

# PERFORMANCE REPORT

FEBRUARY 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%	1.0%											2.1%
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	122.6											2.1%
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%

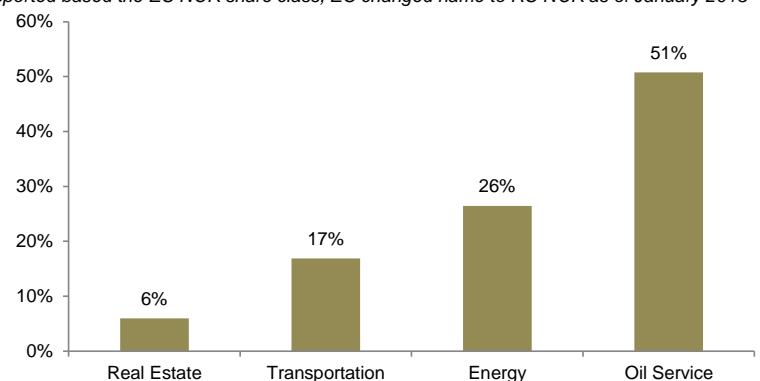
\*From January 2010, performance and NAV are reported based on the EC share class. EC share class 31.December 2009: 103.9  
Past performance is no guarantee for future performance

\*\*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 February 2014, Net of fees (RC NOK)	1.0%
Performance YTD 2014 (RC NOK shareclass)	2.1%
Performance since inception	67.1%
Number of positions 28/02/2014	37
Number of issuers	32



## Fund terms

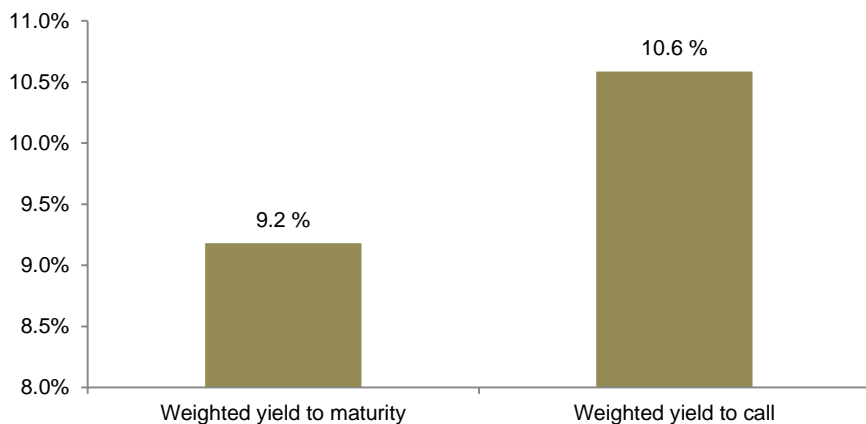
<b>Currency</b>	NOK
<b>Domicile</b>	Luxembourg
<b>Investment Manager</b>	Storm Capital Management Ltd
<b>Prime Broker</b>	Oppenheim Asset Management Services
<b>Administrator</b>	Oppenheim Asset Management Services

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

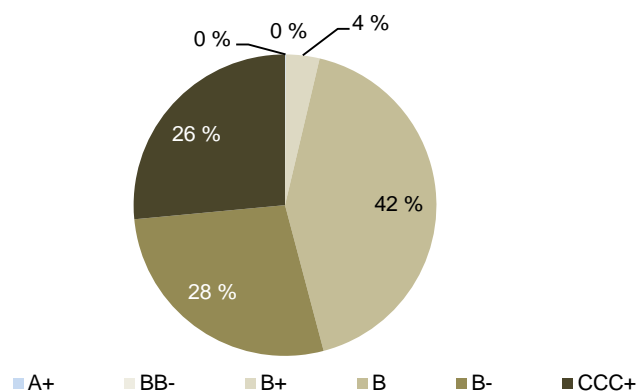
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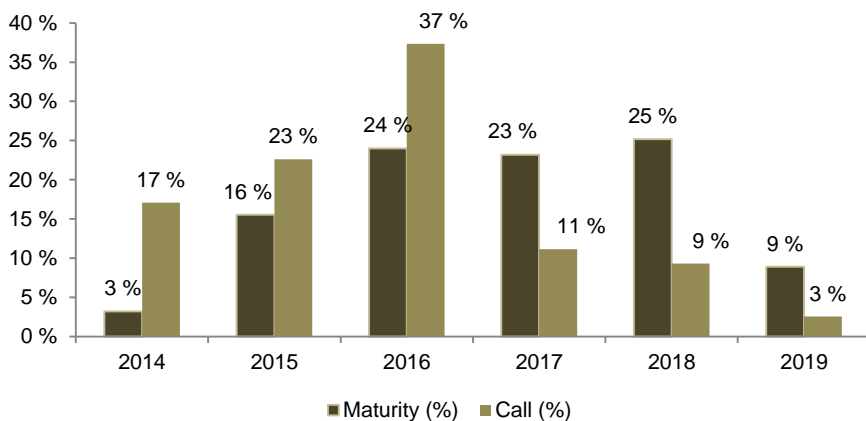
## Yield to maturity and yield to call



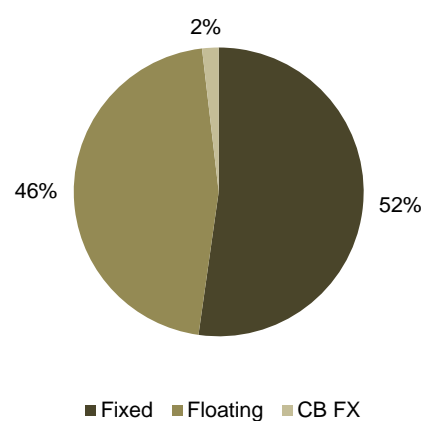
## Credit rating



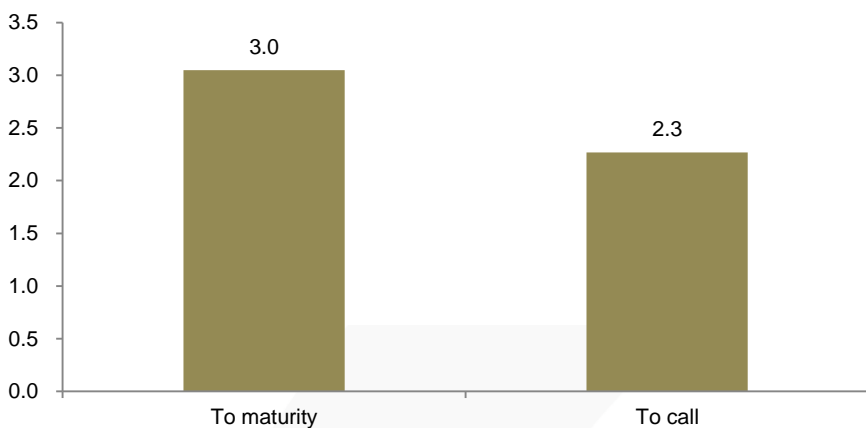
## Maturity profile



## Coupon allocation



## Duration, years

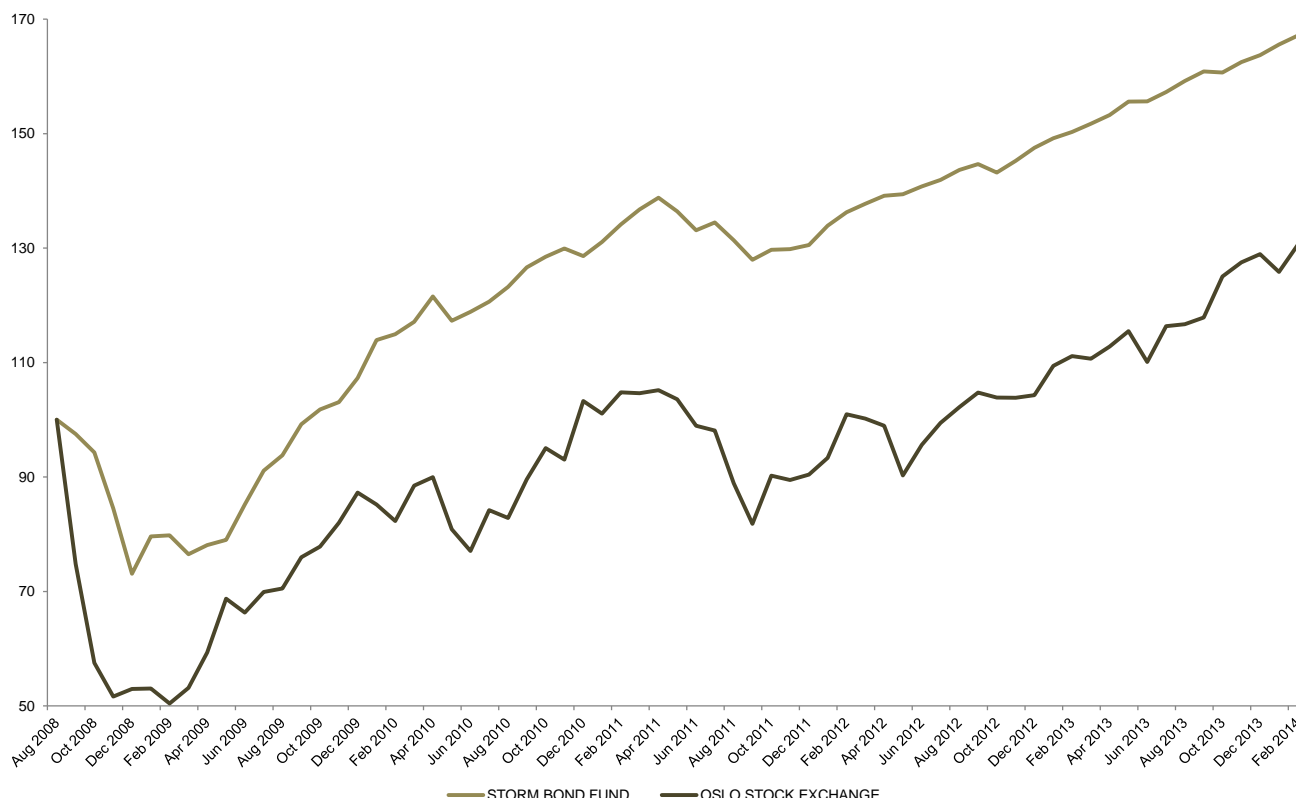


## Top 10 positions

Name	% NAV
1 J.Lauritzen Holding 12-17 FRN	5.0%
2 Kistefos AS 13-16 FRN	4.9%
3 Oceanteam Shipping ASA 12-17 FRN	4.8%
4 Chloe Marine Corp. Ltd. 11-16	4.0%
5 REC Silicon ASA 11-18	3.9%
6 Boa Offshore AS 13-18 FRN	3.9%
7 Bluewater Holding B.V. 13-19	3.7%
8 Norwegian Car Carriers ASA 10-15	3.6%
9 IGas Energy PLC 13-18	3.5%
10 Odfjell SE 12-15 FRN	3.4%

### Storm Bond Fund

Storm Bond Fund was up 1.0% in February and is up 2.1% year to date. The Oslo Stock Exchange was up 3.7% in February and is up 1.2% year to date. Since inception, the fund is up 67.1% vs 30.5% for the Oslo Stock Exchange.



February was a good month in the Nordic high yield bond market influenced by a more quiet primary activity in the market. Issuers such as BW Offshore and Fred. Olsen Energy was active within the BB space, while we saw more risky Norshore Atlantic active within the CCC- segment. NOK 3.2bn was issued in February that takes the year to date figure up to NOK 14.1bn. In the secondary market we experienced a small drop in the beginning of February due to China, however it passed by quickly. The iTraxx 5-year Crossover Index continue to trade at historical tight credit spreads and ended the month at 257bps above risk free rate.

During February Storm Bond Fund reduced positions in Aban, Atlantic Offshore and SAS, while added in REC Silicon and Oceanteam. Metro Exploration Holdings is a new company in the portfolio that offers share pledge in a company owning two ultra deepwater drillships. REC Silicon was the top performer in the month due to improved credit metrics as the company announced very positive news on a Chinese sales and production joint venture with Shaanxi Non-Ferrous Tian Hong New Energy Co., Ltd. to expand operations into China.

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%.

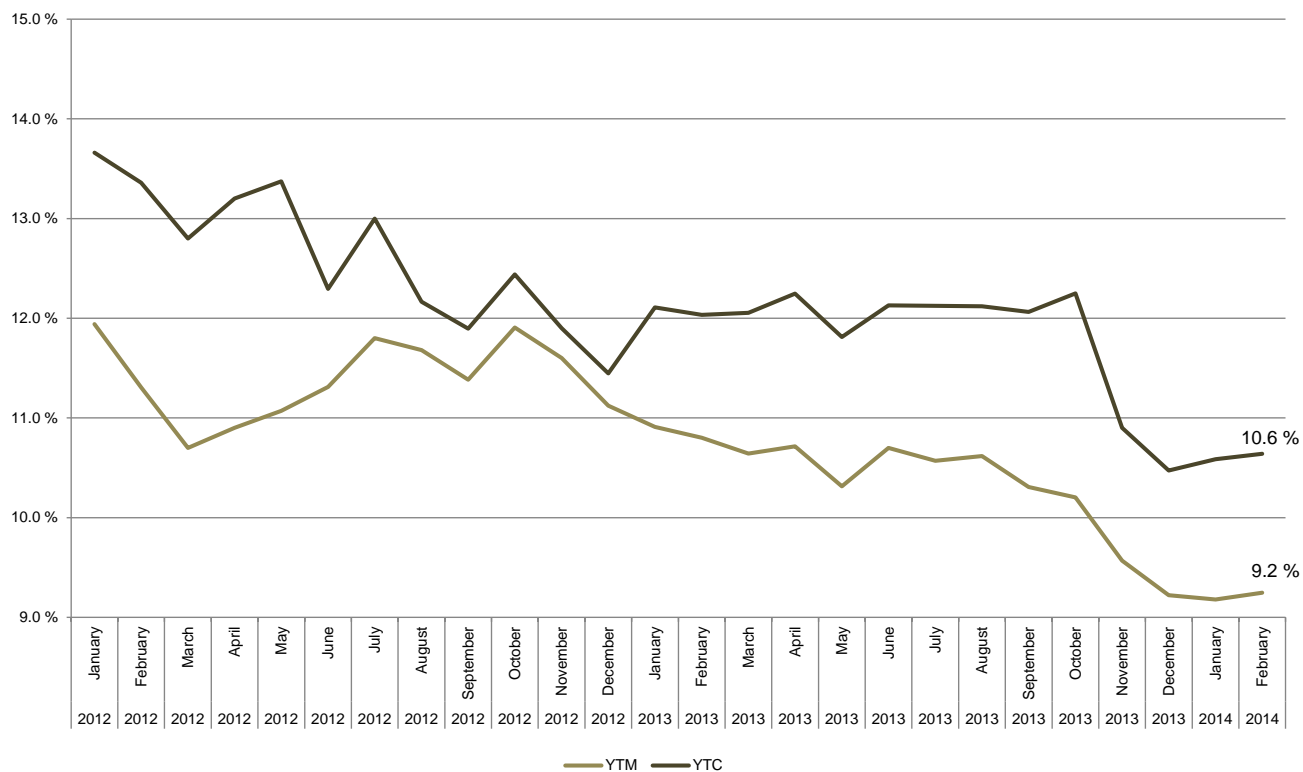
Credit duration is unchanged and stable with 3.0 years to maturity and 2.3 years to call, meaning that the theoretical duration is ~2.6 years. The interest duration is up slightly to ~1.6 years maintaining the relatively small interest rate exposure.

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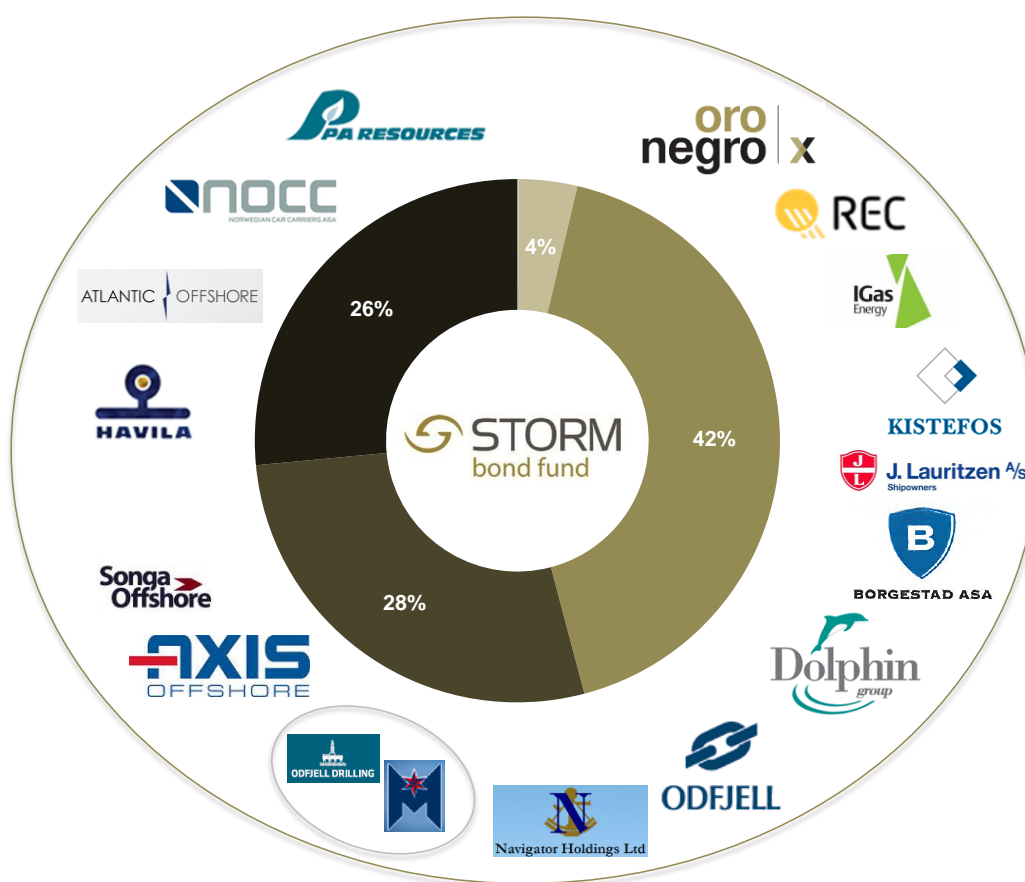
In 2013, according to S&P and Nordea, globally 78 public rated high yield bond issuers defaulted affecting debt worth of USD 97bn. End of December 2013 the 12-months trailing global high yield default rate was 2.2% and the Norwegian annual high yield default rate was ~3% meaning that the Norwegian corporates are behaving like the global average.

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-	0%
B+	4%
B	42%
B-	28%
CCC+	26%



**Team**

**Portfolio Managers**



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Morten E. Astrup

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**How to invest in Storm Bond Fund**

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