

ABOUT THE FUND

Storm Bond Fund (UCITS) is a Nordic corporate bond 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 fund is classified as Article 8 under SFDR (ESG). The management team has extensive experience in the Nordic corporate bond market 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
2023	1.8%	1.0%	-0.3%	1.5%	0.5%	0.2%	1.2%	1.2%	0.6%	0.3%	0.8%	1.3%	10.4%
2022	0.8%	-1.0%	1.8%	1.2%	-0.0%	-1.3%	0.4%	2.5%	-0.2%	0.3%	1.2%	1.3%	7.1%
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	10.4%
3-years	10.3%
5-years	6.6%
Since inception of fund	6.2%

- 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 1.3% in December and is up 10.4% YTD (institutional IC NOK share class: LU0840158496).

The year of 2023 was a strong year for risk assets and bonds. The key drivers for the positive performance were that the widely anticipated recession failed to materialize, and that inflation came down regardless. Large cap tech equities were the big winner of the year, while in corporate credit HY outperformed IG by a wide margin. December ended on a high note, as the FED confirmed the policy pivot which repriced global credit curves lower and caused risk assets to rally on the soft-landing narrative. During December, risk assets such as the Nasdaq, S&P 500 and Stoxx 600 gained +5.5%, +4.4% and +3.8%, respectively. While global HY markets followed with US HY returning +3.1% and EUR HY saw returns of +2.8% on the month. The positive performance was driven by lower interest rates (US 10Y down 45bps) and tighter credits spreads across the board. On interest rates, the market now price in 5 rates cuts by the FED and 6 rate cuts by the ECB for 2024.

In December, the Nordic High Yield market delivered another set of robust returns and the fund's performance came in at +1.3% driven by a combination of coupon carry and some credit spread compression. The Nordic credit spread premium has further increased relative to international high yield markets and are currently at +230 bps (illustrated in bottom left chart on next page).

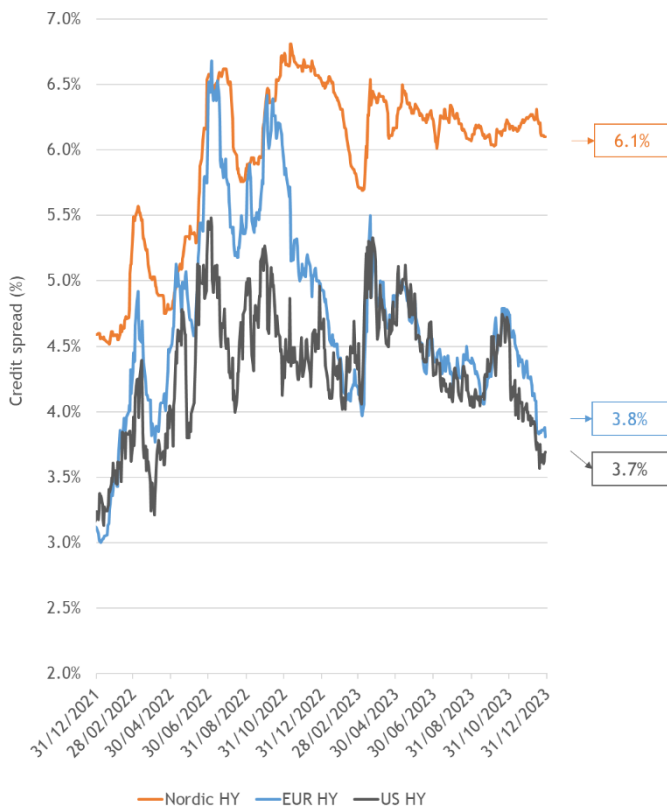
During the month, we initiated a new position in SFL Corp’s 2026 senior unsecured bond at ~9% yield. SFL Corp is a maritime leasing specialist with an owned and managed fleet of 78x vessels. The company is listed with a market capitalization of USD 1.4bn. The credit is supported by a well-capitalized balance sheet with a non-recourse structure, strong and diversified revenue backlog with blue-chip counterparts and strong majority shareholder in Seatankers (Mr. John Fredriksen).

As we embark on the 16th consecutive year for Storm Bond Fund, we argue that the quality of our portfolio is at the strongest since inception. Over the last years, we have consistently high graded the portfolio, ensuring it’s well diversified across industries with quality Nordic issuers. We deem the current yield of 8.3% (incl. 7% cash) attractive, considering that the portfolio weighted avg. credit metrics align with BB/BBB credits. Moreover, it offers higher spreads compared to European and US single Bs.

Underpinned by our fundamental and selective credit research approach, Storm Bond Fund has achieved an annualized three-year return of +10.3%, outperforming US and European HY by +910bps and +830bps, respectively. The outperformance has been accomplished with minimal volatility of 1.8%, a mere quarter of the volatility in these markets. This performance stands as a testament that our investment approach has proven to deliver attractive risk-adjusted returns, resilient to shifts in inflation and interest rate expectations.

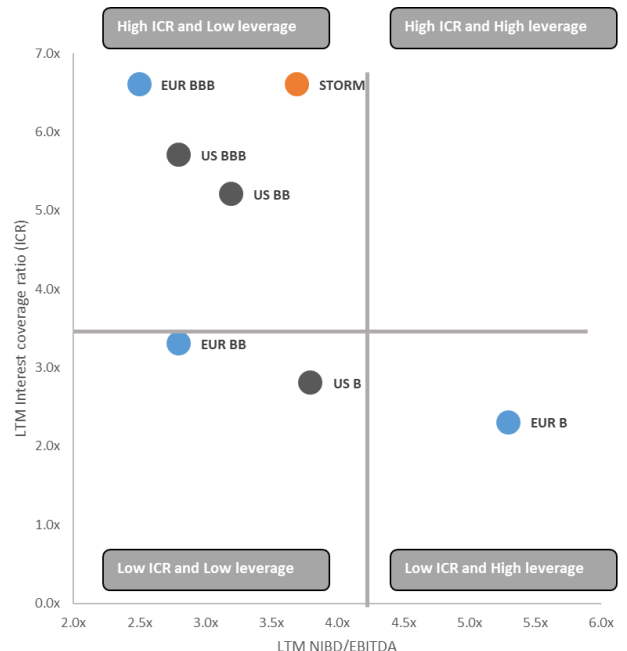
After a strong 2023, we see the fund attractively positioned for 2024. Further, our robust risk management approach and liquidity buffer enable us to navigate unforeseen volatility and capitalize on attractive opportunities in the market.

CREDIT SPREAD DEVELOPMENT (LAST 2-YEARS)



Source: Bloomberg, as of 29/12/2023.  
 Nordic HY (DNB's High Yield Index, Bloomberg ticker: DNBHYH Index),  
 European HY ETF (iShares European HY ETF, Bloomberg ticker: HIGHEUR EU equity),  
 US HY ETF (iShares iBoxx ETF, Bloomberg ticker: HYG US equity).

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

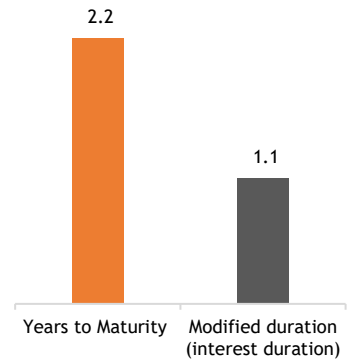
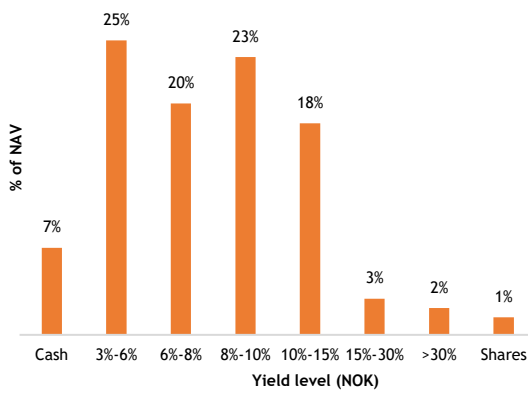
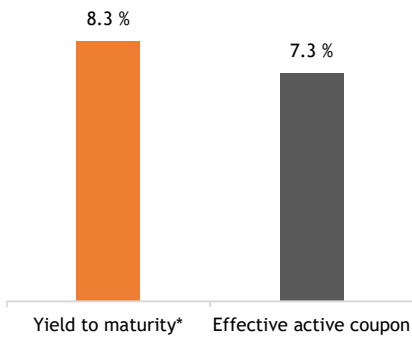


Source: Bloomberg, Storm Capital Management as of 30/09/2023.

**YIELD & COUPON (NOK)**

**YIELD DISTRIBUTION (NOK)**

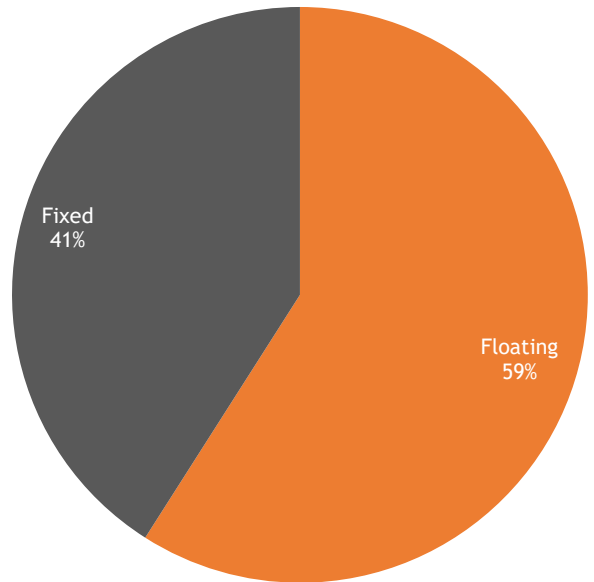
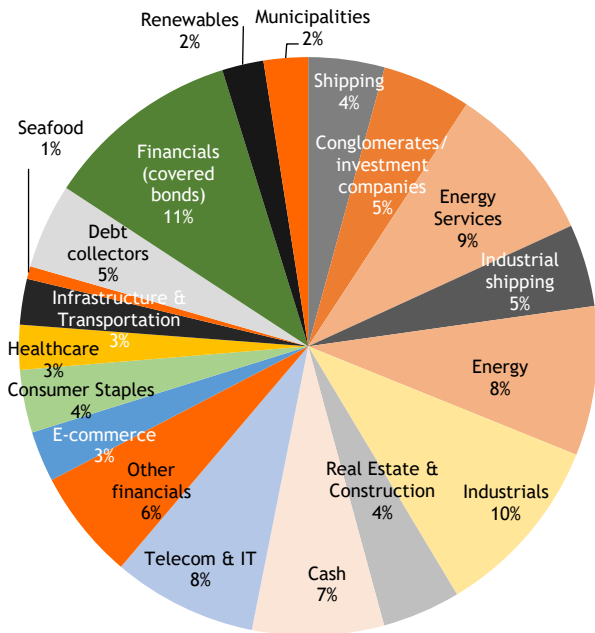
**MATURITY / DURATION (YEARS)**



\* individual bonds capped at 30% in calculation.

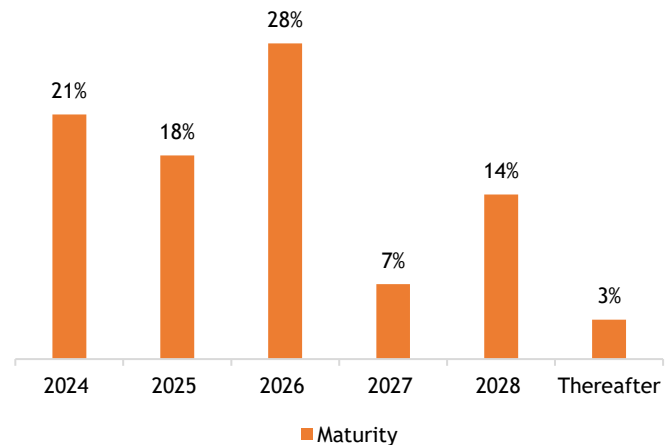
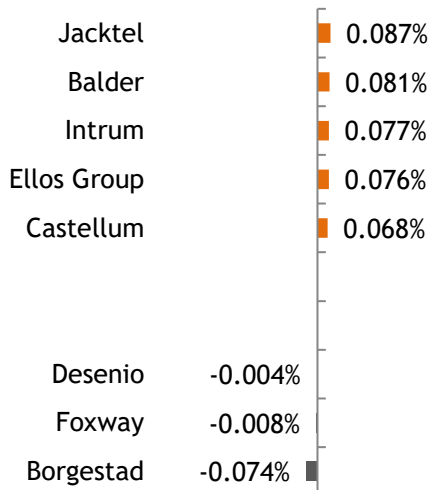
**SECTOR ALLOCATION**

**FLOATING VS. FIXED RATES**

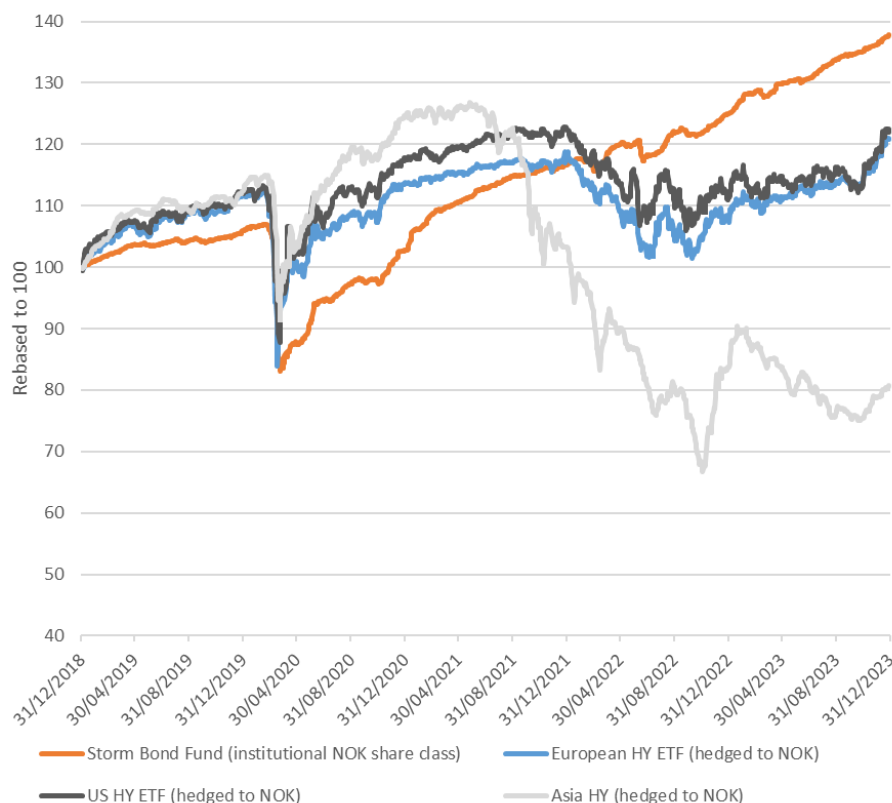


**CONTRIBUTION ANALYSIS (top 5 / bottom 5)**

**MATURITY PROFILE**



TOTAL RETURN - STORM BOND FUND VS. US, EUROPEAN & ASIAN HIGH YIELD (LAST 5-YEARS)



Performance	Storm HY	European HY	US HY	Asian HY
YTD	10.4%	11.7%	9.7%	-3.6%
3-months	2.4%	5.9%	6.4%	6.1%
6-months	5.5%	7.3%	6.4%	-0.7%
1-year	10.4%	11.7%	9.7%	-3.6%
3-year (ann.)	10.3%	2.0%	1.2%	-13.5%
5-years (ann.)	6.6%	3.9%	4.1%	-4.2%

Risk	Storm HY	European HY	US HY	Asian HY
1 yr - vol. (std dev.)	1.2%	5.5%	7.4%	6.8%
1 yr - sharpe	5.0x	1.4x	0.7x	n.m.
3 yr - vol. (std dev.)	1.8%	6.9%	7.8%	9.6%
3 yr - sharpe	4.5x	n.m.	n.m.	n.m.
5 yr - vol. (std dev.)	4.0%	9.4%	9.8%	9.7%
5 yr - sharpe	1.2x	0.2x	0.2x	n.m.

Source: Bloomberg as of 29/12/2023.  
 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 US HY ETF, Bloomberg ticker: IHYA LN equity).  
 Asia HY ETF (hedged to NOK) (Blackrock Asian High Yield Bond Fund, Bloomberg ticker: BGAHA2U equity).  
 Sharpe calculated as: (annualised return - average 3m interest rates) / vol. (std dev.)  
 Past performance is no guarantee of future results.

PRICES FOR DIFFERENT SHARE CLASSES

SHARE CLASSES	ISIN	PRICE
<b>ACCUMULATION SHARE CLASSES*</b>		
Institutional NOK (ICN)	LU1382364716	170.74
Institutional NOK	LU0840158496	169.85
Institutional USD	LU0840159387	155.96
Institutional EUR	LU0840158900	135.70
Institutional SEK	LU0840159544	145.12
Institutional CHF	LU1076701652	124.62
Retail NOK (RCN)	LU1382364633	177.67
Retail NOK	LU0740578702	177.59
Retail SEK	LU0840159460	145.11
Retail GBP	LU0840159890	148.79
Retail EUR	LU0840158819	136.47
<b>DISTRIBUTION SHARE CLASSES*</b>		
Institutional NOK	LU1915698069	108.64

\* share classes in 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
ESG classification (SFDR)	Article 8
AUM (NOKm)	6 970

BOND PORTFOLIO - TOP 20

NAME	ISIN	PRICE	YIELD %	NAV %	SHORT DESCRIPTION
1 Bluewater Holding B.V. 22-26	NO0012740234	99.9	12.2%	2.2%	Bluewater is a fully integrated FPSO provider and developer of SPM systems with operations dating back to the early 80s. Today, the company owns 5x FPSO, of which 3x are currently operating on firm contracts. The credit benefits from having strong cash flow visibility, solid operational track-record and a well structured bond agreement which limits residual value risk for bondholders.
2 SGL (Skill Bidco) 23-28	NO0012826033	101.0	11.2%	2.2%	Scan Global Logistics (Skill Bid Co) is a full-service global freight forwarding provider with over 3,300 employees globally formed in its current shape in 2016 with HQ in Denmark. SGL generates EUR -200m of annual EBITDA through its loyal and diversified customer base, and its business model has proven to be more resilient than peers. The credit further benefits from 1) modest leverage, 2) low LTV, 3) high cash conversion and debt service capabilities and 4) strong equity sponsors coupled with aligned management interests.
3 International Petroleum Corp 22-27	NO0012423476	93.0	9.9%	2.1%	International Petroleum Corporation (IPC) is an international energy company with a portfolio of production assets. The company is listed in Sweden in 2016 with HQ in Denmark. IPC is part of the Lundin Group of companies and the Lundin Family and management owns in excess of 30%. The bond is officially rated a B+ by S&P. The credit benefits from modest leverage levels, strong asset backing and free cash flow generation.
4 Norske Skog ASA FRN 21-26	NO0010936065	103.0	8.7%	2.1%	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 a market cap. of -NOK 3.9bn. Norske Skog has one EUR 125m senior secured bond outstanding maturing in 2026 which is carrying a coupon of EURIBOR + 600bps. The credit benefits from having low leverage and solid cash conversion.
5 GN Store Nord AS 21-24	XS2412258522	95.7	7.0%	2.0%	GN is a leading global player in the hearing aid and audio industry. The company was founded in 1869 and has a market cap of DKK -25n (USD -2.6bn). After a period with soft financial performance GN initiated a new financing plan to push DKK -7bn of debt maturities from 2023 to 2026. GN has since the initiation of the capital plan raised DKK 2.75bn in rights issue, received commitment from its banks to upsize loan facilities by DKK 3.4bn and improved free cash flow. We see NIBD/EBITDA approaching 3x by end-24e (company targets 2x), which together with delivering on its capital plan and having a substantial and proven adaptable capital structure that 2024 maturity risk is exceedingly low. Furthermore, GN's largest competitor William Demant has flagged more than 10% holding which has increased likelihood of takeover.
6 Tidewater Inc. 23-28	NO0012952227	104.6	9.1%	2.0%	Tidewater is one of the largest providers of offshore supply vessels and marine support services globally with a market cap. of -USD 3.6bn. The credit benefits from the company's strong market position paired with solid free cash flow visibility and low loan-to-value in an improving market.
7 Intrum AB 20-25	XS2211136168	94.0	10.1%	2.0%	Intrum is a leading debt collector listed in Stockholm with a market cap of -SEK 8.7bn. We deem the bond attractive due to i) all-time high cost of capital for Intrum, ii) similar spreads as lower quality debt collector's vs Intrum historically trading at steep discount in yields and iii) strong commentary from management that their key goal is to reduce leverage. Intrum LTM cash EBITDA sits at SEK -13bn, corresponding to 4.4x leverage and 4.5x ICR, while management targets to reach 3.5x as soon as practically possible. We favor the 2025 bond maturity due strong visibility on near term cash flows.
8 Odfjell Drilling 23-28	NO0012921172	102.7	8.2%	1.9%	Odfjell Drilling is a leading provider of energy services in the North Sea and is listed on Oslo Stock Exchange with a mcap of -NOK 9.3bn. The credit benefit from a strong collateral package comprised of two high spec rigs under long term contracts with Equinor. Further, the current EBITDA backlog of the collateral rigs covers the bond by more than 100%, resulting in strong cash flow visibility and debt service capabilities. We estimate 60% LTV at issuance, which will decline towards 35% at maturity through scheduled amortization. This combined with a strong ownership base, long track-record, ESG focus and strong outlook, is deemed to make the credit story attractive.
9 Stena Ab 14-24	USW8758PAK22	100.0	6.6%	1.8%	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 strengths are substantial asset backing combined with a solid liquidity position.
10 Chip Bidco (Cegal) AS 19-24	NO0010869761	101.2	8.9%	1.8%	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 B2 Holding ASA FRN 22-26	NO0012704107	102.2	10.7%	1.8%	B2 is a leading Nordic debt collector with a market cap. of -NOK 2.8bn. The credit case is backed by i) strong balance sheet with 2.4x leverage and a robust liquidity position exceeding NOK 3bn, ii) significant debt service capacity with ICR at -7x and iii) Nordic exposure and industry leading cash EBITDA margins of -70%.
12 Ellos Group AB 19-24	SE0012827996	76.3	30.0%	1.7%	Ellos Group is a Swedish e-commerce company. The bond structure is ring-fenced with no leakage. The credit story is deemed to be attractive due to the company's solid market position, strong cash generation, sound LTV levels and tight bond structure.
13 DNB Bank ASA 19-24	XS2075280995	97.6	7.5%	1.7%	DNB is Norway's largest bank with a market capitalization of NOK -329bn and a CET1 ratio per end-Q1/23 of 18.76%. The AT1 bonds are subordinated with call date on November 11th, 2024. We see limited call risk on the back of the strong balance sheet, robust underlying profitability, and a well-diversified lending book.
14 Norwegian Energy Co. ASA 19-26	NO0010870900	104.5	6.9%	1.6%	BlueNord (formerly named: Norwegian Energy Company) is a listed company with a market cap NOK -13.6bn. 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.
15 Fiven ASA 23-26	SE0021148764	101.1	11.0%	1.5%	Fiven is a global leader-within production of silicon carbide grains and powders (performance materials). We deem the credit story to be attractive due to 1) low leverage of 2.2x, 2) modest LTV of -45%, 3) high margins and cash conversion and 4) strong market position with good operational track-record.
16 Foxway 23-28	SE0020540219	98.5	12.1%	1.5%	Foxway is a provider of circular IT solutions. The offering includes sourcing the IT equipment to recollection, refurbishment, and recycling. The company, which is majority owned by Nordic Capital, was established in 2009 and has a global footprint being active in more than 120 countries. The credit benefits from having a strong 1st lien bond structure, attractive implied valuation, solid underlying market growth supported by increased regulatory push for circular IT solutions and a solid sponsor in Nordic Capital which has contributed with a substantial equity contribution.
17 Scatec ASA 21-25	NO0010931181	98.2	8.4%	1.5%	Scatec is a leading renewable energy company with a market cap of NOK -11.8bn. The company develops, owning and operating renewable energy plants with 4.4 GW in operation and under construction across four continents. Equinor owns 16% of the company and increased its stake during Q1.
18 Kistefos AS 23-28	NO0013008771	98.3	10.2%	1.4%	Norwegian investment company, which is 100% owned by Mr. 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 -14bn, which implies LTV of less than 40%.
19 Jordanes Investments AS 22-26 FRN	NO0012433301	88.0	17.3%	1.4%	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-recognized 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.
20 EnQuest PLC 22-27	USG315APAG37	95.0	13.1%	1.4%	EnQuest is an energy company listed in the UK with a market cap - USD 367m. The company focus on production from mature fields in the North Sea. The credit benefit from low leverage and strong debt service, high FCF and de-leveraging capabilities. Further, EnQuest's carry-forward losses reduces the impact of windfall tax, and the company has a high degree of cost flexibility due that it operates -80% of its barrels.
Sum			35.4 %		

Total number of issuers: 64.

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 7 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 14 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

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**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: Dronning Mauds gate 3, 0250 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.

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