

OCP SENIOR CREDIT FUND

Interim Financial Statements for the period
January 1, 2016 to June 30, 2016

NOTICE TO READER:

These interim financial statements and related notes for the six-month period ended June 30, 2016 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 SENIOR CREDIT FUND

STATEMENTS OF FINANCIAL POSITION (Unaudited)

As at (stated in Canadian dollars)

	June 30, 2016 \$	December 31, 2015 \$
ASSETS		
Current Assets		
Investments held long	52,857,201	85,064,796
Cash and cash equivalents	17,817,191	14,853,020
Cash on deposit with brokers as collateral <i>[Note 3]</i>	82,104,371	98,000,277
Receivable for investments sold	16,471	10,393,110
Interest and other receivables	2,975,976	4,191,872
Total Assets	155,771,210	212,503,075
LIABILITIES		
Current Liabilities		
Unfunded bank debt commitments	1,227	-
Unrealized loss on total return swap <i>[Note 3]</i>	2,011,811	6,511,564
Unrealized loss on forward contracts <i>[Note 4]</i>	846,833	1,273,832
Accounts payable and accrued liabilities <i>[Note 7]</i>	483,851	697,763
Payable for total return swap	9,670,162	13,281,164
Payable for investments purchased	1,089,122	8,716,301
Interest payable	217,493	211,137
Distributions payable <i>[Note 6]</i>	1,851,968	5,540,078
Total Liabilities	16,172,467	36,231,839
EQUITY		
Unit capital	108,817,342	143,174,793
Retained earnings	30,781,401	33,096,443
Total Equity	139,598,743	176,271,236
Total Liabilities and Equity	155,771,210	212,503,075
Number of Units Outstanding <i>[Note 8]</i>	14,815,741	19,493,590
Total Equity/Net Assets per unit	\$9.42	\$9.04

See accompanying notes.

OCP SENIOR CREDIT FUND

STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

For the period ended June 30 (stated in Canadian dollars)

	2016 \$	2015 \$
INCOME		
Investment Income		
Interest for distribution purposes	8,605,221	2,486
	8,605,221	2,486
Realized and unrealized gain (loss) on Investments and Forward Agreements		
Foreign currency gain (loss)	(8,013,454)	
Other net changes in fair value of investments and Forward Agreement		
Net realized gain (loss) on investments	(427,208)	-
Net realized gain (loss) on total return swap	(1,281,432)	-
Net realized gain (loss) on forward contracts	11,702,215	-
Net realized gain (loss) on Forward Agreement	-	14,553,205
Net change in unrealized appreciation (depreciation) of investments	(167,481)	-
Net change in unrealized appreciation (depreciation) of derivatives	4,926,752	-
Net change in unrealized appreciation (depreciation) of Forward Agreement	-	(3,909,506)
	15,344,613	10,646,185
EXPENSES		
Interest expense	1,276,401	-
Management fees <i>[Note 7]</i>	1,274,479	594,348
Dealer Service fees <i>[Note 7]</i>	333,589	475,478
Harmonized sales tax	150,875	104,781
Securityholder reporting costs	51,118	40,099
Custodian and valuation fees	49,997	37,790
Legal fees	32,482	15,000
Other administration costs	19,241	-
Audit fees	11,521	9,425
Independent Review Committee fees	6,000	6,000
Trustee Fees	4,500	4,500
Transaction costs <i>[Note 7]</i>	-	333,052
Total Expense	3,210,203	1,620,473
Profit (loss) and total comprehensive income (loss) for the period	12,134,410	9,025,712
Earnings (loss) per unit <i>[Note 12]</i>	\$0.65	\$0.39

See accompanying notes.

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STATEMENTS OF CHANGES IN EQUITY (Unaudited)

For the period ended June 30 (stated in Canadian dollars)

	Unit Capital \$	Retained Earnings \$	Total Equity \$
As at January 1, 2016	143,174,793	33,096,443	176,271,236
Changes in equity for 2016:			
Profit (loss) for the period	-	12,134,410	12,134,410
Redemption of units	(34,357,451)	(10,160,785)	(44,518,236)
Distributions to unitholders			
Income	-	(4,288,667)	(4,288,667)
As at June 30, 2016	108,817,342	30,781,401	139,598,743
As at January 1, 2015	178,297,107	65,717,471	244,014,578
Changes in equity for 2015:			
Profit (loss) for the period	-	9,025,712	9,025,712
Redemption of units	(35,122,314)	(14,404,328)	(49,526,642)
Distributions to unitholders			
Return of capital	(5,471,146)	-	(5,471,146)
As at June 30, 2015	137,703,647	60,338,855	198,042,502

See accompanying notes.

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STATEMENTS OF CASH FLOWS (Unaudited)

For the period ended June 30 (stated in Canadian dollars)

	2016 \$	2015 \$
Cash Flow from Operating Activities		
Profit (loss) for the period	12,134,410	9,025,712
Adjustments for:		
Foreign currency (gain) loss	8,013,454	-
Net realized (gain) loss on investments	427,208	-
Net realized (gain) loss on total return swap	1,281,432	-
Net realized (gain) loss on forward contracts	(11,702,215)	-
Net realized (gain) loss on Forward Agreement	-	(14,553,205)
Net change in unrealized (appreciation) depreciation on investments	167,481	-
Net change in unrealized (appreciation) depreciation on derivatives	(4,926,752)	-
Net change in unrealized (appreciation) depreciation of Forward Agreement	-	3,909,506
Changes in working capital		
(Increase) decrease in cash on deposit with brokers as collateral	15,895,906	-
(Increase) decrease in interest and other receivables	1,215,896	-
Increase (decrease) in interest payable	6,356	-
Increase (decrease) in accounts payable and accrued liabilities	(213,912)	(182,818)
Increase (decrease) in payable for total return swap	(3,611,002)	-
Purchase of investments	(20,121,895)	-
Proceeds from sale of investments	54,485,488	-
Proceeds from (to) settlement of forward contracts and derivatives	10,420,783	-
Net Proceeds from Forward Agreement	-	60,600,000
Net Cash Generated (Used) by Operating Activities	63,472,638	58,799,195
Cash Flows from Financing Activities		
Distributions to unitholders	(7,976,777)	(6,068,894)
Amount paid on redemption of units	(44,518,236)	(49,526,642)
Net Cash Generated (Used) by Financing Activities	(52,495,013)	(55,595,536)
Foreign currency gain (loss) on cash and other assets	(8,013,454)	(1,910)
Net increase (decrease) in cash and cash equivalents	10,977,625	3,203,659
Cash and cash equivalents beginning of period	14,853,020	458,981
Cash and Cash Equivalents End of period	17,817,191	3,660,730
Interest received, net of withholding tax	9,550,381	2,486
Interest paid	(1,270,045)	

See accompanying notes.

OCP SENIOR CREDIT FUND

SCHEDULE OF INVESTMENT PORTFOLIO (Unaudited)

As at June 30, 2016 (stated in Canadian dollars)

Par Value (US\$)	Description	Maturity Date	Average Cost \$	Fair Value \$	% of Portfolio
LONG POSITIONS					
BANK DEBT					
3,449,056	Alon USA Partners, LP, Term Loan B	November 26, 2018	4,422,662	4,410,253	
145,825	Alpha Natural Resources Inc., Term Loan B	May 22, 2020	83,667	96,999	
490,838	Avaya Inc., Term Loan B6	March 31, 2018	549,564	462,003	
953,334	Azure Midstream Holdings, Term Loan B	November 15, 2018	961,162	794,205	
598,226	Caesars Entertainment Resort Properties LLC, Term Loan B	October 11, 2020	752,435	737,899	
425,831	Chelsea Petroleum Products I, LLC, Tranche B Term Loan	October 28, 2022	558,314	541,065	
6,999,749	Eastman Kodak Company, Term Loan	September 3, 2019	8,759,626	8,739,516	
1,771,110	Essar Steel Algoma Inc., Term Loan	Default	1,063,169	537,578	
497,442	Gardner Denver, Inc., Term Loan	July 30, 2020	571,754	588,286	
783,474	Gates Global, LLC., Term Loan	July 6, 2021	974,715	959,758	
4,067,118	HGIM Corporation, Term Loan B	June 18, 2020	2,703,934	3,112,455	
591,000	Intelsat Jackson Holdings S.A., Term Loan B-2	June 30, 2019	729,039	690,437	
4,660,488	Ion Media Networks, Inc., Term Loan	December 18, 2020	6,136,208	5,979,355	
8,181,618	Navistar Financial Corporation, Term Loan	December 2, 2016	10,419,540	10,356,030	
6,041,334	Navistar Inc., Term Loan B	August 7, 2020	7,523,517	7,347,815	
542,500	Ortho-Clinical Diagnostics Holdings Luxembourg S.A.R.L. – Initial Term Loan	June 30, 2021	650,685	659,235	
854,000	Pet Holdings ULC, Initial Term Loan	July 5, 2022	1,104,932	1,091,996	
750,120	Petco Animal Supplies, Inc., Tranche B-1 Term Loan	January 26, 2023	966,155	963,607	
353,276	Securus Technologies Holdings, Inc., Initial Term Loan (First Lien)	April 30, 2020	365,679	430,055	
1,473,863	TI Group Automotive Systems, LLC., Initial US Term Loan	June 30, 2022	1,940,553	1,860,809	
974,090	TMS International Corporation, Term Loan B	October 16, 2020	1,201,766	1,138,611	
325,916	TNS Inc. (Transaction Network Services, Inc.), Term Loan	February 14, 2020	431,008	420,427	
172,000	Trugreen LP, Initial Term Loan (First Lien)	April 13, 2023	220,280	222,803	
739,139	Westmoreland Coal Company, Term Loan	December 16, 2020	730,500	716,004	
Total Bank Debt			53,820,864	52,857,201	101.63%
UNFUNDED BANK DEBT COMMITMENT					
95,000	Pet Supermarket, Inc., Delayed Draw Term Loan	June 23, 2022	(1,242)	(1,227)	
Total Unfunded Bank Debt Commitment			(1,242)	(1,227)	0.00%
FORWARD CONTRACTS					
	United States Dollars				
	Forward currency contract				
	July 15, 2016			(846,833)	– 1.63%
Total Forward Contracts			–	(846,833)	– 1.63%
Total Investments			53,819,623	52,009,140	100.00%

See accompanying notes.

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SCHEDULE OF TOTAL RETURN SWAP

As at June 30, 2016

Par value (US\$)	Description	Maturity Date	Average Cost (US\$)	Fair Value (US\$)
BONDS				
10,655,000	Altegrity, Inc., 9.500%	July 1, 2019	9,829,238	9,696,050
1,592,000	Avaya Inc., 9.000%	April 1, 2019	1,273,600	1,186,040
560,000	HD Supply Inc., 5.250%	December 15, 2021	585,900	587,126
700,000	K Hovnanian Enterprises, 7.250%	October 15, 2020	654,500	605,500
590,000	PQ Corporation, 6.750%	November 15, 2022	590,000	613,600
7,198,000	Stena International SA, 5.750%	March 1, 2024	6,316,245	5,902,360
Total Bonds			19,249,483	18,590,676
BANK DEBT				
6,197,468	Albertson's LLC, Term Loan B-5	December 21, 2022	6,181,974	6,190,830
2,719,938	Albertson's LLC, Term Loan B-6	June 22, 2023	2,713,138	2,713,138
7,147,555	Alon USA Partners, LP, Term Loan B	November 26, 2018	7,111,817	7,076,080
1,837,587	Arch Coal Inc., Term Loan	May 16, 2018	863,049	840,696
7,142,731	Ascend Learning LLC, Term Loan (First Lien)	July 31, 2019	7,136,781	7,127,853
3,502,745	Avaya Inc., Term Loan B6	March 31, 2018	2,958,068	2,552,625
3,226,004	Aveta Inc., Term Loan	December 12, 2017	2,354,983	2,419,503
7,830,938	Brand Energy & Infrastructure Services Inc., Term Loan	November 26, 2020	7,393,713	7,609,714
6,982,097	Caesars Entertainment Resort Properties, LLC, Term Loan B	October 11, 2020	6,676,281	6,667,903
2,316,603	CEVA Group PLC (Dutch), Term Loan	March 19, 2021	2,023,166	1,888,031
3,195,314	CEVA Group PLC (USD), Term Loan	March 19, 2021	2,790,573	2,604,181
2,247,344	CEVA Group PLC Pre-funded LLC, Term Loan	March 19, 2021	1,962,679	1,831,585
399,414	CEVA Group PLC, Term Loan	March 19, 2021	348,822	325,523
2,160,267	CITGO Holdings Inc., Term Loan	May 12, 2018	2,158,236	2,172,868
3,713,000	Commercial Barge Line Company, Initial Term Loan	November 12, 2020	3,518,068	3,415,960
3,940,000	Creative Artists Agency, Term Loan	December 17, 2021	3,940,000	3,920,300
1,000,000	CVENT, Inc., Term Loan	June 16, 2023	990,000	997,500
944,627	Duke Finance LLC, Dollar Term B Loan (First Lien)	October 28, 2021	850,164	887,949
1,434,044	Exgen Texas Power, LLC, Term Loan	September 18, 2021	1,107,799	1,118,555
8,142,302	Federal Mogul Corporation, Term Loan C	April 15, 2021	7,389,139	7,501,095
5,084,730	Gates Global LLC, Term Loan	July 6, 2021	4,772,504	4,822,551
1,233,000	GTCR Valor Companies, Inc. Initial Term Loan (First Lien)	June 16, 2023	1,183,680	1,167,240
4,406,480	JC Penney Corporation Inc., Term Loan	June 23, 2023	4,384,448	4,362,415
6,333,000	McGraw-Hill Global Education Holdings, LLC, Term Loan B	May 4, 2022	6,301,335	6,317,168
606,782	NXP B.V. (NXP Funding LLC), Tranche B Term Loan	December 7, 2020	606,904	607,541
829,826	OCI Beaumont LLC, Term Loan B3	August 20, 2019	831,901	826,714
850,000	Prime Security Services Borrower, LLC (aka Protection 1 Security Solutions) Term B-1 Loan (First Lien)	May 2, 2022	850,000	849,646
2,039,444	ProQuest LLC, Initial Term Loan	October 24, 2021	1,988,458	1,962,965
3,027,621	PSAV (AVSC Holding Corporation), Term Loan	January 25, 2021	2,967,069	2,989,776

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SCHEDULE OF TOTAL RETURN SWAP continued

As at June 30, 2016

Par value (US\$)	Description	Maturity Date	Average Cost (US\$)	Fair Value (US\$)
3,961,393	STG-Fairway ACQ, Inc., Term Loan	June 30, 2022	3,897,020	3,877,213
5,584,113	Supervalu Inc., Term Loan	March 21, 2019	5,564,569	5,559,297
1,993,106	TNS Inc., Term Loan	February 14, 2020	1,983,140	1,990,614
750,000	University Support Services LLC (St. George's University Scholastic Services LLC), Term Loan	July 6, 2022	738,750	744,375
1,751,000	VCVH Holding Corp. Initial Term Loan (First Lien)	June 1, 2023	1,733,490	1,729,113
2,646,368	Veritas US Inc. Initial Dollar Term B-1 Loan	January 27, 2023	2,249,412	2,297,928
3,990,000	Vizient Inc., Term Loan	February 13, 2023	3,870,300	4,003,299
1,405,944	XO Communications LLC, Term Loan B	March 20, 2021	1,398,914	1,400,320
7,361,932	YRC Worldwide Inc., Term Loan	February 13, 2019	6,993,835	6,515,310
Total Bank Debt			122,784,179	121,885,373
Total Bonds and Bank Debt			142,033,661	140,476,050
Unrealized loss on total return swap (US\$)				(1,557,612)
Unrealized loss on total return swap (C\$)				(2,011,811)

See accompanying notes.

OCP SENIOR CREDIT FUND

NOTES TO FINANCIAL STATEMENTS

June 30, 2016
(stated in Canadian dollars)

1. THE FUND

OCP Senior Credit Fund (the "Fund") is an investment fund governed by the laws of the Province of Ontario by a Declaration of Trust dated October 25, 2010.

The Fund invests in 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.

In order to meet its investment objective, the Fund used the net proceeds of the initial offering to pre-pay its obligation to purchase a portfolio of Canadian Securities (the "Canadian Securities Portfolio") under a forward purchase and sale agreement (the "Forward Agreement"), which the Fund entered into with The Bank of Nova Scotia (the "Counterparty"). Under the terms of the Forward Agreement, the Counterparty agreed to deliver to the Fund on November 19, 2015 (being the scheduled Forward Termination Date) the Canadian Securities Portfolio with an aggregate value equal to the redemption proceeds of a corresponding number of units of OCP Credit Trust (the "Trust"), which held the Portfolio securities, net of any amount owing by the Fund to the Counterparty. As such, the return of the Fund was, by virtue of the Forward Agreement, based on the return of the Trust, which, in turn, was based on the performance of the Portfolio.

Just prior to the Forward Termination Date, the Forward Agreement was unwound in full (the "Forward Unwind"). Subsequent to the Forward Unwind, the Portfolio was held directly by the Fund whereas prior to the Forward Unwind, the Fund obtained exposure to the Portfolio through the Forward Agreement.

The Fund's investment objectives were amended on or about the Forward Termination Date to remove all references to the use of forward agreements to gain exposure to the Portfolio, to delete references to "tax-advantaged" and to clarify that the Fund will invest directly in securities similar to those held by the Trust prior to the Termination Date.

The Fund seeks to achieve the following investment objectives: (i) to provide unitholders with attractive, quarterly distributions, currently targeted to be \$0.125 per quarter (\$0.50 per year to yield 5% per year based on the \$10.00 subscription price); (ii) to preserve capital; and (iii) to generate enhanced return through increasing cash flow to the Portfolio as interest rates rise.

The amendments to the investment objectives of the Fund did not change the investment strategy and types of securities securityholders were previously exposed to indirectly through the Trust.

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, 2016 were authorized for issue by the Manager on August 25, 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements of the Fund have been prepared in accordance with International Accounting Standards (IAS 34) as issued by the International Accounting Standards Board (IASB). 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 the Forward Agreement, investments and derivatives, and significant judgements include determination of functional currency, classification of redeemable units 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 currency of the Fund.

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.

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.

NOTES TO FINANCIAL STATEMENTS continued

(i) Classification and recognition of financial instruments

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

Other financial assets and liabilities

All other financial assets and liabilities not measured at FVTPL are measured at amortized cost. Included in loans and receivables are receivables for investments sold, interest and other receivables, cash on deposit with brokers as collateral and cash and cash equivalents. Included in other financial liabilities are accounts payable and accrued liabilities, distributions payable, payable for investments purchased, payable for total return swap and interest payable. Financial assets and liabilities are shown at the amount required to be received or paid, discounted, when appropriate. The carrying value of financial assets and liabilities not measured at FVTPL approximates fair value.

(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. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All transaction costs such as brokerage commissions, incurred in the purchase and sale of securities for such instruments are recognized directly in the statement of comprehensive income. 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 "unrealized appreciation (depreciation) of investments" in the statements of comprehensive income. "Net realized gain (loss) on investments", "net change in unrealized appreciation (depreciation) of investments", "net realized gain (loss) on Forward Agreement" and "net change in unrealized appreciation (depreciation) of Forward Agreement" are determined on an average cost basis.

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 (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".

NOTES TO FINANCIAL STATEMENTS continued

Forward Agreement

Prior to the unwind, the Forward Agreement was valued at an amount that would be realized if the position was to be closed out in accordance with its terms, in which case fair value would be based on the net asset value (NAV) of the Trust. The Forward Agreement was categorized as held for trading and changes in fair value were reflected in the Fund's statements of comprehensive income under "Net change in unrealized appreciation (depreciation) of Forward Agreement".

(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 of deposits in banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Income and expense recognition

The interest for distribution purposes shown on the Statements of Comprehensive Income represents the coupon interest received by the Fund accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds which are amortized on a straight line basis.

Net realized gain/loss on sale of investments and unrealized appreciation/depreciation in investments are determined on an average cost basis. Average cost does not include amortization or premiums or discounts on fixed income securities with the exception of zero coupon bonds.

Redeemable participating units

The Fund's redeemable units 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 equity.

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.

Valuation of Fund Units

The value at which units are redeemed is the Net Asset Value per unit. Net asset value per unit is calculated daily by dividing the net asset value by its outstanding units. Amounts received on the issuance of units and amounts paid on the redemption of units are included on the statements of changes in equity.

Earnings (loss) Per Unit

Earnings (loss) per unit are based on the profit and total comprehensive income for the period divided by the weighted average number of units outstanding during the period.

Future Accounting Pronouncements – IFRS 9 *Financial Instruments* ("IFRS 9")

In July 2014, the IASB issued the final version of IFRS 9, first issued on November 2009, which brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement* (IAS 39). IFRS 9 introduces a principles-based approach to the classification of financial assets based on an entity's business model and the nature of the cash flows of the asset. It introduces a forward-looking impairment model for financial assets which will be applicable for all financial instruments subject to impairment accounting and requires more timely recognition of expected credit losses. Finally, it introduces a new hedge accounting model that aligns the accounting for hedge relationship more closely with risk management. IFRS 9 will be effective for the Fund on January 1, 2018. The Fund is currently assessing the impact of adopting IFRS 9 on the financial statements.

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 continue to meet its investment objective, on November 10, 2015, the Fund entered into a novation agreement with the Bank of Nova Scotia (the "Counterparty") becoming party to the December 20, 2010 total return swap ("TRS Facility") with the Counterparty.

OCP SENIOR CREDIT FUND

NOTES TO FINANCIAL STATEMENTS continued

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 1.00%, and any administrative fees or expenses which are incurred by the Counterparty directly. Effective December 19, 2015, the spread of 1.00% was increased to 1.10% and effective April 19, 2016 the spread of 1.10% was increased to 1.20%. 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 April 19, 2017, 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, 2016, the Fund has \$82,104,371 on deposit with the Counterparty as credit support (December 31, 2015 – \$98,000,277). Interest earned on the collateral is paid to the Fund and is included as interest income in the statements of comprehensive income.

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, 2016:

Sale	Amount \$	Purchase	Amount \$	Contract Price \$	Settlement date	Unrealized foreign exchange gain (loss) on contract \$
USD	109,907,000	CAD	141,109,048	0.78	July 15, 2016	(846,833)
						(846,833)

As at December 31, 2015:

Sale	Amount \$	Purchase	Amount \$	Contract Price \$	Settlement date	Unrealized foreign exchange gain (loss) on contract \$
USD	132,232,000	CAD	181,700,652	0.73	January 15, 2016	(1,273,832)
						(1,273,832)

OCP SENIOR CREDIT FUND

NOTES TO FINANCIAL STATEMENTS continued

The Fund has \$nil (December 31, 2015 – nil) on deposit with the foreign currency 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 foreign currency counterparty is rated BBB+ by Standard & Poor's (December 31, 2015 – BBB+).

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.

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

As at June 30, 2016:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial Assets				
Bank Debt	-	52,857,201	-	52,857,201
	-	52,857,201	-	52,857,201

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial Liabilities				
Unfunded Bank Debt Commitment	-	1,227	-	1,227
Total Return Swap	-	2,011,811	-	2,011,811
Forward contract	-	846,833	-	846,833
	-	2,859,871	-	2,859,871

As at December 31, 2015:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial Assets				
Bank Debt	-	85,064,796	-	85,064,796
	-	85,064,796	-	85,064,796

OCP SENIOR CREDIT FUND

NOTES TO FINANCIAL STATEMENTS continued

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial Liabilities				
Total Return Swap	-	6,511,564	-	6,511,564
Forward contract	-	1,273,832	-	1,273,832
	-	7,785,396	-	7,785,396

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, 2016 and December 31, 2015, 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, 2016 and December 31, 2015, 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

An objective of the Fund is to provide unitholders with attractive, quarterly distributions currently targeted to be \$0.125 per unit (\$0.50 per annum to yield 5.0% on the subscription price of \$10.00 per unit) to unitholders of record on the last business day of each of March, June, September and December.

If, in any year after such distributions, there would otherwise remain in the Fund additional net income or net realized capital gains, the Fund intends to make, on or before December 31 of that year, a special distribution of such portion of the remaining net income and net realized capital gains as is necessary to ensure that the Fund will not be liable for income tax under the Income Tax Act (Canada).

7. EXPENSES OF THE FUND AND RELATED PARTY TRANSACTIONS

Prior to the Forward Unwind, the Manager was entitled to an annual management fee of 0.50% based on the NAV of the Fund, as well as an annual fee of 1.00% based on the NAV of the Trust (total overall management fee of 1.50%). These fees were calculated daily and paid monthly in arrears. Post Forward Unwind, the Manager is entitled to an annual management fee of 1.50% based on the NAV of the Fund, calculated daily and paid monthly in arrears. During the period ended June 30, 2016, the Fund incurred management fees of \$1,274,479 (June 30, 2015 – \$594,348) of which \$174,187 (December 31, 2015 – \$233,468) was owing at June 30, 2016.

A dealer service fee, which is equal to 0.40% annually of the NAV of the Fund is payable to dealers whose clients hold units of the Fund. This fee is calculated daily and paid quarterly in arrears.

Under the Forward Agreement, the Fund paid to the Counterparty an annual fee as negotiated with the Counterparty, of the notional amount of the Forward Agreement (being equal to the NAV of the Trust), calculated daily and paid quarterly in arrears.

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 the equity treatment is the most appropriate classification. Unit capital amounts are determined on a per unit average cost basis.

The Fund is authorized to issue an unlimited number of transferable and redeemable units of one class, each of which is entitled to one vote at all unitholder meetings and represents an equal, undivided interest in the net assets of the Fund.

Units may be surrendered annually for redemption during the period from the first business day in March until 5:00pm (Toronto time) on March 15 in each year (the "Notice Period") subject to the Fund's right to suspend redemptions in certain circumstances. Units surrendered for redemption during the Notice Period will be redeemed on the last business day of May of each year (the "Annual Redemption Date") for a redemption price per unit equal to the NAV per unit determined as of the Annual Redemption Date, less any costs and expenses incurred by the Fund in order to fund such redemption.

OCP SENIOR CREDIT FUND

NOTES TO FINANCIAL STATEMENTS continued

Changes in the number of redeemable units outstanding for the periods ended June 30 are summarized as follows:

	2016 #	2015 #
Redeemable units outstanding, beginning of year	19,493,590	24,275,577
Redemption of redeemable units	(4,677,849)	(4,781,987)
Redeemable units outstanding, end of year	14,815,741	19,493,590

Under a normal course issuer bid, which will expire on July 17, 2017, the Fund has the ability to repurchase units up to a maximum of 10% of the public float at the time the bid commenced. Under the bid, units can be repurchased at their market price through the facilities of the Toronto Stock Exchange ("TSX"). During the periods ended June 30, 2016 and 2015, no units were purchased under this normal course issuer bid. When units are redeemed, the average cost of the units is deducted from unit capital and the difference between average cost and redemption price is taken to retained earnings.

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 of the Fund 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.

Subsequent to the Forward Unwind, the Portfolio was held directly by the Fund whereas prior to the Forward Unwind, the Fund obtained exposure to the Portfolio held in the Trust through the Forward Agreement. As such, the following incorporates the risks and risk management applicable to the Fund and the Trust.

Credit risk

Credit risk is the risk that a 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 are held directly or in a total return swap ("TRS Facility"). The fair value of debt securities held directly or in the TRS Facility, includes consideration of the credit worthiness 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 had a current credit rating of A+ by S&P as at June 30, 2016 and December 31, 2015.

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.

Within the Fund's Portfolio, the maximum exposure to any one debt issuer as of June 30, 2016 was \$17,703,845 representing 12.68% of the net assets of the Fund (December 31, 2015 - \$22,840,692 or 12.96%).

OCP SENIOR CREDIT FUND

NOTES TO FINANCIAL STATEMENTS continued

As at June 30, 2016 and December 31, 2015, direct and indirect exposure to debt securities by credit rating is as follows:

	As a % of Net Assets	
	June 30, 2016	December 31, 2015
A	-	1.54
BBB	0.56	3.53
BB	38.66	39.70
B	98.09	91.24
CCC	22.25	8.54
D	0.78	7.49
NR*	7.49	6.36

* Not rated by S&P Rating Services

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, payable for investments purchased, interest payable and distributions payable. These financial liabilities are all current and are expected to be settled within three months. The Fund's financial liabilities also include forward currency contracts to be settled on July 15, 2016 (Note 4) and a total return swap with a scheduled ramp-down date of April 19, 2017 (Note 3). The Fund expects to have sufficient liquid assets to settle these financial liabilities.

Redeemable units are redeemable at the holder's option subject to the conditions outlined in Note 8. The Manager expects to have sufficient liquid assets to settle any redemptions.

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 in assets that are denominated in a currency other than the Canadian dollar, the functional currency of the Fund, and also holds foreign currency denominated cash and other net assets. Consequently, the Fund is exposed to currency risk as the fair value of the investments and net assets denominated in currencies other than the Canadian dollar will vary due to changes in foreign currency exchange rates. As at June 30, 2016 and December 31, 2015, the Fund does not have significant exposure to foreign exchange risk as substantially all of the Fund's foreign denominated investments and net assets are hedged back to the Canadian dollar.

Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category. A summary of the Fund's concentration risk by product type as at June 30, 2016 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, which is available on SEDAR. Restrictions and specific requirements on the redemption of units are described in Note 8. The statements of changes in equity and Note 8 outline the relevant changes of the Fund's units for the periods.

The Fund's objectives in managing its capital in respect of the units are to provide unitholders with attractive quarterly distributions currently targeted to be \$0.125 per unit (\$0.50 per unit per year to yield 5% per year based on the \$10.00 subscription price), while at the same time to preserve and enhance the NAV.

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 distributions and redemptions.

OCP SENIOR CREDIT FUND

NOTES TO FINANCIAL STATEMENTS continued

11. TAXATION

The Fund qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada) and, accordingly, 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 unitholders. 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, this excess distribution is a return of capital and is not taxable to unitholders.

12. EARNINGS (LOSS) PER UNIT

Earnings (loss) per unit for the periods ended June 30, 2016 and 2015 is calculated as follows:

	2016	2015
Profit (loss) for the period	\$12,134,410	\$9,025,712
Weighted average units outstanding during the period	18,696,462	23,403,723
Earnings (loss) per unit	\$0.65	\$0.39

161 Bay Street, 49th Floor
Toronto Ontario M5J 2S1
(647) 260-4055 or (877) 260-4055
www.ocpseniorcredit.com • info@ocpfunds.com
