

## Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund appreciated 10.57% for the month of November compared to a 10.90% return for the Russell 1000 Growth Index and a 9.13% return for the S&P 500 both including dividends. At the end of November, the Sub-Fund was invested in the technology, financials, consumer discretionary, communication services, health care, industrials, materials and consumer staples sectors.

For the month, the Sub-Fund trailed the benchmark by approximately 33bps. This was primarily the result of the Manager's selections in the industrials sector. The Manager's underweight versus the benchmark and selections in health care benefited performance. In November, the positions that contributed the most to the portfolio's return were NVIDIA, Microsoft, Amazon.com, Adobe and Intuit. The positions that detracted the most in the month were Paycom Software, Fortinet, Fleetcor Technologies, Aon and Neurocrine Biosciences.

## Manager's Commentary

The Manager has consistently described the probability of a recession as a "race" between the constrictive economic impact of Federal Reserve and ECB monetary tightening versus the rate at which inflation falls. The faster inflation declines, the fewer additional rate hikes will be necessary on either side of the Atlantic. Recent inflation data has been quite positive, falling more rapidly than many observers expected in both the US and Europe. At this point in time, the likelihood of additional rate hikes by either central bank appears low, unless inflation surprises to the upside. In recent years both the Federal Reserve and ECB have tightened monetary policy considerably, so much so that year-over-year M2 (money supply) growth was negative, which has driven inflation downward.

Historically in the US economic slowdowns have lagged Federal Reserve rate increases by eighteen to perhaps twenty-four months. If the fourth quarter of 2022 is used as the "effective start date" for tightening, rather than March 2022, as this is when the yield curve "inverted," then the tightening process began just a year ago. Given that rates remain historically low, the negative impact of the inverted yield curve on the economy may not be felt until the first half or perhaps third quarter of 2024, which would be eighteen to twenty-four months from the start date of tightening in the fourth quarter 2022. In the interim, the Federal Reserve has had plenty of time to drive inflation lower thus the Manager continues to believe that the likelihood of a severe recession has been reduced, although a shallow recession remains a possibility.

After outperforming expectations in 2023 with global growth likely approximating 2.5%, DSM anticipates growth around 2-2.5% in 2024. In the US, economic growth might reach or exceed 2% with the EU a bit below, while emerging markets may grow a bit faster than the developed world. It appears that the decline in inflation has moderated interest rates in turn reducing the likelihood of a severe recession. A muddle through global growth outcome increasingly appears to be the most likely scenario, should a slowdown occur.

While the possibility of recession and general downside earnings risks exist in global markets, equities are priced on forward looking earnings. By the summer of 2024, equities will increasingly be priced on calendar year 2025 earnings. At this time S&P 500 2024 and 2025 EPS with slow economic growth, may approximate \$240 and \$260 respectively. At those levels, assuming inflation continues on its downward trajectory, the Manager would expect the S&P 500 to have the potential to reach or possibly exceed 5000 by December 2024. Given the economic resilience of the Sub-Fund portfolio, along with its reasonable valuation and a normalized mid-to-high teens earnings growth rate going forward, this portfolio of premier quality growth businesses should be well positioned for the intermediate and longer-term investor willing to look through potential near-term volatility.

## Key Information

NAV B Shares (30/11/23) US\$ 276.8  
Total Fund Size (all share classes) US\$ 69.7m

Strategy Assets  
Fund Launch Date

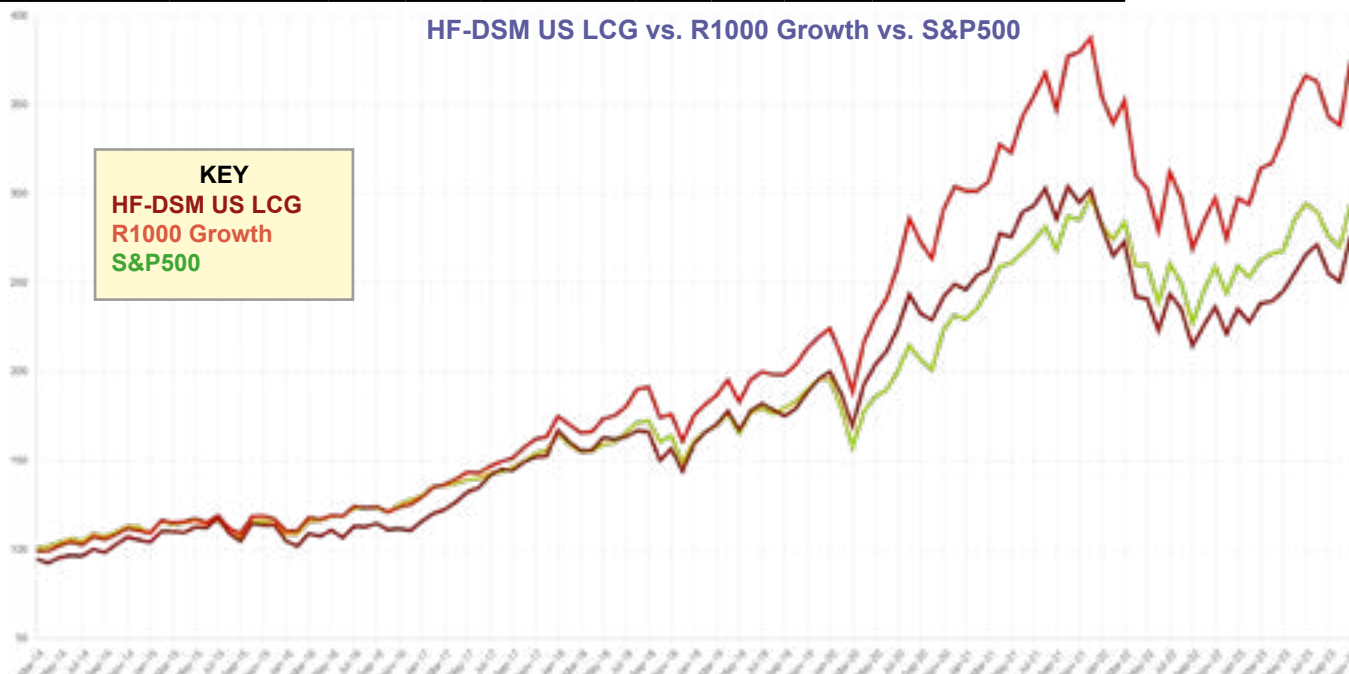
US\$ 5,674.6 <sup>(a)</sup>  
26/01/2015

## Monthly Performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>HF-DSM US LCG</b>	6.3	(3.3)	4.6	0.5	2.3	4.1	4.1	2.1	(5.9)	(1.9)	10.6		25.2
<b>Russell 1000 Growth<sup>(c)</sup></b>	8.3	(1.2)	6.8	1.0	4.6	6.8	3.4	(0.9)	(5.4)	(1.4)	10.9		36.6
<b>S&amp;P 500<sup>(c)</sup></b>	6.3	(2.4)	3.7	1.6	0.4	6.6	3.2	(1.6)	(4.8)	(2.1)	9.1		20.8

Period Perf (%)	2022	2021	2020	2019	2018	2017	2016	2015	2014	Cumulative	Annualised
HF-DSM US LCG Returns <sup>(b)</sup>	(26.8)	21.3	27.2	35.9	(5.6)	37.8	(2.6)	7.8	11.5	176.8	11.0%
Russell 1000 Growth <sup>(c)</sup>	(29.1)	27.5	38.5	36.4	(1.5)	30.3	7.1	5.6	11.8	275.0	14.5%
S&P 500 <sup>(c)</sup>	(18.1)	28.6	18.3	31.3	(4.4)	21.8	12.0	1.4	11.7	194.5	11.7%

HF-DSM US LCG vs. R1000 Growth vs. S&P500



## Top Ten Holdings

Accenture	Autodesk
Adobe	Intuit
Alphabet (Cl. A)	Microsoft
Amazon.com	NVIDIA
Arista Networks	Visa

Sectoral Breakdown	% of Assets
Information Technology	47.8%
Financials	14.0%
Consumer Discretionary	11.6%
Communication Services	9.0%
Health Care	8.0%
Industrials	3.6%
Materials	2.6%
Consumer Staples	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 Depositary Receipts and American Depositary Shares. The reference benchmark for this strategy is the Russell 1000 Growth Index.

Fund Codes	
Bloomberg	DSMUSLB LX
ISIN	LU0327604574
Telekurs	003504729
Sedol	B28TLY3

Since inception	HF-DSM US LCG	HF-DSM US LCG Composite	R1000 Growth
Volatility	n/a	15.7	16.2
Sharpe Ratio	n/a	0.5	0.5
Information Ratio	n/a	-0.2	
Tracking Error	n/a	6.3	
Beta	n/a	0.9	
Alpha	n/a	0.0	

## 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

- (a) This refers to the total assets invested in the reference strategy managed by the Investment Manager.
- (b) 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).
- (c) Total return including dividends.

## Registration

For our latest registration information, please see  
<https://herefordfunds.com/library/country-registrations>

## Annual Management Charge

Share Class B	0.70%

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

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.

## Minimum Investment

Share Class B	\$10m initial subscription

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