



**November 2008 Investment Review**

The Hereford/DSM Large Cap Fund declined (11.0)% for the month of November compared to a (8.0)% decline for the Russell 1000 Growth index and a (7.2)% decline for the S&P500. Consistent with last month, the majority of the fund remains invested in the health care, technology, and business services sectors. The weighted average P/E of the portfolio is 13.7x, which we feel is attractive relative to our estimated earnings growth of 20%

The economy and the financial markets have reacted very negatively to losses from risky lending done globally over the past decade. We never imagined that so many global financial institutions could simultaneously make so many imprudent loans to individuals, corporations, nations and other financial institutions that were not credit worthy. As this process progressed, a "credit crunch" and "deleveraging process" has caused the financial markets to decline far more than we anticipated, leading to forced sales of debt and equity securities. Moreover, forced equity sales due to redemptions at a variety of investment vehicles, as well as those by worried institutions and individuals have driven the markets lower. To us it is clear that there is now a lot of cash "on the sidelines" and it is reasonable to assume that much of this capital is waiting to re-enter the market.

We continuously review our earnings models for each portfolio company. This work has reduced our weighted earnings growth expectations for calendar 2009 versus 2008 to the mid-teens range, while we see weighted earnings growth from 2009 forward at a high teens rate.

At this time we believe the market and our stocks are immensely undervalued if one believes that the global economy will suffer only from a severe recession. If that is the case, our stocks are "pound the table cheap" and should be aggressively purchased.

During the month of November there were no new positions purchased and no positions were sold entirely either.

**Key information**

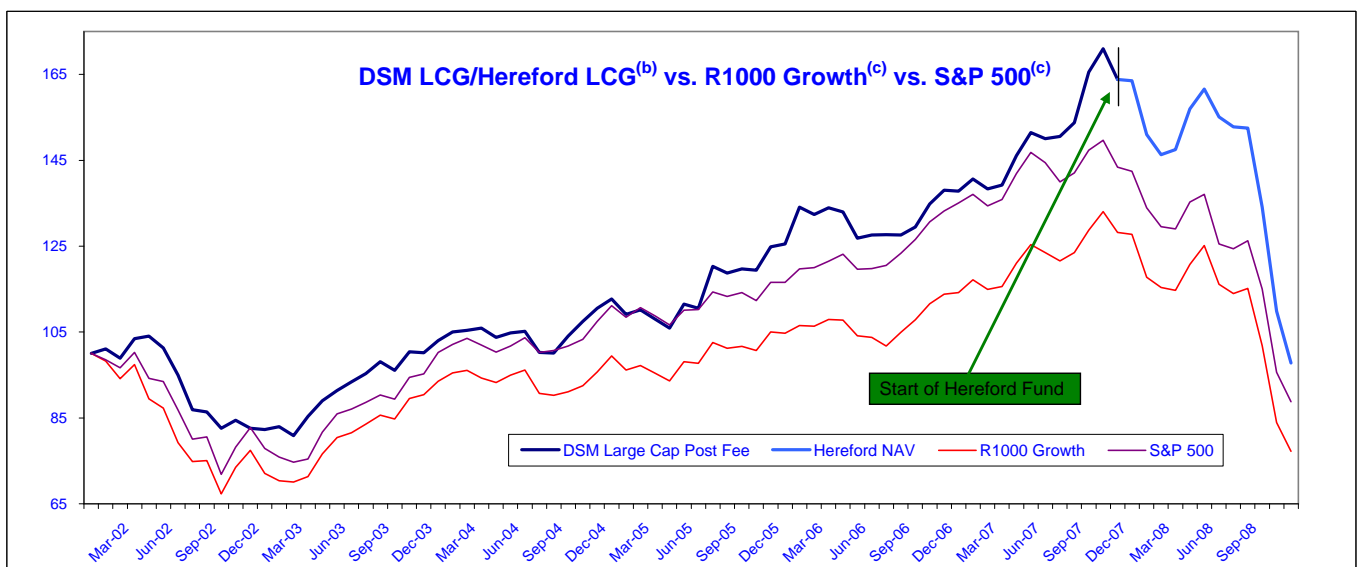
NAV A Shares (28/11/08): US\$59.71  
 Total Fund Size: US\$32.9 mil  
 Strategy Assets: US\$1,021.9 mil<sup>(a)</sup>  
 Fund Launch Date: 29-Nov-07

**Monthly Performance (%)**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Hereford Funds NAV	(7.7)	(3.1)	0.8	6.5	2.9	(4.0)	(1.5)	(0.2)	(12.1)	(18.1)	(11.0)		(40.2)
Russell 1000 <sup>(c)</sup>	(7.8)	(2.0)	(0.6)	5.3	3.7	(7.2)	(1.9)	1.1	(11.6)	(17.6)	(8.0)		(39.5)
S&P 500 <sup>(c)</sup>	(6.0)	(3.3)	(0.4)	4.9	1.3	(8.4)	(0.8)	1.5	(8.9)	(16.8)	(7.2)		(37.7)

**Period Performance (%)**

	YTD	Since Inception 01/01/02						Cumulative	Annualised
		2007	2006	2005	2004	2003	2002		
DSM LCG/Hereford LCG Returns <sup>(b)</sup>	(40.2)	18.7	9.8	11.4	9.4	25.2	(17.7)	(2.2)	(0.3)
Russell 1000 <sup>(c)</sup>	(39.5)	11.8	9.1	5.3	6.3	29.7	(27.9)	(22.8)	(3.7)
S&P 500 <sup>(c)</sup>	(37.7)	5.5	15.8	4.9	10.9	28.7	(22.1)	(11.2)	(1.7)





## Top Ten Holdings

	% NAV
Celgene	8.6%
Genzyme	7.5%
Monsanto	6.3%
Automatic Data Processing	4.7%
Nestle SA	3.9%
Google	3.8%
SEI Investments	3.7%
C. R. Bard	3.7%
Stryker	3.7%
Novo Nordisk A/S	3.5%

## Sectoral Breakdown

	% of Assets
Health Care	41.8%
Information Technology	13.7%
Financials	13.0%
Consumer Staples	9.5%
Services	9.4%
Materials	6.3%
Consumer Discretionary	2.2%

## 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	14.6	15.3
ISIN	LU0327604228	Sharpe Ratio	n/a	-0.2	-0.4
Reuters	LP65102015	Information Ratio	n/a	0.3	
Sedol	B28TLX2	Tracking Error	n/a	8.6	
Valoren	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	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>(e)</sup>	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

- This refers to the total assets invested in the reference strategy managed by the Investment Manager
- 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
- Total return including dividends.
- Share Class C is German tax registered from 4/1/08.
- Share Class U: UK Distributor Status to the year ending 30th September 2008 - Pending

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