

DSM US Large Cap Growth Sub-Fund Class A - October 2021

Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund appreciated 6.3% for the month of October compared to a 8.66% return for the Russell 1000 Growth Index and a 7.01% return for the S&P 500 both including dividends. At the end of October, 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 233bps. This was primarily the result of the Manager's selections in technology. The Manager's selections in industrials and health care benefited performance. In October, the positions that contributed the most to the portfolio's return were Microsoft, Alphabet, NVIDIA, Intuit and Netflix. The positions that contributed the least in the month were PayPal Holdings, Meta Platforms (fka Facebook), Global Payments, Visa and Fleetcor Technologies.

Manager's Commentary

Beginning in early March, Growth outperformed Value very significantly through the end of August. From the beginning of September through mid-October both Value stocks and Growth stocks declined. However, both gradually recovered and by month's end Growth was positive for the period and had outperformed Value slightly. As DSM has said in the past, when interest rates rise the market's overall valuation may be pushed downward to some extent, depending on the level of price-earnings ratios at that time. While the possibility of imminent Federal Reserve tapering may have caused stocks to decline, positive earnings results helped reverse the negative trend, and Growth stocks responded well.

In addition, concerns over rising rates of inflation, combined with economic growth and supply chain disruptions, have led some investors to believe that a strong commodity pricing cycle has begun. On that basis, they have determined that investments in cyclical and commodity-driven businesses are appropriate. Although that approach may prove correct at times, certain products are considered commodities because there is ultimately a very ample, increasing and never-ending supply of them. As a result, over longer periods of time, commodity prices decline making profits quite cyclical, especially when the economy slows or enters a recession. The Manager continues to believe that the ever more competitive and evolving digital world puts "old era" Value businesses, whether industrial or commodity, at a growing competitive disadvantage. In that regard, "new era" digitally driven businesses have very much displaced old era businesses in the ranks of the world's largest companies. DSM believes the digital trend will likely continue and may possibly cause the market to sell at a higher valuation than it has historically under similar economic circumstances.

The portfolio has always been focused on stock selections that are recession-resistant and rationally valued. In addition, some of the Sub-Fund's holdings, such as the payments companies, may possibly benefit from a bit of inflation. The Manager believes that strong revenue growth and predictable costs have been the foundation of the robust and predictable earnings results of the companies currently in the portfolio, and that will continue to be the case going forward. DSM has always been and will remain quality growth stock investors with a rigorous valuation discipline. Over time, the Manager believes the portfolio has significant appreciation potential given its reasonable valuation and substantial revenue and earnings growth.

Key Information

NAV A Shares (31/10/21) US\$ 424.8
Total Fund Size (all share classes) US\$ 103.4m

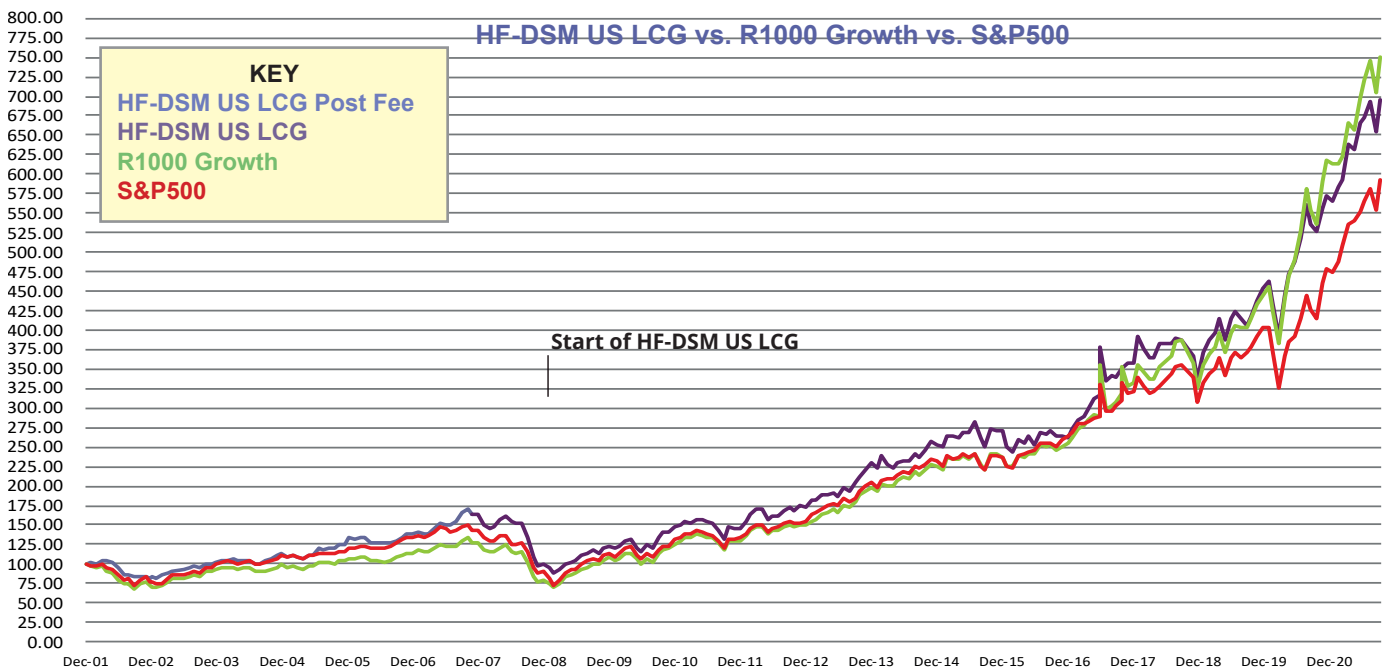
Strategy Assets
Fund Launch Date

US\$ 8,343.8^(a)
29-Nov-07

Monthly Performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
HF-DSM US LCG	(1.3)	3.3	1.3	7.7	(0.8)	5.1	1.1	3.3	(5.7)	6.3			21.4
Russell 1000 Growth^(c)	(0.7)	(0.02)	1.7	6.8	(1.4)	6.3	3.3	3.7	(5.6)	8.7			24.2
S&P 500^(c)	(1.0)	2.8	4.4	5.3	0.7	2.3	2.4	3.0	(4.7)	7.0			24.0

Period Performance (%)	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	Cumulative	Annualised
HF-DSM US LCG Returns^(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	595.8	10.19%
Russell 1000 Growth^(c)	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	493.4	10.72%
S&P 500^(c)	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	665.9	9.31%



HF Hereford Funds

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

Sectoral Breakdown	% of Assets
Information Technology	41.2%
Communication Services	21.6%
Health Care	11.0%
Consumer Discretionary	8.0%
Financials	7.3%
Consumer Staples	4.5%
Industrials	3.8%
Materials	1.7%

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	15.4
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	0.5	

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

FundPartner Solutions (Europe) S.A.
15, avenue J. F. Kennedy
L-1855 Luxembourg

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.
- 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:
Société Générale - Order Desk, 32, avenue du Champ de Tir, BP 81236, F-44312 Nantes Cedex 3
Phone: +33/2.51.85.66.40, Fax: +33/2.51.85.58.71

Germany - Paying Agent as defined by German Regulation:
Marcard, Stein & Co - Ballindamm 36, 20095 Hamburg
Phone: +49/40.32.099.556, Fax: +49/40.32.099.206

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

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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