



Investment Review

The Hereford/DSM Large Cap Fund appreciated 3.3% for the month of May compared to a 3.1% appreciation for the Russell 1000 Growth Index and a 2.3% appreciation for the S&P 500 including dividends. At the end of May, the Fund was invested primarily in the consumer discretionary, technology and health care sectors, with smaller weights in the industrials, financials, materials and consumer staples sectors.

During the month the Fund exceeded its benchmark by approximately 20 bps. This was primarily the result of the slight outperformance of our stock selections in the technology, materials and health care sectors. Our selections and overweight in consumer discretionary detracted from performance. In May, the best performing positions in the portfolio were Monsanto, Priceline, Tencent Holdings, Biogen Idec and Celgene. The worst performers for the month were Dollar General, The Swatch Group, TJX Companies, Las Vegas Sands and eBay. In May we sold the Fund's shares of Omnicom Group. With several high-profile account losses adding to concerns about Omnicom's pending merger with Publicis, we felt there were better investment opportunities and sold the shares. We also trimmed the Fund's holdings in Discovery Communications, eBay and Swatch Group. We used the proceeds from these sales to add to existing positions in Abbott Laboratories, Monster Beverage and Precision Castparts.

Perhaps due to slowing global growth in the first quarter of this year, as well as the slower growth in the fourth quarter of last year, the Organization for Economic Co-Operation and Development (OECD) recently reduced its 2014 global GDP projection to +3.4% versus its previous estimate of +3.6%. The group's 2015 global GDP forecast of +3.9% remains unchanged, although that projection appears slightly vulnerable to us. In the US the OECD reduced its estimate for 2014 GDP growth to +2.6%, while increasing their 2015 viewpoint to +3.5%. In our view, both of these projections may likely prove a bit too high as well. The Eurozone is projected to grow +1.2% in 2014 with the UK remaining its strongest economy. Estimated 2014 GDP growth for the UK has been raised to 3.2%. In Asia, China's GDP outlook was cut to +7.4%, while Japanese economic growth remains between 1% and 2% this year and next. In short, our global economic growth outlook remains largely unchanged.

While many well-known risks remain of concern to investors, the positive scenario of an improving and increasingly stable global financial system, low inflation, slow global economic growth, low interest rates and growing corporate earnings are positive variables that, while not headline-making news, continue to form the foundation of an upwardly driven bull market. Based on that outcome, current consensus estimates for the S&P 500 earnings for 2014 and 2015 approximate \$118 and \$130 respectively. Accordingly, the forward four quarter P/E for the S&P 500, based on \$120 of earnings through June of 2015, approximates 15.7x earnings. Historically, in low inflation periods, the S&P 500 has generally sold at a forward P/E between 15x and 20x. Accordingly, we feel that the market still has upside potential of approximately 10% based on June 2015 earnings of \$120 and a P/E target of 17x. Assuming our scenario of slow global economic growth continues to be the case, and given that 2015 is just seven months away, with consensus earnings of \$130 estimated for that year, the market's upside over the next twelve months might be 15% to 20%. If on the other hand earnings were to stagnate at \$105, a 15.5x P/E would generate a 10% to 15% market decline.

The portfolio continues to be focused on unique global businesses that have been identified, and are continuously subject to analysis, by our investment team, which recently grew to eleven members with the addition of Kenneth Yang, our ninth portfolio manager/analyst, on May 1st. We believe that the valuation of the portfolio, at 19.7x next-four-quarter earnings through June of 2015 based on our calculations, continues to be attractive in the current slow growth economic environment and relative to the market.

Key Information

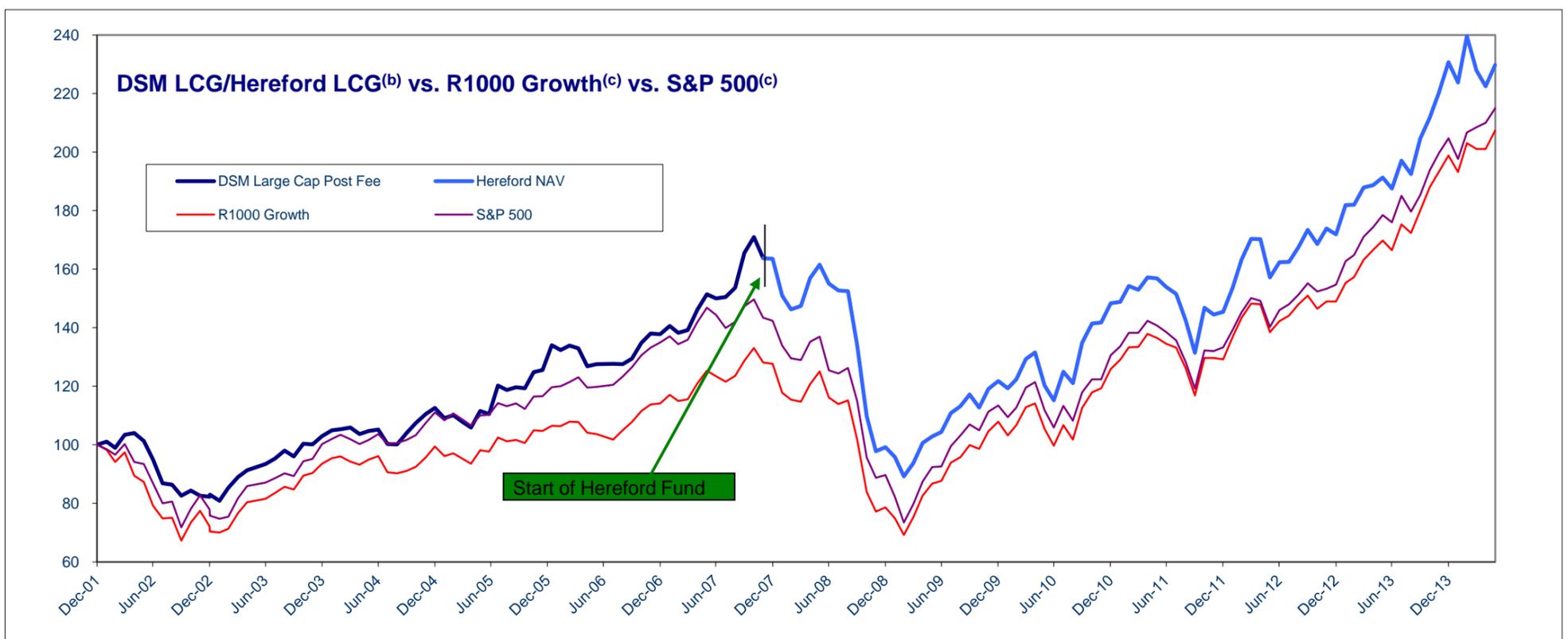
NAV A Shares (30/05/14)	US\$ 140.28
Total Fund Size	US\$ 148.9 mil
Strategy Assets	US\$ 4,136.0 mil ^(a)
Fund Launch Date	29-Nov-07

Monthly Performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Hereford Funds NAV	(3.0)	7.1	(4.9)	(2.4)	3.3								(0.4)
Russell 1000 Growth ^(c)	(2.9)	5.2	(1.0)	0.0	3.1								4.3
S&P 500 ^(c)	(3.5)	4.6	0.8	0.7	2.3								5.0

Period Performance (%)

	YTD	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	Cumulative	Annualised
DSM LCG/Hereford LCG Returns ^(b)	(0.4)	34.1	18.2	(2.0)	21.9	22.8	(39.3)	18.7	9.8	11.4	9.4	25.2	(17.7)	129.8	6.9
Russell 1000 Growth ^(c)	4.3	33.5	15.3	2.6	16.7	37.2	(38.4)	11.8	9.1	5.3	6.3	29.7	(27.9)	107.4	6.0
S&P 500 ^(c)	5.0	32.4	16.0	2.1	15.1	26.5	(37.0)	5.5	15.8	4.9	10.9	28.7	(22.1)	115.0	6.4





Top Ten Holdings

Alexion Pharmaceuticals	Monster Beverage
BlackRock	Starbucks
Celgene	The Priceline Group
Cognizant Tech Solutions	Time Warner
Monsanto	Yum! Brands

Sectoral Breakdown

Sectoral Breakdown	% of Assets
Consumer Discretionary	35.3%
Information Technology	20.6%
Health Care	19.6%
Industrials	7.2%
Financials	6.6%
Materials	6.1%
Consumer Staples	4.0%

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 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 (Share Class A)	Since Inception Risk Profile	Hereford DSM US LCG	DSM LCG Composite	R1000 Growth
Bloomberg	Volatility	n/a	15.0	15.3
ISIN	Sharpe Ratio	n/a	0.3	0.3
Reuters	Information Ratio	n/a	0.1	
Sedol	Tracking Error	n/a	7.0	
WKN	Beta	n/a	0.9	
	Alpha	n/a	1.2	

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 ^(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
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- (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 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.
- (e) Share Class U has been granted Reporting Status by HMRC as of October 1, 2010.
- (f) Share Class D is German tax registered from October 1, 2010.

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