



Hereford Funds **DSM US SMID Cap Growth Fund** March 2008

March 2008 Investment Review

The Hereford/DSM SMID Cap Fund declined (2.3%) for the month of March compared to a (1.2%) decline in the Russell 2500 Growth and a (0.4%) decline in the S&P500. The majority of the portfolio is presently invested in the health care, technology, professional services, energy services and industrial sectors. The weighted portfolio is presently valued at 18.3x the next four quarters of earnings ending March of 2009. We continue to believe that our SMID portfolio remains very attractively valued in the current investment environment.

The Federal Reserve took measures in March to stabilize the credit markets and ensure a more healthy general economy. The Federal Reserve actions increased the ability of banks and brokerage houses to access liquidity and interest rates were lowered again. Along with expected near term fiscal stimulus, the credit markets and economy should slowly improve over time. Inflation is a near term concern, largely on the back of rapidly rising commodity costs. Should economies around the world continue to cool down, inflation should as well. The current outlook is subdued, though many are calling for a slow recovery in the second half of 2008, and an even stronger showing in 2009.

Since our last letter to you, we took the opportunity to make some portfolio changes in light of the changing economic situation unfolding in the US and globally. We trimmed or sold certain positions in technology and financial services, along with a few healthcare names where the outlook was less certain. We re-allocated the funds to current or new names within those industries that we felt could better weather any continued financial and economic turbulence. The names sold out entirely include Affiliated Managers, Factset, Davita, and Mentor. The new names added to the portfolio include Cameron, Investools, Waddell & Reed, Conceptus, Morningstar, Idexx Labs, and Chicago Bridge & Iron. Cameron is an energy services company supplying equipment and expertise to the Oil & Gas industry. Investools provides investor education and a platform to trade securities. Waddell & Reed is an asset management company. Conceptus is a women's health organization. Morningstar is a provider of financial data and services to the investment community. Idexx Labs is involved in the veterinary healthcare space. Chicago Bridge & Iron is an engineering and construction company focused on the energy sector.

Key information

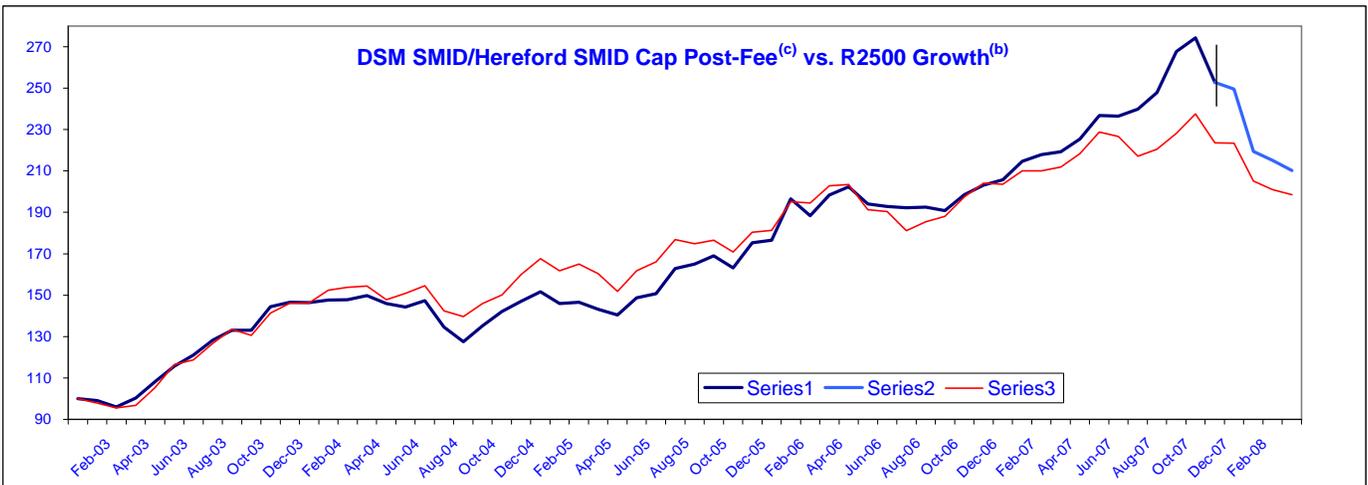
NAV A Shares (31/03/08): \$82.89
 Total Fund Size: \$3.2 Million
 Strategy Assets: \$15.4m^(a)
 Fund Launch Date: 29-Nov-07

Monthly Performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Hereford Funds NAV	(12.1)	(2.0)	(2.3)										(15.8)
Russell 2500 Growth ^(b)	(8.2)	(2.0)	(1.2)										(11.1)

Period Performance (%)

	YTD	2007	2006	2005	2004	2003	Since Inception 01/01/03 Cumulative	Annualised
DSM SMID Cap/Hereford SMID Returns ^(c)	(15.8)	21.3	16.5	16.4	3.6	46.4	110.2	15.2
Russell 2500 Growth ^(b)	(11.1)	9.7	12.3	8.2	14.6	46.3	98.6	14.0



**Top Ten Holdings**

	% NAV
ION Geophysical	4.6%
Varian Medical Systems	3.8%
SEI Investments	3.7%
Core Laboratories	3.7%
Hologic	3.7%
Nobel Biocare Holdings	3.4%
Expeditors International	3.4%
Petroleum Geo-Services	3.3%
FMC Technologies	3.3%
Chart Industries	3.1%

Sectoral Breakdown

	% of assets
Health Care	26.4%
Informational Technology	21.4%
Industrials	13.4%
Energy	20.0%
Financials	5.8%
Consumer Discretionary	5.7%
Consumer Staples	2.4%
Materials	1.9%

Investment Objective

The investment objective of the sub fund is to provide capital appreciation principally through investments in US-based growing corporations with market capitalizations generally between 300 million and 10 billion dollars. These companies are chosen for their growth prospects, attractive returns, solid business fundamentals and intelligent management. Companies invested in will often have higher revenue and earnings growth rates and less "sell-side" research coverage than comparable larger capitalization corporations. The sub fund may, on an ancillary basis, invest in US-based companies with higher or lower market capitalizations as well as in non-US based companies. The sub fund may invest in American Depository Receipts and American Depository Shares. The reference benchmark for this strategy is the Russell 2500 Growth Index.

Fund Codes (Share Class A)

		Since Inception Risk Profile	DSM US SMID	DSM SMID	R2500 Growth
Bloomberg	DSMUSMA LX	Volatility	n/a	14.9	14.2
ISIN	LU0327605118	Sharpe Ratio	n/a	0.8	0.8
Reuters	LP65102019	Information Ratio	n/a	0.1	
Sedol	B28TM17	Tracking Error	n/a	7.4	
Valoren	3504786	Beta	n/a	0.9	
WKN	A0M58X	Alpha	n/a	2.1	

Fund Details

Dealing Day	Daily
Dividends	None - income accumulated within the fund
Investment Manager	DSM Capital Partners LLC, 320 East Main Street, Mount Kisco, NY 10549, USA
Promoter	VP Bank (Luxembourg) S.A., 26 Avenue de la Liberté, L-1930 Luxembourg
Authorized Corporate Director	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	1.25%
Share Class B	0.25% + 20% performance fee on outperformance vs US T-Bill with HWM
Share Class C	1% + 20% performance fee on outperformance vs US T-Bill with HWM
Share Class D	1.75%

Minimum Investment

Share Class A&B	\$100,000 initial / \$10,000 subsequent
Share Class C&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.
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Fax : (+352) 404 770 283
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e-mail: luxfunds.info@vpbank.com

- (a) This refers to the total assets invested in the reference strategy managed by the Investment Manager
(b) Total return including dividends
(c) Data and graph depict DSM Composite through November 2007 and Hereford Funds DSM US SMID Cap Growth Fund Class A thereafter. Historical gross performance of DSM SMID Cap Composite returns (the Reference Strategy) minus modeled fee and expense typical of Hereford Funds DSM US SMID Cap Growth Fund Class A (1.25% fee + 0.25% expense). Fund follows same strategy. Performance presentation incomplete without accompanying footnote: as shown at dsmcapital.com.

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