
DA CHENG OVERSEAS CHINA CONCEPT FUND

(SUB-FUND OF DCI INVESTMENT TRUST)

SEMI-ANNUAL REPORT

FOR THE PERIOD ENDED 30 June 2019





**DCI INVESTMENT TRUST
FOR THE PERIOD ENDED 30 June 2019**

SEMI-ANNUAL REPORT

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**DCI INVESTMENT TRUST
FOR THE PERIOD ENDED 30 June 2019**

MANAGEMENT AND ADMINISTRATION

Directors of the Manager

Mr. Tan Xiaogang
Mr. Xiao Jian
Mr. Wen Zhimin
Mr. Yao Yudong
Ms. Zhao Bing
Ms. Wu Ping
Mr. Luo Dengpan (resigned on 8 August 2019)

Manager

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

Custodian

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

Trustee and Registrar

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

Legal Counsel to the Manager

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

Auditor

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

REPORT OF THE MANAGER TO THE UNITHOLDERS

DA CHENG OVERSEAS CHINA CONCEPT FUND (A SUB-FUND OF DCI INVESTMENT TRUST)

Fund Performance

Da Cheng Overseas China Concept Fund (the “Sub-Fund”) seeks to provide long term growth of capital. As of 30 June 2019, the Net Asset Value (“NAV”) per unit of the USD Class A was USD 13.36, and the NAV per unit of the HKD Class A was HKD 13.45, aggregating a total asset size of approximately HKD 270,938,434.

Market Overview

For the first half of 2019, offshore china equities (as measured by MSCI China Index) rose 11.31% amid the temporarily relief of US and China trade tension, dovish Fed outlook and stabilizing RMB. Market sentiment also improved after the China policy maker unveiled some pro-growth policies.

Sector wise, consumer staples was the best performing sector in the first half of 2019, which rose 26.22% during the period. Energy was the worst performing sector in the first half of 2019, which declined 0.1% and was the only major sector posting negative return. The performance of China ADRs (which listed in US stock markets) also performed very well in the first half of 2019. The bellwether stocks, such as Alibaba, JD.com, and Ctrip.com all registered positive return for the period.

On the macro front, the latest macroeconomic data suggested the China economy is likely to weaken further. Both headline NBS manufacturing and non-manufacturing PMI came in below market expectation in June. The manufacturing PMI came in flat at 49.4 (vs. consensus 49.5) and stayed at the contraction territories in two consecutive months amid the weakness in both domestic and external demand. In addition, the non-manufacturing PMI also edged down to 54.2 (vs. 54.3 in May). Given the sluggish readings in PMIs and other macro data (such as Industrial production and FAI), the risk of double dip economy is rising. More pro-growth policies are likely to be unveiled in the second half to help shoring up consumer and business confidence.

Outlook

Looking into second half of 2019, we believe the China offshore equity market is likely to remain volatile, mainly driven by the news flow of US-China trade disputes. The sluggish macro environment and relatively weak corporate earnings will become the headwind for the equity market.

Longer term, we remain positive on the offshore china equities market amid their undemanding valuation and strong growth potential. We continue to focus on those structural growth sectors (such as e-Commerce, cloud computing, education and property management) as we believe the secular trends in China’s consumption and industrial upgrade remain intact.

DCI INVESTMENT TRUST
DA CHENG OVERSEAS CHINA CONCEPT FUND
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STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 June 2019

	DA CHENG OVERSEAS CHINA CONCEPT FUND	
	30 June 2019 (Unaudited) HKD	31 December 2018 (Audited) HKD
Assets		
Financial assets at fair value through profit or loss	270,618,025	270,307,633
Dividend receivable	655,603	15,038
Amount receivable on subscription of units	-	100,000
Prepayments and other assets	62,096	-
Amount due from broker	-	9,631,683
Cash and cash equivalents	5,101,662	1,526,726
Total assets	276,437,386	281,581,080
Liabilities		
Management fee payable	303,177	362,819
Trustee fee payable	32,667	36,282
Audit fee payable	264,148	176,029
Amount payable on redemption of units	2,210,785	450,478
Amount due to broker	2,645,483	7,749,123
Accrued expenses and other payables	42,692	9,127
Total liabilities	5,498,952	8,783,858
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	270,938,434	272,797,222
Ajustment for different basis adopted by the sub-Fund in arriving net assets attribute to unitholders	-	-
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	270,938,434	272,797,222
Number of Units in Issue		
USD Class A	1,285,213	1,517,113
HKD Class A	10,179,164	12,189,917
Net Asset Value Per Unit		
USD Class A	13.36	11.28
HKD Class A	13.45	11.39

DCI INVESTMENT TRUST
DA CHENG OVERSEAS CHINA CONCEPT FUND
(A SUB-FUND OF DCI INVESTMENT TRUST)

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD FROM 1 January 2019 TO 30 June 2019

	DA CHENG OVERSEAS CHINA CONCEPT FUND	
	Period from 1 January 2019 to 30 June 2019	Period from 1 January 2018 to 31 December 2018
	(Unaudited) HKD	(audited) HKD
Income		
Dividend income	1,957,476	7,556,958
Interest income	1,915	5,720
Net changes in fair value on financial assets at fair value through profit or loss	47,891,186	(161,394,622)
Net foreign exchange differences	(61,365)	(298,612)
Total investment income	49,789,212	(154,130,556)
Expenses		
Management fee	2,059,518	6,687,441
Trustee fee	211,245	663,083
Custodian fee	134,444	486,526
Transaction costs	684,627	3,865,302
Auditors' remuneration	88,119	225,664
Other expenses	40,857	47,284
Total operating expenses	3,218,810	11,975,300
Profit before tax	46,570,402	(166,105,856)
Taxation	(60,867)	(445,521)
Profit after tax	46,509,535	(166,551,377)
Ajustment for different basis adopted by the sub- Fund in arriving net assets attribute to unitholders	-	(179,627)
Increase in net assets attributable to unitholders	46,509,535	(166,731,004)

**DCI INVESTMENT TRUST
DA CHENG OVERSEAS CHINA CONCEPT FUND
(A SUB-FUND OF DCI INVESTMENT TRUST)**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (UNAUDITED)
FOR THE PERIOD FROM 1 January 2019 TO 30 June 2019**

	Period from 1 January 2019 to 30 June 2019	Period from 1 January 2018 to 31 December 2018
	(Unaudited)	(audited)
	HKD	HKD
Net assets attributable to unitholders at the beginning of the period	272,797,222	199,213,377
--Proceeds on issue of units	13,589,676	746,067,619
--Payments on redemption of units	(61,957,999)	(505,752,770)
Net increase from unit transactions	(48,368,323)	240,314,849
Increase in net assets attributable to unitholders	46,509,535	(166,731,004)
Net assets attributable to unitholders at the end of the period	270,938,434	272,797,222



DCI INVESTMENT TRUST
DA CHENG OVERSEAS CHINA CONCEPT FUND
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INVESTMENT PORTFOLIO (UNAUDITED)
AS AT 30 June 2019

	Holdings	Market Value HKD	% of Net Asset
Equities			
Common Stock			
HONG KONG			
AIA GROUP LTD	155,000	13,058,750	4.82%
A-LIVING SERVICES CO LTD-H	250,000	3,305,000	1.22%
ANTA SPORTS PRODUCTS LTD	130,000	6,974,500	2.57%
BOSIDENG INTL HLDGS LTD	1,998,000	4,335,660	1.60%
CHINA EDUCATION GROUP HLDGS LTD	800,000	9,760,000	3.60%
CHINA MENGNIU DAIRY CO LTD	140,000	4,235,000	1.56%
CHINA MERCHANTS BANK CO LTD-H	264,000	10,282,800	3.80%
CHINA OVERSEAS PROPERTY HLDGS LTD	1,000,000	4,070,000	1.50%
CHINA RESOURCES BEER HLDGS CO LTD	140,000	5,194,000	1.92%
CHINA RESOURCES LAND LTD	130,000	4,472,000	1.65%
CHINA TOWER CORP LTD-H	2,200,000	4,510,000	1.66%
CITIC SECURITIES CO LTD-H	250,000	4,070,000	1.50%
CNOOC LTD	480,000	6,412,800	2.37%
COUNTRY GARDEN SERVICES HLDGS CO LTD	658,735	11,896,754	4.39%
CSPC PHARMACEUTICAL GROUP LTD	120,000	1,512,000	0.56%
HAIDILAO INTL HLDG LTD	130,000	4,244,500	1.57%
HONG KONG EXCHANGES & CLEARING LTD	31,000	8,549,800	3.16%
KINGDEE INTL SOFTWARE GROUP CO LTD	330,000	2,788,500	1.03%
KINGSOFT CORP LTD	80,000	1,352,000	0.50%
LONGFOR GROUP HLDGS LTD	100,000	2,945,000	1.09%
NEW WORLD DEVELOPMENT CO LTD	240,000	2,932,800	1.08%
PING AN INSURANCE GROUP CO OF CHINA LTD-H	180,000	16,884,000	6.23%
SANDS CHINA LTD	50,000	1,867,500	0.69%
SCHOLAR EDUCATION GROUP	700,000	2,541,000	0.94%
SHENZHOU INTL GROUP HLDGS LTD	90,000	9,666,000	3.57%
SINO BIOPHARMACEUTICAL LTD	210,000	1,677,900	0.62%
SUN HUNG KAI PROPERTIES LTD	90,000	11,925,000	4.40%
SWIRE PACIFIC LTD 'A'	47,000	4,512,000	1.67%
TECHTRONIC INDUSTRIES CO LTD	110,000	6,578,000	2.43%
TENCENT HLDGS LTD	75,000	26,445,000	9.76%
TONGCHENG-ELONG HLDGS LTD	120,000	1,860,000	0.69%
WUXI BIOLOGICS CAYMAN INC	35,000	2,455,250	0.91%

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INVESTMENT PORTFOLIO (UNAUDITED)
AS AT 30 June 2019

	Holdings	Market Value HKD	% of Net Asset
Deposit Receipt			
ADR			
UNITED STATES			
ALIBABA GROUP HLDG LTD-SPONSORED ADR	20,000	26,465,379	9.77%
CTIP.COM INTL LTD-ADR	13,000	3,747,088	1.38%
GDS HLDGS LTD-SPONSORED ADR	12,500	3,667,396	1.35%
HUYA INC-ADR	18,000	3,473,376	1.28%
JD.COM INC-ADR	16,000	3,784,651	1.40%
NETEASE INC-ADR	1,700	3,395,510	1.25%
TAL EDUCATION GROUP-ADR	30,000	8,925,916	3.29%
TENCENT MUSIC ENTERTAINMENT GROUP-ADR	12,000	1,404,719	0.52%
ZTO EXPRESS CAYMAN INC-SPONSORED ADR	40,000	5,972,476	2.20%
Mutual Fund			
FORTUNE REIT	200,000	2,148,000	0.79%
LINK REAL ESTATE INVESTMENT TRUST	45,000	4,320,000	1.59%
Total listed/quoted investment		270,618,025	99.88%
Other net assets		320,409	0.12%
Total net assets as at 30 June 2019		270,938,434	100.00%
Total investments, at cost		241,701,335	

DCI INVESTMENT TRUST
DA CHENG OVERSEAS CHINA CONCEPT FUND
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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
FOR THE PERIOD FROM 1 January 2019 TO 30 June 2019

	1 January 2019	Additions	Bonus /Dividends	Deductions	30 June 2019
Listed/Quoted Equities					
AGRICULTURAL BANK OF CHINA LTD-H	811,000	0	0	-811,000	0
AIA GROUP LTD	170,000	0	0	-15,000	155,000
ALIBABA GROUP HLDG LTD-SPONSORED ADR	24,000	1,900	0	-5,900	20,000
A-LIVING SERVICES CO LTD-H	580,000	250,000	0	-580,000	250,000
ANTA SPORTS PRODUCTS LTD	185,000	0	0	-55,000	130,000
BAIDU INC-ADR	4,700	1,500	0	-6,200	0
BOC AVIATION LTD	130,000	0	0	-130,000	0
BOC HONG KONG (HLDGS) LTD	180,500	0	0	-180,500	0
BOSIDENG INTL HLDGS LTD	0	1,998,000	0	0	1,998,000
BROADCOM INC	0	2,400	0	-2,400	0
CHINA CONSTRUCTION BANK CORP-H	1,400,000	0	0	-1,400,000	0
CHINA EDUCATION GROUP HLDGS LTD	1,000,000	80,000	0	-280,000	800,000
CHINA GAS HLDGS LTD	259,600	0	0	-259,600	0
CHINA MENGNIU DAIRY CO LTD	280,000	25,000	0	-165,000	140,000
CHINA MERCHANTS BANK CO LTD-H	295,000	40,000	0	-71,000	264,000
CHINA MOBILE LTD	0	60,000	0	-60,000	0
CHINA OVERSEAS PROPERTY HLDGS LTD	1,000,000	0	0	0	1,000,000
CHINA RESOURCES BEER HLDGS CO LTD	160,000	0	0	-20,000	140,000
CHINA RESOURCES LAND LTD	62,000	84,000	0	-16,000	130,000
CHINA TOWER CORP LTD-H	0	3,750,000	0	-1,550,000	2,200,000
CIFI HLDGS GROUP CO LTD	0	150,000	0	-150,000	0
CITIC SECURITIES CO LTD-H	0	530,000	0	-280,000	250,000
CK ASSET HLDGS LTD	120,000	10,000	0	-130,000	0
CK INFRASTRUCTURE HLDGS LTD	90,000	0	0	-90,000	0

**DA CHENG OVERSEAS CHINA CONCEPT FUND
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**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
FOR THE PERIOD FROM 1 January 2019 TO 30 June 2019**

	1 January 2019	Additions	Bonus /Dividends	Deductions	30 June 2019
CNOOC LTD	370,000	230,000	0	-120,000	480,000
COUNTRY GARDEN SERVICES HLDGS CO LTD	568,735	90,000	0	0	658,735
CSPC PHARMACEUTICAL GROUP LTD	220,000	0	0	-100,000	120,000
CTRIIP.COM INTL LTD-ADR	0	15,500	0	-2,500	13,000
FORTUNE REIT	0	200,000	0	0	200,000
GDS HLDGS LTD-SPONSORED ADR	0	18,500	0	-6,000	12,500
GEELY AUTOMOBILE HLDGS LTD	70,000	0	0	-70,000	0
HAIDILAO INTL HLDG LTD	0	130,000	0	0	130,000
HANG SENG BANK LTD	17,000	0	0	-17,000	0
HONG KONG EXCHANGES & CLEARING LTD	40,000	0	0	-9,000	31,000
HUAZHU GROUP LTD-SPONSORED ADR	6,000	11,064	0	-17,064	0
HUYA INC-ADR	0	24,500	0	-6,500	18,000
INDUSTRIAL & COMMERCIAL BK OF CHINA-H	1,240,000	0	0	-1,240,000	0
JD.COM INC-ADR	15,000	16,000	0	-15,000	16,000
KINGDEE INTL SOFTWARE GROUP CO LTD	0	730,000	0	-400,000	330,000
KINGSOFT CORP LTD	0	80,000	0	0	80,000
LINK REAL ESTATE INVESTMENT TRUST	50,000	30,000	0	-35,000	45,000
LONGFOR GROUP HLDGS LTD	84,000	166,000	0	-150,000	100,000
MAN WAH HLDGS LTD	0	500,000	0	-500,000	0
MOMO INC-ADR	0	15,000	0	-15,000	0
NETEASE INC-ADR	3,000	1,200	0	-2,500	1,700
NEW WORLD DEVELOPMENT CO LTD	0	240,000	0	0	240,000
PINDUODUO INC-SPONSORED ADR	0	40,000	0	-40,000	0
PING AN INSURANCE GROUP CO OF CHINA LTD-H	190,000	0	0	-10,000	180,000



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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
FOR THE PERIOD FROM 1 January 2019 TO 30 June 2019

	1 January 2019	Additions	Bonus /Dividends	Deductions	30 June 2019
SANDS CHINA LTD	0	170,000	0	-120,000	50,000
SCHOLAR EDUCATION GROUP	0	1,059,000	0	-359,000	700,000
SHENZHOU INTL GROUP HLDGS LTD	107,000	15,000	0	-32,000	90,000
SINO BIOPHARMACEUTICAL LTD	0	360,000	0	-150,000	210,000
SINOPHARM GROUP CO LTD-H	60,000	0	0	-60,000	0
SUN HUNG KAI PROPERTIES LTD	70,000	25,000	0	-5,000	90,000
SUNNY OPTICAL TECHNOLOGY GROUP CO LTD	49,000	8,000	0	-57,000	0
SWIRE PACIFIC LTD 'A'	55,000	10,000	0	-18,000	47,000
TAL EDUCATION GROUP-ADR	10,000	27,000	0	-7,000	30,000
TECHTRONIC INDUSTRIES CO LTD	175,500	10,000	0	-75,500	110,000
TENCENT HLDGS LTD	86,000	6,000	0	-17,000	75,000
TENCENT MUSIC ENTERTAINMENT GROUP-ADR	28,023	29,023	0	-45,046	12,000
TONGCHENG-ELONG HLDGS LTD	0	140,000	0	-20,000	120,000
VIVA BIOTECH HLDGS	0	46,000	0	-46,000	0
WEIBO CORP-SPONSORED ADR	0	4,000	0	-4,000	0
WUXI BIOLOGICS CAYMAN INC	0	35,000	0	0	35,000
ZHUZHOU CRRC TIMES ELECTRIC CO LTD-H	70,000	10,000	0	-80,000	0
ZTO EXPRESS CAYMAN INC-SPONSORED ADR	41,000	4,000	0	-5,000	40,000

**DCI INVESTMENT TRUST
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**PERFORMANCE RECORD (UNAUDITED)
AS AT 30 June 2019**

Net asset value

	Net asset value	Net asset value	Net asset value per unit	Net asset value per unit
	Class A - HKD	Class A - USD	Class A - HKD	Class A - USD
At the end of the financial period ended				
30 June 2019	136,871,642	134,066,792	13.45	13.36
31 December 2018	138,791,058	134,006,164	11.39	11.28

Highest and lowest net asset value per unit

	Highest issue price per unit HKD	Lowest redempti on price per unit HKD	Highest issue price per unit USD	Lowest redempti on price per unit USD
	Class A	Class A	Class A	Class A
For the financial period ended				
30 June 2019	14.13	10.93	13.98	10.83
31 December 2018	17.79	11.08	17.66	10.96