

PERFORMANCE REPORT

AUGUST 2016ABOUT 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%	1,8%	3,3%					10,3%
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,

Storm Bond Fund was up another 3.3% in August, and is up 10.3% YTD.

The Nordic high yield bond market has been through a year where several number one companies in their segments have been restructured within oil and oil services and we have either received shares in a restructuring or are about to become shareholders in some of them. Going forward we believe general yield compression will be our safest contributor, whilst the 21% we have in bonds about to be restructured or newly restructured will continue to be the spice. In August we sold our 1st lien bonds in IGAS after a price rally and Prosafe continued up as almost all stakeholders now have accepted the re-structuring. If and when the Prosafe restructuring is completed we expect a significant uptick from today's level as it gives the worlds number one accommodation rig player a runway until 2020.

After roughly 1.5 years with outflows in the Norwegian HY bond market, outflows has more or less stopped and we are starting to see inflows again. This, combined with accumulated interests should suggest decent probability of yield compression over the coming quarters.

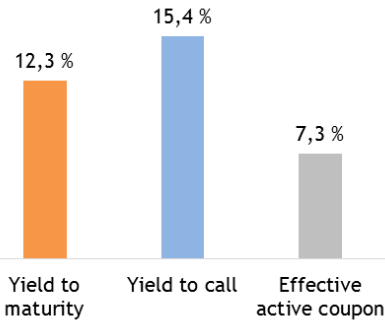
In a market with fantastic opportunities there are several companies who will not make it and active management is more important than ever.

Yield to maturity is currently 12.3%*, while the yield to call is 15.4%* (13.8% of the portfolio is non-yielding due to a convertible bond, cash and shares). The effective active portfolio coupon is 7.3%.

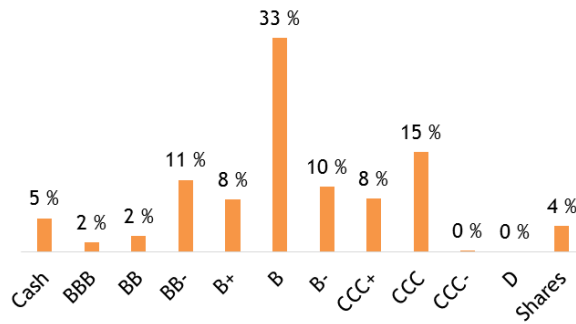
*Yields above 30% are regarded inflated and therefore capped at 30%.

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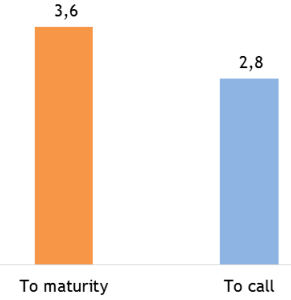
YIELD LEVELS



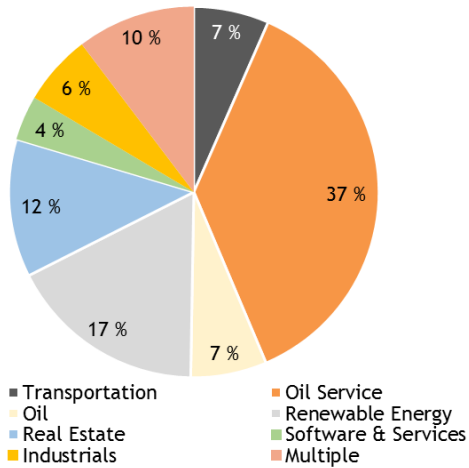
CREDIT RATINGS



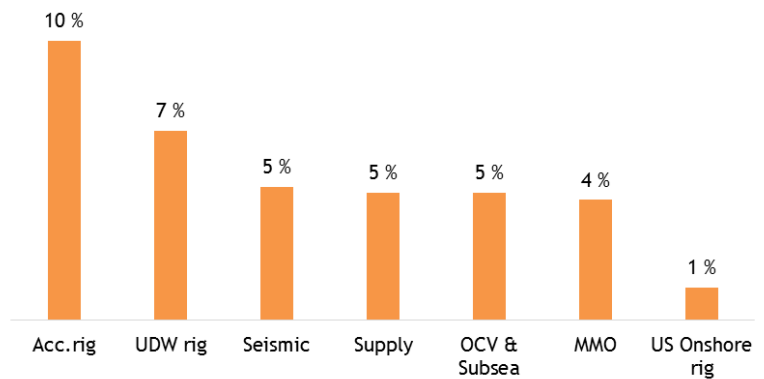
DURATION (YEARS)



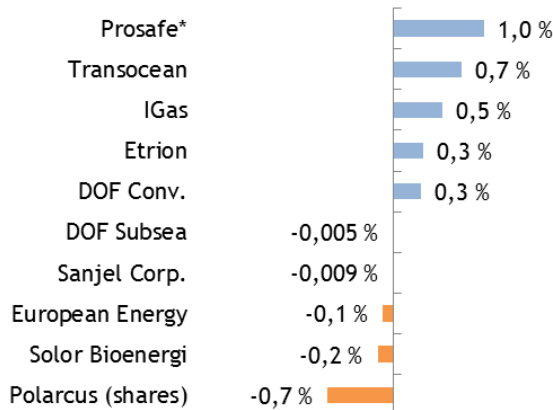
OVERALL INDUSTRY EXPOSURE



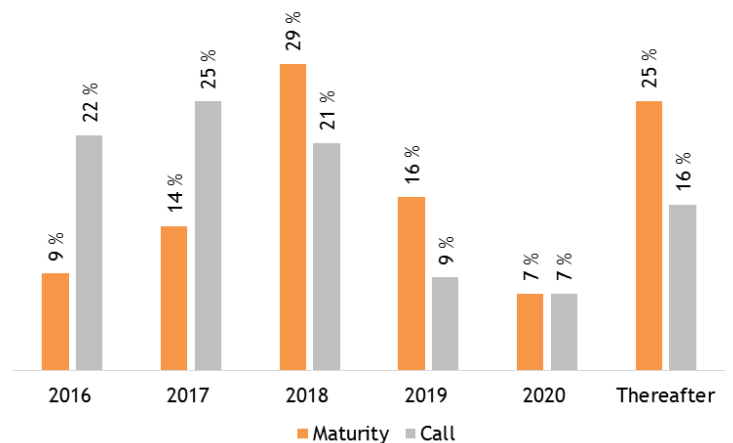
BREAKDOWN OF OIL SERVICE EXPOSURE



CONTRIBUTION ANALYSIS (top 5 / bottom 5)



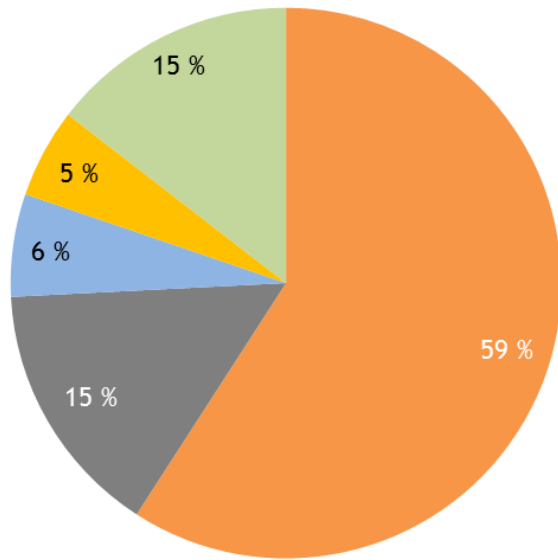
MATURITY PROFILE



* we own more than one bond from this issuer and this figure represent the combined return from the various bonds

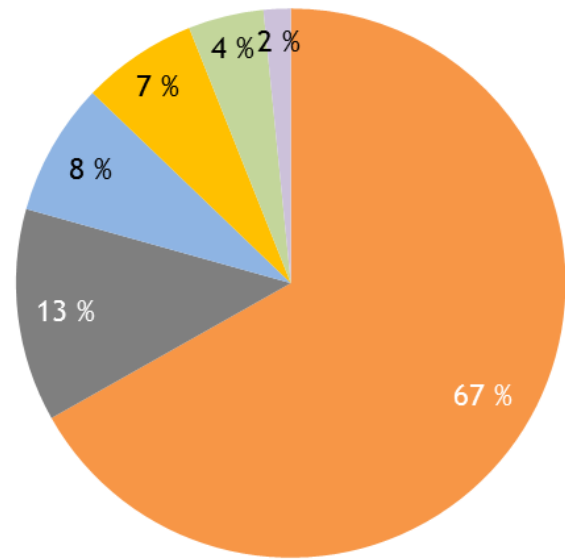
PERFORMANCE REPORT

PORTFOLIO OVERVIEW



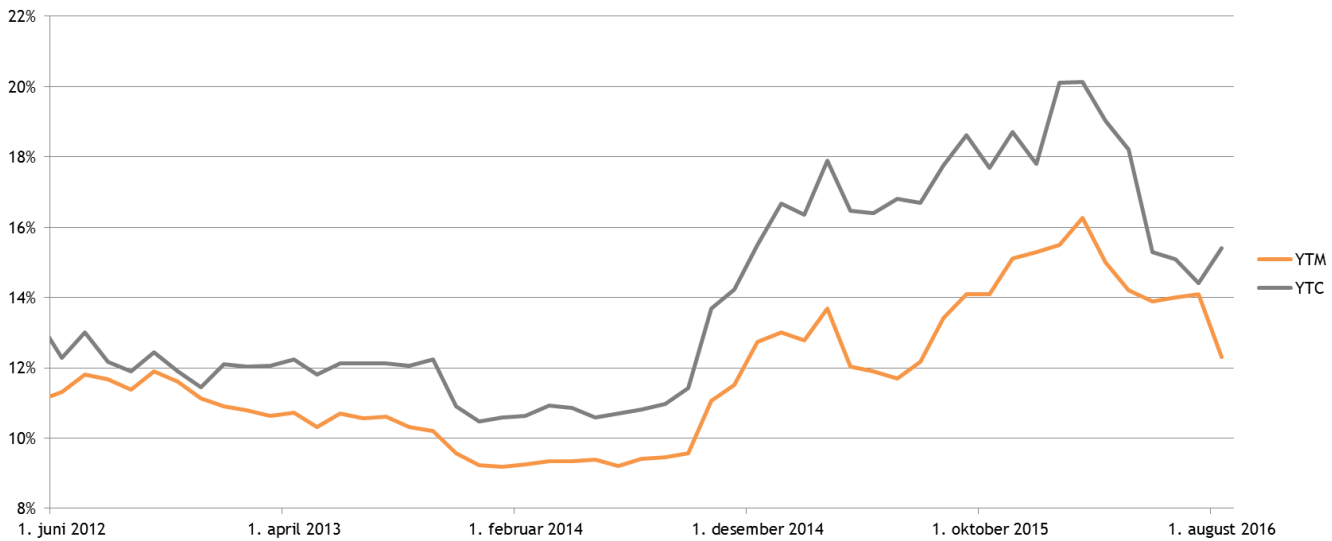
- Yield compression
- Bonds and shares in recent restructurings
- Restructurings expected
- Cash
- Secure yield players

INVESTMENT BY COUNTRY



- Norway
- Sweden
- Finland
- US
- Denmark
- UK

YIELD DEVELOPMENT



PERFORMANCE REPORT

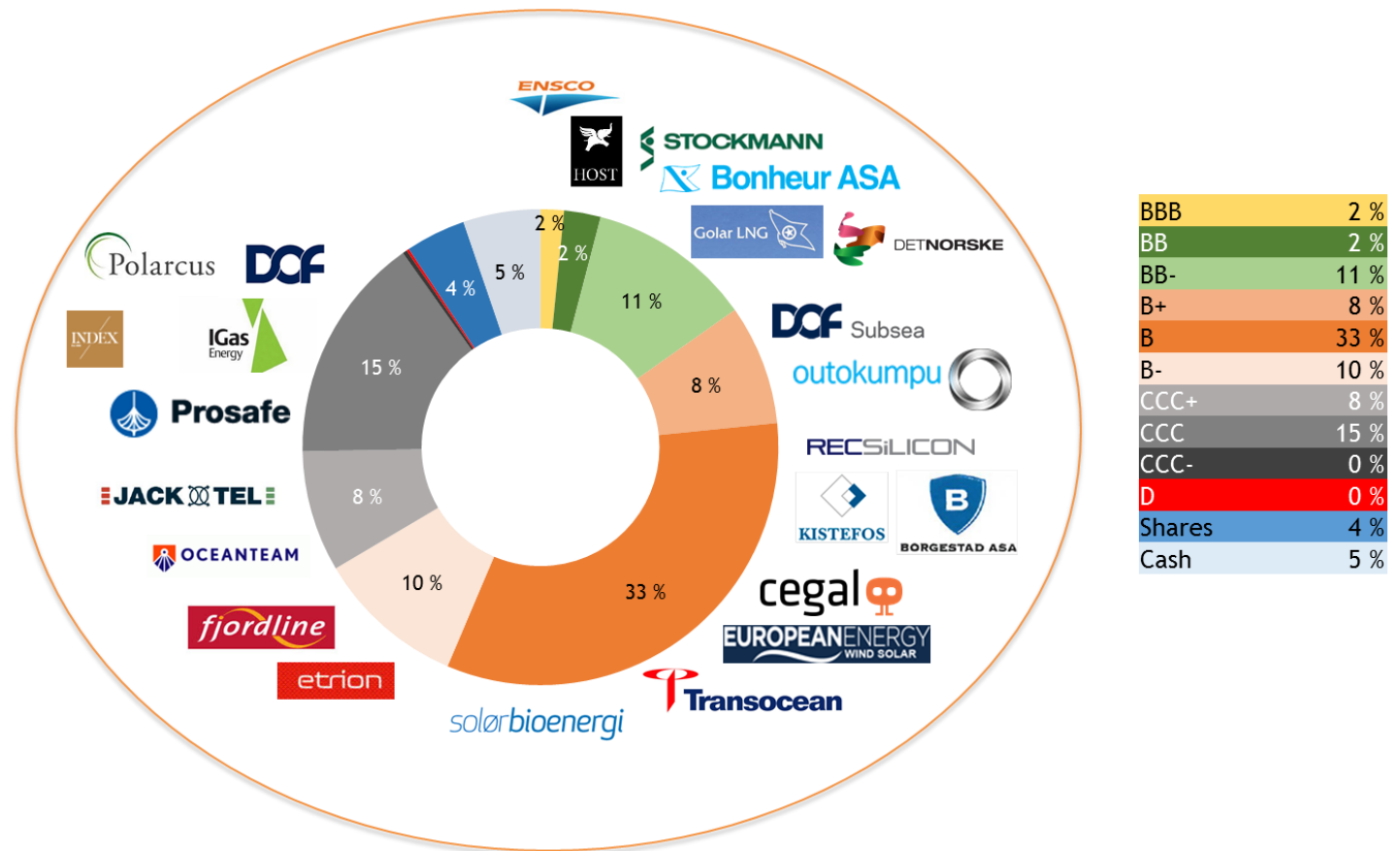
BOND PORTFOLIO - TOP 20

NAME	ISIN	PRICE	YIELD %	NAV %	SHORT DESCRIPTION
1 Kistefos AS 13-16 FRN	NO0010699200	100,2496	7,5 %	5,7 %	Norwegian holding company, which is 100% owned by Christen Sveeas. Strong value support in portfolio companies such as Advanzia Bank and 1881 Opplysnigen.
2 Etrion Corp. 14-19	NO0010709272	88,13	13,9 %	5,4 %	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.
3 Jacktel A/S 14-19	NO0010714561	86,75	13,2 %	5,0 %	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 Transocean Inc. 01-31	US893830AF64	70,25	11,8 %	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.
5 Det Norske Oljeselskap ASA 15-22	NO0010736382	110,70	8,0 %	4,8 %	Aker backed company that recently merged with BP creating AKER BP, hence decreasing the credit risk significantly.
6 Fjord Line AS 13-18 FRN	NO0010671084	98,33	11,1 %	4,7 %	Norwegian ferry operator which has been through an operational turnaround. Balance sheet improved. Strong equity sponsor in Ferd.
7 DOF 2021 CB	NO0010769359	106,75	0,0 %	4,4 %	One of the leading OSV companies worldwide with a diversified portfolio of vessels with relative decent contract coverage and order backlog with quality counterparties. The Company is currently being restructured, where the main shareholder subscribed for NOK 750m in new equity (NOK 1,050m in new equity in total). The banks has also participated with significant amortization holidays over the next 3-4 years.
8 European Energy A/S 14-18 FRN	SE0005677796	87,50	16,9 %	4,2 %	Developing and owning wind- and solar power generating assets and has about 40% EBITDA margin.
9 Beerenberg Holdco II A/S 14-18 FRN	NO0010713738	80,75	18,6 %	4,2 %	Leading supplier of ISS services in the North Sea, which is one of the largest MMO markets. Strong and long-term relationships with blue-chip companies. Solid earnings visibility and flexible cost base. By end-Q2/16, cash was reported at NOK 150m and ICR LTM of 3.75x, hence strong debt service capacity even under challenging market conditions. Bond is secured with pledge in operating entities.
10 REC Silicon ASA 11-18	NO0010607476	93,67	14,2 %	4,1 %	Pure play polysilicon producer. Currently suffers from a US/China trade-war. Strong equity sponsor with history of supporting the Company. Unsecured bond maturing in 2018 of NOK 300m vs. mcap of NOK 3.5bn.
11 Outokumpu OYJ 16-21	FI4000210646	105,25	6,0 %	4,0 %	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.
12 Index International AB 14-18 FRN	SE0005797537	92,00	12,2 %	3,7 %	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.
13 Cegal Group AS 14-17 FRN	NO0010713217	96,00	11,7 %	3,7 %	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.
14 Borgestad ASA 14-17 FRN	NO0010720766	100,38	7,7 %	3,6 %	Loan to value at ~60-70% with 1st and 2nd priority pledge in real estate in Poland and Grenland, Norway.
15 Bonheur Asa 14-21 FRN	NO0010714538	92,50	6,4 %	3,3 %	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.
16 Prosafe SE 14-19 FRN	NO0010717473	38,01	40,3 %	3,1 %	The #1 accommodation company in the world in terms of size and operational excellence. The Company is currently under restructuring, where the terms provides the company with liquidity leeway through 2020. We are positive to the potential earnings power when the cycles turns and see good optionality value post restructuring which implies very decent recovery and return prospects.
17 Solor Bioenergi Holding AB 12-17 FRN	NO0010662356	53,13	66,0 %	2,7 %	Producer of wood-based bioenergy in Norway and Sweden with diversified business through the value chain. Operates in a natural monopoly.
18 Host Hotelleiendom AS 13-16 FRN	NO0010699721	100,25	7,2 %	2,5 %	1st and 2nd priority in three hotels in Oslo and Lillehammer (Breiseth, Millennium and Grims Grenka).
19 DOF Subsea ASA 13-18 FRN	NO0010670144	74,60	24,3 %	2,3 %	Provider of subsea tonnage and subsea construction and IMR services. 51% owned by DOF ASA and 49% owned by First Reserve. Strong order backlog of NOK 21bn with tier-1 counterparties (or approx. 3.3x 2016e revenues). Firm backlog equates to ~1.4x NIBD and remaining capex. Unique position in Brazil with local built vessels.
20 Oceanteam Shipping ASA 12-17 FRN	NO0010662018	49,10	84,9 %	2,1 %	LTV 80% on a contracted OCV fleet. 50% of the EBITDA from an unleveraged asset light business.
Sum				78,4 %	

Total number of bond positions in portfolio: 32. Total number of issuers in portfolio: 29.
Interest rate duration: 1.8 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	104,54
Institutional NOK	LU0840158496	98,44
RCN NOK	LU1382364633	106,15
ICN NOK	LU1382364716	100,45
Retail USD	LU0840159114	89,06
Institutional USD	LU0840159387	83,29
Retail SEK	LU0840159460	85,56
Retail GBP	LU0840159890	86,79
Retail EUR	LU0840158819	85,05
Institutional CHF	LU1076701652	79,08

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)
Redemption Fee	0,25% (accrues to the fund)
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 a 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