



Hereford Funds

DSM US Large Cap Growth Fund

January 2009

January 2009 Investment Review

The Hereford/DSM Large Cap Fund depreciated (3.5)% for the month of January compared to a (4.8)% depreciation for the Russell 1000 Growth index and a (8.4)% depreciation for the S&P500. The majority of the fund is invested in the health care, financials, and information technology sectors. The weighted average P/E of the portfolio is 15.3x, which we feel is attractive relative to our long-term estimated earnings growth of 18%.

The equity markets have stabilized a bit over the past month with generally reduced levels of volatility compared to that which we witnessed during the Fall meltdown. Earnings estimates have been revised downward over the past two months with consensus S&P500 figures now coming in around the \$69 level. This implies a market multiple of approximately 12.2x 2009 earnings. Despite the downward revisions, we remain roughly 13% above the low's reached during the crisis in November. According to a recent survey of both institutional and hedge fund managers, 53% of money managers believe that we have already seen the bottom in the S&P 500 while 47% believe the index will drop to the \$645 level from the current \$850. This is well below the November bottom of \$750. This relatively balanced sentiment combined with meaningfully below-average market exposure (relatively high levels of cash) could set us up for a rally over the course of this year and into 2010.

On the economic front, we continue to believe GDP figures in the (3)% to (6)% range are likely for Q408 and Q109 based on unemployment claims data, among other indicators. However, we believe that the massive global stimulus now underway, including aggressive monetary loosening, is making cash increasingly unattractive to hold. With valuations at such attractive levels, we believe investors will begin to focus more on the opportunity of an economic recovery and less on the current state of affairs, which could hardly be more publicized.

During the month of January, we made a few changes to the portfolio. We have re-initiated a position in Apple (AAPL) following a pull back in the stock to the \$80 level from \$95. We believe the market has adequately discounted the risks associated with Steve Jobs' health problems and we would note that the company continues to take market share. We also added to our positions in Intuitive Surgical (ISRG) and Pharmaceutical Product Development (PPDI) as valuation has become more attractive. On the sell side of the ledger, we exited our positions in both Hologix (HOLX) and State Street (STT). We have become incrementally more concerned about reductions in Cap-Ex budgets among the nations hospitals which has negative implications for HOLX. In the case of STT, the credit market situation has created a meaningful lack of visibility into near term business trends and increased the risk of a potentially dilutive financing.

Key information

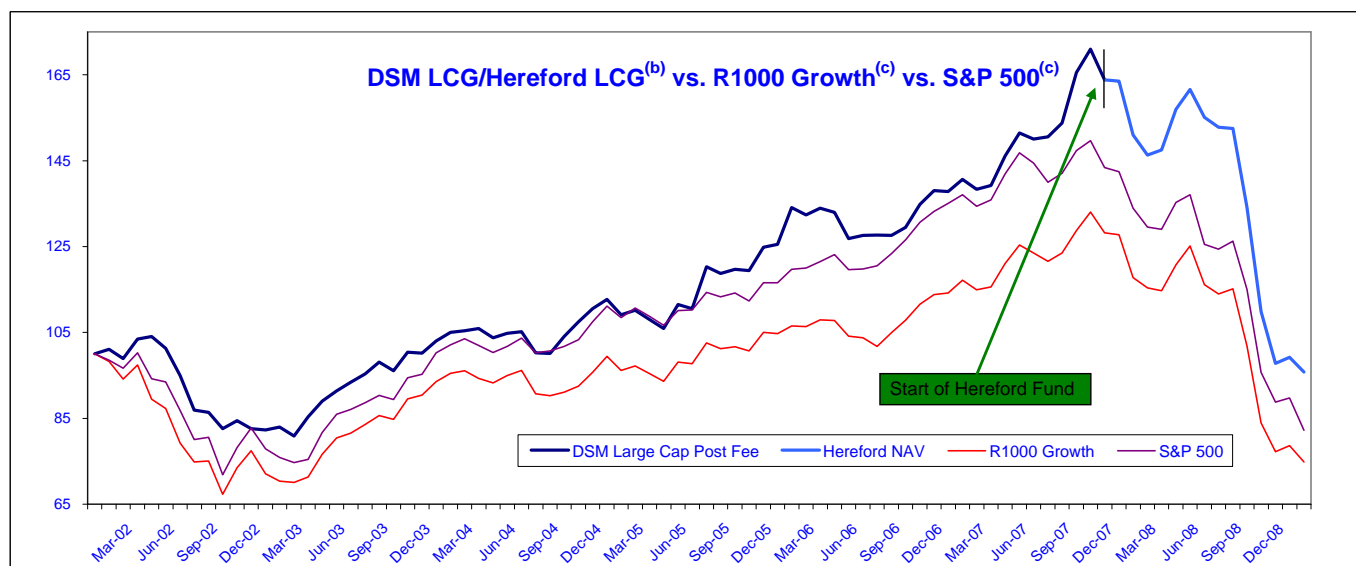
NAV A Shares (30/01/09): US\$58.46
Total Fund Size: US \$33.8 mil
Strategy Assets: US\$1,091.0 mil^(a)
Fund Launch Date: 29-Nov-07

Monthly Performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Hereford Funds NAV	(3.5)												(3.5)
Russell 1000 ^(c)	(4.8)												(4.8)
S&P 500 ^(c)	(8.4)												(8.4)

Period Performance (%)

	YTD	2008	2007	2006	2005	2004	2003	2002	Since Inception 01/01/02	
									Cumulative	Annualised
DSM LCG/Hereford LCG Returns ^(b)	(3.5)	(39.3)	18.7	9.8	11.4	9.4	25.2	(17.7)	(4.2)	(0.6)
Russell 1000 ^(c)	(4.8)	(38.4)	11.8	9.1	5.3	6.3	29.7	(27.9)	(25.2)	(4.0)
S&P 500 ^(c)	(8.4)	(37.0)	5.5	15.8	4.9	10.9	28.7	(22.1)	(17.8)	(2.7)



**Top Five Holdings**

Celgene
Genzyme
Monsanto
Automatic Data Processing
Google

% NAV

8.7%
8.1%
5.9%
4.3%
4.2%

Sectoral Breakdown

Health Care
Information Technology
Financials
Services
Consumer Staples
Materials
Consumer Discretionary

% of Assets

42.9%
15.2%
9.2%
8.9%
8.8%
5.9%
3.0%

Investment Objective

The investment objective of the LCG sub fund is to provide capital appreciation principally through investments in US-based growing corporations with market capitalizations generally above 2 billion dollars. 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 (Share Class A)		Since Inception Risk Profile	Hereford DSM US LCG	DSM LCG Composite	R1000 Growth
Bloomberg	DSMUSLA LX	Volatility	n/a	14.5	15.2
ISIN	LU0327604228	Sharpe Ratio	n/a	-0.3	-0.5
Reuters	LP65102015	Information Ratio	n/a	0.4	
Sedol	B28TLX2	Tracking Error	n/a	8.1	
Valoren	3504726	Beta	n/a	0.8	
WKN	A0M58T	Alpha	n/a	2.1	

Fund Details

Dealing Day	Daily
Dividends	None - income accumulated within the fund
Investment Manager	DSM Capital Partners LLC, 320 East Main Street, Mount Kisco, NY 10549, USA
Promoter	VP Bank (Luxembourg) S.A., 26 Avenue de la Liberté, L-1930 Luxembourg
Authorized Corporate Director	VPB Finance S.A., 26 Avenue de la Liberté, L-1930 Luxembourg
Custodian	VP Bank (Luxembourg) S.A., 26 Avenue de la Liberté, L-1930 Luxembourg
Legal Advisers	Elvinger, Hoss & Prussen, 2 Place Winston Churchill, L-1340 Luxembourg
Auditor	Deloitte, 560 Rue de Neudorf, L-2220 Luxembourg

Annual Management Charge

Share Class A & U ^(e)	1.25%
Share Class B	0.25% + 20% performance fee on outperformance vs US T-Bill with HWM
Share Class C(d)	1% + 20% performance fee on outperformance vs US T-Bill with HWM
Share Class D	1.75%

Minimum Investment

Share Class A&B	\$100,000 initial / \$10,000 subsequent
Share Class C&D	\$10,000 initial / \$1,000 subsequent

Order Transmission Information**Original Applications To:**

VPB Finance S.A.
attn. Fund Operations / TA-HFF
P.O. Box 923
L-2019 Luxembourg
or, for transmissions via courier service,
26, avenue de la Liberté, L-1930 Luxembourg

Subsequent Applications Only Via Facsimile:

VPB Finance S.A.
attn. Fund Operations / TA-HFF
Fax : (+352) 404 770 283
Tel: (+352) 404 770 260

e-mail: luxfunds.info@vpbank.com

- (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
(c) Total return including dividends.
(d) Share Class C is German tax registered from 4/1/08.
(e) Share Class U: UK Distributor Status to the year ending 30th September 2008 - Pending

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