

# DCI Investment Trust

## Da Cheng China Balanced Fund

February 2022

### Important Information:

- Da Cheng China Balanced Fund ("The Fund") is an investment fund and not a bank deposit. There is no guarantee of the repayment of principal. There is also no guarantee of dividend or distribution payments during the period you hold the units of the Fund. The instruments invested by the Fund may fall in value and therefore your investment in the Fund may suffer losses.
- The Fund invests primarily in a diversified portfolio of domestic securities traded in China and denominated and settled in RMB.
- The RQFII policy and rules are new and there may be uncertainty to its implementation and such policy and rules are subject to change. The uncertainty and change of the laws and regulations in the PRC (including the RQFII policy and rules) may adversely impact the Fund and such changes may also have potential retrospective effect. Investing in PRC-related companies and in PRC markets involve certain risks and special considerations not typically associated with investment in more developed economies or markets, such as greater political, tax, economic, foreign exchange, liquidity, legal and regulatory risk.
- The Fund is denominated in RMB and the majority of the investments of the Fund are made in RMB. Investors may invest in the Fund in RMB, HKD as well as USD. There is no guarantee that RMB will not depreciate. Investors should take into account the potential risk of loss in respect of creations, redemptions and dividends arising from fluctuations in value between HKD/USD and the RMB.
- The valuation of the Fund's investments may involve uncertainties and judgmental determinations, and independent pricing information may not at all times be available. If such valuations should prove to be incorrect, the Net Asset Value of the Fund may be adversely affected.
- Investment involves risks. There is a risk that you may lose a substantial part of all your investment. 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.
- You should not make any investment decision solely based on this document alone. Investors should read the Fund's Explanatory Memorandum for further details including risk factors.

### INVESTMENT OBJECTIVE

The Fund is a balanced fund and the investment objective of the Fund is to seek long-term growth of capital and income. The Fund seeks to achieve its objective through investing directly in fixed income and equity securities issued in China. The majority of the investments of the Fund will be onshore investments in China and will be denominated and settled in RMB.

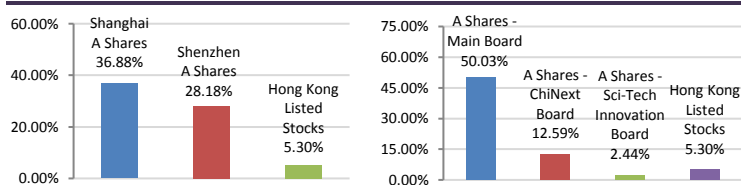
### ASSET ALLOCATION<sup>1</sup>

Equity	70.36%
Fixed Income	27.90%
Cash	1.74%

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

	Equity	Fixed Income
Financials	13.99%	14.68%
Industrials	12.31%	2.69%
Information Technology	10.40%	0.06%
Consumer Staples	10.20%	0.00%
Materials	6.86%	0.07%
Health Care	4.52%	0.03%
Consumer Discretionary	4.01%	0.02%
Communication Services	3.70%	0.00%
Energy	2.74%	0.34%
Real Estate	1.63%	0.68%
Utilities	0.00%	1.12%
Government Bonds	0.00%	8.21%

### EQUITY ALLOCATION<sup>1</sup>(% of AUM)



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

Securities	Sectors	%
KWEICHOW MOUTAI CO LTD-A	Consumer Staples	4.71%
CHINA MERCHANTS BANK CO LTD-A	Financials	3.06%
BANK OF NINGBO CO LTD-A	Financials	2.68%
CONTEMPORARY AMPEREX TECHNOLOGY CO LTD-A	Industrials	2.26%
TENCENT HLDGS LTD	Communication Services	2.18%
PING AN INSURANCE GROUP CO OF CHINA LTD-A	Financials	2.07%
INDUSTRIAL BANK CO LTD-A	Financials	2.00%
LUXSHARE PRECISION INDUSTRY CO LTD-A	Information Technology	1.98%
ZHEJIANG HUAYOU COBALT CO LTD-A	Materials	1.80%
WULIANGYE YIBIN CO LTD-A	Consumer Staples	1.76%

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

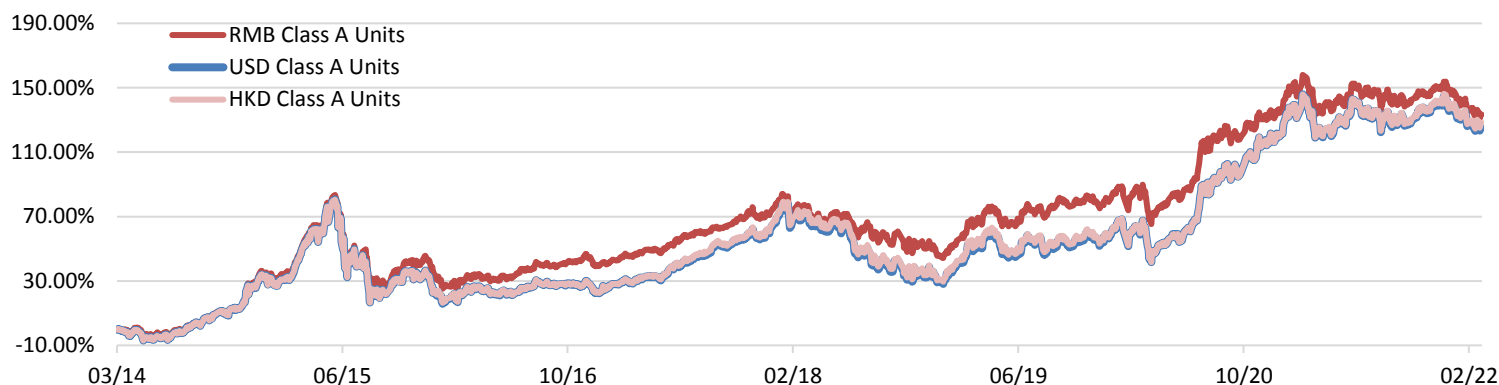
Manager	Da Cheng International Asset Management Co., Ltd.		
Launch Date	03/03/2014 (RMB Class A) / 14/08/2019 (RMB Class P Acc) 03/03/2014 (HKD Class A) / 14/08/2019 (HKD Class P Acc) 03/03/2014 (USD Class A) / 14/08/2019 (USD Class P Acc)		
ISIN	HK0000181096 (RMB Class A) / HK0000524238 (RMB Class P Acc) HK0000181112 (HKD Class A) / HK0000524253 (HKD Class P Acc) HK0000181138 (USD Class A) / HK0000524279 (USD Class P Acc)		
Bloomberg Ticker	DACBLAC HK (RMB Class A) / DACBRPA HK (RMB Class P Acc) DACBLAH HK (HKD Class A) / DACBHPA HK (HKD Class P Acc) DACBLAU HK (USD Class A) / DACBUPA HK (USD Class P Acc)		
Investment Advisor	Dacheng Fund Management Company Limited		
Trustee and Registrar	BOCI-Prudential Trustee Limited		
Custodian	Bank of China (Hong Kong) Limited		
Minimum Initial Investment	RMB 10,000 (Class A) / RMB 1 (Class P Acc) HKD 12,000 (Class A) / HKD 1 (Class P Acc) USD 1,500 (Class A) / USD 1 (Class P Acc)		
Base Currency	RMB	Dealing Frequency	Daily
NAV	15.67 (RMB Class A) / 10.00 (RMB Class P Acc) 14.72 (HKD Class A) / 14.88 (HKD Class P Acc) 14.60 (USD Class A) / 15.15 (USD Class P Acc)		
Dividend Policy	Monthly distribution (if any) at the Manager's discretion subject to PRC withholding tax provisioning. Dividends may be paid out of capital or effectively out of capital of the relevant Class and may result in an immediate reduction of the Net Asset Value per Unit of the Sub-Fund. Dividends will be paid in the currency of the relevant class of Units. (Class A) No dividends are paid (Class P Acc)		
Management Fee	1.35% (Class A) / 1.35% (Class P)		
Preliminary Fund Size	Up to 5% of the subscription price	Redemption Charge	Nil

### LATEST 4 DIVIDEND INFORMATION

Classes	Dividend per Unit	Annualized Yield <sup>6</sup>	Record Date
RMB Class A Units	RMB 0.12	8.42%	15/11/2021
USD Class A Units	USD 0.12	9.14%	15/11/2021
HKD Class Unit	HKD 0.12	9.09%	15/11/2021
RMB Class A Units	RMB 0.12	8.54%	15/12/2021
USD Class A Units	USD 0.12	9.25%	15/12/2021
HKD Class Unit	HKD 0.12	9.19%	15/12/2021
RMB Class A Units	RMB 0.09	6.67%	17/01/2022
USD Class A Units	USD 0.09	7.20%	17/01/2022
HKD Class Unit	HKD 0.09	7.16%	17/01/2022
RMB Class A Units	RMB 0.09	6.91%	15/02/2022
USD Class A Units	USD 0.09	7.43%	15/02/2022
HKD Class Unit	HKD 0.09	7.37%	15/02/2022

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>
RMB Class A Units	-5.84%	-0.82%	-6.57%	-2.52%	-4.77%	41.77%	60.28%	133.26%
USD Class A Units	-5.21%	0.14%	-5.58%	-0.15%	-2.23%	50.40%	74.21%	126.41%
HKD Class A Units	-4.99%	0.34%	-5.42%	0.25%	-1.52%	49.62%	75.37%	128.17%
USD Class P Units Acc	-5.13%	0.13%	-5.55%	-0.13%	-2.19%	N/A	N/A	51.50%
HKD Class P Units Acc	-4.98%	0.40%	-5.40%	0.27%	-1.52%	N/A	N/A	48.80%

PERFORMANCE SINCE INCEPTION<sup>1,2,3</sup> (Class A)

## FUND MANAGER'S COMMENTARY

**Market Recap:** The slump in the A-share market came to an end in February, with small- and mid-cap stocks that had been oversold earlier leading the gains, while ChiNext underperformed the STAR market and the main-board. Index-wise, CSI 1000, CSI 500 and STAR 50 rose by 6.41%, 4.15% and 1.66% respectively, while GEM index fell by 0.95%. Large-cap index edged up, with SSE 50 and CSI 300 rose by 0.88% and 0.39% respectively.

After the Spring Festival, the early collapse and panic selling of growth sectors were drawing to an end, rendering calmness and balance in the market. With the adjustment by industry leaders after the Spring Festival, investment sentiment bottomed out in mid-February; small and mid-cap stocks rallied in the second half of Feb, followed by the gradual recovery of growth sectors. The offshore market plummeted amid the escalating geopolitical conflict between Russia and Ukraine, but A-shares suffered from relatively short-term and limited disturbance. With the easing of risk aversion and the return of foreign capital, A-shares started to stabilize and rebound.

**Market Outlook:** The abrupt outbreak of the conflict between Russia and Ukraine has postponed the recovery of investment sentiment in the A-share market, but it has been historically observed that its long-term impact on A-shares may be limited. As more stabilizing factors from the policy side play their roles in economic growth, we would see more rebounds of macro data in March, which could draw investors' attention onshore. On the whole, the A-share market is not highly allergic to offshore risky events. Besides, the Fed is expected to raise the interest at a rate lower than the previous consensus. Moving back onshore, the Two Sessions held in March this year continue to highlight the importance of economic growth with a target of raising GDP by 5.5% throughout 2022. As for the market condition, most types of the investors showed a relatively low position at the end of Feb, indicating reduced probability of spiral downward movement. The market may have touched the bottoms of policy, sentiment as well as index level, which paves the way for scrupulous allocation.

In terms of investment themes, we focus on those sectors that benefit mostly from government-supported stimulus policies. Specifically, auto parts and photovoltaic wind power equipment from the growth manufacturing field would bottom out and attract inflows again. As for traditional economic drivers, the access to loosening credit resources would provide an allocating chance for the industrial chain of property development, especially good-quality developers, building materials and house decorations. When it comes to consumption sector, we expect that more supportive policies would come out alongside the softened tune of COVID-containing requirements to propel the recovery of outdoor activities and bring opportunities to leisure hotels and airlines. Last but not least, considering that the new economy will still be the future driver of China's GDP, attention should continuously paid to sectors like data center and cloud computing encouraged by the central project of "Data in the future, Computation in the west".

1. Source: DCI, all information as at 28 February 2022. 2. NAV to NAV with income (if any) reinvested. 3. Fund launch date and Class A Units launch date: 03 March 2014. 4. Class P (Acc) Units launch date: 14 August 2019. 5. Classification is based on Global Industry Classification Standard (GICS). 6. Annualized yield is calculated as follows (before Oct 2021): (dividend amount/NAV as of payment date) x 4. Annualized yield is calculated as follows (from Oct 2021): (dividend amount/NAV as of payment date) x 12. Investors should note that yield figures are estimated and for reference only and do not represent the performance of the fund, and that there is no guarantee as to the actual frequency and/or amount of dividend payments. 7. Source of star rating: Morningstar, Inc., Da Cheng China Balanced Fund RMB Class A Units received a 5-star Morningstar Rating™.

## IMPORTANT DISCLAIMER

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