

PERFORMANCE REPORT

FEBRUARY 2016

ABOUT THE FUND

Storm Bond Fund is a Nordic High Yield fund specialising in energy, transport and real estate. The investment process is based on a top down market screening of the universe and a detailed bottom up analysis of the individual companies. The fund invests across various credit ratings based on a detailed risk/reward analysis. The management team is the largest investor in the fund.

NET RETURN HISTORY (SHARECLASS RC NOK***, NET OF FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2016	-1,9%	-3,2%											-5,0%
2015	-2.7%	-1.3%	-0.2%	1.5%	2.1%	0.4%	0.4%	-3.7%	-2.8%	1.3%	-0.7%	-4,2%	-9.6%
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%	-12.7%
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%

*From January 2010, performance and NAV are reported based on the EC share class. EC share class 31.December 2009: 103.9. **From 1 Jan 2012, performance and NAV are reported on return in NOK. ***From March 2012, performance and NAV are reported based on the EC NOK share class, EC changed name to RC NOK as of January 2013. Past performance is no guarantee for future performance.

MARKET COMMENT - MORTEN E. ASTRUP (CHIEF INVESTMENT OFFICER)

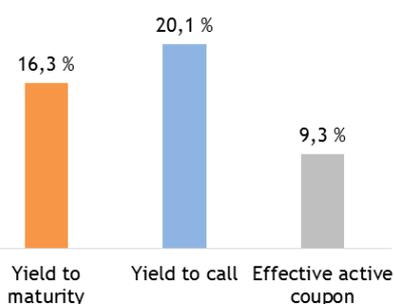
Dear investors. Another tough month has passed, but also a very exciting one, where the Polarcus restructuring was concluded, but the position not re-valued in our NAV as the new shares has not been allocated yet. In October 2015 we tripled our position in Polarcus at 9% of PAR. Since then the oil price is down significantly, but the seismic market has stabilised at a low level and Polarcus has downsized the debt burden on the balance sheet against giving the unsecured bondholders almost 90% of the company. Hence Storm Bond Fund owns 7% of the world's 2nd largest marine seismic contractor and they will start to trade next week. As the company has bought itself a 2 year option with the creditors there is a fair chance our shares becomes valuable. How valuable is difficult to say, so stay tuned.

PGS, Polarcus largest competitor has flagged 9% of the shares meaning there is a chance they are thinking industry consolidation. The rest of the market in February has been sliding down, but at the same time there has been a lot of credit positive events. The main reason for the slide is funds still being redeemed out of the the high yield funds.

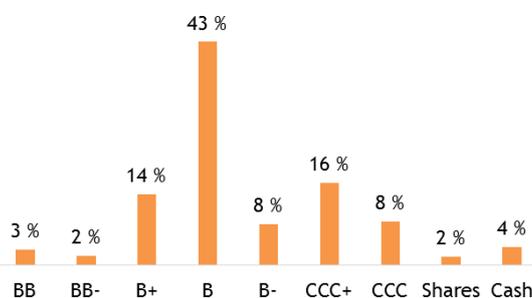
On the other side of the equation the PE companies and credit opportunity funds have a record high fire power to buy into the energy space in particular. The last word is not said.

The effective active portfolio coupon is currently 9.3%, while the yield to maturity is 16.3% and yield to call is 20.1%. Yields above 30% are regarded inflated and therefore not recorded in full.

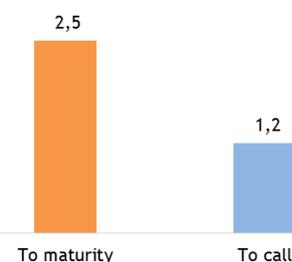
YIELD LEVELS



CREDIT RATINGS

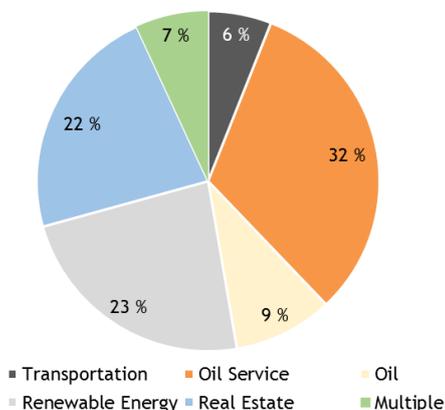


DURATION (YEARS)

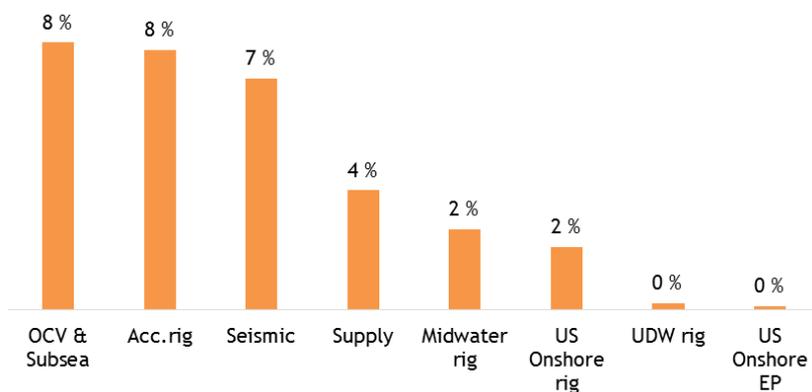


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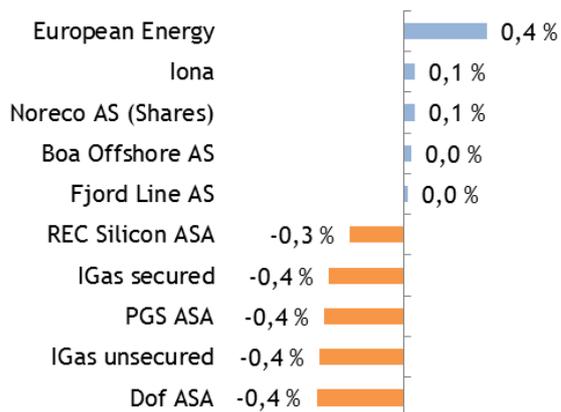
OVERALL INDUSTRY EXPOSURE



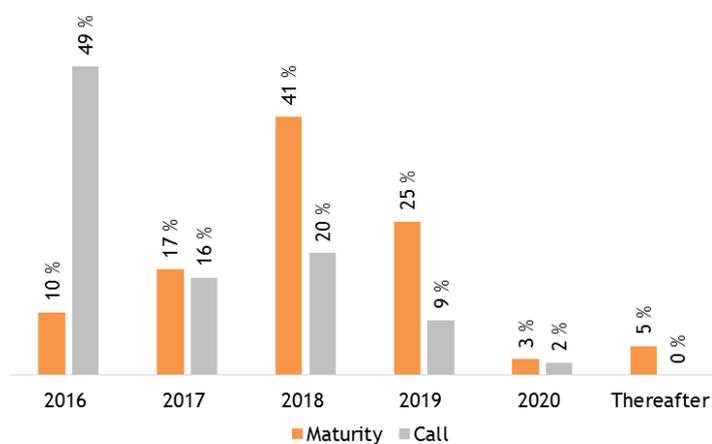
BREAKDOWN OF OIL SERVICE EXPOSURE



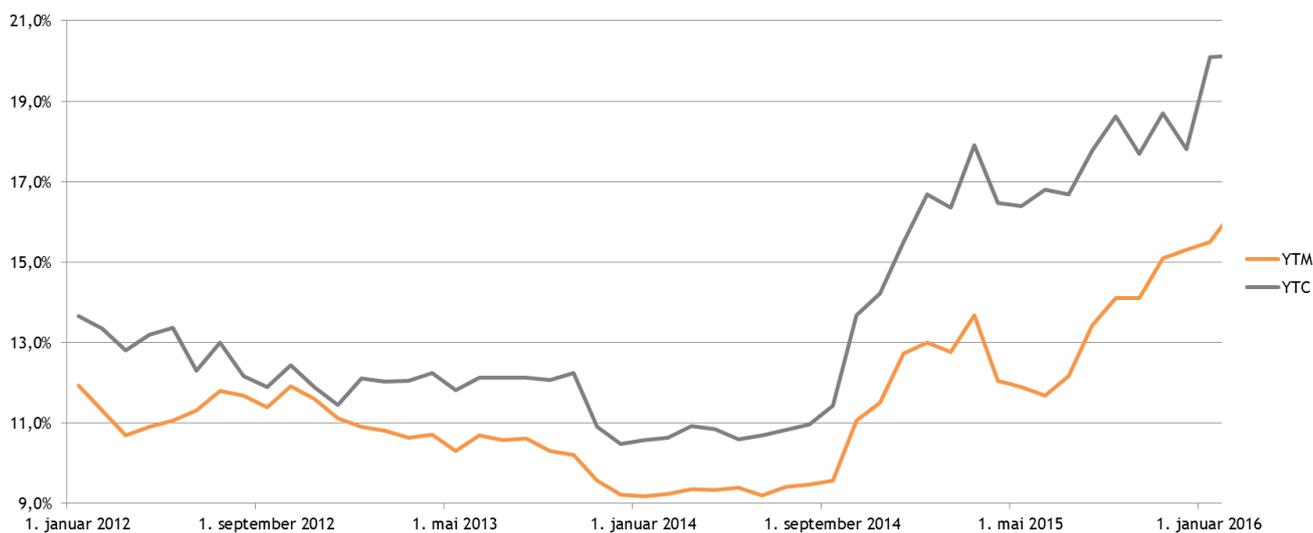
CONTRIBUTION ANALYSIS (top 5 / bottom 5)



MATURITY PROFILE



YIELD DEVELOPMENT



PERFORMANCE REPORT

PORTFOLIO - TOP 20

NAME	ISIN	PRICE	YIELD %	NAV %	SHORT DESCRIPTION
1 Etrion Corp. 14-19	NO0010709272	82,13	15,9 %	7,2 %	Stockholm listed Lundin-family owned company installing, owning and producing solar power on long contracts. High leverage, but long term secured cash flow.
2 Borgestad ASA 14-17 FRN	NO0010720766	98,00	9,4 %	7,1 %	Loan to value at -60-70% with 1st and 2nd priority pledge in real estate in Poland and Grenland, Norway.
3 Kistefos AS 13-16 FRN	NO0010699200	94,50	15,8 %	6,5 %	Norwegian holding company with -50% loan to value on assets. Owned 100% by Christen Sveaas.
4 Jacktel A/S 14-19	NO0010714561	88,06	11,8 %	6,3 %	1st lien pledge in a jack-up built for the Norwegian continental shelf. Currently working for Maersk and won a contract on Johan Sverdrup in November with STL that secures work until 2020. We expect the company to obtain bank financing before the bond expires.
5 European Energy A/S 14-18 FRN	SE0005677796	85,13	15,3 %	6,1 %	Developing and owning wind- and solar power generating assets and has about 40% EBITDA margin.
6 Fjord Line AS 13-18 FRN	NO0010671084	98,58	10,6 %	5,7 %	Recently Norwegian restructured ferry operator with -80% loan to value on brand new ferries running on gas.
7 REC Silicon ASA 11-18	NO0010607476	86,78	17,5 %	4,9 %	Unsecured bond in a company with NOK 800m net debt and market cap of NOK -2.6bn.
8 Index International AB 14-18 FRN	SE0005797537	91,50	11,3 %	4,6 %	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.
9 Det Norske Oljeselskap ASA 15-22	NO0010736382	80,65	15,1 %	4,4 %	Mr Kjell Inge Røkke backed exploration & production co' producing 60k boe/d. 12% ownership in Johan Sverdrup and fully funded.
10 Petroleum Geo-Services ASA 11-18 -144A-	US716599AC95	62,00	27,9 %	4,0 %	The leading contract seismic company. Robust balance sheet with -50% LTV and access to financing.
11 Solor Bioenergi Holding AB 12-17 FRN	NO0010662356	81,50	20,7 %	4,0 %	Producer of wood-based bioenergy with diversified business in entire value chain.
12 Siem Industries Inc. 12-19 Conv.	NO0010657968	89,57	4,3 %	3,9 %	1 st lien pledge in Siem Industries' 20.4% stake in Subsea 7 with put on par in September 2016. Siem Industries is Kristian Siem's private investment company which holds a diversified portfolio of industrial and financial holdings.
13 Oceanteam Shipping ASA 12-17 FRN	NO0010662018	56,17	52,9 %	3,0 %	LTV 80% on a contracted OCV fleet. 50% of the EBITDA from an unleveraged asset light business.
14 Host Hoteleierdom AS 13-16 FRN	NO0010699721	99,50	9,0 %	3,0 %	1st and 2nd priority in three hotels in Oslo and Lillehammer (Breiseth, Millennium and Grims Grenka).
15 Elematic Oy AB 14-18	FI4000096821	71,00	30,3 %	2,9 %	Finnish private equity owned company-producing modules for precast concrete. Founded in 1959.
16 Polarcus Ltd. 13-18 -144A-	NO0010680150	13,61	218,4 %	2,8 %	Seismic company with top modern fleet. Positive development in recent quarter. Restructuring plan was just approved by bond and equity holders. Storm Bond Fund will get approx. 7% of the equity in the company. High risk/reward.
17 DOF ASA 12/19 FRN	NO0010657802	51,56	30,9 %	2,6 %	The group has a diverse portfolio of vessels, a modern fleet and a solid backlog. Brazilian built vessels shields it from blockings in Brazil.
18 IGas Energy PLC 13-18	NO0010673791	45,00	60,0 %	2,0 %	London-listed company producing oil and gas onshore UK. Backed by Blackstone. The company has hedged a significant portion of the oil production. Secured bond.
19 Stockmann Oyj Abp 15-perpetual VAR	FI4000188776	101,00	7,4 %	1,9 %	Finnish company engaged in retail trade and real estate. In 2015 the Company recorded sales of EUR -1.43bn. The company is listed on the Finnish stock exchange with a market cap of EUR -470m.
20 Global RiG Co. ASA 14-19 fac. 1,0	NO0010711948	93,63	11,4 %	1,8 %	The Company owns and operates 9 land rigs. The balance sheet is deemed to be strong with an equity ratio of 40%. John Fredriksen controls 46% of the Company.
Sum				84,5 %	

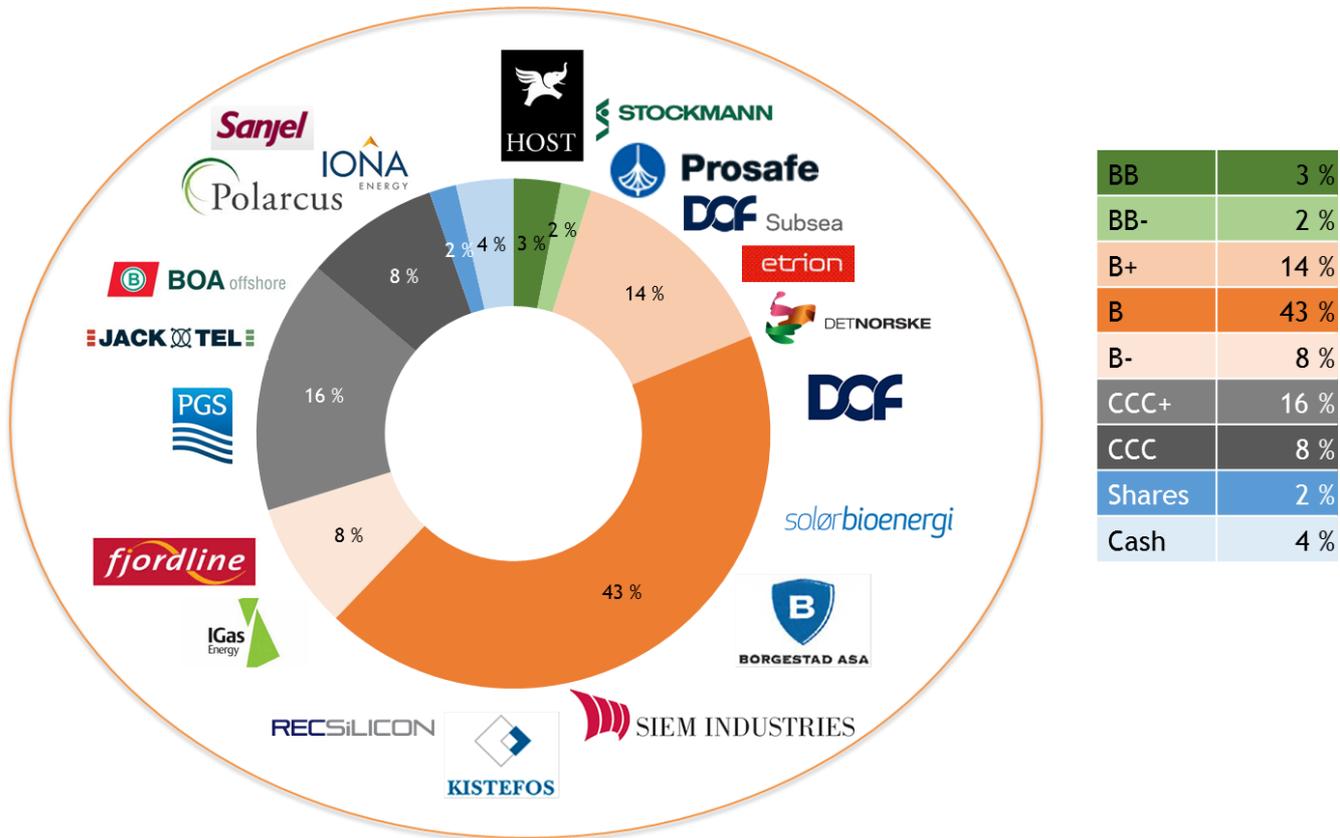
Total number of positions in portfolio: 32

Total number of issuers in portfolio: 31

Interest rate duration: 1.4 years

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CREDIT RATINGS AND EXAMPLES OF PORTFOLIO COMPANIES AT VARIOUS RATINGS



PRICES FOR DIFFERENT SHARE CLASSES

SHARE CLASS	ISIN	PRICE
Retail NOK	LU0740578702	90,05
Institutional NOK	LU0840158496	84,67
Retail USD	LU0840159114	76,91
Institutional USD	LU0840159387	71,76
Retail SEK	LU0840159460	74,66
Retail GBP	LU0840159890	74,74
Retail EUR	LU0840158819	73,82
Retail CHF	LU1076700845	68,44
Institutional CHF	LU1076701652	68,82

OTHER INFORMATION

Share classes	NOK, SEK, EUR, USD, GBP, CHF (all hedged)
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% (high water mark)
Liquidity	Daily
Auditor	KPMG
VPS-registered	For Norwegian clients

PERFORMANCE REPORT

TEAM

PORTFOLIO MANAGEMENT



MORTEN E. ASTRUP

Chief Investment Officer / Founding Partner

- He has over 20 years of financial and asset management experience including several board positions
- Morten is responsible for:
 - Portfolio management
 - Restructuring processes
- He holds a Master in Business and Economics from the Norwegian School of Management/City University London and is authorised and regulated by the FCA



MORTEN VENOLD

Portfolio Manager/ Analyst

- He has over 8 years' experience from research and brokerage
- Before Storm he worked as an credit analyst, covering the offshore high yield space, at Arctic Securities in Oslo and before that as a broker in ABG Sundal Collier and DNB in London
- Morten is responsible for:
 - Portfolio management
 - Research and daily monitoring of investment universe
- He holds a BSc in Business & Economics from the Norwegian School of Management and a MSc in Finance from Cass Business School in London



ERIK M. MATHIESEN

Corporate Finance / Restructurings / Founding Partner

- He has over 20 years of investment banking and asset management experience and prior to Storm he was an investment banker with Hambros Bank in London
- Erik is responsible for:
 - Corporate Finance related issues
 - Restructuring processes
- He holds a bachelor in Finance & Economics from University of Edinburgh and is authorised and regulated by the FCA

INVESTOR RELATIONS / SALES



TORE ANDERSEN

Sales and Marketing Director

- He has over 20 years of experience in financial advisory and sales. Before he joined Storm he founded Axir ASA (1995), which was sold in 2010
- Tore is responsible for:
 - Sales and marketing activity
 - Investor relations
- Tore holds a bachelor in Business and Economics from the Norwegian School of Management and is authorized as a financial advisor, AFR and is also authorized through Norwegian Securities Dealers Association

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MARCUS S. MOHR

Sales Manager

- He has over 6 years of experience from investment banking and sales. Before he joined Storm he worked in the investment banking division at Citigroup in London
- Marcus is responsible for:
 - Sales and marketing activity
 - Investor relations
- Marcus holds a Master in Finance and Economics from the University of Strathclyde (Scotland) with distinction

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