OCP Credit Strategy Fund

Annual Financial Statements
for the year ended December 31, 2010

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of OCP Credit Strategy Fund (the "**Fund**") are the responsibility of the management of the Fund. They have been prepared in accordance with Canadian generally accepted accounting principles using information available to March 22, 2011 and management's best estimates and judgments.

The management of the Fund is responsible for the information and representations contained in these Annual Financial Statements and the Annual Management Report of Fund Performance. Management is also responsible for the selection of the accounting principles that are most appropriate for the Fund's circumstances and for the judgments and estimates made in the financial statements. The management of the Fund maintains appropriate processes to ensure that accurate, relevant and reliable financial information is produced.

These financial statements have been approved by the management of the Fund and have been audited by Collins Barrow Toronto LLP, Chartered Accountants, on behalf of the unitholders. The auditors' report outlines the scope of their audit and their opinion on the financial statements.

Josh Spierer
CHIEF FINANCIAL OFFICER
ONEX CREDIT PARTNERS, LLC,
THE MANAGER OF THE FUND
MARCH 22, 2011.

Michael Gelblat
MANAGING MEMBER
ONEX CREDIT PARTNERS, LLC,
THE MANAGER OF THE FUND
MARCH 22, 2011.

Collins Barrow
Chartered Accountants

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AUDITORS' REPORT

To the Unitholders of **OCP Credit Strategy Fund,**

We have audited the accompanying financial statements of OCP Credit Strategy Fund (the "Fund"), which comprise the schedule of forward agreement as at December 31, 2010, the statements of net assets as at December 31, 2010 and December 31, 2009 and the statements of operations and changes in net assets for the periods then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Generally Accepted Accounting Principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis of our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2010 and December 31, 2009, and its financial performance and its changes in net assets for the periods then ended in accordance with Canadian Generally Accepted Accounting Principles.

Collins Barrow Toronto LLP

LICENSED PUBLIC ACCOUNTANTS
CHARTERED ACCOUNTANTS
TORONTO, CANADA,
MARCH 22, 2011.

OCP CREDIT STRATEGY FUND
STATEMENTS OF NET ASSETS

As at December 31,	2010 $	2009 $
Assets		
Forward Agreement *[Note 6]*	**197,210,106**	195,830,473
Receivable from Counterparty under Forward Agreement *[Note 6]*	**3,760,000**	–
Cash	**316,500**	2,043,150
	201,286,606	197,873,623
Liabilities		
Accounts payable and accrued liabilities	**547,353**	385,023
Distributions payable *[Note 4]*	**3,636,500**	–
	4,183,853	385,023
Net Assets	**197,102,753**	197,488,600
Number of units outstanding *[Note 7]*	**20,780,000**	20,780,000
Net assets per unit	**$9.49**	$9.50

See accompanying notes

OCP CREDIT STRATEGY FUND

STATEMENTS OF OPERATIONS

	Year Ended December 31, 2010 $	Period from November 20, 2009 to December 31, 2009 $
Investment income		
Interest	**25,927**	1,424
Expenses		
Dealer service fee *[Note 5]*	**787,882**	89,979
Management fees *[Note 5]*	**615,533**	70,296
Forward Agreement fee *[Note 6]*	**490,465**	55,715
Other operating expenses	**361,635**	56,634
	2,255,515	272,624
Net investment loss	**(2,229,588)**	(271,200)
Realized and unrealized gain (loss) on Forward Agreement		
Net realized foreign exchange loss	**(36)**	(673)
Net realized gain on partial settlements of Forward Agreement	**884,957**	–
Net change in unrealized appreciation on Forward Agreement	**17,229,676**	1,639,973
Net gain on Forward Agreement	**18,114,597**	1,639,300
Increase in net assets from operations	**15,885,009**	**1,368,100**
Increase in net assets from operations per unit	**$0.76**	**$0.07**

See accompanying notes

OCP CREDIT STRATEGY FUND

STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended December 31, 2010 $	Period from November 20, 2009 to December 31, 2009 $
Increase in net assets from operations	**15,885,009**	1,368,100
Distributions to unitholders *[Note 4]*		
Return of capital	**(16,179,308)**	–
Capital unit transactions *[Note 7]*		
Subscriptions received	**–**	207,800,000
Agents' fees and expenses of issue *[Note 1]*	**(91,548)**	(11,679,500)
	(91,548)	196,120,500
Increase (decrease) in net assets for the period	**(385,847)**	197,488,600
Net assets, beginning of period	**197,488,600**	–
Net assets, end of period	**197,102,753**	197,488,600

See accompanying notes

SCHEDULE OF FORWARD AGREEMENT

As at December 31, 2010

Number of Shares or Par Value (US$)	Description	Maturity Date	Average Cost $	Fair Value $
Investments held by OCP Investment Trust				
LONG POSITIONS				
	BONDS			
800,000	AbitibiBowater Corporation, 10.25%	October 15, 2018	822,521	870,879
4,862,640	ACST Pass Through Trust Floating Rate	June 20, 2031	4,546,452	4,423,306
90,000	Ally Financial (formerly known as GMAC Inc.), 8.00%	October 15, 2017	75,689	88,632
50,000	Ally Financial (formerly known as GMAC Inc.), 6.20%	November 15, 2013	45,004	48,933
100,000	Ally Financial (formerly known as GMAC Inc.), 6.375%	August 1, 2013	88,860	98,778
96,000	Ally Financial (formerly known as GMAC Inc.), 7.00%	November 15, 2012	91,054	95,299
105,000	Ally Financial (formerly known as GMAC Inc.), 7.00%	January 15, 2013	100,238	104,546
30,000	Ally Financial (formerly known as GMAC Inc.), 7.10%	January 15, 2013	27,548	29,897
120,000	Ally Financial (formerly known as GMAC Inc.), 7.10%	January 15, 2013	114,010	119,586
100,000	Ally Financial (formerly known as GMAC Inc.), 7.125%	August 15, 2012	97,055	99,397
135,000	Ally Financial (formerly known as GMAC Inc.), 7.25%	August 15, 2012	131,025	134,278
1,000,000	Ally Financial (formerly known as GMAC Inc.), 7.50%	August 15, 2017	854,728	944,845
194,000	Ally Financial (formerly known as GMAC Inc.), 7.75%	October 15, 2017	163,666	188,692
175,000	Ally Financial (formerly known as GMAC Inc.), 7.875%	November 15, 2012	164,353	174,512
8,345,000	American General Finance, 6.90%	December 15, 2017	7,203,135	6,699,196
346,000	Atkore International Inc., 9.875%	January 1, 2018	347,365	357,737
860,000	Beazer Homes USA, 8.125%	June 15, 2016	709,203	840,011
2,800,000	BP Capital Markets PLC, 3.625%	May 8, 2014	2,472,742	2,869,452
1,360,001	CIT Group Inc., 7.00%	May 1, 2016	1,245,498	1,357,121
1,904,011	CIT Group Inc., 7.00%	May 1, 2017	1,723,322	1,897,613
410,000	Clearwire Communications, 12.00%	December 1, 2017	411,928	421,869
1,230,000	ConvaTec Healthcare, 10.50%	December 15, 2018	1,245,254	1,239,624
6,090,000	Dynegy Holdings Inc., 7.75%	June 1, 2019	4,259,292	4,041,312
1,990,000	Edison Mission Energy, 7.00%	May 15, 2017	1,518,584	1,567,856
2,000,000	Edison Mission Energy, 7.75%	June 15, 2016	1,493,144	1,709,946
4,000,000	Ford Motor Company, 7.45%	July 16, 2031	4,182,027	4,259,951
3,280,000	Harbinger Group Inc., 10.625%	November 15, 2015	3,238,836	3,277,130
860,000	K Hovnanian Enterprises, 6.50%	January 15, 2014	686,901	707,490
7,600,530	K Hovnanian Enterprises, 7.50%	May 15, 2016	5,896,517	5,383,721
645,000	Lehman Brothers Holdings, 3.60%	Defaulted	159,312	148,284
11,300,000	Lehman Brothers Holdings, 6.875%	Defaulted	2,692,718	2,780,401
3,560,238	Lyondell Chemical Company, 11.00%	May 1, 2018	3,909,493	4,008,400

SCHEDULE OF FORWARD AGREEMENT continued

As at December 31, 2010

Number of Shares or Par Value (US$)	Description	Maturity Date	Average Cost $	Fair Value $
2,867,500	Penson Worldwide Inc., 12.50%	May 15, 2017	2,832,093	2,565,664
2,000,000	Smurfit-Stone Container Corporation, 8.375%	Defaulted	–	64,620
950	Technicolor DPN (USD)	Defaulted	92,140	91,408
1,169	Technicolor DPN (EUR)	Defaulted	149,721	150,554
93,414	ORA / NRS II C	Defaulted	66,063	68,402
140,120	ORA / NRS II	Defaulted	104,703	98,872
233,534	ORA / NRS I	Defaulted	170,608	158,570
Total Bonds			54,132,802	54,186,784
	BANK DEBT			
10,070,001	Boyd Gaming Corporation Revolving Commitment	May 24, 2012	9,349,227	9,473,037
4,429,868	Caesar's (formerly known as Harrah's Operating Company Inc.), Term Loan B3	January 28, 2015	3,678,794	3,973,211
2,982,521	Caesar's (formerly known as Harrah's Operating Company Inc.), Term Loan B4	October 31, 2016	3,087,026	3,115,989
1,184,733	CCS Inc. Term Loan	November 14, 2014	1,043,445	1,055,610
2,969,848	Charter Communications Operations, Term Loan	September 6, 2016	2,950,481	2,910,660
1,657,838	CIT Term Loan Tranche 3	August 11, 2015	1,836,075	1,678,707
1,974,555	Federal Mogul Corporation, Term Loan	December 27, 2014	1,650,145	1,829,808
423,036	Ford Motor Company, Term Loan B1	December 15, 2013	389,477	418,516
1,652,389	Ford Motor Company, Term Loan B2	December 15, 2013	1,499,041	1,630,153
12,650,000	GGP TLA Stub	Defaulted	–	188,641
4,500,000	Level 3 Financing Inc., Term Loan	March 13, 2014	4,127,689	4,221,249
4,986,654	Mach Gen LLC, Term Loan	February 15, 2015	3,737,174	3,455,792
1,988,448	Realogy Corporation, Term Loan	October 10, 2013	1,830,034	1,850,060
6,485,726	South Edge, Term Loan	Defaulted	2,318,567	2,160,017
9,690,078	Texas Competitive Electric Holdings Company, Term Loan	October 10, 2014	7,817,508	7,418,842
8,633,479	Tribune Company Revolver, Term Loan	June 4, 2013	6,065,568	5,956,609
656,462	United Airlines Inc., Term Loan	June 30, 2012	599,036	580,836
1,154,006	United Airlines Inc., Term Loan	September 30, 2013	1,027,772	975,171
1,638,368	United Airlines Inc., Term Loan	September 30, 2013	1,427,473	1,384,472
1,500,000	W.R. Grace Strip, 5-year RC and 364 Day RC	Defaulted	2,681,094	2,706,585
4,788,000	Willbros United States Holdings Inc., Term Loan	June 30, 2014	4,751,604	4,760,011
Total Bank Debt			61,867,230	61,743,976
	CREDIT DEFAULT SWAPS			
4,100,000	CDX HY 15 Puts	June 15, 2011	148,515	96,615
4,100,000	CDX HY 15 Puts	March 16, 2011	106,760	32,123
4,100,000	CDX HY 15 Puts	March 16, 2011	114,941	16,577
2,000,000	CDX HY 14 5.00%	June 20, 2015	37,211	(92,240)
4,300,000	CDX HY 14 5.00%	June 20, 2015	(20,283)	(188,850)
Total Credit Default Swaps			387,144	(135,775)

SCHEDULE OF FORWARD AGREEMENT continued

As at December 31, 2010

Number of Shares or Par Value (US$)	Description	Maturity Date	Average Cost $	Fair Value $
	EQUITIES			
4,907	Ally Financial Inc. (formerly known as GMAC Inc.), Preferred, 7.00% Series 144a		4,348,025	4,610,466
265,706	Chemtura Corporation		4,018,866	4,202,671
46,824	CIT Group Inc.		1,422,786	2,190,656
367	Delphi Equity Class B		5,074,353	7,023,452
2,050	General Motors Company, 4.75% Preferred Series 'B'		104,258	110,175
180,000	General Motors Corporation, 5.25% Preferred Series 'B'		1,357,854	1,440,530
406,000	General Motors Corporation, 6.25% Preferred Series 'C'		3,199,962	3,285,521
50,115	Smurfit-Stone Container Corporation		1,434,941	1,274,448
286,000	Smurfit-Stone Container Corporation Escrow		18	–
16,274	Technicolor		92,726	77,026
Total Equities			21,053,788	24,214,945
	FORWARD CONTRACTS			
	United States Dollar Forward currency contract April 29, 2011 (1)		–	4,831,169
	United States Dollar Forward currency contract April 29, 2011 (2)		–	51,251
Total Forward Contracts			–	4,882,420
Total Long Positions			137,440,965	144,892,350
SHORT POSITIONS				
	BONDS			
(2,800,000)	BP Capital Markets PLC, 4.75%	March 10, 2019	(2,473,100)	(2,869,911)
(2,050,000)	Dunkin Finance Corporation, 9.625%	December 1, 2018	(2,092,648)	(2,058,397)
(1,200,000)	Caesar's (formerly known as Harrah's Operating Company Inc.), 10.00%	December 15, 2018	(1,020,689)	(1,088,599)
(2,050,000)	Lender Process Services, 8.125%	July 1, 2016	(2,065,530)	(2,088,967)
(1,290,000)	Level 3 Financing Inc., 9.25%	November 1, 2014	(1,211,602)	(1,272,841)
(2,050,000)	MGM Resorts International, 11.375%	March 1, 2018	(2,155,842)	(2,211,248)
(1,230,000)	Rite Aid Corporation, 9.50%	June 15, 2017	(1,068,681)	(1,039,388)
(2,150,000)	Simon Property Group LP, 5.65%	February 1, 2020	(2,279,597)	(2,312,133)
(4,300,000)	Spanish Government Bonds, 4.00%	April 30, 2020	(5,752,091)	(5,151,287)
(2,400,000)	US Treasury Note, 5.375%	February 15, 2031	(3,104,053)	(2,785,248)
(2,150,000)	USG Corporation, 9.50%	January 15, 2018	(2,305,721)	(2,073,309)
(1,200,000)	Warner Chilcott Company LLC, 7.75%	September 15, 2018	(1,261,864)	(1,204,916)
Total Bonds			(26,791,418)	(26,156,242)
Total Short Positions			(26,791,418)	(26,156,242)
	UNFUNDED BANK DEBT COMMITMENTS			
(4,884,189)	Las Vegas/Venetian Orient	May 18, 2015	(197,126)	(254,921)
(2,051,860)	Tribune Company Revolver	June 4, 2013	(658,092)	(624,199)
Total Unfunded Bank Debt Commitments			(855,218)	(879,120)
Adjustment for transaction costs			(2,324)	–
Total Investments			**109,792,005**	**117,856,988**

SCHEDULE OF FORWARD AGREEMENT continued

As at December 31, 2010

Number of Shares or Par Value (US$)	Description	Maturity Date	Average Cost $	Fair Value $
Other Assets and Liabilities held in OCP Investment Trust				
	Cash			97,356,603
	Cash on deposit with broker as collateral			159,065
	Receivable for investments sold			18,832,212
	Accrued interest			684,945
	Performance fees payable			(1,042,891)
	Interest on short positions			(630,199)
	Other payables			(568,947)
	Redemptions payable			(3,760,000)
	Payable for investments purchased			(31,699,121)
	Section 3855 valuation adjustment *[Note 6]*			21,451
Forward Agreement				**197,210,106**

(1) Sold 137,247,713 United States dollars for Canadian dollars at a rate of 0.9689.
The counterparty is rated A by Standard & Poor's.
(2) Sold 4,100,000 United States dollars for Canadian dollars at a rate of 0.9907.
The counterparty is rated A by Standard & Poor's.

See accompanying notes

December 31, 2010 and 2009

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. On November 20, 2009 the Fund completed an initial public offering of 20,000,000 units at $10 per unit. On December 3, 2009, an over-allotment option granted to agents was exercised for 780,000 units at $10 per unit. Agents' fees and expenses of issue relating to the initial public offering of units totaled $11,771,048.

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.

In order to meet its investment objective, the Fund used the net proceeds of the offering to pre-pay its obligation to purchase a portfolio of Canadian Securities (the "**Canadian Securities Portfolio**") under a forward purchase and sale agreement (the "**Forward Agreement**") which the Fund entered into with The Bank of Nova Scotia (the "**Counterparty**"). Under the terms of the Forward Agreement, the Counterparty has agreed to deliver to the Fund on November 20, 2014 (being the scheduled Forward Termination Date) the Canadian Securities Portfolio with an aggregate value equal to the redemption proceeds of a corresponding number of units of OCP Investment Trust (the "**Trust**"), which holds the Portfolio securities, net of any amount owing by the Fund to the Counterparty. As such, the return of the Fund will, by virtue of the Forward Agreement, be based on the return of the Trust, which, in turn, will be based on the performance of the Portfolio.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("**GAAP**"). In applying Canadian GAAP, management may make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during the reporting year. Significant estimates include the valuation of the forward agreement. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

Forward Agreement

The Forward Agreement is valued at an amount that would be realized if the position was to be closed out in accordance with its terms, in which case fair value shall be based on the net asset value of the Trust. The Forward Agreement is categorized as held for trading and changes in fair value are reflected in the Fund's Statements of Operations under "Net change in unrealized appreciation on Forward Agreement". Trade date accounting is used.

Income and expense recognition

The accrual method of recording income and expenses is followed.

Increase in net assets from operations per unit

The increase in net assets from operations per unit in the Statements of Operations represents the increase in net assets from operations during the year, divided by the weighted average number of units outstanding during the year.

Valuation of fund units for transaction purposes

Net asset value per unit is calculated at the end of Thursday of each week, on the annual redemption date and on such other dates as the Manager deems appropriate, by dividing the net asset value by the outstanding units.

Net assets per unit for financial reporting purposes are determined in the same manner as above, except for investments which are accounted for in accordance with CICA Handbook Section 3855.

Given that the Fund does not invest directly in any investment securities, there is no difference between the Fund's net asset value and the Fund's net assets.

Income taxes

No provision for income taxes has been recorded in the accompanying financial statements as all income and net realized taxable capital gains are distributed to the unitholders.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments of the Fund include cash, receivable from Counterparty under Forward Agreement, accounts payable and accrued liabilities and distributions payable. There are no significant differences between the carrying values of these financial instruments and their fair value. The Forward Agreement is carried at its fair value as described in Note 2 above. Financial instruments recorded at fair value, are categorized between those whose fair value is based on quoted market prices (Level 1), those involving valuation techniques where all the model inputs are observable in the market (Level 2) and those where the valuation technique involves the use of non-market observable inputs (Level 3). The Forward Agreement is considered Level 2.

4. DISTRIBUTIONS

An objective of the Fund is to provide unitholders with tax efficient quarterly distributions consisting of capital gains and returns of capital initially targeted to be $0.175 per unit ($0.70 per annum to yield 7.0% on the 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).

5. EXPENSES OF THE FUND AND RELATED PARTY TRANSACTIONS

The Manager is entitled to an annual management fee of 0.3125% based on the net asset value of the Fund, as well as an annual fee of 0.9375% based on the net asset value of the Trust (total overall management fee of 1.25%). These fees are calculated weekly and paid monthly in arrears.

A dealer service fee, which is equal to 0.40% annually of the net asset value of the Fund is payable to dealers whose clients hold units of the Fund. This fee is calculated weekly and paid quarterly in arrears.

In addition, the Manager is entitled to an annual performance fee (the "**Performance Fee**") from the Trust once a unitholder of OCP Investment Trust has achieved a preferred return of 9.0%. The Performance Fee is calculated and accrued monthly and paid annually (except that when units are redeemed the accrued Performance Fee in respect of such units will be paid at the time of such redemption). The amount of the Performance Fee is 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 of OCP Investment Trust then outstanding equal to 15% of the amount by which the sum of (i) the net asset value 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 (as defined below). No Performance Fee will be paid unless the Return exceeds 109% of the Threshold Amount. If the Return exceeds 109% of the Threshold Amount, the Manager will be entitled to a Performance Fee equal to 15% of the Return. Furthermore, the Manager, at its own discretion, has determined that the performance fee will also be subject to the unitholders of the Fund receiving a preferred return of 8% on an annualized basis. On December 31, 2009, the Threshold Amount is the net asset value per unit of OCP Investment Trust, immediately following the closing of the offering. Thereafter, the Threshold Amount is the greatest of: (i) the net asset value per unit of OCP Investment Trust immediately following the closing of the offering; (ii) the net asset value per unit of OCP Investment Trust on the Determination Date for the previous fiscal year (after payment of such Performance Fee); and (iii) the net asset value per unit of OCP Investment Trust on the Determination Date in the last fiscal year in which a Performance Fee was paid (after payment of such Performance Fee).

As at December 31, 2010, a performance fee in the amount of $1,042,891 (2009 – nil) is owed to the Manager from the Trust.

Under the Forward Agreement, the Fund pays to the Counterparty an annual fee of 0.25% of the notional amount of the Forward Agreement (being effectively equal to the net asset value of the Trust), calculated weekly and paid quarterly in arrears.

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

All transactions with the Manager are measured at the exchange amounts, and occur within the normal course of business.

6. FORWARD AGREEMENT

The Fund has used the net proceeds of the offering to pre-pay its obligation to purchase the Canadian Securities Portfolio pursuant to a Forward Agreement that it has entered into with the Counterparty, which has a credit rating of AA- according to Standard & Poor's Rating Services ("**S&P**"). Under the terms of the Forward Agreement, the Counterparty has agreed to deliver to the Fund on November 20, 2014, being the scheduled Forward Termination Date, the Canadian Securities Portfolio with an aggregate value equal to the redemption proceeds of a corresponding number of units of OCP Investment Trust, net of any amount owing by the Fund to the Counterparty. The Fund will partially settle the Forward Agreement prior to the Forward Termination Date in order to fund quarterly distributions, redemptions and repurchases of units from time to time, and operating expenses of the Fund.

The fair value of the Fund's Forward Agreement is equal to the net asset value of the Trust calculated at closing sale prices. As at December 31, 2010, the net asset value of the Trust was $197,210,106. For financial statement reporting purposes, the net assets of the Trust includes portfolio securities measured in accordance with Section 3855 of the CICA Handbook, which for publicly listed securities is based on closing bid prices on a recognized stock exchange on which the investments are listed or principally traded. The following reconciles the net assets of the Trust to the fair value of the Forward Agreement as at December 31:

	2010	2009
Net assets of the Trust based on closing bid prices	**$197,188,655**	$195,830,473
Section 3855 valuation adjustment	**21,451**	–
Forward Agreement, at fair value	**$197,210,106**	$195,830,473

7. UNITS ISSUED AND OUTSTANDING

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.

Commencing in 2011, units may be surrendered annually for redemption during the period 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 net asset value 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 units outstanding for the years ended December 31 are summarized as follows:

	2010 #	2009 #
Units outstanding, beginning of period	**20,780,000**	–
Issuance of units	**–**	20,780,000
Units outstanding, end of period	**20,780,000**	20,780,000

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 OCP Investment Trust 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.

As the Fund obtains exposure to the Portfolio held in the Trust through the Forward Agreement, the following incorporates the risks and risk management applicable to the Trust and the Fund.

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.

In entering into the Forward Agreement, which is the most significant asset of the Fund, the Fund is exposed to the credit risk associated with the Counterparty. As at December 31, 2010, the credit exposure is $197,210,106 (2009 – $195,830,473) and is represented by the net asset value of the Trust. The possibility exists that the Counterparty will default on its obligations under the Forward Agreement. This risk is managed by dealing with a counterparty that the Manager believes to be creditworthy and through regular monitoring of credit exposures. As at December 31, 2010, the Counterparty has a current credit rating of AA- by S&P.

The Fund is also exposed to credit risk of the debt securities it has exposure to via the Forward Agreement. The Trust 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 Forward Agreement discloses the securities which 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 Trust's Portfolio, the maximum exposure to any one debt issuer as of December 31, 2010 was $9,473,037 representing 4.80% of the net assets of the Trust (2009 – $9,699,574 or 4.95%).

As at December 31 of the years shown, indirect exposure to debt securities by credit rating is as follows:

Credit Rating	As a % of net assets 2010	2009
AAA	(1.41)	–
AA	(2.61)	–
A	1.07	–
BB	4.72	3.16
B	31.63	11.12
CCC	(0.17)	3.89
C	–	2.24
Not Rated*	12.30	16.01

*Not rated by Standard & Poor's Rating Services.

All transactions executed by the Trust in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment.

Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

Liquidity risk

Liquidity risk is the risk that the Fund may not be able to settle or meet its obligation on time or at a reasonable price.

The Forward Agreement may be partially pre-settled at any time. If the Trust is unable to dispose of some or all of the Portfolio upon receipt of a redemption request, the Fund may experience a delay in the receipt of cash on the sale of Canadian Securities Portfolio to be delivered by the Counterparty under the Forward Agreement until such time as the Trust is able to dispose of such securities.

As at December 31, 2010, approximately 42.93% (2009 – 63.06%) of the Trust's net assets are held in cash (net of amounts receivable for investments sold and payable for investments purchased) and as a result, the Trust's liquidity risk is considered minimal.

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 will not have a significant impact on their fair values.

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 is exposed to the performance of the Trust which invests its assets in securities that are denominated in a currency other than the Canadian dollar, the functional currency of the Fund. Consequently, the Fund is exposed to currency risk as the fair value of the Portfolio securities denominated in currencies other than the Canadian dollar will vary due to changes in foreign currency exchange rates. For the periods ended December 31, 2010 and 2009, the Fund does not have significant exposure to foreign exchange risk as substantially all of the Trust's foreign investments are hedged back to the Canadian dollar.

Other price risk

Other price risk is the risk that the fair value of equities 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 exposed to the performance of the Trust, which does not invest substantially in equity securities and as a result, the Fund does not have a significant exposure to other price risk as of December 31, 2010 and 2009.

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. Restrictions and specific requirements on the redemption of units are described in Note 7. The Statements of Changes in Net Assets and Note 7 outline the relevant changes of the Fund's units for the year.

The Fund's objectives in managing its capital in respect of the units are to provide unitholders with tax efficient quarterly distributions consisting of capital gains and returns of capital initially targeted to be $0.175 per unit ($0.70 per year to yield 7% per year based on the $10.00 subscription price), while at the same time to preserve and enhance the net asset value.

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. INCOME TAXES

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. Occasionally, the Fund may distribute more than it earns. This excess distribution is a return of capital and is not taxable to unitholders.

The Fund has accumulated $4,311,030 of non-capital losses which may be carried forward to reduce future taxable income and expire in the years indicated:

Non-Capital Losses	Expiration of Non-Capital Losses 2029	2030
$4,311,030	$637,867	$3,673,163

11. INTERNATIONAL FINANCIAL REPORTING STANDARDS

On January 12, 2011, the Canadian Accounting Standards Board ("**AcSB**") made a decision to extend the deferral of the adoption of International Financial Reporting Standards ("**IFRS**") by investment companies for an additional year to January 1, 2013. This results in a two-year deferral of IFRS adoption by investment companies compared to other publicly accountable entities. At the transition date the prior fiscal year financial statements will require restatement to IFRS for comparative purposes.

The Fund is continuing with its orderly transition plan to meet the requirements to changeover to IFRS. The Fund has reviewed the existing body of IFRS against its current policies under Canadian GAAP and has noted certain policy differences, most notable is the requirement to consolidate the financial results of the Fund with the Trust. The Manager is reviewing closely the developments of the International Accounting Standards Board's investment company project which addresses consolidation for investment companies and is not expected to be issued before January 1, 2012. Apart from this, other major changes identified include the addition of a statement of cash flows and the classification of unitholder's equity (puttable instruments) as a liability unless certain conditions are met, as well as more extensive note disclosure requirements. These changes will not have an impact on the Fund's results of operations or financial position.