

OCP CREDIT STRATEGY FUND

Interim Management Report of Fund Performance for the period
January 1, 2016 to June 30, 2016

Fund:

OCP Credit Strategy Fund

Securities:

Listed TSX: OCS.UN

Period:

January 1, 2016 to June 30, 2016

Manager:

Onex Credit Partners, LLC

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Notes:

1. This Interim Management Report of Fund Performance contains financial highlights but does not contain the complete Interim Financial Statements of the Fund. You can get a copy of the Interim Financial Statements at your request, and at no cost, by contacting us (contact information above) or on SEDAR at www.sedar.com. Holders may also contact us to request a free copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.
2. This report may contain forward looking statements. Forward looking statements involve risks and uncertainties and are predictive in nature and actual results could differ materially from those contemplated by the forward looking statements.
3. Unless otherwise indicated all information is as at June 30, 2016.
4. None of the websites that are referred to in this Interim Management Report of Fund Performance, nor any of the information on any such websites, are incorporated by reference in this Interim Management Report of Fund Performance.

Investment Objectives and Strategies

The Fund invests in an actively managed, diversified portfolio (the "Portfolio") comprised primarily of senior debt obligations of non-investment grade North American issuers. Onex Credit Partners, LLC (the "Manager") is the manager of the Fund and also manages the Portfolio. The Fund seeks to achieve the following investment objectives: to maximize total returns for securityholders, to provide securityholders distributions currently targeted to be \$0.175 per quarter (\$0.70 per year to yield 7% per year based on the \$10.00 initial subscription price) and to preserve capital. The Manager seeks to generate attractive risk-adjusted returns through a long/short investment strategy focused on actively traded, event-driven, senior debt securities in the non-investment grade debt markets. In order to manage risk and volatility, the strategy is based on a diversified portfolio, with limited exposure to equity investments and no financial leverage.

Results of Operations

For the six-month period ended June 30, 2016, net assets per unit of the Fund was \$6.72 after payment of distributions to securityholders of \$0.35 per unit compared to \$6.85 on December 31, 2015. Total return for the Fund was 3.4% over the period.

The Fund's net assets were \$120.1 million as at June 30, 2016, a decrease from \$163.3 million as at December 31, 2015. Factors contributing to this decrease include: (i) redemptions of \$39.7 million; and (ii) distributions to securityholders of \$7.3 million. This was offset in part by net income and net gains on investments of \$3.8 million.

During the period, performance was driven primarily by a recovery and return to stability in the credit markets. As well, the Manager continued to actively manage the portfolio in 2015 and early 2016 and deployed capital in situations where they perceived an attractive risk/reward balance. The markets' negative performance and corresponding sell-off in high-yield bonds last year created significant opportunities for the Fund.

In June of 2016, Brexit concerns caused market participants to exercise caution and briefly tempered positive momentum. In the early part of July, stability returned to the markets but it remains to be seen what the long-term effects of the Brexit decision will be on the credit markets. Continued volatility in oil prices, beyond the market's current priced in expectations, could also bring volatility to the credit markets. The Manager continues to find attractive opportunities to augment the portfolio and is monitoring global events and potential impacts closely.

The portfolio remains unlevered and predominantly long. At the end of 2015, the Fund was 78% net long, comprised primarily of high-yield bonds and leveraged loans at 30% and 43%, respectively. At the end of June 2016, the Fund was 82% net long, comprised primarily of high-yield bonds and leveraged loans at 36% and 42%, respectively.

In 2016, through the second quarter, the largest positive contributors were Momentive Performance Materials (Chemicals, +0.8%), Elizabeth Arden (Consumer Non-Durables, +0.8%), International Auto Components (Automobiles, +0.7%), Gates Global (Automobiles, +0.6%) and TCEH (Independent Power Producers, +0.5%). The numbers presented above are approximate gross performance.

With the largest negative contributor declining -0.6%, the most significant negative contributors for the year were OSX (Energy Services, -0.6%), Bluestem Group (formerly Capmark) (Finance, -0.5%), Team Tankers (Shipping-Chemicals, -0.5%), Intelsat (Telecom, -0.3%) and Delphi (Automobiles, -0.3%).

The Manager continues to invest in assets where they find an attractive risk/reward, predominantly at the top of the capital structure where they can identify assets and catalysts to unlock value, and where downside risk is measureable and acceptable. Given the broad based market selloff in 2015 and the early part of 2016, the Manager deployed available cash into certain high-yield senior bonds which had traded down in price and which met their investment criteria.

Recent Developments

Continued volatility in oil prices, beyond the market's current expectations, along with other unforeseeable economic or market-specific factors, could bring volatility to the credit markets. The Manager continues to find attractive opportunities to augment the portfolio and is monitoring global events and potential impacts closely.

Considerations for investors at this time are:

- i) The Brexit process is likely to be long and drawn out;
- ii) Negative rates are prevalent globally;
- iii) An increase to interest rates appears unlikely for the foreseeable future;
- iv) U.S. GDP growth remains solid; and
- v) Default rates (ex-commodities) are close to post-crisis lows.

Certain of these factors have combined to increase inflows to the asset class and the Fund has benefitted from this.

As the market recovery/return to stability persists, risk has declined accordingly. Based on the improvement in the non-investment grade debt markets to date, the Manager is optimistic but remains cautious as they expect continued market volatility surrounding issues such as Brexit, economic growth prospects both in the U.S. and abroad and interest rates, as well as other potential unforeseen economic and market specific factors.

The standard deviation of monthly performance (also referred to as volatility) has been relatively elevated in 2016, after peaking in April then declining through June. Accordingly and in line with absolute returns, risk-adjusted returns have improved meaningfully since the end of last year.

Related Party Transactions

The Manager and the Fund are deemed to be related parties. Please refer to the section titled "Management Fees", which outlines the fees paid to the Manager. The Manager and the Fund were not party to any other related party transactions during the period ended June 30, 2016.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years.

THE FUND'S NET ASSETS PER UNIT ⁽¹⁾

	2016	2015	2014	2013	2012	2011
Net Assets, beginning of period	\$6.85	\$8.40	\$9.03	\$8.84	\$8.60	\$9.49
Increase (decrease) from operations:						
Total revenue	0.20	0.42	0.02	0.00	0.00	0.00
Total expenses	(0.09)	(0.24)	(0.12)	(0.08)	(0.08)	(0.08)
Realized gains (losses) for the period	(0.26)	(0.48)	2.38	0.24	0.09	0.05
Unrealized gains (losses) for the period	0.33	(0.55)	(2.19)	0.72	0.93	(0.33)
Total increase (decrease) from operations ⁽²⁾	0.18	(0.85)	0.09	0.88	0.94	(0.36)
Distributions:						
From income (excluding dividends)	(0.09)	(0.10)	0.00	0.00	0.00	0.00
From dividends	0.00	0.00	0.00	0.00	0.00	0.00
From capital gains	0.00	0.00	(0.70)	0.00	0.00	0.00
Return of capital	(0.26)	(0.60)	0.00	(0.70)	(0.70)	(0.70)
Total Distributions ⁽³⁾	(0.35)	(0.70)	(0.70)	(0.70)	(0.70)	(0.70)
Net Assets, end of period ⁽⁴⁾	\$6.72	\$6.85	\$8.40	\$9.03	\$8.84	\$8.60

Notes:

⁽¹⁾ This information is derived from the Fund's audited annual and unaudited interim financial statements. The Fund adopted IFRS on January 1, 2014. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which requires that if an asset or liability has a bid price and an ask price, then its fair value is to be based on a price within the bid-ask spread that is most representative of fair value. Accordingly, the opening net assets as at January 1, 2013 was restated to reflect the accounting policy adjustments made in accordance with IFRS. All figures presented for periods prior to January 1, 2013 remain in accordance with Canadian GAAP.

⁽²⁾ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

⁽³⁾ Distributions were paid in cash.

⁽⁴⁾ This is not a reconciliation of the beginning and ending net assets per unit.

RATIOS AND SUPPLEMENTAL DATA

	2016	2015	2014	2013	2012	2011
Total net asset value (000s) ⁽¹⁾	\$120,148	\$163,337	\$221,346	\$253,939	\$264,517	\$261,336
Number of units outstanding ⁽¹⁾	17,876,056	23,851,108	26,355,791	28,131,739	29,909,815	30,379,175
Management expense ratio ⁽²⁾	2.63%	2.99%	3.21%	5.49%	3.74%	5.04%
Management expense ratio before waivers or absorptions	2.63%	2.99%	3.21%	5.49%	3.74%	5.04%
Trading expense ratio ⁽³⁾	0.01%	0.02%	0.24%	0.25%	0.25%	0.25%
Portfolio turnover rate ⁽⁴⁾	32.32%	51.06%	3.35%	N/A	N/A	N/A
Net asset value per unit	\$6.72	\$6.85	\$8.40	\$9.03	\$8.84	\$8.60
Closing market price	\$6.40	\$6.62	\$8.36	\$8.92	\$8.90	\$8.50

Notes:

- ⁽¹⁾ This information is provided as at December 31 of the year shown, except 2016 which is provided as at June 30.
- ⁽²⁾ Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and, except as stated in the following sentence, is expressed as an annualized percentage of daily average net asset value during the period. The MER for the period ended December 31, 2011 includes agents' fees and other offering expenses which, are one-time expenses and therefore are not annualized. Total expenses also include interest expense on short positions. The MER for the periods ended December 31, 2011, 2012, 2013, 2014, 2015 and June 30, 2016 excluding agents' fees and offering expenses and interest expense are 2.07%, 2.61%, 4.08%, 2.23%, 2.06% and 2.03%, respectively.
- ⁽³⁾ The trading expense ratio represents total commissions, forward agreement fees and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.
- ⁽⁴⁾ The Fund's portfolio turnover rate indicates how actively the Fund's investment adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Management Fees

The Manager is responsible for providing or arranging for all investment advisory and portfolio management services required by the Fund including, without limitation, managing the Portfolio in a manner consistent with the investment objectives, guidelines and restrictions of the Fund and for arranging for the execution of all portfolio transactions. The Manager is also responsible for the operational and administrative functions of the Fund. As compensation for the management services rendered to the Fund, the Manager is entitled to receive an annual management fee from the Fund in an amount equal to 1.25% of the net asset value of the Fund, calculated daily and paid monthly in arrears.

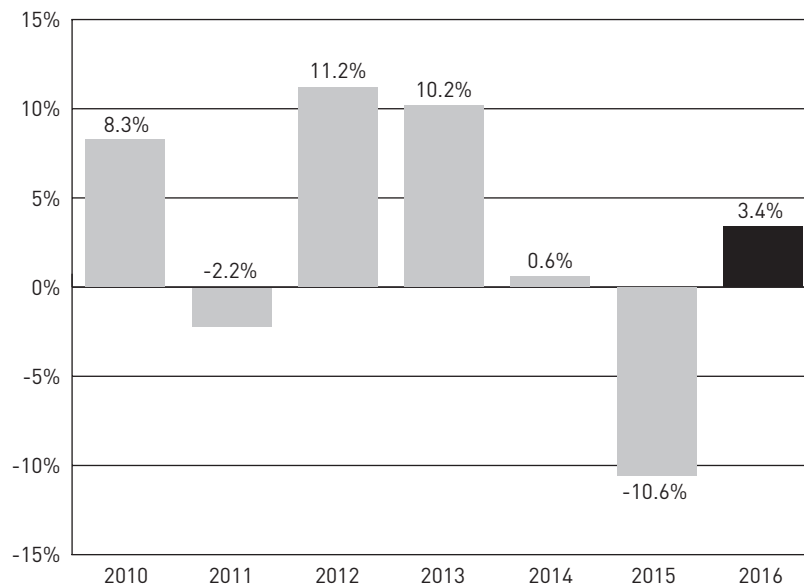
The Manager has retained FA Administration Services Inc. to provide certain administrative services to the Fund. The Manager pays FA Administration Services Inc. out of its management fee.

Past Performance

Please note that the performance information shown in this section assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund. Also note that the performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns on performance. The performance of the Fund in the past does not necessarily indicate how it will perform in the future.

YEAR-BY-YEAR RETURNS ⁽¹⁾

The following bar chart shows the Fund's annual performance for the periods shown and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of the period would have grown or decreased by the last day of the period.



⁽¹⁾ Returns are based on net asset value per unit.

⁽²⁾ Returns for the period January 1, 2016 to June 30, 2016.

Summary of Investment Portfolio

The following is a summary of the Fund's portfolio as at June 30, 2016. This is a summary only and will change due to ongoing portfolio transactions of the Fund. A quarterly update is available on www.ocpcreditstrategy.com.

The percentages set forth in this summary may vary from the percentages set forth in the monthly updates prepared by the Fund. Chief among the reasons for the variance is that in the monthly updates cash is adjusted to reflect payment or receipt of proceeds from any unsettled trades and to exclude the proceeds of any short sales, and that the calculations use the notional amount of each credit default swap rather than its marked to market position.

TOP 25 HOLDINGS AS AT JUNE 30, 2016

Description	% of Net Asset Value
Long Positions	
Cash ⁽¹⁾	14.15
Navistar Inc.	7.36
Momentive Performance	4.78
Altegrity Inc.	4.64
Promotora De Informaciones S.A.	4.58
Intelsat Jackson Holdings	4.40
CITGO Holdings Inc.	4.37
Caesars Entertainment Resort Properties LLC	3.92
Gates Global LLC	3.58
Ortho-Clinical Diagnostics, Inc.	3.06
Team Tankers International Limited	3.05
HGIM Corporation	2.88
Texas Competitive Electric Holdings Company	2.75
Federal-Mogul Corporation	2.67
YRC Worldwide Inc.	2.53
Nortel Networks Limited	2.31
Elizabeth Arden Inc.	2.20
Commercial Barge Line Company	2.10
Ceva Group PLC	2.06
Infor US Inc.	2.05
Alon USA Partners, LP	1.83
Veritas US Inc.	1.69
Lehman Brothers Holding Inc.	1.66
Sequa Corporation	1.60
Pershing Square Holdings Inc.	1.60

Description	% of Net Asset Value
Short Positions	
US Treasury	(2.30)
Macy's Retail Holdings, Inc.	(1.80)
Sealed Air Corporation	(1.61)
XPO Logistics Inc.	(0.60)
Ineos Group Holdings SA	(0.55)
Ball Corporation	(0.41)
Fannie Mae Common	(0.21)
Cobalt International Energy Common	(0.01)
Total Net Asset Value	\$120,148,269

SECTOR ALLOCATION AS AT JUNE 30, 2016

Industry	% of Net Asset Value
Long Positions	
Cash ⁽¹⁾	14.15
Trucking	9.89
Automobiles	9.75
Telecom	8.41
Energy	7.62
Chemicals	7.39
Media	5.21
Business Services	5.05
Finance	4.71
Energy Service	3.95
Gaming/Leisure	3.92
Technology	3.86
Other	3.22
Healthcare	3.06
Shipping – Chemical Tankers	3.05
Independent Power Producers	2.85
Consumer Non-Durables	2.20
Shipping – Jones Act	2.10
Transportation/Logistics	2.06
Housing/Building Products	1.61
Aerospace	1.60
Packaging	1.16
Transportation	0.53
Metals/Minerals	0.30
Shipping – Tankers	0.29
Retail	0.22
Manufacturing	0.20
Pharmaceuticals	0.08
Shipping – Dry Bulk	0.06

Industry	% of Net Asset Value
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Short Positions

Other	(2.30)
Retail	(1.80)
Forest Products/Containers	(1.61)
Transportation/Logistics	(0.60)
Chemicals	(0.55)
Packaging	(0.41)
Finance	(0.21)
Energy	(0.01)

Portfolio Composition	% of Net Asset Value
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Long Positions

Bank Debt	42.44
Bonds	42.14
Cash ⁽¹⁾	14.15
Equities	9.31
Warrants	0.24
Credit Default Swaps	0.22

Portfolio composition	% of Net Asset Value
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Short Positions

Bonds	(7.27)
Equities	(0.21)

⁽¹⁾ Cash, net of amounts receivable for investments sold and payable for investments purchased, short proceeds received and other miscellaneous items is 4.96%.

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