

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%	4.0%	4.1%	0.9%	1.8%	0.5%	-0.2%	2.9%	2.3%	-3.0%
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	-3.0%
3-years	1.9%
5-years	7.2%
10-years	3.8%
Since inception	5.2%

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 2.3% in December and is down 3.0% in 2020 (institutional IC NOK share class: LU0840158496).

Financial markets continued to produce solid returns throughout December as COVID-19 vaccines received approvals in the U.S and EU combined with the US government signing off another coronavirus relief package. US and European equity markets measured by the S&P 500 and the MSCI Europe index gained 3.7% and 2.2% respectively. On the credit side, the positive market sentiment resulted in corporate bonds continuing to outperform government bonds, whereas US and European high yield generated solid monthly returns of ~1.9% and 0.8% respectively. The Nordic high yield market and Storm Bond Fund continued its recovery and generated 2.3% during the month.

The fund's performance was positively impacted by the continued credit spread contraction across the portfolio as our market is recovering. The fund's largest positive contribution during the month came from our Finnish holdings in Stockmann and Outokumpu. As described in previous reports this year, we have firmly held our conviction in the recovery of Stockmann's secured notes as we believe the 1st lien collateral provide bondholders with substantial asset backing. This in combination with the company having delivered better than expected quarterly earnings over the last quarters not being reflected in the pricing of the bonds. In December, Stockmann announced its restructuring programme, which included its intention to divest the real estate assets and use the proceeds to pay down all secured debt. Although bonds traded from mid-80s to 95 during the month, we find bonds to remain very attractive at ~11% yield given that the security (real estate) values clearly exceed the amount of secured debt. Hence, we expect to see improved bond pricing through 2021.

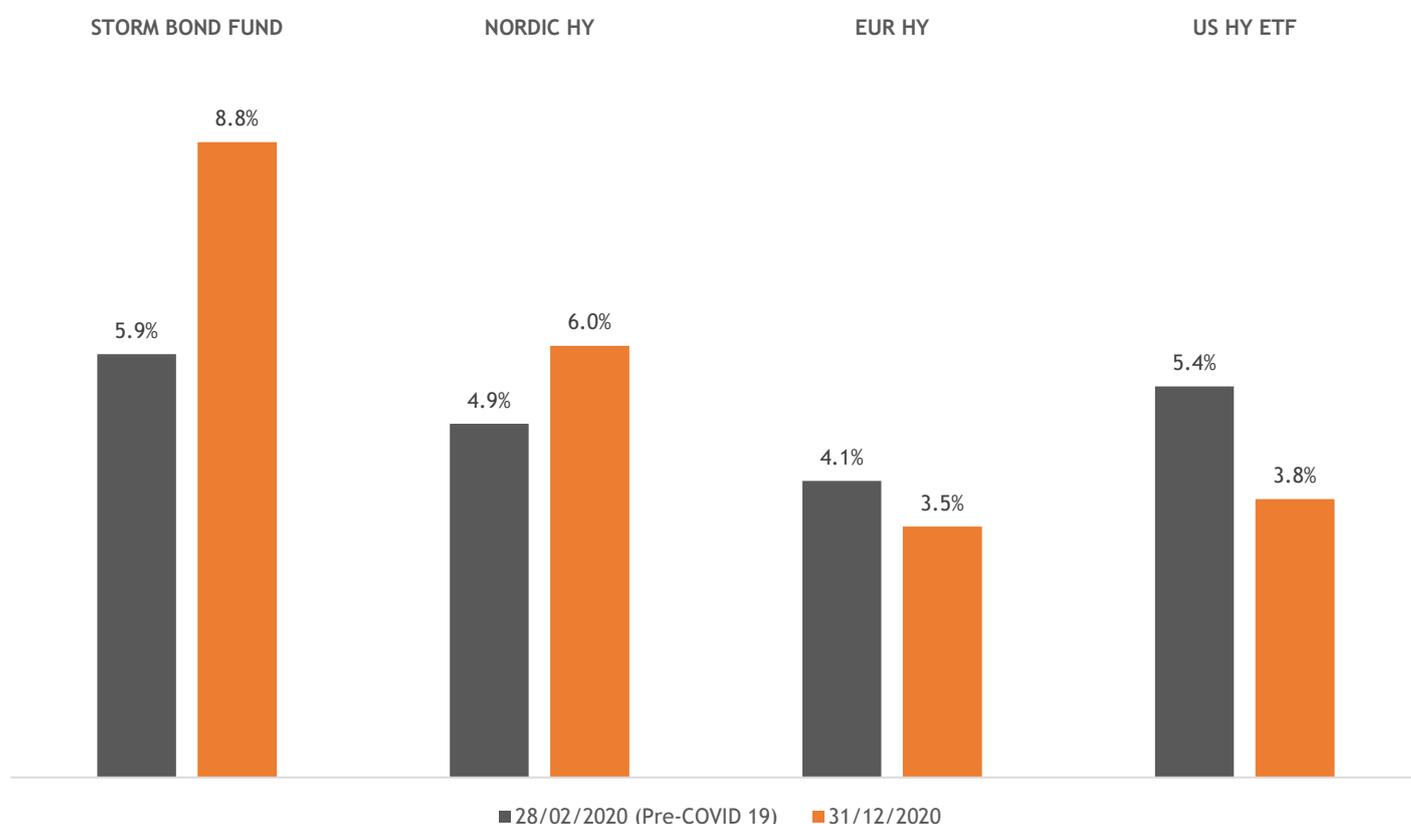
In July, we re-visited the Finnish stainless-steel producer Outokumpu (market cap: EUR 1.4bn) and initiated a position in their convertible bond issue. At that time the credit spread and conversion premium was 610bps and 30% respectively which we found attractive given their modest leverage profile and undemanding equity valuation. In December, the company announced a reversed profit-warning which resulted in earnings upgrades and strong share price performance. On the back of the strong performance, we have reduced our holding at 120-125% of par value.

The year of 2020 has been a challenging one for the world and for the world economy as the coronavirus swept in several waves. When the outbreak reached pandemic proportions, markets experienced its worst sell-off since the financial crisis in 2008. In response, governments and central banks reacted with strong fiscal and monetary stimulus to support their economies and bridge towards normalization. This in combination with positive vaccine developments has lifted markets throughout the year and resulted in solid recovery over most asset classes although far more powerful within growth and technology vs. value and cyclicity.

We are still in a difficult phase of the pandemic with rising infection rates leading to increased risk of governments reimposing restrictive measures. Nevertheless, with vaccines being rolled-out and new vaccines being approved and available for more people over the coming quarters we expect the economic recovery to pick up through 2021. With normalization in sight, we expect the sector rotation witnessed during Q4 to continue during the year which we find supportive for our region.

Going into 2021 we have strong confidence in the portfolio and remain optimistic about the continued recovery and return prospects of our fund. The portfolio is trading at a credit spread of close to 900bps which is significantly higher than the spread levels seen in European and US high yield markets. Furthermore, the portfolio is well protected against an inflationary environment with majority of bonds featuring floating rates resulting in a modified duration of 0.6 years.

CREDIT SPREAD - STORM BOND FUND VS. NORDIC, EUROPEAN & US HIGH YIELD (PRE-COVID VS. DECEMBER)

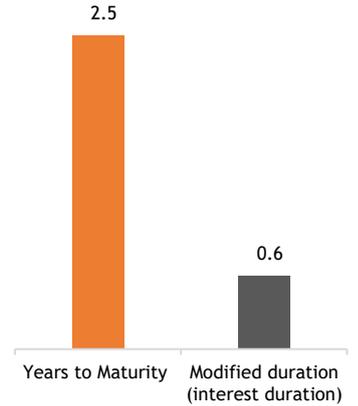
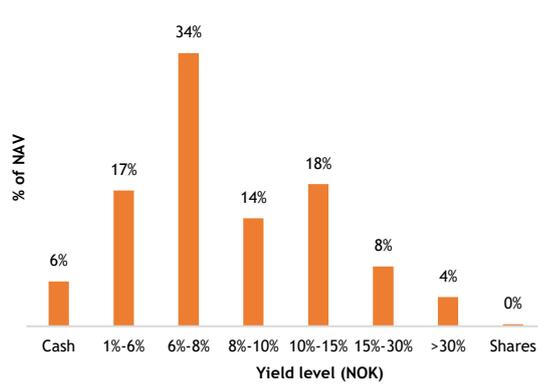
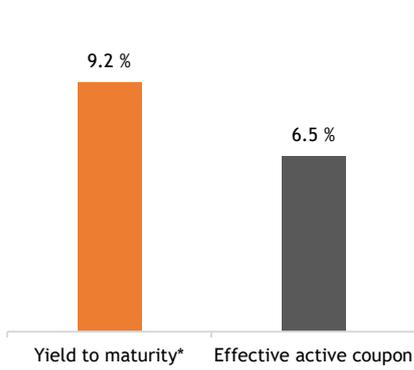


Source: Bloomberg, Storm Capital Management as of 31.12.2020.
 Storm Bond Fund: Includes cash and spreads on individual bonds capped at 30%.
 European HY (Bloomberg Barclays Pan-European High Yield TR Index, Bloomberg ticker: LP02TREU). US HY ETF (iShares iBoxx, Bloomberg ticker: IBOXHY).

YIELD LEVELS (NOK)

YIELD DISTRIBUTION (NOK)

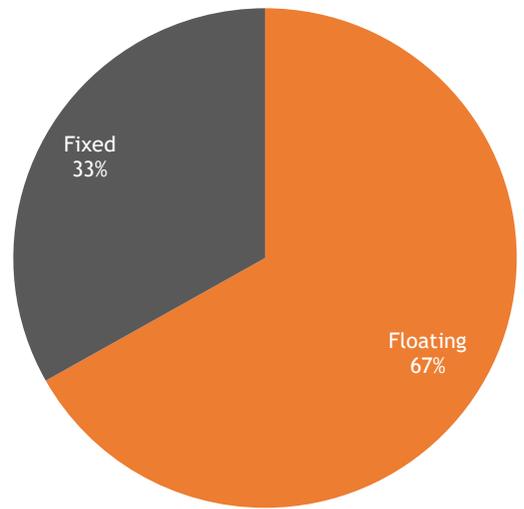
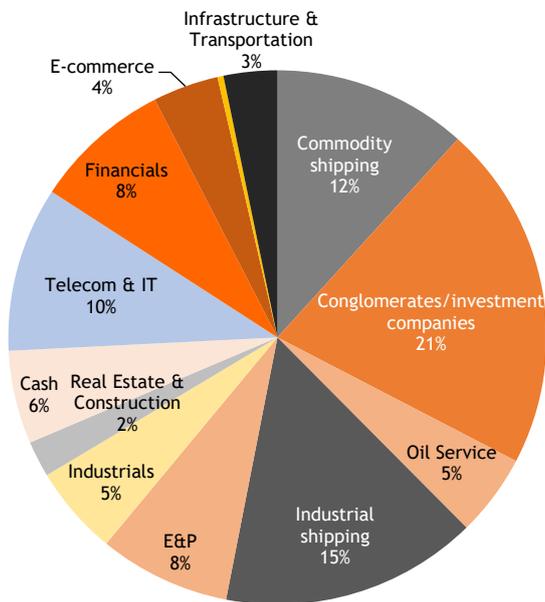
MATURITY / DURATION (YEARS)



* individual bonds capped at 30% in calculation.

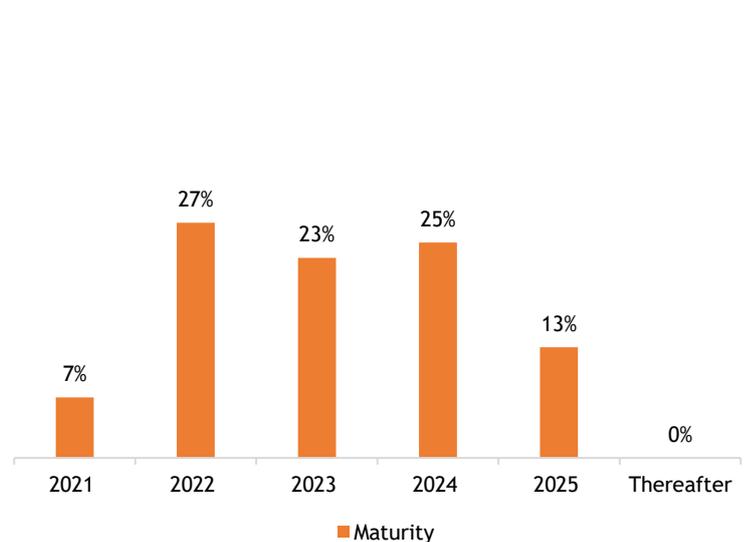
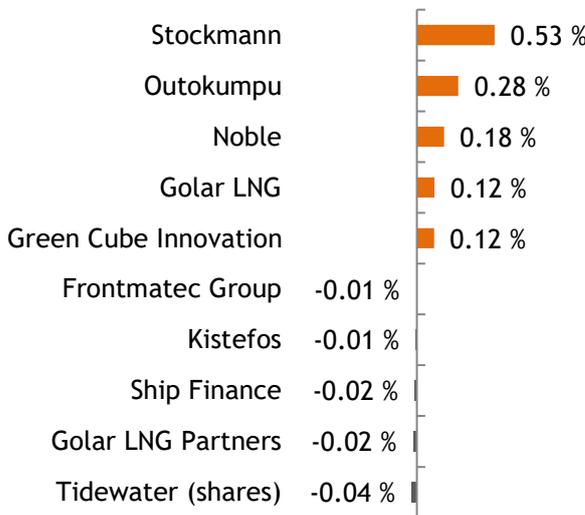
SECTOR ALLOCATION

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 31.12.2020. Hedged to USD.

Storm Bond Fund IC NOK (ISIN: LU0840158496, Bloomberg ticker: STBONIC LX equity).

US HY ETF (iShares iBoxx, Bloomberg ticker: IBOXHY). European HY (Bloomberg Barclays Pan-European High Yield TR Index, Bloomberg ticker: LP02TREU).

PRICES FOR DIFFERENT SHARE CLASSES

SHARE CLASSES	ISIN	PRICE
ACCUMULATION SHARE CLASSES		
Institutional NOK (ICN)	LU1382364716	126.94
Institutional NOK	LU0840158496	126.53
Institutional USD	LU0840159387	114.39
Institutional EUR	LU0840158900	104.26
Institutional SEK	LU0840159544	109.23
Institutional CHF	LU1076701652	98.13
Institutional GBP	LU0840159973	100.00*
Retail NOK (RCN)	LU1382364633	132.47
Retail NOK	LU0740578702	133.17
Retail SEK	LU0840159460	104.71
Retail GBP	LU0840159890	111.19
Retail EUR	LU0840158819	105.65
Retail CHF	LU1428000985	100.00*

DISTRIBUTION SHARE CLASSES**

Institutional NOK	LU1915698069	92.36
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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)	6.0% - 6.5% 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)	2 200

BOND PORTFOLIO - TOP 20

NAME	ISIN	PRICE	YIELD %	NAV %	SHORT DESCRIPTION
1 Stockmann Oyj Abp EO-Notes 2017(17/22)	FI4000292719	95.1	11.0%	5.4%	Stockmann was established in 1862 and is a Finnish listed company with a market cap of EUR -90m. 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 bond maturing in 2022 is pari passu with the bank debt. On our estimates, the secured debt is covered by the real estate assets alone.
2 Siccar Point Energy Bonds PLC DL-Notes 2018(18/23)	NO0010815053	98.2	10.5%	4.8%	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 company is well capitalized and have solid sponsors in Blackstone and BlueWater Energy. The company has hedged significant hedging program, hence near to medium term protection against volatile oil prices.
3 Kistefos AS 20-25 FRN	NO0010911845	100.4	7.4%	4.6%	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 -9bn, which implies LTV of less than 50%.
4 FNG Nordic AB 19-24	SE0012827996	99.6	7.4%	3.9%	FNG Nordic is a Swedish e-commerce company. 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, sound LTV levels and the nature of the business being less cyclical. The financial performance in 2020 has exceed expectations.
5 MPC Container Ships Invest B.V. 17-22 FRN	NO0010805872	96.3	8.4%	3.9%	Pure play container shipping company with 39 vessels under the bond silo. Listed on the Oslo Stock Exchange with an mcap of NOK 2.0bn. Senior secured bond with 1st priority in the fleet.
6 Wallenius Wilhelmsen ASA 20-24 FRN	NO0010891971	102.1	5.6%	3.8%	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 -10bn. The company has flexibility on their fleet and a strong liquidity position in order to navigate through current challenging market.
7 Stena Ab 14-24	USW8758PAK22	100.0	7.3%	3.6%	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 strenghts are substantial asset backing combined with a solid liquidity position.
8 Altera Shuttle Tankers LLC 19-24	NO0010866163	94.9	8.6%	3.5%	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 is 100% controlled by Brookfield Asset Management. The credit benefit from having a leading market position, strong earnings visibility and solid owner backing.
9 Ice Group Scandinavia Holdings AS 19-23 FRN	NO0010864002	101.9	7.7%	3.3%	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 3.2bn, 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.
10 Golar LNG Partners LP 17-22 FRN	NO0010786056	80.4	23.9%	3.2%	Golar LNG Partners is an international owner of LNG and FSRU tonnage listed at the NYC stock exchange with a market cap of USD 175m. The credit benefits from having decent revenue visibility, potential to cut dividend and a fairly strong backlog. The company needs to address dividends and the upcoming bond maturity in order to see improved bond pricing.
11 Havilafjord AS 18-23 FRN	NO0010825284	100.0	5.5%	3.2%	The bond has 1st lien pledge in 50.1% of Fjord-1 which is a Norwegian ferry/infrastructure company which have multiple electrical ferries under construction and have long-term contracts with the Norwegian government. Havila and Vision Ridge owns 88.8% of the company and have expressed an interest in buying the remaining 11.2% share and de-list the company. A de-listing of Fjord-1 would trigger a mandatory prepayment event at an early redemption price of 106.9% of par according to the loan agreement.
12 Songa Container AS 18/21	NO0010837248	96.0	9.2%	2.9%	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. The Company is backed by experienced ship-owner Arne Blystad which is deemed to be a strong sponsor. The bond is senior secured.
13 Altera Shuttle Tankers LLC 17-22	NO0010801707	100.9	7.5%	2.8%	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 is 100% controlled by Brookfield Asset Management. The credit benefit from having a leading market position, strong earnings visibility and solid owner backing.
14 Ocean Yield ASA 19-24 Perp	NO0010861594	96.3	7.3%	2.6%	Ocean Yield is an owner of maritime assets with long-term contracts to solid counterparties. The company has a strong and diversified contract backlog which provides the credit with solid visibility. Ocean Yield is listed on the Oslo Stock Exchange with a market capitalization of NOK 4.7bn. Aker ASA (market cap NOK 37.5bn) is the largest shareholder holding 61.6% of the company.
15 Abax Group AS 20-25	NO0010885312	101.1	6.4%	2.6%	ABAX is a leading provider of telematics solutions primarily focusing on the SMB segment. Its clients subscribe to vehicle tracking systems, including hardware and software for fleet management and equipment control. Investcorp acutired the company from Norvestor in 2017 for NOK 1.8bn (or -18 EV/EBITDA). The credit benefits from strong underlying market growth, balance sheet being well capitalized and a strong cash conversion.
16 Frontmatec Group FRN 19-24	DK0030452263	96.3	7.9%	2.5%	Frontmatec 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 cyclicality.
17 Golar LNG Ltd. 2018/2022	US38046YAB74	92.0	10.8%	2.4%	Shipping and infrastructure company listed on the New York Stock Exchange with a market cap of USD 1.1bn. The company has a complex capital structure, but credit benefits from solid earnings visibility. We believe the capital structure have additional debt capacity which reduce refinancing risk of the unsecured out of the money CB.
18 SFL Corp. Ltd 2018/2023	US824689AG86	87.5	11.3%	2.3%	Ship Finance is an owner of maritime assets with long-term contracts to solid counterparties. The credit benefits from strong earnings visibility, non-recourse financing and a strong majority shareholder in Mr. John Fredriksen. The company is listed on the New York Stock Exchange with a market cap of USD -700m.
19 Siem Industries Inc. 16-21	NO0010766546	102.3	3.3%	2.2%	Siem Industries is an conglomerate/investment company founded by Mr. Kristian Siem in 1980. The Company currently holds a diversified portfolio of industrial and financial holdings. The bond features a 1st priority pledge in the company's shares in Subsea 7 (an energy services company listed on Oslo Stock Exchange with a market capitalisation of -NOK 27bn). At current share price of Subsea7 the bond is well covered by the 1st lien pledge alone.
20 Host Property AB 19-22	SE0013486057	79.0	20.4%	1.9%	Host Property is owner and operator of Hotels in Sweden. The bond is has 1st lien security in 9 hotels in Sweden. We deem the bond to have sufficient asset backing to cover the outstanding bond.
Sum				65.3 %	

Total number of bond positions: 52 (from 45 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

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 AS and should not be considered impartial research and 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 AS is regulated by the Financial Supervisory Authority of Norway (org. number: 989 309 439). Its registered office is: Haakon VII's gate 5, 0161 Oslo, Norway.

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.

The fund may only be offered and this factsheet may only be distributed in Switzerland to qualified investors. Home country of the fund: Luxembourg. The representative in Switzerland is 1741 Fund Solutions AG, Burggraben 16, CH-9000 St. Gallen. Swiss Paying Agent in Switzerland is Telco AG, Bahnhofstrasse 4, CH-6430 Schwyz. The prospectus, the Key Investor Information Document, the articles of association as well as the annual [and semi-annual] reports may be obtained free of charge from the representative. In respect of the units distributed in and from Switzerland, the place of performance and jurisdiction is the registered office of the Representative.