Silverdale Fund Management
PROUDLY FROM SINGAPORE

Silverdale Funds

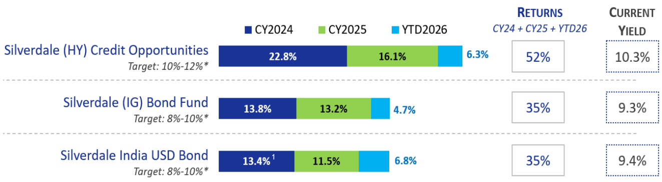
ENHANCED RETURN | TAX EFFICIENT | BOND FUNDS

"With so much changing so fast in geopolitics, global supply chains, and technology, it's wise to be modest about what we can and cannot know. Accuracy in economic forecasting is still just an aspiration. I stand here today committed to a discipline, not to a decision."

— Fed Chair Kevin Warsh, Jackson Hole, 28 Aug 2026

Overview: Discipline Over Prediction

Silverdale portfolios continued to deliver resilient performance, returning +5% to +7% YTD through August 2026, bringing cumulative returns since January 2024 to +35% to +52%. Despite persistent geopolitical tension, shifting inflation expectations, and a rapidly changing interest-rate narrative, short-term Treasury yields declined modestly during August. The key risk in fixed income lies not in the next Fed move, but in the structural pressures facing long-dated bonds from rising fiscal deficits and increasing long-duration debt supply by the US government and from AI-related capex. Against this backdrop, **short-duration credit** continues to provide attractive income without taking unnecessary exposure to long-end volatility.



Macro Snapshot

- Iran Conflict: Markets Continue to Adapt

  Brent ended August near US$86/bbl, with six-month forwards around US$80/bbl. While concerns around the Strait of Hormuz persist, supply disruptions have been partially offset by inventory drawdowns, weaker Chinese demand (4 mb/d) and broader demand destruction (1.6 mb/d). Ongoing diplomatic efforts have reduced the risk of a sustained oil shock.

- Inflation: Moderates on drop in energy prices

  Headline CPI eased YoY from 3.5% (Jun'26) to 3.4% (Jul'26) while core CPI declined from 2.6% (Jun'26) to 2.5% (Jul'26) with 3-month annualised core inflation falling to 1.6%. While Brent is still 40% higher YTD, underlying inflation pressures remain contained as (a) Housing (35% of CPI) continues to soften; (b) Wage growth has slowed to 3.1% YoY from peak of 6%; and (c) Tariffs down from 11.5% in 4Q25 to 7.5%.

- Labour: Tight but not strong

  July'26 payrolls declined by 23,000 with downward revision to prior months, reducing average job growth to just 20k per month. Although unemployment fell to 4.1%, this was largely due to lower labour-force participation (61.4%). Wage growth slowed further to 3.2% YoY, the weakest in over 5-years, highlighting limited worker bargaining power and limited labor inflation pressure.

- GDP: Growth Remains Concentrated

  The Atlanta Fed GDPNow is tracking Q3 growth near 3%-4% annualised, but underlying growth remains highly concentrated. Computer equipment, software and R&D account for only 8% of the economy but are growing at 14%, versus just 1% growth across the remaining 92%[1].

Short-End Rates remain Volatile: Path isn't

US Treasury yields declined modestly during August, despite the 30-year Treasury briefly reaching 5.3%, its highest level since 2007, before retracing.[2]

Markets oscillating between rate hikes and rate cuts

Markets have repeatedly oscillated between pricing rate cuts and hikes in 2026, illustrating the futility of confidently forecasting Fed policy. While rates could move in either direction, a sustained hiking cycle would likely require a clear resurgence in inflation, reinforced by stronger housing activity and labour market momentum.

[1] Source: EPB Research, Aug'26; U.S. Bureau of Economic Analysis.

[2] Source: CNBC, 17–18 Aug' 26.

SILVERDALE CAPITAL PTE LTD | Fund Manager: Silverdale Fund VCC
8 Temasek Boulevard | #35-02 Suntec Tower-3 | Singapore: 038988 | Tel: +65 6835 7130 | Email: IR@SilverdaleGroup.com

Long-End Rates: Driven by Supply, Not the Fed

Risks remain concentrated at the long end of the curve driven by (a) fiscal deficits near 6% of GDP; (b) Federal debt exceeding US$40 trillion; (c) the Treasury interventions doubling 10-30-year bond buybacks from US$2bn to US$4bn; and (d) heavy AI-related issuance concentrated in 10-year-plus maturities, accounting for nearly 40% of long-term IG supply[3].

Since the start of 2026, long-term yields have risen 51bps versus just 7bps rise in inflation expectations, suggesting fiscal and supply concerns, not inflation or the Fed, are increasingly driving long-end rates. This reinforces the preference for the 2–3-year segment of the curve and our Target Return Funds which remain largely insulated from these pressures.

Short Duration: High Income, Low Volatility

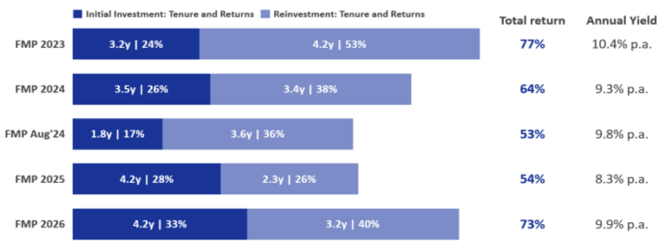
Short-duration credit offers a compelling combination of income, capital preservation, and return visibility:

- **Attractive carry** without extending maturity
- **Lower rate sensitivity**, reducing volatility
- **Faster pull-to-par**, improving return visibility
- **Limited exposure** to AI-driven long-duration debt
- **Greater reinvestment flexibility** as bonds mature

Target Return Funds: Greater Return Visibility

Silverdale Target Return Funds combine attractive carry with defined maturities, eliminating reliance on interest-rate forecasts. By broadly matching bond maturities to the fund tenure and locking in yields and funding costs, interim rate movements have a more limited impact on ultimate returns, irrespective of whether AI driven productivity booms or there is an investment slowdown.

This approach has delivered across multiple cycles, including during the Fed's rapid increase in rates from near 0% to over 5%. FMP 2023 delivered 24% over 3.2 years and, after rollover, is on track to deliver 77% over 7.4 years.



Silverdale Target Return Funds — Cumulative return split between initial and reinvestment term

Silverdale TRFs: Compounding Through Reinvestment

Silverdale TRF Jan 30: *Open for Subscriptions!*

USD Class: Total Returns of c. **34%** (8.50% ±0.25% p.a.)
SGD Class: Total Returns of c. **23%** (6.00% ±0.25% p.a.)
EUR Class: Total Returns of c. **26%** (7.00% ±0.25% p.a.)

Silverdale Open Ended Funds: Capture High Carry

For investors who prioritize liquidity and flexibility over return predictability, Silverdale's open-ended funds combine attractive carry, with a laddered portfolio of short-duration bonds. Silverdale offers three open-ended strategies across Investment Grade, High-Quality High-Yield and India USD bonds, combining strong carry, active credit selection and disciplined duration management, designed to generate attractive income while mitigating duration risks.

Attributes / Funds		Silverdale Bond Fund	Silverdale Credit Opportunities Fund	Silverdale India USD Bond Fund	Silverdale TRF Jan 2030 *(Launch: 26 June 2026)*
Strategic Focus		Investment Grade *75% BBB & above*	High Quality High Yield *85%+ BBB/BB*	India *100% in USD*	Fixed Tenure *3.5 years*
Target Return*	USD Class	8%-10% p.a.	10%-12% p.a.	8%-10% p.a.	8.50% +/- 0.25% p.a.^
	SGD Class	5.5%-7.5% p.a.	*7.5%-9.5% p.a.*	-	*6.00% +/- 0.25% p.a.^*
Leveraged YTM		9.3%	10.3%	9.4%	9.6%
Liquidity		Weekly	Fortnightly	Fortnightly	Weekly/Monthly
Dividend *(Growth class available)*		USD Class: 6% p.a. *SGD Class: 4% p.a.*	USD Class: 6% p.a. *SGD Class: 5% p.a.*	6% p.a.	USD Class: US$ 6.00 *SGD Class: S$ 4.00*
2024 Returns		13.8%	22.8%	13.4%**	N.A.
2025 Returns		13.2%	16.1%	11.5%	N.A.
YTD 2026 Returns ^^ *(absolute, not annualised)*		**4.7%**	**6.3%**	**6.8%**	**0.4%**

Higher Assurance | Enhanced Returns | Stellar Track-record

(*) Target over medium term (3–5 years) based on portfolio yield. Not guaranteed. (^) At launch. (**) Annualised.(^^) From 26th December 2025 to 26th June 2026. TRF = Target Return Fund.
Source: Bloomberg, Silverdale, Numbers subject to Audit and confirmation.

In Summary:

In a market shaped by geopolitical uncertainty, fiscal expansion and rapidly shifting rate expectations, income — not interest-rate speculation — remains the primary driver of fixed-income returns. Discipline over prediction remains our guiding philosophy: short-duration credit and defined-maturity strategies continue to offer the most compelling path to that discipline, converting today's elevated yields into predictable, risk-adjusted outcomes. We remain committed to disciplined credit investing — prioritising income certainty, capital preservation, and risk-adjusted returns across all market environments.

We thank our investors for their continued confidence.

[3] Source: Apollo Global Mgt, 2026 Midyear Credit Outlook (Aug' 26).