



Investment Review

The Hereford/DSM Large Cap Fund depreciated (2.0)% for the month of June compared to a (1.9)% depreciation for the Russell 1000 Growth Index and a (1.3)% depreciation for the S&P 500 including dividends. At the end of June, the Fund was invested primarily in the consumer discretionary, technology and health care sectors, with smaller weights in the industrials, materials, consumer staples, financials and energy sectors.

During the month the Fund trailed its benchmark by approximately 10 bps. This was primarily the result of the underperformance of our stock selections in the consumer discretionary and health care sectors. Our stock selections in the industrials and technology sectors benefitted performance. In June, the best performing positions in the portfolio were Precision Castparts, Starbucks, Visa, Yum! Brands and Intuitive Surgical. The worst performers for the month were Allergan, Celgene, Las Vegas Sands, BlackRock and eBay. During the month, we sold Allergan and Schlumberger from the portfolio. Allergan was sold for two reasons - a delay announced in May on moving the pipeline DARPin drug from Phase II to Phase III development; and a surprising preliminary ruling in June by the FDA enabling a generic form of Allergan's dry-eye drug, Restasis, to be developed without clinical trials. Schlumberger was sold as earnings estimates were slowly declining due to reduced demand from customers, in turn resulting in price pressure. With the proceeds generated by these sales, we initiated positions in Diageo PLC and Monster Beverage. Diageo, the largest spirits company in the world, owns leading spirits brands including Johnny Walker, Crown Royal, Bushmills, Tanqueray, Smirnoff and Ketel One, as well as Guinness, Harp, Dom Perignon and Moet & Chandon. The company operates throughout the world, with 42% of revenues from North America, 18% from Western Europe and the rest of its sales spread throughout the EM nations and Japan. However, with no one EM nation accounting for more than 4% of pretax profits and China approximating just 1% of pretax profits, we believe Diageo has a large and growing global business opportunity. Monster Beverage produces energy drinks, which is a relatively new beverage category growing rapidly around the world. Though the number two company in the industry (Red Bull, a privately held Austrian company, is the largest), Monster has the number one volume share in the US and earns virtually all of its profits in North America. The company is expanding rapidly throughout the world, but is in an investment mode that generates a small loss outside of North America. Over time, we believe that the company will turn significantly profitable in its international markets.

Five years ago, in mid-2008, the world entered a period of global market turmoil, with a substantial "developed world" recession and banking problems few could imagine. Today, after the most severe recession since the 1930s, the world has somehow "muddled through". North American economic growth has been slow but steady; emerging market growth led by China has continued, albeit at a slower pace than the recent past; and Europe's economy might possibly be stabilizing. Four years ago many would have doubted that this outcome would be possible. Nevertheless, here we are: the world banking system is stable; sovereign debt markets have recovered; stock and bond markets have appreciated; inflation is low; the global economy is slowly growing; and the American budget deficit situation has improved, at least for the time being. The world has in fact "muddled through", as we have projected in recent years and continue to project going forward.

The portfolio is currently valued at 18.7x next-four-quarter earnings through June 2014. We believe that the portfolio remains attractively valued in the current economic and investment environment. Our ten-person investment team continues to identify, research and model investments that we believe are unique, high quality, growing and predictable businesses. We continue to project a mid-to-high "teens" earnings growth rate through 2016. Additionally, the portfolio remains characterized by very strong balance sheets and significant free cash flow.

Key Information

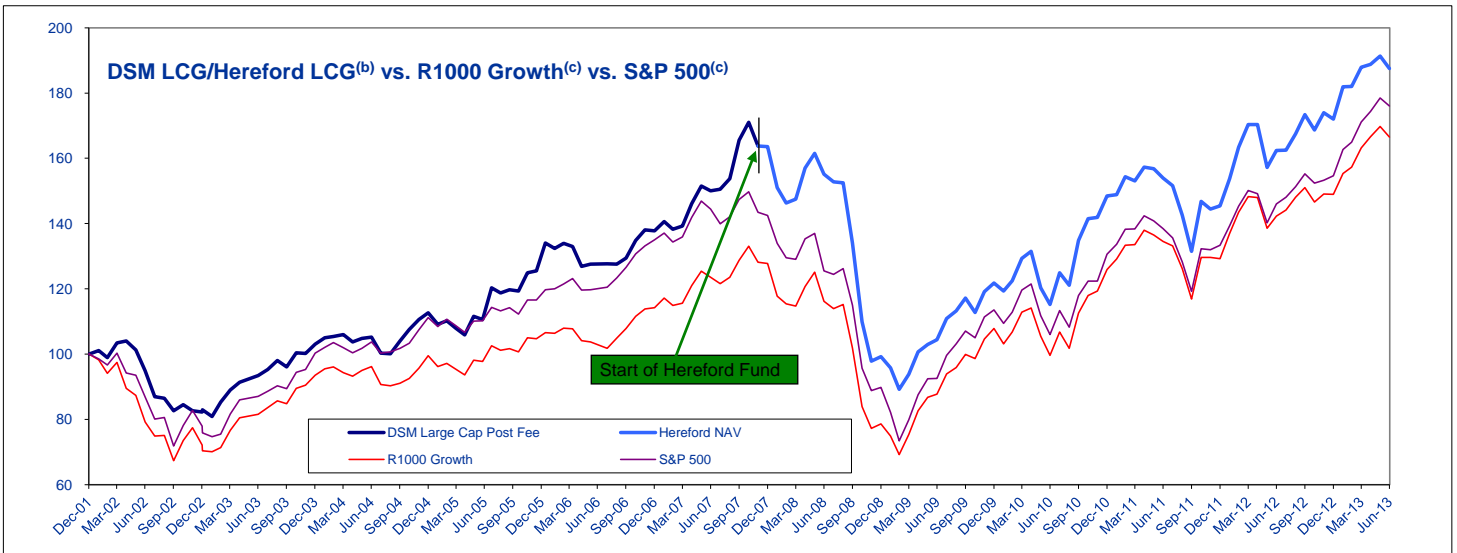
NAV A Shares (30/06/13)	US\$ 114.48
Total Fund Size	US\$ 146.6 mil
Strategy Assets	US\$ 3,864.5 mil ^(a)
Fund Launch Date	29-Nov-07

Monthly Performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Hereford Funds NAV	5.8	0.0	3.2	0.5	1.4	(2.0)							9.1
Russell 1000 Growth ^(c)	4.3	1.2	3.8	2.1	1.9	(1.9)							11.8
S&P 500 ^(c)	5.2	1.4	3.8	1.9	2.3	(1.3)							13.8

Period Performance (%)

	YTD	Since Inception 01/01/02											Cumulative	Annualised
		2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002		
DSM LCG/Hereford LCG Returns ^(b)	9.1	18.2	(2.0)	21.9	22.8	(39.3)	18.7	9.8	11.4	9.4	25.2	(17.7)	87.6	5.6
Russell 1000 Growth ^(c)	11.8	15.3	2.6	16.7	37.2	(38.4)	11.8	9.1	5.3	6.3	29.7	(27.9)	66.6	4.5
S&P 500 ^(c)	13.8	16.0	2.1	15.1	26.5	(37.0)	5.5	15.8	4.9	10.9	28.7	(22.1)	76.1	5.0





Top Ten Holdings

Celgene	Intuitive Surgical
Dollar General	Precision Castparts
eBay	Tencent Holdings
Ecolab	Visa
Google	Yum! Brands

Sectoral Breakdown

Sectoral Breakdown	% of Assets
Consumer Discretionary	30.3%
Information Technology	19.2%
Health Care	14.5%
Industrials	9.9%
Materials	9.9%
Consumer Staples	9.0%
Financials	3.4%
Energy	2.8%

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 US\$ 5 billion. 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	15.0	15.7
ISIN	LU0327604228	Sharpe Ratio	n/a	0.0	0.2
Reuters	LP65102015	Information Ratio	n/a	0.0	
Sedol	B28TLX2	Tracking Error	n/a	7.0	
	3504726	Beta	n/a	0.9	
WKN	A0M58T	Alpha	n/a	1.5	

Fund Details

Dealing Day	Daily
Dividends	None - income accumulated within the fund
Investment Manager	DSM Capital Partners LLC, 116 Radio Circle Drive, Suite 200, Mount Kisco, NY 10549, USA
Promoter	VP Bank (Luxembourg) S.A., 26 Avenue de la Liberté, L-1930 Luxembourg
Management Company	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 ^(e)	1.25%
Share Class D ^(f)	1.75%

Minimum Investment

Share Class A & U ^(e)	\$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.
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- (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 BaFin for public distribution in Germany from 17/10/12, registered with the AFM for public distribution in the Netherlands and registered with the AMF for public distribution in France.
 (e) Share Class U has been granted Reporting Status by HMRC as of October 1, 2010.
 (f) Share Class D is German tax registered from October 1, 2010.

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