

ABOUT THE FUND

Storm Bond Fund (UCITS) is a Nordic High Yield fund inceptioned in September 2008. The fund holds a diversified portfolio of quality issuers in the Nordic region. The investment process is based on a top-down market screening of the universe based on relative pricing and a detailed fundamental bottom-up analysis of the individual issuers. 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
2022	0.8%	-1.0%											-0.2%
2021	3.2%	2.3%	1.1%	0.8%	0.9%	1.1%	0.8%	1.0%	0.3%	0.5%	0.2%	0.7%	13.6%
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	7.4%
3-years	4.5%
5-years	5.1%
10-years	4.5%
Since inception of fund	5.7%

- 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 negative return of -1.0% in February and is down -0.2% YTD 2022 (institutional IC NOK share class: LU0840158496).

Equity and bond markets came under further pressure in February on the back of the Russian invasion of Ukraine. The US and European equity markets measured by the S&P 500, Euro Stoxx 600 and MSCI Nordic declined by -3.1%, -3.4% and -4.1% respectively. In the corporate bond market, credit spreads widened resulting in US and European investment grade bonds declining by -2.0% and -2.5%. Their respective high yield markets declined by -1.0% and -2.9%. In the energy market, the significant geopolitical tensions paired with the post-lockdown resurgence in demand lifted oil prices above USD 100 per barrel for the first time since 2014.

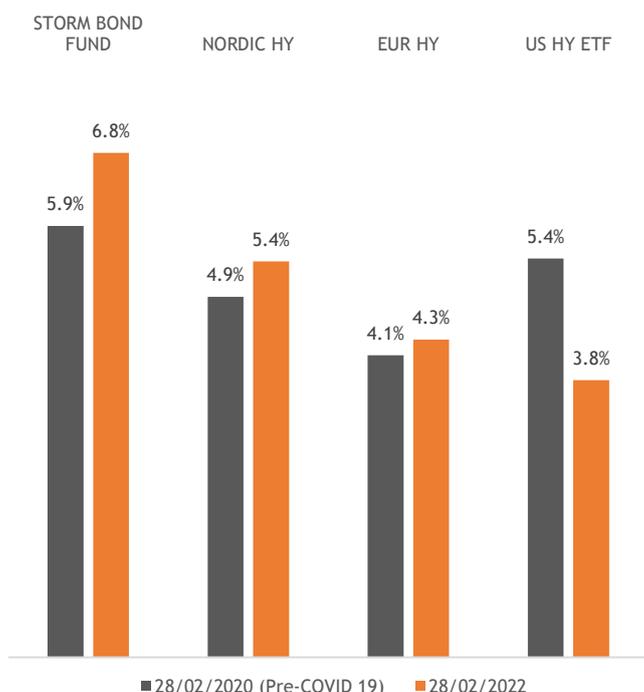
The Nordic high yield market posted negative returns during February and the fund's performance was impacted by the adverse market conditions which resulted in credit spreads widening and consequently bond prices declining across our holdings. Our Energy exposure (11% of NAV) consists predominantly of oil and gas producing companies. This exposure is characterized by having low cash break-even levels and strong credit metrics meaning that they can handle low energy prices over a prolonged period of time. These companies are currently experiencing a significant increase in their earnings capacity resulting in rapid deleveraging of already strong balance sheets which in our view is not reflected in bond prices. With energy security moving higher on the agenda, we see the potential for further increase in energy activity which in its turn will boost earnings visibility for our low levered and cash generative energy service exposure (11% of NAV).

During the month, we participated in the bond issue of Odfjell Technology. The company is a leading offshore energy service and equipment company, currently owned by Odfjell Drilling. In conjunction with the bond offering, Odfjell Technology will be spun-off and listed on the Oslo Stock Exchange as a separate entity. The NOK 1.1bn 1st lien bonds carries a coupon of NIBOR + 700bps and mature in 4 years. LTM leverage is currently 2.7x and 2.2x on FY/21 estimates. The company has a contracted revenue backlog of USD 1.3bn, which means that the EBITDA backlog stands at 1.6x NIBD. The credit benefits from strong cash flow visibility and a high degree of cash conversion. Hence, leverage metrics is estimated to be below 1x by 2024e, which we deem will significantly reduce maturity risk and hence lead to improved bond pricing. During the latter part of the month we further built to our position in First Camp. The floating rate bond is 1st lien secured and has currently a credit spread of ~550bps with less than 1.5 year to maturity. The company is the leading camp site owner and operator in the Nordic region and the estimated LTV is approx. 65% which we deem to be attractive combined with the assets unique locations and the company's stable and low cyclical earnings. Late last year, the company increased its asset base by acquiring additional yielding properties. This was funded with equity from its main owner Norvestor combined with tapping the bond market at STIBOR+450bps. We have followed the company from the side-line for a few years and we acknowledge that the company has delivered on an expansive strategy through a difficult period. We find bond pricing and its low credit duration paired with its leading market position, strong debt service capacity and substantial asset backing to offer solid risk/reward for bondholders.

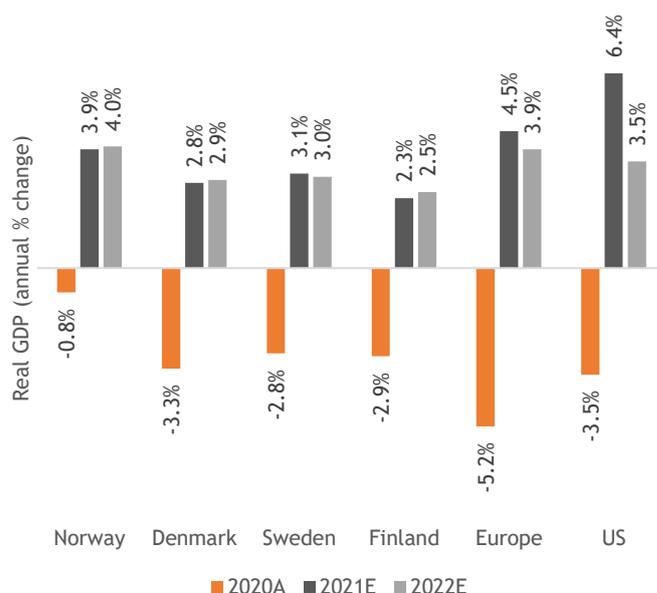
By month end, the majority of our portfolio companies have reported their Q4 figures, which in sum has exceeded our expectations. We remain confident in our holdings cash flow visibility and debt service capacity which is in increasingly important in periods of volatility. Our portfolio has zero direct exposure to Russian or Ukrainian companies.

We continue with our selective fundamental approach targeting solid risk-adjusted returns while at the same time protecting capital by being exposed to a diversified portfolio of quality Nordic high yield bonds with on average modest leverage levels, sound credit metrics and strong downside protection from attractive implied valuations. The credit spread in the fund is 6.8% - above the pre-pandemic level and the historical average. The spread premium to international high yield markets is substantial coupled with a modified duration of 0.6 years - hence well positioned for changes in interest rate expectations. This in combination with having access to liquidity through a prudent cash position of ~5-10% and a further ~5% in high grade bonds enabling us to manage through continued volatility and act on attractive investment opportunities.

**CREDIT SPREAD - STORM BOND FUND VS. NORDIC, EUROPEAN & US HIGH YIELD (PRE-COVID VS. FEB'22)**



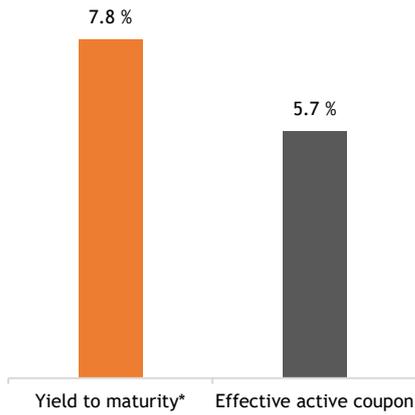
**REAL GDP (ANNUAL % CHANGE)**



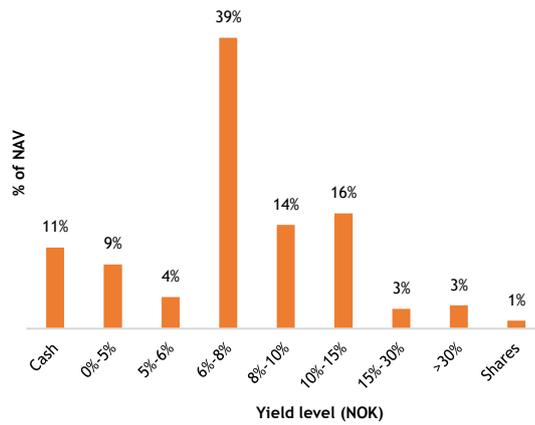
Source: Bloomberg, Storm Capital Management as of 28/02/2022. Storm Bond Fund: Includes cash and spreads on individual bonds capped at 30%. European HY (Bloomberg Barclays Pan-European High Yield TR Index, Bloomberg ticker: LPO2TREU). US HY ETF (iShares iBoxx, Bloomberg ticker: IBOXHY).

Source: IMF World Economic Outlook, April 2021.

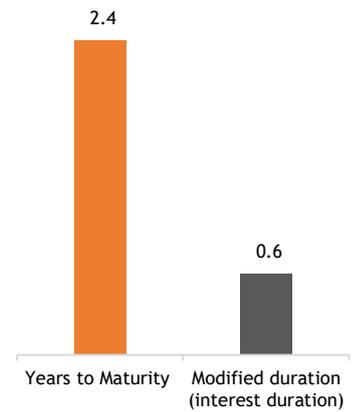
**YIELD LEVELS (NOK)**



**YIELD DISTRIBUTION (NOK)**

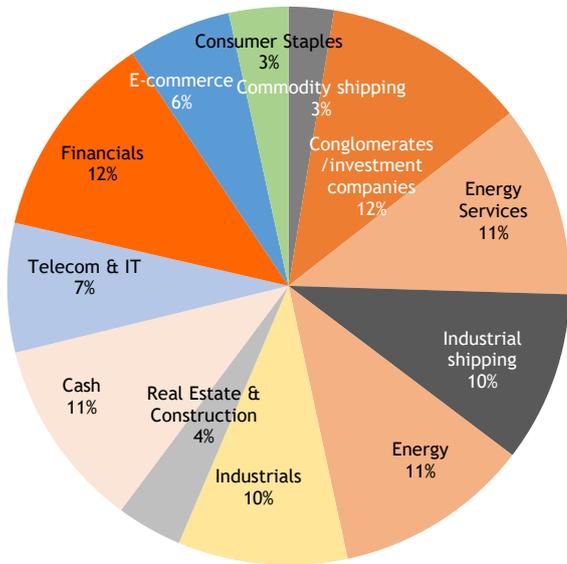


**MATURITY / DURATION (YEARS)**

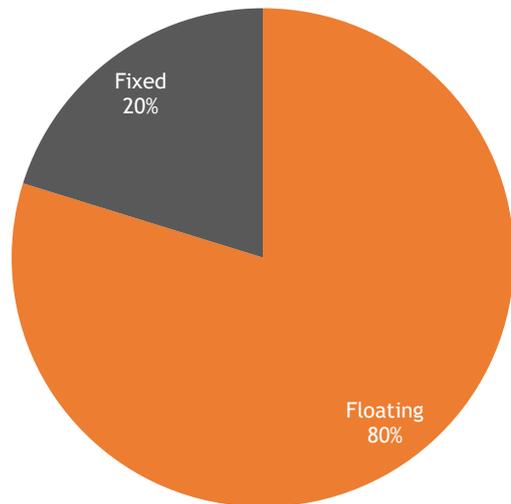


\* individual bonds capped at 30% in calculation.

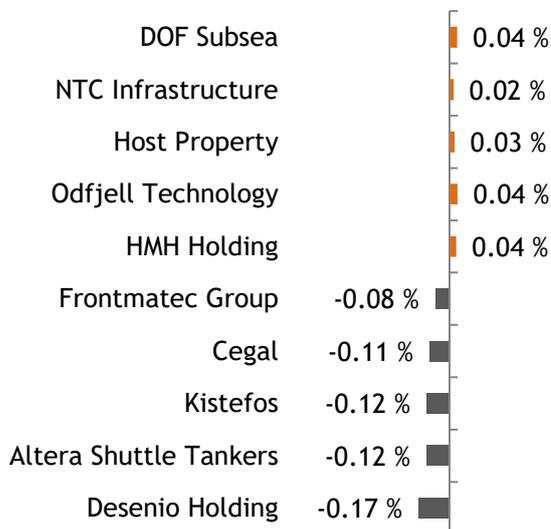
**SECTOR ALLOCATION**



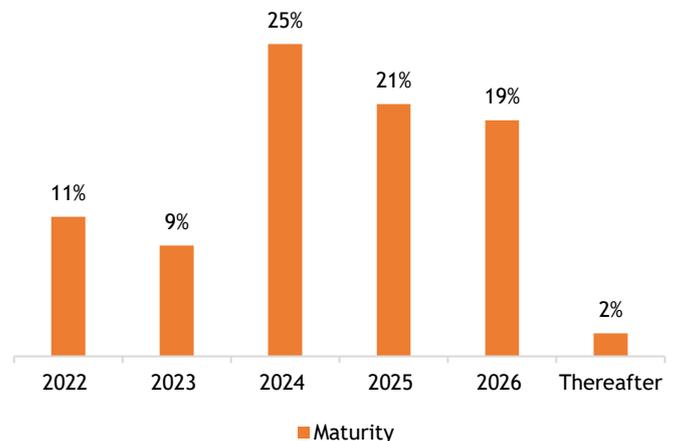
**FLOATING VS. FIXED RATES**



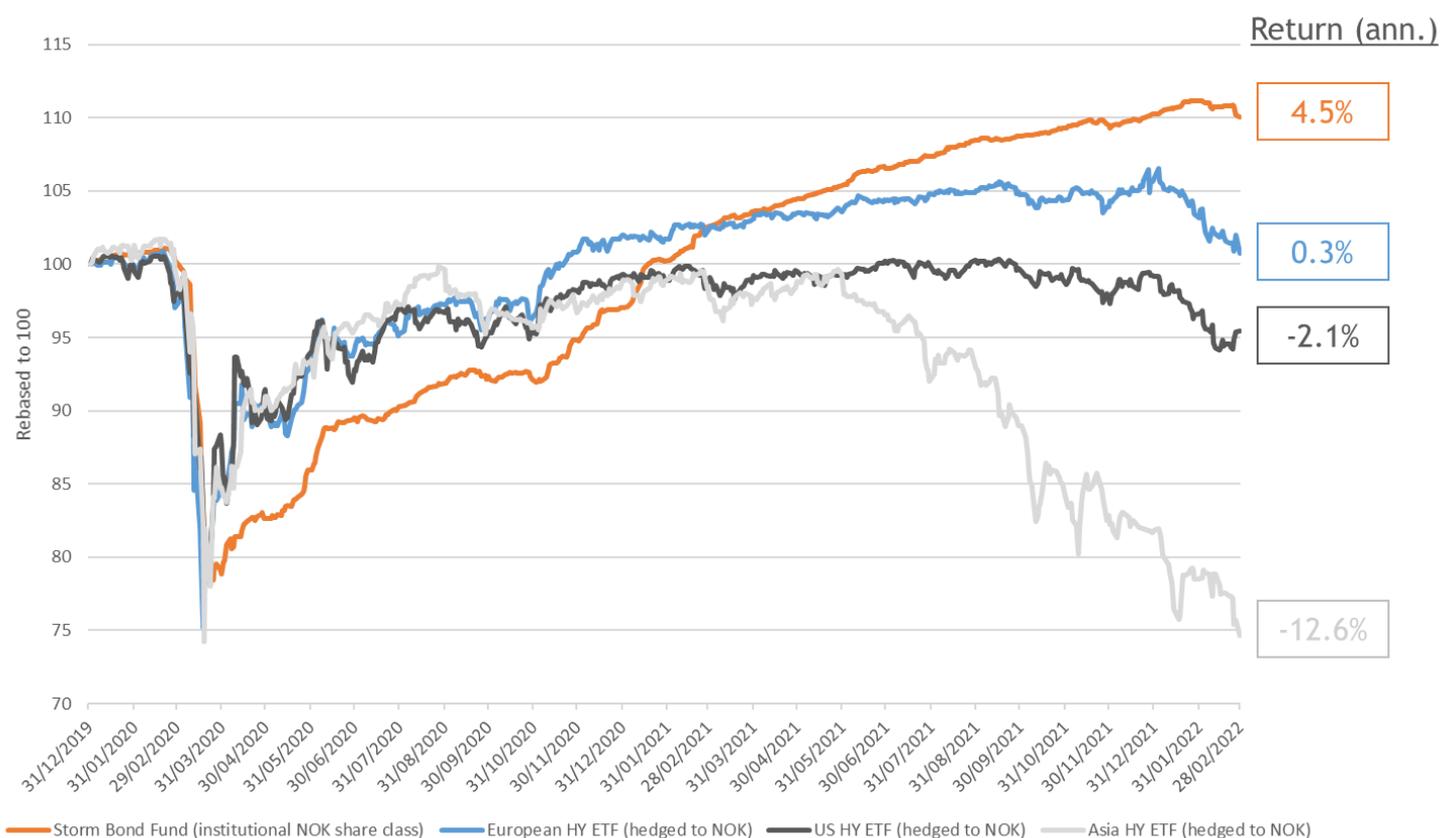
**CONTRIBUTION ANALYSIS (top 5 / bottom 5)**



**MATURITY PROFILE**



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



Source: Bloomberg as of 28/02/2022.  
 Storm Bond Fund IC NOK (ISIN: LU0840158496).  
 European HY ETF (hedged to NOK) (iShares European HY ETF, Bloomberg ticker: HIGHEUR EU equity).  
 US HY ETF (hedged to NOK) (iShares iBoxx ETF, Bloomberg ticker: IBOXHY).  
 Asia HY ETF (hedged to NOK) (iShares USD Asia High Yield Bond ETF, Bloomberg ticker: AHYG SP Equity).

PRICES FOR DIFFERENT SHARE CLASSES

SHARE CLASSES	ISIN	PRICE
<b>ACCUMULATION SHARE CLASSES</b>		
Institutional NOK (ICN)	LU1382364716	144.14
Institutional NOK	LU0840158496	143.45
Institutional USD	LU0840159387	129.23
Institutional EUR	LU0840158900	116.71
Institutional SEK	LU0840159544	124.05
Institutional CHF	LU1076701652	109.72
Institutional GBP	LU0840159973	100.00*
Retail NOK (RCN)	LU1382364633	150.57
Retail NOK	LU0740578702	150.64
Retail SEK	LU0840159460	121.40
Retail GBP	LU0840159890	125.38
Retail EUR	LU0840158819	118.11
Retail CHF	LU1428000985	100.00*

Institutional NOK LU1915698069 99.50

\*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)
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	Institutional (NOK 15m)
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)	2 633

## BOND PORTFOLIO - TOP 20

NAME	ISIN	PRICE	YIELD %	NAV %	SHORT DESCRIPTION
1 FNG Nordic AB 19-24	SE0012827996	102.0	7.1%	4.1%	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.
2 Kistefos AS 20-25 FRN	NO0010911845	102.5	7.3%	4.0%	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%.
3 Jordanes Investments AS 22-26 FRN	NO0012433301	98.2	7.4%	3.4%	Jordanes Investments is a consumer focused investment firm with exposure to robust and resilient non-discretionary consumer products. The company has a diversified portfolio of well-recognised consumer brands and restaurants in the Scandinavian market. The credit benefits from a strong and proven management team, resilient cash flow and strong cash conversion.
4 Ocean Yield ASA 19-24 Perp	NO0010861594	100.9	7.8%	3.4%	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 was recently taken over by KKR.
5 Chip Bidco (Cegal) AS 19-24	NO0010869761	98.0	7.4%	3.4%	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.
6 Golar LNG Ltd. 21-25	NO0011123432	96.9	8.6%	3.3%	Golar LNG is a leading integrated LNG company established 75 years ago with a market cap of USD -2.0bn. The credit is supported by a strong FLNG backlog, improving market fundamentals for its LNG carriers, solid liquidity position and debt service capacity.
7 Siccar Point Energy Ltd 21-26	NO0010937501	96.2	11.1%	3.2%	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 Altera Shuttle Tankers LLC 19-24	NO0010866163	87.4	13.3%	2.9%	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 Norske Skog ASA FRN 21-26	NO0010936065	101.8	6.7%	2.8%	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 4.4bn. 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.
10 United Camping AB SK-FLR Notes 19-23	SE0013409570	99.4	6.7%	2.5%	First Camp is the leading camp site owner and operator in the Nordic region and the estimated LTV is approx. 65% which we deem to be attractive combined with the assets unique locations and the company's stable and low cyclical earnings. We find bond pricing and its low credit duration paired with its leading market position, strong debt service capacity and substantial asset backing to offer solid risk/reward for bondholders.
11 Seapeak LLC NK-FLR Notes 2020(25)	NO0010891559	100.3	6.2%	2.5%	Seapeak LNG is a leading LNG carrier company with long-term contracts with strong counterparties. On October 6th, Stonepeak announced that it has agreed to acquire Teekay LNG Partners for USD 6.2bn on an EV basis.
12 Stena Ab 14-24	USW8758PAK22	101.1	7.0%	2.4%	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.
13 Tidewater Inc. 21-26	NO0011129579	99.6	9.4%	2.4%	Tidewater is one of the largest providers of offshore supply vessels and marine support services globally with a market cap of USD 611m. The credit benefits from the company's strong market position paired with free cash flow and low debt levels in an improving market.
14 GasLog Ltd. 19-24 FRN	NO0010868953	102.3	6.5%	2.3%	Gaslog is an international owner and operator of LNG carriers. The company was recently acquired by BlackRock Global Energy & Power Infrastructure together with the Livanos family and Onassis Foundation.
15 Rederiaktiebolaget Eckerö EO-FLR Notes 2021(24/26)	NO0011130148	100.5	8.5%	2.3%	Rederi Eckerö (est. 1962) owns and operates passenger, car and cargo ferries between Åland and Sweden and Helsinki and Tallinn. Eckerö was prior to covid profitable and low levered. As the region is reopening we expect earnings to normalize gradually which would significantly deleverage the company. The bonds are issued by the parent company and pledged in two of Eckerö's ferries with an estimated gross LTV of 77% adding another layer of defence in the event that the recovery would take materially longer time.
16 Abax Group AS 20-25	NO0010885312	102.8	6.4%	2.2%	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 acquired 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 Frontmatec Group FRN 19-24	DK0030452263	93.3	10.3%	2.2%	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 cyclicity.
18 Odfjell Technology Ltd. 22-26 FRN	NO0012439480	99.6	8.2%	2.1%	Odfjell Technology is a leading offshore energy service and equipment company, currently owned by Odfjell Drilling. In conjunction with the bond offering, Odfjell Technology will be spun off and listed on the Oslo Stock Exchange as a separate entity. The NOK 1.1bn 1st lien bonds carries a coupon of NIBOR + 700bps and mature in 4 years. LTM leverage is currently 2.7x and 2.2x on FY/21 estimates. The company has a contracted revenue backlog of USD 1.3bn, which means that the EBITDA backlog stands at 1.6x NIBD.
19 MHH Holding 22-25	NO0012428996	99.5	8.3%	2.0%	HMH Holding is a leading energy engineering company. The company is a JV between Akastor, part of the Aker Group (market cap. -NOK 57bn) and Baker Hughes (market cap. -USD 31bn). The bond is 1st lien ranking pari passu with the banks and the credit benefits from moderate leverage levels, improving market fundamentals and high cash conversion.
20 SuperOffice Group AS 20-25 FRN	NO0010900129	103.6	6.5%	1.9%	SuperOffice is a leading provider of cloud-based CRM software to B2B-oriented companies in Europe. The bond is 1st lien and has share pledge in all shares. The company is owned by the Danish private equity company Axcel. The credit benefits from a strong market position, high degree of recurring revenues and modest financial leverage.
Sum				55.3 %	

Total number of positions: 54.

## TEAM

## PORTFOLIO MANAGEMENT

**MORTEN E. ASTRUP***Chief Investment Officer & Founding Partner*

- Founded Storm in 2006 and has over 25 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 & Partner*

- Joined Storm in 2015 and has over 15 years of experience from asset management and credit research
- 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*

- Joined Storm in 2012 and has over 25 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*

- Joined Storm in 2012 and has over 13 years of experience from investment banking and business development. Before he joined Storm he worked in the investment banking division at Citigroup in London
- Marcus is responsible for:
  - Business development/sales
  - 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 Vlls 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 and non-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 Tellico 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.