

Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund appreciated 2.06% for the month of January compared to a 2.24% return for the Russell 1000 Growth Index and a (0.04)% return for the S&P 500 both including dividends. At the end of January, the Sub-Fund was primarily invested in the technology, communication services, consumer discretionary and health care sectors, with a smaller weight in the consumer staples sector.

For the month, the Sub-Fund trailed the benchmark by approximately 18bps. This was primarily the result of the Manager's selections in the consumer discretionary sector. The Manager's selections in technology benefitted performance. In January, the positions that contributed the most to the portfolio's return were Microsoft, Adobe, Alphabet, Amazon.com and Visa. The positions that contributed the least in the month were Booking Holdings, Royal Caribbean Cruises, Alibaba Group, Boston Scientific and Burlington Stores.

Manager's Commentary

The Manager remains focused on earnings because they continue to believe that earnings are the primary factor that will "grow" the value of a business over time. Importantly, strong and growing earnings, when combined with reasonable valuations, typically drive stock prices higher. As DSM has said in the past, they expect the portfolio's earnings to continue to grow at a mid-to-high-teens rate through 2023, while the portfolio is valued at approximately 26.0x next twelve months of earnings through March of 2021. The Manager believes that the portfolio is attractively priced as over time, growing earnings drive equity prices upward.

DSM has previously stated that a global economic recession is not likely to occur until 2021 or later, but now believes that time frame can be extended to 2022 or later. As confidence builds in 2020, American economic growth could reach 2.5% while global growth may expand at a rate closer to 3%. The reductions to US corporate tax rates are significant, and the Manager believes their positive impact on GDP is being underestimated by many analysts based on US productivity growth of 3%, wage growth of 3%, and an historically low unemployment rate. DSM expects that global earnings growth will continue to be solid and when complemented by an improving economic outlook, should provide a solid foundation for the market. Although last month's events in the Middle East may serve as a potential catalyst for additional conflict and increasing market volatility, tensions there have eased of late. However, the recent coronavirus outbreak in China, a situation we are actively monitoring, does introduce additional risk and uncertainty to the market.

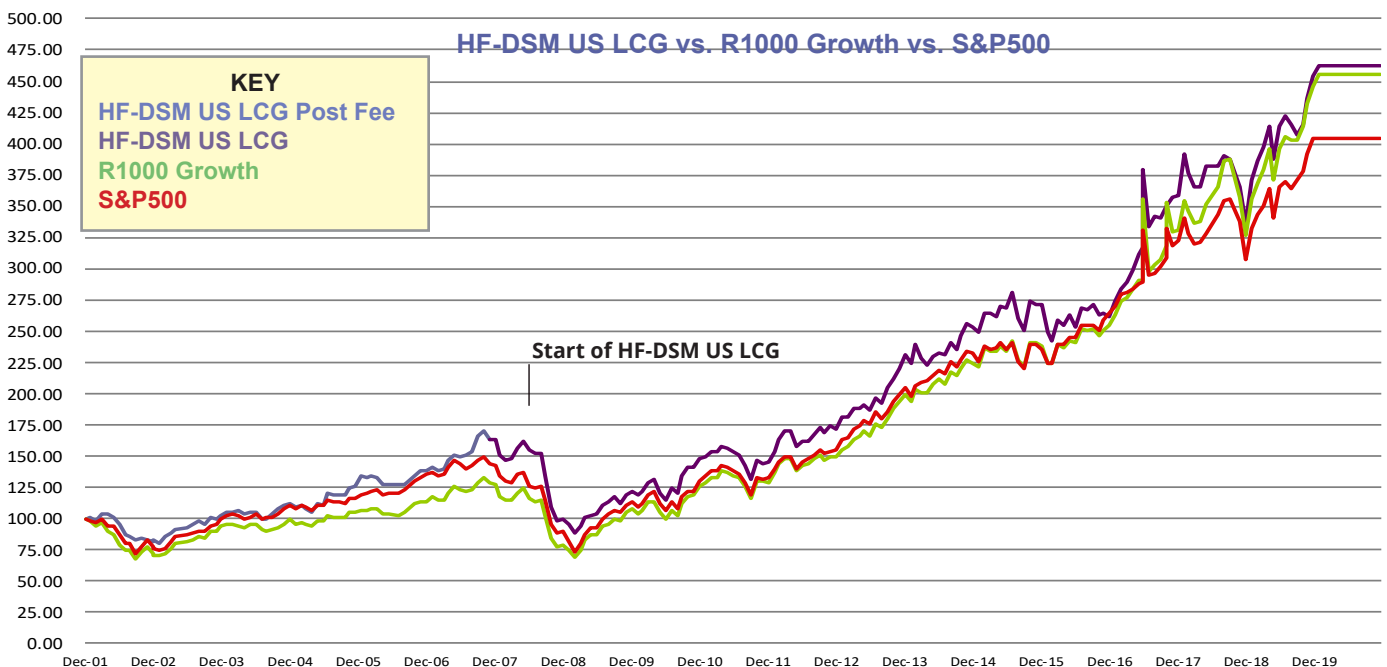
Importantly, the Manager continues to expect earnings of \$173 to \$180 for the S&P 500 in 2020. In one year, based on a trailing P/E of 18x to 20x and assuming global economic growth with moderate inflation remains the outlook at that time, the S&P 500 might trade in a range of 3100 to 3600, creating an upside potential somewhat in excess of 10% (total return) and a low single digit loss potential (total return) over the course of this year. 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.

Key Information

NAV A Shares (31/01/20)	US\$ 282.7	Strategy Assets	US\$ 6,379.2m ^(a)
Total Fund Size (all share classes)	US\$ 76.7m	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												2.1
Russell 1000 Growth ^(c)	2.2												2.2
S&P 500 ^(c)	(0.0)												(0.0)

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	363.1	8.40%
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	304.1	8.31%
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	355.3	7.63%



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	42.8%
Communication Services	18.9%
Consumer Discretionary	18.5%
Health Care	18.0%
Consumer Staples	1.6%

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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