



**Investment Review**

The Hereford/DSM Large Cap Fund NAV depreciated (8.5%) for the month of May compared to a (7.6%) depreciation for the Russell 1000 Growth index and an (8.0%) depreciation for the S&P500. At the end of May, the Fund was invested primarily in the health care, technology, consumer, business services, and financial services sectors, with a smaller weight in the industrials/materials sectors.

During the month, the Fund lagged its benchmark, on a gross-of-expense basis by approximately 70 bps. This was primarily the result of negative stock selections in consumer discretionary, health care and financials. Stock selections in the technology and industrials sectors benefited performance. In May, the best performing positions in the portfolio were NetApp, F5 Networks and SABMiller. Priceline.com, Schlumberger, Visa, Invesco, Charles Schwab and Celgene were the worst performers. During the month, the Fund exited its positions in Monsanto and Visa. Monsanto was sold due to disappointing earnings resulting from lower sales of its Roundup weed management products and Visa because of the growing uncertainty surrounding the credit card business from Washington's recent financial reform initiatives. The Fund initiated positions in McDonald's Corp. (global food-service) and SABMiller (beverage manufacturer and distributor), and re-purchased Intuitive Surgical as its price declined significantly along with the market. McDonald's, the world's largest restaurant chain, is financially strong and improving its food and beverage offerings. SABMiller generates over three-quarters of its earnings in emerging markets through its strong portfolio of leading local beverage brands.

There is a massive push and pull impacting the market's direction. Pushing the market to the upside are the earnings results of the broad marketplace which, building on last year's strength, were very solid in the first quarter. Consensus S&P 500 estimates continued to increase for both 2010 and 2011. At this time, consensus 2010 estimates approximate nearly \$80 and consensus 2011 estimates exceed \$93. Formerly, peak earnings were approximately \$88; therefore, despite the massive deterioration of financial sector earnings, the earnings power of the market may well reach record levels within twelve months. In low inflation times, the market's valuation is normally 15x to 18x earnings. With the S&P 500 at just 12.5x consensus estimates for FY2011, there certainly appears to be significant upside to the market.

On the other hand, the pull downward is very strong as well. Never before have investors had to seriously consider the implications of a major currency dislocation, like that of the Euro's possible breakup. Furthermore, because the fiscal problems of Greece, Portugal, Spain, Italy, the United Kingdom and others are currently the focus, the dollar has been very strong, rising significantly to the Euro and Sterling. Certainly the political and economic cross currents in the global marketplace are more dynamic than is the historic norm.

**Key information**

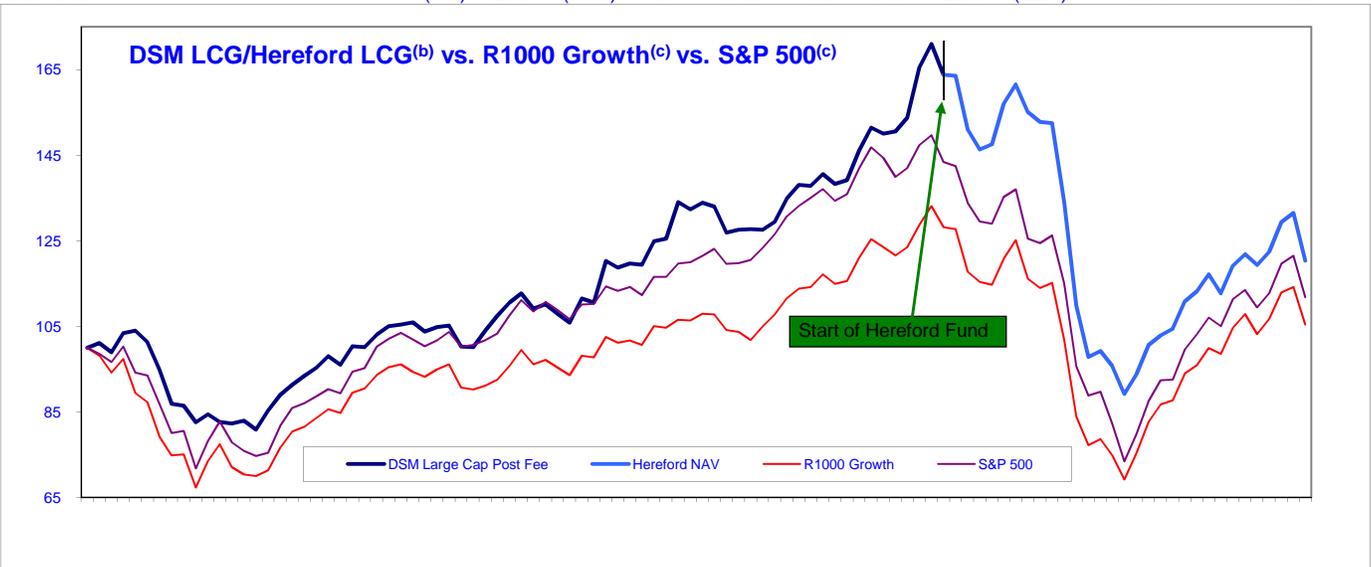
NAV A Shares (28/05/10): US\$ 73.45  
 Total Fund Size: US \$60.1 mil  
 Strategy Assets: US\$2,111.6 mil<sup>(a)</sup>  
 Fund Launch Date: 29-Nov-07

**Monthly Performance (%)**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Hereford Funds NAV	(2.1)	2.6	5.6	1.7	(8.5)								(1.2)
Russell 1000 <sup>(c)</sup>	(4.4)	3.4	5.8	1.1	(7.6)								(2.3)
S&P 500 <sup>(c)</sup>	(3.6)	3.1	6.0	1.6	(8.0)								(1.5)

**Period Performance (%)**

	2010	2009	2008	2007	2006	2005	2004	2003	2002	Since Inception 01/01/02	Annualised
DSM LCG/Hereford LCG Returns <sup>(b)</sup>	(1.2)	22.8	(39.3)	18.7	9.8	11.4	9.4	25.2	(17.7)	20.3	2.2
Russell 1000 <sup>(c)</sup>	(2.3)	37.2	(38.4)	11.8	9.1	5.3	6.3	29.7	(27.9)	5.5	0.6
S&P 500 <sup>(c)</sup>	(1.5)	26.5	(37.0)	5.5	15.8	4.9	10.9	28.7	(22.1)	11.8	1.3





### Top Ten Holdings

Apple Computer  
 Celgene  
 Cisco Systems  
 Cognizant Technology Solutions  
 Expeditors International  
 Google  
 NetApp  
 Priceline.com  
 Target  
 Varian Medical Systems

### Sectoral Breakdown

Sectoral Breakdown	% of Assets
Information Technology	29.7%
Health Care	25.5%
Services	11.6%
Consumer Discretionary	11.1%
Financials	9.7%
Consumer Staples	4.6%
Energy	3.2%
Industrials	2.2%

### 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 2 billion dollars. 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	14.8	16.0
ISIN	LU0327604228	Sharpe Ratio	n/a	0.0	-0.1
Reuters	LP65102015	Information Ratio	n/a	0.2	
Sedol	B28TLX2	Tracking Error	n/a	7.8	
Valoren	3504726	Beta	n/a	0.8	
WKN	A0M58T	Alpha	n/a	1.3	

### 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	VPB 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	VPB 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 <sup>(f)</sup>	1.25%
Share Class B	0.25% + 20% performance fee on outperformance vs US T-Bill with HWM
Share Class C <sup>(e)</sup>	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.  
 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 AFM for public distribution in the Netherlands.  
 (e) Share Class C is German tax registered from 4/1/08.  
 (f) Share Class U has UK Distributor Status as approved by HMRC

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