

**May 2025**

- This statement provides you with key information about Income Partners Managed Volatility High Yield Bond Fund (the “Sub-Fund”).
- This statement is a part of the offering document and must be read in conjunction with the Explanatory Memorandum of the Sub-Fund.
- You should not invest in this product based on this statement alone.

**QUICK FACTS**
**Manager:**

Income Partners Asset Management (HK) Limited  
(弘收投資管理 (香港) 有限公司)

**Trustee:**

Cititrust Limited

**Custodian:**

Citibank, N.A., Hong Kong branch

**Dealing frequency:**

Daily

**Base currency:**

RMB

**Dividend policy:**
**Accumulation Units:**

No distribution.

**Distribution Units:**

Class 2A USD (Distribution) Units, Class 2B RMB (Distribution) Units, Class 2D HKD (Distribution) Units, Class 2E AUD (Distribution) Units, Class 2F AUD-Hedged (Distribution) Units, Class 2G USD-Hedged (Distribution) Units, Class 2H SGD (Distribution) Units, Class 2I SGD-Hedged (Distribution) Units, Class 2J EUR (Distribution) Units, Class 2K EUR-Hedged (Distribution) Units and Class 2L HKD-Hedged (Distribution) Units:

Distribution for the abovementioned Distribution Units will be made on a monthly basis at the Manager’s discretion.

**Class 2C (USD) (Distribution) Units:**

In respect of the Class 2C (USD) Distribution Units, the Manager makes 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 Sub-Fund (“NAV”) in the prior calendar year) x 100%. **A positive dividend yield does not imply positive return.**

With respect to all Distribution Class of Units, distributions may be paid out of the capital of the Sub-Fund. The Manager may also, at its discretion,

pay distributions out of gross income, while paying all or part of the fees and expenses out of the capital of the Sub-Fund, resulting in an increase in distributable income for payment of distributions by the Sub-Fund. Therefore, the Sub-Fund may effectively pay dividends out of capital. Any such distributions may result in an immediate reduction of the net asset value per Unit of the Sub-Fund. The Sub-Fund or the Manager may amend the Sub-Fund's policy with respect to the matters set out in this paragraph subject to the SFC's prior approval and by giving not less than one month's prior notice to all of Investors in the Sub-Fund.

Payment of dividends or other distributions out of capital by the Sub-Fund amounts to a return or withdrawal of part of an Investor's original investment in the Sub-Fund or from any capital gains attributable to that original investment.

Any distributions involving payment of dividends out of the Sub-Fund's capital or payment of dividends effectively out of the Sub-Fund's capital (as the case may be) may result in an immediate reduction of the net asset value per Unit.

**Ongoing charges over a year<sup>#</sup>:**

Class 2A USD (Distribution) Units: 2.51%  
Class 2A USD (Accumulation) Units: 2.51%  
Class 2B RMB (Distribution) Units: 2.51%  
Class 2B RMB (Accumulation) Units: 2.51%  
Class 2C USD (Distribution) Units: 2.51%  
Class 2D HKD (Distribution) Units: 2.51%  
Class 2D HKD (Accumulation) Units: 2.51%  
Class 2E AUD (Distribution) Units: 2.51%  
Class 2E AUD (Accumulation) Units: 2.51%  
Class 2F AUD-Hedged (Distribution) Units: 2.51%  
Class 2F AUD-Hedged (Accumulation) Units: 2.51%  
Class 2G USD-Hedged (Distribution) Units: 2.51%  
Class 2G USD-Hedged (Accumulation) Units: 2.51%  
Class 2H SGD (Distribution) Units: 2.51%  
Class 2H SGD (Accumulation) Units: 2.51%  
Class 2I SGD-Hedged (Distribution) Units: 2.51%  
Class 2I SGD-Hedged (Accumulation) Units: 2.51%  
Class 2J EUR (Distribution) Units: 2.51%  
Class 2J EUR (Accumulation) Units: 2.51%  
Class 2K EUR-Hedged (Distribution) Units: 2.51%  
Class 2K EUR-Hedged (Accumulation) Units: 2.51%

**Financial year end of this  
Sub-Fund:**

**Min. investment:**

Class 2L HKD-Hedged (Distribution) Units: 2.51%  
Class 2L HKD-Hedged (Accumulation) Units: 2.51%

31 December

Classes 2A USD (Distribution) Units and 2A USD  
(Accumulation) Units:

USD 1,000 initial  
USD 1,000 additional

Classes 2B RMB (Distribution) Units and 2B RMB  
(Accumulation) Units:

RMB 10,000 initial  
RMB 10,000 additional

Classes 2C USD (Distribution) Units:

USD 1,000 initial  
USD 1,000 additional

Classes 2D HKD (Distribution) Unit and 2D HKD  
(Accumulation) Units:

HKD 10,000 initial  
HKD 10,000 additional

Classes 2E AUD (Distribution) Units and 2E AUD  
(Accumulation) Units:

AUD 1,000 initial  
AUD 1,000 additional

Classes 2F AUD-Hedged (Distribution) Units and 2F  
AUD-Hedged (Accumulation) Units:

AUD 1,000 initial  
AUD 1,000 additional

Classes 2G USD-Hedged (Distribution) Units and 2G  
USD-Hedged (Accumulation) Units:

USD 1,000 initial  
USD 1,000 additional

Classes 2H SGD (Distribution) Units and 2H SGD  
(Accumulation) Units:

SGD 1,000 initial  
SGD 1,000 additional

Classes 2I SGD-Hedged (Distribution) Units and 2I  
SGD-Hedged (Accumulation) Units:

SGD 1,000 initial  
SGD 1,000 additional

Classes 2J EUR (Distribution) Units and 2J EUR (Accumulation) Units:

EUR 1,000 initial  
EUR 1,000 additional

Classes 2K EUR-Hedged (Distribution) Units and 2K EUR-Hedged (Accumulation) Units:

EUR 1,000 initial  
EUR 1,000 additional

Classes 2L HKD-Hedged (Distribution) Units and 2L HKD-Hedged (Accumulation) Units:

HKD 10,000 initial  
HKD 10,000 additional

# The ongoing charges figure is calculated by dividing the expenses of the relevant class from 1 May 2024 to 30 April 2025 by the average net asset value of the relevant class over the same period and is based on the information in the latest audited financial statements (covering the period from 1 May 2024 to 31 December 2024) taking into account the actual expenses for the period from 1 January 2025 to 30 April 2025. This figure may vary from year to year.

The Sub-Fund has obtained approval from the China Securities Regulatory Commission to offer Class 2X RMB (USD Exposure) Units, Class 2XA USD Units, Class 2XB RMB Units and Class 2XG USD-Hedged Units (both Distribution and Accumulation Units) to Mainland China investors under the Mainland-Hong Kong Mutual Recognition of Funds (“MRF”) arrangement. Such Classes of Units may only be available to investors in Mainland China subscribing pursuant to the MRF arrangement and specific details which are set out in a separate document.

**WHAT IS THIS PRODUCT?**

Income Partners Managed Volatility High Yield Bond Fund is a sub-fund of Income Partners Strategy Fund, an open-ended unit trust established as an umbrella fund under the laws of Hong Kong.

**OBJECTIVES AND INVESTMENT STRATEGY****Objectives**

The investment objective of the Sub-Fund is to maximize total investment returns, comprising capital appreciation and interest income, primarily from high yield debt instruments, which are below investment grade or unrated.

**Strategy**

The Sub-Fund will invest primarily (that is, at least two-thirds of NAV) in high yield debt instruments, which are below investment grade or unrated. However, during exceptional circumstances (e.g. market crash or major crisis) or adverse market conditions, the Sub-Fund may be invested temporarily up to 100% of its NAV in investment grade bonds, short-term money market instruments, cash and/or cash equivalents.

The debt securities may be non-investment grade securities and/or unrated bonds issued by corporates and/or sovereigns. “Non-investment grade” refers to a rating of below BBB- by Standard and Poor’s or below Baa3 by Moody’s or below BBB- by Fitch Ratings or equivalent ratings by other internationally recognized rating agencies (in the case where the credit rating is designated by an internationally recognised credit agency), or rated BB+ or below (in the case where the credit rating is designated or assigned by a Mainland China credit rating agency). “Unrated bond” refers to a bond where neither the bond itself nor its issuer has a credit rating. The Sub-Fund however, will not invest more than 10% of its NAV in debt securities issued and/or guaranteed by any single sovereign issuer which is below investment grade.

The Sub-Fund may invest at least 40% of its NAV in debt instruments issued by or fully guaranteed by (i) governments and/or government-related entities in the PRC (which refers to the People’s Republic of China, including Mainland China (as defined in the Explanatory Memorandum), Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan District), and/or (ii) listed or unlisted corporations in any jurisdiction which are domiciled in or derive substantial revenue from or have significant business economic/operational activities in the PRC. It is intended that the portfolio of the Sub-Fund will maintain a high level of diversity across industries and issuers.

Where the Manager considers appropriate, the Sub-Fund will invest not more than 10% of its NAV in each of (i) debt securities traded on the China interbank bond market and/or through the Hong Kong and Mainland China bond connect scheme (“**Bond Connect Scheme**”), and (ii) urban investment bonds (i.e. debt instruments issued by local government financing vehicles (“**LGFVs**”) and traded in the Mainland China listed bond and China interbank bond market). These LGFVs are separate legal entities established by local governments and/or their affiliates to raise financing for public welfare investment or infrastructure projects. For the avoidance of doubt, the Sub-Fund will not in aggregate invest more than 20% of its NAV in the onshore Mainland China market.

The Sub-Fund seeks to deliver high yield returns with a reduced level of volatility compared against the broader high yield market, through an actively managed portfolio. The Manager uses both quantitative and qualitative measures to manage the volatility of the Sub-Fund, with the aim of operating the portfolio as a whole below the Manager’s target volatility. Volatility is a key and material metric in the overall construction of the portfolio of the Sub-Fund.

On a quantitative basis, the Manager closely monitors the volatility of each individual bond in the Sub-Fund’s portfolio on day-to-day basis. In addition, the Manager strives to ensure

that the weighted average volatility of the Sub-Fund's portfolio as a whole does not exceed its pre-set annualized volatility target for the Sub-Fund, by actively adjusting the weighting of each bond based on the Manager's credit views. For example, if the Sub-Fund's volatility rises to a level that is close to the volatility target, the Manager may sell certain higher volatility bonds and purchase lower volatility bonds to control the volatility of the portfolio as a whole.

In general, bonds with less credit risk tend to have lower volatility. The qualitative measures employed by the Manager to control the portfolio's volatility includes conducting bottom-up credit selection, and a preference for selecting issuers with stable or improving credit quality. Accordingly, the Manager is of the view that it has better control of the default risk of each individual bond, and better able to manage volatility.

Under normal market conditions, the Sub-Fund may invest up to 30% of its NAV in money market instruments, cash and/or bank deposits to manage liquidity and to diversify portfolio risk.

The debt securities in which the Sub-Fund may invest shall include, but are not limited to, bonds and other high yield debt securities as the Manager deems appropriate. The Sub-Fund may also invest not more than 30% of its NAV in RMB-denominated bonds and deposits issued outside Mainland China and not more than 10% of its NAV in contingent convertible bonds. Other than contingent convertible bonds, the Sub-Fund will not invest in any other instruments with loss absorption features. As the base currency of the Sub-Fund is RMB, the Manager may from time to time fully or partially hedge the non-RMB investments into RMB.

The Sub-Fund may also invest not more than 10% of its NAV in asset-backed securities and investment funds.

#### **Use of derivatives**

The Sub-Fund's net derivative exposure may be up to 50% of its NAV.

#### **WHAT ARE THE KEY RISKS?**

**Investment involves risks. Please refer to the Explanatory Memorandum for details including the risk factors.**

##### **1. Investment risk**

- The investments held by the Sub-Fund may fall in value due to any of the key risk factors below and therefore your investment in the Sub-Fund may suffer losses. There is no guarantee of the repayment of principal.

##### **2. Currency and foreign exchange risk**

- Underlying investments in the Sub-Fund may be denominated in currencies other than the base currency of the Sub-Fund. Also, a class of units may be designated in a currency other than the base currency of the Sub-Fund. The NAV may be affected unfavourably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.

##### **3. Risks relating to debt securities**

###### **High-yield (below investment grade and unrated) securities risk**

- The Sub-Fund will invest in debt securities which are high-yield (below investment grade and unrated). Such debt securities are generally subject to a higher degree of counterparty risk, credit risk, lower liquidity, higher volatility and greater risk of loss of principal and interest than higher rated debt securities.

Credit / Counterparty risk

- The Sub-Fund is exposed to the credit/default risk of issuers of the debt securities that the Sub-Fund may invest in.
- Certain high yielding fixed income securities or instruments that the Sub-Fund invests in may be offered on an unsecured basis without collateral, and such instruments will rank equally with other unsecured debts of the relevant issuer. In such circumstances, if the issuer becomes bankrupt, proceeds from the liquidation of the issuer's assets will be paid to holders of the relevant instrument only after all secured claims have been satisfied in full. The Sub-Fund is therefore fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor and may suffer a total loss on the securities if the counterparties default.

Credit ratings risks

- The credit rating of a debt instrument or its issuer may subsequently be downgraded, which may adversely affect the value of the Sub-Fund. The Manager may or may not be able to dispose of the debt instruments that are being downgraded.
- Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.
- The credit appraisal system in Mainland China and the rating methodologies employed in Mainland China may be different from those employed in other markets. Mainland China credit ratings may not be directly comparable with those given by other international rating agencies.

Sovereign debt risk

- The Sub-Fund's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the Sub-Fund to participate in restructuring such debts. The Sub-Fund may suffer significant losses when there is a default of sovereign debt issuers.

Liquidity risk

- Not all securities or investments held by the Sub-Fund will be listed or rated or actively traded and consequently liquidity may be low. There is no guarantee that market making arrangements will be in place to make a market and quote a price for all fixed income instruments.

Interest rate risk

- Investment in the Sub-Fund is subject to interest rate risk. In general, the prices of debt instruments rise when interest rates fall, whilst their prices fall when interest rates rise.

Valuation risk

- Valuations of the Sub-Fund's investments may involve uncertainties and judgmental determinations, which if proven to be incorrect, this will affect the NAV calculation.

**4. Country and region risk**

- This Sub-Fund focuses its investments on debt instruments issued by or fully guaranteed by governments, government-related entities, or companies in the PRC, and involves concentration risks. Consequently, this Sub-Fund is particularly



dependent on the development of the region and individual or interdependent countries in the region, and of governments and companies based on/or operating in such countries/region.

**5. Investment in Mainland China risk**

- Investment in the Mainland China market is subject to emerging market risk including political, economic, legal, regulatory and liquidity risks. The value of the Sub-Fund's assets may be affected by uncertainties or changes in government policies, promulgation of foreign currency and monetary policies and tax regulations. Such measures may have associated impact on the economy of Mainland China.

**6. RMB currency risk**

- RMB is currently not freely convertible and is subject to exchange controls and repatriation restrictions. Such control of RMB currency conversion and exchange rates movements may adversely affect the operations and financial results of Mainland China companies and may subject the Sub-Fund to higher transaction costs associated with currency conversion which impacts the NAV.
- Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies (e.g. HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of the investors' investments. The Manager normally applies the exchange rate for offshore RMB market in Hong Kong (CNH) when calculating the value of non-RMB investments. Although CNH and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors. If investors convert other currencies into RMB so as to invest in the RMB Classes of Units and subsequently convert the RMB redemption proceeds back into other currencies, they may suffer a loss if RMB depreciates against such other currencies.
- Investors whose Class currency is not in RMB should note that restrictions on the conversion of RMB into other currencies may delay the payment of redemption proceeds and dividend proceeds in the relevant Class currency.

**7. Managed volatility strategy risk**

- The managed volatility strategy may not achieve the desired results under all circumstances and market conditions. While the Manager will endeavour to manage the Sub-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. Investors should note that managed volatility does not necessarily mean lower risk and the Sub-Fund may still suffer losses.

**8. Derivatives and hedging risk**

- The Sub-Fund may enter into derivatives transactions such as swaps, futures and forwards for hedging purposes. There is no assurance that the use of hedging strategies, techniques and derivative instruments will always be available, or will eliminate the risk exposure of the Sub-Fund. Hedging may become inefficient or ineffective. In adverse situations, the Sub-Fund may even suffer significant losses.

**9. Distributions risk**

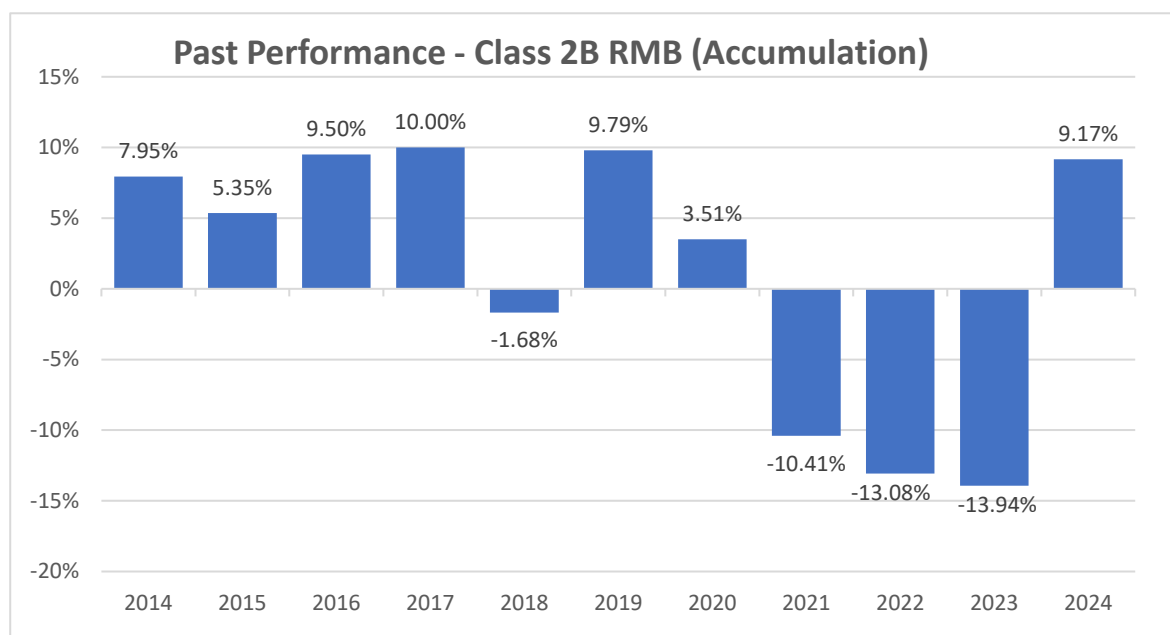
- The Manager may at its discretion pay distributions out of, or effectively out of, the capital of the Sub-Fund. This represents a return or a withdrawal of part of the



amount investors originally invested or from any capital gains attributable to that amount, which may decrease the NAV of the relevant Units.

- The distribution amount and NAV of the hedged Class of Units may be adversely affected by differences in the interest rates of the reference currency of the hedged Class of Units and the Sub-Fund's base currency, resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than the other non-hedged Class of Units.

#### HOW HAS THE FUND PERFORMED?



- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year-end, NAV-to-NAV, with dividend reinvested.
- These figures show by how much Class 2B RMB (Accumulation) Units increased or decreased in value during the calendar year being shown. Performance data has been calculated in RMB including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Sub-Fund launch date: 27 July 2011.
- Class 2B RMB (Accumulation) Units launch date: 27 July 2011.

The Manager views Class 2B RMB (Accumulation) Units, being the longest running unit class in the Sub-Fund that is offered to the public in Hong Kong and is denominated in the base currency of the Sub-Fund, as the most appropriate representative unit class.

**IS THERE ANY GUARANTEE?**

This fund does not have any guarantees. You may not get back the full amount of money you invest.

**WHAT ARE THE FEES AND CHARGES?**
**Charges which may be payable by you**

You may have to pay the following fees when dealing in the units of the Sub-Fund.

<b><u>Fee</u></b>	<b><u>What you pay</u></b>
Subscription Charge (% of subscription amount)	<u>All Classes</u> Current: up to 5%; Maximum: 5%
Switching Fee (% of the total amount being converted)	<u>All Classes</u> Current: Nil; Maximum: 5%
Redemption Charge (% of redemption amount)	<u>All Classes</u> Current: Nil; Maximum: 2%

**Ongoing fees payable by the Sub-Fund†**

The following expenses will be paid out of the assets of the Sub-Fund. They affect you because they reduce the return you get on your investments.

	<b><u>Annual rate (as a % of the net asset value)</u></b>
Management Fee	1.5% p.a.
Trustee Fee	0.0075% p.a., subject to a minimum annual fee of USD20,000*
Performance Fee	Not applicable
Administrator Fee	0.1% p.a. applied to the portion of the net asset value up to USD 250 million 0.08% p.a. applied to the portion of the net asset value above USD 250 million Subject to a minimum monthly fee of USD 6,000^
Custodian Fee	Safekeeping fee of up to 0.075% p.a. of the market value of the Sub-Fund (inclusive of a safekeeping fee of 0.06% p.a. of the market value of the Sub-Fund for custody services in respect of China's bond-connect program), subject to a minimum monthly fee of USD 5,000
Registrar and Processing Agent Fee	Transaction fees and account maintenance fees at customary market rate subject to a minimum monthly fee of USD 500

<sup>†</sup> Unitholders shall be given not less than one month's prior notice should there be any increase of the management fee, trustee or administration fee from the current level to the maximum level as set out in the Explanatory Memorandum and the Appendix 1 thereto.

<sup>^</sup> The Administrator also charges a compliance monitoring fee of 0.01% per annum of the Sub-Fund, subject to a minimum annual fee of USD 1,500 and a financial statement preparation fee of USD 5,000 per financial statement.

### **Other fees**

You may have to pay other fees and charges when dealing in the units of the Sub-Fund. The Sub-Fund will also bear the costs which are directly attributable to it, as set out in the Explanatory Memorandum.

### **ADDITIONAL INFORMATION**

- You generally buy and redeem units at the Sub-Fund's issue price and redemption price after the transfer agent receives your request in good order on or before 5:00 p.m. (Hong Kong time) on the relevant dealing day, being the dealing cut-off time. The distributors or placing agents may impose an earlier cut-off time before the dealing deadline for receiving instructions for subscriptions or redemptions. Investors should confirm the arrangements with the distributors or placing agents concerned.
- The issue price and redemption price of the Sub-Fund are calculated and published on each dealing day on the Manager's website [www.incomepartners.com](http://www.incomepartners.com).
- The audited accounts and half-yearly unaudited reports, and the information on the past performance of other unit classes offered to Hong Kong investors (where available) may be obtained from the Manager's website [www.incomepartners.com](http://www.incomepartners.com).
- The compositions of the dividends or other distributions of the Sub-Fund (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the preceding twelve months, where available, can be obtained from the Manager's website [www.incomepartners.com](http://www.incomepartners.com) and also available from the Manager on request.
- Investors may obtain information on the intermediaries from the Manager at:  
Income Partners Asset Management (HK) Limited  
Suites 3503-4  
Cambridge House  
Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong  
E-mail: [marketing@incomepartners.com](mailto:marketing@incomepartners.com)  
Phone: +852 2169 2100

### **Important**

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.