

## 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.

## FUND ADVANTAGES

- Quality Assets: Investment grade (Min 75%)
- Short duration (2-3 years)
- No forex risk (US dollars only)
- Enhanced returns, non-recourse leverage
- Quarterly dividend distribution

## FUND INFORMATION

Fund	Silverdale Fund SP-1
Fund Type	Segregated Portfolio Co
Domicile	Cayman Islands
Fund Currency	US Dollar
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 Quarterly Dividend	US\$ 2.00 per share <sup>#</sup>
Next Dividend Date	28 Sep 2018
Trailing 12mth Dividend	US\$ 8.00 per share
Sales Registration	Singapore, Taiwan, United Kingdom, Hong Kong, & UAE.

## AT A GLANCE

Gross Assets	US\$ 387 million
Net Assets	US\$ 151 million
Number of Securities	112
Max single security exposure	3.72 %
Number of Countries	19
Max single country exposure	21.79 %
Investment Grade	82.54 %

## SHARE CLASS AVAILABLE

SHARE CLASS	ISIN
Silverdale Fund SP1A	KYG8135U1076
Silverdale Fund SP1B	KYG8135U1159
Silverdale Fund SP1C	KYG8135U2066
Silverdale Fund SP1D	KYG8135U2306
Silverdale Fund SP1E	KYG8135U2488
Silverdale Fund SP1F	KYG8135U2553

Silverdale Bond Fund generates enhanced investor returns by clever use of asset-level leverage, while actively managing the portfolio duration. During the week ended 29th June 2018, the Fund NAV was flat with Cum Dividend NAV at 125.65 as against previous week Cum Dividend NAV of US\$ 125.65. The Fund has declared quarterly dividend of US\$ 2.00 per share, the Ex Dividend NAV of the Fund is US\$ 123.65. The actual portfolio yield (post-leverage) was 9.50% per annum (previous week: 9.30% p.a.) with average duration of 1.79 years (previous week: 1.80 years).

## PORTFOLIO DASHBOARD

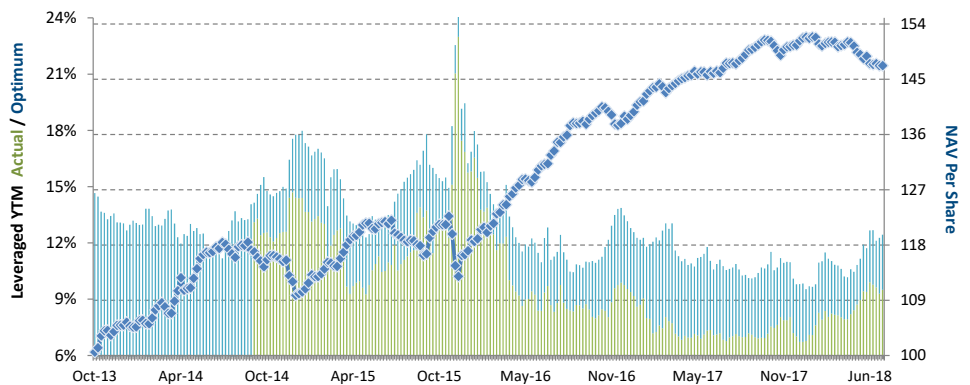
## PERFORMANCE (net of fees)

Year to Date	-3.0605 %
Trailing 1 month	-0.2531 %
Trailing 3 months	-2.5427 %
Trailing 6 months	-3.0605 %
Trailing 12 months	0.6923 %
Trailing 3 years	6.57% p.a.

Growth NAV US\$ 147.2252 Ex-Dividend NAV US\$ 123.6521

## FUND STATISTICS

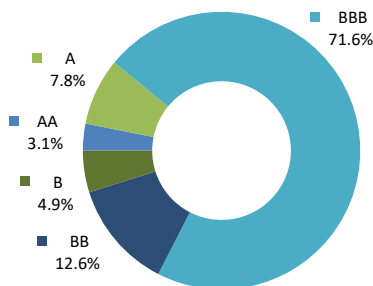
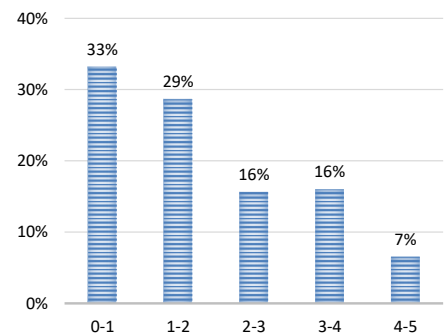
Portfolio Yield to Maturity	5.39 %
Leveraged YTM - Actual	9.50 %
Leveraged YTM - Optimum	12.45 %
Average Coupon	5.02 %
Average Duration	1.78 years
Total Dividend Paid	US\$ 23.57
Sharpe Ratio (3 year) <sup>**</sup>	1.23



NAV and post-leverage YTM (net of fees)

Period	Oct'13-Dec'13	2014	2015	2016	2017	Jul'17-Sep'17	Oct'17-Dec'17	Jan'18-Mar'18	Apr'18-Jun'18
Dividend	-	-	4.47	7.30	7.80	2.00	2.00	2.00	2.00
Ex-Dividend Price	104.6428	110.3573	112.6058	127.9435	131.6822	133.0544	131.6822	128.9304	123.6521
Return to Investor	4.06%	5.46%	6.09%	20.10%	9.02%	3.29%	0.47%	-0.57%	-2.54%

## Investor Return and Dividend Distributions

RATING PROFILE<sup>1</sup>PORTFOLIO DURATION<sup>2</sup>

## FUND MANAGER

## Silverdale Capital Pte Ltd

Regulated by Monetary Authority of Singapore (UEN# 200820921K)

8 Temasek Boulevard, #35-02 Suntec Tower-3, Singapore: 038988, Tel: +65 6884 9194 Email: fm@silverdalegroup.com



PLEASE REFER OVERLEAF FOR IMPORTANT DISCLOSURES & RISK FACTORS

TOP 10 HOLDINGS<sup>3</sup>

	% age
Pttep Treasury 2019	3.72 %
Qnb Finance Ltd 2021	3.12 %
Seagate Hdd 2022	2.82 %
Credit Agricole 2019	2.59 %
Chang Development 2020	2.53 %
Tewoo Group 2019	2.47 %
Vedanta Resources 2021	2.42 %
Qnb Finansbank 2019	2.40 %
Huarong Finance 2022	2.19 %
Turkiye Garanti 2019	2.12 %

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 ADMINISTRATOR

## Vistra (Mauritius) Limited

Regulated by Financial Services Commission  
3rd Floor, 355 NEX, Rue du Savoir, Cybercity  
Ebene, Mauritius

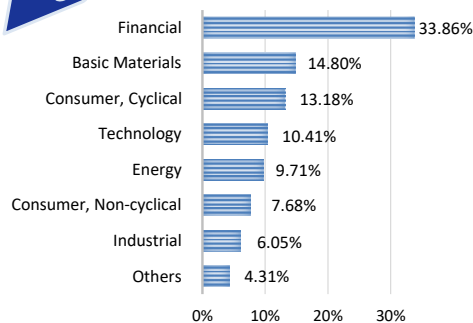
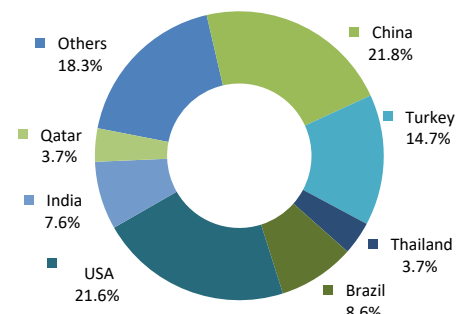
Tel.: +230 260 7275

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Email: spc@silverdalegroup.com

## RISK PROFILE

NAV Per Share can go up as well as down and any capital invested in the fund may be at risk. The Fund uses leverage and derivatives for hedging or as part of its investment strategy which involve additional costs and risks. For further details, please refer to the Composite PPM.

SECTORAL EXPOSURE<sup>4</sup>GEOGRAPHICAL EXPOSURE<sup>5</sup>

## PORTFOLIO UPDATE

During the week, we purchased Coca Cola Icecek 2018 (-/Ba1/BBB), AngloGold 2020 (BB+/Baa3/-), Hainan Airlines 2020 (A/A1/-), Macys 2021 & 2022 (BBB-/Baa3/BBB), Seagate 2022 (BB+/Baa3/BBB-), Citadel 2023 (BBB-/Baa3/-), Credit Agricole (BB+/Ba1/BBB-, First call 2019), and DNB Perps (BB+/Baa3/-, First call 2020) bonds. We also bought 5.5 year floating rate Credit Linked Note on Republic of Indonesia 2023 (BBB-/Baa2/BBB).

Coca-Cola Icecek (Mkt Cap: US\$ 1.9bn) is the fifth-largest independent Coca-Cola bottler (excluding North America). It produces and distributes soft beverages in Turkey, Central Asia, Pakistan and Middle East. As of Mar 2018, it reported TTM EBITDA of US\$ 370mn with Net Debt/EBITDA of 1.6x and interest coverage ratio of 9.3x.

Hainan Airlines is 4th largest provider of air passenger, air cargo and airline-related services in China. As of Dec 2017, it had more than 400 aircrafts covering over 220 cities worldwide. It reported total assets of US\$ 30.3bn, net debt/EBITDA 5.2x, and interest coverage ratio of 2.1x. The bonds are supported by a Stand By Letter of Credit from Bank of China, which is the 4th largest bank in the world with assets of US\$ 3.2 trillion.

Macy's Inc (Mkt Cap: US\$ 11.5bn) is the largest departmental store in US and one of the largest fashion goods retailers in the world with TTM sales at ~US\$ 26bn. As of May 2018, it reported net debt of ~US\$ 4.4bn, EBITDA of ~US\$ 3.1bn with Net Debt/EBITDA of ~1.4x and interest coverage ratio of ~10.1x.

Citadel, founded by Kenneth Griffin, is a global hedge fund manager with ~US\$ 29bn of assets. It employs over 1,600 personnel, including over 825 investment professionals. For the year ending Dec 2017, it reported net income of US\$ 761mn (2016: US\$ 265mn). It reported gross debt of US\$ 500mn and cash of US\$ 1.06bn resulting in net cash position.

Republic of Indonesia is the 16th largest economy with GDP of US\$ 1 trillion. It grew at over 5% in 8 years of last 10 years. It has debt to GDP ratio of less than 30% and current account deficit of less than 2% of its GDP. It has 9th largest coal reserves, 20th largest oil reserves and 15th largest gas reserves in the world.

*During the month of June 2018, our Fund NAV declined by 1.19%, primarily owing to fall in bond prices, which was partially mitigated by the net interest earned. The decrease in NAV was primarily owing to fall in bond prices of Chinese and Indian credit offset by positive contribution from US and Turkish credit. Technology and Financial sectors were the key positive contributor; offset by drop in Basic Material, Energy, and Industrial sectors.*

*During the month, we sold Seagate 2018 (BB+/Baa3/BBB-), Zhaohai Investment 2018 (BBB+/Baa1/A-), Doosan Infracore 2019 (AA-/A-), and Symantec 2020 (BB+/Baa3/BBB+) bonds while we purchased Coca Cola Icecek 2018 (-/Ba1/BBB), Yapi 2018 (-/Ba2/BBB-), AngloGold 2020 (BB+/Baa3/-), Hainan Airlines 2020 (A/A1/-), Gerdau 2020 (BBB-/Baa3/-), Pemex 2021 (BBB+/Baa3/BBB+), Macys 2021 & 2022 (BBB-/Baa3/BBB), UBS 2022 (BB+/Ba1/BBB-), Seagate 2022 (BB+/Baa3/BBB-), Citadel 2023 (BBB-/Baa3/-), PTT Exploration & Production (BB+/Baa3/-, First call 2019), Credit Agricole Perps (BB+/Ba1/BBB-, First call 2019), and DNB Perps (BB+/Baa3/-, First call 2020) bonds. We also purchased floating rate Credit Linked Notes (CLN) - 5 year CLN on Reliance Industries (BBB+/Baa2/BBB-), 5 year CLN on Lukoil PISC (BBB-/Baa3/BBB+), and 5.5 year CLN on Republic of Indonesia 2023 (BBB-/Baa2/BBB). Further we switched Tewoo 2019 (-/-/BBB), and Tewoo 2020 (-/-/BBB) bonds into Tewoo 2022 (-/-/BBB) bonds. We also received proceeds from maturity/tender of Dell 2018 (BB-/Baa2/BB) and Prospect 2019 (BBB-/Baa3/-) bonds.*

*We continue to maintain a conservative position with circa 82.5% of our investments in Investment Grade bonds with a short duration of just 1.79 years. The leveraged yield to maturity (actual) of our portfolio is 9.50%.*

## DIVIDEND DETAILS

The Fund has declared Thirteenth Quarterly Dividend of US\$ 2.00 per share for the June 2018 quarter. All investors holding shares as at 29th June 2018 have been paid dividend.

## HOW TO INVEST

Please ask your private bank/distributor to subscribe to Silverdale Bond Fund as per terms of the Composite PPM (quoting the relevant ISIN).

Should you seek any support, please: Call Fund Administrator at +230 2607 275, or Fund Management Company at +65 6835 7130

or Email: spc@silverdalegroup.com

## 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.

## DISCLAIMER

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