

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%					3.6%
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													3.6%
1-year													5.2%
3-years (ann.)													9.0%
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,

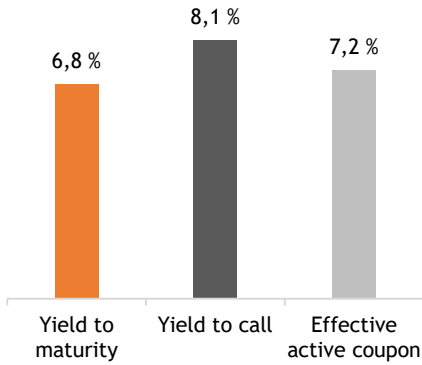
Storm Bond Fund was up 0.5% in August and is up 3.6% YTD.

August proved to be difficult for the broader financial markets due to the new tensions between Turkey and the U.S and the deterioration of trade talks between China and the U.S weighing on most equity markets apart from the U.S and the Nordics. August is usually a fairly quiet period for the Nordic High Yield markets and this year was no exception. The activity in the primary market increased towards the end of the month and is expected to continue throughout the second-half of 2018 due favourable market conditions. The Nordic High yield market continues to deliver positive returns yielding on average 0.56%. Storm Bond Fund's performance during the month was positively affected by the re-pricing of Kistefos and Point Resources bonds and negatively impacted by another audit miss in Lebara. As such, we have decided to reduce our position in Lebara at ~60% of par from 2.5% to 1.5% of the fund.

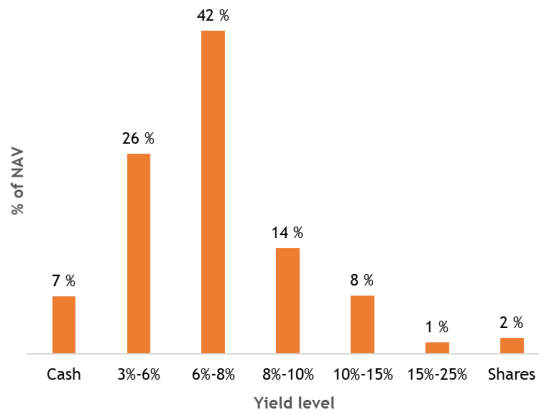
During August, we decided to increase our position in the Noram Drilling. The Company is an onshore drilling company owning nine drilling rigs, all of which operate in the Permian Basin. The largest shareholder is John Fredriksens Geveran, owning 58%. The momentum in the US onshore drilling space is picking up and it is starting to play out in terms of higher rates and utilization. We view Noram as a hidden gem in the oil service space 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. The bonds which matures next year currently yields ~10% which we deem to be very attractive given the aforementioned positive credit strengths. During the end of the month our largest portfolio company, Veritas Petroleum Services announced that they are considering to refinance its outstanding bond. The bonds which currently trades around par has a call at 101.5.

The global macro outlook is still looking strong, but we do acknowledge that we probably are positioned somewhere late in the financial cycle. Our main objective is to create a portfolio that offers solid return prospects, but at the same time provides our investors with downside protection in the event of more challenging financial markets. Our main strategic focus areas to achieve this remains to be exposed to a concentrated but well diversified portfolio of quality Nordic credits with short credit duration (2.4 years) and low modified duration (1.1 years) going forward. The yield to maturity in the portfolio is 6.8%.

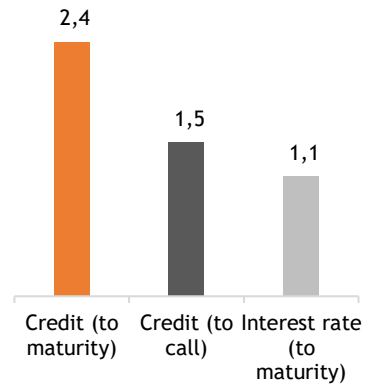
YIELD LEVELS



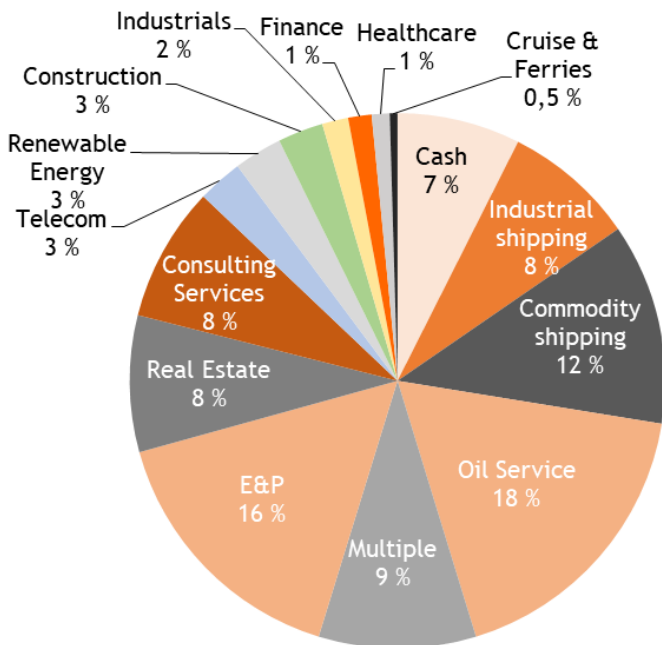
YIELD DISTRIBUTION



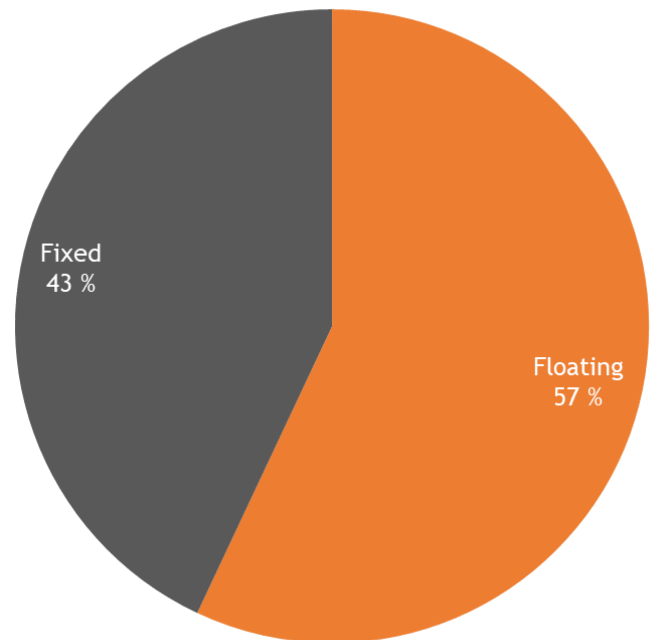
DURATION (YEARS)



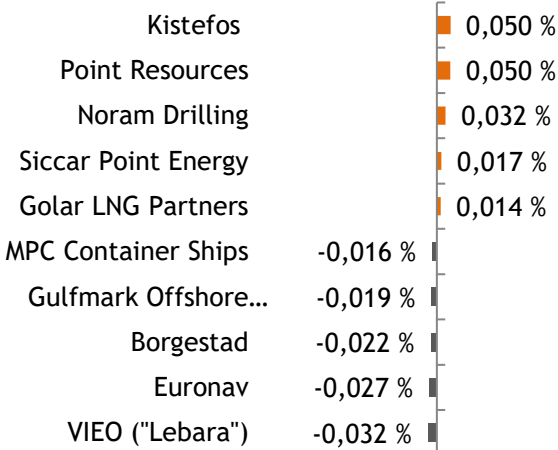
SECTOR ALLOCATION



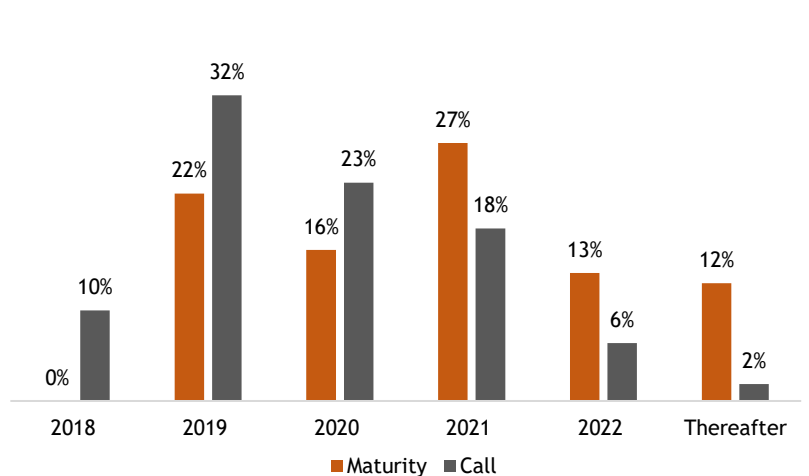
FLOATING VS. FIXED RATES



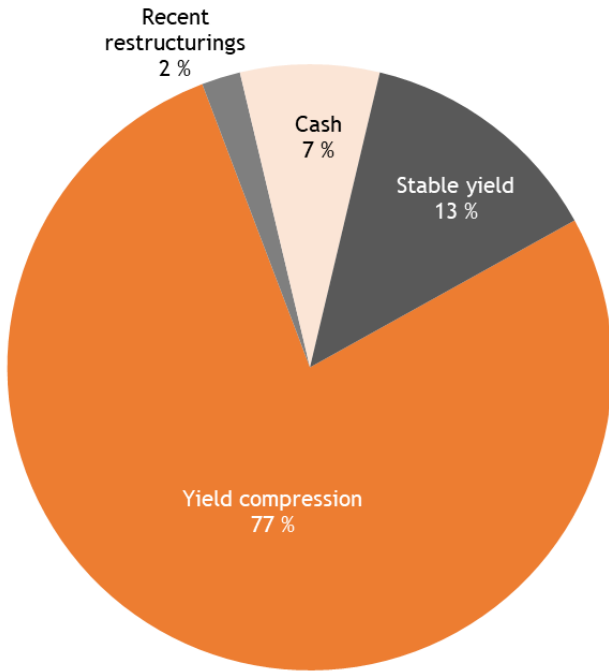
CONTRIBUTION ANALYSIS (top 5 / bottom 5)



MATURITY PROFILE



PORTFOLIO OVERVIEW



Stable yield



Yield Compression



Opportunistic

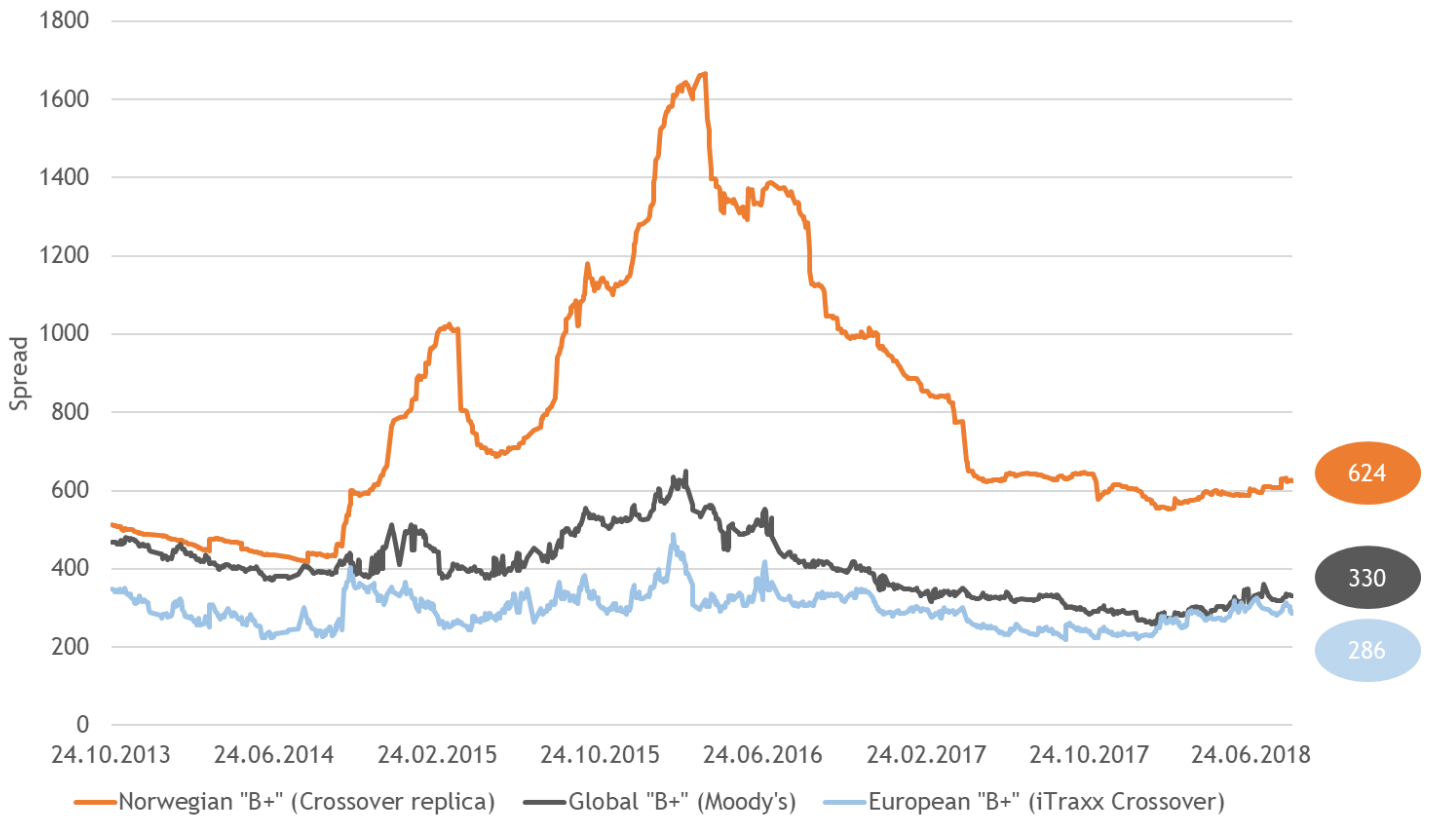
Recent restructurings



Expected restructurings



SPREAD PREMIUM IN B+ COMPARED TO INTERNATIONAL MARKETS



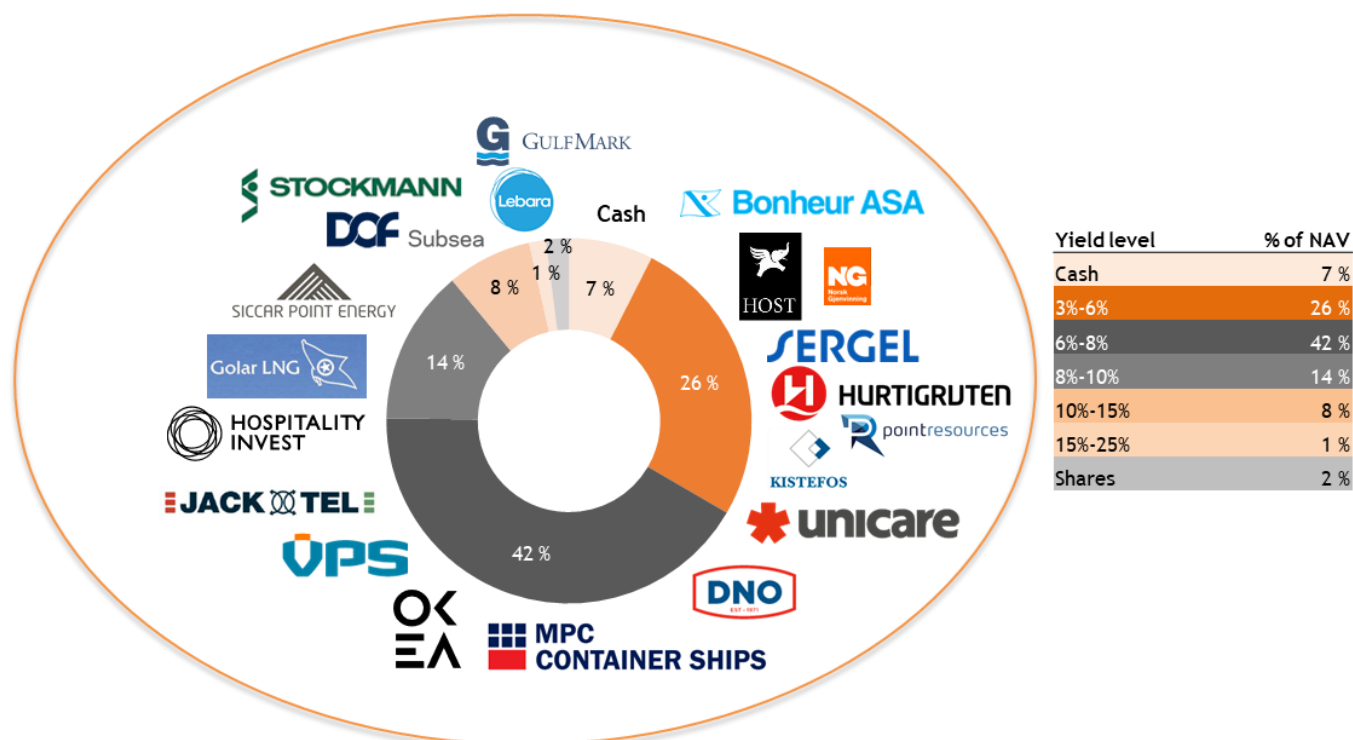
Source: Sparebank 1 Markets, as of 24.08.2018.

BOND PORTFOLIO - TOP 20

NAME	ISIN	PRICE	YIELD %	NAV %	SHORT DESCRIPTION	
1	Veritas Petroleum Services B.V. 14-15NO0010708506	100,44	6,3 %	5,3 %	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	NO0010819485	113,94	5,8 %	5,3 %	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 17-21 FRN	NO0010786056	100,85	8,2 %	3,8 %	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.
4	DNO ASA 2020	NO0010740392	102,98	7,0 %	3,7 %	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.
5	MPC Container Ships Invest B.V. 17-22NO0010805872	102,13	6,5 %	3,6 %	Pure play container shipping company. USD close to 500m in equity raised, listed on the Oslo Stock Exchangen 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%.	
6	Jacktel A/S 14-19	NO0010714561	100,63	6,4 %	3,6 %	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.
7	Bonheur Asa 14-21 FRN	NO0010714538	100,68	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 LTM of 2.7x.
8	Noram Drilling Company AS 14-19	NO0010711948	99,00	10,6 %	3,1 %	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 Geveran, 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	Okea AS 17-20	NO0010810062	103,08	7,4 %	3,0 %	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	GasLog Ltd 16-21 FRN	NO0010767858	106,50	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 1.35bn (+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.
11	Western Bulk Chartering AS 13-19 FRNNO0010675572	102,43	7,0 %	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.	
12	Frigaard Property Group AS 18/21	NO0010826092	100,25	7,4 %	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 %	2,4 %	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	Hoegh LNG Holding Ltd. 15-20 FRN	NO0010739683	100,43	7,1 %	2,3 %	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 counterpart 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.
16	Euronav Luxembourg S.A. 17-22	NO0010793888	99,32	7,9 %	2,3 %	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.
17	BW Offshore Ltd. 12-20 FRN	NO0010638075	100,16	5,4 %	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	NO0010788177	95,60	11,3 %	2,2 %	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	IGas Energy PLC 13-21	NO0010673791	100,91	7,8 %	2,1 %	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.
20	Kistefos AS 17-21 FRN	NO0010809700	103,28	5,9 %	2,1 %	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.
Sum				61,1 %		

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	131,04
Institutional NOK (soft closed)	LU0840158496	123,93
Retail NOK (RCN)	LU1382364633	130,28
Institutional NOK (ICN)	LU1382364716	124,03
Institutional USD	LU0840159387	105,86
Retail SEK	LU0840159460	102,86
Institutional SEK	LU0840159544	106,77
Retail GBP	LU0840159890	107,82
Institutional GBP	LU0840159973	100,00*
Retail EUR	LU0840158819	103,11
Institutional EUR	LU0840158900	99,92
Retail CHF	LU1428000985	100,00*
Institutional CHF	LU1076701652	95,94

*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)	1 097

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.