

PERFORMANCE REPORT

JUNE 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% | 0.9% | 0.7% | 0.7% | 0.8% | | | | | | | 5.3% |
| 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 | 123.7 | 124.6 | 125.5 | 126.5 | | | | | | | 5.3% |
| 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% |

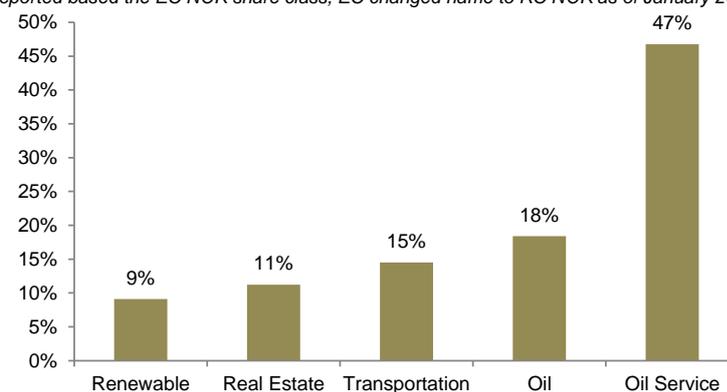
*From January 2010, performance and NAV are reported based on the EC share class. EC share class 31. December 2009: 103.9
Past performance is no guarantee for future performance

**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 June 2014, Net of fees (RC NOK) | 0.8% |
| Performance YTD 2014 (RC NOK shareclass) | 5.3% |
| Performance since inception | 72.4% |
| Number of positions 30/06/2014 | 36 |
| Number of issuers | 33 |



Fund terms

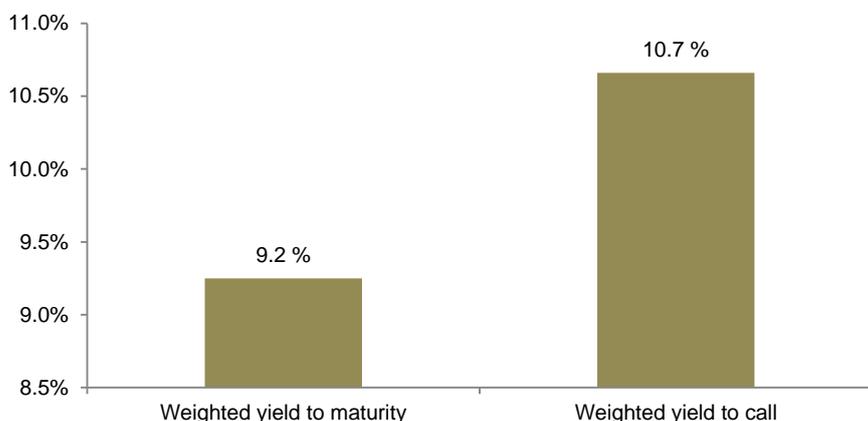
| | |
|--------------------|-------------------------------------|
| Currency | NOK |
| Domicile | Luxembourg |
| Investment Manager | Storm Capital Management Ltd |
| Prime Broker | Oppenheim Asset Management Services |
| Administrator | Deutsche Fund Platforms |

| | |
|-----------------|------------------------------------|
| Management Fee | Retail: 0.75%, Institutional: 0.5% |
| Performance Fee | 10% |
| Liquidity | Weekly |
| Auditor | PriceWaterhouseCoopers |

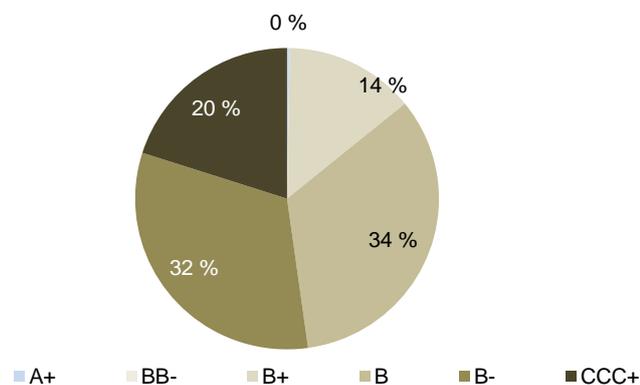
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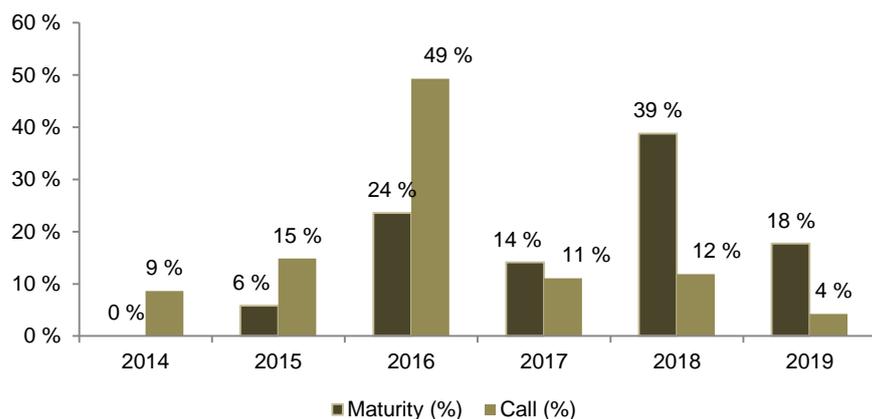
Yield to maturity and yield to call



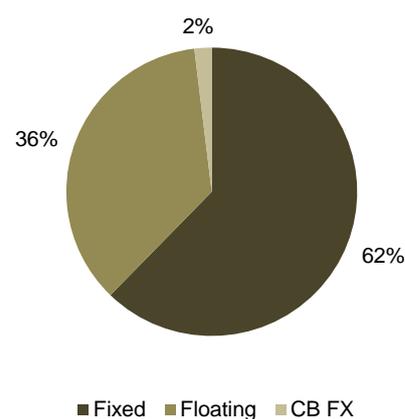
Credit rating



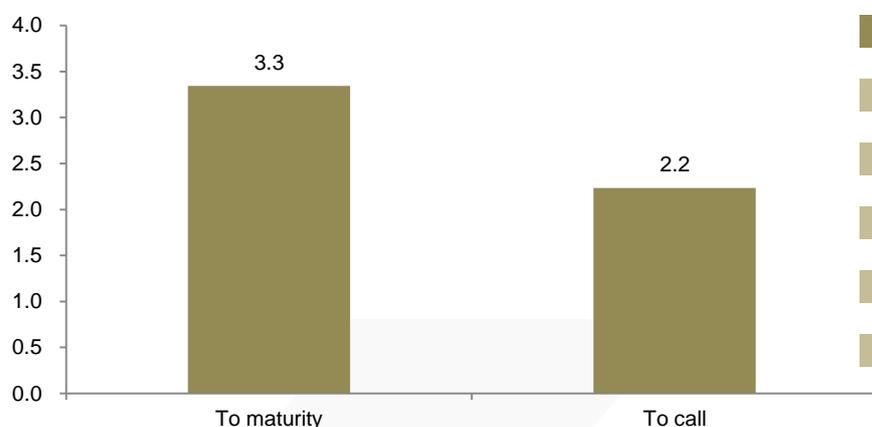
Maturity profile



Coupon allocation



Duration, years

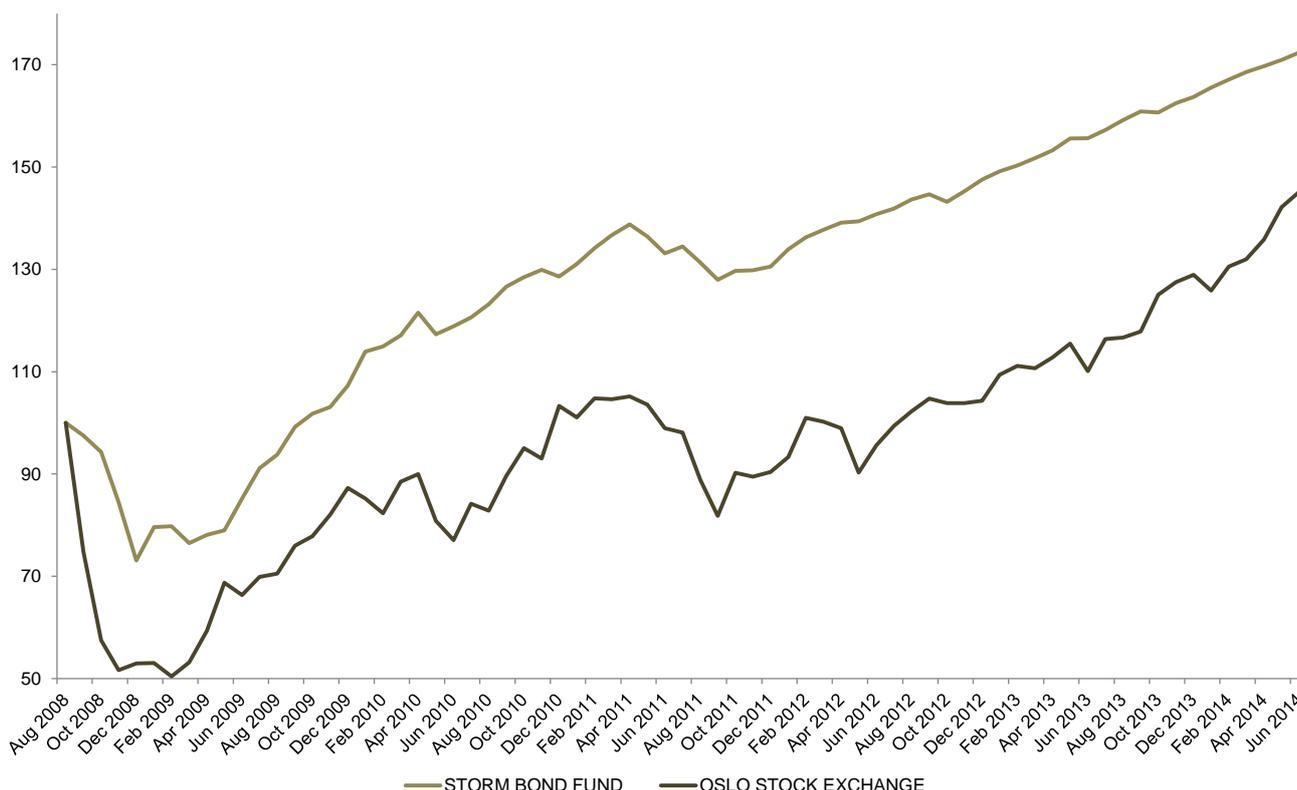


Top 10 positions

| Name | % NAV |
|--------------------------------------|-------|
| 1 J.Lauritzen Holding 12-17 FRN | 5.5% |
| 2 LM Group Holding | 4.8% |
| 3 Kistefos AS 13-16 FRN | 4.7% |
| 4 Chloe Marine Corp. Ltd. 11-16 | 4.4% |
| 5 Songa Offshore ASA 11-18 FRN | 4.4% |
| 6 Bluewater Holding B.V. 13-19 | 4.2% |
| 7 REC Silicon ASA 11-18 | 4.2% |
| 8 Oro Negro Drilling Pte. Ltd. 14-19 | 4.1% |
| 9 Oceanteam Shipping ASA 12-17 FRN | 4.1% |
| 10 Boa Offshore AS 13-18 FRN | 3.8% |

Storm Bond Fund

Storm Bond Fund was up 0.8% in June and is up 5.3% year to date. The Oslo Stock Exchange was up 2.1% in June and is up 12.6% year to date. Since inception, the fund is up 72.4% vs 45.1% for the Oslo Stock Exchange.



In our investment universe high yield bonds worth of NOK ~45bn have been issued YTD making the annual run rate NOK ~90bn. As a comparison, NOK ~64bn was issued in 2013. The main trends are more private equity issuers in the market with covenant light term sheets as well as we see new private issuers. Further, more B and CCC+ rated issuers are tapping the market that makes it even more important to do good credit work to pick the right bonds. Especially issuers within oil service have benefitted from a strong high yield market and a relatively stable oil price.

YTD Storm Bond Fund is up 5.3% and we view the current market sentiment as strong. The hunt for yield continues to create yield compression. Storm Bond Fund has been relatively quiet in the primary market as we view the secondary more attractively priced compared to the primary market. An example is Polarcus that issued a 5 year NOK bond with a NIBOR + 725bps spread at the same time as their USD bond with 1 year less duration is trading at a 700bps spread.

We expect the primary market to remain active through the year creating many good opportunities both in the primary- and in secondary market. At a time where all markets have rallied for a while we find a good risk reward in short dated bonds with high coupon and a good collateral.

The yield to maturity in Storm Bond Fund is now 9.2% and yield to call is 10.7% leading to a realistic yield of ~10.0%.

Credit duration is unchanged and stable with 3.3 years to maturity and 2.2 years to call, meaning that the theoretical duration is ~2.7 years. The interest duration was maintained at ~1.9 years keeping the relatively small interest rate exposure. The strategy going forward is to keep both interest- and credit duration relatively low.

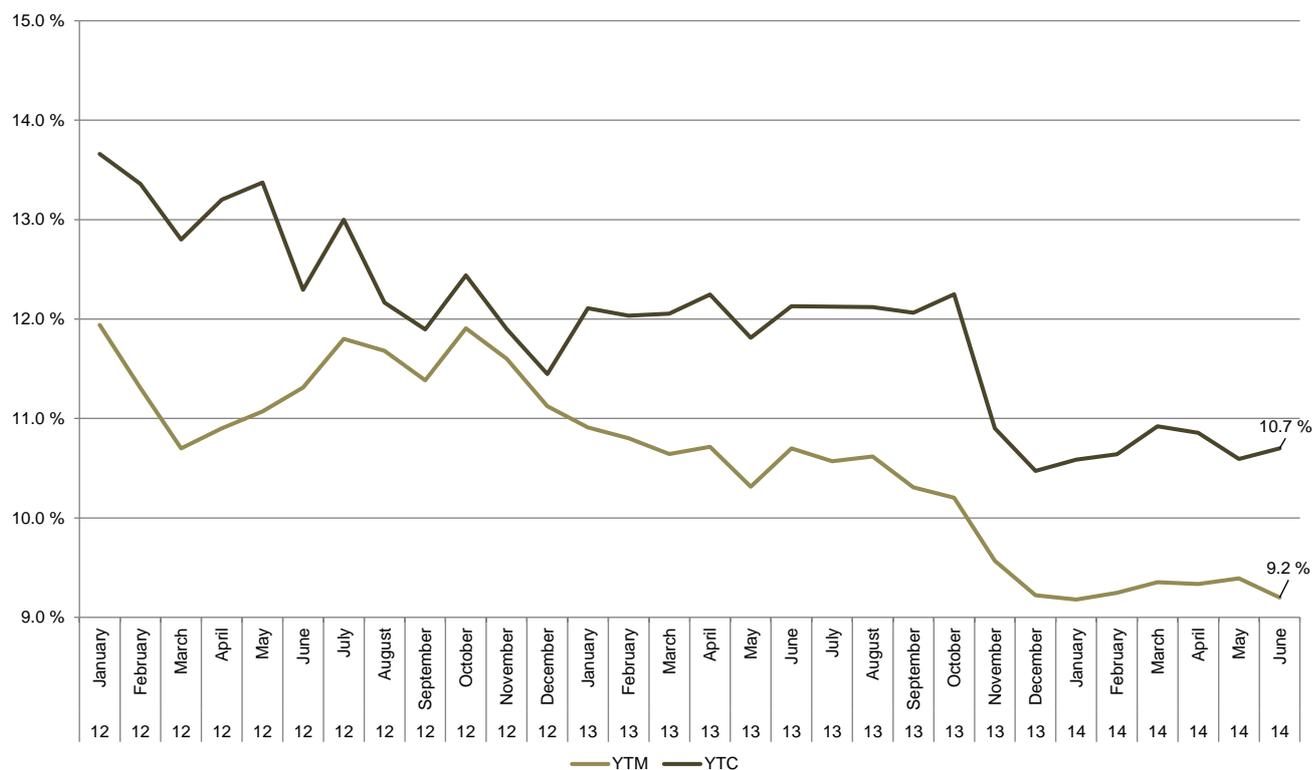
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Global- and European high yield continued to tighten in June. The iTraxx 5-year Crossover Index averaged at 234bps which was a 12% tightening from May (266bps). Within all credit markets volatility seems to be at sleep and is creating return for creditors at a steady pace.

Both the global and the Norwegian high yield market is at low levels. The 12-month trailing default rate was 1.8% (May) while this was unchanged at 1.3% (June) in the Norwegian market. In general, we do not see any alarming signs that this should pick up in the short term.

The graph below shows historical yields in Storm Bond Fund

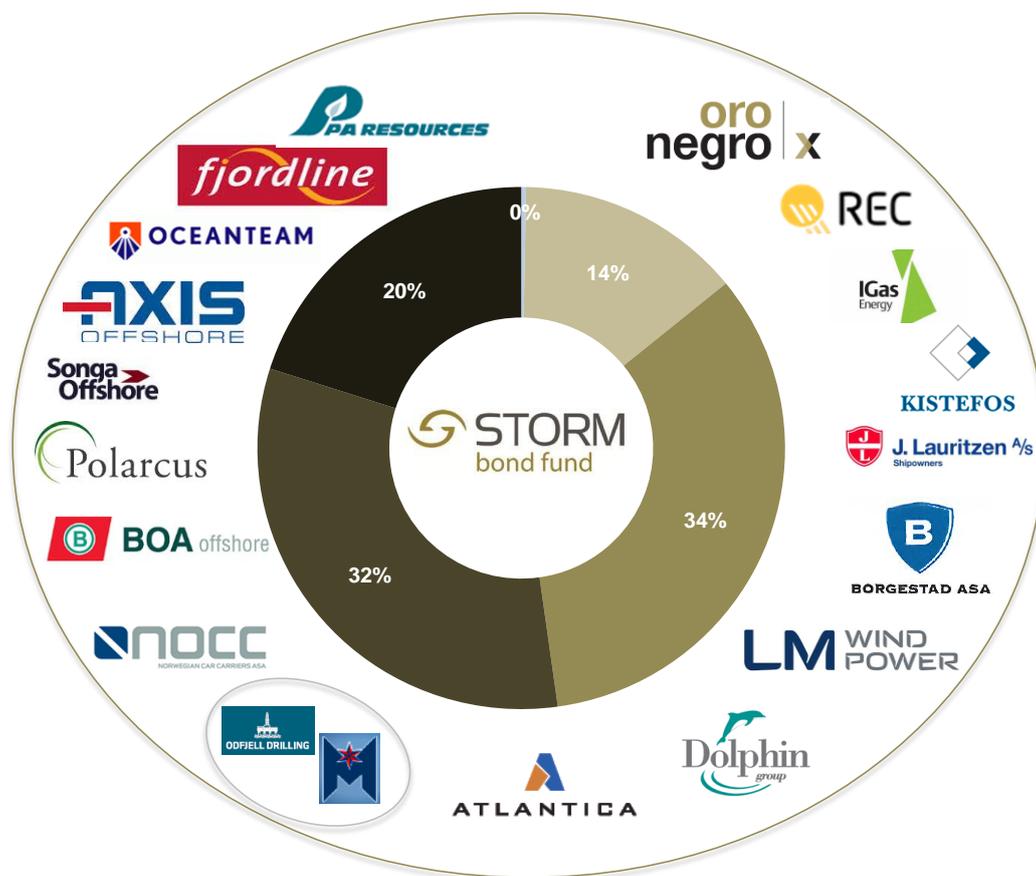


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Selected investments in Storm Bond Fund

| | |
|------|-----|
| A+ | 0% |
| BB- | 0% |
| B+ | 14% |
| B | 34% |
| B- | 32% |
| CCC+ | 20% |



Team

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