# HF Hereford Funds

**MARKETING COMMUNICATION**

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SFDR status as of March 2021: Article 8

## DSM US Large Cap Growth Sub-Fund

## Class A - April 2025

### Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund appreciated 2.09% for the month of April compared to a 1.77% return for the Russell 1000 Growth Index and a (0.68)% return for the S&P 500 both including dividends. At the end of April, the Sub-Fund was invested in the technology, industrials, communication services, financials, consumer discretionary and health care sectors.

For the month, the Sub-Fund exceeded the benchmark by approximately 32bps. This was primarily the result of the Manager's selections in industrials and overweight of the industrials sector versus the benchmark. The Manager's selections in financials detracted from performance in the period. In April, the positions that contributed the most to the portfolio's return were Uber Technologies, Microsoft, GE Vernova, Netflix and Fortinet. The positions that detracted the most in the month were Fiserv, Advanced Micro Devices, Meta Platforms, Amazon.com and Arthur J. Gallagher.

### Manager's Commentary

As the year began, the Manager expected global economic growth of about 3% and US economic growth of around 2.5%. Unfortunately, tariffs have negatively impacted the economic outlook. While DSM's prior economic growth expectations may now be too high, calibrating the size of the reduction to growth is very difficult given the Trump administration's ever-changing tariff proposals and policies, as well as the uncertain responses from a very long list of countries. At this point, assuming negotiations lead to agreements with most of America's trading partners by the end of the second quarter or early third quarter, the Manager would expect global growth this year of about 2% and US growth of about 1.5%. However, if significant tariffs persist into the second half of the year, a global and US recession is possible.

In the Manager's opinion, President Trump's policy goals concerning China are very different from his policy goals regarding the rest of the world. Over the past thirty years, China has prospered through global exports to all parts of the world and especially to the United States. China has become the world's second largest economy and has used that prosperity to build a very large and technically advanced military with which it threatens Taiwan and other neighboring nations. China has also claimed unprecedented national control over the South China Sea, thereby infringing on long held maritime rights of many Asian nations, including the Philippines and Vietnam. China's motivations and ambitions are perhaps best understood by a review of its major allies: Russia, Iran, and North Korea. In DSM's view, Trump's approach to China involves limiting their economic expansion in order limit their military efforts over the long-term. Given that China has been an engine of global economic growth for three decades, any policies designed to slow China's economic growth would thereby reduce global economic growth.

Without a doubt, there is widespread pessimism regarding the outcome of trade negotiations that are taking place on an unprecedented global scale. Trump's recent threats to fire US Federal Reserve Chairman Powell have been damaging to market confidence as well. The Manager believes the President's approach reflects his well-known combative personality and impatience. Trump is attempting to create a lot of change very fast, with his daily commentary serving to illustrate that his statements and actions are intentionally and predictably unpredictable.

Certainly, Trump's tariffs have created a negative economic and market outlook. Investor sentiment is very pessimistic, yet in the Manager's view this provides an opportunity for those investors who can look forward as they did in 2020 during the pandemic. As trade negotiations proceed and agreements are reached, businesses and consumers, sensing a light at the end of the "tariff" tunnel, can then begin to move forward with some certainty that trade policies are in-place and not subject to significant change. At that point, DSM believes the global economy would reaccelerate and equity markets would move higher as well. Importantly, as a result of recent western world equity market declines, the Manager believes valuations are very attractive.

### Key Information

| | | | |
|---|---|---|---|
| NAV A Shares (30/4/25) | US$ 489.46 | Strategy Assets | US$ 5,251.9[1a)] |
| Total Fund Size (all share classes) | US$ 78.5 m | 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 | 4.0 | (2.7) | (8.4) | 2.1 | | | | | | | | | (5.3) |
| Russell 1000 Growth[(c)] | 2.0 | (3.6) | (8.4) | 1.8 | | | | | | | | | (8.4) |
| S&P 500[(c)] | 2.8 | (1.3) | (5.6) | (0.7) | | | | | | | | | (4.9) |

| Period Perf (%) | 24 | 23 | 22 | 21 | 20 | 19 | 18 | 17 | 16 | 15 | 14 | 13 | 12 | 11 | 10 | 09 | 08 | 07 | 2006 | Cumulative | Annualised |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| DSM US LCG Returns[(b)] | 29.0 | 30.7 | (27.8) | 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 | 389.5 | 9.5% |
| Russell 1000 Growth[(c)] | 33.4 | 42.7 | (29.5) | 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 | 630.4 | 12.0% |
| S&P 500[(c)] | 28.1 | 26.2 | (18.1) | 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 | 417.9 | 9.9% |