

Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund depreciated 9.7% for the month of October compared to a (8.94)% return for the Russell 1000 Growth Index and a (6.84)% return for the S&P 500 both including dividends. At the end of October, the Sub-Fund was invested in the technology, communication services, health care and consumer discretionary sectors, with smaller weights in the financials, consumer staples and industrials sectors.

For the month, the Sub-Fund trailed the benchmark by approximately 80bps. This was primarily the result of the Manager's selections in the communication services and consumer staples sectors. The Manager's selections in technology and health care benefitted performance. In October, the positions that contributed the most to the portfolio's return were Burlington Stores, Amazon.com, Raytheon, Automatic Data Processing and Toronto-Dominion Bank. The positions that contributed the least in the month were Alibaba Group, Norwegian Cruise Line Holdings, Tencent Holdings, Alphabet and Royal Caribbean Cruises.

Manager's Commentary

Thus far in 2018, despite earnings growth in excess of 25%, the portfolio is underperforming due to several macroeconomic concerns including a US-China trade war, slowing global economic growth and rising interest rates. Nevertheless, the Manager expects performance to rebound driven by solid earnings growth going forward, while these concerns gradually dissipate. DSM remains focused on earnings because they believe that earnings are the primary factor that will "grow" the value of a business. Importantly, strong and growing earnings, when combined with reasonable valuations, drive stock prices higher over time.

For many years, DSM has projected that the current global economic cycle would prove to be a longer growth cycle than the majority of previous growth cycles and that has certainly proven to be the case. The Manager continues to believe that the current global economic cycle will be driven by low inflation and low, albeit rising, interest rates and will extend at least a few more years. Today the yield curve is normally sloped, and inflation remains moderate in the United States and globally. In the US interest rates are rising, not because of inflation, but because of improving economic growth. While DSM agrees that the trade dispute may slow both Chinese and global economic growth, they do not believe Chinese or global growth patterns will revert to a recession as the Chinese government is implementing a package of new policies aimed at increasing consumption by the middle class, in order to limit the impact of the tariffs.

Third quarter earnings results are off to a strong start. At this time, the Manager is making changes to the portfolio based on the opportunities that have been created by the downdraft in global equity markets, as well as due to earnings results. Importantly, the portfolio's current P/E of 21x estimated calendar 2019 earnings is at a discount to the portfolio's average earnings growth over the past three years of approximately 24%. In the Manager's view, given the superior mid-to-high teen's earnings growth of the portfolio, valuation is quite attractive. To DSM, a growing global economy, moderate inflation, and low interest rates suggests that global equity markets may continue to provide a normal long-term rate of return. Fears of trade wars, of normalizing interest rates and of weak economic growth have shaken investor confidence, but the Manager believes these are concerns that will soon pass.

Key Information

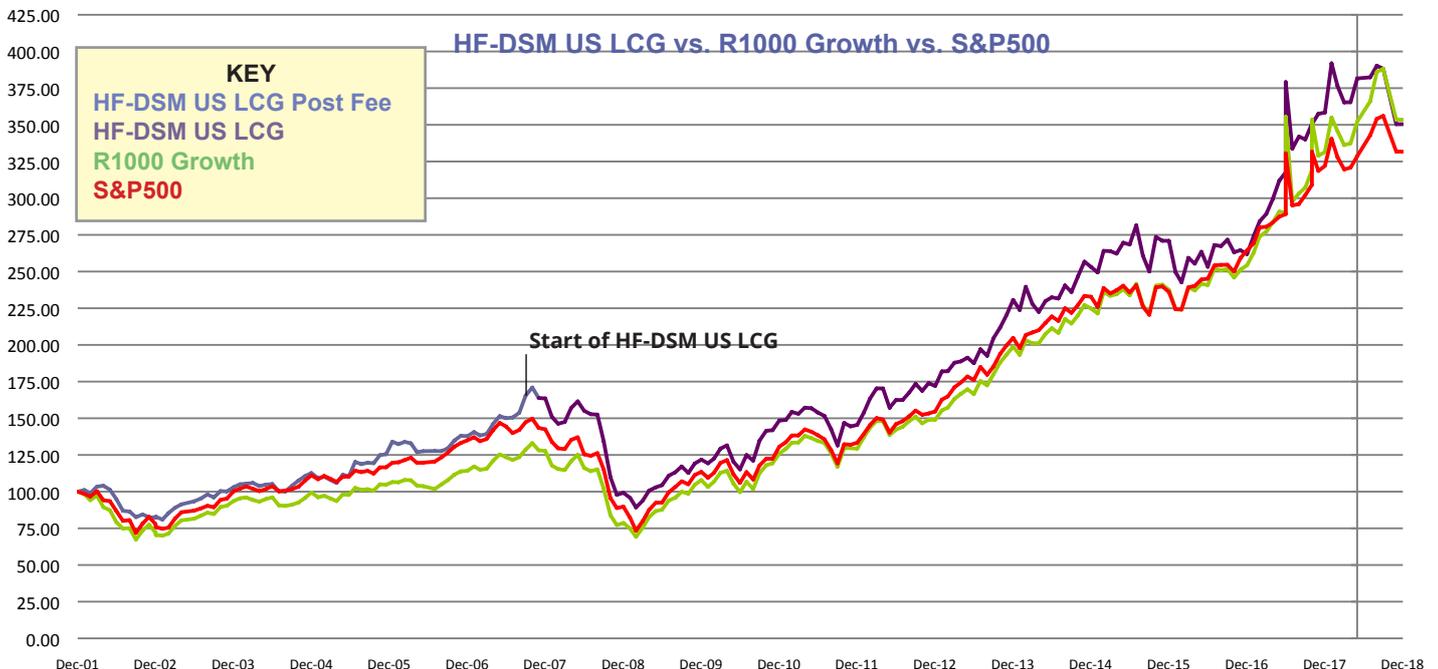
NAV A Shares (30/09/18) US\$ 213.95
Total Fund Size (all share classes) US\$ 78.6m

Strategy Assets
Fund Launch Date

US\$ 4,977.0m^(a)
29-Nov-07

Monthly Performance (%)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
HF-DSM US LCG	9.4	-3.97	-2.9	0.03	4.43	-0.6	0.86	2.0	-0.5	-9.7			-2.2
Russell 1000 Growth ^(c)	7.1	-2.62	-2.7	0.35	4.38	1.0	2.94	5.5	0.56	-6.8			-6.6
S&P 500 ^(c)	5.7	-3.69	-2.5	0.38	2.41	0.6	3.72	3.3	0.57	-8.9			3.0

Period Performance (%)	2018	2017	2016	2015	2014	2013	2012	2011	2009	2009	2008	2007	2006	Cumulative	Annualised
HF-DSM US LCG Returns ^(b)	-2.2	36.8	(3.3)	7.0	9.7	34.1	18.2	(2.0)	21.9	22.8	(39.3)	18.7	9.8	250.5	7.66%
Russell 1000 Growth ^(c)	-6.6	30.2	7.1	5.7	13.1	33.5	15.3	2.6	16.7	37.2	(38.4)	11.8	9.1	231.7	7.31%
S&P 500 ^(c)	3.0	21.8	12.0	1.4	13.7	32.4	16.0	2.1	15.1	26.5	(37.0)	5.5	15.8	253.5	7.71%



HF Hereford Funds

Top Ten Holdings	
Abbott Laboratories	Microsoft
Adobe Systems	MSCI Inc.
Alibaba Group	Tencent Holdings
Alphabet (Cl. A)	Visa
Facebook	Zoetis

Sectoral Breakdown	% of Assets
Information Technology	28.7%
Communication Services	20.8%
Health Care	20.1%
Consumer Discretionary	17.0%
Financials	7.8%
Consumer Staples	4.0%
Industrials	1.2%

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	14.6	14.4
ISIN	LU0327604228	Sharpe Ratio	n/a	0.5	0.5
Reuters	LP65102015	Information Ratio	n/a	0.0	
Sedol	B28TLX2	Tracking Error	n/a	6.5	
	3504726	Beta	n/a	0.9	
WKN	A0M58T	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

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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
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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
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