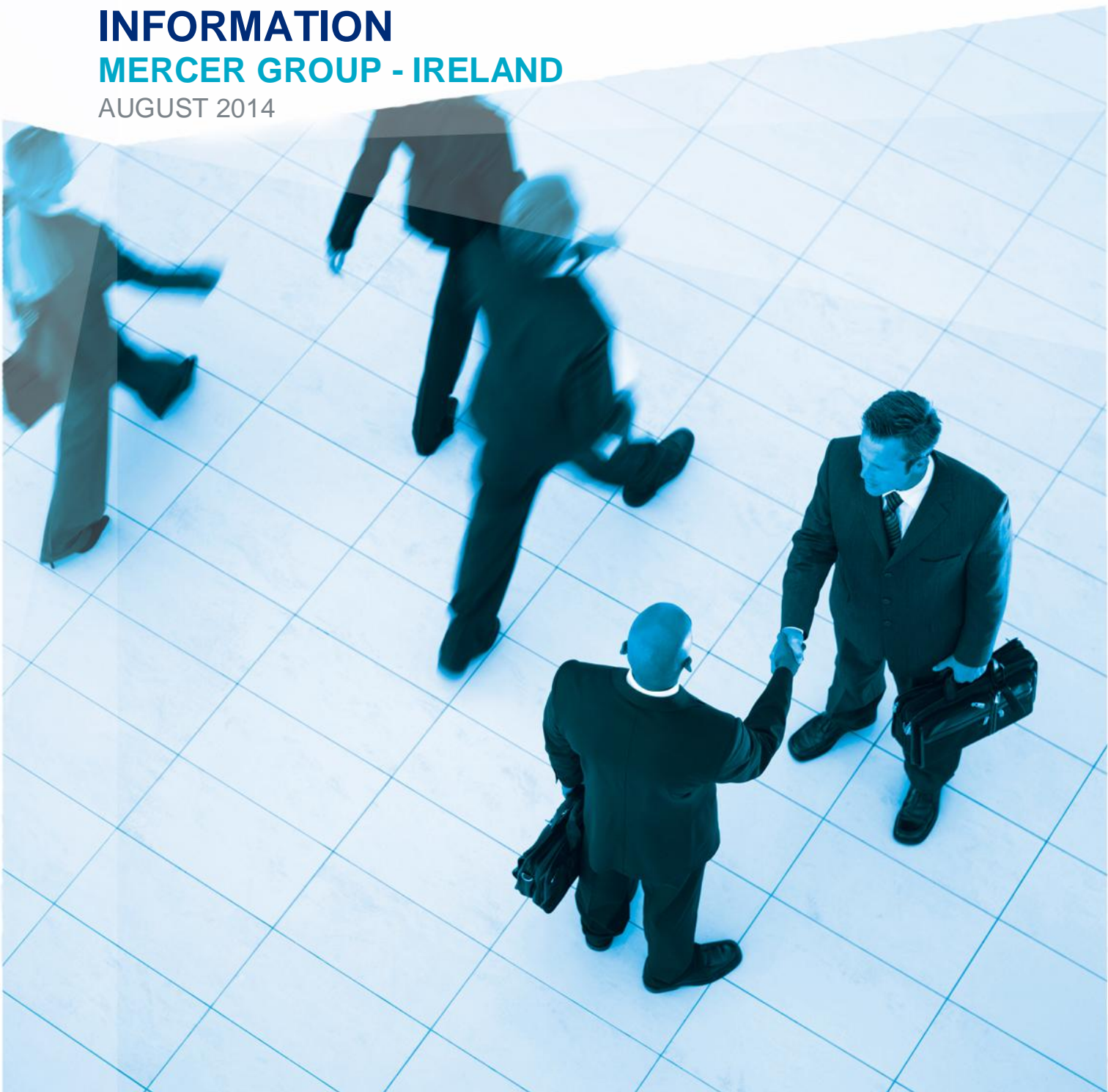


DELEGATED SOLUTIONS – IMPORTANT INFORMATION

MERCER GROUP - IRELAND

AUGUST 2014



DELEGATED SOLUTIONS

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 in Ireland provides a wide range of services to clients both in Ireland and in other jurisdictions. We also offer a range of Delegated Investment Solutions to both Defined Benefit and Defined Contribution schemes that incorporate our best investment ideas (known as Delegated Solutions). Mercer's Delegated Solutions use Mercer-managed investment funds (Mercer Funds) which incorporate investment managers based on our investment manager research capabilities.

The purpose of this document is to provide our clients and prospective clients with key information and disclosures in relation to our Delegated Solutions.

CONFLICTS OF INTEREST

Given the wide range of services and activities which include administration, investment advisory, retirement and actuarial consulting, investment products and services and insurance based services, conflicts of interest, real or apparent, will naturally arise.

Mercer seeks to manage these conflicts through appropriate policies, procedures and protocols and also through disclosure of potential conflicts to clients and prospects. We are committed to conducting business fairly, ethically and transparently.

Mercer has a detailed Conflicts of Interest Statement that explains how Mercer manages conflicts of interest it may face. A copy of this statement is available on request.

ENTITIES INVOLVED IN THE PROVISION OF A DELEGATED SOLUTION

A number of entities may be involved in the provision of a Delegated Solution. These include:

- Mercer (Ireland) Limited ("MIL"): MIL is the entity through which Mercer provides retirement consulting and actuarial services, investment consulting, pension administration, Employee Health and Benefits services and Human Capital consulting services.
- Mercer Global Investments Europe Limited ("MGIE"): MGIE is the entity that acts as investment manager to the Mercer Funds.
- Mercer Global Investments Management Limited ("MGIM"): MGIM serves as the management company to Mercer Funds. Its role is primarily governance and oversight to ensure these Mercer Funds are managed in accordance with applicable rules and regulations.
- Mercer Financial Services Limited ("MFS"): MFS is the entity through which Mercer provides a range of services aimed at individuals and some corporate clients.

Mercer (Ireland) Limited, Mercer Global Investments Europe Limited, Mercer Global Investments Management Limited and Mercer Financial Services Limited are regulated by the Central Bank of Ireland. References to Mercer in all documentation shall be construed to include Mercer LLC and/or its associated companies.

Other non-Mercer entities may also be involved including:

- Zurich Life Assurance plc, that provides the unit linked platform utilised for Mercer's DC proposition, Mercer Aspire.
- State Street, that provides key services to the Mercer Funds including custody, administration, transfer agency and trustee services.
- Investment managers that are appointed to manage assets within the Mercer Funds based on Mercer's manager research capabilities.

TYPES OF DELEGATED SOLUTIONS

The types of Delegated Solutions Mercer provide include:

- **Implemented Consulting:** Mercer uses the Mercer Funds to integrate its strategic investment advice with implementation. From a contractual perspective, Implemented Consulting is provided by MGIE, through an investment management agreement ("IMA") with clients. MGIE delegates the advisory aspect of this solution to MIL.
- **Dynamic De-risking Solutions ("DDS"):** DDS is similar to Implemented Consulting, however a de-risking service is provided to pension clients which serves as a guideline for their equity and fixed income allocation. From a contractual perspective, DDS is provided by MGIE through a combination of an engagement letter and an IMA as per above.
- **Mercer Aspire:** Mercer Aspire is a defined contribution ("DC") solution whereby a client receives access to a range of investment options and associated member services. Mercer Aspire is made available through a life insurance policy held with Zurich Life Assurance. The participants fund options available through Mercer Aspire are funds primarily managed by MGIE, wrapped within unit linked life assurance funds by Zurich Life. There are a number of different services available through Mercer Aspire. Typically a client signs an engagement letter with MIL and / or MFS, and completes a policy application form with Zurich.
- **Single Asset Class or "Single Sleeve" Solutions:** This is where a client requires access to a specific asset class and chooses to utilise a Mercer Fund to gain access to that asset class. The client in this case subscribes to one or more Mercer Funds through the completion of an application form directly with the Mercer Fund. MGIE, as the investment manager to the Mercer Funds, selects the underlying sub-investment managers utilized within these Funds.

MERCER FEE ARRANGEMENTS

In Delegated Solutions, clients typically pay one fee to cover all Mercer services provided within the solution. This is an asset based fee calculated as an agreed percentage of the assets under management ("AUM") invested in Mercer Funds. These fees vary from client to client and from fund to fund, depending on a number of factors. Details of the fees are set out in the legal documentation that clients sign when entering into a Delegated Solutions arrangement. Fees are also clearly explained as part of presentations to clients. Prior to entering into a Delegated Solution, Mercer will provide an estimate of the overall fees

associated with the solution and how this fee is allocated between Mercer and sub-investment managers to the Mercer Funds.

Mercer is committed to transparency in terms of costs and fees. For some clients Mercer charges a fee based upon a fixed percentage of total assets. In this case, the fees payable to the sub-investment managers, which will change from time to time, are deducted from the fee paid to Mercer. It is possible that the Mercer share will increase or decrease over time as the investment managers and their fee arrangements change.

While a number of Mercer entities may provide services within the Delegated Solution, typically only one AUM based fee is charged to each client. Mercer allocates this fee between Mercer legal entities within the Mercer group. This allocation varies depending on a number of factors and may vary from time to time. As Mercer is providing a range of additional services under a Delegated Solution compared to a direct consulting arrangement, Mercer may earn more fees than if a client engaged Mercer for consulting services without implementation.

With Mercer Aspire, clients pay an AUM based fee through the Zurich unit linked funds, part of which Zurich pay to Mercer. Full details of Mercer Aspire fees are included in legal documentation signed by the client and are also explained in client presentation material.

NATURE OF INVESTMENT CONSULTING SERVICES PROVIDED

If a client with an investment consulting relationship with MIL subsequently takes the decision to move to a fully Delegated Solution such as Implemented Consulting or Dynamic De-Risking Solutions, the existing contractual arrangement with MIL for investment consulting services, will be replaced by a new contractual arrangement with MGIE. Under the new arrangement with MGIE, commentary on performance, and advice on potential investment options, will relate solely to the strategies and funds available within the Delegated Solutions framework, i.e. the Mercer Funds. While the consultant who formerly provided investment consulting advice for MIL may remain the primary client contact, the service he or she is providing will be on behalf of MGIE, and only relate to solutions offered by MGIE. In these circumstances, the consultant will not advise on the merits of the delegated solution versus the providers of other Delegated Solutions. If a client wishes, it can at any time (subject to agreed notice periods), terminate the delegated arrangement and revert to a direct consulting relationship. The contractual arrangements in relation to other services delivered by MIL such as pension administration and retirement and actuarial consulting will remain with MIL.

These arrangements as outlined above will also apply to Mercer Delegated Solutions clients who were not previously Mercer investment consulting clients.

With respect to our Single Sleeve Solutions (Mercer Funds), typically the client continues to receive investment advisory services through MIL across their entire portfolio. MIL may recommend a Single Sleeve Solution to an investment advisory client. If the client decides to invest in a Single Sleeve Solution, the client will pay to Mercer fees through the asset based fee within the Mercer Fund in addition to the investment advisory fees. However, this does not influence Mercer's advice in relation to strategic asset allocation advice. In relation to assets invested in Mercer Funds, Mercer's commentary on performance, and advice on potential alternatives, will be confined to strategies and funds available within the Mercer Delegated Solutions framework

PREFERRED SOLUTIONS

If a prospective client is new to Mercer Investments, Mercer may offer advisory services or Delegated Solutions or both.

If a client requests Mercer to provide comparative information on a Mercer solution versus other delegated solutions, Mercer may do so for information purposes only. Mercer does not offer advice on the merits of a Mercer product or solution versus other competing products. Mercer will provide information where possible to allow a potential client make its own informed choice.

FUND INFORMATION

MGIE has established a range of funds, MGI Funds plc, Mercer PIF Fund plc, Mercer QIF Fund plc and Mercer QIF CCF. These funds have been approved by the Central Bank of Ireland.

Past performance is not a guide to the future. The value of investments and any income from it may fall as well as rise and investors may receive back less than the amount invested.

There is a currency risk involved in investing in assets which are in a foreign currency. Changes in the rates of exchange may therefore lead to a rise or fall in the value of your investments. The levels and basis of, and relief from, taxation can change.

Any documents provided are for information purposes only and do not constitute or form part of any offer to issue or sell, or any solicitation to buy or invest in, shares or interests in any Mercer Fund nor shall it or the fact of its distribution form the basis of, or be relied on in connection with, any contract thereof. Further information on the Mercer Funds, including a discussion of the risks of an investment in a particular Mercer Fund, is set out in the relevant Mercer Fund's prospectus. Investors should refer only to the prospectus when deciding whether to invest in any Mercer Fund.

Certain solutions, including Mercer Aspire, may contain funds that are written as long-term insurance contracts. Mercer accepts no responsibility or liability, including for consequential or incidental damages or for a particular insurer's solvency. Mercer does not undertake to carry out monitoring of an insurer's financial condition on behalf of clients and makes no representations or warranties, expressed or implied, concerning the financial condition, solvency, or application of policy wordings of insurers or reinsurers.

Mercer accepts no responsibility for a pension fund's failure to meet its liabilities, or the failure of the pension fund to meet its investment objectives.

MERCER RESEARCH

The quality and content of Mercer's manager research is the same whether it is delivered within an advisory or Delegated Solutions model. With this in mind, unless we advise otherwise, where Mercer advises on Delegated Solutions, these will be based solely on products and services offered by Mercer group companies.

Clients may receive the most recent approved ratings of an investment strategy, and a fuller explanation of their meanings through their Mercer representative. Ratings are not intended to convey any guarantees as to the future performance of the investment products, asset classes or capital markets discussed. All of Mercer's Delegated Solutions are based on the intellectual capital created within our global manager research team. Past performance does not guarantee future results. Mercer's ratings do not constitute individualised investment advice.

SOURCES OF INFORMATION

Information provided from time to time may be obtained from a range of third party sources. While the information is believed to be reliable, Mercer does not seek to verify it independently. As such, Mercer makes no representations or warranties as to the accuracy of such information presented and takes no responsibility or liability (including for indirect, consequential or incidental damages), for any error, omission or inaccuracy in the data supplied by any third party.

If comparative performance of a range of managers is provided, Mercer's universe is intended to provide collective samples of strategies that best allow for robust peer group comparisons over a chosen timeframe. Mercer does not assert that the peer groups are wholly representative of and applicable to all strategies available to investors.

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