

# OCP CREDIT STRATEGY FUND

Monthly Update as at December 31, 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 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:	\$197,102,753*
NAV per Unit:	\$9.49*
Market Price:	\$9.74*
Latest Distribution: December 31, 2010	\$0.175
Distribution Frequency:	Quarterly
Cash Distributions Since Inception:	\$0.7786

\* As at December 31, 2010.

## Commentary

Net performance of OCP Credit Strategy Fund was 1.49% and 8.0% in December and for full year 2010, respectively. This performance was sufficient to pay investors the targeted 7% distribution without 'grind'.

The tone in capital markets turned decidedly more positive in the month, with investors looking beyond November's Euro-zone sovereign debt concerns to refocus on signs of momentum in the U.S. economic recovery and extension of existing U.S. tax legislation viewed as beneficial to growth.

In the month, the Fund's return was driven primarily by holdings in Delphi (Restructured Equity) and Abitibi Bowater (Secured Debt). Delphi performed well as investors focused on the upside associated with improved GM results and expectations of an IPO later in 2011. As expected, Abitibi Bowater consummated a plan of reorganization that provided for the repayment of our secured Abitibi Bowater exposure at par plus all interest during the restructuring process at a 2% premium to the non-default contractual rate of interest.

Consistent with the Fund's long / short market exposure, broad gains across the Portfolio were offset by modest weakness in index and individual name short credit positions. These positions, including the High Yield Bond Index, Spanish Government Bond, MGM Mirage, and Tenet Healthcare, were established to hedge domestic and global market risks as well as to express a bearish view on the specific credits mentioned. While contributing to performance in certain months during the year, short positions in December declined in the face of the month's market rallies.

Looking forward, our investment view is shaped by two divergent forces – widely reported evidence of a monetary stimulus-fueled cyclical recovery in the U.S. versus significant and persistent structural issues in the U.S. and global economies. We believe the tension created by these forces will result in continued volatility in the capital markets but also attractive investment opportunities for the Fund's event-driven strategy.

In 2010 we moved the Portfolio to be invested roughly in-line with our equivalent flagship product and believe the Portfolio is well positioned to capitalize on market opportunities in the year ahead.

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# ONEX

CREDIT PARTNERS

## Five Strongest and Weakest Performers

### Strongest

Delphi Equity (Private Class B Shares)
Abitibi/Bowater Credit Facility & Senior Notes
CIT Senior Notes, Senior Term Loan, & Common Stock
Chemtura Common Stock
Tribune Credit Facility

### Weakest

CDX High Yield Index
MGM Senior Notes
South Edge Senior Term Loan
Tenet Healthcare Senior Notes
Dunkin Brands Senior Notes

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	12.16%	0.00%	12.16%
Gaming/Leisure	10.73%	-1.72%	9.02%
Transportation	10.21%	0.00%	10.21%
Independent Power Producers	9.26%	0.00%	9.26%
Chemicals	5.63%	0.00%	5.63%
Housing/Building Products	5.60%	-1.10%	4.50%
Energy Service	4.41%	-1.48%	2.94%
Media	4.06%	0.00%	4.06%
Aerospace	3.73%	0.00%	3.73%
Telecom	2.36%	-0.66%	1.70%
Other	1.49%	-4.12%	-2.64%
Cable/Wireless Video	1.48%	0.00%	1.48%
Business Services	1.32%	-1.10%	0.22%
Forest Prod/Containers	1.13%	0.00%	1.13%
Healthcare	0.63%	0.00%	0.63%
Metals/Minerals	0.18%	0.00%	0.18%
Real Estate	0.10%	-1.20%	-1.10%
Food	0.00%	-1.05%	-1.05%
Retail	0.00%	-0.53%	-0.53%
Index	0.00%	-9.38%	-9.38%
Pharmaceuticals	0.00%	-0.63%	-0.63%
Adjusted Exposure**	74.47%	-22.96%	51.52%

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

## Portfolio Composition\*\*\*

	Long	Short	Net
Bank Debt	34.65%	0.00%	34.65%
Corporate Bonds	27.54%	-9.46%	18.08%
Equity	12.29%	0.00%	12.29%
Government Bonds	0.00%	-4.12%	-4.12%
Other	0.00%	0.00%	0.00%
Notional value of CDS	0.00%	-3.18%	-3.18%
Notional value of Puts	0.00%	-6.20%	-6.20%
Adjusted Exposure**	74.47%	-22.96%	51.52%
Cash	25.53%	0.00%	25.53%
Total Exposure	100.00%	-22.96%	77.04%

\*\*\* 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.

The Portfolio refers to the positions held by the underlying fund, OCP Investment Trust. Through a forward agreement, the return of the Fund is dependent on the return of the Portfolio. Performance figures for the Fund are based on Canadian generally accepted accounting principles and were based on audited financial statements through December 31, 2009 and unaudited monthly estimates thereafter. Performance figures for the Fund include distributions paid during the relevant period and are calculated net of expenses and fees. Returns for the Fund may diverge from the returns for the Portfolio for several reasons including the incurrence of expenses and payment of distributions by the Fund.