

FOR ACCREDITED AND INSTITUTIONAL INVESTORS ONLY

Silverdäle

Fund Management

SILVERDALE BOND FUND

QUARTERLY REVIEW

March 2018

SILVERDALE CAPITAL PTE LTD

LICENSED & REGULATED BY MONETARY AUTHORITY OF SINGAPORE (MAS) FOR FUND MANAGEMENT (AIFMC)

Silverdale Bond Fund

Q1 2018: Returns -0.57%; Dividend US\$ 2.00; Ex-Dividend NAV US\$ 128.93

- Performance Snapshot Dec 2017 Qtr
- Performance Review Mar 2018 Qtr

Fund Statistics, Facts, and Factors

Silverdåle Bond Fund

Performance Review, Q4 CY2017

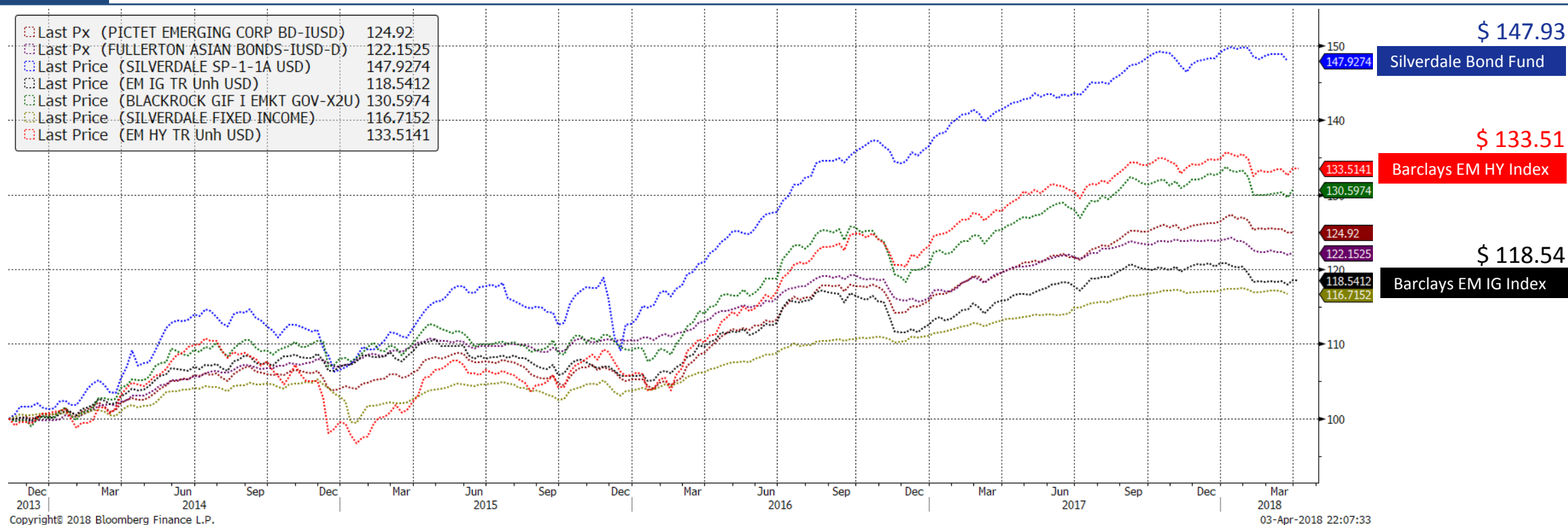
Parameter	As at 29 Sept'17	As at 29 Dec'17		Change in Q4 2017
NAV appreciation	US\$ 133.0544	US\$ 131.6822	↓	-1.03%
Dividend Paid	US\$ 2.00 per share	US\$ 2.00 per share	↔	1.50%
Total Return to Investor for Q4	3.29%	0.47%	↑	For the Quarter
Asset Quality IG Bonds	78.30%	77.71%	↔	Flattish
Duration	2.19 years	2.14 years	↓	Marginally lower
Coupon	4.94%	4.88%	↓	Marginally lower
Portfolio YTM	3.73%	3.95%	↑	Higher
Lev Portfolio YTM - Actual	6.91%	6.72%	↓	Marginally lower
Lev Portfolio YTM - Optimum	10.40%	9.80%	↓	Marginally lower

Performance contributed by:

- Interest Accrual 180%
- Bond Price Movement -80% *(Broad-based credits sell-off led by US and Chinese securities)*

Silverdåle Bond Fund

Relative Performance ... *Consistent Outperformance!*



Fund Name \ Annualized→	Mean Return	Standard Deviation	Sharpe Ratio	Downside Risk	Sortino Ratio	Duration
Silverdale Bond Fund	9.49%	2.40	1.58	1.86	1.31	1.93
Blackrock Global Index EM Fund	6.25%	3.57	0.68	2.83	0.58	6.10
Pictet Emerging Corporate Bonds	5.29%	2.14	1.59	1.70	1.29	4.55
Fullerton Lux Funds	4.74%	1.55	0.66	1.18	0.59	4.20
Silverdale Fixed Income Fund	3.76%	1.18	1.89	0.79	1.99	2.24

Note: Unlike Silverdale Bond Fund, Barclays Emerging Markets Investment Grade Total Return Index and Barclays Emerging Markets High Yield Total Return Index neither reflect leverage nor any management fees and other charges
Source: Bloomberg, Fund Factsheets

Silverdåle Bond Fund

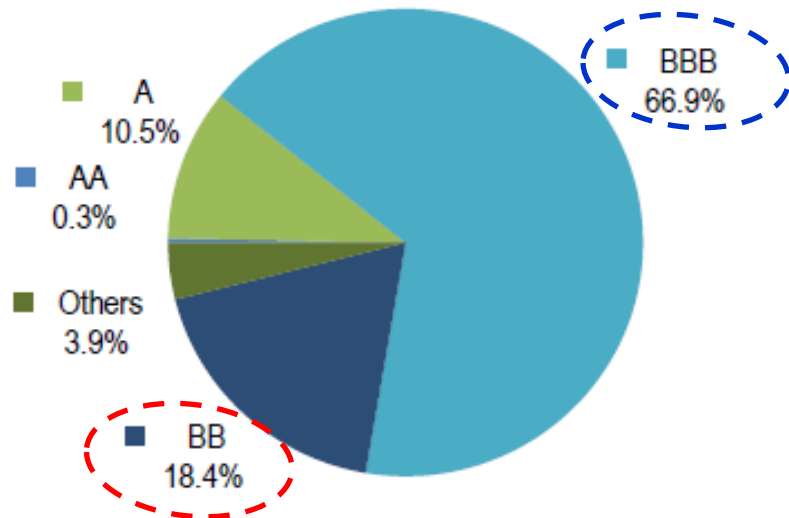
Performance Review, Q1 CY2018

Parameter	As at 29 Dec'17	As at 29 Mar'18		Change in Q1 2018
NAV appreciation	US\$ 131.6822	US\$ 128.9304	↓	-2.09%
Dividend Paid	US\$ 2.00 per share	US\$ 2.00 per share	↔	1.52%
Total Return to Investor	0.47%	-0.57%		For the Quarter
Asset Quality IG Bonds	77.71%	81.80%	↑	Higher
Duration	2.14 years	1.93 years	↓	Lower
Coupon	4.88%	4.89%	↓	Marginally Higher
Portfolio YTM	3.95%	4.51%	↑	Higher
Lev Portfolio YTM - Actual	6.72%	8.04%	↑	Higher
Lev Portfolio YTM - Optimum	9.80%	10.62%	↑	Higher

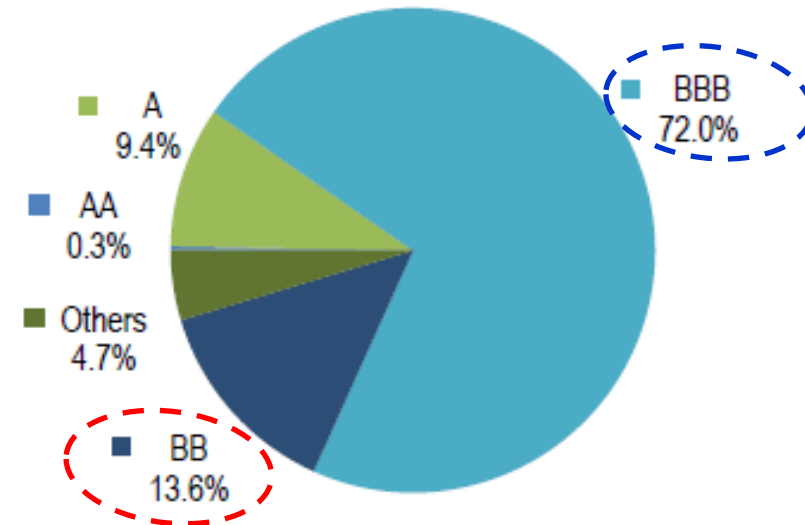
Performance contributed by:

- Primarily Bond Price Movement of -2.33%

Minimum 75% Investment Grade



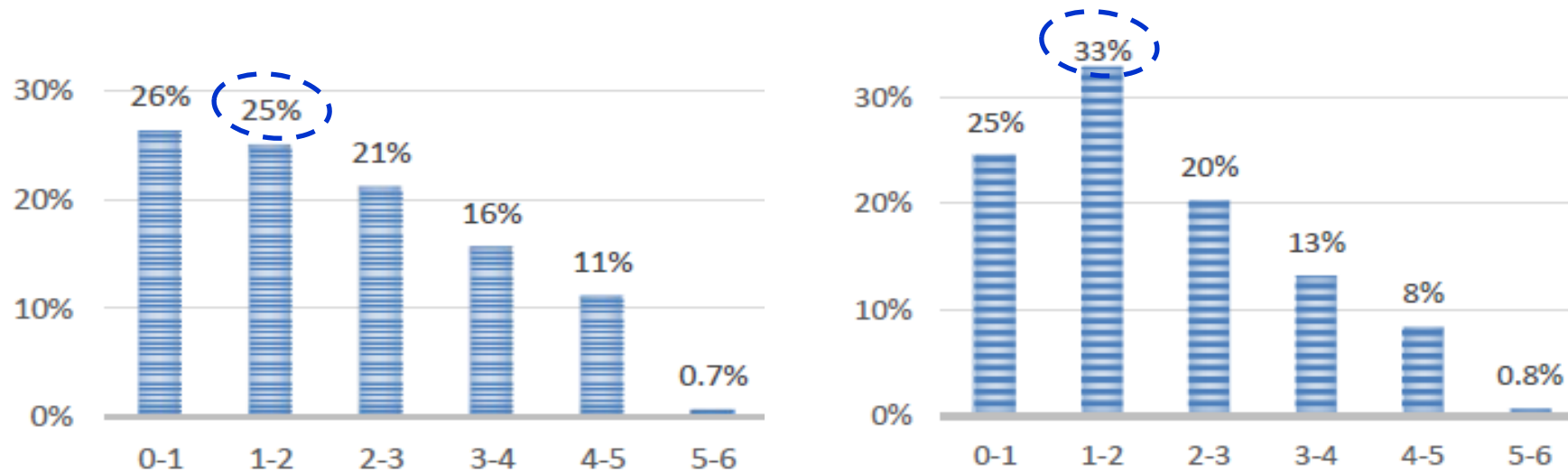
DECEMBER 2017



MARCH 2018

*Increase in Quality:
Investment Grade bonds increase from 78% to 82%*

Short Duration: Between 2-2.5 years

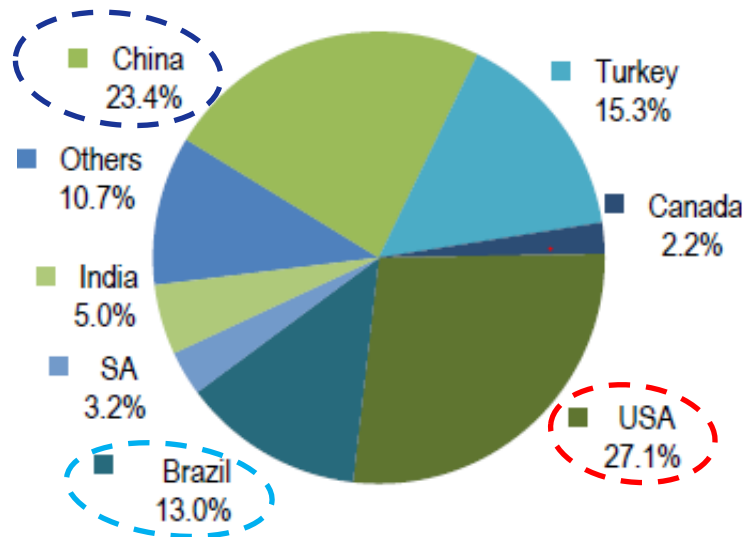


DECEMBER 2017 (2.14 years)

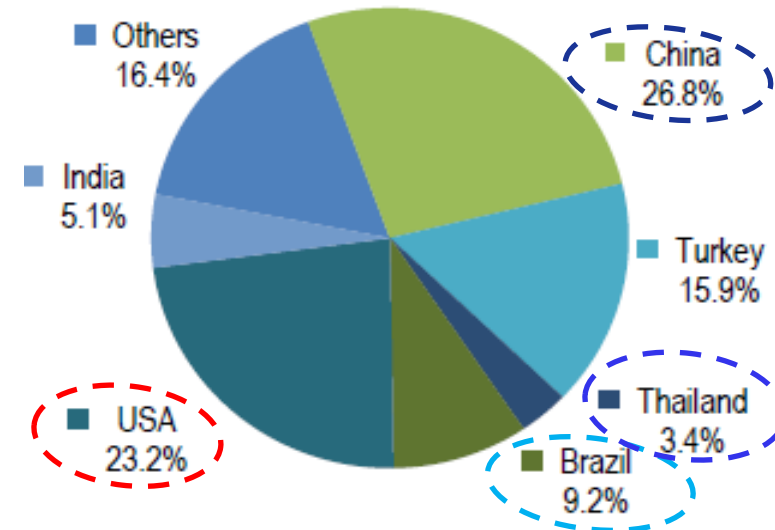
MARCH 2018 (1.93 years)

*Reduction in Duration:
from 2.1 years to 1.9 years*

Geographically well-diversified



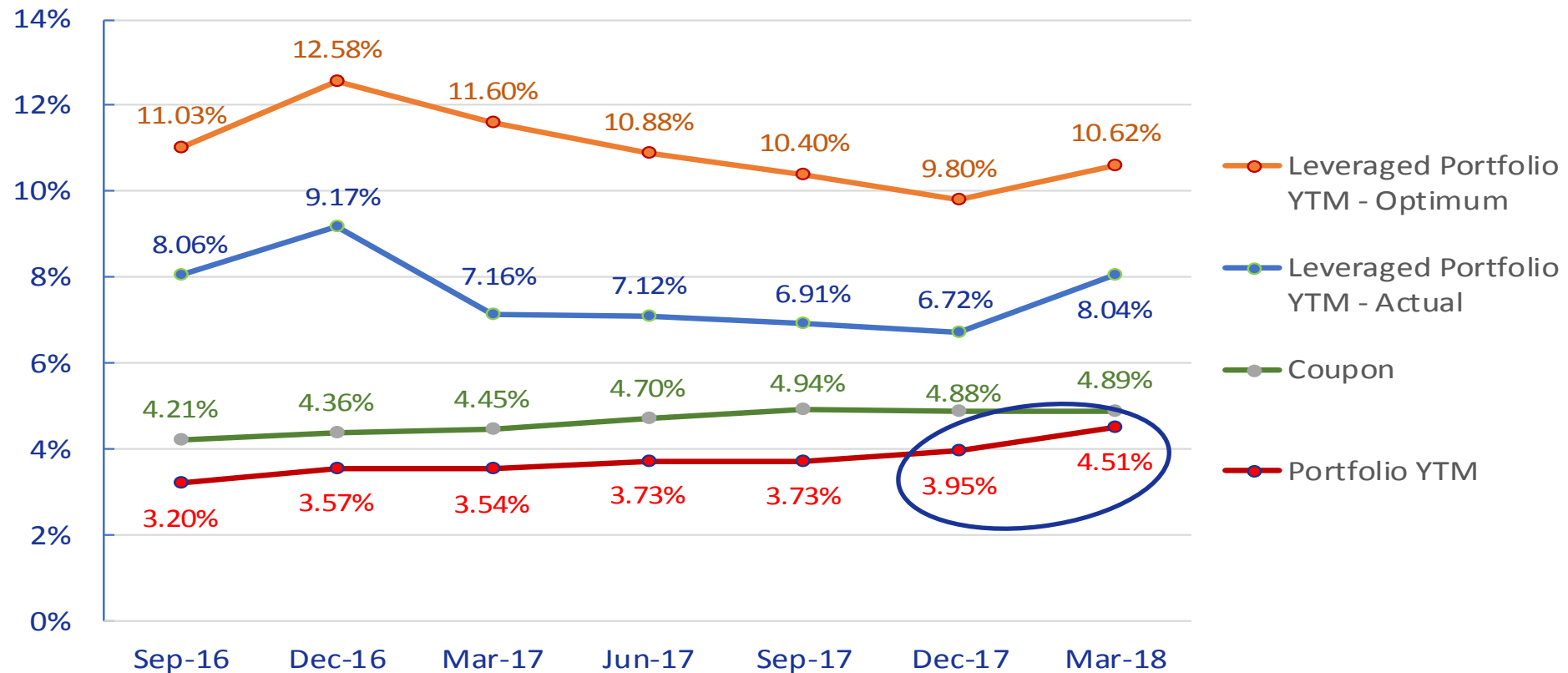
DECEMBER 2017



MARCH 2018

*Marginal re-balancing to capitalize on market dislocations:
with increased allocation to Thai and Chinese credits and reduction of US credits*

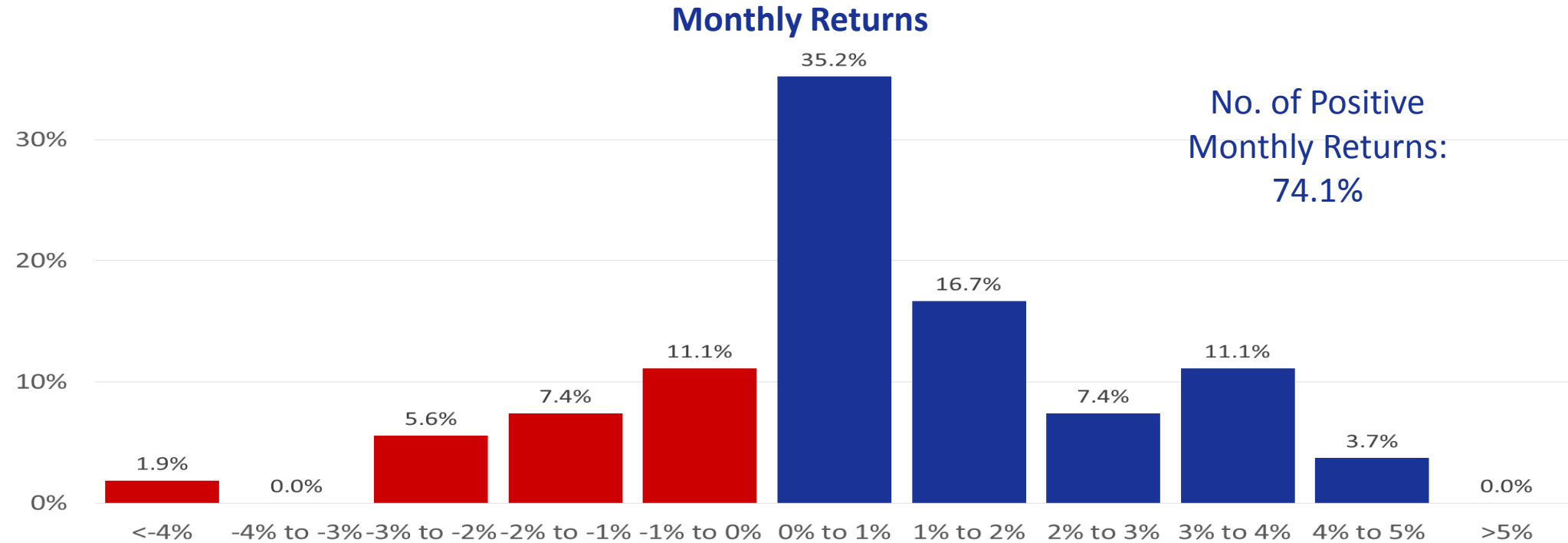
Portfolio Yield Trend



*Continuous raise in portfolio yield:
Fed rate hike transmission "lag" is getting front-loaded*

Silverdäle Bond Fund

Monthly Returns Heat Map



Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
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
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
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
2018	0.48	(0.77)	(0.27)										(0.57)

NOTE: PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

Silverdåle Bond Fund: Performance Dashboard

Investment grade USD bonds fund with embedded leverage

Net Asset Value US\$ 128.93

As at 29 March 2018

INVESTOR RETURNS (Performance)

Year to Date	-0.5709 %
Trailing 1 month	-0.4161 %
Trailing 3 months	-0.5709 %
Trailing 6 months	-0.0932 %
Trailing 12 months	4.7228 %
Trailing 3 years	8.80% p.a.

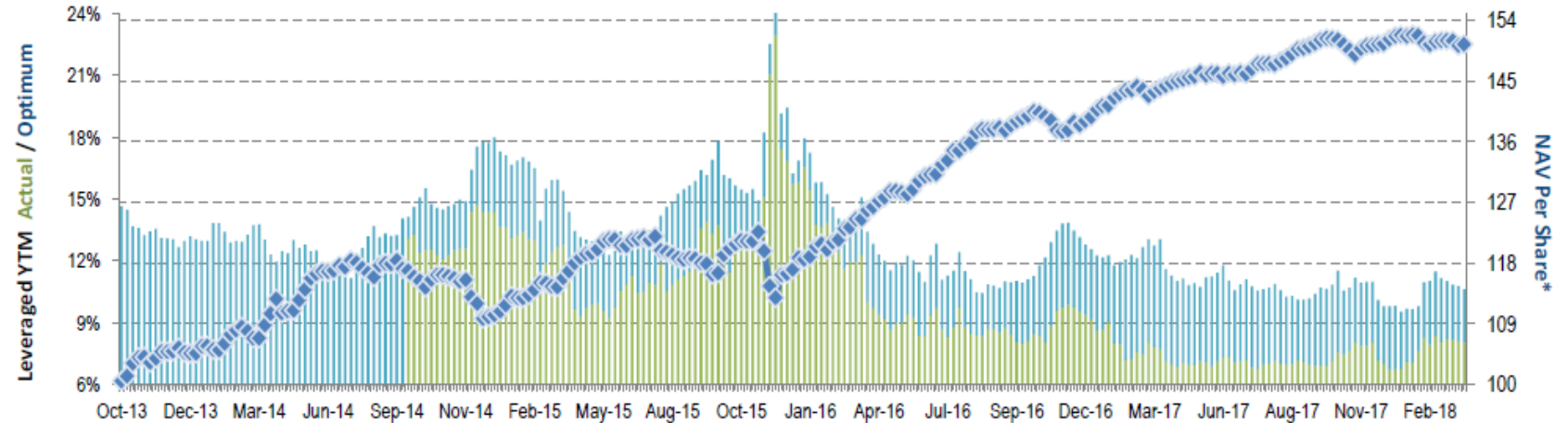
(*) after all fees, before dividend payout

FUND STATISTICS

Portfolio Yield to Maturity	4.51 %
Leveraged YTM - Actual	8.04 %
Leveraged YTM - Optimum	10.62 %
Average Coupon	4.89 %
Average Duration	1.93 years
Total Dividend Paid	US\$ 21.57
Sharpe Ratio (1 Year) ^{††}	1.58

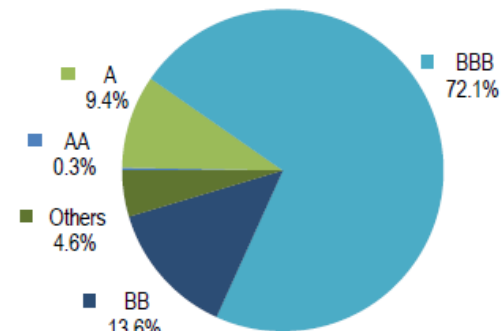
TOP HOLDINGS

	% age
Pttep Treasury 2019	3.41 %
Tewoo Group 2019	2.85 %
Chang Development 2020	2.72 %
Vedanta Resources 2021	2.71 %
Qnb Finansbank 2019	2.60 %
Turkiye Garanti 2019	2.29 %
Huarong Finance 2022	2.28 %

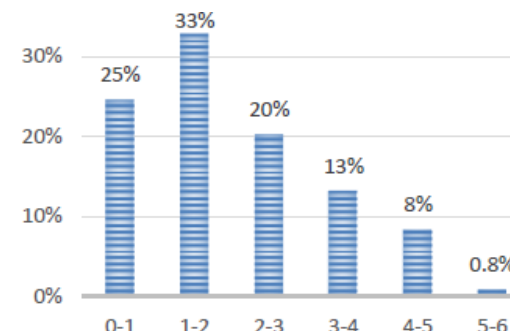


NAV and post-leverage YTM

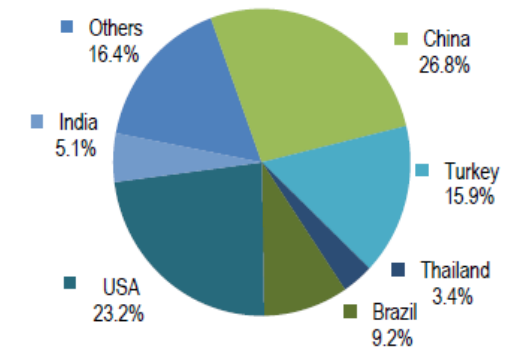
(* net of fees, adjusted for dividend)



RATING PROFILE¹



PORTFOLIO DURATION²



COUNTRY EXPOSURE³

(1), (2) & (3) Based on gross investments into securities. (2) Credit exposure of those rated below "BB" has been clubbed as "Others". (3) Country exposure of less than 2.5% has been clubbed into 'Others'. (††) Sharpe Ratio: Source Bloomberg
Past results are no guarantee for future performance. It is not a recommendation to buy or sell any security nor an investment advice. Any investment decision should be independent evaluation based on Composite PPM

Fund Commentary

- Silverdale Bond Fund out-performed both peer group as well as indices

- NAV declined by 0.57% due to decline in bond prices

The market has priced in 2.5 rate hikes, while Fed has done only one rate hike in 2018

The Fund YTM has increased from 3.95% to 4.51% while Fed rate were increased by only 0.25%

- The Fund paid dividend of US\$ 2.00 per share on 3rd April 2018 (6.08% p.a.)

The Fund has received coupon of 4.89% pa (approx. 13% on client equity)

- Year-to-date (YTD) Return to Investor of - 0.57% (*not annualized*)

Dividend paid: US\$ 2.00 per share (*1.52%, not annualized*)

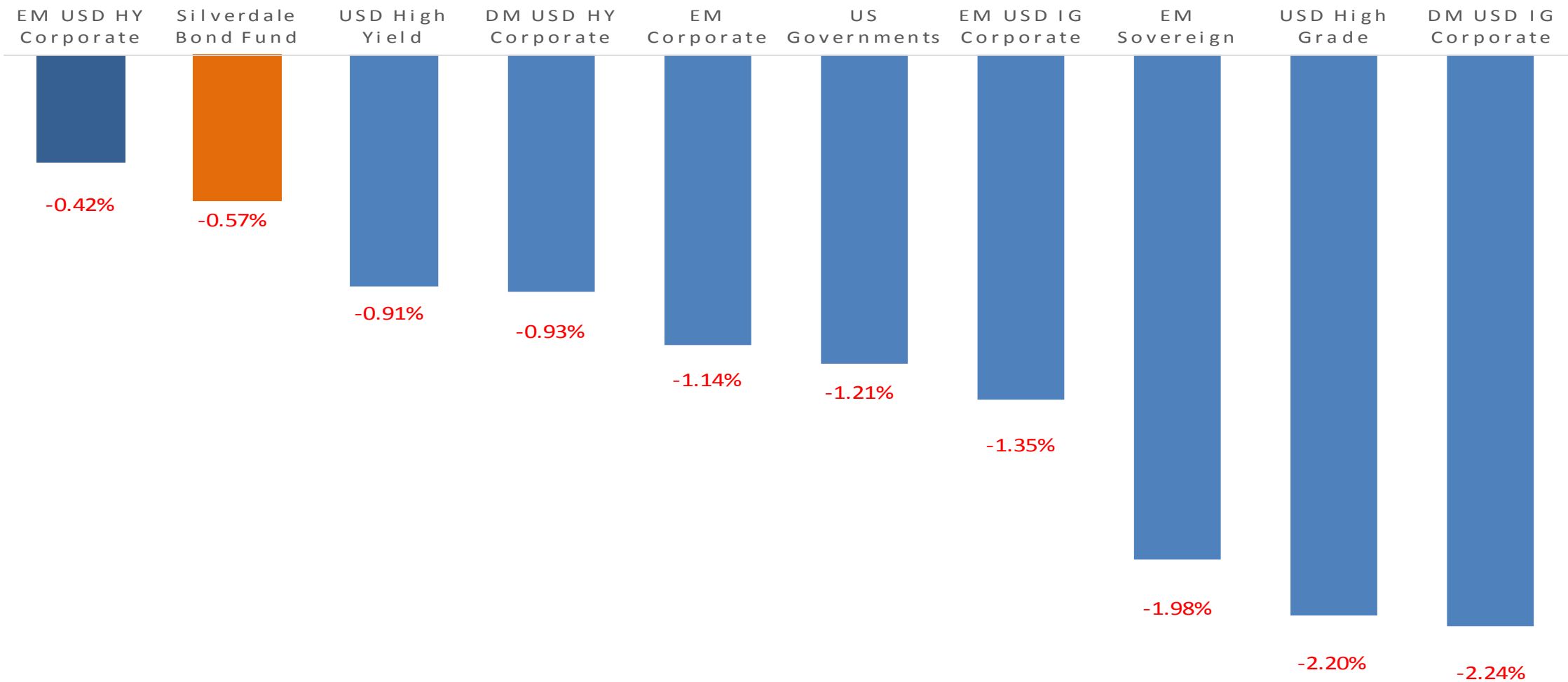
- No change in strategy with continued focus on Investment Grade Bonds (82%), short duration (1.9 years) US dollar bonds

MTM loss would increase future potential income

- *Low portfolio duration and high headroom would enable the Fund to benefit as the term premium starts kicking in.*

Silverdäle Bond Fund

Performance Comparison



YTD RETURNS (29 Dec - 29 Mar 2018)

- **High(er) Un-utilized Credit Limit**

- ... Historically 5%-10% headroom was maintained
- ... Since September 2017, the headroom has been between 10%-15%

- **High Quality Bonds**

- ... Primarily Investment Grade bonds ensures flight to quality works to our benefit (Investment Grade: 82%)
- ... Fall of the Fund is less than quarter of the fall of the market (despite the leverage)

- **Low Duration**

- ... Historically it was around 2.5 years; now, below 2 years

- **Well Diversified**

- ... Historically, around 100 bonds; now over 125 bonds

- **Proprietary Fungible Cashflow Modeling**

- ... **Three upgrades (Arcelor Mittal, Lukoil, Western Digital),**
- ... **Six buyback (Western Digital, Vale, Petrobas, Braskem, TransAlta, AT&T)**



2016 BEST FUND MANAGERS AWARD
Best Emerging Markets Credit Fund



FUND ADMINISTRATOR / AML AGENT



Silverdäle

Fund Management

Silverdäle Bond Fund

Authorised & regulated by Cayman Islands Monetary Authority

- Investment Grade (min. 75%)
- Short Duration (2-3 years)
- US dollar
- Weekly NAV/Subscription/Redemption
- Quarterly Dividend of \$2.00

FUND MANAGER

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BANKERS / CUSTODIANS / BROKERS



RISK FACTORS: Interest Rate Risk: The increase (fall) in value of fixed income securities with fall (increase) in interest rate

Credit Risk: The ability of the issuer to redeem the bonds (or other fixed income securities) on maturity.

Liquidity Risk: The ability to sell a bond before its redemption. **Counterparty Risk:** The risk due to failure of the counterparty dealt with

Country Risk: The investment strategy is subject to the risks relating to the geographical, political, economic and social issues of the country of the Issuer, and to a lesser extent that of United States.

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