



## Silverdale Bond Fund

Communique as at 2nd February 2018

### 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 <sup>†</sup>	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. <sup>^</sup>
Next Dividend Date	29 Mar'18 (US\$ 2.00 per share) <sup>#</sup>
Previous Dividend Date	29 Dec'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  
Tel.: +230 464 7275 Fax: +230 464 3290  
Email: spc@silverdalegroup.com

CLASS DETAILS	CLASS 1A	CLASS 1B
ISIN	KYG8135U1076	KYG8135U1159
CUSIP	G8135U 107	G8135U 115
Swiss Valor No.	28213010	TBC
Bloomberg Code	SILV01A KY Equity	SILV01B KY Equity
Morningstar SecID	F00000WLJR	F00000WLJW
Initial Sales Charge	1.00%	0.00%
Exit Load	0.25%	1.00%
Contingent Load	Nil	3% / 2% / 1%

CLASS DETAILS	CLASS 1C	CLASS 1D
ISIN	KYG8135U2066	KYG8135U2306
CUSIP	G8135U 206	G8135U 230
Swiss Valor No.	TBC	TBC
Bloomberg Code	SILV01C KY Equity	SILV01D KY Equity
Morningstar SecID	TBC	TBC
Initial Sales Charge	Upto 5%	0.00%
Exit Load	0.25%	1.00%
Contingent Load	Nil	5% / 4% / 3% / 2% / 1%



Investors' Choice Award

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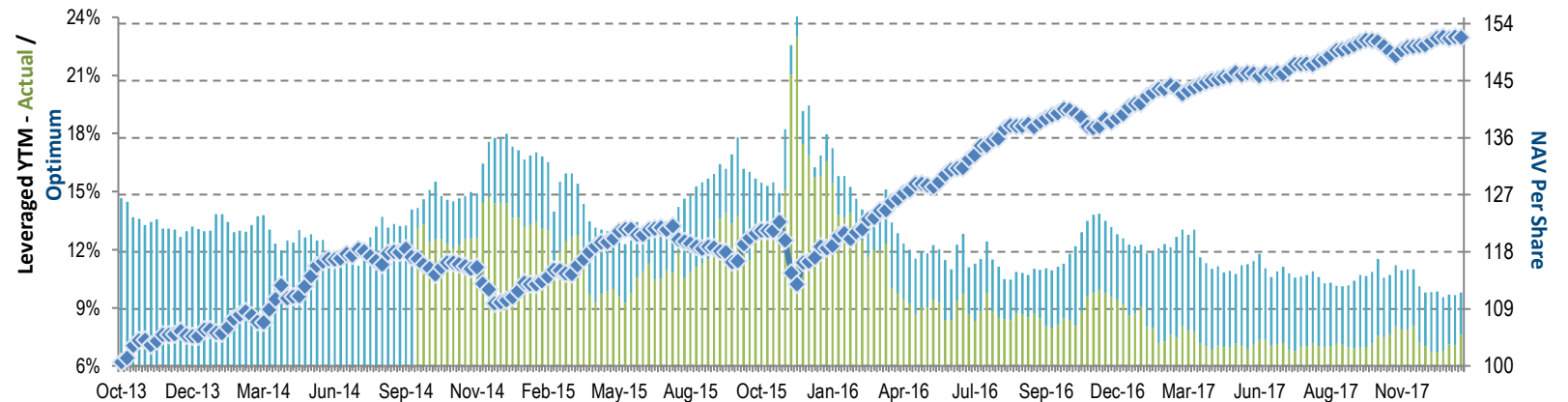
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The above commentary does not provide a complete analysis of every material fact regarding the market, industry, security, portfolio or the fund. It is not a recommendation to buy or sell any security nor an investment advice. The portfolio holdings, 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, 12 months = 52 weeks, and 3 years = 156 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. (†) Initially launched as multi-assets fund with quarterly NAV.(1), (2) & (3) Based on gross investments into securities. (1) Credit Rating is based on best of the three ratings (S&P/Moodys/Fitch), with those rated below "BB" being clubbed as "Others". (3) Country exposure of less than 2.5% 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. (††) Sharpe Ratio: Source Bloomberg, as at 26 Jan 2018.

Silverdale Bond Fund generates enhanced investor returns by clever use of asset-level leverage, while actively managing the portfolio duration. During the week ended 2nd February 2018, our Fund NAV declined by 0.07% to US\$ 132.23 (previous week: US\$ 132.32), increasing the actual portfolio yield (post-leverage) to 7.61% per annum (previous week: 7.09% p.a.) with average duration of 2.03 years (previous week: 2.07 years).

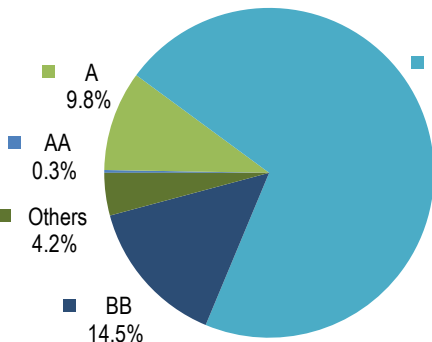
PORTFOLIO DASHBOARD				Growth NAV US\$ 151.7999		Ex-Dividend NAV US\$ 132.2268	
PERFORMANCE*				FUND STATISTICS		TOP HOLDINGS	
Year to Date				0.4136 %		Portfolio Yield to Maturity 4.12 %	
Trailing 1 month				0.0661 %		Tewoo Group 2019 2.74 %	
Trailing 3 months				1.0031 %		Vedanta Resources 2021 2.45 %	
Trailing 6 months				3.1200 %		Western Digital Corp 2018 2.45 %	
Trailing 12 months				6.6046 %		Huarong Finance 2022 2.35 %	
Trailing 3 years				10.38% p.a.		Yapi Ve Kredi 2019 2.34 %	
(*) after all fees, before dividend payout				Total Dividend Paid US\$ 19.57		Turkiye Garanti 2019 2.32 %	
				Sharpe Ratio (1 Year) <sup>††</sup> 2.67		Chang Development 2020 2.20 %	

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Div Yield
2013										3.46	0.86	(0.28)	4.06	
2014	0.50	3.27	0.24	1.91	4.98	1.04	(0.32)	0.51	(1.61)	0.23	(0.62)	(4.49)	5.46	
2015	2.26	2.06	0.57	3.20	1.67	0.07	(1.66)	(0.71)	(2.08)	4.42	(1.31)	(2.34)	6.09	4.05%
2016	3.06	0.87	2.61	3.47	0.28	1.79	3.55	1.73	0.96	0.99	(2.16)	1.71	20.10	6.48%
2017	2.23	1.29	0.05	0.95	0.49	0.08	0.97	0.65	1.64	0.41	(1.02)	1.09	9.02	6.10%
2018	0.48												0.48	

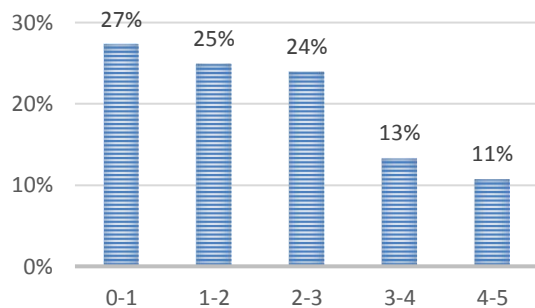


NAV and post-leverage YTM

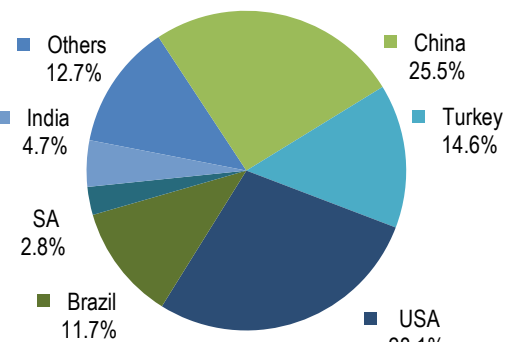
(\* net of fees, adjusted for dividend)



RATING PROFILE<sup>1</sup>



PORTFOLIO DURATION<sup>2</sup>



GEOGRAPHICAL EXPOSURE<sup>3</sup>

### PORTFOLIO UPDATE

During the week ended 2nd February 2018, we sold Ares Capital 2018 (BBB/-/BBB) and H&R Block 2022 (BBB/Baa3/-) bonds; while we purchased Binhai 2018 (-/Ba1/BBB-), eHi Car 2018 (BB/-/BB-), Pitney Bowes 2022 (BBB-/Ba1/BBB-), AT&T 2023 (BBB+/Baa1/A-), Western Digital 2024 (BB+/Baa3/BB+), PTT Exploration Perps (BB+/Baa3/-, First Call 2019), and HSBC Perps (-/Baa3/BBB, First Call 2021)

eHi Car Services Ltd (Mkt Cap: US\$ 836mn) is one of the largest chauffeured car services provider and the second largest car rental provider in China. As of 30 June 2017, its fleet included 45,531 vehicles on an average which offered services in 225 cities across China. As at 30th June 2017, it reported net debt of US\$ 530mn, TTM EBITDA of ~US\$ 150mn with Net Debt/EBITDA of ~3.4x and interest coverage ratio of ~4.7x.

Binhai Investment (Mkt Cap: US\$ 233mn) is city gas distribution company with ~2,199 km of gas pipelines primarily in Tianjin, and in Beijing, Shandong, Hebei, Jiangsu, Zhejiang, Jiangxi, and Hunan. As at 30 June 2017, it reported net debt of ~US\$ 205mn, Net Debt/EBITDA of ~3.2x and interest coverage ratio of ~9.2x. Tianjin Economic Development Area (TEDA) Investment (Owned by Tianjin SASAC) is its largest shareholder with 63.2% ownership. The bonds are supported by letter of support from TEDA.

Pitney Bowes (Market Cap: US\$ 2.4bn) is a leading global provider of integrated mail, messaging and document management solutions that include postage meters, mailing equipment, document messaging services, and digital commerce solutions. As at 30th Sep 2017, it reported TTM EBITDA of ~US\$ 520mn with Net Debt/EBITDA of ~4.7x and interest coverage ratio of ~2.1x.

AT&T (Mkt Cap: US\$ 234bn) is the 2nd largest mobile network operator in US with 51 Million subscribers, and the largest pay TV provider in the US. In 2016, it announced a deal to acquire Time Warner Inc. As at 31 December 2017, it reported net debt of ~US\$ 114bn against EBITDA of ~US\$ 51.1bn and unused line of credit of ~US\$ 12bn. It reported Net Debt/EBITDA at 2.23x and EBITDA to interest at 8.1x.

Western Digital (Mkt Cap ~US\$ 25.2bn) is a global leader in the design, manufacture and marketing of hard disk drive products in a duopolist market with ~45% market share. It is the second largest manufacturer (~16% share) of solid state storage drive. As at 31 December 2017, it reported net debt at ~US\$ 5.8bn and unutilized credit line of ~US\$ 1.5 bn. It reported EBITDA of ~US\$ 6bn, net debt/EBITDA at ~1.0x, and interest coverage ratio at ~6.0x.

PTT Exploration and Production (Mkt Cap: US\$ 15.2bn) is engaged in the exploration and production of crude oil and natural gas. As at Dec 2017, it reported proven reserves of ~631 million barrels; gross debt of ~US\$ 2.9bn as against cash of ~US\$ 4.5bn and LTM EBITDA of ~US\$ 3.1bn. It is 65.29% owned by PTT Public Company Ltd which in turn is majority owned by Thai Government.

HSBC Holdings Plc (Mkt Cap: US\$ 213bn) is one of the world's largest banking and financial services organisations serving clients in 67 countries. It provides retail banking and wealth management, commercial banking, and investment banking services. As of 30 Sep 2017, it reported total assets worth ~US\$ 2.5tn and book value of equity of ~US\$ 191bn. It reported net interest margin at 1.63% and loan impairment charges at 0.19%. It reported common equity Tier-1 ratio of 14.6% and a leverage ratio of 5.7%.

### 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