

Bin Yuan Greater China Fund
SFDR status as of March 2021: Article 8
May 2025

Signatory of:



RACE TO ZERO

Investment Review

The Hereford Funds – Bin Yuan Greater China Fund (share class L1) increased 4.50% for the month of May (net of fees), compared with a 2.74% return for the benchmark. Consumer Discretionary sector contributed positively, while Information Technology and Industrials sectors adversely impacted relative performance during this period. In May, the positions that contributed the most to the portfolio's return were GUANGDONG CHJ, HAICHANG OCEAN PARK and MEITU INC. The positions that contributed the least were BABA, SG MICRO CORP and SHANXI XINGHUA.

Manager's Commentary

May was marked by global geopolitical developments which continued to shift rapidly on a daily basis. Despite this volatility, several long-term structural trends, import substitution, accelerated AI deployment, and the rise of domestic consumer brands remained firmly in place and gained further momentum.

Tariffs

On May 12th, China and the US agreed to a 90-day pause on the escalating reciprocal tariffs imposed during their protracted trade war. However, this agreement marks not an end but a pivot - ushering in a new phase characterized by the deployment of non-tariff measures.

- The U.S. introduced a new round of export restrictions targeting China, focusing on key sectors such as aviation engines, semiconductors, and electronic design automation (EDA) software.
- In response, China, following its April announcement, maintained export restrictions on rare earth elements - critical materials for global automotive and electronics industries.

While negotiations continue, China appears to be well-prepared, having reduced its reliance on the US over the past eight years. The ongoing trend of domestic substitution in key industrial sectors will persist and is now irreversible.

AI Acceleration and Strategic Self-Reliance

The early rollout of AI applications across software, intelligent driving, industrial robotics, logistics, and services has strong momentum in China, especially in the wake of the "DeepSeek" phenomenon.

- Despite U.S. policy restrictions that prevented Nvidia from shipping \$2.5 billion worth of its H20 processors and led to a projected \$8 billion revenue loss this quarter, these measures are inadvertently ceding market share to Chinese companies.
- China's progress in import substitution and existing chip stockpiles are helping to mitigate the impact of limited access to advanced AI chips.
- Chinese companies are adopting viable strategies to meet AI inferencing demands, and the rise of more efficient domestic AI agents is anticipated.

Monetary Policy Easing and Domestic Consumption Shift

The ongoing disruption of the global order and a declining trust in the U.S. have increased the potential for a reversal in global liquidity flows and a weaker U.S. dollar. This macro backdrop has given China greater flexibility in deploying its domestic monetary and fiscal tools. In May:

- The People's Bank of China announced a 0.5 percentage point cut in the reserve requirement ratio (RRR), estimated to inject approximately 1 trillion yuan of long-term liquidity.
- The benchmark interest rate was reduced by 10 basis points.
- The housing provident fund loan rate was cut by 0.25 percentage points.

These moves signal a continued accommodative stance, with expectations for further rate cuts to reduce debt servicing costs. This backdrop provides robust support for consumption in select categories and facilitates a shift in consumer behavior toward local brands across sectors such as intellectual property (IP)-driven lifestyle consumption (e.g., cosmetics, toys, jewelry, milk tea/coffee, household personal care products).



Key Information

NAV (31/5/25) US\$ 120.59(L1)/115.86(L2)/82.76(AI)/64.17(AI EUR)/86.04(BI)/131.19(CB)/94.10(DB A NOK)/87.95(DI A)/139.22(CI)/60.58(CI GBP)/63.70(PB EUR)

Strategy Assets US\$ 1.0 b^(a)

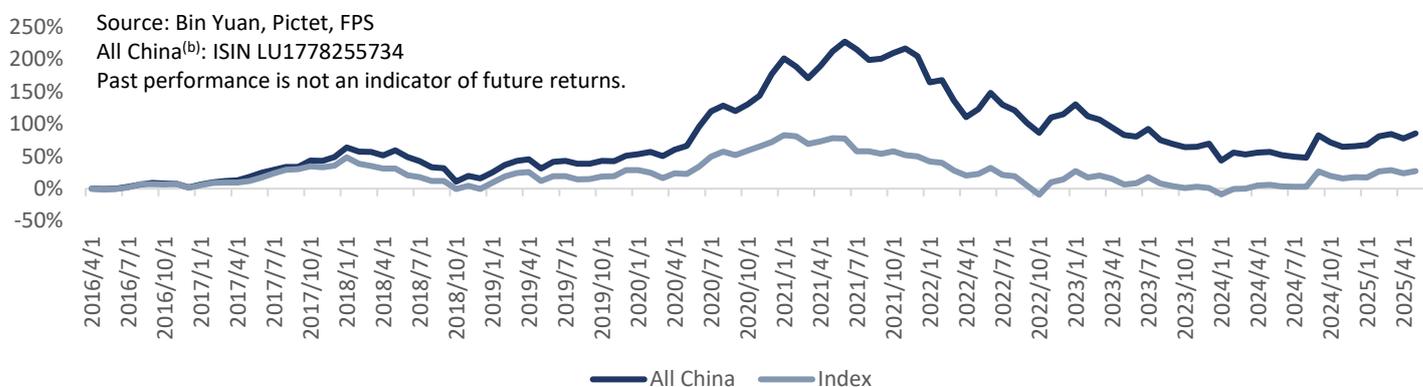
Total Fund Size US\$ 622.14m

Fund Launch Date 16-Apr-18

Period Performance (%) data from FPS/Pictet/Bin Yuan

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | Cumulative | Annualized |
|--|-------|-------|--------|--------|--------|-------|-------|--------|------------|------------|
| Bin Yuan All China Strategy ^(b) | 11.93 | -2.34 | -21.17 | -29.45 | 10.02 | 83.51 | 30.60 | -22.46 | 85.23 | 7.02 |
| Index ^(c) | 7.90 | 16.38 | -11.53 | -23.61 | -12.91 | 33.41 | 29.74 | -26.64 | 27.02 | 2.67 |

Source: Bin Yuan, Pictet, FPS



Monthly Performance (%) data from FPS/Pictet

| | 2024 | | | | | | | | 2025 | | | | | |
|----------------------|-------|-------|-------|-------|-------|-------|------|-------|-------|------|------|-------|------|-------|
| | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD | Jan | Feb | Mar | Apr | May | YTD |
| Bin Yuan GC Fund | -2.96 | -1.68 | -0.90 | 23.12 | -5.91 | -3.94 | 0.47 | -2.34 | 1.24 | 8.00 | 1.87 | -3.84 | 4.50 | 11.93 |
| Index ^(c) | -2.47 | -0.70 | -0.02 | 23.19 | -5.27 | -3.23 | 1.50 | 16.38 | -0.51 | 8.27 | 1.39 | -3.85 | 2.74 | 7.90 |

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⁽⁶⁾ 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 | TENCENT | 9.68% | 2 | BABA | 6.00% |
| 3 | CM BANK (A+H) | 5.41% | 4 | POP MART INTERNA | 4.30% |
| 5 | HAICHANG OCEAN P | 3.68% | 6 | CCB-H | 3.64% |
| 7 | SG MICRO CORP-A | 3.58% | 8 | MEITU INC | 3.41% |
| 9 | GUANGDONG CHJ-A | 2.92% | 10 | XIAOMI CORP-W | 2.82% |

| Sectoral Breakdown ^(e) | % of Assets |
|-----------------------------------|-------------|
| Consumer Discretionary | 25 |
| Information Technology | 16 |
| Industrials | 14 |
| Communication Services | 13 |
| Financials | 12 |
| Health Care | 7 |
| Consumer Staples | 6 |
| Materials | 3 |

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 | 21.26% | 21.28% |
| Sharpe Ratio | 0.36 | 0.13 |
| Information Ratio | 0.47 | |
| Tracking Error | 10.34% | |
| Active Shares | 70.69% | |
| Beta | 0.93 | |

| Market Breakdown | % of Assets |
|-------------------------|-------------|
| A Share (Connect + QFI) | 38 |
| Hong Kong | 56 |
| US ADR | 2 |

| Valuation | Portfolio | Benchmark (excluding Financials) | Benchmark |
|--|-----------|----------------------------------|-----------|
| Period | 5/31/2025 | 5/31/2025 | 5/31/2025 |
| 2025 PE (X) –Harmonic Avg. Method ^(f) | 17.4 | 16.0 | 12.2 |
| 2025 PE (X) – Weighted Avg. Method | 19.0 | 20.9 | 18.8 |
| 2025 PB (X) | 3.3 | 3.1 | 2.1 |
| 2025 Div. Yield (%) | 2.2 | 1.8 | 2.2 |
| 2025 ROE (%) | 17.5 | 12.0 | 11.2 |
| Earning Growth (%) Forward 3 YR | 23.8 | 9.3 | 7.5 |
| 2025 PEGY | 0.7 | 1.9 | 1.9 |
| FCF Yield (%) | 2.3 | -0.6 | 1.7 |

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 | 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 |

| 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^(g) 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.

- 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.