

Silverdale Funds

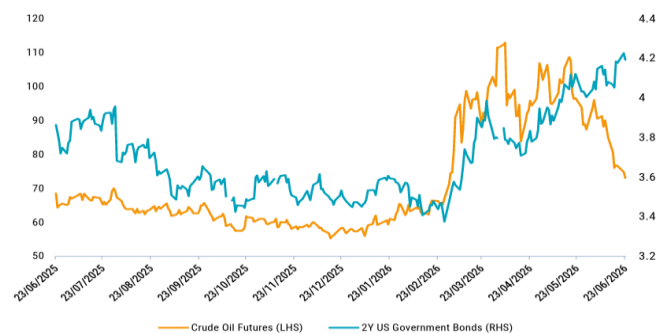
ENHANCED RETURN | TAX EFFICIENT | BOND FUNDS

"Economic activity is expanding at a solid pace despite elevated uncertainty... Productivity growth and capital investment are strong... Job gains have kept pace with the workforce... Inflation remains elevated relative to the Committee's 2 percent goal, in part reflecting supply shocks that have driven price increases in certain sectors, including energy."

— First FOMC under Fed Chair Kevin Warsh, 17 Jun 2026

Overview: Disciplined High Income

Silverdale portfolios continued to deliver resilient performance, returning **+3% to +5% in YTD through June 2026**, bringing two-year cumulative returns to **+33% to +49%** (CY2024–YTD2026). Once again, markets demonstrated their capacity to look through geopolitical shocks well ahead of resolution: following the US-Iran ceasefire, Brent crude retraced sharply from above US\$90/bbl to approximately US\$75/bbl, easing concerns over a sustained energy shock. As oil prices retreated, front-end US Treasury yields moved commensurately lower. The current yields are still elevated, the single most reliable predictor of long-term fixed income returns, providing a compelling forward return potential.



US 2-year treasury yields and Oil Prices¹

Macro Snapshot

Iran Conflict: Sharp Oil Price Reversal

Brent crude declined a further ~15% this month to approximately US\$75/bbl as the U.S. and Iran agreed to a 60-day cease fire and the Strait of Hormuz was fully reopened. As mentioned in our previous Commentaries: markets typically look through geopolitical shocks well before they are formally resolved, rewarding discipline over prediction.

- Inflation: Headline energy-driven; Core contained**
 US headline CPI increased to 4.2% in May from 3.8% in April, with over 60% of the increase driven by energy prices, while core CPI remained contained at 2.9%. Inflation expectations moderated as Brent retreated to US\$75/bbl, effective tariff rates declined from 11.5% to 7.5%, shelter inflation (33.5% of CPI) continues to soften, and wage growth moderated to ~3.5% YoY versus 6% in 2022.
- Labour: Balanced, Moderating Wage Growth**
 US non-farm payrolls rose 172k in May, supported by ~120k of FIFA World Cup related temporary hiring. Sharply lower net immigration (~0.5mn in 2025–26 vs. ~3mn in 2022–24) has lowered the breakeven job-creation threshold to ~50k/month. Wage growth has moderated to ~3.4% YoY, meaning household finances are coming under increasing pressure.
- GDP: Resilient with Narrow Leadership**
 Q2 GDP is tracking near 2%, supported by AI-driven investment (~US\$725bn by five largest hyperscalers) and resilient higher-income consumer spending. However, the real disposable income down 1.1% YoY, the savings rate at ~2.6% (near multi-decade lows), and credit-card delinquencies at ~13% (the highest since the GFC) suggests consumption may gradually converge with weaker income growth.

Fed Policy - No Need for Major Intervention:

The Fed held rates steady at 3.50%–3.75% at its June meeting — Chair Warsh’s first as the 17th Chair (sworn on 22 May 2026). The FOMC statement was condensed to 130 words, forward guidance was eliminated, and five institutional task forces were launched. The dot plot was mildly hawkish. However, a re-run of 2022 style rapid rate hike is not expected as the policy is already restrictive, labour markets have normalised, and pandemic-era excess liquidity has faded. Rates are expected to remain “higher-for-longer,” sustaining the environment that favours shorter-duration credit with elevated carry.

¹ Source: Robeco Group, June 2026

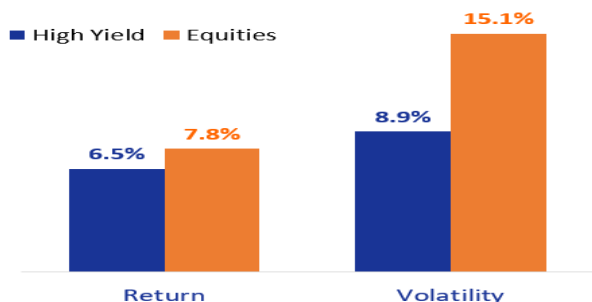
Case for Bonds: Discipline Over Prediction

The past several years confirm that forecasting inflation, central bank policy and geopolitics is inherently difficult. Starting yield, however, explains approximately 89% of long-term bond returns. With quality fixed income yields in the top quartile of the past 20 years, investors can lock in attractive income without relying on macro forecasts².

High Yield Bonds: High Returns, Quality

For investors seeking higher income, US High Yield has delivered annualised returns of ~6.5% over 25 years, closely tracking the S&P 500's 7.8%, but with materially lower volatility (8.9% vs. 15.1%)³. Structural quality has improved markedly: BB-rated bonds now exceed 50% of the universe (from 40% a decade ago), secured bonds have risen to 36% from 24%, and average maturity has shortened from 8.3 to 4.8 years. Silverdale Credit Opportunities Fund has delivered +49% since FY2024 (+23% in FY2024, +16% in FY2025, +4.2% YTD through May 2026) — comparable to private credit, with daily liquidity and transparent public-market pricing.

Average Annual Return and Volatility: January 2000-March 2026



Historically, US HY has attractive risk-adjusted returns³

Target Return Funds for predictable income

For investors prioritising certainty of outcomes, fixed-maturity bond portfolios offer predictable income. By holding a diversified portfolio of bonds to a defined maturity date, investors gain visibility on expected returns and income streams while substantially insulating outcomes from short-term market fluctuations. The starting yield is locked-in at inception; carry and pull-to-par mechanics drive performance over the fund's tenure.

Bloomberg Systematic Strategies has assessed the probability of a five-year fixed-maturity portfolio achieving its target return at 91.5%. Silverdale Target

² Silverdale's *Bonds are Forever: Part 3 (Namaskar)*, ICAI Singapore Chapter, June 2026).

Return Funds' (TRF) track record across every vintage stands at 100% — with every matured TRF delivering its envisaged return within $\pm 0.25\%$ per annum across varying market cycles.

Silverdale TRF	Launched	Matured	Target Return	Actual Return
FMP 2023	28-Sep-20	24-Nov-23	7% p.a.	7.0% p.a.
FMP 2024	31-Dec-20	21-Jun-24	7% p.a.	7.0% p.a.
FMP Ag2024	18-Nov-22	30-Aug-24	9% p.a.	9.0% p.a.
FMP 2025	19-Mar-21	23-May-25	6% p.a.	6.0% p.a.
FMP 2026	21-Jan-22	2-Apr-26	7% p.a.	7.0% p.a.

Thank you for the overwhelming response to Silverdale TRF June 2029 which has been closed for further subscription. We are delighted to announce the launch of Silverdale TRF January 2030.

Silverdale TRF Jan 30: Open for Subscriptions!

USD Class: Total Returns of c. **34%** (8.50% $\pm 0.25\%$ p.a.)

SGD Class: Total Returns of c. **23%** (6.00% $\pm 0.25\%$ p.a.)

Silverdale Funds: Open for subscriptions

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 BBB- to BBB	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	8.9%	10.6%	10.2%	N.A.
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)	3.4%	4.2%	4.9%	N.A.

Higher Assurance | Enhanced Returns | Stellar Track-record

(*) Indicative; Not guaranteed. (R) Launch expected soon (*) At launch. (***) Annualised. (****) From 29th December 2025 to 30th May 2026. TRF = Target Return Fund. Source: Bloomberg, Silverdale.

In Summary:

- Elevated Yields → Higher Forward Returns
- High Quality + Short Duration → Lower Volatility
- Discipline > Prediction → Carry Drives Returns

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.

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³ Source: Bloomberg US HY Index and S&P Index (1988 to 2026)