CONTENTS

INTRODUCTION ......................................................................................................................................... 1
CONFLICT AWARENESS ........................................................................................................................... 2
TYPES OF CONFLICTS .............................................................................................................................. 3
SPECIFIC CONFLICTS ............................................................................................................................... 4

CONFLICTS BETWEEN MERCER AND OUR CLIENTS .............................................................................. 4

Fee Arrangements with Clients ............................................................................................................. 4
Investment Solutions and Services ....................................................................................................... 5

CONFLICTS BETWEEN THE INTERESTS OF CLIENTS AND EMPLOYEES, THEIR FAMILY MEMBERS OR SIGNIFICANT PERSONAL RELATIONSHIPS ......................................................................................................................... 5

Availability of Our Investment Manager Research ................................................................................. 6
Arrangements with Investment Managers ............................................................................................. 6

CONFLICTS AMONG MERCER’S CLIENTS ............................................................................................... 7
CONFLICTS OF INTEREST STATEMENT
Mercer Investments

INTRODUCTION

Mercer is a global consulting leader in talent, health, retirement, and investments. We help clients around the world advance the health, wealth, and performance of their most vital asset — their people. Mercer is a wholly owned subsidiary of Marsh & McLennan Companies (NYSE: MMC).

Mercer Investments (Mercer) is a leading global provider of investment services. We have been dedicated to meeting the needs of clients for more than 40 years. We provide research, analytical tools, and investment advice as well as the implementation of investment advice.

Conflicts of interest are inherent in certain Mercer businesses. Conflicts of interest — real or apparent — are instances where a person or firm has an incentive to serve one interest at the expense of another. Some of these conflicts are inherent in any large, diversified professional services firm, while others stem from the nature of the services we offer to clients. Mercer seeks to manage these conflicts through disclosure and with policies and procedures that are designed to protect client interests. We are committed to conducting business ethically and transparently.

This Statement summarizes general conflicts of interest Mercer has identified and describes how we manage and mitigate them. It is not intended to provide an exhaustive list of all conflicts that currently exist or that may exist in the future. It also does not cover conflicts of interest that may relate to your relationship with other Mercer businesses.

If you have any questions or would like more information about specific topics after reading this document, please call your Mercer contact person.
1 CONFLICT AWARENESS

We understand that the identification, management, and mitigation of conflicts of interest is an ongoing process. Mercer believes we create a conflict-aware environment through ongoing training, communications, disclosure reviews, and monitoring and testing. Core to this process are the following elements:

- **Our Code of Conduct** — Employees are required to comply with Mercer’s Code of Conduct, *The Greater Good*, as a condition of employment. *The Greater Good* has clear requirements and guidelines for dealing with ethical matters, including conflicts of interest.
- **Gifts and Entertainment Policy** — Employees are required to comply with our gifts and entertainment policy, which is designed to ensure that they are not unduly influenced by the receipt of gifts, meals, or entertainment.
- **Client Confidentiality Obligations** — Employees are made aware of their obligations to protect client confidentiality and to comply with insider trading and related laws and regulations.
- **Personal Investing Reporting** — Certain employees are also subject to policies governing their personal investing, which, in general, requires reporting and/or preclearance of certain personal investments.
2

TYPES OF CONFLICTS

Conflicts can arise for example between:

- Mercer and its clients.
- Lines of business or legal entities within Mercer.
- Mercer management or employees and our clients.
- Differing needs and requirements of our clients.

Conflicts of interest may occur, for example:

- Through earning higher revenues from certain client fee arrangements, including through providing more complex solutions for clients when a simpler but less comprehensive solution may be available.
- From relationships Mercer may have with providers of services or products to our clients, including fee arrangements or commissions.
- From the receipt of confidential information.
- From performance related remuneration paid to employees.
- From personal relationships our employees may have with our clients or service providers.
- From gifts or entertainment provided to clients or prospects, or received by our staff from key service providers.
- From employees holding non-Mercer positions.
CONFLICTS OF INTEREST STATEMENT
Mercer Investments

3
SPECIFIC CONFLICTS

The following describes key conflicts and how they are managed.

CONFLICTS BETWEEN MERCER AND OUR CLIENTS
Mercer’s investment services are delivered along a continuum that allows clients to select their preferred level of interaction with us. We recognize that while our business model provides significant flexibility for clients, it also raises the potential for a conflict between our own interests and those of our clients. The following describes key conflicts of this type and how they are managed.

Fee Arrangements with Clients
Mercer offers a wide range of services to its clients, with a variety of different fee arrangements. Current fee arrangements include fixed fees, time based fees, commissions and fees based on assets under management.

Mercer uses a multi-manager structure in delivering its delegated solutions services to clients. Mercer will seek to negotiate the lowest fee possible under the circumstances with managers used in its delegated solutions products and services.

Mercer has fee arrangements with some delegated solutions clients that result in a fee paid to Mercer that is net of investment management fees paid to managers. We refer to this arrangement as “net fee” or “unbundled fee”. In some markets, Mercer has fee arrangements with clients that, instead, result in a fee paid to Mercer that includes the investment management fees, which we subsequently pay to managers. We refer to this arrangement as “gross fee” or “bundled fee”. In a gross fee arrangement, Mercer may have an incentive to select asset classes or investment managers where we have negotiated a lower fee or a volume discount arrangement (the fee payable to the manager decreases as the amount of assets under management for Mercer clients increases). We may also have an incentive to select managers based solely on a manager’s fees.

MITIGATION
- Mercer does not select investment managers based solely on fees.
- The fees Mercer earns serving as investment manager to Mercer-managed portfolios are described in disclosure documents and agreements and are structured to comply with applicable law.
- Mercer follows documented processes for rating, recommending, or selecting manager strategies. These processes follow consistent governance practices.
- Mercer is incentivized by long-term client relationships that would be undermined by risking substandard investment results through decision-making based on factors other than our investment process.
- When making asset-allocation recommendations, Mercer considers several factors unique to each client’s investment needs and objectives, financial circumstances, risk tolerances, and the long-term return and risk profile of various asset classes. In addition, the client typically provides
us with asset-allocation or risk parameters within which its account should be managed; these cannot be changed without client consent.

- Mercer typically establishes and regularly reviews performance and risk objectives with our clients.

**Investment Solutions and Services**

Mercer offers clients a number of investment-based services and solutions ranging from advice on investment strategies, asset classes, asset allocation, specific investments and investment providers, to implemented or delegated investment solutions. Mercer offers a range of delegated solutions to clients which incorporate our best ideas in relation to investment matters. Examples of such solutions include implemented consulting and Mercer dynamic de-risking service. These solutions, which typically use Mercer-managed investment funds (“Mercer Funds”), may create potential conflicts between Mercer’s interests and the interests of clients:

When a client chooses to work with Mercer by way of a delegated solution, Mercer may earn more revenue than if the client chose to engage Mercer under a direct advisory relationship. This could create an incentive for Mercer to inappropriately recommend delegated solutions to clients and prospective clients. Just as Mercer will never recommend to clients to use another providers’ manager research, Mercer will not recommend the use of another providers’ delegated solutions, where Mercer provides such solutions.

Mercer continues to provide investment consulting services as part of the delegated solution. The nature of the advice provided will be different to the type of advice that may previously have been provided by Mercer to a client under a direct advisory relationship. In particular, commentary on performance, and advice on potential alternatives, will be confined to strategies and funds available within the Mercer delegated solutions framework.

**Mitigation**

- Strict protocols are followed when introducing delegated solutions to clients. These protocols are designed to ensure clients fully understand the difference between working with Mercer under an advisory approach and under a delegated solutions approach, so that clients can make an informed decision.
- Clear disclosures regarding fees and services to clients.
- The nature of the services provided is clearly outlined to clients in marketing and presentation material and legal agreements prior to take on.
- While Mercer as a group may earn more revenue, it is providing more services and assuming more responsibility, in a delegated solution.
- Delegated solutions are only offered to clients if that solution is suitable for their needs.

**Conflicts Between the Interests of Clients and Employees, Their Family Members or Significant Personal Relationships**

Circumstances can arise which create potential conflicts between the interests of clients and the interests of employees, their family members or significant personal relationships. Examples of such conflicts include:

- Benefit from access to confidential information in a corporate entity in which an employee has or could acquire a personal shareholding.
CONFLICTS OF INTEREST STATEMENT

Mercer Investments

- Personal benefits received from service providers e.g., gifts and entertainment.
- Remuneration of individuals linked to their achievement of certain financial goals such as revenue targets.
- Conflicts arising from an individual holding non-Mercer roles in addition to their role in Mercer.

MITIGATION

- Mercer has policies, procedures and codes in place to minimize such conflicts including “The Greater Good”, Personal Securities Trading Policies, Gift and Entertainment Policies and Policies on holding outside Directorships.
- Compliance with key policies is monitored.
- Mercer operates a formal performance appraisal and reward system, designed to take many factors into account when determining an individual’s remuneration.

Availability of Our Investment Manager Research

Mercer may have an incentive to provide our investment manager research to certain clients or to our investment implementation teams before providing the same information to all Mercer clients. Examples of potentially valuable information include a change to Mercer’s rating of an investment strategy offered by a manager or a manager’s capacity to accept new investments in a particular strategy or fund.

MITIGATION

- Mercer makes new or updated manager research available simultaneously to all subscribers (internally and externally) to our proprietary MercerInsight® platform. Research published on our MercerInsight platform includes such information as news items regarding a manager, decisions by Mercer to change the rating of a manager’s strategy, and information about a manager’s capacity to accept new investments.
- Mercer has put in place and enforces rules that minimize our ability to act on new or updated information for our own advantage or for the advantage of some clients but not others.

Arrangements with Investment Managers

Mercer may have an incentive to assign favorable ratings and allocate client assets to certain managers based on fee arrangements in place between Mercer and the manager. For example, Mercer may have an incentive to favor managers that provide Mercer with volume discounts based on the amount of client assets under management.

In addition, Mercer may rate, review, and/or recommend strategies of investment managers that are also clients of Mercer or our affiliates. These managers may engage Mercer or our affiliates to provide a range of consulting services, may purchase licenses to use our proprietary software and databases, and/or may pay to attend our Global Investment Forums. Mercer or its affiliates may also provide consulting or delegated investment implementation services to parent companies or affiliates of investment managers that are recommended or used by Mercer or its affiliates globally. The revenue Mercer earns from these managers may create incentives to recommend these managers or their strategies more highly than those of other managers, potentially impairing Mercer’s ability to select or terminate them objectively.
CONFLICTS OF INTEREST STATEMENT
Mercer Investments

MITIGATION

● Mercer follows documented processes for rating, recommending, or selecting a manager’s strategies. These processes follow consistent governance practices.
● Mercer does not consider the status of a manager as a client of Mercer or our affiliates at any time during the investment evaluation, selection, or termination process.
● Mercer has adopted policies and procedures that are reasonably designed to protect against preferential treatment for a manager that is also a client of Mercer or our affiliates.
● Mercer discloses to managers from which we or our affiliates receive revenue that receipt of such revenue will not result in any preferential treatment.

CONFLICTS AMONG MERCER’S CLIENTS
Mercer has a large and diverse client base that may compete with one another in the same industry or sector or compete with one another for limited investment opportunities. We recognize that our interest in serving clients that are perceived to be more influential, or more valuable to Mercer, poses the risk that we could favor those clients over others.

MITIGATION

● We do not differentiate or favor certain clients over others with respect to timing of the release of manager research ratings information via our MercerInsight platform, but we may provide different or customized advice to different clients, depending on their individual circumstances.
● We allocate limited investment opportunities on a reasonable and fair basis to our clients, taking into account their individual objectives, mandates and/or investment strategies, and other relevant factors.
● We believe clients benefit from the diversity of opinions and the individualized, and sometimes subjective, judgments of each consultant with respect to each client. Accordingly, investment advice is tailored to the individual client’s objectives.

© 2016 Mercer LLC. All rights reserved.