

SIL



NAV 25/01/2019: 28,1002

INVESTMENT TEAM

Rodrigo Hernando, CEO

José Mosquera, CIO

Imanol Urquizu, PM

José Martín-Vivas, Sr. Analyst

Jorge Peñalba, Analyst

QUADRIGA RHO INVESTMENTS

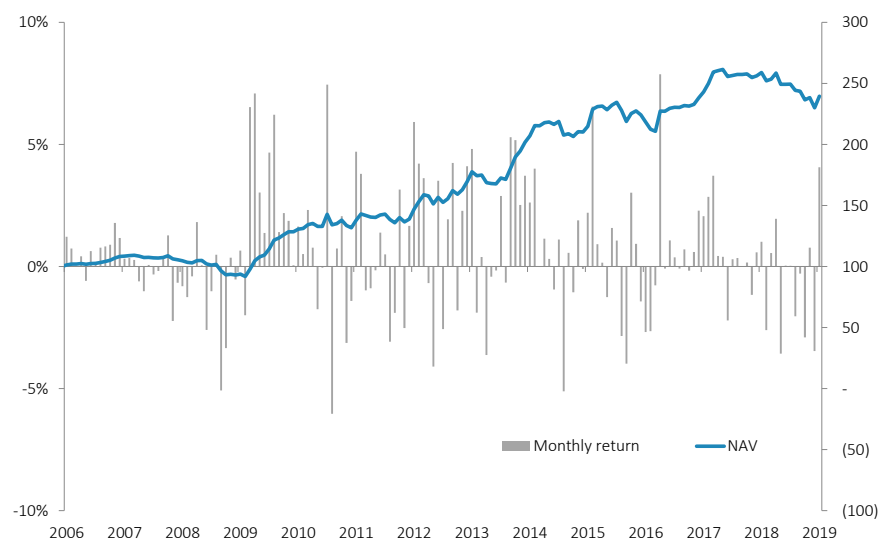
The fund's objective is to return net positive returns every year, regardless the behavior of traditional assets. To achieve it, the fund allocates to six different strategies: Active, Relative Value, Macro Selection, Micro Selection, Special Situations and Deep Value. The strategies are focused on finding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

January 2019 Update

In stark contrast to December 2018, the beginning of 2019 brought the largest "January Effect" recorded in the last 20 years (as measured by USD returns of the S&P 500 or MSCI World Index, and third largest if using the Eurostoxx 50 as a proxy). As we had anticipated in our previous newsletter, we saw the December 2018 meltdown in risky assets as a substantial overshoot to fair value, to the point that market-implied pricing pointed towards an almost certain recession. We have been quite vocal over the last two years about the fact that valuations across the market were tight, volatility historically low and likely to rise, and risk premia insufficient to compensate for growing political risk. However, given the still very ample levels of liquidity across the system we see very low chances of an imminent recession and see EPS still expanding (albeit at a slower pace) for at least another two quarters. Given this thesis, we were confident to commit short-term directional risk to buy the December dip, **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%	0.5%	1.2%	0.2%	-3.7%	0.0%	-2.1%	-0.3%	-2.9%	0.8%	-1.8%	-9.4%
2019	4.1%												4.1%

(*) Since inception

DISCLAIMER. Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. The investment return and principal value of an investments in the product will fluctuate so that an Investor's shares, when redeemed, may be worth more or less than the original cost. Current performance and expense ratios may be lower or higher than the data quoted. For performance data current to the most recent month-end, visit www.quadrigafunds.com.

Comparative Risk / Return

	RETURNS (CAGR)			VOLATILITY		
	5 years	3 years	Since inception	5 years	3 years	Since inception
Rho Investments	1.86%	3.58%	6.78%	8.14%	7.85%	8.76%
Stoxx 600	1.34%	2.66%	1.18%	12.03%	10.12%	14.30%
Iboxx Eur Corporate	2.17%	2.29%	3.49%	2.53%	2.39%	3.81%

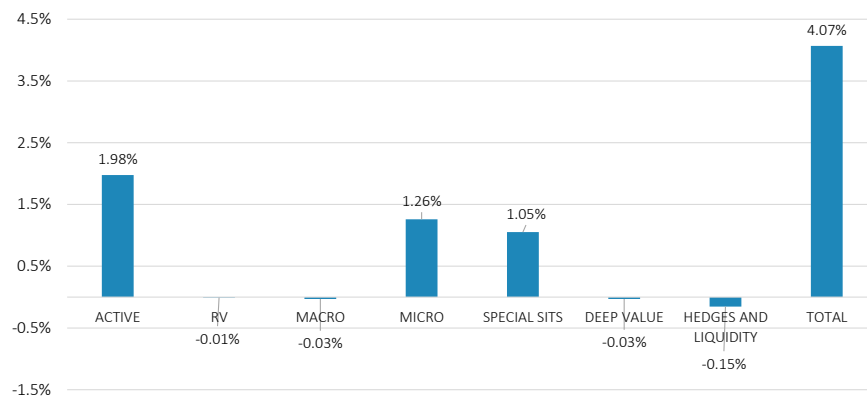
Returns (% Net)

2019	4.07%
CAGR*	6.78%
January 2019	4.07%

Risk / Return

Volatility*	8.76%
Sharpe Ratio*	0.77
Sortino Ratio	1.01
VaR 99,5% 1-day	1.25%

Performance attribution across strategies (% Net)*



Top Five Positions

German Govt. Bond Future	64.45%
Futures Eurostoxx 50	13.49%
BCPPL Corp. Bond	11.58%
Long S&P - Short Nasdaq	7.05%
BFCM CMS T1 FRN	6.40%

% Exposure

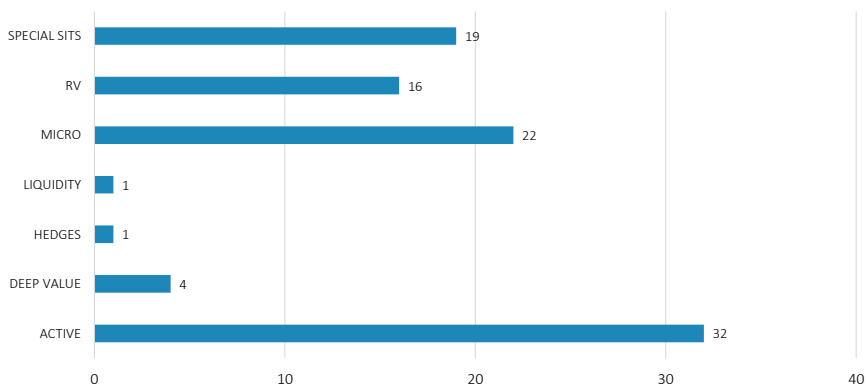
Gross	245.99%
Net	31.56%

% of Gross Exposure per Strategy

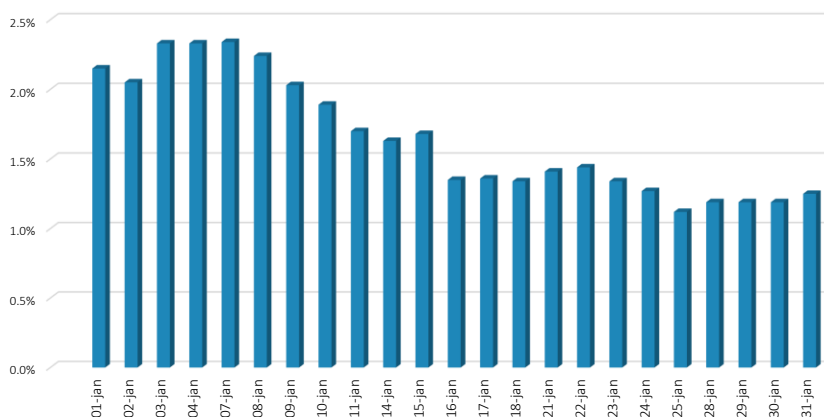
Active	39.77%
Relative value	15.19%
Macro	0.00%
Micro	14.67%
Special Situations	14.68%
Deep Value	3.20%
Hedges	6.92%
Liquidity	5.57%

Risk Concentration and Distribution Metrics

Number of positions per strategy



Var % Contrib Hist 3Y

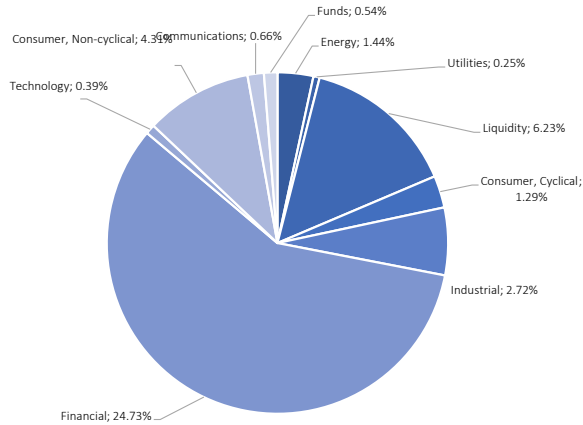


(*) Since inception

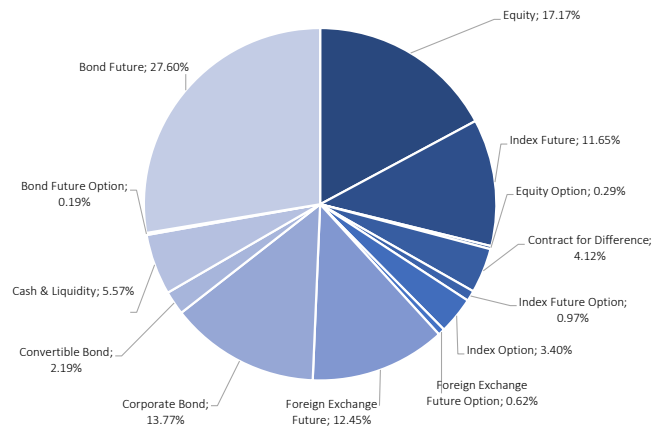
DISCLAIMER. Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. The investment return and principal value of an investments in the product will fluctuate so that an Investor's shares, when redeemed, may be worth more or less than the original cost. Current performance and expense ratios may be lower or higher than the data quoted. For performance data current to the most recent month-end, visit www.quadrigafunds.com.

Risk Concentration and Distribution Metrics (2)

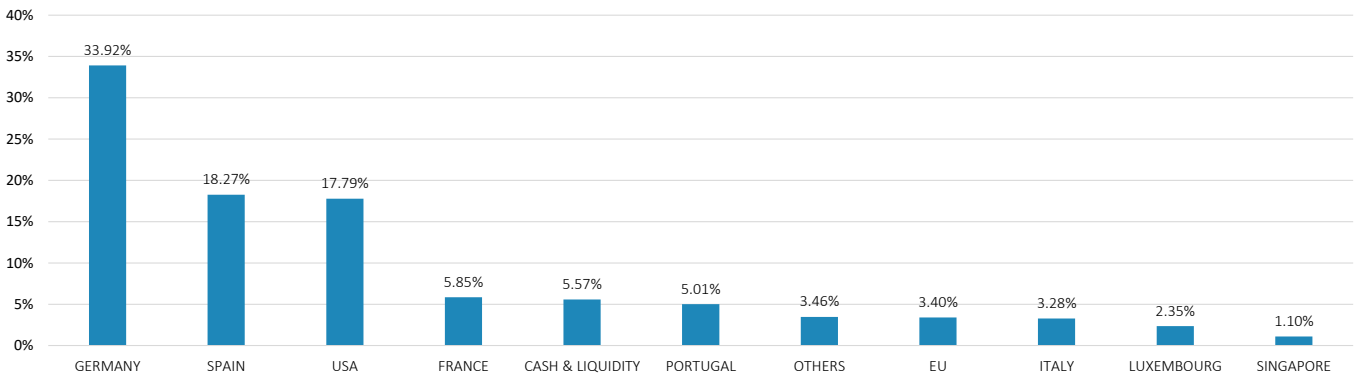
Gross Notional Exposure by Sector



Gross Notional Exposure by Asset Class



Net Notional Exposure by Country



January 2019 Update (cont...)

Cont... albeit with a very short-term horizon given the concentration of political risk in March. As a result the fund generated a very strong +4.1% net return in January, an outperformance of absolute return peers, although unsurprisingly falls short of the strong performance seen across equity indices (Ibex 35 +9.13%, Eurostoxx 50 +7.81%, S&P 500 +7.88%), yet beating broader HY credit (Itraxx Europe Xover +2.68%) which lagged somewhat the equity rally. In terms of performance attribution the bulk of the gain was generated by short-term Active trading strategies (+1.98%). Directional credit exposure within the Micro bucket (+1.26%), and distressed credit and event driven equity exposures within Special Situations (+1.05%) also contributed to the overall gains, whilst RV and Macro buckets were broadly flat in the month. Given the short-term strategic focus of the risk acquired late last year, and the severe magnitude of the rally, the fund has crystallised profits across all strategies, and gradually taken a more neutral to slightly short-risk stance going into February. In terms of risk, the end of January gross leverage stood at 2.46 times (vs 2.15 at the end of December). However, net market exposure decreased significantly to 32% (vs 125% on the previous month). Overall statistical risk usage, as measured by 1-day 99.5% confidence VaR, decreased substantially to 1.25% at the end of January (vs 1.85% at the end of December) as the fund actively looked to exit risk exposures throughout the month. Given the gradual reduction in risk during the month, the reduction in average daily VaR employed was less dramatic (from 1.86% throughout December to 1.64% throughout January).

DISCLAIMER. Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. The investment return and principal value of an investments in the product will fluctuate so that an Investor's shares, when redeemed, may be worth more or less than the original cost. Current performance and expense ratios may be lower or higher than the data quoted. For performance data current to the most recent month-end, visit www.quadrifafunds.com.