

Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund Share Class A appreciated 4.38% for the month of November compared to a 1.06% return for the Russell 1000 Growth Index and a 2.04% return for the S&P 500 both including dividends. At the end of November, the Sub-Fund was invested in the technology, health care, communication services and consumer discretionary sectors, with smaller weights in the financials, consumer staples and industrials sectors.

For the month, the Sub-Fund exceeded the benchmark by approximately 332 bps. This was primarily the result of the Manager's selections in the technology and consumer discretionary sectors. In November, the positions that contributed the most to the portfolio's return were Alibaba Group, Tencent Holdings, Monster Beverage, Becton Dickinson and Abbott Laboratories. The positions that contributed the least in the month were Facebook, Electronic Arts, Burlington Stores, Charles Schwab and Toronto-Dominion Bank.

Manager's Commentary

All twenty-four companies in the Sub-Fund portfolio as of September 30, 2018 have now reported third calendar quarter earnings results. Of the twenty-four companies, twenty reported better-than-expected results vs. Wall Street consensus and one missed. The weighted average earnings result for the twenty-four reporting companies was a "beat" of 9% versus expectations. In absolute terms, third quarter weighted average revenue and earnings growth in the portfolio was 19% and 26%. This result follows strong first half 2018 growth and that of calendar year 2017 when revenue growth approximated 24% and earnings growth exceeded 32%. Finally, in 2016, revenue and earnings both grew in excess of 20%. The portfolio is valued at 21.6x forward four quarters of earnings through December of 2019, which follows the past four quarters of earnings growth of roughly 30%. Today, the Manager calculates "high-teens" earnings growth going forward and believes there remains significant appreciation potential in the portfolio.

Thus far in 2018, despite earnings growth of approximately 30%, the US Large Cap Growth Sub-Fund portfolio is underperforming due to three primary macro-economic concerns: a US-China trade war, slowing global economic growth, and rising interest rates. Nevertheless, the Manager expects performance to rebound driven by solid earnings growth going forward, while macroeconomic concerns gradually dissipate. As stated previously, DSM believes earnings are the most important factor to consider when investing. The Manager's investment approach rests on the notion that earnings growth will drive stock prices higher, as long as the valuation paid at the time of purchase is reasonable. The portfolio has the economic value, in terms of earnings, that were expected at the start of 2018, but the stocks' prices, in DSM's view, simply have not reflected this substantial earnings growth thus far. Perhaps the most difficult aspect of investing can be maintaining one's patience, but the Manager believes the portfolio returns should be strong because earnings growth has been. DSM's historical outperformance is due to a simple concept: "Earnings Win". Accordingly, the Manager sees this as an excellent time to add capital to what it believes are high quality growth businesses at moderate valuations.

Fears of trade wars, of normalizing interest rates, and of weak economic growth have shaken investor confidence, but DSM believes these concerns will soon pass. As the Manager has written before, markets climb a wall of worry, and it is likely that will continue to be the case over the next few years.

Key Information

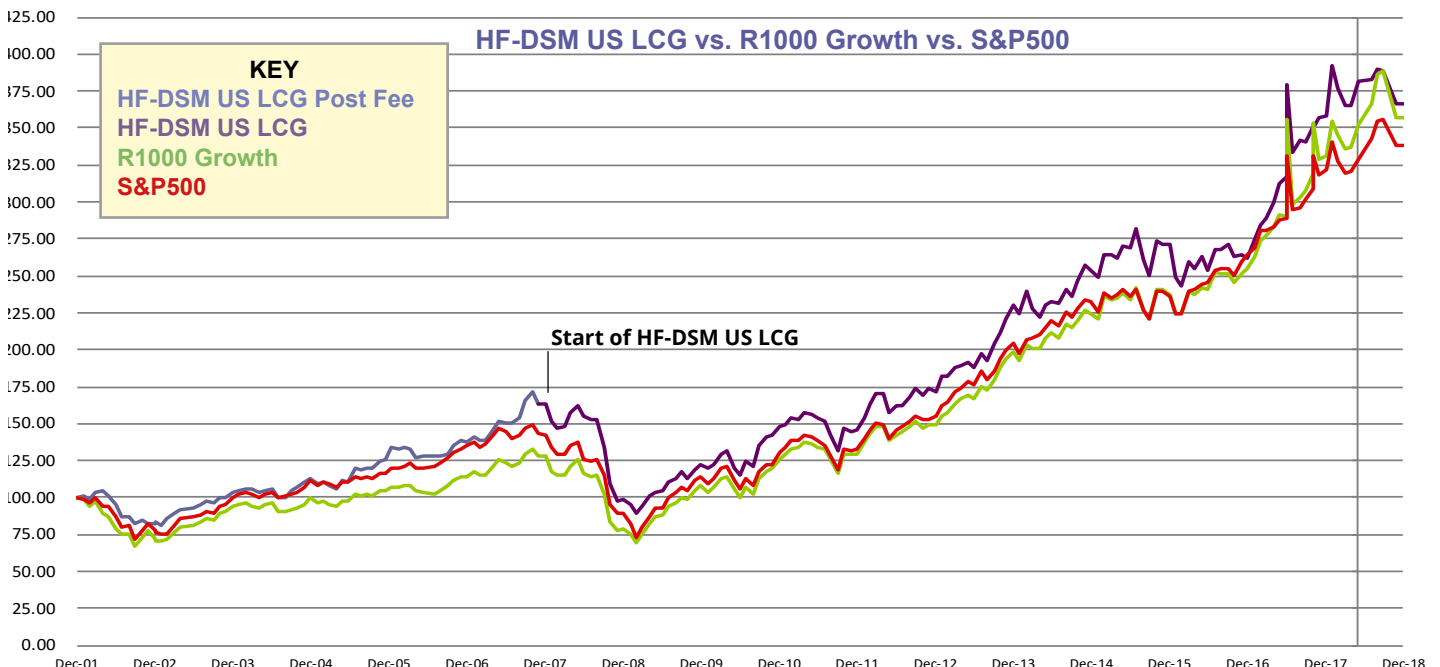
NAV A Shares (30/11/18) US\$ 223.32
Total Fund Size (all share classes) US\$ 76.5m

Strategy Assets
Fund Launch Date

US\$ 5,216.9m^(a)
29-Nov-07

Monthly Performance (%)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
HF-DSM US LCG	9.4	-3.97	-2.9	0.03	4.43	-0.6	0.86	2.0	-0.5	-9.7	4.38		2.1
Russell 1000 Growth ^(c)	7.1	-2.62	-2.7	0.35	4.38	1.0	2.94	5.5	0.56	-6.8	1.06		7.8
S&P 500 ^(c)	5.7	-3.69	-2.5	0.38	2.41	0.6	3.72	3.3	0.57	-8.9	2.04		5.1

Period Performance (%)	2018	2017	2016	2015	2014	2013	2012	2011	2009	2009	2008	2007	2006	Cumulative	Annualised
HF-DSM US LCG Returns ^(b)	2.1	36.8	(3.3)	7.0	9.7	34.1	18.2	(2.0)	21.9	22.8	(39.3)	18.7	9.8	265.8	7.93%
Russell 1000 Growth ^(c)	7.8	30.2	7.1	5.7	13.1	33.5	15.3	2.6	16.7	37.2	(38.4)	11.8	9.1	238.5	7.44%
S&P 500 ^(c)	5.1	21.8	12.0	1.4	13.7	32.4	16.0	2.1	15.1	26.5	(37.0)	5.5	15.8	257.2	7.78%



HF Hereford Funds

Top Ten Holdings	
Abbott Laboratories	Microsoft
Adobe Systems	Monster Beverage
Alibaba Group	MSCI Inc.
Alphabet (Cl. A)	Tencent Holdings
Facebook	Visa

Sectoral Breakdown	% of Assets
Information Technology	29.8%
Health Care	20.2%
Communication Services	18.7%
Consumer Discretionary	17.5%
Financials	7.9%
Consumer Staples	4.5%
Industrials	1.2%

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	
Bloomberg	DSMUSLA LX
ISIN	LU0327604228
Reuters	LP65102015
Sedol	B28TLX2
	3504726
WKN	A0M58T

	Since inception	HF-DSM US LCG	HF-DSM US LCG Composite	R1000 Growth
Volatility	n/a		14.5	14.4
Sharpe Ratio	n/a		0.5	0.5
Information Ratio	n/a		0.0	
Tracking Error	n/a		6.5	
Beta	n/a		0.9	
Alpha	n/a		0.9	

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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Switzerland - Representative and Paying Agent as defined by Swiss 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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