

PERFORMANCE REPORT

AUGUST 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%	0.1%					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	127.4					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%

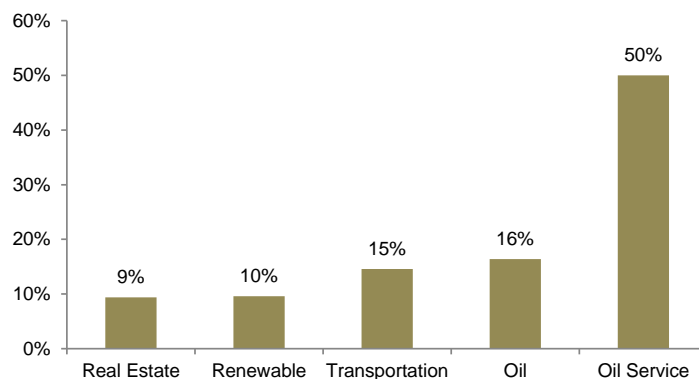
*From January 2010, performance and NAV are reported based on the EC share class. EC share class 31 December 2009: 103.9
 Past performance is no guarantee for future performance

**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 August 2014, Net of fees (RC NOK)	0.1%
Performance YTD 2014 (RC NOK shareclass)	6.0%
Performance since inception	73.6%
Number of positions 31/08/2014	38
Number of issuers	36
Interest rate duration	1.8 years



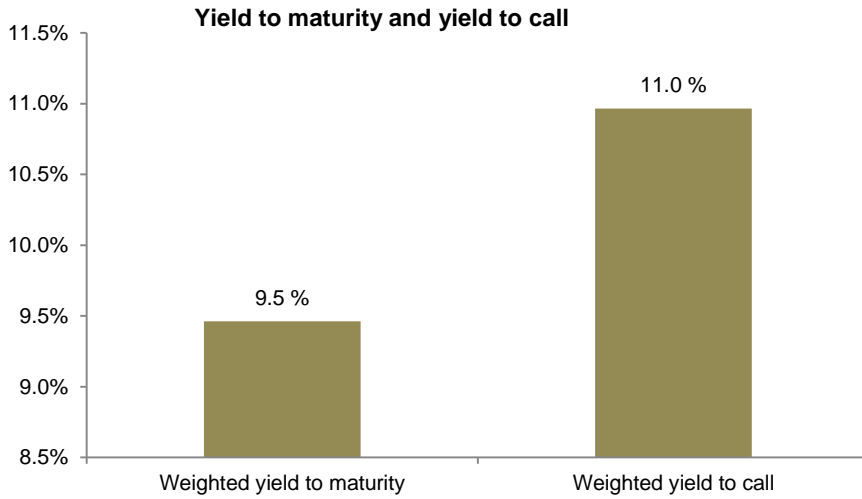
Fund terms

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

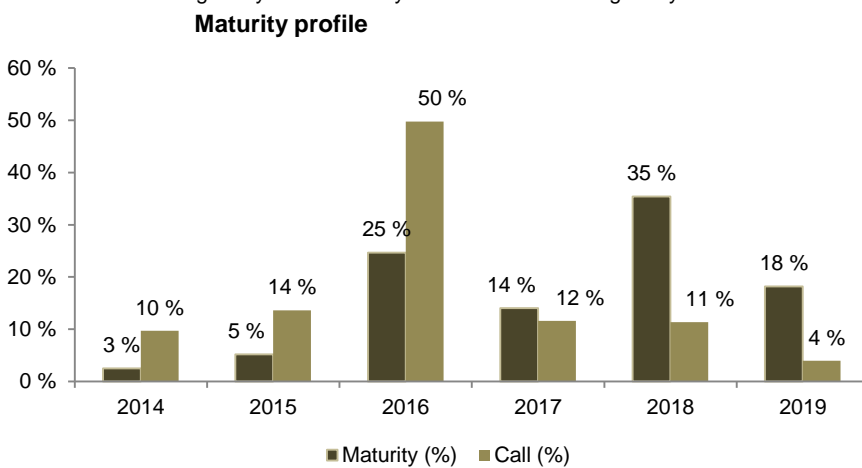
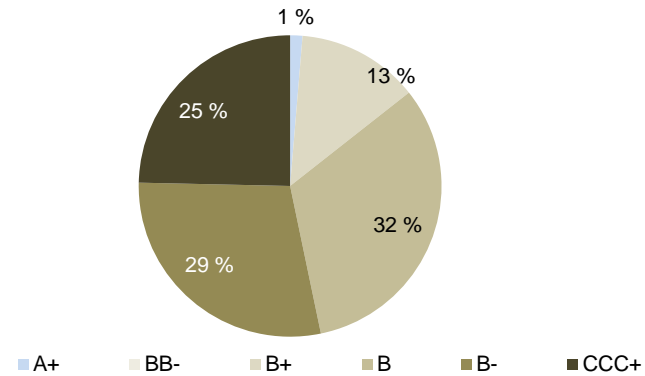
Management Fee	Retail: 0.75%, Institutional: 0.5%
Performance Fee	10%
Liquidity	Weekly
Auditor	PriceWaterhouseCoopers

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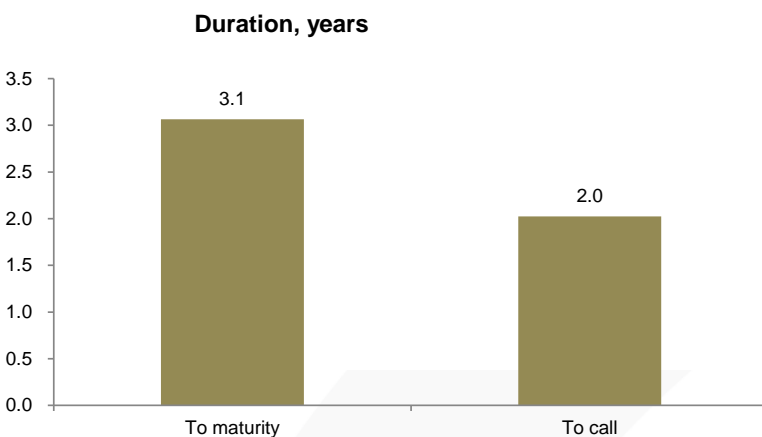
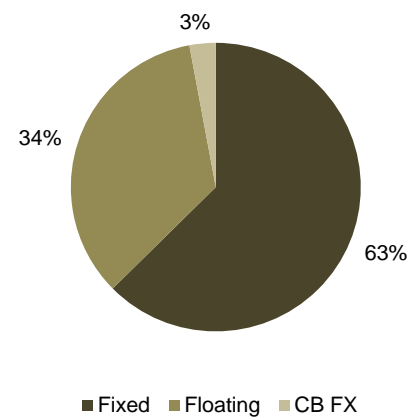
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Credit rating



Coupon allocation

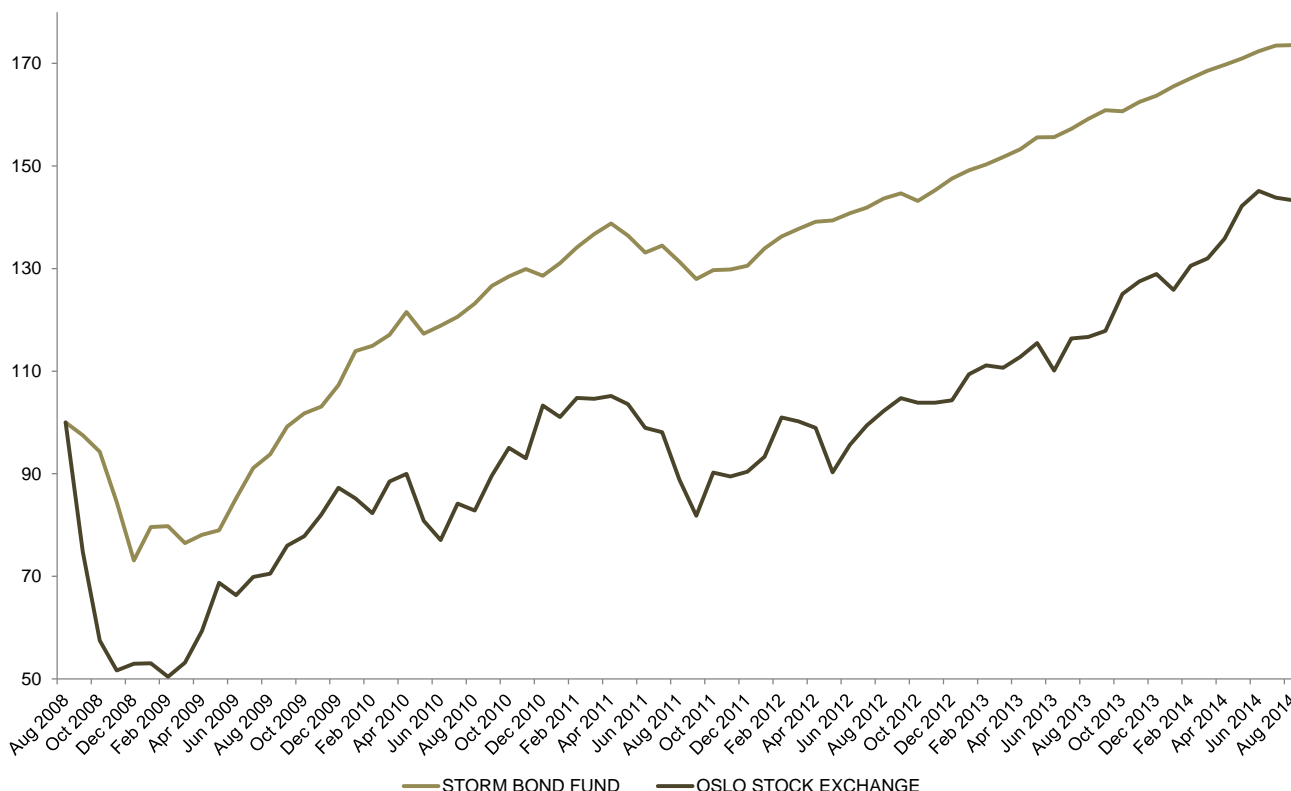


Top 10 positions

Name	% NAV
1 J.Lauritzen Holding 12-17 FRN	5.1%
2 REC Silicon ASA 11-18	4.6%
3 Kistefos AS 13-16 FRN	4.6%
4 Chloe Marine Corp. Ltd. 11-16	4.5%
5 Oceanteam Shipping ASA 12-17 FRN	4.4%
6 Bluewater Holding B.V. 13-19	4.3%
7 Metro Exploration Holding Corp. 14/16 Step-up	4.2%
8 LM Group Holding	4.0%
9 Oro Negro Drilling Pte. Ltd. 14-19	3.8%
10 Polarcus Ltd (Cayman Islands) 8 07.06.2018	3.6%

Storm Bond Fund

Storm Bond Fund was up 0.1% in August and is up 6.0% year to date. The Oslo Stock Exchange was down 0.3% in August and is up 11.2% year to date. Since inception, the fund is up 73.6% vs 43.3% for the Oslo Stock Exchange.



August continued to be a quiet month in the primary market. Prosafe SE was the first issuer kicking off the second half issuing NOK 700m at 3 month NIBOR + 310bps. Furthermore, Atlantic Offshore issued a small tap issue, besides this a relatively quiet month in the primary market. End of August ~NOK 60 bn was issued in our high yield market in 2014.

July was soft in the US high yield market with large outflows from the sector and ended down 1.8% in July. Much of this loss regained in August when the market strengthened and stabilised. In August, European and Scandinavian bonds traded at wider credit spreads in the first half of the month because of this. However, much of this regained in the second sending the market back to levels prior to the US sell off. This remains us about the beauty of high yield with coupons accumulating every day.

During August, Storm Bond Fund increased exposure to a company owning real estate located in Norway.

The yield to maturity in Storm Bond Fund is now slightly up to 9.5% and yield to call is 11.0% leading to a realistic yield of ~10.2%.

Credit duration is slightly down to 3.1 years to maturity and 2.0 years to call, meaning that the theoretical duration is ~2.6 years.

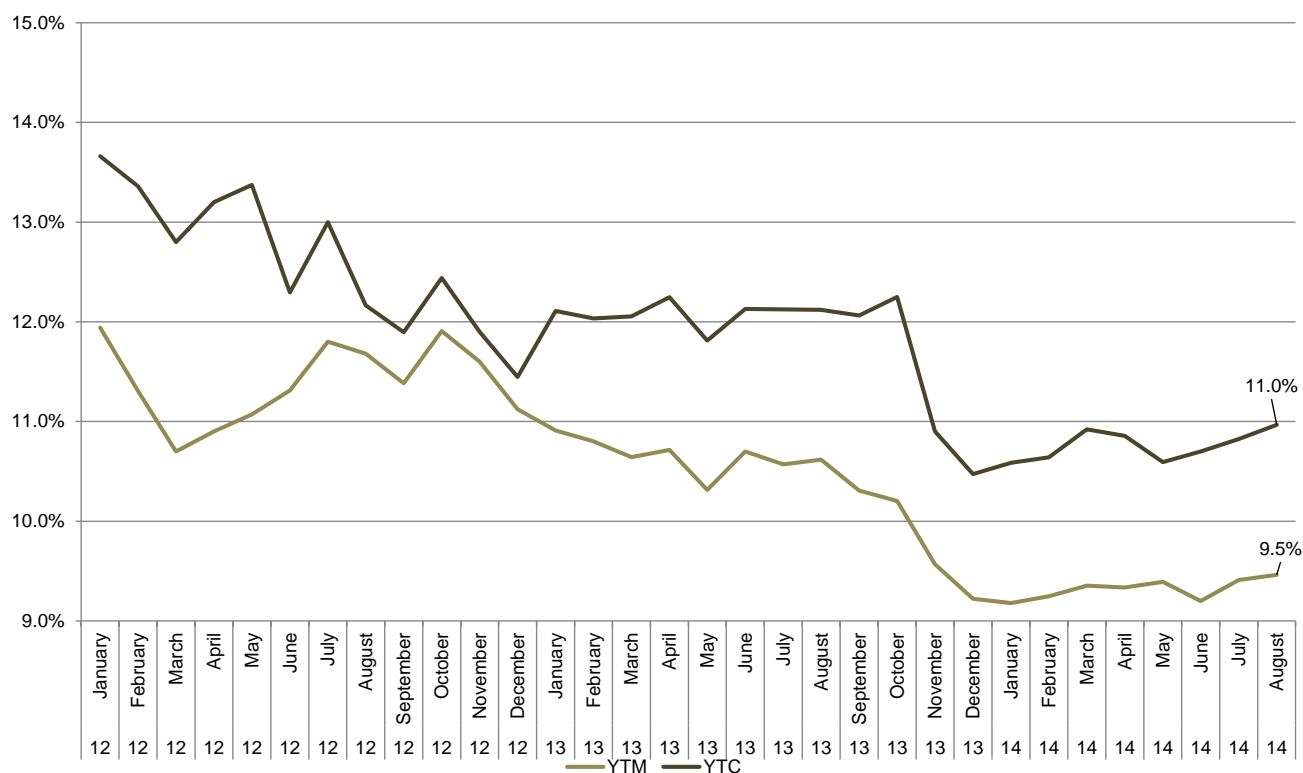
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The iTraxx 5-year Crossover Index averaged at 261bps in August which was an 8% widening from July (242bps). The geopolitical tensions in Russia and the Middle-East had larger effect on the market in the first half of August, however risk aversion is now decreasing. The iTraxx is still trading at wider credit spreads than beginning of July.

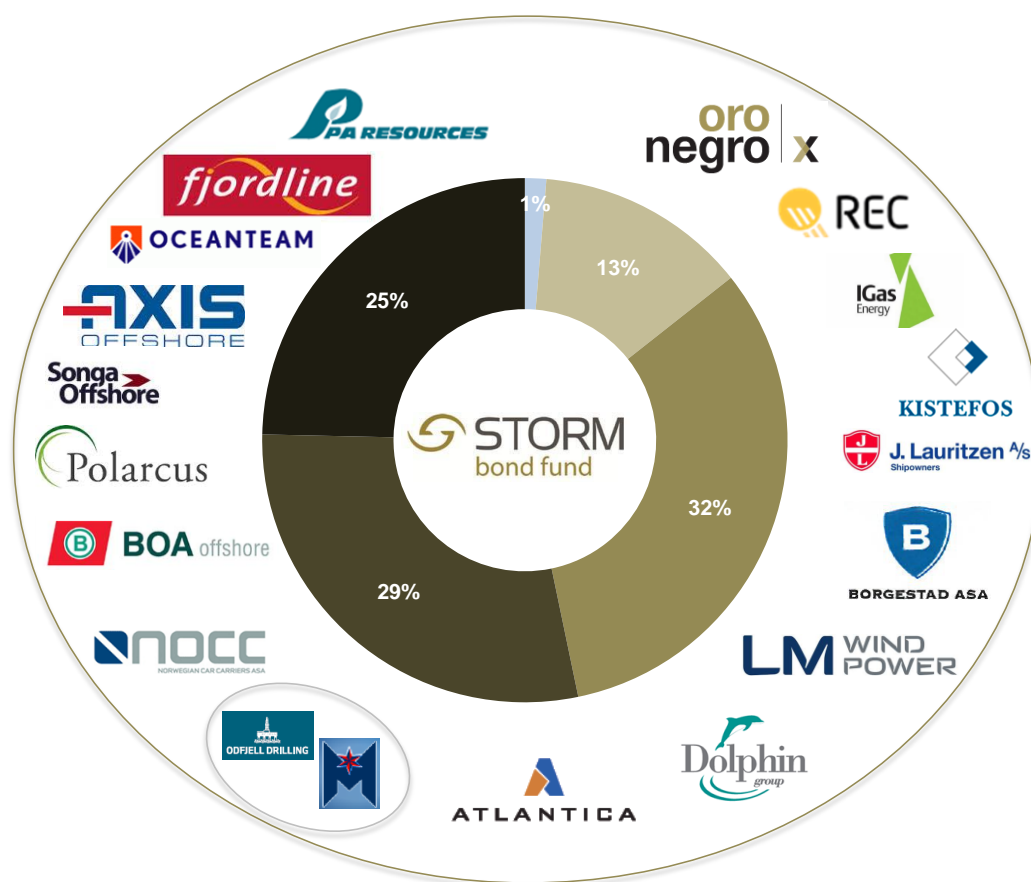
Both the global and the Norwegian high yield default rates are at low levels. The 12-month trailing default rate remained unchanged at 1.2% in the Norwegian market while the global market increased some basis points up to 1.5%.

The graph below shows historical yields in Storm Bond Fund



Selected investments in Storm Bond Fund

A+	1%
BB-	0%
B+	13%
B	32%
B-	29%
CCC+	25%



Team

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