



**Investment Review**

The Hereford/DSM Large Cap Fund NAV depreciated (1.5)% for the month of July compared to a (1.0)% depreciation for the Russell 1000 Growth index and a (2.0)% depreciation for the S&P 500. At the end of July, the Fund was invested primarily in the business services, technology, health care, consumer discretionary and energy sectors, with smaller weights in the consumer staples and materials sectors.

During the month the Fund trailed its benchmark, on a gross-of-expense basis, by approximately 50 bps. This was primarily the result of negative stock selections in the technology and consumer discretionary sectors. Stock selections in the health care and energy sectors benefitted performance. In July, the best performing positions in the portfolio were Apple, Google, Shire, Baker Hughes and Intuitive Surgical. The worst performers for the month were Juniper Networks, F5 Networks, NetApp, Adobe and 3M. During the month, the Fund initiated positions in Praxair, a company previously owned in the portfolio, and YUM! Brands. Praxair, a producer and distributor of industrial gases, was repurchased as we felt its current valuation was reasonable for a defensive business with the potential to deliver upside on global industrial growth. YUM! Brands is an owner and franchiser of quick service restaurants worldwide, with a large and growing business in China.

We continue to subscribe to what we refer to as a “muddle through” scenario for global GDP. While the western world works through its accumulated overall indebtedness, 3% real global economic growth continues to look plausible to us. The most immediate risk to global growth is probably the sovereign debt problems in Europe. At this time, some “contagion” seems to be developing, with fears spreading from Greece to Italy and Spain. However, because most of the problem is “known”, our guess is that the crisis takes a toll on the European economy and perhaps on the Euro itself while not resulting in overall destabilization.

In Japan, the second half GDP bounce-back from the economic contraction caused by the tsunami and nuclear situation earlier in the year seems to be unfolding as expected. And in China, a soft landing increasingly looks likely. While many analysts point to possible bad debts at the Chinese banks as a result of local government borrowing, the Chinese situation is very different than that of the Western World. China runs a trade surplus of hundreds of billions of dollars a quarter, and has a savings rate of over 50%. Presumably, there will be large losses on loans and real estate. But unlike Western nations, the Chinese central government has trillions of dollars in cash reserves to deal with such challenges when and if they arise.

Back in the US, it's important to once again note that S&P 500 profits are on track to reach all time record levels this year. Importantly, since our last conference call, estimates for 2011 have moved from over \$93 to over \$95 per share, easily exceeding the prior peak in 2006 of \$88. For 2012, consensus estimates remain in excess of \$100. In a normal low inflation world, a P/E of 15x to 18x would put the S&P at 1500 to 1800, 19% to 43% above its current level of 1260. Still, given the number of investor concerns today, including sovereign debt, economic growth, oil supply from the Middle East, inflation, North Korea and housing woes, it is no surprise to us that the market's valuation remains compressed.

**Key Information**

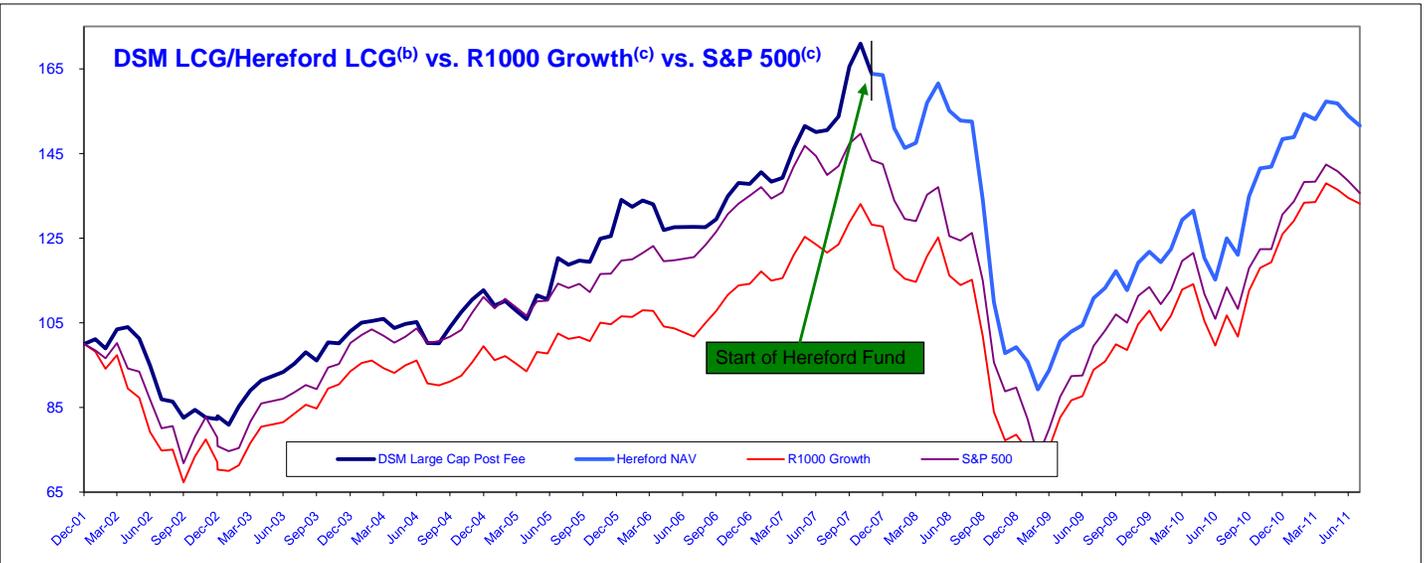
NAV A Shares (29/07/11): US\$ 92.52  
 Total Fund Size: US\$ 137.9 mil  
 Strategy Assets: US\$ 2,653.4 mil<sup>(a)</sup>  
 Fund Launch Date: 29-Nov-07

**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)	(1.8)	(1.5)						2.1
Russell 1000 <sup>(c)</sup>	2.5	3.3	0.1	3.4	(1.1)	(1.4)	(1.0)						5.8
S&P 500 <sup>(c)</sup>	2.4	3.4	0.0	3.0	(1.1)	(1.7)	(2.0)						3.9

**Period Performance (%)**

	YTD	2010	2009	2008	2007	2006	2005	2004	2003	2002	Since Inception 01/01/02 Cumulative	Annualised
DSM LCG/Hereford LCG Returns <sup>(b)</sup>	2.1	21.9	22.8	(39.3)	18.7	9.8	11.4	9.4	25.2	(17.7)	51.6	4.4
Russell 1000 <sup>(c)</sup>	5.8	16.7	37.2	(38.4)	11.8	9.1	5.3	6.3	29.7	(27.9)	33.2	3.0
S&P 500 <sup>(c)</sup>	3.9	15.1	26.5	(37.0)	5.5	15.8	4.9	10.9	28.7	(22.1)	35.6	3.2



**Top Ten Holdings**

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

**Sectoral Breakdown****% of Assets**

Services	26.9%
Information Technology	18.8%
Health Care	17.7%
Consumer Discretionary	10.1%
Energy	10.1%
Industrials	7.9%
Financials	4.6%
Consumer Staples	1.5%
Materials	1.0%

**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 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)**

Fund Codes (Share Class A)		Since Inception Risk Profile	Hereford DSM US LCG	DSM LCG Composite	R1000 Growth
Bloomberg	DSMUSLA LX	Volatility	n/a	14.9	16.0
ISIN	LU0327604228	Sharpe Ratio	n/a	0.2	0.1
Reuters	LP65102015	Information Ratio	n/a	0.2	
Sedol	B28TLX2	Tracking Error	n/a	7.4	
	3504726	Beta	n/a	0.8	
WKN	A0M58T	Alpha	n/a	1.6	

**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 & 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.  
 (c) Total return including dividends.  
 (d) The fund is registered with the AFM for public distribution in the Netherlands and authorised for public distribution in Switzerland by Finma.  
 (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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