

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

Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund appreciated 4.62% for the month of March compared to a 6.84% return for the Russell 1000 Growth Index and a 3.67% return for the S&P 500 both including dividends. At the end of March, the Sub-Fund was invested in the technology, financials, health care, consumer discretionary, communication services, industrials, consumer staples and materials sectors.

For the month, the Sub-Fund trailed the benchmark by approximately 227bps. 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 also detracted from performance. The Manager's underweight of industrials benefited performance. In March, the positions that contributed the most to the portfolio's return were Microsoft, Alphabet, Adobe, NVIDIA and Amazon.com. The positions that contributed the least in the month were Charles Schwab, Burlington Stores, SolarEdge Technologies, EPAM Systems and Fleetcor Technologies.

Manager's Commentary

In the Manager's view, the most important factor driving equity and debt markets over the coming year, and perhaps longer, will be the extent and speed of the decline in the rate of inflation. As discussed previously, DSM believes money supply drives inflation. The US Federal Reserve has substantially tightened money supply growth and as a result, over the last several months inflation appears to have peaked and begun to subside. As additional data points are announced confirming inflation's move downward, the Manager believes equity markets will respond by continuing to trend upward.

Many economists and market strategists believe a recession is inevitable over the next year. They predict an economic downturn will lead to a significant decline in the earnings of the S&P 500 based on the historical patterns of sales and margins of the S&P 500 over previous recessions. However, today's S&P 500 bears little resemblance to the S&P of 30 years ago. The Manager would argue that since the composition of the S&P 500 has changed dramatically over the past 32 years, those forecasting a dire earnings outlook are reaching conclusions in error as they are relying upon outdated earnings patterns based on an index that has been transformed. As compared to the S&P 500 of 32 years ago, the twenty largest components of the index today generally have higher growth rates, are less cyclical, have less margin risk, face fewer competitors, are less capital intensive, have superior pricing power and are more likely to benefit from secular technology trends.

Consensus earnings expectations for the S&P 500 in 2023 and 2024 are approximately \$220 and \$242 respectively. Thus far in 2023, both the economy and corporate earnings have held up reasonably well. While a recession would certainly affect earnings, for the reasons listed above as well as the fact that these twenty companies represent roughly 40% of the S&P 500, the Manager believes its impact on earnings would be less (perhaps much less) than during previous recessionary periods.

Currently, the S&P 500 is valued at an historically normal 17x 2024 earnings, which compares to the Sub-Fund portfolio's P/E of approximately 20x 2024 earnings. Based on the Manager's analysis, the portfolio has an earnings growth rate two to three times that of the S&P 500, and remains solidly positioned in predictable, growing, well-capitalized, generally recession-resistant businesses. In DSM's view, it is an opportune time for active management. If interest rates continue to rise, or there is a recession, the market will be volatile. However, returns are a function of entry level and the Manager believes the valuation of the portfolio entering this period is quite reasonable.

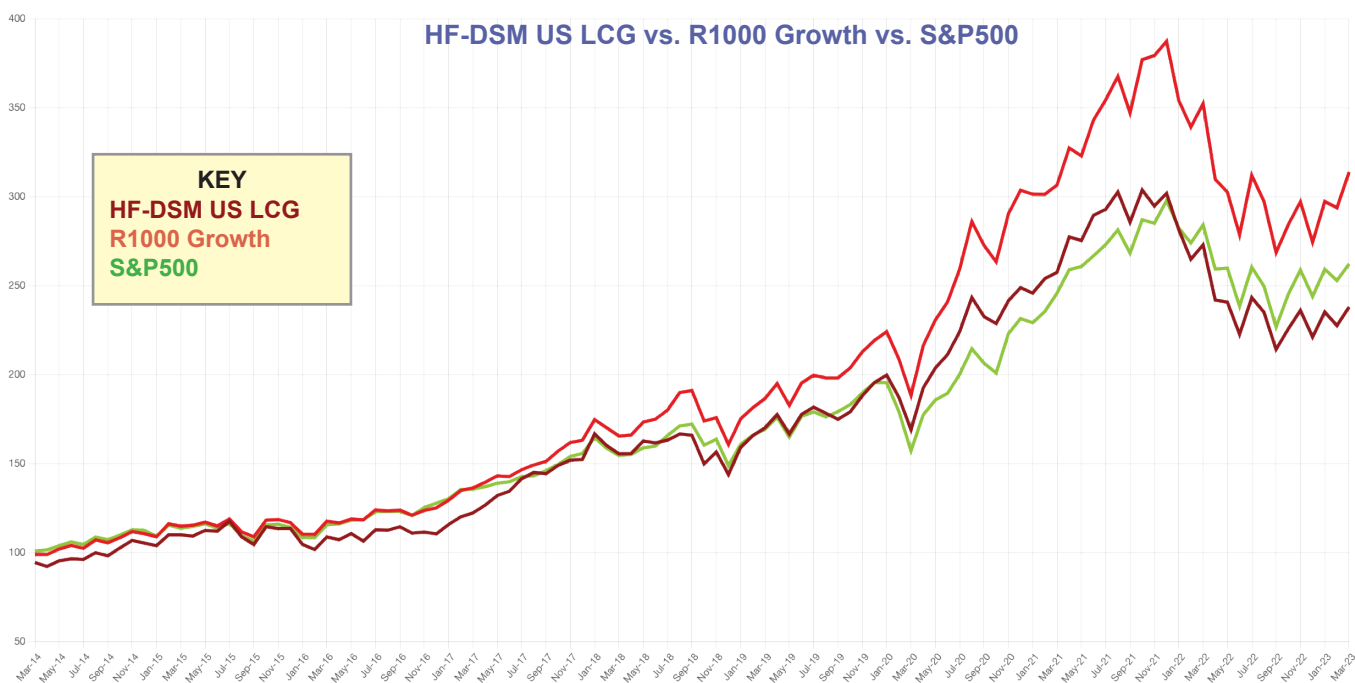
Key Information

NAV B Shares (31/3/23) US\$ 238.07
Total Fund Size (all share classes) US\$ 63.5m

Strategy Assets US\$ 5,602.8^(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										7.6
Russell 1000 Growth ^(c)	8.3	(1.2)	6.8										14.4
S&P 500 ^(c)	6.3	(2.4)	3.7										7.5

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	138.1	10.02%
Russell 1000 Growth ^(c)	(29.1)	27.5	38.5	36.4	(1.5)	30.3	7.1	5.6	11.8	213.9	13.42%
S&P 500 ^(c)	(18.1)	28.6	18.3	31.3	(4.4)	21.8	12.0	1.4	11.7	162.2	11.19%



Top Ten Holdings

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

Sectoral Breakdown	% of Assets
Information Technology	43.8%
Financials	22.2%
Health Care	9.2%
Consumer Discretionary	8.2%
Communication Services	6.3%
Industrials	3.6%
Consumer Staples	2.8%
Materials	2.7%

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	0.1	

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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L-1855 Luxembourg

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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