



**Investment Review**

The Hereford/DSM Large Cap Fund NAV appreciated 0.7% for the month of December compared to a (0.3)% depreciation for the Russell 1000 Growth Index and a 1.0% appreciation for the S&P 500. At the end of December, the Fund was invested primarily in the business services, consumer discretionary, health care and technology sectors, with smaller weights in the materials and financials sectors.

During the month the Fund exceeded its benchmark by approximately 100 bps. This was primarily the result of the outperformance of our stock selections in the technology, health care and industrials sectors. Our stock selections in the energy sector detracted from performance. In December, the best performing positions in the portfolio were General Electric, Apple, Celgene, Visa and Allergan. The worst performers for the month were Schlumberger, Baker Hughes, Las Vegas Sands, Expeditors International and Cognizant Technology. During the month, we initiated a position in Tiffany & Company, one of the world's leading luxury goods companies. Well known for its engagement and wedding rings, Tiffany has significant exposure to the United States and emerging market economies, with less than 15% of revenues derived from Europe. To further increase the Fund's exposure to emerging markets, we also added SABMiller to the portfolio. SABMiller, the world's third largest brewer, distributes beer in over 60 countries. These purchases were partially funded by a trim of Nike on valuation.

At DSM we continue to maintain our "muddle through" global economic scenario. In the United States, recent economic statistics have been supportive of 2012 global economic growth approximating 2.5%. The equity markets of emerging market countries, particularly the "BRICs", have declined on average by more than 20% in 2011, perhaps presaging slower economic growth. Nonetheless, expected growth in emerging market economies is still likely to be well above that of the developed markets. Driven by 7%+ GDP growth in China, average growth of 4% or 5% for emerging market economies appears achievable. In Europe, sovereign debt issues and the related banking problems continue to weigh on economic growth. Accordingly, we believe a recession in Europe is a distinct outcome. Similarly, Japan's economic outlook in 2012 is for very minor growth, or perhaps a slight negative growth. Taken as a whole, prospects of a slow growth global economic outcome appear plausible.

Given the well-known risks, and the slow-growth global economic scenario, developed world central banks are likely to keep interest rates at historically low levels on an ongoing basis. "Easy money" is the monetary policy offset to tightening fiscal policies in the developed world. In our view, the next step necessary to restart the global economic engine would have to be tax and regulatory incentives to cause the private sector to begin investing, and thereby growing the global economy. In the developed world it is not possible to substantially grow consumer spending when in fact elevated levels of debt must be paid down. Clearly government balance sheets are stretched, thus spending must be constrained even if additional revenue is raised. In contrast, the corporate sector is in good financial condition. Given appropriate incentives and a supportive political environment, the corporate sector can be the catalyst to economic growth. It is our belief that a Republican White House, one year from now, might bring the confidence and incentives to corporate America necessary to enhance growth. If that change occurs, it may well prove to be the catalyst for accelerating global economic growth.

**Key Information**

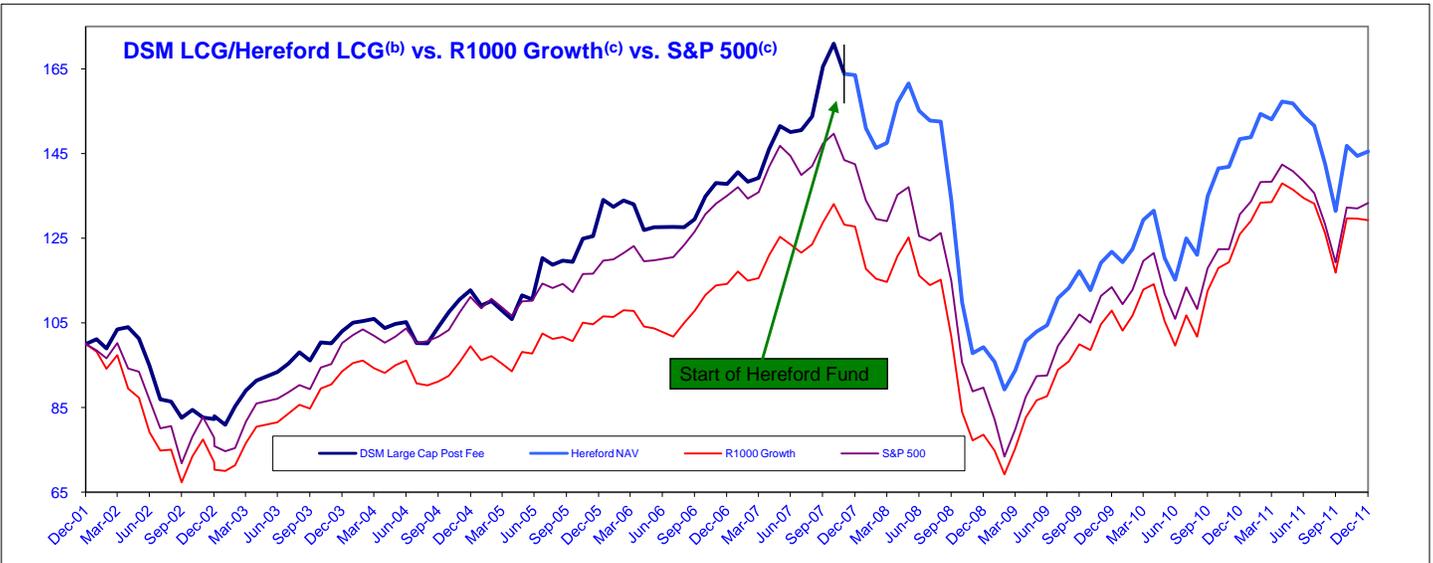
NAV A Shares (30/12/11)	US\$ 88.79
Total Fund Size	US\$ 91.6 mil
Strategy Assets	US\$ 2,597.1 mil(a)
Fund Launch Date	29-Nov-07

**Monthly Performance (%)**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Hereford Funds NAV	0.3	3.7	(0.8)	2.8	(0.3)	(1.8)	(1.5)	(5.9)	(7.8)	11.7	(1.6)	0.7	(2.0)
Russell 1000 <sup>(c)</sup>	2.5	3.3	0.1	3.4	(1.1)	(1.4)	(1.0)	(5.3)	(7.4)	11.0	(0.0)	(0.3)	2.6
S&P 500 <sup>(c)</sup>	2.4	3.4	0.0	3.0	(1.1)	(1.7)	(2.0)	(5.4)	(7.0)	10.9	(0.2)	1.0	2.1

**Period Performance (%)**

	YTD	2010	2009	2008	2007	2006	2005	2004	2003	2002	Since Inception 01/01/02 Cumulative	Annualised
DSM LCG/Hereford LCG Returns <sup>(b)</sup>	(2.0)	21.9	22.8	(39.3)	18.7	9.8	11.4	9.4	25.2	(17.7)	45.5	3.8
Russell 1000 <sup>(c)</sup>	2.6	16.7	37.2	(38.4)	11.8	9.1	5.3	6.3	29.7	(27.9)	29.2	2.6
S&P 500 <sup>(c)</sup>	2.1	15.1	26.5	(37.0)	5.5	15.8	4.9	10.9	28.7	(22.1)	33.3	2.9



**Top Ten Holdings**

3M Company  
Allergan  
Apple Computer  
Celgene  
Cognizant Technology Solutions  
Dollar General  
General Electric  
Schlumberger  
Shire PLC  
Visa

**Sectoral Breakdown**

Services	20.8%
Consumer Discretionary	17.6%
Health Care	17.2%
Information Technology	14.1%
Industrials	8.0%
Energy	7.3%
Consumer Staples	7.0%
Materials	5.4%
Financials	1.7%

**% 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 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.

<b>Fund Codes (Share Class A)</b>		<b>Since Inception Risk Profile</b>	<b>Hereford DSM US LCG</b>	<b>DSM LCG Composite</b>	<b>R1000 Growth</b>
Bloomberg	DSMUSLA LX	Volatility	n/a	15.4	16.3
ISIN	LU0327604228	Sharpe Ratio	n/a	0.1	0.0
Reuters	LP65102015	Information Ratio	n/a	0.2	
Sedol	B28TLX2	Tracking Error	n/a	7.3	
	3504726	Beta	n/a	0.8	
WKN	A0M58T	Alpha	n/a	1.3	

**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	VPB 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	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>(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  
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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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