

**Bin Yuan Greater China Fund**  
**SFDR status as of March 2021: Article 8**  
**March 2024**

Signatory of:



**RACE TO ZERO**

### Investment Review

The Hereford Funds – Bin Yuan Greater China Fund (share class L1) decreased 2.03% for the month of March (net of fees) compared with a 0.34% return for the benchmark underperforming the benchmark by 2.37%. The Health Care and Consumer Staples sectors adversely impacted relative performance during this period, while Financials sector contributed positively. In March, the positions that contributed the most to the portfolio's return were WUXI AUTOWELL, SHANDONG GOLD and TENCENT. The positions that contributed the least were IRAY TECHNOLOG, SUNNY OPTICAL and JIANGSU HENGLI.

### Manager's Commentary

In the first quarter of 2024, the market underwent a correction of 1.35%, while our portfolio incurred a loss of 9.99%, resulting in an underperformance of 8.64%. Our underperformance for the quarter can be attributed to the following three factors:

1. The index performance was distorted by government intervention. Our underweight position in large caps contributed roughly 3.7% to our underperformance driven by several factors. First, government funds intervened to support the market which had dropped sharply in January caused by panic selling. The objective of the government funds was to maintain the level of the index. It selectively bought those stocks that have a bigger impact in the index which were large caps and state owned (SOEs). Second, the government put a "no net sell" restriction on mutual funds. To protect fund performance and maintain liquidity, mutual funds bought those stocks that government funds were buying, and sold mid and small caps, most of which are not SOEs. Third, foreign passive funds had continued net inflows while active funds were selling, reinforcing the outperformance of large-cap stocks in the index. These factors disadvantaged our mostly mid-cap stocks. In the MSCI China All Share index, mid-cap names corrected by an average of 4.53% year to date, compared to gains of 2.58% and 0.89% for mega-cap and large-cap stocks, respectively.
2. Related to the above, sector allocations accounted for approximately 3.4% of our underperformance. The top three performing sectors in the market YTD were mostly SOE heavy sectors that include Energy, Utilities, and Materials, with gains of 17.5%, 7.4%, and 6.4%, respectively, sectors in which we are underweight. Sectors that we are focus on, such as Healthcare, Information Technology, and Consumer Goods, which are mostly in the private sector, experienced declines of 16.2%, 5.8%, and 3.8%, respectively.
3. Finally, our relative concentration hurt us as well. Our strong conviction in holdings like iRay, Haichang, Maxscend, and Anjoy were not in focus during the quarter and did not benefit from some of the hot theme rotations, even though their fundamentals remain intact and very attractive (see earning details below). Collectively, these stocks contributed to an impact of approximately -5%. iRay alone accounted for an impact of more than -3%.

Recognizing the less favorable market conditions for our investment style, our team has devoted significant effort to thoroughly scrutinize our mid-cap holdings. We've heightened our sensitivity to changes in the competitive landscape and industry uncertainties to ensure our investments are aligned for long-term value creation. Currently, our portfolio of long-term, high conviction names remains unchanged. We remain confident that these long-term winners will drive strong performance throughout the year, providing us with increased upward momentum in the coming quarters.

On the macro front, the country's economy showed signs of recovery with a series of better-than-expected macro data. Both official and private PMI, following the export and retail sales data, beat consensus in March, with the official manufacturing PMI climbing to its strongest reading, 50.8, since March last year. Despite the drag of the real estate sector, investment in infrastructure and manufacturing sectors both came in stronger than expected. Encouragingly, there were positive developments in the property markets in top-tier cities. For instance, in Shanghai, a new residential property offering approximately 514 units witnessed overwhelming demand, with 510 units sold within just two hours, pricing around USD 6 million per unit, surprising many observers. Moreover, property developers bid record-high land prices in cities like Suzhou and Xiamen, indicating growing stability in the market and no signs of collapse.

In the overall economy, our field research revealed improved foot traffic in stores and restaurants, signaling a gradual recovery in consumer activity, and we saw increased demand for travel and tourism. There were also attractive events injecting new vitality into the tech sector, such as the release of a "Low-altitude Economy" action plan to accelerate the development of flying cars.

The high-quality fundamentals of our portfolio holdings stood out as they released their annual and quarterly earnings results. The annual results season ends April 30th, and we will comment in the April monthly letter on the portfolio's 2023 earnings and outlook and how they compare to the market. The results seen so far have been encouraging and ahead of our expectations. These underpin the strong fundamentals of the portfolio and provide a solid foundation for good performance as the market stabilizes.

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### Key Information

NAV (28/03/24) US\$ 99.3(L1)/94.86(L2)/68.54(AI)/55.86(AI EUR)/50.92(AI GBP)/71.07(BI)/108.03(CB)/82.02(DB A NOK)/72.21(DI A)/114.63(CI)/53.25(CI GBP)/54.97(PB EUR)

Strategy Assets US\$ 957 m<sup>(a)</sup>

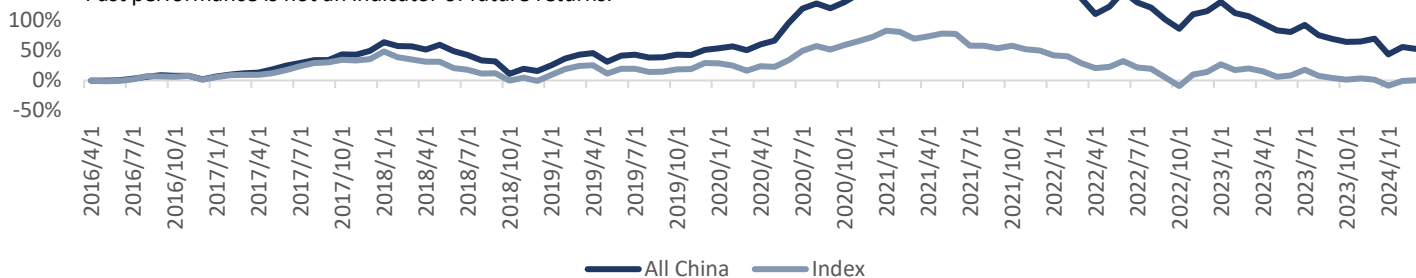
Total Fund Size US\$ 528.1 m

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>	-9.99	-21.17	-29.45	10.02	83.51	30.60	-22.46	52.53	5.48
Index <sup>(c)</sup>	-1.35	-11.53	-23.61	-12.91	33.41	29.74	-26.64	-0.21	-0.03

Source: Bin Yuan, Pictet, FPS

Source: Bin Yuan, Pictet, FPS  
All China<sup>(b)</sup>: ISIN LU1778255734  
Past performance is not an indicator of future returns.



Monthly Performance (%) data from FPS/Pictet														
	2023										2024			
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Jan	Feb	Mar	YTD
Bin Yuan GC Fund	-5.75	-6.03	-1.43	6.51	-8.91	-3.45	-2.92	0.27	3.01	-21.17	-15.26	8.43	-2.03	-9.99
Index <sup>(c)</sup>	-3.87	-7.94	1.85	8.99	-8.61	-3.62	-3.81	2.01	-1.98	-11.53	-9.94	9.17	0.65	-1.35

## 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	IRAY TECHNOLOG-A	7.28%	2	CHINA MERCH BK-A	5.95%
3	TENCENT	4.48%	4	KANGJI MEDICAL H	4.40%
5	HAICHANG OCEAN P	3.90%	6	NARI TECHNOLOG-A	3.57%
7	CCB-H	3.05%	8	SINOPHARM-H	2.69%
9	MAXSCEND MICRO-A	2.67%	10	SHANDONG GOLD -H	2.64%

Sectoral Breakdown <sup>(e)</sup>	% of Assets
Health Care	18
Consumer Discretionary	18
Financials	13
Information Technology	12
Industrials	11
Communication Services	8
Consumer Staples	7
Materials	6
Utilities	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	21.97%	20.81%
Sharpe Ratio	0.29	-0.00
Information Ratio	0.56	
Tracking Error	10.93%	
Active Shares	80%	
Beta	0.92	

Market Breakdown	% of Assets
A Share (Connect + QFI)	55
Hong Kong	37
US ADR	3

Valuation	Portfolio	Benchmark (excluding Financials)	Benchmark
Period	03/31/2024	03/31/2024	03/31/2024
2024 PE (X) –Harmonic Avg. Method <sup>(f)</sup>	11.3	13.5	10.3
2024 PE (X) – Weighted Avg. Method	16.2	17.4	15.6
2024 PB (X)	1.6	2.5	1.6
2024 Div. Yield (%)	2.4	1.5	2.6
2024 ROE (%)	17.6	10.5	10.5
Earning Growth (%) Forward 3 YR	18.6	8.3	6.0
2024 PEGY	0.8	1.8	1.8
FCF Yield	3.0	-1.1	1.9

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:

Harmonic Mean =  $N / \sum (1/Value_i)$

Where:

- (N) is the total number of values.

-  $\sum (1/Value_i)$  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.