



Investment Review

The Hereford/DSM Large Cap Fund NAV appreciated 0.3% for the month of January compared to a 2.5% appreciation for the Russell 1000 Growth index and a 2.4% appreciation for the S&P 500. At the end of January, the Fund was invested primarily in the technology, health care, consumer discretionary, and business services sectors, with smaller weights in the materials and industrials sectors.

During the month the Fund trailed its benchmark, on a gross-of-expense basis, by approximately 220 bps. This was primarily the result of negative stock selections in the technology, industrials and consumer staples sectors. Stock selections in the energy sector benefitted performance. In January, the best performing positions in the portfolio were Intuitive Surgical, Baker Hughes, Schlumberger, Apple and Tencent. Celgene, F5 Networks, Target, Expeditors and Nestle were the worst performers. During the month, the Fund exited its positions in Danone, Novo Nordisk and Target and initiated a position in General Electric. We sold Novo Nordisk on valuation as its price reached our target on a strong performance in 2010. Target was sold after reporting weaker than expected same store sales for December. Danone was sold on concerns over the effect rising commodity costs would have on margins. Proceeds from this sale were used to fund the purchase of General Electric, the diversified technology, media and financial services company. Of late, General Electric has experienced solid improvements in its key industrial businesses and at GE Capital.

Clearly the global economy is growing, albeit at a rate slower than most would like. Policy makers are challenged throughout the world, but it appears to us that steady progress is being made. Accordingly, we are maintaining our "muddle through" scenario, although we are aware that these policy challenges do create investment risk. Of course, we are not alone in monitoring these risks. We believe the markets are attractively priced, in part because these risks are largely well known and "priced into" the current market valuation.

S&P 500 earnings estimates are above \$83 for 2010, and are projected to exceed \$93 for 2011. Previous peak calendar year earnings were approximately \$88, which roughly coincided with the S&P 500 at 1500 in 2007. With the S&P 500 presently priced at 1319, it is approximately 12% below its peak level in 2007. Further, the price earnings ratio of the S&P 500 is 14.2x 2011 estimated earnings. Normally in periods of low inflation and steady economic growth, the market is valued at 15x to 18x earnings. Given that the current S&P 500 price-earnings ratio is 14.2x, we believe the S&P 500 has reasonable upside potential from its current level.

That said, we do not expect the S&P 500's price-earnings ratio to expand to the mid-point or high-end of its historic range of 15x to 18x when inflation is low. The systematic risks of too much debt and large unfunded pension and health care liabilities in the Western World will, in our opinion, likely cause valuations to remain below levels they might otherwise reach.

Key information

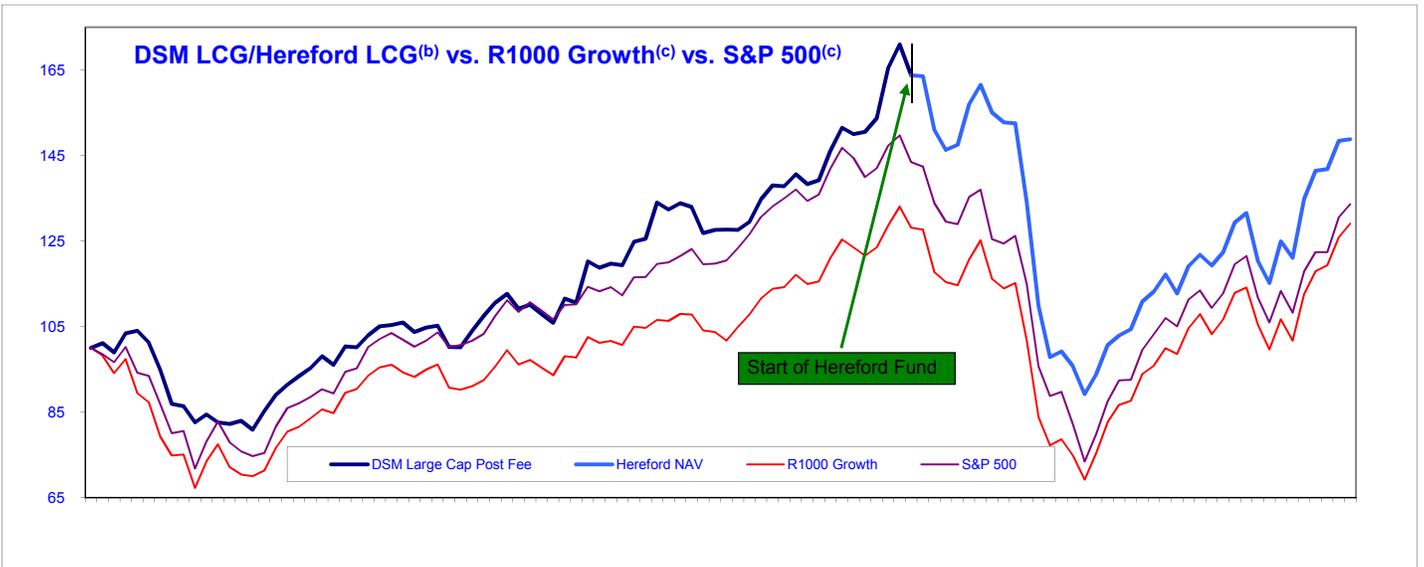
NAV A Shares (31/01/11): US\$ 90.86
 Total Fund Size: US \$118.3 mil
 Strategy Assets: US\$2,642.5 mil^(a)
 Fund Launch Date: 29-Nov-07

Monthly Performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Hereford Funds NAV	0.3												0.3
Russell 1000 ^(c)	2.5												2.5
S&P 500 ^(c)	2.4												2.4

Period Performance (%)

	YTD	2010	2009	2008	2007	2006	2005	2004	2003	2002	Since Inception 01/01/02 Cumulative	Annualised
DSM LCG/Hereford LCG Returns ^(b)	0.3	21.9	22.8	(39.3)	18.7	9.8	11.4	9.4	25.2	(17.7)	48.9	4.5
Russell 1000 ^(c)	2.5	16.7	37.2	(38.4)	11.8	9.1	5.3	6.3	29.7	(27.9)	29.1	2.9
S&P 500 ^(c)	2.4	15.1	26.5	(37.0)	5.5	15.8	4.9	10.9	28.7	(22.1)	33.7	3.2





Top Ten Holdings

Apple Computer
 Baker Hughes
 Celgene
 Cognizant Technology Solutions
 Google
 Intuitive Surgical
 NetApp
 Priceline.com
 Schlumberger
 Shire PLC

Sectoral Breakdown % of Assets

Sector	% of Assets
Information Technology	31.3%
Health Care	17.6%
Services	13.4%
Consumer Discretionary	9.0%
Energy	8.7%
Financials	5.8%
Consumer Staples	5.8%
Industrials	4.4%
Materials	3.0%

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 2 billion dollars. 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.

Fund Codes (Share Class A)		Since Inception Risk Profile	Hereford DSM US LCG	DSM LCG Composite	R1000 Growth
Bloomberg	DSMUSLA LX	Volatility	n/a	15.2	16.3
ISIN	LU0327604228	Sharpe Ratio	n/a	0.2	0.1
Reuters	LP65102015	Information Ratio	n/a	0.2	
Sedol	B28TLX2 3504726	Tracking Error	n/a	7.6	
		Beta	n/a	0.8	
WKN	A0M58T	Alpha	n/a	1.7	

Fund Details

Dealing Day	Daily
Dividends	None - income accumulated within the fund
Investment Manager	DSM Capital Partners LLC, 320 East Main Street, Mount Kisco, NY 10549, 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 ^(e)	1.25%
Share Class B	0.25% + 20% performance fee on outperformance vs US T-Bill with HWM
Share Class D ^(f)	1.75%

Minimum Investment

Share Class A&B	\$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 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.
- (e) Share Class U has UK Distributor Status as approved by HMRC and has applied for UK Reporting Fund Status for the year to September 2011.
- (f) Share Class D is German tax registered from October 1, 2010.

This document is for information purposes only. It is neither an advice nor a recommendation to enter into any investment. Investment suitability must be determined for each investor, and this fund may not be suitable for all investors. This information does not provide any accounting, legal, regulatory or tax advice. Investors should consult professional advisers to evaluate this information. 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]. No warranty is given, in whole or in part, regarding performance of the Fund. There is no guarantee that its investment objectives will be achieved. Investors should be aware that the value of investments can fall as well as rise and that they may not recover the full amount invested. Past performance is no guide to future performance. The information provided in this document may be subject to change without any warning or prior notice and should be read in conjunction with the most recent publication of the Prospectus of the Fund. While great care is taken to ensure that this information is accurate, no responsibility can be accepted for any errors, mistakes or omission or for future returns. This document is intended for the use of the addressee only and may not be reproduced, redistributed, passed on or published, in whole or in part, for any purpose, without the prior written consent of HEREFORD FUNDS. Neither the CSSF nor any other regulator has approved this document. Full details of the investment policy and objectives are stated in the Prospectus.