

SIL



NAV 28/02/2018: 29,9036

INVESTMENT TEAM

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Fund Facts

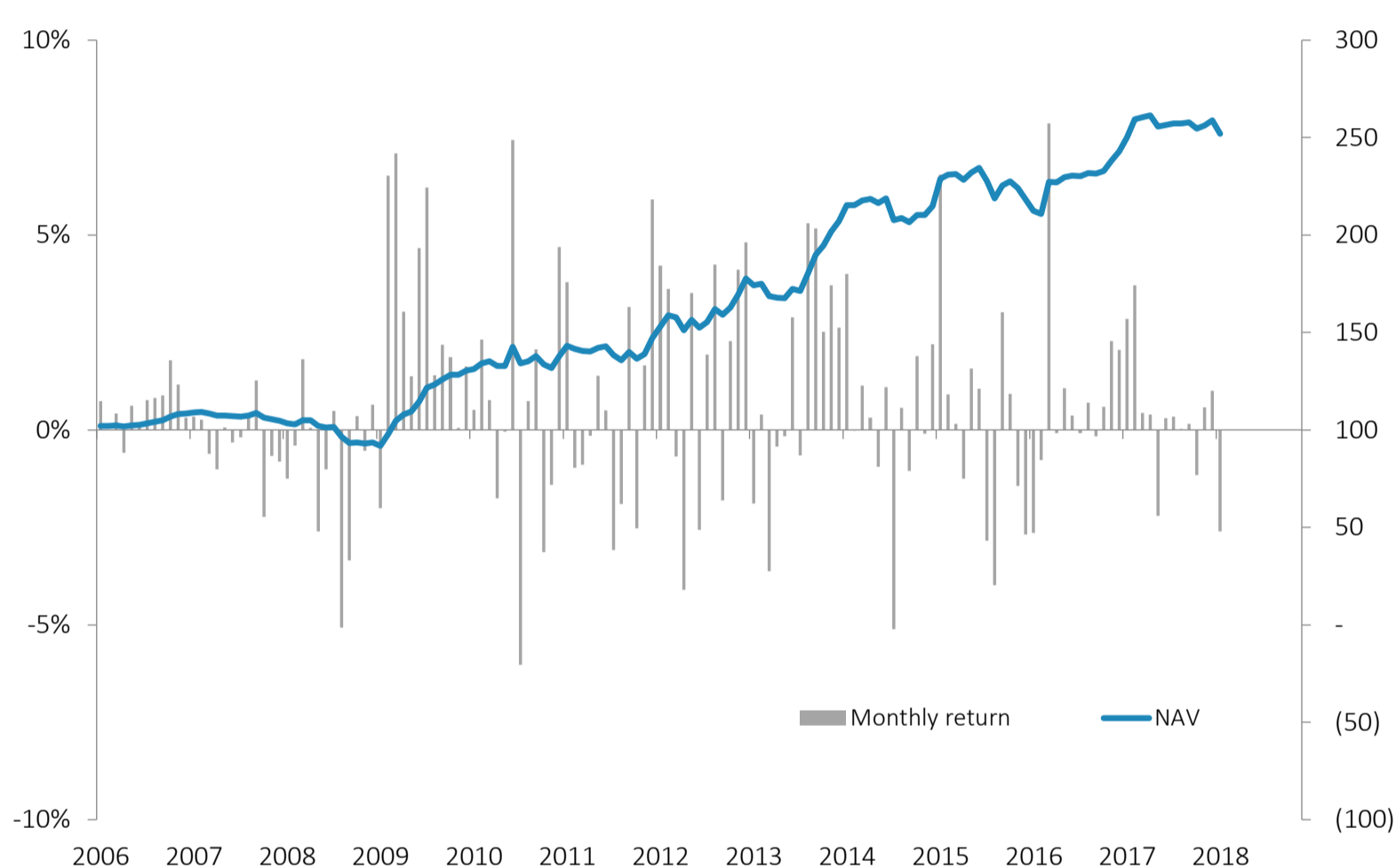
Structure	SIL
Domicile	Luxembourg
Mgmt. Fee	0,5%
Perf. Fee	0,0%
Min. Investment	50,000€
NAV Currency	EUR
Liquidity	Weekly
ISIN	ES0155144035
Bloomberg Code	S1412 SM
Custodian	Banco Santander

QUADRIGA RHO INVESTMENTS

The fund's objective is to return net positive returns every year, regardless the behavior of traditional assets. To achieve it, the fund allocates to six different strategies: Active, Relative Value, Macro Selection, Micro Selection, Special Situations and Deep Value. The strategies are focused on finding cheap assets with asymmetric profiles.

February 2018 Update

The fund posted a -2.60% negative return against a very difficult market context characterised by sharp technical moves across all risky assets, and global stocks in particular. In an environment of very strong macroeconomic fundamentals (despite the unusual length of the business cycle) and very supportive technicals the fund crucially decided not to roll some of the sizable long volatility positions it held in the S&P, which historically provided a blanket hedge for idiosyncratic exposures across all strategies. With hindsight this strategic decision predicated on limiting negative carry and time-decay costs in an environment characterised by low rates, proved to be a mistake. Few days following our strategic decision the market suffered a severe equity volatility shock, exacerbated by the over-sized hedging needs of short-vol ETFs and stop-loss activity across systematic trading strategies. However disappointing might be to suffer a loss for a fund clearly focused on...cont

Historical Evolution (% Net) (*)**Monthly Returns (% Net) (*)**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2006	1,2%	0,7%	0,0%	0,4%	-0,6%	0,6%	0,1%	0,8%	0,8%	0,9%	1,8%	1,2%	8,2%
2007	0,3%	0,3%	0,3%	-0,6%	-1,0%	0,1%	-0,3%	-0,2%	0,4%	1,3%	-2,2%	-0,7%	-2,4%
2008	-0,8%	-1,3%	-0,4%	1,8%	0,1%	-2,6%	-1,0%	0,5%	-5,1%	-3,3%	0,4%	-0,5%	-11,8%
2009	0,7%	-2,0%	6,5%	7,1%	3,0%	1,4%	4,7%	6,2%	1,4%	2,2%	1,9%	0,0%	38,0%
2010	1,6%	0,5%	2,3%	0,8%	-1,8%	0,0%	7,4%	-6,0%	0,7%	2,1%	-3,1%	-1,4%	2,5%
2011	4,7%	3,8%	-1,0%	-0,9%	-0,2%	1,4%	0,5%	-3,1%	-1,9%	3,1%	-2,5%	1,7%	5,4%
2012	5,9%	4,2%	3,6%	-0,7%	-4,1%	3,5%	-2,6%	1,9%	4,2%	-1,8%	2,3%	4,1%	22,1%
2013	4,8%	-1,9%	0,4%	-3,6%	-0,4%	-0,2%	2,9%	-0,7%	5,3%	5,2%	2,5%	3,7%	19,0%
2014	2,6%	4,0%	0,0%	1,1%	0,3%	-0,9%	1,1%	-5,1%	0,6%	-1,1%	1,9%	-0,1%	4,2%
2015	2,2%	6,5%	0,9%	0,2%	-1,3%	1,6%	1,1%	-2,8%	-4,0%	3,0%	0,9%	-1,4%	6,7%
2016	-2,7%	-2,6%	-0,8%	7,9%	-0,1%	1,1%	0,4%	-0,1%	0,6%	-0,2%	0,6%	2,3%	6,2%
2017	2,1%	2,9%	3,7%	0,4%	0,4%	-2,3%	0,3%	0,3%	0,0%	0,6%	-1,2%	1,1%	5,3%
2018	1,0%	-2,6%											-1,6%

(*) Since inception

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Comparative Risk / Return

	RETURNS (CAGR)			VOLATILITY		
	5 years	3 years	Since inception	5 years	3 years	Since inception
Rho Investments	7,67%	3,10%	8,22%	8,39%	7,54%	8,74%
Stoxx 600	5,26%	-1,51%	2,03%	11,53%	12,02%	14,42%
Iboxx Eur Corporate	2,81%	0,98%	3,75%	2,91%	3,16%	3,96%

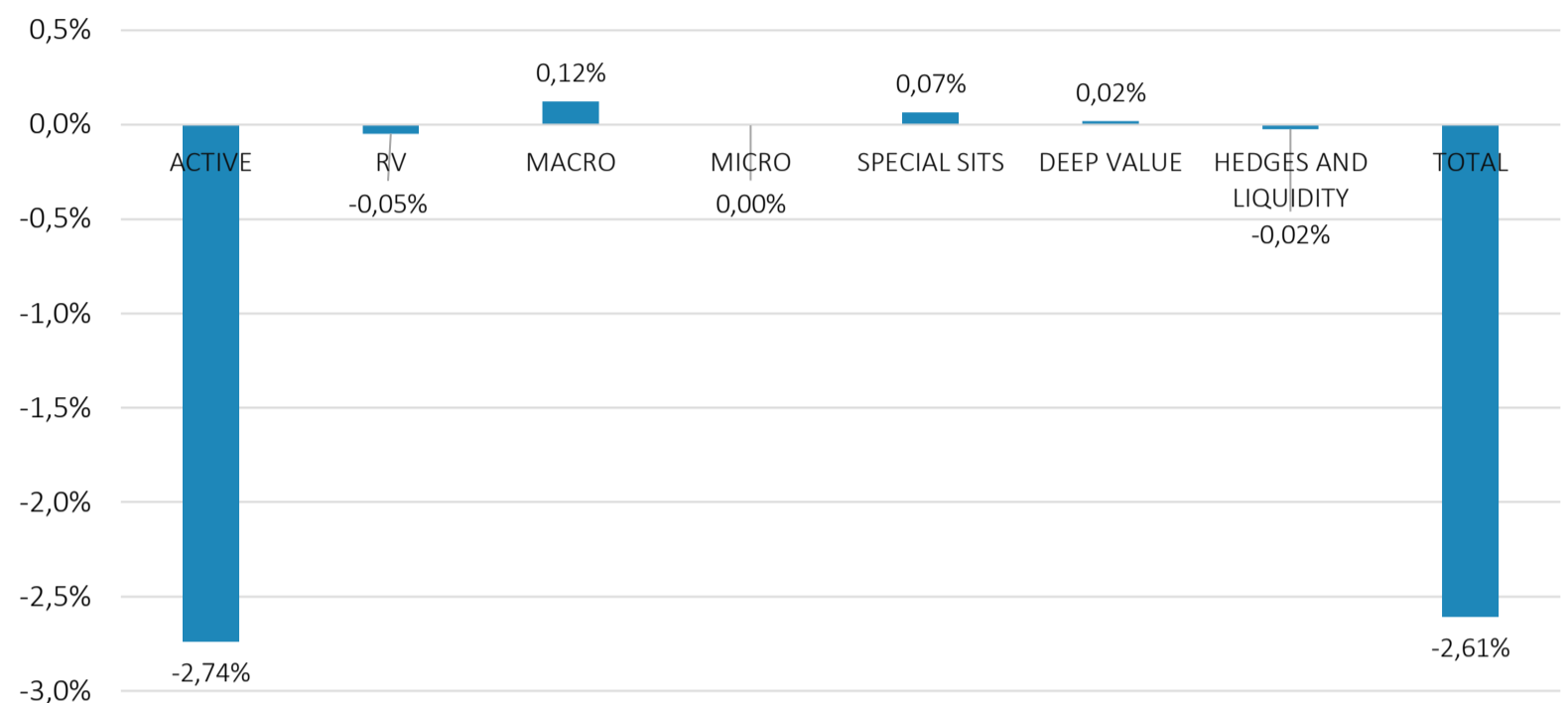
Returns (% Net)

2018	-1,60%
CAGR*	8,22%
February 2018	-2,61%

Risk / Return

Volatility*	8,74%
Sharpe Ratio*	0,94
Sortino Ratio	1,26
VaR 99% Daily	1,61%

Performance attribution across strategies (% Net)



Top Five Positions

Germany 10Y,5Y Bond Futures	-26,51%
IBEX Index Futures	23,51%
Nasdaq Futures	-14,87%
Italian Gvt. Bonds	-12,65%
BFCM CMS perp	7,82%

% Exposure

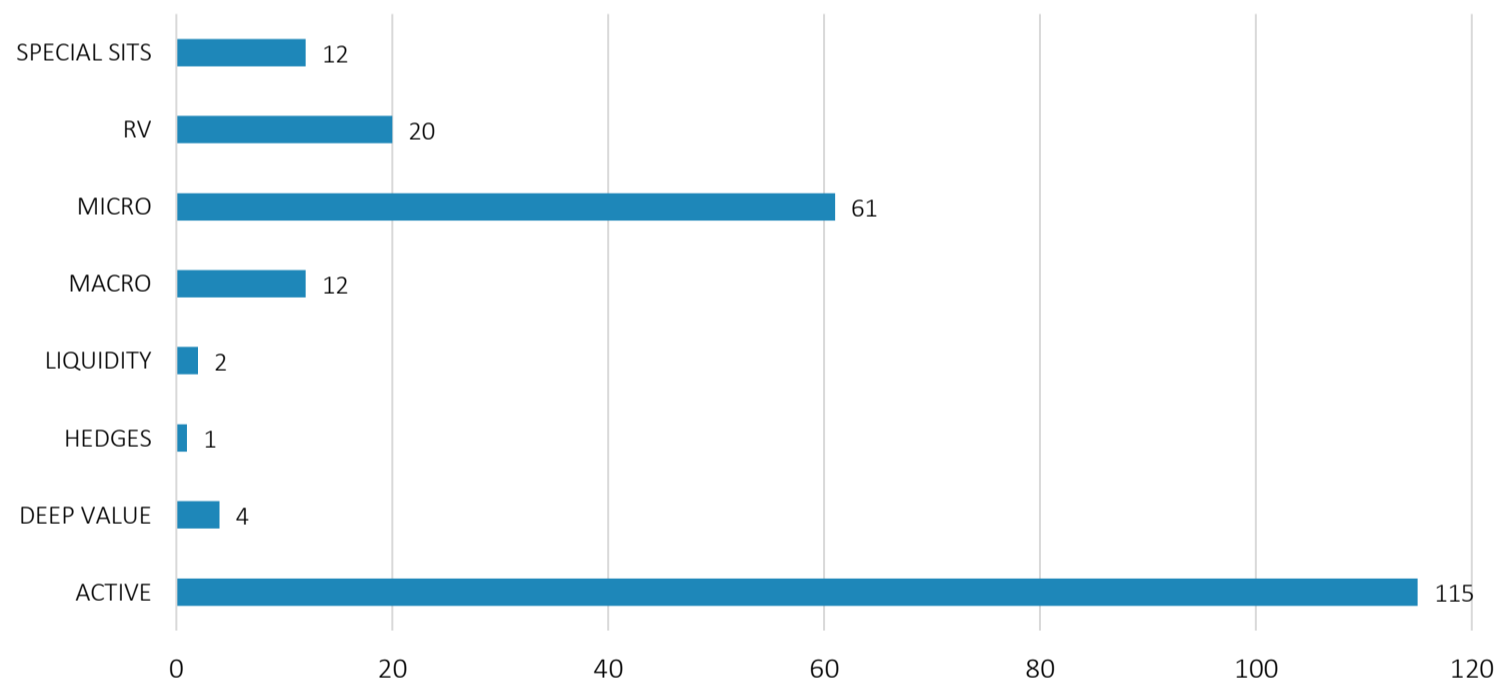
Gross	258,19%
Net	68,44%

% of Gross Exposure per Strategy

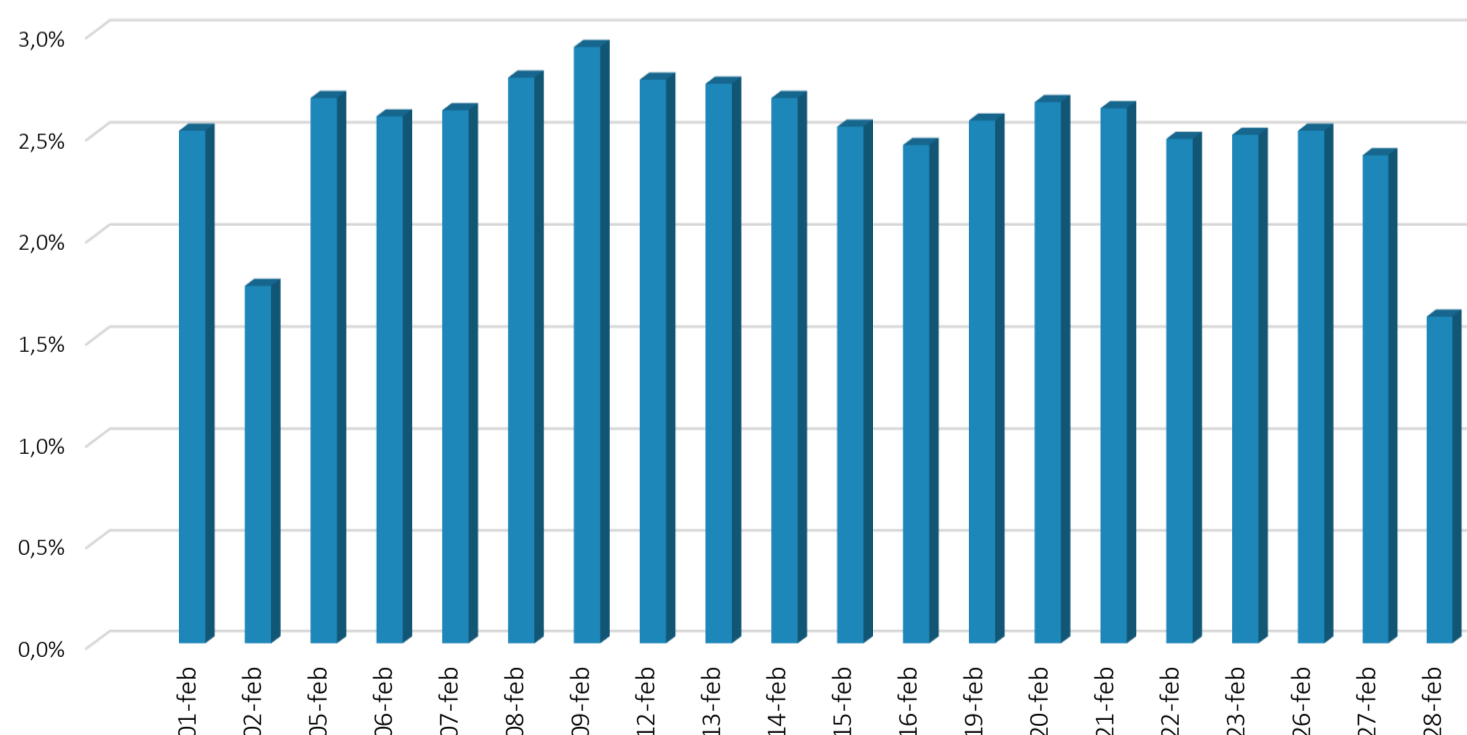
Active	47,96%
Relative value	6,76%
Macro	6,89%
Micro	7,45%
Special Situations	8,30%
Deep Value	1,86%
Hedges	5,76%
Liquidity	15,02%

Risk Concentration and Distribution Metrics

Number of positions per strategy



Var % Contrib Hist 3Y

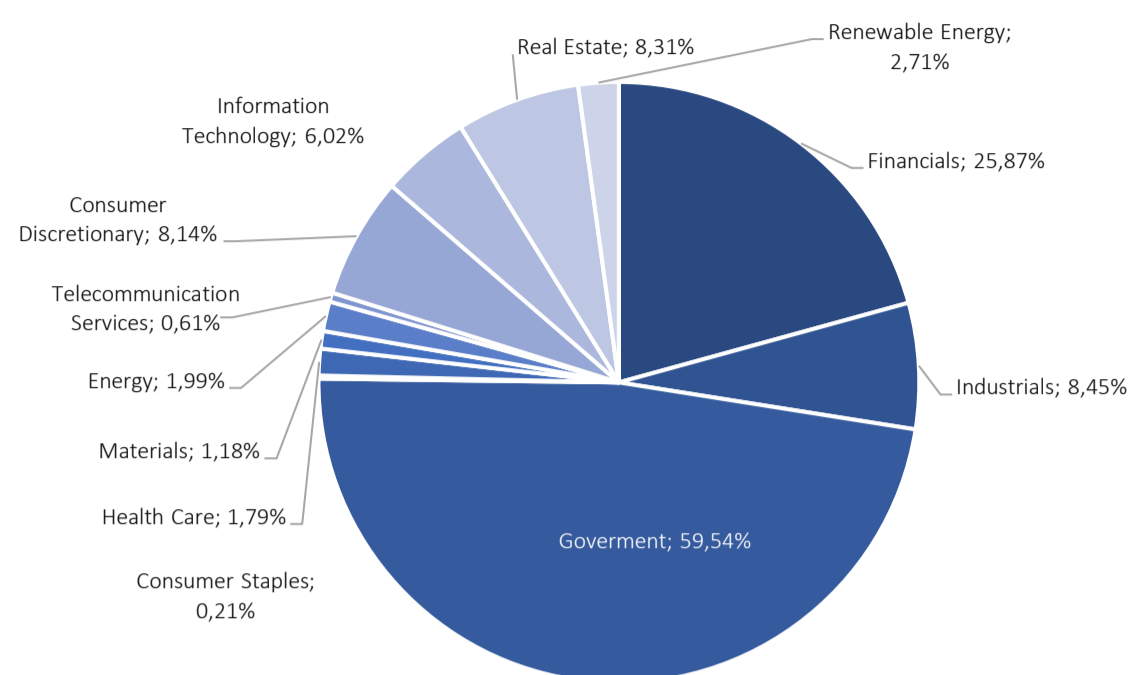


(*) Since inception

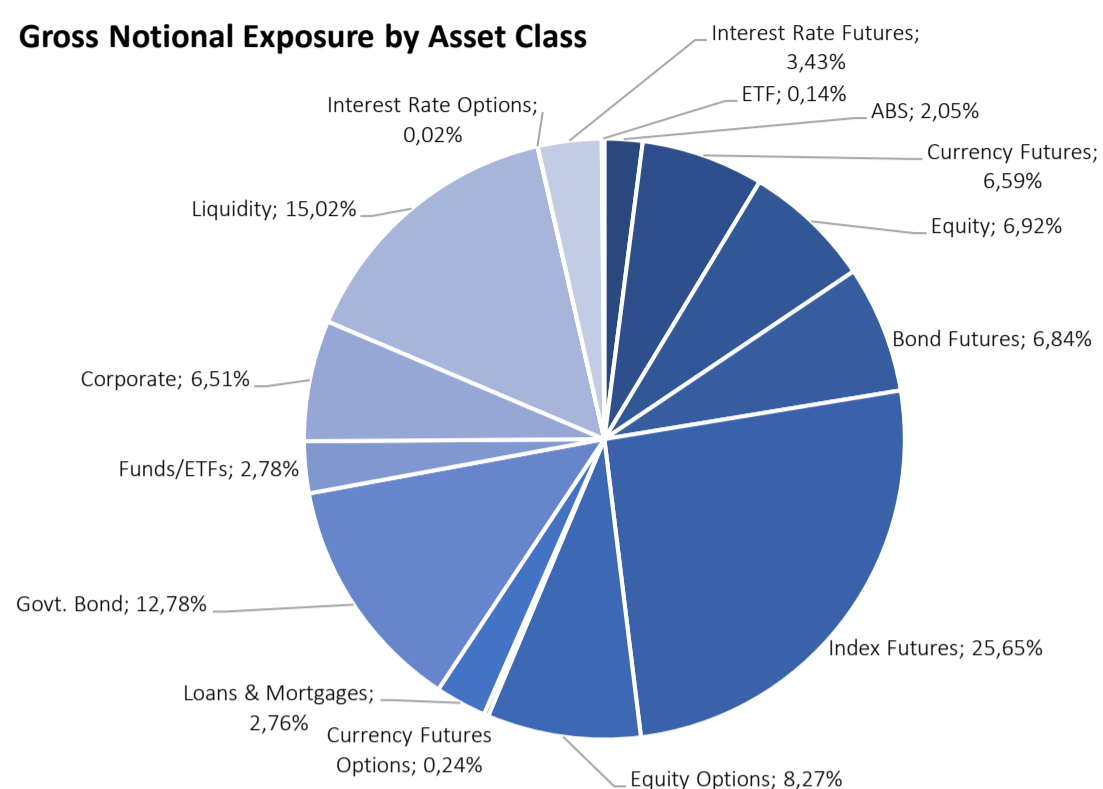
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Risk Concentration and Distribution Metrics (2)

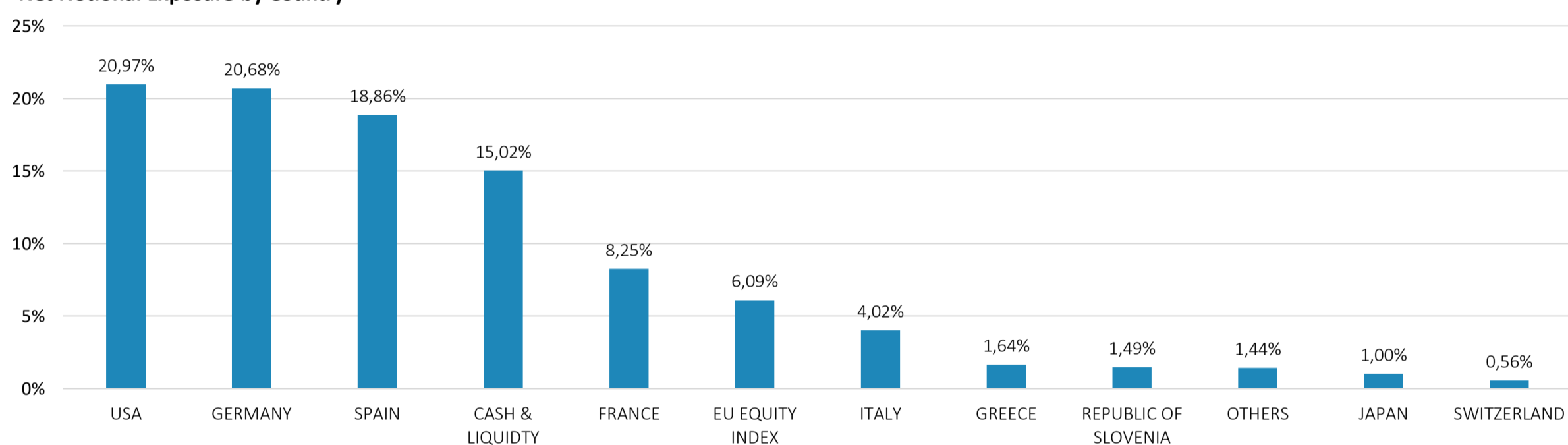
Gross Notional Exposure by Sector



Gross Notional Exposure by Asset Class



Net Notional Exposure by Country



February 2018 Update (cont...)

cont... absolute returns generation, we are strongly encouraged by the fact that the strong risk discipline and active management of exposures once again resulted in a remarkable relative outperformance of risk benchmarks like the Ibox 35 (Rho outperformed by 3.25%), the Eurostoxx 50 (Rho outperformed by 1.98%) or most hedge fund peers.

Beyond the encouragement afforded by the fact that once again the strategy has proved to be extremely robust at times of heightened tail risk and high volatility, we are particularly excited by the fact that the broad market sell-off has brought some interesting dislocations and renewed long-risk opportunities within a market that, despite of the supportive macro and technicals, was substantially devoid of value, and where optionality was only evident from the short-risk side of the equation, which is not only always painful in terms of carry but in these late stages of the bull run is historically subject to severe short-squeezes.

In particular we have noticed an increase in compelling relative value opportunities both from a macro and micro perspective and we have accordingly increased the allocation to the substrategy.

The fund in anticipation of further spikes in volatility both of a technical nature (ETFs, drastic shifts of asset allocation in a thin market etc) and derived from an increase in geopolitical risk (Italian elections, trade war, etc.) has reduced its 1-day 99% confidence VaR month on month from 1.87% of NAV at the end of January to 1.61% of NAV by February month end, having peaked intra-month to c. 3% of NAV. Market exposure levels were little changed with gross leverage up from 2.4x to 2.8x at end of February and net leverage up from 0.61x to 0.68x whilst historically high liquidity levels afford us an extra degree of freedom in case of further market corrections.

The allocation across strategies will continue to heavily emphasize the very liquid and short-dated Active bucket as well as delta neutral propositions within Relative Value but also for the first time in almost a year we will gradually start allocating to directional Micro strategies, although cautiously adding a specific overlay strategy appropriate for each idiosyncratic exposure (index puts, index call writing, single name puts, CDS, etc.)

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