

## 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%	1.1%	0.8%									7.6%
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	26.3%
3-years	3.9%
5-years	7.8%
10-years	3.8%
Since inception	5.7%

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 0.8% in April and is up 7.6% YTD (institutional IC NOK share class: LU0840158496).

The markets had another strong month in April. In the equity markets the US was leading way with Nasdaq and the S&P 500 gaining 5.4% and 5.2% respectively, driven by strong macro data as the country is reopening, upbeat corporate earnings and government stimulus. U.S 10-year treasury yields fell back from March peak at 1.75% to 1.6% leading to growth outperforming value. In the European equity markets gains were in general lower with the MSCI Europe index gaining 1.6%. In the credit markets, government and investment grade bonds have had a difficult start to the year as investors worries that inflation may eat into compressed fixed income returns. In April, the decline in treasury yields supported fixed rate bond markets with US investment grade gaining 1.1% and US and European high yield gaining 1.1% and 0.6% respectively. Storm Bond Fund, which have both short maturity and modified duration, delivered another solid month generating 0.8%.

The fund's largest positive performance contribution in addition to coupon carry came from our exposure in FNG Nordic (Swedish e-commerce company) and within energy services. During the month we continued to increase our position in FNG Nordic which is now our largest position (5% of NAV). At current bond pricing the 1st lien bond maturing in 3 years has a credit spread of 550bps. The company is performing very well with strong revenue growth and cash flow on a diversified product offering. NIBD/EBITDA'20 (implied valuation to bondholders) was reported at 3.4x which compares to listed peers trading at 10-20x. Hence, we see room for another 150-200bps spread compression reflecting the strong credit fundamentals. We increased our position in the cloud and software services company Cegal's 1st lien bond at NIBOR + 520bps. The company benefits of having a high share of recurring revenue, contracted backlog of ~3.5x annual sales and strong cash conversion. NIBD/EBITDA'20 was reported at 5x which provides bondholders with strong asset backing. Common for FNG and Cegal is that the 1st lien credits

benefits from solid cash conversion and moderate to low leverage resulting in significant excess security value available for bondholders.

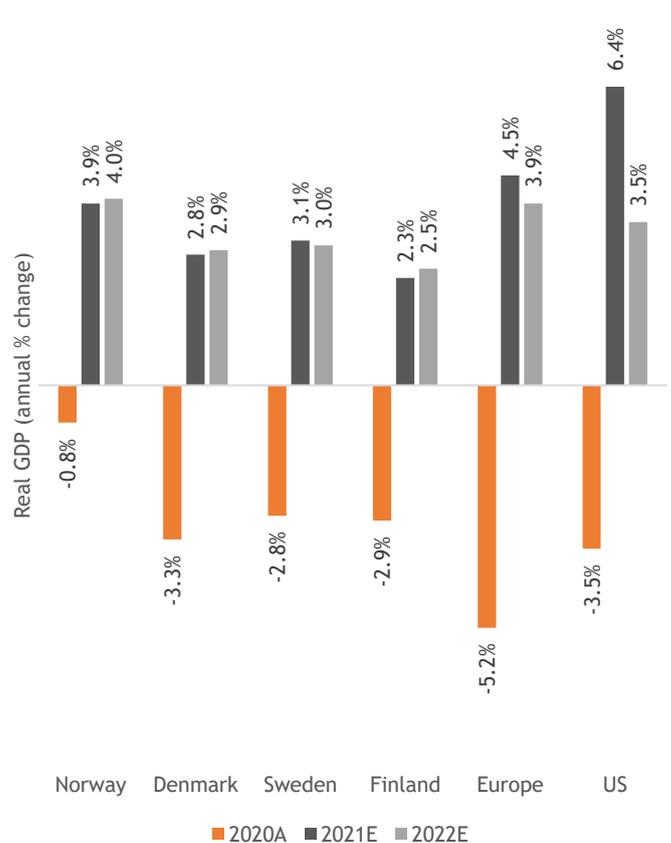
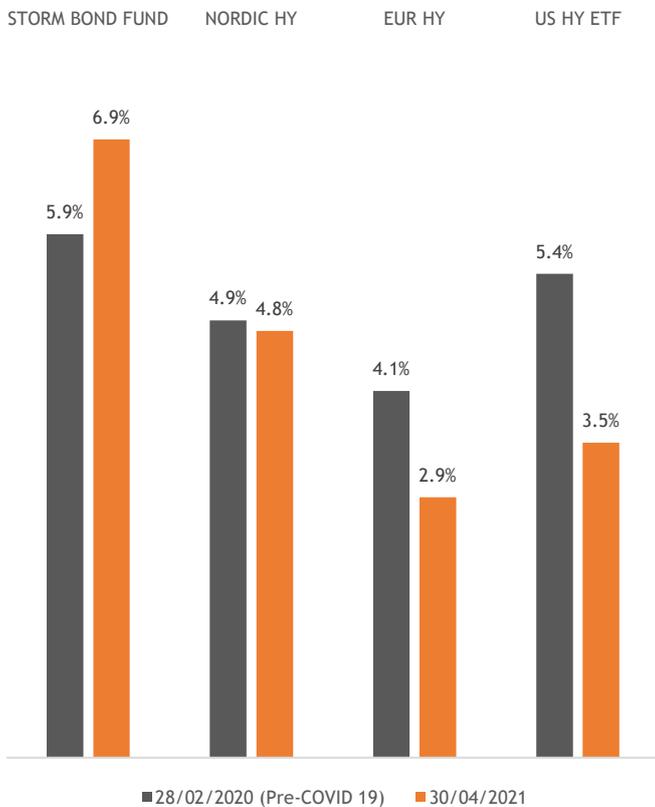
We have increased our position in Songa Container at L+600bps (at par). The company is enjoying very strong market fundamentals which has resulted in the company being able to contract assets on very attractive terms. The strong cash flow generation is being trapped in the 1st lien bond structure which is significantly reducing any refinancing/maturity risk as the net LTV closer to maturity would likely be close to scrapping values. We expect the company to use its cash flow from new contracts combined with asset sales to pay down the remaining portion of the bond in good time before original maturity date. The same is true for our exposure in MPC Container Ships 1st lien bonds. We believe that the combined exposure (7% of NAV) offers very strong risk reward with high floating rate carry vs. limited downside risk. We have exited our position in Seaspan 2024 notes early as the bond pricing exceeded our expectations combined with the company expanding its asset base more aggressively than we anticipated.

Markets currently debates whether inflation will be transitory and whether the FED would scale down asset purchases and ultimately hike rates any time before end 2023. It is therefore important to remind our investors, that among the key features in the Nordic corporate bond market are the floating rate nature of the market as well as attractive spread levels. This translates into significantly shorter modified durations compared to peer markets and we are therefore well positioned for changes in inflation expectations and rates. It is worthwhile to look back at Q4 2018 when global markets re-priced due to higher interest rates. In Q4'18 Storm Bond Fund delivered a negative return of -1.1% vs. US High Yield at -4.6%. At that time, we had a modified duration of 1.1 years vs. 0.6 years today.

We continue to target solid risk-adjusted returns (spread of 691 bps in the fund) while at the same time protecting capital by being exposed to a diversified portfolio of quality Nordic high yield bonds with on average attractive implied valuations, sound balance sheets and comfortable interest coverage ratios. In addition, the portfolio holds significantly shorter modified duration (0.6 years) and are uncorrelated to that of European and US High Yield markets. This in combination with having access to liquidity through a solid cash position (5-10%) enabling us to manage any unforeseen volatility but at the same time keeping necessary dry powder to investment opportunities arising in the market.

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

**REAL GDP (ANNUAL % CHANGE)**



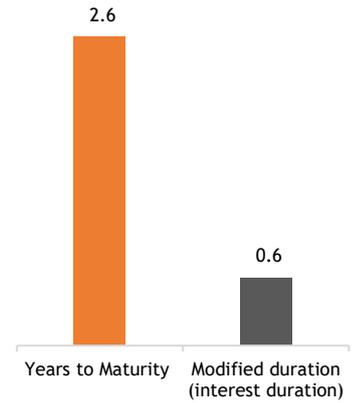
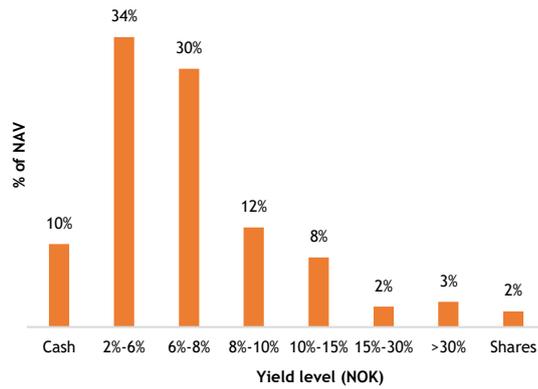
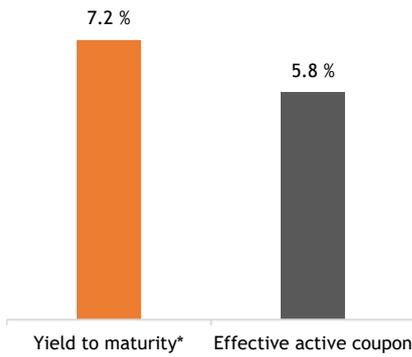
Source: Bloomberg, Storm Capital Management as of 30.04.2021. Storm Bond Fund: Includes cash and spreads on individual bonds capped at 30%. European HY (Bloomberg Barclays Pan-European High Yield TR Index, Bloomberg ticker: LPO2TREU). US HY ETF (iShares iBoxx, Bloomberg ticker: IBOXHY).

Source: IMF World Economic Outlook, April 2021.

**YIELD LEVELS (NOK)**

**YIELD DISTRIBUTION (NOK)**

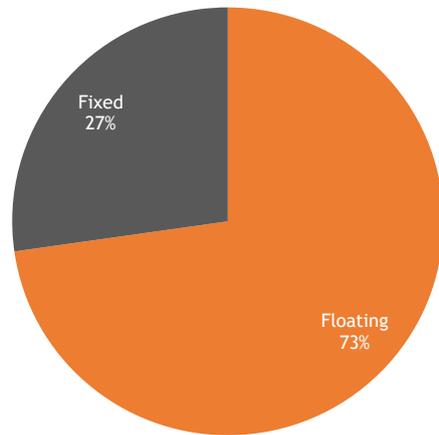
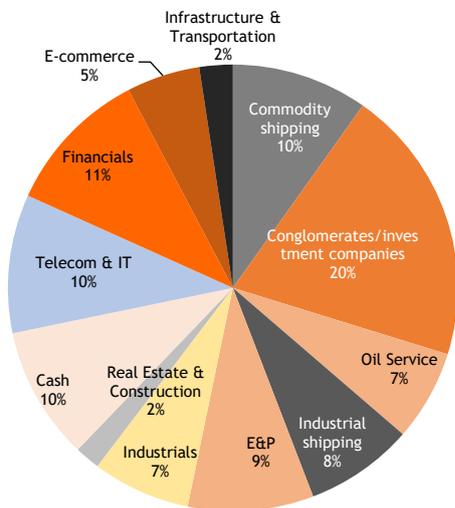
**MATURITY / DURATION (YEARS)**



\* individual bonds capped at 30% in calculation.

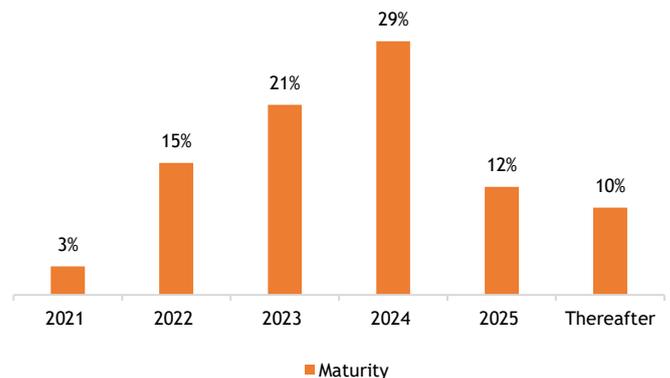
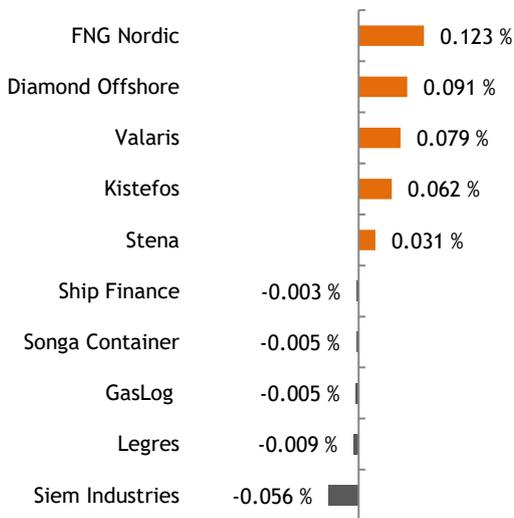
**SECTOR ALLOCATION**

**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 (2020 - to date)



Source: Bloomberg as of 30.04.2021. 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	136.69
Institutional NOK	LU0840158496	136.18
Institutional USD	LU0840159387	122.94
Institutional EUR	LU0840158900	111.73
Institutional SEK	LU0840159544	118.09
Institutional CHF	LU1076701652	105.28
Institutional GBP	LU0840159973	100.00*
Retail NOK (RCN)	LU1382364633	143.13
Retail NOK	LU0740578702	143.25
Retail SEK	LU0840159460	115.56
Retail GBP	LU0840159890	119.09
Retail EUR	LU0840158819	113.30
Retail CHF	LU1428000985	100.00*

DISTRIBUTION SHARE CLASSES\*\*

Institutional NOK	LU1915698069	97.41
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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)	2 145

BOND PORTFOLIO - TOP 20

NAME	ISIN	PRICE	YIELD %	NAV %	SHORT DESCRIPTION
1 FNG Nordic AB 19-24	SE0012827996	103.8	5.8%	5.3%	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.
2 Stockmann Oyj Abp EO-Notes 2017(17/22)	FI4000292719	94.8	12.4%	4.9%	Stockmann was established in 1862 and is a Finnish listed company with a market cap of EUR ~105m. 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.
3 Kistefos AS 20-25 FRN	NO0010911845	103.3	6.5%	4.9%	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	101.5	7.2%	4.0%	Pure play container shipping company with 39 vessels under the bond silo. Listed on the Oslo Stock Exchange with an mcap of NOK 5.5bn. Senior secured bond with 1st priority in the fleet.
5 Stena Ab 14-24	USW8758PAK22	101.6	6.5%	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.
6 Altera Shuttle Tankers LLC 19-24	NO0010866163	98.0	7.4%	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.
7 Siccar Point Energy Ltd 21-26	NO0010937501	99.0	9.4%	3.1%	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.
8 Ocean Yield ASA 19-24 Perp	NO0010861594	100.0	6.8%	3.0%	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 5.4bn. Aker ASA (market cap NOK 47bn) is the largest shareholder holding 61.6% of the company.
9 Songa Container AS 18/21	NO0010837248	100.1	7.4%	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.
10 Chip Bidco (Cegal) AS 19-24	NO0010869761	101.2	5.5%	2.9%	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.
11 Ice Group Scandinavia Holdings AS 19-23 FRN	NO0010864002	106.4	5.5%	2.7%	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 3.6bn, 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.
12 Frontmatec Group FRN 19-24	DK0030452263	94.8	8.3%	2.6%	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.
13 Abax Group AS 20-25	NO0010885312	102.8	5.7%	2.7%	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.
14 Norske Skog ASA FRN 21-26	NO0010936065	100.5	6.2%	2.5%	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 3.4bn. 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.
15 Havilafjord AS 18-23 FRN	NO0010825284	102.1	4.3%	2.4%	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.
16 BW Offshore Ltd. FRN 19-23 FRN	NO0010869019	100.1	4.7%	2.4%	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 6.5bn. The credit benefits from a strong backlog with solid counterparties, low leverage and strong free cash flow.
17 Norwegian Energy Co. ASA 19-26	NO0010870900	100.3	9.3%	2.4%	Noreco is a Nordic-based E&P company with producing assets offshore Denmark. The company is listed on the Oslo Stock Exchange with a market cap of NOK ~3.7bn. The credit benefits from having moderate LTV and a strong hedging profile.
18 Wallenius Wilhelmsen ASA 20-24 FRN	NO0010891971	105.6	4.3%	2.2%	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 ~12.7bn. The company has flexibility on their fleet and a strong liquidity position in order to navigate through current challenging market.
19 GasLog Ltd. 19-24 FRN	NO0010868953	102.9	5.6%	2.2%	Gaslog is an international owner and operator of LNG carriers listed at NYC stock exchange with a market cap of USD 550m. GasLog Ltd announced that it has entered into an agreement with BlackRock Global Energy & Power Infrastructure team to take GasLog private. BlackRock will acquire all of the outstanding shares in GasLog that are not held by the Livanos family and Onassis Foundation.
20 Altera Shuttle Tankers LLC 17-22	NO0010801707	101.7	6.7%	2.1%	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.
Sum				62.2%	

Total number of bond positions: 46 (from 40 issuers). Total number of shares: 2.

## 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 14 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 12 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

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.