

Silverdale

Fund Management

Silverdale Bond Fund

Communique as at 24th March 2017

**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.

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, or Silverdale Fund SP-1
Fund Type	Segregated Portfolio Company
Domicile	Cayman Islands
Inception Date [†]	9 Sep 2010
Weekly NAV Launch Date	1 Oct 2013
Cayman Launch Date	8 May 2015
NAV Computation	Weekly
Subscription	Weekly (Friday)*
Redemption	Weekly (Monday)*
Management Fee	0.50% p.a.^ (Monday)*
Next Dividend Date	31 Mar'17 (US\$ 1.90 per share) [#]
Previous 4 Dividend Dates	30 Dec'16 (US\$ 1.90 per share) 30 Sep'16 (US\$ 1.90 per share) 24 Jun'16 (US\$ 1.75 per share) 24 Mar'16 (US\$ 1.75 per share)

Class 1A Details

ISIN	KYG8135U1076
CUSIP	G8135U 107
Swiss Valor No.	28213010
Bloomberg Code	SILV01A KY Equity
Morningstar SecID	F00000WLJR
Initial Sales Charge	1.00%
Exit Load	0.25%

Class 1B Details

ISIN	KYG8135U1159
CUSIP	G8135U 115
Bloomberg Code	SILV01B KY Equity
Morningstar SecID	F00000WLJW
Initial Sales Charge	0.00%
Contingent Load	3% / 2% / 1%
Exit Load	1.00%

Fund Management Details**THE FUND**

Silverdale Bond Fund or Silverdale Fund SP-1 is a segregated portfolio of Silverdale Fund SPC, a Cayman Islands domiciled mutual fund, registered with Cayman Islands Monetary Authority

FUND MANAGER**Silverdale Capital Pte Ltd**

Regulated by Monetary Authority of Singapore
UEN# 200820921K

Fund Administrator

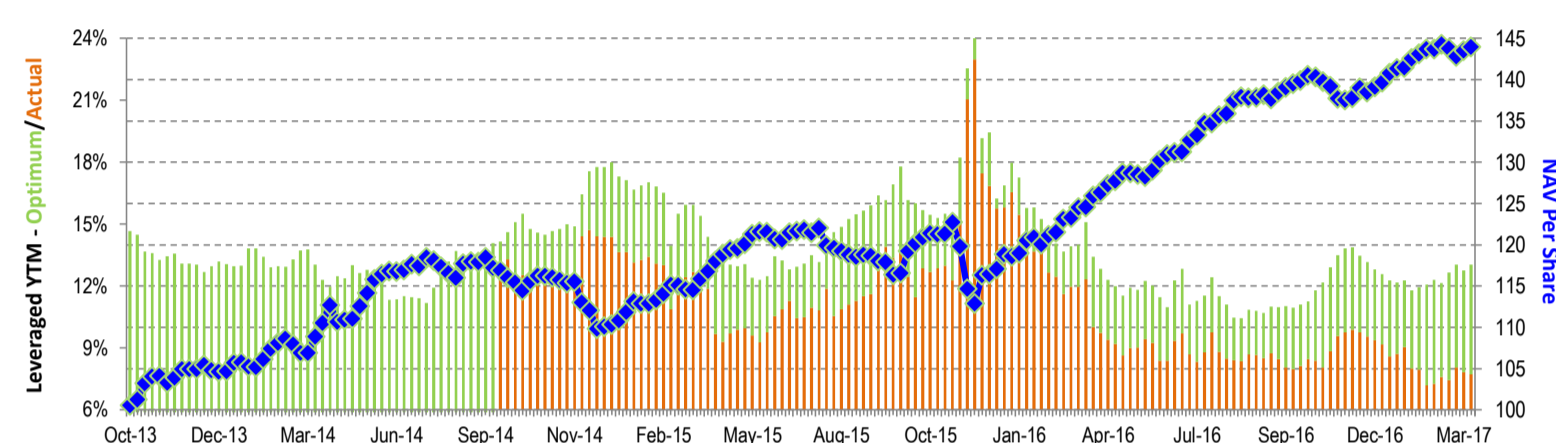
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Silverdale Fund SP-1

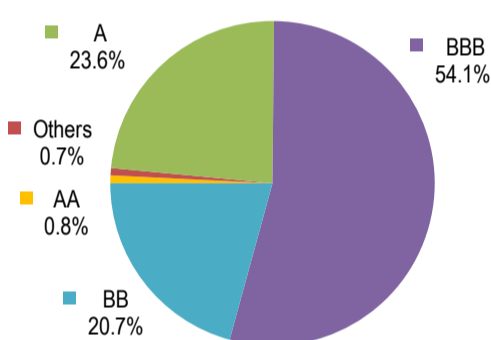
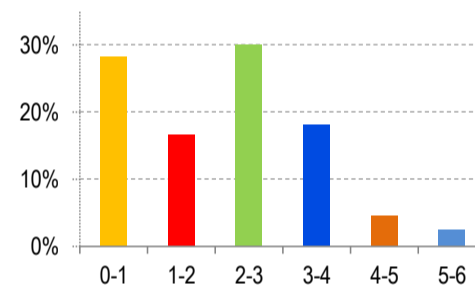
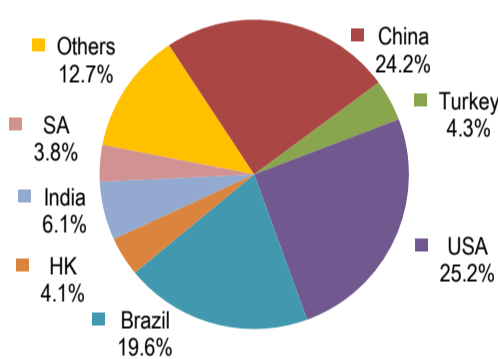
Silverdale Bond Fund (or Silverdale Fund SP-1) generates enhanced investor returns by clever use of asset-level leverage, while actively managing the portfolio duration. During the week ended 24th March 2017, the Fund NAV appreciated by 0.36% to US\$ 132.19 (previous week: US\$ 131.72), with actual portfolio yield (post-leverage) of 7.73% per annum (previous week: 7.83% p.a.), and average duration of 2.05 years (previous week: 2.01 years).

Portfolio Dashboard	Growth NAV US\$	143.9606	Ex-Dividend NAV US\$	132.1875	
Performance*	Fund Statistics		Top Holdings		
Previous 1 week	0.3577 %	Portfolio Yield to Maturity	3.83 %	Block Financial Llc 2020	2.65 %
Trailing 1 month	-0.2282 %	Leveraged YTM - Actual	7.73 %	Gap Inc/The 2021	2.61 %
Trailing 3 months	3.7442 %	Leveraged YTM - Optimum	13.05 %	Chang Development 2020	2.58 %
Trailing 6 months	4.1699 %	Average Coupon	4.43 %	Prospect Capital 2019	2.54 %
Trailing 12 months	16.3670 %	Average Duration [^]	2.05 years	Seagate Hdd 2023	2.50 %
Trailing 3 years	9.77% p.a.	Total Dividend Paid	US\$ 11.77	Reliance - Cln 2022	2.34 %
	(*) after all fees, grossing up for dividends	Sharpe Ratio	1.40	Seagate Hdd 2022	2.32 %

Period	Oct'13-Dec'13	2014	2015	Jan'16-Mar'16	Apr'16-Jun'16	Jul'16-Sep'16	Oct'16-Dec'16	2016
Dividend	-	-	4.4731	1.7500	1.7500	1.9000	1.9000	7.3000
Ex-Dividend Price	104.6428	110.3573	112.6058	118.3647	123.2694	129.1991	127.9435	127.9435
Return to Investor	4.06%	5.46%	6.09%	6.67%	5.62%	6.35%	0.50%	20.10%

Investor Return and Dividend Distribution**NAV and post-leverage YTM**

(* net of fees, adjusted for dividend)

**RATING PROFILE¹****PORTFOLIO DURATION²****GEOGRAPHICAL EXPOSURE³****Portfolio Update**

During the week ended 24th March 2017, Silverdale Bond Fund sold Petrobras 2018 (BB-/B2/BB), MCC 2017 (-/A1/-), and Shenhua Overseas 2018 (A+/A1/A+) bonds, while it purchased Tewoo Group 2019 (-/BBB-), Petrobras 2019 (BB-/B2/BB), Embraer 2020 (BBB/Ba1/BBB-), and Petrobras 2021 (BB-/B2/BB).

Tewoo Group is the largest commodities trading and metals distribution company in China by total revenue (~US\$ 60bn); with 60% of its gross profit being generated from selling iron ore, coking coal and steel products in China. The Group is headquartered in Tianjin, with operations across China, United States, Germany, Japan, Singapore, Philippines and Hong Kong. As at 30th June 2016, it reported total assets of US\$ 34bn. It is a wholly owned subsidiary of Tianjin SASAC. The Tianjin Government has historically provided financial support to Tewoo through equity infusions and grants.

Petroleo Brasileiro (Mkt Cap: US\$ 58.2bn), is an integrated energy company, with total assets of over ~US\$ 200bn. As at 31st Dec 2016, it reported TTM EBITDA of ~US\$ 25.4bn with Net Debt/EBITDA of ~3.8x and interest coverage ratio of ~3.3x. Brazilian Govt owns ~46% of its capital and ~60% of its voting shares. The bonds are issued by its wholly owned subsidiary and guaranteed by it.

Embraer S.A. (Mkt Cap ~US\$ 4.2bn) is the leading manufacturer of regional jet airplanes (up to 120 seats), with a growing defense & security segment and a line of mid-size business jets. As at 31st Dec 2016, it reported order book of ~US\$ 19.6bn which is ~3.2x FY2016 revenue. It reported debt at ~US\$ 3.8bn, against cash of ~US\$ 3.2bn, with Net Debt to EBITDA at ~0.69x. The bonds are issued by its wholly owned subsidiary and guaranteed by it. Founded in 1969 by the Brazilian federal government, the company was privatized in 1994 and transformed into a publicly-held corporation.

Dividend

The Fund is likely to declare a dividend of circa US\$ 1.90 per share on the shares held on Friday, March 31, 2017 (Dividend Record Date). All subscriptions received on or before 24th March 2017 are eligible for dividend distribution.



**2016 ALTERNATIVE
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For subscription & information, please
Email: spc@silverdalegroup.com
Or, Call: +65 6835 7130

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 spc@silverdalegroup.com

DISCLAIMER

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