

OCP SENIOR CREDIT FUND

Annual Management Report of Fund Performance for the year ended
December 31, 2017

Fund:

OCP Senior Credit Fund

Units:

Listed TSX: OSL.UN

Period:

January 1, 2017 to December 31, 2017

Manager:

Onex Credit Partners, LLC

910 Sylvan Avenue

Englewood Cliffs, New Jersey

U.S.A. 07632

(647) 260-4055 or (877) 260-4055

www.ocpseniorcredit.com • info@ocpfunds.com

Notes:

1. This Annual Management Report of Fund Performance contains financial highlights but does not contain the complete Annual Financial Statements of the Fund. You can get a copy of the Annual Financial Statements at your request, and at no cost, by contacting us (contact information above) or on SEDAR at www.sedar.com. Holders may also contact us to request a free copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.
2. This report may contain forward looking statements. Forward looking statements involve risks and uncertainties and are predictive in nature and actual results could differ materially from those contemplated by the forward looking statements.
3. Unless otherwise indicated all information is as at December 31, 2017.
4. None of the websites that are referred to in this Annual Management Report of Fund Performance, nor any of the information on any such websites, are incorporated by reference in this Annual Management Report of Fund Performance.

Investment Objectives and Strategies

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. Onex Credit Partners, LLC (the "Manager") is the manager of the Fund and also manages the Portfolio. 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 seeks to generate attractive risk-adjusted returns and stable income through a long only strategy focused on senior secured loans and other senior debt obligations of non-investment grade issuers that the Manager believes have strong market positions, attractive and sustainable business models and high-quality management teams. In pursuit of its objectives, the Fund anticipates it will employ leverage of up to 40% of its total assets.

Risks

There were no changes to the Fund over the period of this report that affected the overall level of risk associated with an investment in the Fund. Securityholders should refer to the Fund's annual information form ("AIF") for the year ended December 31, 2017 as it contains a detailed discussion of risk and other considerations relating to an investment in the Fund. The AIF is available free of charge from us (contact information above), on our website www.ocpcreditstrategy.com and on SEDAR www.sedar.com. Readers are also directed to Note 9 of the Fund's 2017 Annual Financial Statements, which discusses management of financial risks.

Results of Operations

The Fund's net assets decreased by \$30.3 million to \$123.1 million from December 31, 2016 to December 31, 2017. The Fund had redemptions of \$28.7 million for the year. The Fund paid distributions totaling \$6.3 million and had profit and net income of \$4.7 million. The Fund's twelve-month return was 3.4%, as compared to the Credit Suisse Leveraged Loan Index which returned 4.3%.

Against a backdrop of elevated prices and tightening yield spreads, the Fund performed well during the period and results were driven primarily by careful security selection. Looking at this year's top ten performers, six of the major contributors to performance were new to the list, as compared to last year's top ten performers. The Fund is typically invested in senior secured debt of high-quality, stable businesses that, in many cases, have been followed or invested in for years. Top individual contributors to performance included CEVA Inc. and Alon USA Energy Inc. ("Alon"). CEVA Inc., a transportation and logistics company, had improved performance over the course of the year and refinanced its 2018 bond maturity. The markets also responded positively to speculation of a potential sale or initial public offering of the company. Alon, a refiner and marketer of petroleum products, performed well due to improved earnings achieved through an increase in the difference between the price of the refined products it sells, and the cost of the crude oil used in those products. As well, it was announced in late 2017 that the company would be acquired by Delek US Holdings Inc. Alon is one of the Fund's largest allocations, which magnified the company's impact on overall performance.

The largest detractor from the Fund's performance during the period was the impact of pressures on the broader energy sector, and the oil and gas industry, which have affected the near-term operations of many companies. The only significant individual detractor from performance was the Fund's position in a marine transportation business that specializes in providing service vessels to deep water oil and gas operations. While the company's near-term operations were negatively impacted by overall industry pressures, the Portfolio Manager continues to have strong conviction in the company's operating model and its long-term value.

The Portfolio Manager remains cautiously optimistic about the current macroeconomic and geopolitical environment, expecting opportunities to develop as markets adjust and account for these risks.

Recent Developments

The Fund is invested in strong, stable businesses that are expected to withstand a changing market environment. Given the Fund's focus on floating-rate leveraged loans and the Portfolio Manager's focus on individual credit selection, the Fund is well positioned to minimize duration (interest rate sensitivity) risk should interest rates increase in the near term.

Related Party Transactions

The Manager and the Fund are deemed to be related parties. Please refer to the section titled "Management Fees", which outlines the fees paid to the Manager. The Manager and the Fund were not party to any other related party transactions during the year ended December 31, 2017.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past six periods.

THE FUND'S EQUITY/NET ASSETS PER UNIT ⁽¹⁾

	2017	2016	2015	2014	2013
Equity/Net Assets, beginning of period	\$10.36	\$9.04	\$10.05	\$10.25	\$9.75
Earnings from operations:					
Total revenue	1.07	1.01	0.13	0.00	0.00
Total expenses	(0.47)	(0.37)	(0.17)	(0.13)	(0.11)
Realized gains (losses) for the period	0.39	0.19	3.32	0.78	0.24
Unrealized gains (losses) for the period	(0.64)	0.94	(3.50)	(0.31)	0.87
Total Earnings (loss) from operations ⁽²⁾	0.36	1.77	(0.22)	0.34	1.00
Distributions:					
From income (excluding dividends)	(0.97)	(0.76)	0.00	0.00	0.00
From dividends	0.00	0.00	0.00	0.00	0.00
From capital gains	0.00	(0.01)	(1.14)	0.00	0.00
Return of capital	(0.02)	0.00	0.00	(0.50)	(0.50)
Total Distributions ⁽³⁾	(0.99)	(0.77)	(1.14)	(0.50)	(0.50)
Equity/Net Assets, end of period ⁽⁴⁾	\$10.20	\$10.36	\$9.04	\$10.05	\$10.25

Notes:

⁽¹⁾ This information is derived from the Fund's audited annual financial statements. The Fund adopted IFRS on January 1, 2014. Previously, the Fund prepared its financial statements in accordance with Canadian GAAP. Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. Under IFRS, the Fund measures the fair value of its investments using the guidance in IFRS 13 which requires that if an asset or liability has a bid price and an ask price, then its fair value is to be based on a price within the bid-ask spread that is most representative of fair value. Accordingly, the opening net assets as at January 1, 2013 was restated to reflect the accounting policy adjustments made in accordance with IFRS. All figures presented for periods prior to January 1, 2013 remain in accordance with Canadian GAAP.

⁽²⁾ Equity/Net assets and distributions are based on the actual number of units outstanding at the relevant time. The earnings from operations are based on the weighted average number of units outstanding over the financial period.

⁽³⁾ Distributions were paid in cash, or reinvested in additional units of the Fund.

⁽⁴⁾ This is not a reconciliation of the beginning and ending equity/net assets per unit.

RATIOS AND SUPPLEMENTAL DATA

	2017	2016	2015	2014	2013
Total Equity/Net Asset Value (000s) ⁽¹⁾	\$123,084	\$153,423	\$176,271	\$244,015	\$299,075
Number of units outstanding ⁽¹⁾	12,068,945	14,815,741	19,493,590	24,275,577	29,176,493
Management expense ratio ⁽²⁾	4.49%	3.90%	3.63%	3.32%	3.52%
Management expense ratio before waivers or absorptions	4.49%	3.90%	3.63%	3.32%	3.52%
Trading expense ratio ⁽³⁾	0.00%	0.00%	0.24%	0.27%	0.27%
Portfolio turnover rate ⁽⁴⁾	101.15%	46.75%	5.23%	N/A	N/A
Equity/Net Asset Value per unit	\$10.20	\$10.36	\$9.04	\$10.05	\$10.25
Closing market price	\$10.02	\$10.16	\$8.84	\$9.73	\$10.03

Notes:

- ⁽¹⁾ This information is provided as at December 31 of the year shown.
- ⁽²⁾ Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and, is expressed as an annualized percentage of daily average equity/net asset value during the period. Total expenses also include interest expense related to the total return swap. The MER for the year ended December 31, 2017, December 31, 2016, 2015, 2014 and 2013, excluding interest expense are 2.36%, 2.32%, 2.35%, 2.27% and 2.28%, respectively.
- ⁽³⁾ The trading expense ratio represents total commissions, forward agreement fees and other portfolio transaction costs expressed as an annualized percentage of daily average equity/net asset value during the period. The Fund stopped paying forward agreement fees after November 19, 2015.
- ⁽⁴⁾ The Fund's portfolio turnover rate indicates how actively the Fund's investment adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

For the periods prior to November 19, 2015, the Fund's return was linked, by virtue of a forward agreement, to the performance of a portfolio comprised primarily of senior secured loans and other senior debt obligations of non-investment grade North American issuers, and consequently, the portfolio turnover rate did not apply to the Fund.

Management Fees

The Manager is responsible for providing or arranging for all investment advisory and portfolio management services required by the Fund including, without limitation, managing the Portfolio in a manner consistent with the investment objectives, guidelines and restrictions of the Fund and for arranging for the execution of all portfolio transactions. The Manager is also responsible for the operational and administrative functions of the Fund. As compensation for the management services rendered to the Fund, the Manager is entitled to receive an annual management fee from the Fund in an amount equal to 1.50% of the net asset value of the Fund, calculated daily and paid monthly in arrears.

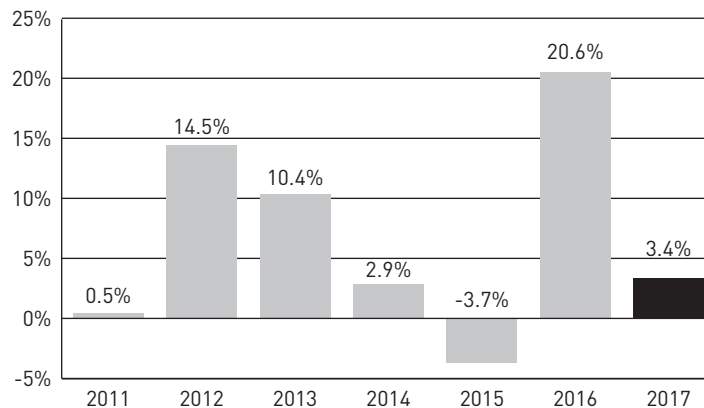
The Manager has retained FA Administration Services Inc. to provide certain administrative services to the Fund. The Manager pays FA Administration Services Inc. out of its management fee.

Past Performance

Please note that the performance information shown in this section assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund. Also note that the performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns on performance. The performance of the Fund in the past does not necessarily indicate how it will perform in the future.

YEAR-BY-YEAR RETURNS ⁽¹⁾

The following bar chart shows the Fund's Annual and annual performance for the periods shown and illustrates how the Fund's performance has changed from period to period. The bar chart shows, in percentage terms, how much an investment made on the first day of the period would have grown or decreased by the last day of the period.



⁽¹⁾ Returns are based on equity/net asset value per unit.

ANNUAL COMPOUND RETURNS

The table below summarizes the Fund's annual compound total returns for the periods ended December 31 as indicated. As a basis for comparison, we have provided the performance of the Credit Suisse High Yield Index ("Index A") which is designed to mirror the investable universe of the \$US-denominated high yield debt market and the Credit Suisse Leveraged Loan Index ("Index B") which is designed to mirror the investable universe of the \$US-denominated leveraged loan market. As the criteria for determining the constituents of the Portfolio and the indexes differ, it is not expected that the Fund's performance will mirror that of the indexes. Further, the return of the indexes is calculated without the deduction of management fees and fund expenses whereas the performance of the Fund is calculated after deducting such fees and expenses.

Period	Fund	Index A	Index B
1 Year	3.36%	7.03%	4.25%
3 Year	6.26%	6.36%	4.49%
5 Year	6.40%	5.68%	4.33%
Since Inception	6.59%	6.88%	4.83%

Summary of Investment Portfolio

As at December 31, 2017, one of the portfolio holdings in the Fund is a total return swap. The following is a summary of the Fund's portfolio as at December 31, 2017 assuming that the underlying assets of the total return swap were held directly by the Fund. This is a summary only and will change due to ongoing portfolio transactions of the Fund. A quarterly update will be available on www.ocpseniorcredit.com.

The percentages set forth in this Summary of Investment Portfolio may vary from the percentages set forth in the monthly updates prepared by the Fund. Chief among the reasons for the variance is that (i) the sector allocation in the summary is based on a percentage of net asset value and the monthly updates are based on a percentage of invested capital (direct investments plus exposure under the total return swap) and (ii) the summary reflects cash held by the Fund and the monthly update reflects only the direct investments held by the Fund plus exposure under the total return swap. Securityholders can obtain additional information by visiting our website at www.ocpseniorcredit.com.

TOP 25 HOLDINGS AS AT DECEMBER 31, 2017

Description	% of Equity/Net Asset Value
Long Positions	
Cash including cash on deposit with brokers as collateral	42.18
Alon USA Partners LP	8.65
Ceva Group PLC	7.84
Altegrity Inc.	4.96
University Support Services LLC	4.47
BWay Intermediate Co. Inc.	4.25
Eastman Kodak Co.	4.21
J.C. Penney Corporation Inc.	4.04
STG-Fairway ACQ Inc.	3.99
Brand Energy & Infrastructure Services, Inc.	3.98
DTI Holdco, Inc.	3.24
Albertson's LLC	3.24
ADG LLC	3.10
Array Canada Inc.	2.88
AVSC Holding Corp.	2.83
Veritas US Inc.	2.78
Aveta, Inc.	2.59
Twist Beauty International Holdings S.A.	2.58
TNS, Inc.	2.53
Endo Luxembourg Finance Company I S.a.r.l.	2.42
U.S. Anesthesia Partners Inc.	2.39
Avaya Inc.	2.15
YRC Worldwide Inc.	2.13
Stena International SA	2.11
ProQuest LLC	2.08
Total Net Asset Value	\$123,084,276

SECTOR ALLOCATION AS AT DECEMBER 31, 2017

Industry	% of Equity/Net Asset Value
Long Positions	
Cash including cash on deposit with brokers as collateral	42.18
Business Services	23.53
Healthcare	23.23
Technology	16.51
Retail	15.64
Energy	11.47
Transportation/Logistics	9.96
Packaging	7.23
Telecom	6.53
Service	3.80
Energy Service	3.36
Food	3.00
Insurance	3.00
Consumer Durables	2.88
Independent Power Producers	2.82
Pharmaceuticals	2.72
Consumer Non-Durables	2.62
Automobiles	2.61
Chemicals	2.53
Trucking	2.13
Education	2.08
Aerospace	1.96
Media	1.65
Gaming/Leisure	1.55
Shipping – Jones Act	1.33
Transportation	1.33
Forest Prod/Containers	1.00
Environmental Services	0.88
Housing/Building Products	0.38
Metals/Minerals	0.34
Finance	0.31

Portfolio Composition	% of Equity/Net Asset Value
Long Positions	
Bank debt	144.45
Cash including cash on deposit with brokers as collateral	42.18
Bonds	13.53
Equity	0.43

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