



November 2007 Investment Review

The SMID Cap Composite declined 7.8% for the month of November compared to a 5.9% decline in the Russell 2500 Growth. The equity market has been negatively impacted by fears of significant loan losses at large financial organizations because many banks and other financial institutions own substantial amounts of collateralized mortgage debt obligations (CDOs). It is important to note that the companies in your portfolio, with the exception of State Street Bank to a limited extent, have no direct exposure to this problem. We also have substantial health care holdings, that are defensive in a weak economy. Importantly, we do not own, and have not owned for a significant time, many companies whose business prospects are tied to the US consumer. The portfolio holdings continue to generate over twenty percent revenue and earnings growth. The weighted portfolio is presently valued at 18.9x 2008 earnings. We continue to believe that your portfolio remains very attractively valued in the current investment environment.

Key information

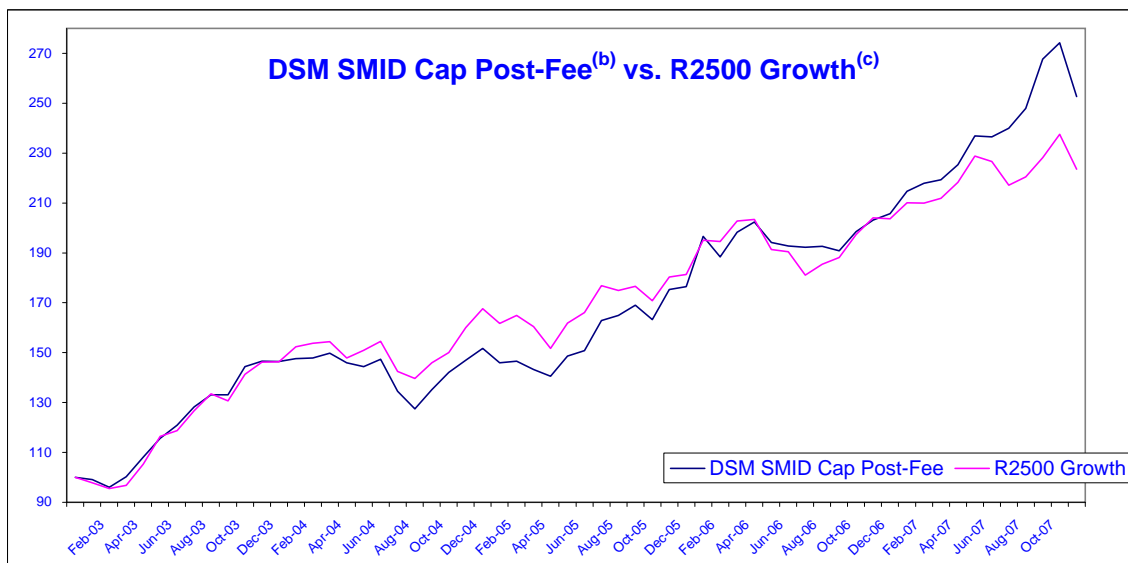
NAV A Shares (29/11/07): \$99.67
 Total Fund Size: \$1.6 Million
 Strategy Assets: \$14m^(a)
 Fund Launch Date: 29-Nov-07

Monthly Performance (%)

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | YTD |
|-------------------------------------|-----|-------|-----|-----|-----|-------|-------|-----|-----|-----|-------|------|
| DSM SMID Cap Returns ^(b) | 4.3 | 1.5 | 0.7 | 2.8 | 5.1 | (0.1) | 1.4 | 3.3 | 8.0 | 2.4 | (7.8) | 22.9 |
| Russell 2500 Growth ^(c) | 3.2 | (0.1) | 0.9 | 3.1 | 4.8 | (1.0) | (4.2) | 1.5 | 3.5 | 4.1 | (5.9) | 9.8 |

Period Performance (%)

| | YTD | 1 yr | 2 yr | 3yr | 4 yr | Since Inception 01/01/03 Cumulative | Annualised |
|-------------------------------------|------|------|------|------|------|--|------------|
| DSM SMID Cap Returns ^(b) | 22.9 | 24.4 | 20.1 | 19.8 | 14.6 | 152.7 | 20.8 |
| Russell 2500 Growth ^(c) | 9.8 | 9.5 | 11.3 | 11.8 | 11.2 | 123.6 | 17.8 |



Top Ten Holdings

| | % NAV |
|------------------------|-------|
| SEI Investments | 5.0% |
| Ion Geophysical | 4.5% |
| Varian Medical Systems | 4.1% |
| Hologic Inc. | 3.7% |
| Affiliated Managers | 3.4% |
| Gen-Probe | 3.4% |
| National Instruments | 3.4% |
| Tessera Technologies | 3.3% |
| CGG Veritas | 3.2% |
| Core Laboratories | 3.2% |

Sectoral Breakdown

| | % of assets |
|--------------------------|-------------|
| Health Care | 28.6% |
| Informational Technology | 26.7% |
| Energy | 18.7% |
| Financials | 10.4% |
| Consumer Discretionary | 6.5% |
| Industrials | 5.7% |
| Materials | 2.3% |



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 between 300 million and 10 billion dollars. These companies are chosen for their growth prospects, attractive returns, solid business fundamentals and intelligent management. Companies invested in will often have higher revenue and earnings growth rates and less "sell-side" research coverage than comparable larger capitalization corporations. The sub fund may, on an ancillary basis, invest in US-based companies with higher or lower market capitalizations as well as in non-US based companies. The sub fund may invest in American Depositary Receipts and American Depositary Shares. The reference benchmark for this strategy is the Russell 2500 Growth Index.

| Fund Codes (Share Class A) | | Since Inception Risk Profile | DSM US SMID | DSM SMID | R2500 Growth |
|----------------------------|--------------|---------------------------------|-------------|----------|--------------|
| Bloomberg | DSMUSMA LX | Volatility | n/a | 13.8 | 13.8 |
| ISIN | LU0327605118 | Sharpe Ratio | n/a | 1.3 | 1.1 |
| Reuters | (Pending) | Information Ratio | n/a | 0.3 | |
| Sedol | B28TM17 | Tracking Error | n/a | 7.4 | |
| Valoren | 3504786 | Beta | n/a | 0.9 | |
| WKN | A0M58X | Alpha | n/a | 4.9 | |

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 | 1.25% |
| Share Class B | 0.25% + 20% performance fee on outperformance vs US T-Bill with HWM |
| Share Class C | 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) Historical gross performance of DSM SMID Cap Composite returns (the Reference Strategy) minus modeled fee and expense typical of Hereford Funds DSM US SMID 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.

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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].

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