



INCOME PARTNERS

Annual Report 2019

**INCOME PARTNERS
MANAGED VOLATILITY HIGH YIELD BOND FUND**

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Formerly known as Income Partners Renminbi High Yield Bond Fund)

(Sub-Fund of Income Partners Strategy Fund)

(Established in the Cayman Islands as an exempted unit trust and was re-domiciled to the jurisdiction of Hong Kong as a sub-fund of an open ended umbrella unit trust under the laws of Hong Kong)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2019

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

(Established in the Cayman Islands as an exempted unit trust and was re-domiciled to the jurisdiction of Hong Kong as a sub-fund of an open ended umbrella unit trust under the laws of Hong Kong)

Contents	Pages
Management and administration	2
Manager's report	3 – 8
Trustee's Report	9
Independent auditor's report	10– 12
Statement of financial position	13 – 14
Statement of comprehensive income	15
Statement of changes in net assets attributable to unitholders	16
Statement of cash flows	17
Notes to the financial statements	18 – 72
Investment portfolio (unaudited)	73 – 78
Statement of movement in investment portfolio (unaudited)	79 – 86
Performance table (unaudited)	87 – 93

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

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MANAGEMENT AND ADMINISTRATION**MANAGER**

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IN RESPECT OF HONG KONG LAW**

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MANAGER'S REPORT

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

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2019 PERFORMANCE OVERVIEW

For the year 2019, the **Income Partners Managed Volatility High Yield Bond Fund (the “Fund”)** generated a total return as per below table:

Class of Shares	ISIN Code	Bloomberg ticker	Fund Class Inception Date	FY 2019 Return	Annualised Dividend Yield ¹ *
Class 1A Dis (USD)	HK0000421328	IPRHY1A KY	07-May-2013	8.99%	-
Class 1A Acc (USD)	HK0000421336	IRHY1AA HK	08-Jan-2018	8.99%	-
Class 1B Acc (RMB)	HK0000421351	IRHY1BA HK	26-Jun-2019	1.05%	-
Class 1E Dis (USD Hedged)	HK0000490067	IPRHY1E HK	25-Mar-2019	1.93%	8.7%
Class 1E Acc (USD Hedged)	HK0000490075	IRHY1EA HK	02-Apr-2019 (de-activated on 5-Sep-2019)	0.24% (From 02-Apr-2019 to 5-Sep-2019)	-
Class 2A Dis (USD)	HK0000421401	IPRHY2A HK	03-Aug-2011	8.45%	8.6%
Class 2A Acc (USD)	HK0000421419	IRHY2AA HK	27-Jul-2011	8.44%	-
Class 2B Dis (RMB)	HK0000421427	IPRHY2B HK	27-Jul-2011	9.80%	8.1%
Class 2B Acc (RMB)	HK0000421435	IRHY2BA HK	27-Jul-2011	9.79%	-
Class 2C Dis (USD) ²	HK0000421443	IPRHY2C HK	10-Aug-2011	8.44%	7.0% (pays 7% Fixed)
Class 2D Dis (HKD)	HK0000421450	IPRHY2E HK	09-Feb-2018	7.81%	8.5%
Class 2D Acc (HKD)	HK0000421468	IRHY2EA HK	21-Feb-2018	7.83%	-
Class 2E Dis (AUD)	HK0000421476	IPRHY2F HK	04-May-2018	9.16%	8.2%
Class 2E Acc (AUD)	HK0000421484	IRHY2FA HK	07-Mar-2018	9.15%	-
Class 2F Dis (AUD Hedged)	HK0000421492	IPRHY2G HK	02-May-2019	0.15%	8.2%
Class 2F Acc (AUD Hedged)	HK0000421500	IRHY2GA HK	13-Oct-2015	7.66%	-
Class 2G Dis (USD Hedged)	HK0000421518	IPRHY2H HK	19-Oct-2015	9.18%	8.4%
Class 2G Acc (USD Hedged)	HK0000421526	IRHY2HA HK	13-Oct-2015	8.95%	-
Class 2H Dis (SGD)	HK0000421534	IPRHY2I HK	not yet launched	-	-
Class 2H Acc (SGD)	HK0000421542	IRHY2IA HK	not yet launched	-	-
Class 2I Dis (SGD Hedged)	HK0000421559	IPRHY2A HK	24-Apr-2019	-0.04%	8.3%
Class 2I Acc (SGD Hedged)	HK0000421567	IRHY2AA HK	30-Apr-2019	0.11%	-

¹ 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. 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. Data as of 31 December 2019.

² 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: (total dividend paid or to be paid over the current calendar year / last available net asset value of the Fund) in the prior calendar year) x 100%.

MANAGER'S REPORT**INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND**

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Class of Shares	ISIN Code	Bloomberg ticker	Fund Class Inception Date	FY 2019 Return	Annualised Dividend Yield ^{3*}
Class 2J Dis (EUR)	HK0000490000	IPRHY2J HK	16-Jul-2019	-0.01%	8.6%
Class 2J Acc (EUR)	HK0000490018	IRHY2JA HK	not yet launched	-	-
Class 2K Dis (EUR Hedged)	HK0000490026	IPRHY2K HK	7-May-2019	-1.41%	6.0%
Class 2K Acc (EUR Hedged)	HK0000490034	IRHY2KA HK	8-May-2019	-1.54%	-
Class 2L Dis (HKD Hedged)	HK0000490042	IPRHY2L HK	17-Apr-2019	0.90%	8.8%
Class 2L Acc (HKD Hedged)	HK0000490059	IRHY2LA HK	7-May-2019	0.50%	-
Class 2X Dis (USD Exposure)	HK0000558988	IPRHY2X HK	not yet launched	-	-
Class 2X Acc (USD Exposure)	HK0000558970	IRHY2XA HK	not yet launched	-	-

*The Fund paid dividend distribution to Distribution share class holders.

³ Annualized Dividend Yield: $[(1 + \text{distribution per unit} / \text{ex-dividend NAV})^{\wedge} \text{distribution frequency}] - 1$. Yield figures are estimates and are based on the latest dividend distribution and the ex-dividend NAV of the previous month. 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. Data as of 31 December 2019.

MANAGER'S REPORT

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MARKET OVERVIEW AND OUTLOOK

In 2019 the Asian high yield market rallied, mainly due to improving liquidity situation in China, consecutive rate cuts by the Fed, and the trade war between China and US being eased in the fourth quarter.

On the economy front, China's real GDP growth grew 6.1% in 2019, slower than the 6.6% growth in 2018 but still relatively stable. The slower growth was mainly attributed to the slowdown of the YoY growth of Fixed Assets Investment, which slowed to 5.4% in 2019 from 5.9% in 2018, and the deceleration of household consumption, as reflected by the YoY growth of retail sales, which decelerated to 8.0% in 2019 from 9.0% in 2018. The slowdown concentrated in manufacturing investment and consumption, while net export has showed strong resilience under the trade war uncertainty and contributed positively to GDP growth.

In the first half, with improving liquidity situation in China, investors' strong expectation on a Fed cut, and China and US restarting trade talks after the G20 meeting, global macro environment turned supportive on the Asian high yield, and the market rallied strongly. Into the third quarter, as the trade tensions escalated, as well as further policy tightening in the Chinese real estate sector, Asian credit market have weakened marginally. However, the weakness in Asian high yield during the quarter was more due to risk off sentiment on trade tensions, rather than severe fundamental deterioration. With a strong rebound of China's official Manufacturing PMI in November, and the positive expectation that phase-one trade deal between the US and China will be signed in early January, Asian credit market rallied again toward the end of 2019, and we expect that there could be some stabilization of China's economy into early 2020.

Looking forward into 2020, we believe that the Asian high yield market will continue to be well supported by the following factors: (1) The potential settlement of phase-one trade deal between the US and China will be positive for risky assets; (2) The potential rebound of China and the global economy in early 2020 as indicated by recent strengthening of Manufacturing PMI data; (3) The monetary policy under Chinese and global central banks is likely to continue to be accommodative in 2020; (4) In terms of valuation, Asian high yield continues to offer attractive yield premium against developed market high yield and investment grade bonds.

MANAGER'S REPORT

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

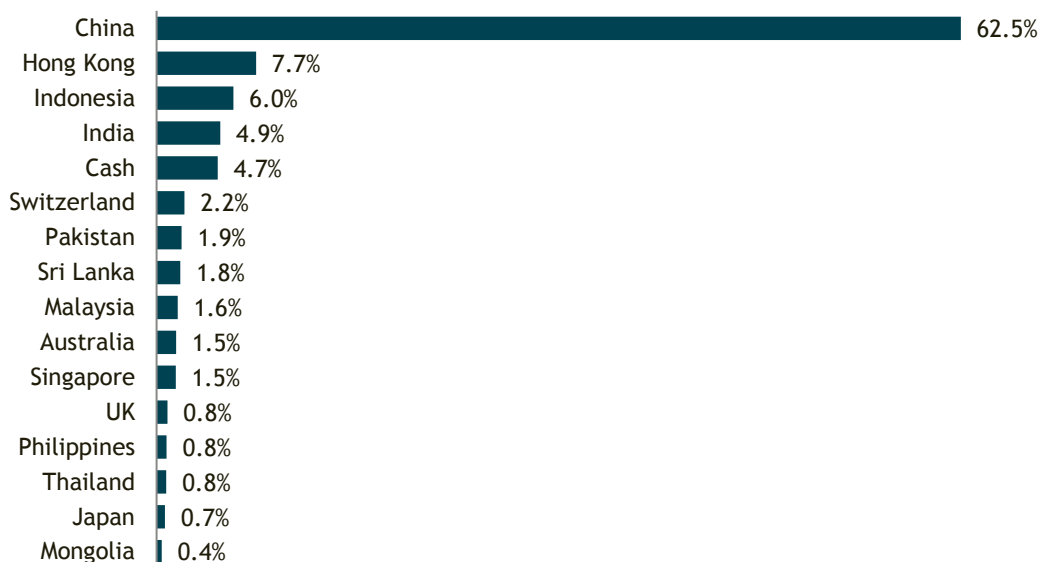
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PORTFOLIO OVERVIEW AS OF 31 DECEMBER 2019

Modified Duration:	Average Credit Rating:	Yield in CNH ⁴
2.5 years	BB	7.1%

Top 10 Holdings	24.5%
Yuzhou Properties Co Ltd	2.6%
Aluminum Corporation of China Limited	2.6%
China SCE Group Holdings Ltd	2.5%
KWG Group Holdings Ltd	2.5%
China National Chemical Corp Ltd	2.4%
China Aoyuan Group Limited	2.4%
ICBC International Leasing Co Ltd	2.4%
CIFI Holdings Group	2.4%
Times China Holdings Ltd	2.4%
China Huaneng Group Co Ltd	2.3%

Geographic Exposure



⁴ Yield in RMB includes both the YTM and the positive carry from the RMB currency overlay for the purpose of hedging all USD denominated bonds into RMB.

MANAGER'S REPORT

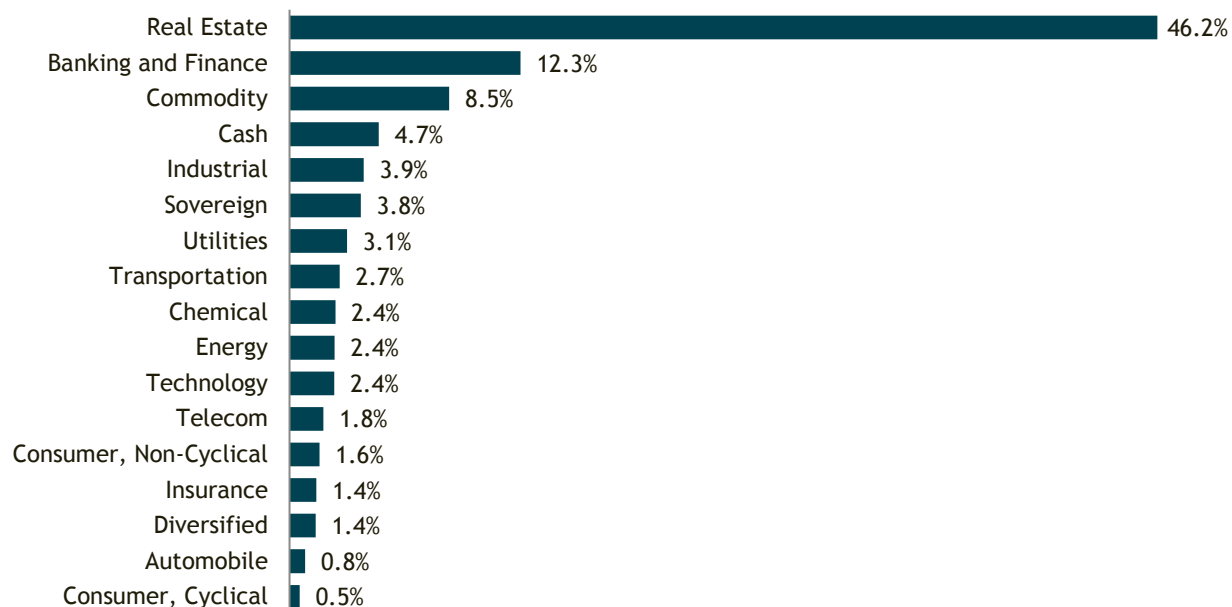
INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

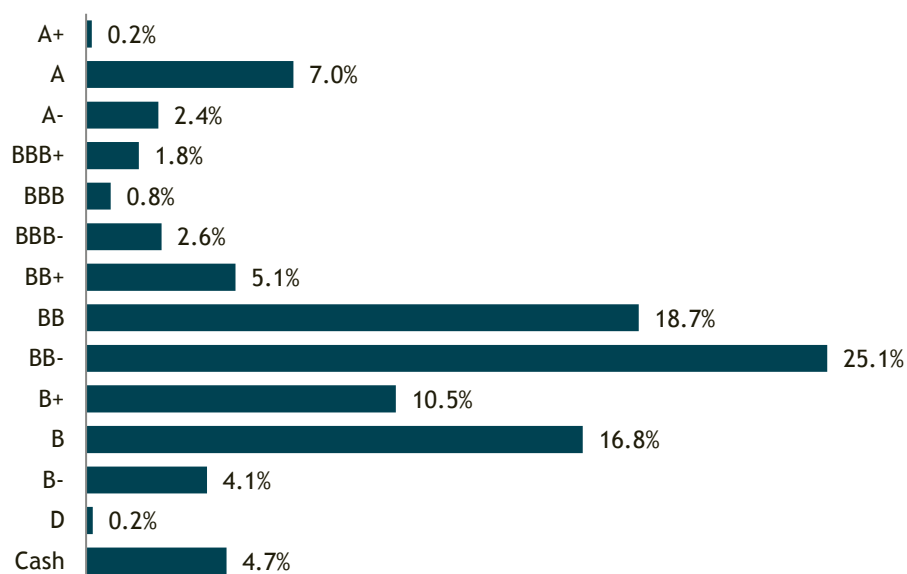
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PORTFOLIO OVERVIEW AS OF 31 DECEMBER 2019 (CONTINUED)

Industry Exposure



Credit Rating Exposure



Total exposures may differ due to rounding. Please note the 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.

Source: Income Partners, based on 31 December 2019

MANAGER'S REPORT

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CORPORATE ACTION

As per a Notice to Shareholders dated 13 March 2019, please note that with effect from 13 March 2019 the Fund had established new classes of units, namely Class 2J EUR (Distribution) Units, Class 2J EUR (Accumulation) Units, Class 2K EUR-Hedged (Distribution) Units, Class 2K EUR-Hedged (Accumulation) Units, Class 2L HKD-Hedged (Distribution) Units and Class 2L HKD-Hedged (Accumulation) Units.

As per a Notice to Shareholders dated 23 December 2019, please note that the Fund has issued a restated Explanatory Memorandum updated with the following:

- a) Updates to Comply with the Overarching Principles Section and Section II - Code on Unit Trusts and Mutual Funds of the Securities and Futures Commission's Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Unstructured Investment Products
- b) Clarification of Existing Investment Policy
- c) Establishment of New Classes of Units : Class 2X RMB (USD exposure)(Distribution) and Class 2X RMB (USD exposure)(Accumulation)
- d) Update to Subscription Procedures, Redemption Procedures and Conversion Procedures: in addition to fax, orders via electronic means such as SWIFT transmission is available
- e) Updated Definitions of "China" or "PRC" and New Definitions of "Mainland China" or "Mainland"
- f) Update of Directors of the Manager
- g) Enhanced Disclosure relating to the Manager's Regulatory, Operations and Valuation Review Committee
- h) Enhanced Disclosure under Bond Connect Scheme and China Interbank Bond Market Risk Factor

As the above changes have also been reflected to the Trust Deed, the fund has adopted an Amended and Restated Trust Deed on 23 December 2019.

For further details on the above changes, please refer to the respective Notice to investors.

A copy of the latest amended Explanatory Memorandum and KFS for the Fund encompassing the changes set out above are available on the Manager's website (www.incomepartners.com). The Manager's website has not been reviewed by the Securities and Futures Commission.

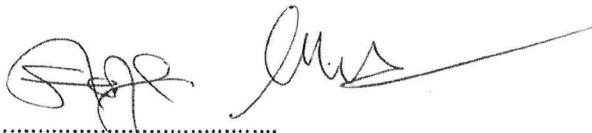
TRUSTEE'S REPORT

TO THE UNITHOLDERS OF INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

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We hereby confirm that, in our opinion, the Manager of the Income Partners Managed Volatility High Yield Bond Fund (the "Sub-Fund") as a Sub-Fund of Income Partners Strategy Fund has, in all material respects, managed the Sub-Fund in accordance with the provisions of the Trust Deed dated 17 November 2010, as amended for the year ended 31 December 2019.



.....
Cititrust Limited,
the Trustee
24 April 2020

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD
BOND FUND**

Opinion

What we have audited

The financial statements of Income Partners Managed Volatility High Yield Bond Fund (the "Sub-Fund") set out on pages 13 to 72, which comprise:

- the statement of financial position as at year end date;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to unitholders for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund, a sub-fund of Income Partners Strategy Trust as at 31 December 2019, and of its financial transactions and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Sub-Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") and have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other Information

The Trustee and the Manager (the "Management") of the Sub-Fund are responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the Sub-Fund's financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Sub-Fund's financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (Continued)
TO THE TRUSTEE OF INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

Responsibilities of the Management for the Financial Statements

The Management of the Sub-Fund is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Sub-Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Sub-Fund or to cease operations, or has no realistic alternative but to do so.

In addition, the Management is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 17 November 2010 (the "Trust Deed") and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission (the "SFC Code").

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Sub-Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the SFC Code.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Fund to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT (Continued)
TO THE TRUSTEE OF INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD
BOND FUND


Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Matters under the Relevant Disclosure Provisions of the Trust Deed and the SFC Code

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the SFC Code.



PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 24 April 2020

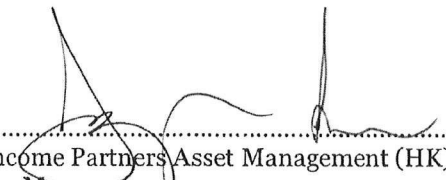
INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

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STATEMENT OF FINANCIAL POSITION**AS AT 31 DECEMBER 2019**

	Notes	2019 RMB	2018 RMB
Assets - current assets			
Financial assets at fair value through profit or loss	3(a)	1,722,784,142	868,303,970
Derivative financial instruments	3(a)	18,355,474	2,493,949
Interest receivable		31,679,757	17,658,333
Subscriptions receivable		30,154	3,541,277
Prepayments and other receivables		112,918	1,219,943
Amounts due from brokers		13,150,092	4,863,630
Margin deposits		50,159,757	25,024,181
Bank balances		23,089,350	22,707,172
Total assets		<u>1,859,361,644</u>	<u>945,812,455</u>
Liabilities – current liabilities			
Derivative financial instruments	3(a)	3,466,855	802,806
Amounts due to brokers		9,246,512	-
Other liabilities and accrued expenses	13	2,905,189	2,098,269
Redemptions payable		3,651,732	1,552,289
Liabilities (excluding net assets attributable to unitholders)		<u>19,270,288</u>	<u>4,453,364</u>
Net assets attributable to unitholders	12	<u>1,840,091,356</u>	<u>941,359,091</u>
		<u>1,859,361,644</u>	<u>945,812,455</u>
Net assets attributable to unitholders after adjustment for establishment and authorisation costs	12	1,840,381,681	941,893,827
Adjustments for different bases adopted by the Sub-Fund in arriving at the net assets attributable to unitholders	12	<u>(290,325)</u>	<u>(534,736)</u>



Income Partners Asset Management (HK) Limited,
the Manager

The accompanying notes form an integral part of these financial statements.


INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

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STATEMENT OF FINANCIAL POSITION (Continued)**AS AT 31 DECEMBER 2019**

	Net asset value per unit RMB	
	2019	2018
Analysed by:		
Class 1A USD (Distribution) Units	941.33	853.08
Class 1A USD (Accumulation) Units	704.89	638.80
Class 1B RMB (Accumulation)	101.05	-
Class 1E USD (Distribution) Units	671.90	-
Class 2A USD (Distribution) Units	589.93	581.96
Class 2A USD (Accumulation) Units	1,123.29	1,023.05
Class 2B RMB (Distribution) Units	94.28	92.91
Class 2B RMB (Accumulation) Units	174.49	158.93
Class 2C USD (Distribution) Units	637.47	622.06
Class 2D HKD (Distribution) Units	74.27	73.27
Class 2D HKD (Accumulation) Units	87.32	79.52
Class 2E AUD (Distribution) Units	461.69	454.47
Class 2E AUD (Accumulation) Units	532.87	485.33
Class 2F AUD-Hedged (Distribution) Units	467.28	-
Class 2F AUD-Hedged (Accumulation) Units	580.57	536.08
Class 2G USD-Hedged (Distribution) Units	602.90	589.20
Class 2G USD-Hedged (Accumulation) Units	839.83	761.39
Class 2I SGD-Hedged (Distribution) Units	494.42	-
Class 2I SGD-Hedged (Accumulation) Units	518.03	-
Class 2J EUR-Hedged (Distribution) Units	759.52	-
Class 2K EUR-Hedged (Distribution) Units	744.92	-
Class 2K EUR-Hedged (Accumulation) Units	768.92	-
Class 2L HKD-Hedged (Distribution) Units	86.01	-
Class 2L HKD-Hedged (Accumulation) Units	89.86	-
Class 4B RMB (Accumulation) Units	106.66	-
Class 4C USD -Hedged (Accumulation) Units	738.30	-



Income Partners Asset Management (HK) Limited,
the Manager

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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 RMB	2018 RMB
Income			
Debt interest income		85,562,466	48,952,757
Net gains/(losses) on financial assets and liabilities at fair value through profit or loss	7	34,557,685	(46,043,506)
Net foreign exchange gains/(losses)		5,961,667	13,801,971
Bank interest income		1,540,051	867,195
Dividend income		8,724	19,097
Other income		128,687	269,870
Total investment income		<u>127,759,280</u>	<u>17,867,384</u>
Expenses			
Management fee	9(a)	(19,751,209)	(12,716,805)
Trustee fee	9(b)	(100,927)	(68,961)
Custodian, administration, compliance monitoring, financial statement preparation fee and registrar and processing agent fee	9(g)	(1,862,682)	(1,277,875)
Auditor's remuneration		(388,787)	(344,130)
Other operating expenses		(214,249)	(273,043)
Legal and professional fees		(595,977)	(124,655)
Total operating expenses		<u>(22,913,831)</u>	<u>(14,805,469)</u>
Operating profit		104,845,449	3,061,915
Finance costs			
Distributions to holders of redeemable units	14	(65,210,534)	(41,102,475)
Interest expense		-	(1,037)
Profit/(loss) after distributions		<u>39,634,915</u>	<u>(38,041,597)</u>
Adjustment for establishment and authorisation costs		(244,411)	(229,627)
Increase/(decrease) in net assets attributable to unitholders from operations		<u>39,390,504</u>	<u>(38,271,224)</u>

The accompanying notes form an integral part of these financial statements.

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

(Established in the Cayman Islands as an exempted unit trust and was re-domiciled to the jurisdiction of Hong Kong as a sub-fund of an open ended umbrella unit trust under the laws of Hong Kong)

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 RMB	2018 RMB
Net assets attributable to unitholders of redeemable units at the beginning of the year		941,893,827	587,659,155
Issuance of redeemable units		1,511,348,377	817,152,875
Redemption of redeemable units		(652,251,027)	(424,646,979)
Increase/(decrease) in net assets attributable to unitholders from operations		39,390,504	(38,271,224)
Net assets attributable to unitholders of redeemable units at the end of the year	12	<u>1,840,381,681</u>	<u>941,893,827</u>

The accompanying form an integral part of these financial statements.

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 RMB	2018 RMB
Cash flow from operating activities		
Profit/(loss) after distributions	39,634,915	(38,041,597)
Adjustment for:		
Interest income	(87,102,517)	(49,819,952)
Interest expenses	-	1,037
Distributions to holders of redeemable units	65,210,534	41,102,475
Operating profit/(loss) before working capital changes	17,742,932	(46,758,037)
Increase in financial assets at fair value through profit or loss	(854,480,172)	(357,179,803)
(Increase)/decrease in derivative financial instruments - assets	(15,861,525)	32,556,205
Increase/(decrease) in derivative financial instruments - liabilities	2,664,049	(8,381,632)
Decrease/(increase) in prepayments and other receivables	1,107,025	(1,091,166)
Increase in margin deposits	(25,135,576)	(2,601,932)
Decrease in amounts due from brokers	(8,286,462)	-
Increase in other liabilities and accrued expenses	806,920	393,732
Increase in amounts due to brokers	9,246,512	-
Cash used in operations activities	(872,196,297)	(383,062,633)
Interest received	73,081,093	40,625,771
Net cash used in operating activities	(799,115,204)	(342,436,862)
Cash flows from financing activities		
Proceeds on issuance of redeemable units	1,514,859,500	813,611,598
Payments on redemption of redeemable units	(650,151,584)	(428,943,336)
Distributions paid	(65,210,534)	(41,102,475)
Interest paid	-	(1,037)
Net cash generated from financing activities	799,497,382	343,564,750
Net increase in cash and cash equivalents	382,178	1,127,888
Cash and cash equivalents at the beginning of the year	22,707,172	21,579,284
Cash and cash equivalents at end of the year	23,089,350	22,707,172
Analysis of balances of cash and cash equivalents		
Bank balances	23,089,350	22,707,172

The accompanying notes form an integral part of these financial statements.

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

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NOTES TO THE FINANCIAL STATEMENTS

1 General information

Income Partners Managed Volatility High Yield Bond Fund (the “Sub-Fund”) (formerly known as Income Partners Renminbi High Yield Bond Fund) is a sub-fund of Income Partners Strategy Fund (the “Sub-Fund”), in respect of which a separate class or classes of units will be issued. The Sub-Fund’s investment objective is to maximise total investment returns, comprising capital appreciation and interest income by investing in high yield debt instruments that are below investment grade or unrated.

The Sub-Fund was first established as an exempted Cayman Islands unit trust. The Sub-Fund is governed by a trust deed dated 17 November 2010, as amended, varied or supplemented from time to time between Income Partners Asset Management (HK) Limited (the “Manager”) as a manager and Cititrust Limited (the “Trustee”) as a trustee. Pursuant to a supplemental deed dated 3 October 2011, the Sub-Fund changed its name from “IP Renminbi Strategy Fund” to “Income Partner Strategy Fund”. Pursuant to a Deed of Change of Governing Law, Retirement, Appointment and Variation dated 25 April 2018 (the “Trust Deed”), the Sub-Fund was removed from the jurisdiction of the Cayman Islands to the jurisdiction of Hong Kong with effect on and from 30 May 2018 and Cititrust Limited was appointed as trustee in place of Cititrust (Cayman) Limited.

The date of commencement of operations of the Sub-Fund is 27 July 2011.

On 14 November 2017, the Trust is authorised by the Securities and Futures Commission of Hong Kong (the “SFC”) under Section 104 of the Hong Kong Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

In order to achieve its investment objectives, the Sub-Fund will invest primarily (that is, at least two-thirds of the Net Asset Value of the Sub-Fund) 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 Net Asset Value in investment grade bonds, short-term money market instruments, cash and/or cash equivalents.

Effective from 4 December 2015, the subscription dealing deadline and redemption dealing deadline were amended so unitholders can give shorter notice of subscriptions and redemptions respectively. Both the subscription dealing deadline and redemption dealing deadline became 5:00 p.m. (Hong Kong time) on the same relevant Dealing Day (or such other day or time as the Manager may from time to time determine), i.e. same day dealing.

The Explanatory Memorandum has been updated by way of an addendum in order to reflect the change in the registrar and processing agent of the Sub-Fund (the “Addendum”) with effect from the Effective Date.

Cititrust Limited is the Trustee of the Sub-Fund and is registered as a trust company in Hong Kong. The Trustee is a member of Citigroup Inc.

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NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of the Sub-Fund have been prepared in accordance with International Financial Reporting Standards (“IFRSs”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRSs requires the use of accounting estimates. It also requires the Trustee and the Manager (together, the “Management”) to exercise its judgement in the process of applying the Sub-Fund’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

All references to Net Asset Value (“NAV”) throughout these financial statements refer to net assets attributable to unitholders unless otherwise stated.

Standards and amendments to existing standards effective 1 January 2019

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2019 that have a material effect on the financial statements of the Sub-Fund.

New standards, amendments and interpretations effective after 1 January 2019 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019, and have not been applied in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Sub-Fund.

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

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NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(b) Foreign currency translation

(i) Functional and presentation currency

The Sub-Fund's subscriptions and redemptions of redeemable units are mainly denominated in off-shore Renminbi ("RMB" or "CNH"). The primary activity of the Sub-Fund is to invest in RMB denominated bonds issued in Hong Kong which are traded in off-shore Renminbi. The performance of the Sub-Fund is measured and reported to unitholders in off-shore RMB. The management considers off-shore Renminbi as the currency that most faithfully represents the economic effects of the transactions, events and conditions (the "functional currency"). The Sub-Fund's financial statements are presented in 'off-shore Renminbi', which is the Sub-Fund's functional and presentation currency.

All references to RMB or CNH throughout these financial statements refer to off-shore Renminbi unless otherwise stated. On-shore Renminbi will be presented as CNY throughout these financial statements.

(ii) Translations and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the statement of financial position date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income. Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within 'foreign exchange gains or losses'.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within 'Net gains/(losses) on financial assets and liabilities at fair value through profit or loss'.

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NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(c) Financial assets and financial liabilities at fair value through profit or loss

(i) Classification

The Sub-Fund classifies its investments based on both the Sub-Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Sub-Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Sub-Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Sub-Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Sub-Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

As such, the Sub-Fund classifies all of its investment portfolio as financial assets as fair value through profit or loss.

(ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Sub-Fund commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Sub-Fund has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within other net changes in fair value of financial assets and liabilities at fair value through profit or loss in the period in which they arise.

Interest on debt securities at fair value through profit or loss is recognised in the statement of comprehensive income within interest income based on the effective interest rate.

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NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(c) Financial assets and financial liabilities at fair value through profit or loss (Continued)

(iii) Fair value estimation

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the statement of financial position date. The Sub-Fund utilises the mid-market price for both financial assets and financial liabilities where the mid-market price falls within the bid-ask spread. In circumstances where the mid-market price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Manager will obtain as many quotes from brokers as they can. Upon receipt of all quotes, the Manager will review all quotes to remove any outliers. Once outliers are removed, an average of the quotes is used to value each investment position.

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Sub-Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity specific inputs.

(iv) Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

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NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(d) Derivative financial instruments

Derivative financial instruments are deemed to be held for trading purposes and initially recognised in the statement of financial position at fair value. Fair values are obtained from quoted market prices and pricing models as appropriate. In the event that quoted prices of certain derivative financial instruments are unavailable, the Manager will use other valuation methods that the Manager deems appropriate, such as pricing the said instruments based on comparable risk assets with similar characteristics in the market. All derivatives are carried in assets when amounts are receivable by the Sub-Fund and in liabilities when amounts are payable by the Sub-Fund. Changes in fair values of derivatives are included in the statement of comprehensive income.

(e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(f) Amounts due from and due to brokers

Amounts due from and to the broker represent receivable for securities sold and payable for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

(g) Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Cash held with Citibank N.A., Hong Kong Branch, UBS AG and Barclays Bank PLC, are margin accounts with the brokers and do not include in cash and cash equivalents.

(h) Accrued expenses

Accrued expenses are accounted for on an accruals basis and charged to the statement of comprehensive income.

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

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NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(i) Redeemable units

The Sub-Fund issues 26 (2018: 14) classes of redeemable units which are redeemable at the unitholder's option and do not have identical rights. Such units are classified as financial liabilities. Redeemable units can be put back to the Sub-Fund at any dealing date for cash equal to a proportionate unit of the Sub-Fund's net asset value attributable to the unit class. The redeemable units are redeemable daily.

The redeemable units are carried at the redemption amount that is payable at the statement of financial position date if the holder exercises the right to put the unit back to the Sub-Fund.

Redeemable units are issued and redeemed at the holder's option at prices based on the Sub-Fund's NAV per unit at the time of issue or redemption. The Sub-Fund's net asset value per unit is calculated by dividing the net assets attributable to the holders of each class of redeemable units with the total number of outstanding redeemable units for each respective class. In accordance with the provisions of the Sub-Fund's regulations, investment positions are valued based on the mid price for the purpose of determining the NAV per unit for subscriptions and redemptions.

(j) Revenue recognition

Debt interest income is recognised in the statement of comprehensive income for all interest bearing instruments on an accrual basis using the effective interest rate method. It represents interest income on debt securities at fair value through profit or loss.

Other income is accounted for on an accrual basis.

(k) Distributions payable to holders of redeemable units

Proposed distributions to holders of redeemable units are recognised in the statement of comprehensive income when they are appropriately authorised and no longer at the discretion of the Sub-Fund. During the year, distributions were declared to the redeemable unitholders of Class 1E, Class 2A, Class 2B, Class 2C, Class 2D, Class 2E, Class 2F, Class 2G, Class 2I, Class 2J, Class 2K and Class 2L. The distribution on the redeemable units is recognised as a finance cost in the statement of comprehensive income.

(l) Taxation

The Sub-Fund was established in the Cayman Islands and was re-domiciled to the jurisdiction of Hong Kong as an open ended umbrella unit trust under the laws of Hong Kong on 30 May 2018.

The Sub-Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Investment income and capital gains are recorded gross of any withholding tax in the statement of comprehensive income. Withholding taxes are shown as a separate item in the statement of comprehensive income.

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NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(m) Collateral

Cash collateral provided by the Sub-Fund is identified in the statement of financial position as margin account with the broker and is not included as a component of cash and cash equivalents. For collateral other than cash, if the party to whom the collateral is provided has the right by contract or custom to sell or re-pledge the collateral, the Sub-Fund classifies that asset in its statement of financial position separately from other assets and identifies the asset as pledged collateral. Where the party to whom the collateral is provided does not have the right to sell or re-pledge, a disclosure of the collateral provided is made in the notes to the financial statements.

(n) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes; (a) restricted activities, (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Sub-Fund considers all of its investments in other funds (“Investee Funds”) to be investments in unconsolidated structured entities. The Investee Funds are managed by the Manager and applied various investment strategies to accomplish their respective investment objectives. The Investee Funds finance their operations by issuing redeemable shares which are puttable at the holder’s option and entitles the holder to a proportional stake in the respective fund’s net assets. The Sub-Fund holds redeemable shares in each of its Investee Funds.

The change in fair value of each Investee Fund is included in the statement of comprehensive income in “net gains/losses on financial assets and financial liabilities at fair value through profit or loss”.

(o) Comparative information

Certain prior year comparative have been reclassified to be consistent with current year presentation and to provide comparative for items disclosed for the first time in the current year.

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

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NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management

The Sub-Fund's activities expose it to a variety of financial risks: market risk (including price risk, currency risk and interest rate risk), credit risk and liquidity risk.

The principal investment objective of the Sub-Fund is to provide a return of capital growth and income in RMB or RMB equivalent terms. The Sub-Fund mainly invests in the Renminbi instruments which are below investment grade or unrated with long-only position. The portfolio of the Sub-Fund is expected to maintain a level of diversity across countries and industries.

The Sub-Fund uses different methods to measure and manage the various types of risk to which it is exposed, these methods are explained below.

(a) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

The Sub-Fund's investment in debt securities and derivative financial instruments are susceptible to market price risk arising from uncertainties about future prices of the instruments. The Manager monitors the Sub-Fund's market price risk on a daily basis and the Trustee reviews it on a daily basis. The following table discloses the financial asset investments at fair value through profit or loss of the Sub-Fund by product type:

	2019 RMB	2018 RMB
Financial assets at fair value through profit or loss		
Corporate bonds	1,663,219,933	789,036,028
Government bonds	33,856,581	33,583,961
Investment funds	25,707,628 ⁽¹⁾	45,683,981 ⁽¹⁾
	<u>1,722,784,142</u>	<u>868,303,970</u>

⁽¹⁾ The investment funds represent Income Partners RMB Bond Fund ("IPRMBBF") amounting to RMB25,707,628 (2018: Income Partners Renminbi Money Market Fund ("IPRMMF"), Income Partners Renminbi Investment Grade Bond Fund ("IPRIGBF") and IPRMBBF amounting to RMB19,496,342, RMB684,301 and RMB25,503,338, respectively), which is managed by the Manager of the Sub-Fund. Refer to Note 9 for details.

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

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NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(a) Market price risk (Continued)

The following tables disclose the financial assets at fair value through profit or loss of the Sub-Fund by country:

	2019		2018	
	RMB	% of NAV	RMB	% of NAV
Corporate bonds				
Australia	27,601,768	1.50	36,225,657	3.85
Peoples' Republic of China	1,104,798,340	60.04	516,996,121	54.92
Hong Kong	139,789,184	7.60	70,270,112	7.46
India	89,488,391	4.86	82,369,505	4.10
Indonesia	107,758,428	5.86	38,636,875	8.75
Japan	11,782,330	0.64	15,257,439	1.62
Malaysia	30,057,103	1.63	-	-
Mongolia	7,018,948	0.38	-	-
Pakistan	35,737,634	1.94	-	-
Philippines	14,327,984	0.78	-	-
Singapore	27,303,032	1.48	-	-
Switzerland	38,566,735	2.10	13,774,382	1.46
Thailand	13,884,220	0.75	-	-
United Kingdom	15,105,836	0.82	15,505,937	1.65
Total corporate bonds	1,663,219,933⁽²⁾	90.38	789,036,028⁽²⁾	83.81
Government bonds				
Sri Lanka	33,856,581	1.84	12,339,097	1.31
Peoples' Republic of China	-	-	21,244,864	2.26
Total government bonds	33,856,581⁽²⁾	1.84	33,583,961⁽²⁾	3.57
Investment Funds				
Hong Kong	-	-	20,180,643	2.14
Peoples' Republic of China	25,707,628	1.40	25,503,338	2.71
Total investment funds	25,707,628	1.40	45,683,981	4.85
Total financial assets at fair value through profit or loss	1,722,784,142	93.62	868,303,970	92.23

⁽²⁾ The amount represents only the fair value of the debt instruments without accrued interests, which are separately disclosed as interest receivable on the statement of financial position.

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

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NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(a) Market price risk (Continued)

The following tables disclose the financial assets at fair value through profit or loss of the Sub-Fund by sector:

	2019		2018	
	RMB	% of NAV	RMB	% of NAV
Corporate bonds				
Automobile	15,105,836	0.82	-	-
Banking and Finance	222,341,161	12.08	98,766,819	10.49
Chemical	44,510,506	2.42	17,089,068	1.82
Commodity	153,191,531	8.33	53,791,574	5.71
Consumer, Cyclical	9,739,499	0.53	76,748,353	8.15
Consumer, Non-Cyclical	28,895,429	1.57	21,118,668	2.24
Energy	43,584,287	2.37	27,702,777	2.94
Entertainment	-	-	9,306,518	0.99
Industrial	71,536,333	3.89	53,744,318	5.71
Insurance	25,718,862	1.40	24,142,194	2.56
Real Estate	832,566,848	45.25	364,865,535	38.76
Technology	42,992,986	2.34	20,346,175	2.16
Telecom	32,486,058	1.77	15,257,439	1.63
Transportation	48,664,601	2.63	-	-
Sovereign	35,737,634	1.94	-	-
Utilities	56,148,362	3.04	6,156,590	0.65
Total corporate bonds	<u>1,663,219,933⁽²⁾</u>	<u>90.38</u>	<u>789,036,028⁽²⁾</u>	<u>83.81</u>
Government bonds				
Quasi-Sovereign	-	-	21,244,864	2.26
Sovereign	33,856,581	1.84	12,339,097	1.31
Total government bonds	<u>33,856,581⁽²⁾</u>	<u>1.84</u>	<u>33,583,961⁽²⁾</u>	<u>3.57</u>
Investment Funds				
Banking and Finance	-	-	19,496,342	2.07
Diversified	25,707,628	1.40	26,187,639	2.78
Total investment funds	<u>25,707,628</u>	<u>1.40</u>	<u>45,683,981</u>	<u>4.85</u>
Total financial assets at fair value through profit or loss	<u>1,722,784,142</u>	<u>93.62</u>	<u>868,303,970</u>	<u>92.23</u>

⁽²⁾ The amount represents only the fair value of the debt instruments without accrued interests, which are separately disclosed as interest receivable on the statement of financial position.

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

(Established in the Cayman Islands as an exempted unit trust and was re-domiciled to the jurisdiction of Hong Kong as a sub-fund of an open ended umbrella unit trust under the laws of Hong Kong)

NOTES TO THE FINANCIAL STATEMENTS**3 Financial risk management (Continued)****(a) Market price risk (Continued)****Derivative financial instruments**

The following table discloses the derivative financial instruments of the Sub-Fund by product type:

	2019 RMB	2018 RMB
Derivative financial assets		
Forward foreign exchange contracts (Note (i))	18,355,474	2,493,949
	<u>18,355,474</u>	<u>2,493,949</u>
Derivative financial liabilities		
Forward foreign exchange contracts (Note (i))	3,466,855	802,806
	<u>3,466,855</u>	<u>802,806</u>

(i) Forward foreign exchange contracts

Open currency forward contracts as at 31 December 2019 are detailed below:

Counterparty	Notional amount		Unrealised gains/(losses) RMB
	Amount bought	Amount sold	
<u>UBS AG</u>			
Long USD/Short EUR 01/07/2020	USD991,795.50	EUR900,000.00	(126,570)
Long CNH/Short USD 01/10/2020	CHN100,000,000	USD14,189,149	1,192,961
Long CNH/Short USD 01/13/2020	CHN190,000,000	USD26,975,034	2,145,759
Long CNH/Short USD 01/21/2020	CHN105,000,000	USD14,984,326	632,427
Long CNH/Short USD 02/21/2020	CHN30,000,000	USD4,259,839	308,773
<u>Barclays Bank PLC</u>			
Long CNH/Short USD 01/10/2020	CHN180,000,000	USD25,541,044	2,143,318
Long CNH/Short USD 01/13/2020	CHN140,000,000	USD19,878,387	1,566,840
Long CNH/Short USD 01/21/2020	CHN155,000,000	USD22,116,917	953,095
Long CNH/Short USD 02/21/2020	CHN60,000,000	USD8,520,960	608,625
<u>Citibank N.A., Hong Kong Branch</u>			
Long USD/Short EUR 01/07/2020	USD992,169	EUR900,000	(123,971)
Long CNH/Short USD 01/10/2020	CHN200,000,000	USD28,390,407	2,301,617
Long CNH/Short USD 01/13/2020	CHN200,000,000	USD28,443,025	1,922,759
Long CNH/Short USD 01/16/2020	CHN210,000,000	USD29,841,571	2,171,538
Long CNH/Short USD 01/21/2020	CHN200,000,000	USD28,541,350	1,206,182
Long CNH/Short HKD 01/21/2020	CHN140,459	HKD156,262	717
Long CNH/Short USD 01/21/2020	CHN240,567	USD34,332	1,441

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3 Financial risk management (Continued)**(a) Market price risk (Continued)****(i) Forward foreign exchange contracts (Continued)**

Open currency forward contracts as at 31 December 2019 are detailed below:

Counterparty	Notional amount		Unrealised gains/(losses) RMB
	Amount bought	Amount sold	
<u>Citibank N.A., Hong Kong Branch</u>			
Long CNH/Short USD 01/21/2020	CNH232,507	USD33,182	1,393
Long USD/Short CNH 01/21/2020	USD1,711,708	CNH11,989,234	(67,024)
Long HKD/Short CNH 01/21/2020	HKD8,329,019	CNH7,483,082	(34,634)
Long SGD/Short CNH 01/21/2020	SGD8,221,315	CNH42,493,766	71,509
Long SGD/Short CNH 01/21/2020	SGD1,929,365	CNH9,972,300	16,849
Long EUR/Short CNH 01/21/2020	EUR1,873,249	CNH14,642,415	12,551
Long AUD/Short CNH 01/21/2020	AUD2,714,494	CNH13,038,532	222,298
Long EUR/Short CNH 01/21/2020	EUR3,598,361	CNH28,126,913	24,105
Long USD/Short CNH 01/21/2020	USD56,228,684	CNH393,839,986	(2,201,696)
Long AUD/Short CNH 01/21/2020	AUD8,632,705	CNH41,465,627	706,811
Long USD/Short CNH 01/21/2020	USD2,745,171	CNH19,227,875	(107,490)
Long HKD/Short CNH 01/21/2020	HKD4,349,253	CNH3,907,521	(18,085)
Long USD/Short CNH 01/21/2020	USD18,360,655	CNH128,602,691	(718,932)
Long USD/Short CNH 01/21/2020	USD187,972	CNH1,317,596	(8,351)
Long USD/Short CNH 01/21/2020	USD125,000	CNH875,515	(4,877)
Long CNH/Short USD 01/21/2020	CNH13,347	USD1,907	67
Long AUD/Short CNH 01/21/2020	AUD27,595	CNH133,548	1,261
Long HKD/Short CNH 01/21/2020	HKD483,092	CNH433,949	(1,931)
Long USD/Short CNH 01/21/2020	USD250,000	CNH1,752,070	(10,796)
Long USD/Short CNH 01/21/2020	USD42,416	CNH297,370	(1,939)
Long SGD/Short CNH 01/21/2020	SGD1,000,000	CNH5,174,433	2,996
Long USD/Short CNH 01/21/2020	USD120,000	CNH841,298	(5,487)
Long USD/Short CNH 01/21/2020	USD7,538	CNH52,851	(345)
Long CNH/Short USD 01/21/2020	CNH1,035,542	USD3,001,853	127,290
Long HKD/Short CNH 01/21/2020	HKD92,513	CNH83,250	(518)
Long EUR/Short CNH 01/21/2020	EUR19,078	CNH148,405	850
Long AUD/Short CNH 01/21/2020	AUD93,952	CNH455,956	3,017
Long USD/Short CNH 01/21/2020	USD21,167	CNH148,427	(994)
Long CNH/Short USD 01/21/2020	CNH90,272	USD12,876	588
Long USD/Short CNH 01/21/2020	USD12,885	CNH90,375	(626)
Long USD/Short CNH 01/21/2020	USD11,719	CNH82,197	(570)
Long USD/Short CNH 01/21/2020	USD72,063	CNH505,216	(3,292)
Long USD/Short CNH 01/21/2020	USD52,732	CNH369,694	(2,409)
Long CNH/Short USD 01/21/2020	CNH366,264	USD52,262	2,251
Long CNH/Short USD 01/21/2020	CNH747,672	USD106,686	4,595
Long USD/Short CNH 01/21/2020	USD49,500	CNH346,361	(1,589)

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

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3 Financial risk management (Continued)

(a) Market price risk (Continued)

(i) Forward foreign exchange contracts (Continued)

Open currency forward contracts as at 31 December 2019 are detailed below:

Counterparty	Notional amount		Unrealised gains/(losses) RMB
	Amount bought	Amount sold	
<u>Citibank N.A., Hong Kong Branch</u>			
Long CNH/Short USD 01/21/2020	CNH56,381	USD8,060	245
Long USD/Short CNH 01/21/2020	USD717,980	CNH5,023,845	(23,044)
Long USD/Short CNH 01/21/2020	USD50,000	CNH349,860	(1,605)
Long USD/Short CNH 01/21/2020	USD4,331	CNH30,247	(80)
Long CNH/Short USD 01/21/2020	CNH325,741	USD46,660	746
Total unrealised gains on forward foreign currency contracts			18,355,474
Total unrealised (losses) on forward foreign currency contracts			(3,466,855)

Open currency forward contracts as at 31 December 2018 are detailed below:

Counterparty	Notional amount		Unrealised
	Amount bought	Amount sold	gains/(losses)
			RMB
<u>Citibank N.A., Hong Kong Branch</u>			
Long CNY/Short USD 01/18/2019	CNY200,000,000	USD29,027,260	380,543
Long CNY/Short USD 01/18/2019	CNY200,000,000	USD28,962,937	822,861
Long CNY/Short USD 01/22/2019	CNY160,000,000	USD23,194,184	492,191
Long CNY/Short USD 01/22/2019	CNY100,000,000	USD14,493,619	326,503
Long CNY/Short USD 01/22/2019	CNY140,000,000	USD20,301,068	388,331
Long USD/Short CNY 01/22/2019	USD20,000,000	CNY137,962,440	(421,264)
Long USD/Short CNY 01/22/2019	USD8,397,394	CNY57,927,087	(177,715)
Long USD/Short CNY 01/22/2019	USD9,222,090	CNY63,615,105	(194,247)
Long AUD/Short CNY 01/22/2019	AUD34,880	CNY173,472	(4,168)
<u>UBS AG</u>			
Long CNY/Short USD 01/22/2019	CNY5,518,559	USD800,127	16,037
Long USD/Short CNY 01/22/2019	USD269,976	CNY1,862,054	(5,412)
Long CNY/Short USD 01/22/2019	CNY25,000,000	USD3,625,461	67,483
Total unrealised gains on forward foreign currency contracts			2,493,949
			=
Total unrealised (losses) on forward foreign currency contracts			(802,806)

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

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NOTES TO THE FINANCIAL STATEMENTS**3 Financial risk management (Continued)****(a) Market price risk (Continued)**

The table below summarises the impact to the NAV of the Sub-Fund if there is a $\pm 5\%$ reasonable possible change in the relevant benchmark index of the investment funds with all other variables held constant held at year end.

Relevant benchmark index	2019		2018	
	Estimated reasonable possible change in relevant benchmark index	Change in NAV	Estimated reasonable possible change in relevant benchmark index	Change in NAV
	US\$	US\$	US\$	US\$
	+/-	+/-	+/-	+/-
JACI High Yield Index	5%	586,464	5%	379,298

The sensitivity analysis presented is based upon the portfolio composition as at 31 December 2019 and the historical correlation of the investment funds comprising the portfolio to the respective indices. The composition of the Sub-Fund's investment portfolio, including the use of leverage, and the correlation thereof to the respective indices, is expected to change over time. The sensitivity analysis prepared as of 31 December 2019 is not necessarily indicative of the effect on the Sub-Fund's net assets' attributed to redeemable shares of future movements in the level of the respective indices.

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

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NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(b) Currency risk

Foreign currency risk arises as the fair value and future cash flows of monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rate.

The Sub-Fund has exposure to fluctuation in currency exchange rates where it invests in assets and liabilities denominated in currencies other than Renminbi, the functional currency. The sensitivity of the Sub-Fund's NAV as a whole in percentage terms to movements in specific currencies can be derived from the tables below. The Manager monitors the Sub-Fund's currency position on a daily basis.

IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk. Management however monitors the exposure on all foreign currency denominated assets and liabilities. The table below summarises the Sub-Fund's exposure to currency risks in respect of its monetary and non-monetary assets and liabilities, including off statement of financial position exposure on derivatives and notional value of open currency forward contracts, as at the statement of financial position date on 31 December 2019 and 2018.

	Net exposure equivalent	
	2019	2018
	RMB	RMB
Monetary items		
Australian Dollar ("AUD")	377,393	49,739
Euro ("EUR")	(1,053,295)	-
Hong Kong Dollar ("HKD")	1,970,314	5,400,713
Singapore Dollar ("SGD")	841,663	-
United States Dollar ("USD")	(1,707,917,599)	(783,794,984)
	<u> </u>	<u> </u>
Non-monetary items		
EUR	15,105,836	-
HKD	-	684,301
USD	1,681,970,678	779,744,627
	<u> </u>	<u> </u>

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NOTES TO THE FINANCIAL STATEMENTS**3 Financial risk management (Continued)****(b) Currency risk (Continued)**

The table below summarises the impact of increases or decreases of the key currency exchange rates to which the Sub-Fund's net assets (monetary and non-monetary) are exposed. The analysis is based on the assumption that the exchanges rates increased or decreased by the respective percentage with all other variables held constant.

	2019		2018	
	Estimated reasonable possible change against RMB	Impact on NAV and profit after tax RMB	Estimated reasonable possible change against RMB	Impact on NAV and profit after tax RMB
	+/-	+/-	+/-	+/-
AUD	5%	18,870	5%	2,487
EUR	5%	702,627	5%	-
HKD	5%	98,516	5%	304,251
SGD	5%	42,083	5%	-
USD	5%	1,297,346	5%	202,518

The Manager has used their view of what would be a “reasonable shift” in exchange rates to estimate the change for use in currency risk sensitivity analysis above.

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in exchange rate % are revised annually depending on the Manager's current view of exchange rates volatility and other relevant factors.

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

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NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(c) Interest rate risk

The Sub-Fund is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows. The tables below summarise the Sub-Fund's exposure to interest rate risks at the statement of financial position date. Included in the table are the Sub-Fund's assets and liabilities at fair values, categorised by the earlier of contractual repricing or maturity dates. The fair values of derivative financial instruments are included below under the heading 'Non-interest bearing'. The interest rate exposures for all interest rate derivative financial instruments represent the net notional amounts of all the contracts. Refer to Note 3(a) for details.

	Maturity up to 1 year RMB	Maturity 1-5 years RMB	Maturity over 5 years RMB	Non-interest bearing RMB	Total RMB
As at 31 December 2019					
Assets					
Financial assets at fair value through profit or loss					
- Corporate bonds	-	1,573,590,342	89,629,591	-	1,663,219,933
- Government bonds	-	20,772,026	13,084,555	-	33,856,581
- Investment funds	-	-	-	25,707,628	25,707,628
Derivative financial instruments					
- Forward foreign exchange contracts	-	-	-	18,355,474	18,355,474
Interest receivable	-	-	-	31,679,757	31,679,757
Subscriptions receivable	-	-	-	30,154	30,154
Prepayments and other receivables	-	-	-	112,918	112,918
Amounts due from brokers	-	-	-	13,150,092	13,150,092
Bank and margin deposits	73,249,107	-	-	-	73,249,107
Total assets	73,249,107	1,594,362,368	102,714,146	89,036,023	1,859,361,644
Liabilities					
Derivative financial instruments					
- Forward foreign exchange contracts	-	-	-	(3,466,855)	(3,466,855)
Redemptions payable	-	-	-	(3,651,732)	(3,651,732)
Amounts due to brokers	-	-	-	(9,246,512)	(9,246,512)
Other liabilities and accrued expenses	-	-	-	(2,905,189)	(2,905,189)
Total liabilities excluding net assets attributable to unitholders	-	-	-	(19,270,288)	(19,270,288)

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NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(c) Interest rate risk (Continued)

	Maturity up to 1 year RMB	Maturity 1-5 years RMB	Maturity over 5 years RMB	Non-interest bearing RMB	Total RMB
As at 31 December 2018					
Assets					
Financial assets at fair value through profit or loss					
- Corporate bonds	-	627,634,752	161,401,276	-	789,036,028
- Government bonds	-	12,339,097	21,244,864	-	33,583,961
- Investment funds	-	-	-	45,683,981	45,683,981
Derivative financial instruments					
- Forward foreign exchange contracts	-	-	-	2,493,949	2,493,949
Interest receivable	-	-	-	17,658,333	17,658,333
Subscriptions receivable	-	-	-	3,541,277	3,541,277
Prepayments and other receivables	-	-	-	1,219,943	1,219,943
Amounts due from brokers	-	-	-	4,863,630	4,863,630
Bank and margin deposits	47,731,353	-	-	-	47,731,353
Total assets	47,731,353	639,973,849	182,646,140	75,461,113	945,812,455
Liabilities					
Derivative financial instruments					
- Forward foreign exchange contracts	-	-	-	(802,806)	(802,806)
Redemptions payable	-	-	-	(1,552,289)	(1,552,289)
Other liabilities and accrued expenses	-	-	-	(2,098,269)	(2,098,269)
Total liabilities excluding net assets attributable to unitholders	-	-	-	(4,453,364)	(4,453,364)

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NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(c) Interest rate risk (Continued)

At 31 December 2019, if interest rates on the margin account, cash and cash equivalents had been 10 basis points higher or lower with all variables held constant, net assets attributable to unitholders would have been RMB73,249 (2018: RMB47,731) higher or lower as a result of higher or lower interest income.

The table below summarises the average effective interest rate for monetary financial instruments at the statement of financial position date. For puttable or callable financial instruments, the effective interest rates are based on the lower of yield to maturity, yield to call or yield to put.

	2019 %	2018 %
Assets		
Bank balances	0.71	1.26
Margin deposits	1.57	2.27
Investments at fair value through profit or loss		
- Corporate bonds	6.78	9.39
- Government bonds	6.79	5.25

The majority of the Sub-Fund's interest rate exposure on debt instruments are RMB denominated. Interest rate exposures are expressed in terms of rate of weighted modified duration. The Manager and Trustee monitor the interest rate risks by quantifying (a) market exposure in percentage terms; and (b) exposure in duration terms by different countries.

The figures in the tables below imply the interest rate exposure in duration terms. Given a 100 bps change in the rate of all debt securities held by the Sub-Fund as at 31 December 2019, the percentage change in the debt securities will be the total weighted average modified duration multiplied by 1% (2018: 1%) while holding all other variables constant. The sensitivity of the Sub-Fund's debt securities as a whole in percentage terms to movements in specific types of interest rate exposure can be derived from the tables below.

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

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NOTES TO THE FINANCIAL STATEMENTS**3 Financial risk management (Continued)****(c) Interest rate risk (Continued)**Portfolio weighted average modified duration analysis by country

Country	Portfolio Weighted Average Modified Duration (Debt securities)	
	2019	2018
Australia	0.06	0.14
Hong Kong	0.20	0.22
India	0.17	0.10
Indonesia	0.15	0.28
Japan	0.04	0.10
Malaysia	0.04	-
Mongolia	0.01	-
People's Republic of China	1.30	1.56
Pakistan	0.05	-
Philippines	0.04	-
Singapore	0.05	-
Sri Lanka	0.08	0.04
Switzerland	0.06	0.05
Thailand	0.04	-
United Kingdom	0.05	0.06
Total	<u>2.34</u>	<u>2.55</u>

(d) Credit risk

The Sub-Fund is exposed to credit risk, which is the risk that counterparty will be unable to pay amounts in full when they fall due.

The main concentration to which the Sub-Fund is exposed arises from the Sub-Fund's investments in debt securities. The Sub-Fund is also exposed to counterparty credit risk on trading derivative products, cash and cash equivalents, collateral, and other receivable balances.

The Sub-Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss.

(i) Investment's credit risk

The Sub-Fund's credit risk concentration is spread between debt securities and derivative products as discussed above under market risk diversification. The credit ratings of the debt securities range from A+ to NR (2018: BBB+ to NR). Debt securities which are not rated represent approximately 9.23% (2018: 9.23%) of the NAV of the Sub-Fund. The Manager will regularly monitor the credit risk of all investments by assessing global credit market and the impact of different scenarios. The analysis below summarises the credit quality of the Sub-Fund's debt portfolio as a percentage of NAV at the year end.

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

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NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(d) Credit risk (Continued)

(i) Investment's credit risk (Continued)

	2019	2018
Credit rating (best rating our of Standard & Poor's/Moody's/Fitch)	% of NAV	% of NAV
A+	0.19	-
A	5.59	-
A-	2.42	-
BBB+	1.76	1.10
BBB	0.82	3.73
BBB-	2.47	2.12
BB+	4.98	3.67
BB	13.60	15.27
BB-	22.79	20.66
B+	8.02	14.33
B	16.33	12.96
B-	4.02	4.31
NR	9.23	9.23
Total	<u>92.22⁽³⁾</u>	<u>87.38⁽³⁾</u>

⁽³⁾ The percentage is calculated based on the fair value of the debt instruments without accrued interests, which are separately disclosed as interest receivable on the statement of financial position.

As at 31 December 2019, one (2018: Nil) investments of RMB4,206,663 (2018: RMBNil) of the NAV defaulted. The Manager monitors each issuer's credit risk by performing intensive credit analysis and constantly monitoring any changes in its risk factors.

As at 31 December 2019, the Manager considered that the unrated debt securities which have a credit quality similar to the investment grade or above represented approximately 0.00% (2018: 4.55%) of the NAV of the Sub-Fund.

Details of the investments are disclosed in Note 3(a). As refer to Note 3(d)(ii), assets placed with the broker and custodian by the Sub-Fund is amounted to RMB1,814,388,723 (2018: RMB918,529,272).

The forward foreign exchange contracts are entered into with reputable international financial institutions.

At any time, the net exposure of the Sub-Fund to the obligations of any one issuer will not normally exceed 10% of the gross assets, except for securities issued or guaranteed by government, sovereign and quasi-sovereign entities, public or local authorities.

The tables above provide detailed snapshots of the credit market risks embedded in the Sub-Fund as at 31 December 2019 and 2018. Credit market risks are generally quantified by (a) market exposure in percentage terms; and (b) exposure in duration terms. The weighted spread duration is the spread duration multiplied by the allocation of NAV.

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

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NOTES TO THE FINANCIAL STATEMENTS**3 Financial risk management (Continued)****(d) Credit risk (Continued)**

Credit risk is monitored by running scenarios based on different assumptions of correlations. The Manager monitors the Sub-Fund's credit exposures on a daily basis and the Trustee reviews it on a daily basis.

(ii) Assets with the brokers and custodian

The Sub-Fund is exposed to credit risk on its bank deposits and balances, and assets held with the brokers.

Accordingly, the Sub-Fund has a significant credit risk towards the brokers and custodian to the extent that the brokers and custodian may be unable to fulfill their obligation to return the Sub-Fund's cash and assets. Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Sub-Fund. As at 31 December 2019 and 2018, the aggregate value of the Sub-Fund's assets held with the brokers and custodian were as follows:

	2019 RMB	2018 RMB
<u>Deposits with brokers and custodian</u>		
Citibank N.A., Hong Kong Branch	23,089,350	22,707,172
	-----	-----
<u>Assets pledged with brokers and custodian</u>		
Citibank N.A., Hong Kong Branch	10,377,791	22,892,006
UBS AG	13,606,149	2,132,175
Barclays Bank PLC	26,175,817	-
	-----	-----
	50,159,757	25,024,181
	-----	-----
<u>Other assets with brokers and custodian</u>		
Citibank N.A., Hong Kong Branch	1,731,587,817	870,714,399
UBS AG	4,279,920	83,520
Barclays Bank PLC	5,271,879	-
	-----	-----
	1,741,139,616	870,797,919
	-----	-----
Total assets placed with the brokers and financial institutions	1,814,388,723	918,529,272
	=====	=====

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

(Established in the Cayman Islands as an exempted unit trust and was re-domiciled to the jurisdiction of Hong Kong as a sub-fund of an open ended umbrella unit trust under the laws of Hong Kong)

NOTES TO THE FINANCIAL STATEMENTS**3 Financial risk management (Continued)****(d) Credit risk (Continued)***(ii) Assets with the brokers and custodian (Continued)*

The credit ratings represented that of the ultimate holding companies of the broker and custodian as issued by Standard & Poor's at year end were as follows:

	2019	2018
Citibank N.A., Hong Kong Branch	A+	BBB+
UBS AG	A+	A-
Barclays Bank PLC	A	A

The Manager of the Sub-Fund monitors the Sub-Fund's credit risk position on a daily basis.

All transactions are settled/paid for upon delivery using approved and reputable brokers. Delivery of securities sold is only made when the brokers has received payment. Payment is made on a purchase when the securities have been received by the brokers. The trade will fail if either party fails to meet its obligation.

(e) Offsetting and amounts subject to master netting arrangements and similar agreements

The Sub-Fund was subject to three (2018: two) master netting agreements with its financial instrument counterparties. All of the financial assets and liabilities of the Sub-Fund are held with these counterparties and margin balances are maintained by the Sub-Fund for the purpose of providing collateral on derivative positions.

The following table presents the Sub-Fund's financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements. The tables are presented by type of financial instrument and by counterparty.

	A	B	C = A - B
	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set-off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
	RMB	RMB	RMB
At 31 December 2019			
Financial assets			
Derivative financial instruments	18,355,474	-	18,355,474
Margin deposits	50,159,757	-	50,159,757
Financial liabilities			
Derivative financial instruments	3,466,855	-	3,466,855

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

(Established in the Cayman Islands as an exempted unit trust and was re-domiciled to the jurisdiction of Hong Kong as a sub-fund of an open ended umbrella unit trust under the laws of Hong Kong)

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(e) Offsetting and amounts subject to master netting arrangements and similar agreements (Continued)

	C	D1	D2	E = C – D1 – D2
	Net amounts of financial assets presented in the statement of financial position RMB	Related amounts not set-off in the statement of financial position Financial instruments RMB	Cash collateral RMB	Net credit exposure RMB
At 31 December 2019				
Financial assets				
Citibank N.A., Hong Kong Branch	19,181,465	(3,340,285)	-	15,841,180
UBS AG	17,886,069	(126,570)	-	17,759,499
Barclays Bank PLC	31,447,697	-	-	31,447,697
Financial liabilities				
Citibank N.A., Hong Kong Branch	3,340,285	(3,340,285)	-	-
UBS AG	126,570	(126,570)	-	-
		A	B	C = A – B
		Gross amounts of recognised financial assets RMB	Gross amounts of recognised financial liabilities set-off in the statement of financial position RMB	Net amounts of financial assets presented in the statement of financial position RMB
At 31 December 2018				
Financial assets				
Derivative financial instruments		2,493,949	-	2,493,949
Margin deposits		25,024,181	-	25,024,181
Financial liabilities				
Derivative financial instruments		802,806	-	802,806

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

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NOTES TO THE FINANCIAL STATEMENTS**3 Financial risk management (Continued)****(e) Offsetting and amounts subject to master netting arrangements and similar agreements (Continued)**

	C	D1	D2	E = C – D1 – D2
	Net amounts of financial assets presented in the statement of financial position RMB	Related amounts not set-off in the statement of financial position Financial instruments RMB	Cash collateral RMB	Net credit exposure RMB
At 31 December 2018				
Financial assets				
Citibank N.A., Hong Kong Branch	25,302,435	(797,394)	-	24,505,041
UBS AG	2,215,695	(5,412)	-	2,210,283
Financial liabilities				
Citibank N.A., Hong Kong Branch	797,394	(797,394)	-	-
UBS AG	5,412	(5,412)	-	-

(f) Liquidity risk

Liquidity risk is the risk that the Sub-Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous.

The liquidity of the Sub-Fund's investments in corporate bonds and other derivative financial instruments may vary substantially depending on market conditions. The liquidity of the various instruments in the Asian debt markets has fluctuated and changed substantially over time. The market for relatively illiquid securities tends to be thinner than the market for more liquid securities.

Investments in relatively illiquid securities may restrict the ability of the Sub-Fund to dispose of its investments at a price and time that it wishes to do so. The risk of illiquidity also arises in the case of over-the-counter transactions. There is no regulated market in such contracts and the bid and offer prices are established solely by dealers in these contracts.

The table below analyses the Sub-Fund's financial liabilities and derivative financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flow.

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

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NOTES TO THE FINANCIAL STATEMENTS**3 Financial risk management (Continued)****(f) Liquidity risk (Continued)**

	Maturity less than 3 months RMB	Maturity up to 1 year RMB	Maturity up to 5 years RMB	Total RMB
As at 31 December 2019				
Derivative financial instruments	3,466,855	-	-	3,466,855
Redemptions payable	3,651,732	-	-	3,651,732
Amounts due to brokers	9,246,512	-	-	9,246,512
Other liabilities and accrued expenses	2,905,189	-	-	2,905,189
Net assets attributable to unitholders	<u>1,840,091,356</u>	<u>-</u>	<u>-</u>	<u>1,840,091,356</u>

	Maturity less than 3 months RMB	Maturity up to 1 year RMB	Maturity up to 5 years RMB	Total RMB
As at 31 December 2018				
Derivative financial instruments	802,806	-	-	802,806
Amounts due to brokers	1,552,289	-	-	1,552,289
Other liabilities and accrued expenses	2,098,269	-	-	2,098,269
Net assets attributable to unitholders	<u>941,359,091</u>	<u>-</u>	<u>-</u>	<u>941,359,091</u>

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

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NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(f) Liquidity risk (Continued)

The redeemable units are redeemable on a daily basis at the unitholder's option. In order to control liquidity risk, the Manager, with the approval of the Trustee, may limit the number of redeemable units, which are redeemed on any redemption day to redeemable units representing in aggregate 10% of the NAV of the Sub-Fund. Furthermore, no redemption of a holding of redeemable units may be made which would result in the unitholder retaining redeemable units which have a value of less than the following amount, unless the Manager in its sole discretion determines to permit the redemption:

	Minimum holding amount
Class 1A USD (Distribution)Units	USD50,000
Class 1A USD (Accumulation) Units	USD50,000
Class 1B RMB (Accumulation)	RMB250,000
Class 1E USD (Distribution) Units	USD50,000
Class 1E USD (Accumulation) Units	USD50,000
Class 2A USD (Distribution) Units	USD2,000
Class 2A USD (Accumulation)Units	USD2,000
Class 2B RMB (Distribution) Units	RMB10,000
Class 2B RMB (Accumulation) Units	RMB10,000
Class 2C USD (Distribution) Units	USD2,000
Class 2D HKD (Distribution) Units	HKD10,000
Class 2D HKD (Accumulation) Units	HKD10,000
Class 2E AUD (Distribution) Units	AUD100,000
Class 2E AUD (Accumulation) Units	AUD100,000
Class 2F AUD-Hedged (Distribution) Units	AUD100,000
Class 2F AUD-Hedged (Accumulation) Units	AUD100,000
Class 2G USD-Hedged (Distribution) Units	USD2,000
Class 2G USD-Hedged (Accumulation) Units	USD2,000
Class 2I SGD-Hedged (Distribution) Units	SGD1,000
Class 2I SGD-Hedged (Accumulation) Units	SGD1,000
Class 2J EUR-Hedged (Distribution) Units	EUR1,000
Class 2K EUR-Hedged (Distribution) Units	EUR1,000
Class 2K EUR-Hedged (Accumulation) Units	EUR1,000
Class 2L HKD-Hedged (Distribution) Units	HKD10,000
Class 2L HKD-Hedged (Accumulation) Units	HKD10,000
Class 4B RMB (Accumulation) Units	RMB1,000,000
Class 4C USD -Hedged (Accumulation) Units	USD100,000

As at 31 December 2019, the total assets of the Sub-Fund amounted to RMB1,859,361,644 (2018: RMB945,812,455). The Manager manages the Sub-Fund's liquidity risk by investing predominantly in listed and quoted bonds and derivatives that the Manager considered them as highly liquid for disposal.

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

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NOTES TO THE FINANCIAL STATEMENTS

4 Fair value estimation

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on mid-market prices at the close of trading on the year end date. The Sub-Fund measures both financial assets and financial liabilities at mid-market price.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

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NOTES TO THE FINANCIAL STATEMENTS

4 Fair value estimation (Continued)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Sub-Fund. The Sub-Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Sub-Fund's financial assets and liabilities measured at fair value. Please refer to Note 3(a) for disclosure of the Sub-Fund's financial assets and liabilities by class.

	Level 2 RMB	Total RMB
As at 31 December 2019		
Assets		
Financial assets at fair value through profit or loss:		
- Corporate bonds	1,663,219,933 ⁽⁴⁾	1,663,219,933 ⁽⁴⁾
- Government bonds	33,856,581 ⁽⁴⁾	33,856,581 ⁽⁴⁾
- Investment funds	25,707,628	25,707,628
Derivative financial assets:		
- Forward foreign exchange contracts	18,355,474	18,355,474
	<u>1,741,139,616</u>	<u>1,741,139,616</u>
Liabilities		
Derivative financial liabilities:		
- Forward foreign exchange contracts	3,466,855	3,466,855

⁽⁴⁾ The amount represents only the fair value of the debt instruments without accrued interests, which are separately disclosed as interest receivable on the statement of financial position.

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

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NOTES TO THE FINANCIAL STATEMENTS**4 Fair value estimation (Continued)**

	Level 2 RMB	Total RMB
As at 31 December 2018		
Assets		
Financial assets at fair value through profit or loss:		
- Corporate bonds	789,036,028 ⁽⁴⁾	789,036,028 ⁽⁴⁾
- Government bonds	33,583,961 ⁽⁴⁾	33,583,961 ⁽⁴⁾
- Investment funds	45,683,981	45,683,981
Derivative financial assets:		
- Forward foreign exchange contracts	2,493,949	2,493,949
	<u>870,797,919</u>	<u>870,797,919</u>
Liabilities		
Derivative financial liabilities:		
- Forward foreign exchange contracts	802,806	802,806
	<u>802,806</u>	<u>802,806</u>

⁽⁴⁾ The amount represents only the fair value of the debt instruments without accrued interests, which are separately disclosed as interest receivable on the statement of financial position.

Investments whose values are based on quoted market prices in active markets are classified within level 1.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted/tradable market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include corporate bonds, forward foreign exchange contracts, credit default swap, credit default swap index and interest rate swap. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Management considers the carrying value of the Sub-Fund's other financial assets and financial liabilities are a reasonable approximation of fair value.

There is no transfer between the levels of fair value hierarchy during the year ended 31 December 2019 and 2018.

⁽⁴⁾ The amount represents only the fair value of the debt instruments without accrued interests, which are separately disclosed as interest receivable on the statement of financial position.

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

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NOTES TO THE FINANCIAL STATEMENTS

5 Critical accounting estimates and judgments

(a) Critical accounting estimates

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Fair value of financial instruments

The Sub-Fund may, from time to time, hold financial instruments that are not quoted in active markets, whereby the arranging banks or placement banks would be the sole providers of mark to market prices. Fair values of such instruments are determined by using valuation techniques. The Sub-Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel at the Manager. The Manager also closely monitors the coupon and principal payment of these fixed income and debt instruments.

In certain cases, the Manager may determine the prices or make adjustments to the market values of investments at their discretion if they believe that an adjustment is required to arrive at the fair value of the investment.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The Sub-Fund holds financial instruments that are not actively traded on an exchange such as unlisted bonds and derivative instruments which may not trade in an active market and whose fair value has been determined by reference to quotations provided by the relevant brokers. Their quotations may be indicative quotes only and may not necessarily represent actual transactions price nor may represent a binding offer price. The Management considers that the above valuation approach as the best estimate of the fair value of the investments. Actual transacted prices may differ from the quotes provided by the relevant brokers.

The investment funds held by the Sub-Fund are subject to the terms and conditions of the respective offering documentation of the investment funds. The investment funds are primarily valued on the latest available redemption price of such units/shares for each investment fund, as determined by the respective fund administrators or fund managers of such investment fund. If necessary, the Directors make adjustments to the net asset value of various investment funds to obtain the best estimate of fair value.

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

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NOTES TO THE FINANCIAL STATEMENTS**5 Critical accounting estimates and judgments (Continued)****(b) Critical judgments****Functional currency**

The Manager considers RMB the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The RMB is the currency in which the Sub-Fund measures its performance and reports its results.

6 Financial instruments by category

The following tables disclose the financial assets and liabilities of the Sub-Fund by category:

	At amortised cost RMB	At fair value through profit or loss RMB	Total RMB
As at 31 December 2019			
Financial assets			
Financial assets at fair value through profit or loss	-	1,722,784,142	1,722,784,142
Derivative financial instruments	-	18,355,474	18,355,474
Interest receivable	31,679,757	-	31,679,757
Subscriptions receivable	30,154	-	30,154
Prepayments and other receivables	112,918	-	112,918
Amounts due from brokers	13,150,092	-	13,150,092
Margin deposits	50,159,757	-	50,159,757
Bank balances	23,089,350	-	23,089,350
	<u>118,222,028</u>	<u>1,741,139,616</u>	<u>1,859,361,644</u>
Financial liabilities			
Derivative financial instruments	-	3,466,855	3,466,855
Amounts due to brokers	9,246,512	-	9,246,512
Redemptions payable	3,651,732	-	3,651,732
Other liabilities and accrued expenses	2,905,189	-	2,905,189
	<u>15,803,433</u>	<u>3,466,855</u>	<u>19,270,288</u>

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

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NOTES TO THE FINANCIAL STATEMENTS**6 Financial instruments by category (Continued)**

The following tables disclose the financial assets and liabilities of the Sub-Fund by category:

	At amortised cost RMB	At fair value through profit or loss RMB	Total RMB
As at 31 December 2018			
Financial assets			
Financial assets at fair value through profit or loss	-	868,303,970	868,303,970
Derivative financial instruments	-	2,493,949	2,493,949
Interest receivable	17,658,333	-	17,658,333
Subscriptions receivable	3,541,277	-	3,541,277
Prepayments and other receivables	1,219,943	-	1,219,943
Amounts due from brokers	4,863,630	-	4,863,630
Margin deposits	25,024,181	-	25,024,181
Bank Balances	22,707,172	-	22,707,172
	<u>75,014,536</u>	<u>870,797,919</u>	<u>945,812,455</u>
Financial liabilities			
Derivative financial instruments	-	802,806	802,806
Redemptions payable	1,552,289	-	1,552,289
Other liabilities and accrued expenses	2,098,269	-	2,098,269
	<u>3,650,558</u>	<u>802,806</u>	<u>4,453,364</u>

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

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NOTES TO THE FINANCIAL STATEMENTS**7 Net gains/losses on financial assets and liabilities at fair value through profit or loss**

The following table discloses the net realised and change in unrealised gains/losses on financial assets and liabilities at fair value through profit and loss of the Sub-Fund:

	2019 RMB	2018 RMB
Realised gains/(losses) on:		
Financial assets and liabilities at fair value through profit or loss	40,684,833	(11,390,940)
Derivative financial instruments	(25,428,559)	(5,305,616)
	<u>15,256,274</u>	<u>(16,696,556)</u>
Change in unrealised gains/(losses) on:		
Financial assets and liabilities at fair value through profit or loss	6,195,289	(5,172,376)
Derivative financial instruments	13,106,122	(24,174,574)
	<u>19,301,411</u>	<u>(29,346,950)</u>
Net gains/(losses) on financial assets and liabilities at fair value through profit or loss	<u>34,557,685</u>	<u>(46,043,506)</u>

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

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NOTES TO THE FINANCIAL STATEMENTS

8 Structured entities

The Sub-Fund's investments in Investee Funds are subject to the terms and conditions of the respective Investee Fund's offering documentation and are susceptible to market price risk arising from uncertainties about future values of those Investee Funds. All of the Investee Funds in the investment portfolio are managed by portfolio managers who are compensated by the respective Investee Funds for their services. Such compensation generally consists of an asset based fee and a performance based incentive fee and is reflected in the valuation of the Sub-Fund's investment in each of the Investee Funds.

The exposure to investments in Investee Funds at fair value by strategy employed is disclosed in the following table. These investments are included in financial assets at fair value through profit or loss in the statement of financial position.

As at 31 December 2019

Strategy	Number of Investee Fund	Net Asset Value of Investee Fund RMB million	Investment fair value RMB	% of net assets attributable to holders of redeemable shares
Fixed income	1	232.3	<u>25,707,628</u>	<u>1.40</u>

As at 31 December 2018

Strategy	Number of Investee Fund	Net Asset Value of Investee Fund RMB million	Investment fair value RMB	% of net assets attributable to holders of redeemable shares
Fixed income	3	43.2 to 217.2	<u>45,683,981</u>	<u>4.85</u>

The investment funds represent IPRMBBF (2018: IPRMMF, IPRIGBF and IPRMBBF), which is managed by the Manager of the Sub-Fund.

The principal investment objective of IPRMBBF is to seek long-term interest income and capital appreciation through investing RMB-denominated fixed income securities through RQFII quota. IPRMBBF mainly invests bonds in the Peoples' Republic of China ("PRC") which carry a credit rating grade of at least BBB- or equivalent assigned by one of the local rating agencies recognised by the relevant authorities in the PRC.

The principal investment objective of IPRIGBF is to provide a long term return of capital growth and income in RMB or RMB equivalent terms. IPRIGBF mainly invested in the Renminbi instruments issued by investment grade rated issuers with long-only position. The portfolio of the IPRIGBF is expected to maintain a level of diversity across countries and industries. As at 31 December 2018, IPRIGBF mainly invested in corporate bonds predominantly in China, banking and finance industry, with credit rating range from AAA to NR.

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

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NOTES TO THE FINANCIAL STATEMENTS

8 Structured entities (Continued)

The principal investment objective of IPRMMF is to provide consistent return with daily liquidity. As at 31 December 2018, IPRMMF mainly invested in Renminbi money market instruments issued outside the PRC, with credit rating range from AA- to NR.

The Sub-Fund's investment strategy entails trading in other funds on a regular basis. Total purchases and total sales in investee funds during the year ended 31 December 2019 were RMBNil and RMB19,326,004, respectively (2018: RMB5,850,000 and RMBNil, respectively). The Sub-Fund intends to continue opportunistic trading in other funds.

As at 31 December 2019 and 31 December 2018 there were no capital commitment obligations and no amounts due to investee funds for unsettled purchases.

During the year ended 31 December 2019 total net gain (2018: net gain) incurred on investments in the Investee Funds was RMB761,838 (2018: RMBNil).

9 Transactions with related parties and connected persons

Related parties and connected persons of the Trustee and the Manager are those as defined in the Code on Unit Trusts and Mutual Funds established by the SFC. All transactions with related parties and connected persons were entered into in the ordinary course of business and on normal commercial terms. The Sub-Fund is managed by Income Partners Asset Management (HK) Limited. The transactions with the Trustee, the Manager and their related parties and connected persons are as follows:

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

(Established in the Cayman Islands as an exempted unit trust and was re-domiciled to the jurisdiction of Hong Kong as a sub-fund of an open ended umbrella unit trust under the laws of Hong Kong)

NOTES TO THE FINANCIAL STATEMENTS

9 Transactions with related parties and connected persons (Continued)

(a) Management fee

The current management fee for the Sub-Fund is charged at the rates set out in the table below:

Class	Management fee (% of NAV p.a. of the relevant Class)
Class 1A USD (Distribution)Units	1.00%
Class 1A USD (Accumulation) Units	1.00%
Class 1B RMB (Accumulation)	1.00%
Class 1E USD (Distribution) Units	1.00%
Class 1E USD (Accumulation) Units	1.00%
Class 2A USD (Distribution) Units	1.50%
Class 2A USD (Accumulation)Units	1.50%
Class 2B RMB (Distribution) Units	1.50%
Class 2B RMB (Accumulation) Units	1.50%
Class 2C USD (Distribution) Units	1.50%
Class 2D HKD (Distribution) Units	1.50%
Class 2D HKD (Accumulation) Units	1.50%
Class 2E AUD (Distribution) Units	1.50%
Class 2E AUD (Accumulation) Units	1.50%
Class 2F AUD-Hedged (Distribution) Units	1.50%
Class 2F AUD-Hedged (Accumulation) Units	1.50%
Class 2G USD-Hedged (Distribution) Units	1.50%
Class 2G USD-Hedged (Accumulation) Units	1.50%
Class 2I SGD-Hedged (Distribution) Units	1.50%
Class 2I SGD-Hedged (Accumulation) Units	1.50%
Class 2J EUR-Hedged (Distribution) Units	1.50%
Class 2K EUR-Hedged (Distribution) Units	1.50%
Class 2K EUR-Hedged (Accumulation) Units	1.50%
Class 2L HKD-Hedged (Distribution) Units	1.50%
Class 2L HKD-Hedged (Accumulation) Units	1.50%
Class 4B RMB (Accumulation) Units	0.00%
Class 4C USD -Hedged (Accumulation) Units	0.00%

The management fee is accrued daily and payable monthly in arrears.

Total management fees for the year ended 31 December 2019 amounted to RMB19,751,209 (2018: RMB12,716,805) with RMB2,174,234 (2018: RMB1,180,666) outstanding as at 31 December 2019.

The Manager will give one month's prior notice to unitholders should there be any increase of the management fee from the current level up to the maximum level of 2% per annum of the net asset value of the Sub-Fund.

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

(Established in the Cayman Islands as an exempted unit trust and was re-domiciled to the jurisdiction of Hong Kong as a sub-fund of an open ended umbrella unit trust under the laws of Hong Kong)

NOTES TO THE FINANCIAL STATEMENTS

9 Transactions with related parties and connected persons (Continued)

(b) Trustee fee

The trustee fee paid to the Trustee accrued from the assets of the Sub-Fund is based on 0.0075% (2018: 0.0075%) per annum of the NAV of the Sub-Fund, subject to a minimum of USD10,000 (2018: USD 10,000) per annum. The current fee payable to the Trustee from the assets of the Sub-Fund is less than 1% per annum of the NAV of the Sub-Fund. The Trustee will give one month's prior notice to unitholders should there be any increase of the trustee fee from the current level up to the maximum level of 1% per annum of the NAV of the Sub-Fund.

Total trustee fee for the year ended 31 December 2019 amounted to RMB100,927 (2018: RMB68,961) with RMB12,059 (2018: RMB30,907) outstanding as at 31 December 2019.

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

(Established in the Cayman Islands as an exempted unit trust and was re-domiciled to the jurisdiction of Hong Kong as a sub-fund of an open ended umbrella unit trust under the laws of Hong Kong)

NOTES TO THE FINANCIAL STATEMENTS

9 Transactions with related parties and connected persons (Continued)

(c) Investments in fund managed by the Manager

As refer to Note 3(a), as at 31 December 2019, the Sub-Fund invested into IPRMBBF (2018: IPRMMF, IPRIGBF and IPRMBBF), which is managed by the same Manager of the Sub-Fund.

IPRMBBF was incorporated in Hong Kong under the laws of Hong Kong by a trust deed dated 23 June 2014. The principal investment objective of IPRMBBF is to seek long-term interest income and capital appreciation through investing RMB-denominated fixed income securities through RQFII quota.

IPRMMF was a sub-fund of Income Partners Liquidity Trust which is a Hong Kong unit trust. IPRMMF was governed by a trust deed dated 26 January 2015. The principal investment objective of IPRMMF was to provide consistent return with daily liquidity. IPRMMF mainly invested in Renminbi Instruments issued outside the PRC.

IPRIGBF was incorporated in the Cayman Islands and was re-domiciled to the jurisdiction of Hong Kong as an open ended umbrella unit trust under the laws of Hong Kong. The principal investment objective of IPRIGBF was to invest in a diversified portfolio of RMB denominated fixed income instruments including fixed and floating rate bonds, convertible bonds, notes and certificates of deposit issued by investment grade (or deemed investment grade) rated issuers.

The following table summarises the ownership of investment fund managed by the same Manager of the Sub-Fund:

	Holding	Unit price RMB	Fair value RMB
At 31 December 2019			
IPRMBBF	234,816	109.48	25,707,628
	Holding	Unit price RMB	Fair value RMB
At 31 December 2018			
IPRIGBF	7,754	88.25	684,301
IPRMMF	182,925	106.15-107.10	19,496,342
IPRMBBF	234,816	108.61	25,503,338

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

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NOTES TO THE FINANCIAL STATEMENTS**9 Transactions with related parties and connected persons (Continued)****(d) Cross trade**

During the year ended 31 December 2019 and 2018, there were no investment holdings which were bought or sold from/to other funds also managed by the Manager of the Sub-Fund.

(e) Shares held by related parties

Participating shares

The following table summarises the participating shares of the Sub-Fund held by the related parties during the year, which are common directors of the Manager of the Sub-Fund.

	2019	2018
Accumulation shares	Number of shares	Number of shares
At 1 January	213,495	295,187
Number of shares subscribed	-	-
Number of shares redeemed	(213,495)	(81,692)
Number of shares switched in	-	-
Number of shares switched out	-	-
	<hr/>	<hr/>
At 31 December	-	213,495
	<hr/> <hr/>	<hr/> <hr/>

(f) Bank balances

As at 31 December 2019, the Sub-Fund placed bank deposits amounted to RMB23,089,350 (2018: RMB22,707,172) with Citibank N.A., Hong Kong Branch, a related company of the Trustee and the Registrar and Processing Agent.

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

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NOTES TO THE FINANCIAL STATEMENTS

9 Transactions with related parties and connected persons (Continued)

(g) Custodian, administration, compliance monitoring, financial statement preparation fee and registrar and processing agent fee

Citibank N.A., Hong Kong Branch N.A. acts as the fund administrator and provides financial, accounting, administrative and other services to the Sub-Fund.

Citicorp Financial Services Limited is the Registrar and Processing Agent of the Sub-Fund.

The Trustee has appointed Citibank N.A., Hong Kong Branch to act as custodian of the Sub-Fund's assets.

The custodian, administrator and registrar and processing agent are also entitled to fees payable out of the assets of the Sub-Fund, such fees being at rates agreed between the Manager, the Trustee and the Custodian, the Administrator or the Registrar and Processing Agent (as the case may be) from time to time. The Administrator's, the Custodian's, the Administrator's and the Registrar and Processing Agent's fees will accrue daily and payable on a monthly basis.

Total custodian, administration, compliance monitoring, financial statement preparation fee and registrar and processing agent fee for the year ended 31 December 2019 amounted to RMB1,862,682 (2018: RMB1,277,875) with RMB248,165 (2018: RMB452,007) outstanding as at 31 December 2019.

Total custodian fee for the year ended 31 December 2019 amounted to RMB215,611 (2018: RMB RMB198,844) with RMB30,389 (2018: RMB92,378) outstanding as at 31 December 2019.

Total administration fee for the year ended 31 December 2019 amounted to RMB1,367,797 (2018: RMB866,879) with RMB163,419 (2018: RMB310,465) outstanding as at 31 December 2019.

Total registrar and processing agent fee for the year ended 31 December 2019 amounted to RMB107,445 (2018: RMB93,711) with RMB3,689 (2018: RMB18,522) outstanding as at 31 December 2019.

Total compliance monitoring fee for the year ended 31 December 2019 amounted to RMB137,239 (2018: RMB86,379) with RMB16,079 (2018: RMB30,642) outstanding as at 31 December 2019.

Total financial statement preparation fee for the year ended 31 December 2019 amounted to RMB34,590 (2018: RMB32,062) with RMB34,589 (2018: RMBNil) outstanding as at 31 December 2019.

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

(Established in the Cayman Islands as an exempted unit trust and was re-domiciled to the jurisdiction of Hong Kong as a sub-fund of an open ended umbrella unit trust under the laws of Hong Kong)

NOTES TO THE FINANCIAL STATEMENTS

10 Establishment and authorisation costs

The costs of establishment of the Sub-Fund (including legal, structuring and advisory fees) are estimated to be approximately US\$50,000. The costs will be amortised over 5 years commencing from the business day following the close of the initial offer period (i.e. 26 July 2011) or such other period as determined by the Manager with the approval of the Trustee. On 14 November 2017, the Trust is authorised by SFC (see Note 1), the costs incurred for the authorization are approximately US\$150,000. The costs will be amortised over 5 years commencing from the date of authorization. It should be noted that the above policy relating to amortisation of preliminary expenses is not allowed in accordance with IFRSs, which requires preliminary expenses to be expensed as incurred. The Manager believes that such treatment is more equitable to the initial investors than expensing the entire amount as they are incurred and are of the opinion that the departure is unlikely to be material to the Sub-Fund's overall financial statements.

If the Sub-Fund is wound-up prior to the establishment and authorisation expenses being fully amortised, such unamortised amount will be borne by the Sub-Fund prior to its termination.

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

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NOTES TO THE FINANCIAL STATEMENTS

11 Redeemable units

The movement in issued redeemable units during the year was as follows:

	Units outstanding at 31 December 2018	Units issued during the year	Units redeemed during the year	Units outstanding at 31 December 2019
As at 31 December 2019				
<u>Redeemable units</u>				
Class 1A USD (Distribution) Units	1,015	1,867	(1,015)	1,867
Class 1A USD (Accumulation) Units	50,036	7,808	(43,135)	14,709
Class 1B RMB (Accumulation)	-	4,700,000	-	4,700,000
Class 1E USD (Distribution) Units	-	39,131	(10,592)	28,539
Class 1E USD (Accumulation) Units	-	62,915	(62,915)	-
Class 2A USD (Distribution) Units	215,651	152,652	(76,901)	291,402
Class 2A USD (Accumulation) Units	103,750	19,187	(87,189)	35,748
Class 2B RMB (Distribution) Units	1,152,677	621,938	(363,139)	1,411,476
Class 2B RMB (Accumulation) Units	180,808	100,947	(142,696)	139,059
Class 2C USD (Distribution) Units	49,251	32,219	(9,543)	71,927
Class 2D HKD (Distribution) Units	3,365,434	858,466	(1,405,877)	2,818,023
Class 2D HKD (Accumulation) Units	96,904	70,224	(90,201)	76,927
Class 2E AUD (Distribution) Units	2,010	10,083	(53)	12,040
Class 2E AUD (Accumulation) Units	2,758	1,143	(758)	3,143
Class 2F AUD-Hedged (Distribution) Units	-	92,829	(1,570)	91,259
Class 2F AUD-Hedged (Accumulation) Units	316	22,995	(160)	23,151
Class 2G USD-Hedged (Distribution) Units	89,104	621,024	(46,003)	664,125
Class 2G USD-Hedged (Accumulation) Units	264,978	133,838	(269,900)	128,916
Class 2I SGD-Hedged (Distribution) Units	-	19,457	-	19,457
Class 2I SGD-Hedged (Accumulation) Units	-	96,794	-	96,794

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

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NOTES TO THE FINANCIAL STATEMENTS**11 Redeemable units (Continued)**

The movement in issued redeemable units during the year was as follows:

	Units outstanding at 31 December 2018	Units issued during the year	Units redeemed during the year	Units outstanding at 31 December 2019
As at 31 December 2019				
<u>Redeemable units</u>				
Class 2J EUR-Hedged (Distribution) Units	-	3,696	-	3,696
Class 2K EUR-Hedged (Distribution) Units	-	19,848	-	19,848
Class 2K EUR-Hedged (Accumulation) Units	-	36,842	-	36,842
Class 2L HKD-Hedged (Distribution) Units	-	92,767	(1,644)	91,123
Class 2L HKD-Hedged (Accumulation) Units	-	43,682	-	43,682
Class 4B RMB (Accumulation) Units	-	3,129	-	3,129
Class 4C USD -Hedged (Accumulation) Units	-	19,156	-	19,156
Total number of units	5,574,692	7,884,637	(2,613,291)	10,846,038

As at 31 December 2019, the Sub-Fund had 2 investors which held 4,700,000 and 462,731 number of units, representing 25.81% and 15.17% NAV of the Sub-Fund respectively.

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

(Established in the Cayman Islands as an exempted unit trust and was re-domiciled to the jurisdiction of Hong Kong as a sub-fund of an open ended umbrella unit trust under the laws of Hong Kong)

NOTES TO THE FINANCIAL STATEMENTS**11 Redeemable units (Continued)**

The movement in issued redeemable units during the year was as follows:

	Units outstanding at 31 December 2017	Units issued during the year	Units redeemed during the year	Units outstanding at 31 December 2018
As at 31 December 2018				
<u>Redeemable units</u>				
Class 1A USD (Distribution) Units	8,419	-	(7,404)	1,015
Class 1A USD (Accumulation) Units	-	83,076	(33,040)	50,036
Class 1B RMB (Distribution) Units	83,450	-	(83,450)	-
Class 2A USD (Distribution) Units	80,405	210,328	(75,082)	215,651
Class 2A USD (Accumulation) Units	76,408	97,581	(70,239)	103,750
Class 2B RMB (Distribution) Units	656,373	1,145,492	(649,188)	1,152,677
Class 2B RMB (Accumulation) Units	192,456	98,332	(109,980)	180,808
Class 2C USD (Distribution) Units	17,479	39,409	(7,637)	49,251
Class 2D HKD (Distribution) Units	-	3,862,037	(496,603)	3,365,434
Class 2D HKD (Accumulation) Units	-	112,235	(15,331)	96,904
Class 2E AUD (Distribution) Units	-	2,010	-	2,010
Class 2E AUD (Accumulation) Units	-	2,758	-	2,758
Class 2F AUD-Hedged (Accumulation) Units	160	156	-	316
Class 2G USD-Hedged (Distribution) Units	110,764	66,282	(87,942)	89,104
Class 2G USD-Hedged (Accumulation) Units	348,036	36,344	(119,402)	264,978
Total number of units	1,573,950	5,756,040	(1,755,298)	5,574,692

As at 31 December 2018, the Sub-Fund had 2 investors which held 3,145,235 and 213,225 number of units, representing 24.07% and 16.98% NAV of the Sub-Fund, respectively.

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

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(Established in the Cayman Islands as an exempted unit trust and was re-domiciled to the jurisdiction of Hong Kong as a sub-fund of an open ended umbrella unit trust under the laws of Hong Kong)

NOTES TO THE FINANCIAL STATEMENTS**12 Adjusted NAV per redeemable units**

The authorisation costs of the Sub-Fund are approximately US\$150,000 which were amortised over a five year period commencing from 14 November 2017 as determined by the Manager with the approval of the Trustee for valuation purposes which is not in accordance with IFRSs. Under IFRSs, establishment and authorisation costs have been written off in full in the financial statements.

Net assets attributable to holders of redeemable units represent a liability in the statement of financial position, carried at the redemption amount that would be payable at the statement of financial position date if the unitholders exercise their right to redeem their units in the Sub-Fund. Consequently, the differences described above in respect of the valuation of investments and the accounting for establishment and authorisation costs have been adjusted to arrive at the carrying amount of net assets attributable to unitholders based on the methodology in the Sub-Fund's Offering Memorandum. The adjusted amount in respect of the year ended 31 December 2019 was RMB290,325 (2018: RMB534,736) and is shown separately in the statement of financial position.

Net asset value attributable to unitholders after adjustment to establishment and authorisation costs are as follows:

Class	2019 RMB	2018 RMB
Class 1A USD (Distribution) Units	1,757,532	866,104
Class 1A USD (Accumulation) Units	10,368,203	31,962,559
Class 1B RMB (Accumulation)	474,936,726	-
Class 1E USD (Distribution) Units	19,175,178	-
Class 2A USD (Distribution) Units	171,930,642	125,501,342
Class 2A USD (Accumulation) Units	39,808,305	106,141,661
Class 2B RMB (Distribution) Units	133,957,581	107,100,877
Class 2B RMB (Accumulation) Units	24,264,935	28,735,000
Class 2C USD (Distribution) Units	45,851,229	30,637,214
Class 2D HKD (Distribution) Units	209,427,923	246,569,585
Class 2D HKD (Accumulation) Units	6,716,902	7,706,226
Class 2E AUD (Distribution) Units	5,558,651	913,475
Class 2E AUD (Accumulation) Units	1,674,737	1,338,501
Class 2F AUD-Hedged (Distribution) Units	42,643,683	-
Class 2F AUD-Hedged (Accumulation) Units	13,440,845	169,182
Class 2G USD-Hedged (Distribution) Units	400,404,254	201,751,753
Class 2G USD-Hedged (Accumulation) Units	108,366,611	52,500,348
Class 2I SGD-Hedged (Distribution) Units	47,857,090	-
Class 2I SGD-Hedged (Accumulation) Units	10,079,320	-
Class 2J EUR-Hedged (Distribution) Units	2,807,216	-
Class 2K EUR-Hedged (Distribution) Units	14,785,254	-
Class 2K EUR-Hedged (Accumulation) Units	28,328,683	-
Class 2L HKD-Hedged (Distribution) Units	7,837,400	-
Class 2L HKD-Hedged (Accumulation) Units	3,925,170	-
Class 4B RMB (Accumulation) Units	333,839	-
Class 4C USD -Hedged (Accumulation) Units	14,143,772	-
Net assets attributable to unitholders after adjustment for establishment and authorisation costs	1,840,381,681	941,893,827

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

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NOTES TO THE FINANCIAL STATEMENTS**12 Adjusted NAV per redeemable units (Continued)**

The adjustments for the purpose of the above calculation are summarised below:

	2019 RMB	2018 RMB
Net assets attributable to unitholders of redeemable units before adjustment for establishment and authorisation costs	1,840,091,356	941,359,091
Adjustment on establishment and authorisation costs	290,325	534,736
Net assets attributable to unitholders of redeemable units after adjustment for establishment and authorisation costs	1,840,381,681	941,893,827

13 Other liabilities and accrued expenses

	2019 RMB	2018 RMB
Management fee payable (Note 9(a))	2,174,234	1,180,666
Trustee fee payable (Note 9(b))	12,059	30,907
Custodian, administration, compliance monitoring, financial statement preparation fee and registrar and processing agent fee payable (Note 9(g))	248,165	452,007
Auditor's remuneration payable	373,555	357,211
Other payable	97,176	77,478
	2,905,189	2,098,269

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

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NOTES TO THE FINANCIAL STATEMENTS**14 Distribution to holders of redeemable units**

The Manager intends to distribute income or capital attributable to the Distribution Classes monthly on such date as may be determined by the Manager, or such other time or frequency as the Manager considers appropriate.

In the event that the income generated from the Sub-Fund's investments attributable to the relevant Distribution Classes during the relevant period is insufficient to pay distributions as declared, the Manager may in its discretion determine such distributions be paid from capital.

	2019 RMB
Net operating profit	104,845,449
Add: Items not included in distribution calculation	-
	<hr/>
Amount available for distribution	104,845,449
	<hr/> <hr/>

	2019 RMB
Distribution paid on 04 January 2019 of USDo.70 per unit for Class 2A	1,036,720
Distribution paid on 04 January 2019 of RMB0.70 per unit for Class 2B	805,050
Distribution paid on 04 January 2019 of USDo.61 per unit for Class 2C	206,329
Distribution paid on 04 January 2019 of HKDo.70 per unit for Class 2D	2,066,362
Distribution paid on 04 January 2019 of AUDo.70 per unit for Class 2E	6,773
Distribution paid on 04 January 2019 of USDo.52 per unit for Class 2G	318,715
Distribution paid on 08 February 2019 of USDo.56 per unit for Class 2A	797,832
Distribution paid on 08 February 2019 of RMB0.63 per unit for Class 2B	783,236
Distribution paid on 08 February 2019 of USDo.52 per unit for Class 2C	167,556
Distribution paid on 08 February 2019 of HKDo.55 per unit for Class 2D	1,587,406
Distribution paid on 08 February 2019 of AUDo.62 per unit for Class 2E	6,101
Distribution paid on 08 February 2019 of USDo.57 per unit for Class 2G	356,430
Distribution paid on 05 March 2019 of USDo.56 per unit for Class 2A	792,926
Distribution paid on 05 March 2019 of RMB0.63 per unit for Class 2B	787,968
Distribution paid on 05 March 2019 of USDo.52 per unit for Class 2C	165,157
Distribution paid on 05 March 2019 of HKDo.55 per unit for Class 2D	1,531,669
Distribution paid on 05 March 2019 of AUDo.62 per unit for Class 2E	5,942
Distribution paid on 05 March 2019 of USDo.57 per unit for Class 2G	378,248
Distribution paid on 03 April 2019 of USDo.56 per unit for Class 2A	810,510
Distribution paid on 03 April 2019 of RMB0.63 per unit for Class 2B	763,430
Distribution paid on 03 April 2019 of HKDo.52 per unit for Class 2C	154,746
Distribution paid on 03 April 2019 of AUDo.55 per unit for Class 2D	1,563,697
Distribution paid on 03 April 2019 of USDo.62 per unit for Class 2E	7,406
Distribution paid on 03 April 2019 of USDo.57 per unit for Class 2G	373,934
Distribution paid on 06 May 2019 of USDo.67 per unit for Class 1E	59,608
Distribution paid on 06 May 2019 of USDo.56 per unit for Class 2A	861,206
Distribution paid on 06 May 2019 of RMB0.62 per unit for Class 2B	758,911
Distribution paid on 06 May 2019 of USDo.53 per unit for Class 2C	158,010
Distribution paid on 06 May 2019 of HKDo.55 per unit for Class 2D	1,513,562
Distribution paid on 06 May 2019 of AUDo.62 per unit for Class 2E	7,331
Distribution paid on 06 May 2019 of USDo.57 per unit for Class 2G	755,123

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

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NOTES TO THE FINANCIAL STATEMENTS**14 Distribution to holders of redeemable units (Continued)**

	2019 RMB
Distribution paid on 05 June 2019 of USD0.67 per unit for Class 1E	111,174
Distribution paid on 05 June 2019 of USD0.56 per unit for Class 2A	953,845
Distribution paid on 05 June 2019 of RMB0.62 per unit for Class 2B	778,727
Distribution paid on 05 June 2019 of USD0.53 per unit for Class 2C	162,058
Distribution paid on 05 June 2019 of HKD0.55 per unit for Class 2D	1,511,677
Distribution paid on 05 June 2019 of AUD0.62 per unit for Class 2E	25,371
Distribution paid on 05 June 2019 of AUD0.62 per unit for Class 2F	67,303
Distribution paid on 05 June 2019 of USD0.57 per unit for Class 2G	1,228,249
Distribution paid on 05 June 2019 of SGD0.62 per unit for Class 2I	100,045
Distribution paid on 05 June 2019 of EUR0.45 per unit for Class 2K	5,228
Distribution paid on 05 June 2019 of HKD0.66 per unit for Class 2L	8,698
Distribution paid on 04 July 2019 of USD0.67 per unit for Class 1E	128,949
Distribution paid on 04 July 2019 of USD0.56 per unit for Class 2A	965,141
Distribution paid on 04 July 2019 of RMB0.62 per unit for Class 2B	804,767
Distribution paid on 04 July 2019 of USD0.53 per unit for Class 2C	164,786
Distribution paid on 04 July 2019 of HKD0.56 per unit for Class 2D	1,476,377
Distribution paid on 04 July 2019 of AUD0.62 per unit for Class 2E	29,229
Distribution paid on 04 July 2019 of AUD0.62 per unit for Class 2F	115,909
Distribution paid on 04 July 2019 of USD0.57 per unit for Class 2G	1,459,936
Distribution paid on 04 July 2019 of SGD0.62 per unit for Class 2I	113,480
Distribution paid on 04 July 2019 of EUR0.45 per unit for Class 2K	16,551
Distribution paid on 04 July 2019 of HKD0.66 per unit for Class 2L	21,968
Distribution paid on 05 August 2019 of USD0.67 per unit for Class 1E	150,383
Distribution paid on 05 August 2019 of USD0.56 per unit for Class 2A	1,186,557
Distribution paid on 05 August 2019 of RMB0.62 per unit for Class 2B	846,080
Distribution paid on 05 August 2019 of USD0.53 per unit for Class 2C	213,488
Distribution paid on 05 August 2019 of HKD0.56 per unit for Class 2D	1,535,913
Distribution paid on 05 August 2019 of AUD0.62 per unit for Class 2E	28,745
Distribution paid on 05 August 2019 of AUD0.62 per unit for Class 2F	200,362
Distribution paid on 05 August 2019 of USD0.57 per unit for Class 2G	2,229,618
Distribution paid on 05 August 2019 of SGD0.62 per unit for Class 2I	165,968
Distribution paid on 05 August 2019 of EUR0.46 per unit for Class 2K	66,011
Distribution paid on 05 August 2019 of HKD0.66 per unit for Class 2L	21,999
Distribution paid on 04 September 2019 of USD0.67 per unit for Class 1E	156,158
Distribution paid on 04 September 2019 of USD0.57 per unit for Class 2A	1,287,828
Distribution paid on 04 September 2019 of RMB0.62 per unit for Class 2B	865,754
Distribution paid on 04 September 2019 of USD0.53 per unit for Class 2C	247,560
Distribution paid on 04 September 2019 of HKD0.56 per unit for Class 2D	1,576,940
Distribution paid on 04 September 2019 of AUD0.63 per unit for Class 2E	29,745
Distribution paid on 04 September 2019 of AUD0.62 per unit for Class 2F	223,771
Distribution paid on 04 September 2019 of USD0.57 per unit for Class 2G	2,399,822
Distribution paid on 04 September 2019 of SGD0.62 per unit for Class 2I	194,602
Distribution paid on 04 September 2019 of EUR0.67 per unit for Class 2J	19,489
Distribution paid on 04 September 2019 of EUR0.46 per unit for Class 2K	71,854
Distribution paid on 04 September 2019 of HKD0.67 per unit for Class 2L	40,247

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

(Established in the Cayman Islands as an exempted unit trust and was re-domiciled to the jurisdiction of Hong Kong as a sub-fund of an open ended umbrella unit trust under the laws of Hong Kong)

NOTES TO THE FINANCIAL STATEMENTS**14 Distribution to holders of redeemable units (Continued)**

	2019 RMB
Distribution paid on 04 October 2019 of USD0.67 per unit for Class 1E	136,109
Distribution paid on 04 October 2019 of USD0.57 per unit for Class 2A	1,254,250
Distribution paid on 04 October 2019 of RMB0.61 per unit for Class 2B	853,928
Distribution paid on 04 October 2019 of USD0.53 per unit for Class 2C	269,022
Distribution paid on 04 October 2019 of HKD0.56 per unit for Class 2D	1,593,372
Distribution paid on 04 October 2019 of AUD0.63 per unit for Class 2E	29,523
Distribution paid on 04 October 2019 of AUD0.63 per unit for Class 2F	249,687
Distribution paid on 04 October 2019 of USD0.57 per unit for Class 2G	2,473,240
Distribution paid on 04 October 2019 of SGD0.63 per unit for Class 2I	226,504
Distribution paid on 04 October 2019 of EURO.67 per unit for Class 2J	19,357
Distribution paid on 04 October 2019 of EURO.46 per unit for Class 2K	71,369
Distribution paid on 04 October 2019 of HKD0.67 per unit for Class 2L	49,701
Distribution paid on 05 November 2019 of USD0.67 per unit for Class 1E	112,327
Distribution paid on 05 November 2019 of USD0.57 per unit for Class 2A	1,229,597
Distribution paid on 05 November 2019 of RMB0.61 per unit for Class 2B	868,533
Distribution paid on 05 November 2019 of USD0.53 per unit for Class 2C	258,330
Distribution paid on 05 November 2019 of HKD0.56 per unit for Class 2D	1,442,473
Distribution paid on 05 November 2019 of AUD0.63 per unit for Class 2E	37,015
Distribution paid on 05 November 2019 of AUD0.63 per unit for Class 2F	263,162
Distribution paid on 05 November 2019 of USD0.57 per unit for Class 2G	2,534,665
Distribution paid on 05 November 2019 of SGD0.63 per unit for Class 2I	276,695
Distribution paid on 05 November 2019 of EURO.67 per unit for Class 2J	19,439
Distribution paid on 05 November 2019 of EURO.46 per unit for Class 2K	71,671
Distribution paid on 05 November 2019 of HKD0.67 per unit for Class 2L	50,454
Distribution paid on 04 December 2019 of USD0.67 per unit for Class 1E	134,603
Distribution paid on 04 December 2019 of USD0.57 per unit for Class 2A	1,179,169
Distribution paid on 04 December 2019 of RMB0.61 per unit for Class 2B	877,124
Distribution paid on 04 December 2019 of USD0.53 per unit for Class 2C	268,356
Distribution paid on 04 December 2019 of HKD0.56 per unit for Class 2D	1,449,520
Distribution paid on 04 December 2019 of AUD0.63 per unit for Class 2E	36,250
Distribution paid on 04 December 2019 of AUD0.63 per unit for Class 2F	258,857
Distribution paid on 04 December 2019 of USD0.57 per unit for Class 2G	2,599,267
Distribution paid on 04 December 2019 of SGD0.63 per unit for Class 2I	279,611
Distribution paid on 04 December 2019 of EURO.67 per unit for Class 2J	19,197
Distribution paid on 04 December 2019 of EURO.46 per unit for Class 2K	70,777
Distribution paid on 04 December 2019 of USD0.67 per unit for Class 2L	51,124
	<hr/>
	65,210,534

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

(Established in the Cayman Islands as an exempted unit trust and was re-domiciled to the jurisdiction of Hong Kong as a sub-fund of an open ended umbrella unit trust under the laws of Hong Kong)

NOTES TO THE FINANCIAL STATEMENTS**14 Distribution to holders of redeemable units (Continued)**

	2018 RMB
Net operating profit	3,061,915
Add: Items not included in distribution calculation	(1,037)
Amount available for distribution	3,060,878
	2018 RMB
Distribution paid on 04 January 2018 of USDo.38 per unit for Class 2A	198,445
Distribution paid on 04 January 2018 of RMB0.78 per unit for Class 2B	511,971
Distribution paid on 04 January 2018 of USDo.56 per unit for Class 2C	63,574
Distribution paid on 04 January 2018 of USDo.57 per unit for Class 2G	410,060
Distribution paid on 05 February 2018 of USDo.74 per unit for Class 2A	401,306
Distribution paid on 05 February 2018 of RMB0.77 per unit for Class 2B	547,767
Distribution paid on 05 February 2018 of USDo.61 per unit for Class 2C	75,137
Distribution paid on 05 February 2018 of USDo.55 per unit for Class 2G	355,009
Distribution paid on 05 March 2018 of USDo.74 per unit for Class 2A	531,051
Distribution paid on 05 March 2018 of RMB0.77 per unit for Class 2B	637,870
Distribution paid on 05 March 2018 of USDo.61 per unit for Class 2C	111,135
Distribution paid on 05 March 2018 of HKDo.75 per unit for Class 2D	123,070
Distribution paid on 05 March 2018 of USDo.55 per unit for Class 2G	383,139
Distribution paid on 06 April 2018 of USDo.74 per unit for Class 2A	722,688
Distribution paid on 06 April 2018 of RMB0.78 per unit for Class 2B	735,432
Distribution paid on 06 April 2018 of USDo.61 per unit for Class 2C	135,003
Distribution paid on 06 April 2018 of USDo.75 per unit for Class 2D	437,034
Distribution paid on 06 April 2018 of RMB0.55 per unit for Class 2G	396,974
Distribution paid on 04 May 2018 of USDo.74 per unit for Class 2A	891,399
Distribution paid on 04 May 2018 of RMB0.78 per unit for Class 2B	767,550
Distribution paid on 04 May 2018 of USDo.61 per unit for Class 2C	147,103
Distribution paid on 04 May 2018 of HKDo.75 per unit for Class 2D	932,098
Distribution paid on 04 May 2018 of USDo.56 per unit for Class 2G	384,964
Distribution paid on 05 June 2018 of USDo.75 per unit for Class 2A	938,834
Distribution paid on 05 June 2018 of RMB0.78 per unit for Class 2B	771,984
Distribution paid on 05 June 2018 of USDo.61 per unit for Class 2C	203,888
Distribution paid on 05 June 2018 of HKDo.75 per unit for Class 2D	1,276,060
Distribution paid on 05 June 2018 of AUDo.75 per unit for Class 2E	3,826
Distribution paid on 05 June 2018 of USDo.56 per unit for Class 2G	400,058
Distribution paid on 05 July 2018 of USDo.75 per unit for Class 2A	1,010,814
Distribution paid on 05 July 2018 of RMB0.78 per unit for Class 2B	798,986
Distribution paid on 05 July 2018 of USDo.61 per unit for Class 2C	220,124
Distribution paid on 05 July 2018 of HKDo.75 per unit for Class 2D	1,736,080
Distribution paid on 05 July 2018 of AUDo.75 per unit for Class 2E	4,405
Distribution paid on 05 July 2018 of USDo.56 per unit for Class 2G	411,314

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

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NOTES TO THE FINANCIAL STATEMENTS**14 Distribution to holders of redeemable units (Continued)**

	2018 RMB
Distribution paid on 03 August 2018 of USD0.75 per unit for Class 2A	1,160,695
Distribution paid on 03 August 2018 of RMB0.78 per unit for Class 2B	827,929
Distribution paid on 03 August 2018 of USD0.61 per unit for Class 2C	228,111
Distribution paid on 03 August 2018 of HKD0.75 per unit for Class 2D	1,925,525
Distribution paid on 03 August 2018 of AUD0.75 per unit for Class 2E	4,552
Distribution paid on 03 August 2018 of USD0.56 per unit for Class 2G	460,346
Distribution paid on 05 September 2018 of USD0.75 per unit for Class 2A	1,219,045
Distribution paid on 05 September 2018 of RMB0.78 per unit for Class 2B	839,886
Distribution paid on 05 September 2018 of USD0.61 per unit for Class 2C	233,260
Distribution paid on 05 September 2018 of HKD0.75 per unit for Class 2D	2,043,847
Distribution paid on 05 September 2018 of AUD0.75 per unit for Class 2E	4,419
Distribution paid on 05 September 2018 of USD0.56 per unit for Class 2G	371,780
Distribution paid on 04 October 2018 of USD0.75 per unit for Class 2A	1,289,863
Distribution paid on 04 October 2018 of RMB0.78 per unit for Class 2B	893,358
Distribution paid on 04 October 2018 of USD0.61 per unit for Class 2C	224,112
Distribution paid on 04 October 2018 of HKD0.75 per unit for Class 2D	2,240,047
Distribution paid on 04 October 2018 of AUD0.75 per unit for Class 2E	4,421
Distribution paid on 04 October 2018 of USD0.56 per unit for Class 2G	380,705
Distribution paid on 05 November 2018 of USD0.70 per unit for Class 2A	1,185,520
Distribution paid on 05 November 2018 of RMB0.70 per unit for Class 2B	804,005
Distribution paid on 05 November 2018 of USD0.61 per unit for Class 2C	208,935
Distribution paid on 05 November 2018 of HKD0.70 per unit for Class 2D	2,072,435
Distribution paid on 05 November 2018 of AUD0.70 per unit for Class 2E	4,167
Distribution paid on 05 November 2018 of USD0.52 per unit for Class 2G	335,304
Distribution paid on 05 December 2018 of USD0.70 per unit for Class 2A	1,108,406
Distribution paid on 05 December 2018 of RMB0.70 per unit for Class 2B	790,538
Distribution paid on 05 December 2018 of USD0.61 per unit for Class 2C	205,353
Distribution paid on 05 December 2018 of HKD0.70 per unit for Class 2D	2,016,449
Distribution paid on 05 December 2018 of AUD0.70 per unit for Class 2E	7,104
Distribution paid on 05 December 2018 of USD0.52 per unit for Class 2G	336,206
	<hr/>
	41,102,475 <hr/>

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

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NOTES TO THE FINANCIAL STATEMENTS

15 Taxation

Hong Kong

The Sub-Fund would only be exposed to Hong Kong profits tax if:

- (i) it is carrying on a trade or business in Hong Kong either on its own account or through any person in Hong Kong as an agent who has the discretionary authority to negotiate and conclude on behalf of the Sub-Fund and regular exercises the authority to do so; and
- (ii) it is not exempted under the Revenue (Profits Tax Exemption for Offshore Funds) Ordinance 2006, the Inland Revenue (Amendment) (No. 2) Ordinance 2016 and the Inland Revenue (Profits Tax Exemption for Funds) (Amendment) Ordinance 2019 (collectively the “Ordinances”).

If the Sub-Fund is not exempt under the Ordinances and is treated as carrying on a trade or business in Hong Kong, a liability to profits tax, currently at the rate of 16.5% (2018: 16.5%), would arise in respect of any profits which arise in or are derived from Hong Kong and which are not capital in nature or exempt under the Inland Revenue Ordinance. No provision for Hong Kong profits tax has been made as the Manager believes that no such tax exposure existed at the year end.

People’s Republic of China

The Manager considers the enforcement of VAT and surtaxes on interest income arising from debt securities are uncertain as at the date of approval of these financial statements. The Manager has exercised judgment in their assessment of the PRC withholding tax expense and the related tax provision.

As at 31 December 2019 and 2018, the Manager has not provided VAT and surtaxes provision on interest income arising from debt securities in PRC. The Manager after having taken and considered market practice and uncertainty of the enforcement of VAT does not consider that the potential VAT and surtaxes exposure arising from the Sub-Fund’s accumulated interest income received from PRC non-government bonds since 1 May 2016 to be material.

Cayman Islands

The Sub-Fund has received an undertaking from the Governor in Council of the Cayman Islands that, in accordance with section 81 of the Trusts Law (2009 Revision) of the Cayman Islands, for a period of 50 years from the date of the undertaking, no laws of the Cayman Islands thereafter enacted imposing any tax or duty to be levied on income or on capital assets, gains or appreciations or any tax in the nature of estate duty or inheritance tax shall apply to any property comprised in or any income arising under the Sub-Fund or the Trustee or unitholders in respect of any such property or income.

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

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NOTES TO THE FINANCIAL STATEMENTS

16 Soft commission arrangements

The Manager confirms that there has been no soft commission arrangement existing during the year ended 31 December 2019 and 2018 in relation to directing transactions of the Sub-Fund through a broker or dealer.

17 Borrowings

The Sub-Fund had no borrowings as at 31 December 2019 and 2018.

18 Contingent liabilities and commitments

The Sub-Fund had no contingent liabilities and commitment as at 31 December 2019 and 2018.

19 Negotiability of assets

As at 31 December 2019 and 2018, there was no statutory or contractual requirement restricting the negotiability of the assets of the Sub-Fund.

20 Subsequent Event

Subsequent to the year ended 31 December 2019, the Sub-Fund received RMB 284,829,751 in subscriptions and paid RMB 580,145,548 in redemptions. Other than disclosed above, there have been no events subsequent to year end which require adjustment or disclosure in the financial statements in accordance with IFRSs.

21 Approval of the financial statements

The financial statements were approved by the Manager and the Trustee on 24 April 2020.

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

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INVESTMENT PORTFOLIO (UNAUDITED)**AS AT 31 DECEMBER 2019**

	Holdings	Fair Value RMB	% of Net Assets*
Quoted Investments			
Australia			
VIRGIN AU HLD VAHAU 8 1/8 11/15/24	4,000,000	27,601,768	1.50
		<hr/> 27,601,768	<hr/> 1.50
		-----	-----
Hong Kong			
CHINALCO CAPITAL CHALUM 4 08/25/21	4,000,000	28,146,482	1.53
ESR CAYMAN LTD ESRCA 7 7/8 04/04/22	2,800,000	19,958,395	1.08
FEC FINANCE LTD FAEACO 7 3/8 PERP	3,350,000	24,186,774	1.31
FWD LTD FWDINS 5 1/2 PERP	950,000	6,363,019	0.35
FWD LTD FWDINS 6 1/4 12/31/49	2,700,000	19,355,843	1.05
RH INTL FINANCE LTD 6.5% 31DEC2049	1,100,000	6,492,669	0.35
RKI FIN 2016 B ROADKG 4.7 09/06/21	3,000,000	20,798,865	1.14
RKPF OVERS 2019B ROADKG 7 3/4 04/18/21	2,000,000	14,487,137	0.79
		<hr/> 139,789,184	<hr/> 7.60
		-----	-----
India			
GREENKO MAURI GRNKEN 6 1/4 02/21/23	2,300,000	16,483,587	0.90
HPCL-MITTAL ENERGY LTD 5.45% 22OCT2026	2,000,000	14,264,003	0.78
NETWORK I2I LTD FRN 31DEC2049	3,000,000	20,703,728	1.13
VEDANTA RESOURCE VEDLN 6 3/8 07/30/22	2,000,000	13,712,744	0.75
VEDANTA RESOURCES 8% 23APR2023	2,500,000	17,371,288	0.93
VEDANTA RESOURCES 9.25% 23APR2026	1,000,000	6,953,041	0.37
		<hr/> 89,488,391	<hr/> 4.86
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* Represents net asset value after adjustment to establishment and authorisation costs

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

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INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)**AS AT 31 DECEMBER 2019**

	Holdings	Fair Value RMB	% of Net Assets*
Quoted Investments (Continued)			
Indonesia			
ABM INVESTAMA ABMMIJ 7 1/8 08/01/22	3,700,000	21,659,947	1.18
APL REALTY HLDG APLNIJ 5.95 06/02/24	2,000,000	11,586,939	0.63
BUKIT MAKMUR MAN DOIDIJ 7 3/4 02/13/22	2,500,000	18,026,508	0.98
DELTA MERLIN DUN DUNIAT 8 5/8 03/12/24	6,400,000	4,206,663	0.23
GAJAH TUNGGAL GJTLIJ 8 3/8 08/10/22	900,000	5,532,837	0.30
INDIKA ENRGY CAP INDYIJ 5 7/8 11/09/24	2,000,000	13,448,254	0.73
JABABEKA INTL BV KIJAIJ 6 1/2 10/05/23	2,150,000	13,727,084	0.75
PT ADARO INDONESIA 4.25% 31OCT2024	1,000,000	6,882,515	0.37
SSMS PLANT HOLD SAWSST 7 3/4 01/23/23	1,000,000	5,703,206	0.31
THETA CAPITAL PTE LTD 7% 11APR22	1,000,000	6,984,475	0.38
		<u>107,758,428</u>	<u>5.86</u>
Japan			
SOFTBANK GROUP CORP FRN 31DEC2049	1,750,000	11,782,330	0.64
		<u>11,782,330</u>	<u>0.64</u>
Malaysia			
PRESS METAL PMALMK 4.8 10/30/22	2,000,000	13,758,624	0.75
SD INTERNATIONAL SUKUK 6.3% 09MAY2022	2,300,000	16,298,479	0.88
		<u>30,057,103</u>	<u>1.63</u>
Mongolia			
MONGO MIN/ENG RE MONMIN 9 1/4 04/15/24	1,100,000	7,018,948	0.38
		<u>7,018,948</u>	<u>0.38</u>
Pakistan			
THRD PKSTN SUKUK PKSTAN 5 5/8 12/05/22	5,000,000	35,737,634	1.94
		<u>35,737,634</u>	<u>1.94</u>

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INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)**AS AT 31 DECEMBER 2019**

	Holdings	Fair Value RMB	% of Net Assets*
Quoted Investments (Continued)			
Peoples' Republic of China			
21VIANET GROUP I VNET 7 08/17/20	1,000,000	6,927,351	0.38
21VIANET GROUP I VNET 7 7/8 10/15/21	1,500,000	10,443,973	0.57
AGILE GROUP AGILE 8 1/2 07/18/21	2,500,000	18,361,124	1.00
AGILE GROUP AGILE 9 1/2 11/23/20	1,000,000	7,287,569	0.40
AOYUAN PROPERTY CAPG 7 1/2 05/10/21	2,500,000	17,903,627	0.97
AOYUAN PROPERTY CAPG 7.95 09/07/21	500,000	3,617,294	0.20
CAPITAL ENVIRON BEICAP 5 5/8 09/11/21	2,100,000	15,136,492	0.82
CAR INC CARINC 8 7/8 05/10/22	4,500,000	28,895,429	1.57
CENTRAL CHINA CENCHI 6 1/2 03/05/21	700,000	4,868,347	0.26
CENTRAL CHINA CENCHI 6 7/8 08/08/22	4,100,000	28,388,293	1.54
CENTRAL CHINA CENCHI 8 3/4 01/23/21	1,000,000	7,122,428	0.39
CENTRAL PLAZA DEV LTD FRN 29DEC2049	2,000,000	14,245,344	0.77
CHALIECO HK CORP CHALUM 5 PERP	650,000	4,568,826	0.25
CHALIECO HONGKONG CORP FRN 29DEC2049	2,000,000	13,948,689	0.76
CHINA AOYUAN GROUP LTD 7.95% 19FEB2023	3,000,000	22,119,713	1.20
CHINA EVERGRANDE EVERRE 8 1/4 03/23/22	2,700,000	17,625,989	0.96
CHINA OIL CHIOIL 5 1/2 01/25/23	2,000,000	14,278,693	0.78
CHINA SCE GRP CHINSC 7 1/4 04/19/23	1,950,000	13,868,711	0.75
CHINA SCE GRP CHINSC 7 3/8 04/09/24	4,500,000	31,834,911	1.73
CHINA SOUTH CITY CSCHCN 6 3/4 09/13/21	2,000,000	12,619,278	0.69
CHONG HING BANK LTD FRN 31DEC2049	2,000,000	14,342,953	0.78
CIFI HOLDINGS CIFIHG 6 7/8 04/23/21	4,000,000	28,610,158	1.55
CIFI HOLDINGS CIFIHG 7 5/8 03/02/21	2,000,000	14,393,567	0.78
CN HUANENG GP HK HUANEN 2.4 12/10/22	6,000,000	41,820,378	2.27
CN SINGYES SOLAR CSSXF 6 12/19/22	1,666,649	10,155,379	0.55
CNAC HK FINBRIDGE CO LTD 3.125%19JUN2022	500,000	3,510,443	0.19
CNAC HK FNBRIDGE CO LTD 4.625% 14MAR2023	5,600,000	41,000,063	2.23
EASTERN CREATION BEIJHK 2.8 07/15/22	2,500,000	17,483,030	0.95
EASTERN CREATION II INVE 4.15% 04DEC2021	500,000	3,579,803	0.19
EASY TACTIC LTD GZRFP 8 1/8 02/27/23	2,300,000	16,448,359	0.89
FANTASIA HOLDING FTHDGR 12 1/4 10/18/22	2,500,000	17,890,225	0.97
FANTASIA HOLDING FTHDGR 8 3/8 03/08/21	2,000,000	14,020,677	0.76
FAR EAST HORIZON LTD FRN 29DEC2049	2,500,000	17,125,875	0.93
GET INTL INVEST GZGETH 3 3/4 07/18/22	4,600,000	32,371,978	1.76
HILONG HOLDING HILOHO 8 1/4 09/26/22	1,850,000	13,021,805	0.71
ICBCIL FINANCE ICBCIL 3 1/8 11/15/22	2,500,000	17,586,330	0.96
ICBCIL FINANCE ICBCIL 3.65 03/05/22	3,650,000	25,911,735	1.41
JINGRUI HOLDINGS JINGRU 9.45 04/23/21	4,000,000	26,005,500	1.41
KAISA GROUP KAISAG 11.95 10/22/22	2,000,000	14,582,240	0.79

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INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

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INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)**AS AT 31 DECEMBER 2019**

	Holdings	Fair Value RMB	% of Net Assets*
Quoted Investments (Continued)			
Peoples' Republic of China (Continued)			
KAISA GROUP KAISAG 7 7/8 06/30/21	1,000,000	6,960,455	0.38
KAISA GROUP KAISAG 8 1/2 06/30/22	1,950,000	13,369,450	0.73
KING TALENT MANAGEMENT L FRN 31DEC2049	1,800,000	11,340,876	0.62
KWG GROUP KWGPRO 7 7/8 09/01/23	4,420,000	32,374,457	1.76
KWG PROPERTY KWGPRO 5 7/8 11/10/24	2,000,000	13,309,987	0.72
LOGAN PROPERTY H LOGPH 6 3/8 03/07/21	1,000,000	7,090,542	0.39
LOGAN PROPERTY H LOGPH 6 7/8 04/24/21	1,400,000	10,022,181	0.54
MODERN LAND CHN MOLAND 7.95 03/05/21	1,400,000	9,127,559	0.50
NEW METRO GLOBAL FTLNHD 7 1/2 12/16/21	2,000,000	14,020,120	0.76
POSTAL SAVINGS BK CHINA FRN 29DEC2049	4,000,000	28,234,205	1.53
POWERLONG PWRLNG 4 7/8 09/15/21	1,000,000	6,819,020	0.37
POWERLONG PWRLNG 6.95 04/17/21	4,100,000	28,921,934	1.57
RED SUN PROPERTI REDSUN 11 1/2 03/04/21	3,000,000	21,483,831	1.17
RED SUN PROPERTIES GRP 9.95% 11APR2022	400,000	2,769,492	0.15
RONSHINE CHINA 8.75% 25OCT2022	3,000,000	21,730,811	1.18
RONSHINE CHINA RONXIN 8 1/4 02/01/21	1,500,000	10,622,655	0.58
RONSHINE CHINA RONXIN 8.95 01/22/23	1,000,000	7,290,076	0.40
SHUI ON DEVELOP SHUION 5 3/4 11/12/23	1,750,000	12,403,270	0.67
SUNAC CHINA HLDG SUNAC 7 1/4 06/14/22	2,500,000	17,915,724	0.97
SUNAC CHINA HLDG SUNAC 7.35 07/19/21	1,500,000	10,688,394	0.58
SUNAC CHINA HLDG SUNAC 7.95 08/08/22	1,000,000	7,269,015	0.40
TIMES CN HLDG TPHL 7.85 06/04/21	500,000	3,567,950	0.19
TIMES PROPERTY TPHL 6 1/4 01/17/21	5,500,000	38,777,996	2.11
TSINGHUA UNIC TSINGH 5 3/8 01/31/23	3,500,000	19,177,446	1.04
WANDA PROPERTIES DALWAN 6.95 12/05/22	1,000,000	6,910,363	0.38
YANCOAL INTL YZCOAL 5 3/4 PERP	2,000,000	13,958,227	0.76
YUZHOU PROPERTIE YUZHOU 8 1/2 02/04/23	6,350,000	47,007,728	2.55
ZHENRO PROPERTIE ZHPRHK 8.7 08/03/22	2,500,000	17,711,997	0.97
Income Partners RMB Bond Fund - Class 2B (Accumulation) RMB	234,816	25,707,628	1.40
		1,130,505,968	61.44

* Represents net asset value after adjustment to establishment and authorisation costs

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

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INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)**AS AT 31 DECEMBER 2019**

	Holdings	Fair Value RMB	% of Net Assets*
Quoted Investments (Continued)			
Philippines			
SMC GLOBAL POWER SMCGL 5.95 PERP	2,000,000	14,327,984	0.78
		<u>14,327,984</u>	<u>0.78</u>
		-----	-----
Singapore			
GLOBAL A&T ELECT GATSP 8 1/2 01/12/23	1,000,000	6,444,216	0.35
LMIRT CAPITAL PTE LTD 7.25% 19JUN2024	2,800,000	20,858,816	1.13
		<u>27,303,032</u>	<u>1.48</u>
		-----	-----
Sri Lanka			
REP OF SRI LANKA SRILAN 6.2 05/11/27	2,000,000	13,084,555	0.71
REP OF SRI LANKA SRILAN 6.35 06/28/24	3,000,000	20,772,026	1.13
		<u>33,856,581</u>	<u>1.84</u>
		-----	-----
Switzerland			
FINANCIAL SERVICES FRN 31DEC2049	3,400,000	23,313,559	1.27
UBS GROUP FUNDIN UBS 7 PERP	2,000,000	15,253,176	0.83
		<u>38,566,735</u>	<u>2.10</u>
		-----	-----
Thailand			
TMB BANK/CAYMAN ISLANDS FRN 31DEC2049	2,000,000	13,884,220	0.75
		<u>13,884,220</u>	<u>0.75</u>
		-----	-----
United Kingdom			
JAGUAR LAND ROVR TTMTIN 4 1/2 01/15/26	2,000,000	15,105,836	0.82
		<u>15,105,836</u>	<u>0.82</u>
		-----	-----

* Represents net asset value after adjustment to establishment and authorisation costs

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INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)**AS AT 31 DECEMBER 2019**

	Fair Value RMB	% of Net Assets*
Total investment at fair value	1,722,784,142	93.62
	-----	-----
Other net assets	117,597,539	6.38
	-----	-----
Net assets attributable to unitholders as at 31 December 2019	<u>1,840,381,681</u>	
Total investments, at cost	<u>1,724,625,449</u>	

* Represents net asset value after adjustment to establishment and authorisation costs

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

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**STATEMENT OF MOVEMENT IN INVESTMENT PORTFOLIO (UNAUDITED)
AS AT 31 DECEMBER 2019**

	1 January 2019	Additions	Disposals	31 December 2019
Quoted Investments				
Australia				
VIRGIN AU HLD VAHAU 8 1/8 11/15/24	-	4,000,000	-	4,000,000
BARMINCO FIN PTY BARPTY 6 5/8 05/15/22	1,250,000	-	(1,250,000)	-
NEWCASTLE COAL NCIAU 4.4 09/29/27	1,500,000	1,000,000	(2,500,000)	-
VIRGIN AU HLD VAHAU 7 7/8 10/15/21	2,750,000	250,000	(3,000,000)	-
Hong Kong				
CHINALCO CAPITAL CHALUM 4 08/25/21	-	4,000,000	-	4,000,000
ESR CAYMAN LTD ESRCAV 7 7/8 04/04/22	-	3,800,000	(1,000,000)	2,800,000
FEC FINANCE LTD FAEACO 7 3/8 PERP	-	3,350,000	-	3,350,000
Income Partners Renminbi Investment Grade Bond Fund - Class 2D HKD	7,754	-	(7,754)	-
Income Partners Renminbi Money Market Fund - Class 2A RMB	99,945	-	(99,945)	-
Income Partners Renminbi Money Market Fund - Class 3A RMB	82,980	-	(82,980)	-
RKI FIN 2016 B ROADKG 4.7 09/06/21	-	3,000,000	-	3,000,000
RKPF OVERS 2019B ROADKG 7 3/4 04/18/21	-	2,300,000	(300,000)	2,000,000
STUDIO CITY FIN MPEL 8 1/2 12/01/20	1,350,000	-	(1,350,000)	-
BK OF EAST ASIA BNKEA 5 1/2 12/29/49	3,000,000	-	(3,000,000)	-
ICBC ASIA LTD ICBCAS 4 1/4 12/29/49	1,600,000	-	(1,600,000)	-
FWD LTD FWDINS 6 1/4 12/31/49	2,700,000	-	-	2,700,000
RH INTL FINANCE LTD 6.5% 31DEC2049	1,100,000	-	-	1,100,000
FWD LTD FWDINS 5 1/2 PERP	950,000	-	-	950,000

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**STATEMENT OF MOVEMENT IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
AS AT 31 DECEMBER 2019**

	1 January 2019	Additions	Disposals	31 December 2019
Quoted Investments (Continued)				
India				
GREENKO MAURI GRNKEN 6 1/4 02/21/23	-	2,300,000	-	2,300,000
HPCL-MITTAL ENERGY LTD 5.45% 22OCT2026	-	2,000,000	-	2,000,000
NETWORK I2I LTD FRN 31DEC2049	-	4,300,000	(1,300,000)	3,000,000
VEDANTA RESOURCE VEDLN 6 3/8 07/30/22	-	3,000,000	(1,000,000)	2,000,000
VEDANTA RESOURCES 8% 23APR2023	-	2,500,000	-	2,500,000
VEDANTA RESOURCES 9.25% 23APR2026	-	2,500,000	(1,500,000)	1,000,000
VEDANTA RESOURCE VEDLN 8 1/4 06/07/21	2,000,000	-	(2,000,000)	-
HT GLOBAL IT SOL HTGLOB 7 07/14/21	1,550,000	-	(1,550,000)	-
JAIN INT TRADING JIIN 7 1/8 02/01/22	2,300,000	500,000	(2,800,000)	-
Indonesia				
APL REALTY HLDG APLNIJ 5.95 06/02/24	-	2,000,000	-	2,000,000
BUKIT MAKMUR MAN DOIDIJ 7 3/4 02/13/22	-	2,500,000	-	2,500,000
DELTA MERLIN DUN DUNIAT 8 5/8 03/12/24	-	6,400,000	-	6,400,000
INDIKA ENRGY CAP INDYIJ 5 7/8 11/09/24	-	2,000,000	-	2,000,000
PT ADARO INDONESIA 4.25% 31OCT2024	-	2,000,000	(1,000,000)	1,000,000
SSMS PLANT HOLD SAWSST 7 3/4 01/23/23	-	1,000,000	-	1,000,000
JABABEKA INTL BV KIJAIJ 6 1/2 10/05/23	2,250,000	1,500,000	(1,600,000)	2,150,000
MINEJESA CAPITAL BV 4.625% 10AUG2030	1,000,000	1,000,000	(2,000,000)	-
GEO COAL INTL GERLSP 8 10/04/22	1,200,000	1,250,000	2,450,000	-
GOLDEN LEGACY PTE LTD 8.25% 07JUN2021	500,000	-	(500,000)	-
ABM INVESTAMA ABMMIJ 7 1/8 08/01/22	2,200,000	2,500,000	(1,000,000)	3,700,000
THETA CAPITAL PTE LTD 7% 11APR22	3,500,000	1,000,000	(3,500,000)	1,000,000

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**STATEMENT OF MOVEMENT IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
AS AT 31 DECEMBER 2019**

	1 January 2019	Additions	Disposals	31 December 2019
Quoted Investments (Continued)				
Indonesia				
PB INTERNATIONAL BV 7.625% 26JAN2022	2,000,000	-	(2,000,000)	-
GAJAH TUNGGAL GJTLIJ 8 3/8 08/10/22	1,400,000	500,000	(1,000,000)	900,000
Japan				
SOFTBANK GROUP CORP FRN 31DEC2049	2,750,000	-	(1,000,000)	1,750,000
Malaysia				
PRESS METAL PMALMK 4.8 10/30/22	-	2,000,000	-	2,000,000
SD INTERNATIONAL SUKUK 6.3% 09MAY2022	-	3,000,000	(700,000)	2,300,000
Mongolia				
MONGO MIN/ENG RE MONMIN 9 1/4 04/15/24	-	1,100,000	-	1,100,000
Pakistan				
THRD PKSTN SUKUK PKSTAN 5 5/8 12/05/22	-	5,000,000	-	5,000,000
Peoples' Republic of China				
21VIANET GROUP I VNET 7 08/17/20	-	1,000,000	-	1,000,000
21VIANET GROUP I VNET 7 7/8 10/15/21	-	3,000,000	(1,500,000)	1,500,000
AGILE GROUP AGILE 9 1/2 11/23/20	-	1,000,000	-	1,000,000
AOYUAN PROPERTY CAPG 7.95 09/07/21	-	500,000	-	500,000
CAR INC CARINC 8 7/8 05/10/22	-	4,500,000	-	4,500,000
CENTRAL CHINA CENCHI 6 7/8 08/08/22	-	5,225,000	(1,125,000)	4,100,000
CENTRAL PLAZA DEV LTD FRN 29DEC2049	-	2,000,000	-	2,000,000
CHALIECO HK CORP CHALUM 5 PERP	-	650,000	-	650,000

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**STATEMENT OF MOVEMENT IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
AS AT 31 DECEMBER 2019**

	1 January 2019	Additions	Disposals	31 December 2019
Quoted Investments (Continued)				
Peoples' Republic of China				
CHALIECO HONGKONG CORP FRN 29DEC2049	-	2,000,000	-	2,000,000
CHINA AOYUAN GROUP LTD 7.95% 19FEB2023	-	3,000,000	-	3,000,000
CHINA EVERGRANDE EVERRE 8 1/4 03/23/22	-	8,400,000	(5,700,000)	2,700,000
CHINA OIL CHIOIL 5 1/2 01/25/23	-	2,000,000	-	2,000,000
CHINA SCE GRP CHINSC 7 1/4 04/19/23	-	1,950,000	-	1,950,000
CHINA SCE GRP CHINSC 7 3/8 04/09/24	-	4,500,000	-	4,500,000
CHINA SOUTH CITY CSCHCN 6 3/4 09/13/21	-	2,000,000	-	2,000,000
CHONG HING BANK LTD FRN 31DEC2049	-	3,400,000	(1,400,000)	2,000,000
CIFI HOLDINGS CIFIHG 7 5/8 03/02/21	-	2,000,000	-	2,000,000
CN HUANENG GP HK HUANEN 2.4 12/10/22	-	6,000,000	-	6,000,000
CN SINGYES SOLAR CSSXF 6 12/19/22	-	1,666,649	-	1,666,649
CNAC HK FINBRIDGE CO LTD 3.125%19JUN2022	-	500,000	-	500,000
CNAC HK FNBRIDGE CO LTD 4.625% 14MAR2023	-	6,000,000	(400,000)	5,600,000
EASTERN CREATION BEIJHK 2.8 07/15/22	-	7,200,000	(4,700,000)	2,500,000
EASTERN CREATION II INVE 4.15% 04DEC2021	-	500,000	-	500,000
EASY TACTIC LTD GZRFPR 8 1/8 02/27/23	-	6,500,000	(4,200,000)	2,300,000
FANTASIA HOLDING FTHDGR 12 1/4 10/18/22	-	2,500,000	-	2,500,000
FAR EAST HORIZON LTD FRN 29DEC2049	-	2,500,000	-	2,500,000
GET INTL INVEST GZGETH 3 3/4 07/18/22	-	4,600,000	-	4,600,000
HILONG HOLDING HILOHO 8 1/4 09/26/22	-	1,850,000	-	1,850,000
ICBCIL FINANCE ICBCIL 3 1/8 11/15/22	-	2,500,000	-	2,500,000
ICBCIL FINANCE ICBCIL 3.65 03/05/22	-	3,650,000	-	3,650,000

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**STATEMENT OF MOVEMENT IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
AS AT 31 DECEMBER 2019**

	1 January 2019	Additions	Disposals	31 December 2019
Quoted Investments (Continued)				
Peoples' Republic of China				
JINGRUI HOLDINGS JINGRU 9.45				
04/23/21	-	4,000,000	-	4,000,000
KAISA GROUP KAISAG 11.95 10/22/22	-	2,000,000	-	2,000,000
KWG GROUP KWGPRO 7 7/8				
09/01/23	-	4,420,000	-	4,420,000
KWG PROPERTY KWGPRO 5 7/8				
11/10/24	-	2,000,000	-	2,000,000
LOGAN PROPERTY H LOGPH 6 3/8				
03/07/21	-	1,000,000	-	1,000,000
NEW METRO GLOBAL FTLNHD 7 1/2				
12/16/21	-	2,000,000	-	2,000,000
POSTAL SAVINGS BK CHINA FRN				
29DEC2049	-	4,000,000	-	4,000,000
POWERLONG PWRLNG 4 7/8				
09/15/21	-	1,000,000	-	1,000,000
RED SUN PROPERTI REDSUN 11 1/2				
03/04/21	-	3,000,000	-	3,000,000
RED SUN PROPERTIES GRP 9.95%				
11APR2022	-	400,000	-	400,000
RONSHINE CHINA 8.75% 25OCT2022				
	-	3,000,000	-	3,000,000
RONSHINE CHINA RONXIN 8.95				
01/22/23	-	1,000,000	-	1,000,000
SHUI ON DEVELOP SHUION 5 3/4				
11/12/23	-	1,750,000	-	1,750,000
SUNAC CHINA HLDG SUNAC 7 1/4				
06/14/22	-	2,500,000	-	2,500,000
SUNAC CHINA HLDG SUNAC 7.95				
08/08/22	-	1,000,000	-	1,000,000
TIMES CN HLDG TPHL 7.85 06/04/21	-	500,000	-	500,000
TSINGHUA UNIC TSINGH 5 3/8				
01/31/23	-	5,500,000	(2,000,000)	3,500,000
WANDA PROPERTIES DALWAN 6.95				
12/05/22	-	1,000,000	-	1,000,000
YUZHOU PROPERTIE YUZHOU 8 1/2				
02/04/23	-	6,350,000	-	6,350,000
ZHENRO PROPERTIE ZHPRHK 8.7				
08/03/22	-	2,500,000	-	2,500,000
CHINA DEV BANK SDBC 4.88				
02/09/28	20,000,000	-	(20,000,000)	-
AGRICUL DEV BANK ADBCH 4.65				
05/11/28	20,000,000	-	(20,000,000)	-

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**STATEMENT OF MOVEMENT IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
AS AT 31 DECEMBER 2019**

	1 January 2019	Additions	Disposals	31 December 2019
Quoted Investments (Continued)				
Peoples' Republic of China				
GOLDEN EAGLE RET GERGHK 4 5/8 05/21/23	3,000,000	800,000	(3,800,000)	-
YINGDE GASES INV YINGDZ 6 1/4 01/19/23	2,650,000	-	(2,650,000)	-
CENTRAL CHINA CENCHI 8 3/4 01/23/21	1,000,000	-	-	1,000,000
CAR INC CARINC 6 02/11/21	2,000,000	-	2,000,000	-
CIFI HOLDINGS CIFIHG 5 1/2 01/23/22	2,300,000	-	(2,300,000)	-
BAOXIN AUTO FIN CHGRAU 8 3/4 12/29/49	1,000,000	-	(1,000,000)	-
YUZHOU PROPRTIE YUZHOU 6 01/25/22	2,500,000	-	(2,500,000)	-
KWG PROPERTY KWGPRO 6 09/15/22	1,500,000	-	(1,500,000)	-
CN SINGYES SOLAR CSSXF 7.95 02/15/19	1,000,000	750,000	(1,750,000)	-
LENOVO PERPETUAL SECURIT FRN 31DEC2049	1,600,000	-	(1,600,000)	-
CHN SCE PROPERTY CHINSC 5 7/8 03/10/22	3,200,000	-	(3,200,000)	-
YANCOAL INTL YZCOAL 5 3/4 PERP	2,300,000	2,000,000	2,300,000	2,000,000
HONG SENG LTD HONGSL 7 7/8 05/31/20	1,000,000	-	(1,000,000)	-
AOYUAN PROPERTY CAPG 5 3/8 09/13/22	2,300,000	-	(2,300,000)	-
KAISA GROUP KAISAG 7 7/8 06/30/21	1,000,000	1,000,000	(1,000,000)	1,000,000
KAISA GROUP KAISAG 8 1/2 06/30/22	450,000	1,500,000	-	1,950,000
CHINA EVERGRANDE EVERRE 8 3/4 06/28/25	1,800,000	-	(1,800,000)	-
HILONG HOLDING LTD 7.25% 22JUN2020	2,300,000	-	(2,300,000)	-
PRIME BLOOM HLDH RUYIGR 6.95 07/05/22	800,000	1,500,000	(2,300,000)	-
BAOXIN AUTO FINANCE I LT FRN 31DEC2049	2,000,000	-	(2,000,000)	-
KING TALENT MANAGEMENT L FRN 31DEC2049	1,800,000	-	-	1,800,000
TSINGHUA UNIC TSINGH 4 3/4 01/31/21	2,500,000	2,000,000	(4,500,000)	-

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**STATEMENT OF MOVEMENT IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
AS AT 31 DECEMBER 2019**

	1 January 2019	Additions	Disposals	31 December 2019
Quoted Investments (Continued)				
Peoples' Republic of China (Continued)				
RONSHINE CHINA RONXIN 8 1/4				
02/01/21	500,000	1,500,000	(500,000)	1,500,000
TIMES PROPERTY TPHL 6 1/4				
01/17/21	3,300,000	5,000,000	(2,800,000)	5,500,000
CENTRAL CHINA CENCHI 6 1/2				
03/05/21	1,200,000	1,500,000	(2,000,000)	700,000
AOYUAN PROPERTY CAPG 7 1/2				
05/10/21	1,700,000	4,500,000	(3,700,000)	2,500,000
MODERN LAND CHN MOLAND 7.95				
03/05/21	2,500,000	-	(1,100,000)	1,400,000
FANTASIA HOLDING FTHDGR 8 3/8				
03/08/21	2,500,000	2,000,000	(2,500,000)	2,000,000
CHN SCE PROPERTY CHINSC 7.45				
04/17/21	750,000	1,000,000	(1,750,000)	-
CIFI HOLDINGS CIFIHG 6 7/8				
04/23/21	2,000,000	2,000,000	-	4,000,000
POWERLONG PWRLNG 6.95				
04/17/21	3,600,000	1,500,000	(1,000,000)	4,100,000
LOGAN PROPERTY H LOGPH 6 7/8				
04/24/21	3,500,000	-	(2,100,000)	1,400,000
SUNAC CHINA HLDG SUNAC 7.35				
07/19/21	1,500,000	1,500,000	(1,500,000)	1,500,000
NEW METRO GLOBAL FTLNHD 6.5				
04/23/21	4,250,000	-	(4,250,000)	-
KWG GROUP KWGPRO 7 7/8				
08/09/21	2,000,000	-	(2,000,000)	-
YUZHOU PROPERTIE YUZHOU 7.9				
05/11/21	1,000,000	-	(1,000,000)	-
AGILE GROUP AGILE 8 1/2 07/18/21	2,500,000	-	-	2,500,000
CAPITAL ENVIRON BEICAP 5 5/8				
09/11/21	1,500,000	2,100,000	(1,500,000)	2,100,000
SHIMAO PROPERTY SHIMAO 6 3/8				
10/15/21	2,250,000	-	(2,250,000)	-
Income Partners RMB Bond Fund - Class 2B (Accumulation) RMB	234,816	-	-	234,816
BJ ESEG BVI BJESEG 5.3 10/18/21	1,500,000	-	1,500,000	-

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**STATEMENT OF MOVEMENT IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
AS AT 31 DECEMBER 2019**

	1 January 2019	Additions	Disposals	31 December 2019
Quoted Investments (Continued)				
Philippines				
SMC GLOBAL POWER SMCGL 5.95 PERP	-	3,600,000	(1,600,000)	2,000,000
Singapore				
GLOBAL A&T ELECT GATSP 8 1/2 01/12/23	-	1,000,000	-	1,000,000
LMIRT CAPITAL PTE LTD 7.25% 19JUN2024	-	2,800,000	-	2,800,000
Sri Lanka				
REP OF SRI LANKA SRILAN 6.2 05/11/27	-	2,000,000	-	2,000,000
REP OF SRI LANKA SRILAN 6.35 06/28/24	-	4,000,000	(1,000,000)	3,000,000
REP OF SRI LANKA SRILAN 5 3/4 01/18/22	1,900,000	-	(1,900,000)	-
Switzerland				
FINANCIAL SERVICES FRN 31DEC2049	2,400,000	1,000,000	-	3,400,000
UBS GROUP FUNDIN UBS 7 PERP	-	2,000,000	-	2,000,000
Thailand				
TMB BANK/CAYMAN ISLANDS FRN 31DEC2049	-	2,000,000	-	2,000,000
United Kingdom				
JAGUAR LAND ROVR TTMTIN 4 1/2 01/15/26	-	2,000,000	-	2,000,000

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND

(Sub-Fund of Income Partners Strategy Fund)

(Established in the Cayman Islands as an exempted unit trust and was re-domiciled to the jurisdiction of Hong Kong as a sub-fund of an open ended umbrella unit trust under the laws of Hong Kong)

PERFORMANCE TABLE (UNAUDITED)**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Net asset value*	Net asset value per unit*
<u>At 31 December 2019</u>	RMB	RMB
Class 1A USD (Distribution)Units	1,757,532	941.33
Class 1A USD (Accumulation) Units	10,368,203	704.89
Class 1B RMB (Accumulation)	474,936,726	101.05
Class 1E USD (Distribution) Units	19,175,178	671.90
Class 2A USD (Distribution) Units	171,930,642	589.93
Class 2A USD (Accumulation)Units	39,808,305	1123.29
Class 2B RMB (Distribution) Units	133,957,581	94.28
Class 2B RMB (Accumulation) Units	24,264,935	174.49
Class 2C USD (Distribution) Units	45,851,229	637.47
Class 2D HKD (Distribution) Units	209,427,923	74.27
Class 2D HKD (Accumulation) Units	6,716,902	87.32
Class 2E AUD (Distribution) Units	5,558,651	461.69
Class 2E AUD (Accumulation) Units	1,674,737	532.87
Class 2F AUD-Hedged (Distribution) Units	42,643,683	467.28
Class 2F AUD-Hedged (Accumulation) Units	13,440,845	580.57
Class 2G USD-Hedged (Distribution) Units	400,404,254	602.90
Class 2G USD-Hedged (Accumulation) Units	108,366,611	839.83
Class 2I SGD-Hedged (Distribution) Units	47,857,090	494.42
Class 2I SGD-Hedged (Accumulation) Units	10,079,320	518.03
Class 2J EUR-Hedged (Distribution) Units	2,807,216	759.52
Class 2K EUR-Hedged (Distribution) Units	14,785,254	744.92
Class 2K EUR-Hedged (Accumulation) Units	28,328,683	768.92
Class 2L HKD-Hedged (Distribution) Units	7,837,400	86.01
Class 2L HKD-Hedged (Accumulation) Units	3,925,170	89.86
Class 4B RMB (Accumulation) Units	333,839	106.66
Class 4C USD -Hedged (Accumulation) Units	14,143,772	738.30
	<hr/>	<hr/>
Total net asset value	1,840,381,681	
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* Represents net asset value after adjustment to establishment and authorisation costs

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**PERFORMANCE TABLE (UNAUDITED) (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Net asset value*	Net asset value per unit*
<u>At 31 December 2018</u>	RMB	RMB
Class 1A USD (Distribution)Units	866,104	853.08
Class 1A USD (Accumulation)Units	31,962,559	638.80
Class 2A USD (Distribution) Units	125,501,341	581.96
Class 2A USD (Accumulation) Units	106,141,661	1,023.05
Class 2B RMB (Distribution) Units	107,100,877	92.91
Class 2B RMB (Accumulation) Units	28,735,000	158.93
Class 2C USD (Distribution) Units	30,637,214	622.06
Class 2D HKD (Distribution) Units	246,569,585	73.27
Class 2D HKD (Accumulation) Units	7,706,226	79.52
Class 2E AUD (Distribution) Units	913,475	454.47
Class 2E AUD (Accumulation) Units	1,338,501	485.33
Class 2F AUD-Hedged (Accumulation) Units	169,182	536.08
Class 2G USD-Hedged (Distribution) Units	52,500,348	589.20
Class 2G USD-Hedged (Accumulation) Units	201,751,754	761.39
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Total net asset value	941,893,827	
	=	
	Net asset value*	Net asset value per unit*
<u>At 31 December 2017</u>	RMB	RMB
Class 1A USD (Distribution)Units	7,268,446	863.38
Class 1B RMB (Distribution)Units	8,369,281	100.29
Class 2A USD (Distribution) Units	52,171,504	648.86
Class 2A USD (Accumulation) Units	79,495,179	1040.4
Class 2B RMB (Distribution) Units	68,142,636	103.82
Class 2B RMB (Accumulation) Units	31,115,333	161.68
Class 2C USD (Distribution) Units	11,911,171	681.45
Class 2F AUD-Hedged (Accumulation) Units	93,551	584.69
Class 2G USD-Hedged (Distribution) Units	69,007,348	623.01
Class 2G USD-Hedged (Accumulation) Units	260,084,706	747.29
	—	
Total net asset value	587,659,155	
	=	

* Represents net asset value after adjustment to establishment and authorisation costs

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**PERFORMANCE TABLE (UNAUDITED) (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Class currency	Net asset value*	Net asset value per unit*
<u>At 31 December 2019</u>			
Class 1A USD (Distribution)Units	USD	252,443	135.21
Class 1A USD (Accumulation) Units	USD	1,489,237	101.25
Class 1B RMB (Accumulation)	RMB	474,936,726	101.05
Class 1E USD (Distribution) Units	USD	2,754,227	96.51
Class 2A USD (Distribution) Units	USD	24,695,258	84.74
Class 2A USD (Accumulation)Units	USD	5,717,866	161.34
Class 2B RMB (Distribution) Units	RMB	133,957,581	94.28
Class 2B RMB (Accumulation) Units	RMB	24,264,935	174.49
Class 2C USD (Distribution) Units	USD	6,585,841	91.56
Class 2D HKD (Distribution) Units	HKD	234,233,404	83.06
Class 2D HKD (Accumulation) Units	HKD	7,512,479	97.66
Class 2E AUD (Distribution) Units	AUD	1,138,968	94.60
Class 2E AUD (Accumulation) Units	AUD	343,154	109.19
Class 2F AUD-Hedged (Distribution) Units	AUD	8,737,697	95.75
Class 2F AUD-Hedged (Accumulation) Units	AUD	2,754,031	118.96
Class 2G USD-Hedged (Distribution) Units	USD	57,512,065	86.60
Class 2G USD-Hedged (Accumulation) Units	USD	15,565,238	120.63
Class 2I SGD-Hedged (Distribution) Units	SGD	9,248,906	95.55
Class 2I SGD-Hedged (Accumulation) Units	SGD	1,947,939	100.11
Class 2J EUR-Hedged (Distribution) Units	EUR	359,467	97.26
Class 2K EUR-Hedged (Distribution) Units	EUR	1,893,269	95.39
Class 2K EUR-Hedged (Accumulation) Units	EUR	3,627,521	98.46
Class 2L HKD-Hedged (Distribution) Units	HKD	8,765,693	96.20
Class 2L HKD-Hedged (Accumulation) Units	HKD	4,390,083	100.50
Class 4B RMB (Accumulation) Units	RMB	333,839	106.66
Class 4C USD -Hedged (Accumulation) Units	USD	2,031,541	106.05

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**PERFORMANCE TABLE (UNAUDITED) (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Class currency	Net asset value*	Net asset value per unit*
<u>At 31 December 2018</u>			
Class 1A USD (Distribution)Units	USD	125,955	124.06
Class 1A USD (Accumulation)Units	USD	4,648,304	92.90
Class 2A USD (Distribution) Units	USD	18,250,554	84.63
Class 2A USD (Accumulation) Units	USD	15,435,924	148.78
Class 2B RMB (Distribution) Units	RMB	106,853,080	92.91
Class 2B RMB (Accumulation) Units	RMB	28,735,737	158.93
Class 2C USD (Distribution) Units	USD	4,455,278	90.46
Class 2D HKD (Distribution) Units	HKD	280,999,467	83.45
Class 2D HKD (Accumulation) Units	HKD	8,776,579	90.57
Class 2E AUD (Distribution) Units	AUD	188,293	93.68
Class 2E AUD (Accumulation) Units	AUD	275,902	100.04
Class 2F AUD-Hedged (Accumulation) Units	AUD	34,873	110.50
Class 2G USD-Hedged (Distribution) Units	USD	7,646,570	85.68
Class 2G USD-Hedged (Accumulation) Units	USD	29,471,752	110.72
	Class currency	Net asset value*	Net asset value per unit*
<u>At 31 December 2017</u>			
Class 1A USD (Distribution)Units	USD	1,115,612	133.52
Class 1B RMB (Distribution)Units	RMB	8,369,281	100.29
Class 2A USD (Distribution) Units	USD	8,007,647	99.59
Class 2A USD (Accumulation) Units	USD	12,201,477	159.69
Class 2B RMB (Distribution) Units	RMB	68,142,636	103.82
Class 2B RMB (Accumulation) Units	RMB	31,115,333	161.68
Class 2C USD (Distribution) Units	USD	1,828,210	104.59
Class 2F AUD-Hedged (Accumulation) Units	AUD	18,369	114.80
Class 2G USD-Hedged (Distribution) Units	USD	10,591,731	95.62
Class 2G USD-Hedged (Accumulation) Units	USD	39,919,621	114.70

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**PERFORMANCE TABLE (UNAUDITED) (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Class currency	Highest unit price	Lowest unit price
<u>For the year ended 31 December 2019</u>			
Class 1A USD (Distribution)Units	USD	137.97	123.79
Class 1A USD (Accumulation) Units	USD	103.31	92.70
Class 1B RMB (Accumulation)	RMB	101.05	98.43
Class 1E USD (Distribution) Units	USD	101.06	95.29
Class 1E USD (Accumulation) Units	USD	102.07	99.68
Class 2A USD (Distribution) Units	USD	91.50	81.96
Class 2A USD (Accumulation)Units	USD	165.22	148.45
Class 2B RMB (Distribution) Units	RMB	98.16	92.05
Class 2B RMB (Accumulation) Units	RMB	174.50	158.65
Class 2C USD (Distribution) Units	USD	98.17	88.39
Class 2D HKD (Distribution) Units	HKD	90.39	80.90
Class 2D HKD (Accumulation) Units	HKD	100.75	90.39
Class 2E AUD (Distribution) Units	AUD	101.39	92.41
Class 2E AUD (Accumulation) Units	AUD	111.76	99.42
Class 2F AUD-Hedged (Distribution) Units	AUD	100.35	94.59
Class 2F AUD-Hedged (Accumulation) Units	AUD	120.06	110.29
Class 2G USD-Hedged (Distribution) Units	USD	90.66	85.01
Class 2G USD-Hedged (Accumulation) Units	USD	121.37	110.52
Class 2I SGD-Hedged (Distribution) Units	SGD	100.26	94.39
Class 2I SGD-Hedged (Accumulation) Units	SGD	100.65	98.22
Class 2J EUR-Hedged (Distribution) Units	EUR	100.93	95.82
Class 2K EUR-Hedged (Distribution) Units	EUR	99.85	94.38
Class 2K EUR-Hedged (Accumulation) Units	EUR	100.15	97.31
Class 2L HKD-Hedged (Distribution) Units	HKD	100.54	94.94
Class 2L HKD-Hedged (Accumulation) Units	HKD	100.84	98.40
Class 4B RMB (Accumulation) Units	RMB	106.66	100.14
Class 4C USD -Hedged (Accumulation) Units	USD	106.05	100.12

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**PERFORMANCE TABLE (UNAUDITED) (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Class currency	Highest unit price	Lowest unit price
<u>For the year ended 31 December 2018</u>			
Class 1A USD (Distribution)Units	USD	137.77	120.01
Class 1A USD (Accumulation)Units	USD	103.18	89.87
Class 1B RMB (Distribution)Units	RMB	100.96	99.74
Class 2A USD (Distribution) Units	USD	103.10	82.60
Class 2A USD (Accumulation) Units	USD	165.95	144.00
Class 2B RMB (Distribution) Units	RMB	103.70	91.44
Class 2B RMB (Accumulation) Units	RMB	162.72	155.21
Class 2C USD (Distribution) Units	USD	108.11	88.16
Class 2D HKD (Distribution) Units	HKD	100.55	81.43
Class 2D HKD (Accumulation) Units	HKD	101.04	87.64
Class 2E AUD (Distribution) Units	AUD	102.05	93.82
Class 2E AUD (Accumulation) Units	AUD	100.41	88.38
Class 2F AUD-Hedged (Accumulation) Units	AUD	115.43	108.10
Class 2G USD-Hedged (Distribution) Units	USD	95.55	84.31
Class 2G USD-Hedged (Accumulation) Units	USD	115.33	108.28
<u>For the year ended 31 December 2017</u>			
Class 1A USD (Distribution)Units	USD	132.49	112.36
Class 1B RMB (Distribution)Units	RMB	121.50	99.93
Class 2A USD (Distribution) Units	USD	100.19	88.57
Class 2A USD (Accumulation) Units	USD	159.66	136.08
Class 2B RMB (Distribution) Units	RMB	106.21	102.57
Class 2B RMB (Accumulation) Units	RMB	161.91	147.31
Class 2C USD (Distribution) Units	USD	105.74	94.66
Class 2F AUD-Hedged (Accumulation) Units	AUD	115.35	107.96
Class 2G USD-Hedged (Distribution) Units	USD	98.78	95.59
Class 2G USD-Hedged (Accumulation) Units	USD	115.33	108.28
<u>For the year ended 31 December 2016</u>			
Class 1A USD (Distribution)Units	USD	117.26	106.25
Class 1B RMB (Distribution)Units	RMB	117.87	104.41
Class 2A USD (Distribution) Units	USD	96.17	89.01
Class 2A USD (Accumulation) Units	USD	142.27	129.26
Class 2B RMB (Distribution) Units	RMB	106.24	99.14
Class 2B RMB (Accumulation) Units	RMB	147.56	131.18
Class 2C USD (Distribution) Units	USD	101.89	94.96
Class 2F AUD-Hedged (Accumulation) Units	AUD	108.53	98.22
Class 2G USD-Hedged (Distribution) Units	USD	101.57	95.88
Class 2G USD-Hedged (Accumulation) Units	USD	109.00	98.41

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**PERFORMANCE TABLE (UNAUDITED) (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Class currency	Highest unit price	Lowest unit price
<u>For the year ended 31 December 2015</u>			
Class 1A USD (Distribution)Units	USD	113.88	104.8
Class 1B RMB (Distribution)Units	RMB	106.76	99.27
Class 2A USD (Distribution) Units	USD	104.15	93.95
Class 2B RMB (Distribution) Units	RMB	107.16	101.23
Class 2C USD (Distribution) Units	USD	108.23	98.25
Class 2A USD (Accumulation) Units	USD	138.82	127.7
Class 2B RMB (Accumulation) Units	RMB	134.21	125.4
Class 2F AUD-Hedged (Accumulation) Units	AUD	101.51	99.94
Class 2G USD-Hedged (Distribution) Units	USD	100.73	99.28
Class 2G USD-Hedged (Accumulation) Units	USD	101.33	100.07
<u>For the year ended 31 December 2014</u>			
Class 1A USD (Distribution)Units	USD	109.83	100.59
Class 1B RMB (Distribution)Units	RMB	101.23	99.39
Class 2A USD (Distribution) Units	USD	106.57	101.45
Class 2B RMB (Distribution) Units	RMB	107.68	102.39
Class 2C USD (Distribution) Units	USD	109.87	104.43
Class 2A USD (Accumulation) Units	USD	134.35	123.45
Class 2B RMB (Accumulation) Units	RMB	127.95	117.23
<u>For the year ended 31 December 2013</u>			
Class 1A USD (Distribution)Units	USD	102.07	94.18
Class 2A USD (Distribution) Units	USD	110.81	102.24
Class 2B RMB (Distribution) Units	RMB	108.82	100.76
Class 2C USD (Distribution) Units	USD	112.55	104.24
Class 2A USD (Accumulation) Units	USD	125.40	116.01
Class 2B RMB (Accumulation) Units	RMB	118.40	110.80
<u>For the year ended 31 December 2012</u>			
Class 2A USD (Distribution) Units	USD	107.10	95.13
Class 2B RMB (Distribution) Units	RMB	104.90	94.51
Class 2C USD (Distribution) Units	USD	108.70	96.50
Class 2A USD (Accumulation) Units	USD	115.82	97.89
Class 2B RMB (Accumulation) Units	RMB	111.97	96.02
<u>For the period from 27 July 2011 (date of inception) to 31 December 2011</u>			
Class 2A USD (Distribution) Units	USD	99.06	92.62
Class 2B RMB (Distribution) Units	RMB	100.11	93.57
Class 2C USD (Distribution) Units	USD	100.70	94.15
Class 2A USD (Accumulation) Units	USD	100.27	92.87
Class 2B RMB (Accumulation) Units	RMB	100.11	93.57