

Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund appreciated 3.65% for the month of February compared to a 4.15% return for the Russell 1000 Growth Index and a 3.97% return for the S&P 500 including dividends. At the end of February, the Sub-Fund was invested primarily in the technology, consumer discretionary and health care sectors, with smaller weights in the financials and consumer staples sectors.

For the month, the Sub-Fund trailed the benchmark by approximately 50 bps. This was primarily the result of the Manager's selections in the health care and technology sectors. The Manager's selections in consumer discretionary benefited performance. In February, the positions that contributed the most to the portfolio's return were Priceline, Allergan, Visa, FleetCor Technologies and Affiliated Managers Group. The positions that contributed the least in the month were Zoetis, Monster Beverage, Charles Schwab, Wynn Resorts and Dollar General.

Manager's Commentary

We have started 2017 with solid relative and absolute performance. However, we believe our clients are still owed substantial returns, because we estimate that for the portfolio as a whole, weighted average revenue and earnings growth was 25% and 29% respectively in the fourth quarter, which is the fifth sequential quarter of 20%+ earnings growth. This is arguably the highest quality portfolio of businesses that we have ever owned. Earnings results are excellent. The portfolio is valued at only 20.6x forward four quarter earnings through December of 2017 and is, in our view, very undervalued. We believe our clients are owed substantial returns and we hope to realize them.

After President Trump's election last November, the market's knee-jerk reaction was to buy into an industrial/commodity reflation theme that ultimately lasted only until year-end. In our view, thus far this year, the market has become more balanced in its assessment of equities. That said, Trump's focus on economic growth driven by tax cuts, capital repatriation and reduced regulations is bullish for both the economy and the equity markets. Remembering President Reagan's pro-growth tax cuts and the positive effect they had on the economy and the markets, we believe it is possible that Trump's policies could prove to be a catalyst for the market and for bottom-up stock picking. Our performance has improved, and as each quarter passes, the portfolio's substantial earnings growth should continue to drive the rebound in performance. As always, we simply must remain focused on our equity positions, and we must remain patient.

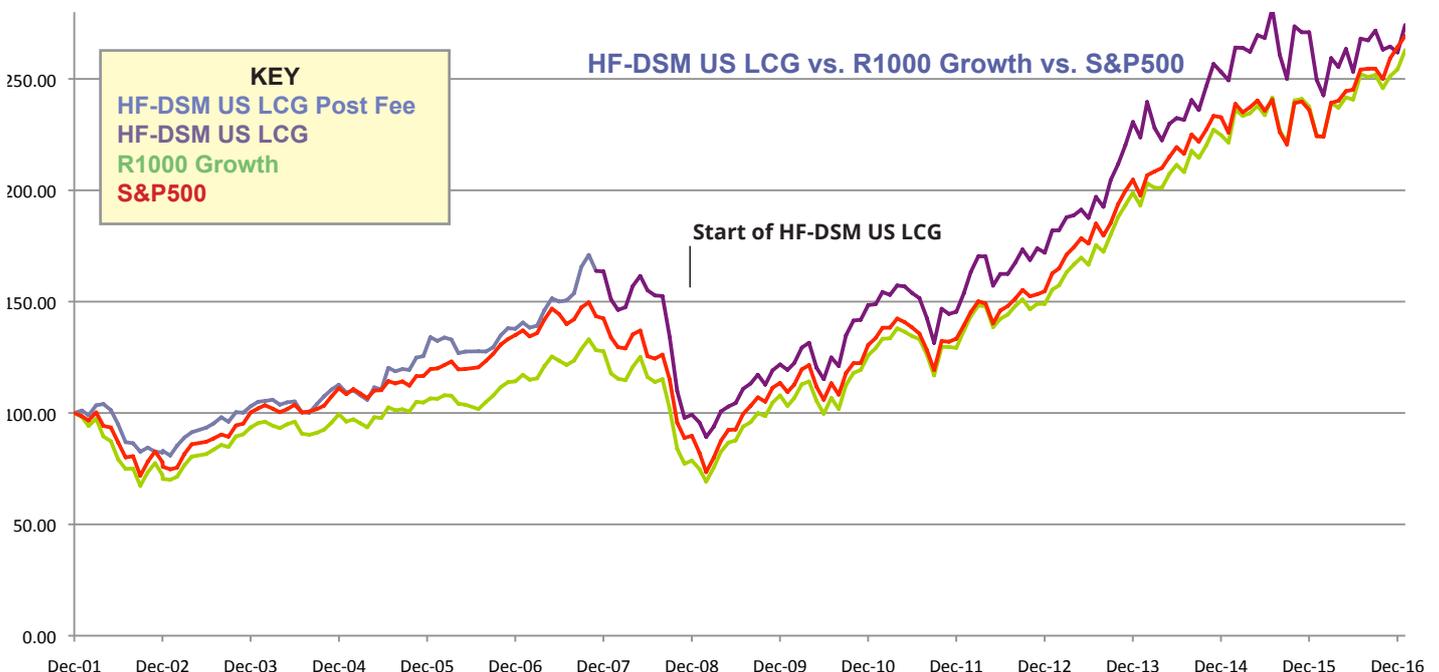
The portfolio remains focused on unique businesses that have been identified, and are continuously subject to analysis by our investment team. The portfolio holdings remain characterized by strong balance sheets and significant free cash flow, and we continue to project a mid-to-high "teens" earnings growth rate through 2020. Although many well-publicized macro and geopolitical risks remain of concern to investors, the positive scenario of an improving and increasingly stable global financial system, low inflation, steady/slow global economic growth, low interest rates and growing corporate earnings, continues to form the foundation of an upwardly driven global equity market. In our view, corporate profits remain reasonably solid. "Bull markets climb a wall of worry" and we continue to expect that global markets will trend higher.

Key Information

NAV A Shares (28/02/17)	US\$ 173.5	Strategy Assets	US\$ 4,575.3m ^(a)
Total Fund Size (all share classes)	US\$ 96.5m	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	4.7	3.7											8.5
Russell 1000 Growth ^(c)	3.4	4.2											7.7
S&P 500 ^(c)	1.9	4.0											6.0

Period Performance (%)	YTD	2016	2015	2014	2013	2012	2011	2009	2009	2008	2007	2006	2005	Cumulative	Annualised
HF-DSM US LCG Returns ^(b)	8.5	(3.3)	7.0	9.7	34.1	18.2	(2.0)	21.9	22.8	(39.3)	18.7	9.8	11.4	184.2	6.75%
Russell 1000 Growth ^(c)	7.7	7.1	5.7	13.1	33.5	15.3	2.6	16.7	37.2	(38.4)	11.8	9.1	5.3	180.1	6.65%
S&P 500 ^(c)	6.0	12.0	1.4	13.7	32.4	16.0	2.1	15.1	26.5	(37.0)	5.5	15.8	4.9	174.0	6.50%



HF Hereford Funds

Top Ten Holdings	
Adobe Systems	Facebook
Alibaba Group	Priceline Group
Alphabet (Cl. A & C)	Royal Caribbean Cruises
Celgene	Visa
Electronic Arts	Zoetis

Sectoral Breakdown	% of Assets
Information Technology	45.4%
Consumer Discretionary	23.6%
Health Care	20.1%
Financials	6.7%
Consumer Staples	3.6%

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		Since inception	HF-DSM US LCG	HF-DSM US LCG Composite	R1000 Growth
Bloomberg	DSMUSLA LX	Volatility	n/a	14.7	14.7
ISIN	LU0327604228	Sharpe Ratio	n/a	0.4	0.4
Reuters	LP65102015	Information Ratio	n/a	0.0	
Sedol	B28TLX2	Tracking Error	n/a	6.6	
	3504726	Beta	n/a	0.9	
WKN	A0M58T	Alpha	n/a	0.9	

Fund Details	
Dealing Day	Daily
Dividends	None - income accumulated within the fund
Investment Manager	DSM Capital Partners LLC 116 Radio Circle Drive, Suite 200, Mount Kisco, NY 10549, USA
Management Company	BSI Fund Management S.A. 44F, rue de la Vallée, L-2661 Luxembourg
Custodian	BSI Europe S.A. 122, Rue Adolphe Fischer L-1521 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

Annual Management Charge	
Share Class A & U ^(e)	1.25%
Share Class D ^(f)	1.75%

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

Order Transmission Information

Original Applications To:

European Fund Administration
Attn.: TA Operations and Shareholder
Services
2 rue d'Alsace
L-1122 Luxembourg

Subsequent Applications Only Via Facsimile:

European Fund Administration
Attn.: TA Operations & Shareholder
Services Fax: +352 4865 61 8002
Tel.: +352 48 48 9002
E-mail: register.ta.ops@efa.eu

- 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.

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