

# OCP CREDIT STRATEGY FUND

Monthly Update as at April 30, 2010



## Investment Rationale and Objectives

OCP Credit Strategy Fund provides Unitholders with exposure to the performance of 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, on a tax-advantaged basis; (ii) to provide Unitholders with attractive, quarterly, tax-advantaged 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.

## 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:	\$198,742,512*
NAV per Unit:	\$9.56*
Market Price:	\$9.95*
Latest Distribution: March 31, 2010	\$0.2536
Distribution Frequency:	Quarterly
Cash Distributions Since Inception:	\$0.2536

\* As at April 29, 2010.

## Commentary

We are pleased to report that the Fund gained approximately 0.65% in April, net of fees and expenses. Since its inception on November 20, 2009, the Fund has gained 4.00% on a net basis.

Portfolio capital continues to be deployed as the Portfolio's long exposure grew from 65% to 75% in April, while net exposure increased slightly to 65% from 62%. We were comfortable increasing the Fund's long and net exposures, in part, because Chrysler Finco announced in April that it will be repaying its entire First Lien Loan (term loan and revolver) in May, almost four years in advance of its stated maturity and consistent with our timing expectations. This is currently the Portfolio's largest position at approximately 8% of capital. The Portfolio's short exposure also grew during the month as we identified attractive opportunities to pursue.

### Monthly Highlight

**Each month we like to highlight one or more of the Portfolio's holdings, so that investors can understand our investment rationale and approach to the marketplace.**

***Hovnanian Enterprises, Inc. (HOV) Senior Notes*** - HOV is a large publicly-traded homebuilder operating in 19 states. We initiated our analysis in 2007 as HOV and other homebuilders came under pressure, causing their senior debt to trade at significant discounts to par. Based on our research, our thesis was that the considerable discounts applied to HOV's senior notes were excessive in light of the company's large cash balance and land inventory. Based on our analysis:

- The senior note indentures limited the amount of secured debt HOV could issue;
- The secured and senior debt were well protected by meaningful asset coverage, including a large cash balance;
- HOV could generate significant cash flows through reduced spending on new lots and by utilizing its multi-year supply of owned lots in inventory;
- Management's ongoing opportunistic debt reduction initiatives, a large cash balance and a generally favorable maturity profile would give HOV the runway it needs to participate in the expected homebuilding recovery.

The Portfolio began to invest in HOV's Senior Notes in December 2009 with the expectation that they would trade higher as HOV generated enough cash to enable it to participate in the coming homebuilding recovery. The Portfolio's investment in HOV Senior Notes and First Lien Debt performed well in April as many homebuilders reported improving gross margins for the first quarter with cautiously optimistic expectations for the rest of the year. The industry enjoyed more positive news as several homebuilders successfully extended debt maturities in a very active new-issuance market.

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# ONEX

CREDIT PARTNERS

## Five Strongest and Weakest Performers

### Strongest

Hovnanian Senior Note
Smurfit Stone Senior Note and Common Stock
CIT Term Loan, Senior Note and Common Stock
GM Preferred Stock
Tribune Senior Term Loan and Revolving Credit

### Weakest

Lehman Brothers Holdings Senior Note
USG Senior Note
Simon Property Group Senior Note
Charter Senior Term Loan
MGM Senior Note

The chart shows the top five strongest and weakest holdings contributing to the Fund'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
Finance	19.1%	0.0%	19.1%
Transportation	9.8%	0.0%	9.8%
Chemicals	9.4%	0.0%	9.4%
Housing/Building Products	6.1%	-1.2%	4.9%
Gaming/Leisure	5.5%	-0.5%	5.0%
Forest Prod/Containers	5.0%	0.0%	5.0%
Media	4.3%	0.0%	4.3%
Real Estate	3.8%	-1.1%	2.7%
Other	3.1%	-4.4%	-1.2%
Telecom	2.7%	-0.7%	2.0%
Cable/Wireless Video	2.4%	0.0%	2.4%
Food	2.1%	0.0%	2.1%
Business Services	1.1%	0.0%	1.1%
Energy	0.5%	0.0%	0.5%
Aerospace	0.0%	0.0%	0.0%
Index	0.0%	-2.3%	-2.3%
Cash	24.9%	0.0%	24.9%
Adjusted Exposure**	100.0%	-10.1%	89.9%

## Portfolio Composition\*\*\*

	Long	Short	Net
Bank Debt	44.5%	0.0%	44.5%
Corporate Bonds	24.8%	-3.5%	21.3%
Equity	5.8%	-0.1%	5.6%
Government Bonds (EUR)	0.0%	-4.4%	-4.4%
Cash	24.9%	0.0%	24.9%
Total Exposure	100.0%	-7.9%	92.1%
Notional value of CDS	0.0%	-2.2%	-2.2%
Adjusted Exposure**	100.0%	-10.1%	89.9%

\*\*\* The Portfolio refers to the positions held by the underlying fund, OCP Investment Trust.

\*\* 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. Commissions, trailing commissions, management fees and expenses all may be associated with an investment in the Fund. Please read the Fund's continuous disclosure documents (found on SEDAR) before investing. The Fund is not guaranteed, its value changes frequently and past performance may not be repeated.

The Portfolio refers to the positions held by the underlying fund, OCP Investment Trust. Through a forward agreement, the return of the Fund is dependent on the return of the Portfolio. Performance figures for the Fund are based on Canadian generally accepted accounting principles and were based on audited financial statements through December 31, 2009 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.