

Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund depreciated (1.91%) for the month of September compared to a 0.01% return for the Russell 1000 Growth Index and a 1.87% return for the S&P 500 both including dividends. At the end of September, the Sub-Fund was primarily invested in the technology, communication services, consumer discretionary and health care sectors, with smaller weights in the consumer staples and financials sectors.

For the month, the Sub-Fund trailed the benchmark by approximately 201 bps. This was primarily the result of the Manager's selections in the technology sector. The Manager's selections in communication services benefitted performance. In September, the positions that contributed the most to the portfolio's return were Alphabet, Royal Caribbean Cruises, Microsoft, Tencent Holdings and Elanco Animal Health. The positions that contributed the least in the month were Alibaba Group, PayPal Holdings, Visa, Intuit and Facebook.

Manager's Commentary

History is once again repeating itself. Over the first half of 2016, interest rates in Europe and Japan became negative, causing yield stocks to outperform. In the third quarter, negative rates on government debt throughout Europe and in Japan resulted in the outperformance of yield stocks once again. DSM's performance was also negatively impacted by the market-driven price corrections of several holdings including Adobe, Amazon.com, Facebook and PayPal. The Manager believes these leading global digital businesses remain fundamentally sound, and is optimistic that they will continue generating solid earnings growth going forward.

Despite the recent strength of yield stocks (which are generally value-style names), growth has outperformed value in both the third quarter and over the course of 2019. The Manager continues to expect growth to outperform value. The traditional businesses that comprise much of the value benchmarks will face ongoing revenue and profit pressures from low inflation and the evolution of digital/internet technologies. At minimum, a pickup in inflation is needed to alleviate the pricing pressure found across the product lines of many companies within the value indices.

DSM believes the world will "muddle through" with continued slow economic growth. Moreover, in the Manager's view, the China – US trade war is now a part of the investment backdrop for investors and will have much less of a market impact than in the past. While DSM can't be certain of the future, and there is always a possibility of some unexpected event driving the equity markets downward, they continue to believe that the global economy will expand over the next few years and that global equity markets will track that growth upward.

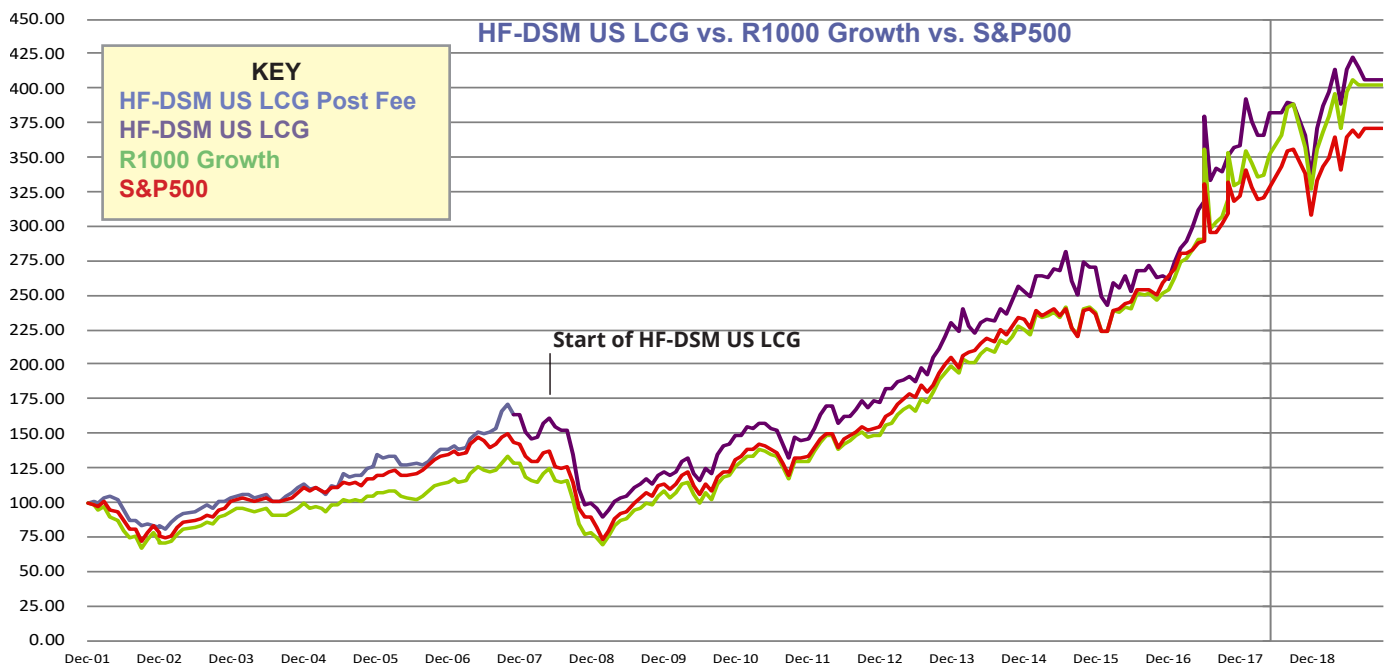
The portfolio's performance in 2019 is driven by high teens earnings growth. DSM continues to project a high-teens earnings growth rate going forward, and believes it is possible that earnings growth will be higher than that target over the near-term.

Key Information

NAV A Shares (31/8/19)	US\$ 248.3	Strategy Assets	US\$ 5,444.9m ^(a)
Total Fund Size (all share classes)	US\$ 70.8m	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	10.5	4.1	2.6	4.3	-6.2	6.5	2.2	-1.9	-2.0				20.9
Russell 1000 Growth ^(c)	9.0	3.6	2.9	4.5	-6.3	6.9	2.3	-0.8	0.0				23.3
S&P 500 ^(c)	8.0	3.2	1.9	4.0	-6.4	7.1	1.4	-1.6	1.7				20.4

Period Performance (%)	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	Cumulative	Annualised
HF-DSM US LCG Returns ^(b)	(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	306.5	8.10%
Russell 1000 Growth ^(c)	(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	270.6	8.04%
S&P 500 ^(c)	(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	302.6	7.55%



HF Hereford Funds

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

Sectoral Breakdown	% of Assets
Information Technology	38.9%
Communication Services	19.9%
Consumer Discretionary	18.2%
Health Care	17.2%
Consumer Staples	3.1%
Financials	1.9%

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	14.6
ISIN	LU0327604228	Sharpe Ratio	n/a	0.5	0.5
Reuters	LP65102015	Information Ratio	n/a	0.0	
Sedol	B28TLX2	Tracking Error	n/a	6.4	
	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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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
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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:
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