

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.

KEY FEATURES

- Investment grade (Min 75%)
- Short duration (2-3 years)
- No forex risk (US dollars only)
- Enhanced returns, using ring-fenced leverage
- Quarterly dividend distribution

FUND INFORMATION

Fund	Silverdale Bond Fund
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 (Friday)*
Subscription / Redemption	Weekly (Monday)*
Management Fee	0.50% p.a.^
Next Dividend Date	29 Sep'17 (US\$ 1.90 per share)*
Previous Dividend Date	30 Jun'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

the segregated portfolio-1 (SP-1) 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

Vistra (Mauritius) Limited

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Silverdale Bond Fund generates enhanced investor returns by clever use of asset-level leverage, while actively managing the portfolio duration. During the month ended 25th August 2017, the Fund NAV appreciated by 0.65% to US\$ 132.87 (previous month: US\$ 132.02), with actual portfolio yield (post-leverage) of 6.97% per annum (previous month: 6.96% p.a.), and average duration of 2.07 years (previous month: 2.04 years).

PORTFOLIO DASHBOARD	Growth NAV US\$	148.4464	Ex-Dividend NAV US\$	132.8733
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PERFORMANCE*

Previous 1 week	0.2851 %
Trailing 1 month	0.6495 %
Trailing 3 months	1.6818 %
Trailing 6 months	3.1575 %
Trailing 12 months	8.1798 %
Trailing 3 years	7.98% p.a.

FUND STATISTICS

Portfolio Yield to Maturity	3.68 %
Leveraged YTM - Actual	6.97 %
Leveraged YTM - Optimum	10.27 %
Average Coupon	4.87 %
Average Duration	2.07 years
Total Dividend Paid	US\$ 15.57
Sharpe Ratio (1 Year)	2.11

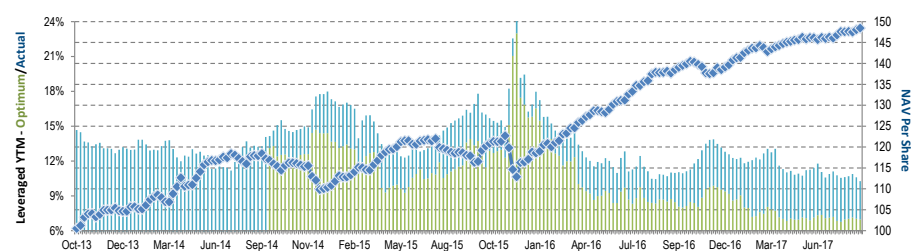
TOP HOLDINGS

	% age
Tewoo Group Fin 2019	2.90 %
Yapi Ve Kredi 2019	2.79 %
Chang Development 2020	2.62 %
Petrobras 2021	2.54 %
Gerdau Holdings Inc 2020	2.36 %
Prospect Capital 2019	2.34 %
Macys Retail 2021	2.11 %

(*) after all fees, grossing up for dividends

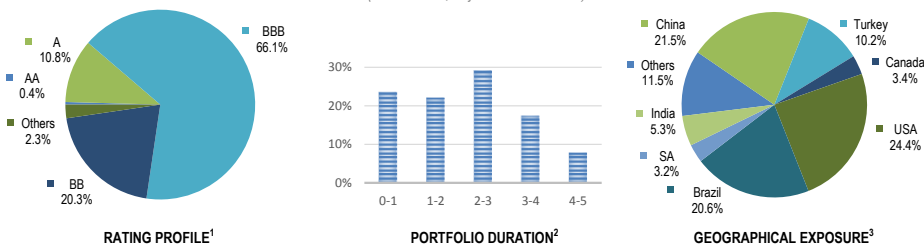
Period	Oct'13-Dec'13	2014	2015	2016	Jul'16-Sep'16	Oct'16-Dec'16	Jan'17-Mar'17	Apr'17-Jun'17
Dividend	-	-	4.47	7.3000	1.9000	1.9000	1.9000	1.9000
Ex-Dividend Price	104.6428	110.3573	112.6058	127.9435	129.1991	127.9435	130.6596	130.7470
Return to Investor	4.06%	5.46%	6.09%	20.10%	6.35%	0.50%	3.61%	1.52%

Investor Return and Dividend Distributions



NAV and post-leverage YTM

(* net of fees, adjusted for dividend)



PORTFOLIO UPDATE

During the week ended 25th August 2017, we sold Tewoo 2017 (-/A1/-) and Türkiye Is Bankasi 2017 (-/Ba1/BB+) while we purchased Yapi ve Kredi Bankasi 2018 (-/Ba1/BBB-), Tewoo Group 2019 (BBB-/Baa2/-), Tewoo Group 2020 (BBB-/Baa2/-), Chang Development 2020 (-/Baa1/-), Braskem 2020 (BBB-/Ba1/BBB-), AngloGold 2020 (BBB-/Baa2/-), Macys 2021 (BBB-/Baa3/BBB), Health & Happiness 2021 (BB-/Baa3/-), and Petrobras 2021 (BB-/B1/BB) bonds. Further we received proceeds from Call of TV Azteca 2018 (-/B+) bonds.

Yapi ve Kredi Bankasi (Mkt Cap: US\$ 5.9bn) is the fourth largest private bank in Turkey in terms of assets and loans, with ~850 branches. As of June 2017, it had total assets worth ~US\$ 81.5bn. It reported Net Interest Margin at ~3.4% and Non-Performing Loans (NPL) at ~4.3% with NPL coverage of ~113%. It reported capital adequacy ratio at ~14.8% with Tier-I ratio at ~11.2%.

Changchun Urban Development (CCDG) constructs roads, train stations and public housing, and is the monopoly water and sewage treatment provider for Changchun, capital of Jilin Province. CCDG is wholly owned by Changchun SASAC.

Braskem S.A. (Mkt Cap: US\$ 9.2bn) is the largest petrochemical company in Latin America and world's eighth largest thermoplastic resins producer. As at 30th June 2017, it reported net debt of US\$ 5.2bn, TTM EBITDA of ~US\$ 3.2bn with Net Debt/EBITDA of ~1.9x and interest coverage ratio of ~4.7x.

Macy's Inc (Mkt Cap: US\$ 6.4bn) is the largest departmental store in US and one of the largest fashion goods retailers in the world with TTM sales at ~US\$ 25bn. As at 29th July 2017, it reported net debt of ~US\$ 5.5bn and available line of credit amounting to ~US\$ 1.5bn. It reported EBITDA of ~US\$ 2.7bn with Net Debt/EBITDA of ~2.1x and interest coverage ratio of ~7.9x.

Health and Happiness (Mkt Cap: US\$ 2.3bn) is a leading infant milk formula provider in China. It owns Swisse Wellness Group, the leading Australian vitamin, herbal and mineral supplements provider. As at 30th June 2017, it reported net debt of US\$ 1bn, TTM EBITDA of ~US\$ 300mn with Net Debt/EBITDA of ~2.4x and interest coverage ratio of ~7.1x.

Petroleo Brasileiro (Mkt Cap: US\$ 58.7bn) is an integrated energy company with total assets of ~US\$ 250bn. As at 31st June 2017, it reported TTM EBITDA of ~US\$ 28bn with Net Debt/EBITDA of ~3.1x and interest coverage ratio of ~3.5x. 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.

During August 2017, Silverdale Bond Fund NAV appreciated by 0.65% almost entirely (circa nine-tenth) contributed by interest accrual. The balance NAV appreciation was led by price appreciation of Brazilian and Chinese credits, partially offset by drop in prices of US credits.

During the month we sold Tewoo 2017 (-/A1/-), Is Bankasi 2017 (-/Ba1/BB+), Seagate 2018 (BB+/Baa3/BBB-), and Israel Electric 2018 (BBB-/Baa2/-) bonds while we purchased eHi Car 2018 (BBB-/Baa2/-), Yapi 2018 (-/Ba1/BBB-), Tewoo Group 2019 (BBB-/Baa2/-), Tewoo Group 2020 (BBB-/Baa2/-), Chang Dev 2020 (-/Baa1/-), Gerdau Trade 2020 (BBB-/BBB-), Braskem 2020 (BBB-/Ba1/BBB-), TV Azteca 2020 (-/B+), AngloGold 2020 (BBB-/Baa2/-), Macys 2021 (BBB-/Baa3/BBB), Health & Happiness 2021 (BB-/Baa3/-), Petrobras 2021 (BB-/B1/BB), Vedanta 2021 (B+/B3/-), Macys 2022 (BBB-/Baa3/BBB), AngloGold 2022 (BB+/Baa3/-), AT&T 2022 (BBB+/A/-), and Vedanta 2024 (B+/B3/-) bonds. Further we received proceeds from Call of TV Azteca 2018 (-/B+) bonds.

We continue to maintain conservative position with ~77.3% of investments in Investment Grade bonds while maintaining short duration of ~2.07 years. The short duration of the portfolio could help us 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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