

SHINING A LIGHT ON THE..... Federated Hermes Sustainable Global Equity Fund

AT A GLANCE

Investment Objective	
To invest in attractive companies whose products, operations and activities help create a more sustainable future.	
Launch date	TBC
Fund Factsheet Link	-
Management	
Manager Name	Start Date
Martin Todd	TBC

UPDATE....

This is a new strategy and sits between their ESG and Impact Funds. Effectively a step-up from ESG but not full impact. This will be the first of their sustainable range and they expect other funds to follow. It will invest in between 30 to 50 companies. The fund is a perfect alignment with the business who are a dedicated responsibility office with over £900 billion in stewardship assets under advice, and in 2020 they engaged with over 1.200 companies.

The aim is to seek companies which are driving positive outcomes for people and the planet. The overall aim of the fund is to lower the carbon, landfill waste and water footprint. This means looking for companies which are aligned with clear themes, for example health and well-being, inclusivity, efficient and circular production, and a thriving natural environment.

There is a new corporate paradigm, whether it is disruptive technology, diversity, pandemic adaptation, human rights, inequality, engaged investors, shifting customer preferences, climate change or regulation as an example. For those companies on the right side, they can better manage risk, drive positive environmental and social outcomes, and ultimately deliver enhanced returns. This is more than just a feel-good factor; this is a rounded outcome where everyone benefits.

Examples of where the fund would look to invest include:

Health and wellbeing – looking at areas like medical equipment, life sciences, pharmaceutical innovation, and healthy and active lifestyles

Environmental – considering energy transition, electrification, biodiversity, future mobility and decarbonisation

Efficient resource usage – achieving more with less, circular economy and better and faster decision-making

Inclusive growth – a good example of this would be Bank Rakyat, which delivers micro finance to small businesses and exposure to secular trends

In summary, the aim of the strategy is to bring together the best of Hermes in terms of stock picking skills, sustainability themes, ESG and stewardship intelligence and drive positive change. It is worth adding that the market is awash with new options all promising something different. We think it is better to step back and allow the funds to launch, see how they invest and what they hold, and see the performance before stepping in to invest. One of the main advantages with Hermes is that although the strategy is new the process and information that they are leaning on is well tested within the business.

The source of information in this note has been provided by Hermes and is correct as at April 2021. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.