

Silverdale

FUNDS

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ASIAN FUND

Silverdale Bond Fund

Communique as at 10th June 2016

Silverdale Fund SP-1

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

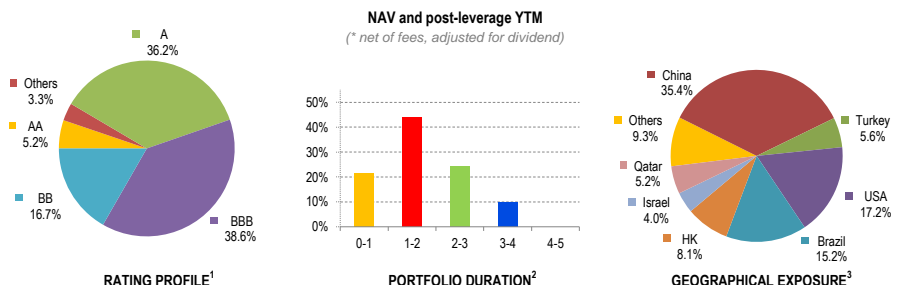
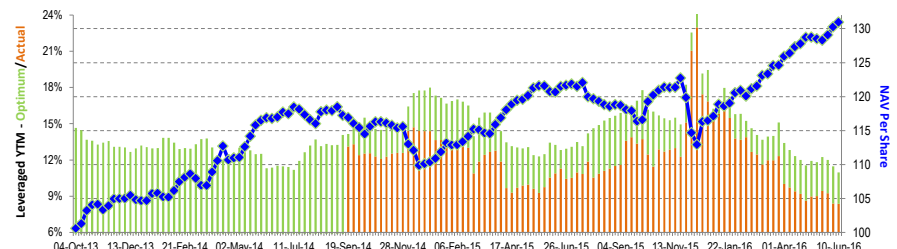
Regulated by Monetary Authority of Singapore
UEN# 200820921K

Fund Administrator

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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 10th June 2016, the Fund NAV appreciated by 0.56% to US\$ 124.70 (previous week: US\$ 124.00), with actual portfolio yield (post-leverage) increasing marginally to 8.38% per annum (previous week: 8.39% p.a.), with average duration of 1.84 years (previous month: 1.78 years).

Portfolio Dashboard		Growth NAV US\$	130.9188	Ex-Dividend NAV US\$	124.6957
Performance (Not annualised)*		Fund Statistics		Top Holdings	
Previous 1 week	0.5339 %	Portfolio Yield to Maturity	3.34 %	Mcc Holding Hk Corp Ltd	5.29 %
Trailing 1 month	1.8911 %	Leveraged YTM - Actual	8.38 %	Qnb Finance Ltd	5.21 %
Trailing 3 months	6.1525 %	Leveraged YTM - Optimum	10.98 %	Gap Inc/The	4.80 %
Trailing 6 months	15.9664 %	Average Coupon	4.18 %	Tianjin City Constructio	4.41 %
Trailing 9 months	10.9033 %	Average Duration^	1.84 years	Israel Electric Corp Ltd	3.95 %
Trailing 12 months	8.5136 %	Last Dividend Paid	US\$ 1.75	Vale Overseas Limited	3.90 %
(*) net of fees, inclusive of dividends		Total Dividend Paid	US\$ 6.22	Hebei Iron & Steel	3.85 %



Portfolio Update

During the week ended 10th June 2016, Silverdale Bond Fund purchased GTL Trade 2017, Cliff Natural Resource 2018, Petrobras Global 2018, Midea 2019, Baidu 2019, and Tianjin Infra 2019 bonds. It also received maturity proceeds of Vedanta 2016 bonds.

Gerdau SA (Market Cap: US\$ 2.6bn) 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 31st Mar 2016, it reported cash & equivalent of ~US\$ 1.6bn, against total debt of ~US\$ 6.6bn. It reported 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.

Cliff Natural Resource (Mkt Cap: US\$ 940mn) is the largest iron ore producer in North America with ~25.5 MTPA capacity. Additionally, it has 11 MTPA capacity in Australia. Recently, Cliff renewed iron ore pellet offtake contract with Arcelor Mittal for 10 years, thereby removing uncertainty around its revenue from its largest customer. As at March 2016, it reported total debt of US\$ 2.6bn, with ~US\$ 294mn due by Jan'18, against annual EBITDA of ~US\$ 250-300mn.

Petroleo Brasileiro S.A. (Mkt Cap: US\$ 38.3bn), 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. Brazilian Govt owns ~46% of its capital and ~60% of its voting shares. The bonds are issued by its wholly owned subsidiary and guaranteed by it.

Midea Group (Market Cap: US\$ 21.7bn) is one of the largest manufacturers of electronic appliances and components in China. Its key products include air conditioners (51% of total revenue in 2015), refrigerators (9%), washing machines (9%), and small household appliances (26%). It holds leading market share in various consumer appliances sub-segments. For FY15 it reported total debt/EBITDA at 0.3x, cash/debt at 4.2x and EBITDA to interest expense at 108x.

Baidu (Mkt Cap: US\$ 56.9bn) is the leading Internet search engine and online marketing services provider in China, with over 80% market share (by revenue). It also offers a wide range of diversified products that boost traffic and enhance user stickiness such as Baidu maps, cloud, encyclopedia, Government information, educational/legal/patent searches, games, finance statistics, ITV, browser, travel booking etc. As at 31 Mar 2016 it had total debt of ~US\$ 5.4bn against which it reported cash & equivalent of ~US\$ 11.1bn. It reported total debt/EBITDA of ~2.4x, and EBITDA to interest coverage of ~11.7x.

Tianjin Infrastructure is an integrated city infrastructure service provider into development and maintenance of municipal roads and bridges (~23% FY15 revenue), urban development (~39%), water and utilities (~13%), metro and rail transit (~17%). As a core functional public sector entity in Tianjin, it has received significant government support in the form of ongoing capital injections, subsidies and other government services. With total assets exceeding US\$ 100bn, it is one of the largest infrastructure companies in China and the only infrastructure investment owned by the Tianjin Municipality and supervised by the Tianjin SASAC.

Dividend

The Fund is likely to declare a dividend of US\$ 1.75 per share[#] on the shares held on Friday, June 24, 2016 (Dividend Record Date). All subscriptions received on or before 17th June 2016 shall be eligible for Dividend Payout.

Silverdale Capital by **AI HEDGE** fund
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Nominee

For subscription & information, please
Email: spc@silverdalegroup.com
Or, Call: +65 6835 7130

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

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