OCP CREDIT STRATEGY FUND

Annual Financial Statements for the year ended
December 31, 2011

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of OCP Credit Strategy Fund (the "**Fund**") are the responsibility of the management of the Fund. They have been prepared in accordance with Canadian generally accepted accounting principles using information available to March 28, 2012 and management's best estimates and judgments.

The management of the Fund is responsible for the information and representations contained in these Annual Financial Statements and the Annual Management Report of Fund Performance. Management is also responsible for the selection of the accounting principles that are most appropriate for the Fund's circumstances and for the judgments and estimates made in the financial statements. The management of the Fund maintains appropriate processes to ensure that accurate, relevant and reliable financial information is produced.

These financial statements have been approved by the management of the Fund and have been audited by Collins Barrow Toronto LLP, Chartered Accountants, on behalf of the unitholders. The auditors' report outlines the scope of their audit and their opinion on the financial statements.

Josh Spierer
Chief Financial Officer
Onex Credit Partners, LLC,
The Manager of the Fund
March 28, 2012

Michael Gelblat
Chief Executive Officer
Onex Credit Partners, LLC,
The Manager of the Fund
March 28, 2012

Collins Barrow
Chartered Accountants

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AUDITORS' REPORT

To the Unitholders of:

OCP Credit Strategy Fund

We have audited the accompanying financial statements of OCP Credit Strategy Fund (the "Fund"), which comprise the schedule of forward agreement as at December 31, 2011, the statements of net assets as at December 31, 2011 and December 31, 2010 and the statements of operations and changes in net assets for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Generally Accepted Accounting Principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2011 and December 31, 2010, and its financial performance and its changes in net assets for the years then ended in accordance with Canadian Generally Accepted Accounting Principles.

Collins Barrow Toronto LLP

Licensed Public Accountants
Chartered Accountants
Toronto, Canada
March 28, 2012

STATEMENTS OF NET ASSETS

As at December 31,

	2011 **$**	2010 $
Assets		
Forward Agreement *[Note 6]*	**260,140,282**	197,210,106
Receivable from counterparty under Forward Agreement *[Note 6]*	**–**	3,760,000
Cash	**7,153,386**	316,500
	267,293,668	201,286,606
Liabilities		
Accounts payable and accrued liabilities *[Note 5]*	**641,739**	547,353
Distributions payable *[Note 4]*	**5,316,356**	3,636,500
	5,958,095	4,183,853
Net Assets	**261,335,573**	197,102,753
Number of units outstanding *[Note 7]*	**30,379,175**	20,780,000
Net assets per unit	**$8.60**	$9.49

See accompanying notes.

STATEMENTS OF OPERATIONS

For the years ended December 31,

	2011 **$**	2010 $
Investment income		
Interest	**17,086**	25,927
Expenses		
Dealer service fee *[Note 5]*	**963,984**	787,882
Management fees *[Note 5]*	**753,113**	615,533
Harmonized sales tax / Goods and Services tax	**185,002**	117,507
Securityholder reporting costs	**82,092**	60,459
Independent review committee fees	**43,437**	45,307
Custodian and valuation fees	**39,787**	32,860
Legal fees	**27,995**	62,327
Audit fees	**16,075**	33,175
Trustee fees	**10,000**	10,000
	2,121,485	1,765,050
Net investment loss	**(2,104,399)**	(1,739,123)
Realized and unrealized gain (loss) on Forward Agreement and transaction costs		
Net foreign exchange gain (loss)	**257**	(36)
Net realized gain on partial settlements of Forward Agreement	**1,811,378**	884,957
Transaction costs *[Notes 2 and 6]*	**(599,214)**	(490,465)
Net change in unrealized appreciation (depreciation) on Forward Agreement	**(8,478,770)**	17,229,676
Net gain (loss) on Forward Agreement	**(7,266,349)**	17,624,132
Increase (decrease) in net assets from operations	**(9,370,748)**	15,885,009
Increase (decrease) in net assets from operations per unit	**($0.36)**	$0.76

See accompanying notes.

STATEMENTS OF CHANGES IN NET ASSETS

For the years ended December 31,

	2011 **$**	2010 $
Increase (decrease) in net assets from operations	**(9,370,748)**	15,885,009
Distributions to unitholders *[Note 4]*		
Return of capital	**(19,380,887)**	(16,179,308)
Capital unit transactions *[Note 7]*		
Subscriptions received	**99,580,800**	–
Redemption of units	**(1,979,655)**	–
Units purchased for cancellation	**(299,484)**	–
Agents' fees and expenses of issue *[Note 1]*	**(4,317,206)**	(91,548)
	92,984,455	(91,548)
Increase (decrease) in net assets for the year	**64,232,820**	(385,847)
Net assets, beginning of year	**197,102,753**	197,488,600
Net assets, end of year	**261,335,573**	197,102,753

See accompanying notes.

SCHEDULE OF FORWARD AGREEMENT

As at December 31, 2011

Number of Shares or Par Value (US$)	Description	Maturity date	Average cost $	Fair value $
Investments held by OCP Investment Trust				
LONG POSITIONS				
BONDS				
6,903,039	ACST Pass Through Trust Floating Rate	June 14, 2037	6,089,031	5,967,053
50,000	Ally Financial (formerly known as GMAC Inc.), 6.20%	November 15, 2013	45,004	49,847
100,000	Ally Financial (formerly known as GMAC Inc.), 6.375%	August 1, 2013	88,860	100,235
105,000	Ally Financial (formerly known as GMAC Inc.), 7.00%	January 15, 2013	100,238	105,396
96,000	Ally Financial (formerly known as GMAC Inc.), 7.00%	November 15, 2012	91,054	97,021
120,000	Ally Financial (formerly known as GMAC Inc.), 7.10%	January 15, 2013	114,010	120,208
30,000	Ally Financial (formerly known as GMAC Inc.), 7.10%	January 15, 2013	27,548	30,135
100,000	Ally Financial (formerly known as GMAC Inc.), 7.125%	August 15, 2012	97,055	101,158
135,000	Ally Financial (formerly known as GMAC Inc.), 7.25%	August 15, 2012	131,025	136,468
1,000,000	Ally Financial (formerly known as GMAC Inc.), 7.50%	August 15, 2017	854,728	941,872
194,000	Ally Financial (formerly known as GMAC Inc.), 7.75%	October 15, 2017	163,666	185,495
175,000	Ally Financial (formerly known as GMAC Inc.), 7.875%	November 15, 2012	164,353	177,398
90,000	Ally Financial (formerly known as GMAC Inc.), 8.00%	October 15, 2017	75,689	86,424
2,640,000	American Airlines Inc. PT TRS 11-2, 8.625%	April 15, 2023	2,829,452	2,785,433
440,000	American Airlines Inc., 7.50%	Defaulted	322,200	319,933
2,640,000	American Airlines Inc., 10.50%	Defaulted	2,441,185	2,563,941
2,083,730	American Airlines Inc. Pt Trust 09-1A, 10.375%	July 2, 2019	2,276,767	2,251,495
1,350,001	American Airlines Inc. PT TRS 11-1A, 5.25%	January 31, 2021	1,233,414	1,280,217
251,000	Arvin Meritor Inc., 10.625%	March 15, 2018	241,366	239,940
3,630,000	Arvin Meritor Inc., 8.125%	September 15, 2015	3,388,476	3,303,926
2,700,000	Beazer Homes USA, 6.875%	July 15, 2015	1,936,220	2,052,465
860,000	Beazer Homes USA, 8.125%	June 15, 2016	709,203	642,816
3,000,000	Capmark Financial Group, 6.30%	Defaulted	47,299	38,136
2,813,009	Capmark Financial Group B, 9.000% Floating Rate	September 30, 2015	2,883,242	2,896,456
684,861	Capmark Financial Group A, 7.00% Floating Rate	September 30, 2014	708,470	699,083
3,600,000	Chiron Merger Sub Inc., 10.500%	November 1, 2018	3,586,050	3,587,809
2,404,011	CIT Group Inc., 7.00%	May 1, 2017	2,202,706	2,444,765
1,360,001	CIT Group Inc., 7.00%	May 1, 2016	1,245,498	1,383,057
1,365,578	CityCenter Holdings LLC, 10.75%	January 15, 2017	1,364,200	1,432,126
615,000	ConvaTec Healthcare, 10.50%	December 15, 2018	622,627	558,193
11,650,000	Edison Mission Energy, 7.00%	May 15, 2017	8,786,005	7,700,874
7,595,000	Harbinger Group Inc., 10.625%	November 15, 2015	7,510,694	7,549,971
2,300,000	Intelsat Luxembourg SA, 11.250%	February 4, 2017	2,285,758	2,262,974
23,200	K Hovnanian Enterprises, 6.50%	January 15, 2014	18,530	13,920

SCHEDULE OF FORWARD AGREEMENT continued

As at December 31, 2011

Number of Shares or Par Value (US$)	Description	Maturity date	Average cost $	Fair value $
7,600,530	K Hovnanian Enterprises, 7.50%	May 15, 2016	5,896,517	2,975,811
645,000	Lehman Brothers Holdings, 3.60%	Defaulted	159,312	168,083
27,750,000	Lehman Brothers Holdings, 6.875%	Defaulted	6,845,191	7,478,415
48,790,000	Lehman Brothers Treasury Co. BV, 7.585%	Defaulted	1,502,333	1,404,080
3,803,500	Penson Worldwide Inc., 12.50%	May 15, 2017	3,689,591	2,320,788
2,000,000	Smurfit-Stone Container Corporation, 8.375%	Defaulted	–	38,136
115,000	Spectrum Brands Holdings, 9.500%	June 15, 2018	126,335	127,914
1,470,000	Springleaf Finance Corporation, 6.90%	December 15, 2017	1,222,077	1,076,343
140,120	ORA / NRS II	Defaulted	104,703	28,642
93,414	ORA / NRS II C	Defaulted	66,063	19,095
1,350,000	Wind Acquisition Finance SA, 7.250%	February 15, 2018	1,238,299	1,249,326
Total Bonds			75,532,044	70,992,873
BANK DEBT				
4,743,174	Alon USA Energy, Inc., Term Loan	August 2, 2013	4,404,820	4,528,139
1,870,769	Boyd Gaming Corporation, Term Loan	December 17, 2015	1,793,091	1,816,872
8,822,854	Caesars Entertainment Operating Co. Inc. (formerly known as Harrah's Operating Company Inc.), Term Loan B3	January 28, 2015	7,484,154	7,763,955
2,952,395	Caesars Entertainment Operating Co. Inc. (formerly known as Harrah's Operating Company Inc.), Term Loan B4	October 31, 2016	3,055,844	2,974,298
17,707,000	Capmark Financial Group Inc.	Defaulted	275,610	225,090
5,097,468	CCS Inc., Term Loan	November 14, 2014	4,626,536	4,749,733
3,698,550	Dynegy Midwest Generation, LLC, Term Loan	August 5, 2016	3,632,208	3,781,937
3,449,590	Dynegy Power, LLC, Term Loan	August 5, 2016	3,416,182	3,550,668
10,366,939	Federal Mogul Corporation, Term Loan	December 27, 2014	9,460,109	9,730,023
1,350,000	First Data Corporation, Term Loan B-1	September 24, 2014	1,198,915	1,236,741
12,650,000	GGP Term Loan A Stub	Defaulted	–	289,450
12,290,413	Glitnir Bank HF (USD) Claim	Defaulted	3,447,028	3,124,692
1,440,000	Glitnir Bank HF (EUR) Claim	Defaulted	474,527	455,768
2,250,000	Kaupthing Bank HF Claim	Defaulted	776,912	697,302
15,468,000	Lehman Brothers Specialty Finance Claim	Defaulted	6,657,843	7,157,251
10,900,000	Level 3 Financing Inc., Term Loan	March 13, 2014	10,196,186	10,572,112
2,417,052	LifeCare Holdings Inc., Term Loan	February 1, 2016	2,254,862	2,077,033
7,114,798	LightSquared LP, Term Loan	October 1, 2014	4,571,722	3,020,785
6,360,601	Mach Gen LLC, Term Loan	February 15, 2015	4,737,192	4,606,059
1,200,000	NewPage Corporation, Term Loan	March 7, 2013	1,194,810	1,232,547
1,396,271	Realogy Corporation, Term Loan	October 10, 2016	1,285,026	1,264,762

SCHEDULE OF FORWARD AGREEMENT continued

As at December 31, 2011

Number of Shares or Par Value (US$)	Description	Maturity date	Average cost $	Fair value $
1,462,160	Spanish Broadcasting System, Term Loan	June 10, 2012	1,264,419	1,367,992
5,032,000	Springleaf Financial Funding Company, Term Loan	May 10, 2017	4,547,886	4,436,064
1,760,000	Texas Competitive Electric Holdings Company, Extended Term Loan	October 10, 2017	1,150,232	1,131,076
9,822,384	Texas Competitive Electric Holdings Company, Non-Extending TL	October 10, 2014	7,298,759	6,951,654
6,945,415	Tribune Company Revolving Commitment	Defaulted	4,879,407	4,393,284
5,950,000	Tribune Incremental, Term Loan B	Defaulted	3,635,999	3,519,590
833,451	United Airlines Inc., N769UA Term Loan	September 30, 2013	742,281	720,443
1,204,657	United Airlines Inc., N768UA Term Loan	September 30, 2013	1,049,590	1,041,317
314,541	United Airlines Inc., N773UA Term Loan	June 30, 2012	287,026	284,687
2,205,121	Willbros United States Holdings Inc., Term Loan	June 30, 2014	2,187,993	2,231,291
970,098	Woodside PH Holdings	December 31, 2012	963,321	907,621
923,080	W.R. Grace Strip 5-year RC and 364 Day RC	Defaulted	1,649,910	1,741,107
Total Bank Debt			104,600,400	103,581,343
CREDIT DEFAULT SWAPS				
6,174,000	CDX HY 14, 5.00%	June 20, 2015	16,184	143,451
6,000,000	CDX HY 16, 1.00%	June 20, 2016	(22,518)	45,836
Total Credit Default Swaps			(6,334)	189,287
EQUITIES AND WARRANTS				
292,833	Capmark Financial Group Inc.		3,881,573	4,928,545
56,824	CIT Group Inc.		1,836,232	2,012,732
48,500	Dana Holding Corporation		574,891	598,772
63,473	Delphi Automotive PLC		1,280,404	1,386,513
82,129	General Motors Corporation		2,744,021	1,692,977
65,525	General Motors Corporation, Warrants A	July 10, 2016	1,400,679	778,306
65,525	General Motors Corporation, Warrants B	July 10, 2019	1,080,723	522,425
180,000	Motors Liquidation Company Escrow Preferred		–	45,763
529,000	Motors Liquidation Company Escrow GM		–	134,492
60,160	ProShares UltraShort Euro ETF		1,068,427	1,243,175
286,000	Smurfit-Stone Container Corporation Escrow		–	–
87,903	Technicolor		586,852	134,474
122,000	USPower Generating Company		1,283,708	460,603
Total Equities and Warrants			15,737,510	13,938,777
Total Long Positions			**195,863,620**	**184,602,374**

SCHEDULE OF FORWARD AGREEMENT continued

As at December 31, 2011

Number of Shares or Par Value (US$)	Description	Maturity date	Average cost $	Fair value $
SHORT POSITIONS				
BONDS				
(1,813,333)	Clearwire Corporation, 12.00%	December 1, 2015	(1,621,998)	(1,765,701)
(1,440,000)	Italian Government Bonds, 3.75%	December 15, 2013	(1,933,929)	(1,857,162)
(1,440,000)	Italian Government Bonds, 4.25%	August 1, 2013	(1,964,254)	(1,879,666)
(820,000)	J Crew Group, 8.125%	March 1, 2019	(789,052)	(796,376)
(2,050,000)	Lender Processing Services Inc., 8.125%	July 1, 2016	(2,065,530)	(2,048,270)
(2,050,000)	MGM Resorts International, 11.375%	March 1, 2018	(2,155,842)	(2,293,228)
(820,000)	Rite Aid Corporation, 9.50%	June 15, 2017	(712,454)	(760,935)
(2,150,000)	Simon Property Group LP, 5.65%	February 1, 2020	(2,279,597)	(2,504,972)
(2,400,000)	Spanish Government Bonds, 3.30%	October 31, 2014	(3,211,835)	(3,144,454)
(4,800,000)	Spanish Government Bonds, 4.25%	January 31, 2014	(6,579,966)	(6,430,322)
(2,200,000)	US Treasury Note, 2.00%	November 15, 2021	(2,275,048)	(2,261,767)
(4,400,000)	US Treasury Note, 3.125%	November 15, 2041	(4,678,805)	(4,675,948)
(2,150,000)	USG Corporation, 9.75%	January 15, 2018	(2,305,721)	(1,847,549)
Total Bonds			(32,574,031)	(32,266,350)
EQUITIES				
(9,207)	Dynegy Inc.		(33,893)	(25,936)
Total Equities			(33,893)	(25,936)
Total Short Positions			**(32,607,924)**	**(32,292,286)**
UNFUNDED BANK DEBT COMMITMENT				
(1,639,923)	Tribune Company Revolving Commitment	Defaulted	(525,972)	(630,400)
Total Unfunded Bank Debt Commitment			**(525,972)**	**(630,400)**
FORWARD CONTRACT				
	United States Dollars			
	Forward currency contract			
	30/04/2012 (1)		–	(4,099,906)
Total Forward Contract			**–**	**(4,099,906)**
Adjustment for transaction costs			(6,036)	–
Total Investments			**162,723,688**	**151,679,688**

SCHEDULE OF FORWARD AGREEMENT continued

As at December 31, 2011

Number of Shares or Par Value (US$)	Description	Maturity date	Average cost $	Fair value $
Other Assets and Liabilities held in OCP Investment Trust				
	Cash			123,819,297
	Cash on deposit with broker as collateral			386,442
	Receivable for investments sold			454,250
	Accrued interest			1,148,020
	Interest payable on short positions			(710,992)
	Accounts payable and accrued liabilities			(653,426)
	Payable for investments purchased			(16,008,630)
	Section 3855 valuation adjustment *[Note 6]*			25,633
Forward Agreement				**260,140,282**

(1) Sold 159,322,000 United States dollars for Canadian dollars at a rate of 1.0057. The counterparty is rated A- by Standard & Poor's.

NOTES TO FINANCIAL STATEMENTS

December 31, 2011 and 2010

1. THE FUND

OCP Credit Strategy Fund (the "**Fund**") is an investment fund governed by the laws of the Province of Ontario by a Declaration of Trust dated October 27, 2009. On November 20, 2009 the Fund completed an initial public offering of 20,000,000 units at $10 per unit. On December 3, 2009, an over-allotment option granted to agents was exercised for 780,000 units at $10 per unit. Agents' fees and expenses of issue relating to the initial public offering of units totaled $11,771,048. On June 21, 2011, a follow-on offering was completed for 8,600,000 units at $10.12 per unit. On July 7, 2011, an over-allotment option granted to agents was exercised for 1,240,000 units at $10.12 per unit. Agents' fees and expenses of issue relating to these offering of units were $4,317,206.

The Fund is designed to provide unitholders with exposure to the performance of an actively managed, diversified portfolio (the "**Portfolio**") comprised primarily of 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 offerings 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 has agreed to deliver to the Fund on November 20, 2014 (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 Investment Trust (the "**Trust**"), which holds the Portfolio securities, net of any amount owing by the Fund to the Counterparty. As such, the return of the Fund will, by virtue of the Forward Agreement, be based on the return of the Trust, which, in turn, will be based on the performance of the Portfolio.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("**GAAP**"). In applying Canadian GAAP, management may make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during the reporting year. Significant estimates include the valuation of the Forward Agreement. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

Forward Agreement

The Forward Agreement is 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 shall be based on the net asset value of the Trust. The Forward Agreement is categorized as held for trading and changes in fair value are reflected in the Fund's Statements of Operations under "Net change in unrealized appreciation (depreciation) on Forward Agreement". Trade date accounting is used.

Transaction costs

Portfolio transaction costs are expensed and are included in "Transaction costs" in the Statements of Operations. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers, fees incurred in conjunction with the Fund's Forward Agreement and levies by regulatory agencies and securities exchanges.

NOTES TO FINANCIAL STATEMENTS continued

Income and expense recognition

The accrual method of recording income and expenses is followed.

Increase (decrease) in net assets from operations per unit

The increase (decrease) in net assets from operations per unit in the Statements of Operations represents the increase (decrease) in net assets from operations during the year, divided by the weighted average number of units outstanding during the year.

Valuation of fund units for transaction purposes

Net asset value per unit is calculated at the end of Thursday of each week, on the annual redemption date and on such other dates as the Manager deems appropriate, by dividing the net asset value by the outstanding units.

Net assets per unit for financial reporting purposes are determined in the same manner as above, except for investments which are accounted for in accordance with CICA Handbook Section 3855.

Given that the Fund does not invest directly in any investment securities, there is no difference between the Fund's net asset value and the Fund's net assets.

Income taxes

No provision for income taxes has been recorded in the accompanying financial statements as all income and net realized taxable capital gains are distributed to the unitholders.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments of the Fund include cash, receivable from Counterparty under Forward Agreement, accounts payable and accrued liabilities and distributions payable. There are no significant differences between the carrying values of these financial instruments and their fair value. The Forward Agreement is carried at its fair value as described in Note 2 above. Financial instruments recorded at fair value are categorized between those whose fair value is based on quoted market prices (Level 1), those involving valuation techniques where all the model inputs are observable in the market (Level 2) and those where the valuation technique involves the use of non-market observable inputs (Level 3). The Forward Agreement is considered Level 2.

4. DISTRIBUTIONS

An objective of the Fund is to provide unitholders with tax-efficient quarterly distributions consisting of capital gains and returns of capital initially targeted to be $0.175 per unit ($0.70 per annum to yield 7.0% on the initial 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).

NOTES TO FINANCIAL STATEMENTS continued

5. EXPENSES OF THE FUND AND RELATED PARTY TRANSACTIONS

The Manager is entitled to an annual management fee of 0.3125% based on the net asset value of the Fund, as well as an annual fee of 0.9375% based on the net asset value of the Trust (total overall management fee of 1.25%). These fees are calculated weekly and paid monthly in arrears.

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

In addition, the Manager is entitled to an annual performance fee (the "**Performance Fee**") from the Trust once a unitholder of OCP Investment Trust has achieved a preferred return of 9.0%. The Performance Fee is calculated and accrued monthly and paid annually (except that when units are redeemed the accrued Performance Fee in respect of such units will be paid at the time of such redemption). The amount of the Performance Fee is determined as of December 31 of each year (the "**Determination Date**"). The Performance Fee for a given year will be an amount for each unit of OCP Investment Trust then outstanding equal to 15% of the amount by which the sum of (i) the net asset value of such unit at the Determination Date (calculated without taking into account the Performance Fee), and (ii) the distributions paid on such unit during the previous 12 months (such sum being referred to as the "**Return**"), exceeds the Threshold Amount (as defined below). No Performance Fee will be paid unless the Return exceeds 109% of the Threshold Amount. If the Return exceeds 109% of the Threshold Amount, the Manager will be entitled to a Performance Fee equal to 15% of the Return. Furthermore, the Manager, at its own discretion, has determined that the performance fee will also be subject to the unitholders of the Fund receiving a preferred return of 8%. The Threshold Amount is the greatest of: (i) the net asset value per unit of OCP Investment Trust immediately following the closing of the offering; (ii) the net asset value per unit of OCP Investment Trust on the Determination Date for the previous fiscal year (after payment of such Performance Fee); and (iii) the net asset value per unit of OCP Investment Trust on the Determination Date in the last fiscal year in which a Performance Fee was paid (after payment of such Performance Fee).

In 2011, the Trust incurred a performance fee of $12,269 (2010 – $1,042,891), and no amount was owing at year end (2010 – $1,042,891).

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.

6. FORWARD AGREEMENT

The Fund has used the net proceeds of the offering to pre-pay its obligation to purchase the Canadian Securities Portfolio pursuant to a Forward Agreement that it has entered into with the Counterparty, which has a credit rating of AA- according to Standard & Poor's Rating Services ("**S&P**"). Under the terms of the Forward Agreement, the Counterparty has agreed to deliver to the Fund on November 20, 2014, 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 Investment Trust, net of any amount owing by the Fund to the Counterparty. The Fund will partially settle the Forward Agreement prior to the Forward Termination Date in order to fund quarterly distributions, redemptions and repurchases of units from time to time, and operating expenses of the Fund. Under the Forward Agreement, the Fund pays to the counterparty an annual fee of 0.25% of the notional amount of the Forward Agreement (being equal to the net asset value of the Trust), calculated weekly and paid quarterly in arrears.

NOTES TO FINANCIAL STATEMENTS continued

The fair value of the Fund's Forward Agreement is equal to the net asset value of the Trust calculated at closing sale prices. As at December 31, 2011, the net asset value of the Trust was $260,140,282. For financial statement reporting purposes, the net assets of the Trust include portfolio securities measured in accordance with Section 3855 of the CICA Handbook, which for publicly listed securities is based on closing bid prices on long positions and ask prices for short positions on a recognized stock exchange on which the investments are listed or principally traded. The following reconciles the net assets of the Trust to the fair value of the Forward Agreement as at December 31:

	2011	2010
Net assets of the Trust based on closing bid/ask prices	**$260,114,649**	$197,188,655
Section 3855 valuation adjustment	**25,633**	21,451
Forward Agreement, at fair value	**$260,140,282**	$197,210,106

7. UNITS ISSUED AND OUTSTANDING

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.

Commencing in 2011, units may be surrendered annually for redemption during the year from the first business day in January until 5:00pm (Toronto time) on January 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 March of each year (the "**Annual Redemption Date**") for a redemption price per unit equal to the net asset value 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 units outstanding for the years ended December 31 are summarized as follows:

	2011 **#**	2010 \#
Units outstanding, beginning of year	**20,780,000**	20,780,000
Issuance of units	**9,840,000**	–
Redemption of units	**(205,625)**	–
Units purchased for cancellation	**(35,200)**	–
Units outstanding, end of year	**30,379,175**	20,780,000

Under a normal course issuer bid, which will expire on March 28, 2012, 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 were repurchased at their market price through the facilities of the Toronto Stock Exchange ("**TSX**"). 35,200 units were purchased under this normal course issuer bid at an average price of $8.51 per unit in 2011.

NOTES TO FINANCIAL STATEMENTS continued

8. 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, currency risk and other price 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 Trust 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.

As the Fund obtains exposure to the Portfolio held in the Trust through the Forward Agreement, the following incorporates the risks and risk management applicable to the Trust and the Fund.

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.

In entering into the Forward Agreement, which is the most significant asset of the Fund, the Fund is exposed to the credit risk associated with the Counterparty. As at December 31, 2011, the credit exposure is $260,140,282 (December 31, 2010 – $197,210,106) and is represented by the net asset value of the Trust. The possibility exists that the Counterparty will default on its obligations under the Forward Agreement. This risk is managed by dealing with a counterparty that the Manager believes to be creditworthy and through regular monitoring of credit exposures. As at December 31, 2011, the Counterparty has a current credit rating of AA- by S&P.

The Fund is also exposed to credit risk of the debt securities it has exposure to via the Forward Agreement. The Trust invests primarily in senior debt obligations of non-investment grade issuers, including defaulted obligations, which involves risk of loss and price changes due to such factors as an issuer's creditworthiness. This represents the main concentration of credit risk. The fair value of the debt securities held in the Portfolio includes consideration of the creditworthiness of the issuer. The Schedule of Forward Agreement discloses the securities that are currently in default.

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 Trust's Portfolio, the maximum exposure to any one debt issuer as of December 31, 2011 was $16,207,830 representing 6.23% of the net assets of the Trust (December 31, 2010 – $9,473,037 or 4.80%).

NOTES TO FINANCIAL STATEMENTS continued

As at December 31, of the years shown, indirect exposure to debt securities by credit rating is as follows:

	As a % of the Trusts net assets	
Credit rating	**2011**	2010
AAA	**(2.67)**	(1.41)
AA	**–**	(2.61)
A	**(2.35)**	1.07
BBB	**2.78**	–
BB	**0.87**	4.72
B	**32.09**	31.63
CCC	**5.99**	(0.17)
C	**1.15**	–
Not rated*	**16.61**	12.30

* Not rated by Standard & Poor's Rating Services.

All transactions executed by the Trust in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

Liquidity risk

Liquidity risk is the risk that the Fund may not be able to settle or meet its obligation on time or at a reasonable price.

The Fund has financial liabilities outstanding, including accounts payable and accrued liabilities and distributions payable. These financial liabilities are all current and due within 12 months. The Fund has sufficient cash on hand to settle these financial liabilities.

The Forward Agreement may be partially pre-settled at any time. If the Trust is unable to dispose of some or all of the Portfolio upon receipt of a redemption request, the Fund may experience a delay in the receipt of cash on the sale of Canadian Securities Portfolio to be delivered by the Counterparty under the Forward Agreement until such time as the Trust is able to dispose of such securities.

NOTES TO FINANCIAL STATEMENTS continued

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.

The Fund is exposed to the performance of the Trust, which invests in debt securities which may bear interest. Consequently, the Fund is exposed to interest rate risk on the Portfolio. Changes in the prevailing levels of market interest rates is not expected to have a significant impact on their fair values or 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 is exposed to the performance of the Trust, which invests its assets in securities that are denominated in a currency other than the Canadian dollar, the functional currency of the Fund. Consequently, the Fund is exposed to currency risk as the fair value of the Portfolio securities denominated in currencies other than the Canadian dollar will vary due to changes in foreign currency exchange rates. For the years ended December 31, 2011 and 2010, the Fund does not have significant exposure to foreign exchange risk as substantially all of the Trust's foreign investments are hedged back to the Canadian dollar.

Other price risk

Other price risk is the risk that the fair value of equities will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to the performance of the Trust, which does not invest substantially in equity securities and as a result, the Fund does not have a significant exposure to other price risk as of December 31, 2011 and 2010.

9. 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. Restrictions and specific requirements on the redemption of units are described in Note 7. The Statements of Changes in Net Assets and Note 7 outline the relevant changes of the Fund's units for the year.

The Fund's objectives in managing its capital in respect of the units are to provide unitholders with tax efficient quarterly distributions consisting of capital gains and returns of capital initially targeted to be $0.175 per unit ($0.70 per year to yield 7% per year based on the $10.00 initial subscription price), while at the same time to preserve and enhance the net asset value.

The Fund manages its capital in accordance with its investment objectives and strategies and the risk management practices outlined in Note 8 while maintaining sufficient liquidity to meet distributions and redemptions.

NOTES TO FINANCIAL STATEMENTS continued

10. INCOME TAXES

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.

As of December 31, 2011, the Fund has accumulated $8,353,377 of non-capital losses, which may be carried forward to reduce future taxable income and expire in the years indicated:

	Expiration of Non-Capital Losses		
Non-Capital Losses	2029	2030	2031
$8,353,377	$637,867	$3,673,163	$4,042,347

11. INTERNATIONAL FINANCIAL REPORTING STANDARDS

On December 12, 2011, the Canadian Accounting Standards Board ("**AcSB**") made a decision to extend the deferral of the adoption of International Financial Reporting Standards ("**IFRS**") by investment companies for an additional year to January 1, 2014. This extends the previous two-year deferral of IFRS to three years as compared to other publicly accountable entities. Consequently, IFRS will be applicable to the Fund for the fiscal year beginning January 1, 2014. At the transition date the prior fiscal year financial statements will require restatement to IFRS for comparative purposes.

The deferral is to provide time for the International Accounting Standards Board ("**IASB**") to finalize its guidance on investment entities such that a final standard could be issued after January 1, 2013, the previously established changeover date for investment companies in Canada.

The Fund has reviewed the existing body of IFRS against its current policies under Canadian GAAP and has noted certain policy differences, the most notable is the requirement to consolidate the financial results of the Fund with the Trust. Currently, investment entities would have to follow the consolidation requirements as set out in IFRS 10 Consolidated Financial Statements because IFRS does not differentiate between them and other entities. As a result, they would have to consolidate their financial statements with that of an entity they are investing in if they control that entity. As part of a project on consolidated financial statements, the IASB published an Exposure Draft ("**ED**") for Investment Entities on August 25, 2011, that proposes an exception to the principle in IFRS that an entity consolidates all controlled entities. Instead, the ED would require an entity that meets the criteria to be an investment entity to measure all controlled investments at fair value, with changes recognized in profit or loss. Comments on the ED were due by January 5, 2012. The IASB expects to complete the project in the second half of 2012.

Apart from this, other major changes identified include the addition of a statement of cash flows and the classification of unitholder's equity (puttable instruments) as a liability unless certain conditions are met, as well as more extensive note disclosure requirements. These changes will not have an impact on the Fund's results of operations or financial position.

The process of evaluating the potential impact of IFRS on the financial statements is ongoing, as the IASB and the AcSB continue to issue new standards and recommendations.

NOTES TO FINANCIAL STATEMENTS continued

12. RECLASSIFICATION

Certain comparative figures have been reclassified to conform to the current year's presentation.

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