



NorthStream Credit Strategies Fund LP
Monthly Commentary: December 2022

The NorthStream Credit Strategies Fund returned +3.09% for the month of December and +23.70% for the year. The annual return for the high yield index was -11.39%. The excess return for the portfolio was 3509 basis points, due to:

- the higher weighting of cyclical and commodity-related companies,
- realization on numerous event-driven opportunities,
- contribution from short positions on corporate bonds, and
- a significant reduction in our portfolio duration.

The fund's annualized return since inception is 14.15% compared to 3.10% for the high yield index since May 2016.

The only sector of S&P 500 with positive performance in 2022 was energy, with a gain of 59.04%. The other ten sectors experienced declines, ranging from -1.44% for utilities to -40.42% for the communications sector. We expect energy and other commodity-related sectors to outperform in 2023 due to continued strong free cash flow generation which has been used to reduce outstanding debt. Commodity-related companies will also benefit from the eventual re-opening of China. The complete re-opening of the second largest economy will be amplified by the pent-up 2022 stimulus payments that will be deployed by Chinese consumers.

For the first half of 2023, we expect to see tightening financial conditions as the Fed pursues the goal of reducing the month-over-month CPI to the 0.2%-0.3% area for a few quarters to gain confidence that the inflationary pressures have been dampened. 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. The elevated interest rate volatility will bring many credit 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%	3.09%	23.70%
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 December 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: 141.66%


Performance & Risk Metrics	
Return Since Inception	141.66%
YTD	23.70%
1-YR Return	23.70%
Annualized Since Inception	14.15%
% of Positive Months	77.50%
Maximum Drawdown	-14.81%
Annualized Standard Deviation	9.53%
Sharpe Ratio	1.01

Correlation			
Index	XGB ²	TSX	S&P500
Correlation	-19.04%	41.80%	26.03%
Upside Capture	83.01%	55.98%	36.26%
Downside Capture ³	-117.97%	-11.98%	-14.94%

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.



NorthStream Credit Strategies Fund LP

WINNER OF THE 2022 CANADIAN HF AWARDS

Credit Focused

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

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

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

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