

DSM US Large Cap Growth Sub-Fund
Class A - March 2024

<https://assetservices.group.pictet/asset-services/fund-library/lu/en/institutional/funds>

SFDR status as of March 2021: Article 8

Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund appreciated 2.04% for the month of March compared to a 1.76% return for the Russell 1000 Growth Index and a 3.22% return for the S&P 500 both including dividends. At the end of March, the Sub-Fund was invested in the technology, financials, communication services, consumer discretionary, industrials, health care and consumer staples sectors.

For the month, the Sub-Fund exceeded the benchmark by approximately 28bps. This was primarily the result of the Manager’s selections in the consumer discretionary sector. The Manager’s selections in industrials detracted from performance. In March, the positions that contributed the most to the portfolio’s return were NVIDIA, Alphabet, Fiserv, Arista Networks and Charles Schwab. The positions that detracted the most in the month were EPAM Systems, Adobe, Advanced Micro Devices, Accenture and Uber Technologies.

Manager’s Commentary

The Sub-Fund’s outperformance versus the Russell 1000 Growth Index in March and over the first quarter was driven by the very positive performance of NVIDIA along with Microsoft, Amazon.com, Alphabet and Arista Networks, each a sizable holding in the portfolio. These premier technology businesses are benefiting from AI trends, as well as long standing growth from cloud, Internet, software and other services. The world is moving relentlessly forward developing and utilizing various technologies across an ever-larger swath of the global economy, thus the portfolio has broad exposure to dominant internet services, software and hardware companies which are leading the digital transformation.

The Manager believes the speculative frenzy created by zero interest rates from the financial crisis in 2008 through the pandemic in 2022, created an artificial pattern of performance across asset classes. Historic equity factor and risk analysis of portfolios remains distorted by zero interest rates and accordingly, in DSM’s view, such analysis will be a less reliable predictor of performance going forward. That said, they believe zero interest rate speculation may have come to an end during the first half of 2023 based on equity market performance over the past nine months.

Until recently, many believed that the size and speed of the central banks’ rate increases would result in a recession. While the Manager could not be certain, their view has been that Fed rate hikes from zero to 3% might not prove to be significantly contractionary. After all, historically 3% is an extremely low short-term interest rate. DSM felt that as short rates approached 5% a negative impact to economic growth might be more likely. However, even then, 5% on the short end of the yield curve may not be a big deterrent to economic growth in a period in which the ten-year bond yields about 4%. In 2023, interest rates moved higher, but they remain historically low when looking over the entire post-WWII period. In the Manager’s view, this has been the reason for the current “soft” landing which has so far surprised the many forecasters expecting a significant slowdown as falling inflation and economic growth concurrent with rate increases was not in the playbook for most observers.

While a year ago the discussion centered around how high rates would go, today investors are focused on when rate cuts will begin. In all likelihood, the ECB is possibly on its way to a rate cut over the next three months or so. The Manager believes a US rate cut is possible over that time frame as well. However, if various economic indicators remain strong and rate cuts are delayed/fewer/smaller than generally expected, they believe the market is likely to continue to move higher. On the other hand, if the economy softens and rates are lowered sooner, DSM believes the market may also move higher. In the Manager’s view, a 4.2% ten-year yield is very low historically and will support a market with a 19x to 22x price/earnings multiple, as long as the intermediate to longer term economic outlook is reasonably positive.

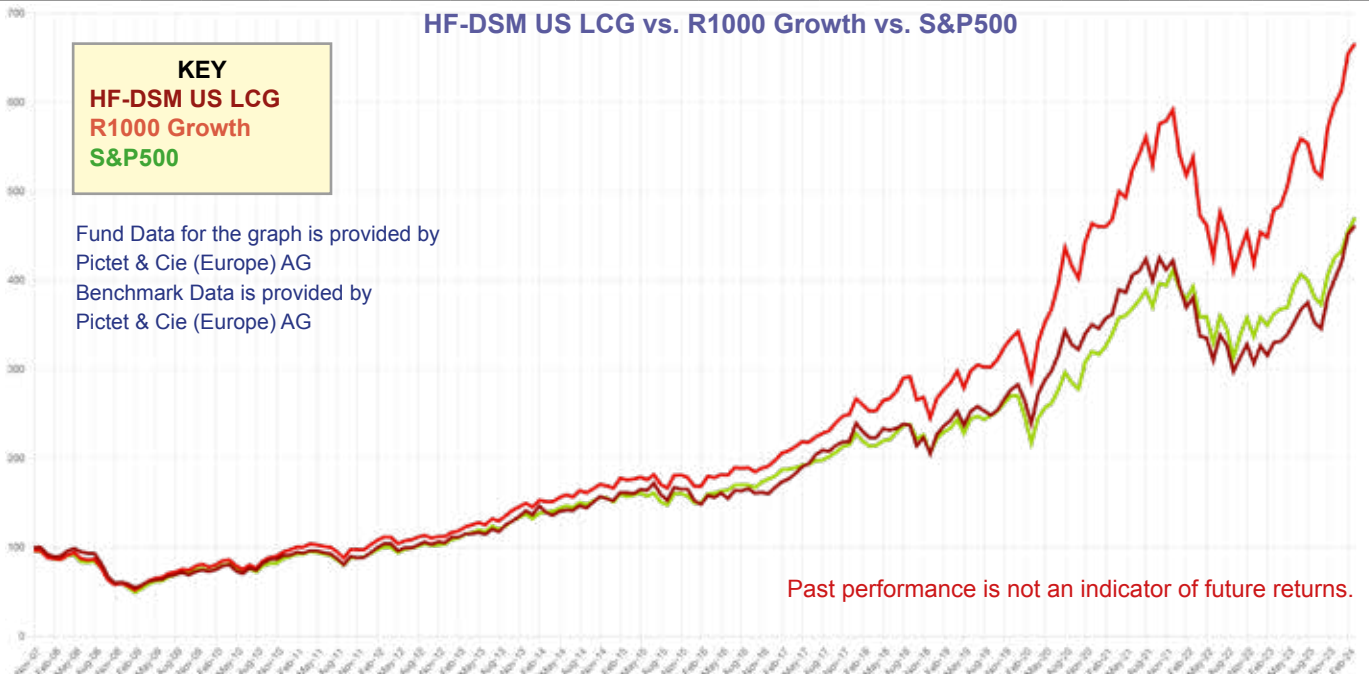
Key Information

NAV A Shares (31/03/24)	US\$ 461.11	Strategy Assets	US\$ 6,617.2 ^(a)
Total Fund Size (all share classes)	US\$ 82.5 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	4.6	7.8	2.0										15.0
Russell 1000 Growth^(c)	2.5	6.8	1.7										11.4
S&P 500^(c)	1.7	5.3	3.2										10.6

Period Perf (%)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	Cumulative	Annualised
DSM US LCG Returns ^(b)	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	361.1	9.8%
Russell 1000 Growth ^(c)	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	566.0	12.2%
S&P 500 ^(c)	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	370.2	9.9%

HF-DSM US LCG vs. R1000 Growth vs. S&P500



KEY
HF-DSM US LCG
R1000 Growth
S&P500

Fund Data for the graph is provided by
Pictet & Cie (Europe) AG
Benchmark Data is provided by
Pictet & Cie (Europe) AG

Past performance is not an indicator of future returns.

Top Ten Holdings	
Advanced Micro Devices	Intuit
Alphabet (Cl. A)	Meta Platforms
Amazon.com	Microsoft
Arista Networks	NVIDIA
Fiserv	Visa

Sectoral Breakdown	% of Assets
Information Technology	47.5%
Financials	14.6%
Communication Services	13.2%
Consumer Discretionary	10.7%
Industrials	6.3%
Health Care	5.1%
Consumer Staples	1.9%

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	16.1
ISIN	LU0327604228	Sharpe Ratio	n/a	0.5	0.6
Reuters	LP65102015	Information Ratio	n/a	-0.1	
Sedol	B28TLX2	Tracking Error	n/a	6.2	
	3504726	Beta	n/a	0.9	
WKN	A0M58T	Alpha	n/a	0.2	

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:**
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Order Transmission Information

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L-1855 Luxembourg

- 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:
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Germany - Paying Agent as defined by German Regulation:
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Switzerland - Representative and Paying Agent as defined by Swiss Regulation:
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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