
If you are in any doubt about the contents of this Supplement, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser.

The Directors of the Company, whose names appear under the heading "Management and Administration" in the Prospectus dated [] 2015, accept responsibility for the information contained in the Prospectus and in this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of the information.

HERMES ABSOLUTE RETURN CREDIT FUND

(a sub-fund of Hermes Investment Funds public limited company)

SUPPLEMENT

This Supplement contains information relating to the Fund. This Supplement forms part of and should be read in conjunction with the general description of the Company contained in the current Prospectus.

With the exception of terms defined in this Supplement and unless the context requires otherwise, capitalised terms used in this Supplement shall have the meaning attributed to them in the Prospectus.

The date of this Supplement No. 20 is [] 2015.

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INTRODUCTION

This Supplement contains information relating to the Share Classes of Hermes Absolute Return Credit Fund (the “Fund”) which are listed below together with the currency of denomination of each Share Class:

Class F Shares	Currencies Available
Distributing Share Classes	Sterling, Euro, US Dollars, Swiss Francs, Swedish Krona, Norwegian Krone, Danish Krone, Hong Kong Dollar and Singapore Dollar.
Accumulating Share Classes	
Distributing Hedged Share Classes	Sterling, Euro, Swiss Francs, Swedish Krona, Norwegian Krone, Danish Krone, Hong Kong Dollar and Singapore Dollar.
Accumulating Hedged Share Classes	
Class R Shares	Currencies Available
Distributing Share Classes	Euro, US Dollars, Swiss Francs, Swedish Krona, Norwegian Krone, Danish Krone, Hong Kong Dollar and Singapore Dollar.
Accumulating Share Classes	
Distributing Hedged Share Classes	Euro, Swiss Francs, Swedish Krona, Norwegian Krone, Danish Krone, Hong Kong Dollar and Singapore Dollar.
Accumulating Hedged Share Classes	
Class T Shares	Currencies Available
Distributing Share Classes	Sterling, US Dollars.
Accumulating Share Classes	
Distributing Hedged Share Classes	Sterling and Euro.
Accumulating Hedged Share Classes	
Class Z Shares	Currencies Available
Distributing Share Classes	Sterling, Euro, US Dollars, Swiss Francs, Swedish Krona, Norwegian Krone, Danish Krone, Hong Kong Dollar and Singapore Dollar
Accumulating Share Classes	
Distributing Hedged Share Classes	Sterling, Euro, Swiss Francs, Swedish Krona, Norwegian Krone, Danish Krone, Hong Kong Dollar and Singapore Dollar
Accumulating Hedged Share Classes	

The base currency of the Fund is US Dollars.

An investment in the Fund should not constitute a substantial portion of an investment portfolio and may not be appropriate for all investors due to potential investment in emerging markets and in sub-investment grade bonds. Investors should note that at any point in time the Fund may invest principally in FDIs. Potential investors should also be aware that the use of FDIs may increase the volatility of the Fund.

Funds of the Company in existence as at the date of this Supplement are set out in the Global Supplement.

PROFILE OF A TYPICAL INVESTOR

The Fund is suitable for investors seeking capital growth over a long term time horizon and who understand and accept the level of risk attached to a Fund which seeks to deliver an investment return in all market conditions.

INITIAL OFFER OF SHARES

The Initial Offer Period of Shares in the following Classes will open at 9.00 a.m. on [] 2015 and will close at 5.00pm (Irish time) on [] 2015.

Class F Shares

	Stg£	€	US \$	CHF	SEK	NOK	DKK	HKD	SGD
Initial Offer Price per Share	Stg£1	€2	US\$2	CHF2	SEK20	NOK20	DKK10	HKD20	SGD3
Accumulating	✓	✓	✓	✓	✓	✓	✓	✓	✓
Distributing	✓	✓	✓	✓	✓	✓	✓	✓	✓
Accumulating Hedged	✓	✓		✓	✓	✓	✓	✓	✓
Distributing Hedged	✓	✓		✓	✓	✓	✓	✓	✓

Class R Shares

	€	US \$	CHF	SEK	NOK	DKK	HKD	SGD
Initial Offer Price per Share	€2	US\$2	CHF2	SEK20	NOK20	DKK10	HKD20	SGD3
Accumulating	✓	✓	✓	✓	✓	✓	✓	✓
Distributing	✓	✓	✓	✓	✓	✓	✓	✓
Accumulating Hedged	✓		✓	✓	✓	✓	✓	✓
Distributing Hedged	✓		✓	✓	✓	✓	✓	✓

Class T Shares

	Stg£	€	US \$
Initial Offer Price per Share	Stg£1	€2	US\$2
Accumulating	✓	✓	✓
Distributing	✓	✓	✓
Accumulating Hedged	✓	✓	
Distributing Hedged	✓	✓	

Class Z Shares

	Stg£	€	US \$	CHF	SEK	NOK	DKK	HKD	SGD
Initial Offer Price per Share	Stg£1	€2	US\$2	CHF2	SEK20	NOK20	DKK10	HKD20	SGD3
Accumulating	✓	✓	✓	✓	✓	✓	✓	✓	✓
Distributing	✓	✓	✓	✓	✓	✓	✓	✓	✓
Accumulating Hedged	✓	✓		✓	✓	✓	✓	✓	✓
Distributing Hedged	✓	✓		✓	✓	✓	✓	✓	✓

HERMES ABSOLUTE RETURN CREDIT FUND

Investment Objective and Policies

The investment objective of the Fund is to target a positive investment return (absolute return) over a rolling 12 month period irrespective of market conditions, but there is no guarantee that this will be achieved and your capital is in fact at risk.

The Fund will seek to achieve its objective primarily by investing in a diversified portfolio of debt securities. The debt securities in which the Fund may invest includes bonds (which may be issued by corporations and / or public institutions and which may be fixed and/or floating rate bonds, rated and/or unrated bonds, investment grade bonds and/or Below Investment Grade Bonds, Convertible Debt Securities, Amortising Bonds and / or Defaulted Bonds) and money market instruments (including commercial bank loans which constitute money market instruments, bills of exchange, call accounts, notice accounts, certificates of deposit, commercial paper, asset-backed commercial paper, floating rate notes, short-term mortgage and asset-backed securities).

In pursuance of its investment objective, the Fund may also invest in equity or equity-related securities (such as investing in small, medium and / or large cap equities, common and / or preferred stock, ordinary and / or preference shares and / or Depositary Receipts).

In pursuance of its investment objective, the Fund may also acquire units/shares of collective investment schemes which seek to pursue an investment objective and / or policy which is similar to that of the Fund. The collective investment schemes in which the Fund invests will meet the requirements of the Central Bank and may include exchange-traded funds and other funds of the Company.

In pursuance of its investment objective, the Fund may also invest in financial indices which may deliver a variety of credit exposures and which will meet the requirements of the Central Bank for financial indices¹. Credit exposure delivered by these financial indices may be long exposure, Leveraged Exposure, Inverse Exposure, Inverse Leveraged Exposure or Synthetic Short Exposure. Financial indices may give exposure to, for example, fixed income instruments or CDS. These exposures may be achieved through vanilla indices and/or strategy indices. Strategy indices may typically involve algorithms which may be proprietary to the index sponsor. Details of financial indices in which the Fund invests from time to time will be found on: <http://www.hermes-investment.com/.aspx>

The Fund may also gain exposure to the aforementioned debt securities, money market instruments, equities, equity-related securities, collective investment schemes, financial indices through the use of FDIs and / or through investment in Convertible Debt Securities. The Fund may also use FDIs to gain exposure, manage exposure or alter exposure to the interest rate, credit and inflation markets. The FDIs which may be used by the Fund for such purposes include Forward Currency Exchange Contracts, Futures, Options (such as credit index Options, equity index Options, Options on credit default Swaps, and equity Options) and Swaps (such as credit default Swaps and interest rate Swaps). A decision to use FDIs may be made for reasons such as efficiency (i.e. it may be cheaper to gain exposure to an underlying Investment than to purchase the Investment directly) or for investment / strategy purposes (i.e. to seek to protect the Fund in the event of a default of the issuers of bonds in which the Fund invests or to speculate on changes in credit default Swap spreads of specific issuers or financial indices).

The Fund may, subject to the conditions and within the limits laid down by the Central Bank, employ techniques and instruments relating to transferable securities, invest in and/or gain exposure to financial indices, cash, invest in money market collective investment schemes, employ repurchase and reverse repurchase agreements and engage in stock lending for efficient portfolio management purposes. FDIs may also be used for efficient portfolio management purposes (for example, to assist in cash flow management, for cost effectiveness and for gaining or hedging exposure to certain markets and securities in a quicker and/or more efficient manner). The FDIs which may be used by the Fund for such purposes include Warrants, Futures, Options (including Options on Futures), and

¹ Hermes to advise whether there are any indices which need to be cleared by the Central Bank.

Swaps (such as currency Swaps and total return Swaps). Please see the section headed "Investment in FDIs and Efficient Portfolio Management" in the Prospectus for more information.

With the exception of permitted investments in unlisted securities and collective investment schemes, Investments of the Fund will be listed or traded on Regulated Markets. Investments of the Fund may be denominated in the base currency or in other currencies.

Cash Management

The Fund's use of FDIs may result in it holding a portion of its Net Asset Value in cash or collateral holdings and in such circumstances the Fund may seek to implement an effective cash management policy. In pursuit of this policy the Fund may invest in collective investment schemes and money market instruments (such as short dated government backed securities, floating rate notes, commercial paper, certificates of deposit, call accounts, treasury bills and treasury notes) and FDIs (of the type noted above).

Investment Strategy

In managing the Fund, the Investment Manager will seek to identify Investments which it views as having the potential to add value while at the same time seeking to reduce market-related risks. For example, the Investment Manager will conduct issuer-related analysis to seek to identify Investments which are exposed to credit, valuation and market opportunities. This will be carried out with a view to identifying, and exploiting differences in valuations arising in different jurisdictions and across companies of different types. At the same time, the Investment Manager will conduct security-related analysis to seek to identify and take advantage of the impact of issuer-related news on the value of the issuer's various securities. For example, the Investment Manager could hold a bond which is issued on terms whereby its value is capped if the credit risk of an issuer reduces (with the market value of the bond reducing). At the same time it could also purchase bonds (from the same issuer) with different terms or enter into FDI (related to the same issuer) whose value increases in the same circumstances.

The Investment Manager has a tactical and strategic approach to investment with a view to achieving an absolute return regardless of market direction over a rolling 12 month period. The Investment Manager can also seek to exploit divergent views on two companies in a market-neutral way; it can use FDIs to generate a long exposure to one company while also using FDIs to generate a Synthetic Short Exposure in the other company. This may be done when the Investment Manager believes an investment grade company has targeted for acquisition a below investment grade company. In this way the Investment Manager would use FDIs to reduce market-related risks with the Fund then benefitting from the increase or decrease in the value of the companies (as the case may be).

The Investment Manager intends to diversify the Fund's exposure but it is not limited as to the extent of investment in different geographic regions and / or industries. The Investment Manager will hold a diversified portfolio of Investments at any one time and will apply discretionary internal limits to determine the weights of specific asset classes within the Fund.

Leverage and Global Exposure

The Investment Manager uses a risk management technique known as absolute value-at-risk to assess the Fund's market risk to seek to ensure that the use of FDIs by the Fund is within regulatory limits. The one-tailed 99% confidence level, one month (20 Business Days) holding period, value-at-risk on the portfolio of the Fund shall be calculated on at least a daily basis and shall not exceed 20% of its Net Asset Value in any one month. Using the value-at-risk approach for exposure measurement does not necessarily limit leverage levels. However, the Fund through its investments in FDI will be leveraged. Calculating leverage resulting from FDI usage, in accordance with the requirements of the Central Bank, as the sum of notionals underlying all the FDI positions in the Fund expressed as a percentage of its Net Asset Value (i.e. calculating the value of the FDI positions without netting), the expected level of the Fund's leverage will range between 100% and 275% of its Net Asset Value. Higher leverage levels are possible, but leverage will not exceed 400% of the Fund's Net Asset Value at any time. The Investment Manager will net off hedges in accordance with the requirements of the Central Bank.

Investment Guidelines

In making its investment decisions, the Investment Manager will seek to consider 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.

Currency Hedging Policy

The Fund may enter into transactions for the purposes of hedging the currency exposure in accordance with the sections entitled “Hedging at Portfolio Level” and “Hedging at Share Class Level” in the Prospectus.

RISK FACTORS

Potential investors and Shareholders are referred to the section of the Prospectus entitled “Risk Factors”. Regard should be had to the risks outlined under the heading “General Risk Factors” as each of these risk factors will be relevant in the context of an investment in the Fund.

Investors should note that, while the Fund seeks to deliver positive absolute returns over a specified period irrespective of market conditions the Fund does not guarantee that this will be achieved over the specified period, or any other period, and in fact, the capital invested within the Fund is at risk.

In addition, investors should specifically refer to the following risks which appear under the heading “Fund Specific Risk Factors” as these relate to risks arising as a result of the Funds Investments and / or portfolio management techniques: -

Risk	Prospectus page reference
Bonds Risk	
Collateral Reinvestment Risk	
Credit Default Swaps Risk	
Emerging Markets Risk	
Forward Currency Exchange Contracts Risk	
Futures Risk	
Loans Investment Risk	
Swaps Risk	

DEALING INFORMATION

	Class F Shares	Class R Shares	Class T Shares	Class Z Shares
Dealing Deadline	5.00 pm (Irish time) on the Business Day prior to the relevant Dealing Day.			
Valuation	<p>The Valuation Point will be close of business in the relevant market on each Dealing Day provided that if any of the relevant markets are not open on a Dealing Day, the value of the relevant Investments at the close of business on the previous Dealing Day shall be used.</p> <p>The value of instruments or securities which are quoted, listed or dealt in on a Regulated Market shall (save in certain specific cases) be the last traded price on such Regulated Market as at the Valuation Point, or the closing mid-market price when no last traded price is available.</p>			
Timing of Payment for Subscriptions	Payment must be received by the Administrator by close of business three Business Days from the receipt of applications for Shares.			
Timing of Payment for Redemptions	Redemption proceeds in respect of Shares will be paid on the fourth Business Day following the relevant Dealing Day.			
Minimum Initial Subscription Amount	Stg£100,000*	€1,000*	Stg£1,000*	Per Client Agreement
Minimum Subsequent Subscription Amount	No minimum	No minimum	No minimum	Per Client Agreement
Minimum Holding Amount	Stg£100,000*	€1,000*	Stg£1,000*	Per Client Agreement
Minimum Redemption Amount	No minimum	No minimum	No minimum	Per Client Agreement
Investment Management Fee	Up to 0.70% of the Net Asset Value	Up to 1.40% of the Net Asset Value	No investment management fees or expenses**	No investment management fees or expenses***
Administrator's Fee	up to 0.05% of the Net Asset Value of the Fund accrued and calculated daily and payable monthly in arrears, subject to a monthly minimum fee of Stg£4,500. The Fund will also pay other costs to the Administrator such as transfer agency charges and transaction fees. Details are set out in the Prospectus in the section entitled "Fees and Expenses".			
Custodian's Fee	up to 0.015% of the Net Asset Value of the Fund, accrued and calculated daily and payable monthly in arrears. The Fund will also pay other costs to the Custodian such as out-of-pocket expenses and sub-custodial fees and expenses. Details are set out in the Prospectus in the section entitled "Fees and Expenses".			
Other Fees and Expenses	All fees and expenses, not exceeding Stg£50,000 relating to the establishment of the Fund, including the fees of the advisers, such as legal advisers, will be amortised over the first five financial years of the lifetime of the Fund or such other period as the Directors may determine and advise to Shareholders, for example via the Company's financial statements. The Fund shall bear its attributable proportion of the organisational and operating expenses of the Company. Details of these and of other fees and expenses are set out in the Prospectus in the section entitled "Fees and Expenses".			
Compulsory redemption threshold	All the Shares of the Fund may be compulsorily redeemed at the discretion of the Directors if, after the first anniversary of the first issue of Shares of the Fund, the Net Asset Value of the Fund falls below Stg£100,000,000 for any period of time.			

*or its foreign currency equivalent.

**Shareholders in the Class T Shares will be subject to a fee with regard to their investment in the Fund based on the Client Agreement between them and the Investment Manager. This fee will not exceed 1% per annum of the value of the Shareholder's holding in the Fund.

***Shareholders in the Class Z Shares will be subject to a fee with regard to their investment in the Fund based on the Client Agreement between them and the Investment Manager. This fee will not exceed 3% per annum of the value of the Shareholder's holding in the Fund.

The Investment Manager reserves the right to repurchase the entire holding of Shares of any Shareholder (deducting any amount owed for unpaid investment management fees), if the relevant Client Agreement is terminated for any reason whatsoever.

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