

DSM US Large Cap Growth Sub-Fund Class A - December 2022

Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund depreciated 6.4% for the month of December compared to a (7.66)% return for the Russell 1000 Growth Index and a (5.76)% return for the S&P 500 both including dividends. At the end of December, the Sub-Fund was invested in the technology, health care, consumer discretionary, communication services, financials, consumer staples and materials sectors.

For the month, the Sub-Fund exceeded the benchmark by approximately 126bps. This was primarily the result of the Manager's selections and underweight in consumer discretionary versus the benchmark. The Manager's selections in the information technology sector also benefited performance. In December, the positions that contributed the most to the portfolio's return were Boston Scientific, Burlington Stores, Charles Schwab, Monster Beverage and O'Reilly Automotive. The positions that contributed the least in the month were Alphabet, Amazon.com, Microsoft, EPAM Systems and Accenture.

Manager's Commentary

While a global economic downturn certainly remains possible, at this point the severity of a recession appears to be limited. The Manager believes a global "muddle through" scenario is also a possibility. In the United States, the economy continues to grind forward, albeit at a slower pace, driven by the strength of consumer spending. Although higher interest rates have put the brakes on the US housing sector, employment remains strong with low unemployment and solid wage gains. On its own, the steady employment outlook may be enough for the Federal Reserve to continue to raise rates, however, in DSM's view, it is more important that the Fed tame inflationary wage gains than worry about the unemployment rate.

The ECB has begun its rate increase cycle and is widely expected to continue with at least two more 50 basis point increases, followed by a 25 basis point increase, to reach a terminal rate of as much as 300 to 400 basis points. Despite these rate hikes, economic growth in Europe is expected to turn positive later this year especially if inflation begins to trend downward. Importantly, thus far, Europe appears to have dealt with the embargo on Russian natural gas quite well. Imports of Russian gas are at their lowest levels in decades, and yet storage levels are now 10% above historic averages for this time of year. Imports of LNG from other producers have been a significant help in raising storage levels, as have high prices which have reduced consumption. The combination of inflation and high energy prices has had a very negative impact on consumer spending and the economy, particularly in the United Kingdom which has been the hardest hit. Although refilling natural gas storage for the 2023-2024 winter could pose a challenge, the worst of the European industrial downturn, supply chain disruptions and inflation may have passed allowing growth to resume later this year.

The Manager continues to believe that the drop in money supply growth over the last several months (as measured by M2), has led to a slowdown in inflation as measured by the CPI, PPI and PCE monthly releases. Thus far, it appears that the declining growth of M2 may, once again, be a leading indicator of lower inflation. The Federal Reserve and the ECB have taken very aggressive public stances in their commitments to eliminating the growth of inflation and returning it to their 2% targets. Once clear signs of persistently declining inflation emerge and central bank rate increases are indeed paused, there may well be a bullish response from global equity markets. Importantly, in the Manager's opinion, the earnings power of the companies in the Sub-Fund portfolio remains largely intact. Given the economic resilience of the portfolio, along with its reasonable valuation and a normalized mid-to-high-teens earnings growth rate going forward, DSM continues to believe that this is an attractive time to be a holder of premier quality growth businesses.

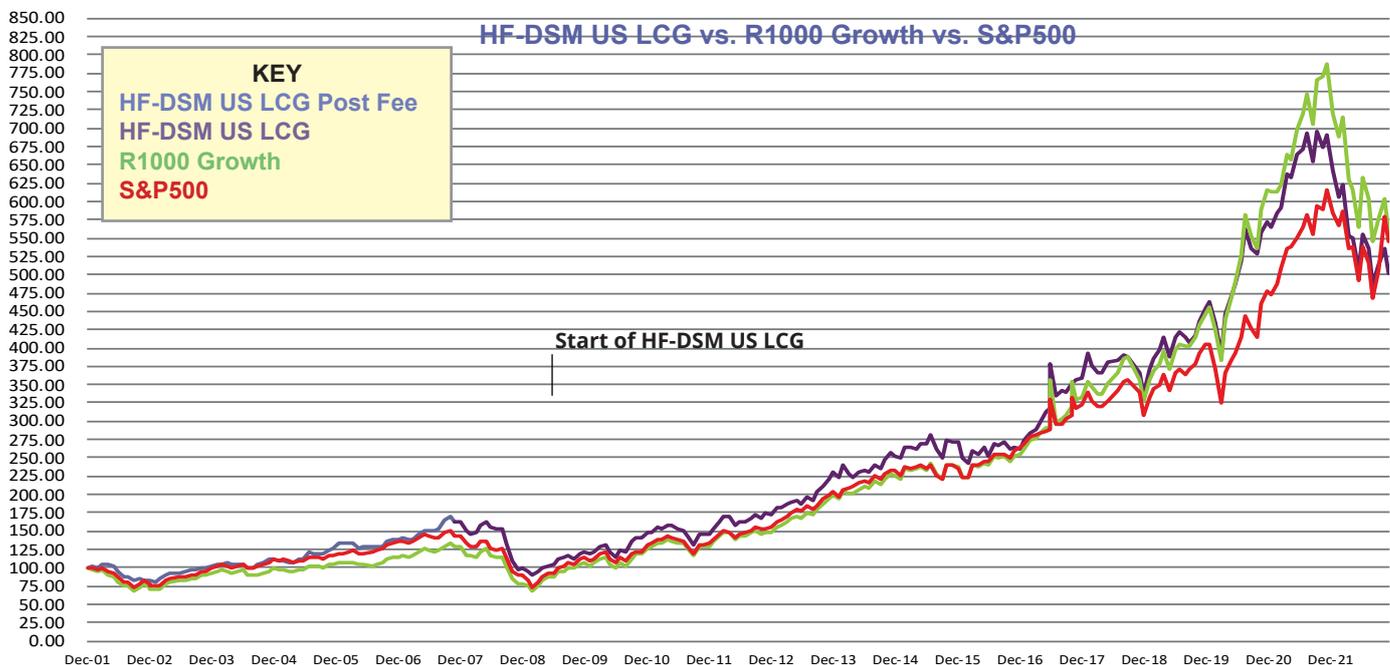
Key Information

NAV A Shares (31/12/22) US\$ 306.77
Total Fund Size (all share classes) US\$ 64.65m

Strategy Assets US\$ 5,253.4^(a)
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	(6.9)	(5.9)	3.0	(11.4)	(0.6)	(7.6)	9.2	(3.4)	(9.0)	5.3	4.6	(6.4)	(27.8)
Russell 1000 Growth ^(c)	(8.6)	(4.3)	2.9	(12.4)	(2.2)	(7.9)	12.0	(4.7)	(9.7)	5.8	4.6	(7.7)	(29.5)
S&P 500 ^(c)	(5.2)	(3.0)	2.7	(8.7)	0.2	(8.3)	9.2	(4.1)	(9.2)	8.1	5.6	(5.8)	(18.1)

Period Performance (%)	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	Cumulative	Annualised
HF-DSM US LCG Returns ^(b)	20.5	26.4	35.0	(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	402.5	7.99%
Russell 1000 Growth ^(c)	27.5	38.5	36.4	(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	445.1	8.53%
S&P 500 ^(c)	28.6	18.4	31.3	(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	457.5	8.41%



HF Hereford Funds

Top Ten Holdings

Accenture	EPAM Systems
Adobe	Intuit
Alphabet (Cl. A)	Microsoft
Amazon.com	Charles Schwab
Boston Scientific	Visa

Sectoral Breakdown	% of Assets
Information Technology	55.5%
Health Care	11.7%
Consumer Discretionary	9.1%
Communication Services	8.0%
Financials	7.4%
Consumer Staples	4.3%
Materials	2.4%

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	15.7	16.0
ISIN	LU0327604228	Sharpe Ratio	n/a	0.5	0.5
Reuters	LP65102015	Information Ratio	n/a	-0.1	
Sedol	B28TLX2	Tracking Error	n/a	6.3	
	3504726	Beta	n/a	0.9	
WKN	A0M58T	Alpha	n/a	0.3	

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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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 A & U ^(e)	\$100,000 initial / \$10,000 subsequent
Share Class D	\$10,000 initial / \$1,000 subsequent

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