



Investment Review

The Hereford/DSM Large Cap Fund appreciated 7.1% for the month of February compared to a 5.2% appreciation for the Russell 1000 Growth Index and a 4.6% appreciation for the S&P 500 including dividends. At the end of February, the Fund was invested primarily in the consumer discretionary, technology and health care sectors, with smaller weights in the materials, financials, industrials and consumer staples sectors.

During the month the Fund exceeded its benchmark by approximately 190 bps. This was primarily the result of the outperformance of our stock selections in the consumer discretionary, health care and technology sectors. In February, the best performing positions in the portfolio were Priceline.com, Tencent Holdings, Alexion Pharmaceuticals, Wynn Resorts and Regeneron Pharmaceuticals. The worst performers for the month were Estee Lauder, Starbucks, Praxair, Precision Castparts and BlackRock. During the month, we sold the Fund's positions in Estee Lauder and Praxair. Estee Lauder was sold due to earnings disappointments. While revenue growth had been largely in-line with our expectations, increased investment in advertising and marketing programs has reduced earnings estimates. Praxair was sold on appreciation, as well as the fact that certain of its foreign markets, particularly Brazil and Canada, were posing a currency translation problem for earnings. We believe both Estee Lauder and Praxair are very good companies, and we may well purchase them again in the future. With the proceeds of these sales, we added to existing positions in Cognizant Technology Solutions, Ecolab, Regeneron Pharmaceuticals, Starbucks, Swatch Group, TJX Companies and Yum! Brands.

Our assessment last year of improved synchronous global economic growth remains our most likely projection. We believe that a concurrent economic expansion in North America, Europe, Japan and China has tentatively taken hold. There continues to be a respectable foundation for 2% or better growth in the US. The Eurozone economic outlook has improved fractionally, but the stronger Euro and fears of deflation continue to act as headwinds to more robust growth. It therefore remains likely that the ECB will keep rates at current or lower levels if necessary, especially with inflation expected to remain low for the foreseeable future. In Japan, Prime Minister Abe's version of QE appears to be aiding economic activity. China is restructuring its economy in order to drive growth with domestic consumption and services, instead of from export industries and investment in real estate. There is little doubt that this is a long and difficult course that will take years to implement, especially when banking reforms are part of the process. Many inside and outside of China believe that a possible lack of liquidity is the biggest risk to the Chinese financial system. As domestic consumption is increased and financial system reforms are put into place, there is some risk of a slowdown in the Chinese economy as this process proceeds. In addition, Chinese leadership is taking aggressive steps to reduce pollution in China, while also embarking on a high-profile campaign against corruption.

As we have discussed, the portfolio remains constructed based on our view of slow growth in the US, faster growth in the emerging markets and fractional growth in Europe. Our strategy continues to focus on investments in businesses that generate the majority of their revenue in North America and emerging markets. At this time, emerging markets account for approximately 22% of weighted portfolio revenue, with North America at approximately 52%. We estimate that other developed markets account for 5% of revenue, and therefore the portfolio's revenue exposure to Europe approximates 21%. Our investment team and investment process remain focused on research, earnings, valuation and new investment ideas. We believe that a steady flow of new ideas can reduce risk and enhance returns. Our goal is to identify, research and model businesses that we believe are unique, growing and predictable. We feel that the valuation of the portfolio, at 21.7x next-four-quarter earnings through March of 2015 based on our calculations, continues to be attractive in the current slow growth economic environment and relative to the market.

Key Information

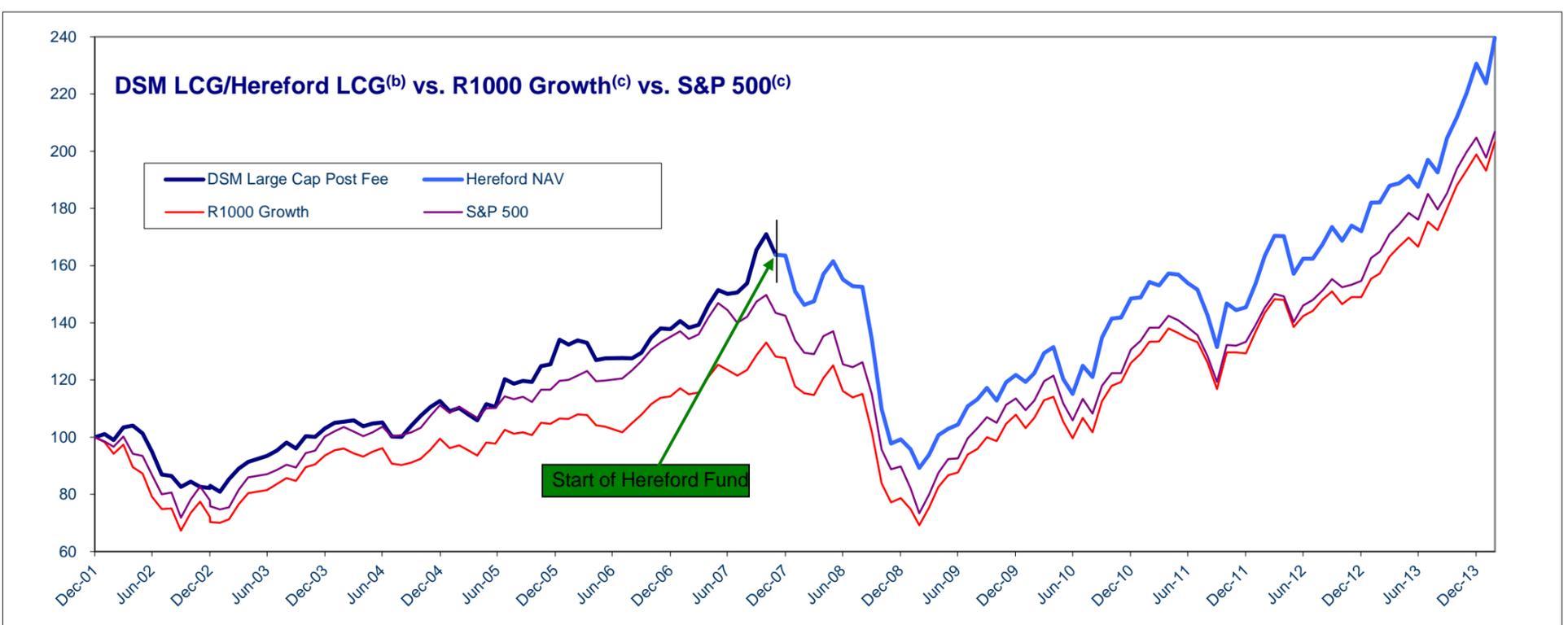
NAV A Shares (28/02/14)	US\$ 146.27
Total Fund Size	US\$ 161.2 mil
Strategy Assets	US\$ 4,273.8 mil ^(a)
Fund Launch Date	29-Nov-07

Monthly Performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Hereford Funds NAV	(3.0)	7.1											3.9
Russell 1000 Growth ^(c)	(2.9)	5.2											2.2
S&P 500 ^(c)	(3.5)	4.6											1.0

Period Performance (%)

	YTD	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	Cumulative	Annualised
DSM LCG/Hereford LCG Returns ^(b)	3.9	34.1	18.2	(2.0)	21.9	22.8	(39.3)	18.7	9.8	11.4	9.4	25.2	(17.7)	139.6	7.4
Russell 1000 Growth ^(c)	2.2	33.5	15.3	2.6	16.7	37.2	(38.4)	11.8	9.1	5.3	6.3	29.7	(27.9)	103.1	6.0
S&P 500 ^(c)	1.0	32.4	16.0	2.1	15.1	26.5	(37.0)	5.5	15.8	4.9	10.9	28.7	(22.1)	106.7	6.2





Top Ten Holdings

Alexion Pharmaceuticals	Priceline.com
Celgene	Tencent Holdings
Cognizant Technology Solutions	Visa
Google	Wynn Resorts
Monsanto	Yum! Brands

Sectoral Breakdown

Sectoral Breakdown	% of Assets
Consumer Discretionary	34.2%
Information Technology	23.2%
Health Care	20.9%
Materials	6.7%
Financials	6.1%
Industrials	5.8%
Consumer Staples	2.8%

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	15.0	15.5
ISIN	LU0327604228	Sharpe Ratio	n/a	0.4	0.3
Reuters	LP65102015	Information Ratio	n/a	0.2	
Sedol	B28TLX2	Tracking Error	n/a	6.8	
	3504726	Beta	n/a	0.9	
WKN	A0M58T	Alpha	n/a	2.0	

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
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Tel: (+352) 404 770 260
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- (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.

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