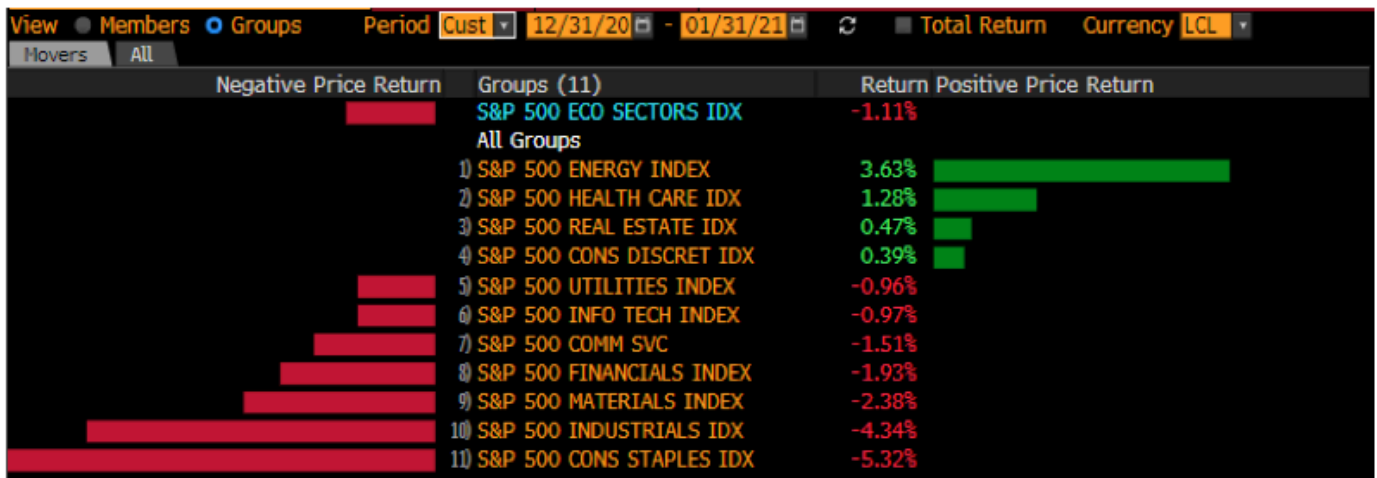


The NorthStream Credit Strategies Fund returned +10.84% for the month of January. This is the best monthly performance for the fund and brings the annualized compound return since inception to 10.81%, exceeding our target return of 8-10% per annum. Our excess return in January relative to the high yield index was 1060 basis points.

Most North American equity markets and fixed income markets sold off in January due to material declines in three sub sectors; consumer staples, industrials and materials. The sectors leading the S&P 500 higher were energy (+3.63%), health care (+1.28%), real estate (+0.47%), and consumer discretionary (+0.39%) as shown in the chart below.

S&P Sector Performance – January 2021



As of January 31, 2021

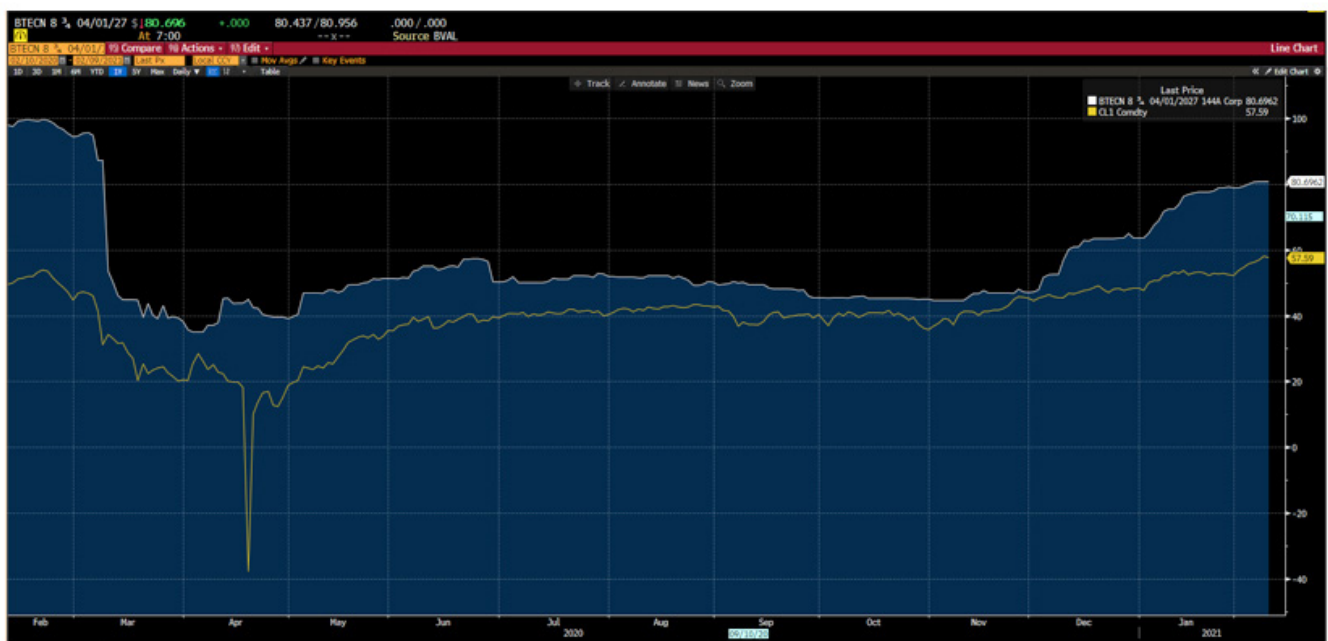
The portfolio benefitted from appreciation in the bonds of companies that were acquisition targets including Atlantic Power and Great Canadian Gaming. The cyclical names in the portfolio continued to perform, particularly the long duration energy exposure we added in December. Over the last few years, most of the portfolio's cyclical & energy exposure has been in yield-to-call and event driven opportunities. During the sell-off in 2020, commodity related bonds & stocks were severely punished and did not respond at all to the economic recovery and subsequent appreciation of commodity prices. For many quarters we have seen investors reduce exposure to energy due to ESG factors creating some uncertainty about who will be the next buyer of energy bonds or stocks.

In the fourth quarter we reviewed our cyclical & commodity positions to estimate how much more appreciation was possible in our bonds based on trading levels for comparable companies in the mining, energy, and industrial sectors. The screening tool we set-up in Bloomberg revealed an excellent opportunity in the energy sector that was completely overlooked. We found Baytex Energy, a B+/B3 rated company that was trading at \$50 cents relative to par value and was free cash flow positive at \$40 oil. With a current yield of 17% and a yield to maturity of over 22%, NorthStream purchased the bonds. Our comparable company analysis revealed that the Baytex bonds were trading at a much wider yield than many CCC rated energy companies. Our screen of other single B rated companies showed that most companies had yields below 10%.

As part of our investment process, we like to have a clear understanding of the probability that the company or bonds are an investment that other investors will likely buy. We concluded that the bond was likely attractive to other investors due to it being a large \$500 million US dollar bond tranche with a high coupon, it has a single B rating vs CCC rating where the buyer demand falls off materially, and it has a large traditional institutional investor base.

We did not hesitate to pick-up this opportunity and make it our first long duration energy investment in the past two years. We were able to purchase the Baytex bonds in early December just as the oil price and the bond price touched as shown on the chart below.

Baytex Energy Senior Bonds Maturing 2027 vs WTI Oil Price



The cyclical names in the portfolio have attractive upside potential in an environment where we have a steepening yield curve and the probability of a strong rebound in US GDP in the second half of 2021. Although the credit valuation gap has narrowed in these cyclical company bonds, we believe there is still attractive upside potential in the year ahead.

NorthStream Credit Strategies Fund LP - Performance													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	10.84%	-	-	-	-	-	-	-	-	-	-	-	10.84%
2020	0.32%	-0.43%	-14.44%	0.43%	1.03%	3.67%	1.01%	2.99%	1.88%	2.36%	2.18%	9.47%	9.09%
2019	1.08%	1.34%	0.41%	0.79%	-1.41%	1.00%	0.99%	-0.31%	0.86%	-1.99%	0.01%	0.75%	3.53%
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%

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, 2021. Note that the use of the XGB, TSX, and S&P 500 in the performance tables below is for informational purposes only. The XGB (iShares Canadian Government Bond index ETF), TSX, and S&P 500 have a different composition than the Fund and are not comparable benchmarks. The XGB, TSX, and S&P 500 were chosen to compare the Fund's performance returns against other asset classes.

Return Since Inception: 62.87%

Performance & Risk Metrics			
Return Since Inception	62.87%		
YTD	10.84%		
1-YR Return	20.53%		
Annualized Since Inception	10.81%		
% of Positive Months	80.70%		
Maximum Drawdown	-14.81%		
Annualized Standard Deviation	10.19%		
Sharpe Ratio ¹	1.051		
Correlation			
Index	XGB ²	TSX	S&P500
Correlation	-6.70%	52.17%	39.53%
Upside Capture	93.70%	55.04%	33.28%
Downside Capture ³	-85.37%	6.54%	-1.75%

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.

NorthStream Credit Strategies Fund LP

WINNER OF THE 2019 CANADIAN HF AWARDS
Credit Focused
Best 3 Year Return
2nd Place

NorthStream Credit Strategies Fund LP

WINNER OF THE 2019 CANADIAN HF AWARDS
Credit Focused
Best 3 Year Sharpe Ratio
3rd Place

NorthStream Credit Strategies Fund LP

WINNER OF THE 2018 CANADIAN HF AWARDS
Credit Focused
Best 1 Year Return
2nd Place

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