

HEREFORD FUNDS

Société d'Investissement à Capital Variable
(Investment Company organised under the laws of the Grand Duchy of Luxembourg)



AUDITED ANNUAL REPORT

As of 30 September 2011

Luxembourg R.C.S. B 134 375

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MANAGEMENT AND ADMINISTRATION

BOARD OF DIRECTORS

CHAIRMAN

Mr Anthony GALLIERS-PRATT
Managing Partner
Hereford Funds Advisory S.à r.l.
26, Avenue de la Liberté
L-1930 Luxembourg, Luxembourg

DIRECTORS

Mr Mark HENDERSON
Managing Partner
Hereford Funds Advisory S.à r.l.
26, Avenue de la Liberté
L-1930 Luxembourg, Luxembourg

Mr Yves DE VOS
Managing Director
VP Bank (Luxembourg) S.A.
26, Avenue de la Liberté
L-1930 Luxembourg, Luxembourg

Mr Romain MOEBUS
Member of the Executive Board
VP Bank (Luxembourg) S.A.
26, Avenue de la Liberté
L-1930 Luxembourg, Luxembourg

Mr Rolf DIDERRICH
Executive Director
VPB Finance S.A.
26, Avenue de la Liberté
L-1930 Luxembourg, Luxembourg

(until 31 August 2011)
Mr Benoni DUFOUR
Civil Engineer
15, Op der Sank
L-5713 Aspelt, Luxembourg

(since 1 September 2011)
Mr Jérôme WIGNY
Partner
Elvinger, Hoss & Prussen
2, Place Winston Churchill
L-1340 Luxembourg, Luxembourg

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MANAGEMENT AND ADMINISTRATION

(continued)

DELEGATES OF THE BOARD OF DIRECTORS

Mr Anthony GALLIERS-PRATT
Managing Partner
Hereford Funds Advisory S.à r.l.
26, Avenue de la Liberté
L-1930 Luxembourg, Luxembourg

Mr Benoni DUFOUR
Civil Engineer
15, Op der Sank
L-5713 Aspelt, Luxembourg

REGISTERED OFFICE

26, Avenue de la Liberté
L-1930 Luxembourg, Luxembourg

REGISTRATION NUMBERS

Luxembourg R.C.S. B 134 375
Luxembourg VAT number LU23764818

ADVISORY COMPANY

Hereford Funds Advisory S.à r.l.
26, Avenue de la Liberté
L-1930 Luxembourg, Luxembourg

INVESTMENT MANAGERS

For the Compartment
HEREFORD FUNDS – DSM US LARGE CAP GROWTH FUND

DSM Capital Partners LLC
320 East Main Street
Mount Kisco
New York, NY 10549, USA

HEREFORD FUNDS

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MANAGEMENT AND ADMINISTRATION

(continued)

For the Compartment
HEREFORD FUNDS – DGHM US ALL-CAP VALUE FUND

Dalton, Greiner, Hartman, Maher & Co., LLC
565 Fifth Avenue
Suite 2101
New York, NY 10017, USA

For the Compartment
HEREFORD FUNDS – FIRTH ASIAN VALUE FUND

Swiss-Asia Financial Services Pte. Ltd
8 Temasek Boulevard #43-01
Suntec City Tower Three
SGP-Singapore 038988, Singapore

INVESTMENT ADVISOR

For the Compartment
HEREFORD FUNDS – FIRTH ASIAN VALUE FUND

Firth Investment Management Pte. Ltd
180 Cecil Street #13-03
Bangkok Bank Building
SGP-Singapore 069546, Singapore

CUSTODIAN

VP Bank (Luxembourg) S.A.
26, Avenue de la Liberté
L-1930 Luxembourg, Luxembourg

CENTRAL ADMINISTRATION AND DOMICILIARY AGENT

VPB Finance S.A.
26, Avenue de la Liberté
L-1930 Luxembourg, Luxembourg

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MANAGEMENT AND ADMINISTRATION

(continued)

COUNTRIES WHERE THE FUND IS AUTHORIZED FOR PUBLIC DISTRIBUTION

HEREFORD FUNDS – DSM US LARGE CAP GROWTH FUND

HEREFORD FUNDS – DGHM US ALL-CAP VALUE FUND

HEREFORD FUNDS – FIRTH ASIAN VALUE FUND

Luxembourg

HEREFORD FUNDS – DSM US LARGE CAP GROWTH FUND

HEREFORD FUNDS – DGHM US ALL-CAP VALUE FUND

France

Netherlands

Switzerland

PAYING AGENT IN FRANCE

Société Générale
29, Boulevard Haussmann
F-75009 Paris, France

PAYING AGENT IN SWITZERLAND

Société Générale Paris, Zurich Branch
Talacker 50,
P.O. Box 1928
CH-8021 Zurich, Switzerland

CABINET DE RÉVISION AGRÉÉ

Deloitte Audit S.à r.l.
560, Rue de Neudorf
L-2220 Luxembourg, Luxembourg

LEGAL ADVISER IN LUXEMBOURG

Elvinger, Hoss & Prussen
2, Place Winston Churchill
L-1340 Luxembourg, Luxembourg

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REPORT OF THE BOARD OF DIRECTORS

To the shareholders of
HEREFORD FUNDS
26, Avenue de la Liberté
L-1930 LUXEMBOURG

Hereford Funds – DSM US Large Cap Growth Fund

Review

For the period 1 October 2010 through 30 September 2011, the Hereford Funds - DSM US Large Cap Growth Fund was down -2.5% (NAV USD 82.31 to NAV USD 80.24) while the total return of the Russell 1000 Growth (a respected benchmark) was up 3.8% and the S&P 500 was up 1.1%.

The investment manager, DSM Capital Partners, commented as follows:

At DSM, we manage growth portfolios in a concentrated style. Further, we are a bit contrarian in that we are, as we have said, "value buyers of growth stocks." While over the long run, this approach has served our clients well in generating attractive returns, there will necessarily be interim periods where DSM will lag both the published benchmarks and our competitors. As a concentrated manager, our outperformance tends to come in "bunches," making it impossible to predict performance over the short-term. However, we believe consistently adhering to our approach will ultimately reward us with rates of return that will be attractive on both an absolute and relative basis.

Over the past year or more, we have consistently described a "muddle through" or a slow growth global economic outlook of 2.5% to 3.5%. The recent financial stresses in Europe may now have rendered that view a bit too optimistic. The financial instability of the PIIGS nations, particularly Italy and Spain, and to a lesser extent Greece, have undermined investor confidence and have driven downward both economic growth projections and the equity markets. The European Financial Stability Facility (EFSF) may stabilize the fiscal situation in Europe, but private sector confidence has been undermined, in turn causing a negative impact on economic growth. At this time it appears that Europe has likely entered, or will enter, a recession.

The United States is on the edge of recession, although recent statistics continue to support slow growth in America. Real personal income is weak, job creation is slow, and housing continues to stumble along, perhaps near a bottom. China, the world's second largest economy, has also slowed. Over the past year the Chinese government has tightened monetary policy and credit availability in order to combat both mid-single digit inflation and a property bubble. As a result of these policies, both property prices (especially residential prices) and inflation have moderated while Chinese exports, manufacturing and consumer spending continue to grow, albeit somewhat more slowly. With the tightening of the past year, China now has room to ease, and in our view is more likely to experience a "soft landing," than a more severe "hard landing".

For the time being, it appears that global equity markets are being pulled downward by substantial global economic concerns, and then pushed back upward by a very profitable and financially stable private sector. Equity markets are supported by very reasonable valuations, even in the case of a modest recession (although we point out that certain financial institutions, primarily in Europe, are at risk). As the ECB and European political leaders manage their way through these problems, investor confidence can return and the markets can move higher.

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REPORT OF THE BOARD OF DIRECTORS

(continued)

Portfolio

The majority of the portfolio continues to be invested in the technology, health care, consumer and business services sectors. During the period, DSM trailed the Russell 1000 Growth and S&P 500 benchmarks primarily as a result of DSM's stock selections in the technology and industrials sectors and underweight in consumer staples, offset by DSM's stock selections in the health care sector.

The major contributors to fund performance over the period were: Apple (Macintosh computers, tablets, smart phones and portable music players), Priceline.com (unique online travel agent), Intuitive Surgical (robotic surgical systems), Cognizant Technology Solutions (IT outsourcing) and Shire (specialty pharmaceuticals).

The major detractors to fund performance were: NetApp (commercial IT storage systems), General Electric (diversified technology and financial services company), Juniper Networks (IP routing and Ethernet switching), Baker Hughes (oil services) and 3M Company (global surface technology products).

Changes in Holdings

The vast majority of the companies in the portfolio, as well as those that we have sold, have reported solid earnings results over this period. Therefore, on the subject of earnings, there has been little concern. Nevertheless, as the market declined over the summer we made portfolio changes consistent with our focus on unique businesses with emerging markets exposure and, where available, dividend yield.

In the Hereford Funds- DSM US Large Cap Growth Fund, the larger positions sold during the period were: Varian Medical Systems (radiation therapy equipment), Target (retail department and food stores), C.H. Robinson (freight forwarding), Pepsico, Cisco Systems (IP based networking products), McDonald's, Adobe (software development), Amazon.com (on-line retailer), Invesco (investment management) and State Street (institutional financial services provider).

We replaced these companies during the period with others that had more direct exposure to emerging markets and that we believed would be less economically sensitive. The larger positions were: Visa (electronic payments), Dollar General (discount store chain), Shire, Discovery Communications (non-fiction cable television programmer), General Electric, Yum!Brands (quick service restaurants), Philip Morris International (cigarettes ex. US), Nike (athletic footwear and apparel), Starbucks and Tencent Holdings (instant messaging and electronic game platforms in China).

Outlook

The changes we have made to the portfolio follow on our strategy to increase emerging markets exposure and dividend yields. At this time emerging markets account for approximately 22% to 24% of weighted revenues, and approximately 22% of the portfolio is comprised of positions that yield over 2% per annum. In addition, we believe the purchases we have made are substantially undervalued, and are less economically sensitive as well. The portfolio continues to be focused on unique global businesses, preferably with significant emerging markets revenue exposure. The stock selections are made with a modest global economic growth outlook in-mind. We believe that the valuation of the portfolio, at 16.9x next four quarters earnings through September of 2012 and 16.2x calendar 2012 earnings continues to be very attractive in the current economic environment and relative to the mar-

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REPORT OF THE BOARD OF DIRECTORS

(continued)

ket. We continue to project a high-teens earnings growth rate through 2015. Additionally, the portfolio continues to be characterized by very strong balance sheets and significant free cash flow.

Our underperformance mostly occurred in the first quarter of this year, and in any case is relatively moderate in size. We believe that the portfolio is extremely well positioned for solid absolute and relative performance in the coming years and we remain confident of the future potential of the portfolio.

October 2011
DSM Capital Partners LLC

Hereford Fund – DGHM US Call-Cap Value Fund

The investment manager, Dalton, Greiner, Hartman, Maher & Co., LLC, commented as follows:

Outlook

Given the decline and extreme volatility in the majority of markets worldwide during the third quarter, it is even more difficult than usual to have any confidence in any forward looking statements. The primary concern of the markets centers on Greece. Will the problems there lead to similar issues in other European countries and the resulting negative impact on the global economy? The bear case is well known. Amidst all of the doom and gloom, there are rays of sunshine for the US stock market. First, while the US economy has slowed, numerous economic indicators do not indicate that the United States is about to enter a recession. Examples of this would be consumer spending, capital spending, improving credit statistics, and jobless claims. Real Estate has found a bottom. There is no bubble to burst. The capital structure of most banks is much stronger compared to the downturn in 2007 and 2008. We believe the most likely scenario is one of sluggish growth. Second, yes the US along with many other European countries has debt/deficit issues, but the easy money policies of the various Central banks have historically provided a positive backdrop for economic growth and stock markets. Finally, US corporate operating margins are robust and they are generating significantly free cash flow on solid balance sheets.

From a valuation perspective, the US equities are not expensive. Looking at the market utilizing various valuation metrics all point to an attractive entry point. Given where interest rates are, the market is extremely attractive based upon earnings and free cash flow yield. Yes, one could argue that forward estimates are too high and don't reflect a slowdown. Operating margins are close to all time highs. However, one must take into account the fact that most companies have added neither people or expenses during the recovery. Thus they are in much better shape from a cost structure stand point if the economy does slow materially. In addition, one could argue that the sell off more than factors in an economic slowdown. Thus we remain constructive on US equities.

With all of that being said, our investment process is based upon bottoms up analysis of the individual stocks in question. While we are cognizant of the economic back drop and understand its implications on individual stocks, it is not where we start our analysis. We let our process determine the stocks we should be conducting research on and factor in macroeconomic conditions. Thus we believe we can outperform regardless of the market outlook. Our record in both up and down markets supports that statement.

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(continued)

Another factor to consider is the extremely high correlation between stocks as the macro trading is driving everything at this point in time. The market will eventually reward the stocks with better fundamentals and qualities.

Review

The Compartment's underperformance during the past year was driven by poor stock selection in the Energy, Basic Materials, and Bank sectors. In Basic Materials, Rockwood Holdings and Freeport MacMoRan were impacted by fears of a global slowdown. We continue to own these high quality names as once again we do not believe that economic conditions will become as dire as people fear. Clearwater Paper also impacted results as margins were squeezed from higher raw material costs. This stock was sold from the portfolio. In Energy, underperformance was a factor of flight to safety to large multinational integrated oil companies. We continue to avoid these stocks as we believe this rotation is temporary and the fact that these companies exhibit no production growth and are negatively impacting returns by making acquisitions. Banks were primarily impacted from the poor performance of Regions Financial. This stock declined over capital and credit fears during the market downturn during the third quarter. We have sold this stock from the portfolio. Two sectors that did particularly well during the year were Technology and Misc. Financials. Technology was driven by Teradata. This stock is in the database warehouse software, a niche that is experiencing robust fundamentals. Misc. Financials success was driven by avoiding problematic stocks such as Citigroup. These results for the year, while not as strong as we would have liked, reinforce the fact that the majority of the time our results are driven by stock selection. Even in difficult markets, it is possible to find outperforming stocks.

Conclusion

Given our approach of applying upper and lower sector bands versus the Russell 3000 Value benchmark, there are no significant sector over or under weightings at this time. We are below the low end of the band in insurance due to a recent sale. We are actively looking for a replacement. While we do not make large sector bets, this is by design as we take large active positions in stocks. Thus our performance will always be driven by stock selection as opposed to sector weightings. As our past results demonstrate, we believe our added value is in stock picking. Finally, we continue to favor mid and large cap stocks at this time.

While small cap stocks have historically outperformed large caps coming out of a recession, small cap stocks are at the upper end of their valuation range when compared to large caps. We continue to find large and mid cap stocks with attractive valuations, significant free cash flow generation, solid returns, and reasonable growth. Many of our stocks now pay a dividend.

It is also important to understand that we will not outperform every quarter and every year. Our process and continuity has stood the test of time across various cycles. We will not overreact and chase the latest flavor of the day. We invest for the long run in a risk controlled systematic process. We want our clients to be with us for the long run.

October 2011

Dalton, Greiner, Hartman, Maher & Co., LLC

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REPORT OF THE BOARD OF DIRECTORS

(continued)

Hereford Funds – FIRTH ASIAN Value Fund

The Hereford Funds – Firth Asian Value Fund compartment was launched on 31 May 2011 with an opening NAV of USD 100.00.

The investment advisor, Firth Investment Management Pte. Ltd. commented as follows:

Review

For the period 31 May 2011 through 30 September 2011, the Hereford Funds – FIRTH ASIAN Value Fund was down -20.45% (NAV USD 100.00 to NAV USD 79.55). By comparison, the compartment's benchmark, the MSCI AC Asia Ex Japan Small Cap Net USD index fell -25.6% and the MSCI AC Asia Ex Japan Net USD (which tracks large and mid cap stocks) fell by -22.7%.

The compartment's relative outperformance since launch was driven by stock selection in the Hong Kong, South Korea, Malaysia and Singapore markets. The compartment's holdings in consumer discretionary, consumer staples, health care and industrials were also positive contributors to relative performance. Holdings in Taiwan-listed IT stocks were relatively poor performers. The compartment benefitted from not having exposure to the cyclical materials and energy sectors.

Clearly the four month period was dominated by the debt concerns in Europe and fears of a double dip recession in the US. Small cap stocks, as measured by the MSCI indices, suffered double digit declines in all Asia ex-Japan markets as market sentiment turned bearish across the globe. Returns were reduced further as currencies depreciated against the USD.

Since launch, investments have been made in accordance with the compartment's objectives and our value-investing approach in smaller capitalisation stocks listed in Asia ex Japan's equity markets. The compartment has been fully invested (approximately 90%) since July 2011. As of 30 September 2011 the portfolio was invested in 47 stocks.

Throughout the period we added selectively to existing holdings during days when we felt price corrections were particularly severe. We exited one position, selling our holdings in Pertama, the Singapore-Malaysia operation of Australian home furnishing retailer Harvey Norman, which was the subject of a privatisation offer.

Outlook

It is not part of our process to take strong views on market direction or the macro-economic cycle into the decisions for the compartment. Further global risk aversion and volatility in the equity markets can be expected as long as the debt problems in the West are not resolved definitively.

Overall, the Asian economies we invest in are positioned relatively well and should be able to endure a global slowdown better than the western economies. Asian central banks seem well positioned to loosen monetary policy over the medium term. Asian governments are also gearing up to provide additional fiscal stimulus.

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While we do expect to see some distress for corporate results, our due diligence process is designed to avoid companies most at risk. Our approach to stock selection is to invest in stocks which offer value and positive change. A strong balance sheet, ability to self-finance from internal cash flow, dividends and lower valuations have been, and will continue to be key components in our investment process. We are continuing to find and add some attractively valued opportunities. It is worth noting that the median dividend yield for the compartment is at 5.7% and the median book value has fallen to 0.9x. While lower valuations and better dividend yields will not prevent negative returns in the short term, overall, our expectations are that patience will be rewarded over the longer time.

October 2011
Firth Investment Management Pte. Ltd.

Luxembourg, 16 November 2011

The Board of Directors

Notice: The information in this report represents historical data and is not an indication of future results.

REPORT OF THE REVISEUR D'ENTREPRISES AGRÉÉ

To the shareholders of
HEREFORD FUNDS
26, Avenue de la Liberté
L-1930 LUXEMBOURG

Following our appointment by the annual general meeting of Shareholders dated 19 January 2011, we have audited the accompanying financial statements of Hereford Funds and of each of its sub-funds, which comprise the statement of net assets and the statement of operations and the statement of changes in net assets and the securities portfolio as at 30 September 2011 and the statement of operations and the statement of changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory notes to the financial statements.

Responsibility of the Board of Directors of the SICAV for the financial statements

The Board of Directors of the SICAV is responsible for the preparation and fair presentation of these financial statements in accordance with the Luxembourg legal and regulatory requirements relating to the preparation of the financial statements and for such internal control as the Board of Directors of the SICAV determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the réviseur d'entreprises agréé

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the *réviseur d'entreprises agréé's* judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors of the SICAV, as well as evaluating the overall presentation of the financial statements.

REPORT OF THE REVISEUR D'ENTREPRISES AGRÉÉ

(continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

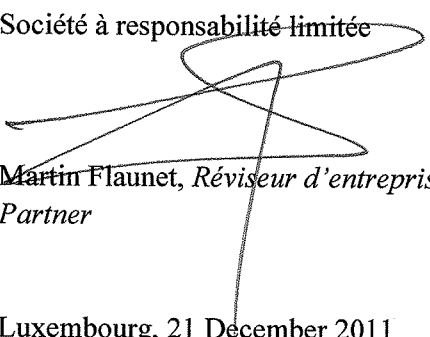
Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Hereford Funds and of each of its compartments as of 30 September 2011, and of the results of their operations and changes in their net assets for the year then ended in accordance with the Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

Other matter

Supplementary information included in the annual report has been reviewed in the context of our mandate but has not been subject to specific audit procedures carried out in accordance with the standards described above. Consequently, we express no opinion on such information. However, we have no observation to make concerning such information in the context of the financial statements taken as a whole.

For Deloitte Audit
Société à responsabilité limitée



Martin Flaunet, Réviseur d'entreprises agréé
Partner

Luxembourg, 21 December 2011
560, Rue de Neudorf
L-2220 Luxembourg

HEREFORD FUNDS

Société d'Investissement à Capital Variable
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STATEMENT OF NET ASSETS

As of 30 September 2011

	Hereford Funds - DSM US Large Cap Growth Fund (in USD)	Hereford Funds - DGHM US All-Cap Value Fund (in USD)	Hereford Funds - FIRTH ASIAN Value Fund ¹⁾ (in USD)	Combined (in USD)
ASSETS				
Securities portfolio (at cost)	111,883,725.27	95,804,789.63	8,553,651.15	216,242,166.05
Unrealised appreciation/depreciation (-)	-2,060,276.97	-10,786,554.03	-1,921,043.36	-14,767,874.36
Securities portfolio at market value	109,823,448.30	85,018,235.60	6,632,607.79	201,474,291.69
Cash at banks	997,499.75	2,629,405.02	871,322.22	4,498,226.99
Receivables on subscriptions	31,003.12	303,739.78	-	334,742.90
Receivables on securities sold	1,197,252.66	178,364.30	-	1,375,616.96
Receivables on dividends	104,587.17	133,346.53	2,519.32	240,453.02
Formation expenses (net)	21,029.72	8,782.70	45,522.67	75,335.09
TOTAL ASSETS	112,174,820.72	88,271,873.93	7,551,972.00	207,998,666.65
LIABILITIES				
Payables on redemptions	-1,553,115.36	-337,783.26	-	-1,890,898.62
Accrued expenses	-505,858.73	-376,641.59	-43,968.88	-926,469.20
TOTAL LIABILITIES	-2,058,974.09	-714,424.85	-43,968.88	-2,817,367.82
NET ASSETS	110,115,846.63	87,557,449.08	7,508,003.12	205,181,298.83

1) Initial Subscription: 31 May 2011

HEREFORD FUNDS

Société d'Investissement à Capital Variable
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STATEMENT OF OPERATIONS

For the year/period ended 30 September 2011

	Hereford Funds - DSM US Large Cap Growth Fund (in USD)	Hereford Funds - DGHM US All-Cap Value Fund (in USD)	Hereford Funds - FIRTH ASIAN Value Fund ¹⁾ (in USD)	Combined (in USD)
INCOME				
Dividends, net	719,664.93	1,040,495.01	107,323.63	1,867,483.57
Other income	826.14	299.72	-	1,125.86
TOTAL INCOME	720,491.07	1,040,794.73	107,323.63	1,868,609.43
EXPENSES				
Investment advisory and management fees	-1,545,167.65	-1,040,305.97	-42,378.06	-2,627,851.68
Administration fees	-2,564.69	-2,182.76	-	-4,747.45
Custodian and central administration fees	-253,926.10	-165,895.34	-5,804.94	-425,626.38
Subscription tax	-22,181.14	-12,493.31	-403.37	-35,077.82
Depreciation formation expenses	-18,103.42	-3,097.28	-3,285.97	-24,486.67
Audit fees	-19,243.46	-12,838.25	-9,810.88	-41,892.59
Other charges	-107,916.17	-86,653.41	-11,571.37	-206,140.95
Interest paid on bank overdraft	-	-133.92	-	-133.92
TOTAL EXPENSES	-1,969,102.63	-1,323,600.24	-73,254.59	-3,365,957.46
NET INCOME/LOSS (-) FROM INVESTMENTS	-1,248,611.56	-282,805.51	34,069.04	-1,497,348.03
Net realised gain/loss (-) on foreign exchange	-778.24	-42.41	-72,704.49	-73,525.14
Net realised gain/loss (-) on sales of securities	3,455,889.75	-985,432.70	74,827.63	2,545,284.68
NET REALISED PROFIT/LOSS (-) FOR THE YEAR/PERIOD	2,206,499.95	-1,268,280.62	36,192.18	974,411.51
NET CHANGE IN UNREALISED APPRECIATION/DEPRECIATION (-)				
- on securities	-11,096,910.65	-12,415,260.87	-1,921,043.36	-25,433,214.88
INCREASE/DECREASE (-) IN NET ASSETS AS A RESULT OF OPERATIONS	-8,890,410.70	-13,683,541.49	-1,884,851.18	-24,458,803.37

1) Initial Subscription: 31 May 2011

HEREFORD FUNDS

Société d'Investissement à Capital Variable
(Investment Company organised under the laws of the Grand Duchy of Luxembourg)

STATEMENT OF CHANGES IN NET ASSETS

For the year/period ended 30 September 2011

	Hereford Funds - DSM US Large Cap Growth Fund (in USD)	Hereford Funds - DGHM US All-Cap Value Fund (in USD)	Hereford Funds - FIRTH ASIAN Value Fund ¹⁾ (in USD)	Combined (in USD)
NET ASSETS				
Beginning of the year/period	69,290,630.68	33,088,973.83	-	102,379,604.51
CHANGES FROM INVESTMENT ACTIVITIES				
Increase/decrease (-) in net assets as a result of operations for the year/period	-8,890,410.70	-13,683,541.49	-1,884,851.18	-24,458,803.37
CHANGES FROM CAPITAL TRANSACTIONS				
Proceeds from shares issued	81,697,360.29	80,221,602.51	9,404,900.11	171,323,862.91
Payments for shares redeemed	-31,981,733.64	-12,069,585.77	-12,045.81	-44,063,365.22
	49,715,626.65	68,152,016.74	9,392,854.30	127,260,497.69
NET ASSETS				
End of the year/period	110,115,846.63	87,557,449.08	7,508,003.12	205,181,298.83

1) Initial Subscription: 31 May 2011

HEREFORD FUNDS

Société d'Investissement à Capital Variable
(Investment Company organised under the laws of the Grand Duchy of Luxembourg)

TOTAL EXPENSE RATIOS

For the year/period ended 30 September 2011

Hereford Funds - DSM US Large Cap Growth Fund

Total Expense Ratio (TER) - Class A USD	1.60%	including performance fees :	1.60%
Total Expense Ratio (TER) - Class C USD	1.98%	including performance fees :	1.98%
Total Expense Ratio (TER) - Class D USD	2.17%	including performance fees :	2.17%
Total Expense Ratio (TER) - Class U USD	1.58%	including performance fees :	1.58%

Hereford Funds - DGHM US All-Cap Value Fund

Total Expense Ratio (TER) - Class A USD	1.60%	including performance fees :	1.60%
Total Expense Ratio (TER) - Class D USD	2.20%	including performance fees :	2.20%

Hereford Funds - FIRTH ASIAN Value Fund

Total Expense Ratio (TER) - Class A USD ¹⁾	2.54%	including performance fees :	2.54%
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PORTFOLIO TURNOVER RATES

For the year/period ended 30 September 2011

	Hereford Funds - DSM US Large Cap Growth Fund	Hereford Funds - DGHM All-Cap Value Fund	Hereford Funds - FIRTH ASIAN Value Fund ¹⁾
Portfolio Turnover Rate (PTR)	117.4224%	74.5315%	-4.7768%

1) Initial Subscription: 31 May 2011

HEREFORD FUNDS

Société d'Investissement à Capital Variable
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CHANGES IN THE NUMBER OF SHARES OUTSTANDING

For the year/period ended 30 September 2011

Hereford Funds - DSM US Large Cap Growth Fund

	Class A USD	Class C USD	Class D USD	Class U USD
Number of shares at the beginning of the year/period	484,171.561	21,702.318	138,687.511	102,139.549
Number of shares issued	601,897.068	39,402.995	34,127.728	188,453.523
Number of shares redeemed	-246,441.178	-33,271.104	-35,614.893	-22,768.575
Number of shares outstanding at the end of the year/period	839,627.451	27,834.209	137,200.346	267,824.497

Hereford Funds - DGHM US All-Cap Value Fund

	Class A USD	Class D USD
Number of shares at the beginning of the year/period	224,283.852	53,610.906
Number of shares issued	554,086.278	52,035.882
Number of shares redeemed	-78,123.541	-20,280.488
Number of shares outstanding at the end of the year/period	700,246.589	85,366.300

Hereford Funds - FIRTH ASIAN Value Fund ¹⁾

	Class A USD
Number of shares at the beginning of the year/period	-
Number of shares issued	94,502.004
Number of shares redeemed	-126.000
Number of shares outstanding at the end of the year/period	94,376.004

1) Initial Subscription: 31 May 2011

HEREFORD FUNDS

Société d'Investissement à Capital Variable
(Investment Company organised under the laws of the Grand Duchy of Luxembourg)

STATISTICAL INFORMATION

For the year/period ended 30 September 2011

	30 September 2011	30 September 2010	30 September 2009
Total Company (in USD)			
Net Assets of Company	205,181,298.83	102,379,604.51	49,587,991.60
Hereford Funds - DSM US Large Cap Growth Fund			
Total net assets (in USD)	110,115,846.63	69,290,630.68	46,530,445.15
Class A USD			
Shares outstanding	839,627.451	484,171.561	403,659.190
Net asset value per share (in share class currency)	80.24	82.31	71.53
Class C USD			
Shares outstanding	27,834.209	21,702.318	27,062.502
Net asset value per share (in share class currency)	80.49	82.90	72.03
Class D USD			
Shares outstanding	137,200.346	138,687.511	55,427.000
Net asset value per share (in share class currency)	131.92	136.10	118.91
Class U USD			
Shares outstanding	267,824.497	102,139.549	122,289.401
Net asset value per share (in share class currency)	83.65	85.80	74.56
Hereford Funds - DGHM US All-Cap Value Fund			
Total net assets (in USD)	87,557,449.08	33,088,973.83	2,147,905.01
Class A USD			
Shares outstanding	700,246.589	224,283.852	20,000.000
Net asset value per share (in share class currency)	113.62	123.13	107.40
Class D USD			
Shares outstanding	85,366.300	53,610.906	
Net asset value per share (in share class currency)	93.62	102.07	
Hereford Funds - FIRTH ASIAN Value Fund ¹⁾			
Total net assets (in USD)	7,508,003.12		
Class A USD			
Shares outstanding	94,376.004		
Net asset value per share (in share class currency)	79.55		

1) Initial Subscription: 31 May 2011

HEREFORD FUNDS

Société d'Investissement à Capital Variable
(Investment Company organised under the laws of the Grand Duchy of Luxembourg)

HEREFORD FUNDS – DSM US LARGE CAP GROWTH FUND

Securities Portfolio as of 30 September 2011 (in USD)

Transferable securities admitted to an official stock exchange listing

Shares

Currency	Nominal Value/ Quantity	Description	Market Value	% of Net Assets
USD	60,550	3M COMPANY	4,346,884.50	3.95
USD	56,850	ALLERGAN INC	4,683,303.00	4.25
USD	24,650	APPLE INC	9,396,087.00	8.53
USD	80,400	BAKER HUGHES INC	3,711,264.00	3.37
USD	117,400	CELGENE CORP	7,269,408.00	6.60
USD	69,500	COGNIZANT TECH SOLUTIONS-A	4,357,650.00	3.96
USD	124,000	DISCOVERY COMMUNICATIONS-A	4,664,880.00	4.24
USD	127,300	DOLLAR GENERAL	4,806,848.00	4.37
USD	95,850	EXPEDITORS INTL WASH INC	3,886,717.50	3.53
USD	33,650	F5 NETWORKS INC	2,390,832.50	2.17
USD	20,600	FRANKLIN RESOURCES INC	1,970,184.00	1.79
USD	283,200	GENERAL ELECTRIC CO	4,315,968.00	3.92
USD	4,500	GOOGLE INC-CL A	2,314,710.00	2.10
USD	6,825	INTUITIVE SURGICAL INC	2,486,211.00	2.26
USD	50,700	LAS VEGAS SANDS CORP	1,943,838.00	1.77
USD	45,000	NESTLE SA-SPONS ADR FOR REG	2,479,500.00	2.25
USD	80,250	NETAPP INC	2,723,685.00	2.47
USD	44,400	NIKE INC -CL B	3,796,644.00	3.45
USD	61,100	PHILIP MORRIS INTERNATIONAL	3,811,418.00	3.46
USD	29,700	PRAXAIR	2,776,356.00	2.52
USD	8,505	PRICELINE.COM INC	3,822,657.30	3.47
USD	35,400	ROVI CORP	1,521,492.00	1.38
USD	73,450	SCHLUMBERGER LTD	4,387,168.50	3.98
USD	50,950	SHIRE PLC-ADR	4,785,733.50	4.35
USD	95,700	STARBUCKS CORP	3,568,653.00	3.24
USD	11,450	TIME WARNER CABLE	717,571.50	0.65
USD	72,850	VISA INC-CLASS A SHARES	6,244,702.00	5.67
USD	79,350	YUM! BRANDS INC	3,919,096.50	3.56
Total transferable shares admitted to an official stock exchange listing			107,099,462.80	97.26
TOTAL SECURITIES PORTFOLIO			107,099,462.80	97.26

HEREFORD FUNDS

Société d'Investissement à Capital Variable
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HEREFORD FUNDS – DSM US LARGE CAP GROWTH FUND

Securities Portfolio as of 30 September 2011

(in USD)

(continued)

Other transferable securities

Shares

Currency	Nominal Value/ Quantity	Description	Market Value	% of Net Assets
USD	131,150	TENCENT HOLDINGS ADR REPR 1 SHS	2,723,985.50	2.47
Total other transferable shares			2,723,985.50	2.47
TOTAL SECURITIES PORTFOLIO			109,823,448.30	99.73

HEREFORD FUNDS

Société d'Investissement à Capital Variable
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HEREFORD FUNDS – DSM US LARGE CAP GROWTH FUND

Securities Portfolio as of 30 September 2011
(in USD)

(continued)

Breakdown by country

	% of Net Assets
Cayman Islands	2.47
Ireland	4.35
Switzerland	2.25
United States of America	90.66
TOTAL	99.73

Breakdown by currency

	% of Net Assets
USD	99.73
TOTAL	99.73

HEREFORD FUNDS

Société d'Investissement à Capital Variable
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HEREFORD FUNDS – DGHM US ALL-CAP VALUE FUND

Securities Portfolio as of 30 September 2011 (in USD)

Transferable securities admitted to an official stock exchange listing

Shares

Currency	Nominal Value/ Quantity	Description	Market Value	% of Net Assets
USD	29,255	3M COMPANY	2,100,216.45	2.40
USD	53,330	ACE LTD	3,231,798.00	3.69
USD	40,790	ALEXANDRIA REAL ESTATE EQUIT	2,505,321.80	2.86
USD	82,620	ANALOG DEVICES	2,581,875.00	2.95
USD	136,610	AT&T INC	3,896,117.20	4.45
USD	59,400	BAXTER INTERNATIONAL INC	3,334,716.00	3.81
USD	32,880	BECTON DICKINSON AND CO	2,410,761.60	2.75
USD	66,950	CB RICHARD ELLIS GROUP INC-A	901,147.00	1.03
USD	41,430	DEVON ENERGY CORPORATION	2,296,879.20	2.62
USD	52,220	DIRECTV-CLASS A	2,206,295.00	2.52
USD	29,355	FRANKLIN RESOURCES INC	2,807,512.20	3.21
USD	48,640	FREEMPORT-MCMORAN COPPER	1,481,088.00	1.69
USD	40,180	GENERAL DYNAMICS CORP	2,285,840.20	2.61
USD	56,380	HJ HEINZ CO	2,846,062.40	3.25
USD	15,845	INTL BUSINESS MACHINES CORP	2,773,350.35	3.17
USD	92,365	JPMORGAN CHASE & CO	2,782,033.80	3.18
USD	53,690	KOHL'S CORP	2,636,179.00	3.01
USD	49,210	MUELLER INDUSTRIES INC	1,899,506.00	2.17
USD	58,190	OMNICOM GROUP	2,144,301.50	2.45
USD	209,870	PEOPLE'S UNITED FINANCIAL	2,392,518.00	2.73
USD	118,700	PHARMACEUTICAL PRODUCT DEVEL	3,045,842.00	3.48
USD	116,800	PIEDMONT NATURAL GAS	3,374,352.00	3.85
USD	38,800	PIONEER NATURAL RESOURCES CO	2,551,876.00	2.91
USD	38,890	PROTECTIVE LIFE CORP	607,850.70	0.69
USD	43,520	ROCKWOOD HOLDINGS	1,466,188.80	1.68
USD	140,620	SAFEWAY INC	2,338,510.60	2.67
USD	50,360	STRYKER CORP	2,373,466.80	2.71
USD	116,960	SUNTRUST BANKS INC	2,099,432.00	2.40
USD	45,590	TERADATA CORP	2,440,432.70	2.79
USD	62,970	TIDEWATER INC	2,647,888.50	3.02
USD	39,100	UNITED PARCEL SERVICE-CL B	2,469,165.00	2.82
USD	126,740	VECTREN CORPORATION	3,432,119.20	3.92
USD	51,890	VIACOM INC-CLASS B	2,010,218.60	2.30
USD	53,330	VISTEON	2,293,190.00	2.62
USD	45,360	WAL-MART STORES INC	2,354,184.00	2.69
Total transferable shares admitted to an official stock exchange listing			85,018,235.60	97.10
TOTAL SECURITIES PORTFOLIO			85,018,235.60	97.10

HEREFORD FUNDS

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HEREFORD FUNDS – DGHM US ALL-CAP VALUE FUND

Securities Portfolio as of 30 September 2011 (in USD)

(continued)

Breakdown by country

	% of Net Assets
Switzerland	3.69
United States of America	93.41
TOTAL	97.10

Breakdown by currency

	% of Net Assets
USD	97.10
TOTAL	97.10

HEREFORD FUNDS

Société d'Investissement à Capital Variable
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HEREFORD FUNDS – FIRTH ASIAN VALUE FUND

Securities Portfolio as of 30 September 2011 (in USD)

Transferable securities admitted to an official stock exchange listing

Shares

Currency	Nominal Value/ Quantity	Description	Market Value	% of Net Assets
TWD	46,000	104 CORP	120,830.43	1.61
MYR	27,200	AEON CO (M) BHD	58,846.68	0.78
HKD	164,000	AEON CREDIT SERVICE ASIA CO	118,714.80	1.58
HKD	28,000	AEON STORES HONG KONG	64,686.32	0.86
MYR	156,600	ALLIANZ MALAYSIA BERHAD	221,448.24	2.95
MYR	133,400	ASIA FILE CORP BERHAD	146,395.53	1.95
HKD	250,000	BEIJING MEDIA -H-	150,806.40	2.01
SGD	388,000	BOARDROOM LTD	152,426.46	2.03
KRW	29,000	CELL BIOTECH	123,469.39	1.64
HKD	400,000	CHEN HSONG HOLDINGS	138,100.16	1.84
HKD	381,000	CLEAR MEDIA LTD	174,572.20	2.33
TWD	69,000	CYBERLINK	130,171.44	1.73
KRW	7,100	DAEGU DPT STORE	102,368.15	1.36
TWD	63,000	E-LIFE MALL	99,146.65	1.32
HKD	111,000	ESPRIT HOLDINGS LTD	136,053.04	1.81
SGD	903,000	FRENCKEN GROUP LTD	166,938.86	2.22
HKD	570,000	GLORIOUS SUN ENTERPRISES LTD	183,624.44	2.45
KRW	500	GWANGJU SHINSEGAE	71,030.09	0.95
KRW	9,900	HANSSEM	162,470.21	2.16
SGD	210,000	HOUR GLASS LTD	176,321.09	2.35
HKD	630,000	HUN HING PRINTING GROUP LTD	149,587.11	1.99
HKD	940,000	JU TENG INTERNATIONAL HLDGS	176,141.87	2.35
HKD	6,495,000	LAI FUNG HOLDINGS LTD	155,884.40	2.08
HKD	1,216,000	LERADO GROUP (HOLDING) CO	93,641.15	1.25
KRW	2,575	LG HAUSYS	151,344.99	2.02
KRW	133	LOTTE CHILSUNG BEVERAGE	134,006.44	1.79
MYR	272,300	MASTERSKILL EDUCATION	93,917.01	1.25
IDR	1,523,000	MATAHARI PUTRA PRIMA	159,388.80	2.12
TWD	130,000	MERRY ELECTRONICS	131,992.47	1.76
HKD	1,522,000	NEXT MEDIA LTD	142,599.96	1.90
KRW	1,290	OTTOGI CORP	142,229.81	1.89
SGD	270,000	PEOPLE'S FOOD HOLDINGS LTD	135,187.20	1.80
PHP	3,811,000	PEPSI COLA PROD PHILIPPINES	184,248.25	2.45
HKD	884,000	PICO FAR EAST HOLDINGS LTD.	138,418.45	1.84
HKD	1,411,000	POU SHENG INTL	188,339.86	2.51
SGD	312,000	QAF	135,788.03	1.81
MYR	88,000	QSR BRANDS BHD	151,757.20	2.02
TWD	295,000	QUANTA STORAGE INC	197,587.49	2.63
IDR	1,912,000	RAMAYANA LESTARI SENTOSA PT	146,881.47	1.96
HKD	522,000	RECRUIT HOLDINGS	142,032.67	1.89

HEREFORD FUNDS

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HEREFORD FUNDS – FIRTH ASIAN VALUE FUND

Securities Portfolio as of 30 September 2011 (in USD)

(continued)

Transferable securities admitted to an official stock exchange listing (continued)
Shares (continued)

Currency	Nominal Value/ Quantity	Description	Market Value	% of Net Assets
HKD	1,846,000	ROADSHOW HOLDINGS	135,048.09	1.80
HKD	1,248,000	SAMSON HOLDING LTD	123,335.25	1.64
KRW	11,600	SEBANG	134,291.41	1.79
TWD	184,000	SILICONWARE PRECISION INDS	183,806.89	2.45
SGD	1,161,000	STRACO CORP LTD	147,562.03	1.97
HKD	59,200	TRANSPORT INTL HOLDINGS	121,569.21	1.62
TWD	389,000	VANGUARD INTL SEMICONDUCTOR	137,599.70	1.83
Total transferable shares admitted to an official stock exchange listing			6,632,607.79	88.34
TOTAL SECURITIES PORTFOLIO			6,632,607.79	88.34

HEREFORD FUNDS

Société d'Investissement à Capital Variable
(Investment Company organised under the laws of the Grand Duchy of Luxembourg)

HEREFORD FUNDS – FIRTH ASIAN VALUE FUND

Securities Portfolio as of 30 September 2011

(in USD)

(continued)

Breakdown by country

	% of Net Assets
Bermuda	17.49
Cayman Islands	2.08
China	2.01
Hong Kong	13.97
Indonesia	4.08
Malaysia	8.95
Philippines	2.45
Singapore	10.38
South Korea	13.60
Taiwan	13.33
TOTAL	88.34

Breakdown by currency

	% of Net Assets
HKD	33.75
IDR	4.08
KRW	13.60
MYR	8.95
PHP	2.45
SGD	12.18
TWD	13.33
TOTAL	88.34

HEREFORD FUNDS

Société d'Investissement à Capital Variable
(Investment Company organised under the laws of the Grand Duchy of Luxembourg)

NOTES TO THE FINANCIAL STATEMENTS

As of 30 September 2011

Note 1

Organisation and objective of the company

a) General information

Hereford Funds (the "Fund") was an open-end investment fund with multiple Compartments ("société d'investissement à capital variable" (SICAV) à compartiments multiples) governed by Luxembourg law, established in accordance with the provisions of Part I of the Law of 20 December 2002 relating to undertakings for collective investment until 30 June 2011. Since 1 July 2011 the Fund became *ipso jure* subject to Part I of the Law of 17 December 2010 (the "Law of 2010") relating to Undertakings for Collective Investments. The Fund complies with article 27 of the Law of 2010 and therefore qualifies as a self-managed SICAV.

The Fund was incorporated for an indefinite period on 23 November 2007. The purpose of the Fund is to offer investors access to a world-wide selection of markets and a variety of investment techniques via a range of specialised products ("Compartments") included under a same and single structural umbrella.

The Fund contains the following Compartments and Classes of Shares:

- Hereford Funds - DSM US Large Cap Growth Fund

Class A and B Shares, each available in USD, GBP and EUR
Class C and D Shares, each available in USD and EUR
Class U Shares, available in USD and GBP

- Hereford Funds – DGHM US All-Cap Value Fund

Class A Shares, available in USD, GBP and EUR
Class D Shares, available in USD and EUR

- Hereford Funds – FIRTH ASIAN Value Fund (launched on 31 May 2011)

Class A Shares, available in USD, GBP and EUR
Class D Shares, available in USD, EUR
Class S Shares, available in USD, CHF and EUR

Class A and B Shares shall be reserved for investments made by investors qualifying as institutional investors within the meaning of the Law of 2010.

Class C and D Shares shall be normally available in accordance with the provisions of the Prospectus and the Appendix to the Prospectus.

Class S Shares shall be reserved for investments made by investors qualifying as institutional investors within the meaning of the Law of 2010 that have entered into a suitable agreement with the Investment Manager.

Class U Shares shall be reserved for investments made by investors qualifying as institutional investors within the meaning of the Law of 2010.

HEREFORD FUNDS

Société d'Investissement à Capital Variable
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NOTES TO THE FINANCIAL STATEMENTS

As of 30 September 2011

(continued)

As of 30 September 2011, the following Classes of Shares were active:

- Hereford Funds - DSM US Large Cap Growth Fund

Class A in USD
Class C in USD
Class D in USD
Class U in USD

This Compartment pursues a policy of achieving capital growth and reinvests income earned; as a result, no dividend shall be paid out.

- Hereford Funds – DGHM US All-Cap Value Fund

Class A in USD
Class D in USD

This Compartment pursues a policy of achieving capital growth and reinvests income earned; as a result, no dividend shall be paid out.

- Hereford Funds – FIRTH ASIAN Value Fund (launched 31 May 2011)

Class A in USD

This Compartment pursues a policy of achieving capital growth and reinvests income earned; as a result, no dividend shall be paid out.

b) Investment policies

The purpose of the Fund is to offer investors access to a world-wide selection of markets and a variety of investment techniques via a range of specialised products ("Compartments") included under a same and single structural umbrella.

Hereford Funds – DSM US Large Cap Growth Fund

The investment objective of the Compartment is to provide capital appreciation principally through investments in US-based growing corporations with market capitalizations generally above USD 2 billion. 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 Compartment 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 Depositary Receipts and American Depositary Shares.

The Compartment may hold liquid assets on an ancillary basis. Under normal market conditions, investment in liquid assets and debt instruments of any kind will not exceed 15% of the Compartment's net assets. In exceptional market circumstances and on a temporary basis only, this limit may be increased to 100% with due regard to the principle of risk spreading.

HEREFORD FUNDS

Société d'Investissement à Capital Variable
(Investment Company organised under the laws of the Grand Duchy of Luxembourg)

NOTES TO THE FINANCIAL STATEMENTS

As of 30 September 2011

(continued)

Hereford Funds – DGHM US All-Cap Value Fund

The investment objective of the Compartment is to provide long-term capital appreciation over a multi-year investment horizon by investing primarily in a diversified portfolio of publicly traded equity securities of US-based companies, which the Investment Manager believes to be undervalued. The companies will generally have a market capitalization of more than USD 1 billion.

The Compartment 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 Compartment may invest in American Depositary Receipts and American Depositary Shares.

The Compartment will invest, under normal circumstances, at least 85% of its net assets in publicly traded equity securities, including common stocks, preferred stocks, convertible securities, and similar instruments of various issuers.

Within the same limits as above, the Compartment may also purchase exchange-traded funds whose underlyings belong to the Compartment's investment universe.

The Compartment has the flexibility to invest in other types of securities when the Investment Manager believes they offer more attractive opportunities or as a temporary defensive measure in response to adverse market, economic, political, or other conditions, or to meet liquidity, redemption, and short-term investing needs. Under normal market conditions, investment in liquid assets and debt instruments of any kind will not exceed 15% of the Compartment's net assets. In exceptional market circumstances and on a temporary basis only, this limit may be increased to 100% with due regard to the principle of risk spreading.

Hereford Funds – FIRTH ASIAN Value Fund

The investment objective of the Compartment is to generate long term capital growth from a portfolio of listed company securities in Asia (ex-Japan). The Compartment will follow a value-based investing approach and will have a bias towards smaller capitalisation stocks.

The Compartment will directly invest primarily in shares of companies located in, incorporated in, headquartered in, listed on exchanges in or with significant operations in or significant income derived from Hong Kong, India, Indonesia, Korea, Malaysia, the Philippines, the PRC, Singapore, Taiwan and Thailand. The Compartment may also directly invest in smaller or developing economies in Asia such as Bangladesh, Cambodia, Laos, Pakistan, Sri Lanka or Vietnam. The Compartment will not invest in China A Shares when investing in the PRC.

The Compartment will directly invest actively in a diversified portfolio of listed equity securities. The Compartment will generally only invest in securities admitted to official listing on recognized stock exchange, or dealt in on another regulated market. Although the Compartment intends to invest in a portfolio of not less than 40 stocks and not more than 100 stocks, it is not restricted in or subject to any material concentration or diversification restrictions, and may hold a more limited number of investment positions.

The Compartment will typically be near fully invested but may hold liquid assets on an ancillary basis. Under normal market conditions, investment in liquid assets and debt instruments of any kind will not exceed 15% of the Compartment's net assets. In exceptional market

HEREFORD FUNDS

Société d'Investissement à Capital Variable
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NOTES TO THE FINANCIAL STATEMENTS

As of 30 September 2011

(continued)

circumstances and on a temporary basis only, this limit may be increased to 100% with due regard to the principle of risk spreading.

The Investment Manager intends to meet the Fund's objective primarily through stock selection and country allocation based upon the investment advice of the Investment Adviser. Typically stocks will be bought and held. This is not a trading strategy and it is not intended to attempt to time general market movements. While portfolio returns will be measured against the Benchmark Index, portfolio management will not be constrained by reference to the index.

Note 2

Summary of significant accounting policies

The financial statements of the Fund are prepared in accordance with Luxembourg regulations relating to undertakings for collective investments. The combined financial statements are expressed in USD and are presented for information purposes only.

a) Foreign currency translation

In each Compartment, investments as well as other assets and liabilities stated in foreign currencies are translated at the exchange rates prevailing as of the date of the report. The costs of investments are at historical exchange rates. Transactions in foreign currency during the year/period are translated at the rates prevailing at the date of transaction. Realised and unrealised exchange gains and losses are recorded in the statement of operations of each Compartment's currency Class.

Combined statements are obtained by the arithmetic sum of statements of each individual Compartment.

b) Investments

The value of securities, which are traded on a stock exchange or traded on an other regulated market providing reliable price quotations are valued at the latest price available on the valuation day. In the event that any securities held in the portfolio are not listed on any stock exchange or not traded on any other regulated market or if the price obtained as described above is not representative of the fair market value of the securities, the value of such securities will be based on the reasonably foreseeable sales price determined prudently and in good faith by the Directors.

The cost of investments sold is determined on the basis of the weighted average price method.

c) Income recognition

Interest income is accounted for on an accrual basis. Dividends are accrued on the date upon which the relevant security becomes ex-dividend. These are accounted for net of any applicable withholding taxes in the relevant country.

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Note 3

Net asset value

a) Computation

The net asset value per share is expressed in the currency of the relevant Class of Shares and is determined as of each banking day as defined in relation to each Compartment in the Prospectus of the Fund, by dividing the net assets of the relevant Class of the Compartment by the number of shares issued and outstanding in the relevant Class of the Compartment. The net assets of a Class of Shares correspond to the difference between the total assets and the total liabilities of the Class of Shares.

b) Redemption of shares

Each shareholder of any Class of the Compartment has the right to request at any time the redemption of his shares at an amount equal to the net asset value of the relevant Class of the Compartment as described in the preceding paragraph.

For each Compartment the Fund may temporarily suspend the calculation of the net asset value per share, the redemption and the conversion of shares under certain well defined circumstances as disclosed in the Prospectus.

Note 4

Investment advisory and management fees

The Fund has appointed as advisory company (the "Advisory Company") Hereford Funds Advisory S.à r.l.

The Fund, with the assistance of the Advisory Company, has appointed the following investment managers and investment advisors:

- Hereford Funds - DSM US Large Cap Growth Fund
DSM Capital Partners LLC as investment manager
- Hereford Funds – DGHM US All-Cap Value Fund
Dalton, Greiner, Hartman, Maher & Co., LLC as investment manager
- Hereford Funds – FIRTH ASIAN Value Fund
Swiss-Asia Financial Services Pte. Ltd as investment manager
Firth Investment Management Pte. Ltd. as investment advisor

In relation to the Compartment Hereford Funds – DSM US Large Cap Growth Fund, the Advisory Company is entitled to receive fees, payable on a quarterly basis at a total annual rate of 1.25% for Class A and Class U Shares, 0.25% for Class B Shares, 1.00% for Class C Shares and 1.75% for Class D Shares based on the average net asset value of the shares during the relevant period. The

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investment manager is remunerated by the Advisory Company out of the fees that it receives from the Fund.

In relation to the Compartment Hereford Funds – DGHM US All-Cap Value Fund, the Advisory Company is entitled to receive fees, payable on a quarterly basis at a total annual rate of 1.25% for Class A Shares and 1.75% for Class D Shares based on the average net asset value of the shares during the relevant period. The investment manager is remunerated by the Advisory Company out of the fees that it receives from the Fund.

In relation to the Compartment Hereford Funds – FIRTH ASIAN Value Fund, the Advisory Company is entitled to receive fees, payable on a quarterly basis at a total annual rate of 1.50% for Class A Shares, 2.00% for Class D Shares and 1.95% for Class S Shares based on the average net asset value of the shares during the relevant period. The investment manager and the investment adviser are remunerated by the Advisory Company out of the fees that it receives from the Fund.

Note 5 Custodian fees

The commissions of the custodian and administration services are payable monthly and calculated on the average of the total net assets of the Fund in accordance with the agreements signed with VP Bank (Luxembourg) S.A. and VPB Finance S.A. on 23 November 2007, as amended on 18 May 2011 (for 1 May 2011).

Note 6 Taxes

In accordance with current Luxembourg law, the Fund is not subject to any tax on income, capital gains tax or wealth tax. Moreover, no dividends distributed by the Fund, if any, are subject to withholding tax.

However, income collected by the Fund on securities in its portfolios may be subject to withholding tax which, in normal circumstances, cannot be reclaimed.

The Fund is only subject to the Luxembourg subscription tax ("taxe d'abonnement") payable quarterly, at the annual rate of 0.05% for Class C and D shares and of 0.01% for Class A, B, S and U Shares. The tax is calculated on the basis of the total net assets on the last day of each quarter; however no tax is levied on the asset value represented by shares held in other undertakings for collective investment falling under Luxembourg law.

Note 7 Formation expenses

The costs and expenses incurred in connection with the formation of the Fund respectively in connection with the launching of new Compartments or Classes of Shares are amortised over a period not exceeding 5 years.

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Note 8 **Performance fee**

The Advisory Company may also be entitled to a performance fee specific to each Class of Shares:

Hereford Funds – DSM US Large Cap Growth Fund

In relation to Class B and Class C Shares, a performance fee may be paid to the Advisory Company on a quarterly basis, with the amount based on the relative performance of the relevant Class to the 3 Month T-Bill rate and calculated on the average month-end assets during the quarter, subject to a high water mark provision. Relative performance is defined as the return of the relevant Class, after advisory fees and other fees and expenses attributable to the Class for the quarter less the return of the 3 Month T-Bill rate for the quarter. The high water mark is defined as the largest positive cumulative relative performance percentage figure for the relevant Class since its launch. A performance-based fee will only be paid in quarters where the cumulative relative performance exceeds the high water mark and where the quarter-end NAV per Share is equal or higher to the NAV per Share of the previous quarter-end. In such instances, the performance fee is computed as 20% of the difference between the current quarter's cumulative relative performance and the high water mark.

For the period from 1 October 2010 to 30 September 2011 no performance fee was due.

Hereford Funds – DGHM US All-Cap Value Fund

There are no performance fees in relation to this Compartment.

Hereford Funds – FIRTH ASIAN Value Fund

In relation to Class A, S and Class D Shares, a performance fee may be paid to the Advisory Company on an annual basis (referring to the financial year of the Fund), with the amount based on the relative performance of the relevant Class to the MSCI AC Asia ex Japan Small Cap USD Net index (Bloomberg ticker MSLUAAJN), subject to a high water mark provision. The high water mark is defined as the highest year-end NAV per Share of the Class since its launch. Relative performance is defined as the return of the relevant Class above the high water mark at the previous year-end, after advisory fees and other fees and expenses attributable to the Class for the year less the positive return of the MSCI AC Asia ex Japan Small Cap USD Net Index benchmark for the year. A performance-based fee will thus only be paid in years where the relative performance of the Class is positive and where the high water mark at the previous year-end has been exceeded. In such instances, the performance fee is computed as 10% of the relative performance. The performance fee is accrued as of each Valuation Day based on the number of Shares in issue on that Valuation Day. The first performance fee of any Share Class will be calculated for the period starting with the launch of the relevant Class of Shares and ending at the end of the financial year in which such Class was launched.

For the period from 31 May 2011 to 30 September 2011 no performance fee was due.

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Note 9

Exchange rates

The exchange rates used as of 30 September 2011 are as follows:

1 USD = MYR	3.189305	1 USD = SGD	1.298200
1 USD = IDR	8,981.936128	1 USD = PHP	43.850187
1 USD = TWD	30.532044	1 USD = EUR	0.738465
1 USD = HKD	7.791447	1 USD = KRW	1,179.077689

Note 10

Changes in securities portfolio

Information about the changes that have occurred in the securities portfolio of the Compartments during the year/period can be obtained at the Registered Office of the Fund or from the Custodian Bank.

Note 11

Total Expense Ratio (TER)

The calculation of the Total Expense Ratio is based on the stipulated fees and commissions paid by the relevant Compartment on the average net assets of the Compartment during the year (annualised).

Note 12

Portfolio Turnover Rate (PTR)

The Portfolio Turnover Rate indicates the turnover rate of the holdings of the Compartment and is computed using the following formula (annualised):

$$\text{PTR} = [(\text{Total 1} - \text{Total 2}) / M] * 100$$

with:

- Total 1 = Total of securities transactions during the relevant period = X + Y,
where X = purchases of securities and Y = sales of securities.
- Total 2 = Total of transactions in Shares of the Compartment during the relevant period = S + T,
where S = subscriptions of Shares of the Compartment and T = redemptions of
Shares of the Compartment
- M = Average net assets of the Compartment during the relevant period.

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Note 13 Significant events

On 29 April 2011, the Board of Directors decided to launch the new Compartment – Hereford Funds – FIRTH ASIAN Value Fund with one Share Class (A) with the first net asset value calculation as of 31 May 2011 and a price per share of USD 100.00.

Note 14 Subsequent events

The Fund will cease to be a self managed SICAV and appoint VPB Finance S.A. as management company in line with the provisions of the 2010 Law as from 1 December 2011.

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SHAREHOLDER INFORMATION

The articles of incorporation, the prospectus, the simplified prospectuses or key investor information documents, if and when applicable, the statement of changes in the composition of the portfolios, the semi-annual and annual reports are available at the registered office of Hereford Funds, at 26, Avenue de la Liberté, L-1930 Luxembourg.

The semi-annual and annual reports contain general information about the Fund as well as data showing the Fund's development and its total net assets.

The business year begins on 1 October and ends on 30 September of the following year.

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Unaudited supplementary information

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UK DISTRIBUTING STATUS - REPORTING FUND STATUS

On 4 February 2011, the HMRC accepted the entry of below mentioned Compartments and Classes of Shares of Hereford Funds into the UK reporting Fund regime with effect 1 October 2010:

- **Hereford Funds - DSM US Large Cap Growth Fund**

Class A in USD

Class C in USD

Class D in USD

Class U in USD

For Class U Shares, the distributor status tax regime for offshore funds has been granted for the financial year ended 30 September 2010. As of the financial year starting 1 October 2010, the Board of Directors has applied for and obtained reporting fund status (replacing the UK distributor status tax regime).

- **Hereford Funds – DGHM US All-Cap Value Fund**

Class A in USD

Class D in USD

For Class A Shares, as of the financial year starting 1 October 2010, the Board of Directors has applied for and obtained reporting fund status (replacing the UK distributor status tax regime).

- **Hereford Funds – FIRTH ASIAN Value Fund** (launched 31 May 2011)

Class A in USD

For Class A Shares, as of the financial year starting 1 October 2010, the Board of Directors has applied for and obtained reporting fund status (replacing the UK distributor status tax regime).