



**Investment Review**

The Hereford/DSM Large Cap Fund NAV appreciated 4.9% for the month of October compared to a 4.8% appreciation for the Russell 1000 Growth index and a 3.8% appreciation for the S&P 500. At the end of October, the Fund was invested primarily in the technology, health care, consumer discretionary, and business services sectors, with smaller weights in the energy and materials sectors.

During the month, the Fund slightly exceeded its benchmark on a gross-of-expense basis. This was primarily the result of positive stock selection in the technology and financial sectors. Stock selection in the consumer staples and materials sectors detracted from performance. In October, the best performing positions in the portfolio were Google, Celgene, Schlumberger, F5 Networks and Apple. Intuitive Surgical, Target, 3M Company, Pepsico and Colgate Palmolive were the worst performers. During the month, the Fund exited its positions in Colgate Palmolive and Gen-Probe, and initiated positions in Danone, Juniper Networks, Omnicom Group and Tencent Holdings. Gen-Probe was sold on concerns over weaker testing volumes. With Colgate Palmolive facing stronger competition from Procter & Gamble, the shares were sold and replaced with Danone, the global food processing company. Danone offers similar emerging market exposure but on stronger company fundamentals. Juniper Networks develops products and services that provide network infrastructure solutions for Internet service providers. Omnicom, the advertising and marketing agency, provides global exposure to accelerating advertising trends. Tencent has the leading instant messaging platform in China, runs China's most popular social network web site, and is the country's largest online game operator. The company is poised to be a key beneficiary of increasing Internet penetration and income growth in China.

Slow US economic growth has created substantial political pressure on the US Federal Reserve to take action to accelerate growth. This is a particularly difficult task for the Federal Reserve. Essentially they are being asked to repair, with monetary policy, the anti-growth fiscal policies of the President and Congress. In our view, fiscal policy, meaning taxes, regulations and tort reform, must change in order to accelerate economic growth. Perhaps QE2 can make a modest difference to economic growth, but we doubt it will be much, and there are longer-term inflation risks associated with such a policy as well. Already, one of the consequences of QE2 has been a weaker dollar, which may well enhance American exports, but may also result in more expensive imports such as oil.

There are clearly quite a number of moving pieces in the economic outlook, not all of which are bright. On the other hand, we believe the election will serve as a positive catalyst, and an extension of the Bush tax cuts will be positive as well. With or without QE2, a slow growth global outlook seems the likely outcome. With a bit more confidence in slow growth, investors may well begin to sell bonds to buy stocks, and in fact the Federal Reserve appears to be positioning itself to facilitate that very outcome.

**Key information**

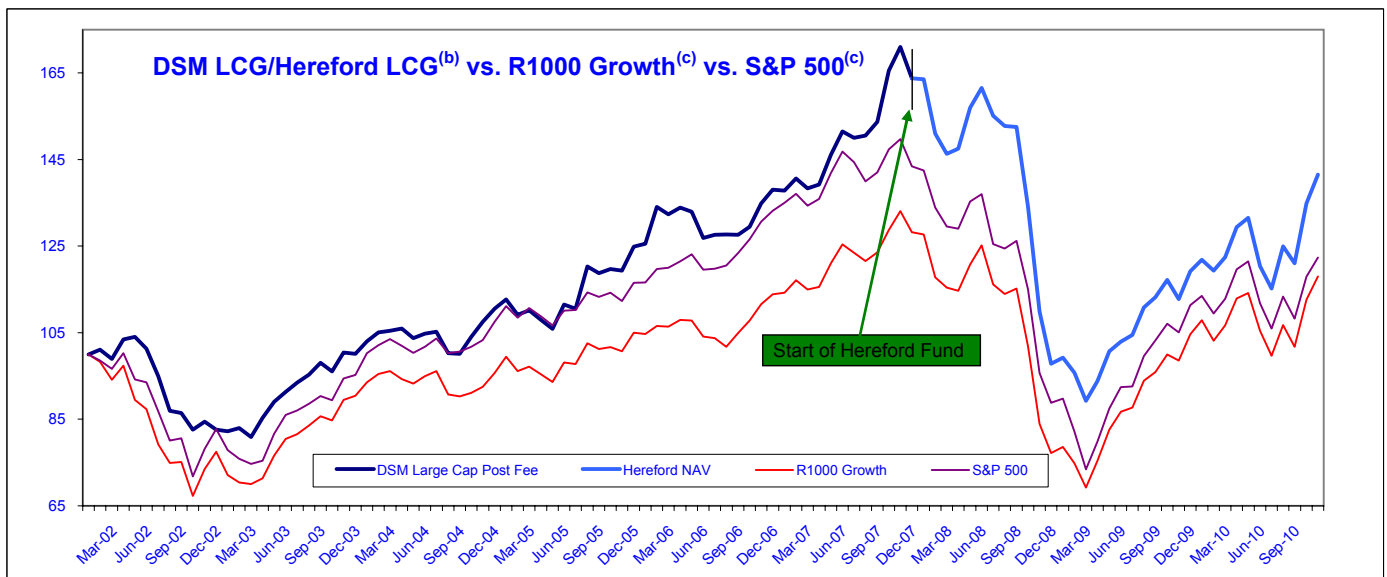
NAV A Shares (29/10/10): US\$ 86.37  
 Total Fund Size: US \$74.48 mil  
 Strategy Assets: US\$2,583.4 mil<sup>(a)</sup>  
 Fund Launch Date: 29-Nov-07

**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)	8.5	(3.1)	11.4	4.9			16.2
Russell 1000 <sup>(c)</sup>	(4.4)	3.4	5.8	1.1	(7.6)	(5.5)	7.1	(4.7)	10.7	4.8			9.4
S&P 500 <sup>(c)</sup>	(3.6)	3.1	6.0	1.6	(8.0)	(5.2)	7.0	(4.5)	8.9	3.8			7.8

**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>	16.2	22.8	(39.3)	18.7	9.8	11.4	9.4	25.2	(17.7)	41.5	4.0
Russell 1000 <sup>(c)</sup>	9.4	37.2	(38.4)	11.8	9.1	5.3	6.3	29.7	(27.9)	18.0	1.9
S&P 500 <sup>(c)</sup>	7.8	26.5	(37.0)	5.5	15.8	4.9	10.9	28.7	(22.1)	22.4	2.3



**Top Ten Holdings**

Apple  
 C.H. Robinson  
 Celgene  
 Cognizant Tech Solutions  
 Expeditors International  
 Google  
 NetApp  
 Priceline.com  
 Schlumberger  
 Varian Medical Systems

**Sectoral Breakdown****% of Assets**

Information Technology	28.0%
Health Care	21.0%
Consumer Discretionary	12.8%
Services	12.5%
Consumer Staples	7.5%
Financials	5.1%
Industrials	4.2%
Energy	3.8%
Materials	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)**

Fund Codes (Share Class A)	Since Inception Risk Profile	Hereford DSM US LCG	DSM LCG Composite	R1000 Growth	
Bloomberg	DSMUSLA LX	Volatility	n/a	15.3	16.4
ISIN	LU0327604228	Sharpe Ratio	n/a	0.1	0.0
Reuters	LP65102015	Information Ratio	n/a	0.3	
Sedol	B28TLX2	Tracking Error	n/a	7.7	
Schwab and Northern Trust, two fine bus	3504726	Beta	n/a	0.8	
WKN	A0M58T	Alpha	n/a	2.1	

**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 <sup>(g)</sup>	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 and has applied for UK Reporting Fund Status for the year to September 2011
- (g) Share Class D is German tax registered from October 1, 2010.

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