

# OCP CREDIT STRATEGY FUND

Monthly Update as at November 30, 2015



## Investment Rationale and Objectives

OCP Credit Strategy Fund provides Unitholders with exposure to 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 (ii) to provide Unitholders with attractive, quarterly 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:	\$172,790,015.48*
NAV per Unit:	\$7.20*
Market Price:	\$6.97*
Latest Distribution: September 30, 2015	\$0.1750
Distribution Frequency:	Quarterly
Cash Distributions Since Inception:	\$4.1036

\*As at November 30, 2015

## Fund Returns (%)

	1M	3M	6M	YTD	1Y	2Y	3Y	5Y	SI
OCP Credit Strategy Fund (OCS.UN)	(1.99)	(4.78)	(8.80)	(8.35)	(9.62)	(3.68)	0.86	2.37	3.16

## Commentary

Net performance of OCP Credit Strategy Fund (the Fund) was (1.99%) and (8.35%) for November and year-to-date, respectively. For the month of November, the CS Leveraged Loan, CS High Yield and S&P 500 TR indexes returned (0.89%), (2.12%) and 0.30%, respectively.

November performance was marked by continued volatility in many sectors of the market, although the only notable decline stemmed from the Fund's investment in Momentive Performance Materials Inc. ("Momentive"), which traded down after releasing a worse-than-expected earnings report. One position which performed well this month was Team Tankers.

Momentive is a global leader in silicones, quartz and ceramics that we have discussed in the last few letters. While we've followed the business for many years, the Fund has held a position in the first-lien senior secured bonds for over a year and before that, held other Momentive debt as well. In addition to the company's recent weak earnings report, the position declined in November due to overall volatility in the high-yield markets and concerns over poor fundamentals in the chemicals sector. We continue to believe that the bonds are covered at par and following the trade-off in the bond price believe the risk/reward tradeoff is increasingly attractive and, as noted in our October letter, have added to our position.

One of the Fund's positive performers this month was Team Tankers, one of the largest chemical tanker operators in the world and a position we have held throughout the company's restructuring. As we anticipated, given strong industry fundamentals this year (including healthy charter rates), the company released a strong earnings report in November. While the Company's shares are not yet widely held or followed, as is often the case with equities of recently reorganized companies, insider holders became eligible to trade in the equity during the month and were reported to make several large share purchases. We expect industry fundamentals to remain strong and believe the risk/reward remains attractive.

In the current high-yield market, we've seen a significant sell-off and tremendous volatility. We're able to find great investment opportunities, unlike those we've seen in years and often in names we already know well. This broad re-pricing has credits trading at very attractive prices and offering favorable risk/reward characteristics.

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## Five Strongest and Weakest Performers

### Strongest

Team Tankers Equity

Mach Gen Equity

CITGO Holdings Senior Secured Loan & Note

TCEH Senior Secured Loans & Bonds

Delphi Equity

### Weakest

Momentive Secured Notes

Int'l Automotive Components Secured Bonds

Eagle Bulk Equity

ACA Senior Unsecured Bond

Sequa Senior Secured Loan

The chart shows the top five strongest and weakest holdings contributing to the Portfolio'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
Energy	13.60%	-0.02%	13.58%
Trucking	7.25%	0.00%	7.25%
Business Services	7.00%	0.00%	7.00%
Automobiles	9.04%	-2.26%	6.78%
Media	5.83%	-1.11%	4.71%
Housing/Building Products	4.62%	0.00%	4.62%
Gaming/Leisure	4.22%	0.00%	4.22%
Independent Power Producers	3.15%	0.00%	3.15%
Aerospace	2.91%	0.00%	2.91%
Shipping - Tankers	2.88%	0.00%	2.88%
Finance	2.96%	-0.16%	2.81%
Shipping - Chemical	2.66%	0.00%	2.66%
Technology	2.53%	0.00%	2.53%
Telecom	2.48%	0.00%	2.48%
Chemicals	3.83%	-1.71%	2.12%
Shipping - Jones Act	1.58%	0.00%	1.58%
Energy Service	2.08%	-0.59%	1.49%
Consumer Durables	0.75%	0.00%	0.75%
Transportation/Logistics	0.44%	0.00%	0.44%
Shipping - Dry Bulk	0.37%	0.00%	0.37%
Packaging	0.86%	-1.03%	-0.17%
Index	0.00%	-0.74%	-0.74%
Metals/Minerals	0.00%	-0.95%	-0.95%
Forest Prod/Containers	0.00%	-1.17%	-1.17%
Retail	0.00%	-5.56%	-5.56%
Other	7.70%	-1.55%	6.15%
<b>Adjusted Exposure**</b>	<b>88.74%</b>	<b>-16.84%</b>	<b>71.90%</b>

## Portfolio Composition

	Long	Short	Net
Bank Debt	40.2%	0.0%	40.2%
Corporate Bonds	34.1%	-10.1%	24.0%
Government Bonds	0.0%	-1.6%	-1.6%
Municipal Bonds	0.6%	0.0%	0.6%
Equity	7.4%	-0.9%	6.4%
Call Options	0.0%	0.0%	0.0%
Puts	0.0%	0.0%	0.0%
Warrants	0.8%	0.0%	0.8%
Other	5.7%	0.0%	5.7%
Notional value of CDS	0.0%	-4.3%	-4.3%
<b>Adjusted Exposure**</b>	<b>88.74%</b>	<b>-16.84%</b>	<b>71.90%</b>
Adjusted Cash***	11.26%	0.00%	11.26%
<b>Adjusted Total Exposure</b>	<b>100.00%</b>	<b>-16.84%</b>	<b>83.16%</b>

\*\*\* Cash is adjusted to reflect payment or receipt of proceeds from any unsettled trades and to exclude the proceeds of any short sales.

\*\* 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.

You will usually pay brokerage fees to your dealer if you purchase or sell units of the investment fund on the Toronto Stock Exchange ("TSX"). If the units are purchased or sold on the TSX, investors may pay more than the current net asset value when buying units of the investment fund and may receive less than the current net asset value when selling them. There are ongoing fees and expenses associated with owning units of an investment fund. An investment fund must prepare disclosure documents that contain key information about the fund. You can find more detailed information about the fund in these documents. **The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account certain fees (such as redemption fees or optional charges) or income taxes payable by any unitholder that would have reduced returns.** Investment funds are not guaranteed, their values change frequently and past performance may not be repeated.

Performance figures for the Fund are based on Canadian generally accepted accounting principles and were based on audited financial statements through December 31, 2014 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.