

The NorthStream Credit Strategies Fund returned +3.25% for the month of November and 20.00% year to date. The Fund received several awards in November at the 2022 Canadian Hedge Fund Awards.

The fund received five first place awards for credit focused funds, winning the award for:

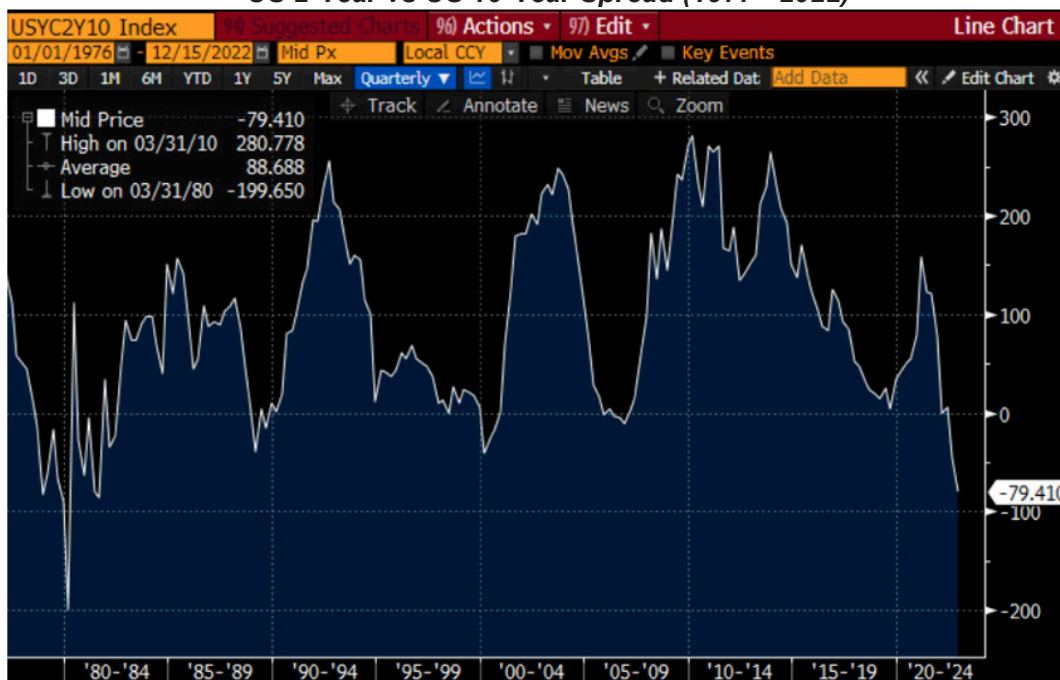
1. **“Best 1-Year Return”**
2. **“Best 3-Year Return”**
3. **“Best 5-Year Return”**
4. **“Best 3-Year Sharpe Ratio”, and**
5. **“Best 5-Year Sharpe Ratio”**

The NorthStream Credit Strategies Fund had a complete sweep of the Credit-Focused category. This brings the fund’s cumulative Canadian Hedge Fund Awards to eleven in the first six years since inception.

The latest inflation data shows inflation pressures are heading in the right direction with November US CPI up 0.1% relative to an estimate of 0.3%. Core price growth also decelerated to a monthly pace of 0.2%. Services inflation slowed down to a pace of 0.3% month-over-month with help from further cooling in shelter price growth. That leaves the labour market as a remaining pocket requiring further cooling. Looking at the Fed Fund Futures we see the Fed continuing to hike interest rates early next year to just under 5% and then begin to trim short term interest rates by ~50 basis points by the end of 2023. During Chairman Powell’s recent press conference, he stated that Fed officials have been consistently revising their forecasts for the terminal rate higher, with the terminal rate reaching 5.125% in the second half of 2023. The futures market is anticipating the Fed beginning to ease mid year which could be a source of disappointment for markets if the Fed sticks to its guidance through 2023 and a Fed pivot does not materialize.

The spread on the US 2-year vs the US 10-year is approximately -79 basis points as shown in the chart below.

US 2-Year vs US 10-Year Spread (1977 - 2022)



Source: Bloomberg

An inverted yield curve describes the unusual drop of yields on long-term debt below the yields on short term debt. The last time the US yield curve had inversion of -79 basis points was in 1981. If the Fed maintains short term rates in the 4.5% area at the end of 2023 (the pivot scenario) and the US 10 year remains at a yield of 3.5%, the yield curve will still be inverted. Our belief is that the conclusion of this period of elevated inflation needs to culminate with a positive slope to the yield curve. If we characterize 2022 as year with significant volatility in interest rates, we expect this trend to continue in 2023. With that elevated interest rate volatility will bring many investment opportunities in 2023.

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%	3.81%	3.74%	2.09%	-0.95%	-1.33%	-0.62%	1.39%	3.25%	-	20.00%
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 November 30, 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: 134.43%

Performance & Risk Metrics			
Return Since Inception	134.43%		
YTD	20.00%		
1-YR Return	20.09%		
Annualized Since Inception	13.82%		
% of Positive Months	77.22%		
Maximum Drawdown	-14.81%		
Annualized Standard Deviation	9.56%		
Sharpe Ratio ₁	0.99		
Correlation			
Index	XGB ²	TSX	S&P500
Correlation	-18.17%	43.83%	27.78%
Upside Capture	83.01%	55.98%	36.26%
Downside Capture ₃	-114.61%	-7.99%	-11.81%

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.

2022 CANADIAN HF AWARDS

NorthStream Credit Strategies Fund LP

WINNER OF THE 2022 CANADIAN HF AWARDS

Credit Focused

Best 1 Year Return **1st Place** Best 3 Year Return **1st Place** Best 5 Year Return **1st Place**

Best 3 Year Sharpe Ratio **1st Place** Best 5 Year Sharpe Ratio **1st Place**

- 1 Year Return 22.31%
- 3 Year Sharpe Ratio 1.38
- 3 Year Return 19.74%
- 5 Year Sharpe Ratio 1.19
- 5 Year Return 13.73%

Awards are based solely on quantitative performance data to June 30 2022.

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