

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

Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund appreciated 1.3% for the month of March compared to a 1.72% return for the Russell 1000 Growth Index and a 4.38% return for the S&P 500 both including dividends. At the end of March, the Sub-Fund was primarily invested in the technology, communication services and consumer discretionary sectors, with smaller weights in the health care, financials and consumer staples sectors.

For the month, the Sub-Fund trailed the benchmark by approximately 40bps. This was primarily the result of the Manager's selections in the consumer discretionary sector. The Manager's selections in technology benefitted performance. In March, the positions that contributed the most to the portfolio's return were Facebook, Burlington Stores, UnitedHealth Group, Automatic Data Processing and EPAM Systems. The positions that contributed the least in the month were Tencent Holdings, Alibaba Group, PayPal Holdings, JD.com and Neurocrine Biosciences.

Manager's Commentary

Without a doubt, in 2021 the world will begin to recover from the pandemic. Thus far, the economic recovery globally has been uneven, with the US and China rebounding much faster than the EU and Japan. Given inconsistent vaccine availability on a country-by-country basis, DSM expects developing world economies to continue to improve, albeit in a quite disparate pattern. In the United States, vaccine availability is accelerating rapidly and by mid-summer virtually any American who wants the vaccine will have it. Record spending by the US government of trillions of dollars, with possibly more to follow, is producing an avalanche of consumer spending and is supporting very strong payroll and employment reports, with the unemployment rate now at a much improved 6% level.

China's economic growth will likely exceed the government's target of 6% this year and perhaps for a year or two thereafter. Chinese companies are experiencing solid profit growth as the economy rapidly recovers, although there is concern that accelerating COVID-19 cases in Europe could slow Chinese exports and thus the economic recovery. Currently, the Chinese government is continuing its efforts to reduce risk in the financial system by increasing capital requirements on loans made, reducing credit growth, and by requiring banks to develop enhanced crisis management plans. The government has also prevented dozens of companies from going public in order to cool down what they view to be an overheated stock market. Notably, significantly improved relations between China and the West remain unlikely. Under the Biden Administration, which appears to be following the Trump Administration's playbook, US tariffs on Chinese products remain in place. Canada and Europe have followed with broad-based sanctions due to China's policies in Hong Kong, in Xinjiang toward the Uighurs, and over Taiwan.

DSM believes the portfolio has significant appreciation potential given its reasonable valuation, substantial revenue and earnings growth, the low interest rate environment, and the likely improvement in the global economy. They are optimistic that DSM's performance will continue to be strong, because their investment approach is built on the simple concept that "Earnings Win". Over time, businesses appreciate in value as their earnings grow. DSM's portfolio earnings have grown largely as expected before the pandemic, remained solid (albeit a bit less than expected) during the pandemic and they believe growth in the mid-to-high teens or perhaps more is possible beginning in 2021.

Key Information

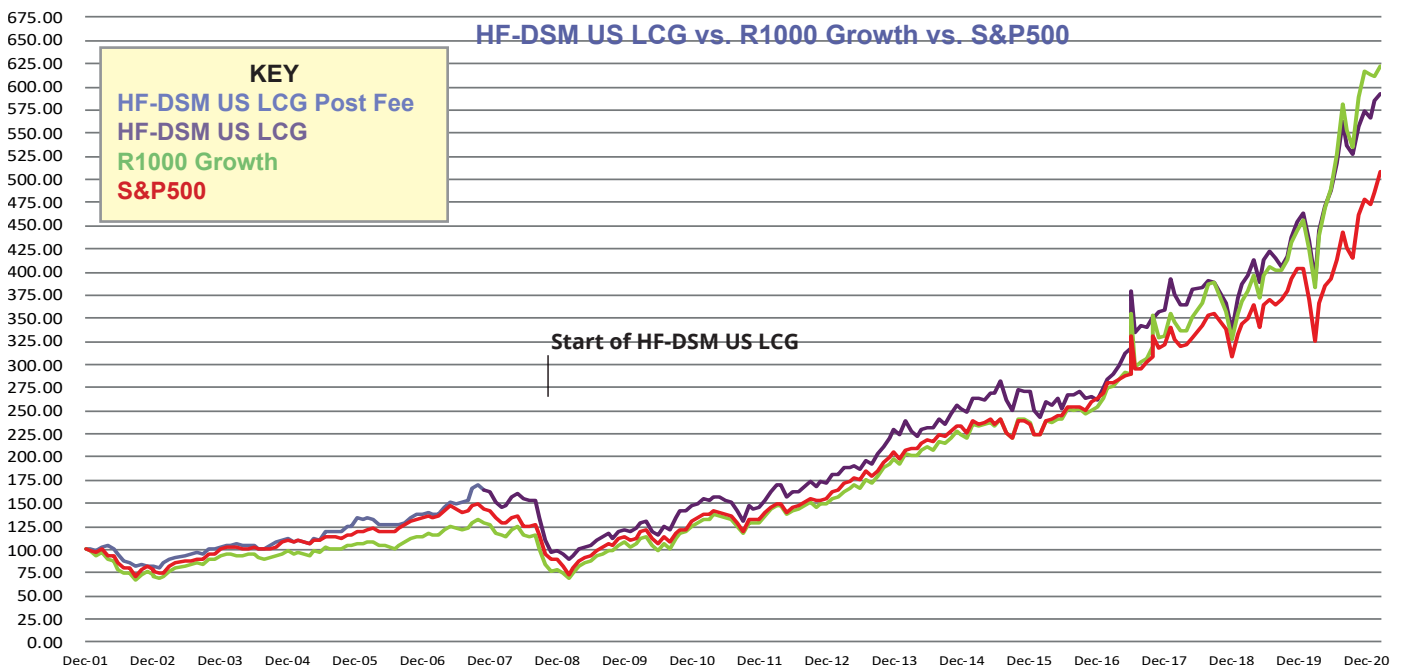
NAV A Shares (31/3/21) US\$ 361.5
Total Fund Size (all share classes) US\$ 90.5m

Strategy Assets
Fund Launch Date

US\$ 7,628.8m^(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										3.3
Russell 1000 Growth ^(c)	(0.7)	(0.02)	1.7										0.9
S&P 500 ^(c)	(1.0)	2.8	4.4										6.2

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	492.1	9.30%
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	408.2	9.58%
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	522.7	8.47%



HF Hereford Funds

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

Sectoral Breakdown	% of Assets
Information Technology	45.9%
Communication Services	21.7%
Consumer Discretionary	18.6%
Health Care	8.2%
Financials	2.5%
Consumer Staples	1.9%

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	15.2	15.3
ISIN	LU0327604228	Sharpe Ratio	n/a	0.6	0.6
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	0.6	

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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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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