

Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund appreciated 3.02% for the month of December compared to a 4.60% return for the Russell 1000 Growth Index and a 3.84% return for the S&P 500 both including dividends. At the end of December, the Sub-Fund was primarily invested in the technology, communication services and consumer discretionary sectors, with smaller weights in the health care, financials and consumer staples sectors.

For the month, the Sub-Fund trailed the benchmark by approximately 158bps. This was primarily the result of the Manager's selections in consumer discretionary and communications services, as well as the Sub-Fund's overweight of the communications services sector versus the benchmark. The Manager's selections in technology benefitted performance. In December, the positions that contributed the most to the portfolio's return were Burlington Stores, PayPal Holdings, Microsoft, Intuit and EPAM Systems. The positions that contributed the least in the month were Alibaba Group, Facebook, Sirius XM Holdings, Tencent Holdings and Abbott Laboratories.

Manager's Commentary

Global economic optimism is growing as the vaccination process has begun, with millions around the world already having received vaccines. The rollout has begun in North America, Europe, China and elsewhere. Although the process is in the early stages, the light at the end of the tunnel is bright and should help to drive the optimism and confidence necessary to sustain the global economic recovery, especially in employment intensive industries such as hotels, restaurants and airlines. Early on the Manager expects there will be a strong economic rebound from the currently very depressed levels. However, similar to the decade after the Global Financial Crisis in 2008/9, DSM sees the period after the COVID-19 recovery to be characterized by low inflation, low interest rates and slow economic growth that may, despite its slow start, develop into a longer growth cycle than the majority of previous economic growth periods.

In the United States, \$900 billion of stimulus legislation, combined with very accommodative Federal Reserve policies is leading to a surprisingly strong economic rebound. Employment in the United States is improving as well, with many lost jobs having been recovered, the notable exception being those employed in industries with face-to-face customer contact. Globally, accommodative central banks have driven rates lower and asset prices higher. Rising values for assets including homes, businesses and stock markets are creating a wealth effect, which should prove supportive of consumer spending. Higher asset prices also provide collateral value against which bank loans can be made, in turn enhancing economic growth. In China, growth remains quite strong as reflected in expanding corporate profits. Unfortunately, the European economy continues to lag both the US and China.

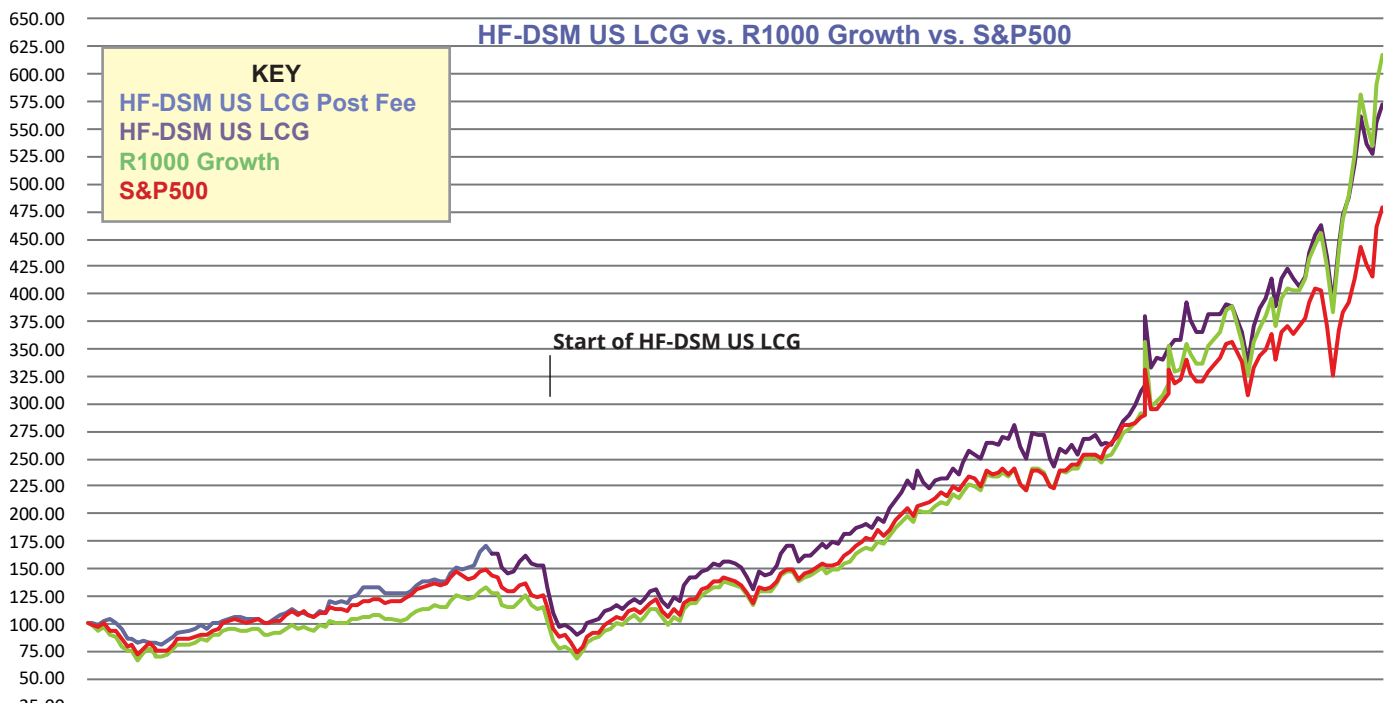
Estimates for 2021 S&P 500 earnings are at a record high \$170 and likely headed higher. If the global economic recovery continues through 2021, S&P 500 earnings for 2022 could potentially reach \$185 to \$200, which based on an historically normal low inflation P/E of 20 times may drive the market to approximately 4000 by year end 2021. Given strong economic growth and technological leadership in China and the US, DSM believes these markets are likely to be the stronger performers in the years to come.

Key Information

NAV A Shares (31/12/20)	US\$ 350.0	Strategy Assets	US\$ 7,451.8m ^(a)
Total Fund Size (all share classes)	US\$ 89.1m	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	2.1	(6.3)	(9.8)	13.8	5.8	3.6	6.1	8.5	(4.4)	(1.7)	5.5	3.0	26.4
Russell 1000 Growth^(c)	2.2	(6.8)	(9.8)	14.8	6.7	4.4	7.7	10.3	(4.7)	(3.4)	10.2	4.6	38.5
S&P 500^(c)	(0.0)	(8.2)	(12.4)	12.8	4.8	2.0	5.6	7.2	(3.8)	(2.7)	10.6	3.8	18.4

Period Performance (%)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	Cumulative	Annualised
HF-DSM US LCG Returns^(b)	35.0	(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	473.3	9.63%
Russell 1000 Growth^(c)	36.4	(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	378.7	10.05%
S&P 500^(c)	31.3	(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	516.9	8.59%



HF Hereford Funds

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

Sectoral Breakdown	% of Assets
Information Technology	45.9%
Communication Services	21.4%
Consumer Discretionary	19.2%
Health Care	7.6%
Financials	2.8%
Consumer Staples	2.0%

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	15.3	15.4
ISIN	LU0327604228	Sharpe Ratio	n/a	0.6	0.6
Reuters	LP65102015	Information Ratio	n/a	-0.1	
Sedol	B28TLX2	Tracking Error	n/a	6.3	
	3504726	Beta	n/a	0.9	
WKN	A0M58T	Alpha	n/a	0.5	

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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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%

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

France - Centralizing Correspondent as defined by French Regulation:

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Switzerland - Representative and Paying Agent as defined by Swiss Regulation:

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