



**Investment Review**

The Hereford/DSM Large Cap Fund NAV appreciated 2.6% for the month of February compared to a 3.4% appreciation for the Russell 1000 Growth index and a 3.1% appreciation for the S&P500. At the end of February, the Fund was invested primarily in the health care, technology, consumer, business services, and financial services sectors, with a smaller weight in the materials sector.

During the month, the Fund lagged its benchmark, on a gross-of-expense basis, by 70 basis points. This was primarily the result of DSM's stock selections in the materials sector (Monsanto).

In February, the best performing positions in the portfolio were Cognizant Technology, Celgene, Apple, Cisco and Priceline. The worst performers in February were Western Union, Monsanto, Varian Medical, Qualcomm and Pharmaceutical Product Development.

During the month, the Fund exited positions in Pharmaceutical Product Development (a well-run company, but presently difficult to predict pharmaceutical trial activity), Western Union (inexplicably weak guidance) and Qualcomm (possibility that future strong volume growth is offset by continued handset price declines).

The Fund initiated positions in Altera (a maker of "programmable logic devices", versatile microchips are used in a huge variety of final products) and Expeditors International (a freight forwarder we have owned several times over many years, now seeing significantly growing volumes in both air and ocean freight).

At this point in early 2010, the economy appears to be moving along a track of steady, moderate improvement. The various economic indicators inconsistently perform ahead of, or behind expectations, keeping the markets volatile. That said, the 10,000 foot view is that the economy is moving in the right direction. How long it will take for housing prices to clearly bottom and then trend upward, or for the unemployment rate to begin trending down are good questions, and the "U-shaped" vs "V-shaped recovery camps continue their analysis and debate. The economic news year-to-date has been dominated by the dire economic situation in Greece, set against a backdrop of the other "PIGS" nations (Portugal, Italy, Greece and Spain) with similar indebtedness and uncompetitive economies. The near-bankrupt status of the "PIGS" countries puts a spotlight on the over-indebtedness and worsening fiscal situation of many developed nations. While all of this may well create a negative investment environment, it is highly unlikely that Greece or other similar countries would be "cut loose" from the IMF safety net and allowed to fail. The glass half-full view is that these situations are serious enough to force true reform which, over time, is good for the developed world and its economies.

**Key information**

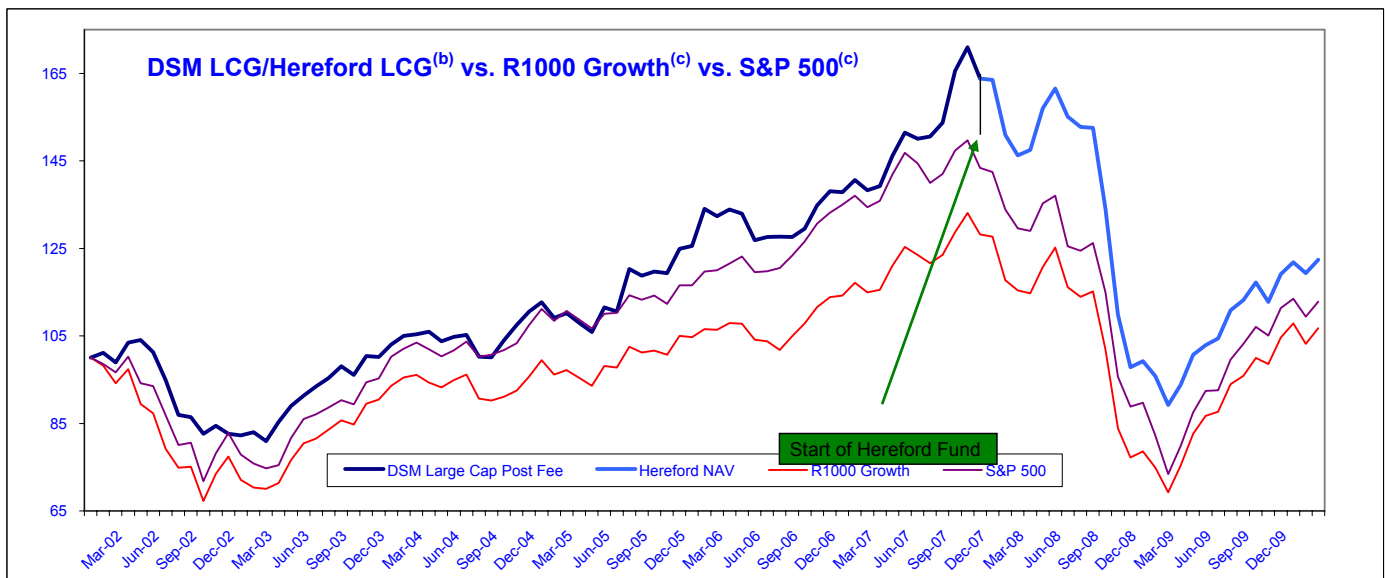
NAV A Shares (26/02/10): US\$ 74.74  
 Total Fund Size: US \$61.0 mil  
 Strategy Assets: US\$2,144.6 mil<sup>(a)</sup>  
 Fund Launch Date: 29-Nov-07

**Monthly Performance (%)**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Hereford Funds NAV	(2.1)	2.6											0.5
Russell 1000 <sup>(c)</sup>	(4.4)	3.4											(1.1)
S&P 500 <sup>(c)</sup>	(3.6)	3.1											(0.6)

**Period Performance (%)**

	2010	2009	2008	2007	2006	2005	2004	2003	2002	Since Inception 01/01/02 Cumulative	Annualised
DSM LCG/Hereford LCG Returns <sup>(b)</sup>	0.5	22.8	(39.3)	18.7	9.8	11.4	9.4	25.2	(17.7)	22.4	2.5
Russell 1000 <sup>(c)</sup>	(1.1)	37.2	(38.4)	11.8	9.1	5.3	6.3	29.7	(27.9)	6.7	0.8
S&P 500 <sup>(c)</sup>	(0.6)	26.5	(37.0)	5.5	15.8	4.9	10.9	28.7	(22.1)	12.8	1.5





## Top Ten Holdings

Apple Computer  
 Celgene  
 Cognizant Technology Solutions  
 Dolby Laboratories  
 Genzyme  
 Google  
 Monsanto  
 Novo Nordisk A/S  
 Stryker  
 Varian Medical Systems

## Sectoral Breakdown

	% of Assets
Health Care	37.1%
Information Technology	25.9%
Services	10.0%
Financials	9.7%
Consumer Discretionary	5.8%
Consumer Staples	5.3%
Materials	4.2%

## 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	14.5	15.9
ISIN	LU0327604228	Sharpe Ratio	n/a	0.0	-0.1
Reuters	LP65102015	Information Ratio	n/a	0.2	
Sedol	B28TLX2	Tracking Error	n/a	7.9	
Valoren	3504726	Beta	n/a	0.8	
WKN	A0M58T	Alpha	n/a	1.3	

## 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 <sup>(f)</sup>	1.25%
Share Class B	0.25% + 20% performance fee on outperformance vs US T-Bill with HWM
Share Class C <sup>(e)</sup>	1% + 20% performance fee on outperformance vs US T-Bill with HWM
Share Class D	1.75%

## Minimum Investment

Share Class A&B	\$100,000 initial / \$10,000 subsequent
Share Class C&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.  
 (e) Share Class C is German tax registered from 4/1/08.  
 (f) Share Class U has UK Distributor Status as approved by HMRC

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