

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.

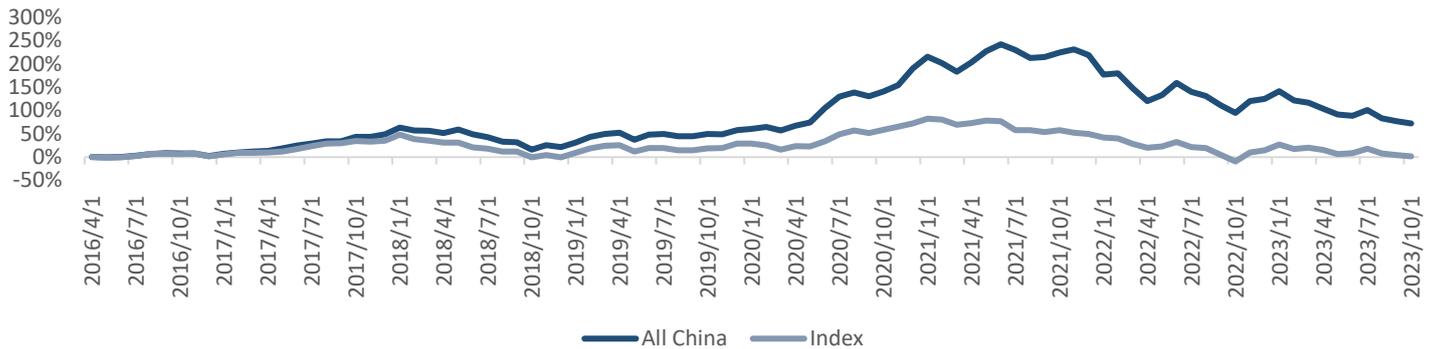
Table 1: 3Q Earnings Result Bin Yuan vs. Market

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

Key Information

| | | | |
|-----------------|---|------------------|---------------------------|
| 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 | | | | | |
|-----------------|------------------|--------|----|------------------|-------|
| 1 | IRAY TECHNOLOG-A | 10.26% | 2 | CHINA MERCH BK-A | 7.31% |
| 3 | HAICHANG OCEAN P | 4.66% | 4 | NARI TECHNOLOG-A | 4.48% |
| 5 | PING AN INSURA-A | 4.27% | 6 | XI'AN SINFUSE-A | 4.06% |
| 7 | KANGJI MEDICAL H | 3.89% | 8 | WUXI AUTOWELL-A | 3.75% |
| 9 | WORLD GP LTD | 3.50% | 10 | SHANGHAI FRIEN-A | 3.32% |

| Sectoral Breakdown ^(e) | % of Assets |
|-----------------------------------|-------------|
| Health Care | 20 |
| Consumer Discretionary | 16 |
| Information Technology | 16 |
| Industrials | 15 |
| 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 | BMY2Q30 | BNLYXY6 | BN4BFL5 | BMY1994 | 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

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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.

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