

**Bin Yuan Greater China Fund**
**SFDR status as of March 2021: Article 8**
**February 2024**
*Signatory of:*

**RACE TO ZERO**
**Investment Review**

The Hereford Funds – Bin Yuan Greater China Fund (share class L1) increased 8.43% for the month of February (net of fees) compared with a 9.17% return for the benchmark underperforming the benchmark by 74bps. The Consumer Discretionary sector adversely impacted relative performance during this period, while Health Care and Industrials sectors contributed positively. In February, the positions that contributed the most to the portfolio's return were IRAY TECHNOLOG, H WORLD GP LTD and WUXI AUTOWELL. The positions that contributed the least were HAICHANG OCEAN PARK, CHINA VANKE and CHINA LIFE.

**Manager's Commentary**

The government successively introduced a series of policies to boost the economy and market confidence.

Monetary policy adjustments surpassed market expectations both in terms of pace and extent. After the central bank's 50 basis points reduction in the reserve requirement ratio at the close of January, injecting approximately 1 trillion yuan of long-term liquidity into the market, further measures were announced on February 20. The central bank reduced the 5-year and longer-term Loan Prime Rate (LPR) from 4.2% to 3.95%, marking the most significant decrease in recent years. The Chinese government continues to lower financing costs for business and homeowners to ease their burden. The increased financing available and the decrease in financing costs will significantly alleviate the debt pressure on real estate companies, further reducing systemic risk in the financial system. The cuts to new and existing mortgage interest rates will also stimulate spending in the consumption sector.

Regarding stock market regulations, the China Securities Regulatory Commission (CSRC) reaffirmed its commitment to a strict crackdown on misconduct by listed companies to boost investor confidence, sending a strong signal of increasing the cost of such illegal activities. Meanwhile, the CSRC has taken actions to regulate insider trading and rapid short selling that impacted market sentiment.

On the consumption front, a plan to encourage a new round of equipment upgrading and consumer goods replacement has been approved, thus spurring investment and consumption. The government also implemented visa-free arrangements in February with 23 countries, including Thailand, Singapore, Maldives, and the UAE. Outbound travel recovery has been boosted, with domestic airlines opening new international passenger routes and increasing the number of flights. The effects have already been seen during the Spring Festival holiday, with a significant YoY increase in Chinese tourist trips to south Asia, as well as a surge in orders from tourists from these countries to travel to China.

During the Chinese New Year holiday, the performance of the consumer sector exceeded expectations. 474 million people travelled during the holiday, a YoY growth of 34.3% compared to the same period in 2023 and a 19% increase over 2019. Total domestic tourist consumption amounted to RMB 6,327 billion, reflecting a YoY growth of 47.3%, and a 7.7% increase compared to the same period in 2019. Daily airline passenger volume and ticket prices increased by 19% and 20%, exceeded expectations of 10% and 12% during the holiday. Hotel RevPAR showed a YoY growth of 20-30%, and gold and jewelry sales increased by more than 10% YoY.

From a bottom-up perspective, several of our holdings have begun to release preliminary reports for 2023, indicating robust growth momentum. Autowell (a solar equipment manufacturer), Joyson Electronic (an auto intelligence and safety solution provider), BOCHU (previously Friendess, a laser-processing solution provider), Maxscend Microelectronics (a RF solution provider), SG Micro (an analog chip designer), Chaozhou Three Circle (electronic component and advanced material), and semiconductor equipment manufacturers AMEC and Pio Tech all disclosed accelerated earnings growth in 23Q4 or exceeded market expectations. As we enter the earnings season in March and April, we anticipate that the annual data disclosed by our holdings will be better than expected.

**Key Information**

NAV (29/02/24)	US\$ 101.36(L1)/96.79(L2)/69.99(AI)/56.93(AI EUR)/51.93(AI GBP)/72.56(BI)/110.27(CB)/81.83(DB A NOK)/73.69(DI A)/117.01(CI)/54.29(CI GBP)/56.00(PB EUR)	Strategy Assets	US\$ 957 m <sup>(a)</sup>
Total Fund Size	US\$ 534.0 m	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 <sup>(b)</sup>	-8.12	-21.17	-29.45	10.02	83.51	30.60	-22.46	55.70	5.81
Index <sup>(c)</sup>	-1.69	-11.53	-23.61	-12.91	33.41	29.74	-26.64	-0.55	-0.07

Source: Bin Yuan, Pictet, FPS

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All China<sup>(b)</sup>: ISIN LU1778255734

Past performance is not an indicator of future returns.



## Monthly Performance (%) data from FPS/Pictet

	2023											2024		
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Jan	Feb	YTD
Bin Yuan GC Fund	-2.44	-5.75	-6.03	-1.43	6.51	-8.91	-3.45	-2.92	0.27	3.01	-21.17	-15.26	8.43	-8.12
Index <sup>(c)</sup>	2.58	-3.87	-7.94	1.85	8.99	-8.61	-3.62	-3.81	2.01	-1.98	-11.53	-9.94	9.17	-1.69

## Risk and reward profile

Lower risk

Higher risk



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 our capacity to pay you.

Please refer to the prospectus<sup>(b)</sup> 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 owed, you could lose your entire investment.

## Top Ten Holding

1	IRAY TECHNOLOG-A	8.33%	2	CHINA MERCH BK-A	5.85%
3	KANGJI MEDICAL H	4.10%	4	NARI TECHNOLOG-A	3.91%
5	HAICHANG OCEAN P	3.71%	6	WUXI AUTOWELL -A	3.51%
7	CCB-H	3.10%	8	TENCENT	3.06%
9	SINOPHARM-H	2.90%	10	ANJOY FOODS GR-A	2.89%

Sectoral Breakdown <sup>(e)</sup>	% of Assets
Health Care	18
Consumer Discretionary	18
Information Technology	15
Financials	14
Industrials	10
Communication Services	8
Consumer Staples	7
Materials	6
Real Estate	2

## 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 <sup>(d)</sup>	Bin Yuan All China	Index
Volatility	21.06%	20.92%
Sharpe Ratio	0.31	-0.00
Information Ratio	0.60	
Tracking Error	10.94%	
Active Shares	83%	
Beta	0.92	

Market Breakdown	% of Assets
A Share (Connect + QFI)	60
Hong Kong	37
US ADR	1

Valuation	Portfolio	Benchmark (excluding Financials)	Benchmark
Period	02/29/2024	02/29/2024	02/29/2024
2024 PE (X) –Harmonic Avg. Method <sup>(f)</sup>	10.4	12.9	10.1
2024 PE (X) – Weighted Avg. Method	16.3	17.1	15.3
2024 PB (X)	1.4	2.4	1.6
2024 Div. Yield (%)	2.5	1.9	2.6
2024 ROE (%)	17.5	10.7	10.7
Earning Growth (%) Forward 3 YR	18.8	8.5	6.5
2024 PEGY	0.8	1.7	1.7
FCF Yield	3.1	-1.1	1.9

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.

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	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<sup>(g)</sup> 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 =  $N / \sum (1/Value_i)$

Where:

- (N) is the total number of values.

-  $\sum (1/Value_i)$  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.