

Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund appreciated 1.8% for the month of March compared to a 1.16% return for the Russell 1000 Growth Index and a 0.12% return for the S&P 500 including dividends. At the end of March, the Sub-Fund was invested primarily in the technology, consumer discretionary and health care sectors, with smaller weights in the financials and consumer staples sectors.

For the month, the Sub-Fund exceeded the benchmark by approximately 64 bps. This was primarily the result of the Manager's selections in the consumer staples and technology sectors, as well as portfolio's overweight in technology and underweight in industrials versus the benchmark. In March, the positions that contributed the most to the portfolio's return were Adobe Systems, Monster Beverage, Facebook, Wynn Resorts and Tencent Holdings. The positions that contributed the least in the month were FleetCor Technologies, Alexion Pharmaceuticals, Newell Brands, Allergan and Affiliated Managers Group.

Manager's Commentary

In the Manager's view, earnings results continue to be outstanding. Weighted average revenue and earnings growth in the fourth quarter was 28% and 31% respectively. The Manager continues to believe that this is the highest quality portfolio of businesses that they have ever owned. Based on the Manager's calculations, the portfolio is valued at approximately 19.4x forward four quarters of earnings through June of 2018 and is, in their opinion, very undervalued. First quarter performance was strong, and the Manager is optimistic that their focus and patience is now being rewarded. The Manager believes earnings will continue to advance this year at a high-teens rate, which creates a possible scenario of the portfolio driven higher by the economic value of earnings generated over both 2016 and 2017.

It appears to the Manager that growth in the United States can continue in the 2% range, although first quarter growth might be closer to 1.5%. The outlook in Europe has improved recently, as evidenced by a slew of recent economic statistics. The Manager believes Europe can grow over 1%, with Japan perhaps approaching 1%. China continues to grow in the mid-single digits and we believe that rate of growth will likely continue. Although the Federal Reserve is in the early phases of tightening, global monetary policy remains quite "easy". If anything, global economic growth might be poised to tick upward slightly, although the resulting rate of growth would likely remain moderate. The potential for a fractional uptick in global growth has some economists predicting an end to quantitative easing in both Europe and China. Certainly recent actions by the PBoC are consistent with tighter monetary policies in China, as the PBoC has tightened credit to limit asset bubbles. In contrast, an end to QE in Europe is probably sometime away, although critics argue that the ECB has been too easy.

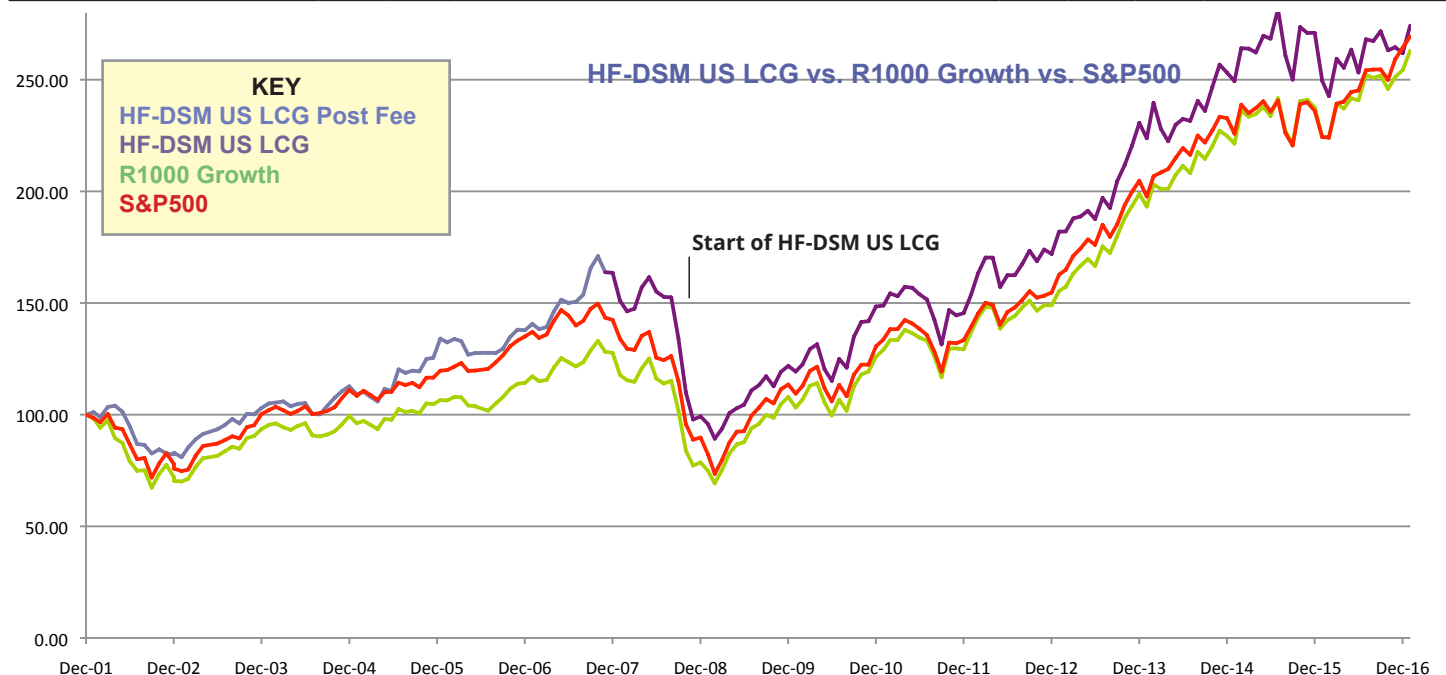
The portfolio holdings remain characterized by strong balance sheets and significant free cash flow. Although many well-publicized macro and geopolitical risks remain of concern to investors, the positive scenario of an improving and increasingly stable global financial system, low inflation, steady moderate global economic growth, low interest rates and growing corporate earnings, continues to form the foundation of an upwardly driven global equity market. In the Manager's view, corporate profits remain reasonably solid, and they continue to expect that global markets will trend higher.

Key Information

NAV A Shares (31/03/17)	US\$ 176.6	Strategy Assets	US\$ 4,637.7m ^(a)
Total Fund Size (all share classes)	US\$ 97.5m	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										10.4
Russell 1000 Growth ^(c)	3.4	4.2	1.2										9.0
S&P 500 ^(c)	1.9	4.0	0.1										6.1

Period Performance (%)	YTD	2016	2015	2014	2013	2012	2011	2009	2009	2008	2007	2006	2005	Cumulative	Annualised
HF-DSM US LCG Returns ^(b)	10.4	(3.3)	7.0	9.7	34.1	18.2	(2.0)	21.9	22.8	(39.3)	18.7	9.8	11.4	189.2	6.86%
Russell 1000 Growth ^(c)	9.0	7.1	5.7	13.1	33.5	15.3	2.6	16.7	37.2	(38.4)	11.8	9.1	5.3	180.5	6.66%
S&P 500 ^(c)	6.1	12.0	1.4	13.7	32.4	16.0	2.1	15.1	26.5	(37.0)	5.5	15.8	4.9	177.1	6.58%



HF Hereford Funds

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

Sectoral Breakdown	% of Assets
Information Technology	46.4%
Consumer Discretionary	21.8%
Health Care	20.9%
Financials	6.6%
Consumer Staples	3.9%

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	14.7	14.7
ISIN	LU0327604228	Sharpe Ratio	n/a	0.4	0.4
Reuters	LP65102015	Information Ratio	n/a	0.0	
Sedol	B28TLX2	Tracking Error	n/a	6.6	
	3504726	Beta	n/a	0.9	
WKN	A0M58T	Alpha	n/a	0.9	

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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