



Silverdale Bond Fund

Communique as at 24th November 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.

KEY FEATURES

- Investment grade (Min 75%)
- Short duration (2-3 years)
- No forex risk (US dollars only)
- Enhanced returns, using ring-fenced leverage
- Quarterly dividend distribution

FUND INFORMATION

Fund: Silverdale Bond Fund
 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 (Friday)*
 Subscription / Redemption: Weekly (Monday)*
 Management Fee: 0.50% p.a.^
 Next Dividend Date: 29 Dec'17 (US\$ 2.00 per share)††
 Previous Dividend Date: 29 Sep'17 (US\$ 2.00 per share)

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 MANAGER

Silverdale Capital Pte Ltd

Regulated by Monetary Authority of Singapore
 UEN# 200820921K

FUND ADMINISTRATOR

Vistra (Mauritius) Limited

Regulated by Financial Services Commission
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CLASS DETAILS	CLASS 1A	CLASS 1B
ISIN	KYG8135U1076	KYG8135U1159
CUSIP	G8135U 107	G8135U 115
Swiss Valor No.	28213010	TBC
Bloomberg Code	SILV01A KY Equity	SILV01B KY Equity
Morningstar SeclD	F00000WLJR	F00000WLJW
Initial Sales Charge	1.00%	0.00%
Exit Load	0.25%	1.00%
Contingent Load	N.A.	3% / 2% / 1%

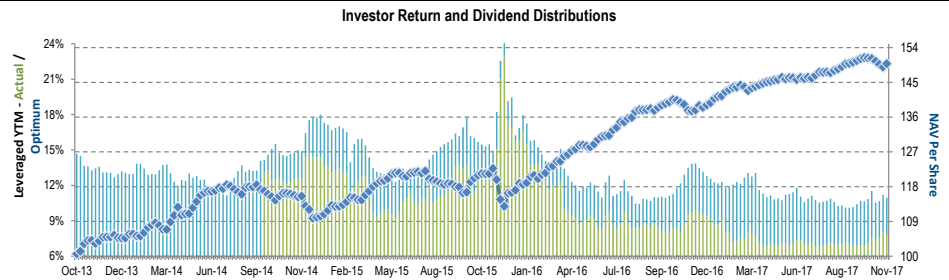
CLASS DETAILS	CLASS 1C	CLASS 1D
ISIN	KYG8135U2066	KYG8135U2306
CUSIP	G8135U 206	G8135U 230
Swiss Valor No.	TBC	TBC
Bloomberg Code	SILV01C KY Equity	SILV01D KY Equity
Morningstar SeclD	TBC	TBC
Initial Sales Charge	Upto 5%	0.00%
Exit Load	0.25%	1.00%
Contingent Load	N.A.	5% / 4% / 3% / 2% / 1%

Silverdale Bond Fund generates enhanced investor returns by clever use of asset-level leverage, while actively managing the portfolio duration. During the week ended 24th November 2017, the fund NAV appreciated by 0.67%, thus limiting decline for the month of November to 1.02% at US\$ 132.24 (previous month: US\$ 133.60), with actual portfolio yield (post-leverage) of 7.88% per annum (previous month: 7.55% p.a.), and average duration of 2.23 years (previous month: 2.21 years).

PORTFOLIO DASHBOARD

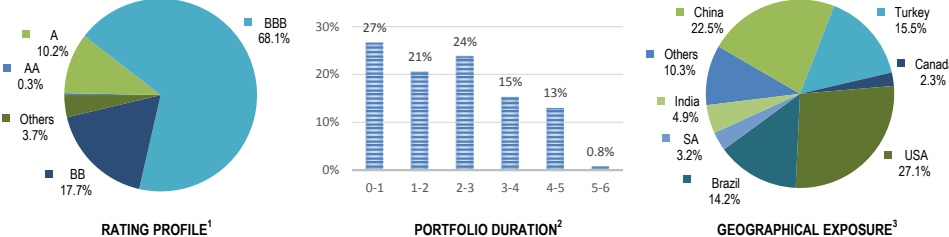
PERFORMANCE*		FUND STATISTICS		TOP HOLDINGS	
Year to Date	7.8900 %	Portfolio Yield to Maturity	3.94 %	Tewoo Group Fin 2019	2.74 %
Trailing 1 month	-1.0161 %	Leveraged YTM - Actual	7.88 %	Yapi Ve Kredi 2019	2.66 %
Trailing 3 months	1.0272 %	Leveraged YTM - Optimum	10.94 %	Turkiye Garanti 2019	2.64 %
Trailing 6 months	2.7115 %	Average Coupon	4.58 %	Chang Development 2020	2.59 %
Trailing 12 months	9.6129 %	Average Duration	2.23 years	Seagate Hdd 2022	2.41 %
Trailing 3 years	9.04% p.a.	Total Dividend Paid	US\$ 17.57	Macys Retail 2020	2.27 %
(*) after all fees, grossing up for dividends		Sharpe Ratio (1 Year)††	3.02	Petrobras 2021	2.27 %

Period	Oct'13-Dec'13	2014	2015	2016	Oct'16-Dec'16	Jan'17-Mar'17	Apr'17-Jun'17	Jul'17-Sep'17
Dividend	-	-	4,4731	7,3000	1,9000	1,9000	1,9000	2,0000
Ex-Dividend Price	104.6428	110.3573	112.6058	127.9435	127.9435	130.6596	130.7470	133.0544
Return to Investor	4.06%	5.46%	6.09%	20.10%	0.50%	3.61%	1.52%	3.29%



NAV and post-leverage YTM

(* net of fees, adjusted for dividend)



PORTFOLIO UPDATE

During the week ended 24th November 2017, we sold Petrobras 2018 (BB-/Ba3/BB), Seagate 2018 (BB+/Baa3/BBB-), and Transalta 2018 & 2022 (BBB-/Ba1/BBB-) bonds while we purchased Turkiye Vakiflar 2018 (-/Ba1/BB+), Tewoo Group 2019 (-/BBB-), Binhai Investment 2020 (-/BBB-), Petrobras 2021 (BB-/Ba3/BB), AngloGold 2022 (BB+/Baa3/-), Tianqi 2022 (-/Baa3/-), and Shenzhen Perp (-/Baa2/-, First Call 2022) bonds.

Binhai Investment (Mkt Cap: US\$ 267mn) is city gas distribution company with ~2,199 km of gas pipelines primarily in Tianjin, and in Beijing, Shandong, Hebei, Jiangsu, Zhejiang, Jiangxi, & Hunan. As at 30 June 2017, it reported net debt of ~US\$ 205mn, Net Debt/EBITDA of ~3.2x and interest coverage ratio of ~9.2x. Tianjin Economic Development Area (TEDA) Investment (Owned by Tianjin SASAC) is its largest shareholder with 63.2% ownership. The bonds are supported by letter of support from TEDA.

Tianqi Lithium (Mkt Cap: US\$ 9.7bn) is the largest lithium compounds supplier in Asia and third largest lithium compounds producer in the world. It operates three production facilities in Shehong, Zhangjiagang and Tongliang with total designed capacity of 34,800 tons per annum. Further Kwinnana Australia plant with production capacity of 24,000 ton per annum is under construction and is expected to complete in late 2018. As at 30th June 2017, it reported Net Debt/EBITDA of ~0.5x and interest coverage ratio of ~27.7x.

Shenzhen International Holdings (Mkt Cap: US\$ 3.8bn) is a leading logistics conglomerate with diversified businesses, ranging from toll roads and logistic parks to ports and airlines. Its toll roads comprise of 18 expressways with a Toll Mileage of over 600 km. As at 30th June 2017, it reported Debt/EBITDA of ~2.4x and interest coverage ratio of ~8.2x. It is ~44.5% owned by the Shenzhen SASAC and is the only logistic infrastructure investment platform of Shenzhen SASAC

During November 2017, Silverdale Bond Fund NAV declined by 1.02%, owing to drop in bond prices which was partially offset by interest earned. US, Chinese, and Brazilian credits were the key laggards.

During the month we sold Petrobras 2018 (BB-/Ba3/BB), Seagate 2018 (BB+/Baa3/BBB-), Guangzhou Metro 2018 (-/Baa1/A), IDBI 2018 (BB/B1/BB+), Transalta 2018 & 2022 (BBB-/Ba1/BBB-), HP 2021 (BBB/Baa2/BBB+), and AT&T 2022 (BBB+/-/A-) bonds while we purchased Vakiflar 2018 (-/Ba1/BB+), Coca Cola Icecek 2018 (-/Baa3/BBB), Yapi 2018 & 2019 (-/Ba1/BBB-), Dell 2018 & 2020 (BB-/Ba2/BB), Garanti 2019 (-/Ba1/BBB-), Pitney Bowes 2019 & 2020 (BBB-/Ba1/BBB-), Prospect 2019 (BBB+/-/A-), Tewoo 2019 (-/BBB-), AngloGold 2020 & 2022 (BB+/Baa3/-), Chang 2020 (-/BBB-), Nordstrom 2020 (BBB+/Baa1/BBB+), Binhai Investment 2020 (-/BBB-), Gap 2021 (BB+/Baa2/BB+), Macys 2021, 2022 & 2023 (BBB-/Baa3/BBB), Petrobras 2021 & 2024 (BB-/Ba3/BB), Seagate 2022 (BB+/Baa3/BBB-), Anadolu 2022 (BBB-/Ba3/BBB-), Tianqi 2022 (-/Baa3/-), Gerdau 2023 (BB-/Ba3/BBB-), Citadel 2023 (BBB+/-/A-), DNB Perp (BBB/Baa3/-, First Call 2020), Huarong Perps (-/Baa1/A-, First Call 2021 & 2022), and Shenzhen Perp (-/Baa2/-, First Call 2022) bonds. We also received proceeds from call/maturity of TV Azteca 2020 (-/B+) bonds and structured note on 10 - 2 year swap spread.

We continue to maintain conservative position with ~78.6% of our investments in Investment Grade bonds while maintaining short duration of 2.23 years.

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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