

## 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%	0.5%	0.4%				4.1%
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													4.1%
1-year													4.5%
3-years (ann.)													10.2%
Since inception (ann.)													6.0%

From inception to end of 2009, the fund was EUR-denominated (unhedged). \*From January 2010, performance and NAV are reported based on the EC share class, EUR-denominated (hedged). \*\*From 1 Jan 2012, the fund has been a hedged NOK-denominated fund. \*\*\*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,

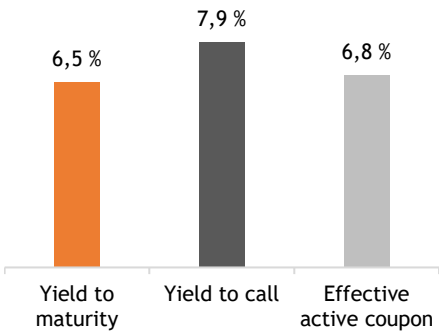
Storm Bond Fund was up 0.4% in September and is up 4.1% YTD.

Although equity and corporate bond markets in general developed fairly stable month over month, September still proved to be an eventful one with the Fed hiking interest rates for the third time this year, Italian government proposed a wider than expected budget deficit and trade tensions between China and the U.S continuing to dominate the news headlines. Although the overall growth in the world remains positive the main short-term macro-risk in our view appears to be that the trade tensions will escalate and potentially weigh on business and consumer sentiment. Oil prices continued to increase and neared the highest level seen in almost four years due to worries of supply shortage mainly on the back of the U.S sanctions on Iran which set to take place in the next month. Furthermore, the central bank in Norway hiked interest rates by 25bps to 75bps and we believe expectations for rate hike in other Nordic countries is likely.

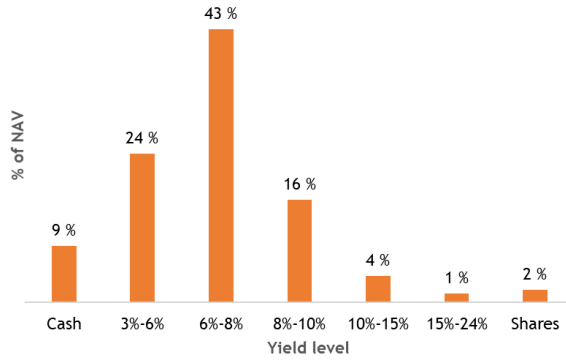
The Nordic high yield market continued to deliver solid returns during the month with our Nordic peer group yielding on average 0.4% vs. Storm Bond Fund at 0.44%. The higher trending oil price is in particular positive for the credit metrics in oil producing companies and for the oil service sentiment going into to 2019. Per end-Q3, Storm Bond Fund had 16% of the portfolio exposed to oil producing (E&P) companies with quality assets and low break-even cost and 17% to oil services with solid balance sheets and strong liquidity runway. The main objective with respect to our oil and oil service exposure is that the credits can withstand significantly lower oil prices over time.

The market for new issues in the Nordics continued as expected on a strong note in September with NOK 13.8bn raised vs. NOK 5.2bn during the same period last year. Total new issues this year has reached NOK 98.5bn vs. NOK 85.6bn in the same period last year, which compare to the peak in 2014 of NOK 107bn in total. The main difference now is that we see a broader diversification among sectors and more favourable credit spreads for the investors. The Nordic high yield market continues to offer attractive risk/reward with significantly higher spreads and shorter interest rate duration than similar global and European credits.

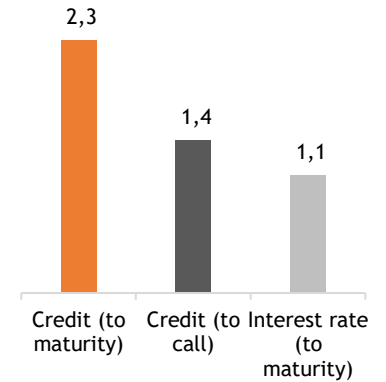
**YIELD LEVELS**



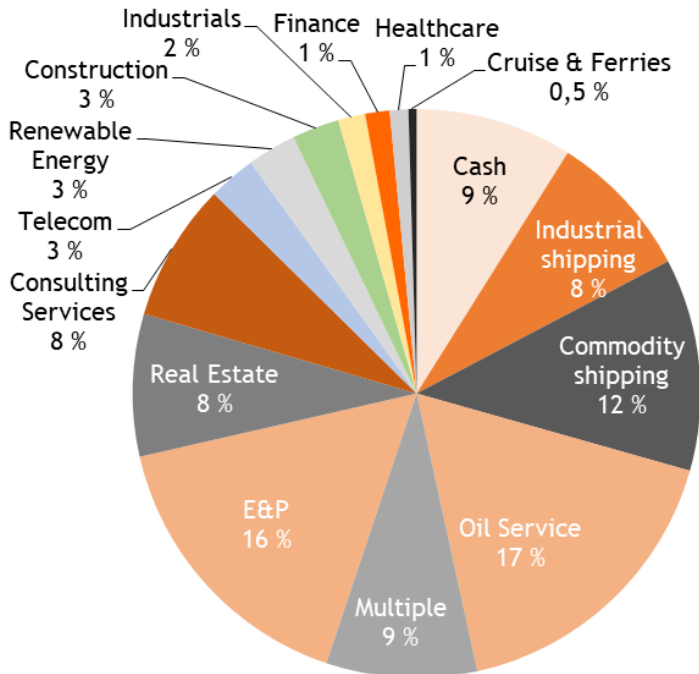
**YIELD DISTRIBUTION**



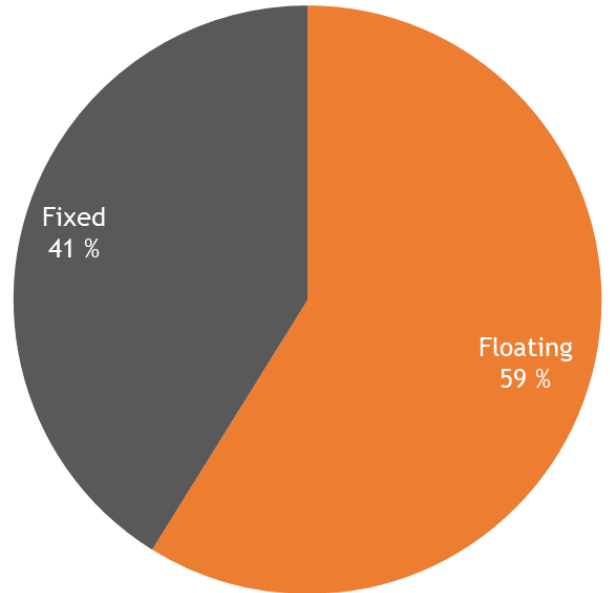
**DURATION (YEARS)**



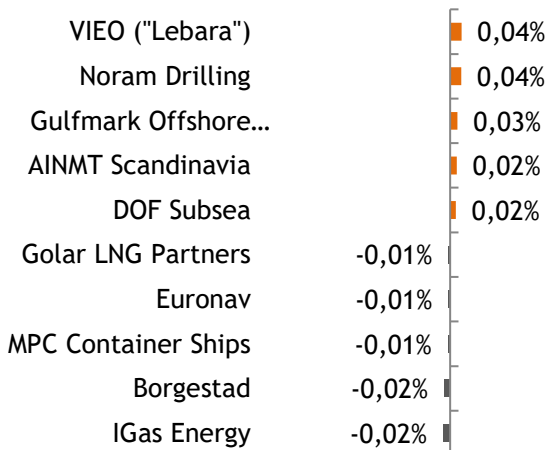
**SECTOR ALLOCATION**



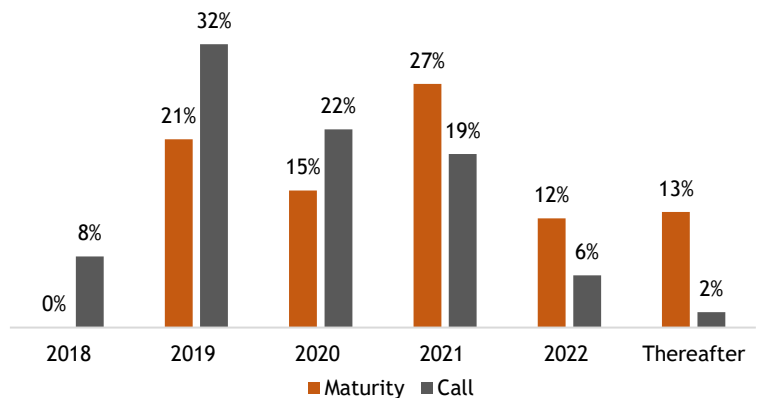
**FLOATING VS. FIXED RATES**



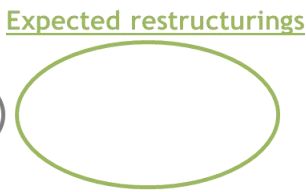
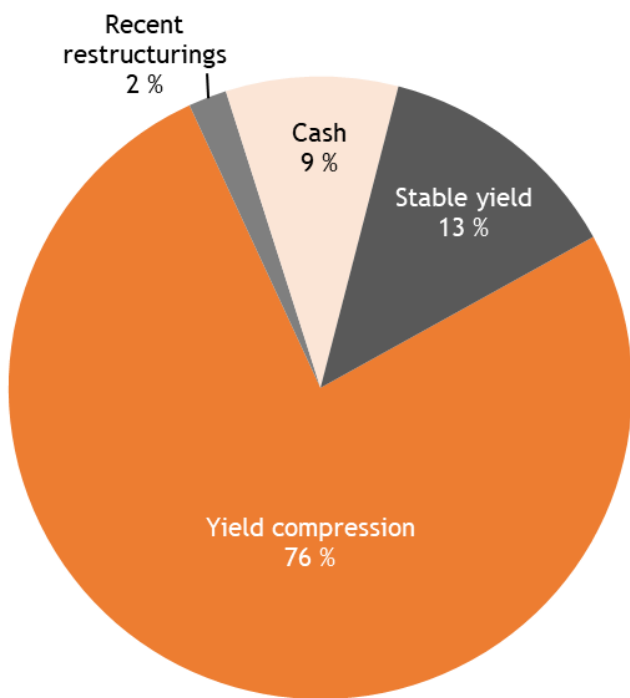
**CONTRIBUTION ANALYSIS (top 5 / bottom 5)**



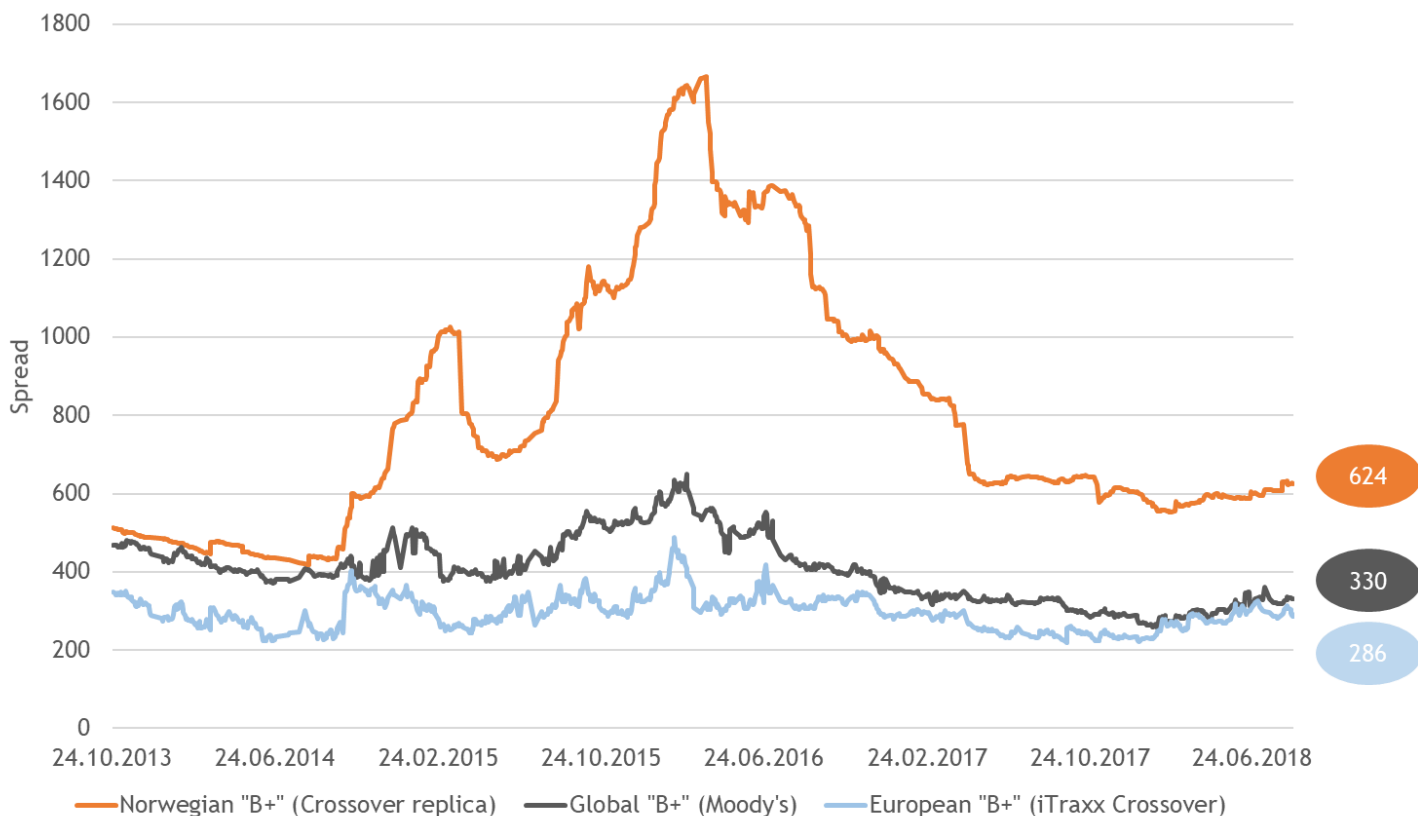
**MATURITY PROFILE**



PORTFOLIO OVERVIEW



SPREAD PREMIUM IN B+ COMPARED TO INTERNATIONAL MARKETS



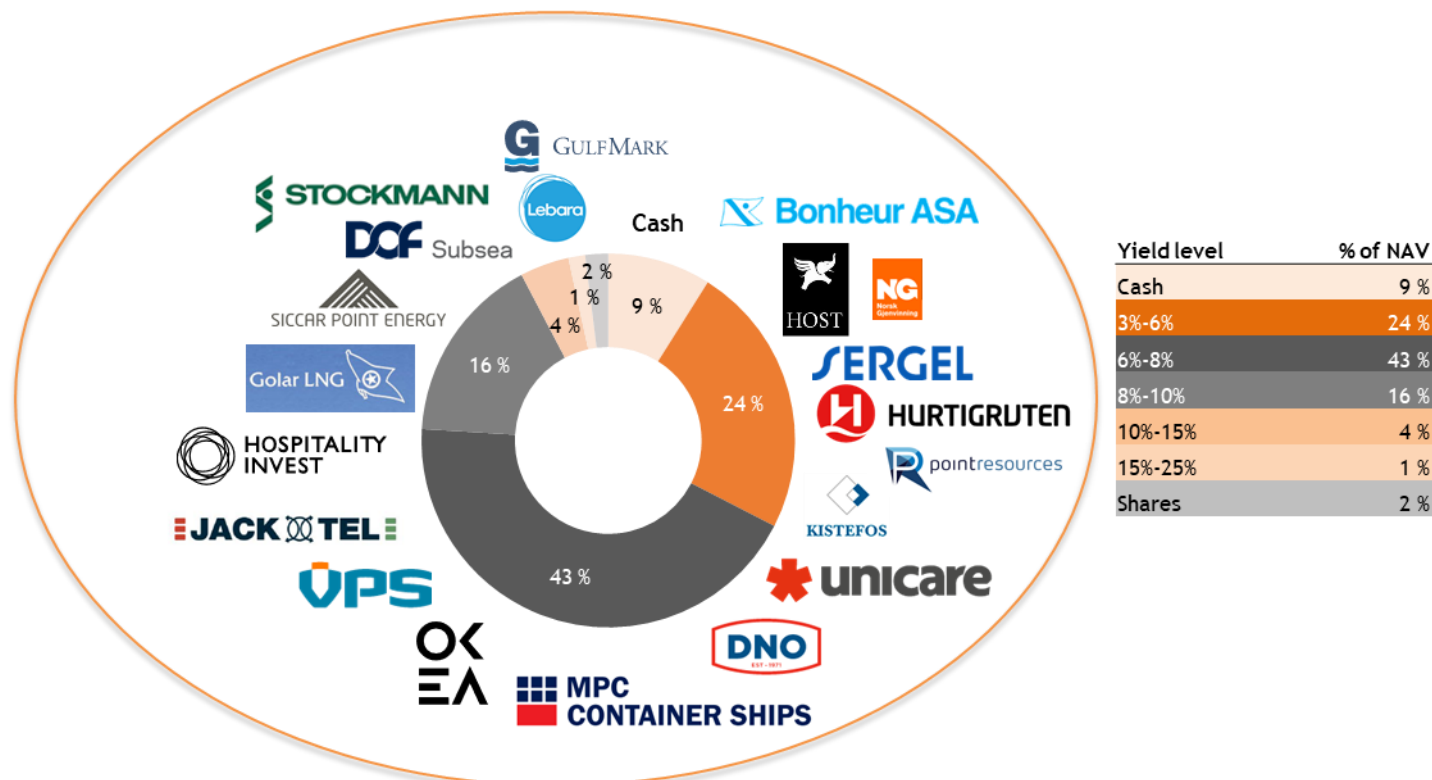
Source: Sparebank 1 Markets, as of 24.08.2018.

## BOND PORTFOLIO - TOP 20

NAME	ISIN	PRICE	YIELD %	NAV %	SHORT DESCRIPTION
1 Veritas Petroleum Services B.V. 14-15	NO0010708506	100,38	6,3 %	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-Q2/18 NIBD/EBITDA was reported at 3.9x, which provides bondholders with good valuation support.
2 Point Resources AS 18-24	NO0010819485	114,00	5,8 %	5,1 %	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 Golar LNG Partners LP DL-FLR Notes	NO0010786056	100,72	8,3 %	4,4 %	Golar LNG Partners is an international owner of LNG and FSRU tonnage listed at the NYC stock exchange with a market cap of USD ~1.0bn. 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.
4 DNO ASA 2020	NO0010740392	103,25	6,8 %	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 ~18.7bn. 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 also holds a significant position in Faroe Petroleum.
5 MPC Container Ships Invest B.V. 17-21	NO0010805872	101,92	6,6 %	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 3.9bn. Senior secured bond with 1st priority in the fleet. Bond with significant downside protection with LTV of ~50% on historical low valuations. Estimated loan to scrap ratio of ~120%.
6 Jacktel A/S 14-19	NO0010714561	100,63	6,3 %	3,4 %	1st lien pledge in a jack-up built for the Norwegian continental shelf. Currently working for Statoil on the Johan Sverdrup field until 2020 with further options thereafter. Market for accommodation units is improving and we expect the company to obtain other sources of funding before maturity of the bond.
7 Bonheur Asa 14-21 FRN	NO0010714538	100,58	4,4 %	3,1 %	Fred. Olsen controlled conglomerate listed on the Oslo Stock Exchange with a market cap of NOK 4.4bn. Bonheur has investments within shipping, offshore, renewable energy and cruise. By end-Q2/18 the liquidity stood at NOK 6bn and NIBD/EBITDA LTM of 2.7x.
8 Noram Drilling Company AS 14-19	NO0010711948	100,25	8,7 %	3,0 %	Noram Drilling is an onshore drilling company owning nine drilling rigs, all of which operate in the Permian Basin. The largest shareholder is John Fredriksen's Gevean, owning 58%. We view Noram as a solid credit due to its strong cash flow, solid asset backing which in its turn reduces the refinancing risk, positive market outlook and a strong and industrial owner.
9 GasLog Ltd 16-21 FRN	NO0010767858	106,53	5,4 %	2,9 %	Gaslog is an international owner and operator of LNG carriers listed at NYC stock exchange with a market cap of USD 1.6bn (+MLP Gaslog Partners mcap at USD ~1.1bn). 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.
10 Okea AS 17-20	NO0010810062	103,04	7,4 %	2,8 %	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.
11 Western Bulk Chartering AS 13-19 FRN	NO0010675572	102,43	6,9 %	2,7 %	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.
12 Frigaard Property Group AS 18/21	NO0010826092	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.
13 Host Property AB 16-19 FRN	SE0009357676	100,69	5,4 %	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	NO0010786296	103,94	5,8 %	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 3.7x by end-Q2/18 which is considered 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 Hoegh LNG Holding Ltd. 15-20 FRN	NO0010739683	100,55	7,0 %	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 3.5bn. 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. We believe the '2020 bonds offers strong risk/reward as we see limited risk of liquidity shortfall ahead of the bond maturity.
16 Euronav Luxembourg S.A. 17-22	NO0010793888	99,05	7,9 %	2,2 %	Largest publicly listed tanker company in the world with a market cap of USD ~1.9bn. Conservative financial strategy with target to keep a minimum of 2 year operational liquidity runway. Recently acquired Gener8 Maritime with shares increasing its fleet from 51 to 81 vessels.
17 BW Offshore Ltd. 12-20 FRN	NO0010638075	100,28	5,4 %	2,2 %	BW Offshore is a Norwegian FPSO company listed on the Oslo Stock Exchange with a mcap of NOK ~11.8bn. We expect the credit metrics to improve significantly ahead with NIBD/EBITDA below 3.0x for 2018 paired with a solid liquidity position.
18 DOF Subsea AS 17-22	NO0010788177	96,50	11,0 %	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 Kistefos AS 17-21 FRN	NO0010809700	103,10	6,0 %	2,1 %	Norwegian investment company, which is 100% owned by Christen Sveaes. Kistefos holds investments within financial services, Telecom & IT, commercial real estate, offshore services and other financial investments. Kistefos recently announced an impressive deal within VSS which takes estimated value adjusted equity to NOK ~5.3bn. This corresponds to an IBD/VAE of 39% suggesting very strong asset backing for the bonds.
20 Borgestad ASA 18-21 FRN	NO0010720766	98,00	9,7 %	2,0 %	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.
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	131,62
Institutional NOK (soft closed)	LU0840158496	124,48
Retail NOK (RCN)	LU1382364633	130,84
Institutional NOK (ICN)	LU1382364716	124,59
Institutional USD	LU0840159387	106,46
Retail SEK	LU0840159460	102,89
Institutional SEK	LU0840159544	107,16
Retail GBP	LU0840159890	108,31
Institutional GBP	LU0840159973	100,00*
Retail EUR	LU0840158819	103,50
Institutional EUR	LU0840158900	100,30
Retail CHF	LU1428000985	100,00*
Institutional CHF	LU1076701652	96,28

\*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)	1 158

## 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.