

SILVERDALE BOND FUND

REVIEW: Q3 CY2018

Silverdäle

Fund Management

SILVERDALE CAPITAL PTE LTD

LICENSED & REGULATED BY MONETARY AUTHORITY OF SINGAPORE  
*For Accredited and Institutional Investors Only*

# Silverdäle Bond Fund

Performance Review, Q2 CY2018

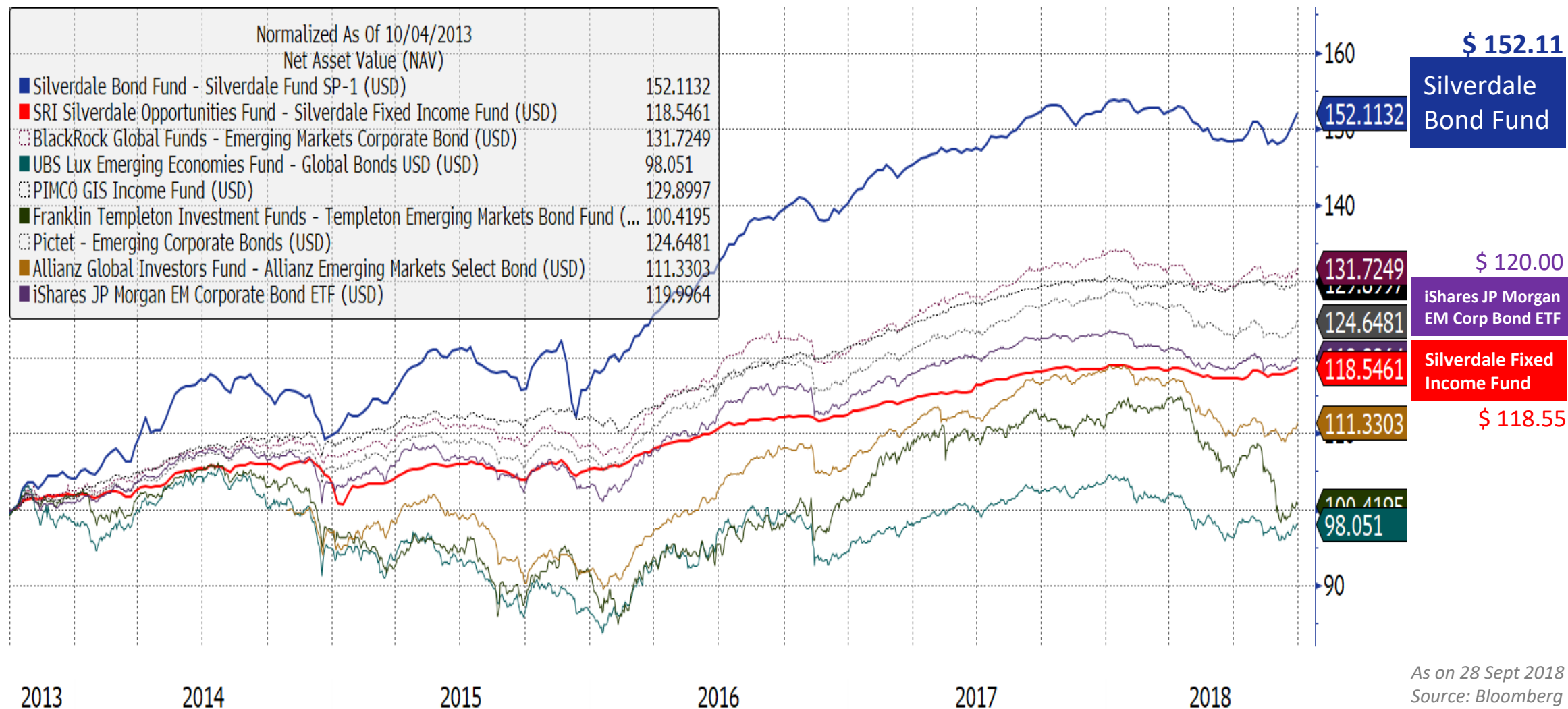
Parameter	As at 29 Mar'18	As at 29 Jun'18		Change in Q2 2018
NAV appreciation	US\$ 128.9304	US\$ 123.6521	↓	-4.09%
Dividend Paid	US\$ 2.00 per share	US\$ 2.00 per share	↑	6.47% p.a.
<b>Total Return to Investor</b>	<b>-0.57%</b>	<b>-2.54%</b>		For June'18 Quarter
Asset Quality IG Bonds	81.80%	82.54%	↑	Higher
Duration	1.93 years	1.79 years	↓	Lower
Coupon	4.89%	5.02%	↑	Higher
Portfolio YTM	4.51%	5.39%	↑	Higher
Lev Portfolio YTM - Actual	8.04%	9.50%	↑	Higher
Lev Portfolio YTM - Optimum	10.62%	12.45%	↑	Higher

*Performance contributed by:*

- Primarily Bond Price Movement of -4.11%

# Silverdåle Bond Fund

Relative Performance ... *Consistent Outperformance!*



SILV01A KY Equity (Silverdale Bond Fund - Silverdale Fund SP-1) SP1 Peers - Fina

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# Silverdäle Bond Fund

## Relative Performance

Fund Name \ Annualized→	Mean Return	Standard Deviation	Sharpe Ratio	Downside Risk	Sortino Ratio	Duration
Silverdale Bond Fund	<b>8.54%</b>	5.69	1.56	4.01	1.45	<b>1.81</b>
Blackrock Emerging Markets Corp Bond Fund	5.56%	4.37	1.37	3.08	1.36	6.11
PIMCO Global Income Fund	5.56%	2.19	<b>2.06</b>	1.51	<b>2.13</b>	2.91
Pictet Emerging Corporate Bonds	4.46%	4.41	1.12	3.14	1.10	4.47
iShares JP Morgan EM Corporate Bond ETF	4.35%	5.72	0.85	3.27	1.13	4.96
<b>Silverdale Fixed Income Fund</b>	3.43%	<b>1.97</b>	1.87	<b>1.36</b>	1.88	2.00
Allianz Emerging Markets Select Bond Fund	2.86%	6.13	1.07	4.54	1.00	5.80
Franklin Templeton Emerging Markets Bond Fund	0.39%	9.41	0.42	7.07	0.37	<b>0.95</b>
UBS Emerging Economies Fund	-0.14%	7.39	0.50	5.10	0.51	6.44

Source: Bloomberg,  
Fund Factsheets

# Silverdåle Bond Fund

Performance Review, Q3 CY2018

Parameter	As at 29 Jun'18	As at 28 Sep'18		Change in Q3 2018
NAV appreciation	US\$ 123.6521	US\$ 124.7965	↑	0.93% after paying dividend
Dividend Paid	US\$ 2.00 per share	US\$ 2.00 per share	↑	6.41% p.a.
<b>Total Return to Investor</b>	<b>-2.54%</b>	<b>2.54%</b>	↑	For Sep'18 Quarter
Asset Quality IG Bonds	82.54%	78.14%	↓	Marginally Lower
Duration	1.79 years	1.81 years	↔	Flattish
Coupon	5.02%	5.09%	↔	Flattish
Portfolio YTM	5.39%	5.54%	↑	Marginally Higher
Lev Portfolio YTM - Actual	9.50%	10.07%	↑	Marginally Higher
Lev Portfolio YTM - Optimum	12.45%	12.92%	↑	Marginally Higher

## Performance contributed by:

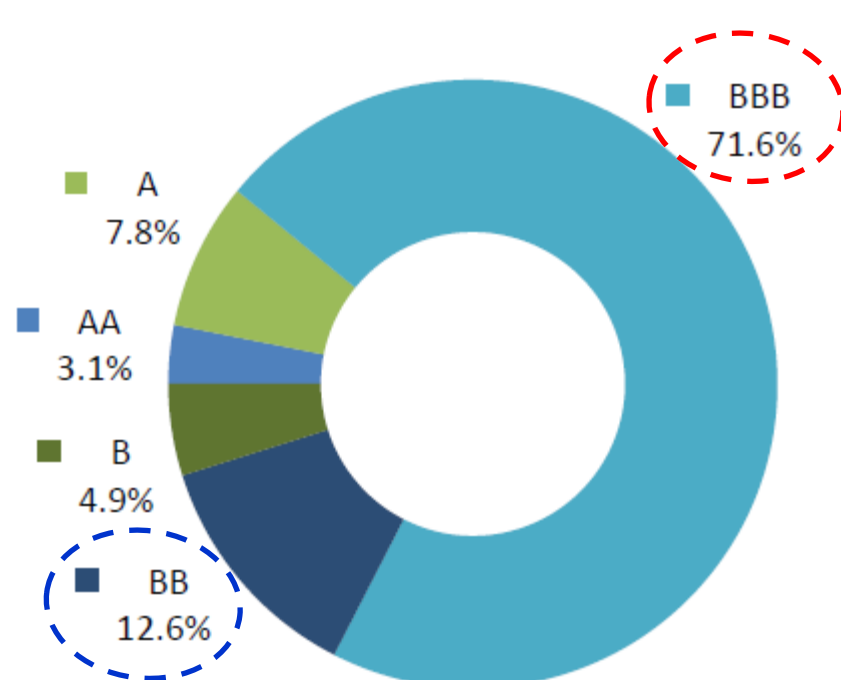
- Bond Price appreciation of about 0.65%
- Bond net carry of circa 2.28%

## Dividend paid:

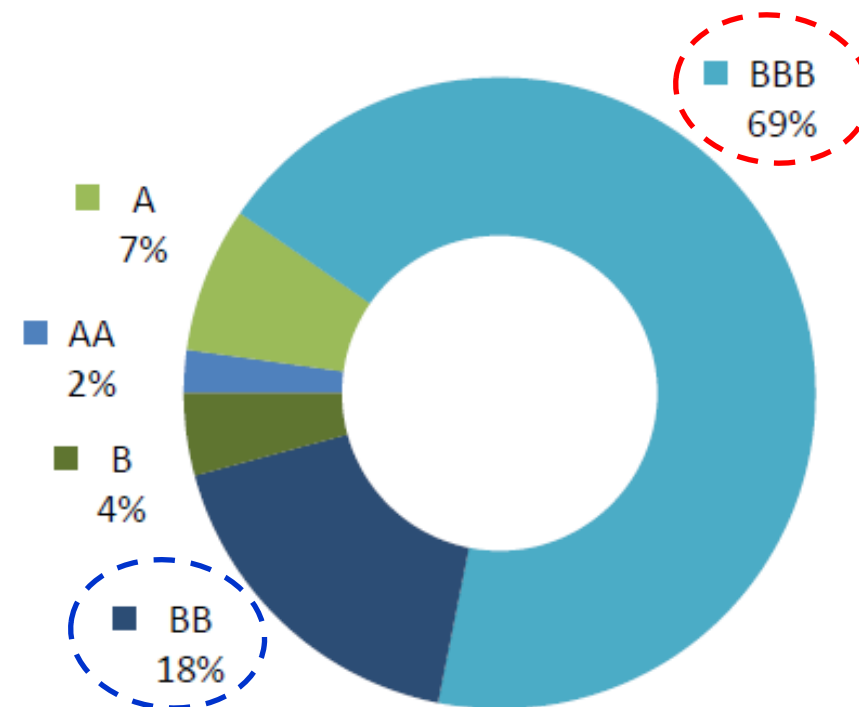
- Q3, 2018: US\$ 2.00 per share (Dividend Yield: 6.41%)

*Dividend payment reduces the NAV by the amount of dividend paid.  
Dividend yield computed based on closing NAV*

*Investment Grade bonds reduced marginally from 82.5% to 78.1%*



JUNE 2018



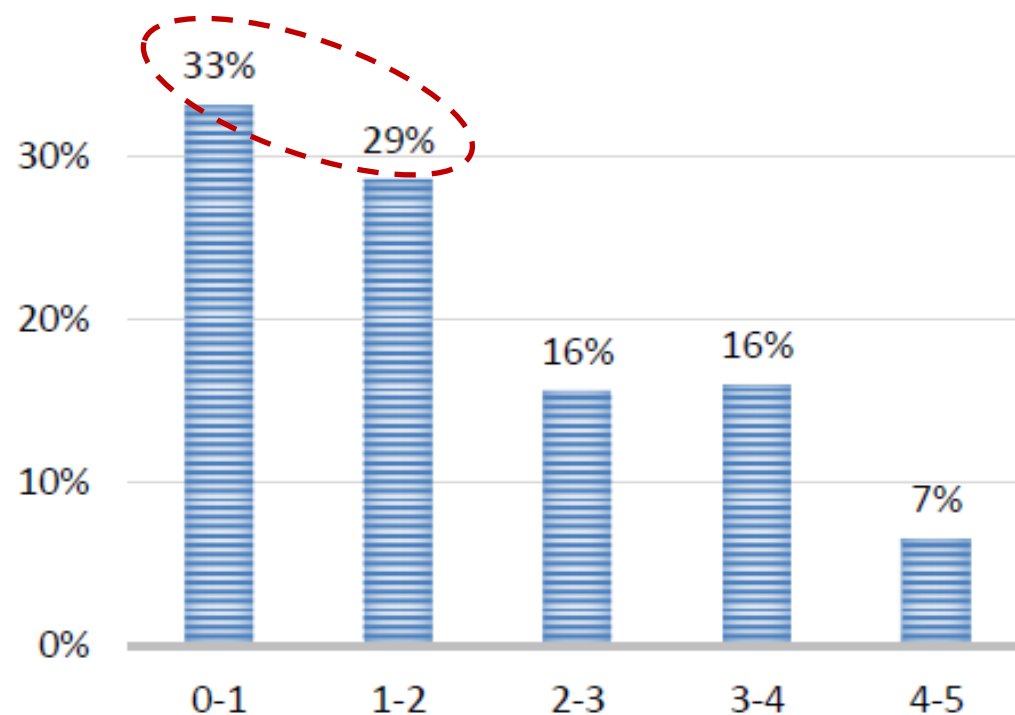
SEPTEMBER 2018

Minimum 75% Investment Grade

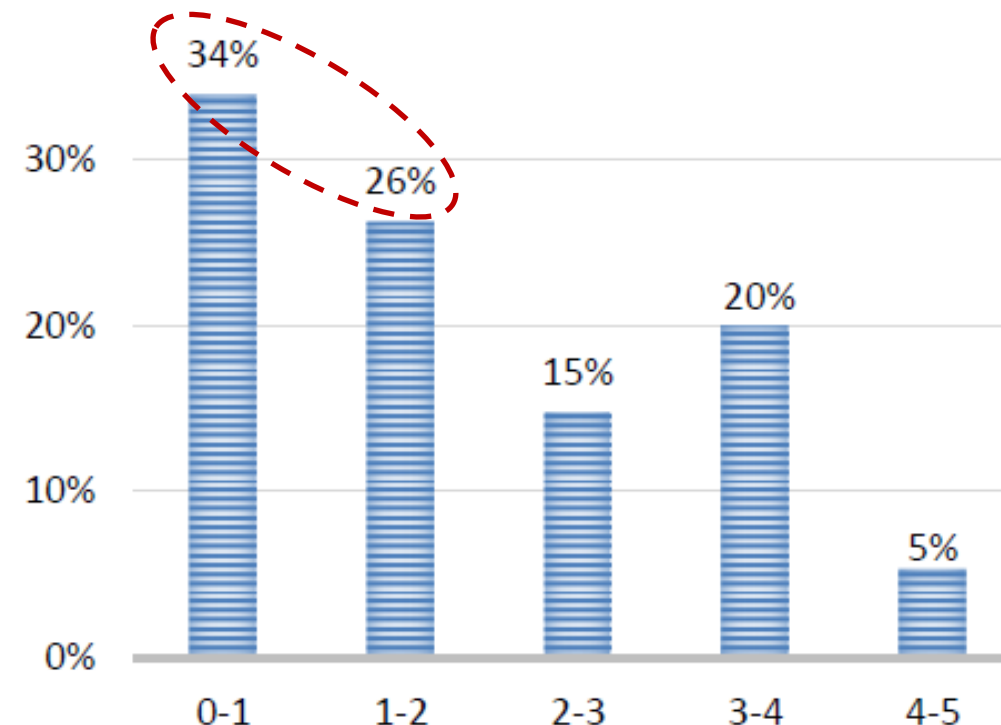
# Silverdåle Bond Fund

Performance Review, Q3 CY2018

*Duration maintained at around 1.8 years*



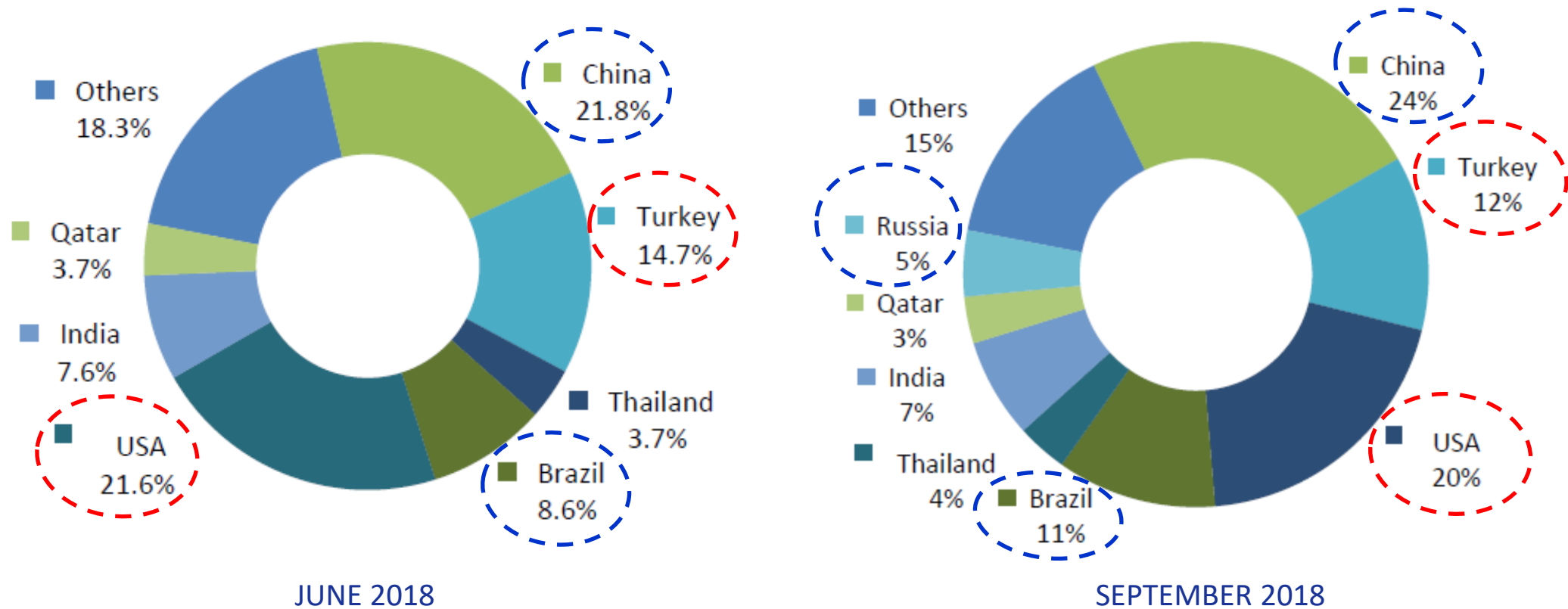
JUNE 2018 (1.79 years)



SEPTEMBER 2018 (1.81 years)

Short Duration: Between 2-2.5 years

*Re-balancing to capitalize on market dislocations:  
with increased allocation to Brazilian, Chinese and Russian credits and reduction of US & Turkish credits*

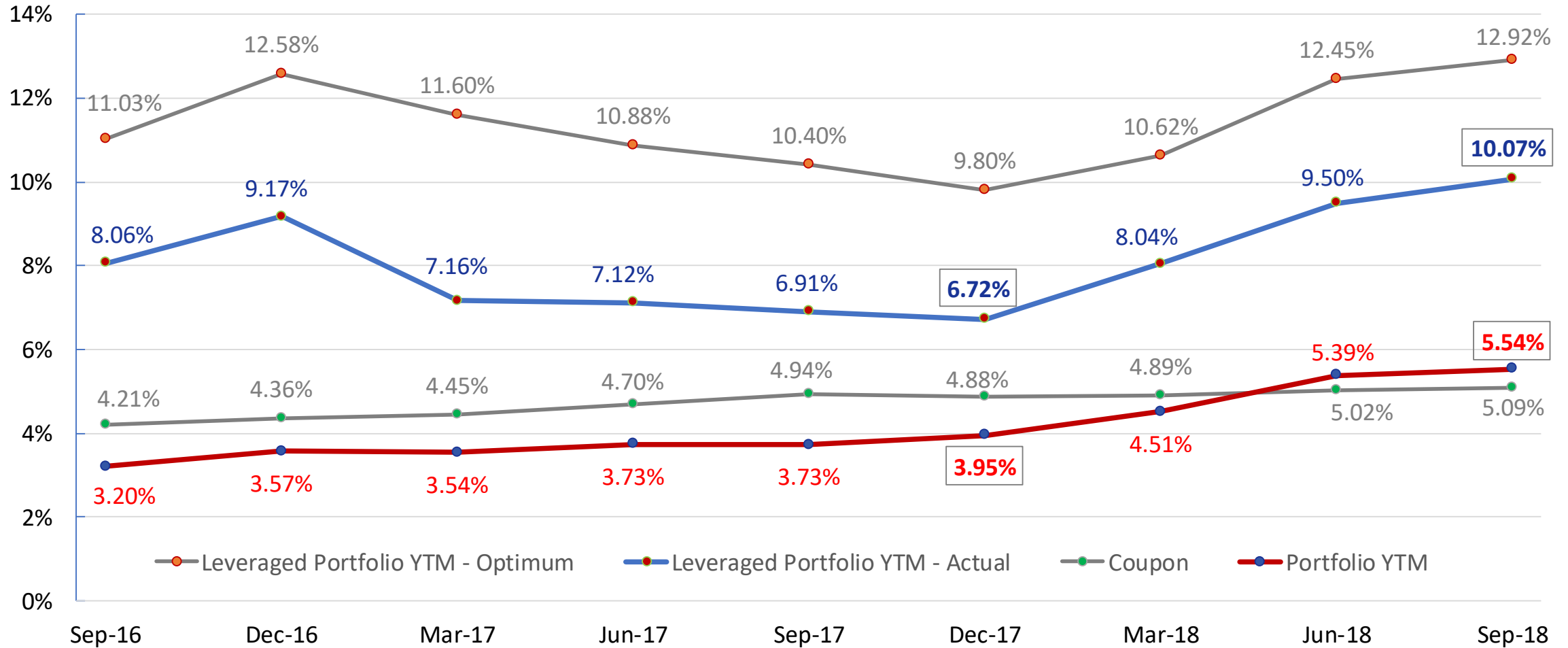


Geographically well-diversified



# Silverdåle Bond Fund

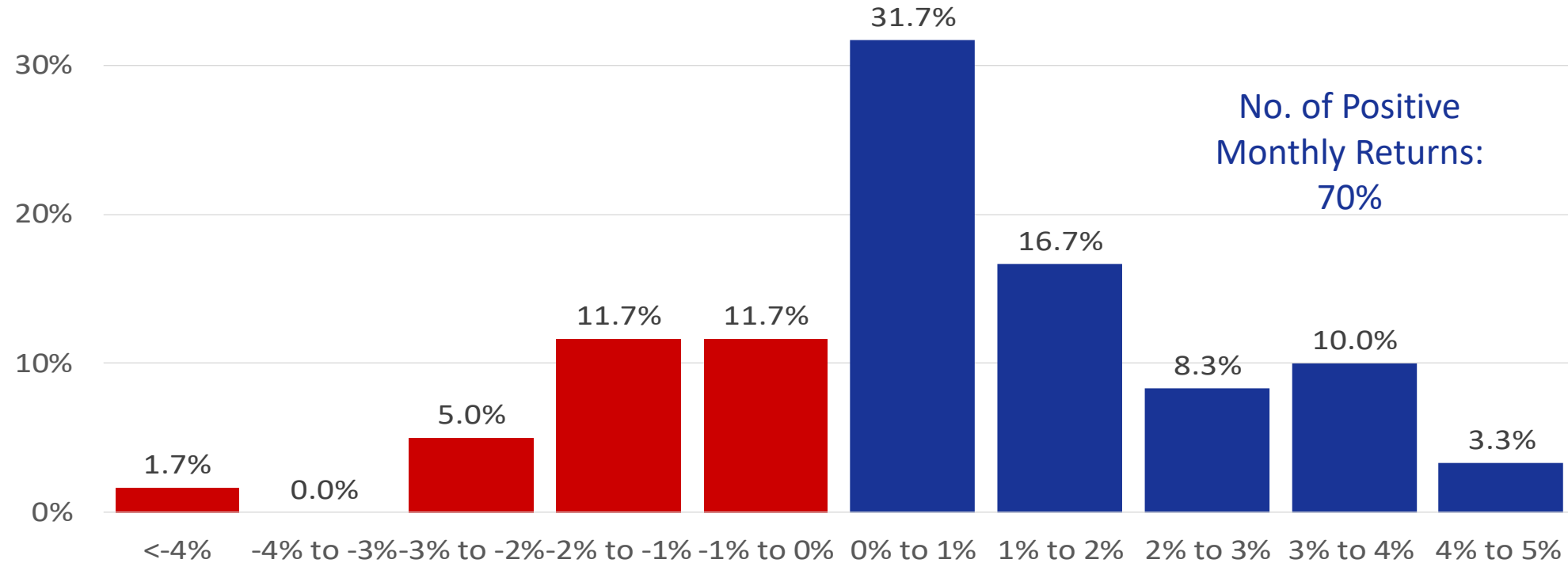
Performance Review, 2016-18



*Portfolio yield capturing much higher returns than Fed rate hikes:  
0.75% increase in Fed rate resulted in 1.59% increase in portfolio YTM and 3.35% increase in leveraged YTM*

# Silverdäle Bond Fund

## Monthly Returns Heat Map, 2013-18

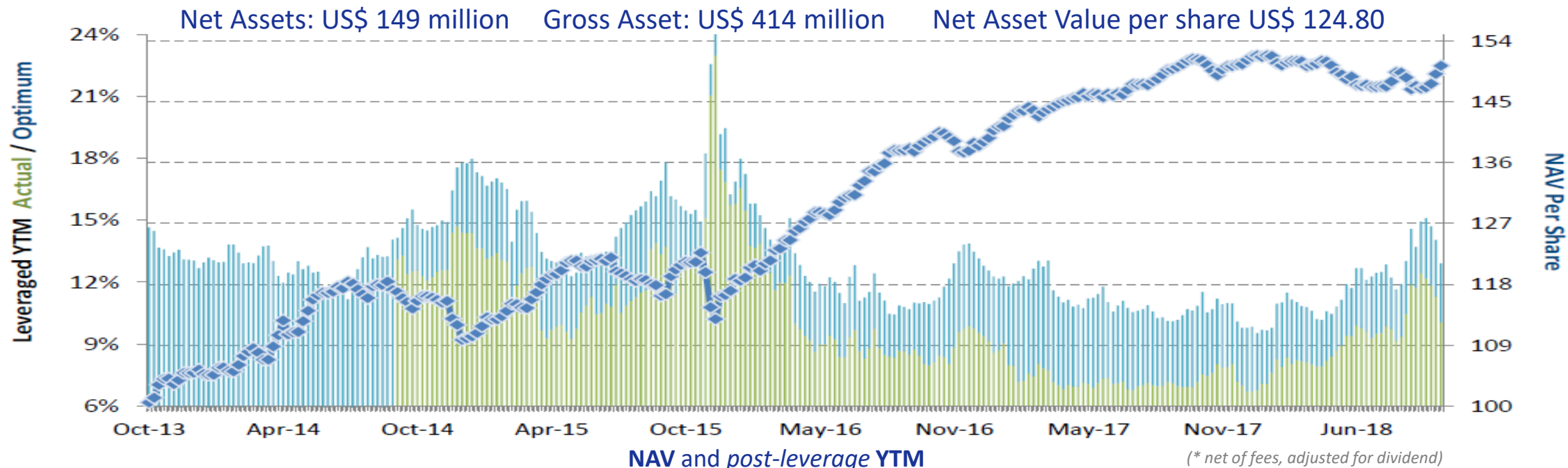


Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Div Yield
2013										3.46	0.86	(0.28)	4.06	
2014	0.50	3.27	0.24	1.91	4.98	1.04	(0.32)	0.51	(1.61)	0.23	(0.62)	(4.49)	5.46	
2015	2.26	2.06	0.57	3.20	1.67	0.07	(1.66)	(0.71)	(2.08)	4.42	(1.31)	(2.34)	6.09	4.05%
2016	3.06	0.87	2.61	3.47	0.28	1.79	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	(0.77)	(0.27)	(0.09)	(1.29)	(1.19)	1.76	(1.90)	2.72				(0.67)	6.41%

NOTE: PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

# Silverdåle Bond Fund

## Performance Dashboard



### INVESTOR RETURNS

Year to Date	-0.6726 %
Trailing 1 month	2.7207 %
Trailing 3 months	2.5429 %
Trailing 6 months	-0.1039 %
Trailing 12 months	-0.1938 %
Trailing 3 years	9.06% p.a.

As at 28<sup>th</sup> Sep 2018

### FUND STATISTICS

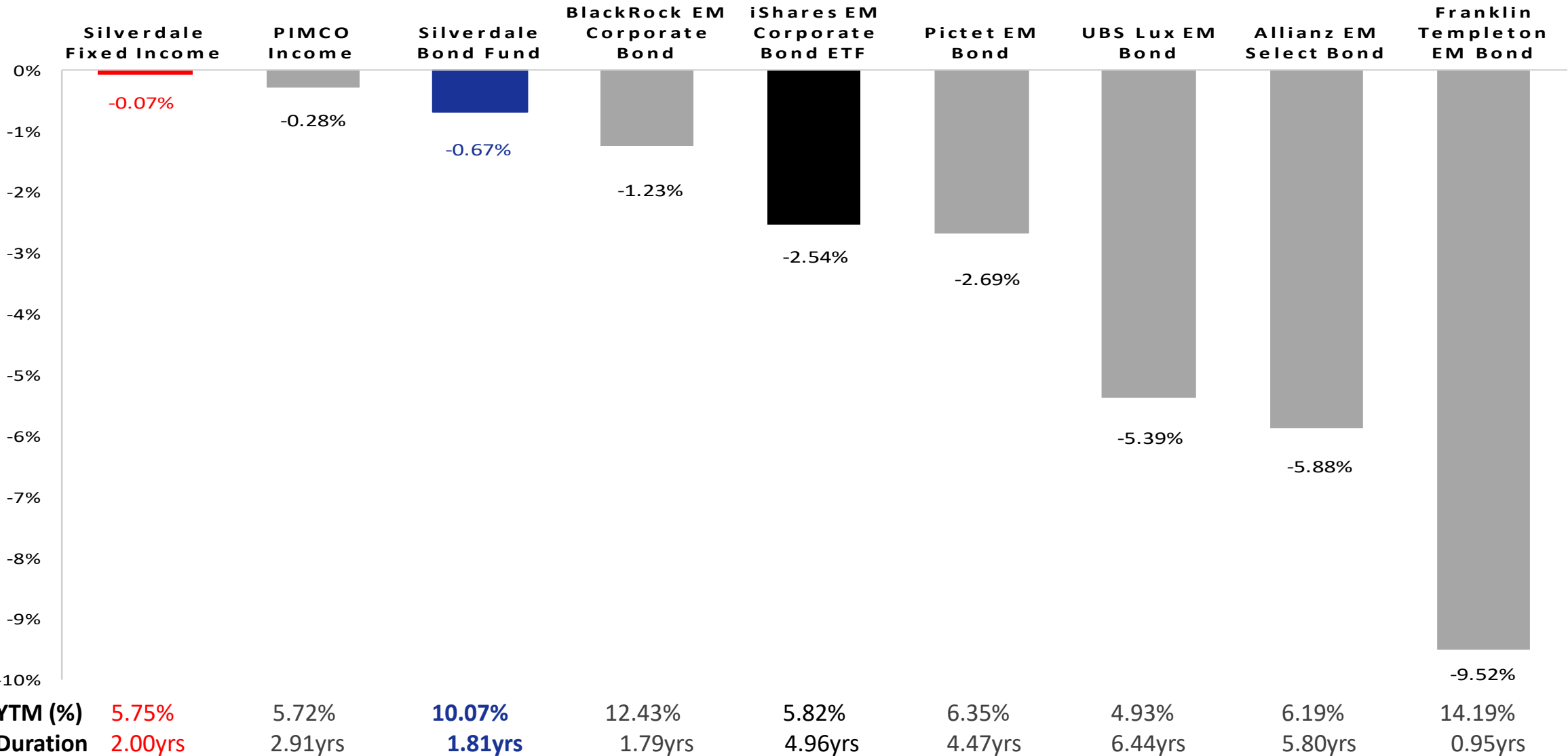
Portfolio Yield to Maturity	5.54 %
Leveraged YTM - Actual	10.07 %
Leveraged YTM - Optimum	12.92 %
Average Coupon	5.09 %
Average Duration	1.81 years
Total Dividend Paid	US\$ 25.57
Sharpe Ratio (3 year) <sup>††</sup>	1.51

### TOP HOLDINGS

Pttep Treasury 2019	3.52 %
Seagate Hdd 2022	2.75 %
Credit Agricole 2019	2.66 %
Tewoo Group 2019	2.33 %
Vedanta Resources 2021	2.31 %
Gerdau Trade Inc 2023	2.26 %
Qnb Finance Ltd 2021	2.21 %
Braskem Finance 2021	2.05 %
Huarong Finance 2022	2.00 %
Turkiye Garanti 2019	1.98 %

# Silverdäle Bond Fund

Performance Comparison (29 Dec'17 – 28 Sep'18)



- Silverdale Bond Fund out-performed both indices as well as peer group  
*Year-to-date (YTD): Return to Investor of -0.67% against -2.54% of EM Corp Bond (CEMBI) ETF, and -1% to -9% by other funds*
- The Fund paid second Quarterly Dividend of US\$ 2.00 per share on 1<sup>st</sup> October 2018 (Dividend Yield: 6.41%);  
Year-to-date: Dividend paid to Investor US\$ 6 per share  
*The bond's portfolio coupon is circa 5% pa (approx. 13.6% on client equity)*
- No change in strategy with continued focus on Investment Grade Bonds (78%), short duration (1.8 years) US dollar bonds
- Low portfolio duration and high headroom would enable the Fund to benefit when the term premium starts kicking in, and any interim mark-to-market losses would increase effective fund returns
- Year-to-date (YTD) Fed rate hike of 0.75%:  
increased the Fund YTM by 1.59% from 3.95% to 5.54%, and  
the Fund Leveraged YTM (actual) increased by 3.35% from 6.72% to 10.07%

- High(er) Un-utilized Credit Limit

- ... Historically 5%-10% headroom was maintained; since Sept 2017, the headroom has been increased to 10%+

- High Quality Bonds

- ... Typically, IG Funds have 65% IG bonds, our mandate is minimum: 75% IG bonds

- Low Duration

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

- Well Diversified

- ... Historically, around 100 securities (currently, 118 securities)

- Proprietary Fungible Cashflow Modeling

- ... Upgrades (6): Arcelor Mittal, Lukoil, Western Digital, Petrobras, UBS, and Health & happiness

- ... Buybacks (8): Western Digital, Vale, Petrobras, Braskem, TransAlta, AT&T, Prospect Capital, and Pitney Bowes.

- Portfolio Returns

- ... Year-to-date Fed rate hike of 0.75%, increased Fund YTM by 1.59% and Leveraged YTM by 3.35%

- ... Portfolio YTM: 5.54% and **Portfolio Leveraged YTM (actual): 10.07%** with 78% IG and duration of just **1.81 years**

# Silverdäle Bond Fund

## How To Invest

### ■ Through your private bank



... and others

### ■ Through platforms



... and others

### ■ For Fund Analytics



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**For any support, please contact us: Tel.: +230 2607 275 or email [spc@silverdalegroup.com](mailto:spc@silverdalegroup.com) and we will be happy to assist you.**

## Silverdale Bond Fund

Segregated Portfolio-1 of Silverdale Fund SPC

*authorised & regulated by Cayman Islands Monetary Authority*

registered with MAS (Singapore), FCA (UK), FCA (Taiwan), SCA (UAE)

### FUND ADMINISTRATOR



### FUND MANAGER

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### AUDITORS



**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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