

# OCP CREDIT STRATEGY FUND

Monthly Update as at July 31, 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:	\$189,928,335.68*
NAV per Unit:	\$7.91*
Market Price:	\$7.45*
Latest Distribution: June 30, 2015	\$0.1750
Distribution Frequency:	Quarterly
Cash Distributions Since Inception:	\$3.9286

\*As at July 31, 2015

## Fund Returns (%)

	1M	3M	6M	YTD	1Y	2Y	3Y	5Y	SI
OCP Credit Strategy Fund (OCS.UN)	-0.10	-0.84	0.36	-1.59	-6.95	1.27	4.40	4.60	4.65

## Commentary

Net performance of OCP Credit Strategy Fund (the "Fund") was (0.10%) and (1.59%) for July and year-to-date, respectively. For the month of July, the CS Leveraged Loan, CS High Yield and S&P 500 TR indexes returned 0.09%, (0.70%) and 2.10%, respectively.

In July, Mach Gen and Eagle Bulk were positive contributors to performance. A notable detractor from performance was TXU, although overall, July was a challenging month and the portfolio had a number of immaterial negative contributors, which collectively offset gains.

During the month of July, Talen Energy Corp. agreed to buy Mach Gen, the owner of three power generating plants, for \$1.18 billion. The Fund had retained its position after Mach Gen completed its restructuring and exited bankruptcy in April 2014, with the expectation that significant asset sales would create additional stakeholder value. The deal was an event anticipated by this investment thesis and the position traded up on the news of the sale, which is expected to close by year-end.

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## Five Strongest and Weakest Performers

### Strongest

Mach Gen Equity  
 Eagle Bulk Equity  
 Tronox Senior Unsecured Bonds (Short)  
 Federal Home Loan Mortgage Corporation (Freddie Mac) Junior Preferred Equity  
 Caesars (CERP) Senior Secured Loan

### Weakest

TXU Senior Secured Loans and Bonds  
 K Hovnanian Equity and Senior Notes  
 Vantage Senior Secured Revolver, Term Loans and Equity  
 Midstates Petroleum Second Lien Senior Secured Notes  
 Glitnir Claims

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	14.74%	-0.02%	14.73%
Business Services	6.96%	0.00%	6.96%
Trucking	6.89%	0.00%	6.89%
Independent Power Producers	5.83%	0.00%	5.83%
Automobiles	7.99%	-3.04%	4.95%
Media	5.68%	-0.99%	4.69%
Shipping - Chemical	4.47%	0.00%	4.47%
Transportation/Logistics	4.24%	0.00%	4.24%
Gaming/Leisure	3.76%	0.00%	3.76%
Finance	3.55%	-0.16%	3.39%
Aerospace	3.24%	0.00%	3.24%
Shipping - Tankers	2.81%	0.00%	2.81%
Chemicals	3.61%	-1.08%	2.54%
Housing/Building Products	4.23%	-1.70%	2.53%
Technology	1.98%	0.00%	1.98%
Shipping - Dry Bulk	1.75%	0.00%	1.75%
Telecom	1.61%	0.00%	1.61%
Energy Service	2.15%	-0.80%	1.35%
Consumer Durables	0.70%	0.00%	0.70%
Packaging	0.77%	-0.92%	-0.15%
Index	0.00%	-0.61%	-0.61%
Metals/Minerals	0.00%	-0.83%	-0.83%
Forest Products/Containers	0.00%	-1.03%	-1.03%
Retail	0.00%	-4.98%	-4.98%
Other	9.33%	-1.39%	7.94%
<b>Adjusted Exposure**</b>	<b>96.30%</b>	<b>-17.53%</b>	<b>78.77%</b>

## Portfolio Composition

	Long	Short	Net
Bank Debt	39.39%	0.00%	39.39%
Corporate Bonds	37.89%	-11.54%	26.35%
Government Bonds	0.00%	-1.39%	-1.39%
Municipal Bonds	0.56%	0.00%	0.56%
Equity	9.57%	-0.79%	8.78%
Other	8.31%	0.00%	8.31%
Puts	0.00%	0.00%	0.00%
Warrants	0.58%	0.00%	0.58%
Notional value of CDS	0.00%	-3.81%	-3.81%
Notional value of Puts	0.00%	0.00%	0.00%
<b>Adjusted Exposure**</b>	<b>96.30%</b>	<b>-17.53%</b>	<b>78.77%</b>
Cash***	3.70%	0.00%	3.70%
<b>Total Exposure</b>	<b>100.00%</b>	<b>-17.53%</b>	<b>82.47%</b>

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

\*\* 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, 2014 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.