

Investment Review

The Hereford Funds – Bin Yuan Greater China Fund (share class L1) appreciated 5.76% for the month of May (net of fees) compared to a 1.82% return for the benchmark. At the end of May, the Sub Fund was mainly invested in Health Care, Information Technology, Consumptions and Industrials, with zero weights in the Energy, Utilities, Commodities and Real Estate sectors.

For the month, the Fund outperformed the benchmark by 3.95%. With the better controlled Covid situation in Shanghai and Beijing, the market stabilized as improvements were seen in logistics, manufacturing and business activities during the month. Our top holdings in Healthcare, Information Technology, Industrials and Consumers sectors recovered faster than the market. In May, the positions that contributed the most to the portfolio's return were IRAY, SHANGHAI FRIENDESS and WUXI AUTOWELL. The positions that contributed the least were KANGJI MEDICAL, COUNCH ENVIRONMENT and MINDRAY BIO-MEDICAL.

Manager's Commentary

China's stock market saw improved momentum in May, with major benchmarks closing higher after rebounding from their recent lows. Sentiment improved on hopes for a return to normalcy following better control of Covid, and additional support from the government to boost the economy.

Shanghai lockdown was lifted since June 1. Most citizens will be allowed free mobility with Covid test-negative records within 72 hours. Restrictions on production have been totally removed with all manufacturers encouraged to restart full operations since June 1. Stores and markets are being reopened. Car hailing/taxi firms like Didi and most public transportation services are resuming operations.

The government is making intensified efforts to encourage people over 60 to be fully vaccinated. Local governments are using vaccination vehicles to make it more convenient, and cash and gift incentives are also provided in some areas. Higher vaccination rates, together with accelerated investment in healthcare facilities and experience gained from the Shanghai lockdown have lowered the possibilities of future similar lockdowns. On the virus-containment front, the worst should be behind us.

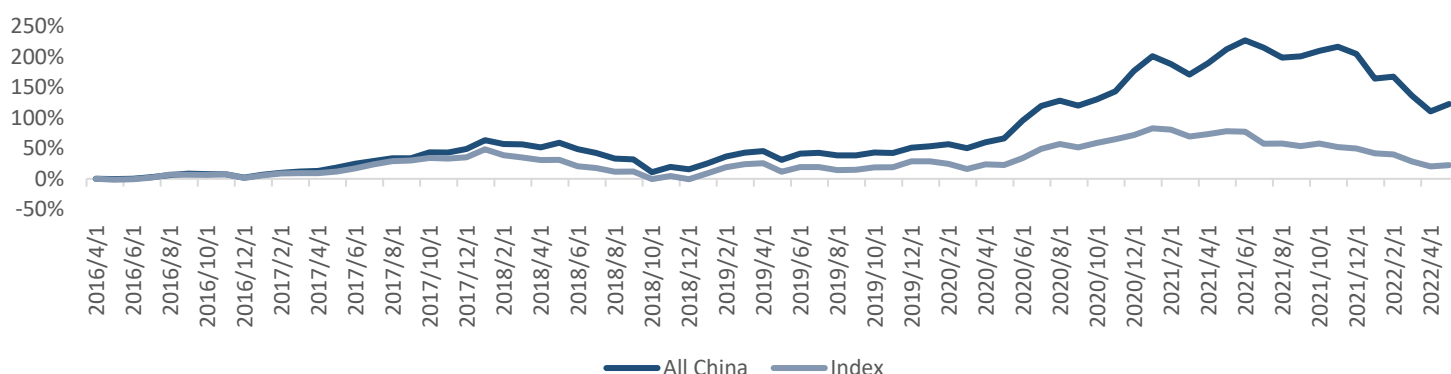
Policy support is in place to back up the Covid-battered economy. The Shanghai government has rolled out an action plan to help companies and stimulate consumption with scores of support measures including loan grants, tax cuts, payment delays of social insurance and rents, consumption subsidies, etc. the central government has also been stepping up support for the overall Covid-battered economy. The country's state council, or cabinet, held another two key meetings in May to agree further support to companies. Residential deposits increased YTD April amid the negative impact of Covid lockdowns. Savings increased mainly driven by the disruption of economic activity and mobility restrictions. As businesses activities resume and logistics improve, we expect to see a rebound in spending.

Key Information

NAV (31/05/22)	US\$ 144.99(L1)/137.28(L2)/101.01(AI)/83.00(AI EUR)/75.22(AI GBP)/104.25(BI)/157.74(CB)/103.81(DB A)/103.31(DB A NOK)/104.94(DI A)/167.38(CI)/77.93(CI GBP)/80.58(PB EUR)	Strategy Assets	US\$ 1,274 m ^(a)
Total Fund Size	US\$ 647.0 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)	-26.90	10.02	83.51	30.60	-22.46	44.69	122.71	14.07
Index ^(c)	-18.18	-12.91	33.41	29.74	-26.64	33.37	22.47	3.39



Monthly Performance (%) data from FPS/Pictet

	2021								2022					
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2021	Jan	Feb	Mar	Apr	May	YTD
Bin Yuan GC Fund	4.76	-3.72	-5.17	0.72	2.93	2.27	-3.79	10.02	-13.24	1.23	-11.74	-10.84	5.76	-26.90
Index ^(c)	-0.48	-11.13	0.22	-2.71	2.78	-3.70	-1.52	-12.91	-5.32	-1.23	-8.31	-6.27	1.82	-18.18

Risk and reward profile



Top Ten Holding					
1	IRAY Technolog-A	9.29%	2	Ecovacs Roboti-A	5.40%
3	China Merch BK-A	4.61%	4	Wuxi Autowell-A	3.63%
5	Shanghai Frien-A	3.56%	6	Jiangsu Cnano-A	3.47%
7	Nari Technolog-A	3.42%	8	Chipsea Techno-A	3.40%
9	Chaozhou Three-A	3.27%	10	Sunny Optical	3.18%

Sectoral Breakdown ^(e)	% of Assets
Health Care	25
Information Technology	22
Consumer Discretionary	13
Industrials	12
Consumer Staples	10
Materials	9
Financials	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	19.59%	17.44%
Sharp Ratio	0.76	0.19
Information Ratio	1.12	
Tracking Error	10.27%	
Active Shares	92%	
Beta	1.03	

Market Breakdown	% of Assets
A Share (Connect + QFI)	78
Hong Kong	18



Valuation	Portfolio	Benchmark (excluding Financials)	Benchmark
Period	20220531	20220531	20220531
2022 PE (X)	25.6	24.9	12.6
2022 PB (X)	5.8	3.4	1.4
2022 Div. Yield (%)	0.9	1.4	2.3
2022 ROE (%)	22.6	13.6	10.8
Earning Growth (%) Forward 3 YR	27.5	11.1	7.2
2022 PEGY	0.9	2.0	1.3
FCF Yield	1.5	-2.3	2.4

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.
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