

## DSM US Large Cap Growth Sub-Fund Class A - November 2021

### Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund depreciated 3.07% for the month of November compared to a 0.61% return for the Russell 1000 Growth Index and a (0.69)% return for the S&P 500 both including dividends. At the end of November, the Sub-Fund was primarily invested in the technology and communication services sectors, with smaller weights in the health care, consumer discretionary, financials, consumer staples, industrials and materials sectors.

For the month, the Sub-Fund trailed the benchmark by approximately 368bps. This was primarily the result of the Manager's selections in technology. The Manager's selections in consumer discretionary benefited performance. In November, the positions that contributed the most to the portfolio's return were NVIDIA, Amazon.com, Intuit, Adobe and Automatic Data Processing. The positions that contributed the least in the month were PayPal Holdings, Neurocrine Biosciences, Fleetcor Technologies, Alphabet and Global Payments.

### Manager's Commentary

The Manager believes that the global economy is showing solid improvement, perhaps with growth of 4% or more in 2021, despite ongoing setbacks caused by Covid-19 hotspots and variants such as Delta and Omicron. However, as the rebound from 2020's very depressed levels of economic activity continue through 2021, inevitably 2022 growth rates must be slower, particularly in the US, Europe and China. China's economic growth is also being negatively impacted by regulatory-induced problems in the real estate market, as well as by the government's zero-Covid tolerance policy, which results in immediate, city-wide lockdowns for even just a few Covid cases. In Europe, steady economic progress is being made with growth approaching 5%, despite the surprisingly slower rebound in Germany and the United Kingdom. Inflation in Europe reached 4% in October, in part due to rising energy costs. Given that reaching an inflation target of 2% was the rationale behind Europe's QE program, ECB hawks suggest that the Bank's ongoing QE program is increasingly unnecessary. The possibility of persistently higher inflation certainly shines a spotlight on decision making by the Fed and ECB. This worrisome trend may cause the central banks to adjust interest rates higher and much sooner than their current policy statements describe.

Despite this uncertainty, S&P 500 earnings may exceed \$210 in 2021 and approach \$230 in 2022. If central banks are able to contain inflation and interest rates therefore remain moderate, the market may move higher as investors begin to focus on 2023 earnings. Historically a multiple of twenty times earnings in a low inflation period is quite normal. On the other hand, higher interest rates will reduce the earnings of cyclical "value" companies while reducing the price/earnings ratios of both "value" and "growth" stocks. While artificially low interest rates over the last decade have resulted in many companies with very high price/earnings ratios, these richly priced securities are not limited to technology companies. The P/E's of many traditional old-economy, dividend-paying equities, which are often perceived as "safe havens" by global investors, have risen significantly as well.

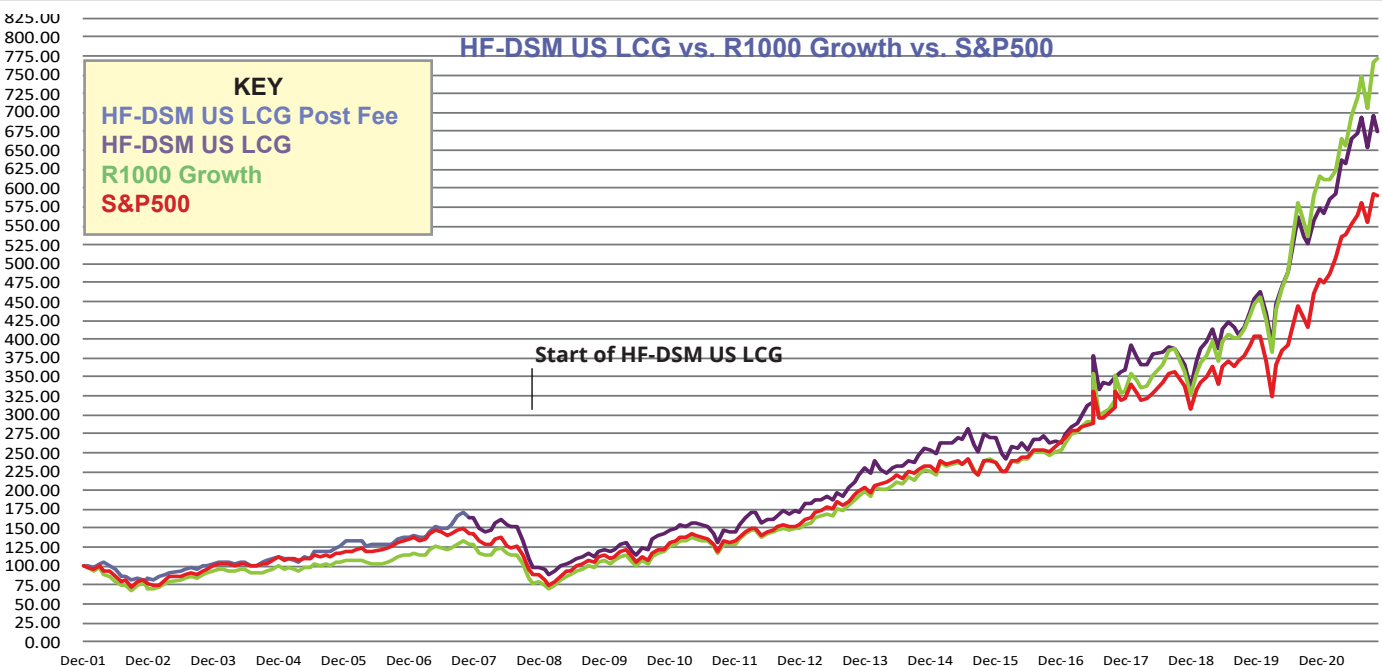
DSM has always focused on moderate growth stock valuations as well as investments in predictable non-cyclical businesses. Today the portfolio is valued at roughly 27x 2022 earnings with a growth rate in the high-teens. If interest rates rise and/or the economy slows over the coming eighteen months, the Manager believes the portfolio is well positioned to mitigate these risks given its reasonable valuation and the largely predictable and economically stable revenue and earnings growth of the businesses in the portfolio. As DSM has said for many years, "Bull markets climb a wall of worry" and they continue to expect that global equity markets will trend higher.

### Key Information

NAV A Shares (30/11/21)	US\$ 411.8	Strategy Assets	US\$ 8,000.0 <sup>(a)</sup>
Total Fund Size (all share classes)	US\$ 98.5m	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>	(1.3)	3.3	1.3	7.7	(0.8)	5.1	1.1	3.3	(5.7)	6.3	(3.1)		17.6
<b>Russell 1000 Growth<sup>(c)</sup></b>	(0.7)	(0.02)	1.7	6.8	(1.4)	6.3	3.3	3.7	(5.6)	8.7	0.6		24.9
<b>S&amp;P 500<sup>(c)</sup></b>	(1.0)	2.8	4.4	5.3	0.7	2.3	2.4	3.0	(4.7)	7.0	(0.7)		23.1

Period Performance (%)	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	Cumulative	Annualised
<b>HF-DSM US LCG Returns<sup>(b)</sup></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	574.5	10.01%
<b>Russell 1000 Growth<sup>(c)</sup></b>	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	489.3	10.75%
<b>S&amp;P 500<sup>(c)</sup></b>	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	670.5	9.27%



# HF Hereford Funds

Top Ten Holdings	
Adobe	Microsoft
Alphabet (Cl. A)	Netflix
Amazon.com	NVIDIA
Intuit	Charles Schwab
Meta Platforms	United Parcel Service

Sectoral Breakdown	% of Assets
Information Technology	41.3%
Communication Services	21.6%
Health Care	10.5%
Consumer Discretionary	8.7%
Financials	7.2%
Consumer Staples	4.5%
Industrials	3.7%
Materials	1.8%

## 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	-0.1	
Sedol	B28TLX2	Tracking Error	n/a	6.3	
	3504726	Beta	n/a	0.9	
WKN	A0M58T	Alpha	n/a	0.3	

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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Via Fax +352 46 71 71 7667  
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](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.

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

France - Centralizing Correspondent as defined by French Regulation:

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Germany - Paying Agent as defined by German Regulation:

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Switzerland - Representative and Paying Agent as defined by Swiss Regulation:

FundPartner Solutions (Suisse) SA (route des Acacias 60, 1211 Geneva 73, Switzerland) as Swiss representative and Banque Pictet & Cie SA (route des Acacias 60, 1211 Geneva 73, Switzerland) as Swiss paying agent.

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