

**MERCER GLOBAL ADVISORS INC.**

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**Item 1 – Form ADV Part 2 A / Disclosure Brochure**

This brochure provides information about the qualifications and business practices of Mercer Global Advisors Inc. If you have any questions about the content of this brochure, please contact your Wealth Management Team or the Compliance Department at (800) 258-1559. 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.

Additional information about Mercer Advisors Inc. and Mercer Global Advisors Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Mercer Global Advisors Inc. is registered with the Securities and Exchange Commission and delivers all investment-related services. Mercer Advisors Inc. is the parent company of Mercer Global Advisors Inc. and is not involved with investment services.

## Item 2 – Material Changes

The United States Securities and Exchange Commission published the *Amendments to Form ADV* that amends the disclosure document that Mercer Global Advisors provides to clients as required by SEC Rules. This Brochure dated 06/10/2015 is the document prepared in accordance with the SEC's requirements and rules.

This section of the Brochure will address only “material changes” that have been incorporated since the last delivery or posting of this document on the SEC's public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Mercer Global Advisors may, at any time, update this Brochure and either send clients a copy or offer to send clients a copy (either by electronic means (email) or in hard copy form).

Clients who would like another copy of this Brochure may download the document from the SEC Website as indicated above or may contact their Wealth Management Team.

Since the last ADV, Part 1 and Part 2 A filing, there have been the following material changes:

- Genstar Capital Management LLC has become the majority shareholder of Mercer Global Advisors Inc. / Mercer Advisors Inc. and has replaced Lovell Minnick Partners, LLC as the private equity sponsor.
- Mercer Global Advisors has introduced a client rewards program entitled, 'The President's Club'. Details of this Program are located on page 26 of this ADV, Part 2 A.

Mercer Global Advisors maintains a National presence with branch offices located in 16 major cities.

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## Item 4 – Advisory Business

### OVERVIEW

Mercer Global Advisors is a fee-only, multi-disciplinary independent Registered Investment Advisor (RIA) that provides comprehensive investment management, financial planning, and family office services, as well as in-depth tax planning, estate planning, and retirement plan design and administration.

Established in 1985, Mercer Global Advisors is a total wealth management firm with a national presence. With offices located in 16 major cities, the firm is dedicated to helping more than 4,600 clients fund their life goals and support their lifestyle throughout retirement.

Mercer Global Advisors provides best-in-class, institutional-grade investment management to the individual investor. The use of a multi-disciplinary team approach provides a collaborative group that addresses client investment and financial planning needs comprehensively. Mercer Global Advisors employs over 88 CFP®s, Chartered Financial Analysts®, CPAs, attorneys, MBAs, and retirement plan specialists. The extensive diversity of experience and background encompassed by its employees provides cohesive advice across disciplines to support the success and effectiveness of each client's individual plan. Mercer Global Advisors' systematic investment approach combines award-winning and academically validated strategies with sophisticated operational efficiencies to increase return, reduce risk, and manage tax exposure.

The Investment Management program establishes clear goals for the investment of personal and/or retirement plan portfolios. This program provides access to Mercer Global Advisors' specific investment strategies and services, as well as scale efficiencies and access to institutional funds. It also provides a fundamental context for educated investment decision making and goal setting. Ongoing review of the client's investment/retirement goals, quarterly newsletters and quarterly portfolio design reports are provided; adjustments to client accounts are made according to evolving client needs.

Financial Planning services focus on the critical elements of portfolio longevity, including asset protection, cash flow management, and risk mitigation, to help position the client for a comfortable retirement. Mercer Global Advisors emphasizes the importance of client vision, values, and motivation, as each is equally important to the development of a successful life plan.

Family Wealth Office services provide comprehensive solutions to insulate family wealth, while simultaneously reducing taxes, transitioning to the next generation, and preserving control within the core family unit. Mercer Global Advisors utilizes a variety of tax-managed and risk mitigated wealth transfer methodologies to allow for the strategic and purposeful dissemination of family wealth across generations.

Mercer Global Advisors has partnered with Aspire Financial Services, LLC ("Aspire") and United Retirement Plan Consultants ("URPC") to provide state-of-the-art plan design, document, and administration services to maximize savings dollars.

Mercer Global Advisors stresses its commitment to long-term financial and investment policies (in written form) in order to safeguard against emotional reactions to short-term market movement. Significant emphasis is placed upon planning and education. A coordinated effort is made to achieve results by developing an integrated game plan which addresses an individual's personal and financial needs throughout his/her lifetime. Special emphasis is also placed on distribution planning throughout the individual's retirement years.

## Item 4 – Advisory Business

The following pages outline in further detail the Mercer Global Advisors programs, investment philosophy and strategies, key personnel, and other important information.

### INVESTMENT COMMITTEE

The primary objective of the Mercer Global Advisors Investment Committee is to coordinate and oversee the firm's investment policy and strategies. Using an evolutionary process, committee members analyze, review, and test the latest academic research, manager performance, and investment products to ensure the firm's offerings remain at the forefront of wealth management practices. The committee is comprised of carefully selected experts – each chosen for his or her unique contributions to the common goal.

#### **Ralph Ujano, CPA, CFP®, MS**

##### **Chief Investment Officer and Senior Vice President, Wealth Management**

Ralph earned his Bachelor of Science degree in Business Administration from the University of Puget Sound and his Master's degree in Retirement Planning from the College for Financial Planning. He earned his CFP® designation in 1991, and became a CPA in 1997. Ralph has been an integral part of the Mercer Advisors team since 1989, starting as a financial advisor and advancing up through the ranks, managing several key departments during his long tenure. A financial planning thought leader for many years, he has authored and published numerous academic papers. Ralph currently leads our Department of Learning and Development, is a member of the Mercer Advisors Executive Team and serves as Chief Investment Officer.

#### **Theresa Spath, CFA, CFP®**

##### **Deputy Chief Investment Officer and Vice President, Wealth Management**

Terri earned her Masters of Business Administration in Finance from Columbia Business School and her Bachelor of Arts degree in Economics from the University of Michigan. She was awarded the Chartered Financial Analyst designation in 1997 and CFP® certification in 2014. Terri has more than 18 years of experience in the financial services industry, including extensive direct investment experience in public and private equities and debt at top-tier investment firms including Franklin Templeton, Fidelity Investments and RSF Capital Management. Terri began her financial services career as an investment banking analyst at Lehman Brothers. Terri is a member of the Mercer Advisors Executive Team.

#### **Donald Calcagni, CFP®, MST, QPA, ERPA**

##### **Senior Managing Director**

Don holds a Master of Science degree in Taxation from Widener University and is a graduate of the University of Pennsylvania Wharton School's Program in Private Wealth Management. He earned his CFP® designation in 2005 and is also an Adjunct Professor of Taxation & Financial Planning at Widener University Graduate School of Business. Don is a Managing Director at the firm's Philadelphia branch and is a leading expert in the areas of tax planning, investment management and retirement plan design.

#### **Will Mannon**

##### **Senior Vice President, Wealth Management**

Will earned his Bachelor of Arts degree from Stanford University and holds the FINRA Series 65 license. He has more than 30 years of experience in investment management and financial services. Prior to joining Mercer Advisors, Will was founder and CEO of 21st Financial, Inc., a commodity trading advisory firm. He also has served as Senior Portfolio Manager at Payden & Rygel, a global investment management firm with over \$50 billion in AUM, and as Vice President at Union Bank, responsible for asset liability management. Will leads our Department of Productivity and is a member of the Mercer Advisors Executive Team.

## Item 4 – Advisory Business

**Clemens Sialm, PhD****Associate Professor of Finance, University of Texas at Austin McCombs School of Business, *Outside Consultant***

Clemens received his PhD in Economics from Stanford University in Palo Alto, California where he wrote his dissertation on Taxation, Portfolio Choice and Asset Returns. He is an Eleanor T. Mosle Fellow at the McCombs School of Business, a Research Associate for the National Bureau of Economic Research and Associate Editor for the Management Science and Review of Financial Studies. An accomplished researcher, he has been published extensively and serves often as an investment expert for the media. Clemens brings extensive academic experience and research accomplishments to the Mercer Advisors Investment Committee.

**Sunil Wahal, PhD****Jack D. Furst Professor of Finance, Arizona State University, W.P. Carey School of Business, *Outside Consultant***

Sunil received his PhD in 1995 from the University of North Carolina, Chapel Hill. He is the Jack D. Furst Professor of Finance at Arizona State University's W.P. Carey School of Business. Sunil is a leading expert on equity trading, market microstructure, portfolio cost management, and institutional investment management. He has published more than a dozen academic papers in these areas and continues to analyze markets, trading, and transaction costs. Sunil brings an extensive diversity of financial perspective to the Mercer Advisors Investment Committee.

**David Barton, JD****President and Chief Executive Officer, *Ex-Officio Member***

David earned his Bachelor of Arts degree in Political Science from University of California, Irvine and his Juris Doctor from the University of the Pacific, McGeorge School of Law. He became a member of the California State Bar in 1992. David began his career at Mercer Advisors in 2000 as General Counsel. He has led and managed nearly all Mercer Advisors departments with great success. David was promoted to President in 2004, and became Chief Executive Officer in 2008. He has been a member of the Mercer Advisors Board of Directors since 2004. Prior to joining Mercer Advisors, David practiced as a trial attorney, specializing in commercial and securities civil litigation. David is currently responsible for the overall strategic vision, business plan development and execution, and organizational structure at Mercer Advisors.

## Item 4 – Advisory Business

The following is an overview of the various services provided to Mercer Global Advisors clients. These services may be offered to clients in varying combinations to satisfy their individual financial needs. Program costs vary according to the level of service required. Mercer Global Advisors continually develops new products and services to meet the changing needs of its clients.

### PROGRAMS and SERVICES DESCRIPTIONS:

#### INVESTMENT STRATEGIES

Mercer Advisors' investment strategies incorporate, as appropriate:

- Strategically weighted investments designed to systematically isolate, capture, and compound incremental return
- Extreme diversification — up to 22 asset classes, 46 countries, and thousands of securities – to protect against any single source of concentrated risk
- Prominent institutional funds, such as AQR Capital Management, Baird Advisors, Dimensional Fund Advisors (DFA), Eaton Vance, Goldman Sachs, Lord Abbett, Morgan Stanley, Nuveen, Oppenheimer, Parametric, PIMCO, Scout Investments, State Street Global Advisors, TIAA-CREF, and Vanguard for asset class investments
- Aggressive attention to cost: Low expense ratios (competitive pricing, lower-cost institutional funds), and no front- or back-end loads
- Systematic rebalancing to maintain a targeted risk/return profile
- Sophisticated tax and distribution management

#### **TOTAL RETURN STRATEGIES:**

##### **Capital Appreciation Strategy**

###### ***Optimize risk and return***

- Strategic asset allocation approach optimized for maximum risk-adjusted return
- Sophisticated structure of academically validated strategies – risk premium investing, extensive diversification, and alternative investments
- Broad range of allocations designed to meet the targeted needs of each individual client

##### **Tax-managed Capital Appreciation Strategy**

###### ***Maximize after-tax return***

- Strategic asset allocation approach optimized for maximum risk-adjusted, after-tax return
- Leverages tax-sensitive institutional funds to implement an academically validated, risk premium investing strategy
- Tactical tax-loss harvesting and swapping techniques
- Broad range of allocations designed to meet the targeted needs of each individual client

##### **Tax-managed Separate Accounts**

###### ***Maximize tax efficiency***

- Highly customized and extensive portfolio of individual stocks
- Aggressive tax-loss harvesting; active tax-managed buys and sells
- Option for reducing concentrated stock position risk using efficient diversification methodologies
- Extensive array of unique strategies, including core equity, options, emerging markets, and social or sector restrictions — executed using complex algorithms and sampling

## Item 4 – Advisory Business

### **DEFENSIVE STRATEGIES:**

#### **Downside Protection Strategy**

##### ***Minimize impact of downside events***

- Designed to protect against severe market drops and to dampen the effects of extreme market volatility
- Increased use of alternative investments (low beta, managed futures, and master limited partnerships) combined with a disciplined use of traditional asset class diversification
- Constructed to help extend the longevity of a portfolio subjected to regular, high-value distributions

#### **Tax-managed Downside Protection Strategy**

##### ***Minimize after-tax impact of downside events***

- Designed to protect against severe market drops and to dampen the effects of extreme market volatility in taxable accounts
- Increased use of alternative investments (low beta, managed futures, and master limited partnerships) combined with a disciplined use of traditional asset class diversification and tax-sensitive institutional funds
- Constructed to help extend the longevity of a portfolio subjected to regular, high-value distributions in a tax-efficient manner

### **INCOME STRATEGIES:**

#### **Global Income Strategy**

##### ***Generate higher levels of income***

- Designed to maximize income while maintaining potential for capital growth, consistent with reasonable risk
- Invested in a diversified portfolio of stocks, bonds, equity call writing, preferred stocks, senior secured floating-rate loans, and real estate
- Constructed to generate diversified sources of income including dividends, coupon payments, call writing, and real estate pass-through income

#### **Tax-managed Global Income Strategy**

##### ***Generate higher levels of tax-efficient income***

- Designed to maximize income in taxable accounts while maintaining potential for capital growth, consistent with reasonable risk
  - Invested in a diversified portfolio of tax-managed stocks, municipal bonds, equity call writing, preferred stocks, senior secured floating-rate loans, and real estate
  - Constructed to generate diversified sources of tax-efficient income including dividends, coupon payments, call writing, and real estate pass-through income
- Continued.

#### **Corporate Bond Strategy**

##### ***Generate income***

- Corporate bonds are used to provide higher after-tax income in tax-advantaged accounts
- Senior secured floating-rate loans, short-term, medium-term, and high-yield bonds are combined in a ladder design to strategically balance risk and return
- Use of bond funds provides broad diversification and immediate liquidity



## Item 4 – Advisory Business

### **Municipal Bond Strategy**

#### ***Generate tax-efficient income***

- Tax-exempt municipal bonds are used to provide higher after-tax income in taxable accounts
- Short-term, medium-term, long-term, and high-yield bonds are combined in a ladder design to strategically balance risk and return
- Use of bond funds provides broad diversification and immediate liquidity

### **Fixed Income Separate Accounts**

#### ***Enhance capital preservation***

- Portfolio of individual bonds, customized by credit quality, term, and client preference, structured within a multi-year bond ladder format
- Conservative income approach favoring the highest quality, short-term bonds, and other instruments designed to protect principal
- Sophisticated bond trading desk provides extensive due diligence, informed trading, and ongoing credit monitoring

### **Sub-Advisors and Separate Account Management**

Mercer Advisors also offers Separate Account Management and may utilize the services of third party sub-advisors to provide investment advisory services. Where the sub-advisor performs management services for a client of the Firm for a fee, a copy of the Sub-Advisor's ADV 2 A brochure and Sub-Advisor's fee schedule will be delivered to the client prior to assigning the sub-advisor to manage the client's account.

## Item 4 – Advisory Business

### OTHER SERVICES

#### **ECONOMIC FREEDOM® PROGRAM: (“EFP”)**

This is a comprehensive half or full-day personal financial planning session. It provides clients with comprehensive financial analyses to create a written financial plan for achieving Economic Freedom®. The EFP utilizes Mercer Global Advisors’ proprietary retirement planning process and software program. Working with a dedicated Mercer Global Advisors CFP®, clients analyze their annual savings objectives, children’s college education funding, projected investment returns, and major purchasing decisions, as well as other financial considerations. The Mercer Global Advisors planner then conducts an in-depth analysis to determine the impact of these financial choices by incorporating year-by-year cash flow projections and corresponding changes in tax brackets, business sale projections, real estate hold-versus-sell calculations, retirement plan distribution implications and other case-specific information.

This enables clients to make informed choices regarding investments, current spending, future spending, and retirement. It also teaches clients how to deal effectively with the sale of a business, office building, home or other real estate, plus accounts receivable and funding their children’s college education.

The EFP includes an in-depth analysis of estate planning, risk management, insurance coverage, tax planning, and retirement plan services. The program teaches clients about the critical components of developing a clear economic vision, defining short- and long-term objectives, and establishing a written “life plan” for achieving these objectives. All aspects of a client’s economic and personal financial activities are covered in detail. The Mercer Global Advisors CFP® acts as coach and advisor by asking questions, creating context, and providing direction on important decisions.

#### **FAMILY WEALTH OFFICE:**

The ultimate goal for many high-net-worth families is to maintain and enhance their family legacy over multiple generations. Centralized wealth management is fundamental to this long-term wealth preservation objective.

The Mercer Global Advisors Family Wealth Office provides cohesive personalized solutions designed to grow, protect, and transfer wealth across generations.

The Mercer Global Advisors Family Wealth Office provides a wide breadth of academically validated strategies and financial services to meet the complex investment needs of high-net-worth clients. Institutional-grade portfolio construction, detailed reporting, and customized processes integrate asset management and sophisticated planning strategies, where applicable, for all manner of holdings. The Mercer Global Advisors Family Wealth Office integrates proactive and tailored financial, estate, and tax planning, institutional-grade investment strategies and location techniques, with family governance, education, and communication. The Mercer Global Advisors Family Wealth Office utilizes a variety of tax-managed and risk-mitigated wealth transfer methodologies, allowing for the strategic and purposeful dissemination of family wealth across generations, as directed by client vision. The Mercer Global Advisors Family Wealth Office services also include debt and liquidity management, business succession analysis and planning, philanthropic guidance, legal advisory, and consultancy services.

## Item 4 – Advisory Business

### **FAMILY WEALTH OFFICE:**

Continued.

The Mercer Global Advisors Family Wealth Office is dedicated to guiding high-net-worth clients through the ever-changing investment, tax and legal landscapes to identify, create, and deliver the optimal integrated wealth management system, designed to fulfill the client's unique legacy vision and satisfy evolving financial, tax, estate, succession, and governance needs. The Mercer Global Advisors Family Wealth Office's commitment to long-term partnership is enhanced by its steadfast fiduciary standard of client care and advocacy.

### **TAX PLANNING:**

Mercer Global Advisors offers a Proactive Tax Planning service. Tax Specialists partner with clients at the beginning of the year to create and implement a customized tax plan that ensures minimal tax liability throughout the year. As the year progresses, Tax Specialists continue to analyze and support clients' tax needs to maintain a well-organized tax plan. Mercer Global Advisors' Tax Specialists forecast future client needs in order to implement long-term strategies aimed at reducing client tax liability in years to come.

Mercer Global Advisors' Proactive Tax Planning service eliminates any concern over costly hourly-rate support, greatly reduces the stress associated with tax preparation, and develops a personal tax savings plan that is both proactive and immediate.

### **ESTATE PLANNING:**

Mercer Global Advisors' Estate Planning team employs a customized and ongoing process to help ensure multi-generational growth and protection of client wealth and assets. Estate Planning services comprise complete estate planning review; extensive tax management, including exploration of the potential tax gaps between client intentions, existing plans, and ever-changing tax landscape; fraud protection for personal, business, and entity interests, and long-term care insurance analysis and recommendation. Mercer Global Advisors' Estate Planning team integrates a variety of sophisticated estate planning tools, allowing for the strategic and purposeful distribution of family wealth across generations, as directed by each client's family vision.

Mercer Global Advisors is committed to guiding its high-net-worth clients through the ever-changing investment, tax and legal landscape of estate planning to identify, create, and deliver an optimal integrated wealth management system designed to fulfill their unique legacy vision and satisfy their evolving estate, tax, succession and financial goals.

Continued.

## Item 4 – Advisory Business

### **RETIREMENT PLANNING:**

Mercer Global Advisors offers comprehensive retirement plan design, documentation, and administration services, provided through industry experts Aspire and URPC, to meet each plan's unique objectives. Mercer Global Advisors' retirement plans, when optimally designed, can provide many advantages including, 100% deductible contributions made to a Qualified Plan (up to established limits), investment income generated within the plan is tax deferred, benefit distributions are not subject to FICA or other payroll-based taxes, design may offer tax-free loan options based on plan balance, and should a plan participant experience financial difficulties, his/her plan assets are creditor-protected – an added level of retirement asset protection.

Mercer Global Advisors provides a comprehensive analysis of the client's unique business demographics, financial resources and core philosophies in order to design a retirement program — a single plan or multiple programs – that maximizes the sponsor's retirement savings and tax advantages. Retirement plans meet all current ERISA standards and DOL regulations. Mercer Global Advisors provides retirement plans with tailored administration options, including Profit Sharing, 401(k), Cash Balance, and Defined Benefit plans. Each retirement plan offers a range of alternatives to fit the client's needs, including flexible contribution, multiple vesting, and numerous investment options. Additionally, retirement plans are granted access to Mercer Global Advisors' institutional-grade investment strategies. Clients also receive a quarterly newsletter and discounted plan administration (through Mercer Global Advisors' recommended administrators). Mercer Global Advisors' professional TPA staff at Aspire and URPC performs all administrative functions for each client plan to ensure its continued Retirement Plan status, in compliance with all applicable federal regulations.

## Item 5 – Fees and Compensation

Fees vary and are quoted on an individual basis. Please see details in the remainder of Item 5. Factors considered include the size of the account, the type(s) of assets managed, and/or services provided. Mercer Global Advisors collects fees on a quarterly basis. Clients may elect to be billed directly for fees or authorize Mercer Global Advisors to debit fees directly from the client's account(s). Management fees shall not be prorated for each capital contribution and/or withdrawal made during the applicable calendar quarter, unless otherwise agreed upon in writing. Accounts initiated or terminated during a calendar quarter will be assessed a prorated fee. Upon termination of any account, any prepaid, unearned fees will be refunded promptly; any earned, unpaid fees will be due and payable.

### **INVESTMENT MANAGEMENT FEES:**

Fees range based on strategy, assets under management, and cash balance. All fees are calculated quarterly, in arrears, based on the average daily balance of account(s).

Continued.

## Item 5 – Fees and Compensation

Capital Appreciation Strategies, Downside Protection Strategies, and Tax-managed Separate Account assets may be aggregated for management fee calculations. Corporate Bond and Municipal Bond Strategies, and Fixed Income Separate Account assets may be aggregated for management fee calculations.

**Capital Appreciation Strategies, Downside Protection Strategies, and Tax-managed Separate Accounts:**

Fees range from 1.10% down to .20%

**Global Income Strategies:**

Fees range from .80% down to .20%

**Bond Strategies and Fixed Income Separate Accounts:**

Fees range from .40% down to .20%

**Group Advantage Qualified Plans:**

Fees range from .85% down to .20%

**Non-profits, Foundations and Endowments:**

Fees range from .60% down to .20%

**Non-managed Accounts:**

.15%

**FAMILY WEALTH OFFICE, TAX PLANNING, AND ESTATE PLANNING:**

Fees vary and are quoted on an individual basis.

**RETIREMENT PLAN DOCUMENT FEES:**

Retirement Plan document fees range up to \$2,995 per document.

Advisory fees assessed may vary significantly from client to client, and may be higher or lower than those indicated above, depending upon a number of factors, including the amount of assets under management, the nature of the assets, the type of analysis required to manage the account(s), the level of service required by the client, the longevity of the client relationship with Mercer Global Advisors, and other factors.

Clients invested in institutional mutual funds, accumulation units, and separate accounts pay a management fee, administration fee and other expenses, in addition to Mercer Global Advisors' advisory fees. Furthermore, certain clients may pay custody or trustee fees.

Mercer Global Advisors recommends, but does not direct, clients to use TD Ameritrade Institutional, Charles Schwab & Co., Inc., or Scottrade, Inc. as custodians of their assets. Mercer Global Advisors clients who use recommended custodians may receive Mercer Global Advisors-negotiated discounted commissions and/or other fees. Please see detailed information outlined in Item 14.

## Item 6 – Performance-based Fees and Side-by-Side Management

Mercer Global Advisors does not utilize a performance-based fee structure given the potential conflict of interest. Mercer Global Advisors believes that performance-based compensation creates incentive for an adviser to recommend an investment that may carry a higher degree of risk for the client. Fees are based on assets under management only.

## Item 7 – Types of Clients

Mercer Global Advisors provides investment advisory services to high-net-worth individuals, pension and profit sharing plans, annuity funds, corporations or other business entities, charitable/non-profit organizations, foundations, and government entities, among others.

All clients are required to enter into an investment management agreement with Mercer Global Advisors prior to the provision of any services. In general, Mercer Global Advisors generally manages accounts with a minimum of \$250K in assets; however, account minimums may be subject to negotiation.

Mercer Global Advisors employees are allowed to invest in the Mercer Global Advisors investment strategies. In essence, this qualifies employees as clients. The Mercer Global Advisors Code of Ethics and Personal Securities Transaction Policy require employees to report investments in any mutual funds and fixed income portfolios managed by Mercer Global Advisors, as well as any outside investing activity.

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

### Methods of Analysis and Investment Strategies

#### **Asset Optimization® Core Philosophies**

Mercer Global Advisors' Asset Optimization® investment philosophy is guided by sophisticated, disciplined, and academically rigorous investment principles in a manner that ensures consistency of investment practice, advice, and process while seeking to provide optimized returns. Examples of the most common investment objectives include: optimizing risk-adjusted returns, maximizing after-tax returns, minimizing the impact of downside market risk, generating higher-yield income, maximizing tax efficiencies, creating tax-efficient income, preserving capital, and/or enhancing portfolio longevity.

Our Asset Optimization® investment philosophy is grounded in the fundamentals of Modern Portfolio Theory and is built upon academic evidence supporting market equilibrium, the integral relationship between risk and return, and the proven efficacy of a long-term investment strategy. Broad diversification is incorporated across

## Methods of Analysis and Investment Strategies

multiple sources of risk and return, to minimize the volatility associated with random performance behavior – by boosting return or providing a non-correlated return source as a means of reducing overall risk. Global diversification across countries and diversification within sectors, or industries, is as important as diversification across asset classes, risk sources, and companies. Mercer Global Advisors' investment philosophy also incorporates the strategic use of alternatives, a unique investment category, which provide protective diversification benefits to an investment portfolio because their performance does not behave in the same manner as the stock or bond market.

Mercer Global Advisors' use of Risk Premium Investing capitalizes on the potential for incremental return that an asset class pays for the additional risk taken and provides a quantitative and disciplined approach to investing; one that is not influenced by human bias. The inclusion of Momentum Investing captures returns on the natural energy of the market's strongest stocks across asset classes by identifying return sources that are uncorrelated to other asset classes found in the general market. The inclusion of a Managed Futures alternative – holding both long (buying) and short (selling) positions – creates a series of concurrent positions that reduce the overall risk of a portfolio's holdings. The use of Risk Parity – a strategy that manages instruments including future contracts, government bonds and emerging market currency forwards which are diversified equally across distinctive risk sources – diversifies across asset classes that behave differently within changing economic environments in order to control risk exposure while targeting a reasonable return. Low beta stocks are included to avoid the concentrated risk associated with stocks that have a higher sensitivity, or beta, to market volatility, reducing overall portfolio sensitivity to market movement.

The Mercer Global Advisors investment philosophy utilizes a strategy designed in accordance with a client's volatility tolerance to deliver the optimal mix of asset classes, using institutional-grade, no-load funds, accumulation units and/or separate accounts. The program reviews the existing portfolio(s) and structures/designs the new portfolio to reflect: (1) risk; (2) ERISA policy for qualified plans; and (3) implementation of the Investment Policy Guideline. The client is educated on investment strategy, and an investment game plan is established using an asset allocation investment strategy. Clients may utilize a combination of investment programs. Clients participating in this program may establish custodial accounts through a Mercer Global Advisors' recommended or other brokerage/custodial firm.

Mercer Global Advisors selects elite institutional managers, including funds from AQR Capital Management, Baird Advisors, Dimensional Fund Advisors (DFA), Eaton Vance, Goldman Sachs, Lord Abbett, Morgan Stanley, Nuveen, Oppenheimer, Parametric, PIMCO, Scout Investments, State Street Global Advisors, TIAA-CREF, and Vanguard for asset class investments. Mercer Global Advisors conducts extensive due diligence to ensure the best institutional money managers are hand-selected for each client's investment portfolio(s).

All investment programs contain certain risks that are borne by the investor. Mercer Global Advisors does its best in the management of all client assets; however, it cannot guarantee any level of performance or that clients will not experience a loss of account assets. Mercer Global Advisors' investment approach maintains constant oversight regarding the potential risk of loss. Investors can face the following types of investment risks.



## Item 10 – Other Financial Industry Activities and Affiliations

### Risk of Loss

**Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

**Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and/or intangible events and/or conditions. This type of risk is caused by external factors, independent of a security's unique underlying circumstance(s). For example, political, economic, and/or social conditions may trigger market events.

**Inflation Risk:** When any type of inflation exists, a dollar next year will not buy as much as a dollar today, because purchasing power is eroding at the rate of inflation.

**Currency Risk:** International investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

**Credit Risk:** The risk of loss caused by a counterparty's or debtor's failure to make a timely payment, or by the change in value of a financial instrument based upon changes in default risk.

**Reinvestment Risk:** The risk that future proceeds from investments may require reinvestment at a potentially lower rate of return (i.e., interest rate). This relates primarily to fixed income securities.

**Business Risk:** The risk associated with a particular industry or company within an industry. For example, oil-drilling companies must find oil and then refine it – a lengthy process – before they are able to generate a profit. As such, they carry a higher risk of profitability than does an electric company, which generates its income from a steady stream of customers who purchase electricity regardless of the economic environment.

**Liquidity Risk:** Liquidity is the ability to convert an investment readily into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, whereas real estate property is not.

**Financial Risk:** Excessive borrowing to finance business operations increases a company's risk of profitability, as the company must meet the terms of its obligations in both good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## Item 9 – Disciplinary Information

Mercer Global Advisors, as a firm, has no legal, financial, or other “disciplinary” item(s) to report. Mercer Global Advisors is obligated to disclose any disciplinary event that would be material to a potential client when evaluating the firm to initiate a Client / Advisor relationship, or to continue a Client / Advisor relationship with the firm.

Please refer to the ADV, Part 2 B (“Team Brochure”) for individual team member information.



## Item 10 – Other Financial Industry Activities and Affiliations

### Financial Industry Activities

#### **RETIREMENT PLANNING SERVICES:**

Third Party Administration (“TPA”) and Record-keeping services are available through Mercer Global Advisors, executed by Aspire and URPC professionals.

New TPA clients with an existing retirement or pension plan will receive a comprehensive review of the current Plan(s) to ensure the following:

- Plan operation has been conducted in accordance with the plan documents;
- Plan operation and documents are in compliance with all current federal regulations;  
Whether the existing plan documents can continue to be used by Mercer Global Advisors, or if new plan documents must be prepared by Mercer Global Advisors (all current plan documents will be re-stated to a Mercer Advisors document when any amendment or re-statement is required);
- Plan design is appropriate to maximize the goals of the plan sponsor;
- Tax advantages for the plan sponsor and plan participants are maximized under the plan design.

New TPA clients without an existing plan will receive a comprehensive analysis of their unique business demographics, financial resources, and core philosophies. Recommendations for the design and implementation of a plan for the exclusive benefit of the plan sponsor and plan participants will follow. Implementation of the plan includes the preparation of all Plan and Trust documents, as required, using Internal Revenue Service pre-approved Prototype or Volume Submitter documents.

Mercer Global Advisors’ TPA services include all administrative functions to maintain the “Qualified” status of the plan(s) as detailed in the Mercer Global Advisors Professional Services Agreement (“PSA”). In addition, all TPA client plan(s) designs are reviewed annually (with the completion of the annual administration and federal reporting) and any recommended plan design modifications will be conveyed to the plan sponsor and investment advisor.

### Financial Affiliations

Mercer Global Advisors recommends, but does not direct, clients to use TD Ameritrade Institutional, Charles Schwab & Co., Inc., or Scottrade, Inc. as custodians of their assets. Mercer Global Advisors clients who use recommended custodians may receive Mercer Global Advisors’ negotiated discounted commissions and/or other fees.

Mercer Global Advisors has adopted a Code of Ethics expressing the firm’s commitment to ethical conduct. Mercer Global Advisors’ Code of Ethics describes the firm’s fiduciary duties and responsibilities to clients, and sets forth Mercer Global Advisors’ practice of overseeing the personal securities transactions of supervised persons with access to client information.

Mercer Global Advisors requires that all individuals act in accordance with all applicable federal and state regulations governing registered investment advisory practices. Mercer Global Advisors’ Code of Ethics further includes the firm’s policy prohibiting the use of material non-public information. Any individual not in observance of the above may be subject to disciplinary measures. Mercer Global Advisors will provide a complete copy of its Code of Ethics to any client, upon request. Requests shall be submitted to the Compliance Department at Mercer Global Advisors, 1801 East Cabrillo Boulevard, Santa Barbara, California 93108.

## Item 11 – Code of Ethics and Personal Securities Transactions

A copy of this Code and any amendments will be provided to each supervised person (as defined in The Investment Advisers Act of 1940) and employee of Mercer Global Advisors and its affiliated Companies. Each person must acknowledge, in writing, the receipt of said copies. A 'supervised person' includes any partner, officer, director (or other person occupying a similar status or performing similar function), employee of an investment advisor, or other person who provides investment advice on behalf of the investment advisor and is subject to the supervision and control of the investment advisor in receipt of said materials.

### **OTHER CONFLICTS OF INTEREST:**

Directors, officers, and employees have a duty to act in the best interest of the Company and its shareholders at all times. As part of this duty, directors, officers, and employees are prohibited from engaging in any transaction which involves an improper conflict of interest.

A 'conflict of interest' exists when an individual's private interests interfere in any manner with the interests of the Company. A conflict situation can arise when a director, officer, or employee takes actions or has interests that may make it difficult to perform his or her Company work objectively and/or effectively. A conflict of interest may also arise when a director, officer, employee, or members of his or her family, receives improper personal benefits as a result of his or her position in the Company. Loans to, or guarantees of obligations of, employees and/or their family members may create conflicts of interest.

In nearly all instances, it is a conflict of interest for a Company employee to work simultaneously for a competitor, customer, or supplier. Furthermore, employees are not allowed to work for a competitor as a consultant or board member. The firm's policy exists to avoid any direct or indirect business connection to Mercer Global Advisors' customers, suppliers, or competitors, except on the firm's behalf.

### **PERSONAL SECURITIES TRANSACTIONS:**

For the purpose of Mercer Global Advisors' Policy, "Personal Securities Transactions" include securities transactions for an **employee's** own account or transactions for other accounts in which the employee has "beneficial interest," unless the employee has no direct or indirect influence or control over the account or the transaction. "Beneficial interest" indicates an opportunity, whether direct or indirect, through any contract, arrangement, understanding, relationship or otherwise, to profit or share in any profit derived from, a transaction in the subject securities. An access person is deemed to have a beneficial interest in securities owned by members of his or her immediate family.

Common examples of beneficial interest include joint accounts, spousal accounts, UTMA accounts, partnerships, trusts, and controlling interests in corporations. Any uncertainty as to whether an access person has a beneficial interest in a security should be brought to the attention of the Chief Compliance Officer ("CCO"). "Immediate family" of an access person is defined as any of the following persons who reside in the same household as the Access Person:

child	grandparent	son-in-law
step-child	spouse	daughter-in-law
grand-child	sibling	brother-in-law
parent	mother-in-law	sister-in-law
step-parent	father-in-law	

## Item 11 – Code of Ethics and Personal Securities Transactions

Continued.

'Immediate family' is inclusive of adoptive relationships and/or any other relationship (whether recognized by law, or not) which the CCO determines could lead to a possible conflict of interest, diversion of corporate opportunity, or appearance of impropriety which this Code was devised to prevent.

If an employee has a substantial measure of influence or control over an account, but neither the employee nor his/her family has any direct or indirect beneficial interest (e.g., a trust for which he/she serves as trustee but is not a direct or indirect beneficiary), the rules relating to Personal Securities Transactions are not considered to be directly applicable. In this instance, the employee is not prohibited from engaging in Personal Securities Transactions with respect to such accounts, and reporting of such transactions (outlined below) is not required. In all transactions involving such accounts however, each employee must conform to the spirit of these rules and avoid any activity which could appear to conflict with the firm's investment advisory clients or with respect to the employee's position as a supervised employee of the firm.

### **PERSONAL SECURITIES TRANSACTIONS – REPORTING REQUIREMENTS:**

The Securities and Exchange Commission ("SEC") has proposed Rule 204A-1 under the Advisers Act that would require access persons of investment advisors to report their personal securities transactions and holdings. Rule 17j-1 of the Investment Company Act was adopted in 1980 and has required that advisors to investment companies have procedures in place that require access persons to submit periodic reports regarding their personal securities holdings and transactions.

Mercer Global Advisors has adopted policies under its Code that mirror many of the requirements under 17j-1. Mercer Global Advisors requires a record of all Personal Securities Transactions made by access persons to be documented and kept available for inspection, and that these records are maintained on a monthly basis. To comply with this policy, every access person and members of his or her immediate family must allow the Compliance Staff to receive from any broker, dealer, or bank executing any Personal Securities Transaction, duplicate copies of statements for EACH brokerage account in which such access person or such immediate family member has a beneficial interest. Each month, the Compliance Staff will review the brokerage statements, together with the log of transactions in all client accounts, and will discuss any apparent issues first with the access person. In addition, access persons are required to present an Initial Statements of Holdings (upon first joining Mercer Global Advisors) and Annual Statements of holdings, as required by rule 17j-1.

The SEC has created a presumption that all directors are access persons. However, Mercer Advisors' outside Directors do not have access to the kind of non-public information that creates the presumption. For example, Mercer Advisors' outside Directors do not:

- Have access to nonpublic information regarding clients' purchase or sale of securities.
- Make recommendations, participate in making recommendations, have activities that relate to making recommendations, or who in the course of his or her duties obtains any nonpublic information about securities recommendations prior to their dissemination, or obtain information concerning recommendations prior to their dissemination.

Therefore, it is Mercer Advisors policy that outside Directors are not required to report personal securities transactions to the Compliance Department.

## Item 12 – Brokerage Practices

Mercer Global Advisors has full discretion and trading authority (limited power(s) of attorney) on advisory accounts. Mercer Global Advisors has negotiated with brokers to obtain lower commission rates for client trades. Mercer Global Advisors cannot withdraw funds from client accounts, other than fees as authorized by the client. Mercer Global Advisors does not receive commissions of any kind. Mercer Global Advisors has authority to buy or sell securities on the client's behalf, as designated for the specific account.

The major factors considered in recommending a broker, trust company, or insurance company as a custodian include the quality of service, responsiveness to Mercer Global Advisors and its clients, ability to execute transactions per special instructions, economic advantage, and adherence to Mercer Global Advisors' stated investment philosophies.

Mercer Global Advisors derives no commissions or fees from any broker, brokerage firm, or custodian through which purchases are arranged or securities held. If a client directs Mercer Global Advisors to use a specific Broker Dealer, Mercer Global Advisors may not be able to negotiate commissions and/or may not be able to obtain volume discounts or best execution. Mercer Global Advisors generally uses brokerage firms and other custodians that have negotiated lower transaction costs and other fees.

In management of fixed income accounts, Mercer Global Advisors frequently will aggregate multiple concurrent client orders into a block order for execution. Prior to placing such an aggregated order, Mercer Global Advisors prepares a written statement regarding the allocation of the order within various Mercer Global Advisors accounts; the executed order is then allocated according to the written statement. If the aggregated order is not filled in its entirety, the partially filled order is allocated pro rata, based upon the written statement. If, subsequent to the order placement, the allocation must be changed for certain reasons (e.g., a client withdraws cash from an account scheduled to participate in the order), such a change in allocation will be recorded in writing. By aggregating orders from separate clients, the mark up is typically lower, resulting in a lower price and consequently, a higher yield for the fixed income holdings.

### **TRADE ERRORS:**

There are two types of trade errors, those detected after the trade has settled and those detected prior to trade settlement. Mercer Global Advisors corrects all trade errors to ensure the client suffers no loss and remains unharmed. A trade error detected after the trade has settled within a client account is categorized as a 'Client Account Trade Error'. For a Client Account Trade Error where Mercer Global Advisors is determined to be at fault or where no fault can be determined, Mercer Global Advisors will pay any losses resulting from the error. If the client is determined to be at fault, Mercer Global Advisors may, at its discretion, pay the loss or charge the loss (in whole or in part) to the client. Any net gain incurred when correcting a Client Account Trade Error will be donated to charitable organization or foundation. A trade error detected prior to settlement within a client account is categorized as an 'Adviser Account Trade Error'. Mercer Global Advisors will correct an Adviser Account Trade Error, and enter any correcting trade into a separate error account. Any net gain realized on a correcting trade will be donated to a charitable organization or foundation and any net loss incurred on a correcting trade will be paid by Mercer Global Advisors.

### **BROKER SELECTION AND BEST EXECUTION:**

Obtaining the best trade execution is an important component of each trade placed in a client account. Mercer Global Advisors uses a Best Execution Policy which helps to guide in the selection of broker(s) to use to execute trades and determines the reasonableness of their compensation based upon the scope and quality of a broker's services including execution capability, trading expertise, accuracy of execution, research,

## Item 12 – Brokerage Practices

reputation and integrity, fairness in resolving disputes, financial responsibility, and responsiveness. Mercer Global Advisors' traders use various trade execution management systems to ensure proper trade management, including fair order allocation and best execution. Mercer Global Advisors' Fixed Income traders typically execute their own trades with approved Vendors who provide closely monitored inventories of fixed income securities on a regular basis.

### **SOFT DOLLAR BENEFITS:**

Mercer Global Advisors Inc. participates in the TD Ameritrade Institutional Program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade"), member FINRA/SIPC/NFA. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers services to independent investment Advisors which include custody of securities, trade execution, clearance, and settlement of transactions. Mercer Global Advisors receives some benefits from TD Ameritrade through its participation in the program. See Item 14 (Client Referrals and Other Compensation) for greater detail.

## Item 13 – Review of Accounts

The design and implementation of an Economic Freedom® plan is created for all clients. Up to four reviews per year are conducted with each client to evaluate his/her plan for Economic Freedom® and to make necessary adjustments, when and where appropriate.

Each Mercer Global Advisors strategic advisor is involved in a continuous and on-going monitoring of his/her client accounts to ensure that each security or asset allocation is suitable for the account, based upon information provided by the client. More frequent reviews may be triggered by material changes in variables including, but not limited to unique client circumstances, product underperformance, style changes, and/or market conditions. Mercer Global Advisors evaluates the benefits of rebalancing tax-deferred accounts quarterly and taxable accounts annually to weigh the effects of realizing gains or losses and to ensure the portfolio maintains the proper allocation of each asset class held therein.

### **REVIEW TRIGGERS:**

Other conditions that may trigger a portfolio review include changes in the securities laws, new investment information, and/or changes in client goals and/or circumstances.

### **REGULAR REPORTS:**

Clients receive direct custodian reporting on a monthly basis and from Mercer Global Advisors on a quarterly basis. These written reports include trade details, account balances, portfolio performance, dividend information, contributions and withdrawals, fees assessed, and charges. These reports will differ in presentation and information presented, but should be consistent regarding assets, contributions, and withdrawals. Clients should always check to ensure that custodian reporting is consistent with reporting received from Mercer Global Advisors. Clients should contact Mercer Global Advisors' Compliance Department immediately if major inconsistencies appear in report(s) and/or if reporting is not received. Contact information appears on the first page of this Brochure.



## Item 14 – Client Referrals and Other Compensation

### TD AMERITRADE

As disclosed under Item 12, Mercer Global Advisors participates in TD Ameritrade's Institutional customer program. Mercer Global Advisors may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between Mercer Global Advisors' participation in the program and the investment advice it provides to its clients, although Mercer Global Advisors receives economic benefits through its participation in the program which generally are not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; research-related products and tools; consulting services; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares within client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fee; access to select institutional money managers; discounts on compliance, marketing, research, technology, and practice management products or services provided to Mercer Global Advisors by third-party vendors. TD Ameritrade may also have paid for business consulting and/or professional services received by Mercer Global Advisors related personnel and may pay or reimburse expenses (including travel, lodging, meals, and/or entertainment) for Mercer Global Advisors personnel to attend conferences and/or meetings relating to the program or to TD Ameritrade's advisor custody and brokerage services generally. Some of the products and services made available by TD Ameritrade through the program may benefit Mercer Global Advisors but may not benefit its client accounts. These products or services may assist Mercer Global Advisors in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Mercer Global Advisors manage and further develop its business enterprise. The benefits received by Mercer Global Advisors and/or its personnel through participation in the program are not dependent upon or tied to the number of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Mercer Global Advisors endeavors to place client interests first at all times. Clients should be made aware however, that the receipt of economic benefits by Mercer Global Advisors or its related persons in and of itself creates a potential conflict of interest and may influence indirectly its selection of TD Ameritrade for custody and brokerage services.

Mercer Global Advisors also receives from TD Ameritrade certain additional economic benefits ('Additional Services') that may or may not be offered to other independent investment advisors participating in the program. Specifically, the Additional Services include **RedKite** compliance and technology services. TD Ameritrade provides these Additional Services to Mercer Global Advisors at its sole discretion and at its own expense; Mercer Global Advisors does not pay any fees to TD Ameritrade for these Additional Services. Mercer Global Advisors and TD Ameritrade have entered into a separate agreement ('Additional Services Addendum') to govern the terms of the provision of such Additional Services. Mercer Global Advisors' receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Mercer Global Advisors, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Mercer Global Advisor's client accounts maintained by TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Mercer Global Advisors, at its discretion, provided certain conditions are met. Consequently, in order to continue to obtain Additional Services from TD Ameritrade, Mercer Global Advisors may have the incentive to recommend to its clients that assets under management by Mercer Global Advisors be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. Mercer Global Advisors' receipt of Additional Services does not diminish its duty to act in the best interests of its clients, including to seeking best execution of trades for client accounts.

## Item 14 – Client Referrals and Other Compensation

Mercer Global Advisors may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect (the 'referral program'). In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, Mercer Global Advisors may have been selected to participate in AdvisorDirect based upon the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained by TD Ameritrade. TD Ameritrade is a discount broker-dealer, independent of and unaffiliated with Mercer Global Advisors; there is no employee or agency relationship between the two entities. TD Ameritrade has established the referral program as a means for referring its brokerage customers and other investors seeking fee-only personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise Mercer Global Advisors and has no responsibility for its management of client portfolios, advice, or other services. Mercer Global Advisors pays TD Ameritrade an ongoing fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee paid to Mercer Global Advisors by the client ('Solicitation Fee').

Mercer Global Advisors will also pay TD Ameritrade the Solicitation Fee on any advisory fees received from any of a referred client's family members, including a spouse, child, or any other immediate family member who resides with the referred client and hires Mercer Global Advisors on the recommendation of said referred client. Mercer Global Advisors will not charge clients referred through AdvisorDirect any fees or costs higher than the standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade on to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

Mercer Global Advisors employees may serve on the TD Ameritrade Institutional Operations Panel and/or the Institutional Advisor Panel. The Panels each consist of approximately twenty-four investment advisors who advise TD Ameritrade Institutional ('TDA Institutional') on issues relevant to the independent advisor and his/her experience with TD Ameritrade's service, technology, products, and independent advisor community-at-large. The Panels meet in person on an average of three to four times per year and conduct periodic conference calls on an as-needed basis. Investment advisors are appointed by TD Institutional sale, service, and/or senior management to serve on the Panels for a three-year term. An investment advisor may serve longer than three years if appointed to additional terms by TDA Institutional senior management. At times, Panel members are provided with confidential information regarding TD Ameritrade Institutional initiatives. Panel members are required to sign a confidentiality agreement. TD Ameritrade, Inc. ('TD Ameritrade') does not compensate Panel members. However, TD Ameritrade pays or reimburses Mercer Global Advisors' personnel for travel, lodging, and meal expenses incurred while attending Panel meetings. The benefits received by Mercer Global Advisors or its personnel by serving on the Panel are not dependent upon or tied to the number of brokerage transactions directed to TD Ameritrade. Clients should be made aware however, that the receipt of economic benefits by Mercer Global Advisors or its related personnel in and of itself creates a potential conflict of interest and may influence indirectly its selection of TD Ameritrade for custody and brokerage services.

Mercer Global Advisors' participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors who encourage clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, Mercer Global Advisors may have an incentive to recommend to clients that the assets under management by Mercer Advisors be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade.

## Item 14 – Client Referrals and Other Compensation

Mercer Global Advisors has agreed not to solicit clients referred through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when fiduciary obligation requires it. Mercer Global Advisors' participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

### CHARLES SCHWAB & COMPANY

Mercer Global Advisors receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through Mercer Global Advisors' participation in the Schwab Advisors Network® ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with Mercer Global Advisors. Schwab does not supervise Mercer Global Advisors and has no responsibility for Mercer Global Advisors' management of client portfolios, advice, or other services. Mercer Global Advisors pays Schwab a fee to receive client referrals through the Service. Mercer Global Advisors' participation in the Service may raise potential conflicts of interest.

Mercer Global Advisors pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets within the account are transferred from, Schwab. This Fee does not apply if the client was solely responsible for the decision to remove asset custody from Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Mercer Global Advisors generally would pay in a single year. Thus, Mercer Global Advisors will have an incentive to recommend that client accounts be held in custody at Schwab. The Participation and Non-Schwab Custody Fees are based on assets in accounts of Mercer Global Advisors clients who were referred by Schwab and those referred clients' family members living in the same household. As such, Mercer Global Advisors will have an incentive to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit Mercer Global Advisors fees directly from the accounts.

Mercer Global Advisors pays Schwab a Participation Fee for all referred client accounts maintained in custody at Schwab and a Non-Schwab Custody Fee for all accounts maintained at, or transferred to, another custodian. The Participation Fee paid by Mercer Global Advisors is a percentage of the fees paid by the client to Mercer Global Advisors or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. Mercer Global Advisors pays Schwab a Participation Fee for as long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to Mercer Global Advisors quarterly and may be increased, decreased, or waived by Schwab periodically. The Participation Fee is paid by Mercer Global Advisors, not by the client. Mercer Global Advisors has agreed not to charge clients referred through the Service any fees or costs greater than those charged to clients with similar portfolios who were not referred through the Service.

For Mercer Global Advisors client accounts maintained in custody at Schwab, Schwab will not charge the client separately for custody, but will receive compensation from said clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on executed trades) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, Mercer Global Advisors may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. Mercer Global Advisors nevertheless acknowledges its duty to seek best execution of trades for client accounts.



## Item 14 – Client Referrals and Other Compensation

Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for other Mercer Global Advisors other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and/or different prices than trades for other accounts that are executed at other broker-dealers.

### SCOTTRADE, INC.

Mercer Global Advisors may recommend Scottrade, Inc. to clients for custody and brokerage services. There is no direct link between Mercer Global Advisors' participation in the program and the investment advice it provides to its clients, although Mercer Global Advisors receives economic benefits through its participation in the program which generally are not available to Scottrade, Inc. retail investors. These benefits include the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; research-related products and tools; consulting services; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares within client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fee; access to select institutional money managers; discounts on compliance, marketing, research, technology, and practice management products or services provided to Mercer Global Advisors by third-party vendors. Scottrade, Inc. may also have paid for business consulting and/or professional services received by Mercer Global Advisors related personnel and may pay or reimburse expenses (including travel, lodging, meals, and/or entertainment) for Mercer Global Advisors personnel to attend conferences and/or meetings relating to the program or to Scottrade, Inc. advisor custody and brokerage services generally. Some of the products and services made available by Scottrade, Inc. through the program may benefit Mercer Global Advisors but may not benefit its client accounts. These products or services may assist Mercer Global Advisors in managing and administering client accounts, including accounts not maintained at Scottrade, Inc. Other services made available by Scottrade, Inc. are intended to help Mercer Global Advisors manage and further develop its business enterprise. The benefits received by Mercer Global Advisors and/or its personnel through participation in the program are not dependent upon or tied to the number of brokerage transactions directed to Scottrade, Inc. As part of its fiduciary duties to clients, Mercer Global Advisors endeavors to place client interests first at all times. Clients should be made aware however, that the receipt of economic benefits by Mercer Global Advisors or its related persons in and of itself creates a potential conflict of interest and may influence indirectly its selection of Scottrade, Inc. for custody and brokerage services.

Mercer Global Advisors may receive client referrals from Scottrade Investment Management™ through its participation in the Advisor Access Program ("the Program"). In addition to meeting the minimum eligibility criteria for participation in the Advisor Access Program, Mercer Global Advisors may have been selected to participate in the Advisor Access Program based upon the amount and profitability to Scottrade Investment Management™ of the assets in, and trades placed for, client accounts maintained by Scottrade Investment Management™. Scottrade Investment Management™ is registered with the SEC as an investment adviser under the Advisers Act, independent of and unaffiliated with Mercer Global Advisors; there is no employee or agency relationship between the two entities. Scottrade Investment Management™ has established the referral program as a means for referring its brokerage customers and other investors seeking fee-only personal investment management services or financial planning services to independent investment advisors.

## Item 14 – Client Referrals and Other Compensation

Scottrade Investment Management™ does not supervise Mercer Global Advisors and has no responsibility for its management of client portfolios, advice, or other services. Mercer Global Advisors pays Scottrade Investment Management™ an ongoing fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee paid to Mercer Global Advisors by the client (the “Referral Fee”).

Mercer Global Advisors will also pay Scottrade Investment Management™ the Referral Fee on any advisory fees received from any of a referred client’s family members, including a spouse, child, or any other immediate family member who resides with the referred client and hires Mercer Global Advisors on the recommendation of said referred client. Mercer Global Advisors will not charge clients referred through the Advisor Access Program any fees or costs higher than the standard fee schedule offered to its clients or otherwise pass Referral Fees paid to Scottrade Investment Management™ on to its clients.

Mercer Global Advisors’ participation in the Advisor Access Program raises potential conflicts of interest. Scottrade Investment Management™ will most likely refer clients through the Advisor Access Program to investment advisors who encourage clients to custody their assets at Scottrade, Inc. and whose client accounts are profitable to Scottrade Investment Management™. Consequently, in order to obtain client referrals from Scottrade Investment Management™, Mercer Global Advisors may have an incentive to recommend to clients that the assets under management by Mercer Global Advisors be held in custody with Scottrade, Inc. and to place transactions for client accounts with Scottrade Investment Management™.

Mercer Global Advisors has agreed not to solicit clients referred through the Advisor Access Program to transfer their accounts from Scottrade Investment Management™ or to establish brokerage or custody accounts at other custodians, except when fiduciary obligation requires it. Mercer Global Advisors’ participation in the Advisor Access Program does not diminish its duty to seek best execution of trades for client accounts.

Mercer Advisors Inc. and Mercer Corporate LLC are affiliated companies of Mercer Global Advisors Inc. Clients of these companies may be provided information about Mercer Global Advisors’ seminars and programs. Cash payments are not made to these companies, however, they may benefit indirectly from the affiliation.

### PRESIDENT’S CLUB REWARDS PROGRAM

The President’s Club is a client rewards program of Mercer Global Advisors that was launched on June 1, 2015. The program rewards clients for both additional contributions to their accounts as well as referrals of friends and family who may open accounts with Mercer Global Advisors.

Our rewards program allows clients to redeem points for selected products and participation in special events. Pursuant to SEC Rule 206(4)-3, all participants in this program sign a solicitor agreement with Mercer Global Advisors. Additionally, Mercer Global Advisors requires that all referees receive a separate disclosure form outlining the solicitor’s relationship with Mercer Global Advisors, approved marketing materials, and our Form ADV, Part 2 A at the time of the referral.

The terms and conditions of the program can be found at [www.merceradvisors.com/presidentsclub](http://www.merceradvisors.com/presidentsclub).

## Item 14 – Client Referrals and Other Compensation

## Item 15 – Custody

We do not maintain custody of client assets that we manage, although we may be deemed to have custody of client assets since we have the authority to deduct our fees from assets in client's account. Client assets are held with registered broker-dealers that are "qualified custodians." Clients receive statements directly from the qualified custodian(s), at least quarterly. Clients are advised to review these statements carefully and compare the custodial records with the reports provided by Mercer Global Advisors. The information within Mercer Global Advisors' reporting may vary slightly from custodial statements, based upon accounting procedures, reporting dates, and/or valuation methodologies used for certain securities.

## Item 16 – Investment Discretion

Mercer Global Advisors has full discretion and trading authority (limited power(s) of attorney) on advisory accounts. Mercer Global Advisors has negotiated with brokers to obtain lower commission rates for client trades. Mercer Global Advisors cannot withdraw funds from client accounts, other than fees, as authorized by the client. Mercer Global Advisors does not receive commissions of any kind. Mercer Global Advisors has authority to buy or sell securities on the client's behalf, as designated for the specific account.

All accounts are subject to a written investment advisory agreement which describes Mercer Global Advisors' discretionary authority, any investment limitations, investment objectives, fees, and other matters.

## Item 17 – Voting Client Securities

As a matter of firm policy and practice, Mercer Global Advisors does not accept the authority to and does not vote proxies. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in their investment portfolios. Clients will receive applicable proxies directly from the issuer of securities held in their investment portfolios. Mercer Global Advisors, however, may provide advice to clients regarding their voting of proxies.

Clients should note that Mercer Global Advisors will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held or previously were held in client account(s), including but not limited to, the filing of -Proofs of Claim in class action settlements. If desired, client may direct Mercer Global Advisors Inc. to transmit copies of the class action notices to the client or third parties. Upon such direction, Mercer Global Advisors will make commercially reasonable efforts to forward such notices in a timely manner.

## Item 18 – Financial Information

Mercer Global Advisors has no financial conditions that would impair its ability to meet its contractual commitments to clients.

Pursuant to SEC regulations, a balance sheet is not required to be provided because Mercer Global Advisors does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

## Item 19 – Requirements for State-registered Advisors

Not Applicable

## Supplemental Information

### Business Continuity and Contingency Plan

**General:** Mercer Global Advisors maintains electronic and hardcopy information assets that are essential to performing services for its clients. Similar to any other capital resource owned by the company, these electronic and hardcopy resources are viewed as valuable assets over which the company has both rights and obligations to manage, protect, and secure.

**Disasters:** The Business Continuity Plan covers natural disasters such as snowstorms, hurricanes, tornados and/or flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and/or aircraft accident. Electronic files are backed up daily and archived offsite.

**Alternate Offices:** Mercer Global Advisors maintains alternate offices to support ongoing operations in the event the main office is unavailable. It is the firm's intention to contact all clients promptly should a disaster force a move of operations to an alternate location.

**Information Security:** Mercer Global Advisors maintains an information security program to reduce the risk that personal and confidential client information may be breached. Mercer Global Advisors employs the use of firewalls, virus scanners, and other methods of securitization to ensure that client information is protected.

### Privacy Notice

**Our Commitment:** Mercer Global Advisors is committed to protecting the confidentiality and security of the information collected from its advisory clients. Mercer Global Advisors does not share client information with any unaffiliated third parties, except with client consent for the specific purposes described below.

**Collection and Gathering of Information:** Mercer Global Advisors limits use of the information gathered from clients to the minimum requirements set forth by regulatory obligations, and what is required to service a client account at the highest standard. Most client information is collected from an investment advisor when a new client account is established at Mercer Global Advisors. Mercer Global Advisors may use third party vendors, such as credit reporting bureaus, to verify information provided by a client, such as first and last name, address, date of birth, and social security number(s)/ tax identification number(s).

**Protection of Your Information:** Mercer Global Advisors' employees are committed and required to protect the confidentiality of client information. Employees may access client information only when necessary to perform their job functions. Mercer Global Advisors also maintains physical, electronic, and procedural safeguards to help protect client information.

**Disclosure of Information:** Mercer Global Advisors may disclose any information to or as directed by the client's Advisor in the normal and necessary course of business, and/or when required by law. Client information may be disclosed in such circumstances as regulatory audits, to attorneys or judges as part of litigation, or law enforcement or other government agencies to help prevent, among other things, fraud and/or money laundering. Mercer Global Advisors also may provide information to its service providers, which enables them to deliver services for Mercer Global Advisors or the client's investment advisor, for things such as reporting, effecting transactions on the client's behalf, or performing maintenance on a client's account.

## Supplemental Information

Continued.

Outside companies providing services on behalf of Mercer Global Advisors, such as mail vendors, check printers, or data processing companies, are each required to sign confidentiality agreements. By law, they may only use the information provided by Mercer Global Advisors to perform the job for which they have been contracted. Any violation of a confidentiality agreement is prosecutable by law.

Other than the exceptions above, Mercer Global Advisors will not make any disclosures of client information to any other businesses or third parties who may want to offer their services to the client. Mercer Global Advisors does not sell client lists of any kind to catalog companies or telemarketers.

**To Whom this Policy Applies:** This policy applies to all current, prospective, and former clients. Even clients who no longer maintain active accounts with Mercer Global Advisors are included in this Policy.

**Access to and Correction of Information:** Should a client wish to review any file containing personal client information maintained by Mercer Global Advisors, he/she may contact his/her investment advisor.

**Further Information:** Mercer Global Advisors reserves the right to change this Privacy Policy at any time without prior notification. Please contact Mercer Global Advisors at (800) 258-1559 for additional information.

Mercer Global Advisors is required by law to deliver this Privacy Notice to all clients annually, in writing.

## Brochure Supplements

Personnel Brochure Supplements (ADV, Part 2 B) are provided to each client by his/her dedicated Wealth Management Team.