

# OCP SENIOR CREDIT FUND

Monthly Update as at January 31, 2016



## 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 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:	\$171,670,568.13*
NAV per Unit:	\$8.81*
Market Price:	\$8.53*
Latest Distribution: December 31, 2015	\$0.7617
Distribution Frequency:	Quarterly
Cash Distributions Since Inception:	\$2.7167
In-kind Distributions Since Inception:	\$0.4775

\*As at January 29, 2016

## Fund Returns (%)

	1M	3M	6M	YTD	1Y	2Y	3Y	5Y	SI
OCP Senior Credit Fund (OSL.UN)	(2.61)	(7.32)	(9.81)	(2.61)	(5.94)	(2.27)	1.43	3.95	4.08

## Commentary

Net performance of OCP Senior Credit Fund (the Fund) was (2.61) for January and year-to-date. For the month of January, the CS Leveraged Loan, CS High-Yield and S&P 500 TR indexes returned (0.73%), (1.66%) and (4.96%), respectively.

Performance during the month of January was challenging for the Fund and for the credit markets overall. The Fund's performance was relatively evenly distributed with marginally more positive contributors than negative contributors, although the magnitude of losses exceeded the gains. Given the Fund's modest leverage, we view the performance for the month as largely in-line with the indexes and was primarily a result of market factors. Although many of the declines were modest, the bottom five performers accounted for ~70% of the monthly loss. While there are no notable positive contributors to discuss, Federal Mogul ("Fed Mogul") is one name that traded lower in January.

Fed Mogul is an automotive business operating in two divisions, one which serves primarily manufacturers and other which serves the after-market. In September 2014, Fed Mogul announced its intention to separate these two divisions with the hopes they would garner higher market valuations separately than they do combined. In January 2015, the company's Board announced it would not go forward with the spin-off of one division and the bank debt traded down as a result, in tandem with the company's stock. While no specific reason was provided for the Board's decision, market conditions undoubtedly played an important role and the Board noted their confidence in maximizing the results of both divisions. We continue to have conviction in the fundamentals of the business, and believe the decision not to separate the divisions may be a positive outcome for the company.

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## Five Strongest and Weakest Performers

### Strongest

Navistar Senior Secured Loans  
Innovacare Senior Secured Loan  
Alon Senior Secured Loan  
Ceva Senior Secured Term Loan  
Harbinger Senior Secured Note

### Weakest

Fed Mogul Senior Secured Loan  
HGIM Corp. Senior Secured Loan  
Corporate Risk Hldgs Senior Secured Notes (formerly Altegrity)  
Caesars (CERP) Senior Secured Loan  
Stena Int'l Senior Secured Notes

The chart shows the top five strongest and weakest holdings contributing to the Portfolio'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	17.46%
Retail	13.98%
Trucking	10.87%
Energy	9.31%
Gaming/Leisure	7.38%
Media	6.84%
Technology	6.82%
Automobiles	5.76%
Telecom	4.12%
Education	3.67%
Transportation/Logistics	3.05%
Consumer Durables	2.49%
Shipping - Jones Act	1.70%
Energy Service	1.48%
Healthcare	0.97%
Metals/Minerals	0.84%
Aerospace	0.79%
Transportation	0.74%
Shipping - Tankers	0.67%
Chemicals	0.43%
Housing/Building Products	0.32%
Manufacturing	0.30%
<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\*\*\*

	Net
Bank Debt	136.5%
Corporate Bonds	22.2%
Government Bonds	0.0%
Equity	0.0%
Other	0.0%
<b>Total Exposure</b>	<b>158.7%</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.

You will usually pay brokerage fees to your dealer if you purchase or sell units of the investment fund on the Toronto Stock Exchange ("TSX"). If the units are purchased or sold on the TSX, investors may pay more than the current net asset value when buying units of the investment fund and may receive less than the current net asset value when selling them. There are ongoing fees and expenses associated with owning units of an investment fund. An investment fund must prepare disclosure documents that contain key information about the fund. You can find more detailed information about the fund in these documents. **The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account certain fees (such as redemption fees or optional charges) or income taxes payable by any unitholder that would have reduced returns.** Investment funds are not guaranteed, their values change frequently and past performance may not be repeated.

Performance figures for the Fund are based on Canadian generally accepted accounting principles and were based on audited financial statements through December 31, 2014 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.