



Investment Review

The Hereford/DSM Large Cap Fund NAV depreciated (0.3)% for the month of May compared to a (1.1)% depreciation for the Russell 1000 Growth index and a (1.1)% depreciation for the S&P 500. At the end of May, the Fund was invested primarily in the technology, health care, consumer discretionary and business services sectors, with smaller weights in the financials and consumer staples sectors.

During the month the Fund exceeded its benchmark, on a gross-of-expense basis, by approximately 80 bps. This was primarily the result of positive stock selections in the technology and industrials sectors. Stock selections in the consumer discretionary sector and an underweight in consumer staples detracted from performance. In May, the best performing positions in the portfolio were Rovi, F5 Networks, NetApp, Celgene and Dollar General. The worst performers for the month were Schlumberger, Juniper Networks, Priceline.com, Cognizant Technology Solutions and General Electric. During the month, the Fund exited its positions in Cognizant and Praxair. With its share price up significantly over the last year, we sold Cognizant on valuation concerns and limited earnings upside as the company faces softer demand in Europe and decelerating growth. Praxair was also sold as a result of appreciation. With the proceeds of these sales, we added to several existing holdings including Discovery Communications, Dollar General, Expeditors International and Varian.

As the year unfolds, markets have continued to “climb a wall of worry”. In our view, market strength is driven by very strong corporate earnings. Just a few months ago S&P 500 earnings for 2011 looked to be in the \$94 to \$96 range, up from prior consensus earlier this year of \$92. At this time, it is entirely possible that 2011 S&P 500 earnings may exceed \$96. Looking to 2012, estimates have increased to over \$102, compared to a \$98 consensus six months ago. Typically, the market sells at 15x to 18x earnings in a low inflation environment. However macro issues are substantial and ongoing. Sovereign debt problems in Europe, contentious debate around increasing the “debt cap” in the United States, and the possibility of rising inflation, weigh down P/Es. Therefore, it is not surprising to see the market priced at roughly 14x 2011 and 13x 2012 earnings. It continues to be our view that the world will make slow progress to “muddle through”. For example, tax revenues are beginning to grow at the state and federal levels in the United States and serious discussions are taking place to substantially cut federal spending. Accordingly, we remain cautiously optimistic that the direction of the market is gradually upward. While corrections can happen at any time, thus far in 2011, the S&P 500 has increased about 5.5% and, since the lows of last summer, nearly 29%.

The portfolio continues to be focused on *unique* global businesses, preferably with significant emerging markets revenue exposure. Often the equities we are purchasing have a 2+% dividend yield. The stock selections are made with a slow-steady growth global economic outlook in-mind. We believe that the valuation of the portfolio, at 17.2x next four quarters earnings and 15.7x calendar 2012 earnings continues to be attractive in the current economic environment and relative to the market. We continue to project a high-teens earnings growth rate through 2014. Additionally, the portfolio continues to be characterized by very strong balance sheets and significant free cash flow.

Key information

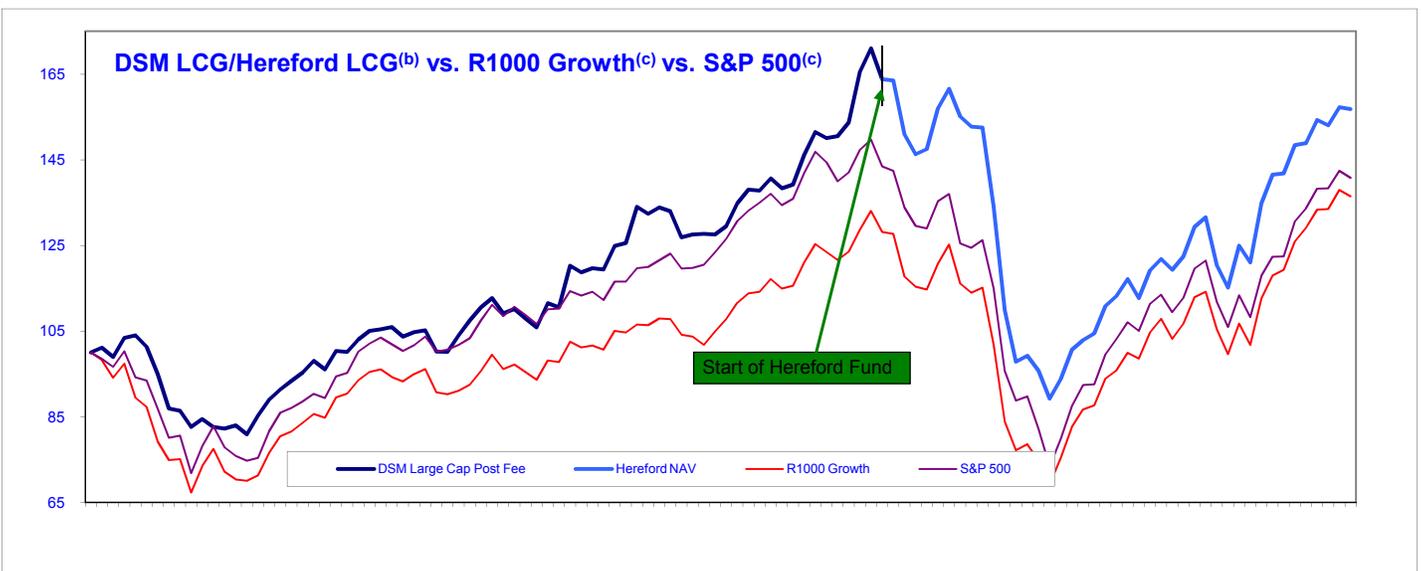
NAV A Shares (31/05/11): US\$ 95.72
 Total Fund Size: US\$ 134.5 mil
 Strategy Assets: US\$ 2,767.9 mil^(a)
 Fund Launch Date: 29-Nov-07

Monthly Performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Hereford Funds NAV	0.3	3.7	(0.8)	2.8	(0.3)								5.6
Russell 1000 ^(c)	2.5	3.3	0.1	3.4	(1.1)								8.4
S&P 500 ^(c)	2.4	3.4	0.0	3.0	(1.1)								7.8

Period Performance (%)

	YTD	2010	2009	2008	2007	2006	2005	2004	2003	2002	Since Inception 01/01/02	Annualised
DSM LCG/Hereford LCG Returns ^(b)	5.6	21.9	22.8	(39.3)	18.7	9.8	11.4	9.4	25.2	(17.7)	56.8	4.9
Russell 1000 ^(c)	8.4	16.7	37.2	(38.4)	11.8	9.1	5.3	6.3	29.7	(27.9)	36.5	3.4
S&P 500 ^(c)	7.8	15.1	26.5	(37.0)	5.5	15.8	4.9	10.9	28.7	(22.1)	40.8	3.7



**Top Ten Holdings**

3M Company
 Apple Computer
 Baker Hughes
 Celgene
 Discovery Communications
 Expeditors International
 Google
 NetApp
 Schlumberger
 Visa

Sectoral Breakdown % of Assets

Services	22.8%
Information Technology	22.4%
Health Care	16.7%
Consumer Discretionary	12.7%
Energy	9.3%
Industrials	8.3%
Financials	5.0%
Consumer Staples	1.6%

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	15.0	16.1
ISIN	LU0327604228	Sharpe Ratio	n/a	0.2	0.1
Reuters	LP65102015	Information Ratio	n/a	0.2	
Sedol	B28TLX2	Tracking Error	n/a	7.5	
	3504726	Beta	n/a	0.8	
WKN	A0M58T	Alpha	n/a	1.8	

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 D ^(f)	1.75%

Minimum Investment

Share Class A & U ^(e)	\$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.
- (c) Total return including dividends.
- (d) The fund is registered with the AFM for public distribution in the Netherlands.
- (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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