

Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund appreciated 1.64% for the month of September compared to a 0.37% return for the Russell 1000 Growth Index and a 0.02% 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 financials, consumer staples and industrials sectors.

For the month, the Fund exceeded the benchmark by approximately 120 bps. This was primarily the result of the Manager's selections in the technology sector as well as the Manager's overweight in technology versus the benchmark. In September, the best performing positions in the portfolio were NXP Semiconductors, Alibaba Group, Adobe Systems, Tencent Holdings and Electronics Arts. The worst performers for the month were Monster Beverage, Cognizant Tech Solutions, Starbucks, Dollar Tree and Allergan.

Manager's Commentary

DSM's portfolio continues to rebound from the first half's underperformance. As we have discussed previously, we believe this rebound is driven by the strong revenue and earnings growth during the first and second quarter in the businesses that underlie the stocks in the portfolio. We estimate that for the portfolio as a whole, weighted average revenue and earnings growth during the first half of 2016 was approximately 14% and 19% respectively, which is consistent with the rate of growth in 2015. We expect similar revenue and earnings growth over the last half of 2016 and through 2017 as well.

DSM's multi-year global economic outlook of a long, slow global growth economic cycle, characterized by low inflation and low interest rates, has remained unchanged for a number of years and remains our forecast. Unfortunately, developed world government policies have been notable for their lack of fiscal policy initiatives to stimulate global growth. As a result, efforts to jump start the world economy has been left to the quantitative easing policies of central banks. Certainly quantitative easing programs have prevented global deflation, but these policies have also been unable to move global growth to anything more than 3%. At this time, we believe global growth will be below 3% for the next few years. Our expectations for roughly 2% growth in the US, faster growth in China, and growth of 1% or so in Europe persist. Our previous expectation of 1% growth in Japan may prove optimistic, with zero perhaps more probable. It is our long-held opinion that global equity markets will continue to work their way higher, based on continued slow global growth and valuations that are normal in a low inflation world.

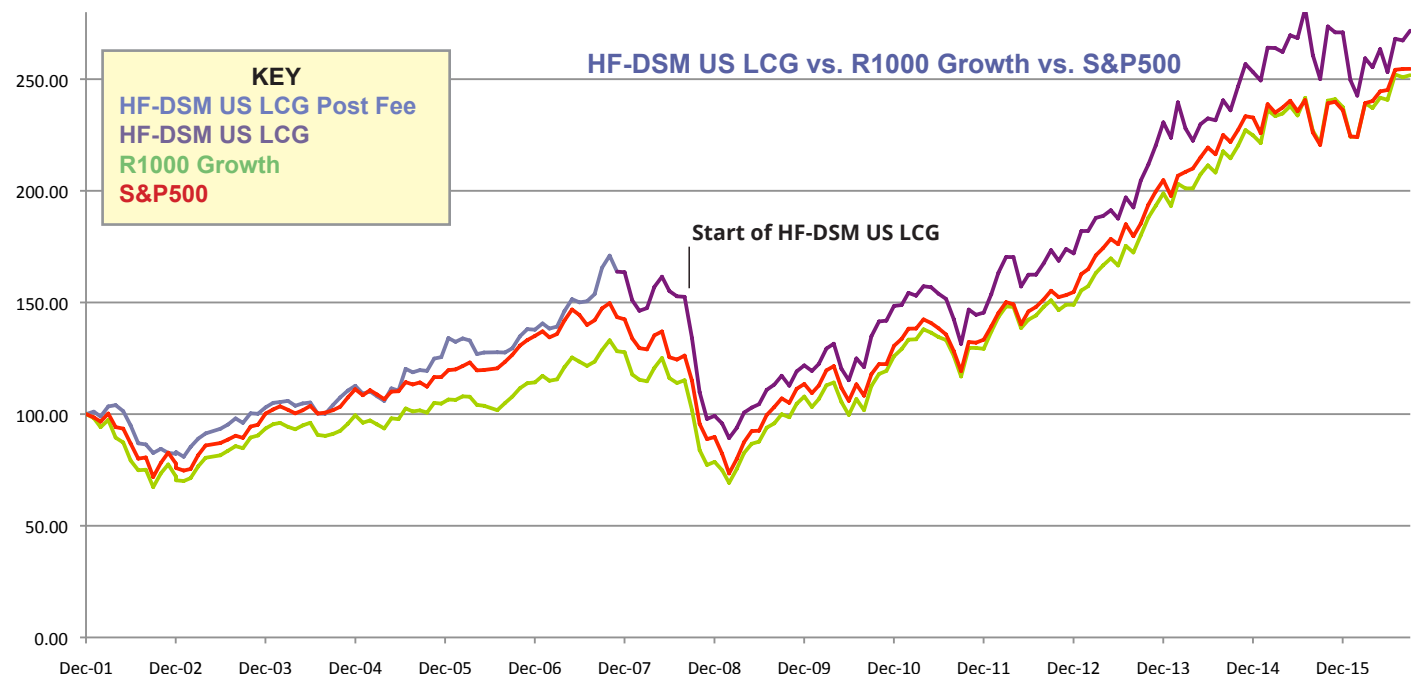
We will continue to make changes as circumstances dictate, however, since earnings are strong and valuations are reasonable, portfolio turnover has been lower than our normal historical rate. The portfolio's valuation based on forward four quarters earnings through September of 2017 earnings approximates 19.6x. It is our belief that the portfolio is considerably undervalued. The DSM portfolio has been fashioned on a bottom-up basis and we believe that the companies in the portfolio are well-positioned to prosper in a slow growth world. Over the short run, stock prices will respond to emotion but over the long run stocks are driven by earnings. Accordingly our focus remains on earnings.

Key Information

NAV A Shares (31/07/16) US\$ 165.89 Strategy Assets US\$ 4,809.3m^(a)
Total Fund Size (all share classes) US\$ 100.2m 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	(7.9)	(2.8)	6.9	(1.5)	3.2	(3.9)	5.88	(0.29)	1.6				0.3
Russell 1000 Growth ^(c)	(5.6)	0.0	6.7	(0.9)	1.9	(0.4)	4.72	(0.5)	0.02				7.8
S&P 500 ^(c)	(5.0)	(0.1)	6.8	0.4	1.8	0.3	3.69	0.14	0.4				6.0

Period Performance (%)	YTD	2015	2014	2013	2012	2011	2009	2009	2008	2007	2006	2005	2004	Cumulative	Annualised
HF-DSM US LCG Returns ^(b)	0.3	7.0	9.7	34.1	18.2	(2.0)	21.9	22.8	(39.3)	18.7	9.8	11.4	9.4	167.3	7.01%
Russell 1000 Growth ^(c)	7.8	5.7	13.1	33.5	15.3	2.6	16.7	37.2	(38.4)	11.8	9.1	5.3	6.3	150.9	6.46%
S&P 500 ^(c)	6.0	1.4	13.7	32.4	16.0	2.1	15.1	26.5	(37.0)	5.5	15.8	4.9	10.9	154.6	6.54%



HF Hereford Funds

Top Ten Holdings	
Adobe Systems	Facebook
Alibaba Group	Monster Beverage
Allergan	Priceline Group
Alphabet (Cl. A & C)	Visa
Electronic Arts	Zoetis

Sectoral Breakdown	% of Assets
Information Technology	44.4%
Health Care	20.8%
Consumer Discretionary	20.4%
Financials	7.2%
Consumer Staples	4.3%
Industrials	2.0%

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	14.8	14.8
ISIN	LU0327604228	Sharpe Ratio	n/a	0.4	0.4
Reuters	LP65102015	Information Ratio	n/a	0.1	
Sedol	B28TLX2	Tracking Error	n/a	6.6	
	3504726	Beta	n/a	0.9	
WKN	A0M58T	Alpha	n/a	1.1	

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 ^(e)	1.25%
Share Class D ^(f)	1.75%

Minimum Investment	
Share Class A & U ^(e)	\$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.
- 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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