

Quadrige Igneo UCITS

31 Oct 2018

Quadrige Smart Gold is a liquid absolute return strategy with a long directional bias to the Precious Metals Sector, a long bias to implied volatility, and long-only tail risk insurance. Smart Gold follows a proprietary multi-factor investment process that combines both fundamental and quantitative inputs, including top-down macro, geopolitics, bottom-ups micro, technical analysis, positioning analysis, and flow analysis, within a disciplined framework for portfolio construction and risk management.



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Quadrige Igneo UCITS Update

Quadrige Igneo UCITS was up 6.5% in October. The bulk of the P&L attribution comes from the Smart Treasuries with large gains across the insurance and tail risk portfolios. The strategy has taken partial profits and added insurance against new tail risks, and overall remains well positioned to protect its capital and generate strong absolute returns with low/negative correlation and low/positive carry.

Based on the rationale described below, Quadrige Igneo UCITS has taken partial profits and added insurance against new tail risks, and overall remains well positioned to protect its capital and generate strong absolute returns with low/negative correlation and aspirational low/positive carry. In addition to the “known known” and “known unknown” risks we are seeking to cover (such as bullish USD, bullish precious metals, bullish US Treasuries, bullish insurance, bearish equities, or bearish credit, amongst others) we have identified and actively hedging risks that may be “unknown unknown” or “black swans” for the market, such as a potential one-off 20% devaluation in the Chinese Yuan over the near/medium term, which, if materialized, could be a major shock for global markets but potentially generate very large returns for our strategies.

Monthly Update

Quadrige Igneo UCITS

Looking forward, we believe Igneo’s portfolio is well positioned to protect its capital and profit from the ongoing **normalization** of US monetary policy (higher USD interest rates and strong USD) which is driving the normalization of implied and realized **volatility**, polarizing **correlations** and exposing hidden risks of “false diversification” and structural short gamma (“a-la-LTCM”), which compounded with the large consensus and crowd **speculative positions** could result in **explosive** and **illiquid** price action. In terms of catalysts and problems, we remain particularly worried about **High Yield Credit** (a time-bomb in our view, with plenty of “zombies” around) and **Emerging Markets** (a domino and snow ball of weak players, where China is “too big to fail” and “Lehman Squared”) which in my view will result in an unavoidable escalation of **Currency Wars** and **Trade Wars**, with virtuous and vicious reflexive relationships across the global economy.

Rebalancing Update

Reference	Gold ETF
Total	100%
Gold ETC	50%
Silver ETC	
Platinum ETC	-
Palladium ETC	-
Gold Miners	-
Options	-
Tail Risk	
	-
US Treasuries	50%
RV US-T	
FI Options	-
Tail Risk HY	
Tail Risk FI	-
Tail Risk Equities	-

Igneo	Funded	Notional	Delta	Delta
Total		100%		131%
Gold ETC	35%	35%	1.00	35%
Silver ETC	15%	15%	1.00	15%
Platinum ETC	0%	0%	0.70	0%
Palladium ETC	0%	0%	0.60	0%
Gold Miners	5%	0%	0.00	0%
Options	3%	50%	-0.56	-28%
Tail Risk	6%	200%	0.05	10%
	0%	0%	-	-
US Treasuries	39%	39%	1.00	39%
RV US-T	0%	0%	1.00	
FI Options	0%	0%	-0.50	0%
Tail Risk HY	1%	25%	0.36	9%
Tail Risk FI	1%	300%	0.17	51%
Tail Risk Equities	4%	200%	0.30	60%

Absolute Allocations (% Live Delta)

Relative Allocations (% Live Delta)

*Recently launched fund

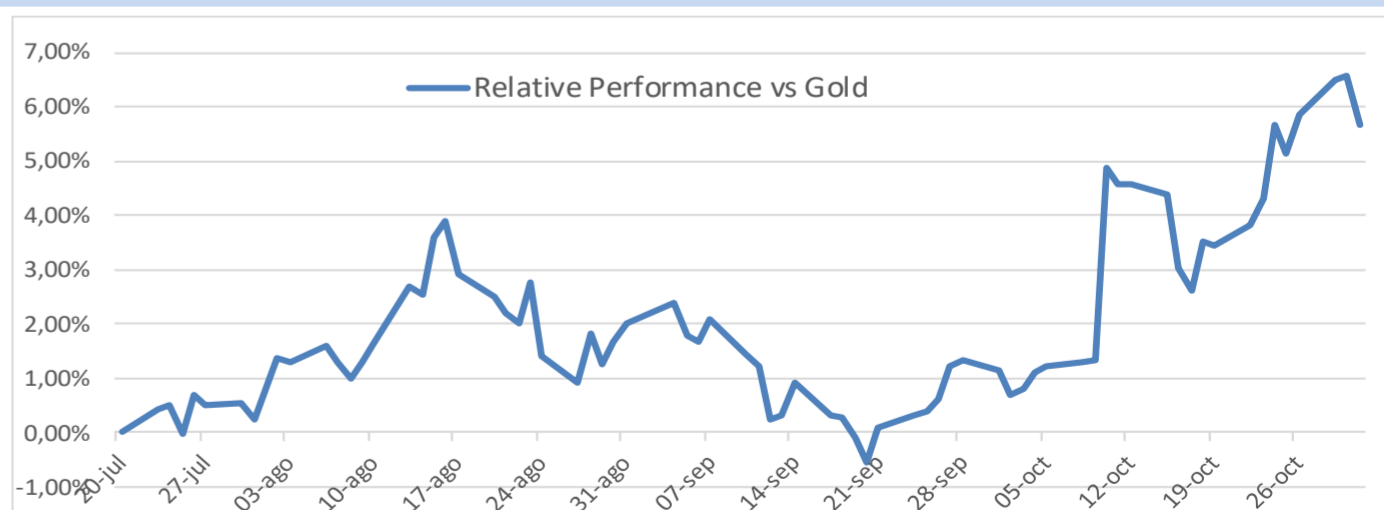
*Recently launched fund

Monthly Update

Absolute Performance (%)

Relative Performance (%)

*Recently launched fund



	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	FY2018
Quadrige Igneo UCITS*							-0.2%	-0.4%	-1.4%	6.5%			4.4%

*Gross returns

DISCLAIMER. This fact sheet is not a sales prospectus. The materials are intended solely for general information about the Strategy. Past performance is no guarantee of future results. Realized performance may differ from Target Performance, and can be positive or negative. Calculations do not include any fees.