

Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund depreciated (1.91%) for the month of August compared to a (0.77)% return for the Russell 1000 Growth Index and a (1.58)% return for the S&P 500 both including dividends. At the end of August, the Sub-Fund was primarily invested in the technology, communication services, consumer discretionary and health care sectors, with smaller weights in the consumer staples and financials sectors.

For the month, the Sub-Fund trailed the benchmark by approximately 114 bps. This was primarily the result of the Manager's selections and overweight of the communication services sector, as well as the Manager's selections in consumer staples. The Manager's selections in technology and consumer discretionary benefitted performance. In August, the positions that contributed the most to the portfolio's return were Zoetis, Burlington Stores, Microsoft, Booking Holdings and Intuit. The positions that contributed the least in the month were Tencent Holdings, Elanco Animal Health, Monster Beverage, Adobe and Palo Alto Networks.

Manager's Commentary

Thus far in 2019, the Sub-Fund is ahead of the benchmark indices and the Manager believes this outperformance is driven by both continued strong earnings growth and the compressed valuations at the end of 2018. In DSM's view, portfolio valuations remain quite attractive. With an investment approach built on the simple fact that over time "earnings win" because businesses tend to appreciate in value as earnings grow, the Manager continues to believe that the ongoing strength in earnings creates a favorable opportunity to add to this portfolio of premier quality growth businesses.

The portfolio's calendar year 2019 first quarter results were reported three months ago, with revenues growing 16% and earnings growing 19% on a weighted average basis. With all twenty-six companies in the portfolio now having reported, that trend has continued with second quarter 2019 results of 18% revenue growth and 16% earnings growth based on our calculations. This result follows the strong results of 2016, 2017 and 2018 when revenue growth approximated 23% and earnings growth exceeded 28% on average over those three years. Although this quarter's earnings growth is a bit slower than in prior periods, DSM expects earnings to continue to grow at a robust pace in 2019.

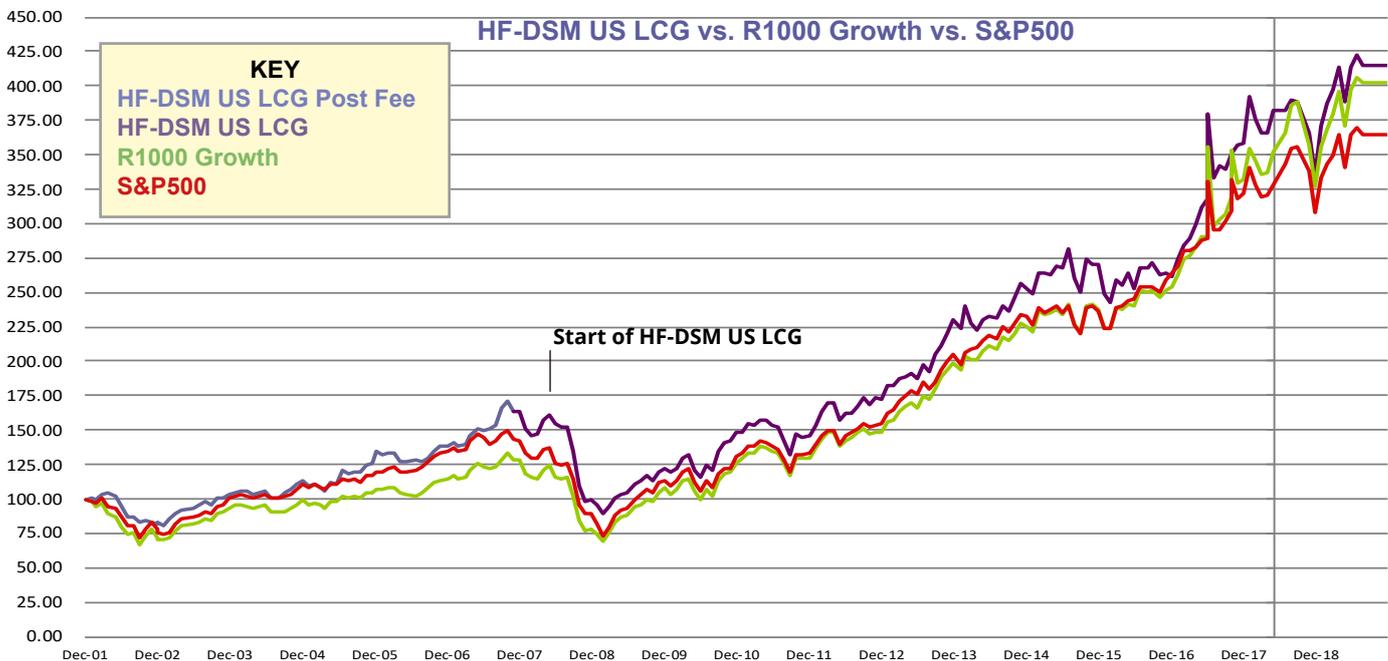
Recent weak economic growth in Europe and Japan have caused ten-year yields on government debt throughout Europe and in Japan to turn negative. Some analysts believe that well over \$10 trillion of debt in the world may now have negative yields. Reacting to the lack of income-generating debt securities, global fixed income investors are buying US Treasuries, pushing yields to nearly historic low levels and causing the dollar to appreciate. Some now expect that the yield on 10-year US Treasuries may also fall much lower, with a few suggesting negative yields for US Treasuries as well. As a result, the UST yield curve is now inverted, making additional Federal Reserve rate cuts a strong possibility this year. The Manager continues to believe that the current global economic cycle will be driven by low inflation and low interest rates and that a recession is not likely to occur until 2021 or later.

Key Information

NAV A Shares (31/8/19)	US\$ 253.2	Strategy Assets	US\$ 5,665.8m ^(a)
Total Fund Size (all share classes)	US\$ 72.0m	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	10.5	4.1	2.6	4.3	-6.2	6.5	2.2	-1.9					23.4
Russell 1000 Growth ^(c)	9.0	3.6	2.9	4.5	-6.3	6.9	2.3	-0.8					23.3
S&P 500 ^(c)	8.0	3.2	1.9	4.0	-6.4	7.1	1.4	-1.6					18.3

Period Performance (%)	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	Cumulative	Annualised
HF-DSM US LCG Returns ^(b)	(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	314.8	8.22%
Russell 1000 Growth ^(c)	(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	264.4	8.04%
S&P 500 ^(c)	(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	302.5	7.45%



HF Hereford Funds

Top Ten Holdings	
Adobe	Facebook
Alibaba Group	Microsoft
Alphabet (Cl. A)	PayPal Holdings
Amazon.com	Tencent Holdings
Automatic Data Processing	Visa

Sectoral Breakdown	% of Assets
Information Technology	38.6%
Communication Services	20.2%
Consumer Discretionary	17.6%
Health Care	16.8%
Consumer Staples	4.5%
Financials	1.9%

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 Depository Receipts and American Depository Shares. The reference benchmark for this strategy is the Russell 1000 Growth Index.

Fund Codes	
Bloomberg	DSMUSLA LX
ISIN	LU0327604228
Reuters	LP65102015
Sedol	B28TLX2
	3504726
WKN	A0M58T

	Since inception	HF-DSM US LCG	HF-DSM US LCG Composite	R1000 Growth
Volatility	n/a		14.8	14.6
Sharpe Ratio	n/a		0.5	0.5
Information Ratio	n/a		0.0	
Tracking Error	n/a		6.4	
Beta	n/a		0.9	
Alpha	n/a		1.0	

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

- 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
Phone: +33/2.51.85.66.40, Fax: +33/2.51.85.58.71

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

Minimum Investment	
Share Class A & U ^(e)	\$100,000 initial / \$10,000 subsequent
Share Class D	\$10,000 initial / \$1,000 subsequent

Switzerland - Representative and Paying Agent as defined by Swiss Regulation:
Société Générale, Zurich Branch, Talacker, 50, P.O. Box 1928, CH-8021 Zurich
Phone: +41/58.272.34.18 Fax: +41/58.272.35.49

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