

Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund appreciated 2.53% for the month of September compared to a 2.83% return for the Russell 1000 Growth Index and a 2.14% return for the S&P 500 both including dividends. At the end of September, the Sub-Fund was invested in the technology, communication services, financials, consumer discretionary, health care and industrials sectors.

For the month, the Sub-Fund trailed the benchmark by approximately 30bps. This was primarily the result of the Manager’s selections and underweight versus the benchmark of the consumer discretionary sector. The Manager’s selections in technology benefitted performance in the period. In September, the positions that contributed the most to the portfolio’s return were Meta Platforms, Oracle, Amazon.com, Arista Networks and Advanced Micro Devices. The positions that detracted the most in the month were Eli Lilly, Adobe, Neurocrine Biosciences, Entegris and Intuit.

Manager’s Commentary

The outperformance of US equities versus non-US equities continues this year. However, many commentators believe that both Europe and Emerging Markets will in time outperform US equities as market returns revert to historic averages. Despite what history might imply, the Manager believes US markets will continue to outperform, driven in large part by the technology stocks held in the portfolio. Historic US growth rates of 6% to 7%, as represented by the S&P 500 roughly twenty years ago, have accelerated to over 8% in 2023 primarily as a result of the technology revolution that US companies largely dominate. Earnings growth of the Russell 1000 Growth Index has also accelerated to about 12% from 8% to 9% previously, again in large part due to the strong growth of US technology shares.

Meanwhile, although the MSCI Europe has experienced an earnings acceleration as well, from roughly 4% in 2007 to 8% in 2023, this increase was driven by the luxury goods companies such as LVMH Moet Hennessy Louis Vuitton, Hermes and L’Oreal, as well as ASML Holding NV, SAP SE and AstraZeneca among others. However, at this point in time China’s purchases of luxury products has softened, and the growth rates of the health care companies are slowing. Accordingly, going forward DSM expects a slowdown in MSCI Europe earnings growth. As for the potential for Emerging Markets (excluding China given the “political risk” facing its economy) to outperform western world markets, the Manager would argue that these markets are dominated by slower growth financial, auto and commodity companies. While a robust global economy could drive stronger earnings growth for European and Emerging Markets equities, leading to a short period of outperformance versus US growth stocks, commodity booms only last so long before the inevitable decline takes hold. Not to be forgotten, growth stocks, and especially tech stocks, would also benefit from a strong global economy.

The Manager continues to believe the global economy will experience a “soft landing” in 2024 in large part due to continued US economic growth of about 2.5% this year with a second half forecast of nearly 3% at this time. Next year they see global economic growth in excess of 2.5%, while US economic growth is expected to downshift towards 2% or a bit lower, but could surprise to the upside. As the global economy continues to grow, albeit slowly, and inflation continues to fall, the Manager expects that global markets will trend higher despite well-publicized macro and geopolitical risks. In DSM’s view, there are few significant economic risks at this time thereby creating a relatively clear path to equity market appreciation. However, they believe that geopolitical risks emanating primarily from Russia, Iran and China remain elevated and should not be ignored, while ever-rising US government debt may create a potentially substantial economic dislocation as well. That said, as the Manager has stated previously, “bull markets climb a wall of worry” and in their view the market’s direction remains upward.

Key Information

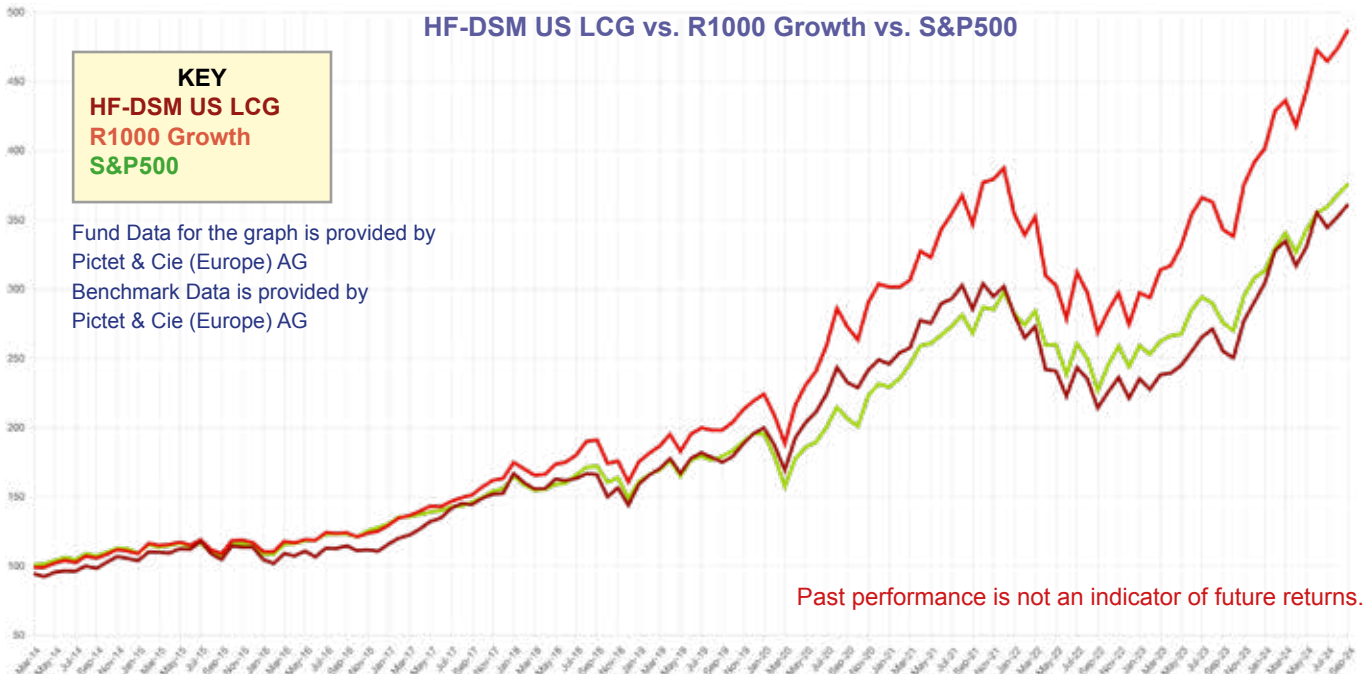
NAV B Shares (31/08/24) US\$ 361.2 Strategy Assets US\$ 5,792.7 ^(a)
 Total Fund Size (all share classes) US\$ 86.0m Fund Launch Date 26/01/2015

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 | 2.5 | | | | 24.3 |
| Russell 1000 Growth^(c) | 2.5 | 6.8 | 1.7 | (4.2) | 6.0 | 6.7 | (1.7) | 2.1 | 2.8 | | | | 24.4 |
| S&P 500^(c) | 1.7 | 5.3 | 3.2 | (4.1) | 5.0 | 3.6 | 1.22 | 2.4 | 2.1 | | | | 22.1 |

| 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 | 261.2 | 12.9% |
| Russell 1000 Growth ^(c) | 42.7 | (29.1) | 27.5 | 38.5 | 36.4 | (1.5) | 30.3 | 7.1 | 5.6 | 11.8 | 387.3 | 16.1% |
| S&P 500 ^(c) | 26.2 | (18.1) | 28.6 | 18.3 | 31.3 | (4.4) | 21.8 | 12.0 | 1.4 | 11.7 | 276.0 | 13.3% |

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



Top Ten Holdings

| | |
|------------------------|----------------|
| Advanced Micro Devices | Eli Lilly |
| Alphabet (Cl. A) | Fiserv |
| Amazon.com | Meta Platforms |
| Apple | Microsoft |
| Arista Networks | NVIDIA |

| Sectoral Breakdown | % of Assets |
|------------------------|-------------|
| Information Technology | 52.3% |
| Communication Services | 12.1% |
| Financials | 11.3% |
| Consumer Discretionary | 9.0% |
| Health Care | 7.4% |
| Industrials | 7.4% |
| | |
| | |

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 | 15.7 | 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 |
|---------------|----------------------------|

| 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:**
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Order Transmission Information

FundPartner Solutions (Europe) S.A. Via Fax +352 46 71 71 7667
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- 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:
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.

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