



INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND - CLASS 2

Fund Manager's Report - 30 December 2022

Morningstar Rating™²

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 of 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)	\$130.82		
2A Dis (USD)	\$54.31	\$0.41	10.5%
2B Acc (RMB)	¥140.64		
2B Dis (RMB)	¥57.22	¥0.52	12.5%
2C Dis (USD) ⁵	\$58.36	\$0.47	7.0%
2D Acc (HKD)	\$79.28		
2D Dis (HKD)	\$53.30	\$0.40	10.5%
2E Acc (AUD)	\$91.37		
2E Dis (AUD)	\$64.79	\$0.41	8.8%
2F Acc (AUD-H)	\$88.71		
2F Dis (AUD-H)	\$58.06	\$0.37	8.6%
2G Acc (USD-H)	\$91.87		
2G Dis (USD-H)	\$52.21	\$0.36	9.4%
2I Acc (SGD-H)	\$75.74		
2I Dis (SGD-H)	\$57.80	\$0.40	9.4%
2K Acc (EUR-H)	€71.28		
2K Dis (EUR-H)	€58.72	€0.31	7.1%
2L Acc (HKD-H)	\$75.98		
2L Dis (HKD-H)	\$57.56	\$0.40	9.5%

H = Hedged currency share class
 Record Date: 30 December 2022
 Ex-Dividend Date: 3 January 2023
 Payment/Reinvestment Date: 5 January 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	18.54%	10.21%
Sharpe Ratio ⁷	-0.51	0.03

Fund Characteristics	
Yield to Maturity in RMB ^{8,10}	13.6%
Yield to Maturity in USD ^{9,10}	16.5%
Modified Duration (years)	2.5
Average Credit Rating	BB-
Number of bond holdings	125

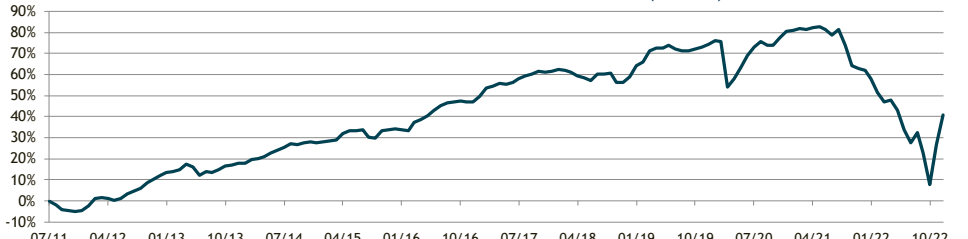
Top 10 Holdings ¹¹ : 28.1% of NAV	
Country Garden Holdings Co Ltd	4.8%
The Export-Import Bank of China*	4.3%
Sands China Ltd	2.9%
China Development Bank*	2.6%
SMC Global Power Holdings	2.5%
New World Development Co Ltd	2.4%
WYNN MACAU LTD	2.3%
Melco Resorts Finance	2.1%
Agricultural Development Bank of China*	2.1%
Yedanta Resources PLC	2.1%

*Invested via an SFC-authorized fund

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

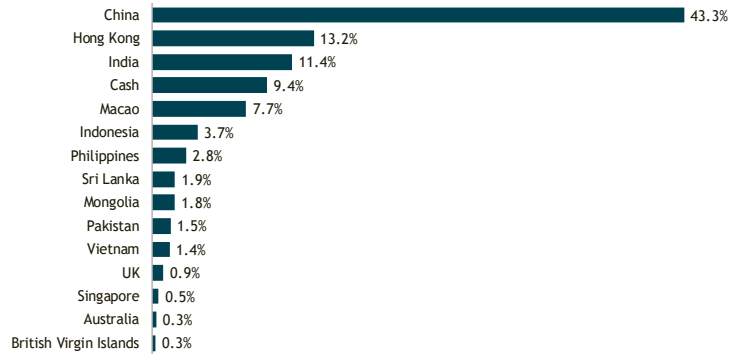
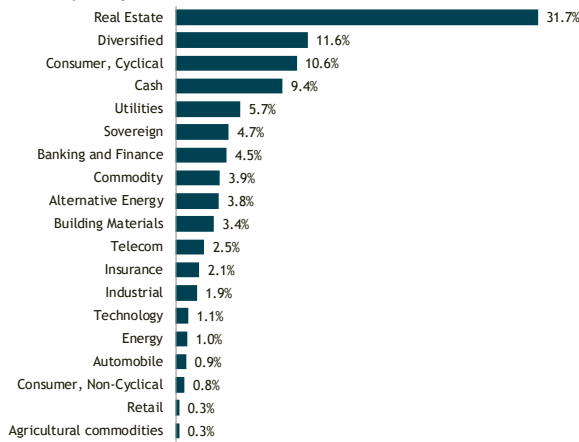
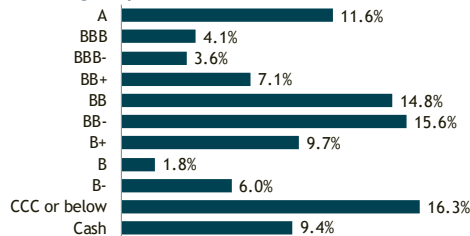
Share Class	Year-to-date (YTD)	1 Year	3 Years (Annualized)	5 Years (Annualized)	Since Inception (Annualized)	2017	2018	2019	2020	2021	Inception Date (dd/mm/yy)
2A Acc (USD)	-20.22%	-20.22%	-6.75%	-3.90%	2.38%	17.67%	-6.81%	8.44%	10.75%	-8.23%	27/07/11
2A Dis (USD)	-20.21%	-20.21%	-6.75%	-3.91%	2.37%	17.69%	-6.85%	8.45%	10.76%	-8.24%	03/08/11
2B Acc (RMB)	-13.08%	-13.08%	-6.94%	-2.74%	3.03%	10.00%	-1.68%	9.79%	3.51%	-10.41%	27/07/11
2B Dis (RMB)	-13.08%	-13.08%	-6.93%	-2.74%	3.04%	10.01%	-1.69%	9.80%	3.51%	-10.41%	27/07/11
2C Dis (USD) ⁵	-20.22%	-20.22%	-6.75%	-3.91%	2.52%	17.69%	-6.85%	8.44%	10.76%	-8.23%	10/08/11
2D Acc (HKD)	-20.23%	-20.23%	-6.71%		-4.67%		-9.43%	7.83%	10.25%	-7.69%	21/02/18
2D Dis (HKD)	-20.23%	-20.23%	-6.71%		-4.64%		-9.42%	7.81%	10.28%	-7.71%	09/02/18
2E Acc (AUD)	-14.74%	-14.74%	-5.77%		-1.86%		0.04%	9.15%	0.37%	-2.21%	07/03/18
2E Dis (AUD)	-14.74%	-14.74%	-5.78%		-2.15%		-1.04%	9.16%	0.38%	-2.26%	04/05/18
2F Acc (AUD-H)	-14.59%	-14.59%	-9.32%	-5.02%	-1.65%	6.38%	-3.75%	7.66%	0.76%	-13.35%	13/10/15
2F Dis (AUD-H)	-14.62%	-14.62%	-9.33%		-7.67%			0.15%	0.76%	-13.35%	02/05/19
2G Acc (USD-H)	-13.70%	-13.70%	-8.68%	-4.34%	-1.17%	5.96%	-3.46%	8.95%	1.58%	-13.12%	13/10/15
2G Dis (USD-H)	-13.69%	-13.69%	-8.66%	-4.30%	-1.33%	5.53%	-3.57%	9.18%	1.61%	-13.10%	19/10/15
2I Acc (SGD-H)	-14.03%	-14.03%	-8.88%		-7.29%			0.11%	1.23%	-13.06%	30/04/19
2I Dis (SGD-H)	-14.03%	-14.03%	-8.90%		-7.31%			-0.04%	1.20%	-13.10%	24/04/19
2K Acc (EUR-H)	-15.78%	-15.78%	-10.21%		-8.86%			-1.54%	0.00%	-14.04%	08/05/19
2K Dis (EUR-H)	-15.73%	-15.73%	-10.12%		-8.74%			-1.41%	0.02%	-13.84%	07/05/19
2L Acc (HKD-H)	-14.33%	-14.33%	-8.90%		-7.25%			0.50%	1.77%	-13.29%	07/05/19
2L Dis (HKD-H)	-14.29%	-14.29%	-8.88%		-7.02%			0.90%	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%	-7.14%	-12.30%	17.57%	10.99%	-13.08%
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%

Unless stated otherwise, all data as of 30 December 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 2020 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 30 November 2022 © 2021 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (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 (2I), EUR (2J), as investors are exposed to RMB risk.
 9. Yield to Maturity in USD applies to all Hedged share classes in USD-Hedged (2G), AUD-Hedged (2F), HKD-Hedged (2L), RMB (USD Exposure) (2K) 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.

PORTFOLIO OVERVIEW¹²
Geographical Exposure

Industry Exposure

Credit Rating Exposure

MANAGER'S COMMENTARY¹⁴

The Asian USD high yield market continued to rebound in December, fueled by China's reopening optimism and more supportive policies towards the real estate sector.

The market extended its rally from November after the relaxation of COVID control policies and "three arrows" for property sector refinancing. As more private-owned developers got banks' credit line support, quota to issue in domestic bond market as well as share sales in equity market, market demand remained strong for developers' bonds. Fundamentally, China's manufacturing PMI slid further to 47 in December from 48 in November and the service PMI hit 41.6, the lowest level since early 2020. November CPI trended lower to 1.3% year-over-year (yoy), comparing 2.1% in October, while PPI remained negative at -1.3% yoy. Both export and import further contracted in December with yoy growth at -8.7% and -10.6%, respectively. Total social financing and bank loans rebounded in November, helped by corporates' demand while household mid-to-long term loan growth remained sluggish. Despite the longer term outlook that China shall recover gradually from the COVID impact, its economy still faces short-term headwind due to weak domestic consumption. We do not think Chinese real estate sector is coming out of woods any time soon, as domestic economy remains quite weak, even after the recent COVID relaxation. However, we think near term risk of another unexpected default from a major developer is quite small, given the policy and liquidity support.

Fund Details		
Base Currency	RMB	
	2A (USD): USD1,000	
	2B (RMB): RMB10,000	
	2C (USD): USD1,000	
	2D (HKD): HKD10,000	
	2E (AUD): AUD1,000	
Minimum Initial Investment	2F (AUD-H): AUD1,000	
	2G (USD-H): USD1,000	
	2H (SGD): SGD1,000	
	2I (SGD-H): SGD1,000	
	2J (EUR): EUR1,000	
	2K (EUR-H): EUR1,000	
	2L (HKD-H): HKD10,000	
Fees & Charges¹³	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	RMB418 million / USD60 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.

This document is issued by Income Partners Asset Management (HK) Ltd ("Income Partners"), has not been reviewed by any regulatory authority including the Hong Kong Securities and Futures Commission ("SFC") and authorization by the SFC does not imply official recommendation or endorsement of a product nor does it guarantee the commercial merits of a product or its performance. It does not mean the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. Accordingly, the information is qualified in its entirety by the terms applicable to the Fund as set out in its constitutive and offering documents ("Fund Documents"), and should be read together with such Fund Documents. This document is for informational purposes only and should not be considered as investment advice or a recommendation of any particular security, strategy or investment product. There is no guarantee that these investment strategies will work under all market conditions or are suitable for all investors and each investor should evaluate their ability to invest, especially during periods of downturn in the market. Fund investments are subject to risks, fund prices may go up as well as down, and in a worst case scenario, the value of the funds may be worth substantially less than the original amount you invested. Past performance is not indicative of future performance. The representative of the Fund in Switzerland is Acolin Fund Services AG, Geneva Branch (formerly Hugo Fund Services SA), 6 Cours de Rive, 1204 Geneva. The distribution of units/shares in Switzerland must exclusively be made to qualified investors. The place of performance and jurisdiction for units/shares in the Fund distributed in Switzerland are at the registered office of the Representative.