



Hereford Funds DGHM US All-Cap Value Fund February 2010

February 2010 Investment Review

The Hereford Funds DGHM Allcap Value Fund returned 3.7% for the month of February compared to a 3.3% return for the Russell 3000 Value Index. Our slight outperformance was driven by strong stock selection in Telecom Services and Healthcare. There were no material detractors from performance. Cash averaged approximately 2% for the month which did detract 17bp's from performance.

We were active during the month as we added four new names. As discussed in last month's letter, we did purchase a new bank to replace Old National Bancorp. The bank is Regions Financial. Region's is a South East based bank that has had some credit issues. We believe that the worst of these are behind them and that the company should experience improving fundamentals. A replacement was found for Nucor with the purchase of Clearwater Paper. Clearwater is a niche provider of private label consumer products. We added a transportation name with the purchase of United Parcel Service. UPS is a play on economic growth and expansion into Europe. Finally, in the Insurance sector, we replaced Travelers with Ace Ltd. Both are property and casualty insurers. Travelers has done well for us and is no longer as attractively valued as Ace.

There were no material changes in sector weightings as replacements were found for positions that had been sold in January. UPS was added in Transportation.

Key Information

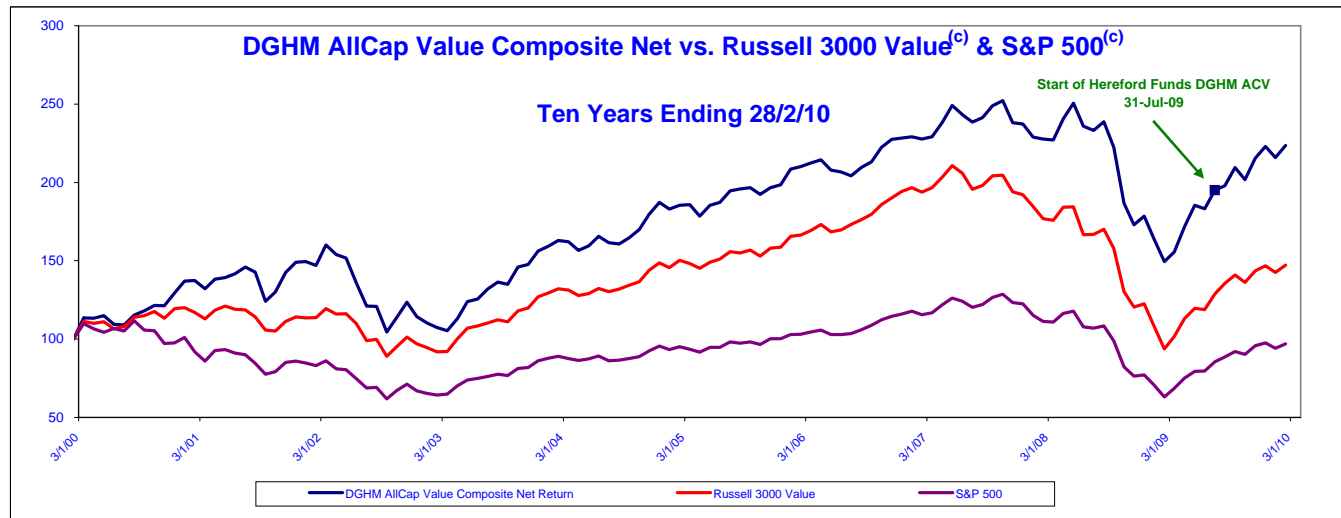
NAV A Shares (28/2/10): \$114.70
 Total Fund Size: \$2.9 mil
 Strategy Assets: \$296.2 mil
 Fund Launch Date: 31-Jul-09

Monthly Performance (%)

	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan-10	Feb-10	YTD
DGHM ACV / Hereford Funds DGHM ACV ^(b)	4.1	10.4	8.1	-1.3	6.5	1.4	5.9	-3.6	6.8	3.5	-3.2	3.7	0.3
Russell 3000 Value Index ^(c)	8.6	11.1	5.9	-0.7	8.4	5.2	4.0	-3.4	5.4	2.2	-2.8	3.3	0.4
S&P 500 Index ^(c)	8.8	9.6	5.6	0.2	7.6	3.6	3.7	-1.9	6.0	1.9	-3.6	3.1	-0.6

Period Performance (%)

	YTD	Since Inception 01/01/83							Annualised
		1 yr	2 yr	3yr	4 yr	5 yr	10 yr	Cumulative	
DGHM ACV / Hereford Funds DGHM ACV ^(b)	0.3	49.7	-0.9	-0.6	1.6	3.8	8.4	1870.2	11.6
Russell 3000 Value Index ^(c)	0.4	57.2	-8.7	-8.7	-3.0	-0.4	3.9	1773.8	11.4
S&P 500 Index ^(c)	-0.6	53.6	-6.7	-5.7	-1.5	0.4	-0.3	1487.1	10.7



Top Ten Holdings

	% NAV
NII HLDGS INC CL B NEW	3.87
WHITING PETE CORP NEW COM	3.69
PLAINS EXPL & PRODTN COM	3.39
DIRECTV GROUP INC COM	3.24
GENERAL DYNAMICS CORP COM	3.18
ENCANA CORP COM	3.10
3M CO COM	3.02
REGIONS FINANCIAL CORP COM	3.00
SUNTRUST BKS INC COM	2.97
EOG RES INC COM	2.97

Sectoral Breakdown

	% of assets
Industrial Cyclical	36.0
Financial	23.4
Non Cyclical	15.7
Consumer Cyclical	10.4
Utilities	8.8
Technology	5.2
Cash	0.5
	100.0



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	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 & 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:	Subsequent Applications Only Via Facsimile:
VPB Finance S.A.	VPB Finance S.A.
attn. Fund Operations / TA-HFF	attn. Fund Operations / TA-HFF
P.O. Box 923	Fax : (+352) 404 770 283
L-2019 Luxembourg	Tel: (+352) 404 770 260
or, for transmissions via courier service, 26, avenue de la Liberté, L-1930 Luxembourg	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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