

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND - CLASS 2

Fund Manager's Report - 31 March 2021

IMPORTANT INFORMATION

- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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)	\$177.78		
2A Dis (USD)	\$84.73	\$0.47	6.7%
2B Acc (RMB)	¥181.22		
2B Dis (RMB)	¥88.02	¥0.63	8.9%
2C Dis (USD) ⁵	\$92.08	\$0.55	7.0%
2D Acc (HKD)	\$107.44		
2D Dis (HKD)	\$82.89	\$0.45	6.6%
2E Acc (AUD)	\$110.74		
2E Dis (AUD)	\$88.69	\$0.44	6.1%
2F Acc (AUD-H)	\$119.38		
2F Dis (AUD-H)	\$88.54	\$0.45	6.2%
2G Acc (USD-H)	\$122.06		
2G Dis (USD-H)	\$79.41	\$0.44	6.8%
2I Acc (SGD-H)	\$100.97		
2I Dis (SGD-H)	\$88.28	\$0.49	6.8%
2K Acc (EUR-H)	€97.88		
2K Dis (EUR-H)	€89.24	€0.38	5.2%
2L Acc (HKD-H)	\$101.88		
2L Dis (HKD-H)	\$88.33	\$0.49	6.8%

H = Hedged currency share class
Record Date: 31 March 2021
Ex-Dividend Date: 1 April 2021
Payment/Reinvestment Date: 8 April 2021
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	9.08%	6.07%
Sharpe Ratio ⁷	0.14	0.60

Fund Characteristics	
Yield to Maturity in RMB ^{8,10}	8.3%
Yield to Maturity in USD ^{9,10}	5.5%
Modified Duration (years)	2.7
Average Credit Rating	BB
Number of bond holdings	74

Top 10 Holdings ¹¹ : 26.0% of NAV	
Central China Real Estate Limited	2.9%
Fantasia Holdings Group Co Ltd	2.8%
Wanda Properties Overseas Ltd	2.7%
Powerlong Real Estate Holdings Ltd	2.7%
Far East Horizon Ltd	2.7%
China National Chemical Corp Ltd	2.6%
Shui On Development Holding Ltd	2.5%
Road King Infrastructure Ltd	2.4%
Sunac China Holdings Limited	2.3%
SMC Global Power Holdings	2.3%

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 31 March 2021. 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 2020 is based on the performance as at 30 September 2020. 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 28 February 2021 © 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: $(1 + \text{distribution per unit} / \text{ex-dividend NAV})^{\text{frequency}} - 1$. 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.

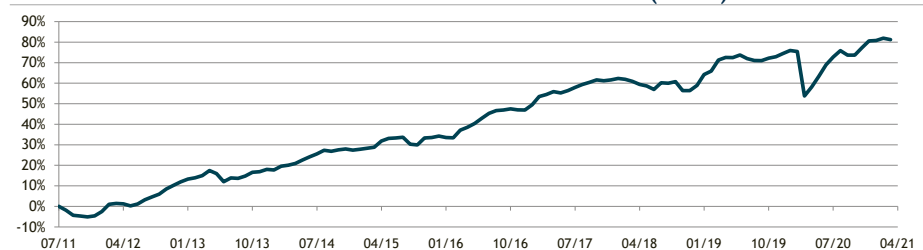
10. Where applicable, workout dates are used for the calculation of yield to maturity for callable bonds (sourced from Bloomberg).

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)	2016	2017	2018	2019	2020	Inception Date (dd/mm/yy)
2A Acc (USD)	-0.50%	27.63%	2.52%	5.44%	6.12%	3.23%	17.67%	-6.81%	8.44%	10.75%	27/07/11
2A Dis (USD)	-0.49%	27.67%	2.52%	5.44%	6.12%	3.23%	17.69%	-6.85%	8.45%	10.76%	03/08/11
2B Acc (RMB)	0.34%	17.81%	4.03%	5.74%	6.33%	9.50%	10.00%	-1.68%	9.79%	3.51%	27/07/11
2B Dis (RMB)	0.35%	17.83%	4.04%	5.74%	6.35%	9.49%	10.01%	-1.69%	9.80%	3.51%	27/07/11
2C Dis (USD) ⁵	-0.50%	27.65%	2.52%	5.44%	6.31%	3.22%	17.69%	-6.85%	8.44%	10.76%	10/08/11
2D Acc (HKD)	-0.21%	28.00%	2.19%		2.34%			-9.43% ⁶	7.83%	10.25%	21/02/18
2D Dis (HKD)	-0.22%	28.02%	2.20%		2.32%			-9.42% ⁶	7.81%	10.28%	09/02/18
2E Acc (AUD)	1.05%	2.10%	2.76%		3.38%			0.04% ⁶	9.15%	0.37%	07/03/18
2E Dis (AUD)	1.06%	2.12%			3.20%			-1.04% ⁶	9.16%	0.38%	04/05/18
2F Acc (AUD-H)	-0.40%	14.72%	1.65%	3.36%	3.29%	6.31%	6.38%	-3.75%	7.66%	0.76%	13/10/15
2F Dis (AUD-H)	-0.44%	14.71%			0.24%			0.15% ⁶	0.76%		02/05/19
2G Acc (USD-H)	-0.38%	15.07%	2.43%	3.61%	3.71%	6.86%	5.96%	-3.46%	8.95%	1.58%	13/10/15
2G Dis (USD-H)	-0.38%	15.11%	2.49%	3.56%	3.50%	6.55%	5.53%	-3.57%	9.18%	1.61%	19/10/15
2I Acc (SGD-H)	-0.37%	14.88%			0.50%			0.11% ⁶	1.23%		30/04/19
2I Dis (SGD-H)	-0.36%	14.89%			0.41%			-0.04% ⁶	1.20%		24/04/19
2K Acc (EUR-H)	-0.59%	13.96%			-1.12%			-1.54% ⁶	0.00%		08/05/19
2K Dis (EUR-H)	-0.56%	13.98%			-1.02%			-1.41% ⁶	0.02%		07/05/19
2L Acc (HKD-H)	-0.39%	15.18%			0.98%			0.50% ⁶	1.77%		07/05/19
2L Dis (HKD-H)	-0.38%	15.19%			1.16%			0.90% ⁶	1.75%		17/04/19

MONTHLY PERFORMANCE³: CLASS 2B ACCUMULATION (RMB)

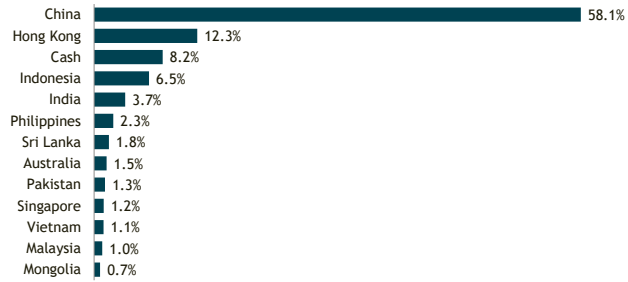
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	0.13%	0.62%	-0.41%										0.34%
2020	0.85%	-0.28%	-12.34%	2.84%	3.29%	3.42%	2.25%	1.77%	-1.23%	-0.01%	2.10%	1.87%	3.51%
2019	3.32%	1.02%	3.26%	0.72%	-0.03%	0.75%	-1.01%	-0.54%	-0.02%	0.70%	0.39%	0.93%	9.79%
2018	0.43%	-0.28%	-0.61%	-0.89%	-0.51%	-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%

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND - CLASS 2

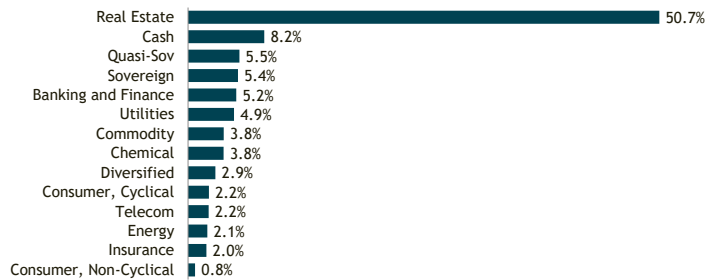
Fund Manager's Report - 31 March 2021

PORTFOLIO OVERVIEW¹²

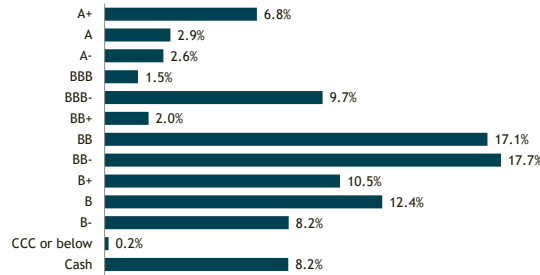
Geographical Exposure



Industry Exposure



Credit Rating Exposure



MANAGER'S COMMENTARY¹⁴

In March, the Asian USD high yield market as a whole continued to be range traded, while the Chinese real estate sector weakened further.

In March, a benchmark Chinese property developer Yuzhou surprisingly announced a 94.25% decrease of net profit to CNY 228 million in 2020, and attributed it as mainly driven by (1) Delay of project delivery and revenue recolonization due to Covid-19; (2) Stricter definition of subsidiaries by the auditors so that some of the projects were de-consolidated in the annual results. The initial reaction from the market was negative, but later on its USD bonds have stabilized at 85-100 level across different tenors. The weak sentiment in Yuzhou has also spread to the whole Chinese real estate sector and caused weakness.

By the end of March, most Chinese property developers have announced annual results of 2020. Overall property sales have been strong in 2020, and more developers have been able to deleverage through more discipline land purchase and equity raise. Especially, several developers have successfully transit from yellow into green category under the Three Red Lines policy, which is credit positive. Considering the fundamental improvement in some quality developers, we believe that the weak sentiment towards the whole sector due to recent credit events could bring attractive investment opportunity in those quality developer later. In that consideration, we continued to firmly hold high conviction names in a diversified way, mainly through short tenor bonds, and wait for opportunity later.

In March, the 10-year US Treasury yield has sold off further to 1.74% from 1.40% in February, due to investors' expectation on economic recovery in the US and inflation risk. So far the impact has been mainly on investment grade rated bonds as they are more sensitive to interest rate movement, but less on high yield bonds and the fund.

In January and February, China's economy recorded strong growth due to the low base of last year. The YoY growth rate of China's YTD Fixed Assets Investments was as high as 35.0%, and the YoY growth rate of YTD Retail Sales was as high as 33.8% in February. The leading indicator, China's official Manufacturing PMI recovered to 51.9 in March from 50.6 in February, as the Chinese New Year effect faded. The YoY growth rate of China's Total Social Financing, an indicator of overall credit expansion, also rebounded 13.3% in February from 13.0% in January, but is expected to gradually slow down to pre-pandemic level of 11.5% by the end of 2021 by PBOC's guidance.

In terms of valuation, by the end of March, the average credit spread of JACI non-investment grade blended index has tightened slightly to 580bps from 590bps in February, compared to the pre-pandemic level of 535bps by the end of 2019.

As before, the manager will continue to actively manage the portfolio and control 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	RMB896 million / USD137 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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