

Investment Review

The Hereford Funds – Bin Yuan Healthcare Fund (share class L1) depreciated 7.60% for the month of May (net of fees) compared to a -10.21% return for the benchmark. At the end of May, 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 2.61%. In May, the positions that contributed the most to the portfolio's return were NEW INDUSTRIALS, ASYMCHEM LABORATORIES and JIANGSU YUYUE. The positions that contributed the least were AK MEDICAL, KANGJI MEDICAL and WUXI BIOLOGICS.

Manager's Commentary

The appearance of second wave COVID-19 positive cases in specific regions of the country brought the market's concern in May regarding a potential large-scale outbreak, consequently impacting the demand for healthcare equipment and consumable parts sectors, including our holdings like AK Medical (1789.HK) and Kangji Medical (9997.HK). However, after conducting market research and engaging in discussions with relevant parties, we discovered that the symptoms associated with this current wave of COVID-19 cases generally manifested as mild, with most individuals recovering within 3-5 days and experiencing minimal disruption to their daily lives. Moreover, the heightened societal awareness has mitigated panic and excessive reactions. For example, according to our discussion with Aier Eye Hospital (300015.SZ), the year-on-year growth rates of operating revenue for January to April this year were -20%, 40%, 60%, and 75%, showing an accelerating growth trend. Data for May is not yet available, but it is expected to follow the trend of April. Therefore, we believe the market's concerns are exaggerated, and as the data continues to improve in June, the related sectors will regain reasonable valuation ranges.

In May, several innovative drug companies reported underwhelming clinical data of their pipelines, resulting in a widespread market correction. In late May, Alphamab Oncology (9966.HK), a biopharmaceutical company, announced a delay in the progress of their "KN046" dual-antibody treatment for lung cancer, resulting in a 40% stock price drop over five trading days. Similarly, Connoa (2162.HK), a highly anticipated biopharmaceutical company, faced market rumors that their flagship product "CM310," which had previously achieved successful results in March, required additional long-term and large-sample population data as requested by regulators. This news caused a sudden 24.46% decline in their stock price. The negative impact extended to other innovative pharmaceutical companies in the market, creating a gloomy market situation. Relatively speaking, our weight in biotech companies is limited. When picking up names, we prefer to the companies that already have enough cash flow to support the company's pipeline R&D with a relatively diversified portfolio, that have higher tolerance to against failure risks, which helped us outperform the benchmark during the month.

Key Information

NAV (31/05/23)	US\$ 73.3 (L1)	Strategy Assets	US\$ 13.4 m ^(a)
Total Fund Size	US\$ 13.4 m	Fund Launch Date	03-Dec-21

Monthly Performance (%) data from FPS/Pictet															
	2022								2023						ITD
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Jan	Feb	Mar	Apr	May	YTD	
Bin Yuan HC Fund	11.97	-6.89	-3.01	-6.87	4.63	5.02	5.54	-17.07	7.72	-5.48	-4.80	-2.51	-7.60	-12.68	-26.69
Index ^(b)	14.66	-3.23	-4.54	-18.60	-3.10	22.05	6.02	-25.50	9.11	-9.91	-4.72	2.99	-10.21	-13.39	-40.67

Risk and reward profile



Top Ten Holding					
1	KANGJI MEDICAL H	9.64%	2	IRAY TECHNOLOG-A	8.73%
3	WUXI BIOLOGICS C	6.44%	4	SHENZHEN MINDR-A	5.58%
5	WUXI APPTec CO-A	5.42%	6	JIANGSU HENGRU-A	4.68%
7	INNOVENT BIOLOGI	4.50%	8	ASYMCHEM LABOR-A	4.09%
9	HANGZHOU TIGER-A	3.65%	10	AIER EYE HSPTL-A	3.64%

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	68
Hong Kong (Discounted Dual Listing)	4
Hong Kong	26

Sectoral Breakdown	% of Assets
Healthcare Equipment & Parts	51
Services	29
Biotechnology	9
Pharmaceuticals	9

Valuation	Portfolio	Benchmark
Period	5/31/2023	5/31/2023
2023 PE (X) – Weighted Avg. Method	26.6	20.9
2023 PE (X) – Integral Method	26.7	30.8
2023 PB (X)	5.0	1.3
2023 Div. Yield (%)	0.8	1.1
2023 ROE (%)	18.8	6.2
Earning Growth (%) Forward 3 YR	26.1	13.9
2023 PEGY	1.0	1.4
FCF Yield	2.0	1.5

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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Disclaimer:

- This document should be read as a marketing communication.
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