



Lloyds Chambers
1 Portsoken Street
London E1 8HZ
Tel: 020 7702 0888 Fax: 020 7702 9452
www.hermes-investment.com

PRESS RELEASE

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HERMES LAUNCHES ABSOLUTE RETURN CREDIT FUND

Hermes Investment Management, the £30.1 billion manager focused on delivering superior, sustainable, risk adjusted returns to its clients – responsibly, has added to its suite of global fixed income offerings with the launch of the Hermes Absolute Return Credit Fund. The UCITS fund, which launched on 29 May 2015, aims to target a positive investment return (absolute return) over a rolling 12 month period irrespective of market conditions.

The fund will be managed by Fraser Lundie, Co-Head of Hermes Credit and Raphael Muller, Senior Portfolio Manager. Principal members of the Hermes Credit team have been managing relative-value credit strategies together since 2004 and this fund further strengthens the team's investment offering. The Hermes Multi Strategy Credit strategy has returned 12.8% cumulative since inception¹ and the strategy celebrated its two-year anniversary on 1 June 2015.

Meanwhile, the Hermes Global High Yield Bond Fund has returned 54.71%² over the five year period since inception, compared to its benchmark** which returned 48.83% in the same period. The fund has a five star Morningstar Rating™, based on the fund's total returns, adjusted for risk and sales charges, relative to other funds in its Morningstar category.

Fraser Lundie, Co-Head of Hermes Credit, said: "The Hermes Absolute Return Credit Fund is a market neutral solution and follows our highly successful philosophy that investors must look beyond issuers and focus on a multi strategy approach which incorporates both long and short investments across multiple security types including loans, bonds and CDS. In the past decade we have seen the globalisation of credit markets in the US, Europe and Emerging Markets and in order to fully maximise these opportunities on offer, investors must invest with a truly global mandate, which is core to our offerings."

Mitch Reznick, Co-Head of Hermes Credit, said: "Through our investment process of sourcing dynamic bottom-up ideas whilst only allocating capital to geographical, sector and asset classes we deem to be of attractive relative value we have been able to access compelling areas of the market that others overlook or are unable to invest in due to inflexible strategies. Building funds in the way we build ours allows us to take advantage of these opportunities."

The Hermes Absolute Return Credit Fund will sit within IA Target Absolute Return and all investments will be hedged back to USD. It will target 100 to 150 names and is expected to have an overall credit quality of low investment grade. The fund is available to institutional and wholesale investors in the UK, Ireland, Germany, Austria, France, Denmark, Finland, Norway, Sweden and Benelux.

Past performance is not a reliable guide to future performance. The value of your investment is not guaranteed and may go up or down.

** The Merrill Lynch Global High Yield Constrained 2% ex Financials (Euro hedged) Index.

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¹ Multi Strat Composite – Since Inception (1/6/2013) cumulative return 12.82%. Performance is net of fees and in USD.

² Performance shown is the F share class Euro Accum net of costs and management fees since seeding on 16 May 2013, prior track record is the Z share class sterling Accum, fee and currency adjusted since inception net of all costs. Rating is for the F share class Euro Accum.

For further information, please contact:

Hermes Investment Management

Jeannie Dumas
+44 (0)20 7680 2152
jeannie.dumas@hermes-investment.com

Melanie Bradley
+44 (0)20 7680 2218
Melanie.bradley@hermes-investment.com

Katie Sunderland
+44 (0)20 7680 2315
katie.sunderland@hermes-investment.com

Notes to Editors

Hermes Investment Management

Hermes is focused on delivering superior, sustainable, risk adjusted returns for our clients – responsibly.

Hermes manages assets on behalf of more than 200 clients* across equities, fixed income, alternatives and real estate, with £30.1 billion* assets under management. In Hermes EOS, we have the industry's leading engagement resource, advising on more than £124.3 billion* of assets.

We believe in **Excellence, Responsibility and Innovation**

- **Excellence:** We aspire to excellence in everything we do. This manifests itself most visibly in our investment performance. We will only offer products to our clients where we believe there is a strong investment thesis and where we can deliver sustainable alpha.
- **Responsibility:** We believe it is our responsibility to lead discussion and debate about the fiduciary responsibilities of fund managers to our clients, their stakeholders and, ultimately, society at large. We have always sought positive engagement with the firms in which we invest.
- **Innovation:** We have the entrepreneurial culture to identify forward-looking products that meet those needs, along with the resources and speed-to-market mentality to develop them rapidly.

Our structure gives clients globally the benefit of access to a broad range of specialist, high conviction investment teams operating within an established and robust operating platform.

Hermes' investment solutions include:

- **Equities:** Global, Emerging Markets, Small & Mid Cap, Europe, Asia Ex Japan, Greater China
- **Fixed Income:** Inflation-Linked, Government Bonds, Investment Grade, High Yield
- **Real Estate:** Segregated, Unitised, Debt, UK, US Residential, European, UK PRS
- **Alternatives:** Multi Asset, Infrastructure, Private Equity

*Please note the total AuM figure includes £3.5bn of assets managed or under an advisory agreement by Hermes GPE LLP ("HGPE"), a joint venture between Hermes Fund Managers Limited ("HFM") and GPE Partner Limited. HGPE is an independent entity and not part of the Hermes group. £0.5bn of total group AuM figure represents HFM mandates under advice. Source: Hermes as at 31 March 2015.