

Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund Share Class A depreciated 0.50% for the month of September compared to a 0.56% return for the Russell 1000 Growth Index and a 0.57% return for the S&P 500 both including dividends. At the end of September, the Sub-Fund was invested in the technology, communication services, health care and consumer discretionary sectors, with smaller weights in the financials, consumer staples and industrials sectors.

For the month, the Sub-Fund trailed the benchmark by approximately 106 bps. This was primarily the result of the Manager's selections and overweight versus the benchmark in communication services. The Manager's selections in health care benefitted performance. In September, the positions that contributed the most to the portfolio's return were Abbott Laboratories, Norwegian Cruise Line Holdings, Royal Caribbean Cruises, Microsoft and Adobe Systems. The positions that contributed the least in the month were Facebook, Alibaba Group, Tencent Holdings, Monster Beverage and Alphabet.

Manager's Commentary

The Manager is fully aware of the portfolio's underperformance in 2018, which closely parallels that of 2016. In 2017, DSM's US Large Cap Growth portfolio rebounded strongly with 39% post-fee appreciation, well ahead of the relevant indices, driven by the compressed valuations at the end of 2016, as well as by continued earnings growth in 2017. The portfolio's earnings growth and valuation in 2018 closely mirror those of 2017. However, thus far in 2018, despite earnings growth in excess of 30%, the portfolio is underperforming due to concerns of a US-China trade war. In addition, performance has been affected by more specific issues surrounding several long-standing DSM holdings including Facebook and Tencent, as discussed last month, as well as Alibaba Group and Alphabet. In the Manager's view, the investment cases for all four companies remain wholly intact. Most importantly, all four companies continue to generate robust revenue growth and all retain very strong, if not overwhelming competitive positions in their respective markets.

As a result of the US-China trade war rhetoric, the Chinese equity market has declined in value, even as the American market remains at or near its highs. Clearly, Alibaba, Tencent and other companies (some American) have been negatively impacted by these trade war fears. The Chinese economy is valued at nearly \$15 trillion, as compared to the US economy which is worth approximately \$20 trillion. Although headlines concerning a trade war are disconcerting, the reality is that the impact to Chinese, American or world GDP growth will likely be limited. As this reality is better understood by investors over the next quarter or two, the Manager believes the prices of DSM's portfolio companies will be driven higher by their strong business fundamentals.

In short, with valuations depressed and earnings strong, the Manager believes this presents another outstanding opportunity to add capital to this portfolio. Today, the portfolio is valued at 21.7x next twelve months of earnings and, based on the very strong earnings growth, DSM once again believes that the portfolio is "owed" significant returns by the market. The Manager expects that with patience, those returns will be forthcoming.

Key Information

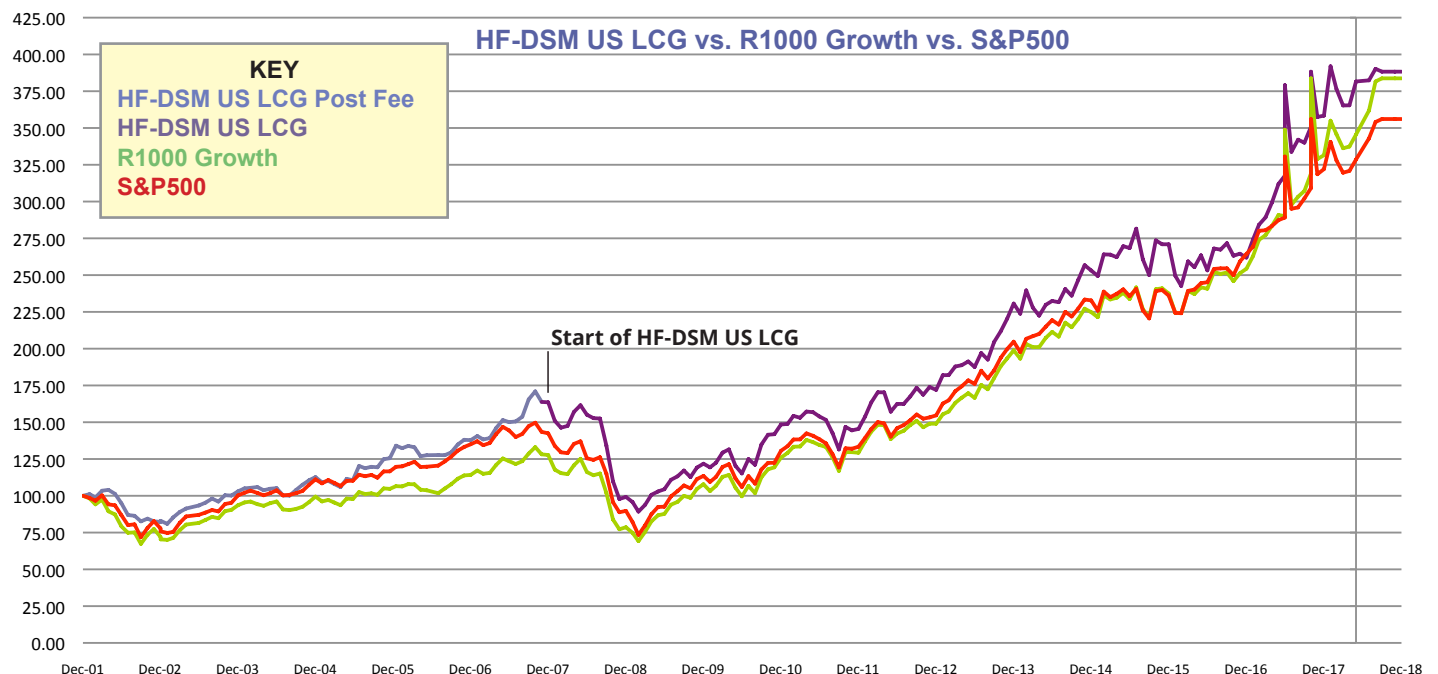
NAV A Shares (30/09/18) US\$ 237.03
Total Fund Size (all share classes) US\$ 93.0m

Strategy Assets
Fund Launch Date

US\$ 5,535.6m^(a)
29-Nov-07

Monthly Performance (%)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
HF-DSM US LCG	9.4	-3.97	-2.9	0.03	4.43	-0.6	0.86	2.0	-0.5				8.3
Russell 1000 Growth ^(c)	7.1	-2.62	-2.7	0.35	4.38	1.0	2.94	5.5	0.56				17.1
S&P 500 ^(c)	5.7	-3.69	-2.5	0.38	2.41	0.6	3.72	3.3	0.57				10.6

Period Performance (%)	2018	2017	2016	2015	2014	2013	2012	2011	2009	2009	2008	2007	2006	Cumulative	Annualised
HF-DSM US LCG Returns ^(b)	8.3	36.8	(3.3)	7.0	9.7	34.1	18.2	(2.0)	21.9	22.8	(39.3)	18.7	9.8	288.3	8.31%
Russell 1000 Growth ^(c)	17.1	30.2	7.1	5.7	13.1	33.5	15.3	2.6	16.7	37.2	(38.4)	11.8	9.1	256.1	7.76%
S&P 500 ^(c)	10.6	21.8	12.0	1.4	13.7	32.4	16.0	2.1	15.1	26.5	(37.0)	5.5	15.8	283.7	8.31%



HF Hereford Funds

Top Ten Holdings	
Abbott Laboratories	Facebook
Adobe Systems	Microsoft
Alibaba Group	Tencent Holdings
Alphabet (Cl. A)	Visa
Becton Dickinson & Co.	Zoetis

Sectoral Breakdown	% of Assets
Information Technology	24.3%
Communication Services	21.6%
Health Care	20.1%
Consumer Discretionary	18.9%
Financials	8.1%
Consumer Staples	4.0%
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	14.4	14.2
ISIN	LU0327604228	Sharpe Ratio	n/a	0.5	0.5
Reuters	LP65102015	Information Ratio	n/a	0.0	
Sedol	B28TLX2	Tracking Error	n/a	6.5	
	3504726	Beta	n/a	0.9	
WKN	A0M58T	Alpha	n/a	0.8	

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
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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:
Société Générale, Zurich Branch, Talacker, 50, P.O. Box 1928, CH-8021 Zurich
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