

Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund Share Class A appreciated 1.8% for the month of June compared to a -0.26% return for the Russell 1000 Growth Index and a 0.62% return for the S&P 500 both including dividends. At the end of June, 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 205 bps. This was primarily the result of the Manager's selections in the technology sector. The Manager's selections in the consumer discretionary and health care sectors also benefitted performance. In June, the positions that contributed the most to the portfolio's return were Alibaba Group, Alexion Pharmaceuticals, Charles Schwab, Regeneron Pharmaceuticals and Kansas City Southern. The positions that contributed the least in the month were Alphabet, Electronic Arts, Dollar Tree, Rockwell Collins and NetEase.

Manager's Commentary

The strong earnings growth in 2016 which comfortably exceeded 20% on a weighted average basis, was partially recognized by the market in the first half of 2017. The Manager continues to believe that this is a very high quality portfolio of businesses. As a result, performance thus far has rebounded from the disappointing performance of 2016, which management believed was illogical in the context of the portfolio's ongoing strong earnings growth. The Manager remains optimistic that continued high-teens earnings growth will drive the Sub-Fund portfolio higher and sees earnings as the single most important factor in investing.

It is consensus opinion that the European equity markets are "cheaper" than American equity markets. This belief is based on top-down market valuations and sector analysis, normally utilizing P/E levels. While these top-down valuation statistics may be correct, the Manager believes this is an inappropriate comparison that has resulted in incorrect conclusions. An analysis of companies within Western Europe and the United States across sectors reveal many differences, whereby a comparison of the market weighted P/E in the United States versus Europe to identify comparative over or under valuation is not appropriate. The difference between two company's valuations should be based on variables such as current business fundamentals, financial metrics and potential long-term growth, not the location of company headquarters. In the Manager's opinion, Europe and the United States represent one generally unified "Western World" equity market.

The Sub-Fund portfolio remains focused on unique businesses that have been identified, and are continuously subject to analysis by the Manager's investment team. The portfolio holdings remain characterized by strong balance sheets and significant free cash flow, and the Manager continues to project a mid-to-high "teens" earnings growth rate through 2020. It is worth noting that the portfolio's estimated P/E of 22.7x on forward twelve month earnings through June of 2018 is roughly equivalent to the long-term average P/E of the S&P 500, during low inflation periods.

Key Information

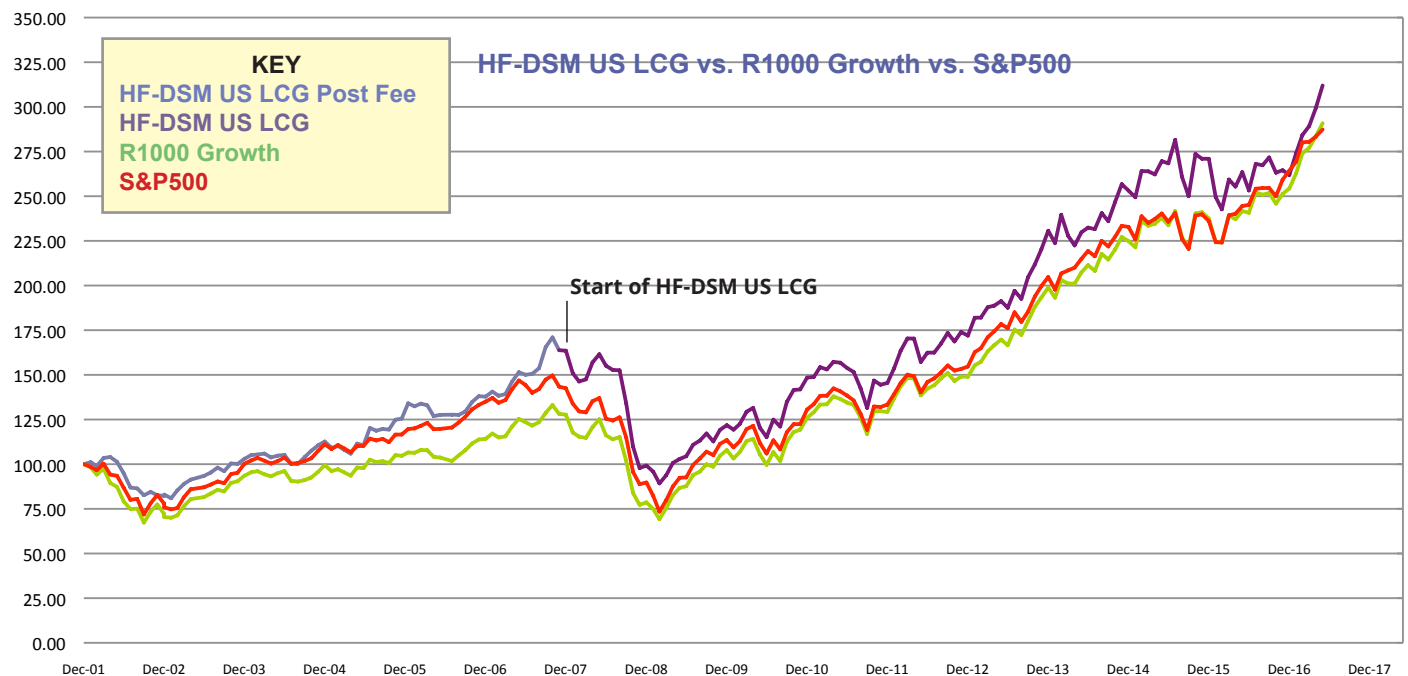
NAV A Shares (30/06/17) US\$ 193.7
Total Fund Size (all share classes) US\$ 106.7m

Strategy Assets
Fund Launch Date

US\$ 4,968.8m^(a)
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							21.3
Russell 1000 Growth ^(c)	3.4	4.2	1.2	2.3	2.6	-0.3							14.1
S&P 500 ^(c)	1.9	4.0	0.1	1.0	1.4	0.6							9.4

Period Performance (%)	YTD	2016	2015	2014	2013	2012	2011	2009	2009	2008	2007	2006	2005	Cumulative	Annualised
HF-DSM US LCG Returns ^(b)	21.3	(3.3)	7.0	9.7	34.1	18.2	(2.0)	21.9	22.8	(39.3)	18.7	9.8	11.4	217.6	7.49%
Russell 1000 Growth ^(c)	14.1	7.1	5.7	13.1	33.5	15.3	2.6	16.7	37.2	(38.4)	11.8	9.1	5.3	189.1	6.86%
S&P 500 ^(c)	9.4	12.0	1.4	13.7	32.4	16.0	2.1	15.1	26.5	(37.0)	5.5	15.8	4.9	190.1	6.88%



HF Hereford Funds

Top Ten Holdings	
Adobe Systems	Regeneron Pharmaceuticals
Alibaba Group	Royal Caribbean Cruises
Alphabet (Cl. A & C)	Tencent Holdings
Facebook	Visa
Priceline Group	Zoetis

Sectoral Breakdown	% of Assets
Information Technology	49.4%
Consumer Discretionary	19.0%
Health Care	18.1%
Industrials	4.5%
Financials	4.4%
Consumer Staples	4.0%

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	14.6
ISIN	LU0327604228	Sharpe Ratio	n/a	0.4	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	1.3	

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:

European Fund Administration
Attn.: TA Operations and Shareholder
Services
2 rue d'Alsace
L-1122 Luxembourg

Subsequent Applications Only Via Facsimile:

European Fund Administration
Attn.: TA Operations & Shareholder
Services Fax: +352 4865 61 8002
Tel.: +352 48 48 9002
E-mail: register.ta.ops@efa.eu

- 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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