

PERFORMANCE REPORT

OCTOBER 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%	-5.5%			-1.1%
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	118.8			-1.1%
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%

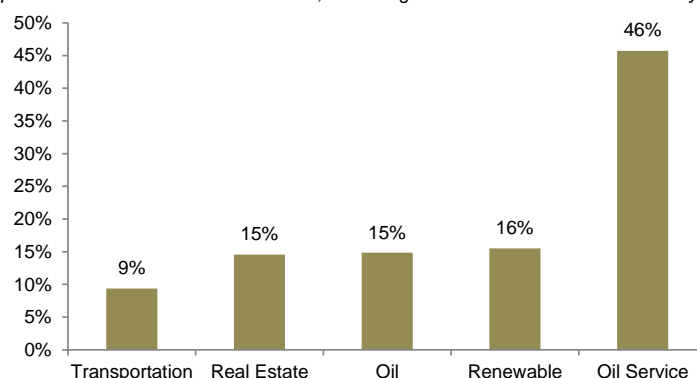
*From January 2010, performance and NAV are reported based on the EC share class. EC share class 31. December 2009: 103.9
Past performance is no guarantee for future performance

**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 October 2014, Net of fees (RC NOK)	-5.5%
Performance YTD 2014 (RC NOK shareclass)	-1.1%
Performance since inception	61.9%
Number of positions 31/10/2014	35
Number of issuers	33
Interest rate duration	1.9 years



Fund terms

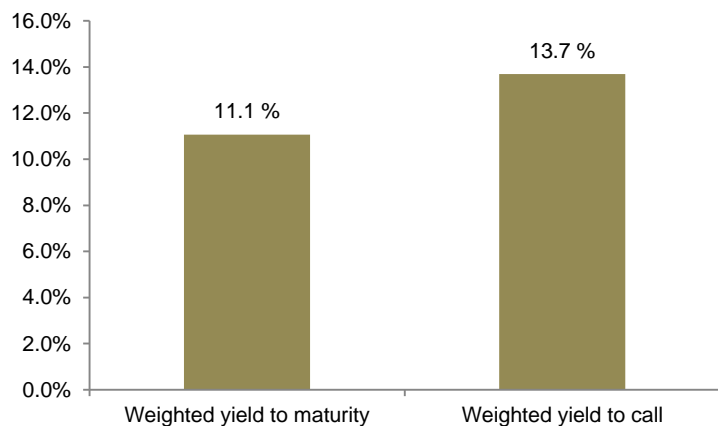
Currency	NOK
Domicile	Luxembourg
Investment Manager	Storm Capital Management Ltd
Prime Broker	Oppenheim Asset Management Services
Administrator	Deutsche Fund Platforms

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

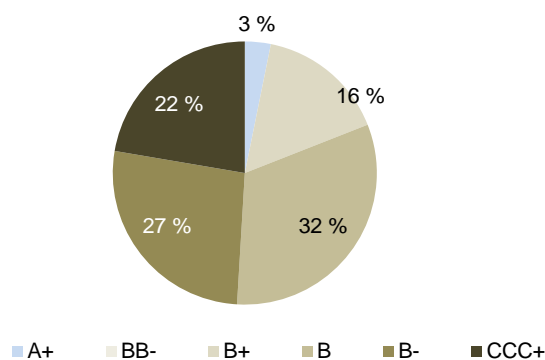
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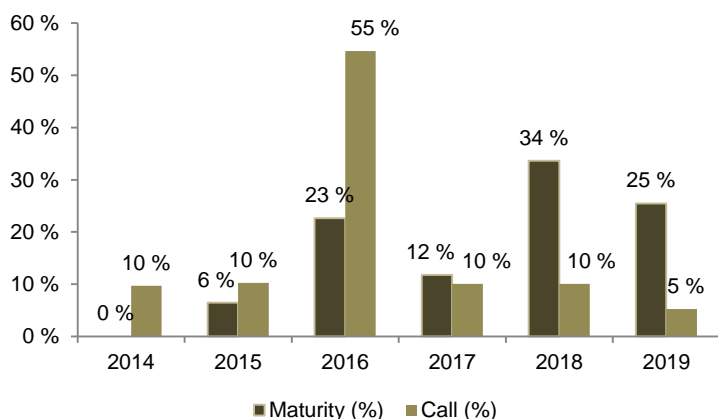
Yield to maturity and yield to call



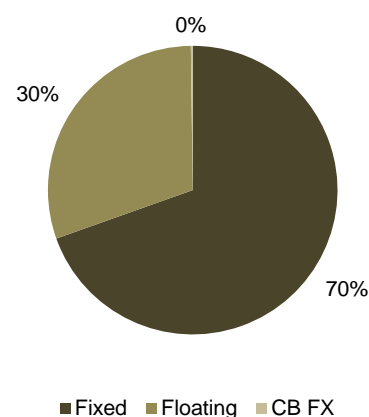
Credit rating



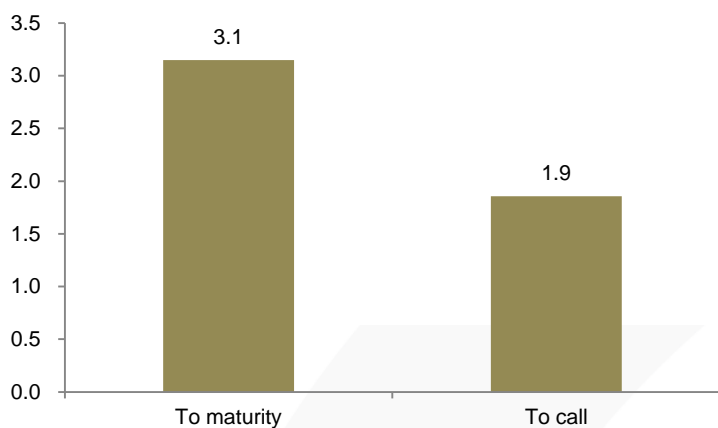
Maturity profile



Coupon allocation



Duration, years

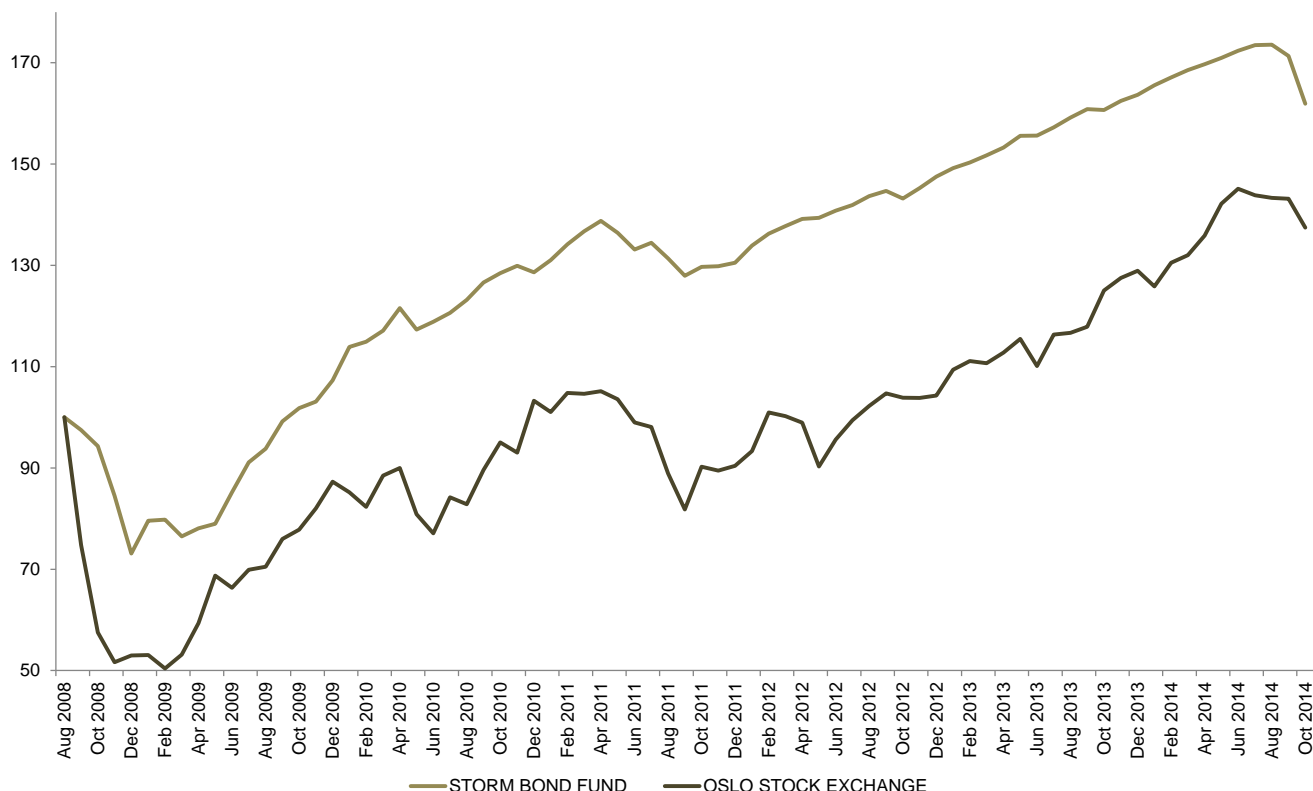


Top 10 positions

Name	% NAV
1 LM Group Holding	5.6%
2 Borgestad ASA 14-17 FRN	4.9%
3 Oceanteam Shipping ASA 12-17 FRN	4.6%
4 REC Silicon ASA 11-18	4.6%
5 Bluewater Holding B.V. 13-19	4.6%
6 Kistefos AS 13-16 FRN	4.5%
7 Metro Exploration Holding Corp. 14/16 Step-up	4.4%
8 Fjord Line AS 13-16	4.3%
9 Etrion Corp. 14-19	3.8%
10 Oro Negro Drilling Pte. Ltd. 14-19	3.7%

Storm Bond Fund

Storm Bond Fund was down 5.5% in October and is down 1.1% year to date. The Oslo Stock Exchange was down 4.0% in September and is up 6.6% year to date. Since inception, the fund is up 61.9% vs 37.5% for the Oslo Stock Exchange.



The market experienced a correction in October with setbacks and volatility across all asset classes and especially within oil services. The yield to realistic call date jumped to early 2012 levels. After a month like October, it is important to remember that the underlying equity of a company has to be more or less wiped out before the bondholders start taking losses. The history supports this well as the high yield market over the past 30 years always has given positive returns with a 24-month investment horizon.

As an example, we will see lower day rates in the drilling market going forward. The oil majors need to cut cost, but they still need to drill wells. The 10-year super cycle has ended, but most of our bonds are with names that have secured strong long-term contracts meaning the residual value of the rig after contract expiry is low. An example is Songa Offshore that has some old rigs that are particularly important for the equity story and 4 Cat D rigs under construction that will work 8 years for Statoil in Norway upon completion. Lower margins in the oil service industry long-term means the oil companies will be able to live with significantly lower oil prices going forward making more oil fields economically viable.

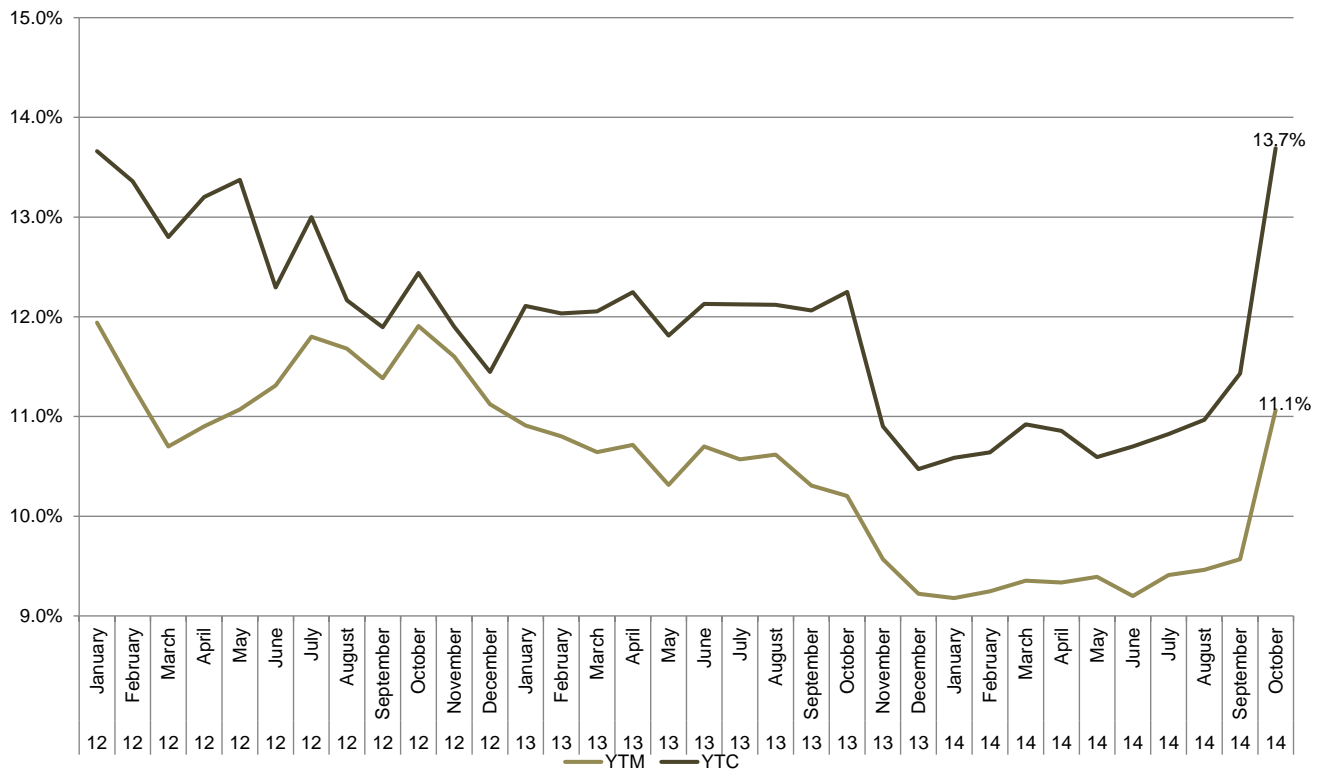
During October, we met with more than 20 companies within the energy sphere in Rio de Janeiro. Brazil is and will continue to be an important hub to many of the global energy companies. The key takeaway from the trip was that due to the long decision processes in Petrobras we will see legacy contracts signed within oil services in Brazil at higher rates than the current spot rates going forward.

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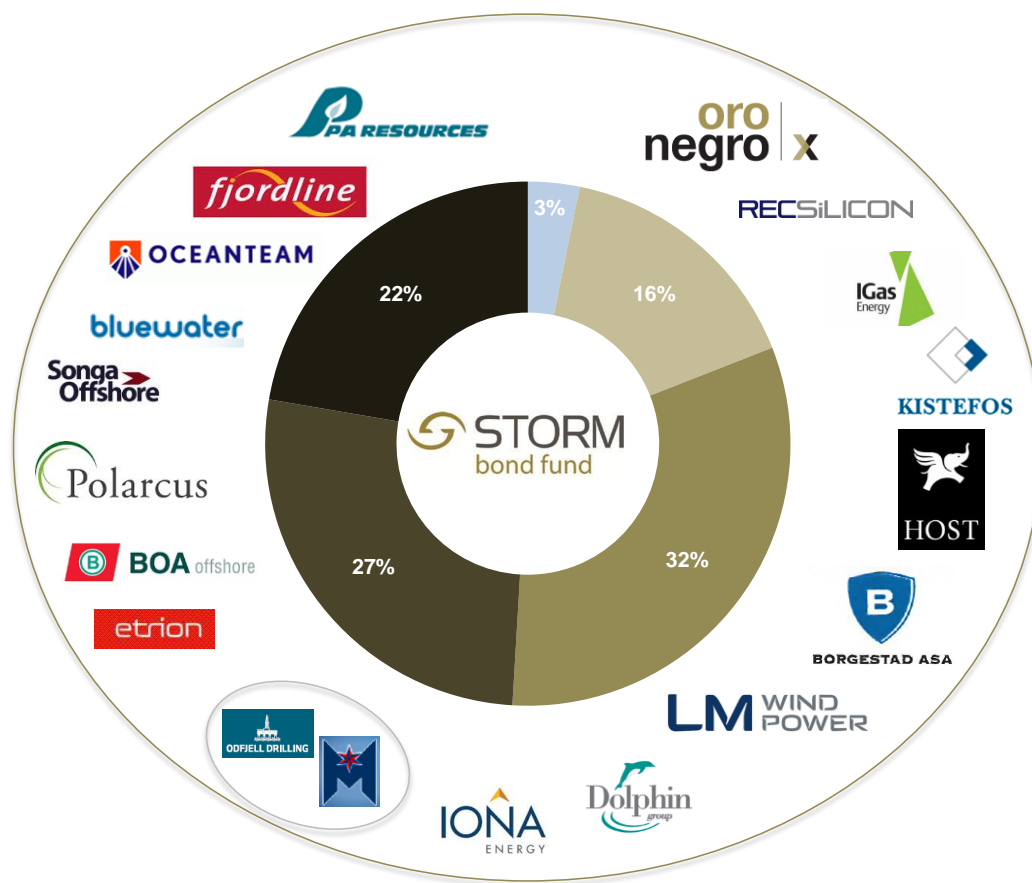
The iTraxx 5-year Crossover Index averaged at 346bps in October which was a 44% widening from September (240bps). On a global basis, the high yield markets experienced a change in the sentiment with increased volatility.

The graph below shows historical yields in Storm Bond Fund – back at 2012 levels



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

A+	3%
BB-	0%
B+	16%
B	32%
B-	27%
CCC+	22%



Team

Portfolio Managers / Trading



Morten E. Astrup



Kim Johanson

Research / Corporate Finance



Erik M. Mathiesen



Christian G. Ståhl

Compliance



Einar Pedersen

How to invest in Storm Bond Fund

International/UK: London office

Please call +44 207 409 3378 or send an email to info@stormcapital.co.uk

Oslo office:



Tore Andersen +47 920 35 908 or tore@stormcapital.no



Marcus Johannessen +47 951 35 853 or marcus@stormcapital.no