

DSM US Large Cap Growth Sub-Fund Class A - July 2021

Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund appreciated 1.08% for the month of July compared to a 3.30% return for the Russell 1000 Growth Index and a 2.38% return for the S&P 500 both including dividends. At the end of July, the Sub-Fund was primarily invested in the technology and communication services sectors, with smaller weights in the consumer discretionary, health care, industrials, consumer staples and financials sectors.

For the month, the Sub-Fund trailed the benchmark by approximately 227bps. This was primarily the result of the Manager's selections in the consumer discretionary and communication services sectors. The Manager's selections in technology benefited performance. In July, the positions that contributed the most to the portfolio's return were Alphabet, Microsoft, Intuit, Fortinet and Adobe. The positions that contributed the least in the month were Alibaba Group, Tencent Holdings, United Parcel Service, PayPal Holdings and JD.com.

Manager's Commentary

The Manager remains optimistic that the direction of the global economy and market is upward, with the United States and China leading the recovery as Europe and Japan continue to lag. However, there are two clouds on the economic horizon. The first and more significant risk is global inflation. The extent of quantitative easing by virtually all the central banks of the world and fiscal stimulus spending programs coupled with pent up consumer demand and Covid-related supply chain disruptions, has sent inflation to mid-single digits in the United States and almost as high in the EU and elsewhere. Inflation has risen to levels far above current interest rates resulting in negative real returns which are not perpetually sustainable. While the Federal Reserve, given today's circumstances, may happily accept a negative real return, investors will not and should not. To correct this imbalance, either rates need to rise or inflation needs to normalize, or perhaps some of both.

The second risk to the global economic recovery is the accelerating transmission of the Delta variant. This new variation of Covid is much more contagious than the original. As it spreads, the Delta variant is leading to additional lockdowns throughout the world, potentially placing the global economic recovery in jeopardy. While there continues to be pent-up consumer demand, consumer sentiment surveys have moved lower recently as a result of these alarming trends. This variant is also calling into doubt the effectiveness of the vaccines, creating added concern. At this time, the Manager expects the world economy to continue to improve, and Covid to remain under control, although the Delta variant does present an additional hurdle to overcome.

DSM's portfolio construction has always been focused on stock selections that are recession-resistant and rationally valued. They believe that strong revenue growth and predictable costs have been the foundation of the robust and predictable earnings results of the companies in the portfolio, and that will continue to be the case. DSM has always been and will remain a quality growth stock investor with a rigorous valuation discipline. The Sub-Fund's portfolio earnings have grown largely as expected before the pandemic, remained solid (albeit a bit less than expected) during the pandemic and the Manager believes earnings growth in the mid-to-high teens or perhaps more is possible beginning in 2021.

Key Information

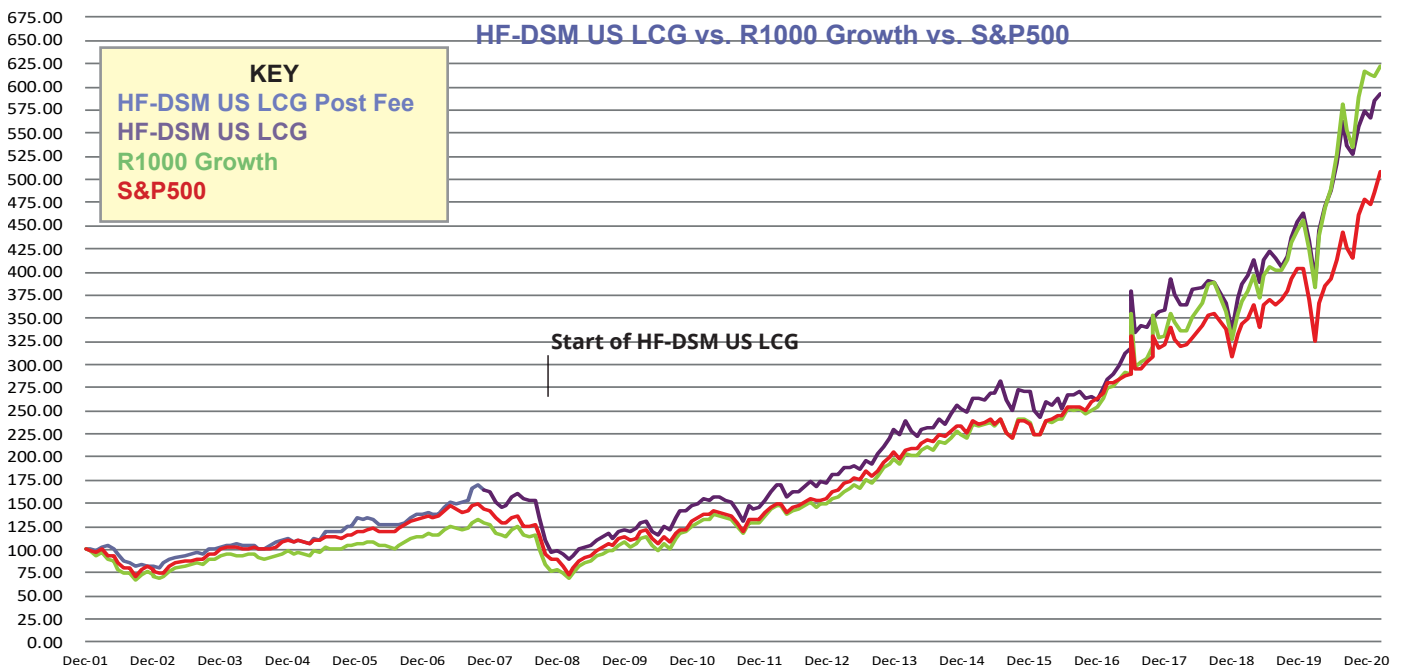
NAV A Shares (31/7/21) US\$ 410.21
Total Fund Size (all share classes) US\$ 100.7m

Strategy Assets
Fund Launch Date

US\$ 8,423.4m^(a)
29-Nov-07

Monthly Performance (%)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
HF-DSM US LCG	(1.3)	3.3	1.3	7.7	(0.8)	5.1	1.1						17.2
Russell 1000 Growth ^(c)	(0.7)	(0.02)	1.7	6.8	(1.4)	6.3	3.3						16.7
S&P 500 ^(c)	(1.0)	2.8	4.4	5.3	0.7	2.3	2.4						18.0

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	572.0	9.99%
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	464.6	10.37%
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	620.0	9.04%



HF Hereford Funds

Top Ten Holdings	
Adobe	Mastercard
Alphabet (Cl. A)	Microsoft
Amazon.com	NVIDIA
Facebook	PayPal Holdings
Intuit	Visa

Sectoral Breakdown	% of Assets
Information Technology	45.3%
Communication Services	25.7%
Consumer Discretionary	10.4%
Health Care	9.3%
Industrials	3.5%
Consumer Staples	2.3%
Financials	2.1%

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	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	0.6	

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:

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