Signatory of:

PRI Principles for Responsible Investment

Bin Yuan Greater China Fund

April 2020

Investment Review

The Hereford Funds – Bin Yuan Greater China Fund appreciated 6.51% for the month of April (net of fees) compared to a 6.59% positive return for the benchmark. At the end of April, the Sub-Fund invested primarily in the Consumer, Information Technology, and Health Care sectors, with little weights in the Energy, Utilities and Real Estates sectors. For the month, the Sub-Fund underperformed the benchmark by 8 bps. In terms of stock selection, we did well in Information Technology and Financials while Consumer Staples lagged. In April, the positions that contributed the most to the portfolio's return were Bilibili, Tencent and Kweichow Moutai. The positions that contributed the least in the month were Fortune Ng Fun, Jiangsu Yuyue and Inner Mongolia Yili.

Manager's Commentary

Shanghai Composite Index was up 3.99% and Hang Seng China Enterprise Index was up 4.65% in April driven by the recovery of economic activities in China and the slow-down of new Coronavirus cases growth globally. Manufacturing Purchasing Managers' Index (PMI) decreased from 52.0 in March to 50.8 in April and Non-Manufacturing PMI rose from 52.3 in March to 53.3 in April, both were kept above threshold of 50.

More than 80% of companies have resumed work, showing strong resilience of Chinese economy. From our local observation, ecommerce, offline services of resilient demand and construction of both property and infrastructure have recovered to normal level. The whole online shopping industry rebounded rapidly, and the number of express packages in March recorded a year-on-year (YoY) growth of 23%. Schools, including high schools and primary schools, started to open for the new semester in many provinces, and offline training institutions, like TAL, gradually resumed operation. The ophthalmology industry is also in the process of rapid recovery. The outpatient numbers of AIER eye hospital has climbed up to the same level of last year in April. Property contracted sales of the top 100 real estate companies in China had a 0.6% YoY growth in April, picking up from -17% in March and -38% in February. The recovery is even more obvious in tier 1 cities, contracted sales of tier 1 cities in April recorded a 37% MoM growth. The real estate completion has also been accelerated, the completed area space decreased slightly by 0.9% YoY in March and is expected to increase by around 10% by the end of 2020, which is good news for the home consumption industries. As of March 19, 85% of the RMB1 trillion of special bonds issued was invested in infrastructure, which has driven the incremental demand of cement and construction machinery. New infrastructure investment such as 5G and cloud construction plan picked up quickly and the visibility of the orders of ferrule, optical module and IT services are high.

Supply chain that are partially reliant on global vendors might be exposed to disruption risks if work resumption of global manufacturing slower than expected in the second quarter, which will drive the progress of import substitution. Most of the consumption and service sectors are not affected, but the technology and auto industries, which are part of the global supply chain may suffer from disruption for the time being. For example, although the localization rate of China's automobiles reaches 95%, the rest still has to rely on overseas suppliers. Domestic players in the household healthcare equipment, semiconductors, and electronics components will face vast opportunities to substitute foreign players. Domestic logistics providers are gaining market share of international businesses from foreign competitors as their services are suspended during the epidemic.

A total of 3,833 companies listed on the Shanghai and Shenzhen stock exchanges completed releasing their 2019 annual results and the first-quarter results of 2020 by the end of April. Due to the impact of the outbreak, the year-on-year (YoY) revenue growth of A-share listed companies decreased from 9.5% in 2019 to -7.9% in Q1 2020, while the YoY net profit growth decreased from 7.7% in 2019 to -24.4% in Q1 2020. Our holdings' YoY revenue growth decreased from 23% in 2019 to 3.4% in Q1 2020 and YoY net profit growth was down from 23% in 2019 to 11.4% in Q1 2020. Both were far above the universe average.

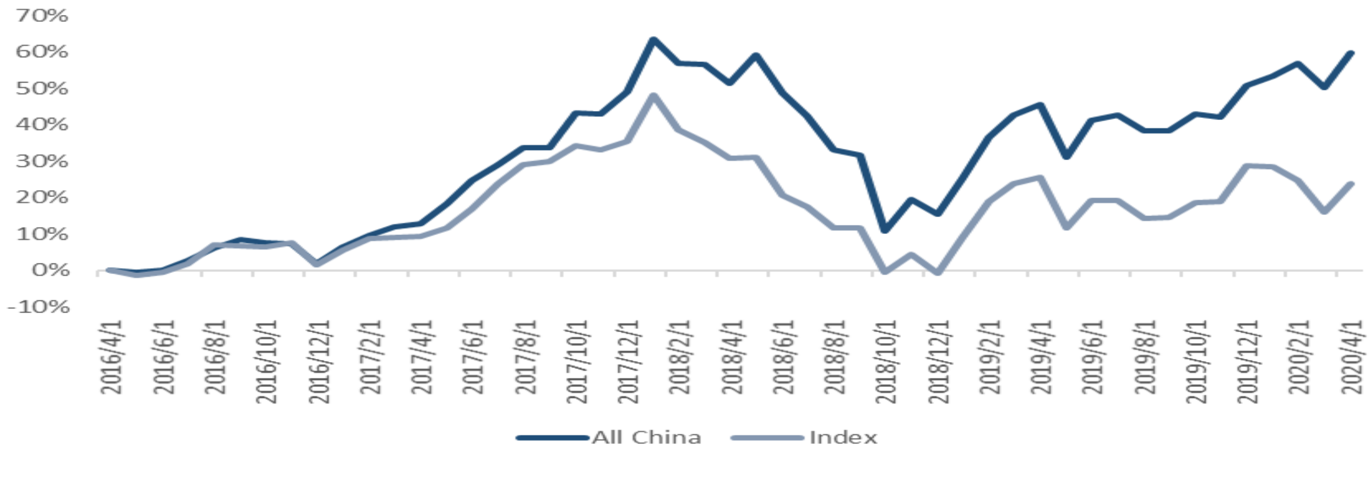
Our portfolio provided downside protection in the market downturn. In January, when the virous spread very fast in China, we believed that the risk of the economic activities would slow down sharply, and the transparency of the situation was very low. We believed that the priority at that time was safeguard our clients' financial assets. We spent most of our time, before the end of January and the lock down of the Wuhan city, on balance sheet and cash flow analysis on our holdings to make sure that if the situation got worse, they still could survive, not went bust. Profit (P) and Loss was relatively less relevant as P at the time was surely uncertain. As a result, daily life needed staples and relevant medical equipment were the best sectors to be in and we were benefited from putting more money into those stocks. Starting from end of March, the COVIC-19 situation was improving in China and we started to move money to those that stock prices have corrected, and P will recover and get back to normal both in short and long term. Catering related staples, healthcare services, online ecommerce and services, new urban investment related including healthcare investment and cloud/telecom investment, duty free and affordable auto will grow faster with higher certainty. The long-term story in China is still domestic consumption and technology that can replace foreign venders.

Key Information

NAV (30/04/20)	US$ 104.13 (L1) /103.78 (L2)/113.28 (CB)/120.20 (CI)	Strategy Assets	US$ 483 m[(a)]
Total Fund Size	US$ 153.0m	Fund Launch Date	16-Apr-18

Period Performance (%)

	2020	2019	2018	2017	2016	Cumulative	Annualized
Bin Yuan All China Strategy[(b)]	6.00	30.60	-22.46	44.69	1.07	59.95	12.46
Index[(c)]	-3.94	29.74	-26.64	33.37	1.47	23.74	5.47



HF Hereford Funds

Monthly Performance (%)

	2019									2020				
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2019	Jan	Feb	Mar	Apr	YTD
Bin Yuan GC Fund	-9.9	7.9	1.0	-3.1	0.1	3.3	-0.5	6.1	30.60	1.59	2.34	-4.28	6.51	6.00
Index[c]	-11.1	6.8	0.0	-4.1	0.4	3.4	0.4	8.2	29.74	-0.71	-3.1	-6.84	6.59	-3.94

Top Ten Holding

1	Tencent	6.94%	2	C&S Paper Co.	6.80%
3	Jiangsu Yuyue	5.51%	4	Kweichow Moutai – A	5.12%
5	Alibaba	4.71%	6	Bilibili	4.62%
7	Aier Eye Hsptl – A	4.55%	8	CM Bank – H	4.25%
9	Chaozhou Three – A	4.00%	10	Gree Electric – A	3.76%

Sectoral Breakdown	% of Assets
Consumer Staples	24
Consumer Discretionary	20
Information Technology	15
Health Care	14
Communication Services	11
Financials	7
Industrials	6
Materials	2

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.

Under Discovered Holding	% of Assets
Under Discovered	65
% of A share holding with foreign ownership below 10%	75
Mid Cap Exposure	47

* Mid Cap stands for the market capitalization is below 15 Billion USD.

Market Breakdown	% of Assets
A Share	59
Hong Kong (Discounted Dual Listing)	10
Hong Kong	18
US ADR	12

Since Inception[d]	Bin Yuan All China	Index
Volatility	15.55%	16.93%
Sharp Ratio	0.89	0.32
Information Ratio	1.38	
Tracking Error	6.00%	
Beta	0.92	
PE ex ADRs	19.41	

Valuation	Portfolio				Benchmark	Benchmark (excluding Financials)
Period	**20081031**	**20130630**	**20160229**	**20200430**	**20200430**	**20200430**
Forward PE (X)	18.2	16.7	18.5	21.5	13.4	27.1
Forward PB (X)	2.7	2.7	3.1	4.1	1.6	4.4
Forward Div. Yield (%)	1.6	1.9	1.9	1.2	2.1	1.6
Forward ROE (%)	14.7	16.0	16.6	18.9	12.3	16.2
Earning Growth (%) Forward 3 YR	22.0	27.0	21.0	21.6	8.0	10.0
Forward PEGY	0.8	0.6	0.8	0.9	1.3	2.3
FCF Yield	3.0	5.0	10.0	3.6	8.9	2.8

HF Hereford Funds

Fund Codes				
Share Class	L1	L2	CB	CI
Bloomberg	HFBYL1U LX	HFBYL2U LX	HFBYCBYLX	HFBYCIU LX
TK	040149745	040149751	040149740	040149734
ISIN	LU1778255734	LU1778256203	LU1778255494	LU1778254844
Lipper ID	68483958	68483959	68543207	
Sedol	BFXVVR8	BFXVVS9		

Fund Details	
Dealing Day[(d)]	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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15, Avenue John F Kennedy,
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Via fax +352 46 71 71 7667 or SWIFT PICTLULXTAS

Annual Management Charge	
Share Class A	1.25%
Share Class B	1.00%
Share Class CI, CB & L1	0.75%
Share Class L2	0.25% with 15% performance fee

Minimum Investment	
Share Class A & L	$100,000 Minimum initial subscription & holding
Share Class B	$5,000,000 Minimum initial subscription & holding
Share Class CI & CB	$10,000,000 Minimum initial subscription & holding

Footnote:

(a) This refers to the total assets invested in the reference strategy managed by the Investment Manager.
(b) The graph depicts the Bin Yuan All China Strategy (Reference Strategy) from inception in May 2016 to the fund launch on 16/4/18. After launch date actual fund data of Share Class L1 is used. The fund follows the same strategy as the Reference Strategy and simulated returns of the Reference Strategy are net of a modeled fee of 0.75% pa and expenses of 0.40%.
(c) MSCI Inc. discontinued MSCI All China Index and the transition to MSCI China All Shares Index took effect on 27 November 2019. MSCI All China Index Total USD return including dividends (Bloomberg ticker M1ACN Index) was used as benchmark from the inception of April 2018 to November 26, 2019. MSCI China All Shares Net Total USD Return (Bloomberg ticker MXCNANM Index) is used as benchmark since November 27, 2019.
(d) Data depict the Bin Yuan All China Strategy since inception of May 2016 as of April 2018. The fund follows the same strategy. After a longer period after the fund launch, we will use the Hereford Funds Bin Yuan Greater China Fund Share Class L1 in the table.