

OCP SENIOR CREDIT FUND

Annual Financial Statements for the year ended
December 31, 2012

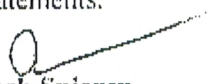
OCP SENIOR CREDIT FUND

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

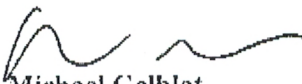
The accompanying financial statements of OCP Senior Credit Fund (the "Fund") are the responsibility of the management of the Fund. They have been prepared in accordance with Canadian generally accepted accounting principles using information available to March 28, 2013 and management's best estimates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

OCP Senior Credit Fund

We have audited the accompanying financial statements of OCP Senior Credit Fund (the "Fund"), which comprise the schedule of forward agreement 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 SENIOR CREDIT FUND**STATEMENTS OF NET ASSETS**

As at December 31,

	2012 \$	2011 \$
ASSETS		
Forward Agreement <i>[Note 6]</i>	306,902,180	303,865,331
Receivable from counterparty under Forward Agreement <i>[Note 6]</i>	7,100,000	-
Cash	235,049	5,600,098
	314,237,229	309,465,429
LIABILITIES		
Accounts payable and accrued liabilities <i>[Note 5]</i>	1,015,399	859,309
Distributions payable <i>[Note 4]</i>	3,964,059	4,243,188
	4,979,458	5,102,497
Net Assets	309,257,771	304,362,932
Number of units outstanding <i>[Note 7]</i>	31,712,469	33,945,500
Net assets per unit	\$9.75	\$8.97

See accompanying notes.

OCP SENIOR CREDIT FUND

STATEMENTS OF OPERATIONS

For the years ended December 31,

	2012 \$	2011 \$
INVESTMENT INCOME		
Interest	10,665	14,271
EXPENSES		
Management fees <i>[Note 5]</i>	1,552,670	1,586,538
Dealer service fee <i>[Note 5]</i>	1,238,639	1,269,058
Harmonized Sales Tax	295,594	299,395
Securityholder reporting costs	75,026	82,174
Independent Review Committee fees	46,874	54,365
Custodian and valuation fees	44,170	36,422
Legal fees	13,016	21,280
Audit fees	23,526	20,600
Trustee fees	9,000	9,025
	3,298,515	3,378,857
Net investment loss	(3,287,850)	(3,364,586)
REALIZED AND UNREALIZED GAIN (LOSS) ON FORWARD AGREEMENT AND TRANSACTION COSTS		
Net realized foreign exchange loss	(241)	(105)
Net realized gain on partial settlements of Forward Agreement	4,046,019	508,408
Transaction costs <i>[Notes 2 and 6]</i>	(859,318)	(870,784)
Net change in unrealized appreciation on Forward Agreement	41,988,533	5,210,362
Net gain on Forward Agreement	45,174,993	4,847,881
Increase in net assets from operations	41,887,143	1,483,295
Increase in net assets from operations per unit	\$1.28	\$0.04

See accompanying notes.

OCP SENIOR CREDIT FUND

STATEMENTS OF CHANGES IN NET ASSETS

For the years ended December 31,

	2012 \$	2011 \$
Increase in net assets from operations	41,887,143	1,483,295
Distributions to unitholders [Note 4]		
Return of capital	(16,178,763)	(18,991,013)
Capital unit transactions [Note 7]		
Units purchased for cancellation	(3,794,154)	(1,336,144)
Redemption of units	(17,019,387)	-
Agents' fees and expenses of issue	-	(8,503)
	(20,813,541)	(1,344,647)
Increase (decrease) in net assets for the year	4,894,839	(18,852,365)
Net assets, beginning of year	304,362,932	323,215,297
Net assets, end of year	309,257,771	304,362,932

See accompanying notes.

OCP SENIOR CREDIT FUND

SCHEDULE OF FORWARD AGREEMENT

As at December 31, 2012

Par Value (US\$)	Description	Maturity Date	Average Cost (US\$)	Fair Value (US\$)
Investments held by OCP Credit Trust				
TOTAL RETURN SWAP				
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

OCP SENIOR CREDIT FUND

SCHEDULE OF FORWARD AGREEMENT continued

As at December 31, 2012

Par Value (US\$)	Description	Maturity Date	Average Cost (US\$)	Fair Value (US\$)
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
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

OCP SENIOR CREDIT FUND

SCHEDULE OF FORWARD AGREEMENT continued

As at December 31, 2012

Par Value (US\$)	Description	Maturity Date	Average Cost (\$)	Fair Value (\$)
OTHER INVESTMENTS				
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
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

OCP SENIOR CREDIT FUND

SCHEDULE OF FORWARD AGREEMENT continued

As at December 31, 2012

Par Value (US\$)	Description	Maturity Date	Average Cost (\$)	Fair Value (\$)
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
Total Investments			200,856,446	202,520,808

	Fair Value (C\$)
Other assets and liabilities held in OCP Credit Trust	
Cash	22,967,829
Cash on deposit with brokers as collateral	93,910,924
Receivable for investments sold	738,250
Accrued interest	4,665,483
Unrealized loss on forward contracts	(3,273,770)
Accounts payable and accrued liabilities	(775,175)
Distribution payable	(7,100,000)
Interest payable	(308,909)
Payable for investments purchased	(9,590,483)
Forward Agreement	306,902,180

See accompanying notes.

OCP SENIOR CREDIT FUND

NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 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 \$18,671,003.

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

Other assets and liabilities

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

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 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.

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.

OCP SENIOR CREDIT FUND

NOTES TO FINANCIAL STATEMENTS continued

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 value. The Forward Agreement is also a financial instrument and 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 initially 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 1.50%). 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 A+ 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.

OCP SENIOR CREDIT FUND

NOTES TO FINANCIAL STATEMENTS continued

Changes in the number of units outstanding for the years ended December 31 are summarized as follows:

	2012 #	2011 #
Units outstanding, beginning of year	33,945,500	34,100,000
Units purchased for cancellation	(411,700)	(154,500)
Redemption of units	(1,821,331)	–
Units outstanding, end of year	31,712,469	33,945,500

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"). 411,700 units (2011 – 154,500 units) were purchased under this normal course issuer bid at an average price of \$9.20 per unit in 2012 (2011 – \$8.64).

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 the risks and risk management applicable to the Fund and the Trust.

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. The Fund mitigates such risk by entering into investment transactions with high credit quality financial institutions.

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 December 31, 2012, the credit exposure is \$314,002,180 (2011 – \$303,865,331) and is represented by the net asset value of the Trust and amounts owing from the Counterparty under the Forward Agreement. 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 December 31, 2012 the Counterparty had a current credit rating of A+ by S&P (2011 – AA –).

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"). 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 A+ by S&P as at December 31, 2012 (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.

Within the Trust's Portfolio, 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 Trust.

OCP SENIOR CREDIT FUND

NOTES TO FINANCIAL STATEMENTS continued

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 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.

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 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.

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 are 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 years ended December 31, 2012 and 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 years.

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 initially 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.

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

OCP SENIOR CREDIT FUND

NOTES TO FINANCIAL STATEMENTS continued

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, 2012, the Fund has accumulated \$13,137,000 non-capital losses, which may be carried forward to reduce future taxable income and expire in the years indicated:

Non-Capital Losses	Expiration of Non-Capital Losses		
	2030	2031	2032
\$13,137,000	\$1,115,376	\$6,879,952	\$5,141,672

11. 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. As the Fund does not invest directly in securities, adoption of IFRS 13 is not anticipated to have a material impact.

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.

12. SUBSEQUENT EVENT

On March 21, 2013, the Minister of Finance announced proposed measures which would affect certain tax benefits of the distributions paid to taxable unitholders of investment funds, such as the Fund, that utilize forward purchase and sale agreements to obtain exposure to an underlying reference portfolio. Based on its review to date, the Manager believes that the Fund and the tax characterization of distributions received by unitholders will be unaffected until the expiration of the forward agreement in November, 2015. The Manager awaits further guidance from the Federal Government on the implementation of the budget proposals and will provide additional details as soon as it is in a position to do so.

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