

## Bin Yuan Greater China Fund

SFDR status as of March 2021: Article 8  
June 2024

Signatory of:




### Investment Review

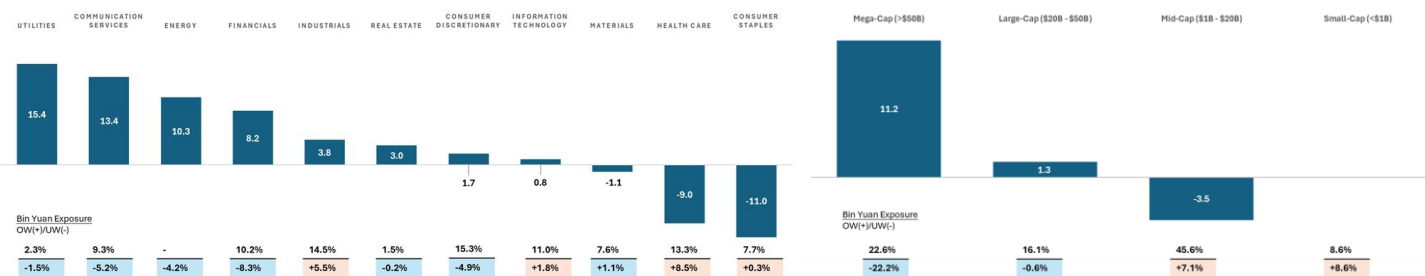
The Hereford Funds – Bin Yuan Greater China Fund (share class L1) decreased -2.96% for the month of June (net of fees) compared with a -2.47% return for the benchmark underperforming the benchmark by 0.49%. The Information Technology and Consumer Discretionary sectors adversely impacted relative performance during this period, while Industrials sector contributed positively. In June, the positions that contributed the most to the portfolio's return were NARI TECHNOLOG, CGN POWER and BILIBILI. The positions that contributed the least were SHANXI XINGHUA, ANJOY FOODS GR and WUXI AUTOWELL.

### Manager's Commentary

After positive returns in the first two months of Q2, the China market had a negative return of -2.47% in June. The decline was contributed to a lack of major positive economic news with the June PMI dipped slightly lower (although remaining above expansion levels) and the central bank maintained its Loan Prime Rate (LPR) without implementing more aggressive pro-growth policies. Geopolitical uncertainties worldwide have not helped sentiment. The market saw capital outflows for the month after inflows started in late April.

Q2 2024 saw significant divergence of performance among different market caps and sectors, driven by capital outflows or a lack of incremental capital inflows. Large caps in the Utilities, Internet, Energy, and Financials sectors outperformed, diverting liquidity away from the mid-cap Consumer, Healthcare, and Information Technology names, which fell out of favor. Despite the broad market gaining 3.36% in Q2, our portfolio remained flat resulting in an underperformance of 3.75%. However, our performance was 6.2% better than the CSI 500 index and STAR board index (mid cap and technology focused) which are Bin Yuan investment focus.

Chart 1: MSCI China All Shares Index Sector Performance (%) in 2Q 2024; Chart 2: MSCI China All Shares Index Market Cap Performance (%) in 2Q 2024



Source: MSCI, Bloomberg, Bin Yuan Capital

Although the market remains weak with high volatility and no clear trend, most concerns and negative factors have already been priced in, and the market appears to be building a bottom base. We advise our investors to watch for the following positive signs:

- Property Stabilization** – First tier cities such as Shanghai, Guangzhou, and Shenzhen have implemented optimized real estate policies. Preliminary signs of improved transactions on a month-over-month basis have appeared in the top ten cities. Liquidity in these first-tier cities is improving and is expected to boost transactions, especially for existing homes. The stabilization of the property market is likely to mitigate its negative impact on the overall economy. (Please see our monthly comment, below, for our updated view on property market.)
- Pro-Growth Government Reform** - The Plenum meeting to be held in mid-July will focus on long-term structural reform measures to address growth bottlenecks. Topics may include: 1) Technological innovation and industrial upgrading supported by the national system to ensure the security and self-sufficiency of the industrial chain; 2) Reform of the fiscal, land, and tax systems to efficiently allocate resources; 3) Guarantees for low-income groups; 4) Supply-side reforms to address overcapacity issues.
- Favorable Macro Data and Earnings Base Effect in 2H** - We expect incremental growth to accelerate in the healthcare, semiconductor, consumer electronics, and consumption sectors, as well as property-related sectors (particularly existing homes), aided by a favorable base effect.

We are confident in the fundamental strength of our portfolio amidst a backdrop of moderate economic recovery. Leading companies in their respective industries are poised to deliver high visible growth. Amidst geopolitical uncertainties and liquidity outflows, our investors have a compelling opportunity to acquire high quality holdings at highly attractive valuations. While we cannot be certain of the timing of performance recovery, we believe we are steadily approaching that point.



### Key Information

NAV (30/06/24)	US\$ 98.91(L1)/94.61(L2)/68.19(AI)/56.01(AI EUR)/50.63(AI GBP)/70.75(BI)/107.61(CB)/80.28(DB A NOK)/71.97(DI A)/114.18(CI)/53.01(CI GBP)/55.22(PB EUR)	Strategy Assets	US\$ 890 m <sup>(a)</sup>
Total Fund Size	US\$ 524.7m	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>	-10.34	-21.17	-29.45	10.02	83.51	30.60	-22.46	51.93	5.26
Index <sup>(c)</sup>	2.28	-11.53	-23.61	-12.91	33.41	29.74	-26.64	3.46	0.42

Source: Bin Yuan, Pictet, FPS



Monthly Performance (%) data from FPS/Pictet														
	2023							2024						
	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Jan	Feb	Mar	Apr	May	Jun	YTD
Bin Yuan GC Fund	6.51	-8.91	-3.45	-2.92	0.27	3.01	-21.17	-15.26	8.43	-2.03	2.26	0.38	-2.96	-10.34
Index <sup>(c)</sup>	8.99	-8.61	-3.62	-3.81	2.01	-1.98	-11.53	-9.94	9.17	0.65	4.75	1.17	-2.47	2.28

### 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 owned, you could lose your entire investment.

Top Ten Holding					
1	CHINA MERCH BK-A	6.03%	2	TENCENT	5.51%
3	IRAY TECHNOLOG-A	4.74%	4	NARI TECHNOLOG-A	4.00%
5	KANGJI MEDICAL H	3.64%	6	HAICHANG OCEAN P	3.44%
7	SHENZHEN MINDR-A	2.64%	8	SHANXI XINGHUA-A	2.53%
9	BAOSHAN IRON &-A	2.46%	10	YANTAI JEREH-A	2.36%

Sectoral Breakdown <sup>(e)</sup>	% of Assets
Consumer Discretionary	15
Industrials	15
Health Care	13
Information Technology	11
Financials	10
Communication Services	9
Consumer Staples	8
Materials	8
Utilities	2
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	20.67%	20.58%
Sharpe Ratio	0.28	0.02
Information Ratio	0.50	
Tracking Error	10.84%	
Active Shares	73%	
Beta	0.92	

Market Breakdown	% of Assets
A Share (Connect + QFI)	53
Hong Kong	34
US ADR	6

Valuation	Portfolio	Benchmark (excluding Financials)	Benchmark
Period	06/30/2024	06/30/2024	06/30/2024
2024 PE (X) –Harmonic Avg. Method <sup>(f)</sup>	12.3	13.8	10.8
2024 PE (X) – Weighted Avg. Method	15.4	17.8	16.3
2024 PB (X)	1.8	2.6	1.7
2024 Div. Yield (%)	3.2	2.0	2.6
2024 ROE (%)	18.9	11.9	11.1
Earning Growth (%) Forward 3 YR	20.1	7.4	5.2
2024 PEGY	0.7	1.9	2.1
FCF Yield	2.8	-1.1	2.0

The Sub-Fund is actively managed. The benchmark index of the Sub-Fund is MSCI China Health Care 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	HEYGCAG 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	BMV2Q30	BNLYXY6	BN4BFL5	BMV1994	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.