

Mercer Investments

Conflicts of Interest Statement

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Introduction

Mercer is a global consulting leader in health, wealth and career. Mercer helps clients around the world advance the health, wealth, and performance of their most vital asset — their people. Mercer is a division of Marsh & McLennan Companies, Inc. (NYSE: MMC). Mercer has been dedicated to meeting the needs of clients for more than 70 years.

Mercer's Wealth business is a leading global provider of investment and retirement services.

Investment services provided by the Investments segment of Mercer's Wealth business ("Mercer Investments") include the provision of research, analytical tools, and investment advice, as well as the implementation of investment advice, including discretionary management of investment portfolios and investment funds. This Conflicts of Interest Statement ("Statement") summarizes general conflicts of interest that Mercer Investments has identified with respect to its Investments business, and describes how Mercer Investments manages and mitigates those conflicts. It is not intended to provide an exhaustive list of all conflicts that currently exist or that could exist in the future. As a global disclosure document, this Statement is not intended to, and does not, address all conflicts of interest in each country or region where Mercer Investments provides investment services and is not intended to take precedence over separate conflicts of interest statements issued by Mercer Investments to satisfy local regulations. It also is not intended to cover all conflicts of interest that may relate to your relationship with other Mercer or Marsh McLennan lines of business or segments.

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 to any large, diversified professional services firm, while others stem from the nature of the services Mercer Investments offers to clients. Mercer Investments is committed to conducting business ethically and transparently. Mercer Investments seeks to manage these conflicts primarily with practices, policies, and procedures that are designed to protect client interests as well as through disclosure. Moreover, Mercer Investments' client relationships would be undermined by risking sub-standard investment results through decision-making based on factors other than investment processes and Mercer Investments' best thinking.

If you have any questions or would like more information about specific topics after reading this Statement, please reach out to your Mercer Investments contact.

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Definitions

Terms used in this Statement have the following meanings:

“Investment Solutions” (also known as “OCIO,” “fiduciary management”, or “delegated solutions”) refers to investment management services provided by Mercer Investments, typically where Mercer Investments exercises discretionary authority over a client’s portfolio or a portion thereof.

“Marsh McLennan” refers to Marsh & McLennan Companies, Inc. together with its affiliates.

“Mercer” refers to a business of Marsh McLennan operating through various legal entities worldwide.

“Mercer Fund” refers to an investment fund organized and managed by a Mercer entity.

“Mercer Wealth” refers to Mercer’s line of business that provides investment and retirement services.

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Conflict awareness

The identification, avoidance or management, and mitigation of conflicts of interest is an ongoing process. Mercer Investments believes that it creates a conflict-aware environment through its operational practices, governance and oversight processes, communications with clients, disclosure reviews, peer review procedures, and its ongoing training, monitoring, and testing. Core to this process are the following elements:

- *Code of Conduct* — Employees are required to comply with Marsh McLennan'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 a gifts and entertainment policy, which is designed to ensure that they are not unduly influenced by the receipt of gifts, meals, or entertainment.
- *Confidentiality Obligations* — Employees are made aware of their obligations to protect client confidentiality and to comply with insider trading and related, applicable laws and regulations.
- *Personal Investing Reporting* — Certain employees of Mercer Investments are also subject to policies governing their personal investing as required by applicable laws and regulations, which in general require certain personal investments be reported and/or pre-cleared where applicable.
- *Directorships and Outside Positions* – Employees are required to seek approval before accepting and holding non-Mercer Investments positions that create potential conflicts of interest.
- *Research and Ratings Process* — Researchers and relevant staff operate under policies and guidelines and are provided with training intended to protect the integrity of the investment research and ratings process. Research and ratings represent the specialist's or team's own opinion of a strategy or subject, without regard to Mercer's or Marsh McLennan's business relationships.

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Types of conflicts

Conflicts can arise, for example, between:

- Mercer Investments and its clients
- Lines of business or legal entities within Mercer and/or Marsh McLennan
- Mercer Investments management or employees and Mercer Investments clients
- Clients or groups of clients

Conflicts of interest can occur, for example:

- Through earning higher revenues or profits from certain types of solutions or client arrangements, including through providing a more complex, higher-cost solution for clients when a simpler, lower-cost solution is available
- From other relationships Mercer Investments has with providers of services or products to its clients, including fee arrangements or commissions
- Due to the receipt of confidential information from clients, service providers, or asset managers
- Through performance-, referral-, or sales-related remuneration paid to Mercer and/or Marsh McLennan employees
- Through personal relationships Mercer or Marsh McLennan employees have with clients or service providers
- From gifts or entertainment provided to clients or prospects, or received by staff from current or prospective service providers
- Due to employees holding non-Mercer Investments positions
- Through collaboration among Mercer and/or Marsh McLennan entities

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Specific conflicts

The following describes certain of Mercer Investments' potential conflicts and how they are managed and mitigated.

Conflicts between Mercer Investments and its clients

Mercer Investments' services are delivered along a continuum that allows clients to select their preferred level of interaction with Mercer Investments. While this business model provides significant flexibility for clients, Mercer Investments recognizes that it can create a conflict between Mercer Investments' own interests and those of its clients. The following describes key conflicts of this type and how they are managed and mitigated.

Fee arrangements with clients

Mercer Investments offers a wide range of investment services to its clients, with a variety of fee arrangements. Current fee arrangements include fixed fees, time-based fees, fees based on assets under advisement or management, and fees with performance adjustments. Certain services or solutions in some asset classes may be more complex and Mercer Investments may offer differing fee rates for such higher-complexity services or solutions. In those situations, Mercer Investments can have an incentive to offer more complex, higher-cost solution to clients when a simpler, lower-cost solution is available or to recommend allocations to such higher cost asset classes.

Mercer Investments' Investment Solutions are implemented using third-party asset managers. Mercer Investments seeks to negotiate the lowest fee possible under the circumstances with third-party asset managers used in its Investment Solutions products and services.

In certain jurisdictions, Mercer Investments implements its Investment Solutions through the use of the Mercer Funds. Mercer Investments receives a fee from certain Mercer Funds, which could create the incentive to offer, recommend, or select a Mercer Fund over another or over a third-party fund.

Depending on client preferences, Mercer Investments has fee arrangements with some Investment Solutions clients that result in a fee paid to Mercer Investments that is broken out from (and in addition to) investment management fees paid by Mercer Investments to third-party asset managers. Mercer Investments refers to this arrangement as "net fee" or "unbundled fee". Mercer Investments has fee arrangements with other Investment Solutions clients that result in a fee paid to Mercer Investments that is inclusive of the investment management fees paid by Mercer Investments to third-party asset

managers. Mercer Investments refers to this arrangement as “gross fee” or “bundled fee”. In a gross fee arrangement, Mercer Investments would benefit by selecting asset classes or third-party asset managers where Mercer Investments has negotiated a lower fee or a volume discount arrangement (i.e., the fee payable to the manager decreases as the amount of assets under management with that manager increases). Mercer Investments could also have an incentive to select third-party asset managers based primarily on those managers’ fees.

Mitigation

- Mercer Investments follows documented processes for researching, rating, recommending, or selecting third-party asset managers using multiple factors and not based on fees alone. These processes follow consistent governance practices for all services.
- Mercer Investments’ fee arrangements with clients are described clearly in disclosure documents and/or in client agreements and are structured to comply with applicable laws and regulations. Mercer Investments seeks to structure fee arrangements with clients and Mercer Funds to remove the incentive to recommend one Mercer Fund over another or a third-party fund, for example through the use of fee waivers and/or credits. If Mercer Investments receives a fee from a client and a fee from a Mercer Fund in which the client invests, such separate fees will be disclosed to, and approved by, the client. In certain cases, a client may be asked to acknowledge or approve the investment in the Mercer Fund, for example, through authorization in an investment management agreement between Mercer Investments and the client, or through a separate agreement specific to such Mercer Fund.
- When making asset-allocation or funding decisions or recommendations, Mercer Investments 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 Mercer Investments with asset-allocation or risk parameters within which its account should be managed; these cannot be changed without client consent. If Mercer Investments would receive a fee from a client that is higher because of the level of complexity of investing in a particular asset class, such fees will be disclosed to, and approved by, the client as part of the agreement between Mercer Investments and the client.
- Mercer Investments regularly reviews performance and risk objectives with its clients.

Conflicts arising from multiple lines of business or legal entities within Mercer and/or Marsh McLennan

Services and solutions

Mercer Investments offers clients a number of services and solutions ranging from advice on asset allocation, asset classes, investment strategies, specific investments and investment providers, including asset manager or fund recommendations, to implementation of investment recommendations or discretionary investment management arrangements. Mercer Investments may also offer services that can help clients action that advice, including Mercer Investments’ own Investment Solutions. Mercer

Investments' Investment Solutions business seeks to incorporate Mercer Investments' best ideas in relation to investment management and, in some situations, provide those services in conjunction with Mercer Investments' best ideas in non-investment management areas. Examples of such solutions include implemented consulting and Mercer Investments' dynamic de-risking service. In some jurisdictions, Mercer Investments provides a platform for accessing asset manager investment strategies. These solutions, which typically use Mercer Funds, can create a conflict between Mercer Investments' interests and the interests of clients.

When a client chooses to expand its work with Mercer Investments, or to select Mercer Investments as an Investment Solutions provider, Mercer Investments will typically earn additional revenue or profit than if the client instead chooses to receive services from a third-party provider or under an advisory-only relationship with Mercer Investments. This can create an incentive for Mercer Investments colleagues to inappropriately introduce additional services to clients or prospective clients, including Investment Solutions. In addition, Mercer Investments considers colleagues' overall contributions to new sales and other commercial goals when determining compensation, and certain employees of Mercer Investments and/or other Marsh McLennan business can be eligible to receive direct incentive compensation as a result of referring prospects to Investment Solutions as permitted under applicable laws and regulations, each of which can create a similar incentive for these employees.

Moreover, in discussing potential service offerings with a client, Mercer Investments would not ordinarily recommend the use of another provider's investment services, where Mercer Investments provides such services itself.

If a client transitions from an advisory-only relationship to Investment Solutions, Mercer Investments typically continues to provide advisory services as a component part of its Investment Solutions. This can create a potential conflict if Mercer Investments were to evaluate its own Investment Solutions offering compared to other providers' offerings of similar solutions as part of the ongoing advisory services. However, as noted below, it is Mercer Investments' policy not to evaluate its own services or performance.

When a client retains Mercer Investments to provide both investment and non-investment services (e.g., advice on managing pension risk through annuity buyouts and similar strategies) at the same time, this can create an incentive for Mercer Investments to provide advice that it expects would result in a client maintaining, prolonging, or increasing the investment services, so as to increase revenue to Mercer Investments.

Mitigation

- Mercer Investments has adopted protocols to be followed when introducing Investment Solutions to clients. These protocols include disclosures to allow clients to fully understand the difference between working with Mercer Investments under an advisory-only approach and under an Investment Solutions approach, so that clients can make an informed decision.

- It is Mercer Investments' policy that Investment Solutions and Mercer Funds should only be offered to a client if Mercer Investments reasonably believes it would be appropriate for the client's needs.
- Clear disclosures regarding Mercer Investments' fees and services are provided to clients prior to a client making a decision to engage Mercer Investments for a particular service or to invest in a Mercer Fund that would increase fees paid to Mercer Investments by the client.
- Mercer Investments has adopted protocols to be followed in order for its or Marsh McLennan employees to be eligible to receive direct compensation for referring prospects to Mercer Investments' services, including requiring the referring colleague to provide written disclosure to the prospect describing the referral compensation that the colleague will receive if the prospect becomes an Investment Solutions client. Mercer Investments employees are not eligible for direct incentive compensation for referring existing clients to whom they provide investment advisory services. Additionally, when considering a colleague's overall contributions to new sales and other commercial goals in determining an individual's overall remuneration, Mercer Investments operates a formal performance appraisal and reward system, designed to take many factors into account (i.e., not only success in achieving business development goals).
- When providing advisory services as a component of Investment Solutions, the nature of the advice provided differs from the type of advice that was previously provided by Mercer Investments to a client under an advisory-only relationship. In particular, commentary on performance, and advice on potential alternatives, would be confined to the service being provided and solutions, strategies and funds available within Mercer Investments' Investment Solutions framework. Mercer Investments will not evaluate its own services or performance in comparison to other service providers.
- Where deemed appropriate, Mercer Investments establishes information barriers between Mercer teams providing separate services to the same client (or connected clients), consistent with applicable laws and regulations, and with the best interests of the client in mind.

Availability of asset manager research

Mercer Investments could have an incentive to provide its research on third-party asset managers to certain clients or to consulting or Investment Solutions teams before providing the same information to other Mercer Investments clients. Examples of potentially valuable information include a change to Mercer Investments' rating of an investment strategy offered by a third-party asset manager or a manager's capacity to accept new investments in a particular strategy or fund.

In certain countries in Asia, Mercer Investments offers Mercer FundWatch™, a web-based, publicly available ratings service based on Mercer Investments' global research on third-party asset managers. Mercer FundWatch rates funds that are available to individual investors in those countries. As part of this service, financial services firms that manage or distribute investment funds will typically pay Mercer Investments to have their fund reviewed and rated and can elect to have the rating published. Since firms whose funds receive lower ratings would be expected to be less likely to pay for their funds to be listed, and since such firms may be disinclined to expand their business relationships with Mercer Investments, Mercer Investments could have an incentive to provide higher ratings to firms with funds participating in Mercer FundWatch.

Mitigation

- Mercer Investments makes new or updated manager research available at the same time to all external subscribers and internal users of MercerInsight™, an institutional data, analytics, and research platform on investment managers, by publishing it on the platform. Research includes such information as news items regarding a third-party asset manager, decisions by the manager research team to change the rating of a manager's strategy, and information about a manager's capacity to accept new investments.
- Mercer Investments' manager research and the fund rating activities of Mercer FundWatch follow a uniform and consistent due diligence process in determining third-party asset manager ratings (and in the case of Mercer FundWatch, fund ratings), including peer review and final ratification of ratings by designated committees.
- Mercer Investments' manager research team, which also produces Mercer FundWatch ratings, is not responsible for the commercial success of Mercer Investments' manager research and ratings distribution business, and the remuneration of Mercer Investments' manager research team is not directly linked to sales of that research. The manager research team is evaluated on the outperformance of their highly rated strategies, and not by sales of these reports or other revenue or sales activities related to the distribution of manager research or ratings.

Issuance of Certain Securities

Certain Mercer affiliates may be involved in the issuance of securities; for example, a Mercer Investments business, Mercer Investments (HK) Limited ("MIHK"), is involved in the origination and placement of insurance-linked securities ("ILSes" and each an "ILS"). ILSes are bonds issued by insurance or reinsurance entities through which investors participate in insurance risk in return for a stated premium.

This activity can give rise to a conflict or the appearance of a conflict if Mercer Investments recommends that a client invest in ILSes that may include those which MIHK has originated or marketed, or in other types of securities where a Mercer affiliate is involved in the issuance. Similarly, asset managers hired by Mercer Investments to manage the Mercer Funds or other client accounts may invest the assets of a fund or account in an ILS originated or marketed by MIHK, or in another type of security where a Mercer affiliate is involved in the issuance.

Mitigation

- A Mercer affiliate's role relative to any ILS, or other security in which the Mercer affiliate is involved in the issuance, will be disclosed in the offering material for such ILS or other security.
- Mercer Investments follows documented processes for rating, recommending, or selecting a third-party asset manager's strategies. These processes follow consistent global governance practices. Investment in any particular security issuance is not a consideration in Mercer Investments' ratings process.

Arrangements with asset managers and other service providers

Mercer Investments could have an incentive to assign favorable ratings and allocate client assets to certain third-party asset managers based on fee arrangements in place between Mercer Investments and the manager. For example, Mercer Investments would have an incentive to favor third-party asset managers that provide volume discounts based on the amount of Mercer Investments' clients' assets under management, or who pay for their investment fund to be rated via Mercer FundWatch.

In addition, some third-party asset managers (or their affiliates) whose strategies Mercer Investments rates, reviews, and/or recommends are also clients of Mercer Investments or its affiliates. For example, these firms may have engaged Mercer Investments or its affiliates to provide services, purchased licenses to use Mercer Investments' proprietary software and platforms, and/or paid to attend Mercer Investments' Global Investment Forums. Mercer Investments or its affiliates provide consulting or Investment Solutions to certain parent companies or affiliates of managers that are recommended or used by Mercer Investments or its affiliates. The revenue Mercer Investments or its affiliates earn from these third-party asset managers or their affiliates, as clients, could create an incentive to recommend these managers or their strategies more highly than those of other managers, potentially impairing Mercer Investments' ability to recommend, select or terminate them objectively.

In conjunction with providing Investment Solutions services, Mercer Investments sometimes selects and oversees other types of service providers with whom Mercer Investments or its affiliates have other business relationships, including client relationships, distribution or referral arrangements, recordkeeping or administration, or subcontracting relationships. The commercial benefits received from these relationships could present a conflict of interest for Mercer Investments in the selection, oversight and termination decisions with respect to such service providers.

Mitigation

- Mercer Investments follows documented processes for rating, recommending, or selecting a third-party asset manager's strategies. These processes follow consistent global governance practices.
- Mercer Investments does not include the status of a third-party asset manager or other service provider as a client of Mercer Investments or its affiliates, or other commercial relationships with a service provider, as a factor in its investment evaluation, selection, or termination analysis.
- Mercer Investments has adopted vendor selection processes that are reasonably designed to protect against preferential treatment for a third-party asset manager or other service provider that is also a client of Mercer Investments or its affiliates.
- Mercer Investments' manager research team, which also produces Mercer FundWatch ratings, is not responsible for the commercial success of Mercer Investments' manager research and ratings distribution business, and the remuneration of Mercer Investments' manager research team is not directly linked to sales of that research. The manager research team is evaluated on the outperformance of their highly rated strategies, and not by sales of these reports or other revenue or sales activities related to the distribution of manager research or ratings.

Conflicts between the interests of clients and employees, their family members or significant personal relationships

Circumstances involving Mercer Investments employees, their family members or persons with whom employees have significant personal relationships can give rise to conflicts of interest between such persons and Mercer Investments' clients. Examples of such conflicts may include:

- Access to confidential information in a corporate entity in which an employee has or could acquire a personal shareholding.
- Personal benefits received from service providers (e.g., gifts and entertainment).
- Personal relationships with personnel of an asset manager or service provider could influence a Mercer Investments employee's assessment of the asset manager or service provider.
- Remuneration of individuals linked to their achievement of certain financial goals such as revenue targets.
- Conflicts arising from an individual holding non-Mercer Investments roles (such as serving as a director on a board of a non-Mercer Investments business) in addition to their role at Mercer Investments.

Mitigation

- Mercer Investments has policies, procedures and codes in place to minimize such conflicts including The Greater Good, Personal Securities Trading Policies, Gifts and Entertainment Policies and Policies on Holding Outside Directorships.
- Mercer Investments follows documented processes for rating, recommending, or selecting a third-party asset manager's strategies. These processes follow consistent global governance practices irrespective of any personal connections among employees.
- Mercer Investments has adopted vendor selection processes that are reasonably designed to protect against preferential treatment for a third-party asset manager or other service provider whose employee(s) have personal connection(s) with Mercer Investments employee(s).
- Compliance with key policies is monitored and mandatory training is deployed to personnel.
- Mercer Investments operates a formal performance appraisal and reward system, designed to take many factors into account (e.g., not only success in achieving sales or commercial goals) when determining an individual's remuneration.

Conflicts among Mercer Investments' clients

Mercer Investments has a large and diverse client base, some of whom compete with one another in the same industry or sector or compete with one another for limited investment opportunities. Mercer

Investments recognizes that there could be an incentive to favor clients that are perceived to be more valuable to Mercer Investments over others that are perceived to be less valuable. Mercer Investments might also have an incentive to favor Mercer Funds over other discretionary client accounts.

Mercer Investments' clients are also likely to have differing investment objectives, regulatory requirements, and values or preferences, for example as it relates to sustainable investing.

Mitigation

- Although Mercer Investments can provide different or customized research to different clients, depending on individual circumstances or upon request, Mercer Investments does not differentiate between or favor certain clients over others with respect to timing of the release of manager research ratings information via the MercerInsight platform.
- Mercer Investments' investment decision-making process for the Mercer Funds and other discretionary client accounts is carried out pursuant to a consistent process, taking into account relevant regulatory requirements, and overseen by investment governance committees in the relevant jurisdiction, whose members are trained on the fiduciary obligations owed to clients.
- Mercer Investments seeks to allocate capacity-constrained investment opportunities among clients on a reasonable and fair basis pursuant to a Global Allocation policy, which takes into account the services Mercer Investments has agreed to provide its clients, their individual objectives, mandates and/or investment strategies, and other relevant factors.
- Mercer Investments draws on a breadth of global resources to develop intellectual capital that can be implemented locally, and on a client-by-client basis, to meet each client where they are, taking into account their particular needs, investment objectives, regulatory considerations, and solution preferences.
- Mercer Investments believes 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, which will sometimes result in different or customized advice to different clients. However, colleagues draw from the same intellectual capital and investment resources, and client deliverables are peer reviewed, to achieve consistency in the quality of advice provided to each client. Additionally, standardized processes are in place to enable Mercer Investments to devote the time and resources necessary to fulfill its obligations to each client.

If you have any questions or would like more information about specific topics after reading this Statement, please reach out to your Mercer Investments contact.

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