



INCOME PARTNERS RMB BOND FUND - CLASS 2

Fund Manager's Report - 29 February 2024

IMPORTANT INFORMATION

- I. Income Partners RMB Bond Fund (the "Fund") invests primarily in RMB-denominated fixed income securities issued within the People's Republic of China ("PRC") directly through the Renminbi Qualified Foreign Institutional Investor ("RQFII") quota of Income Partners Asset Management (HK) Limited (the "Manager").
- II. The Fund is denominated in RMB and is subject to RMB currency risk. RMB is currently not freely convertible and is subject to exchange controls and restrictions.
- III. The Fund invests substantially in PRC bonds issued in mainland China and is subject to the risks relating to PRC bonds such as credit risk, credit rating related risks, risk relating to higher default bonds, interest rates risk, liquidity and valuation risks. The PRC bonds market may be subject to higher volatility compared to more developed markets.
- IV. The Fund may be subject to the risks associated with changes in the PRC laws and regulations, including PRC tax laws, and such changes may have retrospective effect. Investment in the China market is subject to emerging market risk including political, economic, legal, regulatory and liquidity risks.
- V. The Fund invests in PRC securities through the RQFII quota of the Manager. It may not have exclusive use of the entire RQFII quota granted to the Manager. There is no assurance that the Manager will make available RQFII quota that is sufficient for the Fund's investment at all times.
- VI. The Fund may invest in financial derivative instruments for hedging purposes. There is no guarantee that the hedging techniques will be effective.
- VII. The Manager may at its discretion pay distributions out of the capital of the Fund. Payment of distributions out of capital represents a return or withdrawal of part of the amount they originally invested or 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.
- VIII. 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.
- IX. In making investment decisions, investors should not rely solely on the information in this document 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 ² | Dividend per share | Annualized Dividend Yield ⁴ |
|--------------|----------------------------|--------------------|--|
| 2A Acc (USD) | \$101.67 | | |
| 2B Acc (RMB) | ¥96.08 | | |
| 2B Dis (RMB) | ¥90.62 | ¥0.08 | 1.0% |

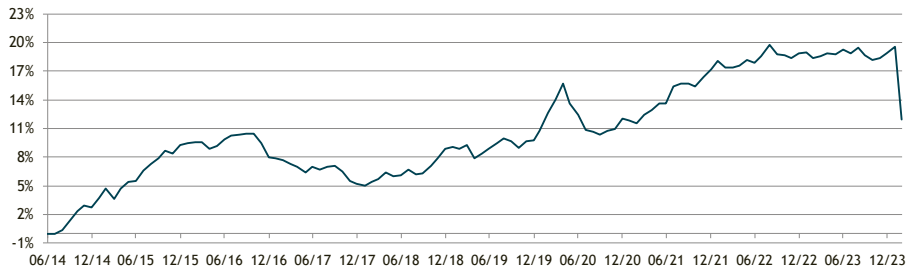
Record Date: 29 February 2024
 Ex-Dividend Date: 1 March 2024
 Payment/Reinvestment Date: 5 March 2024
 Please see www.incomepartners.com for details of historical dividend information for all applicable share classes.

| Risk Measures | 3 Years | Since Inception |
|-----------------------|---------|-----------------|
| 2B Dis (RMB) | | |
| Annualized Volatility | 4.19% | 3.03% |

INVESTMENT OBJECTIVE

The Fund seeks long-term interest income and capital appreciation through investing all or substantially all of its assets in Renminbi ("RMB") -denominated fixed income securities issued within mainland China directly through the Renminbi Qualified Foreign Institutional Investor ("RQFII") quota of Income Partners Asset Management (HK) Limited or through the Bond Connect scheme.

TOTAL RETURN^{2,3}: CLASS 2B DISTRIBUTION (RMB)



CUMULATIVE PERFORMANCE AND CALENDAR YEAR PERFORMANCE^{*2}

| Share Class | Year-to-date (YTD) | 1 Year | 3 Years (Annualized) | 5 Years (Annualized) | Since Inception (Annualized) | 2019 | 2020 | 2021 | 2022 | 2023 | Inception Date (dd/mm/yy) |
|--------------|--------------------|--------|----------------------|----------------------|------------------------------|--------|-------|-------|--------|--------|---------------------------|
| 2A Acc (USD) | -7.01% | -8.77% | -3.39% | -0.95% | -0.41% | -0.43% | 9.16% | 7.15% | -6.84% | -2.86% | 04/07/14 |
| 2B Dis (RMB) | -5.83% | -5.41% | 0.12% | 0.55% | 1.17% | 0.80% | 2.03% | 4.60% | 1.50% | -0.05% | 11/07/14 |

MONTHLY PERFORMANCE²: CLASS 2B DISTRIBUTION (RMB)⁶

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 2024 | 0.56% | -6.36% | | | | | | | | | | | -5.83% |
| 2023 | 0.01% | -0.50% | 0.22% | 0.23% | -0.05% | 0.43% | -0.40% | 0.54% | -0.65% | -0.46% | 0.21% | 0.39% | -0.05% |
| 2022 | 0.83% | -0.59% | -0.05% | 0.19% | 0.50% | -0.28% | 0.65% | 0.97% | -0.78% | -0.11% | -0.28% | 0.47% | 1.50% |
| 2021 | -0.17% | -0.25% | 0.79% | 0.49% | 0.57% | 0.00% | 1.59% | 0.27% | -0.03% | -0.28% | 0.86% | 0.69% | 4.60% |
| 2020 | 0.91% | 1.74% | 1.16% | 1.51% | -1.80% | -1.08% | -1.34% | -0.23% | -0.30% | 0.37% | 0.24% | 0.91% | 2.03% |
| 2019 | 0.22% | -0.23% | 0.33% | -1.25% | 0.46% | 0.48% | 0.52% | 0.44% | -0.25% | -0.61% | 0.62% | 0.09% | 0.80% |
| 2018 | -0.15% | 0.38% | 0.26% | 0.69% | -0.38% | 0.06% | 0.58% | -0.41% | 0.08% | 0.71% | 0.77% | 0.90% | 3.53% |
| 2017 | -0.09% | -0.16% | -0.37% | -0.30% | -0.53% | 0.54% | -0.26% | 0.31% | 0.06% | -0.57% | -0.92% | -0.32% | -2.58% |
| 2016 | 0.12% | 0.07% | 0.08% | -0.69% | 0.32% | 0.60% | 0.37% | 0.06% | 0.15% | -0.01% | -0.90% | -1.39% | -1.25% |
| 2015 | 0.98% | 0.93% | -1.07% | 1.07% | 0.66% | 0.11% | 0.97% | 0.69% | 0.53% | 0.78% | -0.26% | 0.84% | 6.37% |
| 2014 | | | | | | | 0.00% | 0.34% | 1.01% | 1.02% | 0.59% | -0.22% | 2.77% |

Unless stated otherwise, all data as of 29 February 2024. 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. The award is based on the performance from 1 October 2021 to 30 September 2022. Any awards won are not indicative of 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. This document contains fund performance or NAV numbers which are estimates only and the final NAV 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: $[(1 + \text{distribution per unit} / \text{ex-dividend NAV})^{\text{distribution frequency}}] - 1$. Yield figures are estimates and are based on the latest dividend distribution and the ex-dividend NAV of the previous month.
5. Year-to-date performance for 2018 and December 2018 monthly return reflects the fund performance as of 31 December 2018 and is based on unofficial NAV data on 31 December 2018 (which was a public holiday in the PRC).
6. From August 2022 onwards, the Manager views Class 2B (Distribution) Units as the most appropriate representative unit class, as it is the largest unit class currently offered to the public in Hong Kong, is broadly representative of the Fund's performance and is denominated in the base currency of the Fund.
7. Top 5 Holdings is grouped by issuer, the fund may hold multiple issues from the same issuer.

* Income Partners RMB Bond Fund - Class 2A Dis and Class 2B Acc were fully redeemed on 20 October 2021 and 26 August 2022 respectively

| Fund Details | | |
|-----------------------------|--|--------------|
| Base Currency | RMB | |
| Minimum Initial Investment | 2A (USD): USD1,000 2B (RMB): RMB10,000 2C (HKD): HKD10,000 2D (EUR): EUR1,000 | |
| Fees & Charges ⁹ | Management Fee: 0.80% p.a. Subscription Charge: Up to 5.00% | |
| Dealing Frequency | Daily | |
| Dividend Frequency | Monthly (Please refer to important information VII) | |
| RQFII Custodian | Industrial and Commercial Bank of China Limited (ICBC) | |
| Trustee | Cititrust Limited | |
| Transfer Agent | Citicorp Financial Services Limited | |
| Share Class | Bloomberg Ticker | ISIN |
| 2A Acc (USD) | IPRB2AA HK | HK0000204534 |
| 2A Dis (USD) | IPRB2AD HK | HK0000204526 |
| 2B Acc (RMB) | IPRB2BA HK | HK0000204559 |
| 2B Dis (RMB) | IPRB2BD HK | HK0000204542 |
| 2C Acc (HKD) | IPRB2CA HK | HK0000204575 |
| 2C Dis (HKD) | IPRB2CD HK | HK0000204567 |
| 2D Acc (EUR) | IPRB2DA HK | HK0000204591 |
| 2D Dis (EUR) | IPRB2DD HK | HK0000204583 |
| Fund AUM | RMB2.3 million / USD3 million | |

MANAGER'S COMMENTARY

In February, the yield on China's 10-year CGB rallied from 2.43% to 2.35%. China cut 5Y LPR by 25bp from 4.20% to 3.95% in February, while keeping the 1Y LPR unchanged at 3.45%. Latest cut in 5Y LPR is the largest one by scale since the introduction of the 5Y LPR back in 2019, and is also the first 5Y LPR cut since June last year. Latest cut was expected by some market participants, but the scale of the cut was much to the upside. We think latest standalone 25bp cut in 5Y LPR reflects authorities' strong intention to support the property market and the household sector.

In terms of fundamental data, China's manufacturing PMI came in at 49.1 in February. The figure was slightly below January's level at 49.2, staying in contractionary territory for the 5th month since October last year. We think the slight moderation is mostly due to Spring Festival's seasonal impact. Industrial production during the Spring Festival holiday month was mostly muted, as most workers returned to their hometowns for family reunions. Since 2010, there were 9 years when the Spring Festival holiday fell in February, and within these 9 years, 6 saw manufacturing PMI dropping in February from January's level. China's CPI for January came in at -0.8% YoY, below market consensus at -0.5% YoY. Food price stays as the main dragger. Specifically, pork price dropped by 0.2% MoM in January, the fourth month in contraction. The long-expected pork price upcycle still seems away. PPI continued to drop by 0.2% MoM in January, but the YoY figure slightly improved to -2.5% YoY due to lower bases. China's total social financing increased 8.4% YoY to RMB6.5tn in January from RMB1.94tn in December, above market expectation and reaching a historic high in January. The major contribution was from banks' acceptance financing and corporate bond financing, which respectively rose 90.2% and 195.2% to RMB563.5bn and RMB483.5bn in January. Credit growth may slightly pick up this year thanks to more expansionary fiscal policies and more accommodative monetary policies.

Looking ahead, the major challenges for the economy are slumping property market, weak consumption and continuous deflation. The recent policies have shown tentative signs of a shift of policymakers' focus from the supply side to the demand side. But we need more time to observe the magnitude of the possible policy changes especially in mortgage rates and fiscal stimulus on consumption. Consequently, we revised our forecast and anticipate that China's 10-year CGB will trade within a range of 2.1% to 2.5% in the short term.

Regarding the portfolio, we sent the termination notice to investors in late February, and since then we have sold all positions in the Fund. Before the notice, we had kept the duration slightly higher than the benchmark in light of the weak economy.

8. Total exposures may differ due to rounding. Please note the credit ratings 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.

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

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. In Switzerland, this document may only be provided to qualified investors within the meaning of art. 10 para. 3 and 3ter CISA. In Switzerland, the representative is ACOLIN Fund Services AG, Leutschenbachstrasse 50, 8050 Zurich, Switzerland, whilst the paying agent is Banque Cantonale de Genève, 17 quai de l'île, 1204 Geneva, Switzerland. The basic documents of the fund as well as the annual and, if applicable, semi-annual report may be obtained free of charge from the representative.