

PERFORMANCE REPORT

MAY 2016

ABOUT THE FUND

Storm Bond Fund is a Nordic High Yield fund focusing on the Nordics. 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%	6,0%	4,1%	-0,5%								4,3%
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)

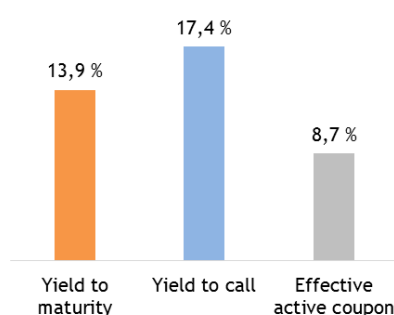
Dear investors,

May was a month of consolidation for the portfolio after the rally in March and April. The newsflow was mainly positive, with small set-backs for Transocean and Polarcus that were large contributors during previous months. The oil market continues to be in focus with the oil price closing at USD 50 at the end of the month. It now seems clearer that the oil market will balance during the second half of 2016 with more oil coming from the Middle East and relatively less from the rest of the world. That increases the chance of short term disruptions in the market. We visited the Seismic conference EAGE in Vienna during the month as well as participated at Nordea's High Yield conference in Stockholm. Our impression is that the second half of 2016 will be extremely busy when it comes to restructurings of high quality names within the oil service sector. Mostly these credit events will create value for the bondholders if the oil price stays above USD 40. Our top pick remains Polarcus that can 10-fold if the market starts to price in a turnaround, but will survive another 18 months according to our calculations if the market stays at current levels.

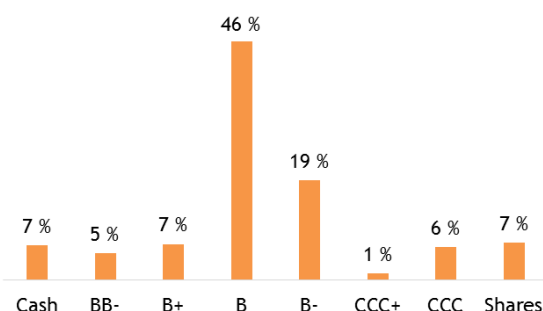
Yield to maturity is currently 13.9%*, while the yield to call is 17.4%* (14% of the portfolio is non-yielding due to cash and shares). The effective active portfolio coupon is 8.7%.

*Yields above 30% are regarded inflated and therefore capped at 30%

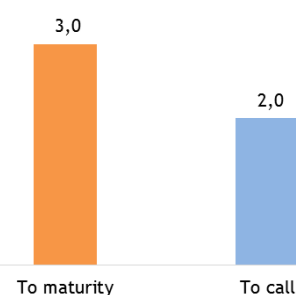
YIELD LEVELS



CREDIT RATINGS

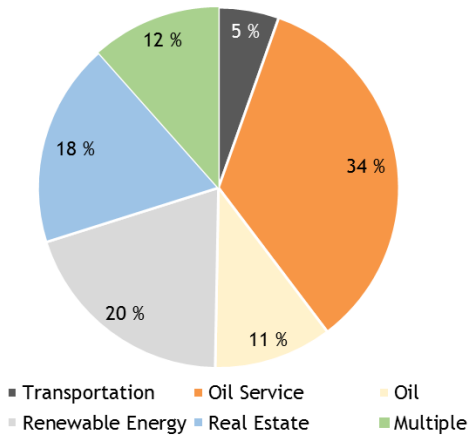


DURATION (YEARS)

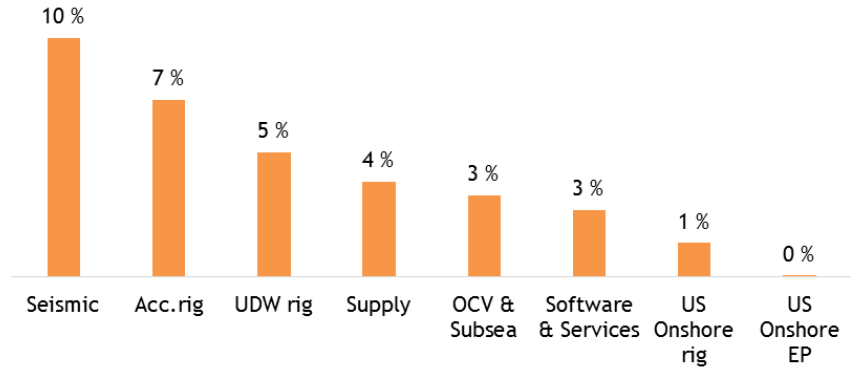


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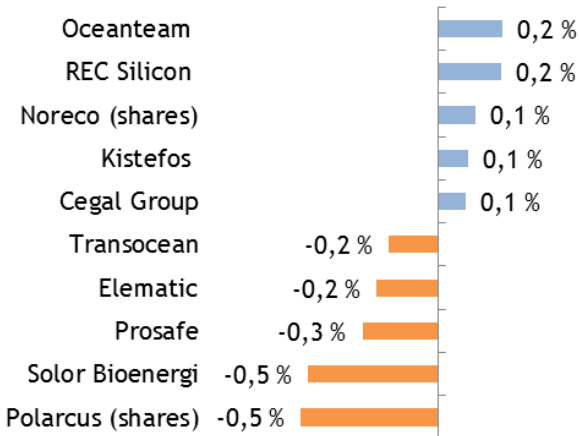
OVERALL INDUSTRY EXPOSURE



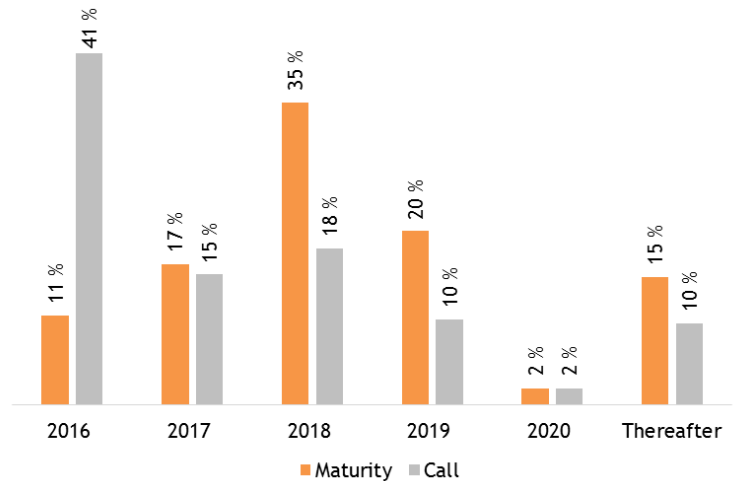
BREAKDOWN OF OIL SERVICE EXPOSURE



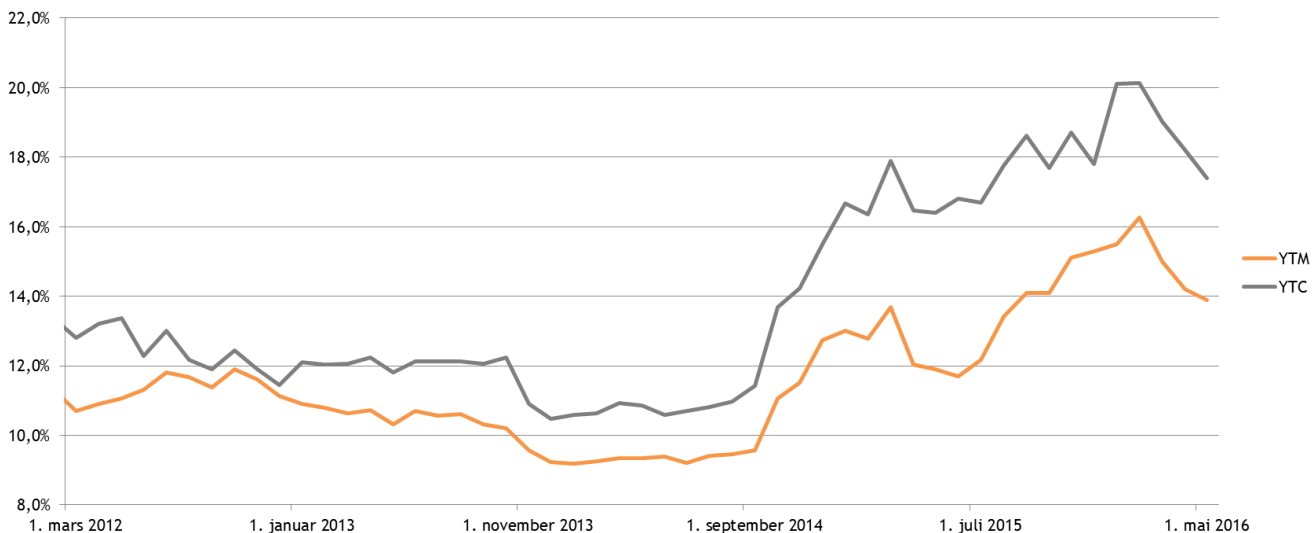
CONTRIBUTION ANALYSIS (top 5 / bottom 5)



MATURITY PROFILE



YIELD DEVELOPMENT



PERFORMANCE REPORT

BOND PORTFOLIO - TOP 20

NAME	ISIN	PRICE	YIELD %	NAV %	SHORT DESCRIPTION
1 Etrion Corp. 14-19	NO0010709272	83,25	16,0 %	6,5 %	Stockholm listed Lundin-family owned company installing, owning and producing solar power on long contracts. High leverage, but long term secured cash flow.
2 Kistefos AS 13-16 FRN	NO0010699200	100,25	7,8 %	6,3 %	Norwegian holding company with -50% loan to value on assets. Owned 100% by Christen Sveaas.
3 Jacktel A/S 14-19	NO0010714561	87,95	12,2 %	5,6 %	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.
4 Fjord Line AS 13-18 FRN	NO0010671084	96,58	12,0 %	5,1 %	Recently Norwegian restructured ferry operator with -80% loan to value on brand new ferries running on LNG.
5 Transocean Inc. 01-31	US893830AF64	62,00	13,5 %	4,7 %	Leading industry position with a large and diversified offshore fleet. The Company has a strong liquidity position of more than USD 5bn and a contract backlog of USD 15bn. Outstanding debt mainly consist of unsecured bonds, which is deemed positive with regards to recovery/downside protection.
6 Det Norske Oljeselskap ASA 15-22	NO0010736382	97,73	11,1 %	4,6 %	Mr Kjell Inge Røkke backed exploration & production co' producing 60k boe/d. 12% ownership in Johan Sverdrup and fully funded.
7 Borgestad ASA 14-17 FRN	NO0010720766	99,50	8,4 %	4,5 %	Loan to value at -60-70% with 1st and 2nd priority pledge in real estate in Poland and Grenland, Norway.
8 European Energy A/S 14-18 FRN	SE0005677796	85,25	17,3 %	4,5 %	Developing and owning wind- and solar power generating assets and has about 40% EBITDA margin.
9 REC Silicon ASA 11-18	NO0010607476	92,08	14,8 %	4,4 %	Unsecured bond in a company with NOK 800m net debt and market cap of NOK -4.5bn.
10 Index International AB 14-18 FRN	SE0005797537	93,00	11,0 %	4,2 %	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.
11 Bonheur Asa 14-21 FRN	NO0010714538	91,99	6,3 %	3,6 %	Fred. Olsen controlled conglomerate with focus mianly on renewable energy. Has a strong balance sheet and a devoted main owner with a long term view on all investments.
12 Solor Bioenergi Holding AB 12-17 FRN	NO0010662356	55,00	52,9 %	3,1 %	Producer of wood-based bioenergy with diversified business in entire value chain.
13 Petroleum Geo-Services ASA 11-18 -144A- US716599AC95		75,50	20,3 %	2,9 %	The leading contract seismic company. Robust balance sheet with -50% LTV and access to financing.
14 Host Hoteleendom AS 13-16 FRN	NO0010699721	100,00	8,0 %	2,7 %	1st and 2nd priority in three hotels in Oslo and Lillehammer (Breiseth, Millennium and Grims Grenka).
15 DOF ASA 12/19 FRN	NO0010657802	47,82	35,3 %	2,7 %	The group has a diverse portfolio of vessels, a modern fleet and a solid backlog. Brazilian built vessels shields it from blockings in Brazil.
16 Cegal Group AS 14-17 FRN	NO0010713217	91,99	14,7 %	2,6 %	IT/Consultancy company delivering crucial IT infrastructure to the Oil&Gas industry. Strong and recurring cash flow from good counterparts. During the oil downturn the company has grown with 10% YoY with stable margins. Assuming 8x EBITDA implies valuation north of NOK 800m vs. bond debt of NOK 225m. Estimated leverage at maturity of 1.5x-1.75 implies good alternative refinancing sources to the bond market.
17 Elematic Oy AB 14-18	FI4000096821	64,00	37,3 %	2,3 %	Finnish private equity owned company-producing modules for precast concrete. Founded in 1959.
18 Oceanteam Shipping ASA 12-17 FRN	NO0010662018	48,50	73,6 %	2,3 %	LTV 80% on a contracted OCV fleet. 50% of the EBITDA from an unleveraged asset light business.
19 IGas Energy PLC 13-18	NO0010673791	61,10	47,9 %	2,1 %	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.
20 Stockmann Oyj Abp 15-perpetual VAR	FI4000188776	101,00	10,9 %	1,7 %	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.
Sum				76,4 %	

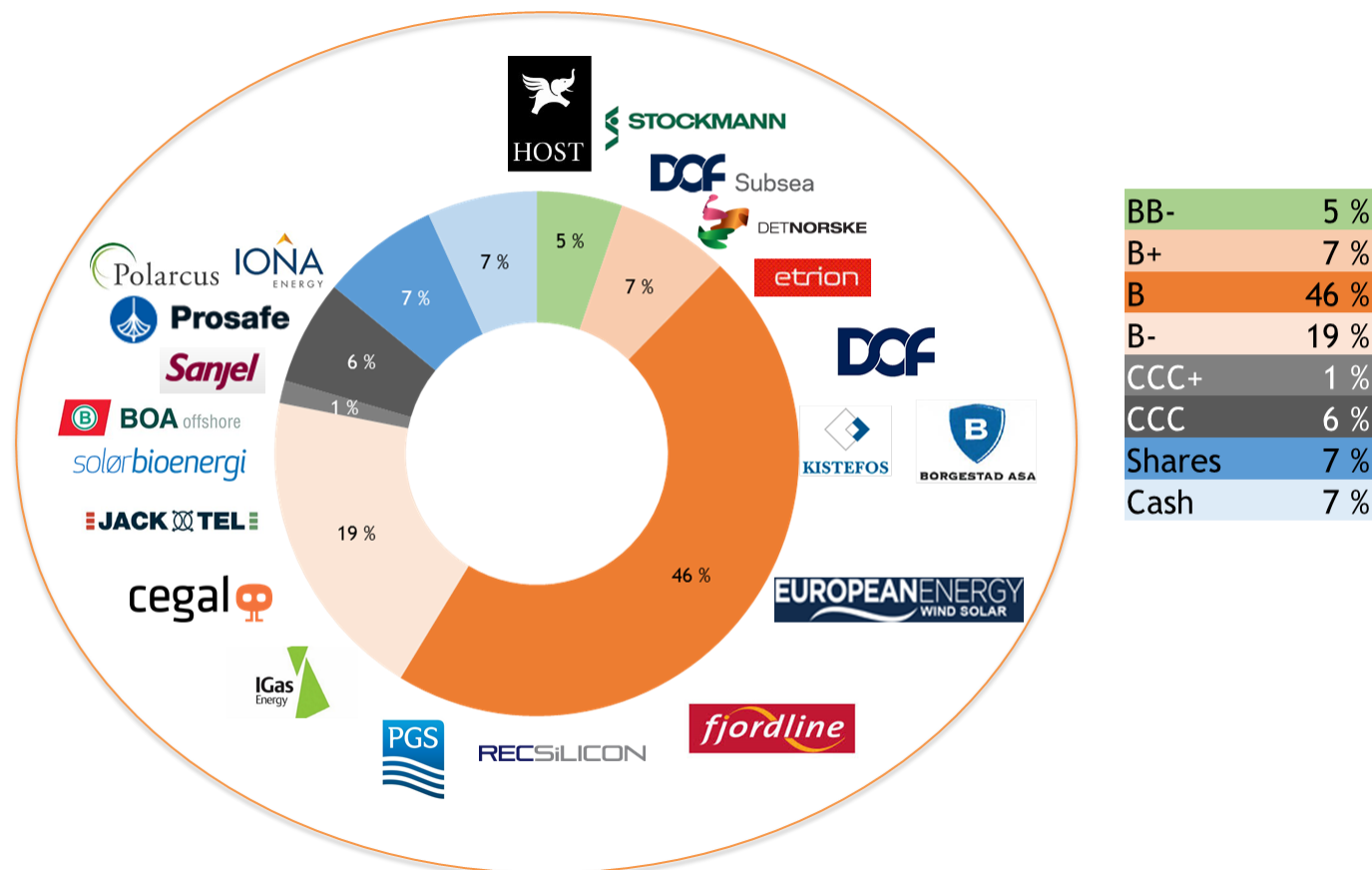
Total number of positions in portfolio: 31

Total number of issuers in portfolio: 30

Interest rate duration: 1.5 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	98,89
Institutional NOK	LU0840158496	93,05
RCN NOK	LU1382364633	101,00
Retail USD	LU0840159114	84,27
Institutional USD	LU0840159387	78,69
Retail SEK	LU0840159460	81,26
Retail GBP	LU0840159890	81,92
Retail EUR	LU0840158819	80,71
Institutional CHF	LU1076701652	75,18

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 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

SPECIAL SITUATIONS



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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