

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 Mar'18 (US\$ 2.00 per share) [#]
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%

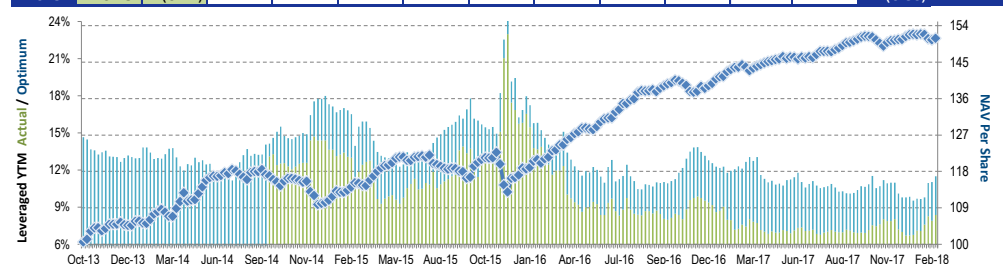
CLASS DETAILS	CLASS 1C	CLASS 1D
ISIN	KYG8135U2066	KYG8135U2306
CUSIP	G8135U 206	G8135U 230
Swiss Valor No.	TBC	TBC
Bloomberg Code	SILV01C KY Equity	SILV01D KY Equity
Morningstar SecID	TBC	TBC
Initial Sales Charge	Upto 5%	0.00%
Exit Load	0.25%	1.00%
Contingent Load	Nil	5% / 4% / 3% / 2% / 1%

Silverdale Bond Fund generates enhanced investor returns by clever use of asset-level leverage, while actively managing the portfolio duration. During the month ended 23rd February 2018, the Fund NAV declined by 0.77% to US\$ 131.29 (previous month: US\$ 132.32), taking actual portfolio yield (post-leverage) to 8.37% per annum (previous month: 7.09% p.a.) with still lower average duration of 1.99 years (previous month: 2.07 years).

PORTFOLIO DASHBOARD

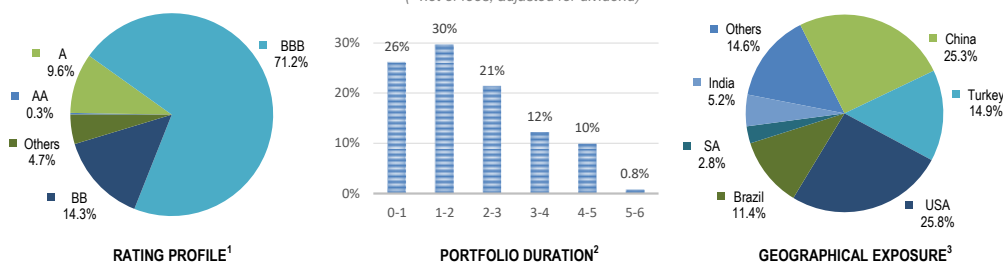
PERFORMANCE*		FUND STATISTICS		TOP HOLDINGS		% age
Year to Date	-0.2975 %	Portfolio Yield to Maturity	4.36 %	Tewoo Group 2019	2.84 %	
Trailing 1 month	-0.7744 %	Leveraged YTM - Actual	8.37 %	Chang Development 2020	2.71 %	
Trailing 3 months	0.7957 %	Leveraged YTM - Optimum	11.49 %	Vedanta Resources 2021	2.71 %	
Trailing 6 months	1.8191 %	Average Coupon	4.92 %	Yapi Ve Kredi 2019	2.58 %	
Trailing 12 months	4.9819 %	Average Duration	1.99 years	Western Digital Corp 2018	2.42 %	
Trailing 3 years	9.41% p.a.	Total Dividend Paid	US\$ 19.57	Huarong Finance 2022	2.32 %	
	(*) after all fees, before dividend payout	Sharpe Ratio (1 Year)**	1.79	Turkiye Garanti 2019	2.29 %	

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Div Yield
2013													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	(0.77)											(0.30)	



NAV and post-leverage YTM

(* net of fees, adjusted for dividend)



PORTFOLIO UPDATE

During the week ended 23rd February 2018, we sold Ares Capital 2018 (BBB-/BBB) bonds; while we purchased Vedanta 2019 (B+/B2/-) and QNB Finansbank 2019 (-/Ba1/BBB-) bonds.

Vedanta Resources plc (Mkt Cap: US\$ 2.9bn) is a LSE listed, natural resources company with interests in zinc, lead, silver, copper, iron ore, aluminium, power and oil & gas. Zinc is the largest segment with approx 50% of EBITDA; geographically 63% of revenue comes from India. As at Dec 2017, it reported net debt of US\$ 9.3bn, EBITDA of US\$ 3.8bn with Net Debt/EBITDA of 2.5x and interest coverage ratio of 4.7x.

QNB Finansbank (Mkt Cap: US\$ 5.3bn) is a Turkish bank with total assets of US\$ 35bn. As of Dec 2017, it reported Net Interest Margin at 4.7% and Non-Performing Loans (NPL) at 5% with NPL coverage of 116%. It reported capital adequacy ratio at 15% with Tier-I ratio at 12.2%. Qatar National Bank (QNB, Mkt Cap: US\$ 32bn) with assets of ~US\$ 221bn is the largest shareholder with 99.9% equity stake. Qatar Investment Authority is the single largest shareholder of QNB with ~52% equity stake.

During the month of February 2018, our Fund NAV declined by 0.77%, primarily due to drop in bond prices which was partially offset by interest earned and higher reinvestment income. Sectorially, metals & mining, energy, and technology companies were the key laggards while geographically Brazilian and Indian companies were the key dampeners.

During the month of February 2018, we sold Ares Capital 2018 (BBB-/BBB), H&R Block 2020 & 2022 (BBB/Baa3/-), Midea 2019 (A-/A-), Baidu 2019 (-/A3/A), and Macys 2021 & 2022 (BBB-/Baa3/BBB) bonds; while we purchased Dell 2018 (BB-/Ba2/BB), Binhai 2018 (-/Ba1/BBB-), eHi Car 2018 (BB-/BB-), Vedanta 2019 & 2021 (B+/B2/-), Tewoo 2019 (-/BBB), QNB Finansbank 2019 (-/Ba1/BBB-), Chang 2020 (-/Baa1/-), 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), DNB Perps (BBB/Baa3/-, First Call 2020), and HSBC Perps (-/Baa3/BBB, First Call 2021) bonds. Further we received proceeds from tender of Western Digital 2024 (BB+/Baa3/BB+) bonds.

We continue to maintain a conservative position with about 81% of our investments in Investment Grade bonds with a short duration of just 1.99 years.

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

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 9 Feb 2018.



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