OCP SENIOR CREDIT FUND

Interim Financial Statements for the period

January 1, 2012 to June 30, 2012

NOTICE TO READER:

These interim financial statements and related notes for the six-month period ended June 30, 2012 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)

As at

	June 30, 2012 $	December 31, 2011 $
ASSETS		
Forward Agreement *[Note 6]*	**297,613,927**	303,865,331
Receivable from counterparty under Forward Agreement *[Note 6]*	**5,500,000**	–
Cash	**400,050**	5,600,098
	303,513,977	309,465,429
Liabilities		
Accounts payable and accrued liabilities	**833,905**	859,309
Distributions payable *[Note 4]*	**4,004,109**	4,243,188
	4,838,014	5,102,497
Net Assets	**298,675,963**	304,362,932
Number of units outstanding *[Note 7]*	**32,032,869**	33,945,500
Net assets per unit	**$9.32**	$8.97

See accompanying notes.

STATEMENTS OF OPERATIONS (Unaudited)

For the six months ended June 30

	2012 $	2011 $
INVESTMENT INCOME		
Interest	**7,347**	11,803
EXPENSES		
Management fees *[Note 5]*	**775,564**	808,392
Dealer service fee *[Note 5]*	**620,452**	646,541
Harmonized Sales Tax	**145,092**	152,980
Securityholder reporting costs	**29,914**	40,714
Independent Review Committee fees	**21,788**	26,587
Custodian and valuation fees	**21,726**	17,582
Audit fees	**11,987**	9,349
Legal fees	**9,890**	10,550
Trustee fees	**4,525**	3,763
	1,640,938	1,716,458
Net investment loss	**(1,633,591)**	(1,704,655)
REALIZED AND UNREALIZED GAIN (LOSS) ON FORWARD AGREEMENT		
Net foreign exchange gain (loss)	**13**	(42)
Net realized gain on partial settlements of Forward Agreement	**2,176,241**	357,909
Transaction costs *[Note 2 and 6]*	**(426,577)**	(444,178)
Net change in unrealized appreciation on Forward Agreement	**20,270,058**	9,683,305
Net gain on Forward Agreement	**22,019,735**	9,596,994
Increase in net assets from operations	**20,386,144**	7,892,339
Increase in net assets from operations per unit	**$0.61**	$0.23

See accompanying notes.

STATEMENTS OF CHANGES IN NET ASSETS (Unaudited)

For the six months ended June 30

	2012 $	2011 $
Increase in net assets from operations	**20,386,144**	7,892,339
Distributions to unitholders *[Note 4]*		
Return of capital	**(8,239,171)**	(10,485,750)
Capital unit transactions *[Note 7]*		
Redemption of units	**(17,019,388)**	–
Units purchased for cancellation	**(814,554)**	–
	(17,833,942)	–
Decrease in net assets for the period	**(5,686,969)**	(2,593,411)
Net assets, beginning of period	**304,362,932**	323,215,297
Net assets, end of period	**298,675,963**	320,621,886

See accompanying notes.

SCHEDULE OF FORWARD AGREEMENT (Unaudited)

As at June 30, 2012

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 01, 2018	829,201	777,940
776,000	Avaya, Inc., 7.00%	April 01, 2019	715,860	719,740
3,500,000	Ceva Group PLC, 8.375%	December 01, 2017	3,544,722	3,395,000
1,062,000	CityCenter Holdings, LLC, 7.625%	January 15, 2016	1,062,000	1,120,410
4,000,000	NAI Entertainment Holdings LLC, 8.25%	December 15, 2017	4,149,500	4,420,000
3,557,000	Prospect Medical Holdings, Inc., 8.375%	May 01, 2019	3,551,665	3,494,753
Total Bonds			13,852,948	13,927,843
BANK DEBT				
4,173,555	Alon USA Energy, Inc., Term Loan	August 02, 2013	4,017,046	4,006,612
3,356,201	Altegrity Inc. (f/k/a U.S. Investigation Services Inc.), Term Loan D	February 21, 2015	3,317,035	3,289,077
5,050,471	Altegrity Inc. (f/k/a U.S. Investigation Services Inc.), Term Loan B	February 21, 2015	4,843,973	4,760,069
4,780,519	Ascend Performance Materials, LLC, Term Loan	April 10, 2018	4,637,103	4,643,079
7,456,008	Ascend Learning, LLC, Term Loan	May 23, 2017	7,306,888	7,353,488
8,733,125	Aveta Inc., Term Loan	April 13, 2015	8,471,131	8,682,185
11,254,290	AWAS Finance, Term Loan	June 10, 2016	11,648,774	11,050,306
6,475,000	Boyd Gaming Corporation, Term Loan	December 17, 2015	6,166,281	6,377,875
1,858,000	Brand Energy & Infrastructure Services, Inc., Term Loan	February 07, 2014	1,733,514	1,736,069
13,015,783	Brickman Group Holdings, Term Loan	October 14, 2016	13,233,762	13,015,783
7,864,625	Caesars Entertainment Operating Co Inc. (formerly known as Harrah's Operating Company Inc.), Term Loan B3	January 28, 2015	7,126,088	7,291,632
4,911,839	Caesars Entertainment Operating Co Inc. (formerly known as Harrah's Operating Company Inc.), Term Loan B4	October 31, 2016	5,102,172	4,959,729
10,000,000	Caesars Linq, LLC / Caesars Octavius, LLC, Term Loan	April 25, 2017	9,900,000	9,758,330
5,185,473	Ceva Group PLC (f/k/a Louis No. 1 PLC/TNT Logistics), Term Loan	August 31, 2016	4,913,235	4,870,025
1,722,218	Commscope Inc., Term Loan	January 14, 2018	1,713,607	1,712,530
3,544,190	Crown Castle Operating Company, Term Loan	January 31, 2019	3,475,752	3,482,167
7,460,377	Cumulus Media Holdings Inc., Term Loan	September 01, 2018	7,385,774	7,434,266
2,503,940	Delta Air Lines, Inc., Term Loan	March 07, 2016	2,491,420	2,422,561
4,342,118	DS Waters of America Inc., Term Loan	July 30, 2017	4,321,232	4,266,130
6,578,290	Dynegy Power, LLC, Term Loan	July 29, 2016	6,709,826	6,757,364
2,165,000	EP Energy, LLC, Term Loan	May 24, 2018	2,182,970	2,180,696
3,928,021	Federal Mogul Corporation, Term Loan	December 29, 2014	3,554,859	3,733,257
2,327,711	First Data Corporation, Term Loan B-1	September 24, 2014	2,109,488	2,228,492

SCHEDULE OF FORWARD AGREEMENT (Unaudited) continued

As at June 30, 2012

Par Value (US$)	Description	Maturity Date	Average cost (US$)	Fair value (US$)
4,655,422	First Data Corporation, Term Loan B-2	September 24, 2014	4,218,976	4,458,293
1,013,989	FIG LLC, Term Loan	September 30, 2015	1,026,664	1,008,919
9,767,964	Guitar Center Inc.,Term Loan	April 09, 2017	9,051,347	9,112,700
4,193,500	HD Supply Inc., Term Loan	October 12, 2017	4,205,745	4,197,693
3,529,355	Houghton International Inc., Term Loan	January 29, 2016	3,511,708	3,529,355
4,069,800	Ineos US Finance, LLC, Term Loan	May 04, 2018	3,977,578	3,976,194
8,750,000	Intelsat Jackson Holdings S.A., Term Loan	February 01, 2014	8,343,750	8,518,125
11,902,275	Intelsat Jackson Holdings S.A., Term Loan	April 02, 2018	11,876,770	11,827,886
2,446,794	Knology Inc., Term Loan	August 18, 2017	2,446,794	2,439,148
4,900,000	Lawson Software Inc., Term Lean	July 05, 2017	4,851,000	4,915,900
10,000,000	Level 3 Financing Inc., Term Loan	March 13, 2014	9,343,750	9,787,500
3,950,000	Nortek, Inc., Term Loan	April 26, 2017	3,900,625	3,945,063
4,736,865	Novelis Corporation, Term Loan	March 10, 2017	4,689,496	4,642,128
12,072,857	Radio One Inc., Term Loan	March 31, 2016	11,865,325	11,831,400
5,606,098	Remy International Inc., Term Loan	December 16, 2016	5,613,105	5,606,098
4,946,969	Ship Luxco, Term Loan	October 15, 2017	4,990,255	4,925,326
13,068,000	Springleaf Financial Funding Company, Term Loan	May 10, 2017	12,904,980	12,281,581
5,880,000	SRA International Inc., Term Loan	July 15, 2018	5,762,400	5,677,875
6,879,098	Tervita Corporation (formerly known as CCS Inc.), Term Loan	November 14, 2014	6,198,559	6,645,209
1,789,920	Texas Competitive Electric Holdings Company, Non-Extending Term Loan	October 10, 2014	1,424,105	1,120,327
962,679	The ServiceMaster Company, Term Loan	July 24, 2014	913,342	949,443
2,487,765	TI Group Automotive Systems LLC, Term Loan	March 14, 2018	2,413,132	2,411,060
2,561,756	Trinseo Materials Operating S.C.A. (f/k/a Styron S.A.R.L.), Term Loan	August 02, 2017	2,384,693	2,397,376
5,854,400	U.S. Foodservice, Inc., Term Loan	June 29, 2014	5,499,227	5,650,959
3,062,325	Wabash National Corporation, Term Loan	May 08, 2019	3,035,530	3,016,390
3,309,078	Willbros United States Holdings Inc., Term Loan	June 30, 2014	3,296,669	3,288,397
Total Bank Debt			264,107,455	264,172,067
Total Bonds and Bank Debt			**277,960,403**	**278,099,910**
Unrealized gain on total return swap (US$)				**139,507**
Unrealized gain on total return swap (C$)				**142,137**

SCHEDULE OF FORWARD AGREEMENT (Unaudited) continued

As at June 30, 2012

Par Value	Description	Maturity Date	Average cost $	Fair value $
OTHER INVESTMENTS				
BONDS				
5,598,078	ACST Pass Through Trust Floating Rate	June 14, 2037	4,875,520	5,019,164
Total Bonds			4,875,520	5,019,164
BANK DEBT				
19,000,000	Apollo Management Holdings, L.P., Term Loan	January 03, 2017	17,519,243	17,615,894
4,330,000	Arch Coal, Inc., Term Loan	May 16, 2018	4,295,721	4,321,018
1,934,681	Avaya, Inc., Extended Term Loan	October 26, 2017	1,774,406	1,738,441
688,181	Avaya, Inc., Non-Extended Term Loan	October 26, 2017	662,496	659,323
3,159,625	Aveta Inc., Term Loan	April 13, 2015	3,066,078	3,200,402
5,269,485	Brock Holdings III, Inc., Term Loan	March 16, 2017	5,129,845	5,362,097
498,750	Catalent Pharma Solution Inc., Term Loan	September 15, 2017	490,551	507,516
1,567,986	Commscope Inc., Term Loan	January 14, 2018	1,572,624	1,588,554
5,440,000	Crown Media Holdings Inc., Term Loan	July 08, 2018	5,184,693	5,500,968
1,943,677	Cumulus Media Holdings Inc., Term Loan	September 01, 2018	1,854,207	1,973,382
4,417,873	Dynegy Midwest Generation, LLC, Term Loan	July 29, 2016	4,527,139	4,591,167
1,161,276	Eastman Kodak Company, Term Loan	July 20, 2013	1,137,039	1,177,249
15,134,574	Federal Mogul Corporation, Term Loan	December 27, 2014	14,282,920	14,655,279
10,000,000	First Data Corporation, Term Loan B-2	September 24, 2014	9,051,162	9,757,066
40,000	First Data Corporation, Term Loan B-3	September 24, 2014	38,045	39,028
2,980,000	Granite Broadcasting Corporation, Term Loan	May 23, 2018	2,985,113	2,990,627
4,207,115	Houghton International Inc., Term Loan	January 31, 2016	5,742,855	5,457,862
3,803,000	Houghton Mifflin Harcourt Publishing Company, Term Loan	June 22, 2018	3,913,553	3,845,622
10,400,000	Level 3 Financing Inc., Term Loan	March 13, 2014	9,840,799	10,370,861
2,494,000	Level 3 Financing Inc., Term Loan B-2	September 01, 2018	2,379,198	2,532,539
7,946,736	MetroPCS Wireless Inc., Term Loan	March 17, 2018	7,674,595	7,892,659
1,851,560	PL Propylene (Petrologistics), Term Loan	March 27, 2017	1,811,811	1,900,607
103,305	Realogy Corporation, Non-Entended Synthic Commitment	January 10, 2013	99,302	99,375
5,590,344	Realogy Corporation, Extended Term Loan	October 10, 2016	5,335,692	5,353,972
12,497,262	Select Medical Corporation, Term Loan	May 11, 2018	12,027,111	12,329,609
2,673,202	Spectrum Brands Inc., Term Loan	June 16, 2016	2,671,092	2,723,589
9,439,389	Springleaf Financial Funding Company, Term Loan	May 10, 2017	9,188,905	9,038,549
3,274,406	Trinseo Materials Operating S.C.A. (f/k/a Styron S.A.R.L.), Term Loan	August 02, 2017	3,249,611	3,122,056
6,494,000	Texas Competitive Electric Holdings Company, Non-Extending Term Loan	October 10, 2014	4,773,065	4,141,266
2,487,765	TI Group Automotive Systems LLC, Term Loan	March 14, 2018	2,387,939	2,456,505
1,243,082	Travelport LLC, Extended Term Loan	August 23, 2015	1,126,550	1,157,049
6,896,104	U.S. Foodservice Inc., Term Loan	June 29, 2014	6,350,491	6,781,930
5,102,165	Veyance Technologies Inc., Term Loan	July 31, 2014	4,855,969	5,032,636
8,453,500	Zayo Group LLC, Term Loan	July 02, 2019	8,488,232	8,627,195
Total Bank Debt			165,488,052	168,541,892
Total Investments			**170,363,572**	**173,561,056**

SCHEDULE OF FORWARD AGREEMENT (Unaudited) continued

	Fair Value (C$)
Other assets and liabilities held in OCP Credit Trust	
Unrealized gain on forward contracts	2,258,192
Cash	17,922,057
Cash on deposit with broker as collateral	118,515,996
Receivable for investments sold	8,432,249
Accrued interest	3,511,248
Accounts payable and accrued liabilities	(531,303)
Distribution payable	(5,500,000)
Interest payable	(261,000)
Payable for investments purchased	(20,436,705)
Forward Agreement	**297,613,927**

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS (Unaudited)

June 30, 2012

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 $18,671,003.

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 period. 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 Statements of Operations under ''Net change in unrealized appreciation on Forward Agreement.'' Trade date accounting is used.

Transaction costs

Portfolio transaction costs are expensed and are included in ''Transaction costs'' in the Statements of Operations. Transaction costs are fees incurred in conjunction with the Fund's Forward Agreement.

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 Statements 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.

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 value of these financial instruments and their fair

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

value. The Forward Agreement is carried at its fair value 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 initial 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 1.50%). 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.

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. Under the Forward Agreement, the Fund will pay 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.

7. UNITS ISSUED AND OUTSTANDING

The Fund is authorized to issue an unlimited number of transferable and redeemable units of one class, 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.

Changes in the number of units outstanding for the periods ended June 30 are summarized as follows:

	2012 #	2011 #
Units outstanding, beginning of period	**33,945,500**	34,100,000
Redemption of units	**(1,821,331)**	–
Units purchased for cancellation	**(91,300)**	–
Units outstanding, end of period	**32,032,869**	**34,100,000**

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

Under a normal course issuer bid, which will expire on July 16, 2013, the Fund has the ability to repurchase units up to a maximum of 10% of the public float at the time the bid commenced. Under the bid, units were repurchased at their market price through the facilities of the Toronto Stock Exchange (''TSX''). 219,500 units were purchased under this normal course issuer bid at an average price of $8.69 per unit.

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, 2012, the credit exposure is $297,613,927 (December 31, 2011 – $303,865,331) 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, 2012 and December 31, 2011, the Counterparty had 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 had a current credit rating of AA− by Standard & Poor's as at June 30, 2012 and December 31, 2011.

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.

Within the Trust's Portfolio, the maximum exposure to any one debt issuer as of June 30, 2012, was $22,875,415 (December 31, 2011 – $22,277,443) representing 7.69% (December 31, 2011 – 7.33%) of the net assets of the Trust.

As at June 30, 2012 and December 31, 2011, indirect exposure to debt securities by credit rating is as follows:

	As a % of the Trust's Net Assets	
Credit Rating	2012	2011
A	**1.69**	1.67
BBB	**4.13**	9.72
BB	**31.59**	32.00
B	**96.65**	92.31
CCC	**9.02**	1.93
Not rated *	**10.44**	10.66

* 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 obligation 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.

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

The Fund has financial liabilities outstanding including accounts payable and accrued liabilities and distributions payable. These financial liabilities are all current and due within 12 months. The Fund has sufficient cash and other current assets to settle the financial liabilities.

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.

The Fund is exposed to the performance of the Trust, which invests in debt securities which may bear interest. Consequently, the Fund is exposed to interest rate risk on the Portfolio. Changes in the prevailing levels of market interest rates is not expected to have a significant impact on the fair value of the TRS Facility or investments nor the related interest income and TRS Facility funding cost cash flows.

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, 2012 and December 31, 2011, 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 Statements of Changes in Net Assets and Note 7 outline the relevant changes of the Fund's units for the periods.

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 initial subscription price), while at the same time to preserve and enhance the net asset value.

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. If the Fund distributes more than it earns, this excess distribution is a return of capital and is not taxable to unitholders.

As at December 31, 2011, the Fund had accumulated $7,995,381 non-capital losses, which may be carried forward to reduce future taxable income for up to twenty years.

	Expiration of Non-Capital Losses	
Non-Capital Losses	2030	2031
$7,995,381	$1,115,376	$6,880,005

11. INTERNATIONAL FINANCIAL REPORTING STANDARDS

On December 12, 2011, the Canadian Accounting Standards Board (''AcSB'') 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, 2014. This extends the previous two-year deferral of IFRS to three years as compared to other publicly accountable entities. Consequently, IFRS will be applicable to the Fund for the fiscal year beginning January 1, 2014. At the transition date the prior fiscal year financial statements will require restatement to IFRS for comparative purposes.

The deferral is to provide time for the International Accounting Standards Board (''IASB'') to finalize its guidance on investment entities such that a final standard could be issued after January 1, 2013, the previously established changeover date for investment companies in Canada.

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

The Fund has reviewed the existing body of IFRS against its current policies under Canadian GAAP and has noted certain policy differences, the most notable is the requirement to consolidate the financial results of the Fund with the Trust. Currently, investment entities would have to follow the consolidation requirements as set out in IFRS 10 Consolidated Financial Statements because IFRS does not differentiate between them and other entities. As a result, they would have to consolidate their financial statements with that of an entity they are investing in if they control that entity. As part of a project on consolidated financial statements, the IASB published an Exposure Draft (''ED'') for Investment Entities on August 25, 2011, that proposes an exception to the principle in IFRS that an entity consolidates all controlled entities. Instead, the ED would require an entity that meets the criteria to be an investment entity to measure all controlled investments at fair value, with changes recognized in profit or loss. Comments on the ED were due by January 5, 2012. The IASB expects to complete the project in the second half of 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 IASB and the AcSB continue to issue new standards and recommendations.

12. RECLASSIFICATION

Certain comparative figures have been reclassified to conform to the current period's presentation.

910 Sylvan Avenue, Englewood Cliffs
New Jersey U.S.A. 07632
(647) 260-4055 or (877) 260-4055
www.ocpseniorcredit.com • info@ocpfunds.com