



NorthStream Credit Strategies Fund LP

Monthly Commentary: October 2017

The NorthStream Credit Strategies Fund LP ("the Fund") generated a return of 1.40% in October, driven by capital appreciation in several positions on better than expected Q3 earnings reports.

New issuance in the Canadian high yield market was active as several companies including Superior Plus, Canadian Energy Services, Yellow Media, Gibson Energy, and GoEasy Ltd took advantage of strong investor demand to raise capital and extend maturities. The Bank of Canada decided to hold rates steady as GDP contracted recently and signaled a gradual approach to any additional rate increases, causing expectations for rate hikes in December or January to decline materially. The US economy is experiencing record employment resulting in a high probability of a rate hike in December.

In October the Fund had two realizations, including the Canadian Energy Services 7.375% notes maturing 2020 and the Seven Generations 5.375% notes maturing 2025, as we reduced energy and energy services exposure into the recent energy rally. Canadian Energy Services announced that it would redeem the bonds in 30 days at a price of \$103.688. We decided to sell the notes in the market at \$104 after the call notification was announced given our preference for capital gains over interest income. We prefer not to hold premium priced bonds to maturity or to the call date because it is tax inefficient, particularly when there are higher yielding opportunities in the secondary market.

Our bond holdings by rating were 33% BB, 54% B, and 13% CCC. Canadian dollar positions comprised 79% of the portfolio. The NorthStream Credit Strategies Fund LP generated a return of 26.17% for the eighteen months since inception. Please refer to our performance and risk metrics table below.

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%	0.02%	0.31%	1.30%	1.03%	1.40%	-	-	8.03%
2016	-	-	-	-	0.49%	0.81%	3.40%	2.98%	2.29%	2.12%	0.75%	2.88%	16.80%

Return Since Inception: 26.17%

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. Performance, risk metrics, and correlations are as of October 31, 2017.

Performance & Risk Metrics

Return Since Inception	26.17%
YTD	8.03%
1-YR Return	11.97%
Annualized Since Inception	16.76%
% of Positive Months	94.44%
Maximum Drawdown	-0.89%
Annualized Standard Deviation	4.06%
Sharpe Ratio ¹	3.82

Correlation

Index	XGB ²	TSX	S&P500
Correlation	0.86%	38%	3.2%
Upside Capture	100%	111%	77%
Downside Capture ³	-155%	-47%	-145%

¹ Using 1-year T-bills.

² iShares Canadian Government Bond Index ETF (XGB).

³ Negative downside capture vs. XGB, TSX, and S&P 500 is a result of NorthStream generating positive returns in months when these indices generated negative returns.

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