



Hereford Funds DGHM US All-Cap Value Fund January 2010

January 2010 Investment Review

The Hereford Funds DGHM Allcap Value Fund returned -3.2% for the month of January compared to a -2.8% return for the Russell 3000 Value Index. While we did slightly underperform, there were no material detractors from performance. Our Banks did underperform during the month and we have made a tactical change in our bank strategy. We sold Old National Bancorp. ONB is well capitalized and has not had significant credit issues. However, these safer banks did underperform in 2009 and continued to do so in January. We are looking to add banks that will benefit from the credit recovery cycle. On the positive side, Energy did well as Plains Exploration saw nice appreciation as they had several successful wells in the Gulf of Mexico.

Cash averaged approximately 3% for the month. In addition to the sale of ONB, we did sell our Nucor position. As discussed in prior comments, steel prices have not participated in the global commodity rally due to overcapacity. We are looking to add to Basic Materials with a non steel stock. We purchased Alexandria Real Estate during the month. ARE is an attractively valued life sciences REIT. This will replace the Vornado position which has done well for us and is no longer attractively valued. Finally, we purchased Mueller Industries (MLI) which makes various plumbing and refrigeration products. This company has exposure to the recovering residential real estate sector.

Key Information

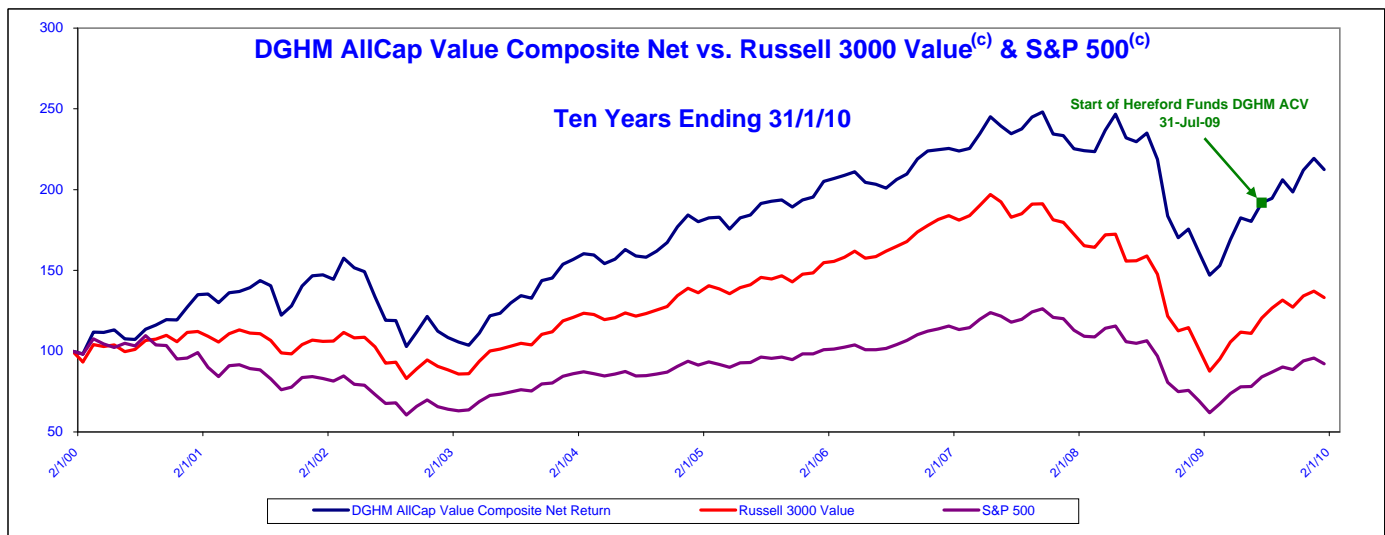
NAV A Shares (31/1/10): \$110.64
 Total Fund Size: \$2.5 mil
 Strategy Assets: \$279.8 mil
 Fund Launch Date: 31-Jul-09

Monthly Performance (%)

	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan-10	YTD
DGHM ACV / Hereford Funds DGHM ACV ^(b)	-8.8	4.1	10.4	8.1	-1.3	6.5	1.4	5.9	-3.6	6.8	3.5	-3.2	-3.2
Russell 3000 Value Index ^(c)	-13.4	8.6	11.1	5.9	-0.7	8.4	5.2	4.0	-3.4	5.4	2.2	-2.8	-2.8
S&P 500 Index ^(c)	-10.7	8.8	9.6	5.6	0.2	7.6	3.6	3.7	-1.9	6.0	1.9	-3.6	-3.6

Period Performance (%)

	YTD	1 yr	2 yr	3yr	4 yr	5 yr	10 yr	Since Inception 01/01/83	
								Cumulative	Annualised
DGHM ACV / Hereford Funds DGHM ACV ^(b)	-3.2	31.7	-2.9	-2.0	0.9	3.3	7.8	1800.4	11.5
Russell 3000 Value Index ^(c)	-2.8	31.8	-12.1	-10.2	-3.7	-0.4	2.9	1714.3	11.3
S&P 500 Index ^(c)	-3.6	33.1	-9.6	-7.2	-2.2	0.2	-0.8	1439.4	10.6



Top Ten Holdings

	% NAV
NII HLDGS INC CL B NEW	4.21
PLAINS EXPL & PRODTN COM	3.62
3M CO COM	3.56
WHITING PETE CORP NEW COM	3.42
SUNTRUST BKS INC COM	3.16
GENERAL DYNAMICS CORP COM	3.06
DIRECTV GROUP INC COM	3.05
EXELON CORP COM	3.02
ENCANA CORP COM	3.00
EOG RES INC COM	2.96

Sectoral Breakdown

	% of assets
Industrial Cyclical	29.7
Financial	21.8
Non Cyclical	16.2
Consumer Cyclical	9.7
Utilities	9.6
Cash	7.9
Technology	5.1
	100



Investment Objective

The investment objective of the ACV sub fund is to provide capital appreciation over a multi-year investment horizon by investing primarily in a diversified portfolio of publicly traded equity securities of US based companies, which the Investment Manager believes to be undervalued. The companies will generally have a market capitalizations of more than USD 750 million.

The sub fund may, on an ancillary basis, invest in US-based companies with higher or lower capitalizations as well as in non US-based companies. The Compartment may invest in American Depository Receipts and American Depository Shares.

The indicative benchmarks are the Russell 3000 Value and the S&P 500 Indices.

Fund Codes		Risk Profile ^(d)	Since Inception (01/01/83) - 12/31/09	Reference Strategy	R3000 Value	S&P 500
Bloomberg	HERACVALX	Volatility		16.85	15.98	16.47
ISIN	LU0435791347	Sharpe Ratio		0.50	0.41	0.36
Reuters	N/A	Information Ratio		(listed below benchmark)	0.27	0.30
Sedol	B5MDN13	Tracking Error		(listed below benchmark)	7.25	8.70
Valoren	10269479	Beta		(listed below benchmark)	0.95	0.88
WKN	A0RPYP	Alpha		(listed below benchmark)	2.50	3.86

Fund Details

Dealing day	Daily
Dividends	None: income accumulated within the fund
Investment Manager	Dalton, Greiner, Hartman, Maher & Co., LLC, 565 Fifth Avenue, Ste. 2101, NY, NY 10017, 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	1.25%
Share Class D	1.75%

Minimum Investment

Share Class A	\$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 DGHM composite through July 2009 and Hereford Funds DGHM US All-Cap Value Class A thereafter. Historical net performance of DGHM All-Cap Value Composite returns (the Reference Strategy) includes modelled fee and expense typical of Hereford Funds DGHM US All-Cap Value Fund Class A (1.25% fee + 0.25% expense). Fund follows same strategy. Performance presentation incomplete without accompanying footnotes as shown at www.dghm.com.

(c) Total return including dividends.

(d) Source: PSN database – All numbers are presented gross of fees and expenses.

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An investment should be made only on the basis of the prospectus, the annual and any subsequent semi-annual-reports of HEREFORD FUNDS (the "Fund"), a société d'investissement à capital variable, established in Luxembourg and registered under Part I of Luxembourg law of 20 December, approved by the Commission de Surveillance du Secteur Financier (CSSF). These can be obtained from [the Fund, 26, avenue de la Liberté, L-1930 Luxembourg or from VPB Finance S.A., 26, avenue de la Liberté, L-1930 Luxembourg and any distributor or intermediary appointed by the Fund].

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