

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 the largest investor 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
2017	3,3%	3,0%	2,1%	1,3%									10,1%
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%

*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 investors,

Storm Bond Fund delivered 1.3% return in April and is now up 10.1% YTD.

April was another eventful month for the Nordic HY market where oil related refinancing contributed to the alpha.

In general, we continue the de-risking of the portfolio and keep the interest rate exposure at a minimum as well as having a close eye on duration.

As mentioned in our previous monthly report, Solor Bio proposed to make an early redemption of the bonds at 100% of par value. The Company, which bonds traded as low as mid-50s last year, managed to refinance all outstanding bond debt with new and alternative sources to capital. The bonds have now been redeemed and consequently left the portfolio. Furthermore, Genel Energy bought back USD 250m of bonds in a reversed tender offer up to and including 89.9% of par value. As we made a case of the potential buy-back earlier in the year we decided to sell our entire position in the offer.

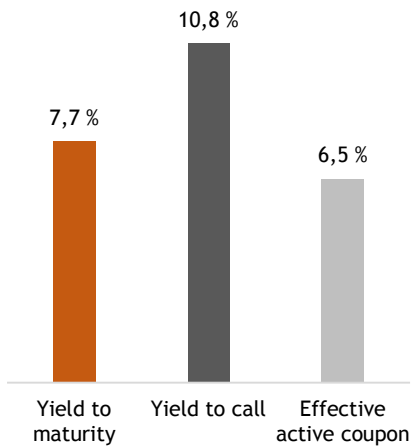
IGAS concluded their restructuring during the month resulting in new equity from new anchor investor, partial debt for equity swap and cash buyback. As the IGAS stock is trading above the restructuring price, recovery currently stands above 100% of par value for the secured bonds.

In late April, we decided to buy bonds in the distressed US listed OSV company Gulfmark. The company is currently in breach with covenants and a restructuring is expected to take place over the coming months. The fleet consist of 66 offshore supply vessels with an average age of ~10 years. We find this opportunity very interesting as the bonds are trading at a significant discount to estimated liquidation value or 4.4m per vessel, which we believe limits the downside in a potential restructuring. As the bonds accounts for the majority of the debt structure, we expect bondholders to convert to equity and consequently create a more or less debt free play on US offshore oil services, which we believe will lead to strong recovery prospects for the bonds currently trading at 53.5% of par value.

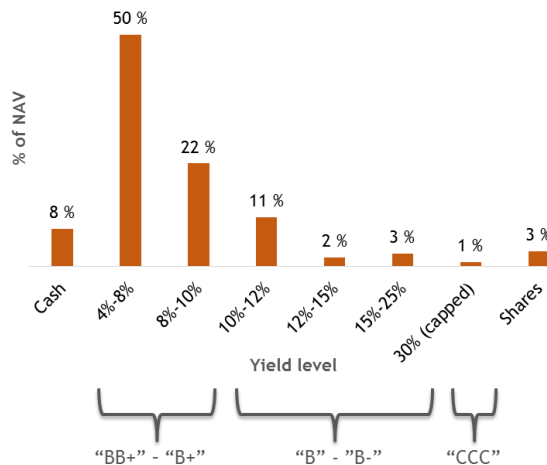
Yield to maturity is currently 7.7%*, while the yield to call is 10.8%*. The effective active portfolio coupon is 6.5%.

*Yields above 30% are regarded inflated and therefore capped at 30%.

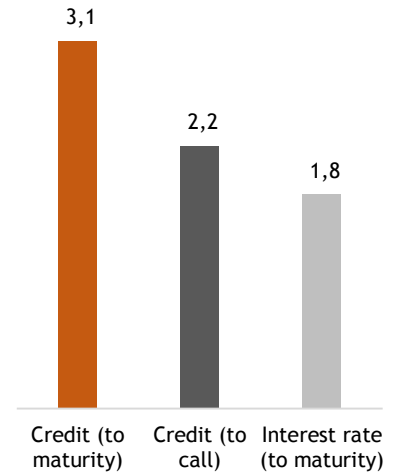
YIELD LEVELS



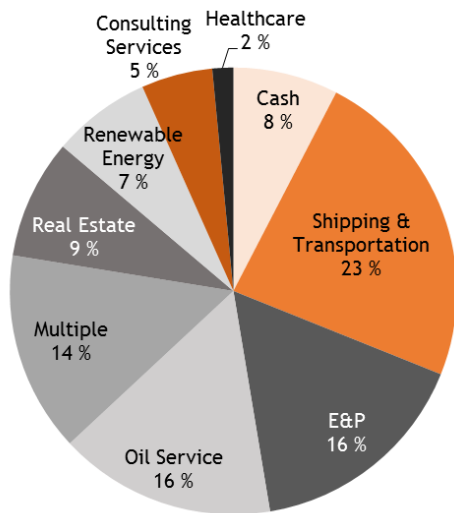
YIELD DISTRIBUTION ("CREDIT RATINGS")



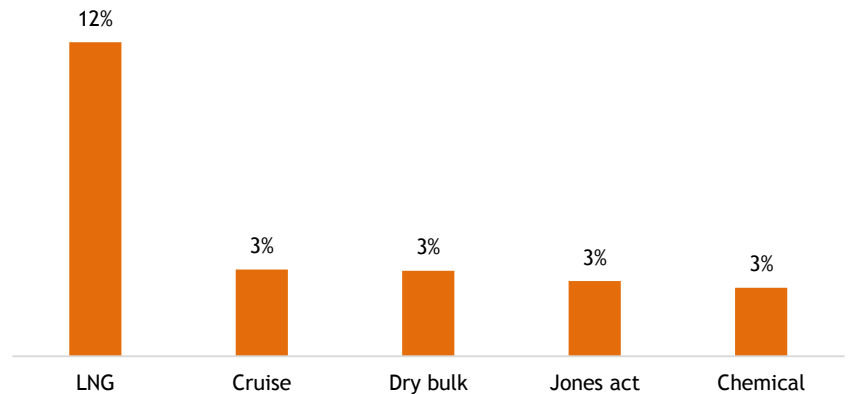
DURATION (YEARS)



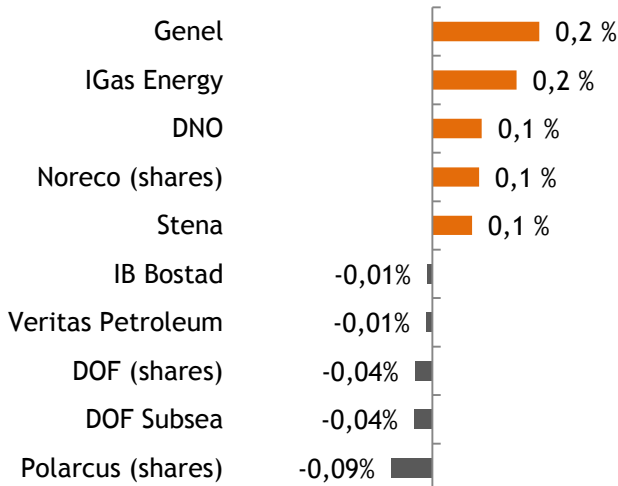
OVERALL INDUSTRY EXPOSURE



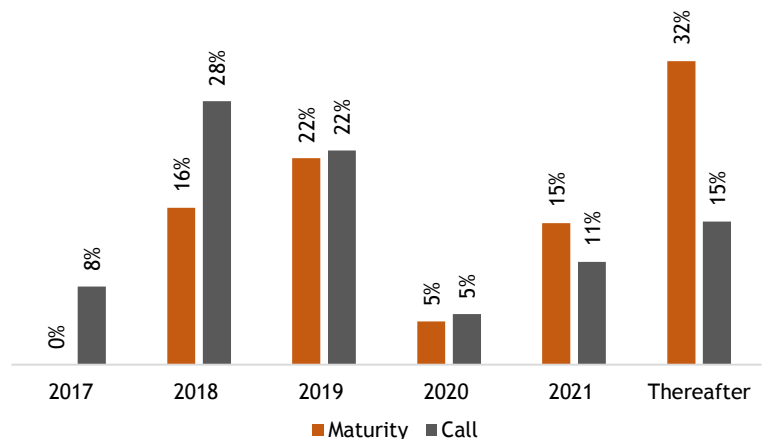
BREAKDOWN OF SHIPPING & TRANSPORTATION



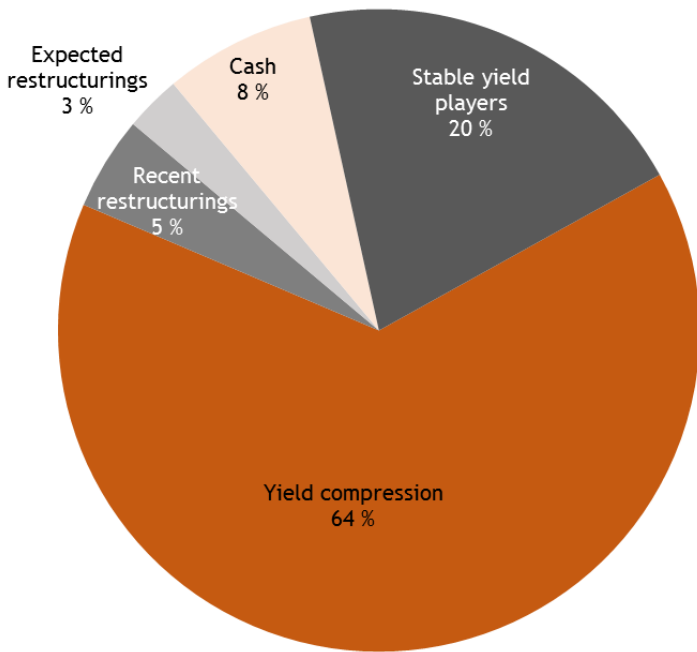
CONTRIBUTION ANALYSIS (top 5 / bottom 5)



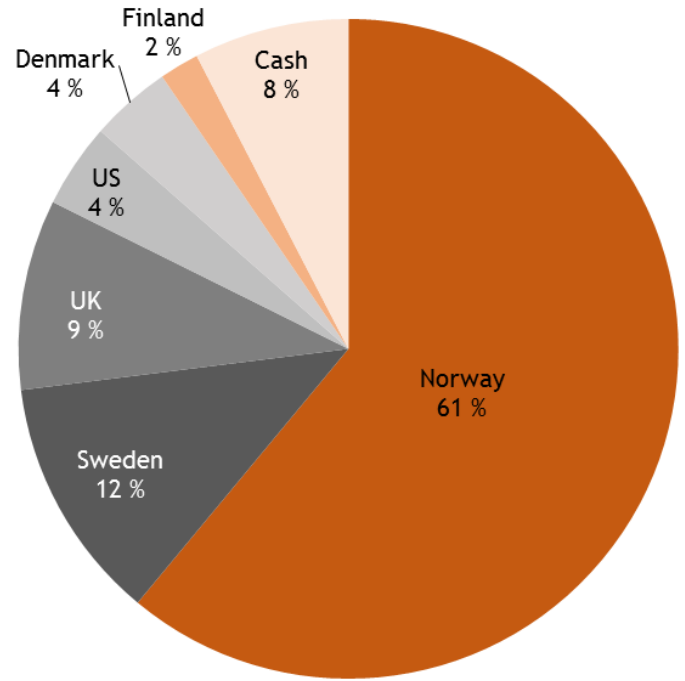
MATURITY PROFILE



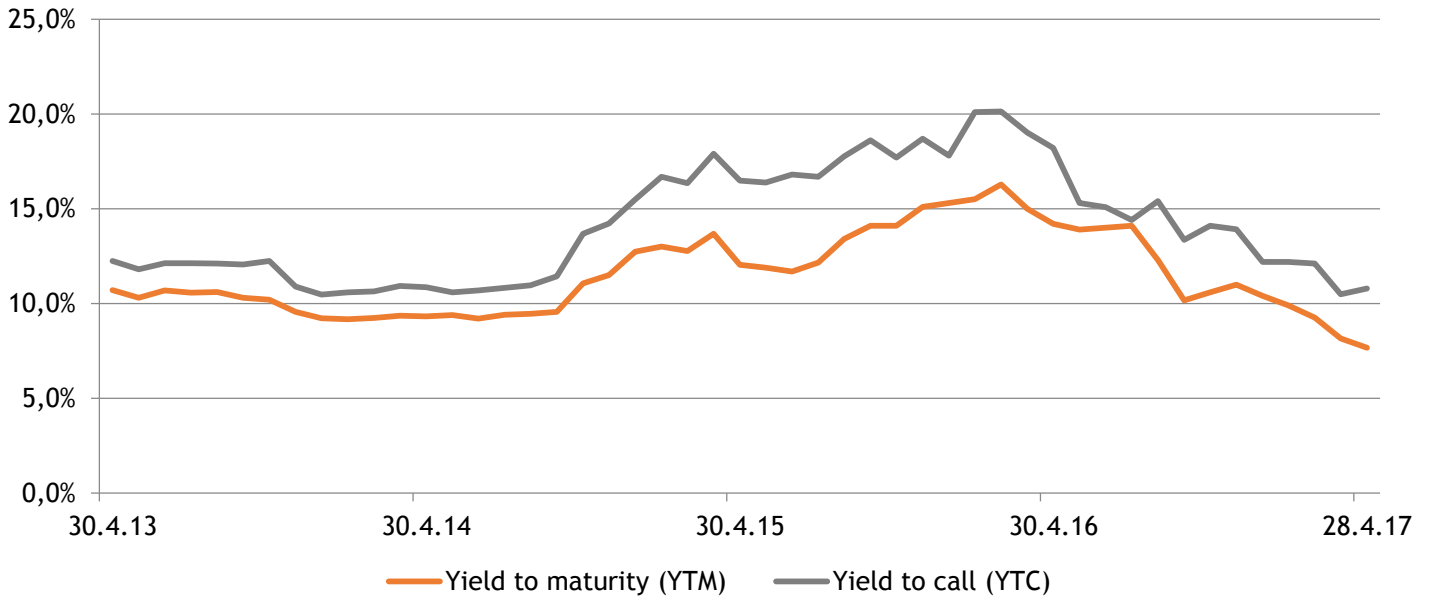
PORTFOLIO OVERVIEW



INVESTMENT BY COUNTRY



YIELD DEVELOPMENT



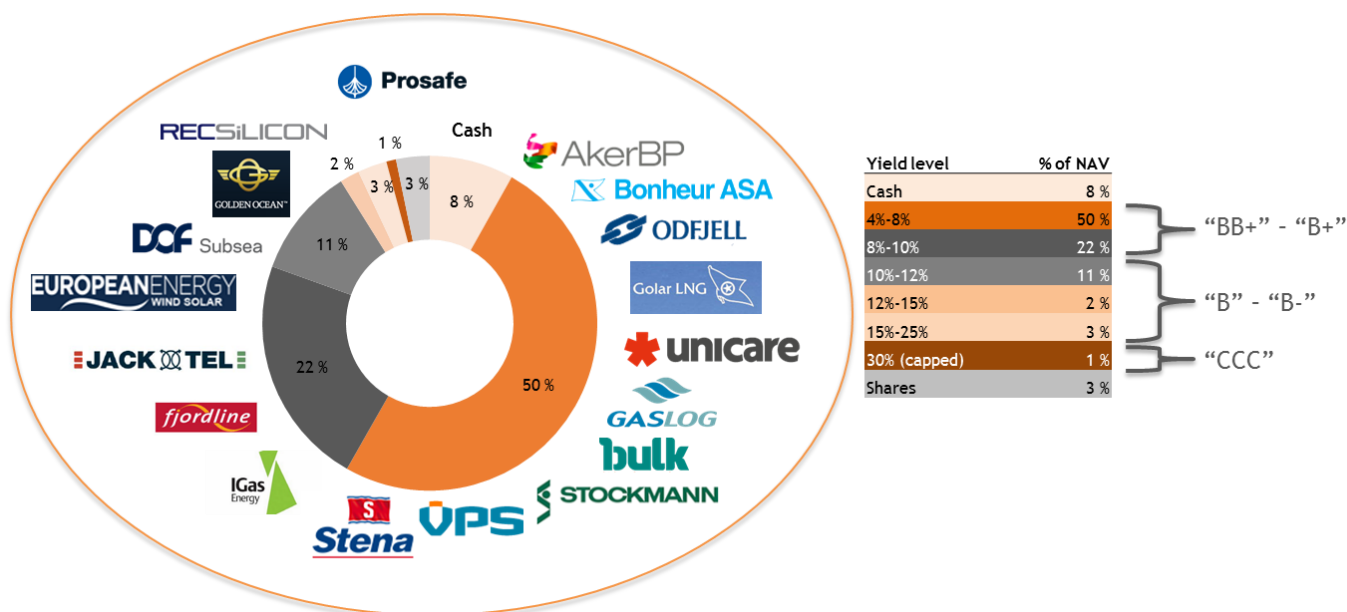
BOND PORTFOLIO - TOP 20

NAME	ISIN	PRICE	YIELD %	NAV %	SHORT DESCRIPTION
1 AKER BP ASA 15-22	NO0010736382	112,14	7,5 %	8,9 %	Aker BP is a Norwegian E&P company with operations in Norway. The Company has grown substantially through M&A with the acquisition of Marathon Oil Norway and the merger with BP Norway. The cash flow is strong with a low cost production base. Given Aker BP's growth ambitions we do not believe they will call the 2022 bond due to i) no financial covenants and no potential dilution for Aker ASA vs. equity issue.
2 Stena Ab 14-24	USW8758PAK22	95,00	8,0 %	5,3 %	Swedish conglomerate 100% controlled by Sten Olsson family. Rated BB- by S&P. Total assets of SEK 120bn. Diversified revenue and asset base with strong market position. Per end-Q3/16 liquidity reserves stood at SEK -19,2bn, which we deem sufficient to weather a difficult market within its drilling operations.
3 Veritas Petroleum Services B.V. 14-1	NO0010708506	97,50	8,6 %	5,2 %	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-Q4/16 NIBD/EBITDA 3.8x, which provides bondholders with good valuation support.
4 GasLog Ltd. 17-22	USG37585AC37	104,00	7,9 %	4,9 %	Gaslog is an international owner and operator of LNG carriers listed at NYC stock exchange with a market cap of USD 1.2bn (+MLP Gaslog Partners mcap at USD ~900m). The company controls a fleet of 28 LNG carriers including newbuilds and vessels organised in 27.7% owned Gaslog Partners. We find the GLOG '22 bonds to offer very attractive risk/reward prospects due to its strong contract backlog with oil majors and the fully financed newbuilding programme.
5 Golar LNG Partners LP 17-21 FRN	NO0010786056	100,31	7,3 %	4,2 %	The credit is supported by the Company's contract backlog with solid counterparties such as BG, ENI, State of Kuwait etc. Leverage prospects is deemed modest and with bonds lagging peers we expect to see further yield compression over the next 12 months.
6 European Energy A/S 14-18 FRN	SE0005677796	98,75	8,9 %	4,0 %	Developing and owning wind- and solar power generating assets. Steady development of projects at approx. 100MW on average over the last 5 years. Strong development pipeline suggests solid financial performance in the years to come. Financial metrics is deemed strong compared to peers - especially with ICR of ~2.9x.
7 Jacktel A/S 14-19	NO0010714561	96,50	9,1 %	3,8 %	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 bank financing before the bond expires.
8 Bonheur Asa 14-21 FRN	NO0010714538	98,25	4,9 %	3,3 %	Fred. Olsen controlled conglomerate with focus mainly on renewable energy. Has a strong balance sheet and a devoted main owner with a long term view on all investments.
9 Fjord Line AS 13-18 FRN	NO0010671084	100,84	8,6 %	3,2 %	Norwegian ferry operator which has been through an operational turnaround. Balance sheet improved. Strong equity sponsor in Ferd.
10 Golden Ocean Group Ltd. 14-19 Conv	NO0010701055	88,58	10,7 %	3,2 %	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 ~4.8bn. 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. We expect asset values to move higher into 2017 once the seasonally low Q1 is behind us which should further strengthen the credit case.
11 DOF Subsea AS 17-22	NO0010788177	98,25	10,2 %	3,1 %	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 21bn with tier-1 counterparties (or approx. 3.3x 2016e revenues). Firm backlog equates to ~1.4x NIBD and remaining capex. Unique position in Brazil with local built vessels.
12 DNO ASA 15-20	NO0010740392	94,50	11,2 %	3,0 %	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 7.9bn. 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).
13 IGas Energy PLC 13-21	NO0010673791	98,13	8,7 %	3,0 %	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 (stub - meaning low gearing) in the near term future. With the current pricing of the equity, cash and new bond at par the recovery looks to be close to 100% for bondholders. The new equity investor is Kerrogan private equity, while the largest bondholder was KKR.
14 Kistefos AS 16-19 FRN	NO0010779291	102,95	7,2 %	2,9 %	Norwegian holding company, which is 100% owned by Christen Sveeas. Strong value support in portfolio companies such as Advanzia Bank and 1881 Opplýsingin. Kistefos recently announced that it has sold Bergmoen AS and Gardemoen Forum AS releasing NOK 210m in cash, hence supporting the credit case and reducing refinancing risk.
15 GulfMark Offshore Inc. 12-22	US402629AG43	53,50	23,0 %	2,8 %	US based OSV company with presence in the North Sea, SE Asia and Americas. The company is currently in breach with covenants and a debt for equity swap is expected to take place in the near future. The fleet consist of 66 OSV vessels with an average age of ~10 years. The bonds are trading at a ~20% discount to estimated "liquidation" value or 4.4m per vessel, which we believe limits the downside in a potential restructuring.
16 American Tanker Inc. 17-22	NO0010777519	102,00	8,9 %	2,8 %	AMSC is an owner and operator of nine modern product tankers. The Company is listed on the Oslo Stock Exchange with a market cap of NOK 1.7bn. All of AMSC's fleet is on long-term bareboat charter contracts with OSG providing the Company with good cash flow visibility. AMSC's vessels was acquired at an average build cost of 107m vs. an average newbuild cost today of USD 135-150m, which means that the bareboat level would break even significantly lower than a newbuild today supporting the credit case going forward.
17 Odfjell SE 16-19 FRN	NO0010774276	103,69	5,3 %	2,6 %	Diversified operations within chemical tankers, terminals and gas carriers with a long track-record and a strong market position. Company been successful in increasing cost competitiveness by more than 20% compared to FY/14. Strong liquidity position, limited refinancing risk in 2016 and 2017 combined with moderate capex commitments will reduce leverage going forward.
18 Host Property AB 16-19 FRN	SE0009357676	100,63	5,7 %	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.
19 IB Bostad 18 AB 16-18 FRN	NO0010777162	104,50	4,8 %	2,3 %	Secured bond with pledge in a well-diversified portfolio consisting of 111 properties and 700 apartments (no development risk), valued to SEK 568m. Stable and predictable earnings from a regulated tenant base with low vacancy. Parent guarantee from large, diversified and solid owner with properties valued at SEK 7.8bn. The bond structure is deemed attractive with share pledge, parent guarantee and no distributions out of group (ring-fence structure).
20 Hoegh LNG Holding Ltd. 17-22 FRN	NO0010782949	101,58	5,6 %	2,3 %	Høegh has had presence in the LNG shipping market since 1969 and is listed on the Oslo Stock Exchange with a market cap of NOK ~7.4bn. The Høegh family is the largest owner with 41.5% of the shares outstanding. The company focuses solely on floating storage and regasification of LNG (FSRU), which in its nature is more credit friendly than LNG and LPG due to the long-term contracts with solid counterparties often being governments and/or strong energy companies. HLNG is expected to have lower leverage than peers as newbuilds is coming on contracts. Furthermore, HLNG has the strongest backlog in the industry amounting to USD 6.2bn or with 14 years average contract length which should reduce refinancing risk at maturity.
Sum				73,1 %	

Total number of bond positions: 36 (from 32 issuers).

Total number of shares: 4.

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



PRICES FOR DIFFERENT SHARE CLASSES

SHARE CLASS	ISIN	PRICE
Retail NOK	LU0740578702	122,84
Institutional NOK	LU0840158496	115,88
RCN NOK	LU1382364633	122,60
ICN NOK	LU1382364716	116,31
Institutional USD	LU0840159387	98,03
Retail SEK	LU0840159460	98,76
Institutional SEK	LU0840159544	102,32
Retail GBP	LU0840159890	101,64
Retail EUR	LU0840158819	98,43
Institutional CHF	LU1076701652	91,66

OTHER INFORMATION

Share classes	NOK, SEK, EUR, USD, GBP, CHF (all hedged)
Domicile	Luxembourg
Investment Manager	Storm Capital Management Ltd
Prime Broker	Oppenheim Asset Management Services
Administrator	Deutsche Fund Platforms
Management Fee	Retail: 0.75%, Institutional: 0.5%
Performance Fee	10% (high water mark)
Redemption Fee	0,25% (accrues to the fund)
Liquidity	Daily
Auditor	KPMG
VPS-registered	For Norwegian clients

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 7 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.