

OCP SENIOR CREDIT FUND

Interim Financial Statements for the period (Unaudited)
January 1, 2017 to June 30, 2017

NOTICE TO READER:

These interim financial statements and related notes for the six-month period ended June 30, 2017 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, 2017 \$	December 31, 2016 \$
ASSETS		
Current Assets		
Investments held long	62,539,117	62,111,306
Unrealized gain on total return swap [Note 3]	1,549,655	4,562,208
Cash and cash equivalents	14,346,376	21,202,134
Cash on deposit with brokers as collateral [Note 3]	54,232,268	76,355,118
Receivable for investments sold	1,632,240	31,756
Interest and other receivables	1,886,022	2,768,506
Unrealized gain on forward contracts [Note 4]	2,175,365	-
Total Assets	138,361,043	167,031,028
LIABILITIES		
Current Liabilities		
Unfunded bank debt commitments	3,588	3,437
Unrealized loss on forward contracts [Note 4]	-	2,192,412
Accounts payable and accrued liabilities [Note 7]	400,699	493,986
Payable for total return swap	2,533,333	6,294,456
Payable for investments purchased	9,527,852	2,542,939
Interest payable	244,075	228,483
Distributions payable [Note 6]	1,508,618	1,851,968
Total Liabilities	14,218,165	13,607,681
EQUITY		
Unit capital	88,642,913	108,817,342
Retained earnings	35,499,965	44,606,005
Total Equity	124,142,878	153,423,347
Total Liabilities and Equity	138,361,043	167,031,028
Number of Units Outstanding [Note 8]	12,068,945	14,815,741
Total Equity/Net Assets per unit	\$10.29	\$10.36

See accompanying notes.

OCP SENIOR CREDIT FUND

STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

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

	2017 \$	2016 \$
INCOME		
Investment Income		
Interest for distribution purposes	7,763,680	8,605,221
	7,763,680	8,605,221
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Foreign currency (loss)	(2,842,449)	(8,013,454)
Other net changes in fair value of investments		
Net realized gain (loss) on investments	2,748,289	(427,208)
Net realized gain (loss) on total return swap	3,514,579	(1,281,432)
Net realized (loss) gain on forward contracts	(1,032,200)	11,702,215
Net change in unrealized (depreciation) of investments	(5,545,333)	(167,481)
Net change in unrealized appreciation of derivatives	1,355,224	4,926,752
	5,961,790	15,344,613
EXPENSES		
Interest expenses	1,470,838	1,276,401
Management fees [Note 7]	1,116,224	1,274,479
Dealer service fees [Note 7]	297,660	333,589
Harmonized sales tax	123,685	150,875
Custodian and valuation fees	109,096	49,997
Securityholder reporting costs	37,089	51,118
Audit fees	17,356	11,521
Other administration costs	13,406	19,241
Legal fees	9,918	32,482
Independent Review Committee fees	9,473	6,000
Trustee fees	4,463	4,500
Total Expense	3,209,208	3,210,203
Profit and total comprehensive income for the period	2,752,582	12,134,410
Earnings (loss) per unit [Note 12]	\$0.19	\$0.65

See accompanying notes.

OCP SENIOR CREDIT FUND

STATEMENTS OF CHANGES IN EQUITY (Unaudited)

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

	Unit Capital \$	Retained Earnings \$	Total Equity \$
As at January 1, 2017	108,817,342	44,606,005	153,423,347
Changes in equity for 2017:			
Profit (loss) for the period	-	2,752,582	2,752,582
Reinvestment of dividends/distributions			-
Redemption of units	(20,174,429)	(8,498,974)	(28,673,403)
Distributions to unitholders			
Income		(3,359,648)	(3,359,648)
As at June 30, 2017	88,642,913	35,499,965	124,142,878
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

See accompanying notes.

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STATEMENTS OF CASH FLOWS (Unaudited)

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

	2017 \$	2016 \$
Cash Flow from Operating Activities		
Profit (loss) for the period	2,752,582	12,134,410
Adjustments for:		
Foreign currency loss	2,842,449	8,013,454
Net realized (gain) loss on investments	(2,748,289)	427,208
Net realized (gain) loss on total return swap	(3,514,579)	1,281,432
Net realized loss (gain) on forward contracts	1,032,200	(11,702,215)
Net change in unrealized depreciation on investments	5,545,333	167,481
Net change in unrealized (appreciation) on derivatives	(1,355,224)	(4,926,752)
Changes in working capital		
Decrease in cash on deposit with brokers as collateral	22,122,850	15,895,906
Decrease in interest and other receivables	882,484	1,215,896
Increase in interest payable	15,592	6,356
(Decrease) in accounts payable and accrued liabilities	(93,287)	(213,912)
(Decrease) in payable for total return swap	(3,761,123)	(3,611,002)
Purchase of Investments	(55,929,506)	(20,121,895)
Proceeds from sales of investments	58,089,231	54,485,488
Proceeds from (to) settlement of forward contracts and derivatives	2,482,379	10,420,783
Net Cash Generated (Used) by Operating Activities	28,363,092	63,472,638
Cash Flows from Financing Activities		
Distributions to unitholders	(3,702,998)	(7,976,777)
Amount paid on redemption of units	(28,673,403)	(44,518,236)
Net Cash Generated (Used) by Financing Activities	(32,376,401)	(52,495,013)
Foreign currency (loss) on cash and other assets	(2,842,449)	(8,013,454)
Net (decrease) increase in cash and cash equivalents	(4,013,309)	10,977,625
Cash and cash equivalents beginning of period	21,202,134	14,853,020
Cash and Cash Equivalents End of period	14,346,376	17,817,191
Interest received, net of withholding tax	8,646,164	9,550,381
Interest paid	(1,455,246)	(1,270,045)

See accompanying notes.

OCP SENIOR CREDIT FUND

SCHEDULE OF INVESTMENT PORTFOLIO (Unaudited)

As at June 30, 2017 (stated in Canadian dollars)

Par Value (\$)	Description	Maturity Date	Average Cost \$	Fair Value \$	% of Portfolio
LONG POSITIONS					
PREFERRED STOCK					
877	Alpha Natural Resources Holdings, Inc. PFD		12	5,117	
877	Alpha Natural Resources Inc. PFD USD		1,154	21,605	
Total Preferred Stock			1,166	26,722	0.04%
BANK DEBT					
254,000	Acosta, Inc. (fka Acosta Holdco, Inc.), Tranche B-1 Loan	September 26, 2021	320,365	295,760	
3,116,450	ADG LLC., Initial Term Loan	September 28, 2023	4,044,501	4,000,381	
1,418,536	Alon USA Partners LP, Tranche B Term Loan	November 26, 2018	1,818,964	1,839,274	
145,825	Alpha Natural Resources, Inc.	Defaulted	-	5,672	
782,000	Ascend Learning LLC, Term Loan B	July 12, 2024	1,011,867	1,013,941	
898,000	Avaya Inc., Term Facility	January 24, 2018	1,186,505	1,197,822	
493,582	Avaya Inc., Term Loan B6	Defaulted	550,581	508,250	
856,890	Azure Midstream Energy, Term Loan	November 15, 2018	863,926	1,027,715	
3,908,000	Brand Energy & Infrastructure Services, Inc. (fka FR Brand Acquisition Corp.), Initial Term Loan	June 21, 2024	5,112,391	5,044,311	
1,417,356	CCS Intermediate Holdings, LLC, Initial Term Loan (First Lien)	July 23, 2021	1,665,550	1,617,215	
2,138,335	CITGO Holding, Inc., Term Loan	May 12, 2018	2,826,100	2,789,398	
531,761	CRCI Holdings Inc., Initial Term Loan	August 31, 2023	690,431	690,344	
1,521,000	Delta 2 (Lux) S.a r.l (aka Formula One), Facility B3 (USD)	February 1, 2024	1,994,035	1,972,746	
4,904,439	Eastman Kodak Co., Term Loan	September 3, 2019	6,137,514	6,337,901	
2,370,000	Endo Luxembourg Finance Company I S.à r.l., Initial Term Loan	April 29, 2024	3,129,973	3,093,589	
4,025,296	HGIM Corp., Term Loan B	June 18, 2020	2,676,130	2,270,352	
852,000	Hoya Midco LLC, Initial Term Loan (First Lien)	June 30, 2024	1,113,372	1,104,703	
916,518	ICSH Parent, Inc., Initial Term Loan (First Lien)	April 29, 2024	1,242,101	1,186,871	
781,000	Idera, Inc., Initial Term Loan (First Lien)	June 28, 2024	1,018,021	1,009,480	
190,000	KMG Chemicals Inc., Initial Term Loan	June 15, 2024	250,189	248,436	
1,300,030	Meter Readings Holdings LLC, Initial Term Loan (First Lien)	August 29, 2023	1,679,537	1,698,262	
671,923	Milk Specialties Co., New Term Loan	August 16, 2023	878,774	876,115	
535,598	Ortho-Clinical Diagnostics Holdings Luxembourg S.À R.L., Initial Term Loan	June 30, 2021	642,406	690,362	
1,421,000	Parfums Holding Company Inc., Initial Term Loan (First Lien)	June 30, 2024	1,829,460	1,829,802	
1,011,465	Peabody Energy Corp., Term Loan (2017)	March 31, 2022	1,323,879	1,308,187	
35,625	Pet Holdings ULC., Delayed Term Loan	July 5, 2022	45,481	46,191	
847,595	Pet Holdings ULC., Initial Term Loan	July 5, 2022	1,096,645	1,098,992	
960,049	Petco Animal Supplies Inc., Term Loan	January 26, 2023	1,261,170	1,118,764	
337,155	Pike Corporation, Initial Term Loan (First Lien)	March 8, 2024	449,294	441,527	
302,243	Ramundsen Public Sector LLC, Term Loan	February 1, 2024	400,815	394,827	
350,552	Securus Technologies Holdings Inc., Initial Term Loan (First Lien)	April 30, 2020	362,859	453,617	

OCP SENIOR CREDIT FUND

SCHEDULE OF INVESTMENT PORTFOLIO (Unaudited) continued

As at June 30, 2017 (stated in Canadian dollars)

Par Value (\$)	Description	Maturity Date	Average Cost \$	Fair Value \$	% of Portfolio
1,136,000	Sequa Mezzanine Holdings LLC, Initial Term Loan (First Lien)	November 28, 2021	1,538,196	1,483,985	
1,043,035	Sterling Midco Holdings Inc., (fka Sterling Holdings Ultimate Parent Inc.), Initial Term Loan (First Lien)	June 19, 2024	1,373,313	1,347,892	
695,440	Supervalu Inc., Delayed Draw Term Loan	June 8, 2024	920,190	871,651	
1,159,067	Supervalu Inc., Initial Term Loan	June 8, 2024	1,560,135	1,452,752	
863,835	Synchronoss Technologies, Inc., Initial Term Loan	January 19, 2024	1,091,700	1,098,768	
294,636	TNS Inc. (Transaction Network Services, Inc.), Initial Term Loan (First Lien)	February 14, 2020	389,641	383,935	
170,280	Trugreen LP, Initial Term Loan (First Lien)	April 13, 2023	218,077	222,165	
1,645,800	Tweddle Group Inc., Closing Date Term Loan	October 24, 2022	2,132,958	2,133,944	
420,551	University Support Services LLC (St. George's University Scholastic Services LLC), Term Loan	July 6, 2022	555,716	546,649	
2,345,000	U.S. Anesthesia Partners Inc., Initial Term Loan (First Lien)	June 23, 2024	3,090,936	3,040,527	
392,875	Vertiv Group Corporation (fka Cortes NP Acquisition Corporation), Term B Loan	November 30, 2023	523,938	511,312	
385,000	VFH Parent LLC, Escrow Term Loan	December 30, 2021	518,870	501,895	
279,595	Vistra Operations Company LLC (fka Tex Operations Company LLC), 2016 Incremental Term Loan	December 14, 2023	370,290	362,523	
393,860	Vistra Operations Company LLC (fka Tex Operations Company LLC), Initial Term Loan	August 4, 2023	515,563	505,189	
731,673	Westmoreland Coal Co., Term Loan	December 16, 2020	723,121	838,401	
Total Bank Debt			63,145,480	62,512,395	96.60%
FORWARD CONTRACTS					
	United States Dollars				
	Forward currency contract				
	July 14, 2017			2,175,365	3.36%
Total Forward Contracts			-	2,175,365	3.36%
UNFUNDED BANK DEBT COMMITMENT					
256,000	ADG LLC., Delayed Draw Term Loan	September 22, 2023	(1,678)	(3,320)	
165,482	ICSH Parent, Inc., Delayed Term Loan (First Lien)	April 29, 2024	(1,127)	(268)	
59,375	Pet Holdings ULC., Delayed Term Loan	July 5, 2022	(761)	-	
Total Unfunded Bank Debt Commitment			(3,566)	(3,588)	-0.01%
Total Investments			63,143,080	64,710,894	100.00%

See accompanying notes.

OCP SENIOR CREDIT FUND

SCHEDULE OF TOTAL RETURN SWAP (Unaudited)

As at June 30, 2017 (stated in Canadian dollars)

Par value (US\$)	Description	Maturity Date	Average Cost (US\$)	Fair Value (US\$)
BONDS				
4,655,000	Altegrity Inc., 9.500%	July 1, 2019	4,294,238	4,934,300
592,000	Avaya Inc., 9.000%	Defaulted	473,600	475,080
4,000,000	BWay Intermediate Co. Inc., 5.500%	April 15, 2024	4,000,000	4,085,000
700,000	K Hovnanian Enterprises, 7.250%	October 15, 2020	654,500	712,250
590,000	PQ Corp., 6.750%	November 15, 2022	590,000	634,250
1,113,000	PetSmart Inc., 5.875%	June 1, 2025	1,099,860	1,072,654
2,198,000	Stena International SA, 5.750%	March 1, 2024	1,928,745	1,928,745
279,000	Valeant Pharmaceuticals International Inc., 6.500%	March 15, 2022	279,000	292,601
Total Bonds			13,319,943	14,134,880
BANK DEBT				
717,000	Accudyne Industries Borrower S.C.A. / Accudyne Industries LLC (fka Silver II US Holdings, LLC), Refinancing Term Loan	December 13, 2019	679,358	710,726
282,000	Acosta Inc. (fka Acosta Holdco, Inc.), Tranche B-1 Loan	September 26, 2021	263,846	253,249
2,186,494	Albertson's LLC, Term B-5 Loan	December 21, 2022	2,186,494	2,160,188
2,067,153	Albertson's LLC, Term B-6 Loan	June 22, 2023	2,067,153	2,041,961
7,073,487	Alon USA Partners, LP, Tranche B Term Loan	November 26, 2018	7,038,120	7,073,487
2,855,044	Array Canada Inc., (Array In Store NY, Inc.), Initial Term Loan	February 10, 2023	2,844,337	2,837,200
2,790,000	AVSC Holding Corp., Term Loan (First Lien)	April 29, 2024	2,776,050	2,783,025
2,304,031	Caesars Entertainment Resort Properties LLC, Term Loan B	October 11, 2020	2,304,031	2,311,231
1,550,340	Candy Intermediate Holdings Inc., Initial Term Loan (First Lien)	June 15, 2023	1,504,751	1,482,513
1,220,671	Canyon Valor Companies, Inc. (fka GTCR Valor Companies, Inc.), Initial Term Loan (First Lien)	June 16, 2023	1,171,844	1,226,469
2,292,903	Ceva Intercompany Dutch BV, Term Loan	March 19, 2021	2,002,468	2,131,444
3,162,625	Ceva Logistics U.S. Holdings Inc., US Term Loan	March 19, 2021	2,762,025	2,939,923
2,247,344	Ceva Group PLC, Pre-Funded L/C Loan	March 19, 2021	1,962,679	2,089,092
395,328	Ceva Logistics Canada, ULC Canadian Term Loan	March 19, 2021	345,253	367,490
2,673,753	Commercial Barge Line Co., Initial Term Loan	November 12, 2020	2,533,381	2,309,454
1,580,000	Constellis Holdings LLC, Term B Loan (First Lien)	April 21, 2024	1,569,461	1,561,566
3,900,400	Creative Artists Agency LLC, Refinancing Term Loan	February 15, 2024	3,890,649	3,922,340
997,500	Cvent, Inc., Term Loan (First Lien)	November 29, 2023	997,500	998,747
3,205,775	DTI Holdco, Inc., Initial Term Loan	October 2, 2023	3,173,717	3,106,931
937,530	Duke Finance LLC, Term B Loan (First Lien)	February 21, 2024	928,155	949,249
439,875	Dynacast International LLC, Term B-1 Loan (First Lien)	January 28, 2022	439,875	442,074
633,859	Exgen Texas Power LLC, Term Loan	September 18, 2021	492,012	379,259
4,782,692	Federal Mogul Corp., Tranche C Term Loan	April 15, 2021	4,340,293	4,794,649
1,540,000	Frontier Communications Corp., Term B-1 Loan	June 15, 2024	1,532,300	1,515,425

OCP SENIOR CREDIT FUND

SCHEDULE OF TOTAL RETURN SWAP (Unaudited) continued

As at June 30, 2017 (stated in Canadian dollars)

Par value (US\$)	Description	Maturity Date	Average Cost (US\$)	Fair Value (US\$)
942,000	HLF Financing S.a.r.l. (HLF Financing US, LLC), Senior Lien Term Loan	February 15, 2023	950,836	948,771
4,296,318	J.C. Penney Corporation Inc., Loan	June 23, 2023	4,274,837	4,241,540
423,000	Kronos Acquisition Intermediate Inc. (aka KIK Custom Products), Initial Loan	August 26, 2022	421,943	424,798
421,913	Mister Car Wash Holdings Inc., Term Loan	August 20, 2021	421,913	422,616
1,544,000	Misys Ltd., Dollar Term Loan (First Lien)	June 13, 2024	1,536,280	1,543,506
1,512,041	MMM Holdings Inc., Term Loan	June 30, 2019	1,413,758	1,470,460
1,099,246	MSO of Puerto Rico Inc., Term Loan	June 30, 2019	1,027,795	1,069,016
845,755	Prime Security Services Borrower LLC, Term Loan (aka Protection 1 Security Solutions) Term B-1 Loan (First Lien)	May 2, 2022	845,755	846,057
2,018,526	ProQuest LLC, Initial Term Loan	October 24, 2021	2,018,526	2,029,880
1,855,616	Quest Software US Holdings Inc., Initial Term Loan (First Lien)	October 31, 2022	1,827,782	1,883,065
3,961,393	STG-Fairway ACQ Inc., Term Loan	June 30, 2022	3,897,020	3,619,723
975,000	Strike LLC Term Loan	November 30, 2022	945,750	994,500
1,432,659	Synchronoss Technologies Inc., Initial Term Loan	January 19, 2024	1,381,628	1,405,439
1,801,814	TNS Inc. (Transaction Network Services, Inc.), Initial Term Loan (First Lien)	February 14, 2020	1,792,805	1,810,823
2,520,000	Twist Beauty International Holdings S.A. Facility B (USD)	April 22, 2024	2,507,400	2,513,700
4,090,844	University Support Services LLC (St. George's University Scholastic Services LLC), Term Loan	July 6, 2022	4,143,129	4,101,071
1,425,821	VCVH Holding Corp., Initial Term Loan (First Lien)	June 1, 2023	1,411,563	1,422,256
2,729,262	Veritas US Inc., New Dollar Term B Loan	January 27, 2023	2,729,262	2,731,309
1,718,444	Vistra Operations Company LLC (fka Tex Operations Company LLC), Initial Term Loan	August 4, 2023	1,716,296	1,699,971
3,519,412	Vizient, Inc., Term B-3 Loan	February 13, 2023	3,519,412	3,548,007
5,027,100	YRC Worldwide Inc., Initial Term Loan	February 13, 2019	5,027,100	4,882,573
Total Bank Debt			93,616,542	93,996,773
Total Equity, Bonds and Bank Debt			106,936,485	108,131,653
Unrealized gain on total return swap (US\$)				1,195,168
Unrealized gain on total return swap (C\$)				1,549,655

See accompanying notes

OCP SENIOR CREDIT FUND

NOTES TO FINANCIAL STATEMENTS (Unaudited)

June 30, 2017
(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 is designed to provide unitholders with exposure to the performance of an actively managed, diversified portfolio (the "Portfolio") comprised of senior secured loans and other senior debt obligations of non-investment grade North American issuers.

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 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, 2017 were authorized for issue by the Manager on August 28, 2017.

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 *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 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.

(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.

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

Other financial assets and liabilities

All other financial assets and liabilities not measured at FVTPL are measured at amortized cost. Assets are classified as loans and receivables and liabilities are classified as other financial liabilities. Included in loans and receivables are receivable for investments sold, interest and other receivables, cash and cash equivalents and cash on deposit with brokers as collateral. 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 due to their short term nature.

(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" and "net change in unrealized appreciation (depreciation) of investments" 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 values 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".

(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.

OCP SENIOR CREDIT FUND

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

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.

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% and effective June 16, 2017 the spread of 1.20% was decreased to 1.15%. 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-ICE
Euro	EUR-EURIBOR
GBP	GBP-LIBOR-ICE
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 17, 2018, 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, 2017, the Fund has \$54,232,268 on deposit with the Counterparty as credit support (December 31, 2016 – \$76,355,118). Interest earned on the collateral is paid to the Fund and is included as interest income in the statements of comprehensive income.

OCP SENIOR CREDIT FUND

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

4. FORWARD CONTRACTS

The Fund had entered into forward foreign currency contracts to deliver currencies at a specific future date as follows:

As at June 30, 2017:

Sale	Amount \$	Purchase	Amount \$	Contract Price \$	Settlement Date	Unrealized foreign exchange gain (loss) on contract \$
USD	94,300,000	CAD	124,409,990	0.76	July 14, 2017	2,175,365
						2,175,365

As at December 31, 2016:

Sale	Amount \$	Purchase	Amount \$	Contract Price \$	Settlement Date	Unrealized foreign exchange gain (loss) on contract \$
USD	115,800,000	CAD	153,235,245	0.76	January 13, 2017	(2,192,412)
						(2,192,412)

The Fund has \$nil (December 31, 2016 – \$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 S&P Global Rating (2016 – 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. These inputs may include, but are not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities or other market corroborated inputs.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

OCP SENIOR CREDIT FUND

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

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

As at June 30, 2017:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial Assets				
Bank Debt	-	62,512,395	-	62,512,395
Preferred Stock	-	26,722	-	26,722
Total Return Swap	-	1,549,655	-	1,549,655
Forward Contract	-	2,175,365	-	2,175,365
	-	66,264,137	-	66,264,137

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial Liabilities				
Unfunded Bank Debt Commitments	-	3,588	-	3,588
	-	3,588	-	3,588

As at December 31, 2016:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial Assets				
Bank Debt	-	62,081,402	-	62,081,402
Preferred Stock	-	29,904	-	29,904
Total Return Swap	-	4,562,208	-	4,562,208
	-	66,673,514	-	66,673,514

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial Liabilities				
Unfunded Bank Debt Commitments	-	3,437	-	3,437
Forward Contract	-	2,192,412	-	2,192,412
	-	2,195,849	-	2,195,849

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, 2017 and December 31, 2016, there were no transfers of financial assets and liabilities from Level 1 to Level 2.

OCP SENIOR CREDIT FUND

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

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, 2017 and December 31, 2016, there were no transfers of financial assets and liabilities from Level 2 to Level 1.

The Fund did not hold any 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

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, 2017, the Fund incurred management fees of \$1,116,224 (June 30, 2016 – \$ 1,274,479) of which \$155,036 was owing at June 30, 2017 (June 30, 2016 – \$174,187).

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.

The Fund is responsible for all costs relating to its administration and operation.

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.

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

	2017 #	2016 #
Redeemable units outstanding, beginning of period	14,815,741	19,493,590
Redemption of redeemable units	(2,746,796)	(4,677,849)
Redeemable units outstanding, end of period	12,068,945	14,815,741

Under a normal course issuer bid, which will expire on July 17, 2018, 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, 2017 and 2016, 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

OCP SENIOR CREDIT FUND

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

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.

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, 2017 and December 31, 2016.

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, 2017 was \$11,010,758 representing 8.87% of the net assets of the Fund (December 31, 2016 - \$14,080,955 or 9.18%).

As at June 30, 2017 and December 31, 2016, exposure to debt securities by credit rating is as follows:

	As a % of Net Assets	
	June 30, 2017	December 31, 2016
A	-	-
BBB	-	-
BB	38.95	33.74
B	112.36	97.13
CCC	6.89	22.79
D	-	-
NR*	5.09	2.99

* Not rated by S&P Global Rating

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 assets also include forward currency contracts to be settled on July 14, 2017 (Note 4) and a total return swap with a scheduled ramp-down date of April 17, 2018 (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 its assets in investments 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

OCP SENIOR CREDIT FUND

NOTES TO FINANCIAL STATEMENTS (Unaudited) continued

exchange rates. As at June 30, 2017 and December 31, 2016, 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, 2017 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.

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, 2017 and 2016 is calculated as follows:

	2017	2016
Profit (loss) for the period	\$2,752,582	\$12,134,410
Weighted average units outstanding during the period	14,341,483	18,696,462
Earnings (loss) per unit	\$0.19	\$0.65

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