

Investment Review

Hereford Funds – 360 ONE Focused India Fund (“Fund”) registered a negative return of 3.6% in USD terms in the month of October, against -2.9% reported by MSCI India IMI Index in USD terms. At the end of October, 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: October 2023

In October 2023, India’s benchmark equity indices experienced a correction due to several global factors: a ‘higher for longer’ monetary policy stance, surging bond yields worldwide, escalating geopolitical tensions, a strengthening US dollar, and elevated energy prices. All these factors contributed to capital outflows from emerging markets, including India. NSE Nifty 50 and BSE Sensex registered monthly loss of 2.8% and 3.0%, respectively, in INR terms. Foreign Portfolio Investors (FPIs) remained net sellers with outflows totalling US\$ 2.9 billion. Domestic Institutional Investors (DIIs), however, bought US\$ 3.0 bn during the month.

The S&P BSE Mid-cap index also performed poorly, registering a monthly loss of 3.4%, while the S&P BSE Small-Cap index showed relatively more resilience, posting a monthly loss of only 1.7%. Among the sector indices, only Real Estate performed well this month posting monthly gains of 3.7%. While Power, Healthcare, Metals, and Utilities were the top losers, with monthly loss of 4.9%, 4.3%, 4.2%, and 4.0%, respectively.

In October 2023 meeting, RBI’s Monetary Policy Committee (MPC) decided to hold the repo rate at 6.5% and retained its policy stance. The RBI retained its inflation forecast for FY24 at 5.4% YoY, with slight adjustments to the quarterly forecasts. The near-term outlook for inflation is expected to improve due to corrections in vegetable prices and recent reductions in LPG prices.

The RBI also maintained its projection for FY24 real GDP growth at 6.5% YoY. It expects domestic demand conditions to benefit from sustained buoyancy in services, a revival in rural demand, consumer and business optimism, government investment in capital expenditure, and the healthy financial positions of banks and corporations. However, the growth outlook faces headwinds from global factors such as geopolitical tensions, volatile financial markets and energy prices, and climate shocks.

In September 2023, India’s Consumer Price Index (CPI) inflation eased to 5.0% YoY due to a correction in food inflation. The sharp decline in fuel inflation, driven by the reduction in LPG prices, also contributed to the fall in headline inflation. Core inflation fell to 4.6% YoY in September 2023 from 4.8% in the previous month.

In the RBI’s most recent enterprise surveys, manufacturing firms have shown optimism regarding demand conditions in Q3FY24. While the services sector companies were less optimistic in Q3 compared to the previous round, infrastructure sector companies remain positive about the overall business situation.

The seasonally adjusted capacity utilization in manufacturing sector increased to 75.4% in Q1FY24, up from 74.1% in the previous quarter. This rise in manufacturing capacity utilization suggests a potential need for additional capacity to meet the growing domestic demand in the economy.

High-frequency economic activity indicators continue to reflect steady momentum in economic activity. Bank credit growth remains robust at 15% YoY in Oct’23 (adjusted for bank and non-bank merger). Retail sales growth, as reported RAI Business Survey, remained steady at 9% YoY throughout Q2. Consumer confidence remains upbeat as the festive season progresses. According to a report by market research firm Redseer Strategy Consultants, E-commerce companies registered around 19% increase in gross sales to almost INR 470 trillion (~USD 5.7 trillion) in the first week of the online festive sales.

Outlook

The BSE Sensex is trading at a price-to-book ratio of approximately 3.29x, this represents a 6% 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).

We advocate for 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 space that is experiencing strong traction is the renewable industry. Share of overall renewable in the overall power capacity mix to substantially increase by 2030 with both wind and solar co-existing. India is looking to auction of 50GW of renewables per year in next five years. Of this, it has directed to do 10GW of bids for wind-specific renewables while the balance 40GW is likely to be solar, solar-wind hybrid, round-the-clock renewable energy power, etc. The underlying policy changes have increased the overall visibility of growth and cashflows for the companies that can address this opportunity.

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 31 Oct 2023)	USD 111.05 (Share Class L1)	Strategy Assets ^(a)	USD 2.25 billion
Total Fund Size	USD 46.9 million	Fund Launch 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			9.8	10.1
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			8.5	9.0

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.

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)	-3.6	-2.1	6.9	8.7	17.2	12.2
MSCI India IMI Index	-2.9	-1.9	10.4	7.7	15.5	7.5

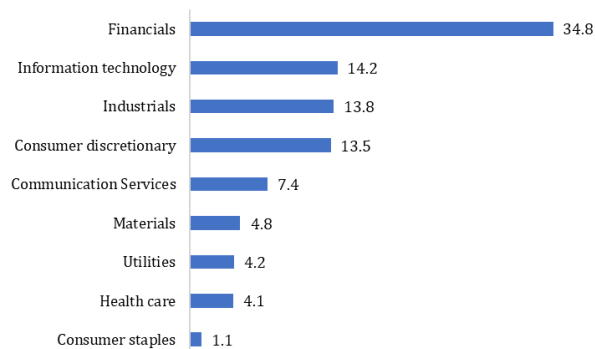
Growth of USD 100 since 1 September 2018 ^(c)



Top 10 Holdings

Securities	GICS Sector	% of AUM
ICICI Bank	Financials	8.2
HDFC Bank	Financials	8.1
Axis Bank	Financials	6.1
Infosys	Information Technology	5.9
Tata Motors	Consumer Discretionary	5.6
Larsen & Toubro	Industrials	5.2
Bharti Airtel	Communication Services	4.5
NTPC	Utilities	4.2
Cholamandalam Investment and Finance Co.	Financials	3.6
Motherson Sumi Wiring India	Consumer Discretionary	3.4

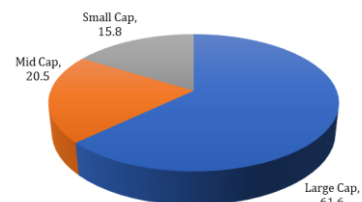
Sector Weighting %



Fund Statistics ^(d)

Ratios	Fund	Benchmark
P/E	17.6	20.1
P/B	3.1	3.1
ROE	17.6%	15.6%
EPS Growth (FY23-25E)	23.3%	18.8%

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



Portfolio Attribution (%)

Top 5 Performers	Port. Average Weight	Bench. Average Weight	Port. Total Return	Bench. Total Return	Total Effect
Suzlon Energy Ltd	3.08	0.20	18.29	18.29	0.55
Astra Microwave Products Ltd.	2.28	--	8.52	--	0.25
CMS Info Systems Ltd.	2.03	0.03	6.83	6.83	0.19
Tata Motors Limited	5.45	0.98	-0.51	-0.51	0.10
Max Healthcare Institute Ltd	1.60	0.41	0.85	0.85	0.04
Top 5 Detractors	Port. Average Weight	Bench. Average Weight	Port. Total Return	Bench. Total Return	Total Effect
Aavas Financiers Ltd.	2.31	0.07	-19.27	-19.27	-0.38
Sumitomo Chemical India Ltd.	2.29	0.04	-11.87	-11.87	-0.22
Indus Towers Limited	2.69	--	-10.30	--	-0.21
Motherson Sumi Wiring India Ltd	3.30	0.10	-7.23	-7.23	-0.14
Sona BLW Precision Forgings Ltd.	2.78	0.21	-7.42	-7.42	-0.12

Source: FactSet. Data for the month of October 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.

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.

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.

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.

Max Healthcare Institute is a leading healthcare provider in India that offers a comprehensive range of medical services across various specialties. The company operates a network of hospitals and diagnostic centers, providing high-quality healthcare to patients. Max Healthcare is known for its focus on clinical excellence, patient-centric care, and technological advancements in healthcare. The company aims to expand its presence and enhance its services through strategic brownfield expansions, mergers, and acquisitions. With a strong emphasis on improving payer mix, increasing occupancy rates, and scaling up international business, Max Healthcare Institute is positioning itself for continued growth and success in the healthcare industry.

Detractors :

Aavas Financiers is a financial institution that focuses on providing housing loans to low and middle-income individuals in India. They have recently implemented a new bank-like tech platform for their loan origination system (LOS), loan management system (LMS), and enterprise resource planning (ERP) processes. The company's foundation in people, processes, and technology, along with a favorable macroeconomic environment, supports growth and profitability. They're improving the treasury management system and digitizing loan files for efficiency. Aavas is expanding digital sourcing and exploring new customer segments. They are shifting to repo-linked borrowing and have a balanced loan portfolio, including MSME business loans, with a focus on efficient processes.

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.

Indus Towers is a leading telecommunications infrastructure company in India. The company focuses on providing tower infrastructure to mobile network operators to enhance network coverage and capacity. Indus Towers aims to increase its market share by adding 6,000 towers per quarter and prioritize cost-efficiency measures to control rentals and energy costs. Additionally, Indus Towers places a strong emphasis on Environmental, Social, and Governance (ESG) factors in all its operations. The company is working towards reducing its carbon footprint by decreasing diesel consumption and exploring alternative energy sources such as battery power storage and solar sites. Indus Towers also aims to convert indoor sites to outdoor sites, which will significantly reduce energy consumption. With a high retention rate and strong customer loyalty, Indus Towers is positioned for growth as it continues to invest in tower expansion. Overall, Indus Towers is focused on sustainable growth and profitability while considering the needs of its investors and the environment.

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.

Sona BLW Precision Forgings has undergone a significant transformation, evolving from a Maruti supplier to a global leader in precision forgings. They have established themselves as a key player in the electric vehicle (EV) market, capitalizing on partnerships with renowned customers such as Tesla. With a strong focus on sustained growth, Sona BLW aims to achieve revenue of \$1-1.5 billion while reducing customer concentration and enhancing engineering-oriented products, particularly in motors and sensors.

360 ONE Focused India Fund

SFDR status: Article 6

31 October 2023

Key Fund Terms and Fees

Share Class ^(a)	ISIN	Bloomberg Ticker	Valoren / Telekurs	Available Currencies	Minimum Investment Amount (USD)	Minimum Subsequent Investment (USD)	Minimum Holding Amount (USD)	Management Fees	Total Expense Ratio ^(a) (Estimated)
L1 USD	LU2444714633	L1USDLX LX	116644540	USD, EUR, GBP	100,000	10,000	100,000	0.25%	0.50%
L2 USD	LU2444715010	HFIFL2U LX	116644644	USD, EUR, GBP	100,000	10,000	100,000	0.50%	0.75%
AB USD	LU2444714393			USD, EUR, GBP	100,000	10,000	100,000	1.00%	1.25%
BB USD	LU2444715796			USD, EUR, GBP	5,000,000	100,000	5,000,000	0.75%	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 October 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 ^(b)	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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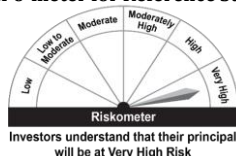
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Performance Disclosure for Reference Strategy

Scheme/ Benchmark	31-Oct-22 to 31-Oct-23	PTP (\$)	31-Oct-20 to 31- Oct-23	PTP (\$)	31-Oct-18 to 31- Oct-23	PTP (\$)	Since Inception	PTP (\$)
360 ONE Focused Equity Fund - Reg - Growth	12.1%	11,206	17.9%	16,404	17.2%	22,085	11.0%	25,501
360 ONE Focused Equity Fund - Dir - Growth	13.2%	11,320	19.2%	16,933	18.6%	23,466	12.3%	28,432
Benchmark^	9.0%	10,901	17.4%	16,169	12.6%	18,136	8.7%	21,123
Additional Benchmark*	5.9%	10,594	14.2%	14,875	11.8%	17,488	7.6%	19,315

Past performance may or may not be sustained in future. Different plans shall have different expense structure. As on 31 October 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

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- 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 a 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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