

# OCP CREDIT STRATEGY FUND

Monthly Update as at July 31, 2011



## 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, currently 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:	\$289,986,462*
NAV per Unit:	\$9.53*
Market Price:	\$10.12*
Latest Distribution: June 30, 2011	\$0.175
Distribution Frequency:	Quarterly
Cash Distributions Since Inception:	\$1.1286

\* As at July 28, 2011.

## Commentary

Net performance of OCP Credit Strategy Fund was (0.08%) and 3.89% in July and year-to-date, respectively. During the month, market focus shifted from international concerns regarding Euro-zone solvency to domestic concerns over the potential for a U.S. default and weaker than expected GDP data. The CS Leveraged Loan Index, CS High Yield Bond Index, and S&P500 returned 0.16%, 1.37%, and (2.03%) in the month, respectively.

Performance was impacted by events that drove both gains and losses in the Portfolio. Capmark Financial Group (term loan), the Spanish Government Bond short, and Delphi Automotive (restructured equity) were among the largest contributors to performance. Capmark made further progress toward its restructuring with an announcement of positive financial results and further progress towards exiting bankruptcy. Delphi strengthened on its announcement of strong financial results and further progress toward its planned IPO. We exited the position in July on concerns over equity market volatility and potential restrictions on stock sales.

The Portfolio's positions in Dynegy (bonds), Hovnanian (bonds), and General Motors (bonds, equity) were among the larger detractors from performance. Dynegy weakened over uncertainty about the next steps in the company's restructuring plans. While there was no company specific news, our positions in homebuilder Hovnanian and General Motors weakened on concerns over the weaker than expected U.S. GDP growth.

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# ONEX

CREDIT PARTNERS

## Five Strongest and Weakest Performers

### Strongest

Capmark Term Loan
Spanish Government Bond Short
Delphi Equity (Private Class B Shares)
Tribune Credit Facility
Lehman Brothers Holdings

### Weakest

General Motors Bonds, Warrants
Hovnanian Senior Notes
US Treasury Bond
Edison Mission Senior Notes
Dynegy Senior Unsecured Bonds

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	13.26%	0.00%	13.26%
Independent Power Producers	9.52%	0.00%	9.52%
Transportation	8.49%	0.00%	8.49%
Gaming/Leisure	8.31%	-1.16%	7.15%
Housing/Building Products	4.77%	-0.68%	4.09%
Other	3.96%	-6.80%	-2.84%
Media	3.30%	0.00%	3.30%
Aerospace	2.96%	0.00%	2.96%
Telecom	2.72%	-0.44%	2.27%
Energy Service	2.17%	0.00%	2.17%
Chemicals	1.96%	0.00%	1.96%
Business Services	1.19%	-0.68%	0.51%
Healthcare	1.01%	0.00%	1.01%
Cable/Wireless Video	0.96%	0.00%	0.96%
Energy	0.34%	-0.33%	0.01%
Index	0.19%	-6.64%	-6.45%
Real Estate	0.11%	-0.80%	-0.68%
Forest Prod/Containers	0.02%	-0.29%	-0.28%
Food	0.00%	-0.69%	-0.69%
Retail	0.00%	-0.65%	-0.65%
Adjusted Exposure**	65.24%	-19.16%	46.08%

## Portfolio Composition\*\*\*

	Long	Short	Net
Bank Debt	35.94%	0.00%	35.94%
Corporate Bonds	24.96%	-5.73%	19.23%
Government Bonds	0.00%	-6.80%	-6.80%
Equity	2.35%	0.00%	2.35%
Other	1.28%	0.00%	1.28%
Call Options	0.03%	0.00%	0.03%
Warrants	0.70%	0.00%	0.70%
Notional value of CDS	0.00%	-4.02%	-4.02%
Notional value of Puts	0.00%	-2.62%	-2.62%
Adjusted Exposure**	65.24%	-19.16%	46.08%
Cash	34.76%	0.00%	34.76%
Total Exposure	100.00%	-19.16%	80.84%

\*\*\* 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, 2010 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.