
DA CHENG CSI CHINA MAINLAND CONSUMER TRACKER*
(* THIS IS A SYNTHETIC ETF)

**DA CHENG CSI HONG KONG PRIVATE-OWNED MAINLAND
ENTERPRISES TRACKER**

**DA CHENG CSI HONG KONG STATE-OWNED MAINLAND
ENTERPRISES TRACKER**

(SUB-FUNDS OF DCI ETF TRUST)

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013



DCI ETF TRUST

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

Contents	Page
Management and administration	1
Report of the Manager to the Unitholders	2 - 7
Report of the Trustee to the Unitholders	8
Independent Auditor's Report	9 - 10
Statement of Financial Position	11 - 13
Statement of Comprehensive Income	14 - 16
Statement of Changes in Net Assets Attributable to Unitholders	17 - 19
Statement of Cash Flows	20 - 22
Notes to the Financial Statements	23 - 56
Da Cheng CSI China Mainland Consumer Tracker* (*This is a synthetic ETF)	
- Investment Portfolio (unaudited)	57 - 59
- Statement of Movements in Investment Portfolio (unaudited)	60 - 63
- Performance record (unaudited)	64
Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker	
- Investment Portfolio (unaudited)	65 - 66
- Statement of Movements in Investment Portfolio (unaudited)	67 - 68
- Performance record (unaudited)	69
Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker	
- Investment Portfolio (unaudited)	70 - 71
- Statement of Movements in Investment Portfolio (unaudited)	72 - 73
- Performance record (unaudited)	74

DCI ETF TRUST

MANAGEMENT AND ADMINISTRATION FOR THE YEAR ENDED 31 DECEMBER 2013

Directors of the Manager

CAO Xiongfei
CHEN Shangqian
DU Peng
DENG Shaoyong
LIU Caihui
XIAO Bing
YANG Chunming

Manager

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

Trustee

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

Listing Agent

China Merchants Securities (HK) Co., Limited
48/F, One Exchange Square
Central
Hong Kong

Service Agent

HK Conversion Agency Services Limited
2/F, Infinitus Plaza
199, Des Voeus Road Central
Hong Kong

Registrar

Computershare Hong Kong Investor Services Limited
46/F, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Auditor

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

Legal Counsel to the Manager

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

REPORT OF THE MANAGER TO THE UNITHOLDERS

**DA CHENG CSI CHINA MAINLAND CONSUMER TRACKER * (*THIS IS A SYNTHETIC ETF)
(A SUB-FUND OF DCI ETF TRUST)**

Fund performance

Da Cheng CSI China Mainland Consumer Tracker * (*This is a synthetic ETF) (the “CSI China Mainland Consumer ETF”) seeks to provide investment results, before fees and expenses, closely correspond to the performance of the CSI China Mainland Consumer Index (the “Index”) in Hong Kong dollar (“HKD”) terms. As of 31 December 2013, the Net Asset Value (“NAV”) per unit of the CSI China Mainland Consumer ETF was HKD 9.19 with a total of 1,500,000 units outstanding, aggregating a total asset size of approximately HKD 13,784,354.

A summary of the performance of the CSI China Mainland Consumer ETF¹ is given below (as at 31 December 2013).

	2013	2012	2011	2010 ²	Since Inception ³
CSI China Mainland Consumer Price Index ⁴	7.392%	0.752%	-	24.817%	9.304%
CSI China Mainland Consumer Total Return Index ⁵	10.106%	2.537%	-	25.083%	15.458%
CSI Mainland China Consumer ETF NAV-to-NAV ⁶	5.506%	-4.075%	-	24.041%	2.597%
CSI Mainland China Consumer ETF Market-to-Market ⁷	-3.101%	2.847%	-	18.896%	-7.113%

Source: Da Cheng International Asset Management Ltd., Bloomberg

The difference in performance between CSI China Mainland Consumer Index and DCI China Consumer ETF is mainly attributed to fees and expenses, and a different currency exchange rate used for fund valuation and index calculation.

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

² The performance shown for 2010 covers the period from Inception date (15 July 2010) to 31 December 2010

³ Inception date is 15 July 2010.

⁴ Price Index in RMB. An investor cannot invest directly in an index and the index performance returns do not reflect management fees, transaction costs or other expenses, which would reduce performance returns.

⁵ Total Return Index in RMB. Total returns represent the rate that an investor would have earned (or lost) on an investment, assuming reinvestment of dividends and distributions.

⁶ Unit’s NAV in HKD. Units in the Fund are issued and redeemed at NAV and the Fund’s returns have been calculated from NAV.

⁷ Market closing price in HKD. Market returns are calculated using historical market closing prices of the ETF, and do not represent the returns you would receive if you trade units at other times.

REPORT OF THE MANAGER TO THE UNITHOLDERS (CONTINUED)

DA CHENG CSI CHINA MAINLAND CONSUMER TRACKER* (THIS IS A SYNTHETIC ETF) (A SUB-FUND OF DCI ETF TRUST)

Fund activities

Since the CSI China Mainland Consumer ETF listed on the Stock Exchange of Hong Kong on 15 July 2010, it continued to attract great interest in the consumer sector of the A share market from investors. As at 31 December 2013, there were 1,500,000 units outstanding.

Index activities

The CSI China Mainland Consumer Index underwent one regular annual review and one regular semi-annual review during the end of the year of 2013.

As at 31 December 2013, the CSI China Mainland Consumer ETF had exposure to all 50 index constituents indirectly.

Market overview

As at 31 December 2013, the return of CSI China Mainland Consumer Index and the CSI China Mainland Consumer ETF were 7.39% and 4.36%, respectively in 2013. The currency return of the Chinese Renminbi (RMB) against Hong Kong Dollar (HKD) was approximately 2.97%.

Compared to the return of -7.65% in CSI 300 Index, consumer sector outperformed in the Chinese A-share market. The main reasons for the outperformance are (1) growth rate of consumption expenditure maintained steady growth, despite the less optimistic macro environment; and (2) the consumption of ordinary goods still maintained a relatively rapid growth rate although the anti-corruption campaign launched by new leadership of China encumbers the consumption of luxury goods.

In the coming years, based on continuous growth in per capita disposable income, domestic consumption continues to be the key growth area for the Chinese economy, driven by rising income and wealth, and favorable policy made by government. The government will continue to boost consumer confidence by promoting personal income, and enhancing healthcare and pension coverage.

**REPORT OF THE MANAGER TO THE UNITHOLDERS
DA CHENG CSI HONG KONG PRIVATE-OWNED MAINLAND ENTERPRISES TRACKER
(A SUB-FUND OF DCI ETF TRUST)**

Fund performance

Da Cheng CSI Hong Kong Private-Owned Mainland Consumer Enterprises Tracker (the “CSI HK Private-owned Mainland Enterprises ETF”) seeks to provide investment results, before fees and expenses, closely correspond to the performance of the CSI Hong Kong Private-owned Mainland Enterprises Index (the “Index”) in Hong Kong dollar (“HKD”) terms. As of 31 December 2013, the Net Asset Value (“NAV”) per unit of the CSI HK Private-owned Mainland Enterprises ETF was HKD 7.23 with a total of 500,000 units outstanding, aggregating a total asset size of approximately HKD 3,614,771.

A summary of the performance of the CSI HK Private-owned Mainland Enterprises ETF¹ is given below (as at 31 December 2013).

	2013	2012	2011	2010 ²	Since Inception ³
CSI Hong Kong Private-owned Mainland Enterprises Index ⁴	12.156%	23.329%	-24.361%	0.311%	4.950%
CSI Private-owned Mainland Total Return Index ⁵	14.412%	26.142%	-22.880%	0.351%	11.691%
CSI HK Private-owned Mainland Enterprises ETF NAV-to-NAV ⁶	-3.477%	9.985%	-28.914%	0.314%	-25.026%
CSI HK Private-owned Mainland Enterprises ETF Market-to-Market ⁷	-8.150%	12.029%	-27.975%	0.630%	-25.420%

Source: Da Cheng International Asset Management Ltd., Bloomberg

The difference in performance between CSI Hong Kong Private-owned Mainland Enterprises Index and CSI HK Private-owned Mainland Enterprises ETF is mainly attributed to fees and expenses.

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

² The performance shown for 2010 covers the period from Inception date (20 December 2010) to 31 December 2010

³ Inception date is 20 December 2010.

⁴ Price Index in HKD. An investor cannot invest directly in an index and the index performance returns do not reflect management fees, transaction costs or other expenses, which would reduce performance returns.

⁵ Total Return Index in HKD. Total returns represent the rate that an investor would have earned (or lost) on an investment, assuming reinvestment of dividends and distributions.

⁶ Unit's NAV in HKD. Units in the Fund are issued and redeemed at NAV and the Fund's returns have been calculated from NAV.

⁷ Market closing price in HKD. Market returns are calculated using historical market closing prices of the ETF, and do not represent the returns you would receive if you trade units at other times.

REPORT OF THE MANAGER TO THE UNITHOLDERS (CONTINUED)

DA CHENG CSI HONG KONG PRIVATE-OWNED MAINLAND ENTERPRISES TRACKER (A SUB-FUND OF DCI ETF TRUST)

Fund activities

Since the CSI HK Private-owned Mainland Enterprises ETF listed on the Stock Exchange of Hong Kong on 20 December 2011, it continued to attract great interest in private-owned mainland enterprises listed in Hong Kong market from investors. As at 31 December 2013, there were 500,000 units outstanding.

Index activities

The CSI Hong Kong Private-owned Mainland Enterprises Index underwent one regular annual review and one regular semi-annual review during the end of the year 2013.

As at 31 December 2013, the CSI HK Private-owned Mainland Enterprises ETF had exposure to all 40 index constituents directly.

Market overview

As at 31 December 2013, the return of CSI Hong Kong Private-owned Mainland Enterprises Index and the CSI HK Private-owned Mainland Enterprises ETF were 12.16% and -4.41%, respectively for 2013.

In the year of 2013, Chinese economy maintained a steady growth but the growth rate dropped in the first half of the year compared to the previous years. In the second half of year 2013, the Chinese economy began to recover slightly. Therefore, benchmark index of the fund presents a low to high tendency.

Looking forward to 2014, the economy in developed countries may grow at a relatively higher rate, and the Chinese economy may continue to recover slightly. In this environment, Chinese stocks listed in Hong Kong market may continually return to their previous values. As a proxy of the Private-owned economy in China, the index which our fund tracks might benefit from the movement.

REPORT OF THE MANAGER TO THE UNITHOLDERS

**DA CHENG CSI HONG KONG STATE-OWNED MAINLAND ENTERPRISES TRACKER
(A SUB-FUND OF DCI ETF TRUST)**

Fund performance

Da Cheng CSI Hong Kong State-Owned Mainland Consumer Enterprises Tracker (the “CSI HK State-owned Mainland Enterprises ETF”) seeks to provide investment results, before fees and expenses, closely correspond to the performance of the CSI Hong Kong State-owned Mainland Enterprises Index (the “Index”) in Hong Kong dollar (“HKD”) terms. As of 31 December 2013, the Net Asset Value (“NAV”) per unit of the CSI HK State-owned Mainland Enterprises ETF was HKD 8.11 with a total of 1,500,000 units outstanding, aggregating a total asset size of approximately HKD 12,168,022.

A summary of the performance of the CSI HK State-owned Mainland Enterprises ETF¹ is given below (as at 31 December 2013).

	2013	2012	2011	2010 ²	Since Inception ³
CSI Hong Kong State-owned Mainland Enterprises Index ⁴	-6.069%	16.635%	-16.989%	2.164%	-7.087%
CSI State-owned Mainland Total Return Index ⁵	-2.078%	21.219%	-14.486%	2.165%	3.703%
CSI HK State-owned Mainland Enterprises ETF NAV-to-NAV ⁶	-8.854%	11.669%	-19.332%	2.066%	-16.425%
CSI HK State-owned Mainland Enterprises ETF Market-to-Market ⁷	-11.683%	15.47%	-17.970%	1.861%	-14.789%

Source: Da Cheng International Asset Management Co., Ltd., Bloomberg

The difference in performance between the CSI Hong Kong State-owned Mainland Enterprises Index and CSI HK State-owned Mainland Enterprises ETF is mainly attributed to fees and expenses.

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

² The performance shown for 2010 covers the period from Inception date (20 December 2010) to 31 December 2010

³ Inception date is 20 December 2010.

⁴ Price Index in HKD. An investor cannot invest directly in an index and the index performance returns do not reflect management fees, transaction costs or other expenses, which would reduce performance returns.

⁵ Total Return Index in HKD. Total returns represent the rate that an investor would have earned (or lost) on an investment, assuming reinvestment of dividends and distributions.

⁶ Unit’s NAV in HKD. Units in the Fund are issued and redeemed at NAV and the Fund’s returns have been calculated from NAV.

⁷ Market closing price in HKD. Market returns are calculated using historical market closing prices of the ETF, and do not represent the returns you would receive if you trade units at other times.

REPORT OF THE MANAGER TO THE UNITHOLDERS (CONTINUED)

DA CHENG CSI HONG KONG STATE-OWNED MAINLAND ENTERPRISES TRACKER (A SUB-FUND OF DCI ETF TRUST)

Fund activities

Since the CSI HK State-owned Mainland Enterprises ETF listed on the Stock Exchange of Hong Kong on 20 December 2010, it continued to attract great interest in state-owned mainland enterprises listed in Hong Kong market from investors. As at 31 December 2013, there were 1,500,000 units outstanding.

Index activities

Underwent one regular annual review and one regular semi-annual review during the end of the year 2013.

As at 31 December 2013, the CSI HK State-owned Mainland Enterprises ETF had exposure to all 40 index constituents directly.

Market overview

As at 31 December 2013, the return of CSI Hong Kong State-owned Mainland Enterprises Index and the CSI HK State-owned Mainland Enterprises ETF were -6.07% and -9.10% respectively for 2013.

In the year of 2013, Chinese economy maintained a steady growth but the growth rate dropped in the first half of the year compared to the previous years. In the second half of year 2013, the Chinese economy began to recover slightly. Therefore, benchmark index of the fund presents a low to high tendency.

Looking forward to 2014, the economy in developed countries may grow at a relatively higher rate, and the Chinese economy may continue to recover slightly. In this environment, Chinese stocks listed in Hong Kong market may continually return to their previous value. As a proxy of the State-owned economy in China, the index which our fund tracks might benefit from the movement.

Da Cheng International Asset Management Company Limited

11 April 2014



REPORT OF THE TRUSTEE TO THE UNITHOLDERS

DCI ETF TRUST

We hereby confirm that, in our opinion, the Manager of Da Cheng CSI China Mainland Consumer Tracker^{*} (this is a synthetic ETF), Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker and Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker (the "Sub-Funds") has, in all material respect, managed the Sub-Funds in accordance with the provisions of the Trust Deed dated 24 June 2010, as amended, for the year ended 31 December 2013.

**For and on behalf of
BOCI-Prudential Trustee Limited**

11 April 2014

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF DCI ETF TRUST

We have audited the financial statements of Da Cheng CSI China Mainland Consumer Tracker* ("This is a synthetic ETF), Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker and Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker (each a separate sub-fund of DCI ETF Trust and referred to individually or collectively as the "Sub-Funds") set out on pages 11 to 56, which comprise the statements of financial position as at 31 December 2013, and the statements of comprehensive income, statements of changes in net assets attributable to unitholders and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Trustee and the Manager (the "Management") of the Sub-Funds are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and are responsible for ensuring that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 24 June 2010 (the "Trust Deed") and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong (the "SFC Code"), 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We are also required to assess whether the financial statements of the Sub-Funds have been properly prepared, in all material respects, in accordance with relevant disclosure provisions of the Trust Deed and the SFC Code.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Sub-Funds' preparation of financial statements that give a true and fair view 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-Funds' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF DCI ETF TRUST (CONTINUED)**

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of each of the Sub-Funds as at 31 December 2013, and of each of their financial transactions and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to Note 4 to these financial statements, which indicates that the Management considers that the enforcement of PRC tax on gains on A shares is uncertain as at the date of approval of these financial statements and the Management has exercised significant judgment in their assessment of whether the potential tax charge could affect the valuation of the A Share Linked Products ("ALPs") held by Da Cheng CSI China Mainland Consumer Tracker* (*This is a synthetic ETF) as at 31 December 2013. Our opinion is not qualified in respect of this matter.

Other Matters

This report, including the opinion, has been prepared for and only for 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.

Report on Other Legal and Regulatory Disclosure Requirements

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 11 April 2014

DCI ETF TRUST

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013**

		Da Cheng CSI China Mainland Consumer Tracker* (*This is a synthetic ETF)	
	Note	2013 HK\$	2012 HK\$
Assets			
Current assets			
Investments	3.1, 3.2, 9.6	13,132,935	4,144,097
Cash and cash equivalents	3.2, 9.5	146,632	141,263
Prepayments and other receivables		229,717	179,950
Receivable from the Manager	9.1	757,346	379,019
Total assets		<u>14,266,630</u>	<u>4,844,329</u>
Liabilities			
Current liabilities			
Transaction costs payable	9.4	600	400
Maintenance fee payable	9.3	273,209	227,484
Securities lending expenses payable	3.2	67,725	41,492
Other payables		140,742	221,370
Total liabilities		<u>482,276</u>	<u>490,746</u>
Net assets attributable to unitholders	5	<u>13,784,354</u>	<u>4,353,583</u>

Approved by the Trustee and the Manager on 11 April 2014.

BOCI-Prudential Trustee Limited
as the Trustee of the Trust

Da Cheng International Asset Management
Limited as the Manager of the Trust

The notes on page 23 to 56 are an integral part of these financial statements.

DCI ETF TRUST

**STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2013**

	Note	Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker	
		2013 HK\$	2012 HK\$
Assets			
Current assets			
Investments	3.1, 3.2, 9.6	3,534,313	7,418,151
Cash and cash equivalents	3.2, 9.5	198,511	360,670
Amount due from broker		167,921	-
Prepayments and other receivables		15,662	17,749
Total assets		<u>3,916,407</u>	<u>7,796,570</u>
Liabilities			
Current liabilities			
Management fee payable	9.1	5,553	11,060
Trustee fee payable	9.2	25,833	25,000
Transaction costs payable	9.4	2,000	1,400
Amount due to broker		101,724	-
Other payables		166,526	285,003
Total liabilities		<u>301,636</u>	<u>322,463</u>
Net assets attributable to unitholders	5	<u>3,614,771</u>	<u>7,474,107</u>

Approved by the Trustee and the Manager on 11 April 2014.

BOCI-Prudential Trustee Limited
as the Trustee of the Trust

Da Cheng International Asset Management
Limited as the Manager of the Trust

The notes on page 23 to 56 are an integral part of these financial statements.

DCI ETF TRUST

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2013

		Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker	
	Note	2013 HK\$	2012 HK\$
Assets			
Current assets			
Investments	3.1, 3.2, 9.6	12,003,187	13,241,534
Cash and cash equivalents	3.2, 9.5	351,270	421,255
Amount due from broker		128,096	-
Prepayments and other receivables		15,000	15,000
Total assets		<u>12,497,553</u>	<u>13,677,789</u>
Liabilities			
Current liabilities			
Management fee payable	9.1	18,753	19,478
Trustee fee payable	9.2	25,833	25,000
Amount due to broker		117,020	-
Other payables		167,925	286,203
Total liabilities		<u>329,531</u>	<u>330,681</u>
Net assets attributable to unitholders	5	<u>12,168,022</u>	<u>13,347,108</u>

Approved by the Trustee and the Manager on 11 April 2014.

BOCI-Prudential Trustee Limited
as the Trustee of the Trust

Da Cheng International Asset Management
Limited as the Manager of the Trust

The notes on page 23 to 56 are an integral part of these financial statements.

DCI ETF TRUST

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	Da Cheng CSI China Mainland Consumer Tracker [*] (This is a synthetic ETF)	
		2013 HK\$	2012 HK\$
Income			
Net gain/(loss) on investments	7	1,339,440	(201,941)
Dividend income		311,120	369,256
Other gains/(losses)		2,721	(8,867)
Total net income		<u>1,653,281</u>	<u>158,448</u>
Expenses			
Management fee	9.1	(116,287)	(164,756)
Transaction costs	9.4	(45,600)	(42,200)
Maintenance fee	9.3	(45,725)	(64,523)
Securities lending expenses	3.2	(230,779)	(199,633)
Legal and professional fees		(33,683)	(104,616)
Other operating expenses	10	(233,997)	(275,028)
Total operating expenses		<u>(706,071)</u>	<u>(850,756)</u>
Profit/(loss) before tax		947,210	(692,308)
Withholding tax on dividend income	8	(66,439)	(43,737)
Total comprehensive income/(loss)		<u>880,771</u>	<u>(736,045)</u>

The notes on page 23 to 56 are an integral part of these financial statements.

DCI ETF TRUST

STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

		Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker	
	Note	2013 HK\$	2012 HK\$
Income			
Net gain on investments	7	359,668	1,450,828
Dividend income		121,421	151,170
Other (losses)/gains		(1,018)	46
Total net income		<u>480,071</u>	<u>1,602,044</u>
Expenses			
Management fee	9.1	(36,658)	(42,728)
Transaction costs	9.3	(20,811)	(21,385)
Trustee fee	9.2	(300,000)	(426,613)
Legal and professional fees		(65,163)	(592)
Other operating expenses	10	(414,975)	(420,233)
Total operating expenses		<u>(837,607)</u>	<u>(911,551)</u>
(Loss)/profit before tax		(357,536)	690,493
Withholding tax on dividend income	8	(1,800)	(2,748)
Total comprehensive (loss)/income		<u>(359,336)</u>	<u>687,745</u>

The notes on page 23 to 56 are an integral part of these financial statements.

DCI ETF TRUST

STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker	
		2013 HK\$	2012 HK\$
Income			
Net (loss)/gain on investments	7	(753,187)	1,958,291
Dividend income		490,767	430,480
Other (losses)/gains		(1,132)	1,486
Total net (loss)/income		<u>(263,552)</u>	<u>2,390,257</u>
Expenses			
Management fee	9.1	(74,241)	(74,310)
Transaction costs	9.4	(13,000)	(14,572)
Trustee fee	9.2	(300,000)	(426,613)
Legal and professional fees		(65,163)	(592)
Other operating expenses	10	(416,036)	(421,197)
Total operating expenses		<u>(868,440)</u>	<u>(937,284)</u>
(Loss)/profit before tax		(1,131,992)	1,452,973
Withholding tax on dividend income	8	(47,094)	(39,734)
Total comprehensive (loss)/income		<u><u>(1,179,086)</u></u>	<u><u>1,413,239</u></u>

The notes on page 23 to 56 are an integral part of these financial statements.

DCI ETF TRUST

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE YEAR ENDED 31 DECEMBER 2013

		Da Cheng CSI China Mainland Consumer Tracker [*] (*This is a synthetic ETF)	
	Note	2013 HK\$	2012 HK\$
Net assets attributable to unitholders at the beginning of the year (at bid market prices)		4,353,583	58,954,628
Proceeds on issue of units			
- in-kind	11.1	8,385,397	9,626,475
- cash component and cash subscription		164,603	203,525
Payments on redemption of units			
- in kind	11.2	-	(62,463,021)
- cash component and cash redemption		-	(1,231,979)
Net increase/(decrease) from unit transactions		8,550,000	(53,865,000)
Total comprehensive income/(loss)		880,771	(736,045)
Net assets attributable to unitholders at the end of the year	5	13,784,354	4,353,583

The notes on page 23 to 56 are an integral part of these financial statements.

DCI ETF TRUST

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker	
		2013 HK\$	2012 HK\$
Net assets attributable to unitholders at the beginning of the year (at bid market prices)		7,474,107	6,786,362
Proceeds on issue of units			
- in-kind	11.1	-	-
- cash component and cash subscription		-	-
Payments on redemption of units			
- in kind	11.2	(3,430,237)	-
- cash component and cash redemption		(69,763)	-
Net decrease from unit transactions		(3,500,000)	-
Total comprehensive (loss)/income		(359,336)	687,745
Net assets attributable to unitholders at the end of the year	5	3,614,771	7,474,107

The notes on page 23 to 56 are an integral part of these financial statements.

DCI ETF TRUST

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker	
		2013 HK\$	2012 HK\$
Net assets attributable to unitholders at the beginning of the year (at bid market prices)		13,347,108	11,933,869
Proceeds on issue of units			
- in-kind	11.1	-	-
- cash component and cash subscription		-	-
Payments on redemption of units			
- in kind	11.2	-	-
- cash component and cash redemption		-	-
Net increase from unit transactions		-	-
Total comprehensive (loss)/income		(1,179,086)	1,413,239
Net assets attributable to unitholders at the end of the year	5	12,168,022	13,347,108

The notes on page 23 to 56 are an integral part of these financial statements.

DCI ETF TRUST

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Da Cheng CSI China Mainland Consumer Tracker [*] (*This is a synthetic ETF)	
	2013	2012
	HK\$	HK\$
Cash flows from operating activities		
Purchase of investments	(1,059,387)	(4,387,753)
Proceeds from sale of investments	1,795,385	4,870,379
Dividend received	113,386	365,464
Other income received	148,000	69
Prepayments paid	-	(162,925)
Transaction costs paid	(45,400)	(54,800)
Management fee paid	(430,001)	(738,220)
Securities lending expenses paid	(204,546)	(438,663)
Legal and professional fees paid	(181,650)	(104,616)
Other operating expenses paid	(228,582)	(727,898)
Withholding tax paid	(66,439)	(43,737)
Net cash used in operating activities	<u>(159,234)</u>	<u>(1,422,700)</u>
Cash flows from financing activities		
Proceeds from units	164,603	203,525
Redemptions of units	-	(1,231,978)
Net cash from/(used in) financing activities	<u>164,603</u>	<u>(1,028,453)</u>
Net increase/(decrease) in cash and cash equivalents	5,369	(2,451,153)
Cash and cash equivalents at the beginning of the year	141,263	2,592,416
Cash and cash equivalents at the end of the year	<u>146,632</u>	<u>141,263</u>
Analysis of balances of cash and cash equivalents		
Bank balances	<u>146,632</u>	<u>141,263</u>

Details of non-cash transactions are set out in Note 11 to the financial statements.

The notes on page 23 to 56 are an integral part of these financial statements.

DCI ETF TRUST**STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker	
	2013	2012
	HK\$	HK\$
Cash flows from operating activities		
Purchase of investments	(1,865,575)	(1,119,397)
Proceeds from sale of investments	2,612,648	1,934,960
Dividend received	122,458	149,648
Other income received	32	46
Transaction costs paid	(20,211)	(19,985)
Management fee paid	(42,165)	(42,246)
Trustee fee paid	(299,167)	(450,000)
Legal and professional fees paid	(65,163)	-
Other operating expenses paid	(533,453)	(403,109)
Withholding tax paid	(1,800)	(2,748)
	<u>(92,396)</u>	<u>47,169</u>
	-----	-----
Cash flows from financing activities		
Redemptions of units	(69,763)	-
	<u>(69,763)</u>	<u>-</u>
	-----	-----
Net (decrease)/increase in cash and cash equivalents	(162,159)	47,169
Cash and cash equivalents at the beginning of the year	360,670	313,501
	<u>198,511</u>	<u>360,670</u>
	=====	=====
Analysis of balances of cash and cash equivalents		
Bank balances	198,511	360,670
	<u>198,511</u>	<u>360,670</u>
	=====	=====

Details of non-cash transactions are set out in Note 11 to the financial statements.

The notes on page 23 to 56 are an integral part of these financial statements.

DCI ETF TRUST

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

	Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker	
	2013	2012
	HK\$	HK\$
Cash flows from operating activities		
Purchase of investments	(1,167,585)	(857,952)
Proceeds from sale of investments	1,641,668	1,454,893
Dividend received	489,596	431,930
Other income received	39	36
Transaction costs paid	(12,800)	(13,372)
Management fee paid	(74,966)	(72,916)
Trustee fee paid	(299,167)	(450,000)
Legal and professional fees paid	(65,163)	(592)
Other operating expenses paid	(534,513)	(403,480)
Withholding tax paid	(47,094)	(39,734)
Net cash (used in)/from operating activities	<u>(69,985)</u>	<u>48,813</u>
Net (decrease)/increase in cash and cash equivalents	(69,985)	48,813
Cash and cash equivalents at the beginning of the year	421,255	372,442
Cash and cash equivalents at the end of the year	<u><u>351,270</u></u>	<u><u>421,255</u></u>
Analysis of balances of cash and cash equivalents		
Bank balances	<u><u>351,270</u></u>	<u><u>421,255</u></u>

Details of non-cash transactions are set out in Note 11 to the financial statements.

The notes on page 23 to 56 are an integral part of these financial statements.

DCI ETF TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1 General information

DCI ETF Trust (the "Trust") is an open ended umbrella unit trust established under Hong Kong law by a trust deed dated 24 June 2010 (the "Trust Deed"). The Trust is authorised by the Securities and Futures Commission of Hong Kong (the "SFC") under section 104(1) of the Hong Kong Securities and Futures Ordinance.

As at 31 December 2013, the Trust has established three sub-funds which are listed on The Stock Exchange of Hong Kong Limited:

Name of Sub-Fund	Listing date on The Stock Exchange of Hong Kong Limited
Da Cheng CSI China Mainland Consumer Tracker* (This is a synthetic ETF)	15 July 2010
Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker	20 December 2010
Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker	20 December 2010

The manager of the Trust is Da Cheng International Asset Management Company Limited (the "Manager") and the trustee is BOCI-Prudential Trustee Limited (the "Trustee").

Investment Objective

Da Cheng CSI China Mainland Consumer Tracker* (*This is a synthetic ETF)

The investment objective of Da Cheng CSI China Mainland Consumer Tracker* (This is a synthetic ETF) is to provide investment results that, before fees and expenses, closely correspond to the performance of CSI China Mainland Consumer Index (the "Index"). To achieve the investment objective, the Manager intends to utilise a synthetic replication strategy through investment in derivatives to achieve the Sub-Fund's investment objective.

The Sub-Fund does not hold A Shares comprised in the Index directly but rather gain access to the Index through A Share Linked Products ("ALPs"). An ALP is a derivative instrument linked to either (a) an A Share of a PRC company which is at the relevant time, or will in a foreseeable future become, a constituent company of the Index or (b) the Index. An ALP represents only an obligation of the ALP Issuer to provide the Sub-Fund the economic performance equivalent to holding the underlying A Shares.

Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker

The investment objective of Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker is to provide investment results that, before fees and expenses, closely correspond to the performance of the CSI Hong Kong Private-owned Mainland Enterprises Index. To achieve the investment objective, the Manager intends to utilise a full replication strategy to achieve the Sub-Fund's investment objective.

Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker

The investment objective of Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker is to provide investment results that, before fees and expenses, closely correspond to the performance of the CSI Hong Kong State-owned Mainland Enterprises Index. To achieve the investment objective, the Manager intends to utilise a full replication strategy to achieve the Sub-Fund's investment objective.

DCI ETF TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

2 Principal accounting policies

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

2.1 Basis of presentation

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Manager and the Trustee (the “Management”) to exercise its judgment in the process of applying the Sub-Funds’ accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

All references to net assets throughout the financial statements refer to net assets attributable to unitholders unless otherwise stated.

Standards and amendments to existing standards effective 1 January 2013

IFRS 13, “Fair value measurement” – The standard improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. If an asset or a liability measured at fair value has a bid price and an ask price, the standard requires valuation to be based on a price within the bid-ask spread that is most representative of fair value and allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurement within a bid-ask spread. On adoption of the standard, the Sub-Funds use last traded prices as its valuation inputs for listed financial assets and liabilities to be consistent with the inputs prescribed in the Sub-Funds’ offering document for the calculation of its per unit trading value for subscriptions and redemptions. The use of last traded prices is recognised as a standard pricing convention within the industry. In the prior year, the Fund utilised bid and ask prices for its listed financial assets and liabilities in accordance with IAS 39. The change in valuation inputs is considered to be a change in estimate in accordance with IAS 8 as disclosed in Note 5.

Amendments to IFRS 7, “Disclosures – Offsetting financial assets and financial liabilities” require additional disclosures to enable users of financial statements to evaluate the effect or the potential effects of netting arrangements, including rights of set-off associated with an entity’s recognised financial assets and recognised financial liabilities, on the entity’s financial position. The amendments did not have any impact on the Sub-Funds’ financial position or performance, but has resulted in additional disclosure in the notes to the financial statements.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 January 2013 that would be expected to have a material impact on the Sub-Funds.

DCI ETF TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

2 Principal accounting policies (Continued)

2.1 Basis of presentation (Continued)

New standards, amendments and interpretations effective after 1 January 2013 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 2013, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Sub-Funds except the following set out below:

IFRS 9, "Financial instruments", effective for annual years beginning on or after 1 January 2015, it addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The standard is not expected to have a significant impact on the Sub-Funds' financial position or performance, as it is expected that the Sub-Funds will continue to classify their financial assets and financial liabilities as being at fair value through profit or loss.

Amendments to IAS 32, "Offsetting financial assets and financial liabilities" is effective for annual periods beginning on or after 1 January 2014. These amendments clarify the offsetting criteria in IAS 32 and address inconsistencies in their application. This includes clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement. The amendments are not expected to have any significant impact on the Sub-Funds' financial position or performance.

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-Funds operate, the functional currency. The performance of the Sub-Funds is measured and reported to the unitholders in Hong Kong dollar. The Management considers the Hong Kong dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Hong Kong dollars, which is the Sub-Funds' functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of assets and liabilities denominated in foreign currencies are recognised within "other gains/(losses)" in the statement of comprehensive income.

DCI ETF TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

2 Principal accounting policies (Continued)

2.3 Financial assets and financial liabilities at fair value through profit or loss

(i) Classification

The Sub-Funds classify their investments as financial assets at fair value through profit or loss. These financial assets are classified as held for trading.

Financial assets held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition is part of a portfolio of identifiable financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit trading. Derivatives are also categorised as financial assets or liabilities held for trading. The Sub-Funds do not classify any derivatives as hedges in a hedging relationship.

(ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on trade date — the date on which the Sub-Funds commit to purchase or sell the investments. 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-Funds have 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 in the period which they arise.

(iii) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities 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 reporting date². Prior to 1 January 2013, the quoted market price used for financial assets held by the Fund was the current bid price; the quoted market price for financial liabilities was the current asking price. The Fund adopted IFRS 13, 'Fair value measurement', from 1 January 2013; it changed its fair valuation input to utilise the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

Da Cheng CSI China Mainland Consumer Tracker* (*This is a synthetic ETF) invests into ALPs, which are fair valued based on the quoted market prices of the securities underlying the ALPs, adjusted for the expected amount payable to the ALP issuers in respect of potential capital gains tax (if any) as described in Note 4 below.

DCI ETF TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

2 Principal accounting policies (Continued)

2.4 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.5 Units

The Sub-Funds issue redeemable units which are redeemable at the holder's option represent puttable financial instruments of the Sub-Funds. The Sub-Funds classify their puttable financial instruments as equity in accordance with IAS 32 (Amendment), "Financial instruments: Presentation" as those puttable financial instruments meet all the strict criteria. Those criteria include:

- the puttable financial instruments entitle the holder to a pro-rata share of net asset value;
- the puttable financial instruments are the most subordinated units in issue and unit features are identical;
- there are no contractual obligations to deliver cash or another financial asset; and
- the total expected cash flows from the puttable financial instrument over its life are based substantially on the profit or loss of each Sub-Fund.

2.6 Interest income

Interest income is recognised on a time-proportionate basis using the effective interest method.

2.7 Dividend income

Dividend income is recognised when the Sub-Funds' right to receive payment is established.

2.8 Expenses

Expenses are accounted for on an accrual basis.

2.9 Transactions costs

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

DCI ETF TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

2 Principal accounting policies (Continued)

2.10 Securities lending

Collateral received for the purpose of securities on loan generally consists of share or cash collateral. Share collateral received is treated as an off-balance sheet transaction and is therefore not included in the statement of financial position because Da Cheng CSI China Mainland Consumer Tracker* (*This is a synthetic ETF) is not entitled to the dividend income from the share collateral and does not retain substantially all the risk and rewards. Cash collateral received (if any) is treated as an on-balance sheet transaction with a corresponding liability shown separately.

Dividend income from the ALPs under securities lending arrangements is recognised as income by Da Cheng CSI China Mainland Consumer Tracker* (*This is a synthetic ETF) in the statement of comprehensive income.

Income from the share collateral is not an income to Da Cheng CSI China Mainland Consumer Tracker* (*This is a synthetic ETF) and is paid to the counterparty who provides the collateral to Da Cheng CSI China Mainland Consumer Tracker* (*This is a synthetic ETF).

2.11 Taxation

The Sub-Funds currently incur withholding taxes imposed by certain countries 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.

2.12 Distribution to unitholders

Distribution to unitholders is recognised in the statement of changes in net assets attributable to unitholders when they are approved by the Manager. No distributions to unitholders are made by the Sub-Funds.

2.13 Provisions

Provisions are recognised when:

- the group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation that reflects current market assessments of the time value of money and the risks specific to the obligation.

DCI ETF TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

3 Financial risk management

The objectives of the Sub-Funds are to provide investment results that closely correspond to the performance of the underlying indices. The Sub-Funds are exposed to various risks: market risk (including market price risk, interest rate risk and currency risk), credit and counterparty risk, and liquidity risk which are stated below.

3.1 Market risk

(i) 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.

The Sub-Funds are designated to track the performance of the relevant Indices; therefore the exposures to market risk in the Sub-Funds will be substantially the same as the tracked indices. The Manager manages the Sub-Funds' exposures to market risk by ensuring that the key characteristics of the portfolio, such as security weight and industry weight, are closely aligned to the characteristics of the tracked indices.

Da Cheng CSI China Mainland Consumer Tracker ^{*} *(This is a synthetic ETF)*

As at 31 December, the Sub-Fund invested in the following derivative financial instruments:

	2013		2012	
	Notional market value HK\$	Fair value HK\$	Notional market value HK\$	Fair value HK\$
Financial assets at fair value through profit or loss				
Long position				
-ALPs	13,132,935	13,132,935	4,144,097	4,144,097

DCI ETF TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

3 Financial risk management (Continued)

3.1 Market risk (Continued)

(i) Market price risk (Continued)

Da Cheng CSI China Mainland Consumer Tracker * (This is a synthetic ETF)

As at 31 December, the Sub-Fund's investments were concentrated in the following industries:

	2013		2012	
	Fair value HK\$	% of Net assets	Fair value HK\$	% of Net assets
ALPs – By sector				
Agriculture	273,112	1.98%	60,918	1.40%
Automobile manufacturing	2,710,507	19.69%	675,200	15.51%
Beverage manufacturing	2,307,824	16.75%	1,139,492	26.17%
Broadcasting, movie and television	10,525	0.08%	-	-
Chemical material and products manufacturing	313,745	2.28%	72,574	1.67%
Commerce service	425,311	3.08%	172,380	3.96%
Computer , Communications and other electronic equipment manufacturing	487,734	3.54%	108,400	2.49%
Electric equipment and parts manufacturing	2,185,236	15.86%	522,702	12.01%
Fishery	-	-	31,842	0.73%
Food processing	837,222	6.08%	210,474	4.83%
Foodstuff manufacturing	782,760	5.68%	224,680	5.16%
Livestock farming	-	-	27,008	0.62%
Manufacturers of clothes and other fibre products	208,456	1.52%	108,499	2.49%
Non-metal mineral products	202,276	1.47%	74,756	1.72%
Press and publication	204,751	1.48%	67,332	1.55%
Public facilities management	574,490	4.16%	228,405	5.25%
Retail	1,289,702	9.35%	371,150	8.52%
Telecom , Radio , television and Satellite transmission service	319,284	2.31%	48,285	1.11%
	<u>13,132,935</u>	<u>95.31%</u>	<u>4,144,097</u>	<u>95.19%</u>

The Sub-Fund invested all, or substantially all, of its assets in ALPs which are linked to A Shares of those PRC companies comprising the CSI China Mainland Consumer Index in substantially the same weightings as constituted in the Index. The Sub-Fund is therefore exposed to substantially the same market price risk as the CSI China Mainland Consumer Index.

DCI ETF TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

3 Financial risk management (Continued)

3.1 Market risk (Continued)

(i) Market price risk (Continued)

Da Cheng CSI China Mainland Consumer Tracker^{*} (This is a synthetic ETF) (Continued)

Sensitivity analysis in the event of a possible change in the index by 10% as estimated by the Manager

As at 31 December 2013, if the CSI China Consumer Index had increased by 10% (2012: 10%) with all other variables held constant, net assets attributable to unitholders would have increased by approximately HK\$1,313,294 (2012: HK\$414,410). Conversely, if the CSI China Consumer Index had decreased by 10%, net assets attributable to unitholders would have decreased by equal amounts.

Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker

As at 31 December, the Sub-Fund's investments were concentrated in the following industries:

	2013		2012	
	Fair value HK\$	% of Net assets	Fair value HK\$	% of Net assets
Listed equities and unit trust – By sector				
Automobiles and components	187,258	5.18%	332,574	4.45%
Banks	157,813	4.37%	408,693	5.47%
Capital goods	-	-	72,940	0.98%
Consumer durables and apparel	177,838	4.93%	194,626	2.60%
Energy	-	-	82,304	1.10%
Food & staples retailing	72,107	1.99%	-	-
Food, beverage and tobacco	497,030	13.75%	1,120,267	14.99%
Household and personal products	265,457	7.34%	476,385	6.37%
Insurance	259,813	7.19%	664,777	8.89%
Materials	104,068	2.88%	293,486	3.93%
Pharmaceuticals, biotechnology and life sciences	107,622	2.98%	46,328	0.62%
Real estate	599,487	16.58%	1,325,602	17.74%
Retailing	264,143	7.29%	1,096,558	14.67%
Software and services	370,950	10.26%	673,615	9.01%
Technology Hardware & Equipment	149,080	4.12%	299,000	4.00%
Utilities	321,647	8.90%	330,996	4.43%
	<u>3,534,313</u>	<u>97.76%</u>	<u>7,418,151</u>	<u>99.25%</u>

DCI ETF TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

3 Financial risk management (Continued)

3.1 Market risk (Continued)

(i) Market price risk (Continued)

Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker (Continued)

The Sub-fund held the relevant shares comprising the CSI Hong Kong Private-owned Mainland Enterprises Index. The Sub-Fund is therefore exposed to substantially the same market price risk as the CSI Hong Kong Private-owned Mainland Enterprises Index.

Sensitivity analysis in the event of a possible change in the index by 10% as estimated by the Manager

As at 31 December 2013, if the CSI Hong Kong Private-owned Mainland Enterprises Index had increased by 10% (2012: 10%) with all other variables held constant, net assets attributable to unitholders would have increased by approximately HK\$353,431 (2012: HK\$741,815). Conversely, if the CSI Hong Kong Private-owned Mainland Enterprises Index had decreased by 10%, net assets attributable to unitholders would have decreased by equal amounts.

DCI ETF TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

3 Financial risk management (Continued)

3.1 Market risk (Continued)

(i) Market price risk (Continued)

Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker

As at 31 December 2013, the Sub-Fund's investments were concentrated in the following industries:

	2013		2012	
	Fair value HK\$	% of Net assets	Fair value HK\$	% of Net assets
Listed equities – By sector				
Automobiles and components	266,024	2.18%	193,345	1.45%
Banks	4,243,561	34.86%	4,728,356	35.43%
Capital goods	512,200	4.21%	374,478	2.81%
Diversified financials	-	-	51,520	0.39%
Energy	2,605,147	21.41%	3,447,930	25.83%
Food, beverage and tobacco	183,227	1.51%	146,548	1.10%
Insurance	1,122,572	9.22%	1,125,548	8.43%
Materials	267,896	2.20%	305,362	2.28%
Real estate	503,348	4.14%	577,145	4.32%
Retailing	113,764	0.93%	141,455	1.06%
Technology hardware and equipment	215,023	1.77%	169,985	1.27%
Telecommunication services	1,500,597	12.33%	1,640,299	12.29%
Transportation	181,095	1.48%	183,834	1.38%
Utilities	288,733	2.37%	155,729	1.17%
	<u>12,003,187</u>	<u>98.61%</u>	<u>13,241,534</u>	<u>99.21%</u>

The Sub-fund held the relevant shares comprising the CSI Hong Kong State-owned Mainland Enterprises Index. The Sub-Fund is therefore exposed to substantially the same market price risk as the CSI Hong Kong State-owned Mainland Enterprises Index.

Sensitivity analysis in the event of a possible change in the index by 10% as estimated by the Manager

As at 31 December 2013, if the CSI Hong Kong State-owned Mainland Enterprises Index had increased by 10% (2012: 10%) with all other variables held constant, net assets attributable to unitholders would have increased the post-tax profit for the period by approximately HK\$1,200,319 (2012: HK\$1,324,153). Conversely, if the CSI Hong Kong State-owned Mainland Enterprises Index had decreased by 10%, net assets attributable to unitholders would have decreased by equal amounts.

DCI ETF TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

3 Financial risk management (Continued)

3.1 Market risk (Continued)

(ii) Interest rate risk

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

As at 31 December 2013 and 2012, interest rate risk arises only from bank balances which are reset monthly. As these interest bearing assets and liabilities are short-term in nature, the Manager considers that changes in their fair value and future cash flows in the event of a change in market interest rates will not be material. Therefore no sensitivity analysis has been disclosed for these bank balances.

(iii) Currency risk

Currency risk arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates.

As the Sub-Funds did not have significant amount of monetary assets and liabilities denominated in other currencies at the end of the reporting period, the Sub-Funds are not exposed to significant currency risk.

The Manager monitors the Sub-Funds' monetary foreign exchange exposure on a daily basis.

3.2 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-Funds.

Financial assets which potentially subject the Sub-Funds to concentrations of credit and counterparty risk consist principally of investments issued by ALP Issuers and bank balances.

The Sub-Funds limit their exposures to credit and counterparty risk by transacting the majority of their investments and contractual commitment activity with well established broker-dealers, banks and regulated exchanges.

All transactions in listed investments are settled or paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal since delivery of investments sold is only made once the Sub-Funds' custodians have received payment. On a purchase, payment is made once the investments have been received by the broker. If either party fails to meet their obligation, the trade will fail.

(i) Da Cheng CSI China Mainland Consumer Tracker* (*This is a synthetic ETF)

Da Cheng CSI China Mainland Consumer Tracker* (*This is a synthetic ETF) is subject to credit and counterparty risk associated with each ALP Issuer and may suffer losses potentially equal to the full value of the ALPs issued by an ALP Issuer if such ALP Issuer fails to perform its obligations under the ALPs. The ALPs constitute direct, general and unsecured contractual obligations of the ALP Issuer.

DCI ETF TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

3 Financial risk management (Continued)

3.2 Credit and counterparty risk (Continued)

(i) Da Cheng CSI China Mainland Consumer Tracker* (*This is a synthetic ETF)
(Continued)

The table below sets out the net exposure to credit and counterparty risk of the Sub-Fund to counterparties as at 31 December together with their credit ratings of senior long-term debt by Standard & Poor's Rating Services:

	2013 Net exposure to counterparties HK\$	2012 Net exposure to counterparties HK\$
Bank balances		
Bank of China (Hong Kong) Limited	146,632	141,263
	<u>146,632</u>	<u>141,263</u>
Net exposure	<u>146,632</u>	<u>141,263</u>
- Rating	A+	A
ALP issuers		
Merrill Lynch International & Co. C.V. (The guarantors are rated)		
- Financial assets at fair value through profit or loss	4,176,523	4,144,097
- Collateral obtained	(5,903,403)	(5,752,910)
	<u>-</u>	<u>-</u>
Net exposure	<u>-</u>	<u>-</u>
- Rating of Merrill Lynch International & Co. C.V.	A-	A-
Citigroup Global Markets Holding Inc. (The guarantors are rated)		
- Financial assets at fair value through profit or loss	8,956,412	-
- Collateral obtained	(9,661,147)	-
	<u>-</u>	<u>-</u>
Net exposure	<u>-</u>	<u>-</u>
- Rating of Citigroup Global Markets Holding Inc.	A-	-

The Manager has entered into securities lending arrangements with the ALP Issuers or their affiliates, i.e., Citigroup Global Markets Holding Inc., Goldman Sachs International and Merrill Lynch International & Co. C.V., in order to reduce the Sub-Fund's net relative exposure to each of their banking groups accordingly.

Under the securities lending arrangement, the ALP Issuer has agreed to provide share or cash collateral to the Sub-fund in respect of the ALPs issued. The Sub-fund will lend ALPs to the ALP Issuer in return for share or cash collateral. Under the securities lending arrangements, both the lender and the borrower are obligated to pay and deliver any sum or money or property that the original owner would have been entitled including dividends and interest.

DCI ETF TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

3 Financial risk management (Continued)

3.2 Credit and counterparty risk (Continued)

**(i) Da Cheng CSI China Mainland Consumer Tracker* (*This is a synthetic ETF)
(Continued)**

As at 31 December 2013, there were two (2012: one) securities lending arrangement: an arrangement between the Sub-Fund and Merrill Lynch International & Co. C.V., under which the value of share collateral held in custody by the Trustee from Merrill Lynch International & Co. C.V. amounted to approximately HK\$5,903,403 (2012: HK\$5,752,910) against ALPs lent to Merrill Lynch International & Co. C.V. (the "borrower") valued at approximately HK\$4,176,523 (2012: HK\$3,143,225); and an arrangement between the Sub-Fund and Citigroup Global Markets Holding Inc., under which the value of cash collateral held in custody by the Trustee from Citigroup Global Markets Holding Inc. amounted to approximately HK\$9,661,147 (2012: HK\$ nil) against ALPs lent to Citigroup Global Markets Holding Inc. (the "borrower") valued at approximately HK\$8,956,412 (2012: HK\$ nil).

Collateral may involve risks including settlement, operational and realisation risks. For example, collateral is subject to fluctuations in market value and the prices of subject securities may change over time.

The collateral and ALPs are marked to market every day by the borrower or an affiliate of the borrower. The Trustee may demand the provision of additional collateral to eliminate any deficiency. Likewise the borrower may demand the return of collateral to eliminate any excess.

The value of the collateral securities may be lower upon realisation of the securities. In case of collateral securities which are listed securities, the listing of such securities may be suspended or revoked or the trading of such securities on the stock exchanges may be suspended, and during the period of suspension or upon revocation, it may not be possible to realise the relevant collateral securities. While the Manager will endeavor to use a tax efficient arrangement in respect of any collateral, there is no guarantee that such arrangement will not be challenged by the tax authorities. If such arrangement is successfully challenged, the Sub-Funds may be required to pay the requisite tax (such as stamp duties) and other penalties.

Accordingly, the value of the collateral realised may not be sufficient to cover the value of the ALPs secured by such collateral.

As at 31 December 2013, the percentage of financial assets at fair value through profit or loss covered by cash and share collateral is 119% (2012: 139%).

The Sub-Fund pays a fee in respect of the collateral arrangements. As at 31 December 2013, the Sub-Fund had incurred expenses of HK\$230,779 (2012: HK\$199,633) representing 1.67% of the net asset value as at 31 December 2013 (2012: representing 4.59% of the net asset value) pursuant to the securities lending arrangements.

The Manager considers that none of these assets are impaired nor past due as at 31 December 2013. (2012: Nil)

DCI ETF TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

3 Financial risk management (Continued)

3.2 Credit and counterparty risk (Continued)

(i) Da Cheng CSI China Mainland Consumer Tracker* (*This is a synthetic ETF)
(Continued)

Net financial assets and liabilities subject to enforceable master netting
arrangements and similar agreements, by counterparty

	A	B1	B2	F = A – B1 – B2
	Net amounts of financial assets presented in the statement of financial position HK\$	Related amounts not set-off in the statement of financial position		Net amount HK\$
At 31 December 2013		Financial instruments HK\$	Financial collateral HK\$	
Financial assets				
Merrill Lynch International & Co. C.V.	4,176,523	-	4,176,523	-
Citigroup Global Markets Holding Inc.	8,956,412	-	8,956,412	-

DCI ETF TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

3 Financial risk management (Continued)

3.2 Credit and counterparty risk (Continued)

(ii) Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker

The table below sets out the net exposure to credit and counterparty risk of the Sub-Fund as at 31 December together with its credit rating of senior long-term debt by Standard & Poor's Rating Services:

	2013 Net exposure to counterparties HK\$	2012 Net exposure to counterparties HK\$
Bank balances		
Bank of China (Hong Kong) Limited	198,511	360,670
- Rating	A+	A
Investments placed with custodian		
Bank of China (Hong Kong) Limited	3,534,313	7,418,151
- Rating	A+	A

The maximum exposure to credit risk at 31 December 2013 is the carrying amount of the assets as shown on the statement of financial position, excluding listed equities.

The Manager considers that none of these assets are impaired nor past due as at 31 December 2013. (2012: Nil)

(iii) Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker

The table below sets out the net exposure to credit and counterparty risk of the Sub-Fund as at 31 December together with its credit rating of senior long-term debt by Standard & Poor's Rating Services:

	2013 Net exposure to counterparties HK\$	2012 Net exposure to counterparties HK\$
Bank balances		
Bank of China (Hong Kong) Limited	351,270	421,255
- Rating	A+	A
Investments placed with custodian		
Bank of China (Hong Kong) Limited	12,003,187	13,241,534
- Rating	A+	A

The maximum exposure to credit risk at 31 December 2013 is the carrying amount of the assets as shown on the statement of financial position, excluding listed equities.

The Manager considers that none of these assets are impaired nor past due as at 31 December 2013. (2012: Nil)

DCI ETF TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

3 Financial risk management (Continued)

3.3 Liquidity risk

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

As at 31 December 2013, all of the Sub-Funds' non-derivative financial assets and liabilities have contractual maturities of less than one month (2012: less than one month for all of the Sub-Funds). As at 31 December 2013, each Sub-Fund held liquid assets, comprising bank balances and prepayments and other receivables that are expected to readily generate cash inflows for managing liquidity risk.

Da Cheng CSI China Mainland Consumer Tracker* (This is a synthetic ETF) holds ALPs which do not have an active market. However, transactions with participating dealers are generally in-kind and where a participating dealer subscribes or redeems in cash, such transactions would be effected with an ALP Issuer nominated by the participating dealer.

Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker and Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker invest the majority of their assets in investments that are traded in active markets and can be readily disposed of.

Under the Trust Deed, the Trustee may terminate the Trust and the Sub-funds if: (i) the Manager goes into liquidation or a receiver is appointed and not discharged within 60 days or (ii) in the opinion of the Trustee, the Manager is incapable of performing its duties satisfactorily or (iii) the Manager has failed to perform its duties satisfactorily or has, in the opinion of the Trustee, done something calculated to bring the Trust into disrepute or that is harmful to the interests of unitholders or (iv) a law is passed that renders it illegal, or in the opinion of the Trustee, impracticable or inadvisable to continue the Trust or (v) the Trustee is unable to find an acceptable person to replace the Manager within 30 days after the removal of the Manager, or the person nominated shall fail to be approved by Extraordinary Resolution or (vi) 30 days after the Trustee notifies the Manager of its intention to retire, no new person willing to act as trustee has been identified.

Under the Trust Deed, the Manager may terminate the Trust and the Sub-Funds if: (i) the aggregate net asset value of all the units of each Sub-Funds of the Trust is less than HK\$100 million; or (ii) any law is passed or amended or regulatory directive or order is imposed which renders it illegal or in the opinion of the Manager, impracticable or inadvisable to continue the Trust; or (iii) if any law or regulation shall be passed or amended or any regulatory directive or order is imposed that affects a Sub-Fund and which renders the Sub-Fund illegal or in good faith opinion of the Manager makes it impracticable or inadvisable to continue any of the Sub-Funds; or (iv) within a reasonable time and using commercially reasonable endeavours, the Manager is unable to find a person acceptable to act as the new trustee after deciding to remove the Trustee in accordance with the Trust Deed; or (v) if the Index is no longer available for benchmarking or if the units of the Trust are no longer listed on the SEHK or any other Recognised Stock Exchange; or (vi) if at any time, the Trust ceases to have any Participating Dealer or (vii) if the Manager is unable to implement its investment strategy.

As at 31 December 2013 and up to the date of the financial statements, the Manager and the Trustee do not have plans to terminate the Trust or any of the Sub-Funds in the coming 12 months.

DCI ETF TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

3 Financial risk management (Continued)

3.4 Fair value estimation

The Sub-Funds classify 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-Funds. The Sub-Funds consider observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following tables analyse within the fair value hierarchy the Sub-Funds’ financial assets (by class) measured at fair value at 31 December:

Da Cheng CSI China Mainland Consumer Tracker (*This is a synthetic ETF)*

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
2013				
Assets				
Financial assets at fair value through profit or loss				
- ALPs	-	-	13,132,935	13,132,935
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2012				
Assets				
Financial assets at fair value through profit or loss				
- ALPs	-	-	4,144,097	4,144,097
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

DCI ETF TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

3 Financial risk management (Continued)

3.4 Fair value estimation (Continued)

Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
2013				
Assets				
Financial assets at fair value through profit or loss				
- Equity securities	3,534,313	-	-	3,534,313
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2012				
Assets				
Financial assets at fair value through profit or loss				
- Equity securities	7,418,151	-	-	7,418,151
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
2013				
Assets				
Financial assets at fair value through profit or loss				
- Equity securities	12,003,187	-	-	12,003,187
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2012				
Assets				
Financial assets at fair value through profit or loss				
- Equity securities	13,241,534	-	-	13,241,534
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Investment whose values are based on quoted market prices in active markets are classified within level 1. The Sub-Funds do not adjust the quoted price for these instruments.

Investments that trade in markets that are not considered to be active and are priced by the market maker supported by observable inputs are classified within level 2.

DCI ETF TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

3 Financial risk management (Continued)

3.4 Fair value estimation (Continued)

Investments that trade in markets that are not considered to be active and are priced by the market maker based on unobservable inputs are classified within level 3. The level 3 investments included ALPs held by Da Cheng CSI China Mainland Consumer Tracker* (*This is a synthetic ETF) which can only be traded with the relevant ALP Issuers. The value of each ALP is derived from the quoted market prices of the relevant underlying security, adjusted for the expected amount payable to the issuer in respect of potential capital gains tax (if any) which could vary as described in Note 4 below.

For the ALPs, effect of possible change in quoted market prices of the relevant underlying security are set out in the sensitivity analysis described in Note 3.1(i).

There were no transfers between levels for the year ended 31 December 2013 (2012: Nil)

The following table presents the movement in level 3 instruments held by Da Cheng CSI China Mainland Consumer Tracker* (*This is a synthetic ETF) for the year ended 31 December 2013 by class of financial instrument.

	ALPs	
	2013 HK\$	2012 HK\$
Opening balance	4,144,097	57,665,210
Purchases	10,001,994	14,014,228
Sales	(2,352,596)	(67,333,400)
Net gain/(loss) on investments	1,339,440	(201,941)
Closing balance	<u>13,132,935</u>	<u>4,144,097</u>
Change in unrealised gains or losses for the year included in the statement of comprehensive income for assets held at the end of the year	<u>(792,442)</u>	<u>(292,606)</u>

The carrying amount of cash and cash equivalents, amounts due from broker, prepayments and other receivables, receivable from the Manager, transaction costs payable, maintenance fee payable, securities lending expense payable amounts due to brokers, management fee payable, trustee fee payable 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.

DCI ETF TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

3 Financial risk management (Continued)

3.5 Capital risk management

The Sub-Funds' capital is represented by the redeemable units outstanding. The Sub-Funds' objective is to provide investment results that correspond generally to the performance of the respective indices. The Manager may:

- Redeem and issue new units in accordance with the constitutive documents of the Sub-Funds;
- Exercise discretion when determining the amount of distributions of the Sub-Funds to the unitholders; and
- Suspend the creation and redemption of units under certain circumstances stipulated in the prospectuses.

The Sub-Funds do not have any internally and externally imposed capital requirements and therefore the Sub-Funds are not subject to significant capital risk.

4 Critical accounting estimates, assumptions and management judgements

The preparation of financial statements in conformity with IFRS requires the Management to make estimates, assumptions and management judgments that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

The Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. In addition, the Management makes judgements in applying accounting policies.

Estimates and judgements 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, assumptions and management judgements 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.

4.1 Functional currency

The Management considers the Hong Kong dollar the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The Hong Kong dollar is the currency in which the Sub-Funds measure their performance and reports their results, as well as the currency in which the Sub-Funds determine the net asset value per unit at the time of issue or redemption. This determination also considers that the Sub-Funds are listed on The Stock Exchange of Hong Kong Limited and their shares are quoted in Hong Kong dollar.

DCI ETF TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

4 Critical accounting estimates, assumptions and management judgements (Continued)

4.2 Taxation

In preparing these financial statements, Management 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.

Da Cheng CSI China Mainland Consumer Tracker (This is a synthetic ETF)*

The Sub-Fund does not invest directly in A Shares but instead gains access to the A-Share market by investing into ALPs, which are derivative instruments linked to an A Share or the Index issued by one or more Qualified Foreign Institutional Investors (“QFIIs”) or their affiliates (“ALP Issuers”). An ALP represents only an obligation of each ALP Issuer to provide the economic performance equivalent to holding the underlying A Shares. Under the general taxing provision of PRC corporate tax law, a 10% withholding tax may be payable on the gains derived from the sale of A Shares by QFIIs. The Manager considers that the charge for PRC tax on gains on A Shares is uncertain as at the date of approval of these financial statements and has exercised its judgment on this tax risk. The Manager believes that presently there are insufficient grounds to reasonably justify making an adjustment for potential tax on gains on A Shares in determining the fair value of the ALPs as at 31 December 2013 as the Manager considers that:

- (a) it is uncertain whether the PRC will enforce tax on QFII gains;
- (b) if the PRC were to enforce the tax, it is uncertain from which date the tax would be calculated and payable and the extent to which the QFIIs may benefit from tax treaties; and
- (c) at present, uncertainty remains as to the obligations of the Sub-Fund to bear such tax.

Any adverse change in taxation imposed on QFIIs is likely to have a subsequent impact on the fair value of the ALPs and accordingly the net assets attributable to unitholders of the Sub-Fund. The Manager estimates, on the basis of information provided by the ALP Issuers and the Trustee, the gross unrealised gains and gross realised gains which could be exposed to PRC taxation at the rate of 10% as at 31 December 2013 to be approximately HK\$2,768,876 (2012:HK\$737,669) and approximately HK\$4,387,235 (2012:HK\$4,068,743) respectively.

As at 31 December 2013, withholding tax of HK\$351,643 (2012: HK\$319,793) arising from realised gain of HK\$3,516,425 (2012: HK\$3,197,933) was withheld by the ALP issuers.

Other than those withholding tax arising from realised gain withheld by the ALP issuers, no capital gains tax provision in relation to ALP investments of the Sub-Fund was made in the financial statements. The Manager considers the capital gains tax provision amount may differ significantly from the amounts that may have to ultimately be borne by the Sub-Fund. In the event a capital gains tax is levied at an amount that is different from what was provided for by the Sub-Fund, the Sub-Fund may incur a liability that is different from the existing provision (if any), which could significantly impact the net assets attributable to unitholders and consequently, the price per unit of the Sub-Fund based on the calculation of the net assets attributable to unitholders when distributing to the unitholders at such relevant time. When the SAT issues clarifications, this might ultimately result in either an increase or a decrease in the amount provided.

The Manager continues to monitor the situation and will make an appropriate adjustment if and when it is considered that there are sufficient grounds to do so. Such adjustment could be significant as indicated above.

DCI ETF TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

4 Critical accounting estimates, assumptions and management judgements (Continued)

4.2 Taxation (Continued)

Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker

The Sub-Fund invests in shares of companies in People's Republic of China ("PRC") listed on overseas stock exchanges including the H-shares listed in Hong Kong on the SEHK ("H-shares"). Under the PRC Corporate Income Tax Law, the Sub-fund may be liable to pay PRC tax on the capital gains realised in the trading of H-shares. However, no provision was made for taxation from such gains in the financial statements as the Manager believes that the Sub-Fund can sustain a position for filling a tax return based on the existing tax regulations and that the enforcement of PRC tax on capital gains is not probable.

Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker

The Sub-Fund invests in shares of companies in People's Republic of China ("PRC") listed on overseas stock exchanges including the H-shares listed in Hong Kong on the SEHK ("H-shares"). Under the PRC Corporate Income Tax Law, the Sub-fund may be liable to pay PRC tax on the capital gains realised in the trading of H-shares. However, no provision was made for taxation from such gains in the financial statements as the Manager believes that the Sub-Fund can sustain a position for filling a tax return based on the existing tax regulations and that the enforcement of PRC tax on capital gains is not probable.

5 Net assets attributable to unitholders

Redeemable units of the Sub-Funds, which are represented by assets less liabilities, are classified as equity and accounted for in accordance with IFRS (the "Accounting NAV"). For the purpose of determining the net asset value per unit for subscriptions and redemptions and for various fee calculations (the "Dealing NAV"), the Trustee calculates the Dealing NAV in accordance with the provisions of the Sub-Funds' Trust Deed.

The Sub-Funds have adopted IFRS 13 in 2013 and have changed their valuation inputs for listed financial assets and liabilities to last traded prices. This is consistent with the inputs prescribed in the Sub-Funds' Trust Deed for the calculation of the Dealing NAV.

In the prior year, the accounting policy of the Sub-Funds for the purpose of compliance with IAS 39 - "Financial Instruments: Recognition and Measurements" and for reporting purpose is to value its investments at the relevant bid market prices at the end of the reporting period. Bid market prices for investments in ALPs are made reference to the bid market prices of the corresponding A-Shares of PRC companies linked.

This change eliminated the difference between the Trust Deed and IFRS measurement of financial instruments as at 31 December 2013. Differences as at 31 December 2012 are shown in the respective reconciliations below. The differences are eliminated in 2013 and are included in net gain/(loss) in the statement of comprehensive income.

DCI ETF TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

5 Net assets attributable to unitholders (Continued)

	Da Cheng CSI China Mainland Consumer Tracker [*] (* This is a synthetic ETF)	
	2013	2012
	HK\$	HK\$
Accounting NAV as reported in the statement of financial position	13,784,354	4,353,583
Difference between bid market prices and official closing prices in valuing listed investments	-	3,664
Dealing NAV	<u>13,784,354</u>	<u>4,357,247</u>
	Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker	
	2013	2012
	HK\$	HK\$
Accounting NAV as reported in the statement of financial position	3,614,771	7,474,107
Difference between bid market prices and official closing prices in valuing listed investments	-	20,713
Dealing NAV	<u>3,614,771</u>	<u>7,494,820</u>
	Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker	
	2013	2012
	HK\$	HK\$
Accounting NAV as reported in the statement of financial position	12,168,022	13,347,108
Difference between bid market prices and official closing prices in valuing listed investments	-	6,748
Dealing NAV	<u>12,168,022</u>	<u>13,353,856</u>

DCI ETF TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

6 Movement of the redeemable units

The movements of the redeemable units are as follows:

	Da Cheng CSI China Mainland Consumer Tracker [*] (* This is a synthetic ETF)	
	2013	2012
	Number of units	Number of units
Units in issue at the beginning of the year	500,000	6,500,000
Issue of units	1,000,000	1,000,000
Redemption of units	-	(7,000,000)
	<u>1,500,000</u>	<u>500,000</u>
	HK\$	HK\$
Net assets attributable to unitholders (Dealing NAV)	<u>13,784,354</u>	<u>4,357,247</u>
Net assets attributable to unitholders (Dealing NAV) per unit	<u>9.19</u>	<u>8.71</u>
	Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker	
	2013	2012
	Number of units	Number of units
Units in issue at the beginning of the year	1,000,000	1,000,000
Issue of units	-	-
Redemption of units	(500,000)	-
	<u>500,000</u>	<u>1,000,000</u>
	HK\$	HK\$
Net assets attributable to unitholders (Dealing NAV)	<u>3,614,771</u>	<u>7,494,820</u>
Net assets attributable to unitholders (Dealing NAV) per unit	<u>7.23</u>	<u>7.49</u>

DCI ETF TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

6 Movement of the redeemable units (Continued)

	Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker	
	Number of units	
	2013	2012
	Number of units	Number of units
Units in issue at the beginning of the year	1,500,000	1,500,000
Issue of units	-	-
Redemption of units	-	-
Units in issue at the end of the year	<u>1,500,000</u>	<u>1,500,000</u>
	HK\$	HK\$
Net assets attributable to unitholders (Dealing NAV)	<u>12,168,022</u>	<u>13,353,856</u>
Net assets attributable to unitholders (Dealing NAV) per unit	<u>8.11</u>	<u>8.90</u>

DCI ETF TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

7 Net gain/(loss) on investments

	Da Cheng CSI China Mainland Consumer Tracker [*] (* This is a synthetic ETF)	
	2013	2012
	HK\$	HK\$
Net realised loss/gain on financial assets at fair value through profit or loss	(269,560)	1,091,354
Net fair value change in unrealised gain/loss on financial assets at fair value through profit or loss	1,609,000	(1,293,295)
	<u>1,339,440</u>	<u>(201,941)</u>
	Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker	
	2013	2012
	HK\$	HK\$
Net realised loss on financial assets at fair value through profit or loss	(547,989)	(497,209)
Net fair value change in unrealised gain/loss on financial assets at fair value through profit or loss	907,657	1,948,037
	<u>359,668</u>	<u>1,450,828</u>
	Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker	
	2013	2012
	HK\$	HK\$
Net realised loss on financial assets at fair value through profit or loss	(374,516)	(206,397)
Net fair value change in unrealised gain/loss on financial assets at fair value through profit or loss	(378,671)	2,164,688
	<u>(753,187)</u>	<u>1,958,291</u>

DCI ETF TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

8 Taxation

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

PRC Withholding Tax

The investments of Da Cheng CSI China Mainland Consumer Tracker* (*This is a synthetic ETF) in the A Shares of PRC listed companies are held through the ALPs issued by one or more QFIs or their affiliates. A 10% withholding tax is withheld by QFIs/ALP Issuers on all PRC sourced dividends. A 10% withholding tax may also be payable on gains derived from sale of A Shares by QFIs as described in Note 4 above.

A 10% withholding tax on dividend income is withheld by brokers on all PRC sourced dividend income from investments of Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker and Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker in H-shares.

9 Transactions with the Trustee, Manager and connected persons

The following is a summary of significant related party transactions/transactions entered into during the year between the Sub-Funds and the Trustee, the Manager and their connected persons. Connected persons of the Manager are those defined in the Code on Unit Trusts and Mutual Funds established by the Securities & Futures Commission of Hong Kong (the "SFC code"). All transactions entered into during the year between the Sub-Funds and the Manager and its connected persons were carried out in the normal course of business and on normal commercial terms. To the best of the Manager's knowledge, the Sub-Funds do not have any other transactions with connected persons except for transactions disclosed below.

9.1 Management fee

Da Cheng CSI China Mainland Consumer Tracker (*This is a synthetic ETF)*

The Manager is entitled to receive a management fee, currently at the annual rate of 0.99% of the net asset value of the Sub-Fund. The fee is accrued daily and calculated as at each dealing day and payable monthly in arrears.

The Sub-Fund adopts a single fee structure under which the Sub-Fund only pays to the Manager a management fee which covers the Sub-Fund's trustee fee, registrar fee and index licensing fee as such, the Sub-Fund's trustee fee, registrar fee and index licensing fees are paid by the Sub-Fund and reimbursed by the Manager.

During the year ended 31 December 2013, management fee amounted to HK\$116,287 (2012: HK\$164,756).

At the same time, the Sub-Fund's trustee fee, registrar fee and index licensing fee of HK\$571,464 would be reimbursed by the Manager to the Sub-Fund. At 31 December 2013, there was a receivable of HK\$757,346 from the Manager (2012: receivable of HK\$379,019), representing the receivable from the Manager for reimbursement of the trustee fee, registrar fee and index licensing fee net of management fee payable.

DCI ETF TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

9 Transactions with the Trustee, Manager and connected persons (Continued)

9.1 Management fee (Continued)

Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker

The Manager is entitled to receive a management fee, currently at the annual rate of 0.60% of the net asset value of the Sub-Fund. The fee is accrued daily and calculated as at each dealing day and payable monthly in arrears.

Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker

The Manager is entitled to receive a management fee, currently at the annual rate of 0.60% of the net asset value of the Sub-Fund. The fee is accrued daily and calculated as at each dealing day and payable monthly in arrears.

9.2 Trustee fee

Da Cheng CSI China Mainland Consumer Tracker* (This is a synthetic ETF)

The Sub-Fund adopts a single fee structure under which the Sub-Fund only pays to the Manager a management fee which covers the Sub-Fund's trustee fee, registrar fee and index licensing fee as such, the Sub-Fund's trustee fee, registrar fee and index licensing fees are paid by the Sub-Fund and reimbursed by the Manager. Refer to Note 9.1 for details.

Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker

The Trustee is entitled to receive a trustee fee, currently at the annual rate of 0.125% per annum of the net asset value of the Sub-Fund, which is subject to a monthly minimum of HK\$25,000. The fee is accrued daily and calculated as at each dealing day and payable monthly in arrears.

Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker

The Trustee is entitled to receive a trustee fee, currently at the annual rate of 0.125% per annum of the net asset value of the Sub-Fund, which is subject to a monthly minimum of HK\$25,000. The fee is accrued daily and calculated as at each dealing day and payable monthly in arrears.

9.3 ALP maintenance charge

Da Cheng CSI China Mainland Consumer Tracker* (This is a synthetic ETF)

The ALP Issuers are entitled to an ALP maintenance charge out of the distribution payable under the ALPs at 0.4% per annum of the daily mark to market value of the ALPs issued by the relevant ALP Issuer held by the Sub-Fund, payable at the end of each quarter based on the period's number of actual days. As at 31 December 2013, the relevant ALP Issuers are Merrill Lynch International & Co. C.V. and Citigroup Global Markets Holding Inc. (2012: Merrill Lynch International & Co. C.V.)

DCI ETF TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

9 Transactions with the Trustee, Manager and connected persons (Continued)

9.4 Transaction costs on investment

Da Cheng CSI China Mainland Consumer Tracker (*This is a synthetic ETF)*

The ALP Issuers charge a 0.3% commission (excluding stamp duty) on each purchase and sale of each ALP acquired for the account of the Sub-Fund. The ALP Commission is an expense borne by the Sub-Fund. The ALP Commission will be adjusted for any stamp duty on the sale and purchase of A Shares, currently at 0.1% per cent on the sale of A Shares.

The ALP commission may be increased generally or in respect of specific ALP Issuers or transaction.

Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker

The brokers charge a 0.08% commission (excluding stamp duty) on each purchase and sale of each security acquired for the account of the Sub-Fund. The commission is an expense borne by the Sub-Fund.

Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker

The brokers charge a 0.08% commission (excluding stamp duty) on each purchase and sale of each security acquired for the account of the Sub-Fund. The commission is an expense borne by the Sub-Fund.

9.5 Bank balances

Bank balances are maintained with group companies of the Trustee, which carry interest at normal commercial rates. Bank balances held with the group companies of the Trustee as at 31 December were as follows:

	2013 HK\$	2012 HK\$
Sub-Funds		
Da Cheng CSI China Mainland Consumer Tracker* (*This is a synthetic ETF)	146,632	141,263
Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker	198,511	360,670
Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker	351,270	421,255
	<u> </u>	<u> </u>

DCI ETF TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

9 Transactions with the Trustee, Manager and connected persons (Continued)

9.6 Investment balances

Investment balances are maintained with group companies of the Trustee. Investment balances held with the group companies of the Trustee as at 31 December were as follows:

Sub-Funds	2013 HK\$	2012 HK\$
Da Cheng CSI China Mainland Consumer Tracker* (*This is a synthetic ETF)	13,132,935	4,144,097
Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker	3,534,313	7,418,151
Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker	12,003,187	13,241,534
	<u>13,670,435</u>	<u>24,803,782</u>

10 Other operating expenses

	Da Cheng CSI China Mainland Consumer Tracker* (*This is a synthetic ETF)	
	2013 HK\$	2012 HK\$
Custodian fee	1,387	5,514
Service agent fee	60,000	60,161
Audit fee	135,742	180,493
License fee	7,000	7,000
Listing fee	15,000	15,041
Bank charges	3,814	6,819
Sundry expenses	500	-
Other operating expenses	10,554	-
	<u>233,997</u>	<u>275,028</u>

	Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker	
	2013 HK\$	2012 HK\$
Custodian fee	1,761	1,769
Registrar fee	120,000	120,323
Audit fee	120,229	143,850
License fee	7,000	7,000
Listing fee	15,000	15,085
Bank charges	845	1,049
Sundry expenses	500	-
Other operating expenses	149,640	131,157
	<u>414,975</u>	<u>420,233</u>

DCI ETF TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

10 Other operating expenses (Continued)

	Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker	
	2013 HK\$	2012 HK\$
Custodian fee	2,990	3,058
Registrar fee	120,000	120,323
Audit fee	120,229	143,850
License fee	7,000	7,000
Listing fee	15,000	15,085
Bank charges	675	724
Sundry expenses	500	-
Other operating expenses	149,642	131,157
	<u>416,036</u>	<u>421,197</u>

11 Major non-cash transactions

11.1 Subscriptions

Da Cheng CSI China Mainland Consumer Tracker (*This is a synthetic ETF)*

During the year, all units issued were through in kind creation and the Sub-Fund issued 1,000,000 units (2012: 1,000,000 units) in exchange for baskets consisting of investments valued at a total of HK\$8,385,397 (2012: HK\$9,626,475) plus the relevant cash component included in the statement of cash flows.

Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker

There was no subscription for the Sub-Fund during the year ended 31 December 2013 (2012: Nil).

Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker

There was no subscription for the Sub-Fund during the year ended 31 December 2013 (2012: Nil).

11.2 Redemptions

Da Cheng CSI China Mainland Consumer Tracker (*This is a synthetic ETF)*

There was no redemption for the Sub-fund during the year ended 31 December 2013 (2012: 7,000,000 units).

Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker

During the year, all units redeemed were through in kind redemption and the Sub-Fund redeemed 500,000 units (2012: Nil) in exchange for baskets consisting of investments valued at a total of HK\$3,430,237 plus the relevant cash component included in the statement of cash flows.

Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker

There was no redemption for the Sub-Fund during the year ended 31 December 2013 (2012: Nil).

DCI ETF TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

12 Financial instrument category

As of 31 December 2013 and 2012, other than investments as disclosed in the financial statements which are classified as the financial assets at fair value through profit or loss, all financial assets are categorised as loans and receivables and carried at amortised costs. All the financial liabilities of the Sub-Funds are carried at amortised cost.

The carrying value of the financial assets and liabilities are considered by the Manager to approximate their fair values as they are short-term in nature and the effect of discounting is immaterial.

13 Soft commission arrangements

The Manager confirms that there have been no soft commission arrangements existing during the year ended 31 December 2013 and year ended 31 December 2012 in relation to directing transactions of the Sub-Funds through a broker or dealer.

14 Investment limitation and prohibitions under the SFC code

Pursuant to the SFC's Guidelines for Regulating Index Tracking Exchange Trade Funds (the "ETF Guidelines"), the Manager is permitted to overweight the holdings of Da Cheng CSI China Mainland Consumer Tracker* (*This is a synthetic ETF), Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker, and Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker relative to their respective weightings in their respective indices, on the condition that the maximum extra weighting in any constituent will not exceed 4%, 2.5% and 2.5% respectively.

The Manager and Trustee have confirmed that the Sub-Funds have complied with this limit during the year ended 31 December 2013 and year ended 31 December 2012.

There was no ALP (2012: nil) that accounted for more than 10% of the net asset value of Da Cheng CSI China Mainland Consumer Tracker* (*This is a synthetic ETF) as at 31 December 2013.

There was one constituent stock (2012: nil) that accounted for more than 10% of the net asset value of Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker as at 31 December 2013.

There was no constituent stock (2012: one) that accounted for more than 10% of the net asset value of Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker as at 31 December 2013.

During the year ended 31 December 2013, the Da Cheng CSI China Mainland Consumer Index increased by 7.39% (2012: increased by 0.75%), while the NAV per unit of the Da Cheng CSI China Mainland Consumer Tracker* (*This is a synthetic ETF) increased by 6% (2012: decreased by 4%).

DCI ETF TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

14 Investment limitation and prohibitions under the SFC code (Continued)

During the year ended 31 December 2013, the Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Index increased by 12.16% (2012: increased by 23.33%), while the NAV per unit of the Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker decreased by 3% (2012: increased by 10%).

During the year ended 31 December 2013, the Da Cheng CSI Hong Kong State-owned Mainland Enterprises Index decreased by 6.07% (2012: increased by 16.64%), while the NAV per unit of the Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker decreased by 9% (2012: increased by 12%).

15 Segment information

The Manager makes the strategic resource allocations on behalf of the Sub-Funds and has determined the operating segments based on the reports reviewed which are used to make strategic decisions.

The Manager considers that each Sub-Fund has a single operating segment which is investing in securities. The objective of the Sub-Funds are to track the performance of their respective indices and invest in substantially all the index constituents with security weight and industry weight that are closely aligned to the characteristics of the tracked indices.

The internal financial information used by the Manager for the Sub-Funds' assets, liabilities and performance is the same as that disclosed in the statement of financial position and statement of comprehensive income.

The Sub-Funds are domiciled in Hong Kong. All of the Sub-Funds' income is from investments in securities which constitute the relevant tracked indices. The Sub-Funds' investments have been categorised by relevant geography.

The Sub-Funds have no assets classified as non-current assets. The Sub-Funds have portfolios that closely correspond to the security weight and industry weight of the relevant tracked indices.

Da Cheng CSI China Mainland Consumer Tracker* (*This is a synthetic ETF) does not have a diversified unitholder population. As at 31 December 2013, there were two unitholders holding more than 10% of the units of the Sub-Fund.

Da Cheng CSI Hong Kong Private-owned Mainland Enterprises Tracker does not have a diversified unitholder population. As at 31 December 2013, there was one unitholder holding more than 10% of the units of the Sub-Fund.

Da Cheng CSI Hong Kong State-owned Mainland Enterprises Tracker does not have a diversified unitholder population. As at 31 December 2013, there was one unitholder holding more than 10% of the units of the Sub-Fund.

16 Approval of the financial statements

The financial statements were approved by the Manager and the Trustee on 11 April 2014.

DCI ETF TRUST

DA CHENG CSI CHINA MAINLAND CONSUMER TRACKER* (*THIS IS A SYNTHETIC ETF) (A SUB-FUND OF DCI ETF TRUST)

INVESTMENT PORTFOLIO (UNAUDITED) AS AT 31 DECEMBER 2013

	Holdings	Fair value HK\$	% of Net assets
Investments (95.31%)			
China (95.31%)			
ALPs issued by Merrill Lynch International & Co. C.V. (30.30%)			
Anhui Gujing Distillery Co Ltd	400	11,478	0.08%
Beijing Dabeinong Technology Group Co Ltd	4,401	92,092	0.67%
Beijing Yanjing Brewery Co Ltd	7,834	81,212	0.59%
Beiqi Foton Motor Co Ltd	5,546	36,199	0.26%
BesTV New Media Co Ltd	4,900	231,845	1.68%
BYD Co Ltd	440	21,219	0.15%
China Hainan Rubber Industry Group Co Ltd	1,522	14,473	0.10%
China International Travel Service Co Ltd	1,853	82,766	0.60%
China South Publishing & Media Group Co Ltd	3,738	52,576	0.38%
Chongqing Changan Automobile Co Ltd	12,867	188,554	1.37%
FAW Car Co Ltd	5,611	85,455	0.62%
Fuyao Group Glass Industries Co Ltd	6,859	72,773	0.53%
Great Wall Motor Co Ltd	1,778	93,684	0.68%
Gree Electric Appliances Inc of Zhuhai	4,264	178,232	1.29%
Guangzhou Automobile Group Co Ltd	800	8,437	0.06%
Haining China Leather Market Co Ltd	1,928	51,275	0.37%
Heilongjiang Agriculture Co Ltd	4,928	71,332	0.52%
Henan Shuanghui Investment & Development Co Ltd	2,902	174,858	1.27%
Inner Mongolia Yili Industrial Group Co Ltd	4,028	201,463	1.46%
Jiangsu Phoenix Publishing & Media Co Ltd	3,044	37,244	0.27%
Jiangsu Yanghe Brewery Joint-Stock Co Ltd	630	32,913	0.24%
Kweichow Moutai Co Ltd	745	122,407	0.89%
Luzhou Lao Jiao Co Ltd	3,519	90,705	0.66%
Midea Group Co Ltd	3,955	253,085	1.84%
New Hope Liuhe Co Ltd	2,996	54,947	0.40%
Pangda Automobile Trade Co Ltd	2,976	19,082	0.14%
Qingdao Haier Co Ltd	8,720	217,622	1.58%
SAIC Motor Co Ltd	6,896	124,796	0.91%
Shanghai Bashi Industrial (Group) Co Ltd	7,132	92,555	0.67%
Shanghai Friendship Group Incorporated Co	3,872	48,911	0.35%
Shanghai Jahwa United Co Ltd	1,707	92,259	0.67%
Shanghai Oriental Pearl (Group) Co Ltd	10,932	136,693	0.99%
Shanghai Pharmaceuticals Co Ltd	2,495	47,227	0.34%
Shanxi Xinghuacun Fen Wine Factory Co Ltd	1,152	28,455	0.21%
Shenzhen Overseas Chinese Town Co Ltd	16,345	110,870	0.80%

DCI ETF TRUST

**DA CHENG CSI CHINA MAINLAND CONSUMER TRACKER* (*THIS IS A SYNTHETIC ETF)
(A SUB-FUND OF DCI ETF TRUST)**

**INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
AS AT 31 DECEMBER 2013**

	Holdings	Fair value HK\$	% of Net assets
ALPs issued by Merrill Lynch International & Co. C.V. (30.30%) (Continued)			
Suning Commerce Group Co Ltd	15,045	173,873	1.26%
TCL Corporation	39,738	118,499	0.86%
Tsingtao Brewery Co Ltd	1,848	115,773	0.84%
Weifu High-Technology Group Co Ltd	3,246	127,953	0.93%
Wuliangye Yibin Co Ltd	6,728	134,844	0.98%
Wuzhou Minovo Co Ltd	364	2,907	0.02%
Yantai Changyu Pioneer Wine Co Ltd	973	33,622	0.24%
Yonghui Superstores Co Ltd	536	9,117	0.07%
Youngor Group Co Ltd	5,973	57,333	0.42%
Zhejiang China Commodities City Group Co Ltd	9,330	70,093	0.51%
Zhengzhou Yutong Bus Co Ltd	3,240	72,815	0.53%
		4,176,523	30.30%
		4,176,523	30.30%

ALPs issued by Citigroup (65.01%)

Anhui Gujing Distillery Co Ltd	1,002	28,751	0.21%
Beijing Dabeinong Technology Group Co Ltd	6,976	145,974	1.06%
Beijing Yanjing Brewery Co Ltd	10,978	113,805	0.83%
Beiqi Foton Motor Co Ltd	12,234	79,853	0.58%
BesTV New Media Co Ltd	1,848	87,439	0.63%
BYD Co Ltd	4,620	222,795	1.62%
China Hainan Rubber Industry Group Co Ltd	10,266	97,621	0.71%
China International Travel Service Co Ltd	1,398	62,443	0.45%
China South Publishing & Media Group Co Ltd	2,390	33,616	0.24%
Chongqing Changan Automobile Co Ltd	12,472	182,765	1.33%
FAW Car Co Ltd	4,690	71,429	0.52%
Fuyao Group Glass Industries Co Ltd	12,206	129,503	0.94%
Great Wall Motor Co Ltd	2,998	157,966	1.15%
Gree Electric Appliances Inc of Zhuahai	21,554	900,941	6.54%
Guangzhou Automobile Group Co Ltd	9,646	101,725	0.74%
Haining China Leather Market Co Ltd	3,724	99,039	0.72%
Heilongjiang Agriculture Co Ltd	6,196	89,686	0.65%
Henan Shuanghui Investment & Development Co Ltd	4,748	286,088	2.08%
Hisense Electric Co Ltd	10,100	149,169	1.08%
Huadong Medicine Co Ltd	2,700	158,955	1.15%
Inner Mongolia Yili Industrial Group Co Ltd	10,434	521,864	3.79%
Jiangsu Phoenix Publishing & Media Co Ltd	6,646	81,315	0.59%
Jiangsu Yanghe Brewery Joint-Stock Co Ltd	3,522	183,999	1.33%
Kweichow Moutai Co Ltd	3,716	610,556	4.43%
Luzhou Lao Jiao Co Ltd	5,288	136,302	0.99%

DCI ETF TRUST

**DA CHENG CSI CHINA MAINLAND CONSUMER TRACKER* (*THIS IS A SYNTHETIC ETF)
(A SUB-FUND OF DCI ETF TRUST)**

**INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
AS AT 31 DECEMBER 2013**

	Holdings	Fair value HK\$	% of Net assets
ALPs issued by Citigroup (65.01%) (Continued)			
Midea Group Co Ltd	5,372	343,762	2.49%
New Hope Liuhe Co Ltd	4,540	83,263	0.60%
Pangda Automobile Trade Co Ltd	4,568	29,290	0.21%
Qingdao Haier Co Ltd	11,684	291,594	2.12%
SAIC Motor Co Ltd	32,502	588,182	4.27%
Shanghai Bashi Industrial (Group) Co Ltd	5,898	76,541	0.56%
Shanghai Friendship Group Incorporated Co	6,714	84,811	0.62%
Shanghai Jahwa United Co Ltd	4,098	221,486	1.61%
Shanghai Metersbonwe Fashion & Accessories Co	2,500	39,451	0.29%
Shanghai Oriental Pearl (Group) Co Ltd	8,970	112,160	0.81%
Shanghai Pharmaceuticals Co Ltd	8,370	158,433	1.15%
Shanxi Xinghuacun Fen Wine Factory Co Ltd	2,262	55,873	0.41%
Shenzhen Overseas Chinese Town Co Ltd	31,662	214,767	1.56%
Suning Commerce Group Co Ltd	38,572	445,771	3.23%
TCL Corporation	73,798	220,066	1.60%
Tsingtao Brewery Co Ltd	2,430	152,234	1.10%
Wasu Media Holdings Co Ltd	400	10,525	0.08%
Weifu High-Technology Group Co Ltd	5,166	203,637	1.48%
Wuliangye Yibin Co Ltd	17,526	351,259	2.55%
Wuzhou Minovo Co Ltd	7,078	56,526	0.41%
Yantai Changyu Pioneer Wine Co Ltd	684	23,636	0.17%
Yonghui Superstores Co Ltd	6,716	114,232	0.83%
Youngor Group Co Ltd	11,634	111,672	0.81%
Zhejiang China Commodities City Group Co Ltd	7,946	59,695	0.43%
Zhengzhou Yutong Bus Co Ltd	7,740	173,947	1.26%
		<hr/> 8,956,412	<hr/> 65.01%
		-----	-----
Total investments		13,132,935	95.31%
Other net assets		651,419	4.69%
		<hr/> 13,784,354	<hr/> 100%
		-----	-----
Total investments, at cost		<hr/> <hr/> 11,449,103	

DCI ETF TRUST
**DA CHENG CSI CHINA MAINLAND CONSUMER TRACKER* (*THIS IS A SYNTHETIC ETF)
 (A SUB-FUND OF DCI ETF TRUST)**
**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
 FOR THE YEAR ENDED 31 DECEMBER 2013**

	Holdings				31 December 2013
	1 January 2013	Additions	Corporate action	Disposals	
Investments					
China					
ALPs issued by Merrill Lynch International & Co. C.V					
Anhui Jianghuai Automobile Co Ltd	-	400	-	-	400
Beijing Dabeinong Technology Group Co Ltd	2,202	2,202	2,199	2,202	4,401
Beijing Wangfujing Department Store Co Ltd	1,306	-	-	1,306	-
Beijing Yanjing Brewery Co Ltd	7,834	-	-	-	7,834
Beiqi Foton Motor Co Ltd	5,546	-	-	-	5,546
BesTV New Media Co Ltd	-	4,900	-	-	4,900
BYD Co Ltd	440	-	-	-	440
China Hainan Rubber Industry Group Co Ltd	1,522	1,522	-	1,522	1,522
China International Travel Service Co Ltd	1,853	-	-	-	1,853
China South Publishing & Media Group Co Ltd	3,738	3,738	-	3,738	3,738
Chongqing Brewery Co Ltd	2,009	-	-	2,009	-
Chongqing Changan Automobile Co Ltd	12,867	-	-	-	12,867
CITIC Guoan Information Industry Co Ltd	6,450	-	-	6,450	-
FAW Car Co Ltd	5,611	-	-	-	5,611
Fujian Sunner Development Co Ltd	2,034	-	-	2,034	-
Fuyao Group Glass Industries Co Ltd	6,859	-	-	-	6,859
Great Wall Motor Co Ltd	1,778	-	-	-	1,778
Gree Electric Appliances Inc of Zhuohai	7,764	-	-	3,500	4,264
Guangdong Midea Electric Appliances Co Ltd	11,476	-	-	11,476	-
Guangzhou Automobile Group Co Ltd	-	800	-	-	800
Haining China Leather Market Co Ltd	964	964	964	964	1,928
Heilongjiang Agriculture Co Ltd	4,928	-	-	-	4,928
Henan Shuanghui Investment & Development Co Ltd	1,451	-	1,451	-	2,902
Inner Mongolia Yili Industrial Group Co Ltd	8,128	6,128	-	10,228	4,028
Jiangsu Phoenix Publishing & Media Co Ltd	3,044	-	-	-	3,044
Jiangsu Yanghe Brewery Joint-Stock Co Ltd	1,630	-	-	1,000	630
Jihua Group Co Ltd	7,962	-	-	7,962	-
Joeone Co Ltd	986	-	-	986	-
Kweichow Moutai Co Ltd	1,045	-	-	300	745
Luzhou Lao Jiao Co Ltd	3,519	-	-	-	3,519
Midea Group Co Ltd	-	3,955	-	-	3,955
New Hope Liuhe Co Ltd	2,996	2,996	-	2,996	2,996
Pangda Automobile Trade Co Ltd	2,976	-	-	-	2,976
Qingdao Haier Co Ltd	8,720	-	-	-	8,720
SAIC Motor Co Ltd	9,896	-	-	3,000	6,896

DCI ETF TRUST

**DA CHENG CSI CHINA MAINLAND CONSUMER TRACKER* (*THIS IS A SYNTHETIC ETF)
(A SUB-FUND OF DCI ETF TRUST)**

**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Holdings				31 December 2013
	1 January 2013	Additions	Corporate action	Disposals	
Investments (Continued)					
China (Continued)					
ALPs issued by Merrill Lynch International & Co. C.V (Continued)					
Shanghai Bashi Industrial (Group) Co Ltd	7,132	-	-	-	7,132
Shanghai Friendship Group Incorporated Co	3,872	3,872	-	3,872	3,872
Shanghai Jahwa United Co Ltd	1,138	-	569	-	1,707
Shanghai Oriental Pearl (Group) Co Ltd	10,932	-	-	-	10,932
Shanghai Pharmaceuticals Co Ltd	2,495	-	-	-	2,495
Shanghai Yuyuan Tourist Mart Co Ltd	7,943	-	-	7,943	-
Shanxi Xinghuacun Fen Wine Factory Co Ltd	1,152	-	-	-	1,152
Shenzhen Overseas Chinese Town Co Ltd	16,345	-	-	-	16,345
Suning Appliance Co Ltd	19,045	-	-	4,000	15,045
TCL Corporation	39,738	-	-	-	39,738
Tsingtao Brewery Co Ltd	1,848	-	-	-	1,848
Weifu High-Technology Group Co Ltd	2,164	2,164	1,082	2,164	3,246
Wuliangye Yibin Co Ltd	6,728	-	-	-	6,728
Wuzhou Minovo Co Ltd	364	-	-	-	364
Yantai Changyu Pioneer Wine Co Ltd	973	973	-	973	973
Yonghui Superstores Co Ltd	268	268	268	268	536
Youngor Group Co Ltd	5,973	-	-	-	5,973
Zhangzidao Group Co Ltd	1,620	-	-	1,620	-
Zhejiang China Commodities City Group Co Ltd	9,330	-	-	-	9,330
Zhengzhou Yutong Bus Co Ltd	-	1,800	1,440	-	3,240

DCI ETF TRUST

**DA CHENG CSI CHINA MAINLAND CONSUMER TRACKER* (*THIS IS A SYNTHETIC ETF)
(A SUB-FUND OF DCI ETF TRUST)**

**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Holdings				31 December 2013
	1 January 2013	Additions	Corporate action	Disposals	
Investments (Continued)					
China (Continued)					
ALPs issued by Citigroup					
Anhui Jianghuai Automobile Co Ltd	-	1,002	-	-	1,002
Beijing Dabeinong Technology Group Co Ltd	-	3,490	3,486	-	6,976
Beijing Wangfujing Department Store Co Ltd	-	2,014	-	2,014	-
Beijing Yanjing Brewery Co Ltd	-	10,978	-	-	10,978
Beiqi Foton Motor Co Ltd	-	12,234	-	-	12,234
BesTV New Media Co Ltd	-	4,848	-	3,000	1,848
BYD Co Ltd	-	4,620	-	-	4,620
China Hainan Rubber Industry Group Co Ltd	-	10,266	-	-	10,266
China International Travel Service Co Ltd	-	2,298	-	900	1,398
China South Publishing & Media Group Co Ltd	-	4,690	-	2,300	2,390
Chongqing Brewery Co Ltd	-	2,528	-	2,528	-
Chongqing Changan Automobile Co Ltd	-	16,372	-	3,900	12,472
Dalian Zhangzidao Fishery Group Co Ltd	-	2,478	-	2,478	-
FAW Car Co Ltd	-	7,090	-	2,400	4,690
Fujian Sunner Development Co Ltd	-	3,968	-	3,968	-
Fuyao Group Glass Industries Co Ltd	-	12,206	-	-	12,206
Great Wall Motor Co Ltd	-	3,498	-	500	2,998
Gree Electric Appliances Inc of Zhuhai	-	23,054	-	1,500	21,554
Guangdong Midea Electric Appliances Co Ltd	-	17,684	(17,684)	-	-
Guangzhou Automobile Group Co Ltd	-	9,646	-	-	9,646
Haining China Leather Market Co Ltd	-	2,262	1,462	-	3,724
Heilongjiang Agriculture Co Ltd	-	6,196	-	-	6,196
Henan Shuanghui Investment & Development Co Ltd	-	2,874	2,874	1,000	4,748
Hisense Electric Co Ltd	-	10,100	-	-	10,100
Huadong Medicine Co Ltd	-	2,700	-	-	2,700
Inner Mongolia Yili Industrial Group Co Ltd	-	13,034	-	2,600	10,434
Jiangsu Phoenix Publishing & Media Co Ltd	-	6,646	-	-	6,646
Jiangsu Yanghe Brewery Joint-Stock Co Ltd	-	3,522	-	-	3,522
Kweichow Moutai Co Ltd	-	4,216	-	500	3,716
Luzhou Lao Jiao Co Ltd	-	6,088	-	800	5,288
Midea Group Co Ltd	-	-	5,372	-	5,372
New Hope Liuhe Co Ltd	-	4,540	-	-	4,540
Pangda Automobile Trade Co Ltd	-	4,568	-	-	4,568
Qingdao Haier Co Ltd	-	14,084	-	2,400	11,684
SAIC Motor Co Ltd	-	32,502	-	-	32,502

DCI ETF TRUST

**DA CHENG CSI CHINA MAINLAND CONSUMER TRACKER* (*THIS IS A SYNTHETIC ETF)
(A SUB-FUND OF DCI ETF TRUST)**

**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Holdings				31 December 2013
	1 January 2013	Additions	Corporate action	Disposals	
Investments (Continued)					
China (Continued)					
ALPs issued by Citigroup (Continued)					
Shanghai Bashi Industrial (Group) Co Ltd	-	8,998	-	3,100	5,898
Shanghai Friendship Group Incorporated Co	-	6,714	-	-	6,714
Shanghai Jahwa United Co Ltd	-	2,732	1,366	-	4,098
Shanghai Metersbonwe Fashion and Accessories Co	-	2,500	-	-	2,500
Shanghai Oriental Pearl (Group) Co Ltd	-	13,870	-	4,900	8,970
Shanghai Pharmaceuticals Co Ltd	-	8,370	-	-	8,370
Shanxi Xinghuacun Fen Wine Factory Co Ltd	-	2,262	-	-	2,262
Shenzhen Overseas Chinese Town Co Ltd	-	31,662	-	-	31,662
Suning Commerce Group Co Ltd	-	38,572	-	-	38,572
TCL Corporation	-	73,798	-	-	73,798
Tsingtao Brewery Co Ltd	-	3,030	-	600	2,430
Wasu Media Holding Co Ltd	-	400	-	-	400
Weifu High-Technology Group Co Ltd	-	3,444	1,722	-	5,166
Wuliangye Yibin Co Ltd	-	17,526	-	-	17,526
Wuzhou Minovo Co Ltd	-	7,078	-	-	7,078
Yantai Changyu Pioneer Wine Co Ltd	-	1,184	-	500	684
Yonghui Superstores Co Ltd	-	4,708	2,008	-	6,716
Youngor Group Co Ltd	-	11,634	-	-	11,634
Zhejiang China Commodities City Group Co Ltd	-	11,846	-	3,900	7,946
Zhengzhou Yutong Bus Co Ltd	-	4,300	3,440	-	7,740

DCI ETF TRUST

**DA CHENG CSI CHINA MAINLAND CONSUMER TRACKER* (*THIS IS A SYNTHETIC ETF)
(A SUB-FUND OF DCI ETF TRUST)**

**PERFORMANCE RECORD (UNAUDITED)
AS AT 31 DECEMBER 2013**

Net asset value (Dealing NAV)

	Net asset value per unit HK\$	Net asset value of the Sub-Fund HK\$
At end of financial period dated		
31 December 2013	9.19	13,784,354
31 December 2012	8.71	4,357,247
31 December 2011	9.08	59,032,271
31 December 2010	10.99	98,868,351
	<u> </u>	<u> </u>

Highest and lowest net asset value per unit

	Highest net asset value per unit HK\$	Lowest net asset value per unit HK\$
Financial period ended		
31 December 2013	9.91	7.96
31 December 2012	10.40	7.77
31 December 2011	11.65	8.86
31 December 2010 (since inception)	12.34	8.86
	<u> </u>	<u> </u>

DCI ETF TRUST**DA CHENG CSI HONG KONG PRIVATE-OWNED MAINLAND ENTERPRISES TRACKER
(A SUB-FUND OF DCI ETF TRUST)****INVESTMENT PORTFOLIO (UNAUDITED)
AS AT 31 DECEMBER 2013**

	Holdings	Fair value HK\$	% of Net assets
Investments (97.76%)			
Hong Kong (97.76%)			
Listed Equities (97.76%)			
Aac Technologies Hldgs Inc	2,565	96,572	2.67%
Agile Property Hldgs Ltd	5,182	43,062	1.19%
Anta Sports Products Ltd	3,419	32,822	0.91%
Baoxin Auto Group Ltd	2,700	20,331	0.56%
Belle Intl Hldgs Ltd	17,304	155,217	4.29%
Bosideng Intl Hldgs Ltd	11,607	16,946	0.47%
Byd Co Ltd-H	1,748	66,424	1.84%
Chaoda Modern Agriculture (Hldgs) Ltd	30,271	33,298	0.92%
China Gas Hldgs Ltd	9,674	110,284	3.05%
China Hongqiao Group Ltd	4,580	24,457	0.68%
China Minsheng Banking Corp Ltd-H	18,329	157,813	4.37%
Country Garden Hldgs Co Ltd	32,178	150,593	4.17%
Enn Energy Hldgs Ltd	2,526	144,866	4.01%
Evergrande Real Estate Group Ltd	23,375	69,190	1.91%
Fosun Intl Ltd	6,200	47,740	1.32%
Gcl Poly Energy Hldgs Ltd	27,707	66,497	1.84%
Geely Automobile Hldgs Ltd	17,563	65,861	1.82%
Golden Eagle Retail Group Ltd	2,805	28,723	0.79%
Greentown China Hldgs Ltd	4,539	53,742	1.49%
Haier Electronics Group Co Ltd	3,386	76,185	2.11%
Hengan Intl Group Co Ltd	2,898	265,457	7.34%
Intime Department Store Group Co Ltd	3,513	28,350	0.78%
Kingboard Chemical Hldgs Ltd	2,593	52,508	1.45%
Li & Man Paper Manufacturing Ltd	6,926	35,392	0.98%
Longfor Properties Co Ltd	5,650	61,246	1.69%
Nine Dragons Paper Hldgs Ltd	6,551	44,219	1.22%
Ping An Insurance Group Co Of China Ltd-H	3,741	259,813	7.19%
Shenzhou Intl Group Hldgs Ltd	1,783	51,885	1.44%
Shimao Property Hldgs Ltd	5,176	92,236	2.55%
Shui On Land Ltd	14,377	34,217	0.95%
Sihuan Pharmaceutical Hldgs Group Ltd	7,383	52,272	1.45%
Sino Biopharmaceutical Ltd	9,000	55,350	1.53%
Soho China Ltd	7,105	47,461	1.31%
Sun Art Retail Group Ltd	6,591	72,107	1.99%
Tencent Hldgs Ltd	750	370,950	10.26%

DCI ETF TRUST

**DA CHENG CSI HONG KONG PRIVATE-OWNED MAINLAND ENTERPRISES TRACKER
(A SUB-FUND OF DCI ETF TRUST)**

**INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
AS AT 31 DECEMBER 2013**

	Holdings	Fair value HK\$	% of Net assets
Investments (97.76%) (Continued)			
Hong Kong (97.76%) (Continued)			
Listed Equities (97.76%) (Continued)			
Tingyi (Cayman Islands) Hldg Corp	7,798	174,675	4.83%
Uni-president China Hldgs Ltd	3,894	30,763	0.85%
Want Want China Hldgs Ltd	23,062	258,294	7.15%
Xinyi Glass Hldg Co Ltd	8,037	54,973	1.52%
Zhongsheng Group Hldgs Ltd	2,946	31,522	0.87%
		<hr style="width: 100%; border: 0.5px solid black;"/>	
		3,534,313	97.76%
		<hr style="width: 100%; border: 0.5px dashed black;"/>	
Total investments		3,534,313	97.76%
Other net assets		80,458	2.24%
		<hr style="width: 100%; border: 0.5px solid black;"/>	
Net assets as at 31 December 2013		3,614,771	100%
		<hr style="width: 100%; border: 1px solid black;"/>	
Total investments, at cost		3,161,506	
		<hr style="width: 100%; border: 1px solid black;"/>	

DCI ETF TRUST**DA CHENG CSI HONG KONG PRIVATE-OWNED MAINLAND ENTERPRISES TRACKER
(A SUB-FUND OF DCI ETF TRUST)****STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Holdings				31
	1 January 2013	Additions	Corporate action	Disposals	December 2013
Investments					
Hong Kong					
Listed Equities					
Aac Technologies Hldgs Inc	6,000	-	-	3,435	2,565
Agile Property Hldgs Ltd	12,394	-	-	7,212	5,182
Anta Sports Products Ltd	8,955	-	-	5,536	3,419
Baoxin Auto Group Ltd	-	5,349	-	2,649	2,700
Belle Intl Hldgs Ltd	37,542	8,000	-	28,238	17,304
Bosideng Intl Hldgs Ltd	28,747	20,000	-	37,140	11,607
Byd Co Ltd-H	4,984	5,000	-	8,236	1,748
Chaoda Modern Agriculture (Hldgs) Ltd	30,271	-	-	-	30,271
China Gas Hldgs Ltd	-	19,592	-	9,918	9,674
China Hongqiao Group Ltd	-	8,642	-	4,062	4,580
China Minsheng Banking Corp Ltd-H	45,664	-	-	27,335	18,329
China Rongsheng Heavy Industries Group Hldgs Ltd	31,423	700	-	32,123	-
China Shanshui Cement Group Ltd	17,704	-	-	17,704	-
China Yurun Food Group Ltd	13,094	-	-	13,094	-
China Zhengtong Auto Services Hldgs Ltd	7,000	-	-	7,000	-
Country Garden Hldgs Co Ltd	60,000	4,034	-	31,856	32,178
Enn Energy Hldgs Ltd	6,607	-	-	4,081	2,526
Evergrande Real Estate Group Ltd	50,694	-	-	27,319	23,375
Fosun Intl Ltd	-	6,200	-	-	6,200
Gcl Poly Energy Hldgs Ltd	69,449	-	-	41,742	27,707
Geely Automobile Hldgs Ltd	33,474	8,224	-	24,135	17,563
Golden Eagle Retail Group Ltd	6,984	-	-	4,179	2,805
Gome Electrical Appliances Hldgs Ltd	86,114	-	-	86,114	-
Greentown China Hldgs Ltd	-	8,999	-	4,460	4,539
Haier Electronics Group Co Ltd	6,000	890	-	3,504	3,386
Hengan Intl Group Co Ltd	6,825	-	-	3,927	2,898
Huabao Intl Hldgs Ltd	19,846	-	-	19,846	-
Hui Xian Real Estate Investment Trust	18,194	-	-	18,194	-
Intime Department Store Group Co Ltd	8,954	-	-	5,441	3,513
Kingboard Chemical Hldgs Ltd	5,000	-	1,000	3,407	2,593
Li & Man Paper Manufacturing Ltd	-	13,418	-	6,492	6,926
Li Ning Co Ltd	-	1,000	-	1,000	-
Longfor Properties Co Ltd	13,190	-	-	7,540	5,650
Nine Dragons Paper Hldgs Ltd	16,753	-	-	10,202	6,551
Parkson Retail Group Ltd	12,621	-	-	12,621	-

DCI ETF TRUST

**DA CHENG CSI HONG KONG PRIVATE-OWNED MAINLAND ENTERPRISES TRACKER
(A SUB-FUND OF DCI ETF TRUST)**

**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Holdings				31 December 2013
	1 January 2013	Additions	Corporate action	Disposals	
Investments (Continued)					
Hong Kong (Continued)					
Listed Equities (Continued)					
Ping An Insurance Group Co Of China Ltd-H	10,251	4,728	-	11,238	3,741
Renhe Commercial Hldgs Co Ltd	94,972	-	-	94,972	-
Sany Heavy Equipment Intl Hldgs Co Ltd	8,389	-	-	8,389	-
Shenzhou Intl Group Hldgs Ltd	-	4,000	-	2,217	1,783
Shimao Property Hldgs Ltd	11,828	-	-	6,652	5,176
Shougang Fushan Resources Group Ltd	28,993	-	-	28,993	-
Shui On Land Ltd	19,806	16,384	-	21,813	14,377
Sihuan Pharmaceutical Hldgs Group Ltd	13,626	3,601	-	9,844	7,383
Sino Biopharmaceutical Ltd	-	9,000	-	-	9,000
Soho China Ltd	18,633	-	-	11,528	7,105
Sun Art Retail Group Ltd	-	22,000	-	15,409	6,591
Tencent Hldgs Ltd	2,714	200	-	2,164	750
Tingyi (Cayman Islands) Hldg Corp	17,579	7,000	-	16,781	7,798
Uni-president China Hldgs Ltd	-	8,000	-	4,106	3,894
Want Want China Hldgs Ltd	59,732	4,228	-	40,898	23,062
Xinyi Glass Hldg Co Ltd	19,849	8,037	-	19,849	8,037
Xinyi Solar Hldgs Ltd	-	8,037	-	8,037	-
Zhongsheng Group Hldgs Ltd	5,140	439	-	2,633	2,946

DCI ETF TRUST

**DA CHENG CSI HONG KONG PRIVATE-OWNED MAINLAND ENTERPRISES TRACKER
(A SUB-FUND OF DCI ETF TRUST)**

**PERFORMANCE RECORD (UNAUDITED)
AS AT 31 DECEMBER 2013**

Net asset value (Dealing NAV)

	Net asset value per unit HK\$	Net asset value of the Sub-Fund HK\$
At end of financial period dated		
31 December 2013	7.23	3,614,771
31 December 2012	7.49	7,494,820
31 December 2011	6.81	6,807,399

Highest and lowest net asset value per unit

	Highest net asset value per unit HK\$	Lowest net asset value per unit HK\$
Financial period ended		
31 December 2013	7.92	6.35
31 December 2012	7.77	6.38
31 December 2011 (since inception)	10.24	5.90

DCI ETF TRUST

**DA CHENG CSI HONG KONG STATE-OWNED MAINLAND ENTERPRISES TRACKER
(A SUB-FUND OF DCI ETF TRUST)**

**INVESTMENT PORTFOLIO (UNAUDITED)
AS AT 31 DECEMBER 2013**

	Holdings	Fair value HK\$	% of Net Assets
Investments (98.61%)			
Hong Kong (98.61%)			
Listed Equities (98.61%)			
Agricultural Bank Of China Ltd	84,026	320,139	2.63%
Air China Ltd	8,691	50,321	0.41%
Anhui Conch Cement Co Ltd	4,821	138,604	1.14%
Bank Of China Ltd	287,711	1,027,128	8.44%
Bank Of Communications Co Ltd	39,245	214,670	1.76%
Beijing Enterprises Hldgs Ltd	2,262	173,949	1.43%
Brilliance China Automotive Hldgs Ltd	10,805	136,575	1.12%
China Citic Bank Corp Ltd	33,369	140,483	1.15%
China Coal Energy Co Ltd	15,281	66,625	0.55%
China Communications Construction Co	16,187	101,169	0.83%
China Construction Bank Corp	200,629	1,173,680	9.65%
China Life Insurance Co Ltd	25,852	626,911	5.15%
China Mengniu Dairy Co Ltd	4,979	183,227	1.51%
China Merchants Bank Co Ltd	17,121	282,839	2.32%
China Merchants Hldgs (Intl) Co Ltd	4,621	130,774	1.07%
China Mobile Ltd	13,732	1,104,053	9.07%
China Natl Building Material Co Ltd	10,983	91,598	0.75%
China Overseas Land & Investment Ltd	15,322	334,020	2.75%
China Pacific Insurance (Group) Co	8,167	248,277	2.04%
China Petroleum & Chemical Corp	87,743	555,413	4.56%
China Resources Cement Hldgs Ltd	7,235	37,694	0.31%
China Resources Enterprise Ltd	4,418	113,764	0.93%
China Resources Gas Group Ltd	3,423	92,421	0.76%
China Resources Land Ltd	8,810	169,328	1.39%
China Resources Power Hldgs Co	6,913	127,061	1.04%
China Shenhua Energy Co Ltd	12,537	306,530	2.52%
China State Construction Intl Hldgs Ltd	7,167	99,621	0.82%
China Telecom Corp Ltd	50,575	198,254	1.63%
China Unicom (Hong Kong) Ltd	17,094	198,290	1.63%
Citic Pacific Ltd	6,800	80,648	0.66%
Cnooc Ltd	61,682	889,454	7.31%

DCI ETF TRUST**DA CHENG CSI HONG KONG STATE-OWNED MAINLAND ENTERPRISES TRACKER
(A SUB-FUND OF DCI ETF TRUST)****INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
AS AT 31 DECEMBER 2013**

	Holdings	Fair value HK\$	% of Net assets
Investments (98.61%) (Continued)			
Hong Kong (98.61%) (Continued)			
Listed Equities (98.61%) (Continued)			
Dongfeng Motor Group Co Ltd	10,663	129,449	1.06%
Guangdong Investment Ltd	9,136	69,251	0.57%
Industrial & Commercial Bank Of China	206,989	1,084,622	8.91%
Kunlun Energy Co Ltd	12,427	169,753	1.40%
Lenovo Group Ltd	22,802	215,023	1.77%
People's Insurance Co (Group) of China Ltd	28,203	105,761	0.87%
Petrochina Co Ltd	72,632	617,372	5.07%
Picc Property & Casualty Co Ltd	12,315	141,623	1.16%
Shanghai Industrial Hldgs Ltd	2,004	56,813	0.47%
		<hr/>	<hr/>
		12,003,187	98.61%
		-----	-----
Total investments		12,003,187	98.61%
Other net assets		164,835	1.39%
		<hr/>	<hr/>
Net assets as at 31 December 2013		12,168,022	100%
		<hr/> <hr/>	<hr/> <hr/>
Total investments, at cost		12,712,804	
		<hr/> <hr/>	

DCI ETF TRUST
**DA CHENG CSI HONG KONG STATE-OWNED MAINLAND ENTERPRISES TRACKER
 (A SUB-FUND OF DCI ETF TRUST)**
**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
 FOR THE YEAR ENDED 31 DECEMBER 2013**

	Holdings				31
	1 January 2013	Additions	Corporate action	Disposals	December 2013
Investments					
Hong Kong					
Listed Equities					
Agricultural Bank Of China Ltd	99,004	-	-	14,978	84,026
Air China Ltd	9,202	489	-	1,000	8,691
Anhui Conch Cement Co Ltd	5,243	-	-	422	4,821
Bank Of China Ltd	311,978	-	-	24,267	287,711
Bank Of Communications Co Ltd	35,329	3,916	-	-	39,245
Beijing Enterprises Hldgs Ltd	2,262	-	-	-	2,262
Brilliance China Automotive Hldgs Ltd	5,900	4,905	-	-	10,805
China Agri-Industries Hldgs Ltd	8,585	-	-	8,585	-
China Citic Bank Corp Ltd	36,046	-	-	2,677	33,369
China Coal Energy Co Ltd	16,575	-	-	1,294	15,281
China Communications Construction Co	17,866	3,321	-	5,000	16,187
China Construction Bank Corp	203,338	26,291	-	29,000	200,629
China Everbright Ltd	3,467	-	-	3,467	-
China Life Insurance Co Ltd	29,129	-	-	3,277	25,852
China Mengniu Dairy Co Ltd	4,979	-	-	-	4,979
China Merchants Bank Co Ltd	15,784	5,074	-	3,737	17,121
China Merchants Hldgs (Intl) Co Ltd	4,986	-	-	365	4,621
China Mobile Ltd	12,872	860	-	-	13,732
China Natl Building Material Co Ltd	10,000	983	-	-	10,983
China Overseas Land & Investment Ltd	16,494	1,828	-	3,000	15,322
China Pacific Insurance (Group) Co	7,467	700	-	-	8,167
China Petroleum & Chemical Corp	65,717	7,311	19,715	5,000	87,743
China Resources Cement Hldgs Ltd	8,700	3,535	-	5,000	7,235
China Resources Enterprise Ltd	5,061	-	-	643	4,418
China Resources Gas Group Ltd	-	3,423	-	-	3,423
China Resources Land Ltd	9,362	-	-	552	8,810
China Resources Power Hldgs Co	7,905	-	-	992	6,913
China Shenhua Energy Co Ltd	13,317	-	-	780	12,537
China State Construction Intl Hldgs Ltd	-	7,167	-	-	7,167
China Taiping Insurance Hldgs Co Ltd	3,602	-	-	3,602	-
China Telecom Corp Ltd	55,964	-	-	5,389	50,575

DCI ETF TRUST

DA CHENG CSI HONG KONG STATE-OWNED MAINLAND ENTERPRISES TRACKER
(A SUB-FUND OF DCI ETF TRUST)

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

	Holdings				31
	1 January 2013	Additions	Corporate action	Disposals	December 2013
Investments (Continued)					
Hong Kong (Continued)					
Listed Equities (Continued)					
China Unicom (Hong Kong) Ltd	19,190	-	-	2,096	17,094
Citic Pacific Ltd	5,889	4,911	-	4,000	6,800
Cnooc Ltd	66,106	-	-	4,424	61,682
Dongfeng Motor Group Co Ltd	11,527	-	-	864	10,663
Guangdong Investment Ltd	-	80,000	-	70,864	9,136
Industrial & Commercial Bk Of China	247,179	-	-	40,190	206,989
Kunlun Energy Co Ltd	10,386	2,041	-	-	12,427
Lenovo Group Ltd	24,249	-	-	1,447	22,802
People's Insurance Co (Group) of China Ltd	-	28,203	-	-	28,203
Petrochina Co Ltd	82,141	-	-	9,509	72,632
Picc Property & Casualty Co Ltd	10,741	2,755	-	1,181	12,315
Shanghai Industrial Hldgs Ltd	2,179	-	-	175	2,004
Yanzhou Coal Mining Co Ltd	8,258	-	-	8,258	-

DCI ETF TRUST

**DA CHENG CSI HONG KONG STATE-OWNED MAINLAND ENTERPRISES TRACKER
(A SUB-FUND OF DCI ETF TRUST)**

**PERFORMANCE RECORD (UNAUDITED)
AS AT 31 DECEMBER 2013**

Net asset value (Dealing NAV)

	Net asset value per unit HK\$	Net asset value of the Sub-Fund HK\$
At end of financial period dated		
31 December 2013	8.11	12,168,022
31 December 2012	8.90	13,353,856
31 December 2011	7.97	11,950,480
	<u> </u>	<u> </u>

Highest and lowest net asset value per unit

	Highest net asset value per unit HK\$	Lowest net asset value per unit HK\$
Financial period ended		
31 December 2013	9.29	7.03
31 December 2012	9.17	7.36
31 December 2011 (since inception)	10.55	6.96
	<u> </u>	<u> </u>