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Hermes GPE announces close of \$480m global private equity co-investment fund

Hermes GPE LLP ('Hermes GPE'), a leading specialist investor in global private equity announces the successful close of the Hermes GPE PEC II Co-investment Fund LP ('PEC II or 'the Fund') with total commitments of \$480m.

Following a foundation close in February 2014 with the **BT Pension Scheme ('BTPS')**, one of the UK's largest occupational pension schemes, PEC II has been raised in just over six months from a club of large pension fund investors. This group includes **State Teachers Retirement System of Ohio**, a leading US public sector retirement system, and the **London Pension Fund Authority ('LPFA')**, one of the largest Local Government Pension Scheme providers in the UK.

To date, PEC II has committed \$230m to 19 sectorally diverse, predominantly mid-market investments in Developed Europe, Emerging Markets, North America, and Developed Asia.

PEC II is managed by Hermes GPE, which has a 14 year track record in private equity co-investment and a network of over 200 fund relationships. Hermes GPE has invested over \$1.6 billion in 107 global co-investments which to date have delivered realised returns of 1.9x and a 35.3% IRR*. Hermes GPE has private equity AUM of £3.4bn** and continues to broaden and diversify its business, adding 16 new global institutional clients to its private equity platform since the start of 2013.

Peter Gale, Head of Private Equity at Hermes GPE commented:

"Effective co-investing brings with it significant benefits to investors and we have pioneered a 'LP-friendly' fee model that offers low cost exposure to high quality private equity deals. PEC II's club concept has brought together a select number of like-minded investors with significant potential to contribute deal flow from their existing primary PE programmes alongside opportunities we source from our extensive global network of GP relationships. In fact, the Fund's most recent investment was sourced from the club in this way, which brings the concept to life."

Susan Martin, LPFA's CEO said:

"We welcome the opportunity to participate in this innovative co-invest fund alongside a proven manager in Hermes GPE. We see private equity as an important element in our asset allocation, which will provide members with exposure to an asset class that has the potential to generate high returns, without the excessive fees that are often associated with it. More specifically, we recognise the benefits for investors: investing in a co-invest vehicle alongside commitments to primary funds can materially add value to a private equity programme, offering the potential for improved economics, faster deployment and a shorter J-curve in terms of a return of capital."

- ENDS -

* As at 30 June 2014

** As at 30 September 2014

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Notes to Editors

Hermes GPE is a leading specialist in global private equity with assets under management of £3.4 billion. The team has a significant investment and advisory track record spanning 25 years. Hermes GPE invests in and advises on private equity products on behalf of its clients and is specialised in co-investments, primary fund and secondary investments. Hermes GPE creates bespoke long-term partnerships with its institutional clients and investment solutions are tailored to meet their specific objectives. Hermes GPE is an active proponent of responsible investing. The Firm is a signatory of the UN-backed Principles for Responsible Investing.