

Bin Yuan Healthcare Fund

SFDR status as of March 2021: Article 8
July 2023

Investment Review

The Hereford Funds – Bin Yuan Healthcare Fund (share class L1) appreciated 4.34% for the month of July (net of fees) compared to a 8.44% return for the benchmark. At the end of July, 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 underperformed the benchmark 4.10%. In July, the positions that contributed the most to the portfolio's return were WUXI BIOLOGICS, WUXI APPTec and INNOVENT BIOLOGICS. The positions that contributed the least were IRAY TECHNOLOGY, APT MEDICAL and QINGDAO NOVELB-A.

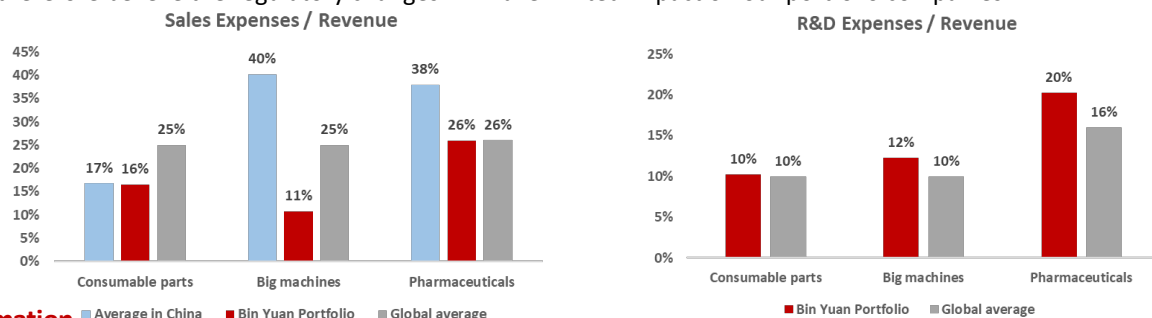
Manager's Commentary

After experiencing a rally in July, the healthcare market corrected again due to policy announcements.

On July 28th, the Central Commission for Discipline Inspection and the National Supervision Commission held a meeting to deploy disciplinary inspection and supervision agencies to cooperate in carrying out a centralized review of national medical corruption issues. Previously, on July 21st, the National Health Commission also announced via video conference the deployment of a one-year centralized crackdown on corruption in the pharmaceutical industry. These raised market concerns.

Based on our discussion with related parties, the overall impact on consumable parts is smaller than that of equipment, since hospital's daily procurement of consumables that have already been in the list will continue. The sales of big machines and new products entering hospitals this year may be affected by short term delays, but demand will not disappear. Secondly, the trend of import substitution continues and actually increases. As long as the performance and quality of products are similar, hospitals are 'safer' to purchase domestically produced equipment. So domestic equipment with high-cost effectiveness and quality continue to gain market share, which can offset the above impact.

We compared the selling expenses and R&D ratio of our holdings with internationally comparable companies. Although Chinese medical companies overall do rely more on distribution and hence have higher selling expenses, our holdings prioritize R&D over sales. We therefore believe the regulatory changes will have limited impact on our portfolio companies.



Key Information

NAV (31/07/23)	US\$ 72.7 (L1)	Strategy Assets	US\$ 12.6 m ^(a)
Total Fund Size	US\$ 12.6 m	Fund Launch Date	03-Dec-21

Monthly Performance (%) data from FPS/Pictet

	2022						2023							ITD	
	Aug	Sep	Oct	Nov	Dec	YTD	Jan	Feb	Mar	Apr	May	Jun	Jul		YTD
Bin Yuan HC Fund	-3.01	-6.87	4.63	5.02	5.54	-17.07	7.72	-5.48	-4.80	-2.51	-7.60	-4.98	4.34	-13.43	-27.32
Index ^(b)	-4.54	-18.60	-3.10	22.05	6.02	-25.50	9.11	-9.91	-4.72	2.99	-10.21	-6.15	8.44	-11.86	-39.62

Risk and reward profile



Top Ten Holding					
1	KANGJI MEDICAL H	10.48%	2	IRAY TECHNOLOG-A	7.74%
3	WUXI BIOLOGICS C	7.30%	4	WUXI APPTec CO-A	6.31%
5	SHENZHEN MINDR-A	5.27%	6	AK MEDICAL HOLDI	4.37%
7	ASYMCHEM LABOR-A	4.09%	8	INNOVENT BIOLOGI	3.95%
9	SHANGHAI UNITE-A	3.50%	10	NEW INDUSTRIALS	3.33%

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	66
Hong Kong (Discounted Dual Listing)	4
Hong Kong	29

Sectoral Breakdown	% of Assets
Healthcare Equipment & Parts	53
Services	30
Biotechnology	8
Pharmaceuticals	8

Valuation	Portfolio	Benchmark
Period	7/31/2023	7/31/2023
2023 PE (X) – Weighted Avg. Method	24.9	19.6
2023 PE (X) – Integral Method	25.6	34.0
2023 PB (X)	4.9	1.2
2023 Div. Yield (%)	1.0	1.0
2023 ROE (%)	19.5	6.0
Earning Growth (%) Forward 3 YR	25.5	14.1
2023 PEGY	0.9	1.3
FCF Yield	2.6	1.2

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

Order Transmission Information

FundPartner Solutions (Europe) S.A.
15, Avenue John F Kennedy,
L-1855 Luxembourg
Via fax +352 46 71 71 7667 or SWIFT PICTLULXTAS

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. Hereford Funds is a trading name of Hereford Funds LLP. Hereford Funds LLP is an appointed representative and tied agent of Thornbridge Investment Management LLP which is authorised and regulated by the Financial Conduct Authority (FRN: 713859). 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>
- No warranty is given, in whole or in part, regarding performance of the Fund. There is no guarantee that its investment objectives will be achieved. Potential investors shall be aware that the value of investments can fall as well as rise and that they may not get back the full amount invested. Past performance is no guide to future performance. Future Performance is subject to taxation which depends on the personal situation of each investor and which may change in the future. Returns may increase or decrease as a result of currency fluctuations. The information provided in this document may be subject to change without any warning or prior notice and should be read in conjunction with the most recent publication of the prospectus of the Fund. Whilst great care is taken to ensure that information contained herein is accurate, no responsibility can be accepted for any errors, mistakes or omission or for future returns. This document is intended for the use of the addressee or recipient only and may not be reproduced, redistributed, passed on or published, in whole or in part, for any purpose, without the prior written consent of HEREFORD FUNDS. Neither the CSSF nor any other regulator has approved this document.
- According to the SFC climate-related disclosure requirement, please find our disclosure of [Management and Disclosure of Climate-related Risks by Fund Managers](#).