

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%	0,6%								10,7%
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 0.6% return in May and is now up 10.7% YTD.

Global equity markets climbed higher during the month with the Nordic markets returning +1.9% and the US market +1%. Even though OPEC prolonged the production cuts as expected the oil price has trended lower during the month on the back of resilient output from the US and increased production in Libya. As a consequence the US Oil Service Index is down approx. -10% during the month, which unfortunately also has taken its toll on our position in Gulfmark. In the Nordic HY market we have witnessed a large amount of new issues entering the market, leaving credit spreads in secondary market relatively flat from end of April to end of May. In terms of Q1/17 quarterly reports our portfolio companies has delivered on average largely in line with expectations.

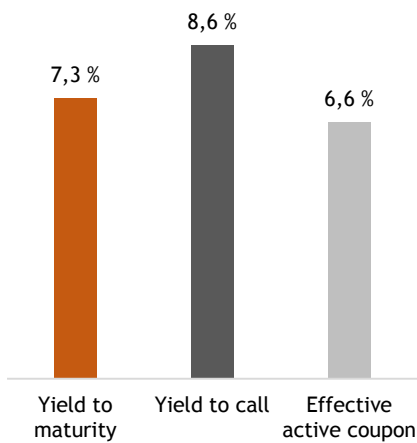
During the month we participated in the Euronav bond issue. The USD 150m bond issue maturing in October 2022 carries a coupon of 7.5%. Euronav is the world's largest publicly traded crude tanker company with a market cap of USD 1.2bn and a wholly-owned fleet of 55 vessels. The company has a strong balance sheet with ~45% LTV on historical low asset values. The liquidity currently stands at USD -620m and the company targets to keep normalized leverage below 50% and a minimum of 2 years in operational liquidity-runway, which we deem sustainable to withstand a prolonged period with lower tanker rates. With Euronav entering our portfolio we decided to sell our position in American Shipping Company above par value as dayrates are still at very challenging levels despite the resilient output from the US shale producers and the deteriorating credit profile of their counterpart OSG.

We continue to see good value and further yield compression in the Nordic HY market due to increased inflow in the Nordic HY funds, still historical high spreads compared to international HY markets and a significant share of floating rate notes providing investors with protection from an environment with increasing interest rates.

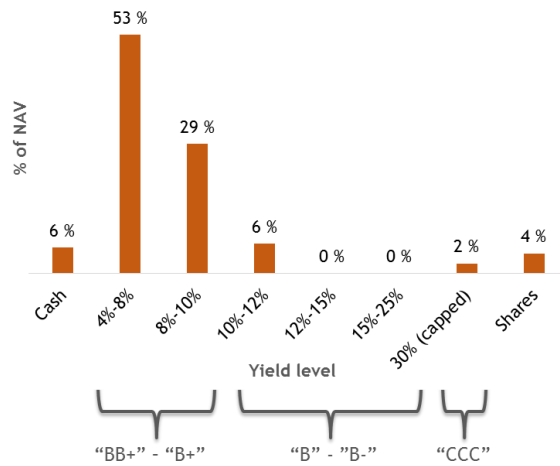
Yield to maturity is currently 7.3%*, while the yield to call is 8.6%*. The effective active portfolio coupon is 6.6%.

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

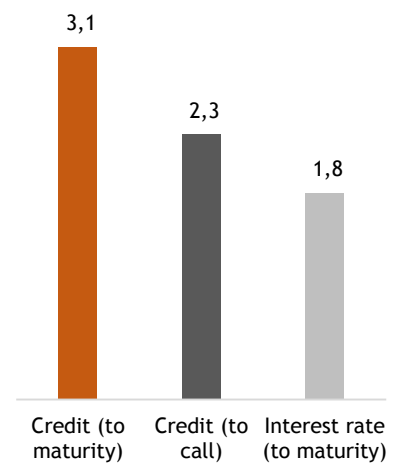
YIELD LEVELS



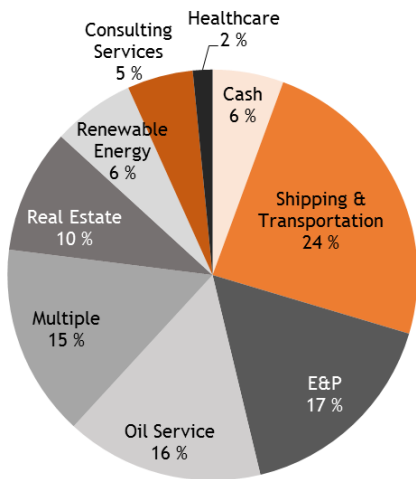
YIELD DISTRIBUTION ("CREDIT RATINGS")



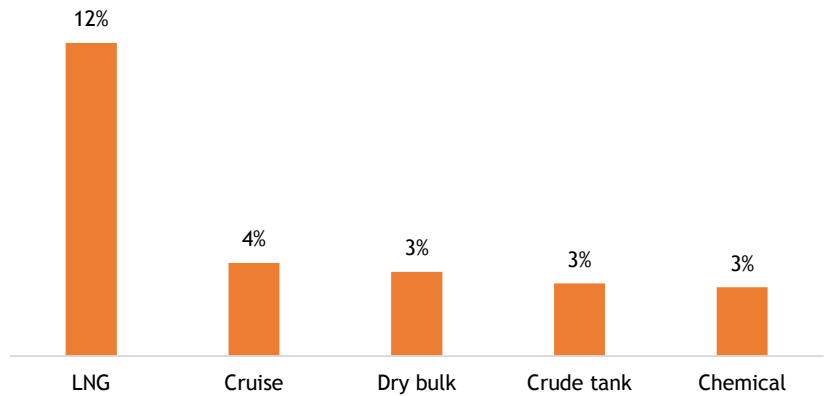
DURATION (YEARS)



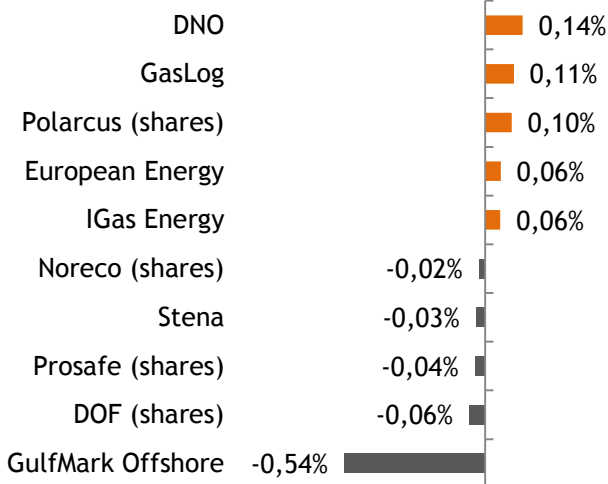
OVERALL INDUSTRY EXPOSURE



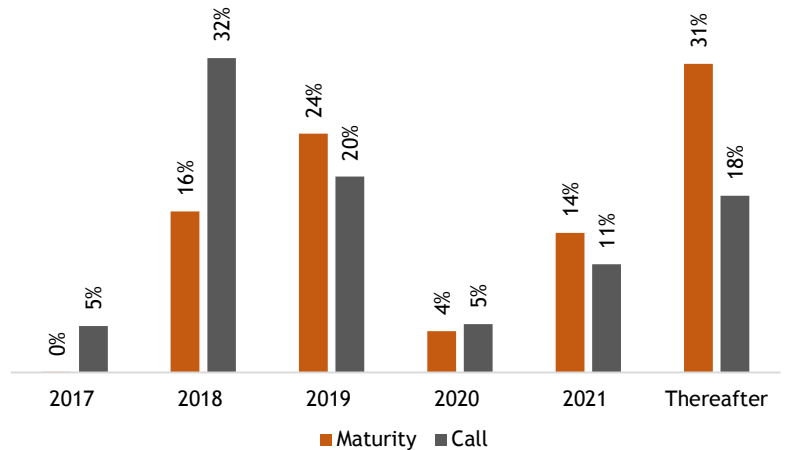
BREAKDOWN OF SHIPPING & TRANSPORTATION



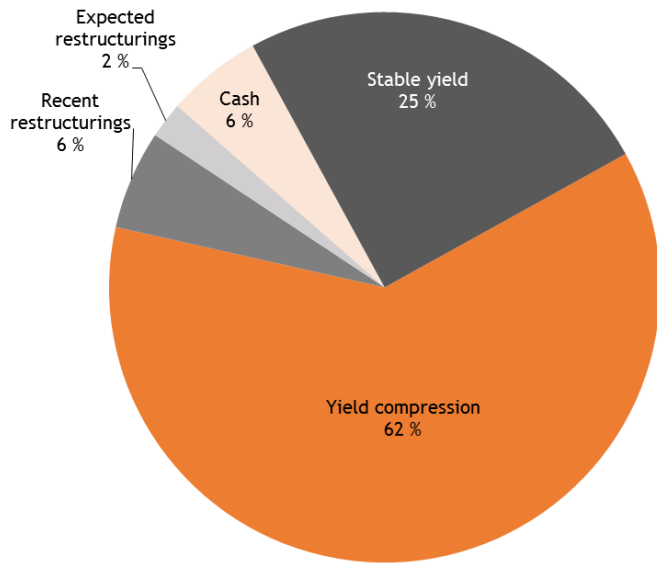
CONTRIBUTION ANALYSIS (top 5 / bottom 5)



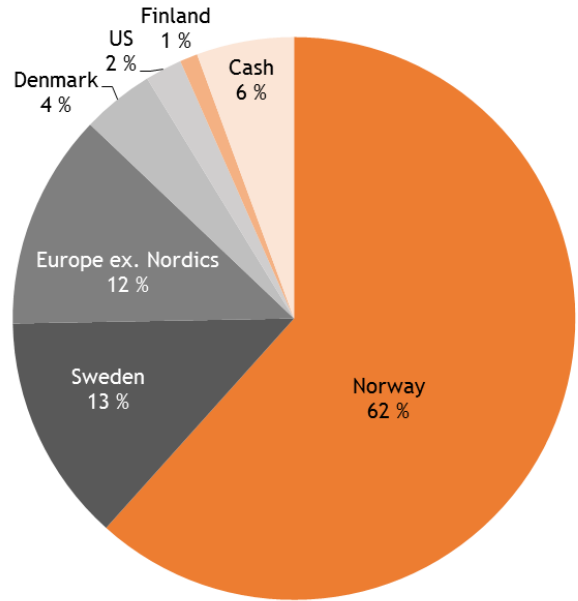
MATURITY PROFILE



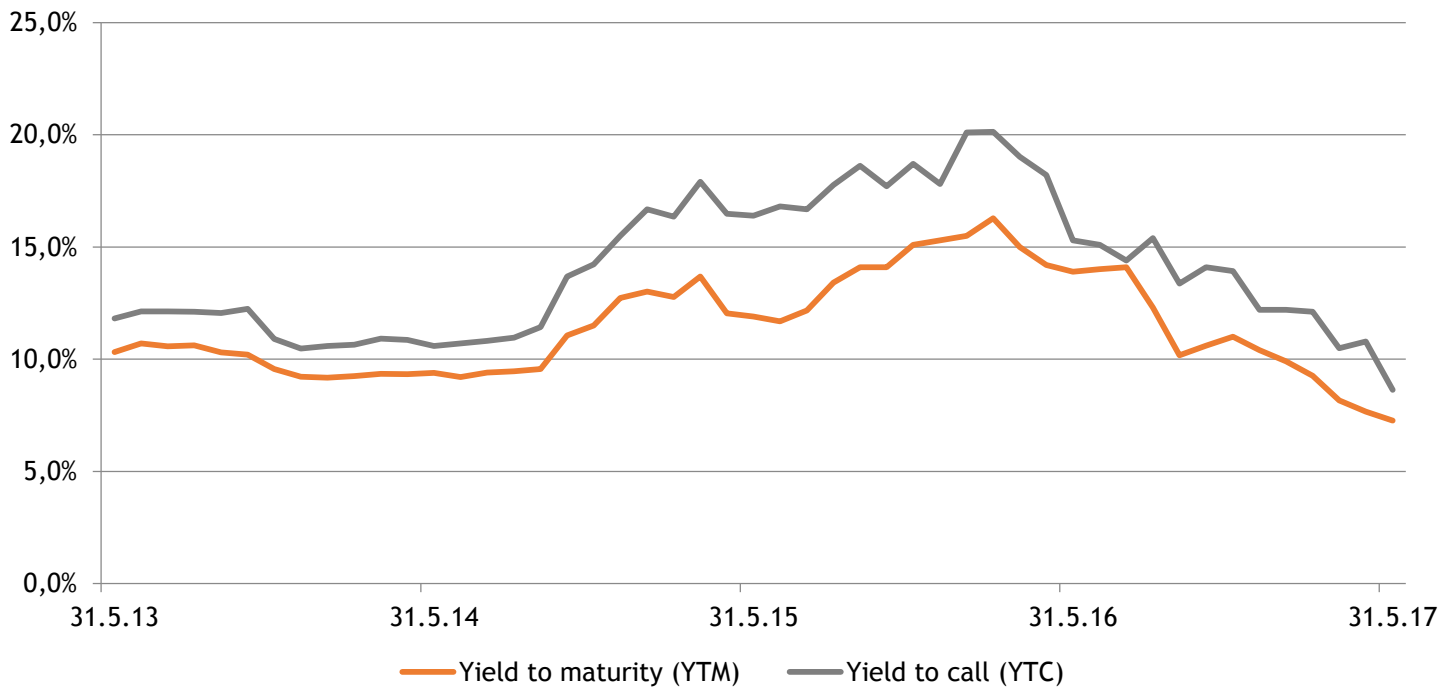
PORTFOLIO OVERVIEW



INVESTMENT BY COUNTRY



YIELD DEVELOPMENT



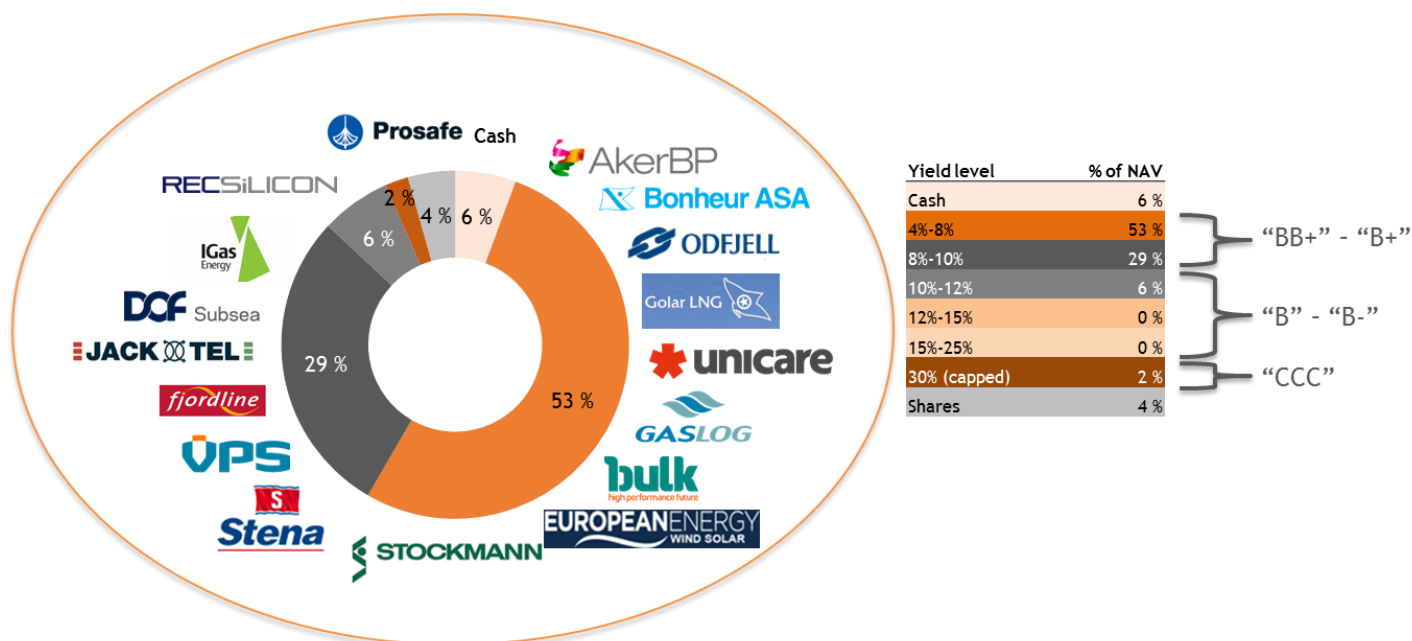
BOND PORTFOLIO - TOP 20

NAME	ISIN	PRICE	YIELD %	NAV %	SHORT DESCRIPTION
1 AKER BP ASA 15-22	NO0010736382	112,14	7,4 %	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	94,38	8,1 %	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-Q1/17 liquidity reserves stood at SEK -17.5bn, which we deem sufficient to weather a difficult market within its drilling operations.
3 Veritas Petroleum Services B.V. 14-1	NO0010708506	97,88	8,4 %	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-Q1/17 NIBD/EBITDA 4.2x, which provides bondholders with good valuation support.
4 GasLog Ltd. 17-22	USG37585AC37	106,25	7,3 %	5,1 %	Gaslog is an international owner and operator of LNG carriers listed at NYC stock exchange with a market cap of USD 1.0bn (+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.
5 Jacktel A/S 14-19	NO0010714561	96,85	8,9 %	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
6 Golar LNG Partners LP 17-21 FRN	NO0010786056	100,40	7,3 %	4,3 %	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.
7 European Energy A/S 14-18 FRN	SE0005677796	100,17	7,1 %	4,2 %	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.
8 Fjord Line AS 13-18 FRN	NO0010671084	100,84	8,4 %	3,5 %	Norwegian ferry operator which has been through an operational turnaround. Balance sheet improved. Strong equity sponsor in Ferd.
9 Host Property AB 16-19 FRN	SE0009357676	102,02	5,2 %	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.
10 Kistefos AS 16-19 FRN	NO0010779291	103,18	7,0 %	3,4 %	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.
11 Bonheur Asa 14-21 FRN	NO0010714538	99,08	4,6 %	3,4 %	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.
12 Golden Ocean Group Ltd. 14-19 Conv	NO0010701055	88,70	11,0 %	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 -5.6bn. 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.
13 DOF Subsea AS 17-22	NO0010788177	99,75	9,8 %	3,2 %	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 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.
14 DNO ASA 15-20	NO0010740392	98,81	9,4 %	3,1 %	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 8.4bn. 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).
15 IGas Energy PLC 13-21	NO0010673791	100,00	8,1 %	3,1 %	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
16 Euronav Luxembourg S.A. 17-22	NO0010793888	100,00	7,5 %	2,8 %	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.
17 Odfjell SE 16-19 FRN	NO0010774276	103,91	5,1 %	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 2017 and 2018 combined with moderate capex commitments will reduce leverage going forward.
18 IB Bostad 18 AB 16-18 FRN	NO0010777162	104,50	4,6 %	2,4 %	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).
19 Hoegh LNG Holding Ltd. 17-22 FRN	NO0010782949	102,38	5,3 %	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.
20 GulfMark Offshore Inc. 12-22	US402629AG43	40,00	30,3 %	2,1 %	US based OSV company with presence in the North Sea, SE Asia and Americas. The fleet consist of 66 OSV vessels with an average age of ~10 years. Recently announced a pre-packed ch 11 restructuring, where bondholders will receive the majority of the company. We see ~15% upside potential to estimated liquidation values even after funding the company through 2018. In our view bondholders get a free call option on a recovery in the OSV market (based on mid-cycle recovery).
Sum				76,0 %	

Total number of bond positions: 33 (from 30 issuers).

Total number of shares: 5.

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



PRICES FOR DIFFERENT SHARE CLASSES

SHARE CLASS	ISIN	PRICE
Retail NOK	LU0740578702	123,52
Institutional NOK	LU0840158496	116,57
RCN NOK	LU1382364633	123,22
ICN NOK	LU1382364716	116,92
Institutional USD	LU0840159387	98,65
Retail SEK	LU0840159460	99,21
Institutional SEK	LU0840159544	102,74
Retail GBP	LU0840159890	102,17
Retail EUR	LU0840158819	98,84
Institutional CHF	LU1076701652	92,05

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.