Hereford Funds

Signatory of:

Principles for Responsible Investment

A proud participant of: Climate Action 100+

Bin Yuan Greater China Fund

SFDR status as of March 2021: Article 8

April 2024

Investment Review

The Hereford Funds – Bin Yuan Greater China Fund (share class L1) increased 2.26% for the month of April (net of fees) compared with a 4.75% return for the benchmark. The Health Care and Industrials sectors adversely impacted relative performance during this period, while Consumer Staples sector contributed positively. In April, the positions that contributed the most to the portfolio's return were TENCENT, CHINA MERCHANT BANK and KANGJI MEDICAL. The positions that contributed the least were IRAY TECHNOLOGY, MAXSCEND MICRO and WUXI AUTOWELL.

Manager's Commentary

The China market has been long overlooked by global investors but over the past month we have started to see a revival in interest. This shift in sentiment has been driven by several factors, including better than expected macroeconomic indicators and earnings data, a growing trend of dividend payouts and share buybacks, low valuations, more encouraging government policies, and the resilience of the Chinese currency compared to other non-US currencies. These positive developments fueled a more positive market in April.

Investor interest was mainly led by a wave of buying or short covering of mega and large-cap companies in sectors such as internet, financials, commodities, and utilities. However, sectors like healthcare, information technology and consumer staples, where we believe there are much greater opportunities are still in the process of catching up.

Initially, in the first 20 days of the month, our portfolio did better than the index. However, we did not fully benefit from the liquidity surge into the Hong Kong market after April 22nd due to our underweight positions in the internet and financial sectors, which reversed our earlier outperformance. We increased our exposure to mid-cap internet stocks that helped to mitigate some of the impact on overall performance, as we believe they offer better long-term value. The mid-cap holdings in healthcare, industrials, and information technology lagged, while our stock selections in consumer staples and utilities sectors demonstrated resilience, outperforming the market.

We anticipate that the boost in investor confidence will catalyze the spread of positive sentiment across the broader market based primarily on the following factors:

1. Corporate earnings for leaders in the consumer staples, household products, information technology, and industrial sectors exceeded expectations in Q1. Please refer to the earnings details in our monthly letter. We expect solid earnings growth to focus attention on sectors that to date have been out of favor.

2. The impact of anti-corruption measures in the healthcare sector should diminish, and we expect healthcare companies to achieve robust earnings growth bouncing back from their weak H2 2023. Positive developments in healthcare policies, such as the encouragement of healthcare device procurement and innovative drug R&D, are also expected to bolster investor sentiment in the healthcare sector.

3. There have also been positive developments in the property sector, such as policy initiatives to tackle property inventory challenges, which should also improve sentiment in the consumer related space. These measures are also advantageous for undervalued sectors within the property chain as we see consumers spending money to upgrade their current apartments rather than buying a new apartment.

We expect these factors to permeate into the broader market, paving the way for our portfolio to outperform over the coming quarters.

As the full year 2023 and 2024 Q1 earnings season in the A share market drew to a close, we got a clearer picture of the overall market. Earnings of consumer services like hotels, catering, leisure, offline retail, transportation, etc., outperformed in 2023 from a low base caused by the pandemic restrictions in 2022. Q1 continued this trend with consumer services seeing strong demand. Electronics recovered quarter on quarter from 2023 Q4 to 2024 Q1 on a marginal improvement in demand. Consumer sectors like apparel and food & beverage remained resilient. Real estate-related sectors and raw materials underperformed in 2023 on weak demand and remained laggards in Q1. Home appliances and home furnishings posted good results in Q1 as beneficiaries of industry consolidation and better demand in overseas markets.

Our portfolio delivered strong results and has very solid fundamentals and low valuations. It also performed well in terms of both return to shareholders and ESG disclosure. The portfolio is well positioned to benefit from long term trends creating investment opportunities in different sectors

HF Hereford Funds

BINYUAN CAPITAL

Key Information

NAV (30/04/24)	US$ 101.54(L1)/97.05(L2)/70.06(AI)/57.68(AI EUR)/52.52(AI GBP)/72.66(BI)/ 111.47(CB)/85.6(DB A NOK)/73.86(DI A)/117.22(CI)/54.94(CI GBP)/56.8(PB EUR)	Strategy Assets	US$ 928 m[(a)]
Total Fund Size	US$ 541.4m	Fund Launch Date	16-Apr-18

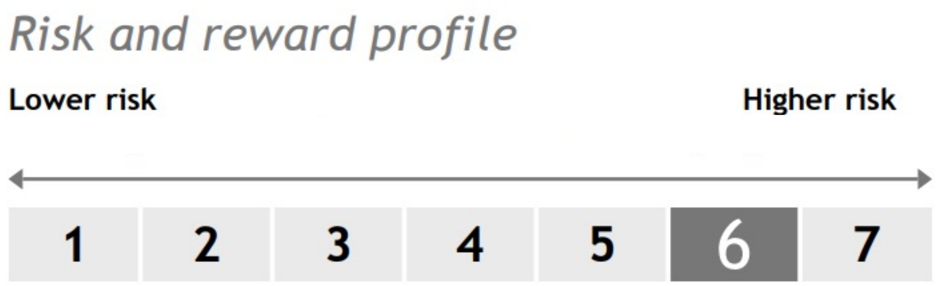
Period Performance (%) data from FPS/Pictet/Bin Yuan

	2024	2023	2022	2021	2020	2019	2018	Cumulative	Annualized
Bin Yuan All China Strategy[(b)]	-7.96	-21.17	-29.45	10.02	83.51	30.60	-22.46	55.97	5.71
Index[(c)]	3.65	-11.53	-23.61	-12.91	33.41	29.74	-26.64	4.85	0.59

Source: Bin Yuan, Pictet, FPS

Monthly Performance (%) data from FPS/Pictet

	2023									2024				
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Jan	Feb	Mar	Apr	YTD
Bin Yuan GC Fund	-6.03	-1.43	6.51	-8.91	-3.45	-2.92	0.27	3.01	-21.17	-15.26	8.43	-2.03	2.26	-7.96
Index[(c)]	-7.94	1.85	8.99	-8.61	-3.62	-3.81	2.01	-1.98	-11.53	-9.94	9.17	0.65	4.75	3.65



The risk indicator assumes you keep the product for 4 years. We have classified this product as 6 out of 7, which is the second –highest risk. This rates the potential losses from future performance at a high level, and poor market conditions are very likely to impact out capacity to pay you.

Please refer to the prospectus[(g)] for more information on the specific risks relevant to this product not included in the summary risk indicator.

This product does not include any protection from future market performance, so you could lose some or all of your investment. If we are not able to pay you what is owned, you could lose your entire investment.

Sectoral Breakdown[e]	% of Assets
Consumer Discretionary	17
Health Care	17
Industrials	12
Consumer Staples	12
Financials	11
Information Technology	9
Communication Services	9
Materials	7
Utilities	2
Real Estate	2

Top Ten Holding					
1	IRAY TECHNOLOG-A	6.38%	2	CHINA MERCH BK-A	6.15%
3	TENCENT	4.97%	4	KANGJI MEDICAL H	4.58%
5	HAICHANG OCEAN P	3.94%	6	NARI TECHNOLOG-A	3.34%
7	CCB-H	3.20%	8	KWEICHOW MOUTA-A	2.94%
9	SHENZHEN MINDR-A	2.69%	10	TRIP.COM GROUP L	2.62%

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	20.86%	20.77%
Sharpe Ratio	0.30	0.03
Information Ratio	0.52	
Tracking Error	10.94%	
Active Shares	80%	
Beta	0.92	

Market Breakdown	% of Assets
A Share (Connect + QFI)	54
Hong Kong	38
US ADR	6

Valuation	Portfolio	Benchmark (excluding Financials)	Benchmark
Period	**04/30/2024**	**04/30/2024**	**04/30/2024**
2024 PE (X) –Harmonic Avg. Method[f]	11.7	14.2	11.1
2024 PE (X) – Weighted Avg. Method	16.1	18.4	16.8
2024 PB (X)	1.7	2.7	1.7
2024 Div. Yield (%)	2.6	1.9	2.5
2024 ROE (%)	18.4	11.1	10.5
Earning Growth (%) Forward 3 YR	18.8	7.8	5.6
2024 PEGY	0.8	1.9	2.1
FCF Yield	2.6	-1.1	2.0

The Sub-Fund is actively managed. The benchmark index of the Sub-Fund is MSCI China Health Care Index. It is used for the calculation of the performance fee and for performance comparison purposes. The Investment Manager is not in any way constrained by the benchmark index in its portfolio positioning. This means the Investment Manager is taking investment decisions without reference to a benchmark index. The Sub-Fund can deviate significantly from the index.

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BINYUAN CAPITAL

Fund Codes						
Share Class	AI	AI GBP	AI EUR	BI	CI	CI GBP
Bloomberg	HEYGCAU 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	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	Bank Pictet & Cie (Europe) AG, Succursale de Luxembourg 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

Entry / Exit fees ; 0
All the costs are not disclosed into the factsheet, please refer to the prospectus[g] for additional information.

Order Transmission Information

Bank Pictet & Cie (Europe) AG, Succursale de Luxembourg
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.
(f) The harmonic average, also known as the harmonic mean, is a type of average that is useful in situations where calculating an average rate or ratio. It's particularly effective when the values we are averaging are defined in terms of a ratio of two quantities (like speed, which is distance per unit of time).
The formula for the harmonic average is:
Harmonic Mean = N / sum of (1/Value_i)
Where:
- (N) is the total number of values.
- \(\{Value}_i\) is each individual value in the set.
(g) Prospectus (English) and KIDs (English, French, German)

Disclaimer:

- This document should be read as a marketing communication.
- 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. 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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- Marketing communications should indicate that the decision to invest in the promoted fund should take into account all the characteristics or objectives of the promoted fund as described in its prospectus.