

OCP CREDIT STRATEGY FUND

Interim Financial Statements for the period
January 1, 2015 to June 30, 2015

NOTICE TO READER:

These interim financial statements and related notes for the six-month period ended June 30, 2015 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 FINANCIAL POSITION (Unaudited)

As at (Stated in Canadian dollars)

	June 30, 2015 \$	December 31, 2014 \$
ASSETS		
Current Assets		
Investments held long	171,871,851	224,104,781
Unrealized gain on forward contracts	-	435,910
Cash and cash equivalents	54,954,712	44,309,506
Cash on deposit with brokers as collateral	-	250,303
Receivable for investments sold	5,507,385	10,885,579
Interest and other receivable	1,618,178	1,245,952
Dividends receivable	-	5,293
Total Assets	233,952,126	281,237,324
LIABILITIES		
Current Liabilities		
Investments sold short	23,990,795	26,309,564
Unfunded bank debt commitments	239,425	13,126
Unrealized loss on forward contracts	7,274,651	-
Accounts payable and accrued liabilities <i>[Note 5]</i>	672,616	631,896
Distributions payable <i>[Note 4]</i>	4,199,872	4,612,263
Payable for investments purchased	7,099,510	20,146,294
Payable for forward contracts	-	7,710,292
Interest payable	364,654	468,234
Total Liabilities	43,841,523	59,891,669
EQUITY		
Unit capital	159,034,672	182,532,352
Retained earnings	31,075,931	38,813,303
Total Equity	190,110,603	221,345,655
Total Liabilities and Equity	233,952,126	281,237,324
Number of Units Outstanding <i>[Note 6]</i>	23,999,270	26,355,791
Total Equity/Net Assets per unit	\$7.92	\$8.40

See accompanying notes.

OCP CREDIT STRATEGY FUND

STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

For the periods ended June 30 (Stated in Canadian dollars)

	2015 \$	2014 \$
INCOME		
Investment Income		
Interest for distribution purposes	5,179,952	9,491
Dividends	157,305	-
	5,337,257	9,491
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND FORWARD AGREEMENT		
Foreign currency gain (loss)	6,474,569	-
Other net changes in fair value of investments and Forward Agreement		
Net realized gain (loss) on investments	(798,069)	-
Net realized gain (loss) on derivatives	519,063	-
Net realized gain (loss) on forward contracts	(9,098,683)	-
Net realized gain (loss) on Forward Agreement	-	7,269,743
Net change in unrealized appreciation (depreciation) of forward contracts	(7,710,561)	
Net changes in unrealized appreciation (depreciation) of investments	5,418,490	-
Net change in unrealized appreciation (depreciation) of derivatives	(350,899)	-
Net change in unrealized appreciation (depreciation) of Forward Agreement	-	10,642,966
Total income	(208,833)	17,922,200
EXPENSES		
Management fees <i>[Note 5]</i>	1,285,335	392,744
Interest expense	1,017,444	-
Dealer service fees <i>[Note 5]</i>	411,307	502,712
Harmonized sales tax	185,879	91,210
Other administration costs	162,783	-
Securityholder reporting costs	44,931	49,669
Custodian and valuation fees	42,611	23,185
Audit fees	29,300	12,285
Transaction costs <i>[Notes 2 and 5]</i>	25,907	312,251
Withholding tax on dividend income (expense)	21,269	-
Independent Review Committee fees	17,855	5,625
Legal fees	17,114	17,814
Trustee Fees	8,108	5,000
Total Expense	3,269,843	1,412,495
Profit (loss) and total comprehensive income (loss) for the period	(3,478,676)	16,509,705
Earnings/(loss) per unit <i>[Note 10]</i>	\$(0.14)	\$0.61

See accompanying notes.

OCP CREDIT STRATEGY FUND

STATEMENTS OF CHANGES IN FINANCIAL POSITION (Unaudited)

For the periods ended June 30, 2015 and 2014 (Stated in Canadian dollars)

	Unit Capital \$	Retained Earnings \$	Total Equity \$
As at January 1, 2015	182,532,352	38,813,303	221,345,655
Changes in equity for 2015:			
Profit (loss) for the period		(3,478,676)	(3,478,676)
Redemption of units	(16,320,562)	(2,623,678)	(18,944,240)
Distributions to unitholders			
Income	-	(1,635,018)	(1,635,018)
Return of capital	(7,177,118)	-	(7,177,118)
As at June 30, 2015	159,034,672	31,075,931	190,110,603
As at January 1, 2014	194,832,039	59,104,491	253,936,530
Changes in equity for 2014:			
Profit (loss) for the period	-	16,509,705	16,509,705
Units purchased for cancellation	(599,766)	(184,025)	(783,791)
Redemption of units	(11,699,921)	(3,878,834)	(15,578,755)
Distributions to unitholders			-
Return of capital	(9,525,780)	-	(9,525,780)
As at June 30, 2014	173,006,572	71,551,337	244,557,909

See accompanying notes.

OCP CREDIT STRATEGY FUND

STATEMENTS OF CASH FLOWS (Unaudited)

For the periods ended June 30 (Stated in Canadian dollars)

	2015 \$	2014 \$
Cash Flows from Operating Activities		
Profit (loss) for the period	(3,478,676)	16,509,705
Adjustments for:		
Foreign currency (gain) loss	(6,474,569)	-
Net realized (gain) loss on investments	798,069	-
Net realized (gain) loss on derivatives	(519,063)	-
Net realized gain (loss) on forward contracts	9,098,683	-
Net realized (gain) loss on Forward Agreement	-	(7,269,743)
Net change in unrealized (appreciation) depreciation on investments	(5,418,490)	-
Net change in unrealized (appreciation) depreciation on forward contracts	7,710,561	-
Net change in unrealized (appreciation) depreciation on derivatives	350,899	-
Net change in unrealized (appreciation) depreciation of Forward Agreement	-	(10,642,966)
Non-cash working capital changes	-	-
(Increase) decrease in cash on deposit with brokers	250,303	-
(Increase) decrease in interest and other receivables	(366,933)	-
Increase (decrease) in interest payable	(103,580)	-
Increase (decrease) in accounts payable and accrued liabilities	40,720	(158,058)
(Increase) decrease in accrued interest for short-term investments	380	-
Increase (decrease) in payable for forward contracts	(7,710,292)	-
Purchase of investments	(128,307,708)	-
Proceeds from sales of investments	166,469,100	-
Net proceeds from Forward Agreement	-	21,900,000
Net Cash Generated (Used) by Operating Activities	32,339,404	20,338,938
Cash Flows from Financing Activities		
Distributions to unitholders	(9,224,527)	(9,836,571)
Units purchased for cancellation	-	(783,791)
Amount paid on redemption of units	(18,944,240)	(15,578,755)
Net Cash Generated (Used) by Financing Activities	(28,168,767)	(26,199,117)
Foreign currency gain (loss) on cash and other assets	6,474,569	(219)
Net increase (decrease) in cash and cash equivalents	4,170,637	(5,860,179)
Cash and cash equivalents beginning of period	44,309,506	6,982,365
Cash and Cash Equivalents End of Period	54,954,712	1,121,967
Cash and cash equivalents comprise:		
Cash (overdraft) at bank	54,954,712	1,121,967
	54,954,712	1,121,967
Interest received, net of withholding tax	4,807,726	9,491
Dividends received, net of withholding tax	141,329	-
Interest paid	(1,121,024)	-

See accompanying notes.

OCP CREDIT STRATEGY FUND

SCHEDULE OF INVESTMENTS PORTFOLIO (Unaudited)

As at June 30, 2015 (Stated in Canadian dollars)

Number of Shares, Units Par Value	Description	Maturity Date	Average Cost \$	Fair Value \$	% of Portfolio
LONG POSITIONS					
BONDS					
12,910,957	ACA Financial Guaranty Corporation	Defaulted	2,213,453	2,254,008	
3,246,508	ACST Pass Through Trust Floating Rate	June 14, 2037	3,688,527	3,957,329	
7,475,000	Altegrity, Inc., 9.500%	July 1, 2019	7,912,721	8,785,399	
322,000	Avaya, Inc., 9.00%	April 1, 2019	370,821	409,567	
860,000	Beazer Homes USA, 8.125%	June 15, 2016	1,065,421	1,123,366	
4,723,000	CITGO Holdings Inc., 10.750%	February 15, 2020	5,823,120	6,022,131	
638,000	Cobalt International Energy Inc., 2.625%	December 1, 2019	564,718	587,245	
960,000	Commonwealth of Puerto Rico, 5.500%	July 1, 2039	812,726	727,255	
320,000	Commonwealth of Puerto Rico, 5.900%	July 1, 2028	262,898	255,499	
5,755,000	Global Ship Lease Inc., 10.00%	April 1, 2019	6,744,716	7,481,529	
5,670,000	International Automotive Components Group, 9.125%	June 1, 2018	6,859,456	7,211,941	
3,053,926	K Hovnanian Enterprises, 7.500%	May 15, 2016	3,694,580	3,874,912	
940,000	K Hovnanian Enterprises, 8.625%	January 15, 2017	1,159,063	1,189,770	
230,000	K Hovnanian Enterprises, 9.125%	November 15, 2020	286,945	292,548	
385,000	Landsbanki Islands HF 6.100%	Defaulted	43,666	54,011	
2,250,000	Lehman Brothers Holding Inc., Floating Rate	Defaulted	275,797	298,113	
2,250,000	Lehman Brothers Holding Inc., Floating Rate	Defaulted	275,406	298,113	
2,250,000	Lehman Brothers Holding Inc., Floating Rate	Defaulted	275,874	298,113	
645,000	Lehman Brothers Holdings Inc., 3.60%	Defaulted	79,590	87,470	
11,256,537	Lehman Brothers Holdings Inc., 6.20%	Defaulted	1,416,790	1,614,253	
11,007,143	Lehman Brothers Holdings Inc., 6.875%	Defaulted	1,386,361	1,578,488	
48,790,000	Lehman Brothers Treasury Co. BV, 7.585%	Defaulted	747,275	833,639	
1,586,000	Lehman Brothers Treasury Co. BV, 0.00%	Defaulted	286,351	316,441	
2,980,500	Meritor, Inc., 4.625%	March 1, 2026	3,568,175	3,749,226	
2,560,000	Midstates Petroleum Co. Inc., 10.00%	June 1, 2020	3,198,663	3,056,664	
5,830,000	Momentive Performance, 3.880%	October 24, 2021	5,764,488	6,524,872	
640,000	Nortel Networks Limited 10.750%	Defaulted	738,672	724,262	
640,000	Nortel Networks Limited, 10.125%	Defaulted	686,548	722,267	
1,230,000	PBF Holding Company LLC, 8.250%	February 15, 2020	1,430,798	1,620,480	
2,000,000	Smurfit-Stone Container Corporation, 8.375%	Defaulted	1,162	1,247	
1,613,000	Texas Competitive Electric Holdings Company, 11.50%	Defaulted	1,313,426	1,226,968	
450,000	USG Corporation, 7.875%	March 30, 2020	560,105	600,434	
Total Bonds			63,508,312	67,777,560	48.29%

OCP CREDIT STRATEGY FUND

SCHEDULE OF INVESTMENTS PORTFOLIO (Unaudited) continued

As at June 30, 2015 (Stated in Canadian dollars)

Number of Shares, Units Par Value	Description	Maturity Date	Average Cost \$	Fair Value \$	% of Portfolio
BANK DEBT					
5,751,958	Alon USA Partners, LP, Term Load B	November 26, 2018	6,749,514	7,208,598	
1,033,152	Avaya Inc., Term Loan B6	March 31, 2018	1,174,023	1,279,836	
1,335,381	Avaya Inc., Term Loan B7	May 29, 2020	1,664,544	1,606,600	
1,310,715	Bioplan USA Inc. Term Loan	September 23, 2021	1,331,629	1,405,645	
253,624	C&J Energy Services Inc., Initial Tranche B-1 Term Loan	March 24, 2020	278,111	296,504	
133,406	C&J Energy Services Inc., Initial Tranche B-2 Term Loan	March 24, 2022	142,884	155,129	
5,864,690	Caesars Entertainment Resort Properties LLC, Term Loan B	October 11, 2020	6,250,753	6,641,401	
673,088	Ceva Group PLC (Dutch), Term Loan	March 19, 2021	748,197	782,689	
646,352	Ceva Group PLC (Pre-funded LC), Term Loan	March 19, 2021	718,478	751,600	
928,397	Ceva Group PLC (USD), Term Loan	March 19, 2021	1,031,996	1,079,571	
116,050	Ceva Group PLC, Term Loan	March 19, 2021	129,000	134,946	
1,688,515	CITGO Holding Inc., Term Loan	May 12, 2018	1,975,978	2,111,513	
254,456	Eastman Kodak Company, Term Loan	September 3, 2019	293,784	317,044	
4,613,872	Glitnir Bank HF (Euro), Claim	Defaulted	2,028,422	2,247,224	
16,890,413	Glitnir Bank HF (USD), Claim	Defaulted	5,840,460	6,424,053	
3,874,922	Gold Bridge Shipping (WCRC), Term Loan	Defaulted	3,476,776	3,624,041	
264,732	Gold Bridge Shipping, Term Loan	Defaulted	262,445	-	
1,901,162	HGIM Corporation, Term Loan B	June 18, 2020	1,841,673	1,896,611	
15,468,000	Lehman Brothers Specialty Finance Claim	Defaulted	1,997,921	2,218,201	
3,327,842	Navistar Financial Corporation, Term Loan	December 2, 2016	3,648,525	4,061,659	
3,042,925	Navistar Inc., Term loan B	August 17, 2017	3,526,410	3,794,549	
640,000	Offshore Group Investment Limited (Vantage Delaware Holdings, LLC), Term Loan	October 25, 2017	608,945	558,659	
640,000	Offshore Group Investment Limited (Vantage Drilling Company), 2nd Term Loan	March 28, 2019	543,188	486,832	
3,150,000	OSX 2 Leasing BV, Term Loan	Defaulted	2,564,968	2,081,878	
4,898,198	Promotora De Informaciones, S.A Tranche 2	December 12, 2018	5,976,930	6,040,952	
1,653,602	Promotora De Informaciones, S.A Tranche 3	December 12, 2019	1,916,461	2,007,748	
1,423,677	Promotora De Informaciones, S.A. PPL Term Loan	December 12, 2019	1,445,226	1,599,804	
91,689	Realogy Group LLC, Extended Synthetic Commitment	October 10, 2016	105,590	113,193	
1,935,190	Sequa Corporation, Term Loan	June 19, 2017	2,179,357	2,107,523	
1,320,000	Templar Energy LLC, 2nd Lien Term Loan	November 25, 2020	1,202,599	1,222,192	
4,338,836	Texas Competitive Electric Holdings Company, Revolver	October 10, 2016	3,177,120	3,084,019	
2,150,000	Texas Competitive Electric Holdings Company, 2017 L/C	October 10, 2017	1,611,825	1,541,613	

OCP CREDIT STRATEGY FUND

SCHEDULE OF INVESTMENTS PORTFOLIO (Unaudited) continued

As at June 30, 2015 (Stated in Canadian dollars)

Number of Shares, Units Par Value	Description	Maturity Date	Average Cost \$	Fair Value \$	% of Portfolio
3,635,000	Texas Competitive Electric Holdings Company, 2017 Term Loan	October 10, 2017	2,714,547	2,595,069	
5,095,729	TORM (DANSKE-BNP)	December 31, 2016	4,013,529	3,812,647	
1,711,954	TORM (NORDEA-DB)	December 31, 2016	1,111,834	1,088,757	
503,876	TORM (NORDEA-NORDEA)	December 31, 2016	321,448	320,452	
3,817,532	YRC Worldwide Inc., Term Loan	February 13, 2019	4,351,932	4,605,775	
Total Bank Debt			78,957,022	81,304,527	57.92%
EQUITIES AND WARRANTS					
71,987	Air Canada		814,893	950,948	
306,347	Bluestem Group Inc		1,614,611	2,349,404	
7,360	D.R. Horton Inc.		203,593	251,109	
20,923	Delphi Automotive PLC		1,706,142	2,220,094	
135,156	Eagle Bulk Shipping Inc.		2,208,945	1,174,727	
46,000	Federal Home Loan Mortgage Corporation, Preferred R Series 7.625%		151,432	201,342	
69,000	Federal Home Loan Mortgage Corporation, Preferred S Series 8.250%		294,570	322,663	
148,250	Federal Home Loan Mortgage Corporation, Preferred Z Series 8.375%		672,562	693,258	
97,500	Freddie Mac		225,516	268,699	
193,605	Genco Shipping & Trading Limited		3,115,881	1,738,273	
20,920	General Motors Company, Warrants 'A', July 10, 2016, \$10.00		524,424	620,097	
20,920	General Motors Company, Warrants 'B', July 10, 2019, \$18.33		329,743	418,704	
172,403	Hovnanian Enterprises Inc. 'A'		734,218	571,867	
4,600	Lennar Corporation		223,028	292,777	
45,144	Mach Gen Common Units		2,518,611	2,026,616	
18,095	Motors Liquidation Company GUC Trust		347,309	434,368	
4,125,668	Penson Technologies LLC, Class A		884,250	948,690	
35,160	ProShares UltraShort Euro ETF		837,630	1,085,158	
178,500	Rentech Inc.		245,015	238,172	
2,148,120	Team Tankers International Limited		3,671,701	4,604,605	
5,520	The Ryland Group Inc.		232,381	319,187	
15,001	Tribune Company		1,028,149	998,732	
42	Tribune Company, Warrants, December 31, 2032		2,888	2,770	
243,860	Vantage Drilling Company		128,562	57,504	
Total Equities and Warrants			22,716,054	22,789,764	16.24%
Total Long positions			165,181,388	171,871,851	122.44%

OCP CREDIT STRATEGY FUND

SCHEDULE OF INVESTMENTS PORTFOLIO (Unaudited) continued

As at June 30, 2015 (Stated in Canadian dollars)

Number of Shares, Units Par Value	Description	Maturity Date	Average Cost \$	Fair Value \$	% of Portfolio
SHORT POSITIONS					
BONDS					
(1,410,000)	AMC Networks Inc., 4.750%	December 15, 2022	(1,593,781)	(1,771,467)	
(1,410,000)	Avis Budget Car Rental LLC, 4.875%	November 15, 2017	(1,671,626)	(1,817,622)	
(1,380,000)	Ball Corporation, 4.00%	November 15, 2023	(1,499,721)	(1,613,316)	
(790,000)	FMG Resources, 6.875%	April 1, 2022	(771,123)	(698,215)	
(1,380,000)	Goodyear Tire & Rubber Company, 6.50%	March 1, 2021	(1,664,129)	(1,834,878)	
(1,380,000)	Jaguar Land Rover Automotive PLC, 5.625%	February 1, 2023	(1,676,159)	(1,794,007)	
(1,697,000)	Macy's Retail Holdings, Inc. 3.625%	June 1, 2024	(2,184,583)	(2,115,259)	
(390,000)	Noble Holding International Limited, 4.900%	August 1, 2020	(424,126)	(500,683)	
(920,000)	Sealed Air Corporation, 5.25%	April 1, 2023	(1,069,320)	(1,165,889)	
(470,000)	Sealed Air Corporation, 6.50%	December 1, 2020	(592,717)	(652,029)	
(780,000)	Transocean Inc., 6.000%	March 15, 2018	(822,548)	(996,681)	
(1,840,000)	Tronox Finance LLC, 6.375%	August 15, 2020	(2,085,174)	(2,151,087)	
(2,000,000)	U.S. Treasury Note, 2.250%	November 15, 2024	(2,326,635)	(2,474,920)	
(2,150,000)	USG Corporation, 9.75%	January 15, 2018	(2,861,302)	(3,076,523)	
(390,000)	Vale Overseas Limited, 4.375%	January 11, 2022	(451,971)	(479,432)	
(320,000)	Vale Overseas Limited, 4.625%	September 15, 2020	(402,422)	(421,341)	
Total Bonds			(22,097,337)	(23,563,349)	(16.79)%
EQUITIES					
(3,190)	Cobalt International Energy Common		(40,296)	(38,626)	
(97,500)	Fannie Mae Common		(234,582)	(282,681)	
Total Equities			(274,878)	(321,307)	(0.23)%
SWAPS					
(1,850,000)	Nordstrom Inc., 5 Year	March 20, 2020	(63,766)	(56,927)	
(3,700,000)	The Gap Inc., 5 Year	March 20, 2020	(48,513)	(49,212)	
Total Swaps			(112,279)	(106,139)	(0.08)%
UNFUNDED BANK DEBT COMMITMENT					
(3,200,000)	Offshore Group Investment Limited (Vantage Drilling Company), Revolver	April 25, 2017	(307,103)	(239,425)	
Total Unfunded Bank Debt Commitment			(307,103)	(239,425)	(0.17)%

OCP CREDIT STRATEGY FUND

SCHEDULE OF INVESTMENTS PORTFOLIO (Unaudited) continued

As at June 30, 2015 (Stated in Canadian dollars)

Number of Shares, Units Par Value	Description	Maturity Date	Average Cost \$	Fair Value \$	% of Portfolio
FORWARD CONTRACTS					
	United States Dollars				
	Forward currency contract				
	October 30, 2015		-	(7,274,651)	
Total Forward Contracts				(7,274,651)	(5.18)%
Total short positions			(22,791,597)	(31,504,871)	(17.26)%
Adjustment for transactions costs			(16,143)		
Total Investments			142,373,648	140,366,980	100.00%

OCP CREDIT STRATEGY FUND

NOTES TO FINANCIAL STATEMENTS (Unaudited)

June 30, 2015

(Stated in Canadian dollars)

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 as amended and restated December 16, 2014.

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 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 held the Portfolio securities, net of any amount owing by the Fund to the Counterparty. As such, the return of the Fund was, by virtue of the Forward Agreement, based on the return of the Trust, which, in turn, was based on the performance of the Portfolio.

On November 20, 2014, the Fund announced that the originally scheduled termination date of the Forward Agreement had been extended from November 20, 2014 to December 29, 2014 (the "Termination Date"). Just prior to the Termination Date, the Forward Agreement was unwound in full (the "Forward Unwind"). Subsequent to the Forward Unwind, the Portfolio was held directly by the Fund whereas prior to the Forward Unwind, the Fund obtained exposure to the Portfolio through the Forward Agreement.

The Fund's investment objectives were amended on or about the Termination Date to remove all references to the use of forward agreements to gain exposure to the Portfolio, to delete references to "tax-advantaged" and to clarify that the Fund will invest directly in securities similar to those held by the Trust prior to the Termination Date.

The investment objectives of the Fund after the amendments are: (i) to maximize total returns for unitholders; (ii) to provide unitholders with attractive, quarterly distributions, initially 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.

The amendments to the investment objectives of the Fund are clarifications and will not change the portfolio that unitholders were previously exposed to indirectly through the Trust.

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.

The Fund's registered office is at 161 Bay Street, 49th Floor, Toronto, Ontario, M5J 2S1.

The financial statements of the Fund for the period ended June 30, 2015 were authorized for issue by the Manager on August 26, 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements of the Fund have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (IAS 34) as issued by International Accounting Standards Board (IASB). The Fund adopted International Financial Reporting Standards (IFRS) on January 1, 2014 with a transition date of January 1, 2013 as required by Canadian securities legislation and the Canadian Accounting Standards Board. Previously, the Fund prepared its financial statements in accordance with Canadian generally accepted accounting principles as defined in Part V of the CPA Canada Handbook (Canadian GAAP).

The financial statements have been prepared on a going concern basis using the historical cost convention except for financial assets and financial liabilities measured at fair value.

In applying IFRS, management may make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during the reporting periods. Significant estimates include the valuation of the Forward Agreement, investments, forward contracts and unfunded bank debt commitments, determination of functional currency, classification of redeemable units and classification of the Fund as an investment entity. These estimates are based on information available as at the reporting date. Actual results could differ from those estimates.

Functional currency

The financial statements are presented in Canadian dollars (CAD), which is the currency of the primary economic environment in which the Fund operates and is considered the functional currency of the Fund.

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

Financial instruments

The Fund recognizes a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

(i) Classification and recognition of financial instruments

The Fund classifies financial assets and financial liabilities at initial recognition into the following categories, in accordance with IAS 39, *Financial Instruments: Recognition and Measurement* (IAS 39).

Financial assets and liabilities at fair value through profit or loss

The category of financial assets and liabilities at fair value through profit or loss (FVTPL) is sub-divided into:

Financial assets and liabilities held for trading: Financial assets are classified as held for trading if they are acquired for the purpose of selling and/or repurchasing in the near term. All derivatives are classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. The Funds' policy is not to apply hedge accounting.

Financial instruments designated as fair value through profit or loss upon initial recognition: All investments held by the Fund (other than derivatives) are designated as fair value through profit or loss upon initial recognition. The Fund includes both long and short positions of equities, bonds, and other interest-bearing investments in this category. These financial assets and liabilities are designated upon initial recognition on the basis that they are part of a group of financial instruments that are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Fund, as set out in the Fund's prospectus.

The classification of financial instruments depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Fund's designation of such instruments.

Other financial assets and liabilities

All other financial assets and liabilities not measured at FVTPL are measured at amortized cost. Included in loans and receivables are receivable for investments sold, interest and other receivables, dividends receivable and cash and cash equivalents. Included in other financial liabilities are accounts payable and accrued liabilities, distributions payable, payable for investments purchased, payable for forward contracts and interest payable. Financial assets and liabilities are shown at the amount required to be received or paid, discounted, when appropriate.

(ii) Valuation of financial instruments

Financial assets and financial liabilities at FVTPL are recorded in the statements of financial position at fair value upon initial recognition. Fair value is the price that would be received to sell an asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. All transaction costs such as brokerage commissions, incurred in the purchase and sale of securities for such instruments are recognized directly in the statement of comprehensive income. All other financial assets and liabilities (other than those classified as FVTPL) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

After initial measurement, the Fund measures financial instruments which are classified as FVTPL at fair value. Subsequent changes in the fair value of those financial instruments are recorded as "unrealized appreciation (depreciation) of investments" in the statements of comprehensive income. "net realized gain (loss) on investments", "net change in unrealized appreciation (depreciation) of investments", "net realized gain (loss) on Forward Agreement" and "net change in unrealized appreciation (depreciation) of Forward Agreement" are determined on an average cost basis. Average cost does not include amortization of premiums or discounts on fixed income securities with the exception of zero coupon bonds.

The Fund meets the definition of an investment entity within IFRS 10 *Consolidated Financial Statements* and is required to measure its subsidiaries, if any, at FVTPL rather than consolidate them. The fair values of each specific type of investment and derivative are determined in the following manner:

Portfolio investments

In the case of publicly traded securities, fair value means the close or last traded price when the price falls within the day's bid-ask spread. For bonds and bank debt (including unfunded bank debt commitments), fair market value means the bid price provided by independent security pricing services or broker quotes for investments held long and ask price for investments sold short. In the circumstance where the close or last traded price falls outside of the bid-ask spread, then fair value is determined by using bid price for long positions and ask price for short positions, or a different point within the bid-ask spread that the Manager determines to be more representative of fair value.

Derivatives

The Fund is permitted to invest in forward foreign currency contracts to hedge foreign currency exposure on the investment portfolio. The value of forward currency contracts is recorded as the unrealized gain or loss that would be realized if the position was to be closed out and recorded as "unrealized gain (loss) on forward contracts" in the statements of financial position. Upon maturity of the contracts, the difference between the carrying value and the fair value is included in "net realized gain (loss) on forward contracts" in the statements of comprehensive income.

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

Credit default swaps and forward contracts are valued on each valuation date according to the gain or loss that would be realized if the contracts were closed out. Unrealized gains and losses on derivatives are included in the statements of comprehensive income under "net change in unrealized appreciation (depreciation) of derivatives". Realized gains and losses on credit default swaps, options and warrants are included in the statements of comprehensive income under "Net realized gain (loss) on derivatives".

Short Sales

When the Fund sells a security short, it will borrow that security from a broker to complete the sale. The Fund will incur a loss as a result of a short sale if the price of the borrowed security increases between the date of the short sale and the date on which the Fund closes out its short position by buying that security. The Fund will realize a gain if the security declines in price between those dates. The gain or loss that would be realized if, on the valuation date, the position were to be closed out is reflected in the statements of comprehensive income in "net change in unrealized appreciation (depreciation) of investments". When the short position is closed out, the gain and loss is realized and included in the statements of comprehensive income in "Net realized gain (loss) on investments".

There can be no assurance that the Fund will be able to close out a short position at an acceptable time or price. Until the Fund replaces a borrowed security, it will maintain a margin account with the prime broker containing cash and liquid securities such that the amount deposited as margin will be more than the current market value of the security sold short. Cash on deposit with brokers as collateral is noted in the statements of financial position.

(iii) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise short-term deposits in banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less.

Short-term investments that are not held for the purpose of meeting short-term cash commitments and restricted margin accounts are not considered as 'cash and cash equivalents'.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Income and expense recognition

The interest for distribution purposes shown on the Statements of Comprehensive Income represents the coupon interest received by the Fund accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds which are amortized on a straight line basis.

Net realized gain/loss on investments and net change in unrealized appreciation/depreciation of investments are determined on an average cost basis. Average cost does not include amortization or premiums or discounts on fixed income securities with the exception of zero coupon bonds.

Redeemable participating units

The Fund's redeemable units meet the criteria of equity classification of puttable instruments in accordance with IAS 32, *Financial Instruments: Presentation* (IAS 32). All redeemable unitholders are classified as unit capital in the statements of financial position. The movement in unit capital is shown in the statements of changes in equity.

Foreign currency translation

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the prevailing rate of exchange on each valuation date. Purchases and sales of investments, income and expenses are translated at the rate of exchange prevailing on the respective dates of such transactions.

Realized foreign currency gains and losses on investment transactions and unrealized foreign currency gains and losses on other net assets are included in the statements of comprehensive income in "Foreign currency gain (loss)". Unrealized foreign currency gains and losses on investments and derivatives are included in the statements of comprehensive income in "Net change in unrealized appreciation (depreciation) of investments" and "Net change in unrealized appreciation (depreciation) of derivatives", respectively.

Valuation of Fund Units

The value at which units are redeemed is the Net Asset Value per unit. Net asset value per unit was calculated at the end of Thursday of each week, on the annual redemption date and on such other dates as the Manager deems appropriate prior to the Forward Unwind and daily thereafter by dividing the net asset value by its outstanding units. Amounts received on the issuance of units and amounts paid on the redemption of units are included on the statements of changes in financial position.

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

Earnings (loss) Per Unit

Earnings (loss) per unit are based on the profit and total comprehensive income for the period divided by the weighted average number of units outstanding during the period.

Future Accounting Pronouncements – IFRS 9 Financial Instruments (“IFRS 9”)

In July 2014, the IASB issued the final version of IFRS 9, first issued on November 2009, which brings together the classification and measurement, impairment and hedge accounting phases of the IASB’s project to replace IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). IFRS 9 introduces a principles-based approach to the classification of financial assets based on an entity’s business model and the nature of the cash flows of the asset. It introduces a forward-looking impairment model for financial assets which will be applicable for all financial instruments subject to impairment accounting and requires more timely recognition of expected credit losses. Finally, it introduces a new hedge accounting model that aligns the accounting for hedge relationship more closely with risk management. IFRS 9 will be effective for the Fund on January 1, 2018. The Fund is currently assessing the impact of adopting IFRS 9 on the financial statements.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The breakdown of the Fund into the three-level hierarchy is as follows:

As at June 30, 2015.

	Level 1	Level 2	Level 3	Total
Financial assets				
Equities and warrants	19,814,457	2,975,307	–	22,789,764
Bonds	–	67,777,560	–	67,777,560
Bank debt	–	79,222,649	2,081,878	81,304,527
Forward contracts	–	–	–	–
Total	19,814,457	149,975,516	2,081,878	171,871,851

OCP CREDIT STRATEGY FUND

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Equities	321,307	-	-	321,307
Bonds sold short	-	23,563,349	-	23,563,349
Credit Default Swaps	-	106,139	-	106,139
Unfunded bank debt commitment	-	239,425	-	239,425
Forward contracts		7,274,651		7,274,651
Total	321,307	31,183,564	-	31,504,871

As at December 31, 2014

	Level 1	Level 2	Level 3	Total
Financial assets				
Equities and warrants	23,148,237	3,086,267	-	26,234,504
Bonds	-	70,172,729	-	70,172,729
Short term notes	-	40,619,126	-	40,619,126
Bank debt	-	87,078,422	-	87,078,422
Forward contracts	-	435,910	-	435,910
Total	23,148,237	201,392,454	-	224,540,691

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Equities	232,531	-	-	232,531
Bonds sold short	-	25,926,220	-	25,926,220
Credit default swap	-	150,813	-	150,813
Unfunded bank debt commitment	-	13,126	-	13,126
Total	232,531	26,090,159	-	26,322,690

Financial assets and liabilities transferred from Level 1 to Level 2 are the result of securities no longer being traded in an active market. For the periods ended June 30, 2015 and December 31, 2014, there were no transfers of financial assets and liabilities from Level 1 to Level 2.

Financial assets and liabilities transferred from Level 2 to Level 1 are the result of securities now being traded in an active market. For the periods ended June 30, 2015 and December 31, 2014, there were no transfers of financial assets and liabilities from Level 2 to Level 1.

The Fund holds one illiquid position which has been classified as Level 3. The following section discusses the significant unobservable inputs for Level 3 positions and quantitatively outlines the inputs used to calculate the fair value in accordance with IFRS 13, *Fair Value Measurement*.

OCP CREDIT STRATEGY FUND

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

Recent trades of comparable securities:

Recent trade prices of comparable securities are commonly used to value financial instruments in opaque markets which serve as inputs for Level 3 financial instruments. The recent trade prices are prices obtained from broker networks for the most recent trades within these markets.

	Fair Value	Valuation Technique	Significant Unobservable Inputs	Value of Input used
OSX 2 Leasing BV, Term Loan	\$2,081,878	Recent Trade Comparable	Price of comparable vessel on recent transactions	\$53 USD per \$100 USD par value

Sensitivity Analysis of Level 3 Financial Assets and Liabilities

The following table summarizes the potential effect of using reasonably possible alternative assumptions for financial assets and financial liabilities held, as at June 30 that are classified in Level 3 of the fair value hierarchy.

As at June 30, 2015

	Valuation Technique	Significant Unobservable Inputs	Lower Range	Upper Range	Lower Range (\$)	Upper Range (\$)
OSX 2 Leasing BV, Term Loan	Recent Trade Comparable	Price of comparable vessel on recent transactions	\$48 USD	\$58 USD	\$1,885,474	\$2,278,282

During the period ended June 30, 2015, the reconciliation of Level 3 investments measured using non-observable inputs is presented as follows:

	\$
Beginning balance	-
Purchases	-
Sales	-
Net transfers (out of) Level 3	-
Net transfers (in to) Level 3	2,081,878
Realized gains(losses)	-
Change in unrealized appreciation (depreciation)	-
Ending balance	2,081,878

Transfers from Level 2 to Level 3 occur when an instrument's fair value, which was previously determined using valuation techniques with significant observable market inputs, is now determined using valuation techniques with significant non-observable inputs. In some cases, this could be a result of lack of current information in the market due to a decrease in liquidity. Due to the unobservable nature of the inputs used to value Level 3 financial instruments there may be uncertainty about the valuation of these instruments.

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

4. DISTRIBUTIONS

An objective of the Fund is to provide unitholders with attractive, quarterly distributions 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

Prior to the Forward Unwind, the Manager was entitled to an annual management fee of 0.3125% based on the NAV of the Fund, as well as an annual fee of 0.9375% based on the NAV of the Trust (total overall management fee of 1.25%). These fees were calculated weekly and paid monthly in arrears. Post Forward Unwind, the Manager is entitled to an annual management fee of 1.25% based on the NAV of the Fund, calculated daily and paid monthly in arrears. During the period ended June 30, 2015, the Fund incurred a management fee of \$1,285,335 (June 30, 2014 – \$392,744) of which \$216,045 was owing at June 30, 2015 (December 31, 2014 – \$140,986).

A dealer service fee, which is equal to 0.40% annually of the NAV of the Fund, is payable to dealers whose clients hold units of the Fund. This fee is calculated daily and paid quarterly in arrears.

In addition, the Manager is entitled to an annual performance fee (the "Performance Fee") from the Fund once a unitholder has achieved a preferred return of 8.0% (the "Preferred Return"). The Performance Fee is calculated and accrued monthly and is paid annually (except that when units are redeemed the accrued Performance Fee in respect of such units is paid at the time of such redemption). The amount of the Performance Fee shall be 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 then outstanding equal to 15% of the amount by which the sum of (i) the NAV 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 (the "Excess Return"); provided that no Performance Fee will be paid unless the Return exceeds 108% (the "Threshold Risk") of the Threshold Amount. If the Return exceeds 108% of the Threshold Amount, the Manager will be entitled to a Performance Fee equal to 15% of the Excess Return; provided that after the payment of the Performance Fee, in any fiscal year, the return to a unitholder will be at least equal to the Preferred Return. The Threshold Amount is the greater of: (i) the NAV per unit of the Fund on the Determination Date for the previous fiscal year (after payment of such Performance Fee); and (ii) the NAV per unit of the Fund on the Determination Date in the last fiscal year in which a Performance Fee was paid (after payment of such Performance Fee) reduced by the amount of distributions paid in any subsequent year in which no Performance Fee has been earned. In respect of any units of the Fund which are redeemed the Threshold Rate and the Preferred Return will also be reduced proportionately to reflect the number of days remaining in the year from the date of such redemption to December 31.

During the period ended June 30, 2015, the Fund did not incur a Performance Fee (OCP Investment Trust – June 30, 2014 – \$3,191,244).

Under the Forward Agreement, the Fund paid to the counterparty an annual fee as negotiated with the counterparty, of the notional amount of the Forward Agreement (being equal to the NAV of the Trust), calculated weekly and paid quarterly in arrears.

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. REDEEMABLE UNITS

Units of the Fund are puttable instruments and are required to be presented as equity or liability depending on certain criteria. The Fund has assessed the unitholder's structure and has determined that equity treatment is the most appropriate classification. Unit capital amounts are determined on a per unit average cost basis.

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.

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 NAV per unit determined as of the Annual Redemption Date, less any costs and expenses incurred by the Fund in order to fund such redemption.

OCP CREDIT STRATEGY FUND

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

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

	2015 #	2014 #
Redeemable units outstanding, beginning of period	26,355,791	28,131,739
Redemption of redeemable units	(2,356,521)	(1,689,348)
Redeemable units purchased for cancellation	-	(86,600)
Redeemable units outstanding, end of period	23,999,270	26,355,791

Under a normal course issuer bid, which will expire on July 16, 2015, 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, 2015, no units (2014 – 86,600 units) were purchased under this normal course issuer bid (average price 2014 – \$9.05 per unit). When units are redeemed, the average cost of the units is deducted from unit capital and the difference between average cost and redemption price is taken to retained earnings.

7. 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.

Subsequent to the Forward Unwind, the Portfolio was held directly by the Fund whereas prior to the Forward Unwind, the Fund obtained exposure to the Portfolio held in the Trust through the Forward Agreement. As such, the following incorporates the risk and risk management applicable to the Fund and the 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.

The Fund 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 credit worthiness. This represents the main concentration of credit risk. The fair value of the debt securities held in the portfolio includes consideration of the credit worthiness of the issuer. The Schedule of Investments shows which securities 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 Fund's Portfolio, the maximum exposure to any one debt issuer as of June 30, 2015 was \$9,648,504 representing 5.08% of the net assets of the Fund (December 31, 2014 – \$10,671,698 or 4.82%).

Net exposure to debt securities by credit rating is as follows.

OCP CREDIT STRATEGY FUND

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

As at

Credit Rating	As a % of Net Assets	
	June 30, 2015	December 31, 2014
A	2.08%	1.95%
BBB	– 1.85%	– 1.08%
BB	2.75%	5.45%
B	23.80%	15.08%
CCC	11.68%	9.23%
D	4.62%	4.57%
NR*	22.75%	23.99%

* 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 Fund has financial liabilities outstanding, including investments sold short, unfunded bank debt commitments, unrealized loss on forward contracts, accounts payable and accrued liabilities, distributions payable, payable for investments purchased, payable for forward contracts and interest payable. These financial liabilities are all current and are expected to be settled within four months. The Fund has sufficient liquid assets to settle these financial liabilities.

Redeemable units are redeemable at the holder's option subject to the conditions outlined in Note 6. The Manager expects to have significant liquid assets to settle any redemptions.

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.

Of the Fund's interest-bearing financial instruments, 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 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 periods ended June 30, 2015 and December 31, 2014, the Fund does not have significant exposure to foreign exchange risk as substantially all of the Fund'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 and warrants 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 subject to normal market fluctuations and the risks inherent in investment in financial markets. The Manager moderates this risk through a careful selection of securities within the parameters of the Fund's investment strategies and through diversification of the investment portfolios. As at June 30, 2015, approximately 11.8% of the Fund's net assets are subject to other price risk (December 31, 2014 – 11.9%). Management's best estimate of the effect on total equity as at June 30, 2015, due to a reasonably possible increase or decrease of 5% in the equity markets, with all other variables held constant, would approximately amount to an increase or decrease of \$1,123,000 (December 31, 2014 – \$1,312,000) respectively. In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category. A summary of the Fund's concentration risk by product type as at June 30, 2015 is shown in the Fund's schedule of investment portfolio.

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

8. 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 6. The statements of changes in equity and Note 6 outline the relevant changes of the Fund's units for the periods.

The Fund's objectives in managing its capital in respect of the units are to provide unitholders with attractive, quarterly distributions initially targeted to be \$0.175 per unit (\$0.70 per annum to yield 7% per year based on the \$10.00 initial subscription price per unit), while at the same time to preserve and enhance the NAV.

The Fund manages its capital in accordance with its investment objectives and strategies and the risk management practices outlined in Note 7 while maintaining sufficient liquidity to meet distributions and redemptions.

9. TAXATION

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. The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the statements of comprehensive income.

10. EARNINGS (LOSS) PER UNIT

Earnings (loss) per unit for the six month periods ended June 30, 2015 and 2014 is calculated as follows:

	2015	2014
Profit (Loss) for the period	\$(3,478,676)	\$16,509,705
Weighted average units outstanding during the period	25,158,001	27,221,999
Earnings (loss) per unit	\$(0.14)	\$0.61

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