

SIL



NAV 28/09/2018: 28,670

## INVESTMENT TEAM

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## 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.

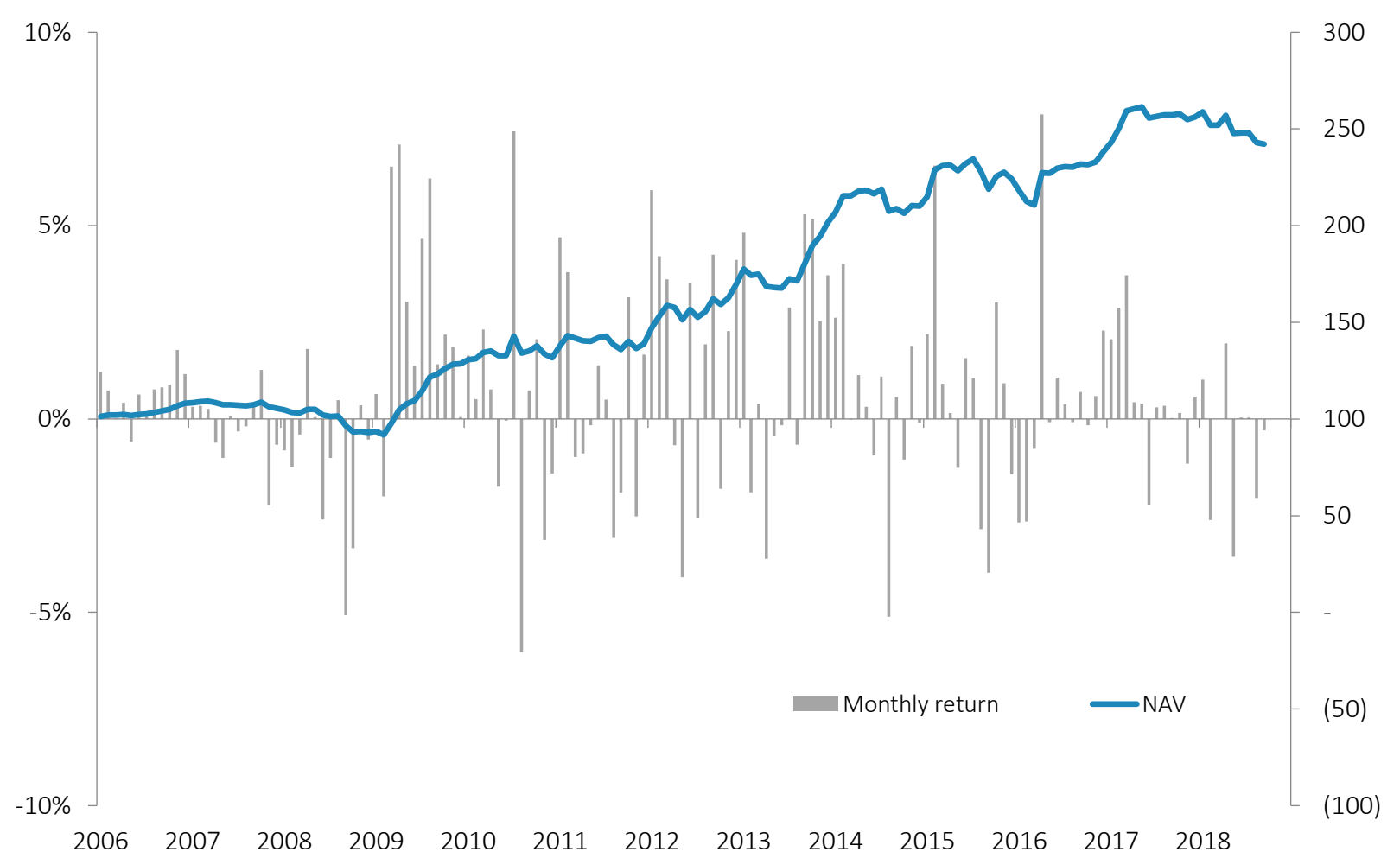
## September 2018 Update

Political risk continues to echo across global markets with a particular emphasis in our core regions (and Southern Europe in particular). Fickle political comments, plenty of ambiguous headlines and a (difficult-to-read) game of brinkmanship in EU bilateral relationships with UK and Italy continue to provide substantial headaches in terms of short-term risk management and volatility control. Despite a lacklustre performance in the month (-0.29%), the fund has managed to navigate successfully the treacherous waters that ensued the last NAV of September, which fully reflected the market disappointment with an overly-expansive Italian deficit target, despite the better numbers that had been filtered to the Italian press towards the end of the month and which prompted Rho to prudentially close some of its macro shorts on BTPs and Italian stocks. Despite crystallising some losses at month end, the fund still managed to outperform European equity indices (Ibex -0.46%, Eurostoxx -0.54%). Overall cont...

## Fund Facts

Structure	SIL
Domicile	Luxembourg
Mgmt. Fee	0,0%
Perf. Fee	0,0%
Min. Investment (Professional inv.):	50,000€
Min. Investment (Well-informed inv.):	100,000€
NAV Currency	EUR
Liquidity	Weekly
ISIN	ES0155144035
Bloomberg Code	S1412 SM
Custodian	Banco Santander

## 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%	-0.1%	2.0%	0.0%	0.0%	-2.0%	-0.3%					-5.5%

(\*) 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	5.08%	2.55%	7.22%	8.14%	7.32%	8.67%
Stoxx 600	3.61%	0.83%	1.71%	11.18%	10.53%	14.18%
Iboxx Eur Corporate	2.41%	1.60%	3.54%	2.57%	2.49%	3.84%

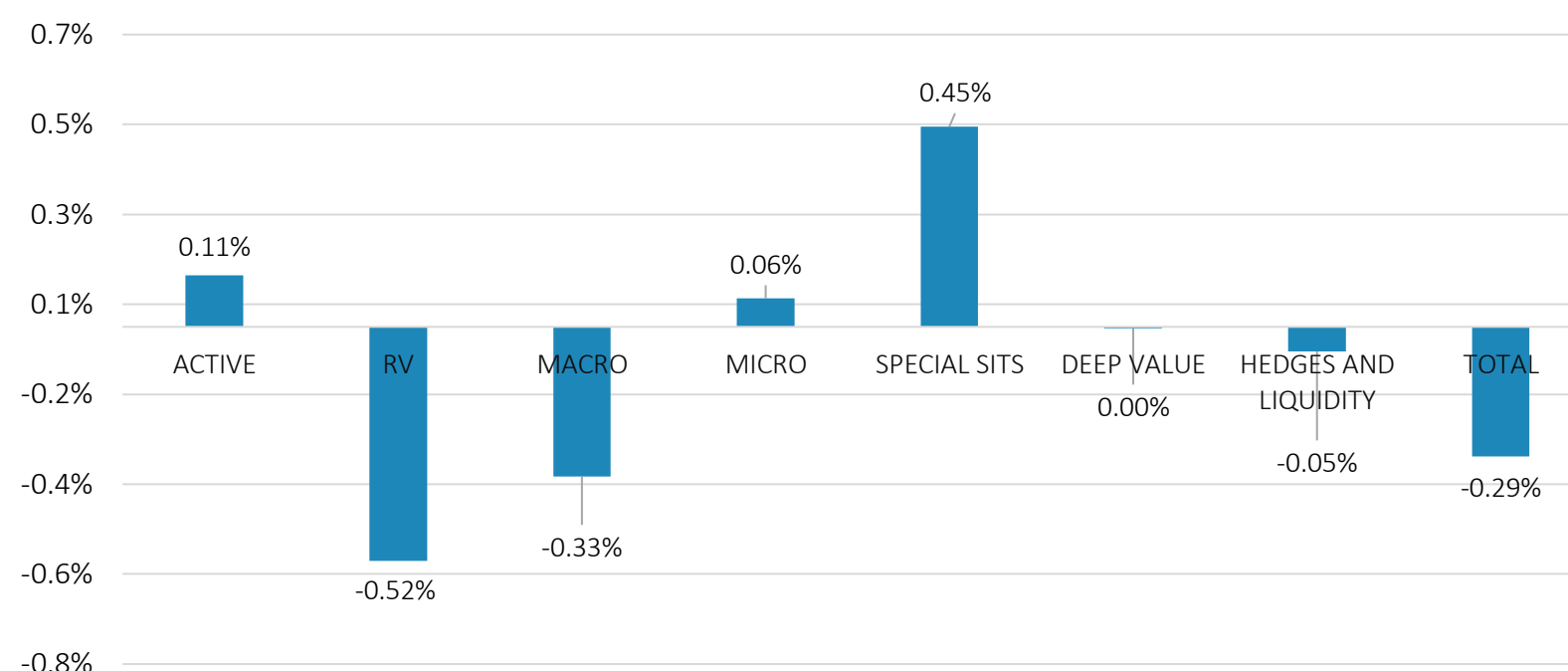
## Returns (% Net)

2018	-5.47%
CAGR*	7.22%
September 2018	-0.29%

## Risk / Return

Volatility*	8.67%
Sharpe Ratio*	0.83
Sortino Ratio	1.19
VaR 99,5% 1-day	1.27%

## Performance attribution across strategies (% Net)



## Top Five Positions

Spread L/S Banks - Eurostoxx 50	-14.44%
TEF SM Equity vs Ibex Futures	8.27%
Long S&P - Short Nasdaq	-7.47%
BFCM CMS T1 FRN	6.84%
ABENGOA Bond 02/2021	6.46%

## % Exposure

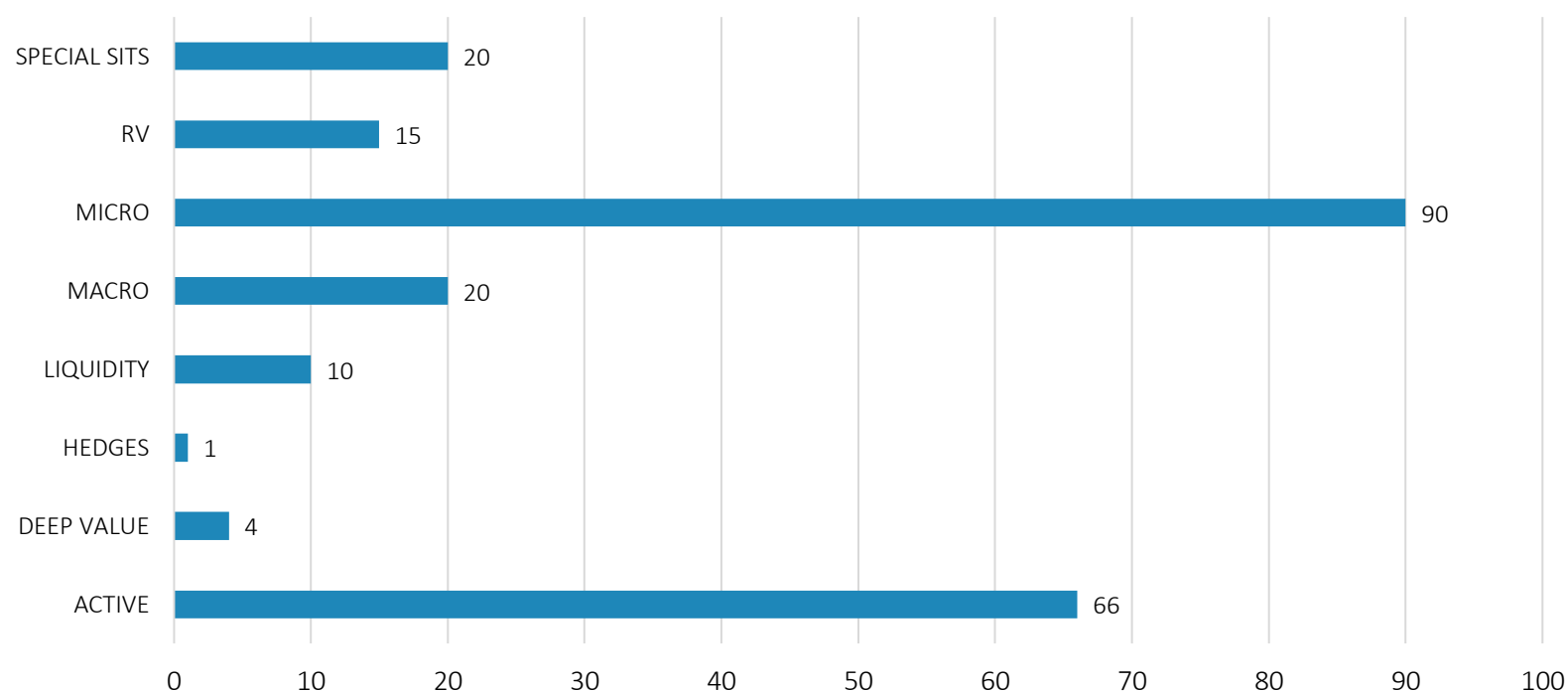
Gross	236.73%
Net	71.70%

## % of Gross Exposure per Strategy

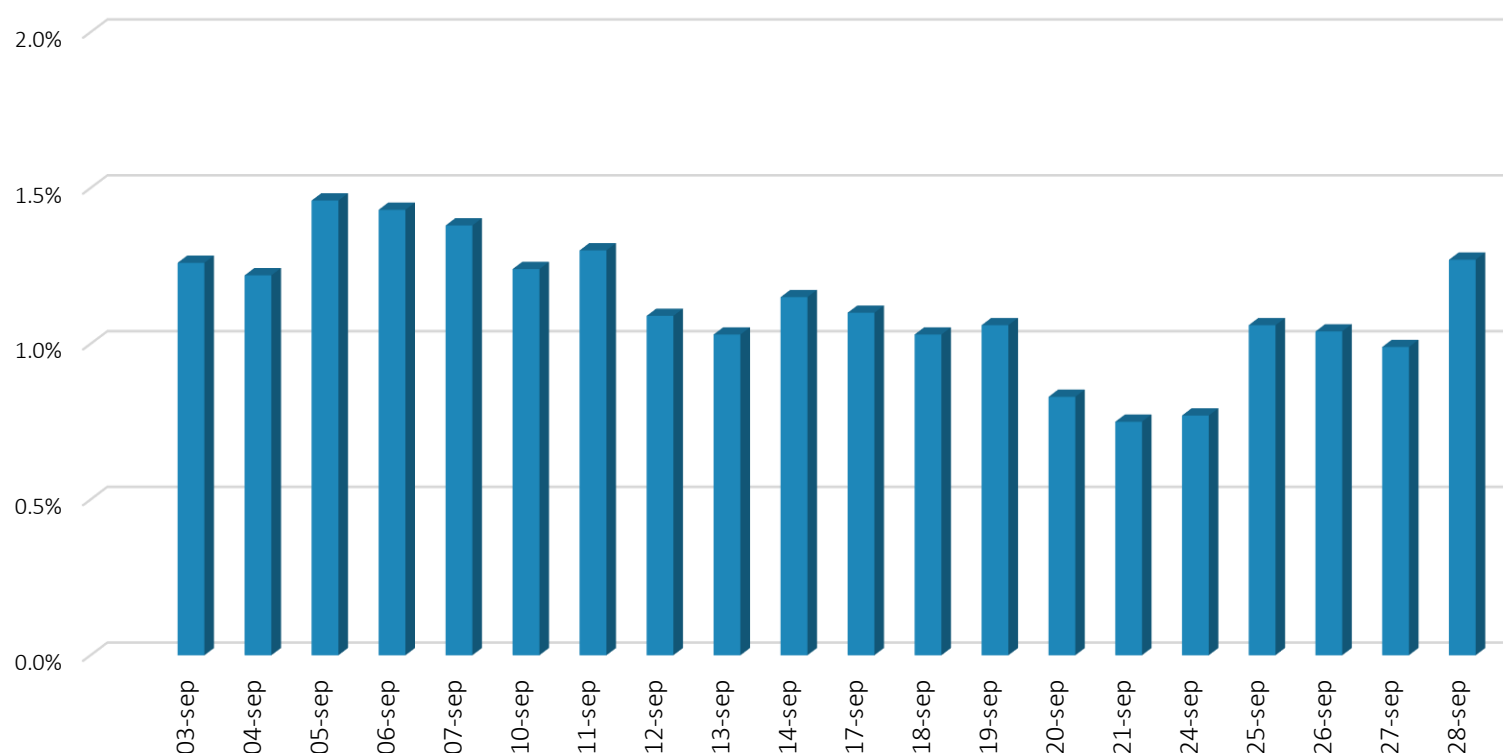
Active	23.03%
Relative value	19.40%
Macro	11.07%
Micro	15.95%
Special Situations	15.08%
Deep Value	1.86%
Hedges	3.74%
Liquidity	9.87%

## Risk Concentration and Distribution Metrics

### Number of positions per strategy



### Var % Contrib Hist 3Y

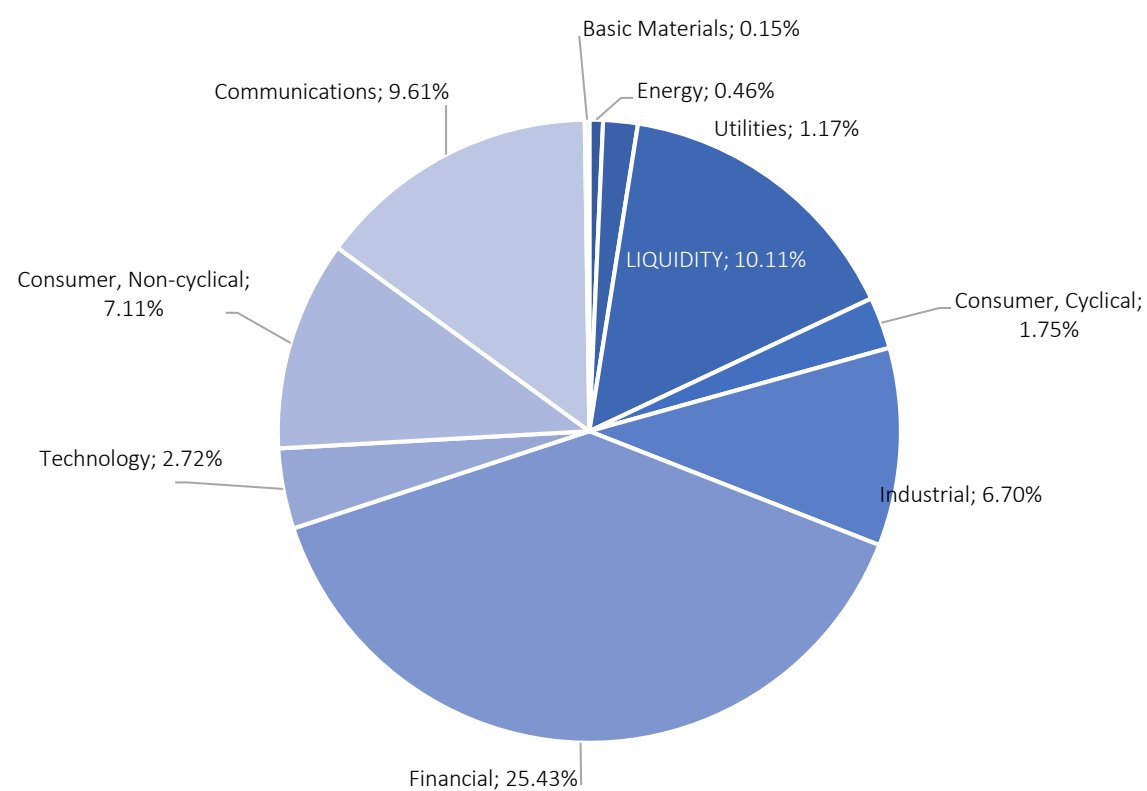


(\*) Since inception

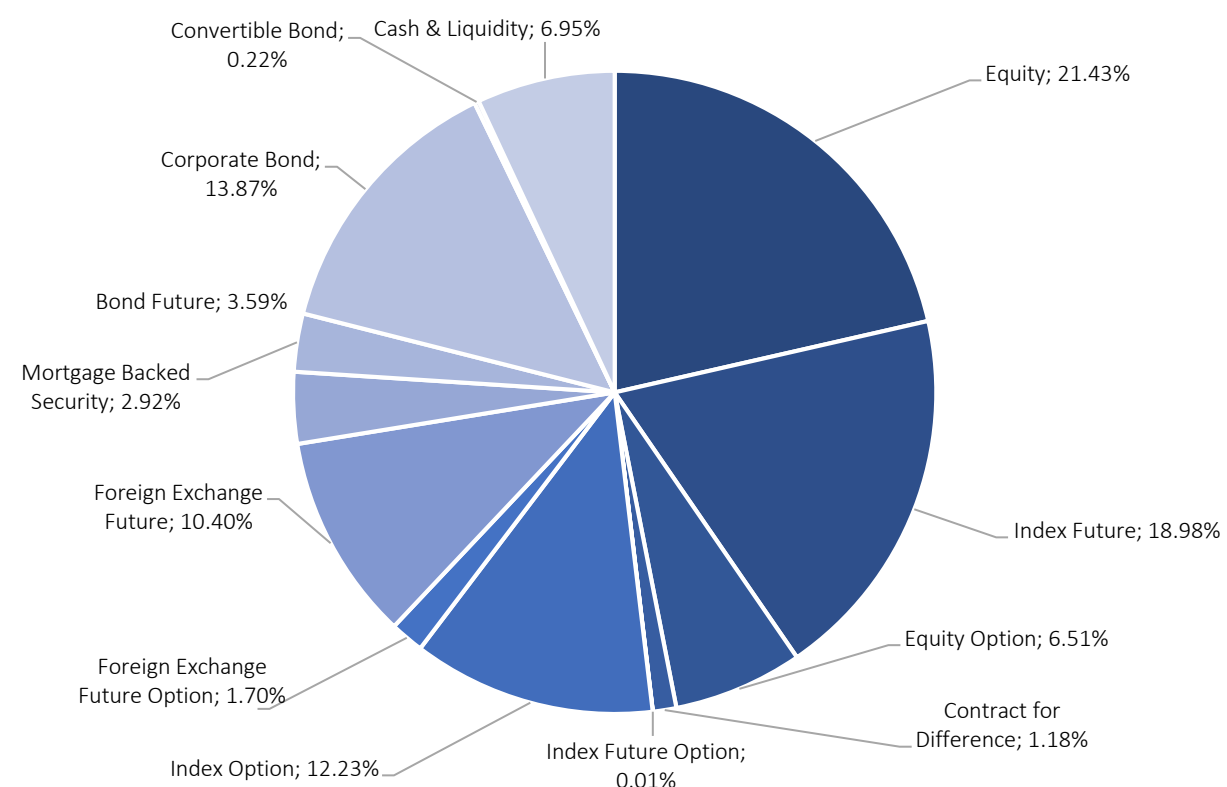
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## Risk Concentration and Distribution Metrics (2)

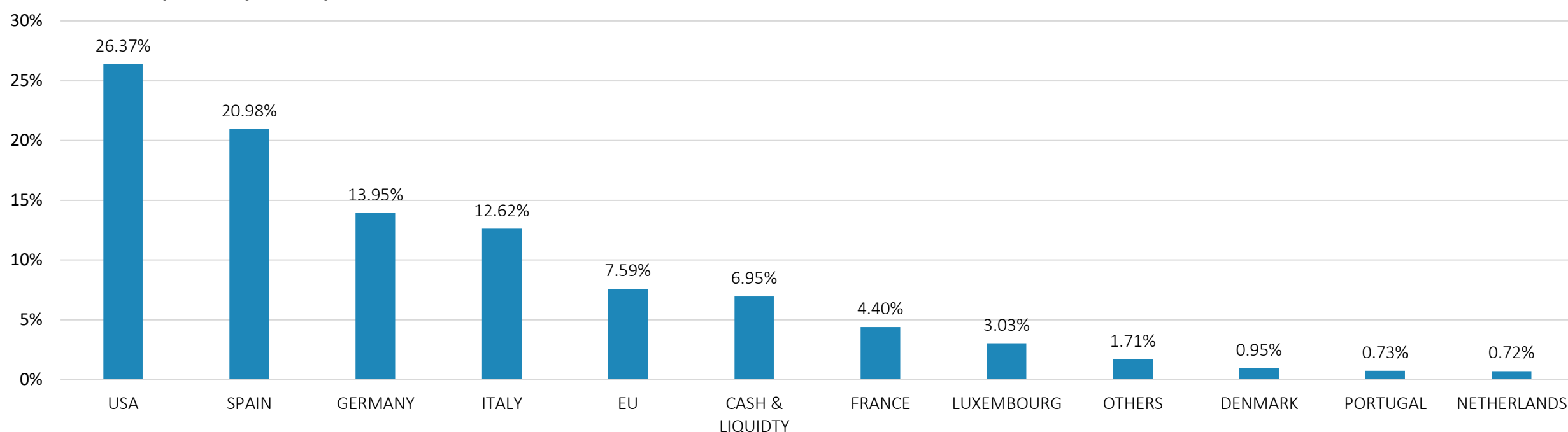
### Gross Notional Exposure by Sector



### Gross Notional Exposure by Asset Class



### Net Notional Exposure by Country



## September 2018 Update (cont...)

cont... performance on the month was driven by Relative Value (-0.52%) and Macro strategies (-0.33%), where we held the bulk of our bearish bets in BTPs (+4.1% on average) and Italian stocks (FTSE Mib +4.6%). Active trading strategies benefited from increased volatility and yielded 14bps on the month, whilst Special Situations continue to provide currently the best risk-reward on the portfolio and returned +45bps on the month despite taking mark-to-market losses on some distressed investments (Follie Follie and Abengoa saw significant write-downs) which were more than offset by the strong optionality provided by investments in European banks legacy tier 1 capital. The robust performance of our Special Situations bucket in this context validates once again our strong risk management of single name exposures and dynamic diversification underlying the sub-strategy. Our substantial concerns about the dynamics inherent to late bull market cycles (even more so in an atypical one predicated on unorthodox monetary policies), still largely informs our very cautious stance on risk. At the end of September gross leverage stood at 2.37x (vs 3.04x at the end of August), and although net market exposure increased to 72% (vs 34% on the previous month), the majority of this increase pertains to highly idiosyncratic distressed or event-driven exposures that should bear little correlation with the broader market. Overall statistical risk usage, as measured by 1-day 99.5% confidence VaR, saw again a further reduction month-on-month, falling from 1.30% at the end of August to 1.27% at the end of September, whilst average daily VaR employed during the month dropped to 1.12% (marking a new low in terms of risk utilisation since launch of the fund). Our outlook for performance in Q4 remains fairly upbeat due to a substantial concentration of catalysts within our most asymmetric strategies (Special Sits and Deep Value).

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