



Hereford Funds DSM US SMID Cap Growth Fund November 2008

November 2008 Investment Review

The DSM/Hereford SMID Cap Fund declined (12.3)% for the month of November (from the close of 28/11/08) compared to a decline of (11.3)% for the Russell 2500 Growth index and a (7.2)% decline for the S&P500. Consistent with last month, the majority of the fund remains invested in the health care, technology, financials, and services sectors. The weighted average P/E of the portfolio is 13.1x which we believe is attractive relative to long term estimated earnings growth of 18%.

The economy and the financial markets have reacted very negatively to losses from risky lending done globally over the past decade. We never imagined that so many global financial institutions could simultaneously make so many imprudent loans to individuals, corporations, nations and other financial institutions that were not credit worthy. As this process progressed, a "credit crunch" and "deleveraging process" has caused the financial markets to decline far more than we anticipated, leading to forced sales of debt and equity securities. Moreover, forced equity sales due to redemptions at a variety of investment vehicles, as well as those by worried institutions and individuals have driven the markets lower. To us it is clear that there is now a lot of cash "on the sidelines" and it is reasonable to assume that much of this capital is waiting to re-enter the market.

We continuously review our earnings models for each portfolio company. This work has reduced our weighted earnings growth expectations for calendar 2009 versus 2008 to the mid-teens range, while we see weighted earnings growth from 2009 forward at a high-teens rate.

At this time we believe the market and our stocks are immensely undervalued if one believes that the global economy will suffer only from a severe recession. If that is the case, our stocks are "pound the table cheap" and should be aggressively purchased.

During the month of November we started positions in Becman Coulter, a diagnostic testing equipment company; CAI International, a defense services company; Dun & Bradstreet, a B2B credit information firm; Genoptix, clinical diagnostics services for hematologists/oncologists; Northern Trust, one of the leading global custodian banks; St. Jude Medical, a leading manufacturer of cardiovascular devices for cardiac patients; UTI Worldwide is a global freight forwarding operation; and Western Union, the leading global money transfer business.

Key information

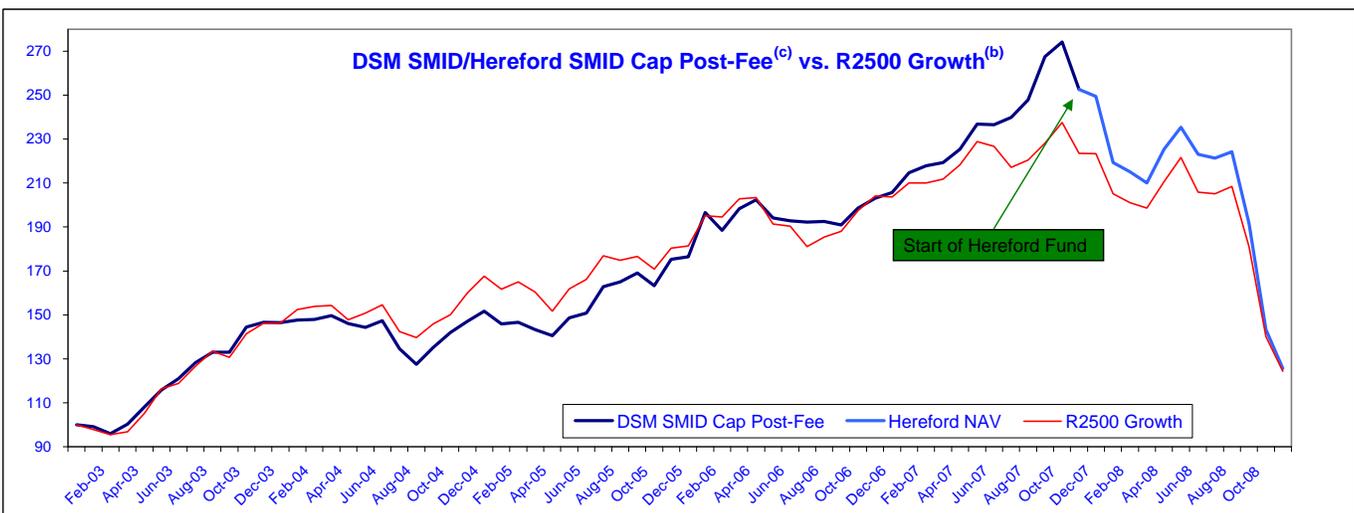
NAV A Shares (28/11/08): \$49.55
 Total Fund Size: \$2.1 mil
 Strategy Assets: \$27.9 mil^(a)
 Fund Launch Date: 29-Nov-07

Monthly Performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Hereford Funds NAV	(12.1)	(2.0)	(2.3)	7.3	4.4	(5.3)	(0.7)	1.3	(14.6)	(25.2)	(12.3)		(49.6)
Russell 2500 Growth ^(b)	(8.2)	(2.0)	(1.2)	6.0	5.3	(7.2)	(0.4)	1.7	(13.2)	(22.5)	(11.3)		(44.3)

Period Performance (%)

	YTD						Since Inception 01/01/03	
		2007	2006	2005	2004	2003	Cumulative	Annualised
DSM SMID Cap/Hereford SMID Returns ^(c)	(49.6)	21.3	16.5	16.4	3.6	46.4	25.6	3.9
Russell 2500 Growth ^(b)	(44.3)	9.7	12.3	8.2	14.6	46.3	24.4	3.8





Top Ten Holdings

	% NAV
C. R. Bard	6.6%
Cubist Pharmaceuticals	5.5%
SEI Investments	4.0%
Gen-Probe Inc.	3.8%
F5 Networks	3.7%
Hologic	3.7%
Harris Corp.	3.5%
DaVita Inc.	3.5%
Conceptus, Inc.	3.5%
Henry Schein	3.4%

Sectoral Breakdown

	% of assets
Health Care	46.2%
Informational Technology	21.7%
Services	18.0%
Financials	8.7%
Industrials	3.6%

Investment Objective

The investment objective of the sub fund is to provide capital appreciation principally through investments in US-based growing corporations with market capitalizations generally between \$300 mil and \$10 bil dollars. These companies are chosen for their growth prospects, attractive returns, solid business fundamentals and intelligent management. These companies will often have higher revenue and earnings growth rates and less "sell-side" research coverage than comparable larger capitalization corporations. The sub fund may, on an ancillary basis, invest in US-based companies with higher or lower market capitalizations as well as in non-US based companies. The sub fund may invest in American Depository Receipts and American Depository Shares. The reference benchmark for this strategy is the Russell 2500 Growth Index.

Fund Codes (Share Class A)		Since Inception	DSM US SMID	DSM SMID	R2500 Growth
		Risk Profile			
Bloomberg	DSMUSMA LX	Volatility	n/a	19.9	18.6
ISIN	LU0327605118	Sharpe Ratio	n/a	0.1	0.1
Reuters	LP65102019	Information Ratio	n/a	0.0	
Sedol	B28TM17	Tracking Error	n/a	7.2	
Valoren	3504786	Beta	n/a	1.0	
WKN	A0M58X	Alpha	n/a	0.2	

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	1.25%
Share Class B	0.25% + 20% performance fee on outperformance vs US T-Bill with HWM
Share Class C	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) Total return including dividends
(c) Data and graph depict DSM Composite through November 2007 and Hereford Funds DSM US SMID Cap Growth Fund Class A thereafter. Historical gross performance of DSM SMID Cap Composite returns (the Reference Strategy) minus modeled fee and expense typical of Hereford Funds DSM US SMID Cap Growth Fund Class A (1.25% fee + 0.25% expense). Fund follows same strategy. Performance presentation incomplete without accompanying footnote: as shown at dsmcapital.com.

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