OCP CREDIT STRATEGY FUND

Annual Financial Statements for the year ended

December 31, 2012

OCP CREDIT STRATEGY FUND

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, 2013 and management's best estimates and judgements.

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 judgements 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, 2013

Michael Gelblat
Chief Executive Officer
Onex Credit Partners, LLC,
The Manager of the Fund
March, 28, 2013

Collins Barrow
Chartered Accountants

Collins Barrow Toronto LLP
11 King St. W.
Suite 700, Box 27
Toronto, Ontario
M5H 4C7 Canada
T. 416.480.0160
F. 416.480.2646
www.collinsbarrow.com

INDEPENDENT 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, 2012, the statements of net assets as at December 31, 2012 and December 31, 2011 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, 2012 and December 31, 2011, 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, 2013

STATEMENTS OF NET ASSETS

As at December 31,

	2012 $	2011 $
ASSETS		
Forward Agreement *[Note 6]*	**262,152,514**	260,140,282
Receivable from counterparty under Forward Agreement *[Note 6]*	**7,500,000**	–
Cash	**867,819**	7,153,386
	270,520,333	267,293,668
LIABILITIES		
Accounts payable and accrued liabilities *[Note 5]*	**768,645**	641,739
Distributions payable *[Note 4]*	**5,234,218**	5,316,356
	6,002,863	5,958,095
Net Assets	**264,517,470**	261,335,573
Number of units outstanding *[Note 7]*	**29,909,815**	30,379,175
Net assets per unit	**$8.84**	$8.60

See accompanying notes.

STATEMENTS OF OPERATIONS

For the years ended December 31,

	2012 $	2011 $
INVESTMENT INCOME		
Interest	**12,518**	17,086
EXPENSES		
Dealer service fee *[Note 5]*	**1,055,293**	963,984
Management fees *[Note 5]*	**834,848**	753,113
Harmonized Sales Tax	**203,605**	185,002
Securityholder reporting costs	**78,582**	82,092
Custodian and valuation fees	**44,170**	39,787
Legal fees	**24,781**	27,995
Audit fees	**23,575**	16,075
Independent review committee fees	**41,870**	43,437
Trustee fees	**10,000**	10,000
	2,316,724	2,121,485
Net investment loss	**(2,304,206)**	(2,104,399)
REALIZED AND UNREALIZED GAIN (LOSS) ON FORWARD AGREEMENT AND TRANSACTION COSTS		
Net realized foreign exchange gain (loss)	**(19)**	257
Net realized gain on partial settlements of Forward Agreement	**3,257,205**	1,811,378
Transaction costs *[Notes 2 and 6]*	**(661,049)**	(599,214)
Net change in unrealized appreciation (depreciation) on Forward Agreement	**28,055,027**	(8,478,770)
Net gain (loss) on Forward Agreement	**30,651,164**	(7,266,349)
Increase (decrease) in net assets from operations	**28,346,958**	(9,370,748)
Increase (decrease) in net assets from operations per unit	**$0.94**	$(0.36)

See accompanying notes.

STATEMENTS OF CHANGES IN NET ASSETS

For the years ended December 31,

	2012 **$**	2011 $
Increase (decrease) in net assets from operations	**28,346,958**	(9,370,748)
Distributions to unitholders *[Note 4]*		
Return of capital	**(21,050,797)**	(19,380,887)
Capital unit transactions *[Note 7]*		
Subscriptions received	**–**	99,580,800
Redemption of units	**(2,775,891)**	(1,979,655)
Units purchased for cancellation	**(1,331,616)**	(299,484)
Agents' fees and expenses of issue *[Note 1]*	**(6,757)**	(4,317,206)
	(4,114,264)	92,984,455
Increase in net assets for the year	**3,181,897**	64,232,820
Net assets, beginning of year	**261,335,573**	197,102,753
Net assets, end of year	**264,517,470**	261,335,573

See accompanying notes.

OCP CREDIT STRATEGY FUND

SCHEDULE OF FORWARD AGREEMENT

As at December 31, 2012

Number of shares, units par value	Description	Maturity Date	Average Cost $	Fair Value $
Investments held in OCP Investment Trust				
LONG POSITIONS				
BONDS				
5,984,730	ACS Pass Through Trust Floating Rate	June 14, 2037	5,279,010	5,476,760
50,000	Ally Financial (formerly known as GMAC Inc.), 6.20%	November 15, 2013	45,004	50,213
100,000	Ally Financial (formerly known as GMAC Inc.), 6.375%	August 1, 2013	88,860	99,563
105,000	Ally Financial (formerly known as GMAC Inc.), 7.00%	January 15, 2013	100,238	104,605
120,000	Ally Financial (formerly known as GMAC Inc.), 7.10%	January 15, 2013	114,010	119,552
30,000	Ally Financial (formerly known as GMAC Inc.), 7.10%	January 15, 2013	27,548	29,888
1,000,000	Ally Financial (formerly known as GMAC Inc.), 7.50%	August 15, 2017	854,728	995,020
194,000	Ally Financial (formerly known as GMAC Inc.), 7.75%	October 15, 2017	163,666	191,612
90,000	Ally Financial (formerly known as GMAC Inc.), 8.00%	October 15, 2017	75,689	88,878
5,340,000	American Airlines Inc. 10.50%	Defaulted	5,156,648	5,975,650
4,480,500	Arvin Meritor, Inc., Floating Rate, 4.625%	March 1, 2026	4,045,298	4,158,701
6,300,000	Beazer Homes USA, 6.875%	July 15, 2015	5,198,697	6,282,266
860,000	Beazer Homes USA, 8.125%	June 15, 2016	709,203	911,044
3,000,000	Capmark Financial Group Inc., 6.30%	Defaulted	14,392	59,682
1,125,000	Ceva Group PLC, 11.50%	April 1, 2018	1,060,462	934,395
1,800,000	Ceva Group PLC, 8.375%	December 1, 2017	1,782,138	1,763,600
2,871,666	CityCenter Holdings LLC, 10.75%	January 15, 2017	2,972,851	3,099,239
3,168,000	Eastman Kodak Company, 10.625%	Defaulted	2,437,959	2,552,475
3,680,000	Eastman Kodak Company, 9.75%	Defaulted	2,842,445	2,964,997
8,690,762	Edison Mission Energy, 7.00%	Defaulted	6,361,170	4,581,684
940,000	Edison Mission Energy, 7.20%	Defaulted	481,932	495,559
5,670,000	International Automotive Components Group Ltd., 9.125%	June 1, 2018	5,242,813	5,231,044
4,500,000	Jefferson County Municipal Authority, Floating Rate	February 1, 2042	2,992,051	3,334,726
2,300,000	Jefferson County Municipal Authority, Floating Rate	February 1, 2042	1,642,539	1,704,415
1,410,000	Jefferson County Municipal Authority, Floating Rate	February 1, 2042	998,130	1,044,881
1,150,000	Jefferson County Municipal Authority, Floating Rate	February 1, 2042	805,072	852,208
23,200	K Hovnanian Enterprises, 6.50%	January 15, 2014	18,530	23,077
6,053,926	K Hovnanian Enterprises, 7.50%	May 15, 2016	4,696,656	5,871,284
940,000	K Hovnanian Enterprises, 8.625%	January 15, 2017	795,711	920,991
230,000	K Hovnanian Enterprises, 9.125%	November 15, 2020	224,134	242,507
385,000	Landsbanki Islands HF, 6.10%	Defaulted	26,598	23,935
645,000	Lehman Brothers Holdings, 3.60%	Defaulted	95,814	149,969
3,150,000	Lehman Brothers Holdings, 6.20%	Defaulted	637,637	748,075
27,750,000	Lehman Brothers Holdings, 6.875%	Defaulted	4,089,911	6,624,690
2,250,000	Lehman Brothers Holdings, Floating Rate	Defaulted	389,637	517,554
2,250,000	Lehman Brothers Holdings, Floating Rate	Defaulted	387,072	517,554
2,250,000	Lehman Brothers Holdings, Floating Rate	Defaulted	467,774	517,554
48,790,000	Lehman Brothers Treasury Co. BV, 7.585%	Defaulted	1,333,546	1,563,422

SCHEDULE OF FORWARD AGREEMENT continued

As at December 31, 2012

Number of shares, units par value	Description	Maturity Date	Average Cost $	Fair Value $
3,803,500	Penson Worldwide Inc., 12.50%	Defaulted	3,689,591	832,334
2,000,000	Smurfit-Stone Container Corporation, 8.375%	Defaulted	–	2,984
450,000	USG Corporation, 7.875%	March 30, 2020	446,644	497,971
Total Bonds			68,791,808	72,156,558
BANK DEBT				
4,419,444	Alon USA Energy, Inc. Term Loan	November 13, 2018	4,230,586	4,417,994
2,617,787	Altegrity, Inc., Term Loan	February 21, 2015	2,501,733	2,408,615
3,150,000	Apollo Management Holdings LP., Term Loan	January 3, 2017	2,885,245	2,851,303
1,023,290	ATP DIP, Delay Draw, Term Loan	February 28, 2014	988,719	860,096
2,296,514	ATP Oil & Gas Corporation, Term Loan	February 28, 2014	2,250,740	1,930,266
2,308,433	Avaya Inc., Term Loan B3	October 26, 2017	2,092,123	2,016,504
2,852,690	Avaya Inc., Term Loan B5	March 31, 2018	2,762,691	2,779,041
6,565,170	Caesars Entertainment Operating Co. Inc. (formerly known as Harrah's Operating Company Inc.), Term Loan B3	January 28, 2015	5,569,030	6,421,521
2,922,269	Caesars Entertainment Operating Co. Inc. (formerly known as Harrah's Operating Company Inc.), Term Loan B4	October 31, 2016	3,024,661	2,942,302
17,707,000	Capmark Financial Group Inc.	Defaulted	177,996	352,262
2,865,254	CMA CGM Container, Term Loan	September 16, 2014	2,152,686	2,137,546
2,204,342	DS Waters Enterprises LP, Term Loan B	August 29, 2017	2,154,421	2,250,212
4,058,393	Dynegy Midwest Generation, LLC, Term Loan	August 5, 2016	4,090,183	4,186,241
2,627,739	Dynegy Power, LLC, Term Loan	August 5, 2016	2,602,291	2,725,828
3,455,861	Federal Mogul Corporation, Term Loan C	December 28, 2015	3,156,643	3,152,718
6,793,088	Federal Mogul Corporation, Term Loan B	December 29, 2014	6,204,923	6,197,209
171,491	First Data Corporation, Term Loan B1	September 24, 2014	162,879	170,250
205,436	First Data Corporation, Term Loan B3	September 24, 2014	199,710	204,028
12,650,000	GGP Term Loan A Stub	Defaulted	–	314,573
9,213,872	Glitnir Bank HF (EUR) Claim	Defaulted	3,526,111	3,293,647
16,890,413	Glitnir Bank HF (USD) Claim	Defaulted	4,797,954	4,620,238
15,468,000	Lehman Brothers Specialty Finance Claim	Defaulted	2,311,392	3,884,963
7,883,287	LightSquared LP, Term Loan	Defaulted	5,263,276	6,880,909
4,512,015	Mach Gen LLC, Term Loan	February 15, 2015	3,449,905	2,917,261
920,000	Monier, Term Loan	April 16, 2015	965,951	989,624
7,230,000	Navistar International Corporation, Term Loan B	August 16, 2017	7,218,277	7,215,638
11,583,000	Overseas Shipholding Group, Inc. Revolving Commitment	Defaulted	9,742,597	9,793,351
3,710,000	Patriot Coal Corporation, Term Loan	December 31, 2013	3,754,455	3,699,556
4,305,969	Realogy Corporation, Term Loan	October 10, 2016	4,063,126	4,291,171
8,182,000	Springleaf Financial Funding Company, Term Loan	May 10, 2017	7,357,073	8,085,216

SCHEDULE OF FORWARD AGREEMENT continued

As at December 31, 2012

Number of shares, units par value	Description	Maturity Date	Average Cost $	Fair Value $
3,894,430	Supervalue Inc., Term Loan B	August 30, 2018	3,805,145	3,933,505
5,419,693	Tervita Corporation (formerly known as CCS Inc.), Term Loan	November 14, 2014	4,952,455	5,296,618
460,000	Travelport Inc., Term Loan	August 23, 2015	443,257	465,187
1,318,722	Travelport Inc., Extended Term Loan	August 23, 2015	1,195,099	1,253,249
3,533,415	Tribune Company Revolving Commitment	Defaulted	2,482,353	2,917,186
5,605,836	Texas Competitive Electric Holdings Company, Non-Extended Term Loan	October 10, 2014	4,107,451	4,229,138
11,500,000	Texas Competitive Electric Holdings Company, Extended Term Loan	October 10, 2017	7,721,621	7,660,066
768,913	United Airlines Inc., N768UA Term Loan	September 30, 2013	669,937	669,232
511,291	United Airlines Inc., N769UA Term Loan	September 30, 2013	455,362	445,008
923,080	W.R. Grace Strip 5-year RC and 364 Day RC	Defaulted	1,649,910	1,780,707
2,538,584	Willbros United States Holdings Inc., Term Loan	June 30, 2014	2,492,686	2,474,622
Total Bank Debt			129,632,653	135,114,601
CREDIT DEFAULT SWAPS				
4,500,000	Avon Products, Inc., 5 Yr	September 20, 2017	751,761	709,602
4,600,000	Best Buy 5 Yr 5.00%	June 20, 2017	279,206	729,197
9,200,000	CDX HY 19, 5.00%	December 20, 2017	195,872	(61,006)
6,800,000	Darden Restaurants, Inc. 5 Yr	September 20, 2017	224,260	302,977
2,250,000	Smithfield Foods, Inc. 5 Yr	September 20, 2017	(9,227)	(228,063)
Total Credit Default Swaps			1,441,872	1,452,707

SCHEDULE OF FORWARD AGREEMENT continued

As at December 31, 2012

Number of shares, units par value	Description	Maturity Date	Average Cost $	Fair Value $
EQUITIES AND WARRANTS				
180,000	Air Canada, Class B		220,716	313,200
326,479	Capmark Financial Group Inc.		264,046	3,900,225
56,824	CIT Group Inc.		1,836,232	2,182,908
7,360	D.R. Horton, Inc.		145,182	144,663
74,973	Delphi Automotive PLC		1,625,542	2,851,768
65,525	General Motors Company, Warrants A, July 10, 2016, $10.00		1,400,679	1,273,570
65,525	General Motors Company, Warrants B, July 10, 2019, $18.33		1,080,723	816,024
180,000	General Motors Corporation, 5.25% Preferred B		–	–
529,000	General Motors Corporation, 6.25% Preferred C		–	1
205,903	Hovnanian Enterprises Inc., Inc.		712,288	1,431,631
4,600	Lennar Corporation		151,469	176,893
18,095	Motors Liquidation Company GUC Trust		–	377,980
60,160	ProShares UltraShort Euro ETF		1,068,427	1,136,980
305	Rock-Tenn Company, Class A		19,580	21,203
286,000	Smurfit-Stone Container Corporation Escrow		–	–
5,520	The Ryland Group, Inc.		154,477	200,357
122,000	US Power Generating Company		1,283,708	505,642
Total Equities and Warrants			9,963,069	15,333,045
Total Long Positions			209,829,402	224,056,911
FORWARD CONTRACT				
	United States Dollars			
	Forward currency contract 30/04/2013 [1]		–	1,341,545
Total Forward Contract			–	1,341,545

SCHEDULE OF FORWARD AGREEMENT continued

As at December 31, 2012

Number of shares, units par value	Description	Maturity Date	Average Cost $	Fair Value $
SHORT POSITIONS				
BONDS				
(1,380,000)	Accuride Corp., 9.50%	August 1, 2018	(1,350,611)	(1,324,640)
(920,000)	Alpha Natural Resources, 6.00%	June 1, 2019	(834,147)	(841,913)
(1,380,000)	Arch Coal Inc., 7.00%	June 15, 2019	(1,194,782)	(1,276,596)
(3,170,000)	Arch Coal Inc., 7.25%	June 15, 2021	(3,056,774)	(2,908,821)
(1,350,000)	Cenveo Inc., 8.875%	February 1, 2018	(1,265,385)	(1,275,701)
(900,000)	Exide Technologies, 8.625%	February 1, 2018	(739,184)	(758,706)
(1,350,000)	HD Supply Inc., 11.00%	April 15, 2020	(1,377,123)	(1,584,554)
(4,600,000)	iGate Corporation, 9.00%	May 1, 2016	(5,018,925)	(4,958,819)
(820,000)	J Crew Group, 8.125%	March 1, 2019	(789,052)	(862,553)
(2,250,000)	Navistar International Corporation, 8.25%	November 1, 2021	(2,167,744)	(2,159,739)
(2,400,000)	Spanish Government Bonds, 3.30%	October 31, 2014	(3,211,834)	(3,168,223)
(1,820,000)	Spanish Government Bonds, 4.25%	October 31, 2016	(2,303,085)	(2,421,859)
(2,200,000)	US Treasury Note, 2.00%	November 15, 2021	(2,275,048)	(2,268,860)
(2,150,000)	USG Corporation, 9.75%	January 15, 2018	(2,305,721)	(2,421,966)
Total Bonds			(27,889,415)	(28,232,950)
Total Short Positions			(27,889,415)	(28,232,950)
UNFUNDED BANK DEBT COMMITMENTS				
(452,824)	ATP Oil & Gas Corporation, Term Loan		–	(69,816)
Total Unfunded Bank Debt Commitments			–	(69,816)
Adjustment for transactions costs			(19,089)	–
Total Investments			**181,920,898**	**197,095,690**
Other Assets and Liabilities held in OCP Investment Trust				
	Cash			85,660,144
	Cash on deposit with broker as collateral			994,698
	Receivable for investments sold			13,127,182
	Accrued interest			685,456
	Performance fees payable			(1,335,510)
	Interest payable on short positions			(439,091)
	Accounts payable and accrued liabilities			(858,748)
	Redemptions payable			(7,500,000)
	Payable for investments purchased			(25,311,618)
	Section 3855 valuation adjustment *[Note 6]*			34,311
Forward Agreement				**262,152,514**

[1] Sold 222,000,000 United States dollars for Canadian dollars at a rate of 0.99662. The counterparty is rated A by Standard & Poor's.

NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

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 $4,323,963 of which $6,757 was invoiced and paid in 2012.

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.

Other assets and liabilities

Net assets, excluding cash and the Forward Agreement, are recorded at amortized cost. Assets, excluding cash and the Forward Agreement, are categorized as loans and receivables. Liabilities are categorized as other financial liabilities.

Transaction costs

Portfolio transaction costs are expensed and are included in ''Transaction costs'' in the Statements of Operations. Transaction costs are fees incurred in conjunction with the Fund's Forward Agreement.

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 Financial instruments – recognition and measurement (''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.

NOTES TO FINANCIAL STATEMENTS continued

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 also a financial instrument and 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).

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).

During 2012, the Trust incurred a performance fee of $1,351,680 (2011 – $12,269), of which $1,335,510 was owing at year end (2011 – $nil).

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 A+ 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 for equity securities. As at December 31, 2012, the net asset value of the Trust was $262,152,514. For financial statement reporting purposes, the net assets of the Trust include portfolio securities measured in accordance with Section 3855, 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:

	2012	2011
Net assets of the Trust based on closing bid prices	**$262,118,203**	$260,114,649
Section 3855 valuation adjustment	**34,311**	25,633
Forward Agreement, at fair value	**$262,152,514**	$260,140,282

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:

	2012 #	2011 #
Units outstanding, beginning of year	**30,379,175**	20,780,000
Issuance of units	**–**	9,840,000
Redemption of units	**(315,560)**	(205,625)
Units purchased for cancellation	**(153,800)**	(35,200)
Units outstanding, end of year	**29,909,815**	**30,379,175**

Under a normal course issuer bid, which will expire on July 16, 2013, 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''). 153,800 units (2011 – 35,200 units) were purchased under this normal course issuer bid at an average price of $8.64 per unit in 2012 (2011 – $8.51 per unit).

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 Fund and Trust.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund mitigates such risk by entering into investment transactions with high credit quality financial institutions.

NOTES TO FINANCIAL STATEMENTS continued

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, 2012, the credit exposure is $269,652,514 (2011 – $260,140,282) and is represented by the net asset value of the Trust and amounts owing from the Counterparty under the Forward Agreement. 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, 2012, the Counterparty has a current credit rating of A+ by S&P (2011 – AA –).

The Fund is also exposed to credit risk of the debt securities it has exposure to via the Forward Agreement which derives its value based on the performance of the Trust's Portfolio. 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 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, 2012 was $14,523,781 representing 5.54% of the net assets of the Trust (2011 – $16,207,830 or 6.23%).

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

	As a % of the Trust's net assets	
Credit Rating	**2012**	2011
AAA	**–**	(2.67)
AA	**(0.87)**	–
A	**2.09**	(2.35)
BBB	**(2.13)**	2.78
BB	**3.59**	0.87
B	**18.98**	32.09
CCC	**8.30**	5.99
CC	**4.85**	–
C	**2.65**	1.15
D	**1.94**	–
Not rated *	**28.87**	16.61

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

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 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

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.

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

NOTES TO FINANCIAL STATEMENTS continued

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, 2012 and 2011, 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, 2012 and 2011.

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.

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, 2012, the Fund has accumulated $12,400,348 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	2032
$12,400,348	$637,867	$3,673,163	$4,042,347	$4,046,971

11. INTERNATIONAL FINANCIAL REPORTING STANDARDS

Canadian investment companies will be required to prepare their financial statements in accordance with International Financial Reporting Standards (''IFRS''), as issued by the International Accounting Standards Board (''IASB''), for interim and annual periods beginning on or after January 1, 2014. These standards will replace the existing Canadian generally accepted accounting principles. Effective January 1, 2014, the Fund will adopt IFRS as the basis for preparing its financial statements. The Fund will prepare its first financial statements under IFRS for the interim period ending June 30, 2014, along with comparative data on an IFRS basis and an opening statement of financial position as at January 1, 2013.

The Fund is continuing with its orderly transition plan to meet the requirements to change over to IFRS. Based on the Fund's analysis to date, the transition to IFRS will primarily impact financial statement presentation and disclosures. A summary of the significant standards impacting the Fund under IFRS are outlined below. The key differences identified are based on the application of IFRS as they exist as of this date and will not have an impact on the Fund's Net Asset Value.

IAS 32 – Presentation of puttable instruments (equity vs. liability):

IAS 32 Financial Instruments: Presentation requires puttable instruments to be presented as a liability rather than equity on the Fund's Statement of Net Assets, unless certain conditions are met. IAS 32 defines a puttable instrument as a financial instrument that gives the holder the right to put the instrument back to the issuer for cash or another financial asset, as is the case with unit redemptions. The Fund is currently assessing its unitholder structure to confirm future presentation.

NOTES TO FINANCIAL STATEMENTS continued

IAS 7 – Statement of cash flows:
In addition to the financial statements currently presented, the Fund will be required to present a statement of cash flows under IFRS.

IFRS 13 – Fair value measurement:
If an asset or liability measured at fair value has a bid price and an ask price, IFRS 13 requires that the price within the bid-ask spread that is most representative of the fair value be used to measure fair value. The use of bid prices for asset positions and ask prices for liability positions is permitted, but is not required. IFRS 13 allows for the use of mid-market pricing or other pricing conventions that are used by market participants as a practical means for fair value measurements within a bid-ask spread. As the Fund does not invest directly in securities, adoption of IFRS 13 is not anticipated to have a material impact.

IFRS 10 – Consolidated financial statements:
The Fund is expected to meet the definition to be an investment entity, and, as such, will not be required to consolidate its investments, but rather measure them at fair value through profit or loss, regardless of whether those investments are controlled.

12. SUBSEQUENT EVENT

On March 21, 2013, the Minister of Finance announced proposed measures which would affect certain tax benefits of the distributions paid to taxable unitholders of investment funds, such as the Fund, that utilize forward purchase and sale agreements to obtain exposure to an underlying reference portfolio. Based on its review to date, the Manager believes that the Fund and the tax characterization of distributions received by unitholders will be unaffected until the expiration of the forward agreement in November, 2014. The Manager awaits further guidance from the Federal Government on the implementation of the budget proposals and will provide additional details as soon as it is in a position to do so.

910 Sylvan Avenue, Englewood Cliffs
New Jersey U.S.A. 07632
(647) 260-4055 or (877) 260-4055
www.ocpcreditstrategy.com • info@ocpfunds.com