

Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund depreciated 1.3% for the month of January compared to a (0.74)% return for the Russell 1000 Growth Index and a (1.01)% 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 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 54bps. This was primarily the result of the Manager's selections in technology. The Manager's selections in communications services benefitted performance. In January, the positions that contributed the most to the portfolio's return were Tencent Holdings, Alibaba Group, Microsoft, Alphabet and Neurocrine Biosciences. The positions that contributed the least in the month were Global Payments, Visa, Mastercard, Adobe and Facebook.

Manager's Commentary

The Manager continues to believe that Value will underperform Growth going forward, while acknowledging that over the near term it is possible that "Old Era" Value names may recover post-COVID and possibly outperform Growth over a limited period of time. In addition, a rally in bank stocks caused by a significant rise in interest rates as the global economy recovers, would be a big plus for the Russell 1000 Value Index and the MSCI Europe Index, both of which are heavily exposed to financials.

However, over an intermediate period of time, or longer, DSM believes Value benchmarks will continue to face revenue and profit pressures from the ongoing evolution of digital/internet technologies. Additionally, Value stocks are generally more cyclical, operate in more competitive industries, have greater capital requirements, and require a pickup in inflation to alleviate the pricing pressure found across the product lines of many companies in the Value indices, which the Manager doubts will be forthcoming in the foreseeable future. Finally, Value stocks in both Europe and the US often have high P/Es due to their dividend yield, yet these valuations are often not justified by the underlying business fundamentals of the companies.

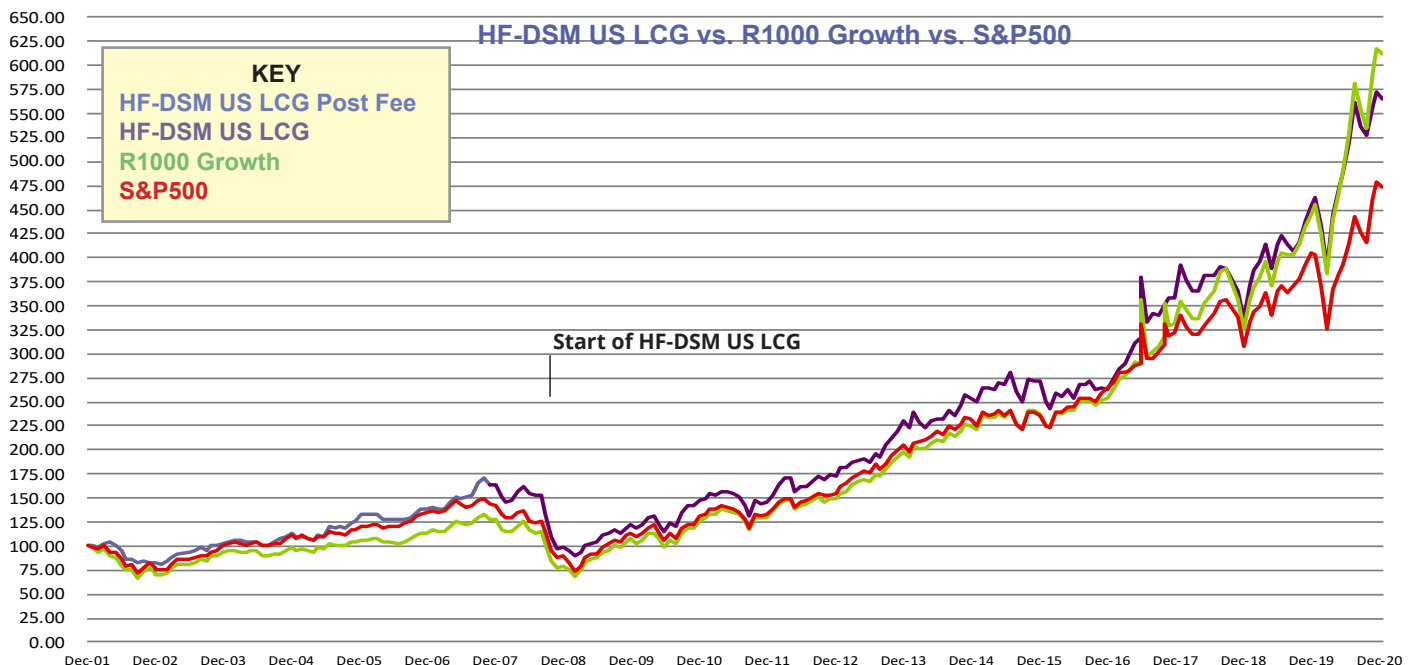
DSM has always been, and will remain, quality growth stock investors with a rigorous valuation discipline. They will continue to avoid investments in companies they feel are overvalued, in any geography, and seek to manage portfolio risk, while continuing to generate an attractive rate of return for their clients. Looking forward to the twelve-month period from June 2021 to June 2022, at which point vaccines should be well distributed and the economy more fully recovered, the portfolio is valued at roughly 27x earnings with earnings growth approximating mid-to-high teens and perhaps more. The Manager believes the portfolio has significant appreciation potential given its reasonable valuation, substantial revenue and earnings growth, low interest rates, and the possibility of an improving global economy. They are optimistic that DSM's performance will continue to be strong, because their investment approach is built on the simple concept that "Earnings Win". Over time, businesses appreciate in value as their earnings grow. DSM's portfolio earnings have grown largely as expected before the pandemic and the Manager believes growth in the mid-to-high teens or perhaps more is possible beginning in 2021.

Key Information

NAV A Shares (31/1/21)	US\$ 345.3	Strategy Assets	US\$ 7,444.0m ^(a)
Total Fund Size (all share classes)	US\$ 86.9m	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	(1.3)												(1.3)
Russell 1000 Growth ^(c)	(0.7)												(0.7)
S&P 500 ^(c)	(1.0)												(1.0)

Period Performance (%)	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	Cumulative	Annualised
HF-DSM US LCG Returns ^(b)	26.4	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	466.0	9.05%
Russell 1000 Growth ^(c)	38.5	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	373.7	9.48%
S&P 500 ^(c)	18.4	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	512.3	8.09%



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	44.2%
Communication Services	22.4%
Consumer Discretionary	21.0%
Health Care	7.8%
Financials	2.3%
Consumer Staples	1.9%

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	15.2	15.3
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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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%

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:

FundPartner Solutions (Suisse) SA (route des Acacias 60, 1211 Geneva 73, Switzerland) as Swiss representative and Banque Pictet & Cie SA (route des Acacias 60, 1211 Geneva 73, Switzerland) as Swiss paying agent.

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