

OCP CREDIT TRUST

Interim Financial Statements for the period
January 1, 2014 to June 30, 2014

NOTICE TO READER:

These interim financial statements and related notes for the six-month period ended June 30, 2014 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 CREDIT TRUST

STATEMENTS OF FINANCIAL POSITION (Unaudited)

As at

	June 30, 2014 \$	December 31, 2013 \$	January 1, 2013 \$
		[Note 13]	[Note 13]
ASSETS			
Current Assets			
Unrealized gain on total return swap <i>[Note 3]</i>	3,432,264	3,368,634	3,147,223
Investments held long	134,545,345	179,792,669	202,520,808
Unrealized gain on forward contracts	4,219,548	-	-
Cash and cash equivalents	25,907,853	36,194,012	22,967,829
Cash on deposit with brokers as collateral	83,896,098	94,053,615	93,910,924
Receivable for investments sold	7,064,744	414,818	738,250
Interest and other receivables	3,915,912	4,044,277	4,665,483
Total Assets	262,981,764	317,868,025	327,950,517
LIABILITIES			
Current Liabilities			
Unfunded bank debt commitments	25,514	-	-
Unrealized loss on forward contracts	-	931,575	3,273,770
Accounts payable and accrued liabilities	465,084	747,095	775,175
Payable for investments purchased	10,841,839	18,095,528	9,590,483
Interest payable	223,934	315,416	308,909
Distributions payable <i>[Note 6]</i>		-	7,100,000
Total Liabilities	11,556,371	20,089,614	21,048,337
EQUITY			
Unit capital	246,989,483	293,342,501	302,466,270
Retained earnings	4,435,910	4,435,910	4,435,910
Total Equity	251,425,393	297,778,411	306,902,180
Total Liabilities and Equity	262,981,764	317,868,025	327,950,517
Number of Units Outstanding <i>[Note 8]</i>	34,121,864	34,121,864	34,121,864
Total Equity/Net Assets per unit	\$7.37	\$8.73	\$8.99

See accompanying notes.

OCP CREDIT TRUST

STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

For the periods ended June 30

	2014 \$	2013 \$
		[Note 13]
INCOME		
Investment Income		
Interest for distribution purposes	13,284,030	15,968,969
	13,284,030	15,968,969
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Foreign currency gain (loss)	7,369,788	16,757,364
Other net changes in fair value of investments		
Net realized gain (loss) on investments	9,455,401	8,734,618
Net realized gain (loss) on total return swap	1,483,880	1,438,990
Net realized gain (loss) on forward contracts	(13,685,237)	(21,873,134)
Net change in unrealized appreciation (depreciation) of investments	(6,122,938)	5,509,356
Net change in unrealized appreciation (depreciation) of derivatives	5,214,753	(8,617,770)
	16,999,677	17,918,393
EXPENSES		
Interest expense	1,495,001	1,876,965
Management fees (Note 7)	1,452,382	1,536,836
Harmonized sales tax	194,737	205,764
Custodian and valuation fees	45,360	48,679
Other administration costs	35,103	60,593
Audit fees	12,285	10,141
Legal fees	5,927	24,075
Independent Review Committee fees	5,625	5,563
Trustee fees	4,500	4,451
Securityholder reporting costs	1,775	3,924
Total Expense	3,252,695	3,776,991
Profit and total comprehensive income for the period	13,746,982	14,141,402
Earnings/(loss) per unit [Note 12]	\$0.40	\$0.41

See accompanying notes.

OCP CREDIT TRUST

STATEMENTS OF CHANGES IN FINANCIAL POSITION (Unaudited)

For the periods ended June 30, 2014 and June 30, 2013

	Share Capital \$	Retained Earnings \$	Total Equity \$
As at January 1, 2014	293,342,501	4,435,910	297,778,411
Changes in equity for 2014:			
Profit (loss) for the period		13,746,982	13,746,982
Distributions to unitholders			
Income		(13,746,982)	(13,746,982)
Return of capital	(46,353,018)		(46,353,018)
As at June 30, 2014	246,989,483	4,435,910	251,425,393
As at January 1, 2013	302,466,270	4,435,910	306,902,180
Changes in equity for 2013:			
Profit (loss) for the period		14,141,402	14,141,402
Distributions to unitholder			
Income		(14,141,402)	(14,141,402)
Return of capital	(16,558,598)		(16,558,598)
As at June 30, 2013 [Note 13]	285,907,672	4,435,910	290,343,582

See accompanying notes.

OCP CREDIT TRUST

STATEMENTS OF CASH FLOWS (Unaudited)

For the periods ended June 30

	2014 \$	2013 \$
Cash Flow from Operating Activities		
Profit (loss) for the period	13,746,982	14,141,402
Adjustments for:		
Foreign currency (gain) loss	(7,369,788)	(16,757,364)
Net realized (gain) loss on investments	(9,455,401)	(8,734,618)
Net realized (gain) loss on total return swap	(1,483,880)	(1,438,990)
Net realized (gain) loss on forward contracts	13,685,237	21,873,134
Net change in unrealized (appreciation) depreciation on investments	6,122,938	(5,509,356)
Net change in unrealized (appreciation) depreciation on derivatives	(5,214,753)	8,617,770
Change in working capital		
(Increase) decrease in cash on deposit with brokers as collateral	10,157,517	(21,320,960)
(Increase) decrease in interest and other receivables	128,365	462,037
Increase (decrease) in interest payable	(91,482)	6,539
Increase (decrease) in accounts payable and accrued liabilities	(282,011)	(271,998)
Purchase of investments	(86,340,857)	(157,927,065)
Proceeds from sales of investments	121,042,543	206,342,404
Proceeds from (to) settlement of forward contracts and derivatives	(12,201,357)	(20,434,144)
Net Cash Generated (Used) by Operating Activities	42,444,053	19,048,791
Cash Flows from Financing Activities		
Distributions to unitholder	(60,100,000)	(32,600,000)
Net Cash Generated (Used) by Financing Activities	(60,100,000)	(32,600,000)
Foreign currency gain (loss) on cash and other assets	7,369,788	16,757,364
Net increase (decrease) in cash and cash equivalents	(17,655,947)	(13,551,209)
Cash and cash equivalents beginning of period	36,194,012	22,967,829
Cash and Cash Equivalents End of Period	25,907,853	26,173,984
Cash and cash equivalents comprise:		
Cash (overdraft) at bank	25,907,853	26,173,984
	25,907,853	26,173,984
Interest received, net of withholding tax	13,412,395	16,431,006
Interest paid	(1,586,483)	(1,870,426)

See accompanying notes.

OCP CREDIT TRUST

SCHEDULE OF TOTAL RETURN SWAP (Unaudited)

As at June 30, 2014

Par Value (US\$)	Description	Maturity Date	Average Cost (US\$)	Fair Value (US\$)
BONDS				
6,244,708	ACST Pass Through Trust Floating Rate	June 14, 2037	5,506,603	6,057,367
15,350,000	Altegrity, Inc., 9.500%	July 1, 2019	15,350,000	15,388,375
1,592,000	Avaya Inc., 9.000%	April 1, 2019	1,651,700	1,653,690
375,000	Clear Channel Worldwide Holdings Inc., 6.50%, Series A	November 15, 2022	371,250	400,313
1,013,000	Clear Channel Worldwide Holdings Inc., 6.50%, Series B	November 15, 2022	1,013,000	1,091,508
4,900,000	First Data Corporation, 6.75%	November 1, 2020	4,936,750	5,304,250
8,256,000	Harbinger Group Inc., 7.875%	July 15, 2019	8,232,318	9,030,000
700,000	K Hovnanian Enterprises, 7.25%	October 15, 2020	700,000	759,500
4,251,000	Prospect Medical Holding, Inc., 8.375%	May 1, 2019	4,259,545	4,633,590
7,198,000	Stena International SA, 5.75%	March 1, 2024	7,198,000	7,269,980
1,100,000	Westmoreland Coal Company, 10.75%	February 1, 2018	1,175,625	1,181,125
Total Bonds			50,394,791	52,769,698
BANK DEBT				
10,816,230	Alon USA Partners, LP, Term Loan B	November 26, 2018	11,242,119	11,181,277
6,953,247	Arch Coal Inc., Term Loan	May 16, 2018	6,835,737	6,822,874
5,345,674	Avaya Inc., Term Loan B6	March 31, 2018	5,345,674	5,348,502
4,037,121	Aveta Inc., Term Loan	December 12, 2017	4,067,399	4,057,307
7,991,572	Brand Energy & Infrastructure Services Inc., Term Loan	November 26, 2020	7,951,615	8,022,652
4,811,083	Caesars Entertainment Operating Co Inc., Term Loan B4	October 31, 2016	4,997,513	4,821,610
2,000,000	Caesars Entertainment Operating Co Inc., Term Loan B7	January 28, 2018	1,985,000	1,972,250
2,364,001	Ceva Group PLC (Dutch), Term Loan	March 19, 2021	2,328,541	2,316,721
3,260,691	Ceva Group PLC (USD), Term Loan	March 19, 2021	3,211,781	3,195,478
2,247,344	Ceva Group PLC Pre-Funded LLC, Term Loan	March 19, 2021	2,213,634	2,202,397
407,586	Ceva Group PLC, Term Loan	March 19, 2021	401,473	399,435
2,419,553	Citycenter Holdings, LLC, Term Loan B	October 16, 2020	2,395,358	2,436,188
7,536,600	Commercial Barge Line Company, Term Loan	September 22, 2019	7,608,198	7,564,862
2,862,000	Dell International Inc., Term Loan B	April 29, 2020	2,833,380	2,873,709
4,173,660	Essar Steel Algoma Inc., Term Loan	September 19, 2014	4,215,397	4,171,573
11,310,000	Federal Mogul Corporation, Term Loan C	April 15, 2021	11,253,450	11,307,648
5,055,000	First Data Corporation, 2018B Term Loan	September 24, 2018	4,986,758	5,062,370
1,588,129	Fortescue Metals Group Limited, Term Loan	June 28, 2019	1,584,158	1,589,012
3,495,640	Freescale Semiconductor Inc., Term Loan B-4	February 28, 2020	3,495,640	3,495,640
5,565,940	Freescale Semiconductor Inc., Term Loan B-5	January 15, 2021	5,649,429	5,586,812
4,109,630	HD Supply Inc., Term Loan B	June 28, 2018	4,104,493	4,108,163
11,496,425	Houghton Mifflin Harcourt Publishing Company, Term Loan B	May 22, 2018	11,496,425	11,525,166
5,864,760	JC Penney Corporation Inc., Term Loan	May 22, 2018	5,676,501	5,919,220
5,000,000	Level 3 Financing Inc., Term Loan B-III 2019	August 1, 2019	5,012,500	5,003,125
3,952,269	McGraw-Hill Global Education Holdings, LLC, Term Loan B	March 22, 2019	3,952,269	4,015,261

OCP CREDIT TRUST

SCHEDULE OF TOTAL RETURN SWAP (Unaudited) continued

As at June 30, 2014

Par Value (US\$)	Description	Maturity Date	Average Cost (US\$)	Fair Value (US\$)
4,136,795	Phoenix (Metal Services), Term Loan	June 30, 2017	4,136,795	4,154,033
11,828,344	Radio One Inc., Term Loan	March 31, 2016	11,625,015	11,990,983
11,024,685	SRA International Inc., Term Loan B	July 20, 2018	10,775,303	11,045,356
4,971,170	Stations Casino Inc., Term Loan B	March 2, 2020	4,977,384	4,985,670
4,927,651	STG-Fairway Acquisitions Inc., Term Loan	February 28, 2019	4,918,436	4,930,731
6,058,922	Supervalu Inc., Term Loan	March 21, 2019	6,054,680	6,054,189
3,533,102	TNS Inc., Term Loan	February 14, 2020	3,555,184	3,559,600
4,430,109	Wabash National Corporation, Term Loan B-1	May 8, 2019	4,437,187	4,438,305
8,284,498	Zayo Group LLC, Term Loan B	July 2, 2019	8,284,498	8,290,968
Total Bank Debt			183,608,924	184,449,087
Total Bonds and Bank Debt			234,003,715	237,218,785
Unrealized gain on total return swap (US\$)				3,215,070
Unrealized gain on total return swap (C\$)				3,432,264

See accompanying notes.

OCP CREDIT TRUST

SCHEDULE OF INVESTMENT PORTFOLIO (Unaudited)

As at June 30, 2014

Par Value	Description	Maturity Date	Average Cost \$	Fair Value \$	% of Portfolio
BANK DEBT					
2,795,873	Appvion Inc., Term Loan	June 28, 2019	2,910,469	3,001,537	
558,422	Arch Coal Inc., Term Loan	May 16, 2018	582,693	584,968	
7,280,415	Ascend Learning LLC, Term Loan	July 31, 2019	8,040,148	7,856,439	
5,463,925	Avaya Inc., Term Loan B6	March 31, 2018	6,023,472	5,836,126	
1,675,050	Azure Midstream Holdings, Term Loan B	November 15, 2018	1,732,168	1,797,149	
4,586,000	Caesars Entertainment Operating Co Inc., Term Loan B6	January 28, 2018	4,366,728	4,564,782	
11,287,280	Caesars Entertainment Resort Properties LLC, Term Loan B	October 11, 2020	11,848,436	12,096,652	
1,234,176	Commercial Barge Line Company, Term Loan B	September 22, 2019	1,270,832	1,322,491	
1,437,775	Community Health Systems Inc., Term Loan D	January 27, 2021	1,583,944	1,544,018	
7,144,073	Eastman Kodak Company, Term Loan	September 3, 2019	7,261,933	7,734,738	
3,838,000	Gates Global LLC, Term Loan	July 5, 2021	4,122,762	4,083,193	
1,722,780	Granite Broadcasting Corporation, Term Loan B	May 23, 2018	1,793,615	1,850,657	
2,826,640	HGIM Corporation, Term Loan B	June 18, 2020	2,833,948	2,996,847	
3,941,044	Infor (US) Inc., (Lawson), Term Loan B-5	June 3, 2020	4,148,424	4,180,985	
3,825,720	Ion Media Networks, Inc., Term Loan	December 18, 2020	4,038,396	4,089,272	
3,482,000	Level 3 Financing Inc., Term Loan B-III 2019	August 1, 2019	3,467,325	3,719,549	
2,927,430	Lighttower Fiber LLC, Term Loan B	April 13, 2020	3,263,069	3,119,332	
3,272,854	McGraw-Hill Global Education Holdings, LLC, Term Loan B	March 22, 2019	3,671,959	3,549,638	
10,699,039	Navistar Financial Corporation, Term Loan	December 2, 2016	9,859,378	11,050,602	
9,599,693	Navistar Inc., Term Loan B	August 17, 2017	9,584,132	10,446,757	
1,058,000	New Albertson's Inc., Term Loan B	June 27, 2021	1,130,718	1,132,297	
846,792	OCI Beaumont LLC, Term Loan B3	August 20, 2019	929,775	915,297	
1,369,568	PSAV (AVSC Holding Corporation), Term Loan	January 25, 2021	1,508,802	1,463,916	
76,544	Realogy Corporation, Extended Synthetic Commitment	October 10, 2016	71,888	81,511	
5,392,082	Realogy Corporation, Term Loan B	March 5, 2020	5,989,007	5,765,341	
1,867,000	Samson Investment Company, Term Loan	September 25, 2018	1,987,523	1,992,057	
4,623,391	Select Medical Corporation Series E Tranche B Term Loan	June 1, 2018	5,137,729	4,929,554	
5,084,638	TI Group Automotive Systems LLC, Term Loan	March 28, 2019	5,138,988	5,448,485	
1,009,925	TMS International Corporation, Term Loan B	October 16, 2020	1,035,676	1,079,498	
4,828,079	Travelport LLC, Term Loan	June 26, 2019	5,040,840	5,265,916	

OCP CREDIT TRUST

SCHEDULE OF INVESTMENT PORTFOLIO (Unaudited) continued

As at June 30, 2014

Par Value	Description	Maturity Date	Average Cost \$	Fair Value \$	% of Portfolio
2,979,438	Windsor Essex Mobility Group GP, Term Loan	September 29, 2016	2,875,158	2,904,952	
7,512,946	YRC Worldwide Inc., Term Loan	February 13, 2019	8,191,418	8,140,789	
Total Bank Debt			131,441,353	134,545,345	100.02%
UNFUNDED BANK DEBT COMMITMENTS					
(1,020,562)	Windsor Essex, Unfunded Term Loan	September 29, 2016	(35,719)	(25,514)	(0.02%)
Total Unfunded Bank Debt Commitments			(35,719)	(25,514)	(0.02%)
Total Investments			131,405,634	134,519,831	100.00%

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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.

The Fund's registered office is at 161 Bay Street, 49th Floor, Toronto, Ontario M5J 2S1.

The financial statements of the Fund for the period ended June 30, 2014 were authorized for issue by the Manager on August 26, 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements of the Fund have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (IAS 34) as issued by International Accounting Standards Board (IASB). The Fund adopted International Financial Reporting Standards (IFRS) on January 1, 2014 with a transition date of January 1, 2013 as required by Canadian securities legislation and the Canadian Accounting Standards Board. Previously, the Fund prepared its financial statements in accordance with Canadian generally accepted accounting principles as defined in Part V of the CPA Canada Handbook (Canadian GAAP).

Subject to certain transition elections disclosed in note 13, the Fund has consistently applied the same accounting policies in its opening IFRS statement of financial position at January 1, 2013 and throughout all periods presented, as if these policies had always been in effect. Note 13 discloses the impact of the transition to IFRS on the Fund's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Fund's financial statements prepared under Canadian GAAP.

The financial statements have been prepared on a going concern basis using the historical cost convention except for financial assets and financial liabilities measured at fair value.

In applying IFRS, management may make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during the reporting periods. Significant estimates include the valuation of investments, unrealized gain on total return swap forward contracts and unfunded bank debt commitments, classification of redeemable units, determination of functional currency and classification of the Fund as an investment entity. These estimates are based on information available as at the reporting date. Actual results could differ from those estimates.

Functional currency

The financial statements are presented in Canadian dollars (CAD), which is the currency of the primary economic environment in which the Fund operates and is considered the functional and presentation currency of the Fund.

Financial instruments

The Fund recognizes a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

(i) Classification and recognition of financial instruments

The Fund classifies financial assets and financial liabilities at initial recognition into the following categories, in accordance with IAS 39, *Financial Instruments: Recognition and Measurement* (IAS 39).

Financial assets and liabilities at fair value through profit or loss

The category of financial assets and liabilities at fair value through profit or loss (FVTPL) is sub-divided into:

Financial assets and liabilities held for trading: Financial assets are classified as held for trading if they are acquired for the purpose of selling and/or repurchasing in the near term. All derivatives are classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. The Funds' policy is not to apply hedge accounting.

Financial instruments designated as fair value through profit or loss upon initial recognition: All investments held by the Fund (other than derivatives) are designated as fair value through profit or loss upon initial recognition. The Fund includes both long and short positions of equities, bonds, and other interest-bearing investments in this category. These financial assets and liabilities are designated upon initial

NOTES TO FINANCIAL STATEMENTS continued

recognition on the basis that they are part of a group of financial instruments that are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Fund, as set out in the Fund's prospectus.

The classification of financial instrument depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Fund's designation of such instruments.

Other financial assets and liabilities

All other financial assets and liabilities not measured at FVTPL are measured at amortized cost. Included in this category are receivable for investments sold, interest and other receivables, accounts payable and accrued liabilities, payable for investments purchased, interest payable and distributions payable. Financial assets and liabilities are shown at the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate.

(ii) Valuation of financial instruments

Financial assets and financial liabilities at FVTPL are recorded in the statements of financial position at fair value upon initial recognition. All transaction costs such as brokerage commissions, incurred in the purchase and sale of securities for such instruments are recognized directly in profit or loss. All other financial assets and liabilities (other than those classified as FVTPL) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

After initial measurement, the Fund measures financial instruments which are classified as FVTPL at fair value. Subsequent changes in the fair value of those financial instruments are recorded as "net change in unrealized appreciation (depreciation) of investments" in the statements of comprehensive income. "Net realized gain (loss) on investments" and "net change in unrealized appreciation (depreciation) of investments" are determined on an average cost basis.

Other financial assets and liabilities (other than those classified as FVTPL) are measured at amortized cost.

The Fund meets the definition of an investment entity within IFRS 10 *Consolidated Financial Statements* and is required to measure its subsidiaries, if any, at FVTPL rather than consolidate them. The fair values of each specific type of investment and derivative are determined in the following manner:

Portfolio investments

In the case of publicly traded securities, fair value means the close or last traded price when the price falls within the day's bid-ask spread. For bonds and bank debt (including unfunded bank debt commitments), fair market value means the bid price provided by independent security pricing services or broker quotes for investments held long and ask price for investments sold short. In the circumstance where the close or last traded price falls outside of the bid-ask spread, then fair value is determined by using bid price for long positions and ask price for short positions, or a different point within the bid-ask spread that the Manager determines to be more representative of fair value.

Derivatives

The Fund is permitted to invest in forward foreign currency contracts to hedge foreign currency exposure on the investment portfolio. The value of forward currency contracts is recorded as the unrealized gain or loss that would be realized if the position was to be closed out and recorded as "Unrealized gain or loss on forward contracts" in the statements of financial position. Upon maturity of the contracts, the difference between the carrying value and the fair value is included in "Net realized gain (loss) on forward contracts" in the statements of comprehensive income.

Derivative financial instruments such as total return swaps and forward contracts are valued on each valuation date according to the gain or loss that would be realized if the contracts were closed out. Unrealized gains and losses on derivatives are included in the statements of comprehensive income under "Net change in unrealized appreciation (depreciation) of derivatives". Realized gains and losses on total return swap are included in the "Net realized gain (loss) on total return swap".

Other financial assets and liabilities

Other assets and liabilities are short-term in nature and are carried at amortized cost.

(iii) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount presented in the Statements of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise short-term deposits in banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less.

Short-term investments that are not held for the purpose of meeting short-term cash commitments and restricted margin accounts are not considered as "cash and cash equivalents".

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

NOTES TO FINANCIAL STATEMENTS continued

Income and expense recognition

Interest for distribution purposes as disclosed in the Statements of Comprehensive Income on debt securities at FVTPL is recognized on accrual basis.

Redeemable participating units

The Fund's redeemable shares meet the criteria of equity classification of puttable instruments in accordance with IAS 32, *Financial Instruments: Presentation* (IAS 32). All redeemable unitholders are classified as unit capital in the Statements of Financial Position. The movement in unit capital is shown in the statements of changes in financial position.

Foreign currency translation

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the prevailing rate of exchange on each valuation date. Purchases and sales of investments, income and expenses are translated at the rate of exchange prevailing on the respective dates of such transactions.

Realized foreign currency gains and losses on investment transactions, and unrealized foreign currency gains and losses on other net assets are included in the statements of comprehensive income in "Foreign currency gain (loss)". Unrealized foreign currency gains and losses on investments and derivatives are included in the statements of comprehensive income in "Net change in unrealized appreciation (depreciation) of investments" and "Net change in unrealized appreciation (depreciation) of derivatives", respectively.

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 has agreed 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 has agreed to 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. Effective December 20, 2013, the spread of 1.25% was reduced to 1.00%. 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 19, 2014, which is the scheduled ramp-down date.

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

As at June 30, 2014, the Fund has \$83,896,098 (2013 – \$92,978,232) 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 comprehensive income.

OCP CREDIT TRUST

NOTES TO FINANCIAL STATEMENTS continued

4. FORWARD CONTRACTS

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

As at June 30, 2014:

Sale	Amount \$	Purchase	Amount \$	Contract Price \$	Settlement date	Unrealized foreign exchange gain (loss) on contract \$
USD	227,400,000	CAD	247,100,799	0.92	July 17, 2014	4,219,548
						4,219,548

As at December 31, 2013:

Sale	Amount \$	Purchase	Amount \$	Contract Price \$	Settlement date	Unrealized foreign exchange gain (loss) on contract \$
USD	278,700,000	CDN	295,605,106	0.94	January 17, 2014	(931,575)
						(931,575)

As at January 1, 2013:

Sale	Amount \$	Purchase	Amount \$	Contract Price \$	Settlement date	Unrealized foreign exchange gain (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)

The Fund has no cash (2013 – \$1,075,383) 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 comprehensive income.

The counterparty is rated A by Standard & Poor's (2013 – A –).

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

OCP CREDIT TRUST

NOTES TO FINANCIAL STATEMENTS continued

The breakdown of the Fund into the three-level hierarchy is as follows:

As at June 30, 2014:

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Financial Assets				
Bank Debt	-	134,545,345	-	134,545,345
Total Return Swap	-	3,432,264	-	3,432,264
Forward contract	-	4,219,548	-	4,219,548
	-	142,197,157	-	142,197,157

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Financial Liabilities				
Unfunded bank debt commitment	-	25,514	-	25,514
	-	25,514	-	25,514

As at December 31, 2013:

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Financial Assets				
Bank Debt	-	179,792,669	-	179,792,669
Total Return Swap	-	3,368,634	-	3,368,634
	-	183,161,303	-	183,161,303

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Financial Liabilities				
Forward contract	-	931,575	-	931,575
	-	931,575	-	931,575

OCP CREDIT TRUST

NOTES TO FINANCIAL STATEMENTS continued

As at January 1, 2013:

	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	-	205,668,031

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Financial Liabilities				
Forward contracts	-	3,273,770	-	3,273,770
	-	3,273,770	-	3,273,770

Financial assets and liabilities transferred from Level 1 to Level 2 are the result of securities no longer being traded in an active market. For the periods ended June 30, 2014 and December 31, 2013, there were no transfers of financial assets and liabilities from Level 1 to Level 2.

Financial assets and liabilities transferred from Level 2 to Level 1 are the result of securities now being traded in an active market. For the periods ended June 30, 2014 and December 31, 2013, there were no transfers of financial assets and liabilities from Level 2 to Level 1.

The Fund did not hold any significant positions of Level 3 investments at the beginning of, during, or at the end of the reporting periods.

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 NAV 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. Such distribution is at the discretion of the Manager.

7. EXPENSES OF THE FUND AND RELATED PARTY TRANSACTIONS

The Manager is entitled to an annual management fee of 1.00% based on the NAV of the Fund. This fee is calculated daily and paid monthly in arrears. During the six month period ended June 30, 2014, the Fund incurred a management fee of \$1,452,382 (June 30, 2013 – \$1,536,836) of which \$212,370 (December 31, 2013 – \$262,482) was owing at June 30, 2014.

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. REDEEMABLE UNITS

Units of the Fund are puttable instruments and are required to be presented as equity or liability depending on certain criteria. The Fund has assessed the unitholder's structure and has determined that equity treatment is the most appropriate classification. Unit capital amounts are determined on a per unit average cost basis. The amount of unit capital and retained earnings as of June 30, 2014 were \$246,989,483 and \$4,435,910 (December 31, 2013 – \$293,342,501 and \$4,435,910, January 1, 2013 – \$302,466,270 and \$4,435,910), respectively.

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 NAV per unit of the Fund. There were no changes in the number of units outstanding for the periods ended June 30, 2014 and 2013.

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 the 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 (2013 – A+).

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 June 30, 2014 was \$23,914,252 representing 9.51% of the net assets of the Fund (December 31, 2013 – \$21,845,423 or 7.34%, January 1, 2013 – \$22,241,153 or 7.25%).

As at June 30, 2014, December 31, 2013 and January 1, 2013, direct and indirect exposure to debt securities by credit rating is as follows:

Credit rating	As a % of Net Assets		
	June 30, 2014	December 31, 2013	January 1, 2013
A	2.41	2.52	2.90
BBB	–	2.03	3.42
BB	15.94	23.66	23.04
B	99.03	107.99	104.94
CCC	14.23	6.18	7.49
NR*	16.24	13.66	14.29

* Not rated by Standard & Poor's

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 Fund has financial liabilities outstanding including accounts payable and accrued liabilities, interest payable and payable for investments purchased. These financial liabilities are all current and are expected to be settled within three months. The Fund has sufficient cash on hand to settle these financial liabilities.

Redeemable units are redeemable on demand at the holder's option. However, the Manager does not expect that all the units will be redeemed immediately as holders of these instruments typically retain them for a longer period.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments.

Changes in the prevailing levels of market interest rates are not expected to have a significant impact on the fair value of the 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

NOTES TO FINANCIAL STATEMENTS continued

Canadian dollar will vary due to changes in foreign currency exchange rates. For the periods ended June 30, 2014, December 31, 2013 and January 1, 2013, 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.

Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is industry sector, geographical location, product type or counterparty type. A summary of the Fund's concentration risk as at June 30, 2014 is shown in the Fund's schedule of investment portfolio.

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 its most recent Annual Information Form. Restrictions and specific requirements on the redemption of units are described in Note 8. The statements of changes in financial position and Note 8 outline the relevant changes of the Fund's units for the periods.

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. TAXATION

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 Income 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. If the Fund distributes more than it earns, the 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. EARNINGS (LOSS) PER UNIT

Earnings (loss) per unit for the six month periods ended June 30, 2014 and 2013 is calculated as follows:

	2014	2013
Profit for the period	\$13,746,982	\$14,141,402
Weighted average units outstanding during the period	34,121,864	34,121,864
Earnings (loss) per unit	\$0.40	\$0.41

13. TRANSITION TO IFRS

The effect of the Fund's transition to IFRS is summarized as follows:

(i) Transition election

The Fund did not apply any transition exceptions or exemptions to full retrospective application of IFRS, except for the voluntary exemption to designate a financial asset or financial liability at FVTPL upon transition to IFRS. All financial assets and liabilities designated at FVTPL upon transition were previously carried at fair value under Canadian GAAP.

(ii) Statement of cash flows

Under Canadian GAAP, the Fund was exempt from providing a statement of cash flows. IAS 1 requires that a complete set of financial statements include a statement of cash flows for the current and comparative period without exception.

(iii) Classification of redeemable units issued by the Fund

Under Canadian GAAP, the Fund accounted for its redeemable units as equity. Under IFRS, IAS 32 requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liability unless they meet the criteria mentioned in IAS 32. The Fund's units meet the criteria in IAS 32 for classification as equity and therefore, have been classified as equity on transition to IFRS. Previously, only net assets were presented under Canadian GAAP. Under IFRS, equity is split between unit capital and retained earnings, with balances at December 31, 2013 of \$293,342,501 and \$4,435,910 respectively, and balances at January 1, 2013 of \$302,466,270 and \$4,435,910, respectively.

NOTES TO FINANCIAL STATEMENTS continued

(iv) Revaluation of investments at FVTPL

Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with Section 3855, Financial Instruments – Recognition and Measurement, which required the use of bid prices for long positions and ask prices for short positions, to the extent such prices are available. Under IFRS, the Fund measures the fair values of its investments using the guidance in IFRS 13, Fair Value Measurement (IFRS 13), which requires that if an asset or a liability has a bid price and an ask price, then its fair value is to be based on a price within the bid-ask spread that is most representative of fair value. It also allows the use of midmarket pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread.

There was no change in net assets of net assets value per unit as of December 31, 2013 and January 1, 2013 and earnings (loss) per unit for the period ended June 30, 2013.

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