

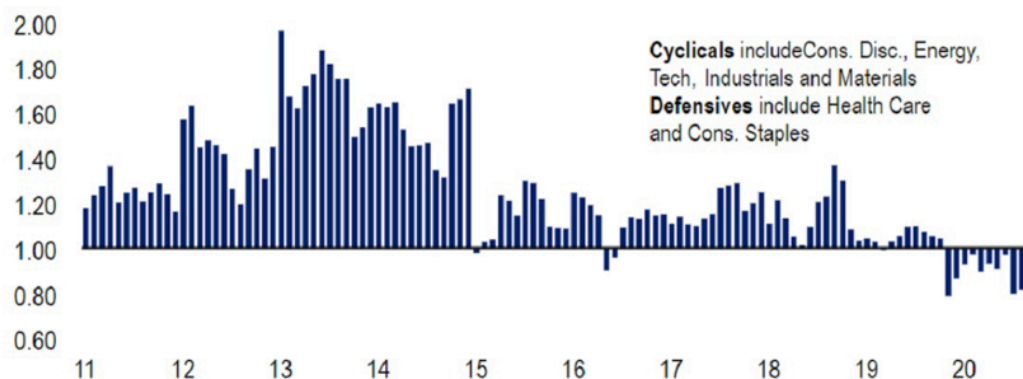
The NorthStream Credit Strategies Fund returned +4.87% for the month of March bringing our year-to-date return to 21.70%. The one-year return for the portfolio is currently 55.35%. This brings the annualized compound return since inception to 12.55%, and our excess return relative to the high yield index since inception to 4510 basis points. March was another difficult month for many fixed income assets as the yield on US 10-year treasuries rose to over 1.70% from 1.40% at the end of February. Our excess return was generated from value and cyclical companies that benefit from the growth in the economy.

The debt of several cyclical companies has lagged the debt & equity markets and still offers good absolute and relative value. As an example, our position in the Baytex Energy 8.75% bonds maturing in 2027 has doubled in the last five months, appreciating to \$91.00 or a yield to maturity of 10.80%. The company is positioned to generate C\$250 million of free cash flow in 2021. The management team is focused on using the higher oil price to reduce leverage rather than increase its capital spending and oil production. In fact, most energy companies are focused on maximizing their netbacks or margins rather than growth through the drill bit. The other trend in the E&P sector is to further reduce costs by becoming much larger through acquisitions. Baytex is one of the few single B rated, double digit yield opportunities in the energy sector. The Baytex bonds maturing in 2027 are callable at \$106.60 in April 2023. We believe that the energy sector will continue to consolidate, causing the current weighting of high yield energy exploration & production of 6.5% to dramatically decline in the next five years. The remaining companies in E&P sector will be large companies with investment grade ratings.

Wagering on an economic rebound has been the stock market's biggest bet since November's presidential election, causing the travel & leisure industries to appreciate in anticipation of strong demand from re-opening. Despite a rally of at least 40% in energy and financial shares over the five months, hedge funds have shunned stocks in the refraction trade, favoring instead companies seen as resilient during an economic slowdown. Their exposure to cyclical shares sits at one of the lowest levels in a decade relative to defensive ones, as shown by the industry data compiled by Bank of America Corp. below. Perhaps that's why opportunities like Baytex exist as refraction investments are not a crowded trade presently.

**Hedge Funds Cyclical Positioning Remains at Historically Low Levels**

Hedge funds' cyclical vs. defensive positioning (March 2021)



Source: BofA US Equity & Quant Strategy, FactSet Ownership

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%	4.70%	4.87%	-	-	-	-	-	-	-	-	-	21.70%
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 March 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: 78.83%**

Performance & Risk Metrics	
Return Since Inception	78.83%
YTD	21.70%
1-YR Return	55.35%
Annualized Since Inception	12.55%
% of Positive Months	81.36%
Maximum Drawdown	-14.81%
Annualized Standard Deviation	10.31%
Sharpe Ratio <sup>1</sup>	1.20

Correlation			
Index	XGB <sup>2</sup>	TSX	S&P500
Correlation	-14.69%	53.78%	40.50%
Upside Capture	93.70%	59.91%	38.04%
Downside Capture <sup>3</sup>	-113.73%	6.54%	-1.75%

<sup>1</sup> Using 1-year T-bills.

<sup>2</sup> iShares Canadian Government Bond Index ETF (XGB).

<sup>3</sup> 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**

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.