

INCOME PARTNERS MANAGED VOLATILITY
HIGH YIELD BOND FUND - CLASS 2

Fund Manager's Report - 28 March 2024

IMPORTANT INFORMATION

- I. Income Partners Managed Volatility High Yield Bond Fund (the "Fund") invests primarily in high yield debt instruments, which are below investment grade or unrated. The Fund will invest in high yield debt instruments, and as a result may be subject to substantial credit/counterparty risk, credit rating related risks, interest rates risk, liquidity risks, and valuation risks. The investments held by the Fund may fall in value and therefore your investment in the Fund may suffer losses.
- II. The Fund's managed volatility strategy may not achieve the desired results under all circumstances. While the Fund's manager will endeavor to manage the Fund such that it does not exceed its pre-determined annualized volatility target, there is no guarantee that such targets can be reached in all market conditions. Managed volatility does not necessarily mean lower risk and the Fund may still suffer losses.
- III. The Fund is denominated in RMB, and RMB is currently not freely convertible and is subject to exchange controls and restrictions. There is no guarantee that RMB will not depreciate. If you convert Hong Kong Dollar or any other currency into RMB so as to invest in the Fund and subsequently convert the RMB redemption proceeds back into Hong Kong Dollar or any other currency, you may suffer a loss if RMB depreciates against Hong Kong Dollar or other currency. In addition, the underlying investments in the Fund may be denominated in currencies other than RMB. The NAV may be affected favorably by fluctuations in the exchange rates between these currencies and the base currency and by changes in the exchange rate controls.
- IV. The Fund invests in the Greater China region and in the China market and there is subject to emerging market risk including political, economic, legal, regulatory and liquidity risks.
- V. The Fund may invest in derivative transactions such as swaps, futures and forwards for hedging purposes. There is no guarantee that the hedging techniques will be effective.
- VI. In respect of the distribution Units of the Fund (save for Class 2C Dis (USD) Units), the Fund's manager currently intends to make monthly dividend distribution. However, the distribution amount of dividend rate is not guaranteed. In respect of the Class 2C Dis (USD) Units, the Fund's manager makes non-discretionary monthly distributions. For certain classes of Units of the Fund, the Fund's manager may at its discretion pay distributions out of the capital of the Fund. The Fund's manager may also, at its discretion, pay distributions out of gross income, while paying all or part of the fees and expenses of the capital of the Fund, resulting in an increase in distributable income for payment of distributions by the Fund. Therefore the Fund may effectively make payment of dividend out of capital. Payment of distributions out of capital represents a return or withdrawal of part of the amount they originally invested of from any capital gains attributable to the original investment. Any such distributions may result in an immediate reduction of the net asset value per unit of the Fund.
- VII. Investment involves risk. Past performance is not a guarantee or a reliable indicator of future results and no guarantee is being made that similar returns will be achieved in the future.
- VIII. In making investment decisions, investors should not rely solely on the information in this report and should read the offering document of the Fund of further details including the risk factors. This document does not constitute an offering document.

Share Class	NAV per share ²	Dividend per share	Annualized Dividend Yield ⁵
2A Acc (USD)	\$112.33		
2A Dis (USD)	\$42.25	\$0.30	8.9%
2B Acc (RMB)	¥126.74		
2B Dis (RMB)	¥46.78	¥0.31	8.3%
2C Dis (USD) ⁵	\$45.23	\$0.26	7.0%
2D Acc (HKD)	\$68.33		
2D Dis (HKD)	\$41.66	\$0.29	8.7%
2E Dis (AUD)	\$53.72	\$0.30	6.9%
2F Acc (AUD-H)	\$80.73		
2F Dis (AUD-H)	\$48.78	\$0.27	6.9%
2G Acc (USD-H)	\$85.18		
2G Dis (USD-H)	\$44.09	\$0.29	8.3%
2I Acc (SGD-H)	\$68.93		
2I Dis (SGD-H)	\$48.58	\$0.27	6.9%
2K Dis (EUR-H)	€50.80	€0.22	5.4%
2L Dis (HKD-H)	\$48.08	\$0.32	8.4%

H = Hedged currency share class

Record Date: 28 March 2024

Ex-Dividend Date: 2 April 2024

Payment/Reinvestment Date: 5 April 2024

Please see www.incomepartners.com for details of historical dividend information for all applicable share classes.

Risk Measures	3 Years	Since Inception
2B Acc (RMB)		
Annualized Volatility	18.91%	10.73%
Sharpe Ratio ⁶	-0.74	-0.08

Fund Characteristics

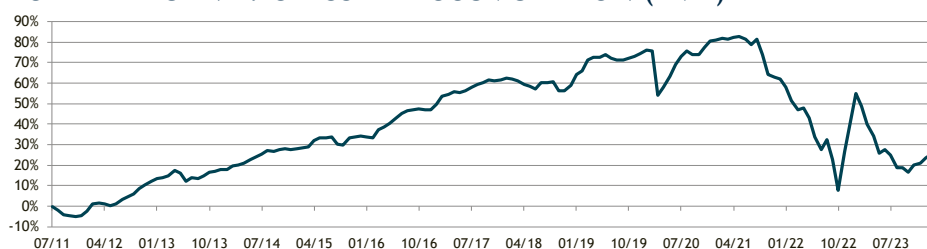
Yield to Maturity in RMB ^{7,9}	10.8%
Yield to Maturity in USD ^{8,9}	12.1%
Modified Duration (years)	2.6
Average Credit Rating	BB-
Number of bond holdings	67

Top 10 Holdings¹⁰: 3% of NAV

Pakistan Government Bond	5.3%
NWD Finance (BVI) Ltd	4.9%
SMC Global Power Holdings	4.3%
Li & Fung Ltd	4.2%
Sri Lanka Government Bond	4.0%
Fortune Star BVI Ltd	3.7%
LS Finance 2017 Ltd	3.7%
Melco Resorts Finance	3.3%
FWD Group Holdings Ltd	3.1%
Bank of East Asia Ltd	2.5%

INVESTMENT OBJECTIVE

The Fund seeks to maximize total investment returns, comprising capital appreciation and interest income by primarily investing in high yield debt instruments that are below investment grade or unrated. It aims to deliver high yield returns with a reduced level of volatility compared against the broader high yield market through an active managed volatility strategy by using both quantitative and qualitative measures. The Fund has a geographical focus on Greater China and Asia.

TOTAL RETURN^{2,3}: CLASS 2B ACCUMULATION (RMB)CUMULATIVE PERFORMANCE AND CALENDAR YEAR PERFORMANCE²

Share Class	Year-to-date (YTD)	1 Year	3 Years (Annualized)	5 Years (Annualized)	Since Inception (Annualized)	2019	2020	2021	2022	2023	Inception Date (dd/mm/yy)
2A Acc (USD)	2.67%	-14.30%	-14.21%	-7.28%	0.92%	8.44%	10.75%	-8.23%	-20.22%	-16.37%	27/07/11
2A Dis (USD)	2.65%	-14.31%	-14.21%	-7.28%	0.91%	8.45%	10.76%	-8.24%	-20.21%	-16.34%	03/08/11
2B Acc (RMB)	4.71%	-9.52%	-11.26%	-5.84%	1.89%	9.79%	3.51%	-10.41%	-13.08%	-13.94%	27/07/11
2B Dis (RMB)	4.71%	-9.54%	-11.26%	-5.84%	1.90%	9.80%	3.51%	-10.41%	-13.08%	-13.94%	27/07/11
2C Dis (USD) ⁵	2.66%	-14.31%	-14.21%	-7.28%	1.04%	8.44%	10.76%	-8.23%	-20.22%	-16.35%	10/08/11
2D Acc (HKD)	2.84%	-14.58%	-14.03%	-7.34%	-6.05%	7.83%	10.25%	-7.69%	-20.23%	-16.20%	21/02/18
2D Dis (HKD)	2.86%	-14.58%	-14.02%	-7.34%	-6.02%	7.81%	10.28%	-7.71%	-20.23%	-16.19%	09/02/18
2E Dis (AUD)	7.56%	-11.70%	-9.53%	-5.65%	-3.47%	9.16%	0.38%	-2.26%	-14.74%	-16.46%	04/05/18
2F Acc (AUD-H)	5.09%	-8.77%	-12.25%	-7.45%	-2.50%	7.66%	0.76%	-13.35%	-14.59%	-13.40%	13/10/15
2F Dis (AUD-H)	5.12%	-8.75%	-12.24%	-7.45%	-2.57%	0.15%	0.76%	-13.35%	-14.62%	-13.40%	02/05/19
2G Acc (USD-H)	5.34%	-7.45%	-11.32%	-6.52%	-1.88%	8.95%	1.58%	-13.12%	-13.70%	-11.98%	13/10/15
2G Dis (USD-H)	5.33%	-7.44%	-11.30%	-6.45%	-2.01%	9.18%	1.61%	-13.10%	-13.69%	-11.94%	19/10/15
2I Acc (SGD-H)	4.92%	-8.98%	-11.97%	-7.29%	-7.29%	0.11%	1.23%	-13.06%	-14.03%	-13.26%	30/04/19
2I Dis (SGD-H)	4.94%	-8.89%	-11.95%	-7.29%	-0.04%	1.20%	-13.10%	-14.03%	-13.18%	-13.18%	24/04/19
2K Dis (EUR-H)	5.15%	-7.32%	-12.36%	-8.12%	-1.41%	0.02%	-13.84%	-15.73%	-12.24%	-12.24%	07/05/19
2L Dis (HKD-H)	5.10%	-7.89%	-11.85%	-6.93%	0.90%	1.75%	-13.24%	-14.29%	-12.64%	-12.64%	17/04/19

MONTHLY PERFORMANCE²: CLASS 2B ACCUMULATION (RMB)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2024	2.07%	1.46%	1.10%										4.71%
2023	10.20%	-3.94%	-5.91%	-4.20%	-6.30%	1.28%	-2.05%	-4.63%	-0.22%	-1.77%	3.10%	0.68%	-13.94%
2022	-2.26%	-4.34%	-2.91%	0.75%	-3.45%	-6.38%	-4.71%	3.80%	-7.14%	-12.30%	17.57%	10.99%	-13.08%
2021	0.13%	0.62%	-0.41%	0.65%	0.16%	-0.68%	-1.61%	1.60%	-4.04%	-5.54%	-1.01%	-0.57%	-10.41%
2020	0.85%	-0.28%	-12.34%	2.84%	3.29%	3.42%	2.25%	1.77%	-1.23%	-0.01%	2.10%	1.87%	3.51%
2019	3.32%	1.02%	3.26%	0.72%	-0.03%	0.75%	-1.01%	-0.54%	-0.02%	0.70%	0.39%	0.93%	9.79%
2018	0.43%	-0.28%	-0.61%	-0.89%	-0.51%	-1.04%	2.04%	-0.12%	0.48%	-2.72%	-0.03%	1.64%	-1.68%
2017	1.74%	2.65%	0.67%	0.90%	-0.38%	0.70%	0.98%	0.89%	0.68%	0.77%	-0.30%	0.30%	10.00%
2016	-0.49%	-0.10%	2.76%	1.04%	1.33%	1.80%	1.68%	0.96%	0.18%	0.35%	-0.31%	-0.05%	9.50%
2015	0.32%	0.38%	0.40%	2.37%	0.97%	0.15%	0.26%	-2.55%	-0.24%	2.58%	0.20%	0.49%	5.35%
2014	-0.25%	1.59%	0.38%	0.69%	1.40%	1.30%	1.11%	1.40%	-0.36%	0.57%	0.31%	-0.43%	7.95%
2013	1.18%	0.58%	0.88%	2.16%	-1.24%	-3.38%	1.60%	-0.16%	0.99%	1.60%	0.25%	0.95%	5.40%
2012	2.21%	3.60%	0.43%	-0.23%	-0.91%	0.91%	2.03%	1.34%	1.26%	2.42%	1.60%	1.58%	17.41%
2011								-1.88%	-2.50%	-0.41%	-0.40%	0.50%	-4.63%

Unless stated otherwise, all data as of 28 March 2024. Source: Income Partners, fund performance is calculated on NAV to NAV basis in denominated currency with dividends re-invested. Performance is presented on a net-of-fees basis. Past performance is not indicative of future results.

1. The award is based on the performance from 1 October 2021 to 30 September 2022. Any awards won are not indicative of Income Partners' future performance. The awards should not be considered an endorsement of Income Partners by any client. The awards may not be representative of any client's experience.

2. Income Partners may be required to pay a fee to participate in the nomination of the award. This document contains fund performance or NAV numbers which may be subject to amendments and further verification by the fund administrator. The fund administrator, rather than the manager, publishes the official fund NAV. Any performance numbers contained herein should not be relied on as official or final NAV of the fund.

3. The total return chart above shows the Fund's total return performance since inception.

4. 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. 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 $\times 100\%$.

5. The calendar performance figures are calculated from share class launch dates to calendar year-end.

6. The Sharpe Ratio is calculated as annualized return minus risk free rate (RFR) divided by annualized standard deviation. RFR is the simple average of 1 year CNH cross-currency swap rate.

7. Yield to Maturity in RMB applies to all Unhedged share classes in RMB (2B), USD (2A), HKD (2D), AUD (2E), SGD (2H), EUR (2J), as investors are exposed to RMB risk.

8. Yield to Maturity in USD applies to all Hedged share classes in USD-Hedged (2G), AUD-Hedged (2F), HKD-Hedged (2I), EUR-Hedged (2K), RMB (USD Exposure) (2L) as investors are not exposed to RMB risk.

9. Where applicable, workout dates are used for the calculation of yield to maturity for callable bonds (sourced from Bloomberg). When calculating average YTM of the Fund, we conservatively use zero yield for defaulted bonds. For bonds with YTM that is greater than 80%, we conservatively apply current yield in place of YTM.

10. Top 10 Holdings is grouped by issuer, the fund may hold multiple issues from the same issuer.

* With effect from 1 March 2024, the fund is an eligible collective investment scheme in the new Capital Investment Entrant Scheme (New CIES) in Hong Kong.

INCOME PARTNERS MANAGED VOLATILITY HIGH YIELD BOND FUND - CLASS 2

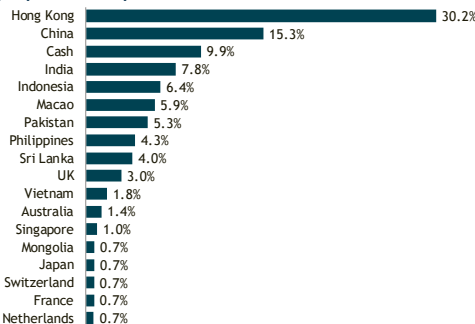
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Fund Details		
Base Currency	RMB	
Minimum Initial Investment	2A (USD):	USD1,000
	2B (RMB):	RMB10,000
	2C (USD):	USD1,000
	2D (HKD):	HKD10,000
	2E (AUD):	AUD1,000
	2F (AUD-H):	AUD1,000
	2G (USD-H):	USD1,000
	2H (SGD):	SGD1,000
	2I (SGD-H):	SGD1,000
	2J (EUR):	EUR1,000
Fees & Charges ¹²	Management Fee:	1.50% p.a.
	Subscription Charge:	Up to 5.00%
Dealing Frequency	Daily	
Dividend Frequency	Monthly (Please refer to important information VI)	
Portfolio Manager	Emil Nguy Suvi Mukhi Jack Zhai	
Trustee	Cititrust Limited	
Custodian & Administrator	Citibank, N.A., Hong Kong Branch	
Transfer Agent	Citicorp Financial Services Limited	
Share Class	Bloomberg Ticker	ISIN
2A Acc (USD)	IRHY2AA HK	HK0000421419
2A Dis (USD)	IPRHY2A HK	HK0000421401
2B Acc (RMB)	IRHY2BA HK	HK0000421435
2B Dis (RMB)	IPRHY2B HK	HK0000421427
2C Dis (USD)	IPRHY2C HK	HK0000421443
2D Acc (HKD)	IRHY2DA HK	HK0000421468
2D Dis (HKD)	IPRHY2D HK	HK0000421450
2E Acc (AUD)	IRHY2EA HK	HK0000421484
2E Dis (AUD)	IPRHY2E HK	HK0000421476
2F Acc (AUD-H)	IRHY2FA HK	HK0000421500
2F Dis (AUD-H)	IPRHY2F HK	HK0000421492
2G Acc (USD-H)	IRHY2GA HK	HK0000421526
2G Dis (USD-H)	IPRHY2G HK	HK0000421518
2H Acc (SGD)	IRHY2HA HK	HK0000421542
2H Dis (SGD)	IPRHY2H HK	HK0000421534
2I Acc (SGD-H)	IRHY2IA HK	HK0000421567
2I Dis (SGD-H)	IPRHY2I HK	HK0000421559
2J Acc (EUR)	IRHY2JA HK	HK0000490018
2J Dis (EUR)	IPRHY2J HK	HK0000490000
2K Acc (EUR-H)	IRHY2KA HK	HK0000490034
2K Dis (EUR-H)	IPRHY2K HK	HK0000490026
2L Acc (HKD-H)	IRHY2LA HK	HK0000490059
2L Dis (HKD-H)	IPRHY2L HK	HK0000490042
Fund AUM	RMB213 million / USD29 million	

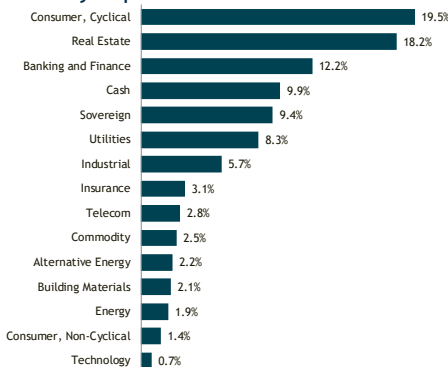
H = Hedged currency share class

PORTFOLIO OVERVIEW¹¹

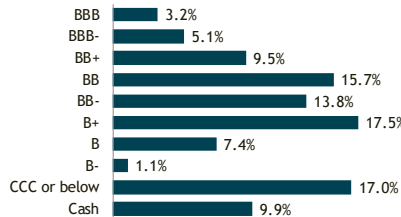
Geographical Exposure



Industry Exposure



Credit Rating Exposure



MANAGER'S COMMENTARY¹³

In March, the Asia high yield bond market maintained its upward trajectory, making a positive return for the fifth consecutive month. This period coincided with the peak reporting season for Hong Kong-listed public companies, where satisfactory results from many of them showcased their recovery from the challenging times experienced since the onset of the pandemic, while senior management teams are displaying increased optimism for the year 2024.

Within specific sectors, Chinese developers with high-quality assets have been benefiting from new policies supporting operating loans for investment properties and development loans for "whitelisted" residential projects. Notably, Longfor (+18.6%) and Seazen (+8.5%) experienced considerable investor interest following the release of their results. In the Chinese industrial sector, eHi Car (+9.0%) successfully completed its exchange offer, while West China Cement (+8.5%) reassured investors with its robust overseas growth. Turning into Hong Kong, the real estate sector overall outperformed others with an average return of 3.6%, with New World Development (+5.5%) topping the list. In frontier markets, Pakistan (+10%) and Sri Lanka (+8.1%) sovereign issues witnessed a substantial rally, thanks to positive developments in their respective debt management efforts.

In terms of Chinese fundamental data, China's manufacturing PMI rose from 49.1 in February to 50.8 in March. Manufacturing in China expanded in March after contracting for five consecutive months, suggesting a rebound in industrial activities following the Lunar New Year holiday. China's CPI jumped from -0.8% YoY in January to 0.7% YoY in February, marking the first positive number since August last year. The jump in CPI was mostly driven by food price, which increased by 3.3% MoM in February, and contributed 0.63ppt to the 1.0ppt CPI increase. We think the rise in food price is largely a result of Spring Festival's seasonal impact, as from 2010 to 2023, food price surged by an average of 3% MoM in the months of Spring Festival holiday. PPI dropped to -2.7% YoY, in line with market expectations. The price decline is widespread across manufacturing sectors, while oil & gas mining sector saw output price increasing by 2.5% MoM due to fluctuations in global oil prices. China's exports grew by 7.1% YoY, imports by 3.5% YoY in first two months of 2024. Both figures also surprised the market to the upside. We think the robust exports and imports growths in first two months of 2024 is mostly supported by low bases last year. However, we are still modestly positive on China's trade outlook this year given the potential turnaround of DM manufacturing cycle and semi-conductor cycle. China's total social financing increased 9% YoY to RMB1.56tn in February. The decline in total social financing is mainly due to Spring Festival's seasonal disruption. As the PBOC repeatedly stressed to "smooth" credit issuance pace and avoid big fluctuations in credit issuance pace. China's retail sales showed relatively strong growth of 5.5% YoY in first two months of 2024. However, the relatively strong growth also benefit from the last year low base.

In terms of fund allocation, we have continued to capitalize on the market's upward momentum by taking profits and shifting towards higher-yielding investments, particularly those offering attractive running yields. While this may lead to a slight increase in concentration in the short term, we believe that such adjustments will prove beneficial in the medium term as we prioritize investments with stable cash flow generation potential. Simultaneously, we have divested from a few special situation investments that have reached our target objectives, while also increasing our positions in select investments that exhibit positive prospects. As a result, the average yield to maturity of our investments, measured in USD, has risen by more than 100 basis points over the month. Looking ahead, we maintain a constructive outlook on the Asia high yield bond market due to the limited supply and attractive valuations in specific sectors.

11. The total exposures may vary due to rounding. The credit rating exposures presented here are based on ratings from S&P/Moody's/Fitch or equivalent ratings from other internationally recognized rating agencies. If S&P/Moody's/Fitch ratings for bond holdings are not available, Income Partners applies its internal credit ratings.

12. For other fees and charges, please refer to the offering documents.

13. Index or benchmark data are for reference purposes only and no comparability or relevance is warranted or implied.

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