

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.

Silverdale Bond Fund generates enhanced investor returns by clever use of asset-level leverage, while actively managing the portfolio duration. During the week ended 18th May 2018, the Fund NAV declined by 0.57% to US\$ 126.76 (previous week: US\$ 127.48), increasing actual portfolio yield (post-leverage) of 9.42% per annum (previous week: 8.95% p.a.) with average duration of 1.82 years (previous week: 1.89 years).

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 Jun'18 (US\$ 2.00 per share) [#]	
Previous Dividend Date	29 Mar'18 (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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 Email: spc@silverdalegroup.com

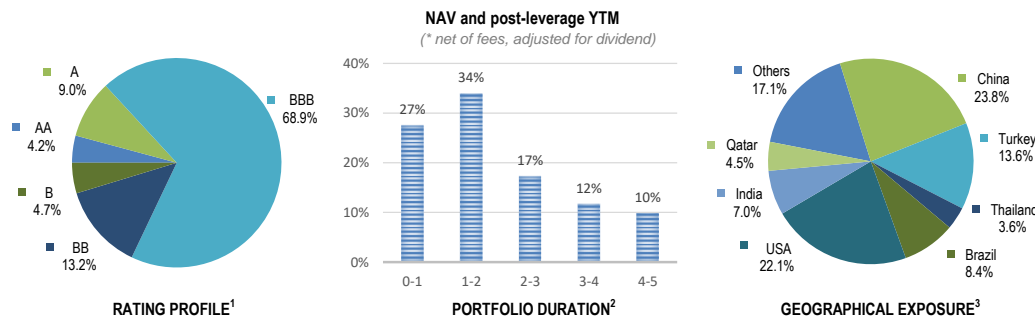
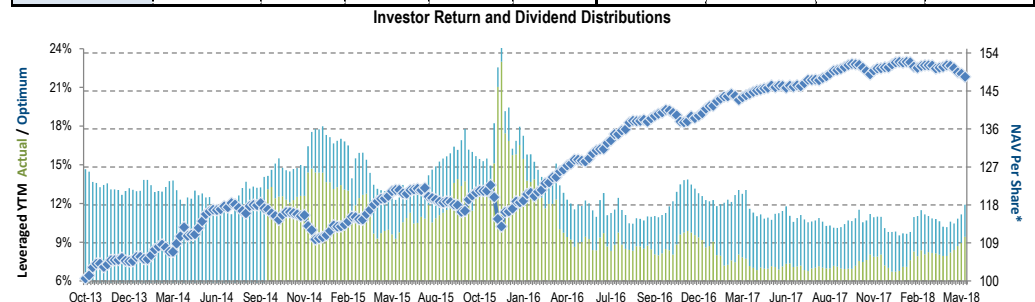
CLASS DETAILS	CLASS 1A	CLASS 1B
ISIN	KYG8135U1076	KYG8135U1159
CUSIP	G8135U 107	G8135U 115
Swiss Valor No.	28213010	TBC
Bloomberg Code	SILV01A KY Equity	SILV01B KY Equity
Morningstar SeclD	F00000WLJR	F00000WLJW
Initial Sales Charge	1.00%	0.00%
Exit Load	0.25%	1.00%
Contingent Load	Nil	3% / 2% / 1%

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	Nil	5% / 4% / 3% / 2% / 1%

PORTFOLIO DASHBOARD

PERFORMANCE*		Growth NAV US\$	148.3318	Ex-Dividend NAV US\$	126.7587
Year to Date	-2.2201 %	FUND STATISTICS		TOP HOLDINGS	% age
Trailing 1 month	-2.0500 %	Portfolio Yield to Maturity	5.02 %	Qnb Finance Ltd 2021	3.92 %
Trailing 3 months	-1.6110 %	Leveraged YTM - Actual	9.42 %	Pttep Treasury 2019	3.56 %
Trailing 6 months	-0.4526 %	Leveraged YTM - Optimum	11.91 %	Tewoo Group 2019	2.71 %
Trailing 12 months	1.8657 %	Average Coupon	4.98 %	Chang Development 2020	2.62 %
Trailing 3 years	6.86% p.a.	Average Duration	1.82 years	Vedanta Resources 2021	2.59 %
		Total Dividend Paid	US\$ 21.57	Qnb Finansbank 2019	2.41 %
		Sharpe Ratio (1 Year) ^{††}	0.32	Huarong Finance 2022	2.19 %

Period	Oct'13-Dec'13	2014	2015	2016	2017	Apr'17-Jun'17	Jul'17-Sep'17	Oct'17-Dec'17	Jan'18-Mar'18
Dividend	-	-	4.4731	7.3000	7.8000	1.9000	2.0000	2.0000	2.0000
Ex-Dividend Price	104.6428	110.3573	112.6058	127.9435	131.6822	130.7470	133.0544	131.6822	128.9304
Return to Investor	4.06%	5.46%	6.09%	20.10%	9.02%	1.52%	3.29%	0.47%	-0.57%



PORTFOLIO UPDATE

During the week ended 18th May 2018, we sold Nordstrom 2020 (BBB+/Baa1/BBB+) bonds, while we purchased Gerdau 2020 (BBB-/BBB-), AVIC International 2021 (-/-A/-), QNB Finance 2021 (-/Aa3/-), China Vanke 2023 (BBB/Baa2/BBB+), PTT Exploration & Production (BB+/Baa3/-, First call 2019) bonds. We also received proceeds from maturity of Yuexiu Reit 2018 (BBB-/Baa3/-) bonds

Gerdau SA (Market Cap: US\$ 5.5bn) is the second largest producer of long-steel in the world with aggregate capacity of ~26 MMTPA across 14 countries. It is a low cost producer with vertical integration to iron ore extraction and scrap recycling. As of March 2018, it reported EBITDA of ~US\$ 1.5bn, total debt of ~US\$ 5bn against cash & equivalent of ~US\$ 1bn which resulted in Net Debt/EBITDA at 2.7x and EBITDA/Interest at 4.4x.

AVIC International is a leading importer and exporter of civil aviation products and one of the largest aviation sub-contractors in China with clientele in over 180 countries. While its core business is aviation, it is also engaged in electronic display and components manufacturing, and retail property management. As of Dec 2017, it reported total assets of US\$ 38bn and EBITDA of US\$ 1.8bn, with EBITDA to interest coverage of 2.1x and adjusted net debt/EBITDA 4.6x. It is 62.52% directly owned by Aviation Industry Corp of China, which is 100% owned by central SASAC. The bonds are issued by its wholly owned subsidiary and guaranteed by it.

Qatar National Bank (Market Cap: US\$ 38.7bn) is the largest bank in Middle East & Africa with assets of US\$ 228bn. It operates in over 31 countries around the world through more than 1,200 locations, employing over 28,000 people. It reported Net Interest Margin at 2.6% and Non-Performing Loans (NPL) at 1.8% with NPL coverage of 110%. It reported Basel III capital adequacy ratio at 16%. Government of Qatar via the Qatar Investment Authority is the largest shareholder with 51.9% equity stake. The bonds are issued by its wholly owned subsidiary and guaranteed by it.

China Vanke Co., Ltd. (Market Cap: US\$ 46.2bn) is one of the largest property developers in China with contracted sales of US\$ 83bn in 2017. As at 31 Dec 2017, it had 749 property projects across China, including GFA of 68.5m sqm of projects under development and 63.2m sqm of projects held for future development. As at March 2018, it reported total assets of US\$ 170bn, net debt of ~US\$ 16.2bn, cash from operations of US\$ 8.7bn; with Net Debt/CFO at 5.2x and CFO/Interest at 10.5x.

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

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 (or Silverdale Fund SP-1), or any other segregated portfolio or Class of Silverdale Fund SPC or any of the funds managed or advised by Silverdale Capital Pte Ltd., and is strictly for information only. Any subscription 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 Composite 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. The Fund may use or invest in financial derivative instruments. Please refer to the Composite PPM for Risk Factors. This document is written for the benefit of and being communicated only to Accredited Investors or Institutional Investors as defined under the Securities and Futures Act (Cap. 289) of Singapore or any similarly defined investor in any other securities legislation. The recipient should obtain opinion from independent professional adviser before making any decision based on this document. The NAV performance is computed taking: 1 month = 4 weeks, 3 months = 13 weeks, 6 months = 26 weeks, 9 months = 39 weeks, 12 months = 52 weeks, and 3 years = 156 weeks. NAV prior to 8 May 2015 is based on NAV of underlying fund (Class E of Sri Silverdale Opportunities Fund). (*) Assuming to be Business Day. (#) Indicative. (†) Initially launched as multi-assets fund with quarterly NAV.(1), (2), & (3) Based on gross investments into securities. (1) Credit Rating is based on best of the three ratings (S&P/Moody's/Fitch), with those rated below "BB" being clubbed as "Others". (2) Country exposure of less than 3% has been clubbed as "Others". (3) Based on Gross Assets. Ranking source: Bloomberg's special report on Asia's Hedge Fund dated June 26, 2015; category: Multi Strategy. (††) Sharpe Ratio: Source Bloomberg.



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