

**March 2024**

- This statement provides you with key information about Income Partners RMB 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**

<b>Manager and QFI Holder:</b>	Income Partners Asset Management (HK) Limited (弘收投資管理(香港)有限公司)
<b>Trustee:</b>	Cititrust Limited
<b>QFI Custodian:</b>	Industrial and Commercial Bank of China Limited
<b>Dealing frequency:</b>	Daily on each business day *
<b>Base currency:</b>	Renminbi (“RMB”)
<b>Dividend policy:</b>	<u>Classes 2A (Distribution), 2B (Distribution), 2C (Distribution) and 2D (Distribution) Units:</u> Distribution on a monthly basis at the Manager’s discretion. Distributions may be paid out of the capital of the Sub-Fund. Any such distributions may result in an immediate reduction of the net asset value per unit of the Sub-Fund. <u>Classes 2A (Accumulation), 2B (Accumulation), 2C (Accumulation) and 2D (Accumulation) Units:</u> No dividends will be paid.
<b>Ongoing charges over a year<sup>^</sup>:</b>	<u>Class 2A (Distribution) Units:</u> 6.16% <u>Class 2A (Accumulation) Units:</u> 6.16% <u>Class 2B (Distribution) Units:</u> 6.16% <u>Class 2B (Accumulation) Units:</u> 6.16% <u>Class 2C (Distribution) Units:</u> 6.16% <u>Class 2C (Accumulation) Units:</u> 6.16% <u>Class 2D (Distribution) Units:</u> 6.16% <u>Class 2D (Accumulation) Units:</u> 6.16%
<b>Financial year end of this Sub-Fund:</b>	31 December
<b>Min. investment:</b>	<u>Classes 2A (Distribution) and 2A (Accumulation) Units:</u> USD1,000 initial USD1,000 additional <u>Classes 2B (Distribution) and 2B (Accumulation) Units:</u> RMB10,000 initial RMB10,000 additional

Classes 2C (Distribution) and 2C (Accumulation) Units:

HKD10,000 initial

HKD10,000 additional

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

EUR1,000 initial

EUR1,000 additional

\* a day (other than a Saturday or Sunday) on which banks and stock exchanges in Hong Kong and the PRC are open for normal business.

^ The ongoing charges figure is calculated by dividing the expenses of the relevant class from 1 Mar 2023 to 29 Feb 2024 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 Mar 2023 to 31 December 2023) taking into account the actual expenses for the period from 1 January 2024 to 29 Feb 2024. The ongoing charges figure may vary from year to year.

**WHAT IS THIS PRODUCT?**

- The Sub-Fund is a sub-fund of Income Partners Investment Fund, which is a unit trust established as an umbrella fund under the laws of Hong Kong.
- The Sub-Fund invests primarily in RMB-denominated fixed income securities issued within the PRC directly through Bond Connect or in reliance on the Qualified Foreign Investor (“QFI”) status of the Manager. The Sub-Fund is denominated in RMB.

**OBJECTIVE AND INVESTMENT STRATEGY****Objective**

To seek long-term interest income and capital appreciation through investing all or substantially all of its assets in RMB-denominated fixed income securities issued within the PRC through (i) the China exchange traded bond market using the QFI status of the Manager, (ii) the China interbank bond market using Bond Connect (as defined in the Explanatory Memorandum) and/or the QFI status of the Manager and/or (iii) other means as may be permitted by the relevant regulations from time to time. All PRC Bonds (as defined below) in which the Sub-Fund invests will be onshore investments in the PRC and will be denominated and settled in RMB.

**Strategy**

The Sub-Fund seeks to achieve its investment objective by investing at least 70% of its Net Asset Value in RMB-denominated and settled fixed income securities which include bonds (which can be fixed or floating rate and include convertible bonds and urban investment bonds (城投債) (i.e. debt instruments issued by local government financing vehicles and traded on the inter-bank bond market or the exchange traded bond market in the PRC), asset-backed securities (including mortgage-backed securities and asset-backed commercial papers), commercial papers, short term bills and short term notes issued within the PRC and issued by issuers such as government entities or agencies, supra-national organisations, banks and corporations primarily established or incorporated in the PRC (collectively referred to as “**PRC Bonds**”). The Sub-Fund will invest primarily in PRC Bonds which carry a credit rating grade of at least BBB- or equivalent (“**Designated Credit Rating**”) assigned by one of the local rating agencies recognized by the relevant authorities in the PRC. Up to 10% of the Sub-Fund’s net asset value may be invested in PRC Bonds which are rated below the Designated Credit Rating or unrated (“**Higher Default Bonds**”). These PRC Bonds may be traded on the inter-bank bond market or the exchange traded bond market in the PRC. For

the avoidance of doubt, the foregoing references requiring the Sub-Fund to invest primarily in PRC Bonds with at least a Designated Credit Rating, or up to 10% of the Sub-Fund's NAV being invested in Higher Default Bonds shall not apply to Chinese government bonds, policy bank bonds, Chinese local government bonds, and Chinese central bank bills (which are typically unrated).

The Sub-Fund may only invest up to 10% of its Net Asset Value in each of the following investments: (i) convertible bonds, (ii) urban investment bonds and (iii) asset-backed securities (including mortgage-backed securities and asset-backed commercial papers).

The Sub-Fund may hold RMB cash and cash equivalents for cash management purposes, including to meet redemption requests or to pay expenses. The Manager may also hold RMB cash and cash equivalents prior to investing in PRC Bonds or if it determines in its opinion that extreme market conditions such as change in government policy or significant downturn in the economy warrant such holding of RMB cash and cash equivalents, instead of PRC Bonds.

The following is an indicative asset allocation of the Sub-Fund based on asset type:-

<b>Asset type</b>	<b>Indicative percentage of the Sub-Fund's net asset value</b>
PRC Bonds	80-100%
RMB cash and cash equivalents	0-20%
Total portfolio	100%

The Sub-Fund does not intend to invest in any China A-Shares or China B-Shares. However, the Sub-Fund may have exposures of up to 10% of its Net Asset Value to China A-Shares or China B-Shares when the convertible bonds held by the Sub-Fund are due to be converted into equity investments. In such circumstances, the Manager will determine whether to dispose of the equity investments upon conversion, or to continue to hold the equity investments as converted, depending on the market conditions. If this changes in the future, prior approval of the SFC will be sought and not less than one month's prior notice will be provided to unitholders.

The Sub-Fund may invest up to 100% of the Sub-Fund's Net Asset Value via Bond Connect. The Sub-Fund may also invest directly in onshore PRC securities primarily through the Manager's status as a QFI.

The Sub-Fund may enter into offshore forwards, swaps or futures transactions and onshore PRC government bond futures that become eligible for investment by a QFI, for hedging purposes only in order to hedge against interest rates risks and credit risks. Currently, the Sub-Fund has no intention to enter into repurchase agreements ("repo") or reverse-repo transactions on either the inter-bank or exchange-traded bond markets, engage in securities lending transactions or other similar over-the-counter transactions, or invest in structured deposits or structured products.

#### **Use of derivatives**

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

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

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

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

- There is no guarantee of the repayment of principal. The instruments invested by the Sub-Fund may fall in value and therefore your investment in the Sub-Fund may suffer losses.

##### **2. Risks relating to PRC Bonds**

### Credit risk

- The Sub-Fund is exposed to the credit/insolvency risk of issuers of PRC Bonds that the Sub-Fund may invest in. Certain PRC Bonds that the Sub-Fund invests in are typically unsecured debt obligations and are not supported by any collateral. The Sub-Fund will be fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor.
- In the event of a default or credit rating downgrading of the issuers, the Sub-Fund's value will be adversely affected and investors may suffer a substantial loss as a result. The Sub-Fund may also encounter difficulties or delays in liquidating its position or enforcing its rights against such issuers as they may be incorporated outside Hong Kong and subject to foreign laws.

### Credit ratings risk

- The rating criteria and methodology used by Chinese local rating agencies may be different from those adopted by most of the established international credit rating agencies. Therefore, such rating system may not provide an equivalent standard for comparison with securities rated by international credit rating agencies.

### Credit rating downgrading risk

- Securities rated at the Designated Credit Rating invested by the Sub-Fund may be subject to the risk of being downgraded to below the Designated Credit Rating. In the event of downgrading in the credit ratings of a security or an issuer relating to a security, the Sub-Fund's investment value in such security may be adversely affected.

### Risk relating to Higher Default Bonds

- The Sub-Fund may invest in Higher Default Bonds which are generally subject to a higher degree of counterparty risk, credit risk and liquidity risk than higher rated, lower yielding securities and may be subject to greater fluctuation in value and higher chance of default. If the issuer of such securities defaults, or such securities cannot be realised, or perform badly, investors may suffer substantial losses.
- The market for these securities may be less active, making it more difficult to sell these securities. Valuation of these securities is more difficult and thus the Sub-Fund's prices may be more volatile.

### Interest rates risk

- Investment in the Sub-Fund is subject to interest rate risk. Generally, the prices of the PRC Bonds rise when interest rates fall, whilst their prices fall when interest rates rise. The Chinese government's macro-economic policies and controls will have significant influence over the capital markets in China. Changes in fiscal policies, such as interest rates policies, may have an adverse impact on the pricing of debt securities, and thus the return of the Sub-Fund.

### Liquidity risk

- PRC Bonds that are currently not listed on a stock exchange or a securities market where trading is conducted on a regular basis may be subject to additional liquidity risk. The Sub-Fund may suffer losses in trading such instruments.
- The bid and offer spread of the price of PRC Bonds may be large, so the Sub-Fund may incur significant trading and realisation costs and may suffer losses accordingly.

### Valuation risk

- Valuation of the Sub-Fund's investments may involve uncertainties and judgmental

determinations, and independent pricing information may not at all times be available. If such valuations should prove to be incorrect, the net asset value of the Sub-Fund may be adversely affected.

### **3. China market / Single country investment**

- The Sub-Fund invests substantially in PRC Bonds issued in mainland China and will be subject to risks inherent in the China market and additional concentration risks. Investment in the China market is subject to emerging market risk including political, economic, legal, regulatory and liquidity risks. These risks may have adverse impact on the Sub-Fund and its investors.
- The PRC Bonds market may be subject to higher volatility compared to more developed markets. The prices of securities traded in such market may be subject to fluctuations and may adversely affect the volatility of the Sub-Fund's net asset value.

### **4. RMB currency risk**

- RMB is currently not freely convertible and is subject to exchange controls and restrictions. Such control of currency conversion and movements in the RMB exchange rates may adversely affect the operations and financial results of companies in the PRC which in turn will have impact on the net asset value of the Sub-Fund.
- As RMB is not freely convertible, currency conversion is subject to availability of RMB at the relevant time (i.e. it is possible there is not sufficient RMB for currency conversion in case of sizeable subscriptions). As such, the Manager has the absolute discretion to reject any application made in non-RMB currency subscription monies (whether such application is in relation to a class of units denominated in RMB) where it determines that there is not sufficient RMB for currency conversion.
- The Manager may sell the Sub-Fund's investments denominated in RMB and/or convert RMB into non-RMB currency at the applicable exchange rate for payment of redemption proceeds and/or dividends to investors of non-RMB class of units. Investors may therefore incur currency conversion costs and may suffer losses depending on the exchange rate movements of RMB relative to such non-RMB currency. Currency conversion is also subject to the Sub-Fund's ability to convert the proceeds denominated in RMB into non-RMB currency which, in turn, might delay the payment of redemption proceeds and/or dividends or affect the Sub-Fund's ability to meet redemption requests from and/or to pay dividends to the unitholders until such time the conversion into non-RMB currency is available.
- There is no guarantee that RMB will not depreciate. Any devaluation of RMB could adversely affect the value of the investors' investments. 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.
- Investments acquired by the Sub-Fund will primarily be denominated in RMB whereas the classes of units of the Sub-Fund may be denominated in other currencies. All or part of the subscription monies of investors in a non-RMB denominated class of units will be converted into RMB for investment in underlying securities, while realisation proceeds and/or dividend payments in RMB will be converted to the relevant class currency for payment of redemption proceeds and/or distributions in respect of the distribution classes. As a result, investors will be exposed to foreign exchange fluctuations between RMB and the relevant class currency and may suffer losses arising from such fluctuations.
- In calculating the prices of units of non-RMB classes, the Manager will normally apply the



CNH exchange rate (i.e. the exchange rate for the offshore RMB market in China). The CNH rate may be at a premium or discount to the exchange rate for the onshore RMB market in China (i.e. the CNY exchange rate) and there may be significant bid and offer spreads. The value of the Sub-Fund will thus be subject to fluctuation.

#### **5. PRC tax risk**

- The Sub-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. Having taken and considered independent professional tax advice and acting in accordance with such advice, the Manager is of the view that the Sub-Fund should not be subject to PRC withholding tax on the capital gains derived from investments in PRC Bonds and therefore does not make any withholding tax provision for the account of the Sub-Fund in respect of any potential PRC tax liability on such capital gains. In the event that actual tax is collected by the State Administration of Taxation and the Sub-Fund is required to make payments reflecting tax liabilities for which no provision has been made or for which the level of provision is inadequate, the net asset values of the Sub-Fund will be adversely affected, as the Sub-Fund will ultimately have to bear the full amount of tax liabilities.

#### **6. Risks relating to QFI**

- The Sub-Fund invests in PRC Bonds through a QFI which is subject to applicable regulations imposed by the PRC authorities. The Manager may, as a QFI, remit and repatriate offshore RMB into and out of the PRC for the purposes of making investments in PRC domestic securities. However, there is no assurance that PRC rules and regulations will not change or that lock-up periods or repatriation restrictions will not be imposed in the future. Any restrictions on repatriation of the invested capital and net profits may impact on the Sub-Fund's ability to meet redemption requests from the Unitholders.
- The application of the QFI rules may depend on the interpretation of the Chinese authorities. Any changes to the relevant rules may have an adverse impact on investors' investment in the Sub-Fund.
- In the event of any default of either a PRC broker or the QFI Custodian in the execution or settlement of any transaction or in the transfer of any fund or securities in the PRC, the Sub-Fund may encounter delays in recovering its assets which may in turn adversely impact the net asset value of the Sub-Fund.

#### **7. Risks relating to the China interbank bond market**

- Investing in the China interbank bond market (whether via Bond Connect or the Manager's QFI status) is subject to regulatory risks and various risks such as volatility risk, liquidity risk, settlement and counterparty risk as well as other risk factors typically applicable to debt securities. The relevant rules and regulations on investment in the China interbank bond market are subject to change which may have potential retrospective effect. In the event that the relevant PRC authorities suspend account opening or trading on the China interbank bond market, the Sub-Fund's ability to invest in the China interbank bond market will be adversely affected and limited.

#### **8. Risk of investing in urban investment bonds**

- Urban investment bonds are issued by local government financing vehicles ("LGFVs"). Although local governments may be seen to be closely connected to urban investment bonds, such bonds are typically not guaranteed by local governments or the central government of the PRC. As such, local governments or the central government of the PRC are not obliged to support any LGFVs in default. In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, the Sub-Fund could suffer

substantial loss and the Net Asset Value of the Sub-Fund could be adversely affected.

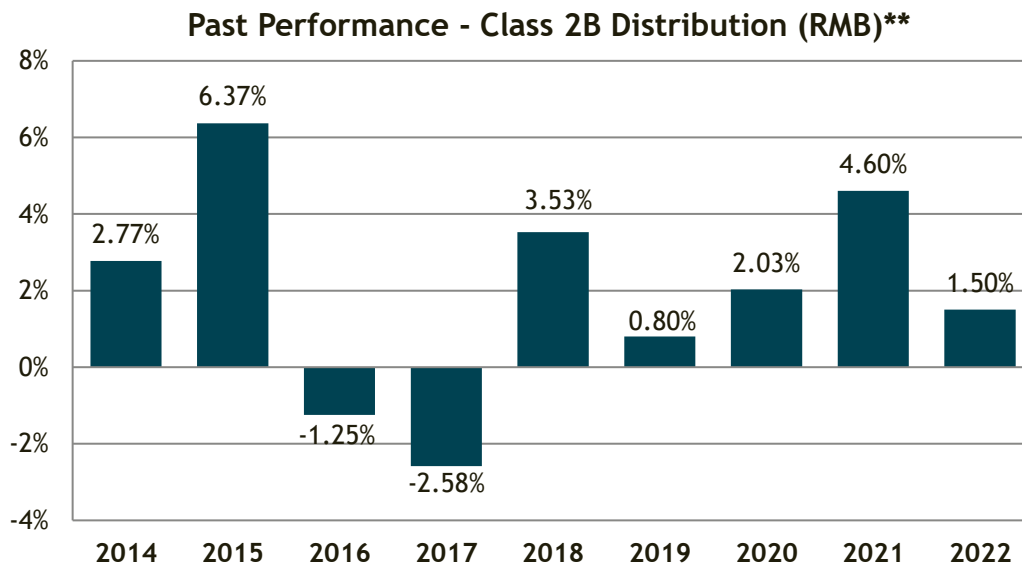
#### 9. Hedging risk

- The Sub-Fund may enter into offshore forwards, swaps or futures transactions for hedging purposes in order to hedge against interest rates risks, credit risks and currency risks. There is no guarantee that hedging techniques will fully and effectively achieve their desired result.
- The Sub-Fund may not obtain a perfect correlation between hedging instruments and the portfolio holdings being hedged, which may expose the Sub-Fund to risk of loss.
- Any expenses arising from such hedging transactions, which may be significant depending on prevailing market conditions, will be borne by the Sub-Fund.

#### 10. Risk relating to dividends paid out of capital

- The Manager may at its discretion pay distributions out of the capital of the Sub-Fund.
- Investors should note that 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 Sub-Fund.
- The Manager may amend this distribution policy subject to the SFC's prior approval and by giving not less than one month's prior notice to unitholders.

#### 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 (Distribution) 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: July 2014
- Class 2B (Distribution) Units launch date: July 2014

\*\* The Manager views Class 2B (Distribution) Units, being the Sub-Fund's largest unit class currently offered to the public in Hong Kong, as the most appropriate representative share class.

#### IS THERE ANY GUARANTEE?

This Sub-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.

<u>Fee</u>	<u>What you pay</u>
Subscription Charge	
(% of subscription amount)	<u>All Classes: 5%</u>
Switching Fee	Nil *
Redemption Charge	Nil *

##### Ongoing fees payable by the Sub-Fund

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

	<u>Annual rate (as a % of the net asset value)</u>
Management Fee	<u>All Classes: 0.80% p.a.*</u>
Trustee Fee	For the first USD250 million of the net asset value of the Sub-Fund: 0.10% p.a. For the remaining balance of the net asset value of the Sub-Fund: 0.08% p.a., subject to a minimum monthly fee of USD6,000*
Administration Fee	Included in the Trustee Fee^
Performance Fee	Not applicable
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 USD2,500

Registrar and Processing Agent Fee Transaction fees and account maintenance fees at customary market rate subject to a minimum monthly fee of USD500

^ The Administrator also charges a financial statement preparation fee of USD5,000 per financial statement.

\* You should note that some fees may be increased, up to a specified permitted maximum, by giving unitholders at least one month's prior notice. For details please refer to page 82 of the Explanatory Memorandum.

### **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 its offering document.

### **ADDITIONAL INFORMATION**

- You generally buy and redeem units at the Sub-Fund's issue price and redemption price after the processing 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 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 concerned.
- The issue price and redemption price of the Sub-Fund are calculated on each dealing day and published on the Manager's website [www.incomepartners.com](http://www.incomepartners.com).
- The past performance information of other units classes offered to Hong Kong investors can be obtained from the Manager's website [www.incomepartners.com](http://www.incomepartners.com).
- In respect of Classes 2A (Distribution), 2B (Distribution), 2C (Distribution) and 2D (Distribution) Units, the composition of the distributions (i.e. the relative amounts paid out of net distributable income and capital) for the last 12 months are available by the Manager on request and also on the Manager's website [www.incomepartners.com](http://www.incomepartners.com).
- 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.