



OCP Credit Strategy Fund – First Anniversary Investor Letter

November 20th, 2010, marked the one-year anniversary of the OCP Credit Strategy Fund’s public offering on the Toronto Stock Exchange. We would like to use this milestone as an opportunity to share our perspective on the Fund’s progress and performance, provide insights on why its strategy remains valuable, and update you on our market outlook.

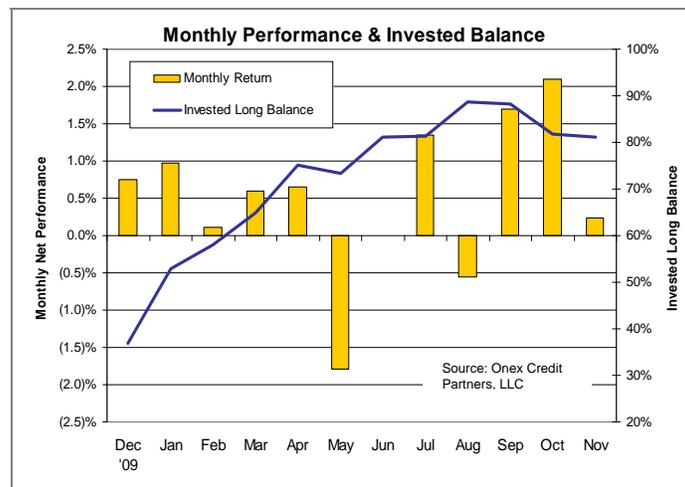
Performance Review

Over the 12 month period, we achieved our goals of:

- Being on track to pay Credit Strategy Fund investors a 7% distribution (~10% p.a. on a pre-tax basis)
- Achieving this performance without ‘grind’ or use of leverage
- Constructing the Portfolio to be in-line with our equivalent flagship product
- Positioning the Fund to capitalize on market opportunities in the year ahead

The Credit Strategy Fund’s Net Asset Value (NAV) grew 7.1% from \$9.44 per share (at 11/20/09) to \$10.11 (at 11/25/10), including three distributions during the year totaling \$0.604. The fourth estimated distribution of \$0.175 was announced December 20th, 2010. We have been pleased with the Fund’s performance in its first year, particularly considering the cash-drag experienced by the Portfolio during its initial ramp-up. The Portfolio’s cash balance averaged 28% over the course of the year, as we sought to deploy capital in a measured manner during a period of significant market volatility. This disciplined approach has served our investors well over the years.

As the chart below illustrates, the increase in the Portfolio’s invested level contributed to more favorable performance in the second half of the year, versus the first half. The average invested level in the first six months of the period was 60%, versus 84% in the second. May was a particularly difficult month in the markets stemming from severe concerns over Euro-zone sovereign debt. While equity and debt markets fell sharply (S&P500, -8.0%, CS High Yield Bond Index, -3.2%), the Portfolio’s long/short strategy and asset mix drove its relative outperformance (-1.8%) and reinforced an ability to protect capital. More recently, performance has been driven by the Portfolio approaching full investment and the realization of specific, positive events in the Portfolio, with the Portfolio generating positive performance in September (1.7%), October (2.1%), November (0.2%), and month to date in December. Consistent with its event-driven investment strategy, the Portfolio’s invested balance will fluctuate as investments are realized and initiated. In the fourth quarter, realized gains have lowered the invested level and we are actively evaluating and making new investments with this capital.





As noted above, the Credit Strategy Fund's Portfolio is now substantially similar to that of Onex Credit Partners' flagship product that follows the same underlying event-driven strategy. The flagship product has a nearly 10 year track record and significant investments by Onex Credit Partners' principals. Over 90% of the Fund's invested capital is exposed to the same names held by the flagship product and new investments are generally made in both products on an equivalent basis at the time of purchase.

The Credit Strategy Fund's shares continue to trade well. At the end of November, its share price of \$9.75 (at 11/25/10) represented a 2.5% premium to the November NAV (at 11/25/10) of \$9.51 and since inception the Fund's shares have traded at an average premium of approximately 4%.

Event-Driven Investing Strategy

As we discussed when introducing the Fund, its event-driven strategy is difficult for non-institutional investors to access, and nearly impossible for such investors to replicate. The strategy offers investors exposure to a range of specialized corporate transactions, such as restructurings, bankruptcies, and mergers/acquisitions. In the period, the Portfolio's gains were driven by investments such as the refinancing of DineEquity (IHOP), the restructuring of General Growth Properties, and the post bankruptcy reorganizations of Chemtura and Abitibi-Bowater. The Portfolio's asset mix includes Senior Loans (the most senior debt in the capital structure, floating rate with minimal duration risk), High Yield Bonds, and a small percentage of Restructured Equities. Historically, the event-driven strategy has exhibited only moderate correlation to equities, low correlation to fixed income, and an attractive Sharpe ratio, making it a valuable part of a diversified portfolio. The OCP Credit Strategy Fund's mandate to invest both long and short increases its uniqueness and value add as a portfolio allocation.

Market and Strategy Outlook

Our market outlook is rooted in our belief that several factors continue to weigh on the capital markets and the U.S. economy in particular: a) the weak pace and strength of the recovery, b) the intended and unintended consequences of record government stimulus policies, and c) challenging long-term growth in the midst of global, corporate and individual deleveraging. While there are pockets of optimism in the current landscape, we continue to believe the most likely scenario is a slow and measured recovery as household spending remains constrained, corporations remain cautious about spending and hiring, and banks continue to constrain individual and small business lending. We are closely watching the government's steps as it seeks headway in previously uncharted economic territory; to date, it has succeeded in absorbing problems through TARP and quantitative easing, but has yet to address underlying core issues that require more painful, and hence less popular remedies. These programs have resulted in a large deficit and growth in money supply, but little to show yet in terms of growth. Such unresolved issues in the economy and capital markets, combined with significant amounts of corporate debt maturing over the next 3-4 years that corporations need to refinance, are expected to yield significant and attractive sources of opportunity for the Portfolio's investment strategy.

Conclusion

In summary, we are pleased with the performance of the OCP Credit Strategy Fund in its inaugural year. We deployed investor capital in a disciplined and thoughtful manner resulting in a diversified portfolio of event-driven investments purchased at attractive entry points. Despite the impact of the invested level discussed earlier, the Fund achieved its first year goals of becoming meaningfully invested and meeting its 7% annual distribution without 'grind' or use of leverage. With the Portfolio now fully invested and in line with the flagship product, we expect that the Fund should be able to make distributions at the initially targeted level and grow NAV in the coming years. Each year's performance will differ, but we believe that the long-term results will be attractive. From a markets perspective, the Fund has traded at a premium to NAV since inception, reflecting its unique and hard to access investment strategy and potential for attractive risk adjusted and relative returns.



In the current environment, we are mindful of potential risks from rising interest rates and have positioned the Portfolio appropriately through an emphasis on floating rate and short duration assets. Finally, we believe the macro-economic back drop for its event-driven strategy remains very positive and that the Fund is positioned well to benefit from investment opportunities in the year ahead.

Thank you again for your continued investment in the OCP Credit Strategy Fund and best wishes for a healthy and happy holiday season.

Onex Credit Partners, LLC

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.