

# OCP CREDIT STRATEGY FUND

Monthly Update as at February 28, 2015



## Investment Rationale and Objectives

OCP Credit Strategy Fund provides Unitholders with exposure to 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 (ii) to provide Unitholders with attractive, quarterly 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:	\$220,068,337.99*
NAV per Unit:	\$8.35*
Market Price:	\$8.00*
Latest Distribution: December 31, 2014	\$0.1750
Distribution Frequency:	Quarterly
Cash Distributions Since Inception:	\$3.5786

\*As at February 27, 2015

## Fund Returns (%)

	1M	3M	6M	YTD	1Y	2Y	3Y	SI
OCP Credit Strategy Fund (OCS.UN)	1.39	-1.95	-5.50	-0.58	-3.56	3.97	5.86	5.23

## Commentary

Net performance of OCP Credit Strategy Fund (the Fund) was 1.39% and -0.58% for February and year-to-date, respectively. For the month of February, the CS Leveraged Loan, CS High Yield indices and S&P 500 Index returned 1.41%, 2.59% and 5.75%, respectively.

While the market remained volatile in February, positive sentiment returned in part, as oil prices found a trading range following two months of downward price movements. Notable positive performers were Citgo Holdings and Delphi.

In February, the Portfolio purchased the senior secured bonds and loans of Citgo Holdings. Citgo is a US based oil refiner that also owns midstream assets including pipelines and terminals. We believe that concerns caused by the indirect ownership interest of the Venezuelan national oil company in Citgo are mitigated by the ring fencing Citgo's assets and by strong collateral coverage. Moreover, we expect Citgo to de-lever meaningfully over the coming quarters as it should generate significant free cash flow that it is required to use to repay indebtedness.

Delphi, a leading supplier of safety products, electronics and powertrain systems for light vehicles, traded up during February on two positive announcements. The Company reported strong Q4 results and reiterated its expectation for above market growth and continued margin expansion in 2015. In addition, the Company announced the anticipated sale of its Thermal division at relatively high valuation. We believe that Delphi will continue to be a strong performer given margins and growth prospects exceeding industry competitors.

While not a significant detractor from performance, the Portfolio's short position in the unsecured bonds of Fortescue, an Australian iron ore mining company, moved against the Fund caused by what we believe is a short-term rebound in the price of iron ore. The short remains profitable since initiation of the position.

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## Five Strongest and Weakest Performers

### Strongest

General Motors Warrants

Delphi Equity

CITGO Holdings Senior Secured Loan & Notes

Momentive First Lien Notes

Navistar Senior Secured Loans

### Weakest

Genco Shipping & Trading Senior Equity

FMG Resources Senior Unsecured Bonds (Short)

Int'l Automotive Components Second Lien Bonds

Gold Bridge Shipping Senior Secured Loan

Transocean Senior Unsecured Bonds (Short)

The chart shows the top five strongest and weakest holdings contributing to the Portfolio'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
Energy	7.87%	-0.02%	7.85%
Trucking	6.91%	0.00%	6.91%
Business Services	6.64%	0.00%	6.64%
Independent Power Producers	6.08%	0.00%	6.08%
Automobiles	9.13%	-3.40%	5.73%
Shipping - Chemical	4.48%	0.00%	4.48%
Housing/Building Producers	5.89%	-1.43%	4.46%
Shipping - Tankers	4.39%	0.00%	4.39%
Gaming/Leisure	4.25%	0.00%	4.25%
Aerospace	3.56%	0.00%	3.56%
Transportation/Logistics	3.52%	0.00%	3.52%
Media	3.56%	-0.82%	2.74%
Finance	2.81%	-0.16%	2.65%
Chemicals	3.65%	-1.06%	2.59%
Technology	2.27%	0.00%	2.27%
Shipping - Dry Bulk	2.17%	0.00%	2.17%
Infrastructure	0.82%	0.00%	0.82%
Energy Service	1.25%	-0.87%	0.38%
Food	0.00%	0.00%	0.00%
Manufacturing	0.00%	0.00%	0.00%
Packaging	0.00%	-0.79%	-0.79%
Telecom	0.00%	-0.86%	-0.86%
Retail	0.00%	-1.01%	-1.01%
Forest Prod/Containers	0.00%	-1.03%	-1.03%
Metals/Minerals	0.00%	-1.79%	-1.79%
Index	0.20%	-2.02%	-1.82%
Other	8.47%	-1.17%	7.30%
<b>Adjusted Exposure**</b>	<b>87.92%</b>	<b>-16.42%</b>	<b>71.50%</b>

\*\* 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.

You will usually pay brokerage fees to your dealer if you purchase or sell units of the investment fund on the Toronto Stock Exchange ("TSX"). If the units are purchased or sold on the TSX, investors may pay more than the current net asset value when buying units of the investment fund and may receive less than the current net asset value when selling them. There are ongoing fees and expenses associated with owning units of an investment fund. An investment fund must prepare disclosure documents that contain key information about the fund. You can find more detailed information about the fund in these documents. **The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account certain fees (such as redemption fees or optional charges) or income taxes payable by any unitholder that would have reduced returns.** Investment funds are not guaranteed, their values change frequently and past performance may not be repeated.

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	34.90%	0.00%	34.90%
Corporate Bonds	34.49%	-13.06%	21.43%
Government Bonds	0.00%	-1.17%	-1.17%
Equity	9.94%	-1.03%	8.91%
Other	6.71%	0.00%	6.71%
Puts	0.00%	0.00%	0.00%
Warrants	1.88%	0.00%	1.88%
Notional value of CDS	0.00%	-1.17%	-1.17%
Notional value of Puts	0.00%	0.00%	0.00%
<b>Adjusted Exposure**</b>	<b>87.92%</b>	<b>-16.42%</b>	<b>71.50%</b>
Cash***	12.08%	0.00%	12.08%
<b>Total Exposure</b>	<b>100.00%</b>	<b>-16.42%</b>	<b>83.58%</b>

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