

Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund appreciated 5.8% for the month of May compared to a 6.71% return for the Russell 1000 Growth Index and a 4.76% return for the S&P 500 both including dividends. At the end of May, the Sub-Fund was primarily invested in the technology, health care, communication services and consumer discretionary sectors, with smaller weights in the financials and consumer staples sectors.

For the month, the Sub-Fund trailed the benchmark by approximately 100bps. This was primarily the result of the Manager's selections in the health care and consumer discretionary sectors. The Manager's selections and underweight of the consumer staples sector versus the benchmark benefitted performance. In May, the positions that contributed the most to the portfolio's return were PayPal Holdings, Adobe, Facebook, Alphabet and Visa. The positions that contributed the least in the month were Elanco Animal Health, Amazon.com, Becton Dickinson, Sirius XM Holdings and Automatic Data Processing.

Manager's Commentary

It appears increasingly probable that treatments and a vaccine for COVID-19 will be developed, although it is doubtful that the coronavirus will be completely eradicated. Similar to the influenza virus, it is likely that COVID-19 endures for the foreseeable future as a part of the global healthcare setting. In the Manager's opinion, the virus' impact on earnings will be meaningful during 2020, and perhaps somewhat longer. Nevertheless, DSM believes that investors will realize that the challenges of the coronavirus can and will be managed, leading to a normalization of economic activity over time. Assuming the developed world can begin to move forward, spurred on by confidence-enhancing treatments and vaccines, DSM believes that a "U" shaped recovery can begin by the fourth quarter of this year. Eventually a global "V" shaped recovery can begin when the EU begins to grow and EM nations stabilize. However, there remains a very real risk that COVID-19 cases may reaccelerate either because countries around the world have reopened too soon, or because the virus recurs in the fall and/or perhaps morphs into a more virulent form.

The portfolio is approximately 80% invested in digital companies, and companies that thoroughly utilize the internet, complimented by an approximate 15% in health care, which includes 4% in animal health. The digital/internet-based businesses have all executed well during this severe recessionary period. Although they have not prospered as much as the Manager would have expected four months ago, they have done much better than the market as a whole. It is important to note that the trends towards work/shop-from-home caused by COVID-19 has accelerated the adoption of internet technologies which will benefit many of the companies in the portfolio. The health care companies, although facing some bumps and grinds, are also executing well. In DSM's view, much of the sales they have lost due to hospital shutdowns of elective surgeries should likely be captured over the next few quarters as delayed treatments are completed.

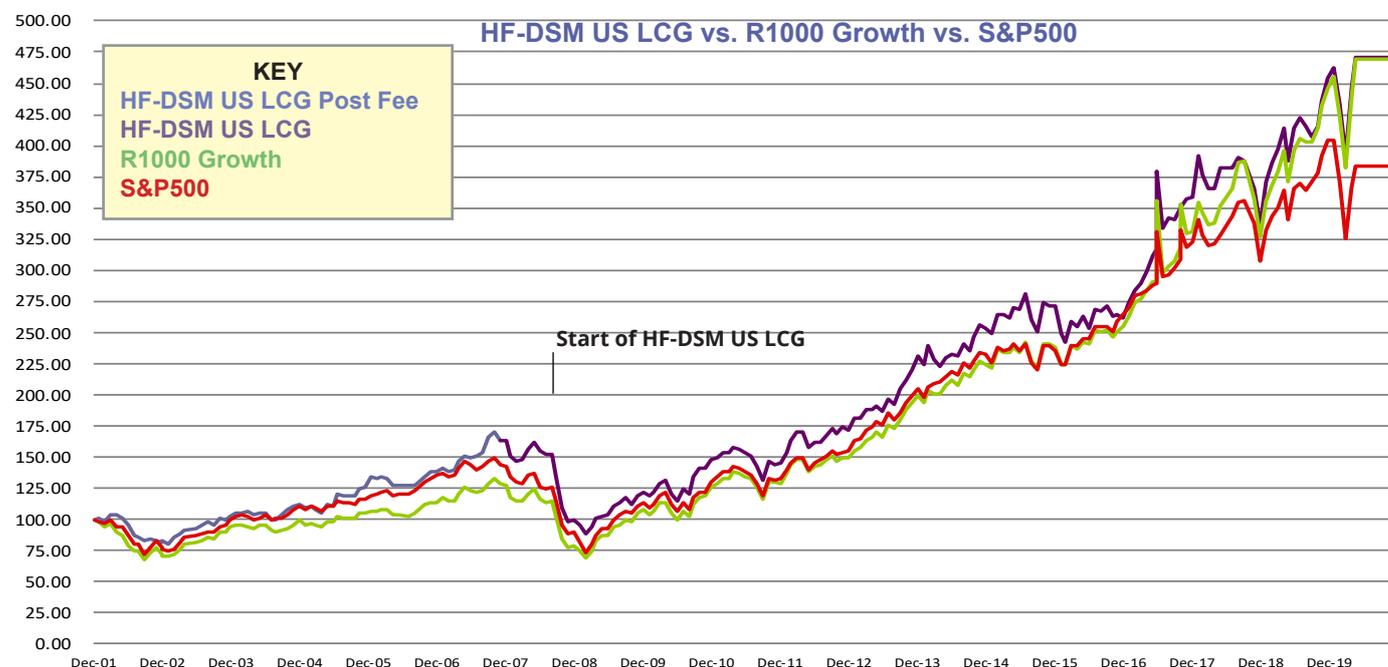
Considering the earnings resilience of the DSM portfolio along with its reasonable valuations, and a normalized mid-to-high-teens earnings growth going forward, the Manager believes there remains significant appreciation potential. Given low inflation, historically low interest rates, a slow economic recovery, strong earnings and reasonable valuations, DSM sees this as an attractive time to be a holder of premier quality growth businesses. They expect absolute performance to continue to rebound as fears of the coronavirus subside.

Key Information

NAV A Shares (31/05/20)	US\$ 287.6	Strategy Assets	US\$ 6,577.1m ^(a)
Total Fund Size (all share classes)	US\$ 75.2m	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								3.9
Russell 1000 Growth ^(c)	2.2	(6.8)	(9.8)	14.8	6.7								5.2
S&P 500 ^(c)	(0.0)	(8.2)	(12.4)	12.8	4.8								(5.0)

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	371.2	8.50%
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	284.2	8.47%
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	368.7	7.34%



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	41.6%
Health Care	20.0%
Communication Services	19.5%
Consumer Discretionary	15.8%
Financials	1.8%
Consumer Staples	0.9%

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	15.1
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%

France - Centralizing Correspondent as defined by French Regulation:
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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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