

Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund Share Class A appreciated 5.1% for the month of July compared to a 2.66% return for the Russell 1000 Growth Index and a 2.06% return for the S&P 500 both including dividends. At the end of July, the Sub-Fund was invested primarily in the technology, consumer discretionary and health care sectors, with smaller weights in the industrials, financials and consumer staples sectors.

For the month, the Sub-Fund exceeded the benchmark by approximately 244bps. This was primarily the result of the Manager's selections in the technology sector, as well as the overweight in technology versus the benchmark. The Manager's selections in the consumer discretionary and consumer staples sectors also benefitted performance. In July, the positions that contributed the most to the portfolio's return were Facebook, Alibaba Group, Tencent Holdings, Priceline Group and Electronic Arts. The positions that contributed the least in the month were Newell Brands, Wynn Resorts, Kansas City Southern, Charles Schwab and Zoetis.

Manager's Commentary

Clearly, performance in 2017 is reversing the underperformance of 2016. The Manager believes the portfolio is rebounding because weighted revenue and earnings grew in excess of 20% during 2016, as well as during the first quarter of 2017. Of note, second quarter results and guidance from the companies in the portfolio that have reported, are thus far in-line with expectations or better. This strong period of earnings followed 2015, a year in which the portfolio also generated a high-teens earnings growth rate. Earnings have grown as expected or perhaps better than expected over the past few years. Since businesses appreciate in value as earnings grow, the Manager remains focused on predictable earnings growth, purchased at a reasonable valuation.

The Manager's long-standing expectation of a very long, slow, stable global growth economic cycle, supported by low inflation and low interest rates, remains in place. With growth in the United States in the 2%+ range, China continuing to grow in the mid-single digits and growth of 1% or 2% in Europe and Japan, the global growth outlook remains on its steady low growth path. The Manager's global economic and equity market projections have been largely on-target and fundamentally unchanged for a number of years. A consistent long slow global growth cycle, with modest inflation and low interest rates, implies to the Manager that global equity markets will continue their upward direction. Inflation remains non-existent, particularly because wage inflation, despite low unemployment, remains under control. Low inflation, especially when supported by moderate wage gains, may cause the Federal Reserve and other central banks to raise rates more slowly than might otherwise occur. As a result, the current economic growth cycle may well continue for an extended period of time.

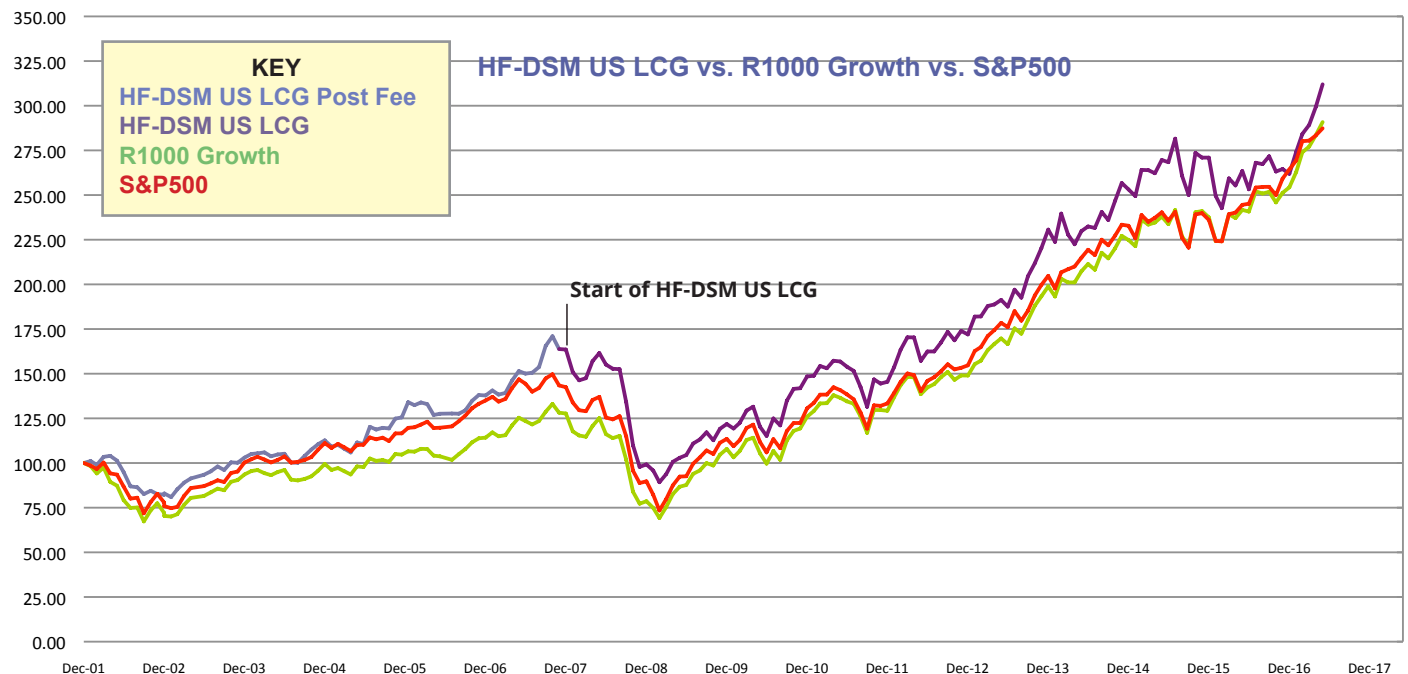
The Sub-Fund portfolio is characterized by strong financial characteristics, 20% earnings growth in 2016 and possibly upwards of 20% in 2017 and with high-teens growth projected for several years thereafter. The portfolio is valued very reasonably at 21.5x calendar year 2018 earnings, which is hardly more than one times the growth rate. Despite this year's strong performance, the Manager believes that with continued patience, the portfolio should realize returns that reflect the growth in economic value.

Key Information

NAV A Shares (31/07/17) US\$ 203.8
 Total Fund Size (all share classes) US\$ 101.11m
 Strategy Assets US\$ 5,204.9m^(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	4.7	3.7	1.8	3.5	4.2	1.8	5.1						27.4
Russell 1000 Growth ^(c)	3.4	4.2	1.2	2.3	2.6	-0.3	2.7						17.1
S&P 500 ^(c)	1.9	4.0	0.1	1.0	1.4	0.6	2.1						11.6

Period Performance (%)	YTD	2016	2015	2014	2013	2012	2011	2009	2009	2008	2007	2006	2005	Cumulative	Annualised
HF-DSM US LCG Returns ^(b)	27.4	(3.3)	7.0	9.7	34.1	18.2	(2.0)	21.9	22.8	(39.3)	18.7	9.8	11.4	233.8	7.82%
Russell 1000 Growth ^(c)	17.1	7.1	5.7	13.1	33.5	15.3	2.6	16.7	37.2	(38.4)	11.8	9.1	5.3	195.1	7.00%
S&P 500 ^(c)	11.6	12.0	1.4	13.7	32.4	16.0	2.1	15.1	26.5	(37.0)	5.5	15.8	4.9	197.8	7.06%



HF Hereford Funds

Top Ten Holdings	
Alibaba Group	Regeneron Pharmaceuticals
Alphabet (Cl. A)	Royal Caribbean Cruises
Electronic Arts	Tencent Holdings
Facebook	Visa
Priceline Group	Zoetis

Sectoral Breakdown	% of Assets
Information Technology	50.1%
Consumer Discretionary	18.8%
Health Care	18.2%
Industrials	4.3%
Financials	4.1%
Consumer Staples	4.1%

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	14.6	14.5
ISIN	LU0327604228	Sharpe Ratio	n/a	0.5	0.4
Reuters	LP65102015	Information Ratio	n/a	0.1	
Sedol	B28TLX2	Tracking Error	n/a	6.6	
	3504726	Beta	n/a	0.9	
WKN	A0M58T	Alpha	n/a	1.4	

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	EFG Fund Management S.A. 56, Grand-Rue, L-2013 Luxembourg
Custodian	EFG Bank (Luxembourg) S.A. 56, Grand-Rue, L-2013 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

Original Applications To:

European Fund Administration
Attn.: TA Operations and Shareholder
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Subsequent Applications Only Via Facsimile:

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Tel.: +352 48 48 9002
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- 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.

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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

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