

**Investment Review**

The Hereford/DSM Large Cap Fund appreciated 3.9% for the month of August compared to a 4.6% appreciation for the Russell 1000 Growth Index and a 4.0% appreciation for the S&P 500 including dividends. At the end of August, the Fund was invested primarily in the consumer discretionary, health care and technology sectors, with smaller weights in the industrials, financials, consumer staples and materials sectors.

During the month the Fund trailed its benchmark by approximately 70 bps. This was primarily the result of our selections in consumer discretionary and technology versus the benchmark. Our selections in consumer staples benefitted performance. In August, the best performing positions in the portfolio were Monster Beverage, Celgene, Regeneron Pharmaceuticals, BlackRock and TJX Companies. The worst performers for the month were Cognizant Tech Solutions, Wynn Resorts, Las Vegas Sands, Time Warner and Discovery Communications. In August we sold the Fund's positions in eBay and Swatch Group. The disappointing top line growth of eBay's on-line shopping business led to its sale. Swatch was sold on weaker revenue growth due to the strength of the Swiss Franc as well as softness in the sales of its high-end watches. In the period, we also trimmed Yum! Brands as the company faced issues with a supplier in China. The proceeds of these sales were used to initiate a position in Allergan, a name we have previously held in the portfolio. Allergan has strong franchises in medical aesthetics such as botox cosmetic and juvederm dermal filler, and is also a leading player in eye care pharmaceuticals with products for glaucoma, dry eye and retinal disease. With clarity on several of the concerns that caused us to sell the Allergan position last year, and more confidence following an internal restructuring, we repurchased the shares. We also added to several of the Fund's existing positions including Dollar Tree and Perrigo.

DSM's long-standing global economic outlook of slow 3% type growth would be unchanged, were it not for current geopolitical risks, particularly in the Ukraine and the Middle East. Both the US and European economies could be impacted by economic weakness in Russia, whose economy has recently slowed to approximately 1% growth, due in part to events in the Ukraine. In the meantime, central bank policies at the Federal Reserve, ECB, Bank of Japan and People's Bank of China all remain "easy", which is supportive of financial asset values and thereby economic growth. More recently, stock prices have moved upward as geopolitical pressures have eased, though they continue to remain a concern. Corporate earnings for the second quarter have been solid as well, with S&P earnings estimates for the year increasing at a high single digit pace.

As we have described recently, the portfolio has been constructed based on our view of slow growth in the US, faster growth in the emerging markets and fractional growth in Europe. Our strategy continues to focus on investments in businesses that generate the majority of their revenue in North America and emerging markets. We are however adding to investments in companies with European exposure, as opportunities arise. At this time, emerging markets account for approximately 20% of weighted portfolio revenue, with North America at approximately 54%. We estimate that other developed markets account for 5% of revenue, and therefore the portfolio's revenue exposure to Europe approximates 20%.

The portfolio continues to be focused on unique global businesses that have been identified, and are continuously subject to analysis, by our ten-member investment team. We believe that the valuation of the portfolio, at 19.4x next-four-quarter earnings through September of 2015 based on our calculations, continues to be attractive in the current slow growth economic environment and relative to the market. We also continue to project a mid-to-high "teens" earnings growth rate through 2017. Additionally, the portfolio holdings remain characterized by strong balance sheets and significant free cash flow.

Key Information

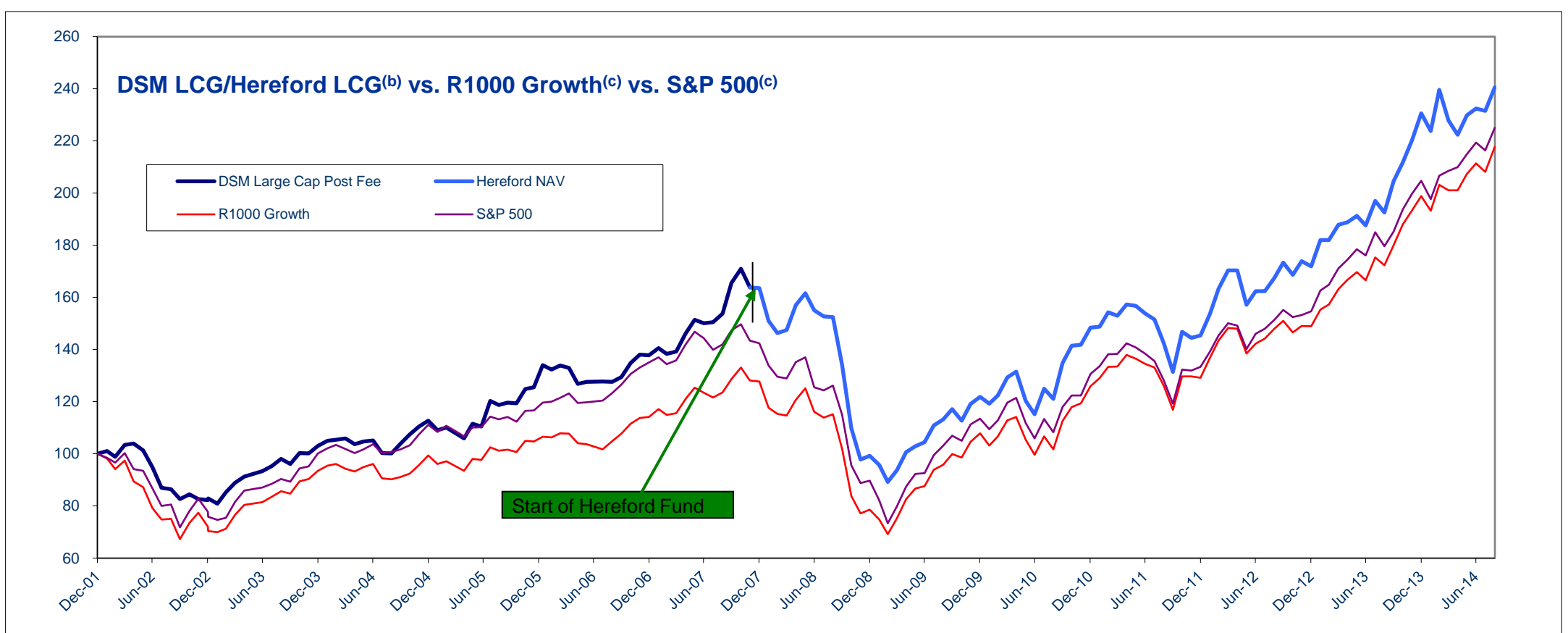
NAV A Shares (31/08/14)	US\$ 146.82
Total Fund Size	US\$ 133.5 mil
Strategy Assets	US\$ 4,274.2 mil ^(a)
Fund Launch Date	29-Nov-07

Monthly Performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Hereford Funds NAV	(3.0)	7.1	(4.9)	(2.4)	3.3	1.1	(0.4)	3.9					4.3
Russell 1000 Growth ^(c)	(2.9)	5.2	(1.0)	0.0	3.1	2.0	(1.5)	4.6					9.5
S&P 500 ^(c)	(3.5)	4.6	0.8	0.7	2.3	2.1	(1.4)	4.0					9.9

Period Performance (%)

	YTD	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	Cumulative	Annualised
DSM LCG/Hereford LCG Returns ^(b)	4.3	34.1	18.2	(2.0)	21.9	22.8	(39.3)	18.7	9.8	11.4	9.4	25.2	(17.7)	140.5	7.2
Russell 1000 Growth ^(c)	9.5	33.5	15.3	2.6	16.7	37.2	(38.4)	11.8	9.1	5.3	6.3	29.7	(27.9)	117.7	6.3
S&P 500 ^(c)	9.9	32.4	16.0	2.1	15.1	26.5	(37.0)	5.5	15.8	4.9	10.9	28.7	(22.1)	125.0	6.6





Top Ten Holdings

Alexion Pharmaceuticals	Monster Beverage
Biogen Idec	Precision Castparts
Celgene	Starbucks
Cognizant Tech Solutions	Tencent Holdings
Google (Cl. A & C)	The Priceline Group

Sectoral Breakdown

	% of Assets
Consumer Discretionary	30.2%
Health Care	27.4%
Information Technology	18.4%
Industrials	8.6%
Financials	6.9%
Consumer Staples	4.6%
Materials	3.8%

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 US\$ 5 billion. 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	14.9	15.3
ISIN	LU0327604228	Sharpe Ratio	n/a	0.4	0.3
Reuters	LP65102015	Information Ratio	n/a	0.1	
Sedol	B28TLX2	Tracking Error	n/a	6.8	
	3504726	Beta	n/a	0.9	
WKN	A0M58T	Alpha	n/a	1.4	

Fund Details

Dealing Day	Daily
Dividends	None - income accumulated within the fund
Investment Manager	DSM Capital Partners LLC, 116 Radio Circle Drive, Suite 200, Mount Kisco, NY 10549, USA
Promoter	VP Bank (Luxembourg) S.A., 26 Avenue de la Liberté, L-1930 Luxembourg
Management Company	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 D ^(f)	1.75%

Minimum Investment

Share Class A & U ^(e)	\$100,000 initial / \$10,000 subsequent
Share Class 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:

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- (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 BaFin for public distribution in Germany from 17/10/12, registered with the AFM for public distribution in the Netherlands and registered with the AMF for public distribution in France.
- (e) Share Class U has been granted Reporting Status by HMRC as of October 1, 2010.
- (f) Share Class D is German tax registered from October 1, 2010.

France - Centralizing Correspondent as defined by French Regulation:

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