

PERFORMANCE REPORT

JULY 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%	0.6%						6.0%
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	127.3						6.0%
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%

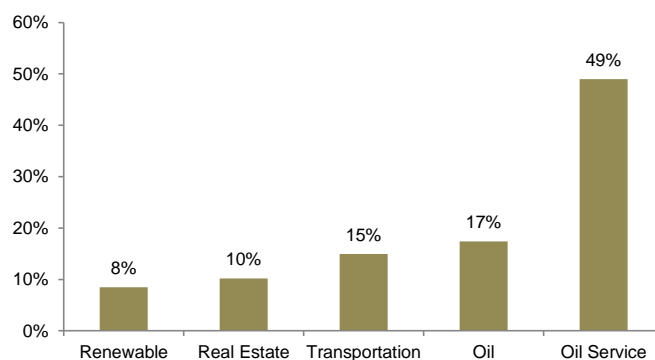
*From January 2010, performance and NAV are reported based on the EC share class. EC share class 31 December 2009: 103.9
Past performance is no guarantee for future performance

**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 July 2014, Net of fees (RC NOK)	0.6%
Performance YTD 2014 (RC NOK shareclass)	6.0%
Performance since inception	73.5%
Number of positions 31/07/2014	37
Number of issuers	33
Interest rate duration	1.9 years



Fund terms

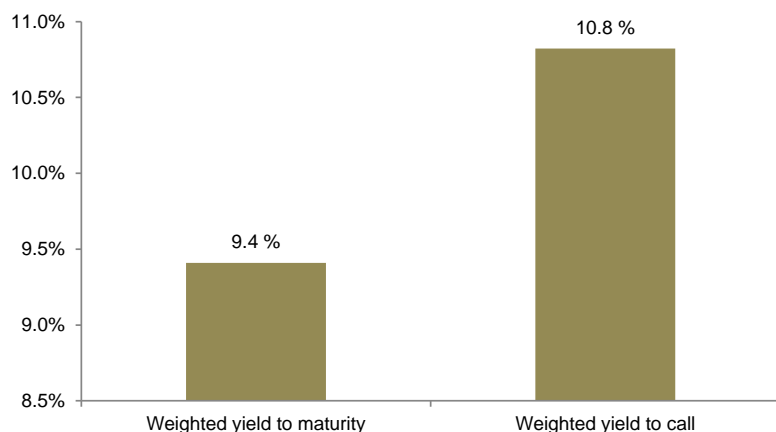
Currency	NOK
Domicile	Luxembourg
Investment Manager	Storm Capital Management Ltd
Prime Broker	Oppenheim Asset Management Services
Administrator	Deutsche Fund Platforms

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

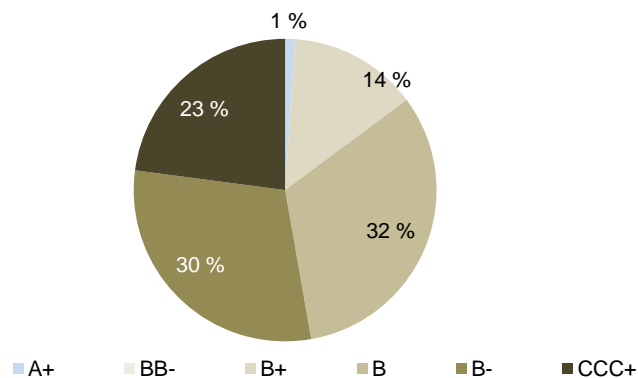
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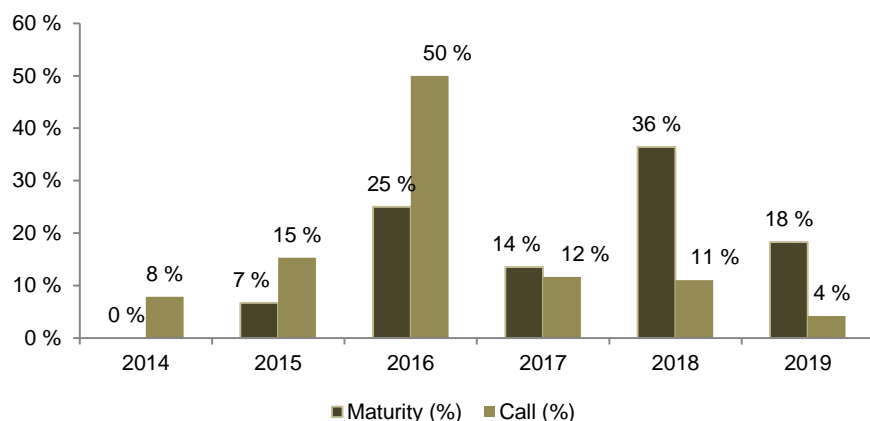
Yield to maturity and yield to call



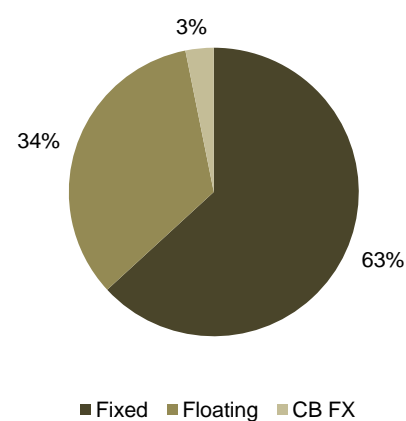
Credit rating



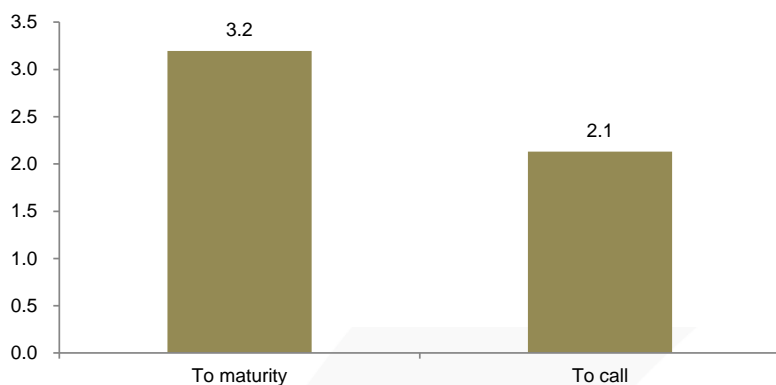
Maturity profile



Coupon allocation



Duration, years

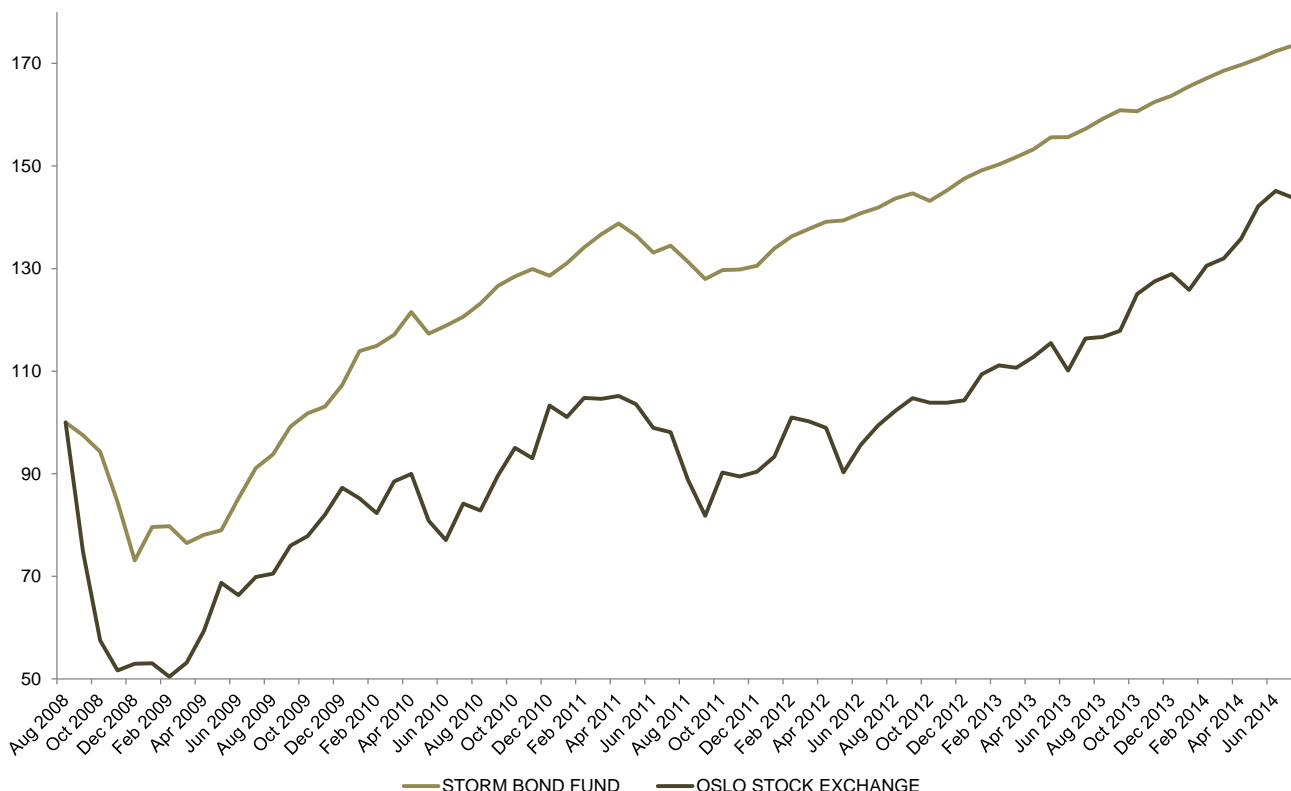


Top 10 positions

Name	% NAV
1 J.Lauritzen Holding 12-17 FRN	5.3%
2 Kistefos AS 13-16 FRN	4.6%
3 Bluewater Holding B.V. 13-19	4.5%
4 Metro Exploration Holding Corp. 14/16 Step-up	4.4%
5 LM Group Holding	4.4%
6 Chloe Marine Corp. Ltd. 11-16	4.1%
7 Oro Negro Drilling Pte. Ltd. 14-19	4.1%
8 Oceanteam Shipping ASA 12-17 FRN	4.1%
9 REC Silicon ASA 11-18	4.0%
10 Songa Offshore ASA 11-18 FRN	4.0%

Storm Bond Fund

Storm Bond Fund was up 0.6% in July and is up 6.0% year to date. The Oslo Stock Exchange was down 0.9% in July and is up 11.6% year to date. Since inception, the fund is up 73.5% vs 43.8% for the Oslo Stock Exchange.



July was a quiet month in both primary- and secondary market mainly due to the holiday season in Norway. However, also secondary activity in USD denominated papers was relative quiet. In the primary market, a couple of bond deals announced lately in June closed early July. Besides this, no new deals announced. Entering August Lindorff has announced a mega multi tranche deal (EUR and NOK) financing the acquisition done by Nordic Capital (Nordic PE player). Lindorff is looking to raise up to EUR 1.45 bn. Storm Bond Fund will not lend money to Lindorff mainly due to the fact that we dislike the long credit duration and that we see better risk/reward in other papers.

During July, Storm Bond Fund added exposure to Bluewater, Metro Exploration Holding, Global Rig Company and Chloe Marine.

Entering into more busy August and September we are expecting several new issues. Primarily within high yield. A trend so far in 2014 is that high yield has gained market share in the general credit market. Investment grade issuances is actually down in 2014 vs 2013 (2012 was the record year so far)¹. We continue to see good risk/reward in the Nordic high yield market and want to highlight the importance of active management and track record in the current investment environment.

The yield to maturity in Storm Bond Fund is now 9.4% and yield to call is 10.8% leading to a realistic yield of ~10.1%.

Credit duration is unchanged and stable with 3.2 years to maturity and 2.1 years to call, meaning that the theoretical duration is ~2.7 years.

¹ Source: Nordea Markets

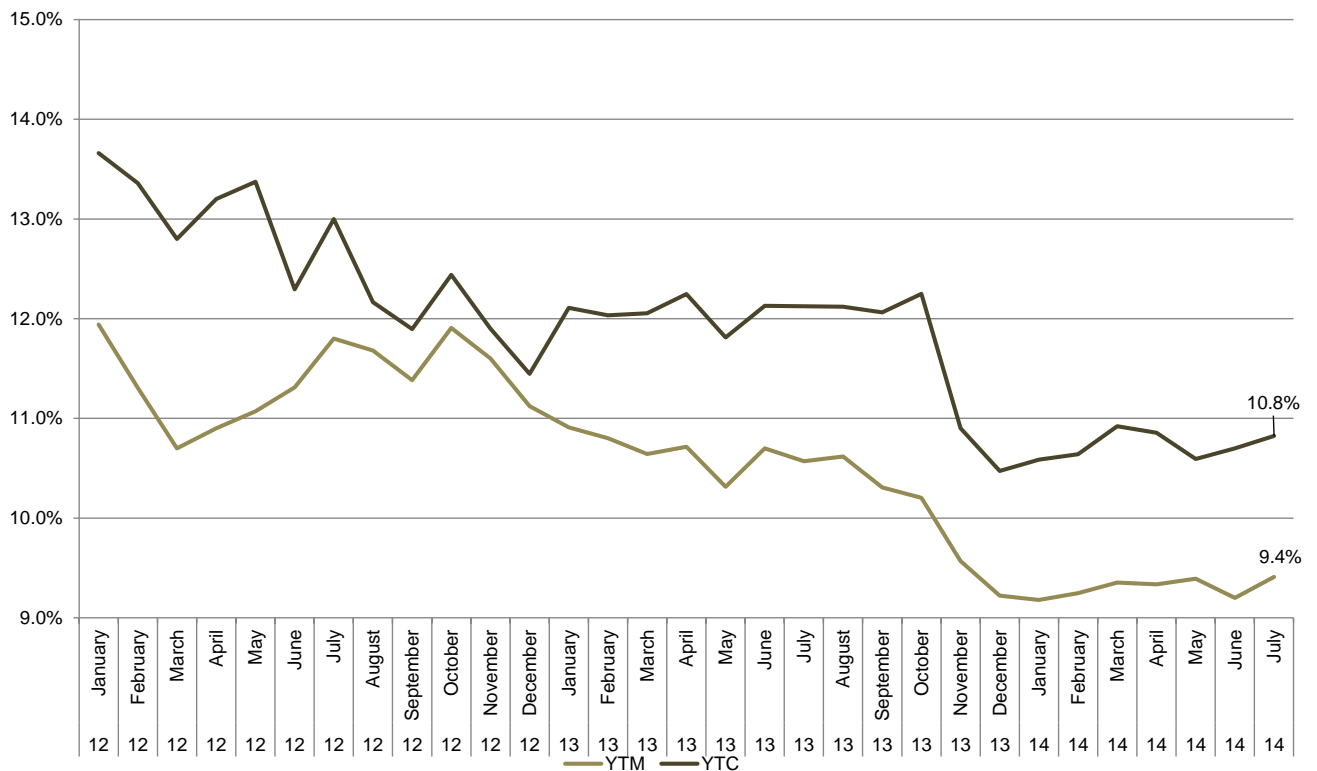
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Global- and European high yield was down in July. The iTraxx 5-year Crossover Index averaged at 242bps which was a 3% widening from June (234bps). Even though the geopolitical situation in the Middle East worsened and further tension in Ukraine increased the sanctions on Russia the Nordic high yield market remained relatively unchanged.

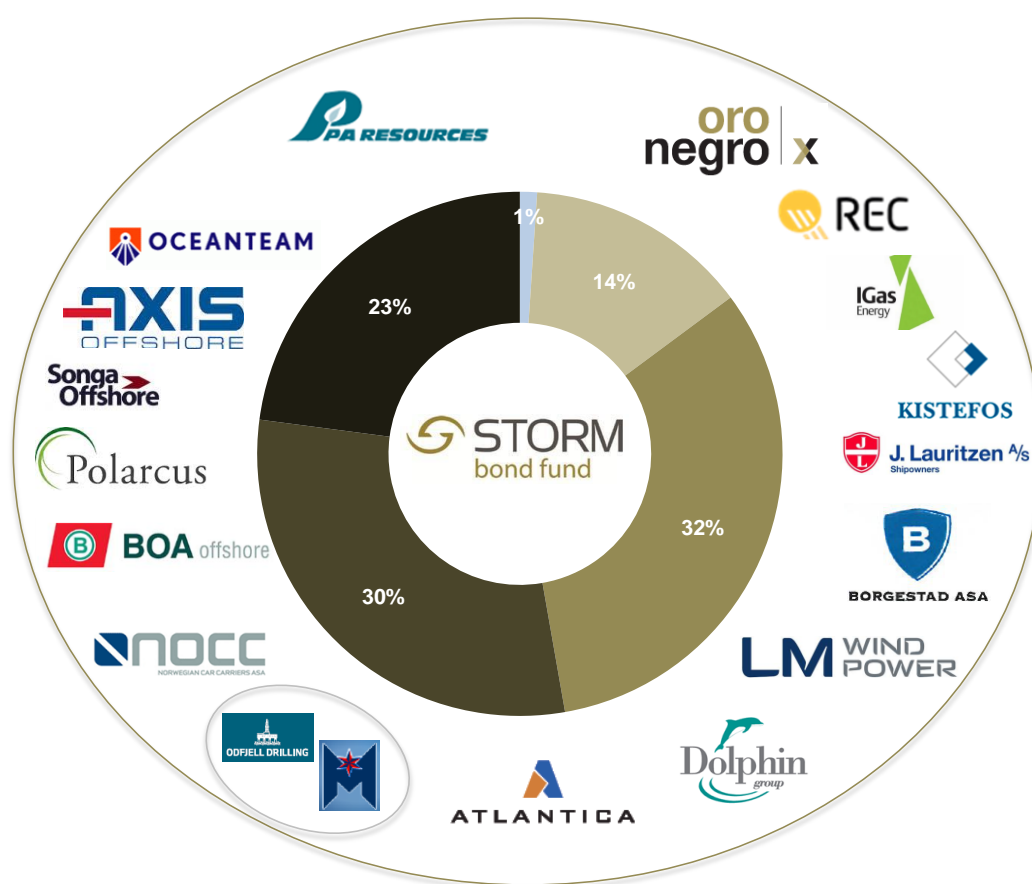
Both the global and the Norwegian high yield market is at low levels. The 12-month trailing default rate declined to 1.2% (June) in the Norwegian market. In general, we do not see any alarming signs that this should pick up in the short term.

The graph below shows historical yields in Storm Bond Fund



Selected investments in Storm Bond Fund

A+	1%
BB-	0%
B+	14%
B	32%
B-	30%
CCC+	23%



Team

Portfolio Managers / Trading



Morten E. Astrup



Kim Johanson

Research / Corporate Finance



Erik M. Mathiesen



Christian G. Ståhl

Compliance



Einar Pedersen

How to invest in Storm Bond Fund

International/UK: London office

Please call +44 207 409 3378 or send an email to info@stormcapital.co.uk

Oslo office:



Tore Andersen +47 920 35 908 or tore@stormcapital.no



Marcus Johannessen +47 951 35 853 or marcus@stormcapital.no