



INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND - CLASS 2

Fund Manager's Report - 30 November 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 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)	\$115.04		
2A Dis (USD)	\$48.16	\$0.41	13.2%
2B Acc (RMB)	¥126.71		
2B Dis (RMB)	¥52.06	¥0.52	15.2%
2C Dis (USD) ⁵	\$51.78	\$0.47	7.0%
2D Acc (HKD)	\$69.76		
2D Dis (HKD)	\$47.29	\$0.40	13.0%
2E Acc (AUD)	\$81.19		
2E Dis (AUD)	\$57.97	\$0.41	10.4%
2F Acc (AUD-H)	\$79.84		
2F Dis (AUD-H)	\$52.62	\$0.37	10.5%
2G Acc (USD-H)	\$82.55		
2G Dis (USD-H)	\$47.26	\$0.36	11.4%
2I Acc (SGD-H)	\$68.11		
2I Dis (SGD-H)	\$52.37	\$0.40	11.4%
2K Acc (EUR-H)	€64.29		
2K Dis (EUR-H)	€53.27	€0.31	8.6%
2L Acc (HKD-H)	\$68.22		
2L Dis (HKD-H)	\$52.07	\$0.40	11.5%

H = Hedged currency share class
 Record Date: 30 November 2022
 Ex-Dividend Date: 1 December 2022
 Payment/Reinvestment Date: 5 December 2022
 Please see www.incomepartners.com for details of historical dividend information for all applicable share classes.

Risk Measures	3 Years	Since Inception
Annualized Volatility	17.28%	9.74%
Sharpe Ratio ⁷	-0.72	-0.07

Fund Characteristics	
Yield to Maturity in RMB ^{8,10}	14.1%
Yield to Maturity in USD ^{9,10}	17.2%
Modified Duration (years)	2.4
Average Credit Rating	BB-
Number of bond holdings	123

Top 10 Holdings ¹¹ : 29.4% of NAV	
The Export-Import Bank of China*	4.7%
Country Garden Holdings Co Ltd	3.5%
Sands China Ltd	3.3%
Greenko Investment Co	3.1%
China Development Bank*	2.8%
SMC Global Power Holdings	2.6%
WYNN MACAU LTD	2.6%
New World Development Co Ltd	2.3%
Melco Resorts Finance	2.3%
Agricultural Development Bank of China*	2.3%

*Invested via an SFC-authorized fund

Unless stated otherwise, all data as of 30 November 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 31 October 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), EUR-Hedged (2K), RMB (USD Exposure) (2X) as investors are not exposed to RMB risk.

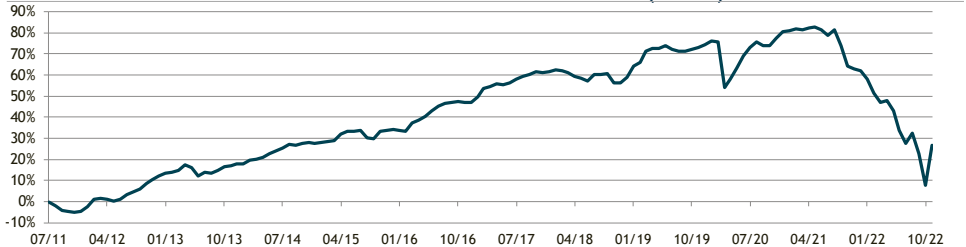
10. Where applicable, workout dates are used for the calculation of yield to maturity for callable bonds (sourced from Bloomberg). When calculating average YTM of the Fund, we conservatively use zero yield for defaulted bonds. For bonds with YTM that is greater than 80%, we conservatively apply current 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)

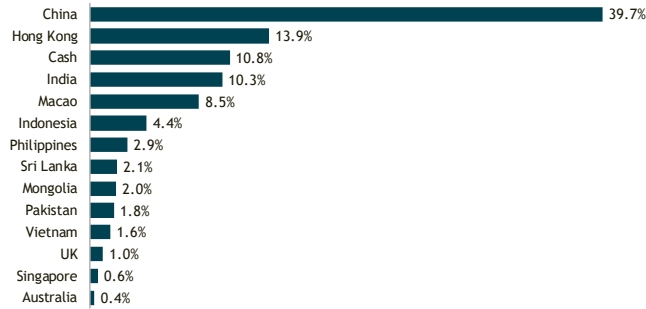
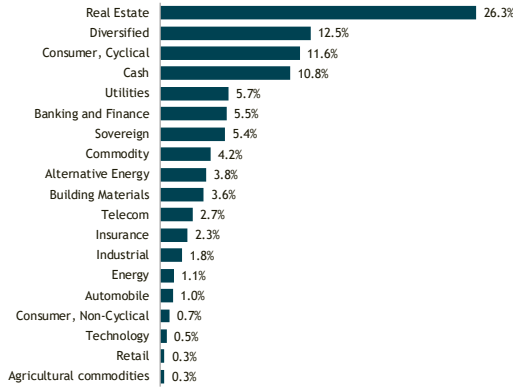
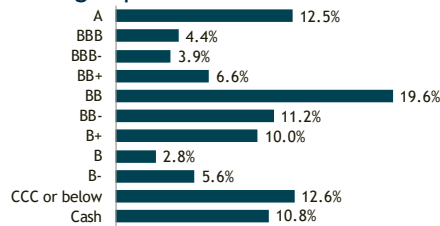


CUMULATIVE PERFORMANCE AND CALENDAR YEAR PERFORMANCE³

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)	-29.85%	-29.99%	-10.10%	-5.98%	1.24%	17.67%	-6.81%	8.44%	10.75%	-8.23%	27/07/11
2A Dis (USD)	-29.84%	-30.00%	-10.10%	-5.99%	1.23%	17.69%	-6.85%	8.45%	10.76%	-8.24%	03/08/11
2B Acc (RMB)	-21.69%	-22.13%	-9.82%	-4.69%	2.11%	10.00%	-1.68%	9.79%	3.51%	-10.41%	27/07/11
2B Dis (RMB)	-21.70%	-22.15%	-9.82%	-4.69%	2.12%	10.01%	-1.69%	9.80%	3.51%	-10.41%	27/07/11
2C Dis (USD) ⁵	-29.86%	-30.00%	-10.10%	-5.99%	1.37%	17.69%	-6.85%	8.44%	10.76%	-8.23%	10/08/11
2D Acc (HKD)	-29.81%	-29.96%	-10.19%		-7.26%		-9.43% ⁶	7.83%	10.25%	-7.69%	21/02/18
2D Dis (HKD)	-29.82%	-29.98%	-10.20%		-7.22%		-9.42% ⁶	7.81%	10.28%	-7.71%	09/02/18
2E Acc (AUD)	-24.24%	-25.73%	-9.86%		-4.30%		0.04% ⁶	9.15%	0.37%	-2.21%	07/03/18
2E Dis (AUD)	-24.25%	-25.78%	-9.88%		-4.68%		-1.04% ⁶	9.16%	0.38%	-2.26%	04/05/18
2F Acc (AUD-H)	-23.13%	-23.85%	-12.21%	-6.98%	-3.11%	6.38%	-3.75%	7.66%	0.76%	-13.35%	13/10/15
2F Dis (AUD-H)	-23.17%	-23.87%	-12.22%		-10.51%			0.15% ⁶	0.76%	-13.35%	02/05/19
2G Acc (USD-H)	-22.45%	-23.09%	-11.62%	-6.35%	-2.65%	5.96%	-3.46%	8.95%	1.58%	-13.12%	13/10/15
2G Dis (USD-H)	-22.47%	-23.11%	-11.61%	-6.32%	-2.82%	5.53%	-3.57%	9.18%	1.61%	-13.10%	19/10/15
2I Acc (SGD-H)	-22.69%	-23.33%	-11.80%		-10.15%			0.11% ⁶	1.23%	-13.06%	30/04/19
2I Dis (SGD-H)	-22.70%	-23.33%	-11.82%		-10.16%			-0.04% ⁶	1.20%	-13.10%	24/04/19
2K Acc (EUR-H)	-24.04%	-24.88%	-13.07%		-11.65%			-1.54% ⁶	0.00%	-14.04%	08/05/19
2K Dis (EUR-H)	-24.00%	-24.78%	-12.98%		-11.53%			-1.41% ⁶	0.02%	-13.84%	07/05/19
2L Acc (HKD-H)	-23.08%	-23.73%	-11.83%		-10.16%			0.50% ⁶	1.77%	-13.29%	07/05/19
2L Dis (HKD-H)	-23.06%	-23.71%	-11.81%		-9.90%			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%	-7.14%	-12.30%	17.57%		-21.69%
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

The Asian USD high yield market has seen a strong rebound in November following China's policies to fine-tune Covid control measures and further support the property sector.

Relaxation of Covid control policies: After China's newly elected Politburo Standing Committee met for first time on 10th November, the State Council announced 20 measures to fine-tune China's zero-COVID policy. The central government called for more targeted Covid control and recalibrated pandemic responses to reduce the impact to the real economy and prepare for the ultimate reopening. Subsequently, we started to see local governments across the country to apply more adaptive and localized approaches to contain the pandemic, so as to minimize the impact of previous measures to people's daily life. "Three Arrows" for property sector financing: In November, we see a series of measures announced to support property sector financing: bank loans (1st arrow) - RMB1.3trn of credit lines provided to developers by commercial banks; more quota for bond issuance (2nd arrow) - RMB250bn quota for developers to issue CBICL-guaranteed bonds; and equity refinancing (3rd arrow) - five measures to end the ban on local share sales by listed property developers. These additional funding channels will help improve the liquidity of qualified developers significantly, and we think the chance of another unexpected default is much lower now.

As for the fundamental data, China's Manufacturing PMI dropped to 48.0% in November from 49.2% in October, much below market consensus (-49%), and was the lowest reading since May. October's CPI dropped to 2.1% y/y from September's 2.8% y/y, also the lowest since May. PPI inflation contracted by 1.3% y/y compared to 0.9% y/y growth in previous month, the first negative print since December 2020. China's exports further contracted by -8.7% y/y in November, comparing -0.3% y/y in October. Import growth also slid to -10.6% y/y in November. The declining trend reflects both fading base effect and recession concerns in developed markets as well as sluggish domestic demands. October's total social financing came out only at RMB907bn, much missed the market consensus (~RMB1.6trn). The weakening is mainly on household end. Household mid-to-long term loan only grew by RMB33bn, compared to RMB422bn in last October or RMB346bn in September, pointing to renewed weakness in mortgage loans and other consumer credit. Retail sales growth came in at -0.5% y/y in October, compared to 2.5% y/y in September, reflecting the hit from tightened Covid control ahead and during the Party Congress. Looking forward, we hold the view that the Covid relaxation would be the main trend and will adopt a gradual, step-by-step approach, and Q2 2023 may see the next phase of controls being eased.

We think the current valuation of the Asian USD bond market is still over-stretched, and maintain our constructive view.

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	RMB383 million / USD54 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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