MERCER QIF CCF
(THE “FUND”)

FIRST ADDENDUM DATED 30 NOVEMBER 2022
TO PROSPECTUS DATED 7 JULY 2022

This First Addendum forms part of, and is to be read in conjunction with, the prospectus dated 7 July 2022 in relation to the Fund (the “Prospectus”) together with each of the latest supplements in respect of the Sub-Funds of the Fund and all capitalised terms used herein shall have the meanings set out in the Prospectus. Distribution of this Addendum is not authorised unless accompanied by a copy of the Prospectus.

The Prospectus is amended as follows:

1. The section of the Prospectus entitled “**Approach to Integrating Sustainability Risks and to Sustainable Investment**" shall be deleted and replaced in its entirety with the following section entitled "**Sustainability Policies**":

"**Sustainability Policies**

The Investment Manager does not typically select investments directly; instead, it selects and combines specialist Sub-Investment Managers to manage segments of the portfolios of the Sub-Funds. The Investment Manager believes that enhanced outcomes may be achieved from the assessment by its Sub-Investment Managers of ESG risks and opportunities in security or asset selection and portfolio construction, acknowledging that the degree of relevance or materiality varies between asset classes. Examples of ESG factors include:

Environmental	**Social**	**Governance**
• Climate Change • Water • Waste and Pollution • Biodiversity	• Social inequality • Health and safety • Demographics/consumption • Labour standards and modern slavery (including the supply chain) • Human rights and community impacts	• Board diversity, composition, independence and effectiveness • Executive remuneration • Conduct, culture and ethics • Shareholder rights

The Investment Manager maintains a Sustainability Policy in which it sets out the key principles and approaches used to address Sustainability Risks and opportunities and the consideration of other sustainability and ESG factors throughout the investment process. The Sustainability Policy provides information on how sustainability principles are implemented into portfolio management including Sub-Investment Manager selection and oversight and portfolio monitoring as set out below. Further information may be found at https://investment-solutions.mercer.com/europe/ie/en/our-funds/responsible-investment.html.

Investors should note that the Sustainability Policy is not implemented equally across all Sub-Funds, as the degree to which it may be relevant or applicable depends on the particular strategy or principal asset class exposures of a Sub-Fund.

- *Selection and Monitoring of Sub-Investment Managers*

The Investment Manager evaluates the sustainability policies, capabilities and practices for potential and appointed Sub-Investment Managers, where relevant, as part of the manager selection and monitoring process by drawing on Mercer's ESG Ratings[1] and associated commentary from the Mercer Manager Research team. This is used by the Investment Manager to assess the strengths and weaknesses of a strategy's incorporation of sustainability considerations, as a part of the broader decision process when appointing a Sub-Investment Manager. ESG Ratings of Sub-Investment Managers are reviewed at least quarterly, with reviews seeking evidence of positive momentum on ESG integration and consideration of sustainability risks.

As part of its monitoring and oversight process, the Investment Manager uses third party data to evaluate the quality of Sub-Investment Managers' portfolios using a sustainability lens, by assessing aggregate security exposure to and the management of certain ESG factors including evaluating the impact of investment decisions on sustainability factors.

- *Stewardship – Share Voting and Engagement*

The Investment Manager believes stewardship (or active ownership) plays an important role in managing sustainability risks and other ESG factors, and also helps in the realisation of long-term shareholder value. Effective stewardship can provide investors with an opportunity to enhance the value of companies and markets in a manner more consistent with long-term investor timeframes. The Investment Manager's Stewardship Policy (which can be found at https://investment-solutions.mercer.com/europe/ie/en/our-funds/responsible-investment.html) outlines the key principles and approach to embedding effective stewardship in the investment process.

The Investment Manager expects appointed Sub-Investment Managers to adopt standards of good governance and stewardship through voting and engagement practices that include a focus on sustainability risks and other material ESG factors, consistent with the Sustainability and Stewardship Policies. The Investment Manager believes appointed Sub-Investment Managers are typically best placed to exercise voting rights and prioritise particular engagement topics by security, given they are expected to have detailed knowledge of both the governance and the operations of the companies and issuers they invest in. Stewardship activities are further informed by the Investment Manager's key engagement priority areas which are communicated to Sub-Investment Managers, and Sub-Investment Managers are requested to report on their activities as they relate to these priorities. A stewardship report is published annually setting out how the Stewardship Policy has been implemented, including:

a. a general description of voting behaviour;
b. an explanation of the most significant votes taken;
c. information on the use, if any, of the services of proxy advisors; and
d. information on how it has cast votes in the general meetings of companies in which it holds shares.

- *Exclusions*

When considering exclusions, the Investment Manager has developed an investment exclusions framework, where multiple risk, return and reputation criteria are considered, as more fully detailed in the Sustainability Policy. Exclusions applied will depend on the investment strategy and asset classes of individual Sub-Funds.

The Investment Manager relies on a third-party provider of ESG research in determining the individual companies to be excluded based on the decisions made under the Sustainability Policy. Exclusion lists are typically updated twice annually and Sub-Investment Managers are informed of any new exclusions and directed to implement the exclusion lists in their investment processes.

[1] Please see Mercer's Guide to ESG Ratings (https://www.mercer.com/our-thinking/mercer-esg-ratings.html)

In selecting Sub-Investment Managers, the Investment Manager will consider the Sub-Investment Manager's ability to implement any approved exclusions. From time to time, a Sub-Investment Manager may exclude a product, activity or industry using a definition or data source that is different to that of the Investment Manager. This is acceptable provided there is broad consistency. The Investment Manager will monitor compliance with the exclusions by Sub-Investment Managers but cannot guarantee that compliance with the exclusions will be achieved at all times.

If it is determined that an existing investment of a Sub-Fund needs to be excluded, the relevant Sub-Investment Manager will generally arrange for the investment to be sold within a reasonable period of time once it is possible and practicable to liquidate the position, taking due account of the best interests of Unitholders in the relevant Sub-Fund. For index-tracking Sub-Funds, should an investment cease to comply with the ESG exclusionary criteria of its Benchmark Index, the Sub-Fund may continue to hold such security until the Benchmark Index next rebalances and it is possible and practicable to liquidate the position.

Exclusions applied as a result of decisions supported by the exclusions framework are set out in the Relevant Supplement for each Sub-Fund. Save that for each of the Sub-Funds listed in the table below, the exclusions applied are noted below.

Sub-Fund	**Exclusions**
Mercer Investment Fund 16	UN Global Compact breaches Controversial weapons Nuclear technical related activities Thermal coal (extraction and power generation) Oil sand (extraction)
Mercer Investment Fund 2 Mercer Return Seeking Fund 1	Controversial weapons

- *Principal Adverse Impacts on Sustainability Factors*

The Manager and the Investment Manager consider principal adverse sustainability impacts of investment decisions on sustainability factors (PAI) at an entity level in accordance with SFDR. A statement on due diligence policies with respect to those impacts is available at https://investment-solutions.mercer.com/europe/ie/en/our-funds/responsible-investment.html.

In addition, PAIs are considered for the Article 8 and Article 9 Sub-Funds and certain other Sub-Funds where set out in the Relevant Supplement.

For other Sub-Funds, the Manager and the Investment Manager do not consider PAI. This is because the Investment Manager has determined in the case of those Sub-Funds that such adverse impacts are not of relevance to certain asset classes or types of investments, or where it may not be practicable or proportionate to consider PAI depending on the investment strategy or due to the specific investment outcomes targeted by the strategy or Sub-Fund. This position will be kept under review by the Manager and the Investment Manager and may change over time depending on ESG data or other information which may become available.

- *Integration of Sustainability Risks and Opportunities*

Sustainability Risks are the financial risks that may arise when environment, social or governance factors negatively impact the financial profile of an investment. A Sustainability Risk event may materially affect the market price or liquidity of an underlying investment and in turn may negatively impact the net asset value of a Sub-Fund. The universe of Sustainability Risks is very broad, and their relevance, materiality and impact on investments will depend on a number of factors such as the investment strategy pursued by the Sub-Fund, the asset class, geographical region or sector.

The integration of Sustainability Risks forms part of the overall risk management process and the overall investment decision-making process including in portfolio construction and Sub-Investment Manager selection as described above. The Investment Manager expects appointed Sub-Investment Managers to assess and reflect sustainability risks and opportunities in security or asset selection and portfolio construction and within their internal risk management frameworks.

As part of the investment monitoring process, the Investment Manager seeks to evaluate the impact of investment decisions and identify potential material sustainability risks and opportunities for the Sub-Funds. In order to estimate the potential impact on investment returns the Investment Manager uses ESG data from different data providers to assess the relative positive or negative sensitivity and return contribution associated with certain ESG factors. Examples include:

- Environmental – carbon emissions, pollution and natural resource degradation
- Social – Workforce and supply chain safety, human rights practices, addictive products
- Governance – corporate management practices, remuneration and incentives structures

The Investment Manager further considers the potential financial impacts of climate change through climate scenario modelling and/or transition analysis which seeks to identify risks and opportunities relating to physical damages to the natural world and the transition to a low-carbon economy (see Sustainability Policy for further information).

Such analysis may be used to inform portfolio construction, asset allocation and Sub-Investment Manager selection as appropriate with a view to mitigating material Sustainability Risks where possible.

For certain asset classes or types of investments, Sustainability Risks may not be deemed relevant as the Investment Manager does not believe that ESG factors pose a risk of an actual or a potential material negative impact on the value of the investments. Furthermore, the Investment Manager may have determined Sustainability Risks are not applicable either because it may not be possible or practicable to integrate Sustainability Risks for the investment strategy or due to the specific investment outcomes targeted by the strategy or Sub-Fund. The circumstances in which Sustainability Risks are not or cannot be integrated into investment decision-making may change over time depending on ESG data or other information which may become available.

Potential Impact of Sustainability Risks on Investment Returns

Sustainability Risks can have a material impact on long-term risk and return outcomes and Sustainability Risks are therefore integrated into the investment process where possible and appropriate, as described above. The severity and probability of Sustainability Risks will vary across Sub-Funds depending on a range of factors including but not limited to the nature of the investment strategy, the asset class, any sectoral or regional focus for the strategy or the anticipated investment horizon. From an asset class perspective, equities will typically have greater exposure to sustainability risks than other asset classes such as sovereign debt, however such sustainability risks may vary considerably according to region or industry. For example, energy or utilities companies may be more susceptible to risks associated with climate change and the transition to a low-carbon economy. Emerging Markets may also have greater sensitivity to physical risks associated with climate change such as natural disasters and the degradation of natural resources.

The Investment Manager seeks to assess and disclose the likely material negative impacts of Sustainability Risks on investment returns for a Sub-Fund as set out in the Relevant Supplement for each Sub-Fund where relevant and applicable. The assessment of the impact of Sustainability Risks on the performance of a Sub-Fund is difficult to predict and is subject to inherent limitations such as the availability and quality of the data. Furthermore, Sustainability Risk is an evolving, multi-faceted risk category and the likely impact of Sustainability Risk on the Sub-Fund's performance may vary during the lifetime of a Sub-Fund.

EU Taxonomy Regulation Disclosure

For the purposes of the Taxonomy Regulation, the investments underlying those Sub-Funds which are not subject to either Article 8 or Article 9 of the SFDR do not take into account the EU criteria for environmentally sustainable economic activities."

2. The following shall be added as new defined terms in the **"Definitions"** section:

" **"PAI Indicators"** means principal adverse sustainability indicators including as set out in Table 1, and where relevant in Tables 2 and 3, of Annex I of the SFDR Level 2 RTS;

"SFDR Level 2 RTS" means Commission Delegated Regulation (EU) 2022/1288, setting out the regulatory technical standards to be used by financial market participants when disclosing sustainability-related information under the SFDR; "

3. The following shall be added as a new risk factor in the " **Special Considerations and Risk Factors"** section:

"Sustainability-related data

In evaluating a security, issuer or index based on sustainability-related characteristics, the Investment Manager (or its delegate) is dependent upon information and data which may be incomplete, inaccurate or unavailable. The Investment Manager (or its delegate) may rely upon data sourced from third-party ESG research and market data providers who may similarly rely on information which is incomplete, inaccurate or unavailable. The wide variety of types, sources and uses of ESG data can produce very different results and the models used by third-party ESG research providers can result in conflicting and subjective assessments. Third-party ESG research and market data providers typically limit or exclude any responsibility or liability with respect to the accuracy, reasonableness or completeness of any sustainability related assessments. Data quality and coverage in relation to investee companies has various challenges across different countries and regions (especially for smaller companies and less developed markets). Some data may be modelled rather than reported data and data from some companies may be delayed. In addition, not all self-reported data is independently verified. Since the regulation and standards of non-financial reporting is developing, data quality, coverage, consistency and accessibility remains challenging over the near term."

The Prospectus shall otherwise remain unamended and in full force and effect.

WF-33543459-3