HF Hereford Funds

MARKETING COMMUNICATION

Signatory of PRI Principles for Responsible Investment

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

SFDR status as of March 2021: Article 8

DSM US Large Cap Growth Sub-Fund

Class B - August 2024

Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund appreciated 2.29% for the month of August compared to a 2.08% return for the Russell 1000 Growth Index and a 2.43% return for the S&P 500 both including dividends. At the end of August, the Sub-Fund was invested in the technology, communication services, financials, consumer discretionary, health care and industrials sectors.

For the month, the Sub-Fund exceeded the benchmark by approximately 21bps. This was primarily the result of the Manager's selections in the technology sector. The Manager's selections in industrials also benefitted performance, while their selections in consumer staples detracted from performance in the period. In August, the positions that contributed the most to the portfolio's return were Fortinet, Eli Lilly, Uber Technologies, Meta Platforms and Fiserv. The positions that detracted the most in the month were Alphabet (Cl. A), Amazon.com, Monster Beverage, Neurocrine Biosciences and Entegris.

Manager's Commentary

The Russell 1000 Growth Index peaked at approximately $3852 on July 10th and then fell 13% to $3345 by August 5th. The S&P 500 peaked six days later, on July 16th at $5667, and by August 7th had declined over 8% to about $5200. Although both indices rebounded as the month progressed, the difference between the performance of the two over that downward period initiated a debate among investors about whether the market was signaling the beginning of a rotation to value away from growth. DSM does not believe such a rotation is occurring as valuations for growth stocks remain quite attractive, especially when combined with their substantial earnings growth prospects and the ten-year bond yield at 4%. While there are, in the Manager's view, many growth stocks whose P/Es are too high, the same can be said for many value stocks whose P/Es are high considering their modest growth outlooks. In short, DSM believes valuations are critical to investment outcomes and, in their opinion, too many investment decisions are made without a thoughtful valuation analysis.

Furthermore, investors often assume that growth stocks will be impacted more negatively by a "soft" or "recessionary" economy than value stocks. While nearly all companies would be negatively impacted by a recession, given the dominant market positions, stable pricing, manageable cost structures, superb balance sheets, secular growth tailwinds and AI-driven futures of companies like Microsoft, Apple, Alphabet, Amazon.com, and Meta Platforms, the Manager does not believe certain "growth" companies are any more vulnerable to a recession than companies in auto manufacturing, construction, chemicals, energy, mining, housing, retail or banking. If investors are fearful of a recession and a resultant market decline, their knee jerk first reaction may well be to sell their "winners" in order to protect their profits. However, in the Manager's opinion, growth stocks with reasonable valuations would likely stabilize and, in time, their stock prices would reflect their strong fundamentals and valuations versus near-term investor fear.

Global economic growth is slowing, but likely remains more than 2% and may approach 3% later in 2024. While the tightening by the European Central Bank (ECB) and US Federal Reserve (Fed) may have caused global economic growth to slow, it has also resulted in a sustained downturn in inflation. Concurrent with a weakening economy, employment is under a bit of pressure. Ideally, to avoid a recession, both central banks should reduce rates before the economy nears a contraction. Recent PPI and CPI data clearly point to a continuation of lower inflation and has increased the likelihood that the Fed will begin cutting rates at their mid-September meeting. It is likely the ECB will implement their second cut in early autumn as well. The Manager continues to believe that the global "soft landing – muddle through" scenario is the most likely outcome, although a global recession is possible particularly due to geopolitical risks.

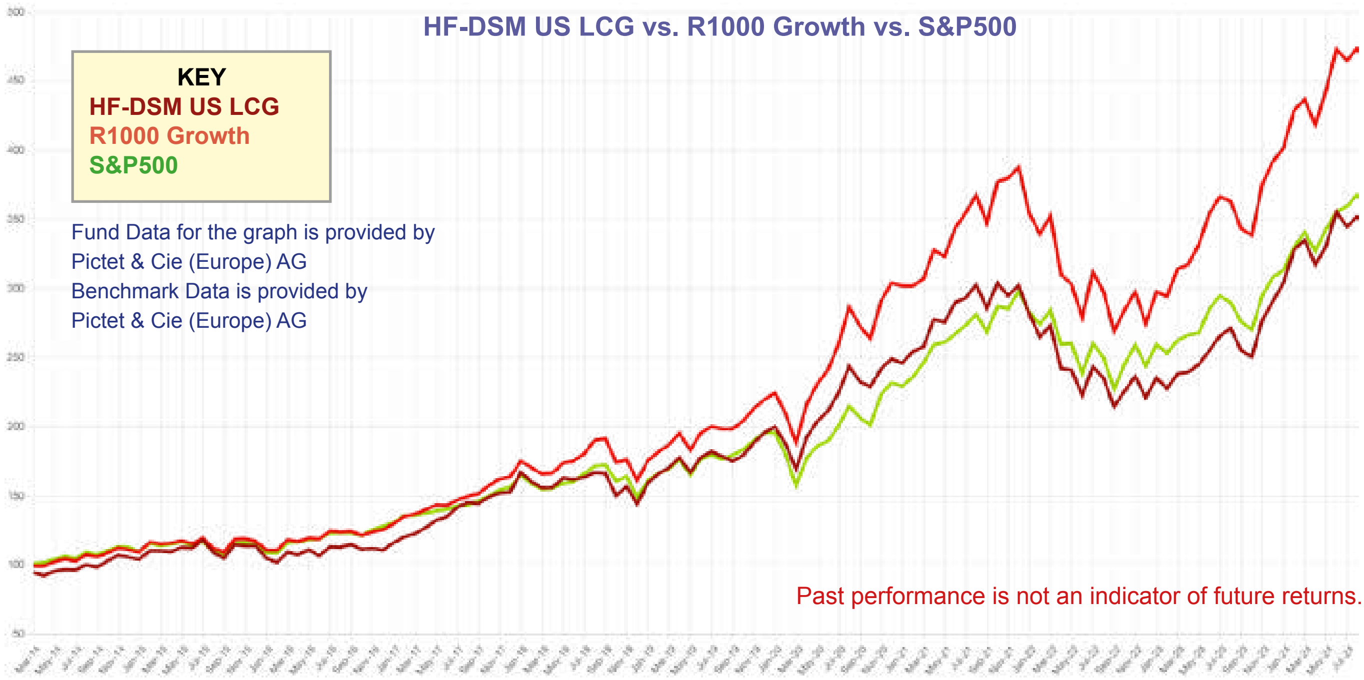
Key Information

NAV B Shares (31/08/24)	US$ 352.3	Strategy Assets	US$ 5,665.1 [a]
Total Fund Size (all share classes)	US$ 84.3m	Fund Launch Date	26/01/2015

Monthly Performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
HF-DSM US LCG	4.7	7.8	2.1	(5.3)	4.3	7.6	(3.1)	2.3					21.2
Russell 1000 Growth[c]	2.5	6.8	1.7	(4.2)	6.0	6.7	(1.7)	2.1					21.0
S&P 500[c]	1.7	5.3	3.2	(4.1)	5.0	3.6	1.22	2.4					19.6

Period Perf (%)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	Cumulative	Annualised
HF-DSM US LCG Returns[b]	31.4	(26.8)	21.3	27.2	35.9	(5.6)	37.8	(2.6)	7.8	11.5	252.3	12.7%
Russell 1000 Growth[c]	42.7	(29.1)	27.5	38.5	36.4	(1.5)	30.3	7.1	5.6	11.8	373.9	16.0%
S&P 500[c]	26.2	(18.1)	28.6	18.3	31.3	(4.4)	21.8	12.0	1.4	11.7	268.1	13.2%



HF Hereford Funds

Top Ten Holdings

Alphabet (Cl. A)	Fiserv
Amazon.com	Intuit
Apple	Meta Platforms
Arista Networks	Microsoft
Eli Lilly	NVIDIA

Sectoral Breakdown	% of Assets
Information Technology	51.1%
Communication Services	13.6%
Financials	12.1%
Consumer Discretionary	8.8%
Health Care	7.8%
Industrials	5.7%

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	
Bloomberg	DSMUSLB LX
ISIN	LU0327604574
Telekurs	003504729
Sedol	B28TLY3

Since inception	HF-DSM US LCG	HF-DSM US LCG Composite	R1000 Growth
Volatility	n/a	15.8	16.1
Sharpe Ratio	n/a	0.5	0.6
Information Ratio	n/a	-0.1	
Tracking Error	n/a	6.2	
Beta	n/a	0.9	
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 B	$10m initial subscription

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

(a) This refers to the total assets invested in the reference strategy managed by the Investment Manager.
(b) 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.
(c) 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
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.

Share Class	Mgmt Fees	ISIN	TER	Entry Fee	Exit Fee
B	0.7%	LU0327604574	0.97%*	0%	0%

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

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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