



This document is important and requires your immediate attention. If you are in doubt as to the action you should take, you should seek advice from your financial advisor.

If you have transferred your Shares in sub-funds of the Company (the “Funds”), please pass this document to the stockbroker, bank or other agent through whom transfer was affected as soon as possible.

This letter has not been reviewed by the Central Bank of Ireland (the “Central Bank”). The Directors accept responsibility for the information contained in this letter.

Hermes Investment Funds plc

An umbrella fund with segregated liability between sub-funds

Dear Shareholder

3 May 2018

Hermes Investment Funds plc (the “Company”)

- **Privacy Statement**
- **Fair Value Indexation**
- **Federated Investors’ proposed acquisition of a majority interest in Hermes Fund Managers Limited (“HFML”)**
- **Amendments to the Prospectus and Supplements**

We are writing to you as Shareholder of the Company to let you know that the Company has adopted a privacy statement (the “**Privacy Statement**”) in order to provide shareholders with information in accordance with the provisions of the General Data Protection Regulation (Regulation (EU) 2016/679 of the European Parliament and the Council of 27 April 2016) (the “**GDPR**”) which is to take effect from 25 May 2018 (the “**Effective Date**”). The Privacy Statement will be available to shareholders on www.hermes-investment.com/privacy-notices/ on or about the Effective Date. This notice is for your information only and no action is required by you at this time.

We are also writing to you to inform you that an automated fair value indexation process across all of the Funds has been implemented by the Administrator, under a standing instruction from the Investment Manager. This process, which is in accordance with the current fair value provisions of the Prospectus, is a rules based approach that will be triggered when agreed thresholds are reached, during any period where one or more markets are closed. Again, no action is required by you at this time.

We are also writing to inform you that it was announced on 13 April 2018 that Federated Investors (“Federated”) have agreed to acquire a majority interest in HFML from the BT Pension Scheme (“BTPS”). The agreement has been approved by the boards of Federated and BTPS and is subject to approval of regulatory authorities in the U.K., Singapore and other jurisdictions.

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An investment company with variable capital and having segregated liability between its sub-funds.
Registered in Ireland No. 463628. Registered office at the above address. VAT Registration No. IE 9695358F

Directors: B Collins (IE), J Egan (IE), P McNaughton (IE), J Kagan (UK), Ian Pascal (UK)

Irish Companies Registration Office Number: 463628

Hermes Investment Management Limited (“HIML”), the Investment Manager of the Company, is a wholly owned subsidiary of HFML. HFML and the Directors of the Company have been in discussions since this announcement, and the Directors of the Company are supportive of HIML continuing to act as the Investment Manager for the Company. The same investment and stewardship teams will remain dedicated to their investment philosophies in London, with potential additional support provided by Federated’s investment platform in the US to expand HFML’s capabilities. Again, no action is required by you at this time.

Finally, we are writing to you as a Shareholder of the Company to notify you of certain amendments that have been made to the Prospectus and Supplements. We have set out below a summary of the relevant changes to the Prospectus and Supplements that have been made as part of this year’s update.

Copies of the updated Prospectus and Supplements are available at the registered office of the Company at George’s Court, 54-62 Townsend Street, Dublin 2 and are also available via www.hermes-investment.com.

Changes in respect of the Prospectus

1. Disclosures have been included in anticipation of the coming into effect of the GDPR, including updates to the “Definitions” section and the “Valuation, Subscriptions and Redemptions” section, in particular, the “Subscriptions” sub-section being updated in respect of personal data being supplied as part of the subscription process and details regarding the privacy statement of the Company;
2. Updates to reflect the change to the board of directors (Ian Pascal replaced Harriet Steel) and the change in address of the Investment Manager and Sub-Investment Manager;
3. Updates to include risk and other disclosures following the implementation of MiFID II;
4. Updates to the “Taxation” section;
5. A new sub-section “Policy for Amending Dealing Forms” has been added to the “Subscriptions” section of the Prospectus . This outlines a revised policy in respect of the amendment of dealing forms if amendment requests are received: a) prior to cut-off time, b) after cut-off time but before the Valuation Point and c) after the Valuation Point;
6. The addition of a capacity management disclosure (which is broadly the same disclosure as was previously included in the Hermes Asia ex-Japan Equity Fund supplement and which has been moved to the Prospectus). Each relevant Supplement now contains a disclosure directing investors to the more detailed Prospectus capacity management disclosure; and
7. The correction of minor typographical errors and passage of time updates.

Changes in respect of the Supplements

All Supplements

1. Updates for consistency across the Supplements; and
2. The correction of minor typographical errors and passage of time updates.

Hermes Absolute Return Credit Fund

1. The addition of Asset-Backed Securities as an eligible debt instrument investment (this will not constitute a change in investment strategy); and
2. The detailed capacity management disclosure in the Supplement has been moved to the Prospectus and a cross-reference to the Prospectus disclosure has been included.

Hermes Asia ex-Japan Equity Fund

1. The amendment of the name of Hermes Asia Ex-Japan Equity Fund to reflect the revised name of the Fund, Hermes Asia ex-Japan Equity Fund;
2. The detailed capacity management disclosure in the Supplement has been moved to the Prospectus, and a cross-reference to the Prospectus disclosure has been included; and
3. Clarifications to the investment strategy for Hermes Asia ex-Japan Equity Fund, which do not constitute a change in the investment strategy for the Fund.

Hermes Europe ex-UK Equity Fund

1. The amendment of the name of Hermes Europe Ex-UK Equity Fund to reflect the revised name of the Fund, Hermes Europe ex-UK Equity Fund;
2. The “Equity” sub-section in the “Categories of Investment” has been amended for clarification now stating that “*the Fund may invest in a **diversified portfolio** of equity securities...*”; and
3. Provisions to allow for capacity management at the Directors’ absolute discretion have been included in the Supplement, including a cross reference to the detailed capacity management disclosure in the Prospectus.

Hermes Global Emerging Markets Fund

1. A minor clarification has been made to the profile of the typical investor; and
2. Provisions to allow for capacity management at the Directors’ absolute discretion have been included in the Supplement, including a cross reference to the detailed capacity management disclosure in the Prospectus.

Hermes Global High Yield Credit Fund

1. The addition of Asset-Backed Securities as an eligible debt instrument investment (this will not constitute a change in investment strategy); and
2. Provisions to allow for capacity management at the Directors' absolute discretion have been included in the Supplement, including a cross reference to the detailed capacity management disclosure in the Prospectus.

Hermes Global Small Cap Equity Fund

1. Provisions to allow for capacity management at the Directors' absolute discretion have been included in the Supplement, including a cross reference to the detailed capacity management disclosure in the Prospectus.

Hermes Impact Opportunities Equity Fund

1. Provisions to allow for capacity management at the Directors' absolute discretion have been included in the Supplement, including a cross reference to the detailed capacity management disclosure in the Prospectus.

Hermes SDG Engagement Equity Fund

1. Provisions to allow for capacity management at the Directors' absolute discretion have been included in the Supplement, including a cross reference to the detailed capacity management disclosure in the Prospectus.

Hermes Multi-Strategy Credit Fund

1. The amendment of the name of Hermes Multi Strategy Credit Fund to reflect the revised name of the Fund, Hermes Multi-Strategy Credit Fund;
2. The addition of Asset-Backed Securities as an eligible debt instrument investment (this will not constitute a change in investment strategy); and
3. Provisions to allow for capacity management at the Directors' absolute discretion have been included in the Supplement, including a cross reference to the detailed capacity management disclosure in the Prospectus.

Hermes Multi-Asset Inflation Fund

1. The amendment of the name of Hermes Multi Asset Inflation Fund to reflect the revised name of the Fund, Hermes Multi-Asset Inflation Fund
2. The Fund's market exposure to long positions has been amended from a range 50%-200% to a range of 50%-250%, and for short positions from a range of 0%-100% to a range of 0%-150% of the Net Asset Value of the Fund. This is not a material change and does not impact the risk profile of the Fund.

3. The Fund's expected exposure to Total Return Swaps has been amended from a range of 35% to 55% with a maximum exposure of 70% of Net Asset Value, to a range of 30% to 70% with a maximum exposure of 80% of Net Asset Value. Again, this is not a material change and does not impact the risk profile of the Fund.
4. The Fund's expected level of leverage in terms of global exposure (as measured by the 'sum of notionals') has been amended from a range of 100% to 300% of Net Asset Value to a range of 100% to 350% of Net Asset Value. Again, this is not a material change and does not impact the risk profile of the Fund.

Hermes Unconstrained Credit Fund

1. Removal of warrants as a permitted derivative for use (the Fund does not currently use warrants and it is not anticipated that they will be used in the future); and
2. Provisions to allow for capacity management at the Directors' absolute discretion have been included in the Supplement, including a cross reference to the detailed capacity management disclosure in the Prospectus.

Hermes US SMID Equity Fund

1. Provisions to allow for capacity management at the Directors' absolute discretion have been included in the Supplement, including a cross reference to the detailed capacity management disclosure in the Prospectus.

If you have any questions or concerns about the above, please contact your Hermes representative or your financial adviser.

Yours faithfully



For and on behalf of
Hermes Investment Funds plc