



**Investment Review**

The Hereford/DSM Large Cap Fund appreciated 6.3% for the month of September compared to a 4.5% appreciation for the Russell 1000 Growth Index and a 3.1% appreciation for the S&P 500 including dividends. At the end of September, the Fund was invested primarily in the consumer discretionary, technology, health care, industrials and materials sectors, with smaller weights in the consumer staples, financials and energy sectors.

During the month the Fund exceeded its benchmark by approximately 180 bps. This was primarily the result of the outperformance of our stock selections in the technology and consumer discretionary sectors. In September, the best performing positions in the portfolio were Celgene, Las Vegas Sands, eBay, Tencent Holdings and Visa. The worst performers for the month were Monster Beverage, Kinder Morgan, Intuitive Surgical, Cognizant Technology and SAP. During the month, we sold General Electric and SABMiller. General Electric was sold because the company's decision to sell certain financial businesses reduced earnings estimates, and we felt better opportunities existed in other names. Declining earnings estimates, mainly due to currencies, as well as a slowdown in some markets, led to the sale of SABMiller. With the proceeds of these sales, we initiated positions in Cognizant Technology Solutions, MasterCard and Rolls-Royce. Cognizant, which is one of the world's largest systems outsourcing companies, was repurchased because the business continues to perform well, while the risk of punitive legislation from Congress has declined significantly. Our improved economic outlook for Europe contributed to the purchase of MasterCard, the global payment solutions company, as it has significant business exposure there. Additionally, MasterCard may benefit from possible changes to debit rules. Rolls-Royce, the British company whose turbines power commercial and defense airplanes and ships, was also purchased. Rolls-Royce is a company we have followed for many years and have owned in our global strategies.

Our long standing forecast of "muddle through" global economic growth continues to appear reasonable. We expect North America to grow about 2% this year, and Europe to remain in recession although improving to approximately "zero" GDP growth. We expect the emerging markets, led by China, to continue to grow at a comparatively rapid pace, thereby generating global GDP growth in the 3% range in 2013. Thus far, on-going economic growth in North America and Asia has been sufficient to offset recession in Europe, enabling our muddle-through scenario to continue. In the US, the partial shutdown of Federal Government activities has begun. In our view there is limited economic risk to reduced government activity resulting from the shutdown, just as there has been little economic fallout from the ongoing sequester. US economic data has been solid, but growth has been slow. This slow growth, combined with a reduction in government activity, is sending bond prices higher (yields lower) and gold prices lower. Gold, once the darling of inflation fear mongers, has declined in price to where it was two or three years ago. With neither political party at significant risk of losing many House seats as a result of the shutdown, neither side feels much pressure to negotiate. It is interesting to note that equity markets have in the past largely ignored shutdowns as a temporary situation. On the other hand, the debt limit discussion will have to occur by mid-October when the US Government's ability to borrow reaches its legislated maximum. At this point it seems likely that the government budget and debt limit issues will be dealt with together. This process may well be seen as more significant to financial market participants.

Our strategy continues to focus on investments in businesses that generate the majority of their revenue in North America and emerging markets. That said, we believe Europe's economic outlook may be stabilizing at this time. Accordingly, we may slowly increase our exposure to that geographic area as opportunities are identified. At this time, emerging markets account for approximately 24% 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 16%. In our opinion, the valuation of the portfolio, at 19.4x next-four-quarter earnings, and 18.6x calendar 2014 earnings continues to be attractive in the current slow growth economic environment and relative to the market. We continue to project a mid-to-high "teens" earnings growth rate through 2017. Additionally, the portfolio remains characterized by strong balance sheets and significant free cash flow.

**Key Information**

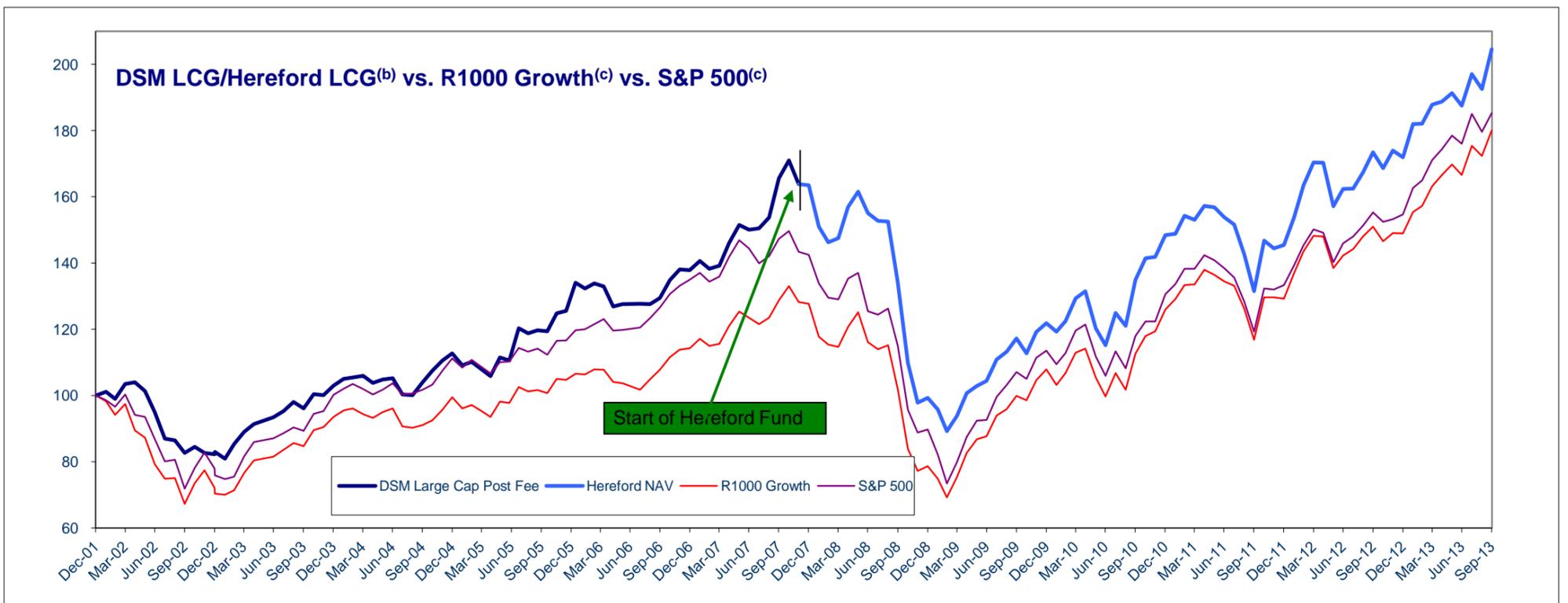
NAV A Shares (30/09/13)	US\$ 124.89
Total Fund Size	US\$ 145.1 mil
Strategy Assets	US\$ 4,622.8 mil <sup>(a)</sup>
Fund Launch Date	29-Nov-07

**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	(2.3)	6.3				19.0
Russell 1000 Growth <sup>(c)</sup>	4.3	1.2	3.8	2.1	1.9	(1.9)	5.3	(1.7)	4.5				20.9
S&P 500 <sup>(c)</sup>	5.2	1.4	3.8	1.9	2.3	(1.3)	5.1	(2.9)	3.1				19.8

**Period Performance (%)**

	YTD	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	Since Inception 01/01/02	Annualised
DSM LCG/Hereford LCG Returns <sup>(b)</sup>	19.0	18.2	(2.0)	21.9	22.8	(39.3)	18.7	9.8	11.4	9.4	25.2	(17.7)	Cumulative 104.6	6.3
Russell 1000 Growth <sup>(c)</sup>	20.9	15.3	2.6	16.7	37.2	(38.4)	11.8	9.1	5.3	6.3	29.7	(27.9)	80.1	5.1
S&P 500 <sup>(c)</sup>	19.8	16.0	2.1	15.1	26.5	(37.0)	5.5	15.8	4.9	10.9	28.7	(22.1)	85.3	5.4





### Top Ten Holdings

Celgene	Las Vegas Sands
Discovery Communications	Monsanto
Dollar General	Precision Castparts
eBay	Time Warner
Google	Visa

### Sectoral Breakdown

Sectoral Breakdown	% of Assets
Consumer Discretionary	30.3%
Information Technology	21.8%
Health Care	13.4%
Industrials	12.3%
Materials	10.0%
Consumer Staples	5.2%
Financials	3.6%
Energy	2.8%

### 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	0.2	
Sedol	B28TLX2	Tracking Error	n/a	6.9	
	3504726	Beta	n/a	0.9	
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, 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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