

Investment Review

The Hereford Funds – Bin Yuan Healthcare Fund (share class L1) appreciated 5.02% for the month of November (net of fees) compared to a 22.05% return for the benchmark. At the end of November, the Sub Fund was mainly invested in the Healthcare Equipment & Parts and Services sectors, with little weight in the Pharmaceuticals sector.

For the month, the Fund underperformed the benchmark by 17.03%. In November, the positions that contributed the most to the portfolio’s return were WUXI BIOLOGICS, KANGJI MEDICAL and YIFENG PHARMACY. The positions that contributed the least were AUTOBIO DIAGNOSTICS, IRAY TECHNOLOGY and SHENZHEN NEW INDUSTRIES.

Manager’s Commentary

The market continued to rebound strongly in November, on marginal easing of COVID policies. Our portfolio had a strong monthly return but underperformed a strong index bounce mainly due to the heaviest weight name in the index – WUXI BIOLOGICS rebounded 41.3%.

Modified COVID policies brought China one step closer to modifying the strict zero COVID case policy and lockdown. The twenty New Anti-COVID measures introduced earlier this month shortened quarantines for overseas travelers and close contacts of infection cases, stopped tracing secondary contacts of infection cases, and also ended the circuit breaker penalty for airlines etc. 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 re-introduction of tight control measures temporarily in some localities due to the surging of infections in the winter season, we also saw the return of Shanghai Marathon. Voices for reopening have been getting stronger and some disputable 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.

The modification of epidemic prevention policy will benefit many sub healthcare sectors. In order to cope with the potential shortage on medical resources, people tend to stock more regular medication for chronic diseases at home, such as hypotensive drugs and antiviral medicines, which makes offline pharmacy transactions much more active. On the other hand, this year, especially in the first half of the year, some surgery operations and treatments that need to be performed in hospitals have been postponed to a certain extent. These unfulfilled demand will be released in the future. This is why the healthcare service (e.g. Aier Eye Hospital) and medical consumables (e.g. Kangji Medical) sectors have performed well recently. We look forward to these sub sectors performing well in the next year.

Key Information

NAV (30/11/22)	US\$ 79.6 (L1)	Strategy Assets	US\$ 15.6 m ^(a)
Total Fund Size	US\$ 15.6 m	Fund Launch Date	03-Dec-21

Monthly Performance (%) data from FPS/Pictet														
	2021	2022												
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Bin Yuan HC Fund	1.24	-12.74	1.37	-5.34	-9.33	0.03	11.97	-6.89	-3.01	-6.87	4.63	5.02		-21.42
Index ^(b)	-8.04	-14.76	-2.43	-5.72	-10.43	-1.88	14.66	-3.23	-4.54	-18.60	-3.10	22.05		-29.73

Risk and reward profile



Top Ten Holding					
1	KANGJI MEDICAL H	8.44%	2	SHENZHEN MINDR-A	7.03%
3	WUXI BIOLOGICS C	6.88%	4	IRAY TECHNOLOG-A	6.38%
5	WUXI APPTec CO-A	6.01%	6	NEW INDUSTRIES BIOMEDICAL	5.17%
7	AUTOBIO DIAGNO-A	3.97%	8	BLOOMAGE BIOTE-A	3.90%
9	YIFENG PHARMA-A	3.59%	10	JIANGSU HENGRU-A	3.53%

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.

Market Breakdown	% of Assets
A Share	68
Hong Kong (Discounted Dual Listing)	2
Hong Kong	27

Sectoral Breakdown	% of Assets
Healthcare Equipment & Parts	54
Services	29
Biotechnology	9
Pharmaceuticals	5

Valuation	Portfolio	Benchmark
Period	20221130	20221130
2023 PE (X)	26.0	48.7
2023 PB (X)	2.7	3.2
2023 Div. Yield (%)	0.9	0.9
2023 ROE (%)	20.2	6.5
Earning Growth (%) Forward 3 YR	27.3	14.0
2023 PEGY	0.9	3.3
FCF Yield	2.6	0.3

Annual Management Charge TERs as at end September 2021	
Share Class L1	0.50% NA
Share Class A	1.00% NA
Share Class P	0.50% with 10% Performance Fee NA

Minimum Investment	
Share Class L1	\$100,000 Minimum initial subscription & holding
Share Class A	\$100,000 Minimum initial subscription & holding
Share Class P	\$100,000 Minimum initial subscription & holding

Fund Codes	
Share Class	L1
Bloomberg	HEFYHUA LX
TK	
ISIN	LU2413982427
Lipper ID	
Sedol	BLBHZ45

Footnote:

- (a) This refers to the total assets invested in the reference strategy managed by the Investment Manager.
 (b) MSCI China Health Care Index (Bloomberg Ticker MXCNOHC Index).

Fund Details	
Dealing Day	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

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Disclaimer:

- This document should be read as a marketing communication.
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