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US LARGE CAP GROWTH EQUITY STRATEGY UPDATE

HEREFORD DSM WEBINAR

THURSDAY 24TH OCTOBER 2024

PERFORMANCE – Hereford DSM US Large Cap Growth Sub-Fund

	NAV Performance Ending September 30, 2024							
				Annualized Returns				
	YTD to 30-Sep-24	3Q 2024	1 Year	3 Year	5 Year	7 Year	10 Year	Since Inception*
Class B	24.3%	1.7%	41.6%	8.1%	15.6%	14.0%	13.9%	12.9%
Russell 1000 Growth TR	24.5%	3.2%	42.2%	12.0%	19.7%	18.2%	16.5%	16.1%
S&P 500 TR	22.1%	5.9%	36.4%	11.9%	16.0%	14.5%	13.4%	13.3%
Relative Performance to Russell 1000 Growth TR	-0.2%	-1.5%	-0.6%	-3.9%	-4.2%	-4.2%	-2.6%	-3.2%
Relative Performance to S&P 500 TR	+2.2%	-4.2%	+5.2%	-3.8%	-0.4%	-0.5%	+0.5%	-0.4%

*Inception – March 5, 2014

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DSM US LARGE CAP GROWTH – HEREFORD LCG
Q3 2024 Contribution to Return

Technology^		Non-Tech^	
1. Fortinet, Inc.	+78 bps	1. Fiserv, Inc.	+83 bps
2. Meta Platforms Inc Class A	+73 bps	2. Mastercard Incorporated Class A	+44 bps
3. Arista Networks, Inc.	+51 bps	3. Howmet Aerospace Inc.	+36 bps
4. Apple Inc.	+48 bps	4. Visa Inc. Class A	+21 bps
5. Oracle Corporation	+46 bps	5. Uber Technologies, Inc.	+15 bps
6. Autodesk, Inc.	+40 bps	6. GE Aerospace	+13 bps
7. Dynatrace, Inc.	+27 bps	7. GE Vernova Inc.	+9 bps
8. Cadence Design Systems, Inc.	+6 bps	8. Abbott Laboratories	+3 bps
9. Advanced Micro Devices, Inc.	+2 bps	9. Eli Lilly and Company	-4 bps
10. Synopsys, Inc.	+1 bps	10. Charles Schwab Corp	-22 bps
11. Adobe Inc.	-17 bps	11. Monster Beverage Corporation	-25 bps
12. NVIDIA Corporation	-19 bps	12. Neurocrine Biosciences, Inc.	-47 bps
13. Intuit Inc.	-21 bps		
14. Microsoft Corporation	-38 bps		
15. Amazon.com, Inc.	-38 bps		
16. Entegris, Inc.	-53 bps		
17. Alphabet Inc. Class A	-113 bps		
TOTAL	**73 bps**	**TOTAL**	**125 bps**

^DSM designated sub-industries / Not GICs

Source: Bloomberg
This information is presented gross of fees. The holdings were selected over the measurement period shown in a mechanical and objective manner by using a calculation to show their relative impact on overall performance; they were not included or excluded for any other reason. The holdings identified do not represent all of the securities purchased, sold, or recommended. The calculation computes the contribution of each holding by calculating the weight (i.e., percentage of the total account) invested in each holding multiplied by the rate of return for that holding during the measurement period. The result shows each holding's contribution to the overall return during the measurement period. A complete list of all recommendations made by DSM is available upon request and will include the following information: (1) the name of each security recommended; (2) the date and nature of each recommendation; (3) the market price at the time of the recommendation; (4) the price of the security when the recommendation was to be acted upon; (5) the market price of each such security at the most recent practicable date; and (6) a disclaimer regarding the profitability of recommendations in the future. This document contains proprietary information and cannot be distributed without the prior written consent of DSM.

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HEREFORD / DSM US LARGE CAP GROWTH TRANSACTIONS
3Q 2024

Initial Buys	Date	%
SYNOPSYS INC	Aug-24	1.2%
CADENCE DESIGN SYS INC	Aug-24	1.2%
ABBOTT LABORATORIES	Aug-24	0.8%
GE VERNOVA INC	Sep-24	0.8%

Final Sells	Date	%
SCHWAB (CHARLES) CORP	Aug-24	1.4%
MONSTER BEVERAGE CORP	Aug-24	0.9%
ENTEGRIS INC	Sep-24	1.1%

Adds	Date	% Change
DYNATRACE INC	Aug-24	0.3%
ELI LILLY & CO	Aug-24	0.5%
ORACLE CORP	Sep-24	1.8%
HOWMET AEROSPACE INC	Sep-24	1.0%
GENERAL ELECTRIC	Sep-24	0.3%
ABBOTT LABORATORIES	Sep-24	0.4%

Trims	Date	% Change
APPLE INC*	Jul-24	0.4%
ARISTA NETWORKS INC*	Jul-24	0.3%
ALPHABET INC-CL A*	Jul-24	0.2%
ENTEGRIS INC	Aug-24	0.7%
META PLATFORMS INC-CLASS A*	Aug-24	0.3%
UBER TECHNOLOGIES INC	Sep-24	0.6%
VISA INC-CLASS A SHARES	Sep-24	0.8%
ALPHABET INC-CL A	Sep-24	1.5%

*due to 5% over 40% restriction

PORTFOLIO GROWTH & VALUATION – HEREFORD US LCG

Most Likely EPS Growth to 2027: 22%　　　　　　　　　　　　**FWD 4Q P/E to Sep'25: 27x**

Low EPS Growth to 2027: 18%

GICS Sectors (Index Weight/Portfolio Weight) *	
Communication Services (12.8% / 12.1%)	
ALPHABET INC-A (7.2%)	
META PLATFORMS (4.9%)	
Information Technology (48.8% / 52.3%)	
DIGITAL TRANSFORMATION^	SEMI INDUSTRY^
ARISTA NETWORKS (5.2%)	ADV MICRO DEVICES (4.2%)
	NVIDIA CORP (8.7%)
SOFTWARE^	HARDWARE^
ADOBE INC (2.4%)	APPLE INC (4.9%)
AUTODESK INC (3.7%)	
DYNATRACE INC (1.5%)	
CADENCE DESIGN (1.1%)	
FORTINET INC (2.9%)	
INTUIT INC (4.0%)	
MICROSOFT CORP (9.3%)	
ORACLE CORP (3.4%)	
SYNOPSYS INC (1.0%)	

^DSM designated sub-industries

Consumer Discretionary (14.2% / 9.0%)
AMAZON.COM INC (9.0%)
Consumer Staples (3.6% / 0.0%)
Industrials & Materials (5.3% / 7.4%)
GE VERNOVA (0.8%)
GENERAL ELECTRIC (1.0%)
HOWMET AEROSPACE (2.3%)
UBER TECHNOLOGIES (3.3%)
Financials (6.3% / 11.3%)
PAYMENTS^
FISERV INC (47%)
MASTERCARD INC (3.8%)
VISA INC (2.9%)
Health Care (7.8% / 7.4%)
ABBOTT LABORATORIES (1.1%)
ELI LILLY & CO (4.2%)
NEUROCRINE BIOSCIENCES INC (2.1%)
Real Estate, Utilities & Energy (1.2% / 0.0%)

Holdings Data as of 30 Sep 2024

Fwd 4Q P/E to Sep'25 Wgt Avg IT Sector#: 29x　　　　**ML EPS Growth to 2027 IT Sector#: 23%**

#Includes AMZN, GOOGL and META

NEW BUYS

Cadence & Synopsys

- Two companies forming a duopoly in the EDA, or Electronic Design Automation, space.
- They provide software and services used in the design of semiconductor chips.
- They each have large sticky customers, and an expanding base as more cloud and hyperscalers look to design their own chips.
- 20% selloff in July brought stocks down to buyable levels.

Abbott

- Have owned before.
- Diversified healthcare portfolio of medtech, diagnostics, nutrition, and pharma.
- Has a number of innovative and incrementally better medtech products driving growth.
- A decline in Covid revenue had masked strong underlying trends, with stock flat over 3+ years.
- Reasonable valuation at 22X with a healthy 2% dividend yield.

GE Vernova

- One of three segments spun off from the old GE.
- Power and Electrification segments seeing strong growth due to an aging grid and data centers.
- Shrinking the unprofitable and volatile offshore wind segment.
- Management team very strong and has turned the business around over past 5 years.

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DIGITAL DRIVERS

- Artificial Intelligence → Microsoft, Google, Amazon, Adobe, Intuit, Nvidia, Autodesk, Arista Dynatrace, Oracle, Meta, Apple, Cadence Design, Synopsys

- Semi Enablers → Nvidia, Advanced Micro Devices, Cadence Design, Synopsys

- Data Analytics → Microsoft, Google, Amazon, Adobe, Intuit, Nvidia, Dynatrace

- Omni-Channel Commerce → Google, Amazon, Visa, Mastercard, Fiserv

- Online Advertising → Microsoft, Google, Amazon, Meta

- Cloud → Microsoft, Google, Amazon, Arista, Oracle

- Niche/Emerging: AR/VR → Microsoft, Meta, Apple

- Digital Payments → Visa, Mastercard, Fiserv, Apple

- Internet Of Things → Microsoft, Nvidia, Apple

- Cyber Security → Microsoft, Fortinet

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PORTFOLIO COVERING THE AI ECOSYSTEM

OPPORTUNITIES OUTSIDE OF TECHNOLOGY

- Aerospace supply chain with strong 3-5 year demand

- Power generation, but is the execution there

- Business services due to business model

- Broad healthcare set

- Financials…might be in the alts

- Consumer is diverse set

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RISKS

- Geopolitical flashpoints in Ukraine, Middle East

- Elections

- China policies hindering economic growth

- Profligate government spending

APPLE: A NEW VIEW

- Apple has been heavily reliant on iPhone sales for >50% of total revenues historically

- Past large upgrade cycles from Siri, FaceTime, and larger screens have been relatively short-lived

- Lack of major performance upgrades stoked concerns around innovation

- Apple appeared to initially be left in the dust in the Gen AI race

- However, there has been a major cultural and strategic shift at Apple since ChatGPT's debut

Sources: Apple, CNET

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APPLE: A NEW VIEW

- Apple's public research demonstrated a two-prong AI strategy using both on-device and cloud LLMs

- WWDC event and other public releases support the DSM thesis – Apple appears to be the best consumer AI play

- Apple Intelligence requires new hardware, presenting compelling upgrade value case

- Position initiated in May, and DSM has added as conviction around AI opportunity has grown, especially post-WWDC

- Expecting incremental Gen AI benefit with iPhone 16; more significant tailwinds to come with the iPhone 17 next year

Source: Apple

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