NorthStream Credit Strategies Fund LP

Monthly Commentary: January 2019

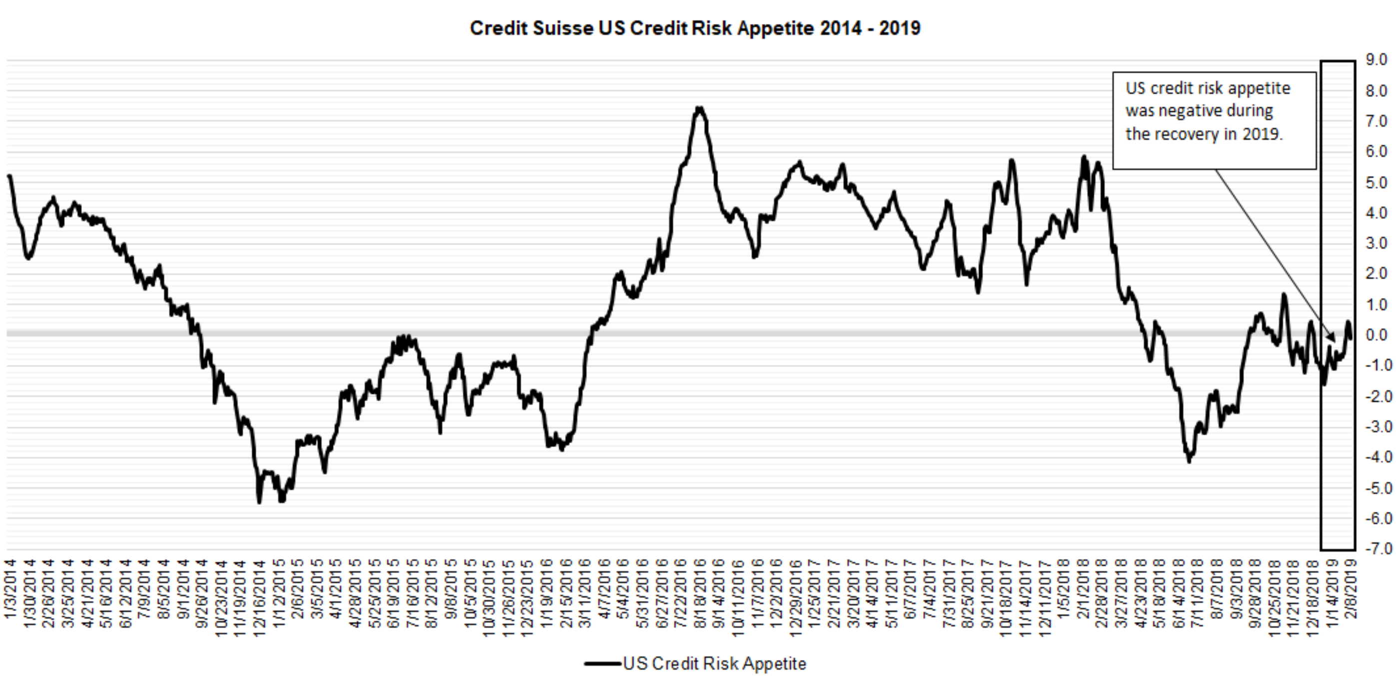
The NorthStream Credit Strategies Fund returned 1.08% in January, as credit spreads tightened from the recent highs in December. Although the risks to global trade and a slowing global economy remain, the Fed shifted to a neutral bias in January as several factors have weakened the case for further tightening. Essentially, we have the same risks impacting growth at the end of 2018 however the expected discount rate has been reduced for the time being, causing risk assets to appreciate.

In 2018, our portfolio positioning became increasingly defensive as risk factors became more apparent. We reduced our portfolio duration to 2.30yrs (from 3.54yrs in March 2018) and increased our weighting in yield-to-call positions to 38.08%. In January we used our available liquidity to add high quality BB rated companies to the portfolio as the risk of additional Fed tightening has been reduced. In 2018 we were underweight BB rated bonds due the higher sensitivity to interest rates. The market volatility at the end of 2018 created a window to reposition the portfolio with attractively priced BB rated bonds, which increased our portfolio duration at the end of January to 2.99 years, compared to the index duration of 3.93 years.[1]

Although credit and equity markets have recovered in January, we believe there are still numerous risks to growth and trade that will potentially result in periods of volatility in 2019. One of the factors that we follow to measure the market risk profile is the Credit Suisse US Credit Risk Appetite Index. As shown in the table below, the index has remained in negative territory during the most recent recovery.

In building our yield-to call positions and near term event-driven opportunities, we have created a maturity ladder that provides ample liquidity in the coming six months to take advantage of potential market volatility. In Q1 2019 we have 16.48% of the portfolio that will be called or repaid at maturity and an additional 11.30% in Q2 2019.

Our bond holdings by rating were 23% BB, 55% B, 5% CCC, and 17% unrated. Canadian dollar positions comprised 62% of the portfolio. The performance, risk, and correlation metrics are detailed in the tables on the following page.



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NorthStream Credit Strategies Fund LP - Performance													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	**YTD**
2019	1.08%	-	-	-	-	-	-	-	-	-	-	-	**1.08%**
2018	1.32%	0.01%	0.72%	0.72%	0.52%	-0.17%	0.30%	0.30%	-0.11%	-0.61%	-1.44%	-0.67%	**0.85%**
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: 31.50%

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 January 31, 2019.

Performance & Risk Metrics	
Return Since Inception	31.50%
YTD	1.08%
1-YR Return	0.61%
Annualized Since Inception	10.47%
% of Positive Months	81.82%
Maximum Drawdown	-2.81%
Annualized Standard Deviation	3.92%
Sharpe Ratio[2]	2.21

Correlation			
Index	**XGB[3]**	**TSX**	**S&P500**
Correlation	-9.27%	37.37%	29.54%
Upside Capture	61.11%	62.33%	42.11%
Downside Capture[4]	-121.38%	-10.52%	-8.37%

[1] ICE BAML High Yield Master II Index (H0A0).
[2] Using 1-year T-bills.
[3] iShares Canadian Government Bond Index ETF (XGB).
[4] 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.