

# OCP SENIOR CREDIT FUND

Monthly Update as at March 31, 2016



## Investment Rationale and Objectives

OCP Senior Credit Fund provides Unitholders with exposure to the performance of an actively managed, diversified portfolio comprised of senior secured loans and other senior debt obligations 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:	\$177,392,299.72*
NAV per Unit:	\$9.10*
Market Price:	\$8.52*
Latest Distribution: March 31, 2016	\$0.125
Distribution Frequency:	Quarterly
Cash Distributions Since Inception:	\$2.8417
In-kind Distributions Since Inception:	\$0.4775

\*As at March 31, 2016

## Fund Returns (%)

	1M	3M	6M	YTD	1Y	2Y	3Y	5Y	SI
OCP Senior Credit Fund (OSL.UN)	5.87	2.02	(2.93)	2.02	(4.36)	(0.67)	2.43	4.77	4.85

## Commentary

Net performance of OCP Senior Credit Fund (the "Fund") was 5.87% and 2.02% for March and year-to-date, respectively. For the month of March, the CS Leveraged Loan, CS High-Yield and S&P 500 TR indexes returned 2.64%, 4.61% and 6.78%, respectively. Year-to-date, the indexes returned 1.33%, 3.21% and 1.35%, respectively.

Strong positive performance during the month of March reversed losses from the last few months as the markets began to show some signs of a return to stable conditions. Our focus on capital preservation and individual credit selection continue to be critical components of our investment philosophy and, we believe, are essential to strong long-term performance.

In March, 92% of the Fund's positions were positive contributors, with the only negative contributors down (0.01%) or less. As we've noted in the past, our attention to security selection and prudent use of leverage magnify the Fund's performance versus the CS Leveraged Loan index. Two of the largest positive contributors to performance this month were Federal Mogul ("Fed Mogul") and Eastman Kodak.

Fed Mogul is an automotive business operating in two divisions, one which primarily serves original equipment manufacturers and the other which serves the after-market. The Fund owns the company's first-lien, senior secured bank debt. During 2015, Fed Mogul struggled with the integration of recent acquisitions. In late February 2016, they announced positive fourth-quarter results including improved EBITDA and higher profit margins, as evidence of integration issues abating became increasingly clear. This and a stabilizing credit market caused the investment to trade higher. Separately, the company received a proposal from Carl Icahn, who currently owns 82% of the business, to buy the remaining equity of the company at a premium to the market.

Eastman Kodak is a technology company focused on imaging, and the Fund has a position in its outstanding first-lien senior secured loans. The company reported fourth-quarter and full-year results that exceeded the high end of their forecasted EBITDA, and has projected further EBITDA growth in 2016. In addition, Kodak announced they are working towards a sale of their inkjet business and plan to use sale proceeds to repay outstanding debt. The Fund's investment traded higher on the news.

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## Five Strongest and Weakest Performers

### Strongest

Fed Mogul Senior Secured Loan  
Eastman Kodak Senior Secured Loan  
Navistar Senior Secured Loans  
Ceva Senior Secured Term Loan  
Stena Int'l Senior Secured Bonds

### Weakest

Westmoreland Coal Senior Secured Loan  
PSAV Senior Secured Loan  
ANR Senior Secured Loan  
Chelsea Petroleum Senior Secured Loan  
Realogy Letter of Credit

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	18.32%
Retail	11.48%
Trucking	10.49%
Energy	8.43%
Gaming/Leisure	7.88%
Technology	7.39%
Media	7.12%
Automobiles	6.90%
Telecom	4.41%
Education	3.80%
Healthcare	3.30%
Transportation/Logistics	3.18%
Shipping - Jones Act	1.79%
Energy Service	1.67%
Metals/Minerals	0.83%
Transportation	0.78%
Aerospace	0.67%
Manufacturing	0.56%
Chemicals	0.45%
Housing/Building Products	0.35%
Consumer Durables	0.21%
<b>Adjusted Exposure*</b>	<b>100.00%</b>

## Portfolio Composition

	Net
Bank Debt	121.6%
Corporate Bonds	15.1%
Government Bonds	0.0%
Equity	0.0%
Other	0.0%
<b>Total Exposure</b>	<b>136.71%</b>

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

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.