ONEX
CREDIT PARTNERS

OCP Credit Strategy Fund (TSX:OCS.UN) – Fourth Anniversary Letter

Introduction

For the 11 months ended November 2013, the OCP Credit Strategy Fund (the "Fund") generated an unlevered[1] net return of 9.30% (including distributions). The Fund offers investors a unique and differentiated investment opportunity, generally available only to institutional investors, and we believe it can be an attractive component of a diversified portfolio. The Fund continues to deliver attractive risk adjusted returns while emphasizing the preservation of capital and has paid a quarterly cash distribution of $0.70 per annum (7% based on a $10.00 per Unit issue price), treated as tax deferred returns of capital.

The Debt Opportunity Strategy (the "Strategy"), which is employed by the Fund, has a more than 12 year track record. It focuses on investing in corporate debt, usually trading below par, that is expected to profit from a corporate event, such as a restructuring, refinancing, litigation, asset sale, or liquidation. Such events typically unlock value and drive price appreciation. As a result, the majority of the Strategy's return has historically been derived from price appreciation as opposed to interest income. Onex Credit Partners ("Onex Credit") mitigates investment risk by performing our own credit analysis, maintaining long and short exposure, focusing on larger, more actively traded issues, and limiting the Fund's position size relative to the size of a particular debt issue. Interest rate risk is limited given exposure to floating rate loans, shorter maturity high yield bonds, and short bond exposure.

Performance Review

Net return for the 12 months ended November is 10.19%[2] which is in line with its institutional counterpart. The Fund has generated a positive return in 22 of the past 24 months. The largest positive contributors to performance in 2013 through November included holdings in Lehman Brothers (event: liquidation), Eastman Kodak (events: M&A, restructuring), and Edison Mission (events: M&A, litigation, restructuring); each company experienced one or a series of events that have been discussed in monthly updates over the year.

The Fund's long and short exposures at November 30th were 86% and 17%, respectively. The Strategy generally has an allocation to cash which provides flexibility to pursue new opportunities which can arise quickly; we believe the benefit of this flexibility outweighs its potential opportunity cost. Shorts are used for both hedging and investing and have helped to reduce the Fund's volatility during periods of market turbulence.

Event Driven Opportunities

Event driven investing is a time-tested strategy valued as a portfolio diversifier and source of differentiated returns. We have demonstrated our ability to identify attractive opportunities across market cycles and our near and longer term outlooks are positive. By way of example, the Fund has exposure to investments in the shipping and power industries, both facing significant cyclical and structural changes, that have meaningful upside potential from current levels. Such changes have been a source of opportunity for the Fund in the past.

Certain sectors within the shipping industry have suffered from excess capacity given the combined effects of economic slowdown and elevated vessel supply due to the pre-2008 ship building boom. The combined effects have driven ship values to depressed levels. European banks, once significant sources of capital, have reduced financing to the shipping industry given capital pressures and the steep decline in asset values that has caused existing exposure to underperform. Certain banks have been to reducing their exposure by selling at prices we believe to be attractive entry points for the Fund in select situations. These positions have a series of identifiable events and significant potential upside especially in the case that these debt positions experience a restructuring.

The U.S. power industry faces change caused by a combination of lower natural gas prices (due to abundant shale gas production) and looming environmental regulations forcing certain coal fired power plants to close. The Fund has exposure to several investments in the sector, including an investment with exposure to the Texas power market. Each geographic sub-market in the U.S. is unique; the Texas power market has experienced strong industrial demand that has outpaced growth in supply causing potential reliability issues. We expect implementation of regulatory reforms aimed at incentivizing new supply to maintain reliability. These reforms can have the effect of increasing profitability for incumbent baseload producers and can be a meaningful near term positive for the Fund's exposure to the secured bank debt of a leading Texas power generator. The company is heavily levered and currently in discussions with creditors over a potential debt restructuring. We expect the company to default in first quarter 2014 and the restructuring to be a positive event for the Fund's investment.

Events occur in all economic and market environments and also occur outside the non-investment grade market, e.g., investment grade and municipal bond markets, which increase the Fund's opportunity set. We are also evaluating specific opportunities in Europe. The underpinnings of the senior secured loan and high yield bond markets remain strong and include modest U.S. economic growth, low interest rates, and below average default rates. We think any increase in the default rates will be driven by company specific issues, not broad issues in the economy. In addition, the recent record issuance of high yield bonds and senior loans, the possible erosion of underwriting standards, and the return of riskier deal types may become additional sources of opportunity. And, given the combined $2.6 trillion market value of these markets, even a small pick-up in the default rate will create event driven opportunities for a fund the size of OCP Credit Strategy.

Firm Update

Onex Credit's assets under management now total US$3.3 billion and we have continued to add resources ahead of anticipated growth. We welcomed three new members to the investment team, Kevin Connors, Valerie Shapiro, and Jamie Russell. Kevin, who we have known personally and professionally for nearly 20 years, has 32 years of experience. Before joining Onex Credit, Kevin was a Senior Managing Director at Bear Stearns and Managing Director at Royal Bank of Scotland where he identified and invested in a wide spectrum of event driven, special situation, and distressed assets. We think his insights and experience will be additive to our efforts.

Summary

We are pleased with the Fund's performance as it commences its fifth year since inception. We believe the Fund is well positioned through its exposure to a portfolio of event driven investments with attractive upside potential and we are optimistic in our continued ability to meet the Fund's investment objectives and grow its net asset value.

We appreciate your confidence and trust in Onex Credit Partners and wish you a healthy and happy holiday season.

Onex Credit Partners, LLC
December 2013

(1) Leverage defined as long positions exceeding equity capital.
(2) Performance calculations include distributions paid in the relevant periods and are net of fees and expenses. 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. 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. 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.

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 or the Portfolio to which it is exposed. 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.