360 ONE Focused India Fund

SFDR status: Article 6

30 November 2023

Investment Review

Hereford Funds – 360 ONE Focused India Fund ("Fund") registered a return of 6.8% in USD terms in the month of November, against 7.2% reported by MSCI India IMI Index in USD terms. At the end of November, the Sub-Fund was primarily invested in the financials, industrials, consumer discretionary, information technology, materials and communication services, amongst other sectors.

Manager's Commentary (in INR terms)

Indian Equity Markets: November 2023

In November 2023, India's benchmark equity indices—NSE Nifty 50 and BSE Sensex—registered monthly INR gains of 5.5% and 4.9%, respectively, bolstered by the reversal in FPI outflows, favourable earnings season, decrease in oil prices, and robust economic growth. Additionally, the markets received support from the decrease in the US 10-year yield, and growing expectations of the conclusion of the Fed rate hike cycle.

Foreign Portfolio Investors (FPIs) turned net buyers in November 2023 after two consecutive months of selling, reporting inflows of US$ 1 bn. Domestic Institutional Investors (DIIs) made purchases amounting to US$ 1.7 bn during the month. The market rally was broad-based, with the S&P BSE Mid-cap and Small-cap indices outperforming benchmarks, registering monthly gains of 9.6% and 9.4%, respectively. Among the sector indices, Real Estate performed exceptionally well with a monthly gain of 18.4%. Oil & Gas, Healthcare, Power, Auto and PSU also registered double-digit growth in the month. FMCG and Bankex comparatively underperformed with monthly gains of 3.5% and 3.8% respectively.

In the first week of December 2023, equity markets reached a record high following the victory of the Bharatiya Janata Party (BJP) in the key states of Rajasthan, Madhya Pradesh, and Chhattisgarh. The outcomes of the state elections increase the likelihood of the incumbent government's re-election in the 2024 Lok Sabha elections. The results were positive for the market, as they indicated policy continuity at the Centre.

In Q2 FY24, India's GDP growth posted a robust expansion of 7.6% YoY. The growth was primarily driven by a strong manufacturing sector, as a fall in raw material costs led to an improvement in operating margins. Construction sector growth was robust as indicated by healthy steel consumption and cement production. However, the agriculture sector witnessed sluggish growth on account of poor kharif production. Financial services and Trade also witnessed a slowdown in growth in Q2.

Private consumption underwhelmed in Q2 after staging a recovery in Q1. However, government consumption recovered, driven by an improvement in central government revenue expenditure. Investment growth remained robust, on account of the strong government capital expenditure and recovery in private capex. Contribution from external trade (exports – imports) was less negative in Q2.

High-frequency economic activity indicators continue to reflect steady momentum in economic activity. Retail credit growth remains robust at 18% YoY in Oct'23 (adjusted for bank and non-bank merger). Consumer confidence continues to improve across both rural and urban regions. Auto registration during the 42-day festive period (which starts on the 1st day of Navratri and ends 15 days post-Dhanteras) posted healthy growth of 19% YoY. India's manufacturing PMI rose to 56 in November 2023 from October's 8-month low of 55.5.

In October 2023, India's Consumer Price Index (CPI) inflation eased to 4.87% YoY, primarily due to a steady decline in core inflation. Core inflation decreased to 4.25% YoY in Oct'23 from 4.56% YoY in the previous month. Fuel remains in deflation for the second consecutive month on account of the reduction in LPG prices in September 2023.

In November 2023, the RBI announced a series of regulatory measures aimed at curbing credit to high-growth consumer credit segments, anticipating potential stress in the banking system. These measures primarily focused on increasing risk weights for specific consumer credit products and bank credit to NBFCs. The announced measures will result in higher capital requirements for banks and NBFCs, potentially moderating the growth of personal loans, increasing funding costs for NBFCs, and could also have an impact on consumption.

Outlook

The BSE Sensex is trading at a price-to-book ratio of approximately 3.45x, this represents an 11% premium compared to its 20-year historic average. Favourable macroeconomic conditions, such as a stable current account, robust corporate balance sheets, a resilient banking sector, and fiscal consolidation, provide comfort on long-term growth prospects. 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 return on equity (RoE). The mid and small cap segments have been rallying over the past few months leading to stretched valuations. As a result, we have been taking a cautious approach towards this segment and focusing on the large cap segment.

We advocate for a bottom-up investment approach given the current economic landscape. Over the medium term, the economy's fundamental outlook remains appealing. Investment cycle continues to ramp up as evident in robust revenue growth, order bookings, and cash flows of industrial companies.

We maintain a positive outlook on the banking sector due to healthy credit growth and low-stress levels. However, the increase in term deposit rates and the declining CASA ratio are raising the cost of deposits for banks, leading to normalisation in net interest margins from the peak levels. Additionally, regulatory measures announced by the RBI to limit unsecured personal loans will require higher capital requirements. This may also slowdown growth in this segment. Nevertheless, the banking sector is sufficiently capitalized to meet these requirements.

Another space that is experiencing strong traction is the Indian power sector. India has been experiencing significant growth in power demand due to industrialization, urbanization, and a rising population. Peak power shortages have resurfaced in the system, reaching 4% in FY23, marking a departure from the country's previous trend of a secular decline in peak power shortages—from 12% in FY02 to 0.4% in FY21. Power demand has remained in the high single digits to early double digits over the last 24 months.

Several interesting developments are unfolding in the power market. A conscious slowdown in adding fresh thermal capacity over the last few years, coupled with ambitious targets in renewable energy, is adding to the challenges. The Power Minister has significantly increased the target for coal-based thermal power plants from 40 GW in the pipeline to 80 GW recently. Overall, Indian companies in the power utilities and equipment segments are poised to benefit from the strong capacity addition across thermal and renewables.

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.

Key Information :

NAV (as of 30 Nov 2023)	USD 118.55 (Share Class L1)	**Strategy Assets [(a)]**	USD 2.26 billion
Total Fund Size	USD 50.5 million	**Fund Lauch date**	30 September 2022

Monthly performance %

	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)	2.2	3.7	-4.6	**1.1**	0.2	-2.5	1.2	3.9	1.9	5.2	1.8	-0.2	1.7	-3.6	6.8		**17.2**	**15.7**
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	1.5	-2.9	7.2		**16.2**	**14.9**

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

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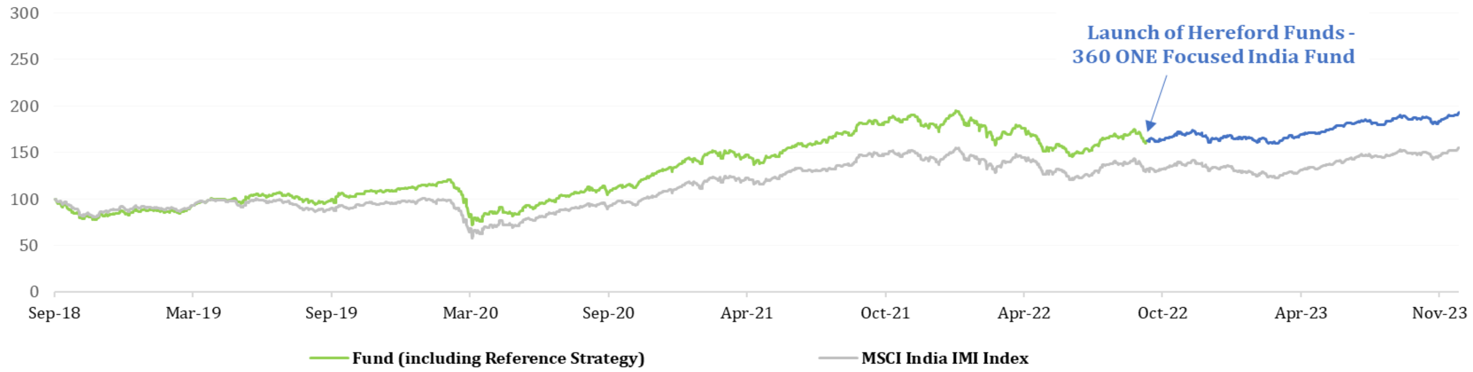
Periodic Performance % (including Reference Strategy) (b)

	1 month	3 months	6 months	1 year	3 years	Annualized (Since 1 Sept 2018)
Fund (incl. Reference Strategy)	6.8	4.7	12.0	11.9	15.0	13.4
MSCI India IMI Index	7.2	5.6	14.7	10.2	14.8	8.8

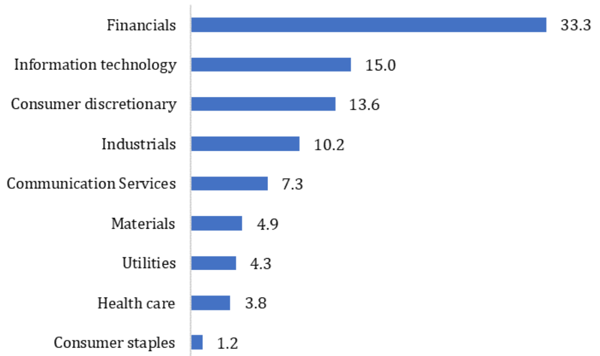
Growth of USD 100 since 1 September 2018 (c)



Top 10 Holdings

Securities	GICS Sector	% of AUM
HDFC Bank	Financials	7.8
ICICI Bank	Financials	7.7
Axis Bank	Financials	6.1
Tata Motors	Consumer Discretionary	5.8
Infosys	Information Technology	5.7
Larsen & Toubro	Industrials	5.1
NTPC	Utilities	4.3
Bharti Airtel	Communication Services	4.2
Motherson Sumi Wiring India	Consumer Discretionary	3.6
Cholamandalam Investment and Finance Co.	Financials	3.3

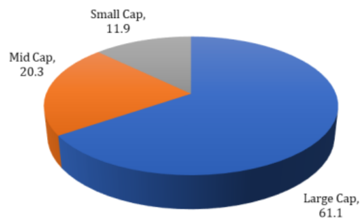
Sector Weighting %



Fund Statistics (d)

Ratios	Fund	Benchmark
P/E	18.6	21.0
P/B	3.3	3.3
ROE	17.6%	15.7%
EPS Growth (FY23-25E)	27.6%	19.9%

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.

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.

Risk Profile

Lower risk
Potentially lower reward

Higher risk
Potentially higher reward

1	2	3	4	5	**6**	7

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Portfolio Attribution (%)

Top 5 Performers	Port. Average Weight	Bench. Average Weight	Port. Total Return	Bench. Total Return	Total Effect
Suzlon Energy	3.07	0.26	32.95	32.95	0.85
Cyient	3.06	0.13	22.52	22.52	0.41
Astra Microwave Products	2.47	--	23.69	--	0.38
Tata Motors	5.68	1.01	12.19	12.19	0.23
NTPC	4.18	0.98	11.70	11.70	0.14
Top 5 Detractors	**Port. Average Weight**	**Bench. Average Weight**	**Port. Total Return**	**Bench. Total Return**	**Total Effect**
Cholamandalam Investment and Finance Co.	3.45	0.43	-1.90	-1.90	-0.29
ICICI Bank	7.93	4.40	1.98	1.98	-0.19
Motherson Sumi Wiring India	3.38	0.10	2.59	2.59	-0.15
State Bank of India	2.84	0.93	-0.30	-0.30	-0.15
Aditya Birla Capital	1.14	--	-2.74	--	-0.12

Source: FactSet. Data for the month of November 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 domestic player 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 sale of land, sale of forging components, sale of power, and infrastructure development. It also offers project services including land sourcing and permitting, wind resource assessment, installation and commission services and maintenance services. Suzlon primarily operates in India, Europe, USA, China, and Australia.

Cyient provides global services in engineering, manufacturing, and operations across industries. It aims for USD1 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. Acquiring 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.

Astra Microwave Products is a prominent company in radar subsystems and system integration. It collaborates closely with DRDO and partners with companies like Rafael, Israel, on projects such as SDR. Astra operates in Hyderabad, focusing on various manufacturing units and has a Bengaluru unit for radar system design. They excel in radar systems, missile electronics, electronic warfare, and space tech. Astra aims to lead in air-borne radar systems, with a strong order backlog and INR 8,000 Cr potential orders in the next five years, making it a significant player in the defense sector.

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 aiming 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% being electric vehicles. 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 move away from German car companies and get closer to brands like Porsche. This involves focusing on high-end luxury models and gradually transitioning 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.

The National Thermal Power Corporation Limited (NTPC) is a major Indian power generation company. It's known for producing thermal, renewable, and hydroelectric power. NTPC's subsidiary, NGEL (NTPC Green Energy Limited), aims to achieve 60 GW of renewable energy capacity by FY32. Leveraging its cost advantage, NTPC plans to expand its power generation across various modes. It's also venturing into green hydrogen and chemicals. To ensure coal supply, NTPC established a separate coal mining entity. NTPC's management believes market coupling and the increase in participation of other exchanges are crucial for the growth of the energy market, and the company is a shareholder in PXIL (Power Exchange India Limited).

Detractors :

Cholamandalam Investment and Finance Company Limited (CIFC) is a financial institution that provides a range of financial services, including consumer loans, small business loans, secured business and personal loans, SME financing, and affordable housing loans. The company has a deep geographical penetration and decades of experience in these sectors, gained through its vehicle finance business. CIFC places a significant focus on collections and underwriting, with an emphasis on building a strong collections culture in all of its divisions. The company has a deeply ingrained CIFC culture and often hires experienced professionals from successful competitors to ensure the right team is in place. CIFC also has partnerships with various fintech companies to enhance its lending capabilities. Overall, CIFC aims to scale up its new businesses rapidly and expects them to contribute around 15% of its overall portfolio in the near future.

ICICI Bank, a leading private sector bank in India, serves a strong customer base of approximately 70 million individuals with a wide range of banking services. Focused on sustaining growth in corporate and retail segments, the bank has seen positive results with sequential disbursements holding up well and no major loan growth challenges. Confident in their business outlook, the bank offers competitive pricing in the corporate segment and can pass on lending rates in retail and other segments. Technology is viewed as a growth and revenue enabler in the medium term.

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, stands prepared for ongoing achievements within the automotive 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.

Aditya Birla Capital is a financial services company based in India. It operates in various areas of the financial sector, including lending, non-banking financial services, housing finance, and life insurance. The company focuses on various loan segments, including personal, consumer, SME, and corporate loans. It sources a significant portion of its loans through digital partnerships and has a physical presence in the markets it operates in. Aditya Birla Capital also has a focus on affordable and prime housing finance, as well as developer finance.

HF Hereford Funds

asset 360 ONE

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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)	Management Fees	Total Expense Ratio (g) (Estimated)
AI USD	LU2444715366			USD, EUR, GBP	100,000	10,000	100,000	1.00%	1.25%
BI USD	LU2444715796			USD, EUR, GBP	5,000,000	100,000	5,000,000	0.75%	1.00%

(f) 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 November 2023.

Fund Details

Dividend Policy	Accumulation	**Cut-off for Subscriptions / Redemptions**	4 p.m. (CET), 1 Luxembourg bank business day prior to the relevant Valuation Day
Domicile	Luxembourg	**Valuation Day**	Bank business day in Luxembourg and India and on which the Indian Stock Exchanges are open for trading
Fund Structure	UCITS V	**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
Dealing	Daily	**Country and Tax Registrations**	Please refer to website: https://herefordfunds.com/library/country-registrations

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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  https://assetservices.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	30-Nov-22 to 30-Nov-23	PTP ($)	30-Nov-20 to 30-Nov-23	PTP ($)	30-Nov-18 to 30-Nov-23	PTP ($)	Since Inception	PTP ($)
360 ONE Focused Equity Fund - Reg - Growth	15.5%	11,554	16.0%	15,592	17.2%	22,153	11.7%	27,441
360 ONE Focused Equity Fund - Dir - Growth	16.7%	11,670	17.3%	16,144	18.7%	23,528	13.1%	30,619
Benchmark^	10.8%	11,077	15.6%	15,446	11.9%	17,529	9.4%	22,575
Additional Benchmark&	5.0%	10,505	11.8%	13,972	10.4%	16,391	8.1%	20,239

Past performance may or may not be sustained in future. Different plans shall have different expense structure. As on 30 November 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

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
- 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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