

The NorthStream Credit Strategies Fund returned -0.56% for the month of November compared to a -1.10% decline for the high yield index. The S&P 500 declined -0.83% in November with energy and financials declining almost 6% as concerns about the omicron variant presented a near term risk to economic growth.

In response to the strong CPI increase of 6.8% Y-O-Y and the PPI increase of 9.6% Y-O-Y released in early December, the FOMC has indicated that it will end asset purchases in March rather than in June of 2022. The Fed officials expect rate increases of 25 basis points three times in each of the next two years, starting in the first half of 2022. The FED funds rate is expected to climb to 1.50% by the end of 2023 from its range near zero today. Given the US 10-year Treasury bond yields around 1.46% currently, the yield curve would be relatively flat. This suggests that the bond market believes that inflationary pressures are in fact transitory. The real damage from higher rates tends to occur later in the cycle when tighter policy flattens/inverts the curve. Based on the table below showing the 10-year Treasury yield with the futures, the yield curve is not expected to invert.

10-Year Treasury Yield with Futures



If the inflation data continues to be strong there is the risk that the Fed will need to move quicker to tackle an overheating economy. So far, the equity market, rates, and credit spreads have accepted the Fed pivot or hawkishness relatively well. We believe that there is a reasonable probability that the inflation data will persist into the first half of 2022, which may push the Fed to raise sooner than expected or increase the number of rate hikes in 2022. In the case the Fed chooses to tighten faster or more than 75 basis points, we would expect to see greater volatility in rates, equities, and credit spreads. If inflation does not subside later in 2022 the Fed might be in a position where they must decide what variable they choose to control - stocks, bonds or the dollar.

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%	1.23%	4.20%	-0.20%	-0.55%	3.78%	1.09%	-0.56%	-	32.84%
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 November 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: 95.20%

Performance & Risk Metrics	
Return Since Inception	95.20%
YTD	32.84%
1-YR Return	45.42%
Annualized Since Inception	12.73%
% of Positive Months	77.61%
Maximum Drawdown	-14.81%
Annualized Standard Deviation	9.90%
Sharpe Ratio ¹	1.22

Correlation			
Index	XGB ²	TSX	S&P500
Correlation	-15.35%	50.99%	35.65%
Upside Capture	96.27%	56.20%	36.17%
Downside Capture ³	-119.54%	-0.16%	-7.59%

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.



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