



Investment Review

The Hereford/DSM Large Cap Fund depreciated (0.4)% for the month of July compared to a (1.5)% depreciation for the Russell 1000 Growth Index and a (1.4)% depreciation for the S&P 500 including dividends. At the end of July, the Fund was invested primarily in the consumer discretionary, health care and technology sectors, with smaller weights in the industrials, financials, materials and consumer staples sectors.

During the month the Fund exceeded its benchmark by approximately 110 bps. This was primarily the result of our selections in consumer discretionary, as well as our selections and overweight in health care versus the benchmark. Our selections in industrials detracted from performance. In July, the best performing positions in the portfolio were Time Warner, Discovery Communications, Regeneron Pharmaceuticals, Tencent Holdings and Biogen Idec. The worst performers for the month were Yum! Brands, Monsanto, Monster Beverage, Airbus Group and Precision Castparts. In July we trimmed the Fund's positions in eBay, Monsanto and Time Warner. Appreciation led us to trim Time Warner. Monsanto was trimmed on relative valuation, and we continued to trim eBay on weakening fundamentals. We used these proceeds to initiate a position in Dollar Tree, the discount store chain which offers a variety of merchandise at the \$1 price point. Dollar Tree has a strong long-term track record of balancing growth and margins. The company recently announced that it would acquire Family Dollar Stores. We believe the acquisition will create various synergies, and we anticipate improved sales and margins at Family Dollar as Dollar Tree leverages its strengths to improve operations. In the period, we also added to several of the Fund's existing positions including Abbott Laboratories and Precision Castparts.

Our global economic outlook remains largely unchanged. US first quarter GDP growth was revised significantly lower to negative (2.9)%, and puts to rest any thought of a 3% GDP result for the year. Still, we think the last three-quarters of the year may well average +2% growth. We think it's likely that the first quarter disappointment is largely an anomaly, since both employment reports and PMI statistics indicate reasonable growth. The Federal Reserve's goal is to create real income growth, but their tool for this is lower interest rates, which mainly causes asset price appreciation. Certainly they will be reluctant to raise interest rates at a time of anemic income growth, but if inflation appears to be on the rise, they will be faced with that tough decision. We believe that wage growth, following on the employment and inflation statistics, will be the final data point that will cause the Fed to raise rates. In contrast, any discussion regarding rate hikes in Europe seems to us unlikely until economic growth ratchets upward past 2%, which might not be until late 2015. As in the US, the ECB faces the troubling prospect of rising inflation with sluggish economic growth. Slow growth in Japan seems to us the likely outcome for the foreseeable future, due in part to demographic trends and a corporate culture that does not rationalize underperforming assets. The Japanese are also focused on QE policies, but as has been the outcome in Europe and the US, QE can raise asset prices or prevent deflation, but is unlikely to spur real economic growth. Finally, turning to China, we believe their current economic growth of approximately 7% is largely as expected, and there are signs that second quarter growth was at least steady. The property market receives widespread attention, and there's not much doubt that attitudes towards real estate investment have moderated. In the meantime, the new government continues to move forward with reforms, possibly including deposit insurance, insider trading rules (known in China as "rat trading", an appropriate term), foreign exchange derivatives, foreign currency deposit rates and open-market interest rates. We continue to believe that only small "stimulus measures" will be taken by central and local government.

The portfolio continues to be focused on unique global businesses that have been identified, and are continuously subject to analysis, by our eleven-member investment team. We believe that the valuation of the portfolio, at 19.3x next-four-quarter earnings through June of 2015 based on our calculations, continues to be attractive in the current slow growth economic environment and relative to the market.

Key Information

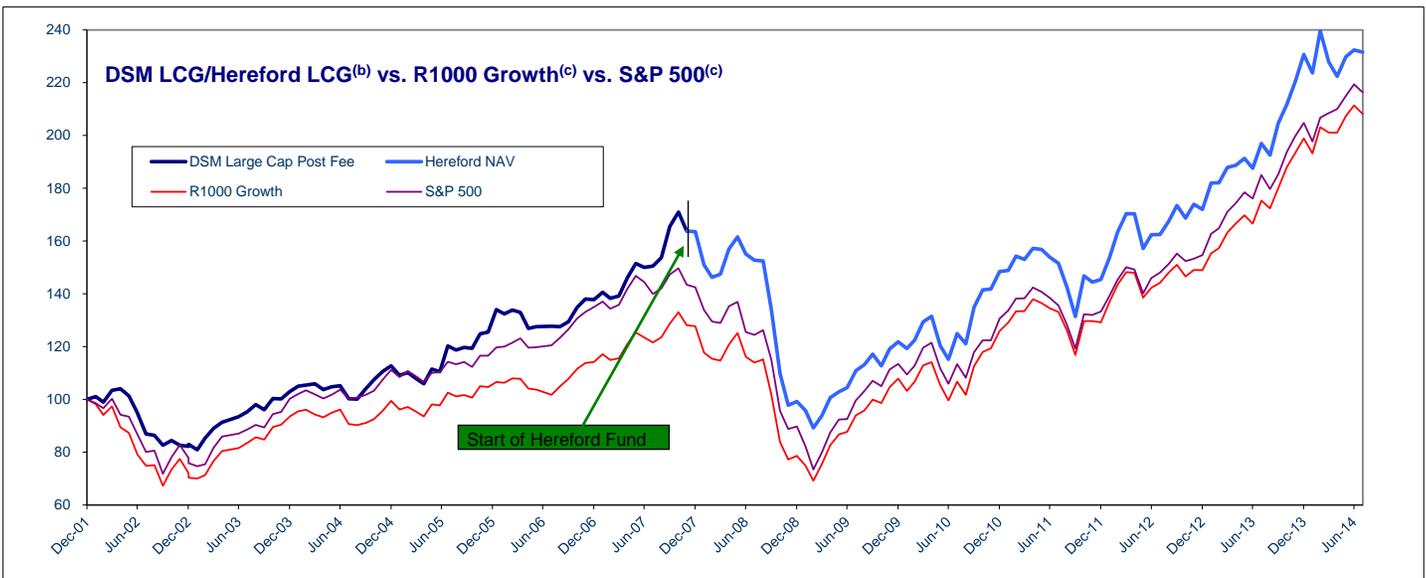
NAV A Shares (31/07/14)	US\$ 141.36
Total Fund Size	US\$ 134.3 mil
Strategy Assets	US\$ 4,153.7 mil ^(a)
Fund Launch Date	29-Nov-07

Monthly Performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Hereford Funds NAV	(3.0)	7.1	(4.9)	(2.4)	3.3	1.1	(0.4)						0.4
Russell 1000 Growth ^(c)	(2.9)	5.2	(1.0)	0.0	3.1	2.0	(1.5)						4.7
S&P 500 ^(c)	(3.5)	4.6	0.8	0.7	2.3	2.1	(1.4)						5.7

Period Performance (%)

	YTD	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	Since Inception 01/01/02	Annualised
DSM LCG/Hereford LCG Returns ^(b)	0.4	34.1	18.2	(2.0)	21.9	22.8	(39.3)	18.7	9.8	11.4	9.4	25.2	(17.7)	131.6	6.9
Russell 1000 Growth ^(c)	4.7	33.5	15.3	2.6	16.7	37.2	(38.4)	11.8	9.1	5.3	6.3	29.7	(27.9)	108.2	6.0
S&P 500 ^(c)	5.7	32.4	16.0	2.1	15.1	26.5	(37.0)	5.5	15.8	4.9	10.9	28.7	(22.1)	116.4	6.3





Top Ten Holdings

Alexion Pharmaceuticals	Monsanto
Biogen Idec	Precision Castparts
Celgene	Starbucks
Cognizant Tech Solutions	Tencent Holdings
Google (Cl. A & C)	The Priceline Group

Sectoral Breakdown

Sectoral Breakdown	% of Assets
Consumer Discretionary	32.6%
Health Care	24.6%
Information Technology	20.5%
Industrials	8.1%
Financials	6.6%
Materials	3.8%
Consumer Staples	3.4%

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\$ 5 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)		Since Inception Risk Profile	Hereford DSM US LCG	DSM LCG Composite	R1000 Growth
Bloomberg	DSMUSLA LX	Volatility	n/a	14.9	15.3
ISIN	LU0327604228	Sharpe Ratio	n/a	0.4	0.3
Reuters	LP65102015	Information Ratio	n/a	0.1	
Sedol	B28TLX2	Tracking Error	n/a	6.9	
	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	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:

VPB Finance S.A.
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 1, 2010.
 (f) Share Class D is German tax registered from October 1, 2010.

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