

Investment Review

The Hereford Funds – Bin Yuan Greater China Fund (share class L1) depreciated 2.92% for the month of October (net of fees) compared with a -3.81% return for the benchmark outperforming the benchmark by 89 bps. Our stock selections in Information Technology and Industrials contributed positively to performance while Health care and Consumer Discretionary lagged. In October, the positions that contributed the most to the portfolio's return were SUNNY OPTICAL, CHIPSEA TECHNOLOGY and MAXSCEND MICRO. The positions that contributed the least were BAIDU, IRAY TECHNOLOGY and HAICHANG OCEAN PARK.

Manager's Commentary

Weak sentiment continued into October post the weeklong National holiday. We saw a partial recovery in late October driven by favorable policy support, improving geopolitical sentiment and consumer enthusiasm for Huawei's new products.

Positive catalysts were observed on the domestic economy and the capital markets. A RMB 1 trillion (USD 137 billion) special government bond was announced to support the country's economy, boosting market sentiment with positive implications on growth from the budget deficit ratio hike. The twice-a-decade central financial work conference set out long-term policy directions, vowing mechanisms to resolve risks related to the property market, and local government debt and regional banks. China's state-owned investment company moved to bolster the equity market by increasing its stakes in major banks initially, and then buying exchange-traded funds (ETFs) tracking underlying Chinese stocks.

China-U.S. relations have also been improving with increasing high-level talks between the two countries. U.S. Senate Majority Leader Chuck Schumer visited China and met with China's president Xi Jinping. Powell also had a sideline meeting in Morocco with his Chinese counterpart, the country's central bank governor Pan Gongsheng. China's top diplomat also made a three-day visit to the U.S. and had talks with Secretary Blinken and President Biden. Further improvements are expected with a likely Xi-Biden summit in the coming weeks.

The launch and strong sales of Huawei's new phones and EVs, backed by breakthroughs in processors and self-driving technologies, injected new vitality with another wave of tech innovations to reshape relevant sectors.

The Q3 earnings season concluded with companies listed in Shanghai and Shenzhen (excluding financials) posting average net profit growth of 4% yoy in Q3. Our portfolio's earnings growth, for those who report Q3 results, beat the market significantly for another quarter with a Q3 net profit increase of 28% yoy (Table 1). Our portfolio is aligned with both the long-term secular growth trend of the country's economy, and also the medium-term improving confidence in certain market sectors. Of all the A share companies with street earnings forecast updates, 20% saw an upward revision of forecasts (+4%), while 20% remained flat and 60% down (-9%) post the H1 and Q3 earnings season. The majority of these upward revisions were in technology sectors like electronics, electrical equipment, computers, machinery, autos and in consumer groups like food and staples – sectors in which we have stakes. We are well-positioned to benefit as the market stabilizes and focus gradually shifts back to fundamentals with clearer long-term direction for economic growth and improving sentiment.

Table 1: 3Q Earnings Result Bin Yuan vs. Market

		Bin Yuan		Market excluding financials	
		Revenue	Earnings	Revenue	Earnings
Key Information	Q3	24.5%	28.1%	2.6%	4.4%
	Q1-Q3	22.2%	22.7%	2.9%	-4.9%

NAV (31/10/23) US\$ 106.81(L1)/101.84(L2)/73.88(AI)/61.53(AI EUR)/57.14(AI GBP)/76.53(BI)/116.20(CB)/90.83(DB A NOK)/77.60(DI A)/73.88(CI)/59.63(CI GBP)/60.37(PB EUR)

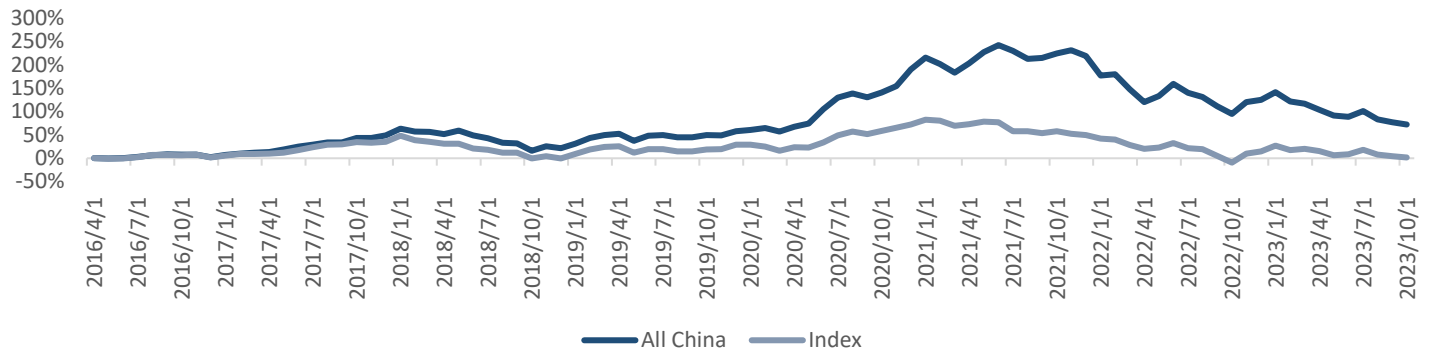
Strategy Assets US\$ 950 m^(a)

Total Fund Size US\$ 564.9 m

Fund Launch Date 16-Apr-18

Period Performance (%) data from FPS/Pictet/Bin Yuan

	2023	2022	2021	2020	2019	2018	Cumulative	Annualized
Bin Yuan All China Strategy ^(b)	-23.67	-29.45	10.02	83.51	30.60	-22.46	71.87	7.49
Index ^(c)	-11.52	-23.61	-12.91	33.41	29.74	-26.64	1.17	0.15



Monthly Performance (%) data from FPS/Pictet														
	2022			2023										
	Nov	Dec	YTD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	YTD
Bin Yuan GC Fund	12.87	2.33	-29.45	7.20	-8.07	-2.44	-5.75	-6.03	-1.43	6.51	-8.91	-3.45	-2.92	-23.67
Index ^(c)	21.29	4.02	-23.61	11.06	-7.82	2.58	-3.87	-7.94	1.85	8.99	-8.61	-3.62	-3.81	-11.52

Risk and reward profile



Top Ten Holding						Sectoral Breakdown ^(e)		% of Assets
1	IRAY TECHNOLOG-A	10.26%	2	CHINA MERCH BK-A	7.31%	Health Care		20
3	HAICHANG OCEAN P	4.66%	4	NARI TECHNOLOG-A	4.48%	Consumer Discretionary		16
5	PING AN INSURA-A	4.27%	6	XI'AN SINFUSE-A	4.06%	Information Technology		16
7	KANGJI MEDICAL H	3.89%	8	WUXI AUTOWELL-A	3.75%	Industrials		15
9	WORLD GP LTD	3.50%	10	SHANGHAI FRIEN-A	3.32%	Financials		14
						Consumer Staples		6
						Communication Services		3
						Materials		2

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	20.94%	20.77%
Sharpe Ratio	0.33	0.01
Information Ratio	0.61	
Tracking Error	10.99%	
Active Shares	88%	
Beta	0.92	

Market Breakdown	% of Assets
A Share (Connect + QFI)	63
Hong Kong	28
US ADR	1

Valuation	Portfolio	Benchmark (excluding Financials)	Benchmark
Period	10/31/2023	10/31/2023	10/31/2023
2024 PE (X) – Weighted Average Method*	16.2	17.1	15.2
2024 PE (X) – Integral Method*	8.2	10.5	8.9
2024 PB (X)	3.1	2.4	1.5
2024 Div. Yield (%)	2.3	1.8	2.5
2024 ROE (%)	19.1	14.1	9.9
Earning Growth (%) Forward 3 YR	22.7	8.3	6.5
2024 PEGY	0.7	1.7	1.7
FCF Yield	2.5	-1.2	2.0

Note: Valuation dynamics impacted by corporate quality.

*PE Weighted Avg. Method: The PE of each security in the portfolio/benchmark is multiplied by its weight and then is summed to a final PE;

*PE Integral Method: The PE is calculated by dividing the summary of each security's market capitalization in the portfolio/benchmark by the summary of each security's earning.

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.
- Risk Disclaimer - This current risk profile is based on historical data and may not be a reliable indication of the future risk profile of the Sub-Fund. - The risk category shown is not guaranteed and may shift over time. - The lowest category, which corresponds to Number 1, cannot be regarded as being risk-free. - The Sub-Fund does not provide any capital guarantee or asset protection measures. Why is this Sub-Fund in this category? The investment objective of the Sub-Fund is to generate long-term capital growth and income by investing in equities and equity-linked securities of Greater China Companies. Hence, the risk/reward profile of the SubFund should correspond to a high risk category on the risk/reward scale. The contents of this document are communicated by, and the property of, Hereford Funds. Hereford Funds is a trading name of Hereford Funds LLP. Hereford Funds LLP is an appointed representative and tied agent of Thornbridge Investment Management LLP which is authorised and regulated by the Financial Conduct Authority (FRN: 713859). This document is for information purposes and internal use only. It is neither an advice nor a recommendation to enter into any investment. Investment suitability must be determined individually for each investor, and the financial instruments described above may not be suitable for all investors. This information does not provide any accounting, legal, regulatory or tax advice. Please consult your own professional advisers in order to evaluate and judge the matters referred to herein. An investment should be made only on the basis of the prospectus, the annual and any subsequent semi-annual-reports of HEREFORD FUNDS (the "Fund"), a société d'investissement à capital variable, established in Luxembourg and registered under Part I of Luxembourg law of 20 December, approved by the Commission de Surveillance du Secteur Financier (CSSF). These can be obtained from the Fund, from FundPartner Solutions (Europe) SA, 15 avenue J. F. Kennedy, L-1855 Luxembourg, and any distributor or intermediary appointed by the Fund. You can obtain a summary of investors rights to the following link : <https://www.group.pictet/media/sd/176b100ab205a6e6aef82b0250138f889675b903>
- No warranty is given, in whole or in part, regarding performance of the Fund. There is no guarantee that its investment objectives will be achieved. Potential investors shall be aware that the value of investments can fall as well as rise and that they may not get back the full amount invested. Past performance is no guide to future performance. Future Performance is subject to taxation which depends on the personal situation of each investor and which may change in the future. Returns may increase or decrease as a result of currency fluctuations. The information provided in this document may be subject to change without any warning or prior notice and should be read in conjunction with the most recent publication of the prospectus of the Fund. Whilst great care is taken to ensure that information contained herein is accurate, no responsibility can be accepted for any errors, mistakes or omission or for future returns. This document is intended for the use of the addressee or recipient only and may not be reproduced, redistributed, passed on or published, in whole or in part, for any purpose, without the prior written consent of HEREFORD FUNDS. Neither the CSSF nor any other regulator has approved this document.
- According to the SFC climate-related disclosure requirement, please find our disclosure of [Management and Disclosure of Climate-related Risks by Fund Managers](#).