

Silverdale

FUNDS

Fund Description

Silverdale Bond Fund is a diversified portfolio of primarily investment grade short duration US dollar bonds, actively managed for superior absolute returns, using ring-fenced leverage.

Investor Benefits

Active management with real time response, capitalizing on opportunistic investments and employing prudent risk management systems. Embedded leverage for higher return without hassles of loan management.

Fund Information

Fund	Silverdale Bond Fund
ISIN Code	MU0308S00009
Bloomberg Code	SILV007 MP Equity
Monthly NAV Launch Date	2 July 2012
Weekly NAV Launch Date	1 Oct 2013

Subscription Details

Minimum Investment	US\$ 100,000
NAV Computation	Weekly
Subscription	Weekly
Redemption	Weekly
Management Fee	1% p.a.

Fund Management Details

THE FUND

Share Class-E of Sri Silverdale Opportunities Fund, a Mauritius based umbrella fund, authorised and regulated by Financial Services Commission

FUND MANAGER

Silverdale Capital Pte Ltd

Monetary Authority of Singapore Registered Fund Manager

Bankers / Custodians

Standard Chartered Bank
Barclays Bank
ABN Amro Bank

Fund Administrator

Orangefield Trust (Mauritius) Ltd.

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Silverdale Bond Fund

Communique as at 30th May 2014

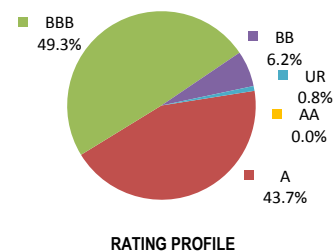
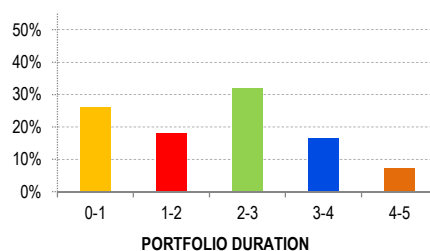
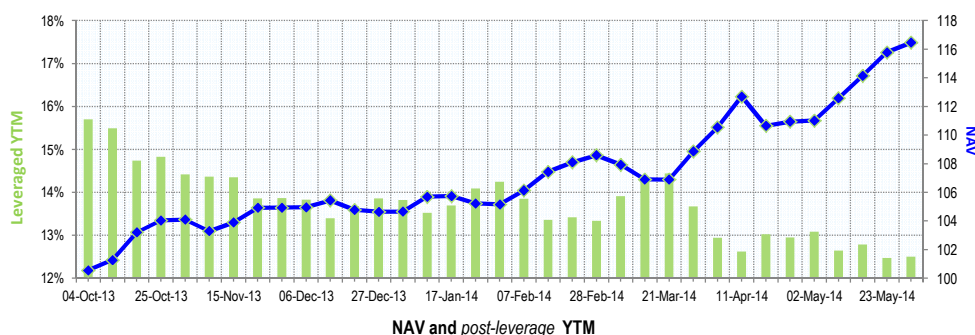
OVERVIEW

Silverdale Bond Fund generates enhanced investor returns by clever use of asset-level ring-fenced leverage, while actively managing its portfolio duration. During the week ended 30th May 2014, the Fund NAV appreciated by ~0.59% to US\$ 116.46 (previous week US\$ 115.78) with portfolio yield (post-leverage) of 12.50% per annum (previous week 12.47% p.a.) and average duration of 2.23 years (previous week 2.24 years).

Portfolio Dashboard

Performance (not annualised)* †		Fund Statistics		NAV US\$ 116.4611	
Previous 1 week	0.5852 %	Leveraged Yield to Maturity [^]	12.50 %	Top Holdings	
Trailing 1 month	4.9008 %	Portfolio Yield to Maturity	3.13 %	Agricultural Bk China Hk	11.48 %
Trailing 3 months	7.2434 %	Average Duration ^{^^}	2.23 years	China Construct Bk Asia	8.10 %
Trailing 6 months	10.9833 %	Average Maturity	2.45 years	Cssc Capital 2013 Ltd	6.63 %
				Zijin Intl Finance Co Lt	6.05 %
				Macquarie Group Ltd	5.91 %

(*) net of fees



Portfolio Update

During the week ended 30th May 2014, the Fund purchased Far East Horizon 2017, Turkiye Vakiflar Bankasi 2017, Cliffs Natural Resource 2018 and AngloGold 2020 bonds while it booked profits in JPA 2017 bond.

Far East Horizon (Mkt Cap: US\$ 2.3bn) is a leading Chinese leasing company with ~4% market share. It had net interest margin of 4.02% and return on assets of ~2.61%. Its NPA is at 0.80% with 30-days lease overdue ratio at 0.45%. Its key shareholders are Sinochem (~28%), KKR (~17%), Cathay Life (~9%), and Singapore SWF (~7%).

Turkiye Vakiflar Bankasi (Market Cap: US\$ 6bn) majority owned by Turkish Government is the seventh largest bank in Turkey by asset size. It has capital adequacy ratio of ~14.0% with Tier-I ratio of ~11.3%. NPL ratio was at 3.95% along with NPL coverage of 92.3%.

AngloGold Ashanti Limited (Mkt Cap: US\$ 6.9bn) is a global gold mining and exploration company and world's third largest gold producer. It produced ~4.105Moz of gold in 2013. It has ore reserves of ~233.02Moz and resources of ~67.9 Moz. It has 21 mining operations in 11 countries. It has cash & equivalents of US\$ ~526mn against total debt at US\$ 3.6bn. It has Net Debt/EBITDA of ~1.95x and EBITDA to Interest coverage of ~4.5x.

Cliffs Natural Resources (Mkt Cap: US\$ 2.5bn) is global major iron ore producer (~28% market share of iron ore pellets) and a significant producer of metallurgical coal. As of Mar 2014 it generated TTM EBITDA and cash flow from operations of ~US\$ 1.4bn and ~US\$ 1.1bn respectively. Total debt /Equity was ~0.48x with Total Debt/EBITDA at ~2.54x and Net Debt/EBITDA at ~2.26x. Further it has undrawn credit facility of ~US\$1.5bn along with ~US\$ 360mn cash and equivalents against total debt obligation of ~US\$ 3.2bn.

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 mauritius@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, Silverdale Fixed Income Fund or Silverdale Equity Fund or any other Class of Sri Silverdale Opportunities Fund or any of the funds managed or advised by Silverdale Capital Pte Ltd., and is strictly for information only. Any application 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 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. Please refer to the PPM for Risk Factors. This document is written for the benefit of and being communicated only to expert investors as defined in Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008, issued under the Securities Act 2005 of Mauritius. The recipient should obtain opinion from independent professional adviser before making any decision based on this document. (*) At optimum leverage. (^^) Average duration excludes favourable impact of interest rate hedges. (†) Based on: 1 month = 4 weeks, 3 months = 13 weeks, and 6 months = 26 weeks.

