

## DSM US Large Cap Growth Sub-Fund Class A - May 2021

### Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund depreciated 0.78% for the month of May compared to a (1.38)% return for the Russell 1000 Growth Index and a 0.70% return for the S&P 500 both including dividends. At the end of May, the Sub-Fund was primarily invested in the technology, communication services and consumer discretionary sectors, with smaller weights in the health care, industrials, financials and consumer staples sectors.

For the month, the Sub-Fund exceeded the benchmark by approximately 60bps. This was primarily the result of the Manager's selections in the information technology sector. The Manager's selections in consumer discretionary detracted slightly from performance. In May, the positions that contributed the most to the portfolio's return were Intuit, NVIDIA, United Parcel Service, Fortinet and Automatic Data Processing. The positions that contributed the least in the month were Amazon.com, Alibaba Group, Global Payments, Mastercard and Visa.

### Manager's Commentary

Beginning in 2010 and extending until the COVID-19 crisis occurred in 2020, the economy was characterized by slow growth, low inflation and low interest rates, which was an inhospitable environment for Value stocks. The Manager believes that despite a near-term bounce, economically sensitive businesses (generally Value) that underperformed the market for a decade leading up to the first quarter of 2020, are likely to underperform again over the longer term. In DSM's view, the intermediate and long-term outlook for these businesses remains quite muted after the economic recovery in a digitally driven world is factored into the stock prices.

The Russell 1000 Value Index (RLV) outperformed the Russell 1000 Growth Index (RLG) by approximately 2200 basis points (bps) from September 1, 2020 through March 8, 2021. However, since March 8, 2021 the RLG is outperforming the RLV by roughly 300 bps. While it is too early to project a renewed market preference for Growth over Value, perhaps at this stage in the economic recovery the market is "neutral" in its preference of one over the other.

The US economy has rebounded strongly thanks to the aggressive rollout of the COVID-19 vaccines, as consumers return to activities such as dining out, travel, medical appointments and shopping. Driven by this sharp increase in consumer demand, businesses are more fully reopening and in desperate need of employees. The rapid turnaround in the economy is also stressing supply chains for many products that are necessary for the restart. As a result of these labor shortages and supply chain disruptions, wages and prices are rising, stoking fears of a sustainable increase in inflation. While it is difficult to predict if these recent increases imply inflation above the Federal Reserve's 2% target over the longer term, today's negative real yields seem to indicate that rates must rise before long. Therefore, the Federal Reserve may well need to begin raising interest rates by "tapering" its purchases of bonds, perhaps pushing the ten-year US Treasury note back to its year-end 2018 level of 3.2%. If inflation remains around the Federal Reserve's 2% target, a 4% yield on the ten-year would be a reasonable expectation over the near term.

### Key Information

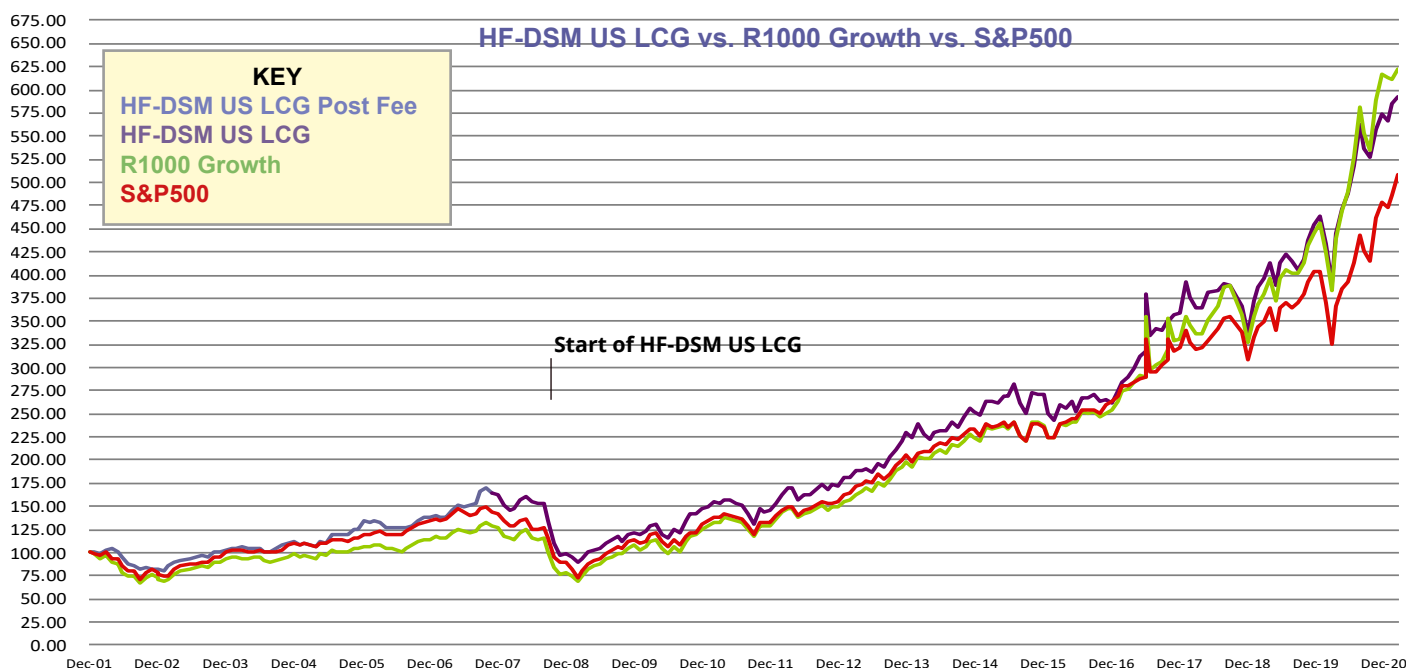
NAV A Shares (31/5/21) US\$ 386.13  
Total Fund Size (all share classes) US\$ 96.2m

Strategy Assets  
Fund Launch Date

US\$ 8,037.2m<sup>(a)</sup>  
29-Nov-07

Monthly Performance (%)														
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	
HF-DSM US LCG	(1.3)	3.3	1.3	7.7	(0.8)								10.3	
Russell 1000 Growth <sup>(c)</sup>	(0.7)	(0.02)	1.7	6.8	(1.4)								6.3	
S&P 500 <sup>(c)</sup>	(1.0)	2.8	4.4	5.3	0.7								12.6	

Period Performance (%)	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	Cumulative	Annualised
HF-DSM US LCG Returns <sup>(b)</sup>	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	532.5	9.66%
Russell 1000 Growth <sup>(c)</sup>	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	439.1	9.86%
S&P 500 <sup>(c)</sup>	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	555.9	8.79%



## Top Ten Holdings

Adobe	Intuit
Alibaba Group	Microsoft
Alphabet (Cl. A)	PayPal Holdings
Amazon.com	Tencent Holdings
Facebook	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	
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	15.2	15.3
Sharpe Ratio	n/a	0.6	0.6
Information Ratio	n/a	-0.0	
Tracking Error	n/a	6.3	
Beta	n/a	0.9	
Alpha	n/a	0.7	

## 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](http://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 <sup>(e)</sup>	1.25%
Share Class D <sup>(f)</sup>	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

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 <sup>(e)</sup>	\$100,000 initial / \$10,000 subsequent
Share Class D	\$10,000 initial / \$1,000 subsequent

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