



June 30, 2017

Dear Fellow Shareholders,

We are writing to update you on the liquidation of the Focused Credit Fund (the "Fund"). During the quarter, we continued to monetize portfolio positions with the goal of returning the Fund's remaining capital to shareholders as promptly as is reasonably practicable. In this regard, we have made significant progress and will make an additional liquidating distribution on or about July 12th, details of which will be made available on our website [www.focusedcreditfund.com](http://www.focusedcreditfund.com). Further details on the primary activity during the period and remaining investments are included below.

## Portfolio Update

### Liberty Tire Recycling LLC

The Fund sold all of its Liberty Tire position (Term Loan, 11% Notes and equity) at a reasonable discount to its carrying value in order to obtain near-term liquidity for shareholders, resulting in a \$0.07 decrease to the Fund's NAV. Other alternatives under consideration by Liberty Tire's Board and management would have taken far longer, may have produced a larger discount, and could have possibly resulted in the Fund receiving securities rather than cash, which would likely further delay realization. Thus, we identified a cash buyer and exited our entire position. Furthermore, this sale should help the Fund satisfy its Subchapter M diversification requirements for a longer period of time and not be subject to corporate level tax for the benefit of all shareholders.

### Longview Intermediate Holdings LLC

The Fund sold its Longview Power positions (equity, warrants, revolver commitment, and 12% notes) during the quarter. With wholesale electricity prices at low levels and no near-term increase predicted, combined with a variety of power plants in reorganization, Fund Management believed

that monetizing this investment at the present time was prudent given the potential for further downside risk in the volatile energy sector, in particular coal producers.

### Ideal Standard International S.A.

Ideal Standard represents the largest position remaining in the Fund. The maturity date on all of the Ideal Standard notes is May 1, 2018, and the company is exploring various re-financing and strategic options ahead of this maturity. The company's operational performance has been strong but, because of Ideal's complex capital structure, it is hard to predict what consideration the Fund might receive for its holdings in any future transaction involving the company. We continue to monitor the situation and will keep you updated on our progress as we work to maximize the net present value of the Fund's position.

## Additional Information

The Fund has now liquidated approximately \$660 million of investments, representing 85% of the NAV of the Fund measured as of the date of the approval of the Plan of Liquidation (December 9, 2015). When adding the Fund's previous liquidating distributions to the June 23 NAV of \$2.81, the total realized and unrealized value (remaining capital) amounts to \$6.38 per share. Fund Management has managed the portfolio in a manner which it believes has allowed the Fund to continue to meet the requirements of Subchapter M of the Internal Revenue Code. As long as the Fund continues to meet these requirements it should not be subject to federal income tax. There can be no assurance that the Fund will be able to comply with the Subchapter M requirements in the future.

We look forward to updating you on the status of the Fund next quarter.

### Third Avenue Management