



July 2008 Investment Review

The Hereford/DSM Large Cap Fund declined (1.5%) for the month of July compared to a decline of (1.9%) for the Russell 1000 Growth index and a decline of (0.8%) for the S&P500. Consistent with last month, the majority of the fund remains invested in the health care, technology, business services, and energy services sectors. The weighted average P/E of the portfolio is 19.7x which we feel is attractive relative to our estimated earnings growth of 20%.

While the economy has continued to grow slowly, we continue to view movement in the equity markets as being dominated by three major factors: oil, inflation, and the stability of financial institutions. Additionally, one economic consultant points out that since 2004, the non-petroleum portion of the current account deficit has been cut in half from 4% of GDP to 2%. Conversely, the petroleum portion has increased from 1.5% to nearly 4%, leaving the overall deficit roughly flat around 6% of GDP. The key implication is that the lower dollar has made U.S. exports more competitive since 2005 when the ex-petrol deficit began shrinking. Confirmation of this observation is demonstrated by the record level of exports.

We have been pleased with the growing support for increased domestic oil exploration and production. Not only do we think more domestic drilling is good policy, we also believe it would have a salutary impact on our portfolio which includes some of the best oil services companies in the world. The combination of modest global GDP growth, fewer consumption subsidies in developing countries, and the prospect of a reinvigorated exploration and production effort in the U.S. may have already helped bring down the price of crude from over \$140 to below \$120 in a relatively short period.

Importantly, recent statistics continue to imply a moderate level of inflation. Because commodity prices of all types have recently declined, prospects for continued moderate inflation appear solid. Low long term interest rates and the recent strength in the dollar support a moderate inflation outlook as well. Furthermore, we are seeing the leaders of major financial institutions (including Treasury Secretary Paulson, Fed Chairman Bernanke, and CEO's from the private sector) take aggressive action to shore up balance sheets and to re-instill confidence among investors. We believe this process will take some time, but we are encouraged by what we have seen thus far.

In summary, clouds over the economy are beginning to lift and we believe there is reason for optimism. While there may be a few more bumps down the road, we are encouraged by the drop in the price of oil and the efforts that are being made to stabilize and strengthen our financial institutions, in an environment of moderate inflation.

Several changes were made to the portfolio in July. We initiated new positions in Western Union (WU), Halliburton (HAL), and Qualcomm (QCOM). WU is a 150 year old growth company with a dominant position in global money transfer who is benefitting from global immigration. HAL is an oil services stock which we swapped in for our Weatherford position which was sold. We felt that HAL had a better risk/reward profile. Lastly, QCOM was purchased following the settlement of their long running dispute with Nokia which provided improved visibility in addition to continued strength in the 3G handset business.

We added to some of our existing positions during the month thanks to near term price declines which created compelling valuation levels. Included among this group were Monsanto (MON), ABB, and Schering Plough (SGP). Sales made during the month included News Corp (NWS'A), Weatherford (WFT), Cognizant (CTSH), and Expeditors International (EXPD). In the case of NWS'A, we grew increasingly uncomfortable with the company's exposure to traditional advertising revenue. WFT was sold based on concerns over their international expansion. CTSH was sold on expectations of reduced earnings, while EXPD was sold on deteriorating fundamentals as industry data reflected an overall slowing of shipments.

Key information

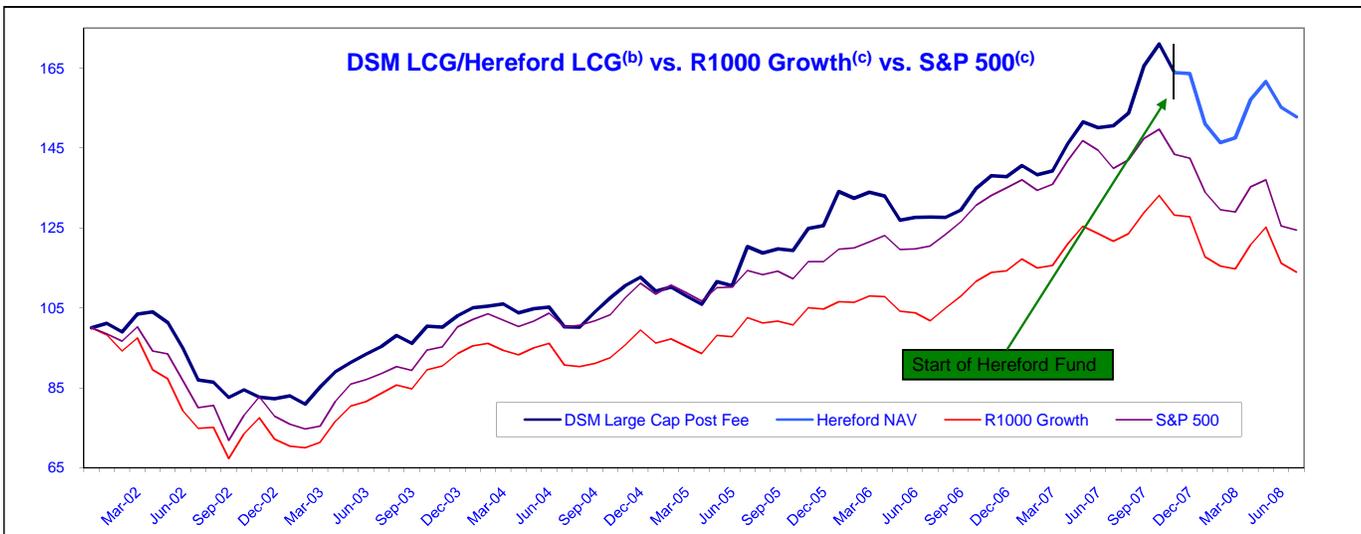
NAV A Shares (31/07/08): \$93.24
 Total Fund Size: \$26.2 mil
 Strategy Assets: \$1,551.9 mil^(a)
 Fund Launch Date: 29-Nov-07

Monthly Performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Hereford Funds NAV	(7.7)	(3.1)	0.8	6.5	2.9	(4.0)	(1.5)						(6.6)
Russell 1000 ^(c)	(7.8)	(2.0)	(0.6)	5.3	3.7	(7.2)	(1.9)						(10.8)
S&P 500 ^(c)	(6.0)	(3.3)	(0.4)	4.9	1.3	(8.4)	(0.8)						(12.7)

Period Performance (%)

	YTD	2007	2006	2005	2004	2003	2002	Since Inception 01/01/02 Cumulative	Annualised
DSM LCG/Hereford LCG Returns ^(b)	(6.6)	18.7	9.8	11.4	9.4	25.2	(17.7)	52.8	6.6
Russell 1000 ^(c)	(10.8)	11.8	9.1	5.3	6.3	29.7	(27.9)	13.9	2.0
S&P 500 ^(c)	(12.7)	5.5	15.8	4.9	10.9	28.7	(22.1)	24.4	3.4



**Top Ten Holdings**

	% NAV
Celgene Corp	9.6%
Schlumberger Ltd	8.3%
Genzyme Corp	5.8%
Google Inc-Cl A	5.0%
Monsanto Co	4.8%
ABB	4.7%
Schering Plough	4.4%
Stryker	4.1%
Adobe Systems	3.6%
SEI Investments	3.6%

Sectoral Breakdown

	% of Assets
Health Care	35.4%
Information Technology	20.0%
Energy	15.4%
Industrials	6.3%
Services	5.8%
Financials	5.2%
Materials	4.6%
Consumer Staples	2.6%

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 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)

Bloomberg	DSMUSLA LX
ISIN	LU0327604228
Reuters	LP65102015
Sedol	B28TLX2
Valoren	3504726
WKN	A0M58T

Since Inception Risk Profile

Volatility	n/a
Sharpe Ratio	n/a
Information Ratio	n/a
Tracking Error	n/a
Beta	n/a
Alpha	n/a

DSM US LCG

n/a

DSM LC

11.36
0.23
0.48
8.27
0.68
4.32

R1000 Growth

12.99
-0.15

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 ^(e)	1.25%
Share Class B	0.25% + 20% performance fee on outperformance vs US T-Bill with HWM
Share Class C(d)	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:

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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) minus 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 dsmcapital.com.
 (c) Total return including dividends.
 (d) Share Class C is German tax registered from 4/1/08.
 (e) Share Class U: UK Distributor Status to the year ending 30th September 2008 - Pending.

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