



Hereford Funds **DSM US Large Cap Growth Fund** March 2008

**March 2008 Investment Review**

The Hereford/DSM Large Cap Fund appreciated 0.8% for the month of March compared to a (0.6%) decline in the Russell 1000 Growth and a (0.4%) decline in the S&P500. The majority of our portfolio is presently invested in the health care, technology, business services and energy services sectors. The weighted portfolio is presently valued at 20.3x the next four quarters of earnings ending March of 2009. We continue to believe that your portfolio remains very attractively valued in the current investment environment.

The Federal Reserve took measures in March to stabilize the credit markets and ensure a more healthy general economy. The Federal Reserve actions increased the ability of banks and brokerage houses to access liquidity interest rates were lowered again. Along with expected near term fiscal stimulus, the credit markets and economy should slowly improve over time. Inflation is a near term concern, largely on the back of rapidly rising commodity costs. Should economies around the world continue to cool down, inflation should as well. The current outlook is subdued, though many are calling for a slow recovery in the second half of 2008, and an even stronger showing in 2009.

Since our last letter to you, we took the opportunity to make some portfolio changes in light of the changing economic situation unfolding in the US and globally. We decided to trim our exposure to financial services and several other names, and re-allocate the funds to other current holdings that we thought would better weather any continued financial and economic turbulence. Thus, we trimmed or sold our financial holdings in State Street, SEI Investments, Franklin Resources, and Invesco, while also trimming positions in Corning, CH Robinson, and Cognizant. We re-allocated much of these funds into existing positions that included ABB, News Corp., CVS, Microsoft, and Monsanto. Toward the end of the quarter, in light of the significant actions that the Federal Reserve took and improved sentiment, we did re-initiate positions in Franklin Resources and Invesco.

**Key information**

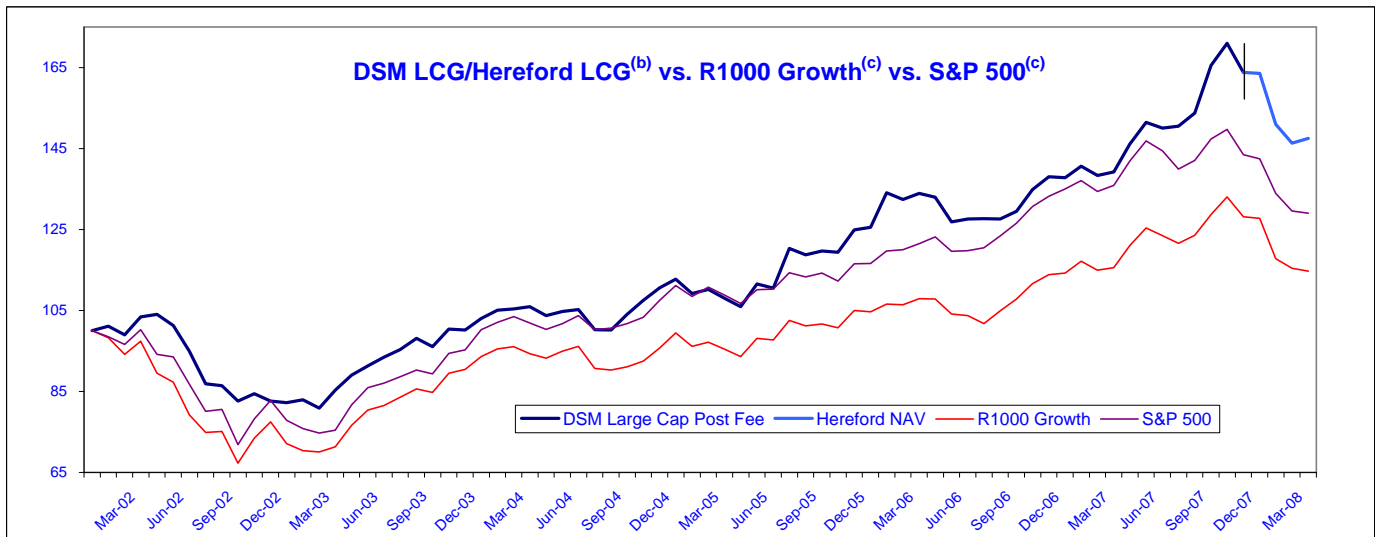
NAV A Shares (31/03/08): \$90.02  
 Total Fund Size: \$17.7 Million  
 Strategy Assets: \$1,056.2m<sup>(a)</sup>  
 Fund Launch Date: 29-Nov-07

**Monthly Performance (%)**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Hereford Funds NAV	(7.7)	(3.1)	0.8										(9.8)
Russell 1000 <sup>(c)</sup>	(7.8)	(2.0)	(0.6)										(10.2)
S&P 500 <sup>(c)</sup>	(6.0)	(3.3)	(0.4)										(9.5)

**Period Performance (%)**

	YTD	2007	2006	2005	2004	2003	2002	Since Inception 01/01/02	
								Cumulative	Annualised
DSM LCG/Hereford LCG Returns <sup>(b)</sup>	(9.8)	18.7	9.8	11.4	9.4	25.2	(17.7)	47.5	6.4
Russell 1000 <sup>(c)</sup>	(10.2)	11.8	9.1	5.3	6.3	29.7	(27.9)	14.7	2.2
S&P 500 <sup>(c)</sup>	(9.4)	5.5	15.8	4.9	10.9	28.7	(22.1)	29.0	4.2





Top Ten Holdings	% NAV	Sectoral Breakdown	% of Assets
Celgene	9.6%	Health Care	31.4%
Schlumberger	7.3%	Information Technology	20.2%
Genzyme	5.7%	Energy	14.5%
Weatherford	4.6%	Industrials	8.6%
Allergan	4.2%	Financials	7.3%
Monsanto	4.0%	Services	5.6%
Stryker	4.0%	Materials	4.0%
Google	3.9%	Consumer Discretionary	3.2%
ABB Ltd	3.6%	Consumer Staples	2.5%
Automatic Data Processing	3.3%		

### Investment Objective

The investment objective of the 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. Companies invested in will often have higher revenue and earnings growth rates and less "sell-side" research coverage than comparable larger capitalization corporations. 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	DSM US LCG	DSM LC	R1000 Growth
Bloomberg	DSMUSLA LX	Volatility	n/a	11.20	12.74
ISIN	LU0327604228	Sharpe Ratio	n/a	0.26	-0.10
Reuters	LP65102015	Information Ratio	n/a	0.42	
Sedol	B28TLX2	Tracking Error	n/a	8.39	
Valoren	3504726	Beta	n/a	0.67	
WKN	A0M58T	Alpha	n/a	3.92	

### 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	1.25%
Share Class B	0.25% + 20% performance fee on outperformance vs US T-Bill with HWM
Share Class C(d)	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) Total return including dividends.
- (c) 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) minus 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 dsmcapital.com
- (d) Share Class C is German tax registered from 4/1/08.

This document is for information purposes use only. It is neither an advice nor a recommendation to enter into any investment. Investment suitability must be determined for each investor, and this fund may not be suitable for all investors. This information does not provide any accounting, legal, regulatory or tax advice. Investors should consult professional advisers to evaluate this information. An investment should be made only on the basis of the Prospectus, the annual and any subsequent semi-annual-reports of HEREFORD FUNDS (the "Fund"), a société d'investissement à capital variable, established in Luxembourg and registered under Part I of Luxembourg law of 20 December, approved by the Commission de Surveillance du Secteur Financier (CSSF). These can be obtained from [the Fund, 26, avenue de la Liberté, L-1930 Luxembourg or from VPB Finance S.A., 26, avenue de la Liberté, L-1930 Luxembourg and any distributor or intermediary appointed by the Fund]. No warranty is given in whole or in part, regarding performance of the Fund. There is no guarantee that its investment objectives will be achieved. Investors should be aware that the value of investments can fall as well as rise and that they may not recover the full amount invested. Past performance is no guide to future performance. The information provided in this document may be subject to change without any warning or prior notice and should be read in conjunction with the most recent publication of the Prospectus of the Fund. While great care is taken to ensure that this information is accurate, no responsibility can be accepted for any errors, mistakes or omission or for future returns. This document is intended for the use of the addressee only and may not be reproduced, redistributed, passed on or published, in whole or in part, for any purpose, without the prior written consent of HEREFORD FUNDS. Neither the CSSF nor any other regulator has approved this document. Full details of the investment policy and objectives are stated in the Prospectus.