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 JANUARY 2022 (DATE OF TERMINATION)**

| | 31 December 2020 | Additions | Holdings Bonus/ Dividends | Deductions | 31 January 2022 |
|---|---------------------|-----------|---------------------------------|-------------|--------------------|
| Quoted debt securities | | | | | |
| AGILE GROUP HLDGS LTD 4.85% S/A 31AUG2022 | - | 400,000 | - | (400,000) | - |
| BI HAI CO LTD 6.25% S/A 05MAR2022 | 500,000 | 1,000,000 | - | (1,500,000) | - |
| CENTRAL CHINA REAL ESTATE LTD 6.75% S/A 08NOV2021 | - | 1,000,000 | - | (1,000,000) | - |
| CENTRAL CHINA REAL ESTATE LTD 7.65% S/A 27AUG2023 | 500,000 | 500,000 | - | (1,000,000) | - |
| CENTRAL INTL DEVELOPMENT BVI LTD 2.2% S/A 25AUG2024 | - | 200,000 | - | (200,000) | - |
| CHINA AOYUAN GROUP LTD 8.5% S/A 23JAN2022 (DEFAULTED) | - | 1,000,000 | - | (1,000,000) | - |
| CHINA HONGQIAO GROUP LTD 6.25% S/A 08JUN2024 | - | 200,000 | - | (200,000) | - |
| CHINA HONGQIAO GROUP LTD 7.125% S/A 22JUL2022 | - | 1,000,000 | - | (1,000,000) | - |
| CHONGQING NAN'AN URBAN CONSTRUCTION & DEVELOPMENT GROUP CO LTD 4.2% S/A 07JUL2024 | - | 1,250,000 | - | (1,250,000) | - |
| CIFI HLDGS GROUP CO LTD 6.55% S/A 28MAR2024 | - | 800,000 | - | (800,000) | - |
| COASTAL EMERALD LTD 3.95% S/A 24MAY2024 | - | 1,000,000 | - | (1,000,000) | - |
| DALIAN DETA HLDG CO LTD 5.95% S/A 29JUL2022 | 1,100,000 | - | - | (1,100,000) | - |
| EASY TACTIC LTD 7% S/A 25APR2021 | 1,500,000 | - | - | (1,500,000) | - |
| EASY TACTIC LTD 8.75% S/A 10JAN2021 | 330,000 | - | - | (330,000) | - |
| E-HOUSE CHINA ENTERPRISE HLDGS LTD 7.625% S/A 18APR2022 | 1,800,000 | 500,000 | - | (2,300,000) | - |
| GEMDALE EVER PROSPERITY INVESTMENT LTD 4.95% S/A 12AUG2024 | - | 1,000,000 | - | (1,000,000) | - |
| GREENLAND GLOBAL INVESTMENT LTD 6.125 S/A 22APR2023 | 1,000,000 | - | - | (1,000,000) | - |
| GREENLAND GLOBAL INVESTMENT LTD 6.25% S/A 16DEC2022 | 1,000,000 | - | - | (1,000,000) | - |
| HBIS GROUP HONG KONG CO LTD 3.75% S/A 18DEC2022 | - | 1,000,000 | - | (1,000,000) | - |
| HEJUN SHUNZE INVESTMENT CO LTD 11% S/A 04JUN2022 | 2,000,000 | - | - | (2,000,000) | - |
| HEJUN SHUNZE INVESTMENT CO LTD 12% S/A 25APR2021 | 300,000 | - | - | (300,000) | - |
| HONG KONG INTL QINGDAO CO LTD 4.25% S/A 04DEC2022 | - | 1,000,000 | - | (1,000,000) | - |
| HONG KONG XIANGYU INVESTMENT GROUP CO LTD 4.5% S/A 30JAN2023 | - | 1,000,000 | - | (1,000,000) | - |
| HONGKONG INTL QINGDAO CO LTD 3.99% S/A 27APR2023 | - | 1,100,000 | - | (1,100,000) | - |
| JINAN URBAN CONSTRUCTION INTL INVESTMENT CO LTD 2.3% S/A 10NOV2024 | - | 1,000,000 | - | (1,000,000) | - |
| KAISA GROUP HLDGS LTD 8.5% S/A 30JUN2022 | - | 1,000,000 | - | (1,000,000) | - |
| MEGA WISDOM GLOBAL LTD 5.4% S/A 03NOV2021 | 800,000 | 800,000 | - | (1,600,000) | - |

**DA CHENG TOTAL RETURN BOND FUND
 (A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**
**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
 FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 JANUARY 2022 (DATE OF TERMINATION)**

| | 31 December 2020 | Additions | Holdings Bonus/ Dividends | Deductions | 31 January 2022 |
|---|---------------------|-----------|---------------------------------|-------------|--------------------|
| Quoted debt securities (Continued) | | | | | |
| MEGA WISDOM GLOBAL LTD 5.625% S/A 28JUN2021 | - | 1,200,000 | - | (1,200,000) | - |
| NEW DIAN GROUP PTE LTD 7.375% S/A 23APR2021 | 2,300,000 | - | - | (2,300,000) | - |
| NEW METRO GLOBAL LTD 6.5% S/A 20MAY2022 | - | 500,000 | - | (500,000) | - |
| NEW METRO GLOBAL LTD 6.8% S/A 05AUG2023 | - | 800,000 | - | (800,000) | - |
| POWERLONG REAL ESTATE HLDGS LTD 6.25% S/A 10AUG2024 | - | 700,000 | - | (700,000) | - |
| POWERLONG REAL ESTATE HLDGS LTD 7.125% S/A 08NOV2022 | - | 500,000 | - | (500,000) | - |
| RONGXINGDA DEVELOPMENT BVI LTD 9% S/A 15JUL2021 | 1,500,000 | - | - | (1,500,000) | - |
| RONSHINE CHINA HLDGS LTD 8.75% S/A 25OCT2022 | 1,500,000 | - | - | (1,500,000) | - |
| SHANDONG IRON AND STEEL XINHENG INTL CO LTD 4.8% S/A 28JUL2024 | - | 1300,000 | - | (1,300,000) | - |
| SHANDONG IRON AND STEEL XINHENG INTL CO LTD 6.2% S/A 07NOV2021 | - | 1000,000 | - | (1,000,000) | - |
| SHIMAO GROUP HLDGS LTD 3.975% S/A 16SEP2023 | - | 1200,000 | - | (1,200,000) | - |
| SHUIFA INTL HLDGS BVI CO LTD 4% S/A 24MAR2024 | - | 1000,000 | - | (1,000,000) | - |
| SINO-OCEAN LAND TREASURE IV LTD 5.25% S/A 30APR2022 | - | 1200,000 | - | (1,200,000) | - |
| SUNAC CHINA HLDGS LTD 6.5% S/A 09JUL2023 | 1,000,000 | - | - | (1,000,000) | - |
| TIMES CHINA HLDGS LTD 5.55% S/A 04JUN2024 | - | 300,000 | - | (300,000) | - |
| UNION LIFE INSURANCE CO LTD 3% S/A 19SEP2021 | 1,600,000 | - | - | (1,600,000) | - |
| UNITED STATES OF AMERICA TREASURY BILL 0% A 03NOV2022 | - | 1,800,000 | - | (1,800,000) | - |
| US TREASURY N/B 0.125% S/A 15OCT2023 | - | 1,800,000 | - | (1,800,000) | - |
| US TREASURY N/B 0.375% S/A 31OCT2023 | - | 1,800,000 | - | (1,800,000) | - |
| XIANG SHENG OVERSEAS LTD 11% S/A 30JUL2021 | 2,000,000 | - | - | (2,000,000) | - |
| YUNNAN ENERGY INVESTMENT OVERSEAS FINANCE CO LTD 4.25% S/A 13DEC2021 | - | 1,000,000 | - | (1,000,000) | - |
| ZHENAN GLORY INVESTMENT LTD 5.35% S/A 13JAN2022 | - | 1,000,000 | - | (1,000,000) | - |
| ZHONGLIANG HLDGS GROUP CO LTD 8.75% S/A 27JUN2021 | 1,500,000 | - | - | (1,500,000) | - |
| ZHONGLIANG HLDGS GROUP CO LTD 9.5% S/A 29JUL2022 | - | 300,000 | - | (300,000) | - |
| ZHONGYUAN ASSET MANAGEMENT CO LTD 4.2% S/A 29NOV2022 | 2,000,000 | - | - | (2,000,000) | - |

**DA CHENG TOTAL RETURN BOND FUND
 (A SUB-FUND OF DCI INVESTMENT TRUST ESTABLISHED IN HONG KONG)**
**PERFORMANCE TABLE (UNAUDITED)
 FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 JANUARY 2022 (DATE OF TERMINATION)**
Net asset value (Dealing NAV)

| At the end of financial period date | Net asset value per unit | | | | | | |
|---|--------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|--|--|
| | Net asset value (in USD) | USD Class M (in USD) | USD Class A (in USD) | HKD Class A (in HKD) | USD Class I (in USD) | RMB Class A (Dist) (Hedged) (in RMB) | USD Class A (Dist) (Hedged) (in USD) |
| 31 January 2022 (date of termination) | - | N/A | N/A | N/A | N/A | N/A | N/A |
| 31 December 2020 | 24,208,882 | 10.19 | 10.23 | 10.27 | 10.76 | - | - |

Highest and lowest net asset value per unit

| Financial period ended | Highest issue price per unit | Lowest redemption price per unit |
|---------------------------------------|---------------------------------------|---|
| 31 January 2022 (date of termination) | | |
| USD Class M (in USD) | 10.22 | 8.63 |
| USD Class A (in USD) | 10.25 | 8.65 |
| HKD Class A (in HKD) | 10.30 | 8.73 |
| USD Class I (in USD) | 10.79 | 9.08 |
| RMB Class A (Dist) (Hedged) (in RMB) | 10.25 | 8.87 |
| USD Class A (Dist) (in USD) | 10.06 | 8.29 |
| 31 December 2020 | | |
| - USD Class M (in USD) | 10.30 | 9.23 |
| - USD Class A (in HKD) | 10.24 | 9.20 |
| - HKD Class A (in HKD) | 10.29 | 9.25 |
| - USD Class I (in USD) | 10.88 | 10.00 |