

# OCP CREDIT STRATEGY FUND

Monthly Update as at February 28, 2010



## Investment Rationale and Objectives

OCP Credit Strategy Fund provides Unitholders with exposure to the performance of an actively managed, diversified portfolio comprised primarily of senior debt obligations of non-investment grade North American issuers.

The Fund's objectives are: (i) to maximize total returns for holders of Units ("Unitholders"), on a tax-advantaged basis; (ii) to provide Unitholders with attractive, quarterly, tax-advantaged distributions, initially targeted to be \$0.70 per annum, representing an annual yield of 7% based on the original issue price of \$10.00 per Unit; and (iii) to preserve capital.

## Details

Date of Inception:	November 20, 2009
Issue Price:	\$10.00
Opening NAV (November 20, 2009):	\$9.44
Ticker Symbol:	OCS.UN (TSX)
Total Net Assets:	\$199,623,231 *
NAV per Unit:	\$9.61 *
Market Price:	\$10.00 *

\* As at February 25, 2010.

## Commentary

We are pleased to report that the Fund was up approximately 0.10% in February, net of fees and expenses. Portfolio capital continues to be cautiously deployed with invested capital increasing to 58% from 50% as at the end of January. Exposure grew in new and existing long and short positions.

In February, performance of the North American credit markets was mixed. While both the Leveraged Loan and High Yield markets were up slightly (approximately +30bps each per Credit Suisse), the Investment Grade market declined (approximately -28bps per JP Morgan). North American equity markets rebounded strongly from January's declines with positive performance ranging from 3.1% (S&P 500) to 5.0% (S&P/TSX Composite).

The market continues to provide attractive opportunities for the Portfolio. The Portfolio's five strongest performers during the month accounted for a significant portion of the total performance. As expected, the names are different than the top performers in January given the event-driven nature of the strategy.

## Highlights

**CIT Group Senior Notes and Term Loan** - CIT Group, Inc. is a bank holding company with operations in commercial banking, corporate, trade, transportation, and vendor finance. In December, CIT emerged from bankruptcy, converting its unsecured debt to newly-issued senior bonds and equity in the reorganized entity. In February, CIT announced the appointment of a new CEO and, given its significant excess cash position, repaid approximately \$750mm or 10% of the company's exit facilities. These factors, combined with an improving financial sector and economic outlook, resulted in the Portfolio's position trading higher.

**General Growth Properties, Inc. (GGP) Senior Notes and Term Loan** - GGP is a real estate investment trust that owns, operates, leases, acquires and expands enclosed regional shopping mall centers throughout the United States. In April 2009, GGP filed for bankruptcy and has since made significant progress towards restructuring its indebtedness and planning an exit from bankruptcy. In February 2010, two separate groups approached GGP looking to acquire the company on terms that would be sufficient to satisfy its obligations to all creditors. The Portfolio's position traded higher on this news.

The Portfolio continues to hold both CIT Group and GGP.

Given the recent strength of the credit markets and overall market volatility, we continue to deploy capital in a measured approach. The Portfolio is well positioned to take advantage of market opportunities as they present themselves.

# OCP CREDIT STRATEGY FUND

Monthly Update as at February 28, 2010



## Five Strongest and Weakest Performers

### Strongest

CIT Group
GGP
Terrestar Senior Note
Fed Mogul Term Loan
Lehman Brothers Senior Note

### Weakest

Harrah's Term Loan
Delphi Equity
Level 3
Tribune Term Loan
Hovnanian Senior Note

The chart shows the top five strongest and weakest holdings contributing to the Fund's performance for the month. These holdings do not represent all of the assets held, purchased or sold during the month.

## Industry Exposure

	Long	Short	Net
Finance	19.44%	0.00%	19.44%
Chemicals	8.37%	0.00%	8.37%
Transportation	6.20%	0.00%	6.20%
Gaming/Leisure	5.41%	-0.45%	4.96%
Forest Prod/Containers	4.43%	0.00%	4.43%
Media	3.16%	0.00%	3.16%
Other	2.64%	0.00%	2.64%
Housing/Building Products	3.41%	-1.17%	2.24%
Telecom	2.70%	-0.67%	2.03%
Energy	0.54%	0.00%	0.54%
Real Estate	1.58%	-1.14%	0.43%
Aerospace	0.06%	0.00%	0.06%
Cash	42.08%	0.00%	42.08%
Adjusted Exposure**	100.00%	-3.43%	96.57%

\*\* Shorts include the notional value of the credit default swaps, if any.

## Portfolio Composition\*\*\*

	Long	Short	Net
Bank Debt	39.29%	0.00%	39.29%
Corporate Bonds	16.71%	-3.43%	13.28%
Convertible Bonds	0.00%	0.00%	0.00%
Equity	1.92%	0.00%	1.92%
Cash	42.08%	0.00%	42.08%
Other	0.00%	0.00%	0.00%
Total Exposure	100.00%	-3.43%	96.57%
Notional value of CDS	0.00%	0.00%	0.00%
Adjusted Exposure**	100.00%	-3.43%	96.57%

\*\*\* The Portfolio refers to the positions held by the underlying fund, OCP Investment Trust.

All amounts in Canadian dollars unless otherwise stated. Certain statements constitute forward-looking statements, including, but not limited to, those identified by the expressions "expect", "intend", "will" and similar expressions to the extent they relate to the Fund. The forward-looking statements are not historical facts but reflect Onex Credit Partners, LLC's current expectations regarding future results or events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. Although Onex Credit Partners, LLC believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and, accordingly, readers are cautioned not to place undue reliance on such statements due to the inherent uncertainty therein. Onex Credit Partners, LLC undertakes no obligation to update publicly or otherwise revise any forward-looking statement or information whether as a result of new information, future events or other such factors which affect this information, except as required by law. Commissions, trailing commissions, management fees and expenses all may be associated with an investment in the Fund. Please read the Fund's continuous disclosure documents (found on SEDAR) before investing. The Fund is not guaranteed, its value changes frequently and past performance may not be repeated.