

Bin Yuan Healthcare Fund

SFDR status as of March 2021: Article 8

October 2023

RACE TO ZERO

Investment Review

The Hereford Funds – Bin Yuan Healthcare Fund (share class L1) depreciated 0.81% for the month of October (net of fees) compared with a 5.55% return for the benchmark. As of the end of October, the Sub Fund was mainly invested in Healthcare Equipment & Parts and Services, with few positions in the Pharmaceuticals sector.

For the month, the Fund underperformed the benchmark by 6%. Positions that contributed most to the portfolio were INNOVENT BIOLOGI, AK MEDICAL and WUXI BIOLOGICS. Positions that contributed least were IRAY TECHNOLOGY, SINOPHARM and KANGJI MEDICAL.

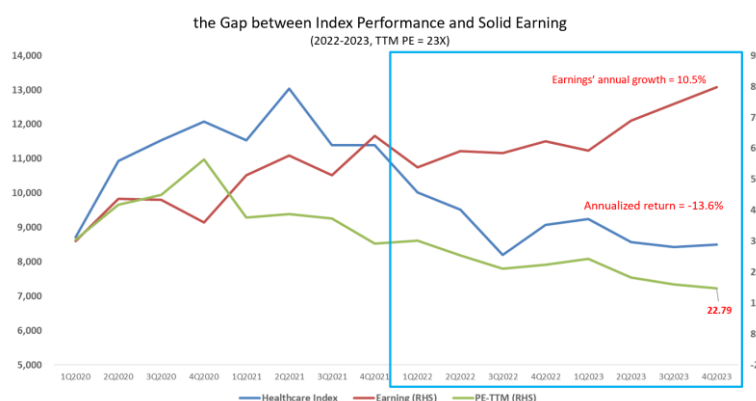
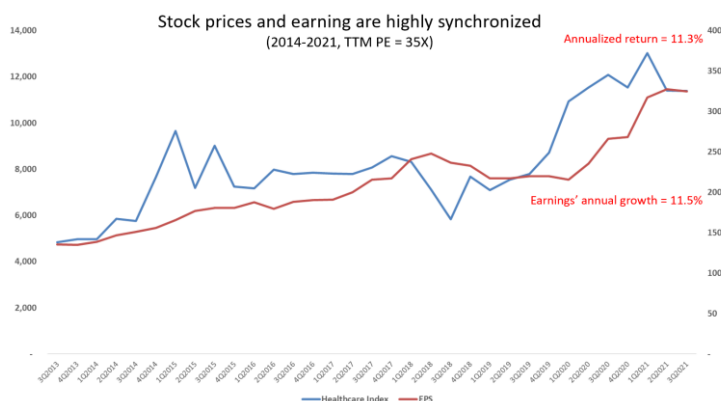
Manager's Commentary

We conducted a review of the correlation of the earnings' growth and stock price performance for the entire Chinese healthcare sector over the past 10 years, separating into two phases.

The first phase, covering the years from 2013 to 2021, the annualized compound growth rate of earnings' growth is 11.5%, and their stock prices, which mirrored this growth at 11.3%. During this period, the industry not only generated value for society but also provided shareholders with attractive returns.

The second phase, from 2022 to 2023, still witnessed steady and continuous growth in the fundamental aspects of the entire healthcare publicly listed companies, with a compound growth rate of approximately 10.5%. However, there emerged a noticeable discrepancy between this growth and the performance of stock prices.

A lot of concerns, such as price pressure, geopolitical risks, and recent anti-corruption campaign, have been fully priced-in. Looking forward from this current point in time, we firmly believe that with the stabilizing growth in fundamentals and the restoration of investor sentiment, the healthcare sector shall begin its turnaround from the bottom.



Key Information

NAV (31/10/23) US\$ 67.7 (L1)

Total Fund Size US\$ 4.0 m

Strategy Assets US\$ 4.0 m^(a)

Fund Launch Date 03-Dec-21

Monthly Performance (%) data from FPS/Pictet

	2022			2023										ITD	
	Nov	Dec	YTD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct		YTD
Bin Yuan HC Fund	5.02	5.54	-17.07	7.72	-5.48	-4.80	-2.51	-7.60	-4.98	4.34	-7.54	1.56	-0.81	-19.37	-32.30
Index ^(b)	22.05	6.02	-25.50	9.11	-9.91	-4.72	2.99	-10.21	-6.15	8.44	-7.04	0.34	5.29	-13.44	-40.70

Risk and reward profile

Lower risk

Potentially lower reward

Higher risk

Potentially higher reward



1

2

3

4

5

6

7

Top Ten Holding					
1	KANGJI MEDICAL H	8.36%	2	WUXI BIOLOGICS C	7.99%
3	IRAY TECHNOLOG-A	7.92%	4	WUXI APTEC CO-A	7.48%
5	SHENZHEN MINDR-A	5.01%	6	INNOVENT BIOLOGI	4.05%
7	NEW INDUSTRIALS	3.70%	8	APT MEDICLA IN-A	3.39%
9	AK MEDICAL HOLDI	3.14%	10	QINGDAO NOVELB-A	3.06%

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	64
Hong Kong (Discounted Dual Listing)	2
Hong Kong	29

Sectoral Breakdown	% of Assets
Healthcare Equipment & Parts	51
Services	31
Biotechnology	7
Pharmaceuticals	6

Valuation	Portfolio	Benchmark
Period	10/31/2023	10/31/2023
2024 PE (X) – Weighted Avg. Method	21.1	37.1
2024 PE (X) – Integral Method	22.5	18.7
2024 PB (X)	4.0	2.4
2024 Div. Yield (%)	1.1	1.0
2024 ROE (%)	19.1	6.4
Earning Growth (%) Forward 3 YR	22.3	14.3
2024 PEGY	0.9	2.4
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

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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).

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