

# OCP CREDIT STRATEGY FUND

Monthly Update as at March 31, 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:	\$202,686,044 *
NAV per Unit:	\$9.75 *
Market Price:	\$10.10 *
Latest Distribution: March 31, 2010	0.2536
Distribution Frequency:	Quarterly
Cash Distributions Since Inception:	0.2536

\* As at March 31, 2010.

## Commentary

We are pleased to report that the Fund gained approximately 1.53% in March, net of fees and expenses. Since inception on November 20, 2009 the Fund has gained 3.33% on a net basis. During the month, the Fund announced its first cash distribution, to be paid on or before April 15 to holders of record on March 31 of \$0.2536 per Unit. The distribution represents an annual yield of 7% based on the original purchase price of \$10.00 per Unit and includes a pro rated amount for the period from the closing of the Fund's initial public offering to December 31, 2009.

Portfolio capital continues to be deployed cautiously with invested capital increasing to 65% from 58% on the long side as of the end of March. Gross exposure grew primarily through new positions and additions to existing positions.

### Highlight

**American General Finance Corp. (AMGEN) Term Loan and Senior Notes** - AMGEN is a wholly-owned consumer finance subsidiary of AIG specializing in real estate and consumer finance loans. We initiated our analysis in the third quarter of 2009 at a time when the company's senior debt (bank loans and bonds) was trading at significant discounts to par. Our thesis was that this discount was exaggerated, reflecting AMGEN's association with AIG. Based on our analysis:

- The capital structure was well protected from issues that could impair AIG or any of its other subsidiaries;
- The senior debt, at then current trading levels, was well protected by meaningful asset coverage, based on conservative assumptions; and
- The company had multiple options to meet upcoming maturities in 2010, suggesting a near-term event catalyst was likely in 2010 to cause the debt to appreciate.

The Portfolio invested in the senior debt with the expectation that as the company progressed towards meeting that refinancing, the debt would trade higher or be repaid at par. In March, AMGEN announced that it would prepay certain terms loans at par, several months in advance of the July maturity date, and we expect the company to pay-off the remaining term loan balance at par when it matures this July. In addition, AMGEN announced an approximate \$500 million secured capital raise, which closed at the end of March, and a \$2 billion secured capital raise, which is expected to close in late April. These factors resulted in the Portfolio's position posting a solid gain during the month.

We continue to deploy capital in a measured approach and believe that the Portfolio is well positioned to take advantage of market opportunities as they present themselves.

### Other Developments

Annual audited financial statements and management report of fund performance for the period ended December 31, 2009 were recently filed on SEDAR and are available on the Fund's website, [www.ocpcreditstrategy.ca](http://www.ocpcreditstrategy.ca).

# OCP CREDIT STRATEGY FUND

Monthly Update as at March 31, 2010

# ONEX

CREDIT PARTNERS

## Five Strongest and Weakest Performers

### Strongest

AMGEN Senior Note and Term Loan  
General Motors Senior Note  
CIT Senior Note and Term Loan  
Delphi Equity  
Harrah's Senior Term Loan

### Weakest

Lehman Brothers Holdings  
Visteon Senior Term Loan  
MGM Mirage Senior Note  
USG Senior Note  
Charter Senior Term Loan

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	20.01%	0.00%	20.01%
Transportation	8.52%	0.00%	8.52%
Chemicals	6.81%	0.00%	6.81%
Gaming / Leisure	5.27%	-0.42%	4.86%
Forest Prod / Containers	4.81%	0.00%	4.81%
Housing / Building Products	3.99%	-1.11%	2.88%
Real Estate	3.72%	-1.06%	2.66%
Media	3.11%	0.00%	3.11%
Telecom	2.59%	-0.65%	1.94%
Other	2.55%	0.00%	2.55%
Cable / Wireless Video	2.42%	0.00%	2.42%
Energy	0.52%	0.00%	0.52%
Food	0.45%	0.00%	0.45%
Aerospace	0.06%	0.00%	0.06%
Cash	35.16%	0.00%	35.16%
Adjusted Exposure**	100.00%	-3.24%	96.76%

## Portfolio Composition\*\*\*

	Long	Short	Net
Bank Debt	40.71%	0.00%	40.71%
Corporate Bonds	19.61%	-3.24%	16.37%
Convertible Bonds	0.00%	0.00%	0.00%
Equity	4.52%	0.00%	4.52%
Cash	35.16%	0.00%	35.16%
Other	0.00%	0.00%	0.00%
Total Exposure	100.00%	-3.24%	96.76%
Notional value of CDS	0.00%	0.00%	0.00%
Adjusted Exposure**	100.00%	-3.24%	96.76%

\*\*\* 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.