

PERFORMANCE REPORT

JANUARY 2016ABOUT THE FUND

Storm Bond Fund is a Nordic High Yield fund specialising in energy, transport and real estate. 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 investors 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%												-1,9%
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)

January was another tough month for markets with widespread panic across the globe. The crisis was mainly a general market phenomena and not oil related. In that respect we saw a relative strength in our markets as the wave of restructurings are starting to set a bottom in the market within oil and oil service. Historically restructurings have been positive for distressed bond prices.

The main downward triggers were related to downgrading of bonds and forced selling by funds with rating requirements in the big names. The oil price started the year in free fall, but turned sharply towards the end of the month. There is a consensus in the market that these low prices are not sustainable, and we continue to believe that the faster the decline in oil prices the faster the price eventually has to come back again because of all the postponed production projects.

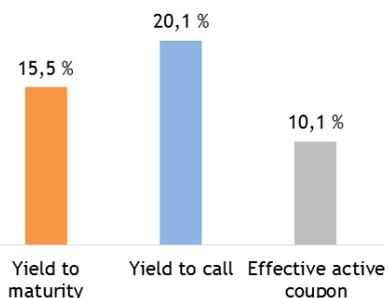
The unique situation where we now can buy tier one companies in their respective segments at up to 20% yield creates a fantastic opportunity for stellar returns going forward. The tier 2 companies within oil and oil services are mostly being restructured and have the biggest upside potential in the portfolio. Polarcus where we bought bonds in October for 9% of par just finished off their restructuring where we ended up with keeping 99.5% of our claim at the same time as receiving 7% of the company in exchange for giving the company a call on our bonds at 25% within 2 years and not to receive interest. Many of the largest oil service fortunes were made during the last downcycle in the early 00's, and we find it important to keep on looking for that spice in the portfolio when we can. In the case of Polarcus, the number of Seismic vessels on the water has halved during the last two years and this in combination with Seismic being a leading indicator within oil service makes us optimistic even though the risk is still high. However, the risk has always been high - it was just difficult to find the risk during the upcycle...

In March 2015 Noreco was restructured and we kept the shares and hence also the upside in the company. In January the share price was up around 100% and the story now is more about a huge insurance claim than oil. We see this holding as an interesting option for the holders of Storm Bond Fund as it is a very small investment. In Fjordline 40% of the bond was bought back by the company in January in exchange for shares leaving the remaining bonds with a better credit quality. Our base case in Fjordline is a yield contraction taking the bond up around 10% in price before being replaced with bank financing as Ferd AS, Norway's largest family office, now controls the company.

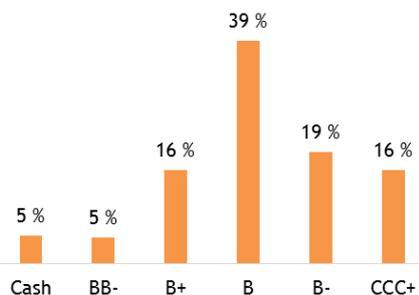
The effective active portfolio coupon is currently 10.1%, while the yield to maturity is 15.5% and yield to call is 20.1%. Yields above 30% are regarded inflated and therefore not recorded in full.

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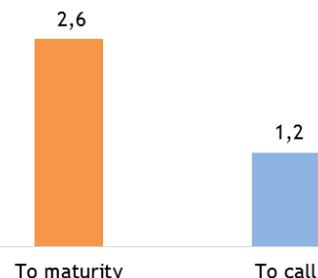
YIELD LEVELS



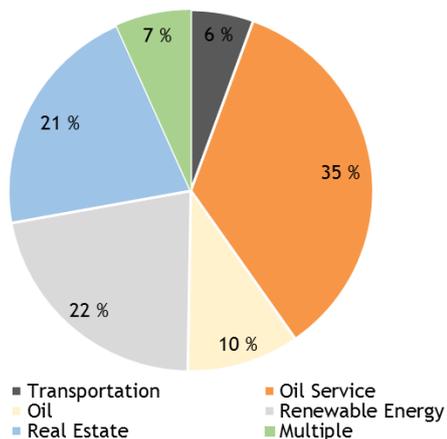
CREDIT RATINGS



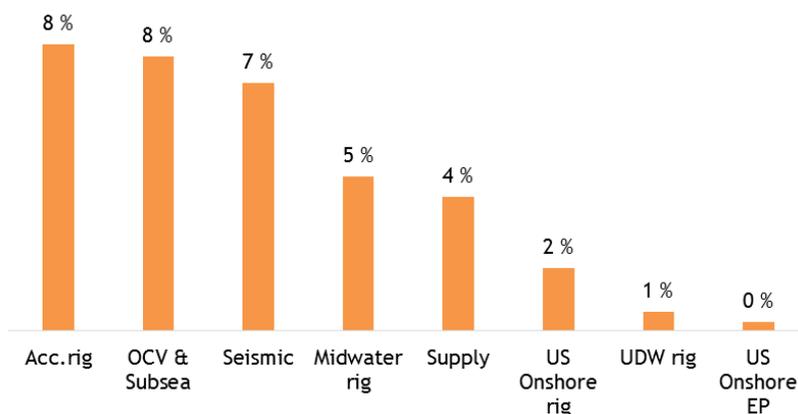
DURATION (YEARS)



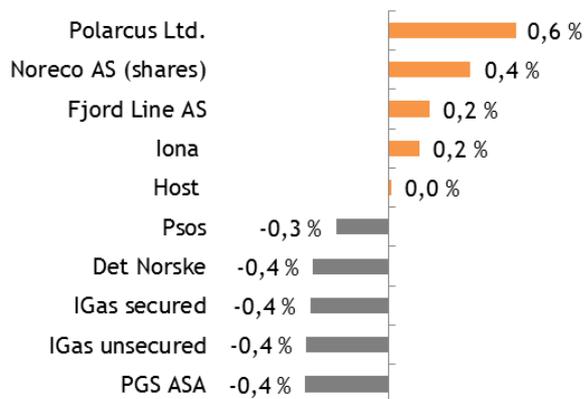
OVERALL INDUSTRY EXPOSURE



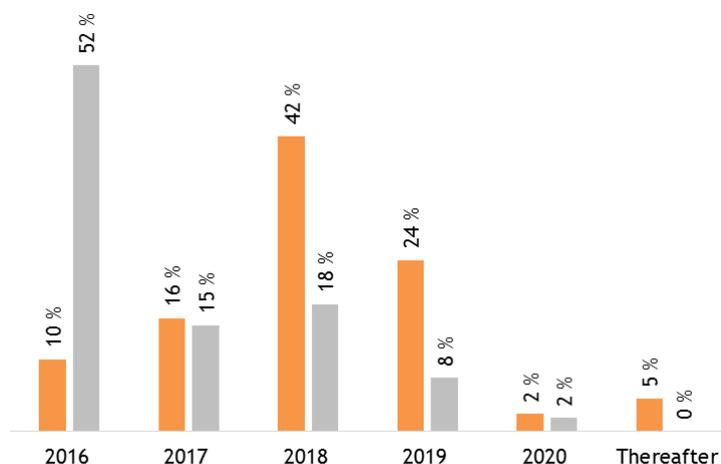
BREAKDOWN OF OIL SERVICE EXPOSURE



CONTRIBUTION ANALYSIS (top 5 / bottom 5)

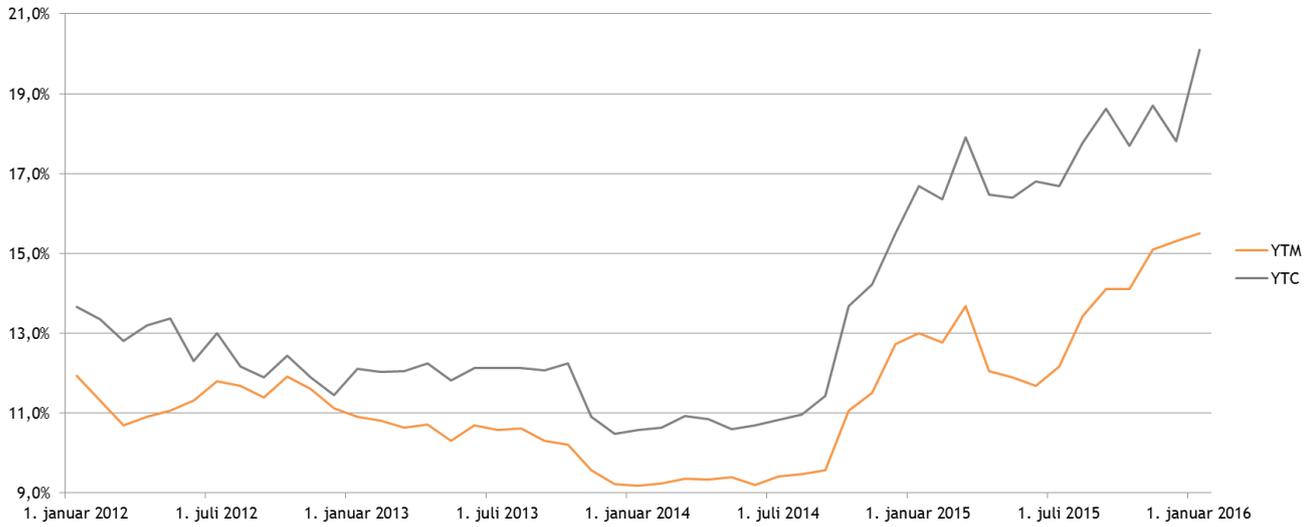


MATURITY PROFILE



PERFORMANCE REPORT

YIELD DEVELOPMENT



PERFORMANCE REPORT

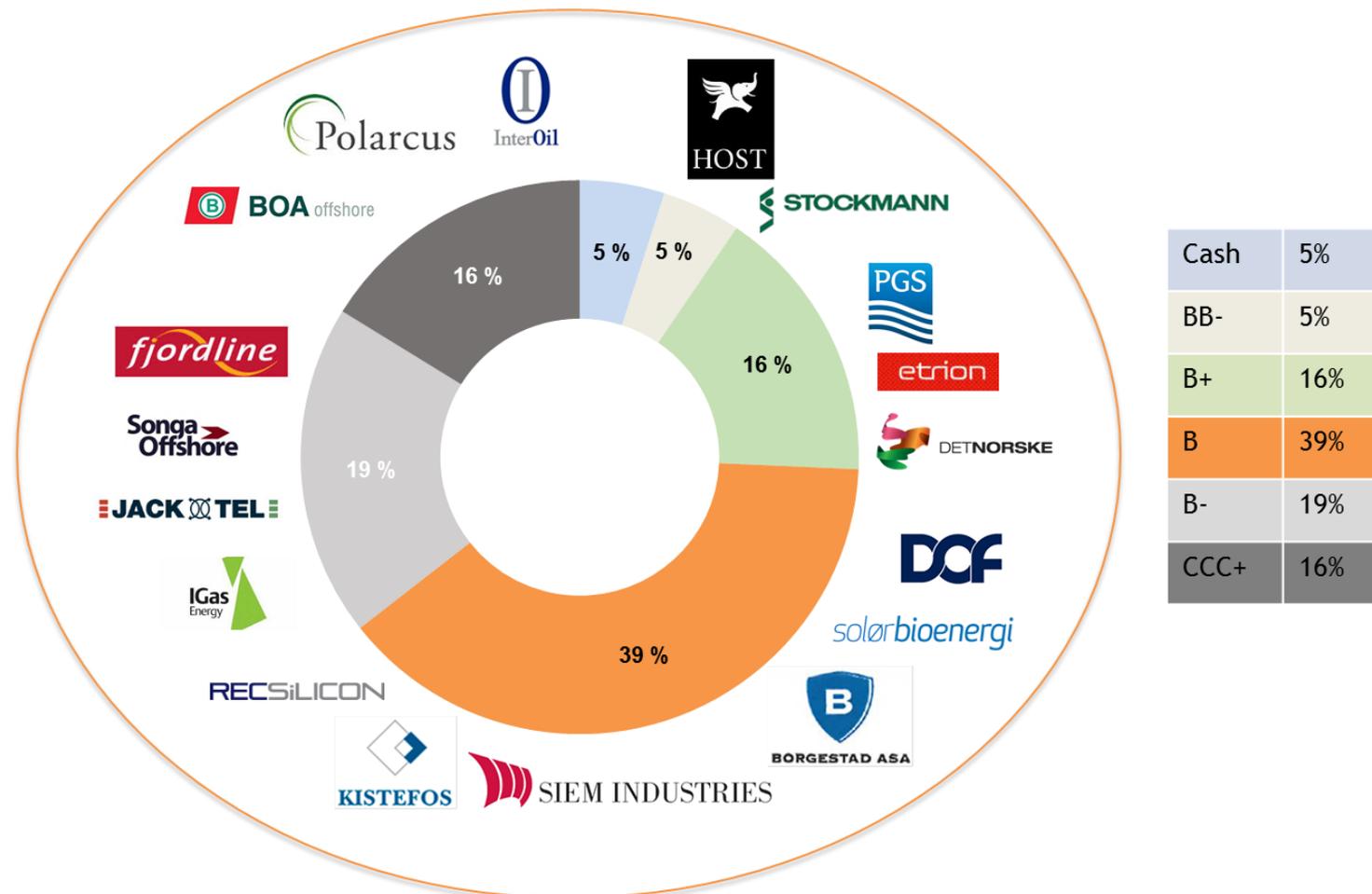
PORTFOLIO - TOP 20

NAME	ISIN	PRICE	YIELD %	NAV %	INFORMATION
1 Jacktel A/S 14-19	NO0010714561	89,84	11,0 %	8,0 %	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.
2 Borgestad ASA 14-17 FRN	NO0010720766	100,00	8,2 %	6,8 %	Loan to value at -60-70% with 1st and 2nd priority pledge in real estate in Poland and Grenland, Norway.
3 Etrion Corp. 14-19	NO0010709272	82,25	15,7 %	6,7 %	Stockholm listed Lundin-family owned company installing, owning and producing solar power on long contracts. High leverage, but long term secured cash flow.
4 Kistefos AS 13-16 FRN	NO0010699200	98,31	10,5 %	6,3 %	Norwegian holding company with -50% loan to value on assets. Owned 100% by Christen Sveaas.
5 European Energy A/S 14-18 FRN	SE0005677796	80,00	16,1 %	5,3 %	Developing and owning wind- and solar power generating assets and has about 40% EBITDA margin.
6 Fjord Line AS 13-18 FRN	NO0010671084	98,00	11,0 %	5,3 %	Recently Norwegian restructured ferry operator with -80% loan to value on brand new ferries running on gas.
7 REC Silicon ASA 11-18	NO0010607476	91,92	14,1 %	4,9 %	Unsecured bond in a company with NOK 800m net debt and market cap of NOK -3.1bn.
8 Index International AB 14-18 FRN	SE0005797537	91,50	11,2 %	4,4 %	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.
9 Det Norske Oljeselskap ASA 15-22	NO0010736382	85,15	13,8 %	4,3 %	Mr Kjell Inge Røkke backed exploration & production co' producing 60k boe/d. 12% ownership in Johan Sverdrup and fully funded.
10 Petroleum Geo-Services ASA 11-18 -144A-	US716599AC95	68,00	23,3 %	4,1 %	The leading contract seismic company. Robust balance sheet with -50% LTV and access to financing.
11 Solor Bioenergi Holding AB 12-17 FRN	NO0010662356	85,00	17,6 %	3,9 %	Producer of wood-based bioenergy with diversified business in entire value chain.
12 Siem Industries Inc. 12-19 Conv.	NO0010657968	89,16	4,3 %	3,6 %	1st lien pledge in Siem Industries 20.4% stake in Subsea 7 with put on par in September 2016. Siem Industries is Kristian Siem's private investment company which holds a diversified portfolio of industrial and financial holdings.
13 Oceanteam Shipping ASA 12-17 FRN	NO0010662018	59,80	46,7 %	3,0 %	LTV 80% on a contracted OCV fleet. 50% of the EBITDA from an unleveraged asset light business.
14 DOF ASA 12/19 FRN	NO0010657802	61,51	24,3 %	2,9 %	The group has a diverse portfolio of vessels, a modern fleet and a solid backlog. Brazilian built vessels shields it from blockings in Brazil. The Company has a strong equity sponsor in the Møgster family.
15 Host Hoteleierendom AS 13-16 FRN	NO0010699721	99,50	8,8 %	2,8 %	1st and 2nd priority in three hotels in Oslo and Lillehammer (Breiseth, Millennium and Grims Grenka).
16 Elematic Oy AB 14-18	FI4000096821	73,00	27,9 %	2,7 %	Finnish private equity owned company-producing modules for precast concrete. Founded in 1959.
17 Polarcus Ltd. 13-18 -144A-	NO0010680150	14,32	192,3 %	2,7 %	Seismic company with top modern fleet. Positive development in recent quarter. Restructuring plan was just approved by bond and equity holders. Storm Bond Fund will get approx. 5% of the equity in the company. High risk/reward.
18 Songa Offshore ASA 11-18 FRN	NO0010628753	70,20	30,1 %	2,3 %	Norwegian rig company with market cap of NOK 1.5bn and 4x brand new rigs on 8Y contracts to Statoil.
19 IGas Energy PLC 13-18	NO0010673791	55,00	44,9 %	2,3 %	London-listed company producing oil and gas onshore UK. Backed by Blackstone. The company has hedged a significant portion of the oil production. Secured bond.
20 IGas Energy PLC 13-18	NO0010698053	45,00	46,7 %	2,2 %	London-listed company producing oil and gas onshore UK. Backed by Blackstone. The company has hedged a significant portion of the oil production. Unsecured bond.
Sum				84,6 %	

Total number of positions in portfolio: 31
 Total number of issuers in portfolio: 30
 Interest rate duration: 1.5 years

PERFORMANCE REPORT

CREDIT RATINGS AND EXAMPLES OF PORTFOLIO COMPANIES AT VARIOUS RATINGS



PRICES FOR DIFFERENT SHARE CLASSES

SHARE CLASS	ISIN	PRICE
Retail NOK	LU0740578702	93,00
Institutional NOK	LU0840158496	87,42
Retail USD	LU0840159114	79,43
Institutional USD	LU0840159387	74,10
Retail SEK	LU0840159460	77,20
Retail GBP	LU0840159890	77,22
Retail EUR	LU0840158819	77,91
Retail CHF	LU1076700845	76,32
Institutional CHF	LU1076701652	71,16

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)
Liquidity	Daily
Auditor	PriceWaterhouseCoopers
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 as a broker 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



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