

# OCP SENIOR CREDIT FUND

Monthly Update as at June 30, 2014



## Investment Rationale and Objectives

OCP Senior Credit Fund provides Unitholders with exposure to the performance of an actively managed, diversified portfolio comprised primarily of first lien floating rate senior secured loans of non-investment grade North American issuers.

The Fund's objectives are: (i) provide Unitholders with attractive, quarterly, tax-advantaged distributions, currently targeted to be \$0.50 per annum, representing an annual yield of 5% based on the original issue price of \$10.00 per Unit; (ii) preserve capital; and (iii) generate enhanced returns through increasing cash flow to the portfolio as interest rates rise.

## Details

Date of Inception:	November 19, 2010
Issue Price:	\$10.00
Opening NAV (November 19, 2010):	\$9.45
Ticker Symbol:	OSL.UN (TSX)
Total Net Assets:	\$253,076,408.56*
NAV per Unit:	\$10.43*
Market Price:	\$10.09*
Latest Distribution: June 30, 2014	\$0.1250
Distribution Frequency:	Quarterly
Cash Distributions Since Inception:	\$1.8075

\* As at June 30, 2014

## Commentary

June's net performance of OCP Senior Credit Fund was 1.03% bringing year-to-date net performance to 4.14%. Markets gained as investors remained confident that key central banks will maintain their accommodative stances, geo-political risks were discounted, and stronger domestic reports (e.g. manufacturing, home sales, labor) in June overcame concerns over weak first quarter GDP growth. The S&P 500, CS High Yield, and Leveraged Loan Indexes returned 2.07%, 0.84%, and 0.60% in June, respectively.

Nearly all of the Portfolio's positions contributed to the month's positive performance including Altegrity which was among the top five performers. As we had anticipated, Altegrity completed a refinancing in the month and used the proceeds of new first lien loans and notes to repay, at par, the loans held by the Portfolio. The refinancing extends the Company's debt maturities by five years. We initiated our investment in Altegrity's first lien loans at a discount in mid-2010 and added to our position in 2013 through June 2014 anticipating the refinancing would be completed. We participated in the refinancing.

The largest detractor from performance during the month represented less than one basis point of the Portfolio's gross performance. There continued to be no defaults in the Portfolio.

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## Five Strongest and Weakest Performers

### Strongest

Altegrity Senior Secured Loan
Caesars Senior Secured Loan
Avaya Senior Secured Loan
YRC Worldwide Senior Secured Loan
Stena Int'l. Senior Secured Loan

### Weakest

Westmoreland Coal Senior Secured Bond
Azure Senior Secured Loan
Cenveo Senior Secured Loan
Servicemaster Senior Secured Loan
Granite Broadcasting Senior Secured Loan

The chart shows the top five strongest and weakest holdings contributing to the Fund's performance for the month. These holdings do not represent all of the assets held, purchased or sold during the month.

## Industry Exposure\*\*

Business Services	13.22%
Technology	12.79%
Media	10.39%
Gaming/Leisure	9.53%
Trucking	8.83%
Energy	6.39%
Telecom	6.38%
Healthcare	4.06%
Retail	3.57%
Transportation	3.10%
Metals/Minerals	2.99%
Finance	2.56%
Automobiles	2.45%
Shipping – Jones Act	2.41%
Transportation/Logistics	2.03%
Education	2.02%
Housing/Building Products	1.71%
Aerospace	1.66%
Manufacturing	1.13%
Infrastructure	1.00%
Forest Products/Containers	0.77%
Energy Service	0.77%
Chemicals	0.23%
<b>Adjusted Exposure**</b>	<b>100.00%</b>

\*\* Based on invested capital as of the report date, not the target level of invested capital

## Portfolio Composition\*\*\*

Bank Debt	132.23%
Corporate Bonds	22.69%
Government Bonds	0.00%
Equity	0.00%
Other	0.00%
<b>Total Exposure</b>	<b>154.92%</b>

\*\*\* The Portfolio refers to the positions held by the underlying fund, OCP Credit Trust.

All amounts in Canadian dollars unless otherwise stated. Certain statements constitute forward-looking statements, including, but not limited to, those identified by the expressions "expect", "intend", "will" and similar expressions to the extent they relate to the Fund. The forward-looking statements are not historical facts but reflect Onex Credit Partners, LLC's current expectations regarding future results or events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. Although Onex Credit Partners, LLC believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and, accordingly, readers are cautioned not to place undue reliance on such statements due to the inherent uncertainty therein. Onex Credit Partners, LLC undertakes no obligation to update publicly or otherwise revise any forward-looking statement or information whether as a result of new information, future events or other such factors which affect this information, except as required by law. Commissions, trailing commissions, management fees and expenses all may be associated with an investment in the Fund. Please read the Fund's continuous disclosure documents (found on SEDAR) before investing. The Fund is not guaranteed, its value changes frequently and past performance may not be repeated.

The Portfolio refers to the positions held by the underlying fund, OCP Credit Trust. Through a forward agreement, the return of the Fund is dependent on the return of the Portfolio. Performance figures for the Fund are based on Canadian generally accepted accounting principles and were based on audited financial statements through December 31, 2013 and unaudited monthly estimates thereafter. Performance figures for the Fund include distributions paid during the relevant period and are calculated net of expenses and fees. Returns for the Fund may diverge from the returns for the Portfolio for several reasons including the incurrence of expenses and payment of distributions by the Fund.