

OCP SENIOR CREDIT FUND

Interim Financial Statements for the period
January 1, 2013 to June 30, 2013

NOTICE TO READER:

These interim financial statements and related notes for the six-month period ended June 30, 2013 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, 2013 \$	December 31, 2012 \$
ASSETS		
Forward Agreement <i>[Note 6]</i>	290,343,582	306,902,180
Receivable from counterparty under Forward Agreement <i>[Note 6]</i>	5,200,000	7,100,000
Cash	554,302	235,049
	296,097,884	314,237,229
LIABILITIES		
Accounts payable and accrued liabilities <i>[Note 5]</i>	810,532	1,015,399
Distributions payable <i>[Note 4]</i>	3,690,499	3,964,059
	4,501,031	4,979,458
Net Assets	291,596,853	309,257,771
Number of units outstanding <i>[Note 7]</i>	29,523,993	31,712,469
Net assets per unit	\$9.88	\$9.75

See accompanying notes.

OCP SENIOR CREDIT FUND

STATEMENTS OF OPERATIONS (Unaudited)

For the six months ended June 30

	2013 \$	2012 \$
INVESTMENT INCOME		
Interest	6,676	7,347
EXPENSES		
Management fees <i>[Note 5]</i>	770,978	775,564
Dealer service fee <i>[Note 5]</i>	615,088	620,452
Harmonized sales tax	147,733	145,092
Securityholder reporting costs	30,459	29,914
Independent Review Committee fees	18,564	21,788
Custodian and valuation fees	22,344	21,726
Audit fees	10,141	11,987
Legal fees	9,807	9,890
Trustee fees	4,451	4,525
	1,629,565	1,640,938
Net investment loss	(1,622,889)	(1,633,591)
REALIZED AND UNREALIZED GAIN (LOSS) ON FORWARD AGREEMENT		
Net realized foreign exchange gain	358	13
Net realized gain on partial settlements of Forward Agreement	5,483,363	2,176,241
Transaction costs <i>[Note 2 and 6]</i>	(422,381)	(426,577)
Net change in unrealized appreciation on Forward Agreement	8,658,026	20,270,058
Net gain on Forward Agreement	13,719,366	22,019,735
Increase in net assets from operations	12,096,477	20,386,144
Increase in net assets from operations per unit	\$0.39	\$0.61

See accompanying notes.

OCP SENIOR CREDIT FUND**STATEMENTS OF CHANGES IN NET ASSETS** (Unaudited)

For the six months ended June 30

	2013 \$	2012 \$
Increase in net assets from operations	12,096,477	20,386,144
Distributions to unitholders [Note 4]		
Return of capital	(7,647,420)	(8,239,171)
Capital unit transactions [Note 7]		
Redemption of units	(19,701,023)	(17,019,388)
Units purchased for cancellation	(2,408,952)	(814,554)
	(22,109,975)	(17,833,942)
Decrease in net assets for the period	(17,660,918)	(5,686,969)
Net assets, beginning of period	309,257,771	304,362,932
Net assets, end of period	291,596,853	298,675,963

See accompanying notes.

OCP SENIOR CREDIT FUND

SCHEDULE OF FORWARD AGREEMENT (Unaudited)

As at June 30, 2013

Par Value (US\$)	Description	Maturity Date	Average Cost (US\$)	Fair Value (US\$)
Investments held by OCP Credit Trust				
TOTAL RETURN SWAP				
BONDS				
8,563,004	ACST Pass Through Trust Floating Rate	June 14, 2037	7,550,883	7,875,395
1,196,000	Avaya Inc., 7.00%	April 1, 2019	1,157,130	1,079,390
1,592,000	Avaya Inc., 9.00%	April 1, 2019	1,651,700	1,528,320
3,500,000	Ceva Group PLC, 8.375%	December 1, 2017	3,544,722	3,430,000
375,000	Clear Channel Worldwide Holdings Inc., 6.50%, Series A	November 15, 2022	371,250	384,375
1,013,000	Clear Channel Worldwide Holdings Inc., 6.50%, Series B	November 15, 2022	1,013,000	1,043,390
4,900,000	First Data Corporation, 6.75%	November 1, 2020	4,936,750	4,985,750
6,900,000	Harbinger Group Inc., 7.875%	July 15, 2019	6,855,978	7,055,250
700,000	K Hovnanian Enterprises, 7.25%	October 15, 2020	700,000	754,250
4,251,000	Prospect Medical Holding, Inc., 8.375%	May 1, 2019	4,259,545	4,442,295
Total Bonds			32,040,958	32,578,415
BANK DEBT				
12,512,125	Air Distribution Technologies, Inc., Term Loan	November 9, 2018	12,694,614	12,621,606
10,926,040	Alon USA Energy, Inc., Term Loan	November 26, 2018	11,356,252	11,308,452
5,050,471	Altegrity Inc., Term Loan B	February 21, 2015	4,843,973	4,823,200
3,356,201	Altegrity Inc., Term Loan D	February 21, 2015	3,317,035	3,314,250
7,024,070	Arch Coal Inc., Term Loan	May 16, 2018	7,083,775	6,971,390
7,381,061	Ascend Learning, LLC, Term Loan	May 23, 2017	7,233,440	7,325,704
4,732,594	Ascend Performance Materials, LLC, Term Loan	April 10, 2018	4,590,616	4,711,889
4,360,831	Avaya Inc., Term Loan B-3	October 26, 2017	4,116,189	3,804,825
5,408,435	Avaya Inc., Term Loan B-5	March 31, 2018	5,293,049	5,054,859
6,963,450	Aveta Inc., Term Loan	December 12, 2017	7,015,676	7,006,972
12,561,080	Brand Energy & Infrastructure Services, Inc., Term Loan	October 23, 2018	12,623,948	12,665,751
4,861,461	Caesars Entertainment Operating Co Inc., Term Loan B4	October 31, 2016	5,049,843	4,820,950
10,000,000	Caesars Linq, LLC / Caesars Octavius, LLC, Term Loan	April 25, 2017	9,900,000	10,050,000
758,260	Ceva (TNT) Logistics BV Dollar	August 31, 2016	718,452	705,182
4,427,212	Ceva Group PLC, Term Loan	August 31, 2016	4,194,784	4,139,443
7,612,920	Commercial Barge Line Company, Term Loan	September 22, 2019	7,685,243	7,346,468
4,282,264	DS Waters of America Inc., Term Loan	August 29, 2017	4,261,666	4,319,734
4,216,140	Essar Steel Algoma Inc., Term Loan	September 19, 2014	4,250,396	4,258,301
9,177,901	Federal-Mogul Corporation, Term Loan B	December 29, 2014	8,731,638	8,738,675
4,682,603	Federal-Mogul Corporation, Term Loan C	December 28, 2015	4,454,918	4,458,507
6,370,000	First Data Corporation, Extended Term Loan	September 24, 2018	6,284,005	6,198,010
5,634,423	Fortescue Metals Group Limited, Term Loan	October 18, 2017	5,628,535	5,596,858
6,553,575	Freescale Semiconductor Ltd., Extended Term Loan B	March 1, 2020	6,640,279	6,488,039
5,790,302	Guitar Center Inc., Term Loan	April 9, 2017	5,365,502	5,729,503
4,151,565	HD Supply Inc., Term Loan B	October 12, 2017	4,163,688	4,150,270
11,614,035	Houghton Mifflin Harcourt Publishing Company, Term Loan	May 22, 2018	11,716,239	11,643,070
4,034,200	Ineos US Finance, LLC, Term Loan	May 4, 2018	3,942,785	3,957,719
4,413,604	Infor US Inc., (Lawson) Term Loan B	April 5, 2018	4,369,468	4,435,672

OCP SENIOR CREDIT FUND

SCHEDULE OF FORWARD AGREEMENT (Unaudited) continued

As at June 30, 2013

Par Value (US\$)	Description	Maturity Date	Average Cost (US\$)	Fair Value (US\$)
10,000,000	Level 3 Financing Inc., Term Loan	August 1, 2019	10,025,000	9,995,830
4,665,308	McGraw-Hill Global Education Holdings, LLC, Term Loan B	March 23, 2019	4,688,634	4,591,829
1,062,929	Nortek Inc., Term Loan	April 26, 2017	1,049,642	1,065,586
2,250,070	Novelis Inc., Term Loan	March 10, 2017	2,227,569	2,253,587
4,168,055	Phoenix (Metal Services), Term Loan	June 30, 2017	4,222,782	4,168,055
11,950,600	Radio One Inc., Term Loan	March 31, 2016	11,745,169	12,129,859
5,320,665	Serta Simmons Holdings LLC, Term Loan B	October 1, 2019	5,401,220	5,323,990
7,091,786	Springleaf Financial Funding Company, Term Loan	May 10, 2017	7,003,318	7,094,006
7,871,000	SRA International Inc., Term Loan	July 20, 2018	7,654,428	7,811,968
10,386,968	Stations Casino Inc., Term Loan B	March 2, 2020	10,518,882	10,373,984
4,977,525	STG-Fairway Acquisitions Inc., Term Loan	February 28, 2019	4,968,217	4,940,194
476,526	The ServiceMaster Company, Term Loan	January 31, 2017	452,104	471,761
5,746,720	Wabash National Corporation, Term Loan	May 08, 2019	5,755,901	5,756,300
3,309,078	Willbros United States Holdings Inc., Term Loan	June 30, 2014	3,296,669	3,300,806
8,368,965	Zayo Group LLC, Term Loan	July 2, 2019	8,459,601	8,346,737
Total Bank Debt			264,995,144	264,269,791
Total Bonds and Bank Debt			297,036,102	296,848,206
Unrealized loss on total return swap (US\$)				(187,896)
Unrealized loss on total return swap (C\$)				(197,592)

OCP SENIOR CREDIT FUND

SCHEDULE OF FORWARD AGREEMENT (Unaudited) continued

As at June 30, 2013

Par Value (US\$)	Description	Maturity Date	Average Cost \$	Fair Value \$
OTHER INVESTMENTS				
BANK DEBT				
2,045,873	Albertsons, LLC, Term Loan B	March 21, 2019	2,093,658	2,133,515
246,000	Alcatel-Lucent, Term Loan B	August 1, 2016	245,529	260,904
2,201,935	Alcatel-Lucent, Term Loan C	January 30, 2019	2,197,716	2,333,408
1,462,474	Altegrity Inc., Term Loan B	February 21, 2015	1,450,586	1,468,733
19,000,000	Apollo Management Holdings, L.P., Term Loan	January 3, 2017	17,519,240	18,182,201
2,817,000	Appvion Inc., Term Loan	June 28, 2019	2,932,462	2,940,145
907,130	Arch Coal, Inc., Term Loan	May 16, 2018	900,211	946,786
2,605,905	Boyd Gaming Corporation, Term Loan	November 20, 2017	2,575,725	2,744,658
1,425,000	Caesars Entertainment Operating Co Inc., Term Loan B6	January 28, 2018	1,325,766	1,321,706
940,643	Cenveo Corporation, Term Loan B	February 13, 2017	953,765	985,472
3,261,825	Commercial Barge Line Company, Term Loan B	September 22, 2019	3,358,705	3,310,087
2,351,108	Doncasters US Finance, LLC, Term Loan B	April 09, 2020	2,371,928	2,463,158
2,697,846	Dynegy Inc., Term Loan B2	April 23, 2020	2,745,303	2,816,966
5,532,849	Federal Mogul Corporation, Term Loan B	December 29, 2014	5,238,140	5,539,907
2,822,882	Federal Mogul Corporation, Term Loan C	December 28, 2015	2,672,520	2,826,483
1,685,000	First Data Corporation, Term Loan	September 24, 2018	1,690,732	1,724,107
4,672,785	Granite Broadcasting Corporation, Term Loan	May 23, 2018	4,864,915	4,938,480
2,848,000	HGIM Corporation, Term Loan	June 18, 2020	2,855,363	2,994,963
1,557,258	Ineos US Finance, LLC, Term Loan	May 4, 2018	1,579,172	1,606,570
5,924,000	J.C. Penny Company, Term Loan B	May 22, 2018	6,058,816	6,229,691
8,482,000	Level 3 Financing Inc., Term Loan	August 1, 2019	8,446,253	8,915,970
2,957,000	Lightower Fiber LLC, Term Loan	April 13, 2020	2,991,789	3,091,449
3,873,000	McGraw-Hill Global Education Holdings, LLC, Term Loan B	March 22, 2019	3,939,110	4,008,708
3,854,630	Media Holdco (Ion), Term Loan B	June 25, 2018	3,846,636	4,058,604
11,643,072	Navistar Financial Corporation, Term Loan	December 2, 2016	10,729,323	11,356,198
9,599,693	Navistar International Corporation, Term Loan	August 17, 2017	9,584,132	10,128,704
7,059,000	Patriot Coal Corporation, Term Loan	December 31, 2013	7,169,733	7,339,748
108,204	Realogy Corporation, Term Loan	October 10, 2016	101,621	113,787
68,141	Realogy Corporation, Term Loan	October 10, 2013	65,501	71,478
5,446,479	Realogy Group, LLC, Term Loan	March 5, 2020	5,200,546	5,741,848
1,867,000	Samson Investment Company, Term Loan	September 25, 2018	1,810,290	1,955,366
6,722,153	Select Medical Corporation, Term Loan	June 1, 2018	6,838,127	7,095,539
5,122,599	Springleaf Financial Funding Company, Term Loan	May 10, 2017	4,986,666	5,388,622
3,807,000	SRA International Inc., Term Loan B	July 20, 2018	3,728,153	3,973,423
7,976,000	State Class Tankers, LLC, Term Loan B	June 20, 2020	8,152,990	8,324,672
6,158,172	Supervalu Inc., Term Loan B	March 21, 2019	6,127,544	6,424,676
5,136,128	TI Group Automotive Systems LLC, Term Loan	March 28, 2019	5,191,028	5,441,671
3,674,667	TNS Inc., Term Loan	February 14, 2020	3,641,379	3,864,287
3,061,309	Travelport LLC, Term Loan	June 26, 2019	3,156,649	3,179,038
8,708,000	US Airways Group Inc., Term Loan B	May 23, 2019	8,906,174	9,025,714
1,762,000	Willbros United States Holdings Inc., Term Loan	June 30, 2014	1,698,119	1,848,291
Total Bank Debt			171,942,015	179,115,733
Total Investments			171,942,015	179,115,733

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

	Fair Value (C\$)
Other assets and liabilities held in OCP Credit Trust	
Cash	26,173,984
Cash on deposit with brokers as collateral	115,231,884
Receivable for investments sold	2,254,278
Accrued interest	4,203,446
Unrealized loss on total return swap	(197,592)
Unrealized loss on forward contracts	(8,546,725)
Accounts payable and accrued liabilities	(503,177)
Distribution payable	(5,200,000)
Interest payable	(315,448)
Payable for investments purchased	(21,872,801)
Forward Agreement	290,343,582

See accompanying notes.

OCP SENIOR CREDIT FUND

NOTES TO FINANCIAL STATEMENTS (Unaudited)

June 30, 2013

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 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 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 (Unaudited) 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 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 (Unaudited) continued

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

	2013 #	2012 #
Units outstanding, beginning of period	31,712,469	33,945,500
Redemption of units	(1,942,576)	(1,821,331)
Units purchased for cancellation	(245,900)	(91,300)
Units outstanding, end of period	29,523,993	32,032,869

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"). During the period ended June 30, 2013, 245,900 units (2012 – 91,300 units) were purchased under this normal course issuer bid at an average price of \$9.78 per unit in 2013 (2012 – \$8.90).

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 June 30, 2013, the credit exposure is \$295,543,582 (2012 – \$314,002,180) 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 June 30, 2013 and December 31, 2012 the Counterparty had a current credit rating of A+ by S&P (2012 – A+).

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 June 30, 2013 and December 31, 2012.

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, 2013, was \$22,244,586 (December 31, 2012 – \$22,241,153) representing 7.66% (December 31, 2012 – 7.25%) of the net assets of the Trust.

OCP SENIOR CREDIT FUND

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

As at June 30, 2013 and December 31, 2012, indirect exposure to debt securities by credit rating is as follows:

Credit rating	As a % of the Trust's net assets	
	2013	2012
A	2.85	2.90
BBB	-	3.42
BB	31.69	23.04
B	106.98	104.94
CCC	7.73	7.49
Not rated *	19.96	14.29

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

Liquidity risk

Liquidity risk is the risk that the Fund may not be able to settle or meet its obligations on time or at a reasonable price.

The Forward Agreement may be partially pre-settled at any time. If the Trust is unable to dispose of some or all of the Portfolio upon receipt of a redemption request, the Fund may experience a delay in the receipt of cash on the sale of Canadian Securities Portfolio to be delivered by the Counterparty under the Forward Agreement until such time as the Trust is able to dispose of such securities.

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 believes it will have 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 June 30, 2012 and December 31, 2012, 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 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.

OCP SENIOR CREDIT FUND

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

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, 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.

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