

Compliance policy

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November 2021

Mercer Global Investments Europe Limited Order Execution Policy

Scope

Mercer Global Investments Europe Limited (“MGIE”) has established and implements this Order Execution Policy (the “Policy”) to ensure it obtains, for client orders, the best possible result in accordance with its regulatory requirements.

This policy applies to MGIE and its branches.

Authorisation Status and Regulatory Framework

MGIE was incorporated in Ireland as a private limited company on 8 March 2006 under registration number 416688 and is authorised by the Central Bank of Ireland pursuant to the European Union (Markets in Financial Instruments) Regulations 2017 (the “MiFID II Regulations”), as a MiFID Investment Firm. The MiFID Regulations give effect to Directive 2014/65/EU (“MiFID II Directive”) and Commission Delegated Directive (EU) 2017/593 (“Commission Delegated Directive”) in Ireland. Commission Delegated Regulation 2017/565 (“Commission Delegated Regulation”) also includes requirements for investment firms relating to order execution and execution policies and has been taken into account for the purposes of this policy.

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MGIE's Best Execution Obligations

As a MiFID firm, MGIE is authorised to carry out the following MiFID services:

- The reception and transmission of orders in relation to one or more financial instruments
- Portfolio management
- Investment advice

MGIE is not authorised to execute client orders. MGIE only provides services to professional clients and does not receive orders from clients for execution on a trading/execution venue.

The Commission Delegated Regulation requires MGIE:

1. When providing the service of portfolio management, to act in accordance with the best interest of its clients when placing orders with other entities for execution that result from decisions by MGIE to deal in financial instruments on behalf of its clients; and
2. When providing the service of reception and transmission of orders, to act in accordance with the best interests of its clients when transmitting client orders to other entities for execution.

MGIE is required to ensure it takes all sufficient steps to obtain the best possible result for clients taking into account price, costs, speed, likelihood of execution, and settlement, size, nature and any other consideration relevant to the execution of the order, unless there is a specific instruction from a client whereby the firm must execute the order in line with that instruction. Any specific instructions from a client may prevent the firm from taking the steps that it has designed and implemented in this execution policy to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions.

MGIE does not receive any remuneration, discount or non-monetary benefit for routing client orders to a particular trading venue or an execution venue which would infringe on its requirements relating to conflicts of interest or inducements.

The various types of transaction engaged in by MGIE (or its delegate) on behalf of the funds under management and/or clients of MGIE are set out below, along with MGIE's strategy in respect of each transaction type to ensure compliance with its MiFID Best Execution obligations.

MGIE as the appointed Investment Manager to funds

MGIE has been appointed as Investment Manager to Mercer's range of Irish domiciled UCITS and AIFs (Mercer Funds) to provide or procure the provision of discretionary investment management services. MGIE has also been appointed as the investment manager to other external funds in similar arrangements. In practice, MGIE delegates the discretionary investment management for these funds to third party investment managers based in countries such as Ireland, UK and USA. This is done in two ways:

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1. MGIE may delegate the investment management of a portion of the Fund (Segment) to a sub-investment manager(s) through a sub-investment management agreement where the sub-investment manager(s) agrees to invest the assets of each Fund in accordance with its respective investment objective and policy.
2. Through purchase of collective investment schemes.

As MGIE delegates discretionary management to underlying investment managers, except for specific circumstances outlined below, MGIE does not execute or place execution orders with other entities to deal in financial instruments on behalf of the firm's clients. Our portfolio specialists' expertise is in identifying, selecting and combining investment managers who are best placed and resourced to deliver outperformance for our funds under management and our clients.

MGIE requires that all underlying investment managers (segregated or collective investment schemes) are subject to an Operational Risk Assessment ("ORA") carried out by Mercer Sentinel before being appointed. This ORA process includes, inter alia, a review of the execution arrangements in place to ensure underlying investment managers take all sufficient steps to obtain the best results for the Mercer Funds. As part of Sentinel's standard framework, the assessment includes a review of each underlying managers processes and controls around pre-trade compliance, trade execution and post trade processes, including trade error policies, best execution and transaction cost analysis (TCA) and allocation procedures. The process continuously evolves depending on the latest regulatory and industry trends. As well as an initial review, once on-boarded, Sentinel conducts reviews on all underlying investment managers on a rolling three year cycle.

1. Delegation of investment management via segregated mandates

Where discretionary management of the sub-Funds is delegated to sub-Investment Managers, they are contractually obliged to comply with the MiFID requirements when managing the portion of the fund (Segment) allocated to them. Each sub-Investment Manager is, prior to appointment, subjected to a rigorous due diligence process which includes obtaining a copy of such sub-Investment Manager's own Best Execution Policy to ensure it has arrangements in place to ensure it takes all sufficient steps to achieve the best results for clients.

Sub-Investment Managers are also required to provide their Best Execution Policies should a material amendment to such policy be made. MGIE will review such changes on a case by case basis. It is important to note that where a financial instrument is traded on a market, Sub-Investment Managers may nonetheless, to obtain the best possible result for clients, transact orders outside the relevant market.

2. Collective Investment Schemes

Where MGIE invests directly in collective investment schemes (“fund”), this entails transactions which comprise the subscription, redemption or conversion of units in a fund through such fund’s transfer agent at Net Asset Value, which are not subject to Best Execution criteria under MiFID. Where, however, such underlying funds are Exchange Traded Funds (“ETFs”), the transactions are executed by an appointed sub-investment manager which is MiFID authorised and, therefore, subject to MiFID Best Execution requirements.

Secondary Market Transactions

In certain circumstances, as part of its portfolio management activities, MGIE may determine that in order to achieve the best possible result for investors, trading should be conducted on the secondary market. This avenue may be appropriate for reasons including but not limited to the following:

- Where the Sub-Fund invests in closed-ended funds and therefore there is no option to place redemption orders through the fund’s transfer agent at Net Asset Value. Such holdings are expected to return their capital over time, however, in circumstances where it is in the best interest of investors to accelerate the liquidation of these holdings at an earlier date, a secondary sale process could be initiated.
- Where the Sub-Fund invests in closed-ended funds and is able to acquire additional units at improved pricing, and/ or after the final close for the fund.
- Where the Sub-Fund invests in open-ended funds where trading through the fund’s transfer agent at Net Asset Value is not in the best interest of investors. In such circumstances, secondary market purchases and sales can offer more frequent transaction opportunities and potentially pricing improvements relative to Net Asset Value.

In such circumstances, MGIE may decide to appoint a broker to arrange the trade on the secondary market. A broker can facilitate a purchase or sale by matching potentially interested parties and facilitating pricing and timing negotiations.

In appointing the broker, appropriate due diligence will be conducted and the factors MGIE will take into account to determine how to obtain the best possible result for clients will include the price, the costs (including all expenses), the size of the order, the likelihood of execution and settlement, the speed of execution, the nature of the order and any other consideration that is relevant. Given such trading is not expected to be frequent, MGIE does not maintain an approved broker list. In consideration of the aforementioned factors, MGIE will select a broker on a case by case basis and approval will be sought and documented at the relevant Governance Committee.

Alternatively, MGIE may decide for a secondary transaction to be facilitated through the third party manager of the collective investment scheme, where the third party manager has offered to facilitate the transaction of the holding with existing investors in the fund on behalf of a client.

Foreign Exchange Transactions

MGIE has been appointed to manage share class hedging for certain funds under management. In turn, MGIE has entered into agreements with specialist currency managers who execute such Foreign Exchange transactions.

Where the currency managers use their discretion in executing Foreign Exchange transactions, such transactions are executed in line with the Best Execution policies of the executing entities.

Best Execution Monitoring

As part of its oversight model, on a quarterly basis, MGIE receives a confirmation from sub-Investment Managers that they have a MiFID II aligned best execution policy in place and that there were no material exceptions identified in consideration of orders executed on funds managed on behalf of MGIE.

MGIE also completes monthly reviews of sub-Investment Managers to ensure they can demonstrate compliance with their own order execution policies.

Review of Best Execution Policy

This Policy will be reviewed annually and whenever a material event or change in procedure takes place. Such review takes into account MGIE's continuing ability to deliver to its clients the best possible results. It also considers whether MGIE could deliver best execution to its clients if, for example, it included additional or alternative executing entities or made other amendments to its policy.

Availability of this Policy

MGIE's Best Execution policy is provided to all clients before the provision of relevant services and is also available on <https://investment-solutions.mercer.com/global/all/en/investment-solutions-home/corporate-policies.html>.

Other information

The MiFID II Regulations require firms to publish information on their top five execution venues or where the firm selects other firms to provide execution services, the top five investment firms, in terms of trading volumes where orders are transmitted. For discretionary clients, all orders are sent to the appointed transfer agent of the Mercer Funds, State Street Fund Services (Ireland) Limited or the transfer agent of

any external fund in cases where MGIE receives explicit instruction to invest in a non-Mercer Fund. A summary of the top five entities receiving such trades can be found in the annual MiFID II Order Execution Report found at - <https://investment-solutions.mercer.com/global/all/en/investment-solutions-home/corporate-policies.html>.

For orders executed within the Mercer Funds by sub-Investment Managers, the information on the top five execution venues used by the sub-Investment Managers will be made available on their websites in the event that they themselves are authorized under MiFID. Details on the sub-Investment Managers of each Mercer Fund may be found in the relevant annual financial statements. A summary of the top five sub-Investment Managers used can be found in the annual MiFID II Order Execution Report found at - <https://investment-solutions.mercer.com/global/all/en/investment-solutions-home/corporate-policies.html>.