

Silverdale FUNDS

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ASIAN FUND

Silverdale Bond Fund

Communique as at 20th May 2016

Fund Description

Silverdale Bond Fund is a diversified portfolio of primarily investment grade short duration US dollar bonds, actively managed for enhanced returns, using ring-fenced leverage.

Investor Benefits

Active management with real time response, capitalizing on opportunistic investments and employing prudent risk management systems. Embedded leverage for higher return without hassles of loan management.

Fund Information

Fund	Silverdale Bond Fund, or Silverdale Fund SP-1
Fund Type	Segregated Portfolio Company
Domicile	Cayman Islands
Inception Date [†]	9 Sep 2010
Weekly NAV Launch Date	1 Oct 2013
Cayman Launch Date	8 May 2015
NAV Computation	Weekly
Subscription	Weekly (Friday)*
Redemption	Weekly (Monday)*
Management Fee	0.50% p.a. (Monday)*
Next Dividend Date	24 Jun'16 (US\$ 1.75 per share) [#]
Previous Dividend Date	24 Mar'16 (US\$ 1.75 per share) 24 Dec'15 (US\$ 1.75 per share) 25 Sep'15 (US\$ 1.75 per share) 26 Jun'15 (US\$ 0.97 per share)

Class 1A Details

ISIN	KYG8135U1076
CUSIP	G8135U 107
Swiss Valor No.	28213010
Bloomberg Code	SILV01A KY Equity
Morningstar SecID	F00000WLJR
Initial Sales Charge	1.00%
Exit Load	0.25%

Class 1B Details

ISIN	KYG8135U1159
CUSIP	G8135U 115
Bloomberg Code	SILV01B KY Equity
Morningstar SecID	F00000WLJW
Initial Sales Charge	0.00%
Contingent Load	3.00% - 0.25%
Exit Load	1.00%

Fund Management Details

THE FUND

Silverdale Bond Fund or Silverdale Fund SP-1 is a segregated portfolio of Silverdale Fund SPC, a Cayman Islands domiciled segregated portfolio company, registered with Cayman Islands Monetary Authority

FUND MANAGER

Silverdale Capital Pte Ltd

Authorised & regulated by Monetary Authority of Singapore
UEN# 200820921K

Fund Administrator

Orangefield (Mauritius) Limited
355 NeXTeracom Tower 1, Cybercity,
Ebene, Mauritius
Tel.: +230 464 7275 Fax: +230 464 3290
Email: spc@silverdalegroup.com



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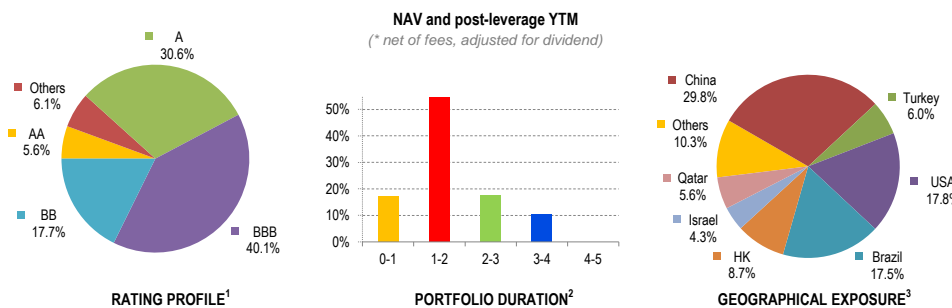
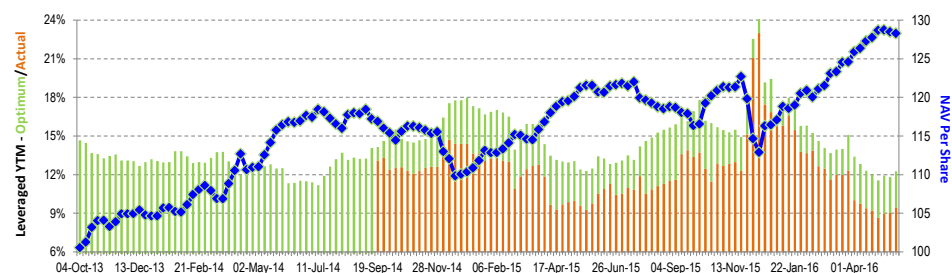
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Email: spc@silverdalegroup.com
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Silverdale Fund SP-1

Silverdale Bond Fund (or Silverdale Fund SP-1) generates enhanced investor returns by clever use of asset-level leverage, while actively managing the portfolio duration. During the week ended 20th May 2016, the Fund NAV marginally declined by 0.18% to US\$ 122.05 (previous week: US\$ 122.27), with actual portfolio yield (post-leverage) increasing marginally to 9.42% per annum (previous week: 9.01% p.a.), with average duration of 1.81 years (previous week: 1.79 years).

Portfolio Dashboard		Growth NAV US\$		128.2697	Ex-Dividend NAV US\$		122.0466
Performance (Not annualised)*		Fund Statistics		Top Holdings		% age	
Previous 1 week	-0.1707 %	Portfolio Yield to Maturity	3.76 %	Mcc Holding Hk Corp Ltd		5.69 %	
Trailing 1 month	0.4026 %	Leveraged YTM - Actual	9.42 %	Qnb Finance Ltd		5.61 %	
Trailing 3 months	5.9074 %	Leveraged YTM - Optimum	12.24 %	Gap Inc/The		5.03 %	
Trailing 6 months	4.5389 %	Average Coupon	4.28 %	Israel Electric Corp Ltd		4.25 %	
Trailing 9 months	8.2254 %	Average Duration^	1.81 years	Vale Overseas Limited		4.17 %	
Trailing 12 months	5.5235 %	Last Dividend Paid	US\$ 1.75	Hebei Iron & Steel		4.14 %	
		Total Dividend Paid	US\$ 6.22	Ares Capital Corp		4.11 %	
(*) net of fees, inclusive of dividends							



Portfolio Update

During the week ended 20th May 2016, Silverdale Bond Fund GTL Trade 2017, Petrobras 2018, EMC 2020, and Gap Inc 2021 bonds.

Gerdau SA (Market Cap: US\$ 2.9bn) is the second largest producer of long-steel in the world. It has operations in 14 countries across the Americas, Europe and Asia; with a combined installed capacity of ~25 MMTPA. It is one of the lowest cost producer with vertically integrated operations. As at Mar 2016, it reported cash & equivalent of ~US\$ 1.6bn, against total debt of ~US\$ 6.6bn. It reported gross debt to total capitalization at ~44% along with Net Debt/EBITDA at 4.3x and EBITDA to interest at 2.8x. The bonds are issued by GTL Trade Finance Inc which is a wholly owned subsidiary of Gerdau SA and is guaranteed by it.

Petroleo Brasileiro S.A. (Mkt Cap: US\$ 38bn), is an integrated energy company, with total assets of over ~US\$ 200bn. As at 31st Mar 2016, it reported EBITDA of ~US\$ 20.6bn with Net Debt/EBITDA of ~5.1x and interest coverage ratio of ~3.1x. The Brazilian government owns ~46% of Petrobras capital and ~60% of its voting shares. The bonds are issued by its wholly owned subsidiary and guaranteed by it.

EMC Corporation (Market Cap: US\$ 54.3bn) is the world's largest provider of data storage solutions (~30% market share) with a global customer base. Geographically, the U.S. accounts for ~56% of revenue, EMEA 28%, Asia Pacific 13%, and Latin America & Canada at 3%. The customers are spread over financial, telecommunications, and industrial sectors, with no customer representing over 10% of revenue. As at Mar 2016, it reported cash & equivalent of ~US\$ 9.8bn, against total debt of ~US\$ 6.4bn. EMC is being acquired by Dell for ~US\$ 67bn which could lead to rating downgrade, depending on the final deal structure and potential subordination of EMC bonds to newly raised acquisition debt.

Gap Inc (Mkt Cap ~US\$ 8.6bn) headquartered in San Francisco, California, is a global apparel retailer whose products are available in more than 90 countries through 3,275 company-operated stores, 446 franchise stores, and numerous e-commerce sites. It generates ~US\$ 15.8bn in sales and ~US\$ 2.2bn in EBITDA (FY ending Jan'16) through diverse brands including Gap, Banana Republic, Old Navy, Athleta, and Intermix. USA accounted for over 75% of FY 2016 sales followed by Asia (~10%). As at 30th Jan 2016 it reported total debt at ~US\$ 1.73bn (short term: ~US\$ 421mn) against which it had cash & equivalent at ~US\$ 1.4bn and unused line of credit of ~US\$ 500mn. It reported Total Debt to TTM EBITDA of 0.8x and EBITDA to Interest coverage of ~35.9x (EBITDA to Fixed Charge: 4.2x). The Fisher Family is the largest shareholder with ~41% stake.

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Subscription Details

Subscription can be made only as per terms & conditions of the composite Private Placement Memorandum (including Class Supplement) which may be obtained free of cost from the Fund Administrator at spc@silverdalegroup.com

DISCLAIMER

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