

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

Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund depreciated 6.86% for the month of January compared to a (8.58)% return for the Russell 1000 Growth Index and a (5.17)% return for the S&P 500 both including dividends. At the end of January, the Sub-Fund was primarily invested in the technology and communication services sectors, with smaller weights in the health care, financials, consumer discretionary, consumer staples, industrials and materials sectors.

For the month, the Sub-Fund exceeded the benchmark by approximately 172bps. This was primarily the result of the Manager's selections in the information technology and healthcare sectors. The Manager's selections in the communication services sector detracted from performance. In January, the positions that contributed the most to the portfolio's return were Global Payments, Mastercard, Charles Schwab, Visa and Fleetcor Technologies. The positions that contributed the least in the month were Netflix, Amazon.com, Microsoft, NVIDIA and Alphabet.

Manager's Commentary

It is becoming apparent that investors are now convinced that a "higher-for-longer" inflation outlook has pushed the Federal Reserve to tighten monetary policy much more rapidly than was expected in the third and fourth quarters of last year. The Manager expects inflation in 2022 to approximate 4%, while an annualized rate in excess of 4% is quite possible. The critical question is the level of inflation in 2023, which hopefully will recede to the 3% level. It is difficult to imagine the Federal Funds rate at only 2% at the end of 2023 if inflation remains above 3% at that point in time. It would seem that by the end of 2023 the Federal Funds Rate has to at least catch up to the inflation rate. Accordingly, four rate increases of at least 25 basis points each in both 2022 and 2023 appear likely. The consensus expectation of 2% by then is the bare minimum and 3% is not out of the question. Not to be forgotten, the Fed will also begin to reduce the size of its balance sheet this year as it reverses years of quantitative easing with quantitative tightening. On the positive side, economic growth, although slowing, should remain above 2% this year; the unemployment rate is below 4% and falling; while wage growth is a solid 4% or better. Certainly, Omicron is causing a bit of a global economic slowdown, but as Omicron wanes, employment and wages increase, supply chain disruptions are reduced and fiscal and monetary stimulus remains in the system, the outlook for global economic growth over the near term remains solid.

The Manager believes this concern over high and persistent inflation is the fundamental factor driving this year's market correction. Accordingly, the reality of imminent Federal Reserve interest rate increases has resulted in lower price/earnings ratios. DSM has always been a growth manager with a valuation discipline. For that reason, they believe the portfolio, although certainly not immune to a market correction, is appropriately positioned to weather the storm. As rationality returns to the market, the reasonable valuations of most of the Sub-Fund's portfolio holdings should lead to solid returns in those positions.

This current market downturn has been characterized by the aggressive selling of many digitally driven businesses. Despite this, the Manager believes the digital revolution will endure, and is actively looking for new investment ideas in this area. Moreover, they continue to believe that the hyper-competitive and unrelenting digital world puts "old era" value businesses, whether industrial, retail, commodity or other, at an ever-increasing competitive disadvantage. While the market sentiment at the moment favors value stocks, over the last 10 and 20-year periods, growth has outperformed value on an annualized basis.

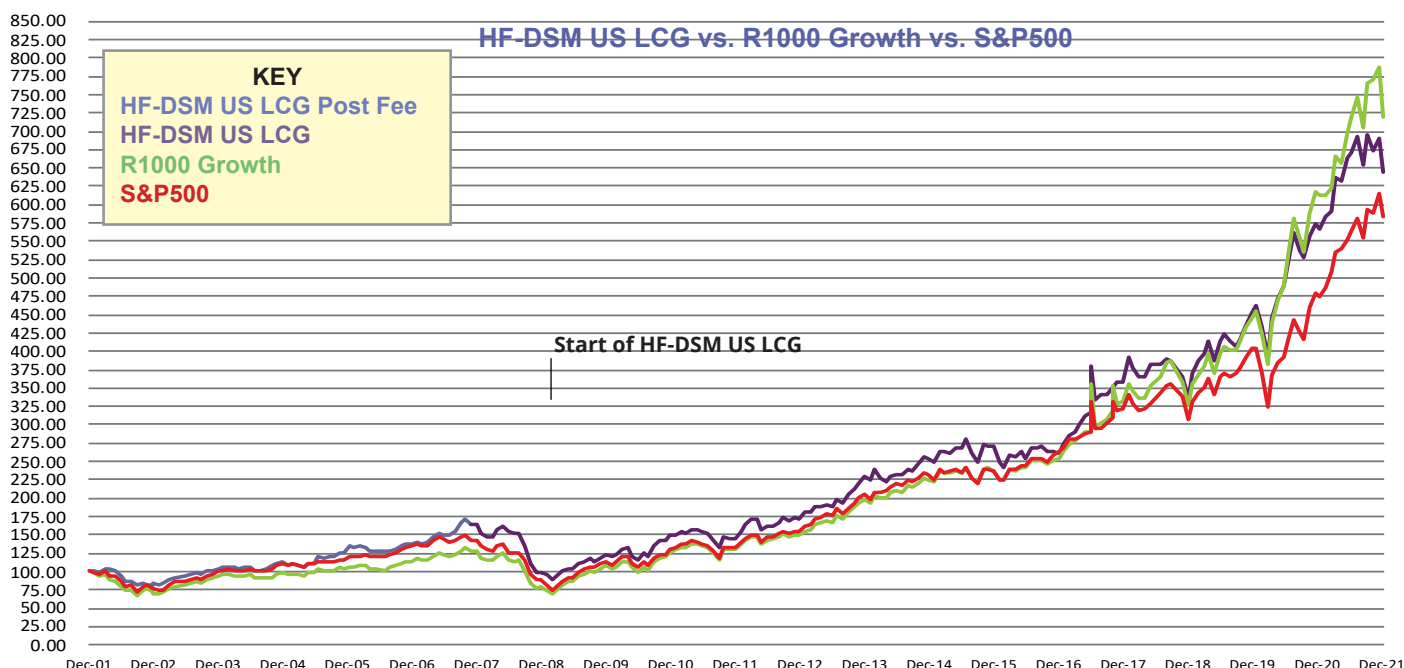
Key Information

NAV A Shares (31/01/22) US\$ 392.7
Total Fund Size (all share classes) US\$ 93.0m

Strategy Assets US\$ 7,517.8^(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	(6.9)												(6.9)	
Russell 1000 Growth ^(c)	(8.6)												(8.6)	
S&P 500 ^(c)	(5.2)												(5.2)	

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	543.3	9.71%
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	483.9	10.32%
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	619.3	9.18%



Top Ten Holdings

Adobe	Netflix
Alphabet (Cl. A)	PayPal Holdings
Amazon.com	Charles Schwab
Meta Platforms	United Parcel Service
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	15.2	15.4
ISIN	LU0327604228	Sharpe Ratio	n/a	0.6	0.6
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	0.4	

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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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:
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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