

PERFORMANCE REPORT

JUNE 2016

ABOUT THE FUND

Storm Bond Fund is a Nordic High Yield fund. 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%	0,6%							4,9%
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,

Storm Bond Fund was up 5% during the first half of 2016 showing that the Storm Bond Fund portfolio is back on track.

June was an eventful month where Brexit was the biggest of them all. Nobody knows what the outcome of Brexit will be, but our take is that for our market, Brexit will mean noise from time to time, but this is mainly a UK problem. For the energy sector a colder environment between the EU and the UK could on the margin mean a better framework for the UK energy sector to ensure more independence. That is good news for IGAS. For Shipping less trade with the current EU area, would probably mean more trade with countries far away resulting in longer ton-mileage if the UK doesn't reach a good deal with the EU. For Norwegian and Polish real estate, that we are exposed to through Norwegian Borgestad and Host Hotel bonds we believe prolonged low interest rates will offset potential negative effects on valuations. Hence our conclusion is that it will be noise in the markets as usual, but we see no change to the bigger picture where the oil market is likely to balance in Q4 2016 creating extremely good risk reward within our portfolio. The positioning within Tier one restructuring candidates continues and we expect to be holders of convertible bonds and equity at the bottom of the market when converting our bonds along with equity injections and easing of bank terms creating solid companies.

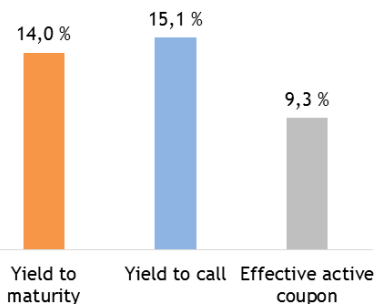
In June DOF announced a re-structuring where we take a haircut of 50% on the principal, but are given the same upside from that level as where the main owner invests MNOK 750. The bond is in our books at 40% to the dollar, whilst the corresponding share price currently implicates a recovery of 55-60% when we receive shares. We see a significant upside from that level but have as always an opportunistic view on all our positions.

Yield to maturity is currently 14.0%*, while the yield to call is 15.1%* (10% of the portfolio is non-yielding due to cash and shares). The effective active portfolio coupon is 9.3%.

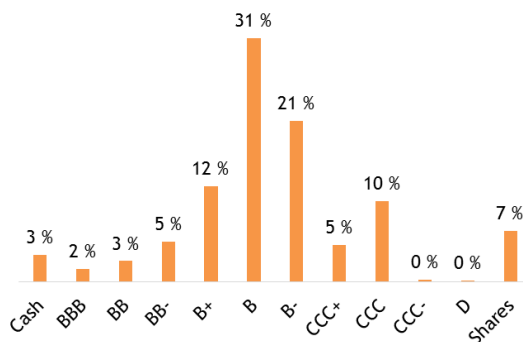
*Yields above 30% are regarded inflated and therefore capped at 30%.

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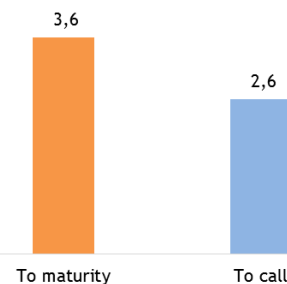
YIELD LEVELS



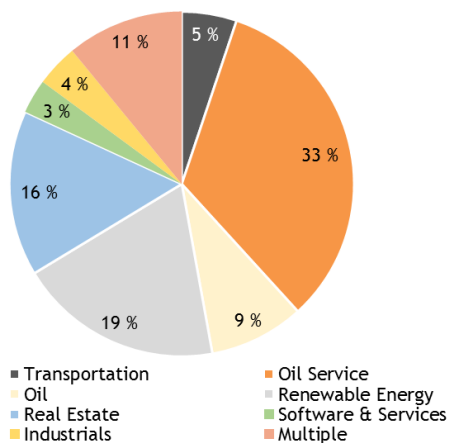
CREDIT RATINGS



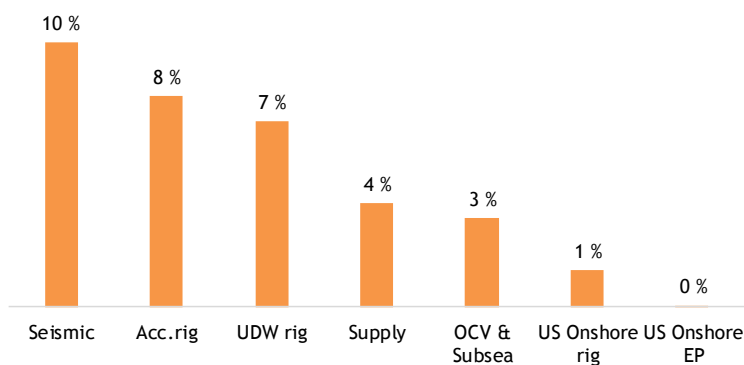
DURATION (YEARS)



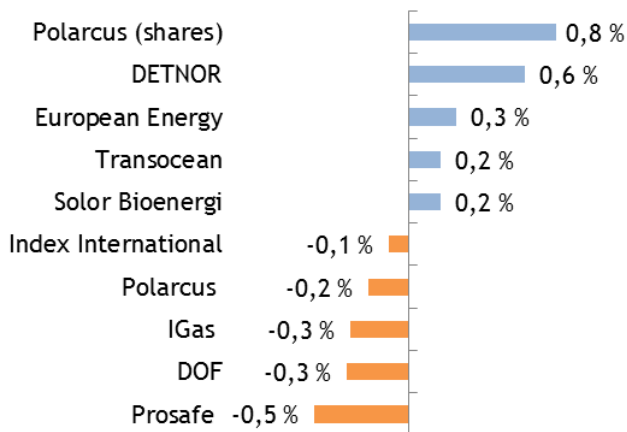
OVERALL INDUSTRY EXPOSURE



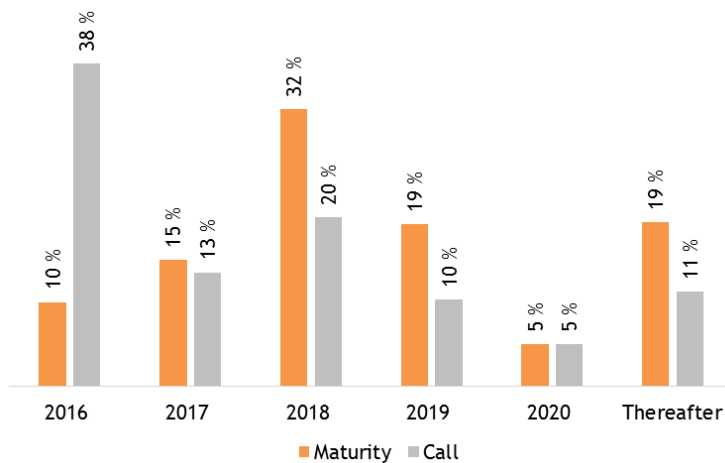
BREAKDOWN OF OIL SERVICE EXPOSURE



CONTRIBUTION ANALYSIS (top 5 / bottom 5)

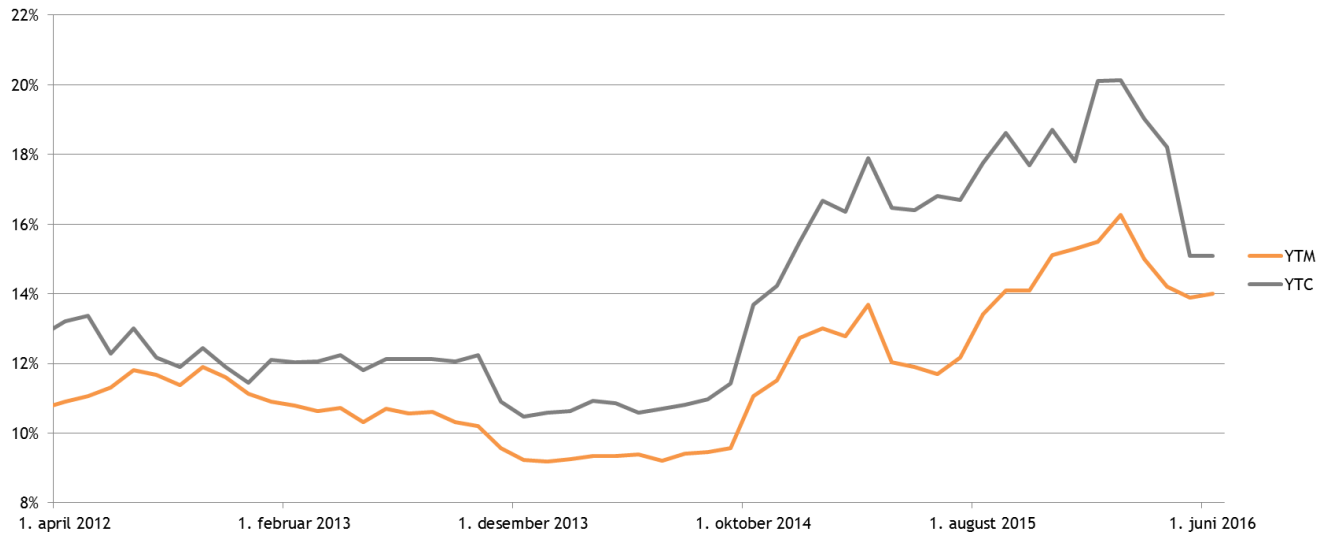


MATURITY PROFILE



PERFORMANCE REPORT

YIELD DEVELOPMENT



PERFORMANCE REPORT

BOND PORTFOLIO - TOP 20

NAME	ISIN	PRICE	YIELD %	NAV %	SHORT DESCRIPTION
1 Etrion Corp. 14-19	NO0010709272	83,25	16,2 %	6,4 %	Stockholm listed Lundin-family owned company installing, owning and producing solar power on long contracts. High leverage, but long term secured cash flow with solid counterparties.
2 Kistefos AS 13-16 FRN	NO0010699200	100,25	7,7 %	6,2 %	Norwegian holding company, which is 100% owned by Christen Sveeas. Strong value support in portfolio companies such as Advanzia Bank and 1881 Opplysningsen
3 Jacktel A/S 14-19	NO0010714561	86,75	12,9 %	5,4 %	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 Det Norske Oljeselskap ASA 15-22	NO0010736382	109,88	8,3 %	5,1 %	Aker backed company that recently merged with BP creating the AKER BP, hence decreasing the credit risk significantly.
5 Fjord Line AS 13-18 FRN	NO0010671084	97,02	11,8 %	5,0 %	Norwegian ferry operator which has been through an operational turnaround. Balance sheet improved. Strong equity sponsor in Ferd
6 Transocean Inc. 01-31	US893830AF64	64,25	13,0 %	4,8 %	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.
7 European Energy A/S 14-18 FRN	SE0005677796	90,00	14,2 %	4,7 %	Developing and owning wind- and solar power generating assets and has about 40% EBITDA margin.
8 Borgestad ASA 14-17 FRN	NO0010720766	100,00	8,0 %	4,5 %	Loan to value at -60-70% with 1st and 2nd priority pledge in real estate in Poland and Grenland, Norway.
9 REC Silicon ASA 11-18	NO0010607476	91,48	15,4 %	4,3 %	Pure play polysilicon producer. Currently suffers from a US/China trade-war. Strong equity sponsor with history of supporting the Company.
10 Index International AB 14-18 FRN	SE0005797537	90,50	12,7 %	4,0 %	Unsecured bond maturing in 2018 of NOK 300m vs. mcap of NOK 3.5bn. 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	92,62	6,2 %	3,5 %	Fred. Olsen controlled conglomerate with focus mainly 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	58,00	50,9 %	3,2 %	Producer of wood-based bioenergy in Norway and Sweden with diversified business through the value chain. Operates in a natural monopoly.
13 Cegal Group AS 14-17 FRN	NO0010713217	95,50	11,4 %	3,1 %	IT/Consultancy company delivering crucial IT infrastructure to the Oil&Gas industry. Strong and recurring cash flow from good counterparties. 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.
14 DOF ASA 12/19 FRN	NO0010657802	41,96	41,3 %	2,8 %	The group has a diverse portfolio of vessels, a modern fleet and a solid backlog. Brazilian built vessels shields it from blockings in Brazil.
15 Petroleum Geo-Services ASA 11-18 -144A- US716599AC95		73,25	22,1 %	2,7 %	Market leading seismic company with cost efficient fleet. We see an improved market balance in the sector. Relative strong liquidity position and flexible balance sheet. Access to the capital markets.
16 Host Hoteleindom AS 13-16 FRN	NO0010699721	100,25	7,5 %	2,7 %	1st and 2nd priority in three hotels in Oslo and Lillehammer (Breiseth, Millennium and Grims Grenka).
17 Oceanteam Shipping ASA 12-17 FRN	NO0010662018	50,66	73,0 %	2,4 %	LTV 80% on a contracted OCV fleet. 50% of the EBITDA from an unleveraged asset light business.
18 Elematic Oy AB 14-18	FI4000096821	62,00	40,4 %	2,2 %	Finnish private equity owned company, a leading one-stop-supplier for precast concrete technology. The company has 40% market share within its niche and annual net sales of EUR 100m.
19 Outokumpu OYJ 16-21	FI4000210646	99,25	7,4 %	2,1 %	One of the largest producers of stainless steel with ~30% market share in Europe and 8% globally. The Finnish state owns 30% of the Company. New cost measures taking place. Assuming mid-cycle steel prices and reaching cost targets, company sees EBIT of EUR 500m. Hence, we see a stronger credit case emerging over the coming years.
20 IGas Energy PLC 13-18	NO0010673791	61,80	48,6 %	2,1 %	London-listed company producing oil and gas onshore UK. The company has hedged a significant portion of the oil production and lowered its break-even cost during the downturn. Secured bond.
Sum				77,0 %	

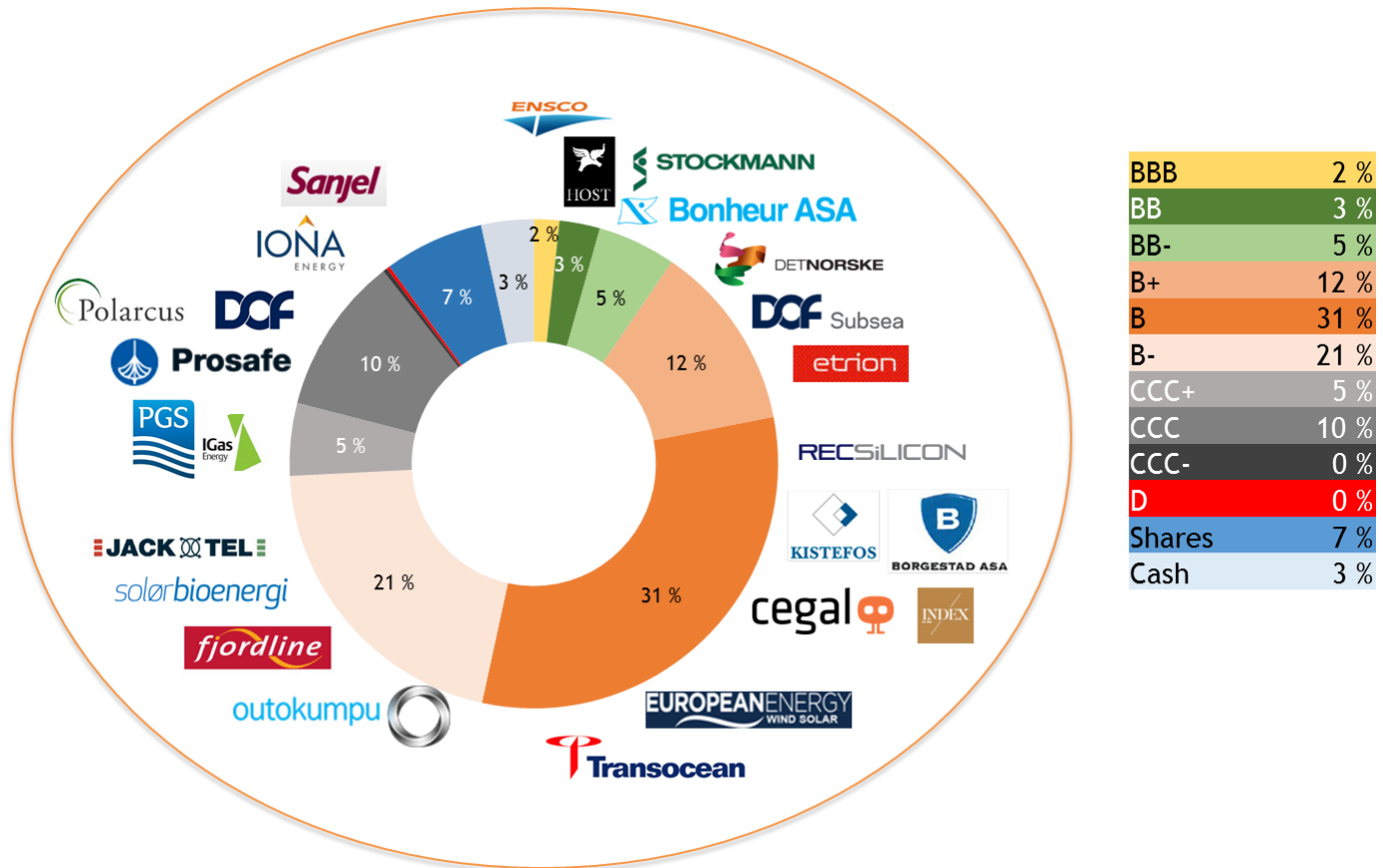
Total number of positions in portfolio: 34

Total number of issuers in portfolio: 30

Interest rate duration: 1.8 years

PERFORMANCE REPORT

CREDIT RATINGS AND EXAMPLES OF PORTFOLIO COMPANIES AT VARIOUS RATINGS



PRICES FOR DIFFERENT SHARE CLASSES

SHARE CLASS	ISIN	PRICE
Retail NOK	LU0740578702	99,46
Institutional NOK	LU0840158496	93,61
RCN NOK	LU1382364633	101,53
Retail USD	LU0840159114	84,74
Institutional USD	LU0840159387	79,22
Retail SEK	LU0840159460	81,61
Retail GBP	LU0840159890	82,54
Retail EUR	LU0840158819	81,10
Institutional CHF	LU1076701652	75,45

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

Contact details: +47 951 35 853 or marcus@stormcapital.no