

## Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund appreciated 3.5% for the month of April compared to a 2.29% return for the Russell 1000 Growth Index and a 1.03% return for the S&P 500 including dividends. At the end of April, the Sub-Fund was invested primarily in the technology, health care and consumer discretionary sectors, with smaller weights in the financials, consumer staples and industrials sectors.

For the month, the Sub-Fund exceeded the benchmark by approximately 119bps. This was primarily the result of the Manager's selections in the technology and consumer discretionary sectors. In April, the positions that contributed the most to the portfolio's return were Alphabet, Facebook, Royal Caribbean Cruises, Tencent Holdings and Alibaba Group. The positions that contributed the least in the month were Charles Schwab, Sirius XM Holdings, FleetCor Technologies, Monster Beverage and Celgene.

## Manager's Commentary

Thus far, the Sub-Fund's performance in 2017 is reversing the underperformance of 2016. The Manager believes the portfolio is rebounding because weighted revenue and earnings grew in excess of 20% during 2016, which followed a high-teens growth rate in earnings during calendar year 2015. With an investment approach built on the simple fact that businesses appreciate in value as earnings grow, the Manager feels this portfolio has ample high-teens projected earnings growth to drive values upward. Furthermore, it is the Manager's opinion that appreciation should continue because at 21.5x next 12 months of earnings through March of 2018 and 18.8x 2018 earnings, the portfolio is very attractive.

The Manager continues to expect an extended, stable 3% global economic growth cycle, supported by low inflation and low interest rates, and believes that the current global and US economic growth cycle may last longer than expected. The Manager is cautiously optimistic that President Trump's potential tax, regulatory, capital repatriation and energy policies could boost American and global economic growth, however, feels it is too early to bake the President's probable policies into an economic outlook, when those policies are not yet determined and may not be in place until 2018. Regarding Europe, despite Brexit and election risks, the Manager believes growth likely holds steady through 2017, supported in large part by the European Central Bank's very aggressive monetary policy. In addition, China's economy continues to grow nicely, in the 6+% range, driven by solid consumer spending, while Japan's growth may improve as a result of exports into the strong dollar economy of the United States.

The Manager has not altered its long-standing opinion that global equity markets should work their way higher, because developed world economies are growing, interest rates are low and valuations are reasonable. To the Manager, a growing global economy, improving investor confidence and cash to invest, suggests that the stock market may continue to provide a normal long-term rate of return of 5% to 8%. As the global economy transitions to more normal historic interest rate levels, and as the cyclical trade of late last year dissipates, the Manager believes that its focus on quality businesses with predictable revenue and earnings growth will continue to be rewarded by the marketplace.

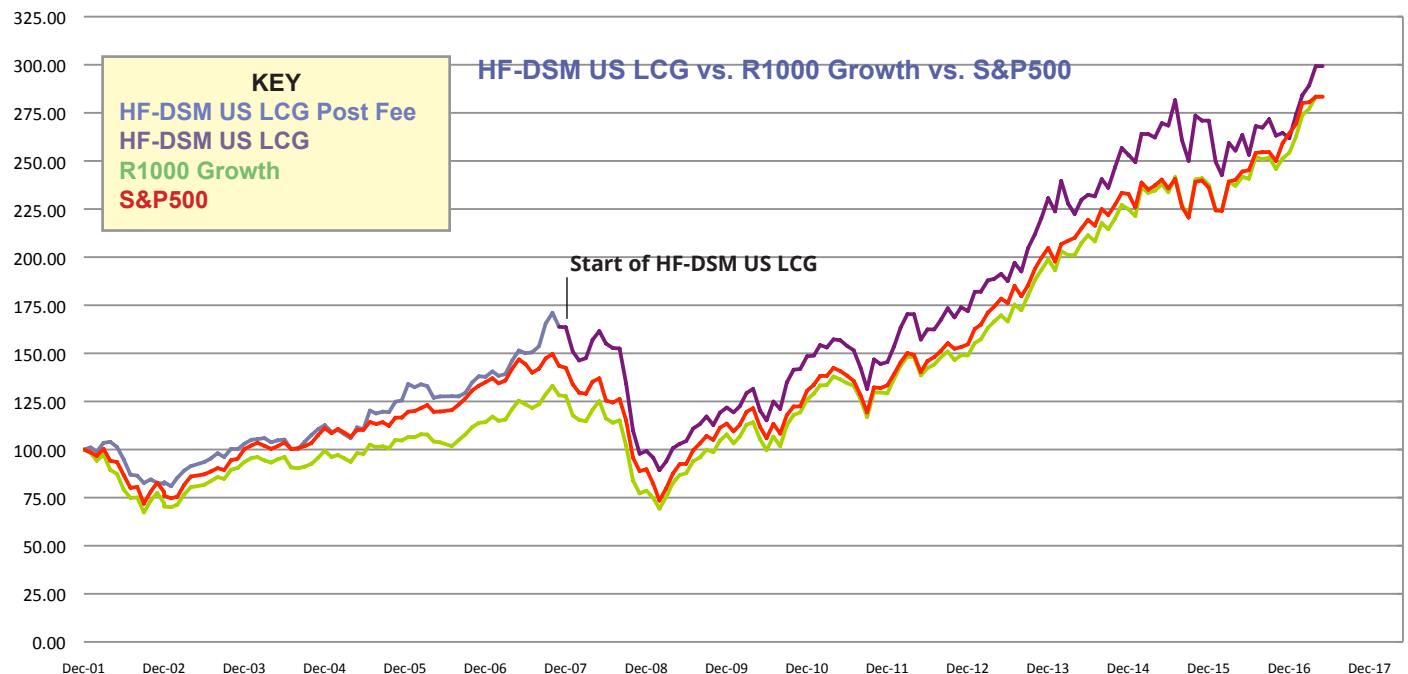
## Key Information

NAV A Shares (28/04/17) US\$ 182.7  
Total Fund Size (all share classes) US\$ 100.9m

Strategy Assets US\$ 4,776.6m<sup>(a)</sup>  
Fund Launch Date 29-Nov-07

Monthly Performance (%)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>HF-DSM US LCG</b>	4.7	3.7	1.8	3.5									14.3
<b>Russell 1000 Growth<sup>(c)</sup></b>	3.4	4.2	1.2	2.3									11.5
<b>S&amp;P 500<sup>(c)</sup></b>	1.9	4.0	0.1	1.0									7.2

Period Performance (%)	YTD	2016	2015	2014	2013	2012	2011	2009	2009	2008	2007	2006	2005	Cumulative	Annualised
<b>HF-DSM US LCG Returns<sup>(b)</sup></b>	14.3	(3.3)	7.0	9.7	34.1	18.2	(2.0)	21.9	22.8	(39.3)	18.7	9.8	11.4	199.3	7.09%
<b>Russell 1000 Growth<sup>(c)</sup></b>	11.5	7.1	5.7	13.1	33.5	15.3	2.6	16.7	37.2	(38.4)	11.8	9.1	5.3	183.4	6.73%
<b>S&amp;P 500<sup>(c)</sup></b>	7.2	12.0	1.4	13.7	32.4	16.0	2.1	15.1	26.5	(37.0)	5.5	15.8	4.9	183.5	6.73%



# HF Hereford Funds

## Top Ten Holdings

Adobe Systems	Priceline Group
Alibaba Group	Regeneron Pharmaceuticals
Alphabet (Cl. A & C)	Royal Caribbean Cruises
Electronic Arts	Visa
Facebook	Zoetis

Sectoral Breakdown	% of Assets
Information Technology	43.8%
Health Care	22.1%
Consumer Discretionary	20.0%
Financials	6.3%
Consumer Staples	3.7%
Industrials	1.5%

## 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.

Fund Codes		Since inception	HF-DSM US LCG	HF-DSM US LCG Composite	R1000 Growth
Bloomberg	DSMUSLA LX	Volatility	n/a	14.7	14.6
ISIN	LU0327604228	Sharpe Ratio	n/a	0.4	0.4
Reuters	LP65102015	Information Ratio	n/a	0.1	
Sedol	B28TLX2	Tracking Error	n/a	6.6	
	3504726	Beta	n/a	0.9	
WKN	A0M58T	Alpha	n/a	1.0	

## Fund Details

Dealing Day	Daily
Dividends	None - income accumulated within the fund
Investment Manager	DSM Capital Partners LLC 116 Radio Circle Drive, Suite 200, Mount Kisco, NY 10549, USA
Management Company	BSI Fund Management S.A. 44F, rue de la Vallée, L-2661 Luxembourg
Custodian	BSI Europe S.A. 122, Rue Adolphe Fischer L-1521 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

## Annual Management Charge

Share Class A & U <sup>(e)</sup>	1.25%
Share Class D <sup>(f)</sup>	1.75%

## Minimum Investment

Share Class A & U <sup>(e)</sup>	\$100,000 initial / \$10,000 subsequent
Share Class D	\$10,000 initial / \$1,000 subsequent

## Order Transmission Information

### Original Applications To:

European Fund Administration  
Attn.: TA Operations and Shareholder  
Services  
2 rue d'Alsace  
L-1122 Luxembourg

### Subsequent Applications Only Via Facsimile:

European Fund Administration  
Attn.: TA Operations & Shareholder  
Services Fax: +352 4865 61 8002  
Tel.: +352 48 48 9002  
E-mail: register.ta.ops@efa.eu

- 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](http://www.dsmcapital.com).
- Total return including dividends.
- The fund is registered with the BaFin for public distribution in Germany from 17/10/12, registered with the AFM for public distribution in the Netherlands and registered with the AMF for public distribution in France.
- Share Class U has been granted Reporting Status by HMRC as of October 1, 2010.
- Share Class D is German tax registered from October 1, 2010.

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