

HEREFORD FUNDS

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



UNAUDITED SEMI-ANNUAL REPORT

As of 31 March 2014

Luxembourg R.C.S. B 134 375

No subscriptions can be received on the basis of financial reports. Subscriptions are only valid if made on the basis of the current prospectus and key investor information documents accompanied by the latest available annual report and semi-annual report if published thereafter.

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Additional Information for Investors in the Federal Republic of Germany

With respect to the following compartment no notification has been filed with the German Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin). Units in the below-mentioned compartment may not be marketed to investors in Germany:

- **HEREFORD FUNDS – IMVA OPPORTUNITY FUND**

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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
Chairman of the Management Board
VP Bank (Luxembourg) S.A.
26, avenue de la Liberté
L-1930 Luxembourg, Luxembourg

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

Mr Jérôme WIGNY
Partner
Elvinger, Hoss & Prussen
2, place Winston Churchill
L-1340 Luxembourg, Luxembourg

Mr Enrico MELA
Managing Director
VPB Finance S.A.
26, avenue de la Liberté
L-1930 Luxembourg, Luxembourg

REGISTERED OFFICE

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

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MANAGEMENT AND ADMINISTRATION

(continued)

REGISTRATION NUMBERS

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

MANAGEMENT COMPANY

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

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
116 Radio Circle Drive, Suite 200
Mount Kisco
New York, NY 10549, USA

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

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

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MANAGEMENT AND ADMINISTRATION

(continued)

INVESTMENT MANAGERS (continued)

For the Compartment
HEREFORD FUNDS – IMVA Opportunity FUND
(launched 31 January 2014)

Investment Management of Virginia, LLC
919 East Main Street, 16th Floor
Richmond, Virginia 23219, USA

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

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
HEREFORD FUNDS – IMVA OPPORTUNITY FUND
Luxembourg

HEREFORD FUNDS – DSM US LARGE CAP GROWTH FUND
HEREFORD FUNDS – DGHM US ALL-CAP VALUE FUND
France
Netherlands
Switzerland

COUNTRY WHERE THE FOLLOWING COMPARTMENTS OF THE FUND ARE AUTHORIZED FOR DISTRIBUTION

HEREFORD FUNDS – DSM US LARGE CAP GROWTH FUND
HEREFORD FUNDS – DGHM US ALL-CAP VALUE FUND
HEREFORD FUNDS – FIRTH ASIAN VALUE FUND
Germany

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MANAGEMENT AND ADMINISTRATION

(continued)

PAYING AGENT IN FRANCE

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

PAYING AGENT IN GERMANY

Marcard, Stein & Co AG
Ballindamm 36
D-20095 Hamburg, Germany

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
Société à responsabilité limitée
560, rue de Neudorf
L-2220 Luxembourg, Luxembourg

LEGAL ADVISER IN LUXEMBOURG

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

HEREFORD FUNDS

Société d'Investissement à Capital Variable
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STATEMENT OF NET ASSETS

As of 31 March 2014

	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 (in USD)	Hereford Funds - IMVA Opportunity Fund ¹⁾ (in USD)	Combined (in USD)
ASSETS					
Securities portfolio (at cost)	119,510,047.38	178,898,888.91	60,341,964.86	11,739,416.05	370,490,317.20
Unrealised appreciation/depreciation (-)	34,106,321.62	37,545,084.85	-1,919,753.24	-210,409.74	69,521,243.49
Securities portfolio at market value	153,616,369.00	216,443,973.76	58,422,211.62	11,529,006.31	440,011,560.69
Cash at banks	3,562,312.95	4,397,263.86	12,250,799.38	1,196,681.90	21,407,058.09
Receivables on subscriptions	30,289.15	656,685.92	-	-	686,975.07
Receivables on securities sold	696,097.30	-	-	-	696,097.30
Receivables on dividends	14,679.00	215,699.04	107,968.76	975.10	339,321.90
Formation expenses (net)	-	1,035.26	21,131.71	6,439.03	28,606.00
Other assets	1,582.23	51,661.05	-	-	53,243.28
TOTAL ASSETS	157,921,329.63	221,766,318.89	70,802,111.47	12,733,102.34	463,222,862.33
LIABILITIES					
Payables on redemptions	-1,759,505.62	-308,342.66	-227,510.52	-9,523.92	-2,304,882.72
Payables on securities purchased	-586,118.68	-352,038.70	-	-185,049.60	-1,123,206.98
Accrued expenses	-528,855.90	-591,641.89	-882,072.14	-23,261.18	-2,025,831.11
TOTAL LIABILITIES	-2,874,480.20	-1,252,023.25	-1,109,582.66	-217,834.70	-5,453,920.81
NET ASSETS	155,046,849.43	220,514,295.64	69,692,528.81	12,515,267.64	457,768,941.52

¹⁾ Initial subscription: 31 January 2014

HEREFORD FUNDS

Société d'Investissement à Capital Variable
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STATEMENT OF OPERATIONS

For the year/period ended 31 March 2014

	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 (in USD)	Hereford Funds - IMVA Opportunity Fund ¹⁾ (in USD)	Combined (in USD)
INCOME					
Dividends, net	462,136.09	1,270,889.90	352,132.80	8,998.41	2,094,157.20
Interest on bank accounts	-	-	1,898.43	-	1,898.43
Other income	1,582.23	54,409.73	80,172.04	-	136,164.00
TOTAL INCOME	463,718.32	1,325,299.63	434,203.27	8,998.41	2,232,219.63
EXPENSES					
Performance fees	-86,579.50	-	-606,255.17	-	-692,834.67
Investment advisory and management fees	-992,642.17	-1,024,801.36	-505,767.35	-17,274.53	-2,540,485.41
Administration fees	-4,057.47	-2,329.54	-776.50	-	-7,163.51
Custodian and central administration fees	-139,050.48	-174,576.11	-60,716.09	-3,611.40	-377,954.08
Subscription tax	-11,013.66	-12,032.74	-3,402.35	-1,278.01	-27,726.76
Depreciation of formation expenses	-	-1,544.39	-4,862.16	-494.47	-6,901.02
Professional fees	-9,446.51	-8,542.01	-3,994.38	-2,766.77	-24,749.67
Transaction fees	-91,757.75	-171,120.93	-105,518.61	-23,234.60	-391,631.89
Other charges	-50,216.08	-63,135.88	-36,273.35	-356.71	-149,982.02
Interest paid on bank overdraft	-	-	-35.15	-	-35.15
TOTAL EXPENSES	-1,384,763.62	-1,458,082.96	-1,327,601.11	-49,016.49	-4,219,464.18
NET INCOME/LOSS (-) FROM INVESTMENTS	-921,045.30	-132,783.33	-893,397.84	-40,018.08	-1,987,244.55
Net realised gain/loss (-) on foreign exchange	-	-	-102,210.49	-	-102,210.49
Net realised gain/loss (-) on sales of securities	12,765,320.19	8,289,809.53	2,407,559.39	-	23,462,689.11
NET REALISED PROFIT/LOSS (-) FOR THE YEAR/PERIOD	11,844,274.89	8,157,026.20	1,411,951.06	-40,018.08	21,373,234.07
NET CHANGE IN UNREALISED APPRECIATION/DEPRECIATION					
- on foreign exchange	-108.19	-109.08	-8,453.40	-0.08	-8,670.75
- on securities	4,268,536.47	15,600,725.69	-1,303,363.13	-210,409.74	18,355,489.29
INCREASE/DECREASE (-) IN NET ASSETS AS A RESULT OF OPERATIONS	16,112,703.17	23,757,642.81	100,134.53	-250,427.90	39,720,052.61

¹⁾ Initial subscription: 31 January 2014

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STATEMENT OF CHANGES IN NET ASSETS

For the year/period ended 31 March 2014

	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 (in USD)	Hereford Funds - IMVA Opportunity Fund ¹⁾ (in USD)	Combined (in USD)
NET ASSETS					
Beginning of the year/period	145,065,762.73	131,719,706.26	61,156,535.31	-	337,942,004.30
CHANGES FROM INVESTMENT ACTIVITIES					
Increase/decrease (-) in net assets as a result of operations for the year/period	16,112,703.17	23,757,642.81	100,134.53	-250,427.90	39,720,052.61
CHANGES FROM CAPITAL TRANSACTIONS					
Proceeds from shares issued	62,627,784.66	141,657,439.76	14,021,769.69	12,843,500.48	231,150,494.59
Payments for shares redeemed	-68,759,401.13	-76,620,493.19	-5,585,910.72	-77,804.94	-151,043,609.98
	-6,131,616.47	65,036,946.57	8,435,858.97	12,765,695.54	80,106,884.61
NET ASSETS					
End of the year/period	155,046,849.43	220,514,295.64	69,692,528.81	12,515,267.64	457,768,941.52

¹⁾ Initial subscription: 31 January 2014

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CHANGES IN THE NUMBER OF SHARES OUTSTANDING

For the year/period ended 31 March 2014

Hereford Funds - DSM US Large Cap Growth Fund

	Class A USD	Class B USD ¹⁾	Class C USD	Class D USD	Class U USD
Number of shares at the beginning of the year/period	816,589.227	-	21,404.990	121,169.586	122,097.955
Number of shares issued	87,158.817	465,015.398	3,658.203	13,784.742	7,406.307
Number of shares redeemed	-334,590.673	-1.000	-519.812	-74,613.119	-25,407.230
Number of shares outstanding at the end of the year/period	569,157.371	465,014.398	24,543.381	60,341.209	104,097.032

Hereford Funds - DGHM US All-Cap Value Fund

	Class A USD	Class B USD	Class D USD
Number of shares at the beginning of the year/period	574,441.936	260,000.000	63,727.951
Number of shares issued	17,526.842	1,270,075.805	7,289.333
Number of shares redeemed	-392,322.413	-30,700.000	-28,057.080
Number of shares outstanding at the end of the year/period	199,646.365	1,499,375.805	42,960.204

Hereford Funds - FIRTH ASIAN Value Fund

	Class A USD
Number of shares at the beginning of the year/period	553,609.844
Number of shares issued	125,665.449
Number of shares redeemed	-50,360.374
Number of shares outstanding at the end of the year/period	628,914.919

Hereford Funds - IMVA Opportunity Fund ²⁾

	Class A USD	Class L USD
Number of shares at the beginning of the year/period	-	-
Number of shares issued	28,011.548	100,480.000
Number of shares redeemed	-778.951	-
Number of shares outstanding at the end of the year/period	27,232.597	100,480.000

¹⁾ Initial subscription: 5 March 2014

²⁾ Initial subscription: 31 January 2014

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STATISTICAL INFORMATION

For the year/period ended 31 March 2014

	31 March 2014	30 September 2013	30 September 2012
Total Company			
Net Assets of Company (in USD)	457,768,941.52	337,942,004.30	219,148,795.49
Hereford Funds - DSM US Large Cap Growth Fund			
Total net assets (in USD)	155,046,849.43	145,065,762.73	113,498,743.91
Class A USD			
Shares outstanding	569,157.371	816,589.227	666,095.246
Net asset value per share (in share class currency)	139.12	124.89	105.85
Class B USD ¹⁾			
Shares outstanding	465,014.398	-	-
Net asset value per share (in share class currency)	94.55	-	-
Class C USD			
Shares outstanding	24,543.381	21,404.990	26,109.169
Net asset value per share (in share class currency)	130.07	120.29	105.53
Class D USD			
Shares outstanding	60,341.209	121,169.586	147,941.997
Net asset value per share (in share class currency)	225.63	203.09	173.07
Class U USD			
Shares outstanding	104,097.032	122,097.955	132,606.466
Net asset value per share (in share class currency)	145.02	130.20	110.35
Hereford Funds - DGHM US All-Cap Value Fund			
Total net assets (in USD)	220,514,295.64	131,719,706.26	95,659,043.96
Class A USD			
Shares outstanding	199,646.365	574,441.936	654,857.348
Net asset value per share (in share class currency)	191.01	167.67	135.75
Class B USD			
Shares outstanding	1,499,375.805	260,000.000	-
Net asset value per share (in share class currency)	117.19	102.68	-
Class D USD			
Shares outstanding	42,960.204	63,727.951	60,810.647
Net asset value per share (in share class currency)	155.23	136.63	111.24

¹⁾ Initial subscription: 5 March 2014

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STATISTICAL INFORMATION

For the year/period ended 31 March 2014

(continued)

	31 March 2014	30 September 2013	30 September 2012
Hereford Funds - FIRTH ASIAN Value Fund			
Total net assets (in USD)	69,692,528.81	61,156,535.31	9,991,007.62
Class A USD			
Shares outstanding	628,914.919	553,609.844	101,199.727
Net asset value per share (in share class currency)	110.81	110.47	98.73
Hereford Funds - IMVA Opportunity Fund ²⁾			
Total net assets (in USD)	12,515,267.64	-	-
Class A USD			
Shares outstanding	27,232.597	-	-
Net asset value per share (in share class currency)	97.94	-	-
Class L USD			
Shares outstanding	100,480.000	-	-
Net asset value per share (in share class currency)	98.01	-	-

²⁾ Initial subscription: 31 January 2014

HEREFORD FUNDS

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HEREFORD FUNDS – DSM US LARGE CAP GROWTH FUND

Securities Portfolio as of 31 March 2014 (in USD)

Transferable securities admitted to an official stock exchange listing Shares

Currency	Nominal Value/ Quantity	Description	Market Value	% of Net Assets
USD	35,850	ALEXION PHARMACEUTICALS INC	5,453,860.50	3.52
USD	13,700	BIOGEN IDEC INC	4,190,419.00	2.70
USD	18,600	BLACKROCK INC	5,849,328.00	3.77
USD	66,850	CELGENE CORP	9,332,260.00	6.02
USD	136,500	COGNIZANT TECH SOLUTIONS -A-	6,908,265.00	4.46
USD	63,150	DISCOVERY COMMUNICATIONS -A-	5,222,505.00	3.37
USD	109,600	DOLLAR GENERAL	6,080,608.00	3.92
USD	234,200	EADS ADR	4,203,890.00	2.71
USD	93,100	EBAY INC	5,142,844.00	3.32
USD	27,500	ECOLAB	2,969,725.00	1.92
USD	6,000	GOOGLE INC -A-	6,687,060.00	4.31
USD	12,900	INTUITIVE SURGICAL INC	5,650,071.00	3.64
USD	123,950	INVESCO LTD	4,586,150.00	2.96
USD	57,750	LAS VEGAS SANDS CORP	4,665,045.00	3.01
USD	61,500	MASTERCARD INC -A-	4,594,050.00	2.96
USD	59,700	MONSANTO CO	6,792,069.00	4.38
USD	75,750	MONSTER BEVERAGE CORP	5,260,837.50	3.39
USD	25,750	OMNICOM GROUP	1,869,450.00	1.21
USD	14,150	PRECISION CASTPARTS CORP	3,576,554.00	2.31
USD	5,150	PRICELINE.COM INC	6,138,233.50	3.96
USD	16,300	REGENERON PHARMACEUTICALS INC	4,894,564.00	3.16
USD	82,200	STARBUCKS CORP	6,031,836.00	3.89
USD	87,450	TIME WARNER INC	5,713,108.50	3.68
USD	62,850	TJX COMPANIES INC	3,811,852.50	2.46
USD	26,350	VISA INC-CLASS A SHARES	5,687,911.00	3.67
USD	23,400	WYNN RESORTS LTD	5,198,310.00	3.35
USD	81,050	YUM! BRANDS INC	6,110,359.50	3.94
Total transferable shares admitted to an official stock exchange listing			142,621,166.00	91.99

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HEREFORD FUNDS – DSM US LARGE CAP GROWTH FUND

Securities Portfolio as of 31 March 2014

(in USD)

(continued)

Transferable securities dealt on an other regulated market

Shares

Currency	Nominal Value/ Quantity	Description	Market Value	% of Net Assets
USD	67,750	TENCENT HOLDINGS ADR	4,681,525.00	3.02
Total transferable shares dealt on an other regulated market			4,681,525.00	3.02

Other transferable securities

Shares

Currency	Nominal Value/ Quantity	Description	Market Value	% of Net Assets
USD	162,700	SAFRAN SA ADR	2,804,948.00	1.81
USD	112,100	THE SWATCH GROUP LT ADR	3,508,730.00	2.26
Total other transferable shares			6,313,678.00	4.07
TOTAL SECURITIES PORTFOLIO			153,616,369.00	99.08

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HEREFORD FUNDS – DSM US LARGE CAP GROWTH FUND

Securities Portfolio as of 31 March 2014

(in USD)

(continued)

Breakdown by country

% of
Net Assets

Cayman Islands	3.02
France	4.52
Switzerland	2.26
United States of America	89.28
TOTAL	99.08

Breakdown by currency

% of
Net Assets

USD	99.08
TOTAL	99.08

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HEREFORD FUNDS – DGHM US ALL-CAP VALUE FUND

Securities Portfolio as of 31 March 2014 (in USD)

Transferable securities admitted to an official stock exchange listing

Shares

Currency	Nominal Value/ Quantity	Description	Market Value	% of Net Assets
USD	41,994	3M COMPANY	5,696,906.04	2.58
USD	168,740	ABBOTT LABORATORIES	6,498,177.40	2.95
USD	53,467	ACE LTD	5,296,441.02	2.40
USD	290,210	ACTIVISION BLIZZARD INC	5,931,892.40	2.69
USD	94,470	ALEXANDRIA REAL ESTATE EQUIT	6,854,743.20	3.11
USD	92,310	ALLSTATE CORP	5,223,822.90	2.37
USD	103,271	ANALOG DEVICES	5,487,820.94	2.49
USD	86,740	BAKER HUGHES INC	5,638,967.40	2.56
USD	42,493	BECTON DICKINSON AND CO	4,975,080.44	2.26
USD	70,530	BED BATH & BEYOND INC	4,852,464.00	2.20
USD	287,028	CHICO'S FAS INC	4,601,058.84	2.09
USD	108,910	REGISTERED-SHARES CIT GROUP INC	5,338,768.20	2.42
USD	50,301	COVANCE INC	5,226,273.90	2.37
USD	165,770	DELTA AIR LI	5,743,930.50	2.60
USD	67,471	REGISTERED-SHARES DIRECTV	5,156,133.82	2.34
USD	97,914	HALLIBURTON CO	5,766,155.46	2.61
USD	59,361	HELMERICH & PAYNE	6,384,869.16	2.89
USD	67,672	NAMEN-AKTIE INGREDION INC	4,607,109.76	2.09
USD	181,214	INVESCO LTD	6,704,918.00	3.04
USD	123,778	JPMORGAN CHASE & CO	7,514,562.38	3.41
USD	197,217	SHARES KAPSTONE PAPER AND PACKAGING CO	5,687,738.28	2.58
USD	508,586	KEYCORP	7,242,264.64	3.28
USD	121,871	KROGER CO	5,319,669.15	2.41
USD	138,716	LINCOLN NATIONAL CORP	7,028,739.72	3.19
USD	72,300	MANPOWER GROUP	5,699,409.00	2.58
USD	191,433	MRC GLOBAL INC	5,161,033.68	2.34
USD	184,035	PUBLIC SERVICE ENTERPRISE GP	7,019,094.90	3.18
USD	79,691	SHARES REGAL-BELOIT CORP	5,794,332.61	2.63
USD	632,780	REGIONS FINANCIAL CORP	7,030,185.80	3.19
USD	75,320	SANDISK CORP	6,115,230.80	2.77
USD	123,115	SOUTHWESTERN ENERGY CO	5,665,752.30	2.57
USD	79,163	STATE STREET CORP	5,505,786.65	2.50
USD	72,706	STRYKER CORP	5,923,357.82	2.69
USD	180,079	SUNTRUST BANKS INC	7,165,343.41	3.25
USD	86,261	THOR INDUSTRIES INC	5,267,096.66	2.39

HEREFORD FUNDS

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

HEREFORD FUNDS – DGHM US ALL-CAP VALUE FUND

Securities Portfolio as of 31 March 2014

(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
USD	69,276	TIME WARNER INC	4,525,801.08	2.05
USD	145,930	WISCONSIN ENERGY CORP	<u>6,793,041.50</u>	<u>3.08</u>
Total transferable shares admitted to an official stock exchange listing			216,443,973.76	98.15
TOTAL SECURITIES PORTFOLIO			<u>216,443,973.76</u>	<u>98.15</u>

HEREFORD FUNDS

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

HEREFORD FUNDS – DGHM US ALL-CAP VALUE FUND

Securities Portfolio as of 31 March 2014

(in USD)

(continued)

Breakdown by country

	% of Net Assets
Switzerland	2.40
United States of America	95.75
TOTAL	98.15

Breakdown by currency

	% of Net Assets
USD	98.15
TOTAL	98.15

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 31 March 2014 (in USD)

Transferable securities admitted to an official stock exchange listing

Investment Funds

Currency	Nominal Value/ Quantity	Description	Market Value	% of Net Assets
USD	38,900	MSCI ALL COUNT. ASIA EX JAP. INDEX FD	3,350,403.00	4.81
Total transferable investment funds admitted to an official stock exchange listing			3,350,403.00	4.81

Shares

Currency	Nominal Value/ Quantity	Description	Market Value	% of Net Assets
TWD	165,000	104 CORP	612,220.42	0.88
HKD	1,536,500	AEON STORES (HONG KONG) CO LTD	1,733,432.55	2.49
HKD	2,338,000	ALLAN INTERNATIONAL HOLDINGS LTD	690,313.42	0.99
MYR	584,900	ALLIANZ MALAYSIA BERHAD	1,837,616.63	2.64
SGD	1,473,000	AURIC PACIFIC GROUP LTD	1,311,740.35	1.88
HKD	5,678,000	CHEN HSONG HOLDINGS	1,705,758.87	2.45
HKD	2,533,000	CHRISTINE INTERNATIONAL HOLDINGS LTD	238,409.95	0.34
HKD	1,542,000	CLEAR MEDIA LTD	1,393,698.14	2.00
SGD	1,404,000	COURTS ASIA LTD	647,473.81	0.93
TWD	702,711	CYBERLINK CO LTD	2,136,648.88	3.07
KRW	81,700	DAEGU DEPARTMENT STORE	1,535,227.53	2.20
TWD	291,000	E-LIFE MALL	609,619.83	0.87
HKD	362,800	ESPRIT HOLDINGS LTD	603,425.03	0.87
KRW	36,563	FURSIS INC	989,361.50	1.42
KRW	91,210	GIIR INC	704,425.34	1.01
HKD	7,328,000	GLORIOUS SUN ENTERPRISES LTD	1,691,238.36	2.43
HKD	8,214,000	GOME ELECTRICAL APPLIANCES	1,387,370.08	1.99
KRW	2,975	GWANGJU SHINSEGAE CO LTD	676,430.27	0.97
THB	864,700	HANA MICROELECTRONICS PUBLIC CO LTD	812,934.48	1.17
SGD	806,000	HOOR GLASS LTD	1,070,233.70	1.53
INR	1,238,572	HT MEDIA LTD	1,934,831.03	2.77
SGD	523,000	HTL INTERNATIONAL HLDGS LTD	116,435.88	0.17
HKD	13,626,000	HUN HING PRINTING GROUP LTD	2,125,788.65	3.05
KRW	32,485	INTOPS CO LTD	669,943.37	0.96
HKD	10,775,000	LERADO GROUP (HOLDING) CO	1,486,508.46	2.13
HKD	1,144,000	LIANHUA SUPERMARKET HLDGS -H-	650,475.50	0.93
KRW	4,766	LOTTE HIMART	324,200.22	0.46
HKD	4,747,000	LUNG KEE (BERMUDA) HOLDINGS	1,683,132.30	2.42
KRW	20,347	MEGASTUDY CO LTD	1,361,134.61	1.95
HKD	3,213,000	MOISELLE INTERNATIONAL HOLDINGS LTD	625,538.44	0.90

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 31 March 2014

(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
INR	216,065	MPHASIS LTD	1,461,523.93	2.10
HKD	24,550,000	NATURAL BEAUTY BIO-TECHNOLOGY LTD	1,313,608.42	1.88
HKD	4,482,000	PARKSON RETAIL GROUP LTD	1,410,028.88	2.02
PHP	3,419,200	PEPSI COLA PROD PHILIPPINES	373,581.47	0.54
HKD	4,502,000	PICO FAR EAST	1,306,033.56	1.87
HKD	889,500	PORTS DESIGN LTD	465,627.17	0.67
HKD	4,954,000	POU SHENG INTL	226,751.77	0.33
SGD	2,600,000	QAF	1,767,529.09	2.54
HKD	5,092,000	ROADSHOW HOLDINGS	735,313.85	1.06
HKD	15,429,000	SAMSON HOLDING LTD	2,088,783.40	3.00
TWD	530,000	SILICONWARE PRECISION INDS	704,816.91	1.01
KRW	12,309	SINDOH CO LTD	735,530.33	1.05
SGD	869,000	STRACO CORP LTD	407,660.75	0.58
HKD	4,505,000	SUN HING VISION GROUP HOLDINGS LTD	1,312,712.33	1.88
HKD	5,180,000	TOP FORM INTERNATIONAL LTD	263,811.17	0.38
HKD	998,000	TRANSPORT INTL HOLDINGS	1,865,799.07	2.68
TWD	1,501,000	TSANN KUEN ENTERPRISE CO LTD	2,005,951.93	2.88
SGD	182,000	VENTURE CORP LTD	1,079,536.48	1.55
HKD	635,000	YGM TRADING LTD	1,309,966.04	1.88
TWD	1,334,000	YUFO ELECTRONIC CORP	871,674.47	1.25
Total transferable shares admitted to an official stock exchange listing			55,071,808.62	79.02
TOTAL SECURITIES PORTFOLIO			58,422,211.62	83.83

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 31 March 2014

(in USD)

(continued)

Breakdown by country

	% of Net Assets
Bermuda	16.33
Cayman Islands	2.22
China	2.95
Hong Kong	19.14
India	4.87
Malaysia	2.64
Philippines	0.54
Singapore	9.18
South Korea	10.02
Taiwan	9.96
Thailand	1.17
United States	4.81
TOTAL	83.83

Breakdown by currency

	% of Net Assets
HKD	40.64
INR	4.87
MYR	2.64
PHP	0.54
SGD	9.18
KRW	10.02
TWD	9.96
THB	1.17
USD	4.81
TOTAL	83.83

HEREFORD FUNDS

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

HEREFORD FUNDS – IMVA OPPORTUNITY FUND

Securities Portfolio as of 31 March 2014 (in USD)

Transferable securities admitted to an official stock exchange listing

Shares

Currency	Nominal Value/ Quantity	Description	Market Value	% of Net Assets
USD	13,541	3-D SYSTEMS CORP	801,356.38	6.41
USD	6,906	ABBOTT LABORATORIES	265,950.06	2.13
USD	12,221	ADVANCED ENERGY INDUSTRIES	299,414.50	2.39
USD	43,126	ALPHA NATURAL RESOURCES INC	183,285.50	1.46
USD	126	ALTISOURCE ASSET MANAGEMENT CORP	135,405.90	1.08
USD	7,738	ALTISOURCE PORTFOLIO SOL	941,405.08	7.52
USD	12,938	ANACOR PHARMACEUTICALS INC	258,889.38	2.07
USD	4,646	ANADARKO PETROLEUM CORP	393,794.96	3.15
USD	1,010	APPLE INC	542,107.40	4.33
USD	5,227	CAMERON INTERNATIONAL CORP	322,871.79	2.58
USD	29,352	COEUR MINING INC	272,680.08	2.18
USD	5,039	CREE INC	285,005.84	2.28
USD	76,927	ENDEAVOUR INTERNATIONAL	250,012.75	2.00
USD	15,569	FREEPORT-MCMORAN COPPER	514,866.83	4.11
USD	7,713	GENTEX CORP	243,190.89	1.94
USD	33,616	INTREPID POTASH INC	519,703.36	4.15
USD	11,027	KINDER MORGAN INC	358,267.23	2.86
USD	23,837	KVH INDUSTRIES INC	313,694.92	2.51
USD	51,210	LUMINEX CORP	927,413.10	7.41
USD	33,070	MCDERMOTT INTL INC	258,607.40	2.07
USD	11,144	MONTPELIER RE HOLDINGS LTD	331,645.44	2.65
USD	167,301	NIKO RESOURCES LTD	322,890.93	2.58
USD	11,961	NOBLE CORPORATION PLC	391,603.14	3.13
USD	18,803	OCWEN FINANCIAL CORP	736,513.51	5.88
USD	4,103	PROCTER & GAMBLE CO/THE	330,701.80	2.64
USD	10,256	QUIDEL	279,988.80	2.24
USD	11,374	THE BABCOCK & WILCOX CO	377,616.80	3.02
USD	10,623	ULTRA PETROLEUM CORP	285,758.70	2.28
USD	57,197	VOYAGER OIL & GAS INC	384,363.84	3.07
Total transferable shares admitted to an official stock exchange listing			11,529,006.31	92.12
TOTAL SECURITIES PORTFOLIO			11,529,006.31	92.12

HEREFORD FUNDS

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

HEREFORD FUNDS – IMVA OPPORTUNITY FUND

Securities Portfolio as of 31 March 2014

(in USD)

(continued)

Breakdown by country

	% of Net Assets
Bermuda Islands	2.65
British Virgin Islands	1.08
Canada	2.58
Luxembourg	7.52
United Kingdom	3.13
United States	75.16
TOTAL	92.12

Breakdown by currency

	% of Net Assets
USD	92.12
TOTAL	92.12

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 31 March 2014

Note 1

Organisation and objective of the company

a) General information

Hereford Funds (the "Fund") is an open-ended investment fund with multiple compartments (société d'investissement à capital variable ("SICAV") à compartiments multiples), incorporated for an indefinite period on 23 November 2007 and governed by Part I of the amended Luxembourg Law of 17 December 2010 (the "2010 Law") relating to undertakings for collective investments.

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 divided into several compartments ("Compartments") included under a same and single structural umbrella.

The Board of Directors of the Fund has appointed VPB Finance S.A. to act as Management Company for the Fund under the terms of the Management Company Services Agreement dated 1 December 2011. The Management Company is a public limited company ("société anonyme"). Its articles of incorporation have been amended on 20 June 2006 in order to allow it to act as a Management Company for undertakings for collective investment, currently in accordance with Chapter 15 of the 2010 Law. It exists for an unlimited period of time. As such, the Management Company will perform and render without limitation: (i) investment management services, (ii) administrative agency, corporate and domiciliary agency, registrar and transfer agency services, and (iii) marketing, principal distribution and sales services. The Management Company also acts as Management Company for other undertakings for collective investments. The names of the other undertakings for collective investments are available upon request from the Management Company.



The Fund contains the following Compartments and Classes of Shares:

- Hereford Funds – DSM US Large Cap Growth Fund

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

- Hereford Funds – FIRTH ASIAN Value Fund

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

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 31 March 2014

(continued)

- Hereford Funds – IMVA Opportunity Fund

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

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

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

Class L Shares is only available to investors having entered into a suitable agreement Hereford Funds Advisory S.à r.l. (the “Advisory Company”).



As of 31 March 2014, the following Classes of Shares were active:

- Hereford Funds – DSM US Large Cap Growth Fund

Class A in USD
Class B in USD (initial subscription on 5 March 2014)
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 B 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

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.

- Hereford Funds – IMVA Opportunity Fund

Class A in USD (initial subscription on 31 January 2014)
Class L in USD (initial subscription on 31 January 2014)

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 31 March 2014

(continued)

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

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 – 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 750 million.

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

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 31 March 2014

(continued)

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 25% 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.

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.

Hereford Funds – IMVA Opportunity Fund (initial subscription 31 January 2014)

The investment objective of the Compartment is to provide capital appreciation principally through investments in equity securities of US-based companies with market capitalizations generally above USD 100 million which the Investment Manager believes to represent unique opportunities for capital appreciation with reasonable risk and to have an attractive price. These companies are select, inter alia, based on their reasonable price/earnings multiples relative to projected earnings and cash flow growth, strong or improving profit margins, solid financial position and on the assessment of their management.

The Compartment employs a concentrated investment style and may produce results that are considerably more volatile than those of the broader market.

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.

HEREFORD FUNDS

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

As of 31 March 2014

(continued)

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.

Note 2

Summary of significant accounting policies

The financial statements of the Fund are prepared in accordance with generally accepted accounting policies and 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, if any, are recorded in the statement of operations of each Compartment under the captions "net realised gain/loss (-) on foreign exchange" and "net change in unrealised appreciation/depreciation (-) on foreign exchange".

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.

HEREFORD FUNDS

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

As of 31 March 2014

(continued)

Note 3 **Net asset value**

a) Computation

The net asset value ("NAV") 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 NAV 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 Hereford Funds Advisory S.à r.l..

The Management Company, with the consent of the Fund and 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
 - Firth Investment Management Pte. Ltd as investment manager
- Hereford Funds – IMVA Opportunity Fund (initial subscription 31 January 2014)
 - Investment Management of Virginia, LLC as investment manager

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, 1.00% for Class B and Class C Shares and 1.75% for Class D Shares

HEREFORD FUNDS

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

As of 31 March 2014

(continued)

based on the average net asset of the relevant share class or Compartment during the relevant period. The investment manager is remunerated by the Advisory Company out of the fees that it receives from the Compartment.

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, 0.95% for the Class B Shares and 1.75% for Class D Shares based on the average net asset of the relevant share class or Compartment during the relevant period. The investment manager is remunerated by the Advisory Company out of the fees that it receives from the Compartment.

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 and 2.00% for Class D Shares based on the average net asset of the relevant share class or Compartment 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 Compartment.

In relation to the Compartment Hereford Funds – IMVA Opportunity 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 0.75% for Class L Shares based on the average net asset of the relevant share class or Compartment 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 Compartment.

Note 5

Custodian and central administration fees

The commissions for 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 1 December 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, L 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.

HEREFORD FUNDS

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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.

Note 8 **Transaction fees**

In accordance with the 2010 Law, the transaction fees have to be disclosed separately in the statement of operations and are representing broker transaction fees in relation to the purchases and sales of securities during the reporting period/year.

Note 9 **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 C Shares, a performance fee may be paid to the Advisory Company on a quarterly basis. The performance fee is 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. The investment manager is remunerated by the Advisory Company out of the fees that it receives from the Compartment.

For the period from 1 October 2013 to 31 March 2014, a performance fee of USD 86,579.50 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 and D Shares, a performance fee may be paid to the Advisory Company on an annual basis (referring to the financial year of the Fund, ending in September), 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

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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 amounts accrued for the Performance Fee will be paid to the Advisory Company annually, within 30 days following the financial year end. 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. The investment manager is remunerated by the Advisory Company out of the fees that it receives from the Compartment.

For the period from 1 October 2013 to 31 March 2014, a performance fee of USD 606,255.17 was due.

Hereford Funds – IMVA Opportunity Fund

There are no performance fees in relation to this Compartment.

Note 10 **Exchange rates**

The exchange rates used as of 31 March 2014 are as follows:

1 USD = EUR	0.725585	1 USD = PHP	44.847193
1 USD = HKD	7.755926	1 USD = SGD	1.257688
1 USD = INR	59.725509	1 USD = THB	32.442159
1 USD = KRW	1,064.337349	1 USD = TWD	30.454718
1 USD = MYR	3.265683		

Note 11 **Related party transactions**

All transactions with related parties were entered into the ordinary course of business and under normal commercial terms. The related parties to the fund are the Investment Managers, Investment Advisors and Advisory Company. The fees for the transactions with related parties are described in notes 4 and 9.

As of 31 March 2014, the Compartments had not invested in related parties and there were no direct shareholdings in the Fund by any member of the Board of Directors.

Note 12 **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 free of charge at the Registered Office of the Fund or from the Custodian Bank.

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Note 13

Risk Management Process

The global exposure of each Compartment is calculated using the commitment approach as detailed in applicable laws and regulations including but not limited to CSSF Circular 11/512.

Note 14

Corporate governance statement

The Board of Directors confirms its adherence with the ALFI (*Association Luxembourgeoise des Fonds d'Investissement*) Code of Conduct for Luxembourg Investment Funds.

Note 15

Events

On 21 January 2014, the Board of Directors of the Fund resolved to launch the Compartment named Hereford Funds – IMVA Opportunity Fund with two share classes, A (USD) and L (USD) on 31 January 2014, with an initial subscription price of USD 100.00.



On 27 February 2014, the Board of Directors of the Fund resolved to launch Class B Shares in USD of Hereford Funds – DSM US Large Cap Growth Fund with initial subscription date 5 March 2014 and subscription price of USD 100.00.

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SHAREHOLDER INFORMATION

The articles of incorporation, the prospectus, the key investor information documents, the statement of changes in the composition of the portfolios, the semi-annual and annual reports are available free of charge at the registered office of Hereford Funds, at 26, avenue de la Liberté, L-1930 Luxembourg, as well as at the paying agents and representative banks mentioned under chapter “Management and Administration”.

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.



As a result of certain legislative changes in Germany regarding the taxation of portfolio dividends (Streubesitzdividenden) and the effects of these changes on fund reporting requirements under the Investment Tax Act (Investmentsteuergesetz, InvStG), especially as regards the share profit (Aktiengewinn), share profits were accordingly modified. Information on such adjusted share profits is available on the website of Hereford Funds for each concerned Class of Shares:

www.herefordfunds.com



According to the circular of 9 July 2013 and 4 December 2013 from the German Federal Ministry of Finance, the subsequent publication of the “Aktiengewinn 2 – AKG2” for the period 1 March 2013 to 30 June 2013 is available on the website of the Management Company (www.vpbfinance.com).

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Unaudited supplementary information

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TOTAL EXPENSE RATIO

For the year/period ended 31 March 2014

Hereford Funds - DSM US Large Cap Growth Fund

Total Expense Ratio (TER) - Class A USD	1.53%	including performance fees	1.53%
Total Expense Ratio (TER) - Class B USD ¹⁾	0.93%	including performance fees	0.93%
Total Expense Ratio (TER) - Class C USD	1.32%	including performance fees	4.28%
Total Expense Ratio (TER) - Class D USD	2.03%	including performance fees	2.03%
Total Expense Ratio (TER) - Class U USD	1.52%	including performance fees	1.52%

Hereford Funds - DGHM US All-Cap Value Fund

Total Expense Ratio (TER) - Class A USD	1.49%	including performance fees	1.49%
Total Expense Ratio (TER) - Class B USD	1.15%	including performance fees	1.15%
Total Expense Ratio (TER) - Class D USD	2.06%	including performance fees	2.06%

Hereford Funds - FIRTH ASIAN Value Fund

Total Expense Ratio (TER) - Class A USD	1.79%	including performance fees	2.69%
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Hereford Funds - IMVA Opportunity Fund ¹⁾

Total Expense Ratio (TER) - Class A USD	1.60%	including performance fees	1.60%
Total Expense Ratio (TER) - Class L USD	1.16%	including performance fees	1.16%

¹⁾ Period from the date of initial subscription to 31 March 2014

The calculation of the Total Expense Ratio is based on the stipulated fees and commissions paid by the Compartment on the average net assets of the Compartment during the reporting period (annualised), as allocated to each Class of Shares. Transaction costs are excluded from the calculation.

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PORTFOLIO TURNOVER RATE

For the year/period ended 31 March 2014

Hereford Funds - DSM US Large Cap Growth Fund	-11.30%
Hereford Funds - DGHM US All-Cap Value Fund	-20.75%
Hereford Funds - FIRTH ASIAN Value Fund	9.23%
Hereford Funds - IMVA Opportunity Fund (since initial subscription)	3.45%

The "Portfolio Turnover Rate" indicates the turnover rate of the holdings of the Compartment and is computed using the following formula (annualised) as stated in the CSSF Circular 03/122:

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

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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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 B 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 B 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**

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).

- **Hereford Funds – IMVA Opportunity Fund**

Class A in USD
Class L in USD

For Class A and L Shares, as of the financial year starting 1 October 2013, the Board of Directors has applied for and obtained reporting fund status (replacing the UK distributor status tax regime). Reporting fund status is applied for up to three months after the commencement of a period of account. A fund, once granted reporting fund status, may rely on that status going forward subject to continued compliance with the requirements of the reporting funds rules.