



Investment Review

The Hereford/DSM Large Cap Fund NAV depreciated (5.9)% for the month of August compared to a (5.3)% depreciation for the Russell 1000 Growth index and a (5.4)% depreciation for the S&P 500. At the end of August, the Fund was invested primarily in the consumer discretionary, business services, technology, health care and energy sectors, with smaller weights in the consumer staples and materials sectors.

During the month the Fund trailed its benchmark, on a gross-of-expense basis, by approximately 60 bps. This was primarily the result of the underperformance of our stock selections in the energy, technology and financials sectors, as well as an underweight in consumer staples. Stock selections in the consumer discretionary and health care sectors benefitted performance. In August, the best performing positions in the portfolio were Dollar General, Discovery Communications, YUM! Brands, Starbucks and Visa. The worst performers for the month were Baker Hughes, NetApp, Schlumberger, Google and Invesco. During the month, the Fund initiated positions in Cognizant Technology Solutions, a company previously owned in the portfolio, and Starbucks. Cognizant, a provider of IT outsourcing services to large global companies, was repurchased on improved valuation. Starbucks is the well-known specialty coffee retailer operating in approximately 50 countries. These purchases were funded by the sales of Adobe, C.H. Robinson Worldwide, Omnicom and Varian. Although each of these companies reported solid earnings results, we sold them in order to purchase positions we were more optimistic about in light of the market's decline. The Fund also exited its position in Juniper Networks, as the company reported disappointing earnings results.

In recent weeks, the global economic outlook has downshifted from expectations earlier in the year. Earlier in 2011, DSM had a "muddle-through" global economic outlook, which assumed 2% to 3% real global economic growth. The Japanese earthquake and resulting nuclear tragedy certainly caused many to worry about slower global economic growth, at least over the near term. More recently, European sovereign debt issues, financial problems at certain European banks and the downgrade of US debt by Standard & Poor's have exacerbated fears of a global economic slowdown.

As the debt downgrade coincided with reduced prospects for economic growth globally, we believe it was the reduced expectations for global growth, as well as sovereign debt risk in Europe, that provided the impetus for the market's recent volatility leading us to make some changes to the portfolio. First, the decline in the market caused a number of stocks to fall to more attractive valuations. Second, given the increased risk of a recession, we feel that the purchases made also served to reduce the economic sensitivity of the portfolio.

The portfolio continues to be focused on *unique* global businesses, preferably with significant emerging markets revenue exposure. Often the equities we are purchasing have a 2+% dividend yield. The stock selections are made with a slow-steady growth global economic outlook in-mind. We believe that the valuation of the portfolio, at 15.0x next four quarters earnings through September of 2012 and 14.3x calendar 2012 earnings continues to be attractive in the current economic environment and relative to the market. We continue to project a high-teens earnings growth rate through 2014. Additionally, the portfolio continues to be characterized by very strong balance sheets and significant free cash flow.

Key Information

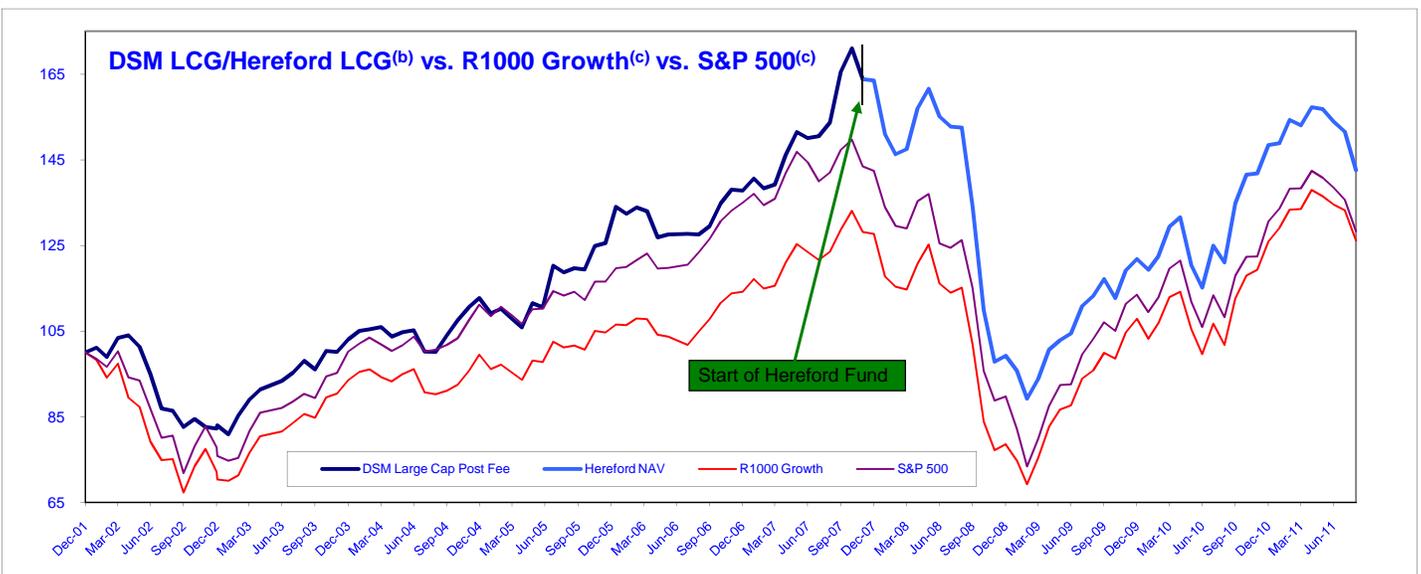
NAV A Shares (31/08/11): US\$ 87.02
 Total Fund Size: US\$ 127.9 mil
 Strategy Assets: US\$ 2,496.3 mil^(a)
 Fund Launch Date: 29-Nov-07

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)	(1.5)	(5.9)					(4.0)
Russell 1000 ^(c)	2.5	3.3	0.1	3.4	(1.1)	(1.4)	(1.0)	(5.3)					0.2
S&P 500 ^(c)	2.4	3.4	0.0	3.0	(1.1)	(1.7)	(2.0)	(5.4)					(1.8)

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)	(4.0)	21.9	22.8	(39.3)	18.7	9.8	11.4	9.4	25.2	(17.7)	42.6	3.7
Russell 1000 ^(c)	0.2	16.7	37.2	(38.4)	11.8	9.1	5.3	6.3	29.7	(27.9)	26.1	2.4
S&P 500 ^(c)	(1.8)	15.1	26.5	(37.0)	5.5	15.8	4.9	10.9	28.7	(22.1)	28.3	2.6



**Top Ten Holdings**

3M Company
 Allergan
 Apple Computer
 Baker Hughes
 Celgene
 Discovery Communications
 Expeditors International
 Schlumberger
 Shire PLC
 Visa

Sectoral Breakdown % of Assets

Sector	% of Assets
Consumer Discretionary	19.6%
Services	19.5%
Information Technology	17.9%
Health Care	17.2%
Energy	9.2%
Industrials	8.1%
Financials	4.4%
Materials	2.5%
Consumer Staples	1.7%

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	15.0	16.0
ISIN	LU0327604228	Sharpe Ratio	n/a	0.1	0.0
Reuters	LP65102015	Information Ratio	n/a	0.2	
Sedol	B28TLX2 3504726	Tracking Error	n/a	7.4	
WKN	A0M58T	Beta	n/a	0.8	
		Alpha	n/a	1.4	

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, authorised for public distribution in Switzerland by Finma, and registered with the AMF for public distribution in France.
- (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.