

Bin Yuan Greater China Fund

SFDR status as of March 2021: Article 8

December 2021

Investment Review

The Hereford Funds – Bin Yuan Greater China Fund (share class L1) depreciated -3.79% for the month of December (net of fees) compared to a -1.52% return for the benchmark. At the end of December, the Sub Fund was mainly invested in the Information Technology, Health Care, Industrials and Consumer sectors, with zero weights in the Energy, Utilities and Real Estate sectors.

For the month, the Fund underperformed the benchmark by 2.27%. In December, the positions that contributed the most to the portfolio's return were YIFENG PHARM, JET and CHIPSEA. The positions that contributed the least were CHINASOFT, IRAY and SICHUAN SWELLFUN.

Manager's Commentary

In December, our holdings in renewable technology, software and semiconductors which performed strongly in 2021 experienced profit taking. The market also saw sector rotations to those underperforming sectors such as Financials, Utilities and Energy which are heavily weighted in the index, but where we have had limited exposure. Even with our Health Care holdings contributing positively, the fund still lagged relative to the benchmark. Local institutional investors are looking for short term performance which will continue the sector rotations in the near term and cause high market volatility. We will stay with our core holdings which we believe will deliver robust earnings growth over the next 3-5 years and higher capital appreciation.

We achieved an absolute return of 10.02% in 2021, representing 21.73% outperformance comparing to the benchmark. Since we started Bin Yuan in 2012 our investment philosophy developed over the last 30 years and our style of mid growth cycle company selection has helped us to achieve strong long-term performance.

China is at a starting point to move to the next level of growth with many new high-quality companies emerging. China needs to promote technology to improve productivity to replace declining access to a cheap labor force. The "reverse brain drain" combined with accumulated manufacturing know how is helping China develop a virtuous circle in many sectors of the economy. Chinese firms are shifting from downstream (applications) to upstream in production value chains, which use mostly advanced technology and have high barriers to entry.

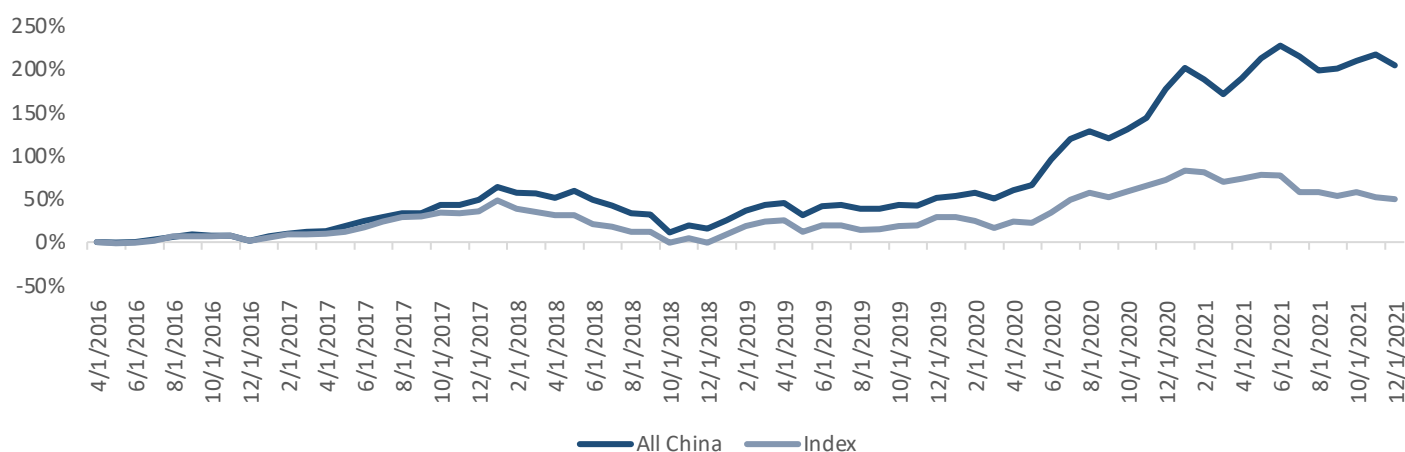
Looking at China from the inside, the government will emphasize prudent management of the economy and monetary policy and prudent corporate financial management. Emphasizing quality growth will lead to slower growth but also a low inflationary environment and stable RMB. This provides a good backdrop for the innovative mid-growth cycle businesses that Bin Yuan focuses on. We have written an annual letter for clients to understand how we analyze and identify investment opportunities, and also help to understand how China is developing. Please refer to the forthcoming letter for further detail and analysis.

Key Information

NAV (31/12/21)	US\$ 198.35(L1)/186.28(L2)/138.46(AI)/107.18(AI EUR)/95.94(AI GBP)/142.76(BI) /215.78(CB)/141.86(DB A)/143.41(DI A)/228.97(CI)/99.20(CI GBP)/103.12(PB EUR)	Strategy Assets	US\$ 1,666 m ^(a)
Total Fund Size	US\$ 875.7m	Fund Launch Date	16-Apr-18

Period Performance (%)

	2021	2020	2019	2018	2017	2016	Cumulative	Annualized
Bin Yuan All China Strategy ^(b)	10.02	83.51	30.60	-22.46	44.69	1.07	204.68	21.73
Index ^(c)	-12.91	33.41	29.74	-26.64	33.37	1.47	49.67	7.38



Monthly Performance (%)														
	2020	2021												
	2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Bin Yuan GC Fund	83.51	8.76	-4.27	-6.06	6.90	7.84	4.76	-3.72	-5.17	0.72	2.93	2.27	-3.79	10.02
Index ^(c)	33.41	6.28	-1.03	-6.35	2.31	2.80	-0.48	-11.13	0.22	-2.71	2.78	-3.70	-1.52	-12.91

Top Ten Holding					
1	IRAY Technolog-A	9.35%	2	CM Bank (A+H)	6.00%
3	Chipsea Techno-A	5.37%	4	Ecovacs Roboti-A	4.95%
5	Jiangsu Cnano-A	4.38%	6	Chaozhou Three-A	4.38%
7	Shenzhen Mindr-A	4.16%	8	Shanghai Frien-A	4.06%
9	Chinasoft Intl	3.77%	10	Fu Jian Anjoy-A	3.50%

Sectoral Breakdown ^(e)	% of Assets
Information Technology	27
Health Care	25
Industrials	12
Consumer Staples	9
Consumer Discretionary	8
Materials	8
Financials	6
Communication Services	0.5

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	17.84%	17.25%
Sharp Ratio	1.27	0.43
Information Ratio	1.64	
Tracking Error	9.38%	
Active Shares	93%	
Beta	0.95	

Market Breakdown	% of Assets
A Share (Connect + QFI)	80
Hong Kong (Discounted Dual Listing)	2.5
Hong Kong	13

Valuation	Portfolio	Benchmark	Benchmark (excluding Financials)
Period	20211231	20211231	20211231
2022 PE (X)	35.3	15.7	25.8
2022 PB (X)	8.3	1.9	3.4
2022 Div. Yield (%)	0.7	1.8	1.1
2022 ROE (%)	23.6	12.3	13.1
Earning Growth (%) Forward 3 YR	28.9	10.2	13.8
2022 PEGY	1.2	1.3	1.7
FCF Yield	1.1	5.0	1.9

Fund Codes						
Share Class	AI	AI GBP	AI EUR	BI	CI	CI GBP
Bloomberg	HEYGAU LX	HEYGCAG 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	BMY2Q30	BNLYXY6	BN4BFL5	BMY1994	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	
Share Class A	1.25%
Share Class B	1.00%
Share Class C	0.75%
Share Class DI A, DB A	0.50%

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 DI A, DB A	\$100,000,000 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.

(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.

Order Transmission Information

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