

## Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund appreciated 4.3% for the month of April compared to a 4.52% return for the Russell 1000 Growth Index and a 4.05% return for the S&P 500 both including dividends. At the end of April, the Sub-Fund was invested in the technology, communication services, consumer discretionary and health care sectors, with smaller weights in the consumer staples and financials sectors.

For the month, the Sub-Fund trailed the benchmark by approximately 21bps. This was primarily the result of the Manager's overweight of the health care sector versus the benchmark. The Manager's selections in financials and consumer staples benefitted performance. In April, the positions that contributed the most to the portfolio's return were Microsoft, Facebook, MSCI, Adobe and Tencent Holdings. The positions that contributed the least in the month were Regeneron Pharmaceuticals, Neurocrine Biosciences, Intuit, Becton Dickinson and Abbott Laboratories.

## Manager's Commentary

Clearly 2019 is off to a solid start. Earnings continue to be strong and with moderate valuations to begin the year, the portfolio's upside potential was clear. The Manager's investment approach is built on the simple fact that over time earnings win because businesses appreciate in value as earnings grow. The Sub-Fund portfolio's earnings have grown largely as expected, and sometimes better than expected, over the last few years. DSM believes that continued portfolio appreciation can occur due to the economic value that is created by ongoing earnings growth.

The Manager has projected for many years that the current global economic expansion would prove to be a longer growth cycle than the majority of previous economic growth periods. DSM continues to believe that a global economic recession is not likely to occur until 2021 or later. Importantly, reductions to corporate tax rates in the United States appear to have had a sustained positive impact on economic growth as is reflected in ongoing American employment and wage growth. Moreover, productivity in the US, bolstered by capital investment growth, has accelerated to 2%, and with the labor force growing at more than 1%, America's potential GDP growth is now in excess of 3%. It continues to be the Manager's view that President Trump wants to negotiate a significant and substantive trade pact with China. DSM believes the President will require real change and guarantees from the Chinese leadership on issues such as intellectual property protection and market access, as well as the purchase of considerably more American products. Recent press reports suggest that progress is slowly being made toward this goal, but only a formal agreement will be meaningful to the equity markets. The Chinese economy has reaccelerated due to that government's broad-based individual income tax cuts, central bank monetary easing, reduced tariffs on products from nations other than the United States, and reduced costs and fees for small businesses, in addition to many more stimulative actions. The US trade agreement, when and if it occurs, will only serve to further improve China's already improving economic outlook.

DSM continues to project a high-teens earnings rate for the portfolio going forward, and believes it is possible that earnings growth will remain higher than that target over the near-term. To the Manager, a growing global economy, moderate inflation and low interest rates suggests that global equity markets may continue to provide a normal long-term rate of return of 5% to 9%. The positive scenario of ongoing and perhaps improving global economic growth, moderate global inflation, low albeit rising interest rates and healthy global corporate earnings continues to form the foundation of an upwardly driven global equity market. As the Manager has said for many years, "Bull markets climb a wall of worry" and DSM continues to expect that global equity markets will trend higher.

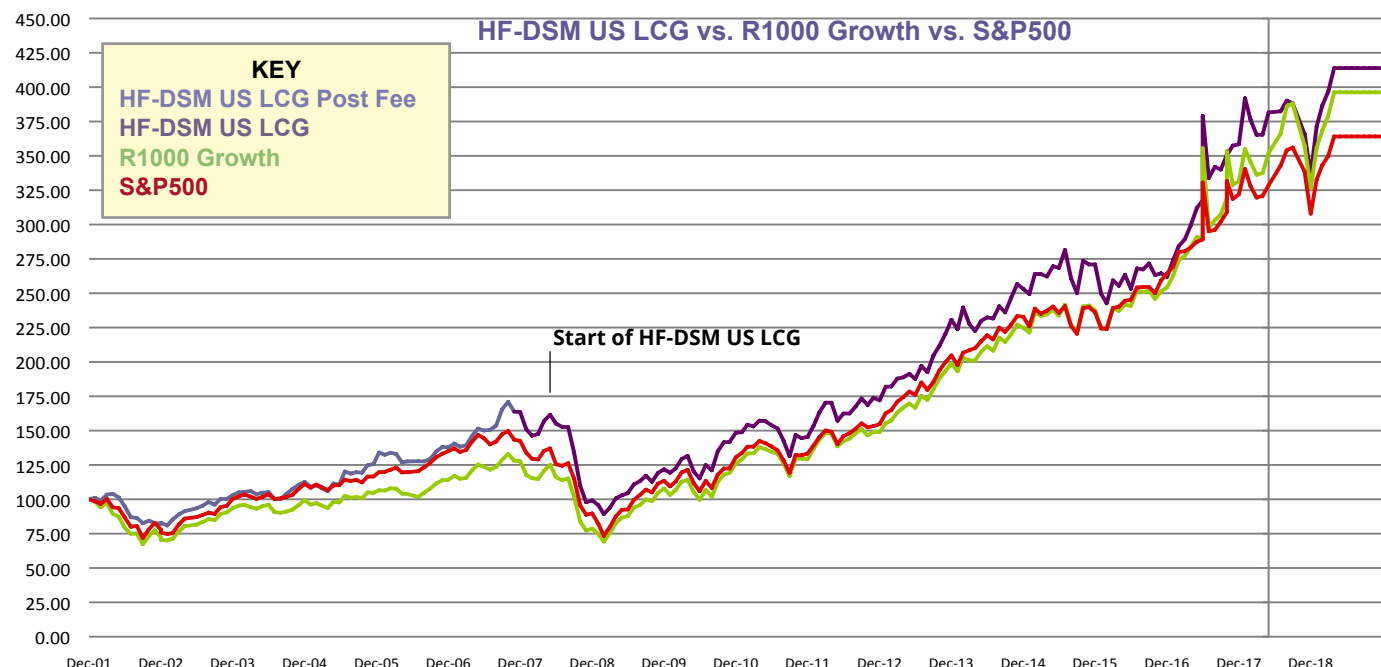
## Key Information

NAV A Shares (30/4/19) US\$ 252.66  
Total Fund Size (all share classes) US\$ 83.9m

Strategy Assets US\$ 5,719.1m<sup>(a)</sup>  
Fund Launch Date 29-Nov-07

Monthly Performance (%)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
HF-DSM US LCG	10.5	4.1	2.6	4.3									23.1
Russell 1000 Growth <sup>(c)</sup>	9.0	3.6	2.9	4.5									21.4
S&P 500 <sup>(c)</sup>	8.0	3.2	1.9	4.0									18.2

Period Performance (%)	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	Cumulative	Annualised
HF-DSM US LCG Returns <sup>(b)</sup>	-6.2	36.8	(3.3)	7.0	9.7	34.1	18.2	(2.0)	21.9	22.8	(39.3)	18.7	9.8	313.9	8.21%
Russell 1000 Growth <sup>(c)</sup>	-1.5	30.2	7.1	5.7	13.1	33.5	15.3	2.6	16.7	37.2	(38.4)	11.8	9.1	264.1	7.95%
S&P 500 <sup>(c)</sup>	-4.4	21.8	12.0	1.4	13.7	32.4	16.0	2.1	15.1	26.5	(37.0)	5.5	15.8	296.2	7.44%



# HF Hereford Funds

Top Ten Holdings	
Adobe	Facebook
Alibaba Group	Microsoft
Alphabet (Cl. A)	PayPal Holdings
Amazon.com	Tencent Holdings
Automatic Data Processing	Visa

Sectoral Breakdown	% of Assets
Information Technology	35.8%
Communication Services	19.7%
Consumer Discretionary	17.9%
Health Care	17.7%
Consumer Staples	4.1%
Financials	3.5%

## 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	
Bloomberg	DSMUSLA LX
ISIN	LU0327604228
Reuters	LP65102015
Sedol	B28TLX2
	3504726
WKN	A0M58T

	Since inception	HF-DSM US LCG	HF-DSM US LCG Composite	R1000 Growth
Volatility	n/a		14.8	14.5
Sharpe Ratio	n/a		0.5	0.5
Information Ratio	n/a		0.0	
Tracking Error	n/a		6.4	
Beta	n/a		0.9	
Alpha	n/a		1.0	

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) S.A. 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

## Order Transmission Information

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Via Fax +352 46 71 71 7667  
or SWIFT PICTLULXTAS

- 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.

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

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

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

Switzerland - Representative and Paying Agent as defined by Swiss Regulation:  
Société Générale, Zurich Branch, Talacker, 50, P.O. Box 1928, CH-8021 Zurich  
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