

DSM US Large Cap Growth Sub-Fund Class B - April 2023

Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund appreciated 0.48% for the month of April compared to a 0.99% return for the Russell 1000 Growth Index and a 1.56% return for the S&P 500 both including dividends. At the end of April, the Sub-Fund was invested in the technology, financials, health care, consumer discretionary, communication services, industrials, materials and consumer staples sectors.

For the month, the Sub-Fund trailed the benchmark by approximately 51bps. This was primarily the result of the Manager's selections in information technology. The Manager's selections in financials and overweight of the sector versus the benchmark benefited performance, as did the Manager's selections and underweight in consumer discretionary. In April, the positions that contributed the most to the portfolio's return were Microsoft, Alphabet, Fiserv, Visa and Mastercard. The positions that contributed the least in the month were Autodesk, EPAM Systems, SolarEdge Technologies, Arista Networks and Entegris.

Manager's Commentary

One factor which contributed to the Sub-Fund's underperformance in April was not owning Apple. After appreciating 27% in the first quarter and adding 303 basis points (bps) to the Russell 1000 Growth Index, Apple was up another 3% in April adding 37 bps to the Index's return for the month. The Manager believes Apple is a quality company, however, with modest projected mid-single digit revenue growth leading to high single digit net income growth and a projected 9% to 12% EPS growth rate (due to share repurchase), they believe Apple's valuation of roughly 26x estimated 2024 earnings is too high. Another significant contributor to the Index's performance in the first quarter was Tesla, a name also not held by the Sub-Fund. Although Tesla appreciated 68% in the first quarter, it was down 21% in April detracting 58 bps from the Index's return. While Tesla is now profitable, the Manager believes its P/E is also much too high in the face of ever-increasing competition from many strong manufacturers launching high quality electric vehicles around the world.

DSM continues to believe there are many companies with stretched valuations as a result of the artificially low interest rates set by central banks over the decade following the financial crisis of 2008-2010. In the Manager's view quite a number of seemingly mundane consumer staples, food and beverage businesses, for example, remain overpriced, perhaps significantly. It will likely take several years for the valuations of many such companies across various sectors and geographies to normalize, and they believe these equities are at risk of decline regardless of whether interest rates move higher or remain stable over the coming year.

Increasingly it appears inflation may be moderating, but it is quite uncertain as to how rapidly inflation can decline to or near the 2% target of both the US Federal Reserve and the ECB. It remains the Manager's view that the path of inflation over the coming year is the critical variable driving markets. They believe that the market's rise since the end of September was coincident with the decline in inflation. Going forward, as confidence in a lower inflation outcome increases, the Manager believes valuations may further expand and the market may well continue its move higher.

In the US and EU, wage inflation is the critical variable investors are monitoring to discern the direction of inflation. In the US, wage growth has likely peaked, even in the face of continued low unemployment, as average hourly earnings recorded their lowest annualized increase in March since June 2021. In the EU, while energy prices, freight rates and supply pressures point to softening inflation, strong wage growth in the UK and higher Eurozone labor costs reaffirms worry about persistent inflation pressure following recent strong core inflation measures. While many observers are concerned about a recession as a result of the inverted yield curve and tightening bank lending standards, at this point modest economic growth is continuing, within the backdrop of a healthy consumer, steady jobs and higher wages. With the Fed possibly done raising rates by June, and the ECB's hiking process continuing into July or August, as it started hiking with a lag compared to the Fed, the Manager believes it is possible that both American and EU inflation might decline below 4% by year end.

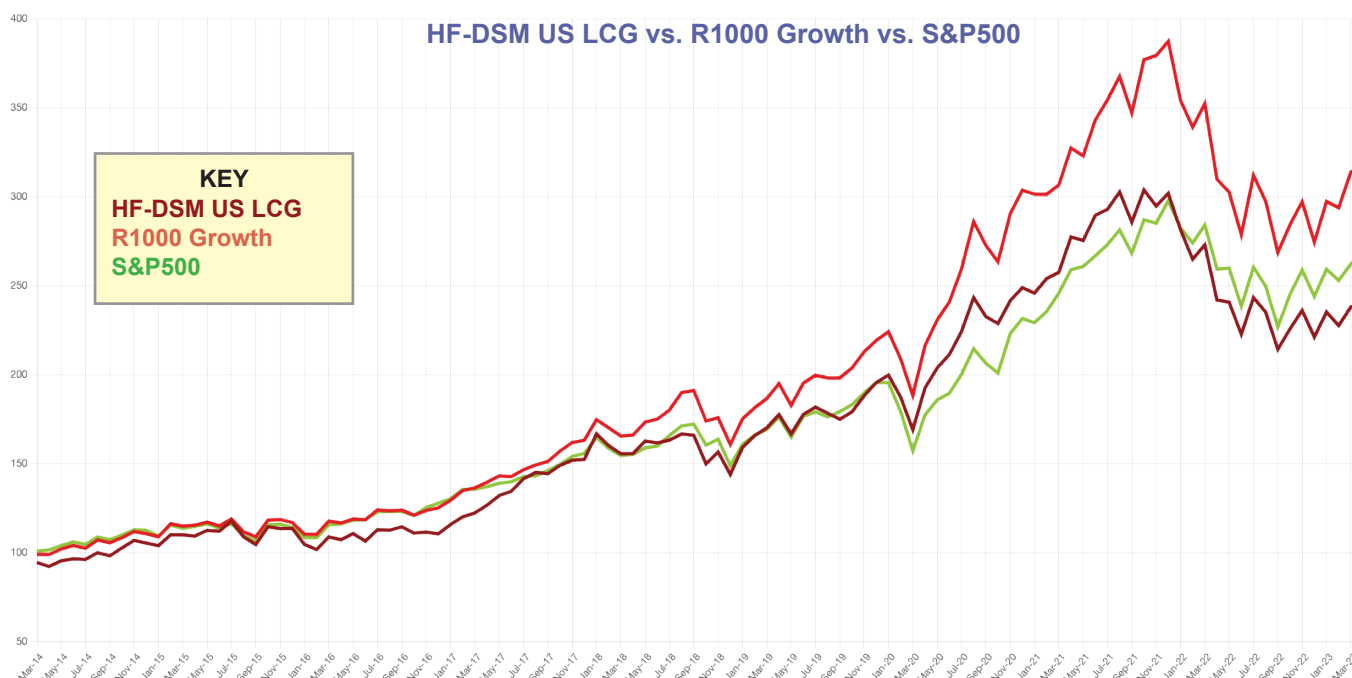
Key Information

NAV B Shares (30/4/23) US\$ 239.3
Total Fund Size (all share classes) US\$ 63.8m

Strategy Assets US\$ 5,480.3^(a)
Fund Launch Date 29-Nov-07

Monthly Performance (%)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
HF-DSM US LCG	6.3	(3.3)	4.6	0.5									8.2
Russell 1000 Growth ^(c)	8.3	(1.2)	6.8	1.0									15.5
S&P 500 ^(c)	6.3	(2.4)	3.7	1.6									9.2

Period Perf (%)	2022	2021	2020	2019	2018	2017	2016	2015	2014	Cumulative	Annualised
HF-DSM US LCG Returns ^(b)	(26.8)	21.3	27.2	35.9	(5.6)	37.8	(2.6)	7.8	11.5	139.3	10.0%
Russell 1000 Growth ^(c)	(29.1)	27.5	38.5	36.4	(1.5)	30.3	7.1	5.6	11.8	217.0	13.41%
S&P 500 ^(c)	(18.1)	28.6	18.3	31.3	(4.4)	21.8	12.0	1.4	11.7	166.3	11.27%



Top Ten Holdings

Accenture	EPAM Systems
Adobe	Intuit
Alphabet (Cl. A)	Microsoft
Amazon.com	PayPal Holdings
Autodesk	Visa

Sectoral Breakdown	% of Assets
Information Technology	44.8%
Financials	22.5%
Health Care	9.1%
Consumer Discretionary	7.9%
Communication Services	6.5%
Industrials	3.5%
Materials	2.8%
Consumer Staples	2.3%

Investment Objective

The investment objective of the HF-DSM US LCG is to provide capital appreciation principally through investments in US-based growing corporations with market capitalizations generally above US\$ 5 billion. These companies are chosen for their growth prospects, attractive returns, solid business fundamentals and intelligent management. The sub fund may, on an ancillary basis, invest in US-based companies with lower market capitalizations as well as in non-US based companies. The Compartment may invest in American Depositary Receipts and American Depositary Shares. The reference benchmark for this strategy is the Russell 1000 Growth Index.

Fund Codes		Since inception	HF-DSM US LCG	HF-DSM US LCG Composite	R1000 Growth
Bloomberg	DSMUSLA LX	Volatility	n/a	15.7	16.1
ISIN	LU0327604228	Sharpe Ratio	n/a	0.5	0.5
Reuters	LP65102015	Information Ratio	n/a	-0.1	
Sedol	B28TLX2	Tracking Error	n/a	6.3	
	3504726	Beta	n/a	0.9	
WKN	A0M58T	Alpha	n/a	0.0	

Fund Details

Dealing Day	Daily
Dividends	None - income accumulated within the fund
Investment Manager	DSM Capital Partners LLC 7111 Fairway Drive, Suite 350, Palm Beach Gardens, FL 33418
Management Company	FundPartner Solutions (Europe) S.A. 15, Avenue John F Kennedy, L-1855 Luxembourg
Custodian	Pictet & Cie (Europe) S.A. 15A, Avenue John F Kennedy, L-1855 Luxembourg
Legal Advisers	Elvinger, Hoss & Prussen 2 Place Winston Churchill, L-1340 Luxembourg
Auditor	Deloitte Audit S.à.r.l. 560 Rue de Neudorf, L-2220 Luxembourg

Order Transmission Information

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Via Fax +352 46 71 71 7667
or SWIFT PICTLULXTAS

- This refers to the total assets invested in the reference strategy managed by the Investment Manager.
- Data and graph depict DSM Composite through November 2007 and Hereford Funds DSM US Large Cap Growth Fund Class A thereafter. Historical gross performance of DSM Large Cap Composite returns (the Reference Strategy) is net of modeled fee and expense typical of Hereford Funds DSM US Large Cap Growth Fund Class A (1.25% fee + 0.25% expense). Fund follows same strategy. Performance presentation incomplete without accompanying footnotes as shown at www.dsmcapital.com.
- Total return including dividends.
- The fund is registered with the BaFin for public distribution in Germany from 17/10/12, registered with the AFM for public distribution in the Netherlands and registered with the AMF for public distribution in France.
- Share Class U has been granted Reporting Status by HMRC as of October 1, 2010.
- Share Class D is German tax registered from October 1, 2010.

Annual Management Charge

Share Class A & U ^(e)	1.25%
Share Class D ^(f)	1.75%

France - Centralizing Correspondent as defined by French Regulation:
Société Générale - Order Desk, 32, avenue du Champ de Tir, BP 81236, F-44312 Nantes Cedex 3
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Germany - Paying Agent as defined by German Regulation:
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Switzerland - Representative and Paying Agent as defined by Swiss Regulation:
FundPartner Solutions (Suisse) SA (route des Acacias 60, 1211 Geneva 73, Switzerland) as Swiss representative and Banque Pictet & Cie SA (route des Acacias 60, 1211 Geneva 73, Switzerland) as Swiss paying agent.

Minimum Investment

Share Class A & U ^(e)	\$100,000 initial / \$10,000 subsequent
Share Class D	\$10,000 initial / \$1,000 subsequent

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