

Investment Review

The Hereford Funds – Bin Yuan Healthcare Fund (share class L1) appreciated 3 bps for the month of May (net of fees) compared to a -2.09% return for the benchmark. At the end of May, the Sub Fund was mainly invested in the Healthcare Equipment & Parts and Services sectors, with zero weight in the Pharmaceuticals sector.

For the month, the Fund outperformed the benchmark by 2.12%. In April, the positions that contributed the most to the portfolio's return were IRAY, YIFENG PHARMACY and JET BIOFILTRATION. The positions that contributed the least were WUXI APPTec, KANGJI MEDICAL and AUTOBIO DIAGNOSTICS.

Manager's Commentary

At the stock level, **iRay Technology** (688301.CH) outperformed in May after releasing a strong 22Q1 result. As one of the few X-ray detector companies, the company achieved fast business growth in new areas, such as in industrial and dentistry field. The company plans to further strengthen its advantages on its strong technology accumulation and cost leadership. We are confident that the company will continue to grow rapidly and access bigger market in the future.

WuXi AppTec (603259.CH) underperformed in May amid negative impacts of Shanghai lockdown and geopolitical reasons. There is only a drug discovery laboratory with few hundreds of researchers which only accounts for less than 5% of their R&D group in Shanghai. As the second largest Contract Development and Manufacturing Organization (CDMO) company in the world, we expect WuXi AppTec would continue helping its global clients improve the productivity of advancing healthcare products through cost-effective and efficient solutions.

China's stock market posted more up-trending momentum ending the past May. Sentiment was improving on hopes for returning of normalcy following better controlled virus, and more support from the government to back up the economy. We have very strong confidence that our holdings are the targets that benefit the most from the market recovery.

Different from other consumptions, the demand for medical care is very rigid, that will only be delayed and accumulated, but will not disappear. During the lockdown period in Shanghai, the number of surgery operations was less than 10% of usual. However, with the gradual release of the lockdown, the outpatient volume had recovered quickly to 80% in the first few days of June. As we checked, many large hospitals have been fully booked in the next two weeks. We expect that the sales of surgical consumables such as **Kangji** (9997.HK), **AK Medical** (1789.HK), will rise. Similar things happen in private hospitals like Aier Eye Hospital (300015.CH). Since patients are paying more attention to medical safety, recognition of specialized private hospitals is further improving.

With the restart of fixed asset investment, the 'healthcare infrastructure' will become one of the priorities. Equipment and parts suppliers along with the value chain including **Mindray** (300760.CH) and **iRay Technology** will be the beneficiaries.

Key Information

NAV (31/05/22)	US\$ 76.88(L1)	Strategy Assets	US\$ 17.0 m ^(a)
Total Fund Size	US\$ 17.0 m	Fund Launch Date	03-Dec-21

Monthly Performance (%) data from FPS/Pictet

	2021	2022												
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Bin Yuan HC Fund	1.24	-12.74	1.37	-5.34	-9.33	0.03								-24.06
Index ^(b)	-7.55	-14.76	-2.43	-5.72	-10.47	-2.09								-31.27

Risk and reward profile



Top Ten Holding					
1	Shenzhen Mindr-A	8.41%	2	Iray Technolog-A	8.39%
3	Kangji Medical H	7.23%	4	Wuxi Apptec Co-A	6.78%
5	Asymchem Labor-A	5.16%	6	Sino Biopharm	4.42%
7	Wuxi Biologics C	4.25%	8	New Industries Biomedical-A	3.57%
9	Suzhou Nanomic-A	3.35%	10	Autobio Diagno-A	3.24%

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.

Market Breakdown	% of Assets
A Share	65
Hong Kong (Discounted Dual Listing)	2
Hong Kong	19

Sectoral Breakdown	% of Assets
Healthcare Equipment & Parts	50
Services	29
Biotechnology	7

Valuation	Portfolio	Benchmark
Period	20220531	20220531
2022 PE (X)	25.6	37.2
2022 PB (X)	5.4	3.2
2022 Div. Yield (%)	0.9	0.9
2022 ROE (%)	21.2	8.6
Earning Growth (%) Forward 3 YR	24.9	30.7
2022 PEGY	1.0	1.2
FCF Yield	2.8	0.2

Annual Management Charge TERs as at end September 2021	
Share Class L1	0.50% NA
Share Class A	1.00% NA
Share Class P	0.50% with 10% Performance Fee NA

Minimum Investment	
Share Class L1	\$100,000 Minimum initial subscription & holding
Share Class A	\$100,000 Minimum initial subscription & holding
Share Class P	\$100,000 Minimum initial subscription & holding

Fund Codes	
Share Class	L1
Bloomberg	HEFYHUA LX
TK	
ISIN	LU2413982427
Lipper ID	
Sedol	BLBHZ45

Footnote:

- (a) This refers to the total assets invested in the reference strategy managed by the Investment Manager.
 (b) MSCI China Health Care Index (Bloomberg Ticker MXCNOHC Index).

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	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

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

Disclaimer:

- This document should be read as a marketing communication.
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