

# OCP SENIOR CREDIT FUND

Monthly Update as at August 31, 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:	\$253,451,299.26*
NAV per Unit:	\$10.44*
Market Price:	\$10.13*
Latest Distribution: June 30, 2014	\$0.1250
Distribution Frequency:	Quarterly
Cash Distributions Since Inception:	\$1.8075

\* As at August 29, 2014

## Commentary

Net performance of OCP Senior Credit Fund was 0.06% and 4.29% for August and year-to-date, respectively. De-escalating geopolitical headlines and speculation about continued European Central Bank action influenced market trends, with additional movement prompted by the U.S.'s strengthening labor market and less apprehension about inflation. Modest gains in the U.S. high yield bond market were in response to solid quarterly earnings, fewer withdrawals and light new issue volume. The S&P 500, CS High Yield, and Leveraged Loan Indexes returned 4.00%, 1.45%, and 0.23% in August, respectively.

Similar to last month, the lack of significant positive events was outweighed by a few positions that retraced prior gains. The Portfolio's senior secured note investment in Altegrity declined during the month, costing the Portfolio 20bp of performance. The U.S. Office of Personnel Management (OPM) suspended a major contract of the company's U.S. Investigations Services (USIS) division due to a cyber-attack on USIS's corporate network. OPM has since canceled this contract, under which USIS was performing background investigations for individuals seeking U.S. Government security clearances. The potential loss of this contract was in our analysis and we believe the value of Altegrity's non-USIS businesses more than cover the Portfolio's investment.

The Portfolio's investment in the Windsor Essex Parkway senior secured term loan gained during the month as over 60% of the outstanding loan was paid off at par. This senior secured term loan is a funding source for the construction of the Rt. Hon. Herb Gray Parkway being built for the Canadian Province of Ontario.

There continues to be no defaults in the Portfolio.

# OCP SENIOR CREDIT FUND

Monthly Update as at August 31, 2014



## Five Strongest and Weakest Performers

### Strongest

Avaya Senior Secured Loan
First Data Senior Secured Loan & Bonds
Stena Int'l. Senior Secured Bond
Radio One Senior Secured Loan
Windsor Essex Senior Secured Loan

### Weakest

Altegrity Senior Secured Loan
Caesars Senior Secured Loan
Navistar Senior Secured Loan
Arch Coal Senior Secured Loan
Realogy 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	13.09%
Technology	12.78%
Media	10.39%
Trucking	8.68%
Telecom	7.75%
Gaming/Leisure	6.78%
Energy	5.83%
Retail	5.55%
Healthcare	4.67%
Transportation	4.30%
Metals/Minerals	3.00%
Finance	2.48%
Shipping – Jones Act	2.42%
Transportation/Logistics	2.08%
Education	2.01%
Housing/Building Products	1.70%
Aerospace	1.56%
Energy Service	1.23%
Manufacturing	1.12%
Automobiles	1.05%
Forest Products/Containers	0.46%
Infrastructure	0.44%
Shipping – Tankers	0.42%
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	134.76%
Corporate Bonds	21.82%
Government Bonds	0.00%
Equity	0.00%
Other	0.00%
<b>Total Exposure</b>	<b>156.58%</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 incurrance of expenses and payment of distributions by the Fund.