

# Silverdale

F U N D S

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# Silverdale Bond Fund

Communique as at 10th February 2017

## 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 <sup>†</sup>	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) <sup>#</sup>		
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 mutual fund, registered with Cayman Islands Monetary Authority

### FUND MANAGER

#### Silverdale Capital Pte Ltd

Regulated by Monetary Authority of Singapore  
UEN# 200820921K

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## Fund Administrator

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**Email:** spc@silverdalegroup.com



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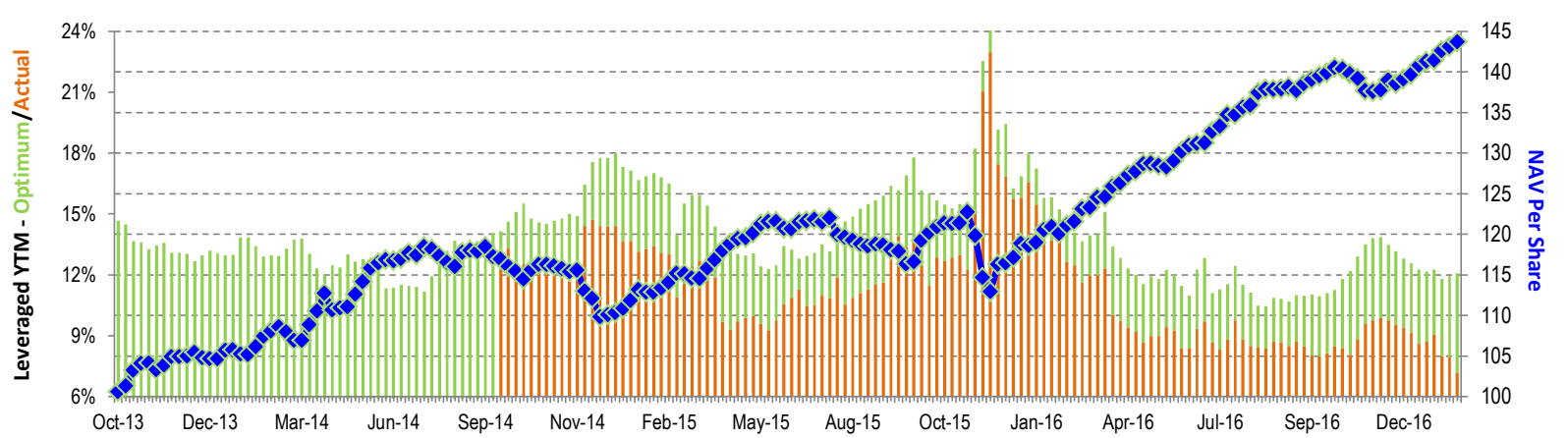
For subscription & information, please  
Email: [spc@silverdalegroup.com](mailto:spc@silverdalegroup.com)  
Or, Call: +65 6835 7130

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 February 2017, the Fund NAV appreciated by 0.42% to US\$ 131.91 (previous week: US\$ 131.35), with actual portfolio yield (post-leverage) of 7.18% per annum (previous week: 7.95% p.a.), and average duration of 2.16 years (previous week: 2.07 years).

Portfolio Dashboard		Growth NAV US\$	143.6781	Ex-Dividend NAV US\$	131.9050
Performance*		Fund Statistics		Top Holdings	
Previous 1 week		Portfolio Yield to Maturity		Gap Inc/The 2021	
Trailing 1 month		Leveraged YTM - Actual		Chang Development Int 2021	
Trailing 3 months		Leveraged YTM - Optimum		Prospect Capital 2019	
Trailing 6 months		Average Coupon		Seagate Hdd 2023	
Trailing 12 months		Average Duration^		Block Financial Llc 2020	
Trailing 3 years		Total Dividend Paid		Qib Sukuk Ltd 2019	
(*) after all fees, grossing up for dividends		Sharpe Ratio		Mcc Holding Hk 2017	

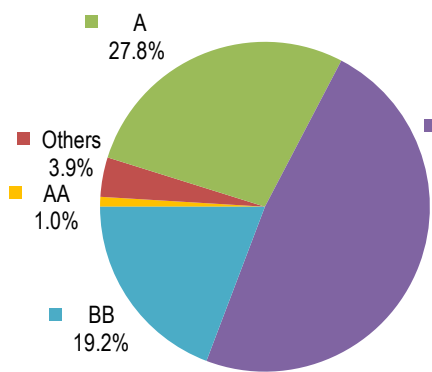
Period	Oct'13-Dec'13	2014	2015	Jan'16-Mar'16	Apr'16-Jun'16	Jul'16-Sep'16	Oct'16-Dec'16	2016
Dividend	-	-	4.4731	1.7500	1.7500	1.9000	1.9000	7.3000
Ex-Dividend Price	104.6428	110.3573	112.6058	118.3647	123.2694	129.1991	127.9435	127.9435
Return to Investor	4.06%	5.46%	6.09%	6.67%	5.62%	6.35%	0.50%	20.10%

## Investor Return and Dividend Distribution

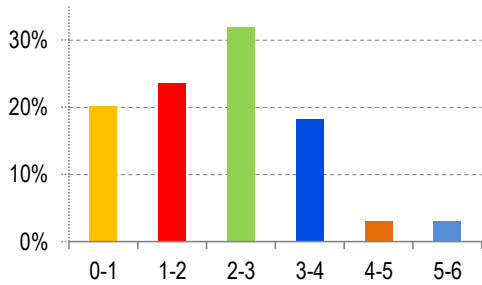


## NAV and post-leverage YTM

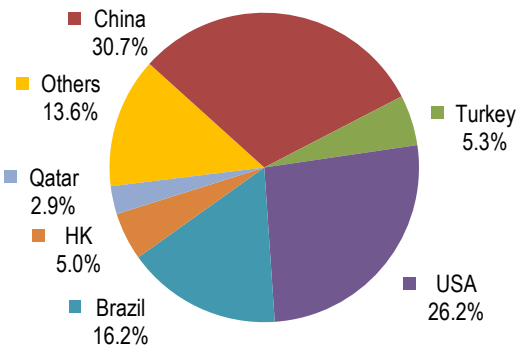
(\* net of fees, adjusted for dividend)



## RATING PROFILE<sup>1</sup>



## PORTFOLIO DURATION<sup>2</sup>



## GEOGRAPHICAL EXPOSURE<sup>3</sup>

## Portfolio Update

During the week ended 10th February 2017, Silverdale Bond Fund sold Seagate 2018 bond while it purchased Tewoo 2019 (-/-/BBB-), Changchun Urban Development 2020 (-/Baa1/-), Gerdau 2020 (BBB-/-/BBB-), H&R Block 2020 (BBB/Baa3/-), Macys 2021 (BBB/Baa2/BBB) bonds, and Credit Linked Note on Bank of China (A/A1/A). Further, it received proceeds from maturity of Petrobras 2017 bonds.

Tewoo Group is the largest commodities trading and metals distribution company in China by total revenue (~US\$ 60bn); with 60% of its gross profit being generated from selling iron ore, coking coal and steel products in China. The Group is headquartered in Tianjin, with operations across China, United States, Germany, Japan, Singapore, Philippines and Hong Kong. As at 30th June 2016 it reported total assets of US\$ 34bn. It is a wholly owned subsidiary of Tianjin SASAC. The Tianjin Government has historically provided financial support to Tewoo through equity infusions and grants.

Changchun Urban Development Investment Holdings (CCDG) constructs roads, train stations and public housing, and is the monopoly water and sewage treatment provider for Changchun, which is the capital city of Jilin Province. CCDG is wholly owned by Changchun SASAC and is the largest local SOE in Jilin Province, owning over 80% of assets under Changchun SASAC as at end-2015. The bonds are issued by its wholly owned subsidiary and guaranteed by it.

H&R Block Inc. (Mkt Cap: US\$ 4.4bn) provides tax filing and related payment services. The majority of its revenue is generated by the preparation of tax returns sourced through its retail networks, and by discounting of tax refunds primarily to lower and middle income customers. As at 31st Oct 2016, it reported net debt of ~US\$ 1.6bn and available line of credit amounting to ~US\$ 1bn. It reported TTM EBITDA of ~US\$ 840mn with Net Debt/EBITDA of ~1.8x and interest coverage ratio of ~9.3x. The bonds are issued by its wholly owned subsidiary and guaranteed by it.

Macy's Inc (Mkt Cap: US\$ 9.8bn) is one of the largest fashion goods retailer in the world with FY 2016 sales at ~US\$ 27.1bn. It operates through 880 stores as well as through websites like macys.com, bloomingdales.com, and bluemercury.com. As at 29th Oct 2016, it reported net debt of ~US\$ 7bn and available line of credit amounting to ~US\$ 1.5bn. It reported TTM EBITDA of ~US\$ 3bn with Net Debt/EBITDA of ~2.8x and interest coverage ratio of ~6.7x. The bonds are issued by its wholly owned subsidiary and guaranteed by it.

Bank of China (Mkt Cap: US\$ 152bn) is one of China's four state-owned banks and is the fourth largest bank in the world with total assets of ~US\$ 2.7tn. It operates through ~10,683 domestic branches and outlets and 564 overseas institutions covering 46 countries. As at 30 September 2016, it reported Net Interest Margin at 1.85% and Non Performing Loans at 1.48% along with provision for loan impairment at 155.83%. It reported Tier-1 capital ratio at 12.21% and capital adequacy ratio at 14.12%. People Republic of China (via Central Huijin Investment Ltd.) is the largest shareholder with ~64% stake. The 5 year Credit Linked Note is issued by BNP Paribas (Mkt Cap: US\$ 74bn).

## 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](mailto:spc@silverdalegroup.com)

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