

OCP CREDIT STRATEGY FUND

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 CREDIT STRATEGY FUND

STATEMENTS OF NET ASSETS (Unaudited)

As at

	June 30, 2013 \$	December 31, 2012 \$
ASSETS		
Forward Agreement <i>[Note 6]</i>	254,431,349	262,152,514
Receivable from counterparty under Forward Agreement <i>[Note 6]</i>	6,400,000	7,500,000
Cash	527,987	867,819
	261,359,336	270,520,333
LIABILITIES		
Accounts payable and accrued liabilities <i>[Note 5]</i>	621,894	768,645
Distributions payable <i>[Note 4]</i>	4,979,859	5,234,218
	5,601,753	6,002,863
Net Assets	255,757,583	264,517,470
Number of units outstanding <i>[Note 7]</i>	28,456,339	29,909,815
Net assets per unit	\$8.99	\$8.84

See accompanying notes.

OCP CREDIT STRATEGY FUND

STATEMENTS OF OPERATIONS (Unaudited)

For the six months ended June 30,

	2013 \$	2012 \$
INVESTMENT INCOME		
Interest	8,156	9,710
EXPENSES		
Dealer service fee <i>[Note 5]</i>	517,574	528,906
Management fees <i>[Note 5]</i>	406,211	413,208
Harmonized Sales Tax	102,493	99,577
Securityholder reporting costs	34,395	38,606
Custodian and valuation fees	22,344	21,480
Legal fees	14,712	14,837
Audit fees	10,142	11,864
Independent review committee fees	17,445	23,398
Trustee fees	4,945	4,972
	1,130,261	1,156,848
Net investment loss	(1,122,105)	(1,147,138)
REALIZED AND UNREALIZED GAIN (LOSS) ON FORWARD AGREEMENT AND TRANSACTION COSTS		
Net realized foreign exchange gain	28	-
Net realized gain on partial settlements of Forward Agreement	4,289,701	1,236,634
Transaction costs <i>[Notes 2 and 6]</i>	(322,468)	(330,015)
Net change in unrealized appreciation on Forward Agreement	11,589,134	12,512,324
Net gain on Forward Agreement	15,556,395	13,418,943
Increase in net assets from operations	14,434,290	12,271,805
Increase in net assets from operations per unit	\$0.49	\$0.41

See accompanying notes.

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

For the six months ended June 30,

	2013 \$	2012 \$
Increase in net assets from operations	14,434,290	12,271,805
Distributions to unitholders [Note 4]		
Return of Capital	(10,214,077)	(10,562,968)
Capital unit transactions [Note 7]		
Redemption of units	(10,995,947)	(2,771,646)
Units purchased for cancellation	(1,984,153)	(372,845)
	(12,980,100)	(3,144,491)
Decrease in net assets for the period	(8,759,887)	(1,435,654)
Net Assets, beginning of period	264,517,470	261,335,573
Net Assets, end of period	255,757,583	259,899,919

See accompanying notes.

OCP CREDIT STRATEGY FUND

SCHEDULE OF FORWARD AGREEMENT (Unaudited)

As at June 30, 2013

Number of shares, units par value	Description	Maturity Date	Average Cost \$	Fair Value \$
Investments held in OCP Investment Trust				
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
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

OCP CREDIT STRATEGY FUND

SCHEDULE OF FORWARD AGREEMENT (Unaudited) continued

As at June 30, 2013

Number of shares, units par value	Description	Maturity Date	Average Cost \$	Fair Value \$
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
11,512,286	Overseas Shipholding Group, Inc. Relvolving 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

OCP CREDIT STRATEGY FUND

SCHEDULE OF FORWARD AGREEMENT (Unaudited) continued

As at June 30, 2013

Number of shares, units par value	Description	Maturity Date	Average Cost \$	Fair Value \$
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
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)
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
OPTIONS				
450	SPDR S&P 500 ETF		154,061	84,707
Total Options			154,061	84,707
Total Long Positions			200,095,120	232,442,748

OCP CREDIT STRATEGY FUND

SCHEDULE OF FORWARD AGREEMENT (Unaudited) continued

As at June 30, 2013

Number of shares, units par value	Description	Maturity Date	Average Cost \$	Fair Value \$
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)
EQUITIES				
(11,000)	iShares iBoxx High Yield Corporate Bond ETF		(1,043,224)	(1,054,042)
Total Equities			(1,043,224)	(1,054,042)
OPTIONS				
(450)	SPDR S&P 500 ETF		(72,202)	(35,492)
Total Options			(72,202)	(35,492)
Total Short Positions			(34,963,140)	(35,283,809)

OCP CREDIT STRATEGY FUND

SCHEDULE OF FORWARD AGREEMENT (Unaudited) continued

As at June 30, 2013

Number of shares, units par value	Description	Maturity Date	Average Cost \$	Fair Value \$
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)
FORWARD CONTRACTS				
United States Dollars				
Forward currency contracts 31/10/2013 ⁽¹⁾			-	(8,731,938)
Total Forward Contracts			-	(8,731,938)
Adjustment for transactions costs			(26,498)	-
Total Investments			165,077,195	188,405,275
Other Assets and Liabilities held in OCP Investment Trust				
Cash				89,770,199
Cash on deposit with broker as collateral				2,629,005
Receivable for investments sold				3,397,278
Accrued interest				494,551
Performance fees payable				(2,760,284)
Interest payable on short positions				(623,996)
Accounts payable and accrued liabilities				(820,770)
Redemptions payable				(6,400,000)
Payable for investments purchased				(19,668,984)
Section 3855 valuation adjustment <i>[Note 6]</i>				9,075
Forward Agreement				254,431,349

⁽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 CREDIT STRATEGY FUND

NOTES TO FINANCIAL STATEMENTS (Unaudited)

June 30, 2013

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 \$11,771,048. On June 21, 2011, a follow-on offering was completed for 8,600,000 units at \$10.12 per unit. On July 7, 2011, an over-allotment option granted to agents was exercised for 1,240,000 units at \$10.12 per unit. Agents' fees and expenses of issue relating to these offering of units were \$4,323,963 of which \$6,757 was invoiced and paid in 2012.

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 offerings 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 period. 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 net asset value of the Trust. The Forward Agreement is categorized as held for trading and changes in fair value are reflected in the Fund's Statements of Operations under "Net change in unrealized appreciation on Forward Agreement". Trade date accounting is used.

Other assets and liabilities

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

Transaction costs

Portfolio transaction costs are expensed and are included in "Transaction costs" in the Statements of Operations. Transaction costs are fees incurred in conjunction with the Fund's Forward Agreement.

Income and expense recognition

The accrual method of recording income and expenses is followed.

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 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 Financial Instruments – recognition and measurement ("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.

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

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 also a financial instrument and is carried at its fair value 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 initial 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. Furthermore, the Manager, at its own discretion, has determined that the performance fee will also be subject to the unitholders of the Fund receiving a preferred return of 8%. 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).

During the six month period ended June 30, 2013, the Trust incurred a performance fee of \$2,827,822 (2012 – \$16,170), of which \$2,760,284 was owing at 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. 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 A+ 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. Under the Forward Agreement, the Fund pays to the counterparty an annual fee of 0.25% of the notional amount of the Forward Agreement (being equal to the net asset value of the Trust), calculated weekly and paid quarterly in arrears.

OCP CREDIT STRATEGY FUND

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

The fair value of the Fund's Forward Agreement is equal to the net asset value of the Trust calculated at closing sale prices for equity securities. As at June 30, 2013, the net asset value of the Trust was \$254,431,349. For financial statement reporting purposes, the net assets of the Trust include portfolio securities measured in accordance with Section 3855, which for publicly listed securities is based on closing bid prices on long positions and ask prices for short positions on a recognized stock exchange on which the investments are listed or principally traded. The following reconciles the net assets of the Trust to the fair value of the Forward Agreement as at June 30, 2013 and December 31, 2012:

	2013	2012
Net assets of the Trust based on closing bid prices	\$254,422,274	\$262,118,203
Section 3855 valuation adjustment	9,075	34,311
Forward Agreement, at fair value	\$254,431,349	\$262,152,514

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 year 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.

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

	2013 #	2012 #
Units outstanding, beginning of period	29,909,815	30,379,175
Redemption of units	(1,228,776)	(315,035)
Units purchased for cancellation	(224,700)	(43,500)
Units outstanding, end of period	28,456,339	30,020,640

Under a normal course issuer bid, which will expire on July 16, 2013, the Fund has the ability to repurchase units up to a maximum of 10% of the public float at the time the bid commenced. Under the bid, units were repurchased at their market price through the facilities of the Toronto Stock Exchange ("TSX"). During the period ended June 30, 2013, 224,700 units (2012 – 43,500 units) were purchased under this normal course issuer bid at an average price of \$8.81 per unit in 2013 (2012 – \$8.55 per unit).

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 the 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.

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

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.

OCP CREDIT STRATEGY FUND

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

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, 2013, the credit exposure is \$260,831,349 (December 31, 2012 – \$269,652,514) and is represented by the net asset value of the Trust and amounts owing from the Counterparty under the Forward Agreement. 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, 2013, the Counterparty has a current credit rating of A+ by S&P (2012 – A+).

The Fund is also exposed to credit risk of the debt securities it has exposure to via the Forward Agreement which derives its value based on the performance of the Trust's Portfolio. 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 creditworthiness. This represents the main concentration of credit risk. The Schedule of Forward Agreement discloses the securities that 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, 2013 was \$17,674,836 representing 6.95% of the net assets of the Trust (December 31, 2012 – \$14,523,781 or 5.54%).

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

Credit Rating	As a % of the Trust's net assets	
	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 Forward Agreement 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.

The Fund has financial liabilities outstanding, including accounts payable and accrued liabilities and distributions payable. These financial liabilities are all current and due within 12 months. The Fund believes it will have 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.

The Fund is exposed to the performance of the Trust, which invests in debt securities which may bear interest. Consequently, the Fund is exposed to interest rate risk on the Portfolio. Changes in the prevailing levels of market interest rates are 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 is exposed to the performance of the 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

OCP CREDIT STRATEGY FUND

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

periods ended June 30, 2013 and December 31, 2012, 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 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.

The Fund is exposed to the performance of the 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, 2013 and December 31, 2012.

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 its most recent Annual Information Form. Restrictions and specific requirements on the redemption of units are described in Note 7. The Statements 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 initial 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. If the Fund distributes more than it earns, this excess distribution is a return of capital and is not taxable to unitholders.

As of December 31, 2012, the Fund has accumulated \$12,400,348 of non-capital losses, which may be carried forward to reduce future taxable income and expire in the years indicated:

Non-Capital Losses	Expiration of Non-Capital Losses			
	2029	2030	2031	2032
\$12,400,348	\$637,867	\$3,673,163	\$4,042,347	\$4,046,971

11. 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.

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

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 the Fund does not invest directly in securities, adoption of IFRS 13 is not anticipated to have a material impact.

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
