



**Investment Review**

The Hereford/DSM Large Cap Fund NAV depreciated (4.3%) for the month of June compared to a (5.5%) depreciation for the Russell 1000 Growth index and an (5.2%) depreciation for the S&P500. At the end of June, the Fund was invested primarily in the health care, technology, consumer, business services, and financial services sectors, with a smaller weight in the industrials/materials sectors.

During the month, the Fund exceeded its benchmark, on a gross-of-expense basis by approximately 120 bps. This was primarily the result of positive stock selections in technology and consumer discretionary and a positive overweight in health care. Stock selection in the industrials sector detracted from performance. In June, the best performing positions in the portfolio were Varian, Gen-Probe, Novo-Nordisk and Altera. Adobe, Target, Google and Expeditors were the worst performers. During the month, the Fund exited its positions in Charles Schwab and Northern Trust. Both positions were sold as the prospects for an increase in the Fed Funds rate, which could substantially increase earnings at both companies, moved from 2010 to 2011. The Fund initiated positions in Colgate-Palmolive (global consumer products manufacturer) and Praxair (industrial gases producer and distributor), and re-purchased Nestle on lower valuation. Each of these names give the portfolio significant exposure to faster-growing emerging markets. We believe Colgate-Palmolive will show steady revenue and earnings growth from its staples business in the western world and from its substantial emerging market exposure. Praxair exhibits less than typical cyclicality and also has substantial emerging markets exposure.

It is fairly clear that investors' global assessment of risk levels has been on the rise, arguably with good reason. The laundry list of concerns is substantial and includes weak global economic growth, sovereign default risk in the developed world, disintegration of the European Monetary Union, and geopolitical turmoil in the Middle-East as well as on the Korean peninsula. Two conflicting forces are at work. Short and long term interest rates have fallen in response to the weak global economic outlook. Today's low interest rates mean that the net present value of future free cash flows are higher, and should cause stock prices to rise. Therefore, if stock prices are to remain depressed, the return required by investors must be pushed upward to compensate for the risks in today's investment environment. The higher return required by investors drives down the current market price of risky assets, such as stocks.

If returns and valuations are to be permanently re-set at lower levels, one must believe that we are going to live in a world with a permanently elevated level of risk. History would suggest this is not likely. Periodic spikes in market volatility occurred with regularity, and we now see these as the norm, not anomalies. Even with that backdrop, US equities compounded at approximately 10% over many decades. The reason for such attractive returns was that periods of elevated risk will come and go, but ultimately fear will wane and logic will prevail. As fear subsides, the logic of investing in businesses which yield higher returns on capital than alternative investments will rationally generate attractive rates of return.

**Key information**

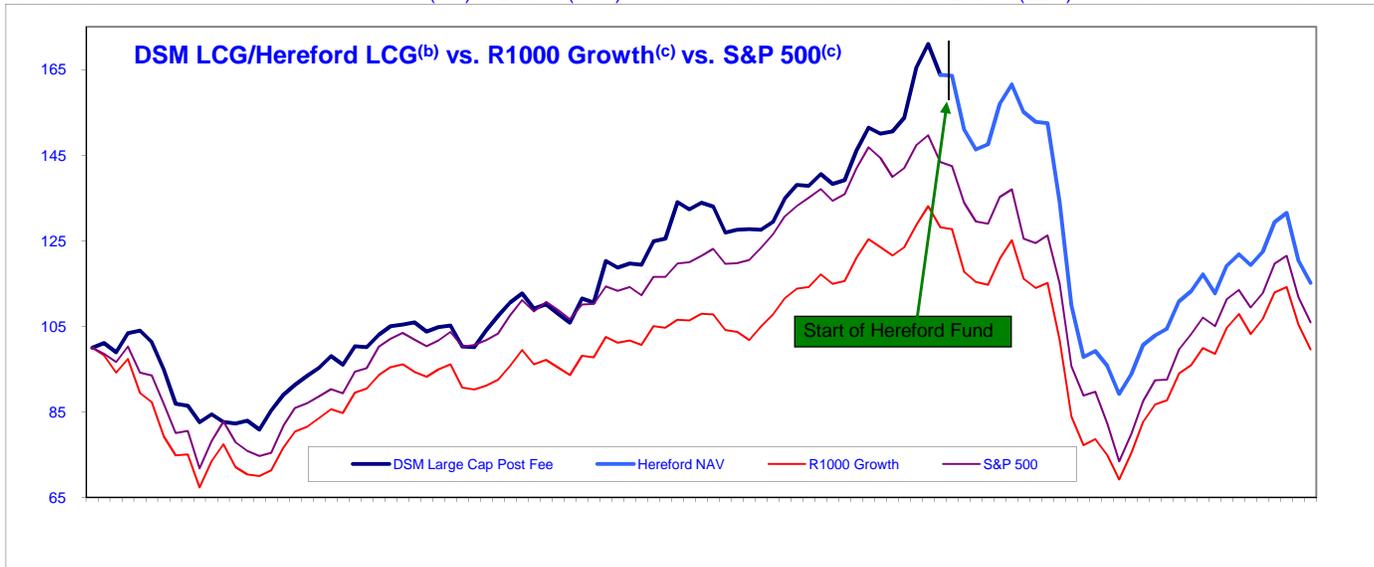
NAV A Shares (30/06/10): US\$ 70.30  
 Total Fund Size: US \$54.2 mil  
 Strategy Assets: US\$1,972.6 mil<sup>(a)</sup>  
 Fund Launch Date: 29-Nov-07

**Monthly Performance (%)**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Hereford Funds NAV	(2.1)	2.6	5.6	1.7	(8.5)	(4.3)							(5.5)
Russell 1000 <sup>(c)</sup>	(4.4)	3.4	5.8	1.1	(7.6)	(5.5)							(7.6)
S&P 500 <sup>(c)</sup>	(3.6)	3.1	6.0	1.6	(8.0)	(5.2)							(6.7)

**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>	(5.5)	22.8	(39.3)	18.7	9.8	11.4	9.4	25.2	(17.7)	15.2	1.7
Russell 1000 <sup>(c)</sup>	(7.6)	37.2	(38.4)	11.8	9.1	5.3	6.3	29.7	(27.9)	(0.4)	(0.0)
S&P 500 <sup>(c)</sup>	(6.7)	26.5	(37.0)	5.5	15.8	4.9	10.9	28.7	(22.1)	5.9	0.7





### Top Ten Holdings

Apple Computer  
 Celgene  
 Cisco Systems  
 Cognizant Technology Solutions  
 Expeditors International  
 Google  
 NetApp  
 Schlumberger  
 Target  
 Varian Medical Systems

### Sectoral Breakdown

Information Technology	29.4%
Health Care	24.9%
Services	11.5%
Consumer Discretionary	10.7%
Consumer Staples	8.5%
Financials	6.1%
Energy	3.3%
Materials	2.9%
Industrials	2.1%

### 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	14.8	16.0
ISIN	LU0327604228	Sharpe Ratio	n/a	0.0	-0.1
Reuters	LP65102015	Information Ratio	n/a	0.2	
Sedol	B28TLX2	Tracking Error	n/a	7.8	
Schwab and Northern Trust, two fine bus	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	VPB 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	VPB 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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