Silverdale Fund Management

PROUDLY FROM SINGAPORE

Monthly Commentary | July 2026

For Accredited and Institutional Investors Only

Silverdale Funds

ENHANCED RETURN | TAX EFFICIENT | BOND FUNDS

"The economy is showing impressive resilience. Even with recent shocks, the trends are positive and reveal solid growth... The bond market is saying many of those same things... Markets have done quite a bit, with a tightening in both nominal and real rates, even while we haven't changed the policy rate." — *Fed Chair Kevin Warsh, 29 Jul 2026*

Overview: Disciplined High Income

Silverdale portfolios continued to deliver resilient performance, returning +3% to +5% YTD through July 2026, bringing cumulative returns from January 2024 to +33% to +49% over the past two and a half years. Macro risks remain elevated and continue to favor fixed income. Investment-grade bond yields now exceed S&P 500 earnings yield, reinforcing the structural attractiveness of fixed income. We continue to favour short-duration credit, where carry, credit selection and reinvestment drive compounded returns.

Macro Snapshot

- Iran Conflict: Persistent risk, Adaptive markets

  The Iran conflict has evolved from a short-lived geopolitical shock into a recurring source of macro and market volatility. Brent traded in a wide range of US$70–$100/bbl during the month and remains in backwardation (Jan'27 Brent ~US$80/bbl), reflecting elevated near-term supply risks. The impact on oil prices has been contained by weaker Chinese crude imports (down by c.4mb/d), high inventories, strategic petroleum reserves, OPEC+ spare capacity, and alternative export routes, including Saudi East-West pipeline (~5mb/d), UAE's Fujairah pipeline (~1.5mb/d), and new routes via Syria (~3-4mb/d). These structural buffers have anchored longer-term oil price expectations, reinforcing our view that geopolitical shocks create tactical opportunities rather than alter the fixed income return environment.

- Inflation: Eased with drop in energy prices

  Headline CPI eased from 4.2% in May to 3.5% in June as lower energy prices reversed much of the oil-driven spike; core CPI moderated to 2.6%. Shelter inflation (35% of CPI) continues to soften with rental vacancy at 7.3% (highest since 2017) and new home inventory at 10 months of supply (highest since 2009). The inflation narrative is complex; the underlying trend, however, is not alarming.

- Labour: Hiring slows, Wages moderate

  The US added 57k jobs in June'26, bringing the three-month average to 111k. The unemployment rate declined to 4.2% as labour force participation fell to a 50-year low (excluding pandemic period), driven by lower net immigration and 20k workers retiring every month, rather than cyclical weakness. Wage growth remained subdued at 3.5% YoY. AI adoption moderating wage growth, as ~5.8mn workers (3.7% of labour force) are employed in highly AI-exposed occupations.

- GDP: Growth Remains Concentrated

  US GDP expanded 1.5% in Q2, with AI capex accounting for more than half the GDP growth, while trade and inventories reducing c. 1.7% from headline growth (a trend never seen outside of recession). Notably, consensus Q2 2026 earnings growth of ~22% YoY is heavily concentrated in Energy (+119%) and Technology (+61%). Stripping out non-cash AI-related gains, reported Q1 earnings growth falls from 28% to 15% a narrower base than headline figures suggest. Consumer spending contributed ~2.2%, largely supported by higher-income households. However, the personal savings rate has fallen below historical averages to 2.7% and credit card delinquencies at ~13% remain near 15-year high.

Fed Policy: The case for short duration

The Fed maintained its policy rate at 3.50%–3.75% in July and signalled reduced forward communication. With less Fed guidance, markets will price in higher term premiums, steepening the yield curve — a dynamic that reinforces our preference for the belly of the curve (2-5 year maturities), where roll and carry are attractive and downside protection is most valuable should growth risks assert themselves. Longer-dated yields remain additionally exposed to fiscal deficits and policy uncertainty. We, therefore, continue to favour

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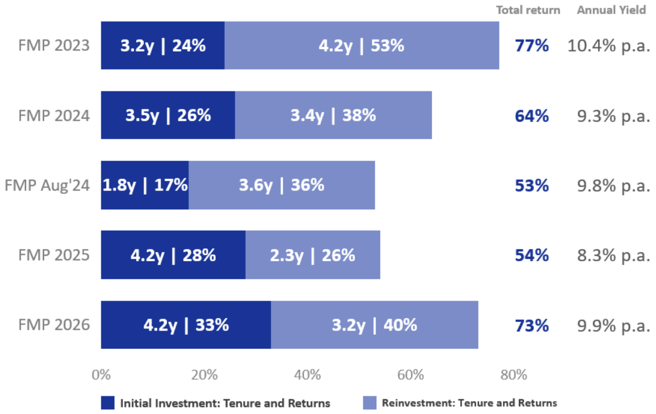
short-duration credit, where investors earn attractive carry while limiting interest-rate sensitivity.

Silverdale Target Return Funds demonstrate the compounding power of this approach: FMP 2023 delivered 24% over 3.2 years and, when rolled, is on track to compound to 77% over 7.4 years. Thus, compounding through attractive carry and disciplined reinvestment, rather than taking duration or interest rate risks.



Silverdale TRFs: Compounding Through Reinvestment

For income seekers, Silverdale Target Return Fund January 2030 provides exposure to a diversified portfolio of short-duration global credit, targeting attractive risk-adjusted returns over a defined investment horizon.

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.)

Bonds Over Equities: The Case Strengthens

The S&P 500 earnings yield now sits approximately 0.50% below US investment-grade bond yields, allowing investors to earn higher income from high-quality credit while assuming materially lower risk. Public credit — with transparent pricing, daily transparent public-market pricing, and broad diversification — offers a structurally compelling proposition for investors who require both income and access.

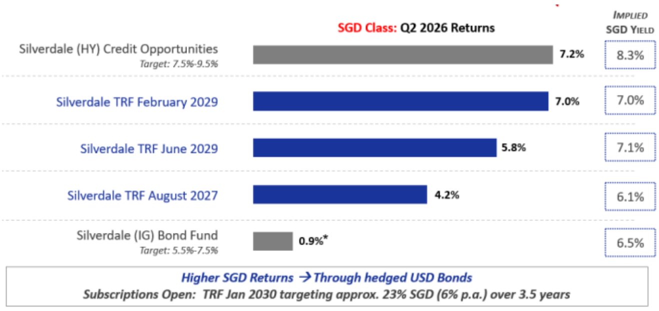
High Yield: Income Without Compromise

US High Yield continues to offer equity-like returns with materially lower volatility and structural quality has improved markedly over the past decade, with BB-rated bonds constituting 59% of HY universe. With disciplined credit selection, yields above 6% remain achievable against approximately 2.5% inflation, a real income margin of safety absent for much of the past two decades.

Silverdale Credit Opportunities Fund has delivered +49% since FY2024 (+23% in FY2024, +16% in FY2025, +4.5% YTD through June 2026), with daily transparent public-market pricing. Past performance is not indicative of future results.

Currency Hedging Enhances Returns

Silverdale Funds SGD Share Class delivered Q2 returns of up to 7.2%, with current implied SGD yields of 6.5%–8.3%. Non-USD investors gain access to the world's deepest and most liquid bond market without assuming currency risk, a structurally better arrangement relative to unhedged emerging market credit exposures.



Silverdale SGD Performance: Steady Gains amid Noise

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 *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		9.4%	10.4%	10.0%	10.9%
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%**	**4.5%**	**5.4%**	**-1.1%**

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 31st July 2026. TRF = Target Return Fund.
Source: Bloomberg, Silverdale, Preliminary Numbers.

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.

DISCLAIMER

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