

OCP CREDIT TRUST

Annual Financial Statements for the year ended
December 31, 2012

OCP CREDIT TRUST

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

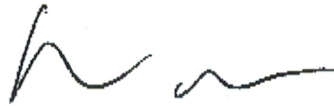
The accompanying financial statements of OCP Credit Trust (the "Fund") are the responsibility of the management of the Fund. They have been prepared in accordance with Canadian generally accepted accounting principles using information available to March 28, 2013 and management's best estimates and judgements.

The management of the Fund is responsible for the information and representations contained in these Annual Financial Statements and the Annual Management Report of Fund Performance. Management is also responsible for the selection of the accounting principles that are most appropriate for the Fund's circumstances and for the judgements and estimates made in the financial statements. The management of the Fund maintains appropriate processes to ensure that accurate, relevant and reliable financial information is produced.

These financial statements have been approved by the management of the Fund and have been audited by Collins Barrow Toronto LLP, Chartered Accountants, on behalf of the unitholders. The auditors' report outlines the scope of their audit and their opinion on the financial statements.



Josh Spierer
Chief Financial Officer
Onex Credit Partners, LLC,
The Manager of the Fund
March 28, 2013



Michael Gelblat
Chief Executive Officer
Onex Credit Partners, LLC,
The Manager of the Fund
March, 28, 2013

INDEPENDENT AUDITORS' REPORT

To the Unitholder of:

OCP Credit Trust

We have audited the accompanying financial statements of OCP Credit Trust (the "Fund"), which comprise the schedules of investments and total return swap as at December 31, 2012, the statements of net assets as at December 31, 2012 and December 31, 2011 and the statements of operations and changes in net assets for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2012 and December 31, 2011, and its financial performance and its changes in net assets for the years then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Toronto LLP

Licensed Public Accountants

Chartered Accountants

Toronto, Canada

March 28, 2013

OCP CREDIT TRUST

STATEMENTS OF NET ASSETS

As at December 31,

	2012 \$	2011 \$
Assets		
Unrealized gain on total return swap <i>[Note 3]</i>	3,147,223	-
Unrealized gain on forward contracts <i>[Note 4]</i>	-	5,675,565
Investments	202,520,808	195,872,731
Cash	22,967,829	6,335,678
Cash on deposit with brokers as collateral <i>[Notes 3 and 4]</i>	93,910,924	98,980,657
Receivable for investments sold	738,250	34,706
Accrued interest	4,665,483	3,994,065
	327,950,517	310,893,402
Liabilities		
Unrealized loss on total return swap <i>[Note 3]</i>	-	5,966,032
Unrealized loss on forward contracts <i>[Note 4]</i>	3,273,770	-
Accounts payable and accrued liabilities	775,175	733,449
Distribution payable <i>[Note 6]</i>	7,100,000	-
Interest payable	308,909	328,590
Payable for investments purchased	9,590,483	-
	21,048,337	7,028,071
Net Assets	306,902,180	303,865,331
Number of units outstanding <i>[Note 8]</i>	34,121,864	34,121,864
Net assets per unit	\$8.99	\$8.91

See accompanying notes.

OCP CREDIT TRUST

STATEMENTS OF OPERATIONS

For the years ended December 31,

	2012 \$	2011 \$
INVESTMENT INCOME		
Interest	27,423,725	26,016,216
EXPENSES		
Interest expense	3,311,178	3,497,705
Management fees <i>[Note 7]</i>	3,104,967	3,167,155
Harmonized Sales Tax	415,581	420,457
Other administration costs	108,550	173,668
Custodian and valuation fees	91,471	79,919
Legal and research fees	54,099	27,609
Audit fees	23,526	20,600
Independent review committee fees	11,250	9,925
Trustee fees	9,000	9,025
Securityholder reporting costs	4,482	4,397
	7,134,104	7,410,460
Net investment income	20,289,621	18,605,756
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Net realized foreign exchange gain (loss)	12,568,150	(11,951,345)
Net realized gain on sale of investments	7,763,787	680,133
Net realized gain on total return swap	3,643,765	429,588
Net change in unrealized appreciation of investments	1,605,309	59,053
Net change in unrealized appreciation (depreciation) of derivatives	163,920	(2,104,415)
Net gain (loss) on investments	25,744,931	(12,886,986)
Increase in net assets from operations	46,034,552	5,718,770
Increase in net assets from operations per unit	\$1.35	\$0.17

See accompanying notes.

OCP CREDIT TRUST

STATEMENTS OF CHANGES IN NET ASSETS

For the years ended December 31,

	2012 \$	2011 \$
Increase in net assets from operations	46,034,552	5,718,770
Distributions to unitholders [Note 6]		
From net investment income	(46,034,552)	(5,718,770)
Return of capital	-	(18,131,230)
	(46,034,552)	(23,850,000)
Capital unit transactions [Note 8]		
Distributions reinvestment	3,036,849	-
Increase (decrease) in net assets for the year	3,036,849	(18,131,230)
Net assets, beginning of year	303,865,331	321,996,561
Net assets, end of year	306,902,180	303,865,331

See accompanying notes.

OCP CREDIT TRUST

SCHEDULE OF INVESTMENTS

As at December 31, 2012

Par Value (US\$)	Description	Maturity Date	Average Cost \$	Fair Value \$	% of Portfolio
BANK DEBT					
2,667,000	ADS Waste Holdings Inc., Term Loan	October 9, 2019	2,579,328	2,682,705	
12,575,000	Air Distribution Technologies, Inc., Term Loan	November 9, 2018	12,408,797	12,609,961	
8,098,889	Alon USA Energy, Inc., Term Loan	November 13, 2018	7,840,098	8,096,230	
19,000,000	Apollo Management Holdings, L.P., Term Loan	January 3, 2017	17,519,243	17,198,333	
911,710	Arch Coal, Inc., Term Loan	May 16, 2018	904,755	915,135	
4,386,138	Avaya, Inc., Extended Term Loan B-3	October 26, 2017	3,974,694	3,831,458	
1,999,420	Avaya, Inc., Term Loan	March 31, 2018	1,940,575	1,947,800	
7,142,000	Aveta Inc., Term Loan	December 12, 2017	6,954,374	7,033,094	
2,348,000	BJ's WholeSale Club Inc., Term Loan	September 26, 2019	2,272,569	2,365,998	
2,619,000	Boyd Gaming Corporation, Term Loan	November 20, 2017	2,588,668	2,644,191	
12,624,360	Brand Energy & Infrastructure Services, Inc., Term Loan	October 23, 2018	12,316,934	12,376,916	
496,250	Catalent Pharma Solutions Inc., Term Loan	September 15, 2017	488,092	498,555	
5,410,000	Crown Media Holdings Inc., Term Loan	July 14, 2018	5,156,101	5,381,318	
3,834,364	Dynegy Midwest Generation, LLC, Term Loan	August 5, 2016	3,929,199	3,955,155	
4,084,659	Eastman Kodak Company, Term Loan	July 20, 2013	4,051,606	4,012,215	
9,969,073	Federal Mogul Corporation, Term Loan B	December 29, 2014	9,408,093	9,085,736	
5,086,262	Federal Mogul Corporation, Term Loan C	December 28, 2015	4,800,048	4,635,580	
33,279	First Data Corporation, Term Loan B-1	September 24, 2014	32,930	33,038	
443,722	First Data Corporation, Term Loan B-2	September 24, 2014	401,620	440,680	
72,637	First Data Corporation, Term Loan B-3	September 24, 2014	71,541	72,139	
2,965,100	Granite Broadcasting Corporation, Term Loan	May 23, 2018	2,970,187	2,942,006	
11,672,841	Houghton Mifflin Harcourt Publishing Company, Term Loan	May 22, 2018	11,755,895	11,639,982	
1,563,125	Ineos US Finance, LLC, Term Loan	May 4, 2018	1,585,122	1,570,144	
4,459,738	Kinetic Concepts Inc., Term Loan	May 4, 2018	4,430,981	4,480,455	
8,482,000	Level 3 Financing Inc., Term Loan	August 1, 2019	8,446,253	8,502,949	
13,763,000	Navistar International Corporation, Term Loan	August 17, 2017	13,740,691	13,735,661	
1,842,279	Petrologistics LLC, Term Loan B	March 27, 2017	1,802,729	1,848,546	
4,189,000	Phoenix (Metal Services), Term Loan	June 30, 2017	4,076,724	4,187,625	
5,559,769	Realogy Corporation, Extended Term Loan	October 10, 2016	5,306,963	5,540,663	
103,305	Realogy Corporation, Non-Extended Synthetic Commitment	October 10, 2013	99,302	103,014	
1,867,000	Samson Investment Company, Term Loan	September 24, 2018	1,810,290	1,870,644	
14,191,312	Select Medical Corporation, Term Loan	June 1, 2018	13,656,589	14,151,363	
5,334,000	Serta Simmons Holdings LLC, Term Loan B	October 1, 2019	5,145,989	5,307,196	
9,439,389	Springleaf Financial Funding Company, Term Loan	May 10, 2017	9,188,905	9,327,731	

OCP CREDIT TRUST

SCHEDULE OF INVESTMENTS continued

As at December 31, 2012

Par Value (US\$)	Description	Maturity Date	Average Cost \$	Fair Value \$	% of Portfolio
2,492,612	Trinseo Materials Operating S.C.A. (f/k/a Styron S.A.R.L.), Term Loan	August 2, 2017	2,473,736	2,419,737	
693,181	Tervita Corporation, Term Loan	November 14, 2014	693,209	677,439	
4,442,385	TI Group Automotive Systems LLC, Term Loan	March 14, 2018	4,280,307	4,463,021	
1,243,082	Travelport LLC, Extended Term Loan	August 23, 2015	1,126,550	1,181,365	
3,130,231	Wabash National Corporation, Term Loan	May 8, 2019	3,141,502	3,148,663	
934,305	WideOpenWest Finance LLC, Term Loan B	July 17, 2018	916,172	939,081	
1,762,000	Willbros United States Holdings Inc., Term Loan	June 30, 2014	1,698,119	1,717,605	
2,950,650	Wilton Brands Inc., Term Loan	August 30, 2018	2,870,966	2,949,681	
Total Bank Debt			200,856,446	202,520,808	100.00%
Total Investments			200,856,446	202,520,808	100.00%

OCP CREDIT TRUST

SCHEDULE OF TOTAL RETURN SWAP

As at December 31, 2012

Par Value (US\$)	Description	Maturity Date	Average Cost (US\$)	Fair Value (US\$)
BONDS				
9,710,834	ACST Pass Through Trust Floating Rate	June 14, 2037	8,563,043	8,933,967
3,500,000	Ceva Group PLC, 8.375%	December 1, 2017	3,544,722	3,447,500
375,000	Clear Channel Worldwide Holdings Inc., 6.50%, Series A	November 15, 2022	371,250	385,313
1,013,000	Clear Channel Worldwide Holdings Inc., 6.50%, Series B	November 15, 2022	1,013,000	1,050,988
4,900,000	First Data Corporation, 6.75%	November 1, 2020	4,936,750	4,949,000
6,900,000	Harbinger Group Inc., 7.875%	July 15, 2019	6,855,978	6,839,625
700,000	K Hovnanian Enterprises, 7.25%	October 15, 2020	700,000	752,500
4,251,000	Prospect Medical Holding, Inc., 8.375%	May 1, 2019	4,259,545	4,474,178
Total Bonds			30,244,288	30,833,071
BANK DEBT				
3,356,201	Altegrity Inc., Term Loan D	February 21, 2015	3,317,034	3,322,638
5,050,471	Altegrity Inc., Term Loan B	February 21, 2015	4,843,973	4,671,686
7,059,532	Arch Coal, Inc., Term Loan	May 16, 2018	7,119,538	7,123,822
7,399,798	Ascend Learning, LLC, Term Loan	May 23, 2017	7,251,802	7,384,997
4,756,556	Ascend Performance Materials, LLC, Term Loan	April 10, 2018	4,613,860	4,703,044
3,454,030	Avaya Inc., Term Loan	March 31, 2018	3,319,668	3,382,790
10,412,817	AWAS Finance, Term Loan	June 10, 2016	10,777,805	10,542,977
13,015,783	Brickman Group Holdings, Term Loan	October 14, 2016	13,233,762	13,162,210
7,825,383	Caesars Entertainment Operating Co Inc., Term Loan B3	January 28, 2015	7,090,531	7,694,957
4,886,650	Caesars Entertainment Operating Co Inc., Term Loan B4	October 31, 2016	5,076,007	4,946,375
10,000,000	Caesars Linq, LLC / Caesars Octavius, LLC, Term Loan	April 25, 2017	9,900,000	10,150,000
5,185,473	Ceva Group PLC, Term Loan	August 31, 2016	4,913,235	4,909,994
4,320,353	DS Waters of America Inc., Term Loan	August 29, 2017	4,299,572	4,433,762
5,042,460	Dynegy Power, LLC, Term Loan	August 5, 2016	5,143,286	5,258,565
4,237,380	Essar Steel Algoma Inc., Term Loan	September 19, 2014	4,271,809	4,184,413
2,587,369	Federal-Mogul Corporation, Term Loan B	December 29, 2014	2,341,569	2,370,677
1,320,086	Federal-Mogul Corporation, Term Loan C	December 28, 2015	1,194,678	1,209,529
6,370,000	First Data Corporation, Extended Term Loan	September 24, 2018	6,284,005	6,242,600
103,286	First Data Corporation, Term Loan B-1	September 24, 2014	93,603	103,085
206,571	First Data Corporation, Term Loan B-2	September 24, 2014	187,205	206,249
5,662,808	Fortescue Metals Group Limited, Term Loan	October 18, 2017	5,656,890	5,702,623
9,767,964	Guitar Center Inc., Term Loan	April 9, 2017	9,051,347	9,434,222
4,172,533	HD Supply Inc., Term Loan B	October 12, 2017	4,184,716	4,277,714
4,049,400	Ineos US Finance, LLC, Term Loan	May 4, 2018	3,957,641	4,089,262
4,875,531	Infor US Inc., (Lawson) Term Loan	April 5, 2018	4,826,775	4,915,144
10,000,000	Level 3 Financing Inc., Term Loan	August 1, 2019	10,025,000	10,078,130
1,062,929	Nortek Inc., Term Loan	April 26, 2017	1,049,642	1,066,471
4,712,831	Novelis Inc., Term Loan	March 10, 2017	4,665,703	4,745,821
7,059,000	Patriot Coal Corporation, Term Loan	December 31, 2013	7,120,766	7,076,648

OCP CREDIT TRUST

SCHEDULE OF TOTAL RETURN SWAP continued

As at December 31, 2012

Par Value (US\$)	Description	Maturity Date	Average Cost (US\$)	Fair Value (US\$)
12,011,729	Radio One Inc., Term Loan	March 31, 2016	11,805,247	12,116,831
5,576,948	Remy International Inc., Term Loan	December 16, 2016	5,583,919	5,597,861
13,068,000	Springleaf Financial Funding Company, Term Loan	May 10, 2017	12,904,980	12,982,248
7,871,000	SRA International Inc., Term Loan	July 20, 2018	7,654,428	7,487,289
7,407,775	Supervalu Inc., Term Loan	August 30, 2018	7,480,482	7,521,981
6,861,090	Tervita Corporation, Term Loan	November 14, 2014	6,182,332	6,741,021
478,933	The ServiceMaster Company, Term Loan	January 31, 2017	454,388	479,432
2,475,295	TI Automotive Systems LLC, Term Loan	March 14, 2018	2,401,036	2,500,048
14,747,000	US Airways Group Inc., Term Loan	March 21, 2014	14,446,557	14,514,735
3,046,975	Wabash National Corporation, Term Loan	May 8, 2019	3,020,314	3,081,253
3,309,078	Wilbros United States Holdings Inc., Term Loan	June 30, 2014	3,296,669	3,242,897
4,946,969	WorldPay Limited, Term Loan	November 30, 2017	4,990,255	4,962,429
8,411,233	Zayo Group LLC, Term Loan	July 2, 2019	8,502,326	8,491,139
Total Bank Debt			244,534,355	247,109,569
Total Bonds and Bank Debt			274,778,643	277,942,640
Unrealized gain on total return swap (US\$)				3,163,997
Unrealized gain on total return swap (C\$)				3,147,223

See accompanying notes.

OCP CREDIT TRUST

NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

1. THE FUND

OCP Credit Trust (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 commenced operations.

The Fund was established for the purpose of acquiring and holding an actively managed, diversified portfolio (the "Portfolio") comprised primarily of senior secured loans and other senior debt obligations of non-investment grade North American issuers. The Fund may invest in, or use, derivative instruments to achieve its investment objectives. In the pursuit of its objectives, the Fund may employ leverage up to 40% of its total assets.

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 investments, forward contracts and total return swap. 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.

Investments

Investments are categorized as held for trading and recorded at their fair value. In the case of publicly traded securities, fair value means the closing bid price for long positions. For bonds and bank debt, fair market value means the bid price provided by independent security pricing services or broker quotes. The difference between fair value and average cost, as recorded in the accounts, is shown as "Net change in unrealized appreciation of investments" in the Statements of Operations. Average cost is used to determine the gain or loss on investments sold.

Derivative financial instruments such as total return swaps and forward contracts are valued at each valuation date according to the gain or loss that would be recognized if the contracts were closed out. Cash on deposit with broker as collateral is noted in the Statements of Net Assets. Derivative financial instruments are recorded at their respective fair values. Realized gains and losses on forward contracts are included in the Statements of Operations under "Net realized foreign exchange gain (loss)". Unrealized gains and losses on derivatives are included in the Statements of Operations under "Net change in unrealized appreciation (depreciation) of derivatives". Realized gains and losses on total return swap are included in the "Net realized gain on total return swap".

Investment transactions are recorded on the trade date.

Other assets and liabilities

Net assets, excluding cash, investments and derivatives, are recorded at amortized cost. Assets, excluding cash, investments and derivatives, are categorized as loans and receivables. Liabilities, excluding derivatives, are categorized as other financial liabilities.

Income and expense recognition

The accrual method of recording income and expenses is followed.

Foreign currency translation

Investments at fair value and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange applicable on the valuation dates. Investment transactions and income and expenses are translated at the rate of exchange on the date of such transactions.

Realized foreign currency gains and losses on investment transactions, realized gain or loss on forward contracts and unrealized foreign currency gains and losses on other net assets are included in the Statements of Operations in "Net realized foreign exchange gain (loss)". Unrealized foreign currency gains and losses on investments and derivatives are included in the Statements of Operations in "Net change in unrealized appreciation of investments" and "Net change in unrealized appreciation (depreciation) of derivatives", respectively.

Increase (decrease) in net assets from operations per unit

The increase (decrease) in net assets from operations per unit in the Statements of Operations represents the increase (decrease) in net assets from operations during the year, divided by the weighted average number of units outstanding during the year.

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 Financial instruments – recognition and measurement.

OCP CREDIT TRUST

NOTES TO FINANCIAL STATEMENTS continued

As at December 31, 2012 and 2011, there is no difference between net asset value for pricing purposes and net assets for financial reporting purposes.

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 unitholder.

3. TOTAL RETURN SWAP

The Fund's investment strategy is to deliver attractive risk-adjusted returns and stable income while emphasizing preservation of capital and capital appreciation by targeting senior secured loans and other senior debt obligations of non-investment grade issuers. To provide the Fund with the means to meet its investment objective, on December 20, 2010 the Fund entered into a total return swap ("TRS Facility") with The Bank of Nova Scotia (the "Counterparty") as the counterparty.

Pursuant to the TRS Facility, the Counterparty will agree to pay to the Fund the total return of the defined underlying reference assets, which includes both the income they may generate and any capital appreciation. In return, the Fund will pay to the Counterparty a funding cost calculated daily based on a floating rate option plus a spread of 1.25%, and any administrative fees or expenses which are incurred by the Counterparty directly. The floating rate option varies depending on the currency in which the reference assets are denominated. The following summarizes the floating rate options:

Base currency of reference assets	Floating rate options
USD	USD-LIBOR-BBA
Euro	EUR-ERIBOR-Reuters
GBP	GBP-LIBOR-BBA
CAD	CAD-BA-CDOR

If the prices of the underlying reference assets fall, the Fund will be required to pay the amount by which the assets have fallen in price to the Counterparty upon the deletion of a reference asset, or if later, thirty calendar days following December 20, 2013, which is the scheduled ramp-down date.

The reference assets of the TRS Facility are listed in the Schedule of Total Return Swap.

The Fund has \$92,319,407 (2011 – \$98,980,657) on deposit with the Counterparty as credit support. Interest earned on the collateral is paid to the Fund and is included as interest income in the Statements of Operations.

4. FORWARD CONTRACTS

The Fund had entered into forward currency contracts to deliver currencies at a specific future date as follows:

As at December 31, 2012:

Sale	Amount \$	Purchase	Amount \$	Contract Price \$	Settlement date	Unrealized foreign exchange loss on contract \$
USD	308,100,000	CDN	303,324,450	1.0157	January 18, 2013	(3,267,119)
USD	5,100,000	CDN	5,068,380	1.0062	January 18, 2013	(6,651)
						(3,273,770)

OCP CREDIT TRUST

NOTES TO FINANCIAL STATEMENTS continued

As at December 31, 2011:

Sale	Amount \$	Purchase	Amount \$	Contract Price \$	Settlement date	Unrealized foreign exchange gain on contract \$
USD	286,253,000	CDN	296,987,488	0.9639	January 18, 2012	5,671,414
EUR	4,200,000	CDN	5,557,650	0.7557	January 31, 2012	4,151
						5,675,565

The Fund has \$1,591,517 (2011 – \$nil) on deposit with the Counterparty as credit support. Interest earned on the collateral is paid to the Fund and is included as interest income in the Statements of Operations.

The counterparty is rated A – by Standard & Poor's.

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments of the Fund include cash, cash on deposit with broker as collateral, receivable for investments sold, accrued interest, accounts payable and accrued liabilities, distribution payable, interest payable and payable for investments purchased. There are no significant differences between the carrying values of these financial instruments and their fair value. Derivatives and investments are also financial instruments and are carried at their fair values as described in Note 2 above.

The following table shows financial instruments recorded at fair value, 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).

As at December 31, 2012:

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Financial Assets				
Bank debt	-	202,520,808	-	202,520,808
Total return swap	-	3,147,223	-	3,147,223
				- 205,668,031
Financial Liabilities				
Forward contracts	-	3,273,770	-	3,273,770
				- 3,273,770

OCP CREDIT TRUST

NOTES TO FINANCIAL STATEMENTS continued

As at December 31, 2011:

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Financial Assets				
Bonds	-	5,071,846	-	5,071,846
Bank debt	-	190,800,885	-	190,800,885
Forward contracts	-	5,675,565	-	5,675,565
	-	201,548,296	-	201,548,296
Financial Liabilities				
Total return swap	-	5,966,032	-	5,966,032
	-	5,966,032	-	5,966,032

6. DISTRIBUTIONS

To the extent that the Fund has not distributed in cash the full amount of its net income in any year, the difference between such amount and the amount actually distributed by the Fund will be paid through an additional distribution, being the issuance of additional units having a net asset value in the aggregate at the date of distribution equal to this difference. Immediately after any such additional distribution, the number of outstanding units will be consolidated such that the unitholder will hold after the consolidation the same number of units as it held before the distribution of additional units. See Note 8 for disclosure on additional distributions declared during the years.

7. EXPENSES OF THE FUND AND RELATED PARTY TRANSACTIONS

The Manager is entitled to an annual management fee of 1.00% based on the net asset value of the Fund. This fee is calculated daily and paid monthly 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.

8. UNITS ISSUED AND OUTSTANDING

The Fund is authorized to issue an unlimited number of transferable and redeemable units of a single class, each of which represents an equal undivided interest in the net assets of the Fund. The unitholder is entitled to redeem its units outstanding on any business day and will receive a redemption price equal to the net asset value per unit of the Fund. Changes in the number of units outstanding for the years ended December 31 are summarized as follows:

	2012 #	2011 #
Units outstanding, beginning of year	34,121,864	34,121,864
Distribution satisfied through issuance of units	341,219	-
Consolidation of units	(341,219)	-
Units outstanding, end of year	34,121,864	34,121,864

On December 31, 2012, the Manager declared an additional distribution to the sole unitholder of the Fund in the amount of \$3,036,849. The distribution was satisfied through the issuance of additional units of the Fund having a value equal to the amount of the distribution. The additional units issued were automatically consolidated on a basis such that the number of consolidated units was equal to the number of units outstanding immediately prior to the transaction.

NOTES TO FINANCIAL STATEMENTS continued

9. 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 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.

Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund mitigates such risk by entering into investment transactions with high credit quality financial institutions.

The Fund invests primarily in senior secured loans and other senior debt obligations of non-investment grade issuers, which involves risk of loss and price changes due to such factors as an issuer's creditworthiness. 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 creditworthiness of the issuer, and accordingly, represents the maximum credit exposure of the Fund. The Fund 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 A+ by Standard and Poor's (2011 – AA –).

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.

The maximum exposure to any one debt issuer as of December 31, 2012 was \$22,241,153 (2011 – \$22,277,443) representing 7.25% (2011 – 7.33%) of the net assets of the Fund.

As at December 31 of the years shown, indirect exposure to debt securities by credit rating is as follows:

Credit rating	As a % of net assets	
	2012	2011
A	2.90	1.67
BBB	3.42	9.72
BB	23.04	32.00
B	104.94	92.31
CCC	7.49	1.93
Not rated *	14.29	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 Fund has financial liabilities outstanding including accounts payable and accrued liabilities, distribution payable, interest payable and payable for investments purchased. These financial liabilities are all current and due within 12 months. The Fund has sufficient cash on hand to settle these 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.

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 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 years ended December 31, 2012 and 2011, the Fund does not have a significant exposure to foreign exchange risk as substantially all of the Fund's foreign exposure is hedged back to the Canadian dollar.

NOTES TO FINANCIAL STATEMENTS continued

10. 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 8. The Statements of Changes in Net Assets and Note 8 outline the relevant changes of the Fund's units for the years.

The Fund manages its capital in accordance with its investment objectives and strategies and the risk management practices outlined in Note 9 while maintaining sufficient liquidity to meet unitholder redemptions.

11. INCOME TAXES

The Fund qualifies as a unit trust under the provisions of the Income Tax Act (Canada) and will follow "financial institution" rules for purposes of the "mark-to-market" provisions contained in the Tax Act (Canada). The Fund 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 unitholder. 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 the unitholder.

The Fund may be subject to "minimum tax" under the Tax Act. The Manager will endeavour to manage the Fund in a manner such that the Fund will not be subject to minimum tax.

12. INTERNATIONAL FINANCIAL REPORTING STANDARDS

Canadian investment companies will be required to prepare their financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), for interim and annual periods beginning on or after January 1, 2014. These standards will replace the existing Canadian generally accepted accounting principles. Effective January 1, 2014, the Fund will adopt IFRS as the basis for preparing its financial statements. The Fund will prepare its first financial statements under IFRS for the interim period ending June 30, 2014, along with comparative data on an IFRS basis and an opening statement of financial position as at January 1, 2013.

The Fund is continuing with its orderly transition plan to meet the requirements to change over to IFRS. Based on the Fund's analysis to date, the transition to IFRS will primarily impact financial statement presentation and disclosures. A summary of the significant standards impacting the Fund under IFRS are outlined below. The key differences identified are based on the application of IFRS as they exist as of this date and will not have an impact on the Fund's Net Asset Value.

IAS 32 – Presentation of puttable instruments (equity vs. liability):

IAS 32 Financial Instruments: Presentation requires puttable instruments to be presented as a liability rather than equity on the Fund's Statement of Net Assets, unless certain conditions are met. IAS 32 defines a puttable instrument as a financial instrument that gives the holder the right to put the instrument back to the issuer for cash or another financial asset, as is the case with unit redemptions. The Fund is currently assessing its unitholder structure to confirm future presentation.

IAS 7 – Statement of cash flows:

In addition to the financial statements currently presented, the Fund will be required to present a statement of cash flows under IFRS.

IFRS 13 – Fair value measurement:

If an asset or liability measured at fair value has a bid price and an ask price, IFRS 13 requires that the price within the bid-ask spread that is most representative of the fair value be used to measure fair value. The use of bid prices for asset positions and ask prices for liability positions is permitted, but is not required. IFRS 13 allows for the use of mid-market pricing or other pricing conventions that are used by market participants as a practical means for fair value measurements within a bid-ask spread. The Manager is currently assessing the options under IFRS 13 and the potential impact on the Fund.

IFRS 10 – Consolidated financial statements:

The Fund is expected to meet the definition to be an investment entity, and, as such, will not be required to consolidate its investments, but rather measure them at fair value through profit or loss, regardless of whether those investments are controlled.

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