

Item 1 – Cover Page

Mercer Investment Consulting, Inc.

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This brochure provides information about the qualifications and business practices of Mercer Investment Consulting, Inc. ("Mercer"). If you have any questions about the contents of this brochure, please contact us via email at MercerICcompliance@Mercer.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Mercer is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

Additional information about Mercer also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

Material changes since our last update of November 25, 2011 include Hammond Associates Institutional Fund Consultants, Inc.'s formal transition of its business into Mercer and Mercer Investment Management, Inc. ("MIM") and withdrawal of its SEC registration.

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Item 4 – Advisory Business

Mercer is a provider of investment consulting services and offers customized guidance at each stage of the investment decision, risk management, and investment monitoring process. Our clients include fiduciaries of pension funds, foundations, endowments and other investors. Mercer has been in the consulting business since 1972 and registered with the SEC as an investment adviser since 1973.

Mercer is a wholly owned subsidiary of Mercer (US) Inc., which in turn is a subsidiary of its ultimate parent, Marsh & McLennan Companies, Inc. Marsh & McLennan Companies is a public corporation listed on the New York, Chicago, and London stock exchanges (ticker symbol: MMC). Marsh & McLennan Companies' website address is www.mmc.com.

As of December 31, 2011, Mercer had approximately \$3,543,999,880 of discretionary assets under management.

Within its traditional consulting business Mercer generally does not exercise discretion over the assets of its clients except in limited situations as discussed below. The following are the principal services that Mercer provides.

Consulting Services

Mercer provides ongoing and project based advice on investment policy and asset allocation based upon a clients' specific investment objectives for risk and return. This service includes:

1. Assisting clients with developing and documenting investment objectives;
2. Establishing asset allocation and portfolio structures;
3. Consulting on the effect of asset mix on projected asset values and cash flows; and
4. Providing information concerning the expected returns and risk of asset classes.

Mercer prepares and presents regular performance measurement reports for clients. This typically involves:

1. Commentary and recommendations regarding manager performance and asset allocation;
2. Observations on current investment market and trends;
3. Special reports and analyses on topical issues such as alternative investments and transaction cost analysis; and
4. Performance attribution, which analyzes portfolio and/or fund performance, broken down into its various sub-component sources of risk and return.

Mercer also consults with clients regarding the appropriate benchmarks against which to measure investment performance, which may involve comparisons against market indices, benchmark portfolios, and peer groups which are developed and updated by Mercer based on its own research.

Mercer Sentinel[®], a specialty research and consulting division of Mercer, furnishes consultative investment advice primarily by providing advice to clients regarding the selection and ongoing performance of custodians and transition managers. It also assists in assessing the operational efficiency of service providers, securities lending programs and foreign exchange execution. Mercer Sentinel[®] also offers trading cost analysis, which provides an analysis of the execution cost of each broker in an investment portfolio.

Mercer's Executive Benefits group ("MEB") provides non-discretionary advice on the design and funding of executive nonqualified benefit plans. This involves:

1. Evaluating existing funding strategies and products
2. Analysis and modeling of financing alternatives
3. Evaluating providers of life insurance products

Discretionary Services

Clients may provide Mercer with discretion to select, retain, or terminate investment managers or reallocate assets among various managers for their defined contribution plans.

Mercer also takes part in offering certain specialized discretionary investment advisory services to its clients, in conjunction with its affiliates. These services include a variety of delegated solutions, including whole outsourcing, implemented and planned de-risking solutions.

Other:

Mercer also sells the following software and data services:

- Global Investment Manager Database Inquire™ (“GIMD™ Inquire”), a data service sold on a subscription basis typically to plan sponsors and other institutions. GIMD Inquire provides subscribers with the capability to query, filter, and retrieve investment manager information, product ratings and performance, research notes and other related information from Mercer’s proprietary GIMD database. Investment managers enter information relating to their advisory business and investment products in GIMD at no charge. All Mercer clients have the option of subscribing to GIMD Inquire. GIMD Inquire may be sold to investment management firms, on a restricted basis, that select other investment managers for their clients.
- The MercerInsight MPA module of the MercerInsightSM (“MPA”) is a software package sold to plan sponsors and investment managers on a subscription basis. MPA provides comprehensive analysis of investment managers’ past performance against peers and against benchmark indices.

Mercer also offers subscriptions to its Investment Forum (“Forum”) conferences. The goal of these conferences is to assist clients achieve their investment and risk management objectives through providing relevant and practical educational programs. The Forum enables Mercer to identify and examine topics of importance, develop and/or disseminate Mercer’s intellectual capital and research, and disseminate survey-based investment research and other related information to institutional fund sponsors, investment managers, and Mercer investment consultants around the world.

Item 5 – Fees and Compensation

Mercer does not have a standard fee schedule. All fees are subject to negotiation. The specific manner in which fees are charged by Mercer is established in a client's written agreement with Mercer. Mercer will generally bill its fees monthly or quarterly in arrears.

For investment consulting services, clients have the following options to retain Mercer:

- flat fee/retainer;
- time and expense; or
- basis of fees calculated as a percentage of assets advised.

Hourly rates will typically range from \$125 per hour to \$1,000 per hour depending upon the service rendered and the skill level of the particular personnel involved. Mercer's fees do not include trustee fees, custody fees, subadvisory fees, brokerage commissions or transaction costs and mutual fund expenses. Please see Item 12 of this brochure for a discussion of Mercer's brokerage practices.

Through GIMD™ Inquire and MPA (as described in Item 4 above), Mercer sells manager data and research to clients. Clients pay subscription fees ranging from \$5,000 to \$300,000 per year for this data and research. The Forum subscription fee ranges from \$10,000 - \$32,000. The subscription fees charged for services and products are dependent upon the level of data, research and service that a client wishes to engage Mercer.

If an advisory relationship begins after the first day of a calendar quarter or terminates before the last day of a calendar quarter, fees are prorated accordingly, and, in the event of termination, the client will receive a refund of any pre-paid fee attributable to any period after termination.

Mercer and its clients typically have the right to terminate an investment advisory contract by giving at least ninety (90) days written notice to the other party prior to the date of termination

The fees affiliates of Mercer may earn from funds managed by MIM ("Affiliated Funds"), if any, are described in the Funds' offering documents. While any such fee arrangements could raise a conflict of interest for Mercer, fees (and waivers as necessary) are structured to avoid such conflicts and to comply with applicable law, including regulations and guidance applicable to client portfolios subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

In addition, affiliates of Mercer may negotiate a fee schedule with a subadvisor to an Affiliated Fund pursuant to which the fee payable by the affiliate of Mercer to the subadvisor increases or decreases based on the overall amount of assets managed by the subadvisor for Mercer's affiliates. Mercer and its affiliates have taken steps to manage the conflict.

Item 6 – Performance-Based Fees and Side-By-Side Management

Mercer does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

Mercer provides non-discretionary and discretionary services to corporate pension and profit-sharing plans, jointly trustee (Taft-Hartley) plans, charitable institutions, foundations, endowments, municipalities, registered investment companies, private investment funds, trust programs, and other U.S. and international institutions.

Mercer has a large and diverse client base and it is likely that some of those clients will operate in the same industry or sector as our other clients. Some clients have, or develop, commercial interests that are adverse to other clients. Mercer may advise parties with competing interests in a particular matter. We recognize that Mercer's business interest in serving clients that are perceived to be more influential or more valuable to Mercer, poses the risk that we could favor those clients over other clients. For example, we could provide more influential clients of Mercer with advance notice of a change in the rating of a strategy to enable such clients to gain access to an investment manager with limited capacity before other clients.

Mercer does not differentiate or favor certain clients over others with respect to the timing of the release of ratings information, but may treat clients differently, depending on their individual circumstances. Mercer believes that clients benefit from the diversity of opinions and the individualized and sometimes subjective judgments of each consultant with respect to each client. Accordingly, a Mercer consultant need not provide identical investment advice to all clients, even those that have similar circumstances.

To help ensure that all Mercer's clients are treated fairly, we release manager ratings information internally and to clients in a manner that is designed to minimize the risk that some recipients will have the opportunity to act on this information sooner than others.

In addition, if Mercer is asked to advise clients that may have competing interests on the same matter, it will fully disclose the potential conflict to each client and may seek client consent and/or establish procedures to protect client confidentiality.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Mercer evaluates investment managers and the products offered by them based upon both quantitative and qualitative factors, including but not limited to: an assessment of the strength of the overall investment management organization, the people involved in the investment process, the appropriateness of the investment product and its composites, and an analysis of the investment manager's investment philosophy and process, risk-adjusted performance, consistency of performance and the style purity of the product.

Mercer also makes recommendations regarding classes of assets using historical performance characteristics and economic analysis.

Mercer also uses information provided by investment managers in its investment manager evaluation process.

Generally, implementation of transactions is the responsibility of third parties retained by the client. Mercer may assist clients with the negotiation of management fees and certain terms of investment management agreements.

Investing in securities involves risk of loss that clients should be prepared to bear.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Mercer or the integrity of Mercer's management. Mercer has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Investment services are provided to clients along a continuum that allows clients to select their preferred level of interaction with Mercer and/or its affiliates. On one end of the continuum, clients may retain full governance and control over their investment programs – informed by our research and advice. On the other end of the continuum, clients can delegate part or all of their investment programs to Mercer or its affiliates. Many of these activities have been separated into two lines of business: investment consulting (tools, research and advice) and investment management. Mercer recognizes that while such a business model provides significant flexibility for clients, it also raises the following conflicts of interest for Mercer.

- It is conceivable that Mercer may have an incentive to provide information regarding the investment strategies of other investment managers for use internally before providing such information to clients. It may also have an incentive to rate strategies selected for MIM clients higher than those of other similar managers, or to rate higher the investment strategies of investment managers with whom MIM has negotiated a discounted fee.
- Mercer may rate, review and/or recommend strategies of unaffiliated investment managers that are also clients of Mercer. With respect to services provided by Mercer Sentinel[®], it may also rate or review investment managers themselves. These investment managers may receive a broad range of consulting services from Mercer, or purchase licenses to use our proprietary software and databases, and/or pay to attend our Forum. In a limited number of countries, Mercer may also be engaged by clients to perform investment manager searches, for which a client-selected investment manager pays Mercer's fee. The revenue Mercer earns from these investment managers may create incentives for Mercer to recommend them or their strategies more highly than those of other managers.
- Marsh & McLennan Companies, Mercer's corporate parent, is a public corporation. Consequently, Mercer may have an incentive to rate higher, or to recommend a strategy of an investment manager that invests its own assets, or the assets of its clients, in securities issued by Marsh & McLennan Companies.

To manage these conflicts, Mercer has adopted policies and procedures that are designed to ensure that neither Mercer, nor the other investment managers with which we may have a relationship, receive preferential treatment above the interests of clients. These policies and procedures include provisions that:

- Require Mercer to provide manager research information, including information about decisions to change the rating of another investment manager's strategy, under rules that minimize the ability for it to act on such information for its investment management clients ahead of other clients
- Deal with recommendations of, or discussions about, MIM's services that are designed to permit clients to make informed decisions
- Require Mercer to inform investment managers in written disclosures that its receipt of revenue will not result in any preferential treatment
- Provide for well-defined research processes for rating or recommending a manager's strategies, based solely on investment characteristics and processes

MIM

While Mercer does not typically evaluate MIM, or recommend MIM to its clients as part of its standard manager search, Mercer's clients may from time to time invest in Affiliated Funds to implement Mercer's investment recommendations. Mercer may indirectly benefit from a client's investments in any Affiliated Funds to the extent MIM earns fees for managing the client's assets. Mercer and MIM, however, structure their fees (and waivers as necessary) to avoid such conflicts

and to comply with applicable law, including regulations and guidance applicable to client portfolios subject to ERISA.

Item 11 - Code of ethics, participation or Interest in client transactions and personal trading

Directors, officers and employees of Mercer and its affiliates may from time to time hold, have acquired or sold, or may subsequently acquire or sell, for their personal accounts, securities (including shares of Affiliated Funds) that may also be held, or have been purchased or sold, for the accounts of Mercer's clients. Mercer's employees may also have a personal or financial incentive to select an investment manager or its strategies on behalf of its clients. This typically arises when employees:

- Recommend or selects managers that have purchased Marsh & McLennan Companies' stock for their own accounts or for those of their clients
- Invest in publicly traded asset management firms and/or their products
- Receive gifts or entertainment from a manager
- Have a family or other personal relationship with a manager

As a condition of employment, Mercer's employees are required to comply with the code of ethics which consists of the Marsh & McLennan Companies' Code of Conduct – *The Greater Good* and a personal investing policy (collectively the "Mercer Code of Ethics"). The Mercer Code of Ethics is intended to assist Mercer personnel in navigating complex ethical matters including, but not limited to, an affirmative duty to ensure that personal investing activities by Mercer employees are consistent with Mercer's fiduciary duty to its clients. The Mercer Code of Ethics requires employees to report certain securities transactions and to provide copies of their brokerage statements to Mercer's compliance department. A copy of the Mercer Code of Ethics is available at no charge to any client or prospective client upon request.

As described in Items 4 and 10, Mercer's clients may from time to time invest in Affiliated Funds to implement investment recommendations. Mercer may have a financial interest in those funds to the extent that it or its affiliates earns a fee from them. Fees and any related conflicts are described in Items 5 and 10, respectively.

Mercer has also adopted a policy designed to manage the receipt and giving of certain gifts and entertainment.

Item 12 – Brokerage Practices

Except as noted below, Mercer does not select or recommend broker-dealers for client transactions.

Depending on specific circumstances, Mercer believes that it can be in the best interests to use a transition manager when making major asset transfers. Mercer advises clients with respect to the selection of transition brokers to provide a) commission recapture, and b) transition management services. Mercer can help clients identify the provider who will offer the best overall execution at the best overall price. In general, Mercer attempts to identify providers for clients by conducting price auctions and requests for proposal process.

In addition, for a limited number of clients, Mercer or an affiliate may communicate trading instructions to the client's designated broker. In those situations, Mercer may not necessarily be able to obtain the best price for execution as may otherwise be obtained through other broker-dealers.

Item 13 – Review of Accounts

Annual retainer client accounts are generally reviewed monthly or quarterly through the Mercer review process. Quarterly investment reports provide an analysis of each investment, the client's investment strategy and applicable investment recommendations to the client, among other things.

Mercer also has a peer review process whereby written communications to clients are reviewed by a qualified peer reviewer prior to dissemination to a client. Selection of the peer reviewer(s) is based upon the expertise required based on the technical contents of the material. Reviewers are instructed to include in their review, among other things, the following: (1) technical accuracy; (2) recommendations consistent with analysis; (3) format and appearance.

Item 14 – Client Referrals and Other Compensation

Employees of certain affiliates of Mercer may receive compensation or credits toward new business goals, to the extent the employees refer business to Mercer. An employee's total compensation is typically based upon several factors, including the performance of:

- The employee;
- The business unit; and
- The company and its parent.

Certain sales professionals who are associated persons of Mercer are eligible to receive sales commissions for new business introduced to Mercer. Sales commissions are paid by Mercer or its affiliates, and are not paid by the client.

Item 15 – Custody

Mercer does not accept or seek to maintain physical custody of assets or securities for any client. However, under SEC custody rules, Mercer is deemed to have "custody" of client funds or securities because certain client assets may be invested in Affiliated Funds for which Mercer Trust Company ("MTC"), an affiliate of Mercer, serves as trustee. Certain Mercer clients may also invest in other Affiliated Funds. All client assets invested in Affiliated Funds are held by third-party qualified custodians.

Mercer provides each client with information pertaining to the custodian promptly upon investing client assets in the Affiliated Funds. Clients will also receive periodic statements from the qualified custodian hired maintaining client funds and securities. Mercer urges clients to carefully review such statements and compare such official custodial records to the performance evaluation reports that Mercer provides to clients. Mercer's performance evaluation reports may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

Item 16 – Investment Discretion

In those instances in which Mercer is provided with investment discretion, Mercer selects portfolio investments within the investment guidelines approved by the client. These clients typically grant Mercer the discretionary authority to select, retain, terminate investment managers or reallocate assets among various managers.

Investment guidelines and restrictions must be provided by the client to Mercer in writing.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, Mercer does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Mercer's financial condition. Mercer has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.