Bin Yuan Healthcare Fund SFDR status as of March 2021: Article 8

November 2023

Investment Review



The Hereford Funds – Bin Yuan Healthcare Fund (share class L1) appreciated 3.75% for the month of November (net of fees) compared with a 0.73% return for the benchmark. As of the end of November, the Sub Fund was mainly invested in Healthcare Equipment & Parts and Services, with few positions in the Pharmaceuticals sector.

For the month, the Fund outperformed the benchmark by 3.02%. Positions that contributed most to the portfolio were KANGJI MEDICAL, UNITED IMAGING HEALTHCARE, and YIFENG PHARMACY. Positions that contributed least were WUXI BIOLOGICS, AK MEDICAL and WUXI APPTEC.

Manager's Commentary

The healthcare market rebounded in November on an improving outlook as the volume of outpatients and surgeries continued to increase from September. Sentiment has also been recovering from the previous anti-corruption campaign in the country's healthcare system.

This month, Bin Yuan held our third investor trip. A group of international investors explored investment opportunities in cities across China. We visited three healthcare-related companies / holdings.

Kangji Medical / Wiseking - Kangji and Wiseking are one of the first-tier pioneers in developing surgical robots in China. As China's largest domestic minimally invasive surgical instrument and accessories (MISIA) platform, Kangji extended its product pipeline by investing in one of the most promising Chinese surgical robot companies - Wiseking - with a controlling interest in 2022. We met Wiseking founders Dr Pan & Dr Zhou and their colleagues. During the meeting, Dr. Pan demonstrated his typical 'engineer' personality - quiet but technology focused, which we believe is the most important factor that Kangji values when choosing investment targets. After the acquisition, Kangji can use its existing channel and commercial advantages to enlarge the technological advantages of Wiseking, in order to achieve a synergistic effect. Kangji has built a strong sales network, with more than 200 independent distributors, and their products have covered more than 1,000 "Class-3" hospitals, accounting for more than 70% of hospitals with minimally invasive and minimally invasive surgery capabilities in China. This means that Kangji has a large number of China's top surgical doctor resources, and these doctors almost completely overlap with the target customers of Wiseking. Before our meeting, Dr. Pan had just finished the clinical launch ceremony at Zhejiang Second Hospital and had just arrived. The company also invited a clinical doctor from SRRSH Hospital to demonstrate animal experiments on site. Wiseking's 4-arm robot are being clinically launched in major hospitals, and we believe that the company has a high probability of obtaining the product registration certificate in the second half of next year and starting commercialization. The surgical robots in the Chinese market are currently monopolized by Da Vinci. The import substitution in this market has just begun. As one of the pioneers, Wiseking will benefit from it.

Picture: Demonstration of a pig having its gall bladder removed – doctor is on the left operating the surgical arms.







- > iRay Technology No.1 domestic player, No.4 amongst global X-ray detector manufacturers. We met Dr Tieer Gu, the Founder, Chairman, and CEO of iRay together with VP Jason Liu. iRay's manufacturing cost is only 1/5 that of GE and 1/3 of Varex Imaging, helping the downstream assembling plants make the whole machine more affordable to end users. 'Customer needs first' mindset is another important advantage of iRay. Compared to the lengthy process management of big foreign companies, we were very impressed by iRay's rapid customer feedback and product iteration. The management gave an example of a key component – radiation source, where a foreign company iterates once a year, while iRay iterates 20 products within a year. The company is expected to continue growing its market share on price advantage and domestic substitution in the industry. It is also expanding its X-ray applications in the medical and industrial sectors and leveraging its strengths in DR (Digital Radiography) detectors to expand CT (Computerized Tomography) detectors and other radioactive source businesses. Currently, the R&D progress of iRay's new technology and new products are developing well. CT, CMOS and upstream raw material development will support future growth of the company. Cooperation with downstream enterprises such as GE and Siemens is becoming deeper, and is expected to bring increased orders in the future as the foreign companies increasingly outsource manufacturing. The utility rate of new production capacity is gradually increasing. We saw a brain drain from China starting in the 1980s. After China started economic reforms, many of the top college graduates went overseas for higher education, with most going to top universities in the United States. They stayed in the US after they received PhDs and worked at various research centers. Dr Tieer Gu is a typical example of the reverse brain drain, people who are bringing their foreign experience and advanced technological know-how back to China which gives China a big advantage in upgrading technology levels. In addition to possessing advanced technological know-how, they have a very good understanding of western business and corporate practices. This reverse brain drain will help China develop to the next level of growth and raise Chinese global corporate competitiveness.
- ➤ Sunresin New Materials a manufacturer of adsorption separation materials and supporting system devices. The company has developed its upstream materials processing business to be No 3 after Dow/Dupont & Purolite (LanXess in Germany are no 4). Catalysts for stock price appreciation are maintaining barriers to entry, continuous innovation, and targeting growth industries. The company is involved in the biopharmaceutical field, and its products are important raw materials for the solid-phase synthesis of GLP-1 drugs. With the further penetration of GLP-1 in China in the future, the company's advantages in this field should continue to grow rapidly. Updates from this trip showed that the company is growing rapidly in the water processing business, and its products received good testing results with its downstream customers indicating future sales growth. With its production capacity expanded, its production capacity is expected to increase in the next few years to match its downstream demand. The company prides itself on the environmentally friendly nature of its industry, with green related revenues nearly 50%. They produce over 200 types of material which can be used in many different industries and applications.

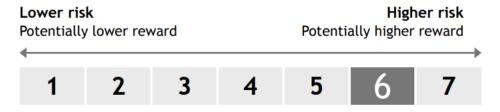
Key Information

NAV (30/11/23) US\$ 70.2 (L1) Strategy Assets US\$ 3.8 m^(a)

Total Fund Size US\$ 3.8 m Fund Launch Date 03-Dec-21

Monthly Performance (%) data from FPS/Pictet															
	2022		2023									ITD			
	Dec	YTD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	YTD	""
Bin Yuan HC Fund	5.54	-17.07	7.72	-5.48	-4.80	-2.51	-7.60	-4.98	4.34	-7.54	1.56	-0.81	3.75	-16.34	-29.76
Index ^(b)	6.02	-25.50	9.11	-9.91	-4.72	2.99	-10.21	-6.15	8.44	-7.04	0.34	5.29	0.73	-12.59	-40.12

Risk and reward profile







Top Ten Holding						
1	KANGJI MEDICAL H	9.49%	2	WUXI APPTEC CO-A	7.08%	
3	WUXI BIOLOGICS C	7.02%	4	IRAY TECHNOLOG-A	6.96%	
5	SHENZHEN MINDR-A	4.85%	6	INNOVENT BIOLOGI	3.93%	
7	SHANGHAI UNITE-A	3.85%	8	NEW INDUSTRIALS	3.77%	
9	SUZHOU NANOMIC-A	3.57%	10	APT MEDICLA IN-A	3.48%	

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	65
Hong Kong (Discounted Dual Listing)	2
Hong Kong	31

Sectoral Breakdown	% of Assets
Healthcare Equipment & Parts	56
Services	29
Biotechnology	7
Pharmaceuticals	6

Valuation ^(c)	Portfolio	Benchmark	
Period	11/30/2023	11/30/2023	
2024 PE (X) – Weighted Avg. Method	21.6	21.2	
2024 PE (X) – Harmonic Avg. Method ^(c)	20.2	30.2	
2024 PB (X)	3.5	3.0	
2024 Div. Yield (%)	1.2	1.1	
2024 ROE (%)	18.0	7.6	
Earning Growth (%) Forward 3 YR	21.9	14.0	
2024 PEGY	0.9	2.0	
FCF Yield	2.1	0.9	

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			





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

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 MXCN0HC Index).
- (c) 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: Harmonic Mean = N / sum of (1/Value_i) Where:

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

Disclaimer:

- This document should be read as as a marketing communication.
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