



**Investment Review**

The Hereford/DSM Large Cap Fund was flat for the month of April compared to a (0.2)% depreciation for the Russell 1000 Growth Index and a (0.6)% depreciation for the S&P 500 including dividends. At the end of April, the Fund was invested primarily in the business services, consumer discretionary, health care and technology sectors, with smaller weights in the industrial and energy sectors.

During the month the Fund slightly exceeded its benchmark. This was primarily the result of the outperformance of our stock selections in the energy and consumer discretionary sectors as well as our overweight in the consumer discretionary sector. In April, the best performing positions in the portfolio were Tencent Holdings, Visa, Discovery Communications, Priceline.com and Schlumberger. The worst performers for the month were Celgene, NetApp, Apple, Cognizant Technology Solutions and Baidu. During the month, we sold NetApp and Starbucks from the portfolio. Starbucks was sold due to valuation. We sold NetApp on concerns of increasing competition in its primary markets. With the proceeds of these sales, we re-purchased a position in Time Warner Cable, a provider of video, high-speed data and voice services over broadband cable systems.

At DSM, we have been expecting a “muddle through” economic scenario for a few years. Despite the well-publicized ups and downs of global economic growth expectations, muddle through remains to us the most likely outcome with global growth of 3% or so. Quite recently China reported first quarter GDP of just over 8%, confirming the “soft landing” outlook in that country. Europe continues to steer itself through a probable moderate recession, with new risk more to the downside. In the United States, some first quarter statistics raised hopes of rapid 3% plus growth, but these hopes have been reduced by recent economic statistics to the 2.5% level. Japan will likely grow at 1%. Therefore, putting all of the pieces together, “muddle through” still appears to be the likely outcome to us.

The European sovereign debt crisis remains the lynch-pin to investor confidence. As rates on Spanish and Italian government yields increased, investors quickly bought US treasuries, driving yields back down. In our view, this move in US treasuries is both a sign of continued worries over sovereign debt, and fear of a slowdown in the pace of economic growth. Given the large move up in equities over the past six months, the recent correction based on these economic concerns is not surprising. We believe that Europe will find a way to slowly work through its problems, albeit with ECB and IMF assistance. The outcomes of recent elections in France, Greece and Germany have created equity market volatility as well, and American elections are not far away.

Certainly the global economic outlook remains muddled, but in our view the United States, Japan, China and other emerging economies will continue to grow, offsetting the likely recession in Europe. Therefore, as time passes, and the world muddles through, we believe markets can rise. There are several reasons for our view, not the least of which is that risk averse investors continue to buy fixed income securities that offer very little yield. In contrast, global blue chip equities offer reasonable valuations, rising earnings and strong balance sheets that in many cases are ignored by investors.

**Key Information**

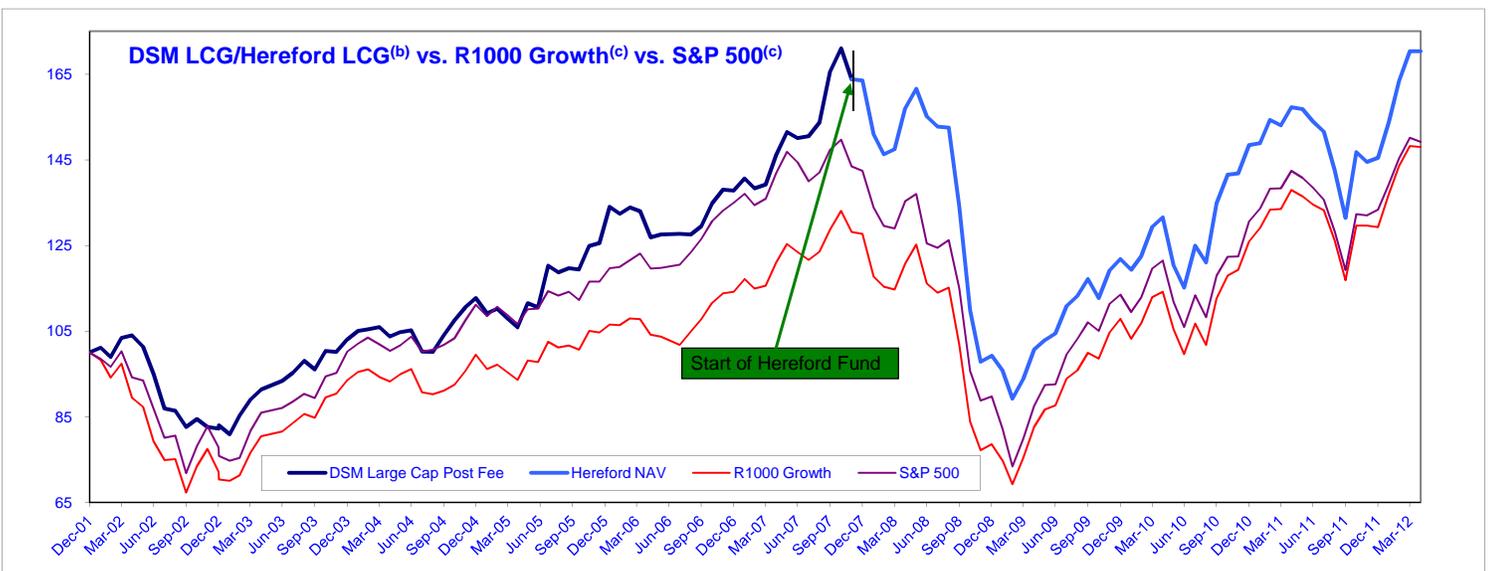
|                         |                     |
|-------------------------|---------------------|
| NAV A Shares (30/04/12) | US\$ 103.96         |
| Total Fund Size         | US\$ 112.2 mil      |
| Strategy Assets         | US\$ 2,649.9 mil(a) |
| Fund Launch Date        | 29-Nov-07           |

**Monthly Performance (%)**

|                                    | Jan | Feb | Mar | Apr   | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD  |
|------------------------------------|-----|-----|-----|-------|-----|-----|-----|-----|-----|-----|-----|-----|------|
| Hereford Funds NAV                 | 5.7 | 6.2 | 4.3 | (0.0) |     |     |     |     |     |     |     |     | 17.1 |
| Russell 1000 Growth <sup>(c)</sup> | 6.0 | 4.8 | 3.3 | (0.2) |     |     |     |     |     |     |     |     | 14.5 |
| S&P 500 <sup>(c)</sup>             | 4.5 | 4.3 | 3.3 | (0.6) |     |     |     |     |     |     |     |     | 11.9 |

**Period Performance (%)**

|   | YTD  | 2011  | 2010 | 2009 | 2008   | 2007 | 2006 | 2005 | 2004 | 2003 | 2002   | Since Inception 01/01/02<br>Cumulative | Annualised |
|---|------|-------|------|------|--------|------|------|------|------|------|--------|--|------------|
| DSM LCG/Hereford LCG Returns <sup>(b)</sup> | 17.1 | (2.0) | 21.9 | 22.8 | (39.3) | 18.7 | 9.8  | 11.4 | 9.4  | 25.2 | (17.7) | 70.3                                   | 5.3        |
| Russell 1000 Growth <sup>(c)</sup>          | 14.5 | 2.6   | 16.7 | 37.2 | (38.4) | 11.8 | 9.1  | 5.3  | 6.3  | 29.7 | (27.9) | 48.0                                   | 3.9        |
| S&P 500 <sup>(c)</sup>                      | 11.9 | 2.1   | 15.1 | 26.5 | (37.0) | 5.5  | 15.8 | 4.9  | 10.9 | 28.7 | (22.1) | 49.2                                   | 3.9        |



**Top Ten Holdings**

Allergan  
 Apple  
 Celgene  
 Cognizant Technology Solutions  
 Dollar General  
 General Electric  
 Priceline.com  
 Schlumberger  
 Shire  
 Visa

**Sectoral Breakdown**

|                        |       |
|------------------------|-------|
| Services               | 22.4% |
| Consumer Discretionary | 17.2% |
| Health Care            | 16.7% |
| Information Technology | 14.2% |
| Materials              | 7.8%  |
| Financials             | 5.5%  |
| Consumer Staples       | 4.9%  |
| Industrials            | 4.5%  |
| Energy                 | 3.9%  |

**% of Assets****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 US\$ 2 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.

| <b>Fund Codes (Share Class A)</b> |              | <b>Since Inception<br/>Risk Profile</b> | <b>Hereford<br/>DSM US LCG</b> | <b>DSM LCG<br/>Composite</b> | <b>R1000<br/>Growth</b> |
|-----------------------------------|--------------|---|--------------------------------|------------------------------|-------------------------|
| Bloomberg                         | DSMUSLA LX   | Volatility                              | n/a                            | 15.4                         | 16.2                    |
| ISIN                              | LU0327604228 | Sharpe Ratio                            | n/a                            | 0.2                          | 0.1                     |
| Reuters                           | LP65102015   | Information Ratio                       | n/a                            | 0.2                          |                         |
| Sedol                             | B28TLX2      | Tracking Error                          | n/a                            | 7.2                          |                         |
|                                   | 3504726      | Beta                                    | n/a                            | 0.9                          |                         |
| WKN                               | AOM58T       | Alpha                                   | n/a                            | 1.7                          |                         |

**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 |
| Promoter           | VP Bank (Luxembourg) S.A., 26 Avenue de la Liberté, L-1930 Luxembourg                   |
| Management Company | 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 <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:**

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](http://www.dsmcapital.com).  
 (c) Total return including dividends.  
 (d) The fund is registered with the AFM for public distribution in the Netherlands, authorised for public distribution in Switzerland by Finma, and registered with the AMF for public distribution in France.  
 (e) Share Class U has been granted Reporting Status by HMRC as of October 1st, 2010  
 (f) Share Class D is German tax registered from October 1, 2010.

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