

Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund depreciated 3.06% for the month of July compared to a (1.70)% return for the Russell 1000 Growth Index and a 1.22% return for the S&P 500 both including dividends. At the end of July, the Sub-Fund was invested in the technology, communication services, financials, consumer discretionary, health care, industrials and consumer staples sectors.

For the month, the Sub-Fund trailed the benchmark by approximately 136bps. This was primarily the result of the Manager’s selections in the technology sector. The Manager’s selections in consumer discretionary and industrials also detracted from performance, while the Sub-Fund’s overweight in financials versus the benchmark benefitted performance. In July, the positions that contributed the most to the portfolio’s return were Fiserv, Apple, Howmet Aerospace, Mastercard and Monster Beverage. The positions that detracted the most in the month were Microsoft, Alphabet (Cl. A), Advanced Micro Devices, NVIDIA and Eli Lilly.

Manager’s Commentary

While the markets started off strong in July, several disappointing earnings releases from widely held technology stocks led returns lower. However, the Manager continues to believe these businesses will benefit from cloud, internet, software, semiconductor and security demand in addition to very well-known artificial intelligence (AI) trends. Furthermore, if AI spending by enterprises and governments leads to further earnings upside for many of the Manager’s technology holdings, and provides meaningful productivity gains for companies and the overall economy, micro and macro growth could be higher than currently expected, and thus sustain or even nudge up today’s valuations.

Over the last few years, the western world economy has been characterized by rising interest rates, continued moderate economic growth and falling inflation - a near perfect and mostly unexpected economic outcome. In fact, on both sides of the Atlantic, employment costs have moderated even as employment levels have remained solid. The global economy continues to move forward, led by steady but possibly slowing American growth. The EU economy is muddling through, while the Indian economy is powering forward and the Chinese economy remains largely stagnant. The Manager continues to believe global economic growth will reach 2%+ this year with US growth a bit higher and European growth lower than the global average.

At the start of 2024, DSM thought the S&P 500 could appreciate to a price of 5500-5600 based on a P/E of 21x with earnings of \$265 in 2025. Since then S&P 500 earnings estimates for 2025 have increased to more than \$275 and DSM’s potential market target has increased to 5700 to 5800. The Manager believes the market has the potential to move higher given a reasonably solid economic environment and the improving and increasing earnings growth of the S&P 500 with the additional benefit of potential interest rate cuts on the horizon.

As the global economy continues to grow, albeit slowly, and inflation continues to decelerate, the Manager continues to have confidence that global markets will trend higher despite well publicized risks. DSM believes that geopolitical risks remain more significant than economic risks, especially those from Russia, Iran and China, although they remain cognizant of the absolute level of American government debt as a potential economic risk that may one day prove to be a significant problem. However, fears of this risk have existed for decades and thus far US government debt has not proven to be a problem. As the Manager has stated in the past, bull markets have always climbed a wall of worry and this time is no different.

Key Information

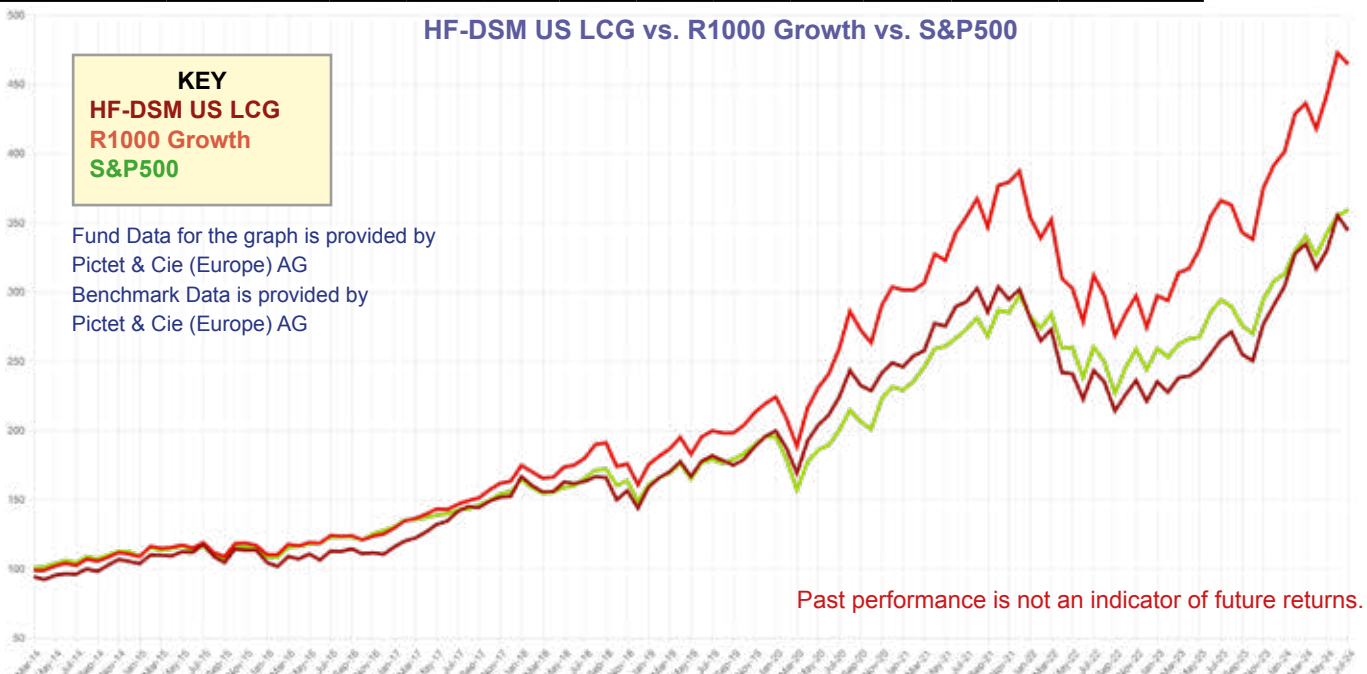
NAV B Shares (31/07/24)	US\$ 344.4	Strategy Assets	US\$ 5,706.0 ^(a)
Total Fund Size (all share classes)	US\$ 82.3m	Fund Launch Date	26/01/2015

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)						18.5
Russell 1000 Growth^(c)	2.5	6.8	1.7	(4.2)	6.0	6.7	(1.7)						18.6
S&P 500^(c)	1.7	5.3	3.2	(4.1)	5.0	3.6	1.22						16.7

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	244.4	12.6%
Russell 1000 Growth ^(c)	42.7	(29.1)	27.5	38.5	36.4	(1.5)	30.3	7.1	5.6	11.8	364.6	15.9%
S&P 500 ^(c)	26.2	(18.1)	28.6	18.3	31.3	(4.4)	21.8	12.0	1.4	11.7	259.4	13.1%

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



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

Sectoral Breakdown	% of Assets
Information Technology	49.1%
Communication Services	14.3%
Financials	13.2%
Consumer Discretionary	9.5%
Health Care	6.3%
Industrials	5.4%
Consumer Staples	2.2%

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

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	0.0	

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

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