

PERFORMANCE REPORT

SEPTEMBER 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%	-0,4%				9,9%
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,

September ended slightly down after a consolidating month where we have aligned the portfolio more towards yield compression as high yield is gaining traction in Europe.

The energy sector looks particularly interesting now that the OPEC members have started talking to each other again. We received shares in DOF and Prosafe during the month. Prosafe is currently trading as a separate share class with exactly the same rights as the listed shares, but at a 40% discount. DOF and Prosafe are examples of industry leaders within their field that has had to restructure this year and inject new equity. We have received shares converted from bonds at the same level as equity holders has injected more than NOK 1bn of cash and both companies have been given runways that should get them through 2020 which makes them an exciting option for our portfolio.

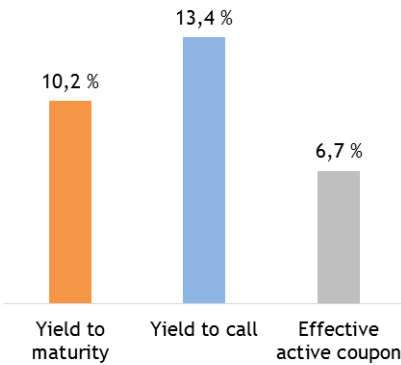
We believe this autumn could be extremely exciting as it now makes sense for Saudi with an oil price above USD 50, which in turn is likely to spark interest for energy high yield bonds worldwide.

Yield to maturity is currently 10.2%*, while the yield to call is 13.4%* (16.9% of the portfolio is non-yielding due to cash and shares). The effective active portfolio coupon is 6.7%.

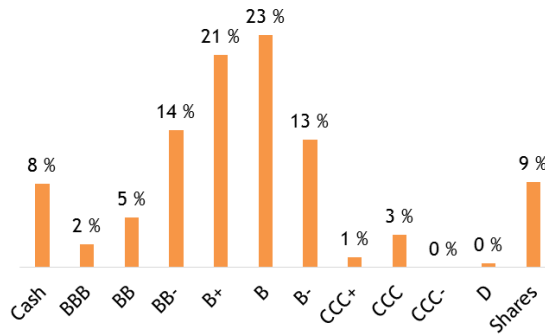
*Yields above 30% are regarded inflated and therefore capped at 30%.

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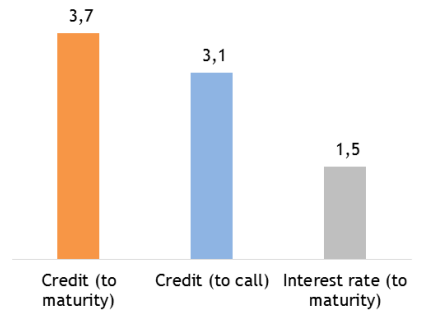
YIELD LEVELS



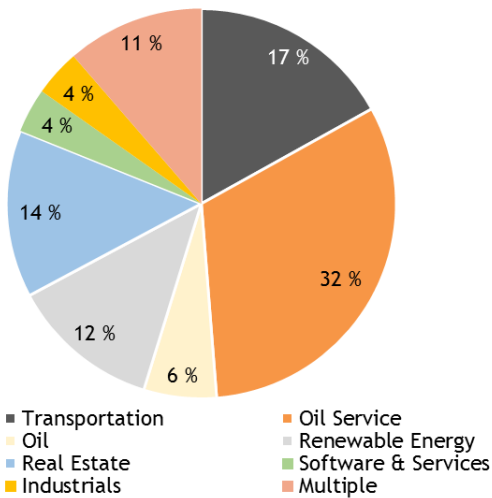
CREDIT RATINGS



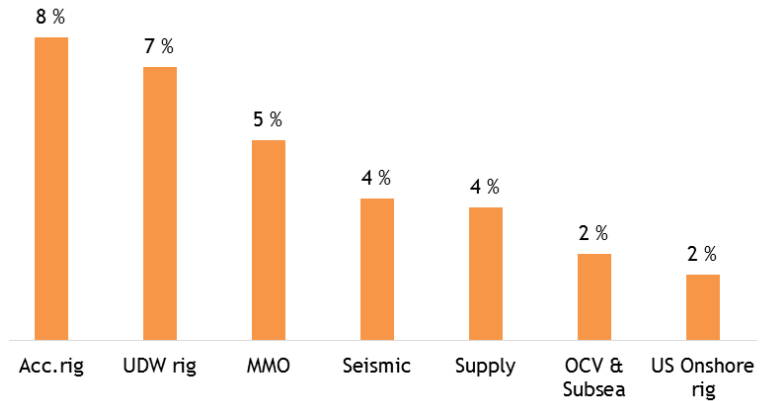
DURATION (YEARS)



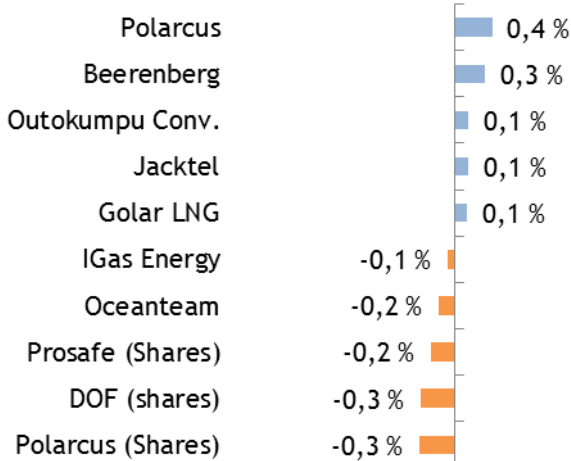
OVERALL INDUSTRY EXPOSURE



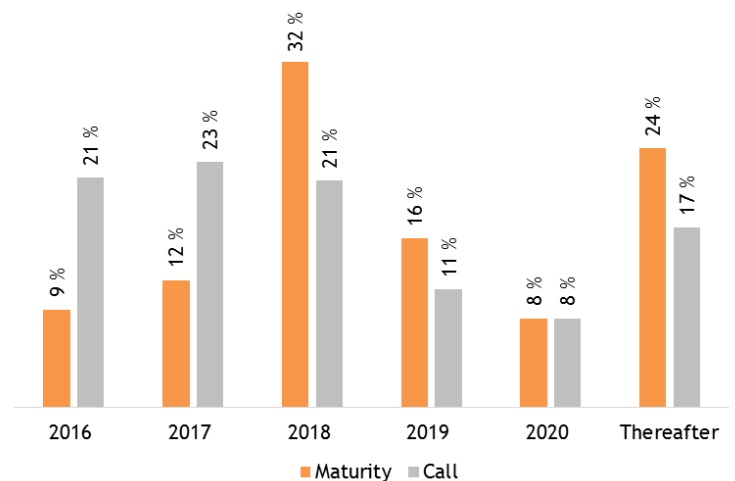
BREAKDOWN OF OIL SERVICE EXPOSURE



CONTRIBUTION ANALYSIS (top 5 / bottom 5)

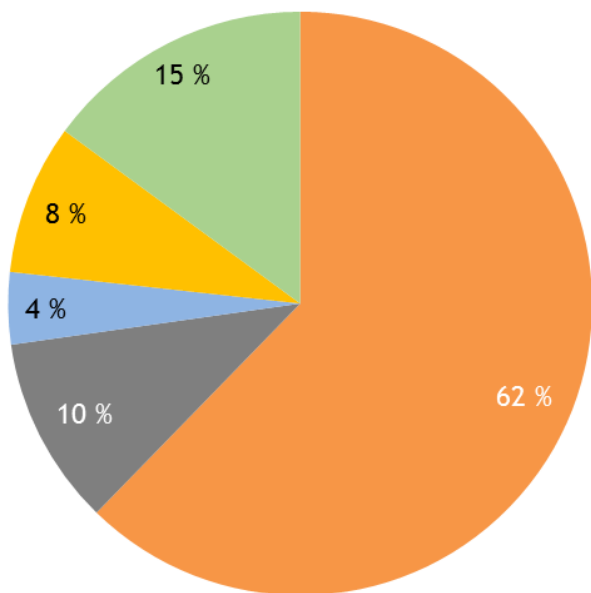


MATURITY PROFILE



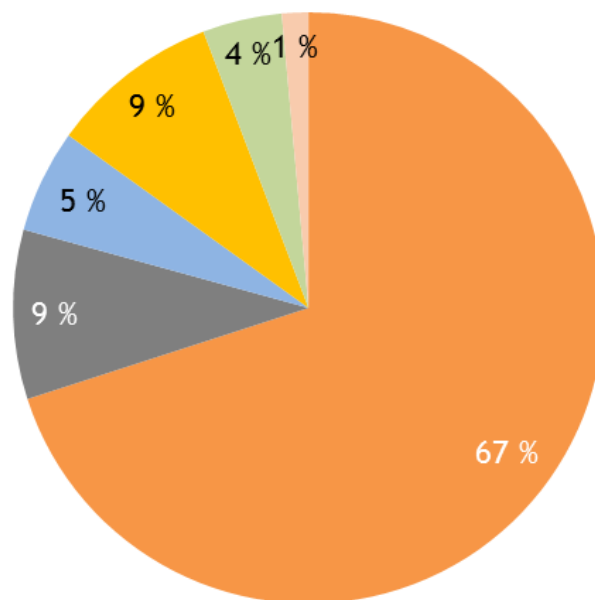
PERFORMANCE REPORT

PORTFOLIO OVERVIEW



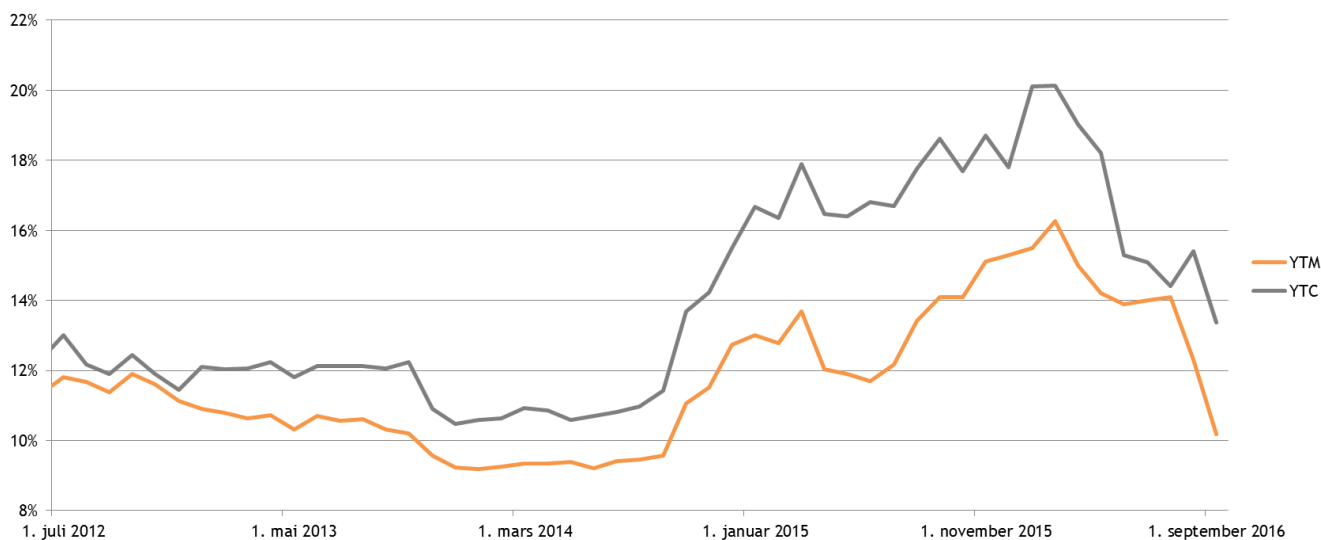
- Yield compression
- Bonds and shares in recent restructurings
- Restructurings expected
- Cash
- Secure yield players

INVESTMENT BY COUNTRY



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

YIELD DEVELOPMENT



PERFORMANCE REPORT

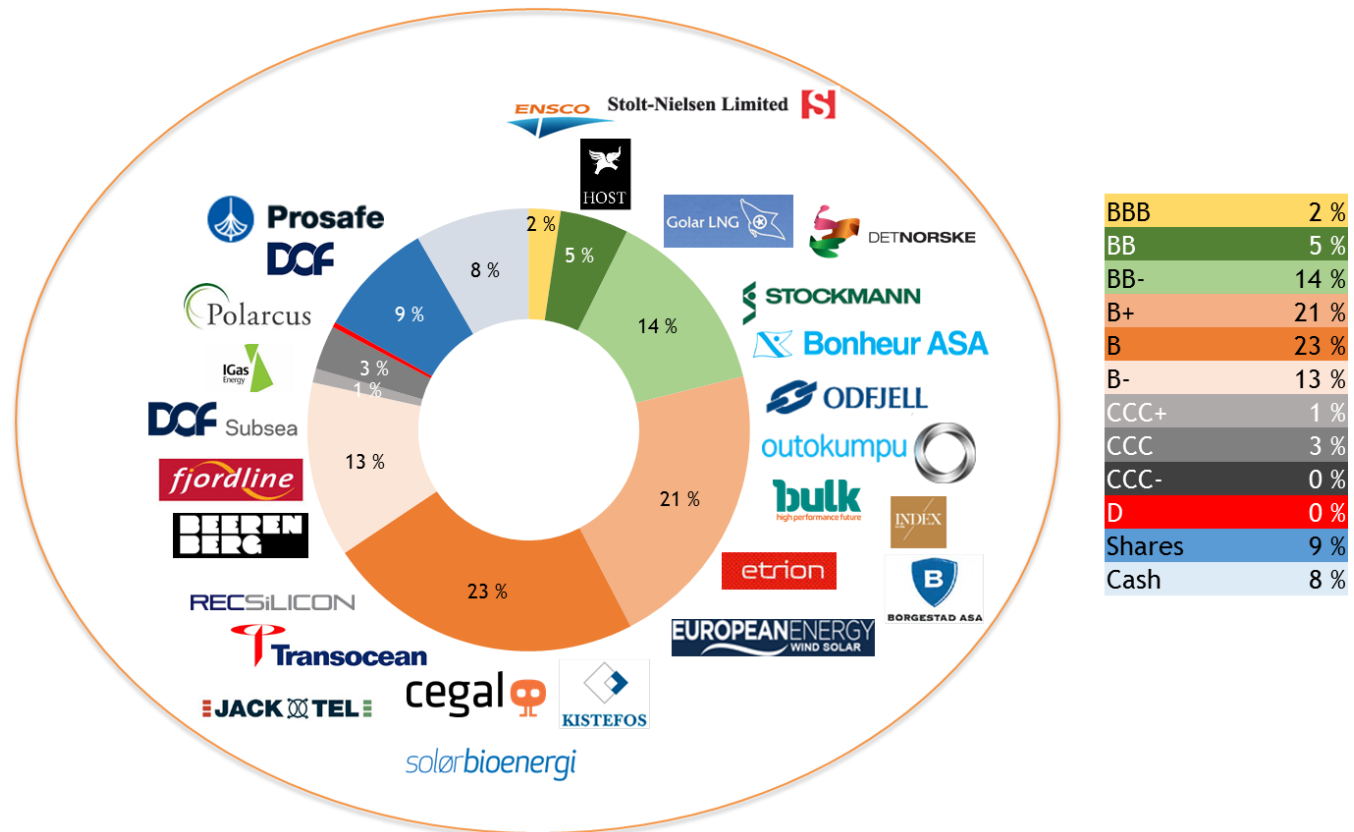
BOND PORTFOLIO - TOP 20

NAME	ISIN	PRICE	YIELD %	NAV %	SHORT DESCRIPTION
1 Kistefos AS 13-16 FRN	NO0010699200	99,875	8,9 %	5,2 %	Norwegian holding company, which is 100% owned by Christen Sveeas. Strong value support in portfolio companies such as Advanzia Bank and 1881 Opplysningen.
2 Beerenberg Holdco II A/S 14-18 FRN	NO0010713738	85,50	15,8 %	4,8 %	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.
3 Jacktel A/S 14-19	NO0010714561	89,00	12,2 %	4,7 %	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 Bonheur Asa 14-21 FRN	NO0010714538	93,94	6,1 %	4,4 %	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.
5 Fjord Line AS 13-18 FRN	NO0010671084	99,17	10,6 %	4,3 %	Norwegian ferry operator which has been through an operational turnaround. Balance sheet improved. Strong equity sponsor in Ferd.
6 Det Norske Oljeselskap ASA 15-22	NO0010736382	111,19	7,9 %	4,2 %	Aker backed company that recently merged with BP creating AKER BP, hence decreasing the credit risk significantly.
7 Transocean Inc. 01-31	US893830AF64	69,25	12,0 %	4,2 %	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.
8 European Energy A/S 14-18 FRN	SE0005677796	89,13	16,1 %	3,8 %	Developing and owning wind- and solar power generating assets and has about 40% EBITDA margin.
9 Golar LNG Ltd. 15-20 FRN	NO0010736481	93,47	7,3 %	3,7 %	The credit is supported by the Company's contract backlog with solid counterparties such as BG, ENI, State of Kuwait etc. Leverage prospects is deemed modest and with bonds lagging peers we expect to see further yield compression over the next 12 months.
10 Cegal Group AS 14-17 FRN	NO0010713217	96,38	11,8 %	3,4 %	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.
11 Borgestad ASA 14-17 FRN	NO0010720766	100,19	7,9 %	3,3 %	Loan to value at -60-70% with 1st and 2nd priority pledge in real estate in Poland and Grenland, Norway.
12 Index International AB 14-18 FRN	SE0005797537	93,00	11,7 %	3,3 %	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 Odfjell SE 16-19 FRN	NO0010774276	100,13	7,1 %	3,0 %	Diversified operations within chemical tankers, terminals and gas carriers with a long track-record and a strong market position. Company been successful in increasing cost competitiveness by more than 20% compared to FY/14. Strong liquidity position , limited refinancing risk in 2016 and 2017 combined with moderate capex commitments will reduce leverage going forward.
14 Solor Bioenergi Holding AB 12-17 FRN	NO0010662356	53,50	70,3 %	3,0 %	Producer of wood-based bioenergy in Norway and Sweden with diversified business through the value chain. Operates in a natural monopoly.
15 REC Silicon ASA 11-18	NO0010607476	91,88	15,8 %	2,8 %	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 2.6bn.
16 Stolt-Nielsen Ltd. 14-21 FRN	NO0010705551	96,63	5,3 %	2,7 %	Strong industry position as the world's largest owner and operator of chemical tankers. Presence in several parts of the value chain, hence earnings synergies. Tank containers and terminals offer resilient earnings, and chemical tankers are less cyclical than product and crude tankers.
17 Bulk Industrier AS 15-18 FRN -144A-	NO0010754534	100,81	7,8 %	2,5 %	Leading logistics property developer in Norway with an impressive track-record. Stable underlying cash flows and new projects expected sold forward ensure solid debt service capability. Pledge over the Issuer's shares in the Company. Debt service retention account with interest until December 2017 to give comfort on payments.
18 Enso PLC 14-44	US29358QAD16	61,25	9,8 %	2,3 %	One of the major drilling companies globally with a total of 61 rigs owned. The debt financing In Enso comprises of USD 4.8bn of outstanding debt, all being unsecured bonds with maturities from 2019 to 2044. In addition the Company has a USD 2.25bn undrawn RCF. With no debt maturities until 2019, we do not expect Enso to utilize its revolver. Even with reported remaining capex for its four newbuilds of USD 725m at end of Q2, the cash flow from the contract backlog paired with solid cash position, the liquidity situation looks comfortable.
19 Host Hotelleiendom AS 13-16 FRN	NO0010699721	100,25	6,9 %	2,3 %	1st and 2nd priority in three hotels in Oslo and Lillehammer (Breiseth, Millennium and Grims Grenka).
20 DOF Subsea ASA 13-18 FRN	NO0010670144	73,95	26,0 %	2,1 %	Provider of subsea tonnage, 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.
Sum				70,1 %	

Total number of bond positions in portfolio: 33. Total number of issuers in portfolio: 32.

PERFORMANCE REPORT

CREDIT RATINGS AND EXAMPLES OF PORTFOLIO COMPANIES AT VARIOUS RATINGS



PRICES FOR DIFFERENT SHARE CLASSES

SHARE CLASS	ISIN	PRICE
Retail NOK	LU0740578702	104,13
Institutional NOK	LU0840158496	98,08
RCN NOK	LU1382364633	105,64
ICN NOK	LU1382364716	100,07
Retail USD	LU0840159114	88,78
Institutional USD	LU0840159387	83,02
Retail SEK	LU0840159460	85,12
Retail GBP	LU0840159890	86,51
Retail EUR	LU0840158819	84,64
Institutional CHF	LU1076701652	78,63

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 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