

# PERFORMANCE REPORT

MARCH 2014

## Net return history (shareclass RC NOK\*\*\*, net of fees)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2014	1.1%	1.0%	0.9%										3.0%
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%

## Net asset value (shareclass RC NOK\*\*\*, net of fees)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2014	121.5	122.6	123.7										3.0%
2013	109.5	110.3	111.3	112.5	114.2	114.2	115.4	116.8	118.0	117.9	119.2	120.1	11.0%
2012	131.0**	137.5	101.1***	102.1	102.3	103.3	104.1	105.4	106.2	105.0	106.6	108.3	13.0%**
2011	126.9	129.9	132.4	134.4	132.1	128.9	130.2	127.2	123.9	125.6	125.7	126.4	1.5%
2010	110.3*	111.3	113.4	117.7	113.6	115.1	116.8	119.3	122.6	124.4	125.8	124.54	19.9%
2009	79.6	79.8	76.5	78.1	79.0	85.2	91.1	93.8	99.2	101.8	103.1	107.3	46.8%
2008								100.0	97.5	94.3	84.5	73.1	-26.9%

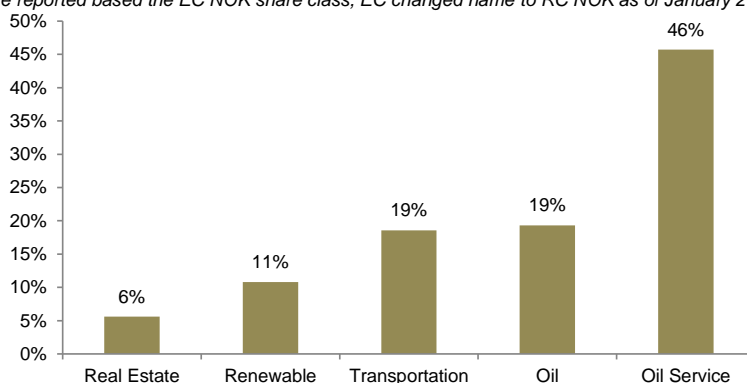
\*From January 2010, performance and NAV are reported based on the EC share class. EC share class 31.December 2009: 103.9  
Past performance is no guarantee for future performance

\*\*From 1 Jan 2012, performance and NAV are reported on return in NOK

\*\*\*From March 2012, performance and NAV are reported based the EC NOK share class, EC changed name to RC NOK as of January 2013

## Key statistics

Performance per March 2014, Net of fees (RC NOK)	0.9%
Performance YTD 2014 (RC NOK shareclass)	3.0%
Performance since inception	68.6%
Number of positions 31/03/2014	38
Number of issuers	32



## Fund terms

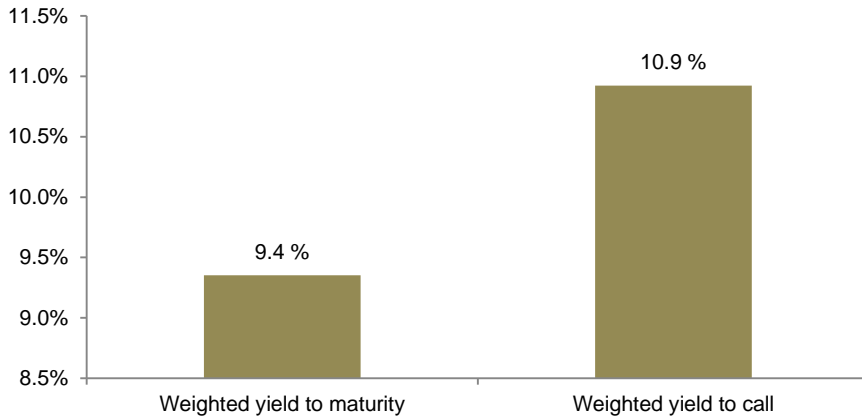
Currency	NOK
Domicile	Luxembourg
Investment Manager	Storm Capital Management Ltd
Prime Broker	Oppenheim Asset Management Services
Administrator	Oppenheim Asset Management Services

Management Fee	Retail: 0.75%, Institutional: 0.5%
Performance Fee	10%
Liquidity	Weekly
Auditor	PriceWaterhouseCoopers

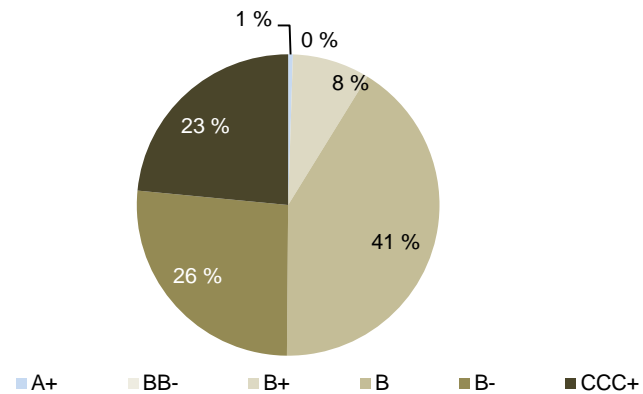
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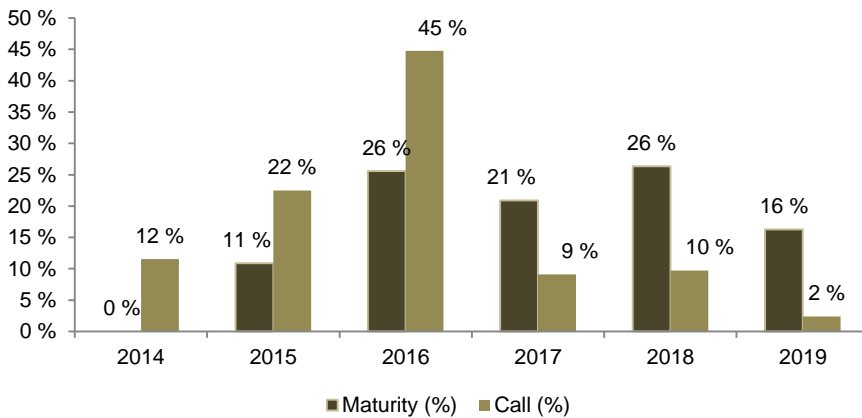
## Yield to maturity and yield to call



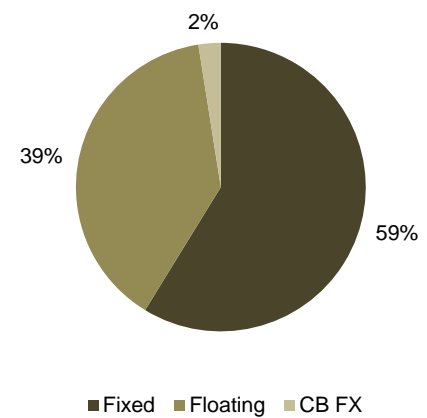
## Credit rating



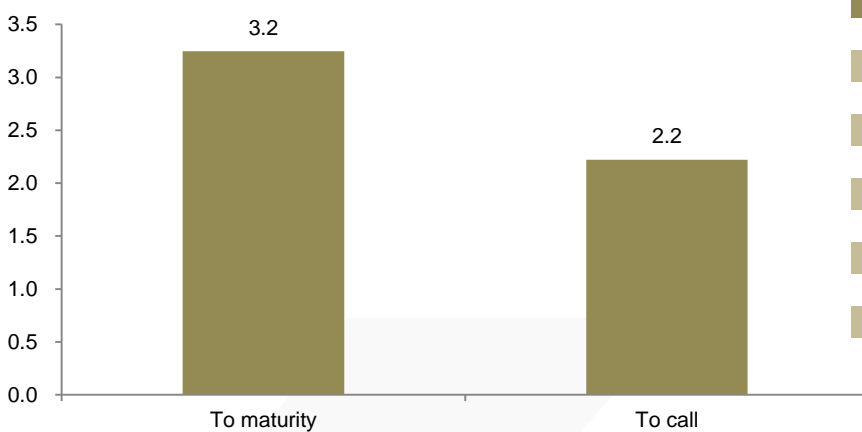
## Maturity profile



## Coupon allocation



## Duration, years

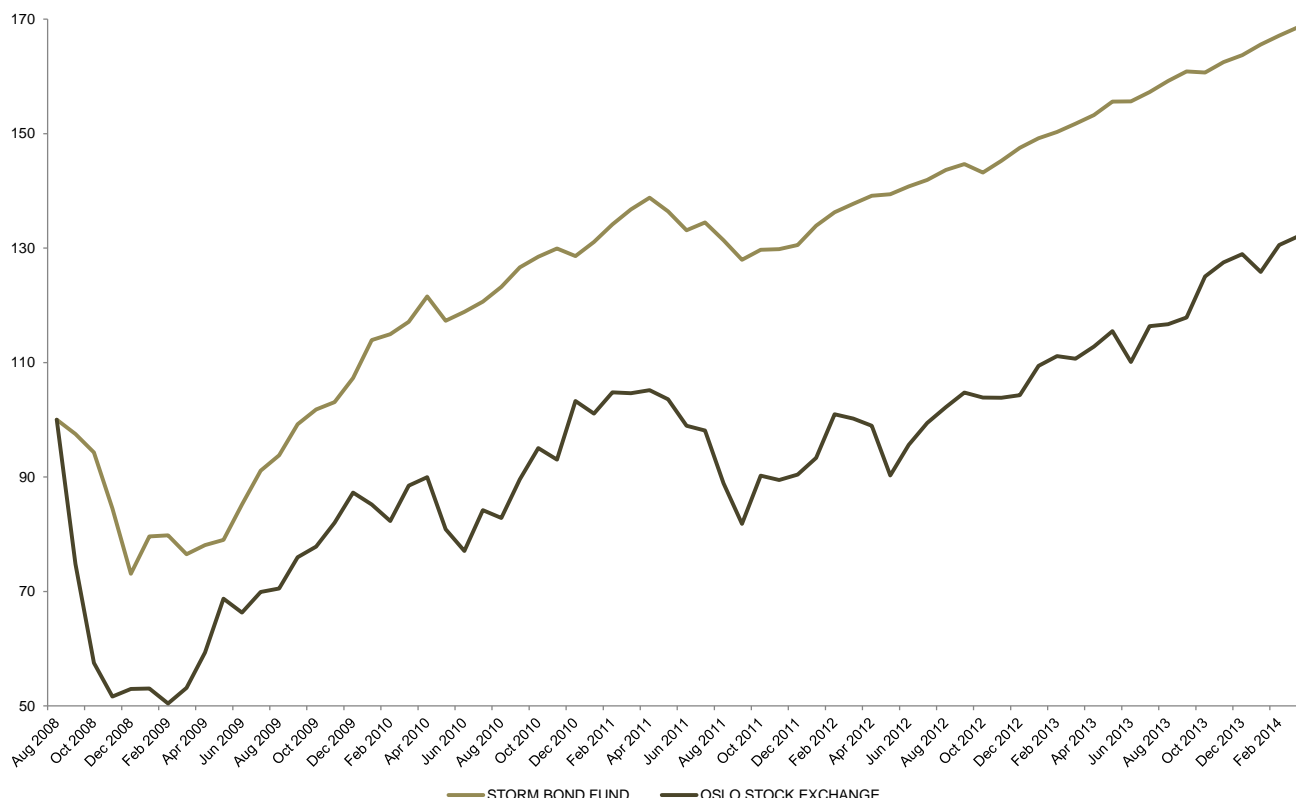


## Top 10 positions

Name	% NAV
1 J.Lauritzen Holding 12-17 FRN	5.2%
2 LM Group Holding	4.8%
3 Oceanteam Shipping ASA 12-17 FRN	4.7%
4 Kistefos AS 13-16 FRN	4.6%
5 Boa Offshore AS 13-18 FRN	4.3%
6 REC Silicon ASA 11-18	3.7%
7 Chloe Marine Corp. Ltd. 11-16	3.7%
8 Bluewater Holding B.V. 13-19	3.5%
9 Dolphin Group ASA 13-17 FRN	3.4%
10 Norwegian Car Carriers ASA 10-15	3.3%

### Storm Bond Fund

Storm Bond Fund was up 0.9% in March and is up 3.0% year to date. The Oslo Stock Exchange was up 1.1% in March and is up 2.4% year to date. Since inception, the fund is up 68.6% vs 32.0% for the Oslo Stock Exchange.



March was a very active month in the primary market and there has so far in 2014 been issued bonds worth of NOK 28.8bn (USD 4.8bn) in the Nordic markets. Issuers such as Awilco Drilling, Etrion, Harkand, Klavness, LM Windpower and Ridgebury Crude Tankers were active in the market. We participated in LM Windpower and Ridgebury Crude Tankers. Going forward, we expect the remainder of 2014 to be a very active year for primary activity and also want to note that ~NOK 18-20bn worth of bonds are maturing in 2014. So far in 2014, there has been a good mix of newcomers and more established companies tapping the bond market.

During March we reduced the exposure to unsecured bonds and have increased our exposure to 1<sup>st</sup> lien asset backed bonds. The exposure to offshore supply companies such as Havila, Viking Supply and Atlantic Offshore was also reduced as we view these bonds fairly priced compared to the current risk / reward. However, one change is the increased exposure to the renewable energy industry. Among new positions, we want to draw attention to LM Windpower, one of the global leading producers of wind turbine blades. This company has 14% global market share and has GE, Vestas, Gemesa and Alstom among others on the customer list. The bond ranks 1<sup>st</sup> lien and is the only debt in the company. We find the credit matrix sound and expect these to improve also going forward.

The yield to maturity in Storm Bond Fund is now 9.4% and yield to call is 10.9% leading to a realistic yield of ~10.0%.

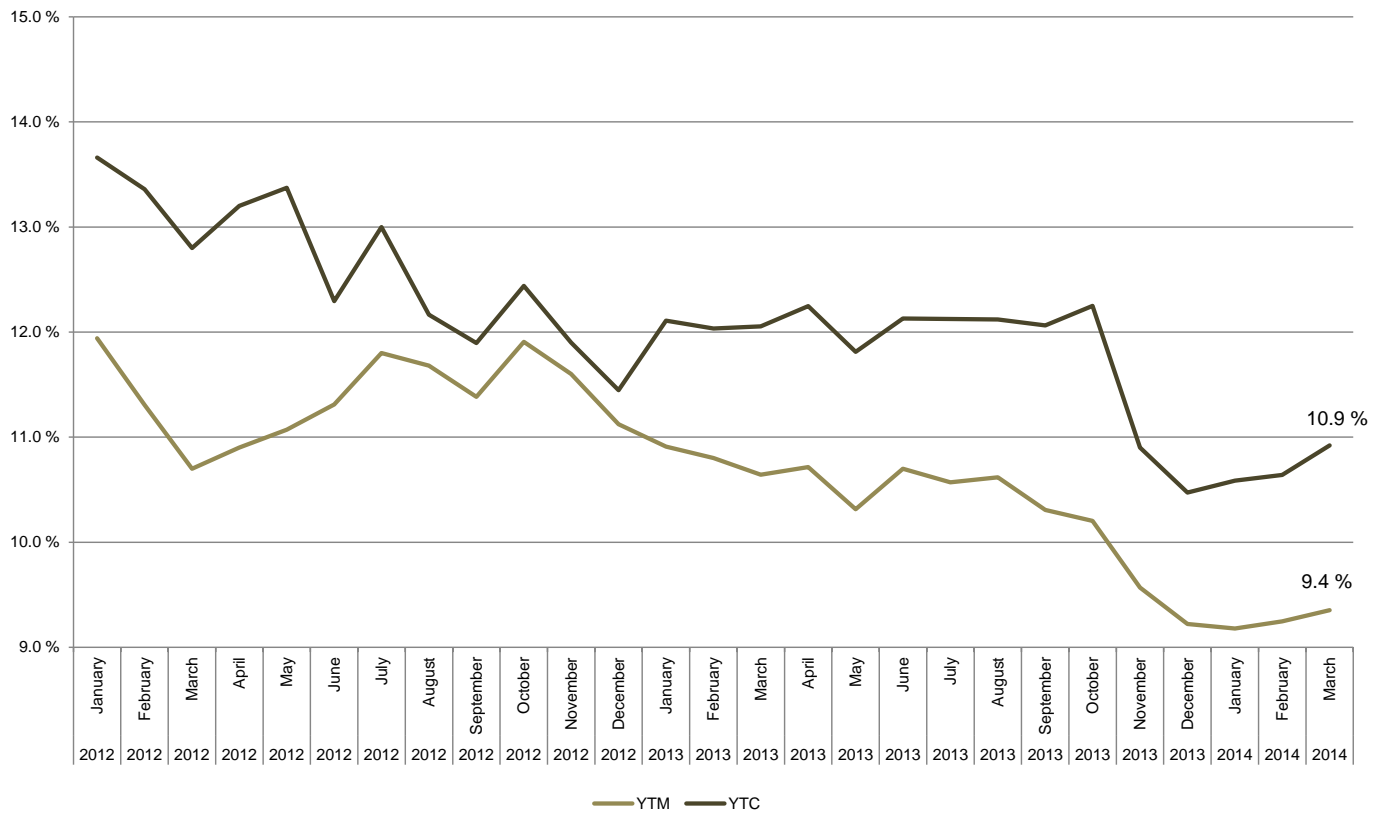
Credit duration is unchanged and stable with 3.2 years to maturity and 2.2 years to call, meaning that the theoretical duration is ~2.7 years. The interest duration is now ~1.8 years maintaining the relatively small interest rate exposure.

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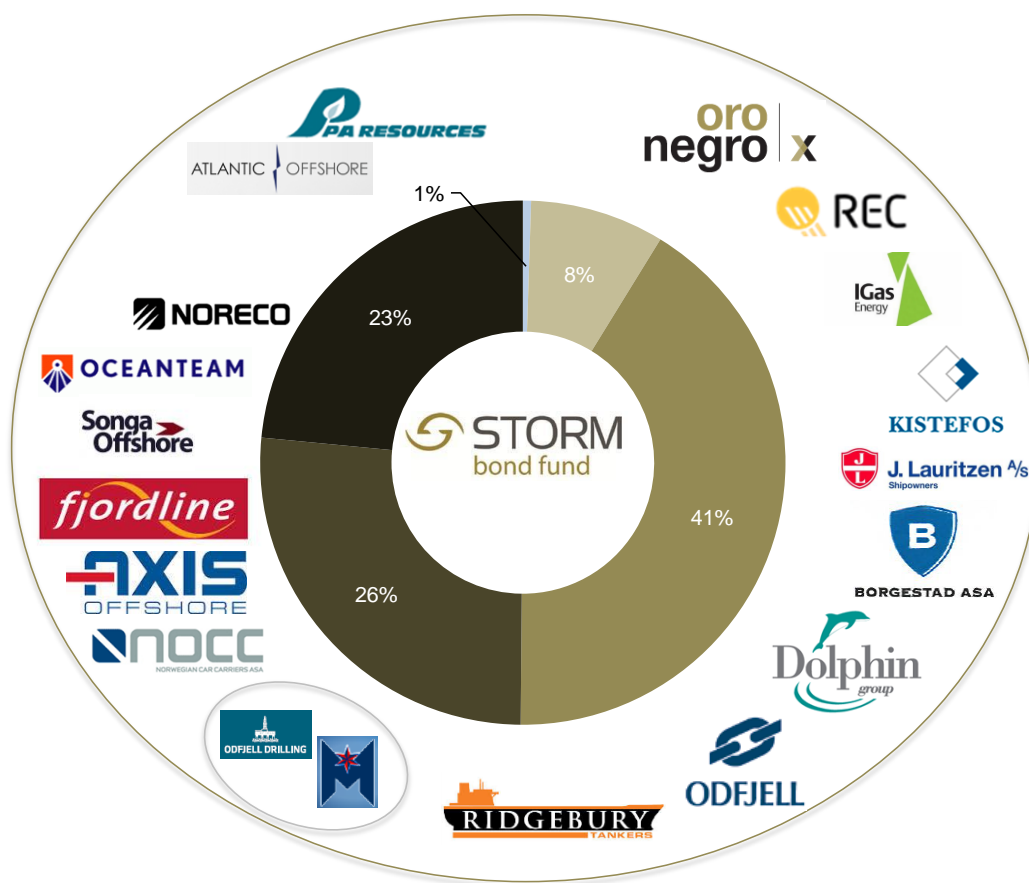
According to S&P and Nordea, the 12 months trailing global high yield default rate is at ~2% compared to the long term average at 4.1%. Nine public global rated high yield issuers have defaulted so far in 2014, in 2013 this figure was 78.

The chart below shows the development of yield to maturity and yield to call in Storm Bond Fund.



Selected investments in Storm Bond Fund

A+	1%
BB-	0%
B+	8%
B	41%
B-	26%
CCC+	23%



**Team**

**Portfolio Managers**



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**How to invest in Storm Bond Fund**

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