

Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund appreciated 0.3% for the month of December compared to a 0.78% return for the Russell 1000 Growth Index and a 1.11% return for the S&P 500 both including dividends. At the end of December, the Sub-Fund was invested primarily in the technology, consumer discretionary and health care sectors, with smaller weights in the financials, consumer staples and industrials sectors.

For the month, the Sub-Fund trailed the benchmark by approximately 55bps. This was primarily the result of the Manager's selections in the industrials and consumer discretionary sectors, as well as the portfolio's underweight in industrials versus the benchmark. The Manager's selections in the health care sector benefited performance. In December, the positions that contributed the most to the portfolio's return were Charles Schwab, Regeneron Pharmaceuticals, Dollar Tree, Alexion Pharmaceuticals and Wynn Resorts. The positions that contributed the least in the month were Alibaba Group, Kansas City Southern, Adobe Systems, Becton Dickinson and Royal Caribbean Cruises.

Manager's Commentary

The Manager believes that the strength of company earnings is responsible for 2017's strong performance. The strong earnings growth in 2017's first three-quarters, which comfortably exceeded 30% on a weighted average basis, followed 2016 earnings growth that was in excess of 20%. Based on the Manager's calculations, the portfolio is valued at approximately 22.6x 2018 earnings. A P/E of 22.6X compared to potential ongoing earnings growth based on the Manager's estimates of mid-to-high teens, appears to be quite attractively valued. The Manager sees the strong performance in 2017 as confirmation of its belief that earnings are the single most important and sustainable factor in investing.

For many years, the Manager has projected that the current global economic cycle would prove to be a longer growth cycle than the majority of previous growth cycles, and that view remains unchanged. However, based on the recent US tax cuts and President Trump's deregulatory policies, as well as improving economic outlooks in Europe and Japan, the Manager now believes global growth may well exceed 3%, rather than simply reaching 3%. The Manager continues to believe that the current global economic cycle will be driven by low inflation and low, albeit rising, interest rates, and has not altered its opinion that global equity markets will continue to generate a total return over the coming years in the 5% to 9% range driven by steady global economic growth, low inflation, reasonable valuations (given a low inflation world) and robust global corporate earnings. That said, the corporate tax cuts in the United States are quite substantial and may possibly cause appreciation in US equity markets to reach or exceed the high end of the Manager's long-standing 5% to 9% total return forecast over the next few years.

The portfolio remains focused on unique businesses that have been identified and continuously subject to analysis by the Manager's investment team. The portfolio holdings remain characterized by strong balance sheets and significant free cash flow. Although several well-publicized macro and geopolitical risks remain of concern to investors, the positive scenario of moderate global inflation, low interest rates, an extended / accelerating global economic growth cycle, healthy global corporate earnings and an improving and increasingly stable global financial system, continues to form the foundation of an upwardly driven global equity market.

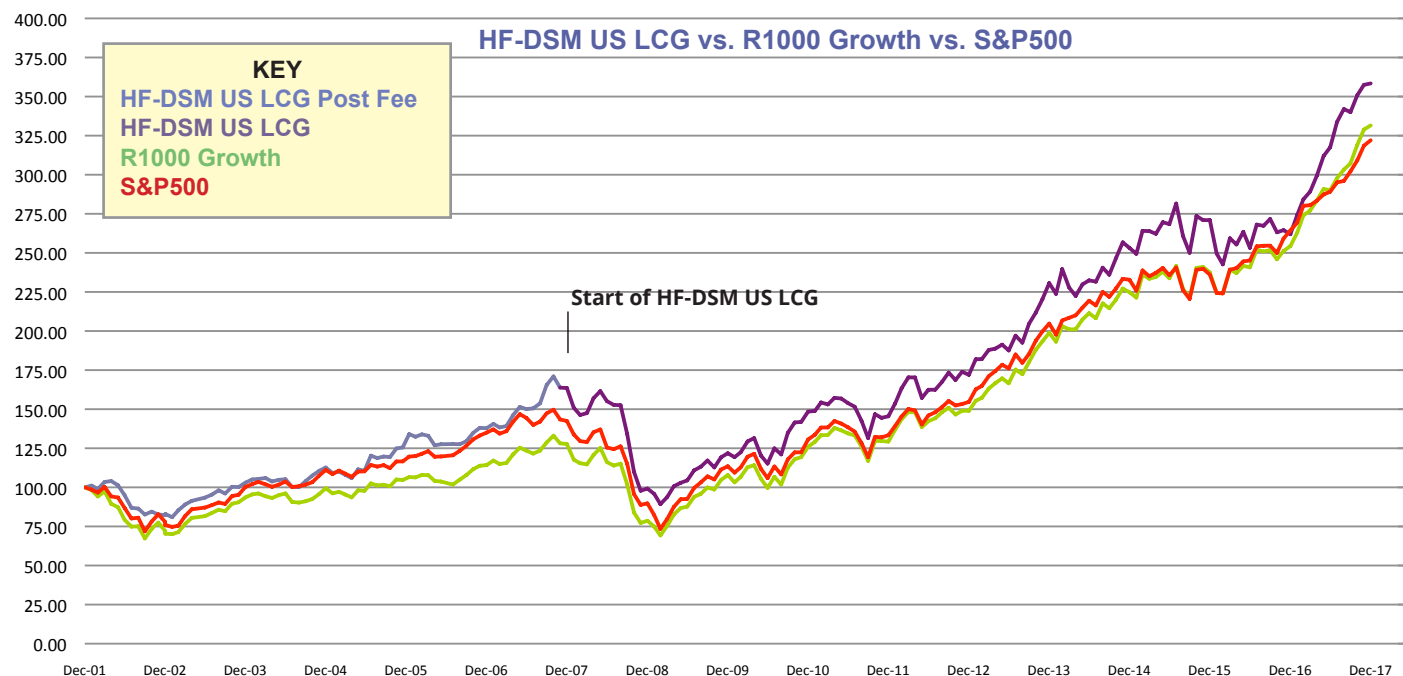
Key Information

NAV A Shares (30/11/17) US\$ 218.8
Total Fund Size (all share classes) US\$ 93.9m

Strategy Assets US\$ 5,287.2m^(a)
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	4.7	3.7	1.8	3.5	4.2	1.8	5.1	2.5	(0.6)	3.2	1.9	0.3	36.8
Russell 1000 Growth ^(c)	3.4	4.2	1.2	2.3	2.6	-0.3	2.7	1.8	1.3	3.9	3.0	0.8	30.2
S&P 500 ^(c)	1.9	4.0	0.1	1.0	1.4	0.6	2.1	0.3	2.1	2.3	3.1	1.1	21.8

Period Performance (%)	2017	2016	2015	2014	2013	2012	2011	2009	2009	2008	2007	2006	2005	Cumulative	Annualised
HF-DSM US LCG Returns ^(b)	36.8	(3.3)	7.0	9.7	34.1	18.2	(2.0)	21.9	22.8	(39.3)	18.7	9.8	11.4	258.4	8.30%
Russell 1000 Growth ^(c)	30.2	7.1	5.7	13.1	33.5	15.3	2.6	16.7	37.2	(38.4)	11.8	9.1	5.3	222.1	7.58%
S&P 500 ^(c)	21.8	12.0	1.4	13.7	32.4	16.0	2.1	15.1	26.5	(37.0)	5.5	15.8	4.9	231.5	7.78%



HF Hereford Funds

Top Ten Holdings	
Adobe Systems	Microsoft
Alibaba Group	Monster Beverage
Alphabet (Cl. A)	Tencent Holdings
Charles Schwab	Visa
Facebook	Zoetis

Sectoral Breakdown	% of Assets
Information Technology	46.3%
Consumer Discretionary	19.8%
Health Care	18.5%
Financials	7.5%
Consumer Staples	4.8%
Industrials	2.8%

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	14.5	14.4
ISIN	LU0327604228	Sharpe Ratio	n/a	0.5	0.5
Reuters	LP65102015	Information Ratio	n/a	0.1	
Sedol	B28TLX2	Tracking Error	n/a	6.5	
	3504726	Beta	n/a	0.9	
WKN	A0M58T	Alpha	n/a	1.2	

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	EFG Fund Management S.A. 56, Grand-Rue, L-2013 Luxembourg
Custodian	EFG Bank (Luxembourg) S.A. 56, Grand-Rue, L-2013 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 ^(e)	1.25%
Share Class D ^(f)	1.75%

Minimum Investment	
Share Class A & U ^(e)	\$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.
- 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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