

Silverdale

Fund Management

Silverdale Bond Fund

Communique as at 12th May 2017

Bloomberg
TOP-5
ASIAN FUND

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	30 Jun'17 (US\$ 1.90 per share) [#]
Previous Dividend Date	31 Mar'17 (US\$ 1.90 per share)

Class 1A Details

ISIN	KYG8135U1076
CUSIP	G8135U 107
Swiss Valor No.	28213010
Bloomberg Code	SILV01A KY Equity
Morningstar SecID	F0000WLJR
Initial Sales Charge	1.00%
Exit Load	0.25%

Class 1B Details

ISIN	KYG8135U1159
CUSIP	G8135U 115
Bloomberg Code	SILV01B KY Equity
Morningstar SecID	F0000WLJW
Initial Sales Charge	0.00%
Contingent Load	3% / 2% / 1%
Exit Load	1.00%

Class 1C Details

ISIN	KYG8135U2066
CUSIP	G8135U 206
Bloomberg Code	SILV01C KY Equity
Morningstar SecID	TBC
Initial Sales Charge	Upto 5%
Contingent Load	0.00%
Exit Load	0.25%

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

Vistra (Mauritius) Limited
355 NeXTeracom Tower 1, Cybercity,
Ebene, Mauritius
Tel.: +230 464 7275
Fax: +230 464 3290
Email: spc@silverdalegroup.com



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Silverdale Fund SP-1

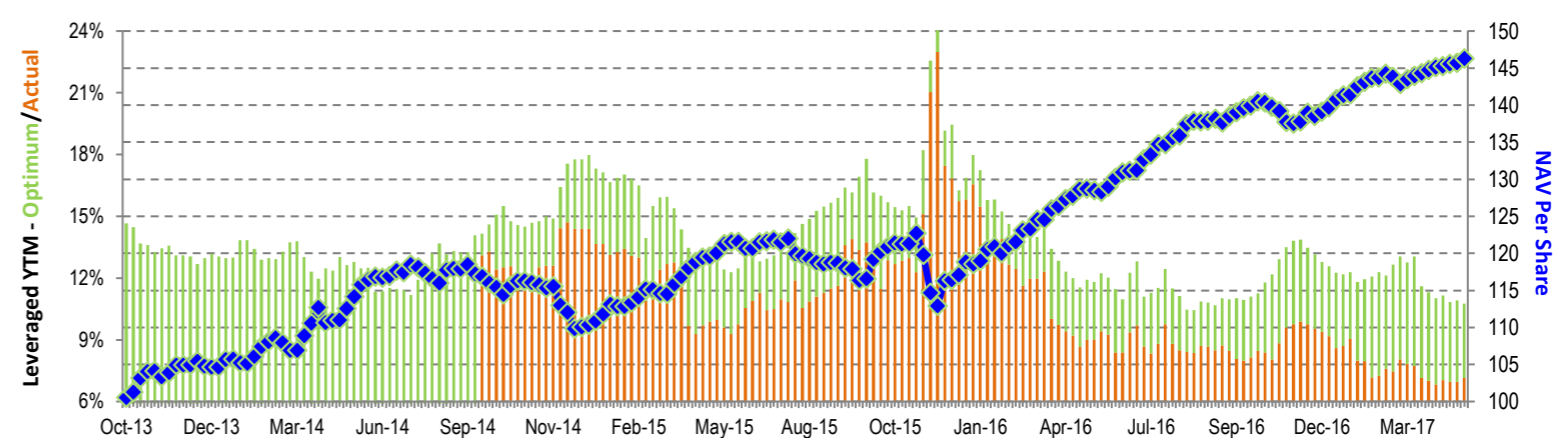
Silverdale Bond Fund (or Silverdale Fund SP-1) generates enhanced investor returns by clever use of asset-level leverage, while actively managing the portfolio duration. During the week ended 12th May 2017, the Fund NAV appreciated by 0.44% to US\$ 132.63 (previous week: US\$ 132.04), with actual portfolio yield (post-leverage) of 7.15% per annum (previous week: 6.95% p.a.), and average duration of 2.07 years (previous week: 2.12 years).

Portfolio Dashboard Growth NAV US\$ 146.2992 Ex-Dividend NAV US\$ 132.6261

Performance*		Fund Statistics		Top Holdings		% age
Previous 1 week	0.4446 %	Portfolio Yield to Maturity	3.44 %	Prospect Capital 2019		2.83 %
Trailing 1 month	0.9075 %	Leveraged YTM - Actual	7.15 %	Transalta Corp 2022		2.76 %
Trailing 3 months	1.9871 %	Leveraged YTM - Optimum	10.74 %	Block Financial Llc 2020		2.65 %
Trailing 6 months	5.4805 %	Average Coupon	4.60 %	Macys Retail 2020		2.52 %
Trailing 12 months	14.5668 %	Average Duration [^]	2.07 years	Staples - Cln 2022		2.34 %
Trailing 3 years	8.62% p.a.	Total Dividend Paid	US\$ 13.67	Seagate Hdd 2022		2.28 %
	(* after all fees, grossing up for dividends)	Sharpe Ratio	1.33	Embraer Overseas 2020		2.08 %

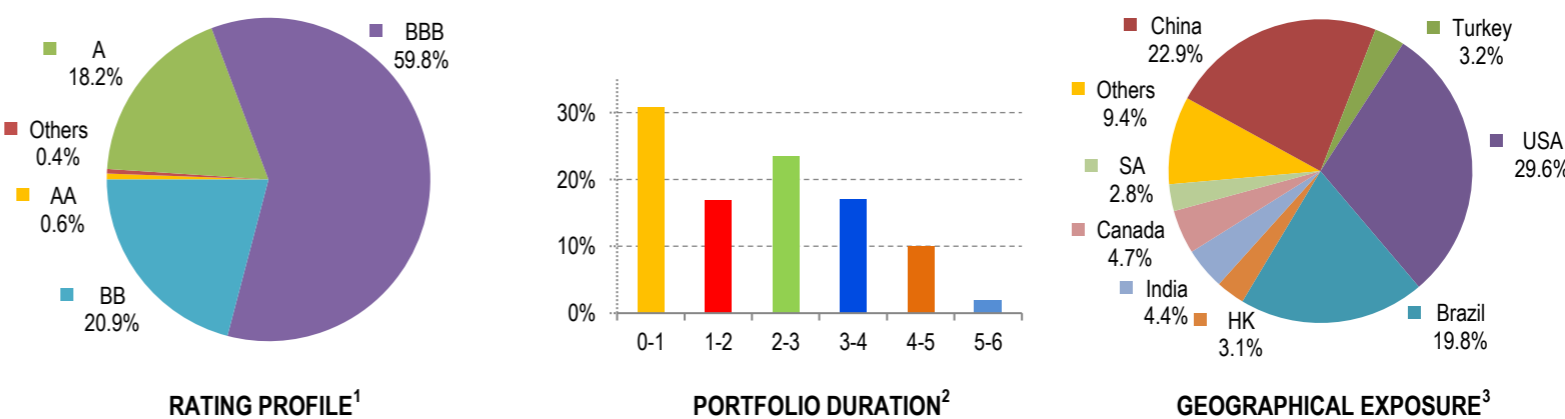
Period	Oct'13-Dec'13	2014	2015	2016	Apr'16-Jun'16	Jul'16-Sep'16	Oct'16-Dec'16	Jan'17-Mar'17
Dividend	-	-	4.47	7.3000	1.7500	1.9000	1.9000	1.9000
Ex-Dividend Price	104.6428	110.3573	112.6058	127.9435	123.2694	129.1991	127.9435	130.6642
Return to Investor	4.06%	5.46%	6.09%	20.10%	5.62%	6.35%	0.50%	3.61%

Investor Return and Dividend Distribution



NAV and post-leverage YTM

(* net of fees, adjusted for dividend)



Portfolio Update

During the week ended 12th May 2017, the Silverdale Bond Fund purchased Beijing Capital Group 2018 (BBB-/Baa3/BBB), eHi Car 2018 (BB-/BB-), Tianjin Port FTZ 2018 (-/Baa2/BBB+), Tewoo Group 2020 (-/BBB-), Gerdau 2020 (BBB-/BBB-), Macys Inc 2021 (BBB-/Baa3/BBB), and TransAlta 2022 (BBB-/Ba1/BBB-) bonds; and a 5 Year Credit Linked Note on Staples Inc (BBB-/Baa2/BB+).

Beijing Capital Group Co. Ltd. headquartered in Beijing, is one of the largest infrastructure developers in China providing water treatment, infrastructure, real estate, and financial services. Through its 54%-owned subsidiary, Beijing Capital, it owns over 100 water and sewage treatment plants across 72 Chinese cities in 18 provinces. As at 30th June 2016, it reported total assets of ~US\$ 37bn. It is 100% owned by the Beijing SASAC. The bonds are issued by its wholly owned subsidiary and guaranteed by it.

eHi Car Services Ltd (Mkt Cap: US\$ 700mn) is the one of the largest chauffeured car services provider and second largest car rental provider in China. As of 31 Dec 2016, its car rental (~79% of FY16 revenue) fleet included 53,658 vehicles which offered rental services in 216 cities, 319 train stations and 97 airports across China. Its chauffeured car services (~21% of FY16 revenue) were offered in 190 cities across China through its own fleet of 3,258 vehicles and its contracted service providers. As at 31st Dec 2016, it reported net debt of US\$ 3.2bn, TTM EBITDA of ~US\$ 920mn with Net Debt/EBITDA of ~3.4x and interest coverage ratio of ~4.1x.

Tianjin Port FTZ develops and maintains Tianjin Port Free Trade Zone, Tianjin Airport Economic Area, and Tianjin Airport International Logistics Zone in Binhai. Its other operations include assembly of Airbus A320 series planes (JV with Airbus), real estate development, financial services, utility services, car dealerships, and equity investments. It is 100% owned by Tianjin government. It is the single largest shareholder of Bank of Tianjin with 15.88% stake. The bonds are issued by its wholly owned subsidiary and supported by keepwell and liquidity support deed.

Gerdau SA (Market Cap: US\$ 5.2bn) is the second largest producer of long-steel in the world. It has operations in 14 countries across the Americas, Europe and Asia; with a combined installed capacity of ~25 MTPA. It is one of the lowest cost producer with vertically integrated operations. As at 31st March 2017, it reported cash & equivalent of ~US\$ 1.7bn, against total debt of ~US\$ 6.3bn. It reported Net Debt/EBITDA at 3.2x and EBITDA to interest at 3.1x.

TransAlta (Mkt Cap: US\$ 1.5bn) headquartered in Calgary, owns and operates 8,557 MW of coal, gas, solar, wind and hydro power plants, in Canada, USA and Australia. As at 31st Mar 2017, it reported net debt of US\$ 2.9bn and unutilised line of credit of ~US\$ 1.4bn. It reported TTM EBITDA of ~US\$ 876mn with Net Debt/EBITDA of ~3.3x and interest coverage ratio of ~4.8x.

Staples, Inc. (Mkt Cap: ~US\$ 6bn) is the world's largest dedicated retailer of office supplies, with over 3,000 stores worldwide in 26 countries. For FY2017 it generated revenue of ~US\$ 18.3bn with North America accounting for ~85% of it. As at 28 Jan'17, it reported debt at ~US\$ 1.1bn, against cash & equivalents of ~US\$ 1.1bn and unutilized credit line of US\$ ~1.1bn. It reported TTM EBITDA of ~US\$ 1.3bn, net debt/EBITDA at -0.07x with EBITDA to interest of ~16.6x. The 5 year Credit Linked Note is issued by Deutsche Bank AG (Mkt Cap: US\$ 38.8bn / Rated A-/A3/A-).

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

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