

# PRODUCT KEY FACTS

## DCI Investment Trust

### Da Cheng Overseas China Concept Fund

April 2022

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<sup>#</sup>:</b>	Class A Units: Maximum 3% Class I Units: Maximum 3%
<b>Dealing frequency:</b>	Daily
<b>Base currency:</b>	HKD
<b>Dividend policy:</b>	Semi-annually (if any) in June and December each year subject to the Manager's discretion. Dividends may be paid out of capital or effectively out of capital.  Dividends will be paid in the currency of the relevant class of Units
<b>Financial year end of this fund:</b>	31 December
<b>Minimum initial investment:</b>	HKD Class A Units: HKD 10,000 RMB Class A Units / RMB Class A (Hedged) Units: RMB 10,000 EUR Class A Units / EUR Class A (Hedged) Units: EUR 1,000 AUD Class A Units / AUD Class A (Hedged) Units: AUD 1,000 NZD Class A Units / NZD Class A (Hedged) Units: NZD 1,000 USD Class A Units: USD 1,000  HKD Class I Units: HKD 8,000,000 RMB Class I Units / RMB Class I (Hedged) Units: RMB 8,000,000

<sup>#</sup> The ongoing charges figure represents the ongoing expenses expressed as a percentage of the Sub-Fund's average net asset value over the same period. The ongoing charges figure in respect of HKD Class A Units during the year ended 31 December 2021 was 2.01% and the ongoing charges figure in respect of USD Class A Units during the year ended 31 December 2021 was 2.01%. The annualised ongoing charges figure in respect of each of RMB Class A Units and RMB Class A (Hedged) Units was 2.02%, which represents the ongoing expenses chargeable to the relevant class for the period from the launch of the relevant class of Units to 31 December 2021, 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. The ongoing charges figure is capped at a maximum of 3% of the average net asset value of the Sub-Fund. Any ongoing expenses of the Sub-Fund will be borne by the Manager and will not be charged to the Sub-Fund if such expense would result in the ongoing charges figure exceeding 3%.

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	EUR Class I Units / EUR Class I (Hedged) Units: EUR 1,000,000
	AUD Class I Units / AUD Class I (Hedged) Units: AUD 1,000,000
	NZD Class I Units / NZD Class I (Hedged) Units: NZD 1,000,000
	USD Class I Units: USD 1,000,000
<b>Minimum holding:</b>	HKD Class A Units: HKD 10,000
	RMB Class A Units / RMB Class A (Hedged) Units: RMB 10,000
	EUR Class A Units / EUR Class A (Hedged) Units: EUR 1,000
	AUD Class A Units / AUD Class A (Hedged) Units: AUD 1,000
	NZD Class A Units / NZD Class A (Hedged) Units: NZD 1,000
	USD Class A Units: USD 1,000
	HKD Class I Units: HKD 8,000,000
	RMB Class I Units / RMB Class I (Hedged) Units: RMB 8,000,000
	EUR Class I Units / EUR Class I (Hedged) Units: EUR 1,000,000
	AUD Class I Units / AUD Class I (Hedged) Units: AUD 1,000,000
	NZD Class I Units / NZD Class I (Hedged) Units: NZD 1,000,000
	USD Class I Units: USD 1,000,000
<b>Minimum subsequent investment:</b>	HKD Class A Units: HKD 10,000
	RMB Class A Units / RMB Class A (Hedged) Units: RMB 10,000
	EUR Class A Units / EUR Class A (Hedged) Units: EUR 1,000
	AUD Class A Units / AUD Class A (Hedged) Units: AUD 1,000
	NZD Class A Units / NZD Class A (Hedged) Units: NZD 1,000
	USD Class A Units: USD 1,000
	HKD Class I Units: HKD 100,000
	RMB Class I Units / RMB Class I (Hedged) Units: RMB 100,000
	EUR Class I Units / EUR Class I (Hedged) Units: EUR 10,000
	AUD Class I Units / AUD Class I (Hedged) Units: AUD 10,000
	NZD Class I Units / NZD Class I (Hedged) Units: NZD 10,000
	USD Class I Units: USD 10,000
<b>Minimum redemption amount:</b>	HKD Class A Units: HKD 10,000
	RMB Class A Units / RMB Class A (Hedged) Units: RMB 10,000
	EUR Class A Units / EUR Class A (Hedged) Units: EUR 1,000
	AUD Class A Units / AUD Class A (Hedged) Units: AUD 1,000
	NZD Class A Units / NZD Class A (Hedged) Units: NZD 1,000
	USD Class A Units: USD 1,000
	HKD Class I Units: HKD 100,000
	RMB Class I Units / RMB Class I (Hedged) Units: RMB 100,000
	EUR Class I Units / EUR Class I (Hedged) Units: EUR 10,000
	AUD Class I Units / AUD Class I (Hedged) Units: AUD 10,000
	NZD Class I Units / NZD Class I (Hedged) Units: NZD 10,000
	USD Class I Units: USD 10,000

## What is this product?

The Da Cheng Overseas China Concept 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.

## Objectives and Investment Strategy

### Objective

The objective of the Sub-Fund is to achieve long-term capital growth in the value of assets by investing in companies which the Manager believes will benefit from the economic growth and development of China. The Sub-Fund will seek to achieve its investment objective by primarily investing in China Concept Stocks (as defined below), which are listed on stock exchanges outside the People’s Republic of China (the “**PRC**”).

### Strategy

The Sub-Fund will invest at least 70% of its Net Asset Value in China Concept Stocks.

The Sub-Fund will seek to achieve its investment objective by primarily investing directly in “China Concept Stocks”, which are equities issued by:

- (a) companies domiciled in the PRC, Hong Kong or Macau but listed on a stock exchange outside of the PRC; and
- (b) companies domiciled, and listed on a stock exchange, outside of the PRC, whose:
  - (i) operations or assets are based mainly in the PRC, Hong Kong and/or Macau;
  - (ii) management or ownership is mainly controlled by an entity that is established or incorporated in the PRC, Hong Kong or Macau; or
  - (iii) revenues or profits are mainly derived from the PRC, Hong Kong and/or Macau,

including but not limited to H-Shares, S-Chips and P-Chips.

The Sub-Fund may also gain indirect exposure to China Concept Stocks by investing in exchange traded funds (ETFs), unlisted funds and real estate investment trusts (REITs).

The Sub-Fund may invest less than 30% of its Net Asset Value in China A-Shares and B-Shares directly through the Manager’s status as a renminbi qualified foreign institutional investor (RQFII)/ qualified foreign institutional investor (QFII) and the Stock Connect (i.e. the mutual stock market access between Mainland China and Hong Kong, comprising the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect) or indirectly through investing in ETFs listed in or outside of the PRC and other eligible collective investment scheme as defined under the Code.

The Sub-Fund will not hold more than 30% of its Net Asset Value in cash or cash equivalents and money market instruments.

The Sub-Fund will not invest in unlisted equities of companies domiciled in the PRC, bonds or debt securities. The Sub-Fund will also not invest in financial derivative instruments, structured products or asset-backed securities, nor will it enter into any securities lending, repurchase or reverse repurchase transactions or similar over-the-counter transactions. If this changes in the future, the prior approval of the SFC (if required) will be sought and not less than one month’s notice will be provided to unitholders before the Sub-Fund enters into any such transaction.

The Sub-Fund’s investment portfolio will be determined using value investing strategies and fundamental, bottom-up research approach, meaning that each stock will be selected by the Manager for inclusion in the Sub-Fund’s equity portfolio based on its individual merits. The Manager will look for undervalued securities with potential for capital appreciation over the long term. While effective stock selection is the key to the performance of the Sub-Fund, exposure to industry sectors will also be monitored as part of the portfolio construction process.

## Use of derivatives

The Sub-Fund will not use derivatives for any purposes.

## What are the key risks?

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

### 1. Investment risks

- An investment in the Sub-Fund is subject to normal market fluctuations and other risks inherent in the Sub-Fund's assets. Accordingly, there is a risk that you may not recoup the original amount invested in the Sub-Fund or may lose a substantial part or all of your investment.

### 2. Equity securities related risk

- The investment performance of equity securities depends upon factors which are difficult to predict, and the Sub-Fund's equity portfolio may be relatively more volatile as compared to investments in other relatively more stabilised financial instruments such as fixed income instruments, contributing to greater fluctuations in the Sub-Fund's value.

### 3. Concentration risks

- The Sub-Fund is subject to concentration risk as a result of investing primarily in stocks related to a single country (i.e. the PRC). The Sub-Fund is likely to be more volatile than a broadly-based fund as it is more susceptible to fluctuation in value resulting from adverse conditions in a single country.

### 4. Liquidity risk

- The Sub-Fund may invest in securities where the volume of transactions may fluctuate significantly depending on market sentiment. There is a risk that investments made by the Sub-Fund may become less liquid in response to market developments or adverse investor perceptions.
- In extreme market situations, there may be no willing buyer and the investments cannot be readily sold at the desired time or price, and the Sub-Fund may have to accept a lower price to sell the investments or may not be able to sell the investments at all. An inability to sell a portfolio position can adversely affect the Sub-Fund's value or prevent the Sub-Fund from being able to take advantage of other investment opportunities.

### 5. PRC related risks

- The Sub-Fund invests in China Concept Stocks and as such will 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.
- Investing in China Concept Stocks with exposure to 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).

### 6. PRC tax risk

- The PRC Government has implemented a number of tax reform policies in recent years. There can be no assurance that the current tax laws and regulations will not be revised or amended in the future. Any revision or amendment in tax laws and regulations may affect the after-taxation profit of PRC companies and the business operations of the companies which the Sub-Fund invests in, hence affecting the performance of the Sub-Fund.

### 7. Risk associated with investing in other funds

- The Sub-Fund will be subject to another layer of fees, in addition to fees charged by the Sub-Fund, charged by the management companies of underlying funds. In addition, although the Manager will carefully select and monitor underlying funds, there can be no assurance that an underlying fund's investment strategy will be successful or that its investment objective will be achieved.
- Conflicts of interests may arise in a situation where the Sub-Fund invests in other funds managed by the Manager or its connected persons (despite that all initial charges and, where the underlying fund is managed by the Manager, all management fees and performance fees on the underlying fund will be waived). The Manager will use its best endeavours to avoid and resolve such conflicts fairly.
- The Sub-Fund may from time to time invest in ETFs. The market price of the units of an ETF is

determined not only by the net asset value of an ETF but also by other factors such as the supply of and demand for the units of the ETF in the Stock Exchange of Hong Kong Limited (SEHK). Therefore, there is a risk that the market price of the units of the ETF traded on the SEHK may diverge significantly from the net asset value of the ETF. An ETF's returns may deviate from the index to which it is tracking due to a number of factors such as the fees and expenses of an ETF.

- The Sub-Fund may also invest in REITs and as such may be subject to risks inherent in such underlying funds. REITs primarily invest in real estate and may be more volatile than other securities as they may trade less frequently and in smaller volume.

## 8. Currency risk

- The assets held by the Sub-Fund may be held in various currencies different from the base currency. The Net Asset Value of the Sub-Fund may be strongly influenced by movements in exchange rates regardless of the performance of its underlying portfolio. In addition, any class not denominated in the base currency is exposed to possible adverse currency fluctuations between its currency of denomination and the base currency.

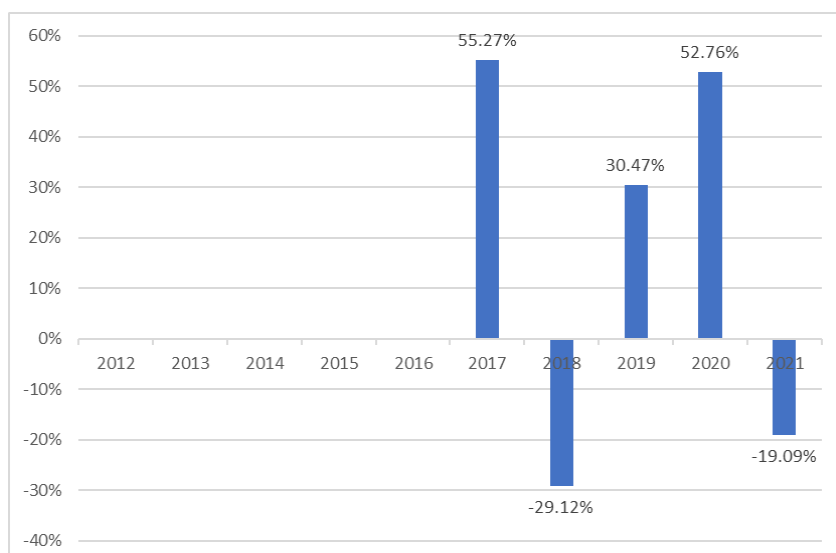
## 9. Hedged class risk

- The Manager generally seeks to hedge the foreign currency exposure of any hedged share class to the base currency, with the aim of reducing the impact of currency fluctuations of the relevant class currency against the base currency. Investors in hedged classes bear the associated costs and may also be exposed to the risks associated with the instruments used in the hedging process. There is no guarantee that the desired hedging instruments will be available or that the hedging techniques employed by the Manager will be effective in achieving their desired result. Hedging can also limit potential gains of a hedged share class. Whilst hedging may protect investors against a decrease in the value of the base currency relative to the relevant class currency, it may also preclude investors from benefitting from any increase in value of the base currency. Investors should also be aware that the volatility of a hedged class may be higher than that of the equivalent class denominated in the Sub-Fund's base currency.

## 10. Dividends risk

- The Manager may, in its discretion, pay distributions 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 or 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. The Manager may amend the distribution policy subject to the SFC's prior approval and by giving not less than one month's prior notice to investors.

## 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.
- HKD Class A 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 HKD 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 HKD 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: 2016
- HKD Class A Units launch date: 2016

## **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	Up to 5% of the subscription price
Redemption charge	Nil*
Switching fee	Up to 2% of the redemption price for each unit switched

### **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: 1.50%* Class I Units: 0.80%*
Performance fee	N/A
Trustee fee	0.15% for the first HKD250 million in Net Asset Value, 0.125% for the next HKD250 million in Net Asset Value, and 0.11% for the remaining balance of the Net Asset Value, subject to a monthly minimum of HKD35,000 (reduced to HKD17,500 for the first 6 months of the launch of the Sub-Fund)*
Custody fee	Up to 0.10%

### **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 4:00 pm (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.