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**DA CHENG OVERSEAS CHINA CONCEPT FUND**

**(SUB-FUND OF DCI INVESTMENT TRUST)**

**SEMI-ANNUAL REPORT**

**FOR THE PERIOD ENDED 30 JUNE 2018**





**DCI INVESTMENT TRUST  
FOR THE PERIOD ENDED 30 June 2018**

**SEMI-ANNUAL REPORT**

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**DCI INVESTMENT TRUST  
FOR THE PERIOD ENDED 30 June 2018**

**MANAGEMENT AND ADMINISTRATION**

**Directors of the Manager**

Mr. Luo Dengpan  
Mr. Wen Zhimin  
Mr. Tan Xiaogang  
Mr. Xu Zijie  
Ms. Wu Ping  
Mr. Liang Zhongkun  
Mr. Xiao Jian  
Mr. Yao Yudong

**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

**Auditor**

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

**Trustee and Registrar**

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

**Legal Counsel to the Manager**

Simmons & Simmons  
13/F, One Pacific Place  
88 Queensway  
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 2018, the Net Asset Value (“NAV”) per unit of the USD Class A was USD 15.06, and the NAV per unit of the HKD Class A was HKD 15.23, aggregating a total asset size of approximately HKD 539,463,547.

#### **Market Overview**

For the first half of 2018, offshore china equities (as measured by MSCI China Index) declined 2.24% amid the escalating trade dispute between US and China and sharp depreciation of RMB. Sector wise, health care was the best performing sectors in the first half of 2018, which rose almost 19%. Telecom was the worst performing sector in the first half of 2018, which declined 10.51%. The performance of China ADRs (which listed in US stock markets) was quite mixed in the first half of 2018. Alibaba and Baidu posted positive return, while JD.com, Weibo and Netease all registered negative return for the period.

On the macro front, China’s macro data pointed to a less robust economy in the second half of 2018. According to the NBS, the June manufacturing PMI edged down from 51.9 to 51.5 in June. In addition, the new order and new export order sub-index declined to 53.2 and 49.8 respectively, indicating that the escalating US-China trade disputes began to have negative impact on both domestic and external demand. On the other hand, the domestic credit squeeze along with the deleveraging policy has already led to a slowdown in the fixed asset investment.

#### **Outlook**

Looking into second half of 2018, we believe the offshore china equities markets will remain volatile as Sino-US trade negotiations have failed to make any progress. Growing fear of escalating US-China trade disputes, together with a backdrop of slowing and less-synchronized global growth, tightening US monetary policy and weak RMB will become the headwind for the equity market and continue to weigh on market sentiment.

Despite the recent turmoil of the market, we remain positive on the offshore China equities as the current market decline may provide an attractive entry point for long term investors. We continue to focus on those new economy sectors, such as technology (e-commerce, online media and advertising, handset components), consumption (education and travel-related) and health care. We believe those new economy sectors will outperform the board market in the second half amid their structural growth nature and attractive valuation.

**Da Cheng International Asset Management Company Limited**

**28 August 2018**

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

**STATEMENT OF FINANCIAL POSITION (UNAUDITED)  
AS AT 30 June 2018**

DA CHENG OVERSEAS CHINA CONCEPT FUND

	30 June 2018 (Unaudited) HKD	31 December 2017 (Audited) HKD
<b>Assets</b>		
Financial assets at fair value through profit or loss	530,177,345	200,308,334
Dividend and interest receivable	1,569,350	-
Amount receivable on subscription of units	13,447,329	1,067,048
Prepayment and other assets	10,582	-
Amount due from broker	4,715,001	-
Cash and cash equivalents	12,076,528	1,903,157
<b>Total assets</b>	<b>561,996,135</b>	<b>203,278,539</b>
<b>Liabilities</b>		
Management fee payable	668,520	449,660
Trustee fee payable	65,619	22,258
Audit fee payable	217,301	130,492
Amount payable on redemption of units	4,793,520	1,050,151
Amount due to broker	16,735,118	2,523,040
Accrued expenses and other payables	143,554	69,188
<b>Total liabilities</b>	<b>22,623,632</b>	<b>4,244,789</b>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (in accordance to IFRS)</b>	<b>539,372,503</b>	<b>199,033,750</b>
Adjustment for different basis adopted by the sub-Fund in arriving net assets attribute to unitholders	91,044	179,627
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (in accordance with the Sub-Fund's Prospectus)</b>	<b>539,463,547</b>	<b>199,213,377</b>
<b>Number of Units in Issue</b>		
- USD Class A	2,491,119	705,423
- HKD Class A	16,095,416	6,924,210
<b>Net Asset Value Per Unit</b>		
- USD Class A	15.06	15.95
- HKD Class A	15.23	16.07



**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 2018 TO 30 June 2018**

DA CHENG OVERSEAS CHINA CONCEPT FUND

	Period from 1 January 2018 to 30 June 2018	Period from 1 January 2017 to 31 December 2017
	(Unaudited) HKD	(audited) HKD
<b>Income</b>		
Dividend income	4,046,940	492,458
Interest income	610	176
Net changes in fair value on financial assets at fair value through profit or loss	(44,985,721)	18,856,193
Sundry income	-	310,167
Net foreign exchange gains/(losses)	(175,682)	(127,794)
<b>Total investment income</b>	<u>(41,113,853)</u>	<u>19,531,200</u>
<b>Expenses</b>		
Management fee	3,715,666	779,730
Trustee fee	366,694	214,757
Custodian fee	277,206	200,532
Preliminary expenses	0	85,763
Transaction costs	1,983,215	679,690
Auditors' remuneration	86,809	103,580
Other expenses	23,055	25,633
<b>Total operating expenses</b>	<u>6,452,645</u>	<u>2,089,685</u>
<b>Profit before tax</b>	(47,566,498)	17,441,515
Taxation	(207,264)	(16,117)
<b>Profit after tax</b>	<u>(47,862,346)</u>	<u>17,425,398</u>
Adjustment for different basis adopted by the sub-Fund in arriving net assets attribute to unitholders	(88,584)	(95,875)
<b>Increase in net assets attributable to unitholders</b>	<u><u>(47,862,346)</u></u>	<u><u>17,329,523</u></u>

**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 2018 TO 30 June 2018**

	Period from 1 January 2018 to 30 June 2018	Period from 1 January 2017 to 31 December 2017
	(Unaudited)	(audited)
	HKD	HKD
<b>Net assets attributable to unitholders at the beginning of the period</b>	199,213,377	13,286,502
--Proceeds on issue of units	721,005,192	293,324,634
--Payments on redemption of units	(332,892,676)	(124,727,282)
<b>Net increase from unit transactions</b>	<u>388,112,516</u>	<u>168,597,352</u>
<b>Increase in net assets attributable to unitholders</b>	<u>(47,862,346)</u>	<u>17,329,523</u>
<b>Net assets attributable to unitholders at the end of the period</b>	<u>539,463,547</u>	<u>199,213,377</u>



**DCI INVESTMENT TRUST**  
**DA CHENG OVERSEAS CHINA CONCEPT FUND**  
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**INVESTMENT PORTFOLIO (UNAUDITED)**  
**AS AT 30 June 2018**

	Holdings	Market Value HKD	% of Net Asset
<b>Equities</b>			
<b>Common Stock</b>			
<b>HONG KONG</b>			
AAC TECHNOLOGIES HLDGS INC	155,000	17,127,500	3.16%
AIA GROUP LTD	233,400	16,011,240	2.97%
AIR CHINA LTD-H	450,000	3,411,000	0.63%
ANHUI CONCH CEMENT CO LTD-H	90,000	4,050,000	0.75%
ANTA SPORTS PRODUCTS LTD	299,000	12,423,450	2.30%
BOC HONG KONG (HLDGS) LTD	420,500	15,537,475	2.88%
CHINA CONSTRUCTION BANK CORP-H	2,350,000	17,037,500	3.16%
CHINA EDUCATION GROUP HLDGS LTD	1,320,000	17,424,000	3.23%
CHINA INTL CAPITAL CORP LTD-H	340,000	4,753,200	0.88%
CHINA MERCHANTS BANK CO LTD-H	390,000	11,290,500	2.09%
CHINA NEW HIGHER EDUCATION GROUP LTD	1,040,000	7,540,000	1.40%
CHINA OVERSEAS PROPERTY HLDGS LTD	2,330,000	6,058,000	1.12%
CHINA PACIFIC INSURANCE (GROUP) CO-H	170,000	5,159,500	0.96%
CHINA PETROLEUM & CHEMICAL CORP-H	732,000	5,131,320	0.95%
CHINA TAIPING INSURANCE HLDGS CO LTD	200,000	4,910,000	0.91%
CITIC SECURITIES CO LTD-H	280,000	4,390,400	0.81%
CNOOC LTD	350,000	4,739,000	0.88%
COUNTRY GARDEN HLDGS CO LTD	143,000	1,973,400	0.37%
COUNTRY GARDEN SERVICES HLDGS CO LTD	658,735	6,626,874	1.23%
CSPC PHARMACEUTICAL GROUP LTD	460,000	10,902,000	2.02%
GEELY AUTOMOBILE HLDGS LTD	580,000	11,803,000	2.19%
GREENTOWN SERVICE GROUP CO LTD	858,000	6,108,960	1.13%
HENGAN INTL GROUP CO LTD	95,000	7,172,500	1.33%
HONG KONG EXCHANGES & CLEARING LTD	23,000	5,428,000	1.01%
INDUSTRIAL & COMMERCIAL BK OF CHINA-H	1,840,000	10,800,800	2.00%
LONGFOR GROUP HLDGS LTD	85,500	1,808,325	0.34%
MGM CHINA HLDGS LTD	420,000	7,644,000	1.42%
NAMESON HLDGS LTD	4,370,000	5,156,600	0.96%
PETROCHINA CO LTD-H	406,000	2,423,820	0.45%
PING AN INSURANCE GROUP CO OF CHINA LTD-H	225,500	16,281,100	3.02%
SHANGHAI FOSUN PHARMACEUTICAL GROUP CO LTD-H	170,000	7,318,500	1.36%
SHENZHOU INTL GROUP HLDGS LTD	124,000	12,009,400	2.23%
SINO BIOPHARMACEUTICAL LTD	934,000	11,245,360	2.08%
SUNNY OPTICAL TECHNOLOGY GROUP CO LTD	150,000	21,900,000	4.06%
TENCENT HLDGS LTD	131,100	51,627,180	9.57%
WYNN MACAU LTD	319,600	8,069,900	1.50%

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**INVESTMENT PORTFOLIO (UNAUDITED)  
AS AT 30 June 2018**

	Holdings	Market Value HKD	% of Net Asset
<b>UNITED STATES</b>			
BROADCOM INC	5,500	10,471,044	1.94%
MICRON TECHNOLOGY INC	22,000	9,052,119	1.68%
<b>SWITZERLAND</b>			
AMS AG	9,000	5,243,235	0.97%
<b>Deposit Receipt</b>			
<b>ADR</b>			
<b>UNITED STATES</b>			
ALIBABA GROUP HLDG LTD-SPONSORED ADR	34,272	49,890,574	9.25%
BAIDU INC-ADR	9,400	17,922,518	3.32%
CTRIIP.COM INTL LTD-ADR	12,794	4,781,364	0.89%
HUAZHU GROUP LTD-SPONSORED ADR	42,212	13,907,425	2.58%
JD.COM INC-ADR	20,000	6,112,268	1.13%
MELCO RESORTS & ENTERTAINMENT LTD- ADR	31,500	6,920,437	1.28%
NETEASE INC-ADR	2,115	4,193,040	0.78%
NEW ORIENTAL EDUCATION & TECHNOLOGY-ADR	14,630	10,866,151	2.01%
TAL EDUCATION GROUP-ADR	36,602	10,568,602	1.96%
WEIBO CORP-SPONSORED ADR	18,233	12,698,147	2.35%
<b>ADS</b>			
UNITED STATES			
VIPSHOP HLDGS LTD-ADS	50,000	4,256,618	0.79%
<b>Total listed/quoted investment</b>		530,177,345	98.28%
<b>Other net assets</b>		9,286,202	1.72%
<b>Total net assets as at 30 June 2018</b>		539,463,547	100.00%
<b>Total investments, at cost</b>		549,842,174	



**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 2018 TO 30 June 2018**

	31 December 2017	Additions	Bonus /Dividends	Deductions	30 June 2018
<b>Listed/Quoted Equities</b>					
AAC TECHNOLOGIES HLDGS INC	41,000	159,000	0	-45,000	155,000
AGRICULTURAL BANK OF CHINA LTD-H	0	2,700,000	0	-2,700,000	0
AIA GROUP LTD	41,600	275,600	0	-83,800	233,400
AIR CHINA LTD-H	0	996,000	0	-546,000	450,000
ALIBABA GROUP HLDG LTD- SPONSORED ADR	12,422	26,950	0	-5,100	34,272
AMS AG	5,250	8,750	0	-5,000	9,000
ANGANG STEEL CO LTD-H	340,000	44,000	0	-384,000	0
ANHUI CONCH CEMENT CO LTD-H	0	120,000	0	-30,000	90,000
ANTA SPORTS PRODUCTS LTD	74,000	225,000	0	0	299,000
BAIDU INC-ADR	1,572	9,900	0	-2,072	9,400
BBMG CORP-H	199,000	550,000	0	-749,000	0
BOC HONG KONG (HLDGS) LTD	143,500	277,000	0	0	420,500
BROADCOM INC	2,240	10,469	0	-7,209	5,500
BYD ELECTRONIC (INTL) CO LTD	0	260,000	0	-260,000	0
CHINA CONSTRUCTION BANK CORP-H	528,000	2,012,000	0	-190,000	2,350,000
CHINA EASTERN AIRLINES CORP LTD-H	0	1,150,000	0	-1,150,000	0
CHINA EDUCATION GROUP HLDGS LTD	0	1,320,000	0	0	1,320,000
CHINA INTL CAPITAL CORP LTD-H	155,200	662,000	0	-477,200	340,000
CHINA LIFE INSURANCE CO LTD-H	68,000	76,000	0	-144,000	0
CHINA MERCHANTS BANK CO LTD-H	197,500	369,500	0	-177,000	390,000
CHINA MOLYBDENUM CO LTD-H	0	750,000	0	-750,000	0
CHINA NEW HIGHER EDUCATION GROUP LTD	503,000	1,350,000	0	-813,000	1,040,000

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

**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)  
FOR THE PERIOD FROM 1 January 2018 TO 30 June 2018**

	31 December 2017	Additions	Bonus /Dividends	Deductions	30 June 2018
CHINA OILFIELD SERVICES LTD-H	212,000	736,000	0	-948,000	0
CHINA OVERSEAS LAND & INVESTMENT LTD	0	272,000	0	-272,000	0
CHINA OVERSEAS PROPERTY HLDGS LTD	0	2,330,000	0	0	2,330,000
CHINA PACIFIC INSURANCE (GROUP) CO-H	154,200	186,000	0	-170,200	170,000
CHINA PETROLEUM & CHEMICAL CORP-H	150,000	832,000	0	-250,000	732,000
CHINA SOUTHERN AIRLINES CO LTD-H	0	514,000	0	-514,000	0
CHINA STATE CONSTRUCTION INTL HLDGS LTD	250,000	116,000	0	-366,000	0
CHINA TAIPING INSURANCE HLDGS CO LTD	0	220,000	0	-20,000	200,000
CHINA UNICOM (HONG KONG) LTD	162,000	0	0	-162,000	0
CHINA YONGDA AUTOMOBILES SERVICES HLDGS LTD	230,500	405,500	0	-636,000	0
CIFI HLDGS GROUP CO LTD	0	902,000	0	-902,000	0
CITIC SECURITIES CO LTD-H	0	481,000	0	-201,000	280,000
C-MER EYE CARE HLDGS LTD	0	160,000	0	-160,000	0
CNOOC LTD	136,000	879,000	0	-665,000	350,000
COUNTRY GARDEN HLDGS CO LTD	0	550,000	0	-407,000	143,000
COUNTRY GARDEN SERVICES HLDGS CO LTD	0	658,735	0	0	658,735
CRYSTAL INTL GROUP LTD	0	800,000	0	-800,000	0
CSPC PHARMACEUTICAL GROUP LTD	224,000	322,000	0	-86,000	460,000
CTRIIP.COM INTL LTD-ADR	2,900	14,800	0	-4,906	12,794
GALAXY ENTERTAINMENT GROUP LTD	0	295,000	0	-295,000	0
GEELY AUTOMOBILE HLDGS LTD	267,000	470,000	0	-157,000	580,000
GREENTOWN SERVICE GROUP CO LTD	0	858,000	0	0	858,000
HENGAN INTL GROUP CO LTD	0	95,000	0	0	95,000
HONG KONG EXCHANGES & CLEARING LTD	8,000	43,800	0	-28,800	23,000
HSBC HLDGS PLC	38,000	13,600	0	-51,600	0

**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 2018 TO 30 June 2018**

	31 December 2017	Additions	Bonus /Dividends	Deductions	30 June 2018
HUAZHU GROUP LTD-SPONSORED ADR	5,200	7,353	37,659	-8,000	42,212
INDUSTRIAL & COMMERCIAL BK OF CHINA-H	811,000	1,199,000	0	-170,000	1,840,000
INTEL CORP	0	8,000	0	-8,000	0
JD.COM INC-ADR	15,098	31,799	0	-26,897	20,000
LONGFOR PROPERTIES CO LTD	0	416,500	0	-331,000	85,500
MAANSHAN IRON & STEEL CO LTD-H	0	460,000	0	-460,000	0
MELCO RESORTS & ENTERTAINMENT LTD-ADR	0	38,500	0	-7,000	31,500
MGM CHINA HLDGS LTD	161,200	457,600	0	-198,800	420,000
MICRON TECHNOLOGY INC	14,289	59,988	0	-52,277	22,000
MINTH GROUP LTD	58,000	0	0	-58,000	0
NAMESON HLDGS LTD	760,000	4,370,000	0	-760,000	4,370,000
NETEASE INC-ADR	1,215	1,900	0	-1,000	2,115
NEW ORIENTAL EDUCATION & TECHNOLOGY-ADR	5,502	11,128	0	-2,000	14,630
PETROCHINA CO LTD-H	194,000	622,000	0	-410,000	406,000
PING AN INSURANCE GROUP CO OF CHINA LTD-H	112,500	167,500	0	-54,500	225,500
SHANGHAI FOSUN PHARMACEUTICAL GROUP CO LTD-H	54,000	172,500	0	-56,500	170,000
SHENZHOU INTL GROUP HLDGS LTD	58,000	101,000	0	-35,000	124,000
SINO BIOPHARMACEUTICAL LTD	0	684,000	250,000	0	934,000
STANDARD CHARTERED PLC	26,000	23,850	0	-49,850	0
SUNNY OPTICAL TECHNOLOGY GROUP CO LTD	59,000	126,000	0	-35,000	150,000
TAL EDUCATION GROUP-ADR	24,806	45,796	0	-34,000	36,602
TECHTRONIC INDUSTRIES CO LTD	0	100,000	0	-100,000	0
TENCENT HLDGS LTD	46,000	91,900	0	-6,800	131,100
TRULY INTL HLDGS LTD	384,000	0	0	-384,000	0
VIPSHOP HLDGS LTD-ADS	0	114,000	0	-64,000	50,000
WEIBO CORP-SPONSORED ADR	5,599	18,634	0	-6,000	18,233
WYNN MACAU LTD	172,400	532,000	0	-384,800	319,600
YANGTZE OPTICAL FIBRE AND CABLE JOINT STOCK LTD CO-H	0	180,000	0	-180,000	0
YUM CHINA HLDGS INC	8,175	12,010	0	-20,185	0
YY INC-ADR	0	6,900	0	-6,900	0
ZHOU HEI YA INTL HLDGS CO LTD	160,000	160,000	0	-320,000	0
ZTE CORP-H	101,200	111,200	0	-212,400	0

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

**PERFORMANCE RECORD (UNAUDITED)  
AS AT 30 June 2018**

**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 2018	245,131,994	294,331,553	15.23	15.06
31 December 2017	111,270,150	87,943,227	16.07	15.95

**Highest and lowest net asset value per unit**

	Highest issue price per unit HKD	Lowest redemption price per unit HKD	Highest issue price per unit USD	Lowest redemption price per unit USD
	Class A	Class A	Class A	Class A
For the financial period ended				
30 June 2018	17.79	14.93	17.66	14.76
31 December 2017	17.03	10.40	16.91	10.40