

**Item 1 – Hermes Investment Management Limited's Brochure**

**Adviser's Name:**

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**Date of Brochure:**

15 December 2015

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 [compliance@hermes.co.uk](mailto:compliance@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](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

Date of previous update: October 5, 2015

Since we last filed our October 5, 2015 update to this Part 2 of Form ADV on behalf of Hermes Investment Management Limited we have made a few material changes.

- Item 5 – fees for Government & Inflation Linked Bonds removed
- Item 8 – section on Government & Inflation Linked Bonds has been removed
- Item 10 – HFM Singapore is not longer licensed by the MAS in Singapore
- Item 27 - The brochure supplement for the Head of Government Bonds has been removed

Currently, our Brochure may be requested by contacting the Compliance Department at +44 (0) 207 702 0888 or [compliance@hermes.co.uk](mailto:compliance@hermes.co.uk).

Additional information about Hermes Investment Management Limited is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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#### **Item 4 – Advisory Business**

Established in February 1990, Hermes Investment Management Limited (“HIML”) is an active asset manager that provides discretionary asset management services through the management of a range of 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 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 December 31 2014, HIML had \$23.3billion 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 is detailed below.

Asset Class	Strategy	Segregated Mandate Fees (bps)						
		\$50m	\$100m	\$150m	\$200m	\$250m	\$500m	\$1Bn
Emerging Markets Equity	Asia ex-Japan	110	105	100	95	90	85	80
	EM Asia (cayman)	100	75	75	70	70	65	60
	Global Emerging Markets	85	80	75	75	75	70	65
Global Equity	Global Equity	60	55	50	50	45	40	35
	Global Equity ESG - AC	60	55	50	50	45	40	35
	Global Equity Screened ESG	45	40	35	30	30	25	20
Small & Mid Cap Equity	US SMID equity	80	75	75	70	70	60	50
	UK SMID equity	80	75	75	70	70	60	50
	Global Small Cap	85	80	80	75	75	65	55
Credit	Global High Yield	60	55	55	50	50	45	40
	Global Investment Grade	60	55	55	50	50	45	40
	Multi-Strategy Credit	40	35	30	25	25	20	15

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	Absolute Return Credit	60	55	55	50	50	45	40
<b>Multi Asset</b>	Liquid Multi Asset	60	55	50	45	40	35	30

Minimum investment can vary depending on the investment strategy but generally HIML requires a minimum investment of USD 50 Million to open a Segregated Account and all mandates must meet a minimum revenue requirement of USD200,000.

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.

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

HIML is an active asset manager that provides discretionary asset management services through the management of a range of portfolios as described below. Each of these strategies is conducted by a different investment team within HIML.

Generally, each Client account is managed pursuant to a single strategy determined by the Client.

### **Hermes Asia ex Japan & EM Asia**

**Philosophy** - The team believes that alpha is most easily generated by bottom up selection – not by focusing on cheap or high quality stocks but by focusing on buying stocks that are attractively priced relative to the underlying quality of the company. It is considered that this approach suits most market conditions. The approach implies a contrarian, rather than momentum bias, because often stocks are attractively priced because news flow has recently been negative and the stock has underperformed.

**Process** - The first part of the process is to run a quantitative screen for liquidity. A further screen is then run to identify stocks priced attractively relative to quality. While various measures of price and quality are employed, the measure most often used for price is the price-to-book multiple and for quality the five year average Return on Assets.

The fund manager will develop a short list of stocks periodically and the shortlist will be forwarded to analysts. The analysts then select themselves which stocks to research.

The research process normally takes around two weeks and the 'deliverable' at the end of the analysis process is normally a five year projected income statement, balance sheet, cash flow statement and valuation; as well as a report setting out the investment case.

Following a meeting normally attended by the analyst, the Portfolio Manager (PM) and other analysts and possibly the PM of the Emerging Market fund, the PM will decide whether or not to buy the stock.

The PM will normally only buy a large position if he assesses the risk-reward to be positively asymmetric; and he considers the downside risk in absolute terms to be limited.

The average stock holding period is around two years. Stocks are sold when they reach our assessment of value, we conclude that we made a mistake in the selection of the stock (either because we got our analysis wrong or because the facts have changed); or we see a substantially similar profile stock at a cheaper price.

**Risk** - The primary risk managed is the risk of permanent capital loss. This risk is mainly measured and managed as the stock level. Stocks tend to have lower debt than the average benchmark stock and the largest positions often have a feature that offers a measure of protection in most market conditions (such as being cheap relative to history, earning trough margins or being cheap in absolute terms relative to financial statement metrics). A macro 'reasonableness' overlay is employed to reduce the risk of excessive factor (such as currency or country) exposure. Volatility, beta and tracking error are monitored but are not considered the primary risks measure. Country and sector exposure will vary significantly from the benchmark, as will performance.

## **Hermes Credit**

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. .

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 Global Emerging Markets**

The team believes that the world economy is undergoing deep structural changes that makes equity markets particularly complex at present. They have found the best way to add value is through an investment process that integrates top-down and bottom-up analysis, looking for quality companies trading at attractive valuations, in countries with conditions that are supportive to growth.

Their style seeks to take advantage of short-term weakness in high quality companies, or mispricing in average companies. The team searches for stocks that trade at a significant discount to the assessment of their inherent value. In their screening process, they look at factors such as business model, financials, growth prospects, valuation, ESG, earnings and share price momentum.

## **Idea Generation**

Ideas are generated from a variety of sources, including meetings with company management, the team's global network of contacts, broker research, industry analysis and quantitative screens. The team initially screens the investment universe for size (minimum \$500m market cap) and liquidity (greater than \$3m average daily value traded). Proprietary quantitative screens ranks companies by quality, valuation, momentum, growth and risk. The top-quintile provides 500 research candidates, from which the team eliminates "value traps", reducing the universe to 250 candidates for further research.

## **Fundamental Analysis**

The team targets 1,000 company meetings a year, both in London and overseas, to establish a detailed picture of a company's financial health and its long-term prospects. Brokers' forecasts and research are used to assess consensus and specific parts of an industry. With this information, the team members derive their own estimates and model the company earnings, cash flow and balance sheet of stocks which look attractive within the universe. This is combined with the analysis of operational, financial and ESG risk factors to calculate the inherent or "fair" value of the company using suitable valuation methodologies. Finally, the team factors in the identified catalysts which could drive the share price higher or lower and set a target price. The buy list constitutes stocks which have the highest upside to target price, an attractive valuation relative to its own history and peers, a margin of safety and a catalyst for re-rating.

## **Country allocation and sector analysis**

Country allocation is a key part of the team's investment process. Country selection decisions are supported by quantitative models and qualitative considerations summarized

in their country investment reports. A proprietary quantitative country model ranks 20 countries on a combination of value, macroeconomic momentum, growth and risk factors. The model's output forms part of a quarterly country allocation meeting, which provides an opportunity to review global macroeconomic trends and key drivers. The team's thorough analysis of the risk and opportunities feeds into their allocation decisions to overweight countries with higher expected risk-adjusted returns and underweight countries with lower expected risk-adjusted returns.

Sector responsibilities are divided up amongst the GEMs team, and reports are generated quarterly, though updated as needed. The team uses a template with valuation parameters similar to the ones used in country analysis, though they do not use a quant model for sectors. Sector fundamentals are highlighted, along with new developments and valuations. These factors are considered and recommendations for sector weightings are incorporated into the final quarterly asset allocation decision.

In stock selection, potential long-term outperformers are emphasized.

**Risk** - Integral to the above four-step process is risk management and the monitoring of existing positions, incorporating a sell discipline. The manager's decision to sell or reduce a stock would be influenced by: the team's assessment of fair value is reached; identifying better investment opportunities elsewhere and the fundamentals of the investment case change or their allocation to the relevant country changes. Risk is assessed at the stock, sector and country level integrated with ESG analysis and incorporated into the evaluation of the individual stock when it is presented and/or re-evaluated.

### **Hermes Multi-Asset Inflation**

The Hermes Multi Asset Inflation strategy may invest directly across traditional asset classes (rates, currencies, commodities, credit and equity), inflation-linked assets and alternative risk premia.

The investment strategy starts with the identification of matching and enhancing assets to create an investible menu. The team define 'matching' assets as those that are either contractually linked to inflation or that have a consistent fundamental economic linkage with inflation. They define 'enhancing' assets as those that have an economic relationship with inflation over the long-term and more generally, risk premia that have a proven ability to generate a positive real return over a business cycle. The selection of a sub-set from the investible menu is flexible and is largely a function of the specific investor requirements (e.g. liquidity, risk tolerances) and diversification considerations.

The next step is portfolio construction which follows primarily a systematic approach. Matching assets are allocated based on a proprietary beta score and enhancing assets are allocated based on a proprietary alpha score. The allocation to the matching component in the portfolio has priority over the enhancing component. The portfolio allocation is dynamic and rebalanced on a monthly basis. The team sets some portfolio guidance, such as asset class and single asset constraints. Portfolio construction is primarily long-only. Short exposure will be limited to the purpose of hedging and/or factor-extraction. Leverage will generally be a function of the short exposure. Gross exposure is limited to 200% by UCITS regulation.

The team then may apply a discretionary overlay to the suggested trades produced by the model. This overlay allows for removal of trades that carry a significant risk and also gives flexibility to the team to express opportunistic views over the model. The team utilizes a systematic approach to avoid behavioral biases but they allow for qualitative judgment as the past often fails to repeat in the same way.

**Risk** – this is constantly monitored through integrated risk management and use of different risk matrices and signals as well a degree of subjective analysis that behaves as a sense check.

### **Hermes Global Equities**

The objective of the Hermes Global Equity Core strategy is to offer long-term investors access to a diverse global asset class, utilizing cutting edge models and processes to generate consistent alpha. HIML seek to do this by constructing a diversified portfolio which uses disciplined, bottom-up stock selection process based on well-documented market irrationalities.

The team's proprietary stock-selection model, known as the Alpha Model, assesses the attractiveness of companies using an extensive range of relationships that make sense from both an economic and empirical perspective. A detailed assessment of each stock in the investment universe is produced in a format that can be easily understood, including consideration of company fundamentals and investor sentiment.

The scores from the Alpha Model are fed into an optimization model together with portfolio guidelines, such as sector and region constraints. The result is a list of suggested trades which take into account the optimum risk/ return trade-off.

Portfolio Exposure Analysis follows which ensures that risk is fully integrated in the portfolio construction process. The suggested trades and resultant portfolio are run through multiple risk systems, Axioma, BARRA, Style Research, and Hermes' proprietary

risk modelling system, MultiFRAME. The latter provides the flexibility to assess a portfolio's exposure to any quantifiable risk over variable time periods. The team is able to measure the portfolio's exposure to any quantifiable risk factors and determine how much risk that exposure represents. Among the factors that MultiFRAME assesses are a range of ESG risks, for example carbon prices and exposure to nuclear energy. Thus ESG exposures can be quantified and put in context, by gauging how much of the fund's risk arises from this sensitivity.

The team then use their experience to "sense check" the optimal portfolio prior to implementation and to remove trades which are subject to significant ESG risks, other non-quantifiable factors or unreliable inputs. A big part of this subjective analysis is the use of the team's proprietary "ESG Dashboard", which is used to identify each stock's exposure to a wide range of industry specific ESG risk factors. The team also works closely with HEOS who provide direct engagement with the strategy's holdings to create sustainable value for shareholders, and who provide stock-specific ESG guidance on request.

## **Risk**

As with all equity investment, this strategy is subject to volatility and potential capital loss. However the vast majority of holdings are large cap stocks which tend to be more liquid and trade in relatively market. Investment risk is consciously reduced by the number of stocks, integrated risk management and use of more than one risk model, and a degree of subjective analysis that acts as a sense check and can override any output from the model.

## **Hermes Small & 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**

Certain employees of HIML are registered representatives of Foreside Fund Services, LLC ("Foreside"). There is no common ownership between HIML and Foreside and HIML does not execute any client transactions with Foreside. The relationship with Foreside is strictly for the sale of certain HIML offerings and the relationship is not used for HIML's asset management services. Other than the relationship disclosed above, HIML, and its employees, do not have any affiliations or arrangements with other financial services companies that pose material conflicts of interest.

HIML is affiliated with the following investment advisers:

- Hermes Alternative Investment management Limited ("HAIML")

- Hermes BPK Limited ("HBPK")
- Hermes Equity Ownership Services ("HEOS")
- Hermes Fund Managers (Singapore) PTE Ltd ("HFM SINGAPORE")
- Hermes GPE LLP ("HGPE")
- Hermes GPE (Singapore) PTE Limited ("HGPE SINGAPORE")
- Hermes GPE (USA) INC ("HGPE USA")
- Hermes Sourcecap Limited ("HSL")

HAIML, HBPK, HGPE, & HSL are all authorized and regulated by the FCA (Financial Conduct Authority) in the United Kingdom.

HGPE, HGPEUSA & HSL are all registered investment advisers with the Securities and Exchange Commission.

HAIML & HBPK are registered as an Exempt Reporting Advisers with the Securities and Exchange Commission

HGPE Singapore is licensed with the Monetary Authority of Singapore.

### **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 [compliance@hermes.co.uk](mailto:compliance@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 non-exempt 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.

There may be instances where the Central Trading outsources the execution of certain transactions to CF Global, who are a specialist execution provider.

### **Counterparty Approval**

Hermes Counterparty Credit Risk Group ("CCRG"), a sub-committee of the operating executive, is responsible for establishing the Hermes Counterparty Credit Risk Policy, overseeing counterparty approval, setting credit limits, and monitoring counterparty usage. The CCRG is chaired by the Head of Risk. Members include the Head of Compliance, Head of Dealing, a Front Office Credit Analyst, representatives from Investment Office, Legal and Operations & IT, and a Counterparty Credit Analyst. The CCRG meets quarterly and as and when necessary.

Hermes counterparty approval is specific to legal entity, and instrument traded. Each new relationship requires approval. The approval process is driven by requests from the Front Office and co-ordinated by the Counterparty Credit Analyst in the Risk team. Each new approval requires sign-offs from Legal, Compliance and Risk teams:

- Legal team is responsible for ensuring each relationship is governed by appropriate agreements.
- Compliance is responsible for checking counterparty corporate identity and regulatory status, supplemented by KYC and AML identification.
- Risk is responsible for assigning a Credit Risk Score and providing a final recommendation.

All new counterparties are assigned a Credit Risk Score based on their credit ratings, financial condition and any other relevant information. The review considers, but is not limited to, the following:

- External credit ratings by Moody's Standard & Poor's and Fitch
- Asset size, capitalisation, liquidity and profitability
- Country, industry or business risk and strategy
- Potential guarantees by parent entity or holding company
- Probability of government- or systemic support.

Upon receipt of Legal and Compliance sign-offs, and completion of the risk review, the Counterparty Credit Analyst will recommend rejection or approval of the counterparty and an appropriate credit limit. Final approval is given by the Head of Risk and ratified by the CCRG.

### **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 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 research targets entered into our in-house Broker Target Setting System. Overall research budgets are usually set annually and reviewed quarterly but can be reviewed at any time if the need arises.

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

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

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

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

In certain instances the research element of mixed-use items is eligible for the use of research commission. Mixed-use items are market data services that include both eligible and non-eligible information for the use of research commission. In these circumstance a full analysis is carried out to determine the proportion that is eligible.

The receipt of research in exchange for soft dollars benefits HIML by allowing HIML at no cost to it, to supplement its own research and analysis activities. This creates a conflict of interest which HIML recognizes. HIML limits its use of soft dollars to only those services

which are within the HIML policy and in compliance with the safe harbor. Moreover, any research services received by HIML are in addition to, and not in lieu of, services required to be performed by HIML under its investment management agreements.

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

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

### **Block Trading**

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 but will consider this if requested by a client.

### **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. 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 through cash solicitation arrangements under which it receives compensation for referring prospects to them for the entity’s advisory services.

HSL has not been engaged, and is not compensated, to refer prospective investors for private funds advised by HIML.

HIML has engaged Foreside Fund Services LLC (“Foreside”), a FINRA licensed broker-dealer, to sell Hermes Global Investment Fund (Cayman) Master SPC, which is a private fund advised by HIML.

Certain employees of HIML are registered representatives of Foreside. There is no common ownership between HIML and Foreside and HIML does not execute any client transactions with Foreside. The relationship with Foreside is strictly for the sale of certain HIML offerings and the relationship is not used for HIML's asset management services. Other than the relationship disclosed above, HIML, and its employees, do not have any affiliations or arrangements with other financial services companies that pose material conflicts of interest.

The referral fees paid to Foreside by HIML shall be agreed between the parties in writing from time to time.

The referral fees paid to HSL 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.

The arrangements described herein are applicable to HIML's advisory services provided to US 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**

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

Mr. Nusseibeh was appointed CEO of Hermes Fund Managers in May 2012 having served as Acting CEO from November 2011. He joined Hermes 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 centres. 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 behaviours, 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, 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 Business Development**

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

Ms Steel joined Hermes as Head Business Development 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 Business Development, 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 subject to supervision by the Chief Executive Officer.

## **Item 22 - 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 is not engaged in any investment-related business outside of his role with Hermes Investment Management Limited.

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

Mr Galpin 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 Galpin is subject to supervision by the Head of Equities and is also subject to supervision by the Executive Committee.

## **Item 23 - 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 Equities and is also subject to supervision by the Executive Committee.

## **Item 24 - Brochure Supplement for Geir Lode (Born 1963) –Head of Global Equities**

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

Geir Lode joined Hermes Fund Managers in May 2007. Prior to this he was Chairman of Bergen Yards based in Bergen Norway where he was responsible for restructuring and focusing a holding company. Bergen Yards changed name to Bergen group and was listed on the Oslo stock exchange in June 2007. He started his career in 1991 at Frank Russell, moving to Chancellor LGT and then Putnam Investments, where he was a Senior Vice President before returning to Norway in 2003. Geir studied Mechanical Engineering at Norwegian Institute of Technology and obtained a Masters degree in Business Administration at the Pacific Lutheran University, Washington. Geir has been on the board of 17 companies in 4 different countries.

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

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

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

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

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

Mr Lode 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 Lode is subject to supervision by the Head of Equities and is also subject to supervision by the Executive Committee.

## **Item 25 - 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 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). 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 Fixed Income and is also subject to supervision by the Executive Committee.

## **Item 26 - Brochure Supplement for – Tommaso Mancuso (Born 1977) – Head of Multi-Asset**

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

Mr Mancuso was appointed as Head of Multi-Asset for HIML in 2014. Prior to this, since 2008, Mr Mancuso worked for an affiliated Hermes entity, Hermes BPK Limited, where as Head of Portfolio Management, he managed the \$1bn Hermes BPK Absolute Return Portfolio and was a member of the Hermes BPK investment committee. Previously he oversaw \$3.5bn as Global Head of Credit and Event Driven Strategies at Pioneer Alternative Investments in New York. Tommaso graduated from Bocconi University in Milan with a degree in International Financial Markets.

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

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

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

Mr Mancuso is not engaged in any investment-related business outside of his roles with HIML.

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

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

### **Section 5 – Supervision**

As Head of Multi-Asset, Mr Mancuso is subject to supervision by the Head of Private Markets and is also subject to supervision by the Executive Committee.

## **Item 27 - Brochure Supplement for – Andrew Parry (Born 1962) – Hermes Group, Head of Equity and Hermes Sourcecap, Chief Executive Officer**

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

Mr. Parry joined Hermes Sourcecap in December 2006 and as Chief Executive Officer has overall responsibility for the day-to-day management of the company and the development of the business. 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 30 years of 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, Mr. Parry is an independent investment advisor to the Investment Sub-Committee of the Mineworkers' Pension Scheme and a non-equity director of Aerion Fund Managers.

### **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. In addition, Mr. Parry receives approximately US\$52,500 per annum for his role at Aerion Fund Managers with the entire amount being paid to HSL.

### **Section 5 – Supervision**

As Hermes Group Head of Equity and Hermes Sourcecap CEO, Mr. Parry is part of the Hermes Management Committee, Senior Management Group, Hermes Investment Forum, the Portfolio Review Committee, and New Business Forum that are responsible for implementing and overseeing the business, investment strategy and risk management for the Hermes Group, as well as for Hermes Sourcecap. Mr. Parry is ultimately subject to

supervision by the Board of Hermes Sourcecap Limited and the Board of Hermes Fund Managers Limited.

## **Item 28 - Brochure Supplement for Jonathan Pines (Born 1971) – Lead Manager – Asia ex-Japan**

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

Mr Pines joined Hermes in March 2009 as portfolio manager responsible for Asia ex-Japan within the Emerging Markets team. He has managed the Hermes Asia ex-Japan strategy since launch at the start of 2010. Previously he was a fund manager at RAB Capital and analyst at Orbis Investment Advisory in London. Jonathan grew up in South Africa, where he was a partner at PKF Johannesburg, Chief Investment Officer of Akul Capital (South Africa) and held non-executive directorships of several listed and private South African companies. He holds a MBA from Harvard Business School, is a CFA charter holder and a chartered accountant.

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

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

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

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

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

Mr Pines 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 Pines is subject to supervision by the Head of Equities and is also subject to supervision by the Executive Committee.

## **Item 29 - 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 Fixed Income and is also subject to supervision by the Executive Committee.

## **Item 30 - Brochure Supplement Zoë Shaw (Born 1960) – Head of Fixed Income**

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

Zoë Shaw joined Hermes in August 2014 as Head of Fixed Income. In this role, she oversees Hermes' credit team and is responsible for further developing Hermes' fixed income offering. Zoë joined from Promethion Limited, a specialist fixed income investment advisory firm where she was Managing Director since 2009. Prior to that, she was founder and managing partner of New Bond Street Asset Management LLP, a fixed income asset manager that had €8 billion of assets under management at its peak. Zoë has held senior roles at BGB UK Plc, WestLB and Bank of America. Zoë has an MA from Cambridge University.

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

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

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

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

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

Mrs Shaw 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**

Mrs Shaw is subject to supervision by the CEO and is also subject to supervision by the Executive Committee.

## **Item 31 - Brochure Supplement for Mark Sherlock (Born 1976) – Lead Manager US Small & Mid-Cap**

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

Mr Sherlock was appointed Lead Manager of the Hermes US SMID strategy in October 2013, having been co-manager since 2009. 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 Head of Global Small & Mid Cap, Hamish Galpin, who is supervised by the Head of Equities.

## **Item 32 - Brochure Supplement for Melissa Whitney (Born 1968) – Director, Business Development, North America**

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

Melissa joined Hermes Fund Managers in June 2012 focusing on business development with institutional investors in the US. Prior to joining Hermes she held various senior positions, including Director of Marketing at Jana Partners LLC in New York, an SEC registered event driven hedge fund. In addition, she spent 5 years at Highside Capital Management in Dallas, an equity long/short hedge fund, responsible for client development in the US, Europe and Asia. Melissa has over 20 years experience in financial services within both trading and marketing, and has a BBA from The University of Texas. She holds the series 7, 24 and 63 license designations with The Financial Industry Regulatory Authority (FINRA), and the IMC certificate from the CFA Society in the United Kingdom.

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

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

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

Ms. Whitney is a registered representative for Foreside Fund Services, LLC. For more information on this relationship please see Item 10 above.

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

Ms Whitney 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 Whitney is subject to supervision by the Head of Business Development and is also subject to supervision by the Executive Committee.