

# OCP SENIOR CREDIT FUND

Monthly Update as at May 31, 2011



## Investment Rationale and Objectives

OCP Senior Credit Fund provides Unitholders with a stable source of tax-advantaged income through exposure to the performance of an actively managed, diversified portfolio comprised primarily of first lien floating rate senior secured loans of non-investment grade North American issuers.

The Fund's objectives are: (i) provide Unitholders with attractive, quarterly, tax-advantaged distributions, currently targeted to be \$0.50 per annum, representing an annual yield of 5% based on the original issue price of \$10.00 per Unit; (ii) preserve capital; and (iii) generate enhanced returns through increasing cash flow to the portfolio as interest rates rise.

## Details

Date of Inception:	November 19, 2010
Issue Price:	\$10.00
Opening NAV (November 19, 2010):	\$9.45
Ticker Symbol:	OSL.UN (TSX)
Total Net Assets:	\$325,789,759*
NAV per Unit:	\$9.55*
Market Price:	\$9.97*
Latest Distribution: March 31, 2011	\$0.1825
Distribution Frequency:	Quarterly
Cash Distributions Since Inception:	\$0.1825

\* As at May 31, 2011.

## Commentary

Net performance of OCP Senior Credit Fund was (0.05%) and 2.72% in May and year-to-date, respectively. During the month, volatility increased as markets reacted to the risk of a slower U.S. economic recovery and need for an additional financial bailout of Greece. The CS Leveraged Loan Index, CS High Yield Bond Index, and S&P500 returned 0.06%, 0.43%, and (1.13%) in the month, respectively.

The majority of the Fund's holdings contributed small, but positive performance during the month that was offset by a small number of losses. Two more notable gainers were gaming and leisure company, Las Vegas Sands Corp. (senior secured loan), and pharmaceutical company, Nycomed Pharma A.S. (senior secured loan), each of which announced corporate events. These events were largely anticipated by the market, limiting the appreciation of our holdings. Las Vegas Sands announced plans to fully refinance the bank debt of its subsidiaries Venetian Macau and Orient while Nycomed announced that it would be acquired by Takeda Pharmaceutical Co. While our original investment thesis for Nycomed was that it would address impending debt maturities through a refinancing prior to stated maturity, the purchase by Takeda will also effect full repayment of our outstandings. Losses in the month were modest.

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 Credit Trust.

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# ONEX

CREDIT PARTNERS

## Five Strongest and Weakest Performers

### Strongest

Harrah's Senior Secured Term Loan
Las Vegas Sands Senior Secured Term Loan
Radio One Senior Secured Term Loan
Willbros Senior Secured Term Loan
Nycomed (First Lien) Senior Secured Term Loan

### Weakest

Fed Mogul Senior Secured Term Loan
First Data Senior Secured Term Loan
US Foodservice Senior Secured Term Loan
EMS Senior Secured Term Loan
Level 3 Senior Secured 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\*\*

Gaming/Leisure	13.56%
Finance	11.74%
Telecom	11.52%
Aerospace	9.67%
Healthcare	7.71%
Business Services	6.98%
Transportation	5.70%
Retail	4.46%
Independent Power Producers	4.04%
Chemicals	3.71%
Service	3.54%
Energy Service	3.12%
Media	2.42%
Food	2.36%
Housing/Building Products	1.84%
Cable/Wireless Video	1.56%
Education	1.45%
Pharmaceuticals	1.18%
Metals/Minerals	1.11%
Forest Prod/Containers	0.96%
Energy	0.69%
Consumer Non-Durable	0.66%
Adjusted Exposure**	100.00%

## Portfolio Composition\*\*\*

Bank Debt	145.50%
Corporate Bonds	8.22%
Government Bonds	0.00%
Equity	0.00%
Other	0.00%
Total Exposure	153.71%

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\*\* Based on invested capital as of the report date, not the target level of invested capital

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The Portfolio refers to the positions held by the underlying fund, OCP Credit 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 unaudited monthly estimates. 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.