



INCOME PARTNERS

**Interim Report 2019**

**INCOME PARTNERS  
MANAGED VOLATILITY HIGH YIELD BOND FUND**



**INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND**

(Sub-Fund of Income Partners Strategy Fund)

(Established as an umbrella fund under the laws of Hong Kong)

**SEMI-ANNUAL FINANCIAL STATEMENTS (UNAUDITED)**

**FOR THE SIX MONTHS ENDED 30 JUNE 2019**

**INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND**  
(Sub-Fund of Income Partners Strategy Fund)  
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## **INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND**

(Sub-Fund of Income Partners Strategy Fund)

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## **MANAGEMENT AND ADMINISTRATION**

### **MANAGER**

Income Partners Asset Management (HK) Limited  
Suite 3311-3313  
Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

### **DIRECTORS OF THE MANAGER**

Emil Nguy  
Francis Tjia  
Nan Peng Shen  
Fai Hung Ma

### **TRUSTEE AND PRINCIPAL OFFICE**

Cititrust Limited  
50th Floor, Champion Tower  
Three Garden Road, Central  
Hong Kong

### **ADMINISTRATOR**

Citibank N.A., Hong Kong Branch  
50th Floor, Champion Tower  
Three Garden Road, Central  
Hong Kong

### **REGISTRAR AND PROCESSING AGENT**

Citicorp Financial Services Limited  
Citi Tower, One Bay East  
83 Hoi Bun Road  
Kwun Tong, Kowloon  
Hong Kong

### **SOLICITORS TO THE MANAGER IN RESPECT OF HONG KONG LAW**

Akin Gump Strauss Hauer & Feld  
Units 1801-08 & 10, 18/F, Gloucester Tower  
The Landmark, 15 Queen's Road  
Central  
Hong Kong

### **CUSTODIAN**

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50th Floor, Champion Tower  
Three Garden Road, Central  
Hong Kong

### **SWISS REPRESENTATIVE AGENT**

Hugo Fund Services SA  
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CH-1204 Geneva  
Switzerland

### **AUDITOR**

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

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## MANAGER'S REPORT

### 2019 PERFORMANCE OVERVIEW

In the first six months of 2019, the **Income Partners Managed Volatility High Yield Bond Fund** (the "Fund") generated a total return<sup>1</sup> as per below table:

Class of Shares	ISIN Code	Bloomberg ticker	Fund Class Inception Date	YTD 2019 Return	Annualized Dividend Yield*
Class 1A Accumulation (USD)	HK0000421336	IRHY1AA HK	8-Jan-18	9.59%	-
Class 1A Distribution (USD)	HK0000421328	IPRHY1A HK	7-May-13	9.60%	-
Class 1B Accumulation (RMB)	HK0000421351	IRHY1BA HK	26-Jun-19	0.36%	-
Class 1E Accumulation (USD-H)	HK0000490075	IRHY1EA HK	2-Apr-19	1.67%	-
Class 1E Distribution (USD-H)	HK0000490067	IPRHY1E HK	25-Mar-19	1.70%	8.4%
Class 2A Accumulation (USD)	HK0000421419	IRHY2AA HK	27-Jul-11	9.33%	-
Class 2A Distribution (USD)	HK0000421401	IPRHY2A HK	3-Aug-11	9.34%	8.0%
Class 2B Accumulation (RMB)	HK0000421435	IRHY2BA HK	27-Jul-11	9.32%	-
Class 2B Distribution (RMB)	HK0000421427	IPRHY2B HK	27-Jul-11	9.33%	8.0%
Class 2C Distribution (USD)	HK0000421443	IPRHY2C HK	10-Aug-11	9.33%	7.0%
Class 2D Accumulation (HKD)	HK0000421468	IRHY2DA HK	21-Feb-18	9.02%	-
Class 2D Distribution (HKD)	HK0000421450	IPRHY2D HK	9-Feb-18	9.01%	8.1%
Class 2E Accumulation (AUD)	HK0000421484	IRHY2EA HK	7-Mar-18	10.12%	-
Class 2E Distribution (AUD)	HK0000421476	IPRHY2E HK	4-May-18	10.12%	7.8%
Class 2F Accumulation (AUD-H)	HK0000421500	IRHY2FA HK	13-Oct-15	8.24%	-
Class 2F Distribution (AUD-H)	HK0000421492	IPRHY2F HK	2-May-19	-. <sup>2</sup>	7.8%
Class 2G Accumulation (USD-H)	HK0000421526	IRHY2GA HK	13-Oct-15	9.19%	-
Class 2G Distribution (USD-H)	HK0000421518	IPRHY2G HK	19-Oct-15	9.26%	7.9%
Class 2I Accumulation (SGD-H)	HK0000421567	IRHY2IA HK	30-Apr-19	-. <sup>2</sup>	-
Class 2I Distribution (SGD-H)	HK0000421559	IPRHY2I HK	24-Apr-19	-. <sup>2</sup>	7.8%
Class 2K Accumulation (EUR-H)	HK0000490034	IRHY2KA HK	8-May-19	-. <sup>2</sup>	-
Class 2K Distribution (EUR-H)	HK0000490026	IPRHY2K HK	7-May-19	-. <sup>2</sup>	5.6%
Class 2L Accumulation (HKD-H)	HK0000490059	IRHY2LA HK	7-May-19	-. <sup>2</sup>	-
Class 2L Distribution (HKD-H)	HK0000490042	IPRHY2L HK	17-Apr-19	-. <sup>2</sup>	8.3%

\* Annualized Dividend Yield:  $[(1 + \text{distribution per unit} / \text{ex-dividend NAV})^{\text{distribution frequency}} - 1]$ . Yield figures are estimates and are based on the latest dividend distribution and the ex-dividend NAV of the previous month. Yield figures are for reference only. Positive dividend yield does not imply positive return. Dividend rate is not guaranteed and distributions may be paid from capital.

<sup>1</sup> Adjusted for monthly dividend distributions

<sup>2</sup> As per Hong Kong SFC's guidelines for advertising applicable to collective investment schemes, performance information may be presented after the share classes have attained an investment track record of over 6 months.

## INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

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### MARKET OVERVIEW AND OUTLOOK

The Asian high yield market started the year strongly on the back of cheap valuations and an overall risk-on sentiment globally; the perception was that the major risk factors that have constrained the overall Asian high yield market performance in the past year, including China's deleveraging policy, Fed hikes, and the trade war have all subsided. This has started to reverse during the second quarter, as the Asian high yield market consolidated on the back of elevated trade tensions between the US and China, with the US further raising tariffs on USD200 billion of imports from China. Trade war tensions has been a major factor in reinvigorating a global risk-off mentality, and in conjunction with weaker PMI indices across major economies and a rising worry on a global slowdown, has caused the 10-year US Treasury to rally strongly. The renewed tensions have triggered a selloff in both Chinese and US equities, but had limited impact on Chinese high yield credits, due to the facts that: (1) Compared to bonds, equities are more sensitive on slower earning growth resulted from the trade war; (2) If trade tensions escalated, it is likely that Chinese policy maker will ease monetary policy further to support domestic economy, which will benefit Chinese high yield credits more through lower refinancing risk and funding cost; (3) Most Chinese credit issuers, especially high yield issuers, are not directly exposed to export/import related businesses.

On the back of trade war tensions and a more dovish Fed, there was a major shift in global financial markets as investors' began to expect a Fed cut. This resulted in lower US Treasury yields and a strong rally of risk assets including equities and high yield bonds in June. On the other hand, the positive developments in the G20 meeting with the US and China agreeing to restart trade talks and to hold on new tariffs has also improved market sentiment on Asian high yield.

The Fund has been close to fully invested by the end of June considering the favorable support of Asian high yield bonds.

### PORTFOLIO OVERVIEW AS OF 30 JUNE 2019

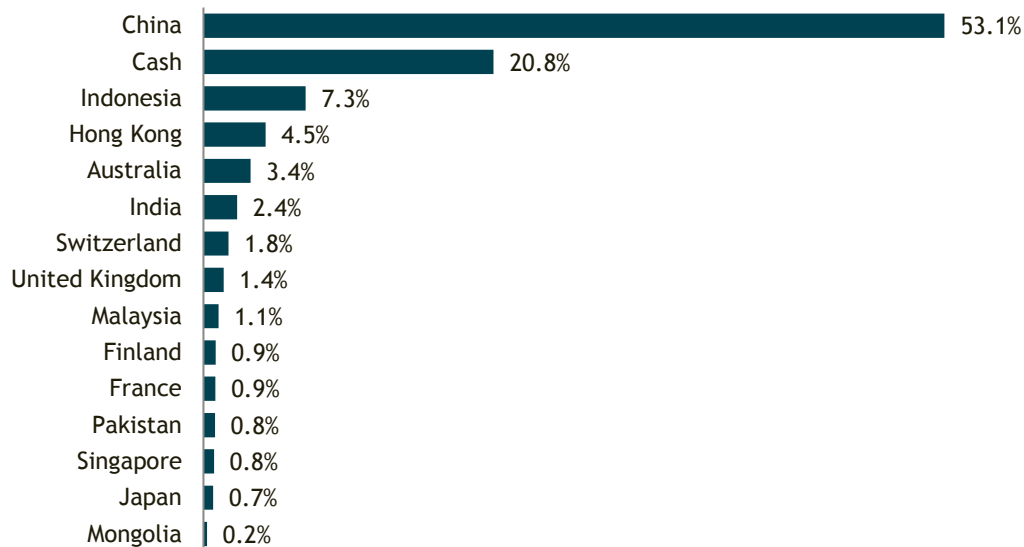
Modified Duration:	Average Credit Rating:	Yield in CNH:
2.4 years	BB	5.5%

Top 10 Holdings	24.7%
Guangzhou R&F Properties Co Ltd	2.7%
Yuzhou Properties Co Ltd	2.7%
KWG Group Holdings Ltd	2.6%
China National Chemical Corp Ltd	2.6%
Future Land Development Holdings Ltd	2.5%
Shougang Group Co Ltd	2.5%
Ping An Insurance Group Co of China Ltd	2.5%
Times China Holdings Limited	2.4%
China SCE Group Holdings Ltd	2.1%
Vedanta Resources PLC	2.1%

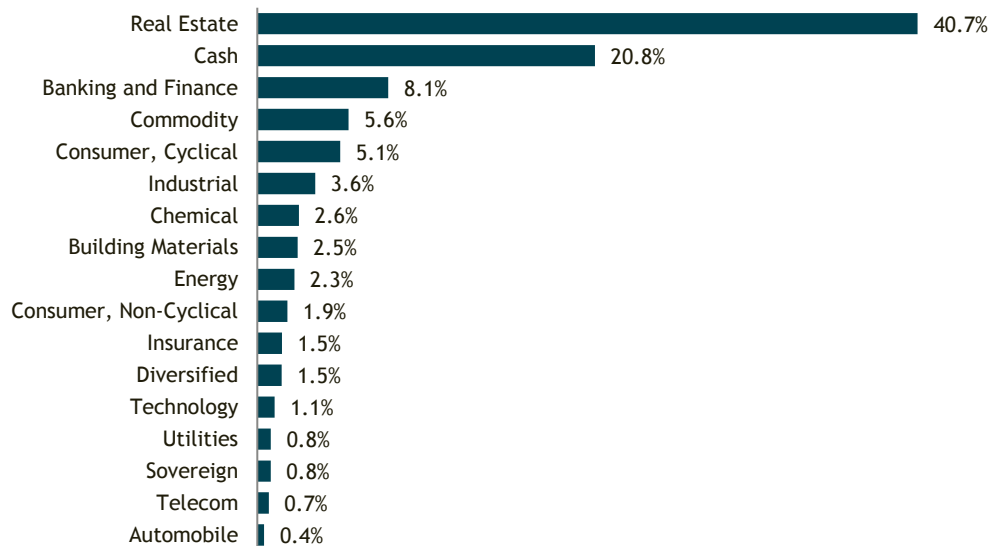
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**PORTFOLIO OVERVIEW AS OF 30 JUNE 2019 (CONTINUED)**

**Geographic Exposure**



**Industry Exposure**

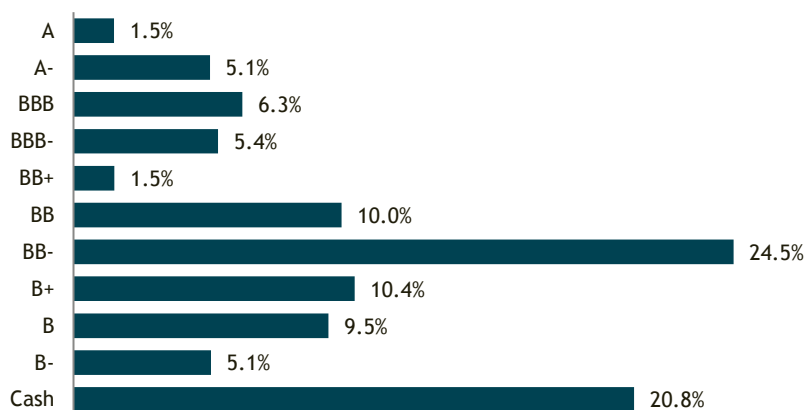




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**PORTFOLIO OVERVIEW AS OF 30 JUNE 2019 (CONTINUED)**

**Credit Rating Exposure**



#Total exposures may differ due to rounding. Please note the ratings exposures shown here include some of Income Partners' own implied internal ratings. Where S&P/Moody's/Fitch ratings for bond holdings are not available, Income Partners' internal credit ratings apply.

Source: Income Partners, based on 28 June 2019

**CORPORATE ACTION**

Effective from 13 March 2019, the Income Partners Managed Volatility High Yield Bond Fund has established new classes of units, namely Class 2J EUR (Distribution) Units, Class 2J EUR (Accumulation) Units, Class 2K EUR-Hedged (Distribution) Units, Class 2K EUR-Hedged (Accumulation) Units, Class 2L HKD-Hedged (Distribution) Units and Class 2L HKD-Hedged (Accumulation) Units.

Please also note that the "Minimum Redemption Amount" and "Minimum Holding Amount" for certain classes have been reduced as follows:

- Class 2A USD Units, Class 2C USD Units and Class 2G USD-Hedged Units decreased from "USD2,000" to "USD1,000" for both the "Minimum Redemption Amount" and "Minimum Holding Amount"
- Class 2E AUD Units and Class 2F AUD-Hedged Units decreased from "AUD10,000" to "AUD1,000" for the "Minimum Redemption Amount" and from "AUD100,000" to "AUD1,000" for the "Minimum Holding Amount"

In this regard, we have issued an addendum dated March 2019 to the explanatory memorandum dated November 2018 and the Product Key Fact Statements (KFS) has been updated to reflect the new classes of units.

The Amended Explanatory Memorandum and KFS reflecting the terms of the new classes of units are available on the Manager's website ([www.incomepartners.com](http://www.incomepartners.com)).

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**FINANCIAL STATEMENTS (UNAUDITED)**

**STATEMENT OF FINANCIAL POSITION (UNAUDITED)**

AS AT 30 JUNE 2019

	As at 30 June 2019 (unaudited) RMB	As at 31 December 2018 (audited) RMB
<b>Assets - Current assets</b>		
Financial assets at fair value through profit or loss	1,318,981,894	868,303,970
Derivative financial instruments	-	2,493,949
Interest receivable	25,447,032	17,658,333
Prepayment and other receivable	802,184	1,219,943
Amount due from the broker	19,352,537	4,863,630
Subscription receivable	480,698,421	3,541,277
Margin deposits	52,919,742	25,024,181
Bank balances	64,468,862	22,707,172
<b>Total assets</b>	<b>1,962,670,672</b>	<b>945,812,455</b>
<b>Liabilities - Current liabilities</b>		
Derivative financial instruments	191,071	802,806
Amount due to the broker	256,065,689	-
Other liabilities and accrued expenses	2,046,829	2,098,269
Redemption payable	9,746,276	1,552,289
<b>Liabilities (excluding net assets attributable to unitholders)</b>	<b>268,049,865</b>	<b>4,453,364</b>
<b>Net assets attributable to unitholders</b>	<b>1,694,620,807</b>	<b>941,359,091</b>
	<b>1,962,670,672</b>	<b>945,812,455</b>
<b>Represented by:</b>		
Net assets attributable to unitholders after adjustment to establishment costs and authorisation costs	1,695,036,441	941,893,827
Adjustments for different bases adopted by the Sub-Fund in arriving at the net assets attributable to unitholders	(415,634)	(534,736)

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**STATEMENT OF FINANCIAL POSITION (UNAUDITED) (CONTINUED)**

AS AT 30 JUNE 2019

	As at 30 June 2019 (unaudited) RMB	As at 31 December 2018 (audited) RMB
<b>NUMBER OF UNITS IN ISSUE</b>		
Class 1A USD (Accumulation) Units	18,924	50,036
Class 1A USD (Distribution) Units	2,882	1,015
Class 1B RMB (Accumulation) Units	4,700,000	-
Class 1E USD-Hedged (Accumulation) Units	60,190	-
Class 1E USD-Hedged (Distribution) Units	27,972	-
Class 2A USD (Accumulation) Units	100,684	103,750
Class 2A USD (Distribution) Units	250,488	215,651
Class 2B RMB (Accumulation) Units	167,952	180,808
Class 2B RMB (Distribution) Units	1,298,011	1,152,677
Class 2C USD (Distribution) Units	45,189	49,251
Class 2D HKD (Accumulation) Units	123,996	96,904
Class 2D HKD (Distribution) Units	2,989,543	3,365,434
Class 2E AUD (Accumulation) Units	3,075	2,758
Class 2E AUD (Distribution) Units	9,800	2,010
Class 2F AUD-Hedged (Accumulation) Units	17,038	316
Class 2F AUD-Hedged (Distribution) Units	38,861	-
Class 2G USD-Hedged (Accumulation) Units	166,131	264,978
Class 2G USD-Hedged (Distribution) Units	372,258	89,104
Class 2I SGD-Hedged (Accumulation) Units	7,948	-
Class 2I SGD-Hedged (Distribution) Units	36,067	-
Class 2K EUR-Hedged (Accumulation) Units	8,070	-
Class 2K EUR-Hedged (Distribution) Units	4,731	-
Class 2L HKD-Hedged (Accumulation) Units	33,000	-
Class 2L HKD-Hedged (Distribution) Units	37,743	-
Class 4B RMB (Accumulation) Units	3,130	-
Class 4C USD-Hedged (Accumulation) Units	15,030	-
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS PER UNIT</b>		
Class 1A USD (Accumulation) Units	701.09	638.80
Class 1A USD (Distribution) Units	936.39	853.08
Class 1B RMB (Accumulation) Units	100.51	-
Class 1E USD-Hedged (Accumulation) Units	700.10	-
Class 1E USD-Hedged (Distribution) Units	691.04	-
Class 2A USD (Accumulation) Units	1,120.04	1,023.05
Class 2A USD (Distribution) Units	612.40	581.96
Class 2B RMB (Accumulation) Units	173.40	158.93
Class 2B RMB (Distribution) Units	97.41	92.91
Class 2C USD (Distribution) Units	658.22	622.06
Class 2D HKD (Accumulation) Units	87.06	79.52
Class 2D HKD (Distribution) Units	77.10	73.27
Class 2E AUD (Accumulation) Units	531.37	485.33
Class 2E AUD (Distribution) Units	478.57	454.47
Class 2F AUD-Hedged (Accumulation) Units	576.86	536.08
Class 2F AUD-Hedged (Distribution) Units	482.58	-
Class 2G USD-Hedged (Accumulation) Units	829.59	761.39
Class 2G USD-Hedged (Distribution) Units	616.43	589.20
Class 2I SGD-Hedged (Accumulation) Units	510.25	-
Class 2I SGD-Hedged (Distribution) Units	507.11	-
Class 2K EUR-Hedged (Accumulation) Units	781.93	-
Class 2K EUR-Hedged (Distribution) Units	781.07	-
Class 2L HKD-Hedged (Accumulation) Units	88.60	-
Class 2L HKD-Hedged (Distribution) Units	88.61	-
Class 4B RMB (Accumulation) Units	105.55	-
Class 4C USD-Hedged (Accumulation) Units	724.77	-

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**STATEMENT OF DISTRIBUTION (UNAUDITED)**

For the six months ended 30 June 2019

	For the six months ended 30 June 2019 (unaudited) RMB	For the six months ended 30 June 2018 (unaudited) RMB
Undistributed income at 1 January	139,059,859	177,102,493
Increase/(decrease) in net assets attributable to unitholders during the period	67,189,561	(37,445,048)
Distribution to unitholders	24,540,271	13,490,998
Unrealised loss on financial assets at fair value through profit or loss	<u>(1,882,214)</u>	<u>(37,307,283)</u>
Undistributed income before distribution	228,907,477	115,841,160
Monthly distribution declared on 2 January 2018 of USD 0.38 per unit for Class 2A	-	(198,255)
Monthly distribution declared on 2 January 2018 of RMB 0.78 per unit for Class 2B	-	(511,971)
Monthly distribution declared on 2 January 2018 of USD 0.56 per unit for Class 2C	-	(63,513)
Monthly distribution declared on 2 January 2018 of USD 0.57 per unit for Class 2G	-	(409,667)
Monthly distribution declared on 1 February 2018 of USD 0.74 per unit for Class 2A	-	(401,872)
Monthly distribution declared on 1 February 2018 of RMB 0.77 per unit for Class 2B	-	(547,767)
Monthly distribution declared on 1 February 2018 of USD 0.61 per unit for Class 2C	-	(75,243)
Monthly distribution declared on 1 February 2018 of USD 0.55 per unit for Class 2G	-	(355,510)
Monthly distribution declared on 1 March 2018 of USD 0.74 per unit for Class 2A	-	(531,720)
Monthly distribution declared on 1 March 2018 of RMB 0.77 per unit for Class 2B	-	(637,870)
Monthly distribution declared on 1 March 2018 of USD 0.61 per unit for Class 2C	-	(111,275)
Monthly distribution declared on 1 March 2018 of HKD 0.75 per unit for Class 2D	-	(123,260)
Monthly distribution declared on 1 March 2018 of USD 0.55 per unit for Class 2G	-	(383,621)
Monthly distribution declared on 3 April 2018 of USD 0.74 per unit for Class 2A	-	(718,847)
Monthly distribution declared on 3 April 2018 of RMB 0.78 per unit for Class 2B	-	(735,432)
Monthly distribution declared on 3 April 2018 of USD 0.61 per unit for Class 2C	-	(134,286)
Monthly distribution declared on 3 April 2018 of HKD 0.75 per unit for Class 2D	-	(434,725)
Monthly distribution declared on 3 April 2018 of USD 0.55 per unit for Class 2G	-	(394,864)
Monthly distribution declared on 2 May 2018 of USD 0.74 per unit for Class 2A	-	(890,770)
Monthly distribution declared on 2 May 2018 of RMB 0.78 per unit for Class 2B	-	(767,550)
Monthly distribution declared on 2 May 2018 of USD 0.61 per unit for Class 2C	-	(146,999)
Monthly distribution declared on 2 May 2018 of HKD 0.75 per unit for Class 2D	-	(931,455)

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**STATEMENT OF DISTRIBUTION (UNAUDITED) (CONTINUED)**

For the six months ended 30 June 2019

	For the six months ended 30 June 2019 (unaudited) RMB	For the six months ended 30 June 2018 (unaudited) RMB
Monthly distribution declared on 2 May 2018 of USD 0.56 per unit for Class 2G	-	(384,692)
Monthly distribution declared on 1 June 2018 of USD 0.75 per unit for Class 2A	-	(940,536)
Monthly distribution declared on 1 June 2018 of RMB 0.78 per unit for Class 2B	-	(771,984)
Monthly distribution declared on 1 June 2018 of USD 0.61 per unit for Class 2C	-	(204,258)
Monthly distribution declared on 1 June 2018 of HKD 0.75 per unit for Class 2D	-	(1,278,494)
Monthly distribution declared on 1 June 2018 of AUD 0.75 per unit for Class 2E	-	(3,779)
Monthly distribution declared on 1 June 2018 of USD 0.56 per unit for Class 2G	-	(400,783)
Monthly distribution declared on 2 January 2019 of USD 0.56 per unit for Class 2A	(1,036,720)	-
Monthly distribution declared on 2 January 2019 of CNY 0.63 per unit for Class 2B	(805,050)	-
Monthly distribution declared on 2 January 2019 of USD 0.52 per unit for Class 2C	(206,329)	-
Monthly distribution declared on 2 January 2019 of HKD 0.55 per unit for Class 2D	(2,066,362)	-
Monthly distribution declared on 2 January 2019 of AUD 0.62 per unit for Class 2E	(6,773)	-
Monthly distribution declared on 2 January 2019 of USD 0.57 per unit for Class 2G	(318,715)	-
Monthly distribution declared on 1 February 2019 of USD 0.56 per unit for Class 2A	(797,832)	-
Monthly distribution declared on 1 February 2019 of CNY 0.63 per unit for Class 2B	(783,236)	-
Monthly distribution declared on 1 February 2019 of USD 0.52 per unit for Class 2C	(167,556)	-
Monthly distribution declared on 1 February 2019 of HKD 0.55 per unit for Class 2D	(1,587,406)	-
Monthly distribution declared on 1 February 2019 of AUD 0.62 per unit for Class 2E	(6,101)	-
Monthly distribution declared on 1 February 2019 of USD 0.57 per unit for Class 2G	(356,430)	-
Monthly distribution declared on 1 March 2019 of USD 0.56 per unit for Class 2A	(792,926)	-
Monthly distribution declared on 1 March 2019 of CNY 0.63 per unit for Class 2B	(787,968)	-
Monthly distribution declared on 1 March 2019 of USD 0.52 per unit for Class 2C	(165,157)	-
Monthly distribution declared on 1 March 2019 of HKD 0.55 per unit for Class 2D	(1,531,669)	-
Monthly distribution declared on 1 March 2019 of AUD 0.62 per unit for Class 2E	(5,942)	-
Monthly distribution declared on 1 March 2019 of USD 0.57 per unit for Class 2G	(378,248)	-
Monthly distribution declared on 1 April 2019 of USD 0.56 per unit for Class 2A	(810,510)	-
Monthly distribution declared on 1 April 2019 of CNY 0.63 per unit for Class 2B	(763,430)	-

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**STATEMENT OF DISTRIBUTION (UNAUDITED) (CONTINUED)**

For the six months ended 30 June 2019

	For the six months ended 30 June 2019 (unaudited) RMB	For the six months ended 30 June 2018 (unaudited) RMB
Monthly distribution declared on 1 April 2019 of USD 0.52 per unit for Class 2C	(154,746)	
Monthly distribution declared on 1 April 2019 of HKD 0.55 per unit for Class 2D	(1,563,697)	-
Monthly distribution declared on 1 April 2019 of AUD 0.62 per unit for Class 2E	(7,406)	-
Monthly distribution declared on 1 April 2019 of USD 0.57 per unit for Class 2G	(373,934)	-
Monthly distribution declared on 2 May 2019 of USD 0.56 per unit for Class 2A	(861,206)	-
Monthly distribution declared on 2 May 2019 of USD 0.67 per unit for Class 1E	(59,608)	-
Monthly distribution declared on 2 May 2019 of CNY 0.62 per unit for Class 2B	(758,911)	-
Monthly distribution declared on 2 May 2019 of USD 0.53 per unit for Class 2C	(158,010)	-
Monthly distribution declared on 2 May 2019 of HKD 0.55 per unit for Class 2D	(1,513,562)	-
Monthly distribution declared on 2 May 2019 of AUD 0.62 per unit for Class 2E	(7,331)	-
Monthly distribution declared on 2 May 2019 of USD 0.57 per unit for Class 2G	(755,123)	-
Monthly distribution declared on 3 June 2019 of USD 0.56 per unit for Class 2A	(953,845)	-
Monthly distribution declared on 3 June 2019 of USD 0.67 per unit for Class 1E	(111,174)	-
Monthly distribution declared on 3 June 2019 of CNY 0.62 per unit for Class 2B	(778,727)	-
Monthly distribution declared on 3 June 2019 of USD 0.53 per unit for Class 2C	(162,058)	-
Monthly distribution declared on 3 June 2019 of HKD 0.55 per unit for Class 2D	(1,511,677)	-
Monthly distribution declared on 3 June 2019 of AUD 0.62 per unit for Class 2E	(25,371)	-
Monthly distribution declared on 3 June 2019 of AUD 0.62 per unit for Class 2F	(67,303)	-
Monthly distribution declared on 3 June 2019 of USD 0.57 per unit for Class 2G	(1,228,249)	-
Monthly distribution declared on 3 June 2019 of SGD 0.62 per unit for Class 2I	(100,045)	-
Monthly distribution declared on 3 June 2019 of EUR 0.45 per unit for Class 2K	(5,228)	-
Monthly distribution declared on 3 June 2019 of HKD 0.66 per unit for Class 2L	(8,698)	-
Undistributed income at 30 June	<u>204,367,208</u>	<u>102,350,162</u>

The amount available for distribution is the total net amount receivable by the Sub-Fund in respect of the relevant period ("Total Income") minus any expenses chargeable against income, subject to adjustments made in accordance with the Trust Deed. Total Income would include amount receivable by way of interests (e.g. generated from bank deposits and debt securities), or other receipts as determined by the Manager to be in the nature of income. Unrealised capital gains or losses do not form part of Total Income and therefore would not impact on the amounts available for distribution.

## INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

(Established as an umbrella fund under the laws of Hong Kong)

### NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2019

#### 1 Transactions with the Manager and connected persons

Related parties and connected persons of the Trustee and the Manager are those as defined in the Code on Unit Trust and Mutual Funds established by the SFC. All transactions with related parties and connected persons were entered into in the normal course of business and on normal commercial terms. The Sub-Fund is managed by Income Partners Asset Management (HK) Limited. The transactions with the Trustee, the Manager and their related parties and connected persons are as follows:

##### (a) Management fee

The current management fee for the Sub-Fund is charged at the rates set out in the table below:

Class	Management fee (% of net asset value ("NAV") per annum of the relevant Class)
Class 1A USD (Accumulation) Units	1.00%
Class 1A USD (Distribution) Units	1.00%
Class 1B RMB (Accumulation) Units	1.00%
Class 1E USD-Hedged (Accumulation) Units	1.00%
Class 1E USD-Hedged (Distribution) Units	1.00%
Class 2A USD (Accumulation) Units	1.50%
Class 2A USD (Distribution) Units	1.50%
Class 2B RMB (Accumulation) Units	1.50%
Class 2B RMB (Distribution) Units	1.50%
Class 2C USD (Distribution) Units	1.50%
Class 2D HKD (Accumulation) Units	1.50%
Class 2D HKD (Distribution) Units	1.50%
Class 2E AUD (Accumulation) Units	1.50%
Class 2E AUD (Distribution) Units	1.50%
Class 2F AUD-Hedged (Accumulation) Units	1.50%
Class 2F AUD-Hedged (Distribution) Units	1.50%
Class 2G USD-Hedged (Accumulation) Units	1.50%
Class 2G USD-Hedged (Distribution) Units	1.50%
Class 2I SGD-Hedged (Accumulation) Units	1.50%
Class 2I SGD-Hedged (Distribution) Units	1.50%
Class 2K EUR-Hedged (Accumulation) Units	1.50%
Class 2K EUR-Hedged (Distribution) Units	1.50%
Class 2L HKD-Hedged (Accumulation) Units	1.50%
Class 2L HKD-Hedged (Distribution) Units	1.50%
Class 4B RMB (Accumulation) Units	-
Class 4C USD-Hedged (Accumulation) Units	-

The management fee is accrued daily and payable monthly in arrears.

Total management fee for the six months ended 30 June 2019 amounted to RMB7,529,892 (30 June 2018: RMB5,497,211), with RMB1,491,609 (30 June 2018: RMB1,144,456) outstanding as at 30 June 2019.

## **INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND**

(Sub-Fund of Income Partners Strategy Fund)

(Established as an umbrella fund under the laws of Hong Kong)

### **NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)**

For the six months ended 30 June 2019

#### **1 Transactions with the Manager and connected persons (Continued)**

##### **(a) Management fee (continued)**

The Manager will give one month's prior notice to unitholders should there be any increase of the management fee from the current level up to the maximum level of 2% per annum of the NAV of the Sub-Fund.

During the period ended 30 June 2019, management fee rebate from Income Partners Asset Management (HK) Limited, the Manager of the Sub-Fund amounted to RMB(4,045) (30 June 2018: RMB155,831). The management fee rebate is related to the investment funds held by the Sub-Fund and managed by the Manager.

##### **(b) Trustee fee**

The trustee fee paid to the Trustee accrued from the assets of the Sub-Fund is based on 0.0075% (30 June 2018: 0.0075%) per annum of the NAV of the Sub-Fund, subject to a minimum of USD10,000 (30 June 2018: USD10,000) per annum. The current fee payable to the Trustee from the assets of the Sub-Fund is less than 1% per annum of the NAV of the Sub-Fund. The Trustee will give one month's prior notice to unitholders should there be any increase of the trustee fee from the current level up to the maximum level of 1% per annum of the NAV of the Sub-Fund.

Total trustee fee for the six months ended 30 June 2019 amounted to RMB32,255 (30 June 2018: RMB32,389), with RMB7,808 (30 June 2018: RMB26,635) outstanding as at 30 June 2019.

##### **(c) Cross trade**

During the period ended 30 June 2019 and 30 June 2018, there were no transactions of investment holdings which were sold to or bought from other funds also managed by the Manager of the Sub-Fund.



**INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND**

(Sub-Fund of Income Partners Strategy Fund)

(Established as an umbrella fund under the laws of Hong Kong)

**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)**

For the six months ended 30 June 2019

**1 Transactions with the Manager and connected persons (Continued)****(d) Investments in fund managed by the Manager**

As at 30 June 2019 and 30 June 2018, the Sub-Fund invested into Income Partners Renminbi Money Market Fund (“IPRMMF”), Income Partners Renminbi Investment Grade Bond Fund (“IPRIGBF”) and Income Partners RMB Bond Fund (“IPRMBBF”), which are managed by the same Manager of the Sub-Fund.

IPRMMF is a sub-fund of Income Partners Liquidity Trust. The Trust is a Hong Kong unit trust. The Sub-Fund is governed by a trust deed dated 26 January 2015. The principal investment objective of IPRMMF is to provide consistent return with daily liquidity. IPRMMF mainly invests in Renminbi instruments issued outside the People’s Republic of China (“PRC”).

IPRIGBF was incorporated in the Cayman Islands and was re-domiciled to the jurisdiction of Hong Kong as an open ended umbrella unit trust under the laws of Hong Kong. The principal investment objective of IPRIGBF is to invest in a diversified portfolio of RMB denominated fixed income instruments including fixed and floating rate bonds, convertible bonds, notes and certificates of deposit (the “Renminbi Instruments”) issued by investment grade (or deemed investment grade) rated issuers.

IPRMBBF was incorporated in Hong Kong under the laws of Hong Kong by a trust deed dated 23 June 2014. The principal investment objective of IPRBF is to seek long term interest income and capital appreciation through investing RMB-denominated fixed income securities through RQFII quota.

The following table summarises the ownership of investment funds managed by the same Manager of the Sub-Fund

As at 30 June 2019

	Holdings	Unit price RMB	Fair value RMB
IPRMMF	-	-	-
IPRIGBF	-	-	-
IPRMBBF	234,816	108.6	25,503,338

**INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND**  
(Sub-Fund of Income Partners Strategy Fund)  
(Established as an umbrella fund under the laws of Hong Kong)

**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)**

For the six months ended 30 June 2019

**1 Transactions with the Manager and connected persons (Continued)**

**(d) Investments in fund managed by the Manager (Continued)**

As at 30 June 2018

	Holdings	Unit price RMB	Fair value RMB
IPRMMF	<u>182,925</u>	<u>105.81- 106.75</u>	<u>19,433,318</u>
IPRIGBF	<u>7,754</u>	<u>103.83</u>	<u>680,614</u>
IPRMBBF	<u>234,816</u>	<u>105.81</u>	<u>24,845,854</u>

**(e) Shares held by related parties**

Participating shares

The following table summarizes the participating shares of the Sub-Fund held by the related parties during the period ended 30 June 2019, which are common Director of the Manager of the Sub-Fund<sup>(1)</sup>.

	30 June 2019 Number of shares	31 December 2018 Number of shares
Accumulation shares		
As at 1 January	213,495	295,187
Number of shares subscribed	-	-
Number of shares redeemed	(100,776)	(81,692)
Number of shares switched in	-	-
Number of shares switched out	-	-
As at 30 June 2019/31 December 2018	<u><u>112,719</u></u>	<u><u>213,495</u></u>

<sup>(1)</sup> The participating shares are held by companies, which are owned by directors of the Sub-Fund, investment fund, and shares, which are also managed by the Manager of the Sub-Fund.

**(f) Bank balances**

As at 30 June 2019, the Sub-Fund placed bank deposits amounted to RMB64,468,862 (31 December 2018: RMB22,707,172) with Citibank N.A., Hong Kong Branch, a related company of the Trustee and Register. Bank interest income amounted to RMB532,458 for the period ended 30 June 2019 (30 June 2018: RMB288,568) has been earned by the Sub-Fund.

**INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND**  
(Sub-Fund of Income Partners Strategy Fund)  
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**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)**

For the six months ended 30 June 2019

**1 Transactions with the Manager and connected persons (Continued)**

**(g) Custodian, administration, compliance monitoring, financial statement preparation fee and registrar and processing agent fee**

Pursuant to Services Agreement between the Manager and Citibank N.A., Hong Kong Branch, Citibank N.A., Hong Kong Branch acts as the fund administrator has agreed to provide financial, accounting, administrative and other services to the Sub-Fund.

Citicorp Financial Services Limited is the Registrar of the Sub-Fund.

The Trustee has appointed Citibank N.A. ("Citibank"), acting through its Hong Kong Branch, to act as the Custodian of the Sub-Fund's assets.

The Custodian, Sub-Administrator and Registrar are also entitled to fees payable out of the assets of the Sub-Fund, such fees being at rates agreed between the Manager, the Trustee and the Custodian, Sub-Administrator or Registrar (as the case may be) from time to time. The Administrator's, Custodian's, Sub-administrator's and Registrar's fees are payable on a monthly basis.

Total Custodian, Administration and Registrar fees includes the compliance monitoring fee and financial statement preparation fee for the six months ended 30 June 2019 amounted to RMB665,598 (30 June 2018: RMB571,438) with RMB173,904 (30 June 2018: RMB398,036) outstanding as at 30 June 2019.

Total custodian fees for the six months ended 30 June 2019 amounted to RMB82,772 (30 June 2018: RMB94,549), with RMB18,221 (30 June 2018: RMB78,632) outstanding as at 30 June 2019.

Total administration fees for the six months ended 30 June 2019 amounted to RMB456,766 (30 June 2018: RMB376,170), with RMB108,151 (30 June 2018: RMB263,602) outstanding as at 30 June 2019.

Total registrar fee for the six months ended 30 June 2019 amounted to RMB45,599 (30 June 2018: RMB48,505), with RMB3,409 (30 June 2018: RMB15,767) outstanding as at 30 June 2019.

Total compliance monitoring fee for the six months ended 30 June 2019 amounted to RMB45,677 (30 June 2018: RMB37,617), with RMB10,411 (30 June 2018: RMB26,360) outstanding as at 30 June 2019.

Total financial statement preparation fee for the six months ended 30 June 2019 amounted to RMB34,784 (30 June 2018: RMB14,597), with RMB33,712 (30 June 2018: RMB13,675) outstanding as at 30 June 2019.

**INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND**  
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**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)**

For the six months ended 30 June 2019

**2 Establishment and authorisation costs**

The costs of establishment of the Sub-Fund (including legal, structuring and advisory fees) are estimated to be approximately US\$50,000. The costs will be amortised over 5 years commencing from the business day following the close of the initial offer period (i.e. 26 July 2011) or such other period as determined by the Manager with the approval of the Trustee on 14 November 2017, the Trust is authorized by SFC, the costs incurred for the authorization are approximately US\$150,000. The costs will be amortised over 5 years commencing from the date of authorization. It should be noted that the above policy relating to amortisation of preliminary expenses is not allowed in accordance with IFRS, which requires preliminary expenses to be expensed as incurred. The Manager believes that such treatment is more equitable to the initial investors than expensing the entire amount as they are incurred and are of the opinion that the departure is unlikely to be material to the Sub-Fund's overall financial statements.

If the Sub-Fund is wound-up prior to the establishment and authorisation expenses being fully amortised, such unamortised amount will be borne by the Sub-Fund prior to its termination.

**3 Soft commission arrangements**

The Manager confirms that there has been no soft commission arrangement existing during the period ended 30 June 2019 in relation to directing transactions of the Sub-Fund through a broker or dealer.

**INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND**

(Sub-Fund of Income Partners Strategy Fund)

(Established as an umbrella fund under the laws of Hong Kong)

**INVESTMENT PORTFOLIO (UNAUDITED)**

As at 30 June 2019

	Holdings	Fair Value RMB	% of net assets
<b>Quoted Investments (77.81%)</b>			
<b>Denominated in RMB (77.81%)</b>			
<b>Australia (3.33%)</b>			
NEWCASTLE COAL NCI AU 4.4 09/29/27	2,500,000	16,584,124	0.98
SANTOS FINANCE STOA U 4 1/8 09/14/27	3,000,000	20,343,123	1.20
VIRGIN AU HLD VAHA U 7 7/8 10/15/21	2,750,000	19,453,221	1.15
<b>Finland (0.86%)</b>			
NORDEA BANK ABP FRN 31DEC2049	2,000,000	14,548,268	0.86
<b>France (0.85%)</b>			
BNP PARIBAS FRN 31DEC2049	2,000,000	14,374,230	0.85
<b>Hong Kong (4.33%)</b>			
ESR CAYMAN LTD ESRCA Y 7 7/8 04/04/22	3,500,000	24,607,867	1.45
FWD LTD FWDINS 5 1/2 PERP	950,000	6,107,824	0.36
FWD LTD FWDINS 6 1/4 12/31/49	2,700,000	18,969,473	1.12
RH INTL FINANCE LTD 6.5% 31DEC2049	1,100,000	6,506,215	0.38
RKI FIN 2016 B ROADKG 4.7 09/06/21	2,000,000	13,648,034	0.81
STUDIO CITY FIN STCITY 7 1/4 02/11/24	500,000	3,584,189	0.21
<b>India (2.34%)</b>			
JAIN INT TRADING JIIN 7 1/8 02/01/22	1,300,000	5,318,031	0.31
VEDANTA RESOURCE VEDLN 6 3/8 07/30/22	3,000,000	20,395,004	1.21
VEDANTA RESOURCES 8% 23APR2023	1,000,000	6,985,986	0.41
VEDANTA RESOURCES 9.25% 23APR2026	1,000,000	6,984,027	0.41
<b>Indonesia (7.18%)</b>			
ABM INVESTAMA ABMMIJ 7 1/8 08/01/22	3,700,000	24,195,948	1.43
APL REALTY HLDG APLNIJ 5.95 06/02/24	1,000,000	6,085,340	0.36
DELTA MERLIN DUN DUNIAT 8 5/8 03/12/24	3,400,000	24,168,969	1.43
GAJAH TUNGGAL GJTLIJ 8 3/8 08/10/22	1,900,000	12,449,639	0.73
GEO COAL INTL GERLSP 8 10/04/22	2,450,000	14,118,047	0.83
JABABEKA INTL BV KIJAIJ 6 1/2 10/05/23	2,750,000	18,266,929	1.08
MINEJESA CAPITAL BV 4.625% 10AUG2030	2,000,000	13,944,812	0.82
MODERNLAND OVERS MDLNIJ 6.95 04/13/24	1,250,000	8,393,142	0.50
<b>Japan (0.68%)</b>			
SOFTBANK GROUP CORP FRN 31DEC2049	1,750,000	11,555,398	0.68
<b>Malaysia (1.07%)</b>			
SD INTERNATIONAL SUKUK 6.3% 09MAY2022	2,600,000	18,071,313	1.07
<b>Mongolia (0.25%)</b>			
MONGO MIN/ENG RE MONMIN 9 1/4 04/15/24	600,000	4,113,492	0.25
<b>Pakistan (0.82%)</b>			
THRD PKSTN SUKUK PKSTAN 5 5/8 12/05/22	2,000,000	13,896,953	0.82

**INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND**

(Sub-Fund of Income Partners Strategy Fund)

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**INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)**

As at 30 June 2019

	Holdings	Fair Value RMB	% of net assets
<b>Quoted Investments (77.81%) (Continued)</b>			
<b>Denominated in RMB (77.81%) (Continued)</b>			
<b>Peoples' Republic Of China (52.18%)</b>			
21VIANET GROUP I VNET 7 7/8 10/15/21	2,500,000	17,698,843	1.04
AGILE GROUP AGILE 8 1/2 07/18/21	2,500,000	18,305,926	1.08
AOYUAN PROPERTY CAPG 7 1/2 05/10/21	3,500,000	24,852,746	1.47
BAOXIN AUTO FINANCE I LT FRN 31DEC2049	2,000,000	12,440,779	0.73
CAPITAL ENVIRON BEICAP 5 5/8 09/11/21	2,100,000	14,967,314	0.89
CAR INC CARINC 8 7/8 05/10/22	4,500,000	31,046,129	1.84
CENTRAL CHINA CENCHI 6 1/2 03/05/21	1,200,000	8,313,830	0.49
CENTRAL CHINA CENCHI 7.325 01/27/20	1,000,000	6,902,097	0.41
CENTRAL CHINA CENCHI 8 3/4 01/23/21	1,000,000	7,146,305	0.42
CHINA EVERGRANDE EVERRE 8 1/4 03/23/22	4,900,000	32,597,876	1.92
CHINA SCE GRP CHINSC 7 3/8 04/09/24	4,500,000	30,328,408	1.79
CHN SCE PROPERTY CHINSC 7.45 04/17/21	750,000	5,292,866	0.31
CIFI HOLDINGS CIFIHG 6 7/8 04/23/21	4,000,000	28,188,876	1.66
CN SINGYES SOLAR CSSXF 7.95 02/15/19	1,000,000	5,787,498	0.34
CNAC HK FNBRIDGE CO LTD 4.625% 14MAR2023	6,000,000	43,134,863	2.55
COUNTRY GARDEN COGARD 7 1/4 04/08/26	1,500,000	10,759,683	0.63
EASY TACTIC LTD GZRFP 8 1/8 02/27/23	6,500,000	45,527,354	2.69
FANTASIA HOLDING FTHDGR 8 3/8 03/08/21	4,500,000	29,734,613	1.75
INCOME PARTNERS RMB BOND FUND - CLASS 2B (ACCUMULATION) RMB	234,816	25,503,338	1.50
JINGRUI HOLDINGS JINGRU 9.45 04/23/21	4,000,000	26,430,904	1.56
KAISA GROUP KAISAG 11 3/4 02/26/21	1,500,000	10,897,998	0.64
KAISA GROUP KAISAG 7 7/8 06/30/21	1,000,000	6,809,130	0.40
KAISA GROUP KAISAG 8 1/2 06/30/22	450,000	2,960,063	0.17
KING TALENT MANAGEMENT L FRN 31DEC2049	1,800,000	10,839,372	0.64
KWG GROUP KWGPRO 7 7/8 09/01/23	4,420,000	30,847,970	1.82
KWG PROPERTY KWGPRO 5 7/8 11/10/24	2,000,000	12,571,220	0.74
LOGAN PROPERTY H LOGPH 6 7/8 04/24/21	1,400,000	9,842,425	0.58
MODERN LAND CHN MOLAND 12.85 10/25/21	1,000,000	6,834,607	0.40
MODERN LAND CHN MOLAND 7.95 03/05/21	2,500,000	16,037,551	0.95
NEW METRO GLOBAL FTLNHD 6 1/2 05/20/22	750,000	5,196,066	0.31
NEW METRO GLOBAL FTLNHD 6.5 04/23/21	3,250,000	22,650,374	1.34
NEW METRO GLOBAL FTLNHD 7 1/8 05/23/21	2,000,000	14,087,080	0.83
POWERLONG PWRLNG 6.95 04/17/21	3,600,000	24,828,982	1.46
PRIME BLOOM HLDH RUYIGR 6.95 07/05/22	1,300,000	7,019,986	0.41
RED SUN PROPRTI REDSUN 11 1/2 03/04/21	3,000,000	21,238,714	1.25
RED SUN PROPERTIES GRP 9.95% 11APR2022	400,000	2,682,972	0.16
RONSHINE CHINA RONXIN 11 1/4 08/22/21	1,702,000	12,515,047	0.74
SHOUGANG GROUP CO LTD 4% 23MAY2024	6,000,000	42,184,296	2.49
SUNAC CHINA HLDG SUNAC 7 1/4 06/14/22	2,500,000	17,226,533	1.02
SUNAC CHINA HLDG SUNAC 7.95 08/08/22	1,000,000	7,018,133	0.41
TIMES PROPERTY TPHL 6 1/4 01/17/21	5,800,000	40,227,582	2.37
TSINGHUA UNIC TSINGH 4 3/4 01/31/21	4,500,000	30,402,052	1.79
VIGOROUS CHAMP INTL LTD 3.625% 28MAY2024	6,000,000	41,933,452	2.47
YUZHOU PROPRTIE YUZHOU 8 1/2 02/04/23	6,350,000	45,072,298	2.66
ZHENRO PROPRTIE ZHPRHK 9.8 08/20/21	2,500,000	17,893,353	1.06

**INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND**  
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**INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)**

As at 30 June 2019

	Holdings	Fair Value RMB	% of net assets
<b>Quoted Investments (77.81%) (Continued)</b>			
<b>Denominated in RMB (77.81%) (Continued)</b>			
<b>Singapore (0.74%)</b>			
LMIRT CAPITAL PTE LTD 7.25% 19JUN2024	1,800,000	12,708,696	0.74
<b>Switzerland (1.76%)</b>			
FINANCIAL SERVICES FRN 31DEC2049	2,400,000	15,167,814	0.89
UBS GROUP FUNDIN UBS 7 PERP	2,000,000	14,627,757	0.87
<b>United Kingdom (1.42%)</b>			
HSBC HOLDINGS HSBC 5 5/8 12/29/49	2,400,000	17,038,995	1.01
JAGUAR LAND ROVR TTMTIN 4 1/2 01/15/26	1,000,000	6,991,530	0.41
Total quoted investments		<u>1,318,981,894</u>	<u>77.81</u>
<b><u>Total net assets</u></b>			
Total investments at fair value		1,318,981,894	77.81
Derivative financial instruments		(191,071)	(0.01)
Bank balances		64,468,862	3.80
Other net assets		<u>311,776,756</u>	<u>18.40</u>
Total net assets		<u>1,695,036,441</u>	<u>100.00</u>
Total investments, at cost		<u>1,285,322,963</u>	

**INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND**

(Sub-Fund of Income Partners Strategy Fund)

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**STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)**

For the six months ended 30 June 2019

	As at 1 January 2019	Additions	Disposals	As at 30 June 2019
<b>Quoted investments</b>				
<b>Denominated in RMB</b>				
<b>Australia</b>				
BARMINCO FIN PTY BARPTY 6 5/8 05/15/22	1,250,000	-	1,250,000	-
NEWCASTLE COAL NCIAU 4.4 09/29/27	1,500,000	1,000,000	-	2,500,000
SANTOS FINANCE STOAU 4 1/8 09/14/27	-	3,000,000	-	3,000,000
VIRGIN AU HLD VAHAU 7 7/8 10/15/21	2,750,000	-	-	2,750,000
<b>Finland</b>				
NORDEA BANK ABP FRN 31DEC2049	-	2,000,000	-	2,000,000
<b>France</b>				
BNP PARIBAS FRN 31DEC2049	-	2,000,000	-	2,000,000
<b>Hong Kong</b>				
BK OF EAST ASIA BNKEA 5 1/2 12/29/49	3,000,000	-	3,000,000	-
ESR CAYMAN LTD ESRCAU 7 7/8 04/04/22	-	3,500,000	-	3,500,000
FWD LTD FWDINS 5 1/2 PERP	950,000	-	-	950,000
FWD LTD FWDINS 6 1/4 12/31/49	2,700,000	-	-	2,700,000
ICBC ASIA LTD ICBCAS 4 1/4 12/29/49	1,600,000	-	1,600,000	-
INCOME PARTNERS RENMINBI INVESTMENT GRADE BOND FUND - CLASS 2D HKD	7,754	-	7,754	-
Income Partners Renminbi Money Market Fund - Class 2A RMB	99,945	-	99,945	-
Income Partners Renminbi Money Market Fund - Class 3A RMB	82,980	-	82,980	-
RH INTL FINANCE LTD 6.5% 31DEC2049	1,100,000	-	-	1,100,000
RKI FIN 2016 B ROADKG 4.7 09/06/21	-	2,000,000	-	2,000,000
STUDIO CITY FIN MPEL 8 1/2 12/01/20	1,350,000	-	1,350,000	-
STUDIO CITY FIN STCITY 7 1/4 02/11/24	-	3,050,000	2,550,000	500,000
<b>India</b>				
ADANI TRANSMISSION LTD 4% 03AUG2026	-	1,500,000	1,500,000	-
HT GLOBAL IT SOL HTGLOB 7 07/14/21	1,550,000	-	1,550,000	-
INDIABULLS HOUS IHFLIN 6 3/8 05/28/22	-	2,500,000	2,500,000	-
INDIAN OIL CORP IOCLIN 4 3/4 01/16/24	-	1,300,000	1,300,000	-
JAIN INT TRADING JIIN 7 1/8 02/01/22	2,300,000	500,000	1,500,000	1,300,000
VEDANTA RESOURCE VEDLN 6 3/8 07/30/22	-	3,000,000	-	3,000,000
VEDANTA RESOURCE VEDLN 8 1/4 06/07/21	2,000,000	-	2,000,000	-
VEDANTA RESOURCES 8% 23APR2023	-	1,000,000	-	1,000,000
VEDANTA RESOURCES 9.25% 23APR2026	-	2,500,000	1,500,000	1,000,000
<b>Indonesia</b>				
ABM INVESTAMA ABMMIJ 7 1/8 08/01/22	2,200,000	1,500,000	-	3,700,000
APL REALTY HLDG APLNIJ 5.95 06/02/24	-	1,000,000	-	1,000,000
DELTA MERLIN DUN DUNIAT 8 5/8 03/12/24	-	3,400,000	-	3,400,000
GAJAH TUNGGAL GJTLIJ 8 3/8 08/10/22	1,400,000	500,000	-	1,900,000
GEO COAL INTL GERLSP 8 10/04/22	1,200,000	1,250,000	-	2,450,000
GOLDEN LEGACY PTE LTD 8.25% 07JUN2021	500,000	-	500,000	-



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**STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (CONTINUED)**

For the six months ended 30 June 2019

	As at 1 January 2019	Additions	Disposals	As at 30 June 2019
<b>Quoted investments (Continued)</b>				
<b>Denominated in RMB (Continued)</b>				
<b>Indonesia (Continued)</b>				
JABABEKA INTL BV KIJAIJ 6 1/2 10/05/23	2,250,000	500,000	-	2,750,000
MINEJESA CAPITAL BV 4.625% 10AUG2030	1,000,000	1,000,000	-	2,000,000
MODERNLAND OVERS MDLNIJ 6.95 04/13/24	-	2,250,000	1,000,000	1,250,000
PB INTERNATIONAL BV 7.625% 26JAN2022	2,000,000	-	2,000,000	-
THETA CAPITAL PTE LTD 7% 11APR22	3,500,000	-	3,500,000	-
<b>Japan</b>				
MARUBENI CORP MARUB 3.56 04/26/24	-	600,000	600,000	-
SOFTBANK GROUP CORP FRN 31DEC2049	2,750,000	-	1,000,000	1,750,000
<b>Malaysia</b>				
SD INTERNATIONAL SUKUK 6.3% 09MAY2022	-	2,600,000	-	2,600,000
<b>Mongolia</b>				
MONGO MIN/ENG RE MONMIN 9 1/4 04/15/24	-	600,000	-	600,000
MONGOLIAN MORTGAGE CO 9.75% 29JAN2022	-	400,000	400,000	-
<b>Pakistan</b>				
THRD PKSTN SUKUK PKSTAN 5 5/8 12/05/22	-	2,000,000	-	2,000,000
<b>People's Republic of China</b>				
21VIANET GROUP I VNET 7 7/8 10/15/21	-	2,500,000	-	2,500,000
AGILE GROUP AGILE 8 1/2 07/18/21	2,500,000	-	-	2,500,000
AGRICUL DEV BANK ADBCH 4.65 05/11/28	20,000,000	-	20,000,000	-
AOYUAN PROPERTY CAPG 5 3/8 09/13/22	2,300,000	-	2,300,000	-
AOYUAN PROPERTY CAPG 7 1/2 05/10/21	1,700,000	3,500,000	1,700,000	3,500,000
BAOXIN AUTO FIN CHGRAU 8 3/4 12/29/49	1,000,000	-	1,000,000	-
BAOXIN AUTO FINANCE I LT FRN 31DEC2049	2,000,000	-	-	2,000,000
BJ ESEG BVI BJESEG 5.3 10/18/21	1,500,000	-	1,500,000	-
CAPITAL ENVIRON BEICAP 5 5/8 09/11/21	1,500,000	2,100,000	1,500,000	2,100,000
CAR INC CARINC 6 02/11/21	2,000,000	-	2,000,000	-
CAR INC CARINC 8 7/8 05/10/22	-	4,500,000	-	4,500,000
CELESTIAL DYNASTY LTD 4.25% 27JUN2029	-	2,500,000	2,500,000	-
CELESTIAL NWSZF 5 3/4 PERP	-	1,400,000	1,400,000	-
CENTRAL CHINA CENCHI 6 1/2 03/05/21	1,200,000	-	-	1,200,000
CENTRAL CHINA CENCHI 7.325 01/27/20	-	1,000,000	-	1,000,000
CENTRAL CHINA CENCHI 8 3/4 01/23/21	1,000,000	-	-	1,000,000
CHINA AOYUAN GRP CAPG 8 1/2 01/23/22	-	2,100,000	2,100,000	-
CHINA DEV BANK SDBC 3.48 01/08/29	-	20,000,000	20,000,000	-
CHINA DEV BANK SDBC 4.88 02/09/28	20,000,000	-	20,000,000	-
CHINA EVERGRANDE EVERRE 7 03/23/20	-	1,000,000	1,000,000	-

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For the six months ended 30 June 2019

	As at 1 January 2019	Additions	Disposals	As at 30 June 2019
<b>Quoted investments (Continued)</b>				
<b>Denominated in RMB (Continued)</b>				
<b>People's Republic of China (Continued)</b>				
CHINA EVERGRANDE EVERRE 8 1/4 03/23/22	-	9,300,000	4,400,000	4,900,000
CHINA EVERGRANDE EVERRE 8 3/4 06/28/25	1,800,000	-	1,800,000	-
CHINA GOVT BOND CGB 3.29 05/23/29	-	20,000,000	20,000,000	-
CHINA HUADIAN OVERSEAS 4% 31DEC2049	-	500,000	500,000	-
CHINA SCE GRP CHINSC 7 3/8 04/09/24	-	4,500,000	-	4,500,000
CHINA SCE GRP CHINSC 8 3/4 01/15/21	-	1,250,000	1,250,000	-
CHN SCE PROPERTY CHINSC 5 7/8 03/10/22	3,200,000	-	3,200,000	-
CHN SCE PROPERTY CHINSC 7.45 04/17/21	750,000	-	-	750,000
CIFI HOLDINGS CIFIHG 5 1/2 01/23/22	2,300,000	-	2,300,000	-
CIFI HOLDINGS CIFIHG 6 7/8 04/23/21	2,000,000	2,000,000	-	4,000,000
CN SINGYES SOLAR CSSXF 7.95 02/15/19	1,000,000	-	-	1,000,000
CNAC HK FNBRIDGE CO LTD 4.625% 14MAR2023	-	6,000,000	-	6,000,000
COUNTRY GARDEN COGARD 7 1/4 04/08/26	-	2,750,000	1,250,000	1,500,000
EASY TACTIC LTD 9.125% 28JUL2022	-	1,800,000	1,800,000	-
EASY TACTIC LTD GZRFPR 8 1/8 02/27/23	-	6,500,000	-	6,500,000
FANTASIA HOLDING FTHDGR 8 3/8 03/08/21	2,500,000	2,000,000	-	4,500,000
FORTUNE STAR FOSUNI 6 7/8 01/31/21	-	2,100,000	2,100,000	-
GOLDEN EAGLE RET GERGHK 4 5/8 05/21/23	3,000,000	800,000	3,800,000	-
HILONG HOLDING LTD 7.25% 22JUN2020	2,300,000	-	2,300,000	-
HONG SENG LTD HONGSL 7 7/8 05/31/20	1,000,000	-	1,000,000	-
INCOME PARTNERS RMB BOND FUND - CLASS 2B (ACCUMULATION) RMB	234,816	-	-	234,816
JINGRUI HOLDINGS JINGRU 9.45 04/23/21	-	4,000,000	-	4,000,000
KAISA GROUP KAISAG 11 3/4 02/26/21	-	1,500,000	-	1,500,000
KAISA GROUP KAISAG 7 7/8 06/30/21	1,000,000	-	-	1,000,000
KAISA GROUP KAISAG 8 1/2 06/30/22	450,000	-	-	450,000
KING TALENT MANAGEMENT L FRN 31DEC2049	1,800,000	-	-	1,800,000
KWG GROUP KWGPRO 7 7/8 08/09/21	2,000,000	-	2,000,000	-
KWG GROUP KWGPRO 7 7/8 09/01/23	-	4,420,000	-	4,420,000
KWG PROPERTY KWGPRO 5 7/8 11/10/24	-	2,000,000	-	2,000,000
KWG PROPERTY KWGPRO 6 09/15/22	1,500,000	-	1,500,000	-
LENOVO PERPETUAL SECURIT FRN 31DEC2049	1,600,000	-	1,600,000	-
LOGAN PROPERTY H LOGPH 6 7/8 04/24/21	3,500,000	-	2,100,000	1,400,000
MODERN LAND CHN MOLAND 12.85 10/25/21	-	1,000,000	-	1,000,000
MODERN LAND CHN MOLAND 7.95 03/05/21	2,500,000	-	-	2,500,000
NEW METRO GLOBAL FTLNHD 6 1/2 05/20/22	-	750,000	-	750,000
NEW METRO GLOBAL FTLNHD 6.5 04/23/21	4,250,000	-	1,000,000	3,250,000
NEW METRO GLOBAL FTLNHD 7 1/8 05/23/21	-	2,000,000	-	2,000,000
NUOXI CAPITAL HKJHCC 7 1/2 01/28/22	-	1,500,000	1,500,000	-
POWERLONG PWRLNG 6.95 04/17/21	3,600,000	1,000,000	1,000,000	3,600,000
PRIME BLOOM HLDH RUYIGR 6.95 07/05/22	800,000	1,500,000	1,000,000	1,300,000
RED SUN PROPRTI REDSUN 11 1/2 03/04/21	-	3,000,000	-	3,000,000
RED SUN PROPERTIES GRP 9.95% 11APR2022	-	400,000	-	400,000

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<b>Quoted investments (Continued)</b>				
<b>Denominated in RMB (Continued)</b>				
<b>People's Republic of China (Continued)</b>				
RKPF 2019 A LTD ROADKG 7 7/8 02/01/23	-	2,200,000	2,200,000	-
RKPF OVERS 2019B ROADKG 7 3/4 04/18/21	-	300,000	300,000	-
RONSHINE CHINA RONXIN 11 1/4 08/22/21	-	1,702,000	-	1,702,000
RONSHINE CHINA RONXIN 8 1/4 02/01/21	500,000	-	500,000	-
SHIMAO PROPERTY SHIMAO 6 1/8 02/21/24	-	950,000	950,000	-
SHIMAO PROPERTY SHIMAO 6 3/8 10/15/21	2,250,000	-	2,250,000	-
SHOUGANG GROUP CO LTD 4% 23MAY2024	-	6,000,000	-	6,000,000
SUNAC CHINA HLDG SUNAC 7 1/4 06/14/22	-	2,500,000	-	2,500,000
SUNAC CHINA HLDG SUNAC 7.35 07/19/21	1,500,000	-	1,500,000	-
SUNAC CHINA HLDG SUNAC 7.95 08/08/22	-	1,000,000	-	1,000,000
TIMES PROPERTY TPHL 6 1/4 01/17/21	3,300,000	2,500,000	-	5,800,000
TSINGHUA UNIC TSINGH 4 3/4 01/31/21	2,500,000	2,000,000	-	4,500,000
VIGOROUS CHAMP INTL LTD 3.625% 28MAY2024	-	6,000,000	-	6,000,000
YANCOAL INTL YZCOAL 5 3/4 PERP	2,300,000	-	2,300,000	-
YINGDE GASES INV YINGDZ 6 1/4 01/19/23	2,650,000	-	2,650,000	-
YUZHOU PROPRTIE YUZHOU 6 01/25/22	2,500,000	-	2,500,000	-
YUZHOU PROPRTIE YUZHOU 7.9 05/11/21	1,000,000	-	1,000,000	-
YUZHOU PROPRTIE YUZHOU 8 1/2 02/04/23	-	6,350,000	-	6,350,000
YUZHOU PROPRTIE YUZHOU 8 5/8 01/23/22	-	2,000,000	2,000,000	-
ZHENRO PROPRTIE ZHPRHK 9.8 08/20/21	-	2,500,000	-	2,500,000
<b>Saudi Arabia</b>				
SAUDI INT BOND KSA 5 1/4 01/16/50	-	500,000	500,000	-
<b>Singapore</b>				
ALAM SYNERGY ASRIIJ 11 1/2 04/22/21	-	200,000	200,000	-
LLPL CAPITAL PTE LTD 6.875% 04FEB2039	-	1,700,000	1,700,000	-
LMIRT CAPITAL PTE LTD 7.25% 19JUN2024	-	1,800,000	-	1,800,000
<b>Sri Lanka</b>				
REP OF SRI LANKA SRILAN 5 3/4 01/18/22	1,900,000	-	1,900,000	-
<b>Switzerland</b>				
FINANCIAL SERVICES FRN 31DEC2049	2,400,000	-	-	2,400,000
UBS GROUP FUNDIN UBS 7 PERP	-	2,000,000	-	2,000,000
<b>United Kingdom</b>				
BARCLAYS PLC FRN 29DEC2049	-	2,250,000	2,250,000	-
HSBC HOLDINGS HSBC 5 5/8 12/29/49	2,400,000	1,000,000	1,000,000	2,400,000
JAGUAR LAND ROVR TTMTIN 4 1/2 01/15/26	-	1,000,000	-	1,000,000