

Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund appreciated 3.9% for the month of December compared to a 3.02% return for the Russell 1000 Growth Index and a 3.02% return for the S&P 500 both including dividends. At the end of December, the Sub-Fund was primarily invested in the technology, health care, consumer discretionary and communication services sectors, with a smaller weight in the consumer staples sector.

For the month, the Sub-Fund exceeded the benchmark by approximately 89bps. This was primarily the result of the Manager's selections in the communications services and consumer discretionary sectors. The Manager's selections in technology detracted from performance. In December, the positions that contributed the most to the portfolio's return were Tencent Holdings, Adobe, Zoetis, Alibaba Group and Microsoft. The positions that contributed the least in the month were Neurocrine Biosciences, MSCI, EPAM Systems, PayPal Holdings and Automatic Data Processing.

Manager's Commentary

In 2019 the Sub-Fund portfolio's performance experienced strong absolute and relative returns, made possible by earnings growth of approximately 17%. The Manager continues to project a high-teens earnings growth rate going forward, and believes it is possible that earnings growth may be higher than that target over the near-term. It remains DSM's long-standing belief that given a growing global economy, moderate inflation and low interest rates, global equity markets should provide a normal long-term total rate of return of 5% to 10%. Fears of trade wars, Brexit and weak economic growth had shaken investor confidence, only to be somewhat restored of late.

In the Manager's view, value benchmarks will continue to face revenue and profit pressures from the ongoing evolution of digital/internet technologies which weigh on the traditional businesses that comprise much of these benchmarks. In addition, a pickup in inflation is needed to alleviate the pricing pressure found across the product lines of many companies in these value indices. At this time inflation remains quite benign. Accordingly, DSM continues to expect growth to outperform value due to much stronger business fundamentals. In addition, they believe growth stocks have more attractive growth rates relative to valuations, than do value names.

In 2020, the Manager believes concerns over global trade wars will recede further as a result of the US trade agreements with China, Japan and Mexico/Canada. Accordingly, the global economic outlook will brighten in North America and Asia, while Europe, given the EU's structural issues and extreme overreliance on monetary policy, will continue to struggle. Against this mixed global economic backdrop, DSM believes global earnings growth will continue to be solid and when complemented by an improving economic outlook, should provide a solid foundation for the market.

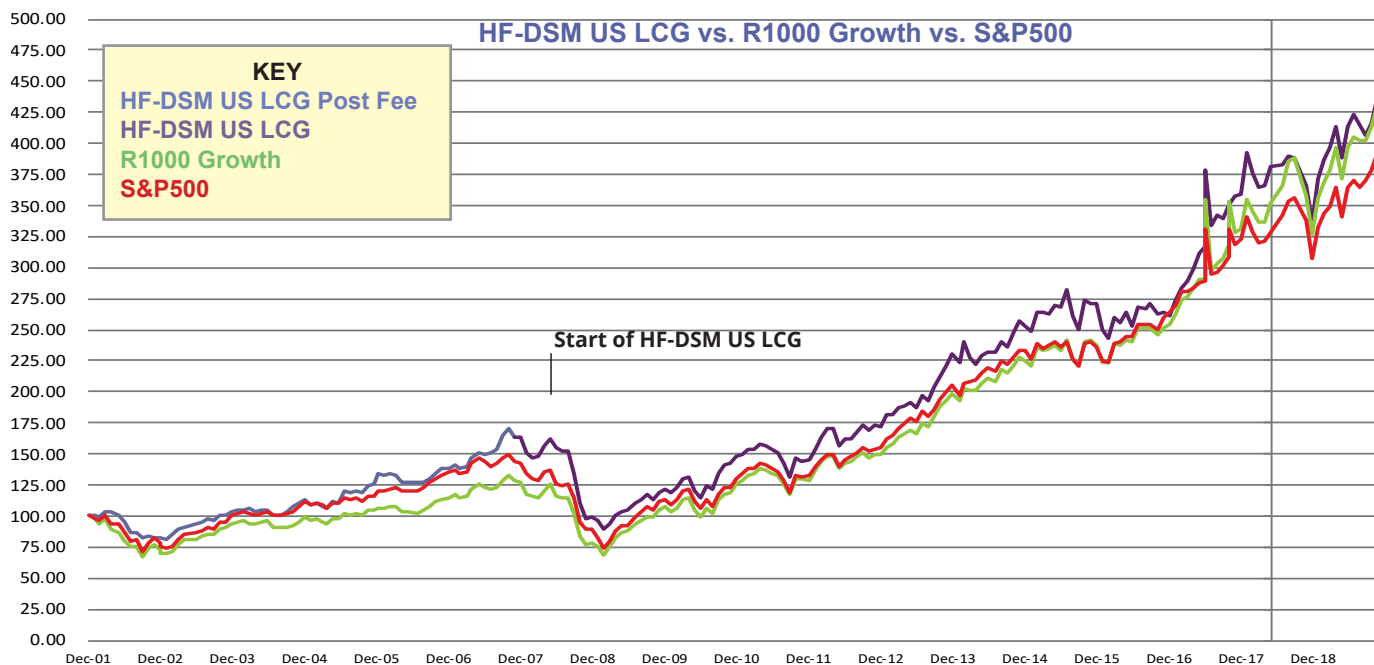
Key Information

NAV A Shares (31/12/19) US\$ 277.0
Total Fund Size (all share classes) US\$ 75.4m

Strategy Assets US\$ 6,264.4m^(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	10.5	4.1	2.6	4.3	-6.2	6.5	2.2	-1.9	-2.0	2.3	5.0	3.9	35.0
Russell 1000 Growth ^(c)	9.0	3.6	2.9	4.5	-6.3	6.9	2.3	-0.8	0.0	2.8	4.4	3.0	36.4
S&P 500 ^(c)	8.0	3.2	1.9	4.0	-6.4	7.1	1.4	-1.6	1.7	2.2	3.6	3.0	31.3

Period Performance (%)	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	Cumulative	Annualised
HF-DSM US LCG Returns ^(b)	(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	353.7	8.76%
Russell 1000 Growth ^(c)	(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	304.3	8.65%
S&P 500 ^(c)	(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	345.4	8.07%



HF Hereford Funds

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

Sectoral Breakdown	% of Assets
Information Technology	40.8%
Health Care	19.1%
Consumer Discretionary	19.1%
Communication Services	19.0%
Consumer Staples	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	14.5
ISIN	LU0327604228	Sharpe Ratio	n/a	0.5	0.5
Reuters	LP65102015	Information Ratio	n/a	0.0	
Sedol	B28TLX2	Tracking Error	n/a	6.3	
	3504726	Beta	n/a	0.9	
WKN	A0M58T	Alpha	n/a	0.8	

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.
- 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 ^(e)	1.25%
Share Class D ^(f)	1.75%

France - Centralizing Correspondent as defined by French Regulation:
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Minimum Investment	
Share Class A & U ^(e)	\$100,000 initial / \$10,000 subsequent
Share Class D	\$10,000 initial / \$1,000 subsequent

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