

BOCOM INTERNATIONAL DRAGON CORE GROWTH FUND
(A sub-fund of BOCOM International Fund)

SEMI-ANNUAL REPORT (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2019

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MANAGEMENT AND ADMINISTRATION

Manager

BOCOM International Asset Management Limited
9/F, Man Yee Building

68 Des Voeux Road Central
Central
Hong Kong

Trustee and Registrar

Bank of Communications Trustee Limited
1/F, Far East Consortium Building
121 Des Voeux Road Central
Central
Hong Kong

Legal Counsel to the Manager

Deacons
5/F, Alexandra House
18 Chater Road
Central
Hong Kong

Auditor

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

Directors of the Manager

TAN Yueheng
CHENG Chuange
LI Ying
SU Fen

Sub-custodian

Citibank, N.A.
10/F, Two Harbour Front,
22 Tak Fung Street,
Hunghom, Kowloon,
Hong Kong

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REPORT OF THE MANAGER TO THE UNITHOLDERS

Market Review

The Hang Seng index recorded a 10.43% gain in the first half of 2019, which was a good recovery from the mass loss from last year. However, the volatility caused by the uncertainty of the trade war added a lot of complications and hardship to the market players. The index took a steady upward trend with a return of 14.91% by the end of April before Trump escalated the trade war at the beginning of May. Shadowed by the pessimism of the trade war and the clouded world economy prospect, the index plummeted heavily in May with a loss of 9.42%, which sent the valuation of the stock market to a record low level. A big bounce of 6.1% followed in June thanks to the rerating of oversold stocks and a hope for the resumption of trade talks after the G7 meeting in Osaka at the end of June. The winning players of the HSCI in the first half were consumer staples, materials and health care sectors with a return of 26.2%, 14.3% and 13.7% respectively. The laggards were communications and energy sector, which recorded a loss of -3.8% and -1.8%.

Portfolio Review

In the first six months of 2019, the fund recorded a return of 7.28%, which was 3.15% behind the Hang Seng index. The top allocated industries by the end of June of the fund were financials, information technology, and consumer discretionary. The underperformance of the fund to the index was mainly due to the overweight in the technology sector, which suffered a tremendous loss in the sell-off in May but failed to catch up with the market bounce in June. However, despite the temporary pressure caused by the trade disputes and technology competition between the U.S and China, we believe that the IT sector will greatly benefit from the upgrading era of 5G and still holds a long-term investment value. Apart from the technology sector, we also favor consumer staples and certain consumer discretionary stocks as these picks are more related to domestic consumption and thus highly immune to the uncertainty of the trade war. In the financial sector, we favor the insurance companies more than the banks because of the combination of low valuation, and faster growth of the insurance sector as a whole.

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STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 30 JUNE 2019

	30 Jun 2019 HKD	31 Dec 2018 HKD
Assets		
Financial assets at fair value through profit or loss	207,646,988	185,030,865
Amounts due from brokers	-	8,606,348
Dividend receivable	526,844	6,738
Cash and cash equivalents	12,527,105	21,031,903
Total assets	220,700,937	214,675,854
Liabilities		
Amounts due to brokers	-	9,495,779
Trustee fee payable	58,387	58,932
Management fee payable	263,169	264,936
Redemption payable	1,156,960	-
Accrued expenses and other payables	346,570	231,826
Total liabilities	1,825,086	10,051,473
Equity		
Net assets attributable to unitholders	218,875,851	204,624,381
Number of units outstanding	26,487,827.835	26,564,005.720
Net asset value per unit (calculated in accordance with the Sub-Fund's explanatory memorandum)	8.263	7.703

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INVESTMENT PORTFOLIO (UNAUDITED)
AS AT 30 JUNE 2019

Investments (94.87%)	Holdings	Fair Value HKD	% of Net Asset
Equity securities (94.87%)			
Listed in Hong Kong			
HSBC Holdings PLC	174,400	11,301,120	5.16%
Hong Kong Exchanges & Clearing Ltd	54,600	15,058,680	6.88%
Tencent Holdings Ltd	47,800	16,844,720	7.70%
CNOOC Ltd	638,000	8,510,920	3.89%
China Construction Bank Corp	2,173,000	14,602,560	6.67%
China Mobile Ltd	112,000	7,963,200	3.64%
China Resources Land Ltd	66,000	2,270,400	1.04%
AIA Group Ltd	158,200	13,320,440	6.09%
Ping An Insurance Group Co of China Ltd	165,000	15,477,000	7.07%
China Mengniu Dairy Co Ltd	92,000	2,783,000	1.27%
China Railway Group Ltd	350,000	2,079,000	0.95%
ZTE Corp	539,600	12,141,000	5.55%
Xtep International Holdings Ltd	1,105,000	5,204,550	2.38%
Xiaomi Corp	573,000	5,730,000	2.62%
Sunac China Holdings Ltd	60,000	2,301,000	1.05%
ANTA Sports Products Ltd	87,000	4,663,200	2.13%
ENN Energy Holdings Ltd	44,000	3,341,800	1.53%
Kingsoft Corp Ltd	302,000	5,103,800	2.33%
China Merchants Bank Co Ltd	367,000	14,294,650	6.53%
Bosideng International Holdings Ltd	1,220,000	2,647,400	1.21%
CITIC Securities Co Ltd	140,000	2,279,200	1.04%
China Tower Corp Ltd	4,850,000	9,942,500	4.54%
China Resources Beer Holdings Co Ltd	126,000	4,674,600	2.14%
Vitasoy International Holdings Ltd	106,000	3,975,000	1.82%
Tongcheng-Elong Holdings Ltd	265,600	4,111,488	1.88%
China Animal Healthcare Ltd	270,000	0	0.00%
Shanghai Junshi Biosciences Co Ltd	58,000	1,716,800	0.78%
Wuxi Biologics Cayman Inc	54,000	3,785,400	1.73%
Anton Oilfield Services Group/Hong Kong	3,528,000	3,598,560	1.64%
Haidilao International Holding Ltd	115,000	3,749,000	1.71%
Link REIT	43,500	4,176,000	1.91%
Total investments		<u>207,646,988</u>	<u>94.87%</u>
Other net assets		<u>11,228,863</u>	<u>5.13%</u>
Total net assets as at 30 June 2019 (after amortization of establishment costs)		<u>218,875,851</u>	<u>100.00%</u>
Total investments at cost		<u>199,600,330</u>	

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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2019

Investments	31 December	Holdings		30 June
	2018	Additions	Disposals	2019
CK Hutchison Holdings Ltd	25,000		(25,000)	
HSBC Holdings PLC	212,800	66,400	(104,800)	174,400
Power Assets Holdings Ltd	63,500		(63,500)	
Hang Seng Bank Ltd	26,400		(26,400)	
Sun Hung Kai Properties Ltd		34,500	(34,500)	
Geely Automobile Holdings Ltd		150,000	(150,000)	
Kingdee International Software Group Co Ltd	410,000	785,000	(1,195,000)	
BYD Electronic International Co Ltd		100,000	(100,000)	
China Resources Beer Holdings Co Ltd	76,000	126,000	(76,000)	126,000
Vitasoy International Holdings Ltd		106,000		106,000
Chinasoft International Ltd	524,000		(524,000)	
China Petroleum & Chemical Corp		350,000	(350,000)	
Hong Kong Exchanges & Clearing Ltd		62,600	(8,000)	54,600
China Railway Group Ltd	750,000	350,000	(750,000)	350,000
China Communications Services Corp Ltd	860,000	494,000	(1,354,000)	
China Traditional Chinese Medicine Holdings Co Ltd	1,000,000		(1,000,000)	
Tencent Holdings Ltd	54,300	6,200	(12,700)	47,800
ZTE Corp		1,538,600	(999,000)	539,600
Tongcheng-Elong Holdings Ltd		265,600		265,600
China Tower Corp Ltd	3,270,000	11,784,000	(10,204,000)	4,850,000
Link REIT	30,000	13,500		43,500
China Education Group Holdings Ltd	200,000	300,000	(500,000)	
CNOOC Ltd	1,038,000	90,000	(490,000)	638,000
China Longyuan Power Group Corp Ltd	527,000		(527,000)	
Hisense Home Appliances Group Co Ltd		500,000	(500,000)	
China Construction Bank Corp	2,003,000	170,000		2,173,000
China Animal Healthcare Ltd	270,000			270,000
China Mobile Ltd	112,000			112,000
Lenovo Group Ltd		360,000	(360,000)	
CK Infrastructure Holdings Ltd	62,000		(62,000)	
CSPC Pharmaceutical Group Ltd		160,000	(160,000)	
Sinopharm Group Co Ltd		63,600	(63,600)	
China Resources Land Ltd		142,000	(76,000)	66,000
Sino Biopharmaceutical Ltd		345,000	(345,000)	
China Railway Construction Corp Ltd		200,000	(200,000)	
China Resources Gas Group Ltd	110,000		(110,000)	

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**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2019 (Cont')**

Investments	31 December 2018	Holdings		30 June 2019
		Additions	Disposals	
BYD Co Ltd		45,000	(45,000)	
AIA Group Ltd	188,200	32,000	(62,000)	158,200
Hua Hong Semiconductor Ltd		92,000	(92,000)	
Xtep International Holdings Ltd		1,105,000		1,105,000
Industrial & Commercial Bank of China Ltd	1,287,000	380,000	(1,667,000)	
China Tian Lun Gas Holdings Ltd	275,000		(275,000)	
Shandong Gold Mining Co Ltd		224,000	(224,000)	
Xiaomi Corp		1,716,000	(1,143,000)	573,000
Shanghai Junshi Biosciences Co Ltd		120,000	(62,000)	58,000
Sunac China Holdings Ltd		278,000	(218,000)	60,000
Country Garden Holdings Co Ltd		250,000	(250,000)	
ANTA Sports Products Ltd		131,000	(44,000)	87,000
Guangzhou Automobile Group Co Ltd		506,000	(506,000)	
Wuxi Biologics Cayman Inc		54,000		54,000
Ping An Insurance Group Co of China Ltd	165,000			165,000
China Mengniu Dairy Co Ltd		92,000		92,000
Sunny Optical Technology Group Co Ltd		55,000	(55,000)	
BOC Hong Kong Holdings Ltd		100,000	(100,000)	
ENN Energy Holdings Ltd	65,500	44,000	(65,500)	44,000
China Evergrande Group		165,000	(165,000)	
Anton Oilfield Services Group/Hong Kong	13,100,000	1,746,000	(11,318,000)	3,528,000
Aoyuan Healthy Life Group Co Ltd		704,000	(704,000)	
Meituan Dianping		77,000	(77,000)	
Kingsoft Corp Ltd		422,000	(120,000)	302,000
CIMC Enric Holdings Ltd	480,000	186,000	(666,000)	
China Merchants Bank Co Ltd		367,000		367,000
Bank of China Ltd		625,000	(625,000)	
Bosideng International Holdings Ltd	2,512,000	820,000	(2,112,000)	1,220,000
CITIC Securities Co Ltd		700,000	(560,000)	140,000
Country Garden Services Holdings Co Ltd		273,000	(273,000)	
China Yuhua Education Corp Ltd	3,396,000	1,380,000	(4,776,000)	
Haidilao International Holding Ltd		115,000		115,000
Yangtze Optical Fibre and Cable Joint Stock Ltd Co	200,000	222,500	(422,500)	