



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

## July 2010 Investment Review

The Hereford Funds DGHM Allcap Value Fund returned 5.6% for the month of July compared to a 6.8% return for the Russell 3000 Value Index. Year to date, we are pleased to report that the Hereford Funds DGHM ACV Fund returned 2.4% compared to a 1.7% return for the Russell 3000 Value Index. The underperformance during the month was the result of poor stock selection in Energy and Healthcare. Energy, which detracted 76bp's, was impacted by poor quarterly reports for Pioneer Natural Resources and EnCana. Healthcare, which detracted 58bp's, was impacted by a poor quarterly report for Stryker. In all cases, we believe the setbacks are temporary and we have retained these positions. Banks and misc. financials were our best performing sectors as each added approximately 50bp's. Cash averaged approximately 0.5% for the month which negatively impacted performance by 7 basis points.

We purchased two new positions during the month and sold one name. In the retail sector, Wal-Mart replaced the struggling Gap. In healthcare we added to our overall weight with the purchase of Stryker. Stryker is one of the leading providers of orthopedic products. As discussed in last month's letter, we have moved this month to adjust our portfolio for the annual June reconstitution of the R3000 Value Index. Thus we reduced our Energy weight and moved the proceeds into Healthcare. There were no other material changes in sector weightings during the month.

I would also like to remind investors that during periods of market volatility like we are currently experiencing, our disciplined structured process will particularly serve us well. Our process does not allow us to get caught up in the emotional swings as markets gyrate up and down.

## Key Information

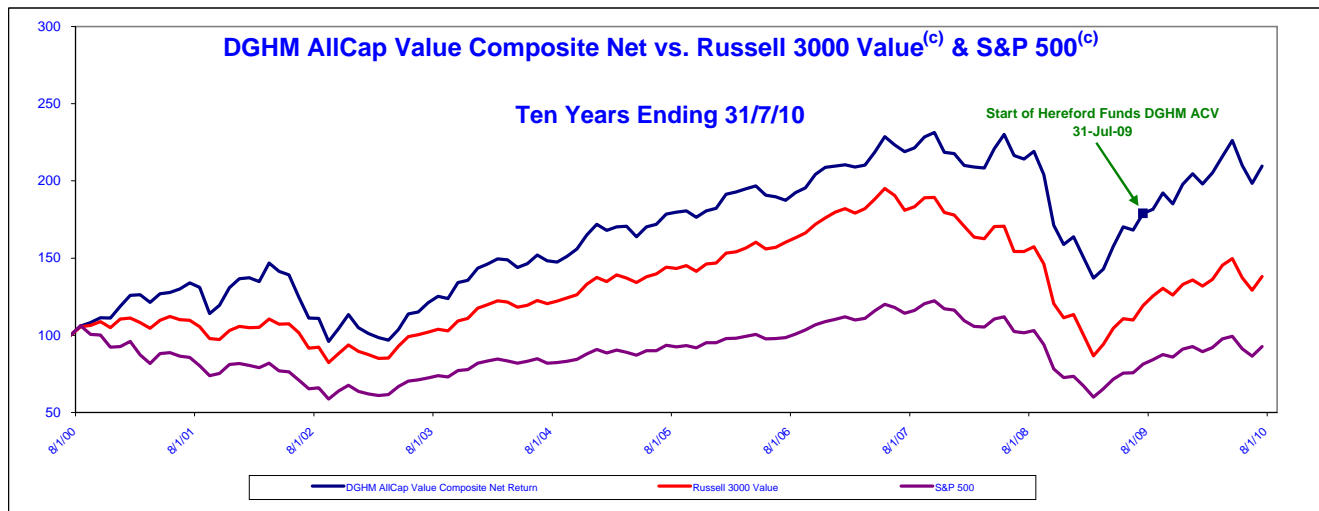
NAV A Shares (31/7/10): \$117.08  
 Total Fund Size: \$24.2 mil  
 Strategy Assets: \$346.8 mil  
 Fund Launch Date: 31-Jul-09

## Monthly Performance (%)

	Aug	Sep	Oct	Nov	Dec	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	YTD
Hereford Funds DGHM AllCap Value	1.4	5.9	-3.6	6.8	3.5	-3.2	3.7	5.1	4.9	-7.2	-5.5	5.6	2.4
Russell 3000 Value Index <sup>(c)</sup>	5.2	4.0	-3.4	5.4	2.2	-2.8	3.3	6.7	3.0	-8.2	-5.9	6.8	1.7
S&P 500 Index <sup>(c)</sup>	3.6	3.7	-1.9	6.0	1.9	-3.6	3.1	6.0	1.6	-8.0	-5.2	7.0	-0.1

## 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 <sup>(b)</sup>	2.4	17.1	-1.1	-1.4	2.8	3.3	7.7	1911.0	11.5
Russell 3000 Value Index <sup>(c)</sup>	1.7	15.8	-5.4	-8.6	-3.7	-0.9	3.3	1797.8	11.3
S&P 500 Index <sup>(c)</sup>	-0.1	13.8	-4.6	-6.8	-1.5	-0.2	-0.8	1495.1	10.6



## Top Ten Holdings

	% NAV
NII HLDGS INC CL B NEW	3.83
DIRECTV GROUP INC COM	3.50
FRANKLIN RES INC COM	3.41
ACE LTD ORD	3.27
VIACOM INC CL B NEW	3.25
REGIONS FINANCIAL CORP COM	3.22
SUNTRUST BKS INC COM	3.20
PIEDMONT NAT GAS INC COM	3.18
ALEXANDRIA REAL EST EQ COM	3.16
VECTREN CORP COM	3.10

## Sectoral Breakdown

	% of assets
Industrial Cyclical	31.40
Financial	26.50
Non Cyclical	16.30
Utilities	10.10
Consumer Cyclical	10.00
Technology	5.30
Cash	0.40
	100.00



### 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) - 30/06/10	Reference Strategy	R3000 Value	S&P 500
Bloomberg	HERACVALX	Volatility		16.85	16.08	16.56
ISIN	LU0435791347	Sharpe Ratio		0.49	0.39	0.33
Reuters	N/A	Information Ratio		(listed below benchmark)	0.28	0.31
Sedol	B5MDN13	Tracking Error		(listed below benchmark)	7.20	8.64
Valoren	10269479	Beta		(listed below benchmark)	0.95	0.88
WKN	A0RPYP	Alpha		(listed below benchmark)	2.56	3.92

### 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 <sup>(e)</sup> & 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](http://www.dghm.com).

(c) Total return including dividends.

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

(e) Share Class A is German tax registered from 27/5/10.

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