

## 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%	1.8%	1.2%	-0.0%	-1.3%	0.4%	2.5%	-0.2%				4.1%
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	5.5%
3-years	5.2%
5-years	4.7%
10-years	4.3%
Since inception of fund	5.8%

- 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 -0.2% in September and is up 4.1% YTD (institutional IC NOK share class: LU0840158496).

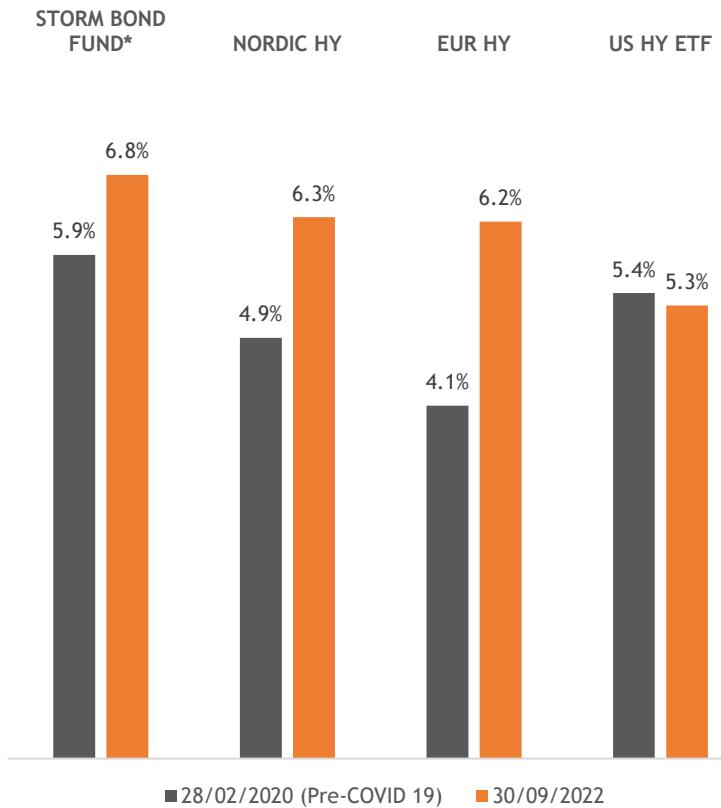
Sentiment continued to weaken through September, driven by increased concerns about a near term recession in Western economies and continued hawkish central banks. In addition, the melt-down in the UK gilt market, which followed from the British government's plan to cut taxes, added additional pressure on investor confidence. US and UK 10-year treasuries widened by 64bps and 121bps to 3.83% and 4.09%, respectively. In the corporate bond market, credit spreads widened with US and European IG bonds declining -5.3% and -3.3%. While their respective high yield markets declined by 4.0% and 3.9%. Equity markets was in general lower across the board with S&P 500, Euro Stoxx 600 and MSCI Nordic declining by -9.3%, -6.6% and -6.2%.

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. This was to some extent mitigated by our solid coupon carry paired with both low credit and modified duration vs. international markets. As described in our previous monthly reports we have positioned our fund for volatility through having a strong liquidity position paired with being exposed to solid Nordic corporates with lower duration. We acknowledge that markets may remain challenging going forward and we will therefore continue our strong efforts on downside risk/capital preservation.

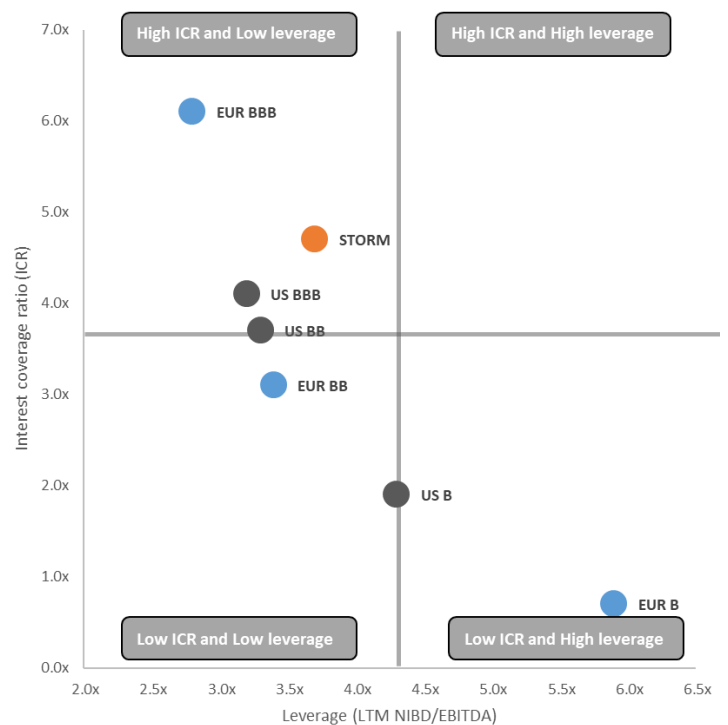
At the same time, we are carefully beginning to take some high-quality opportunities which has emerged under the current market conditions. During the month, we re-initiated a new position in Stolt-Nielsen 2023 and added to our position in Wallenius Wilhelmsen 2024 and Aker 2023. All the three companies credit profiles benefits from having strong underlying market fundamentals and well capitalized balance sheets paired with solid debt service capacity. The maturity risk is further de-risked by decent market capitalizations and support from strong long-term industrial owners. During the month Noram Drilling raised USD 75m in order to take out the bond financing which was limiting the company’s dividend capacity. The bond has now been called and will leave our portfolio in mid-November.

Both credit and modified duration remains low at 2 years and 0.7 years, meaning we are well positioned for volatility in both spreads and inflation/interest rate expectations. The yield is currently at 9.1% in NOK - well above pre-pandemic levels and historical averages. We continue with our selective fundamental approach targeting well capitalized and renown Nordic companies with solid cash flow prospects paired with sustainable capital structures. In an inflationary environment we find it comfortable that many of our portfolio companies have contracted cash flows beyond the lifetime of the bonds - hence lowering the refinance risk substantially. As previously noted and illustrated in the bottom right-hand chart, the leverage level in the fund is currently at 3.7x (similar to a US BB-) while the interest coverage ratio is at 4.7x (similar to US BBB). This in combination with having access to liquidity through a prudent cash position of ~5-10% and a further ~5-10% in high grade bonds enables us to manage through volatility and act on attractive investment opportunities which have emerged during the recent volatility in global financial markets.

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



**LEVERAGE (LTM NIBD/EBITDA) VS. INTEREST COVERAGE RATIOS (ICR)**



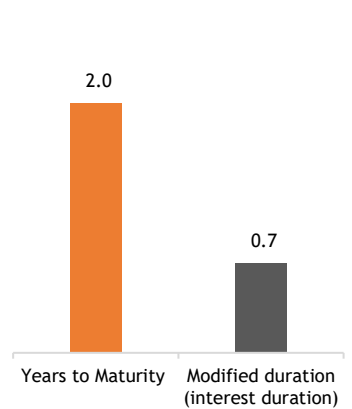
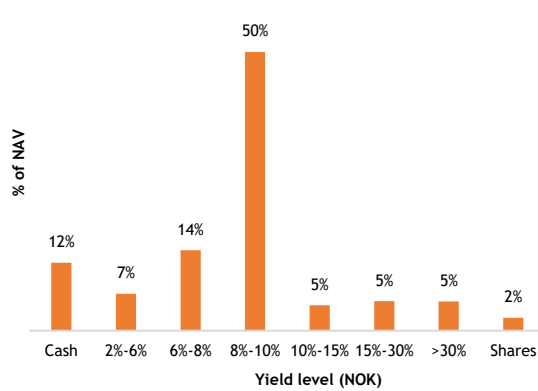
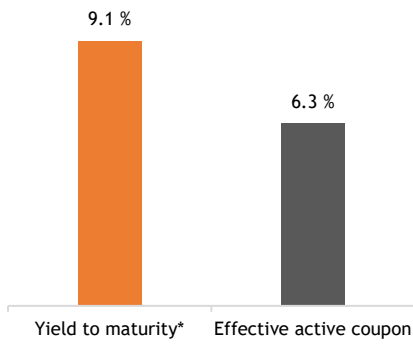
Source: Bloomberg, Storm Capital Management as of 30/09/2022. \*Storm Bond Fund includes cash and spreads on individual bonds capped at 30%. European HY (Bloomberg Barclays Pan-European High Yield TR Index, Bloomberg ticker: LPO2TREU). US HY ETF (iShares iBoxx, Bloomberg ticker: IBOXHY).

Source: Bloomberg, Storm Capital Management as of 30/09/2022. \*Storm Bond Fund includes cash.

**YIELD & COUPON (NOK)**

**YIELD DISTRIBUTION (NOK)**

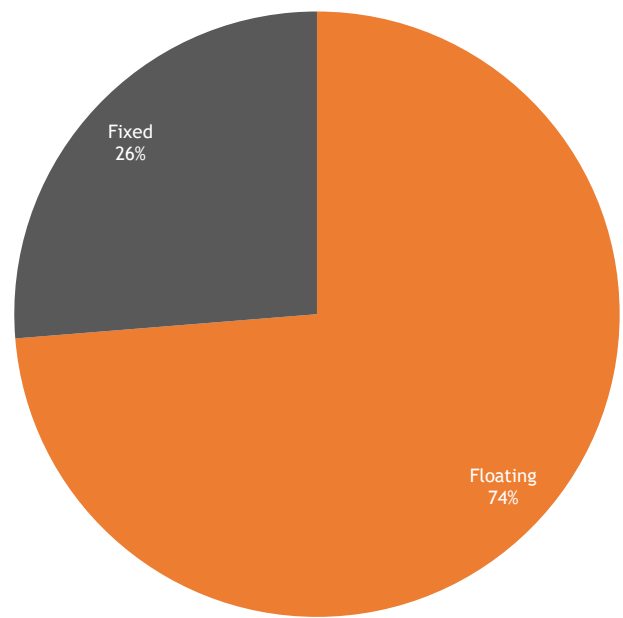
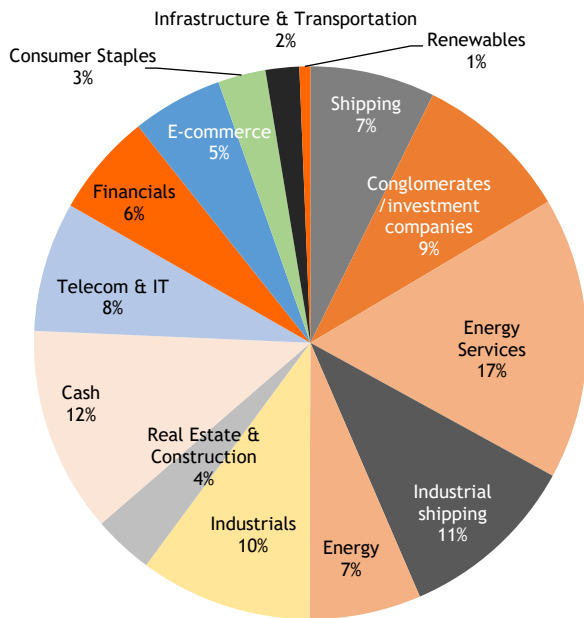
**MATURITY / DURATION (YEARS)**



\* individual bonds capped at 30% in calculation.

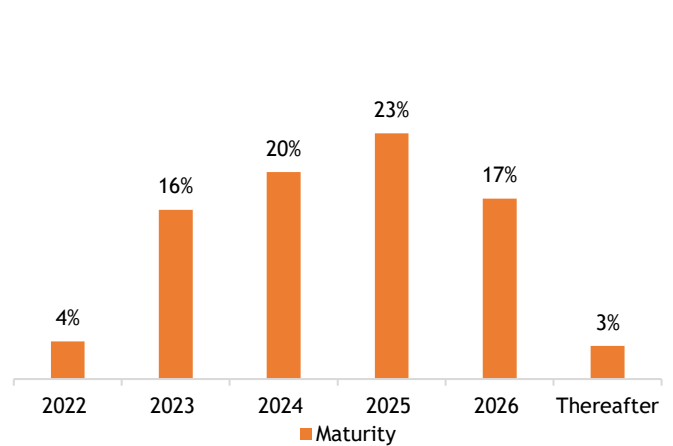
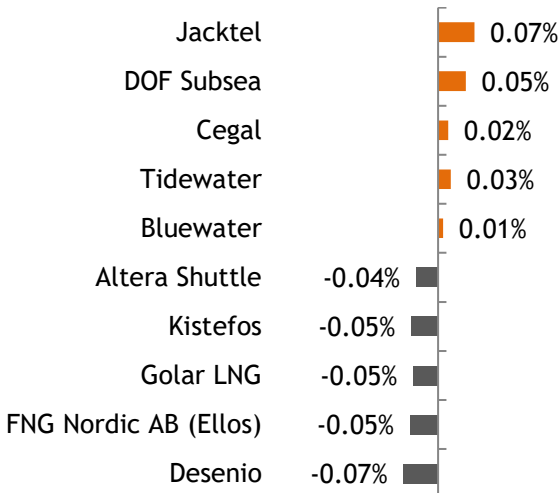
**SECTOR ALLOCATION**

**FLOATING VS. FIXED RATES**

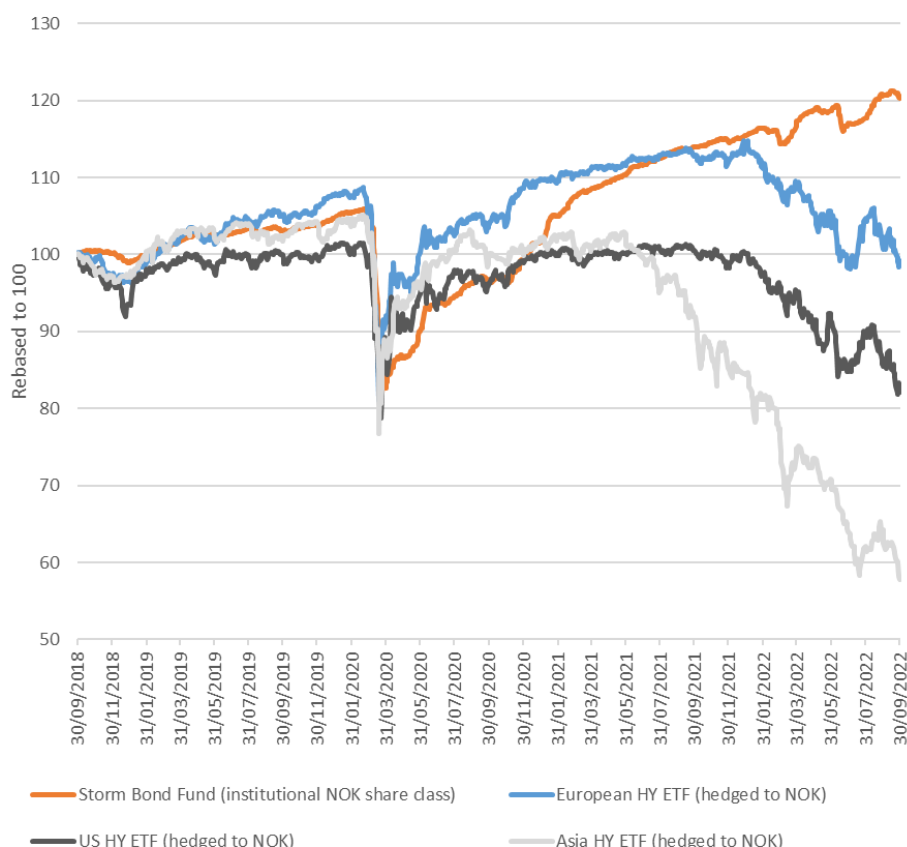


**CONTRIBUTION ANALYSIS (top 5 / bottom 5)**

**MATURITY PROFILE**



TOTAL RETURN - STORM BOND FUND VS. US, EUROPEAN & ASIAN HIGH YIELD (LAST 4 YEARS)



Performance	Storm HY	European HY	US HY	Asian HY
YTD	4.1%	-12.9%	-18.0%	-31.6%
3-months	2.7%	1.0%	-3.1%	-9.5%
1-year	5.5%	-12.0%	-18.3%	-37.1%
4-years (ann.)	4.7%	-0.2%	-4.8%	-12.8%

Risk - 4 years (ann.)				
Vol. (std dev.)	4.4%	10.0%	10.8%	13.4%
Sharpe	1.1x	n.m.	n.m.	n.m.

Source: Bloomberg as of 30/09/2022.  
 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	150.79
Institutional NOK	LU0840158496	149.66
Institutional USD	LU0840159387	135.46
Institutional EUR	LU0840158900	121.16
Institutional SEK	LU0840159544	129.09
Institutional CHF	LU1076701652	113.60
Institutional GBP	LU0840159973	100.00*
Retail NOK (RCN)	LU1382364633	156.98
Retail NOK	LU0740578702	157.02
Retail SEK	LU0840159460	129.43
Retail GBP	LU0840159890	130.94
Retail EUR	LU0840158819	122.14
Retail CHF	LU1428000985	100.00*

DISTRIBUTION SHARE CLASSES\*\*

Institutional NOK	LU1915698069	101.60
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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)
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)	3 169

BOND PORTFOLIO - TOP 20

NAME	ISIN	PRICE	YIELD %	NAV %	SHORT DESCRIPTION
1 Ocean Yield ASA 19-24 Perp	N00010861594	100.5	9.4%	3.5%	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 and the bond is callable in Sep-2024. We see a strong incentive for Ocean Yield to repay the bond in 2024/2025, given the significant coupon step-up of 500bps in Mar-25. As such, we find the coupon carry attractive both on a stand-alone and relative basis paired with low refinance risk.
2 Golar LNG Ltd. 21-25	N00011123432	95.7	7.8%	3.3%	Golar LNG is a leading integrated LNG company established 75 years ago with a market cap of -USD 2.8bn. The credit is supported by a strong FLNG backlog, improving market fundamentals for its LNG carriers, solid liquidity position and debt service capacity.
3 Kistefos AS 20-25 FRN	N00010911845	102.0	9.2%	3.3%	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 FNG Nordic AB 19-24	SE0012827996	85.7	19.0%	2.9%	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.
5 Jordanes Investments AS 22-26 FRN	N00012433301	97.0	9.7%	2.8%	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.
6 Chip Bidco (Cegal) AS 19-24	N00010869761	97.0	10.0%	2.7%	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.
7 Stena Ab 14-24	USW8758PAK22	96.0	9.5%	2.7%	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 Navigator Holdings Ltd. 20-25	N00010891955	97.2	8.5%	2.7%	Navigator owns and operates the world's largest fleet of handysize gas carries with a market cap of -USD 900m. The fleet was recently expanded through the merger with Ultragas back in 2021 and the fleet is now comprised of 55 ships. The credit benefits from having strong credit metrics, significant debt service capacity and robust underlying market fundamentals.
9 United Camping AB SK-FLR Notes 19-23	SE0013409570	99.5	8.6%	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.
10 Norske Skog ASA FRN 21-26	N00010936065	99.6	8.6%	2.4%	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 market cap. of -NOK 5.3bn. Norske Skog has one EUR 125m senior secured bond outstanding maturing in 2022 which is carrying a coupon of EURIBOR + 600bps. The credit benefits from having low leverage and solid cash conversion.
11 Norwegian Energy Co. ASA 19-26	N00010870900	99.2	8.7%	2.1%	Norwegian Energy Company is an Oslo Stock Exchange listed company with a market cap NOK 9.6bn. The company operates producing oil and gas assets in the North Sea. The company is well capitalized with strong cash flow and has high gas exposure.
12 Tidewater Inc 21-26	N00011129579	101.7	7.4%	2.1%	Tidewater is one of the largest providers of offshore supply vessels and marine support services globally with a market cap. of -USD 1bn. The credit benefits from the company's strong market position paired with free cash flow and low debt levels in an improving market.
13 Aker ASA 18-23 FRN	N00010814502	100.0	5.4%	2.1%	Aker is a listed Nordic industrial conglomerate with a market cap. of -NOK 54bn. The credit benefit from strong debt service capacity and substantial asset backing to offer solid risk/reward for bondholders.
14 Frontmatec Group FRN 19-24	DK0030452263	101.4	8.0%	2.0%	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.
15 Teekay LNG Partners L.P. NK-FLR Notes 2020(25)	N00010891559	95.7	9.8%	2.0%	Established in Jul 17 as a carve out from Teekay Offshore, Altera Shuttle Tankers is the world's largest owner and operator of shuttle tankers. Altera is 100% controlled by Brookfield Asset Management. The credit benefit from having a leading market position, strong earnings visibility and solid owner backing.
16 Rederiaktiebolaget Eckerö EO-FLR Notes 2021(24/26)	N00011130148	97.6	10.6%	2.0%	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.
17 American Tanker Inc. 20-25	N00010886328	94.5	9.5%	1.9%	American Shipping company owns 10x modern US Jones Act Tankers. The Company is listed on the Oslo Stock Exchange with an mcap of NOK 2.4bn. All vessels chartered out on bareboat contracts to OSG. These rates are sufficient to cover debt service and dividends. The counterpart risk in OSG is reduced through improved market fundamentals and newly refinanced balance sheet. Strong financial sponsor in Aker ASA.
18 GasLog Ltd. 19-24 FRN	N00010868953	101.7	8.3%	1.9%	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.
19 Jacktel A.S. 18/23	N00010836778	83.3	26.3%	1.9%	Jacktel owns and operates an accomodation jack-up unit currently working for TotalEnergies EP in Denmark. The credit benefits from the company's strong market position paired with free cash flow and low debt levels in an improving market.
20 SuperOffice Group AS 20-25 FRN	N00010900129	99.0	9.8%	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				48.7 %	

Total number of positions: 57.

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



**GUSTAF AMLE**

*Portfolio Manager*

- Joined Storm in 2022 and has 6 years of experience from investment banking and credit research
- Previous experience as a partner and credit research analyst at Fearnley Securities
- Gustaf is responsible for:
  - Portfolio management
  - Research and daily monitoring of investment universe
- Gustaf holds a BSc in Business and Economics from Lancaster University and a MSc in Economics from Imperial College London

BUSINESS DEVELOPMENT / SALES



**MARCUS S. MOHR**

*Business Development & Partner*

- Joined Storm in 2012 and has over 13 years of experience from investment banking and business development. Before 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)



**TORE ANDERSEN**

*CEO & Partner*

- Joined Storm in 2012 and has over 25 years of experience in financial advisory and sales. Before 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)

COMPLIANCE / OPERATIONS



**DAGFINN SUNDAL**

*Compliance / CFO / Risk Management*

- 10 years of auditing, compliance and controlling experience
- Previous experience from Schibsted and Ernst & Young
- Dagfinn is responsible for:
  - Compliance
  - Administration
  - Risk management
- Dagfinn holds a MSc in Business and Economics, and a MSc in Professional Accountancy from the Norwegian Business School (BI)



**BERIT M. ISHAUG**

*Accounting / Back-office*

- 25+ years of accounting and admin experience
- Previous experience from Arctic Securities
- Berit is responsible for:
  - Accounting
  - Back office
- Berit holds a BSc in Business and Economics from the Norwegian Business School (BI)

INDUSTRY AWARDS



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 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.