

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND - CLASS 2

Fund Manager's Report - 30 November 2020

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 of further details including the risk factors. This document does not constitute an offering document.

Share Class	NAV per share ³	Dividend per share	Annualized Dividend Yield ⁵
2A Acc (USD)	\$173.79		
2A Dis (USD)	\$84.76	\$0.53	8.1%
2B Acc (RMB)	¥177.30		
2B Dis (RMB)	¥88.59	¥0.63	9.1%
2C Dis (USD) ⁵	\$92.12	\$0.54	7.0%
2D Acc (HKD)	\$104.72		
2D Dis (HKD)	\$82.68	\$0.52	8.1%
2E Acc (AUD)	\$111.67		
2E Dis (AUD)	\$91.28	\$0.48	6.4%
2F Acc (AUD-H)	\$118.03		
2F Dis (AUD-H)	\$89.43	\$0.48	6.8%
2G Acc (USD-H)	\$120.59		
2G Dis (USD-H)	\$80.40	\$0.55	8.7%
2I Acc (SGD-H)	\$99.75		
2I Dis (SGD-H)	\$89.18	\$0.52	7.4%
2J Dis (EUR)	€93.54	€0.37	4.9%
2K Acc (EUR-H)	€97.06		
2K Dis (EUR-H)	€89.92	€0.36	5.0%
2L Acc (HKD-H)	\$100.67		
2L Dis (HKD-H)	\$89.42	\$0.60	8.5%

H = Hedged currency share class
Record Date: 30 November 2020
Ex-Dividend Date: 1 December 2020
Payment/Reinvestment Date: 3 December 2020
Please see www.incomepartners.com for details of historical dividend information for all applicable share classes.

Risk Measures	3 Years	Since Inception
2B Acc (RMB)		
Annualized Volatility	9.04%	6.15%
Sharpe Ratio ⁷	0.04	0.58

Fund Characteristics	
Yield to Maturity in RMB ^{8,10}	9.2%
Yield to Maturity in USD ^{9,10}	6.3%
Modified Duration (years)	2.8
Average Credit Rating	BB-
Number of bond holdings	77

Top 10 Holdings ¹¹ : 24.1% of NAV	
Kaisa Group Holdings Ltd	2.9%
Powerlong Real Estate Holdings Ltd	2.6%
Far East Horizon Ltd	2.6%
Central China Real Estate Limited	2.5%
Shui On Development Holding Ltd	2.4%
Road King Infrastructure Ltd	2.3%
Zhenro Properties Group Ltd	2.2%
New World Development Co Ltd	2.2%
Ronshine China Holdings Ltd	2.2%
Sunac China Holdings Limited	2.2%

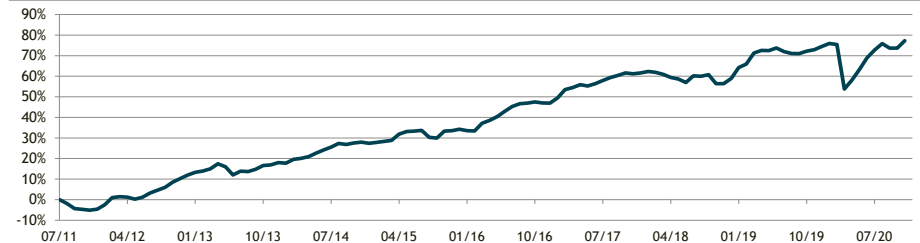
Effective October 2019, the fund exposure numbers are taken from a new risk system. The method for retrieval, calculation and interpretation of fund exposure may differ from previous risk system. Unless stated otherwise, all data as of 30 November 2020. Source: Income Partners, fund performance is calculated 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 2019 is based on the performance as at 30 September 2019. 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. Morningstar, as of 30 October 2020 © 2020 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: $(1 + \text{distribution per unit} / \text{ex-dividend NAV}) \times \text{distribution frequency} - 1$. Yield figures are estimates and are based on the latest dividend distribution and the ex-dividend NAV of the previous month.
6. 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: $(\text{total dividend paid or to be paid over the current calendar year} / \text{last available net asset value of the Fund in the prior calendar year}) \times 100\%$.
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), HKD-Hedged (2F), SGD-Hedged (2I), 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).
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^{3,4}: CLASS 2B ACCUMULATION (RMB)



CUMULATIVE PERFORMANCE AND CALENDAR YEAR PERFORMANCE³

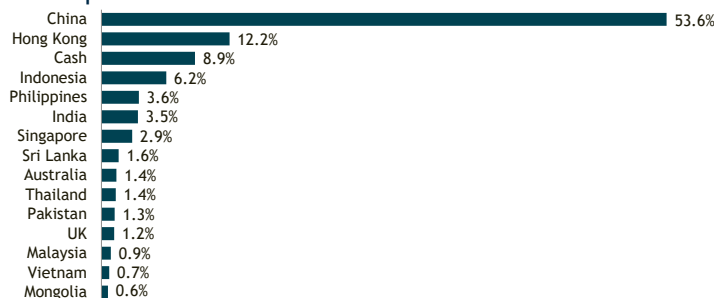
Share Class	Year-to-date (YTD)	1 Year	3 Years (Annualized)	5 Years (Annualized)	Since Inception (Annualized)	2015	2016	2017	2018	2019	Inception Date (dd/mm/yy)
2A Acc (USD)	7.72%	9.70%	3.52%	5.39%	6.09%	-0.22%	3.23%	17.67%	-6.81%	8.44%	27/07/11
2A Dis (USD)	7.73%	9.71%	3.52%	5.39%	6.08%	-0.21%	3.23%	17.69%	-6.85%	8.45%	03/08/11
2B Acc (RMB)	1.61%	2.55%	3.23%	5.82%	6.31%	5.35%	9.50%	10.00%	-1.68%	9.79%	27/07/11
2B Dis (RMB)	1.62%	2.57%	3.24%	5.83%	6.33%	5.35%	9.49%	10.01%	-1.69%	9.80%	27/07/11
2C Dis (USD) ⁵	7.73%	9.71%	3.52%	5.39%	6.28%	-0.22%	3.22%	17.69%	-6.85%	8.44%	10/08/11
2D Acc (HKD)	7.23%	8.66%			1.68%				-9.43% ⁶	7.83%	21/02/18
2D Dis (HKD)	7.25%	8.67%			1.66%				-9.42% ⁶	7.81%	09/02/18
2E Acc (AUD)	2.27%	0.68%			4.12%				0.04% ⁶	9.15%	07/03/18
2E Dis (AUD)	2.29%	0.69%			3.95%				-1.04% ⁶	9.16%	04/05/18
2F Acc (AUD-H)	-0.78%	-0.05%	0.97%	3.11%	3.28%	1.51%	6.31%	6.38%	-3.75%	7.66%	13/10/15
2F Dis (AUD-H)	-0.76%	-0.01%			-0.39%					0.15% ⁶	02/05/19
2G Acc (USD-H)	-0.03%	0.77%	1.71%	3.57%	3.71%	1.29%	6.86%	5.96%	-3.46%	8.95%	13/10/15
2G Dis (USD-H)	-0.01%	0.81%	1.75%	3.44%	3.48%	0.64%	6.55%	5.53%	-3.57%	9.18%	19/10/15
2I Acc (SGD-H)	-0.36%	0.42%			-0.16%					0.11% ⁶	30/04/19
2I Dis (SGD-H)	-0.39%	0.39%			-0.27%					-0.04% ⁶	24/04/19
2J Dis (EUR)	0.81%	0.73%			0.58%					-0.01% ⁶	16/07/19
2K Acc (EUR-H)	-1.42%	-0.90%			-1.89%					-1.54% ⁶	08/05/19
2K Dis (EUR-H)	-1.39%	-0.85%			-1.78%					-1.41% ⁶	07/05/19
2L Acc (HKD-H)	0.17%	1.08%			0.43%					0.50% ⁶	07/05/19
2L Dis (HKD-H)	0.13%	1.05%			0.64%					0.90% ⁶	17/04/19

MONTHLY PERFORMANCE³: CLASS 2B ACCUMULATION (RMB)

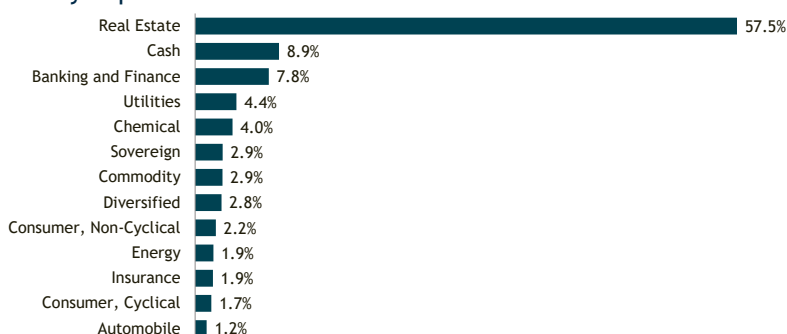
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2020	0.85%	-0.28%	-12.34%	2.84%	3.29%	3.42%	2.25%	1.77%	-1.23%	-0.01%	2.10%		1.61%
2019	3.32%	1.02%	3.26%	0.72%	-0.03%	0.75%	-1.01%	-0.54%	-0.02%	0.70%	0.39%	0.93%	9.79%
2018	0.43%	-0.28%	-0.61%	-0.89%	-0.51%	-1.04%	2.04%	-0.12%	0.48%	-2.72%	-0.03%	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 OVERVIEW¹²

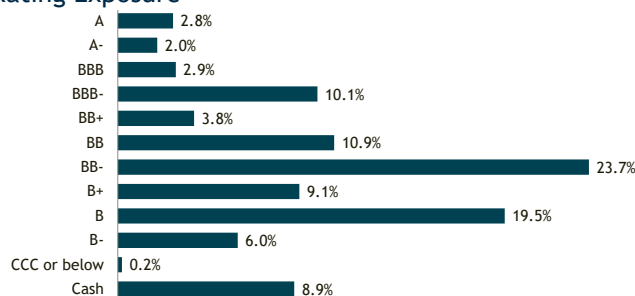
Geographical Exposure



Industry Exposure



Credit Rating Exposure



MANAGER'S COMMENTARY¹⁴

In November, the Asian USD high yield market rallied from the consolidation in September and October, as the outcome of US election has eliminated a major uncertainty, and investors started to price in potential positives ahead, including the approval and usage of Covid-19 vaccines, a second round of fiscal and monetary stimulus in the US, as well as the rebound of the global economy in 2021.

In terms of valuation, by the end of November, the average credit spread of JACI non-investment grade blended index has tightened to 669bps from 725bps in October, compared to the pre-pandemic level of 535bps by the end of 2019.

In October and November, China's economy showed further recovery. The YoY growth rate of China's Total Social Financing, an indicator of overall credit expansion, softened slightly to 13.6% in November from 13.7% in October, and remained high compared to last year's around 11% level. On the economy side, the YoY growth rate of China's YTD Fixed Assets Investments rebounded to 1.8% in October from 0.8% in September, while the YoY growth rate of YTD Retail Sales recovered to -5.9% in October from -7.2% in September. The leading indicator, China's official Manufacturing PMI also jumped to 52.1 in November from 51.4 in October.

In November, after the unexpected default of a locally AAA-rated provincial level State Owned Enterprise (SOE) Yongcheng Coal, China onshore investors became more concerned about the underlying credit quality of onshore corporate bond issues. Such development has triggered a partial repricing of onshore credit market, in particular among the weaker local government owned SOEs and LGFVs. We deem such repricing and credit differentiation of onshore credit market positive, as it is a healthy development toward a more transparent and efficient credit market. In addition, we do not consider the recent defaults pose systemic risk due to (1) China's YTD onshore default rate is still low at 1.83% even under the impact of recent pandemic, which shows the resilience of China's economy; (2) With much lower Debt/GDP ratio than Developed Markets, Chinese government and central bank have the resources and power to contain systemic risks, if any; (3) Only selective local SOEs and LGFVs are with weak fundamentals. There are many more strong credits in sectors such as utility, consumer, manufacturing, etc. Overall, the weakness in China's onshore credit market had minimal impact on the offshore USD Chinese high yield market and the fund in November, as offshore USD Chinese high yield credits have already been trading at a wide premium over onshore CNY-denominated credits, typically for the same name, tenor and risk.

Looking ahead, considering the outperformance of China's economy, potential positives on vaccines and stimulus, as well as the zero USD interest rate environment, the manager remains constructive on Asian high yield at current valuation, and will continue to actively manage risk.

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
	2I (SGD-H):	SGD1,000
	2J (EUR):	EUR1,000
Fees & Charges ¹³	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	Raymond Gui, CFA 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	RMB933 million / USD142 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. 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. The representative of the Fund in Switzerland is Acclin Fund Services AG, Geneva Branch (formerly Hugo Fund Services SA), 6 Cours de Rive, 1204 Geneva. The distribution of units/shares in Switzerland must exclusively be made to qualified investors. The place of performance and jurisdiction for units/shares in the Fund distributed in Switzerland are at the registered office of the Representative.