

# Storm Bond Fund Steady Through Cool May

Stockholm (HedgeNordic) Storm Bond Fund, the Norwegian High Yield Fixed income fund managed by Storm Capital Management Ltd. with a primordial focus on Nordic bond markets, continues its strong winning streak despite a muted (by its recent standards) +0.6% return in May, turning in +10.7% returns YTD. This was by comparison with +0.59% returns in the NHX Nordic Fixed Income universe for May so far (+4.58% YTD).

The fund, which has NOK 810 million in AuM, seeks to hold 30 to 40 of the best risk-adjusted high yield bonds across the Nordics at all times, with an investment process based on a top-down market screening of the universe and a bottom-up analysis of individual companies. Its management team is the largest investor in the fund.

In a comment to the month's performance, Storm Bond Fund Chief Investment Officer Morten E. Astrup explained that due to a large amount of new issues entering the Nordic High Yield market, credit spreads in the secondary market fell relatively flat from the end of April to the end of May, although Q1 2017 returns were largely in line with expectations. The fund's position in Gulfmark also suffered due to the U.S. Oil Service Index being down roughly -10% in May because of lower trending oil prices. The fund's objective, however, is to deliver a 10-12% annual return and is therefore currently on target.

The Storm Bond Fund also added Euronav bond issue to its portfolio. Euronav is the world's largest publicly traded crude tanker company with a market cap of USD 1.2 billion, a strong balance sheet and good liquidity, which the fund considers sustainable during a prolonged period with lower tanker rates. Conversely, the fund sold its position in American Shipping Company above par value.

Mr Astrup observes and anticipates further good value and further yield compression in the Nordic High Yield market going forward due to "increasing inflows in Nordic High Yield funds, still historical high spreads compared to international High Yield markets and a significant share of floating rate notes providing investors with protection from an environment with increasing interest rates."

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