

Investment Review

In October, the China market erased early gains to end lower as signals from the Party Congress weakened risk appetite and Q3 earnings swayed sentiment amid sporadic outbreaks of COVID. The Hereford Funds – Bin Yuan Greater China Fund (share class L1) depreciated -7.68% for the month of October (net of fees) compared to a -13.52% return for the benchmark. Our stock selections in Information Technology sector contributed positive alpha, while Financials lagged. The portfolio had nil weight in Communication Services and Real Estate sectors, which contributed positively to the relative performance. For the month, the Fund outperformed the benchmark by 5.84%. In October, the positions that contributed the most to the portfolio's return were BEIJING KINGSO, KANGJI MEDICAL and JIANGSU HENGLI. The positions that contributed the least were FEN WINE FACTORY, CHINA MERCH BANK and INNER MONG YIL.

Manager's Commentary

The COVID management policy remains a key focus. Although there is still no clear timeline for the exit of the Zero COVID policy, we observed some positive signs of marginal easing. The country's Civil Aviation Administration (CAAC) announced a plan late in October to increase the number of international flights to 840 a week from October 30th to March 25th next year, a jump of 106% from the same period last year. The approval and introduction of a new type of vaccine in Shanghai for booster shots also fueled hopes of looser COVID rules in the future. The new inhaler vaccine is more convenient and is expected to guard against infection. Higher vaccination rates and stronger protection against the virus would bring us one step closer to an end of the pandemic.

The messages from the key Party Congress resonate with our portfolio positioning although some signals caused market disappointment. We expect:

1. The move to strengthen the public sector over the private sector in the resources driven sectors will continue and the top leadership believes that rebalancing wealth through the public sector is easier than through the private sector.
2. The Anti-corruption drive will continue.
3. The top leadership understands that reasonable economic growth is critical for security, social stability and common prosperity. The country needs to redistribute wealth to reduce the gap between rich and poor. The super-rich will not be celebrated. The sectors and businesses helping the lower income and broad population are in favor.
4. Innovation is encouraged to improve productivity and breakthrough technology bottlenecks along the value chain. Replacement of foreign products will be strongly supported. Small and mid-sized tech companies will be the largest beneficiaries.
5. New energy, digitalization, healthcare and mass market consumption should benefit.
6. The relationship with the US may not improve.

Takeaways from the Party Congress do not change our outlook for the portfolio which we feel is very well positioned for the medium term.

Our portfolio continued to deliver better earnings growth in Q3. All A share listed companies excluding financials saw revenue growth of -0.7/10.1% and earnings growth of -0.5/2.9% year on year in Q3/Q1-Q3, while our portfolio posted revenue growth of 19.8/22.1% and earnings growth of 21.3/19.0% year on year in Q3/Q1-Q3 (excluding one company with 300%+ growth so the actual growth would be higher).

Key Information

NAV (31/10/22) US\$ 121.17(L1)/114.96(L2)/84.23(AI)/75.02(AI EUR)/68.66(AI GBP)/87.03(BI)/131.82(CB)/86.84(DB A)/95.55(DB A NOK)/87.79(DI A)/139.88(CI)/71.29(CI GBP)/73.06(PB EUR)

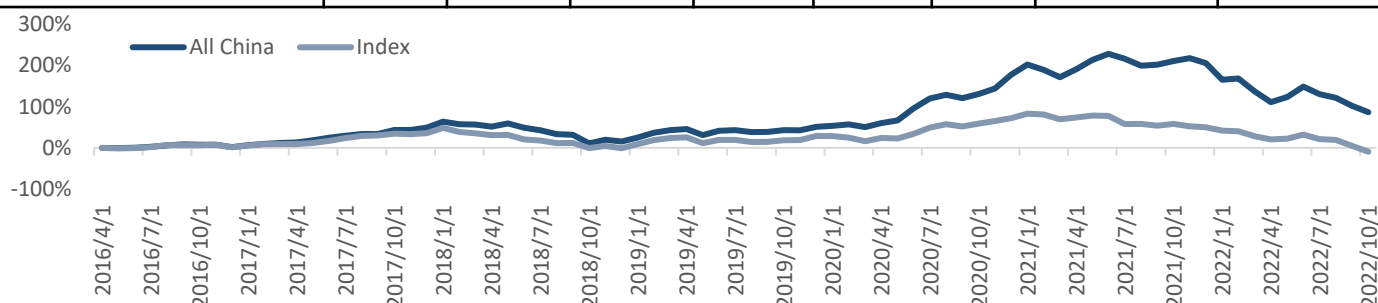
Strategy Assets US\$ 1,093 m^(a)

Total Fund Size US\$ 565.6 m

Fund Launch Date 16-Apr-18

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

	2022	2021	2020	2019	2018	2017	Cumulative	Annualized
Bin Yuan All China Strategy ^(b)	-38.91	10.02	83.51	30.60	-22.46	44.69	86.12	10.03
Index ^(c)	-39.45	-12.91	33.41	29.74	-26.64	33.37	-9.38	-1.48



Monthly Performance (%) data from FPS/Pictet

	2021			2022										
	Nov	Dec	2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	YTD
Bin Yuan GC Fund	2.27	-3.79	10.02	-13.24	1.23	-11.74	-10.84	5.76	11.25	-7.34	-3.75	-8.76	-7.68	-38.91
Index ^(c)	-3.70	-1.52	-12.91	-5.32	-1.23	-8.31	-6.27	1.82	7.82	-8.07	-1.61	-12.26	-13.52	-39.45

Risk and reward profile



Top Ten Holding					
1	IRAY TECHNOLOG-A	9.85%	2	NARI TECHNOLOG-A	4.29%
3	WUXI AUTOWELL -A	3.75%	4	KANGJI MEDICAL H	3.53%
5	CHAOZHOU THREE-A	3.51%	6	SHENZHEN MINDR-A	3.37%
7	SHANXI XINGHUA-A	3.35%	8	ECOVACS ROBOTI-A	3.30%
9	HUNAN BAILI EN-A	3.23%	10	CHINA MERCH BK-A	2.99%

Sectoral Breakdown ^(e)	% of Assets
Health Care	23
Information Technology	19
Industrials	15
Consumer Staples	14
Consumer Discretionary	10
Materials	7
Financials	3

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	20.32%	18.91%
Sharpe Ratio	0.53	-0.08
Information Ratio	1.20	
Tracking Error	10.29%	
Active Shares	91%	
Beta	0.99	

Market Breakdown	% of Assets
A Share (Connect + QFI)	79
Hong Kong	12



Valuation	Portfolio	Benchmark (excluding Financials)	Benchmark
Period	20221031	20221031	20221031
2023 PE (X)	21.6	23.3	10.4
2023 PB (X)	4.1	3.2	1.0
2023 Div. Yield (%)	1.3	1.8	2.9
2023 ROE (%)	19.1	13.7	9.8
Earning Growth (%) Forward 3 YR	22.5	8.9	8.1
2023 PEGY	0.9	2.2	1.0
FCF Yield	1.5	-1.4	1.6

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.

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. 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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