

Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund appreciated 4.02% for the month of January compared to a 1.98% return for the Russell 1000 Growth Index and a 2.78% return for the S&P 500 both including dividends. At the end of January, the Sub-Fund was invested in the technology, communication services, financials, industrials, consumer discretionary and health care sectors.

For the month, the Sub-Fund exceeded the benchmark by approximately 204bps. This was primarily the result of the Manager’s selections in the industrials and technology sectors. The Manager’s underweight in communications services versus the benchmark detracted from performance in the period. In January, the positions that contributed the most to the portfolio’s return were Meta Platforms, Amazon.com, Alphabet, GE Aerospace and Howmet Aerospace. The positions that detracted the most in the month were NVIDIA, Apple, Intuit, Advanced Micro Devices and Microsoft.

Manager’s Commentary

Despite January’s volatility, the Manager remains optimistic that the outlook is very bright for the leading global technology businesses in the portfolio, driven by continued growth in cloud, internet, software, semiconductor and security demand in addition to very well-known AI trends. DSM continues to believe the ten-year US Treasury yield is very low historically and should comfortably support economic growth and current equity valuations. Importantly, the valuations of the portfolio’s largest technology companies have been steady over the past several years, as their prices have been driven higher by earnings growth. As a result, the valuations of the portfolio’s technology names, in the Manager’s opinion, remain quite reasonable.

Among the drivers of last month’s market instability was a major development in the world of artificial intelligence (AI). DeepSeek, a Chinese AI startup, released two large language models (LLMs) that gained significant attention as they performed close to the capabilities of OpenAI’s current state-of-the-art models. Notably, DeepSeek used a combination of cost reduction techniques to aggressively shrink and optimize the models, and by sacrificing almost all their margin, priced them at a deep discount. This led to a rotation out of the AI-related semiconductor and datacenter space, as investors speculated that the total amount of AI processing power needed would be lower than previously anticipated, given the efficiency gains that DeepSeek had produced. However, for every major innovation-driven technological shift, history has shown that lowered costs lead to a net gain in usage/consumption, a phenomenon known as Jevon’s Paradox. There is every reason to expect that demand will be driven higher, as cheaper, more capable AI will have a vastly broader range of potential applications, increasing total demand for chips, networking and datacenter power, and making software enhanced with AI cheaper and more compelling for end users. The Manager believes the current portfolio is well-positioned to benefit from the adoption of such models.

In January, markets also saw the US Supreme Court uphold the sell-or-ban law passed by Congress last year, which mandated that ByteDance, the parent company of TikTok, had until January 19th to sell the application or face a national ban. While an executive order from President Trump paused the ban temporarily, TikTok’s future in the US remains uncertain. In the meantime, the Manager sees possible monetization opportunities for Meta’s Instagram and Reels apps, as TikTok’s billions in advertising revenues could shift to other platforms.

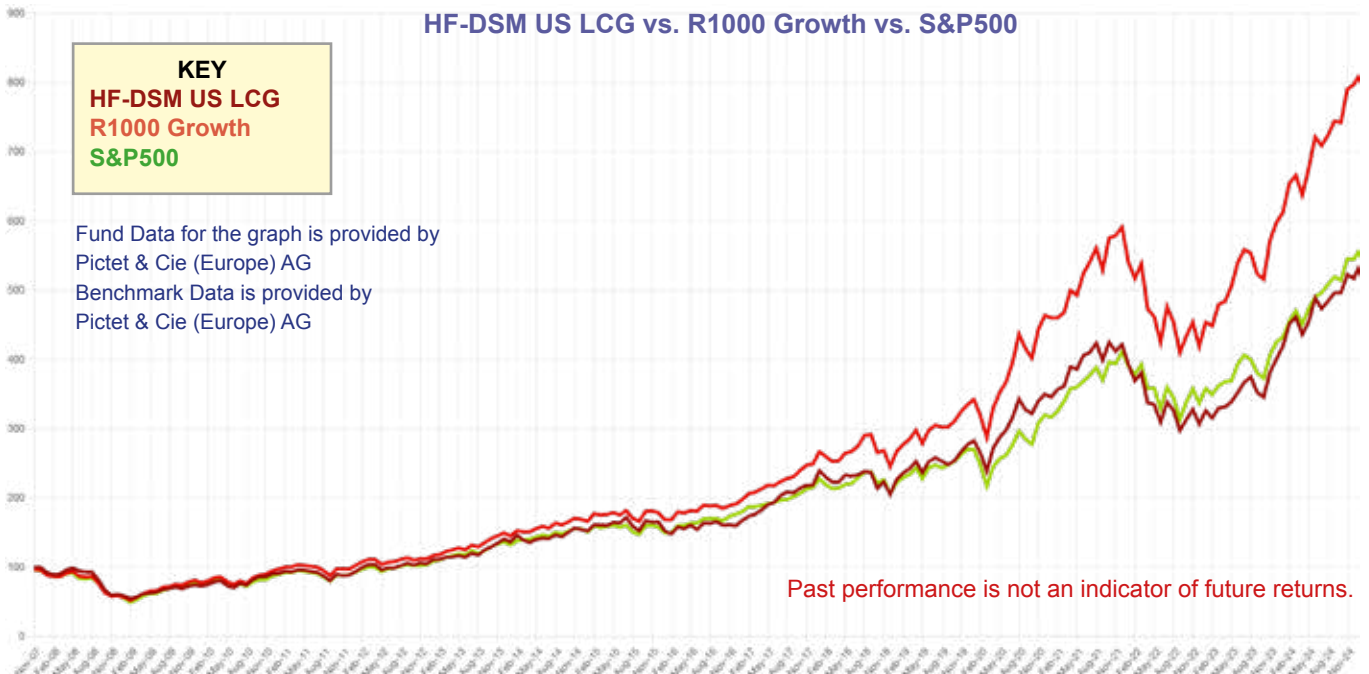
2025 has begun with a continuation of 2024’s strong performance. In the Manager’s view, barring unfavorable geopolitical events or a financial crisis, western world equity markets are generally pointed upward. Importantly, DSM believes US and European equity markets are normally valued in a world of low inflation. Therefore, they expect equity markets to generate normalized historic rates of return, perhaps with a bit of additional upside driven by the ongoing evolution of technology.

Key Information

NAV A Shares (31/1/25)	US\$ 537.81	Strategy Assets	US\$ 6,108.5 ^(a)
Total Fund Size (all share classes)	US\$ 88.9 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												4.0
Russell 1000 Growth^(c)	2.0												2.0
S&P 500^(c)	2.8												2.8

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	437.8	10.2%
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	712.9	12.9%
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	459.9	10.5%



Top Ten Holdings	
Alphabet (Cl. A)	Fiserv
Amazon.com	Fortinet
Apple	Meta Platforms
Arista Networks	Microsoft
Eli Lilly and Co.	NVIDIA

Sectoral Breakdown	% of Assets
Information Technology	47.7%
Communication Services	12.6%
Financials	11.8%
Industrials	9.9%
Consumer Discretionary	9.7%
Health Care	7.8%

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

The Sub-Fund is actively managed. The benchmark indices of the Sub-Fund are the S&P 500 and the Russell 1000 Growth. They are used for performance comparison purposes. The Investment Manager is not in any way constrained by the benchmark indices in its portfolio positioning. This means the Investment Manager is taking investment decisions without reference to a benchmark index. The Sub-Fund can deviate significantly from the benchmark indices

Fund Codes		Since inception	HF-DSM US LCG	HF-DSM US LCG Composite	R1000 Growth
Bloomberg	DSMUSLA LX	Volatility	n/a	15.7	16.0
ISIN	LU0327604228	Sharpe Ratio	n/a	0.5	0.6
Reuters	LP65102015	Information Ratio	n/a	-0.2	
Sedol	B28TLX2	Tracking Error	n/a	6.2	
	3504726	Beta	n/a	0.9	
WKN	A0M58T	Alpha	n/a	0.1	

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) AG, Succursale de Luxembourg. 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

All Data in this factsheet is provided by Pictet & Cie (Europe) AG, FundPartner Solutions (Europe) S.A. and DSM Capital Partners LLC

Minimum Investment	
Share Class A	\$100,000 initial subscription

Share Class	Mgmt Fees	ISIN	TER	Entry Fee	Exit Fee
A	1.25%	LU0327604228	1.35%*	0%	0%

This document should be read as a marketing communication.

Risk Disclaimer - This current risk profile is based on historical data and may not be a reliable indication of the future risk profile of the Sub-Fund. - The risk category shown is not guaranteed and may shift over time. - The lowest category, which corresponds to Number 1, cannot be regarded as being risk-free. - The Sub-Fund does not provide any capital guarantee or asset protection measures. Why is this Sub-Fund in this category? The investment objective of the Sub-Fund is to generate long-term capital growth and income by investing in equities and equity-linked securities of US Companies. Hence, the risk/reward profile of the SubFund should correspond to a high risk category on the risk/reward scale. The contents of this document are communicated by, and the property of, Hereford Funds. This document is for information purposes and internal use only. It is neither an advice nor a recommendation to enter into any investment. Investment suitability must be determined individually for each investor, and the financial instruments described above may not be suitable for all investors. This information does not provide any accounting, legal, regulatory or tax advice. Please consult your own professional advisers in order to evaluate and judge the matters referred to herein. An investment should be made only on the basis of the prospectus, the Key Information Document (KID) the annual and any subsequent semi-annual-reports of HEREFORD FUNDS (the "Fund"), a société d'investissement à capital variable, established in Luxembourg and registered under Part I of Luxembourg law of 20 December, approved by the Commission de Surveillance du Secteur Financier (CSSF). These can be obtained in English from the Fund, from FundPartner Solutions (Europe) SA, 15 avenue J. F. Kennedy, L-1855 Luxembourg, and any distributor or intermediary appointed by the Fund. **You can obtain a summary of investors rights to the following link:** <https://www.pictet.com/content/dam/www/documents/legal-and-notes/fundpartner-solutions/fps-summary-of-investors-rights.pdf.coredownload.pdf>

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Order Transmission Information

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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.

Registration

For our latest registration information, please see
<https://herefordfunds.com/library/country-registrations>

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
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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.

The figures shown do not include all the costs of the product itself. For further information on the costs, please refer to the prospectus and other fund documents.
* Financial Year ending September 2023