

Bin Yuan Greater China Fund

SFDR status as of March 2021: Article 8

April 2023

Investment Review

The Hereford Funds – Bin Yuan Greater China Fund (share class L1) depreciated 5.75% for the month of April (net of fees) compared to a -3.87% return for the benchmark, underperforming the benchmark by 1.87%. Positive contributions came from our stock selection in the Health Care and Consumer Staples sectors, while our holdings in the Information Technology and Communication Services sectors underperformed. Our underweight position in Financials negatively impacted the relative performance. Throughout April, the A share market's focus remained on the ChatGPT theme and State-Owned Enterprises (SOEs), including sectors such as telecommunications and energy. However, during the last week of the month, which coincided with the busiest period of the earnings season, preliminary signs of a shift towards sectors with strong earnings fundamentals have emerged. Despite underperforming for the entire month, our portfolio has been gaining ground on better-than-market earnings in recent weeks. We expect this earnings-driven outperformance to continue into subsequent quarters as fundamentals regain the attention of investors.

In April, the positions that contributed the most to the portfolio's return were IRAY TECHNOLOGY, PING AN INSURANCE and SHENZHEN MEGMEET. The positions that contributed the least were BAIDU, CHIPSEA TECHNOLOGIES and ALIBABA.

Manager's Commentary

China's stock market was volatile as 1Q earnings were released in April. A share companies in aggregate posted Y/Y revenue growth of 3.83% and negative earnings growth of 0.61%. This was not surprising considering that this period occurred within three months after a significant COVID outbreak. The weak earnings growth of the market was mainly driven by manufacturing, property related sectors and energy related commodities.

In Q1 the Bin Yuan portfolio posted Y/Y revenue growth of 19.22% and earnings growth of 20.82%.

This was due to stronger bargaining power, more resilient demand and a strong secular growth cycle. Our top holdings such as iRay, Autowell, Nari, and Anjoy contributed positively to the portfolio's earnings power. Consumer electronics holdings lagged both in terms of earnings and share price performances but are expected to gradually improve over the following quarters and should see good improvement in H2.

The last quarter of 2022 and the first quarter of this year marked the low point for corporate earnings, with the second quarter likely to show stabilization. The third and fourth quarters should exhibit visible recovery, particularly in sectors such as consumer electronics. The strong tourism numbers and the robust performance of the May holidays serves as a positive signal that consumer confidence is returning, which should contribute to increased consumer spending throughout the year, thereby benefiting the economy and corporate earnings.

We believe that the equity market has already experienced its most challenging period and anticipate investors will focus on recovering earnings growth over the coming quarters.

Key Information

NAV (30/04/23)	US\$ 126.80(L1)/120.60(L2)/87.93(AI)/70.11(AI EUR)/65.65(AI GBP)/90.97(BI)/137.95(CB)/90.99(DB A)/102.96(DB A NOK)/91.99(DI A)/146.38(CI)/68.34(CI GBP)/68.52(PB EUR)	Strategy Assets	US\$ 1,330 m ^(a)
Total Fund Size	US\$ 761.0 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)	-9.39	-29.45	10.02	83.51	30.60	-22.46	94.77	9.99
Index ^(c)	0.94	-23.61	-12.91	33.41	29.74	-26.64	15.41	2.07



Monthly Performance (%) data from FPS/Pictet

										2023				
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Jan	Feb	Mar	Apr	YTD
Bin Yuan GC Fund	5.76	11.25	-7.34	-3.75	-8.76	-7.68	12.87	2.33	-29.45	7.20	-8.07	-2.44	-5.75	-9.39
Index ^(c)	1.82	7.82	-8.07	-1.61	-12.26	-13.52	21.29	4.02	-23.61	11.06	-7.82	2.58	-3.87	0.94

Risk and reward profile



Top Ten Holding					
1	IRAY TECHNOLOG-A	10.35%	2	CHINA MERCH BK-A	5.08%
3	KANGJI MEDICAL H	4.27%	4	HAICHANG OCEAN P	4.16%
5	CHAOZHOU THREE-A	3.98%	6	BAIDU INC-A	3.98%
7	WUXI AUTOWELL-A	3.86%	8	SHANGHAI FRIEN-A	3.70%
9	H WORLD GP LTD	3.61%	10	BILIBILI INC-Z	3.43%

Sectoral Breakdown ^(e)	% of Assets
Health Care	21
Information Technology	18
Consumer Discretionary	17
Industrials	14
Financials	8
Communication Services	7
Consumer Staples	6
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	20.63%	20.66%
Sharpe Ratio	0.52	0.10
Information Ratio	0.79	
Tracking Error	11.00%	
Active Shares	90%	
Beta	0.91	

Market Breakdown	% of Assets
A Share (Connect + QFI)	63
Hong Kong	29
US ADR	1

Valuation	Portfolio	Benchmark (excluding Financials)	Benchmark
Period	4/30/2023	4/30/2023	4/30/2023
2023 PE (X) – Weighted Average Method*	23.5	23.8	21.0
2023 PE (X) – Integral Method*	14.5	12.5	11.4
2023 PB (X)	4.4	3.2	2.2
2023 Div. Yield (%)	1.0	1.7	2.5
2023 ROE (%)	18.7	13.5	10.5
Earning Growth (%) Forward 3 YR	26.5	13.2	11.3
2023 PEGY	0.9	1.6	1.5
FCF Yield	1.5	-1.2	2.3

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

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.

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