

PERFORMANCE REPORT

SEPTEMBER 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%	0.7%	0.7%	0.8%	0.6%	0.1%	-1.3%				4.7%
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%

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	124.6	125.5	126.5	127.3	127.4	125.7				4.7%
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%

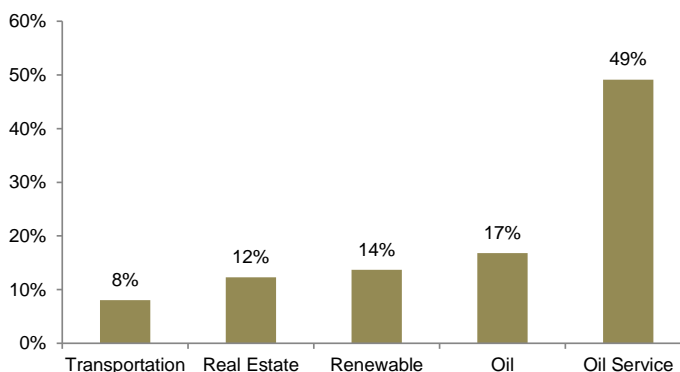
*From January 2010, performance and NAV are reported based on the EC share class. EC share class 31. December 2009: 103.9
Past performance is no guarantee for future performance

**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 September 2014, Net of fees (RC NOK)	-1.3%
Performance YTD 2014 (RC NOK shareclass)	4.7%
Performance since inception	71.4%
Number of positions 30/09/2014	34
Number of issuers	32
Interest rate duration	1.9 years



Fund terms

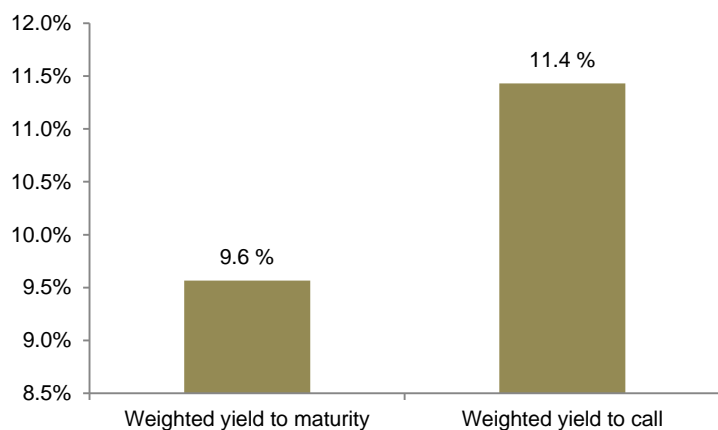
Currency	NOK
Domicile	Luxembourg
Investment Manager	Storm Capital Management Ltd
Prime Broker	Oppenheim Asset Management Services
Administrator	Deutsche Fund Platforms

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

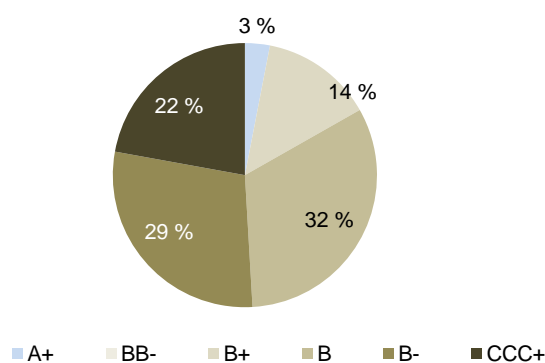
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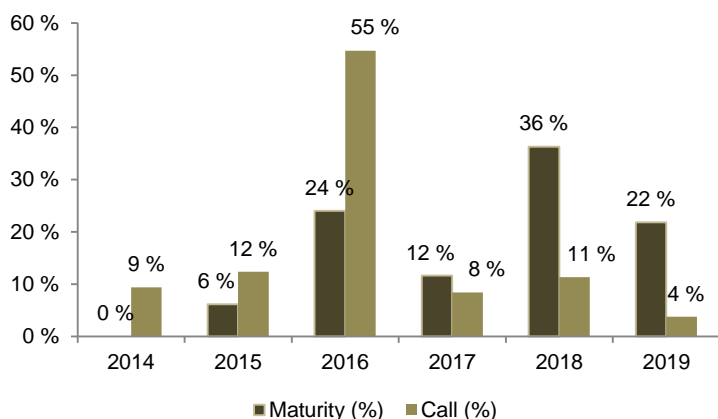
Yield to maturity and yield to call



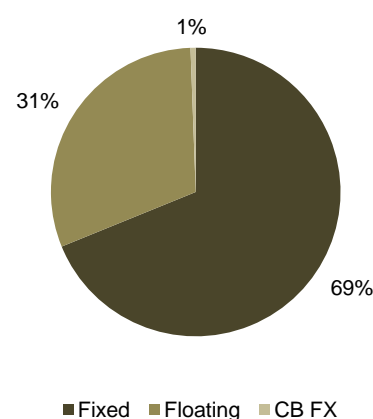
Credit rating



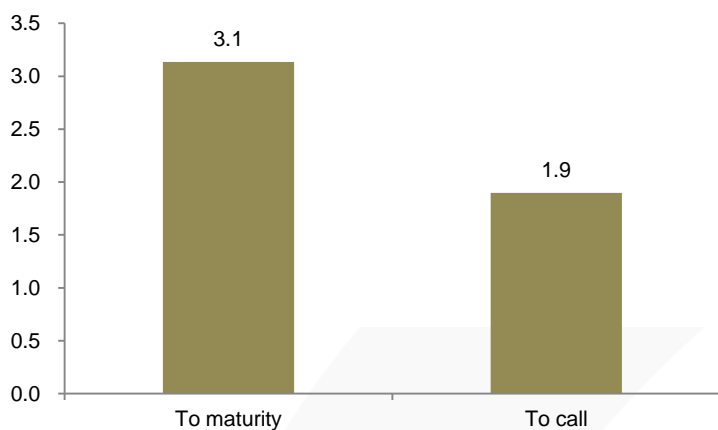
Maturity profile



Coupon allocation



Duration, years

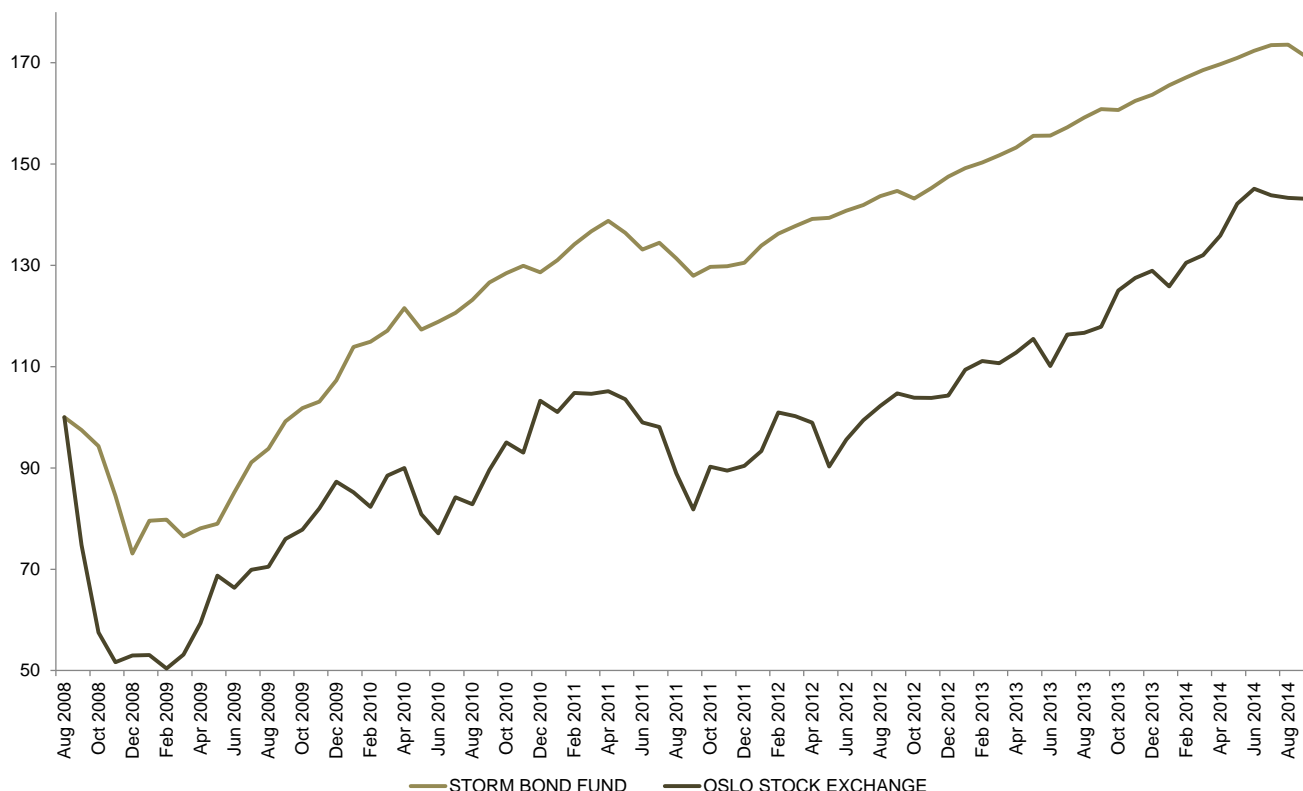


Top 10 positions

Name	% NAV
1 LM Group Holding	5.1%
2 Borgestad ASA 14-17 FRN	4.5%
3 REC Silicon ASA 11-18	4.4%
4 Chloe Marine Corp. Ltd. 11-16	4.3%
5 Kistefos AS 13-16 FRN	4.3%
6 Oceanteam Shipping ASA 12-17 FRN	4.3%
7 Bluewater Holding B.V. 13-19	4.3%
8 Fjord Line AS 13-16	4.1%
9 Metro Exploration Holding Corp. 14/16 Step-up	4.0%
10 Oro Negro Drilling Pte. Ltd. 14-19	3.5%

Storm Bond Fund

Storm Bond Fund was down 1.3% in September and is up 4.7% year to date. The Oslo Stock Exchange was down 0.1% in September and is up 11.0% year to date. Since inception, the fund is up 71.4% vs 43.1% for the Oslo Stock Exchange.



The September return was primarily sector specific, due to a significant fall in many oil related equities in September. Most oil related large caps in the equity market were down more than 30% resulting in a general spread widening of our portfolio. The September development reminds us that the risk and volatility in high yield is significantly smaller than for equities.

The general spread widening in the portfolio was the same size as the monthly coupon, whilst our positions in Polarcus, PA Resources and Noreco were written down to distressed levels. PA and Noreco have entered into restructuring processes and haircuts of more than 50% are in the price. We believe they now carry more upside than downside. Our exposure to these two names are on the current market values below 2% of the total portfolio. There might be good buying opportunities going forward.

The seismic sector has taken a big hit as a sector, however much of this is flow and liquidity driven; ie not the same as actually going bankrupt. We are positive to our seismic exposure. We are confident holders of Polarcus.

Primary activity increased slightly in September compared to August with Bassdrill tapping USD 75m on their 2nd lien bond, BOA OCV refinancing their NOK 1.2 bn secured bond while real estate player Borgestad issued a NOK 300m secured bond. In addition, REM Offshore and a few real estate companies were active in the market. Storm Bond Fund participated in the Borgestad 3 year floating rate paper with 700bps margin and view this as a very good position in the current bond market.

So far the general market sentiment for credits have been on the soft side since August. Trading activity picked slightly up in the end of August and into September, but softened quickly. Geopolitical risks in the Middle East and increased uncertainty in Ukraine are continuing to contribute negatively on the overall picture. China has now experienced 5 months with decline in real estate prices and are speculating that growth in GDP will be 7.2% and not 7.5%, a slight downward revision.

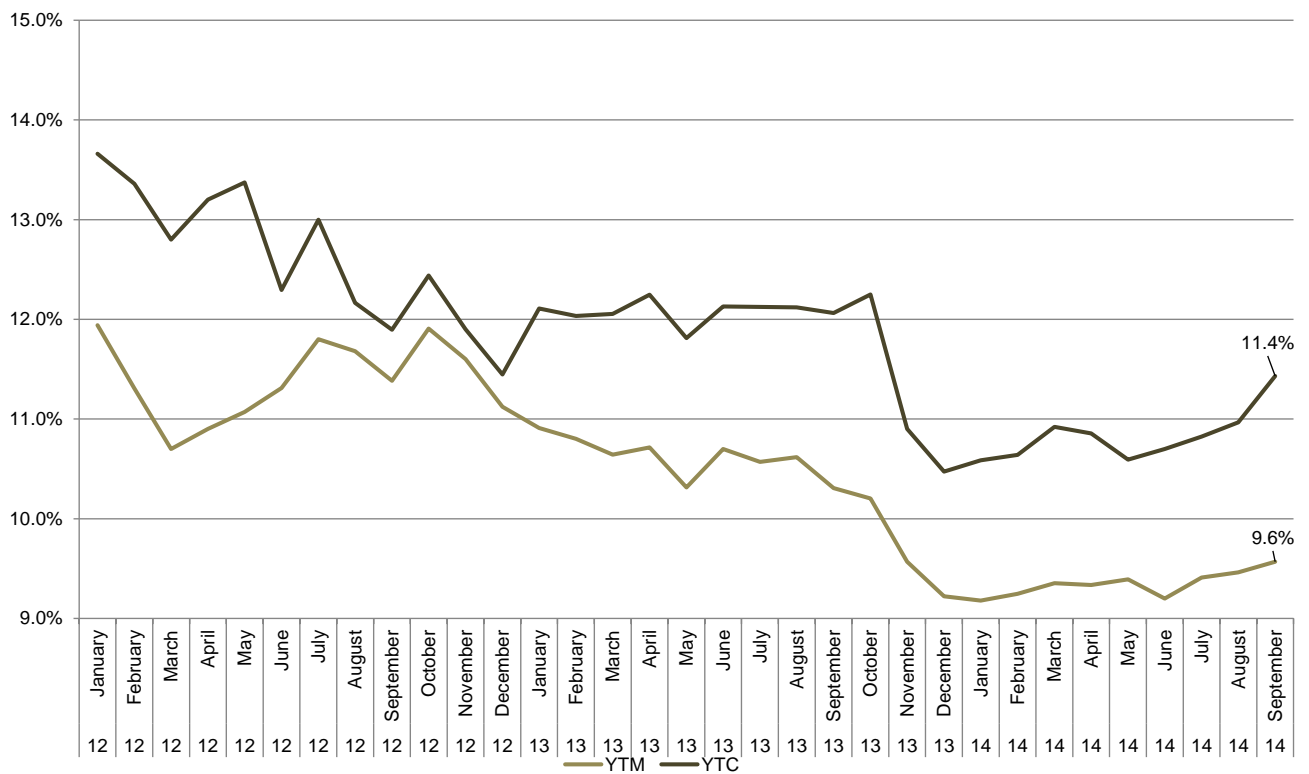
During September, Storm Bond Fund exited the position in J. Lauritzen as we fear weakening dry bulk fundamentals drivers within iron ore, coal and minor bulks. We also sold our position in the Frontline convertible bond realising profit. The fund increased exposure towards LM Wind and Etrion and by this, our total exposure to renewable energy is up to 14%. During September, NOCC called their 10.5% bond after the private equity arm of JP Morgan and Klaveness acquired the company. As such, total exposure towards transport is down to 8%, however we are looking to increase this when the right opportunities cross. Real Estate is now 12% as the fund increased exposure towards Borgestad.

The yield to maturity in Storm Bond Fund is now slightly up to 9.6% and yield to call is 11.4% leading to a realistic yield of ~10.5%.

Credit duration is slightly down to 3.1 years to maturity and 1.9 years to call, meaning that the theoretical duration is ~2.5 years.

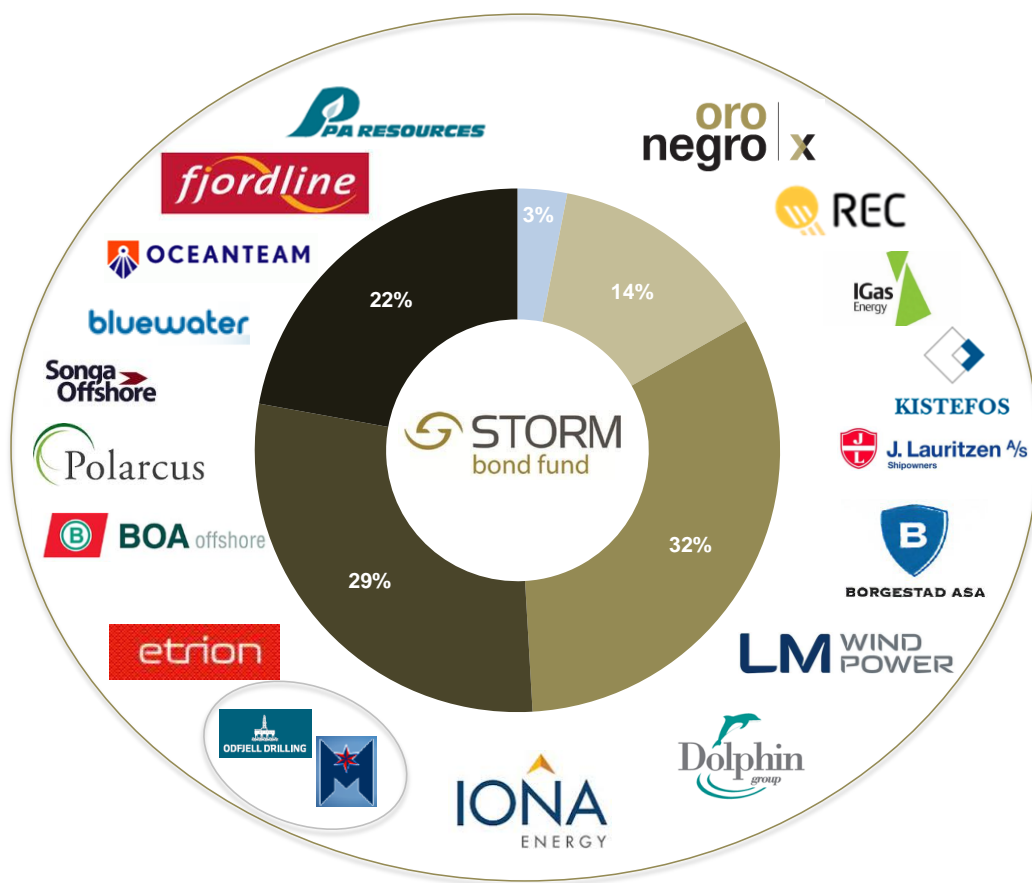
The iTraxx 5-year Crossover Index averaged at 240bps in September which was an 8% tightening from August (261bps). EUR high yield is currently up 5.0% YTD while US high yield has performed 2.4% bring Storm Bond Fund in the top of this league.

The graph below shows historical yields in Storm Bond Fund



Selected investments in Storm Bond Fund with credit- or shadow credit ratings

A+	3%
BB-	0%
B+	14%
B	32%
B-	29%
CCC+	22%



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