

Investment Review

Hereford Funds – 360 ONE Focused India Fund (“Fund”) registered -0.2% returns in USD terms in the month of August, against -0.5% reported by MSCI India IMI Index in USD terms. At the end of August, the Sub-Fund was primarily invested in the financials, industrials, consumer discretionary, information technology, materials and consumer staples, amongst other sectors.

Manager’s Commentary (in INR terms)

Indian Equity Markets: August 2023

India’s benchmark equity indices corrected from the peak in July due to global risk-off sentiment following Fitch’s US sovereign rating downgrade. Weak global economic data, the hawkish stance of central banks, and stretched Indian equity valuations also contributed.

Both the NSE Nifty 50 and BSE Sensex registered monthly corrections of 2.5%, respectively, in INR terms. FPIs flows slowed down during August 2023 on weak global risk sentiment. FPIs purchased Indian equities worth US\$ 1.5 billion in August 2023, down from an average of US\$ 5.6 billion over the past three months. Domestic Institutional Investors (DIIs) bought US\$ 3 billion during the month.

The S&P BSE Mid-cap and Small-cap indices outperformed the benchmarks, with monthly gains of 2.6% and 6.1% respectively. Among the sector indices, industrials, consumer durables, IT and Teck were the top performers, recording monthly gains of 4.7%, 4.2%, 4.1%, and 2.7% respectively. Bankex and FMCG underperformed with monthly losses of 4.0% and 2.7% respectively.

At the August 2023 meeting, RBI’s Monetary Policy Committee (MPC) decided to maintain the repo rate at 6.5% and retained their policy stance. RBI revised the inflation trajectory substantially upwards and projected an average inflation of 5.4% YoY in FY24. However, the MPC decided to overlook the inflationary surge caused by the vegetables price shock, given its likely short-term nature. RBI MPC minutes also reiterated transient nature of the recent food price surge but expressed caution on inflation becoming more generalized. Additionally, the RBI also introduced the Incremental Cash Reserve Ratio (I-CRR) to drain surplus banking system liquidity.

In July 2023, India’s CPI inflation shot up to 7.44% YoY, driven by a surge in food inflation. Erratic weather conditions, including a delayed monsoon and uneven distribution of rainfall, have resulted in higher food prices. The ‘food and beverages’ inflation surged to 10.6% YoY in July 2023, up from 4.7% YoY in the previous month. Vegetable prices, especially for tomatoes, have experienced a sharp increase over the last two months. Additionally, cereals, pulses, spices, and fruits have also witnessed a substantial increase in prices in July. However, core inflation declined to 5.0% YoY in July 2023 from 5.2% YoY in June.

India Q1 FY24 GDP accelerated to 7.8% YoY, up from 6.1% YoY in the previous quarter. The growth was largely propelled by a strong expansion in ‘Financial services, real estate and professional services’. ‘Trade, hotels, transport, and communication’ also registered healthy growth while the manufacturing sector growth remained comparatively subdued. Private consumption recovered in Q1 FY24, while government consumption contracted on weak revenue expenditure. Investment growth remained robust, possibly on account of the front loading of government capital expenditure. However, there was a significant negative impact from external trade due to shrinking exports.

High frequency economic activity indicators released during the month showed steady momentum in economic activity. India manufacturing PMI rose to a three-month high of 58.6 in August 2023. Eight core industries posted strong growth of 8% YoY in July 2023. Retail sales growth (based on RAI business survey) rose to 9% YoY in July from 7% YoY in the previous two months. Retail credit growth (adjusted for the merger of a non-bank with a bank) remained robust at 18.4% YoY in July 2023. GST collections in August 2023 also grew at a healthy pace of 11% YoY.

Outlook

Currently, the BSE Sensex is trading at a price-to-book ratio of approximately 3.5x - representing a 13% premium compared to its 20 year historic average. Strong macroeconomic conditions like the stable current account, healthy corporate balance sheets, resilient banking sector and fiscal consolidation partly alleviate concerns about the premium valuations, offering a measure of comfort. Looking at the medium term perspective, the fundamental outlook seems reasonable as corporate earnings are projected to grow at a compound annual growth rate (CAGR) of 15-17%, accompanied by an improving returns on equity (RoE).

We advocate a bottom up investment approach given the current economic landscape. Over the medium term, the economy’s fundamental outlook remains appealing. There are clear signs of recovery as evident in robust revenue growth, order bookings, and cash flows of industrial companies. Additionally, Indian banks continue to remain in a favourable position. Credit growth has been picking up, while margins are normalizing from peak levels. Overall, we expect banks to deliver strong performance over the medium term.

Another sector that is experiencing strong traction is the auto and auto ancillaries’ industry. The electric vehicle (EV) segment is expected to provide a significant boost to this sector in the coming years. Companies within this sector that are leading in the development of EV capabilities are likely to do better than their peers.

In a broader sense, our outlook leans more favourably towards inward looking sectors that rely on domestic factors, as opposed to outward looking sectors contingent upon global influences.

Source: 360 ONE Asset Management Ltd.

Investment Objective

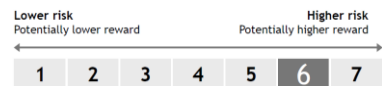
The Fund seeks to provide long-term capital growth, measured in USD, primarily through investment in equities and equity-linked securities of Indian companies or companies deriving a significant portion of their business from India.

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

Launch Date	30 September 2022
Fund Assets (AUM as of 31-Aug-2023)	USD 44.5 mn
Strategy Assets ^(a)	USD 2.25 bn
Number of Securities	31
Benchmark	MSCI India IMI Index USD (Ticker: MIMUINDN Index)
Dividend Policy	Accumulation
Domicile	Luxembourg
Fund Structure	UCITS V
Dealing	Daily
Cut-off for Subscriptions and Redemptions	4 p.m. (CET), 1 Luxembourg bank business day prior to the relevant Valuation Day
Valuation Day	Bank business day in Luxembourg and India and on which the Indian Stock Exchanges are open for trading
Settlement Day	Subscriptions: within 2 Luxembourg bank business day following the relevant Valuation Day Redemptions: within 5 Luxembourg bank business days following the relevant Valuation Day
Country and Tax Registrations	Please refer to website: https://herefordfunds.com/library/country-registrations

Risk Profile



Monthly performance %

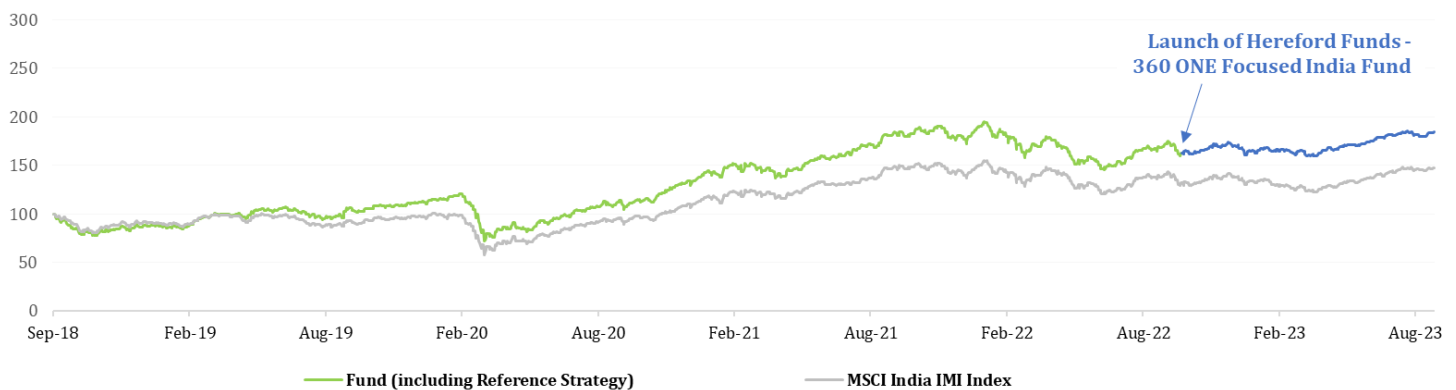
	NAV per share*	2022					2023												ITD **	
		Oct	Nov	Dec	2022	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD		
360 ONE Focused India Fund (Class L1)	113.21	2.2	3.7	-4.6	1.1	0.2	-2.5	1.2	3.9	1.9	5.2	1.8	-0.2						11.9	13.2
MSCI India IMI Index	-	1.9	4.7	-5.2	1.2	-2.5	-4.2	0.8	4.4	3.2	5.3	3.7	-0.5						10.1	11.4

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 31 August 2023 ** Inception till date (ITD) returns from 30 Sept 2022.

Periodic Performance % (including Reference Strategy) ^(b)

	1 month	3 months	6 months	1 year	3 years	Annualized (Since 1 Sept 2018)
Fund (incl. Reference Strategy)	-0.2	6.9	14.6	8.6	19.1	13.0
MSCI India IMI Index	-0.5	8.6	17.9	5.0	16.8	8.1

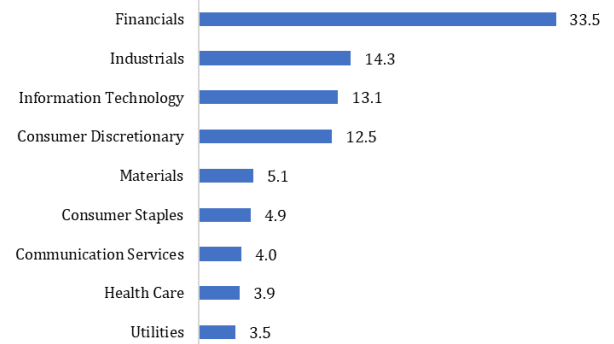
Growth of USD 100 since 1 September 2018 ^(c)



Top 10 Holdings

Securities	GICS Sector	% of AUM
HDFC Bank	Financials	8.4
ICICI Bank	Financials	8.3
Axis Bank	Financials	5.8
Infosys	Information Technology	5.4
Larsen & Toubro	Industrials	4.8
Tata Motors	Consumer Discretionary	4.6
Bharti Airtel	Communication Services	4.0
NTPC	Utilities	3.5
Cyient	Information Technology	3.3
Sona BLW Precision Forgings	Consumer Discretionary	3.1

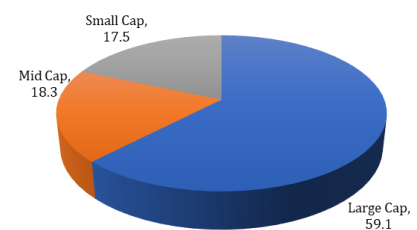
Sector Weighting %



Fund Statistics ^(d)

Ratios	Fund	Benchmark
P/E	19.1	19.9
P/B	3.3	3.0
ROE	17.4%	15.3%
EPS Growth (FY23-25E)	20.9%	20.0%

Market Capitalization % ^(e)



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 (gross of taxes) is simulated by adjusting its estimated gross returns with a modeled fee of 0.75% p.a. and expenses of 0.25% p.a. 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.

Portfolio Attribution (%)					
Top 5 Performers	Port. Average Weight	Bench. Average Weight	Port. Total Return	Bench. Total Return	Total Effect
Suzlon Energy Ltd	1.09	0.14	25.16	28.71	0.46
Data Patterns (India) Ltd	2.55	0.04	15.92	15.92	0.37
Cyient Ltd	3.31	0.12	10.88	10.88	0.33
Motherson Sumi Wiring India Ltd	2.90	0.10	6.51	6.51	0.19
Sumitomo Chemical India Ltd.	2.06	0.04	6.02	6.02	0.13
Top 5 Detractors	Port. Average Weight	Bench. Average Weight	Port. Total Return	Bench. Total Return	Total Effect
Cummins India Ltd	2.54	0.24	-13.79	-13.79	-0.37
Tata Motors Ltd	4.82	0.98	-7.33	-7.33	-0.27
HDFC Bank Ltd	8.69	4.30	-5.45	-5.45	-0.22
CMS Info Systems Ltd.	2.17	0.02	-8.90	-8.90	-0.20
State Bank of India	2.89	0.99	-10.08	-10.08	-0.19

Source: FactSet. Data for the month of August 2023.

Performers :

Suzlon Energy Ltd. (Suzlon) is engaged in the manufacture and sale of wind turbine generators, wind power systems and related components. It is a leading wind turbine player in India with historical market share of 33%. It has 20GW of operational wind power capacity globally and is well ahead of its competitors. Other business lines include the sale of land, sale of forging components, sale of power, and infrastructure development. It also offers project services including land sourcing and permits, wind resource assessment, installation and commission services and maintenance services. Suzlon primarily operates in India, Europe, USA, China, and Australia.

Data Patterns is a private sector defense player with strong capabilities in Radar and Electronic warfare. The company has engaged with key players like HAL and Tata to source large opportunities for its products. With a strong order book and government policies supporting domestic procurement and exports, Data Patterns is well positioned for growth in the near to medium term. The company has experienced an uptick in order inflows due to the government's push to source locally, resulting in a doubling of its order backlog. Data Patterns has a competency model for delivering end-to-end, customized electronic sub-systems, which allows for better margins and profitability. Data Patterns aims to shift its focus from being a sub-system player to a complete system/product vendor, seeking system contracts directly from the Ministry of Defense (MoD). This may require tie ups with other players and a sacrifice on profitability over the medium term, but it is necessary to scale up the business in the defense sector. The company is also exploring larger opportunities in the export market and has expanded its manufacturing facility to support this growth.

Cyient provides global services in engineering, manufacturing, and operations across industries. It aims for USD \$1 billion revenues by FY25, focusing on cost optimization for improved EBIT margins. Cyient plans to spin off its low margin DLM business in six months, enhancing its ER&D sector. Acquisitions in automotive and healthcare, and recent additions in energy transition, plant engineering, and communications, enhance its offerings. Leadership changes and operational improvements support Cyient's growth and profitability goals.

Motherson Sumi Wiring India Limited is dedicated to localizing components for low volume high value programs, with a particular focus on electric vehicles. Their goal is to reduce import content and increase the involvement of the Sumitomo group to accelerate research and development initiatives. Motherson Sumi aims to lower manpower costs, expand capacity, and achieve improved margins and returns on equity through revenue growth and strategic capital investments. Motherson Sumi, with its commitment to progress and innovative approaches, is well positioned to build revenues within the automotive industry.

Sumitomo Chemical is a company that focuses on creating demand for its products rather than relying on selling through traditional channels. The company's inventory is relatively low compared to the channel inventory due to its philosophy. They have plans to launch multiple new products in the domestic market and ramp up exports through generic and combination products. Sumitomo aims to maintain strong growth by focusing on dealer management, offering necessary credit periods, and closely monitoring collection cycles. Additionally, the company has a strategic focus on the launch of specialty products and is positive about its growth outlook in the exports market.

Detractors :

Cummins is a global manufacturing company that specializes in manufacturing engines and power generation systems. They operate in both domestic and international markets, serving sectors like infrastructure, healthcare, and data centres. Despite facing supply chain challenges, Cummins remains optimistic about short to medium term demand. They focus on innovation, including green hydrogen and fuel cells, to improve their product offerings. Cummins also provides aftermarket services, particularly for medium and high horsepower engines. As they adapt to new emission standards, they anticipate changes in revenue but aim to maintain their market share. Overall, Cummins is a well-respected industry leader known for its technology and customer approval ratings.

Tata Motors, an automobile manufacturer known for its focus on strategic execution. They aim to achieve double digit EBITDA margins in the domestic commercial vehicles segment by FY24. To accomplish this, Tata Motors is placing a strong emphasis on customer value, and aim to capture a significant market share. Tata Motors has set their sights on surpassing 1 million cars in the domestic passenger vehicles segment by FY28-30, with 40-50% EVs. To gain a competitive edge in the electric vehicle market, Tata Motors is diversifying their product offerings and establishing a cost-effective supply chain, particularly for battery production. The company's strategy for JLR is to focus on high-end luxury models and gradually transition to pure electric vehicles. JLR aims to achieve an EBIT margin target of 10% through a combination of mix optimization, pricing, cost reduction, and vertical integration.

HDFC Bank is a leading financial institution in India. It is known for its strong presence in retail banking and provides a wide range of financial services to individuals and businesses. The bank focuses on customer centric digital solutions and has a significant number of branches across the country. HDFC Bank has a robust credit and risk management system in place and has been investing in technology to enhance its digital capabilities. It has a diversified loan portfolio, including housing loans, personal loans, and business loans. The bank has a strong emphasis on maintaining a high quality loan book and has implemented rigorous underwriting and credit assessment processes. HDFC Bank has a strong capital base and has consistently delivered healthy financial performance. Overall, HDFC Bank is well-positioned in the Indian banking industry and has a reputation for its strong financials, customer-centric approach, and commitment to technological innovation.

CMS Info Systems provides comprehensive cash management services, excels in ATM management, retail cash management, branch automation, and document management solutions. CMS Info Systems ensures continuous cash availability, regulatory compliance, and optimal ATM maintenance. By driving growth and enhancing profitability for their clients in the banking and financial sector, CMS Info Systems has become a trusted partner in the industry.

State Bank of India (SBI) is one of India's largest public sector banks, serving millions of customers across the country. They offer a wide range of banking services, including retail and corporate banking, SME lending, international banking, and digital banking. SBI has a strong presence in urban and rural areas, with a focus on providing financial services to underserved communities. The bank aims for sustainable growth and profitability while maintaining a robust capital base. SBI is known for its user-friendly digital banking platform, Yono, enabling customers to access various banking services through a single app.

Key Fund Terms and Fees

Share Class ^(f)	ISIN	Bloomberg Ticker	Valoren / Telekurs	Available Currencies	Minimum Investment Amount (USD)	Minimum Subsequent Investment (USD)	Minimum Holding Amount (USD)	Total Expense Ratio ^(g) (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 31 August 2023.

Service Providers

Management Company	Investment Manager ^(h)	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.

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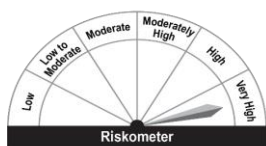
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 Email: pfcs.lux@pictet.com
<https://assetervices.group.pictet/fund-library-facilities-investors>

- UK - Facilities agent**
 FE Fundinfo
 Email: fa_gfr@fefundinfo.com
<http://www.fe-fundinfo.com>

Performance Disclosure for Reference Strategy

Scheme/ Benchmark	31-Aug-22 to 31-Aug-23	PTP (\$)	31-Aug-20 to 31-Aug-23	PTP (\$)	31-Aug-18 to 31-Aug-23	PTP (\$)	Since Inception	PTP (\$)
360 ONE Focused Equity Fund - Reg - Growth	13.5%	11,345	20.0%	17,276	12.8%	18,298	11.5%	26,092
360 ONE Focused Equity Fund - Dir - Growth	14.6%	11,461	21.3%	17,843	14.2%	19,460	12.8%	29,043
Benchmark [^]	6.9%	10,687	18.6%	16,668	9.1%	15,490	9.0%	21,417
Additional Benchmark ^{&}	5.9%	10,591	15.7%	15,477	8.9%	15,281	8.0%	19,692

Past performance may or may not be sustained in future. Different plans shall have different expense structure. As on 31 August 2023; Point to Point (PTP) returns in \$ is based on standard investment of \$10,000; Since Inception date is 30 October 2014; [^]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/176b100ab205a6e6aef82b0250138f889675b903>
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