

# INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND - CLASS 2

Fund Manager's Report - 31 Dec 2025

## IMPORTANT INFORMATION

- 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.
- 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.
- 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.
- 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.
- 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.
- 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 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.
- 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.
- 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 <sup>2</sup>	Dividend per share	Annualized Dividend Yield <sup>4</sup>
2A Acc (USD)	\$125.18		
2A Dis (USD)	\$40.89	\$0.26	8.0%
2B Acc (RMB)	¥135.78		
2B Dis (RMB)	¥43.79	¥0.28	8.0%
2C Dis (USD) <sup>5</sup>	\$44.63	\$0.26	7.0%
2D Acc (HKD)	¥75.73		
2D Dis (HKD)	\$40.22	\$0.25	7.8%
2E Dis (AUD)	\$51.73	\$0.30	7.1%
2F Acc (AUD-H)	\$88.11		
2F Dis (AUD-H)	\$47.66	\$0.29	7.6%
2G Acc (USD-H)	\$95.66		
2G Dis (USD-H)	\$43.14	\$0.29	8.4%
2I Acc (SGD-H)	\$70.04		
2I Dis (SGD-H)	\$46.48	\$0.27	7.2%
2K Dis (EUR-H)	€49.96	€0.24	5.9%
2L Dis (HKD-H)	¥45.79	\$0.31	8.5%

H = Hedged currency share class

Record Date: 31 Dec 2025

Ex-Dividend Date: 2 Jan 2026

Payment/Reinvestment Date: 6 Jan 2026

Please see [www.incomepartners.com](http://www.incomepartners.com) for details of historical dividend information for all applicable share classes.

Risk Measures	1 Year	3 Years	Since Inception
2A Acc (RMB)			
Annualized Volatility	3.76%	10.10%	10.17%
Sharpe Ratio <sup>6</sup>	0.26	-0.30	0.02

Fund Characteristics			
Yield to Maturity in RMB <sup>7,9</sup>		3.6%	
Yield to Maturity in USD <sup>8,9</sup>		5.6%	
Modified Duration (years)		3.6	
Average Credit Rating <sup>10</sup>	BBB- (Issuer) / BB+ (Bond)		
Number of bond holdings	53		

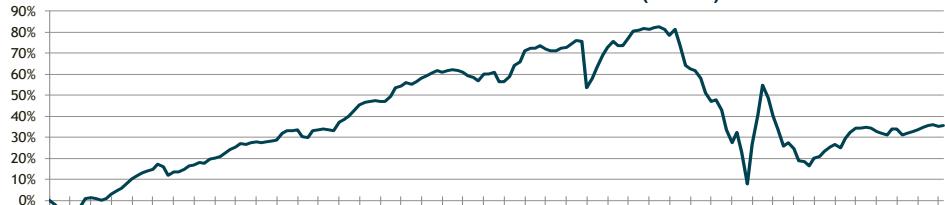
## Top 10 Holdings<sup>11</sup>: 41.8% of NAV

HKT Limited	4.9%
Vodafone Group PLC	4.6%
Petroleos Mexicanos	4.6%
Far East Horizon Ltd	4.3%
Ford Motor Credit Co LLC	4.3%
SoftBank Group Corp	4.1%
Melco Resorts Finance Ltd	3.9%
Sumitomo Mitsui Financial Group Inc	3.7%
Champion Path Holdings Ltd	3.7%
Meiji Yasuda Life Insurance Co	3.7%

## 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<sup>2,3</sup>: CLASS 2B ACCUMULATION (RMB)



## CUMULATIVE PERFORMANCE AND CALENDAR YEAR PERFORMANCE<sup>2</sup>

Share Class	Year-to-date (YTD)	1 Year	3 Years (Annualized)	5 Years (Annualized)	Since Inception (Annualized)	2020	2021	2022	2023	2024	Inception Date (dd/mm/yy)
2A Acc (USD)	8.00%	8.00%	-1.46%	-6.87%	1.57%	10.75%	-8.23%	-20.22%	-16.37%	5.94%	27/07/11
2A Dis (USD)	7.98%	7.98%	-1.46%	-6.87%	1.56%	10.76%	-8.24%	-20.21%	-16.34%	5.93%	03/08/11
2B Acc (RMB)	2.76%	2.76%	-1.16%	-5.54%	2.14%	3.51%	-10.41%	-13.08%	-13.94%	9.16%	27/07/11
2B Dis (RMB)	2.76%	2.76%	-1.16%	-5.54%	2.15%	3.51%	-10.41%	-13.08%	-13.94%	9.17%	27/07/11
2C Dis (USD) <sup>5</sup>	7.99%	7.99%	-1.44%	-6.86%	1.68%	10.76%	-8.23%	-20.22%	-16.35%	5.96%	10/08/11
2D Acc (HKD)	8.23%	8.23%	-1.51%	-6.79%	-3.47%	10.25%	-7.69%	-20.23%	-16.20%	5.31%	21/02/18
2D Dis (HKD)	8.25%	8.25%	-1.50%	-6.79%	-3.45%	10.28%	-7.71%	-20.23%	-16.19%	5.33%	09/02/18
2E Dis (AUD)	0.46%	0.46%	-0.89%	-4.10%	-1.66%	0.38%	-2.26%	-14.74%	-16.46%	16.00%	04/05/18
2F Acc (AUD-H)	3.57%	3.57%	-0.23%	-5.97%	-1.23%	0.76%	-13.35%	-14.59%	-13.40%	10.74%	13/10/15
2F Dis (AUD-H)	4.65%	4.65%	0.13%	-5.78%	-4.23%	0.76%	-13.35%	-14.62%	-13.40%	10.76%	02/05/19
2G Acc (USD-H)	5.84%	5.84%	1.35%	-4.83%	-0.43%	1.58%	-13.12%	-13.70%	-11.98%	11.77%	13/10/15
2G Dis (USD-H)	5.85%	5.85%	1.39%	-4.80%	-0.54%	1.61%	-13.10%	-13.69%	-11.94%	11.81%	19/10/15
2I Dis (SGD-H)	2.82%	2.82%	-0.65%	-6.03%	-4.38%	1.20%	-13.10%	-14.03%	-13.18%	9.86%	24/04/19
2K Dis (EUR-H)	3.11%	3.11%	-0.07%	-6.24%	-4.93%	0.02%	-13.84%	-15.73%	-12.24%	10.28%	07/05/19
2L Dis (HKD-H)	3.99%	3.99%	0.17%	-5.65%	-3.87%	1.75%	-13.24%	-14.29%	-12.64%	10.63%	17/04/19

## MONTHLY PERFORMANCE<sup>2</sup>: CLASS 2B ACCUMULATION (RMB)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2025	-0.86%	2.36%	-0.16%	-2.06%	0.56%	0.61%	0.69%	0.94%	0.73%	0.27%	-0.53%	0.24%	2.76%
2024	2.07%	1.46%	1.10%	-1.35%	3.55%	2.15%	1.72%	-0.19%	0.30%	-0.10%	-1.39%	-0.41%	9.16%
2023	10.20%	-3.94%	-5.91%	-4.20%	-6.30%	1.28%	-2.05%	-4.63%	-0.22%	-1.77%	3.10%	0.68%	-13.94%
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%

Unless stated otherwise, all data as of 31 December 2025. 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. Source: Lianhe Ratings Global Limited, an international credit rating company, has assigned 'BBBF' Fund Credit Quality Rating ("FCQR") to Income Partners Managed Volatility High Yield Bond Fund at on November 2025

2. 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.

3. The total return chart above shows the Fund's total return performance since inception.

4. 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%.

5. The calendar performance figures are calculated from share class launch dates to calendar year-end.

6. 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.

7. 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.

8. Yield to Maturity in USD applies to all Hedged share classes in USD-Hedged (2G), AUD-Hedged (2F), HKD-Hedged (2L), SGD-Hedged (2K), EUR-Hedged (2K), RMB (USD Exposure) (2X) as investors are not exposed to RMB risk.

9. 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 9, with YTM that is greater than 80%, we conservatively apply current yield in place of YTM.

\* The fund is approved by The Hong Kong Securities and Futures Commission (SFC) for public offering in Hong Kong.

\* The fund is recognized under the Mainland-Hong Kong Mutual Recognition of Funds (MRF) scheme for distribution in mainland China.

\* With effect from 1 March 2024, the Fund is an eligible collective investment scheme in the new Capital Investment Entrant Scheme (New CIES) in Hong Kong.

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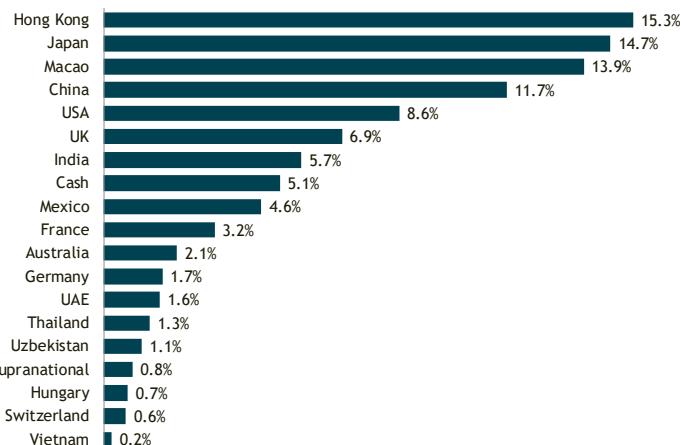
## PORTFOLIO OVERVIEW<sup>12</sup>

### Geographical Exposure

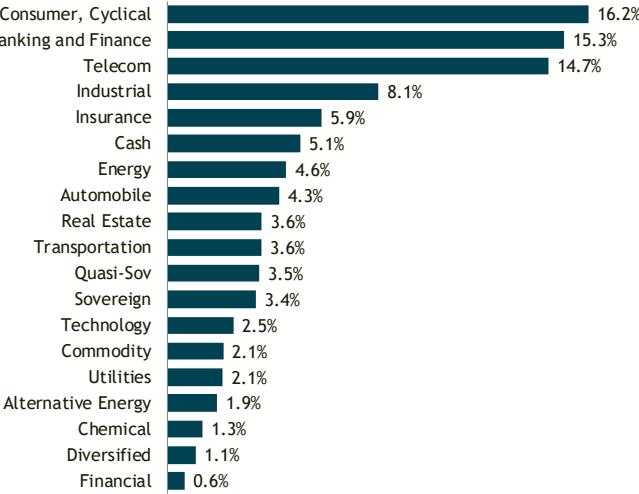
#### Fund Details

Base Currency	RMB
2A (USD):	USD1,000
2B (RMB):	RMB10,000
2C (USD):	USD1,000
2D (HKD):	HKD10,000
2E (AUD):	AUD1,000
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 & Charges <sup>13</sup>	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	Emil Nguy Jack Zhai Jason Wong
Investment Advisor <sup>14</sup>	Zhong Ou Asset Management International Limited
Trustee	Cititrust Limited
Custodian & Administrator	Citibank, N.A., Hong Kong Branch
Transfer Agent	Citicorp Financial Services Limited
Share Class	Bloomberg ISIN
2A Acc (USD)	IRHY2AA HK HK0000421419
2A Dis (USD)	IPRH2A HK HK0000421401
2B Acc (RMB)	IRHY2BA HK HK0000421435
2B Dis (RMB)	IPRH2B HK HK0000421427
2C Dis (USD)	IPRH2C HK HK0000421443
2D Acc (HKD)	IRHY2DA HK HK0000421468
2D Dis (HKD)	IPRH2D HK HK0000421450
2E Acc (AUD)	IRHY2EA HK HK0000421484
2E Dis (AUD)	IPRH2E HK HK0000421476
2F Acc (AUD-H)	IPRH2FA HK HK0000421500
2F Dis (AUD-H)	IPRH2F HK HK0000421492
2G Acc (USD-H)	IPRH2GA HK HK0000421526
2G Dis (USD-H)	IPRH2G HK HK0000421518
2H Acc (SGD)	IRHY2HA HK HK0000421542
2H Dis (SGD)	IPRH2H HK HK0000421534
2I Acc (SGD-H)	IRHY2IA HK HK0000421567
2I Dis (SGD-H)	IPRH2I HK HK0000421559
2J Acc (EUR)	IRHY2JA HK HK0000490018
2J Dis (EUR)	IPRH2J HK HK0000490000
2K Acc (EUR-H)	IRHY2KA HK HK0000490034
2K Dis (EUR-H)	IPRH2K HK HK0000490026
2L Acc (HKD-H)	IRHY2LA HK HK0000490059
2L Dis (HKD-H)	IPRH2L HK HK0000490042
Fund AUM	RMB860 million / USD123 million

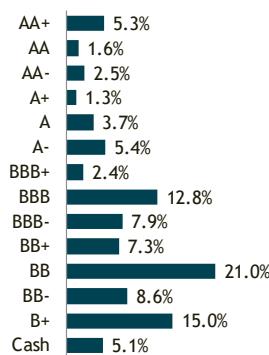
H = Hedged currency share class



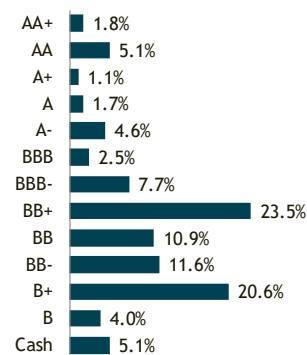
### Industry Exposure



### Credit Rating Exposure (Issuer)<sup>10</sup>



### Credit Rating Exposure (Bond)<sup>10</sup>



## MANAGER'S COMMENTARY<sup>15</sup>

In December, the Asia high-yield bond market rebounded following the consolidation seen in November. Market participants began positioning for the year ahead, strategically allocating capital despite typically subdued activity before the holiday season. As a result, the market not only fully reversed November's pullback but also ended the year at a new high.

In China, economic momentum showed notable signs of stabilization in December, defying earlier contractionary trends. The official manufacturing PMI rose to 50.1 in December from 49.2 in November, returning to expansionary territory for the first time since March. This recovery was broad-based, with both production (51.7) and new orders (50.8) sub-indices reflecting improved industrial demand. Deflationary pressures also took a pause; headline CPI accelerated to 0.8% year-on-year, a 34-month high, driven by a rebound in food prices and steady core inflation of 1.2%. Despite these positive macro signals, high-frequency data from the holiday shopping season indicated that per-capita spending remained cautious, suggesting that household sentiment is lagging the recovery in industrial activity.

**MANAGER'S COMMENTARY (Cont'd)<sup>15</sup>**

In the U.S., the Federal Reserve executed its widely signaled policy adjustment, lowering the federal funds target range by 25 basis points to 3.50%-3.75% at its December 10th meeting. The decision was accompanied by updated guidance acknowledging cooling labor markets, though the "higher-for-longer" narrative for the terminal rate persisted. The 10-year U.S. Treasury yield exhibited volatility but ended the month lower near 4.16%, as the market digested the Fed's commitment to further liquidity support via Treasury bill purchases. This stable-to-lower yield environment provided a constructive backdrop for emerging market assets, although year-end balance sheet constraints limited immediate price appreciation.

The Asian high yield credit market ended the year on a positive note, supported by broad-based gains across most sectors. China property credits rebounded, returning +2.15% MTD and reversing losses from previous months. Frontier markets also performed well, with Pakistan sovereign bonds gaining +2.14% MTD amid improving investor confidence in the country's external financing outlook. Macau gaming credits rose +1.44% MTD as the operating environment remained constructive. In contrast, Hong Kong credits underperformed, weighed down by continued volatility in the property sector, which declined -3.43% MTD.

In terms of investment strategy, following the refocus implemented in April, the Fund's performance has met our expectations by delivering notably lower volatility and drawdowns than the broader market indices, including Asian high yield, Asian investment grade and Asian BBB rated bonds. Looking ahead to 2026, we will maintain our current approach, prioritizing volatility management over short term speculation while remaining vigilant and seeking tactical opportunities to enhance returns. With interest rates trending lower and the maturity wall receding, we expect new issuance to increase meaningfully in 2026, and we intend to participate selectively in these issues to capture return alphas for our investors.

10. The lower rating among equivalent ratings from S&P, Moody's, Fitch, or other internationally recognized rating agencies will be adopted. For bond holdings that are not rated by S&P, Moody's, Fitch, or other internationally recognized rating agencies, Income Partners will exercise discretion to apply internal credit ratings.

11. Top 10 Holdings is grouped by issuer, the Fund may hold multiple issues from the same issuer.

12. The total exposures may vary due to rounding. The credit rating exposures presented here are based on ratings from S&P/Moody's/Fitch or equivalent ratings from other internationally recognized rating agencies. If S&P/Moody's/Fitch ratings for bond holdings are not available, Income Partners applies its internal credit ratings.

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

14. The Fund utilizes the advisory services of Zhong Ou Asset Management International Limited. Income Partners is solely responsible for all related costs. No costs will be borne by the Fund.

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