

## Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund depreciated (4.13)% for the month of September compared to a (2.47)% return for the Russell 1000 Growth Index and a (2.47)% return for the S&P 500 including dividends. At the end of September, the Fund was invested primarily in the technology, health care and consumer discretionary sectors, with smaller weights in the industrials, financials and consumer staples sectors.

For the month, the Fund trailed the benchmark by approximately 170 bps. This was primarily the result of the Manager's selections in the health care and financials sectors, as well as the Fund's overweight in health care versus the benchmark. In September, the best performing positions in the portfolio were Starbucks, Adobe Systems, NXP Semiconductors, Royal Caribbean Cruises and Verisk Analytics. The worst performers for the month were Allergan, Shire, Celgene, Alexion Pharmaceuticals and Abbott Laboratories.

## Manager's Commentary

The recent market correction was violent, but in our view, it was driven by fear not by logic or facts. The reality is that neither the global economic outlook nor the portfolio's earnings outlook have changed substantially. We believe valuations will once again expand as investors' panic passes, and a thoughtful evaluation of the situation leads them back to quality growth companies with predictable and sustainable earnings streams.

In contrast, certain sectors are experiencing significant earnings reductions including energy, materials/commodities, and perhaps financials, if the Federal Reserve does not raise interest rates. Needless to say, these cyclical and unpredictable businesses are not the type in which DSM typically invests. While it is true that our biotechnology holdings have declined in large part due to Hillary Clinton's comments on drug pricing, as well as other election driven political hyperbole in Congress, we view this situation as largely political electioneering. We believe any action to be years away and highly dependent on the Democrats regaining control of Congress, which appears unlikely at this time.

DSM's long-standing multi-year global economic outlook of stable 3% type growth remains unchanged. Although several geopolitical factors provide reason for worry, we believe these dynamics are well known to investors and will in time subside. American economic growth has been steady in 2015, with second quarter GDP growth recently revised upwards, and the second half of the year appears solid as well. In 2016, we believe US economic growth might reach 3%, but slower growth in China, as well as ongoing slow growth in Europe and Japan might limit the upside next year.

There is an old saying, "markets are driven by fear and greed". We expect that the fear will pass, and the logic of the market will prevail. Our expectations for low double-digit revenue growth and high-teens earnings growth during calendar 2015 remain unchanged. The portfolio continues to be focused on unique global businesses that have been identified and continuously subject to analysis by our investment team. We believe that the valuation of the portfolio based on our calculations, at 20.7x next-four-quarter earnings through September of 2016 and 19.7x 2016 earnings, continues to be attractive in the current slow growth economic environment and relative to the market. Additionally, the portfolio holdings remain characterized by strong balance sheets and significant free cash flow.

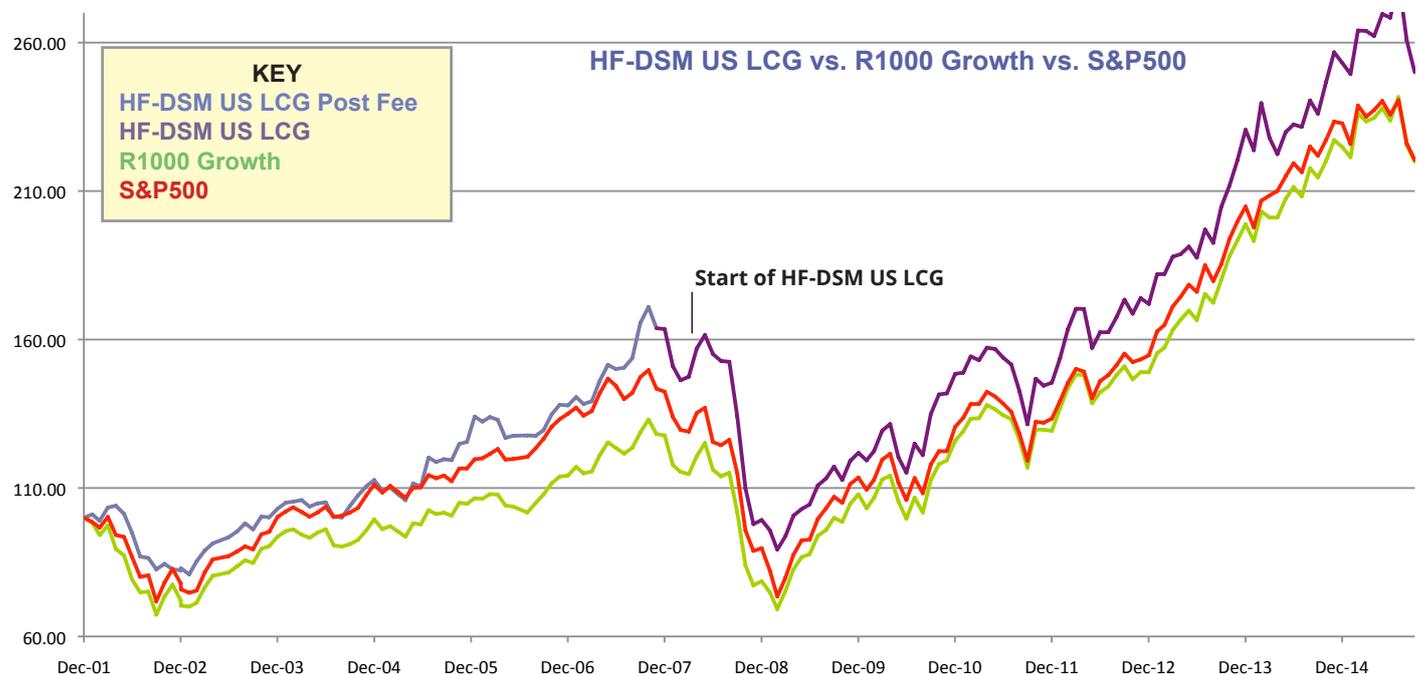
## Key Information

NAV A Shares (31/08/15) US\$ 152.61  
Total Fund Size (all share classes) US\$ 107.2m

Strategy Assets US\$ 4,320.2m<sup>(a)</sup>  
Fund Launch Date 29-Nov-07

Monthly Performance (%)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
HF-DSM US LCG	-1.5	5.9	-0.1	-0.7	2.8	-0.5	4.9	-7.4	-4.1				-1.2
Russell 1000 Growth <sup>(c)</sup>	-1.5	6.7	-1.1	0.5	1.4	-1.8	3.4	-6.1	-2.5				-5.3
S&P 500 <sup>(c)</sup>	-3.0	5.7	-1.6	1.0	1.3	-1.9	2.1	-6.0	-2.5				-1.6

Period Performance (%)	YTD	2014	2013	2012	2011	2009	2009	2008	2007	2006	2005	2004	2003	Cumulative	Annualised
HF-DSM US LCG Returns <sup>(b)</sup>	-1.2	9.7	34.1	18.2	(2.0)	21.9	22.8	(39.3)	18.7	9.8	11.4	9.4	25.2	149.4	6.89%
Russell 1000 Growth <sup>(c)</sup>	-5.3	13.1	33.5	15.3	2.6	16.7	37.2	(38.4)	11.8	9.1	5.3	6.3	29.7	121.4	5.90%
S&P 500 <sup>(c)</sup>	-1.6	13.7	32.4	16.0	2.1	15.1	26.5	(37.0)	5.5	15.8	4.9	10.9	28.7	125.8	5.92%



# HF Hereford Funds

## Top Ten Holdings

Adobe Systems	Facebook
Alexion Pharmaceuticals	Google (Cl. A & C)
Allergan	Priceline Group
Celgene	Starbucks
Cognizant Technology Solutions	Visa

Sectoral Breakdown	% of Assets
Information Technology	37.8%
Health Care	28.5%
Consumer Discretionary	17.2%
Industrials	7.3%
Financials	5.7%
Consumer Staples	2.8%
Materials	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	14.7	15.0
ISIN	LU0327604228	Sharpe Ratio	n/a	0.4	0.3
Reuters	LP65102015	Information Ratio	n/a	0.1	0.1
Sedol	B28TLX2	Tracking Error	n/a	6.7	
	3504726	Beta	n/a	0.9	
WKN	A0M58T	Alpha	n/a	1.5	

## 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	BSI Fund Management S.A. 44F, rue de la Vallée, L-2661 Luxembourg
Custodian	BSI Europe S.A. 122, Rue Adolphe Fischer L-1521 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

## 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

## Order Transmission Information

### Original Applications To:

UBS Fund Services  
Attn.: Transfer Agent  
33a avenue J.F. Kennedy  
L-1855 Luxembourg

### Subsequent Applications Only Via Facsimile:

UBS Fund Services  
Attn.: Transfer Agent  
Fax : (+352) 4410106417  
Tel: (+352) 4410106404  
Email: sh-ubsfsl-transferagent@ubs.com

- 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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