

OCP CREDIT STRATEGY FUND

Monthly Update as at June 30, 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:	\$120,148,268.75*
NAV per Unit:	\$6.72*
Market Price:	\$6.40*
Latest Distribution: June 30, 2016	\$0.1750
Distribution Frequency:	Quarterly
Cash Distributions Since Inception:	\$4.6286

*As at June 30, 2016

Fund Returns (%)

	1M	3M	6M	YTD	1Y	2Y	3Y	5Y	SI
OCP Credit Strategy Fund (OCS.UN)	(0.36)	3.74	3.35	3.35	(6.20)	(6.70)	(1.02)	1.36	3.00

Commentary

Net performance of OCP Credit Strategy Fund (the "Fund") was (0.36%) and 3.35% for June and year-to-date, respectively. The CS Leveraged Loan, CS High-Yield and S&P 500 TR indexes returned 0.03%, 1.19% and 0.26%, and 4.23%, 9.30% and 3.84% during June and year-to-date, respectively.

Late in June, the markets temporarily reacted to the surprising decision by the U.K. to exit the European Union and a moderate sell-off of non-investment grade debt followed. Trading volumes were down and, not surprisingly, bid/ask spreads widened; however, it was short-lived and orderly, with limited sustained impact. The Fund's performance during the month was driven by company-specific events and investments we initiated last year. With rates negative around the globe, continued modest U.S. GDP growth and default rates (excluding commodities) low and close to historical post-crisis levels, yield investors are increasingly coming to the non-investment grade debt markets to deploy capital.

The most significant driver of performance during the month was the Fund's investment in Elizabeth Arden ("RDEN"), a global prestige beauty company whose products include fragrance, skin care and cosmetics. Following the market sell-off last year and early this year, we were looking for companies with good assets (such as brand value in this case) that had wrongfully traded down, which we believed were higher quality, sustainable businesses. We began our diligence of RDEN in December 2015 and initiated a position in the company's \$350 million bond issue in March in the low \$60's. While RDEN had some small nearer term debt maturities and had been suffering from unsuccessful product launches, our analysis led us to conclude the company could successfully strengthen operations and manage small upcoming debt maturities. In the unlikely case it was unable to improve the business and/or extend the maturities, we believed the value of the core RDEN brands alone would likely cover the company's debt at par. As well, we believed RDEN could be a takeover candidate in the longer term. We continued to build our position (mid-\$60's) and, in mid-June, Revlon announced it would buy RDEN at a price that valued the company at \$870 million. While the news came out sooner than we'd expected, with the bonds now trading above par, the outcome validated our investment thesis and the Fund's performance benefitted meaningfully, adding approximately 60 basis points to monthly gross performance. Financing for the Revlon acquisition is committed and we expect the transaction to close later this year.

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Five Strongest and Weakest Performers

Strongest

Elizabeth Arden Senior Unsecured Bonds
Corporate Risk Hldgs Senior Secured Bonds (formerly Altegrity)
TCEH Senior Secured Loans and Bonds
Int'l Automotive Components Secured Bonds
HGIM Corp. Senior Secured Loans

Weakest

OSX-2 Senior Secured Loans
Team Tankers Equity
Bluestem Equity (formerly Capmark)
GM Warrants and General Unsecured Claims
Prisa Senior Secured and Unsecured Loans

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
Trucking	9.93%	0.00%	9.93%
Automobiles	9.86%	0.00%	9.86%
Telecom	8.48%	0.00%	8.48%
Energy	7.71%	0.00%	7.71%
Chemicals	7.48%	-0.56%	6.91%
Business Services	5.29%	0.00%	5.29%
Media	5.20%	0.00%	5.20%
Finance	4.75%	-0.21%	4.54%
Energy Service	4.00%	0.00%	4.00%
Gaming/Leisure	3.92%	0.00%	3.92%
Technology	3.90%	0.00%	3.90%
Healthcare	3.08%	0.00%	3.08%
Shipping - Chemical	3.04%	0.00%	3.04%
Independent Power Producers	2.85%	0.00%	2.85%
Consumer Non-Durable	2.25%	0.00%	2.25%
Shipping - Jones Act	2.10%	0.00%	2.10%
Housing/Building Products	1.65%	0.00%	1.65%
Aerospace	1.60%	0.00%	1.60%
Transportation/Logistics	2.06%	-0.60%	1.45%
Packaging	1.16%	-0.41%	0.76%
Transportation	0.53%	0.00%	0.53%
Metals/Minerals	0.30%	0.00%	0.30%
Shipping - Tankers	0.29%	0.00%	0.29%
Manufacturing	0.20%	0.00%	0.20%
Pharmaceuticals	0.08%	0.00%	0.08%
Shipping - Dry Bulk	0.06%	0.00%	0.06%
Forest Prod/Container	0.00%	-1.63%	-1.63%
Retail	0.00%	-7.78%	-7.78%
Other	3.25%	-2.30%	0.95%
Adjusted Exposure*	95.04%	-13.50%	81.54%

Portfolio Composition

	Long	Short	Net
Bank Debt	41.72%	0.0%	41.7%
Corporate Bonds	41.4%	-5.0%	36.4%
Government Bonds	0.0%	-2.3%	-2.3%
Municipal Bonds	0.9%	0.0%	0.9%
Equity	8.6%	-0.2%	8.4%
Call Options	0.0%	0.0%	0.0%
Puts	0.0%	0.0%	0.0%
Warrants	0.2%	0.0%	0.2%
Other	2.2%	0.0%	2.2%
Notional value of CDS & Puts	0.0%	-6.0%	-6.0%
Adjusted Exposure**	95.04%	-13.50%	81.54%
Adjusted Cash***	4.96%	0.00%	4.96%
Adjusted Total Exposure	100.00%	-13.50%	86.50%

*** 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.