

Item 1 – Hermes Investment Management Limited's Brochure

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Date of Brochure:

24 July 2012

This Investment Adviser Brochure ("Brochure") provides information about the qualifications and business practices of Hermes Investment Management Limited. If you have any questions about the contents of this Brochure, please contact us at +44(0)20 7702 0888 or at email address a.simms@hermes.co.uk. 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.

Hermes Investment Management Limited is registered as an Investment Adviser with the SEC under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Registration of an investment adviser does not imply a certain level of skill or training.

Additional information about Hermes Investment Management Limited is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

Date of previous annual update: March 31, 2011

Since we last filed our March 31, 2011 annual update to this Part 2 of Form ADV on behalf of Hermes Investment Management Limited we have made a few material changes.

- We have updated the profile for Mr Saker Nusseibeh to include the fact that he has been appointed as CEO
- Other items have been updated to reflect current practice

Currently, our Brochure may be requested by contacting the Compliance Department at +44 (0) 207 680 8056 or a.simms@hermes.co.uk.

Additional information about Hermes Investment Management Limited is also available via the SEC's web site www.adviserinfo.sec.gov.

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Item 4 – Advisory Business

Established in February 1990, Hermes Investment Management Limited (HIML) is a multi-boutique asset manager that provides discretionary asset management services through the management of a range of multi-asset portfolios.

HIML as part of the Hermes Group ("Hermes") is an indirect, wholly-owned subsidiary of Hermes Fund Managers Limited ("HFML"), a UK holding company, which in turn is owned by the BT Pension Scheme ("BTPS"). Hermes is primarily comprised of affiliated multi-specialist asset managers each of which are described in Item 10. Hermes' past and future aims are firmly based around a long-term and responsible investment approach. 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. Hermes also operates a pension fund management service, BT Pension Scheme Management Limited ("BTPSM"), which exists alongside the multi-specialist structure and acts as the executive arm of the BTPS.

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 HIML 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 HIML 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 HIML.

HIML primarily provides discretionary investment services to institutional clients, including pension and profit-sharing accounts and pooled 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 such as Cayman Islands, Ireland or the United Kingdom, but none are registered under the Investment Company Act of 1940 ("1940 Act"). At this time, interests in the Cayman Island domiciled private funds are made available to US investors that are accredited investors and/or qualified purchasers as those terms are defined under the federal securities laws, or as otherwise permitted under applicable law. Private Funds domiciled in Ireland or the United Kingdom are currently not made available to US investors.

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").

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

As of March 31 2012, HIML had \$30.8 billion in discretionary and non-discretionary assets under management.

Item 5 – Fees and Compensation

Segregated Account Fees

HIML's standard fee schedule for institutional accounts ("Segregated Accounts") managed in accordance with the client's investment strategy. Please see the following fee schedule:

| Equities | | | USD Fee Ladder - Mandate Size | | | | | | | | |
|---|---------------------------------------|-------------|-------------------------------|------------------------|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------------------------|----------------------------|
| Strategy Name | Benchmark | Open/Closed | First \$25m to \$25m | Next \$25m to \$50m | Next \$25m to \$75m | Next \$25m to \$100m | Next \$50m to \$150m | Next \$50m to \$200m | Next \$50m to \$250m | Next \$250m to \$500m | Next \$500m to \$1bn |
| Emerging Markets | | | | | | | | | | | |
| Emerging Markets - Global | MSCI Emerging Markets Index | Open | 1.00% | 0.90% | 0.90% | 0.88% | 0.86% | 0.82% | 0.73% | 0.73% | 0.73% |
| Emerging Markets - Asia | MSCI EM Asia IMI Index | Open | 1.00% | 0.90% | 0.90% | 0.88% | 0.86% | 0.82% | 0.73% | 0.73% | 0.73% |
| International Alpha | | | | | | | | | | | |
| International Alpha - Europe, Japan and Asia-Pacific ex-Japan | FTSE All-World Europe Asia-Pacific | Open | 0.75% | 0.75% | 0.75% | 0.75% | 0.75% | 0.75% | 0.75% | 0.75% | 0.75% |
| Japan | | | | | | | | | | | |
| Japan Large Cap | TOPIX | Open | 0.72% | 0.58% | 0.50% | 0.48% | 0.39% | 0.39% | 0.39% | 0.34% | 0.34% |
| Small & Mid Cap | | | | | | | | | | | |
| UK Equity Small Cap | FTSE All Small (ex Inv. Trusts) Index | Open | 0.75% | 0.65% | 0.65% | 0.55% | 0.55% | 0.45% | 0.45% | 0.45% | 0.45% |

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|---------------------------|--|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| UK Equity Small & Mid Cap | 50% FTSE 250 (ex Inv. Trusts) & 50% FTSE All Small (ex. Inv. Trusts) Index | Open | 0.75% | 0.65% | 0.65% | 0.55% | 0.55% | 0.45% | 0.45% | 0.45% | 0.45% |
| Global Small Cap | MSCI World Small Cap Index | Open | 0.90% | 0.80% | 0.70% | 0.70% | 0.70% | 0.70% | 0.70% | 0.70% | 0.70% |
| US Small & Mid Cap | Russell 2500 Index | Open | 0.90% | 0.80% | 0.70% | 0.70% | 0.70% | 0.70% | 0.70% | 0.70% | 0.70% |

| Government Bonds | | | USD Fee Ladder - Mandate Size | | | | | | | | |
|--|--|-------------|-------------------------------|------------|------------|------------|------------|------------|------------|-------------|-------------|
| Strategy Name | Benchmark | Open/Closed | First \$40m | Next \$40m | Next \$40m | Next \$40m | Next \$80m | Next \$80m | Next \$80m | Next \$400m | Next \$800m |
| | | | to \$40m | to \$80m | to \$120m | to \$160m | to \$240m | to \$320m | to \$400m | to \$800m | to \$1.6bn |
| UK Government Bonds | FTSE Government All Stocks Index | Open | 0.20% | 0.20% | 0.20% | 0.20% | 0.15% | 0.15% | 0.10% | 0.08% | 0.08% |
| International Bonds | JPMorgan Global (ex UK) Bond Index | Open | 0.25% | 0.25% | 0.25% | 0.25% | 0.20% | 0.20% | 0.15% | 0.10% | 0.10% |
| UK Inflation Linked Bonds | FTSE Government Index Linked Over 5 Years Index | Open | 0.20% | 0.20% | 0.20% | 0.20% | 0.15% | 0.15% | 0.10% | 0.08% | 0.08% |
| Global Government & Inflation Linked Bonds | Barclays Capital Global Inflation Linked (ex UK) Index | Open | 0.25% | 0.25% | 0.25% | 0.25% | 0.20% | 0.20% | 0.15% | 0.10% | 0.10% |

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| Hermes Credit | | | USD Fee Ladder - Mandate Size | | | | | | | | |
|-------------------------------|---|-------------|-------------------------------|------------|------------|------------|------------|------------|------------|-------------|-------------|
| Strategy Name | Benchmark | Open/Closed | First \$25m | Next \$25m | Next \$25m | Next \$25m | Next \$50m | Next \$50m | Next \$50m | Next \$250m | Next \$500m |
| | | | to \$25m | to \$50m | to \$75m | to \$100m | to \$150m | to \$200m | to \$250m | to \$500m | to \$1bn |
| Global Investment Grade Bonds | Merrill Lynch Global Broad Market Corporate ex Sub-Financials Index | Open | 0.30% | 0.30% | 0.30% | 0.30% | 0.30% | 0.30% | 0.30% | 25.00% | 25.00% |
| Global High Yield Bonds | Merrill Lynch Global Non-Financials High Yield Constrained 2% Index | Open | 0.60% | 0.60% | 0.60% | 0.60% | 0.50% | 0.50% | 0.50% | 0.45% | 0.45% |

| Commodities | | | USD Fee Ladder - Mandate Size | | | | | | | | |
|---------------------------------|--|-------------|-------------------------------|------------|------------|------------|------------|------------|------------|-------------|-------------|
| Strategy Name | Benchmark | Open/Closed | First \$25m | Next \$25m | Next \$25m | Next \$25m | Next \$50m | Next \$50m | Next \$50m | Next \$250m | Next \$500m |
| | | | to \$25m | to \$50m | to \$75m | to \$100m | to \$150m | to \$200m | to \$250m | to \$500m | to \$1bn |
| Commodities Index (1) | S&P GSCI Light Energy Commodity Index (or S&P GSCI LE Commodity Index) | Open | 0.35% | 0.35% | 0.35% | 0.35% | 0.30% | 0.30% | 0.30% | 0.25% | 0.25% |
| Commodities Index (1) | Dow Jones-UBS Commodity Index | Open | 0.35% | 0.35% | 0.35% | 0.35% | 0.30% | 0.30% | 0.30% | 0.25% | 0.25% |
| Commodities Index-Plus (2) | S&P GSCI Light Energy Commodity Index (or S&P GSCI LE Commodity Index) | Open | 0.75% | 0.75% | 0.75% | 0.75% | 0.70% | 0.70% | 0.70% | 0.65% | 0.65% |
| Commodities Index-Plus (2) | Dow Jones-UBS Commodity Index | Open | 0.75% | 0.75% | 0.75% | 0.75% | 0.70% | 0.70% | 0.70% | 0.65% | 0.65% |
| Commodities Absolute Return (3) | Cash relative - various | Open | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.25% | 1.25% | 1.25% |

Commodities Notes: (1) no performance fee (2) plus 10% performance fee (3) plus 15% performance fee

Fees are typically charged quarterly in arrears and are based on the market value of assets in a Segregated 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 HIML's advisory fees, the market value of assets in a Segregated 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 Clients with respect to such securities or other investments. Assets of Segregated Accounts that have a business relationship to each other may, at the discretion of HIML, be aggregated for purposes of calculating the advisory fee applicable to each Segregated Account. In certain circumstances, Segregated 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 HIML or number of related Segregated Accounts. Generally speaking, HIML will negotiate lower fees when managing assets of the BTPS, the owner of HIML's parent company, HFML, since HIML does not expend marketing or other administrative resources in obtaining advisory agreements with BTPS. HIML's trade aggregation and allocation policy ensures that all Clients are treated fairly regardless of the fees charged. See Item 12, below, for HIML's trading policies.

Fees are adjusted and/or calculated on a pro rata basis where: (i) the Effective Date is on a date other than the first Business Day of a calendar quarter; (ii) the effective date of termination of this Agreement is on a date other than the last Business Day of a calendar quarter; and/or (ii) where the Applicable Percentage changes on a date other than the first Business Day of a calendar quarter.

HIML's fees are typically adjusted to reflect Segregated Account deposits or withdrawals during a quarter, by pro-rating the fees (on number of days) within the quarter to before and after the deposits or withdraw.

Clients' Segregated Account agreements may be terminated in accordance with agreed terms. Typically, a refund of prepaid fees is not applicable as fees are charged in arrears. However, any unearned, pre-paid fees, should they arise, will be refunded.

Private Fund Fees

Fees for each private fund sub-advised by HIML are described in its PPM or other offering documents.

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 Segregated 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 HIML and compensation earned by its investment staff on these, Segregated 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. HIML 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. HIML’s trade allocation procedures are discussed more fully in Item 12 below.

Item 7 – Types of Clients

HIML provides investment advisory services to institutional clients, which currently includes pension and profit sharing plans but may also include trusts, estates or charitable organizations; and other types of corporations or business entities, including private funds. Currently, the only private funds managed by HIML are organized in Ireland, Cayman and Delaware and are not distributed in the US by HIML.

Minimum investment can vary depending on the investment Strategy but generally HIML requires a minimum investment of USD 25 Million to open a Segregated Account. However, for the Commodities strategies, generally, the minimum investment to open a Segregated Account is USD100 million.

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

HIML is a multi-boutique asset manager that provides discretionary asset management services through the management of a range of multi-asset portfolios including global emerging markets, global government and global inflation linked bonds, global corporate credit securities, small and mid-cap equities, Japanese equities and commodities (gained via investment in commodity swaps). Each of these strategies is conducted by a different team within HIML. Generally, each Client account is managed pursuant to a single strategy determined by the Client

Hermes Commodities

Hermes Commodities views each commodity sector as a unique source of uncorrelated commodity volatility; additionally each commodity can represent a unique source of uncorrelated volatility based on the fundamental and technical characteristics of that commodity.

Hermes Commodities optimizes across all strategies to determine the best risk adjusted return opportunities. Each portfolio is also stressed by commodity and by strategy. Finally, daily P&L and return attribution by strategy and by commodity are monitored on a daily basis.

Index strategies - Commodity exposure is bought and sold each month to avoid delivery of physical commodities. Hermes expands the window of opportunity to buy or sell each month further exploiting inefficiencies in the commodity index methodologies.

Index Plus and Alpha Strategies – These strategies use a combination of fundamental and systematic sources of alpha across a range of uncorrelated positions. The first source of alpha is a diverse set of maturity trades across each commodity curve. These trades are across every benchmark commodity, are low risk and exhibit high risk-adjusted returns outperforming up to 70% of the time. Additionally, we implement other sources of alpha including inter-commodity relationships and directional positions. These insights are based on a combination of technical analysis such as curve shape, volatility and momentum as well as fundamental analysis such as relative production cost structures, current and potential supply and demand.

Conservative cash management - Hermes invests the cash associated with each commodity investment in a conservative, prudent manner. For example, we invest the cash collateral in

high-quality bank deposits, credit accounts, T-Bills, call accounts, supranational debt and commercial paper.

Risk - Commodity prices are highly volatile. Price movements for commodity interests are influenced by, among other things: changing supply and demand relationships; weather; agricultural, trade, fiscal, monetary, exchange control programs and commodity investment flows; political and economic events and policies; changes in national and international interest rates, rates of inflation, currency devaluations and revaluations. Exchange-traded commodities are also influenced by technical traders who base investment decisions on price history.

Hermes Global Emerging Markets

HIML believes that the key characteristics of Emerging Markets are value creation and structural change. These can lead to pricing anomalies, both at the country and stock levels, which they discover through fundamental research and a disciplined analytical process. In the team's opinion, the best opportunities for out performance are found in companies that create value over the cycle, which they aim to buy at a discount to their intrinsic value. With a contrarian bias the team seeks out stocks and countries whose potential other investors have failed to identify.

Top-down country allocation - The first step in the Hermes Global Emerging Markets investment process is country allocation. As politics and macro-economic influences play a significant role in Emerging Markets, selecting the right countries can be an excellent source of relative return. However, since some of these country effects are unpredictable, such as the concern of military action in the Middle East, the team also uses it as a risk control.

Bottom-up stock selection - Of the roughly 28,000 stocks listed in Emerging Markets, about 4,000 are large and liquid enough for investment. Research ideas are generated from company meetings, internal and external dialogue, and the Hermes proprietary multi-factor quantitative screening model which has strong back-testing results. The filters in the screen reflect the team's investment philosophy and highlight companies that both create value over the cycle and which appear undervalued. The strategy holds approximately 1,200 company meetings a year, both in London and overseas, travelling the world to uncover opportunities. The team meets with company management to establish a detailed picture of a company's financial health and its long term prospects. A stock which looks interesting is first analyzed by the regional specialist in the team, studying its business

model and industry position. Its future financial prospects are then modelled and a detailed valuation is calculated to determine the intrinsic or "fair" value of the company. This valuation is assessed relative to peers and the stock's own history to determine the potential upside. The investment case is then discussed with the whole team, with particular focus on the catalysts which could drive the share price higher or lower and the price target.

Portfolio construction – An allocation decision is made at the country level, and then the stock weights of the selected companies are decided based on upside to target price, liquidity and contribution to risk. Risk is managed at three levels, country and stock, as well as portfolio. The portfolio is monitored utilizing a proprietary risk model, MultiFRAME, in addition to Barra and Style Research, to ensure that a wide range of factors can be assessed. A stock is sold if it reaches its price target, if there is a fundamental change in its investment case or if a better stock is identified.

Risk - Emerging market regions are subject to special risks associated with investment in an emerging market including, but not limited to: generally less liquid and less efficient securities markets; generally greater price volatility; exchange rate fluctuations and exchange control; imposition of restrictions on the expatriation of funds or other assets; less publicly available information about issuers; the imposition of taxes; higher transaction and custody costs; settlement delays and risk of loss; difficulties in enforcing contracts; less liquidity and smaller market capitalizations; less well regulated markets resulting in more volatile stock prices; different accounting and disclosure standards; governmental interference; higher inflation; social, economic and political uncertainties; custodial and/or settlement systems may not be fully developed which may expose a Fund to risk in circumstances whereby the Custodian will have no liability; the risk of expropriation of assets and the risk of war.

Hermes Global Government and Inflation Linked Bonds

Having established the overall macro-economic framework, in the second stage of the Monthly Strategy Meeting the team then looks to identify investment opportunities and select strategies, with every strategy and portfolio reviewed. Investment themes can take a long time to come to fruition and therefore active management and market timing are crucial to the investment process. From an international perspective, the team analyses all global inflation-linked government bond markets and then seeks to identify the consensus view and investor positioning, and how these may differ from their own views. At every

opportunity the team seeks to maximize alpha through risk-adjusted returns from diversified strategies. These range from directional trades focused on duration and country allocation, to relative value trades based on yield curve anomalies, possible breakeven positions and security selection.

Risk - Investors should note that in a rising interest rate environment the positive growth of passive Funds that invest in government debt securities may be limited.

Hermes Global High Yield and Investment Grade

HIML's investment philosophy is focused on capital stability and consistency of returns; rather, than a series of highs and lows. Active management and thorough knowledge of all types of credit instruments (loans, bonds and CDS) enable us to maximize alpha and portfolio efficiency and minimize market risk.

HIML uses an active research intensive investment process to seek good risk adjusted returns from bottom-up analysis of investment grade corporate issuers.

Top-down analysis is applied to assess the general credit market and sector condition; which determines the overall appetite for credit risk across the portfolios. It is specifically not the intention of the fund to invest in debt issued by entities guaranteed or associated with emerging market domiciled issuers

The core consideration for the research process is the analysis of the issuer's ability to fulfil its financial obligations. Experienced portfolio managers/analysts operate on a sector responsibility basis which includes both investment grade and sub-investment grade issuer coverage, and information sharing with Hermes' equity business across the globe.

HIML uses a combination of top-down and bottom-up approaches which results in a final portfolio constructed from alpha generators within defined and understood risk parameters. The portfolio construction process includes market risk, default risk, rating migration risk and proprietary rating.

Risk – High Yield - HIML invests primarily in below investment grade bonds. Below investment grade bonds are rated in the lowest rating categories by S&P or by Moody's or are unrated. Bonds rated in medium to low rating categories of internationally recognized rating services or unrated securities of comparable quality, commonly called junk bonds, are considered speculative and payments of principal and interest thereon may be questionable. In some cases, such bonds may be highly speculative, may have poor

prospects for reaching investment grade standing and may be in default. As a result, investment in such bonds will entail greater speculative risks than those associated with investment in investment grade bonds (i.e. bonds rated at least A1 or A2 by S&P, Prime 1 or Prime 2 by Moody's, or a similar rating by another internationally recognized rating service).

Investment Grade – HIMLs invests primarily in investment grade bonds. Investment in bonds is subject to the risk of an issuer's inability to meet principal and interest payments on the obligation (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk).

Hermes 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 endeavoring to ensure, through an iterative research process, that we have balanced the risk/reward in favor 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 behavior of the portfolio: If performance and the behavior 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.

Hermes Japanese Large Cap Equities

HIML seeks to achieve its objective by investing primarily in a diversified portfolio of equity securities of companies which the Investment Manager has identified as undervalued. These equity securities will normally be listed or traded on Regulated Markets in Japan but may be alternatively listed or traded on other Regulated Markets.

The Investment Manager will seek to invest in equities which it regards as being issued by companies with attractive valuations mainly utilising price book analysis as the valuation criteria. The securities in which the Fund may invest will primarily be medium and large cap equities with market capitalisation of over US\$1 billion and with no particular sectoral bias. They include equity securities such as ordinary shares and preference shares, global depositary receipts ("GDRs"), American depositary receipts ("ADRs"), exchange-traded and over-the-counter financial derivative instruments such as warrants and futures (as described below). HIML may also invest in investment grade corporate fixed rate convertible debt securities with a minimum rating of BBB by Standard & Poor's or Baa by Moody's or an equivalent rating by another rating agency listed or traded on a Regulated Market. Convertible debt securities are debt securities that are convertible into equity securities of the issuer.

Risk – The primary risk comes from exchange rate fluctuations. Whilst the Japanese market is large and generally liquid, as shown in March 2011, a catastrophic natural event can cause a temporary suspension of trading leading to sharp falls across the market. Other risks include regulatory and other legal changes that can affect the fundamental valuation of equities. Regional politics also provide a potential risk, notably the situation on the Korean peninsular and occasional tensions involving China and her neighbors in and around the South China sea. Other global, geo-political risks that could interrupt maritime trade are also a potential risk for a trading nation such as Japan. Another more globalised risk is the lesson from the Lehman episode, namely that all risk assets are correlated with knock-on consequences across borders.

Hermes Small and Mid-Cap Equity

HIML identifies companies through detailed fundamental analysis. A focus on cash flow highlights a company's lifetime potential, and a constant consideration of risk ensures effective portfolio construction. The emphasis on long-term investment is apparent in the ten year forecasting period and the average target holding length of 3-5 years. Registrant believes that capital appreciation often occurs not only from the elimination of a discount to intrinsic value, but also from growth in the intrinsic value itself. Registrant believes that ownership of higher quality businesses provides better downside protection and generates higher compound returns over time. The identification of quality is at the heart of the investment process.

Fundamental Analysis - After conducting thorough fundamental research on any potential investment and having met or talked with the company management, a detailed report is written and a 10 year three stage DCF model produced (or other methodology if considered more appropriate). The portfolio managers or analysts write a detailed report with an analysis of the company's competitive advantages (e.g. using Porter's five forces), competition, strengths, weaknesses, management ability and full valuation work. The idea is then subjected to challenge by the other members of the team in a formal peer review process. If the idea holds up under scrutiny and trades at significant discount to intrinsic value, then an investment may be made. If the quality criteria are met, but the valuation is not appropriate, the idea is placed onto a shortlist.

Risk – The equity securities of small and mid-cap companies tend to be more volatile and less liquid than the equity securities of large companies. As small and mid-cap companies

may experience more market price volatility than equity securities of larger companies, the Net Asset Value of any Funds which invest in small and mid-cap companies may reflect this volatility. Small and mid-cap companies, as compared with larger companies, may have a shorter history of operations, may not have as great an ability to raise additional capital, may have a less diversified product line making them susceptible to market pressure and may have a smaller public market for their shares. Investment in small and mid-cap companies may involve relatively higher investment costs and accordingly investment in Funds which invest in small and mid-cap companies should be viewed as a long-term investment. Such Funds may however dispose of an investment made by it within a relatively short period of time, for example, to meet requests for redemption of Shares.

Item 9 – Disciplinary Information

HIML has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

There are no other industry activities to disclose in relation to HIML

HIML 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 Limited (“HFAM”)
- 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 Sourcecap Limited ("HSL")

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

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

HFAM is an Exempt Reporting Adviser 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

HIML 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 HIML must acknowledge the terms of the Code of Ethics annually, or as and when amended.

HIML's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting a.simms@hermes.co.uk

HIML's employees and persons associated with HIML are required to follow HIML's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of HIML and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for HIML's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of HIML 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 not materially interfere

with the best interest of HIML's clients. In addition, the Code requires pre-clearance of all 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 monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between HIML and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with HIML'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. HIML 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.

It is HIML's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. HIML may, if appropriate and in the best interest of all clients involved, 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

Segregated Account Clients are free to select their own custodians and may propose a brokerage relationship which HIML will consider within its overall counterparty approval process. Depending on the terms of the Client's agreement with HIML, HIML 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; and
- The commission rates or prices at which securities transactions for client accounts are effected.

In seeking execution of Client transactions, HIML utilizes the central trading desk ("Central Trading") which operates under HIML, but is a separate function to the fund management activities. HIML's investment professionals select all Client investments and submit trading requests to Central Trading. Transactions placed on behalf of HIML clients are placed through Central Trading and may be aggregated, allocated and otherwise treated alongside transactions for clients of affiliated advisers of HIML.

Selection Criteria for Broker-Dealers

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 Trading is responsible for periodically reviewing and consulting on its executions for HIML 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.

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

Both HIML at the time it creates an order and Central Trading at the time it receives orders, whether from HIML 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 HIML 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. 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.

Directed Brokerage Accounts

In some circumstances, a Client may arrange to direct its securities transactions to a particular broker or dealer ("designated broker") in exchange for various account services ("directed account") and may negotiate its brokerage commissions or fees directly with the designated broker. By directing trades to a specific and exclusive brokerage firm, the account may not participate in potential savings on execution costs resulting from volume discounts that Central Trading might otherwise be able to obtain for Clients which have not directed HIML to send their trades to designated brokers ("non-directed accounts"). The brokerage commission rates charged to directed accounts may differ substantially from the rates charged to non-directed accounts.

Central Trading generally attempts to aggregate or “block” trades for Client accounts. By directing HIML to use a designated broker, an account will generally be unable to participate in block trades. However, Central Trading may, from time to time and at its discretion, execute a trade for a directed account as part of a block trade under either of the following circumstances: a) the designated broker is the executing broker-dealer for an otherwise blocked trade; or b) the executing broker-dealer for the block trade is willing to “step out” the directed account’s portion of the trade in a way that does not disadvantage other participating accounts and the designated broker is willing to accept a trade handled in such manner.

Where a client designates a particular broker-dealer, or broker-dealers, HIML and Central Trading may not be in a position where they can negotiate commission rates or spreads or obtain volume discounts and best price may not be achieved. Trades for a Client that has designated a particular broker or dealer may be placed at the end of batched trading activity for a particular security. Accordingly, directed transactions may be subject to price movements, particularly in volatile markets, that may result in the Client receiving a price that is less favorable than the price obtained for the batched order. Under these circumstances, the direction by a Client of a particular broker or dealer to execute transactions may result in higher commissions, greater spreads, or less favorable net prices than might be the case if HIML or Central Trading could negotiate commission rates or spreads freely, or select brokers or dealers based on best execution. These potential results are particularly relevant if directed accounts are trading after large block trades, involve illiquid securities or occur in volatile markets.

Central Trading may execute trades in over-the-counter securities with market makers on a net basis in those securities. Unless, and even if, the designated broker is a market maker in such securities which Central Trading may purchase or sell on behalf of these accounts, Hermes may be unable to obtain best execution on such transactions.

HIML generally does not participate in any Commission Recapture or Directed Commission programs.

Item 13 – Review of Accounts

Holdings across Client accounts are reviewed continuously. The investment team meets daily to discuss ongoing market events, as well as company and industry news. The investment team also holds twice-weekly meetings to focus on the portfolio holdings and risk composition of the strategies. Performance on all accounts is monitored daily and

formal performance reviews for the strategy including attribution analysis are typically conducted monthly. The entire portfolio management team is involved in reviewing Client accounts. Compliance performs daily investment restriction monitoring on a pre-trade and/or post trade basis. Client Guidelines are coded from the client IMA or the fund prospectus prior to investment and subject to a four eyes coding and testing review.

Nature and Frequency of Reports

Generally, clients receive quarterly and annual reports from HIML. Quarterly and annual reports include a Portfolio Appraisal, Realized Gains & Losses, Unrealized Gains & Losses, Interest, Dividends and Expenses, Contributions/Withdrawals, and Performance History statements. HIML 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

HIML 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 HIML and the solicitor and all required disclosures will be made.

Some of HIML’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. HIML 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. HIML does not pay referral fees to consultants. However, HIML’s clients and prospective clients should be aware that consulting firms might have business relationships with investment management firms that they recommend to their clients.

HIML is affiliated, and has business relationships, with HSL & HFMNA through cash solicitation arrangements with both entities under which it receives compensation for referring prospects to them for the boutiques' advisory services.

In addition, HFMNA has a cash solicitation arrangement in place with HIML under which HFMNA is compensated for referring prospects to HIML. The referral fee is a percentage of net fee income generated on investments made by the client.

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

Year 1 = 21%

Year 2 = 14%

Year 3 onwards = 7%

HSL and HFMNA have not been engaged, and are not compensated, to refer prospective investors for private funds advised by HIML.

HIML has engaged HFD, a FINRA licensed broker-dealer, to sell Hermes Investment Funds North America (Cayman) Master SPC, which are private funds advised by HIML.

The referral fees paid to both HSL and HFMNA by HIML shall be agreed between the parties in writing from time to time.

The cost of all referral fees is borne entirely by HIML and not by clients.

Item 15 – Custody

It is HIML'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. HIML 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. HIML recommends you 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

HIML 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, HIML observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, HIML'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, HIML will discuss with its client, HIML's 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 HIML in writing and are usually part of the Investment Management Agreement signed by the Client and HIML.

Item 17 – Voting Client Securities

HIML 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. HIML 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, HIML 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, HIML 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, HIML'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 HIML considers when investing in a company. HIML will consider each proxy proposal on its merits, and will not follow management recommendations if HIML reasonably believes those recommendations are not in the best interest of its Clients. For example, HIML 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 HIML considers each proxy proposal and the related corporate circumstances independently, it may vote differently with respect to similar proposals for different companies.

HIML 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 HIML, 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 HIML to obtain a vote recommendation. HIML will adopt the vote recommendation of the third party proxy service provider if HIML reasonably believes that recommendation appears to be in the best interest of its Clients.

For each proxy, HIML maintains all related records as required by applicable law. A client who delegates voting authority to HIML may obtain a copy of the Proxy Policy, or a copy of the specific voting record for his or her account(s), by contacting HIML at the address identified on the face of this Brochure. The Proxy Policy may be amended from time to time.

Clients of HIML who choose not to rely on HIML'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 HIML.

Item 18 – Financial Information

HIML 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 – Requirement for State Registered Advisers

HIML 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 HIML's 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 HIML.

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 HIML's 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 Investment Management 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 Investment Management 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 Robert Anstey (Born 1968) – Lead Manager - US Small & Mid-Cap

Section 1 – Educational Background and Business Experience

Mr Anstey joined the Hermes US SMID team in 2001 and had managed the US SMID strategy since then, becoming the lead manager at the end of 2008. After teaching Classics for four years, Mr Anstey started his investment career in 1994 in New York with Brown Brothers Harriman within US institutional equity sales. This was followed by two years at Bear Stearns also covering US equities.

Mr Anstey is a CFA charter holder and has a MA in Classics from Cambridge University.

Section 2 – Disciplinary History

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

Section 3 – Other Business Activities

Mr Anstey is not engaged in any investment-related business outside of his role with Hermes Investment Management Limited.

Section 4 – Additional Compensation

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

Section 5 – Supervision

Mr Anstey is subject to supervision by the Head of Small & Mid Cap who is subject to supervision by the Head of Investment as well as the Executive Committee and Senior Management team.

Item 23 - Brochure Supplement for Penni Coe (Born 1968) - Head of Government & Inflation Linked Bonds

Section 1 – Educational Background and Business Experience

Ms Coe is responsible for the overall investment strategy of the conventional gilts, international governments and inflation-linked funds under management. Ms Coe joined Hermes Fund Managers in 1996 as a Bond Analyst responsible for international fixed income. Her role expanded in 1998 to include all government curve and duration strategy in active portfolios in conventional and inflation linked bonds. She started her career in this field as a trainee International Fixed Income portfolio manager at Kleinwort Benson Investment Management. Penni represents the Investment Management Association at the UK Debt Management Office quarterly meetings on gilt issuance policy and technical matters affecting the gilt-edged market. Ms Coe has 19 years industry experience and earned an MSc in Economics and Statistics from the University of London, and completed the AIMR in 1996 and is a member of UKSIP

Section 2 – Disciplinary History

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

Section 3 – Other Business Activities

Ms Coe is not engaged in any investment-related business outside of her role with Hermes Investment Management Limited.

Section 4 – Additional Compensation

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

Section 5 – Supervision

Ms Coe is subject to supervision by the Head of Investment and is also subject to supervision by the Executive Committee and Senior Management team.

Item 24 - Brochure Supplement for Hamish Galpin (Born 1966) –Head of Smaller Companies

Section 1 – Educational Background and Business Experience

Mr Galpin has been at the Hermes Group since 1995, starting as a Senior Investment Analyst and then becoming head of the UK team in 1997. He assumed responsibility for the Smaller Companies unit when it was established in May 2007. Mr Galpin started his career in banking at the Energy and Natural Resources division of NatWest Bank and later moved to become a corporate credit analyst at Bankers Trust Company covering European corporates. He has a degree in Civil Engineering from Nottingham University and also holds the Investment Management Certificate.

Section 2 – Disciplinary History

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

Section 3 – Other Business Activities

Mr Galpin has been appointed as a Trustee of the Hermes Group Pension Scheme. Whilst the time spent and compensation received for this role represent 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 HIML.

Section 4 – Additional Compensation

Mr Galpin does receive additional income which accounts for less than 10% of his overall earnings for acting as a Trustee of the Hermes Group Pension Scheme as disclosed above.

Section 5 – Supervision

Mr Galpin is subject to supervision by the Head of Investment and is also subject to supervision by the Executive Committee and Senior Management team.

Item 25 - Brochure Supplement for Gary Greenberg (Born 1953) –Head of Global Emerging Markets

Section 1 – Educational Background and Business Experience

Mr Greenberg is Head of Emerging Markets at Hermes Fund Managers. He has managed and marketed funds on three continents over more than two decades. Previously, he was Managing Partner at Silkstone Capital and Muse Capital, both London based hedge funds he co-founded in 2007 and 2002 respectively. From 1999 through 2002 he was at Goldman Sachs in New York and London, where he co-headed the Emerging Markets product for GSAM and served on the global asset allocation and European stock selection committees. He was Managing Director at Van Eck Global in Hong Kong and New York, where he was the lead portfolio manager for International Equities and ran the Hong Kong office from 1998 to 1999. From 1994 to 1998 Mr Greenberg was Chief Investment Officer at Peregrine Asset Management in Hong Kong, managing and supervising global and regional equity plus fixed income funds. From 1989 to 1994, he helped manage the Acorn Fund and as a Principal of Wanger Asset Management in Chicago from 1992 through 1994 he co-founded and co-managed the Acorn International Fund, which grew to \$1.4billion under his tenure.

Section 2 – Disciplinary History

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

Section 3 – Other Business Activities

Mr Greenberg is not engaged in any investment-related business outside of his role with Hermes Investment Management Limited.

Section 4 – Additional Compensation

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

Section 5 – Supervision

Mr Greenberg is subject to supervision by the Head of Investment and is also subject to supervision by the Executive Committee and Senior Management team.

Item 26 - Brochure Supplement for Jonathan Greig (Born 1958) – Head of Japanese Equities

Section 1 – Educational Background and Business Experience

Mr Greig joined Hermes Fund Managers in November 2009 and started the Hermes Japan Fund in January 2010 with £50m seed capital from the BT Pension Fund. Mr Greig was a portfolio manager at Longview Partners from November 2005 where he started and managed the Longview Japanese Equity Fund in March 2006 until September 2009. Mr Greig was Founder Director of SG Asset Management (UK) from 1998 to 2003 where he started and managed approximately £150 million in the SG Japan Equity Fund. Prior to this he was Portfolio Manager at Dillon, Read Asset Management from 1988 until 1996, and managed approximately US\$400 million of US pension fund assets in Japanese equities. He was also Portfolio Manager at Touche Remnant 1983 to 1987 investing in Japanese equities.

Mr Greig has BA in Law from University of Cambridge.

Section 2 – Disciplinary History

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

Section 3 – Other Business Activities

Mr Greig is not engaged in any investment-related business outside of his role with Hermes Investment Management Limited.

Section 4 – Additional Compensation

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

Section 5 – Supervision

Mr Greig is subject to supervision by the Head of Investment and is also subject to supervision by the Executive Committee and Senior Management team.

Item 27 - Brochure Supplement for Ksenia Kelly (Born 1973) – Director, European Financial Institutions

Section 1 – Educational Background and Business Experience

Ms Kelly joined Hermes in January 2008 focussing on business development and relationship management with international investors. Since January 2010 she has been focusing on business development and relationship management with Financial Institutions across Europe. Prior to joining Hermes, her immediate role was with a specialist UK investor relations firm. Ms Kelly was involved in managing international clients' investor relations programs with regards to their IPOs on the London Stock Exchange. She has held a number of other roles, including working for the International Monetary Fund as Relationship Manager for Financial Institutions. Ms Kelly has an MBA from Cranfield School of Management and is a holder of the Investment Management Certificate.

Section 2 – Disciplinary History

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

Section 3 – Other Business Activities

Ms Kelly is not engaged in any investment-related business outside of his role with Hermes Investment Management Limited.

Section 4 – Additional Compensation

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

Section 5 – Supervision

Ms Kelly is subject to supervision by the Head of Sales & Marketing and is also subject to supervision by the Executive Committee and Senior Management team.

Item 28 - Brochure Supplement Fraser Lundie (Born 1980) - Co-Head Hermes Credit

Section 1 – Educational Background and Business Experience

Fraser currently holds the position of Co-Head of Credit at Hermes Fund Managers. Prior to this he was at Fortis Investments for 5.5 years where he was a High Yield Portfolio Manager within the Global Credit and Hybrids business. Fraser is a CFA charter holder, as well as a member of the Association for Investment Management and Research (AIMR) having gained the UKSIP Level 3 Certificate in Investment Management (IMC) in 2005. He graduated from the University of Aberdeen in 2002 with an MA (Hons) in Economics and gained a Masters (MSc), Investment Analysis from The University of Stirling in 2004.

Section 2 – Disciplinary History

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

Section 3 – Other Business Activities

Mr Lundie is not engaged in any investment-related business outside of his role with Hermes Investment Management Limited.

Section 4 – Additional Compensation

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

Section 5 – Supervision

Mr Lundie is subject to supervision by the Head of Investment and is also subject to supervision by the Executive Committee and Senior Management team.

Item 29 - Brochure Supplement for Marcus Money-Chappelle (Born 1963) - Director, Official Institutions

Section 1 – Educational Background and Business Experience

Mr Money-Chappelle joined Hermes in the summer of 2010 as Director, Official Institutions, responsible for driving business development and relationship management with this crucial investor set. He joined from Fisher Francis Trees & Watts where he spear-headed business development in Europe, Middle East and Africa, specialising in global fixed income solutions for sophisticated investors. He has built a wealth of experience in trading and sales across different asset classes, most recently specialising in structured solutions and fixed income propositions. He has over 26 years experience with the investment industry, working on both the sell and buy-side for premier institutions such as Barclays Capital, Bank of America, Wachovia Securities and BNP Paribas Asset Management.

He holds a BA (Hons) Economics from Coventry University.

Section 2 – Disciplinary History

There are no legal or disciplinary events to disclose with respect to Mr Money-Chappelle.

Section 3 – Other Business Activities

Mr Money-Chappelle is not engaged in any investment-related business outside of his role with Hermes Investment Management Limited.

Section 4 – Additional Compensation

Mr Money-Chappelle does not receive any economic benefit for providing advisory services from any person that is not a client of Hermes Investment Management Limited or its affiliated investment advisers.

Section 5 – Supervision

Mr Money-Chappelle is subject to supervision by the Head of Sales & Marketing and is also subject to supervision by the Executive Committee and Senior Management team.

Item 30 - Brochure Supplement Colin O'Shea (Born 1979) – Head of Commodities

Section 1 – Educational Background and Business Experience

Mr O'Shea joined the firm the Hermes Group in April 2008. He is responsible for managing the Hermes commodity funds. Prior to Hermes Mr O'Shea worked as an Investment Manager with Railpen Investments (investment manager to the £20bn Railways Pension Scheme) and joined the firm in 2005. He was involved in setting the strategic asset allocation for the Scheme and for structuring the pooled funds of the company. Prior to joining Railpen he worked at Mellon as an Investment Consultant. He began his career at HSBC Actuaries & Consultants Ltd where he worked in pension's consultancy.

Mr O'Shea is a Fellow of the Institute of Actuaries. He studied Actuarial Mathematics & Statistics at Heriot-Watt University, Edinburgh and graduated with 1st Class Honors.

Mr O'Shea is a Fellow of the Institute of Actuaries. He studied Actuarial Mathematics & Statistics at Heriot-Watt University, Edinburgh and graduated with 1st Class Honors.

Section 2 – Disciplinary History

There are no legal or disciplinary events to disclose with respect to Mr O'Shea.

Section 3 – Other Business Activities

Mr O'Shea has been appointed as a Trustee of the Hermes Group Pension Scheme. Whilst the time spent and compensation received for this role represent 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 HIML.

Section 4 – Additional Compensation

Mr Galpin does receive additional income which accounts for less than 10% of his overall earnings for acting as a Trustee of the Hermes Group Pension Scheme as disclosed above.

Section 5 – Supervision

Mr O'Shea is subject to supervision by the Head of Investment and is also subject to supervision by the Executive Committee and Senior Management team.

Item 31 - Brochure Supplement for – Andrew Parry (Born 1962) – Hermes Sourcecap Chief Executive Officer and Head of Hermes Multi-Asset Products

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 and Head of Hermes Multi-Asset Products, 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 32 - Brochure Supplement for Mitchell Reznick (Born 1968) – Co-Head Hermes Credit

Section 1 – Educational Background and Business Experience

Prior to his current role as Co-Head of Credit at Hermes Fund Managers, Mitch was Head of the Hermes Credit Research Team. Prior to that, he served in a similar capacity at Fortis Investments where he was Co-Head of Credit Research for the Global Credit and Hybrids team. Other roles at Fortis Investments include Portfolio Manager for European High Yield strategies (London) and Senior Credit Analyst (Paris). Before arriving at Fortis Investments, he worked as an Associate Analyst in the Leveraged Finance Group at Moody's Investors Service in New York. In addition to being a holder of the CFA charter, Mitch earned a Master's Degree in International Affairs from Columbia University (New York City) and a Bachelor's Degree in History from Pitzer College, one of the Claremont Colleges in California.

Section 2 – Disciplinary History

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

Section 3 – Other Business Activities

Mr Reznick is not engaged in any investment-related business outside of his role with Hermes Investment Management Limited.

Section 4 – Additional Compensation

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

Section 5 – Supervision

Mr Reznick is subject to supervision by the Head of Investment and is also subject to supervision by the Executive Committee and Senior Management team.

Item 33 - Brochure Supplement for Mark Sherlock (Born 1976) – Manager US Small & Mid-Cap

Section 1 – Educational Background and Business Experience

Mr Sherlock has been with Hermes Small & Mid cap since February 2009 as the Co-Manager of the US SMID strategy. He joined Hermes in 2005, initially spending four years working on the UK Focus Fund as an analyst and fund manager. Prior to this, he was an investment analyst at Rio Tinto Pension Fund where he had responsibility for the small and mid-cap portion of the portfolio. Mr Sherlock qualified as a Chartered Accountant with PriceWaterhouseCoopers in 2002. He has a degree in Politics from Durham University and is a CFA Charterholder.

Section 2 – Disciplinary History

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

Section 3 – Other Business Activities

Mr Sherlock is not engaged in any investment-related business outside of his role with Hermes Investment Management Limited.

Section 4 – Additional Compensation

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

Section 5 – Supervision

Mr Sherlock is subject to supervision by the Lead Manager of US Small & Mid Cap, who is supervised by the Head of Small & Mid Cap.