

ANNUAL REPORT AND FINANCIAL STATEMENTS

HERMES INVESTMENT MANAGEMENT LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2024



Registered No. 2466043

HERMES INVESTMENT MANAGEMENT LIMITED

STRATEGIC REPORT

Hermes Investment Management Limited (the "Company") is a wholly-owned subsidiary of Federated Hermes Limited ("FHL") and operates as part of the Federated Hermes Group (the "Group"). Federated Hermes, Inc. is the Group's ultimate parent undertaking and controlling party. The Company is regulated by the Financial Conduct Authority ("FCA").

The Company's principal activity is investment management. The directors expect the principal activities of the Company to remain unchanged for the foreseeable future.

The Company receives a significant proportion of its revenue for the investment advisory services it provides to Hermes Fund Managers Ireland Limited ("HFMIL") and to a far lesser extent, Hermes Alternative Investment Management Limited ("HAIML"); both fellow Group companies. Advisory fee revenues are determined as a fixed percentage of total revenues generated. For the year ended 31 December 2024, the Company recognised 95.5% (2023: 95.5%) of management fee revenue generated by HFMIL and 95% of management fee revenues generated by HAIML (2023: 95%). The Company continues to act as investment manager to a range of segregated mandates.

As shown in the profit and loss account, the Company's gross turnover has decreased by 13% to £118,718,287 in the year (2023: £136,699,080). The decrease in turnover is due to two key factors: first, a 15.7% decrease in assets under management in the year to £19.8bn (2023: £23.5bn); partly driven by net outflows of £5.7bn and positive market movements of £2.1bn. Additionally, there was an 8% fall in revenues generated through sub-advisory agreements with fellow Group companies, as noted above. Administrative expenses decreased by £7.2m to £124,175,704 driven by a decrease in employee costs of £2.8m and further compounded by a decrease of £4.5m in costs allocated from FHL £79,296,113 (2023: £83,775,521). Due to a more challenging investment environment, the Company recorded a loss before tax of £26,101,924 in 2024 (Loss before tax 2023: £20,098,210).

The Company did not pay a dividend during the year (2023: £nil). The directors do not recommend the payment of a final dividend with respect to the year ended 31 December 2024.

The directors consider the results of the Company to be satisfactory and that the Company is well placed to take advantage of future opportunities. The balance sheet shows that the Company maintains a strong net asset position of £130,321,515 (2023: £106,063,071) with the increase largely attributable to a £51m share issuance.

The Group manages its operations on a group basis. For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Group, which includes the Company, is discussed in the FHL Annual Report which does not form part of this report but is publicly available online at the following web address: <https://www.hermes-investment.com/uk/>.

The Company manages capital adequacy with reference to the Internal Capital Adequacy and Risk Assessment ("ICARA") as required by the FCA. Further details of the Company's approach to capital adequacy are disclosed in the MIFIDPRU 8 Disclosures, which can be found at the following website address: <https://www.hermes-investment.com/uki/policies-and-disclosures/>

HERMES INVESTMENT MANAGEMENT LIMITED

STRATEGIC REPORT (continued)

Principal risks and uncertainties

The Board of Directors for each regulated entity of FHL, including the Company - supported by FHL's Governance Oversight Committee ("GOC"), specialised committees and Senior Management Team ("SMT") - are ultimately responsible for management and supervision. To support this, FHL's Risk Management Framework ("RMF") is applied. This defines the roles and responsibilities for risk management within the organisation, along with the policies and frameworks used to manage risk and to enable a forward-looking assessment of risks and potential harms. The RMF and supporting policies and frameworks are embodied by a strong risk culture across FHL, which emphasises the importance of rigorous controls and procedures to safeguard the interests of its clients and other key stakeholders. As specified in the RMF, it is the responsibility of all employees to uphold the risk and control culture throughout all levels of the organisation.

The RMF sets out the overall approach to manage the internal and external risks to which the Company is currently exposed or may be exposed in the future. It specifies the methodologies employed to identify, assess, monitor, manage and report risk on a continuous basis, which forms the basis of each entity's core risk management processes. As set out in the RMF, these processes are applied to all types of risk and are supported by a series of supporting risk policies that describe the principles and approach to managing each specific risk. In addition, the specific harm that each regulated entity poses to clients, firm and the market have been considered in the qualitative risk appetite statements which form a key component of our risk appetite, along with business risk and control self-assessments ("RCSAs") and non-financial risk scenarios.

Many of the risks to which the Company is exposed are managed from an FHL perspective rather than on an individual entity basis. The overall risks of the Group and the Group's response to these risks are disclosed in the Group's Annual Report and Accounts. The processes adopted for the management of these risks are also applicable to the Company.

Therefore, the risk assessment below considers those risks that are directly relevant to the Company. Each of the first four risks identified below has been considered in the context of the potential decrease in the Company's revenues that may result from a deterioration of assets under management in the event that any of these risks are crystallised.

The principal risks and uncertainties facing the Company are as follows:

- Loss of clients – competitive pressure in the investment management market is a continuing risk for the Company, which could result in it losing key clients. The Company manages this risk by seeking to provide added value services to its customers and being responsive to customer needs and queries in order to maintain strong relationships with customers.
- Investment and performance risk – the Company provides a number of different products and services for clients and is responsible for achieving levels of performance set by those clients. Client dissatisfaction relating to performance not being in line with expectations or being poor overall, may lead to difficulties in the retention and attraction of clients. As a result, investment strategy follows clients' pre-determined written objectives and constraints and is regularly monitored.

HERMES INVESTMENT MANAGEMENT LIMITED

STRATEGIC REPORT (continued)

Principal risks and uncertainties (continued)

- Market risk – market movements may result in unexpected changes to the value of positions or composition of portfolios managed on behalf of clients and could result in unexpected losses or imbalances in client portfolios. To mitigate the risk of portfolio value loss, clients set clear objectives and constraints together with risk tolerances for each portfolio which are regularly reviewed. Also, regular checks are carried out for any variances arising and to initiate any rebalancing required.
- Client or product concentration risk - in the event that the Company has a high degree of dependence on a single investment product or client through a concentration of overall assets held on behalf of one client or in relation to one investment strategy, there is a risk that the loss of that client or product may have a significant impact on the Company's overall revenues. The Company seeks to diversify its product base and client base (including those held indirectly through HFML) in order to mitigate this risk and reduce exposure to any individual client or product. The directors note that the Company generated revenues of £4.8m (2023: £8.7m) from its largest third party client during the year, which represents less than 5% of total revenues.
- Financial risks - the Company has financial assets and liabilities including debtors, creditors and cash. These mostly arise from the Company's operations. The Company has policies for identifying and controlling the risks associated with such instruments. These risks include credit risk, foreign exchange risk, liquidity risk and interest rate risk. Bearing in mind the nature of the exposure to financial instruments within the Company and the limited risks associated with them, the directors are satisfied that there is adequate control of the risks.
- Operational risk – this represents the risk of loss or unintended gain arising from inadequate or failed internal processes, or from personnel and systems, or from external events. The Company has a robust risk management framework, established risk governance arrangements and effective risk management processes to ensure appropriate challenge and oversight of operational risk exposures and continued effectiveness of controls in the context of risk appetite.

Environment

The Group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities. The Company operates in accordance with Group's policies, which are described in the FHL Annual Report, which does not form part of this Report. Initiatives designed to minimise the Company's impact on the environment include recycling and reducing energy consumption.

HERMES INVESTMENT MANAGEMENT LIMITED

STRATEGIC REPORT (continued)

SECTION 172 STATEMENT – STAKEHOLDER ENGAGEMENT

Section 172 of the Companies Act 2006 requires Directors to act in a way that they believe in good faith promotes the success of the Company for the benefit of its members. In doing so, Directors should have regard to the likely consequences of decisions in the long term, the interest of employees, the need to foster relationships with suppliers, customers and other stakeholders, the impact of the entity's operations on the community and the environment, while maintaining a reputation for high standards of business conduct.

The Directors have considered each of the requirements under Section 172 and believe them to be consistent with our commitment to treat all stakeholders fairly. The Company goal is to deliver enduring, wealth creation responsibly: investments that enrich investors, society, and the environment for the long term. Among the Board's responsibilities is the implementation of our business purpose, including helping clients achieve better risk-adjusted returns and, where possible, contribute to positive societal and environmental outcomes in the wider world. Naturally this includes consideration of how the decisions we make as a business impact all of our stakeholders.

Stakeholders	Why they are important to us and how we engage	Key topics of engagement and outcomes in 2024
Clients and beneficiaries	<p>As a responsible investment firm, we have an obligation to lead the field in demonstrating that we provide clients with value for money by acting with integrity as skilled investors and good stewards of capital.</p> <p>We aim to create enduring, wealth responsibly for our investors. This requires us to understand and put the needs of our clients and their beneficiaries first. It informs our investment processes, stewardship activities and public-policy work. To do this we build close relationships with clients to better understand their financial needs and broader objectives and concerns.</p> <p>Fair treatment of clients is central to our approach, and a key consideration for our governance bodies, including the oversight of the creation and lifecycle of our</p>	<p>We serve our clients with a personalised approach where we strive to provide them with everything they need in a proactive and thoughtful way.</p> <p>We published multiple thought pieces on investment and sustainability throughout the year along with videos and regular long-form reports on the same topic. We also celebrated some key milestones for our funds during the year, including Sustainable Global Equity (three years), SDG Engagement High Yield Credit (five years), and Global Equity ESG (10 years). Each of these were marked with a comprehensive summary to highlight the multiple engagement milestones these funds have achieved since inception.</p> <p>EOS at Federated Hermes Limited (EOS), our stewardship service provider also marked their 20-year anniversary. EOS delivers corporate engagement and proxy voting services and advises on more than £1.7tn in assets. The EOS team continues to build out its library of</p>

	<p>investment products. A robust policy framework supports this work, including a conflicts of interest policy and product development and review procedures.</p>	<p>case studies as evidence of the power of stewardship but also creates regular, well-received long-form written thought pieces. Recent content of this kind has covered the topics of water management, climate risk insurance, hazardous chemicals, plastics and ocean pollution, and antimicrobial resistance among others.</p> <p>Elsewhere, our online learning platform, Academy, was relaunched in 2024 with new educational content in the form of videos focusing on the ESG factor, Stewardship and Sustainable Fixed Income.</p>
Suppliers	<p>Like many businesses, we use external service providers and suppliers to supplement our own infrastructure and operations. This enables us to provide a higher quality of service to our clients and meet regulatory requirements. The Company retains responsibility for the performance of our third-party suppliers. We are committed to observance of all laws and regulations, including the Modern Slavery Act, and to the pursuit of honest and fair corporate activities that conform to the norms accepted by society. It is essential for all product and service providers to adhere to our Supplier Code of Conduct so that we can live up to this commitment.</p>	<p>As we align with our US colleagues, we have adopted a consolidated process for tiering our suppliers and products so resource can be assigned proportionately. The key focus in the higher tiers is regulatory requirements, business continuity and data security. These suppliers are managed quarterly by the Supplier Relationship group, which is chaired by the Head of Risk at FHL. The group consists of members from across the business, including Legal, Risk, Procurement and Technology.</p> <p>We have continued to maintain high standards of due diligence for our suppliers both on inception and monitoring risks.</p> <p>An update to our supplier code of conduct has been implemented to include detailed wording on environment and social obligations. This has been circulated for signature to all existing vendors and forms part of the onboarding process for new suppliers.</p> <p>In 2024, the average number of days to settle supplier invoices was 24 days; below our standard payment terms of 30 days.</p>
People	<p>The launch of Sustainable careers in 2022 ensured our people's wellbeing and development are central to</p>	<p>In 2024, we continued to focus on the D&I Strategy six core objectives (see below). The development of the D&I agenda continued to be a priority for</p>

	<p>the ongoing success of our business. Employees are aligned to our mission of delivering enduring, wealth creation responsibly for clients and beneficiaries in a number of ways, including receiving market-aligned remuneration and benefits; receiving ongoing training and development support; and being encouraged to be collaborative and innovative through behavioural criteria in our performance management framework.</p> <p>We recognise that diversity, and inclusion ("D&I") are key to developing a wide-ranging outlook to meet client needs. D&I initiatives are promoted through the D&I Office which is responsible for "Community for All" and delivering the D&I strategic plan and supporting the seven Employee Networks. We have talent development initiatives such as mentoring; coaching; unconscious bias training; mindfulness and financial wellbeing education.</p>	<p>the business, in addition to providing support and resources that focused on employee wellbeing. Some of the initiatives we ran during 2024 include:</p> <ul style="list-style-type: none"> • Launched a Fertility and Miscarriage Toolkit for all employees. • Ran the 2024 second cohort of Inclusive Recruitment Training for line managers • Supported "Time to Talk Day" with an intersectional event, facilitated by a guest speaker on the topic of suicide. • Held our first Disability Technology Taskforce Group meeting, to review, approve and implement reasonable adjustment requests. • Achieved Menopause accreditation. • Launched our Women in Leadership series. <p>We continue to run the Workday Peakon employee engagement surveys bi-annually in 2024. The survey provides employees to feedback anonymously. Line managers and the leadership team receive direct feedback around employee engagement, D&I, and Health & Wellbeing. The feedback provides insights that leaders can put to work, to create more responsive, fulfilling, and productive workplace.</p> <p>Our six Employee Network Groups continue to raise awareness, educate, and influence change. The 2023-2026 D&I strategic plan covers six core areas; Engagement; Health and Wellbeing; Disability; Menopause accreditation; External Charters and the collection of diversity equality data.</p> <p>Following the success of our Investment Trainee programme, we are pleased three trainees secured a permanent role within the business in 2024.</p>
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		<p>We had 10 summer internships this year in the following areas:</p> <ul style="list-style-type: none"> • Technology • Digital Marketing • GPE • Sustainable Finance • Private Credit <p>We have committed again in 2024 to support the 10,000BlackInterns and the Change 100 initiatives.</p>
Society and the environment	<p>As a Company, we strive to make a difference by delivering enduring wealth creation responsibly enriching investors, society, and the environment. We aim to achieve this through our unique approach: a fusion of high-active-share investment, best-in-class ESG analysis and effective stewardship, with integration overseen by our Responsibility Office.</p> <p>Focusing on our own actions as a business, we seek to minimise the environmental impact of our operations, positively impact the communities in which we are based and benefit wider society. Pursuing these aims, we work with several environmental and community organisations and charities.</p>	<p>We have continued our stewardship and ESG integration across asset classes, and policy advocacy to promote responsible investment practices and business conduct on a range of environmental and social issues this year.</p> <p>Please see the SECR statement in the FHL Annual Report for details of our Scope 1 and 2 emissions.</p> <p>Highlights of our community engagement activities and charitable donations included:</p> <ul style="list-style-type: none"> • For our Charity of the Year, we partnered with Alzheimer's Research UK and fundraised over £34,000 for the charity in 2024. • To support our Charity of the Year, employees participated in a 3-day Thames Canoe Challenge fundraising over £16,000. Employees also participated in a Tough Mudder Challenge, raising over £5k, attended the Charity bi-annual quiz and over 40 colleagues completed the City of London JP Morgan Charity Run in aid of our Charity of the Year. • Celebrated World Earth Day with a roundtable discussion about industry themes, EMS Committee Lunch & Learn, Sustainable careers insight session and ran a Giki Zero 'End Plastics' workshop.

		<ul style="list-style-type: none"> • For a fourth year running we have partnered with Envision, empowering young people from less-advantaged backgrounds, who are often under-represented in the world of work, to develop their essential skills and confidence they need to succeed. We have mentored over 30 students and offered four work experience placements. • Employees used their volunteering days throughout the year. Examples of volunteering efforts include: repairing a primary school garden, and volunteering at Little Village (a charity supporting children aged between birth and six years old) organised by our Families and Returners network. Several of employees also volunteered at the Swanscombe Heritage Park, planting bee posts and hedge shrubs.
Regulators and policy makers	<p>Regulators have a legitimate interest in how we treat our clients and run our business. We believe that our clients' interests are best served when we engage constructively with regulators. Proactive engagement on regulation and policy governing responsible approaches to investment is also key to delivering enduring, wealth creation responsibly.</p> <p>Our Responsibility Office and Government Affairs teams work with staff across the firm to ensure these engagements are well informed, relevant, and impactful. Using the skills and experience within our business to work constructively with policymakers, we aim to lead rather than follow policy</p>	<p>We have engaged with a wide range of regulators and policymakers this year, including: the Financial Reporting Council ahead of their consultation on the revision of the UK Stewardship Code; the UK Department for Environment, Food & Rural Affairs on secondary legislation on deforestation due diligence; IOSCO (the International Organization of Securities Commissions) on sustainable finance initiatives including transition plans; EU policymakers including MEPs, representatives of the Commission and Member States on the reform of the Sustainable Finance Disclosure Regulation (SFDR); the UK Financial Conduct Authority (FCA) on the Sustainability Disclosure Requirements (SDR); the International Sustainability Standards Board (ISSB) on future priorities and the Japanese government's consultation on Asset Owner Principles.</p>

	<p>debates.</p> <p>We engage with regulators and policymakers through a variety of means – bilaterally, alongside fellow investors and through collective initiatives. Day-to-day regulatory and legal activities are managed by our Compliance and Legal teams.</p>	
Shareholder	<p>We rely on the support and engagement of our shareholder in order to deliver enduring, responsible wealth creation for clients and beneficiaries, and to achieve our strategic objectives and growth plans.</p>	<p>The Company has one shareholder, Federated Hermes, Inc. ("FHI"). Consequently, the Board is not required to make decisions where it needs to act fairly between shareholders.</p> <p>The Company's Board includes directors who are senior executives from FHI. The Company's Chief Executive Officer is a member of FHI's Executive Staff and works with FHI to set the global strategy, which is implemented locally by the Company's Board.</p> <p>The Board has an ongoing dialogue with the shareholder via the shareholder-appointed directors and the CEO's position on the FHI Executive Staff. This facilitates the ongoing communication by the shareholder of the firm's strategy and the Board's delivery against such strategy.</p>

This report was approved by the Board of Directors and signed on behalf of the Board by:

Signed by:

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 G Dulski
 Director

25 April 2025

HERMES INVESTMENT MANAGEMENT LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2024.

Directors: S Nusseibeh
I Kennedy (resigned 23 October 2024)
E Murray (resigned 4 January 2024)
C Taylor
G Dulski

With the exception of those directors noted above, each of the above directors served for the full year ended 31 December 2024 and up to the date of this report.

Secretary: Hermes Secretariat Limited

Registered Office: Sixth Floor, 150 Cheapside, London, England, EC2V 6ET

Registered Number: 2466043

Going Concern

The future profitability of the Company is dependent on maintaining a stable level of assets under management from which to generate future revenues and cash flows. Whilst the level of Company's assets under management is subject to market conditions and investor redemptions, the directors consider that the Company has a diverse underlying client base (either directly or through the investment advisory contract held through HFML), which mitigate the effects of investor redemptions on the Company's future revenue generating potential.

As part of their enquiries, HIML's directors have reviewed the adequacy of the Company's own funds and liquidity positions. At 31 December 2024, the Company held own funds of £128.3m, with an own funds requirement of £29.9m. The surplus equates to 429% of the Company's requirement. The Company also held cash and cash equivalents of £65.6m (2023: £45.8m), a year-on-year increase of 43%. The Directors are satisfied at the time of approving the financial statements that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of approving this annual report.

As part of the ICARA process, the Directors reviewed the adequacy of the own funds and solvency position under five severe yet plausible scenarios. In addition, reverse stress testing analysis was conducted to determine the levels to which the assets under management would need to fall in order for the surplus own funds and cash liquidity to be exhausted.

Following this review, whilst certain of the more severe stressed scenarios considered by the Directors may impact the Company's profitability in the short term, the Company's existing significant own funds surplus and cash positions provide the Directors with a high degree of confidence that the Company will be able to continue to meet its liabilities for at least 12 months from the date the financial statements are approved.

HERMES INVESTMENT MANAGEMENT LIMITED

DIRECTORS' REPORT (continued)

Going Concern (continued)

In the event that the Company has insufficient liquidity to meet its financial obligations, Federated Hermes, Inc. ("FHI"), the Company's ultimate parent company, has committed to provide financial support to the Company for at least 12 months from the date of approval of this annual report.

With this in mind, having made all reasonable enquiries and having respect to the nature of the Company and the commitment of support from FHI, the directors are satisfied at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for 12 months following the approval of this report. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Directors' Indemnities

Qualifying third-party indemnity provisions, which were in force throughout the year for the benefit of the Company's directors, remain in force at the date of this report.

Employees

The Company has no employees as all staff are contractually employed by FHL. The salary costs associated with the services that FHL employees provide to the Company are recharged from FHL to the Company. The Group has policies and practices to keep employees informed on matters relevant to them as employees through regular meetings and newsletters.

Subsequent Events

There were no subsequent events material to the financial statements of the Company from the balance sheet date, 31 December 2024, to the date of approval of the financial statements, 25 April 2025.

HERMES INVESTMENT MANAGEMENT LIMITED

DIRECTORS' REPORT (continued)


Statement on disclosure of Information to Auditor

The directors, having made enquiries to fellow directors, can confirm that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all reasonable steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

This report was approved by the Board of Directors and signed on behalf of the Board by:

Signed by:

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G Dulski
Director

25 April 2025

HERMES INVESTMENT MANAGEMENT LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

HERMES INVESTMENT MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF FEDERATED HERMES LIMITED

Opinion

We have audited the financial statements of Hermes Investment Management Limited ("the Company") for the year ended 31 December 2024 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

HERMES INVESTMENT MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF FEDERATED HERMES LIMITED (CONTINUED)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

HERMES INVESTMENT MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF FEDERATED HERMES LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that are related to the reporting framework, United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland', the Companies Act 2006 and the relevant tax compliance regulations.
- We understood how the Company is complying with those frameworks by making enquiries of management, including the Head of Legal, Group Finance Director, Head of Compliance and Internal Audit. We corroborated our understanding through our review of board minutes, and correspondence received from regulatory bodies.

HERMES INVESTMENT MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF FEDERATED HERMES LIMITED (CONTINUED)

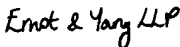
Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with directors and management to understand where they considered there was susceptibility to fraud. We also considered performance targets and their potential influence on efforts made by directors and management. We identified a fraud risk in relation to revenue recognition (including rebates, distribution fees, and performance fees) in addition to the presumed risk of management override.
- In response to these risks we have: understood the movement of revenue and the drivers, such as the change in number of funds, market performance and fee rates; performed walkthroughs, understood the design of controls and tested the effectiveness of the controls operated by management to prevent errors in the calculation of the revenue; and on a sample basis validated that fees have been correctly calculated by reperforming calculations including testing inputs into fee calculations to external support and agreeing received amounts to bank statements.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business; enquiries of senior management; and focused substantive testing.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Sarah Langston (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
25 April 2025

HERMES INVESTMENT MANAGEMENT LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2024

		2024	2023
	Notes	£	£
TURNOVER	3	118,718,287	136,699,080
Fee and commission expenses	3	(24,786,231)	(25,366,987)
NET TURNOVER		<u>93,932,056</u>	<u>111,332,093</u>
Administrative expenses	4	(124,175,704)	(131,354,623)
OPERATING (LOSS)		<u>(30,243,648)</u>	<u>(20,022,530)</u>
Net gain/(loss) on foreign exchange	5	1,814,735	(1,684,987)
(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		<u>(28,428,913)</u>	<u>(21,707,517)</u>
Investment Income	14	2,326,989	1,609,307
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	6	<u>(26,101,924)</u>	<u>(20,098,210)</u>
Tax credit/(charge) on loss on ordinary activities	9	1,734,242	(907,552)
(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		<u>(24,367,682)</u>	<u>(21,005,762)</u>

There is no other comprehensive income for the periods disclosed above. Accordingly, no statement of comprehensive income is presented.

All of the results are derived from continuing operations.

The notes on pages 21 to 35 form an integral part of these financial statements.

HERMES INVESTMENT MANAGEMENT LIMITED

BALANCE SHEET


AS AT 31 DECEMBER 2024

		2024	2023
	Notes	£	£
NON-CURRENT ASSETS			
Investments	10	1,623,484	8,661
		<u>1,623,484</u>	<u>8,661</u>
CURRENT ASSETS			
Debtors - amounts falling due within one year	11	162,493,172	151,820,722
Cash at bank		<u>65,553,000</u>	<u>45,757,482</u>
		228,046,172	197,578,204
CREDITORS – amounts falling due within one year	12	(93,947,302)	(86,424,408)
NET CURRENT ASSETS		<u>134,098,870</u>	<u>111,153,796</u>
CREDITORS - amounts falling due after more than one year	13	(5,400,839)	(5,099,386)
NET ASSETS		<u>130,321,515</u>	<u>106,063,071</u>
CAPITAL AND RESERVES			
Called up share capital	15	116,437,033	65,000,000
Profit and loss account		5,621,667	29,989,350
Other reserves		<u>8,262,815</u>	<u>11,073,721</u>
SHAREHOLDER'S FUNDS		<u>130,321,515</u>	<u>106,063,071</u>

These financial statements were approved by the Board of Directors and authorised for issue on 25 April 2025.

The notes on pages 21 to 35 form an integral part of these financial statements.

These financial statements have been signed on behalf of the Board of Directors by:

Signed by:

 E3805C8D88DE40B...
 G Dulski
 Director

Registered Company number: 2466043

HERMES INVESTMENT MANAGEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Called up share capital £	Other reserves £	Profit and loss account £	Total £
At 1 January 2023	35,000,000	9,653,360	50,995,112	95,648,472
Proceeds from shares issued	30,000,000	-	-	30,000,000
Loss for the year	-	-	(21,005,762)	(21,005,762)
Costs attributable to awards made under the Group's long-term incentive plan	-	1,420,361	-	1,420,361
At 31 December 2023	<u>65,000,000</u>	<u>11,073,721</u>	<u>29,989,350</u>	<u>106,063,071</u>
Proceeds from shares issued	51,437,033	-	-	51,437,033
Loss for the year	-	-	(24,367,682)	(24,367,682)
Costs attributable to awards made under the Group's long-term incentive plan	-	(2,810,906)	-	(2,810,906)
At 31 December 2024	<u>116,437,033</u>	<u>8,262,815</u>	<u>5,621,667</u>	<u>130,321,515</u>

The notes on pages 21 to 35 form an integral part of these financial statements.

HERMES INVESTMENT MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2024

ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102). The principal accounting policies are summarised below. All policies have been applied consistently throughout the year and the preceding year.

a) Accounting convention

The financial statements have been prepared on the going concern basis, as described in the Directors' Report and policy k. The Company is incorporated in the United Kingdom under the Companies Act 2006. The address of the Company's registered office is given on page 10. The nature of the Company's operations and its principal activities and risks are set out in the Strategic Report on pages 1 to 9.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with applicable law and United Kingdom accounting standards, including Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The financial statements are presented in pounds sterling.

The Company meets the definition of a qualifying entity under FRS 102 as it is fully consolidated into the accounts of the Group and these are publicly available. The Company has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to the disclosure of risk management information relating to the Company's financial instruments, presentation of a cash flow statement, disclosure of transactions between entities under common control as related parties and remuneration of key management personnel.

b) Turnover

Turnover is recognised on an accruals basis. Turnover from the supply of investment management services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable (exclusive of VAT and net of rebates).

Turnover for investment management services includes performance fees based upon rolling performance periods of up to three-years. These are recognised in the year the performance period ends and the associated fee crystallises.

To the extent that fees receivable are recognised in advance of billing they are included as accrued income. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

HERMES INVESTMENT MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS – YEAR ENDED 31 DECEMBER 2024 (continued)

1. ACCOUNTING POLICIES (continued)

b) Turnover (continued)

Fee and commission expenses are paid to other entities within the Group under sub-delegation agreements and to third parties for ongoing services under distribution agreements, and are charged to the profit and loss account on an accruals basis over the period in which the services are expected to be provided.

Rebates are offset within Group revenue as they provide a reduction in net management fees to the underlying investor. Commissions are paid to a third party distributor who market the Company's funds on their platform.

c) Consolidation

The financial statements contain information about Hermes Investment Management Limited as an individual entity and do not contain consolidated financial information. The Company is exempt under the Companies Act 2006 from the requirement to prepare consolidated financial statements as it is itself a subsidiary undertaking and included in the consolidated statements of FHL.

d) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Debt instruments that are classified as payable or receivable within one year on initial recognition are measured at the undiscounted amount of the cash or other consideration expected to be paid or received and, in the case of receivables, net of impairment.

Financial assets are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the profit or loss account as described below.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is assessed to determine whether a reversal can be objectively related to an event occurring after the impairment was recognised. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

HERMES INVESTMENT MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS – YEAR ENDED 31 DECEMBER 2024 (continued)

1. ACCOUNTING POLICIES (continued)

d) Financial instruments (continued)

Financial assets and liabilities are only offset in the balance sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expired.

Debtor and creditor balances are classified as basic financial instruments and initially recognised at the transaction price and subsequently measured at amortised cost less provision for impairment.

e) Investments

Investments in subsidiaries are measured at cost less impairment. The impairment policy is shown below in policy (f). The Company does not have regulatory permissions to trade on its own account, however the Company can hold investments in its own funds for the purpose of providing seed capital. These investments are classified as being held at fair value through profit and loss. Both unrealised gains or losses arising on the revaluation of these investments, and realised gains and losses on the disposal of these investments are recognised in the profit and loss account.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market (Level 1). When quoted prices are unavailable, other market observable inputs provide evidence of fair value (Level 2). If the market is not active, unobservable inputs may be used where the fair value is estimated by using a valuation technique (Level 3). Please refer to Note 10 for further details of the Company's investments.

f) Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit and loss as described below.

g) Cash and cash equivalents

Cash and cash equivalents are comprised of deposits held with banks and other short-term highly liquid investments, notably investments in money market funds.

HERMES INVESTMENT MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2024 (continued)

1. ACCOUNTING POLICIES (continued)

h) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Debt instruments that are classified as payable or receivable within one year on initial recognition are measured at the undiscounted amount of the cash or other consideration expected to be paid or received and, in the case of receivables, net of impairment.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

i) Administrative expenses and intra-group cost allocation

Debt instruments that are classified as payable or receivable within one year on initial recognition are measured at the undiscounted amount of the cash or other consideration expected to be paid or received and, in the case of receivables, net of impairment.

j) Bonus costs

Employee bonuses are recognised on an accruals basis in the financial statements where the bonus award is attributable to employee service and performance delivered prior to the year end.

Where bonuses are deferred for payment in the future (subject to each employee's continued compliance with pre-defined vesting conditions), the value of these deferred amounts is recognised as an expense on a straight-line accrual basis over the vesting period and adjusted for any forfeitures.

Where deferred awards are subject to co-investment arrangements, the incremental increase (or decrease) in the value of the award is recognised each year through the profit and loss account.

The Company has no employees as all employees are contractually employed by FHL (the Company's parent undertaking). However, where an employee is deemed to provide services directly to the Company, all employee costs (including bonus costs) relating to the provision of these services are allocated to the Company by FHL. As a result, salary bonus costs are recognised in administrative expenses within the Company's profit and loss account.

HERMES INVESTMENT MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2024 (continued)

1. ACCOUNTING POLICIES (continued)

k) Share based payments

The long-term incentive plan ("LTIP") awards restricted stock units of Class B Common Stock of the Company's parent, FHI, to senior management and is designed to encourage profitable growth. The LTIP is an equity-settled share-based payment scheme. The cost of equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. As FHI is listed on the New York Stock Exchange, a fair value of the award exists at the grant date. In valuing equity-settled transactions, no account is taken of any vesting conditions other than conditions linked to the price of the shares of FHI (market conditions) and non-vesting conditions.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and FHI management's best estimate of the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous balance sheet date is recognised in the profit and loss account, with a corresponding entry in equity. No expense is recognised for awards that are not expected to vest.

l) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Income and expenditure denominated in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences are taken to the profit and loss account.

m) Going concern

The future profitability of the Company is dependent on maintaining a stable level of assets under management from which to generate future revenues and cash flows. Whilst the level of Company's assets under management is subject to market conditions and investor redemptions, the directors consider that the Company has a diverse underlying client base (either directly or through the investment advisory contract held through HFMIL), which mitigate the effects of investor redemptions on the Company's future revenue generating potential.

As part of their enquiries, HIML's directors have reviewed the adequacy of the Company's own funds and liquidity positions. At 31 December 2024, the Company held own funds of £128.3m, with a requirement of £29.9m. The surplus equates to 429% of the Company's requirement. The Company also held cash and cash equivalents of £65.6m (2023: £45.8m), a year-on-year increase of 43%. Directors are satisfied at the time of approving the financial statements that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of approving this annual report. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

HERMES INVESTMENT MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2024 (continued)

m) **Going concern (continued)**

As part of the ICARA process, the Directors reviewed the adequacy of the own funds and solvency position under five severe yet plausible scenarios. In addition, reverse stress testing analysis was conducted to determine the levels to which the assets under management would need to fall in order for the surplus own funds and cash liquidity to be exhausted.

Following this review, whilst certain of the more severe stressed scenarios considered by the Directors may impact the Company's profitability in the short term, the Company's existing significant own funds surplus and cash positions provide the Directors with a high degree of confidence that the Company will be able to continue to meet its liabilities for at least 12 months from the date the financial statements are approved.

In the event that the Company has insufficient liquidity to meet its financial obligations, Federated Hermes, Inc. ("FHI"), the Company's ultimate parent company, has committed to provide financial support to the Company for at least 12 months from the date of approval of this annual report.

With this in mind, having made all reasonable enquiries and having respect to the nature of the Company and the commitment of support from FHI, the directors are satisfied at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for 12 months following the approval of this report. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The reported results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. UK Company law requires the directors, in preparing the financial statements, to select suitable accounting policies, apply them consistently and make judgements and estimates that are reasonable. The preparation of these financial statements is in line with the policies adopted in the preparation of the financial statements of the Group. The estimates and assumptions made in the preparation of these financial statements are based on historical experience and expectation of future events and are reviewed periodically. The actual outcome may be materially different from that anticipated.

The key sources of estimation uncertainty at the year-end that may have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

HERMES INVESTMENT MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2024 (continued)

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(i) Deferred tax asset

The recognition of deferred tax assets in relation to taxable losses carried forward is dependent on the probability that sufficient future taxable profits will be available against which these losses can be utilised. In the prior year, the Company assessed that the continued use of projected income as a source of recovering deferred tax assets was no longer appropriate due to recent losses and forecasted losses for 2025 and 2026. Given that the Company has incurred further losses in the current year and expects to do so in the foreseeable future, the Directors have concluded that it remains inappropriate to recognize any deferred tax assets at this time. The position will continue to be assessed based on the Company's future profitability.

3. TURNOVER

Turnover comprises the value of services supplied in the UK by the Company and is exclusive of value added tax. Turnover, all of which is derived from investment management services carried out in the UK, is analysed as follows:

	2024	2023
	£	£
Investment management services:		
- Performance fees	123,724	-
- Management fees	20,846,434	29,602,588
- Advisory fees	83,075,018	93,257,590
- Other revenue	14,673,111	13,838,902
	<u>118,718,287</u>	<u>136,699,080</u>

The advisory fees include fees generated under the sub-delegation agreement with HFMIL and HAIML. Other revenue in 2024 primarily consists of income generated in the distribution of funds managed by HFMIL. The Company acts as the distribution agent for a number of HFMIL funds and receives a cost plus 5% mark up as remuneration for this service.

Fee and commission expenses represent amounts payable to both other entities within the Group under sub-delegation agreements for the provision of investment advisory services and to third parties for ongoing services under distribution agreements. In 2024, the amount for fees and commissions recognised in the profit and loss account were £24,786,231 (2023: £25,366,987); this is split out below.

	2024	2023
	£	£
Fees and commission payable to:		
- Group entities	7,169,789	7,642,899
- Third parties	17,616,442	17,724,088
	<u>24,786,231</u>	<u>25,366,987</u>

HERMES INVESTMENT MANAGEMENT LIMITED**NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2024 (continued)****4. ADMINISTRATIVE EXPENSES**

Administrative expenses are analysed as follows:

	2024	2023
	£	£
Group cost allocation	79,086,592	83,775,521
Employee costs	31,336,793	33,722,171
Other administrative expenses	10,431,042	10,014,889
Fund administration costs	3,321,277	3,842,042
	<u>124,175,704</u>	<u>131,354,623</u>

Where costs incurred by the Group are directly attributable to services provided by the Company (including salary costs, fund administration expenses and other administrative costs), these costs are recognised directly as an expense of the Company. In addition to these costs, the Group cost allocation expense represents the proportion of the Group's central overhead costs that have been allocated to the Company (based on the directors' best estimate of the Company's consumption of these costs in the delivery of its services relative to other entities in the Group).

5. NET GAIN ON FOREIGN EXCHANGE

	2024	2023
	£	£
Net (loss)/gain on foreign exchange	1,814,735	(1,684,987)
	<u>1,814,735</u>	<u>(1,684,987)</u>

6. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities before taxation of the Company is stated after charging:

	2024	2023
	£	£
Fees payable to the Company's auditor in respect of audit services	68,500	66,000
Fees payable to the Company's auditor in respect of audit related assurance services	82,600	96,345
	<u>151,100</u>	<u>162,345</u>

HERMES INVESTMENT MANAGEMENT LIMITED**NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2024 (continued)****7. DIRECTORS' REMUNERATION AND TRANSACTIONS**

All five of the directors (2023: five) that served the Company during the year were employed by and provided services to other entities in the Group (in addition to the services that they provided as directors of the Company). Their total emoluments during the year were £3,819,137 (2023: £4,680,751). However, it is not considered practicable to allocate a proportion of these overall emoluments to services provided as a Director of the Company (relative to the services provided to the Group as a whole). As a result, none of these remuneration costs have been allocated to the Company.

Therefore, the directors' remuneration disclosures shown below represent amounts paid to the directors by Federated Hermes Limited in respect of services provided to the Group as a whole. These costs have not been borne directly by the Company and, therefore, are not included within the Company's profit and loss account.

	2024	2023
	£	£
Directors' remuneration		
Salaries and related benefits	3,744,129	4,584,037
Contributions to money purchase pension schemes	75,008	96,714
	<u>3,819,137</u>	<u>4,680,751</u>

The Group operates a bonus deferral scheme whereby a portion of the bonuses awarded to the directors during the year have been deferred. The full value of the deferred awards granted to directors in respect of the year was £831,375 (2023: £1,125,000). The full value of this deferred award has been included as a component of the "Salaries and related benefits" section of the table above. However, the awards will only become payable after the directors satisfy future service conditions and, therefore, the cost of these awards to the Group is recognised over the vesting period.

During the year, the Group made defined contribution pension scheme contributions on behalf of directors of £75,008 (2023: £96,714), of which £18,787 (2023: £18,605) was on behalf of the highest paid director.

	2024	2023
The number of directors who:		
Are members of a money purchase pension scheme	5	4
Received remuneration in respect of qualifying services under long term incentive schemes	5	5

HERMES INVESTMENT MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2024 (continued)

7. DIRECTORS' REMUNERATION AND TRANSACTIONS (continued)

	2024	2023
	£	£
Remuneration of highest paid director		
Emoluments	1,662,211	1,914,102
Contributions to money purchase pension scheme	18,787	18,605
	<u>1,680,998</u>	<u>1,932,707</u>

An amount of £508,875 (2023: £635,000) is included in the "Emoluments" balance shown above and relates to amounts payable to the director under the Group's bonus deferral scheme. This balance represents the full value of the award and is deferred over a period of up to three years.

8. INFORMATION REGARDING EMPLOYEES

The average number of employees excluding directors employed by the Company during the year was nil (2023: nil) as all staff of the Group are contractually employed by FHL. Costs associated with the services provided by the employees of the Group to the Company are recharged to the Company and included in administrative expenses.

Employee costs allocated to the Company in this manner were as follows:

	2024	2023
	£	£
Wages and salaries	26,471,156	28,300,678
Social security costs	3,463,548	3,769,521
Pension costs	1,207,472	1,204,972
Redundancy payments	194,617	447,000
	<u>31,336,793</u>	<u>33,722,171</u>

HERMES INVESTMENT MANAGEMENT LIMITED**NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2024 (continued)****9. TAX CHARGE ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES**

	2024	2023
	£	£
a) Analysis of tax charged in the year		
Current tax:		
UK corporation tax at 25% (2023: 23.5%)		
Group relief payable/(receivable)	(1,585,027)	(3,111,960)
Adjustment in respect to prior periods	(149,215)	(126,655)
Total current tax charge/(credit)	<u>(1,734,242)</u>	<u>(3,238,615)</u>
Deferred tax:		
Origination and reversal of timing differences	-	3,942,711
Adjustment in respect to prior periods	-	227,112
Effect of tax rate change	-	(23,656)
Total deferred tax charge	<u>-</u>	<u>4,146,167</u>
Total tax charge	<u><u>(1,734,242)</u></u>	<u><u>907,552</u></u>

HERMES INVESTMENT MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2024 (continued)

9. TAX CHARGE ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES (continued)

b) Reconciliation of loss before tax to tax charge / (credit)

The tax charge in the year differs from that resulting from applying the average standard rate of corporation tax in the UK 25% (2023: 23.5%). The differences are explained below:

	2024	2023
	£	£
Profit on ordinary activities before tax	(26,101,924)	(20,098,210)
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 25% (2023: 23.5%)	(6,525,481)	(4,723,079)
Effects of:		
Fixed asset differences	-	1,618
Staff bonuses	(267,692)	3,234,509
Expenses not deductible for tax purposes	42,529	1,974
Income not taxable for tax purposes	(206,388)	(13,394)
Amounts credited directly or otherwise transferred	74,700	-
Group relief surrendered/(claimed)	20,231	-
Payment/(receipt) for group relief	-	-
Adjustments to tax charge in respect of previous periods	(149,215)	100,418
Remeasurement of deferred tax for changes in tax rate	-	(127,226)
Losses on which deferred tax not recognised	5,203,492	2,432,732
Chargeable gains/(losses)	73,582	-
Tax charge/(credit) for the period	(1,734,242)	907,552

c) Deferred tax

Deferred tax assets have not been recognised in respect of losses, accelerated capital allowances and short-term timing differences totalling £41,613,193 (2023: £22,675,436) as it is not probable that the Company will be able to recover those assets within the foreseeable future.

On 1 January 2024, the Group became subject to the global minimum tax rate (15%) under the OECD Pillar Two framework. Any top up tax in relation to the period has been accounted by the ultimate parent entity, Federated Hermes Limited. There is no impact of the global minimum tax rate to this Group company, nor is there expected to be a material impact to this company in future periods.

HERMES INVESTMENT MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2024 (continued)

10. INVESTMENTS

	Investment in subsidiaries £	Level 3 investments £	Total £
At 1 January 2024	-	8,661	8,661
Additions	1,615,210	-	1,615,210
Movement in fair value	-	(387)	(387)
At 31 December 2024	1,615,210	8,274	1,623,484

Investments held as at 31 December 2024 are Level 3 investments which include seed capital into a private markets credit fund and investments in subsidiaries. As there is no readily available market price for the private market credit fund, this is calculated using the discounted cash flow model, market inputs and data from comparable instruments and reviewed by the Pricing Committee on a quarterly basis.

On 13 September 2024, The Company acquired 100% of ordinary shares in Federated Global Holdings ("FGH") for £178,176. It was acquired from FHL in exchange for ordinary shares at par value of £1 per share totalling £178,176. On the same date the Company, acquired 1% of ordinary shares at par value of £1 shares in Federated Investors (UK) LLP for £178,176.

On 6 June 2024, the Company acquired 10% of economic interest in Hermes GPE LLP ("HGPE LLP") for an amount of £1,258,856. It was acquired from FHL in exchange for ordinary shares at par value of £1 per share totalling £1,258,856.

The investment in subsidiary is initially recognized at cost, and subsequently measured at cost less any impairment losses.

11. DEBTORS - amounts falling due within one year

	2024 £	2023 £
Trade debtors	1,466,141	1,735,743
Amounts owed by Group undertakings	154,393,992	143,822,477
Prepayments and accrued income	4,043,695	5,467,567
Other debtors	2,589,344	794,935
	<u>162,493,172</u>	<u>151,820,722</u>

The fair value of trade and other debtors held at amortised cost approximates their carrying value.

HERMES INVESTMENT MANAGEMENT LIMITED**NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2024 (continued)****12. CREDITORS – amounts falling due within one year**

	2024	2023
	£	£
Amounts owed to Group undertakings	72,436,034	63,742,930
Accruals	21,268,883	22,595,707
VAT payable	1,043	-
Other creditors	241,342	85,771
	<u>93,947,302</u>	<u>86,424,408</u>

Creditors are non-interest bearing and the carrying amount is at amortised cost which approximates their fair value

13. CREDITORS - amounts falling due after more than one year

	2024	2023
	£	£
Accruals	5,400,839	5,099,386
	<u>5,400,839</u>	<u>5,099,386</u>

This amount relates to bonuses deferred over a period of up to three years.

14. Investment Income

	2024	2023
	£	£
Interest in relation to cash and cash equivalents	2,326,989	1,609,307
	<u>2,326,989</u>	<u>1,609,307</u>

HERMES INVESTMENT MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2024 (continued)

15. SHARE CAPITAL

	2024	2023
	£	£
Authorised:		
200,000,000 (2023: 100,000,000) ordinary shares of £1 each	200,000,000	100,000,000
Allotted and fully paid:		
116,437,033 (2023: 65,000,000) ordinary shares of £1 each	116,437,033	65,000,000

During the year the Company issued 100,000,000 fully authorised shares, £51,437,033 of which was allotted and paid at par value, £1 per share.

16. RELATED PARTIES

The Company is exempt from disclosing related party transactions with members of the Group under FRS 102 Section 33 Related Party Disclosures, as it is a wholly-owned subsidiary of the Group and the other subsidiary undertakings with which the Company has transacted during the year are also wholly-owned by a member of the Group.

There were no material related party transactions other than those within the Group.

17. CONTROLLING PARTY

The immediate parent undertaking of the Company is Federated Hermes Limited. Federated Hermes Limited is the parent of the smallest group which includes the Company and for which consolidated financial statements are prepared.

Federated Hermes, Inc. is the Group's ultimate parent undertaking and controlling party, it is also the parent of the largest group for which consolidated financial statements are prepared.

The accounts of Federated Hermes, Inc. can be obtained at its Registered Office at 1001 Liberty Avenue, Pittsburgh, PA 15222, United States of America.

The accounts of Federated Hermes Limited can be obtained at its Registered Office, Sixth Floor, 150 Cheapside, London, England, EC2V 6ET.

18. SUBSEQUENT EVENTS

There were no subsequent events material to the financial statements of the Company from the balance sheet date, 31 December 2024, to the date of approval of the financial statements, 25 April 2025.