



INCOME PARTNERS

INCOME PARTNERS STRATEGY FUND
(the "Fund")

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND
and
INCOME PARTNERS RENMINBI INVESTMENT GRADE BOND FUND
(the "Sub-Funds")

NOTICE TO UNITHOLDERS

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.
IF IN DOUBT, PLEASE SEEK PROFESSIONAL ADVICE

Date: 27 April 2018

Dear Unitholders,

We are writing to inform you of the following changes to the Fund and the Sub-Funds with effect from 30 May 2018 (the "Effective Date"):

1. change of trustee and re-domiciliation of the Fund and the Sub-Funds;
2. change in administrator and removal of sub-administrator;
3. amendments to the trust deed entered into between Income Partners Asset Management (HK) Limited (the "Manager") and Cititrust (Cayman) Limited dated 17 February 2015 (the "Trust Deed"); and
4. amendments to the explanatory memorandum of each of Income Partners Managed Volatility High Yield Bond Fund and Income Partners Renminbi Investment Grade Bond Fund (each, the "Explanatory Memorandum" and together, the "Explanatory Memoranda").

Change of Trustee and Redomiciliation of the Fund and the Sub-Funds

The Fund is currently constituted as an umbrella unit trust under the laws of the Cayman Islands by the Trust Deed. It is regulated by the Cayman Islands Monetary Authority ("CIMA").

Cititrust (Cayman) Limited (the "Retiring Trustee"), the existing trustee of the Fund and the Sub-Funds, has notified of its intention to retire as trustee of the Fund and the Sub-Funds. In consideration of the fact that the operations of the Manager are mainly in Hong Kong and the potential for distribution of the Sub-Funds in Mainland China pursuant to the Mainland-Hong Kong Mutual Recognition of Funds initiative, which will broaden and expand the Sub-Funds' investor base, the Manager has determined to appoint Cititrust Limited (the "New Trustee") as trustee of the Fund and the Sub-Funds following the retirement of the Retiring Trustee. By appointing the New Trustee, the Fund and the Sub-Funds will be re-domiciled from the Cayman Islands to the Hong Kong Special Administrative Region, People's Republic of China ("Hong Kong"). The re-domiciliation is expected to increase the cost efficiencies by reducing regulatory and legal fees in respect of the Fund and the Sub-Funds as the fees to maintain the registration status with CIMA will no longer be necessary.



With effect on and from the Effective Date,

- (a) pursuant to Clause 24.1 of the Trust Deed, the Retiring Trustee will retire as trustee and cease its other functions of administrator and principal office of the Fund and Sub-Funds;
- (b) pursuant to Clause 26.3, the New Trustee, a registered trust company in Hong Kong, will be appointed as the new trustee of the Fund and the Sub-Funds. The New Trustee is a member of Citigroup Inc., a global financial services group, and acts as trustee of other existing funds authorised by the Securities and Futures Commission of Hong Kong ("SFC") pursuant to the Securities and Futures Ordinance (Cap. 571) of Hong Kong. The retirement of the Retiring Trustee will only take effect at the same time as the New Trustee takes up office;
- (c) the jurisdiction of the Fund and the Sub-Funds will be removed from the Cayman Islands to Hong Kong; and
- (d) the Fund and the Sub-Funds will be governed by the laws and tax regime of Hong Kong and the administration of the Fund and the Sub-Funds shall be conducted under the jurisdiction of the courts of Hong Kong.

Pursuant to Clause 26 of the Trust Deed, the Retiring Trustee may remove the Fund to another jurisdiction provided that it shall appear to the Retiring Trustee beneficial to the Fund to do so and in the interest of the unitholders provided that:

- (i) the laws of such other country to whose jurisdiction it is proposed to move the administration of the Fund recognizes the existence of trusts and enforces the rights of beneficiaries under trusts;
- (ii) a qualified trustee approved to carry on trustee business in the new jurisdiction is willing to be appointed trustee of the Fund and the Sub-Funds;
- (iii) the Retiring Trustee has obtained the Manager's consent; and
- (iv) where the Fund is authorised with the SFC, that the prior approval of the SFC has been obtained and the applicable requirements under the Code on Unit Trusts and Mutual Funds have been complied with.

The Retiring Trustee is of the view that the re-domiciliation is beneficial to the Fund and is satisfied that the foregoing conditions have been complied with. Accordingly, no approval from unitholders or extraordinary resolution is required under the relevant laws of the Cayman Islands or the provisions of the Trust Deed.

In addition, prior approval from CIMA is not required for the re-domiciliation to be effective and only an application for deregistration is required to be made to CIMA. The Manager confirms that the deregistration of the Fund and Sub-Funds from CIMA will take place with effect on and from the Effective Date.

The Fund and the Sub-Funds will continue to be managed by the same personnel, and will utilize the same investment objectives and strategies as prior to the proposed redomiciliation. The change in domicile will not result in (i) any increment in the current and maximum investment management fees and trustee fees payable by the Fund; (ii) any additional type of fee being payable by unitholders; (iii) any change in respect of fees payable by the Fund or unitholders; (iv) any change in the dealings of the Fund; and/or (v) any change to the risk profile of the Sub-Funds.

The change of domicile and trustee will not result in the Fund and the Sub-Funds incurring any liability to taxation or suffering any other pecuniary disadvantage which the Fund and the Sub-Funds might not otherwise have incurred or suffered. Notwithstanding the foregoing, with effect



on and from the Effective Date, the register of Unitholders of the Sub-Funds will be maintained in Hong Kong. No Hong Kong stamp duty will be payable by Unitholders on the issue and/or redemption of units in the Sub-Funds. No Hong Kong stamp duty is payable where the sale or transfer of the units in the Sub-Funds is effected by selling the relevant units back to the Manager, who then either extinguishes such units or re-sells the units to another person within two months thereof. However, other types of sales and purchases or transfer of units by the Unitholders in the Sub-Funds should be liable to Hong Kong stamp duty at 0.2% (normally borne by the buyer and the seller in equal share) on the higher of the consideration amount or market value. In addition, a fixed duty of HK\$5.00 is currently payable on any instrument of transfer of Units.

With effect on and from the Effective Date, the Fund and the Sub-Funds will be required to comply with the requirements of the Inland Revenue (Amendment) (No.3) Ordinance (the "**Ordinance**"), which is the legislative framework for the implementation in Hong Kong of the Standard for Automatic Exchange of Financial Account Information ("**AEOI**"). The Fund, the Sub-Funds, the Manager, the New Trustee (being Cititrust Limited) and/or their agents may collect information relating to Unitholders (and Controlling Persons, as defined in the Ordinance, of a Unitholder that is not a natural person) and prospective investors and provide to the Hong Kong Inland Revenue Department ("**IRD**") such information of the reportable accounts as determined under the Ordinance.

The Ordinance requires that the Fund and/or the Sub-Funds report on: (i) individuals or entities that are tax resident of a reportable jurisdiction (as listed under Schedule 17E of the Inland Revenue Ordinance ("**Reportable Jurisdiction**"); and (ii) Controlling Persons of a Unitholder that is not a natural person who are tax resident in a Reportable Jurisdiction. Details of Unitholders, including but not limited to their name, date of birth, jurisdiction of birth, address, tax residence, account details, Taxpayer Identification Number ("**TIN**"), account balance/value, and income or sale or redemption proceeds, may be reported to the IRD and subsequently exchanged with government authorities in Reportable Jurisdictions. Unitholders should consult their professional advisors on the consequences to them of acquiring, holding, redeeming, converting, transferring or selling units in the Sub-Funds under the relevant laws of the jurisdictions to which they are subject to, including the tax consequences and any exchange control requirements, after the re-domiciliation.

Change of Administrator and Removal of Sub-Administrator

With effect on and from the Effective Date,

- (i) the role of administrator of the Fund and the Sub-Funds will no longer be performed by the Retiring Trustee and Citibank, N.A., Hong Kong Branch ("**New Administrator**"), which is the same entity as the custodian of the Fund and Sub-Funds, will be appointed as the new administrator; and
- (ii) the sub-administrator of the Fund and the Sub-Funds will be removed.

The change in administrator and the removal of the sub-administrator will not result in any changes to the fees payable by the Sub-Funds.

Changes to the Trust Deed

With effect on and from the Effective Date, the Trust Deed will be supplemented by the Deed of Change in Governing Law, Retirement, Appointment and Variation to reflect (i) the change of domicile of the Fund, (ii) the retirement of the Retiring Trustee and the appointment of the New



Trustee, and (iii) the amendment and restatement of the Trust Deed (“**Amended and Restated Trust Deed**”) to reflect consequential amendments arising from the change of domicile of the Fund, the retirement of the Retiring Trustee and the appointment of the New Trustee, together with other changes. Upon the execution of the Deed of Change in Governing Law, Retirement, Appointment and Variation, the Amended and Restated Trust Deed will take effect and replace the Trust Deed.

The New Trustee and the Manager has certified that the amendments to the Trust Deed by way of the Amended and Restated Trust Deed do not materially prejudice the interests of unitholders in any class; do not operate to release to any material extent the New Trustee or the Manager or any other person from any liability to unitholders in any class; and will not result in any increase in the amount of costs and charges payable from the assets of the Fund and the Sub-Funds (other than the costs, charges, fees and expenses incurred in connection with the Deed of Change in Governing Law, Retirement, Appointment and Variation). Accordingly, such amendments to the Trust Deed do not require any prior approval from unitholders or meeting of unitholders to be held to pass an extraordinary resolution under the relevant laws of Hong Kong and the Trust Deed.

A summary of the key amendments to be made to the Trust Deed by way of the Amended and Restated Trust Deed is as follows:

- (a) removal of the name and address in relation to the Retiring Trustee and insertion of the name and address in relation the New Trustee in the Amended and Restated Trust Deed and all relevant references to the Retiring Trustee will be replaced with the New Trustee;
- (b) clarify that if the Manager declares a suspension of the determination of the net asset value, it will specify the reason for such a suspension when giving notice to the trustee;
- (c) clarify that if the Manager arranges for securities lending and borrowing transactions, it will request that the trustee enter into the repurchase and reverse repurchase agreements;
- (d) clarify that if the Manager enters into any derivative transactions, it will arrange for the trustee to execute such documents relating to the derivative transactions;
- (e) clarify that the investment restrictions relating to the Sub-Funds are contained in the supplemental deed establishing the relevant Sub-Fund and the offering documents;
- (f) clarify that if any assets charged to the custodian are transferred to the custodian, that this action would not constitute a breach of the Amended and Restated Trust Deed;
- (g) include an additional provision to state that the trustee shall exercise reasonable care and diligence in the selection, appointment and ongoing monitoring of any sub-custodian by a custodian by ensuring that the custodian has appropriate and adequate processes and procedures in place and conducting periodic reviews of such processes and procedures but shall not otherwise monitor the appointment of any such sub-custodian appointed by the custodian on an on-going basis;
- (h) include an additional provision to state that any liability incurred or any indemnity relating to a sub-fund given by the trustee shall be limited to the assets of the relevant sub-fund provided that the trustee has acted without fraud, negligence or wilful default;
- (i) remove the requirement to file the accounts of the Sub-Funds with the relevant authorities of the Cayman Islands;
- (j) include an additional provision to state that the trustee is not liable for fluctuation of net asset value due to borrowing arrangements and foreign exchange fluctuation;



- (k) update clause 21.11.2 to state that any indemnity expressly given to the trustee or to the Manager in the Amended and Restated Trust Deed is in addition to and without prejudice to any indemnity allowed by law, provided that nothing in any of the provisions of the Amended and Restated Trust Deed shall in any case exempt them from or indemnify them against any liability imposed under the laws of Hong Kong (including in the case of the trustee, under the Trustee Ordinance) or for breach of trust through fraud or negligence for which they may be liable in relation to their duties and neither the trustee nor the Manager may be indemnified against such liability by the unitholders or at the unitholders' expense;
- (l) removal of reference of the Cayman Islands in relation to transfer of data;
- (m) update clause 21.15 to state that subject to applicable laws and regulations in Hong Kong, the trustee or the Manager or their appointed delegates or agents (as permissible under applicable law or regulation) shall have the power to (i) register the Fund or the Sub-Funds with applicable tax authorities, including with the U.S. Internal Revenue Service in connection with FATCA, (ii) sign and/or file any returns, elections, or statements on behalf of the Fund or the Sub-Funds to be filed with the applicable tax authorities, (iii) report or disclose information regarding any unitholder to any government agency, regulatory authority or tax authority in any jurisdiction to enable the Fund or the relevant Sub-Fund to comply with any applicable law or regulation or any agreement with a tax authority (including, but not limited to, any applicable law, regulation or agreement under FATCA) ("Tax Law"), and (iv) enter into agreements on behalf of the Fund with any applicable tax authority (including, but not limited to, any agreement entered into pursuant to FATCA, or any similar or successor legislation) to the extent it determines, in its sole discretion, such agreement is in the best interest of the Fund;
- (n) include an additional provision to state that the Manager shall on behalf of each Sub-Fund ensure that each Sub-Fund will at all times be compliant with the obligations pursuant to or arising from the Tax Law, including without limitation, so as to avoid the Fund or any Sub-Fund from being subject to withholding on payments made to it or otherwise suffering a pecuniary disadvantage under;
- (o) include an additional provision to state that to the extent permitted by law, Section 3A of the Trustee Ordinance shall not apply to the duties of the trustee in relation to the trusts constituted by the Amended and Restated Trust Deed. Where there are any inconsistencies between the Trustee Ordinance and the provisions of the Amended and Restated Trust Deed, the provisions of the Amended and Restated Trust Deed shall, to the extent allowed by law, prevail;
- (p) clarify that in relation to the removal of the Fund to another jurisdiction, consent of unitholders is not required, subject to clause 31.2 of the Amended and Restated Trust Deed;
- (q) replace references to the laws of the Cayman Islands with the laws of Hong Kong in respect of amendments to the Amended and Restated Trust Deed due to a removal of trust;
- (r) remove references to the Cayman Islands Monetary Authority;
- (s) change reference to auditors in the Cayman Islands to auditors in Hong Kong;
- (t) change of governing law from the Cayman Islands to Hong Kong and submission to the non-exclusive jurisdiction of the courts of the Cayman Islands to the courts of Hong Kong;
- (u) remove reference to the Cayman Islands with respect to reporting obligations imposed on the Fund; and



- (v) replace reference to Contracts (Rights of Third Parties) Law, 2014 with Contracts (Right of Third Parties) Ordinance (Cap. 623) of Hong Kong.

Changes to the Explanatory Memorandum

The Explanatory Memorandum of each of Income Partners Managed Volatility High Yield Bond Fund and Income Partners Renminbi Investment Grade Bond Fund will be amended to reflect the changes set out above.

A summary of the key changes expected to be made to the Explanatory Memoranda is as follows:

- (a) all references to the Cayman Islands will be deleted and replaced with Hong Kong (where applicable);
- (b) all references to the Retiring Trustee will be deleted and replaced with the New Trustee (where applicable);
- (c) removal of references to the sub-administrator;
- (d) update the background information and history of the Fund;
- (e) removal of the Cayman Islands selling restriction;
- (f) change of the auditor's address to reflect its Hong Kong address;
- (g) update the definition of "Administrator" and "Trustee";
- (h) the sub-section headed "Trustee", "Custodian and Administrator" and "Registrar and Processing Agent" under the section headed "MANAGEMENT AND ADMINISTRATION OF THE FUND" will be updated to reflect the information on the New Trustee, New Administrator and registrar information;
- (i) the sub-subsections headed "Foreign Account Tax Compliance Act" and "OECD Standard for Automatic Exchange of Financial Account Information in Tax Matters - Common Reporting Standard") under the sub-section headed "Risk Factors" will be revised to reflect the arrangement for a Hong Kong unit trust;
- (j) the trustee fees are to be revised to exclude the administrator fees and the sub-administrator's fees are to be replaced with the New Administrator's fees;
- (k) the subsection headed "Cayman Islands Taxation" under the section headed "TAXATION" will be deleted in its entirety;
- (l) the sub-section headed "Hong Kong Taxation" under the section headed "TAXATION" will be updated to reflect the tax treatment for a Hong Kong unit trust;
- (m) the section headed "CAYMAN ISLANDS MUTUAL FUNDS LAW" to be deleted in its entirety;
- (n) all references to CIMA and the Cayman Islands Tax Information Authority to be deleted;
- (o) the sub-subsection headed "Anti-Money Laundering Regulations" under the section headed "GENERAL INFORMATION" will be updated to comply with the requirements of Hong Kong on anti-money laundering; and
- (p) update and enhance PRC tax disclosures.



The Explanatory Memorandum of Income Partners Renminbi Investment Grade Bond Fund will be further amended to reflect the following updating changes:

- (a) update of the profile of the Manager to remove the statement that “The firm is completely independent and remains 100% owned by its two founding partners - who are also the firm’s key senior business and investment officers”;
- (b) update to the biography of each of the Manager’s investment committee members and the removal of the biography of Mr. Job Campbell;
- (c) addition of a statement to the effect that the Sub-Fund will accept payment of application moneys in kind, subject to certain conditions being satisfied (i.e. the assets are subject to independent valuation and such valuation costs will not be borne by the Sub-Fund, the Trustee’s prior consent is given, the assets are in line with the investment objective and policy of the Sub-Fund, and the in kind arrangement is in the best interest of existing investors);
- (d) enhanced disclosures on distributions to be paid out of the capital of the Sub-Fund;
- (e) additional disclosure on the Manager’s liquidity risk management policy;
- (f) update and enhance risk disclosures;
- (g) decrease in the maximum redemption charge from 5% down to 2%; and
- (h) additional disclosure with respect to the trustee’s fee.

The costs and expenses incurred in connection with the above changes will be borne by the New Trustee up to a pre-determined maximum amount. Any amount above the pre-determined amount to be paid by the New Trustee shall be borne by the Manager.

The changes described in this notice are in summary form only and are not meant to be an exhaustive list of the amendments made to the Explanatory Memoranda. Investors should note that there are other ancillary changes to the Explanatory Memoranda as amended and as such, should review the relevant Explanatory Memorandum for further details on the changes made.

The Product Key Facts Statements (“KFS”) of each of the Sub-Funds will be amended as well to reflect the change of trustee and the re-domiciliation of the Fund and the Sub-Funds.

A copy of the revised Explanatory Memorandum and revised KFS for each of Income Partners Managed Volatility High Yield Bond Fund and Income Partners Renminbi Investment Grade Bond Fund encompassing the changes set out above will be available on the Manager’s website (www.incomepartners.com) on or after the Effective Date. The Manager’s website has not been reviewed by the Securities and Futures Commission. On or after the Effective Date, hardcopies of the revised Explanatory Memorandum and revised KFS for each of the Sub-Funds are available upon request of Unitholders free of charge at any time during normal business hours on any Business Day at the office of the Manager. The Amended and Restated Trust Deed will also be available for inspection at the office of the Manager from the Effective Date.

Capitalised terms used in this letter have the meaning given in the respective Explanatory Memorandum of the Sub-Funds unless otherwise defined or the context requires otherwise.



If you have any queries on the content of this notice, please contact Lorraine Tang by telephone on +852 2169-2100, by email at marketing@incomepartners.com or by post to Income Partners Asset Management (HK) Limited, Suite 3311-3313, Two International Finance Centre, 8 Finance Street, Central, Hong Kong SAR.

Income Partners Asset Management (HK) Limited, as manager of the Sub-Funds, accepts full responsibility for the accuracy of the information contained in the notice.

For an on behalf of

Income Partners Managed Volatility High Yield Bond Fund

Income Partners Renminbi Investment Grade Bond Fund