



INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND - CLASS 2

Fund Manager's Report - 31 August 2022

IMPORTANT INFORMATION

- I. Income Partners Managed Volatility High Yield Bond Fund (the "Fund") invests primarily in high yield debt instruments, which are below investment grade or unrated. The Fund will invest in high yield debt instruments, and as a result may be subject to substantial credit/counterparty risk, credit rating related risks, interest rates risk, liquidity risks, and valuation risks. The investments held by the Fund may fall in value and therefore your investment in the Fund may suffer losses.
- II. The Fund's managed volatility strategy may not achieve the desired results under all circumstances. While the Fund's manager will endeavor to manage the Fund such that it does not exceed its pre-determined annualized volatility target, there is no guarantee that such targets can be reached in all market conditions. Managed volatility does not necessarily mean lower risk and the Fund may still suffer losses.
- III. The Fund is denominated in RMB, and RMB is currently not freely convertible and is subject to exchange controls and restrictions. There is no guarantee that RMB will not depreciate. If you convert Hong Kong Dollar or any other currency into RMB so as to invest in the Fund and subsequently convert the RMB redemption proceeds back into Hong Kong Dollar or any other currency, you may suffer a loss if RMB depreciates against Hong Kong Dollar or other currency. In addition, the underlying investments in the Fund may be denominated in currencies other than RMB. The NAV may be affected favorably by fluctuations in the exchange rates between these currencies and the base currency and by changes in the exchange rate controls.
- IV. The Fund invests in the Greater China region and in the China market and there is subject to emerging market risk including political, economic, legal, regulatory and liquidity risks.
- V. The Fund may invest in derivative transactions such as swaps, futures and forwards for hedging purposes. There is no guarantee that the hedging techniques will be effective.
- VI. In respect of the distribution Units of the Fund (save for Class 2C Dis (USD) Units), the Fund's manager currently intends to make monthly dividend distribution. However, the distribution amount of dividend rate is not guaranteed. In respect of the Class 2C Dis (USD) Units, the Fund's manager makes non-discretionary monthly distributions. For certain classes of Units of the Fund, the Fund's manager may at its discretion pay distributions out of the capital of the Fund. The Fund's manager may also, at its discretion, pay distributions out of gross income, while paying all or part of the fees and expenses of the capital of the Fund, resulting in an increase in distributable income for payment of distributions by the Fund. Therefore the Fund may effectively make payment of dividend out of capital. Payment of distributions out of capital represents a return or withdrawal of part of the amount they originally invested of from any capital gains attributable to the original investment. Any such distributions may result in an immediate reduction of the net asset value per unit of the Fund.
- VII. Investment involves risk. Past performance is not a guarantee or a reliable indicator of future results and no guarantee is being made that similar returns will be achieved in the future.
- VIII. In making investment decisions, investors should not rely solely on the information in this report and should read the offering document of the Fund for further details including the risk factors. This document does not constitute an offering document.

Share Class	NAV per share ³	Dividend per share	Annualized Dividend Yield ⁵
2A Acc (USD)	\$123.40		
2A Dis (USD)	\$53.03	\$0.40	9.6%
2B Acc (RMB)	¥132.34		
2B Dis (RMB)	¥56.10	¥0.52	12.1%
2C Dis (USD) ⁵	\$57.15	\$0.47	7.0%
2D Acc (HKD)	\$75.29		
2D Dis (HKD)	\$52.41	\$0.40	9.7%
2E Acc (AUD)	\$85.51		
2E Dis (AUD)	\$62.40	\$0.41	8.5%
2F Acc (AUD-H)	\$83.47		
2F Dis (AUD-H)	\$56.25	\$0.37	8.5%
2G Acc (USD-H)	\$85.95		
2G Dis (USD-H)	\$50.40	\$0.36	9.3%
2I Acc (SGD-H)	\$71.05		
2I Dis (SGD-H)	\$55.95	\$0.40	9.3%
2K Acc (EUR-H)	€67.47		
2K Dis (EUR-H)	€56.93	€0.31	7.0%
2L Acc (HKD-H)	\$71.22		
2L Dis (HKD-H)	\$55.69	\$0.40	9.3%

H = Hedged currency share class
 Record Date: 31 August 2022
 Ex-Dividend Date: 1 September 2022
 Payment/Reinvestment Date: 5 September 2022
 Please see www.incomepartners.com for details of historical dividend information for all applicable share classes.

Risk Measures	3 Years	Since Inception
2B Acc (RMB)		
Annualized Volatility	11.18%	7.10%
Sharpe Ratio ⁷	-0.96	-0.03

Fund Characteristics	
Yield to Maturity in RMB ^{8,10}	12.8%
Yield to Maturity in USD ^{9,10}	13.1%
Modified Duration (years)	2.9
Average Credit Rating	BB
Number of bond holdings	132

Top 10 Holdings ¹¹ : 25.4% of NAV	
The Export-Import Bank of China*	3.8%
PCCW Limited	3.0%
SMC Global Power Holdings	2.7%
Country Garden Holdings	2.4%
Sands China Ltd	2.3%
Greenko Investment Co	2.3%
China Development Bank*	2.3%
Industrial & Commercial Bank of China Ltd	2.2%
Mongolia International Bond	2.2%
Sri Lanka Government Bond	2.2%

*Invested via an SFC-authorized fund

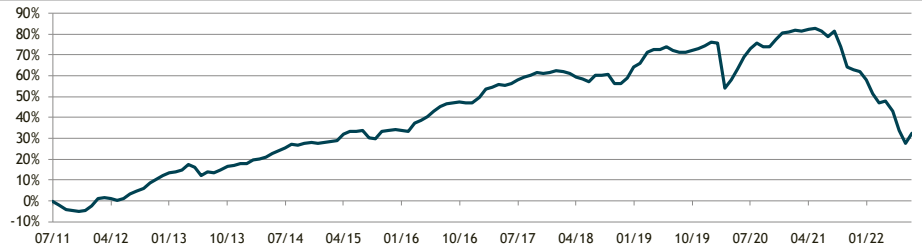
Unless stated otherwise, all data as of 31 August 2022. Source: Income Partners, fund performance is calculated on NAV to NAV basis in denominated currency with dividends re-invested. Performance is presented on a net-of-fees basis. Past performance is not indicative of future results.

1. BENCHMARK Fund of the Year Awards 2021 is based on the performance as at 30 September 2020. The fund has also won BENCHMARK Fund of the Year Awards 2021 based on the performance as at 30 September 2021. Any awards won are not indicative on Income Partners' future performance. The awards should not be considered an endorsement of Income Partners by any client. The awards may not be representative of any client's experience. Income Partners may be required to pay a fee to participate in the nomination of the award.
2. Morningstar, as of 31 July 2022 © 2021 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; and (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.
3. This document contains fund performance or NAV numbers which may be subject to amendments and further verification by the fund administrator. The fund administrator, rather than the manager, publishes the official fund NAV. Any performance numbers contained herein should not be relied on as official or final NAV of the fund.
4. The total return chart above shows the Fund's total return performance since inception.
5. Annualized Dividend Yield: [(1 + distribution per unit / ex-dividend NAV) * 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. In respect of the Class 2C (USD) Distribution Units, pay out non-discretionary monthly distributions at a fixed percentage of 7% per annum. The 7% annualized yield is calculated as follows: (total dividend paid or to be paid over the current calendar year / last available net asset value of the Fund) in the prior calendar year) x 100%.
6. The calendar performance figures are calculated from share class launch dates to calendar year-end.
7. The Sharpe Ratio is calculated as annualized return minus risk free rate (RFR) divided by annualized standard deviation. RFR is the simple average of 1 year CNH cross-currency swap rate.
8. Yield to Maturity in RMB applies to all Unhedged share classes in RMB (2B), USD (2A), HKD (2D), AUD (2E), SGD (2H), EUR (2J), as investors are exposed to RMB risk.
9. Yield to Maturity in USD applies to all USD-Hedged (2G), AUD-Hedged (2F), HKD-Hedged (2L), EUR-Hedged (2K), RMB (USD Exposure) (2X) as investors are not exposed to RMB risk.
10. Where applicable, workout dates are used for the calculation of yield to maturity for callable bonds (sourced from Bloomberg). When calculating average YTM of the Fund, we conservatively use zero yield for defaulted bonds. For bonds with YTM that is greater than 80%, we conservatively apply current yield in place of YTM.
11. Top 10 Holdings is grouped by issuer, the fund may hold multiple issues from the same issuer.

INVESTMENT OBJECTIVE

The Fund seeks to maximize total investment returns, comprising capital appreciation and interest income by primarily investing in high yield debt instruments that are below investment grade or unrated. It aims to deliver high yield returns with a reduced level of volatility compared against the broader high yield market through an active managed volatility strategy by using both quantitative and qualitative measures. The Fund has a geographical focus on Greater China and Asia.

TOTAL RETURN^{3,4}: CLASS 2B ACCUMULATION (RMB)



CUMULATIVE PERFORMANCE AND CALENDAR YEAR PERFORMANCE³

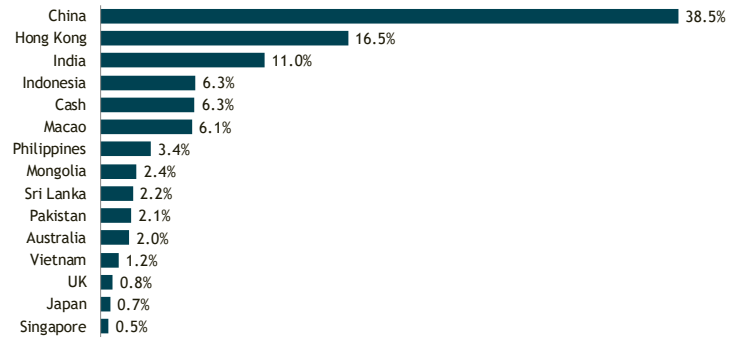
Share Class	Year-to-date (YTD)	1 Year	3 Years (Annualized)	5 Years (Annualized)	Since Inception (Annualized)	2017	2018	2019	2020	2021	Inception Date (dd/mm/yy)
2A Acc (USD)	-24.75%	-31.73%	-7.11%	-4.49%	1.91%	17.67%	-6.81%	8.44%	10.75%	-8.23%	27/07/11
2A Dis (USD)	-24.74%	-31.74%	-7.11%	-4.49%	1.90%	17.69%	-6.85%	8.45%	10.76%	-8.24%	03/08/11
2B Acc (RMB)	-18.21%	-27.03%	-8.18%	-3.64%	2.56%	10.00%	-1.68%	9.79%	3.51%	-10.41%	27/07/11
2B Dis (RMB)	-18.21%	-27.04%	-8.18%	-3.64%	2.57%	10.01%	-1.69%	9.80%	3.51%	-10.41%	27/07/11
2C Dis (USD) ⁵	-24.76%	-31.75%	-7.11%	-4.49%	2.05%	17.69%	-6.85%	8.44%	10.76%	-8.23%	10/08/11
2D Acc (HKD)	-24.25%	-31.14%	-7.09%		-6.08%		-9.43% ⁶	7.83%	10.25%	-7.69%	21/02/18
2D Dis (HKD)	-24.25%	-31.16%	-7.09%		-6.04%		-9.42% ⁶	7.81%	10.28%	-7.71%	09/02/18
2E Acc (AUD)	-20.21%	-26.95%	-7.65%		-3.43%		0.04% ⁶	9.15%	0.37%	-2.21%	07/03/18
2E Dis (AUD)	-20.22%	-27.00%	-7.67%		-3.80%		-1.04% ⁶	9.16%	0.38%	-2.26%	04/05/18
2F Acc (AUD-H)	-19.63%	-29.23%	-10.73%	-6.01%	-2.59%	6.38%	-3.75%	7.66%	0.76%	-13.35%	13/10/15
2F Dis (AUD-H)	-19.65%	-29.23%	-10.74%		-10.05%			0.15% ⁶	0.76%	-13.35%	02/05/19
2G Acc (USD-H)	-19.26%	-28.78%	-10.19%	-5.47%	-2.17%	5.96%	-3.46%	8.95%	1.58%	-13.12%	13/10/15
2G Dis (USD-H)	-19.26%	-28.79%	-10.18%	-5.44%	-2.35%	5.53%	-3.57%	9.18%	1.61%	-13.10%	19/10/15
2I Acc (SGD-H)	-19.35%	-28.85%	-10.34%		-9.73%			0.11% ⁶	1.23%	-13.06%	30/04/19
2I Dis (SGD-H)	-19.37%	-28.88%	-10.36%		-9.75%			-0.04% ⁶	1.20%	-13.10%	24/04/19
2K Acc (EUR-H)	-20.29%	-29.99%	-11.59%		-11.18%			-1.54% ⁶	0.00%	-14.04%	08/05/19
2K Dis (EUR-H)	-20.24%	-29.90%	-11.51%		-11.06%			-1.41% ⁶	0.02%	-13.84%	07/05/19
2L Acc (HKD-H)	-19.70%	-29.25%	-10.32%		-9.72%			0.50% ⁶	1.77%	-13.29%	07/05/19
2L Dis (HKD-H)	-19.67%	-29.19%	-10.30%		-9.44%			0.90% ⁶	1.75%	-13.24%	17/04/19

MONTHLY PERFORMANCE³: CLASS 2B ACCUMULATION (RMB)

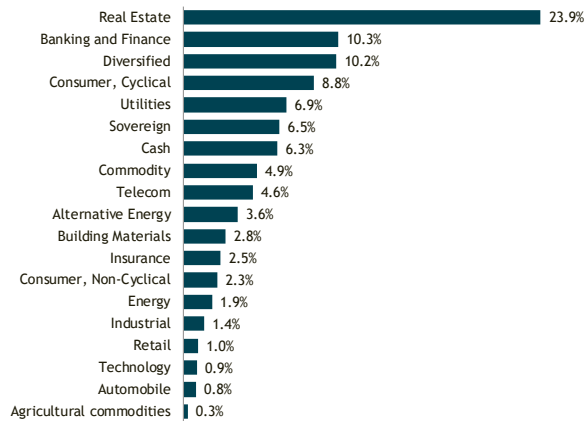
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022	-2.26%	-4.34%	-2.91%	0.75%	-3.45%	-6.38%	-4.71%	3.80%					-18.21%
2021	0.13%	0.62%	-0.41%	0.65%	0.16%	-0.68%	-1.61%	1.60%	-4.04%	-5.54%	-1.01%	-0.57%	-10.41%
2020	0.85%	-0.28%	-12.34%	2.84%	3.29%	3.42%	2.25%	1.77%	-1.23%	-0.01%	2.10%	1.87%	3.51%
2019	3.32%	1.02%	3.26%	0.72%	-0.03%	0.75%	-1.01%	-0.54%	-0.02%	0.70%	0.39%	0.93%	9.79%
2018	0.43%	-0.28%	-0.61%	-0.89%	-0.51%	-1.04%	2.04%	-0.12%	0.48%	-2.72%	-0.03%	1.64%	-1.68%
2017	1.74%	2.65%	0.67%	0.90%	-0.38%	0.70%	0.98%	0.89%	0.68%	0.77%	-0.30%	0.30%	10.00%
2016	-0.49%	-0.10%	2.76%	1.04%	1.33%	1.80%	1.68%	0.96%	0.18%	0.35%	-0.31%	-0.05%	9.50%
2015	0.32%	0.38%	0.40%	2.37%	0.97%	0.15%	0.26%	-2.55%	-0.24%	2.58%	0.20%	0.49%	5.35%
2014	-0.25%	1.59%	0.38%	0.69%	1.40%	1.30%	1.11%	1.40%	-0.36%	0.57%	0.31%	-0.43%	7.95%
2013	1.18%	0.58%	0.88%	2.16%	-1.24%	-3.38%	1.60%	-0.16%	0.99%	1.60%	0.25%	0.95%	5.40%
2012	2.21%	3.60%	0.43%	-0.23%	-0.91%	0.91%	2.03%	1.34%	1.26%	2.42%	1.60%	1.58%	17.41%
2011								-1.88%	-2.50%	-0.41%	-0.40%	0.50%	-4.63%

PORTFOLIO OVERVIEW¹²

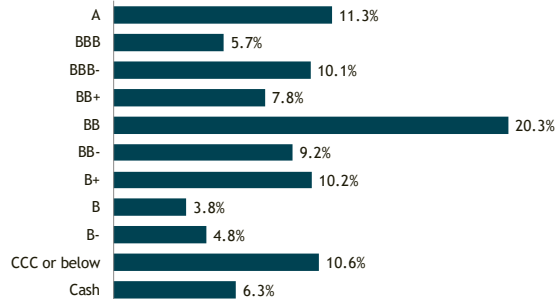
Geographical Exposure



Industry Exposure



Credit Rating Exposure



MANAGER'S COMMENTARY¹⁴

In August, the Asian high yield market rebounded from July's low, led by the China real estate sector. Fundamentally, China's manufacturing PMI reached 49.4 in August, slightly up from 49.0 in July, showing marginal improvement amid continually sluggish economic momentum. Domestic CPI dropped to 2.5% y/y and was mostly lifted by the surge in pork and vegetable prices, while PPI dropped to 2.3% y/y, the lowest since April 2021. China's exports growth started to lose steam at 7.1% y/y in August vs 18.0% y/y in July, with imports growth slowed to 0.3% y/y in August from 2.3% y/y in July, due to declining external demand and a weak domestic economy. July's total social financing came in at RMB756bn, sharply below market consensus (~RMB1.35trn), suggesting weakening effective credit demand. Retail sales growth dropped to 2.7% y/y in July (market consensus 5.0% y/y), compared to 3.1% y/y in June. After a brisk recovery in June, latest retail sales data suggests China's economy may have quickly lost momentum amid continuous disruption from Covid control.

On the China property sector, the government instructed state-owned China Bond Insurance to provide guarantees for onshore bond issuance by strong private-owned developers, such as Longfor, CIFI and Country Garden. As a result, bond prices of property developers with better qualities climbed and improved the overall market sentiment. With the facts that the property sector represents ~25% of China's GDP, 33% of local government revenue and around 30% of total banking assets, we believe it remains critical for the whole economy and expect more positive policies to be rolled out in the coming months. The fund increased Chinese property exposure in August as we remain constructive on the sector. The overall average yield of Asian HY market stayed at 14.8% comparing with US HY of 8.3%, offering good risk premium and relative value in our view.

Fund Details			
Base Currency	RMB		
Minimum Initial Investment	2A (USD):	USD1,000	
	2B (RMB):	RMB10,000	
	2C (USD):	USD1,000	
	2D (HKD):	HKD10,000	
	2E (AUD):	AUD1,000	
	2F (AUD-H):	AUD1,000	
	2G (USD-H):	USD1,000	
	2H (SGD):	SGD1,000	
Fees & Charges ¹³	Management Fee:	1.50% p.a.	
	Subscription Charge:	Up to 5.00%	
	Dealing Frequency	Daily	
	Dividend Frequency	Monthly (Please refer to important information VI)	
	Portfolio Manager	James Hu, PhD	
	Trustee	Cititrust Limited	
Custodian & Administrator	Citibank, N.A., Hong Kong Branch		
Transfer Agent	Citicorp Financial Services Limited		
Share Class	Bloomberg Ticker	ISIN	
2A Acc (USD)	IRHY2AA HK	HK0000421419	
2A Dis (USD)	IPRHY2A HK	HK0000421401	
2B Acc (RMB)	IRHY2BA HK	HK0000421435	
2B Dis (RMB)	IPRHY2B HK	HK0000421427	
2C Dis (USD)	IPRHY2C HK	HK0000421443	
2D Acc (HKD)	IRHY2DA HK	HK0000421468	
2D Dis (HKD)	IPRHY2D HK	HK0000421450	
2E Acc (AUD)	IRHY2EA HK	HK0000421484	
2E Dis (AUD)	IPRHY2E HK	HK0000421476	
2F Acc (AUD-H)	IRHY2FA HK	HK0000421500	
2F Dis (AUD-H)	IPRHY2F HK	HK0000421492	
2G Acc (USD-H)	IRHY2GA HK	HK0000421526	
2G Dis (USD-H)	IPRHY2G HK	HK0000421518	
2H Acc (SGD)	IRHY2HA HK	HK0000421542	
2H Dis (SGD)	IPRHY2H HK	HK0000421534	
2I Acc (SGD-H)	IRHY2IA HK	HK0000421567	
2I Dis (SGD-H)	IPRHY2I HK	HK0000421559	
2J Acc (EUR)	IRHY2JA HK	HK0000490018	
2J Dis (EUR)	IPRHY2J HK	HK0000490000	
2K Acc (EUR-H)	IRHY2KA HK	HK0000490034	
2K Dis (EUR-H)	IPRHY2K HK	HK0000490026	
2L Acc (HKD-H)	IRHY2LA HK	HK0000490059	
2L Dis (HKD-H)	IPRHY2L HK	HK0000490042	
Fund AUM	RMB479 million / USD69 million		

H = Hedged currency share class

12. Total exposures may differ due to rounding. Please note that the credit ratings exposures shown here use the best rating out of S&P/Moody's/Fitch ratings. Where S&P/Moody's/Fitch ratings for bond holdings are not available, Income Partners' internal credit ratings apply.

13. For other fees and charges, please refer to the offering documents.

14. Index or benchmark data are for reference purposes only and no comparability or relevance is warranted or implied.

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