

Investment Review

The Hereford Funds – Bin Yuan Greater China Fund depreciated 0.53% for the month of October (net of fees) compared to a 0.35% positive return for the benchmark (MSCI All China Index including dividends - Bloomberg ticker M1ACN Index from November 1st to 26th, and MSCI China All Shares Index - Bloomberg ticker MXCNANM Index from November 27th to 30th). Since inception, the Sub-Fund recorded a net return of -7.38%, however, if we exclude the impact of -6.7% due to RMB depreciation and -4% due to subscription in October 2018, our performance driven by stock price movement and yield is an increase of 3.0%. During the same period, the benchmark was down by 11% in USD term. At the end of November, the Sub-Fund invested primarily in the Consumer, Financials and Industrial sectors, with little weights in the Energy, Utilities, Materials and Real Estates sectors. For the month, the Sub-Fund underperformed the benchmark by 88bps. Compared to the benchmark, Communication Services and Financials outperformed while Consumer Discretionary lagged. In November, the positions that contributed the most to the portfolio's return were Baba, Bilibili, and Nari Technology. The positions that contributed the least in the month were Jiangsu Yuyue, Yongda Auto and Oppein.

Manager's Commentary

Bin Yuan has organized the second investors trip successfully in November and led a group of foreign investors to visit portfolio holding or potential holding companies in first through fourth-tier cities, located in the east, central and south of China. This trip was a great opportunity for the investors to experience the highly efficient modern infrastructures in China and it was very informative to do onsite visits, which include factories, R&D centers, stores and face-to-face communication with the local management team. Same as last year, the investors were all impressed by China's infrastructure, including huge modern airports, gigantic railway stations, a good motorway system, and the biggest high-speed rail network in the world. All of them are busy and crowded with massive travelers. Although the economy slowed down a little bit from topline news, the consumption upgrade story is intact to our investors and is shifting from physical goods to services. We introduced two new economy companies to the investors. The investors were all impressed by the efficiency brought by the development of internet in China.

During the trip, besides those companies, we also visited a high-tech development zone, Wuhan Optics Valley, with an area of 518 square kilometers. It has developed with 56 research institutes, 42 universities and colleges, around 800,000 students, and well-funded incubator programs. The technology park has been designated as the Opto technology center, biological technology center for China and national base for Memory chips. There are currently around 100,000 enterprises in the technology park growing by 20,000 per year. To our investors' surprise, such a R&D center is not based in eastern or southern China, which are traditional developed areas, but in Wuhan, a tier 2 city in central China. SF Express is building a new freight airport near Wuhan - which is within two hours flying time of a billion people. The new airport is due for completion in 2021 with projected annual capacity of 5 million tons. When completed it is likely to become one of the busiest express hubs in the world. These factors have encouraged private companies to establish R&D centers and manufacturing bases in the Wuhan Optics Valley.

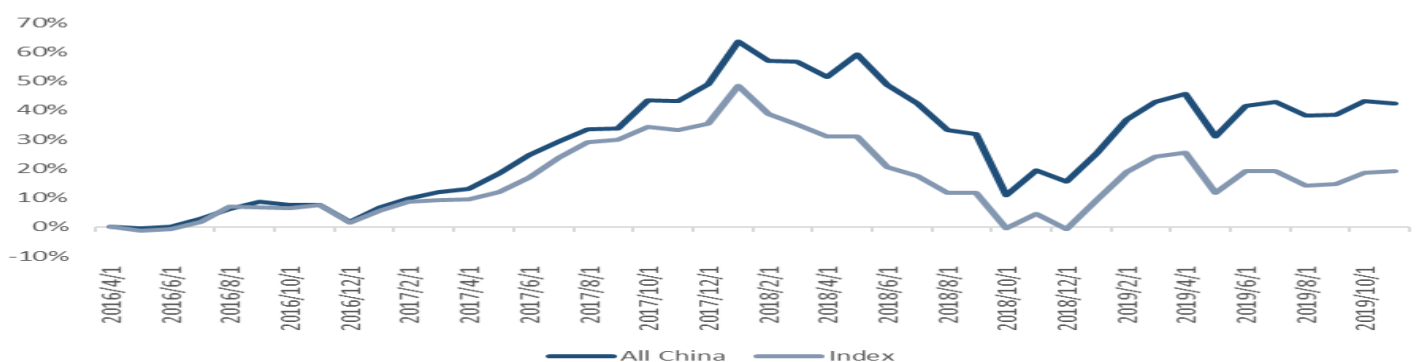
Our observations during this trip and communications with those companies' management further strengthened our belief that the trend of consumption upgrade and technology upgrade was on track and our positions will continue to be beneficiaries. Our current portfolio PE ratio is 16.9x estimated 2020 earnings, the expected earnings growth rate is 18.5% through 2023 and the dividend yield is 1.9%. We will stick to high-quality companies that are domestically driven, less impacted by global value chain and benefiting from the trend of import substitution.

Key Information

NAV (31/10/19) US\$ 92.62 (L1) /93.21 (L2)/100.76 (CB)/106.92 (CI) Strategy Assets US\$ 450 m^(a)
 Total Fund Size US\$ 142.3m Fund Launch Date 16-Apr-18

Monthly Performance (%)														
	Dec	2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	2019
Bin Yuan GC Fund	-3.3	-24.8	8.4	9.1	4.5	1.9	-9.9	7.9	1.0	-3.1	0.1	3.3	-0.5	23.1
Index ^(c)	-5.0	-25.3	9.9	9.0	4.3	1.2	-11.1	6.8	-0.0	-4.1	0.4	3.4	0.4	19.9

Period Performance (%)						
	2019	2018	2017	2016	Cumulative	Annualized
Bin Yuan All China Strategy ^(b)	23.13	-22.46	44.69	1.07	42.27	10.34
Index ^(c)	19.89	-26.64	33.37	1.47	19.03	4.98



Top Ten Holding

Rank	Company	Weight	Rank	Company	Weight
1	CM Bank – H	6.84%	2	Alibaba	6.18%
3	Ping An – H	5.97%	4	Nari Technology	5.75%
5	C&S Paper Co.	5.42%	6	Jiangsu Yuyue	5.06%
7	Bilibili	4.58%	8	Bank of Shanghai	4.36%
9	Tencent	4.11%	10	Gree Electric – A	4.05%

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	15.79%	16.56%
Sharp Ratio	0.75	0.30
Information Ratio	1.25	
Tracking Error	5.45%	
Beta	0.96	
PE ex ADRs	14.61	

Sectoral Breakdown	% of Assets
Consumer Discretionary	24
Financials	18
Consumer Staples	16
Industrials	12
Information Technology	10
Health Care	9
Communication Services	9
Market Breakdown	% of Assets
A Share	57
Hong Kong (Discounted Dual Listing)	15
Hong Kong	13
US ADR	13
Under Discovered Holding	% of Assets
Under Discovered	55
% of A share holding with foreign ownership below 10%	71
Mid Cap Exposure	42

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

Valuation	Portfolio				Benchmark	Benchmark (excluding Financials)
	20081031	20130630	20160229	20191130		
Forward PE (X)	18.2	16.7	18.5	16.9	13.0	23.5
Forward PB (X)	2.7	2.7	3.1	3.3	1.7	4.0
Forward Div. Yield (%)	1.6	1.9	1.9	1.9	2.3	1.3
Forward ROE (%)	14.7	16.0	16.6	20.0	13.0	17.0
Earning Growth (%) Forward 3 YR	22.0	27.0	21.0	18.5	13.1	15.5
Forward PEGY	0.8	0.6	0.8	0.8	0.9	1.4
FCF Yield	3.0	5.0	10.0	5.6	10.4	2.5

UCITS Fund Performance (%)

YEAR	2018	2019												
		01	02	03	04	05	06	07	08	09	10	11	12	ITD
Net Performance (Local FX)	-17.3	7.3	9.1	4.6	2.0	-8.5	7.4	0.6	-0.9	-0.1	2.5	-0.7		3.0
FX Impact	-4.8	1.1	0.1	-0.2	-0.1	-1.5	0.5	0.4	-2.2	0.2	0.8	0.1		-6.7
Subscription Impact	-4.0													-4.0
Net Performance	-24.8	8.4	9.1	4.5	1.9	-10.0	7.9	1.0	-3.1	0.1	3.3	-0.5		-7.4
Net Performance Excl. Subscription Impact	-21.2	8.4	9.1	4.5	1.9	-10.0	7.9	1.0	-3.1	0.1	3.3	-0.5		-3.0
Benchmark	-25.3	9.9	10.0	4.3	1.2	-11.1	6.8	-0.0	-4.1	0.4	3.4	0.4		-10.4

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

FundPartner Solutions (Europe) S.A.
15, Avenue John F Kennedy,
L-1855 Luxembourg
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 initial/\$10,000 subsequent
Share Class B	\$5,000,000 initial/\$100,000 subsequent
Share Class CI & CB	\$10,000,000 initial/\$100,000 subsequent

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 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.