

The NorthStream Credit Strategies Fund returned +0.64% for the month of September, and +3.24% for the last twelve months.

The fund had another bank preferred share realization with the announcement that BMO will redeem its 3.851% Series W preferred shares on November 25th, 2024. The market was surprised by TD's announcement on September 23rd that it would not redeem its Series A preferred shares on October 31, 2024. We believe that TD's decision to leave the Series A outstanding was driven by the timing of the CEO change and uncertainty surrounding the size of the provision for the anti-money laundering fines which have escalated to US\$3.05 billion.

Holders of the Series A have the option to receive a 4.97% fixed rate dividend for 5 years or receive a floating rate dividend equal to the 3-month government of Canada yield plus 2.24% that resets every three months. The floating rate dividend for the first period starting October 31 will be 6.219%. Holders that elect to receive a floating rate will receive a premium over the fixed dividend of 4.97% until the three-month rate reaches 2.73%. The futures market for the overnight rate in September 2025 is 2.94%. The other benefit of choosing the floating rate series vs fixed rate is that the floater is callable at any time with 60 days notice at \$25.50.

TD announced on October 10th that it will pay penalties of US\$3.09 billion and accept limits on growth as part of a settlement with regulators and prosecutors over charges it failed to properly monitor money laundering by drug cartels. The Office of the Comptroller of the Currency is expected to impose an asset cap barring the bank's retail business from growing above a certain level in the US. The impact on Wells Fargo from a similar order restricting its size was to undertake years of cost cutting and curtailed lending while spending on technology to improve compliance. We estimate TD will have a low US retail growth rate and consequently generate more free cash flow that could be directed to retire higher cost sources of funding. We believe the trend of Canadian banks retiring their \$25 preferred shares and coincidentally issuing Limited Recourse Capital Notes (LRCN) will continue for all banks including TD. Limited Recourse Capital Notes (LRCN) have the same priority claim and rating as preferred shares. The benefit to the issuer/bank is that the distribution to the holder of a LRCN note is interest expense rather than a dividend which offers no tax shield to the bank. The TD Series A preferred shares are trading at ~\$23 to offer a current yield of 6.76% compared to the dividend yield on the common equity of 4.93%.

Excluding the BMO Series W that was called, we have three other bank preferred shares in our ladder with redemption dates ending on January 31, 2025 or sooner. Our position in the bonds of Russell Metals maturing in October 2025 will be called on October 27th. The fund's weighting in yield-to-call opportunities is currently 27% of portfolio.

NorthStream Credit Strategies Fund LP - Performance													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2024	0.55%	0.14%	0.21%	0.51%	0.38%	-0.36%	0.07%	0.63%	0.64%	-	-	-	2.80%
2023	0.69%	2.65%	0.50%	0.49%	0.75%	1.10%	0.46%	0.81%	0.68%	0.43%	0.03%	-0.02%	8.89%
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 September 30, 2024. 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: 170.50%

Performance & Risk Metrics	
Return Since Inception	170.50%
YTD	2.80%
1-YR Return	3.24%
Annualized Since Inception	12.55%
% of Positive Months	80.20%
Maximum Drawdown	-14.81%
Annualized Standard Deviation	8.57%
Sharpe Ratio ¹	1.21
Correlation	
Index	XGB ² TSX S&P 500
Correlation	-19.43% 35.53% 21.46%
Upside Capture	60.26% 43.58% 29.37%
Downside Capture ³	-106.80% -16.60% -18.23%

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.

2023 CANADIAN HF AWARDS

NorthStream Credit Strategies Fund LP

WINNER OF THE 2023 CANADIAN HF AWARDS

Credit Focused

Best 3 Year Return 1st Place	Best 5 Year Return 1st Place
Best 3 Year Sharpe Ratio 2nd Place	Best 5 Year Sharpe Ratio 1st Place

- 3 Year Return 28.51%
- 5 Year Return 14.07%
- 3 Year Sharpe Ratio 2.62
- 5 Year Sharpe Ratio 1.14

Awards are based solely on quantitative performance data to June 30 2023.

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