



Hereford Funds DSM US SMID Cap Growth Fund June 2008

June 2008 Investment Review

The Hereford/DSM SMID Cap Fund declined (5.3%) for the month of June compared to a (7.2%) decline for the Russell 2500 Growth index and a (8.4%) decline for the S&P500. Consistent with last month, the majority of the fund remains invested in the health care, technology, business services, and energy services sectors. The weighted average P/E of the portfolio is 20.1x which we believe is attractive relative to our estimated earnings growth of 20%.

The same themes that dominated our discussion last month, namely oil, commodity prices overall, and the weakness of the dollar, remain in place. We noted Fed Chairman Bernanke's apparent shift in focus from the weak economy to the risk of inflation last month. While the Fed did decide to leave rates unchanged at the last policy meeting, financial stocks have remained under significant pressure, due in part to the concern that the bias is now towards tightening. The skittishness toward the financial sector has reverberated throughout the market, which we believe led to the decline we saw this month.

With regard to oil, we would emphasize that near term elasticity of demand is relatively low. Moreover, the challenges in bringing on new supply are formidable as is evidenced by the continued anemic performance of the non-OPEC suppliers. High energy prices are creating political pressure on the government to remove some of the impediments to bringing new supply to market. However, increased supply from new wells drilled in previously restricted areas would likely not provide any meaningful relief for six to eight years. We continue to expect the supply/demand equation to remain tight for the foreseeable future.

As the political season moves into full swing, it is possible that expectations for significant policy changes under a new administration will have an impact on the market. While we are not market prognosticators, we will be watching with great interest as the candidates provide more detail on their economic plans. We would hope for greater fiscal responsibility and lower tax rates which would strengthen the dollar and reduce the cost of capital. This would help make the U.S. more competitive in the global market for investment capital. We also look forward to the discussion on energy policy.

During the month of June, we made only one significant change in the portfolio. We sold our position in Myriad Genetics (MYGN) as the stock reached what we believe is fair value.

With the recent pullback in the market, we believe our portfolio is as attractive as ever. We are also seeing more opportunities to buy good businesses at reasonable prices and will continue to take advantage of those opportunities as they come.

Key information

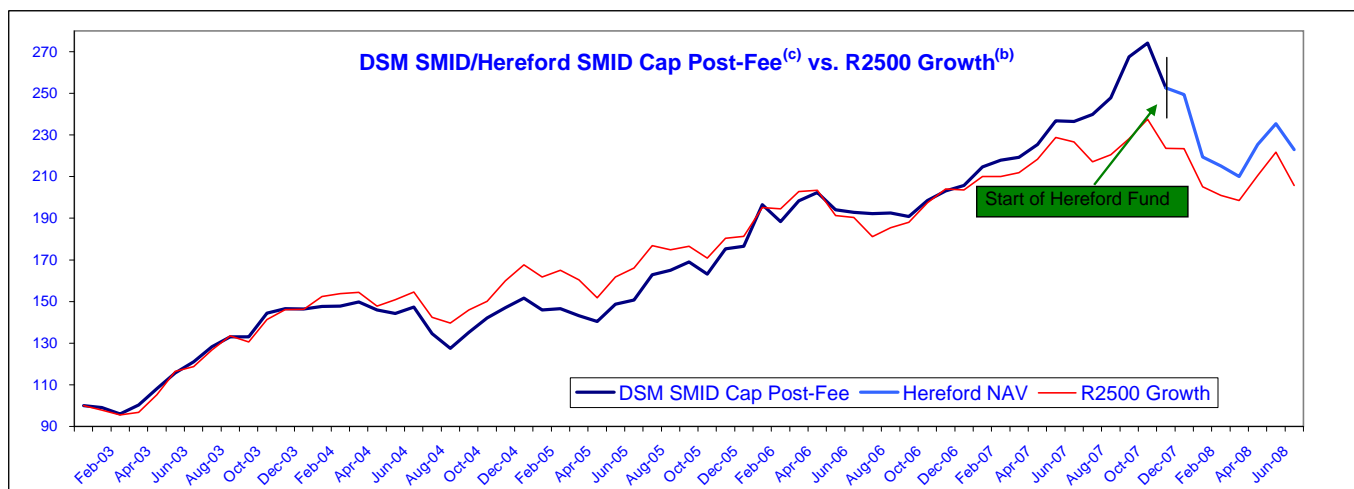
NAV A Shares (30/06/08): \$87.98
 Total Fund Size: \$3.8 mil
 Strategy Assets: \$16.6 mil^(a)
 Fund Launch Date: 29-Nov-07

Monthly Performance (%)

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|------------------------------------|--------|-------|-------|-----|-----|-------|-----|-----|-----|-----|-----|-----|--------|
| Hereford Funds NAV | (12.1) | (2.0) | (2.3) | 7.3 | 4.4 | (5.3) | | | | | | | (10.6) |
| Russell 2500 Growth ^(b) | (8.2) | (2.0) | (1.2) | 6.0 | 5.3 | (7.2) | | | | | | | (7.9) |

Period Performance (%)

| | YTD | 2007 | 2006 | 2005 | 2004 | 2003 | Since Inception 01/01/03 | |
|---|--------|------|------|------|------|------|--------------------------|------------|
| | | | | | | | Cumulative | Annualised |
| DSM SMID Cap/Hereford SMID Returns ^(c) | (10.6) | 21.3 | 16.5 | 16.4 | 3.6 | 46.4 | 123.0 | 15.7 |
| Russell 2500 Growth ^(b) | (7.9) | 9.7 | 12.3 | 8.2 | 14.6 | 46.3 | 105.8 | 14.0 |



**Top Ten Holdings**

| | % NAV |
|------------------------|-------|
| Chart Industries | 4.2% |
| Core Laboratories | 4.2% |
| Varian Medical Systems | 4.0% |
| Ion Geophysical | 3.6% |
| Zoll Medical | 3.6% |
| SEI Investments | 3.4% |
| Hologic | 3.2% |
| Morningstar | 3.2% |
| Petroleum Geo-Services | 3.1% |
| C. R. Bard | 3.1% |

Sectoral Breakdown

| | % of assets |
|--------------------------|-------------|
| Informational Technology | 29.3% |
| Health Care | 26.6% |
| Energy | 20.3% |
| Financials | 8.0% |
| Industrials | 6.1% |
| Consumer Discretionary | 3.2% |
| Services | 2.7% |
| Consumer Staples | 1.5% |

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 mil and \$10 bil dollars. These companies are chosen for their growth prospects, attractive returns, solid business fundamentals and intelligent management. These companies 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)

| | |
|-----------|--------------|
| Bloomberg | DSMUSMA LX |
| ISIN | LU0327605118 |
| Reuters | LP65102019 |
| Sedol | B28TM17 |
| Valoren | 3504786 |
| WKN | A0M58X |

Since Inception

| Risk Profile | DSM US SMID | DSM SMID | R2500 Growth |
|-------------------|-------------|----------|--------------|
| Volatility | n/a | 15.1 | 14.5 |
| Sharpe Ratio | n/a | 0.9 | 0.8 |
| Information Ratio | n/a | 0.2 | |
| Tracking Error | n/a | 7.3 | |
| Beta | n/a | 0.9 | |
| Alpha | n/a | 2.6 | |

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:

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- (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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