

PRESS RELEASE

20 October 2017

Hermes Investment Management wins \$400 million Global High Yield mandate

Hermes Investment Management, the £30.1 billion manager¹, has been appointed to manage a \$400 million Global High Yield credit investment mandate by Första AP-Fonden (AP1), one of five buffer funds in the Swedish national income pension scheme. The mandate was driven by a desire to improve the geographical diversification of high yield exposure, with the SEK 323 billion Fund² recognising the benefits in selecting a manager with a truly global approach to high yield.

The aims of the mandate are aligned with Hermes' commitment to delivering long-term strong and holistic returns for investors, thus creating value for all stakeholders in the financial system. The credit team places high importance on combining investing with engagement in order to improve outcomes for investors, the company and its employees, all stakeholders and the environment.

Assessing ESG risk to credit valuations, returns and society is a fundamental part of Hermes Credit's investment process when analysing issuers. They are able to draw upon multiple sources of information, including Hermes' proprietary ESG Dashboard reports on listed companies and the insights gained by the corporate engagement specialists in Hermes EOS. An A+ PRI rating and Hermes' participation with the UN Global Compact is testament to its skills and passion in this field.

Majdi Chammas, Head of External Management and Tina Rönholm, Portfolio Manager responsible for external High Yield investments at AP1, said: We are delighted to announce the appointment of Hermes Investment Management as one of our High Yield managers, following a comprehensive, global tender process. We share the same belief around our duty of delivering strong returns to our stakeholders, including considering the impact on society as a whole. The team is very advanced in the way they integrate ESG issues in their core investment process. Their innovative approach of pricing ESG risks in terms of spread in their fundamental credit analysis is leading in the industry.

Fraser Lundie and Mitch Reznick, Co-Heads of Credit, Hermes Investment Management, said: "We are delighted to be partnering with AP1 on this mandate. They are one of the most innovative and forward-thinking pension funds. Our Credit offering sits at the confluence of industry-leading credit management and a pioneering approach to ESG integration, which includes the pricing of ESG risks as well as analysis. Clearly they, like us, believe that creditors have as much interest as shareholders in seeing companies' ESG practices improve and that active engagement can facilitate those improvements."

¹ As at 30.06.2017

² As at 30.06.2017

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Notes to Editors:

Hermes Investment Management

We are an asset manager with a difference. We believe that, while our primary purpose is helping beneficiaries retire better 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.

We offer clients access to a broad range of specialist, high conviction investment teams with £30.1 billion* assets under management. In Hermes EOS, we have the industry's leading engagement resource, advising on £310.7 billion* of assets.

Hermes' investment solutions include:

- **Private markets** – Infrastructure, private debt, private equity and real estate
- **High active share equities** - Asia, global emerging markets, Europe, US, global, and small and mid cap
- **Credit** - Absolute return, global high yield, multi strategy and global investment grade
- **Multi asset** - Multi asset inflation
- **Stewardship** – Active engagement, intelligent voting, sustainable development and advocacy

*Please note the total AUM figure includes £5.9bn 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. £0.1bn of total group AUM figure represents HFM mandates under advice. Source: Hermes as at 30 June 2017 with the exception of one portfolio totalling £10.5m valued as at 31 May 2017.

Första AP-fonden

Första AP-fonden (AP1) is one of five AP-funds which ensures stability in the Swedish national income pension system. AP1's assets under management totals SEK 323 billion (30 June 2017) and the global portfolio consists of equities, fixed income securities and alternative investments. The mission is to generate the highest possible return, while maintaining a low level of risk, and thus contribute to a high and predictable income pension for current and future pensioners. Första AP-fonden is a long-term investor and an active owner. In its role as owner, the Fund places high demands in the areas of environmental, social and corporate governance.