



Investment Review

The Hereford/DSM Large Cap Fund depreciated (2.7)% for the month of October compared to a (2.9)% depreciation for the Russell 1000 Growth Index and a (1.9)% depreciation for the S&P 500 including dividends. At the end of October, the Fund was invested primarily in the consumer discretionary, business services, health care and industrials sectors, with smaller weights in the consumer staples and energy sectors.

During the month the Fund exceeded its benchmark by approximately 20 bps. This was primarily the result of the outperformance of our stock selections in the materials and technology sectors. Our stock selections in the industrials sector detracted from performance. In October, the best performing positions in the portfolio were Ecolab, Yum! Brands, Intuitive Surgical, Precision Castparts and Visa. The worst performers for the month were Apple, Google, General Electric, EMC and Monsanto. During the month, we initiated positions in TJX Companies and Unilever. TJX is an off-price apparel and home fashion retailer in North America and Europe. We believe there is a significant opportunity for the company to expand its presence in Europe, where it is currently the only major off-price retailer, as well as its European margins which are below those generated in the US. Unilever, one of the largest global consumer goods companies with major brands including Lipton, Ragu, Omo and Ponds, is expanding its presence in emerging markets and continues to gain share as a result of better execution. To fund these purchases, we trimmed the Fund's positions in EMC, Philip Morris International and Shire.

The International Monetary Fund recently reduced its 2012 global economic growth estimate from 3.5% to 3.3%. According to the IMF advanced economies are expected to grow just 1.3% this year, down from 1.6% in 2011 and 3.0% in 2010. Developing economies such as Brazil, Russia, India and China, are expected to grow 5.2% this year as compared to 6.3% last year. Without question global economic growth is anemic, especially in the developed world.

In our view, the economic growth outlook in the US continues to weaken, as \$500 billion dollars of generally pro-growth tax incentives, known as the "Fiscal Cliff", expire at the end of this year. As a result, businesses and individuals are pulling economic activity out of 2013 and into 2012. Even if Congress somehow manages to reverse half or more of this enormous tax increase, the damage will be done to economic growth in 2013. In other words, no matter what policy actions are taken regarding the Fiscal Cliff, American economic activity may well slow in the first half of 2013. One positive factor in the United States continues to be the improved stability in the housing markets. That said, housing over time is driven by employment and income growth and we anticipate limited good news on that front.

Similarly, in Europe, anti-growth austerity policies remain the policy of choice. Higher tax rates, whether combined with increasing or decreasing government spending has not and will not produce economic growth. The European economic outlook does not appear to be improving. We wonder whether or not Germany will in time have second thoughts about financing European sovereign debt. Meanwhile, in China, economic growth can no longer be built on the back of exports to Europe and the US. However, the economy continues to grow at a mid-single digit rate as a result of a 50% savings rate which can finance increasing domestic consumption. Importantly, their government's financial situation appears superior to both that of Europe and the US.

We expect that the portfolio companies we have today can deal with these challenges. At the one end, we have some companies whose businesses are very defensive, and at the other, we have some fine, economically-sensitive companies whose shares have already discounted such results.

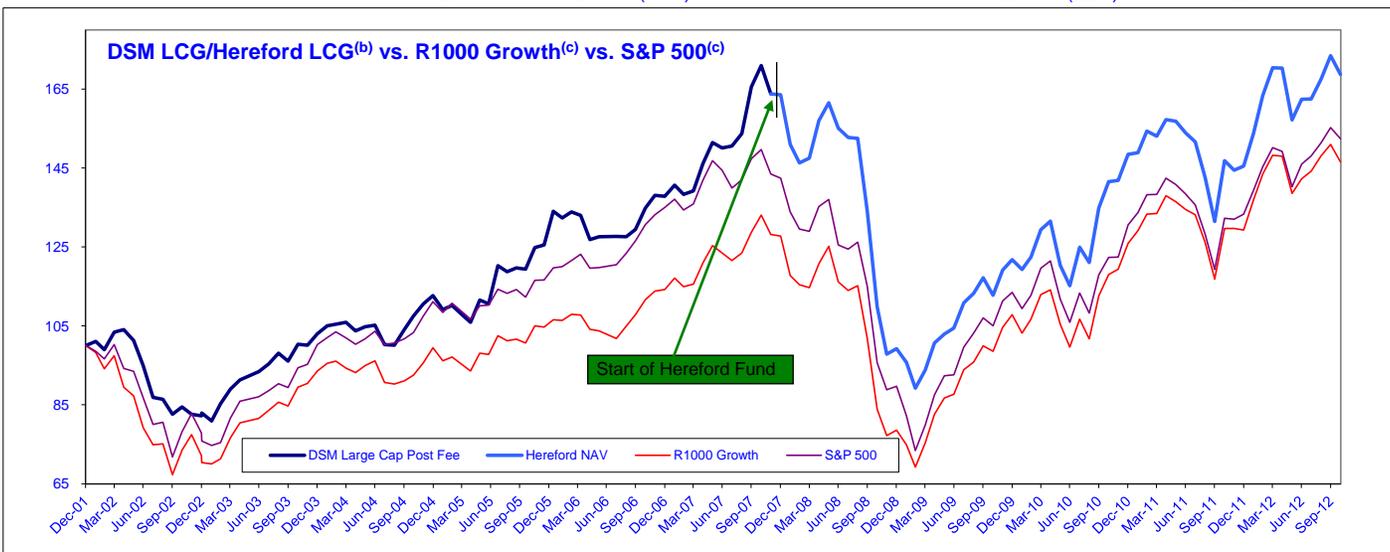
NAV A Shares (31/10/12)	US\$ 102.96
Total Fund Size	US\$ 113.4 mil
Strategy Assets	US\$ 2,569.2 mil(a)
Fund Launch Date	29-Nov-07

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	3.5	(2.7)			16.0
Russell 1000 Growth ^(c)	6.0	4.8	3.3	(0.2)	(6.4)	2.7	1.3	2.7	2.0	(2.9)			13.4
S&P 500 ^(c)	4.5	4.3	3.3	(0.6)	(6.0)	4.1	1.4	2.3	2.6	(1.9)			14.3

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)	16.0	(2.0)	21.9	22.8	(39.3)	18.7	9.8	11.4	9.4	25.2	(17.7)	68.7	4.9
Russell 1000 Growth ^(c)	13.4	2.6	16.7	37.2	(38.4)	11.8	9.1	5.3	6.3	29.7	(27.9)	46.6	3.6
S&P 500 ^(c)	14.3	2.1	15.1	26.5	(37.0)	5.5	15.8	4.9	10.9	28.7	(22.1)	52.4	4.0





Top Ten Holdings

Allergan	Ecobal
Apple	General Electric
Celgene	Las Vegas Sands
Dollar General	Monsanto
eBay	Yum! Brands

Sectoral Breakdown

Sectoral Breakdown	% of Assets
Consumer Discretionary	26.1%
Services	16.8%
Health Care	14.7%
Industrials	12.1%
Information Technology	9.9%
Materials	9.4%
Consumer Staples	6.7%
Energy	3.0%

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 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
	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

Hereford DSM US LCG

	n/a

DSM LCG Composite

	15.3
	0.2
	0.2
	7.1
	0.9
	1.6

R1000 Growth

	16.0
	0.1

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	VPB 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:

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attn. Fund Operations / TA-HFF
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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 BaFin for public distribution in Germany from 17/10/12, registered with the AFM for public distribution in the Netherlands 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.

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