

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%	0.4%	0.8%	0.6%	0.1%						3.1%
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													3.1%
1-year													5.8%
3-years (ann.)													7.4%
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 up 0.1% in July and is up 3.1% YTD.

Despite the ongoing and escalating trade tension between China and the U.S, global equity markets rose over the month due to a robust start to the earnings season together with supportive macroeconomic data. Brent oil prices declined by ~7% during the month as OPEC's oil production jumped to a 2018 high in July, which weighed negatively on the oil service investor sentiment. The U.S high yield market experienced an impressive gain of almost 1.1% in July, which analysts believe derives from a prolonged period of lower supply of new bonds. The Nordic high yield market continues to deliver positive returns yielding on average +0.3%. Storm Bond Fund's performance was impacted negatively by another audit delay in Lebara. Bondholders has formed an ad-hoc group, hired legal advisors and improved borrowing terms, while working constructively with the management of the company. The new deadline for the partial buyback of bonds and FY/17 audit is set to August 15th and 27th respectively. Management continues to state that operations are progressing as planned and that the bond is a performing credit which will be evident in the earnings report. Until then, we expect the bond pricing to remain in the current trading range.

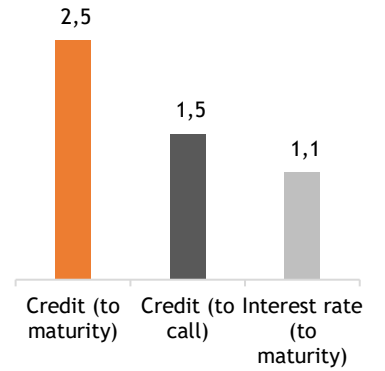
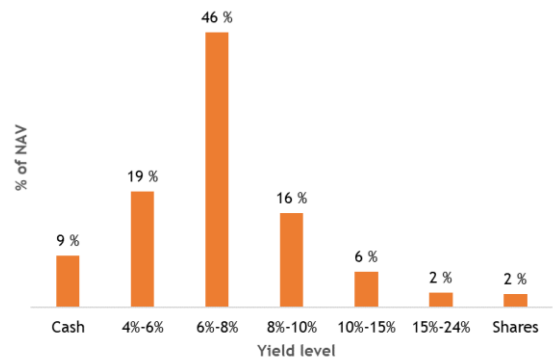
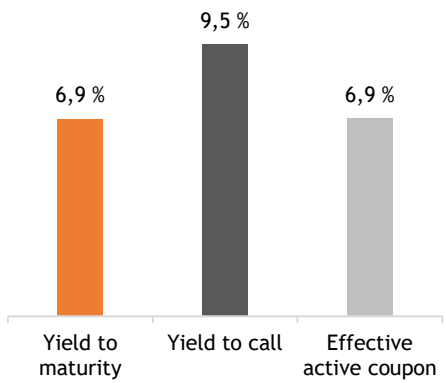
As mentioned in our last report Point Resources and Eni Norway agreed to merge, creating a company producing 180,000 bopd with 1,250 mmmboe reserves and resources. During July we decided to further increase our position as we believe that the current spread does not reflect the lower credit risk as a combined company. Furthermore, due to the loan documentation and the fact that the bonds are considered being expensive financing and account for a very small part of the new enterprise value we believe it makes sense for the company to find an agreement with bondholders in order to refinance bonds with cheaper alternative financing. Our position in GulfMark was positively affected by the merger with Tidewater. The newly announced merger will benefit from significant cost synergies and create the world's largest OSV company with a combined market cap of USD 1.3bn. We view the merger as very positive for shareholders as the company is in a unique position to take part in the offshore oil service recovery due to its strong balance sheet and global scale.

Stock markets continue to move higher and international bond markets are still trading close to record lows. We continue to argue that Nordic high yield offer solid risk/reward first and foremost due to the higher credit spread levels and less sensitive to higher interest rate. Nevertheless, we continue to position our portfolio towards shorter duration bonds with a solid underlying credit story.

YIELD LEVELS

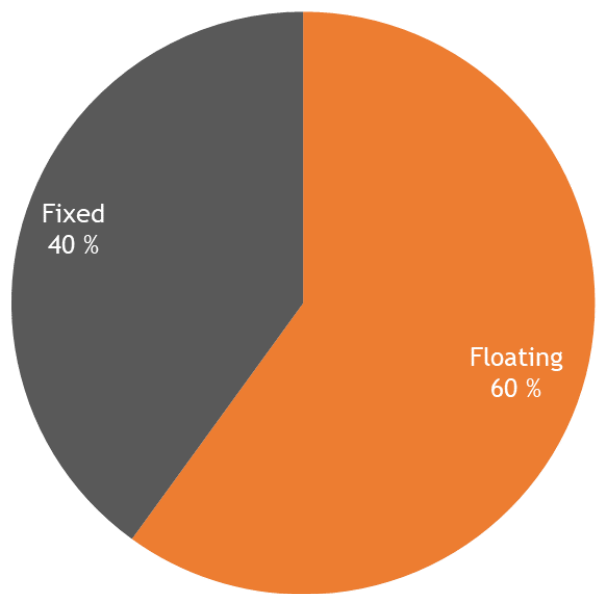
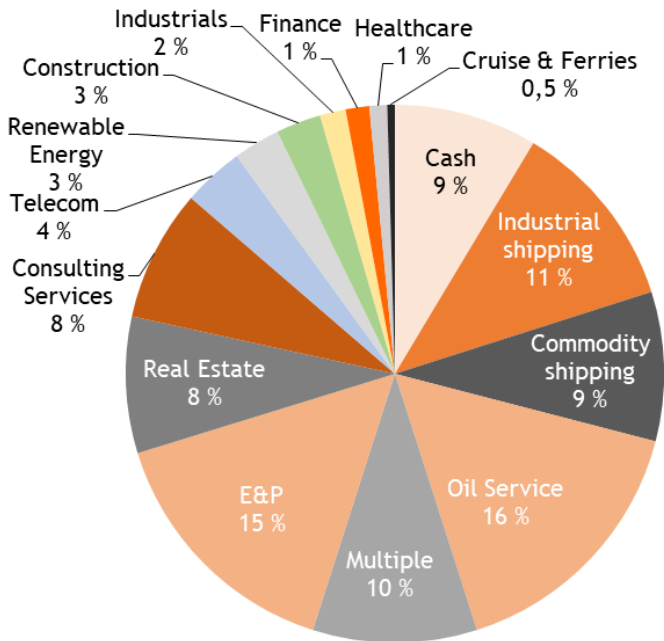
YIELD DISTRIBUTION

DURATION (YEARS)



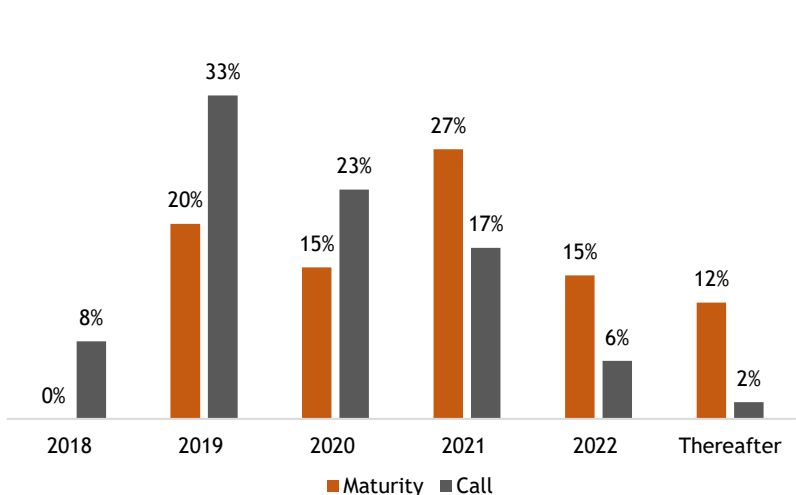
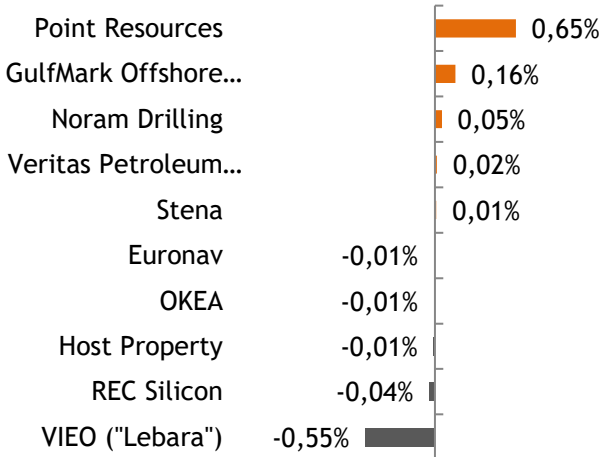
SECTOR ALLOCATION

FLOATING VS. FIXED RATES

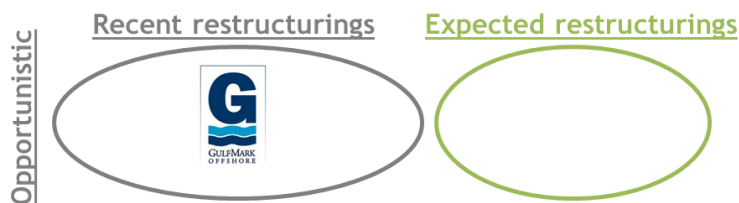
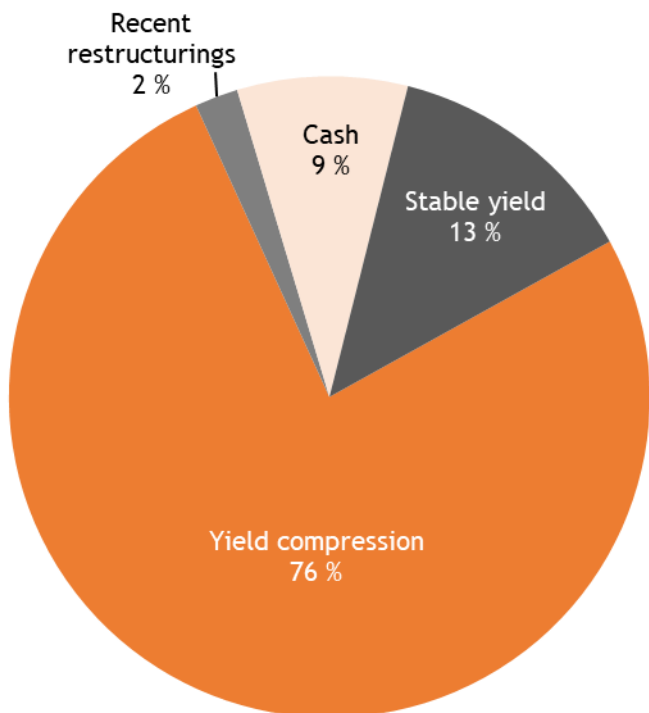


CONTRIBUTION ANALYSIS (top 5 / bottom 5)

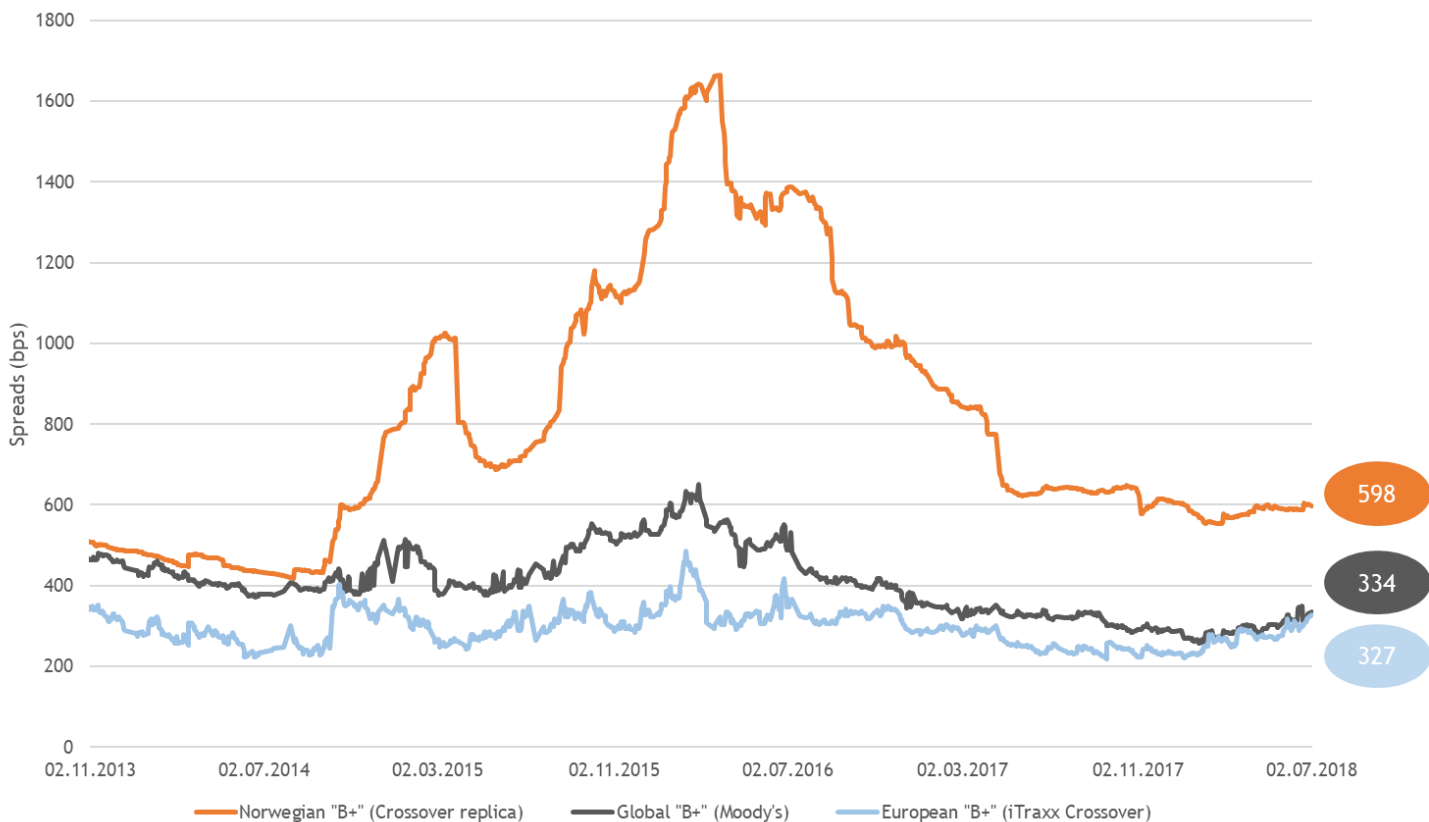
MATURITY PROFILE



PORTFOLIO OVERVIEW



SPREAD PREMIUM IN B+ COMPARED TO INTERNATIONAL MARKETS



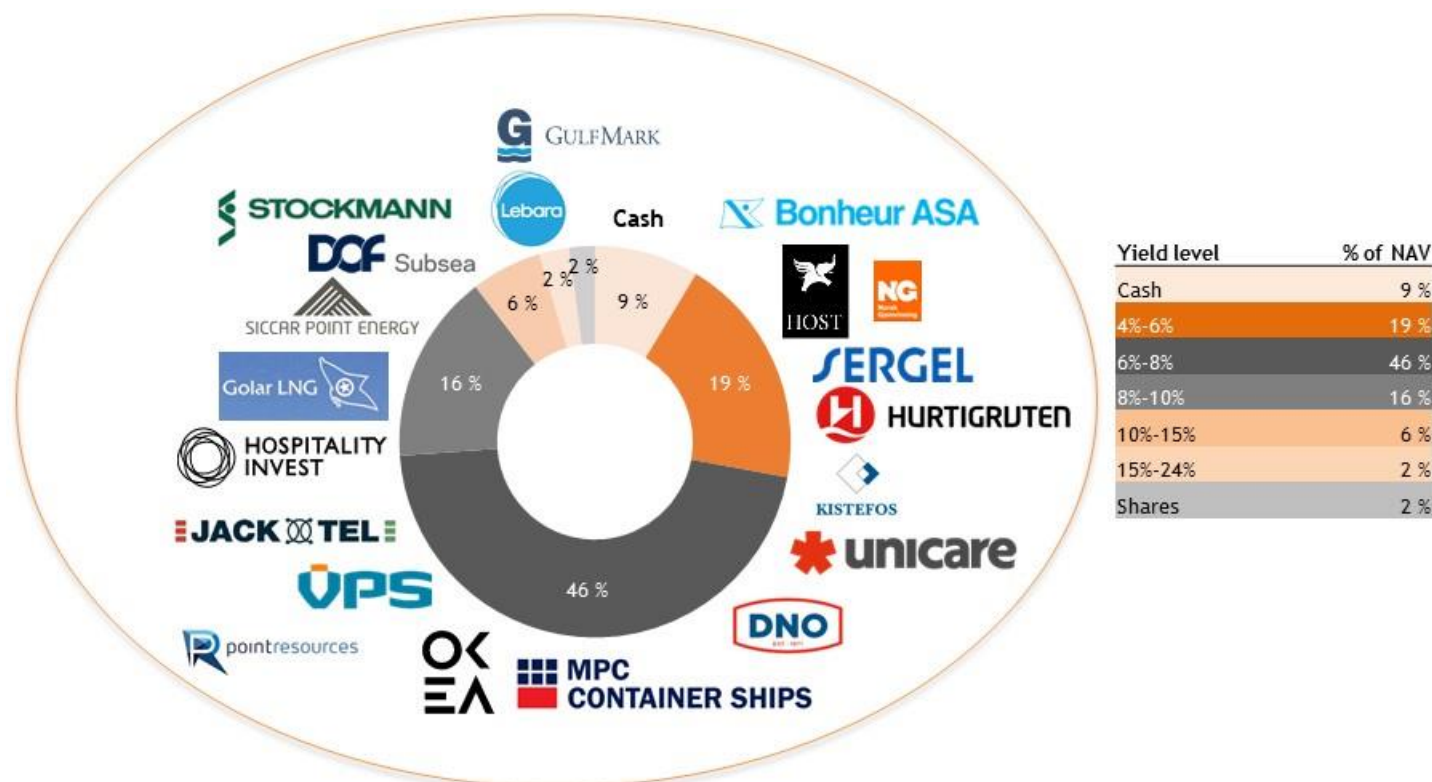
Source: Sparebank 1 Markets, as of 02.07.2018.

BOND PORTFOLIO - TOP 20

NAME	ISIN	PRICE	YIELD %	NAV %	SHORT DESCRIPTION	
1	Veritas Petroleum Services B.V. 14-15N00010708506	100,44	6,4 %	5,1 %	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-Q1/18 NIBD/EBITDA was reported at 4.3x, which provides bondholders with good valuation support.	
2	Point Resources AS 18-24	N00010819485	112,88	6,0 %	5,0 %	Point Resources is a Norwegian E&P company with assets on the NCS. The company is currently controlled by HitecVision. Point Resources and Eni Norway recently agreed to merge, creating a company producing 180,000 bopd with 1,250 mmmboe reserves and resources. The loan documentation and the fact that the bonds are considered being expensive financing and account for a very small part of the new enterprise value we believe it makes sense for the company to find an agreement with bondholders in order to refinance bonds with cheaper alternative financing.
3	GasLog Ltd 16-21 FRN	N00010767858	106,50	5,5 %	3,8 %	Gaslog is an international owner and operator of LNG carriers listed at NYC stock exchange with a market cap of USD 1.35bn (+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 414m per end-Q2/18. Despite the somewhat high leverage, we find the 2021 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	N00010786056	100,48	8,4 %	3,7 %	Golar LNG Partners is an international owner of LNG and FSRU tonnage listed at the NYC stock exchange with a market cap of USD 1.04bn. 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	DNO ASA 15-20	N00010740392	102,92	7,2 %	3,5 %	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 ~20bn. 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).DNO has recently acquired a significant position in Faroe Petroleum.
6	MPC Container Ships Invest B.V. 17-22N00010805872	102,56	6,4 %	3,5 %	Pure play container shipping company. USD close to 500m in equity raised, listed on the Oslo Stock Exchange with an mcap of NOK 4.1bn. 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 ~110%.	
7	Jacktel A/S 14-19	N00010714561	100,55	6,5 %	3,4 %	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.
8	Bonheur Asa 14-21 FRN	N00010714538	100,73	4,3 %	3,2 %	Fred. Olsen controlled conglomerate listed on the Oslo Stock Exchange with a market cap of NOK 4.6bn. Bonheur has investments within shipping, offshore, renewable energy and cruise. By end-Q2/18 the liquidity stood at NOK 6bn and NIBD/EBITDA TTM of 2.7x.
9	Okea AS 17-20	N00010810062	103,35	7,2 %	2,9 %	Okea is an independent E&P company focused on small field developments on the NCS. Okea recently acquired Shell Norway's 44% interest in Draugen and 12% interest in Gjøa for NOK 4.5bn. The recent acquisition increased Okea's asset base substantially. The bond is secured and offers significant asset backing for bondholders.
10	Western Bulk Chartering AS 13-19 FRN N00010675572	102,40	7,1 %	2,8 %	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	Frigaard Property Group AS 18/21	N00010826092	100,25	7,5 %	2,7 %	Norwegian based construction company with operations mainly in South-East of Norway. The bond is secured and leverage is deemed conservative with a NIBD/EBITDA'18 estimated to be ~1.5x. The credit case further benefits from relatively strong earnings visibility.
12	VIEO B.V. 17-22 FRN	N00010804198	57,00	23,1 %	2,4 %	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 price has been under pressure YTD as the company has missed several audit deadlines. Bondholders has formed an ad-hoc group, hired legal advisors and improved borrowing terms, while working constructively with the management of the company. Management continues to state that operations are progressing as planned and that the bond is a performing credit which will be evident in the earnings report scheduled before August 27th.
13	Host Property AB 16-19 FRN	SE0009357676	100,69	5,5 %	2,4 %	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.
14	Beerenberg Holdco II AS 17-21 FRN	N00010786296	103,94	5,9 %	2,3 %	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. Net leverage came in at 2.7x (incl. Bouvet) for by end-Q1/18 which is considered is moderate and expected to come down over the coming years, with the company having a strong de-leveraging capacity and a NOK 10.5bn backlog providing comfort
15	Euronav Luxembourg S.A. 17-22	N00010793888	100,54	7,5 %	2,2 %	Largest publicly listed tanker company in the world with a market cap of USD ~1.6bn. 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.
16	Hoegh LNG Holding Ltd. 15-20 FRN	N00010739683	99,98	7,4 %	2,2 %	HLNG is an owner and operator of floating storage and regasification units and has a leading position within this market. The Company is listed on the Oslo Stock Exchange with a market cap of NOK 3.6bn. The main owner Leif Höegh & Co owns ~40% of the Company. The majority of the fleet is on long-term contracts with solid counterparts providing the company with solid cash flow visibility going forward. The fleet consist of two newbuildings currently un-contracted which is expected to be delivered in late '18 and early '19. We believe the '2020 bonds offers strong risk/reward as we see limited risk of liquidity shortfall ahead of the bond maturity.
17	BW Offshore Ltd. 12-20 FRN	N00010638075	100,13	5,5 %	2,2 %	BW Offshore is a Norwegian FPSO company listed on the Oslo Stock Exchange with a mcap of NOK ~8.35bn. We find the BWO bonds attractive with the bonds trading at spreads in the excess of 450bps. 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.
18	DOF Subsea AS 17-22	N00010788177	95,60	11,3 %	2,1 %	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.
19	Borgestad ASA 18-21 FRN	N00010720766	100,05	8,7 %	2,1 %	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.
20	IGas Energy PLC 13-21	N00010673791	100,65	7,9 %	2,0 %	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 Kerrogon private equity, while the largest bondholder was KKR.
Sum				59,7 %		

Total number of bond positions: 44 (from 40 issuers). Total number of shares: 1.

EXAMPLES OF PORTFOLIO COMPANIES AT RESPECTIVE YIELD LEVELS



PRICES FOR DIFFERENT SHARE CLASSES

SHARE CLASS	ISIN	PRICE
Retail NOK (soft closed)	LU0740578702	130,33
Institutional NOK (soft closed)	LU0840158496	123,23
Retail NOK (RCN)	LU1382364633	129,57
Institutional NOK (ICN)	LU1382364716	123,31
Institutional USD	LU0840159387	105,21
Retail SEK	LU0840159460	102,57
Institutional SEK	LU0840159544	106,35
Retail GBP	LU0840159890	107,35
Institutional GBP	LU0840159973	100,00*
Retail EUR	LU0840158819	102,69
Institutional EUR	LU0840158900	100,00*
Retail CHF	LU1428000985	100,00*
Institutional CHF	LU1076701652	95,57

*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)	1 112

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

**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.