

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 APTEC.

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.



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

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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 = $N / \sum (1/Value_i)$

Where:

- (N) is the total number of values.

- $\{Value_i\}$ is each individual value in the set.

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- This document should be read as a marketing communication.
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