

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 Dec'17 (US\$ 2.00 per share)*
Previous Dividend Date	29 Sep'17 (US\$ 2.00 per share)

FUND MANAGEMENT DETAILS

THE FUND

Silverdale Bond Fund

is 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

Regulated by Financial Services Commission
355 NeXTeracom Tower 1, Cybercity
Ebene, Mauritius
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CLASS DETAILS	CLASS 1A	CLASS 1B
ISIN	KYG8135U1076	KYG8135U1159
CUSIP	G8135U 107	G8135U 115
Swiss Valor No.	28213010	TBC
Bloomberg Code	SILV01AKY Equity	SILV01B KY Equity
Morningstar SecID	F00000WLJR	F00000WLJW
Initial Sales Charge	1.00%	0.00%
Exit Load	0.25%	1.00%
Contingent Load	NA	3% / 2% / 1%

CLASS DETAILS	CLASS 1C	CLASS 1D
ISIN	KYG8135U2066	KYG8135U2306
CUSIP	G8135U 206	G8135U 230
Swiss Valor No.	TBC	TBC
Bloomberg Code	SILV01CKY Equity	SILV01DKY Equity
Morningstar SecID	TBC	TBC
Initial Sales Charge	Upto 5%	0.00%
Exit Load	0.25%	1.00%
Contingent Load	NA	5% / 4% / 3% / 2% / 1%



Investors' Choice Award

**2016 ALTERNATIVE
INVESTMENTS AWARDS**

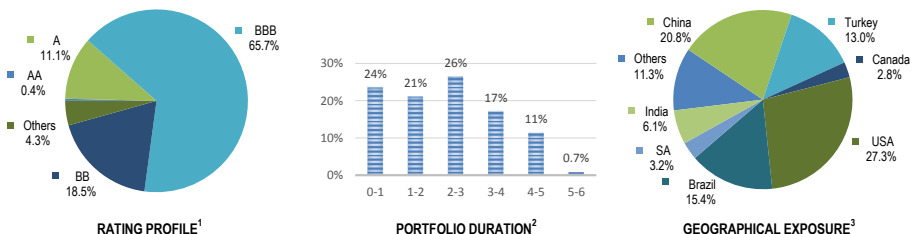
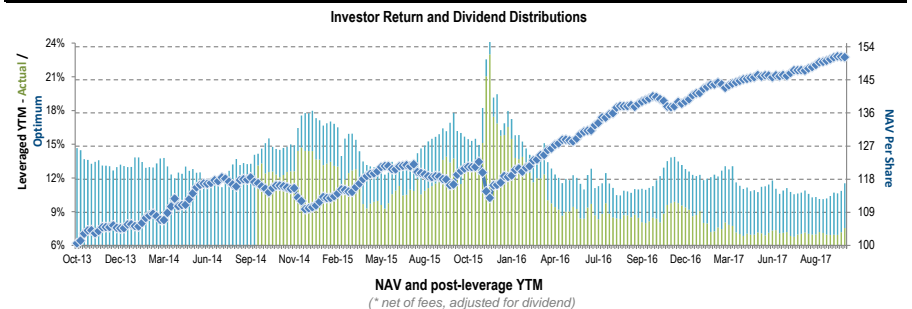
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Silverdale Bond Fund generates enhanced investor returns by clever use of asset-level leverage, while actively managing the portfolio duration. During the month ended 27th October 2017, the Fund NAV appreciated by 0.41% to US\$ 133.60 (previous month: US\$ 133.05), with actual portfolio yield (post-leverage) of 7.55% per annum (previous month: 6.91% p.a.), and average duration of 2.21 years (previous month: 2.19 years).

PORTFOLIO DASHBOARD	Growth NAV US\$	151.1688	Ex-Dividend NAV US\$	133.5957
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PERFORMANCE*	FUND STATISTICS	TOP HOLDINGS	% age
Year to Date	8.9510 %	Portfolio Yield to Maturity	3.91 %
Trailing 1 month	0.4068 %	Leveraged YTM - Actual	7.55 %
Trailing 3 months	2.7116 %	Leveraged YTM - Optimum	11.52 %
Trailing 6 months	4.2451 %	Average Coupon	4.59 %
Trailing 12 months	8.2887 %	Average Duration	2.21 years
Trailing 3 years	9.15% p.a.	Total Dividend Paid	US\$ 17.57
	(*) after all fees, grossing up for dividends	Sharpe Ratio (1 Year)**	2.74

Period	Oct'13-Dec'13	2014	2015	2016	Oct'16-Dec'16	Jan'17-Mar'17	Apr'17-Jun'17	Jul'17-Sep'17
Dividend	-	-	4.4731	7.3000	1.9000	1.9000	1.9000	2.0000
Ex-Dividend Price	104.6428	110.3573	112.6058	127.9435	127.9435	130.6596	130.7470	133.0544
Return to Investor	4.06%	5.46%	6.09%	20.10%	0.50%	3.61%	1.52%	3.29%



PORTFOLIO UPDATE

During the week ended 27th October 2017, we sold Braskem 2018 (BBB-/Ba1/BBB-), Symantec 2020 (BB+/Baa3/BB+), HP 2021 (BBB/Baa2/BBB+), and UBS 2022 (BBB+/-A/-) bonds while we purchased Tupras 2018 (-/Ba1/BBB-), Health & Happiness 2021 bond (BB-/Ba3/-), Petrobras 2021 (BB-/Ba3/BB), AngloGold 2022 (BBB-/Ba3/BBB-), Anadolu 2022 (BBB-/Ba3/BBB-), and Gerdau 2023 (BBB-/Ba3/BBB) bonds. We also received proceeds from tender of Gerdau 2020 (BBB-/Ba3/BBB) and Gerdau 2021 (BBB-/Ba3/BBB) bonds.

Turkiye Petrol Rafinerileri (Tupras, Mkt Cap: US\$ 8.9bn) is the sole refiner in Turkey with a combined crude processing capacity of 28.1 mntpa. It also owns ~40% of Opet (second-largest oil-products distributor in Turkey, with 1,538 petrol stations) and ~80% stake in Ditas (a shipping company primarily serving Tupras logistic needs). As at 30th June 2017, it reported TTM EBITDA of ~US\$ 1.6bn with Net Debt/EBITDA of ~1x and interest coverage ratio of ~7x. It raised funds in Oct 2017 to provide for redemption of these 2018 bonds.

Health and Happiness (Mkt Cap: US\$ 3.1bn) is a leading infant milk formula provider in China. It owns leading Australian vitamin, herbal and mineral supplements provider: Swisse Wellness Group Pty Ltd. 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\$ 69.3bn) is an integrated energy company with total assets of ~US\$ 250bn. As at 30th 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.

AngloGold Ashanti (Mkt Cap: US\$ 3.8bn) with production of circa 3.60mn ounces is the world's third largest gold producer, operating in 20 locations in 10 countries. As at 30th June 2017, it reported net debt of ~US\$ 2.2bn and unutilised line of credit of ~US\$ 1.4bn. It reported TTM EBITDA of ~US\$ 1.5bn with Net Debt/EBITDA of ~1.6x and interest coverage ratio of ~9.1x.

Anadolu Efes (Mkt Cap: US\$ 3.4bn) produces and markets beer, malt and soft drinks across Turkey, Russia, the CIS countries, Central Asia and the Middle East. It is the sixth-largest brewer in Europe and 14th largest in the world. It operates 14 breweries: three in Turkey, six in Russia, two in Kazakhstan, and one each in Moldova, Ukraine and Georgia. It owns ~50.26% equity stake in Coca Cola Icesek, which is the fifth-largest Coca-Cola bottler globally (ex-North America). As at 30th June 2017, it reported TTM EBITDA of ~US\$ 500mn with Net Debt/EBITDA of ~2x and interest coverage ratio of ~7.6x.

Gerdau SA (Market Cap: US\$ 6.1bn) is the second largest producer of long-steel in the world with aggregate capacity of ~25 MMTA across 14 countries. It is one of the lowest cost producer with vertically integrated operations. As at 30th June 2017, it reported cash & equivalent of ~US\$ 1.6bn, against total debt of ~US\$ 6bn. It reported Net Debt/EBITDA at 3.1x and EBITDA to interest at 3.1x.

During October 2017, Silverdale Bond Fund NAV appreciated by 0.41%, contributed entirely by interest accrual. Bond price contribution was negative during the month led by drop in prices of Turkish and US credits with some support from Brazilian and Chinese credits.

During the month we sold Gerdau 2017 (BBB-/BBB-), Wanda 2018 (B+/Ba3/BBB), Braskem 2018 (BBB-/Ba1/BBB-), Symantec 2020 (BB+/Baa3/BB+), HP 2021 (BBB/Baa2/BBB+), and UBS 2022 (BBB+/-A/-) bonds while we purchased Zhaohai 2018 (BBB+/Baa1/A-), Tupras 2018 (-/Ba1/BBB-), Yapi 2019 (-/Ba1/BBB-), Garanti 2019 (-/Ba1/BBB-), Pitney Bowes 2020 (BBB-/Ba1/BBB-), Dell 2020 (BB-/Ba2/BB), Vedanta 2021 (B+/B3/-), Health & Happiness 2021 bond (BB-/Ba3/-), Petrobras 2021 (BB-/Ba3/BB), AngloGold 2022 (BBB-/Ba3/BBB-), Braskem 2022 (BBB-/Baa3/BBB), Anadolu 2022 (BBB-/Ba3/BBB-), Gerdau 2023 (BBB-/Ba3/BBB), Petrobras 2023 (BB-/B1/BB), Macys 2023 (BBB-/Baa3/BBB), Gerdau 2024 (BBB-/Ba3/BBB-), Petrobras 2024 (BB-/Ba3/BB), and Huarong Perp (-/Baa1/A-) bonds. Further we received proceeds from maturity/tender of Gerdau 2017 (BBB-/Ba3/BBB), Gerdau 2020 (BBB-/Ba3/BBB) and Gerdau 2021 (BBB-/Ba3/BBB) bonds.

We continue to maintain conservative position with ~77.1% of our investments in Investment Grade bonds while maintaining short duration of around 2.21 years. The short duration of the portfolio could help us against any significant increase in interest rates.

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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