

## 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 SHARECLASS<sup>3</sup>, NET OF FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2021	3.2%	2.3%											5.6%
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% <sup>3</sup>	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% <sup>2</sup>	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% <sup>1</sup>	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	2.2%
3-years	3.3%
5-years	9.5%
10-years	3.9%
Since inception	5.6%

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 February and is up 5.6% YTD (institutional IC NOK share class: LU0840158496).

Markets moved higher in February supported by drop in infections, impressive vaccination rollout especially in countries like the U.S and UK combined with strong fiscal measures. Towards the end of the month risk appetite eased off somewhat on the back of rising bond yields. This in combination with investors positioning for post-pandemic normalization resulted in value continuing to outperform growth stocks with a safe margin. U.S and European equity markets measured by the S&P 500 and the MSCI Europe index gained 2.6% and 2.4% respectively. In the credit markets, higher interest rates weighed negative on longer duration fixed rate bonds with U.S treasuries and investment grade declining by 1.8% and 1.7% respectively. U.S and European high yield offset higher rates with further spread compression leading to a gain of 0.3% and 0.5% respectively during the month. Storm Bond Fund, which have low modified duration, delivered another solid month generating 2.3%.

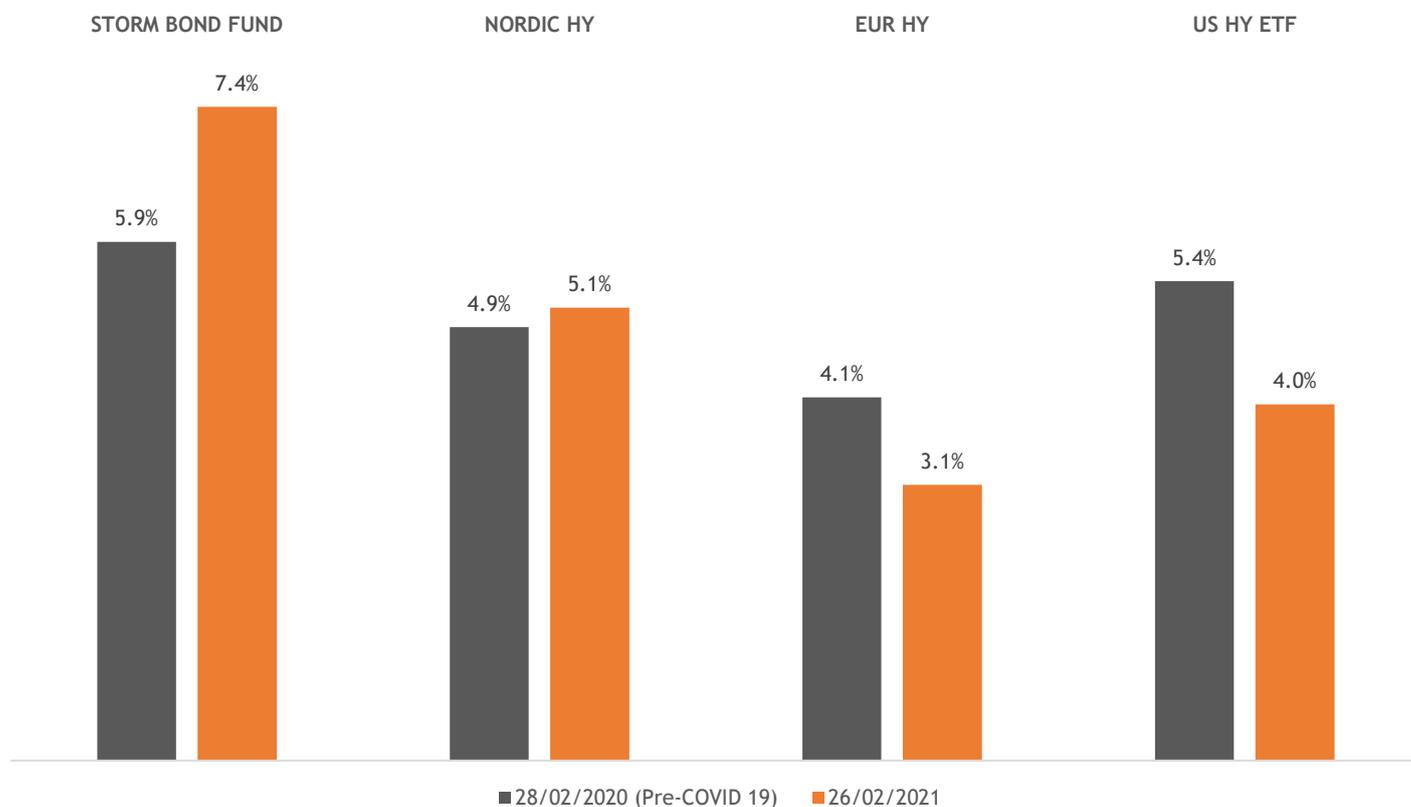
The fund's performance was positively impacted by the continued credit spread contraction across the portfolio as our market is recovering combined with solid performance particularly from our exposure within the energy and transportation sectors. The majority of our portfolio companies have now reported their Q4 earnings report, which in sum has exceeded our expectations. As described in our previous letter, New Fortress Energy announced in January that it intends to acquire Golar LNG Partners. In February we exited our remaining position around par where the bond is callable.

Also in February, our LNG company GasLog announced that its main shareholders and Blackrock Global Energy & Power Infrastructure intends to take the company private. The transaction will in itself not trigger a change of control, but the 2024 bonds have a delisting clause which in our view calls for a make-whole. We continue to hold the exposure as the bonds are trading at 105% corresponding to 475bps to maturity combined with potential upside from make-whole call at ~118% of par.

During the month our second largest holding Siccar Point Energy refinanced its 2023 bond with a new 5 year bond. The existing bond will be called early at 103.6% of par and the new bond will carry a coupon of 9%. The company hold high quality assets in the North Sea and is owned by Blackstone and Blue Water Energy. The credit benefit from a conservative hedging profile which resulted in deleveraging during a year with volatile energy prices, a strong capital structure, long lifetime of assets and low LTV. We rolled over approx. half of our exposure. Furthermore, we re-visited Norske Skog and participated in their new EUR 150m senior secured bond. The bond carries a coupon EURIBOR (0% floor) + 550bps and matures in 2026. Norske Skog, which is listed on the Oslo Stock Exchange (mcap: NOK~3.0bn) is one of the leading producers of publication paper globally. The company announced last year that they will convert paper mill capacity to containerboard which is a market that is growing and is renewable. We argue that the seniority of the bonds, their ability to produce strong cash flows over time and low leverage paired with green growth initiatives justify spread compression going forward.

The Nordic countries combined is the 11th largest economy in the world and is renowned for its political stability and strong state finances. The valuation of the Nordic High Yield market remains attractive with spreads well above historical averages and pre-pandemic levels. Furthermore, the asset class offers strong coupon generation and yield pick-ups over peer markets. Due to the floating rate nature of the Nordic region and our market, the modified duration is at a modest 0.6 years, resulting in a rather extraordinary spread per level of duration. On that note, we are well positioned in case inflation expectation picks-up during the recovery of the economies.

CREDIT SPREAD - STORM BOND FUND VS. NORDIC, EUROPEAN & US HIGH YIELD (PRE-COVID VS. February'21)

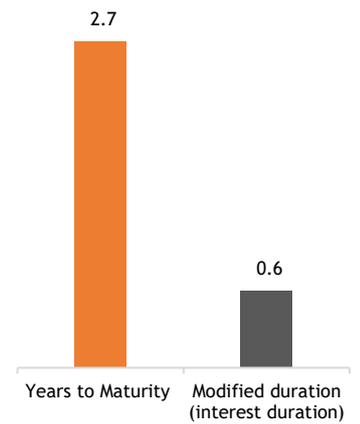
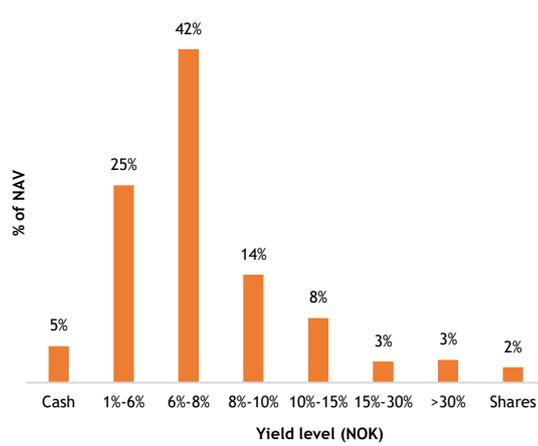
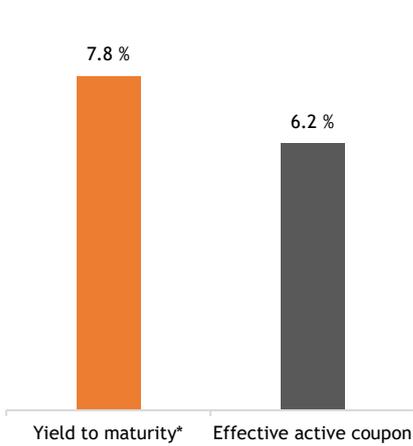


Source: Bloomberg, Storm Capital Management as of 26.02.2021.  
 Storm Bond Fund: Includes cash and spreads on individual bonds capped at 30%.  
 European HY (Bloomberg Barclays Pan-European High Yield TR Index, Bloomberg ticker: LP02TREU). US HY ETF (iShares iBoxx, Bloomberg ticker: IBOXHY).

**YIELD LEVELS (NOK)**

**YIELD DISTRIBUTION (NOK)**

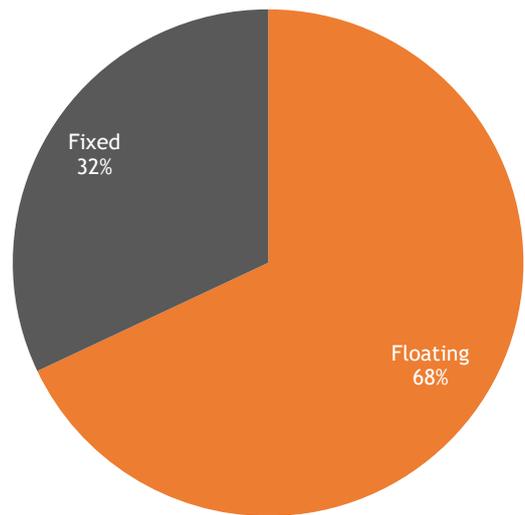
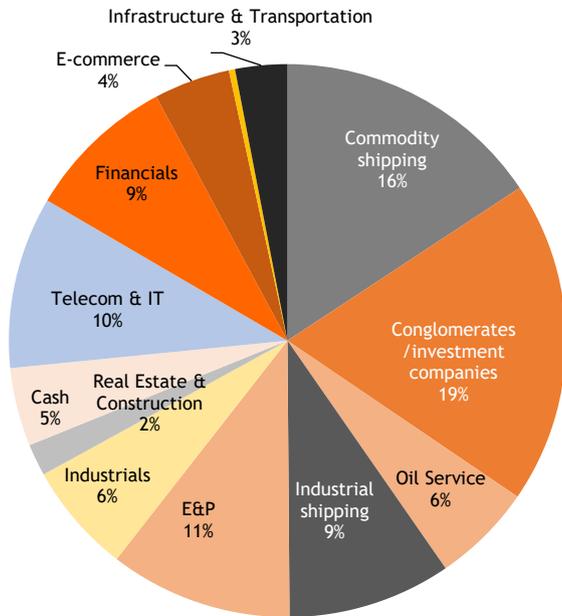
**MATURITY / DURATION (YEARS)**



\* individual bonds capped at 30% in calculation.

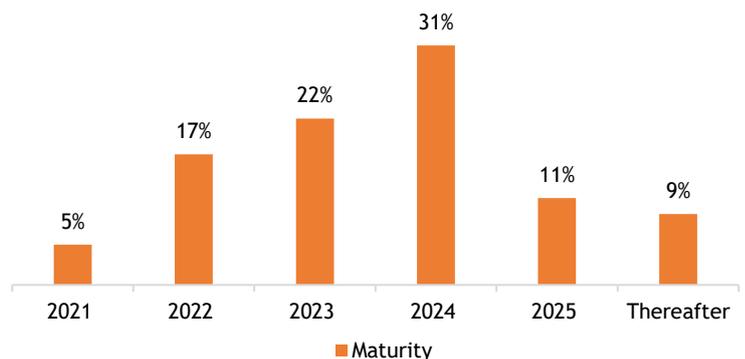
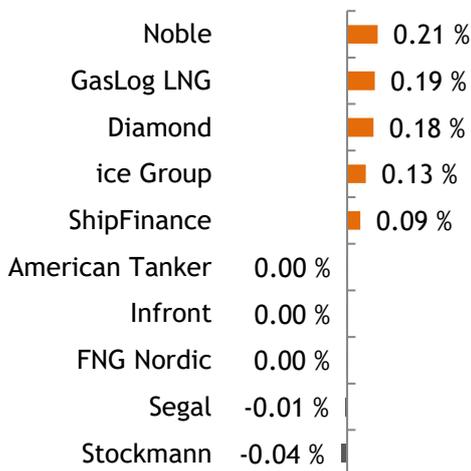
**SECTOR ALLOCATION**

**FLOATING VS. FIXED RATES**



**CONTRIBUTION ANALYSIS (top 5 / bottom 5)\***

**MATURITY PROFILE**



\*based on market prices (interest/acrued not included)

TOTAL RETURN - STORM BOND FUND VS. US & EUROPEAN HIGH YIELD (2020 - to date)



Source: Bloomberg as of 26.02.2021. 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
<b>ACCUMULATION SHARE CLASSES</b>		
Institutional NOK (ICN)	LU1382364716	133.98
Institutional NOK	LU0840158496	133.57
Institutional USD	LU0840159387	120.58
Institutional EUR	LU0840158900	109.69
Institutional SEK	LU0840159544	115.63
Institutional CHF	LU1076701652	103.38
Institutional GBP	LU0840159973	100.00*
Retail NOK (RCN)	LU1382364633	139.82
Retail NOK	LU0740578702	140.56
Retail SEK	LU0840159460	110.22
Retail GBP	LU0840159890	116.93
Retail EUR	LU0840158819	111.23
Retail CHF	LU1428000985	100.00*

DISTRIBUTION SHARE CLASSES\*\*

Institutional NOK	LU1915698069	96.52
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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)	2 384

BOND PORTFOLIO - TOP 20

NAME	ISIN	PRICE	YIELD %	NAV %	SHORT DESCRIPTION
1 Stockmann Oyj Abp EO-Notes 2017(17/22)	F14000292719	93.8	13.6%	5.1%	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 FNG Nordic AB 19-24	SE0012827996	100.0	7.2%	4.4%	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.
3 Kistefos AS 20-25 FRN	NO0010911845	101.3	7.1%	4.3%	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 MPC Container Ships Invest B.V. 17-22 FRN	NO0010805872	100.5	7.7%	3.6%	Pure play container shipping company with 39 vessels under the bond silo. Listed on the Oslo Stock Exchange with an mcap of NOK 2.9bn. Senior secured bond with 1st priority in the fleet.
5 Wallenius Wilhelmsen ASA 20-24 FRN	NO0010891971	105.0	4.7%	3.6%	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 -11bn. The company has flexibility on their fleet and a strong liquidity position in order to navigate through current challenging market.
6 Altera Shuttle Tankers LLC 19-24	NO0010866163	96.6	8.0%	3.2%	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.
7 Stena Ab 14-24	USW8758PAK22	99.2	7.6%	3.2%	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 strenghts are substantial asset backing combined with a solid liquidity position.
8 Ice Group Scandinavia Holdings AS 19-23 FRN	NO0010864002	106.4	5.8%	3.2%	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 3.9bn, 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.
9 Havilafjord AS 18-23 FRN	NO0010825284	101.8	4.7%	3.0%	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.
10 Siccar Point Energy Ltd 21-26	NO0010937501	99.0	9.5%	2.9%	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.
11 Ocean Yield ASA 19-24 Perp	NO0010861594	98.3	7.1%	2.8%	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.
12 Seaspan Corp 21-24	NO0010920952	102.8	5.7%	2.7%	Seaspan is the world largest provider of container vessels with a market share of -8%. The parent company is listed on the New York Stock Exchange with a market cap of USD 2.1bn. The company targets investment grade rating which coupled with a strong credit profile and the non-call bond structure calls for a solid yield compression potential in our view.
13 Songa Container AS 18/21	NO0010837248	100.0	7.4%	2.7%	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.
14 Altera Shuttle Tankers LLC 17-22	NO0010801707	101.6	7.0%	2.5%	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.
15 Frontmtec Group FRN 19-24	DK0030452263	95.0	8.3%	2.5%	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 i senior secured through share pledges. The credit benefits from having sound leverage metrics, diversified cash flows and less cyclicality.
16 Abax Group AS 20-25	NO0010885312	102.2	6.0%	2.4%	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.
17 Norske Skog ASA FRN 21-26	NO0010936065	100.5	6.4%	2.3%	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 3.0bn. 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.
18 Chip Bidco (Cegal) AS 19-24	NO0010869761	99.3	6.2%	2.2%	Cegal is the leading provider of cloud services to the oil & gas sector. The credit benefits from having strong backlog protection, low churn and solid cash conversion. The bond is secured and implied valuation offers bondholders with substantial asset backing.
19 SFL Corp. Ltd 2018/2023	US824689AG86	97.3	6.5%	2.1%	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 -920m.
20 BW Offshore Ltd. FRN 19-23 FRN	NO0010869019	99.9	5.0%	2.1%	BW Offshore is a leading provider of floating production services. The company is listed on the Oslo Stock Exchange with a market cap of NOK 6.3bn. The credit benefits from a strong backlog with solid counterparties, low leverage and strong free cash flow.
Sum				60.8 %	

Total number of bond positions: 53 (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](mailto: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](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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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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