

The NorthStream Credit Strategies Fund LP generated a return of .63% for the month of May, driven by capital appreciation in the bonds of Home Capital Trust maturing May 24th, 2017.

We purchased the Home Capital Trust deposit notes on May 3rd, 2017 at a price of \$93.25, three weeks before the notes were scheduled to mature. Home Capital had caught our attention in early April as a potential short candidate, however we quickly found that a borrow was not available on the debt and the cost to borrow the equity was very expensive; increasing the probability it could be recalled at anytime. In late April, the debt and equity of Home Capital sold off after the OSC allegations regarding the company's senior management making misleading statements and the downgrade of Home Capital Trust Co's deposit notes by DBRS and S&P to non-investment grade status.

We initiated a position in the short-dated deposit notes following the forced selling by investment grade bond managers who cannot hold non-investment grade bonds and the announcement of Home Capital's \$2 billion credit facility with HOOPP. Our investment thesis was that the new credit facility would provide ample liquidity to address the pending maturity and a runway for the company to explore all strategic options in an efficient manner. On May 23rd, the company announced that it had drawn an additional \$250 million on its credit facility in preparation for the maturity of the deposit notes.

Our evoked set of investment opportunities includes cross-over¹ and BBB- credits that experience negative news such that they become "new entrants" into the high yield market or "fallen angels" once they are downgraded from high grade to high yield status.

Fallen angels provide an opportunity for NorthStream to generate alpha. The opportunity is created by forced selling by holders who are unable to hold non-investment grade securities due to fund bylaws or who lack the research resources to conduct necessary due diligence. Historically, fallen angels have generated higher absolute returns in the six-month period after entering the high yield market.



Source: Bank of America Merrill Lynch

The two recent examples of investment grade issuers that have experienced downgrades in the Canadian market include Home Capital and AIMIA. We have analyzed both and welcome the opportunity to discuss with clients and prospective investors.

Our bond holdings by rating for May were 29% BB, 52% B, and 19% CCC. Canadian dollar positions comprised 71% of our portfolio. The NorthStream Credit Strategies Fund LP generated a return of 21.18% since inception.

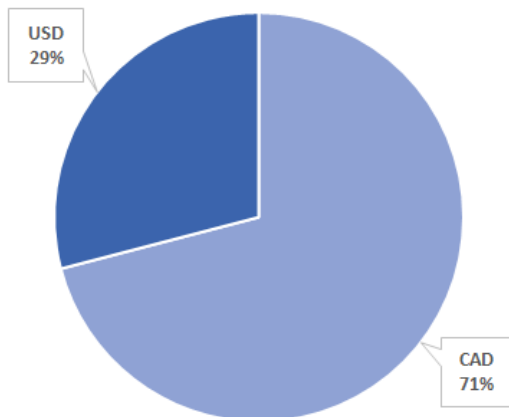
NorthStream Credit Strategies Fund LP - Performance													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2017	2.69%	0.66%	-0.89%	0.64%	0.63%	-	-	-	-	-	-	-	3.75%
2016	-	-	-	-	0.49%	0.81%	3.40%	2.98%	2.29%	2.12%	0.75%	2.88%	16.80%

Return Since Inception: 21.18%

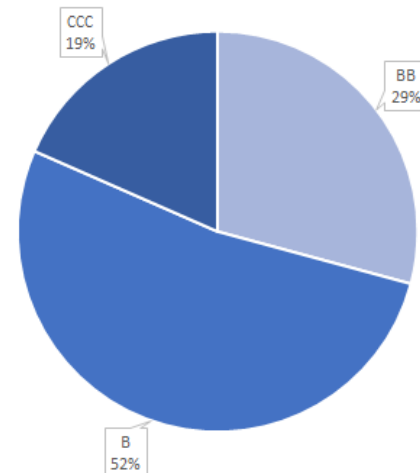
The NorthStream Credit Strategies Fund LP ("the Fund") launched on May 2nd, 2016. The monthly returns above are shown net of all fees and expenses and are based on the Fund's Class X Lead Series NAV. Monthly NAV and returns are calculated by SGGG Fund Services. Past performance is not indicative of future results.

Bond Holdings by:

Currency Exposure



Credit Rating



¹"Crossover credits" have characteristics that place them on the boundary between investment grade and non-investment grade. This category spans from the lowest level of investment grade (BBB) to the highest level of non-investment grade (BB).

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