

Bin Yuan Healthcare Fund

SFDR status as of March 2021: Article 8

November 2024

Investment Review

The Hereford Funds – Bin Yuan Healthcare Fund (share class L1) increased 0.36% for the month of November (net of fees) compared with a 0.33% 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 3bps. Positions that contributed most to the portfolio were AK MEDICAL HOLDI, INNOVENT BIOLOGI and SUNRESIN NEW. Positions that contributed least were SHENZHEN MINDR, QINGDAO NOVELB and ZHEJIANG XIAN.

Manager's Commentary

The diverse views of investors continued in November, and the dust has finally settled following the U.S. elections. As we said at the Bin Yuan Investor trip, changes in government policy direction and tones are more important than specific figures. This month, the government proposed a more specific local governments refinance policy, which is also conducive to the purchase of medical equipment by local governments and hospitals. In addition, the importance of developing commercial medical insurance has been repeatedly mentioned recently.

Currently, China's healthcare expenses primarily rely on three sources: government funding, national medical insurance, and out-of-pocket payments by individuals. These three parties paid 27%, 31% and 27% of China's healthcare expenses in 2023. The amount of commercial health insurance in China was only 900 billion RMB, with claims payments totaling only 300 billion yuan in 2023. That represented just 3% of the total health expenditure of 9.5 trillion RMB. This significantly lags behind developed countries at about 20% and even further from the US level of 55%.

On November 7th, the National Healthcare Security Administration (NHS) held a symposium on empowering commercial health insurance through healthcare platform data, inviting several well-known insurance companies to participate. The NHS expressed a clear intention to promote the development of commercial health insurance using healthcare data. On November 19th, the official account of China's Medical Insurance published "Reflections on Promoting One-Stop Settlement of 'Social Health Insurance + Commercial Insurance'", highlighting attention to these problems and indicating plans to use healthcare data and policy support to aid the growth of commercial health insurance.

According to our estimates, if China's commercial health insurance development reaches the level of developed countries (contributing 20% of total China's healthcare expenses) in the next 10 years, this is equivalent to increasing the payment capacity by 2 points every year incrementally (180 billion RMB), potentially driving development across the entire healthcare industry. It also could benefit all innovative medical products. Assuming 20% goes towards supporting innovative drug payments, it would bring 36 billion RMB to the current innovative drug industry, representing a 40% increase. Besides significantly benefiting innovative drug companies like Innovent Biologics (1801.HK), it also offers opportunities to expand markets for therapies and devices with single-treatment costs far exceeding what social medical insurance can bear, such as CAR-T therapy costing 1 million RMB per dose, and robotic surgery with a surgery fee over 30,000 RMB. With more diversified payment methods, China's unmet demand for healthcare will be better fulfilled.

Key Information

NAV (30/11/24) US\$ 55.77 (L1)
Total Fund Size US\$ 2.5 m

Strategy Assets US\$ 2.5 m^(a)
Fund Launch Date 03-Dec-21

Monthly Performance (%) data from FPS/Pictet															
	2024														ITD
	Dec	YTD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	YTD	
Bin Yuan HC Fund	-2.14	-18.13	-19.00	10.79	-5.58	2.70	-2.74	-6.98	-0.81	-0.76	15.99	-10.07	0.36	-18.87	-44.23
Index ^(b)	-8.99	-20.45	-20.89	10.71	-9.49	-0.79	-4.39	-3.84	4.08	3.30	22.74	-10.99	0.33	-14.79	-53.56

Source: Bin Yuan, Pictet, FPS

Risk and reward profile

Lower risk

Potentially lower reward

Higher risk

Potentially higher reward



The risk indicator assumes you keep the product for 4 years. We have classified this product as 6 out of 7, which is the second –highest risk. This rates the potential losses from future performance at a high level, and poor market conditions are very likely to impact our capacity to pay you.

Please refer to the prospectus^(d) for more information on the specific risks relevant to this product not included in the summary risk indicator. This product does not include any protection from future market performance, so you could lose some or all of your investment. If we are not able to pay you what is owed, you could lose your entire investment.

Top Ten Holding					
1	KANGJI MEDICAL H	7.77%	2	SHENZHEN MINDR-A	7.10%
3	AK MEDICAL HOLDI	5.90%	4	CHINA RESOURCES	5.65%
5	SINOPHARM-H	5.53%	6	BEIGENE LTD	5.42%
7	ZHEJIANG XIAN-A	5.17%	8	IRAY TECHNOLOG-A	5.10%
9	INNOVENT BIOLOGI	4.97%	10	SHENZHEN NEW-A	4.50%

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	55
Hong Kong (Discounted Dual Listing)	7
Hong Kong	31

Sectoral Breakdown	% of Assets
Healthcare Equipment & Parts	55
Services	15
Biotechnology	14
Pharmaceuticals	9

Valuation ^(c)	Portfolio	Benchmark
Period	11/30/2024	11/30/2024
2024 PE (X) – Weighted Avg. Method	15.7	26.6
2024 PE (X) – Harmonic Avg. Method ^(c)	16.5	15.9
2024 PB (X)	2.1	2.3
2024 Div. Yield (%)	2.3	1.3
2024 ROE (%)	16.1	9.2
Earning Growth (%) Forward 3 YR	28.4	14.1
2024 PEGY	0.5	1.0
FCF Yield	2.0	0.9

The Sub-Fund is actively managed. The benchmark index of the Sub-Fund is MSCI China Health Care Index. It is used for the calculation of the performance fee and for performance comparison purposes. The Investment Manager is not in any way constrained by the benchmark index in its portfolio positioning. This means the Investment Manager is taking investment decisions without reference to a benchmark index. The Sub-Fund can deviate significantly from the index.

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

Entry / Exit fees ; 0

All the costs are not disclosed into the factsheet, please refer to the prospectus for additional information.

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	Bank Pictet & Cie (Europe) AG, Succursale de Luxembourg 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

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

Order Transmission Information

Bank Pictet & Cie (Europe) AG, Succursale de Luxembourg
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 MXCNOHC 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 = $N / \text{sum of } (1/\text{Value}_i)$

Where:

- (N) is the total number of values.

- (Value_i) is each individual value in the set.

(d) Prospectus (English) and KIDs (English, French, German)

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. 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](#).
- Marketing communications should indicate that the decision to invest in the promoted fund should take into account all the characteristics or objectives of the promoted fund as described in its prospectus.