

### Investment Review

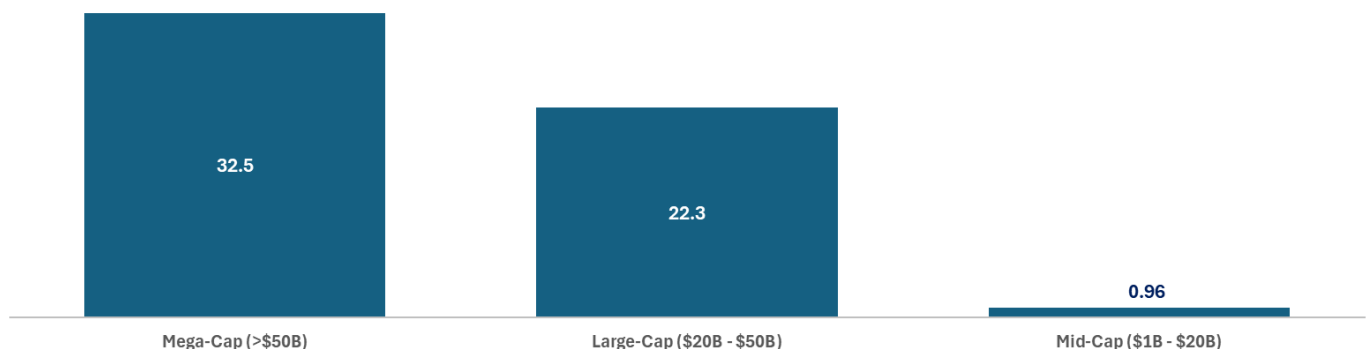
The Hereford Funds – Bin Yuan Greater China Fund (share class L1) increased 0.47% for the month of December (net of fees), compared with a 1.5% return for the benchmark. Information Technology and Consumer Staples sectors adversely impacted relative performance during this period, while Consumer Discretionary sector contributed positively. In December, the positions that contributed the most to the portfolio's return were HAICHANG OCEAN PARK, MINISO GROUP and CHINA MERCH BANK. The positions that contributed the least were IRAY TECHNOLOG, PIOTECH INC and SUNRESIN NEW.

### Manager's Commentary

The market (MSCI China All Shares) in 2024 rose by 16.4%, yet stock performance diverged significantly, depending on market capitalization and sector.

The index gain was driven primarily by large-cap stocks supported by government funds or targeted by both local and foreign passive funds. Within the MSCI All Share Index, mega-cap stocks, with a market capitalization of over \$50 billion, soared by 33%, while large-cap stocks, with market capitalizations ranging from \$20 to \$50 billion, increased by 22%. In contrast, mid-cap stocks, with market capitalizations below \$20 billion, were almost flat, significantly underperforming their larger-cap counterparts. On a sector basis, state-owned financials and mega internet (communication services) stocks led the way with strong returns of 42% and 26%, respectively. The poorest performers were healthcare and consumer staples, recording losses of 17% and 9% respectively.

MSCI CHINA ALL SHARES INDEX MARKET CAP PERFORMANCE (%)



Our portfolio declined by 2.34% in 2024, underperforming the index by 18.72%, mainly attributed to the allocation impact.

Our stock selection in consumer services, high-end materials, semiconductors, and financials performed robustly. However, our mid-cap-focused portfolio's market cap allocation contributed approximately 12% to this underperformance. An additional 4.3% was related to sector allocation, as we were underweight the outperforming financials and communication services sectors and overweight the lagging healthcare sector.

The two stocks that negatively impacted our performance the most were iRay and Haichang, which incurred losses of 5.4% and 2%, respectively. The fundamental thesis of the two companies remains intact, and we believe that the stock turnaround of these two holdings will be alpha contributors to the portfolio in 2025.

As we have communicated we may underperform in an environment of 1) large-cap stocks outperforming due to a flight to safety, or 2) liquidity chasing speculative concept stocks. Our investment style has faced significant challenges over the past three years, but we believe that patience will be rewarded, given the high quality of our holdings, the historical trough valuations of our portfolio and the approaching more favorable economic cycle.

Historically, A-share market movements have shown a pattern of style shifts every three years. Chart 1 below shows the spread of the mid-cap (CSI 500) index over large-cap (SSE 50) index over the past 15 years. The spread went up when mid-caps outperformed (red arrow) and it went down when large-caps outperformed (green arrow).

Chart 1: Spread of CSI500 Net Total Return Index (mid-caps) over SSE50 Net Total Return Index (large-caps)



Sources: Bloomberg, Bin Yuan Capital

Although there have been periods when mid-caps lagged large-caps in the A share market, as in the past three years, mid-cap have outperformed large-caps over the long term. After in-depth reviews, we can confirm that our long-term stock selection remains sound and the mid-growth cycle companies we hold are fundamentally strong. **We will "stick to our knitting" and continue to focus on mid-caps, which are the most dynamic, best managed, and most profitable companies in China.** While past market patterns are not necessarily indicative of the future, we strongly believe we are reaching a point where favorable tailwinds are building up, and mid-caps should start to outperform large-cap stocks again.

As we enter 2025, we foresee a good year in China's equity markets with high potential positive upside. We believe the market's focus will gradually return to value-creating companies as the "flight to safety" momentum softens as confidence recovers. Although foreign investors remain skeptical of China and are waiting for more positive signals before taking action, local investor confidence is gradually recovering, driving mid-cap stocks to catch up since the end of September. We may start to see foreign investors buying into the China equity market in 2025, driven by the potential catalysts of more fiscal and monetary announcements, less vulnerability to U.S. tariffs and technology controls, key indicators recovering such as industrial profits, retail sales, among others, and better than expected corporate earnings.

These factors provide strong reasons to be optimistic about our portfolio returns, particularly for our mid-cap holdings, which have visibly strong earnings (Chart 2), healthy balance sheets and cash flow. Our positions in the technology, healthcare, and consumption sectors remain unchanged in 2025 compared to 2024. When comparing our holdings in the technology and healthcare sectors with those of the leading companies in the US, Chinese companies have lower valuations but higher growth over the next three years (Table 1). The performance of our portfolio companies should reflect these strong earnings in a more normalized market, especially given their attractive valuations (Page 5).

Chart 2: Bin Yuan Portfolio Earnings Growth vs. Market

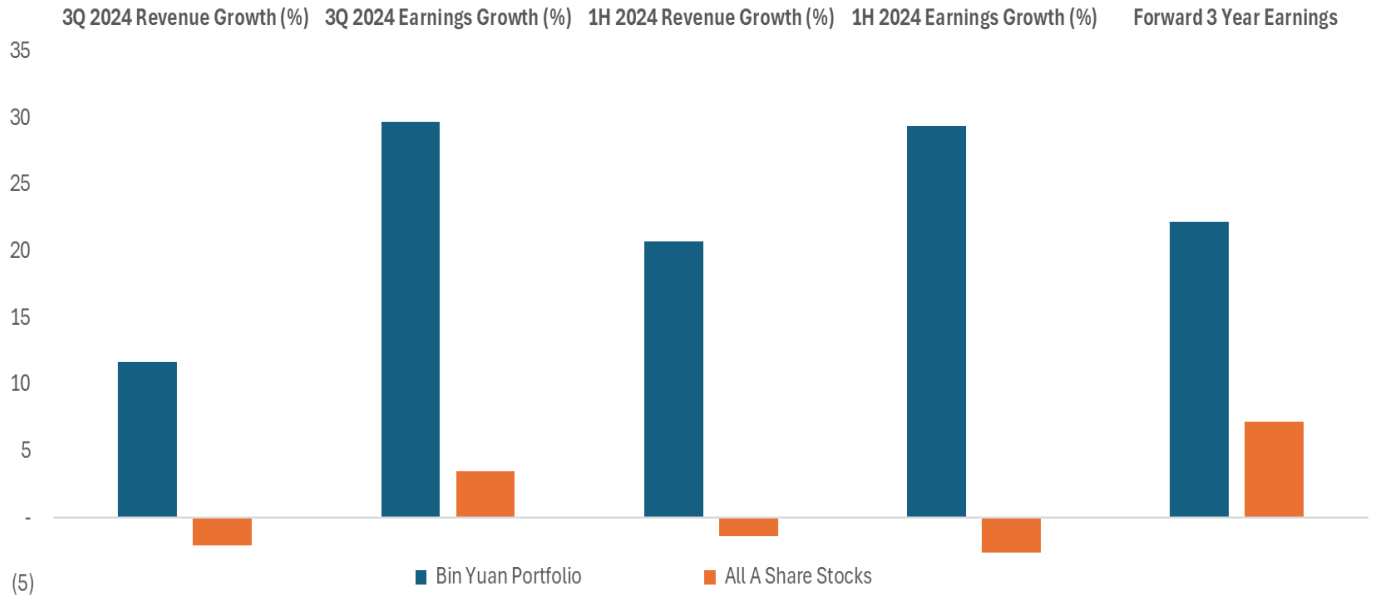


Table 1: Valuation of Bin Yuan Portfolio Holdings in Technologies and Healthcare Space vs. US Peers

Sector / Country	2025E PE	2025E PS	Net Income CAGR	PEG Ratio
<b>AI Applications</b>				
China	20.6	4.1	25%	0.8
US	24.0	6.1	10%	3.3
<b>AI Infrastructure</b>				
China	19.0	2.9	27%	0.9
US	28.2	3.7	17%	2.2
<b>Healthcare</b>				
China	16.8	6.5	23%	0.9
US	24.1	6.6	15%	2.1



### Key Information

NAV (31/12/24)	US\$ 107.74(L1)/103.3(L2)/74.09(AI)/62.98(AI EUR)/55.53(AI GBP)/76.95(BI)/117.21(CB)/93.36(DB A NOK)/78.49(DI A)/124.38(CI)/58.27(CI GBP)/62.32(PB EUR)	Strategy Assets	US\$ 951 m <sup>(a)</sup>
Total Fund Size	US\$ 566.74m	Fund Launch Date	16-Apr-18

Period Performance (%) data from FPS/Pictet/Bin Yuan									
	2024	2023	2022	2021	2020	2019	2018	Cumulative	Annualized
Bin Yuan All China Strategy <sup>(b)</sup>	-2.34	-21.17	-29.45	10.02	83.51	30.60	-22.46	65.50	5.99
Index <sup>(c)</sup>	16.38	-11.53	-23.61	-12.91	33.41	29.74	-26.64	17.73	1.90

Source: Bin Yuan, Pictet, FPS



Monthly Performance (%) data from FPS/Pictet														
	2023	2024												
	YTD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Bin Yuan GC Fund	-21.17	-15.26	8.43	-2.03	2.26	0.38	-2.96	-1.68	-0.90	23.12	-5.91	-3.94	0.47	-2.34
Index <sup>(c)</sup>	-11.53	-9.94	9.17	0.65	4.75	1.17	-2.47	-0.70	-0.02	23.19	-5.27	-3.23	1.50	16.38

### Risk and reward profile

Lower risk

Higher risk



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 our capacity to pay you.

Please refer to the prospectus<sup>(6)</sup> 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 owed, you could lose your entire investment.

Top Ten Holding					
1	TENCENT	7.26%	2	CHINA MERCH BK-A	6.18%
3	MINISO GROUP-A	3.64%	4	KANGJI MEDICAL H	3.51%
5	SHANXI XINGHUA-A	3.31%	6	NARI TECHNOLOG-A	3.19%
7	MEITUAN-W	2.98%	8	GUIZHOU AVIATI-A	2.91%
9	HAICHANG OCEAN P	2.90%	10	YANTAI JEREH-A	2.83%

Sectoral Breakdown <sup>(e)</sup>	% of Assets
Consumer Discretionary	21
Industrials	20
Information Technology	16
Financials	12
Health Care	9
Communication Services	9
Materials	5
Consumer Staples	4
Real Estate	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 <sup>(d)</sup>	Bin Yuan All China	Index
Volatility	21.56%	21.56%
Sharpe Ratio	0.30	0.09
Information Ratio	0.44	
Tracking Error	10.57%	
Active Shares	78.06%	
Beta	0.93	

Market Breakdown	% of Assets
A Share (Connect + QFI)	49
Hong Kong	42
US ADR	7

Valuation	Portfolio	Benchmark (excluding Financials)	Benchmark
Period	12/31/2024	12/31/2024	12/31/2024
2024 PE (X) –Harmonic Avg. Method <sup>(f)</sup>	14.1	14.3	11.4
2024 PE (X) – Weighted Avg. Method	15.4	18.8	17.4
2024 PB (X)	2.8	2.8	1.9
2024 Div. Yield (%)	2.7	1.6	1.9
2024 ROE (%)	18.0	12.2	11.3
Earning Growth (%) Forward 3 YR	22.2	9.1	7.2
2024 PEGY	0.6	1.8	1.9
FCF Yield	3.1	-0.7	1.6

The Sub-Fund is actively managed. The benchmark index of the Sub-Fund is MSCI China All Shares Index. It is used for the calculation of the performance fee and for performance comparison purposes. 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.

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	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	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

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

Entry / Exit fees ; 0

All the costs are not disclosed into the factsheet, please refer to the prospectus<sup>(g)</sup> for additional information.

#### Order Transmission Information

Bank Pictet & Cie (Europe) AG, Succursale de Luxembourg  
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.

(f) The harmonic average, also known as the harmonic mean, is a type of average that is useful in situations where calculating an average rate or ratio. It's particularly effective when the values we are averaging are defined in terms of a ratio of two quantities (like speed, which is distance per unit of time).

The formula for the harmonic average is:

$$\text{Harmonic Mean} = N / \text{sum of } (1/\text{Value}_i)$$

Where:

- (N) is the total number of values.

-  $\text{Value}_i$  is each individual value in the set.

(g) Prospectus (English) and KIDs (English, French, German)

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. 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>
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- Marketing communications should indicate that the decision to invest in the promoted fund should take into account all the characteristics or objectives of the promoted fund as described in its prospectus.