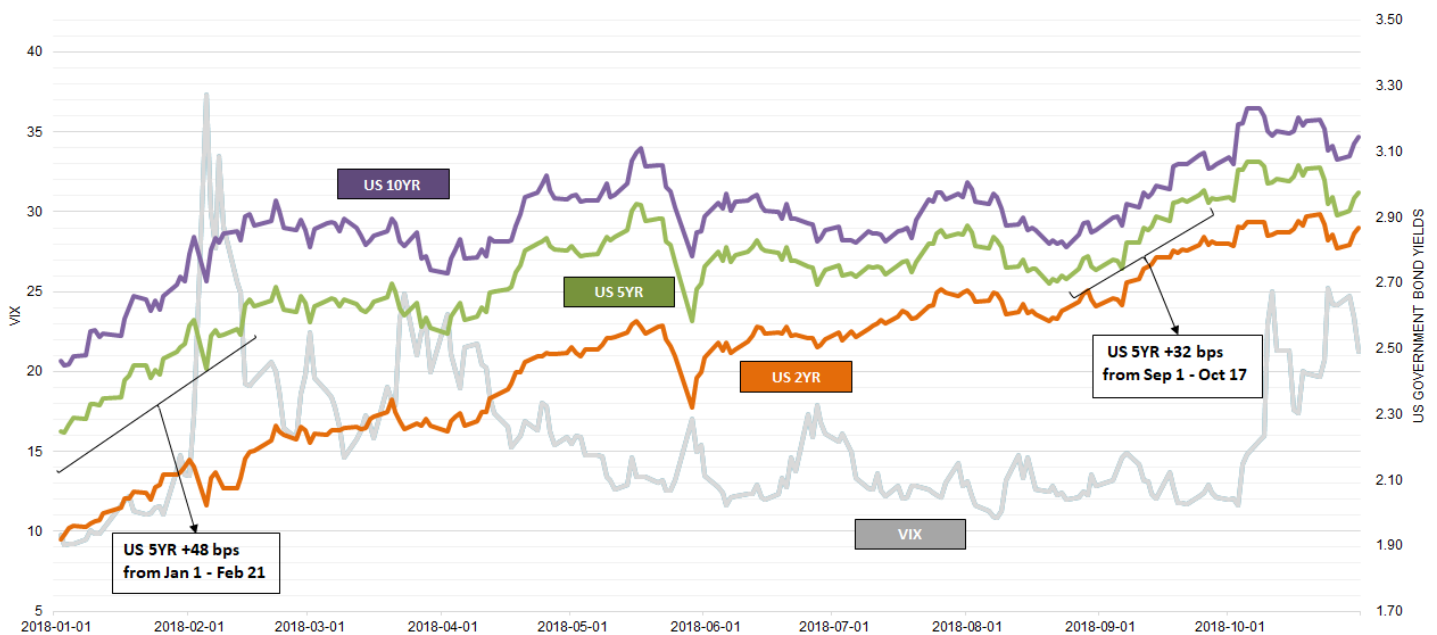


The NorthStream Credit Strategies Fund generated a return of -0.61% for the month of October compared to a return of -1.68% for the high yield market and -1.89% for the investment grade bond market.^{1,2} October was a difficult month for all fixed income asset classes including government bonds. The high yield bond market is the only fixed income asset class that has generated a positive return for the year in 2018.

The fund's 2018 YTD return is 3.02%, an excess return of 222 bps above the high yield index, which has returned 0.80% YTD.³ Our recent performance has been positively impacted by an emphasis on event-driven opportunities including bond merger arbitrage and a very low portfolio duration.

The volatility experienced in October has several culprits including the market concerns over global economic growth and the impact of trade wars between the US and China. We attribute the main cause of the repricing of equities and credit to the rapid increase in US interest rates. In September, the US 5-year treasury bond yield increased by 21 basis points to yield 2.95%. During the first week of October the yield on the US 5-year treasury increased another 11 basis points, which highlighted the potential for interest rates to move at a not so orderly rate. In fact, it was the second time in 2018 that a quick increase in interest rates caused assets to reprice. From the beginning of January to February 21st the yield on the 5-year treasury bonds increased by 48 bps compared to a 32 bps increase from the beginning of September to October 17th. Looking at the US yield curves, we see that 2-10 year bonds have shifted upward about 100 basis points in 2018 as shown in the chart below.

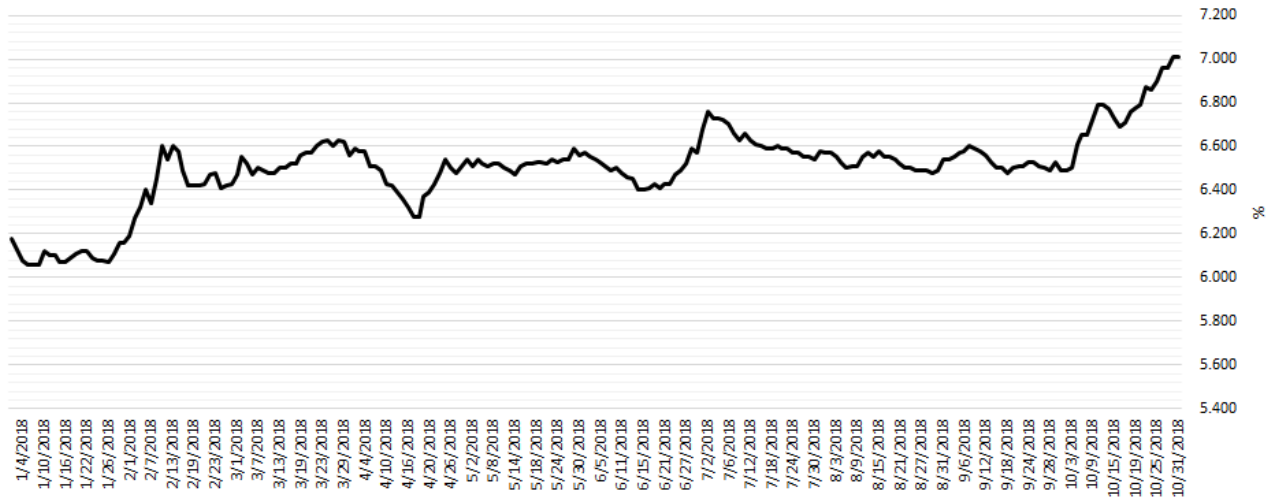
2018 YTD: US Govt Bond Yields & the VIX



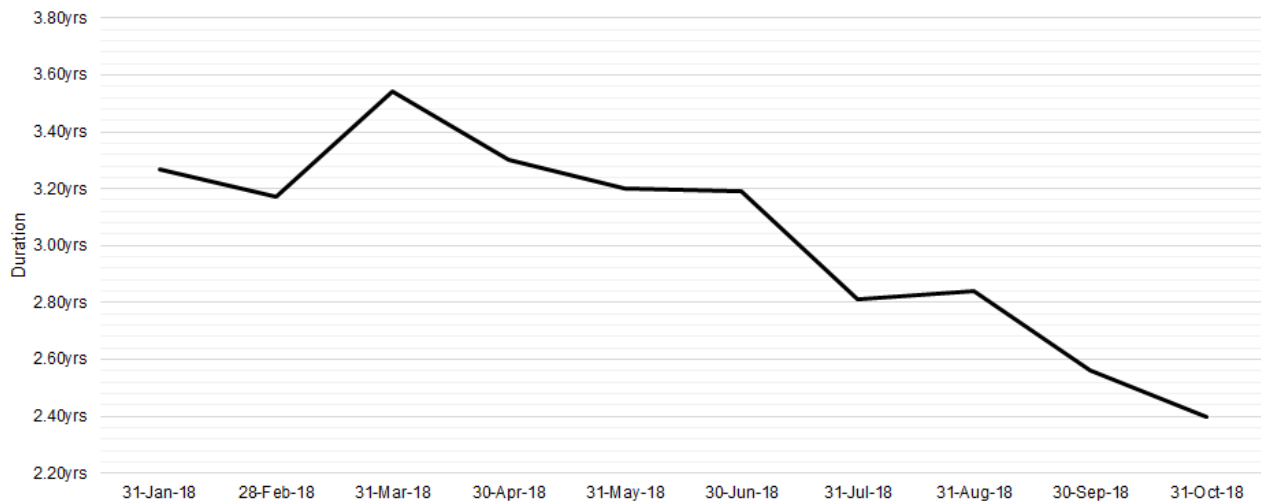
As we look at the yield to maturity on the US high yield bond market in 2018, we see the yield has risen a similar amount but the change in yield has been concentrated in periods when rates have risen rapidly. Looking to 2019 we expect a similar pattern of periods of rapid rate increases that will cause asset prices to reset.

Higher interest rates are not a bad thing for savers, however navigating the path to higher interest rates requires preparation to mitigate the impact. As the charts on the following page show, we have positioned the portfolio to take advantage of rising rates by reducing our portfolio duration to 2.40yrs (from 3.54yrs in March 2018) and increasing our weighting in yield-to-call positions to 40.58% (from 23.32% in March 2018). The yield-to-maturity on the high yield index increased to 7.01% at the end of October from 6.18% at the beginning of 2018.⁴ If interest rates increase another 75-100 basis points in the coming year and a material portion results in a higher yield-to-maturity, the high yield market will have a compelling current yield. Our view is that the rising rate environment will present numerous opportunities to rebalance the portfolio with higher yielding securities during periods of volatility, using the yield-to-call weighting of our portfolio as a source of capital for new positions.

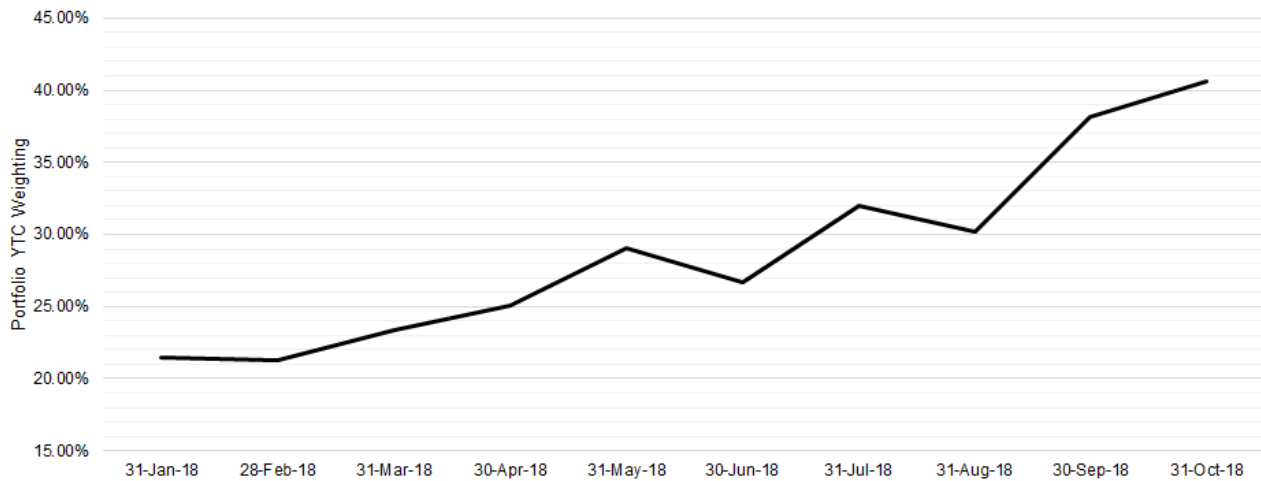
BAML High Yield Index (H0A0) 2018 YTD Yield-to-Maturity



NorthStream Portfolio Duration - 2018



NorthStream Yield-to-Call Portfolio Weighting - 2018





NorthStream Credit Strategies Fund LP

Monthly Commentary: October 2018

Our bond holdings by rating were 20% BB, 61% B, 4% CCC, and 15% unrated. Canadian dollar positions comprised 69% of the portfolio. The performance, risk, and correlation metrics are detailed in the tables below.

NorthStream Credit Strategies Fund LP - Performance													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018	1.32%	0.01%	0.72%	0.72%	0.52%	-0.17%	0.30%	0.30%	-0.11%	-0.61%	-	-	3.02%
2017	2.69%	0.66%	-0.89%	0.64%	0.63%	0.02%	0.31%	1.30%	1.03%	1.40%	0.66%	1.58%	10.46%
2016	-	-	-	-	0.49%	0.81%	3.40%	2.98%	2.29%	2.12%	0.75%	2.88%	16.80%

Return Since Inception: 32.90%

The NorthStream Credit Strategies Fund LP ("the Fund") launched on May 2, 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 Inc. Past performance is not indicative of future results. Performance, risk metrics, and correlations are as of October 31, 2018.

Performance & Risk Metrics	
Return Since Inception	32.90%
YTD	3.02%
1-YR Return	5.34%
Annualized Since Inception	12.05%
% of Positive Months	86.67%
Maximum Drawdown	-0.89%
Annualized Standard Deviation	3.70%
Sharpe Ratio ⁵	2.68

Correlation			
Index	XGB ⁶	TSX	S&P500
Correlation	2.36%	43.15%	25.37%
Upside Capture	85.37%	86.33%	59.19%
Downside Capture ⁷	-121.38%	-19.26%	-18.65%

¹ iShares iBoxx \$ High Yield Corporate Bond ETF (HYG).

² iShares iBoxx \$ Investment Grade Corporate Bond ETF (LQD).

³ iShares iBoxx \$ High Yield Corporate Bond ETF (HYG).

⁴ BAML High Yield Master II Index (H0A0).

⁵ Using 1-year T-bills.

⁶ iShares Canadian Government Bond Index ETF (XGB).

⁷ 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.

Information obtained from this commentary is not intended to be used as financial or investment product advice and is not meant for making investment decisions. This commentary does not constitute a solicitation or offering for the sale or purchase of investment or securities in any products. The information contained herein, while believed to be reliable and complete, is not guaranteed as to its accuracy or completeness. NorthStream Capital Inc. ("NorthStream") cannot guarantee its accuracy or completeness and accepts no responsibility for any loss arising from any use of or reliance on the information contained herein. Material information about the NorthStream Credit Strategies Fund LP ("the Fund") is made available in the Confidential Offering Memorandum that should be read carefully before investing. To obtain complete information relating to the Fund, please refer to the Confidential Offering Memorandum.