

DSM US Large Cap Growth Sub-Fund Class A - August 2022

Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund depreciated 3.41% for the month of August compared to a (4.66)% return for the Russell 1000 Growth Index and a (4.08)% return for the S&P 500 both including dividends. At the end of August, the Sub-Fund was invested in the technology, health care, communication services, financials, consumer discretionary, consumer staples, materials and industrials sectors.

For the month, the Sub-Fund exceeded the benchmark by approximately 125bps. This was primarily the result of the Manager's selections in the information technology and health care sectors. In August, the positions that contributed the most to the portfolio's return were EPAM Systems, Neurocrine Biosciences, Charles Schwab, Meta Platforms and PayPal Holdings. The positions that contributed the least in the month were Alphabet, Microsoft, Amazon.com, NVIDIA and Visa.

Manager's Commentary

It appears the past decade of artificially low interest rates and "free money" has transitioned to a period of rising inflation and interest rates, the driving factors behind the decline in global markets this year. This historically unique "free money" period, which began with the Global Financial Crisis in 2008, led to distortions in the valuations of many asset classes. In the Manager's view, many securities across different sectors and styles (including Value, GARP and Growth) remain quite overvalued, and it will take a few years for valuations to normalize. At this time, investors are focused on how high and how fast interest rates will rise in order to stop inflation. This summer's rebound in global equity markets reflected investor optimism that "peak" inflation had passed and would continue to decline in the near future. However, critical questions such as how high must interest rates be raised for inflation to decline to the 2% target, and can this be accomplished by January of 2023, or will it take until September of 2023 or beyond, remain.

While the US Consumer Price Index (CPI) increased "only" 8% over the year ended July 2022, which is a slight improvement compared to a reading of 9% in June (the highest inflationary month in 41 years), inflation remains far above the 2% target of the Federal Reserve and ECB. If inflation falls to 2.5-3.0% by early 2023, and appears benign when projecting forward, a Fed Funds rate of 3.5% to 4.0% is possible and equity markets will likely march higher. On the other hand, if inflation falls to just 3.5-4.0% in six months and appears likely to remain at that level, a Fed Funds rate of 4.5% to 5.0% is certainly possible. For the optimists there has been some good news including a declining money supply (M2) and lower auto and commodity prices, including oil, while a strong dollar serves to reduce import costs. In addition, two quarters of negative GDP results, which is the definition of a recession, is also supportive of an optimistic low inflation outlook. For the pessimists, rapid wage growth tied to a tight labor market, high housing costs and substandard productivity all support fears of higher inflation for longer. That said, the number of job openings is declining and should gradually help remove some of the upward pressure from wages. Clearly the direction in which inflation moves over the remainder of the year will be a critical determinant of the magnitude of rate increases in the US and Europe going forward.

Based on the Manager's calculations, the Sub-Fund portfolio was valued at roughly 19.0x 2023 earnings at month-end, with an underlying earnings growth rate of approximately 17%. In the 1990's, when the ten-year US Treasury bond yielded about 5%, the P/E's on quality, predictable growth stock portfolios were similar and often higher. Accordingly, DSM believes the portfolio's current valuation is normal in a world of higher, more normal interest rates. If interest rates rise substantially over the next 12 to 18 months, the market will likely be volatile, however returns are a function of entry level, and in the Manager's view, the valuation of the portfolio entering this period is quite reasonable.

Key Information

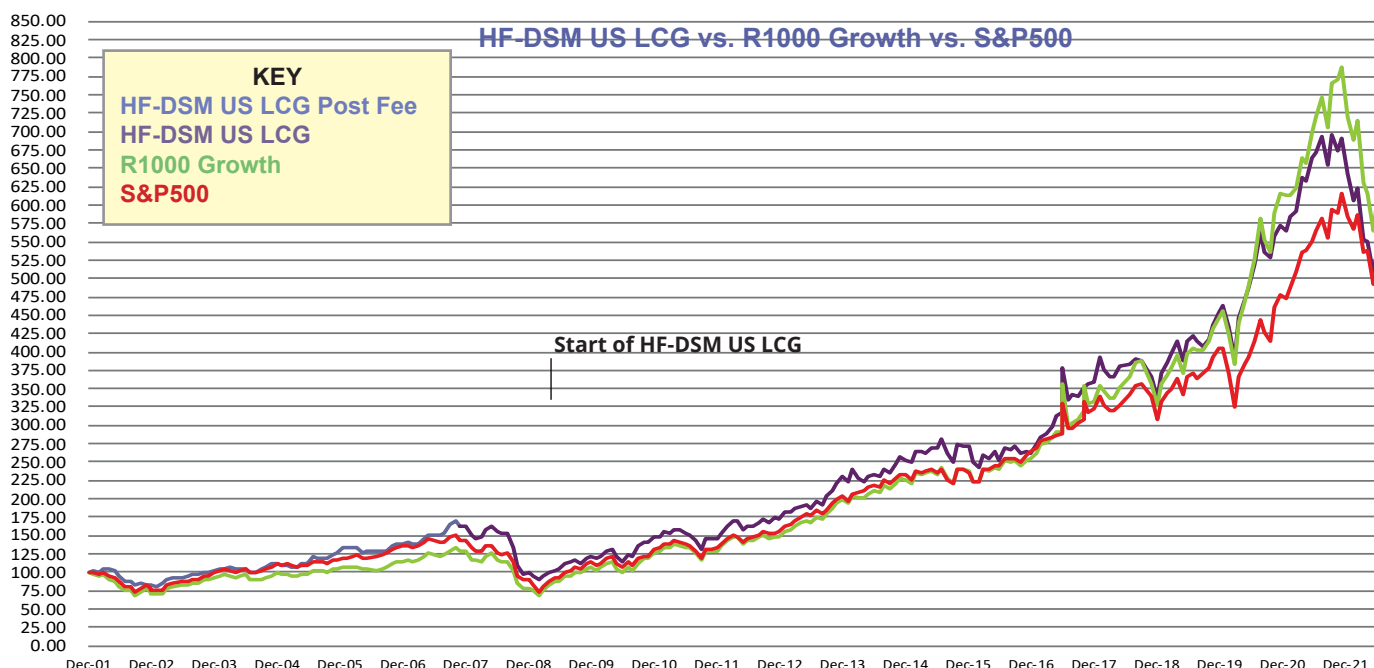
NAV A Shares (30/04/22) US\$ 326.87
Total Fund Size (all share classes) US\$ 73.13m

Strategy Assets US\$ 5,693.3^(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	(6.9)	(5.9)	3.0	(11.4)	(0.6)	(7.6)	9.2	(3.4)					(22.5)
Russell 1000 Growth^(c)	(8.6)	(4.3)	2.9	(12.4)	(2.2)	(7.9)	12.0	(4.7)					(23.2)
S&P 500^(c)	(5.2)	(3.0)	2.7	(8.7)	0.2	(8.3)	9.2	(4.1)					(16.1)

Period Performance (%)	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	Cumulative	Annualised
HF-DSM US LCG Returns ^(b)	20.5	26.4	35.0	(6.2)	36.8	(3.3)	7.0	9.7	34.1	18.2	(2.0)	21.9	22.8	(39.3)	18.7	9.8	435.4	8.46%
Russell 1000 Growth ^(c)	27.5	38.5	36.4	(1.5)	30.2	7.1	5.7	13.1	33.5	15.3	2.6	16.7	37.2	(38.4)	11.8	9.1	416.3	9.09%
S&P 500 ^(c)	28.6	18.4	31.3	(4.4)	21.8	12.0	1.4	13.7	32.4	16.0	2.1	15.1	26.5	(37.0)	5.5	15.8	504.3	8.27%



Top Ten Holdings

Alphabet (Cl. A)	Neurocrine Biosciences
Amazon.com	PayPal Holdings
Boston Scientific	Charles Schwab
Fleetcor Technologies	UnitedHealth Group
Microsoft	Visa

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	15.6	15.9
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	0.3	

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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15, avenue J. F. Kennedy
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:
Marcard, Stein & Co - Ballindamm 36, 20095 Hamburg
Phone: +49/40.32.099.556, Fax: +49/40.32.099.206

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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