

Investment Review

The Hereford Funds – Bin Yuan Healthcare Fund (share class L1) depreciated -3.01% for the month of August (net of fees) compared to a -4.54% return for the benchmark. At the end of August, the Sub Fund was mainly invested in the Healthcare Equipment & Parts and Services sectors, with little weight in the Pharmaceuticals sector.

For the month, the Fund outperformed the benchmark by 1.53%. In August, the positions that contributed the most to the portfolio’s return were IRAY, AK MEDICAL and SUZHOU NANOMICRO. The positions that contributed the least were NEW INDUSTRIALS, GUANGZHOU JET and WUXI BIOLOGICS.

Manager’s Commentary

At the stock level, iRay Technology (688301.SH) outperformed in August as it announced strong H1 financial results and improving gross margins, which boosted market confidence in its solid business growth. As one of the few X-ray detector companies, the company continued its innovation of product development in new areas, such as in the industrial and dentistry fields. The company plans to further strengthen its strong technology accumulation and price leadership. We are confident that the company will continue to grow rapidly and increase market share.

New Industrials (300832.SZ) underperformed in August. The company’s non-COVID IVD business growth has been slowed down in the past several months, leading to a weaker stock performance. As an industrial leader with large cost advantage and fast customer response, we believe the company has resilient demand in the second half of the year.

Although the continued zero covid policy has made the economy recover more slowly than expected, demand related to health care recovered first. According to the data we have learned, the number of surgery operations across the country fell by more than 10% in the first half of this year, but since July, the number has recovered to a level close to that of the same period last year.

The Q2 earnings season ended with all listed companies’ results released in August:

Table: Performance of all A shares Healthcare Companies vs Bin Yuan portfolio

	Q2 Revenues	Q2 Earnings
All A share Healthcare companies	12.6%	13.5%
Bin Yuan Healthcare Portfolio	30.7%	36.6%
	H1 Revenues	H1 Earnings
All A share Healthcare companies	14.5%	7.0%
Bin Yuan Healthcare Portfolio	35.4%	34.1%

Key Information

NAV (31/08/22)	US\$ 77.74(L1)	Strategy Assets	US\$ 17.2 m ^(a)
Total Fund Size	US\$ 17.2 m	Fund Launch Date	03-Dec-21

Monthly Performance (%) data from FPS/Pictet														
	2021	2022												
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Bin Yuan HC Fund	1.24	-12.74	1.37	-5.34	-9.33	0.03	11.97	-6.89	-3.01					-23.21
Index ^(b)	-8.04	-14.76	-2.43	-5.72	-10.43	-1.88	14.66	-3.23	-4.54					-27.00

Risk and reward profile



Top Ten Holding					
1	Iray Technolog-A	10.42%	2	Shenzhen Mindr-A	7.91%
3	Wuxi Biologics C	6.85%	4	Kangji Medical H	6.78%
5	Wuxi Apptec Co-A	6.48%	6	Suzhou Nanomic-A	4.66%
7	Aier Eye Hsptl-A	4.66%	8	New Industries Biomedical-A	3.93%
9	AK Medical Holding	3.75%	10	Hangzhou Tiger-A	3.37%

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.

Market Breakdown	% of Assets
A Share	72
Hong Kong (Discounted Dual Listing)	2
Hong Kong	24

Sectoral Breakdown	% of Assets
Healthcare Equipment & Parts	56
Services	32
Biotechnology	8
Pharmaceuticals	2

Valuation	Portfolio	Benchmark
Period	20220830	20220830
2022 PE (X)	33.4	40.6
2022 PB (X)	6.9	4.1
2022 Div. Yield (%)	0.9	0.9
2022 ROE (%)	20.7	7.7
Earning Growth (%) Forward 3 YR	29.8	14.0
2022 PEGY	1.1	2.7
FCF Yield	2.5	0.3

Annual Management Charge TERs as at end September 2021	
Share Class L1	0.50% NA
Share Class A	1.00% NA
Share Class P	0.50% with 10% Performance Fee NA

Minimum Investment	
Share Class L1	\$100,000 Minimum initial subscription & holding
Share Class A	\$100,000 Minimum initial subscription & holding
Share Class P	\$100,000 Minimum initial subscription & holding

Fund Codes	
Share Class	L1
Bloomberg	HEFYHUA LX
TK	
ISIN	LU2413982427
Lipper ID	
Sedol	BLBHZ45

Footnote:

- (a) This refers to the total assets invested in the reference strategy managed by the Investment Manager.
 (b) MSCI China Health Care Index (Bloomberg Ticker MXCNOHC Index).

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	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

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