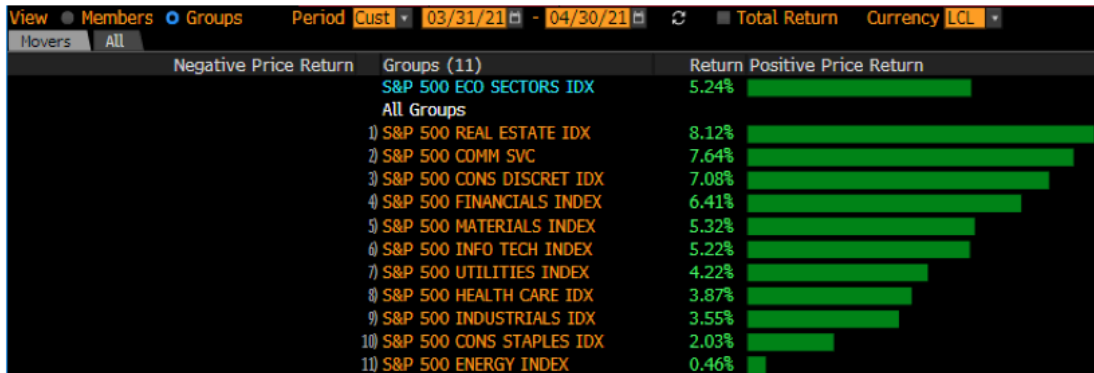


The NorthStream Credit Strategies Fund returned -.06% for the month of April, essentially flat for the month. The US 10-year treasury appreciated 11 basis points to yield 1.63% at the end of April after yields increased significantly in the first quarter of 2021. Longer duration assets outperformed cyclicals as shown in the chart below, with energy lagging other sectors in the S&P 500 despite WTI appreciating 7.4% during April.

S&P Sector Performance - April 2021



Source: Bloomberg

Although the rotation out of longer duration assets took a breather in April, the rotation into cyclicals continues. Commodity prices have been quite strong during the last month with appreciation in metals, oil, lumber and agricultural products. The increase in commodities is due to increased demand and to a lesser extent, supply constraints amid the reopening. As coronavirus case numbers continue to fall and restrictions are lifted, core inflation will also receive a boost as the prices of those worst-affected services finally rebound.

Fed Chairman Powell believes that the burst of stronger inflation we are about to see will prove temporary, with underlying inflation dropping back to the 2% target next year. However, there is also upward pressure on wages too, creating the possibility that we see inflation in both commodities and services, causing the inflation rate to remain elevated for several years.

If we look at US inflation break evens over the next decade in the following table, inflation forecasts do not fall below 2%.

US Inflation Breakeven Rates – 05/11/2021

Term	Inflation Monitor	Inflation Indices	Type
All	Country/Region	US	Nominal Bond v Inflation Bond
Now	Pricing Status	Actives	
Largest Breakevens			
1) US Breakeven 2 Year			2.77
2) US Breakeven 4 Year			2.76
3) US Breakeven 3 Year			2.74
4) US Breakeven 6 Year			2.73
5) US Breakeven 5 Year			2.72
6) US Breakeven 7 Year			2.69
7) US Breakeven 8 Year			2.65
8) US Breakeven 9 Year			2.59
9) US Breakeven 10 Year			2.53
10) US Breakeven 20 Year			2.36
11) US Breakeven 30 Year			2.35

Source: Bloomberg

This poses the question of who is going to be wrong? Will the market materially reduce their expectations of future inflation or will the Fed be forced to revise expectations of an increase in interest rates prior to Q4 2022?

We expect that the Fed is more likely to change guidance sometime in late 2021 or early 2022 versus a shift downward of the inflation breakeven curve in the second half of the year. If the Fed announces it expects to raise interest rates sooner than Q4 2022, we expect to see volatility and a further rotation into cyclical industries.

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%	-0.06%	-	-	-	-	-	-	-	-	21.63%
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 April 30, 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: 78.72%

Performance & Risk Metrics	
Return Since Inception	78.72%
YTD	21.63%
1-YR Return	54.59%
Annualized Since Inception	12.31%
% of Positive Months	80.00%
Maximum Drawdown	-14.81%
Annualized Standard Deviation	10.23%
Sharpe Ratio ¹	1.18

Correlation			
Index	XGB ²	TSX	S&P500
Correlation	-14.62%	53.40%	39.59%
Upside Capture	93.33%	58.33%	36.43%
Downside Capture ³	-113.73%	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.

<p>NorthStream Credit Strategies Fund LP</p> <p>WINNER OF THE 2019 CANADIAN HF AWARDS</p> <p>Credit Focused</p> <p>Best 3 Year Return</p> <p>2nd Place</p>	<p>NorthStream Credit Strategies Fund LP</p> <p>WINNER OF THE 2019 CANADIAN HF AWARDS</p> <p>Credit Focused</p> <p>Best 3 Year Sharpe Ratio</p> <p>3rd Place</p>	<p>NorthStream Credit Strategies Fund LP</p> <p>WINNER OF THE 2018 CANADIAN HF AWARDS</p> <p>Credit Focused</p> <p>Best 1 Year Return</p> <p>2nd Place</p>
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