



**Investment Review**

The Hereford/DSM Large Cap Fund NAV declined (0.8%) for the month of March compared to a 0.1% appreciation for the Russell 1000 Growth index and flat performance for the S&P 500. At the end of March, the Fund was invested primarily in the technology, health care, consumer discretionary and business services sectors, with smaller weights in the materials and consumer staples sectors.

During the month the Fund trailed its benchmark, on a gross-of-expense basis, by approximately 100 bps. This was primarily the result of negative stock selections in industrials as well as an overweight and negative stock selections in the technology sector. Stock selections in the health care sector benefitted performance. In March, the best performing positions in the portfolio were Priceline.com, Celgene, Cognizant Technology Solutions, Expeditors and Baker Hughes. NetApp, F5 Networks, Discovery Communications, Google and Tencent Holdings were the worst performers. During the month, the Fund exited its position in Dolby and initiated a position in Visa, which the Fund has held before. Dolby was sold as our projections for global consumption of televisions and personal computers declined. Visa owns the world's largest electronic payments network, has no credit risk, has the leading share in emerging markets and should expand operating margins. Importantly, we believe the risk of Congressional legislation negatively affecting the credit card industry *more* than is already expected, is not likely.

World news has been dominated over the last few weeks by the events in North Africa as well as the tragic earthquake and tsunami in Japan. Beyond the human interest stories in both situations, investors are challenged to distill the implications for their portfolios. Both events have the potential to slow world economic growth. The first from the immediate rise in oil prices; the second from the shock to Japan's GDP and the domino effect of a parts shortage for OEM's around the world using Japanese-made components. Our job is to review these major events to identify the positive and negative implications for our portfolio. At this time we expect the same trends to remain in place, as those that were in place before the twin events, albeit perhaps at a slightly lower rate of growth. The world continues to grow real GDP at approximately 2.5% in the West and 6% in emerging markets. We believe there is less chance today than a year ago of deflation or double-dip in the West, or a breakup of the Eurozone. We note that Western companies are largely very productive and cash-rich. Importantly, emerging economies appear to be transitioning to self sustained secular growth, rather than exporters of manufactured goods for the developed world. This transition within the emerging economies will add stability and duration to world economic growth.

Of course there's another side to this picture. Economists and other experts offer diverse opinions on the key risks. In the US, unemployment is stubbornly high and, not surprisingly, housing prices are still headed down. While there remains talk of fiscal responsibility at the federal level and among some states, little progress has been made to date in reigning in medical and pension "entitlements". To many economists, lax monetary policies and prolonged very low short term interest rates create a very real inflation risk. In the EU, though "core" countries have come to the aid of the "periphery" nations, the resolution of the PIIGs problem is unclear. Some believe defaults are possible with dire consequences for EU banks holding sovereign debt. At the same time, the EU's austerity approach may take a toll on near-term growth. Finally, in the emerging markets (China in particular), steps are being taken to avoid inflation by raising interest rates, tightening credit standards, and controlling housing costs. This has led many to forecast a somewhat slower rate of growth for China this year, than its roughly 10% annual rate of the past.

**Key information**

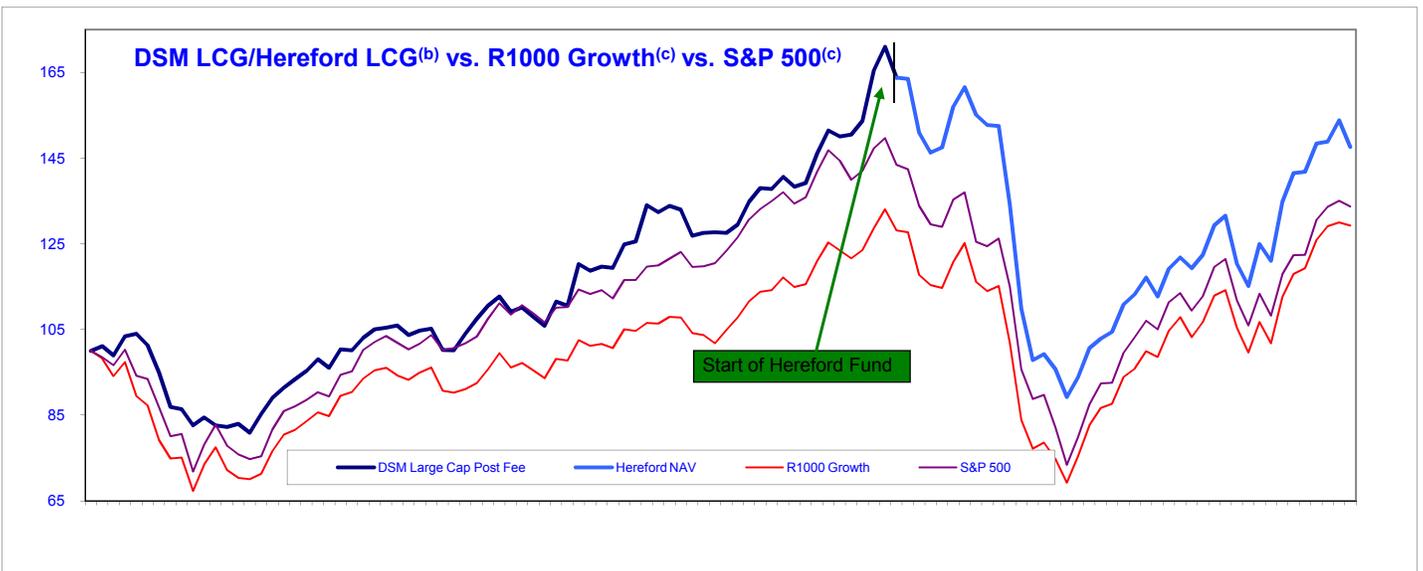
NAV A Shares (31/03/11): US\$ 93.41  
 Total Fund Size: US \$124.3 mil  
 Strategy Assets: US\$2,703.1 mil<sup>(a)</sup>  
 Fund Launch Date: 29-Nov-07

**Monthly Performance (%)**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Hereford Funds NAV	0.3	3.7	(0.8)										3.1
Russell 1000 <sup>(c)</sup>	2.5	3.3	0.1										6.0
S&P 500 <sup>(c)</sup>	2.4	3.4	0.0										5.9

**Period Performance (%)**

	YTD	2010	2009	2008	2007	2006	2005	2004	2003	2002	Since Inception 01/01/02	
											Cumulative	Annualised
DSM LCG/Hereford LCG Returns <sup>(b)</sup>	3.1	21.9	22.8	(39.3)	18.7	9.8	11.4	9.4	25.2	(17.7)	53.0	4.7
Russell 1000 <sup>(c)</sup>	6.0	16.7	37.2	(38.4)	11.8	9.1	5.3	6.3	29.7	(27.9)	33.5	3.2
S&P 500 <sup>(c)</sup>	5.9	15.1	26.5	(37.0)	5.5	15.8	4.9	10.9	28.7	(22.1)	38.3	3.6



**Top Ten Holdings**

Apple Computer  
 Celgene  
 Cognizant Technology Solutions  
 General Electric  
 Google  
 Intuitive Surgical  
 NetApp  
 Priceline.com  
 Schlumberger  
 Shire PLC

**Sectoral Breakdown % of Assets**

Services	24.9%
Information Technology	21.2%
Health Care	16.7%
Consumer Discretionary	10.7%
Energy	9.0%
Industrials	7.4%
Financials	5.1%
Materials	2.4%
Consumer Staples	1.4%

**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 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	15.1	16.2
ISIN	LU0327604228	Sharpe Ratio	n/a	0.2	0.1
Reuters	LP65102015	Information Ratio	n/a	0.2	
Sedol	B28TLX2 3504726	Tracking Error	n/a	7.6	
		Beta	n/a	0.8	
WKN	A0M58T	Alpha	n/a	1.7	

**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>(e)</sup>	1.25%
Share Class D <sup>(f)</sup>	1.75%

**Minimum Investment**

Share Class A & U <sup>(e)</sup>	\$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](mailto: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](http://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 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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