



Investment Review

The Hereford/DSM Large Cap Fund was flat for the month of July compared to a 1.3% appreciation for the Russell 1000 Growth Index and a 1.4% appreciation for the S&P 500 including dividends. At the end of July, the Fund was invested primarily in the business services, consumer discretionary, health care and technology sectors, with smaller weights in the energy and financials sectors.

During the month the Fund trailed its benchmark by approximately 130 bps. This was primarily the result of the underperformance of our stock selections in the consumer discretionary and health care sectors. Our stock selections in the technology sector benefitted performance. In July, the best performing positions in the portfolio were Apple, Celgene, Schlumberger, Visa and Google. The worst performers for the month were Allergan, Las Vegas Sands, Intuitive Surgical, Dollar General and Cognizant Technology Solutions. During the month, we trimmed the Fund's position in Apple on valuation. We also trimmed American Express, Priceline.com and Cognizant due to the challenging macroeconomic environment. With the proceeds of these sales, we added to existing positions in eBay, Google, Baidu and Monsanto among others.

Over the past few weeks, commentary on the US economy has turned more negative. Some economists and well-known investors are projecting that the United States may enter a recession later this year. Also, weaker commodity prices are certainly a reflection of slower economic growth. With the economy looking weaker, the question is whether the Federal Reserve will provide more liquidity. We believe it is irrelevant whether the Fed does or doesn't do that, aside of course from the market's reaction to it. The US is awash in liquidity and, while monetary policy may have prevented deflation as the United States unwinds from the massive debt bubble, in our opinion, further liquidity will not create economic growth.

Europe's weak economic condition, combined with its sovereign debt and related bank solvency issues, continues to be of concern. Financial strains in Italy have led to that country's sovereign debt being downgraded, along with the bonds of many Italian banks. These strains have forced European nations to consider ceding their fiscal sovereignty to a central authority. At the same time, the possibility is on the table that holders of bank debt could take a loss on their investments. On a positive note, Greece is considering a major corporate tax overhaul and a restructuring of its public sector, while Spain is attempting to reduce the spending of its local governments which are in severe financial distress.

In China, second quarter GDP was 7.6%, supporting the case for a soft landing. That said, Chinese corporate profits have been a bit soft recently, as have been their exports to the rest of the world. The Chinese government has responded with increased fiscal spending on railways, office buildings and malls. They are also supporting housing, especially lower income and rural housing and the property sector is showing signs of warming. Importantly, the FT reported that China may cut taxes on repatriated profits by foreign companies, which should cause an increase in foreign investment in China, which has been soft recently. Wage income continues to grow steadily in China, supporting the long term bullish case to invest in the Chinese retail sector.

As we sift through this steady stream of macro events, and consider the views of many economists, we continue to hold to a most likely case of slow global growth comprised of slow US growth, a European recession, an eventual organized exit of Greece and perhaps Portugal from the EU, 6-8% Chinese GDP and slight growth in Japan. We recognize the risks, but our most likely scenario calls for a diverse portfolio of mostly global businesses that we believe are high quality and profitable with resilient revenue and earnings growth and attractive valuations.

Key Information

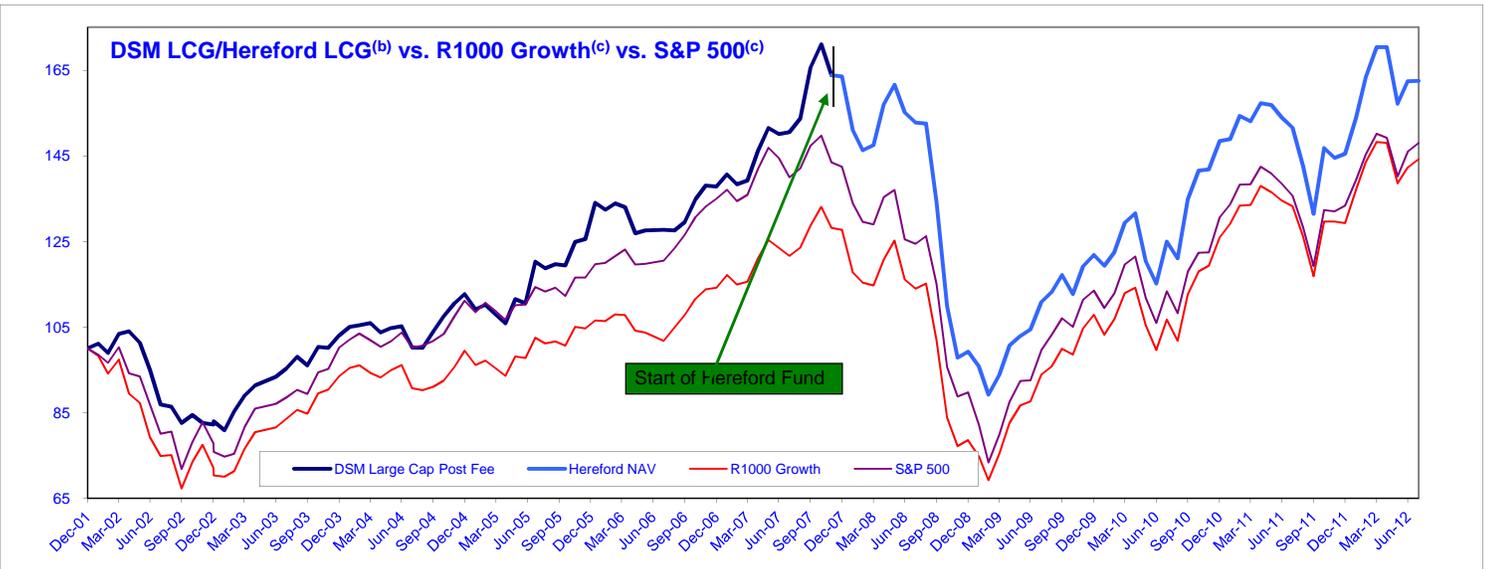
NAV A Shares (31/07/12)	US\$ 99.16
Total Fund Size	US\$ 100.6 mil
Strategy Assets	US\$ 2,487.0 mil(a)
Fund Launch Date	29-Nov-07

Monthly Performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Hereford Funds NAV	5.7	6.2	4.3	(0.0)	(7.7)	3.4	0.0						11.7
Russell 1000 Growth ^(c)	6.0	4.8	3.3	(0.2)	(6.4)	2.7	1.3						11.6
S&P 500 ^(c)	4.5	4.3	3.3	(0.6)	(6.0)	4.1	1.4						11.0

Period Performance (%)

	YTD	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	Since Inception 01/01/02	Annualised
												Cumulative	
DSM LCG/Hereford LCG Returns ^(b)	11.7	(2.0)	21.9	22.8	(39.3)	18.7	9.8	11.4	9.4	25.2	(17.7)	62.5	4.7
Russell 1000 Growth ^(c)	11.6	2.6	16.7	37.2	(38.4)	11.8	9.1	5.3	6.3	29.7	(27.9)	44.2	3.5
S&P 500 ^(c)	11.0	2.1	15.1	26.5	(37.0)	5.5	15.8	4.9	10.9	28.7	(22.1)	48.0	3.8





Top Ten Holdings

Allergan
 Apple
 Celgene
 Discovery Communications
 Dollar General
 General Electric
 Monsanto
 Philip Morris International
 Schlumberger
 Visa

Sectoral Breakdown

Sectoral Breakdown	% of Assets
Services	22.2%
Consumer Discretionary	19.7%
Health Care	14.9%
Information Technology	13.5%
Materials	9.5%
Industrials	6.5%
Consumer Staples	5.8%
Energy	4.1%
Financials	2.7%

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.

Fund Codes (Share Class A)	Since Inception Risk Profile	Hereford DSM US LCG	DSM LCG Composite	R1000 Growth
Bloomberg	DSMUSLA LX	n/a	15.4	16.1
ISIN	LU0327604228	n/a	0.2	0.1
Reuters	LP65102015	n/a	0.2	
Sedol	B28TLX2	n/a	7.2	
	3504726	n/a	0.9	
WKN	A0M58T	n/a	1.4	

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
 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, 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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