



Hereford Funds

DSM US Large Cap Growth

March 2014

Investment Review

The Hereford/DSM Large Cap Fund depreciated (4.9)% for the month of March compared to a (1.0)% depreciation for the Russell 1000 Growth Index and a 0.8% appreciation for the S&P 500 including dividends. At the end of March, the Fund was invested primarily in the consumer discretionary, technology and health care sectors, with smaller weights in the industrials, financials, materials and consumer staples sectors.

During the month the Fund trailed its benchmark by approximately 390 bps. This was primarily the result of the underperformance of our stock selections in the health care and technology sectors. Our selections in financials benefitted performance. In March, the best performing positions in the portfolio were Invesco, Monsanto, BlackRock, Starbucks and Yum! Brands. The worst performers for the month were Celgene, Alexion Pharmaceuticals, Tencent Holdings, Priceline and Google. During the month, we trimmed several positions including Airbus, Alexion Pharmaceuticals, Biogen Idec, Ecolab, Tencent Holdings and Wynn Resorts. We used the proceeds from these sales to add to the portfolio's existing positions in Dollar General, Discovery Communications and Starbucks. We also initiated a position in Safran SA, a Paris-based manufacturer of commercial aerospace and, to a lesser extent, defense aerospace systems. Safran's biggest business is the design and manufacture of jet engines in a joint venture with General Electric. These engines are sold primarily for use on both Airbus and Boeing narrow-bodied aircraft. The backlog of demand for these engines, as well as the related service contracts, extends into the next decade. Safran's other businesses include biometric identification, SIM Cards and baggage screening, and represent about 10% of company sales. With limited competition, long-term demand and extensive service contracts we are optimistic that Safran is well placed to prosper over the coming years.

We continue to believe that a concurrent economic expansion in North America, Europe, Japan and China has tentatively taken hold. We expect global economic growth will remain slow and steady in the 2% to 3% range. However, our forecast has been placed at risk as a result of the potential economic disruptions caused by the Russian annexation of Crimea. Even if Russia advances no further than Crimea, Western sanctions, perhaps combined with Russian efforts to raise the cost of natural gas sold to Europe, could be damaging to what is a very fragile start to economic growth in Europe. If Russia invades part or perhaps all of the Ukraine, the economic impact could be quite detrimental to Europe and certainly financial markets may respond adversely as well.

Our investment team continues to implement the same research and valuation process across all of DSM's strategies. We remain focused on research, earnings, valuation and new investment ideas. In the past we have experienced periods of underperformance. However, historically we have demonstrated that we can rebound from such periods, and we have every reason to believe that will be the case this year as well. The best performing sectors in the Russell 1000 during March included consumer staples, energy, financials, telecommunications and utilities, which generally represent the types of businesses in which we do not invest. The old saying "what comes around goes around" is especially apt, as the best performing sectors in March were amongst the worst performing sectors over 2013. Although we trimmed some of these positions this year, we continue to hold biotech, consumer discretionary and internet services shares and believe their business fundamentals and valuations remain attractive. In our opinion, the valuation of the portfolio, at 19.9x next-four-quarter earnings through March 2015, 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 2017. Additionally, the portfolio remains characterized by strong balance sheets, attractive returns on capital and significant free cash flow.

Key Information

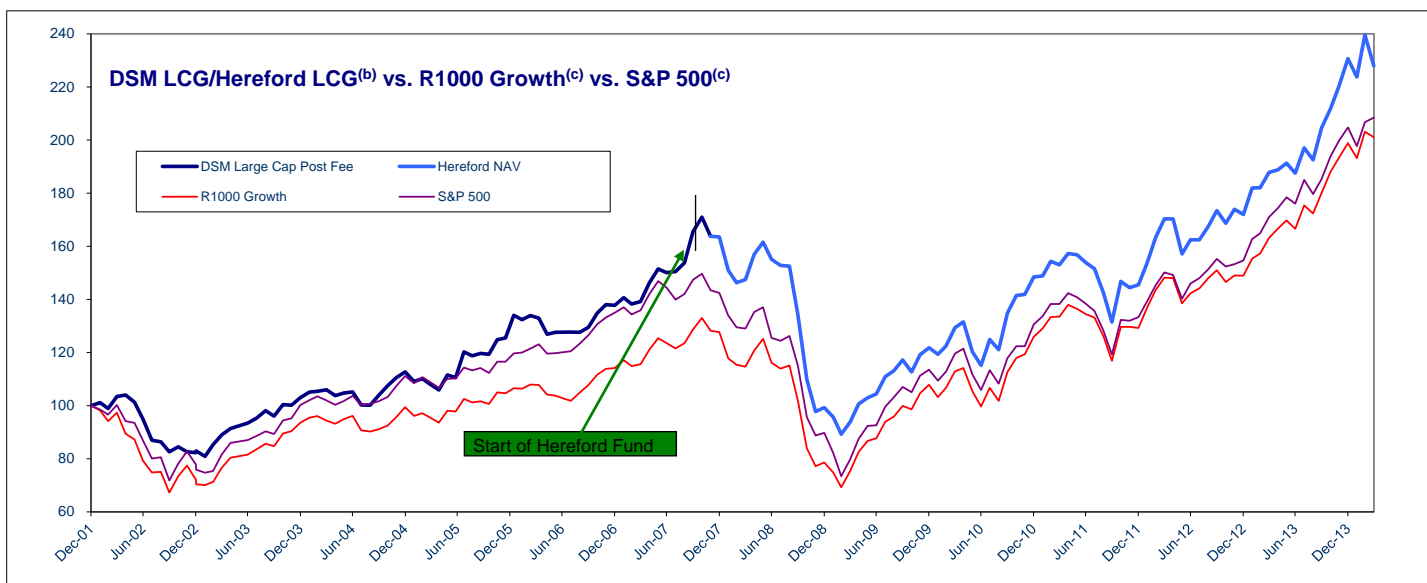
NAV A Shares (31/03/14)	US\$ 139.12
Total Fund Size	US\$ 155.1 mil
Strategy Assets	US\$ 4,035.8 mil ^(a)
Fund Launch Date	29-Nov-07

Monthly Performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Hereford Funds NAV	(3.0)	7.1	(4.9)										(1.2)
Russell 1000 Growth ^(c)	(2.9)	5.2	(1.0)										1.1
S&P 500 ^(c)	(3.5)	4.6	0.8										1.8

Period Performance (%)

	YTD	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	Since Inception 01/01/02	
														Cumulative	Annualised
DSM LCG/Hereford LCG Returns ^(b)	(1.2)	34.1	18.2	(2.0)	21.9	22.8	(39.3)	18.7	9.8	11.4	9.4	25.2	(17.7)	127.9	7.0
Russell 1000 Growth ^(c)	1.1	33.5	15.3	2.6	16.7	37.2	(38.4)	11.8	9.1	5.3	6.3	29.7	(27.9)	101.1	5.9
S&P 500 ^(c)	1.8	32.4	16.0	2.1	15.1	26.5	(37.0)	5.5	15.8	4.9	10.9	28.7	(22.1)	108.5	6.2





Top Ten Holdings

BlackRock	Monsanto
Celgene	Starbucks
Cognizant Technology Solutions	The Priceline Group
Dollar General	Time Warner
Google	Yum! Brands

Sectoral Breakdown

Sectoral Breakdown	% of Assets
Consumer Discretionary	34.9%
Information Technology	21.7%
Health Care	19.0%
Industrials	6.8%
Financials	6.7%
Materials	6.3%
Consumer Staples	3.4%

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 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	15.0	15.4
ISIN	LU0327604228	Sharpe Ratio	n/a	0.4	0.3
Reuters	LP65102015	Information Ratio	n/a	0.2	
Sedol	B28TLX2	Tracking Error	n/a	6.9	
	3504726	Beta	n/a	0.9	
WKN	A0M58T	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

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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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