

# PERFORMANCE REPORT

MARCH 2015

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2015	-2.7%	-1.3%	<b>-0.2%</b>										<b>-4.1%</b>
2014	1.1%	1.0%	0.9%	0.7%	0.7%	0.8%	0.6%	0.1%	-1.3%	-5.5%	-0.3%	-11.5%	<b>-12.7%</b>
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%	<b>11.0%</b>
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%	<b>13.0%**</b>
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%	<b>1.5%</b>
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%	<b>19.9%</b>
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%	<b>46.8%</b>
2008									-2.6%	-3.2%	-10.4%	-13.5%	<b>-26.9%</b>

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2015	102.0	100.7	<b>100.6</b>										<b>-4.1%</b>
2014	121.5	122.6	123.7	124.6	125.5	126.5	127.3	127.4	125.7	118.8	118.	104.8	<b>-12.7%</b>
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	<b>11.0%</b>
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	<b>13.0%**</b>
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	<b>1.5%</b>
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	<b>19.9%</b>
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	<b>46.8%</b>
2008								100.0	97.5	94.3	84.5	73.1	<b>-26.9%</b>

\*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

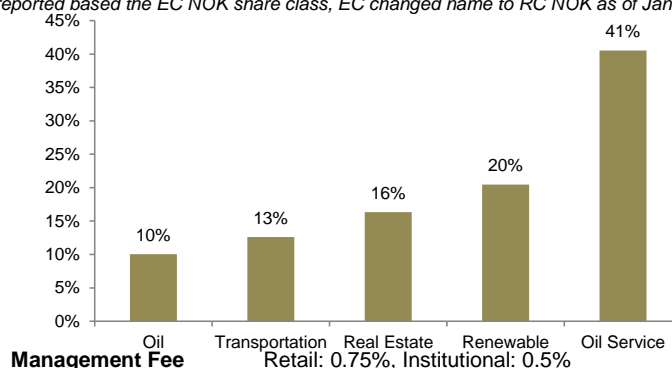
\*\*\*From March 2012, performance and NAV are reported based the EC NOK share class, EC changed name to RC NOK as of January 2013

### Key statistics

Performance per March 2015, Net of fees (RC NOK)	-0.2%
Performance YTD 2015 (RC NOK shareclass)	-4.1%
Performance since inception	37.1%
Number of positions 31/03/2015	35
Number of issuers	34
Interest rate duration	2.0 years

### 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>	Deutsche Fund Platforms

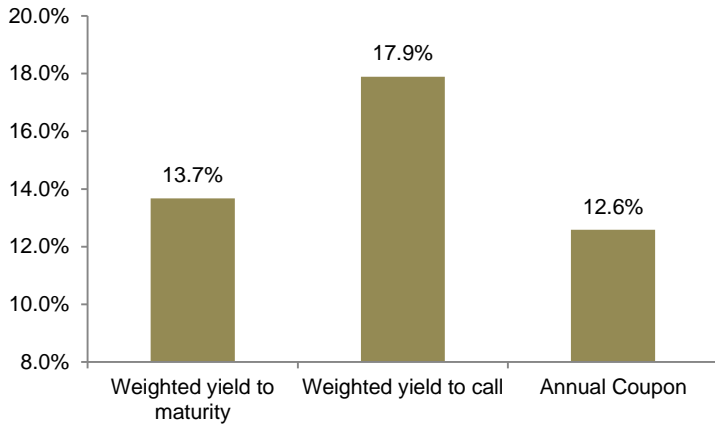


<b>Performance Fee</b>	10%
<b>Liquidity</b>	Daily
<b>Auditor</b>	PriceWaterhouseCoopers

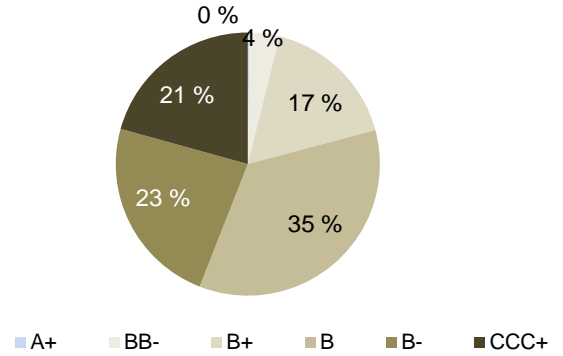
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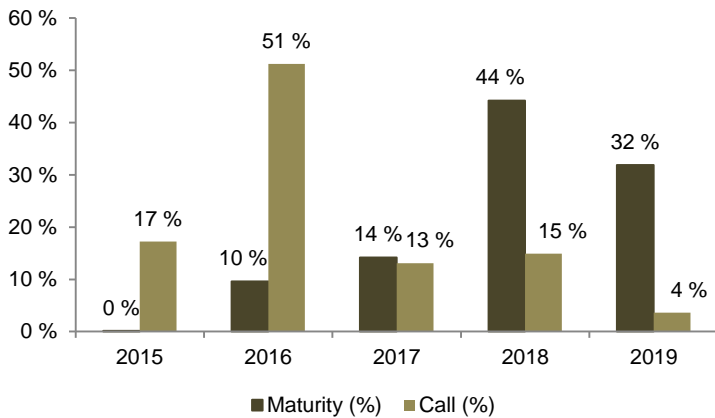
**Yield to maturity, yield to call ann. coupon**



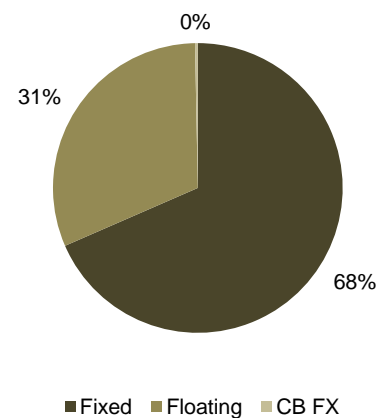
**Credit rating**



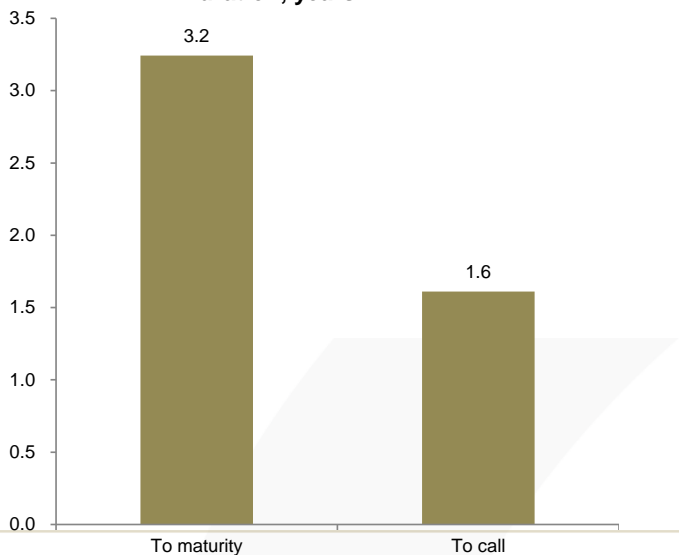
**Maturity profile**



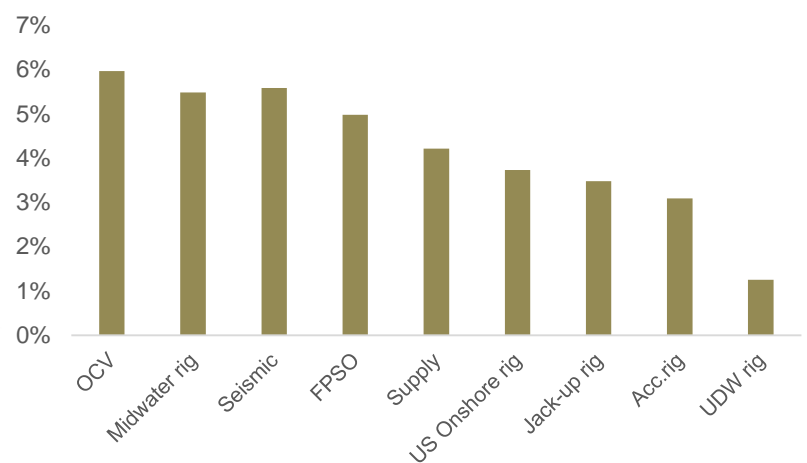
**Coupon allocation**



**Duration, years**



**Oil service exposure**

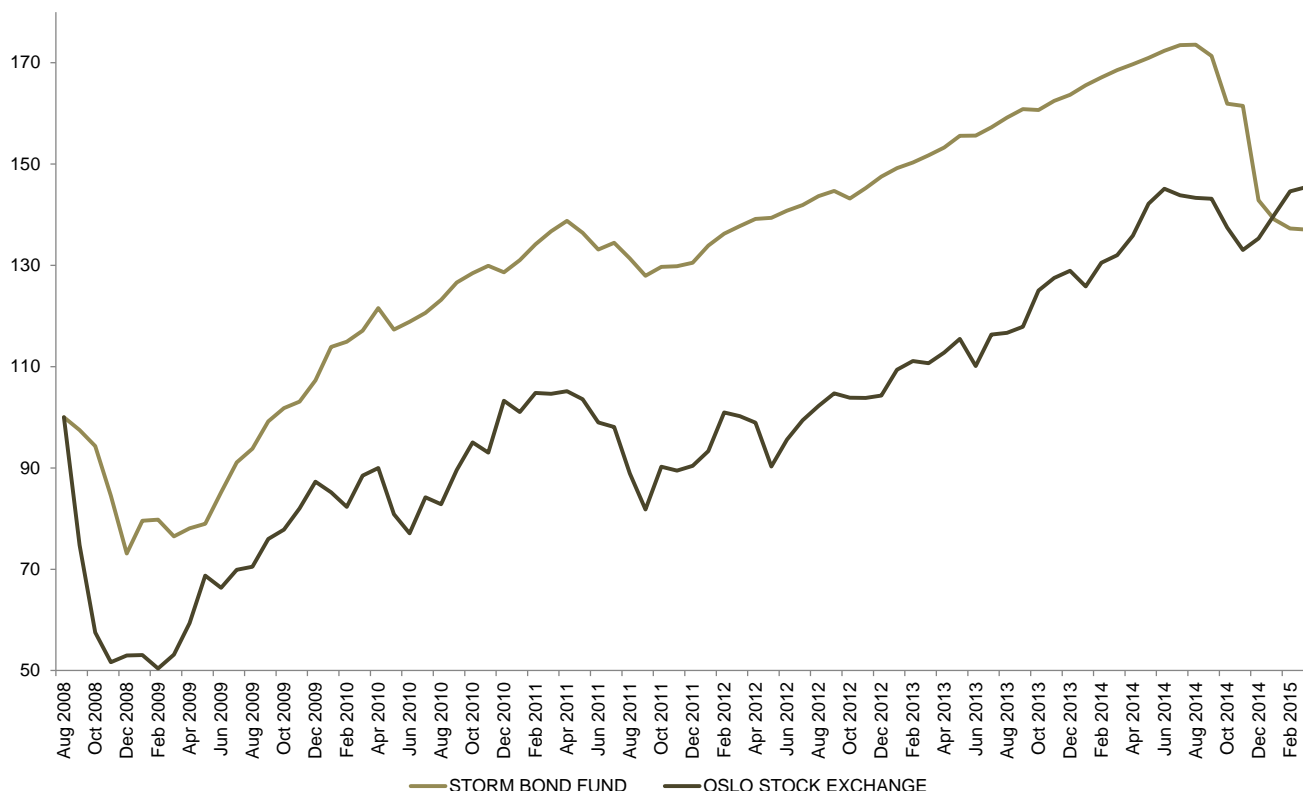


**Top 20 positions**

Name	Price	Yield %	NAV %	Information
1 Oceanteam Shipping ASA 12-17 FRN	96.00	15%	6.0%	35% to be repaid at 100 in April. LTV 80% on a contracted OCV fleet. 50% of the EBITDA from an unleveraged asset light business.
2 Etrion Corp. 14-19	91.50	11%	5.7%	Stockholm listed Lundin-family owned company installing, owning and producing solar power on long contracts. High leverage, but long term secured cash flow.
3 Borgestad ASA 14-17 FRN	100.50	8%	5.6%	Loan to value at ~60-70% with 1st and 2nd priority pledge in real estate in Poland and Grenland, Norway.
4 REC Silicon ASA 11-18	96.50	11%	5.0%	Unsecured bond in a company with NOK 300m net cash and market cap of NOK ~5bn
5 LM Group Holding	98.00	9%	4.9%	Private equity owned Danish company with global production of wind blades. Below 1.5x levered on EBITDA.
6 Bluewater Holding B.V. 13-19	87.75	14%	4.9%	Privately owned Dutch FPSO company with long contracts producing oil. Loan to value ~70-80% and de-levering over life. Reported strong Q4 figures.
7 Kistefos AS 13-16 FRN	85.00	19%	4.4%	Norwegian holding company with ~50% loan to value on assets. Owned 100% by Christen Sveaas.
8 Petroleum Geo- Services 7,375% 12/15/18	89.75	11%	4.2%	The leading contract seismic Company. Robus balance sheet with ~50% LTV and access to financing.
9 Fjord Line AS 13-18	83.00	18%	4.1%	Recently Norwegian restructured ferry operator with ~80% loan to value on brand new ferries running on gas.
10 Global RiG Co. ASA 14-19	96.00	11%	3.7%	1 <sup>st</sup> priority pledge in 9 land rigs (2 under construction) on 18-month contracts in the USA. ~60-70% loan to value. Fredriksen Group largest shareholder.
11 Tallink Grupp AS 13-18 FRN -144A-	101.03	6%	3.5%	The leading ferry operator in the Baltics with significant earnings potential from a lower oil price.
12 Oro Negro Drilling Pte. Ltd. 14-19	70.00	19%	3.5%	1 <sup>st</sup> pri pledge in 4 state of the art jack-ups on contracts with Pemex. Mexican and Singaporean pension money is invested in this company.
13 European Energy AS Float 18	100.00	8%	3.4%	Developing and owning wind- and solar power generating assets and has about 40% EBITDA margin.
14 Nobina AB 14-19	103.75	7%	3.4%	Nobina provides local bus services in Sweden, Norway, Denmark and Finland. Nobina has ~20% market share and is levered ~4.5x. The Company was restructured in 2012.
15 Songa Offshore ASA 11-18 FRN	80.00	19%	3.2%	Norwegian rig company with market cap of NOK 1,5bn and 4x brand new rigs on 8Y contracts to Statoil.
16 Elematic Oy AB 14-18	86.50	16%	3.2%	Finnish private equity owned company-producing modules for precast concrete. Founded in 1959.
17 Jacktel 14-19	73.50	17%	3.1%	1 <sup>st</sup> lien pledge in a jack-up built for the Norwegian continental shelf currently operating for Conoco Phillips with LTV ~30%.
18 Index International AB 14-18 FRN	92.27	10%	2.8%	Swedish real estate company with net assets above SEK 2bn. Over the past 5 years annual ROI is more than 60% and is yielding significantly above peers.
19 Iona Energy Company (UK) 13/18 9,50% USD	50.00	25%	2.7%	UK and Canada listed E&P company with 1 <sup>st</sup> pri pledge in Huntington and other oil fields.
20 IGas Energy PLC 13-18	80.00	19%	2.7%	London-listed company producing oil and gas onshore UK. Backed by Blackstone. The company has hedged a significant portion of the oil production. 1 <sup>st</sup> pri pledge.

### Storm Bond Fund

Storm Bond Fund was down 0.2% in March and is down 4.1% year to date. The Oslo Stock Exchange was up 0.6% in March and is up 7.5% year to date. Since inception, the fund is up 37.1% vs 45.5% for the Oslo Stock Exchange.



March was a positive month in the Nordic high yield market; however, the market is still divided into non-oil and oil exposed companies. There has been a greater investor demand for companies without direct oil exposure so far in 2015, but we are now starting to see investors entering into more BB rated bonds issued by oil related companies as the hunt for yield continues and oil price is gradually stabilising.

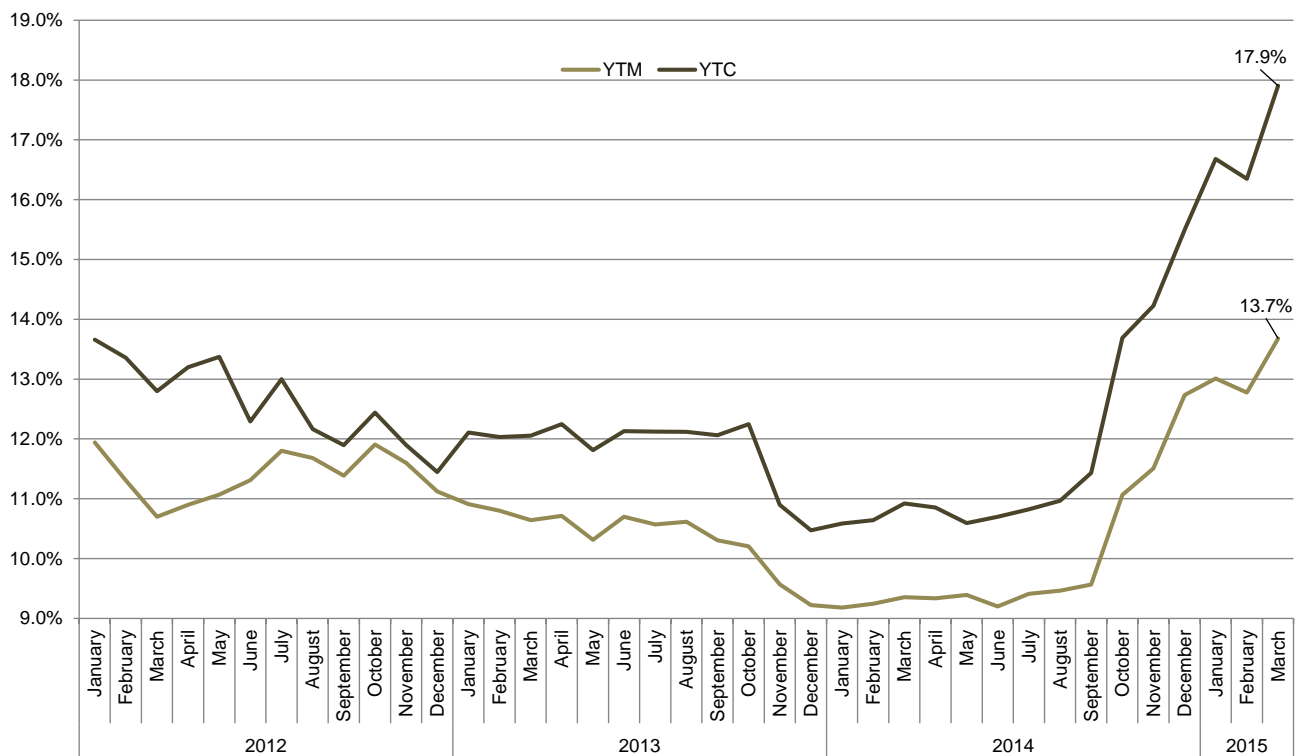
Storm Bond Fund was down 0.2% during the month and had a much better second half with strong activity within the secondary market. In addition, the primary market kicked off the season with Stolt-Nielsen issuing a 5 year bond with a credit margin of N3+410bps. Storm Bond Fund did not participate in this placing. We are currently not viewing the primary market as open and do not expect many more issuances in the first half of 2015.

In March, Storm Bond Fund bought into Jacktel AS, which is a bond with 1<sup>st</sup> lien pledge in a 2010-built jack-up accommodation rig. We bought the bond at ~73%, which implies ~30% loan-to-value and 16% yield to worst. The effective coupon is 9.5%. The rig has been working for ConocoPhillips since July 2011 on the Ekofisk field in the North Sea with 100% uptime. New holding is also European Energy AS; a Danish privately owned company developing, owning and managing wind- and solar parks in Germany and Denmark. This bond is yielding 7.5% and has long cash flows with ~40% EBITDA margin. We exited our position in Dolphin Group ASA (seismic) as we see better risk reward in other segments.

During the month, our bonds issued by LM Wind, Etrion and Metro Exploration contributed positively, while Polarcus, Oceanteam and Fjord Line were among the laggards. The effective portfolio coupon is currently 12.6%, while the yield to maturity is 13.7% and yield to call is 17.9%.

The iTraxx 5-year Crossover Index averaged at 259bps in March that was a 5% tightening from February (295bps). Primary market for Euro denominated high yield bonds is currently extremely strong and issuances are at record levels. This is particularly driven by the QE led by Mr. Draghi and the ECB.

The graph below shows historical yields in Storm Bond Fund. In order not to inflate yields, we have capped the yields at 25% in this graph and in all other figures in the newsletter.

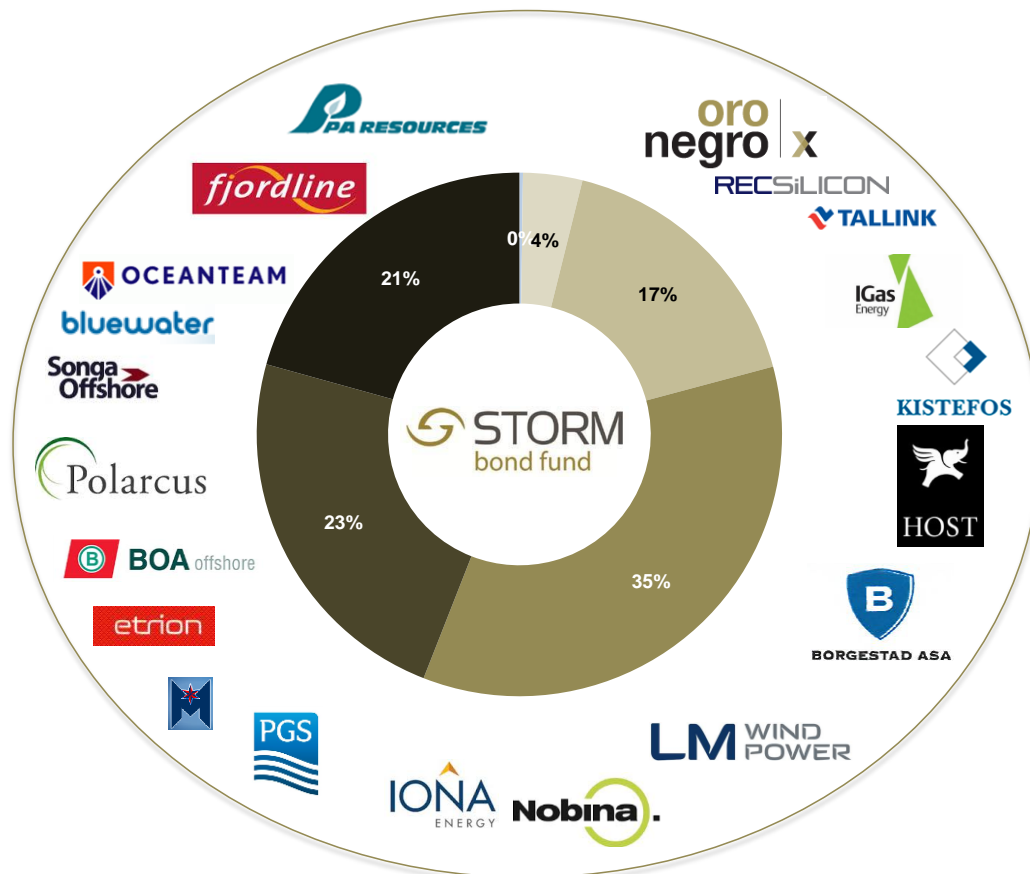


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Selected investments in Storm Bond Fund with credit- or shadow credit ratings

A+	0%
BB-	4%
B+	17%
B	35%
B-	23%
CCC+	21%



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