

OCP CREDIT STRATEGY FUND

Interim Financial Statements for the period (Unaudited)
January 1, 2017 to June 30, 2017

NOTICE TO READER:

These interim financial statements and related notes for the six-month period ended June 30, 2017 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, 2017 \$	December 31, 2016 \$
ASSETS		
Current Assets		
Investments held long	84,118,336	121,128,044
Unrealized gain on forward contracts [Note 3]	341,153	692,287
Cash and cash equivalents	22,600,124	24,651,765
Cash on deposit with brokers as collateral	160,807	-
Receivable for investments sold	1,442,159	26,676
Interest and other receivable	1,097,387	1,139,747
Dividends receivable	31,433	-
Total Assets	109,791,399	147,638,519
LIABILITIES		
Current Liabilities		
Investments sold short	4,275,672	9,149,238
Unfunded bank debt commitments	-	11,109
Accounts payable and accrued liabilities [Note 6]	295,254	405,423
Distributions payable [Note 5]	2,448,965	3,128,310
Payable for investments purchased	4,103,508	6,979,443
Interest payable	17,394	54,268
Total Liabilities	11,140,793	19,727,791
EQUITY		
Unit capital	76,060,742	102,584,992
Retained earnings	22,589,864	25,325,736
Total Equity	98,650,606	127,910,728
Total Liabilities and Equity	109,791,399	147,638,519
Number of Units Outstanding [Note 7]	13,994,088	17,876,056
Total Equity/Net Assets per unit	\$7.05	\$7.16

See accompanying notes.

OCP CREDIT STRATEGY FUND

STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

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

	2017 \$	2016 \$
INCOME		
Investment Income		
Interest for distribution purposes	2,853,230	4,061,762
Dividends	132,190	21,232
	2,985,420	4,082,994
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Foreign currency (loss)	(305,649)	(6,156,717)
Other net changes in fair value of investments		
Net realized gain (loss) on investments	7,965,514	(1,831,073)
Net realized gain (loss) on derivatives	35,379	(29,080)
Net realized gain on forward contracts	3,104,783	2,546,370
Net change in unrealized (depreciation) appreciation of forward contracts	(351,134)	10,000,861
Net changes in unrealized (depreciation) of investments	(7,741,267)	(2,652,897)
Net change in unrealized depreciation of derivatives	(91,037)	(267,030)
Total income (loss)	5,602,009	5,693,428
EXPENSES		
Management fees [Note 6]	715,008	879,751
Interest expense	281,159	420,790
Dealer service fees [Note 6]	228,802	275,510
Custodian and valuation fees	109,096	50,772
Harmonized sales tax	100,099	108,385
Performance fees [Note 6]	90,658	-
Securityholder reporting costs	35,678	59,535
Other administration costs	22,314	17,816
Withholding tax on dividend income (expense)	19,048	1,476
Audit fees	17,356	17,021
Independent Review Committee fees	9,473	6,000
Transaction costs [Notes 6]	11,449	7,822
Legal fees	9,918	9,656
Trustee fees	4,959	5,000
Total Expense	1,655,017	1,859,534
Profit and total comprehensive income for the period	3,946,992	3,833,894
Earnings (loss) per unit [Notes 11]	\$0.25	\$0.18

See accompanying notes.

OCP CREDIT STRATEGY FUND

STATEMENTS OF CHANGES IN EQUITY (Unaudited)

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

	Unit Capital \$	Retained Earnings \$	Total Equity \$
As at January 1, 2017	102,584,992	25,325,736	127,910,728
Changes in equity for 2017:			
Profit (loss) for the period	-	3,946,992	3,946,992
Redemption of units	(22,277,378)	(5,352,461)	(27,629,839)
Distributions to unitholders			-
Income	-	(1,330,403)	(1,330,403)
Return of capital	(4,246,872)	-	(4,246,872)
As at June 30, 2017	76,060,742	22,589,864	98,650,606
As at January 1, 2016	150,535,600	12,801,382	163,336,982
Changes in equity for 2016:			
Profit (loss) for the period	-	3,833,894	3,833,894
Redemption of units	(37,711,373)	(2,008,980)	(39,720,353)
Distributions to unitholders			
Income	-	(1,817,592)	(1,817,592)
Return of Capital	(5,484,662)	-	(5,484,662)
As at June 30, 2016	107,339,565	12,808,704	120,148,269

See accompanying notes.

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STATEMENTS OF CASH FLOWS (Unaudited)

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

	2017 \$	2016 \$
Cash Flows from Operating Activities		
Profit (loss) for the period	3,946,992	3,833,894
Adjustments for:		
Foreign currency loss	305,649	6,156,717
Net realized (gain) loss on investments	(7,965,514)	1,831,073
Net realized (gain) loss on derivatives	(35,379)	29,080
Net realized (gain) on forward contracts	(3,104,783)	(2,546,370)
Net change in unrealized depreciation (appreciation) on investments	7,741,267	2,652,897
Net change in unrealized depreciation (appreciation) on forward contracts	351,134	(10,000,861)
Net change in unrealized depreciation (appreciation) on derivatives	91,037	267,030
Changes in working capital		
(Increase) in cash on deposit with brokers as collateral	(160,807)	-
Decrease in interest and other receivable	10,927	4,336,250
(Decrease) in interest payable	(36,874)	(119,680)
(Decrease) in accounts payable and accrued liabilities	(110,169)	(141,353)
Purchase of investments	(72,944,573)	(47,975,703)
Proceeds from sales of investments and settlement of forward contracts	104,051,560	74,762,074
Net Cash Generated by Operating Activities	32,140,467	33,085,048
Cash Flows from Financing Activities		
Distributions to unitholders	(6,256,620)	(8,373,816)
Amount paid on redemption of units	(27,629,839)	(40,675,524)
Net Cash Used by Financing Activities	(33,886,459)	(49,049,340)
Foreign currency (loss) on cash and other assets	(305,649)	(6,156,717)
Net (decrease) in cash and cash equivalents	(1,745,992)	(15,964,292)
Cash and cash equivalents beginning of period	24,651,765	39,118,274
Cash and Cash Equivalents end of period	22,600,124	16,997,265
Interest received, net of withholding tax	3,270,044	4,592,935
Dividends received, net of withholding tax	81,709	19,756
Interest paid	(318,033)	(540,470)

See accompanying notes.

OCP CREDIT STRATEGY FUND

SCHEDULE OF INVESTMENTS PORTFOLIO (Unaudited)

As at June 30, 2017 (stated in Canadian dollars)

Number of Shares, Units Par Value	Description	Maturity Date	Average Cost \$	Fair Value \$	% of Portfolio
LONG POSITIONS					
BONDS					
4,210,957	ACA Financial Guaranty Corp.	Defaulted	721,926	505,043	
358,000	Acosta Inc., 7.750%	October 1, 2022	409,421	351,618	
1,749,000	Allegheny Ludlum Corp., 6.950%	December 15, 2025	1,964,572	2,205,390	
86,000	Allegheny Technologies Inc., 5.950%	January 15, 2021	93,645	111,786	
2,741,000	Altegrity Inc., 9.500%	July 1, 2019	2,901,508	3,767,219	
436,000	Avaya Inc., 9.000%	Defaulted	479,032	453,667	
2,006,000	CITGO Holdings Inc., 10.750%	February 15, 2020	2,473,254	2,825,314	
19,000	Commonwealth of Puerto Rico, 5.000%	Defaulted	4,033	1,848	
767,927	Emeco PTY Ltd., 9.250%	March 31, 2022	959,990	1,004,158	
1,069,000	FTS International Inc.	June 15, 2020	1,471,712	1,389,531	
265,886	Glitnir Holdco, Amortizing Zero Coupon, Convertible Notes	December 31, 2030	296,581	31,011	
1,287,000	Hexion Inc., 6.625%	April 15, 2020	1,482,879	1,522,711	
690,000	Hexion Inc., 10.000%	April 15, 2020	921,073	887,944	
280,000	Hornbeck Offshore Services Inc., 5.000%	March 1, 2021	216,726	195,138	
1,870,000	Hornbeck Offshore Services Inc., 5.875%	April 1, 2020	1,453,320	1,394,169	
534,000	Intelsat Jackson Holdings, 5.500%	August 1, 2023	585,434	572,948	
455,000	Intelsat Jackson Holdings, 7.250%	October 15, 2020	534,498	557,506	
1,367,000	Intelsat Jackson Holdings, 7.500%	April 1, 2021	1,378,219	1,635,087	
723,000	Intelsat Jackson Holdings, 9.750%	January 25, 2025	954,221	936,270	
720,000	International Automotive Components Group LLC, 9.125%, 144A	June 1, 2018	871,042	906,712	
750,000	International Automotive Components Group LLC, 9.125%, Regs.	June 1, 2018	923,292	944,492	
460,000	K Hovnanian Enterprises, 5.000%	November 1, 2021	440,347	556,177	
521,000	K Hovnanian Enterprises, 7.000%, 144A	January 15, 2019	482,721	675,529	
550,000	K Hovnanian Enterprises, 8.000%	November 1, 2019	725,610	714,913	
230,000	K Hovnanian Enterprises, 9.125%	November 15, 2020	286,945	303,437	
2,000,000	Lehman Brothers Holding Inc., Floating Rate	Defaulted	79,621	162,075	
1,256,537	Lehman Brothers Holdings Inc., 6.200%	Defaulted	51,250	103,945	
48,790,000	Lehman Brothers Treasury Co., BV, 7.585%	Defaulted	58,042	463,513	
1,586,000	Lehman Brothers Treasury Co., BV, 0.000%	Defaulted	98,389	174,795	
1,552,000	Momentive Performance, 3.880%	October 24, 2021	1,521,855	1,997,231	
572,000	Momentive Performance, 4.690%	April 24, 2022	585,003	715,697	
394,000	Petsmart Inc. 5.875%	June 1, 2025	531,230	492,342	
1,260,000	Silver II US Holdings, LLC 7.750%	December 15, 2020	1,624,959	1,633,715	
2,000,000	Smurfit-Stone Container Corp., 8.375%	Defaulted	1,162	1,297	
1,650,000	Terraform Power Operating LLC, Step SR Lien, 6.375%, Regs.	February 1, 2023	2,229,675	2,224,966	

OCP CREDIT STRATEGY FUND

SCHEDULE OF INVESTMENTS PORTFOLIO (Unaudited) continued

As at June 30, 2017 (stated in Canadian dollars)

Number of Shares, Units Par Value	Description	Maturity Date	Average Cost \$	Fair Value \$	% of Portfolio
1,613,000	Texas Competitive Electric Holdings Co., 11.500%	Defaulted	16,020	5,229	
43,590	TXU EFH Claim	Defaulted	23,089	5,652	
111,857	VISTRA TRA (FKA TXU)	Defaulted	209,366	163,163	
580,000	XPO Logistics Inc., 6.500%	June 15, 2022	813,320	790,569	
Total Bonds			30,874,982	33,383,807	41.63%
BANK DEBT					
1,236,000	Acosta Inc. (fka Acosta Holdco Inc.), Tranche B-1 Loan	September 26, 2021	1,558,123	1,439,208	
1,703,418	Alon USA Partners LP, Term Loan B	November 26, 2018	1,998,840	2,208,652	
830,000	Alpha Natural Resources Inc.	Defaulted	–	32,285	
1,473,152	Avaya Inc., Term Loan B6	Defaulted	1,652,304	1,516,929	
1,118,400	Azure Midstream Energy LLC, Term Loan	November 15, 2018	1,331,969	1,341,359	
511,281	Bioplan USA Inc., (Tripolis US LLC) Term Loan	September 23, 2021	519,439	652,983	
1,973,000	Caesars Entertainment Operating Co., Inc., Term Loan B5	Defaulted	2,863,706	2,964,305	
1,065,262	CCS Intermediate Holdings LLC, Initial First Lien Term Loan	July 23, 2021	1,256,917	1,215,471	
292,746	Ceva Intercompany BV, Dutch BV Term Loan	March 19, 2021	325,413	352,846	
286,929	Ceva Group PLC, Pre-Funded L/C Loan	March 19, 2021	318,948	345,835	
403,788	Ceva Logistics U.S. Holdings Inc., US Term Loan	March 19, 2021	448,846	486,684	
50,473	Ceva Logistics Canada, ULC Canadian Term Loan	March 19, 2021	56,106	60,836	
962,186	CITGO Holding Inc., Term Loan	May 12, 2018	1,199,055	1,255,144	
1,176,916	Commercial Barge Line Co., Initial Term Loan	November 12, 2020	1,468,589	1,318,073	
455,282	Crosby US Acquisition Corp., Initial First Lien Term Loan	November 23, 2020	487,272	534,238	
2,502,000	Cumulus Media Holdings Inc., Term Loan	December 23, 2020	2,461,509	2,606,629	
427,399	Federal-Mogul Corp., Tranche C, Term Loan	April 15, 2021	501,234	555,551	
1,126,000	FTS International Inc. (fka Frac Tech International LLC), Initial Term Loan	April 16, 2021	1,351,108	1,174,061	
2,880,711	HGIM Corp., Term Loan B	June 18, 2020	2,345,997	1,624,392	
329,700	HLF Financing S.a r.l. (HLF Financing US LLC), Senior Lien Term Loan	February 15, 2023	422,510	430,562	
265,000	Kronos Acquisition Intermediate Inc. (aka KIK Custom Products), Initial Loan	August 26, 2022	360,622	345,059	
10,100,000	Lehman Brothers Specialty Finance Claim	Defaulted	406,155	851,218	
452,000	Misys Limited, Dollar Term Loan (Second Lien)	June 13, 2025	610,676	595,587	
3,150,000	OSX 2 Leasing BV, Term Loan	Defaulted	2,564,968	173,174	
793,013	Peabody Energy Corp., Term Loan	March 31, 2022	1,037,952	1,025,649	
1,126,698	Promotora De Informaciones S.A., PPL Term Loan	December 12, 2019	1,168,571	1,344,682	
2,255,205	Promotora De Informaciones S.A., Tranche 2	December 12, 2018	2,743,589	3,118,773	
569,064	Promotora De Informaciones S.A., Tranche 3	December 12, 2019	668,752	720,600	

OCP CREDIT STRATEGY FUND

SCHEDULE OF INVESTMENTS PORTFOLIO (Unaudited) continued

As at June 30, 2017 (stated in Canadian dollars)

Number of Shares, Units Par Value	Description	Maturity Date	Average Cost \$	Fair Value \$	% of Portfolio
814,000	Sequa Mezzanine Holdings LLC, Initial Loan (Second Lien)	April 28, 2022	1,108,354	1,073,902	
723,000	Sequa Mezzanine Holdings LLC, Initial Loan (First Lien)	November 28, 2021	978,975	944,473	
1,430,000	STG-Fairway Acquisitions Inc., Term Loan (First Lien)	June 30, 2022	1,752,815	1,694,219	
237,900	Strike LLC Term Loan	November 30, 2022	309,522	314,630	
541,643	Synchronoss Technology, Initial Term Loan	January 19, 2024	686,234	690,677	
31,077	TXU EFH CLAIM EXT LC	Defaulted	16,461	4,029	
63,204	TXU EFH CLAIM EXT RC	Defaulted	33,478	8,195	
42,130	TXU EFH CLAIM EXT Term Loan	Defaulted	22,315	5,463	
1,956,620	Veritas US Inc. New Dollar Term B Loan	January 27, 2023	2,595,555	2,538,857	
522,233	WP CPP Holdings LLC, Term B-3 Loan (First Lien)	December 28, 2019	663,567	650,042	
1,920,455	YRC Worldwide Inc., Initial Term Loan	February 13, 2019	2,510,707	2,418,473	
Total Bank Debt			42,807,153	40,633,745	50.68%
EQUITIES AND WARRANTS					
17,339	AIP/MPM Holdings Inc.		169,860	334,978	
31,787	Air Canada		359,829	552,458	
5,120	Allegheny Technologies Incorporated, Preferred Shares 5.95%		123,520	112,922	
4,991	Alpha Natural Resources Holdings Inc., Preferred Shares		66	29,121	
4,991	Alpha Natural Resources Inc., Preferred Shares		6,569	122,955	
106,953	Bluestem Group Inc.		502,916	98,459	
3,169	Contura Energy Inc.		102,413	269,135	
5,867	C&J Energy Services Inc.		238,231	260,697	
4,283	Delphi Automotive PLC		349,252	486,750	
1,068	Eagle Bulk Shipping Inc., Warrants, October 15 2021		-	125	
2,045,552	Emeco PTY Ltd., Preferred Shares 9.875%		174,606	214,073	
16,000	Federal Home Loan Mortgage Corp., Preferred R Series 7.625%		52,672	101,653	
16,000	Federal Home Loan Mortgage Corp., Preferred S Series 8.250%		68,306	119,495	
60,850	Federal Home Loan Mortgage Corp., Preferred Z Series 8.375%		276,057	429,995	
98,590	Globalstar Inc.		300,433	272,282	
15,434	Hornbeck Offshore Services Inc.		121,786	56,633	
175,568	Hovnanian Enterprises Inc., Class A		665,131	637,396	
18,095	Motors Liquidation Company GUC Trust		178,509	209,985	
4,125,668	Penson Technologies LLC, Class A		287,007	208,624	

OCP CREDIT STRATEGY FUND

SCHEDULE OF INVESTMENTS PORTFOLIO (Unaudited) continued

As at June 30, 2017 (stated in Canadian dollars)

Number of Shares, Units Par Value	Description	Maturity Date	Average Cost \$	Fair Value \$	% of Portfolio
327,286	RTS/Sanofi – Aventis		60,996	161,256	
2,034,807	Team Tankers International Ltd.		3,478,019	3,319,053	
22,507	TORM A/S, Common		382,763	284,669	
22,801	TORM A/S, Warrants		–	22,708	
4,372	Vantage Drilling International		604,728	986,360	
33,987	Vistra Operations Company LLC		726,207	739,894	
Total Equities and Warrants			9,229,876	10,031,676	12.51%
CREDIT DEFAULT SWAPS					
930,000	CDX.NA.HY.28., 5.000%	June 20, 2022	(79,789)	(84,978)	
543,000	Hertz Corp., 5 Year	June 20, 2021	67,759	84,398	
883,000	Nordstrom Inc., 5 Year	June 20, 2022	39,215	99,644	
3,700,000	The Gap Inc., 5 Year	March 20, 2020	(48,513)	(29,956)	
Total Credit Default Swaps			(21,328)	69,108	0.09%
FORWARD CONTRACTS					
	United States Dollars				
	Forward currency contract				
	July 31, 2017			341,153	
Total Forward Contracts				341,153	0.42%
Total Long positions			82,890,683	84,459,489	105.33%
SHORT POSITIONS					
BONDS					
(380,000)	Ball Corp., 4.000%	November 15, 2023	(412,967)	(507,489)	
(360,000)	Ensco PLC, 4.500%	October 1, 2024	(394,403)	(364,085)	
(2,000,000)	U.S. Treasury Notes, 2.250%	November 15, 2024	(2,326,635)	(2,607,888)	
(580,000)	XPO Logistics Inc. 6.500%	June 15, 2022	(697,964)	(796,210)	
Total Bonds			(3,831,969)	(4,275,672)	– 5.33%
Total Short positions			(3,831,969)	(4,275,672)	– 5.33%
Adjustment for transactions costs			(2,589)		
Total Investments			79,056,125	80,183,817	100.00%

OCP CREDIT STRATEGY FUND

NOTES TO FINANCIAL STATEMENTS (Unaudited)

June 30, 2017
(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.

The investment objectives of the Fund 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 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, 2017 were authorized for issue by the Manager on August 28, 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements of the Fund have been prepared in accordance with *International Accounting Standards* (IAS 34) as issued by the *International Accounting Standards Board* (IASB). 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 investments, forward contracts and unfunded bank commitments, and significant judgements include 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.

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 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.

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.

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

Other financial assets and liabilities

All other financial assets and liabilities not measured at FVTPL are measured at amortized cost. Assets are classified as loans and receivables and liabilities are classified as other financial liabilities. Included in loans and receivables are receivable for investments sold, interest and other receivables, cash on deposit with brokers as collateral, cash and cash equivalents and dividend receivable. Included in other financial liabilities are accounts payable and accrued liabilities, redemptions payable, distributions payable, payable for investments purchased and interest payable. Financial assets and liabilities are shown at the amount required to be received or paid, discounted, when appropriate. The carrying value of financial assets and liabilities not measured at FVTPL approximates fair value due to their short term nature.

(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" and "net change in unrealized appreciation (depreciation) of investments" 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.

Where quoted prices are not available from independent security pricing services or broker quotes, the fair value is determined using appropriate and accepted industry valuation techniques, as described in Note 4.

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.

Credit default swaps 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.

(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.

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise of deposits in banks and prime brokerage accounts that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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 is calculated daily 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 equity.

Earnings (loss) Per Unit

Earnings (loss) per unit are based on the profit (loss) and total comprehensive income (loss) 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.

OCP CREDIT STRATEGY FUND

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

3. FORWARD CONTRACTS

The Fund had entered into forward foreign currency contracts to deliver currencies at a specific future date as follows:

As at June 30, 2017:

Sale	Amount \$	Purchase	Amount \$	Contract Price \$	Settlement Date	Unrealized foreign exchange gain (loss) on contract \$
USD	(75,102,185)	CAD	97,658,000	0.7690	July 31, 2017	341,153
						341,153

As at December 31, 2016:

Sale	Amount \$	Purchase	Amount \$	Contract Price \$	Settlement Date	Unrealized foreign exchange gain (loss) on contract \$
USD	(94,204,859)	CAD	127,106,000	0.7412	January 31, 2017	692,287
						692,287

The counterparty is rated BBB+ by S&P Global Ratings (December 31, 2016 – BBB+).

4. 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. These inputs may include, but are not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities or other market corroborated inputs.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

OCP CREDIT STRATEGY FUND

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

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

As at June 30, 2017

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Equities and warrants	5,342,855	1,161,144	3,527,677	10,031,676
Bonds	-	33,383,807	-	33,383,807
Bank debt	-	40,460,571	173,174	40,633,745
Credit default swaps	-	69,108	-	69,108
Forward contracts	-	341,153	-	341,153
Total	5,342,855	75,415,783	3,700,851	84,459,489

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial liabilities				
Bonds sold short	-	4,275,672	-	4,275,672
Total	-	4,275,672	-	4,275,672

As at December 31, 2016

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Equities and warrants	11,935,420	799,114	581,543	13,316,077
Bonds	-	50,656,849	-	50,656,849
Bank debt	-	56,900,271	179,298	57,079,569
Credit default swaps	-	75,549	-	75,549
Forward contracts	-	692,287	-	692,287
Total	11,935,420	109,124,070	760,841	121,820,331

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial liabilities				
Equities	204,187	-	-	204,187
Bonds sold short	-	8,945,051	-	8,945,051
Unfunded bank debt commitment	-	11,109	-	11,109
Total	204,187	8,956,160	-	9,160,347

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

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 period ended June 30, 2017 and December 31, 2016, 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 period ended June 30, 2017 and December 31, 2016, there were no transfers of financial assets and liabilities from Level 2 to Level 1.

The Fund holds three illiquid positions which have 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*.

For Level 3 investments where quoted prices are not available from brokers/counterparties or independent third-party pricing services, the Fund may use various valuation techniques, such as market approach, income approach, net asset value method, relative value using discounted cash flow, probability weighted recovery analysis, liquidation analysis, comparable company analysis, imputed value based on similar quoted investments, tender offer or a combination of these techniques. Inputs used may include original transaction price, market quotes of similar instruments, probability assessment of legal recovery, comparison to other public companies (peers) based on industry and size, comparable multiples of enterprise value to EBITDA, appraisal values of assets and discounts for liquidity and other risk factors. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available. The valuation techniques used in the valuation process were:

1. Probability weighted recovery analysis: The amount of legal claims, the priority of each claim, the amount of cash and other potential recoveries, the length of time until recovery, the probability of a favorable court determination and ultimate risk to recover.
2. Liquidation Analysis: The recovery amount assuming the underlying asset would be sold for its parts and scrapped in an environmentally conscious manner.
3. Comparable Company Analysis: A multiple analysis whereby appropriate multiples are applied to the portfolio investment's EBITDA to estimate the enterprise value of the Company. EBITDA multiples are typically determined based upon a review of market comparable transactions and companies if any.
4. Net Asset Value Method: An asset value appraisal approach based on the portfolio investment's balance sheet and including an applied discount. These discounts are applied in instances of liquidity restrictions, uncertainty of value provided due to unobservable inputs and lack of political and economic stability.

During the period ended June 30, 2017, the reconciliation of Level 3 investments measured using non-observable inputs is presented as follows:

	Equities and Warrants	Bank Debt	Total
January 1, 2017	581,543	179,298	760,841
Purchases	-	-	-
Sales/Return of Capital	(361,918)	-	(361,918)
Net transfers (out of) Level 3	-	-	-
Net transfers (in to) Level 3	3,783,695	-	3,783,695
Realized gains (losses)	2,106	-	2,106
Change in unrealized appreciation (depreciation)	(477,749)	(6,124)	(483,873)
June 30, 2017	3,527,677	173,174	3,700,851

OCP CREDIT STRATEGY FUND

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

During the year ended December 31, 2016, the reconciliation of Level 3 investments measured using non-observable inputs is presented as follows:

	Equities and Warrants	Bank Debt	Total
January 1, 2016	530,945	1,307,687	1,838,632
Purchases	-	-	-
Sales	-	-	-
Net transfers (out of) Level 3	-	-	-
Net transfers (in to) Level 3	-	-	-
Realized gains (losses)	-	-	-
Change in unrealized appreciation (depreciation)	50,598	(1,128,389)	(1,077,791)
December 31, 2016	581,543	179,298	760,841

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.

	Fair Value	Valuation Technique	Significant Unobservable Inputs	Value of Input used
OSX 2 Leasing BV, Term Loan	\$173,174	Liquidation Analysis	Liquidation value of the asset	\$4.24 USD per \$100 USD par value
Penson Technologies LLC, Class A	\$208,624	Probability Weighted Recovery Analysis	Outcome and timing of claims resolution and litigation recoveries	.039 USD
Team Tankers International Limited, Common Stock	\$3,319,053	Comparable Company Analysis/Net Asset Value Method	Comparable company trading multiples/Appraised values of assets	10.50 NOK

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

Sensitivity Analysis of Level 3 Financial Assets and Liabilities

The following table summarizes the potential effect of using reasonably possible alternative assumptions for significant financial assets and financial liabilities held, as at June 30, 2017 that are classified in Level 3 of the fair value hierarchy.

	Valuation Technique	Significant Unobservable Inputs	Lower Range	Upper Range	Lower Range (\$)	Upper Range (\$)
Penson Technologies LLC, Class A	Probability Weighted Recovery Analysis	Outcome and timing of claims resolution and litigation recoveries	\$0.016 USD	\$0.061 USD	\$85,589	\$326,310
Team Tankers International Limited, Common stock	Comparable Company Analysis/Net Asset Value Method	Comparable company trading multiples/appraised values of assets	\$10.3 NOK	\$10.8 NOK	\$3,255,833	\$3,413,883

5. 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).

6. EXPENSES OF THE FUND AND RELATED PARTY TRANSACTIONS

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, 2017, the Fund incurred management fees of \$715,008 (June 30, 2016 – \$879,751) of which \$103,671 was owing at June 30, 2017 (June 30, 2016 – \$126,877).

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, 2017, the Fund incurred Performance Fees of \$90,658 (2016 – \$nil).

The Fund is responsible for all costs relating to its administration and operation.

OCP CREDIT STRATEGY FUND

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

7. 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.

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

	2017 #	2016 #
Redeemable units outstanding, beginning of period	17,876,056	23,851,108
Redemption of redeemable units	(3,881,968)	(5,975,052)
Redeemable units outstanding, end of period	13,994,088	17,876,056

Under a normal course issuer bid, which will expire on July 17, 2018, 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 can be repurchased at their market price through the facilities of the Toronto Stock Exchange ("TSX"). During the periods ended June 30, 2017 and 2016, no units were purchased under this normal course issuer bid. 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.

8. 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 Fund 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.

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, 2017 was \$5,184,055 representing 5.25% of the net assets of the Fund (December 31, 2016 - \$7,475,916 or 5.84%).

OCP CREDIT STRATEGY FUND

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

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

Credit Rating	As a % of Net Assets	
	June 30, 2017	December 31, 2016
A	-	-
BBB	-	(1.75)%
BB	2.49%	(0.18)%
B	34.63%	34.98%
CCC	23.23%	25.15%
CC	-	0.24%
D	-	3.48%
NR*	8.94%	14.37%

* Not rated by S&P Global Ratings.

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, accounts payable and accrued liabilities, distributions payable, payable for investments purchased and interest payable. These financial liabilities are all current and are expected to be settled within three 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 7. 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 investments that are denominated in a currency other than the Canadian dollar, the functional currency of the Fund, and also holds foreign currency denominated cash and other net assets. Consequently, the Fund is exposed to currency risk as the fair value of the investments and net assets denominated in currencies other than the Canadian dollar will vary due to changes in foreign currency exchange rates. For the periods ended June 30, 2017 and December 31, 2016, the Fund does not have significant exposure to foreign exchange risk as substantially all of the Fund's foreign denominated investments and net assets 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, 2017, approximately 10.17% of the Fund's net assets are subject to other price risk (December 31, 2016 – 10.25%). Management's best estimate of the effect on total equity as at June 30, 2017, 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 \$502,000 (December 31, 2016 – \$656,000) respectively. In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

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, 2017 is shown in the Fund's schedule of investment portfolio.

9. 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, which is available on SEDAR. Restrictions and specific requirements on the redemption of units are described in Note 7. The statements of changes in equity and Note 7 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 8 while maintaining sufficient liquidity to meet distributions and redemptions.

10. 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.

The Fund had net capital tax loss carry forwards of \$9,397,160 as at December 31, 2016.

11. EARNINGS (LOSS) PER UNIT

Earnings (loss) per unit for the periods ended June 30, 2017 and 2016 is calculated as follows:

	2017	2016
Profit (loss) for the period	\$3,946,992	\$3,833,894
Weighted average units outstanding during the period	15,967,243	20,830,752
Earnings (loss) per unit	\$0.25	\$0.18

161 Bay Street, 49th Floor
Toronto Ontario M5J 2S1
(647) 260-4055 or (877) 260-4055
www.ocpcreditstrategy.com • info@ocpfunds.com
