



July 2009 Investment Review

The Hereford/DSM Large Cap Fund appreciated 6.1% for the month of July compared to a 7.1% appreciation for the Russell 1000 Growth index and a 7.6% appreciation for the S&P500. The majority of your portfolio continues to be invested in the health care, technology, consumer, business services and financial services sectors. As of this writing, the weighted portfolio is valued at approximately 18x next-four-quarter earnings through September, 2010 and 16.9x calendar 2010 earnings.

Third quarter economic statistics continue to support the early recovery view of the economy. In the USA, auto sales are increasing due to the “cash for clunkers” program. Houses priced under \$500,000 dollars seem to be stabilizing in value, in part due to tax incentives for first time home buyers. On the industrial side of the economy, the inventory draw down has reached its limit and may have reversed itself as well. The fiscal side of the ledger is less optimistic. The deficit is set to rise to well over \$1 trillion dollars and perhaps remain there for a number of years, because personal and corporate income tax receipts are falling fast, while government spending is rising rapidly. Rising tax rates are likely on the way, and that combined with the huge amounts of corporate and personal debt that must be repaid, paves the way for a slow recovery, whenever it does begin.

In Europe, the full impact of the financial crises is still being felt. Unemployment is high, and like the USA, there is considerable personal and corporate debt to pay down. That Europe and the USA are in recession together, and given that a large part of the problem for both regions was the financial deregulation of the 1990's, it stands to reason that neither region can help to pull the other out of recession. It is Asia, where the growth forecast may be better. China, driven forward by massive reserve spending by the government, should continue to lead Asian economic growth. Chinese retail sales have been solid, while industrial production throughout the region is picking up momentum.

During July, we sold our position in Amazon. The company has done an outstanding job managing and growing its business. But the stock had appreciated substantially, and we felt that it was no longer undervalued. We did not initiate any new positions in the portfolio. We continue to be optimistic about the portfolio. Earnings results appear to be very good for the second quarter. Balance sheets and cash flow are strong, and valuations are very reasonable. Earnings growth in 2009 is in the mid-single digit area, but looks set to reaccelerate to a more normal high-teens rate next year.

Key information

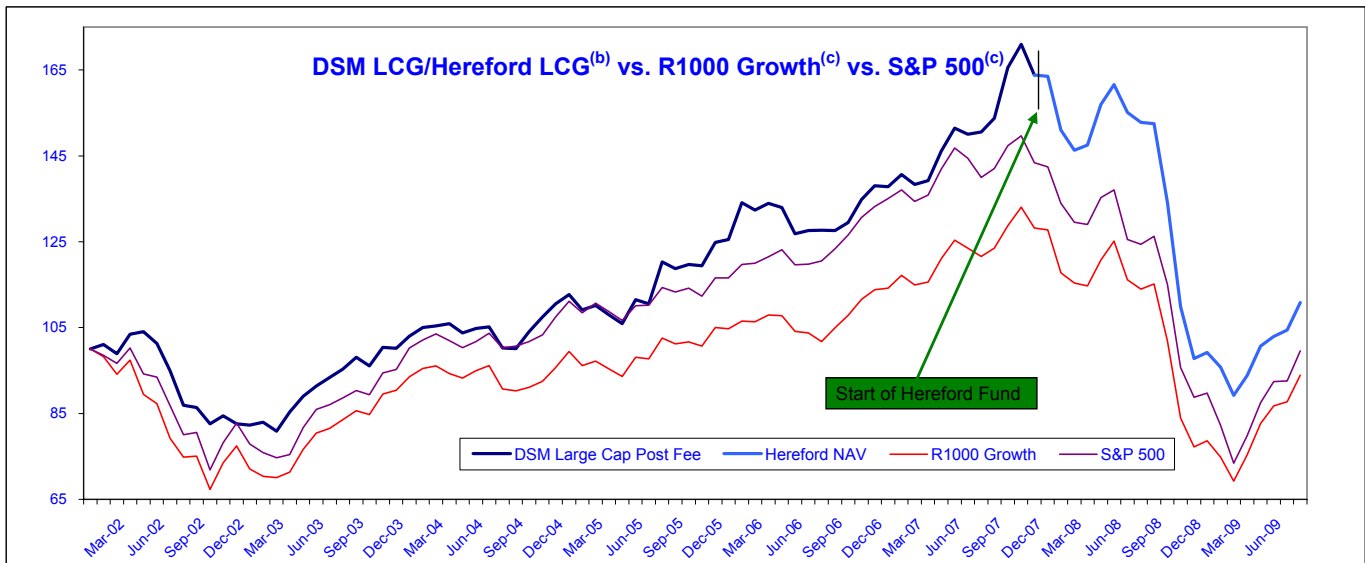
NAV A Shares (31/07/09): US\$67.47
 Total Fund Size: US \$45.5 mil
 Strategy Assets: US\$1,463.9 mil^(a)
 Fund Launch Date: 29-Nov-07

Monthly Performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Hereford Funds NAV	(3.5)	(6.8)	5.1	7.3	2.2	1.5	6.1						11.7
Russell 1000 ^(c)	(4.8)	(7.5)	8.9	9.6	5.0	1.1	7.1						19.5
S&P 500 ^(c)	(8.4)	(10.7)	8.8	9.6	5.6	0.2	7.6						11.0

Period Performance (%)

	YTD	2008	2007	2006	2005	2004	2003	2002	Since Inception 01/01/02	
									Cumulative	Annualised
DSM LCG/Hereford LCG Returns ^(b)	11.7	(39.3)	18.7	9.8	11.4	9.4	25.2	(17.7)	10.9	1.4
Russell 1000 ^(c)	19.5	(38.4)	11.8	9.1	5.3	6.3	29.7	(27.9)	(6.1)	(0.8)
S&P 500 ^(c)	11.0	(37.0)	5.5	15.8	4.9	10.9	28.7	(22.1)	(0.4)	(0.1)





Apple Computer
Celgene
Genzyme
Google
Monsanto
Nestle SA
Novo Nordisk A/S
Qualcomm
SEI Investments
State Street

Health Care 36.7%
Information Technology 21.9%
Financials 13.1%
Services 9.8%
Consumer Staples 9.0%
Materials 5.6%
Industrials 2.7%

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	16.1
ISIN	LU0327604228	Sharpe Ratio	n/a	0.0	-0.2
Reuters	LP65102015	Information Ratio	n/a	0.2	
Sedol	B28TLX2	Tracking Error	n/a	8.1	
Valoren	3504726	Beta	n/a	0.8	
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, 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 ^(f)	1.25%
Share Class B	0.25% + 20% performance fee on outperformance vs US T-Bill with HWM
Share Class C ^(e)	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

This document is for information purposes 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.