



Hereford Funds **DSM US SMID Cap Growth Fund** February 2008

February 2008 Investment Review

The Hereford/DSM SMID Cap Fund declined (2.0%) for the month of February compared to a (2.0%) decline in the Russell 2500 Growth and a (3.3%) decline in the S&P500. The majority of the portfolio is presently invested in the health care, technology, professional services, energy services and industrial sectors. As was the case for the prior three quarters, the portfolio holdings in the fourth quarter continued to generate over twenty percent revenue and earnings growth. The weighted portfolio is presently valued at 17x 2008 earnings. We continue to believe that our SMID portfolio remains very attractively valued in the current investment environment.

There are a number of cross-currents in the financial marketplace today. While the credit quality of financial institutions is a central issue, the financial stability of the municipal bond and mortgage reinsurance companies is also front-and-center. Additionally, the American economy has slowed and could enter a recession in the near future. The global economy has slowed as well, both in Europe and in Southeast Asia. In response, the Federal Reserve has reduced short-term rates to encourage economic growth and thereby avoid a recession. Finally, there have also been some recent economic reports that indicate an up-tick in inflation.

We have recently purchased ten new positions. Expeditors International and C.H. Robinson are two of the leading freight forwarders in the world, although C.H. Robinson is more North American-based and Expeditors International is more Asia-focused. We purchased Autodesk and Ansys, both of which provide engineering design and simulation software products. We purchased Lenovo, one of the leading global suppliers of personal computers. Amcol is a leading global producer of materials for moisture barriers in commercial and industrial applications. ARM Holdings is a leading licensor and producer of RISC-based microprocessors. Cubist Pharmaceuticals develops and sells a powerful anti-infective, primarily for the hospital environment. Dynamic Materials provides explosives for high technology metal cladding, as well as sophisticated welding technologies. All of the companies mentioned above we have owned in the past, with the exception of Dynamic Materials.

Key information

NAV A Shares (29/02/08): \$84.84

Total Fund Size: \$3.3 Million

Strategy Assets: \$15.7m^(a)

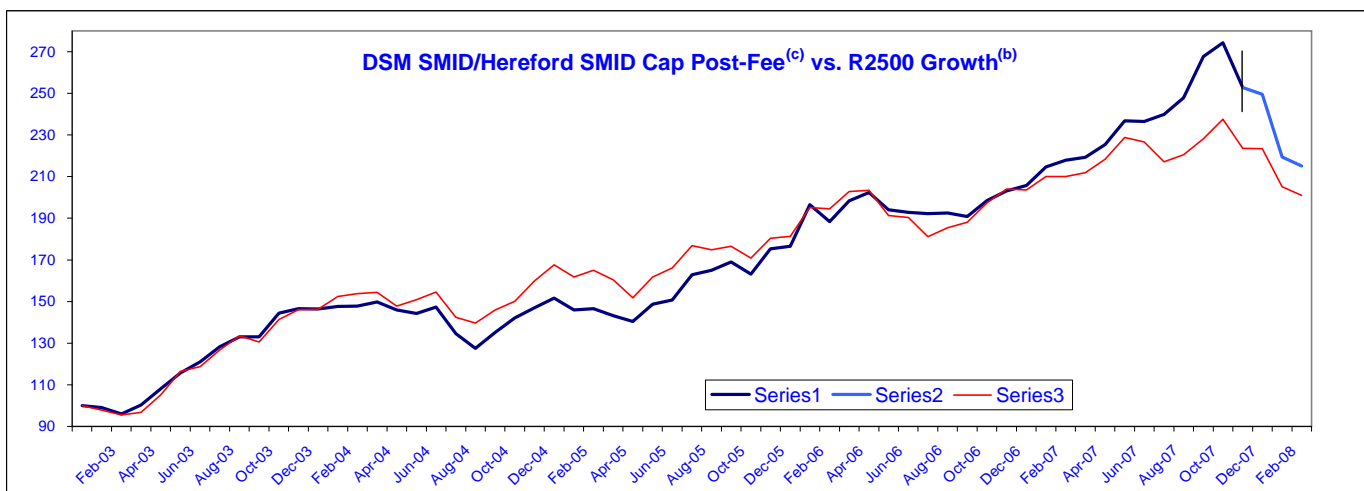
Fund Launch Date: 29-Nov-07

Monthly Performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Hereford Funds NAV	(12.1)	(2.0)											(13.8)
Russell 2500 Growth ^(b)	(8.2)	(2.0)											(10.0)

Period Performance (%)

	YTD	2007	2006	2005	2004	2003	Since Inception 01/01/03	
							Cumulative	Annualised
DSM SMID Cap/Hereford SMID Returns ^(c)	(13.8)	21.3	16.5	16.4	3.6	46.4	115.1	16.0
Russell 2500 Growth ^(b)	(10.0)	9.7	12.3	8.2	14.6	46.3	101.0	14.5



**Top Ten Holdings**

	% NAV
Ion Geophysical	4.4%
Varian Medical Systems	4.1%
Hologic	3.9%
Satyam Computer Services	3.9%
Chart Industries	3.9%
Sei Investments	3.7%
Core Laboratories	3.7%
Nobel Biocare Holdings	3.5%
Zoll Medical	3.3%
Fmc Technologies	3.2%

Sectoral Breakdown

	% of assets
Health Care	28.9%
Informational Technology	26.7%
Energy	14.1%
Financials	6.7%
Consumer Discretionary	5.4%
Industrials	14.3%
Materials	1.7%

Investment Objective

The investment objective of the sub fund is to provide capital appreciation principally through investments in US-based growing corporations with market capitalizations generally between 300 million and 10 billion dollars. These companies are chosen for their growth prospects, attractive returns, solid business fundamentals and intelligent management. Companies invested in will often have higher revenue and earnings growth rates and less "sell-side" research coverage than comparable larger capitalization corporations. The sub fund may, on an ancillary basis, invest in US-based companies with higher or lower market capitalizations as well as in non-US based companies. The sub fund may invest in American Depository Receipts and American Depository Shares. The reference benchmark for this strategy is the Russell 2500 Growth Index.

Fund Codes (Share Class A)		Since Inception	DSM US SMID	DSM SMID	R2500 Growth
		Risk Profile			
Bloomberg	DSMUSMA LX	Volatility	n/a	14.9	14.2
ISIN	LU0327605118	Sharpe Ratio	n/a	0.9	0.8
Reuters	LP65102019	Information Ratio	n/a	0.2	
Sedol	B28TM17	Tracking Error	n/a	7.4	
Valoren	3504786	Beta	n/a	0.9	
WKN	A0M58X	Alpha	n/a	2.5	

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	1.25%
Share Class B	0.25% + 20% performance fee on outperformance vs US T-Bill with HWM
Share Class C	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.
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Fax : (+352) 404 770 283
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e-mail: luxfunds.info@vpbank.com

- (a) This refers to the total assets invested in the reference strategy managed by the Investment Manager
 (b) Total return including dividends
 (c) Data and graph depict DSM Composite through November 2007 and Hereford Funds DSM US SMID Cap Growth Fund Class A thereafter. Historical gross performance of DSM SMID Cap Composite returns (the Reference Strategy) minus modeled fee and expense typical of Hereford Funds DSM US SMID Cap Growth Fund Class A (1.25% fee + 0.25% expense). Fund follows same strategy. Performance presentation incomplete without accompanying footnote: as shown at dsmcapital.com.

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