

Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund appreciated 5.88% for the month of July compared to a 4.72% return for the Russell 1000 Growth Index and a 3.69% return for the S&P 500 including dividends. At the end of July, the Fund was invested primarily in the technology, health care and consumer discretionary sectors, with smaller weights in the financials, consumer staples and industrials sectors.

For the month, the Fund exceeded the benchmark by approximately 116 bps. This was primarily the result of the Manager's selections in the health care sector as well as the Manager's underweight in consumer staples versus the benchmark. In July, the best performing positions in the portfolio were Alphabet, Facebook, Celgene, Allergan and Priceline. The worst performers for the month were Automatic Data Processing, MasterCard, Electronic Arts, Monster Beverage and Dollar General.

Manager's Commentary

DSM's multi-year global economic outlook of stable 3% type growth has remained unchanged for a number of years, although at this point we would suggest that growth will likely be a bit below 3% for the foreseeable future. We continue to expect an extended, slow growth global economic cycle driven by low inflation and low interest rates, since the central banks of the United States, Europe, Japan and China will likely remain very accommodative. Our expectations for roughly 2% growth in the US, faster growth in China, and growth of 1% or so in Europe persist.

Our previous expectation of 1% growth in Japan may prove optimistic, with zero perhaps more probable. Post-Brexit, we do not believe that a global or western world recession will occur, although European growth might be lower by perhaps as much as a half-of-one-percent over the next few years. It is our opinion that global equity markets will work their way higher, because developed world economies are generally showing modest growth and stability.

In our view, with the exception of energy and commodity-related businesses, corporate profits remain reasonably solid. Nothing has transpired in the world that reverses or significantly alters our expectations of five to nine percent annual stock market total returns over the next several years. Although it is true that many US based companies will experience some earnings reductions due to the decline of the Euro and Sterling, we believe that the political and economic stability in the US will cause price/earnings ratios to remain intact in the 16x to 18x range. In a slow-growth global economy, we believe our portfolio of quality growth companies will be very well positioned.

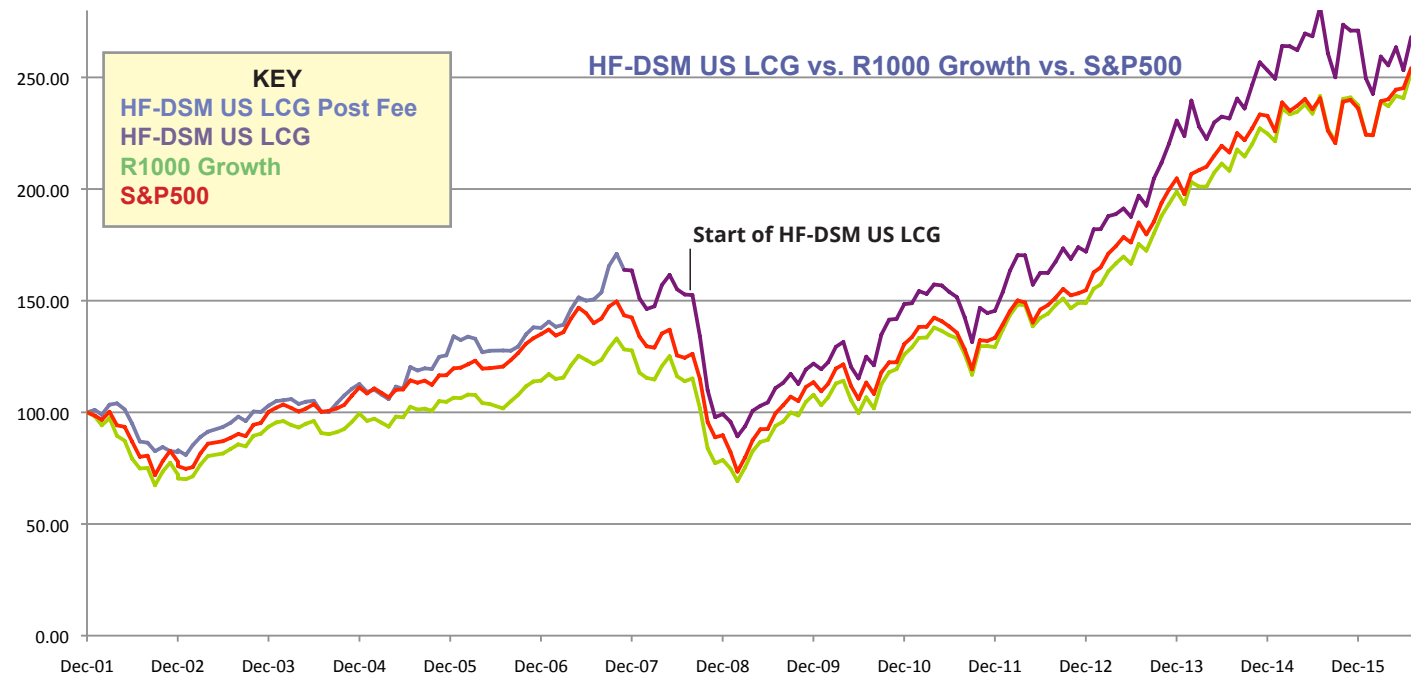
In recent years, the portfolio's holdings have grown earnings in the high-teens. Going forward, we expect earnings growth to continue at a similar rate, which compares to long-term S&P 500 earnings growth of approximately 4% to 6%. Despite earnings growth which is three times the S&P's, the portfolio's calendar year 2017 price earnings ratio is just 18.3x, compared to the S&P 500 at approximately 16.4x earnings. We believe that DSM's portfolio holdings comprise unique businesses, with modest economic sensitivity, strong secular growth characteristics and outstanding financial characteristics. Core to our investment process has always been the belief that if the portfolio generates earnings growth largely as expected, then the value of the businesses should over time grow at a similar rate.

Key Information

NAV A Shares (31/07/16) US\$ 163.7
 Total Fund Size (all share classes) US\$ 102.9m
 Strategy Assets US\$ 4,794.8m^(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 | (7.9) | (2.8) | 6.9 | (1.5) | 3.2 | (3.9) | 5.88 | | | | | | (1.1) |
| Russell 1000 Growth^(c) | (5.6) | 0.0 | 6.7 | (0.9) | 1.9 | (0.4) | 4.72 | | | | | | 6.2 |
| S&P 500^(c) | (5.0) | (0.1) | 6.8 | 0.4 | 1.8 | 0.3 | 3.69 | | | | | | 7.7 |

| Period Performance (%) | YTD | 2015 | 2014 | 2013 | 2012 | 2011 | 2009 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | Cumulative | Annualised |
|--------------------------------------|-------|------|------|------|------|-------|------|------|--------|------|------|------|------|------------|------------|
| HF-DSM US LCG Returns ^(b) | (1.1) | 7.0 | 9.7 | 34.1 | 18.2 | (2.0) | 21.9 | 22.8 | (39.3) | 18.7 | 9.8 | 11.4 | 9.4 | 168.1 | 7.00% |
| Russell 1000 Growth ^(c) | 6.2 | 5.7 | 13.1 | 33.5 | 15.3 | 2.6 | 16.7 | 37.2 | (38.4) | 11.8 | 9.1 | 5.3 | 6.3 | 154.2 | 6.61% |
| S&P 500 ^(c) | 7.7 | 1.4 | 13.7 | 32.4 | 16.0 | 2.1 | 15.1 | 26.5 | (37.0) | 5.5 | 15.8 | 4.9 | 10.9 | 152.1 | 6.55% |



| Top Ten Holdings | |
|---------------------------|------------------|
| Adobe Systems | Facebook |
| Allergan | Monster Beverage |
| Alphabet (Cl. A & C) | Newell Brands |
| Automatic Data Processing | Priceline Group |
| Celgene | Zoetis |

| Sectoral Breakdown | % of Assets |
|------------------------|-------------|
| Information Technology | 42.4% |
| Health Care | 24.9% |
| Consumer Discretionary | 20.6% |
| Financials | 5.0% |
| Consumer Staples | 3.8% |
| Industrials | 2.5% |

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 | |
|------------|--------------|
| Bloomberg | DSMUSLA LX |
| ISIN | LU0327604228 |
| Reuters | LP65102015 |
| Sedol | B28TLX2 |
| | 3504726 |
| WKN | A0M58T |

| Since inception | HF-DSM US LCG | HF-DSM US LCG Composite | R1000 Growth |
|-------------------|---------------|-------------------------|--------------|
| Volatility | n/a | 14.9 | 14.9 |
| Sharpe Ratio | n/a | 0.4 | 0.4 |
| Information Ratio | n/a | 0.1 | |
| Tracking Error | n/a | 6.6 | |
| Beta | n/a | 0.9 | |
| Alpha | n/a | 1.1 | |

| 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 | BSI Fund Management S.A. 44F, rue de la Vallée, L-2661 Luxembourg |
| Custodian | BSI Europe S.A. 122, Rue Adolphe Fischer L-1521 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:

UBS Fund Services
Attn.: Transfer Agent
33a avenue J.F. Kennedy
L-1855 Luxembourg

Subsequent Applications Only Via Facsimile:

UBS Fund Services
Attn.: Transfer Agent
Fax : (+352) 4410106417
Tel: (+352) 4410106404
Email: sh-ubsfsl-transferagent@ubs.com

- (a) This refers to the total assets invested in the reference strategy managed by the Investment Manager.
- (b) 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.
- (c) Total return including dividends.
- (d) 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.
- (e) Share Class U has been granted Reporting Status by HMRC as of October 1, 2010.
- (f) Share Class D is German tax registered from October 1, 2010.

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