

Investment Review

Hereford Funds - IIFL Focused India Fund ("Fund") registered a growth of 1.2% in USD terms in the month of March, against 0.8% growth reported by MSCI India IMI Index in USD terms. At the end of March, the Sub-Fund was primarily invested in the financials, consumer discretionary, information technology, industrials, materials and healthcare sectors, amongst others.

Manager's Commentary (in INR terms)
Indian Equity Markets: Month Gone by

Indian equity markets ended flat in the month of March'23, with MSCI India IMI Index registering monthly gains of ~0.13% in INR terms. Uncertainties fuelled by the turmoil in European and US banks, persisting inflation and continuing geopolitical tensions kept the stock markets on the edge. FPIs bought \$0.97 bn worth of Indian equities while DIIs bought \$3.7 bn in-line with the previous month's trend for DIIs. The indices down the capitalization curve underperformed the key benchmark indices. S&P BSE Mid-cap index and S&P BSE Small cap index registered monthly losses of ~0.4% & ~1.4% respectively. Amongst sectoral indices Utilities, Power and FMCG were among the top performers registering monthly gains of 10%, 9.4% and 2% respectively while Auto, IT and Real Estate were among the bottom three performers registering monthly losses of 3.3%, 3.1% and 1.6% respectively.

Other key developments in the month:

- (1) BJP with its allies won the assembly elections in Meghalaya, Nagaland and Tripura,
- (2) GQG Partners invested INR 154 bn in Adani Group companies,
- (3) global banking has been in turmoil following a series of bank collapses in Europe and the US,
- (4) most central banks increased interest rates in March—the Federal Reserve raised interest rates another 25 bps to 4.75%-5%, the highest level since September 2007, and
- (5) Lok Sabha passed finance bill with key amendments.

The Manufacturing PMI rose in the month of March'23, the rate of expansion in March was sharp and the quickest in three months. March'23 PMI came in at 56.4 as against 55.3 in February'23. India's manufacturing sector expanded at three-month high in March driven by resilience in demand, growth in factory orders and easing input cost pressure. Meanwhile, the gross GST revenue collected in March'23 was up ~13%YoY and stood at INR 1.6 trillion to second highest ever. This is the 13th straight month in a row that the total GST collections have crossed INR 1.4 trillion mark and hence are likely to provide more headroom on the fiscal front. For full 2022-23 fiscal year, gross GST collections grew ~22% to INR 18.1 trillion. The average gross monthly collection for the full year is INR 1.51 trillion. Along with normalisation in economic activities and the impact of high inflation that have boosted collections, the government has also made various efforts to increase the tax base and improve compliance.

Outlook

Indian equity market is likely to remain volatile in the short term due to heightened uncertainty around global macro factors. Despite the recent negative developments for banks in Europe and the US, we do not anticipate any significant impact on Indian banks. While the recent crisis in some of the US regional banks has persuaded the Fed to taper its hawkish stance, the central bank may continue to prioritise controlling inflation in the medium term. While this has impacted sentiments in the Indian market, we do not see any major concern. Indian banks have much diversified retail deposits and yield increase in their long duration portfolio has been modest. Overall, Indian banking stocks are trading at attractive valuations while their assets are set to grow in double digits with low credit costs albeit with some normalization of margins. Nonetheless, the narrowing interest rate differential between the US and India, which has fallen to 17-year low, may be a concern in the short term. RBI would need to adopt a slightly more hawkish approach to keep up with the Fed and reduce the extent of depreciation in rupee.

In the current environment, we believe that a bottom-up investment approach is the most suitable. Over the medium term, the fundamental outlook seems attractive as the investment cycle is in the early stages of recovery. In terms of sectors, we have a positive view on domestic-facing sectors compared to global-facing sectors. Domestic cyclicals such as Financials, Autos, and Industrials are well placed in the current environment. Our long-term view on economic cycle remains positive led by pick up in private sector capex, government's resolve on infrastructure spending, opportunities arising from shift of global supply chains, and a rebound in housing cycle. Also, low corporate and housing leverage coupled with strong banking sector are likely to augur well for economic growth in the medium to long term.

Source: IIFL Asset Management Ltd.

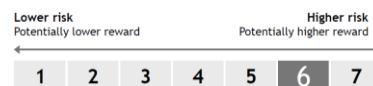
Investment Objective

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-Mar-2023)	USD 12.80 mn
Strategy Assets ^(a)	USD 1.86 bn
Number of Securities	30
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	
IIFL Focused India Fund (Class L1)	99.96	2.2	3.7	-4.6	1.1	0.2	-2.5	1.2											-1.2	0.0
MSCI India IMI Index	-	1.9	4.7	-5.2	1.2	-2.5	-4.2	0.8											-5.9	-4.8

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 Mar 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)
Reference Strategy	1.2	-1.2	0.0	-4.6	24.3	10.2
MSCI India IMI Index	0.8	-5.9	-4.8	-12.0	23.8	5.2

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

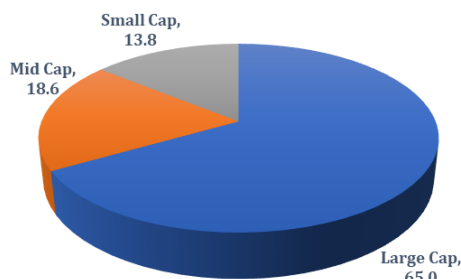


Details of Fund Portfolio

Fund Statistics ^(d)		
Ratios	Fund	Benchmark
P/E	18.0	20.1
P/B	3.2	3.0
ROE	18.0%	15.2%
EPS Growth (FY22-24E)	24.1%	15.9%

Top 10 Holdings		
Security	GICS Sector	% of AUM
ICICI Bank	Financials	9.3%
HDFC Bank	Financials	9.1%
Infosys	Information Technology	7.0%
Axis Bank	Financials	5.4%
Larsen & Toubro	Industrials	4.8%
Bharti Airtel	Communication Services	4.3%
State Bank of India	Financials	3.3%
Tata Motors	Consumer Discretionary	3.3%
Cummins India	Industrials	3.2%
NTPC	Utilities	3.2%

Market Capitalization ^(e)



Important notes:

(a) This refers to the total assets invested in the IIFL Focused Equity Fund (Reference Strategy), other funds and segregated mandates managed by the Investment Manager under its diversified public equity strategy.

(b) The table depicts the performance of Reference Strategy from 1 September 2018 to the fund launch on 30 September 2022. The Reference Strategy was launched by the Investment Manager on 30 October 2014, but the current investment management team started managing it from 1 September 2018 onwards. Post the fund launch on 30 September 2022, the actual returns of Share Class L1 are used. The fund 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 Fund 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. Performance of the 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. and estimated capital gains tax deductions of 12.94%.

(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 ^(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 March 2023.

Service Providers

Management Company	Investment Manager ^(h)	Central Administration	Custodian	Legal Advisor	Auditor
FundPartner Solutions (Europe) S.A.	IIFL 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	IIFL 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) IIFL Asset Management Ltd is managing the assets of Hereford Funds – IIFL Focused India Fund under its SEBI Portfolio Manager license no. INP000004565.

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Performance Disclosure for Reference Strategy

Scheme/ Benchmark	31-Mar-22 to 31-Mar-23	PTP (\$)	31-Mar-20 to 31-Mar-23	PTP (\$)	31-Mar-18 to 31-Mar-23	PTP (\$)	Since Inception	PTP (\$)
IIFL Focused Equity Fund - Reg - Growth	-5.6%	9,442	26.5%	20,248	11.3%	17,074	10.0%	22,391
IIFL Focused Equity Fund - Dir - Growth	-4.6%	9,541	27.9%	20,944	12.7%	18,166	11.4%	24,823
Benchmark [^]	-8.6%	9,136	25.7%	19,842	6.7%	13,805	7.5%	18,446
Additional Benchmark ^{&}	-5.9%	9,408	23.8%	18,985	8.5%	15,005	7.1%	17,872

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

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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 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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