

# PRODUCT KEY FACTS

## DCI Investment Trust

### Da Cheng Money Market Fund

January 2024

Issuer: Da Cheng International Asset Management Company Limited

- ***This statement provides you with key information about this product.***
- ***This statement is a part of the Sub-Fund's Explanatory Memorandum.***
- ***You should not invest in this product based on this statement alone.***

#### Quick facts

<b>Manager:</b>	Da Cheng International Asset Management Company Limited
<b>Trustee and Registrar:</b>	BOCI-Prudential Trustee Limited
<b>Custodian:</b>	Bank of China (Hong Kong) Limited
<b>Ongoing charges over a year:</b>	<p>Class A HKD Units: 0.19%<sup>#</sup></p> <p>Class A USD Units: 0.19%<sup>#</sup></p> <p>Class A Units (except Class A HKD Units and Class A USD Units): estimated to be 0.19%<sup>##</sup></p> <p>Class B Units: estimated to be 0.39%<sup>##</sup></p> <p>Class I HKD Units: 0.06%<sup>^</sup></p> <p>Class I USD Units: 0.15%<sup>#</sup></p> <p>Class I Units (except Class I HKD Units and Class I USD Units): estimated to be 0.14%<sup>##</sup></p> <p>Class P USD Units: 0.43%<sup>#</sup></p> <p>Class P HKD (Hedged) Units: 0.45%<sup>#</sup></p> <p>Class P Units (except Class P USD Units and Class P HKD (Hedged) Units): estimated to be 0.69%<sup>##</sup></p> <p>Class M HKD Units: 0.09%<sup>^</sup></p> <p>Class M USD Units: 0.09%<sup>#</sup></p> <p>Class M Units (except Class M HKD Units and Class M USD Units): estimated to be 0.09%<sup>##</sup></p>
<b>Dealing frequency:</b>	Daily
<b>Base currency:</b>	USD

<sup>#</sup> The ongoing charges figure is based on expenses for the year ended 31 December 2022. This figure may vary from year to year. It represents the sum of the ongoing expenses chargeable to the relevant class of the Sub-Fund expressed as a percentage of the average net asset value ("**Net Asset Value**") of the relevant class of the Sub-Fund.

<sup>##</sup> This is only an estimate as the classes of Units have not yet been launched. The actual figure may be different upon the actual operation of the relevant classes of the Sub-Fund and may vary from year to year. The ongoing charges figure represents the estimated ongoing expenses chargeable to the relevant class over a 12-month period expressed as a percentage of the estimated average Net Asset Value of the relevant class over the same period.

<sup>^</sup> The ongoing charges figure is an annualised figure based on expenses from the launch of the relevant class of the Sub-Fund to 31 December 2022. It represents the sum of the ongoing expenses chargeable to the relevant class for the period expressed as a percentage of the average Net Asset Value of the relevant class over the same period, annualised to give an ongoing charges figure over a year. This figure may vary from year to year.

<b>Dividend policy:</b>	<p>The Manager may at its discretion pay dividends annually in each year. Dividends (if any) will be paid in the currency of the relevant class of Units.</p> <p>Dividends may be paid out of capital or effectively out of capital of the Sub-Fund.</p>
<b>Financial year end of this fund:</b>	31 December
<b>Minimum initial investment, minimum holding, minimum subsequent investment and minimum redemption amount:</b>	<p>Class A HKD and Class A HKD (Hedged) Units: HKD1,000 Class A USD Units: USD100</p> <p>Class A RMB and Class A RMB (Hedged) Units: RMB1,000 Class B HKD and Class B HKD (Hedged) Units: HKD1,000 Class B USD Units: USD100</p> <p>Class B RMB and Class B RMB (Hedged) Units: RMB1,000 Class I HKD and Class I HKD (Hedged) Units: HKD10,000 Class I USD Units: USD1,000</p> <p>Class I RMB and Class I RMB (Hedged) Units: RMB10,000 Class P HKD and Class P HKD (Hedged) Units: HKD1 Class P USD Units: USD1</p> <p>Class P RMB and Class P RMB (Hedged) Units: RMB1 Class M HKD Units: HKD10,000 Class M USD Units: USD1,000 Class M RMB Units: RMB10,000</p>

## **What is this product?**

The Da Cheng Money Market Fund (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 purchase of a Unit in the Sub-Fund is not the same as placing funds on deposit with a bank or deposit-taking company. The Sub-Fund does not guarantee principal and the Manager has no obligation to redeem the Units at the offer value. The Sub-Fund does not have a constant Net Asset Value. The Sub-Fund is not subject to the supervision of the Hong Kong Monetary Authority.**

## **Objectives and Investment Strategy**

### **Objective**

The Sub-Fund seeks to achieve a return in US Dollars in line with a combination of RMB, HKD and US Dollars money market rates, with primary considerations of both capital security and liquidity. There can be no assurance that the Sub-Fund will achieve its investment objective.

### **Strategy**

The Sub-Fund seeks to achieve its investment objective by investing primarily (i.e. not less than 70% of its Net Asset Value) in RMB-denominated, HK Dollars-denominated and US Dollars-denominated and settled short-term deposits and high quality money market instruments issued by governments, quasi-governments, international organisations and financial institutions. The asset allocation of the Sub-Fund will change according to the Manager's view of market conditions and the international investment trends and environment. The Manager will compare the yield spread of money market instruments denominated in the different currencies (RMB, HKD and USD), and will take into consideration factors such as currency risk, liquidity, costs, timing of execution and the relative attractiveness of individual securities and issuers in the market.

The Sub-Fund may invest in commercial papers, certificates of deposits and commercial bills. Debt securities invested by the Sub-Fund include but are not limited to government bonds, fixed and floating rate bonds. The Sub-Fund will not invest in instruments with loss-absorption features (such as contingent convertible bonds or senior non-preferred debt). The Sub-Fund will only invest in debt securities rated investment grade or above by an independent rating agency, e.g. Fitch, Moody's, Standard and Poor's. A short-term debt security is considered investment grade if its credit rating is A-3 or higher by Standard & Poor's or F3 or higher by Fitch Ratings or P-3 or higher by Moody's or equivalent rating as rated by one of the international credit rating

agencies. For this purpose, if the relevant debt security does not itself have a credit rating, then reference can be made to the credit rating of the issuer or the guarantor of such debt security.

There is no specific geographical allocation of the country of issue of the debt securities or deposits, except that the Sub-Fund will not invest more than 30% of its Net Asset Value in emerging markets. Countries or regions in which the Sub-Fund may invest include Hong Kong, the PRC, Japan, Korea, Australia, Canada, the European Union and the United States. The Sub-Fund will invest directly in PRC domestic securities markets through the Manager's status as a RQFII and via Bond Connect (each term as defined in the Explanatory Memorandum).

The aggregate value of the Sub-Fund's holding of instruments and deposits issued by a single entity will not exceed 10% of the total Net Asset Value of the Sub-Fund except: (i) where the entity is a substantial financial institution and the total amount does not exceed 10% of the entity's share capital and non-distributable capital reserves, the limit may be increased to 25%; or (ii) in the case of Government and other Public Securities, up to 30% may be invested in the same issue; or (iii) in respect of any deposit of less than USD1,000,000, where the Sub-Fund cannot otherwise diversify as a result of its size.

The Sub-Fund will maintain a portfolio with weighted average maturity not exceeding 60 days and a weighted average life not exceeding 120 days. The Sub-Fund will not purchase an instrument with a remaining maturity of more than 397 days, or two years in the case of Government and other Public Securities.

The Sub-Fund may borrow up to 10% of its Net Asset Value but only on a temporary basis for the purpose of meeting redemption requests or defraying operating expenses. The Sub-Fund will not write any options.

The Sub-Fund may also invest up to 10% of its Net Asset Value in other money market funds authorised by the SFC under Chapter 8.2 of the Code. Where the Sub-Fund invests in any money market fund managed by the Manager or any of its Connected Persons, all initial charges and redemption charges on such money market fund(s) must be waived.

The Sub-Fund may also enter into repurchase transactions for up to 10% of its Net Asset Value. For the purpose of the Sub-Fund, repurchase transactions are transactions where the Sub-Fund sells securities such as bonds for cash and simultaneously agrees to repurchase the securities from the counterparty at a pre-determined future date for a pre-determined price. A repurchase transaction is economically similar to secured borrowing, with the counterparty of the Sub-Fund receiving securities as collateral for the cash that it lends to the Sub-Fund.

For repurchase transactions, the Manager will seek to appoint independent counterparties approved by the Manager with credit rating of BBB- or above (by Moody's or Standard & Poor's, or any other equivalent ratings by recognised credit rating agencies) or are SFC-licensed corporations or are registered institutions with the Hong Kong Monetary Authority. Any incremental income generated will be credited to the account of the Sub-Fund after deducting any fees charged by parties operating such transactions.

It is the intention of the Manager to sell the securities included in the Sub-Fund (such as short-term deposits and high quality money market instruments) for cash equal to the market value of the securities provided to the counterparty. Cash obtained in repurchase transactions will be used for meeting redemption requests or defraying operating expenses, but will not be re-invested.

The Sub-Fund will currently invest in financial derivative instruments for hedging purposes only.

The Sub-Fund currently has no intention to invest in structured deposits, structured products or over-the-counter securities, or to take any short positions, and the Manager will not enter into any securities lending, reverse repurchase or other similar over-the-counter transactions in respect of the Sub-Fund. The Sub-Fund will not invest in collateralised and/or securitised securities (including asset backed commercial papers and mortgage backed securities).

### **Use of derivatives**

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

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

**Investment involves risks. Please refer to the Explanatory Memorandum for details including the risk factors.**

#### **1. Investment risks**

- The Sub-Fund's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Sub-Fund may suffer losses. There is no guarantee of the repayment of principal.

### 2. Risks associated with debt securities

- *Short-term debt instruments risk:* As the Sub-Fund invests significantly in short-term debt instruments with short maturities, it means the turnover rates of the Sub-Fund's investments may be relatively high and the transaction costs incurred as a result of the purchase or sale of short-term debt instruments may also increase which in turn may have a negative impact on the NAV of the Sub-Fund.
- *Credit/counterparty risk:* The Sub-Fund is exposed to the credit/default risk of issuers of the debt securities that it may invest in.
- *Interest rate risk:* Investment in the Sub-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.
- *Sovereign debt risk:* The Sub-Fund's investment in debt instruments issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the Sub-Fund to participate in restructuring such debts. The Sub-Fund may suffer significant losses when there is a default of sovereign debt issuers.
- *Credit rating risk and downgrading risk:* Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times. The credit rating of a debt instrument or its issuer may subsequently be downgraded. In the event of such downgrading, the value of the Sub-Fund may be adversely affected. The 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 the PRC and the rating methodologies employed in the PRC may be different from those employed in other markets. Credit ratings given by PRC rating agencies may therefore not be directly comparable with those given by other international rating agencies.
- *Valuation risk:* Valuation of the Sub-Fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the NAV calculation of the Sub-Fund.

### 3. Risks associated with bank deposits

- Bank deposits are subject to the credit risks of the relevant financial institutions. The Sub-Fund's deposit may not be protected by any deposit protection schemes, or the value of the protection under the deposit protection schemes may not cover the full amount deposited by the Sub-Fund. Therefore, if the relevant financial institution defaults, the Sub-Fund may suffer losses as a result.

### 4. Risks relating to repurchase agreements

- In the event of the failure of the counterparty with which collateral has been placed, the Sub-Fund may suffer loss as there may be delays in recovering collateral placed out or the cash originally received may be less than the collateral placed with the counterparty due to inaccurate pricing of the collateral or market movements.

### 5. Risks associated with restrictions on redemption

- Investors should note that certain restrictions are imposed on the redemption of Units. In particular, the Manager is entitled to limit the number of Units of the Sub-Fund redeemed on any Dealing Day to 10% of the total number of Units of the Sub-Fund in issue. Under extreme market conditions, the Manager also reserves the right to limit the total redemption amount per Unitholder of Class A Units, Class B Units and Class P Units on any Dealing Day to an amount as specified in the "Are there any restrictions on redemption?" section of the Explanatory Memorandum and the section "Charges which may be payable by you" below. A Unitholder may therefore not be able to redeem all of their holdings on a particular Dealing Day.

### 6. Hedging / derivative risk

- The Sub-Fund may invest in derivatives for hedging purposes to the extent permitted by the Code and in adverse situations its use of financial derivative instruments may become ineffective and/or cause the Sub-Fund to suffer significant loss.
- Risks associated with the use of financial derivative instruments include volatility risk, credit risk, liquidity risk, management risk, valuation risk, counterparty risk and over-the-counter transaction risk.

The leverage element/component of a financial derivative instrument can result in a loss significantly greater than the amount invested in the financial derivative instrument by the Sub-Fund. Exposure to financial derivative instruments may lead to a high risk of significant loss by the Sub-Fund.

**7. PRC related risks**

- The Sub-Fund may be subject to the general risks relating to the PRC due to, among other factors, risks associated with foreign exchange, uncertainty concerning PRC laws and regulations and government policies. The 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.
- There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains realised on investments in the PRC (which may have retrospective effect). There can be no assurance that the current tax laws and regulations will not be revised or amended in the future.

**8. RQFII regime related risks**

- The Sub-Fund's ability to make the relevant investments via the RQFII regime is subject to the applicable laws, rules and regulations (including restrictions on investments and repatriation of principal and profits) in the PRC, which are subject to change and such change may have potential retrospective effect.
- The Sub-Fund may suffer substantial losses if the approval of the RQFII is revoked/terminated or otherwise invalidated as the Sub-Fund may be prohibited from trading of relevant securities and repatriation of the Sub-Fund's monies, or if any of the key operators or parties (including the RQFII custodian/brokers) is bankrupt / in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).

**9. Risks associated with PRC inter-bank bond market**

- Investing in the PRC inter-bank bond market via Bond Connect is subject to regulatory risks and various risks such as volatility risk, liquidity risk, settlement and counterparty risk as well as other risk factors typically applicable to debt securities. The relevant rules and regulations on investment in the PRC inter-bank bond market via Bond Connect are subject to change which may have potential retrospective effect. In the event that the relevant PRC authorities suspend account opening or trading on the PRC inter-bank bond market, the Sub-Fund's ability to invest in the PRC inter-bank bond market will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective may be negatively affected.

**10. Currency risk**

- Underlying investments of the Sub-Fund may be denominated in currencies other than the base currency of the Sub-Fund. Also, a class of units may be designated in a currency other than the base currency of the Sub-Fund. The NAV of the Sub-Fund may be affected unfavourably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.

**11. RMB currency risk and RMB denominated classes risk**

- RMB is currently not freely convertible and is subject to exchange controls and restrictions and investors may be adversely affected by movements of the exchange rates between Renminbi and other currencies.
- Currency conversion is also subject to the Sub-Fund's ability to convert the proceeds into RMB (due to exchange controls and restrictions applicable to RMB) which may also affect the Sub-Fund's ability to meet redemption requests from Unitholders in RMB denominated classes of units or to make distributions, and may delay the payment of redemption proceeds or dividends under exceptional circumstances.
- Non-RMB based investors who invest in RMB denominated classes are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currency will not depreciate. Any depreciation of RMB could adversely affect the value of investors' investment in the RMB denominated classes of units.
- Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors.

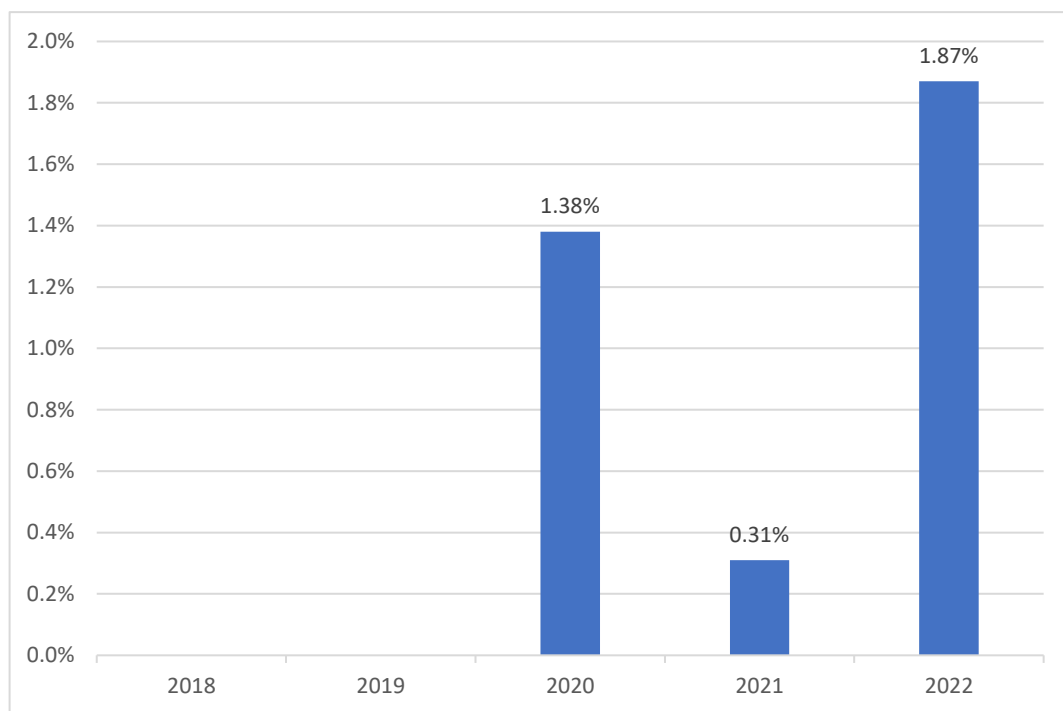
**12. Hedged RMB and HKD denominated classes risk**

- For hedged RMB and HKD denominated classes, investors have to bear the associated hedging costs which may be significant depending on prevailing market conditions. There is no guarantee that the hedging strategy will fully and effectively eliminate the currency exposure. Also, hedging may preclude the hedged RMB and HKD denominated classes from benefiting from any potential gain resulting from the appreciation of the base currency against RMB and HKD respectively.

### 13. Distributions out of/effectively out of capital risk

- The Manager may, in its discretion, pay distributions out of capital or out of gross income while charging/paying all or part of the Sub-Fund's fees and expenses to/out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of distributions by the Sub-Fund and therefore, the Sub-Fund may effectively pay distributions out of capital. This may reduce the capital that the Sub-Fund has available for investment in future and may constrain capital growth.
- Payments of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of the amount investors originally invested or from any capital gains attributable to that original investment. Any distributions involving payment of distributions out of or effectively out of the Sub-Fund's capital may result in an immediate decrease in the Net Asset Value.

### How has the fund performed?



- 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, with dividend reinvested.
- Class A USD Units has been selected as the representative unit class of the Sub-Fund for the purpose of presenting past performance information by the Manager on the basis that USD is the base currency of the Sub-Fund.
- These figures show by how much the Sub-Fund increased or decreased in value during the calendar year being shown. Performance data has been calculated in USD 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.
- Sub-Fund launch date: 2019
- Class A USD Units launch date: 2019

## Is there any guarantee?

The Sub-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 units of the Sub-Fund.

<b><u>Fee</u></b>	<b><u>What you pay</u></b>
Preliminary charge	Class A Units: Up to 3% of the subscription price Class B Units: Up to 3% of the subscription price Class I Units: Nil* Class P Units: Nil* Class M Units: Nil*
Redemption charge <sup>#</sup>	Class A Units: Nil* Class B Units: Nil* Class I Units: Up to 2% of the redemption price in certain circumstances. Please refer to the "Fees and Expenses" section of the Explanatory Memorandum. Class P Units: Nil* Class M Units: Nil*
Switching fee	Nil*

<sup>#</sup> Investors should note that the Manager reserves the right to impose a limit on the total redemption amount per each individual investor of Class A Units, Class B Units and Class P Units on any Dealing Day as set out below (such limits on redemption will only be imposed during extreme market conditions at the Manager's sole discretion):

	RMB	HKD	USD
Class A Units	10,000	10,000	1,000
Class B Units	10,000	10,000	1,000
Class P Units	10,000	10,000	1,000

### Ongoing fees payable by the Sub-Fund

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

	<b><u>Annual rate (as a % of the Sub-Fund's Net Asset Value)</u></b>
Management fee	Class A Units: 0.1%* Class B Units: 0.3%* Class I Units: 0.05%* Class P Units: 0.6%* Class M Units: Nil
Performance fee	N/A
Trustee fee	Up to 0.075% per annum of the Net Asset Value, subject to a monthly minimum of USD4,000*
Custody fee	Up to 0.018%

### **Other fees**

You may have to pay other fees when dealing in the Units of the Sub-Fund. Please refer to the Explanatory Memorandum for details.

\* You should note that some fees may be increased, up to a specified permitted maximum, by giving affected unitholders at least one month's prior notice. For details please refer to the section headed "Fees and Expenses" in the Explanatory Memorandum.

### **Additional information**

- You generally buy and redeem units at the Sub-Fund's Net Asset Value which is determined on the dealing day following the dealing day on which your request is received in good order at or before 11:00 am (Hong Kong time), being the Sub-Fund's dealing cut-off time. Before placing your subscription orders or redemption request, please check with your distributor for the distributor's internal dealing cut-off time (which may be earlier than the Sub-Fund's dealing cut-off time).
- The Net Asset Value of this Sub-Fund is calculated and the price of units will be available each dealing day on the website of the Manager <http://www.dcfund.com.hk> (this website has not been reviewed by the SFC).
- The compositions of the dividends (if any) (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months will be available from the Manager on request and on the Manager's website <http://www.dcfund.com.hk> (this 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.