



August 2008 Investment Review

The Hereford/DSM Large Cap Fund declined (0.2%) for the month of August compared to a 1.1% appreciation for the Russell 1000 Growth index and a 1.5% appreciation for the S&P500. Consistent with last month, the majority of the fund remains invested in the health care, technology, business services, and energy services sectors. The weighted average P/E of the portfolio is 18.2x, which we feel is attractive relative to our estimated earnings growth of 20%.

For the past number of months we have focused much attention on the movement of commodity prices, oil in particular. With respect to oil, it appears that the sell off is largely a response to expectations for a global economic slowdown. Unemployment in the U.S. reached 6.1% recently, a level not seen since 2004, and a significant jump from the 4.5% level we had seen during 2007. China's Shenzhen Index is down approximately 60% year-to-date, foreshadowing a likely slowdown in economic activity. With the U.S. representing 25% of global oil demand and China representing 80% of incremental demand, it is not surprising that a coincident slowing in these two economies would place significant downward pressure on the price of oil. It remains unclear as to whether the actual supply/demand picture will change significantly enough to keep a lid on future advances in oil prices. For the near term at least, the drop in oil and other commodity prices is a clear positive for the stock market.

We made several changes to the portfolio during the month of August. We initiated new positions in C.R. Bard (BCR), Mastercard (MA), and Nestle (NSRGY). BCR is a manufacturer of medical equipment that we have followed for some time and purchased opportunistically following a period of weak performance. We had owned BCR stock earlier in the year and sold it at higher valuation levels. MA is a provider of services and support for electronic payment solutions including credit and debit cards. The stock has sold off significantly due in part to fears of an overall economic slowdown. We believe it now trades at a very attractive valuation given its strong franchise and lack of credit risk. Nestle is a global manufacturer of food products that should generate low double-digit earnings growth.

Also during the month, we sold Varian (VAR) for valuation reasons as the stock has moved up over 20% since the middle of July. We trimmed Celgene (CELG) due to near term concern over reports of a potentially serious side effect being observed in patients taking Revlimid. We have since had a chance to review these reports more carefully and discuss them with management. Our initial fears have been allayed to a large degree and we remain very bullish on the prospects for the company. We also trimmed Hologic (HOLX) following their quarterly earnings report which made us incrementally less confident in their near term prospects.

Key information

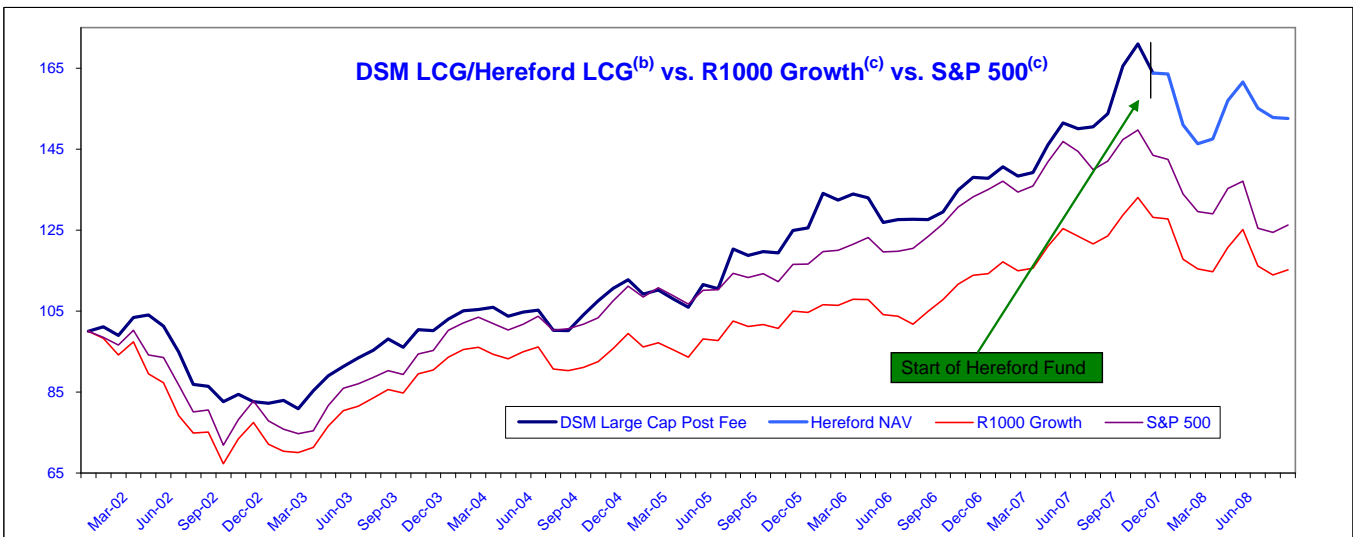
NAV A Shares (29/08/08): \$93.10
 Total Fund Size: \$38.2 mil
 Strategy Assets: \$1,582.5 mil^(a)
 Fund Launch Date: 29-Nov-07

Monthly Performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Hereford Funds NAV	(7.7)	(3.1)	0.8	6.5	2.9	(4.0)	(1.5)	(0.2)					(6.7)
Russell 1000 ^(c)	(7.8)	(2.0)	(0.6)	5.3	3.7	(7.2)	(1.9)	1.1					(9.8)
S&P 500 ^(c)	(6.0)	(3.3)	(0.4)	4.9	1.3	(8.4)	(0.8)	1.5					(11.4)

Period Performance (%)

	YTD	2007	2006	2005	2004	2003	2002	Since Inception 01/01/02	
								Cumulative	Annualised
DSM LCG/Hereford LCG Returns ^(b)	(6.7)	18.7	9.8	11.4	9.4	25.2	(17.7)	52.5	6.5
Russell 1000 ^(c)	(9.8)	11.8	9.1	5.3	6.3	29.7	(27.9)	15.2	2.1
S&P 500 ^(c)	(11.4)	5.5	15.8	4.9	10.9	28.7	(22.1)	26.2	3.6





Top Ten Holdings

	% NAV
Celgene Corp	8.4%
Schlumberger Ltd	7.5%
Genzyme Corp	5.8%
Google Inc-CI A	4.6%
Monsanto Co	4.5%
ABB	4.2%
Schering Plough	4.0%
Stryker	3.9%
Adobe Systems	3.6%
SEI Investments	3.5%

Sectoral Breakdown

	% of Assets
Health Care	34.3%
Information Technology	21.0%
Energy	14.8%
Services	7.4%
Industrials	6.3%
Financials	5.6%
Consumer Staples	4.9%
Materials	4.5%

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. 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	11.29	12.91
ISIN	LU0327604228	Sharpe Ratio	n/a	0.25	-0.12
Reuters	LP65102015	Information Ratio	n/a	0.45	
Sedol	B28TLX2	Tracking Error	n/a	8.24	
Valoren	3504726	Beta	n/a	0.68	
WKN	A0M58T	Alpha	n/a	4.12	

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 ^(e)	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) 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
 (c) Total return including dividends.
 (d) Share Class C is German tax registered from 4/1/08.
 (e) Share Class U: UK Distributor Status to the year ending 30th September 2008 - Pending

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