

Silverdale

Fund Management

**Bloomberg
TOP-5
ASIAN FUND**

Silverdale Bond Fund

Communique as at 26th May 2017

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	30 Jun'17 (US\$ 1.90 per share) [#]
Previous Dividend Date	31 Mar'17 (US\$ 1.90 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%

Class 1C Details

ISIN	KYG8135U2066
CUSIP	G8135U 206
Bloomberg Code	SILV01C KY Equity
Morningstar SecID	TBC
Initial Sales Charge	Upto 5%
Exit Load	0.25%

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

Fund Administrator

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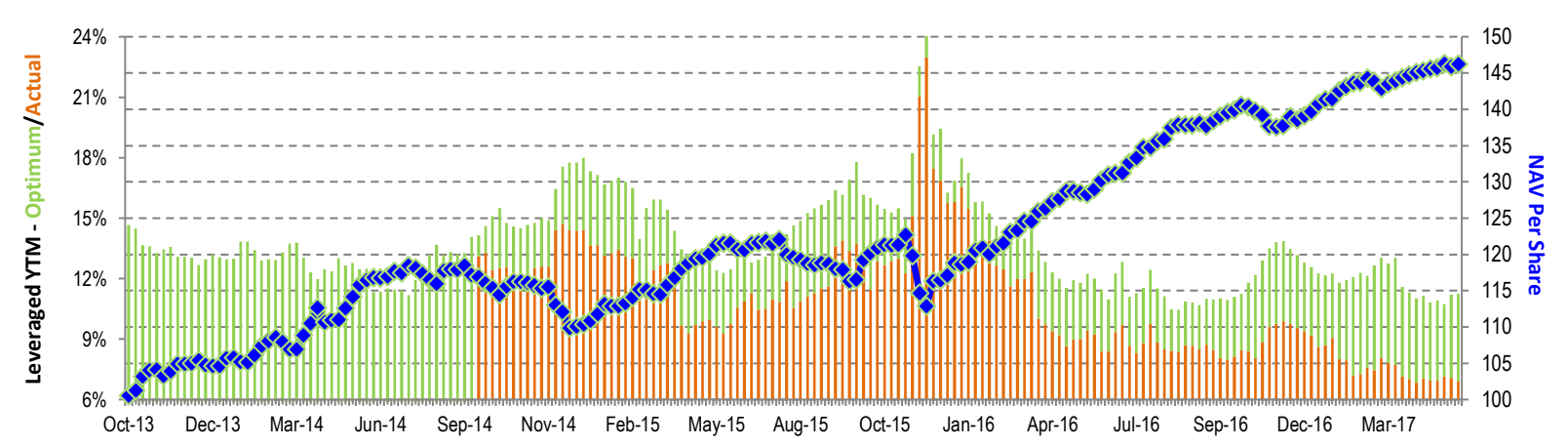
Email: spc@silverdalegroup.com
Or, Call: +65 6835 7130

Portfolio Dashboard

Performance*		Growth NAV US\$	146.2173	Ex-Dividend NAV US\$	132.5442
Fund Statistics		Top Holdings		% age	
Previous 1 week	0.2661 %	Portfolio Yield to Maturity	3.51 %	Prospect Capital 2019	2.95 %
Trailing 1 month	0.4910 %	Leveraged YTM - Actual	6.89 %	Transalta Corp 2022	2.60 %
Trailing 3 months	1.4751 %	Leveraged YTM - Optimum	11.25 %	Block Financial Llc 2020	2.54 %
Trailing 6 months	6.7977 %	Average Coupon	4.58 %	Macys Retail 2020	2.41 %
Trailing 12 months	13.9880 %	Average Duration [^]	2.03 years	Beijing Capital 2018	2.25 %
Trailing 3 years	7.88% p.a.	Total Dividend Paid	US\$ 13.67	Staples - Cln 2022	2.24 %
(*) after all fees, grossing up for dividends		Sharpe Ratio	1.17	Seagate Hdd 2022	2.17 %

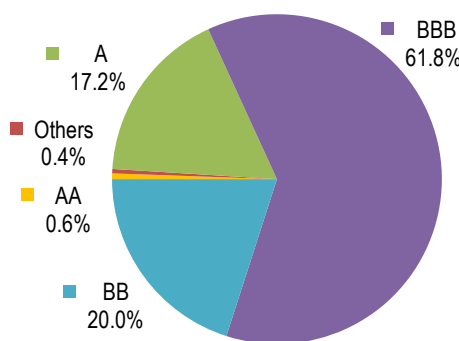
Period	Oct'13-Dec'13	2014	2015	2016	Apr'16-Jun'16	Jul'16-Sep'16	Oct'16-Dec'16	Jan'17-Mar'17
Dividend	-	-	4.47	7.3000	1.7500	1.9000	1.9000	1.9000
Ex-Dividend Price	104.6428	110.3573	112.6058	127.9435	123.2694	129.1991	127.9435	130.6642
Return to Investor	4.06%	5.46%	6.09%	20.10%	5.62%	6.35%	0.50%	3.61%

Investor Return and Dividend Distribution

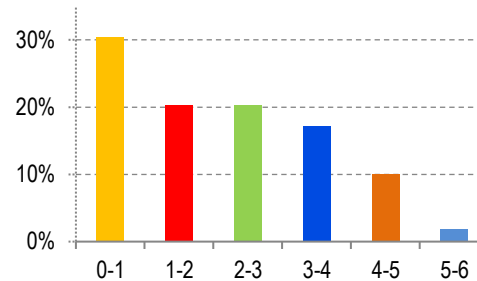


NAV and post-leverage YTM

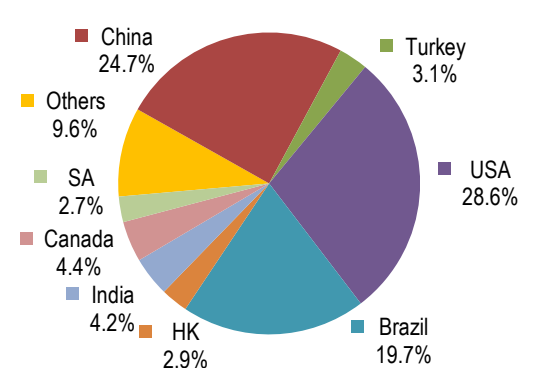
(* net of fees, adjusted for dividend)



RATING PROFILE¹



PORTFOLIO DURATION²



GEOGRAPHICAL EXPOSURE³

Portfolio Update

During the week ended 26th May 2017, we sold Gap 2021 (BB+/Baa2/BB+) bonds while it purchased Beijing Capital Group 2018 (BBB-/Baa3/BBB), Prospect Capital 2019 (BBB-/A-), and AT&T 2022 (BBB+/A-) bonds. We also received proceeds from maturity of BRF SA 2017 (BBB/Ba1/BBB) bonds.

Beijing Capital Group is one of the largest infrastructure developers in China providing water treatment, infrastructure, real estate, and financial services. Through its 54%-owned subsidiary, Beijing Capital, it owns over 100 water and sewage treatment plants across 72 Chinese cities in 18 provinces. As at 30th June 2016, it reported total assets of ~US\$ 37bn. It is 100% owned by the Beijing SASAC. The bonds are issued by its wholly owned subsidiary and guaranteed by it.

Prospect Capital Corp (Mkt Cap: US\$ 3bn) is a investment management firm that provides loans to middle-market companies. As at 31 March 2017, it reported total assets of US\$ 6.2bn, and net debt of ~US\$ 2.4bn against unused line of credit of ~US\$ 885mn. Prospect has a staggered debt maturity profile with no material debt maturities until 2017. Prospect has a diversified portfolio of investments in 125 companies with fair value of investment of ~US\$ 6bn.

AT&T (Mkt Cap: US\$ 234bn) is the largest global telecommunication company globally with annual revenue of ~US\$ 163bn. It provides voice services in over 225 countries and data roaming in over 210 countries. In July of 2015, it completed the acquisition of satellite TV provider DIRECTV and became the largest pay TV provider in the US and a major player in the Latin American market. As at 31 March 2017, it reported net debt net debt of ~US\$ 118.4bn against EBITDA of ~US\$ 49.5bn and unused line of credit of ~US\$ 12bn. It reported Net Debt/EBITDA at 2.4x and EBITDA to interest at 9.9x. The bonds are issued by its wholly owned subsidiary and guaranteed by it.

During the month of May 2017, Silverdale Bond Fund NAV appreciated by 0.49%, led by interest earned during the period, which was partly offset by drop in bond prices. Bond price contribution was negative during the month primarily owing to drop in prices of Brazilian credits, which was partly offset by appreciation in prices of US credits.

During the month, Silverdale Bond Fund sold Gap 2021 (BB+/Baa2/BB+) bonds while it purchased Gerdau 2017 (BBB-/BBB-), Beijing Capital Group 2018 (BBB-/Baa3/BBB), Zhaohai Investment 2018 (BBB+/BaaA/A-), eHi Car 2018 (BB-/BB-), Tianjin Port FTZ 2018 (-/Baa2/BBB+), Prospect Capital 2019 (BBB-/A-), Tewoo Group 2019 (-/BBB-), Tewoo Group 2020 (-/BBB-), Embraer 2020 (BBB/Ba1/BBB-), Gerdau 2020 (BBB-/BBB-), Gerdau 2021 (BBB-/BBB-), Macys Inc 2021 (BBB-/Baa3/BBB), TransAlta 2022 (BBB-/Ba1/BBB-), AT&T 2022 (BBB+/A-), and DNB Bank ASA Perp (BBB/Baa3/-) bonds. It also purchased a 5 Year Credit Linked Note on Staples Inc (BBB-/Baa2/BB+). Further it received proceeds from maturity/early call of BRF SA 2017 (BBB/Ba1/BBB) and Seagate 2021 (BBB-/Baa3/BBB-) bonds.

The Fund continues to maintain its conservative position with ~77% of its investments in investment grade bonds while maintaining its short duration of around 2 years (~2.12 years). The short duration of the portfolio could help it against any significant increase in interest rate.

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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