

## Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund appreciated 2.5% for the month of August compared to a 1.83% return for the Russell 1000 Growth Index and a 0.31% return for the S&P 500 both including dividends. At the end of August, the Sub-Fund was invested primarily in the technology, health care and consumer discretionary sectors, with smaller weights in the industrials, consumer staples and financials sectors.

For the month, the Sub-Fund exceeded the benchmark by approximately 65bps. This was primarily the result of the Manager's selections in the industrials sector. The Manager's selections in the technology sector as well as the overweight in technology versus the benchmark also benefitted performance. In August, the positions that contributed the most to the portfolio's return were Alibaba Group, Rockwell Collins, Royal Caribbean Cruises, Tencent Holdings and Monster Beverage. The positions that contributed the least in the month were Priceline Group, Charles Schwab, Allergan, Newell Brands and NetEase.

## Manager's Commentary

Through the first nearly two-thirds of 2017, the Manager has experienced solid relative and absolute performance, driven by continued earnings growth in excess of 20%. The Manager is focused on generating attractive returns for clients over the long-term. With an investment team fixated on companies with predictable, growing earnings, it is the Manager's belief that earnings are the primary factor that will increase the value of a business over time. Last year, the portfolio's earnings grew over 20%, but the prices of the portfolio's holdings did not respond accordingly. During the first and second quarters of 2017, portfolio earnings grew approximately 30% and 33% (excluding Electronic Arts) respectively, which was the seventh consecutive quarter of 20%+ growth. As earnings continue to advance during 2017, we believe the portfolio has the potential to be driven higher by two years' worth of economic earnings value: 2016 and 2017.

The portfolio remains focused on unique businesses that have been identified, and are continuously subject to analysis. The portfolio holdings remain characterized by strong balance sheets and significant free cash flow, and the Manager continues to project a mid-to-high "teens" earnings growth rate through 2021. It is worth noting that the portfolio's estimated P/E of 22.9x on forward twelve-month earnings through September of 2018 is only at a modest premium to the long-term average P/E of the S&P 500, during low inflation periods, while the Manager's projected high-teens earnings growth for the portfolio is approximately three times that of the S&P 500. The Manager believes the valuation of the portfolio is quite attractive.

The news of late has been filled with stories about North Korea and its threats towards America, Japan and South Korea. Without question, the situation in North Korea, as well as similar issues with Iran, present geopolitical risks which will be distressing to investors. However, it is important to remember that concerns such as these have been a part of the investment world for a long time, yet investors have successfully stayed the course through these difficult periods. In the Manager's view, the positive scenario of an improving and increasingly stable global financial system, low inflation, steady/slow global economic growth, low interest rates and growing corporate earnings, continues to form the foundation of an upwardly driven global equity market, despite these well-known geopolitical risks.

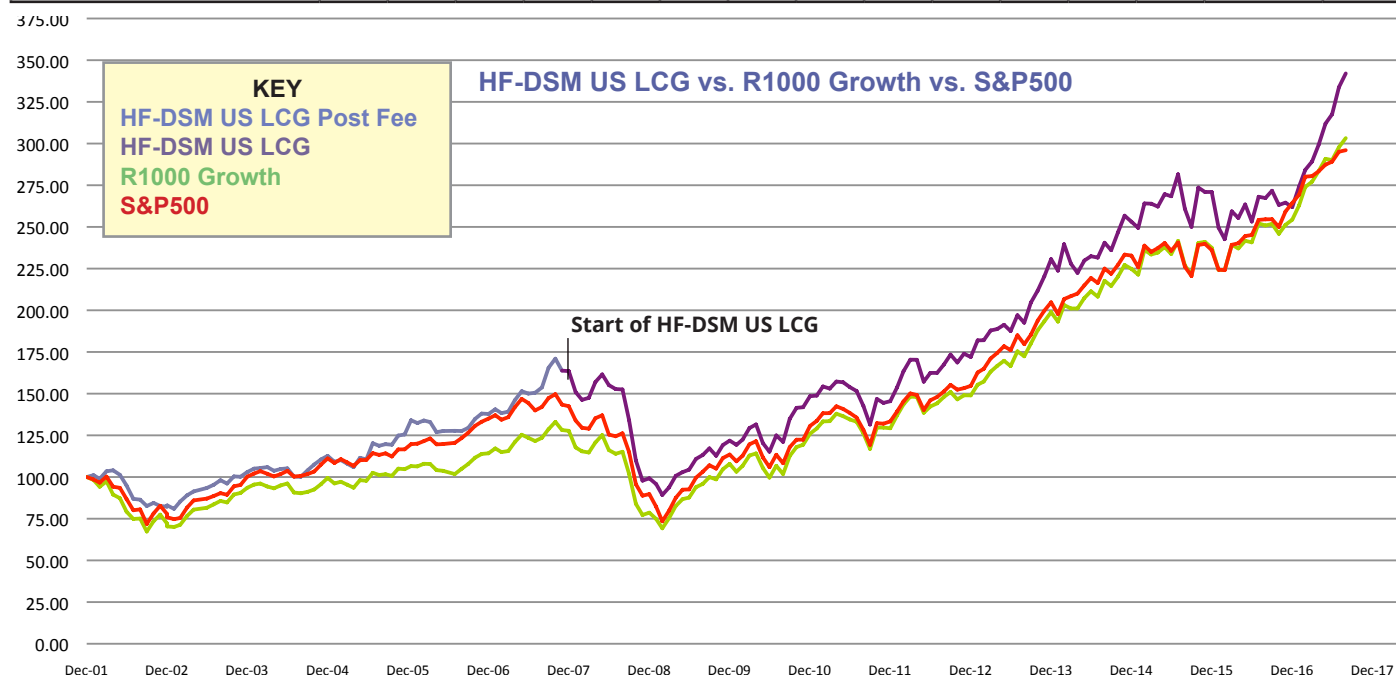
## Key Information

NAV A Shares (31/08/17) US\$ 208.8  
Total Fund Size (all share classes) US\$ 96.7m

Strategy Assets US\$ 5,230.9m<sup>(a)</sup>  
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	4.7	3.7	1.8	3.5	4.2	1.8	5.1	2.5					30.6
Russell 1000 Growth <sup>(c)</sup>	3.4	4.2	1.2	2.3	2.6	-0.3	2.7	1.8					19.2
S&P 500 <sup>(c)</sup>	1.9	4.0	0.1	1.0	1.4	0.6	2.1	0.3					12.0

Period Performance (%)	YTD	2016	2015	2014	2013	2012	2011	2009	2009	2008	2007	2006	2005	Cumulative	Annualised
<b>HF-DSM US LCG Returns<sup>(b)</sup></b>	30.6	(3.3)	7.0	9.7	34.1	18.2	(2.0)	21.9	22.8	(39.3)	18.7	9.8	11.4	242.0	7.99%
<b>Russell 1000 Growth<sup>(c)</sup></b>	19.2	7.1	5.7	13.1	33.5	15.3	2.6	16.7	37.2	(38.4)	11.8	9.1	5.3	196.0	7.02%
<b>S&amp;P 500<sup>(c)</sup></b>	12.0	12.0	1.4	13.7	32.4	16.0	2.1	15.1	26.5	(37.0)	5.5	15.8	4.9	203.3	7.18%



## Top Ten Holdings

Alibaba Group	Regeneron Pharmaceuticals
Alphabet (Cl. A)	Royal Caribbean Cruises
Facebook	Tencent Holdings
Microsoft	Visa
Priceline Group	Zoetis

Sectoral Breakdown	% of Assets
Information Technology	47.5%
Consumer Discretionary	20.1%
Health Care	19.5%
Industrials	4.7%
Financials	4.3%
Consumer Staples	3.5%

## 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	Since inception	HF-DSM US LCG	HF-DSM US LCG Composite	R1000 Growth
Bloomberg	Volatility	n/a	14.6	14.5
ISIN	Sharpe Ratio	n/a	0.5	0.4
Reuters	Information Ratio	n/a	0.1	
Sedol	Tracking Error	n/a	6.5	
	Beta	n/a	0.9	
WKN	Alpha	n/a	1.4	

## 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	EFG Fund Management S.A.   56, Grand-Rue, L-2013 Luxembourg
Custodian	EFG Bank (Luxembourg) S.A.   56, Grand-Rue, L-2013 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

### Original Applications To:

European Fund Administration  
Attn.: TA Operations and Shareholder  
Services  
2 rue d'Alsace  
L-1122 Luxembourg

### Subsequent Applications Only Via Facsimile:

European Fund Administration  
Attn.: TA Operations & Shareholder  
Services Fax: +352 4865 61 8002  
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- 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](http://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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## Annual Management Charge

Share Class A & U <sup>(e)</sup>	1.25%
Share Class D <sup>(f)</sup>	1.75%

## Minimum Investment

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

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