



Hereford Funds

DSM US Large Cap Growth

March 2013

Investment Review

The Hereford/DSM Large Cap Fund appreciated 3.2% for the month of March compared to a 3.8% appreciation for the Russell 1000 Growth Index and a 3.8% appreciation for the S&P 500 including dividends. At the end of March, the Fund was invested primarily in the consumer discretionary, technology, 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 60 bps. This was primarily the result of the underperformance of our stock selections in the technology sector. Our stock selections in the consumer discretionary sector benefitted performance. In March, the best performing positions in the portfolio were Celgene, Dollar General, Las Vegas Sands, Yum! Brands and Visa. The worst performers for the month were Tencent Holdings, Intuitive Surgical, Schlumberger, eBay and Google. During the month, we sold our positions in DaVita Healthcare Partners, Facebook and W.W. Grainger due to appreciation. It is worth noting that we held DaVita only a short time, because its quick appreciation after the first purchase prevented us from adding to the position. The Facebook position also had appreciated substantially since it was purchased. The potentially positive earnings impact of strong revenue growth in Facebook's recent quarter was offset by the company's announcement of a substantial increase in "investment spending". The result was a reduction in earnings estimates which was also a contributing factor in the sale. With the proceeds of these sales, we established new positions in SAP AG, one of the two leading global companies in enterprise management software, and Time Warner Inc. We believe SAP is well positioned to grow into adjacent markets such as database, cloud computing and "big data" with its new in-memory storage technology known as HANA. The catalyst for the purchase of Time Warner was the company's announcement that they would spin off Time Inc., the magazine publishing business that has been hard hit by the internet. Time Inc. represented 12% of revenue and much less in operating profit. The remaining businesses are more profitable content providers - cable networks including TBS, TNT, CNN, the Cartoon Network, and Warner Brothers television and film production.

Our outlook has not changed over the last few years. We believe global growth will likely be lower in 2013 than what we might have expected twelve months ago. However, we still believe the world will "muddle through", with an improving outlook in the emerging markets, slow growth in the United States and recession in Europe. The events in Cyprus have increased the probability of a more severe recession in Europe, but we nonetheless believe that the probability of a moderate global recession has lessened. As investors we must recognize that there are no fast or painless solutions for the lack of economic growth, nor for the financial problems of Europe or the United States. Unfortunately, Western world politicians continue to avoid pro-growth economic solutions, the centerpiece of which would be private sector growth. A change of policy focus, even in times of crisis, appears unlikely. Thus we expect our "muddle on" scenario to continue.

Consistent with our commentary over the past eighteen to twenty-four months, we have constructed the portfolio based on our view of slow growth in the US, faster growth in the emerging markets, and a modest recession 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 58%. We estimate that other developed markets account for 5% of revenue, and therefore the portfolio's revenue exposure to Europe approximates 15%. DSM's ten-person investment team continues to identify, research and model businesses that we believe are unique. In our opinion, the valuation of the portfolio, at 17.3x next-four-quarter earnings, continues to be attractive in the current slow growth economic environment and relative to the market. We continue to project a mid-to-high "teens" earnings growth rate through 2016. Additionally, the portfolio remains characterized by strong balance sheets and significant free cash flow.

Key Information

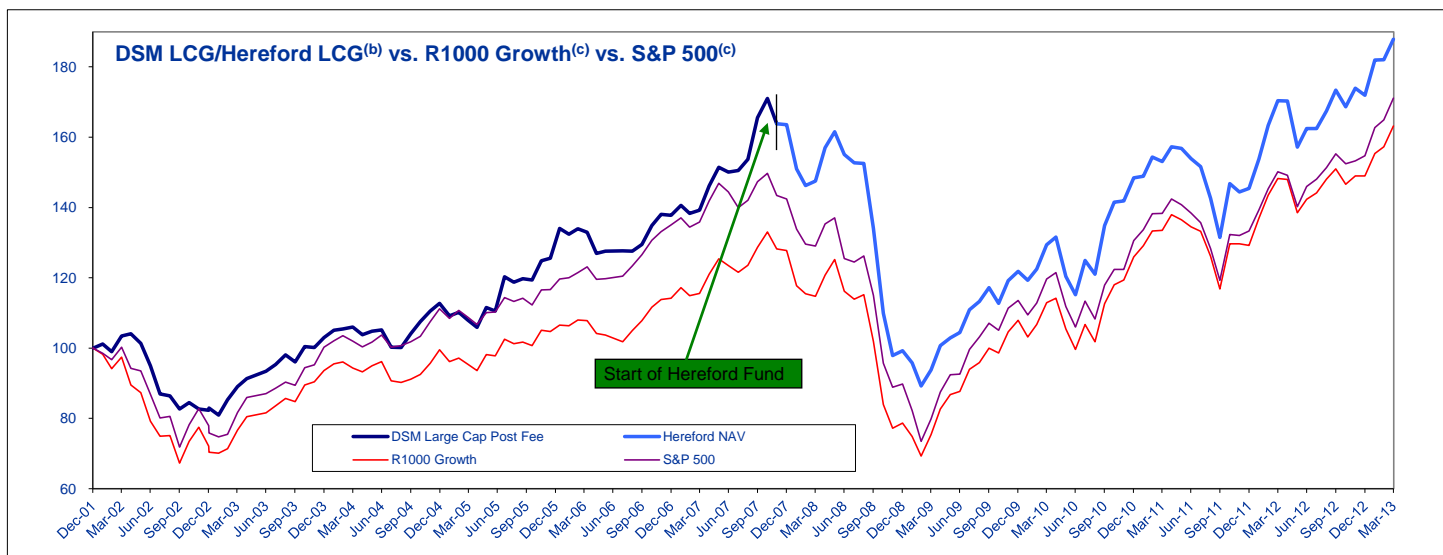
NAV A Shares (31/03/13)	US\$ 114.68
Total Fund Size	US\$ 144.9 mil
Strategy Assets	US\$ 3,894.7 mil ^(a)
Fund Launch Date	29-Nov-07

Monthly Performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Hereford Funds NAV	5.8	0.0	3.2										9.3
Russell 1000 Growth ^(c)	4.3	1.2	3.8										9.5
S&P 500 ^(c)	5.2	1.4	3.8										10.6

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)	9.3	18.2	(2.0)	21.9	22.8	(39.3)	18.7	9.8	11.4	9.4	25.2	(17.7)	87.9		5.8
Russell 1000 Growth ^(c)	9.5	15.3	2.6	16.7	37.2	(38.4)	11.8	9.1	5.3	6.3	29.7	(27.9)	63.2		4.4
S&P 500 ^(c)	10.6	16.0	2.1	15.1	26.5	(37.0)	5.5	15.8	4.9	10.9	28.7	(22.1)	71.1		4.9



**Top Ten Holdings**

Apple	Las Vegas Sands
Celgene	Monsanto
Dollar General	Precision Castparts
eBay	Visa
Intuitive Surgical	Yum! Brands

Sectoral Breakdown

	% of Assets
Consumer Discretionary	27.8%
Information Technology	26.5%
Health Care	16.1%
Industrials	10.7%
Materials	7.8%
Consumer Staples	5.1%
Energy	4.9%
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	15.8
ISIN	LU0327604228	Sharpe Ratio	n/a	0.3	0.2
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. Earnings projections are not guarantees of future results and there is no representation that the securities discussed were or will be profitable. 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.