

ADV Part 2A: Firm Brochure

Item 1

COVER PAGE

March 2012

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This brochure provides information about the qualifications and business practices of Mercer Park, LP. If you have any questions about the contents of this brochure, please contact us at 212-299-7600. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Mercer Park, LP is a Registered Investment Adviser with the U.S. Securities and Exchange Commission ("SEC"). Registration with the SEC does not imply a certain level of skill or training in the performance of the investment advisory duties.

Item 2

MATERIAL CHANGES

There are material changes discussed below that have taken place since the last annual update of Mercer Park's Form ADV Part 2 dated March 2011:

1. One of the principals, Peter Bio, has departed the firm at the end of December 31, 2011.
2. Sujit Sahadevan has replaced Joseph Lamport as Chief Compliance Officer; Joseph is no longer with the firm.

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ADVISORY BUSINESS

Mercer Park, LP (“Mercer Park”) is a limited partnership organized under the laws of Delaware. The principal owner and partner of Mercer Park is Jonathan Sandelman, its Chief Executive Officer.

Since its formation in December 2009, Mercer Park has served as the investment adviser to various private investment funds and managed accounts. The private investment funds for which Mercer Park serves as adviser cater to institutional and corporate investors, including ERISA plans and a limited number of high net worth individuals.

Structure of the Organization:

The private investment funds for which Mercer Park serves as investment manager are generally organized in a master-feeder fund structure, with the feeder funds investing the majority of their assets into the master fund. The master feeder fund structures are generally formed with the offshore feeders and master funds (the “Offshore Funds”) organized in the Cayman Islands and a Delaware organized domestic feeder fund (the “Domestic Feeder Fund”, together with the “Offshore Funds”, and managed accounts, the “Funds”). The Domestic Feeder Fund has been organized as a Delaware limited liability company and is operated as a private investment partnership for the benefit of U.S. taxable investors. The Offshore Funds have been organized as Cayman Islands exempted companies to operate as private companies for the benefit of U.S. Tax Exempt and Non U.S. Investors. The Offshore Funds offer various classes of shares (the “Shares”), which have similar rights and privileges, except that only certain Shares will participate in gains and losses arising from the Offshore Funds’ investments, if any, in “new issues.”

The Offshore Funds for which Mercer Park serves as investment manager include offshore closed-end funds organized in the Cayman Islands (the “Offshore Closed End Funds”). The principal of Mercer Park has material equity investments in one of the Offshore Closed End Funds and in the Domestic Feeder Fund (see Item 11 regarding Interest in Client Transactions).

Mercer Park, GP LLC, a Delaware limited liability company, serves as the general partner to Mercer Park. Mercer Park, LLC, a Delaware limited liability company, serves as the managing member to the Domestic Feeder Fund. Jonathan Sandelman is the majority owner and serves as the senior managing member of the general partner and managing member entities.

Types of Services:

Mercer Park offers a broad range of advisory services to its clients that generally fall into two categories: (i) advisory and collateral management services in the structured securities market, including collateral management for structured vehicles that hold a portfolio consisting primarily of collateralized loan obligations (the “CLO Structured Vehicles” or “CLOs”) as well as advisory services for the Offshore Closed End Funds and a managed account relationship (the “Managed Account”) that hold

investments in securities issued by the CLO Structured Vehicles, and (ii) advisory services for a master-feeder investment fund structure that holds investments in a broader range of asset classes and pursues a variety of investment strategies (the “Special Situations Funds”).

As described further below, Mercer Park’s work in these two areas has been tailored to address the different needs and requirements of its clients in these two different market segments. In both these segments, Mercer Park’s clients have an investor base that consists of financially sophisticated institutional investors and high net worth individuals.

Structured Securities Market: The investment advisory services that Mercer Park provides in the structured securities market are limited in scope by virtue of the restrictions imposed by the clients it serves in this market segment. Specifically, the fund documents for Offshore Closed End Funds for which Mercer Park serves as asset manager limit the assets that may be held by the applicable fund to securities issued by the CLOs. The same is true for the Managed Account which holds assets consisting solely of securities issued by the CLOs. Similarly, the CLOs (for which Mercer Park serves as collateral manager) are governed by indentures which also impose restrictions on the types of the assets that may be purchased and held by the CLOs. For the most part, these restrictions limit eligible assets to fixed income obligations, in the form of either bank loans or bonds. Moreover, the indentures impose additional restrictions and criteria with respect to various credit characteristics for the assets that may be purchased by the CLOs, as a result of which the assets purchased and managed by Mercer Park for the CLOs primarily consist of senior secured bank loans and, to a lesser extent, junior secured or unsecured obligations with ratings that satisfy indenture requirements. The manager’s focus is to ensure that the CLOs remain adequately collateralized to fulfill the vehicles’ obligations to note holders, while still preserving and maximizing value for the equity holders.

Special Situations Funds: The Special Situations Funds may enter formal liquidation at a later point this year. The investment advisory services that Mercer Park provides to the Special Situations Funds are designed to ensure the orderly and successful completion of this liquidation.

Mercer Park strives to identify, develop and adopt strategies it believes to be suited to each of its clients consistent with the overall objective of achieving superior risk adjusted returns over a multi-year period.

Mercer Park does not currently participate in wrap fee programs.

Mercer Park only manages client assets on a discretionary basis.

As of December 31, 2011, Mercer Park managed approximately \$879,000,000 of assets.

Item 5 FEES AND COMPENSATION

Management Fee

Mercer Park as of January 1, 2012 has waived management fees payable for services as investment manager to the Special Situations Funds, with the expectation that the Special Situations Funds will be liquidating.

For services as collateral manager to the CLO Structured Vehicles, Mercer Park receives quarterly management fees paid by the CLO Structured Vehicles equal to 0.25% per annum multiplied by the lesser of (a) the aggregate principal amount of the notes issued by the structured vehicle or (b) the collateral balance, in either case measured as of the end of the prior payment period. To date, the fee has been computed on the basis of (a).

For services as investment manager to the Offshore Closed End Funds, Mercer Park receives a quarterly management fee equal to the product of (x) the percentage of Subordinated Notes issued by the CLO Structured Vehicles owned by the Offshore Closed End Funds, and (y) the amount of the Subordinated Management Fee (as defined in the indenture for the applicable CLO Structured Vehicle) that could have been distributed in cash on any given quarterly Payment Date to a third party manager, determined as of the end of the prior payment period.

For services as investment manager to the Managed Account, Mercer Park receives a quarterly management fee, payable in advance, equal to 0.50% (2.00% annualized) of the beginning quarterly NAV of the limited partner capital accounts of the Managed Account, subject to the discretion of Mercer Park.

GlobeOp Financial Services (Cayman) Limited (“GlobeOp”) serves as the fund administrator for the Special Situations Funds that Mercer Park manages. As detailed in the Fund’s subscription agreements, GlobeOp is responsible for calculating the

management fees and withdrawing them from the Fund's account. Deutsche Bank (Cayman) Limited serves as the fund administrator for the Offshore Closed End Funds and Managed Account that Mercer Park manages and in that capacity is responsible for the calculation, recordation and payment by the Funds of the management and incentive fees.

Item 6

PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Incentive Allocation & Incentive Fee

For Mercer Park's role as investment manager to the Domestic Feeder Fund, Mercer Park, LLC is entitled to receive an incentive allocation (the "Incentive Allocation"), generally payable at the end of each fiscal year, in an amount equal to 20% of the excess of the net capital appreciation allocated to the capital account of each limited partner or member interest for such year. If a limited partner or member has an unrecovered net loss at the end of a fiscal year, then no Incentive Allocation will be charged to the capital account of such limited partner or member until such unrecovered net loss has been recouped in full.

As investment manager to the Offshore Funds, Mercer Park is entitled to receive an incentive fee (the "Incentive Fee"), generally payable at the end of the fiscal year, equal to 20% of the net realized and unrealized appreciation in the NAV of certain of the Fund's share classes (adjusted for any redemptions). If a share class has an unrecovered net loss at the end of a fiscal year, then no Incentive Fee will be charged to that share class until such unrecovered net loss has been recouped in full.

For Mercer Park's role as investment manager to the Managed Account, Mercer Park, LLC is entitled to receive an incentive allocation, generally payable upon distribution of available cash, in an amount equal to 20% of the excess of the net capital appreciation allocated to the capital account of each limited partner or member interest for such distribution. If a limited partner or member has an unrecovered net loss at distribution, then no incentive allocation will be charged to the capital account of such limited partner or member until such unrecovered net loss has been recouped in full.

The Incentive Allocation and Incentive Fees are calculated and paid after the fact

Ancillary Fees

Mercer Park and its affiliates may earn fees payable by third parties for services it provides or in connection with sourcing or maintaining actual or prospective investments or financing arrangements for or on behalf of the Special Situations Fund. Ancillary Fees include but are not limited to structuring and diligence fees, servicing fees, success fees, director's fees and break-up fees (net of expenses attributable thereto or to any transactions not completed). Generally, Ancillary Fees, if any, will be in addition to the Management Fee, the Incentive Allocation, and the Incentive Fee.

Mercer Park also is entitled to reimbursement for the costs of accounting, operating, and legal support services it provides to the Funds (other than the Funds whose assets consist of "plan assets" subject to the fiduciary provisions of ERISA), including certain overhead related to providing such services. Mercer Park charges the costs of such services to the Funds to the extent permitted by applicable law.

Termination

The investment advisory contract between and among Mercer Park and each of the Funds to which it serves as adviser may generally be terminated by either of the parties upon 90 days written notice prior to the Funds' fiscal year end.

As noted above, Mercer Park is entitled to receive an Incentive Allocation with respect to the Domestic Feeder Fund, an Incentive Fee with respect to the Offshore Funds, and an incentive allocation with respect to the Managed Account, in each case in the amount of 20% of the applicable Fund's appreciation in NAV. Mercer Park is not entitled to receive any incentive based compensation with respect to collateral management services it provides to the CLOs. A conflict of interest arises to the extent that the Investment Manager's employees may have greater incentive to provide advisory services to those clients from which the firm is entitled to receive incentive compensation. This conflict of interest is ameliorated since the Offshore Closed End Funds (for which the Investment Manager is entitled to receive an Incentive Fee) own securities issued by the CLOs, which provides the Investment Manager with an equivalent indirect incentive fee in connection with services it provides as collateral manager.

All performance based compensation is calculated and paid to the extent permitted by Rule 205-3 under the Investment Advisers Act of 1940.

Item 7
TYPES OF CLIENTS

Mercer Park performs portfolio management for private investment funds and collateral management for structured investment vehicles. The investors in funds for which Mercer Park serves as adviser predominantly consist of fund of funds, ERISA accounts, institutions and some high net worth individuals.

Item 8
METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

The Investment Manager bases its investment strategies for its clients and funds primarily on fundamental credit analysis. While aspects of the analysis may vary, depending on the type of investment strategy and the context of a particular investment, the analytic process begins and rests on fundamental business and credit analysis for each prospective investment. This fundamental analysis entails top-down macroeconomic analysis, screens of individual corporate credits, in-depth financial statement modeling that examines a company's liquidity, debt capacity, asset valuation (measured both on going concern and liquidation basis), and covenant compliance as well as review of corporate and credit documentation, including key financing documentation such as credit agreements, bond indentures and guarantees and intercreditor agreements.

In its capacity as Collateral Manager for its CLO clients, the Investment Manager further tailors its credit analysis by determining the suitability of particular investments with respect to the requirements of the indenture for each CLO. The Manager's loan portfolio selection for the CLOs is based on a balance of consideration between fundamental credit analysis and the contractual constraints imposed by the applicable CLO indenture's requirements.

In its capacity as Investment Manager for the Special Situations Funds, and given their eventual liquidation status, the Manager currently is focused on the orderly unwinding and settlement of all remaining assets and liabilities.

Investing in securities always involves risk of loss that clients should be prepared to bear. The Investment Manager invests primarily in senior secured leveraged loans / bank debt and high-yield senior unsecured notes. The risks associated with such investments vary by the specific credit (company) and instrument, but in general, these risks include the possibility of default and recoveries below par or below the Investment Manager's original investment in the securities/instruments. In general, these risks typically increase with the financial distress a corporate credit experiences, such as deteriorating financial performance and declining corporate liquidity, and are higher in senior unsecured notes than in senior secured loans, with long-term average recoveries in secured loans substantially exceeding those of senior unsecured notes. Consequently, recovery analysis is an integral part of credit analysis Mercer Park performs in making investment decisions.

The primary strategies that we employ do not entail the frequent trading of securities.

Investment Risk

Investments in the Funds are speculative and involve a substantial degree of risk, including the risk that an investor could lose some or all of its investment in the Funds. An investment in the Funds should be made only after consulting with independent, qualified sources of investment, legal, tax, accounting and other advice. Some of the risks of investing in the Funds are discussed below. The Funds' investment program will involve, without limitation, risks associated with limited diversification, leverage, interest rates, currencies, volatility, tracking risks in hedged positions, security borrowing risks in short sales, credit deterioration or default risks, systems risks and other risks inherent in the Funds' activities. Certain investment techniques of the Funds can, in certain circumstances, magnify the impact of adverse market moves to which the Funds may be subject. The Funds' methods of minimizing such risks may not accurately predict future risk exposures. Risk management techniques are based in part on the observation of historical market behavior, which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete or current, and such information may be misinterpreted.

The success of the Funds investment activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Funds' investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of securities prices and the liquidity of the Funds' investments. Volatility or illiquidity could impair the Funds' profitability or result in losses. The Funds may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets; the larger the positions, the greater the potential for loss.

In the normal course of making investments on behalf of the Funds, the Investment Manager may, but is not obligated to, diversify their investments. However, the Funds' portfolios could become significantly concentrated, for example, in any one issuer, industry, sector, strategy, country or geographic region, and such concentration of risk may increase any losses suffered by the Funds. In addition, it is possible that the Investment Manager may select investments that are concentrated in a limited number or type of financial instruments. This limited diversity could expose the Funds to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in those financial instruments. Some of the markets in which the Funds effect transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes the Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not *bona fide*) or because of a credit or liquidity problem, thus causing the Funds to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Funds have concentrated their transactions with a single or small group of counterparties. The Funds are not restricted from dealing with any particular counterparty or from concentrating any or all of their transactions with one counterparty. Moreover, the Funds' internal credit functions, which evaluate the creditworthiness of their counterparties, may prove insufficient. The lack of a complete and "foolproof" evaluation of the financial capabilities of the Funds' counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Funds.

Liquidity may be important to the Funds investment success. Under certain market conditions, such as during volatile markets or when trading in a security or market is otherwise impaired, the liquidity of the Funds' portfolio positions may be reduced. During such times, the Funds may be unable to dispose of certain assets, which would adversely affect their ability to rebalance their portfolios or to meet withdrawal requests. In addition, such circumstances may force the Funds to dispose of assets at reduced prices, thereby adversely affecting their performance. If there are other market participants seeking to dispose of similar assets at the same time, the Funds may be unable to sell such assets or prevent losses relating to such assets. Furthermore, if the Funds incur substantial trading losses, the need for liquidity could rise sharply while their access to liquidity could be impaired. In addition, in conjunction with a market downturn, the Funds' counterparties could incur losses of their own, thereby weakening their financial condition and increasing the Funds' credit risk to them.

The Funds may invest in "below investment grade" securities and obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. These securities are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate or disenfranchise particular claims. Such companies' securities may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. In addition, there is no minimum credit standard that is a prerequisite to the Fund's investments in any instrument, and a significant portion of the obligations and securities in which the Funds invest may be less than investment grade. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that the Investment Manager will correctly evaluate the value of the assets collateralizing the Funds' investments or the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which they invest, the Funds may lose their entire investment, may be required to accept cash or securities with a value less than the original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from the Funds' investments may prove inadequate for the risks assumed.

In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Funds of the security in respect to which such distribution was made.

Mercer Park may also invest in securities of issuers outside of the United States. These securities may be traded on foreign exchanges as ordinary shares and may be subject to foreign currency fluctuations outside of the scope of the Funds' investment strategies.

Portfolio Risk Management

The Investment Manager monitors risk for the CLOs by actively ensuring that all compliance tests specified in the CLOs' respective Indentures are monitored and adhered to.

The Firm has formed a risk committee to convene, formally or informally, periodically, to monitor and review current risk exposure levels and determine appropriate guidelines where applicable.

Operational Risk Management

The Funds have retained Rothstein Kass & Company, PC (registered with the Public Company Accounting Oversight Board ("PCAOB")) and certain of its affiliates as independent auditors. Generally within 120 days after each fiscal year end, or as soon as reasonably practicable thereafter, the audited financial statements of the Funds are delivered to each investor. The Special Situations Funds also provide periodic unaudited information, no less frequently than quarterly, to investors.

Item 9

DISCIPLINARY INFORMATION

There has been no legal or disciplinary event material to the evaluation of the integrity of the adviser or its management personnel.

Item 10

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Mercer Park meets the requirements for a Qualified Professional Asset Manager ("QPAM") for ERISA purposes and generally utilizes the related prohibited transaction exemption (the so-called "QPAM Exemption") under ERISA and Section 4975 of the Internal Revenue Code.

Mercer Park is not registered as a broker dealer.

Mercer Park is not registered as a futures commission merchant.

Mercer Park does not have any affiliations with the any broker dealers or futures commission merchants, except in an ordinary client -vendor relationship.

Mercer Park does not have any arrangements to recommend other investment advisers for compensation.

The Investment Manager will be subject to a variety of conflicts of interest in making investments on behalf of the Funds for which it serves as adviser. Such conflicts of interest arise from the fact that the Investment Manager serves as investment manager to multiple clients that to varying extents may pursue similar or different investment strategies and opportunities. Accordingly, one client may compete with another client for access to the Investment Manager's time and resources, which may reduce investment opportunities available to a particular client. In some instances, the transactions and strategies that Mercer Park uses for one client could conflict with a transaction and strategy for another client and thereby adversely affect the prices and availability of the securities and other financial instruments in which these other clients invest or may seek to invest. Moreover, to the extent that two or more clients pursue similar strategies, these clients will potentially be competing for access to limited investment opportunities.

Furthermore, due to the fact that certain of the Investment Manager's management persons have a material equity investment in the Offshore Closed End Funds, the Investment Manager has a conflict of interest in managing collateral assets for the benefit of such entities and certain investments for the Investment Manager's other clients, which may include the same collateral assets or other securities issued by the issuers of the collateral assets.

A conflict of interest also arises as a result of the multiple roles in which the Investment Manager serves with respect to the CLOs. As noted above, certain of the Investment Manager's management persons hold a material equity investment in the Offshore Closed End Funds which own a majority of the subordinated notes issued by the CLOs. In addition, the Investment Manager serves as (i) collateral manager for the CLOs, (ii) manager pursuant to a managed account agreement with a client who owns other securities issued by the CLOs and (iii) the investment manager for the Offshore Closed End Funds. The Investment Manager seeks to ameliorate this conflict by insuring, in its capacity as collateral manager, that the CLOs remain

adequately collateralized to fulfill the vehicles' obligations to secured note holders, while at the same time preserving and maximizing value of the equity securities issued by the CLOs, for the benefit of the Investment Manager's other clients. At the point of filing this update, one of the subordinated notes held by the Offshore Closed End Funds has been sold, while the other subordinated note was repaid during 2011.

Mercer Park may be deemed to be under common control with OpenArc Asset Management, LLC ("OpenArc"), a registered investment adviser. Jonathan E. Sandelman is OpenArc's Chairman and also one of its principal owners. Additional information about OpenArc is available on the United States Securities and Exchange Commission's ("SEC") website at www.adviserinfo.sec.gov. OpenArc has SEC Registration No. 801-73352 and CRD No. 159121.

OpenArc provides advisory services to wealthy families and individuals, which include developing a strategic asset allocation based upon clients' investment objectives, due diligence on managers across the spectrum of asset classes and investment strategies, selecting managers to implement the allocations, monitoring the investments on an ongoing basis, and providing certain administrative services. As an allocator to managers, OpenArc allocates clients' assets across a range of traditional and/or non-traditional investment strategies and managers. OpenArc may recommend one or more private investment funds advised by Mercer Park to its clients. In order to mitigate this conflict of interest, OpenArc would disclose to each client the costs, benefits and implications of using a Mercer Park advised private investment vehicle and/or managed account with respect to a client's investment objectives.

Mercer Park does not receive compensation directly or indirectly from other investment advisers including OpenArc.

Item 11

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Mercer Park strives to adhere to the high standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, Mercer Park has adopted a Code of Ethics (the "Code"), which is available to clients upon request. The Code incorporates the following principles, among others, that all employees are expected to uphold: (a) employees must treat clients on a fair and equitable basis; (b) investment decisions must be made in accordance with Mercer Park's fiduciary duties; (c) all personal securities transactions by Mercer Park employees must be conducted in a manner consistent with the Code; and (d) information concerning the identity of securities and financial circumstances of the clients, and its investors, must be kept confidential. The Code also places restrictions on personal trades by employees, including requirements that they disclose their personal securities transactions quarterly and holdings annually, and requires that employees pre-clear certain personal securities transactions.

Mercer Park does not trade for its own account.

As noted, Mercer Park's Code requires pre-approval by the CCO of any employee seeking to trade certain types of securities for his or her personal account. The types of securities requiring pre-approval for personal trading include all single issuer equity and debt securities. Certain investment related employees are not permitted to engage in personal trading of any security that is held in the portfolio for the Special Situations Fund. Employees may engage in personal trading with respect to securities that are held as part of the portfolio of the CLOs, subject to a two business day hiatus between any trading in the security by the Investment Manager and the requested personal employee transaction.

A conflict of interest may arise as the result of the Investment Manager's employees acquiring securities which the Investment Manager has recommended for investment by a CLO client. The Investment Manager seeks to ameliorate any such potential conflict of interest by requiring a two day hiatus after trading in any such security by the Investment Manager before a related person will be permitted to engage in a personal trade.

Mercer Park does not allow cross transactions between clients and employees.

Mercer Park also maintains Insider Trading policies and procedures that are designed to prevent the misuse of material, non-public information. Mercer Park's personnel are required to agree to comply with the Code, including the Insider Trading and Anti Manipulation Policies.

Mercer Park's Code generally requires employees to report the direct or indirect offering or acceptance of gifts or other consideration in merchandise or services (other than perishable items of nominal value) from any person, firm, corporation, association or other entity in the course of their employment or otherwise in relation to their employment with Mercer Park. In addition, employees must obtain approval before giving gifts in excess of \$200.

Mercer Park considers relevant business experience an important criterion in selecting investment personnel. Mercer Park does not have specific guidelines that a person must satisfy. Rather, Mercer Park seeks individuals with relevant business experience, professional training, high academic credentials, moral integrity, and skills and intelligence levels necessary to perform the investment advisory tasks.

Item 12

BROKERAGE PRACTICES AND SOFT DOLLARS

Mercer Park decides which brokerage firms to use to execute transactions for the Funds. Mercer Park is responsible for decisions to buy and sell securities for its existing clients, the selection of brokers and dealers to effect the transactions, and the negotiation of brokerage commissions, if any. The particular securities, and the amounts of such securities, to be purchased and sold are determined by Mercer Park consistent with the applicable investment objective, policies and restrictions. It is the normal policy of Mercer Park to use full service brokerage houses that provide it with high quality research and investment advice. Portfolio transactions will be allocated to brokers on the basis of best execution and in consideration of a broker's ability to effect the transactions, its facilities, reliability and financial responsibility and (potentially in the future) the provision or payment by the broker of the costs of research and brokerage related services. There is no obligation to solicit competitive bids or seek the lowest available commissions or other transaction costs. Accordingly, the commission rates (or dealer markups and markdowns arising in connection with riskless principal transactions) charged by brokers in the foregoing circumstances may be higher than those charged by other brokers who may not offer such services. Subject to the considerations described above, the selection of a broker (including a prime broker) to execute transactions, provide financing and securities on loan, hold cash and short balances and provide other services may be influenced by, among other things, the provision by the broker of the following: consulting with respect to technology, operations, equipment, commitment of capital, access to company management, and access to deal flow. Mercer Park will not separately compensate any broker for any of these other services.

Currently Mercer Park does not have any soft dollar arrangements, but based on its Fund documents it is permitted to do the following:

Client commissions may be used to pay for research and brokerage services within the safe harbor afforded by Section 28(e) of the Securities Exchange Act of 1934, as amended, to pay for, without limitation, publications that address the value of securities or the advisability of investing in, purchasing or selling securities, as well as analysis, publications and reports concerning issuers, industries, securities, economic factors and trends; business and financial publications, to the extent they are used in the investment decision-making process; payment of fees for research conferences; payment for access to "sell side" analysts who provide oral research and assistance; performance ranking services used to assist in investment decision-making; credit rating services; and consulting services from third parties to the extent that they are used in the investment decision-making process. Where a product or service obtained with client commissions provides both research and non-research assistance to Mercer Park (e.g., a "mixed use" item), Mercer Park will make a reasonable allocation of the cost which may be paid for with soft dollars and pay for the rest out of its own money. Under Section 28(e), research and brokerage services obtained with client commissions generated by a Fund or client may be used by Mercer Park to service other client's accounts, and Funds or client's commissions may be used to obtain research or brokerage services that are not used in the management of its account.

In the event that Mercer Park subsequently elects to enter into any such soft dollar arrangement, we would potentially receive a benefit from such an arrangement as a result of not being required to pay for research products or services that we obtained thereby. Moreover, as a result of entering into any such soft dollar arrangement, Mercer Park would then have an incentive to select a broker-dealer based on our interest in receiving research or other products and services available for soft-dollars, instead of the clients' interest in using broker-dealers based on most favorable execution.

Mercer Park's securities transactions can be expected to generate brokerage commissions and other compensation, all of which the Funds, not Mercer Park, will be obligated to pay. Generally, Mercer Park will have complete discretion in deciding what brokers and dealers its clients will use and in negotiating the rates of compensation it will pay. In addition to using brokers as "agents" and paying commissions, the Funds may buy or sell securities directly from or to dealers acting as principals at prices that include markups or markdowns, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers.

From time to time Mercer Park may retain placement agents in connection with the offering of Funds shares and may compensate such agents for their private placement services. Such compensation may be one-time or ongoing, and may be based on the subscription amount, management or incentive fee or aggregate dollar amount invested in the Funds by an investor with which the Funds shares are placed. Mercer Park will act in accord to Rule 206(4)-3 under the Investment Advisers Act of 1940 to the extent applicable.

Mercer Park is provided opportunities to participate in capital introduction events sponsored by prime brokers engaged by client accounts where prospective investors are introduced to Mercer Park. Capital introduction services are provided incidental to the other prime brokerage/brokering services provided to Mercer Park in connection with its overall prime brokerage relationships. Mercer Park may execute brokerage transactions through the sponsors of these events. None of the Funds compensate brokers for organizing such events or for any investments ultimately made by prospective investors attending such events (although they may do so in the future). However, such events and other services provided by a broker may influence Mercer Park in deciding whether to use the broker in connection with brokerage, financing and other activities of the Funds

Item 13

REVIEW OF ACCOUNTS

GlobeOp Financial Services (Cayman) Limited and its affiliates (the “Administrator”) serve as the administrator to the Special Situations Funds, and are responsible for their day-to-day administration. Deutsche Bank (Cayman) Limited and its affiliates (the “CLO Fund Administrator”) serve as the administrator to the Offshore Closed End Funds and the Managed Account, and are responsible for their day-to-day administration. The Administrator and the CLO Fund Administrator have general administrative responsibilities for the respective funds for which they serve, including: (i) calculating the net asset value; (ii) maintaining financial books and records so far as may be necessary to give a complete record of all transactions carried out by the administrator on behalf of Funds and or clients, (iii) maintenance of share registrar relating to share ownership and the redemption of shares.

Mercer Park performs a daily review of the work performed by the Administrator and the CLO Fund Administrator for its respective Funds, including a detailed review of transaction activity to ensure the financial books and records are accurately maintained. On a monthly basis, Mercer Park also conducts a thorough review of the Administrator’s month-end determination of net asset value for the Special Situations Funds and the CLO Fund Administrator’s month-end determination of net asset value for the Managed Account to insure they are consistent with the Investment Manager’s view of fair value.

Mercer Park performs periodic reviews of the Funds’ portfolios with respect to performance, risk, volatility and other statistical analysis.

Item 14

CLIENT REFERRALS AND OTHER COMPENSATION

Mercer Park does not presently, but may in the future, elect to retain placement agents in connection with the offering of Funds shares and may compensate such agents for their private placement services. Such compensation may be one-time or ongoing, and may be based on the subscription amount, management or incentive fee or aggregate dollar amount invested in the Funds by an investor with which the Funds shares are placed. To the extent Mercer Park retains solicitors, Mercer Park will act in accordance with Rule 206(4)-3 under the Investment Advisers Act of 1940.

Mercer Park receives no economic benefit from parties other than its investment clients for providing investment advice to its clients.

Item 15

CUSTODY

Mercer Park may be deemed to have custody of client assets by virtue of affiliates serving as general partners to certain client accounts. Mercer Park does not actually have physical possession of client cash and securities although it may be deemed to have control over such assets by virtue of its affiliate’s status.

Mercer Park maintains client cash and securities with SEC-registered broker-dealers, who act as the qualified custodians for each Fund, and intends to satisfy the custody rule requirements by having the pooled vehicles subject to an annual audit conducted by an independent public accountant registered with, and subject to inspection by, the PCAOB. The Funds have retained Rothstein Kass & Company, PC and certain of its affiliates as independent auditors. The audited financial statements will be distributed to all limited partners within 120 days from the last day of the calendar year.

Item 16**INVESTMENT DISCRETION**

All investors in the Funds must sign a Subscription Agreement, which includes a representation and warranty that each such investor has received, carefully read and understands the Fund's applicable disclosure materials, which includes disclosure to the effect that Mercer Park has been granted discretionary authority with respect to the investment decisions for the Fund.

Mercer Park is responsible for decisions to buy and sell securities for its existing clients, the selection of brokers and dealers to effect the transactions, and the negotiation of brokerage commissions, if any. The particular securities and the amounts of such securities, to be purchased and sold are determined by Mercer Park consistent with the respective client's investment objective, policies and restrictions

Item 17**VOTING CLIENT SECURITIES**

Mercer Park votes proxies through ProxyEdge, an electronic voting service offered by Broadridge. ProxyEdge is a suite of electronic voting services that helps manage the proxy voting process. It provides proxy information through an automated electronic interface based on share positions provided directly to Broadridge by the Funds' custodians. Mercer Park retains ultimate discretion on how to vote proxies. In certain circumstances, Mercer Park may disagree with management's recommendation and may vote contrary to such recommendation. Mercer Park will document its rationale for making such vote in such circumstances. The general policy is to vote proxy proposals, amendments, consents or resolutions relating to client securities, including interests in private investment funds, if any, in a manner that serves the best interests of client accounts.

Investors in any Funds that are clients of Mercer Park may request a copy of our proxy policies and procedures and the proxy voting record relating to how we voted specific proxies for their securities by contacting: Sujit Sahadevan, Chief Financial Officer and Chief Compliance Officer (tel. no. 212-299-7604).

Item 18**FINANCIAL INFORMATION**

Mercer Park does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

Because, as noted above, Mercer Park may be deemed to have custody of client assets, the firm is required to provide disclosure to its clients the existence of any financial condition that is reasonably likely to impair its ability to satisfy contractual commitments to its clients. Mercer Park has never been the subject of a federal bankruptcy proceeding or similar insolvency proceeding under state law.