

# DCI Investment Trust

## Da Cheng Overseas China Concept Fund

March 2024

### Important Information:

- Da Cheng Overseas China Concept Fund (the “Sub-Fund”) is authorized by the Securities and Futures Commission (the “SFC”) in Hong Kong under Section 104 of the SFO. SFC authorisation is not a recommendation or endorsement of the Sub-Fund nor does it guarantee the commercial merits of the Sub-Fund or its performance. It does not mean the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.
- The Sub-Fund is a sub-fund of DCI Investment Trust which is a trust established as an umbrella fund under the laws of Hong Kong. The objective is to achieve long-term capital growth in the value of assets by investing in companies which the Manager believes will benefit from the economic growth and development of China. The Sub-Fund will seek to achieve its investment objective by primarily investing in China Concept Stocks, which are listed on stock exchanges outside the People’s Republic of China.
- Investment involves risks. Investors should read the Fund’s Explanatory Memorandum for further details including risk factors before investing. The Sub-Fund may not be suitable for all investors.
- Investment involves risks. There is a risk that you may lose a substantial part of all your investment.
- The value of units may go down as well as up. Past performance or estimate is not indicative of future performance.
- You should not make any investment decision solely based on this document alone. You are advised to consult the intermediary before investing. You should not invest in the Fund unless the intermediary who sells it to you has explained to you that the Fund is suitable for you having regard to your financial situation, investment experience and objectives. Investors should read the Fund’s Explanatory Memorandum for further details including risk factors before investing.
- This material is issued by Da Cheng International Asset Management Co., Ltd. (“DCI”) and has not been reviewed by the SFC.

### INVESTMENT OBJECTIVE

The objective of the Sub-Fund is to achieve long-term capital growth in the value of assets by investing in companies which the Manager believes will benefit from the economic growth and development of China. The Sub-Fund will seek to achieve its investment objective by primarily investing in China Concept Stocks, which are listed on stock exchanges outside the People’s Republic of China.

### TOP TEN HOLDINGS <sup>1,5</sup> (%)

| Securities                               | Industry               | %     |
|--|------------------------|-------|
| BYD ELECTRONIC (INTL) CO LTD             | Information Technology | 6.35% |
| XM YAN PALACE BIRDS NEST INDUSTRY CO LTD | Consumer Staples       | 4.71% |
| TAL EDUCATION GROUP-ADR                  | Consumer Discretionary | 4.56% |
| AKESO INC                                | Health Care            | 4.45% |
| ALIBABA GROUP HLDG LTD                   | Consumer Discretionary | 3.60% |
| HANGZHOU TIGERMED CONSULTING CO LTD-H    | Health Care            | 3.04% |
| BEIGENE LTD                              | Health Care            | 2.79% |
| LI AUTO INC-CL A                         | Consumer Discretionary | 2.67% |
| NINGBO TUOPU GROUP CO LTD-A              | Consumer Discretionary | 2.53% |
| CHINA TELECOM CORP LTD-H                 | Communication Services | 2.45% |

### SECTOR ALLOCATION <sup>1,5</sup> (%)

|                        |        |
|------------------------|--------|
| Consumer Discretionary | 31.14% |
| Health Care            | 16.56% |
| Information Technology | 14.02% |
| Communication Services | 8.64%  |
| Consumer Staples       | 7.47%  |
| Industrials            | 5.92%  |
| Materials              | 3.18%  |
| Financials             | 2.01%  |
| Real Estate            | 1.41%  |
| Energy                 | 1.40%  |
| Utilities              | 0.79%  |
| Cash                   | 7.46%  |

### FUND INFORMATION <sup>1</sup>

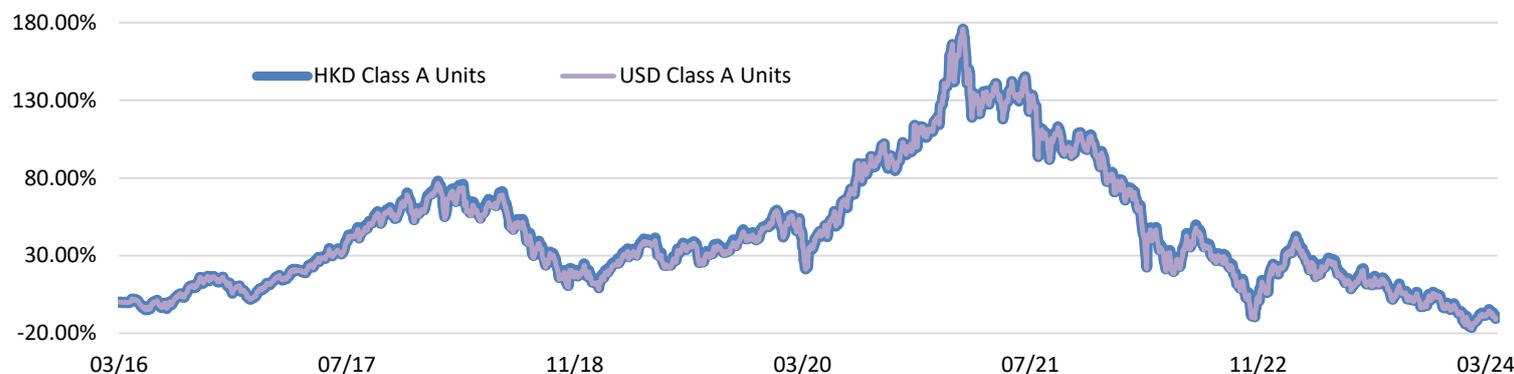
|                            |   |                   |       |
|----------------------------|---|-------------------|-------|
| Manager                    | Da Cheng International Asset Management Company Limited   |                   |       |
| Launch Date                | 18-03-2016 (HKD & USD Class A) / 02-09-2021 (RMB Class A) / 24-09-2021 (RMB Class A Hedged)   |                   |       |
| ISIN                       | HK0000283223 (HKD Class A) / HK0000283249 (USD Class A) / HK0000761921 (RMB Class A) / HK0000761913 (RMB Class A Hedged)  |                   |       |
| Bloomberg Ticker           | DCOCCHA HK (HKD Class A) / DCOCCUA HK (USD Class A) / DAOCARM HK (RMB Class A) / DAOCCAR HK (RMB Class A Hedged)  |                   |       |
| Trustee and Registrar      | BOCI-Prudential Trustee Limited   |                   |       |
| Custodian                  | Bank of China (Hong Kong) Limited   |                   |       |
| Minimum Initial Investment | HKD 10,000 (Class A) / USD 1,000 (Class A) / RMB 10,000 (Class A) / RMB 10,000 (Class A Hedged)   |                   |       |
| Base Currency              | HKD   | Dealing Frequency | Daily |
| NAV                        | 8.80 (HKD Class A) / 8.72 (USD Class A) / 4.86 (RMB Class A) / 4.39 (RMB Class A Hedged)  |                   |       |
| Dividend Policy            | Semi-annually (if any) in June and December each year subject to the Manager’s discretion. Dividends may be paid out of capital or effectively out of capital. Dividends will be paid in the currency of the relevant class of Units. |                   |       |
| Management Fee             | 1.50% (Class A)   | Redemption Charge | Nil   |
| Preliminary Charge         | Up to 5% of the subscription price  |                   |       |

### GEOGRAPHICAL EXPOSURE BY LISTING <sup>1</sup>

|                                      |        |
|--------------------------------------|--------|
| American Depositary Receipts         | 13.29% |
| US Stocks                            | 6.40%  |
| A Shares                             | 6.39%  |
| H Shares                             | 17.99% |
| Red Chips                            | 4.26%  |
| Other Chinese Companies Listed in HK | 39.80% |
| Other HK Stocks                      | 4.41%  |
| Cash                                 | 7.46%  |

**CUMULATIVE PERFORMANCE**<sup>1,2</sup>

|                            | Year-to-date | 1 Month | 3 Months | 6 Months | 1 Year  | 3 Years | 5 Years | Since Inception <sup>3,4</sup> |
|----------------------------|--------------|---------|----------|----------|---------|---------|---------|--------------------------------|
| HKD Class A Units          | -8.33%       | -1.35%  | -8.33%   | -13.04%  | -26.73% | -60.37% | -32.82% | -9.25%                         |
| USD Class A Units          | -8.50%       | -1.36%  | -8.50%   | -12.97%  | -26.54% | -60.64% | -32.63% | -10.06%                        |
| RMB Class A Units          | -6.72%       | -0.61%  | -6.72%   | -13.37%  | -22.49% | N/A     | N/A     | -51.40%                        |
| RMB Class A Units (Hedged) | -9.11%       | -1.57%  | -9.11%   | -14.42%  | -28.27% | N/A     | N/A     | -56.10%                        |

**PERFORMANCE SINCE INCEPTION**<sup>1,2,3</sup>**FUND MANAGER'S COMMENTARY**

In March, the Chinese stock market continued its rebound, with the MSCI China Index rising by 0.88%. The performance of the materials sector was relatively good, while the real estate sector lagged behind.

In terms of domestic factors, the manufacturing PMI for March was 50.8, higher than the expected 50.1 and the previous value of 49.1, returning to the expansion zone for the first time since October 2023. The most significant highlight was the significant rebound in new export orders to 51.3, indicating a clear recovery in external demand. Production has improved, but there are concerns about inventory accumulation and price declines. Overall, there are signs of initial stabilization in the Chinese economy.

On the international front, US inflation is in line with expectations. The US PCE for February increased by 2.5% year on year, with the previous value of 2.4%; the core PCE increased by 2.8% year on year, with the previous value of 2.8%. Federal Reserve Chairman Jerome Powell stated that the PCE data is in line with expectations and there is no need to rush to lower interest rates. If the basic situation remains the same, interest rates will be maintained at their current level for a longer period.

Looking ahead, we see more signs of marginal improvement in the investment environment in China, so we are still relatively optimistic about the outlook. The trend of the Chinese stock market will rely more on policy measures to exceed market expectations. We believe that policy expectations will continue to support the Chinese stock market, but the key to forming a sustainable upward trend in the market is whether proactive fiscal policies will continue. We are paying attention to whether the government will implement more policies to boost domestic demand and consumption, as well as measures such as continuing to issue Pledged Supplement Lending (PSL), increasing the issuance of special government bonds, restarting policy-based financial instruments, and relaxing restrictions on home purchases in core areas in first-tier cities. In addition, the current low valuation of the Chinese stock market is expected to attract some overseas funds. On the other hand, the US dollar interest rate is likely to remain at a relatively high level for some time, and important political events such as elections in some countries and regions will continue to be a major source of market volatility.

Regarding investment strategy, the fund will remain moderately aggressive and actively adjust its portfolio structure. Our main allocation strategy will focus on value stocks and high-dividend strategies, while also gradually increasing holdings in growth sectors such as consumer goods and healthcare with attractive valuations. We believe that as risk appetite gradually improves, this will help drive the performance of these positions. The fund will continue to discover investment opportunities from the micro level, pay more attention to the sustainability of earnings growth and the quality of corporate governance, and strictly control the safety margin of stocks to manage portfolio volatility.

1. Source: DCI, all information as at 31 March 2024.
2. NAV to NAV with income (if any) reinvested.
3. Fund launch date, HKD and USD Class A Units launch date: 18 March 2016.
4. RMB Class A Units launch date: 2 September 2021. RMB Hedged Class A Units launch date: 24 September 2021.
5. Classification is based on Global Industry Classification Standard (GICS).

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