



Hereford Funds

DSM US Large Cap Growth

February 2012

Investment Review

The Hereford/DSM Large Cap Fund appreciated 6.2% for the month of February compared to a 4.8% appreciation for the Russell 1000 Growth Index and a 4.3% appreciation for the S&P 500 including dividends. At the end of February, the Fund was invested primarily in the business services, technology, health care and consumer discretionary sectors, with smaller weights in the industrials and financials sectors.

During the month the Fund exceeded its benchmark by approximately 140 bps. This was primarily the result of the outperformance of our stock selections in the technology and consumer sectors. Our stock selections in the industrials and materials sectors detracted from performance. In February, the best performing positions in the portfolio were Apple, Visa, Priceline.com, Philip Morris International and Las Vegas Sands. The worst performers for the month were Monsanto, Expeditors International, Ecolab, Family Dollar Stores and Dollar General. During the month, we initiated a position in Ecolab and sold the Fund's position in 3M Company. Ecolab is a well-respected provider of cleaning chemicals and services for the food production industry, as well as for the hospitality, health care and government verticals. They recently acquired Nalco, a synergistic acquisition selling supplies and services for boiler cleaning and water treatment. 3M was sold due to a less robust earnings outlook, which when combined with recent price appreciation caused the stock to appear fully valued.

Through the end of February, global markets moved ahead a strong 10% so far in 2012, after increasing 10% in the fourth quarter of 2011, buoyed by US economic reports, on-going growth in emerging markets, as well as the latest funding of debt issuance by European nations. We know that igniting economic growth in an over-leveraged Western world is not as straightforward as re-starting economies after normal "business-cycle" recessions. Thus, we have stayed with our "muddle-through" global economic forecast for over two years, because 3% global GDP growth still seems to us the "most likely" case. Importantly in our view, monetary policy has remained "easy" in the United States, while the ECB and now China are easing monetary policy as well. Markets respond positively to such policies, so long as inflation remains in check.

We have constructed the Fund's present portfolio based on our view of slow growth in the US, faster growth in the emerging markets, and modest recession in Europe. As a result, the combined portfolio holdings generate revenue approximately 50% from North America, 25% from the rest of the developed world (mostly Europe), and 25% from emerging markets. Revenue exposure to Europe is just under 20%.

The portfolio continues to be focused on unique global businesses that have been identified, and are subject to continuing analysis by our ten-member investment team. We believe that the valuation of the portfolio, at 15.8x next-four-quarter earnings continues to be attractive in the current economic environment and relative to the market. We continue to project a high-teens earnings growth rate through 2015. Additionally, the portfolio continues to be characterized by very strong balance sheets and significant free cash flow.

Key Information

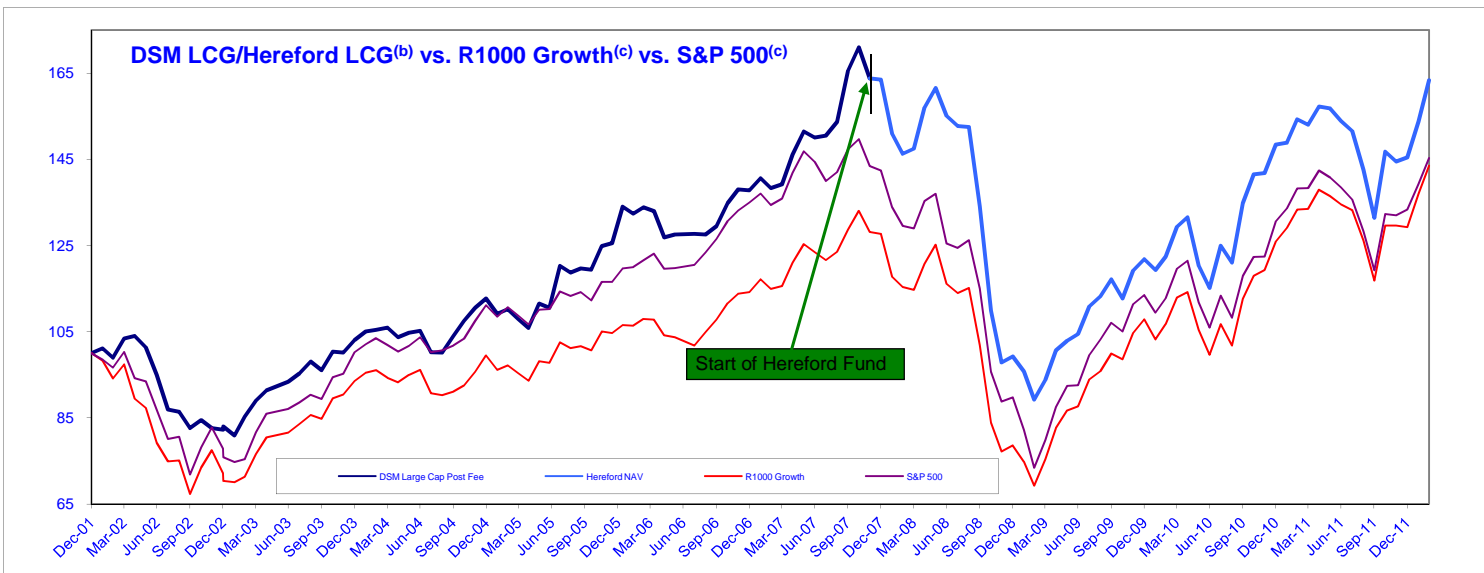
NAV A Shares (29/02/12)	US\$ 99.72
Total Fund Size	US\$ 93.7 mil
Strategy Assets	US\$ 2,689.0 mil(a)
Fund Launch Date	29-Nov-07

Monthly Performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Hereford Funds NAV	5.7	6.2											12.3
Russell 1000 ^(c)	6.0	4.8											11.0
S&P 500 ^(c)	4.5	4.3											9.0

Period Performance (%)

	YTD	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	Since Inception 01/01/02	
DSM LCG/Hereford LCG Returns ^(b)	12.3	(2.0)	21.9	22.8	(39.3)	18.7	9.8	11.4	9.4	25.2	(17.7)	Cumulative	Annualised
Russell 1000 ^(c)	11.0	2.6	16.7	37.2	(38.4)	11.8	9.1	5.3	6.3	29.7	(27.9)	63.4	4.9
S&P 500 ^(c)	9.0	2.1	15.1	26.5	(37.0)	5.5	15.8	4.9	10.9	28.7	(22.1)	43.5	3.6
												45.3	3.7



**Top Ten Holdings**

Allergan
 Apple Computer
 Celgene
 Cognizant Technology Solutions
 Dollar General
 General Electric
 Priceline.com
 Schlumberger
 Shire PLC
 Visa

Sectoral Breakdown

	% of Assets
Services	22.2%
Information Technology	17.6%
Health Care	17.3%
Consumer Discretionary	16.1%
Energy	7.6%
Materials	7.5%
Consumer Staples	4.8%
Industrials	4.0%
Financials	2.6%

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 US\$ 2 billion. 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 Depositary Receipts and American Depositary 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	15.4	16.3
ISIN	LU0327604228	Sharpe Ratio	n/a	0.2	0.1
Reuters	LP65102015	Information Ratio	n/a	0.2	
Sedol	B28TLX2	Tracking Error	n/a	7.3	
	3504726	Beta	n/a	0.8	
WKN	AOM58T	Alpha	n/a	1.6	

Fund Details

Dealing Day	Daily
Dividends	None - income accumulated within the fund
Investment Manager	DSM Capital Partners LLC, 116 Radio Circle Drive, Suite 200, Mount Kisco, NY 10549, USA
Promoter	VP Bank (Luxembourg) S.A., 26 Avenue de la Liberté, L-1930 Luxembourg
Management Company	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 D ^(f)	1.75%

Minimum Investment

Share Class A & U ^(e)	\$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, authorised for public distribution in Switzerland by Finma, and registered with the AMF for public distribution in France.
 (e) Share Class U has been granted Reporting Status by HMRC as of October 1st, 2010
 (f) Share Class D is German tax registered from October 1, 2010.

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