



Investment Review

The Hereford/DSM Large Cap Fund appreciated 5.1% for the month of July compared to a 5.2% appreciation for the Russell 1000 Growth Total Return and a 5.1% appreciation for the S&P 500 Total Return (including dividends). At the end of June, the Fund was invested primarily in the consumer discretionary, technology and health care sectors, with smaller weights in the industrials, materials, consumer staples, financials and energy sectors.

In July, the best performing positions in the portfolio were Celgene, Alexion Pharmaceutical, Tencent Holdings, Dollar General and BlackRock. The worst performers for the month were Intuitive Surgical, Visa, Precision Castparts, Estee Lauder and SAP. During the month, we initiated a position in EADS (European Aeronautic Defence and Space) a large aerospace and defense company headquartered in France. Its primary businesses are commercial aircraft production, defense aircraft production, civil and military helicopters, satellite and launch services, and security/border intelligence systems. The majority of the company is being driven by the commercial aircraft segment which is currently in a strong up-cycle with order growth well ahead of delivery growth, backlog at nearly 8 years of production, and pressure to further ramp production rates. The company is making a concerted effort to focus on profitability vs. prior history which involves improving the governance structure at both the board level and government ownership level, stream lining duplicative operations, and restructuring the defense business.

At present, we believe the US economy will continue to grow at a 2% to 3% pace. Auto sales, home sales, employment, unemployment claims and purchasing manager indices all indicate an improving economic outlook. Unfortunately, personal income growth remains anemic, and this will remain the case until the tax hikes that took effect in January of this year are lapped in January of 2014. While the near-term looks better, it should not be forgotten that economic growth in the United States will continue to be limited by an archaic and, in our opinion, dis-incentivizing tax system; excess government spending at the Federal, state and local levels; massive public sector debt; and a regulatory system that discourages investment. The European economic situation may be stabilizing as a result of ECB actions. But, longer-term there are real limits to monetary policy. From our perspective, austerity is not a path to economic growth. In our opinion, pro-growth policies of less regulation, more flexible labor markets, less government spending, lower taxes and increased private sector investment can lead to improved economic growth in Europe. Austerity throughout the periphery nations of Europe has failed to improve their situation. In China, actions were taken by the Peoples Bank of China (PBOC) to crackdown on illegal lending activities (the "shadow banking" market) by limiting the supply of credit. It appears that the PBOC wants to eliminate or reduce financial activities that circumvent the mainstream Chinese banking system. The policy changes involved limiting the supply of credit to shadow banks, which caused many to fear that a liquidity squeeze and credit crunch would ensue, possibly causing major dislocations. Global equity markets declined almost immediately on this news. However, the PBOC quickly stated that liquidity would be made available, causing interbank rates to decline, and financial markets to return to "normal", although interbank lending rates do remain somewhat higher than previously. The new Chinese leadership has made it clear that they are willing to sacrifice some economic growth in order to encourage orderly markets and responsible lending, while discouraging unapproved and possibly speculative banking activity. Our expectation is that Chinese GDP growth should approximate 7%.

We have constructed the Large Cap Growth portfolio based on our view of slow growth in the US, faster growth in the emerging markets, and a modest recession in Europe. Our strategy continues to focus on investments in businesses that generate the majority of their revenue in North America and emerging markets. At this time, emerging markets account for approximately 25% of weighted portfolio revenue, with North America at approximately 55%. We estimate that other developed markets account for 5% of revenue, and therefore the portfolio's revenue exposure to Europe approximates 15%.

The portfolio is currently valued at 19.1x next-four-quarter earnings through September 2014. We believe that the portfolio remains attractively valued in the current economic and investment environment. Our ten-person investment team continues to identify, research and model investments that we believe are unique, high quality, growing and predictable businesses. We continue to project a mid-to-high "teens" earnings growth rate through 2016. Additionally, the portfolio remains characterized by very strong balance sheets and significant free cash flow.

Key Information

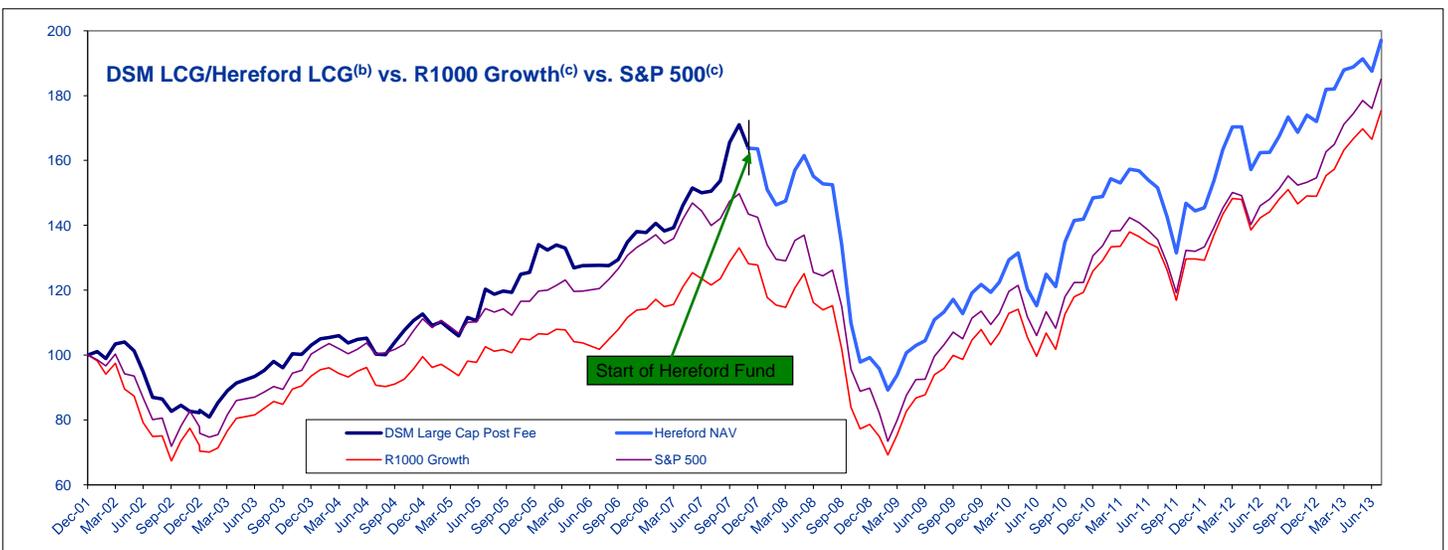
NAV A Shares (30/06/13)	US\$ 120.27
Total Fund Size	US\$ 148.9 mil
Strategy Assets	US\$ 4,072.0 mil <sup>(a)</sup>
Fund Launch Date	29-Nov-07

Monthly Performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Hereford Funds NAV	5.8	0.0	3.2	0.5	1.4	(2.0)	5.1						14.6
Russell 1000 Growth <sup>(c)</sup>	4.3	1.2	3.8	2.1	1.9	(1.9)	5.3						17.7
S&P 500 <sup>(c)</sup>	5.2	1.4	3.8	1.9	2.3	(1.3)	5.1						19.6

Period Performance (%)

	YTD	Since Inception 01/01/02											Cumulative	Annualised
		2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002		
DSM LCG/Hereford LCG Returns <sup>(b)</sup>	14.6	18.2	(2.0)	21.9	22.8	(39.3)	18.7	9.8	11.4	9.4	25.2	(17.7)	97.0	6.0
Russell 1000 Growth <sup>(c)</sup>	17.7	15.3	2.6	16.7	37.2	(38.4)	11.8	9.1	5.3	6.3	29.7	(27.9)	75.4	5.0
S&P 500 <sup>(c)</sup>	19.6	16.0	2.1	15.1	26.5	(37.0)	5.5	15.8	4.9	10.9	28.7	(22.1)	85.0	5.5





### Top Ten Holdings

BlackRock	Google
Celgene	Las Vegas Sands
Discovery Communications	Monsanto
Dollar General	Visa
eBay	Yum! Brands

### Sectoral Breakdown

Sectoral Breakdown	% of Assets
Consumer Discretionary	31.0%
Information Technology	17.8%
Health Care	15.1%
Industrials	11.2%
Materials	9.7%
Consumer Staples	7.6%
Financials	4.0%
Energy	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\$ 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	DSMUSLA LX	Volatility	n/a	15.0	15.6
ISIN	LU0327604228	Sharpe Ratio	n/a	0.3	0.2
Reuters	LP65102015	Information Ratio	n/a	0.1	
Sedol	B28TLX2	Tracking Error	n/a	7.1	
	3504726	Beta	n/a	0.9	
WKN	A0M58T	Alpha	n/a	1.5	

### 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 <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 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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