



Lloyds Chambers 1 Portsoken Street
London E1 8HZ
Tel: 020 7702 0888 Fax: 020 7702 9452
www.hermes.co.uk

Press Release

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Hermes launches the Hermes Global Equity ESG Fund

Hermes Fund Managers (Hermes) has launched the Hermes Global Equity ESG Fund, providing investors with the opportunity to invest in companies throughout the world that have positive ESG features.

Launched on 1 May 2014, the fund is managed by Geir Lode, Head of Hermes Global Equities, and aims to achieve long-term capital appreciation by investing in companies with favourable ESG characteristics. Its target return will be to exceed the return of its benchmark, the MSCI All Country World Index, by 3% p.a. on a three year rolling average basis.

Further to this, the team has access to Hermes' engagement team, Hermes Equity Ownership Services (EOS), which is made up of highly skilled professionals who focus on corporate governance, providing up to date and in-depth analysis on environmental, social and governance issues globally.

Geir Lode, Head of Hermes Global Equities, said: "There is increasing demand from investors for ESG-informed products and we believe this does not need to be at the expense of performance. Our research¹ has shown that well-governed companies have outperformed poorly-governed counterparts by an average of over 30 basis points per month since the beginning of 2009.

"The Hermes Global Equity ESG Fund considers companies' fundamentals, combined with analysis on how well they are managing their ESG exposure, to identify stocks with the best risk/return characteristics. We favour companies who are managing their ESG risks better than their peers, or companies who are demonstrating an increasing focus on ESG issues. The global approach of the fund allows us to consider companies in emerging markets, an area where there is a greater dispersion of ESG characteristics, and where we believe that our approach can be particularly effective."

Past performance is not a reliable guide to future performance. Return targets cannot be guaranteed.

¹ Hermes used internal sources as well as external providers such as Trucost, Sustainalytics, Bloomberg and FactSet. We analysed companies in the MSCI World index from the end of 2008 to end of November 2013.

-ENDS-

For further information, please contact:

Hermes Fund Managers

Jeannie Dumas
+44 (0)20 7680 2152
j.dumas@hermes.co.uk

Melanie Shelley
+44 (0) 20 7680 2110
m.shelley@hermes.co.uk

Katie Sunderland
+44 (0)20 7680 2315
k.sunderland@hermes.co.uk

Notes to Editors:

Hermes Fund Managers

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

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 provides wholesale, institutional and pension fund 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:

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

Hermes manages assets on behalf of more than 200 clients* across these investment areas with £26.3 billion* assets under management. In Hermes Equity Ownership Services, we have one of the largest engagement resources in the industry, advising on more than £98 billion* of assets.

*Please note the total AuM figure includes £3.4bn of assets managed or under an advisory agreement by Hermes GPE LLP ("HGPE"), a joint venture between Hermes Fund Managers ("HFM") and GPE Partner Limited. HGPE is an independent entity and not part of the Hermes group. £0.4bn of total group AuM figure represents HFM mandates under advice. Source: Hermes as at 31 December 2013.