



# Hereford Funds DGHM US All-Cap Value Fund May 2010

## May 2010 Investment Review

The Hereford Funds DGHM Allcap Value Fund returned -7.2% for the month of May compared to a -8.2% return for the Russell 3000 Value Index. This outperformance was the result of strong stock selection in Energy, Consumer Services, and Technology. Each of these sectors added close to or slightly above 50 basis points. There were no material detractors from performance. Telecomm Services had the greatest impact at negative 39 basis points. While we are never happy to have a down month of upper single digits, we are pleased that the fund outperformed during a volatile period for world markets. Cash averaged approximately 1% for the month which positively impacted performance by 16 basis points.

We added one new name. MGIC Investment Corp. replaced Federated Investors which was sold in April. MGIC is a provider of mortgage insurance. This is a play on a recovery in housing prices in the United States. Plains Exploration was sold due to its exposure to upcoming exploration wells in the deepwater Gulf of Mexico. A six month federal moratorium has been declared on new drilling due to environmental concerns after the recent accident.

There were no material changes in sector weightings. We are at the lower end of the energy band due to the sale of Plains Exploration.

## Key Information

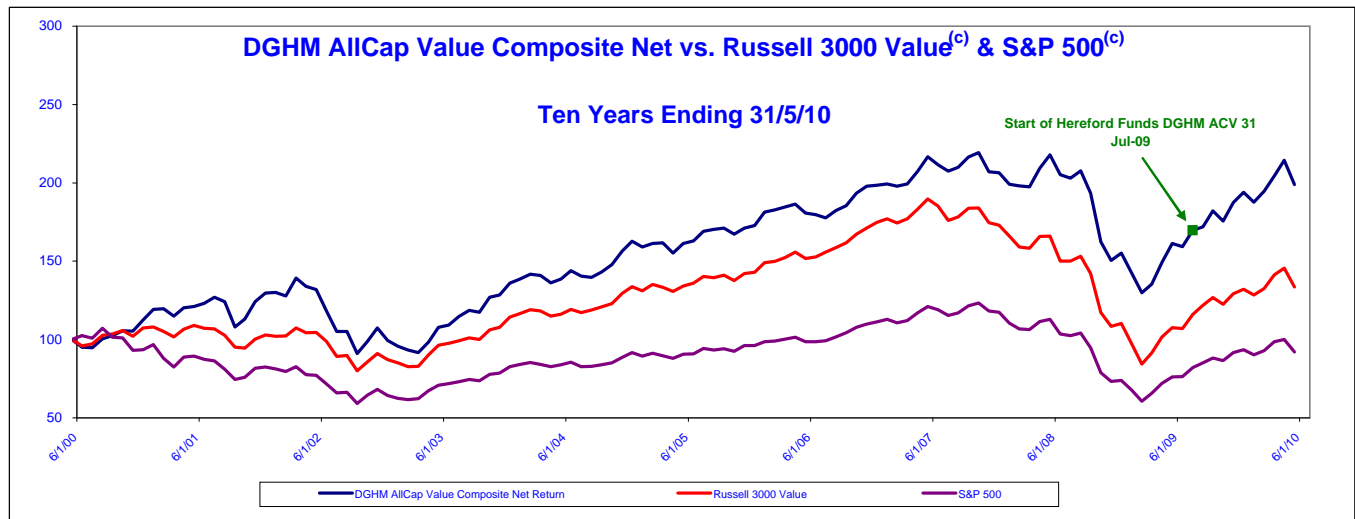
NAV A Shares (31/5/10): \$117.31  
 Total Fund Size: \$3.0 mil  
 Strategy Assets: \$314.0 mil  
 Fund Launch Date: 31-Jul-09

## Monthly Performance (%)

	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan-10	Feb-10	Mar-10	Apr-10	May-10	YTD
DGHM ACV / Hereford Funds DGHM ACV <sup>(b)</sup>	-1.3	6.5	1.4	5.9	-3.6	6.8	3.5	-3.2	3.7	5.1	4.9	-7.2	2.6
Russell 3000 Value Index <sup>(c)</sup>	-0.7	8.4	5.2	4.0	-3.4	5.4	2.2	-2.8	3.3	6.7	3.0	-8.2	1.1
S&P 500 Index <sup>(c)</sup>	0.2	7.6	3.6	3.7	-1.9	6.0	1.9	-3.6	3.1	6.0	1.6	-8.0	-1.5

## Period Performance (%)

	YTD	1 yr	2 yr	3 yr	4 yr	5 yr	10 yr	Since Inception 01/01/83	
								Cumulative	Annualised
DGHM ACV / Hereford Funds DGHM ACV <sup>(b)</sup>	2.6	23.3	-4.5	-2.8	2.4	4.3	7.1	1915.0	11.6
Russell 3000 Value Index <sup>(c)</sup>	1.1	24.0	-10.3	-11.0	-3.1	-0.1	2.9	1788.2	11.3
S&P 500 Index <sup>(c)</sup>	-1.5	21.0	-9.7	-8.7	-1.7	0.3	-0.8	1472.9	10.6



## Top Ten Holdings

WHITING PETE CORP NEW COM	3.78
PIONEER NAT RES CO COM	3.69
NII HLDGS INC CL B NEW	3.69
DIRECTV GROUP INC COM	3.52
REGIONS FINANCIAL CORP COM	3.32
SUNTRUST BKS INC COM	3.29
VIACOM INC CL B NEW	3.26
EOG RES INC COM	3.23
PHARMACEUTICAL PROD COM	3.13
ACE LTD ORD	2.96

## % NAV

## Sectoral Breakdown

## % of assets

Industrial Cyclical	34.2
Financial	25.2
Non Cyclical	12.9
Consumer Cyclical	10.8
Utilities	9.2
Technology	5.2
Cash	2.5
	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 <sup>(d)</sup>	Since Inception (01/01/83) - 3/31/10	Reference Strategy	R3000 Value	S&P 500
Bloomberg	HERACVALX	Volatility		16.78	15.92	16.41
ISIN	LU0435791347	Sharpe Ratio		0.52	0.42	0.37
Reuters	N/A	Information Ratio		(listed below benchmark)	0.26	0.30
Sedol	B5MDN13	Tracking Error		(listed below benchmark)	7.22	8.66
Valoren	10269479	Beta		(listed below benchmark)	0.95	0.88
WKN	A0RPYP	Alpha		(listed below benchmark)	2.47	3.87

## 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:

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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