

# OCP CREDIT STRATEGY FUND

Monthly Update as at November 30, 2013



## 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, currently 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:	\$257,489,642*
NAV per Unit:	\$9.14*
Market Price:	\$8.90*
Latest Distribution: September 30, 2013	\$0.1750
Distribution Frequency:	Quarterly
Cash Distributions Since Inception:	\$2.7036

\*As at November 28, 2013

## Commentary

Net performance of OCP Credit Strategy Fund was 1.10% and 9.30% in November and year-to-date, respectively. Risk assets continued to move higher in the month even as expectations around the timing of the Federal Reserve's tapering continued to evolve and Treasury bond prices remained volatile. The CS Leveraged Loan Index, CS High Yield Index, and S&P500 returned 0.48%, 0.39%, and 3.05% in the month, respectively.

The Portfolio's top five performers, including TXU and Eagle Bulk, generated a significant portion of November's performance. The senior secured loans of TXU gained following an indication by the majority of the Texas Public Utility Commission that they would support the establishment of a mandatory reserve margin, requiring a minimum amount of excess capacity for peak demand periods, improving power reliability. This may lead to the creation of a "capacity market" in which generators, such as TXU, are paid for having available electricity, which would be a favorable outcome for TXU. Earlier this year, we established a position in the senior secured loan of Eagle Bulk, an owner and operator of small to medium sized dry-bulk ships. While demand in this sector of the shipping industry has continued to see growth, the growth has been slower than expected when the ships were ordered prior to the 2008 economic slowdown, causing ship valuations to decline. Eagle should benefit from growth in the emerging markets where there is less competition because the ports cannot receive larger ships. Given Eagle's recent results and a change in the composition of the loan's ownership, we anticipate restructuring conversations will commence near term. A restructuring was part of the investment thesis when we established this position and may unlock significant value as dry-bulk shipping rates continue to improve.

There were no significant detractors from performance during the month.

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## Five Strongest and Weakest Performers

### Strongest

TXU Senior Secured Loan
Eagle Bulk Senior Secured Loan
General Motors Warrants
Edison Mission Senior Bond
Jefferson County Secured Municipal Bond

### Weakest

Trinseo Secured Note (short)
Overseas Shipping Group Revolving Credit
Meritor Unsecured Bond
Darden (CDS)
ANR Senior Unsecured Note (short)

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
Shipping	12.06%	0.00%	12.06%
Independent Power Producers	10.83%	0.00%	10.83%
Automobiles	11.96%	-2.40%	9.56%
Gaming/Leisure	4.90%	0.00%	4.90%
Finance	4.20%	0.00%	4.20%
Housing/Building Products	5.04%	-1.07%	3.96%
Aerospace	3.87%	0.00%	3.87%
Trucking	3.69%	0.00%	3.69%
Business Services	3.72%	-0.58%	3.14%
Forest Prod/Containers	3.41%	-0.70%	2.71%
Energy	3.99%	-1.84%	2.15%
Technology	2.04%	0.00%	2.04%
Transportation	0.61%	0.00%	0.61%
Chemicals	2.79%	-2.91%	-0.12%
Media	0.39%	-0.57%	-0.19%
Retail	0.00%	-0.37%	-0.37%
Packaging	0.00%	-0.52%	-0.52%
Telecom	0.00%	-0.57%	-0.57%
Metals/Minerals	0.01%	-1.00%	-0.99%
Food	0.57%	-1.81%	-1.24%
Index	0.00%	-1.32%	-1.32%
Other	12.41%	-0.86%	11.55%
<b>Adjusted Exposure**</b>	<b>86.49%</b>	<b>-16.53%</b>	<b>69.97%</b>

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

## Portfolio Composition\*\*\*

	Long	Short	Net
Bank Debt	46.86%	0.00%	46.86%
Corporate Bonds	28.85%	-12.54%	16.32%
Government Bonds	0.00%	-0.86%	-0.86%
Equity	4.87%	-0.43%	4.44%
Other	4.54%	0.00%	4.54%
Puts	0.00%	0.00%	0.00%
Call Options	0.00%	0.00%	0.00%
Warrants	1.37%	0.00%	1.37%
Notional value of CDS	0.00%	-2.69%	-2.69%
Notional value of Puts	0.00%	0.00%	0.00%
<b>Adjusted Exposure**</b>	<b>86.49%</b>	<b>-16.53%</b>	<b>69.97%</b>
Cash****	13.51%	0.00%	13.51%
<b>Total Exposure</b>	<b>100.00%</b>	<b>-16.53%</b>	<b>83.47%</b>

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

\*\*\*\* Cash is adjusted to reflect payment or receipt of proceeds from any unsettled trades and to exclude the proceeds of any short sales.

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, 2012 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.