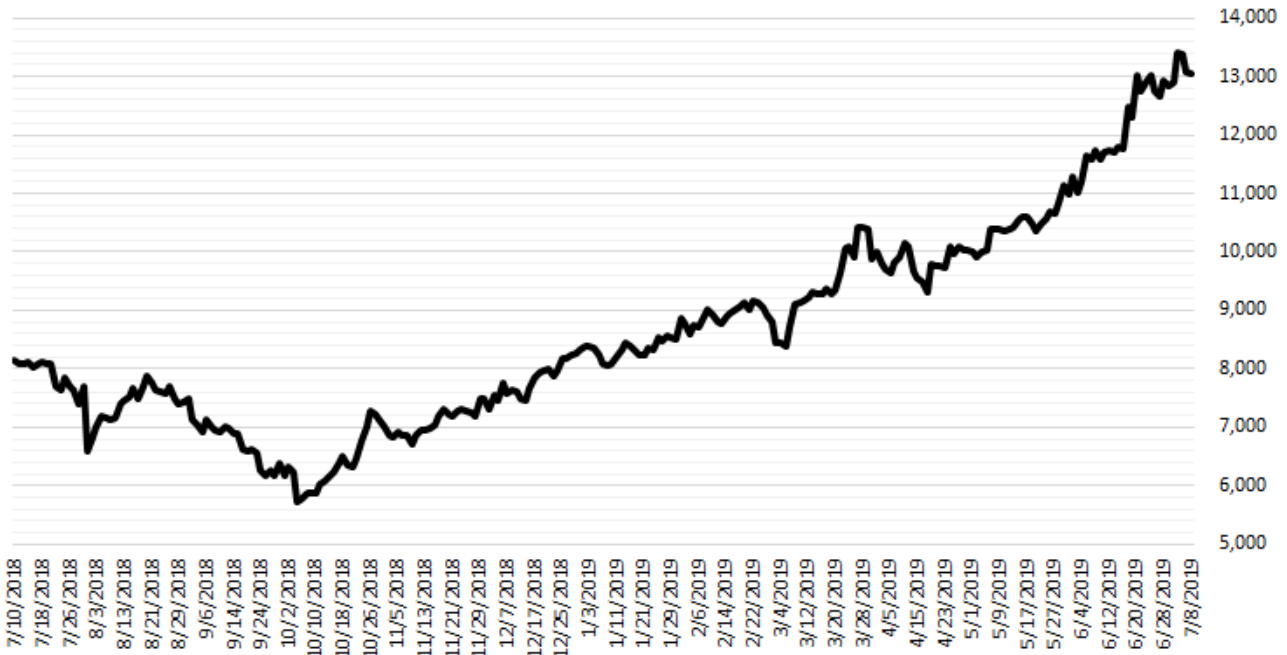


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Global Aggregate Negative Yielding Debt - Market Value (USD)



Source: Bloomberg Barclays Global Aggregate Negative Yielding Debt Market Value BNYDMVU Index

The rapid decline in US interest rates poses the question as to whether the US economy is slowing, or is it the best relative value in a world that lacks yield in "safe" assets. Another way to interpret the demand for US government bonds is that asset allocators are front running the expectation of interest rate policy normalization in the US relative to other industrialized nations.

The issue of interest rate policy divergence could heat up in Canada in the second half of 2019. The Bank of Canada resisted the dovish trend in global rates and left the benchmark overnight rate unchanged at 1.75% on July 10. However, if the Fed cuts rates 2 or 3 times in 2019 with the expectation of additional cuts in 2020, Canada will likely be forced to follow suit. Currently, the probability of a rate decrease in October by the Bank of Canada is 27.3%.

We continue to monitor the stability of commodity prices and cyclical industries as a signal that recession risks are contained. If we have an accommodative interest rate environment and recession risks are stable, we expect the remainder of 2019 to be a favourable environment for corporate bonds.

Our portfolio positioning has the flexibility to take advantage of market opportunities. Currently, we have 30% of the portfolio in "yield-to-call" positions that will be redeemed, called, or be eligible for a change of control put, in the next 12 months. We have another 27% of the portfolio that will mature or will likely be called / retired before 2021. These positions have the opportunity to benefit from call premiums as companies look to take advantage of current favourable refinancing conditions and lock in affordable fixed rate funding.

Our bond holdings by rating were 2% BBB, 25% BB, 35% B, 14% CCC, and 24% unrated. Canadian dollar positions comprised 67% of the portfolio. The performance, risk, and correlation metrics are detailed below.

NorthStream Credit Strategies Fund LP - Performance

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019	1.08%	1.34%	0.41%	0.79%	-1.41%	1.00%	-	-	-	-	-	-	3.24%
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: 34.31%

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 June 30, 2019.

Performance & Risk Metrics

Return Since Inception	34.31%
YTD	3.24%
1-YR Return	0.93%
Annualized Since Inception	9.76%
% of Positive Months	81.58%
Maximum Drawdown	-2.81%
Annualized Standard Deviation	3.88%
Sharpe Ratio ²	2.08

Correlation

Index	XGB ³	TSX	S&P500
Correlation	-17.09%	42.02%	37.14%
Upside Capture	52.85%	56.36%	36.91%
Downside Capture ⁴	-124.28%	-2.29%	-0.50%

¹ Bloomberg Barclays Global Aggregate Negative Yielding Debt Market Value BNYDMVU Index

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.

