

Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund appreciated 6.1% for the month of July compared to a 7.69% return for the Russell 1000 Growth Index and a 5.64% return for the S&P 500 both including dividends. At the end of July, the Sub-Fund was primarily invested in the technology, communication services, consumer discretionary and health care sectors, with smaller weights in the financials and consumer staples sectors.

For the month, the Sub-Fund trailed the benchmark by approximately 159bps. This was primarily the result of the Manager's selections in the information technology sector. The Manager's selections in health care benefitted performance. In July, the positions that contributed the most to the portfolio's return were Amazon.com, Alibaba Group, EPAM Systems, PayPal Holdings and Facebook. The positions that contributed the least in the month were Automatic Data Processing, GoDaddy, Burlington Stores, Visa and Neurocrine Biosciences.

Manager's Commentary

The strong performance of the portfolio has been the result of an approximate 80% weight in companies whose businesses are largely digital/internet based. These businesses have strong balance sheets, cash flows and management teams. In addition, they are unique, face few competitors and are self-financing. Due to the coronavirus pandemic, these digitally-based businesses have experienced some sales and earnings disruptions, but the challenges they faced, and will continue to navigate, have been far less onerous than those faced by businesses with much less of a digital presence. Because these companies are internet/digitally based, they have functioned relatively smoothly during the pandemic, as their services remain in demand and their customer base is largely intact. Importantly they all have very strong organic business drivers whose growth will be enhanced as the economy recovers.

Although 2020 will be a recession year globally, the Manager continues to believe that sequential growth will begin in the last half of 2020 and annual growth will restart in 2021. In DSM's view, the potential turnaround in global economic fortunes is directly correlated to the trends in cases of coronavirus. Currently COVID-19 is continuing to proliferate in much of the world including the United States, India and Latin America. There are signs of a resurgence in parts of Europe and Asia as well. Clearly there is evidence that the reopening of any nation does carry risks of creating a second wave. As such, the Manager believes that the coronavirus will continue to weaken the world's economic prospects and outcome for at least another year, especially in the Emerging Markets, excluding China.

Given the recent strength of the equity markets, it appears they are generally ignoring 2020's economic woes and depressed earnings. Markets are looking forward to improving earnings in 2021 and beyond. As a result, current valuations may appear high, and in some cases that is true, but as earnings rebound, the Manager expects that valuations will normalize. Although some claim that the market's appreciation is disconnected from the reality of a coronavirus-affected world as a result of easy central bank monetary policies, after the financial crisis of 2008, the market also moved upward well in advance of the economy's recovery. That said, if interest rates remain low, then valuations will be higher, especially for companies that demonstrate growth.

The Manager believes that the economic outlook today is quite similar to the outlook after 2008-2009. Prior to the pandemic, DSM had projected that the global economic expansion would prove to be a longer growth cycle than the majority of previous economic growth periods, characterized by slow growth, low inflation and low interest rates. As the world slowly recovers, DSM believes an equivalent outlook is applicable today.

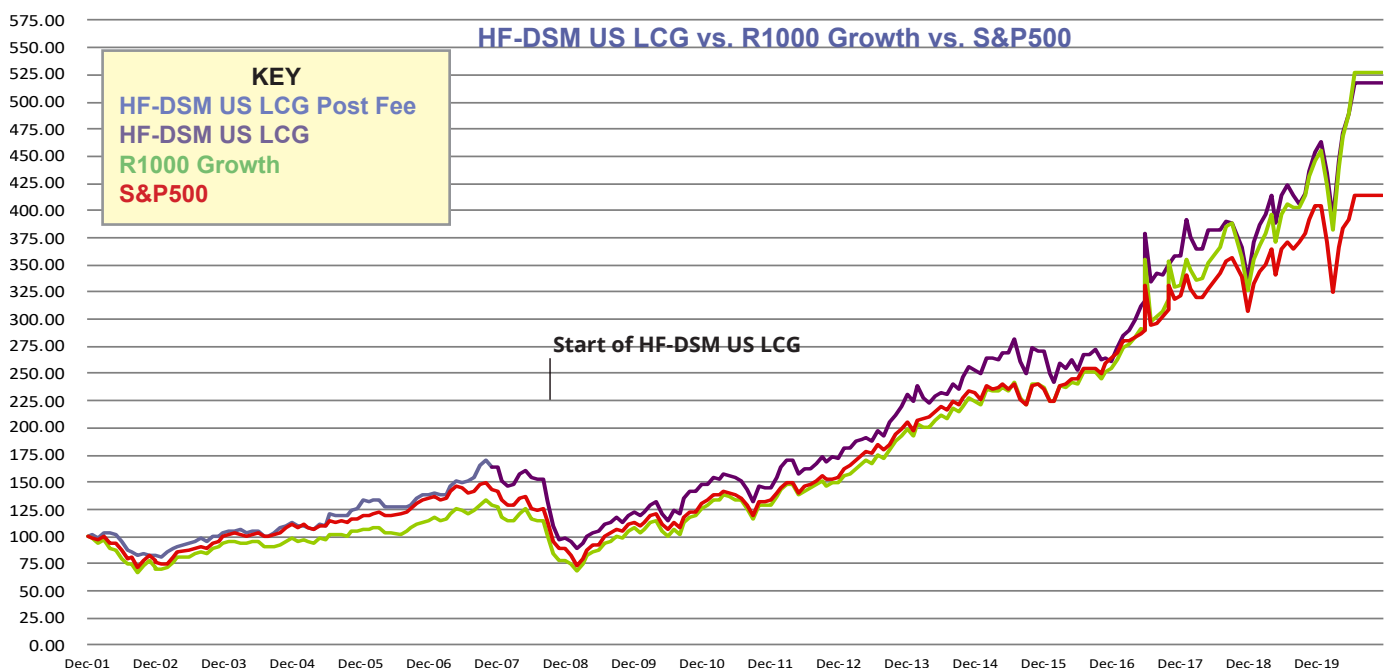
Key Information

NAV A Shares (31/07/20) US\$ 316.26
Total Fund Size (all share classes) US\$ 81.3m

Strategy Assets US\$ 7,231.0m^(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	2.1	(6.3)	(9.8)	13.8	5.8	3.6	6.1						14.2
Russell 1000 Growth ^(c)	2.2	(6.8)	(9.8)	14.8	6.7	4.4	7.7						18.3
S&P 500 ^(c)	(0.0)	(8.2)	(12.4)	12.8	4.8	2.0	5.6						2.4

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	418.0	9.04%
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	313.9	9.14%
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	426.7	7.76%



HF Hereford Funds

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

Sectoral Breakdown	% of Assets
Information Technology	44.0%
Communication Services	20.3%
Consumer Discretionary	17.5%
Health Care	14.0%
Financials	2.4%
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	15.2	15.1
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	0.7	

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

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