

ABOUT THE FUND

Storm Bond Fund (UCITS) is a Nordic High Yield fund. The fund seeks to hold 30-40 of the best risk-adjusted high yield bonds in the Nordics at all times. The investment process is based on a top-down market screening of the universe and a detailed bottom up analysis of the individual companies. The management team has extensive experience in Nordic High Yield and is among the largest investors in the fund.

NET RETURN HISTORY (SHARECLASS RC NOK***, NET OF FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018	1.1%												1.1%
2017	3.3%	3.0%	2.1%	1.3%	0.6%	-1.1%	0.8%	1.1%	1.1%	0.3%	-0.2%	0.3%	13.3%
2016	-1.9%	-3.2%	6.0%	4.1%	-0.5%	0.6%	1.8%	3.3%	-0.4%	1.2%	0.1%	5.8%	17.8%
2015	-2.7%	-1.3%	-0.2%	1.5%	2.1%	0.4%	0.4%	-3.7%	-2.8%	1.3%	-0.7%	-4.2%	-9.6%
2014	1.1%	1.0%	0.9%	0.7%	0.7%	0.8%	0.6%	0.1%	-1.3%	-5.5%	-0.3%	-11.5%	-12.7%
2013	1.1%	0.8%	1.0%	1.0%	1.5%	0.0%	1.1%	1.2%	1.1%	-0.1%	1.1%	0.8%	11.0%
2012	2.7%**	1.7%	1.1%***	1.0%	0.2%	1.0%	0.8%	1.2%	0.7%	-1.0%	1.5%	1.6%	13.0%**
2011	1.9%	2.3%	2.0%	1.4%	-1.7%	-2.4%	1.0%	-2.3%	-2.6%	1.4%	0.0%	0.6%	1.5%
2010	6.2%*	0.8%	2.0%	3.8%	-3.4%	1.3%	1.4%	2.2%	2.8%	1.5%	1.1%	-1.0%	19.9%
2009	8.9%	0.3%	-4.2%	2.1%	1.2%	7.9%	6.8%	3.0%	5.7%	2.6%	1.4%	4.1%	46.8%
2008									-2.6%	-3.2%	-10.4%	-13.5%	-26.9%
YTD													1.1%
1-year													10.8%
3-years (ann.)													7.8%
Since inception (ann.)													6.1%

*From January 2010, performance and NAV are reported based on the EC share class. EC share class 31.December 2009: 103.9. **From 1 Jan 2012, performance and NAV are reported on return in NOK. ***From March 2012, performance and NAV are reported based on the EC NOK share class, EC changed name to RC NOK as of January 2013. Past performance is no guarantee for future performance.

PORTFOLIO COMMENT - MORTEN E. ASTRUP (CHIEF INVESTMENT OFFICER)

Dear investor,

Storm Bond Fund was up 1.1% in January.

The financial markets in general performed well during January with US equities hitting new highs and corporate bond spreads tightening along with increasing long-term interest rates. Due to the risk of higher interest rates going forward, Storm Bond Fund has reduced its interest rate duration from 1.3 years to less than 1 year in January. The Nordic bond market, which has a strong presence of floating rate notes, continued to perform well during the month with further yield compression. Nevertheless, credit spreads in the Nordic region are still trading at a significant premium to the US and EU market with lower duration and interest duration risk.

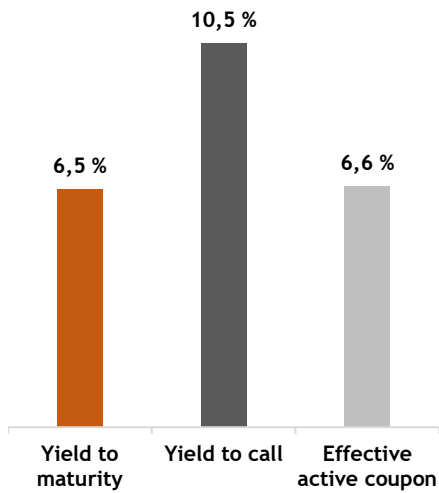
The main changes we did was to switch from fixed Gaslog 2022 to Gaslog 2021 floating notes as well as taking profit in the Transocean 2031 fixed rate notes. Both bonds have been amongst our best performers.

In January, the Blackstone backed E&P company, Siccar Point Energy ("SPE"), issued a new 5-year USD 100m bond at 9% in the Nordic bond market. We believe the SPE credit offers solid risk/reward as the company holds stakes in 3 of the 6 largest fields in the UK sector with production profile into 2040s and 2050s and the company is expected to generate substantial net cash flow even in a scenario with significantly lower oil prices on the back of solid production, low lifting cost and no tax payables. Although asset values are sensitive to changes in oil prices, we deem the asset backing to be good given its estimated LTV of 40% at 60/bbl and 80% LTV at 45/bbl long-term oil price. Furthermore, we view the capital structure to be sustainable with more than 50% of funding coming from the shareholders.

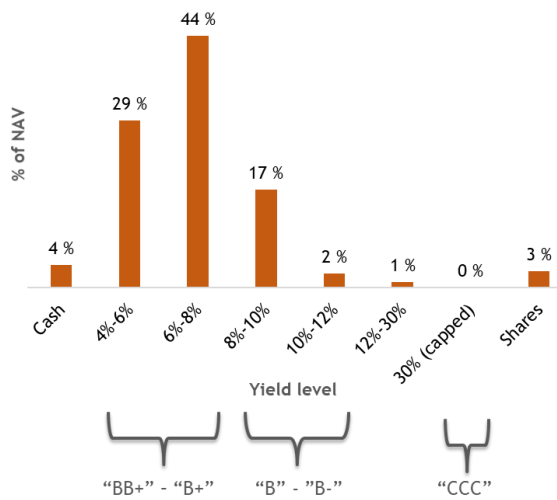
We have increased our position in VV Holding (Norsk Gjenvinning) after it was announced that Summa Private Equity is acquiring the company from Altor Private Equity. According to market participants the transaction is done at EV/EBITDA ~10x, which implies a secured LTV of ~55%. Given that the bond is maturing next year and that the acquisition triggers change of control leads us to believe that the new owners have bridge financing in place. The bond is currently yielding a cash coupon of ~6% with potential upside from higher call options in the event of a refinancing which we find likely.

As you may remember, Storm Bond Fund won the prestigious CNBC/Allocator's Investors Choice Awards as the best Long Only Credit Fund in 2016. Again - we have been nominated and this year even in two categories among very strong competitors such as GLG, JPMorgan and GAM. We will continue the hard work in order to deliver superior risk adjusted returns going forward.

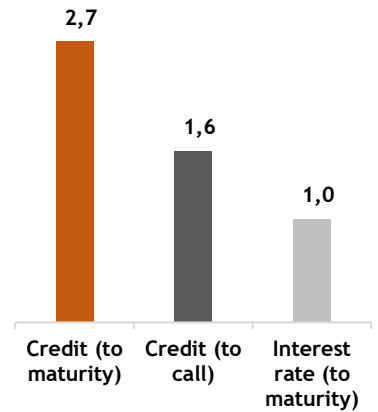
YIELD LEVELS



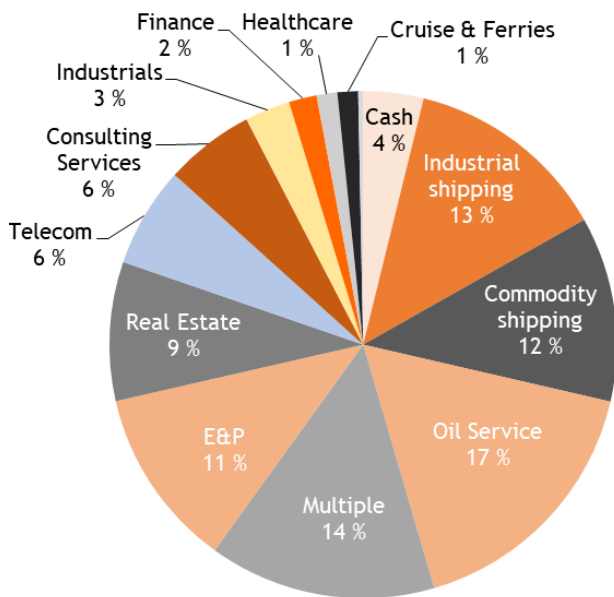
YIELD DISTRIBUTION ("CREDIT RATINGS")



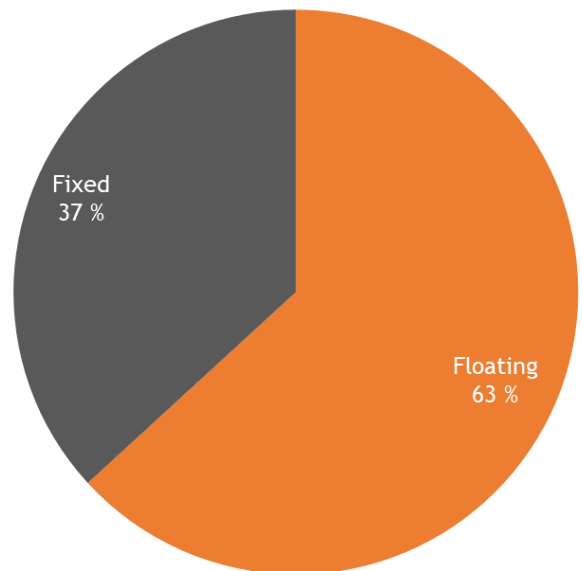
DURATION (YEARS)



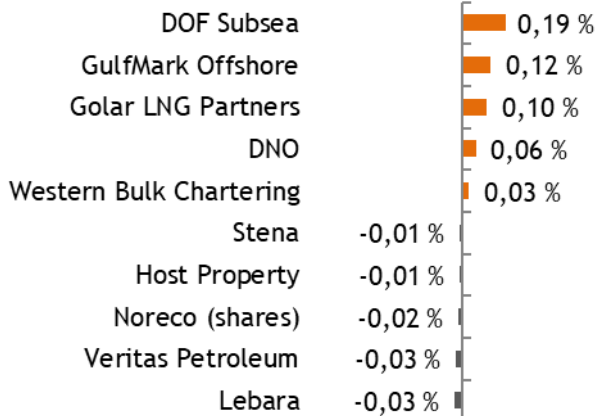
SECTOR ALLOCATION



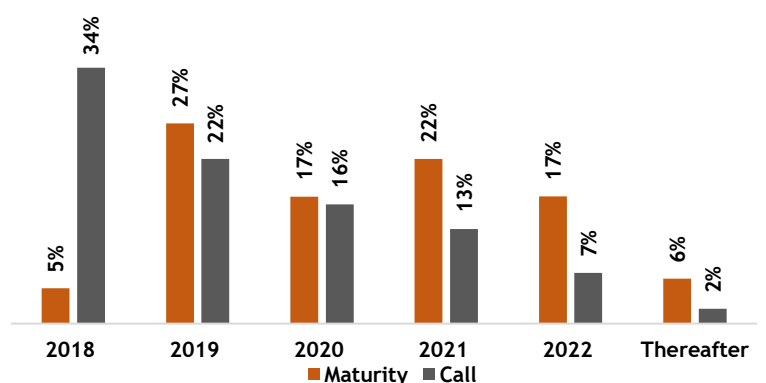
FLOATING VS. FIXED RATES



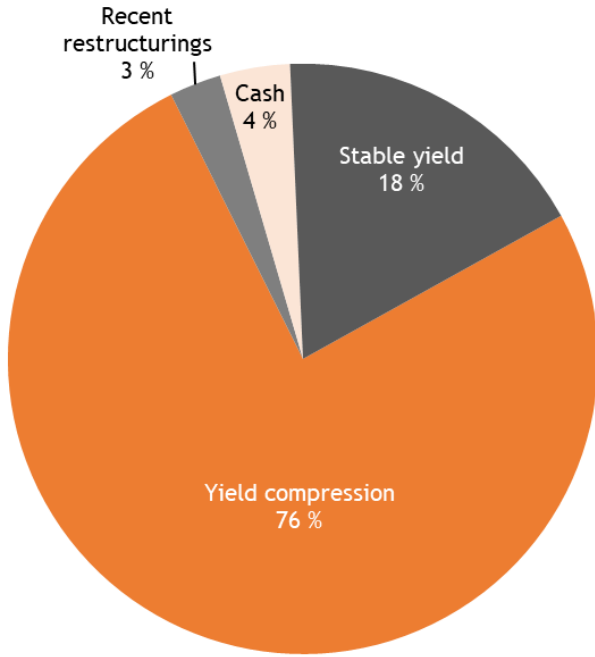
CONTRIBUTION ANALYSIS (top 5 / bottom 5)



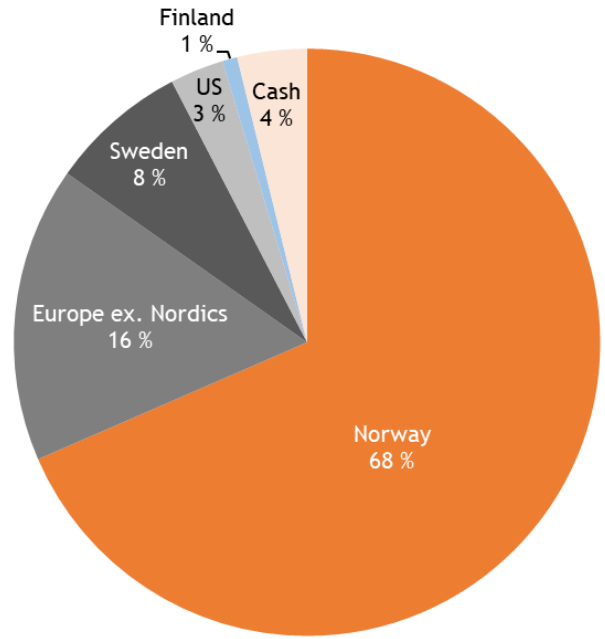
MATURITY PROFILE



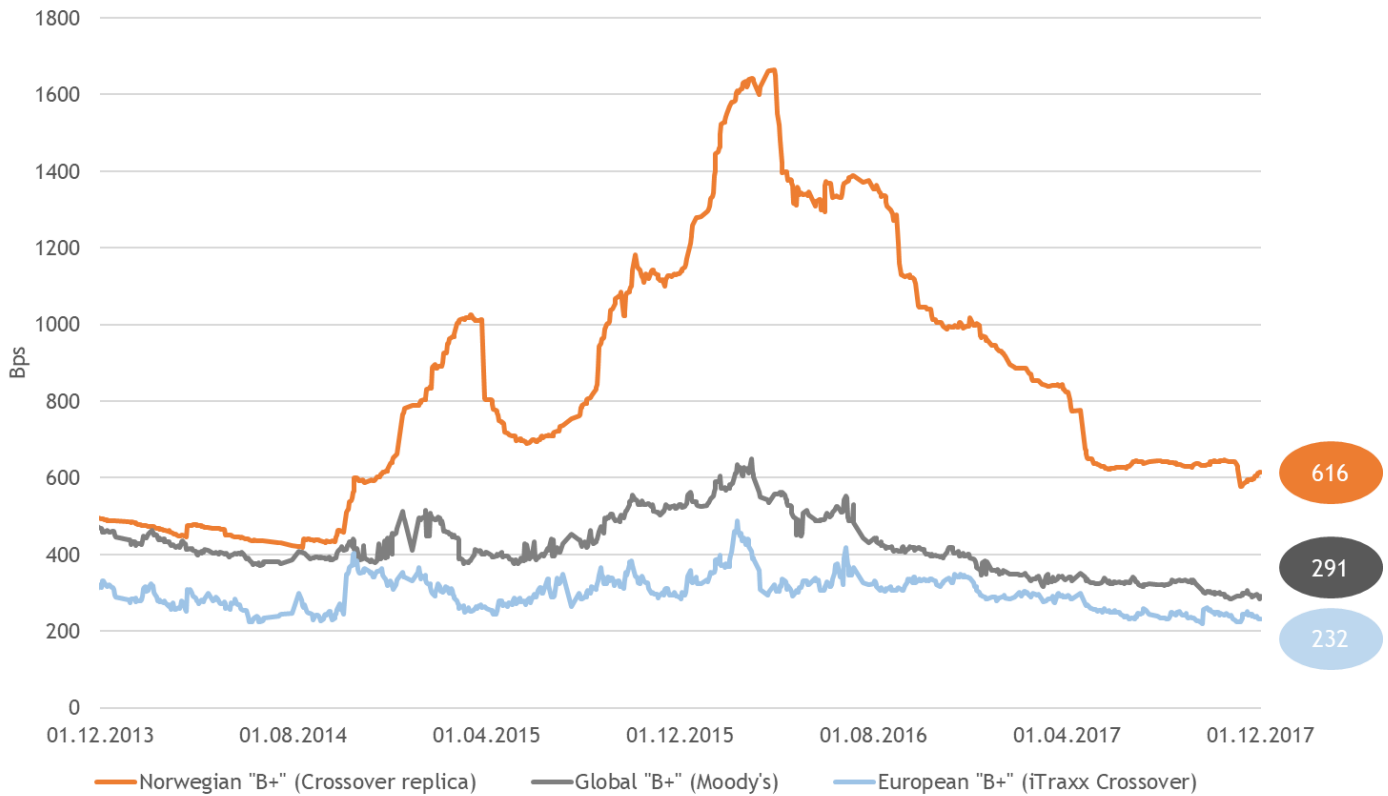
PORTFOLIO OVERVIEW



INVESTMENT BY COUNTRY



SPREAD PREMIUM IN B+ COMPARED TO INTERNATIONAL MARKETS



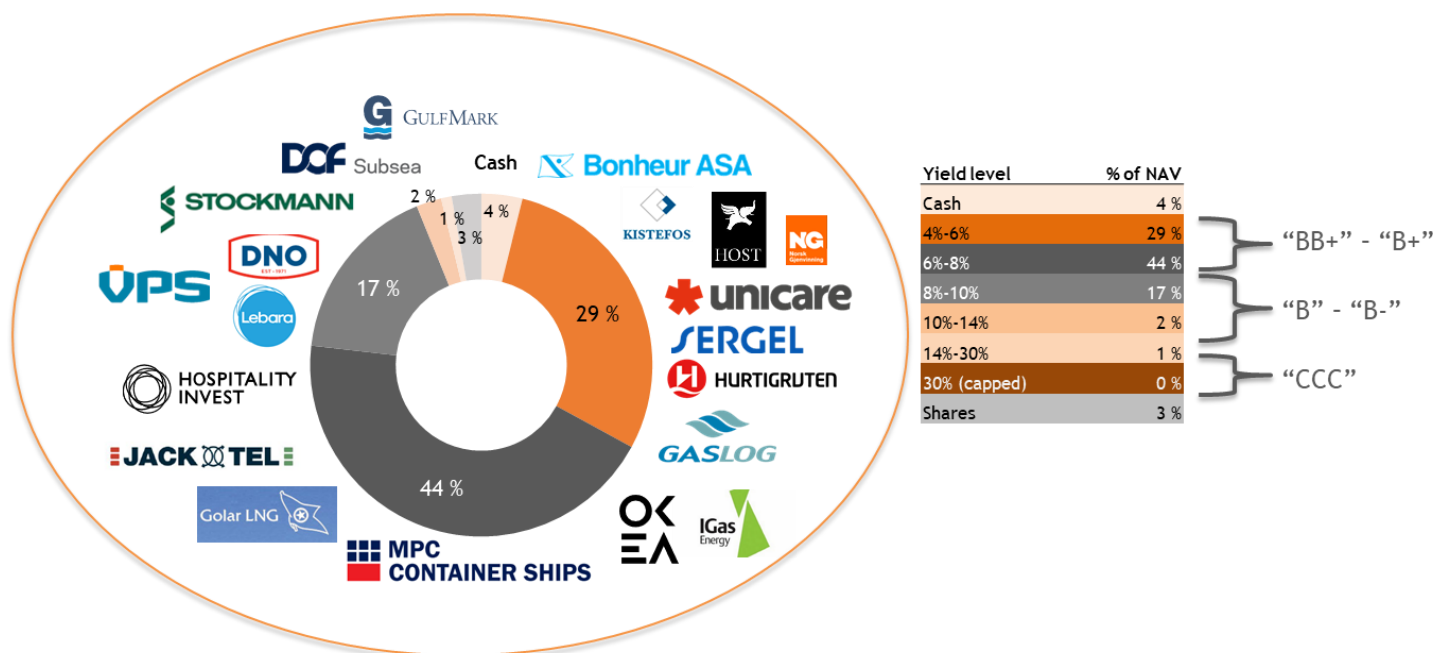
Source: Sparebank 1 Markets, as of 01.12.2017.

BOND PORTFOLIO - TOP 20

NAME	ISIN	PRICE	YIELD %	NAV %	SHORT DESCRIPTION
1 Veritas Petroleum Services B.V. 14-1	NO0010708506	98,00	8,8 %	5,7 %	VPS is the global market leader in Fuel Quality Testing, having an estimated global market share of ~50%. The Company was previously owned by Det Norske Veritas before it was sold to the private equity company IK Investment Partners. The client base consist of ~900 companies with more than 9,000 vessels, meaning a high degree of diversification. The bond is secured and by end-2017 NIBD/EBITDA was reported at 4.0x, which provides bondholders with good valuation support.
2 VIEO B.V. 17-22	FRN NO0010804198	93,84	8,4 %	4,9 %	Lebara is one of Europe's fastest growing mobile companies with ~3.5m active users. We find the bond and the pricing very attractive as it offers solid valuation backing, portfolio diversification and a tight and well-structured bond agreement. The management and owners have identified several measures to grow the business, improve cost-base and increase profitability. Hence, we expect EBITDA and cash flow to improve over the coming years which supports the credit case and yield compression.
3 GasLog Ltd 16-21	FRN NO0010767858	107,23	5,4 %	4,7 %	Gaslog is an international owner and operator of LNG carriers listed at NYC stock exchange with a market cap of USD 1.8bn (+MLP Gaslog Partners mcap at USD 1.0bn). The Company is benefitting from the improving LNG spot rates and has a strong MLP entity which has contributed with USD ~270m in 2017. This has resulted in a very strong liquidity position of USD 460m per end-Q3/17. Despite the somewhat high leverage, we find the 2022 bonds to offer solid risk/reward due to the strong backlog, solid balance sheet and improving LNG market.
4 Golar LNG Partners LP 17-21	FRN NO0010786056	101,71	7,4 %	4,2 %	Golar LNG Partners is an international owner of LNG and FSRU tonnage listed at the NYC stock exchange with a market cap of USD 1.6bn. The GMLP bonds remains the widest in the LNG peer group despite improving LNG market outlook due to the perceived risk of the Hili project. The Company has a very solid liquidity position and the lowest leverage in the LNG peer group. Hence, we view the GMLP credit to offer very attractive risk/reward.
5 Kistefos AS 16-19	FRN NO0010779291	105,25	5,4 %	4,2 %	Norwegian investment company, which is 100% owned by Christen Sveeas. Kistefos holds investments within financial services, Telecom & IT, commercial real estate, offshore services and other financial investments. The value adjusted equity per end-H1/17 is estimated to be NOK 4.3bn, which suggests solid asset backing for the outstanding bonds.
6 Jacktel A/S 14-19	FRN NO0010714561	99,93	7,3 %	4,1 %	1st lien pledge in a jack-up built for the Norwegian continental shelf. Won a contract on Johan Sverdrup in November 2015 with STL that secures work until 2020. We expect the company to obtain other sources of funding before maturity of the bond.
7 DNO ASA 15-20	FRN NO0010740392	101,94	7,8 %	3,8 %	DNO is a Middle East and North Africa focused oil and gas company listed on the Oslo Stock Exchange with a market cap of NOK ~10.3bn. Although the Company is operating in regions with political risk the credit benefits from low lifting cost, a strong balance sheet and now more regular and stable cash flows from the authorities (KRG).
8 Bonheur Asa 14-21	FRN NO0010714538	99,75	4,4 %	3,8 %	Fred. Olsen controlled conglomerate listed on the Oslo Stock Exchange with a market cap of NOK 3.7bn. Bonheur has investments within shipping, offshore, renewable energy and cruise. By end-Q3/17 the liquidity stood at NOK 3.6bn and NIBD/EBITDA LTM of 1.9x.
9 Okea AS 17-20	FRN NO0010810062	100,40	7,3 %	3,2 %	Okea is an independent E&P company focused on small field developments on the NCS. The interesting feature of this bond is the unique Norwegian petroleum tax system. From a credit perspective, the tax system offers significant downside protection of at least 78% and up to ~95% of invested capital that are tax deductible over 4-6 years. Furthermore, the cash shield is transferrable to other companies and also refundable by the Kingdom of Norway upon discontinuation of operations. On the back of this, we find the credit profile in Okea to be very strong and the bond debt is expected to be covered by escrowed cash and the underlying tax claim even in a scenario with lower oil prices.
10 Host Property AB 16-19	FRN SE0009357676	101,88	4,9 %	3,0 %	1st lien pledge in 8 hotel properties in Sweden with a total value of SEK 680m. Prime locations in their respective regional cities. Gross LTV of approx. 50% and average lease maturity of 13 years.
11 VV Holding AS 14-19 144A	FRN NO0010714033	102,10	4,6 %	2,9 %	VV Holding (Norsk Gjenvinning) is a Norwegian recycling business and recently announced that Summa Private Equity is acquiring the company from Altor Private Equity. According to market participants the transaction is done at EV/EBITDA ~10x, which implies an secured LTV of ~55%. Given that the bond is maturing next year and that the acquisition triggers change of control leads us to believe that the new owners have bridge financing in place. The bond is currently yielding a cash coupon of ~6% with potential upside from higher call options in the event of a refinancing which we find likely.
12 Beerenberg Holdco II AS 17-21	FRN NO0010786296	102,40	6,3 %	2,8 %	Leading supplier of ISS services in the North Sea, which is one of the largest MMO markets. Strong and long-term relationships with blue-chip companies. Solid earnings visibility and flexible cost base. By end-Q3/17 the cash was reported at NOK 214m and NIBD at NOK 628m, implying a NIBD/EBITDA of 2.3x. The total revenue backlog is estimated to be NOK 10bn Bond is secured with pledge in operating entities.
13 Hospitality Invest AS 17-22	FRN NO0010808835	100,25	6,8 %	2,7 %	Hospitality Invest is a privately-owned investment company and the company invests across a variety of sectors, with a special focus on social services such as preschools and social infrastructure in the Nordic region. The credit profile is deemed to be strong with solid asset backing (~35% LTV) and solid diversification prospects.
14 MPC Container Ships Invest B.V. 17-2	FRN NO0010805872	98,56	6,9 %	2,6 %	Pure play container shipping company. USD 350m in equity raised, listed on Merkur Market in Oslo, and full listing targeted within 2017. Senior secured bond with 1st priority in the fleet. Bond with significant downside protection with LTV of ~45% on historical low valuations. Estimated loan to scrap ratio of 100%.
15 BW Offshore Ltd. 12-20	FRN NO0010638075	99,93	5,4 %	2,6 %	BW Offshore is a Norwegian FPSO company listed on the Oslo Stock Exchange with a mcap of NOK ~6.7bn. We find the BWO bonds attractive with the bonds trading at spreads in the excess of 500bps. We expect the credit metrics to improve significantly ahead with NIBD/EBITDA below 3.0x for 2018 paired with a solid liquidity due to the recently announced USD 275m preference share issue with ICBC.
16 Euronav Luxembourg S.A. 17-22	FRN NO0010793888	101,00	7,2 %	2,5 %	Largest publicly listed tanker company in the world with a market cap of USD ~1.3bn. Conservative financial strategy with target to keep a minimum of 2 year operational liquidity runway. Recently announced that they will acquire Gener8 Maritime with shares increasing its fleet from 51 to 81 vessels.
17 Borgestad ASA 14-18	FRN NO0010720766	100,31	7,4 %	2,5 %	Borgestad was listed in 1917, making it the oldest company on the Oslo Stock Exchange. Today the company is focused on mainly real estate investments in Poland and Norway as well as production, distribution and installation of refractory products. Even though the credit metrics is only deemed adequate, we find solid valuation support in the pledged assets with 75% LTV in our bear case which we believe is sufficient to either refinance the bonds at maturity or sell assets to cover debt obligations.
18 Golden Ocean Group Ltd. 14-19	Conv NO0010701055	96,36	7,0 %	2,4 %	Golden Ocean is a leading international dry bulk shipping company based in Bermuda, mainly operating in the Capesize, Panamax and Supramax segments. GOGL is listed on NASDAQ and the Oslo Stock Exchange with a market cap of NOK ~9.0bn. Mr. John Fredriksen is the largest shareholder through Hemen Holding, owning 14.5% of the company. GOGL owns and controls a fleet of 70 vessels including newbuildings and vessels chartered in on long term time charter contracts. The value of a 5-year old capesize vessel is at a 30-year low.
19 DOF Subsea AS 17-22	FRN NO0010788177	94,72	11,1 %	2,4 %	Provider of subsea tonnage, subsea construction and IMR services. 51% owned by DOF ASA and 49% owned by First Reserve. Strong order backlog of NOK ~18bn (NOK 37bn inc options) with tier-1 counterparties. The firm EBITDA backlog is estimated to cover net debt and remaining capex.
20 IGas Energy PLC 13-21	FRN NO0010673791	100,75	7,8 %	2,4 %	London-listed company producing oil and gas onshore UK. Stable production of ~2,600boepd at an operating cost of USD ~30/boe. The Company has recently been restructured with bondholders receiving a mix of cash, stocks and a new bond, taking NIBD to USD ~10m. This combined with security of all assets and improved lifting costs minimizes risk of refinancing at maturity. The new equity investor is Kerrogan private equity, while the largest bondholder was KKR.
Sum				67,4 %	

Total number of bond positions: 40 (from 36 issuers). Total number of shares: 3.

EXAMPLES OF PORTFOLIO COMPANIES AT RESPECTIVE YIELD LEVELS (“CREDIT RATINGS”)



PRICES FOR DIFFERENT SHARE CLASSES

SHARE CLASS	ISIN	PRICE
Retail NOK	LU0740578702	127,81
Institutional NOK	LU0840158496	120,72
RCN NOK	LU1382364633	127,09
ICN NOK	LU1382364716	120,81
Institutional USD	LU0840159387	102,73
Retail SEK	LU0840159460	101,44
Institutional SEK	LU0840159544	105,09
Retail GBP	LU0840159890	105,31
Retail EUR	LU0840158819	101,35
Institutional CHF	LU1076701652	94,35

OTHER INFORMATION

Share classes	NOK, SEK, EUR, USD, GBP, CHF (all hedged)
Domicile	Luxembourg
Investment Manager	Storm Capital Management Ltd
Administrator	Hauck & Aufhäuser Asset Management Services
Custodian Bank	Hauck & Aufhäuser Fund Platforms S.A.
Management Fee	Retail: 0.75% Institutional: 0.5%
Performance Fee	10% (high water mark)
Redemption Fee	0,25% (accrues to the fund)
Minimum Investment	Retail (50,000 NOK) Institutional (15,000,000 NOK)
Liquidity	Daily
Auditor	KPMG
VPS-registered	For Norwegian clients
Ethical guidelines	Follow the ethical guidelines as defined by Norway’s sovereign wealth fund (formal name: Government Pension Fund Global).
AUM (NOKm)	950

TEAM

PORTFOLIO MANAGEMENT

**MORTEN E. ASTRUP***Chief Investment Officer / Founding Partner*

- He has over 20 years of financial and asset management experience including several board positions
- Morten is responsible for:
 - Portfolio management
 - Restructuring processes
- He holds a Master in Business and Economics from the Norwegian School of Management/City University London and is authorised and regulated by the FCA

**MORTEN VENOLD***Portfolio Manager/ Analyst*

- He has 10 years of experience from research and finance
- Before Storm he worked as a credit analyst, covering the offshore high yield space at Arctic Securities in Oslo and before that he worked at ABG Sundal Collier and DNB in London
- Morten is responsible for:
 - Portfolio management
 - Research and daily monitoring of investment universe
- He holds a BSc in Business & Economics from the Norwegian School of Management and a MSc in Finance from Cass Business School in London

INVESTOR RELATIONS / SALES

**TORE ANDERSEN***Sales and Marketing Director*

- He has over 20 years of experience in financial advisory and sales. Before he joined Storm he founded Axir ASA (1995), which was sold in 2010
- Tore is responsible for:
 - Sales and marketing activity
 - Investor relations
- Tore holds a bachelor in Business and Economics from the Norwegian School of Management and is authorized as a financial advisor, AFR and is also authorized through Norwegian Securities Dealers Association

Contact details: +47 920 35 908 or tore@stormcapital.no

**MARCUS S. MOHR***Sales Manager*

- He has over 8 years of experience from investment banking and sales. Before he joined Storm he worked in the investment banking division at Citigroup in London
- Marcus is responsible for:
 - Sales and marketing activity
 - Investor relations
- Marcus holds a Master in Finance and Economics from the University of Strathclyde (Scotland) with distinction

Contact details: +47 951 35 853 or marcus@stormcapital.no

AWARDS



Winner of the Allocator/CNBC Investors Choice Awards as the Long Only Credit Fund of 2016 in the EMEA & APAC. The awards were judged by a distinguished panel of institutional investors in funds and they took into account a set of qualitative criteria covering the investment process, risk management framework and depth of research team, as well as a set of quantitative performance measures including annualized returns, volatility and maximum drawdown.

IMPORTANT INFORMATION

The material contained in this document is not to be regarded as an offer to buy or sell fund shares. The information in this document is general in nature and does not constitute legal, tax, or investment advice. Potential investors are urged to consult their professional advisers on the implications of making an investment in, holding or disposing of shares of, and the receipt of distribution from any investment. Past performance is not indicative of future results. This document has been prepared by Storm Capital Management Ltd. and should not be considered impartial research under FCA Rules. The views expressed may not be supported by independent analysis. The author of this document may be remunerated as a result of transactions generated by this information. Storm Capital Management Ltd. is authorised and regulated in the United Kingdom by the Financial Conduct Authority. Its registered office is at Berger House, 36-38 Berkeley Square, London W1J 5AE, United Kingdom.