

The NorthStream Credit Strategies Fund returned +5.67% for the month of March and +7.36% for the first quarter of 2022. US Treasuries have had a challenging start to the year. The yield on the US 10-year treasury has risen from 1.51% at the end of December to 2.77% in mid April. The 10-year treasury is suffering one of the worst starts in several decades.

The increase in interest rates has caused the investment grade and high yield bond indices to decline in sympathy. The US Investment grade index declined -8.35% in Q1 2022 and the US high yield index has declined -4.35%. The magnitude of the index decline is being driven by the index duration. The investment grade bond index has a duration of 7.6 years compared to 4.3 years for the high yield index. Below is a chart showing high yield credit spreads over a 10-year period. The credit spread on the high yield index is 379 basis points which is towards the lower end of the range, which typically occurs when the economy is quite strong. So far credit spreads have remained quite stable during this period of rapidly rising rates.

**ICE BofA High Yield Index - Spread to Worst**



Source: ICE Index Platform

The first quarter of 2022 was all about rising interest rates and inflation expectations. The yield curve has become quite flat and has been inverted on occasion with shorter government bond yields drifting higher than the 10-year Treasury. Recently the market is not only worried about inflation. It has begun to discount a potential recession later in the year.

If we look to the equity market for signals, we are seeing cyclical shares tied to the U.S. economy's health including banks, homebuilders and transports struggle relative to the broader stock market, a sign investors are hesitant to allocate money into riskier corners of the market. During the March equity rebound we saw sectors that are typically perceived as safer including utilities and real estate outperform other sectors.

If the economy does slow in the later part of 2022 or a recession becomes more likely, we will see credit spreads widen out as they did in 2016 and to a lesser extent in 2018. We have positioned the portfolio to take advantage of the potential volatility by shortening the portfolio duration to 2.1 years, increasing cash balances, increasing our shorts, and remaining overweight positions in cyclical and commodity related companies. So far commodities have been one of the few areas that has provided protection from rising inflation. We welcome the potential volatility in credit markets as it typically presents outstanding investment opportunities.

NorthStream Credit Strategies Fund LP - Performance													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022	1.35%	0.24%	5.67%	-	-	-	-	-	-	-	-	-	7.36%
2021	10.84%	4.70%	4.87%	-0.06%	1.23%	4.20%	-0.20%	-0.55%	3.78%	1.09%	-0.56%	0.08%	32.94%
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, 2022. 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.

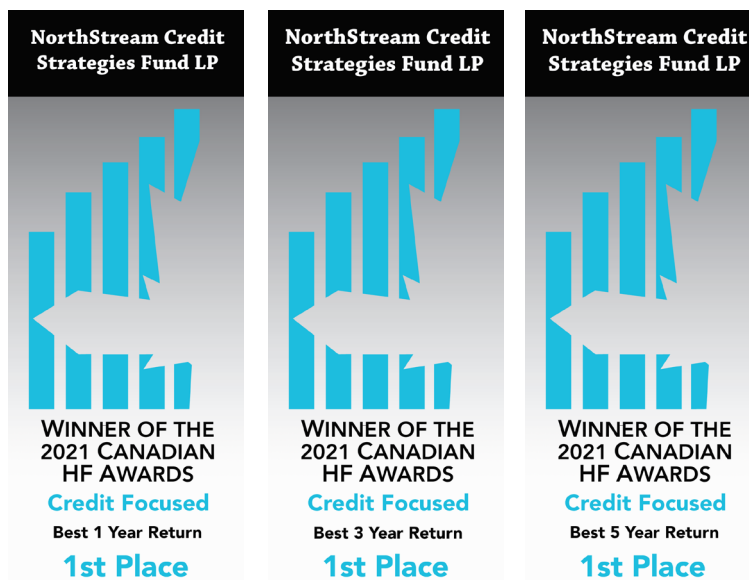
### Return Since Inception: 109.73%

Performance & Risk Metrics			
Return Since Inception	109.73%		
YTD	7.36%		
1-YR Return	17.28%		
Annualized Since Inception	13.34%		
% of Positive Months	78.87%		
Maximum Drawdown	-14.81%		
Annualized Standard Deviation	9.81%		
Sharpe Ratio <sup>1</sup>	1.16		
Correlation			
Index	XGB <sup>2</sup>	TSX	S&P500
Correlation	-19.71%	51.15%	34.94%
Upside Capture	92.11%	57.65%	37.52%
Downside Capture <sup>3</sup>	-118.98%	-2.80%	-9.47%

<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.



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