

The NorthStream Credit Strategies Fund returned +0.53% for the month of December. The US high yield market had a negative return of -0.43%, while the US investment grade bond index was down -1.78% mostly due to the increase in interest rates.

Term premia are back in the driver seat as US bond yields soar against the backdrop of elevated policy uncertainty amid signs of resilient US growth and a pickup in inflation expectations. The yield curve inversion that lingered since 2022 ended in December.

Have a look at how the **103 bps** increase in yields since the first FOMC cut back on September 18, compares to prior rate cutting cycles:



Source: Bespoke Investments & No Straight Lines Investments

According to Bespoke, there have been other periods (1995/1998) that saw yields rise after the first rate cut. On average yields are **13 bps** lower at this point (timeline) in the easing cycle. The strong US economy may cause the Fed to move to the sidelines earlier and hold the Fed funds target range at its current 4.25% to 4.5% level for the remainder of this year.

Government bond yields are surging across the globe. One notable exception is Canada. That's because the looming threat of tariffs to be imposed on Canadian goods by the incoming Republican administration is expected to gut the country's economic growth. Investors are pricing in further rate cuts, helping to spare Canadian bonds from the worst of the global selloff. The rate on Canadian 10-year notes has stayed below 3.5% since July, while the US 10-year yield is testing 5%. The futures market is pricing in another rate cut in January reducing the overnight rate to 3%, however the tariffs may cause the Bank of Canada to keep easing. Given the more accommodative interest rate policy in Canada, we have most of our portfolio exposure in Canadian dollar corporate bonds at the moment.

The portfolio continued to have realizations on our preferred share ladder in December and other names in December. Our positions in the TD 3.876% Series C and the CIBC 3.909% Series P were called and will be redeemed on January 31st, 2025. Our position in the convertible bonds of Apartment REIT BSR Investment Trust purchased in May 2024 at \$95 was called at \$100 in December. The portfolio has five positions that will be called in January. As the risk of rising rates in Canada has subsided, we have extended our portfolio duration from approximately 1 year to slightly over 2 years.

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%	0.49%	0.61%	0.53%	4.48%
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 SG&G Fund Services Inc. Past performance is not indicative of future results. Performance, risk metrics and correlations are as of December 31, 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: 174.94%

Performance & Risk Metrics			
Return Since Inception	174.94%		
YTD	4.48%		
1-YR Return	4.48%		
Annualized Since Inception	12.38%		
% of Positive Months	80.77%		
Maximum Drawdown	-14.81%		
Annualized Standard Deviation	8.44%		
Sharpe Ratio ¹	1.20		
Correlation			
Index	XGB ²	TSX	S&P 500
Correlation	-19.11%	34.92%	21.34%
Upside Capture	59.62%	42.39%	28.84%
Downside Capture ³	-104.82%	-16.69%	-18.59%

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.



NorthStream Credit Strategies Fund LP

WINNER OF THE 2024 CANADIAN HF AWARDS

Credit Focused

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

- 3 Year Return 12.29%
- 3 Year Sharpe Ratio 1.60
- 5 Year Return 14.72%
- 5 Year Sharpe Ratio 1.15

Awards are based solely on quantitative performance data to June 30 2024.