



**Investment Review**

The Hereford/DSM Large Cap Fund NAV appreciated 8.5% for the month of July compared to a 7.1% appreciation for the Russell 1000 Growth index and a 7.0% appreciation for the S&P500. At the end of July, the Fund was invested primarily in the health care, technology, consumer, business services, and financial services sectors, with a smaller weight in the industrials/materials sectors.

During the month, the Fund exceeded its benchmark, on a gross-of-expense basis by approximately 140 bps. This was primarily the result of positive stock selection in technology, consumer discretionary and industrials. Stock selection in the consumer staples sector detracted from performance. In July, the best performing positions in the portfolio were F5 Networks, Priceline.com and Expeditors International. Stryker, SEI Investments, Gen-Probe and C.R. Bard were the worst performers. During the month, the Fund exited its positions in C.R. Bard and SEI Investments. Bard was sold in order to reduce the portfolio's exposure to implantable medical devices given the potential for pricing pressures. A lackluster outlook for new business led us to sell the SEI position. The Fund re-purchased Amazon.com following a substantial decline in the stock price due to macro concerns over a slowing economy. While the company is not immune to an economic slowdown, the valuation had become attractive enough to re-initiate a position in the portfolio as Amazon continues to gain on-line retailing share.

Our economic outlook continues to be one of slower global economic growth. All of the well known negative variables inhibiting global economic growth remain in place: heavily indebted-fiscally unstable western world governments, state and local governments that are also in a state of fiscal distress, consumers that are heavily indebted, weak commercial and residential real estate markets and little prospect for job growth in the developed world. On the bullish side, all of the negative factors previously mentioned are well known; the global economy is growing slowly, emerging market economies continue to grow fairly rapidly, corporate balance sheets are very solid, corporate profits are strong and growing, and, in our view, valuations are very reasonable.

We believe that as the global economy maintains its slow growth and debt problems are managed, investor confidence can build, risk premiums can fall and the market may well provide very attractive rates of return. The portfolio is valued at 19x next-four-quarter earnings through June 30, 2011, and roughly 17x our estimate of calendar 2011 earnings. We are modeling a weighted average earnings growth rate of approximately 18% over the next few years. The portfolio continues to be characterized by very strong balance sheets, solid free cash flow, predictable earnings, and a group of companies that are very global. In fact, the portfolio of companies generates approximately 45% of sales outside the USA, with approximately 13% of total sales generated in emerging markets. We feel the portfolio is attractively priced and looking out over the next few years, we remain cautiously optimistic.

**Key information**

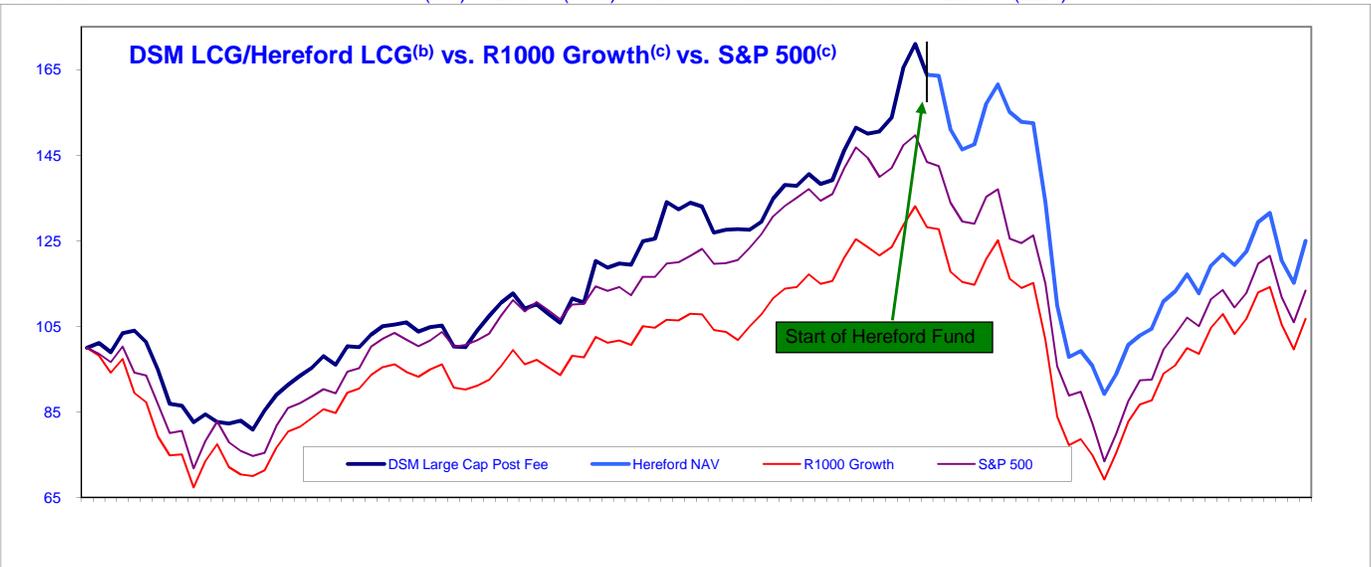
NAV A Shares (30/07/10): US\$ 76.27  
 Total Fund Size: US \$57.9 mil  
 Strategy Assets: US\$2,134.5 mil<sup>(a)</sup>  
 Fund Launch Date: 29-Nov-07

**Monthly Performance (%)**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Hereford Funds NAV	(2.1)	2.6	5.6	1.7	(8.5)	(4.3)	8.5						2.6
Russell 1000 <sup>(c)</sup>	(4.4)	3.4	5.8	1.1	(7.6)	(5.5)	7.1						(1.1)
S&P 500 <sup>(c)</sup>	(3.6)	3.1	6.0	1.6	(8.0)	(5.2)	7.0						(0.1)

**Period Performance (%)**

	2010	2009	2008	2007	2006	2005	2004	2003	2002	Since Inception 01/01/02 Cumulative	Annualised
DSM LCG/Hereford LCG Returns <sup>(b)</sup>	2.6	22.8	(39.3)	18.7	9.8	11.4	9.4	25.2	(17.7)	25.0	2.6
Russell 1000 <sup>(c)</sup>	(1.1)	37.2	(38.4)	11.8	9.1	5.3	6.3	29.7	(27.9)	6.7	0.8
S&P 500 <sup>(c)</sup>	(0.1)	26.5	(37.0)	5.5	15.8	4.9	10.9	28.7	(22.1)	13.4	1.5





### Top Ten Holdings

Varian Medical Systems  
 Target  
 Priceline.com  
 NetApp  
 Google  
 Expeditors International  
 Cognizant Technology Solutions  
 Celgene  
 C.H. Robinson Worldwide  
 Apple Computer

### Sectoral Breakdown

Information Technology	29.0%
Health Care	22.8%
Services	12.3%
Consumer Discretionary	12.3%
Consumer Staples	8.7%
Financials	6.1%
Energy	3.2%
Materials	2.9%
Industrials	2.1%

### % of Assets

### 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)	Since Inception Risk Profile	Hereford DSM US LCG	DSM LCG Composite	R1000 Growth	
Bloomberg	DSMUSLA LX	Volatility	n/a	15.0	16.1
ISIN	LU0327604228	Sharpe Ratio	n/a	0.0	-0.1
Reuters	LP65102015	Information Ratio	n/a	0.2	
Sedol	B28TLX2	Tracking Error	n/a	7.8	
Schwab and Northern Trust, two fine bus	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	VPB 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	VPB 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>(f)</sup>	1.25%
Share Class B	0.25% + 20% performance fee on outperformance vs US T-Bill with HWM
Share Class C <sup>(e)</sup>	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:

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.
- (e) Share Class C is German tax registered from 4/1/08.
- (f) Share Class U has UK Distributor Status as approved by HMRC

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