

Investment Review

The Hereford Funds – Bin Yuan Greater China Fund (share class L1) appreciated 0.27% for the month of November (net of fees) compared with a 2.01% return for the benchmark underperforming the benchmark by 1.73%. Our stock selections in Industrials and Health Care contributed positively to performance while Consumer Discretionary and Financials lagged. In November, the positions that contributed the most to the portfolio's return were KANGJI MEDICAL, SINO FUSE ELECTRIC and BIDU. The positions that contributed the least were CHINA EDUCATION, PING AN INSURANCE and CHINA MERCHANT BANK.

Manager's Commentary

Clear messages coming out of the much anticipated Xi-Biden summit stabilized geopolitical uncertainties along with reduced decoupling risks. China reaffirmed its commitment to maintaining an open stance. We saw a further and fourth increase of US-China flights after Foreign Minister Wang Yi's U.S. visit. Six European countries were added to a visa-free entry list to China this month. Global payments giant Mastercard won its long-awaited approval to expand its offerings in China as the second overseas bank card clearing institution in the country. A record 80 billion USD deals were signed at the China Global Import Expo in Shanghai, while the China Import and Export Fair in Guangzhou closed with greater- than- pre-pandemic level of overseas exhibitors of nearly two hundred thousand.

In November, Bin Yuan achieved a major milestone by relocating to a new office building, situated by the Huangpu River in Pudong, Shanghai. The new office provides a spacious and pleasant working environment, offering more space at a lower rental cost. We are excited about our new office space and the opportunities it brings.

The new office also hosted our global guests and visitors who joined us for our first investor trip post-Covid. The weeklong trip was extensive and productive as we took our investors to six cities in China, covering regions from east to west, and north to south.

Prior to the trip, there was negative sentiment, gloom, and bearishness that even surpassed the negativity witnessed in Japan during the early 90s. However, the trip showed that Shanghai and the cities we visited are back to 2019 levels. There is a clear mismatch between Western media reports and the reality on the ground. While there are concerns about slowing growth in the economy, we are witnessing a rapidly changing and dynamic consumer market and an evolving manufacturing sector, compared to our last foreign investor trip to China in 2019.

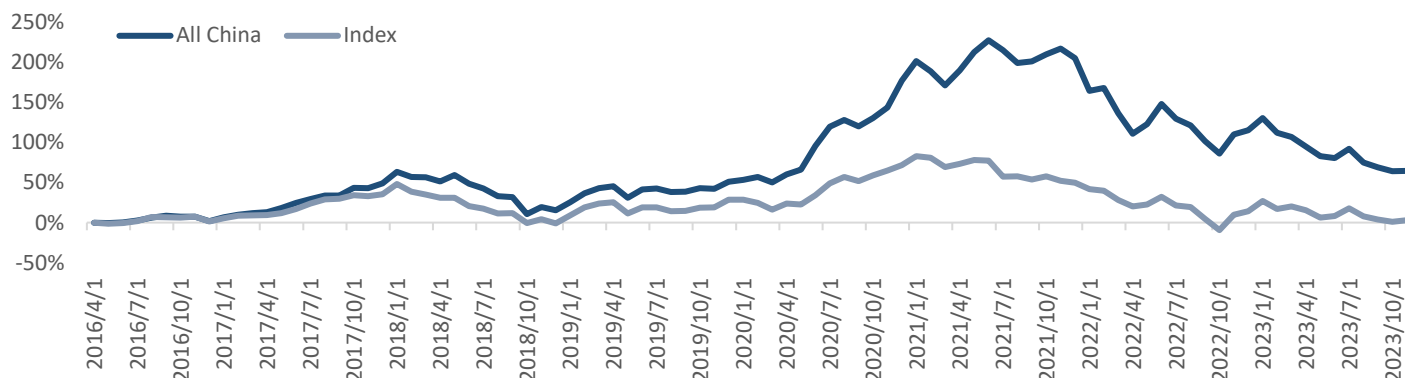
Entrepreneurship is alive and well - the companies we visited are impressive, with many of them having been established just 10-12 years ago but in this short time, have built dominant market positions in the technology sector. These companies offer attractive valuations, potential catalysts, and access to a huge and developing domestic market. Import substitution, which we have emphasized as an investment theme, serves as a powerful catalyst for their future growth.

Key Information

NAV (30/11/23)	US\$ 107.10(L1)/102.16(L2)/74.05(AI)/59.75(AI EUR)/54.90(AI GBP)/76.72(BI)/116.52(CB)/87.85(DB A NOK)/77.82(DI A)/123.64(CI)/57.32(CI GBP)/58.65(PB EUR)	Strategy Assets	US\$ 946 m ^(a)
Total Fund Size	US\$ 560.5 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)	-23.47	-29.45	10.02	83.51	30.60	-22.46	64.51	6.78
Index ^(c)	-9.74	-23.61	-12.91	33.41	29.74	-26.64	3.19	0.42



Monthly Performance (%) data from FPS/Pictet

	2022		2023											
	Dec	YTD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	YTD
Bin Yuan GC Fund	2.33	-29.45	7.20	-8.07	-2.44	-5.75	-6.03	-1.43	6.51	-8.91	-3.45	-2.92	0.27	-23.47
Index ^(c)	4.02	-23.61	11.06	-7.82	2.58	-3.87	-7.94	1.85	8.99	-8.61	-3.62	-3.81	2.01	-9.74

Risk and reward profile



Top Ten Holding					
1	IRAY TECHNOLOG-A	8.07%	2	CHINA MERCH BK-A	7.05%
3	HAICHANG OCEAN P	4.70%	4	KANGJI MEDICAL H	4.56%
5	NARI TECHNOLOG-A	4.51%	6	XI'AN SINO FUSE-A	4.27%
7	WUXI AUTOWELL-A	4.21%	8	PING AN INSURA-A	3.47%
9	H WORLD GP LTD	3.29%	10	SHANGHAI BOCHU-A	3.22%

Sectoral Breakdown ^(e)	% of Assets
Health Care	18
Consumer Discretionary	17
Information Technology	17
Industrials	15
Financials	13
Consumer Staples	6
Communication Services	3
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	20.46%	20.67%
Sharpe Ratio	0.36	0.02
Information Ratio	0.65	
Tracking Error	10.78%	
Active Shares	89%	
Beta	0.90	

Market Breakdown	% of Assets
A Share (Connect + QFI)	63
Hong Kong	27
US ADR	1

Valuation	Portfolio	Benchmark (excluding Financials)	Benchmark
Period	11/30/2023	11/30/2023	11/30/2023
2024 PE (X) –Harmonic Avg. Method ^(f)	11.4	12.9	9.9
2024 PE (X) – Weighted Avg. Method	15.7	17.5	15.5
2024 PB (X)	1.7	2.4	1.5
2024 Div. Yield (%)	2.3	1.8	2.5
2024 ROE (%)	18.6	10.4	10.3
Earning Growth (%) Forward 3 YR	23.3	7.9	6.3
2024 PEGY	0.6	1.3	1.1
FCF Yield	2.5	-1.1	1.9

Fund Codes						
Share Class	AI	AI GBP	AI EUR	BI	CI	CI GBP
Bloomberg	HEYGAU LX	HEYGCA 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 ^(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

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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:

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

Where:

- (N) is the total number of values.
- $\{1/\text{Value}_i\}$ is each individual value in the set.

Disclaimer:

- This document should be read as a marketing communication.
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