

Bin Yuan Greater China Fund

SFDR status as of March 2021: Article 8

April 2022

Investment Review

The Hereford Funds – Bin Yuan Greater China Fund (share class L1) depreciated 10.84% for the month of April (net of fees) compared to a -6.27% return for the benchmark. At the end of April, the Sub Fund was mainly invested in Health Care, Information Technology, Industrials and Consumptions, with zero weights in the Energy, Utilities, Commodities and Real Estate sectors.

For the month, the Fund underperformed the benchmark by 4.57%. While Energy, Real Estate and Communication Services (incl. Internet) sectors held up relatively well during the month, Manufacturing sectors that are exposed to logistics disruption during the COVID outbreak got sold off across the board by investors. In April, the positions that contributed the most to the portfolio's return were ANJOY FOODS, AIER EYE and CHINA DUTY FREE. The positions that contributed the least were CHIPSEA, CHINA MERCHANT BANK and JIANGSU CNANO.

Manager's Commentary

Following the turbulent first quarter, key benchmarks in April declined further to below the previous month's low. Risk appetite was mainly dampened by domestic growth worries following lockdowns of some large cities, especially Shanghai, and geopolitical concerns which have persisted by the long-lasting Russia and Ukraine war.

Although facing the largest scale of lockdown on COVID since 2020 and growth worries amid supply chain disruptions, pro-growth policies are back in focus with resumption on the way. Shanghai daily new cases continue to fall after peaking on April 13. Logistics are also improving as confirmed by gradually resumed deliveries of online purchases. The first batch of over 600 factories, with auto, semiconductor and some other key strategic sectors included, have already resumed production beginning in mid-April in Shanghai. More plans are being worked on for reopening public transport, retail outlets, and a wider range of manufacturing sites.

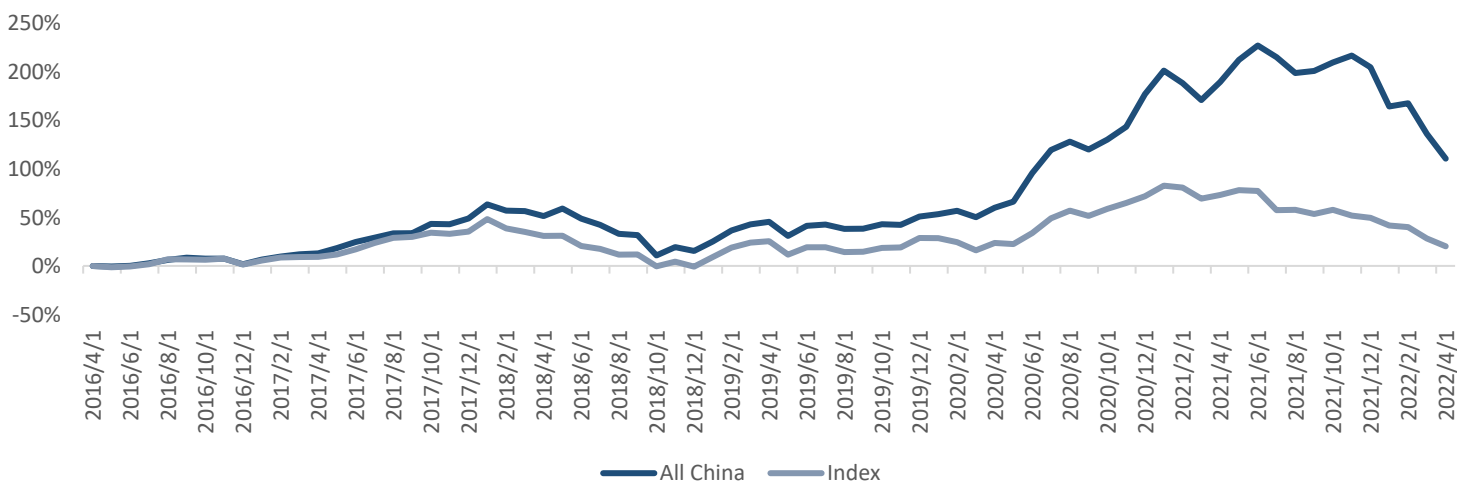
Our holdings, as industry leaders, have performed defensively, as expected. The impact on our holdings of the widespread outbreak exists, but is temporary and manageable due to the following mitigating measures: 1) The companies normally have sufficient raw material inventory of, on average, 2-3 months, and strong balance sheets to secure supply chains. 2) None of our holdings have production sites in Shanghai. Close-loop control on production sites in Yangtze River Delta was immediately performed so that production was not fully disrupted. 3) Given that the portfolio companies' production is considered high value-added, they are favored by local governments and thus had prioritized resource allocation of logistics coordination. Delivery to customers was not interrupted, but the distribution cycle took longer with higher costs. 4) While a manageable impact on existing capacity, construction of new production capacity or new projects has been delayed in the short term. 5) By and large, demand is not lost but accumulated during the lock down. Depending on the speed of work resumption, recovery should be seen in mid-May and June and a full recovery should happen in the second half of 2022. However, Q2 earnings could be negatively impacted if the outbreak lasts longer. 6) In the long term, our holdings will benefit from accelerated industry consolidation during the pandemic as smaller players struggled to survive.

Key Information

NAV (30/04/22)	US\$ 137.09(L1)/129.74(L2)/95.54(AI)/79.72(AI EUR)/71.42(AI GBP)/98.59(BI)/149.14(CB)/98.13(DB A)/96.80(DB A NOK)/99.20(DI A)/158.25(CI)/73.96(CI GBP)/77.34(PB EUR)	Strategy Assets	US\$ 1,107 m ^(a)
Total Fund Size	US\$ 558.0 m	Fund Launch Date	16-Apr-18

Period Performance (%) data from FPS/Pictet/Bin Yuan

	2022	2021	2020	2019	2018	2017	Cumulative	Annualized
Bin Yuan All China Strategy ^(b)	-30.88	10.02	83.51	30.60	-22.46	44.69	110.58	13.21
Index ^(c)	-19.64	-12.91	33.41	29.74	-26.64	33.37	20.28	3.13



Monthly Performance (%) data from FPS/Pictet

	2021									2022				
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2021	Jan	Feb	Mar	Apr	YTD
Bin Yuan GC Fund	7.84	4.76	-3.72	-5.17	0.72	2.93	2.27	-3.79	10.02	-13.24	1.23	-11.74	-10.84	-30.88
Index ^(c)	2.80	-0.48	-11.13	0.22	-2.71	2.78	-3.70	-1.52	-12.91	-5.32	-1.23	-8.31	-6.27	-19.64

Risk and reward profile



Top Ten Holding					
1	IRAY Technolog-A	9.25%	2	Ecovacs Roboti-A	5.28%
3	China Merch BK-A	3.86%	4	Wuxi Autowell-A	3.83%
5	Kangji Medical H	3.69%	6	Shenzhen Mindr-A	3.49%
7	Chipsea Techno-A	3.44%	8	Sunny Optical	3.43%
9	Jiangsu Cnano-A	3.40%	10	Anjoy Foods GR-A	3.30%

Sectoral Breakdown ^(e)	% of Assets
Health Care	27
Information Technology	21
Industrials	12
Consumer Staples	10
Materials	8
Consumer Discretionary	7
Financials	4

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.

Since Inception ^(d)	Bin Yuan All China	Index
Volatility	19.66%	17.55%
Sharp Ratio	0.72	0.18
Information Ratio	1.07	
Tracking Error	10.27%	
Active Shares	95%	
Beta	1.02	

Market Breakdown	% of Assets
A Share (Connect + QFI)	73
Hong Kong	16

Valuation	Portfolio	Benchmark	Benchmark (excluding Financials)
Period	20220430	20220430	20220430
2022 PE (X)	24.4	11.8	20.8
2022 PB (X)	5.3	1.2	2.8
2022 Div. Yield (%)	0.9	2.6	1.4
2022 ROE (%)	21.6	10.5	13.5
Earning Growth (%) Forward 3 YR	27.7	10.2	12.0
2022 PEGY	0.9	0.9	1.5
FCF Yield	1.3	4.6	-1.4

Fund Codes						
Share Class	AI	AI GBP	AI EUR	BI	CI	CI GBP
Bloomberg	HEYGCAU LX	HEYGCAU LX	HEYGCAE LX	HEYGCBU LX	HFBYCIU LX	HEYGCGA LX
TK	040149630	040149699	040149698		040149734	040149736
ISIN	LU1778252558	LU1778252715	LU1778252632	LU1778253952	LU1778254844	LU1778255064
Lipper ID	68617991	68666625	68677482	68625053	68563916	68684500
Sedol	BMV2Q30	BNLYXY6	BN4BFL5	BMV1994	BMWWFG8	BP466G6

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

Annual Management Charge TERs as at end September 2021	
Share Class A	1.25% 1.45%
Share Class B	1.00% 1.21%
Share Class C	0.75% 0.95%
Share Class D	0.50% 0.71%

Minimum Investment	
Share Class A	\$100,000 Minimum initial subscription & holding
Share Class B	\$5,000,000 Minimum initial subscription & holding
Share Class C	\$10,000,000 Minimum initial subscription & holding
Share Class D	\$100,000,000 Minimum initial subscription & holding

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) 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.

(e) We set sector exposure according to GICS classification, and the maximum exposure will not exceed 40%. The reason we set at 40% is some industrial and communication service companies are misclassified as information technology in GICS.

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. Hereford Funds is a trading name of Hereford Funds LLP. Hereford Funds LLP is an appointed representative and tied agent of Thornbridge Investment Management LLP which is authorised and regulated by the Financial Conduct Authority (FRN: 713859). 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.