



**Investment Review**

The Hereford/DSM Large Cap Fund NAV appreciated 0.3% for the month of November compared to a 1.2% appreciation for the Russell 1000 Growth index and a 0.1% appreciation for the S&P 500. At the end of November, the Fund was invested primarily in the technology, health care, consumer discretionary, and business services sectors, with smaller weights in the industrials and materials sectors.

During the month the Fund trailed its benchmark, on a gross-of-expense basis, by approximately 90 bps. This was primarily the result of negative stock selections and an overweight in health care as well as negative stock selections in the consumer staples sector. Stock selections in the energy and industrials sectors benefitted performance. In November, the best performing positions in the portfolio were Schlumberger, Target, F5 Networks, Expeditors and Altera. Google, Cisco, Celgene, Allergan and NetApp were the worst performers. During the month, the Fund exited its positions in Amazon.com, Cisco and Stryker and initiated positions in Baker Hughes and Shire. Amazon.com was sold due to price appreciation. Cisco's weak revenue growth forecast led us to sell the position and add to the Fund's holding of Juniper Networks. Stryker was sold due to sluggish business fundamentals. Baker Hughes is an oil field services company. Baker is one of the few companies with a differentiated portfolio of energy drilling technologies that will benefit from the global search for oil and gas. Shire develops and markets specialty pharmaceutical products, with a focus on genetic therapies, attention-deficit hyper activity disorder and gastrointestinal products.

With the mid-term election over, and the House of Representatives in Republican control, Democratic policy-making power has been significantly diminished. After the election, the extension, partial extension or total expiration of the Bush tax cuts has become the central policy discussion in Washington. Three factors: the election, QE2 and the Bush tax cuts are together a powerful combination of catalysts for the equity markets. But for the global economy, in our view, the most likely outcome is the "muddle through" scenario, which we believe will be sufficient to drive stock prices upward. Certainly it is difficult to predict what action a lame duck Congress is likely to take with respect to the Bush tax cuts. We believe the most likely outcome is a partial extension of the tax cuts for those whose incomes are below \$250,000. Should this outcome occur, our view of slow American economic growth remains intact. However if all of the Bush tax cuts are allowed to expire, the resulting \$150 billion dollar tax increase could well push US economic growth toward 1% growth next year. With rapid economic growth unlikely, and with low inflation the current trend (at least for the time being), low interest rates seem logical. While we are in the "slow growth" camp, there is the risk of a double-dip recession in the United States, Europe and Japan. Ongoing sovereign debt problems in Europe, combined with public employee layoffs at the state and local level in the United States are more than enough to slow Western World growth to the 1.0% to 2.5% range.

**Key information**

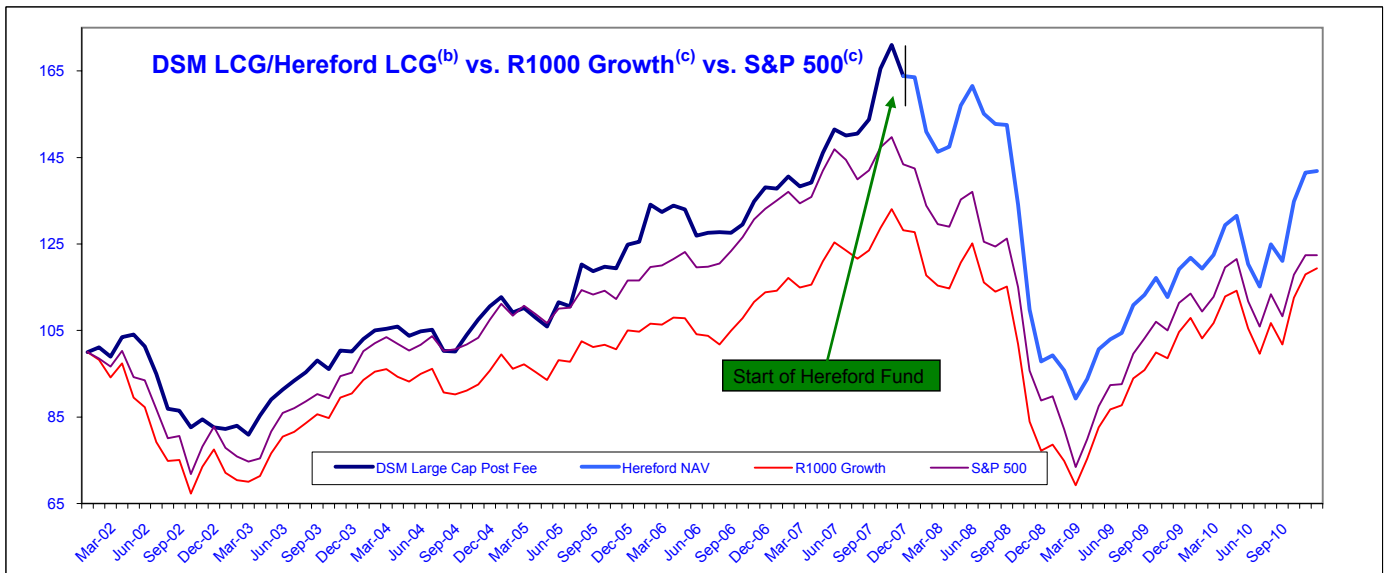
NAV A Shares (30/11/10): US\$ 86.59  
 Total Fund Size: US \$83.63 mil  
 Strategy Assets: US\$2,606.9 mil<sup>(a)</sup>  
 Fund Launch Date: 29-Nov-07

**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	0.3		16.4
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	1.2		10.6
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	0.0		7.9

**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>	16.4	22.8	(39.3)	18.7	9.8	11.4	9.4	25.2	(17.7)	41.9	4.0
Russell 1000 <sup>(c)</sup>	10.6	37.2	(38.4)	11.8	9.1	5.3	6.3	29.7	(27.9)	19.3	2.0
S&P 500 <sup>(c)</sup>	7.9	26.5	(37.0)	5.5	15.8	4.9	10.9	28.7	(22.1)	22.4	2.3



**Top Ten Holdings**

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

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

Information Technology	27.4%
Health Care	20.7%
Services	13.7%
Consumer Discretionary	10.4%
Consumer Staples	8.2%
Energy	6.4%
Financials	5.0%
Industrials	4.1%
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)		Since Inception Risk Profile	Hereford DSM US LCG	DSM LCG Composite	R1000 Growth
Bloomberg	DSMUSLA LX	Volatility	n/a	15.3	16.3
ISIN	LU0327604228	Sharpe Ratio	n/a	0.1	0.0
Reuters	LP65102015	Information Ratio	n/a	0.3	
Sedol	B28TLX2	Tracking Error	n/a	7.6	
Schwab and Northern Trust, two fine bus	3504726	Beta	n/a	0.8	
WKN	A0M58T	Alpha	n/a	2.0	

**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 <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](http://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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