

ABOUT THE FUND

Storm Bond Fund (UCITS) is a Nordic High Yield fund inceptioned in September 2008. 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 MONTHLY RETURN HISTORY (INSTITUTIONAL IC NOK SHARECLASS³, NET OF FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2020	0.7%	-0.4%	-21.3%	4.8%									-17.3%
2019	1.0%	0.9%	0.8%	0.9%	-0.1%	0.1%	0.7%	-0.2%	-0.1%	0.3%	0.4%	0.9%	5.9%
2018	1.0%	0.5%	-0.4%	0.4%	0.7%	0.7%	0.1%	0.6%	0.4%	0.5%	-0.4%	-1.1%	3.1%
2017	3.4%	3.0%	2.1%	1.3%	0.6%	-1.0%	0.8%	1.2%	1.1%	0.3%	-0.2%	0.4%	13.6%
2016	-1.8%	-3.1%	6.0%	4.1%	-0.4%	0.6%	1.8%	3.3%	-0.4%	1.2%	0.1%	5.8%	18.1%
2015	-2.7%	-1.2%	-0.1%	1.5%	2.2%	0.4%	0.4%	-3.7%	-2.7%	1.3%	-0.7%	-4.2%	-9.4%
2014	1.2%	1.0%	1.0%	0.7%	0.7%	0.9%	0.7%	0.1%	-1.3%	-5.5%	-0.3%	-11.2%	-12.4%
2013	1.5% ³	0.6%	1.0%	1.0%	1.6%	0.2%	1.1%	1.0%	1.2%	0.1%	1.4%	0.9%	12.1%
2012	2.7% ²	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% ¹	0.8%	2.0%	3.8%	-3.4%	1.3%	1.4%	2.2%	2.8%	1.5%	1.1%	-1.0%	19.9%

Annualised returns (net of fees)

1-year	-15.6%
3-years	-2.4%
5-years	2.4%
10-years	2.7%
Since inception	4.1%

From 1 Sep 2008 to 31 Dec 2009, base currency EUR (unhedged).

1) From 1 Jan 2010, base currency EUR (hedged).

2) From 1 Jan 2012, base currency NOK (hedged).

3) From 1 Jan 2013, base currency NOK (hedged), based on institutional IC NOK share class (LU0840158496).

Past performance is no guarantee for future performance.

COMMENT BY PORTFOLIO MANAGERS

Dear investor,

Storm Bond Fund posted a positive return of 4.8% in April and is down 17.3% YTD (institutional IC NOK share class: LU0840158496).

After the most aggressive sell-off seen since 2008, markets rebounded strongly in April on the back of flattening infection curves in many countries and on the increasing focus on gradual reopening of their economies. In addition, governments and central banks' swift and powerful stimulus measures set in place to reduce the damage caused by the economic lockdown restored some of the investor confidence during the month. In the oil markets, we witnessed volatility never seen before with US WTI oil prices trading in negative territory due to physical settlement at contract expiry combined with lack of storage capacity. As opposed to WTI, Brent oil which may be settled in cash and is far more accessible, traded down just shy of USD 20/bbl low before gaining ~15% month over month on the back of global production cuts and improved demand outlook.

In mid-March Norway, Finland and Denmark imposed lockdowns like most other countries. On the hand, Sweden has been more controversial not imposing a lockdown as the country is betting on herd immunity and to limit the impact on the economy. Nevertheless, the death toll in Sweden has been substantial (seven folded to Norway adjusted for population). The former three countries have started to gradually reopen their economies as infection rate has levelled off. Furthermore, Norway is among the countries in the world with the fastest decline in new deaths and as such should have more capacity to accelerate the reopening.

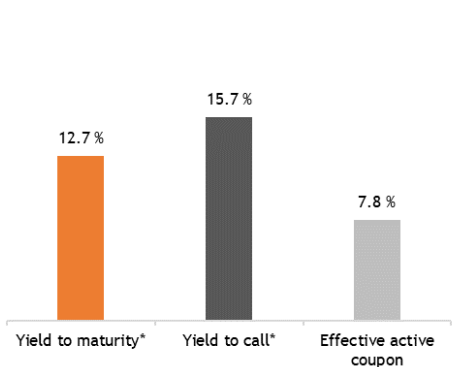
In the global credit markets, both US/EU investment grade and high yield bonds continued its strong recovery from late March supported by the central banks and in particular FED's measures to include corporate bonds as part of its QE efforts. The recovery in Nordic high yield has lagged international markets mainly due to i) market is less sentiment driven due to lack of ETF's, ii) higher degree of cyclical industries and iii) USD and EUR denominated Nordic bonds have seen less local demand due to FX volatility and FX hedging worries which exacerbated the sell-off in March. We believe that the current credit spread differential between USD/EUR and NOK bonds in the Nordic region inevitably will diminish as the short duration pull to par effect comes into play.

In April, the fund was positively impacted by a general market recovery, particularly among the NOK denominated part of the portfolio. The fund's largest negative contribution came from our position in Stockmann senior secured bonds maturing in 2022. The company owning prime location retail properties in Helsinki and the Baltic's and the fashion retailer Lindex has experienced sharp decline in earnings in March and April due to the lock-down. The company has a fairly decent liquidity position which may be sufficient to bridge operations to a gradual normalisation during the year. In our view, regardless if the outcome is either going concern or a corporate restructuring, we are confident that bonds will yield 100% recovery due to the 1st lien bonds' substantial asset backing. We bought more bonds at low 70s in the beginning of April.

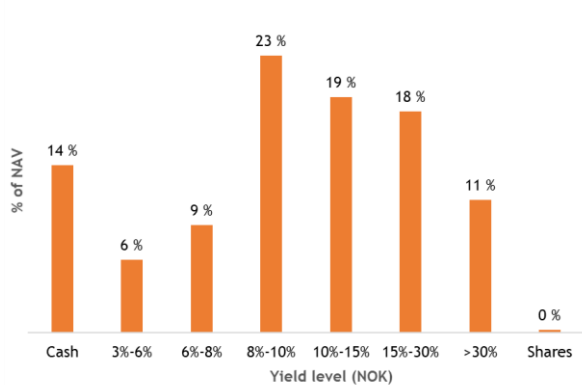
As described in our previous monthly reports, the fund was positioned for being late in the cycle with high grading of the portfolio during the last few years as well as a high cash position. We also had access to further liquidity with some investment grade bonds with short maturities in the portfolio. All of these proved very helpful in the month of March - where we managed to protect the core positions of the fund at the same time as we invested in some attractive opportunities. The oil and gas exposure is currently 12% of the portfolio with either robust companies that can withstand lower oil prices for longer, or oil services companies already priced at distressed below realistic recovery rates. The rest of the portfolio (88% of NAV) is well diversified across industries in companies with strong asset backing, comfortable leverage levels and solid interest coverage capacity. We deem the credit risk in the portfolio to have increased only marginally and we assess the spread level across our portfolio to be attractive. The weighted bond price in the portfolio is 86% of par and we expect this to gradually recover in addition to the cash coupon of -8% p.a.

In conclusion, we continue with our selective fundamentally driven bottom-up approach. We are exposed to a diversified portfolio of solid Nordic high yield bonds with significantly higher spreads, shorter weighted maturity (2.0 years), lower modified duration (0.7 years) and uncorrelated to that of European and US High Yield markets. The yield to maturity is currently 12.7% in NOK (including 13.7% cash).

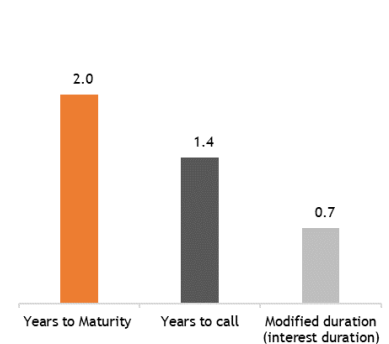
YIELD LEVELS (NOK)



YIELD DISTRIBUTION (NOK)

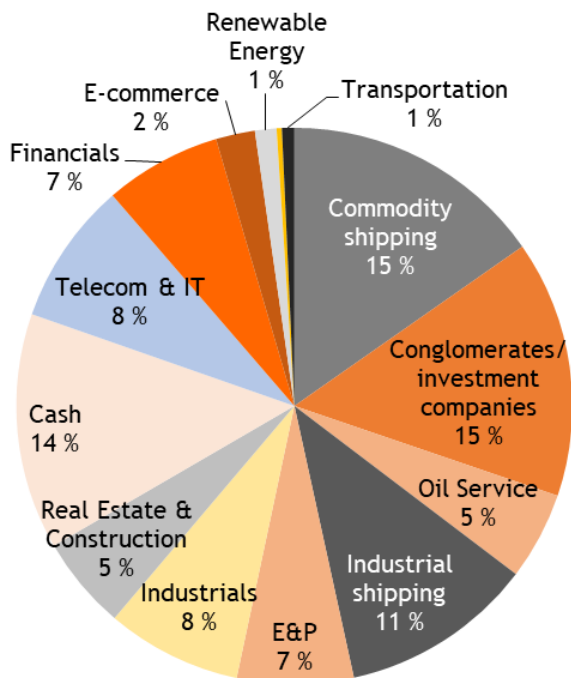


MATURITY / DURATION (YEARS)

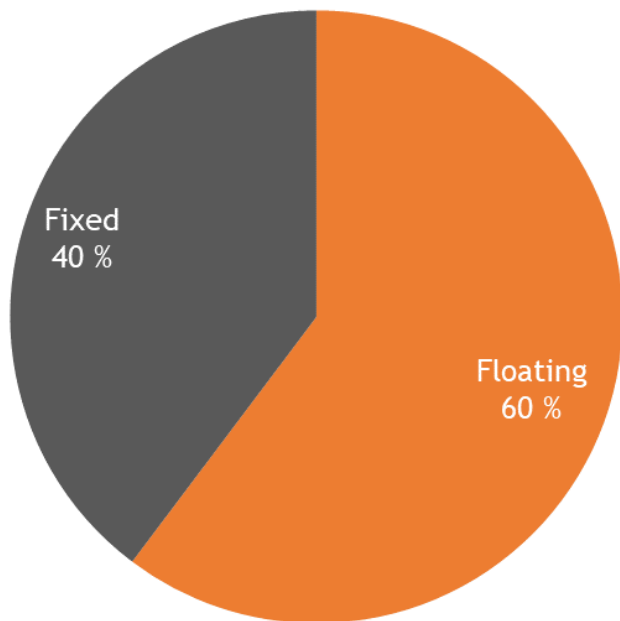


* individual bonds capped at 30% in calculation.

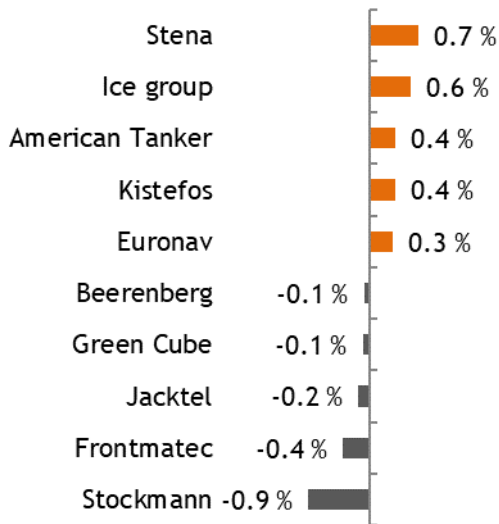
SECTOR ALLOCATION



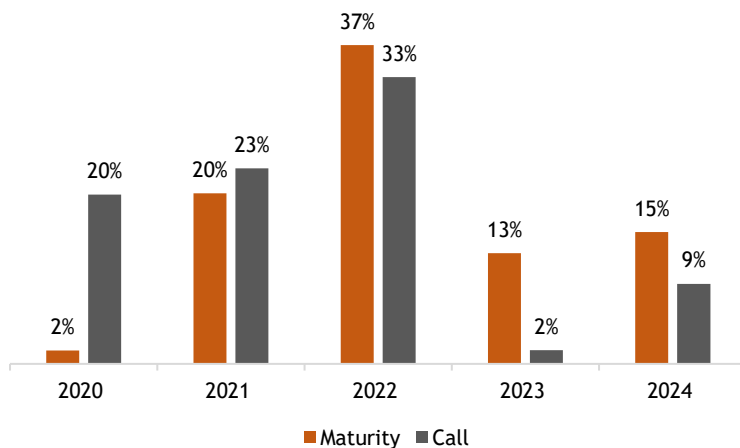
FLOATING VS. FIXED RATES



CONTRIBUTION ANALYSIS (top 5 / bottom 5)*

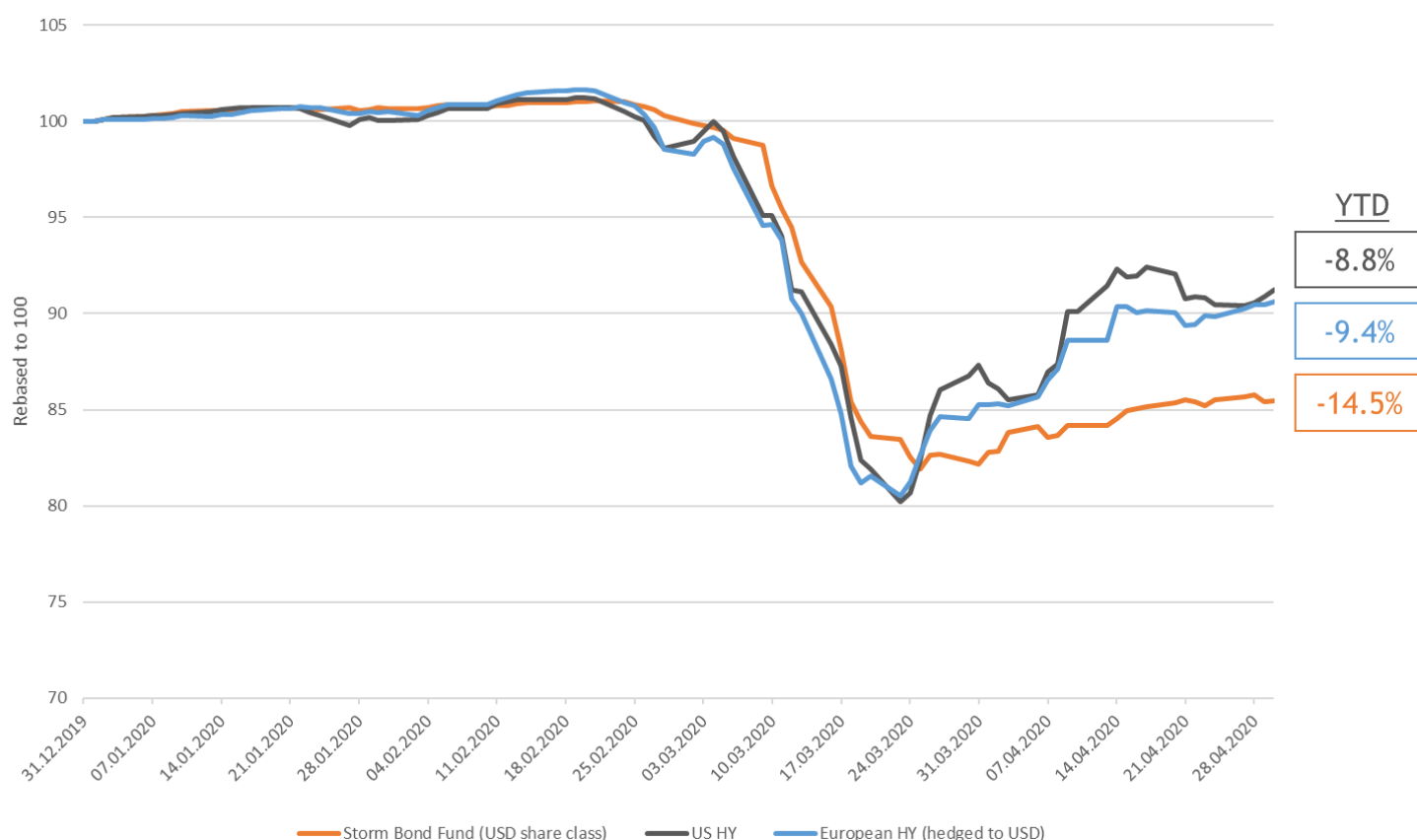


MATURITY PROFILE



*based on market prices (interest/accrued not included)

TOTAL RETURN - STORM BOND FUND VS. US & EUROPEAN HIGH YIELD (YTD)



Source: Bloomberg as of 30.04.2020. Hedged to USD.

PRICES FOR DIFFERENT SHARE CLASSES

SHARE CLASSES	ISIN	PRICE
ACCUMULATION SHARE CLASSES		
Institutional NOK (ICN)	LU1382364716	108.04
Institutional NOK	LU0840158496	107.78
Institutional USD	LU0840159387	96.55
Institutional EUR	LU0840158900	88.81
Institutional SEK	LU0840159544	93.16
Institutional CHF	LU1076701652	83.72
Institutional GBP	LU0840159973	100.00*
Retail NOK (RCN)	LU1382364633	112.94
Retail NOK	LU0740578702	113.62
Retail SEK	LU0840159460	89.15
Retail GBP	LU0840159890	94.29
Retail EUR	LU0840158819	90.19
Retail CHF	LU1428000985	100.00*

DISTRIBUTION SHARE CLASSES**

Institutional NOK	LU1915698069	80.78
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*to be opened with first investment in share class.

** other currencies to be opened on demand from investors.

OTHER INFORMATION

Share classes	NOK, SEK, EUR, USD, GBP, CHF (all hedged)
Anticipated	
Distribution yield (current quarter)	7.5%-8.0% p.a. (in NOK)
Domicile	Luxembourg
Investment Manager	Storm Capital Management AS
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) and a signatory of United Nation's Principles of Responsible Investments (UNRPI)
AUM (NOKm)	1 927

BOND PORTFOLIO - TOP 20

NAME	ISIN	PRICE	YIELD %	NAV %	SHORT DESCRIPTION
1 Stena Ab 14-24	USW8758PAK22	90.95	9.9 %	5.2 %	Swedish conglomerate which is 100% controlled by Sten Olsson family. Stena key operations are diversified and involve ferries, shipping, real estate, drilling and private equity investments. The key credit strengths are substantial asset backing combined with a solid liquidity position last reported at nearly SEK 14bn.
2 Teekay Shuttle Tankers LLC 17-22	NO0010801707	91.00	12.5 %	5.0 %	Established in Jul 17 as a carve out from Teekay Offshore, Altera Shuttle Tankers is the world's largest owner and operator of shuttle tankers. Altera operates a fleet of 26 shuttle tankers mostly under time charters, CoAs, bareboat charters with limited exposure to spot markets. TST remains 100% controlled by Brookfield Asset Management. Altera holds a revenue backlog of approx. USD 2.5bn, most of which stem from counterparties with investment grade ratings. Altera's NIBD/ EBITDA was 4.1x per Q4/19. The credit benefit from having a leading market position, strong earnings visibility and solid owner backing.
3 Stockmann Oyj Abp EO-Notes 2017(1:FI4000292719		77.75	21.9 %	4.8 %	Stockmann was established in 1862 and is a Finnish listed company with a market cap of EUR 73m. The company is owner of shopping malls in Finland and in the Baltics and is engaged in retail through Lindex and Stockmann department stores. The secured part of the capital structure consists of; i) EUR 170m senior secured bank debt and ii) EUR 250m senior secured bond maturing in 2022 which is pari passu with the bank debt. On our estimates, the secured debt is covered by the real estate assets alone.
4 American Tanker Inc. 17-22 -144A-	NO0010777519	100.50	9.1 %	4.4 %	American Shipping company owns 10x modern US Jones Act Tankers. The Company is listed on the Oslo Stock Exchange with an mcap of NOK 1.5bn. All vessels chartered out on bareboat contracts to OSG. These rates are sufficient to cover debt service and dividends. The counterpart risk in OSG is reduced through improved market fundamentals and newly refinanced balance sheet. Strong financial sponsor in Aker ASA.
5 Norske Skog AS 19-22 FRN	NO0010856123	97.90	7.9 %	4.1 %	Norske Skog is one of the leading global producers of newsprint and magazine paper. The group has about 8% market share for newsprint and -3-5% for magazine paper. The Company is listed on the Oslo Stock Exchange with an mcap of NOK 2.3bn. Norske Skog has one EUR 125m senior secured bond outstanding maturing in 2022 which is carrying a coupon of EURIBOR + 600bps. The credit benefits from having low leverage and solid cash conversion.
6 Siccar Point Energy Bonds PLC DL-NoNO0010815053		69.00	26.9 %	3.7 %	Siccar Point holds stakes in some of the largest oilfields in the UK sector. The company have significant production today with very long production profiles. The operating cash flow is deemed to be very solid due to low lifting cost and limited tax payables due to inherited tax losses. The company is well capitalized and have solid sponsors in Blackstone and BlueWater Energy. The company has hedged approx 70% of 2020 production at -67/bbl and 1/3 of 2021 production at -62/bbl. Hence, the company has near term protection against volatile oil prices.
7 Ice Group Scandinavia Holdings AS 1 NO0010864002		88.10	12.8 %	3.6 %	Ice Group Scandinavian Holdings ("ICE") is the third largest telecom company in Norway. The company is listed on the Oslo Stock Exchange with an market cap of NOK 2.8bn, majority owned by Access Industries (owned by Leonard Blavatnik). The credit benefits from strong asset backing, increasing market share in Norway and solid owners. We estimate that the company's Norwegian telecom licenses, nationwide infrastructure and customer base to be sufficient to cover the bond.
8 Vizrt Group AS 15-21 FRN	NO0010732811	98.37	9.7 %	3.1 %	Vizrt provides advanced graphical solutions enabling broadcasters to create high-end graphics for live TV, primarily news, sport and weather. The only debt in the company is the USD 100m outstanding senior secured bond which has share pledge over all shares in the company. Per-end Q4/19, the company's leverage was -2.5x NIBD/EBITDA adj. for NewTek acquisition. The bond has been called with settlement date on 22th of June 2020
9 Euronav Luxembourg S.A. 17-22	NO0010793888	102.25	6.4 %	3.0 %	Largest publicly listed tanker company in the world with a market cap of EUR 2.1bn. Conservative financial strategy with target to keep a minimum of 2 year operational liquidity runway. Per end-Q4/19 NIBD/EBITDA stood at 2.6x
10 Golar LNG Partners LP DL-FLR Notes NO0010786056		78.00	32.5 %	3.0 %	Golar LNG Partners is an international owner of LNG and FSRU tonnage listed at the NYC stock exchange with a market cap of USD 155m. The credit benefits from having decent revenue visibility and a strong backlog. The company has proposed to cut dividends by 95%, introduce amortization on bonds and increase interest rate vs. extending bond maturities with one year in order to refinance when primary market opens. We find the proposal creditor friendly and accretive for creditors.
11 Kistefos AS 19-23 FRN	NO0010850654	90.50	9.1 %	2.5 %	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. GAV is estimated to be Nok -6bn, which implies LTV of less than 50%.
12 Host Property AB 19-22	SE0013486057	88.25	12.3 %	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.
13 Songa Container AS 18/21	NO0010837248	73.37	27.2 %	2.3 %	Songa Container AS was established in 2017 and is an asset play focusing on the recovery of the container feeder market. The Company has acquired a fleet of 15 feeder vessels with an average age of 9 years, with sizes ranging from 1,000 TEU - 5,000 TEU. All of the vessels will be fitted with scrubbers within IMO2020. The fleet is cash flow positive at current rates and gross loan to value including the scrubber investment is estimated to be -65%. The Company is backed by experienced ship-owner Arne Blystad which is deemed to be a strong sponsor. The bond is senior secured.
14 FNG Nordic AB 19-24	SE0012827996	79.00	13.8 %	2.3 %	FNG NV acquired the Swedish e-commerce company Ellos Group AB in July 2019. In connection with the acquisition FNG NV partly financed the transaction with a senior secured 5 year SEK 1,500m bond at STIBOR + 675bps. The bond is secured in Ellos AB which is one of Sweden's retail e-commerce companies. The bond structure is ring-fenced with no leakage and has a 100% parent guarantee from FNG NV. The credit story is deemed to be attractive due to the company's solid market position, strong cash generation with no cash leakage, sound LTV levels and the nature of the business being less cyclical.
15 DNB BANK ASA 16-21	NO0010767957	102.63	3.6 %	2.2 %	DNB is Norway's largest bank with a market capitalization of NOK 194bn and a CET1 ratio per end-Q1/20 of 17.7%. The bonds are subordinated with call date on June 27th 2021. We see limited call risk on the back of the strong balance sheet.
16 Wallenius Wilhelmsen ASA 17-22	NO0010790645	90.00	10.3 %	2.1 %	The Wallenius Wilhelmsen group is a market leader in RoRo shipping and vehicle logistics, transporting cars, trucks, rolling equipment and breakbulk around the world. The company is listed on the Oslo Stock Exchange with a market cap of NOK -5.3bn. The company has flexibility on their fleet and a strong liquidity position in order to navigate through current challenging market
17 Frontmtec Group FRN 19-24	DK0030452263	77.01	13.3 %	2.0 %	Frontmtec is owned by the PE firm Axcel and is one of the leading manufacturers of red meat processing equipment globally. The bond carries a coupon of EURIBOR + 575bps and is senior secured through share pledges. The credit benefits from having sound leverage metrics, diversified cash flows and less cyclicity.
18 MPC Container Ships Invest B.V. 17-2NO0010805872		75.25	18.2 %	1.9 %	Pure play container shipping company. Close to USD 500m in equity raised, listed on the Oslo Stock Exchange with an mcap of NOK 830bn. Senior secured bond with 1st priority in the fleet. Bond with significant downside protection with LTV of -65% on historical low valuations. Current implied pricing is close to scrap valuations of the fleet
19 Noram Drilling Company AS 14-19	NO0010711948	99.50	9.7 %	1.9 %	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 Gevevan, owning 58%. The credit benefits from low implied asset valuation, solid cash flow and modern assets.
20 Green Cube Innovation AS 19-22 FRNNO0010852973		87.25	15.8 %	1.8 %	Green Cube Innovation ("GCI") is a privately owned company based in Norway which operates as a distributor of both biofuel and fossil fuel through their two brands Eco-1 and Automat 1. The bond would be secured with pledges in the five petrol station properties located in Blue Property AS, and share pledges in the issuer and all its subsidiaries. The credit benefits from having a strong asset backing which provides with downside protection and solid recurring cash flow.
Sum				61.1 %	

Total number of bond positions: 49 (from 46 issuers). Total number of shares: 1.

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 & Partner*

- He has 12 years of experience from research and finance
- Before Storm he worked as a credit research analyst, covering the Nordic high yield market 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

BUSINESS DEVELOPMENT / SALES

**TORE ANDERSEN***CEO & Partner*

- 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***Business Development & Partner*

- He has over 11 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

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Storm Fund II - Storm Bond Fund is domiciled in Luxembourg and in addition the fund is registered for distribution in Norway, Sweden, Finland, UK, Switzerland, Germany and Spain.

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