

OCP CREDIT STRATEGY FUND

Monthly Update as at April 30, 2014



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:	\$244,713,618.53*
NAV per Unit:	\$9.29*
Market Price:	\$9.24*
Latest Distribution: March 31, 2014	\$0.1750
Distribution Frequency:	Quarterly
Cash Distributions Since Inception:	\$3.0536

**As at April 24, 2014*

Commentary

In April, net performance of OCP Credit Strategy Fund was 0.70% bringing year-to-date performance to 4.82%. As expected, power producer TXU and its related entities filed for bankruptcy protection on April 29th with over \$40 billion of outstanding indebtedness. TXU was the largest leveraged buy-out ever when completed in 2007. Given the amount of TXU's outstanding indebtedness, its default caused the CS High Yield and Leveraged Loan default rates to spike from 0.91% and 1.24% to 2.2% and 3.9%, respectively, also as expected. Because TXU's default was anticipated, it had no impact on the overall market. The S&P 500, CS High Yield, and Leveraged Loan Indexes returned 0.74%, 0.64%, and 0.23%, respectively.

In April top performers included Edison Mission Energy (EME). Power producers reported strong first quarter results given a cold winter that benefitted EME. The Company also benefitted from a specific event. EME exited bankruptcy in early April following the consummation of the NRG sale transaction. Cash distributions to creditors were higher than expected by the market due to the company's strong first quarter financial results.

Overseas Shipping Group (OSG) traded off slightly following the announcement that the plan proposed jointly by OSG and a group holding the majority of its structurally senior loan that provided a path towards a restructuring was terminated in favor of a plan proposed by a group of OSG's equity holders. While that plan provides for our investment to be repaid in full in cash (including accrued interest at the default rate of interest) it removed potential upside. The Portfolio had reduced its exposure earlier in the process given this potential outcome. Notwithstanding the loss on this position for the month, this investment will be very profitable overall.

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Five Strongest and Weakest Performers

<u>Strongest</u>	<u>Weakest</u>
Lehman Brothers Senior Note, Claim	Overseas Shipping Group (OSG)
Edision Mission Senior Bond	Caesars Senior Secured Loan
Eagle Bulk Senior Secured Loan	General Motors Warrants and Equity
Air Canada Equity	Capmark Financial Restructured Equity
Torm Senior Secured Loan	Altegrity Senior Secured Loan

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 – Tankers	9.94%	0.00%	9.94%
Independent Power Producers	9.51%	0.00%	9.51%
Shipping – Dry Bulk	8.64%	0.00%	8.64%
Gaming/Leisure	8.00%	0.00%	8.00%
Trucking	5.42%	0.00%	5.42%
Automobiles	7.47%	-2.71%	4.76%
Housing/Building Products	5.08%	-1.21%	3.88%
Shipping – Chemical	3.74%	0.00%	3.74%
Aerospace	3.26%	0.00%	3.26%
Business Services	3.99%	-0.65%	3.35%
Finance	3.11%	-0.18%	2.94%
Transportation/Logistics	2.75%	0.00%	2.75%
Technology	2.36%	0.00%	2.36%
Energy Service	1.20%	0.00%	1.20%
Energy	2.73%	-1.96%	0.76%
Media	1.39%	-0.65%	0.74%
Infrastructure	0.57%	0.00%	0.57%
Metals/Minerals	0.00%	-0.23%	-0.23%
Packaging	0.00%	-0.60%	-0.60%
Telecom	0.00%	-0.65%	-0.65%
Forest Prod/Containers	0.00%	-0.79%	-0.79%
Chemicals	0.95%	-2.12%	-1.18%
Index	0.00%	-1.32%	-1.32%
Other	8.83%	-0.97%	7.86%
Adjusted Exposure**	88.94%	-14.03%	74.91%

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

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, 2013 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.

Portfolio Composition***

	Long	Short	Net
Bank Debt	54.06%	0.00%	54.06%
Corporate Bonds	21.66%	-11.56%	10.09%
Government Bonds	0.00%	-0.97%	-0.97%
Equity	5.05%	-0.63%	4.41%
Other	6.89%	0.00%	6.89%
Puts	0.00%	0.00%	0.00%
Call Options	0.00%	0.00%	0.00%
Warrants	1.28%	0.00%	1.28%
Notional value of CDS	0.00%	-0.87%	-0.87%
Notional value of Puts	0.00%	0.00%	0.00%
Adjusted Exposure**	88.94%	-14.03%	74.91%
Cash****	11.06%	0.00%	11.06%
Total Exposure	100.00%	-14.03%	85.97%

*** 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.