

# Hermes Investment Funds PLC

## Hermes Quant Global Equity Fund

12 January 2010

### SIMPLIFIED PROSPECTUS

This Simplified Prospectus contains key information in relation to Hermes Quant Global Equity Fund (the "Fund"), which is a separate fund of Hermes Investment Funds plc (the "Company"). The Company is an open-ended umbrella investment company with variable capital and with segregated liability between funds incorporated in Ireland on 23 October 2008 and authorised on 24 November 2008 by the Irish Financial Services Regulatory Authority pursuant to the European Communities (UCITS) Regulations, 2003, as amended. The Company has its registered office at Georges Court, 54-62 Townsend Street, Dublin 2, Ireland. The Class Z Stg£ Accumulating Shares of the Fund have been admitted to the Official List of Irish Stock Exchange and to trading on the Main Market of the Irish Stock Exchange. With the exception of the Class P Stg£ Accumulating Shares, application has been made to the Irish Stock Exchange in respect of all other Share Classes of the Fund to be admitted to the Official List and to trading on the Main Market of the Irish Stock Exchange. The base currency of the Company is Sterling. The Company has nine funds which are listed below with the base currency of each fund:

- Hermes UK Small and Mid Cap Companies Fund Sterling
- Hermes UK Smaller Companies Fund Sterling
- Hermes Pan European Small Cap Companies Fund Sterling
- Hermes Global Emerging Markets Fund Sterling
- Hermes Quant Global Equity Fund Sterling
- Hermes Sourcecap European Alpha Fund Sterling
- Hermes Global Equities Selection Fund Sterling
- Hermes Japan Small and Mid Cap Companies Fund Sterling
- Hermes Japan Equity Fund Sterling

Potential investors are advised to read the full prospectus dated 21 October 2009, the Fund's supplement dated 12 January 2010 and any addenda and any amendments thereto (together, the "Full Prospectus") before making an investment decision. The rights and duties of the investor as well as the legal relationship with the Company are laid down in the Full Prospectus. Capitalised terms used in this Simplified Prospectus, unless otherwise defined, shall bear the meaning set out in the Full Prospectus.

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| <b>Investment Objective:</b> | The investment objective of the Fund is to achieve long-term capital appreciation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Investment Policy:</b>    | The Fund will seek to achieve its objective by investing in a portfolio of equity securities quoted or traded on Regulated Markets worldwide and the Fund will invest at least two-thirds of its assets in these securities. The Fund will invest primarily in equity securities which are component securities of the MSCI World Index or equity securities of companies listed in the countries referenced in this index. The MSCI World Index is a free float-adjusted market capitalisation weighted index that is designed to measure the equity market performance of developed markets. As of October 2008 the MSCI World Index consisted of the following 23 developed market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, |

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|                                              | <p>Switzerland, the United Kingdom and the United States.</p> <p>The Investment Manager intends to create an actively managed portfolio using a disciplined quantitative bottom up stock selection process based on well documented market anomalies. The Investment Manager intends to use a proprietary quantitative model which captures systematic behavioural biases of market participants in order to generate returns for the Fund. The Fund's Investments will be selected based on the output of this model and will favour equity securities which are relatively undervalued. The Fund's portfolio will typically consist of between 150 and 400 holdings.</p> <p>While the Fund will invest primarily in equity securities, it may also invest in exchange-traded and over-the-counter financial derivative instruments and/or fixed and/or floating rate investment grade government debt securities, such as UK Gilts and US Treasury Bills, and investment grade corporate convertible debt securities, such as corporate bonds, listed or traded on a Regulated Market. Convertible debt securities are debt securities that are convertible into equity securities of the issuer.</p> <p>In making its investment decisions, the Investment Manager will take account of any CGRI Guidelines with regards to the holding of either individual securities or various categories or classes of securities. The CGRI Guidelines are intended to provide guidance on achieving best practice standards of corporate governance and equity stewardship and with the aim of adding value to and/or preserving value in the Funds.</p> |
| <p><b>Risk Profile:</b></p>                  | <p><b>Investors' attention is drawn to the following risk factors. A more detailed description of the risk factors that apply to the Company and the Fund is set out in the Full Prospectus.</b></p> <p>Further details are available under the heading 'Risk Factors' in the Full Prospectus.</p> <p>The value of investments may fall as well as rise, and investors may not receive back the amount invested.</p> <p>There is no assurance that the investment objective of the Fund will be actually achieved.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <p><b>Performance Data</b></p>               | <p>Performance data will be available once the Company's first audited annual financial statements have been prepared.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <p><b>Profile of a Typical Investor:</b></p> | <p>Suitable for investors seeking capital growth over a medium term time horizon and who understand and accept the associated level of risk attached to the Fund. This Fund may not be appropriate for all investors.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <p><b>Distribution Policy:</b></p>           | <p>Accumulating Classes are not intended to distribute dividends to the Shareholders in the Fund. The income and other profits will be accumulated and reinvested on behalf of Shareholders. Dividends, if paid, may be paid out of the net income of the Fund including interest and dividends earned by the Fund less expenses of the Fund.</p> <p>Distributing Classes are intended to declare dividends on the Shares of the Distributing Classes of the Fund out of the net income of the Fund including interest and dividends earned by the Fund less expenses of the Fund. Dividends will be declared twice yearly and paid within two months of the date on which they have been declared.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

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| <b>Fees and Expenses:</b>            | <p><b>Shareholders Expenses</b></p> <p>Subscription Fee                      up to a maximum of 5.25% of the Net Asset Value per Share</p> <p>Redemption Fee                        none</p> <p>Switching Fee                            none</p> <p><b>Annual Operating Expenses</b></p> <p>Investment Management Fee        up to 1% of the NAV in respect of the Class F Shares.<br/>base annual investment management fee of up to 0.45% of NAV in respect of Class P Shares, plus (if applicable) a performance fee of 10% of the outperformance of the performance fee benchmark index.<br/>Per Client Agreement in respect of Z Shares.</p> <p>Administrator Fee - The Administrator is entitled to a fee at a rate of up to 0.0075% of the Net Asset Value of the Fund accrued and calculated daily and payable monthly in arrears, subject to an annual minimum fee of Stg£25,000. This minimum fee may be increased by Stg£2,500 per annum for each additional share class created after the establishment of the Fund.</p> <p>Custodian Fee - The Custodian is entitled, out of the assets of the Fund, to a fee of 0.0025% of the Net Asset Value, accrued and calculated daily and payable monthly in arrears.</p> <p>Total expense ratio data and portfolio turnover rate data will be available once the Company's first audited annual financial statements have been prepared.</p> |
| <b>Taxation:</b>                     | <p>The Company is resident in Ireland for tax purposes and is not subject to Irish taxation charges on income or capital gains. No Irish stamp duty is payable on the issue, repurchase, redemption or transfer of shares in the Company.</p> <p><b>Shareholders and potential investors should consult with their professional advisers in relation to the tax treatment of their holdings in the Company.</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Publication of Share Price:</b>   | <p>The latest Price for Shares will be available during normal business hours every Business Day at the office of the Administrator and will be published daily on the following website <a href="http://www.hermes.co.uk">www.hermes.co.uk</a>.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>How to Buy/Sell Units/Shares:</b> | <p>You can buy, sell and switch Shares on any Dealing Day directly from:</p> <p>Hermes Investment Management Limited<br/>Lloyds Chambers<br/>1 Portsoken Street<br/>London E1 8HZ<br/>England</p> <p>Tel: +44 20 7680 3705<br/>Fax: +44 20 7680 2421<br/>Hours of business 9am to 5pm (Irish Time) Mon – Fri</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

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| <b>Additional Important Information:</b> | Directors of the Company                                                                                                                                                                             | Paul McNaughton<br>Justin Egan<br>Brian Collins<br>Patrick Galligan                                                  |
|                                          | Custodian                                                                                                                                                                                            | Northern Trust Fiduciary Services (Ireland) Limited<br>Georges Court<br>54-62 Townsend Street<br>Dublin 2<br>Ireland |
|                                          | Administrator, Registrar and Transfer Agent                                                                                                                                                          | Northern Trust International Fund Administration Services (Ireland) Limited                                          |
|                                          | Investment Manager                                                                                                                                                                                   | Hermes Investment Management Limited<br>Llyods Chambers<br>1 Portsoken Street<br>London E1 8HZ<br>England            |
|                                          | Promoter                                                                                                                                                                                             | Hermes Investment Management Limited                                                                                 |
|                                          | Auditor                                                                                                                                                                                              | Deloitte & Touche,<br>Deloitte & Touche House,<br>Earlsfort Terrace, Dublin 2, Ireland                               |
|                                          | Legal Advisors                                                                                                                                                                                       | William Fry                                                                                                          |
|                                          | Sponsoring Broker                                                                                                                                                                                    | J & E Davy                                                                                                           |
|                                          | Additional information and copies of the Full Prospectus, the latest annual and half yearly reports (if any) may be obtained (free of charge) from:                                                  |                                                                                                                      |
|                                          | Northern Trust International Fund Administration Services (Ireland) Limited<br>Georges Court<br>54-62 Townsend Street<br>Dublin 2<br>Ireland<br><br>Tel (+ 353) 1 434 5002<br>Fax (+ 353) 1 434 5286 |                                                                                                                      |