

## 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 12 mth Dividend	US\$ 8.00 per share
Sales Registration	Singapore, Taiwan, United Kingdom, Hong Kong & UAE.

Silverdale Bond Fund generates enhanced investor returns by clever use of asset-level leverage, while actively managing the portfolio duration. During the week ended 20th July 2018, the Fund NAV appreciated by 0.59% to US\$ 124.46 (previous week: US\$ 123.73), with actual portfolio yield (post-leverage) of 9.73% per annum (previous week: 9.88% p.a.) and average duration of 1.80 years (previous week: 1.76 years).

## PORTFOLIO DASHBOARD

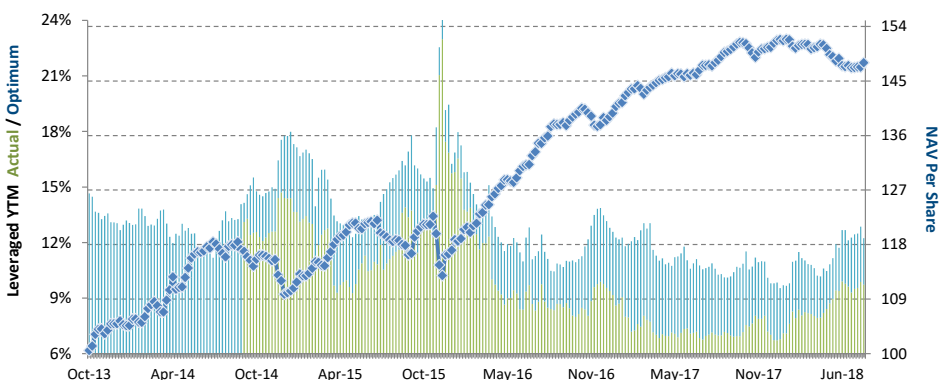
Growth NAV US\$ 148.0301 Ex-Dividend NAV US\$ 124.4570

## PERFORMANCE (net of fees)

Year to Date	-2.4492 %
Trailing 1 month	0.6451 %
Trailing 3 months	-2.2832 %
Trailing 6 months	-2.7677 %
Trailing 12 months	0.3023 %
Trailing 3 years	7.32% p.a.

## FUND STATISTICS

Portfolio Yield to Maturity	5.35 %
Leveraged YTM - Actual	9.73 %
Leveraged YTM - Optimum	12.24 %
Average Coupon	5.04 %
Average Duration	1.80 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%

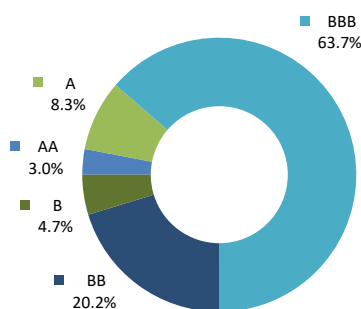
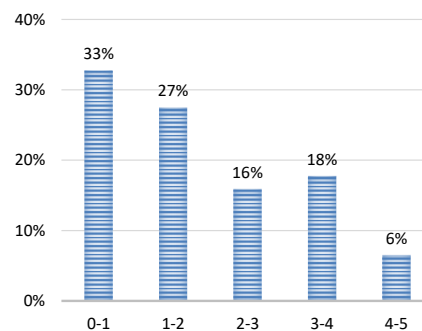
## AT A GLANCE

Gross Assets	US\$ 405 million
Net Assets	US\$ 155 million
Number of Securities	118
Max single security exposure	3.59 %
Number of Countries	20
Max single country exposure	21.67 %
Investment Grade	75.04 %

## 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

## 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 &amp; RISK FACTORS

TOP 10 HOLDINGS<sup>3</sup>

	% age
Pttip Treasury 2019	3.59 %
Qnb Finance Ltd 2021	3.01 %
Seagate Hdd 2022	2.74 %
Credit Agricole 2019	2.52 %
Chang Development 2020	2.38 %
Tewoo Group 2019	2.36 %
Vedanta Resources 2021	2.34 %
Qnb Finansbank 2019	2.32 %
Huarong Finance 2022	2.11 %
Turkiye Garanti 2019	2.05 %

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

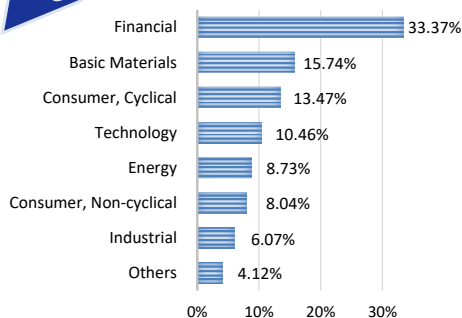
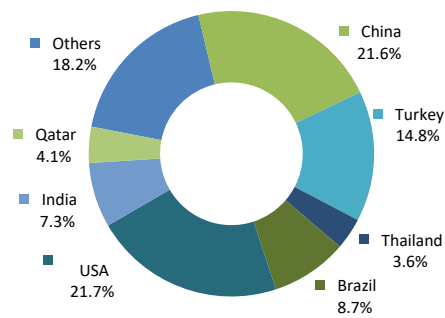
Tel.: +230 260 7275

Fax: +230 464 3290

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 ended 20th July 2018, we sold Dell 2020 (BB-/Ba2/BB), AngloGold 2020 (BB+/Baa3/-), Petrobras 2024 (BB-/Ba2/BB-), while we purchased Alrosa 2020 (BB+/Baa3/BB+), Avic 2021 (-/-/A-), Prospect 2023 (BBB-/A-/-), Gerdau 2023 (BBB-/Ba2/BBB-), Seagate 2024 (BB+/Baa3/BBB-), Macys 2024 (BBB-/Baa3/BBB), and Weichai Perps (BBB-/BBB, First Call 2022) bonds.

Alrosa (Mkt Cap: 11.2bn) is the world's largest diamond mining company with production volume of 39.6mn carats in 2017. It accounts for 99% of Russian and 26% of global production with 30 years reserve life at current production capacity. For the year ended Dec 2017, it reported revenue of US\$ 4.7bn, EBITDA of US\$ 2.1bn (margin of 45%), total debt of US\$ 1.6bn and net debt of US\$ 1.5bn resulting in a net leverage of 0.7x and interest coverage ratio of 12.5x. Alrosa is 66% owned by Russian Federation along with other local municipalities.

AVIC International is a leading importer and exporter of civil aviation products and one of the largest aviation sub-contractors in China with clientele in over 180 countries. While its core business is aviation, it is also engaged in electronic display and components manufacturing, and retail property management. As of Dec 2017, it reported total assets of US\$ 38bn and EBITDA of US\$ 1.8bn, with EBITDA to interest coverage of 2.1x and adjusted net debt/EBITDA 4.6x. It is 62.52% directly owned by Aviation Industry Corp of China, which is 100% owned by central SASAC. The bonds are issued by its wholly owned subsidiary and guaranteed by it.

Gerdau SA (Mkt Cap: US\$ 6.7bn) is the second largest producer of long-steel in the world with aggregate capacity of 26 MMTA across 14 countries. It is a low cost producer with vertical integration to iron ore extraction and scrap recycling. As of March 2018, it reported EBITDA of US\$ 1.5bn, total debt of US\$ 5bn against cash & equivalent of US\$ 1bn which resulted in Net Debt/EBITDA at 2.7x and EBITDA/Interest at 4.4x.

Seagate (Mkt Cap: US\$ 16.2bn) is a worldwide leader in the design, manufacture and marketing of hard disk drive products in a duopolist market with over 40% market share. As at 31 Mar 2018, it reported total debt at US\$ 4.8bn, against cash of US\$ 2.9bn and unutilized credit line of US\$ 700mn. It reported EBITDA of US\$ 1.9bn, net debt/EBITDA at 0.9x with EBITDA to interest of 8.7x.

Macy's Inc (Mkt Cap: US\$ 11.8bn) 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.

Weichai Power (Mkt Cap US\$ 9.7bn) is the largest manufacturer of heavy duty truck engines and the fourth-largest heavy duty truck manufacturer in China. Through KION (43.3% equity stake), it is the largest company in the European forklift market and the second-largest in global forklifts market. The acquisition of Dematic makes it the largest supply-chain solutions company in North America and amongst top three firms globally. For year ended Dec 2017, it reported EBITDA of US\$ 2.7bn with Net Debt/EBITDA of 1x and interest coverage ratio of 12.8x.

## 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

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## 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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