

Investment Review

The Hereford Funds – Bin Yuan Greater China Fund (share class L1) appreciated 12.87% for the month of November (net of fees) compared to a 21.29% return for the benchmark, underperforming the benchmark by 8.43%. The portfolio had a strong monthly return but underperformed a stronger index bounce mainly due to sector allocation of the portfolio vs. benchmark. Healthcare underperformed as the market focused on other areas. Sectors where we are underweight, such as internet, financials and real estate, bounced strongly driven by the short covering activities. The real estate sector was up nearly 51%. Our stock selection in information technology and consumer discretionary generated strong alpha during the month.

In November, the positions that contributed the most to the portfolio's return were CHINA MERCH BANK, ECOVACS and KANGJII MEDICAL. The positions that contributed the least were IRAY TECHNOLOGY, KINGSOFT OFFICE SOFTWARE and LEAD INTELLIGENT.

Manager's Commentary

The market rebounded strongly in November, on marginal easing of Covid policies, further support for the housing market and improving Sino-U.S. relations at the recent G20 summit. Sentiment has bottomed out.

Modified Covid policies brought China one step closer to modifying the strict zero Covid policy and lockdown. The 20 New Anti-Covid measures introduced earlier this month shortened quarantines for overseas travelers and close contacts of infected cases, discontinued the tracing secondary contacts of infected cases, and also ended the circuit breaker penalty for airlines. All the new measures were pointing to less negative impact on the economy and more emphasis on vaccinations/boosters and significant changes in the overall capabilities of the healthcare sector. While we did see the temporary re-introduction of tight control measures in some localities due to the surge of infections in the winter season, we also saw the return of the Shanghai Marathon. Voices for reopening have been getting stronger and some disputed measures were also being readdressed after arousing strong dissent. We expect the government to respond positively to recent sentiment and more relaxations and a final reopening are on the way.

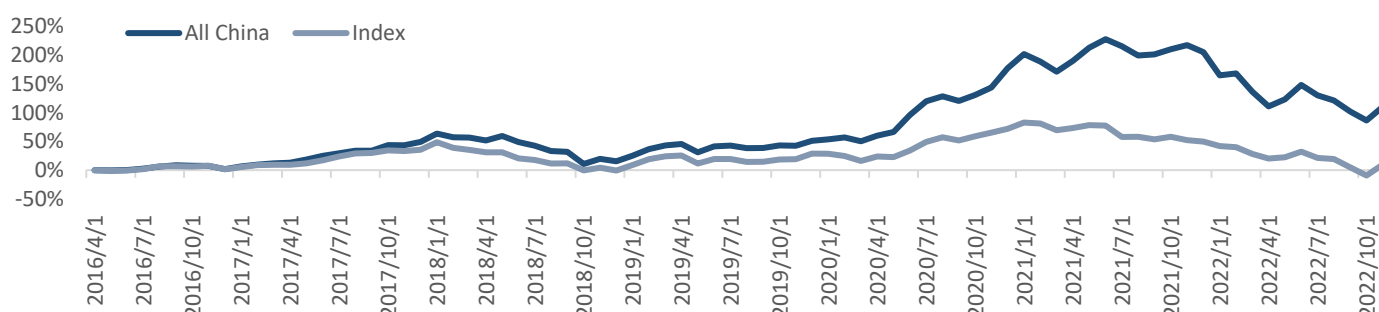
As a part of reviving the economy, the government has announced an initial rescue plan this month, with 16 comprehensive measures to financially support both homebuyers and developers. Besides easing on debt payments, it removed the equity fundraising ban on developers late last month. We do not expect these measures will make the property industry a key driver for the economy as it did in the past, but with improving developers' balance sheets and less downside pressure in the housing sector, we see reduced systemic risks and a gradual recovery from a Covid-battered economy.

Sino-U.S. tensions have also been de-escalating with efforts on both sides. Besides the meeting of the two presidents at the G20 Summit, there was also a nine-day visit to New York of a semi-official Chinese delegation to hold talks with former U.S. officials and executives. A trip to China by U.S. Secretary of State Antony Blinken has been planned as well. At least a shared understanding has been developed to avoid outright conflict from increasingly severe competition between the two countries.

Key Information

NAV (30/11/22)	US\$ 136.76(L1)/129.81(L2)/95.04(AI)/81.24(AI EUR)/74.89(AI GBP)/98.21(BI)/148.79(CB)/98.04(DB A)/103.50(DB A NOK)/99.11(DI A)/157.88(CI)/77.80(CI GBP)/79.17(PB EUR)	Strategy Assets	US\$ 1,226 m ^(a)
Total Fund Size	US\$ 641.0 m	Fund Launch Date	16-Apr-18

Period Performance (%) data from FPS/Pictet/Bin Yuan								
	2022	2021	2020	2019	2018	2017	Cumulative	Annualized
Bin Yuan All China Strategy ^(b)	-31.05	10.02	83.51	30.60	-22.46	44.69	110.07	11.94
Index ^(c)	-26.56	-12.91	33.41	29.74	-26.64	33.37	9.92	1.45



Monthly Performance (%) data from FPS/Pictet

	2021		2022											
	Dec	2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	YTD
Bin Yuan GC Fund	-3.79	10.02	-13.24	1.23	-11.74	-10.84	5.76	11.25	-7.34	-3.75	-8.76	-7.68	12.87	-31.05
Index ^(c)	-1.52	-12.91	-5.32	-1.23	-8.31	-6.27	1.82	7.82	-8.07	-1.61	-12.26	-13.52	21.29	-26.56

Risk and reward profile



Top Ten Holding					
1	IRAY TECHNOLOG-A	7.80%	2	NARI TECHNOLOG-A	4.22%
3	CHINA MERCH BK-A	4.00%	4	KANGJI MEDICAL H	3.83%
5	ECOVACS ROBOTI-A	3.68%	6	CHAOZHOU THREE-A	3.37%
7	SHANXI XINGHUA-A	3.33%	8	CHINA RES LAND	3.15%
9	SHENZHEN MINDR-A	3.03%	10	HUNAN BAILI EN-A	3.01%

Sectoral Breakdown ^(e)	% of Assets
Health Care	20
Information Technology	18
Industrials	16
Consumer Staples	15
Consumer Discretionary	13
Materials	7
Financials	4
Real Estate	3

Investment Objective

The investment objective of the Compartment is to provide long term capital growth, measured in USD, primarily through investment in equities and equity-linked securities of Greater China Companies, as defined hereafter.

Since Inception ^(d)	Bin Yuan All China	Index
Volatility	20.68%	20.51%
Sharpe Ratio	0.62	0.07
Information Ratio	1.04	
Tracking Error	10.87%	
Active Shares	89%	
Beta	0.92	

Market Breakdown	% of Assets
A Share (Connect + QFI)	75
Hong Kong	21

Valuation	Portfolio	Benchmark (excluding Financials)	Benchmark
Period	20221130	20221130	20221130
2023 PE (X)	22.5	26.2	12.6
2023 PB (X)	4.3	3.6	1.3
2023 Div. Yield (%)	1.3	1.7	2.5
2023 ROE (%)	19.1	13.9	10.1
Earning Growth (%) Forward 3 YR	23.0	9.3	6.5
2023 PEGY	0.9	2.4	1.4
FCF Yield	1.3	-1.4	1.0

Fund Codes						
Share Class	AI	AI GBP	AI EUR	BI	CI	CI GBP
Bloomberg	HEYGCAU LX	HEYGCAU LX	HEYGCAE LX	HEYGCBU LX	HFBYCIU LX	HEYGCGA LX
TK	040149630	040149699	040149698		040149734	040149736
ISIN	LU1778252558	LU1778252715	LU1778252632	LU1778253952	LU1778254844	LU1778255064
Lipper ID	68617991	68666625	68677482	68625053	68563916	68684500
Sedol	BMV2Q30	BNLYXY6	BN4BFL5	BMV1994	BMWWFG8	BP466G6

Fund Details	
Dealing Day ^(d)	Daily
Dividends	None – income accumulated within the fund
Investment Manager	Bin Yuan Capital Room 1505, 15/F, 299QRC 287-299 Queen's Road Central Sheung Wan, Hong Kong
Management Company	FundPartner Solutions (Europe) S.A. 15, Avenue John F Kennedy , L-1855 Luxembourg
Custodian	Pictet & Cie (Europe) S.A. 15, Avenue John F Kennedy, L-1855 Luxembourg
Legal Advisors	Elvinger Hoss Prussen S.A. 2, Place Winston Churchill, L-1340 Luxembourg
Auditor	Deloitte Audit S.à r.l. 560, route de Neudorf, L-2220 Luxembourg

Annual Management Charge TERs as at end September 2021	
Share Class A	1.25% 1.45%
Share Class B	1.00% 1.21%
Share Class C	0.75% 0.95%
Share Class D	0.50% 0.71%

Minimum Investment	
Share Class A	\$100,000 Minimum initial subscription & holding
Share Class B	\$5,000,000 Minimum initial subscription & holding
Share Class C	\$10,000,000 Minimum initial subscription & holding
Share Class D	\$100,000,000 Minimum initial subscription & holding

Order Transmission Information

FundPartner Solutions (Europe) S.A.
15, Avenue John F Kennedy,
L-1855 Luxembourg
Via fax +352 46 71 71 7667 or SWIFT PICTLULXTAS

Footnote:

(a) This refers to the total assets invested in the reference strategy managed by the Investment Manager.

(b) The graph depicts the Bin Yuan All China Strategy (Reference Strategy) from inception in May 2016 to the fund launch on 16/4/18. After launch date actual fund data of Share Class L1 is used. The fund follows the same strategy as the Reference Strategy and simulated returns of the Reference Strategy are net of a modeled fee of 0.75% pa and expenses of 0.40%.

(c) MSCI Inc. discontinued MSCI All China Index and the transition to MSCI China All Shares Index took effect on 27 November 2019. MSCI All China Index Total USD return including dividends (Bloomberg ticker M1ACN Index) was used as benchmark from the inception of April 2018 to November 26, 2019. MSCI China All Shares Net Total USD Return (Bloomberg ticker MXCNANM Index) is used as benchmark since November 27, 2019.

(d) Data depict the Bin Yuan All China Strategy since inception of May 2016 as of April 2018. The fund follows the same strategy. After a longer period after the fund launch, we will use the Hereford Funds Bin Yuan Greater China Fund Share Class L1 in the table.

(e) We set sector exposure according to GICS classification, and the maximum exposure will not exceed 40%. The reason we set at 40% is some industrial and communication service companies are misclassified as information technology in GICS.

Disclaimer:

- This document should be read as a marketing communication.
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