

## 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
2017	3,3%	3,0%	2,1%	1,3%	0,6%	-1,1%	0,8%	1,1%					11,6%
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 1.1% return in August and is up 11.6% YTD.

The primary market in the Nordic's re-gained momentum again in late August after a quiet July month. We expect to see more new issues entering the market over the next months due to favourable market conditions and solid cash positions among the Nordic HY funds on the back of net in-flows, accumulated coupon payments and in the money currency hedges rolling over in September/October (weaker USD vs. NOK).

In late August Lebara, one of Europe's fastest growing mobile companies with ~3.5m active users, issued a new EUR 350m secured bond in the Nordic market. The bond which matures in 2022 (5 years) was issued at a coupon of EURIBOR 3m (0 floor) + 675bps. We found the bond and the pricing very attractive and decided to subscribe in the bond issue 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 consequently increase profitability. Hence, we expect EBITDA and cash flow to improve over the coming years which supports the credit case and yield compression.

Furthermore, during the month our portfolio company Transocean announced their intention to acquire Songa Offshore. We deem the transaction to be accretive for bonds as it further strengthens the Company's position in the high-end UDW market, creates cost synergies and increases backlog by ~40%. Post transaction, we view Transocean's credit profile to be very solid and able to withstand a prolonged period with challenging markets due to the solid balance sheet of USD 5.2bn end-H1/17, an industry leading backlog of USD ~14bn and attractive asset pricing.

We continue to highlight that we find the Nordic HY market to offer very good risk reward compared to European and US high yield. Hence, we would not be surprised to see an allocation shift from European HY to Nordic HY in near future.

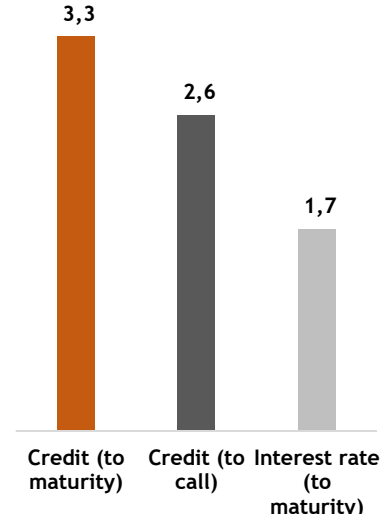
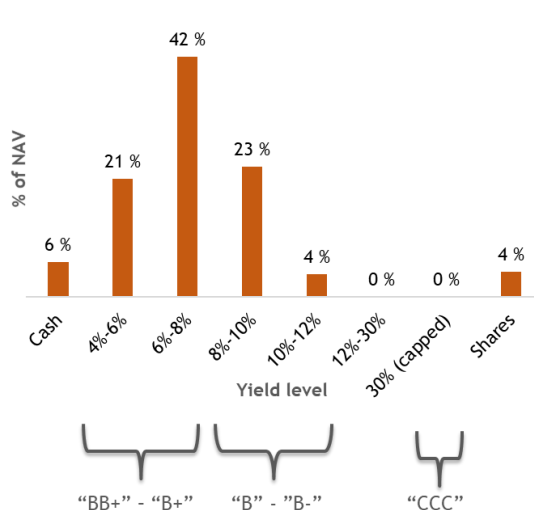
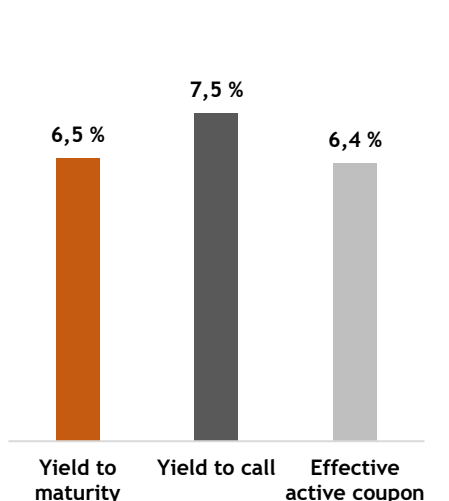
Yield to maturity is currently 6.5%\*, while the yield to call is 7.5%\*. The effective active portfolio coupon is 6.4%.

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

YIELD LEVELS

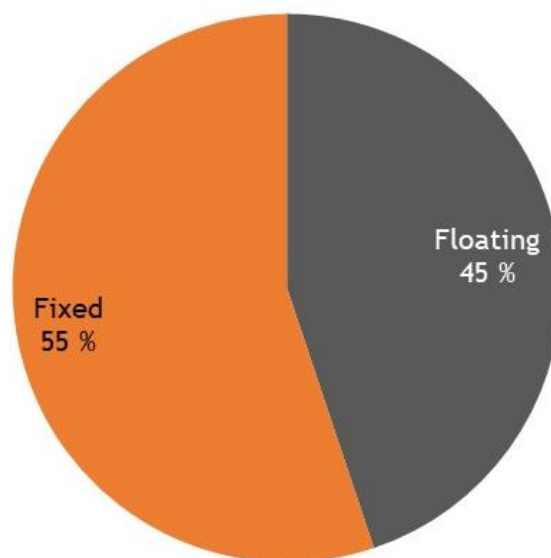
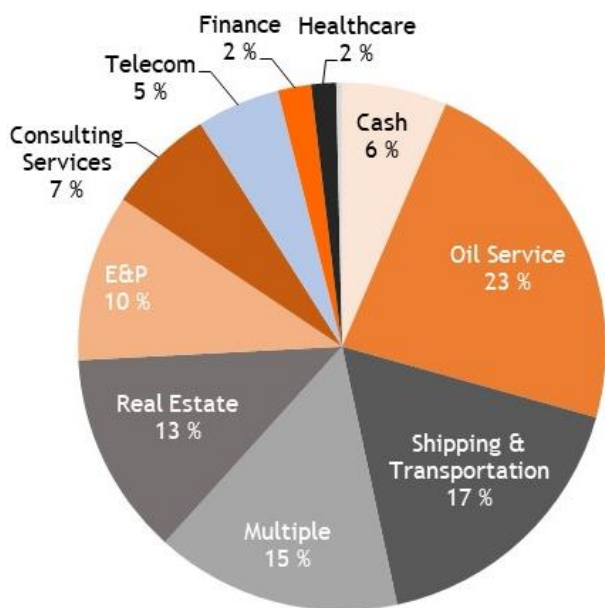
YIELD DISTRIBUTION ("CREDIT RATINGS")

DURATION (YEARS)



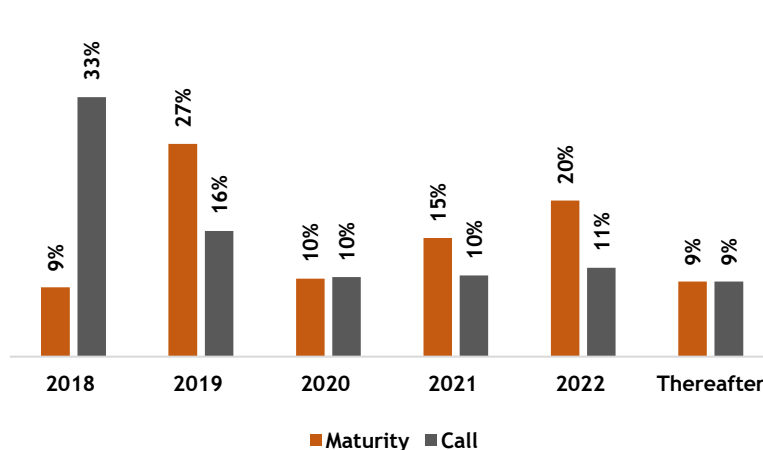
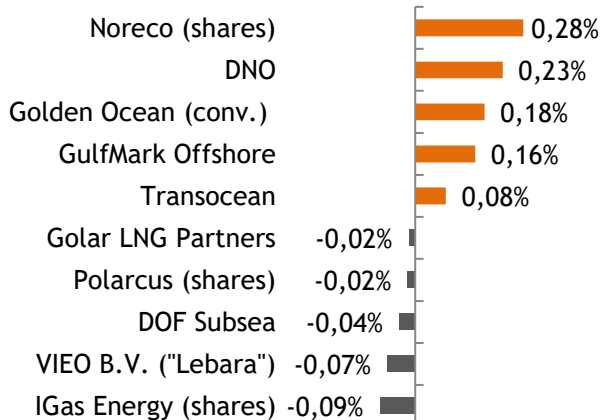
OVERALL INDUSTRY EXPOSURE

FLOATING VS. FIXED RATES

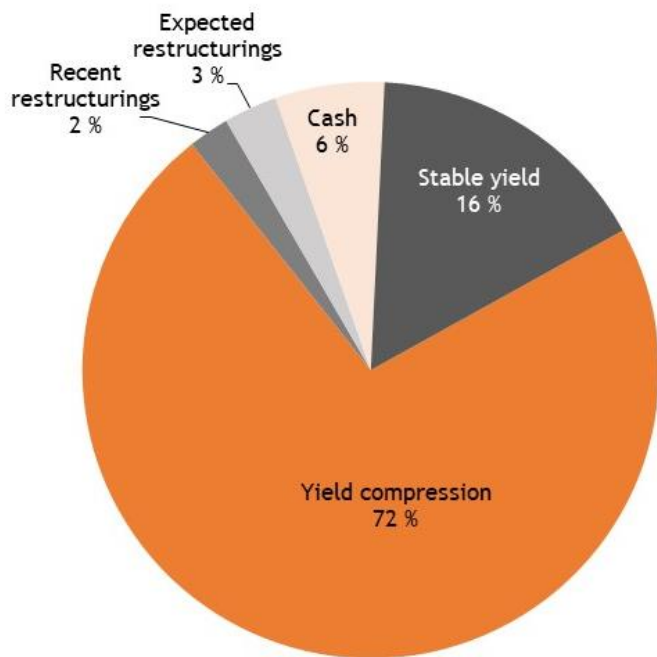


CONTRIBUTION ANALYSIS (top 5 / bottom 5)

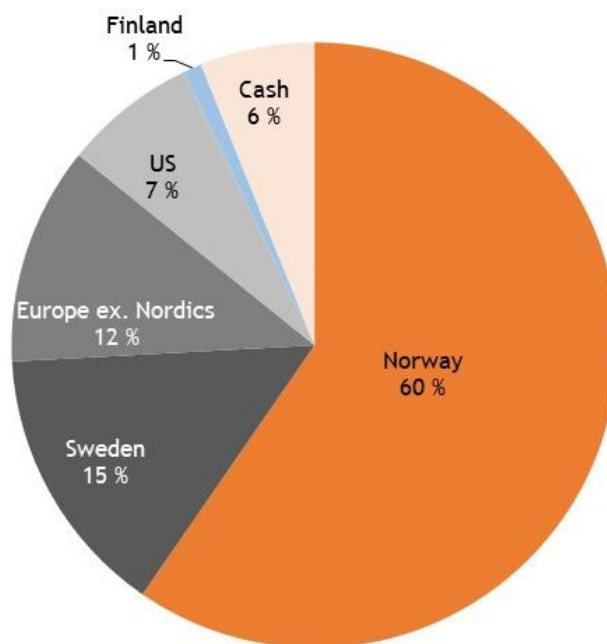
MATURITY PROFILE



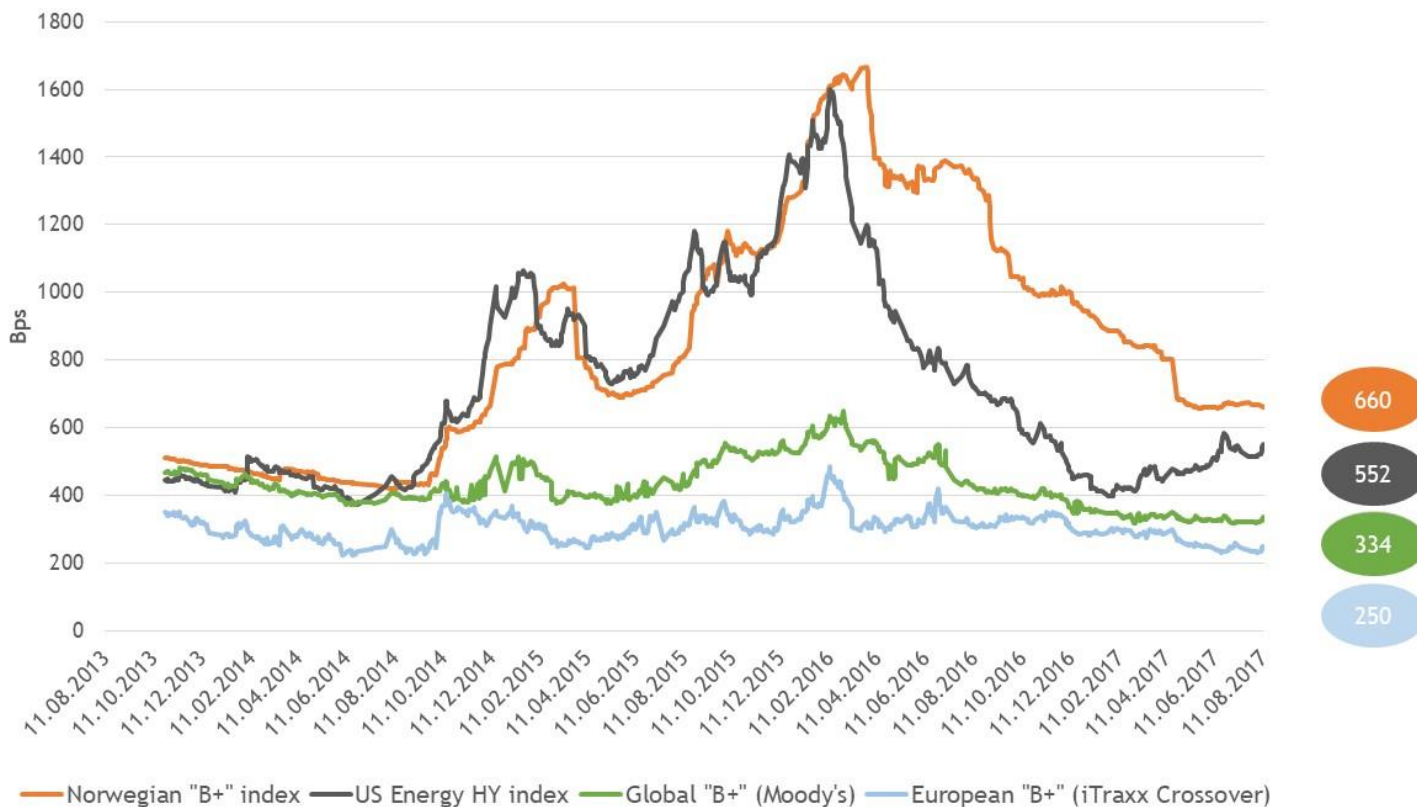
PORTFOLIO OVERVIEW



INVESTMENT BY COUNTRY



SPREAD PREMIUM IN B+ COMPARED TO INTERNATIONAL MARKETS



Source: Sparebank 1 Markets, as of 11.08.2017.

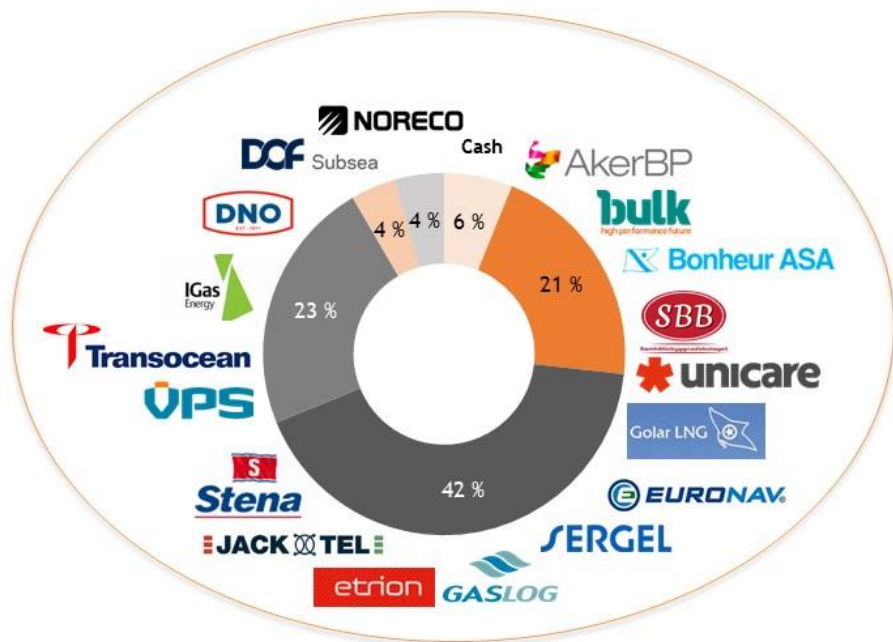
## BOND PORTFOLIO - TOP 20

NAME	ISIN	PRICE	YIELD %	NAV %	SHORT DESCRIPTION
1 Veritas Petroleum Services B.V. 14-1	NO0010708506	97,50	8,9 %	6,6 %	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-Q1/17 NIBD/EBITDA 4.2x, which provides bondholders with good valuation support.
2 VIEO B.V. 17-22 FRN	NO0010804198	98,58	7,1 %	5,1 %	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 Kistefos AS 16-19 FRN	NO0010779291	103,71	6,5 %	4,7 %	Norwegian holding company, which is 100% owned by Christen Sveeas. Strong value support in portfolio companies such as Advanzia Bank and 1881 Opplysningen. 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.
4 Jacktel A/S 14-19	NO0010714561	99,98	7,2 %	4,6 %	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 GasLog Ltd. 17-22	USG37585AC37	105,25	7,5 %	4,6 %	Gaslog is an international owner and operator of LNG carriers listed at NYC stock exchange with a market cap of USD 1.3bn (+MLP Gaslog Partners mcap at USD ~870m). 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.
6 DNO ASA 15-20	NO0010740392	101,95	8,1 %	4,4 %	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 13.2bn. 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).
7 Transocean Inc. 01-31	US893830AF64	84,50	9,6 %	4,1 %	Leading industry position with a large and diversified offshore fleet. The Company has a strong liquidity position of more than USD 5bn and a contract backlog of USD 15bn. Outstanding debt mainly consist of unsecured bonds, which is deemed positive with regards to recovery/downside protection. Recently acquired Songa Offshore, which we consider to be positive from a credit prespective.
8 Golden Ocean Group Ltd. 14-19 Conv	NO0010701055	94,50	7,4 %	4,0 %	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 ~9.6bn. 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's is behind us which should further strengthen the credit case.
9 Stena Ab 14-24	USW8758PAK22	95,05	8,0 %	4,0 %	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-Q1/17 liquidity reserves stood at SEK ~17.5bn, which we deem sufficient to weather a difficult market within its drilling operations.
10 Golar LNG Partners LP 17-21 FRN	NO0010786056	99,63	7,7 %	3,9 %	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.
11 Euronav Luxembourg S.A. 17-22	NO0010793888	98,04	8,0 %	3,8 %	Largest publicly listed tanker company in the world with a market cap of USD ~1.2bn. Conservative financial strategy with target to keep a minimum of 2 year operational liquidity runway. Liquidity currently stands at USD ~620m.
12 Host Property AB 16-19 FRN	SE0009357676	102,13	5,0 %	3,5 %	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 Bonheur Asa 14-21 FRN	NO0010714538	99,38	4,5 %	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.
14 Beerenberg Holdco II AS 17-21 FRN	NO0010786296	101,50	6,8 %	3,2 %	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-Q2/16, cash was reported at NOK 150m and ICR LTM of 3.75x, hence strong debt service capacity even under challenging market conditions. Bond is secured with pledge in operating entities.
15 Borgestad ASA 14-18 FRN	NO0010720766	100,25	7,6 %	2,9 %	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.
16 DOF Subsea AS 17-22	NO0010788177	96,55	10,7 %	2,8 %	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. The Company is looking at listing the equity.
17 IGas Energy PLC 13-21	NO0010673791	100,00	8,2 %	2,8 %	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.
18 Aker BP ASA 17-22	USR0140AAA71	104,50	4,9 %	2,5 %	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. This bond was recently issued at 6% in order to refinance Aker BP ASA 15-22.
19 BW Offshore Ltd. 12-20 FRN	NO0010638075	95,32	7,3 %	2,4 %	The financial risk profile for BWO will improve due to the significant deleveraging from ~4.0x end-17e to ~3.0x end-18e following the first oil from the Catcher FPSO in November 2017. Given the current strong liquidity position, we deem the BWO bonds attractive, and believe that the start-up of Catcher FPSO will de-risk the credit case further and offer solid yield compression over the next 6 months.
20 IB Bostad 18 AB 16-18 FRN	NO0010777162	103,50	4,7 %	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).
Sum				75,4 %	

Total number of bond positions: 35 (from 32 issuers).

Total number of shares: 4.

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



Yield level	% of NAV	Credit Rating
Cash	6 %	“BB+” - “B+”
4%-6%	21 %	
6%-8%	42 %	
8%-10%	23 %	“B” - “B-”
10%-12%	4 %	
12%-30%	0 %	“CCC”
30% (capped)	0 %	
Shares	4 %	

PRICES FOR DIFFERENT SHARE CLASSES

SHARE CLASS	ISIN	PRICE
Retail NOK	LU0740578702	124,55
Institutional NOK	LU0840158496	117,62
RCN NOK	LU1382364633	124,14
ICN NOK	LU1382364716	117,87
Institutional USD	LU0840159387	99,70
Retail SEK	LU0840159460	99,45
Institutional SEK	LU0840159544	103,15
Retail GBP	LU0840159890	102,88
Retail EUR	LU0840158819	99,30
Institutional CHF	LU1076701652	92,47

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)
Minimum Investment	Retail (50,000 NOK) Institutional (25,000,000 NOK)
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

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**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

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