

**Item 1 – Hermes Sourcecap Limited’s Brochure**

**Adviser’s Name:**

Hermes Sourcecap Limited

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**Date of Brochure:**

4<sup>th</sup> October 2012

This Brochure provides information about the qualifications and business practices of Hermes Sourcecap Limited (“HSL”). If you have any questions about the contents of this Brochure, please contact us at +44(0) 207 680 4585 or by email to [melanie.dukes@hermes-sourcecap.com](mailto:melanie.dukes@hermes-sourcecap.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

HSL is a registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about HSL also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

Date of previous annual update: March 23, 2012

Since we last filed our March 23, 2012 annual update to this Part 2 of Form ADV on behalf of HSL we have made some material changes.

- We have removed an affiliate (Hermes Focus Asset Management Limited) of HSL as they are no longer part of the Hermes Group
- Other items have been updated to reflect current practice

Currently, our Brochure may be requested by contacting Melanie Dukes at +44(0) 207 680 4585 or by email to [melanie.dukes@hermes-sourcecap.com](mailto:melanie.dukes@hermes-sourcecap.com).

Additional information about HSL is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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#### **Item 4 – Advisory Business**

Sourcecap International Limited (HSL) was established in June 2008. HSL was acquired by Hermes Fund Managers Limited (“HFML”) on the 3rd December 2009. HFML is ultimately owned by the BT Pension Scheme (“BTPS”).

HSL specializes in managing high-alpha, unconstrained European equity portfolios for institutional clients. HSL primarily provides discretionary investment management services to institutional clients, several of which are long only segregated managed accounts. Other institutional clients include collective investment vehicles which are not registered for public sale in the United States (“private funds”). Private funds may be registered for public sale in other jurisdictions, but none are registered under the Investment Company Act of 1940, as amended (“1940 Act”). HSL only manages assets of such private funds and is neither the issuer nor distributor of units of any private fund.

Investments for institutional clients and private funds (collectively, “Clients”) are managed in accordance with the Client’s investment objectives, strategies, restrictions and guidelines. Private funds are managed only in accordance with their own characteristics and are not tailored to any particular private fund investor (each an “Investor”). Since HSL does not provide individualized advice to Investors, they should consider whether a particular private fund meets their investment objectives and risk tolerance prior to investing. Information about each private fund is found in its offering documents, including its private placement memorandum (“PPM”).

The Hermes business model combines specialist investment teams and products with a robust operating platform, supported by a number of core central services including: trading, compliance, internal audit, operational risk, marketing, legal, human resources, information technology, middle office, product development and finance.

The administrative side of Hermes in the UK is handled by HFML. HFML has outsourced the provision of such administration services to The Northern Trust Company (“NT IOO”) and International Fund Services (Ireland) Limited (“IFS”).

Hermes also operates a stewardship business, Hermes Equity Ownership Services (“HEOS”), a corporate governance service which seeks to enable its clients to be responsible investors and owners of companies. Clients of HSL and its affiliated advisers may appoint HEOS as their third party proxy voting agent rather than relying upon their asset manager to provide this service. Clients of HSL who have appointed HEOS as their proxy voting agent pay HEOS a separate fee for this proxy voting service which is separate from and in addition to any advisory fee paid to HSL.

As of December 31st 2011, HSL had US\$1,355.9million in discretionary and non-discretionary assets under management.

## Item 5 – Fees and Compensation

Regardless of HSL’s compensation arrangements, policies and procedures are in place to limit any conflicts of interest.

### Private Account Advisory Services

HSL’s standard fee schedule for institutional segregated investment accounts (“Private Accounts”) for the European Alpha and European Alpha ex-UK strategies are as follows:

Market Value of Assets	Annual Percentage Fee*
First \$75 Million	0.75%
Over \$75 Million	0.50%

\*Minimum Fee Requirement: \$375,000.

Fees for the Hermes International Alpha strategy are 0.75% for any sized mandate.

Fees are typically charged quarterly in arrears based on the market value of assets in a Private Account on the last trading day of each calendar quarter. In any partial calendar quarter, fees are pro-rated based on the number of days in which the account is open during the quarter. For purposes of calculating HSL’s advisory fees, the market value of assets in a Private Account shall consist of the market value of securities and other investments held in the account, and will not be reduced by any margin or other indebtedness of Client with respect to such securities or other investments. Assets of Private Accounts that have a business relationship to each other may, at the discretion of HSL, be aggregated for purposes of calculating the advisory fee applicable to each Private Account.

In certain circumstances, Private Account fees and minimums may be negotiable. To the extent that fees are negotiable, some Clients may pay more or less than other Clients for the same management services, depending, for example, on account inception date, applicable investment mandates or restrictions, total assets under management by HSL or number of related Private Accounts. Fees charged to Private Accounts are not based on the capital gains or the capital appreciation of any such accounts.

HSL bills each Client account in accordance with the management fee calculation methodology provided by the Client. In general, this means that HSL calculates fees by applying its negotiated fee to an average of the month-end closing values of each month in the quarter.

Clients’ Private Account agreements may be canceled at any time, by either party, for any reason upon written notice. Typically, a refund of prepaid fees is not applicable as fees are charged in arrears. However, unearned, pre-paid fees will be promptly refunded.

### **Private Fund Fees**

Fees for each private fund are described in its fund prospectus. Unless otherwise indicated in the fund prospectus or other governing documents, management fees are paid quarterly in arrears.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

Certain Clients may negotiate a performance-based fee. Performance-based fees are negotiated in compliance with Rule 205-3 under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), and are charged only to “qualified clients” as defined in the rule, or as otherwise permitted by Advisers Act Section 205. These Separate Accounts are managed in the same facility, using the same systems and staffed with the same personnel used for Clients which do not have performance-based fees. Depending on performance, fees obtained by HSL and compensation earned by its investment staff on these Separate Accounts may be significantly higher than that earned on accounts of Clients which do not have performance-based fees. There are inherent conflicts of interest in the side-by-side management of performance fee and fixed fee accounts, in that an adviser may have an incentive to favor a performance fee account over a fixed fee account. HSL believes its trade allocation procedures, including procedures for allocating limited offerings and average pricing of executed trades, mitigate such potential conflicts of interest. The procedures generally require accounts for Clients with similar investment strategies to be managed in a similar fashion, subject to a variety of exceptions, such as, particular investment restrictions or policies applicable only to certain accounts, differences in cash flows and account sizes, and similar factors. HSL’s trade allocation procedures are discussed more fully in Item 12 below.



## **Item 7 – Types of Clients**

HSL provides investment advisory services only to institutional clients, which include pension plans and non-US private funds. In general, HSL serves as a manager of or sub-adviser to assets of non-US funds created by unaffiliated organizations. As a result, this disclosure brochure may discuss information relevant to such Investors, as necessary or appropriate. Nonetheless, this brochure is designed solely to provide information about HSL and should not be considered to be an offer of interests in any private fund managed or sub-advised by HSL. HSL is not involved in the sale or distribution of units of any of the private funds it manages or sub-advises and is not responsible for overseeing compliance with any distribution-related requirements in the US or other countries.

Minimum account sizes vary depending on the type of investment advisory services to be performed and in certain circumstances may be negotiable. HSL generally requires a minimum investment of \$25,000,000 to open a Private Account. As noted in Item 5 above, HSL’s minimum annual fee requirement is \$375,000 per Private Account. These minimums may be waived by HSL in its discretion. Minimum investment requirements for private funds are set forth in each private fund’s respective PPM and are administered by each fund’s sponsor, not by HSL.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

### **European Alpha & European Alpha ex-UK**

HSL offers long-term investors a high-alpha, high conviction approach to European Equity management. HSL focuses on stock selection conducted in a thematic framework that takes advantage of the power of “change”, with the aim of delivering sustainable long-term performance. Franchise and brand value, technological shifts, consumer preferences and the opening up of new markets can all be significant determinants of the financial performance of a company over the long term.

Our objective is to build a portfolio of high-conviction, original ideas that will outperform the benchmark by over 300 basis points per annum over rolling five year periods, without excessive volatility. Our emphasis is on mid to large capitalization pan-European stocks.

HSL believes that our perspective and core beliefs about investments and markets distinguish us from other managers:

- Change is systematically under-appraised as a driver of stock prices
- Straight-line thinking dominates most investment processes, but we live in a non-linear world, which allows our lateral thinking approach to bring differentiated returns
- Original research is the most effective way to test the validity or otherwise of an investment thesis, by going straight to the source of information
- Time remains the final judge of a good investment decision; only after the passage of time can the true value of a stock emerge from the noise of short-term trading fluctuations

All investment ideas are validated through research that builds a clear picture of a company's future performance and the underlying drivers to corporate returns. The team identify investment themes, which can include shifts in markets, technological change, new management and environmental policies among many others, then consult external research sources and meet with company management and competitors to validate (or negate) the thesis. Every idea is subjected to fundamental analysis to assess the potential undervaluation and the probability of success. We look for companies whose share price has the potential to rise by at least 50% over a two-year horizon.

The Portfolio contains 30 to 60 high-conviction, bottom-up ideas generated within a clear thematic framework as companies operate in the wider world and not in a vacuum. Stocks are valued in an absolute sense based on their own merits. This leads to a portfolio with high levels of conviction, with all stocks held for clear, positive reasons.

We sell stocks according to four criteria:

- Fundamental: when fundamentals deteriorate or conflict with the original thesis
- Substitution: when we identify a stock with a more compelling risk/reward profile
- Valuation: when the price rises to where the long-term growth is valued excessively
- Technical indicators: if price movements are at odds with our thesis or move inconsistently with news flow

HSL believes that most industry risk models do not offer sufficient forward looking insight; we offer a meticulous, empirical approach to understanding risk, driven by evidence rather than sentiment or backward-looking models. Analysis of the portfolio’s risk profile is provided regularly; the CEO challenges any aspects of the portfolio that are not working or behaving counter to expectations. Common sense and prudence sit at the centre of our risk-control framework; balancing alpha generation and protection from overly concentrated risk is vital. No single stock exceeds 5% of the portfolio, and no sector will differ from its benchmark weighting by more than 15%. We do not impose tracking error constraints, as this would be contrary to our focused alpha-generation approach. The operational and reputational risks associated with a company’s approach to environmental, social and governance issues are also assessed to ensure these areas should not represent a significant risk to the investment.

This brochure has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. Prospective investors must rely on their own examination of the legal, taxation, financial and other consequences of an investment with HSL or HSL products, including the merits of investing and the risks involved. Prospective investors should not treat the contents of this brochure as advice relating to legal, taxation or investment matters. Before entering into an agreement in respect of any investment referred to in this brochure you should consult your own professional and/or investment advisers as to its suitability for you. Past performance is not a reliable indicator of future results. This brochure should be read in conjunction with any relevant fund offering document (such as a prospectus or private placement memorandum) which will exclusively form the basis of any application. A comprehensive list of risk factors appears in each fund offering document and an investment should not be contemplated until the risks of investment have been considered fully.

## **International Alpha**

The investment philosophy behind the new Hermes International Alpha strategy is based on the notion of “spending your risk-budget wisely”. For international equities, we believe that the optimal strategy is to allocate the relative risk-budget to high conviction stock selection within the three regional sub-components of the index (Europe, Japan and Asia-Pacific ex-Japan) while minimizing the contribution to tracking error from regional allocations choices by indexing the regional weightings to their benchmark weights. Such an approach reduces the impact of potentially costly and disruptive tactical asset allocation shifts between regions, as well as avoiding a systemic, and possibly consensus, bias towards one region. It allows us to focus our efforts on the area of investment that we have the greatest level of conviction, namely regional stock selection, and minimizing the contribution from regional allocation where our conviction levels on adding value are low. Any drift in the regional allocations away from the benchmark due to the relative performance achieved by the regional teams will be corrected by low cost program trades and managed centrally to avoid disruption to the working of the regional stock selection process. We believe that such an approach to managing international equity portfolios brings the benefits of efficient use of the risk-budget, good cost management, avoidance of systemic regional biases and sound diversification of investment style by the use of three independent management teams.

The Hermes International Alpha strategy has been designed as a regional stock-picking approach that utilizes the concept of “local rules for local conditions” which recognizes the increasingly diverse nature of local economic conditions. Each of the three regional teams (Europe, Japan and Asia-Pacific ex-Japan) operate independently of the others, deploying a high conviction, high alpha approach to investing that reflects the conditions prevailing in their region, as well as their own investment philosophy for managing client assets in that area. The unifying characteristic that runs across all three teams is that they all believe that as active managers they are hired to create client portfolios that are different to the benchmark index and which are driven by a high conviction approach to stock selection. Each manager runs regional portfolios for a range of existing clients and will, subject to benchmark constraints, run the sub-portfolios of the International Alpha strategy in line with other client portfolios to ensure a consistency of approach and an efficient use of their resources.

Andrew Parry, the Head of the Hermes Multi-Assets Product group, is the lead portfolio manager and his role is to coordinate the efficient implementation of the strategy across the three regional teams. The driver to relative performance, however, of the Hermes International Equity strategy will be the alpha generated by the three investment teams

against the respective local portion of the benchmark index. The allocation to the three regions will be made in line with their weighting in the benchmark index as this is not meant to be an area from which we are seeking to add-value. As a consequence, the strategic regional allocation of the assets will be indexed and there will be no tactical asset allocation shifts involved in the management of the strategy. Any drift from the regional benchmark weights beyond certain tolerance levels due to the relative performance of the managers within their region will be rebalanced back to their index weights by the use of periodic low cost program trades.

The choice of stock, sector and country allocations within the three regional sub-portfolios is delegated to the investment teams in those areas whom act individually of each other. The common feature to portfolio construction running across the teams is an emphasis on high conviction stock selection where individual positions are held only because we believe in them and in weightings above that in the reference index. As a consequence, all three sub-portfolios, and, by definition, the total portfolio will have a high active share.

All three regional investment teams have a similar sell discipline that is largely the obverse to the buy discipline. We sell securities based on four disciplines: valuation, change in fundamentals, substitution and technical indicators. Valuation: a stock position is reduced as the risk/reward ratio deteriorates and a position is exited fully when the price more discounts the fundamental outlook. Fundamental change: positions are closed fully when the fundamentals deteriorate or conflict with the original thesis. Substitution: a better alternative is identified with a more compelling risk/reward profile. Technical indicators: in the final analysis we are buying share price movements and if the price action of a stock is at variance with the underlying thesis or acts inconsistently with the news flow then we exit the position.

The Hermes International Alpha strategy's approach to risk management begins with the research process. As active stock pickers we see the way we analyse and assess the potential of individual ideas as much as a risk tool as a return driver, since we are endeavouring to ensure, through an iterative research process, that we have balanced the risk/reward in favour of the portfolio. This approach is enhanced by holding only stocks that we believe in and not “padding” the book with the dead wood of index proxies. While we use a number of risk models to measure absolute and relative risk, tracking error, factor exposure and the sources of marginal contribution to risk, we would describe ourselves as sceptics and prefer empirical observation to a fixed model based approach to risk management. If a model says the portfolio has high risk, then we accept that risk is high and ensure it is in line with our levels of insight and conviction and is behaving in a way commensurate with our expectations. If a model says the portfolio has low risk, we remain sceptical, as the main source of relative risk is stock-specific in nature and we rely on

observation of the behaviour of the portfolio: If performance and the behaviour of the portfolio begin to deviate from our expectations, we look for the source of that deviation, as we recognize that traditional risk measures are unstable and vary over time and are not adequately captured by risk models.

Investors may not get back the full amount originally invested. The value of overseas investments will be influenced by the rate of exchange. The value and risks of underlying investments may be difficult to verify independently. Any person wishing to subscribe for any interest should satisfy himself as to the observance of the laws of any relevant territory, including the obtaining of any requisite governmental or other consent and the observing of any other formalities.

### **Item 9 – Disciplinary Information**

There are no legal or disciplinary events to disclose with respect to HSL.

### **Item 10 – Other Financial Industry Activities and Affiliations**

There are no other industry activities to disclose in relation to HSL.

HSL is affiliated with the following investment advisers:

- BT Pension Scheme Management Limited (“BTPSM”)
- Hermes BPK Partners LLP (“HBPK”)
- Hermes Equity Ownership Services (“HEOS”)
- Hermes Focus Asset Management Europe Limited (“HFAME”)
- Hermes Fund Distributors LLC (“HFD”)
- Hermes Fund Managers Australia Pty Ltd (“HFMA”)
- Hermes Fund Managers (North America) LP (“HFMNA”)
- Hermes GPE LLP (“HGPE”)

- Hermes Investment Management Limited (“HIML”)

BTPSM, HBPK, HFAME, HGPE & HIML are all authorized and regulated by the Financial Services Authority in the United Kingdom.

HBPK, HGPE, HFMNA & HIML are all registered investment advisers with the Securities and Exchange Commission.

HFMA is licensed with the Australian Securities and Investments Commission.

HFD is a broker-dealer and a FINRA member.

## **Item 11 – Code of Ethics**

HSL has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at HSL must acknowledge the terms of the Code of Ethics annually, or as amended.

HSL anticipates that, in appropriate circumstances, consistent with clients’ investment objectives, it will cause accounts over which HSL has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which HSL, its affiliates and/or clients, directly or indirectly, have a position of interest. HSL’s employees and persons associated with HSL are required to follow HSL’s Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of HSL and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for HSL’s clients.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of HSL will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes

of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of HSL’s clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between HSL and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with HSL's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. HSL will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

HSL’s clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Melanie Dukes on +44 207 680 4585 or by e-mail on [melanie.dukes@hermes-sourcecap.com](mailto:melanie.dukes@hermes-sourcecap.com).

It is HSL’s policy that the firm will not affect any principal or agency cross securities transactions for client accounts. HSL will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.



## **Item 12 – Brokerage Practices**

Depending on the terms of the Client’s agreement with HSL, HSL is generally given authority to make the following determinations without obtaining Client consent before effecting transactions:

- Which securities are to be bought and sold;
- The total amount of the securities to be bought or sold;
- The broker or dealer through whom securities are to be bought or sold; or
- The commission rates or prices at which securities transactions for client accounts are effected.

### **Selection Criteria for Brokers and Dealers**

The execution of HSL’s trade decisions is undertaken by the Central Dealing desk (“Central Trading”), which is a team operating under HML’s regulatory license.

In determining the ability of a broker or dealer to provide best execution of securities transactions, Central Trading considers a number of factors, including the execution capabilities required by the transactions; the characteristic of the financial instrument; the importance of speed, efficiency and confidentiality; the likelihood of settlement; the broker or dealer’s apparent familiarity with sources from or to whom particular securities might be purchased or sold; the reputation and perceived soundness of the broker or dealer; as well as other matters relevant to the selection of a broker or dealer for portfolio transactions, which may include research. See also, “Soft Dollar” or Research/Execution Policy and Trade Aggregation and Allocation Policy, below.

### **Commission Rates or Equivalents**

Central Trading will seek to be aware of current commission rates of eligible brokers and to minimize the expenses incurred for effecting portfolio transactions to the extent consistent with clients’ interests and objectives. Although Central Trading generally seeks competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent. Commission rates paid for equities may vary depending on the asset class, market (by country), investment style, and type of transaction (execution only or bundled trades). Central Dealing is responsible for periodically reviewing and consulting on its executions for HSL Clients.

The execution component of bundled rates (See “Soft Dollar” policy below) are separately negotiated with brokers based on the particular mix of execution services, research services received, and the appropriate rates for each. Additional information can be provided on request.

Commissions on exchange traded derivatives are paid to the clearing broker on trade date. They are split into a clearing commission that the clearing broker keeps and an execution commission that the clearing broker pays to the execution broker on receipt of a monthly invoice. Each contract has a different rate that is agreed by Central Trading on a transaction-by-transaction basis.

### **“Soft Dollar” or Research/Execution Policy**

When appropriate under its discretionary authority and consistent with its duty to obtain best execution, HIML may direct brokerage transactions for Client accounts to broker-dealers who provide HIML with research and brokerage services. The brokerage commissions used to acquire these services are known as “soft dollars.” The Securities Exchange Act of 1934, Section 28(e) and related SEC interpretive materials provide a “safe harbor” which allows HIML to pay for research and brokerage services with soft dollars generated by client account transactions. Section 28(e) permits HIML, under certain circumstances, to cause Client accounts to pay brokers and dealers a commission for effecting portfolio transactions in excess of the commission another broker or dealer would have charged to effect such transactions.

Broker-dealers typically provide a bundle of services, including research and execution. The services provided can be either proprietary (created and provided by the broker-dealer, including tangible research products as well as access to analysts and traders) or third-party (created by a third party but provided by the broker-dealer). HIML may use soft dollars to acquire either type.

Accordingly, HIML may pay broker-dealers client commissions for effecting Clients’ portfolio transactions in excess of amounts other broker-dealers would have charged for effecting similar transactions if HIML determines in good faith that such amounts are reasonable in relation to the value of the brokerage and/or research services provided by those broker-dealers, viewed either in terms of a particular transaction or HIML’s overall duty to its discretionary accounts. On a semi-annual basis, HIML will consolidate execution and research commissions paid from client commissions into a disclosure report, which can be provided to clients where requested.

Broker services received are reviewed quarterly by all staff that are recipients of them and evaluation scores entered into 4TEUS’s Business Management system. The system combines research budgets set for each desk with these scores to create research targets for each broker which are then consolidated at firm level. Overall research budgets are usually set annually but can be reviewed at any time if the need arises.

The execution component of bundled rates is negotiated with brokers based on the particular mix of execution services received, and the appropriate rates for each.

Primary analysis of companies and industries is generally provided by counterparties, while HIML’s portfolio managers undertake comparative company evaluations internally, meeting company management wherever possible to complete their assessment. Central Trading has put in place Commission Sharing Arrangements with several counterparties to separate the research component of bundled commissions using an independent third party to facilitate onward payment to research service providers.

Actual research commissions paid are constantly monitored against targets in monetary terms, with the intention that Commission Sharing Arrangements will be used to redistribute research commissions to those research providers whose receipts have fallen below target.

In determining whether a service or product qualifies as research or brokerage, HIML must evaluate whether the service or product provides lawful and appropriate assistance to it in carrying out its investment decision-making responsibilities. Brokerage and research services that may be provided under Section 28(e) include: (1) furnishing advice as to the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities; (2) furnishing analyses and reports and sponsoring seminars or conferences concerning industries, issuers, securities, economic factors and trends, portfolio strategy, and the performance of accounts; and (3) effecting securities transactions and performing functions incidental thereto (such as clearance, settlement, and custody). Under HIML’s policy, HIML may only pay for certain market publications and commentaries, research and data reports and economic forecasts with Client commissions.

In certain instances the research element of mixed-use items is eligible for the use of research commission. Mixed-use items are market data services that include both eligible

and non-eligible information for the use of research commission. In these circumstance a full analysis is carried out to determine the proportion that is eligible.

The receipt of research in exchange for soft dollars benefits HIML by allowing HIML at no cost to it, to supplement its own research and analysis activities. This creates a conflict of interest which HIML recognizes. HIML limits its use of soft dollars to only those services which are within the HIML policy and in compliance with the safe harbor. Moreover, any research services received by HIML are in addition to, and not in lieu of, services required to be performed by HIML under its investment management agreements.

As a general matter, brokerage and research services may be used to service other HIML discretionary accounts. However, each and every brokerage or research service may not be used for the benefit of each and every account managed by HIML, and brokerage commissions paid by one account may be used to pay for brokerage and research services that may not be used to service that account.

HIML will not enter into any agreement or understanding with any broker-dealer which would obligate HIML to direct a specific amount of brokerage transactions or commissions in return for such services. However, certain broker-dealers may state in advance the amount of brokerage commissions they require for certain services and the applicable cash equivalent.

### **Block Trading Policy**

HSL is required to ensure that client orders it places are executed in a prompt, fair and expeditious manner for the type of order in question. All client orders are placed in the trading system by the HSL fund managers and then ‘picked-up’ by the Central Dealing team which operate under HIML and executed in accordance with their Execution policy.

HIML Central Dealing may, but is not obligated to, “bunch” orders being placed for execution at the same time for the accounts of two or more clients where it believes such aggregation is appropriate and in the best interest of its Clients. This practice may enable Central Dealing to seek more favorable executions and net prices for the combined order. All orders placed for execution on an aggregated basis are subject to HIML’s aggregation and allocation policy, designed to ensure that no Client or account will be favored over another.

HIML’s policies and procedures ensure that orders are passed to appropriate venues for execution as soon as practical, unless postponing execution is in the client's best interest.

Orders are passed on for execution for different clients at the same time as a “block” unless a Client has taken responsibility for arranging its own order execution with a broker or dealer of its own choosing. Personnel involved in the dealing process are expected to use their best endeavors to ensure that they complete the activities they are responsible for in a timely manner.

For clients with similar mandates, Central Dealing may aggregate a HSL client order with an order or orders for other clients. Central Dealing will only perform such aggregation if it is likely that the aggregation will work overall to the advantage of all of the clients whose order is aggregated. Orders are allocated using either the price paid for each investment or at a volume weighted average of the prices of a series of transactions. In the event of being able only to partially fill an aggregated order, allocation will occur on a reduced pro-rata basis, unless allocation becomes uneconomic for a client. Where it is no longer in the client's interest to receive the reduced allocation, Central Dealing may eliminate such clients from the allocation and reallocate the remaining part of the order on a pro rata basis to the remaining clients so that there is no systematic bias for or against a client or clients. Reallocation of an aggregated order will occur only in the case of error, or to ensure fairness over a series of partial executions as described above.

Both HSL at the time it creates an order and Central Trading at the time it receives orders, whether from HSL or other affiliated advisers, may aggregate or “bunch” orders being placed for execution at the same time for the accounts of two or more clients where they believe such aggregation is appropriate and in the best interest of clients. This practice may enable HSL and Central Trading to seek more favorable executions and net prices for the combined order. All orders placed for execution on an aggregated basis are subject to Hermes' Trade Aggregation and Allocation Procedures (the “Procedures”). The Procedures are designed to ensure that no client or account will be favored over another. The Procedures are summarized as follows.

All client orders are executed promptly by Central Trading, whose sole responsibility is to obtain the best price for all clients whose accounts are traded through Central Trading. Central Trading does not give unfair preference to any particular client or any group of clients. Central Trading must ensure that: there are reasonable grounds evidenced (or attached or otherwise referred to) on the trade ticket for believing that the allocation is fair; the allocation is reasonable and in the interests of all, and does not conflict with client instructions or the client agreement.

The overall goal of these requirements is to treat each account fairly, with no inappropriate biases, while retaining tradable position sizes in each account.

The portfolio manager must determine that the purchase or sale of the particular security order is appropriate for the client and consistent with the client’s investment objectives and with any investment guidelines or restrictions applicable to the client’s account. In determining to include a client account in a bunched order, Central Trading considers the nature and size of the expected bunched order, and other factors appropriate under the circumstances.

Central Trading must reasonably believe that the bunched order is consistent with the overall duty to seek best execution and may benefit each client participating in the aggregated order. Central Trading is required to have a reasonably good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in hindsight.

Generally, each client that participates in a bunched order shares in commissions or other transaction costs on a pro rata basis. However, in the event a bunched order is traded on an Electronic Trading System, some client accounts may pay a lower rate in commissions than other client accounts, as determined by the executing broker-dealer, pursuant to special discounted rates offered by the executing broker-dealer based on the number of shares executed at the client account level. When a bunched order is partially filled, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial trade allocation process and that does not consistently advantage or disadvantage particular clients or groups of client accounts. However, adjustments to the allocation may be made to avoid de minimis allocations to client accounts or to avoid deviations from pre-determined holding limits established for any account.

### **Item 13 – Review of Accounts**

The review of accounts is undertaken at multiple levels over a variety of periods and covers investment performance, strategy and compliance with guidelines.

The CEO of HSL has over 26 years’ experience as a portfolio manager and is in charge of assessing the risk profile of portfolios. He provides analysis on the risk characteristics of the portfolio to the portfolio manager and challenges those aspects of the portfolio that are not working or where the portfolio is behaving in a manner that is counter to the expectations of the strategy and risk models.

The portfolio manager monitors the portfolio on a continuous basis and is able to look at a live valuation for each account through the thinkFolio Order Management system that provides performance attribution at the stock, sector and currency level. The thinkFolio system, along with alert screens maintained on Bloomberg, allows the portfolio manager to be aware of any sharp movements in stock prices as they happen. HSL’s order management system also shows the allocation of a client’s assets by stock, industry, country and currency and reports can be customized to look at the disposition of the assets from a variety of angles. The portfolio manager also has access to a number of research services that provide live news feeds so that he can be kept apprised of new information as it becomes available. The portfolio manager has an investment team of analysts who work with him and monitor intra-day performance and news flows that might impact performance. Before placing a trade for an account the portfolio managers review the guidelines for that account to ensure that the trade is permissible. The portfolio manager and investment team also monitor on a continuous basis the performance of the overall universe of permissible stocks to ensure that they are aware of emerging trends developing within the markets that are outside of the stocks held in client portfolios.

The portfolio manager and investment team meet regularly with the CEO to review the performance, strategy and risk disposition of the portfolio. Particular focus is given to the behavior of accounts against the stated benchmark, our strategy and the anticipated risk of accounts with deviations from expectations analyzed to ensure that we capture negative change early. The CEO provides an independent risk analysis of the portfolio and has access to the thinkFolio system and a variety of risk models. The role of the CEO in portfolio monitoring is to provide an independent “check & challenge” to the portfolio manager to ensure that we remain within guidelines and true to our investment philosophy.

As a preventative measure, pre-trade portfolio parameters (as agreed with clients), counterparty limits or other guidelines are coded into our order management and trading system, thinkFolio, prior to investment. Coding is undertaken via a robust rule summary process and always subject to further review by a senior member of the investment team. Once client risk limits have been input into thinkFolio, these cannot then be re-altered by portfolio managers. Where certain restrictions cannot be hard-coded into the system, under these circumstances restrictions are monitored manually on a daily basis (or as required). ThinkFolio is also coded to ensure that any trade in a prohibited counterparty or jurisdiction is prevented before execution.

Our Compliance team run a daily post-trade breach report in thinkFolio which shows when investment guideline limits have been exceeded irrespective of whether the ‘breach’ has occurred as a result of market movements or a corporate action.



In addition, Hermes dedicated Investment Office monitor adherence to internal risk guidelines on a fortnightly basis, hence providing an early warning system to avoid any limits being exceeded. Where any internal risk guidelines are reached, this will immediately be flagged to the investment team. Portfolio managers will usually adjust their position immediately. However, in cases where investment teams believe it is more appropriate to continue with an outlying position or challenge the internal risk guideline, this will be escalated for discussion at the Portfolio Review Committee (see below). Typically, a resolution will be agreed and if appropriate then communicated to client.

The Portfolio Review Committee assists in the assessment and management of the investment teams, their corresponding processes and related activities. It meets on a monthly basis and is chaired by the Head of Investment. The Portfolio Review Committee meets to independently review all Hermes boutiques’ underlying portfolio performance and risk exposures, ensuring that all portfolio Objectives and Constraints are adhered to and no unnecessary risks being taken.

ThinkFolio provides automated transmissions of execution orders to dealers, allowing for more accurate and faster dealing to back office/settlement routing. Trade orders are input into thinkFolio by the portfolio managers and the trades are then picked up from the new order blotter on the system by the dedicated dealer. Cadis, an off-the-shelf middle office external software system, provides a dashboard which monitors all executed transactions, details of which are then confirmation matched by The Northern Trust Company (Hermes’ Investment Operations Outsource) with the counterparty. It also flags up any exceptions and unconfirmed trades.

Cash and securities reconciliations are performed on a daily basis by Northern Trust. Any inconsistencies or “breaks” are investigated and reported to Hermes on a daily basis until resolved. Hermes Middle Office monitor the age, value, and number of reconciliation “breaks” on a daily basis and report to the relevant investment teams as appropriate.

Hermes Counterparty Credit Risk Group approves new counterparties, performs on-going monitoring of all counterparties, external ratings and credit events, daily monitoring against limits, investigations of breaches and escalate when required.

Risk specialists also form part of the Investment Office structure. They can provide portfolio managers with a tailored ‘deep dive’ risk breakdown and recommend appropriate quantitative and modelling solutions. Their analysis includes stress testing, with a proprietary economic multifactor model called MultiFrame, showing the likely effects of different macro-economic scenarios on portfolios.



Monthly meetings take place with the Group Compliance Officer and the Head of Operations. The compliance department conducts regular spot checks on compliance with guidelines, best execution and all aspect of compliance with FSA and SEC rules governing the managing of client portfolios. In addition to the monitoring of these areas, the CEO, investment team and operations team review monthly, and more formally quarterly, the allocation of commissions to brokers.

### **Nature and Frequency of Reports**

Generally, clients receive monthly, quarterly and annual reports from HSL. Reports include Valuations, Transaction Reports, a Portfolio Appraisal, Realized Gains & Losses, Unrealized Gains & Losses, Interest, Dividends and Expenses, Contributions/Withdrawals, and Performance History statements. HSL will work with Clients on a case by case basis to determine their reporting needs and provide customized reporting where applicable and necessary.

## **Item 14 – Client Referrals and Other Compensation**

HSL may from time to time compensate, either directly or indirectly, either employees or third parties for client referrals. Any such referral arrangements will comply with the relevant portions of the “cash solicitation” rule (Rule 206(4)-3). In particular, third party referral arrangements will be pursuant to a written agreement between HSL and the solicitor and all required disclosures will be made.

Some of HSL’s clients may retain consulting firms to assist them in selecting investment managers. Some consulting firms provide services to both those who hire investment managers and to investment management firms. HSL may pay to attend conferences sponsored by consulting firms and/or purchase services from consulting firms where it believes those services will be useful in operating our investment management business. HSL does not pay referral fees to consultants. However, HSL’s clients and prospective should be aware that consulting firms might have business relationships with investment management firms that they recommend to their clients.

HSL has various business relationships with Hermes-affiliated investment advisers. HFMNA and HSL have entered into a cash solicitation arrangement under which HFMNA

receives compensation for referring prospects to HSL for HSL’s advisory services. HFMNA has not been engaged, and is not compensated, to refer prospective investors for private funds advised by HSL.

HSL pays HFMNA referral fees based on net fee income as follows:

Year 1	=	21%
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Year 2	=	14%
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Year 3 onwards	=	7%
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HSL has also entered into a cash solicitation arrangement under which HIML pays compensation to HSL, as agreed from time to time in writing, to act as distributor of a private fund which is not available to US investors. HIML and HSL have entered into an agreement under which HIML received compensation from HSL, as agreed from time to time in writing, for referring prospects to HSL.

### **Item 15 – Custody**

It is HSL’s policy not to accept custody of client funds or securities. We also have policies and procedures designed to prevent us from having inadvertent or deemed custody. From time to time, custodians or other parties may mistakenly send us share certificates, dividend checks or other client assets. HSL has procedures that require such assets to be returned in a timely manner.

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client’s investment assets. HSL urges you to carefully review such statements and compare such official custodial records to the account statements that we provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **Item 16 – Investment Discretion**

HSL usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, HSL observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, HSL’s authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Before accepting discretionary authority, HSL will discuss with client the HSLs investment strategy in order for the client to decide if it meets with their investment objective. Client’s investment guidelines and restrictions must be provided to HSL in writing and are usually part of the Investment Management Agreement signed by the Client and HSL.

### **Item 17 – Voting Client Securities**

HSL believes that voting proxies is an important aspect of portfolio management as it represents an opportunity for shareholders to make their voices heard and to influence the direction of a company. HSL is committed to voting corporate proxies in the manner that it reasonably believes serves the best interest of its Clients. In accordance with Advisers Act Rule 206(4)-6, HSL has adopted a Proxy Voting and Disclosure Policy & Procedure (“Proxy Procedures”) to vote proxies on behalf of each discretionary Client who has not retained voting authority to itself or delegated voting authority to a third party. As noted in Item 10, above, HSL is affiliated with Hermes Equity Ownership Services (“HEOS”), an entity dedicated to corporate governance and shareholder voting. HEOS and the Hermes Group have adopted corporate governance standards applicable to proxy voting generally. As a Hermes’ affiliate, HSL’s Proxy Procedures with respect to voting on specific issues are largely governed by this group-wide policy.

The quality and depth of management is a primary factor that HSL considers when investing in a company. HSL will consider each proxy proposal on its merits, and will not follow management recommendations if HSL reasonably believes those recommendations are not in the best interest of its Clients. For example, HSL generally does not vote in favor of proposals to raise barriers to shareholder action, create or increase poison pill provisions, create separate classes of stock with disparate voting rights or elect auditors if there is a question as to the auditors’ independence. Because HSL considers each proxy proposal and the related corporate circumstances independently, it may vote differently with respect to similar proposals for different companies.

HSL recognizes that under certain circumstances it may have a material conflict of interest in voting proxies on behalf of its Clients. Such circumstances may include situations where HSL, its principals, officers or employees, have or are seeking a client relationship with the issuer of the security that is the subject of the proxy vote. In the event of a material conflict of interest, an independent third party proxy service provider will be engaged by HSL to obtain a vote recommendation. HSL will adopt the vote recommendation of the third party proxy service provider if HSL reasonably believes that recommendation appears to be in the best interest of its Clients.

For each proxy, HSL maintains all related records as required by applicable law. A client who delegates voting authority to HSL may obtain a copy of the Proxy Policy, or a copy of the specific voting record for his or her account(s), by contacting HSL at the address

identified on the face of this Brochure. The Proxy Policy may be amended from time to time.

As mentioned above, HSL is affiliated with HEOS. Clients of HSL who choose not to rely on HSL’s proxy voting activity may independently select HEOS as their third party service provider. If so selected, HEOS will take responsibility for votes cast on behalf of all voting securities held in such Clients’ accounts. HEOS will be separately compensated directly by such Clients and no part of this compensation will be shared with HSL.

#### **Item 18 – Financial Information**

HSL has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

#### **Item 19 – State Securities Registration**

HSL is not registered with any state securities authorities.

## **Item 20 - Brochure Supplement for - Saker Nusseibeh (Born 1961) – Group Chief Executive & Head of Investment**

### **Section 1 – Educational Background and Business Experience**

Mr. Nusseibeh was appointed CEO of Hermes Fund Managers in May 2012 after joining in June 2009 as a main Board Director and Head of Investment to drive, support and represent the Hermes investment capabilities. He is responsible for ensuring that all of Hermes’ investment capabilities deliver investment excellence and are able to compete at the highest levels in the third party market, as well as playing an integral part in Hermes’ drive to acquire new teams and businesses. Previous to Hermes, Mr. Nusseibeh joined Fortis Investments USA in 2005 as CIO Global Equities, moving on to become Global Head of Equities, responsible for managing the company’s 12 Equity centers. Prior to this, he was CIO Global Equities and Head of Marketing of SGAM UK where he re-orientated the company offering to include high-alpha UK strategies and a Global offering, following on from the sale of Trust Company of the West (TCW) to SGAM, where he was Managing Director running various Global and International strategies as well as the London office. He started his career at Mercury Asset Management (MAM) in 1987.

Mr. Nusseibeh is the Chairman of the 300 club, a group of leading investment professionals from across the globe who have joined together to raise awareness about the potential impact of current market thinking and behaviors, and to call for immediate action. Mr. Nusseibeh is also a public member of Network Rail.

Mr. Nusseibeh holds a BA 1:2 and a PhD in History from Kings College, London University, 1982 and 1993 respectively.

### **Section 2 – Disciplinary History**

There are no legal or disciplinary events to disclose with respect to Mr Nusseibeh.

### **Section 3 – Other Business Activities**

Mr Nusseibeh has been appointed to provide advisory services to the Investment Committee of one of Hermes largest clients. Whilst the time spent and compensation received for this role represents less than 10% of his overall time and income, there is the potential for conflicts to arise. These have been logged in the conflicts register maintained by Hermes.

### **Section 4 – Additional Compensation**

Mr Nusseibeh does receive additional income which accounts for less than 10% of his overall earnings for providing advisory services to one of Hermes largest clients as disclosed above.

### **Section 5 – Supervision**

As CEO and Head of Investment, Mr Nusseibeh is part of the Hermes Executive Committee and Senior Management Group that is responsible for implementing and overseeing the business and investment strategy of the Hermes Group. Mr Nusseibeh is ultimately subject to supervision by the Board of Hermes Fund Managers Limited.

## **Item 21 - Brochure Supplement for Harriet Steel (Born 1965) – Head of Sales & Marketing**

### **Section 1 – Educational Background and Business Experience**

Ms Steel joined Hermes as Head of Sales and Marketing in November 2011. Prior to Hermes, Ms Steel ran Portico Advisors from 2004. Portico raised assets globally for independent alternative asset managers across a range of strategies including hedge funds, private equity, real estate and structured products. Previously, Ms Steel sold Fixed Income and Currency Derivatives at both Morgan Stanley and Bankers Trust Company. Ms Steel has a degree in Architecture from Princeton University.

### **Section 2 – Disciplinary History**

There are no legal or disciplinary events to disclose with respect to Ms Steel.

### **Section 3 – Other Business Activities**

Ms Steel is not engaged in any investment-related business outside of her role with Hermes Sourcecap Limited or its affiliated investment advisers.

### **Section 4 – Additional Compensation**

Ms Steel does not receive any economic benefit for providing advisory services from any person that is not a client of Hermes Sourcecap Limited or its affiliated investment advisers.

### **Section 5 – Supervision**

As Head of Sales & Marketing, Ms Steel is part of the Hermes Executive Committee and Senior Management Group that is responsible for implementing and overseeing the business and investment strategy of the Hermes Group. Ms Steel is ultimately subject to supervision by the Board of Hermes Fund Managers Limited.



## **Item 22 - Brochure Supplement for – Andrew Parry (Born 1962) – Hermes Sourcecap Chief Executive Officer**

### **Section 1 – Educational Background and Business Experience**

Mr. Parry joined Hermes Sourcecap in December 2006 and as Chief Executive Officer has specific responsibility for risk management, hedging and portfolio construction for the company. Prior to joining Hermes Sourcecap, Mr Parry established Pembroke Capital Management in January 2003 and successfully launched the Magenta Fund, a global equity non-directional fund in March of that year, which reached \$240m peak assets under management. Before establishing Pembroke, Mr. Parry worked at Northern Trust Global Investments (Europe) Ltd as Chief Investment Officer of International Equities and was responsible for the management of Global, International and Regional portfolios. Prior to Northern Trust, Mr. Parry held a variety of senior management roles including Head of International Equities at Julius Baer Investments, Chief Investment Officer at Lazard Brothers Asset Management and Head of UK Equities at Baring Asset Management. He has over 25 years of highly successful investment management and business-building experience and holds a MA in Mathematics from the University of St Andrews.

### **Section 2 – Disciplinary History**

There are no legal or disciplinary events to disclose with respect to Mr. Parry.

### **Section 3 – Other Business Activities**

Outside of his roles with Hermes Sourcecap Limited, Mr. Parry is an independent investment advisor to the Investment Sub-Committee of the Mineworkers’ Pension Scheme.

### **Section 4 – Additional Compensation**

Mr. Parry is an independent investment advisor to the Investment Sub-Committee of the Mineworkers’ Pension Scheme for which he receives approximately US\$23,500 per annum, of which he keeps approximately US\$17,500 with the rest being paid to HSL.

### **Section 5 – Supervision**

As Hermes Sourcecap CEO, Mr. Parry is part of the Senior Management Group that is responsible for implementing and overseeing the business and investment strategy of Hermes Sourcecap as well as the Hermes Group as a whole. Mr. Parry is ultimately subject to supervision by the Board of Hermes Sourcecap Limited and the Board of Hermes Fund Managers Limited.

**Item 23 - Brochure Supplement for – James Rutherford (Born 1965) – Hermes Sourcecap Chief Investment Officer**

**Section 1 – Educational Background and Business Experience**

Mr. Rutherford joined Hermes Sourcecap in December 2006 and is not only the Chief Investment Officer, but also the Lead Portfolio Manager for the Hermes Sourcecap European Alpha product. After graduating, Mr. Rutherford joined Fidelity as a Pan-European Research Analyst, initially specializing in areas such as property, transportation, autos and media. In 1994, he became Portfolio Assistant to Graham Clapp and quickly progressed to become a Pan-European Institutional Portfolio Manager in 1995. Mr. Rutherford also co-managed the UK Recovery Trust which was ranked first in its peer group during that period. Over 11 years Mr. Rutherford came to manage a US\$19bn portfolio of Pan-European institutional funds and he remained at Fidelity until joining Hermes Sourcecap. Mr. Rutherford has over 20 years of experience in the investment industry and graduated from the London School of Economics in 1988.

**Section 2 – Disciplinary History**

There are no legal or disciplinary events to disclose with respect to Mr. Rutherford.

**Section 3 – Other Business Activities**

Mr. Rutherford is not engaged in any investment-related business outside of his roles with Hermes Sourcecap Limited.

**Section 4 – Additional Compensation**

Mr. Rutherford does not receive any economic benefit for providing advisory services from any person that is not a client of Hermes Sourcecap Limited or its affiliated investment advisers.

**Section 5 – Supervision**

As Hermes Sourcecap CIO, Mr. Rutherford is subject to supervision by Mr. Parry, the CEO of Hermes Sourcecap Limited and ultimately the Board of Hermes Sourcecap Limited.

**Item 24 - Brochure Supplement for – Melanie Dukes (Born 1976) – Hermes Sourcecap – Chief Operating Officer**

**Section 1 – Educational Background and Business Experience**

Mrs. Dukes is the Chief Operating Officer for Hermes Sourcecap and joined the firm in September 2006. Prior to this she spent six years within institutional client services with ABN AMRO Asset Management and Prudential M&G. In 1998 she worked for Bank of Ireland Asset Management, initially to support the unit trust side of the business, but shortly progressed onto the institutional side, maintaining relationships with high-net worth individuals and large institutions. In 1996 Mrs. Dukes joined Prolific Asset Management where she maintained responsibility for corporate action events, FXs and derivatives for the Prolific Funds. Mrs. Dukes began her career in the asset management industry in 1993 and has extensive experience within various back and middle office functions including valuations, corporate actions, investment reporting and performance. Throughout her career several qualifications have been obtained, including the Investment Management Certificate and various Investment Administration Qualifications.

**Section 2 – Disciplinary History**

There are no legal or disciplinary events to disclose with respect to Mrs. Dukes.

**Section 3 – Other Business Activities**

Mrs. Dukes is not engaged in any investment-related business outside of her roles with Hermes Sourcecap Limited.

**Section 4 – Additional Compensation**

Mrs. Dukes does not receive any economic benefit for providing advisory services from any person that is not a client of Hermes Sourcecap Limited or its affiliated investment advisers.

**Section 5 – Supervision**

Mrs. Dukes is subject to supervision by Mr. Parry, CEO of Hermes Sourcecap Limited and ultimately by the Board of Directors of Hermes Sourcecap Limited.

**Item 25 - Brochure Supplement for – Chi Chan (Born 1973) – Hermes Sourcecap – Senior Research Analyst**

**Section 1 – Educational Background and Business Experience**

Mr. Chan joined Hermes Sourcecap as an analyst in April 2007. Mr. Chan graduated from UMIST in 1997 with a degree in Clothing Engineering and Management. Upon graduation, he joined the Financial Services practice of Ernst & Young where he qualified as a chartered accountant. He then joined Credit Suisse First Boston in 2000 to assist in the inception of the global value-based research group before being recruited internally to join the highly rated pan-European telecom team. In early 2004, he joined Execution Limited as a senior telecom analyst, where he remained until joining Hermes Sourcecap in April 2007. He had lead analyst responsibility for companies with an aggregate market cap in excess of EUR 200bn and established a reputation for producing interesting commercial analysis.

**Section 2 – Disciplinary History**

There are no legal or disciplinary events to disclose with respect to Mr. Chan.

**Section 3 – Other Business Activities**

Mr. Chan is not engaged in any investment-related business outside of his roles with Hermes Sourcecap Limited.

**Section 4 – Additional Compensation**

Mr. Chan does not receive any economic benefit for providing advisory services from any person that is not a client of Hermes Sourcecap Limited or its affiliated investment advisers.

**Section 5 – Supervision**

Mr. Chan is subject to supervision by Mr Rutherford, CIO of Hermes Sourcecap Limited.

**Item 26 - Brochure Supplement for – Tim Crockford (Born 1983) – Hermes Sourcecap - Research Analyst**

**Section 1 – Educational Background and Business Experience**

Mr. Crockford joined Hermes Sourcecap in June 2008. Mr. Crockford was raised and educated in Malta and graduated from the University of Malta in 2006 with a Bachelor of Accountancy (Hons), having previously obtained a Bachelor of Commerce degree from the same university. Prior to joining Hermes Sourcecap, Mr. Crockford, began working at Execution Limited in July 2006 as a Primary Research Analyst, working on major projects in consumer, retail and financial services. Mr. Crockford worked with online, CATI, CAPI and intercept methods of data collection and wrote reports providing analysis and interpretation of primary data. He holds the Investment Management Certificate and the Securities and Investment Institute certificate.

**Section 2 – Disciplinary History**

There are no legal or disciplinary events to disclose with respect to Mr. Crockford.

**Section 3 – Other Business Activities**

Mr. Crockford is not engaged in any investment-related business outside of his roles with Hermes Sourcecap Limited.

**Section 4 – Additional Compensation**

Mr. Crockford does not receive any economic benefit for providing advisory services from any person that is not a client of Hermes Sourcecap Limited or its affiliated investment advisers.

**Section 5 – Supervision**

Mr. Crockford is subject to supervision by the Senior Research Analysts and Mr. Rutherford, CIO of Hermes Sourcecap Limited.