



Investment Review

The Hereford/DSM Large Cap Fund NAV depreciated (1.8)% for the month of June compared to a (1.4)% depreciation for the Russell 1000 Growth index and a (1.7)% depreciation for the S&P 500. At the end of June, the Fund was invested primarily in the business services, technology, health care and consumer discretionary sectors, with smaller weights in the financials and consumer staples sectors.

During the month the Fund trailed its benchmark, on a gross-of-expense basis, by approximately 40 bps. This was primarily the result of negative stock selections in the technology and consumer discretionary sectors. Stock selections in the health care sector benefitted performance. In June, the best performing positions in the portfolio were Intuitive Surgical, Visa, Nike, Varian and Omnicom. The worst performers for the month were Juniper Networks, Adobe, Discovery Communications, Apple and Google. During the month, the Fund added to several existing holdings including Dollar General and Nike, and trimmed its position in Rovi on concerns about activations of their RoxioNow online movie service platform and softer TV sales.

The various fears that the stock market has reacted to in the first half of 2011 – European sovereign debt, U.S. jobs and the U.S. housing market, the Japanese situation, inflation in the emerging markets and, to a lesser extent, the U.S. deficit – have been “known”, discussed and dissected thoroughly. While none of us can accurately predict the final outcomes, we have better information today than we had six months ago, or a year ago, or a year and a half ago. That better information allows us to at least “bracket” the known problems. Accordingly, the chance of extreme economic outcomes has probably lessened and we continue with our view of a “muddle through” global economic outlook. For example, we feel it is unlikely large U.S. financial institutions will suddenly fail, or that the Eurozone will enter a period of extreme economic distress over the handling of the Greek, Portuguese or other sovereign debt issues. Similarly, investors have learned that China and other key emerging market economies can generate significant economic growth internally, rather than solely through exports to the developed world.

In the U.S., the economic rebound will be restrained as consumers, as well as the public sector “de-leverage”. In short, we are “recovering” from a credit crisis, rather than “rebounding” from an inventory cycle. In a de-leveraging cycle it is expected that GDP output and employment will not surprise to the upside. Instead, slow growth, with occasional fear of a double dip, will persist. No doubt, high unemployment will be a stubborn, multi-year problem and will be the prime cause of the soft housing market. Further, the Federal Reserve is unlikely to print money in a QE3 program, due to the risk of commodity driven inflation.

Though the U.S. consumer is historically the prime mover in our economy, the present productivity and strength of U.S. companies, and their ability to sell goods and services to the rest of the world, seems to us to be the key reason why we are able to skate through with positive, albeit slow, GDP growth. Despite the Japanese supply chain impact that U.S. companies are presently absorbing, and despite the periodic “soft patches” that result from Federal stimulus diminishing, S&P earnings estimates are still rising. Estimated earnings for both 2011 and 2012, well after the inventory-rebuilding cycle, have steadily increased this year. Current estimates for 2012 are coming in 8% higher than 2011.

Key Information

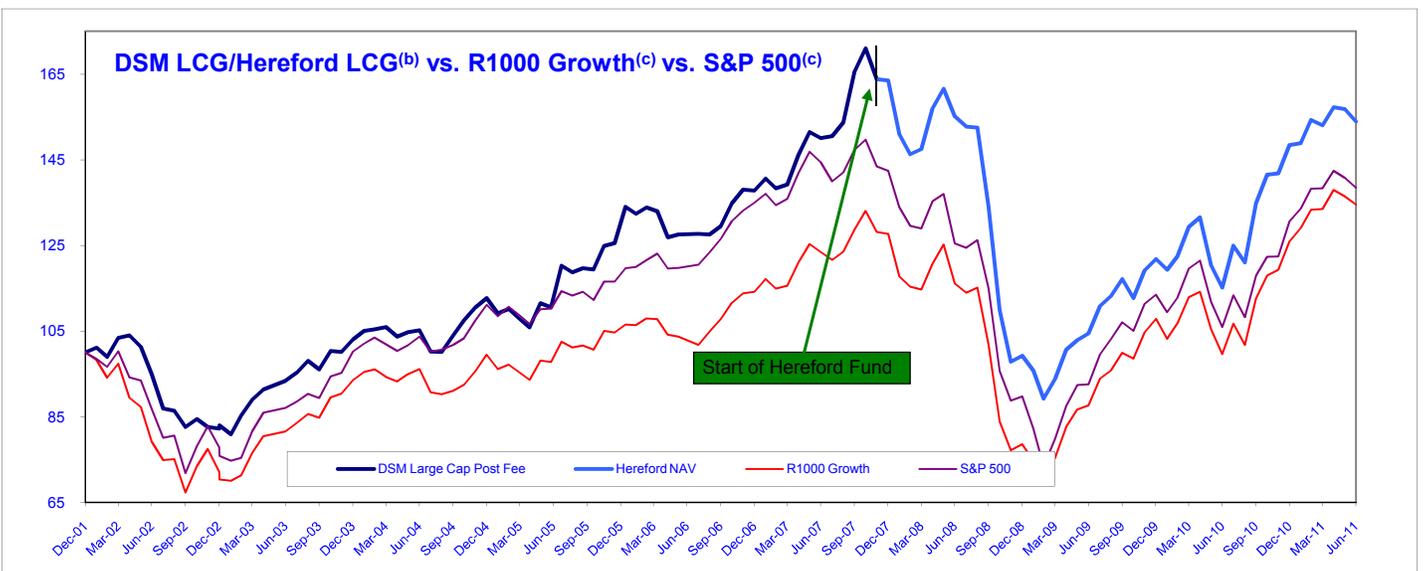
NAV A Shares (30/06/11): US\$ 93.95
 Total Fund Size: US\$ 132.2 mil
 Strategy Assets: US\$ 2,682.1 mil^(a)
 Fund Launch Date: 29-Nov-07

Monthly Performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Hereford Funds NAV	0.3	3.7	(0.8)	2.8	(0.3)	(1.8)							3.7
Russell 1000 ^(c)	2.5	3.3	0.1	3.4	(1.1)	(1.4)							6.8
S&P 500 ^(c)	2.4	3.4	0.0	3.0	(1.1)	(1.7)							6.0

Period Performance (%)

	YTD	2010	2009	2008	2007	2006	2005	2004	2003	2002	Since Inception 01/01/02 Cumulative	Annualised
DSM LCG/Hereford LCG Returns ^(b)	3.7	21.9	22.8	(39.3)	18.7	9.8	11.4	9.4	25.2	(17.7)	53.9	4.6
Russell 1000 ^(c)	6.8	16.7	37.2	(38.4)	11.8	9.1	5.3	6.3	29.7	(27.9)	34.5	3.2
S&P 500 ^(c)	6.0	15.1	26.5	(37.0)	5.5	15.8	4.9	10.9	28.7	(22.1)	38.5	3.5



**Top Ten Holdings**

3M Company
 Apple Computer
 Baker Hughes
 Celgene
 Expeditors International
 General Electric
 Google
 NetApp
 Schlumberger
 Visa

Sectoral Breakdown % of Assets

Services	25.8%
Information Technology	20.8%
Health Care	17.2%
Consumer Discretionary	11.1%
Energy	9.6%
Industrials	8.3%
Financials	4.9%
Consumer Staples	1.5%

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	14.9	16.0
ISIN	LU0327604228	Sharpe Ratio	n/a	0.2	0.1
Reuters	LP65102015	Information Ratio	n/a	0.2	
Sedol	B28TLX2	Tracking Error	n/a	7.5	
	3504726	Beta	n/a	0.8	
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, 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 & 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 AFM for public distribution in the Netherlands.
- (e) Share Class U has been granted Reporting Status by HMRC as of October 1st, 2010
- (f) Share Class D is German tax registered from October 1, 2010.

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. 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.