

Bin Yuan Greater China Fund

SFDR status as of March 2021: Article 8

February 2022

Investment Review

The Hereford Funds – Bin Yuan Greater China Fund (share class L1) appreciated 1.23% for the month of February (net of fees) compared to a -1.23% return for the benchmark. At the end of February, the Sub Fund was mainly invested in Health Care, Information Technology, Industrials and Materials, with zero weights in the Energy, Utilities and Real Estate sectors.

For the month, the Fund outperformed the benchmark by 2.46%. In February, the positions that contributed the most to the portfolio's return were IRAY, SG MICRO and HUNAN BAILI. The positions that contributed the least were CHAOZHOU THREE, SHENZHEN MEGMEET and SUNNY OPTICAL.

Manager's Commentary

The market started to stabilize in February but has been dragged down again by the Russia and Ukraine war. The Chinese government has to date adopted a neutral stance. While it is difficult to predict what will happen, a major part of our job today is to analyze the impact of the conflict on our portfolio holdings and ensure that they are immune from the consequences of this war. We found that the impact of the conflict is manageable with Russia and Ukraine small markets for Chinese exporters. The rising energy, metal and agricultural prices due to supply disruptions may cause temporary inflationary pressure to downstream manufacturers and consumers. However, companies with strong bargaining power and high added value should be able to pass on any cost hikes without impacting demand.

While this conflict will negatively influence sentiment, rising fossil energy prices will provide a boost to the "green" sectors, with improved economics for renewable energy and electric vehicles (EV). With ongoing geopolitical risks domestic downstream companies are looking to improve the security of their supply chains. This will give local companies opportunities to develop upstream high value-added segments, such as core components, key materials, equipment and semiconductors.

Our portfolio focuses on high value-added companies that have limited cost hike concerns, little exposure to Russia/Ukraine, and who will benefit from the development of renewable energy and the import substitution of upstream segments of the value chain.

The valuation of our portfolio looks very attractive with a PEG (PE to Growth) ratio below 1. The Healthcare sector's valuation is close to historical lows. We have confidence that our holdings will overcome this short-term volatility and bring long-term financial rewards to our investors.

Key Information

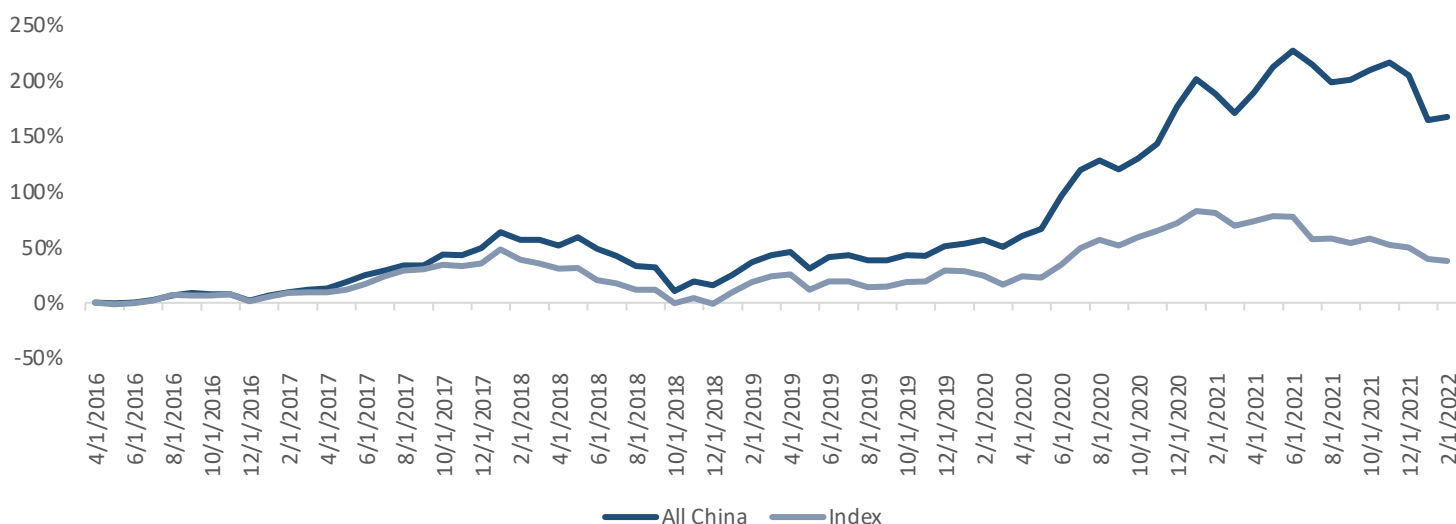
NAV (28/02/22) US\$ 174.21(L1)/164.74(L2)/121.51(AI)/95.23(AI EUR)/84.99(AI GBP)/125.34(BI)
 /189.52(CB)/124.65(DB A)/126.01(DI A)/201.11(CI)/87.95(CI GBP)/92.28(PB EUR)

Total Fund Size US\$ 897.5m

Strategy Assets US\$ 1,593 m^(a)

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)	-12.17	10.02	83.51	30.60	-22.46	44.69	167.60	18.38
Index ^(c)	-7.87	-12.91	33.41	29.74	-26.64	33.37	37.89	5.66



Monthly Performance (%) data from FPS/Pictet

	2021											2022		
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2021	Jan	Feb	YTD
Bin Yuan GC Fund	-6.06	6.90	7.84	4.76	-3.72	-5.17	0.72	2.93	2.27	-3.79	10.02	-13.24	1.23	-12.17
Index ^(c)	-6.35	2.31	2.80	-0.48	-11.13	0.22	-2.71	2.78	-3.70	-1.52	-12.91	-6.73	-1.23	-7.87

Risk and reward profile



Top Ten Holding					
1	IRAY Technolog-A	9.69%	2	CM Bank (A+H)	7.33%
3	Ecovacs Roboti-A	5.42%	4	Jiangsu Cnano-A	5.25%
5	Chipsea Techno-A	4.24%	6	Chaozhou Three-A	4.19%
7	Shenzhen Mindr-A	4.11%	8	Shanghai Frien-A	3.89%
9	Sunny Optical	3.28%	10	HUNAN BAILI EN-A	3.05%

Sectoral Breakdown ^(e)	% of Assets
Health Care	25
Information Technology	23
Industrials	11
Materials	10
Consumer Discretionary	9
Financials	7
Consumer Staples	7
Communication Services	1

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	18.58%	17.29%
Sharp Ratio	1.04	0.33
Information Ratio	1.40	
Tracking Error	9.79%	
Active Shares	94%	
Beta	0.98	

Market Breakdown	% of Assets
A Share (Connect + QFI)	74
Hong Kong (Discounted Dual Listing)	3
Hong Kong	16

Valuation	Portfolio	Benchmark	Benchmark (excluding Financials)
Period	20220228	20220228	20220228
2022 PE (X)	28.0	13.0	22.9
2022 PB (X)	6.2	1.6	3.1
2022 Div. Yield (%)	0.8	2.2	1.2
2022 ROE (%)	22.1	12.0	13.7
Earning Growth (%) Forward 3 YR	26.3	10.2	13.1
2022 PEGY	1.0	1.0	1.6
FCF Yield	1.2	4.4	0.8

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:

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- 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>
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