

## ABOUT THE FUND

Storm Bond Fund (UCITS) is a Nordic High Yield fund. The fund seeks to hold a diversified portfolio of the best risk-adjusted high yield bonds in the Nordics. 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%	0.5%	-0.4%										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													5.7%
3-years (ann.)													8.7%
Since inception (ann.)													6.0%

\*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,

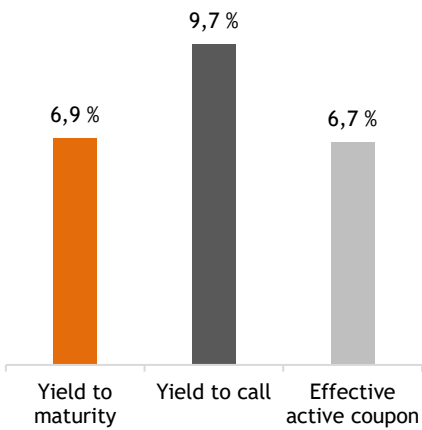
Storm Bond Fund was down 0.4% in March and up 1.1% YTD.

March was another turbulent month in the financial markets with the global equity markets trading down some 2-3% during the month on the fear of escalating trade-war between the US and China and continued inflationary risk. Furthermore, the high yield markets in Europe and the US remained under pressure during the month which resulted in negative returns of 0.1% and 0.6% respectively. The Nordic high yield market performed quite well on a relative basis yielding flat to marginally positive returns during the month. As described in our previous monthly report our portfolio experienced a drawdown in early March due to negative fluctuations in the pricing of the Lebara bonds. Since then the Company has reported satisfactory quarterly figures and we are expecting further actions being made by the company addressing key concerns shortly. Needless to say, we are monitoring the situation closely and remain comfortable with the current downside risk.

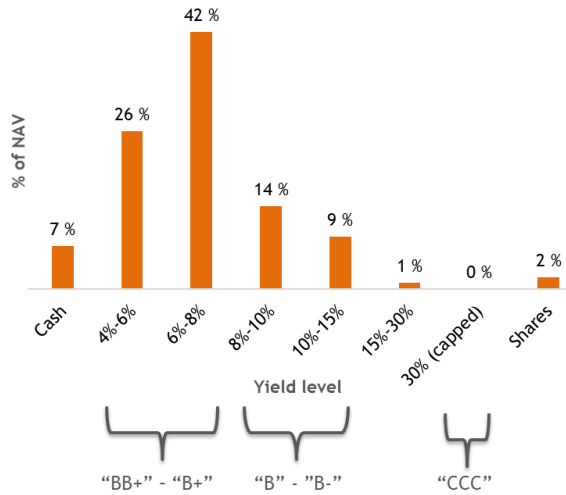
In March, REC Silicon ("REC") issued a new 5 year USD 110m bond with 11.5% coupon. The bond is pledged in REC's Butte facility, the world's largest supplier of silane gas and other specialty gases. The Butte facility, which is able to operate separately with limited carve-out costs, has over the past years generated annual EBITDA of USD ~40m. We decided to take part in the bond issue due to i) strong bond agreement and solid asset backing with an TIBD/EBITDA of 2.75x, ii) Butte's ability to operate separately and iii) exposure to a semiconductor market in growth. Furthermore, we decided to sell our remaining exposure in Noreco after a period with strong performance taking our total equity exposure down to below 2% of the fund.

Again, in a world with elevated equity multiples, tight bond spreads and risk of higher interest rates, we continue to highlight that Nordic High Yield offers very interesting risk/reward characteristics in the years to come due to i) short interest and credit duration, ii) exposure to a stable and diversified economic region, iii) and most importantly significantly higher credit spreads than in Europe and the US.

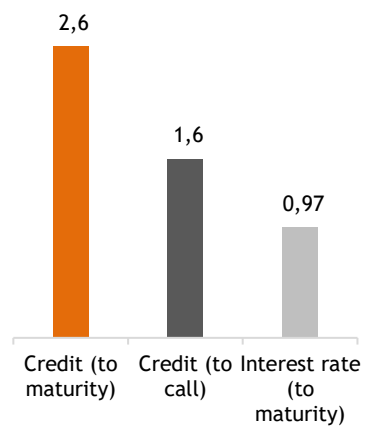
**YIELD LEVELS**



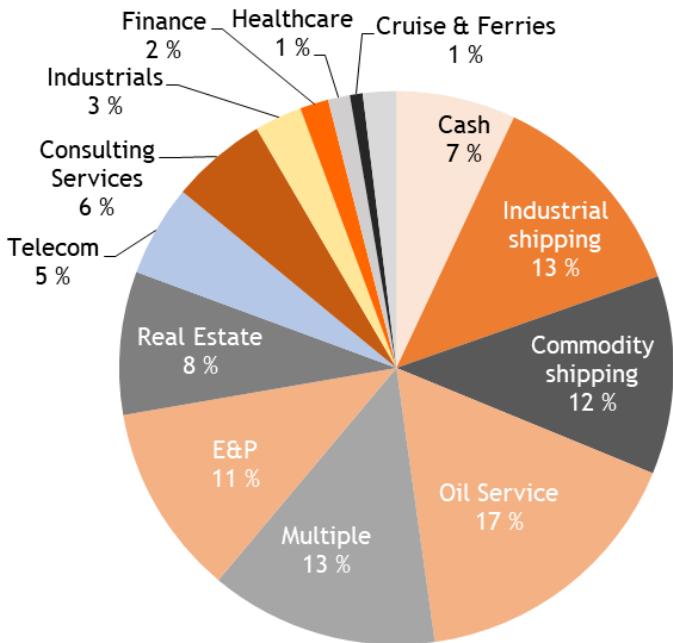
**YIELD DISTRIBUTION ("CREDIT RATINGS")**



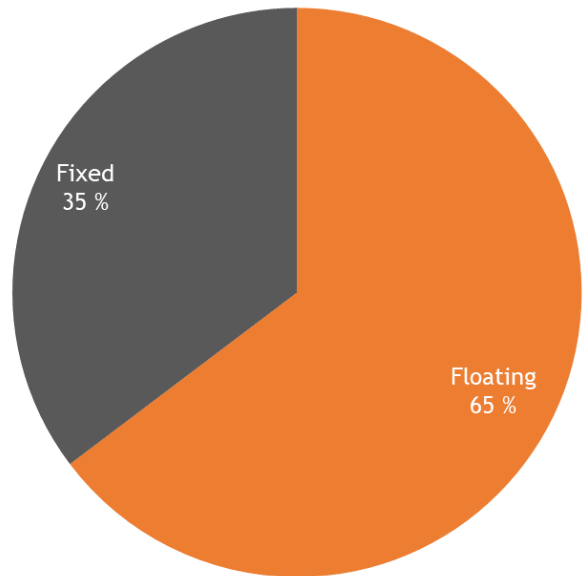
**DURATION (YEARS)**



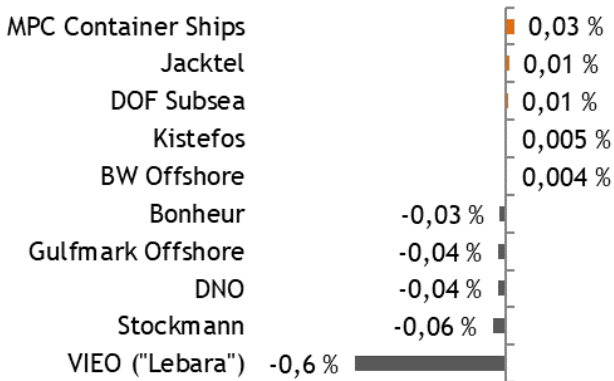
**SECTOR ALLOCATION**



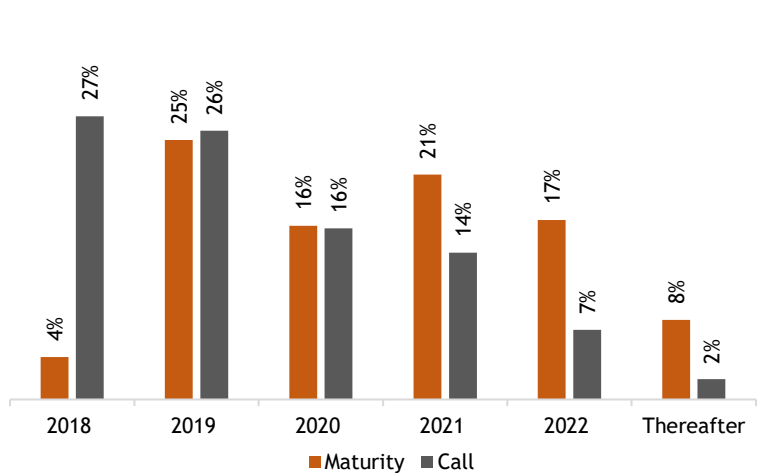
**FLOATING VS. FIXED RATES**



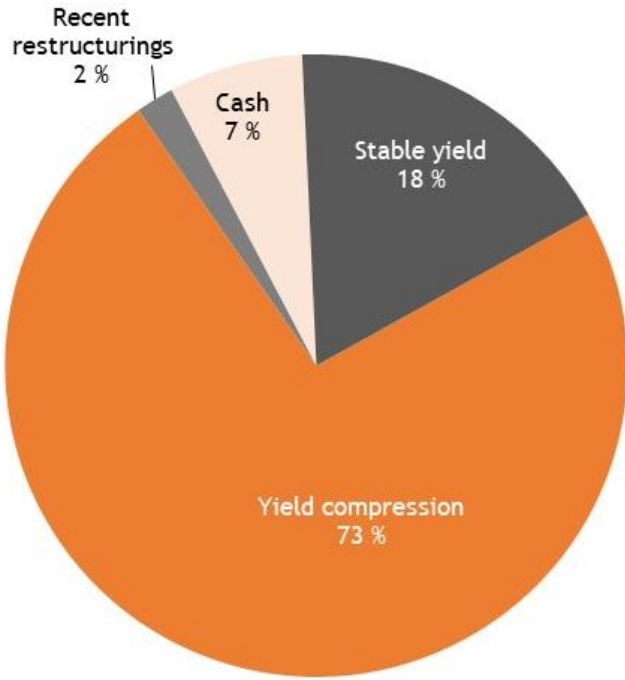
**CONTRIBUTION ANALYSIS (top 5 / bottom 5)**



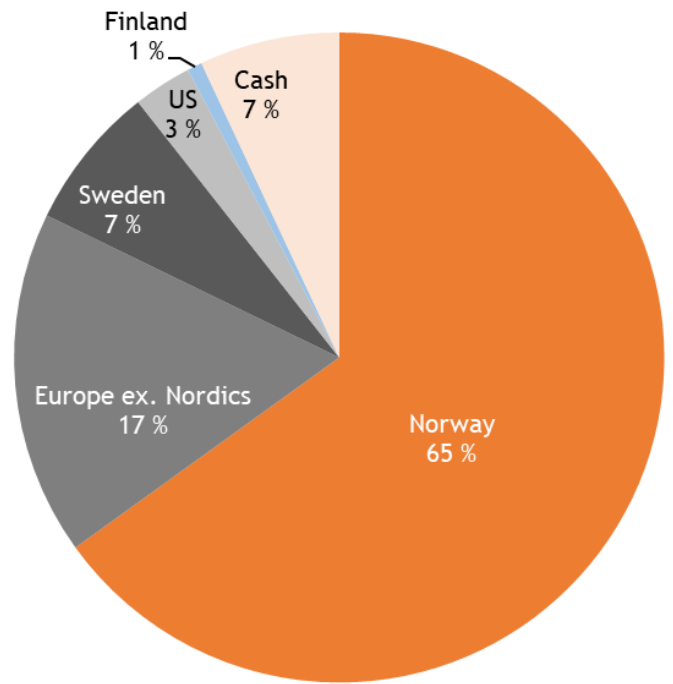
**MATURITY PROFILE**



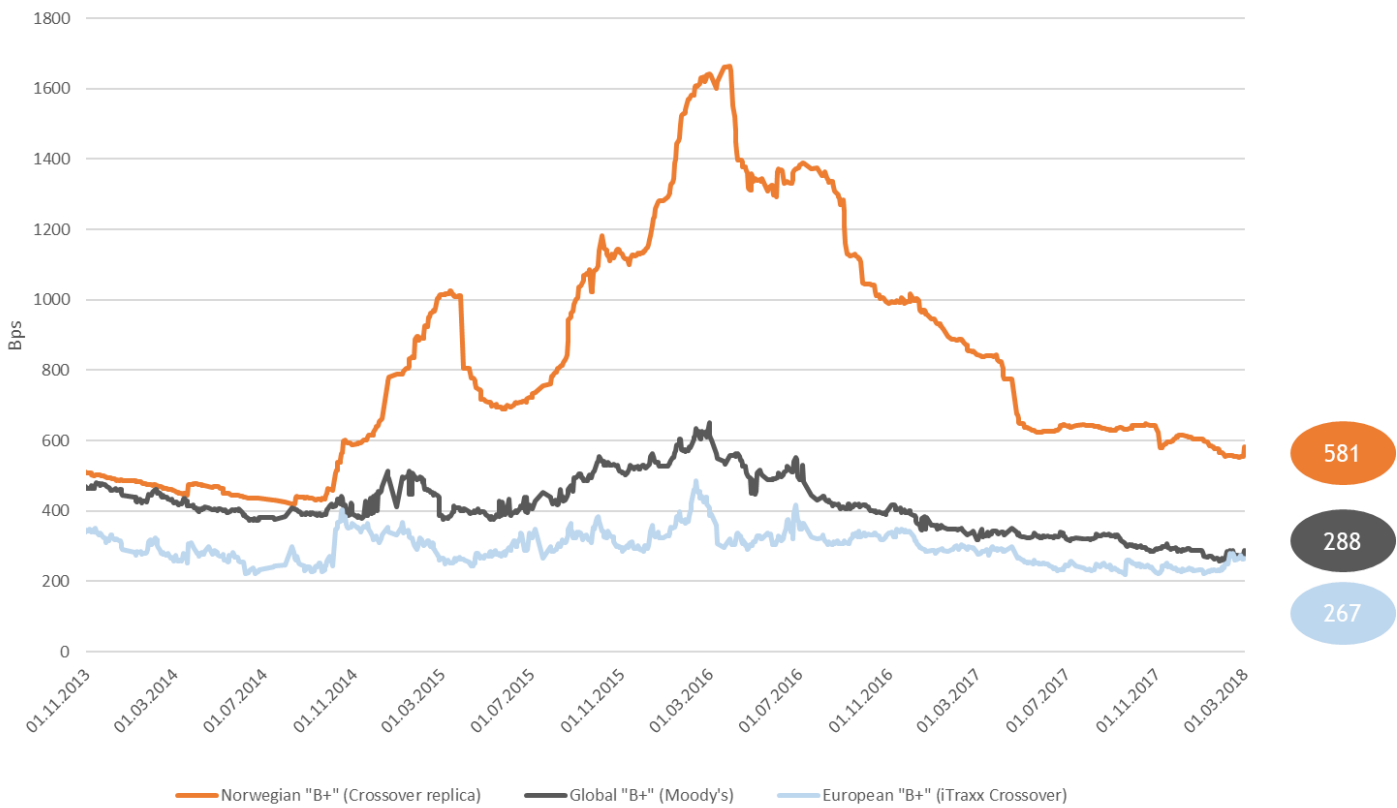
PORTFOLIO OVERVIEW



INVESTMENT BY COUNTRY



SPREAD PREMIUM IN B+ COMPARED TO INTERNATIONAL MARKETS



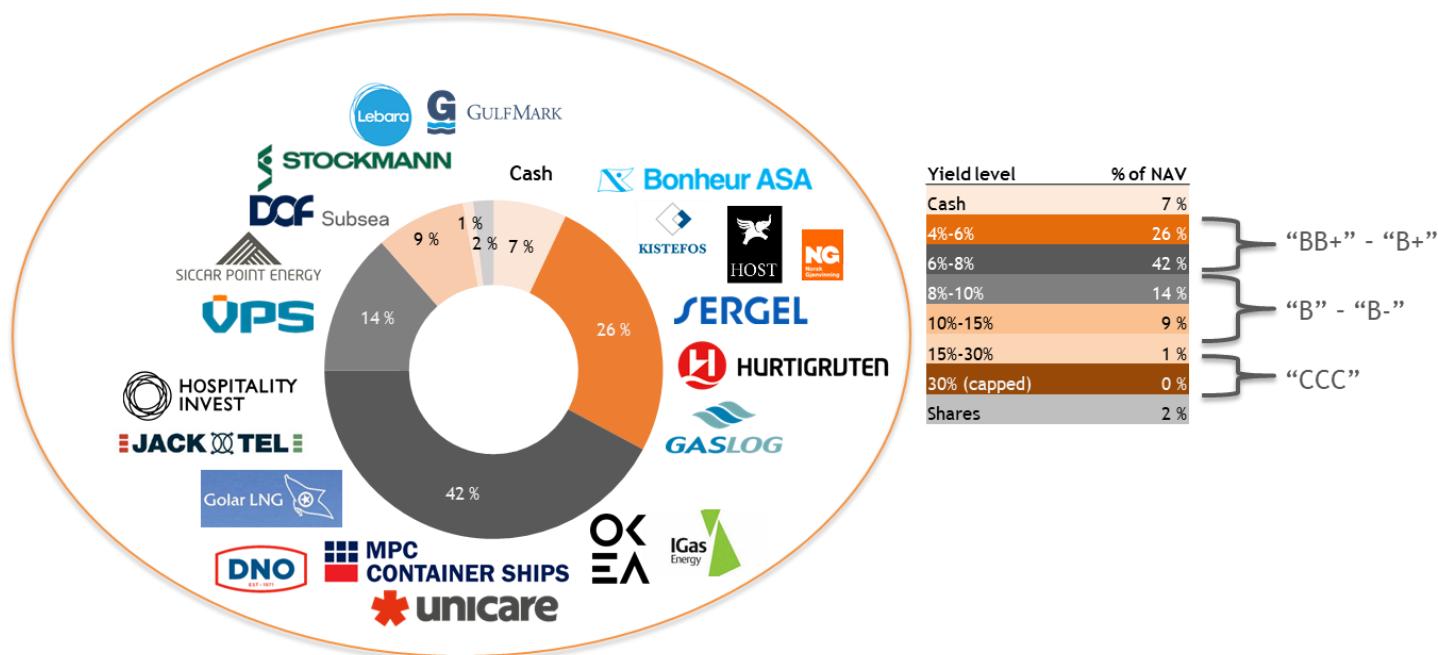
Source: Sparebank 1 Markets, as of 01.03.2018.

## BOND PORTFOLIO - TOP 20

NAME	ISIN	PRICE	YIELD %	NAV %	SHORT DESCRIPTION
1 Veritas Petroleum Services B.V. 14-1N00010708506		98,00	9,3 %	5,6 %	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 GasLog Ltd 16-21 FRN	N00010767858	107,15	5,6 %	4,5 %	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.
3 Golar LNG Partners LP 17-21 FRN	N00010786056	101,79	7,9 %	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 Hiti 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.
4 Jacktel A/S 14-19	N00010714561	100,48	6,8 %	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.
5 Kistefos AS 16-19 FRN	N00010779291	105,35	5,3 %	4,0 %	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 MPC Container Ships Invest B.V. 17-2N00010805872		101,19	6,8 %	3,9 %	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%.
7 VIEO B.V. 17-22 FRN	N00010804198	76,50	13,9 %	3,9 %	Lebara is one of Europe's fastest growing mobile companies with ~3.5m active users. The management and owners have identified several measures to grow the business, improve cost-base and increase profitability. Hence, the EBITDA and cash flow is expected to improve over the coming years which supports the credit case. The bond pricing has been under pressure the last month due to concerns on covenant breach. The Company has recently reported satisfactory quarterly figures and we are expecting further actions being made by the company addressing key concerns shortly.
8 DNO ASA 15-20	N00010740392	102,63	7,6 %	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).
9 Bonheur Asa 14-21 FRN	N00010714538	99,00	5,0 %	3,6 %	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.
10 Western Bulk Chartering AS 13-19 FRN00010675572		102,30	7,5 %	3,2 %	Western Bulk Chartering is a global dry bulk operator with a trading oriented business model, focusing on the Supramax and large Handysize segment. The Company is listed on the Norwegian OTC list and is 74% owned by Kistefos. We view the credit as strong with limited refinancing risk due to i) strong support from main shareholders whom has contributed with NOK ~350m of equity since 2016, ii) strong balance sheet with a net cash position and iii) improving market fundamentals.
11 Okea AS 17-20	N00010810062	100,53	7,4 %	3,1 %	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.
12 Host Property AB 16-19 FRN	SE0009357676	101,50	5,1 %	2,8 %	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.
13 VV Holding AS 14-19 144A FRN	N00010714033	101,28	5,4 %	2,8 %	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.
14 Beerenberg Holdco II AS 17-21 FRN	N00010786296	104,13	6,1 %	2,7 %	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 an NIBD/EBITDA of 2.3x. The total revenue backlog is estimated to be NOK 10bn Bond is secured with pledge in operating entities.
15 Hospitality Invest AS 17-22 FRN	N00010808835	99,81	7,2 %	2,6 %	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.
16 BW Offshore Ltd. 12-20 FRN	N00010638075	99,96	5,7 %	2,5 %	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.
17 Euronav Luxembourg S.A. 17-22	N00010793888	101,18	7,3 %	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.
18 Borgestad ASA 14-18 FRN	N00010720766	100,00	8,2 %	2,4 %	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.
19 DOF Subsea AS 17-22	N00010788177	95,15	11,3 %	2,3 %	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	N00010673791	100,75	7,9 %	2,3 %	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				66,9 %	

Total number of bond positions: 40 (from 36 issuers). Total number of shares: 2.

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



PRICES FOR DIFFERENT SHARE CLASSES

SHARE CLASS	ISIN	PRICE
Retail NOK (soft closed)	LU0740578702	127,92
Institutional NOK (soft closed)	LU0840158496	120,87
Retail NOK (RCN)	LU1382364633	127,18
Institutional NOK (ICN)	LU1382364716	120,95
Institutional USD	LU0840159387	103,03
Retail SEK	LU0840159460	101,42
Institutional SEK	LU0840159544	104,95
Retail GBP	LU0840159890	105,39
Institutional GBP	LU0840159973	100,00*
Retail EUR	LU0840158819	101,29
Institutional EUR	LU0840158900	100,00*
Retail CHF	LU1428000985	100,00*
Institutional CHF	LU1076701652	94,24

\*to be opened with first investment in share class

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)	962

## 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 research 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](mailto: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](mailto: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.