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# **OCP Credit Strategy Fund**

Interim Financial Statements  
for the period January 1, 2010 to June 30, 2010

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**NOTICE TO READER:**

These interim financial statements and related notes for the six month period ended June 30, 2010 have been prepared by the management of the Fund. The external auditors of the Fund have not audited or reviewed these interim financial statements.

**OCP CREDIT STRATEGY FUND**  
**STATEMENTS OF NET ASSETS (Unaudited)**

As at	June 30, 2010 \$	December 31, 2009 \$
<b>Assets</b>		
Forward Agreement, at fair value <i>[Note 6]</i>	190,575,962	195,830,473
Receivable from Counterparty under Forward Agreement <i>[Note 6]</i>	3,760,000	–
Cash	1,203,289	2,043,150
	<b>195,539,251</b>	<b>197,873,623</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	470,572	385,023
Distributions payable <i>[Note 4]</i>	3,636,500	–
	<b>4,107,072</b>	<b>385,023</b>
<b>Net assets</b>	<b>191,432,179</b>	<b>197,488,600</b>
<b>Number of units outstanding</b> <i>[Note 7]</i>	<b>20,780,000</b>	<b>20,780,000</b>
<b>Net assets per unit</b>	<b>\$9.21</b>	<b>\$9.50</b>

*See accompanying notes*

OCP CREDIT STRATEGY FUND  
**STATEMENT OF OPERATIONS (Unaudited)**

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For the six months ended June 30	2010 \$
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<b>Investment Income</b>	
Interest	15,932
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	15,932
	<hr/>
<b>Expenses</b>	
Dealer service fees [Note 5]	393,472
Management fees [Note 5]	307,400
Forward Agreement fee [Note 6]	244,401
Other operating expenses	133,022
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	1,078,295
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<b>Net investment loss</b>	<b>(1,062,363)</b>
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<b>Realized and unrealized gain on Forward Agreement</b>	
Net realized foreign exchange gain	28
Net realized gain on partial settlements of Forward Agreement	316,856
Net change in unrealized gain on Forward Agreement	3,643,633
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<b>Net gain on Forward Agreement</b>	<b>3,960,517</b>
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<b>Increase in net assets from operations</b>	<b>2,898,154</b>
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<b>Increase in net assets from operations per unit</b>	<b>\$0.14</b>
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See accompanying notes

OCP CREDIT STRATEGY FUND  
**STATEMENT OF CHANGES IN NET ASSETS (Unaudited)**

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For the six months ended June 30	2010 \$
<b>Increase in net assets from operations</b>	<b>2,898,154</b>
<b>Capital unit transactions</b>	
Distributions to unitholders	(8,906,308)
Agents' fees and expenses of issue <i>[Note 1]</i>	(48,267)
	<b>(8,954,575)</b>
<b>Decrease in Net assets for the period</b>	<b>(6,056,421)</b>
Net assets, beginning of period	197,488,600
<b>Net assets, end of period</b>	<b>191,432,179</b>

*See accompanying notes*

**OCPCREDIT STRATEGY FUND**  
**SCHEDULE OF FORWARD AGREEMENT (Unaudited)**

As at June 30, 2010

Number of shares or Par Value (US\$)	Description	Maturity Date	Average cost \$	Fair value \$
<b>Investments held by OCP Investment Trust</b>				
<b>LONG POSITIONS</b>				
<b>BONDS</b>				
7,955,000	Abitibi-Consolidated of Canada, 13.75%	Defaulted	6,019,940	6,489,925
3,440,000	American General Finance, 5.90%	September 15, 2012	3,107,069	3,333,157
1,230,000	American General Finance, 6.50%	September 15, 2017	962,261	1,017,348
4,945,000	American General Finance, 6.90%	December 15, 2017	4,177,840	4,175,280
2,000,000	American International Group Variable, 8.175%	May 15, 2058	1,646,125	1,675,433
1,290,000	Beazer Homes USA, 6.50%	November 15, 2013	1,269,138	1,261,903
860,000	Beazer Homes USA, 8.125%	June 15, 2016	709,203	816,190
2,800,000	BP Capital Markets PLC, 3.625%	May 8, 2014	2,472,742	2,541,152
1,360,001	CIT Group Inc., 7.00%	May 1, 2016	1,245,498	1,315,957
543,985	CIT Group Inc., 7.00%	May 1, 2013	538,109	552,325
815,991	CIT Group Inc., 7.00%	May 1, 2014	793,674	815,524
815,991	CIT Group Inc., 7.00%	May 1, 2015	769,788	798,218
1,904,011	CIT Group Inc., 7.00%	May 1, 2017	1,723,322	1,817,113
50,000	GMAC Inc., 6.20%	November 15, 2013	45,004	48,690
100,000	GMAC Inc., 6.375%	August 1, 2013	88,860	98,183
105,000	GMAC Inc., 7.00%	January 15, 2013	100,238	107,156
96,000	GMAC Inc., 7.00%	November 15, 2012	91,054	97,721
120,000	GMAC Inc., 7.10%	January 15, 2013	114,010	123,026
30,000	GMAC Inc., 7.10%	January 15, 2013	27,548	30,756
100,000	GMAC Inc., 7.125%	August 15, 2012	97,055	103,243
135,000	GMAC Inc., 7.25%	August 15, 2012	131,025	139,753
1,000,000	GMAC Inc., 7.50%	August 15, 2017	854,728	965,535
194,000	GMAC Inc., 7.75%	October 15, 2017	163,666	187,134
175,000	GMAC Inc., 7.875%	November 15, 2012	164,353	181,584
90,000	GMAC Inc., 8.00%	October 15, 2017	75,689	88,065
6,760,000	IHOP Franchising, 7.0588%, Series 2007-3A	December 20, 2037	6,600,074	6,863,654
860,000	K Hovnanian Enterprises, 6.50%	January 15, 2014	686,901	665,719
7,600,530	K Hovnanian Enterprises, 7.50%	May 15, 2016	5,896,517	5,480,531
645,000	Lehman Brothers Holdings, 3.60%	Defaulted	159,312	135,082
11,300,000	Lehman Brothers Holdings, 6.875%	Defaulted	2,692,717	2,441,438
7,860,238	Lyondell Chemical Company, 11.00%	May 1, 2018	8,631,317	8,939,287
2,150,000	Penson Worldwide Inc., 12.50%	May 15, 2017	2,161,282	2,257,062
2,000,000	Smurfit-Stone Container Corporation, 8.375%	Defaulted	1,785,620	1,648,923
1,080,180	Terrestar Networks Inc., 15.00%	February 15, 2014	1,027,184	1,053,789
2,000,000	Witco Corporation, 6.875%	Defaulted	1,652,771	2,396,505
<b>Total Bonds</b>			<b>58,681,634</b>	<b>60,662,361</b>

**OCP CREDIT STRATEGY FUND**  
**SCHEDULE OF FORWARD AGREEMENT (Unaudited) continued**

As at June 30, 2010

Number of shares or Par Value (US\$)	Description	Maturity Date	Average cost \$	Fair value \$
<b>BANK DEBT</b>				
7,749,692	Bowater Inc. Revolving Commitment	May 25, 2011	7,882,144	7,834,278
7,960,101	Boyd Gaming Corporation Revolving Commitment	May 4, 2012	7,388,274	7,470,192
1,190,840	CCS Inc. Term Loan	November 14, 2014	1,048,824	1,029,155
3,000,000	Charter Communications Operations Term Loan C	September 6, 2016	2,980,436	2,961,924
1,989,796	Charter Communications Operations Term Loan B	March 6, 2014	1,959,079	1,953,479
4,669,358	Chemtura Corporation Pre-Petition RC	Defaulted	4,916,837	5,137,067
4,966,238	Chrysler Financial Services 2nd Lien Term Loan	August 3, 2013	5,075,799	5,236,109
2,448,711	CIT Group Inc., Term Loan	January 20, 2012	2,712,015	2,676,460
1,984,733	Federal Mogul Corporation Term Loan	December 27, 2014	1,658,651	1,831,012
2,471,194	Ford Motor Company Term Loan B	December 15, 2013	2,275,156	2,473,054
1,989,975	Ford Motor Company Term Loan B2	December 15, 2013	1,805,298	1,976,966
4,250,000	General Growth Properties Term Loan	Defaulted	4,290,110	4,654,580
1,492,500	Harrah's Operating Company Inc. Term Loan B4	October 15, 2016	1,506,451	1,581,749
4,457,920	Harrah's Operating Company Inc. Term Loan B3	January 28, 2015	3,702,090	3,912,479
2,977,021	Las Vegas Sands Strip Term Loan	May 23, 2014	2,668,524	2,785,468
4,500,000	Level 3 Financing Inc. Term Loan	March 13, 2014	4,127,689	4,223,045
2,232,737	Realogy Corporation Term Loan	October 10, 2013	2,054,861	1,998,250
2,150,000	Thomson SA Revolving Commitment	Defaulted	2,645,539	2,286,846
10,272,483	Tribune Company Revolving Commitment	Defaulted	7,217,072	7,091,307
2,500,485	Venetian Macau US Finance Term Loan	May 23, 2013	2,482,457	2,578,598
3,440,000	Visteon Corporation Term Loan	Defaulted	3,947,824	3,878,802
1,500,000	W. R. Grace Strip, 5-year RC and 364 Day RC	Defaulted	2,681,094	2,731,360
<b>Total Bank Debt</b>			77,026,224	78,302,180
<b>CREDIT DEFAULT SWAPS</b>				
4,300,000	CDX HY 14 5.00%	June 20, 2015	(20,283)	264,363
<b>Total Credit Default Swap</b>			(20,283)	264,363
<b>EQUITIES</b>				
3,280	Ally Financial Inc. Preferred 7.00% Series 144a		2,585,473	2,703,472
46,824	CIT Group Inc.		1,422,786	1,678,244
344	Delphi Equity Class B		4,409,201	4,888,022
406,000	General Motors Corporation 6.25% Preferred 'C'		3,199,962	3,000,742
180,000	General Motors Corporation Preferred 5.25% Series B		1,357,854	1,259,756
55,350	LyondellBasell Industries NV CL 'A'		1,058,248	947,895
30,950	ProShares UltraShort Euro		757,907	820,157
286,000	Smurfit-Stone Container Corporation		62,953	58,229
<b>Total Equities</b>			14,854,384	15,356,517
<b>Total Long Positions</b>			150,541,959	154,585,421

**OCP CREDIT STRATEGY FUND**  
**SCHEDULE OF FORWARD AGREEMENT (Unaudited) continued**

As at June 30, 2010

Number of shares or Par Value (US\$)	Description	Maturity Date	Average cost \$	Fair value \$
<b>SHORT POSITIONS</b>				
<b>BONDS</b>				
(6,450,000)	Spanish Government Bonds, 4.00%	April 30, 2020	(8,628,137)	(8,024,813)
(2,800,000)	BP Capital Markets PLC, 4.75%	March 10, 2019	(2,473,100)	(2,468,046)
(1,230,000)	First Data Corporation, 9.875%	September 24, 2015	(1,064,902)	(991,262)
(1,290,000)	Level 3 Financing Inc., 9.25%	November 1, 2014	(1,211,602)	(1,241,384)
(820,000)	ServiceMaster Company, 10.75%	July 15, 2015	(899,747)	(899,962)
(2,150,000)	Simon Property Group LP, 5.65%	February 1, 2020	(2,279,597)	(2,416,292)
(2,150,000)	USG Corporation, 9.50%	January 15, 2018	(2,305,721)	(2,257,062)
<b>Total Bonds</b>			(18,862,806)	(18,298,821)
<b>UNFUNDED REVOLVING COMMITMENT</b>				
(130,775)	Chemtura Corporation Pre-Petition RC	Defaulted	(342)	5,200
(412,855)	Tribune Company Revolving Commitment	Defaulted	(123,847)	(152,789)
<b>Total Unfunded Revolving Commitment</b>			(124,189)	(147,589)
<b>Total Short Positions</b>			(18,986,995)	(18,446,410)
<b>FORWARD CONTRACTS</b>				
<b>United States Dollar</b>				
Forward currency contracts (1 contract)				
July 22, 2010 <sup>(1)</sup>			-	(5,590,946)
<b>Total Forward Contracts</b>			-	(5,590,946)
Adjustment for transaction costs			(3,330)	-
<b>Total Investments</b>			<b>131,551,634</b>	<b>130,548,065</b>
<b>Valuation adjustment</b>				<b>9,093</b>
<b>Other Net Assets held by OCP Investment Trust</b>				<b>60,018,804</b>
<b>Forward Agreement</b>				<b>190,575,962</b>

(1) Sold 129,614,000 United States dollars for Canadian dollars at a weighted average rate of 1.0174  
The counterparty is rated A by Standard & Poor's.

See accompanying notes



# OCF CREDIT STRATEGY FUND

## NOTES TO FINANCIAL STATEMENTS (Unaudited)

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June 30, 2010

### 1. THE FUND

OCP Credit Strategy Fund (the “Fund”) is an investment fund governed by the laws of the Province of Ontario by a Declaration of Trust dated October 27, 2009. On November 20, 2009 the Fund completed an initial public offering of 20,000,000 units at \$10 per unit. On December 3, 2009, an over-allotment option granted to agents was exercised for 780,000 units at \$10 per unit. Agents’ fees and expenses of issue relating to the initial public offering of units totaled \$11,727,767.

The Fund is designed to provide unitholders with exposure to the performance of an actively managed, diversified portfolio (the “Portfolio”) comprised primarily of senior debt obligations of non-investment grade North American issuers.

In order to meet its investment objective, the Fund used the net proceeds of the offering to pre-pay its obligation to purchase a portfolio of Canadian Securities (the “Canadian Securities Portfolio”) under a forward purchase and sale agreement (the “Forward Agreement”) which the Fund entered into with The Bank of Nova Scotia (the “Counterparty”). Under the terms of the Forward Agreement, the Counterparty has agreed to deliver to the Fund on November 20, 2014 (being the scheduled Forward Termination Date) the Canadian Securities Portfolio with an aggregate value equal to the redemption proceeds of a corresponding number of units of OCP Investment Trust (the “Trust”), which holds the Portfolio securities, net of any amount owing by the Fund to the Counterparty. As such, the return of the Fund will, by virtue of the Forward Agreement, be based on the return of the Trust, which, in turn, will be based on the performance of the Portfolio.

The manager of the Fund is Onex Credit Partners, LLC (the “Manager”), as such, the Fund is dependent on the Manager for the administration and management of all matters relating to its operations.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). In applying Canadian GAAP, management may make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during the reporting year. Significant estimates include the valuation of the forward agreement. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

#### Forward Agreement

The Forward Agreement is valued at an amount that would be realized if the position was to be closed out in accordance with its terms, in which case fair value shall be based on the current fair value of OCP Investment Trust. The Forward Agreement is categorized as held for trading and changes in fair value are reflected in the Fund’s Statement of Operations under “Net change in unrealized gain on Forward Agreement” and “Net realized gain on partial settlements of Forward Agreement”. Trade date accounting is used.

#### Income and expense recognition

The accrual method of recording income and expenses is followed.

#### Increase in net assets from operations per unit

The increase in net assets from operations per unit in the Statement of Operations represents the increase in net assets from operations during the period, divided by the weighted average number of units outstanding during the period.

#### Valuation of fund units for transaction purposes

Net asset value per unit for redemptions and subscriptions is calculated at the end of Thursday of each week, on the annual redemption date and on such other dates as the Manager deems appropriate, by dividing the net asset value by the outstanding units.

Net assets per unit for financial reporting purposes are determined in the same manner as above, except for investments which are accounted for in accordance with CICA Handbook Section 3855.

Given that the Fund does not invest directly in any investment securities, there is no difference between the Fund’s net asset value and the Fund’s net assets.

**OCP CREDIT STRATEGY FUND**  
**NOTES TO FINANCIAL STATEMENTS (Unaudited) continued**

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**Income taxes**

No provision for income taxes has been recorded in the accompanying financial statements as all income and net realized taxable capital gains are distributed to the unitholders.

**3. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Financial instruments of the Fund include cash, receivable from Counterparty under Forward Agreement, accounts payable and accrued liabilities and distributions payable. There are no significant differences between the carrying values of these financial instruments and their fair value. The Forward Agreement is carried at its fair values as described in Note 2 above. Financial instruments recorded at fair value, are categorized between those whose fair value is based on quoted market prices (Level 1), those involving valuation techniques where all the model inputs are observable in the market (Level 2) and those where the valuation technique involves the use of non-market observable inputs (Level 3). The Forward Agreement is considered Level 2.

**4. DISTRIBUTIONS**

An objective of the Fund is to provide unitholders with tax efficient quarterly distributions consisting of capital gains and returns of capital initially targeted to be \$0.175 per unit (\$0.70 per annum to yield 7.0% on the subscription price of \$10.00 per unit) to unitholders of record on the last business day of each of March, June, September and December.

If, in any year after such distributions, there would otherwise remain in the Fund additional net income or net realized capital gains, the Fund intends to make, on or before December 31 of that year, a special distribution of such portion of the remaining net income and net realized capital gains as is necessary to ensure that the Fund will not be liable for income tax under the Income Tax Act (Canada).

**5. EXPENSES OF THE FUND AND RELATED PARTY TRANSACTIONS**

The Manager is entitled to an annual management fee of 0.3125% based on the net asset value of the Fund, as well as an annual fee of 0.9375% based on the net asset value of the Trust (total overall management fee of 1.25%). These fees are calculated weekly and paid monthly in arrears.

A dealer service fee, which is equal to 0.40% annually of the net asset value of the Fund is payable to dealers whose clients hold units of the Fund. This fee is calculated weekly and paid quarterly in arrears.

In addition, the Manager is entitled to an annual performance fee (the "**Performance Fee**") from the Trust once a unitholder of OCP Investment Trust has achieved a preferred return of 9.0%. The Performance Fee is calculated and accrued monthly and paid annually (except that when units are redeemed the accrued Performance Fee in respect of such units will be paid at the time of such redemption). The amount of the Performance Fee is determined as of December 31 of each year (the "**Determination Date**"). The Performance Fee for a given year will be an amount for each unit of OCP Investment Trust then outstanding equal to 15% of the amount by which the sum of (i) the net asset value of such unit at the Determination Date (calculated without taking into account the Performance Fee), and (ii) the distributions paid on such unit during the previous 12 months (such sum being referred to as the "**Return**"), exceeds the Threshold Amount (as defined below). No Performance Fee will be paid unless the Return exceeds 109% of the Threshold Amount. If the Return exceeds 109% of the Threshold Amount, the Manager will be entitled to a Performance Fee equal to 15% of the Return. On December 31, 2009, the Threshold Amount is the net asset value per unit of OCP Investment Trust, immediately following the closing of the offering. Thereafter, the Threshold Amount is the greatest of: (i) the net asset value per unit of OCP Investment Trust immediately following the closing of the offering; (ii) the net asset value per unit of OCP Investment Trust on the Determination Date for the previous fiscal year (after payment of such Performance Fee); and (iii) the net asset value per unit of OCP Investment Trust on the Determination Date in the last fiscal year in which a Performance Fee was paid (after payment of such Performance Fee).

As of June 30, 2010, no performance fee was owing to the Manager from the Trust.

**OCP CREDIT STRATEGY FUND**  
**NOTES TO FINANCIAL STATEMENTS (Unaudited) continued**

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Under the Forward Agreement, the Fund will pay to the Counterparty an annual fee of 0.25% of the notional amount of the Forward Agreement (being effectively equal to the net asset value of OCP Investment Trust), calculated weekly and paid quarterly in arrears.

The Fund is responsible for all costs relating to its administration and operation.

All transactions with the Manager are measured at the exchange amounts, and occur within the normal course of business.

**6. FORWARD AGREEMENT**

The Fund has used the net proceeds of the offering to pre-pay its obligation to purchase the Canadian Securities Portfolio pursuant to a Forward Agreement that it has entered into with the Counterparty, which has a credit rating of AA- according to Standard & Poor's Rating Services ("S&P"). Under the terms of the Forward Agreement, the Counterparty has agreed to deliver to the Fund on November 20, 2014, being the scheduled Forward Termination Date, the Canadian Securities Portfolio with an aggregate value equal to the redemption proceeds of a corresponding number of units of OCP Investment Trust, net of any amount owing by the Fund to the Counterparty. The Fund will partially settle the Forward Agreement prior to the Forward Termination Date in order to fund quarterly distributions, redemptions and repurchases of units from time to time, and operating expenses of the Fund.

The fair value of the Fund's Forward Agreement is equal to the net asset value of OCP Investment Trust calculated at closing sale prices. As at June 30, 2010, the net asset value of OCP Investment Trust was \$190,575,962. For financial statement reporting purposes, the net assets of OCP Investment Trust includes portfolio securities measured in accordance with Section 3855 of the CICA Handbook, which for publicly listed securities is based on closing bid prices on a recognized stock exchange on which the investments are listed or principally traded. The following reconciles the net assets of OCP Investment Trust to the fair value of the Forward Agreement as at June 30, 2010:

	2010
Net Assets of OCP Investment Trust based on closing bid prices	\$190,566,869
Valuation adjustment	9,093
<b>Forward Agreement, at fair value</b>	<b>\$190,575,962</b>

**7. UNITS ISSUED AND OUTSTANDING**

The Fund is authorized to issue an unlimited number of transferable and redeemable units of one class, each of which is entitled to one vote at all unitholder meetings and represents an equal, undivided interest in the net assets of the Fund.

Commencing in 2011, units may be surrendered annually for redemption during the period from the first business day in January until 5:00pm (Toronto time) on January 15 in each year (the "Notice Period") subject to the Fund's right to suspend redemptions in certain circumstances. Units surrendered for redemption during the Notice Period will be redeemed on the last business day of March of each year (the "Annual Redemption Date") for a redemption price per unit equal to the net asset value per unit determined as of the Annual Redemption Date, less any costs and expenses incurred by the Fund in order to fund such redemption.

There were no changes in the number of units outstanding for the period ended June 30, 2010.

**8. MANAGEMENT OF FINANCIAL RISKS**

In the normal course of business, the Fund is exposed to various financial risks, including credit risk, liquidity risk and market risk (consisting of interest rate risk, currency risk and other price risk). The Fund's overall risk management program seeks to minimize potentially adverse effects of these risks on the Fund's financial performance by employing professional, experienced portfolio managers, by monitoring daily the Fund's positions and market events and by diversifying the investment Portfolio of OCP Investment Trust within the constraints of the investment guidelines. To assist in managing risk, the Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy, investment guidelines and securities regulations.

**OCP CREDIT STRATEGY FUND**  
**NOTES TO FINANCIAL STATEMENTS (Unaudited) continued**

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As the Fund obtains exposure to the Portfolio held in OCP Investment Trust through the Forward Agreement, the following incorporates disclosure in regards to the risks and risk management applicable to the Fund.

**Credit risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund.

In entering into the Forward Agreement, which is the most significant asset of the Fund, the Fund is exposed to the credit risk associated with the Counterparty. As at June 30, 2010, the credit exposure is \$190,575,962 and is represented by the fair value of OCP Investment Trust. The possibility exists that the Counterparty will default on its obligations under the Forward Agreement. This risk is managed by dealing with a counterparty that the Manager believes to be creditworthy and through regular monitoring of credit exposures. As at June 30, 2010, the Counterparty has a current credit rating of AA- by S&P.

The Fund is also exposed to credit risk of the debt securities it has exposure to via the Forward Agreement. The Trust invests primarily in senior debt obligations of non-investment grade issuers, including defaulted obligations, which involves risk of loss and price changes due to such factors as an issuer's credit worthiness. This represents the main concentration of credit risk. The fair value of the debt securities held in the portfolio includes consideration of the credit worthiness of the issuer. The Schedule of Forward Agreement discloses the securities which are currently in default.

As part of its cash management, the Fund limits its direct exposure to credit loss by placing its cash with high credit quality financial institutions.

Within the Trust's Portfolio, the maximum exposure to any one debt issuer as of June 30, 2010 was \$14,324,203 representing 7.52% of the net assets of the Trust.

As at June 30, 2010, indirect exposure to debt securities by credit rating is as follows:

<b>S&amp;P Credit Rating</b>	<b>As a % of net assets</b>
AA	(4.21)
A	(1.23)
BBB	4.48
BB	5.17
B	26.58
CCC	4.71
C	2.75
Not Rated*	25.00

\*Not rated by Standard & Poor's Rating Services or Moody's Investment Services.

All transactions executed by the Trust in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

**Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to settle or meet its obligation on time or at a reasonable price.

Under the terms of the Forward Agreement, it may be partially pre-settled at any time. If the Trust is unable to dispose of some or all of the Portfolio upon receipt of a redemption request, the Fund may experience a delay in the receipt of cash on the sale of Canadian Securities Portfolio to be delivered by the Counterparty under the Forward Agreement until such time as the Trust is able to dispose of such securities.

**OCP CREDIT STRATEGY FUND**  
**NOTES TO FINANCIAL STATEMENTS (Unaudited) continued**

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As at June 30, 2010, approximately 33.50% of the Trust's net assets are held in cash (net of amounts receivable for investments sold and payable for investments purchased) and as a result, the Trust's liquidity risk is considered minimal.

**Interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments.

Of the Fund's interest-bearing financial instruments, changes in the prevailing levels of market interest rates will not have a significant impact on their fair values.

**Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Fund is exposed to the performance of OCP Investment Trust which invests its assets in securities that are denominated in a currency other than the Canadian dollar, the functional currency of the Fund. Consequently, the Fund is exposed to currency risk as the fair value of the Portfolio securities denominated in currencies other than the Canadian dollar will vary due to changes in foreign currency exchange rates. For the period ended June 30, 2010, the Fund does not have significant exposure to foreign exchange risk as substantially all of the Trust's foreign investments are hedged back to the Canadian dollar.

**Other price risk**

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to the performance of the OCP Investment Trust, which does not invest substantially in equity securities and as a result, the Fund does not have a significant exposure to other price risk as of June 30, 2010.

**9. CAPITAL MANAGEMENT**

Units issued and outstanding represent the capital of the Fund. The Fund has no restrictions or specific capital requirements and is authorized to issue an unlimited number of redeemable units as specified in the Prospectus. Restrictions and specific requirements on the redemption of units are described in Note 7. The Statement of Changes in Net Assets and Note 7 outline the relevant changes of the Fund's units for the period.

The Fund's objectives in managing its capital in respect of the units are to provide unitholders with tax efficient quarterly distributions consisting of capital gains and returns of capital initially targeted to be \$0.175 per unit (\$0.70 per year to yield 7% per year based on the \$10.00 subscription price), while at the same time to preserve and enhance the net asset value.

The Fund manages its capital in accordance with its investment objectives and strategies and the risk management practices outlined in Note 8 while maintaining sufficient liquidity to meet distributions and redemptions.

**10. INCOME TAXES**

The Fund qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada) and, accordingly, is not subject to tax on that portion of its income, including net realized capital gains for its taxation year that is paid or payable to its unitholders. Income tax on net realized capital gains not paid or payable will be generally recoverable by virtue of refunding provisions contained in the Income Tax Act (Canada) and provincial income tax legislation, as redemptions occur. It is the intention of the Fund to pay all net taxable income and sufficient net taxable gains so that the Fund will not be subject to income taxes. Occasionally, the Fund may distribute more than it earns. This excess distribution is a return of capital and is not taxable to unitholders.

The Fund has accumulated \$637,867 of non-capital losses which may be carried forward to reduce future taxable income for up to twenty years.

**11. INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The Canadian Accounting Standards Board (“AcSB”) has confirmed that the use of International Financial Reporting Standards (“IFRS”) will be required for all Canadian publicly accountable entities for financial years beginning on or after January 1, 2011. At the transition date the prior fiscal year financial statements will require restatement to IFRS for comparative purposes.

The AcSB’s original IFRS implementation plan included investment funds, however, in June 2010, the AcSB issued an Exposure Draft proposing that entities currently applying Accounting Guideline *AcG-18 – Investment Companies*, can continue to apply existing Canadian standards in the CICA Handbook until fiscal years beginning on or after January 1, 2012. Earlier application would be permitted.

The Fund is continuing with its orderly transition plan to meet the requirements to changeover to IFRS. The Fund has reviewed the existing body of IFRS against its current policies under Canadian GAAP and has noted certain policy differences, most notably is the requirement to consolidate the financial results of the Fund with OCP Investment Trust. The Manager is reviewing closely the developments of the international exposure draft for consolidation for investment companies which is expected to be released in the fourth quarter of 2010 and is anticipating that a final standard will be issued in the second quarter of 2011. Apart from this, other major changes identified include the addition of a statement of cash flows and the classification of unitholder’s equity (puttable instruments) as a liability unless certain conditions are met, as well as more extensive note disclosure requirements. These changes will not have an impact on the Fund’s results of operations or financial position.