

HEREFORD FUNDS

Société d'Investissement à Capital Variable
(Investment Company organised under the laws of the Grand Duchy of Luxembourg)



UNAUDITED SEMI-ANNUAL REPORT

As of 31 March 2012

Luxembourg R.C.S. B 134 375

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MANAGEMENT AND ADMINISTRATION

BOARD OF DIRECTORS

CHAIRMAN

Mr Anthony GALLIERS-PRATT
Managing Partner
Hereford Funds Advisory S.à r.l.
26, Avenue de la Liberté
L-1930 Luxembourg, Luxembourg

DIRECTORS

Mr Mark HENDERSON
Managing Partner
Hereford Funds Advisory S.à r.l.
26, Avenue de la Liberté
L-1930 Luxembourg, Luxembourg

Mr Yves DE VOS
Managing Director
VP Bank (Luxembourg) S.A.
26, Avenue de la Liberté
L-1930 Luxembourg, Luxembourg

Mr Romain MOEBUS
Member of the Executive Board
VP Bank (Luxembourg) S.A.
26, Avenue de la Liberté
L-1930 Luxembourg, Luxembourg

Mr Rolf DIDERRICH
Executive Director
VPB Finance S.A.
26, Avenue de la Liberté
L-1930 Luxembourg, Luxembourg

Mr Jérôme WIGNY
Partner
Elvinger, Hoss & Prussen
2, Place Winston Churchill
L-1340 Luxembourg, Luxembourg

HEREFORD FUNDS

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MANAGEMENT AND ADMINISTRATION

(continued)

DELEGATES OF THE BOARD OF DIRECTORS

(until 30 November 2011)

Mr Anthony GALLIERS-PRATT
Managing Partner
Hereford Funds Advisory S.à r.l.
26, Avenue de la Liberté
L-1930 Luxembourg, Luxembourg

Mr Benoni DUFOUR
Civil Engineer
15, Op der Sank
L-5713 Aspelt, Luxembourg

REGISTERED OFFICE

26, Avenue de la Liberté
L-1930 Luxembourg, Luxembourg

REGISTRATION NUMBERS

Luxembourg R.C.S. B 134 375
Luxembourg VAT number LU23764818

MANAGEMENT COMPANY

(since 1 December 2011)

VPB Finance S.A.
26, Avenue de la Liberté
L-1930 Luxembourg
Grand Duchy of Luxembourg

ADVISORY COMPANY

Hereford Funds Advisory S.à r.l.
26, Avenue de la Liberté
L-1930 Luxembourg, Luxembourg

HEREFORD FUNDS

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MANAGEMENT AND ADMINISTRATION

(continued)

INVESTMENT MANAGERS

For the Compartment
HEREFORD FUNDS – DSM US LARGE CAP GROWTH FUND

DSM Capital Partners LLC
116 Radio Circle Drive, Suite 200
Mount Kisco
New York, NY 10549, USA

For the Compartment
HEREFORD FUNDS – DGHM US ALL-CAP VALUE FUND

Dalton, Greiner, Hartman, Maher & Co., LLC
565 Fifth Avenue
Suite 2101
New York, NY 10017, USA

For the Compartment
HEREFORD FUNDS – FIRTH ASIAN VALUE FUND

Swiss-Asia Financial Services Pte. Ltd
8 Temasek Boulevard #43-01
Suntec City Tower Three
SGP-Singapore 038988, Singapore

INVESTMENT ADVISOR

For the Compartment
HEREFORD FUNDS – FIRTH ASIAN VALUE FUND

Firth Investment Management Pte. Ltd
180 Cecil Street #13-03
Bangkok Bank Building
SGP-Singapore 069546, Singapore

CUSTODIAN

VP Bank (Luxembourg) S.A.
26, Avenue de la Liberté
L-1930 Luxembourg, Luxembourg

HEREFORD FUNDS

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MANAGEMENT AND ADMINISTRATION

(continued)

CENTRAL ADMINISTRATION AND DOMICILIARY AGENT

VPB Finance S.A.
26, Avenue de la Liberté
L-1930 Luxembourg, Luxembourg

COUNTRIES WHERE THE FUND IS AUTHORIZED FOR PUBLIC DISTRIBUTION

HEREFORD FUNDS – DSM US LARGE CAP GROWTH FUND
HEREFORD FUNDS – DGHM US ALL-CAP VALUE FUND
HEREFORD FUNDS – FIRTH ASIAN VALUE FUND
Luxembourg

HEREFORD FUNDS – DSM US LARGE CAP GROWTH FUND
HEREFORD FUNDS – DGHM US ALL-CAP VALUE FUND
France
Netherlands
Switzerland

PAYING AGENT IN FRANCE

Société Générale
29, Boulevard Haussmann
F-75009 Paris, France

PAYING AGENT IN SWITZERLAND

Société Générale Paris, Zurich Branch
Talacker 50,
P.O. Box 1928
CH-8021 Zurich, Switzerland

CABINET DE RÉVISION AGRÉÉ

Deloitte Audit
Société à responsabilité limitée
560, Rue de Neudorf
L-2220 Luxembourg, Luxembourg

HEREFORD FUNDS

Société d'Investissement à Capital Variable
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MANAGEMENT AND ADMINISTRATION

(continued)

LEGAL ADVISER IN LUXEMBOURG

Elvinger, Hoss & Prussen
2, Place Winston Churchill
L-1340 Luxembourg, Luxembourg

HEREFORD FUNDS

Société d'Investissement à Capital Variable
(Investment Company organised under the laws of the Grand Duchy of Luxembourg)

STATEMENT OF NET ASSETS

As of 31 March 2012

	Hereford Funds - DSM US Large Cap Growth Fund	Hereford Funds - DGHM US All-Cap Value Fund	Hereford Funds - FIRTH ASIAN Value Fund	Combined
	(in USD)	(in USD)	(in USD)	(in USD)
ASSETS				
Securities portfolio (at cost)	87,213,607.06	105,210,966.34	8,363,625.47	200,788,198.87
Unrealised appreciation/depreciation (-)	<u>21,539,542.69</u>	<u>7,350,548.41</u>	<u>-591,104.32</u>	<u>28,298,986.78</u>
Securities portfolio at market value	108,753,149.75	112,561,514.75	7,772,521.15	229,087,185.65
Cash at banks	3,474,179.84	2,247,324.22	868,023.64	6,589,527.70
Receivables on subscriptions	1,139,802.12	37,162.23	-	1,176,964.35
Receivables on securities sold	2,115,817.71	1,958,707.61	34,778.14	4,109,303.46
Receivables on dividends	91,669.73	137,567.36	18,710.86	247,947.95
Receivables on spot foreign exchange transactions	-	-	49,760.28	49,760.28
Formation expenses (net)	<u>11,953.22</u>	<u>7,229.82</u>	<u>40,633.79</u>	<u>59,816.83</u>
TOTAL ASSETS	<u>115,586,572.37</u>	<u>116,949,505.99</u>	<u>8,784,427.86</u>	<u>241,320,506.22</u>
LIABILITIES				
Bank overdrafts	-	-	-4,915.48	-4,915.48
Payables on redemptions	-501,694.09	-6,734.85	-	-508,428.94
Payables on securities purchased	-2,922,365.29	-2,239,936.34	-62,786.59	-5,225,088.22
Payables on spot foreign exchange transactions	-	-	-49,970.03	-49,970.03
Accrued expenses	<u>-372,815.62</u>	<u>-388,662.59</u>	<u>-34,492.68</u>	<u>-795,970.89</u>
TOTAL LIABILITIES	<u>-3,796,875.00</u>	<u>-2,635,333.78</u>	<u>-152,164.78</u>	<u>-6,584,373.56</u>
NET ASSETS	<u>111,789,697.37</u>	<u>114,314,172.21</u>	<u>8,632,263.08</u>	<u>234,736,132.66</u>

HEREFORD FUNDS

Société d'Investissement à Capital Variable
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STATEMENT OF OPERATIONS

For the year/period ended 31 March 2012

	Hereford Funds - DSM US Large Cap Growth Fund (in USD)	Hereford Funds - DGHM US All-Cap Value Fund (in USD)	Hereford Funds - FIRTH ASIAN Value Fund (in USD)	Combined (in USD)
INCOME				
Dividends, net	338,420.20	796,328.19	54,054.22	1,188,802.61
Other income	26,774.41	94.90	0.99	26,870.30
TOTAL INCOME	365,194.61	796,423.09	54,055.21	1,215,672.91
EXPENSES				
Performance fees	-12,153.69	-	-	-12,153.69
Investment advisory and management fees	-685,508.43	-651,629.07	-59,832.70	-1,396,970.20
Custodian and central administration fees	-106,392.00	-105,024.72	-8,319.86	-219,736.58
Subscription tax	-10,578.05	-7,132.91	-405.22	-18,116.18
Depreciation of formation expenses	-9,076.50	-1,552.88	-4,888.88	-15,518.26
Audit fees	-9,865.43	-9,733.68	-771.37	-20,370.48
Transaction costs	-119,886.48	-120,553.39	-24,006.05	-264,445.92
Other charges	-80,714.95	-73,884.79	-17,910.38	-172,510.12
Interest paid on bank overdraft	-34.86	-	-33.19	-68.05
TOTAL EXPENSES	-1,034,210.39	-969,511.44	-116,167.65	-2,119,889.48
NET INCOME/LOSS (-) FROM INVESTMENTS	-669,015.78	-173,088.35	-62,112.44	-904,216.57
Net realised gain/loss (-) on foreign exchange	-26.83	-28.70	-6,694.93	-6,750.46
Net realised gain/loss (-) on sales of securities	3,044,511.61	875,320.06	95,924.64	4,015,756.31
NET REALISED PROFIT/LOSS (-) FOR THE YEAR/PERIOD	2,375,469.00	702,203.01	27,117.27	3,104,789.28
NET CHANGE IN UNREALISED APPRECIATION/DEPRECIATION (-)				
- on foreign exchange	250.05	229.65	4,909.05	5,388.75
- on securities	23,599,819.66	18,137,102.44	1,329,939.04	43,066,861.14
INCREASE/DECREASE (-) IN NET ASSETS AS A RESULT OF OPERATIONS	25,975,538.71	18,839,535.10	1,361,965.36	46,177,039.17

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STATEMENT OF CHANGES IN NET ASSETS

For the year/period ended 31 March 2012

	Hereford Funds - DSM US Large Cap Growth Fund (in USD)	Hereford Funds - DGHM US All-Cap Value Fund (in USD)	Hereford Funds - FIRTH ASIAN Value Fund (in USD)	Combined (in USD)
NET ASSETS				
Beginning of the year/period	110,115,846.63	87,557,449.08	7,508,003.12	205,181,298.83
CHANGES FROM INVESTMENT ACTIVITIES				
Increase/decrease (-) in net assets as a result of operations for the year/period	25,975,538.71	18,839,535.10	1,361,965.36	46,177,039.17
CHANGES FROM CAPITAL TRANSACTIONS				
Proceeds from shares issued	21,352,023.49	38,401,105.15	7,330.93	59,760,459.57
Payments for shares redeemed	-45,653,711.46	-30,483,917.12	-245,036.33	-76,382,664.91
	-24,301,687.97	7,917,188.03	-237,705.40	-16,622,205.34
NET ASSETS				
End of the year/period	111,789,697.37	114,314,172.21	8,632,263.08	234,736,132.66

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CHANGES IN THE NUMBER OF SHARES OUTSTANDING

For the year/period ended 31 March 2012

Hereford Funds - DSM US Large Cap Growth Fund

	Class A USD	Class C USD	Class D USD	Class U USD
Number of shares at the beginning of the year/period	839,627.451	27,834.209	137,200.346	267,824.497
Number of shares issued	123,471.358	4,178.166	46,613.000	11,378.581
Number of shares redeemed	-413,643.770	-1,272.585	-10,142.349	-77,640.496
Number of shares outstanding at the end of the year/period	549,455.039	30,739.790	173,670.997	201,562.582

Hereford Funds - DGHM US All-Cap Value Fund

	Class A USD	Class D USD
Number of shares at the beginning of the year/period	700,246.589	85,366.300
Number of shares issued	291,708.327	3,120.619
Number of shares redeemed	-230,400.712	-6,541.258
Number of shares outstanding at the end of the year/period	761,554.204	81,945.661

Hereford Funds - FIRTH ASIAN Value Fund

	Class A USD
Number of shares at the beginning of the year/period	94,376.004
Number of shares issued	89.000
Number of shares redeemed	-2,752.000
Number of shares outstanding at the end of the year/period	91,713.004

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STATISTICAL INFORMATION

For the year/period ended 31 March 2012

	31 March 2012	30 September 2011	30 September 2010
Total Company (in USD)			
Net Assets of Company	234,736,132.66	205,181,298.83	102,379,604.51
Hereford Funds - DSM US Large Cap Growth Fund			
Total net assets (in USD)	111,789,697.37	110,115,846.63	69,290,630.68
Class A USD			
Shares outstanding	549,455.039	839,627.451	484,171.561
Net asset value per share (in share class currency)	103.99	80.24	82.31
Class C USD			
Shares outstanding	30,739.790	27,834.209	21,702.318
Net asset value per share (in share class currency)	103.95	80.49	82.90
Class D USD			
Shares outstanding	173,670.997	137,200.346	138,687.511
Net asset value per share (in share class currency)	170.48	131.92	136.10
Class U USD			
Shares outstanding	201,562.582	267,824.497	102,139.549
Net asset value per share (in share class currency)	108.40	83.65	85.80
Hereford Funds - DGHM US All-Cap Value Fund			
Total net assets (in USD)	114,314,172.21	87,557,449.08	33,088,973.83
Class A USD			
Shares outstanding	761,554.204	700,246.589	224,283.852
Net asset value per share (in share class currency)	137.91	113.62	123.13
Class D USD			
Shares outstanding	81,945.661	85,366.300	53,610.906
Net asset value per share (in share class currency)	113.33	93.62	102.07
Hereford Funds - FIRTH ASIAN Value Fund			
Total net assets (in USD)	8,632,263.08	7,508,003.12	
Class A USD			
Shares outstanding	91,713.00	94,376.00	
Net asset value per share (in share class currency)	94.12	79.55	

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TOTAL EXPENSE RATIOS

For the year/period ended 31 March 2012

Hereford Funds - DSM US Large Cap Growth Fund

Total Expense Ratio (TER) - Class A USD	1.57%	including performance fees :	1.57%
Total Expense Ratio (TER) - Class C USD	1.36%	including performance fees :	1.84%
Total Expense Ratio (TER) - Class D USD	2.11%	including performance fees :	2.11%
Total Expense Ratio (TER) - Class U USD	1.57%	including performance fees :	1.57%

Hereford Funds - DGHM US All-Cap Value Fund

Total Expense Ratio (TER) - Class A USD	1.57%	including performance fees :	1.57%
Total Expense Ratio (TER) - Class D USD	2.11%	including performance fees :	2.11%

Hereford Funds - FIRTH ASIAN Value Fund

Total Expense Ratio (TER) - Class A USD	2.07%	including performance fees :	2.07%
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PORTFOLIO TURNOVER RATES

For the year/period ended 31 March 2012

	Hereford Funds - DSM US Large Cap Growth Fund	Hereford Funds - DGHM All-Cap Value Fund	Hereford Funds - FIRTH ASIAN Value Fund ¹⁾
Portfolio Turnover Rate (PTR)	29.0266%	16.7094%	20.2802%

HEREFORD FUNDS

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HEREFORD FUNDS – DSM US LARGE CAP GROWTH FUND

Securities Portfolio as of 31 March 2012

(in USD)

Transferable securities admitted to an official stock exchange listing

Shares

Currency	Nominal Value/ Quantity	Description	Market Value	% of Net Assets
USD	53,550	ALLERGAN INC	5,110,276.50	4.57
USD	19,000	AMERICAN EXPRESS CO	1,099,340.00	0.98
USD	17,800	APPLE INC	10,670,566.00	9.54
USD	16,450	BAIDU INC - SPON ADR	2,397,916.50	2.14
USD	88,200	CELGENE CORP	6,837,264.00	6.12
USD	64,900	COGNIZANT TECH SOLUTIONS-A	4,994,055.00	4.47
USD	72,100	DISCOVERY COMMUNICATIONS-A	3,648,260.00	3.26
USD	96,200	DOLLAR GENERAL	4,444,440.00	3.98
USD	35,950	ECOLAB	2,218,834.00	1.98
USD	78,850	EMC CORP/MASS	2,356,038.00	2.11
USD	25,300	F5 NETWORKS INC	3,414,488.00	3.05
USD	27,000	FAMILY DOLLAR STORES	1,708,560.00	1.53
USD	23,250	FRANKLIN RESOURCES INC	2,883,697.50	2.58
USD	263,300	GENERAL ELECTRIC CO	5,284,431.00	4.73
USD	4,700	GOOGLE INC-CL A	3,013,828.00	2.70
USD	5,175	INTUITIVE SURGICAL INC	2,803,556.25	2.51
USD	61,150	LAS VEGAS SANDS CORP	3,519,794.00	3.15
USD	45,000	MONSANTO CO	3,589,200.00	3.21
USD	61,150	NETAPP INC	2,737,685.50	2.45
USD	47,450	PHILIP MORRIS INTERNATIONAL	4,204,544.50	3.76
USD	22,750	PRAXAIR	2,608,060.00	2.33
USD	6,450	PRICELINE.COM INC	4,627,875.00	4.14
USD	59,100	SCHLUMBERGER LTD	4,132,863.00	3.70
USD	46,200	SHIRE PLC-ADR	4,377,450.00	3.92
USD	25,950	STARBUCKS CORP	1,450,345.50	1.30
USD	56,200	VISA INC-CLASS A SHARES	6,631,600.00	5.93
USD	51,350	WALT DISNEY CO/THE	2,248,103.00	2.01
USD	25,150	YUM! BRANDS INC	1,790,177.00	1.60
		Total transferable shares admitted to an official stock exchange listing	104,803,248.25	93.75

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HEREFORD FUNDS – DSM US LARGE CAP GROWTH FUND

Securities Portfolio as of 31 March 2012

(in USD)

(continued)

Other transferable securities

Shares

Currency	Nominal Value/ Quantity	Description	Market Value	% of Net Assets
USD	26,750	SABMILLER SPONS ADR REPR 1 SHS	1083107.5	0.97
USD	102,900	TENCENT HOLDINGS ADR REPR 1 SHS	<u>2,866,794.00</u>	<u>2.56</u>
		Total other transferable shares	3,949,901.50	3.53
		TOTAL SECURITIES PORTFOLIO	<u>108,753,149.75</u>	<u>97.28</u>

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HEREFORD FUNDS – DSM US LARGE CAP GROWTH FUND

Securities Portfolio as of 31 March 2012

(in USD)

(continued)

Breakdown by country

	% of Net Assets
Cayman Islands	2.56
China	2.14
Ireland	3.92
United Kingdom	0.97
United States of America	87.69
TOTAL	97.28

Breakdown by currency

	% of Net Assets
USD	97.28
TOTAL	97.28

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HEREFORD FUNDS – DGHM US ALL-CAP VALUE FUND

Securities Portfolio as of 31 March 2012

(in USD)

Transferable securities admitted to an official stock exchange listing

Shares

Currency	Nominal Value/ Quantity	Description	Market Value	% of Net Assets
USD	38,960	ACE LTD	2,851,872.00	2.50
USD	145,630	AT&T INC	4,548,024.90	3.98
USD	79,700	AKAMAI TECHNOLOGIES INC	2,924,990.00	2.56
USD	47,420	ALEXANDRIA REAL ESTATE EQUIT	3,467,824.60	3.03
USD	88,130	ANALOG DEVICES	3,560,452.00	3.11
USD	58,910	AON CORP	2,890,124.60	2.53
USD	62,940	BAXTER INTERNATIONAL INC	3,762,553.20	3.29
USD	38,360	BECTON DICKINSON AND CO	2,978,654.00	2.61
USD	69,920	BEST BUY CO INC	1,655,705.60	1.45
USD	68,630	REGISTERED-SHARES CIT GROUP INC	2,830,301.20	2.48
USD	57,260	COVANCE INC	2,727,293.80	2.39
USD	22,700	SHARES DTE ENERGY CO	1,249,181.00	1.09
USD	54,780	DEVON ENERGY CORPORATION	3,895,953.60	3.41
USD	55,700	DIRECTV-CLASS A	2,748,238.00	2.40
USD	45,180	DOVER CORP	2,843,629.20	2.49
USD	63,970	FREEPORT-MCMORAN COPPER	2,433,418.80	2.13
USD	39,070	GENERAL DYNAMICS CORP	2,866,956.60	2.51
USD	13,882	INTL BUSINESS MACHINES CORP	2,896,479.30	2.53
USD	98,515	JPMORGAN CHASE & CO	4,527,749.40	3.96
USD	377,440	KEYCORP	3,208,240.00	2.81
USD	53,510	KOHL'S CORP	2,677,105.30	2.34
USD	66,800	LINCOLN NATIONAL CORP	1,760,848.00	1.54
USD	56,320	OMNICOM GROUP	2,852,608.00	2.50
USD	288,570	PEOPLE'S UNITED FINANCIAL	3,820,666.80	3.34
USD	34,560	PIEDMONT NATURAL GAS	1,073,779.20	0.94
USD	30,910	PIONEER NATURAL RESOURCES CO	3,449,246.90	3.02
USD	54,010	ROCKWOOD HOLDINGS	2,816,621.50	2.46
USD	149,940	SAFEWAY INC	3,030,287.40	2.65
USD	63,790	STATE STREET CORP	2,902,445.00	2.54
USD	63,900	STRYKER CORP	3,545,172.00	3.10
USD	34,240	TERADATA CORP	2,333,456.00	2.04
USD	32,605	3M COMPANY	2,908,692.05	2.54
USD	72,340	TIDEWATER INC	3,907,806.80	3.42
USD	36,270	UNITED PARCEL SERVICE-CL B	2,927,714.40	2.56
USD	98,670	VECTREN CORPORATION	2,867,350.20	2.51
USD	62,690	VIACOM INC-CLASS B	2,975,267.40	2.60
USD	63,190	VISTEON	3,349,070.00	2.93
USD	40,780	WAL-MART STORES INC	2,495,736.00	2.18
Total transferable shares admitted to an official stock exchange listing			112,561,514.75	98.47

HEREFORD FUNDS

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HEREFORD FUNDS – DGHM US ALL-CAP VALUE FUND

Securities Portfolio as of 31 March 2012

(in USD)

(continued)

Breakdown by country

	% of Net Assets
Switzerland	2.50
United States of America	95.97
TOTAL	98.47

Breakdown by currency

	% of Net Assets
USD	98.47
TOTAL	98.47

HEREFORD FUNDS

Société d'Investissement à Capital Variable
(Investment Company organised under the laws of the Grand Duchy of Luxembourg)

HEREFORD FUNDS – FIRTH ASIAN VALUE FUND

Securities Portfolio as of 31 March 2012

(in USD)

Transferable securities admitted to an official stock exchange listing

Shares

Currency	Nominal Value/ Quantity	Description	Market Value	% of Net Assets
TWD	52,000	104 CORP	153,272.46	1.78
MYR	46,200	AEON CO (M) BHD	143,259.41	1.66
HKD	164,000	AEON CREDIT SERVICE ASIA CO	135,162.56	1.57
HKD	28,000	AEON STORES (HONG KONG) CO LTD	79,325.59	0.92
MYR	156,600	ALLIANZ MALAYSIA BERHAD	240,241.03	2.78
MYR	133,400	ASIA FILE CORP BERHAD	171,992.89	1.99
HKD	250,000	BEIJING MEDIA -H-	186,724.20	2.16
SGD	388,000	BOARDROOM LTD	163,551.94	1.89
KRW	29,000	CELL BIOTECH	171,536.01	1.99
HKD	450,000	CHEN HSONG HOLDINGS	147,769.66	1.71
HKD	522,000	CINDERELLA MEDIA GROUP LTD	239,977.94	2.78
HKD	381,000	CLEAR MEDIA LTD	234,523.01	2.72
TWD	75,218	CYBERLINK	233,431.14	2.7
KRW	7,100	DAEGU DPT STORE	93,709.16	1.09
TWD	42,000	E-LIFE MALL	89,646.09	1.04
HKD	141,000	ESPRIT HOLDINGS LTD	283,254.17	3.28
SGD	903,000	FRENCKEN GROUP LTD	183,136.97	2.12
HKD	632,000	GLORIOUS SUN ENTERPRISES LTD	214,859.02	2.49
KRW	500	GWANGJU SHINSEGAE	89,829.07	1.04
THB	72,400	HANA MICROELECTRONICS PUBLIC CO LTD	51,392.56	0.59
KRW	1,576	HIMART CO LTD	84,733.67	0.98
SGD	223,000	HOUR GLASS LTD	235,887.32	2.73
HKD	844,000	HUN HING PRINTING GROUP LTD	170,637.58	1.98
HKD	722,000	JU TENG INTERNATIONAL HLDGS	185,951.54	2.15
HKD	7,495,000	LAI FUNG HOLDINGS LTD	139,949.78	1.62
HKD	1,544,000	LERADO GROUP (HOLDING) CO	161,051.55	1.87
MYR	272,300	MASTERSKILL EDUCATION	97,768.26	1.13
IDR	2,330,700	MATAHARI PUTRA PRIMA	224,638.33	2.6
TWD	109,000	MERRY ELECTRONICS	181,321.59	2.1
HKD	1,722,000	NEXT MEDIA LTD	133,050.65	1.54
KRW	1,290	OTTOGI CORP	177,662.93	2.06
SGD	270,000	PEOPLE'S FOOD HOLDINGS LTD	122,401.49	1.42
PHP	3,811,000	PEPSI COLA PROD PHILIPPINES	243,199.39	2.82
HKD	884,000	PICO FAR EAST HOLDINGS LTD.	199,215.40	2.31
HKD	1,762,000	POU SHENG INTL	222,364.05	2.58
SGD	475,000	QAF	283,336.79	3.28
MYR	88,000	QSR BRANDS BHD	183,831.62	2.13
IDR	1,912,000	RAMAYANA LESTARI SENTOSA PT	163,341.79	1.89
HKD	1,846,000	ROADSHOW HOLDINGS	178,289.41	2.07
HKD	1,348,000	SAMSON HOLDING LTD	182,268.57	2.11

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HEREFORD FUNDS – FIRTH ASIAN VALUE FUND

Securities Portfolio as of 31 March 2012

(in USD)

(continued)

Transferable securities admitted to an official stock exchange listing (continued)

Shares (continued)

Currency	Nominal Value/ Quantity	Description	Market Value	% of Net Assets
KRW	10,540	SEBANG	148,882.31	1.72
KRW	335	SHINSEGAE CO LTD	70,684.67	0.82
TWD	148,000	SILICONWARE PRECISION INDS	179,509.02	2.08
SGD	1,161,000	STRACO CORP LTD	172,672.00	2
HKD	59,200	TRANSPORT INTL HOLDINGS	126,092.66	1.46
TWD	389,000	VANGUARD INTL SEMICONDUCTOR	168,035.61	1.95
HKD	9,000	YGM TRADING LTD	29,148.29	0.34
Total transferable shares admitted to an official stock exchange listing			7,772,521.15	90.04
TOTAL SECURITIES PORTFOLIO			7,772,521.15	90.04

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HEREFORD FUNDS – FIRTH ASIAN VALUE FUND

Securities Portfolio as of 31 March 2012

(in USD)

(continued)

Breakdown by country

	% of Net Assets
Bermuda	19.10
Cayman Islands	1.62
China	2.16
Hong Kong	16.20
Indonesia	4.49
Malaysia	9.69
Philippines	2.82
Singapore	12.02
South Korea	9.70
Taiwan	11.65
Thailand	0.59
TOTAL	90.04

Breakdown by currency

	% of Net Assets
HKD	37.66
IDR	4.49
KRW	9.70
MYR	9.69
PHP	2.82
SGD	13.44
THB	0.59
TWD	11.65
TOTAL	90.04

HEREFORD FUNDS

Société d'Investissement à Capital Variable
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NOTES TO THE FINANCIAL STATEMENTS

As of 31 March 2012

Note 1

Organisation and objective of the company

a) General information

Hereford Funds (the "Fund") was an open-end investment fund with multiple Compartments ("société d'investissement à capital variable" (SICAV) à compartiments multiples) governed by Luxembourg law, established in accordance with the provisions of Part I of the Law of 20 December 2002 relating to undertakings for collective investment until 30 June 2011. Since 1 July 2011 the Fund became *ipso jure* subject to Part I of the Law of 17 December 2010 (the "Law of 2010") relating to undertakings for collective investments. The Fund complies with article 27 of the Law of 2010 and therefore qualifies as a self-managed SICAV. The Fund ceased to be a self-managed SICAV and appointed VPB Finance S.A. as Management Company in line with the provisions of the 2010 Law as from 1 December 2011.

The Fund was incorporated for an indefinite period on 23 November 2007. The purpose of the Fund is to offer investors access to a world-wide selection of markets and a variety of investment techniques via a range of specialised products ("Compartments") included under a same and single structural umbrella.

The Board of Directors of the Fund has designated VPB Finance S.A. to act as Management Company for the Fund under the terms of the Management Company Services Agreement dated 1 December 2011. The Management Company is a public limited company ("société anonyme"). Its articles have been amended on 20 June 2006 in order to allow it to act as a Management Company for undertakings for collective investment, currently in accordance with Chapter 15 of the 2010 Law. It exists for an unlimited period of time. As such, the Management Company will perform and render without limitation: (i) investment management services, (ii) administrative agency, corporate and domiciliary agency, registrar and transfer agency services, and (iii) marketing, principal distribution and sales services.

The Fund contains the following Compartments and Classes of Shares:

- Hereford Funds - DSM US Large Cap Growth Fund

Class A and B Shares, each available in USD, GBP and EUR
Class C and D Shares, each available in USD and EUR
Class U Shares, available in USD and GBP

- Hereford Funds – DGHM US All-Cap Value Fund

Class A Shares, available in USD, GBP and EUR
Class D Shares, available in USD and EUR

- Hereford Funds – FIRTH ASIAN Value Fund

Class A Shares, available in USD, GBP and EUR
Class D Shares, available in USD, EUR
Class S Shares, available in USD, CHF and EUR

Class A and B Shares shall be reserved for investments made by investors qualifying as institutional investors within the meaning of the Law of 2010.

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NOTES TO THE FINANCIAL STATEMENTS

As of 31 March 2012

(continued)

Class C and D Shares shall be normally available in accordance with the provisions of the Prospectus and the Appendix to the Prospectus.

Class S Shares shall be reserved for investments made by investors qualifying as institutional investors within the meaning of the Law of 2010 that have entered into a suitable agreement with the Investment Manager.

Class U Shares shall be reserved for investments made by investors qualifying as institutional investors within the meaning of the Law of 2010.

As of 31 March 2012, the following Classes of Shares were active:

- Hereford Funds - DSM US Large Cap Growth Fund

Class A in USD
Class C in USD
Class D in USD
Class U in USD

This Compartment pursues a policy of achieving capital growth and reinvests income earned; as a result, no dividend shall be paid out.

- Hereford Funds – DGHM US All-Cap Value Fund

Class A in USD
Class D in USD

This Compartment pursues a policy of achieving capital growth and reinvests income earned; as a result, no dividend shall be paid out.

- Hereford Funds – FIRTH ASIAN Value Fund

Class A in USD

This Compartment pursues a policy of achieving capital growth and reinvests income earned; as a result, no dividend shall be paid out.

b) Investment policies

The purpose of the Fund is to offer investors access to a world-wide selection of markets and a variety of investment techniques via a range of specialised products ("Compartments") included under a same and single structural umbrella.

Hereford Funds – DSM US Large Cap Growth Fund

The investment objective of the Compartment is to provide capital appreciation principally through investments in US-based growing corporations with market capitalizations generally above USD 2 billion. These companies are chosen for their growth prospects, attractive returns, solid business fundamentals and intelligent management. Companies invested in will

HEREFORD FUNDS

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NOTES TO THE FINANCIAL STATEMENTS

As of 31 March 2012

(continued)

often have higher revenue and earnings growth rates and less “sell-side” research coverage than comparable larger capitalization corporations.

The Compartment 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 Compartment may hold liquid assets on an ancillary basis. Under normal market conditions, investment in liquid assets and debt instruments of any kind will not exceed 15% of the Compartment's net assets. In exceptional market circumstances and on a temporary basis only, this limit may be increased to 100% with due regard to the principle of risk spreading.

Hereford Funds – DGHM US All-Cap Value Fund

The investment objective of the Compartment is to provide long-term capital appreciation over a multi-year investment horizon by investing primarily in a diversified portfolio of publicly traded equity securities of US-based companies, which the Investment Manager believes to be undervalued. The companies will generally have a market capitalization of more than USD 1 billion.

The Compartment may, on an ancillary basis, invest in US-based companies with higher or lower market capitalizations as well as in non-US-based companies. The Compartment may invest in American Depository Receipts and American Depository Shares.

The Compartment will invest, under normal circumstances, at least 85% of its net assets in publicly traded equity securities, including common stocks, preferred stocks, convertible securities, and similar instruments of various issuers.

Within the same limits as above, the Compartment may also purchase exchange-traded funds whose underlyings belong to the Compartment's investment universe.

The Compartment has the flexibility to invest in other types of securities when the Investment Manager believes they offer more attractive opportunities or as a temporary defensive measure in response to adverse market, economic, political, or other conditions, or to meet liquidity, redemption, and short-term investing needs. Under normal market conditions, investment in liquid assets and debt instruments of any kind will not exceed 15% of the Compartment's net assets. In exceptional market circumstances and on a temporary basis only, this limit may be increased to 100% with due regard to the principle of risk spreading.

Hereford Funds – FIRTH ASIAN Value Fund

The investment objective of the Compartment is to generate long term capital growth from a portfolio of listed company securities in Asia (ex-Japan). The Compartment will follow a value-based investing approach and will have a bias towards smaller capitalisation stocks.

The Compartment will directly invest primarily in shares of companies located in, incorporated in, headquartered in, listed on exchanges in or with significant operations in or significant income derived from Hong Kong, India, Indonesia, Korea, Malaysia, the Philippines, the PRC Singapore, Taiwan and Thailand. The Compartment may also directly invest in smaller or

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Société d'Investissement à Capital Variable
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NOTES TO THE FINANCIAL STATEMENTS

As of 31 March 2012

(continued)

developing economies in Asia such as Bangladesh, Cambodia, Laos, Pakistan, Sri Lanka or Vietnam. The Compartment will not invest in China A Shares when investing in the PRC.

The Compartment will directly invest actively in a diversified portfolio of listed equity securities. The Compartment will generally only invest in securities admitted to official listing on recognized stock exchange, or dealt in on another regulated market. Although the Compartment intends to invest in a portfolio of not less than 40 stocks and not more than 100 stocks, it is not restricted in or subject to any material concentration or diversification restrictions, and may hold a more limited number of investment positions.

The Compartment will typically be near fully invested but may hold liquid assets on an ancillary basis. Under normal market conditions, investment in liquid assets and debt instruments of any kind will not exceed 15% of the Compartment's net assets. In exceptional market circumstances and on a temporary basis only, this limit may be increased to 100% with due regard to the principle of risk spreading.

The Investment Manager intends to meet the Fund's objective primarily through stock selection and country allocation based upon the investment advice of the Investment Adviser. Typically stocks will be bought and held. This is not a trading strategy and it is not intended to attempt to time general market movements. While portfolio returns will be measured against the Benchmark Index, portfolio management will not be constrained by reference to the index.

Note 2

Summary of significant accounting policies

The financial statements of the Fund are prepared in accordance with Luxembourg regulations relating to undertakings for collective investments. The combined financial statements are expressed in USD and are presented for information purposes only.

a) Foreign currency translation

In each Compartment, investments as well as other assets and liabilities stated in foreign currencies are translated at the exchange rates prevailing as of the date of the report. The costs of investments are at historical exchange rates. Transactions in foreign currency during the year/period are translated at the rates prevailing at the date of transaction. Realised and unrealised exchange gains and losses are recorded in the statement of operations of each Compartment's currency Class.

Combined statements are obtained by the arithmetic sum of statements of each individual Compartment.

b) Investments

The value of securities, which are traded on a stock exchange or traded on an other regulated market providing reliable price quotations are valued at the latest price available on the valuation day. In the event that any securities held in the portfolio are not listed on any stock exchange or not traded on any other regulated market or if the price obtained as described above is not representative of the fair market value of the securities, the value of such

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NOTES TO THE FINANCIAL STATEMENTS

As of 31 March 2012

(continued)

securities will be based on the reasonably foreseeable sales price determined prudently and in good faith by the Directors.

The cost of investments sold is determined on the basis of the weighted average price method.

c) Income recognition

Interest income is accounted for on an accrual basis. Dividends are accrued on the date upon which the relevant security becomes ex-dividend. These are accounted for net of any applicable withholding taxes in the relevant country.

Note 3 **Net asset value**

a) Computation

The net asset value per share is expressed in the currency of the relevant Class of Shares and is determined as of each banking day as defined in relation to each Compartment in the Prospectus of the Fund, by dividing the net assets of the relevant Class of the Compartment by the number of shares issued and outstanding in the relevant Class of the Compartment. The net assets of a Class of Shares correspond to the difference between the total assets and the total liabilities of the Class of Shares.

b) Redemption of shares

Each shareholder of any Class of the Compartment has the right to request at any time the redemption of his shares at an amount equal to the net asset value of the relevant Class of the Compartment as described in the preceding paragraph.

For each Compartment the Fund may temporarily suspend the calculation of the net asset value per share, the redemption and the conversion of shares under certain well defined circumstances as disclosed in the Prospectus.

Note 4 **Investment advisory and management fees**

The Fund has appointed as advisory company (the "Advisory Company") Hereford Funds Advisory S.à r.l.

The Fund, with the assistance of the Advisory Company, has appointed the following investment managers and investment advisors:

- Hereford Funds - DSM US Large Cap Growth Fund
- DSM Capital Partners LLC as investment manager

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NOTES TO THE FINANCIAL STATEMENTS

As of 31 March 2012

(continued)

- Hereford Funds – DGHM US All-Cap Value Fund
 - Dalton, Greiner, Hartman, Maher & Co., LLC as investment manager
- Hereford Funds – FIRTH ASIAN Value Fund
 - Swiss-Asia Financial Services Pte. Ltd as investment manager
 - Firth Investment Management Pte. Ltd. as investment advisor

In relation to the Compartment Hereford Funds – DSM US Large Cap Growth Fund, the Advisory Company is entitled to receive fees, payable on a quarterly basis at a total annual rate of 1.25% for Class A and Class U Shares, 0.25% for Class B Shares, 1.00% for Class C Shares and 1.75% for Class D Shares based on the average net asset value of the shares during the relevant period. The investment manager is remunerated by the Advisory Company out of the fees that it receives from the Fund.

In relation to the Compartment Hereford Funds – DGHM US All-Cap Value Fund, the Advisory Company is entitled to receive fees, payable on a quarterly basis at a total annual rate of 1.25% for Class A Shares and 1.75% for Class D Shares based on the average net asset value of the shares during the relevant period. The investment manager is remunerated by the Advisory Company out of the fees that it receives from the Fund.

In relation to the Compartment Hereford Funds – FIRTH ASIAN Value Fund, the Advisory Company is entitled to receive fees, payable on a quarterly basis at a total annual rate of 1.50% for Class A Shares, 2.00% for Class D Shares and 1.95% for Class S Shares based on the average net asset value of the shares during the relevant period. The investment manager and the investment adviser are remunerated by the Advisory Company out of the fees that it receives from the Fund.

Note 5 Custodian fees

The commissions of the custodian and administration services are payable monthly and calculated on the average of the total net assets of the Fund in accordance with the agreements signed with VP Bank (Luxembourg) S.A. and VPB Finance S.A. on 23 November 2007, as amended on 18 May 2011 (for 1 May 2011).

Note 6 Taxes

In accordance with current Luxembourg law, the Fund is not subject to any tax on income, capital gains tax or wealth tax. Moreover, no dividends distributed by the Fund, if any, are subject to withholding tax.

However, income collected by the Fund on securities in its portfolios may be subject to withholding tax which, in normal circumstances, cannot be reclaimed.

The Fund is only subject to the Luxembourg subscription tax ("taxe d'abonnement") payable quarterly, at the annual rate of 0.05% for Class C and D shares and of 0.01% for Class A, B, S and U Shares.

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NOTES TO THE FINANCIAL STATEMENTS

As of 31 March 2012

(continued)

The tax is calculated on the basis of the total net assets on the last day of each quarter; however no tax is levied on the asset value represented by shares held in other undertakings for collective investment falling under Luxembourg law.

Note 7 **Formation expenses**

The costs and expenses incurred in connection with the formation of the Fund respectively in connection with the launching of new Compartments or Classes of Shares are amortised over a period not exceeding 5 years.

Note 8 **Transaction costs**

In accordance with the current Luxembourg law of 17 December 2010 and its entry into force as of 1 July 2011, the transaction costs have to be disclosed separately and are representing broker transaction fees in relation to the purchases and sales of securities during the business year.

Note 9 **Performance fee**

The Advisory Company may also be entitled to a performance fee specific to each Class of Shares:

Hereford Funds – DSM US Large Cap Growth Fund

In relation to Class B and Class C Shares, a performance fee may be paid to the Advisory Company on a quarterly basis, with the amount based on the relative performance of the relevant Class to the 3 Month T-Bill rate and calculated on the average month-end assets during the quarter, subject to a high water mark provision. Relative performance is defined as the return of the relevant Class, after advisory fees and other fees and expenses attributable to the Class for the quarter less the return of the 3 Month T-Bill rate for the quarter. The high water mark is defined as the largest positive cumulative relative performance percentage figure for the relevant Class since its launch. A performance-based fee will only be paid in quarters where the cumulative relative performance exceeds the high water mark and where the quarter-end NAV per Share is equal or higher to the NAV per Share of the previous quarter-end. In such instances, the performance fee is computed as 20% of the difference between the current quarter's cumulative relative performance and the high water mark.

For the period from 1 October 2011 to 31 March 2012 a performance fee of EUR 12,153.69 was due.

Hereford Funds – DGHM US All-Cap Value Fund

There are no performance fees in relation to this Compartment.

Hereford Funds – FIRTH ASIAN Value Fund

In relation to Class A, S and Class D Shares, a performance fee may be paid to the Advisory Company on an annual basis (referring to the financial year of the Fund), with the amount based on the

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NOTES TO THE FINANCIAL STATEMENTS

As of 31 March 2012

(continued)

relative performance of the relevant Class to the MSCI AC Asia ex Japan Small Cap USD Net index (Bloomberg ticker MSLUAAJN), subject to a high water mark provision. The high water mark is defined as the highest year-end NAV per Share of the Class since its launch. Relative performance is defined as the return of the relevant Class above the high water mark at the previous year-end, after advisory fees and other fees and expenses attributable to the Class for the year less the positive return of the MSCI AC Asia ex Japan Small Cap USD Net Index benchmark for the year. A performance-based fee will thus only be paid in years where the relative performance of the Class is positive and where the high water mark at the previous year-end has been exceeded. In such instances, the performance fee is computed as 10% of the relative performance. The performance fee is accrued as of each Valuation Day based on the number of Shares in issue on that Valuation Day. The first performance fee of any Share Class will be calculated for the period starting with the launch of the relevant Class of Shares and ending at the end of the financial year in which such Class was launched.

For the period from 1 October 2011 to 31 March 2012 no performance fee was due.

Note 10 Exchange rates

The exchange rates used as of 31 March 2012 are as follows:

1 USD = MYR	3.063673	1 USD = SGD	1.257338
1 USD = IDR	9,130.303030	1 USD = PHP	42.936538
1 USD = TWD	29.516066	1 USD = EUR	0.750935
1 USD = HKD	7.765464	1 USD = KRW	1,132.706767
1 USD = THB	30.851935		

Note 11 Total Expense Ratio (TER)

The calculation of the Total Expense Ratio is based on the stipulated fees and commissions paid by the relevant Compartment on the average net assets of the Compartment during the year (annualised). Transaction costs are excluded from the calculation.

Note 12 Portfolio Turnover Rate (PTR)

The Portfolio Turnover Rate indicates the turnover rate of the holdings of the Compartment and is computed using the following formula (annualised):

$$\text{PTR} = [(\text{Total 1} - \text{Total 2}) / M] * 100$$

with:

Total 1 = Total of securities transactions during the relevant period = X + Y,
where X = purchases of securities and Y = sales of securities.

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As of 31 March 2012

(continued)

Total 2 = Total of transactions in Shares of the Compartment during the relevant period = S + T, where S = subscriptions of Shares of the Compartment and T = redemptions of Shares of the Compartment

M = Average net assets of the Compartment during the relevant period.

Note 13 **Related party transactions**

All transactions with related parties were entered into the ordinary course of business and under normal commercial terms. The related parties to the fund are the Investment Mangers, Investment Advisors and Advisory Company. The fees for the related parties are described in notes 4 and 8.

As of 31 March 2012, the Compartments had not invested in related parties and there were no direct shareholdings in the Fund by any member of the Board of Directors.

Note 14 **Changes in securities portfolio**

Information about the changes that have occurred in the securities portfolio of the Compartments during the year/period can be obtained at the Registered Office of the Fund or from the Custodian Bank.

Note 15 **Risk Management Process**

The global exposure of each Compartment is calculated using the commitment approach as detailed in applicable laws and regulations including but not limited to CSSF Circular 2011/512.

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SHAREHOLDER INFORMATION

The articles of incorporation, the prospectus, the simplified prospectuses or key investor information documents, if and when applicable, the statement of changes in the composition of the portfolios, the semi-annual and annual reports are available at the registered office of Hereford Funds, at 26, Avenue de la Liberté, L-1930 Luxembourg, as well as at the paying agents and representative banks mentioned under chapter "Management and Administration".

The semi-annual and annual reports contain general information about the Fund as well as data showing the Fund's development and its total net assets.

The business year begins on 1 October and ends on 30 September of the following year.

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Supplementary information

As of 31 March 2012

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UK DISTRIBUTING STATUS - REPORTING FUND STATUS

On 4 February 2011, the HMRC accepted the entry of below mentioned Compartments and Classes of Shares of Hereford Funds into the UK reporting Fund regime with effect 1 October 2010:

- **Hereford Funds - DSM US Large Cap Growth Fund**

Class A in USD
Class C in USD
Class D in USD
Class U in USD

For Class U Shares, the distributor status tax regime for offshore funds has been granted for the financial year ended 30 September 2010. As of the financial year starting 1 October 2010, the Board of Directors has applied for and obtained reporting fund status (replacing the UK distributor status tax regime).

- **Hereford Funds – DGHM US All-Cap Value Fund**

Class A in USD
Class D in USD

For Class A Shares, as of the financial year starting 1 October 2010, the Board of Directors has applied for and obtained reporting fund status (replacing the UK distributor status tax regime).

- **Hereford Funds – FIRTH ASIAN Value Fund**

Class A in USD

For Class A Shares, as of the financial year starting 1 October 2010, the Board of Directors has applied for and obtained reporting fund status (replacing the UK distributor status tax regime).