

### Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund depreciated 1.71% for the month of October compared to a (3.40)% return for the Russell 1000 Growth Index and a (2.66)% return for the S&P 500 both including dividends. At the end of October, the Sub-Fund was primarily invested in the technology, communication services, consumer discretionary and health care sectors, with smaller weights in the financials and consumer staples sectors.

For the month, the Sub-Fund exceeded the benchmark by approximately 169bps. This was primarily the result of the Manager's selections in communication services, as well as the Sub-Fund's overweight of the communication services sector versus the benchmark. The Manager's selections in consumer discretionary also benefitted performance. In October, the positions that contributed the most to the portfolio's return were Alphabet, Tencent Holdings, Alibaba Group, Automatic Data Processing and Thermo Fisher Scientific. The positions that contributed the least in the month were Mastercard, Adobe, Visa, Microsoft and Amazon.com.

### Manager's Commentary

Although 2020 will be a severe recession year globally, the Manager continues to believe that sequential growth has begun in the last half of 2020 and annual growth will restart in 2021. Both the United States and China appear to have developed a solid trend of economic recovery, while Europe continues to lag behind. On a positive note, contrary to expectations of several months ago, the recovery in the United States is much stronger than what DSM had expected. The strong bounce back is returning earnings for many companies to higher levels than was expected six months ago. Nevertheless, the Manager expects American economic growth to slow in 2021 as the recovery off the historically low base cannot be sustained.

While uncertainty ahead of the US presidential election and US lawmakers' failure to reach a deal on fiscal stimulus were both factors in the market's sell-off over the last week of the month, the ongoing increases in COVID-19 case growth also contributed. Clearly the potential turnaround in global economic fortunes is in direct relationship to the trend in cases of coronavirus. Without a doubt, evidence from around the world demonstrates that the reopening of any nation does carry risks, with COVID-19 experiencing a second wave through much of the western world. In the Manager's view, the coronavirus will continue to weaken the world's economic prospects and outcome for at least another year until vaccines are approved and distributed. At this point leaders around the world are resisting full shutdowns due to the severe economic impact and improved treatments.

DSM's portfolio construction has always been focused on stock selections that are recession-resistant. As a result, the Manager believes that the Sub-Fund portfolio was properly positioned for the COVID-19 driven recession. Although the earnings of DSM's holdings have been negatively affected by the pandemic, the impact has been much less than the impact on the vast majority of other publicly-traded companies. The portfolio also defended well throughout this period because the companies have very durable long-term growth prospects whose success will be largely independent of the timing of the economic recovery. Beginning in 2021, the Manager believes the portfolio's mid-to-high teens earnings growth will likely resume, thereby creating potentially significant appreciation over time.

### Key Information

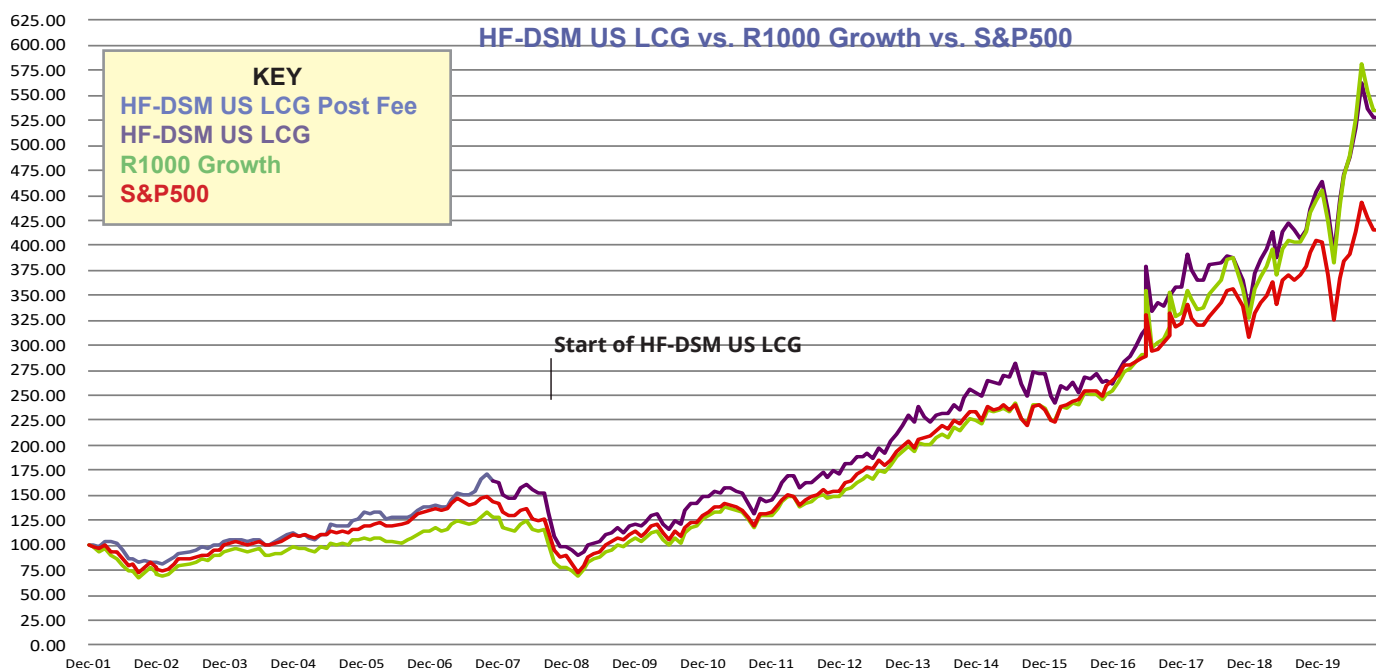
NAV A Shares (31/10/20) US\$ 322.05  
Total Fund Size (all share classes) US\$ 81.9m

Strategy Assets  
Fund Launch Date

US\$ 7,112.9m<sup>(a)</sup>  
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	3.6	6.1	8.5	(4.4)	(1.7)			16.3
Russell 1000 Growth <sup>(c)</sup>	2.2	(6.8)	(9.8)	14.8	6.7	4.4	7.7	10.3	(4.7)	(3.4)			20.1
S&P 500 <sup>(c)</sup>	(0.0)	(8.2)	(12.4)	12.8	4.8	2.0	5.6	7.2	(3.8)	(2.7)			2.8

Period Performance (%)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	Cumulative	Annualised
HF-DSM US LCG Returns <sup>(b)</sup>	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	436.7	9.25%
Russell 1000 Growth <sup>(c)</sup>	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	326.8	9.54%
S&P 500 <sup>(c)</sup>	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	464.9	7.94%



# HF Hereford Funds

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

Sectoral Breakdown	% of Assets
Information Technology	40.9%
Communication Services	21.6%
Consumer Discretionary	20.9%
Health Care	12.2%
Financials	2.2%
Consumer Staples	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	15.3	15.3
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](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

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