

# OCP CREDIT STRATEGY FUND

Monthly Update as at May 31, 2016



## Investment Rationale and Objectives

OCP Credit Strategy Fund provides Unitholders with exposure to an actively managed, unlevered, 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:	\$123,716,513.18*
NAV per Unit:	\$6.92*
Market Price:	\$6.60*
Latest Distribution: March 31, 2016	\$0.1750
Distribution Frequency:	Quarterly
Cash Distributions Since Inception:	\$4.4536

\*As at May 31, 2016

## Fund Returns (%)

	1M	3M	6M	YTD	1Y	2Y	3Y	5Y	SI
OCP Credit Strategy Fund (OCS.UN)	0.82	6.74	1.18	3.72	(7.73)	(5.99)	(1.08)	1.48	3.10

## Commentary

Net performance of OCP Credit Strategy Fund (the "Fund") was 0.82% and 3.72% for May and year-to-date, respectively. The Credit Suisse Leveraged Loan, Credit Suisse High-Yield and S&P 500 TR indexes returned 0.91%, 0.75% and 1.80%, and 4.19%, 8.02% and 3.57% during May and year-to-date, respectively.

Strong positive performance during the month was a reflection of continued positive investor sentiment. In May, most of the Fund's positions were positive contributors, with limited negative contributors. The largest positive contributor to performance this month was Avaya, while one of the largest declines was Intelsat Jackson ("Intelsat").

Avaya is a leading provider of business collaboration and communications solutions, networking and related services to companies around the world. The Fund's position in the company's first-lien loans and senior secured bonds traded up in May following an announcement that Avaya hired financial advisors to explore a sale of some or all of the business. In addition, the company said it plans to evaluate its capital structure, including outstanding debt maturing over the next several years.

The Fund's investments in satellite communications provider, Intelsat, accounted for (0.24%) of negative performance, which was precipitated by two events during the month. The first was a negative market reaction from a perceived increase in industry risk after one of the company's competitors reduced revenue guidance, citing pricing pressures similar to those outlined by Intelsat in February.

The company's performance was also affected when Intelsat launched a tender offer, which focused on longer-dated maturities, and was contrary to what the market expected. The tender offer is geared towards capturing a discount to the face amount of debt for the company, which demonstrates management's longer term confidence in the business, and will ultimately benefit all the company's debt holders. We continue to hold positions in the company's secured bank debt, as well as various senior bonds throughout this complex capital structure.

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## Five Strongest and Weakest Performers

### Strongest

Avaya Senior Secured Loans and Bonds  
 Corporate Risk Hldgs Senior Secured Bonds (formerly Altegrity)  
 Momentive Secured Bonds  
 Freddie Mac Equity  
 Elizabeth Arden Senior Unsecured Bonds

### Weakest

Team Tankers Equity  
 Intelsat Senior Unsecured Bonds  
 TCEH Senior Secured Loans and Bonds  
 Bluestem Equity (formerly Capmark)  
 Delphi Equity

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
Automobiles	12.37%	0.00%	12.37%
Trucking	9.85%	0.00%	9.85%
Energy	8.90%	-0.01%	8.89%
Chemicals	7.32%	-0.56%	6.76%
Media	5.35%	0.00%	5.35%
Telecom	5.34%	0.00%	5.34%
Business Services	4.93%	0.00%	4.93%
Finance	5.00%	-0.23%	4.77%
Energy Service	4.29%	0.00%	4.29%
Gaming/Leisure	3.88%	0.00%	3.88%
Technology	3.82%	0.00%	3.82%
Shipping - Chemical	3.39%	0.00%	3.39%
Independent Power Producers	2.62%	0.00%	2.62%
Healthcare	2.40%	0.00%	2.40%
Housing/Building Products	1.76%	0.00%	1.76%
Consumer Non-Durable	1.64%	0.00%	1.64%
Aerospace	1.58%	0.00%	1.58%
Transportation/Logis	2.13%	-0.61%	1.51%
Shipping - Jones Act	1.34%	0.00%	1.34%
Packaging	1.15%	-0.40%	0.75%
Transportation	0.56%	0.00%	0.56%
Shipping - Tankers	0.35%	0.00%	0.35%
Manufacturing	0.20%	0.00%	0.20%
Pharmaceuticals	0.07%	0.00%	0.07%
Shipping - Dry Bulk	0.06%	0.00%	0.06%
Forest Products/Container	0.00%	-1.62%	-1.62%
Retail	0.00%	-7.63%	-7.63%
Other	3.52%	-2.20%	1.32%
<b>Adjusted Exposure*</b>	<b>93.81%</b>	<b>-13.26%</b>	<b>80.55%</b>

## Portfolio Composition

	Long	Short	Net
Bank Debt	40.64%	0.0%	40.6%
Corporate Bonds	39.6%	-4.9%	34.7%
Government Bonds	0.0%	-2.2%	-2.2%
Municipal Bonds	0.9%	0.0%	0.9%
Equity	9.5%	-0.2%	9.2%
Call Options	0.0%	0.0%	0.0%
Puts	0.0%	0.0%	0.0%
Warrants	0.8%	0.0%	0.8%
Other	2.4%	0.0%	2.4%
Notional value of CDS & Puts	0.0%	-5.9%	-5.9%
<b>Adjusted Exposure**</b>	<b>93.81%</b>	<b>-13.26%</b>	<b>80.55%</b>
Adjusted Cash***	6.19%	0.00%	6.19%
<b>Adjusted Total Exposure</b>	<b>100.00%</b>	<b>-13.26%</b>	<b>86.74%</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.