

OCP INVESTMENT TRUST

Interim Financial Statements for the period
January 1, 2013 to June 30, 2013

NOTICE TO READER:

These interim financial statements and related notes for the six-month period ended June 30, 2013 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 INVESTMENT TRUST

STATEMENTS OF NET ASSETS (Unaudited)

As at

	June 30, 2013 \$	December 31, 2012 \$
ASSETS		
Investments held long	232,442,748	224,056,911
Cash	89,770,199	85,660,144
Cash on deposit with broker as collateral	2,629,005	994,698
Forward contract	-	1,341,545
Receivable for investments sold	3,397,278	13,127,182
Accrued interest	494,551	685,456
	328,733,781	325,865,936
LIABILITIES		
Investments sold short	35,283,809	28,232,950
Unfunded bank debt commitments	21,726	69,816
Forward contract	8,731,938	-
Performance fees payable [Note 5]	2,760,284	1,335,510
Interest payable on short positions	623,996	439,091
Accounts payables and accrued liabilities	820,770	858,748
Redemptions payable	6,400,000	7,500,000
Payable for investments purchased	19,668,984	25,311,618
	74,311,507	63,747,733
Net Assets	254,422,274	262,118,203
Number of units outstanding [Note 6]	20,878,999	22,851,539
Net assets per unit	\$12.19	\$11.47

See accompanying notes.

OCP INVESTMENT TRUST

STATEMENTS OF OPERATIONS (Unaudited)

For six months ended June 30

	2013 \$	2012 \$
INVESTMENT INCOME		
Interest	5,330,940	5,722,880
Dividend, net of withholding tax	(40,421)	19,549
	5,290,519	5,742,429
EXPENSES		
Interest expense	1,914,439	1,339,032
Management fees <i>[Note 5]</i>	1,211,109	1,238,286
Performance fees <i>[Note 5]</i>	2,827,822	16,170
Harmonized Sales Tax	523,108	166,971
Other administration costs	30,966	79,479
Custodian and valuation fees	40,556	27,571
Audit fees	10,142	11,864
Independent review committee fees	5,563	5,595
Trustee fees	4,945	4,972
Legal fees	4,905	-
Securityholder reporting costs	3,924	2,550
	6,577,479	2,892,490
Net investment income	(1,286,960)	2,849,939
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND TRANSACTION COSTS		
Net realized foreign exchange gain	540,365	3,340,848
Net realized loss from derivatives	(2,196,464)	(292,326)
Net realized gain (loss) on sale of investments	10,712,245	(1,425,246)
Transaction costs	(18,402)	(40,873)
Net change in unrealized appreciation of investments	8,153,287	9,329,567
Net gain on investments	17,191,031	10,911,970
Increase in net assets from operations	15,904,071	13,761,909
Increase in net assets from operations per unit	\$0.72	\$0.55

See accompanying notes.

OCP INVESTMENT TRUST**STATEMENTS OF CHANGES IN NET ASSETS** (Unaudited)

For six months ended June 30

	2013 \$	2012 \$
Increase in net assets from operations	15,904,071	13,761,909
Capital unit transactions <i>[Note 6]</i>		
Redemption of units	(23,600,000)	(14,600,000)
	(23,600,000)	(14,600,000)
Decrease in net assets for the period	(7,695,929)	(838,091)
Net assets, beginning of period	262,118,203	260,114,649
Net assets, end of period	254,422,274	259,276,558

See accompanying notes.

OCP INVESTMENT TRUST

SCHEDULE OF INVESTMENTS (Unaudited)

As at June 30, 2013

Number of shares, units par value	Description	Maturity Date	Average Cost \$	Fair Value \$	% of Portfolio
LONG POSITIONS					
BONDS					
5,277,329	ACST Pass Through Trust Floating Rate	June 14, 2037	4,655,025	5,104,013	
3,242,491	ACST Pass Through Trust Floating Rate	June 20, 2031	3,095,957	3,034,731	
50,000	Ally Financial (formerly known as GMAC Inc.), 6.20%	November 15, 2013	45,004	53,031	
1,000,000	Ally Financial (formerly known as GMAC Inc.), 7.50%	August 15, 2017	854,728	1,034,091	
194,000	Ally Financial (formerly known as GMAC Inc.), 7.75%	October 15, 2017	163,666	204,024	
90,000	Ally Financial (formerly known as GMAC Inc.), 8.00%	October 15, 2017	75,689	94,991	
7,050,000	Ambac Assurance Corporation, 0.00%	Defaulted	4,719,771	6,561,209	
5,340,000	American Airlines Inc., 10.50%	Defaulted	5,156,648	6,724,627	
4,480,500	Arvin Meritor, Inc., Floating Rate, 4.625%	March 1, 2026	4,045,298	4,717,593	
616,000	Avaya, Inc., 7.00%	April 1, 2019	600,689	584,628	
822,000	Avaya, Inc., 9.00%	April 1, 2019	853,532	829,840	
860,000	Beazer Homes USA, 8.125%	June 15, 2016	709,203	988,033	
3,000,000	Capmark Financial Group Inc., 6.30%	Defaulted	-	55,209	
2,871,666	CityCenter Holdings LLC, 10.75%	January 15, 2017	2,972,851	3,253,888	
2,022,000	Eastman Kodak Company, 10.625%	March 15, 2019	907,151	2,307,078	
3,637,000	Eastman Kodak Company, 9.75%	March 1, 2018	2,262,519	3,948,979	
8,690,762	Edison Mission Energy, 7.00%	Defaulted	6,361,170	5,129,389	
2,320,000	Edison Mission Energy, 7.20%	Defaulted	1,338,256	1,366,241	
2,250,000	Energy Future Holdings Corporation, 10.00%	December 1, 2020	2,562,790	2,590,885	
5,670,000	International Automotive Components Group Ltd., 9.125%	June 1, 2018	5,242,813	5,962,584	
4,500,000	Jefferson County Municipal Authority, Floating Rate	Defaulted	2,992,051	3,501,835	
2,898,000	Jefferson County Municipal Authority, Floating Rate	Defaulted	2,135,469	2,255,182	
1,410,000	Jefferson County Municipal Authority, Floating Rate	Defaulted	998,130	1,097,242	
6,053,926	K Hovnanian Enterprises, 7.50%	May 15, 2016	4,696,656	6,589,143	
940,000	K Hovnanian Enterprises, 8.625%	January 15, 2017	795,711	1,032,989	
230,000	K Hovnanian Enterprises, 9.125%	November 15, 2020	224,134	264,846	
385,000	Landsbanki Islands HF, 6.10%	Defaulted	26,598	31,377	
2,250,000	Lehman Brothers Holdings, Floating Rate	Defaulted	273,312	573,780	
2,250,000	Lehman Brothers Holdings, Floating Rate	Defaulted	353,521	573,780	
2,250,000	Lehman Brothers Holdings, Floating Rate	Defaulted	275,973	573,780	
645,000	Lehman Brothers Holdings, 3.60%	Defaulted	62,688	165,332	

OCP INVESTMENT TRUST

SCHEDULE OF INVESTMENTS (Unaudited) continued

As at June 30, 2013

Number of shares, units par value	Description	Maturity Date	Average Cost \$	Fair Value \$	% of Portfolio
12,350,000	Lehman Brothers Holdings, 6.20%	Defaulted	2,577,585	3,198,119	
27,750,000	Lehman Brothers Holdings, 6.875%	Defaulted	2,652,474	7,186,057	
48,790,000	Lehman Brothers Treasury Co. BV, 7.585%	Defaulted	652,932	1,459,439	
3,803,500	Penson Worldwide Inc, 12.50%	Defaulted	3,689,591	959,944	
2,000,000	Smurfit-Stone Container Corporation, 8.375%	Defaulted	-	5,258	
450,000	USG Corporation, 7.875%	March 30, 2020	446,644	515,811	
Total Bonds			69,476,229	84,528,978	44.86%
BANK DEBT					
5,869,947	Alon USA Energy, Inc. Term Loan	November 13, 2018	5,750,609	6,388,912	
3,360,787	Altegrity, Inc., Term Loan B	February 23, 2015	3,238,694	3,375,171	
3,150,000	Apollo Management Holdings LP., Term Loan	January 3, 2017	2,885,245	3,014,417	
3,680,000	Arcapita Bank BSC, Term Loan	March 28, 2012	1,533,928	1,702,754	
2,295,114	Avaya Inc., Term Loan B3	October 26, 2017	2,080,053	2,105,820	
2,829,143	Avaya Inc., Term Loan B5	March 31, 2018	2,739,887	2,780,633	
2,907,205	Caesars Entertainment Operating Co. Inc. (formerly known as Harrah's Operating Company Inc.), Term Loan	October 30, 2016	3,009,070	3,031,747	
1,125,000	Caesars Entertainment Operating Co. Inc. (formerly known as Harrah's Operating Company Inc.), Term Loan	January 29, 2018	1,046,657	1,043,452	
17,707,000	Capmark Financial Group Inc.	Defaulted	66,211	325,863	
10,187,569	CMA CGM Container, Term Loan	February 9, 2017	9,268,662	9,641,942	
2,184,909	DS Waters Enterprises LP, Term Loan B	August 29, 2017	2,135,427	2,317,759	
135,224	Eagle Bulk Shipping Inc., Revolving Commitment	December 31, 2015	117,158	120,872	
6,647,074	Eagle Bulk Shipping Inc., Term Loan	December 31, 2015	5,759,005	5,941,566	
3,006,000	Eastman Kodak Company, Term Loan	September 30, 2013	2,500,118	3,176,922	
2,823,000	Eastman Kodak Company, Term Loan	September 30, 2013	2,228,700	2,979,805	
3,623,350	Eastman Kodak Company, New Money Loan	September 30, 2013	3,673,555	3,834,137	
4,126,213	Federal Mogul Corporation, Term Loan C	December 28, 2015	3,796,669	4,131,477	
8,087,378	Federal Mogul Corporation, Term Loan B	December 29, 2014	7,441,471	8,097,694	
16,890,413	Glitnir Bank HF (USD) Claim	Defaulted	4,797,954	5,173,181	
4,613,872	Glitnir Bank HF (EUR) Claim	Defaulted	1,719,057	1,830,301	
15,468,000	Lehman Brothers Specialty Finance Claim	Defaulted	1,459,906	3,944,549	
4,688,819	Mach Gen LLC, Term Loan	February 15, 2015	3,632,519	3,143,367	
2,300,000	MF Global Finance USA Inc., Term Loan	Defaulted	2,132,694	2,132,475	
920,000	Monier, Term Loan	April 16, 2015	965,951	1,107,463	
4,104,339	Navistar Financial Corporation, Term Loan	December 2, 2016	3,714,667	4,003,212	
5,042,925	Navistar Inc., Term Loan B	August 17, 2017	5,034,748	5,320,826	

OCP INVESTMENT TRUST

SCHEDULE OF INVESTMENTS (Unaudited) continued

As at June 30, 2013

Number of shares, units par value	Description	Maturity Date	Average Cost \$	Fair Value \$	% of Portfolio
11,512,286	Overseas Shipholding Group, Inc. Revolving Commitment	Defaulted	9,683,119	11,591,825	
3,710,000	Patriot Coal Corporation, Term Loan	December 31, 2013	3,754,455	3,857,553	
198,950	Realogy Corporation, Term Loan	October 10, 2016	184,589	209,217	
1,889,623	Springleaf Financial Funding Company, Term Loan	May 10, 2017	1,699,107	1,987,754	
14,760,000	Texas Competitive Electric Holdings Company, Extended Term Loan	October 10, 2017	9,962,549	10,837,990	
681,836	Texas Competitive Electric Holdings Company, Non-Extended Term Loan	October 10, 2014	499,588	509,682	
2,188,000	Travelport Inc., Term Loan	June 21, 2019	2,256,142	2,272,144	
2,354,190	Travelport Inc., Term Loan	January 31, 2016	2,452,296	2,529,827	
348,948	United Airlines Inc., N769UA Term Loan	September 30, 2013	310,777	339,432	
549,333	United Airlines Inc., N768UA Term Loan	September 30, 2013	478,621	519,911	
2,538,584	Willbros United States Holdings Inc., Term Loan	June 30, 2014	2,492,686	2,662,906	
923,080	W.R. Grace Strip 5-year RC and 364 Day RC	Defaulted	1,649,910	1,965,087	
Total Bank Debt			118,152,454	129,949,645	68.97%

OCP INVESTMENT TRUST

SCHEDULE OF INVESTMENTS (Unaudited) continued

As at June 30, 2013

Number of shares, units par value	Description	Maturity Date	Average Cost \$	Fair Value \$	% of Portfolio
CREDIT DEFAULT SWAPS					
2,300,000	Best Buy 5 Year	June 20, 2018	32,322	(175,086)	
9,200,000	CDX HY 20, 5.00%	June 20, 2018	(298,191)	(278,139)	
4,600,000	Darden Restaurants, Inc. 5 Yr	June 20, 2018	186,941	134,286	
2,300,000	MBIA Inc.	September 20, 2013	92,754	(28,662)	
2,250,000	Smithfield Foods, Inc. 5 Yr	September 20, 2017	(9,227)	(226,416)	
Total Credit Default Swaps			4,599	(574,017)	(0.30%)
EQUITIES AND WARRANTS					
180,000	Air Canada, Class B		220,716	433,800	
112,381	Ambac Financial Group, Inc.		2,328,237	2,816,232	
329,503	Capmark Financial Group Inc.		-	2,148,338	
7,360	D.R. Horton, Inc.		145,182	164,703	
51,104	Delphi Automotive PLC		1,108,022	2,723,598	
6,177	Eagle Bulk Shipping Inc., W-A-4 Warrants, June 20, 2022		4,300	4,482	
6,177	Eagle Bulk Shipping Inc., W-B-4 Warrants, June 20, 2022		4,300	4,482	
6,177	Eagle Bulk Shipping Inc., W-C-4 Warrants, June 20, 2022		4,300	4,482	
138,000	Federal National Mortgage Association, Preferred Z Series, 8.375%		451,206	671,911	
46,000	Federal National Mortgage Association, Preferred R Series, 7.625%		133,777	195,913	
69,000	Federal National Mortgage Association, Preferred S Series, 8.25%		227,718	326,522	
65,525	General Motors Company, Warrants A, July 10, 2016, \$10.00		1,400,679	1,648,926	
65,525	General Motors Company, Warrants B, July 10, 2019, \$18.33		1,080,723	1,136,264	
217,403	Hovnanian Enterprises, Inc.		781,266	1,284,853	
4,600	Lennar Corporation		151,469	174,290	
55,000	MBIA Inc.		832,130	769,825	
18,095	Motors Liquidation Company GUC Trust		-	580,377	
34,500	NRG Energy, Inc.		927,140	968,320	
60,160	ProShares UltraShort Euro ETF		1,068,427	1,220,370	
5,520	The Ryland Group, Inc.		154,477	232,774	
122,000	US Power Generating Company		1,283,708	942,973	
Total Equities and Warrants			12,307,777	18,453,435	9.79%

OCP INVESTMENT TRUST

SCHEDULE OF INVESTMENTS (Unaudited) continued

As at June 30, 2013

Number of shares, units par value	Description	Maturity Date	Average Cost \$	Fair Value \$	% of Portfolio
OPTIONS					
450	SPDR S&P 500 ETF		154,061	84,707	
Total Options			154,061	84,707	0.04%
Total Long Positions			200,095,120	232,442,748	123.37%
SHORT POSITIONS					
BONDS					
(1,380,000)	Accuride Corp., 9.50%	August 1, 2018	(1,350,610)	(1,491,118)	
(1,370,000)	Alpha Natural Resources, 6.00%	June 1, 2019	(1,246,462)	(1,188,572)	
(900,000)	Alpha Natural Resources, 6.25%	June 1, 2021	(806,254)	(766,617)	
(1,410,000)	AMC Networks Inc., 4.75%	December 15, 2022	(1,403,864)	(1,445,690)	
(1,380,000)	Arch Coal Inc., 7.00%	June 15, 2019	(1,194,782)	(1,222,645)	
(3,170,000)	Arch Coal Inc., 7.25%	June 15, 2021	(3,056,774)	(2,766,870)	
(1,410,000)	Avis Budget Car Rental LLC, 4.875%	November 15, 2017	(1,427,310)	(1,505,000)	
(1,380,000)	Ball Corporation, 4.00%	November 15, 2023	(1,367,509)	(1,353,254)	
(1,380,000)	CenturyLink Inc., 5.80%	March 15, 2022	(1,459,521)	(1,451,211)	
(1,350,000)	Cenveo Corporation, 8.875%	February 1, 2018	(1,265,385)	(1,384,171)	
(1,820,000)	Cliffs Natural Resources Inc., 4.80%	October 1, 2020	(1,788,127)	(1,729,567)	
(1,380,000)	FMG Resources, 6.875%	April 1, 2022	(1,456,104)	(1,418,559)	
(1,380,000)	FMG Resources, 6.875%	February 1, 2018	(1,491,982)	(1,443,955)	
(1,380,000)	Goodyear Tire & Rubber Company, 6.50%	March 1, 2021	(1,502,343)	(1,491,119)	
(820,000)	J Crew Group, 8.125%	March 1, 2019	(789,052)	(914,053)	
(1,380,000)	Jaguar Land Rover Automotive PLC, 5.625%	February 1, 2023	(1,466,006)	(1,422,187)	
(920,000)	Sealed Air Corporation, 5.25%	April 1, 2023	(944,103)	(945,706)	
(705,000)	Sealed Air Corporation, 6.50%	December 1, 2020	(778,091)	(789,569)	
(1,880,000)	Styrolution Group GmbH, 7.625%	May 15, 2016	(2,553,439)	(2,668,117)	
(2,330,000)	Trinseo Materials Operating S.C.A., 8.75%	February 1, 2019	(2,349,403)	(2,364,475)	
(1,840,000)	Tronox Finance LLC, 6.375%	August 15, 2020	(1,844,872)	(1,843,038)	
(2,150,000)	USG Corporation, 9.75%	January 15, 2018	(2,305,721)	(2,588,782)	
Total Bonds			(33,847,714)	(34,194,275)	(18.15)%
EQUITIES					
(11,000)	iShares iBoxx High Yield Corporate Bond ETF		(1,043,224)	(1,054,042)	
Total Equities			(1,043,224)	(1,054,042)	(0.56)%

OCP INVESTMENT TRUST

SCHEDULE OF INVESTMENTS (Unaudited) continued

As at June 30, 2013

Number of shares, units par value	Description	Maturity Date	Average Cost \$	Fair Value \$	% of Portfolio
OPTIONS					
(450)	SPDR S&P 500 ETF		(72,202)	(35,492)	
Total Options			(72,202)	(35,492)	(0.02)%
Total Short Positions			(34,963,140)	(35,283,809)	(18.73)%
UNFUNDED BANK DEBT COMMITMENTS					
(117,702)	Eagle Bulk Shipping, Unfunded Term Loan	December 31, 2015	(17,644)	(18,566)	
(70,714)	OSG R/C Old, Unfunded Term Loan	Defaulted	(10,643)	(3,160)	
Total Unfunded Bank Debt Commitments			(28,287)	(21,726)	(0.01)%
FORWARD CONTRACTS					
United States Dollars					
	Forward currency contracts 31/10/2013 ⁽¹⁾		-	(8,731,938)	
Total Forward Contracts			-	(8,731,938)	(4.63)%
Adjustment for transactions costs			(26,498)	-	-
Total Investments			165,077,195	188,405,275	100.00%

⁽¹⁾ Sold 223,000,000 United States dollars for Canadian dollars at a rate of 0.9844. The counterparty is rated A – by Standard & Poor's.

OCP INVESTMENT TRUST

NOTES TO FINANCIAL STATEMENTS (Unaudited)

June 30, 2013

1. THE FUND

OCP Investment Trust (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 commenced operations.

The Fund was established for the purpose of acquiring and holding an actively managed, diversified portfolio (the "Portfolio") comprised primarily of senior debt obligations of non-investment grade North American issuers.

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 investments, forward contract and unfunded bank debt commitments. 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.

Investments

Investments are categorized as held for trading and recorded at their fair value. In the case of publicly traded securities, fair value means the closing bid price for long positions and the closing ask price for short positions. For bonds and bank debt (including unfunded bank debt commitments), fair market value means the bid price provided by independent security pricing services or broker quotes. The difference between fair value and average cost, as recorded in the accounts, is shown as "Net change in unrealized appreciation of investments" in the Statements of Operations. Average cost is used to determine the gain or loss on investments sold.

Derivative financial instruments such as credit default swaps and forward contracts are valued on each valuation date according to the gain or loss that would be realized if the contracts were closed out. Cash on deposit with broker as collateral is noted in the Statements of Net Assets. Derivative financial instruments are recorded at their respective fair values. Realized gains and losses on credit default swaps, options and on forward contracts are included in the Statements of Operations under "Net realized loss from derivatives" and "Net realized foreign exchange gain" respectively.

Investment transactions are recorded on the trade date.

Short selling

When the Fund sells a security short, it will borrow that security from a broker to complete the sale. The Fund will incur a loss as a result of a short sale if the price of the borrowed security increases between the date of the short sale and the date on which the Fund closes out its short position by buying that security. The Fund will realize a gain if the security declines in price between those dates. The gain or loss that would be realized if, on the valuation date, the position were to be closed out is reflected in the Statements of Operations in "Net change in unrealized appreciation of investments". When the short position is closed out, the gain and loss is realized and included in the Statements of Operations in "Net realized gain (loss) on sale of investments".

There can be no assurance that the Fund will be able to close out a short position at an acceptable time or price. Until the Fund replaces a borrowed security, it will maintain a margin account with the prime broker containing cash and liquid securities such that the amount deposited as margin will be more than the current market value of the security sold short.

Other assets and liabilities

Net assets, excluding cash, investments and derivatives, are recorded at amortized cost. Assets, excluding cash, investments and derivatives, are categorized as loans and receivables. Liabilities, excluding derivatives, are categorized as other financial liabilities.

Income and expense recognition

The accrual method of recording income and expenses is followed.

Foreign currency translation

Investments at fair value and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange applicable on the valuation dates. Investment transactions and income and expenses are translated at the rate of exchange on the date of such transactions.

Realized foreign currency gains and losses on investment transactions, realized gains or losses on forward contracts and unrealized foreign exchange gains and losses on other net assets are included in the Statements of Operations in "Net realized foreign exchange gain". Unrealized foreign currency gains and losses on investments are included in the Statements of Operations in "Net change in unrealized appreciation of investments".

OCP INVESTMENT TRUST

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

Increase (decrease) in net assets from operations per unit

The increase (decrease) in net assets from operations per unit in the Statements of Operations represents the increase (decrease) 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 is calculated 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 Financial Instruments – recognition and measurement.

The difference between net asset value for pricing purposes and net assets for financial reporting purposes results solely from investments in equities, which are valued at their closing sale price for purpose of determining net asset value. As at June 30, 2013 and December 31, 2012, the bid price of the investments has less than a 1% variance with their closing sale price, and therefore, a reconciliation between net assets and net asset value has not been presented.

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 unitholder.

Transaction costs

Transaction costs are expensed and are included in "Transaction costs" in the Statements of Operations. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers, and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments of the Fund include cash, cash on deposit with broker as collateral, receivable for investments sold, accrued interest, performance fees payable, interest payable on short positions, accounts payable and accrued liabilities, redemptions payable and payable for investments purchased. There are no significant differences between the carrying values of these financial instruments and their fair value. Investments, forward contract, and unfunded bank debt commitments are also financial instruments and are carried at their fair values as described in Note 2 above.

The following tables show financial instruments recorded at fair value, 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).

As at June 30, 2013:

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Financial assets				
Equities and warrants	17,497,017	956,418	-	18,453,435
Options	84,707	-	-	84,707
Bonds	-	84,528,978	-	84,528,978
Bank debt	-	129,949,645	-	129,949,645
	17,581,724	215,435,041	-	233,016,765

OCP INVESTMENT TRUST

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Financial liabilities				
Equities sold short	1,054,042	-	-	1,054,042
Options	35,492	-	-	35,492
Bonds sold short	-	34,194,275	-	34,194,275
Credit default swaps	-	574,017	-	574,017
Unfunded bank debt commitments	-	21,726	-	21,726
Forward contracts	-	8,731,938	-	8,731,938
	1,089,534	43,521,956	-	44,611,490

As at December 31, 2012:

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Financial assets				
Equities and warrants	14,827,403	505,642	-	15,333,045
Bonds	-	72,156,558	-	72,156,558
Bank debt	-	135,114,601	-	135,114,601
Credit default swaps	-	1,452,707	-	1,452,707
Forward contract	-	1,341,545	-	1,341,545
	14,827,403	210,571,053	-	225,398,456

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Financial liabilities				
Bonds sold short	-	28,232,950	-	28,232,950
Unfunded bank debt commitment	-	69,816	-	69,816
	-	28,302,766	-	28,302,766

4. DISTRIBUTIONS

To the extent that the Fund has not distributed in cash the full amount of its net income in any year, the difference between such amount and the amount actually distributed by the Fund will be paid through an additional distribution, being the issuance of additional units having a net asset value in the aggregate at the date of distribution equal to this difference. Immediately after any such additional distribution, the number of outstanding units will be consolidated such that the unitholder will hold after the consolidation the same number of units as it held before the distribution of additional units.

5. EXPENSES OF THE FUND AND RELATED PARTY TRANSACTIONS

The Manager is entitled to an annual management fee of 0.9375% based on the net asset value of the Fund. This fee is calculated daily and paid monthly in arrears.

In addition, the Manager is entitled to an annual performance fee (the "Performance Fee") once a unitholder of the Fund 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

OCP INVESTMENT TRUST

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

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 the Fund 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. The Threshold Amount is the greatest of: (i) the net asset value per unit of the Fund immediately following the closing of the offering; (ii) the net asset value per unit of the Fund on the Determination Date for the previous fiscal year (after payment of such Performance Fee); and (iii) the net asset value per unit of the Fund on the Determination Date in the last fiscal year in which a Performance Fee was paid (after payment of such Performance Fee).

During the six month period ended June 30, 2013, the Fund incurred a Performance fee of \$2,827,822 (2012 – \$16,170) of which \$2,760,284 was payable as of June 30, 2013 (June 30, 2012 – nil).

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. UNITS ISSUED AND OUTSTANDING

The Fund is authorized to issue an unlimited number of transferable and redeemable units of one class, each of which represents an equal undivided interest in the net assets of the Fund. The unitholder is entitled to redeem its units outstanding on any business day and will receive a redemption price equal to the net asset value per unit of the Fund.

Changes in the number of units outstanding for the periods ended June 30 are summarized as follows:

	2013 #	2012 #
Units outstanding, beginning of period	22,851,539	25,511,799
Units redeemed during the period	(1,972,540)	(1,365,062)
Units outstanding, end of period	20,878,999	24,146,737

7. 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 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.

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. The Fund mitigates such risk by entering into investment transactions with high credit quality financial institutions.

The Fund 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 Investments shows which securities 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.

The maximum exposure to any one debt issuer as of June 30, 2013 was \$17,674,836 (December 31, 2012 – \$14,523,781) representing 6.95% (December 31, 2012 – 5.54%) of the net assets of the Fund.

OCP INVESTMENT TRUST

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

As at June 30, 2013 and December 31, 2012 direct exposure to debt securities by credit rating as follows:

As a % of net assets		
Credit rating	2013	2012
AA	-	(0.87)
A	3.20	2.09
BBB	(0.68)	(2.13)
BB	(2.44)	3.59
B	15.08	18.98
CCC	9.32	8.30
CC	-	4.85
C	-	2.65
D	2.69	1.94
Not rated*	43.69	28.87

* Not rated by Standard & Poor's Rating Services.

Liquidity risk

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

The Fund has financial liabilities outstanding, including investments sold short, unfunded bank debt commitments, forward contract, performance fees payable, interest payable on short positions, accounts payable and accrued liabilities, redemptions payable and payable for investments purchased. These financial liabilities are all current and due within 12 months. The Fund has sufficient cash on hand to settle these financial liabilities.

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 is not expected to have a significant impact on their fair values or cash flows.

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 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 periods ended June 30, 2013 and December 31, 2012, the Fund does not have a significant exposure to foreign exchange risk as substantially all of the Fund's foreign investments are hedged back to the Canadian dollar.

Other price risk

Other price risk is the risk that the fair value of equities 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.

Since the Fund does not invest substantially in equity securities, the Fund does not have a significant exposure to other price risk as at June 30, 2013 and December 31, 2012.

8. 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 its most recent Annual Information Form. Restrictions and specific requirements on the redemption of units are described in Note 6. The Statements of Changes in Net Assets and Note 6 outline the relevant changes of the Fund's units for the period.

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

The Fund manages its capital in accordance with its investment objectives and strategies and the risk management practices outlined in Note 7 while maintaining sufficient liquidity to meet unitholder redemptions.

9. INCOME TAXES

The Fund qualifies as a unit trust under the provisions of the Income Tax Act (Canada) and will follow “financial institution” rules for purposes of the “mark-to-market” provisions contained in the Tax Act (Canada). The Fund 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 unitholder. 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. If the Fund distributes more than it earns, the excess distribution is a return of capital and is not taxable to the unitholder.

The Fund may be subject to “minimum tax” under the Tax Act. The Manager will endeavour to manage the Fund in a manner such that the Fund will not be subject to minimum tax.

10. INTERNATIONAL FINANCIAL REPORTING STANDARDS

Canadian investment companies will be required to prepare their financial statements in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), for interim and annual periods beginning on or after January 1, 2014. These standards will replace the existing Canadian generally accepted accounting principles. Effective January 1, 2014, the Fund will adopt IFRS as the basis for preparing its financial statements. The Fund will prepare its first financial statements under IFRS for the interim period ending June 30, 2014, along with comparative data on an IFRS basis and an opening statement of financial position as at January 1, 2013.

The Fund is continuing with its orderly transition plan to meet the requirements to change over to IFRS. Based on the Fund’s analysis to date, the transition to IFRS will primarily impact financial statement presentation and disclosures. A summary of the significant standards impacting the Fund under IFRS are outlined below. The key differences identified are based on the application of IFRS as they exist as of this date and will not have an impact on the Fund’s Net Asset Value.

IAS 32 – Presentation of puttable instruments (equity vs. liability):

IAS 32 Financial Instruments: Presentation requires puttable instruments to be presented as a liability rather than equity on the Fund’s Statement of Net Assets, unless certain conditions are met. IAS 32 defines a puttable instrument as a financial instrument that gives the holder the right to put the instrument back to the issuer for cash or another financial asset, as is the case with unit redemptions. The Fund is currently assessing its unitholder structure to confirm future presentation.

IAS 7 – Statement of cash flows:

In addition to the financial statements currently presented, the Fund will be required to present a statement of cash flows under IFRS.

IFRS 13 – Fair value measurement:

If an asset or liability measured at fair value has a bid price and an ask price, IFRS 13 requires that the price within the bid-ask spread that is most representative of the fair value be used to measure fair value. The use of bid prices for asset positions and ask prices for liability positions is permitted, but is not required. IFRS 13 allows for the use of mid-market pricing or other pricing conventions that are used by market participants as a practical means for fair value measurements within a bid-ask spread. As such, IFRS 13 could potentially eliminate the existing difference between Net Assets for financial reporting purposes and Net Asset Value for fund pricing purposes. The Manager is currently assessing the options under IFRS 13 and the potential impact on the Fund.

IFRS 10 – Consolidated financial statements:

The Fund is expected to meet the definition to be an investment entity, and, as such, will not be required to consolidate its investments, but rather measure them at fair value through profit or loss, regardless of whether those investments are controlled.

910 Sylvan Avenue, Englewood Cliffs
New Jersey U.S.A. 07632
(647) 260-4055 or (877) 260-4055
www.ocpcreditstrategy.com • info@ocpfunds.com
