

**Investment Review**

The Hereford/DSM Large Cap Fund appreciated 3.1% for the month of August compared to a 2.7% appreciation for the Russell 1000 Growth Index and a 2.3% appreciation for the S&P 500 including dividends. At the end of August, the Fund was invested primarily in the consumer discretionary, business services, health care and technology sectors, with smaller weights in the consumer staples and energy sectors.

During the month the Fund exceeded its benchmark by approximately 40 bps. This was primarily the result of the outperformance of our stock selections in the health care sector as well as our underweight in consumer staples. Our stock selections in the materials sector detracted from performance. In August, the best performing positions in the portfolio were Apple, Las Vegas Sands, Cognizant Technology Solutions, Celgene and Discovery Communications. The worst performers for the month were Priceline.com, Baidu, Family Dollar Stores, Philip Morris International and Ecolab. During the month, we sold American Express, Baidu and Priceline.com. American Express was sold on concerns that the growth in credit card transactions was slowing. However, we believe that American Express remains a high quality and well-managed company, and we are likely to own it again at some point in the future. We sold Baidu on increasing competition in the Chinese Internet search market and the likelihood of share losses leading to lower earnings. While Priceline.com reported strong second quarter earnings, their guidance for next quarter was disappointing. Furthermore, we were concerned over the weakening economy in Europe where the company generates 60% of sales, so the position was sold. With the proceeds of these sales, we initiated positions in Precision Castparts and Union Pacific. Precision Castparts, the global leader in the casting and forging business, makes large, technically complex metal alloy structures for aerospace and industrial gas turbine applications. The company should benefit from increased commercial aerospace production rates and growing demand for industrial gas turbines driven by low natural gas prices. Union Pacific, the US's largest rail company, operates in 23 states in the West and Midwest, and has access to ports along the West Coast, Baja Mexico and the Gulf of Mexico. Pricing and productivity gains have led to solid margins, strong free cash flow and a nearly 2% dividend yield.

Recent statistics clearly indicate slower global growth. As has been expected, Europe is in recession, while US growth has slowed to under 2% and growth in China has slowed to the 7% area. Nevertheless, our long held view of a "muddle-through" outcome for the global economy remains intact, albeit at a lower level of growth than we might have expected six months ago. As has been the case, the markets are very sensitive to the financial risks of the European sovereign debt and banking situation. The good news is that the crisis is being "managed" by various groups of policy makers. The bad news is that there is no solution as of yet, and this "crisis" may very well persist for many years to come.

In our view, a slow "self-feeding" US economic growth pattern remains probable, but growth will not be sufficient to quickly and substantially lower the unemployment rate or raise incomes. We continue to see slow 2% US growth over the next twelve months, with much faster growth in China and with continued recession in Europe. In addition, Japan should have slow growth of about 1%. All told, global growth remains mired in the 2.5% to 3% range. The major risk is that Europe's financial distress causes the current shallow recession to become a deeper recession, which could cause world growth to enter recession as well. At this point, we do not believe that outcome is likely.

We have constructed the portfolio based on our view of slow growth in the US, faster growth in the emerging markets, and a modest recession in Europe. The portfolio continues to be focused on unique global businesses that have been identified, and are subject to continuing analysis by, our ten-member investment team. We believe that the valuation of the portfolio, at 15.7x next-four-quarter earnings, remains attractive in the current economic environment and relative to the market. We continue to project a high-teens earnings growth rate through 2015. Additionally, the portfolio continues to be characterized by strong balance sheets and significant free cash flow.

Key Information

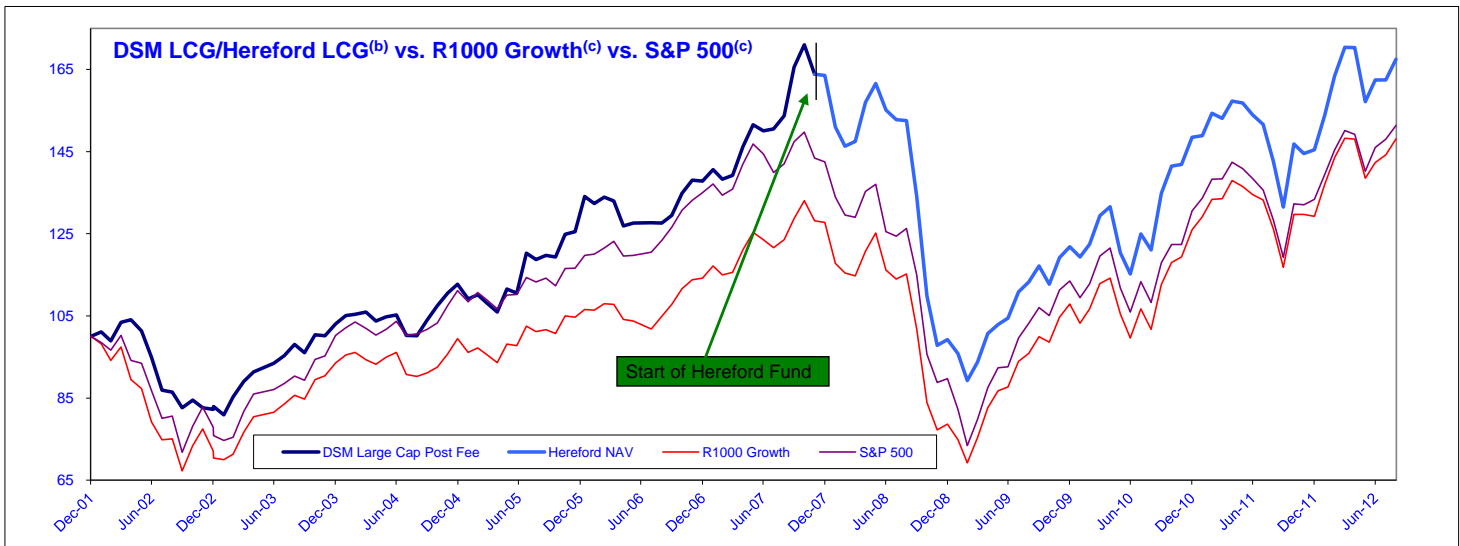
NAV A Shares (31/08/12)	US\$ 102.25
Total Fund Size	US\$ 106.8 mil
Strategy Assets	US\$ 2,580.2 mil(a)
Fund Launch Date	29-Nov-07

Monthly Performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Hereford Funds NAV	5.7	6.2	4.3	(0.0)	(7.7)	3.4	0.0	3.1					15.2
Russell 1000 Growth ^(c)	6.0	4.8	3.3	(0.2)	(6.4)	2.7	1.3	2.7					14.6
S&P 500 ^(c)	4.5	4.3	3.3	(0.6)	(6.0)	4.1	1.4	2.3					13.5

Period Performance (%)

	YTD	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	Since Inception 01/01/02 Cumulative	Annualised
DSM LCG/Hereford LCG Returns ^(b)	15.2	(2.0)	21.9	22.8	(39.3)	18.7	9.8	11.4	9.4	25.2	(17.7)	67.5	5.0
Russell 1000 Growth ^(c)	14.6	2.6	16.7	37.2	(38.4)	11.8	9.1	5.3	6.3	29.7	(27.9)	48.1	3.7
S&P 500 ^(c)	13.5	2.1	15.1	26.5	(37.0)	5.5	15.8	4.9	10.9	28.7	(22.1)	51.4	4.0



**Top Ten Holdings**

Allergan
 Apple
 Celgene
 Discovery Communications
 Dollar General
 eBay
 General Electric
 Monsanto
 Philip Morris International
 Schlumberger

Sectoral Breakdown

Consumer Discretionary	23.1%
Services	16.3%
Health Care	15.4%
Information Technology	13.5%
Materials	9.6%
Industrials	9.5%
Consumer Staples	7.1%
Energy	4.0%

% of Assets**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 US\$ 2 billion. 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 Depositary Receipts and American Depositary 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	15.4	16.1
ISIN	LU0327604228	Sharpe Ratio	n/a	0.2	0.1
Reuters	LP65102015	Information Ratio	n/a	0.2	
Sedol	B28TLX2	Tracking Error	n/a	7.1	
	3504726	Beta	n/a	0.9	
WKN	A0M58T	Alpha	n/a	1.5	

Fund Details

Dealing Day	Daily
Dividends	None - income accumulated within the fund
Investment Manager	DSM Capital Partners LLC, 116 Radio Circle Drive, Suite 200, Mount Kisco, NY 10549, USA
Promoter	VP Bank (Luxembourg) S.A., 26 Avenue de la Liberté, L-1930 Luxembourg
Management Company	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.

France - Centralizing Correspondent as defined by French Regulation:
 Société Générale - Order Desk, 32, avenue du Champ de Tir, BP 81236, F-44312 Nantes Cedex 3
 Phone: +33/2.51.85.66.40 Fax: +33/2.51.85.58.71

Switzerland - Representative and Paying Agent as defined by Swiss Regulation:
 Société Générale, Zurich Branch, Talacker, 50, P.O. Box 1928, CH-8021 Zurich
 Phone: +41/58.272.34.18 Fax: +41/58.272.35.49



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