

## Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund Share Class A appreciated 1.9% for the month of November compared to a 3.04% return for the Russell 1000 Growth Index and a 3.07% return for the S&P 500 both including dividends. At the end of November, the Sub-Fund was invested primarily in the technology, consumer discretionary and health care sectors, with smaller weights in the financials, consumer staples and industrials sectors.

For the month, the Sub-Fund trailed the benchmark by approximately 114 bps. This was primarily the result of the Manager's selections in the consumer discretionary sector. The Manager's selections in the financials sector and the portfolio's overweight in financials versus the benchmark benefitted performance. In November, the positions that contributed the most to the portfolio's return were Tencent Holdings, Zoetis, Charles Schwab, Monster Beverage and Dollar Tree. The positions that contributed the least in the month were Regeneron Pharmaceuticals, Priceline Group, Alibaba Group, Electronic Arts and Alexion Pharmaceuticals.

## Manager's Commentary

Earnings results continue to be strong. Through the first three-quarters of 2017, the Sub-Fund has experienced solid relative and absolute performance, driven by continued earnings growth in excess of 20%. The Manager's investment team believes that earnings are the primary factor that will increase the value of a business over time. Accordingly, the Manager remains focused on companies with predictable, growing earnings which they believe will generate attractive returns for clients over the long-term. During 2016, portfolio earnings grew over 20%, but the prices of the portfolio's holdings did not respond accordingly. Over the first three quarters of 2017, earnings grew approximately 32% on average which has driven significant appreciation in the Sub-Fund this year. As earnings continue to advance into 2018, the Manager believes the portfolio has the potential to continue to appreciate at an attractive rate of return.

The Manager's multi-year outlook of stable 3% global growth remains unchanged, predicated on the belief that this will prove to be a longer, albeit slower, growth cycle than most of the previous growth periods. It is the Manager's long-standing opinion that global equity markets will work their way higher because developed world economies are producing modest growth, interest rates are low, global monetary policy remains accommodative and valuations are reasonable (given a low inflation world). Importantly, the slow growth US economy might possibly accelerate with the passage of a tax bill by Congress.

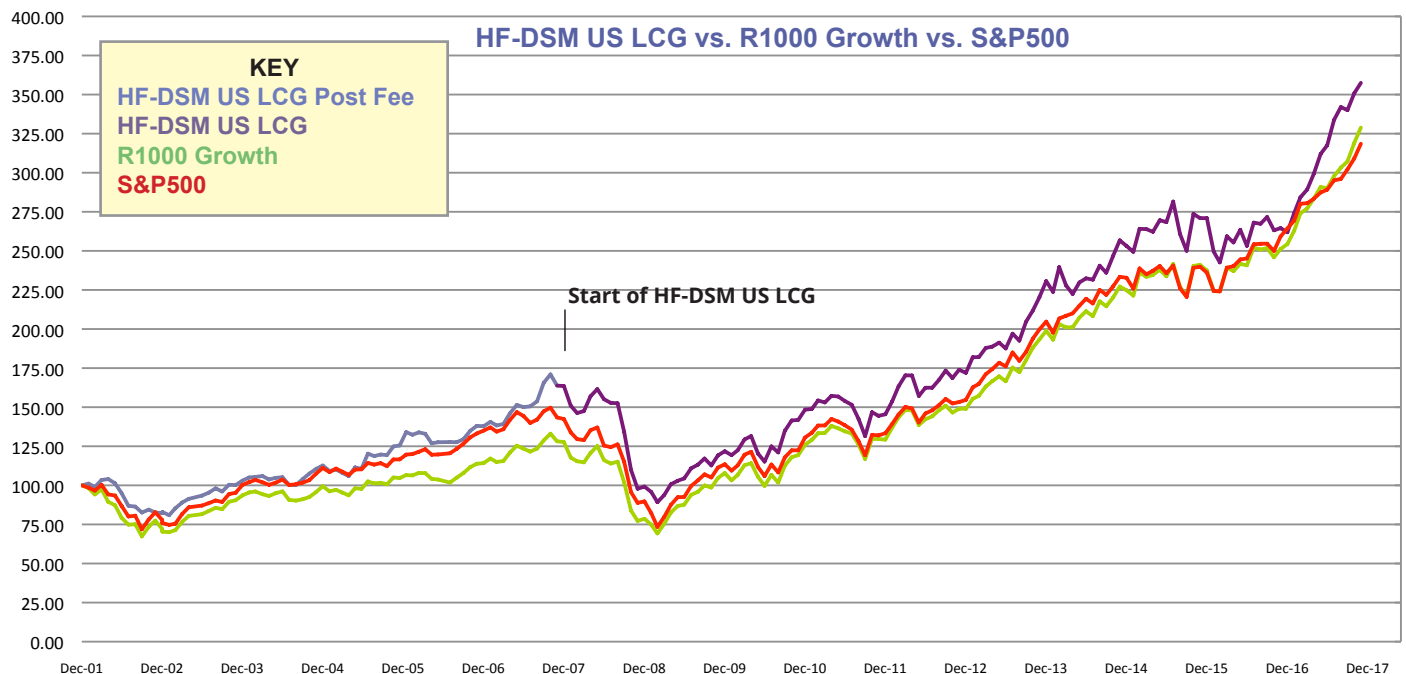
The positive scenario of an improving and increasingly stable global financial system, low inflation, steady/slow global economic growth, low interest rates and growing corporate earnings, continues to form the foundation of an upwardly driven global equity market. Without question, geopolitical risks exist which will be distressing to investors. However, it is important to remember that concerns such as these have long been a part of the investment world, yet investors have successfully stayed the course through these difficult periods. The Manager expects earnings to continue to grow at a substantial pace in 2018, while the portfolio is valued at just 22.5x CY2018 earnings. It is the Manager's belief that the portfolio remains very attractively valued, based on projections of continued high teens earnings growth.

## Key Information

NAV A Shares (30/11/17)	US\$ 218.2	Strategy Assets	US\$ 5,327.9m <sup>(a)</sup>
Total Fund Size (all share classes)	US\$ 97.6m	Fund Launch Date	29-Nov-07

Monthly Performance (%)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>HF-DSM US LCG</b>	4.7	3.7	1.8	3.5	4.2	1.8	5.1	2.5	(0.6)	3.2	1.9		36.5
<b>Russell 1000 Growth<sup>(c)</sup></b>	3.4	4.2	1.2	2.3	2.6	-0.3	2.7	1.8	1.3	3.9	3.0		29.3
<b>S&amp;P 500<sup>(c)</sup></b>	1.9	4.0	0.1	1.0	1.4	0.6	2.1	0.3	2.1	2.3	3.1		20.5

Period Performance (%)	YTD	2016	2015	2014	2013	2012	2011	2009	2009	2008	2007	2006	2005	Cumulative	Annualised
<b>HF-DSM US LCG Returns<sup>(b)</sup></b>	34.0	(3.3)	7.0	9.7	34.1	18.2	(2.0)	21.9	22.8	(39.3)	18.7	9.8	11.4	257.5	8.29%
<b>Russell 1000 Growth<sup>(c)</sup></b>	25.5	7.1	5.7	13.1	33.5	15.3	2.6	16.7	37.2	(38.4)	11.8	9.1	5.3	218.6	7.51%
<b>S&amp;P 500<sup>(c)</sup></b>	16.9	12.0	1.4	13.7	32.4	16.0	2.1	15.1	26.5	(37.0)	5.5	15.8	4.9	228.9	7.72%



# HF Hereford Funds

Top Ten Holdings	
Adobe Systems	Microsoft
Alibaba Group	Monster Beverage
Alphabet (Cl. A)	Tencent Holdings
Facebook	Visa
Priceline Group	Zoetis

Sectoral Breakdown	% of Assets
Information Technology	46.3%
Consumer Discretionary	19.3%
Health Care	17.1%
Financials	7.3%
Consumer Staples	5.2%
Industrials	2.5%

## 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	14.5	14.4
ISIN	LU0327604228	Sharpe Ratio	n/a	0.5	0.5
Reuters	LP65102015	Information Ratio	n/a	0.1	
Sedol	B28TLX2	Tracking Error	n/a	6.5	
	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	EFG Fund Management S.A.   56, Grand-Rue, L-2013 Luxembourg
Custodian	EFG Bank (Luxembourg) S.A.   56, Grand-Rue, L-2013 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

### Original Applications To:

European Fund Administration  
Attn.: TA Operations and Shareholder  
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2 rue d'Alsace  
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### Subsequent Applications Only Via Facsimile:

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- 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](http://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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Annual Management Charge	
Share Class A & U <sup>(e)</sup>	1.25%
Share Class D <sup>(f)</sup>	1.75%

Minimum Investment	
Share Class A & U <sup>(e)</sup>	\$100,000 initial / \$10,000 subsequent
Share Class D	\$10,000 initial / \$1,000 subsequent

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