

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	31 Mar'17 (US\$ 1.90 per share) [#]
Previous 4 Dividend Dates	30 Dec'16 (US\$ 1.90 per share) 30 Sep'16 (US\$ 1.90 per share) 24 Jun'16 (US\$ 1.75 per share) 24 Mar'16 (US\$ 1.75 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% / 2% / 1%
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 MANAGER
Silverdale Capital Pte Ltd

Regulated by Monetary Authority of Singapore
UEN# 200820921K

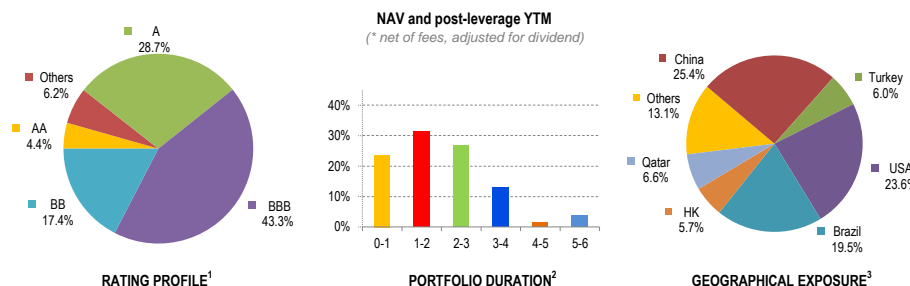
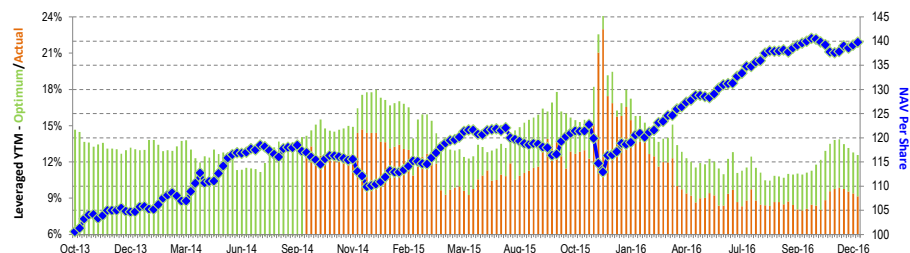
Fund Administrator

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

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. As at 30th December 2016, the Fund declared quarterly dividend amounting to US\$ 1.90 per share; the ex-dividend NAV of the Fund was US\$ 127.94 (previous year: US\$ 112.61). The actual portfolio yield (post-leverage) of 9.17% per annum (previous year: 15.75% p.a.), and average duration of 2.00 years (previous year: 1.94 years).

Portfolio Dashboard		Growth NAV US\$ 139.7166		Ex-Dividend NAV US\$ 127.9435	
Performance*		Fund Statistics		Top Holdings	
Previous 1 week	0.4279 %	Portfolio Yield to Maturity	3.57 %	Gap Inc/The 2021	3.56 %
Trailing 1 month	1.3941 %	Leveraged YTM - Actual	9.17 %	Seagate Hdd 2023	3.45 %
Trailing 3 months	0.4634 %	Leveraged YTM - Optimum	12.58 %	Qib Sukuk Ltd 2019	3.31 %
Trailing 6 months	5.3095 %	Average Coupon	4.36 %	Qnb Finance Ltd 2018	3.31 %
Trailing 12 months	19.3354 %	Average Duration [†]	2.00 years	Mcc Holding Hk 2017	3.29 %
Trailing 3 years	10.11% p.a.	Total Dividend Paid	US\$ 11.77	Prospect Capital 2019	3.14 %
(*) after all fees, before dividends		Sharpe Ratio	1.38	Seagate Hdd 2018	3.10 %


Portfolio Update

During the week ended 30th December 2016, Silverdale Bond Fund purchased Vale 2019 bonds.

Vale SA (Mkt Cap -US\$ 38.5bn) is one of the largest mining enterprises globally, being the largest global supplier of iron ore and the largest global producer of nickel. As at 30th Sep 2016, it reported debt at -US\$ 31.5bn, against cash & equivalents of -US\$ 5.5bn and unutilized credit line of over US\$ 3bn. It reported TTM EBITDA of -US\$ 8.8bn, net debt/EBITDA at 2.9x with EBITDA to interest of -5x. The bonds are issued by its wholly owned subsidiary and guaranteed by it.

During the year 2016, Silverdale Bond Fund yielded ~20.10% returns to the investor. About three-fifth of NAV appreciation was contributed by interest accrual and the balance by bond price appreciation. The wild gyrations in the fixed income space proved beyond doubt, the superiority of our conservative yet opportunistic approach of focusing on emerging markets Investment Grade short duration US dollar bonds.

Brazilian, US, and Chinese credits were the major contributors to bond price appreciation while Turkish credits were the key drag. The bond price appreciation was primarily driven by US based: Cliff Natural, Seagate, & Prospect Capital; Brazil based: Banco Pactual, BTG Investments, Petrobras, Caixa, & Vale; and India based: Vedanta. Turkish credits and India based AE Rotor bonds were the key drags.

The fund continues to maintain its conservative position with ~76.4% (31 Dec 2015: 83.5%) of its investments in investment grade bonds with its weighted average duration of 2.00 years (31 Dec 2015: 1.94 years).

We expect increased price volatility in 2017 and shall continue with our time-tested approach of focussing on short duration high quality bonds, and leveraging them to enhance investor returns.

May we take this occasion to thank you for your support, and wish you health, happiness and good fortune in 2017 and years to come!

Dividend

The Fund has declared seventh Quarterly Dividend amounting to US\$ 1.90 per share for December 2016 quarter. All shareholders holding shares on December 30, 2016 (Dividend Record Date) have been paid dividend.



Silverdale Bond Fund
Best Fixed Income Fund
 Nominee

Silverdale Capital by **AI HEDGEfund**
 Ranked as **Best Fund Management Solution** 2015 award

2016 ALTERNATIVE INVESTMENTS AWARDS
Best Emerging Markets Credit Fund



Investors' Choice Award
EM Credit Fund of 2015
 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

DISCLAIMER

The above commentary does not provide a complete analysis of every material fact regarding the market, industry, security, portfolio or the fund. It is not a recommendation to buy or sell any security nor an investment advice. The portfolio holdings, opinions and information may change without notice. The contents of this document, including any narrative does not constitute an offer to sell or a solicitation of any offer to buy the units or shares in Silverdale Bond Fund (or Silverdale Fund SP-1), or any other segregated portfolio or Class of Silverdale Fund SPC or any of the funds managed or advised by Silverdale Capital Pte Ltd., and is strictly for information only. Any subscription for units or shares must be made solely on the basis of the fund's private placement memorandum, class supplements, application form and appendices (together "the Composite PPM"). Past performance is not necessarily a guide to the future performance. Opinions and estimates contained in this document are subject to change without notice, and the actual results would differ from the said opinions and estimates. The Fund may use or invest in financial derivative instruments. Please refer to the Composite PPM for Risk Factors. This document is written for the benefit of and being communicated only to Accredited Investors or Institutional Investors as defined under the Securities and Futures Act (Cap. 289) of Singapore or any similarly defined investor in any other securities legislation. The recipient should obtain opinion from independent professional adviser before making any decision based on this document. The NAV performance is computed taking: 1 month = 4 weeks, 3 months = 13 weeks, 6 months = 26 weeks, 9 months = 39 weeks, and 12 months = 52 weeks. NAV prior to 8 May 2015 is based on NAV of underlying fund (Class E of Sri Silverdale Opportunities Fund). (*) Assuming to be Business Day. (#) Indicative. (†) Average duration excludes favourable impact of interest rate hedges. (†) Initially launched as multi-assets fund with quarterly NAV. (1), (2), & (3) Based on gross investments into securities. (1) Credit exposure of those rated below "BB" has been clubbed as "Others". (3) Country exposure of less than 4% has been clubbed as "Others". (**) Based on Gross Assets. Ranking source: Bloomberg's special report on Asia's Hedge Fund dated June 26, 2015; category: Multi Strategy.