

DSM US Large Cap Growth Sub-Fund Class A - January 2023

Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund appreciated 6.3% for the month of January compared to a 8.33% return for the Russell 1000 Growth Index and a 6.28% return for the S&P 500 both including dividends. At the end of January, the Sub-Fund was invested in the technology, health care, consumer discretionary, communication services, financials, consumer staples and materials sectors.

For the month, the Sub-Fund trailed the benchmark by approximately 202bps. This was primarily the result of the Manager's selections in financials. The Manager's selections and underweight in consumer discretionary versus the benchmark also detracted from performance. The Manager's underweight in industrials versus the benchmark benefited performance. In January, the positions that contributed the most to the portfolio's return were Amazon.com, Alphabet, NVIDIA, Visa and PayPal Holdings. The positions that contributed the least in the month Charles Schwab, Neurocrine Biosciences, UnitedHealth Group, Automatic Data Processing and O'Reilly Automotive.

Manager's Commentary

A few months ago, with both the ECB and Federal Reserve rapidly raising interest rates and China persisting with its zero-Covid policies, a global recession in 2023 appeared quite plausible. Now however, the Manager believes a muddle-through scenario appears increasingly possible. Recent US economic data indicates economic growth is stubbornly persisting, driven by record employment levels, rising wages and over the past six months, falling inflation. Decelerating inflation combined with steady employment conditions may lead to improving real incomes and the solid consumer spending necessary to drive the economy forward. For the most part, December's reports continue to support the decelerating inflation scenario, although services inflation remains higher than it ideally should be. In any case, inflation has been decelerating since June of 2022 and therefore the size and pace of interest rates implemented by the Federal Reserve should slow and eventually top out. Importantly, at this time additional rate increases from the Fed appear increasingly unlikely to cause a recession, although a slowing economy is certainly a potential outcome.

In Europe the odds of a soft landing seem to be increasing as economic data has also been better than feared as the economy has proven to be resilient to war and energy shocks. While Europe may have a tough winter, their situation is not nearly as difficult as expected and the second half of 2023 may feature economic expansion. Natural gas prices have substantially declined, storage is full and perhaps can remain so even in the case of a very cold winter period. Europe's unemployment rate remains low by historic standards and wages are solid creating ongoing fears of inflation. ECB members appear to be split as to when rates should peak and at what level in order to return inflation to their 2% target. At this point, the ECB is expected to raise rates three more times by their May meeting.

In the Manager's view the future rate of inflation is critical to the direction of the global equity markets. Historically, when money supply increases significantly it has been a consistent predictor of rising inflation. Conversely, when money supply is falling, it has been a leading indicator of falling inflation. The growth rate of money supply has been falling for almost one year and inflation is now following in a downward path. DSM believes that due to this dramatic decline in money supply growth equity markets have possibly bottomed and may show some appreciation going forward. With inflation decelerating, Fed rate increases close to an end, economic data coming in better than feared, the job market remaining resilient, China reopening, and reasonable market valuations, the Manager believes optimism is very much warranted later in 2023 and beyond.

Key Information

NAV A Shares (31/1/23) US\$ 326.13
Total Fund Size (all share classes) US\$ 63.48m

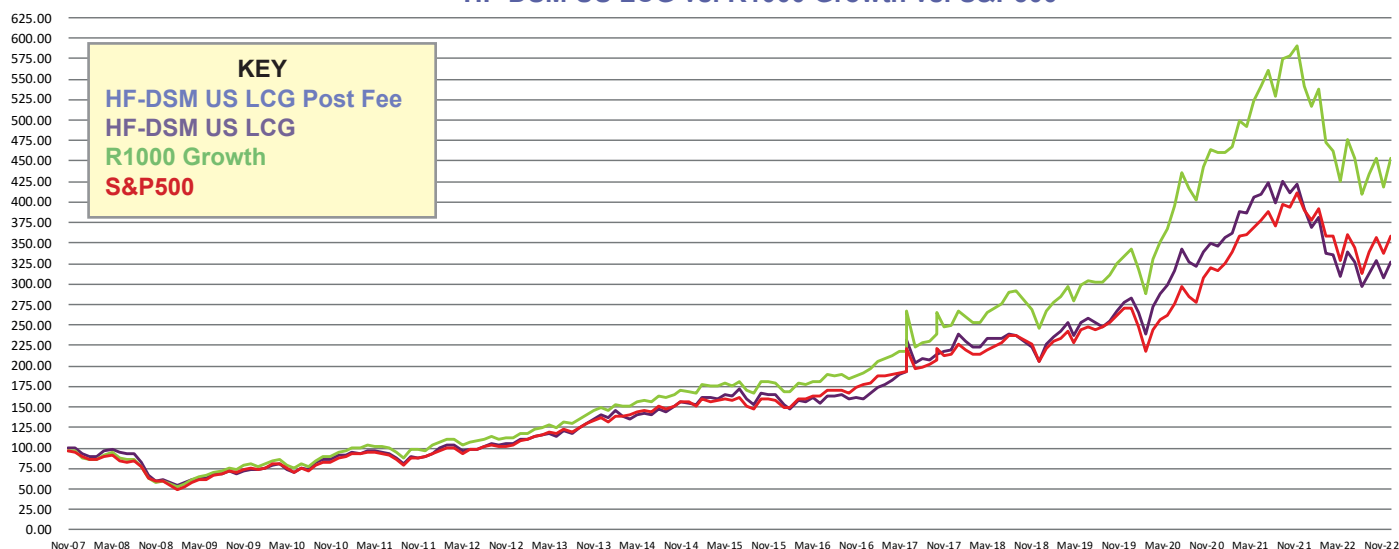
Strategy Assets US\$ 5,599.5^(a)
Fund Launch Date 29-Nov-07

Monthly Performance (%)

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| HF-DSM US LCG | 6.3 | | | | | | | | | | | | 6.3 |
| Russell 1000 Growth^(c) | 8.3 | | | | | | | | | | | | 8.3 |
| S&P 500^(c) | 6.3 | | | | | | | | | | | | 6.3 |

| Period Perf (%) | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | Cumulative | Annualised |
|--|--------|------|------|------|-------|------|-------|------|------|------|------|-------|------|------|--------|------|------|------------|------------|
| HF-DSM US LCG Returns^(b) | (27.8) | 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 | 226.1 | 7.76% |
| Russell 1000 Growth^(c) | (29.5) | 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 | 258.0 | 10.43% |
| S&P 500^(c) | (18.1) | 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 | 353.8 | 8.72% |

HF-DSM US LCG vs. R1000 Growth vs. S&P500



Top Ten Holdings

| | |
|-------------------|----------------|
| Accenture | EPAM Systems |
| Adobe | Intuit |
| Alphabet (Cl. A) | Microsoft |
| Amazon.com | Charles Schwab |
| Boston Scientific | Visa |

| Sectoral Breakdown | % of Assets |
|------------------------|-------------|
| Information Technology | 57.6% |
| Health Care | 10.9% |
| Consumer Discretionary | 9.8% |
| Communication Services | 8.2% |
| Financials | 6.8% |
| Consumer Staples | 3.1% |
| Materials | 2.5% |

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 | 0.2 | |

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

FundPartner Solutions (Europe) S.A.
15, avenue J. F. Kennedy
L-1855 Luxembourg

Via Fax +352 46 71 71 7667
or SWIFT PICTLULXTAS

- (a) This refers to the total assets invested in the reference strategy managed by the Investment Manager.
- (b) 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.
- (c) Total return including dividends.
- (d) 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.
- (e) Share Class U has been granted Reporting Status by HMRC as of October 1, 2010.
- (f) 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:
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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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