
OCP Senior Credit Fund

Interim Financial Statements
for the period January 1 to June 30, 2011

NOTICE TO READER:

These interim financial statements and related notes for the six month period ended June 30, 2011 have been prepared by the management of the Fund. The external auditors of the Fund have not audited or reviewed these interim financial statements.

OCP SENIOR CREDIT FUND
STATEMENTS OF NET ASSETS (Unaudited)

	June 30, 2011 \$	December 31, 2010 \$
Assets		
Forward Agreement <i>[Note 6]</i>	319,987,775	321,996,561
Receivable from counterparty under Forward Agreement <i>[Note 6]</i>	5,500,000	-
Cash	267,278	2,207,256
	325,755,053	324,203,817
Liabilities		
Accounts payable and accrued liabilities	870,667	988,520
Distributions payable <i>[Note 4]</i>	4,262,500	-
	5,133,167	988,520
Net Assets	320,621,886	323,215,297
Number of units outstanding <i>[Note 7]</i>	34,100,000	34,100,000
Net assets per unit	\$9.40	\$9.48

See accompanying notes

OCP SENIOR CREDIT FUND
STATEMENT OF OPERATIONS

For the six months ended June 30

2011
\$

Investment income

Interest 11,803

Expenses

Management fees [Note 5] 808,392

Dealer service fee [Note 5] 646,541

Forward Agreement fee [Note 6] 444,178

Harmonized Sales Tax 152,980

Securityholder reporting costs 40,714

Other administration costs 22,288

Custodian and valuation fees 17,582

Legal fees 10,550

Audit fees 9,349

Independent review committee fees 4,299

Trustee fees 3,763

2,160,636

Net investment loss (2,148,833)

Realized and unrealized gain (loss) on Forward Agreement

Net realized foreign exchange loss (42)

Net realized gain on partial settlements of Forward Agreement 357,909

Net change in unrealized appreciation on Forward Agreement 9,683,305

Net gain on Forward Agreement 10,041,172

Increase in net assets from operations 7,892,339

Increase in net assets from operations per unit \$0.23

See accompanying notes

OCP SENIOR CREDIT FUND
STATEMENT OF CHANGES IN NET ASSETS

For the six months ended June 30	2011 \$
Increase in net assets from operations	7,892,339
Distributions to unitholders <i>[Note 4]</i>	
Return of capital	(10,485,750)
Decrease in net assets for the period	(2,593,411)
Net assets, beginning of period	323,215,297
Net assets, end of period	320,621,886

See accompanying notes

OCP SENIOR CREDIT FUND
SCHEDULE OF FORWARD AGREEMENT (Unaudited)

As at June 30, 2011

Number of Shares or Par Value (US\$)	Description	Maturity Date	Average Cost (US\$)	Fair Value (US\$)
Investments held by OCP Credit Trust				
Total Return Swap				
BONDS				
802,000	Atkore International Inc., 9.875%	January 1, 2018	829,201	842,100
3,500,000	Ceva Group PLC, 8.375%	December 1, 2017	3,544,722	3,539,375
1,062,000	CityCenter Holdings Finance, 7.625%	January 15, 2016	1,062,000	1,096,515
4,000,000	Delta Air Lines, 9.50%	September 15, 2014	4,462,556	4,265,000
4,000,000	NAI Entertainment Holdings LLC, 8.25%	December 15, 2017	4,149,500	4,290,000
Total Bonds			14,047,979	14,032,990

BANK DEBT

2,023,367	Altegrity Inc. (f/k/a US Investigation Services Inc.), Term Loan	February 21, 2015	1,927,257	1,980,370
7,512,588	Ascend Learning, LLC, Term Loan	December 6, 2016	7,362,336	7,475,025
7,828,886	Aveta Inc., Term Loan	April 14, 2015	7,594,020	7,832,151
12,301,201	AWAS Finance, Term Loan	June 10, 2016	12,732,381	12,342,200
6,825,000	Boyd Gaming Corporation, Term Loan	December 17, 2015	6,499,594	6,593,237
13,524,538	Brickman Group Holdings, Term Loan	October 14, 2016	13,751,037	13,676,689
1,659,273	Bright Horizons Family Solutions Inc., Term Loan	May 28, 2015	1,667,570	1,663,421
7,945,317	Caesars Entertainment Operating Co Inc. (f/k/a Harrah's Operating Company, Inc.), Term Loan B3	January 28, 2015	7,199,202	7,128,443
4,962,217	Caesars Entertainment Operating Co Inc. (f/k/a Harrah's Operating Company, Inc.), Term Loan B4	October 31, 2016	5,154,502	5,169,727
10,000,000	Caesars Linq, LLC / Caesars Octavius, LLC	April 25, 2017	9,900,000	10,055,000
6,951,130	CCS Inc., Term Loan	November 14, 2014	6,263,465	6,598,110
5,185,473	Ceva Group PLC (f/k/a Louis No. 1 PLC/TNT Logistics)	August 31, 2016	4,913,235	5,062,318
77,532	Charter Communications Operating LLC, Term Loan B2	March 6, 2014	80,731	77,842
155,061	Charter Communications Operating LLC, Term Loan B1	March 6, 2014	151,960	154,950
10,000,000	CIT Group, Inc., Term Loan	August 11, 2015	10,202,500	10,048,210
14,657,601	CityCenter Holdings LLC, Term Loan	January 21, 2015	14,914,109	14,743,099

OCP SENIOR CREDIT FUND
SCHEDULE OF FORWARD AGREEMENT (Unaudited) continued

As at June 30, 2011

Number of Shares or Par Value (US\$)	Description	Maturity Date	Average Cost (US\$)	Fair Value (US\$)
1,739,658	Commscope Inc., Term Loan	January 14, 2018	1,730,960	1,743,978
15,958,173	Delos Aircraft Inc., Term Loan	March 17, 2016	16,279,002	16,006,622
2,529,296	Delta Air Lines, Inc., Term Loan	March 7, 2016	2,516,649	2,492,937
3,969,152	Federal Mogul Corporation, Term Loan	December 27, 2014	3,592,082	3,752,265
1,459,821	FIG LLC, Term Loan	October 7, 2015	1,478,069	1,478,069
2,327,711	First Data Corporation, Term Loan B-1	September 24, 2014	2,109,488	2,153,398
4,655,422	First Data Corporation, Term Loan B-2	September 24, 2014	4,218,976	4,306,796
4,962,500	Graham Packaging Company LP, Term Loan	September 23, 2016	5,030,734	4,968,673
9,767,964	Guitar Center, Inc. Term Loan	April 9, 2017	9,051,347	9,148,314
3,565,251	Houghton International Inc., Term Loan	January 29, 2016	3,547,425	3,585,306
8,750,000	Intelsat Jackson Holdings S.A, Term Loan	February 1, 2014	8,343,750	8,421,875
12,022,500	Intelsat Jackson Holdings SA, Term Loan	April 2, 2018	11,996,738	12,055,057
2,493,750	Knology Inc., Term Loan	August 18, 2017	2,493,750	2,480,503
12,300,000	Lawson Software, Inc., Term Loan	July 5, 2017	11,808,000	11,788,320
10,000,000	Level 3 Financing Inc., Term Loan	March 13, 2014	9,343,750	9,666,670
4,925,204	NBTY Inc., Term Loan	October 1, 2017	4,925,204	4,919,732
4,784,955	Novelis Corporation, Term Loan	March 10, 2017	4,737,105	4,790,271
5,297,191	Nyco Holdings, Term Loan	December 29, 2013	5,041,790	5,220,381
5,800,850	Remy International Inc., Term Loan	December 16, 2016	5,808,101	5,822,603
5,000,000	Ship Luxco, Term Loan	November 30, 2017	5,043,750	4,977,085
10,700,000	Springleaf Financial Funding Company, Term Loan	May 10, 2017	10,646,500	10,474,851
8,955,000	Syniverse Holdings Inc., Term Loan	December 21, 2017	8,989,825	8,992,315
1,789,920	Texas Competitive Electric Holdings Company, Non-Extending Term Loan	October 10, 2014	1,424,105	1,494,903
8,745,000	The Great Atlantic & Pacific Tea Company Inc., Term Loan	June 14, 2012	8,846,296	8,810,588
2,976,744	The ServiceMaster Company, Term Loan	July 24, 2014	2,824,186	2,889,097
2,892,403	U.S. Foodservice, Inc. Term Loan	July 3, 2014	2,639,318	2,703,995
4,494,949	Universal City Development Partners Limited, Term Loan	November 6, 2014	4,551,136	4,501,503
15,970,000	Venetian Orient Limited, Term Loan	May 18, 2015	15,443,437	15,860,207
Total Bank Debt			284,775,372	286,107,106
Total Bonds and Bank Debt			298,823,351	300,140,096
Unrealized gain on total return swap (US\$)				1,316,745

OCP SENIOR CREDIT FUND
SCHEDULE OF FORWARD AGREEMENT (Unaudited) continued

As at June 30, 2011

Number of Shares or Par Value (US\$)	Description	Maturity Date	Average Cost \$	Fair Value \$
Other Investments				
BONDS				
14,118,193	ACST Pass Through Trust Floating Rate	June 14, 2037	12,295,924	12,491,629
Total Bonds			12,295,924	12,491,629
BANK DEBT				
3,970,000	Altegrity Inc. (f/k/a U.S. Investigation Services Inc.), Term Loan	February 21, 2015	3,865,376	3,854,782
19,000,000	Apollo Management Holdings, L.P., Term Loan	January 3, 2017	17,519,243	17,223,256
4,895,922	Aveta Inc., Term Loan	April 14, 2015	4,793,193	4,723,341
5,486,250	Brock Holdings III, Inc., Term Loan	March 16, 2017	5,340,866	5,312,701
3,588,889	Commscope Inc., Term Loan	January 14, 2018	3,599,506	3,469,532
11,152,450	Equipower Resources Holdings, LLC, Term Loan	January 26, 2018	11,071,915	10,754,843
15,298,710	Federal Mogul Corporation, Term Loan	December 27, 2014	14,437,820	13,947,117
10,000,000	First Data Corporation, Term Loan B-2	September 24, 2014	9,051,162	8,921,319
4,249,719	Houghton International Inc., Term Loan	January 29, 2016	5,801,010	5,987,594
5,028,736	KAR Auction Services Inc., Term Loan	May 20, 2017	4,857,479	4,858,544
4,287,904	La Paloma Generating Company LLC, Term Loan	August 16, 2012	4,119,247	4,005,812
10,400,000	Level 3 Financing Inc., Term Loan	March 13, 2014	9,840,799	9,694,916
10,057,471	MetroPCS Wireless Inc., Term Loan	March 19, 2018	9,713,047	9,662,532
4,000,000	Nortek Inc., Term Loan	April 26, 2017	3,798,906	3,857,392
12,259,275	Radio One Inc., Term Loan	March 31, 2016	11,672,324	11,955,208
12,623,497	Select Medical Corporation, Term Loan	June 1, 2018	12,148,597	11,929,976
3,368,008	Spectrum Brands Inc., Term Loan	June 16, 2016	3,365,349	3,264,171
9,439,389	Springleaf Financial Funding Company, Term Loan	May 10, 2017	9,188,905	8,911,314
13,018,219	Styron S.A.R.L., Term Loan	August 2, 2017	12,886,757	12,538,401
12,266,066	TC Group, LLC, Term Loan	December 5, 2015	11,517,390	11,163,389
5,084,650	Texas Competitive Electric Holdings Company, Extending Term Loan	October 10, 2017	3,919,630	3,818,501
3,583,020	The AES Corporation, Term Loan	May 28, 2018	3,481,514	3,458,734
9,974,026	U.S. Foodservice Inc., Term Loan	July 3, 2014	9,184,891	8,991,897
8,048,015	Willbros United States Holdings Inc., Term Loan	June 30, 2014	8,084,647	7,761,088
Total Bank Debt			193,259,573	190,066,360
Total Other Investments			205,555,497	202,557,989

OCP SENIOR CREDIT FUND
SCHEDULE OF FORWARD AGREEMENT (Unaudited) continued

As at June 30, 2011

Description	Fair value (C\$)
Summary of Assets and Liabilities held in OCP Credit Trust	
Unrealized gain on total return swap	1,269,801
Unrealized gain on forward contracts	3,493,880
Investments, at fair value	202,557,989
Cash	36,971,252
Cash on deposit with broker as collateral	93,814,051
Receivable for investments sold	6,245,544
Accrued interest	4,028,426
Accounts payable and accrued liabilities	(509,203)
Distribution payable	(5,500,000)
Interest payable	(309,800)
Payable for investments purchased	(22,074,165)
Forward Agreement	319,987,775

See accompanying notes

OCP SENIOR CREDIT FUND

NOTES TO FINANCIAL STATEMENTS (Unaudited)

June 30, 2011

1. THE FUND

OCP Senior Credit Fund (the “Fund”) is an investment fund governed by the laws of the Province of Ontario by a Declaration of Trust dated October 25, 2010. On November 19, 2010 the Fund completed an initial public offering of 30,000,000 units at \$10 per unit and 2,000,000 units at \$10 per unit as a partial exercise of an over-allotment option granted to the agents. On December 9, 2010, the agents further exercised the over-allotment option, subscribing for an additional 2,100,000 units at \$10 per unit. Agents’ fees and expenses of issue relating to the initial public offering of units totaled \$18,662,500.

The Fund is designed to provide unitholders with a stable source of tax-advantaged income through exposure to the performance of an actively managed, diversified portfolio (the “Portfolio”) comprised of senior secured loans and other 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 19, 2015 (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 Credit 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 Statement 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 Statement of Operations represents the increase in net assets from operations during the period, divided by the weighted average number of units outstanding during the period.

Valuation of fund units for transaction purposes

Net asset value per unit is calculated daily 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.

OCP SENIOR CREDIT FUND
NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

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 values 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 currently targeted to be \$0.125 per unit (\$0.50 per annum to yield 5.0% 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 0.50% based on the net asset value of the Fund, as well as an annual fee of 1.00% based on the net asset value of the Trust (total overall management fee of 1.5%). These fees are calculated daily 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 daily and paid quarterly in arrears.

Under the Forward Agreement, the Fund pays to the Counterparty an annual fee as negotiated with the Counterparty, of the notional amount of the Forward Agreement (being effectively equal to the net asset value of the Trust), calculated daily 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 19, 2015, 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 Credit 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.

OCP SENIOR CREDIT FUND
NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

7. UNITS ISSUED AND OUTSTANDING

The Fund is authorized to issue an unlimited number of transferable and redeemable units, 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 2012, units may be surrendered annually for redemption during the period from the first business day in March until 5:00pm (Toronto time) on March 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 May 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. There were no changes to the number of units outstanding for the period ended June 30, 2011.

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 and currency 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 the 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 disclosure in regards to the risks and risk management applicable to 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 June 30, 2011, the credit exposure is \$319,987,775 (December 31, 2010 – \$321,996,561) 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 June 30, 2011, 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 which derives its value based on the performance of the Trust’s Portfolio. The Trust has exposure to senior secured loans and other senior debt obligations of non-investment grade issuers, which are held directly or in a total return swap (“**TRS Facility**”). This represents the main concentration of credit risk. The fair value of debt securities held directly or in the TRS Facility includes consideration of the credit worthiness of the issuer, and accordingly, represents the maximum credit exposure of the Fund. The Trust currently uses only one counterparty for its TRS Facility. Credit risk for the TRS Facility is managed by dealing with a counterparty that has a current credit rating of AA- by S&P.

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.

OCP SENIOR CREDIT FUND
NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

As at June 30, 2011, indirect exposure to debt securities by credit rating is as follows:

Credit Rating	As a % of the Trust's net assets
A	3.90
BBB	8.99
BB	39.36
B	89.73
CCC	2.90
Not Rated*	8.87

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

Liquidity risk

Liquidity risk is the risk that the Fund may not be able to settle or meet its obligations 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 June 30, 2011, approximately 6.6% (December 31, 2010 – 80.9%) of the Trust's net assets are held in cash (adjusted for receivables for investments sold and payables 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.

Changes in the prevailing levels of market interest rates are not expected to have a significant impact on the fair value of the Trust's interest-bearing financial instruments, the TRS Facility or the related funding costs.

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 June 30, 2011 and December 31, 2010, the Fund does not have significant exposure to foreign exchange risk as substantially all of the Trust's foreign exposure is hedged back to the Canadian dollar.

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 the Prospectus. Restrictions and specific requirements on the redemption of units are described in Note 7. The Statement 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 currently targeted to be \$0.125 per unit (\$0.50 per unit per year to yield 5% per year based on the \$10.00 subscription price), while at the same time to preserve and enhance the net asset value.

OCP SENIOR CREDIT FUND
NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

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.

As at December 31, 2010, the Fund has accumulated \$1,115,376 non-capital losses which may be carried forward to reduce future taxable income for up to twenty years.

11. INTERNATIONAL FINANCIAL REPORTING STANDARDS

On January 12, 2011, the Canadian Accounting Standards Board 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. Consequently, IFRS would be applicable to the Fund for the fiscal year beginning January 1, 2013. 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 OCP Credit 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.

The process of evaluating the potential impact of IFRS on the financial statements is ongoing as the International Accounting Standards Board and the Canadian Accounting Standards Board continue to issue new standards and recommendations.