

## PRODUCT KEY FACTS



Issuer:  
Dacheng Fund Management Co., Ltd

### ***Dacheng Domestic Demand Growth Mixed Fund***

28 April 2025

***This is a Mainland fund authorised for public offering in Hong Kong pursuant to Mainland-Hong Kong Mutual Recognition of Funds arrangement.***

***This statement provides you with key information about this product.***

***This statement is part of the offering document.***

***You should not invest in this product based on this statement alone.***

#### **Quick facts**

<b>Fund Manager:</b>	Dacheng Fund Management Co., Ltd
<b>Custodian:</b>	Bank of China Limited
<b>Ongoing charges over a year#:</b>	Class H: 1.49%
<b>Dealing frequency:</b>	Each Hong Kong Dealing Day – i.e. a business day in both Mainland China and Hong Kong
<b>Base currency:</b>	RMB
<b>Dividend policy:</b>	Class H: Dividend, if declared, will be paid at such times at the discretion of the Fund Manager (currently not more than 6 times in a calendar year, or at such other frequency the Fund Manager determines in its discretion). Distributions may be paid out of capital or effectively paid out of capital.
<b>Financial year end of this fund:</b>	31 December
<b>Minimum investment:</b>	Class H: RMB1,000 minimum initial investment, RMB1,000 minimum subsequent investment

# The figure is based on ongoing expenses chargeable to the class expressed as a percentage of the average net asset value of the class for the year ended 31 December 2024. The figure may vary from year to year.

#### **What is this product?**

Dacheng Domestic Demand Growth Mixed Fund (the “Fund”) is a fund constituted under the laws of the Mainland China and its home regulator is the China Securities Regulatory Commission.

#### **Objectives and Investment Strategy**

The investment objective of the Fund is to achieve long-term steady capital appreciation of the Fund’s assets by investing mainly in listed Mainland China corporations in industries benefiting from domestic demand growth.

The Fund may invest in financial instruments with good liquidity, including Mainland China stocks (including ChiNext and small and medium Mainland China enterprise stocks and other stocks approved by CSRC for listing), depositary receipts, bonds, warrants, stock index futures and other financial instruments allowed by laws, regulations or regulatory authorities.

The equity assets and depositary receipts of the Fund range from 60%-95% of the Net Asset Value of the Fund; fixed income assets and cash investments such as bonds, asset-backed securities and reverse repurchase of bonds shall range from 5%-40% of the Net Asset Value of the Fund; investment in cash (excluding settlement provisions, guarantee deposit and margin paid, subsequent subscription money receivable and so on) or government bonds which will mature within one year shall not be less than 5% of the Net Asset Value of the Fund; the investment exposure limits of warrants, stock index futures and other financial instrument investments shall be subject to the laws

and regulations or the rules of the regulatory authorities; the Fund will invest over 80% of its equity assets and depository receipts in Mainland China corporations in industries benefiting from domestic demand growth.

Within its equity assets investment, the Fund is not subject to any limitation on the portion of its Net Asset Value that may be invested in stocks listed on the small and medium enterprise (SME) board and/or ChiNext of the Shenzhen Stock Exchange and/or the Science and Technology Innovation (STAR) Board.

The Fund will not invest in any urban investment bonds or any debt securities that is unrated or rated BB+ or below by a Mainland China credit rating agency. The Fund will not invest in asset-backed commercial papers.

Where the Fund invests in financial derivative instruments (including warrants and stock index futures), such instruments will be used for hedging purpose only.

For details relating to the investment objectives and strategies of the Fund, please refer to the section "VIII. Investment of the Fund" in the Prospectus.

The total extent of leverage of the Fund will not exceed 40% of the Net Asset Value of the Fund (i.e. the total asset value will not exceed 140% of the net asset value) and leverage will be achieved by way of repurchase transactions only.

The Fund Manager does not intend to engage in securities lending. Provided that the minimum investment requirements for meeting the Fund's investment objectives and strategies and the other applicable regulatory requirements are complied with, the Fund may enter into "pledged" repurchase transactions ("repo") for up to 40% of Net Asset Value of the Fund and reverse repurchase transactions ("reverse repo") for up to 35% of Net Asset Value of the Fund at the Mainland China exchange and / or inter-bank markets. Prior regulatory approval will be sought and at least one month's prior notice will be given to Unitholders if there is a change in this policy. For details relating to the securities lending and/or repo transactions of the Fund, please refer to the section "Additional Disclosure on Securities Lending and/or Repurchase and Reverse Repurchase Transactions" in the Hong Kong Covering Document.

### **Use of derivatives / investment in derivatives**

The Fund's net derivative exposure may be up to 50% of the Fund's Net Asset Value.

### **What are the key risks?**

**Investment involves risks and there is no guarantee of the repayment of principal. Please refer to the offering document for details including the risk factors.**

#### **1. Risks associated with the Mainland-Hong Kong Mutual Recognition of Funds ("MRF") arrangement**

- *Quota restrictions:* The MRF scheme is subject to an overall quota restriction. Subscription of units in the Fund may be suspended at any time if such quota is used up.
- *Failure to meet eligibility requirements:* If the Fund ceases to meet any of the eligibility requirements under the MRF, it may not be allowed to accept new subscriptions. In the worst scenario, the SFC may even withdraw its authorisation for the Fund to be publicly offered in Hong Kong for breach of eligibility requirements. There is no assurance that the Fund can satisfy these requirements on a continuous basis.
- *Mainland China tax risk:* Currently, certain tax concessions and exemptions are available to the Fund and/or its corporate and individual investors in Hong Kong under the MRF regime. There is no assurance that such concessions and exemptions or Mainland tax laws and regulations will not change. Any change to the existing concessions and exemptions as well as the relevant laws and regulations may adversely affect the Fund and/or its investors and they may suffer substantial losses as a result.
- *Different market practices:* Market practices in Mainland China and Hong Kong may be different. In addition, operational arrangements of the Fund and other public funds offered

in Hong Kong may be different in certain ways. For example, subscription or redemption of units of the Fund may only be processed on a day when both Mainland China and Hong Kong markets are open, or it may have different cut-off times or dealing day arrangements versus other SFC-authorized funds. Investors should ensure that they understand these differences and their implications.

## 2. Investment risk

- The Fund is an investment fund. There is no guarantee of the repayment of principal or payment of dividend or distribution. Further, there is no guarantee that the Fund will be able to achieve its investment objectives and there is no assurance that the stated strategies can be successfully implemented.
- The Fund invests in equity securities and fixed income securities. These securities may fall in value. Investors may suffer losses as a result. The purchase of the Fund's Units is not the same as investing directly in equity securities or fixed income securities.

## 3. Concentration risk / Mainland China market risk

- The Fund invests primarily in securities related to the Mainland China market and may be subject to additional concentration risk. Investing in the Mainland China market may give rise to different risks including political, policy, tax, economic, foreign exchange, legal, regulatory and liquidity risks.

## 4. RMB currency and conversion risks

- RMB is currently not freely convertible and is subject to exchange controls and restrictions.
- Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies (for example HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the Fund.
- Investors may not receive RMB upon redemption of investments and/or dividend payment or such payment may be delayed due to the exchange controls and restrictions applicable to RMB.

## 5. Mainland China Equity risk

- *Market risk:* The Fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors. The uncertainty of continuous Chinese economic growth may significantly affect the industries supported by growth of domestic demand. This may lead to high volatility of the Net Asset Value of the Fund.
- *Volatility risk:* High market volatility and potential settlement difficulties in the Mainland China equity markets may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may adversely affect the value of the Fund.
- *Policy risk:* Securities exchanges in Mainland China typically have the right to suspend or limit trading in any security traded on the relevant exchange. The government or the regulators may also implement policies that may affect the financial markets. All these may have a negative impact on the Fund.
- *Risk associated with small-capitalisation / mid-capitalisation companies:* The stock of small-capitalisation / mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.
- *High valuation risk:* The stocks listed on the Mainland China stock exchanges may have a higher price-earnings ratio; and such high valuation may not be sustainable.
- *Liquidity risk:* Securities markets in Mainland China may be less liquid than the other developed markets. The Fund may suffer substantial losses if it is not able to dispose of investments at a time it desires.
- *Risk associated with depositary receipts:* The Fund may invest in depositary receipts. The Mainland China depositary receipts may be subject to higher volatility, default risk of issuers of the depositary receipts, pricing differences due to multiple listings, and other risks arising from the differences between the Mainland China and foreign legal systems and regulatory landscapes.

6. Risks associated with the Small and Medium Enterprise (SME) board, ChiNext market and/or the Science and Technology Innovation Board (STAR Board)

- *Higher fluctuation on stock prices and liquidity risk: Listed companies on the SME board, ChiNext market and/or STAR Board are usually of emerging nature with smaller operating scale. In particular, listed companies on STAR Board are subject to wider price fluctuation limits, and due to higher entry thresholds for investors may have limited liquidity, compared to other boards. Hence, companies listed on these boards are subject to higher fluctuation in stock prices and liquidity risks and have higher risks and turnover ratios than companies listed on the main board.*
- *Over-valuation risk: Stocks listed on SME board, ChiNext and/or STAR Board may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.*
- *Differences in regulation: The rules and regulations regarding companies listed on the ChiNext market and STAR Board are less stringent in terms of profitability and share capital than those in the main board and SME board.*
- *Delisting risk: It may be more common and faster for companies listed on the SME board, ChiNext market and/or STAR Board to delist. In particular, STAR Board has stricter criteria for delisting compared to other boards. This may have an adverse impact on the Fund if the companies that it invests in are delisted.*
- *Concentration risk: STAR Board is a newly established board and may have a limited number of listed companies during the initial stage. Investments in STAR Board may be concentrated in a small number of stocks and subject the Fund to higher concentration risk.*

Investments in the SME board, the ChiNext market and/or STAR Board may result in significant losses for the Fund and its investors.

7. Mainland China debt securities risk

- *Volatility and liquidity risks: The Mainland China debt securities markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such markets may be subject to fluctuations.*
- *Counterparty risk: The Fund is exposed to the credit/default risk of issuers of the debt securities that the Fund may invest in.*
- *Interest rate risk: Investment in the Fund is subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.*
- *Downgrading risk: The credit rating of a debt instrument or its issuer may subsequently be downgraded. In the event of such downgrading, the value of the Fund may be adversely affected. The Fund Manager may or may not be able to dispose of the debt instruments that are being downgraded.*
- *Credit rating agency risk: The credit appraisal system in Mainland China and the rating methodologies employed in Mainland China may be different from those employed in other markets. Credit ratings given by Mainland China rating agencies may therefore not be directly comparable with those given by other international rating agencies.*

8. Risks relating to repurchase / reverse repurchase transactions

- *Repurchase transaction risks: The Fund Manager may enter into repurchase transactions for the account of the Fund. For repurchase transaction, the Fund may suffer substantial loss as there may be delays and difficulties in recovering collateral pledged with the counterparty or the cash originally received may be less than the collateral pledged with the counterparty due to inadequate valuation of the collateral and market movements upon default of the counterparty.*
- *Reverse repurchase transaction risks: The Fund Manager may enter into reverse repurchase transactions for the account of the Fund. The collateral pledged under the reverse repurchase transactions in the interbank market may not be marked to market. In addition, the Fund may suffer substantial loss when engaging in reverse repurchase transactions as there may be delays and difficulties in recovering the cash placed out or*

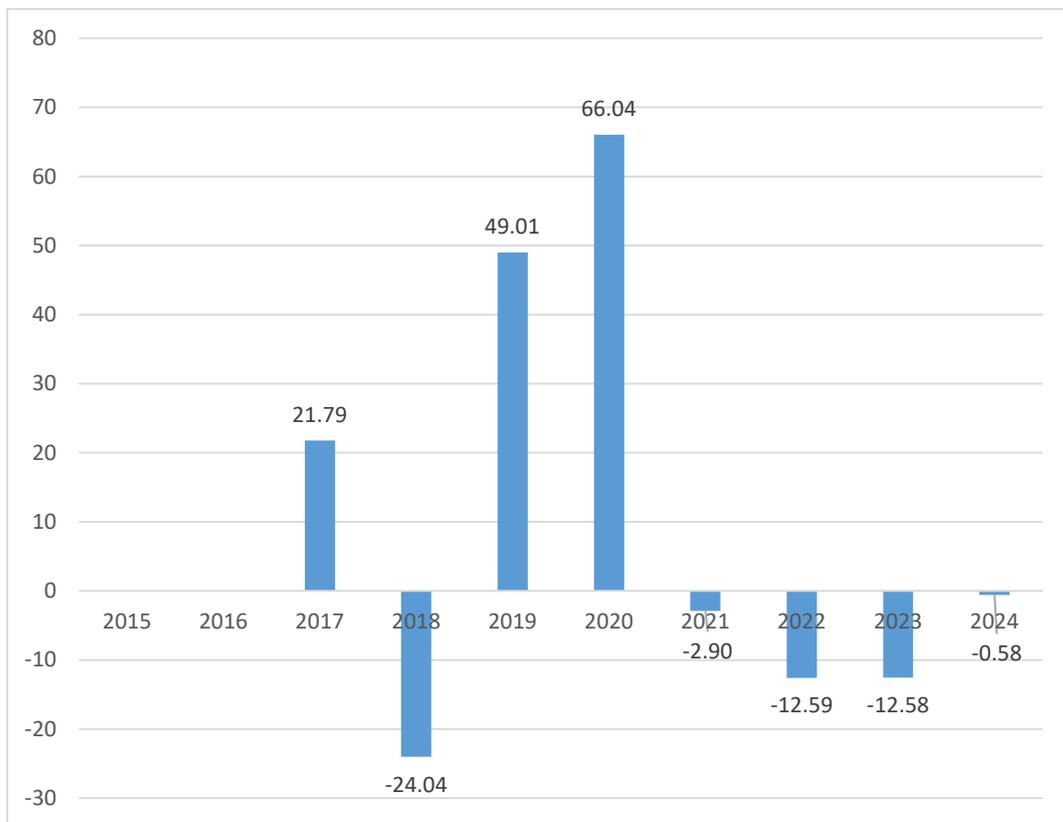
realizing the collateral, or proceeds from the sale of the collateral may be less than the cash placed with the counterparty due to inadequate valuation of the collateral and market movements upon default of the counterparty.

#### 9. Distribution out of capital risk

- Investors should note that the payment of distributions out of capital or effectively out of capital represents a return or a withdrawal of part of the amount they originally invested or from any capital gain attributable to that amount. Any distributions involving payment of dividends out of capital or effectively out of capital may result in an immediate decrease in the net asset value per Unit.

### How has the Fund performed?

#### Past performance % H RMB



- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-To-NAV.
- Class H Units has been selected as the representative unit class of the Fund for the purpose of presenting past performance information by the Manager on the basis that this is the only unit class open for investment by Hong Kong retail investors.
- These figures show by how much the Fund increased or decreased in value during the calendar year being shown. Performance data has been calculated in RMB including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Fund launch date: 2011
- Class H Units launch date: 2016

## Is there any guarantee?

This Fund does not have any guarantees. You may not get back the full amount of money you invest.

## What are the fees and charges?

### Charges which may be payable by you

You may have to pay the following fees when dealing in the Fund.

<u>Fees</u>	<u>What you pay</u>
<b>Subscription fee</b>	Up to 5.00% of the total subscription proceeds
<b>Switching fee</b>	Not applicable
<b>Redemption fee</b>	0.13% of the total redemption proceeds

### Ongoing fees payable by the Fund

The following expenses will be paid out of the Fund. They affect you because they reduce the return you get on your investments.

<u>Fees</u>	<u>Annual rate (as a % of the net asset value of the Fund)</u>
<b>Management fee</b>	1.20%
<b>Custodian fee</b>	0.20%
<b>Performance fee</b>	Not applicable
<b>Administration fee</b>	Not applicable

### Other fees

You may have to pay other fees and charges when dealing in the Fund.

## Additional Information

- You generally buy and redeem units at the Fund's next-determined net asset value after the Hong Kong Representative or authorised distributors receives your request in good order no later than 3 p.m. (Hong Kong time) being the dealing cut-off time. Authorised distributor(s) may impose earlier dealing deadlines for receiving requests from investors. Investors should check with the relevant authorised distributors accordingly.
- The net asset value of the Fund is calculated and the price of units published each "Hong Kong Dealing Day". They are available online at the Hong Kong Representative's website <http://www.dcfund.com.hk>.
- The composition of the distributions (if any) in respect of the Class H Units (i.e. the relative amounts paid out of net distributable income and capital) for the last 12 months is available at the Hong Kong Representative's website <http://www.dcfund.com.hk>. It will also be made available by the Hong Kong Representative on request.
- Investors should visit the Hong Kong Representative's website <http://www.dcfund.com.hk> for the latest notices relating to the Fund.
- The aforementioned website has not been reviewed by the SFC.

## Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.