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CONFLICTS OF INTEREST

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.

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 regular 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.

### 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.

### 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 Global Investment Manager Database (GIMD™). Research published in GIMD 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. For example, Mercer cannot act on a change to the rating of a manager’s strategy until that information has been released to all GIMD subscribers.

### FEE ARRANGEMENTS WITH CLIENTS

Mercer has fee arrangements with some clients for which we are providing delegated implementation services that result in a fee paid to Mercer that is net of investment management fees paid to managers. In some markets, Mercer has fee arrangements with clients that, instead, result in a fee paid to Mercer that includes the investment management fees we pay to managers (fixed fees). In a gross fee arrangement, Mercer may have an incentive to select asset classes or investment managers when we have negotiated a volume discount arrangement. In these arrangements, the fee payable to the manager decreases as the amount
of assets under management for Mercer clients increases. Volume discounts can result in an increase in the portion of the gross client fee Mercer retains.

Gross fee arrangements in place with certain clients may be an incentive for Mercer to favor these clients or to recommend certain investments or asset classes that could result in higher overall compensation for us. We may also have an incentive to select managers based solely on a manager’s fees.

MITIGATION

- 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 delegated implementation clients.

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.
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. It is likely some of our clients operate in the same industry or sector. 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 GIMD, but we may provide different or customized advice to different clients, depending on their individual circumstances.
- 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, a Mercer consultant need not provide identical investment advice to all clients, even to those in similar circumstances.

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