

## Investment Review

The Hereford/DSM US Large Cap Growth Sub-Fund appreciated 6.90% for the month of March compared to a 6.74% return for the Russell 1000 Growth Index and a 6.78% return for the S&P 500 including dividends. At the end of March, the Fund was invested primarily in the technology, health care and consumer discretionary sectors, with smaller weights in the financials, industrials and consumer staples sectors.

For the month, the Fund exceeded the benchmark by approximately 16 bps. This was primarily the result of the Manager's selections in the technology and consumer discretionary sectors, as well as the Fund's overweight in technology versus the benchmark. In March, the best performing positions in the portfolio were Dollar General, Alibaba Group, Cognizant Technology Solutions, Affiliated Managers Group and Adobe Systems. The worst performers for the month were Allergan, Regeneron Pharmaceuticals, Alexion Pharmaceuticals, Celgene and Perrigo.

## Manager's Commentary

Driven by fear, not logic or facts, skittish investors sold stocks during the Spring of 2014 and Summer of 2015, with no regard for underlying business fundamentals. In both cases, after a few quarters, the DSM portfolio had fully recovered and reached new highs. Similar illogical selling appears to have occurred during the first two months of this year, despite the reality of a stable global economic outlook and fundamentally solid earnings. However, we believe the irrational fear has now passed and a thoughtful evaluation of the situation is leading investors back to quality growth companies with predictable and sustainable earnings streams. Over the short run stocks will respond to emotion, but over the long run stocks are driven by earnings. Accordingly, our focus remains on earnings.

During calendar 2015, the portfolio generated low double-digit revenue growth and high-teens earnings growth, excluding the impact of the dollar's appreciation which at this point is moderating. In fact, fourth quarter earnings results were as strong as the prior three quarters of the year and we fully expect first quarter 2016 earnings results to be in that range as well. We believe that the portfolio holdings comprise unique businesses, with modest economic sensitivity, strong secular growth characteristics and outstanding financial characteristics. Core to our investment process has always been the belief that if the portfolio generates earnings growth largely as expected, then the value of the businesses should over time grow at a similar rate. We are looking forward to first quarter earnings reports, which begin in a few weeks and often include management commentary updating their expectations for the upcoming year.

As we have described previously, the Large Cap Growth portfolio has been constructed based on our view of slow growth in the US, faster growth in China and 1% growth in Europe and Japan. The portfolio remains focused on unique global businesses that have been identified and continuously subject to analysis by our investment team. We believe that the valuation of the portfolio based on our calculations, at 19.7x next-four-quarter earnings through March of 2016, and 17.1x 2017 earnings, continues to be attractive in the current slow growth economic environment and relative to the market. We also continue to project a low double-digit revenue growth and "high-teens" earnings growth rate through 2019. Additionally, the portfolio holdings remain characterized by strong balance sheets and significant free cash flow.

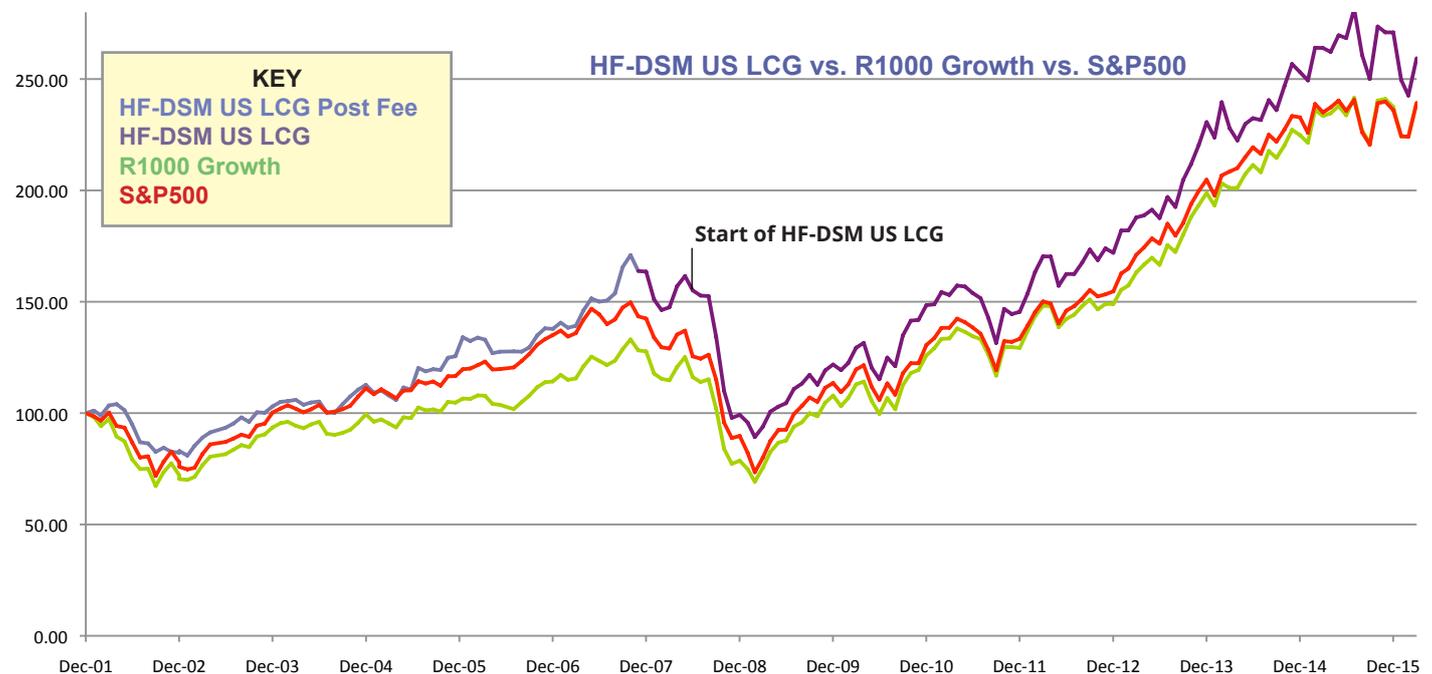
## Key Information

NAV A Shares (31/03/16) US\$ 158.28  
Total Fund Size (all share classes) US\$ 106.2m

Strategy Assets US\$ 4,933.7m<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	(7.9)	(2.8)	6.9										(4.3)
Russell 1000 Growth <sup>(c)</sup>	(5.6)	0.0	6.7										0.7
S&P 500 <sup>(c)</sup>	(5.0)	(0.1)	6.8										1.4

Period Performance (%)	YTD	2015	2014	2013	2012	2011	2009	2009	2008	2007	2006	2005	2004	Cumulative	Annualised
HF-DSM US LCG Returns <sup>(b)</sup>	(4.3)	7.0	9.7	34.1	18.2	(2.0)	21.9	22.8	(39.3)	18.7	9.8	11.4	9.4	159.3	6.92%
Russell 1000 Growth <sup>(c)</sup>	(1.6)	5.7	13.1	33.5	15.3	2.6	16.7	37.2	(38.4)	11.8	9.1	5.3	6.3	139.3	6.31%
S&P 500 <sup>(c)</sup>	1.4	1.4	13.7	32.4	16.0	2.1	15.1	26.5	(37.0)	5.5	15.8	4.9	10.9	139.3	6.31%



# HF Hereford Funds

Top Ten Holdings	
Adobe Systems	Dollar General
Alibaba Group	Facebook
Allergan	Priceline Group
Alphabet (Cl. A & C)	Royal Caribbean Cruises
Cognizant Technology Solutions	Tencent Holdings

Sectoral Breakdown	% of Assets
Information Technology	41.6%
Health Care	27.1%
Consumer Discretionary	17.4%
Financials	5.5%
Industrials	5.4%
Consumer Staples	2.8%

## 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	
Bloomberg	DSMUSLA LX
ISIN	LU0327604228
Reuters	LP65102015
Sedol	B28TLX2
	3504726
WKN	A0M58T

Since inception	HF-DSM US LCG	HF-DSM US LCG Composite	R1000 Growth
Volatility	n/a	14.9	15.0
Sharpe Ratio	n/a	0.3	0.3
Information Ratio	n/a	0.2	0.1
Tracking Error	n/a	6.7	
Beta	n/a	0.9	
Alpha	n/a	1.1	

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	BSI Fund Management S.A. 44F, rue de la Vallée, L-2661 Luxembourg
Custodian	BSI Europe S.A. 122, Rue Adolphe Fischer L-1521 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

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

## Order Transmission Information

### Original Applications To:

UBS Fund Services  
Attn.: Transfer Agent  
33a avenue J.F. Kennedy  
L-1855 Luxembourg

### Subsequent Applications Only Via Facsimile:

UBS Fund Services  
Attn.: Transfer Agent  
Fax : (+352) 4410106417  
Tel: (+352) 4410106404  
Email: sh-ubsfsl-transferagent@ubs.com

- 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.

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:  
Société Générale, Zurich Branch, Talacker, 50, P.O. Box 1928, CH-8021 Zurich  
Phone: +41/58.272.34.18 Fax: +41/58.272.35.49

This document is for information purposes only. It is neither an advice nor a recommendation to enter into any investment. Investment suitability must be determined for each investor, and this fund may not be suitable for all investors. This information does not provide any accounting, legal, regulatory or tax advice. Investors should consult professional advisers to evaluate this information. An investment should be made only on the basis of the Prospectus, the annual and any subsequent semi-annual reports of HEREFORD FUNDS (the "Fund"), a société d'investissement à capital variable, established in Luxembourg and registered under Part I of Luxembourg law of 20 December, approved by the Commission de Surveillance du Secteur Financier (CSSF). These can be obtained from the Fund, from BSI Fund Management S.A., 44F, rue de la Vallée, L-2661 Luxembourg, and any distributor or intermediary appointed by the Fund. No warranty is given, in whole or in part, regarding performance of the Fund. There is no guarantee that its investment objectives will be achieved. Earnings projections are not guarantees of future results and there is no representation that the securities discussed were or will be profitable. Investors should be aware that the value of investments can fall as well as rise and that they may not recover the full amount invested. Past performance is no guide to future performance. The information provided in this document may be subject to change without any warning or prior notice and should be read in conjunction with the most recent publication of the Prospectus of the Fund. While great care is taken to ensure that this information is accurate, no responsibility can be accepted for any errors, mistakes or omission or for future returns. This document is intended for the use of the addressee only and may not be reproduced, redistributed, passed on or published, in whole or in part, for any purpose, without the prior written consent of HEREFORD FUNDS. Neither the CSSF nor any other regulator has approved this document. Full details of the investment policy and objectives are stated in the Prospectus.