

Bin Yuan China Innovation Fund

SFDR status as of March 2021: Article 8

April 2026

Investment Review

The Hereford Funds – Bin Yuan China Innovation Fund (share class F1) increased 16.43% for the month of April (net of fees) compared with a 19.04% return for the benchmark. As of the end of April, the Sub Fund was mainly invested in Information Technology and Industrials, with few positions in the Communication Services sector.

For the month, the Fund underperformed the benchmark by 2.61%. Positions that contributed most to the portfolio were SHENZHEN XUNJI, SG MICRO CORP and FORTIOR TECHNO. Positions that contributed least were VOBILE GROUP LTD, SHUANGDENG GRO and XI'AN BRIGHT L.



Manager's Commentary

1. Market Review: Fundamentals Reassert

April marked a clear inflection from the geopolitical-driven volatility of March. Investor attention shifted decisively back to underlying fundamentals, with AI-driven capital expenditure across computing infrastructure, power systems, and upstream materials reasserting itself as the dominant market theme.

Our portfolio returned +16.43% in April that reflects the quality and positioning of our holdings in areas where earnings visibility is improving, and market expectations continue to re-rate upward.

2. The AI Efficiency Inflection: Intelligence Becomes Industrial

The central structural shift we are tracking is a migration in the basis of AI competition — from raw computing scale toward performance per dollar. China has reached a meaningful inflection point in this transition. Models such as DeepSeek V4 have demonstrated that domestic chips can now support frontier-level inference workloads at efficiency levels comparable to global peers, anchoring real-world deployment demand and converting market enthusiasm into durable, structurally grounded growth.

This dynamic is consistent with the Jevons Paradox: efficiency gains drive aggregate consumption higher, not lower. Unlike the internet era characterized by near-zero marginal costs, the AI economy is constrained by physical infrastructure — compute availability, power supply, and semiconductor production cycles. AI is not a purely digital paradigm; it is a deeply integrated industrial ecosystem. As a result, value creation is distributed across the entire chain: compute, memory, packaging, connectivity, power infrastructure, and edge devices.

3. Key Value Chain Nodes: Where We Are Positioned

Within this ecosystem, we see several structurally compelling nodes. In domestic compute, Hygon is uniquely positioned as China's only vendor with a deployed dual-engine x86 CPU and DCU architecture, benefiting from both import substitution tailwinds and accelerating AI deployment. In memory connectivity, Montage holds over 40% share in first-generation MRDIMM and leads the DDR5 upgrade cycle, with CXL positioning where peers have scaled back. The shift toward chiplet architectures is lifting advanced packaging test costs to 10–15% of total cost (versus ~5% for traditional SoCs), creating a structural 2–3x uplift in testing value — a direct tailwind for Hua Feng Test, which is approaching RMB 2 billion in full-year order guidance.

Power infrastructure represents an increasingly critical constraint, particularly in the U.S. where manufacturing capacity lags demand. Jereh has secured six consecutive North American AI data centre gas turbine contracts across five customers, totalling over USD 1.1 billion, with its FTAI aero-derivative partnership extending its growth runway further. At the edge, Rockchip leads in SoC design wins across automotive, AR, and robotics; Sinofuse continues expanding from NEVs into AI data centres; and Hengli Hydraulics has humanoid robot ball screw production scheduled for July 2026.

4. Portfolio Conviction: Compounding Through the Cycle

The China Innovation Fund is designed to capture AI's compounding value across successive technology cycles — not through mega-cap proxies, but through the infrastructure, enabling technologies, and application-layer companies that grow incrementally with each hardware and software generation. Cloud AI (Hygon, Montage) and edge AI (Rockchip, Sinofuse, Hengli) represent complementary exposures within the same efficiency-driven paradigm. April's performance is an early validation of this framework, but our conviction is measured in years, not months.

Key Information

NAV (30/4/26) US\$ 101.04(F1)
Total Fund Size US\$ 4.6m

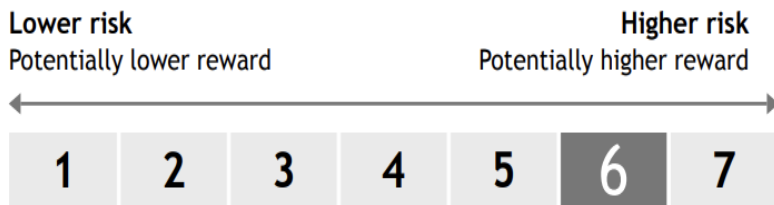
Strategy Assets US\$ 4.6 m^(a)
Fund Launch Date 03-Dec-21

Monthly Performance (%) data from FPS/Pictet

	2026												ITD
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	
Bin Yuan CI Fund	2.57	-15.39	16.43									1.04	1.04
Index^(b)	0.69	-12.45	19.04									4.94	4.94

Source: Bin Yuan, Pictet, FPS

Risk and reward profile



The risk indicator assumes you keep the product for 4 years. We have classified this product as 6 out of 7, which is the second –highest risk. This rates the potential losses from future performance at a high level, and poor market conditions are very likely to impact out capacity to pay you. Please refer to the prospectus^(d) for more information on the specific risks relevant to this product not included in the summary risk indicator. This product does not include any protection from future market performance, so you could lose some or all of your investment. If we are not able to pay you what is owned, you could lose your entire investment.

Top Ten Holding

1	SG MICRO CORP-A	7.43%	2	GUIZHOU AVIATI-A	5.40%
3	SHENZHEN NEWWA-A	3.46%	4	FORTIOR TECHNO-H	3.45%
5	BEIJING HUAFEN-A	3.34%	6	VOBILE GROUP LTD	3.28%
7	LENOVO GROUP	3.19%	8	MEITU INC	2.84%
9	AMLOGIC SHANGH-A	2.84%	10	NAIPU MINING M-A	2.72%

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	60
Hong Kong (Discounted Dual Listing)	5
Hong Kong	27
US ADR	2

Sectoral Breakdown	% of Assets
Information Technology	52
Industrials	20
Health Care	7
Consumer Discretionary	6
Materials	5
Communication Services	4

Valuation ^(c)	Portfolio	Benchmark
Period	4/30/2026	4/30/2026
2025 PE (X) – Weighted Avg. Method	53.6	69.4
2026 PE (X) Foward	30.8	34.1
2025 PB (X)	5.8	3.8

The Sub-Fund is actively managed. The benchmark index of the Sub-Fund is MSCI China IT 10/50 Index. The Investment Manager is not in any way constrained by the benchmark index in its portfolio positioning. This means the Investment Manager is taking investment decisions without reference to a benchmark index. The Sub-Fund can deviate significantly from the index.

Annual Management Charge TERs as at end September 2021	
Share Class FI	0.50% NA
Minimum Investment	
Share Class FI	\$100,000 Minimum initial subscription & holding

Entry / Exit fees ; 0

All the costs are not disclosed into the factsheet, please refer to the prospectus^(c) for additional information.

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	HF Arode Asset Management S.A. 93, Route d'Arlon , L-1140 Luxembourg
Custodian	Bank Pictet & Cie (Europe) AG, Succursale de Luxembourg 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

Fund Codes	
Share Class	FI
Bloomberg	HEBYCIF LX
TK	
ISIN	LU3281124936
Lipper ID	
Sedol	

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) MSCI China Information Technology 10/50 Index (Bloomberg Ticker NU722094 Index).
(c) Prospectus (English) and KIDs (English, French, German)

IMPORTANT INFORMATION

Hereford Funds — All Sub-Funds | Marketing Communication

This document is a marketing communication. Before investing, read the Prospectus and PRIIPs Key Information Document (KID), available at www.herefordfunds.com/library/disclaimer.

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Past performance does not predict future returns.

Tax treatment depends on individual circumstances and may change.

Currency risk: Returns may increase or decrease due to currency fluctuations.

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