

Investment Review

The Hereford Funds – Bin Yuan Greater China Fund (share class L1) appreciated 7.20% for the month of January (net of fees) compared to a 11.06% return for the benchmark, underperforming the benchmark by 3.86%. During this month, Consumer Discretionary and Information Technology were the top contributors. Compared to the benchmark, Financials outperformed while Communication Services underperformed.

China's rapid reopening extended into January. The rebound spread from travel and offline services to a broader universe. The internet, materials and consumer discretionary sectors led with strong performances while industrials, healthcare and consumer staples saw a slower pickup.

Our underweight in internet and materials and overweight in healthcare and industrials contributed to the underperformance. However, some internet stocks started to retreat in late January, indicating that the first wave of the reopening bounce might be close to an end. The market focus should return to normalized growth companies. Our lagging holdings should catch up over the next few months and generate alpha in the medium and longer term.

In January, the positions that contributed the most to the portfolio's return were ECOVACS ROBOTICS, CHINA MERCH BANK and KANGJI MEDICAL. The positions that contributed the least were BILIBILI, YIFENG PHARMACY and COUNCH VENTURE.

Manager's Commentary

Market and consumer sentiment has clearly improved with business activities rebounding post reopening.

The wave of Covid infections has now passed its peak. Previous efforts at administering vaccinations and strengthening medical facilities helped the country's healthcare system weather this outbreak. Covid patients, emergency patients and severe cases in hospitals have been declining after an estimated 80% of the population was infected.

The vitality of the economy and society has been gradually restored as evidenced by both our observations and the economic data during the holiday period. Most of our colleagues either returned to their homes in other provinces for family reunions or made short or long journeys to enjoy and celebrate the most important traditional Chinese festival. Back from the long holiday, we have heard about more plans for leisure trips, both domestic and overseas. A busy schedule of business trips is also awaiting the research team, with Shenzhen, the tech hub of the country, the first destination.

In the week-long holiday, about 308 million visitors (+23% YoY and 89% of the 2019 level) spent RMB 376 billion (+30% YoY and 73% of the 2019 level) on domestic tourism. Some hot destinations such as Yun'nan and Hainan already surpassed their pre-pandemic levels. RevPAR (revenue per available room) for H World Group (the renamed Huazhu Group), a leading hotel chain, improved to 95% of 2019 levels, was up 3% from December. Overseas travelers also more than doubled YoY to 2.39 million since the lifting of cross border travel restrictions, although still a long way from the 2019 level of over 12 million cross-border trips during the week-long holiday. Movie-goers were also back, driving the holiday box office to RMB 6.8 billion, 15% higher than 2019 levels. The companies we met in Shenzhen told us that they are expecting better growth this year. We expect improving fundamentals both in the country's economy and corporate earnings of listed companies.

Key Information

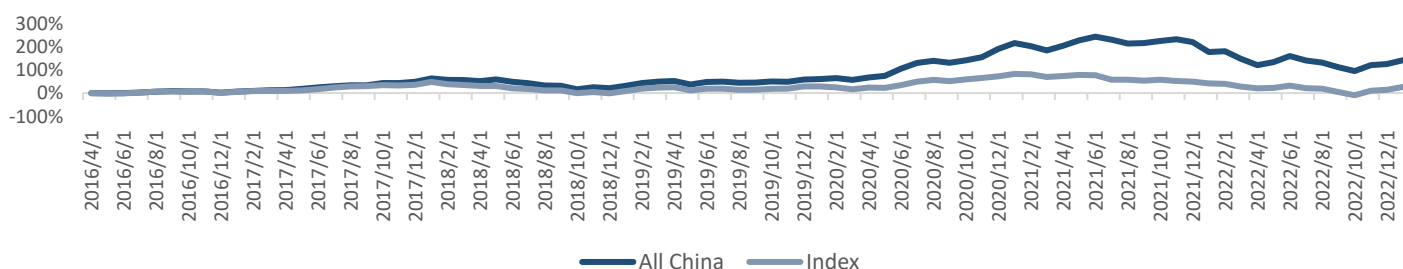
NAV (31/01/23) US\$ 150.01(L1)/142.50(L2)/104.15(AI)/84.42(AI EUR)/79.39(AI GBP)/107.68(BI)/163.19(CB)/107.58(DB A)/113.77(DB A NOK)/108.76(DI A)/173.17(CI)/82.54(CI GBP)/82.36(PB EUR)

Strategy Assets US\$ 1,422 m^(a)

Total Fund Size US\$ 757.4 m

Fund Launch Date 16-Apr-18

Period Performance (%) data from FPS/Pictet/Bin Yuan								
	2023	2022	2021	2020	2019	2018	Cumulative	Annualized
Bin Yuan All China Strategy ^(b)	7.20	-29.45	10.02	83.51	30.60	-22.46	130.42	13.16
Index ^(c)	11.06	-23.61	-12.91	33.41	29.74	-26.64	26.98	3.60



Monthly Performance (%) data from FPS/Pictet

	2022												2023	
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Jan	YTD
Bin Yuan GC Fund	1.23	-11.74	-10.84	5.76	11.25	-7.34	-3.75	-8.76	-7.68	12.87	2.33	-29.45	7.20	7.20
Index ^(c)	-1.23	-8.31	-6.27	1.82	7.82	-8.07	-1.61	-12.26	-13.52	21.29	4.02	-23.61	11.06	11.06

Risk and reward profile



Top Ten Holding					
1	IRAY TECHNOLOG-A	7.39%	2	CHINA MERCH BK-A	5.71%
3	ECOVACS ROBOTI-A	4.10%	4	MEITUAN-B	3.82%
5	KANGJI MEDICAL H	3.78%	6	SHANXI XINGHUA-A	3.55%
7	JD.COM INC-CL A	3.52%	8	NARI TECHNOLOG-A	3.29%
9	H WORLD GP LTD	3.14%	10	BEIJING ORIENT-A	3.07%

Sectoral Breakdown ^(e)	% of Assets
Consumer Discretionary	22
Health Care	21
Information Technology	16
Industrials	11
Consumer Staples	9
Financials	8
Materials	6
Communication Services	4
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 ^(d)	Bin Yuan All China	Index
Volatility	20.54%	20.72%
Sharpe Ratio	0.68	0.17
Information Ratio	0.95	
Tracking Error	10.93%	
Active Shares	87%	
Beta	0.90	

Market Breakdown	% of Assets
A Share (Connect + QFI)	67
Hong Kong	31
US ADR	1

Valuation	Portfolio	Benchmark (excluding Financials)	Benchmark
Period	20230131	20230131	20230131
2023 PE (X)	24.3	25.5	14.3
2023 PB (X)	4.7	4.1	1.4
2023 Div. Yield (%)	1.0	1.4	2.2
2023 ROE (%)	19.5	16.2	10.0
Earning Growth (%) Forward 3 YR	23.9	11.8	6.5
2023 PEGY	1.0	1.9	1.7
FCF Yield	1.8	-1.2	1.3

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.

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- 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. Hereford Funds is a trading name of Hereford Funds LLP. Hereford Funds LLP is an appointed representative and tied agent of Thornbridge Investment Management LLP which is authorised and regulated by the Financial Conduct Authority (FRN: 713859). 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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