

# PERFORMANCE REPORT

JANUARY 2014

## Net return history (shareclass RC NOK\*\*\*, net of fees)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2014	1.1%												1.1%
2013	1.1%	0.8%	1.0%	1.0%	1.5%	0.0%	1.1%	1.2%	1.1%	-0.1%	1.1%	0.8%	11.0%
2012	2.7%**	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%*	0.8%	2.0%	3.8%	-3.4%	1.3%	1.4%	2.2%	2.8%	1.5%	1.1%	-1.0%	19.9%
2009	8.9%	0.3%	-4.2%	2.1%	1.2%	7.9%	6.8%	3.0%	5.7%	2.6%	1.4%	4.1%	46.8%
2008									-2.6%	-3.2%	-10.4%	-13.5%	-26.9%

## Net asset value (shareclass RC NOK\*\*\*, net of fees)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2014	121.5												1.1%
2013	109.5	110.3	111.3	112.5	114.2	114.2	115.4	116.8	118.0	117.9	119.2	120.1	11.0%
2012	131.0**	137.5	101.1***	102.1	102.3	103.3	104.1	105.4	106.2	105.0	106.6	108.3	13.0%**
2011	126.9	129.9	132.4	134.4	132.1	128.9	130.2	127.2	123.9	125.6	125.7	126.4	1.5%
2010	110.3*	111.3	113.4	117.7	113.6	115.1	116.8	119.3	122.6	124.4	125.8	124.54	19.9%
2009	79.6	79.8	76.5	78.1	79.0	85.2	91.1	93.8	99.2	101.8	103.1	107.3	46.8%
2008								100.0	97.5	94.3	84.5	73.1	-26.9%

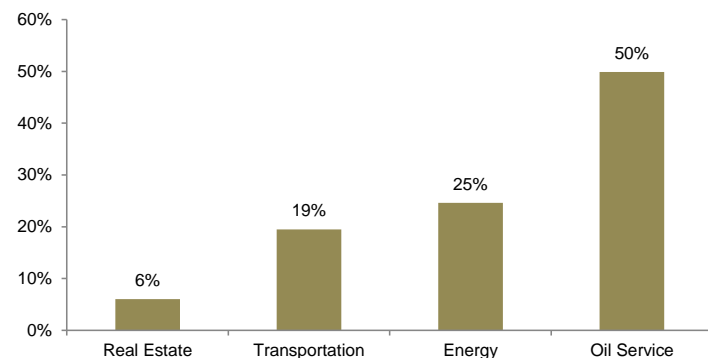
\*From January 2010, performance and NAV are reported based on the EC share class. EC share class 31 December 2009: 103.9  
Past performance is no guarantee for future performance

\*\*From 1 Jan 2012, performance and NAV are reported on return in NOK

\*\*\*From March 2012, performance and NAV are reported based the EC NOK share class, EC changed name to RC NOK as of January 2013

## Key statistics

Performance per January 2014, Net of fees (RC NOK)	1.1%
Performance YTD 2014 (RC NOK shareclass)	1.1%
Performance since inception	65.5%
Number of positions 31/01/2014	40
Number of issuers	34



## Fund terms

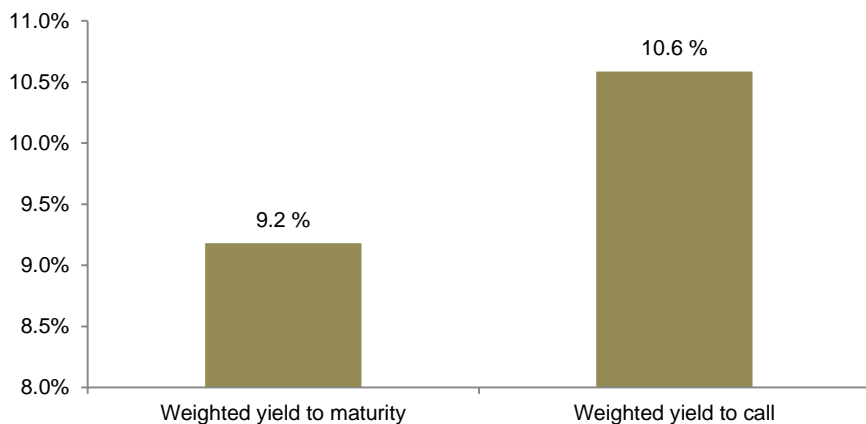
<b>Currency</b>	NOK
<b>Domicile</b>	Luxembourg
<b>Investment Manager</b>	Storm Capital Management Ltd
<b>Prime Broker</b>	Oppenheim Asset Management Services
<b>Administrator</b>	Oppenheim Asset Management Services

<b>Management Fee</b>	Retail: 0.75%, Institutional: 0.5%
<b>Performance Fee</b>	10%
<b>Liquidity</b>	Weekly
<b>Auditor</b>	PriceWaterhouseCoopers

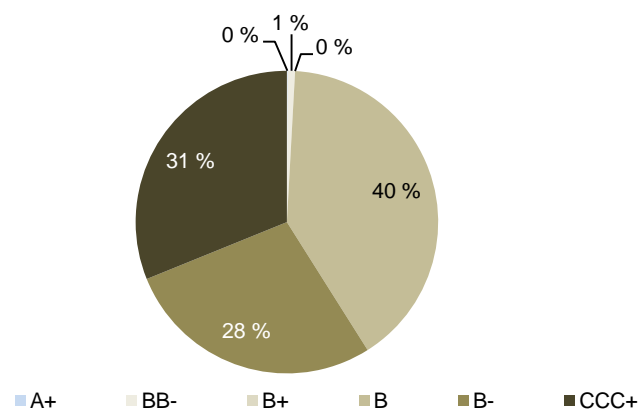
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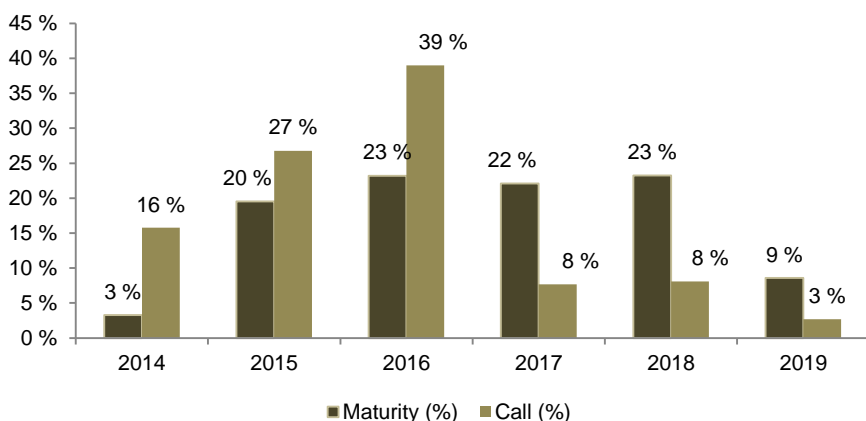
## Yield to maturity and yield to call



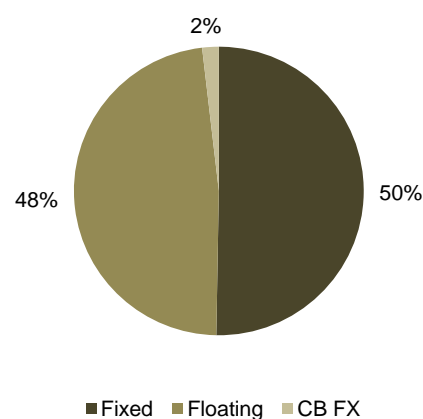
## Credit rating



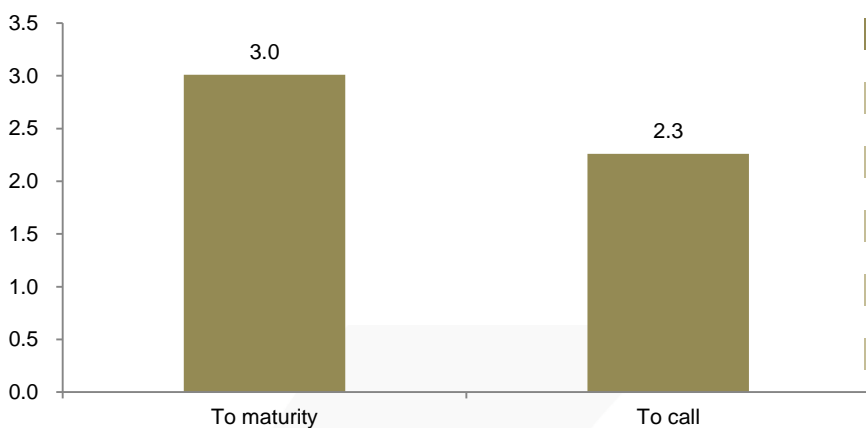
## Maturity profile



## Coupon allocation



## Duration, years

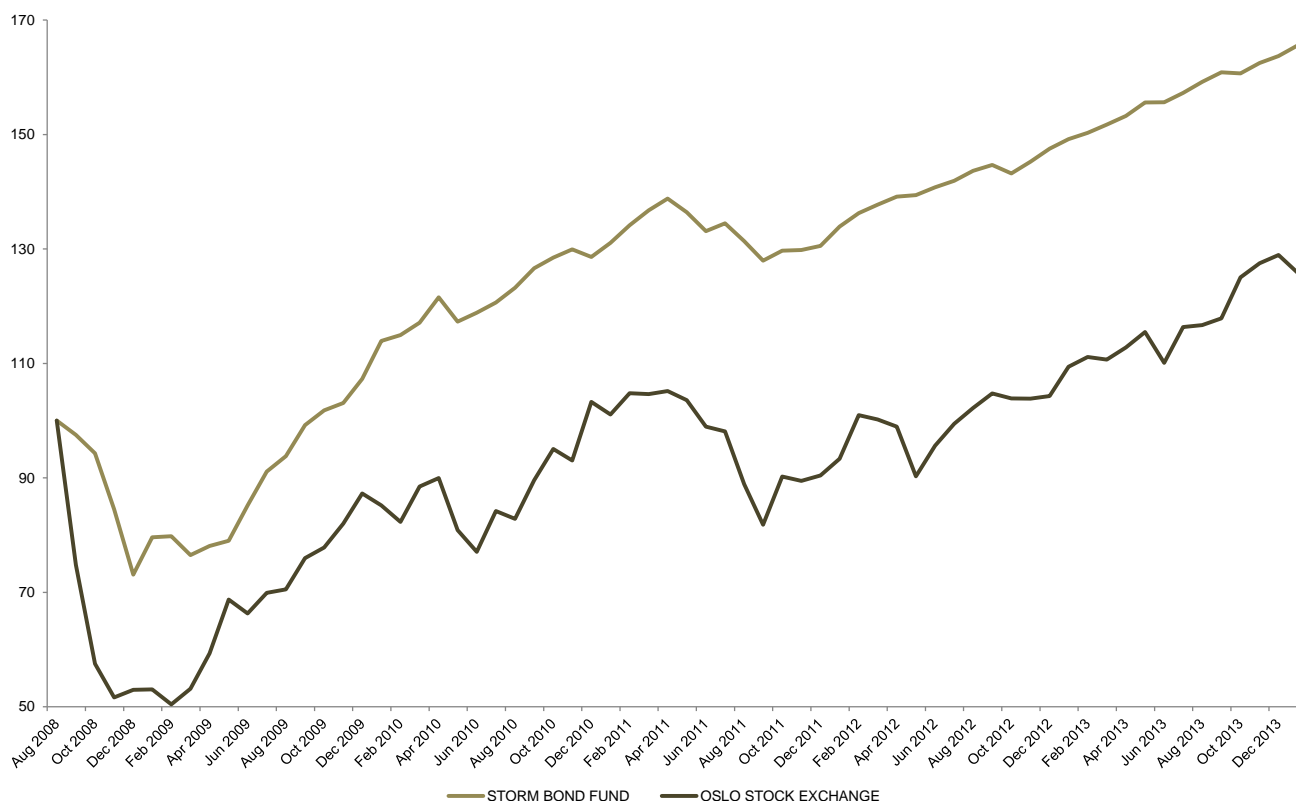


## Top 10 positions

Name	% NAV
1 J.Lauritzen Holding 12-17 FRN	5.1%
2 Oceanteam Shipping ASA 12-17 FRN	4.8%
3 Kistefos AS 13-16 FRN	4.7%
4 Chloe Marine Corp. Ltd. 11-16	4.2%
5 Boa Offshore AS 13-18 FRN	4.0%
6 Atlantic Offshore AS 12-15 FRN -144A-	3.9%
7 IGas Energy PLC 13-18	3.7%
8 Norwegian Car Carriers ASA 10-15	3.6%
9 Havila Shipping ASA 10-14 FRN	3.2%
10 World Wide Supply AS 13-17	3.1%

### Storm Bond Fund

Storm Bond Fund was up 1.1% in January and the Oslo Stock Exchange was down 2.4% in January. Since inception, the fund is up 65.5% vs 25.8% for the Oslo Stock Exchange.



2014 has so far been a reminder that high yield bonds carry less risk than equities. In the primary market, January was quite hectic with Aker ASA, DOF ASA, Golden Ocean Group and Teekay Offshore Partners among active issuers. Aker ASA issued their first SEK denominated bond which indicates that appetite for high yield bonds is growing in Sweden. We expect to see more SEK issuances in the Norwegian market. Furthermore, Oro Negro Drilling issued a USD 725m 1<sup>st</sup> lien bond. This is the largest bond issued in the Norwegian market and has pledge in 4x brand new jack-ups on contracts with the Mexican state oil company Pemex. The bond carries a fixed coupon of 7.5%.

During January Storm Bond Fund reduced positions in Tallink, SAS and Olympic Shipping, and added on in Oro Negro, Noreco and REC Silicon. The global high yield market was slightly weaker in January due to increased uncertainty in emerging markets and growing concerns of a potential Chinese credit bubble. However, the Nordic high yield market remain relatively strong.

The yield to maturity in Storm Bond Fund is now 9.2% and yield to call is 10.6% leading to a realistic yield of ~9.9%.

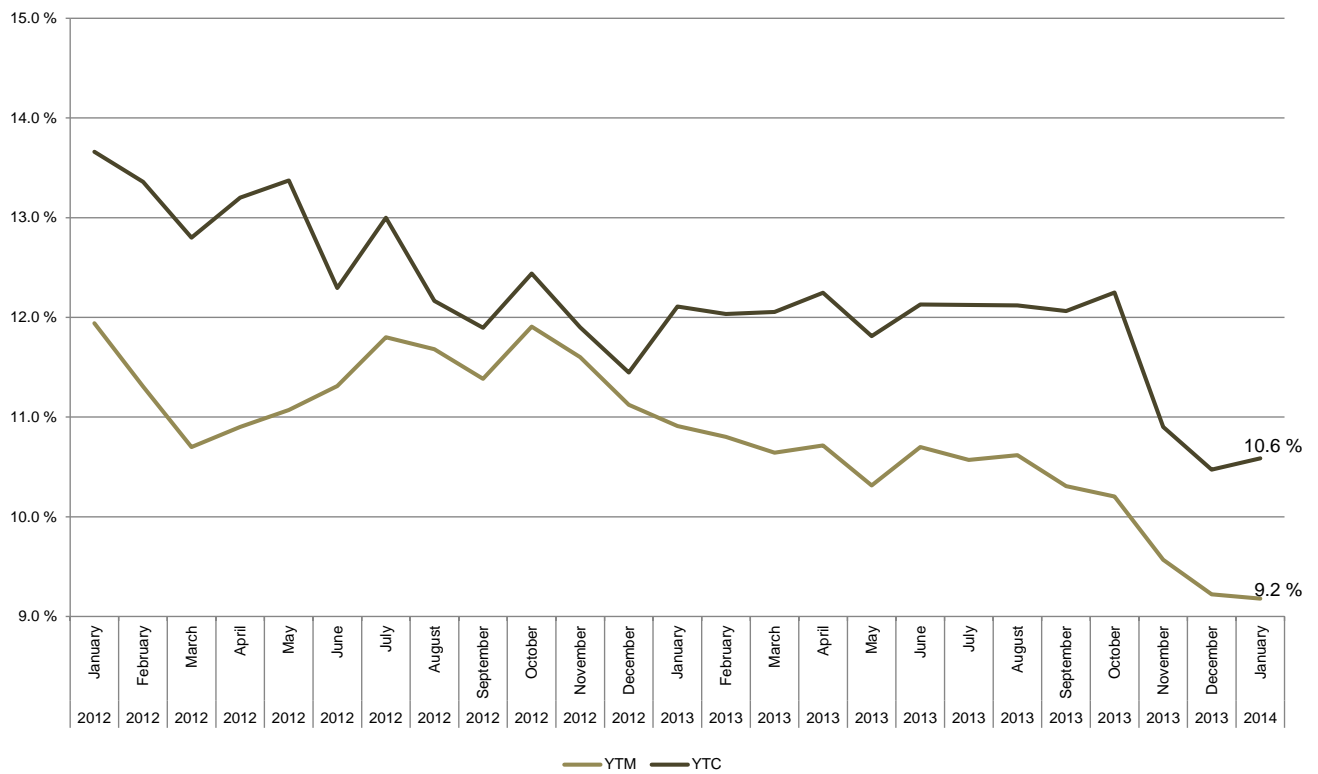
Credit duration is unchanged and stable with 3.0 years to maturity and 2.3 years to call, meaning that the theoretical duration is ~2.6 years. The interest duration is up slightly to ~1.5 years maintaining the relatively small interest rate exposure.

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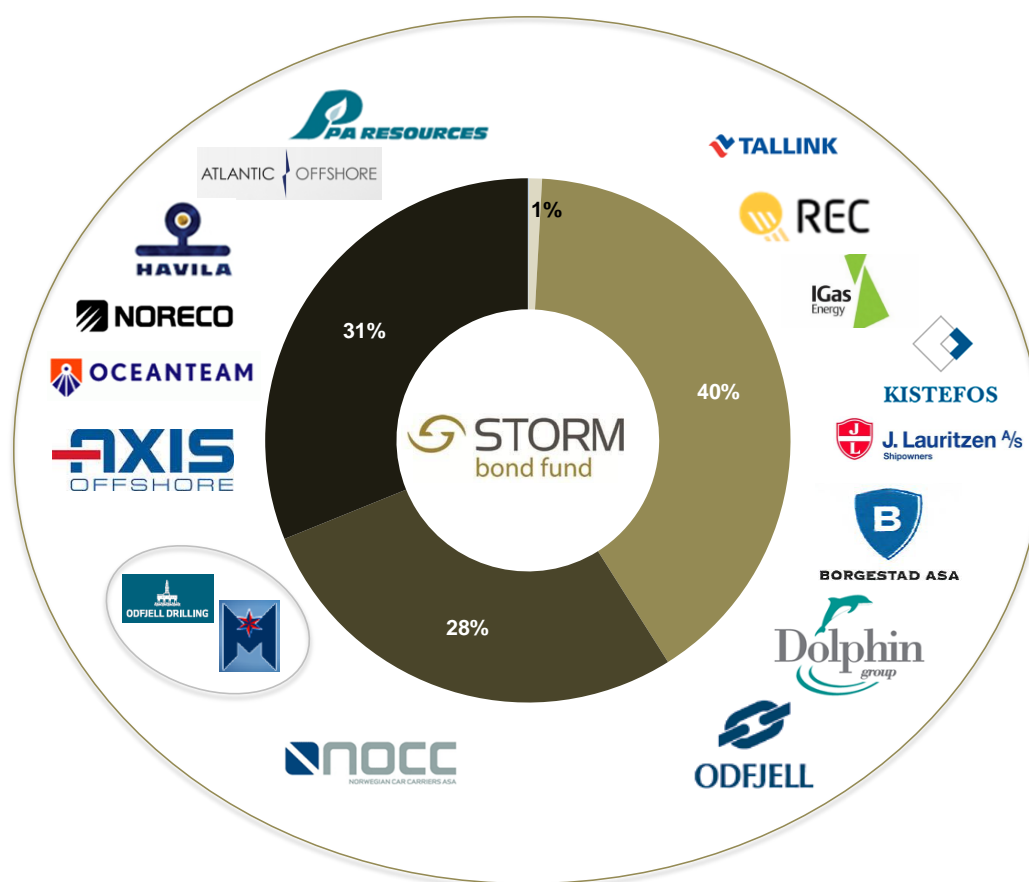
The 5-year iTraxx Crossover (index of 50 European high yield corporates) average spread during Jan 2014 was 287bps which was a 9% tightening from last month.

The chart below shows the development of yield to maturity and yield to call in Storm Bond Fund.



Selected investments in Storm Bond Fund

A+	0%
BB-	1%
B+	0%
B	40%
B-	28%
CCC+	31%



**Team**

**Portfolio Managers**



Erik M. Mathiesen



Morten E. Astrup

**Research / Trading**



Kim Johanson



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**Compliance**



Einar Pedersen

**How to invest in Storm Bond Fund**

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