



Investment Review

The Hereford/DSM Large Cap Fund was flat for the month of February compared to a 1.2% appreciation for the Russell 1000 Growth Index and a 1.4% appreciation for the S&P 500 including dividends. At the end of February, the Fund was invested primarily in the technology, consumer discretionary, health care and industrials sectors, with smaller weights in the consumer staples and energy sectors.

During the month the Fund trailed its benchmark by approximately 120 bps. This was primarily the result of the underperformance of our stock selections in the health care and consumer discretionary sectors. Our stock selections in the industrials sector benefitted performance. In February, the best performing positions in the portfolio were Celgene, Ecolab, Google, General Electric and Discovery Communications. The worst performers for the month were Intuitive Surgical, Las Vegas Sands, Facebook, Apple and Shire. During the month, we sold our remaining position in Shire on concerns regarding their pipeline of new products, as well as possible generic competition. We also trimmed several positions as a result of significant stock appreciation including Allergan, WW Grainger and SABMiller. With the proceeds of these sales, we established a position in Alexion Pharmaceuticals. Alexion researches and develops proprietary drugs for the treatment of autoimmune and cardiovascular diseases. Its largest drug is Solaris which is approved for two ultra-rare indications. Additional indications for this drug and additional new drugs are in the pipeline. We also added to several existing positions including Starbucks and Yum Brands.

We continue to maintain our long-held view of a "muddle through" global economic outlook. We expect North America to grow about 2% this year; Europe to remain in recession; and the emerging markets, led by China, to continue to grow at a rapid pace, thereby generating global GDP growth in the 3% range in 2013. In the US, many retailers are reporting weaker than expected sales to start the new year. We believe, as described previously, that the return of the 2% payroll tax, combined with a substantial increase in wage tax rates, new limits on deductions for higher incomes, and significant increases in tax rates on dividends and capital gains, will impact the vast majority of American taxpayers and investors. Perhaps some of the economic impacts of the tax increases are reflected in retail sales. Additionally, we believe that capital gains tax increases likely caused investors to accelerate capital gains into 2012, while delaying taking losses until 2013. This behavior would cause economic growth in 2012 to be overstated, while 2013 should be reduced by a similar amount. Fiscal policy emanating from Congress and the White House is the only way to drive economic growth, but thus far pro-growth fiscal policy is nowhere to be found. Pro-growth policies would involve lower tax rates and reduced regulatory demands, as well as clarity on employer health care costs, none of which are in the offing. Accordingly, recent economic statistics have been mixed. European economic policy remains focused on "austerity", not growth, which continues to generate recession and high unemployment in Europe. It is true that the financial markets have improved in Europe as a result of central bank (ECB) actions, but monetary policy cannot create real economic growth, jobs and prosperity. As in the States, politicians seem unable to back pro-growth fiscal policies without appearing to their constituents to be caving in to business interests. Regarding China, we continue to be impressed with the management of their immense and evolving economy. Credit growth has been strong in recent months creating fears of both inflation and credit losses, especially among the local provinces. The People's Bank of China, in response, has been reported to be moving toward a slightly tighter monetary policy. Provisions are also underway to curb housing price appreciation, whereby the central government is encouraging local governments to create purchase restrictions as a way of preventing speculation.

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 continues to be attractive in the current slow growth economic environment and relative to the market. We also continue to project a mid-to-high teens earnings growth rate through 2016. Additionally, the portfolio remains characterized by very strong balance sheets and significant free cash flow.

Key Information

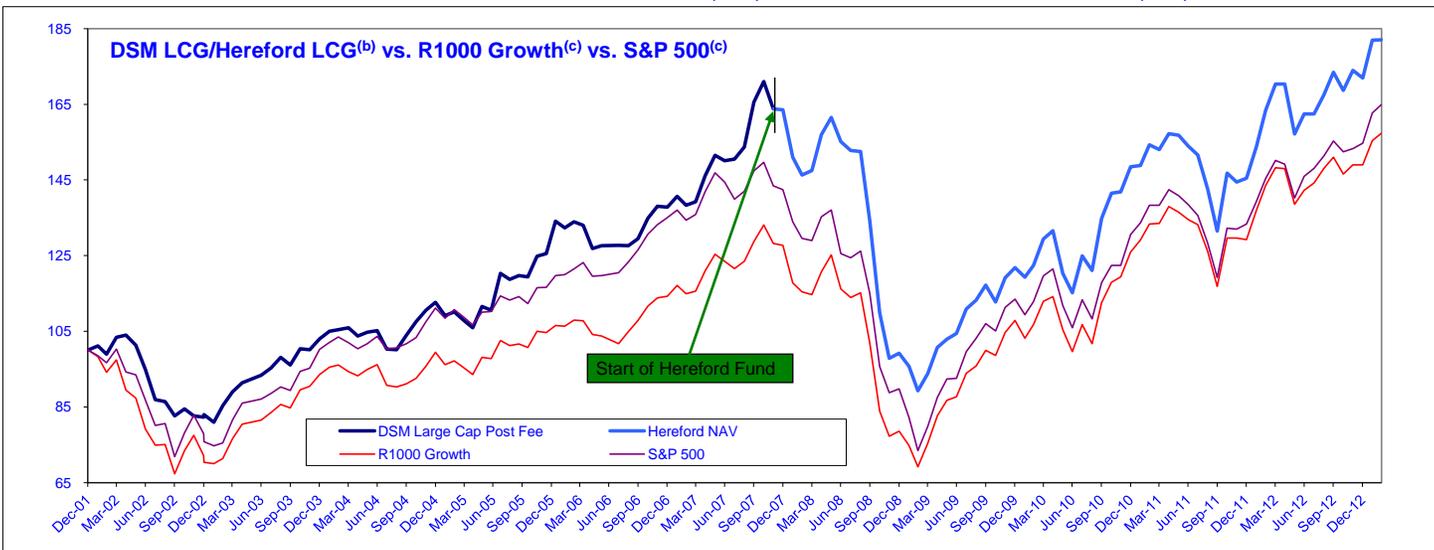
| | |
|-------------------------|---------------------------------|
| NAV A Shares (28/02/13) | US\$ 111.12 |
| Total Fund Size | US\$ 138.9 mil |
| Strategy Assets | US\$ 2,732.5 mil ^(a) |
| Fund Launch Date | 29-Nov-07 |

Monthly Performance (%)

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|------------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Hereford Funds NAV | 5.8 | 0.0 | | | | | | | | | | | 5.9 |
| Russell 1000 Growth ^(c) | 4.3 | 1.2 | | | | | | | | | | | 5.6 |
| S&P 500 ^(c) | 5.2 | 1.4 | | | | | | | | | | | 6.6 |

Period Performance (%)

| | YTD | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | Since Inception 01/01/02 | |
|---|-----|------|-------|------|------|--------|------|------|------|------|------|--------|--------------------------|------------|
| | | | | | | | | | | | | | Cumulative | Annualised |
| DSM LCG/Hereford LCG Returns ^(b) | 5.9 | 18.2 | (2.0) | 21.9 | 22.8 | (39.3) | 18.7 | 9.8 | 11.4 | 9.4 | 25.2 | (17.7) | 82.0 | 5.5 |
| Russell 1000 Growth ^(c) | 5.6 | 15.3 | 2.6 | 16.7 | 37.2 | (38.4) | 11.8 | 9.1 | 5.3 | 6.3 | 29.7 | (27.9) | 57.3 | 4.1 |
| S&P 500 ^(c) | 6.6 | 16.0 | 2.1 | 15.1 | 26.5 | (37.0) | 5.5 | 15.8 | 4.9 | 10.9 | 28.7 | (22.1) | 64.9 | 4.6 |





Top Ten Holdings

| | |
|----------------|---------------------|
| Allergan | Ecolab |
| Apple | General Electric |
| Celgene | Monsanto |
| Dollar General | Precision Castparts |
| eBay | Visa |

Sectoral Breakdown

| Sectoral Breakdown | % of Assets |
|------------------------|-------------|
| Information Technology | 28.4% |
| Consumer Discretionary | 22.8% |
| Health Care | 16.6% |
| Industrials | 12.5% |
| Materials | 8.8% |
| Consumer Staples | 5.2% |
| Energy | 4.8% |
| Financials | 0.0% |

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 US\$ 5 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 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 |
| ISIN | LU0327604228 | Sharpe Ratio | n/a | 0.3 |
| Reuters | LP65102015 | Information Ratio | n/a | 0.2 |
| Sedol | B28TLX2 | Tracking Error | n/a | 7.0 |
| | 3504726 | Beta | n/a | 0.9 |
| 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, 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 BaFin for public distribution in Germany from 17/10/12, registered with the AFM for public distribution in the Netherlands and registered with the AMF for public distribution in France.
 (e) Share Class U has been granted Reporting Status by HMRC as of October 1, 2010.
 (f) Share Class D is German tax registered from October 1, 2010.

France - Centralizing Correspondent as defined by French Regulation:
Société Générale - Order Desk, 32, avenue du Champ de Tir, BP 81236, F-44312 Nantes Cedex 3
Phone: +33/2.51.85.66.40, Fax: +33/2.51.85.58.71

Germany – Paying Agent as defined by German Regulation:
Marcard, Stein & Co – Ballindamm 36, 20095 Hamburg
Phone: +49/40.32.099.556, Fax: +49/40.32.099.206

Switzerland - Representative and Paying Agent as defined by Swiss Regulation:
Société Générale, Zurich Branch, Talacker, 50, P.O. Box 1928, CH-8021 Zurich
Phone: +41/58.272.34.18 Fax: +41/58.272.35.49

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.