



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

Fund Manager's Report - 30 September 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 <sup>3</sup>	Dividend per share	Annualized Dividend Yield <sup>5</sup>
2A Acc (USD)	\$111.00		
2A Dis (USD)	\$47.34	\$0.40	9.6%
2B Acc (RMB)	¥122.89		
2B Dis (RMB)	¥51.61	¥0.52	11.9%
2C Dis (USD) <sup>5</sup>	\$50.99	\$0.47	7.0%
2D Acc (HKD)	\$67.73		
2D Dis (HKD)	\$46.79	\$0.40	9.7%
2E Acc (AUD)	\$81.41		
2E Dis (AUD)	\$59.02	\$0.41	8.2%
2F Acc (AUD-H)	\$77.41		
2F Dis (AUD-H)	\$51.81	\$0.37	8.3%
2G Acc (USD-H)	\$79.83		
2G Dis (USD-H)	\$46.48	\$0.36	9.0%
2I Acc (SGD-H)	\$65.95		
2I Dis (SGD-H)	\$51.57	\$0.40	9.0%
2K Acc (EUR-H)	€62.50		
2K Dis (EUR-H)	€52.45	€0.31	6.8%
2L Acc (HKD-H)	\$66.11		
2L Dis (HKD-H)	\$51.32	\$0.40	9.1%

H = Hedged currency share class  
 Record Date: 30 September 2022  
 Ex-Dividend Date: 3 October 2022  
 Payment/Reinvestment Date: 6 October 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	11.78%	7.41%
Sharpe Ratio <sup>7</sup>	-1.11	-0.12

Fund Characteristics	
Yield to Maturity in RMB <sup>8,10</sup>	14.9%
Yield to Maturity in USD <sup>9,10</sup>	15.4%
Modified Duration (years)	2.7
Average Credit Rating	BB-
Number of bond holdings	130

Top 10 Holdings <sup>11</sup> : 27.4% of NAV	
The Export-Import Bank of China*	4.4%
SMC Global Power Holdings	3.1%
PCCW Limited	2.8%
Sands China Ltd	2.8%
Greenko Investment Co	2.7%
China Development Bank*	2.6%
Country Garden Holdings Co Ltd	2.5%
Melco Resorts Finance	2.3%
Agricultural Development Bank of China*	2.2%
New World Development Co Ltd	2.1%

\*Invested via an SFC-authorized fund

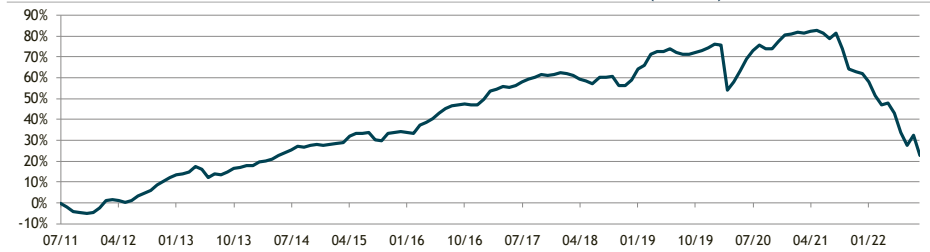
Unless stated otherwise, all data as of 30 September 2022. Source: Income Partners, fund performance is calculated on NAV to NAV basis in denominated currency with dividends re-invested. Performance is presented on a net-of-fees basis. Past performance is not indicative of future results.

1. BENCHMARK Fund of the Year Awards 2022 is based on the performance as at 30 September 2022. 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 August 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 (2H), 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<sup>3,4</sup>: CLASS 2B ACCUMULATION (RMB)



## CUMULATIVE PERFORMANCE AND CALENDAR YEAR PERFORMANCE<sup>3</sup>

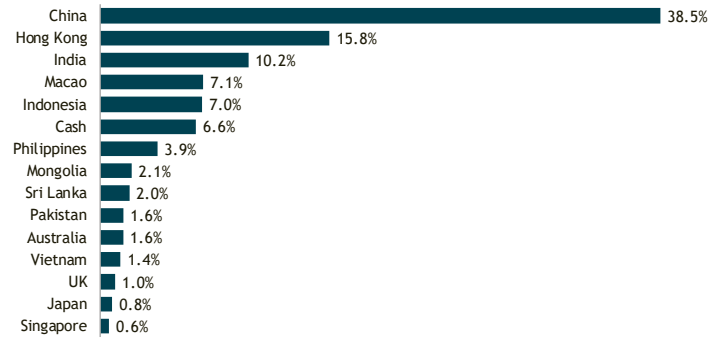
Share Class	Year-to-date (YTD)	1 Year	3 Years (Annualized)	5 Years (Annualized)	Since Inception (Annualized)	2017	2018	2019	2020	2021	Inception Date (dd/mm/yy)
2A Acc (USD)	-32.31%	-35.89%	-10.35%	-6.49%	0.94%	17.67%	-6.81%	8.44%	10.75%	-8.23%	27/07/11
2A Dis (USD)	-32.31%	-35.89%	-10.35%	-6.49%	0.92%	17.69%	-6.85%	8.45%	10.76%	-8.24%	03/08/11
2B Acc (RMB)	-24.05%	-29.39%	-10.42%	-5.19%	1.86%	10.00%	-1.68%	9.79%	3.51%	-10.41%	27/07/11
2B Dis (RMB)	-24.06%	-29.40%	-10.42%	-5.18%	1.87%	10.01%	-1.69%	9.80%	3.51%	-10.41%	27/07/11
2C Dis (USD) <sup>5</sup>	-32.31%	-35.90%	-10.35%	-6.49%	1.07%	17.69%	-6.85%	8.44%	10.76%	-8.23%	10/08/11
2D Acc (HKD)	-31.85%	-35.39%	-10.32%		-8.11%		-9.43% <sup>6</sup>	7.83%	10.25%	-7.69%	21/02/18
2D Dis (HKD)	-31.85%	-35.40%	-10.32%		-8.05%		-9.42% <sup>6</sup>	7.81%	10.28%	-7.71%	09/02/18
2E Acc (AUD)	-24.04%	-28.76%	-9.06%		-4.40%		0.04% <sup>6</sup>	9.15%	0.37%	-2.21%	07/03/18
2E Dis (AUD)	-24.04%	-28.81%	-9.08%		-4.80%		-1.04% <sup>6</sup>	9.16%	0.38%	-2.26%	04/05/18
2F Acc (AUD-H)	-25.47%	-31.32%	-12.90%	-7.51%	-3.61%	6.38%	-3.75%	7.66%	0.76%	-13.35%	13/10/15
2F Dis (AUD-H)	-25.51%	-31.35%	-12.92%		-11.79%			0.15% <sup>6</sup>	0.76%	-13.35%	02/05/19
2G Acc (USD-H)	-25.01%	-30.82%	-12.35%	-6.95%	-3.18%	5.96%	-3.46%	8.95%	1.58%	-13.12%	13/10/15
2G Dis (USD-H)	-25.01%	-30.82%	-12.34%	-6.92%	-3.35%	5.53%	-3.57%	9.18%	1.61%	-13.10%	19/10/15
2I Acc (SGD-H)	-25.14%	-30.92%	-12.50%		-11.45%			0.11% <sup>6</sup>	1.23%	-13.06%	30/04/19
2I Dis (SGD-H)	-25.14%	-30.93%	-12.52%		-11.46%			-0.04% <sup>6</sup>	1.20%	-13.10%	24/04/19
2K Acc (EUR-H)	-26.16%	-32.10%	-13.73%		-12.91%			-1.54% <sup>6</sup>	0.00%	-14.04%	08/05/19
2K Dis (EUR-H)	-26.12%	-32.03%	-13.65%		-12.79%			-1.41% <sup>6</sup>	0.02%	-13.84%	07/05/19
2L Acc (HKD-H)	-25.46%	-31.31%	-12.51%		-11.45%			0.50% <sup>6</sup>	1.77%	-13.29%	07/05/19
2L Dis (HKD-H)	-25.44%	-31.25%	-12.49%		-11.16%			0.90% <sup>6</sup>	1.75%	-13.24%	17/04/19

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

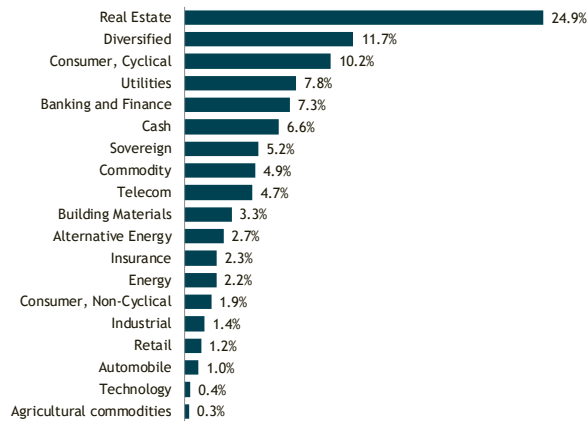
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022	-2.26%	-4.34%	-2.91%	0.75%	-3.45%	-6.38%	-4.71%	3.80%	-7.14%				-24.05%
2021	0.13%	0.62%	-0.41%	0.65%	0.16%	-0.68%	-1.61%	1.60%	-4.04%	-5.54%	-1.01%	-0.57%	-10.41%
2020	0.85%	-0.28%	-12.34%	2.84%	3.29%	3.42%	2.25%	1.77%	-1.23%	-0.01%	2.10%	1.87%	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 OVERVIEW<sup>12</sup>

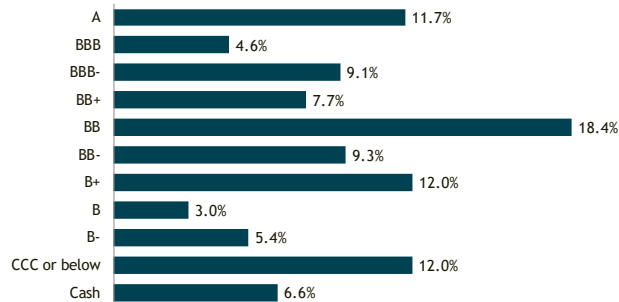
#### Geographical Exposure



#### Industry Exposure



#### Credit Rating Exposure



### MANAGER'S COMMENTARY<sup>14</sup>

In September, the Asian high yield market drifted lower amid weakened global risk sentiment. Global government bonds sold off in September, following higher-than-expected US CPI and a hawkish FED. On the other hand, the Chinese economy showed some signs of stabilizing. China's manufacturing PMI rebounded to 50.1 from 49.7 in August. Retail sales advanced to 5.4% y/y from 2.7% y/y in August as local COVID cases started to decline since early September. Industrial production (IP) and fixed asset investment (FAI) also showed improvement in September and beat market expectations (IP 4.2% y/y vs 3.8% expected and FAI 5.8% y/y vs 5.5% expected). Credit expansion, as measured by the aggregated total social financing, revived with a print of RMB2.43trillion for August versus RMB786.1billion in July. The central bank kept the benchmark 1y open market MLF rate unchanged in September, and continued to roll out supportive policies towards real economy, especially the property sector. For instance, the central bank relaxed the floor on mortgage rates for qualified cities and cut provident fund loan interest rates in late September. We expect more fiscal and sector-specific policies in the near term to stabilize the economy. We look forward to the Party Congress to shed light on any potential policy shift in the coming quarters.

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 <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	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	RMB414 million / USD58 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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