

The NorthStream Credit Strategies Fund LP generated a return of 2.69% for the month of January, driven by capital appreciation in several bonds, including our position in Trinidad Drilling's 7.875% notes maturing 2019.

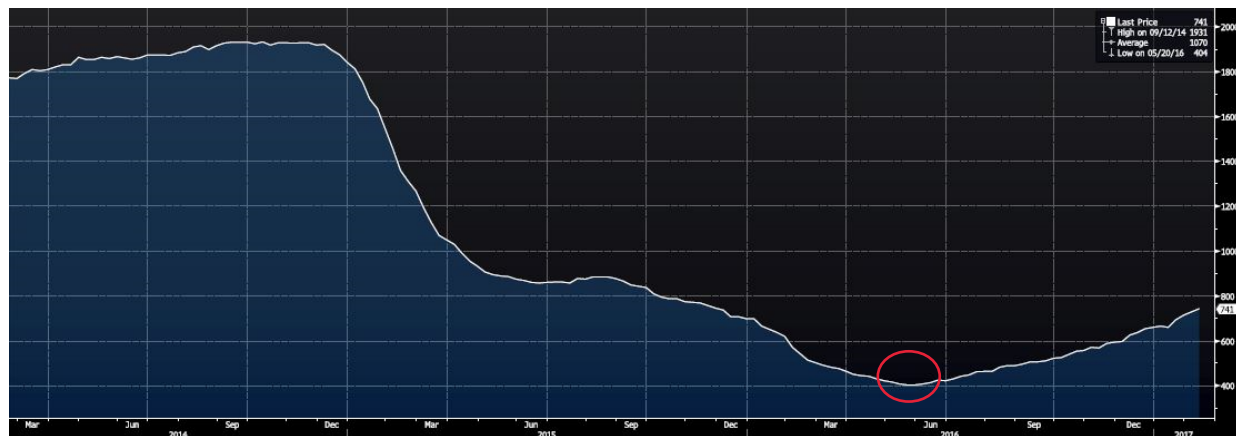
Oil reached a low of US\$26.21 (WTI) in February 2016 and had drifted up to the high \$40's in the second quarter. However, Canadian and US rig utilization continued to decline to unprecedented lows in Q2/2016 as energy companies reduced capital spending to preserve liquidity. Active rigs in Canada fell to 36 in May 2016 from an average of 194 in 2015 and an average of 379 in 2014. US rig activity also hit a new low of 404 in May 2016 compared to an annual average of 983 in 2015 and 1,862 in 2014. We believed rig activity would not recover to levels observed in 2014 but would increase materially from the lows experienced in May given the steep decline in production for a typical shale well.

3-Year Rig Utilization - Canada



Source: Bloomberg Professional Service, Baker Hughes

3-Year Rig Utilization - United States



Source: Bloomberg Professional Service, Baker Hughes

We purchased the Trinidad Drilling notes in May 2016 at a price of \$82.75 or a yield to maturity of 16.6%. In the first half of 2016, the company had taken several steps to preserve liquidity including suspending dividend payments, reducing capital expenditures, and repaying \$50.5 million outstanding on its revolving credit facility maturing in December 2018. In Q2/2016 Trinidad had reduced leverage to 3.6x, had only one debt obligation in the capital structure (US\$450 million of the 7.875% senior notes due 2019) and had ample liquidity to weather the poor visibility on drilling activity. We believed that the senior notes would be retired before the credit facility maturity in December 2018 and that a portion of the outstanding debt could be addressed with a relatively small amount of equity issuance to reduce the company's cost of debt.

We also considered an investment in Precision Drilling's senior notes at that time. On a relative value basis Precision Drilling was not as attractive given the company had higher leverage of 5.05x, a less favourable capital structure with five debt maturities ranging from 2019 to 2024, and a lower yield to maturity of 10.5% on the Precision 2019 senior notes. The Precision Drilling notes had appreciated as the price of oil increased, however Trinidad's bonds had lagged creating an opportunity to purchase the bonds near their lows while other oil service bonds and equities had begun to appreciate.

In the second half of 2016 oil prices averaged \$49.71 and North American rig activity steadily improved. In January 2017 Trinidad Drilling announced an equity offering raising \$149.5 million. Subsequently the company issued US\$350 million of senior notes maturing 2025 and tendered for the US\$450 million of notes maturing 2019 at a price of \$100.5. We generated a capital gain of \$17.75 points on our position over a nine month period.

Our bond holdings by rating for January were 27% BB, 67% B and 6% CCC. The Bank of Canada announced it was maintaining the over night rate at 0.50% on January 18th. The futures market indicates a 22% chance of a rate increase before the September meeting. Our Canadian dollar denominated positions comprised 77% of the portfolio. The NorthStream Credit Strategies Fund LP generated a cumulative return of 19.94% for the nine months since inception.

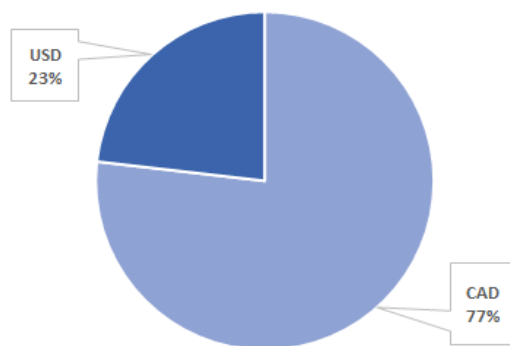
NorthStream Credit Strategies Fund LP - Performance													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2017	2.69%	-	-	-	-	-	-	-	-	-	-	-	2.69%
2016	-	-	-	-	0.49%	0.81%	3.40%	2.98%	2.29%	2.12%	0.75%	2.88%	16.80%

Return Since Inception: 19.94%

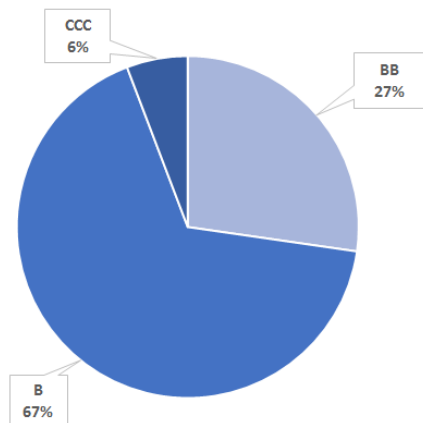
The NorthStream Credit Strategies Fund LP ("the Fund") launched on May 2nd 2016. The monthly returns above are shown net of all fees and expenses and are based on the Fund's Class X Lead Series NAV. Monthly NAV and returns are calculated by SGGG Fund Services.

Bond Holdings by:

Currency Exposure



Credit Rating



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