

Silverdale Funds

ENHANCED RETURN | TAX EFFICIENT | BOND FUNDS

"The Fed has a role in sustaining the economic progress happening in America right now, and the rising opportunities that come with it. ... We at the Fed are unwavering in our vital and straightforward purpose: Full employment and price stability, and a thriving American economy that sets the standard for the world"

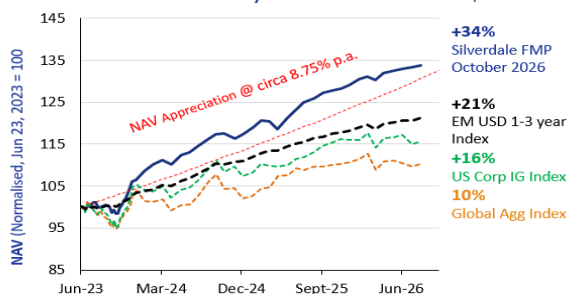
— Fed Chairman Kevin Warsh, Sep 2026

Overview: Discipline Over Prediction

In September 2026, the Fed increased the Fed rate by 0.25% to 3.75%-4%, the Brent crossed US\$100/bbl, and the long-end Treasury yields remained under pressure. Amid the macro noise, Silverdale portfolios remain well-anchored with short duration, high-quality credit and broad diversification, rather than relying on any interest rate forecast. The leveraged portfolio YTM's of our open-ended funds increased to about 10%-11%, providing meaningful carry, building on cumulative returns of around 32–48% since January 2024. Our Target Return Funds with largely locked-in portfolio economics, continue to be on track for their envisaged target returns.

Silverdale Fixed Maturity Fund October 2026 is on track to deliver above its target return of 8.75% p.a., despite the Fed tightening cycle and the US-Iran conflict.

Silverdale Fixed Maturity Fund October 2026 (USD Returns)



Launched	Current NAV	Target Return at launch	Actual Return	Silverdale TRF Returns
23-Jun-23	28-Aug-26	8.75% p.a.	About 9.00% p.a.	33.8%

Macro Snapshot

Iran Conflict: Volatility persists

Brent rose to above US\$100/bbl this month, with both Saudi and Russia supplies disrupted by attacks on energy infrastructure. The impact was partly

cushion-ed by alternative export arrangements, including increased ship-to-ship transfers, while Chinese imports remained 4.3 mb/d below pre-war levels.

- **Inflation: Elevated but underlying pressure contained**
Headline CPI remained at 3.4% YoY in August, while core CPI eased to 2.4% YoY, despite a one-off rise in wireless telephone services during the month. Importantly, Shelter (35% of CPI) continues to soften, while labor (25% of the CPI) wage growth at 3.8% is back to 2016 levels.

GDP: Supported by AI Capex, Uneven Consumption

The Atlanta Fed's GDPNow model is tracking Q3 real GDP growth near 4%-5% annualised. AI-related investment contributed roughly 25% of real US GDP growth over the past year, with hyperscalers on track to spend nearly US\$800bn on capex in 2026, raising over US\$320bn through bonds, putting pressure on the long end.

Consumer spending remains supportive but is increasingly K-shaped: higher-income households continue to benefit from strong wealth gains, while lower- and middle-income consumers face greater pressure, with the personal saving rate at just 3% versus a 6% longer-term average.

Fed Policy: Preventive Tightening

As expected, the Fed raised the Fed Funds Rate by 25bp to 3.75–4.00%, and the median projection of 4.1% for end-2026 signals scope for one further hike this year. The move appears aimed at preventing the recent energy shock from feeding into broader prices and inflation expectations — effectively an insurance hike against second-round effects, rather than a response to broad-based economic overheating. However, with wage growth contained, shelter inflation cooling and tariff effects gradually easing, inflation could moderate over the coming months as temporary pressures fade and base effects become more favourable. The Fed's own projections see PCE inflation easing from 3.7% this year to 2.3% in 2027, although the path remains volatile.

Short Duration: High Income, Low Volatility

Short-dated bonds continue to offer attractive yields of around 5–8% with significantly lower interest-rate risk. For example, a bond with a 2-year duration would fall by roughly 1% if yields rise 50bp, compared with around 5% for a bond with a 10-year duration.

Fixed Income 101



As discussed in our August commentary, the long end of the curve is being driven less by the Fed and more by supply-demand dynamics. With the US fiscal deficit still near 6% of GDP, weaker demand for long-duration Treasuries, and roughly US\$320bn of hyperscaler debt issuance this year (c.45% of long-duration borrowing on a duration-adjusted basis), upward pressure and volatility at the long end are likely to remain elevated.

Short duration offers:

- **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, reducing reliance on interest-rate forecasts. By broadly matching bond maturities to the fund tenure and largely locking in yields and funding costs, interim rate movements have a more limited impact on ultimate returns. This approach has delivered across multiple market cycles, including during the Fed's rapid increase in rates from near 0% to above 5%.

A recent example is Silverdale FMP Oct'26, which is on track to mature next month at its target return of 8.75% p.a., despite rate hikes, volatility and the Iran conflict.

Silverdale Target Return Funds	Launched	Tenure	Target Return*	Actual Return*	Actual Total Return*	Rollover Tenure	Target Return*	Total Target Return*	Holding Period	Total Return*
FMP 2023	28-Sep-20	3.2	7% p.a.	7% p.a.	24%	4.2	9% p.a.	43%	7.4	77%
FMP 2024	31-Dec-20	3.5	7% p.a.	7% p.a.	26%	3.4	8% p.a.	30%	6.9	64%
FMP Aug'24	18-Nov-22	1.8	9% p.a.	9% p.a.	17%	3.6	8% p.a.	31%	5.4	53%
FMP 2025	19-Mar-21	4.2	6% p.a.	6% p.a.	28%	2.3	8.75% p.a.	20%	6.5	54%
FMP 2026	21-Jan-22	4.2	7% p.a.	7% p.a.	33%	3.2	8.5% p.a.	30%	7.4	73%

All TRF are on track to deliver their target return!

(* Indicative for Accumulation Class, not guaranteed; Source: Silverdale, Bloomberg, 24th April 2026)

Silverdale TRFs: Compounding Through Reinvestment

Silverdale TRF Jan 30: Open for Subscriptions!

USD Class: Target Return c. **34%** (8.50% ±0.25% p.a.)

SGD Class: Target Return c. **23%** (6.00% ±0.25% p.a.)

EUR Class: Target Return c. **26%** (7.00% ±0.25% p.a.)

Target returns are indicative and not guaranteed.

Silverdale Open Ended Funds: Capture High Carry

Silverdale open-ended portfolios remain positioned with short duration, high-quality credit and a well-laddered maturity profile, while leveraged portfolio YTM's of around 10%–11% across strategies provide a strong carry cushion. This ongoing income, together with pull-to-par and regular maturities, helps absorb temporary mark-to-market volatility.

Attributes / Funds	Silverdale Bond Fund	Silverdale Credit Opportunities Fund	Silverdale India USD Bond Fund	Silverdale TRF Jan 30 (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. SGD Class: 5.5%-7.5% p.a.	10%-12% p.a. 7.5%-9.5% p.a.	8%-10% p.a.	8.50% +/- 0.25% p.a.* 6.00% +/- 0.25% p.a.*
Leveraged YTM	10.3%	11.0%	10.2%	10.2%
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)	2.4%	3.1%	4.5%	-1.5%

Higher Assurance | Enhanced Returns | Stellar Track-record

(* Target over medium term (3–5 years) based on portfolio yield. Not guaranteed. (**) At launch. (***) Annualised (**) From 28th December 2025 to 23rd Sep 2026. TRF = Target Return Fund. Source: Bloomberg, Silverdale, Preliminary numbers.

In Summary:

The current environment continues to favour a focus on carry, credit quality and maturity discipline over directional rate calls. Short-duration and defined-maturity strategies can help convert elevated yields into more stable return outcomes, while preserving flexibility as market conditions evolve.

We thank our investors for their continued confidence.

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Silverdale Global Investor Call Q3 2026 will be held on Wednesday, 7th October 2026 at 4pm SGT

Zoom ID: <https://us02web.zoom.us/j/83665385166?pwd=3WBEAJEpGB4FxbSnX9hvkU8aot12W.1> | Meeting ID: 862 1667 8337 | Passcode: 383834

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