Hereford Funds - Firth Asian Systematic Equities Fund

February 2016

Key information

NAV shares (29/02/2016)	$101.12 / $101.05 (class L1 / L2)	Fund launch date	01 Feb 2016
Total fund size	US$2.5m		

Investment objective

The investment objective of the Hereford Funds - Firth Asian Systematic Equities Fund (HF-FASEF) is to generate long term capital growth from a portfolio of listed company securities in Asia (ex-Japan).

The fund employs quantitative tools to identify inefficiencies in the pricing of stock fundamentals. These tools are combined with a range of processes to manage risk. Particular emphasis is placed on managing liquidity risk and the substantial macroeconomic cycle risk evident in Asian markets.

The systematic stock selection process monitors a range of fundamental factors. Crucially, these are factors for which we have identified evidence of investor underreaction. While investors do recognize these factors are important, they do not process the information in an efficient and timely manner, resulting in investment opportunities.

The fund is long only, employs no leverage and exhibits relatively modest turnover (circa 100-150% portfolio turnover per year). The fund operates under the UCITS framework and offers daily liquidity.

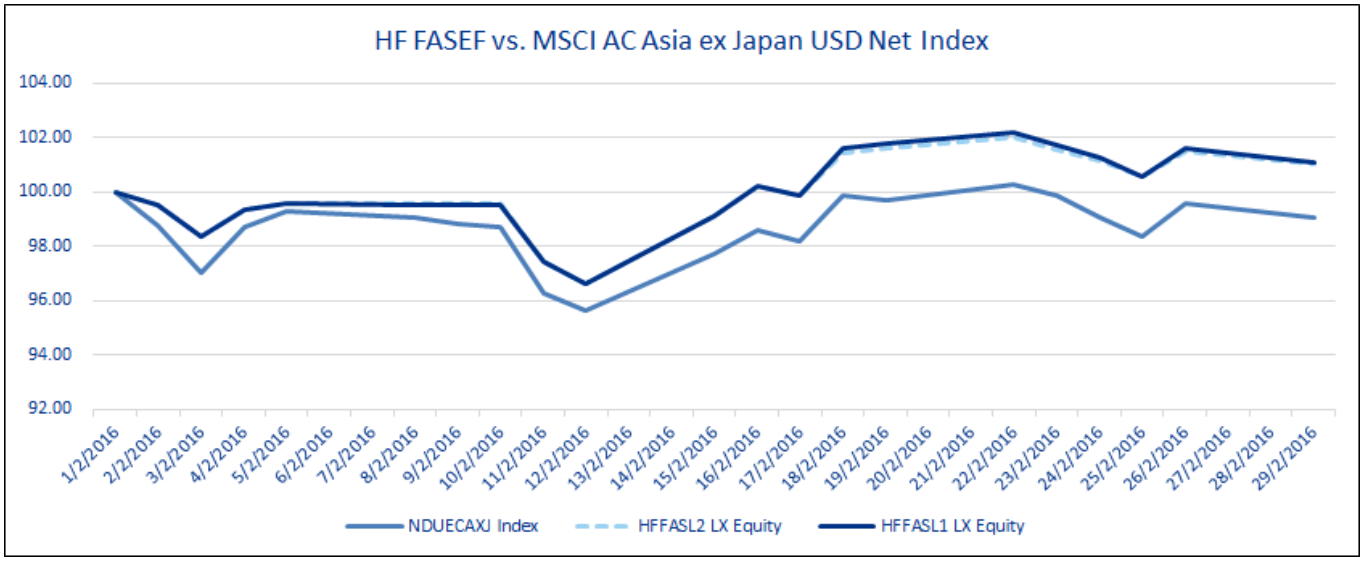
February 2016 investment review

February 2016 was the inaugural trading month for the HF-FASEF. It was a month which saw substantial swings in market sentiment regarding the macroeconomic backdrop – biased towards the downside during the first half of the month and towards the upside during the second half. Consequently any strong portfolio bias towards one macroeconomic view was at some points rewarded and at some points heavily punished. Despite this, the HF-FASEF exhibited evidence of outperformance relative to the benchmark index in both up- and down-markets, ultimately resulting in a positive return, in contrast with a market that was down over the month. The historic backtests run prior to fund launch indicated potential for such performance, albeit over longer periods of time. February performance was therefore consistent with our expectations given pre-launch system testing.

The fund continues to maintain relatively neutral country exposures compared with benchmark weights. The historic beta of this combination of stocks is very close to 1. Sector positioning is akin to a barbell strategy – combining a selection of higher beta cyclicals with lower beta premium dividend yield exposure. We expect such positioning will dampen the impact of aggressive changes in market sentiment, while incrementally adding alpha.

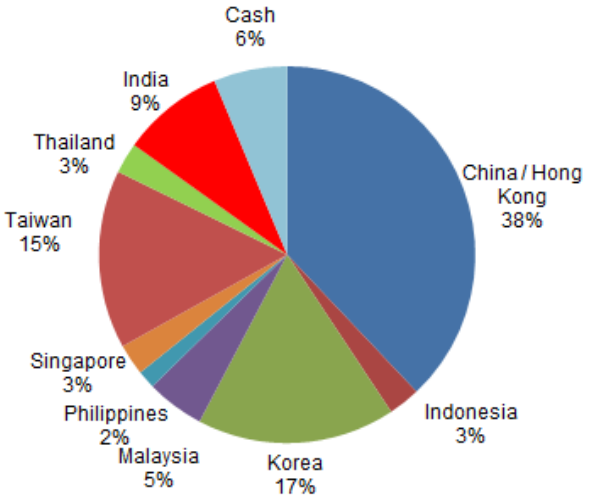
Returns (net of fees and expenses)

		1 month	Since inception 01 Feb 2016
HF FASEF NAV L1	**101.12**	**1.1%**	**1.1%**
HF FASEF NAV L2	**101.05**	**1.1%**	**1.1%**
MSCI AC Asia ex Japan USD Net index	**308.29**	**-1.1%**	**-1.1%**



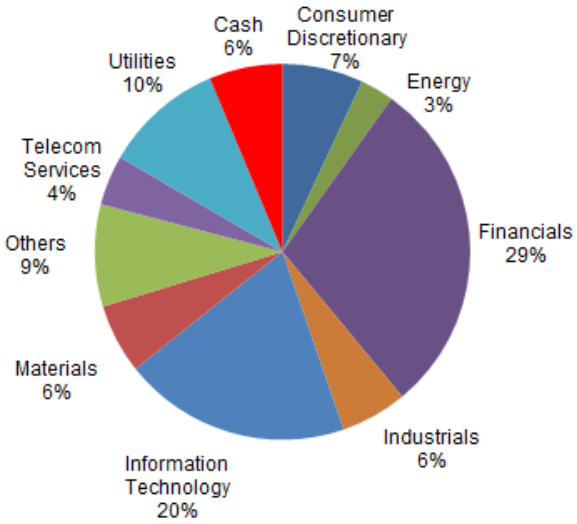
Source: Bloomberg, Firth Investment Management. HF FASEF based on classes L1 and L2. MSCI benchmark index (Bloomberg: NDUECAXJ) is a net total return index in USD. MSCI calculates net total return by reinvesting any dividend income after deducting withholding taxes. From 01 February 2016 to 29 February 2016.

Portfolio composition by country



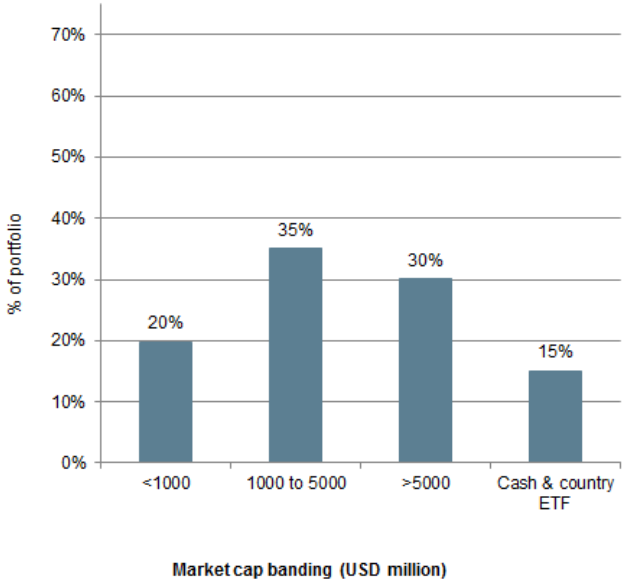
Source: Bloomberg, Firth Investment Management

Portfolio composition by sector



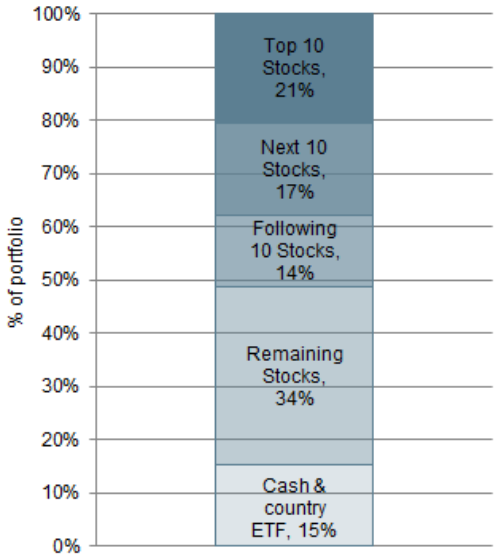
Source: Bloomberg, Firth Investment Management
Note: "Others" is an India ETF

Portfolio composition by market cap band



Source: Bloomberg, Firth Investment Management

Portfolio composition holding as % of NAV



Source: Bloomberg, Firth Investment Management

Comparison of constituents with our universe

Portfolio composition	HF FASEF	Our universe
No. of stocks	60	2,740
Largest holding (% of net assets)	2.5%	3.2%
Average market cap (USD millions)	20,891	$2,560
Median market cap (USD millions)	2,321	$525

Valuation of constituents, compared to our universe	HF FASEF	Our universe
Price to book (median)	0.9	1.3
Price to earnings (median)	7.2	13.7
Dividend yield (median)	5.0	1.2
Return on equity (median)	14.1	9.8

Data: Historic fundamental data, latest market price. Note: Our universe is composed of stocks with a minimum market cap of $150m from Asia ex Japan countries (excluding China "A" and "B" shares) and subject to a selection of constraints on minimum data availability.
Source: Bloomberg, Firth Investment Management, as of 29 February 2016.

Fund codes

Bloomberg: HFFASL1 LX / HFFASL2 LX *
ISIN: LU1335425580 / LU1335425663 *
* Share class L1 / L2

Fund details

Dealing day	Daily
Dividends	None - income accumulated within the fund
Investment manager	Firth Investment Management Pte. Ltd. 180 Cecil Street, #13-03 Bangkok Bank Building, Singapore
Management company	BSI Fund Management S.A., 44F rue de la Vallée, L-2661 Luxembourg
Fund administrator	UBS Fund Services, 33A, Avenue J.F.Kennedy, L-1855 Luxembourg
Custodian	BSI Europe S.A., 122 rue Adolphe Fischer, L-1521 Luxembourg
Legal advisers	Elvinger, Hoss & Prussen, 2 Place Winston Churchill, L-1340 Luxembourg
Auditor	Deloitte Audit S.à.r.l, 560 Rue de Neudorf, L-2220 Luxembourg

Annual management charge

Share class A	1.5%	Performance fee:	10%[(a)]
Share class B	1.0%	High water mark?:	Yes
Share class L1	0.75%	Hurdle rate:	MSCI AC Asia ex Japan USD Net index
Share class L2	0.25%		

Minimum investment

Share class A, L1, L2 [(b)]	$100,000 initial / $10,000 subsequent
Share class B	$10,000,000 initial / $100,000 subsequent

Order transmission information

Original applications to:
UBS Fund Services
Attn. Transfer Agent
33A, Avenue J.F. Kennedy
L-1855 Luxembourg

Subsequent applications only via facsimile:
UBS Fund Services
Attn. Transfer Agent
Fax: (+352) 4410106417
Tel: (+352) 4410106404
e-mail: sh-ubsfsl-transferagent@ubs.com

(a) Applicable to share classes A, B and L2.
(b) Share classes L1 and L2 are available for the first US$ 20 million in combined assets raised.

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