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UCITS V REMUNERATION POLICY

October 2016

Background

Mercer Global Investments Management Limited ("MGIM") was incorporated on 8 March 2006 as a private company limited by shares to act as a management company to MGI Funds plc ("MGI Funds", which term shall as appropriate be read as a reference to the sub-funds of MGI Funds plc). MGIM has delegated portfolio management responsibilities to Mercer Global Investments Europe Limited ("MGIE" or the "Investment Manager"). Both MGIM and MGIE are wholly owned subsidiaries of Mercer Ireland Holdings Limited ("Mercer") which in turn is a subsidiary of Marsh & McLennan Companies Inc. ("MMC").

Given the nature, scale and complexity of MGIM's business, and the range of services and activities that it undertakes, the delegation model has been employed whereby MGIM does not have any direct employees but utilises personnel of the Investment Manager via implementation of a resource sharing agreement. This agreement enables MGIM to leverage off the skills, experience and knowledge of specialised staff employed by MGIE and other relevant service providers who perform all the day-to-day specific managerial functions.

Purpose & Scope

The purpose of this policy (the "Remuneration Policy") is to elucidate on the MGIM position in its capacity as management company to MGI Funds in respect of employee remuneration and thus meet regulatory and legislative obligations in this regard. Consideration has been given to the following regulatory documents:

- Directive 2014/91/EU amending Directive 2009/65/EC on undertakings for collective investment in transferable securities ("UCITS V Directive")
- - European Union (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations 2016 – S.I. No. 143 of 2016 ("UCITS V Regulations")
- ESMA Guidelines (ESMA/2016/575) on sound remuneration policies under the UCITS Directive ("ESMA Guidelines)

The Remuneration Policy will lay out the methods by which MGIM implements and maintains remuneration policies, procedures and practices that are consistent with and promote sound and effective risk management and does not encourage risk taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the UCITS that the management company manages. It will include all aspects of remuneration and is subject to Mercer's and MMC's general organisational requirements for remuneration.

This Remuneration Policy extends to MGIM in its capacity as management company of MGI Funds. None of the directors of MGIM is currently in receipt of variable remuneration in respect of his services as director of the MGIM or in respect of MGI Funds. Accordingly, the detailed provisions of Article 14(b) of the UCITS V Directive as implemented into Irish law pursuant to the UCITS V Regulations are not applicable with regard to the directors of MGIM. None of the directors of MGIM is currently in receipt of a pension from MGIM.

However, due to the resource sharing agreement in place with MGIE (the "RSA"), this Remuneration Policy will apply to personnel of the Investment Manager to which the RSA applies. This comprises directors, senior management, managers and staff and incorporates permanent, contracting or temporary personnel and any persons directly or indirectly linked to them by control (collectively "relevant personnel"). This broad remit therefore captures all professional activities performed by relevant personnel that may have a material impact on the risk profile of MGIM or MGI Funds.

Following on from the above, whilst MGIM does not have direct employees, as management company to MGI Funds, it shall comply with the principles set out in Articles 14a and 14b of the UCITS V Directive (as implemented into Irish law pursuant to the Regulations) in a way and to the extent that is appropriate to its size, internal organisation and the nature, scope and complexity of activities. The principles of Article 14(b) of the UCITS V Directive are set out at Appendix I below. Furthermore, the Remuneration Policy has been devised in line with the business strategy, objectives, values and interests of MGIM and MGI Funds, and includes measures to avoid conflicts of interest. It is trusted that the Remuneration Policy will dissuade relevant personnel from partaking in risk-taking which is inconsistent with the risk profile of MGI Funds.

Policy & Principles

It is MGIM's policy that remuneration undertakings must be conducted in a compliant manner and fully in line with regulatory requirements as specified in the UCITS V Directive (as implemented into Irish law pursuant to the Regulations). As such no relevant personnel will be rewarded for the acquisition of business profits and acumen which has been achieved via improper risk taking. MGIM will avoid creating any incentive for relevant personnel to take any inappropriate risk and will promote sound and effective risk management to fully discourage risk taking that exceeds the level of tolerated risk of MGIM or MGI Funds. In order to assist in achieving the discouragement of unacceptable risk taking the below practices are in place within MGIM:

- Strong disclosures, which provide investors with the information they need to determine whether to invest in MGI Funds, to monitor their investment and to make a decision whether to redeem their investment, based on the risk profile of the investment strategy;
- Robust valuation policies and procedures to provide for clear and consistent valuations of the investments in MGI Funds' portfolios, with independent oversight provided by MGI Funds' board, MGIM, third party administrators and independent auditors;
- Comprehensive risk management processes to measure, monitor, report and manage risk, including investment risk of the underlying funds into which MGI Funds invests;
- A strong culture of legal and regulatory compliance, sponsored by senior management with specific policies to address conflicts of interest.

Third Parties

MGIM as the management company to MGI Funds has engaged MGIE to act as investment manager to MGI Funds. In this role, the Investment Manager provides discretionary investment management services primarily utilizing a multi-manager approach to investing. The Investment Manager's approach is based on a proprietary multi-manager platform that consists of a carefully constructed array of investment products and solutions. Within this context, the Investment Manager manages a series of pre-defined investment strategies that differ by risk and potential return characteristics. Most of the Investment Manager's investment strategies employ multiple sub-investment managers to seek the desired diversification and risk characteristics. MGIE is subject to the MMC Group Remuneration Policy which is in line with CRD IV requirements and therefore considered equally effective to the UCITS V requirements as per the ESMA Guidelines.

Given the multi-manager framework, it is MGIE policy that all delegates appointed (EU & Non-EU) will be subject to contractual delegation arrangements with detailed investment restrictions and guidelines for managing risk and are remunerated on the basis of providing a service to the Company and MGI Funds under such delegation agreements.

In addition to MGIE wide processes outlined above, firmly established processes are in place to stop excessive investment risk. MGIE has been appointed as investment manager for MGI Funds, and has sub-delegated portfolio management to the multi-managers. The discretion of the multi-manager delegate, and thus its risk taking is strictly controlled within certain pre-determined narrow parameters and/or its investment decisions are rules-based. These parameters take the form of detailed investment restrictions/ investment guidelines in the prospectus and/or the investment management agreement. The delegate is not permitted to manage outside of these parameters, and as such cannot materially affect the risk profile of MGI Funds. These parameters are monitored by the depositary of MGI Funds, who is independent of MGIE.

Conflicts of Interest

Individuals may act unfairly between clients if their remuneration structure encourages them to favour one UCITS over another. MGIM considers all conflicts within its conflicts of interest policy to ensure that any relevant conflicts of interest can be managed appropriately at all times and remuneration is designed to ensure return is achieved in line with risk.

Governance

Due to the size, nature and lack of complexity of MGIM, the board of directors (the "Board") does not regard it as proportionate to establish a remuneration committee for MGIM itself given that it has no employees, and instead, the Mercer Group Remuneration Committee ("GRC") will oversee the remuneration process. This enforced governance fora will ensure a robust oversight of reward and effective management of any potential conflicts of interest and will ensure that no individual will be involved in determining or approving their own remuneration, which is an intrinsic aspect of this Remuneration Policy.

GRC

The GRC oversees remuneration policies and procedures and provides an independent view into the remuneration decisions made. The GRC meets annually or as required throughout the year and, inter alia, is responsible for:

- Determining and agreeing the policy for the remuneration of, inter alia, relevant personnel that: (i) is consistent with and promotes effective risk management and does not encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the UCITS they manage; (ii) is in line with the business strategy, objectives, values and interests of MGIM and the UCITS it manages or the investors of such UCITS; and (iii) includes measures to avoid conflicts of interest;

- Undertaking a periodic review at least annually of the Remuneration Policy and the list of identified staff (where appropriate) – i.e. categories of staff including senior management, risk takers and control functions;

- Approving the Board policy and framework for variable remuneration plans, including share incentive programmes and extraordinary pension arrangements (but not including matters normally reserved for the trustees such as ill health);
- Approving the remuneration packages of MGIM's Chairman, all executive directors and all relevant personnel (including personnel from the risk management and compliance function) annually. No individual will be involved in determining or approving their own remuneration. This will include base salary, bonuses and performance related payments, discretionary payments, long-term incentive awards, share options and pension contributions.

Composition of the GRC

The current members of the GRC are:

- Tom Geraghty (Non-Executive Director of MGIM and MGIE)
- Vincent Sheridan (Non-Executive Director of MGIE).

The GRC is supported, where appropriate, by the other senior executives both in Ireland and overseas. In addition, the GRC will consider advice from the Chief Risk and Compliance Officer in setting individual remuneration awards where there are concerns about the behaviour of the individuals concerned or the risk exposure of the business undertaken. Senior management agrees with individuals the nature of their reward structures when they are hired and this is subject to ongoing review.

Remuneration Policy Review & Monitoring

This Remuneration Policy will be subject to an annual review, at least, or as and when required, whichever of the two is soonest. It will undergo review by the GRC (none of the members of which perform an executive role within MGIM nor MGIE) and be approved by the Board.

Effective Date

The effective date of the Remuneration Policy is October 2016.

APPENDIX I

Article 14b of Directive 2014/91/EU amending Directive 2009/65/EC

REMUNERATION POLICY

1. When establishing and applying the remuneration policies referred to in Article 14a, management companies shall comply with the following principles in a way and to the extent that is appropriate to their size, internal organisation and the nature, scope and complexity of their activities;

a. the remuneration policy is consistent with and promotes sound and effective risk management and does not encourage risk taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the UCITS that the management company manages;

b. the remuneration policy is in line with the business strategy, objectives, values and interests of the management company and the UCITS that it manages and of the investors in such UCITS, and includes measures to avoid conflicts of interest;

c. the remuneration policy is adopted by the management body of the management company in its supervisory function, and that body adopts, and reviews at least annually, the general principles of the remuneration policy and is responsible for, and oversees, their implementation; the tasks referred to in this point shall be undertaken only by members of the management body who do not perform any executive functions in the management company concerned and who have expertise in risk management and remuneration;

d. the implementation of the remuneration policy is, at least annually, subject to central and independent internal review for compliance with policies and procedures for remuneration adopted by the management body in its supervisory function;

e. staff engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, independently of the performance of the business areas that they control;

f. the remuneration of senior officers in the risk management and compliance functions is overseen directly by the remuneration committee, where such committee exists;

g. where remuneration is performance-related, the total amount of remuneration is based on a combination of the assessment as to the performance of the individual and of the business unit or UCITS concerned and as to their risks and of the overall results of the management company when assessing individual performance, taking into account financial and non-financial criteria;

h. the assessment of performance is set up in a multi-year framework appropriate to the holding period recommended to the investors of the UCITS managed by the management company in order to ensure that the assessment process is based on the longer-term performance of the UCITS and its investment risks and that the actual payment of performance-based components of remuneration is spread over the same period;

i. guaranteed variable remuneration is exceptional, occurs only in the context of hiring new staff and is limited to the first year of engagement;

j. fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component;

k. payments relating to the early termination of a contract reflect performance achieved over time and are designed in a way that does not reward failure;

l. the measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes a comprehensive adjustment mechanism to integrate all relevant types of current and future risks;

m. subject to the legal structure of the UCITS and its fund rules or instruments of incorporation, a substantial portion, and in any event at least 50%, of any variable remuneration component consists of units of the UCITS concerned, equivalent ownership interests, or share-linked instruments or equivalent non-cash instruments with equally effective incentive as any of the instruments referred to in this point, unless the management of the UCITS accounts for less than 50% of the total portfolio managed by the management company, in which case the minimum of 50% does not apply.

   The instruments referred to in this point shall be subject to an appropriate retention policy designed to align incentives with the interests of the management company and the UCITS that it manages and the investors of such UCITS. Member States or their competent authorities may place restrictions on the types and designs of those instruments or ban certain instruments as appropriate. This point shall apply to both the portion of the variable remuneration component deferred in line with point (n) and the portion of the variable remuneration component not deferred;

n. a substantial portion, and in any event at least 40%, of the variable remuneration component, is deferred over a period which is appropriate in view of the holding period recommended to the investors of the UCITS concerned and is correctly aligned with the nature of the risks of the UCITS in question.

   The period referred to in this point shall be at least three years; remuneration payable under deferral arrangements vests no faster than on a pro-rata basis; in the case of a variable remuneration component of a particularly high amount, at least 60% of the amount shall be deferred;

o. the variable remuneration, including the deferred portion, is paid or vests only if it is sustainable according to the financial situation of the management company as a whole, and justified according to the performance of the business unit, the UCITS and the individual concerned.

   The total variable remuneration shall generally be considerably contracted where subdued or negative financial performance of the management company or of the UCITS concerned occurs, taking into account both current compensation and reductions in payouts of amounts previously earned, including through malus or claw back arrangements;

p. the pension policy is in line with the business strategy, objectives, values and long-term interests of the management company and the UCITS that it manages.

   If the employee leaves the management company before retirement, discretionary pension benefits shall be held by the management company for a period of five years in the form of instruments referred to in point (m). In the case of an employee reaching retirement, discretionary pension benefits shall be paid to the employee in the form of instruments referred to in point (m), subject to a five-year retention period;

q. staff are required to undertake not to use personal hedging strategies or remuneration and liability related insurance to undermine the risk alignment effects embedded in their remuneration arrangements;

r. variable remuneration is not paid through vehicles or methods that facilitate the avoidance of the requirements laid down in this Directive.

2. The principles set out in paragraph 1 shall apply to any benefit of any type paid by the management company, to any amount paid directly by the UCITS itself, including performance fees, and to any transfer of units or shares of the UCITS, made for the benefit of those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls into the remuneration bracket of senior management and risk takers, whose professional activities have a material impact on their risk profile or the risk profile of the UCITS that they manage.

3. Management companies that are significant in terms of their size or of the size of the UCITS that they manage, their internal organisation and the nature, scope and complexity of their activities shall establish a remuneration committee. The remuneration committee shall be constituted in a way that enables it to exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk.

   The remuneration committee that is, where appropriate, set up in accordance with the ESMA guidelines referred to in Article 14a(4) shall be responsible for the preparation of decisions regarding remuneration, including those which have implications for the risk and risk management of the management company or the UCITS concerned and which are to be taken by the management body in its supervisory function. The remuneration committee shall be chaired by a member of the management body who does not perform any executive functions in the management company concerned. The members of the remuneration committee shall be members of the management body who do not perform any executive functions in the management company concerned.

   If employee representation on the management body is provided for by national law, the remuneration committee shall include one or more employee representatives. When preparing its decisions, the remuneration committee shall take into account the long-term interest of investors and other stakeholders and the public interest.