



**March 2009 Investment Review**

The Hereford/DSM Large Cap Fund appreciated 5.1% for the month of March compared to an 8.9% appreciation for the Russell 1000 Growth index and a 8.8% appreciation for the S&P500. The majority of the fund is invested in the health care, information technology, and services sectors. The weighted average P/E of the portfolio is 13.4x, which we feel is attractive relative to our long-term estimated earnings growth of 18%.

Our confidence has slightly increased in a 2010 recovery scenario. After vast amounts of monetary stimulus, there are finally many small signs of credit easing in consumer and business arenas. There are also signs of stabilization, or at least a slower rate of decline, in a variety of statistics, from housing starts, to orders, to retail sales, to confidence and leading indicators. The most disappointing statistic is unemployment, which continues to worsen, though this is typical until the very end of a recession.

While there continues to be a concern that major banks may fail, the panic and surprise associated with that idea in 2008 seems gone from the markets. Government policy in this area, around the world, appears to have been helpful. In addition, the markets themselves may be stabilizing, as statistics suggest the economy may be nearing the bottom, but also perhaps due to the enforcement of rules, such as the ban on naked short selling.

Despite the positive developments, we note that the US economy and economies around the world remain in recession. While we believe it is less likely that we will fall into a so-called depression, we believe the recession will be very substantial, and this has caused consumers to move into a net savings mode. Uncertainties abound, including whether one or two US automakers will be allowed to slip into bankruptcy. Trillions of dollars of "toxic credit" are still dispersed around the world. And further increases in unemployment, which are virtually a given, may shake the level of confidence that has just begun to perk up.

During the month of March, we sold our position in Invesco. Their net funds flow has been attractive and they have been reducing costs over several years under new management. But with market volatility continuing in the first quarter, we ran a new downside model and decided to sell Invesco for the time being.

**Key information**

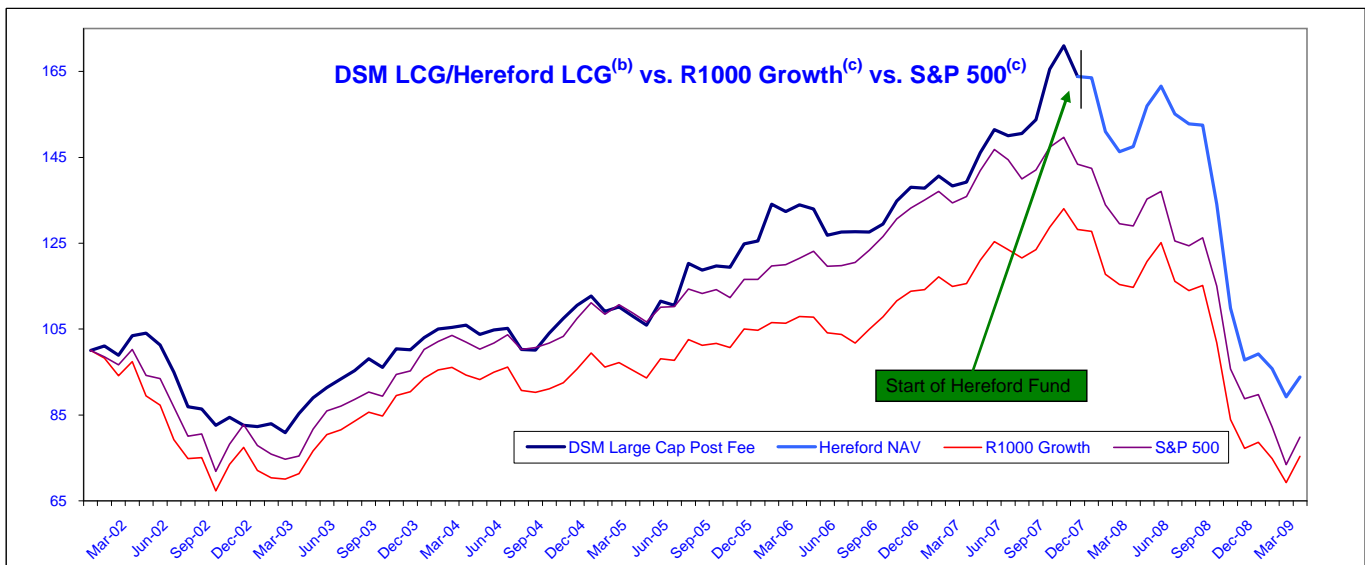
NAV A Shares (31/03/09): US\$57.26  
 Total Fund Size: US \$38.3 mil  
 Strategy Assets: US\$1,113.3 mil<sup>(a)</sup>  
 Fund Launch Date: 29-Nov-07

**Monthly Performance (%)**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Hereford Funds NAV	(3.5)	(6.8)	5.1										(5.5)
Russell 1000 <sup>(c)</sup>	(4.8)	(7.5)	8.9										(4.1)
S&P 500 <sup>(c)</sup>	(8.4)	(10.7)	8.8										(11.0)

**Period Performance (%)**

	YTD	2008	2007	2006	2005	2004	2003	2002	Since Inception 01/01/02	
									Cumulative	Annualised
DSM LCG/Hereford LCG Returns <sup>(b)</sup>	(5.5)	(39.3)	18.7	9.8	11.4	9.4	25.2	(17.7)	(6.2)	(0.9)
Russell 1000 <sup>(c)</sup>	(4.1)	(38.4)	11.8	9.1	5.3	6.3	29.7	(27.9)	(24.6)	(3.8)
S&P 500 <sup>(c)</sup>	(11.0)	(37.0)	5.5	15.8	4.9	10.9	28.7	(22.1)	(20.1)	(3.1)





### Top Five Holdings

	% NAV
Celgene	7.5%
Genzyme	7.1%
Monsanto	6.6%
Google	5.0%
Allergan	4.4%

### Sectoral Breakdown

	% of Assets
Health Care	41.8%
Information Technology	15.8%
Services	10.5%
Consumer Staples	9.0%
Financials	8.3%
Materials	6.6%
Consumer Discretionary	2.6%

### 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	14.7	15.7
ISIN	LU0327604228	Sharpe Ratio	n/a	-0.2	-0.4
Reuters	LP65102015	Information Ratio	n/a	0.3	
Sedol	B28TLX2	Tracking Error	n/a	8.2	
Valoren	3504726	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>(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: UK Distributor Status to the year ending 30th September 2008 - Pending

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