

## Investment Review

Hereford Funds – 360 ONE Focused India Fund ("Fund") registered a growth of 3.9% in USD terms in the month of April, against 4.4% growth reported by MSCI India IMI Index in USD terms. At the end of April, the Sub-Fund was primarily invested in the financials, consumer discretionary, industrials, information technology, materials and healthcare sectors, amongst others.

### Manager's Commentary (in INR terms)

## Indian Equity Markets: Month Gone by

In April, the MSCI India IMI Index closed higher and recorded monthly gains of 3.9% in INR terms. The S&P BSE Mid-cap and Small-cap indices performed even better than the benchmarks, achieving gains of 5.9% and 7.3% respectively throughout the month. Amongst sectoral indices, Real Estate, Auto, PSU and Industrials were among the top performers, with monthly gains of 14.8%, 7.4%, 7.2% and 7%, respectively. However, the IT sector underperformed with index, down by 3.4% MoM due to ongoing banking sector stability concerns in the US and forecasts of a global growth slowdown.

FPIs were net buyers in Indian equities for the second consecutive month, purchasing \$1.4 bn, while DII investment was muted at \$0.3 bn. Despite concerns around another regional bank collapse in the US, Indian equities remained insulated, bolstered by the RBI's decision to pause policy rate hikes.

In April 2023 policy, the RBI opted to maintain the policy repo rate at 6.5%, citing a desire to observe the impact of past rate hikes on inflation. However, the Governor emphasized that this was merely a pause, not a change in direction, and that it was critical to remain vigilant regarding upward inflation risks. The released minutes of the RBI MPC during the month were in agreement, with members noting the near-term risks to inflation (unseasonal rainfall and weak monsoon) and the need to monitor the impact of cumulative policy measures taken thus far. In March 2023, India's CPI fell within the target range, declining from 6.4% in Feb 2023 to 5.7% YoY. Furthermore, the March WPI in India fell to 1.34% YoY, largely due to deflation in manufactured goods. This reduction in manufacturing product inflation bodes well for India's core CPI in the coming months.

India's growth indicators released in the past month have been positive. The Manufacturing PMI for April 2023 was 57.2, up from 56.4 in March 2023, with strong figures for output, new orders, and employment. India's PMIs continue to outperform those of other major global economies. Additionally, credit growth remains robust at 15.9% YoY as of April 7th, driven by the strong performance of the retail and services sectors. In April, GST collections hit an all-time high of INR 1.9 trillion, driven by robust underlying economic momentum and the end-of-the-financial-year effect. E-way bill generations in March 2023 were also at an all-time high of 91 million. In contrast, global data has shown softness, with manufacturing PMIs contracting in the US, China, Europe, and Japan.

Other key developments in the month:

- (1) OPEC+ announced surprise cuts in oil production,
- (2) Skymet expects the upcoming monsoon to be 'below normal', whereas IMD expects normal monsoon,
- (3) IMF lowered India's FY2024 GDP growth projection to 5.9% from 6.1%.

## Outlook

The Indian markets might remain volatile in the short term due to heightened global risks on growth and financial stability. Despite continued stability concerns in the US banking system, we do not expect significant spill-over into the Indian banking sector. This is largely due to the fact that Indian banks are well-capitalized, with GNPA ratios at multiyear lows and robust provision coverage. Additionally, Indian banks have diversified retail deposits, and the impact of yield increases on banks' long-duration portfolios has been modest. Overall, Indian banking stocks are trading at attractive valuations, and their assets are expected to grow in double digits with low credit costs, albeit with some normalization of margins as deposit rates catch up to the increase in yield on assets.

The recent upheaval in the US banking industry implies a potential restriction in credit availability, indicating that the Federal Reserve's cycle of increasing interest rates may be coming to an end sooner than expected. If the Fed were to pause its rate hike cycle, it could have a favorable impact on emerging market equities, particularly in India. However, failure to raise the US debt ceiling in time remains a risk to global equities. If the US Treasury fails to pay its debt obligations, it could lead to a massive risk-off environment, resulting in large FPI outflows from emerging markets.

Given the current environment, we believe that a bottom-up investment approach is the most suitable. Over the medium term, the fundamental outlook of the economy appears attractive as the investment cycle is in the early stages of recovery. Regarding sectors, we have a positive view on domestically inclined sectors compared to export-oriented sectors. Domestic cyclical, such as Financials, Autos, and Industrials, are well-positioned in the current environment. Our long-term view on the economic cycle remains bullish, led by a pickup in private sector capex, the government's commitment to infrastructure spending, opportunities arising from the shift of global supply chains, and a rebound in the housing cycle. Moreover, low corporate and housing leverage, coupled with a robust banking sector, are likely to act as catalyst for economic growth in the medium to long term.

Source: 360 ONE Asset Management Ltd.

## Investment Objective

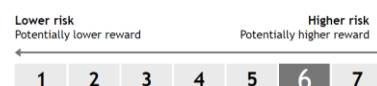
The Fund seeks to provide long-term capital growth, measured in USD, primarily through investment in equities and equity-linked securities of Indian companies or companies deriving a significant portion of their business from India.

The investment philosophy of the fund is centred around buying growing businesses, with above average return on capital, backed by managements with a track record of good governance and valued at a reasonable risk/reward ratio.

## Key Information

<b>Launch Date</b>	30 September 2022
<b>Fund Assets (AUM as of 30-Apr-2023)</b>	USD 15.26 mn
<b>Strategy Assets <sup>(a)</sup></b>	USD 1.88 bn
<b>Number of Securities</b>	30
<b>Benchmark</b>	MSCI India IMI Index USD (Ticker: MIMUINDN Index)
<b>Dividend Policy</b>	Accumulation
<b>Domicile</b>	Luxembourg
<b>Fund Structure</b>	UCITS V
<b>Dealing</b>	Daily
<b>Cut-off for Subscriptions and Redemptions</b>	4 p.m. (CET), 1 Luxembourg bank business day prior to the relevant Valuation Day
<b>Valuation Day</b>	Bank business day in Luxembourg and India and on which the Indian Stock Exchanges are open for trading
<b>Settlement Day</b>	<b>Subscriptions:</b> within 2 Luxembourg bank business day following the relevant Valuation Day <b>Redemptions:</b> within 5 Luxembourg bank business days following the relevant Valuation Day
<b>Country and Tax Registrations</b>	Please refer to website: <a href="https://herefordfunds.com/library/country-registrations">https://herefordfunds.com/library/country-registrations</a>

## Risk Profile



### Monthly performance %

	NAV per share*	2022				2023													ITD **
		Oct	Nov	Dec	2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	
<b>360 ONE Focused India Fund (Class L1)</b>	103.89	2.2	3.7	-4.6	<b>1.1</b>	0.2	-2.5	1.2	3.9									2.7	<b>3.9</b>
<b>MSCI India IMI Index</b>	-	1.9	4.7	-5.2	<b>1.2</b>	-2.5	-4.2	0.8	4.4									-1.8	<b>-0.6</b>

NAV and Returns are in USD. Benchmark returns are shown only for comparison purposes. Past performance may or may not be sustained in future. \*As on 30 Apr 2023 \*\* Inception till date (ITD) returns from 30 Sept 2022.

### Periodic Performance % (including Reference Strategy) <sup>(b)</sup>

	1 month	3 months	6 months	1 year	3 years	Annualized (Since 1 Sept 2018)
<b>Fund (incl. Reference Strategy)</b>	3.9	2.5	1.7	0.4	19.9	10.4
<b>MSCI India IMI Index</b>	4.4	0.8	-2.5	-6.8	19.6	6.0

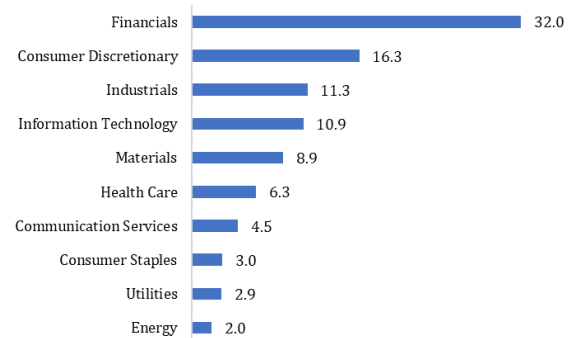
### Growth of USD 100 since 1 September 2018 <sup>(c)</sup>



### Top 10 Holdings

Securities	GICS Sector	% of AUM
ICICI Bank	Financials	9.7%
HDFC Bank	Financials	9.6%
Infosys	Information Technology	5.9%
Axis Bank	Financials	5.7%
Larsen & Toubro	Industrials	5.1%
Bharti Airtel	Communication Services	4.5%
Tata Motors	Consumer Discretionary	4.2%
State Bank of India	Financials	3.4%
Data Pattern	Industrials	3.2%
Sona BLW Precision Forgings	Consumer Discretionary	3.1%

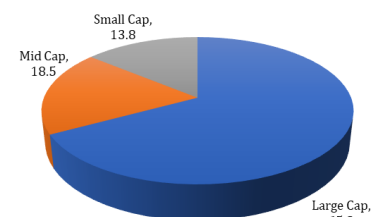
### Sector Weighting %



### Fund Statistics <sup>(d)</sup>

Ratios	Fund	Benchmark
P/E	18.6	21.2
P/B	3.3	3.1
ROE	18.0%	14.8%
EPS Growth (FY22-24E)	19.1%	11.1%

### Market Capitalization %



#### Important notes:

- (a) Total assets managed by the Investment Manager under its diversified public equity strategy across various funds and segregated mandates.
- (b) Table depicts the combined performance of UCITS and Reference Strategy (360 ONE Focused Equity Fund). The Reference Strategy was launched by the Investment Manager on 30 Oct 2014, but the current investment management team started managing it from 1 Sept 2018 onwards. Hence, the table depicts the performance of Reference Strategy from 1 Sept 2018 till the UCITS launch on 30 Sept 2022. Thereafter, actual returns of UCITS Share Class L1 are included. Performance of Reference Strategy is simulated by adjusting its estimated gross returns with a modeled fee of 0.75% p.a., expenses of 0.25% p.a. & estimated capital gains tax deductions of 12.94% for period greater than 1 year. UCITS follows a similar strategy to the Reference Strategy except for the investment restrictions followed as per Indian and Luxembourg regulations. The performance of Reference Strategy and the UCITS are strictly not comparable. The Reference Strategy may or may not be available for investments in certain jurisdictions. This document shall not be construed as solicitation of investments in the Reference Strategy.
- (c) The growth chart depicts the performance of Reference Strategy (gross of taxes) against MSCI India IMI Index from 1 September 2018 till the fund launch date 30 September 2022 and the actual net performance of Share Class L1 from 30 September 2022 onwards.
- (d) Source: Bloomberg estimates. P/E, P/B and ROE are based on FY24 estimates. P/E = price to earnings ratio. P/B = price to book ratio and ROE = return on equity.
- (e) Market capitalization categories have been defined using classification given by Association of Mutual Funds in India (AMFI). The consolidated list of stocks in terms of full market capitalization is as per the list uploaded by AMFI, as per SEBI circulars dated 6 October 2017 and 4 December 2017. Large Cap Companies: 1st -100th company in terms of full market capitalization. Mid Cap Companies: 101st -250th company in terms of full market capitalization. Small Cap Companies : 251st company onwards in terms of full market capitalization.

### Key Fund Terms and Fees

Share Class <sup>(f)</sup>	ISIN	Bloomberg Ticker	Valoren / Telekurs	Available Currencies	Minimum Investment Amount (USD)	Minimum Subsequent Investment (USD)	Minimum Holding Amount (USD)	Total Expense Ratio <sup>(g)</sup> (Estimated)
L1 USD	LU2444714633	L1USDLX LX	116644540	USD, EUR, GBP	100,000	10,000	100,000	0.50%
L2 USD	LU2444715010	HFIFL2U LX	116644644	USD, EUR, GBP	100,000	10,000	100,000	0.75%
AI USD	LU2444713585			USD, EUR, GBP	100,000	10,000	100,000	1.25%
BI USD	LU2444715366			USD, EUR, GBP	5,000,000	100,000	5,000,000	1.00%

(f) Share Class L1 and L2 are launch share classes and available to investors only till the fund size reaches USD 25 million and USD 50 million, respectively. Please refer to the fund's prospectus for full details which is available at <https://herefordfunds.com/library/investment-prospectus>

(g) TER is estimated as of 30 April 2023.

### Service Providers

Management Company	Investment Manager <sup>(h)</sup>	Central Administration	Custodian	Legal Advisor	Auditor
FundPartner Solutions (Europe) S.A.	360 ONE Asset Management Ltd	FundPartner Solutions (Europe) S.A.	Pictet & Cie (Europe) S.A.	Elvinger Hoss Prussen	Deloitte Audit S.à r.l.
15, Avenue John F Kennedy, L-1855 Luxembourg	360 ONE Centre, 7th Floor, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai 400013, India	15, Avenue John F Kennedy, L-1855 Luxembourg	15A, Avenue John F Kennedy, L-1855 Luxembourg	2, Place Winston Churchill, L-1340 Luxembourg	20, boulevard de Kockelscheuer, L-1821 Luxembourg

(h) 360 ONE Asset Management Ltd is managing the assets of Hereford Funds – 360 ONE Focused India Fund under its SEBI Portfolio Manager license no. INP000004565.

### Contact Information

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#### Website:

[www.herefordfunds.com](http://www.herefordfunds.com)

#### Paying Agent information:

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FundPartner Solutions (EUROPE) S.A.  
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<https://assetservices.group.pictet/fund-library-facilities-investors>

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FE Fundinfo  
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<http://www.fe-fundinfo.com>

### Performance Disclosure for Reference Strategy

Scheme/ Benchmark	30-Apr-22 to 30-Apr-23	PTP (\$)	30-Apr-20 to 30-Apr-23	PTP (\$)	30-Apr-18 to 30-Apr-23	PTP (\$)	Since Inception	PTP (\$)
360 ONE Focused Equity Fund - Reg - Growth	1.9%	10,187	22.5%	18,383	11.0%	16,851	10.5%	23,325
360 ONE Focused Equity Fund - Dir - Growth	2.9%	10,292	23.9%	19,008	12.4%	17,954	11.8%	25,874
Benchmark <sup>^</sup>	-2.7%	9,735	21.9%	18,122	6.9%	13,954	8.1%	19,379
Additional Benchmark <sup>&amp;</sup>	1.3%	10,132	19.8%	17,213	8.5%	15,013	7.6%	18,605

Past performance may or may not be sustained in future. Different plans shall have different expense structure. As on 30 April 2023; Point to Point (PTP) returns in \$ is based on standard investment of \$10,000; Since Inception date is 30 October 2014; <sup>^</sup>S&P BSE 500 TRI; &S&P BSE Sensex TRI; Managed by the fund manager since 11 November 2019. The performance of the scheme is benchmarked to the Total Return variant of the Index. The performance is provided for illustration purposes only.

### Risk-o-meter for Reference Strategy



Investors understand that their principal will be at Very High Risk

THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING:

- Capital appreciation over long term;
- Investment predominantly in equity and equity related instruments.

Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

### Disclaimers

- 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 Indian Companies. Hence, the risk/reward profile of the Sub-Fund 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/176b100ab205a6eaf82b0250138f889675b903>

- No warranty is given, in whole or in part, regarding performance of the Fund. There is no guarantee that its investment objectives will be achieved. Potential investors shall be aware that the value of investments can fall as well as rise and that they may not get back the full amount invested. Past performance is no guide to future performance. Future Performance is subject to taxation which depends on the personal situation of each investor and which may change in the future. Returns may increase or decrease as a result of currency fluctuations. The information provided in this document may be subject to change without any warning or prior notice and should be read in conjunction with the most recent publication of the prospectus of the Fund. Whilst great care is taken to ensure that information contained herein is accurate, no responsibility can be accepted for any errors, mistakes or omission or for future returns. This document is intended for the use of the addressee or recipient only and may not be reproduced, redistributed, passed on or published, in whole or in part, for any purpose, without the prior written consent of HEREFORD FUNDS. Neither the CSSF nor any other regulator has approved this document.
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