ASSET ALLOCATION SURVEY
EUROPEAN INSTITUTIONAL MARKETPLACE OVERVIEW 2014 — COUNTRY INVESTMENT PROFILES
Mercer has produced individual investment profiles for 15 European countries, summarising the key opportunities and expected investment trends for 2014.

It should be noted that each country has three main pension pillars: the first-pillar represents pensions provided by the state; the second, those provided through companies and typically known as supplementary pensions; and the third pillar, pensions provided by voluntary contributions.

The table opposite shows the population and pension assets for each of the 15 countries profiled in this publication.

<table>
<thead>
<tr>
<th>Country</th>
<th>Population (millions)</th>
<th>Dependency ratio (%)</th>
<th>Value of pension assets (€bn)</th>
<th>Pension assets as a % of GDP</th>
<th>Pension assets per capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>8.4</td>
<td>32.4</td>
<td>€ 16.7</td>
<td>5.8</td>
<td>€ 1,986</td>
</tr>
<tr>
<td>Belgium</td>
<td>11.1</td>
<td>34.5</td>
<td>€ 17.7</td>
<td>5.0</td>
<td>€ 1,591</td>
</tr>
<tr>
<td>Denmark</td>
<td>5.6</td>
<td>35.2</td>
<td>€ 125.5</td>
<td>67.5</td>
<td>€ 22,451</td>
</tr>
<tr>
<td>Finland</td>
<td>5.4</td>
<td>34.9</td>
<td>€ 156.8</td>
<td>95.1</td>
<td>€ 28,961</td>
</tr>
<tr>
<td>France</td>
<td>63.5</td>
<td>35.9</td>
<td>€ 6.9</td>
<td>0.4</td>
<td>€ 108</td>
</tr>
<tr>
<td>Germany</td>
<td>81.9</td>
<td>33.9</td>
<td>€ 172.0</td>
<td>6.4</td>
<td>€ 2,100</td>
</tr>
<tr>
<td>Ireland</td>
<td>4.6</td>
<td>33.7</td>
<td>€ 82.6</td>
<td>52.8</td>
<td>€ 18,019</td>
</tr>
<tr>
<td>Italy</td>
<td>60.5</td>
<td>35.0</td>
<td>€ 90.0</td>
<td>5.6</td>
<td>€ 1,487</td>
</tr>
<tr>
<td>Netherlands</td>
<td>16.8</td>
<td>33.8</td>
<td>€ 956.2</td>
<td>169.3</td>
<td>€ 57,070</td>
</tr>
<tr>
<td>Norway</td>
<td>5.0</td>
<td>34.0</td>
<td>€ 30.7</td>
<td>11.9</td>
<td>€ 6,116</td>
</tr>
<tr>
<td>Portugal</td>
<td>10.5</td>
<td>34.1</td>
<td>€ 14.9</td>
<td>7.0</td>
<td>€ 1,413</td>
</tr>
<tr>
<td>Spain</td>
<td>46.2</td>
<td>32.8</td>
<td>€ 88.9</td>
<td>7.6</td>
<td>€ 1,925</td>
</tr>
<tr>
<td>Sweden</td>
<td>9.5</td>
<td>35.8</td>
<td>€ 44.7</td>
<td>14.1</td>
<td>€ 4,692</td>
</tr>
<tr>
<td>Switzerland</td>
<td>7.9</td>
<td>32.1</td>
<td>€ 571.1</td>
<td>172.6</td>
<td>€ 72,172</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>63.7</td>
<td>34.6</td>
<td>€ 1,968.4</td>
<td>111.3</td>
<td>€ 30,898</td>
</tr>
</tbody>
</table>

*Population and Pension Assets* as at 2012.

Note: Individual profiles were as of 31 March 2014.
SOURCES FOR POPULATION AND PENSION ASSETS TABLE

POPULATION
Data extracted on 1 April 2014, 16:21 UTC (GMT) from Organisation for Economic Co-operation and Development (OECD).

DEPENDENCY RATIO
Data extracted on 2 April 2014, 11:23 UTC (GMT) from OECD. Age (-15 and +65) dependency ratio (all ages), %.

AVERAGE PENSION FUND
Data extracted on 2 April 2014, 11:29 UTC (GMT) from OECD.

GROSS DOMESTIC PRODUCT
Data extracted on 2 April 2014, 9:42 UTC (GMT) from OECD. Currency conversion based on 2009 USD/euro value.

PENSION ASSETS PER CAPITA
Calculated as value of pension assets divided by population.

EXCHANGE RATES
AUSTRIA

OPPORTUNITIES AND TRENDS
• Austria is mindful of dealing with an ageing population and an increasing life expectancy.
• Pension reform of the first-pillar, “Pensionskonto”, is due to be introduced in 2014. This will provide further transparency on the total amount of pension to be received at retirement. The legislative changes to pension fund reform need to be incorporated into existing contracts (lower interest rate, reduced vesting period, life cycle model).

MERCER COMMENTS
• Equity ratios within pension fund investment are higher than in the past.
• Pension fund performance was 5.1% in 2013, whereas multi-employer pension funds earned 5.3% and company pension funds delivered 3.9%.
• Performance differed widely between multi-employer pension funds open to new clients (for example, a performance spread of between 3.7% and 6.5% for balanced funds).
• Funds need to earn between 3% and 6.5% in 2014 to provide the same pension level as in 2013. If there is no contingency reserve, the pension will decrease, so the challenge will be to achieve positive performance this year.
• In 2014, we expect to see continued investment in equities. For those looking to diversify their portfolios, we also expect to see interest in emerging market debt (depending on developments in the markets). However, with the low-yield environment, it is not easy to generate sufficient performance from direct bond holdings; for conservative strategies; a hold-to-maturity approach will be used.

BELGIUM

OPPORTUNITIES AND TRENDS
• Defined benefit (DB) plans tend to be closed to new entrants (to a lesser extent, in respect of future service) and have been replaced by defined contribution (DC) plans.
• Industry-wide pension plans (for blue-collar employees) are becoming more widespread, generally in the form of DC plans funded by employer contribution at 0.5% to 1.0% of pensionable salary.

MERCER COMMENT
• The social partners reached an agreement on a harmonisation of supplementary pension plans for blue- and white-collar employees. Once this agreement is translated into legislation, major changes to a number of existing pension plans will be required.
• The agreement entails a transitory period ending 31 December 2024. From then on, any discrimination will no longer be allowed. The anticipated impact of the legislation is that it will speed up the development of a second-pillar pension market, essentially under DC arrangements.
DENMARK

OPPORTUNITIES AND TRENDS
- New investment products are being developed for both individual employees and pension companies interested in offering investment products.
- Pension providers are trying to transfer clients with guaranteed payments to market interest-return-based payments.
- Pension providers are reducing their charges, which affords employers an opportunity to re-direct savings to other pension-related items.
- Increased flexibility and mobility are appearing in the transfer of a pension plan from one provider to another.
- Changes in tax legislation put a focus on lifelong pensions.
- The current focus is on further diversifying investment portfolios to illiquid growth assets.
- The low interest rates and the high return for equities in developed markets in 2013 seem to have extended the focus on further diversification of the investment portfolio towards more illiquid investment opportunities, such as:
  - Real assets: infrastructure, real estate, and natural resources.
  - Private debt market (infrastructure mezzanine debt, corporate senior debt, corporate mezzanine debt, direct lending, distressed debt) and the private equity market.
  - Emerging market debt and emerging market equity exposures are relatively high in pension investors' strategic benchmarks. Therefore, the discussion regarding market conditions, approaches, and portfolio construction was intense during 2013.

MERCER COMMENT
- In general, the investment portfolios of Danish pension funds are well diversified and globalised in traditional assets. Many pension plans have invested in the local mortgage market. In 2013, this market was much debated due to the potential implementation of new regulation, especially with regard to the so-called F1-related bonds (mortgage bonds whose interest rates are adjusted once per year). This could potentially lead to less pension money being invested into these types of mortgage bonds.
- Within equities, smaller investors are focused on global mandates, while larger investors are taking a more regional approach.
- In fixed income, multi-asset credit has seen increased attention, and emerging market debt and high yield continue to attract investors.
- There is an increased focus on socially responsible investing as well as environmental, social, and governance factors, with most medium to larger investors being signatories to the UN Principles of Responsible Investment.

FINLAND

OPPORTUNITIES AND TRENDS
- Overall, institutional Finnish investors delivered good performance during 2013, mainly due to exposure to non-domestic equities.
- Investors still tend to rely on domestic providers both for advice and third-party distribution, although changes are taking place with global providers slowly entering the market.
- Within equities, smaller investors are focused on global mandates, while larger investors are taking a more regional approach.
- In fixed income, multi-asset credit has seen increased attention, and emerging market debt and high yield continue to attract investors.
- There is an increased focus on socially responsible investing as well as environmental, social, and governance factors, with most medium to larger investors being signatories to the UN Principles of Responsible Investment.

MERCER COMMENT
- In line with other Nordic investors, Finnish pension plans continued to focus on diversifying their portfolios during 2013. Given low yields in core government bonds, investors have been keen to seek returns in alternative fixed income strategies, hence looking towards solutions such as multi-asset credit, emerging market debt, and high yield.
- Pension plans that previously placed their private equity investment programmes on hold are allocating to these alternative asset classes (as well as other private market strategies) again — albeit more cautiously than before.
FRANCE

OPPORTUNITIES AND TRENDS

• A significant number of new offerings are now available in the credit space, specifically non-listed debt products and infrastructure, as the demand from institutional investors (including insurance companies) has been supported by new regulations and market initiatives.

• The Solvency II regulation has come with some side effects. Mutual insurance companies, among others, are increasingly active in reviewing their asset management delegation process and selecting specialist custody services for risk management purposes.

• New life insurance products and second-pillar DC retirement products are expected to be launched over the coming months following the introduction of a new regulation. The aim is to increase return expectations while still protecting the value of capital invested. Investors often require a guarantee of capital protection before assuming greater risk, although that may be at a significant cost over time.

MERCER COMMENT

• Allocations to fixed income products remain fairly stable. Within this segment, credit continue to gain momentum relative to government bonds. Equities have regained some ground, mainly as a result of a better economic background, with some reallocation in favour of European equity and some divestments from emerging markets.

• Cash still receives significant allocations, which could decrease as government bond yields improve.

• Going forward, we expect investors’ appetite for diversification products to continue to grow, even though regulation often restricts the possible range of investments.

GERMANY

OPPORTUNITIES AND TRENDS

• In 2013, we observed the continuation of a strong tendency to move from DB plans to DC-type hybrid plans (virtually all new plans are of this type). Many DB plans are closed to new hires. Corporate plan sponsors are working towards harmonising pension plans, which typically involves the conversion of past service from various plan types into an initial building block for a cash-balance-type hybrid plan. These plans come with a guaranteed minimum yield, typically around 1.75% or lower.

• The persistence of the low-yield environment has led many regulated pension schemes to reduce their traditionally high allocation to direct bond holdings (usually following a hold-to-maturity strategy). Such moves in favour of a more diversified asset class universe have already been seen in recent years.

• The search for greater diversification in 2013 could especially be observed in bond portfolios. In particular, emerging market debt and loans were added to fixed income allocations to capture additional yield for the investor. Absolute return strategies were also used in this low-yield environment.
The tendency to further diversify portfolios in 2013 also continued a trend towards real estate and certain other alternative assets. Some investors sought the income-oriented characteristics of these assets and thus focused on the “real” assets within the broader category of alternatives. In particular, infrastructure investments saw considerable interest by regulated and non-regulated investors alike. Within real estate, investors looked for international diversification — a change after their previous focus on domestic property.

Overall allocation to equities did not change significantly; however, there was a tendency to restructure the equity portfolio to selectively take advantage of active management opportunities and to use passive management for more mature markets where the potential for outperformance might be smaller.

**MERCER COMMENT**

- We expect the trend of broadening the spectrum of possible return drivers to continue in 2014 and anticipate that investors will increasingly make use of these opportunities. Furthermore, we anticipate that investment managers will be given the opportunity to invest more independently from benchmarks with an increased importance on reacting to changing market conditions. In particular, multi-asset credit funds are expected to gain momentum. Given the market opportunities in private asset classes such as private debt, we expect these allocations to increase further in institutional investors’ portfolios.

**ITALY**

**OPPORTUNITIES AND TRENDS**

- In the context of reduced social security benefit levels, employees need to understand the importance of supplementing their state provision. This understanding may be facilitated by the long-awaited provision of the expected replacement ratio from INPS, the national security agency. This should increase the extremely low participation rates in second-pillar pension funds.

- The fragile economic environment is having an impact on the disposable income of self-employed individuals, thus reducing contribution flows to the first-pillar pension funds. Regulatory oversight has increased, and so has the governance burden. The wider pension market is expecting a new law on investment restrictions and conflicts of interests, following a recent positive ruling from the State Council (“Consiglio di Stato”). Some second-pillar schemes have already broadened the investable universe to less traditional asset classes, such as private equity or real estate.

**MERCER COMMENT**

- The worst of the sovereign debt crisis has now passed; however, the Italian economy is struggling to find a strong recovery path. The new government coalition may put in place the structural reforms needed to increase productivity and to offset the unemployment spiral, thus laying the foundations for future growth in the pension market.

- The increased regulatory oversight of COVIP — the Italian pension regulator — on both first- and second-pillar markets can be viewed in a positive light, if it does not translate into extra governance burden, especially for first-pillar funds. Additionally, the (proposed) introduction of the new law on investment restrictions and on conflicts of interest may finally move things further; in fact, we view both the broadening of the investable universe and the adoption of a risk-based approach that is less dependent on quantitative restrictions as advantageous. However, we believe that pension plans need to invest more in their internal governance structures (especially risk management) and external delegation, when appropriate, within a robust governance framework. Furthermore, the start of a consolidation phase in the second-pillar market may increase overall efficiency.

- We also welcome the increased popularity of asset-liability modelling approaches in the pension market, though we suggest adopting a truly asset-liability-based approach instead of a “basic” approach that is mainly centred on assets.

- The need to access extra sources of returns in a persistently low-yield environment is encouraging pension plans to invest in non-traditional asset classes. In the first-pillar market, private equity, private debt, infrastructure, and real estate — as well as some hedge fund strategies — have all gained popularity.
IRELAND

OPPORTUNITIES AND TRENDS
• Significant changes have been made to the regulatory regime overseeing Irish DB pension plans, and uncertainty remains in relation to a number of issues.
• A number of plans have restructured benefits or moved to a DC model. This trend is expected to slow somewhat, as the majority of DB plans have now agreed to long-term funding plans intended to ensure that the plans remain sustainable.
• Investment-strategy issues — and, in particular, strategic de-risking considerations — are key to the agreed long-term funding plans and thus remain high-priority items for trustees and sponsors.

MERCER COMMENT
• 2014 is likely to be a year in which Irish DB plans focus on aligning their investment strategies to their agreed funding plans and consider the governance frameworks they have in place to ensure that the investment strategy gets appropriate attention and any planned de-risking/liability hedging occurs as required.
• Funding-level triggers (to increase the allocation to bond assets) and bond-yield triggers (to improve the liability-matching characteristics of bond portfolios) are likely to be key tools used by trustees in evolving their investment strategies. Diversification of growth portfolios away from equity risk will likely also remain important, with a focus on strategies that offer a lower equity correlation rather than solely lower portfolio volatility.

NETHERLANDS

OPPORTUNITIES AND TRENDS
• The trend of reduction in the number of pension funds is continuing.
• Broadly speaking, medium-size pension funds more often look to transfer their liabilities and accompanying investment portfolio to one of the larger industry-wide pension funds.
• Smaller-size pension funds are more inclined to turn to an insurer.
• An increasing number of companies are considering introducing DC plans for new employees. This affects not only pension accrual above a given salary but also total pension accrual. Solvency, risk control, and regulatory pressures continue to call for improved governance, including risk management focus, transparency, and investment expertise with trustees.

MERCER COMMENT
• In 2013, Dutch pension funds, on average, moderately reduced the overall percentage of interest rate risk hedge and increased the allocation to their return portfolios (mainly the equity part of the return portfolio). Given limited available risk budgets (due to, on average, still low funding ratios), the room to add risk to investment portfolios has been limited. Pension funds have preferred to spend any available risk budget on reducing the percentage interest rate risk in instances where a joint reduction in percentage hedge and an increase in equity allocation were not possible. In 2014, we will see a continued focus on...
risk management and transparency issues. Pension funds with limited future horizons are spending time on potential de-risking solutions and ways to efficiently transfer liabilities, and the accompanying investment portfolio, to a new party.

- Driven by pension industry-wide theme research by the Dutch regulator, there is also a renewed and increased awareness of and attention on management of the interest rate risk versus the liabilities. Dutch pension funds have also been focusing on costs that relate to the investment process, such as management fees, performance-related fees, transaction fees, and other costs.

NORWAY

OPPORTUNITIES AND TRENDS
- Pension providers are trying to transfer clients with guaranteed payments to market interest return-based payments.
- DC pensions with guarantees (“hybrid solutions”) are now being offered by the insurers due to new pension legislation.

MERCER COMMENT
- Norwegian pension funds have continued to focus on diversifying their portfolios. Many pension funds have increased their allocations to global bonds and reduced domestic exposure. The pension funds have also reduced the duration of the fixed income portfolios and increased credit exposure.1

PORTUGAL

OPPORTUNITIES AND TRENDS
- In 2013 we saw a tendency to convert DB plans into DC plans.
- New plans are exclusively DC plans.

MERCER COMMENT
- Allocations to equities have increased in the past couple of years, mainly at the expense of cash and property funds. Allocations to bonds have remained stable. Interest has grown in new asset classes such as emerging market debt, emerging market equities, and high yield — the main goals being to diversify the portfolio and find alternative sources of alpha.
- More complex manager structures and the consequent increase in governance requirements have also been themes for the largest plans, as sponsors try to implement a more efficient structure. In recent years, some of the larger pension plans have moved from a traditional balanced mandate approach to the use of specialist mandates. Although the balanced mandates are essentially managed by local managers, specialist mandates are managed by foreign entities. These specialist mandates are connected to another market issue, which is the use by foreign managers of Portuguese pension plan managers as a fronting entity to manage Portuguese plan assets.

SPAIN

OPPORTUNITIES AND TRENDS
- In early December 2013, the Spanish parliament passed a law that removed the link between pensions and inflation. This law establishes the basis to calculate annual indexation rates for all state pensions, alongside a “sustainability factor”. The law aims to break the link between state pensions and inflation and sets new annual increases dependent on a diverse range of many factors, including the retiree’s age, life expectancy, income growth of the social security fund, and system expenses. The final objective is that all expenses (benefits paid, disabilities, widowhood, orphanhood, and family-related) are paid with annual incomes.
- This new revaluation index guarantees a minimum annual increase of 0.25% — but no higher. Additional increases can be granted if economic conditions are met. This law took effect 1 January 2014.
- Additional new changes in regulation are being considered:
  — The draft announces a reduction of maximum fees in pension plans. It is looking to reduce management and custody fees, management

1 Our survey captures only a relatively small sample of plans based in Norway — as a result, there will be some differences between the changes in our survey data over time and the wider picture in the Norwegian pensions market.
fees would not exceed 1.5% and custody fees would not exceed 0.25%; at present, these maximum fees are 2.0% and 0.5%, respectively. Nevertheless, this reduction would come with an alternative: these fees would be replaced by charging 1% of the position account plus 10% of the profit and loss account.

— The draft also includes the obligation to inform anyone over 50 years of age of his or her future expected pension — first-pillar as well as second and third pillars. Information about first-pillar pensions would be sent by the social security, and for the second and third pillars, information would be sent by the pension fund managers, based on a set of assumptions defined by law. Regulators are also looking to introduce new requirements for responsible investment, under which all plans would have to state whether they consider ESG factors within their investment processes and, if so, which ESG factors are under consideration.

MERCER COMMENT
• The pension plan market in Spain is still comparatively young and small compared to its European counterparts. The reform of the social security system (first-pillar) and the new information about expected benefits should increase the reliance people place on the second and third pillars. Taking the above into account, we foresee a pension system in which the public component of the pension will decrease, giving some of its share to the private component.

• Multi-manager approaches are gaining momentum, in which clients are looking to diversify their portfolios in search of a diverse range of return drivers; non-domestic assets are those seeing an increase of allocations from this approach.

• These points lead us to believe that in the next few years we will see growth in the private pension system in Spain.

SWEDEN

OPPORTUNITIES AND TRENDS
• Sweden, like most other countries, is seeing a growing shift to DC plans. When possible, employers implement a DC pension plan. However, due to the collective agreements, the speed at which this happens can vary from company to company.

• If an employer is tied into a collective agreement, it must retain its DB plans for all employees born in 1978 or earlier. If an employer is not tied into a collective agreement, then a DC plan for all employees can be implemented.

• For clients that do have DB plans covered by the collective agreements, there are opportunities to review whether a funded or unfunded approach is used. The collective agreements allow financing through book reserve, pension fund, or insurance.

• Some clients are taking the opportunity to review the implications and opportunities of each approach. Market practice is that bigger companies (listed companies and multinationals) use the pension fund alternative.
• Traditional equities and bonds continue to be a large part of investors’ portfolios. However, in this low-yield environment, investors have started to show a greater interest in alternative asset classes, such as growth-oriented fixed income, hedge funds, and private equity.

• In 2013, investors reduced exposure to low-yielding bonds and increased allocations to alternative asset classes. We also noticed a reduction in home bias in investors’ portfolios and an increased interest in dynamic asset allocation. We believe this trend will continue in 2014.

SWITZERLAND

OPPORTUNITIES AND TRENDS

• In 2013, a further reduction of the technical yield was observed. Two years ago, this yield was around 3.75%–4%. In 2013, it stood at 3.5%, and it will be further reduced in the future. Each pension plan can decide for itself when and how much it lowers this yield. The typical Swiss pension plan is a DC plan with a guaranteed minimum yield defined by the Swiss Federal Council for each year. This yield was 1.5% for 2013 and is 1.75% for 2014.

• The persistence of the low-yield environment, the risk of yield rises, and the defaults of sovereigns have spurred a tendency among pension plans to reduce allocations to government bond holdings and to bond segments with high duration. These reductions have been made in favour of corporate bonds, high-yield bonds, senior loans, and emerging market debt. These changes in the bond category took place in 2013 and are also on the agenda for 2014.

• In 2013, the disclosure of the total expense ration (TER) in the annual reports of Swiss pension plans moved some of the focus away from the performance of managers towards the consolidated TER. This situation makes it more difficult for active solutions and alternative categories. On the one hand, a typical Swiss pension plan has to earn approximately 2.5%–3% per annum to cover its liabilities, which results in a preference for asset classes with a higher expected return, greater risk, and also a higher TER. On the other hand, it is important to keep the TER low. Because of the increased focus on cost, some pension plans chose not to invest in opportunistic asset categories such as senior loans, insurance-linked securities, or private equity.

• No significant changes were seen in the overall allocation to equities; however, there was a tendency to restructure the equity portfolio to selectively add active management opportunities (such as targeted volatility and frontier markets). Due to local factors, most Swiss pension plans passively implement the core equity indices (MSCI World and/or SMI). The focus on low TER also favours the implementation of passive solutions.

UNITED KINGDOM

OPPORTUNITIES AND TRENDS

• De-risking remains the dominant focus within the DB market place as plans mature and the number of open plans continues to fall. In addition, the use of non-traditional forms of pension risk management, including contingent assets and longevity hedging, is on the rise.

• The adequacy and structure of DC arrangements, given the widespread closure of DB plans and the implementation of auto-enrolment legislation, have increasingly come into focus.

• Alternative asset classes are now used widely across the DB space and, increasingly, across the DC universe.
• Pension arrangements remain an important consideration in mergers, acquisitions, and corporate restructurings.

MERCER COMMENT
• Risk management remains high on the agenda for trustees and sponsors of defined DB plans. This has been evident for some time, with investors looking to diversify risk in their growth portfolios via an increasing allocation to alternative assets and to mitigate risk in their bond portfolios through liability-driven investment strategies. As part of this trend, many DB investors have implemented de-risking frameworks that seek to manage the overall asset allocation with reference primarily to the plan’s funding position. To address the governance challenge presented by the increasingly complex range of asset classes and strategies on offer, many governance-constrained investors have adopted a fiduciary implementation model.

• For DC investors, the 19 March 2014 budget signalled significant changes as to how members could take their benefits in retirement. From April 2015, the need to secure a minimum level of income was swept away — this will have a significant impact on default strategy design. With members being given the freedom to take their pension benefits as they want (whether as taxed cash, income drawdown, or annuities), we expect that the days of the single lifestyle approach are over. This change also firmly places DB pensions as part of tax-efficient savings, as opposed to a separate category in their own right.
IMPORTANT NOTICES

PROPRIETARY AND CONFIDENTIAL
This contains confidential and proprietary information of Mercer and is intended for the exclusive use of the parties to whom it was provided by Mercer. Its content may not be modified, sold, or otherwise provided, in whole or in part, to any other person or entity without Mercer’s prior written permission.

OPINIONS — NOT GUARANTEES
The findings, ratings, and/or opinions expressed herein are the intellectual property of Mercer and are subject to change without notice. They are not intended to convey any guarantees as to the future performance of the investment products, asset classes, or capital markets discussed. Past performance does not guarantee future results.

NOT INVESTMENT ADVICE
This does not contain investment advice relating to your particular circumstances. No investment decision should be made based on this information without first obtaining appropriate professional advice and considering your circumstances.

INFORMATION OBTAINED FROM THIRD PARTIES
Information contained herein has been obtained from a range of third-party sources. While the information is believed to be reliable, Mercer has not sought to verify it independently. As such, Mercer makes no representations or warranties as to the accuracy of the 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.

For Mercer’s conflicts of interest disclosures, contact your Mercer representative or see www.mercer.com/conflictsofinterest.

Should you have any questions, please contact Claire Fazio at claire.fazio@mercer.com.
For further information, please contact your local Mercer office or visit our website at: www.mercer.com

<table>
<thead>
<tr>
<th>Argentina</th>
<th>Indonesia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>Ireland</td>
</tr>
<tr>
<td>Austria</td>
<td>Italy</td>
</tr>
<tr>
<td>Belgium</td>
<td>Japan</td>
</tr>
<tr>
<td>Brazil</td>
<td>Mainland China</td>
</tr>
<tr>
<td>Canada</td>
<td>Malaysia</td>
</tr>
<tr>
<td>Chile</td>
<td>Mexico</td>
</tr>
<tr>
<td>Colombia</td>
<td>Netherlands</td>
</tr>
<tr>
<td>Denmark</td>
<td>New Zealand</td>
</tr>
<tr>
<td>Finland</td>
<td>Norway</td>
</tr>
<tr>
<td>France</td>
<td>Peru</td>
</tr>
<tr>
<td>Germany</td>
<td>Philippines</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>Poland</td>
</tr>
<tr>
<td>India</td>
<td>Portugal</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>Singapore</td>
</tr>
<tr>
<td>South Africa</td>
<td>South Korea</td>
</tr>
<tr>
<td>Spain</td>
<td>Sweden</td>
</tr>
<tr>
<td>Switzerland</td>
<td>Taiwan</td>
</tr>
<tr>
<td>Thailand</td>
<td>Turkey</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>United States</td>
<td>Venezuela</td>
</tr>
</tbody>
</table>