

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

Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund appreciated 5.3% for the month of October compared to a 5.84% return for the Russell 1000 Growth Index and a 8.10% return for the S&P 500 both including dividends. At the end of October, the Sub-Fund was invested in the technology, health care, financials, communication services, consumer discretionary, consumer staples and materials sectors.

For the month, the Sub-Fund trailed the benchmark by approximately 52bps. This was primarily the result of the Manager's selections and overweight in communication services versus the benchmark. The Manager's selections and underweight in the consumer discretionary sector benefited performance. In October, the positions that contributed the most to the portfolio's return were Charles Schwab, Visa, Boston Scientific, O'Reilly Automotive and Mastercard. The positions that contributed the least in the month were Amazon.com, Meta Platforms, PayPal Holdings, EPAM Systems and Alphabet.

Manager's Commentary

In the Manager's view the future rate of inflation is critical to the direction of the global equity markets. Historically, a significant increase in money supply has been a reliable predictor of rising inflation. Conversely, declining money supply has been a leading indicator of falling inflation. Beginning in 2019 and continuing through early 2021, money supply grew at rates higher than any level since 1960 and inflation rapidly accelerated. In a dramatic reversal, as the Federal Reserve has raised rates, money supply growth has fallen rapidly to a level below its historic average. In time, DSM believes inflation should follow money supply on a downward path, as a decade of monetary policy that featured interest rates at zero and in some cases negative levels, has come to an end. The Manager's assumption going forward is that interest rates, as represented by the ten-year US Treasury bond, are returning to normal post-war levels of 4% to 6%.

In the meantime, despite some volatility, better-than-expected earnings results led markets higher in October. Also contributing was weak economic data that gave some investors hope that the Federal Reserve would begin to ease the pace and size of their interest rate hikes. However, in DSM's view, central banks remain behind the curve and rates will continue to rise, increasing the risk of a global recession next year on weakening demand for interest rate sensitive products such as houses, cars and industrial equipment. While the impact will likely be broad-based across geographies and industries, especially those that are cyclical, in time this trend will contribute to lower inflation.

Ongoing central bank interest rate increases to slow inflation remain the driving factor behind the overall decline in global markets, and may well lead to a global recession. In the Manager's view, the investment environment going forward will be much more like the 1990s, than the historically unique "free money" period that has existed since the Global Financial Crisis in 2008. Interest rates will likely move higher, and as a result, valuations will normalize. Consistent with what occurred after the 2000 bubble, DSM expects the rebound in growth stocks to be selective, given their belief that many securities remain overvalued.

Presently the Manager calculates that the Sub-Fund portfolio is valued at less than 19x next four quarters of earnings, 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/Es on quality, predictable growth stock portfolios were similar and often higher. Accordingly, the Manager feels the portfolio today has a normal valuation 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 DSM believes the valuation of the portfolio entering this period is quite reasonable.

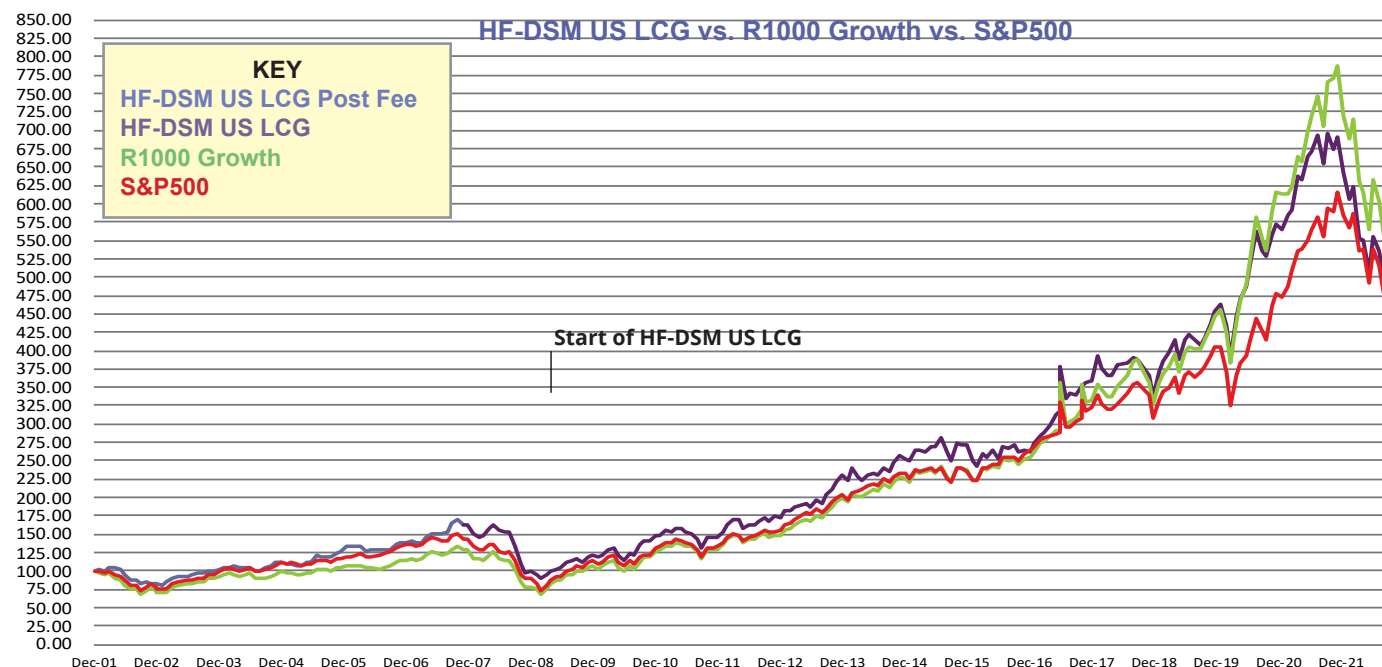
Key Information

NAV A Shares (31/10/22) US\$ 313.39
Total Fund Size (all share classes) US\$ 66.48m

Strategy Assets US\$ 5,378.6^(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)	(9.0)	5.3			(25.7)	
Russell 1000 Growth ^(c)	(8.6)	(4.3)	2.9	(12.4)	(2.2)	(7.9)	12.0	(4.7)	(9.7)	5.8			(26.6)	
S&P 500 ^(c)	(5.2)	(3.0)	2.7	(8.7)	0.2	(8.3)	9.2	(4.1)	(9.2)	8.1			(17.7)	

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	413.4	8.17%
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	406.8	8.78%
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	477.4	8.10%



Top Ten Holdings

Accenture	Microsoft
Alphabet (Cl. A)	PayPal Holdings
Amazon.com	Charles Schwab
Boston Scientific	UnitedHealth Group
Intuit	Visa

Sectoral Breakdown	% of Assets
Information Technology	49.4%
Health Care	12.4%
Financials	11.6%
Communication Services	8.9%
Consumer Discretionary	8.6%
Consumer Staples	6.3%
Materials	2.1%

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
ISIN	LU0327604228	Sharpe Ratio	n/a	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

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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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