Our approach to holistic returns means we are committed to delivering excellent long-term investment performance and stewardship, while improving the lives of many
Hermes Investment Management

A diversified platform

Total AUM (millions) | USD | GBP | EUR
---|---|---|---
Equity | 24,306 | 18,653 | 21,647
Real Estate | 8,306 | 6,374 | 7,397
Infrastructure | 4,060 | 3,116 | 3,616
Fixed Income | 3,709 | 2,846 | 3,303
Private Equity | 4,022 | 3,087 | 3,582

US$44.4bn
£34.1bn
€39.5bn

55%
9%
9%
9%
8%
19%

US$587.1bn
£450.5bn / €522.9bn

Under stewardship

498 STAFF

Located in:
NEW YORK
LONDON
DENMARK
FRANKFURT
DUBLIN
SINGAPORE

216

Investment and stewardship staff

Please note the total AUM figure includes US$8.1bn / £6.2bn / €7.2bn 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. US$30.4m / £23.4m / €27.1m of total group AUM figure represents HFM mandates under advice. Source: Hermes as at 31 March 2019.
Green real estate lending – green tagging

Tagging real estate energy efficiency in banks’ loan books key given importance as a proportion of bank’s balance sheets

Source: Green Tagging, UNEPFI et al 2018
ESG integration in Real Estate Lending

Hermes real estate debt

HERMES INVESTMENT MANAGEMENT’S APPROACH TO ESG INTEGRATION

“As an industry we need to anticipate change rather than look back on past performance. This is why we integrate responsibility in our investment processes, such as in our real estate debt strategy. By doing so we act in the long term interest of our clients while striving to improve the economy, communities and the environment they invest in.”

Chris Taylor, Head of Private Markets, Hermes Investment Management

1. Underwriting and due diligence
   During its due diligence process Hermes requests the borrower to submit sustainability information alongside appraisal or valuation reports. Findings from the acquisition due diligence are integrated into the decision-making process through risk assessment and mitigation requests. These are then integrated into the asset business plan to be agreed with the borrower.

2. Loan origination & documentation
   At loan origination the overall business plan agreed is included in the loan documentation. It includes all mitigation activities identified and detailed in the asset business plan, asset refurbishment plans and/or planned and preventive maintenance programmes.

3. Management and monitoring post-closing, asset upgrade finance
   As part of its asset debt portfolio management processes, Hermes has a system in place to collect and manage the sustainability information held on the borrowers and the assets. Hermes provides capital for refurbishment to properties in its loan books in accordance with pre-agreed refurbishment plans which include sustainability requirements. Hermes takes an active role in this process, and has a detailed procedure for monitoring the refurbishment works.
Energy Efficiency Finance Institutions Group

Brings together financial institutions, technical experts and policy-makers to devise joint solutions


1. Driving Demand
2. Managing Uncertainty
3. Distribution and Aggregation
4. Blending Grants and Loans
5. Accounting Treatment
6. Horizon Period / Optimal Scope
7. Financial Regulatory Issues

DEEP
DE-RISKING ENERGY EFFICIENCY PLATFORM

EEFIG Underwriting Toolkit – Value and Risk Appraisal Guide

1. to help originators, analysts and risk departments within financial institutions
2. to provide a standardized framework for evaluating
3. to help developers and owners seeking to attract external capital
4. to foster a common language

Planned working groups
- Taxonomy and tagging
- Financial performance of EE loans
- DEEP database
- Communications
- Industry
- Multiple benefits
- Evolution of financing practices

Innovation: Impactful investment themes

Leading the way in delivering sustainable outcomes

Impactful investment themes

 ► Real-estate markets are increasingly pricing in sustainability risks more accurately, including externalities, and forcing participants to rethink how investors need to fundamentally alter its operations

 ► We have developed an impact-investment process to help identify and prioritise impact themes and activities that respond to client demand and societal needs:
  - Meaningful place-making
  - Climate and resource efficiency
  - Health and wellbeing

 ► Our interpretation of an impactful investment approach is as follows:
  - to intentionally seek a defined positive environmental or social outcome in a particular place or market as a core focus of the investment strategy, alongside strong risk-adjusted financial returns

Source: Hermes 2018.
Disclaimer

For professional investors only. This document does not constitute a solicitation or offer to any person to buy or sell any related securities, financial instruments or financial products. No action should be taken or omitted to be taken based on this document. Tax treatment depends on personal circumstances and may change. This document is not advice on legal, taxation or investment matters so investors must rely on their own examination of such matters or seek advice. Before making any investment (new or continuous), please consult a professional and/or investment adviser as to its suitability. Any opinions expressed may change. All figures, unless otherwise indicated, are sourced from Hermes.

The value of investments and income from them may go down as well as up, and you may not get back the original amount invested. Any investments overseas may be affected by currency exchange rates. Past performance is not a reliable indicator of future results and targets are not guaranteed.

The main entities operating under the brand "Hermes" or "Hermes Investment Management" are: Hermes Investment Management Limited ("HIML"); Hermes Fund Managers Ireland Limited ("HFM Ireland"); Hermes Alternative Investment Management Limited ("HAIML"); Hermes European Equities Limited ("HEEL"); Hermes Real Estate Investment Management Limited ("HREIML"); Hermes Equity Ownership Limited ("HEOS"); Hermes Stewardship North America Inc. ("HSNA"); Hermes GPE LLP ("Hermes GPE"); Hermes GPE (USA) Inc. ("Hermes GPE USA") and Hermes GPE (Singapore) Pte. Limited ("HGPE Singapore"). HIML, HAIML and HEEL are each authorised and regulated by the Financial Conduct Authority. HAIML and HIML carry out regulated activities associated with HREIML. HIML, HEEL, Hermes GPE and Hermes GPE USA are each a registered investment adviser with the United States Securities and Exchange Commission ("SEC"). HGPE Singapore is regulated by the Monetary Authority of Singapore. HFM Ireland is authorised and regulated by the Central Bank of Ireland. HREIML, HEOS and HSNA are unregulated and do not engage in regulated activity.

Issued and approved by Hermes Investment Management Limited which is authorised and regulated by the Financial Conduct Authority. Registered address: Sixth Floor, 150 Cheapside, London EC2V 6ET. Telephone calls will be recorded for training and monitoring purposes. Potential investors in the United Kingdom are advised that compensation may not be available under the United Kingdom Financial Services Compensation Scheme.

In Japan: The strategies have not been and will not be registered pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law no. 25 of 1948, as amended) and, accordingly, none of the Strategies nor any interest therein may be offered or sold, directly or indirectly, in Japan or to, or for the benefit, of any Japanese person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For this purpose, a "Japanese person" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.
Hermes Investment Management

We are an asset manager with a difference. We believe that, while our primary purpose is to help savers and beneficiaries by providing world class active investment management and stewardship services, our role goes further. We believe we have a duty to deliver holistic returns – outcomes for our clients that go far beyond the financial – and consider the impact our decisions have on society, the environment and the wider world.

Our goal is to help people invest better, retire better and create a better society for all.

Our investment solutions include:

Private markets
Infrastructure, private debt, private equity, commercial and residential real estate

High active share equities
Asia, global emerging markets, Europe, US, global, small and mid-cap and impact

Credit
Absolute return, global high yield, multi strategy, global investment grade, unconstrained, real estate debt and direct lending

Stewardship
Active engagement, advocacy, intelligent voting and sustainable development

Offices
London | Denmark | Dublin | Frankfurt | New York | Singapore

For more information, visit www.hermes-investment.com or connect with us on social media: LinkedIn | Twitter