

SIL



NAV 29/03/2019: 27,4229

INVESTMENT TEAM

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QUADRIGA RHO INVESTMENTS

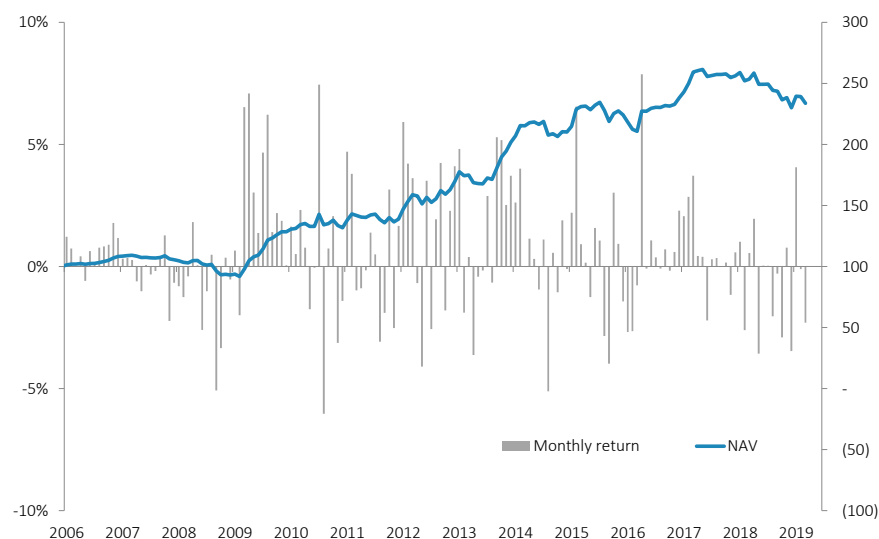
The fund's objective is to return net positive returns every year, regardless the behavior of traditional assets. To achieve it, the fund allocates to six different strategies: Active, Relative Value, Macro Selection, Micro Selection, Special Situations and Deep Value. The strategies are focused on finding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

March 2019 Update

March was a difficult month in terms of performance. The fund's macro thesis of a slowdown in economic growth (rather than outright recession) and associated overvaluation in core European government bonds was in stark contrast with the performance of both risk free and risky assets across all developed markets. Whilst most equity markets generated positive returns on the month (Ibex 35 -0.2%, Eurostoxx 50 +1.4%, S&P 500 +1.2% in USD terms) risk free assets rallied substantially (German Bund +2.5%, 10yr USTs +3%). This troubling late cycle dichotomy (rates curves pricing a recession whilst equity markets remain buoyant despite weak macro data) is a difficult conundrum to resolve and wherein lies achieving solid returns over the next two years. Rho remains strongly convinced that short positioning in rates offers substantial asymmetry and much better risk reward than embracing the rally in stocks and this stance is largely responsible for the -2.3% drawdown in March. We have more faith on statistics than on the proverbial central banks' put (particularly at a time when the 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%	-0.1%	-2.3%										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	1.17%	0.51%	6.52%	8.04%	7.78%	8.74%
Stoxx 600	2.59%	3.98%	1.63%	11.99%	10.27%	14.26%
Iboxx Eur Corporate	2.32%	0.79%	3.61%	2.59%	2.40%	3.80%

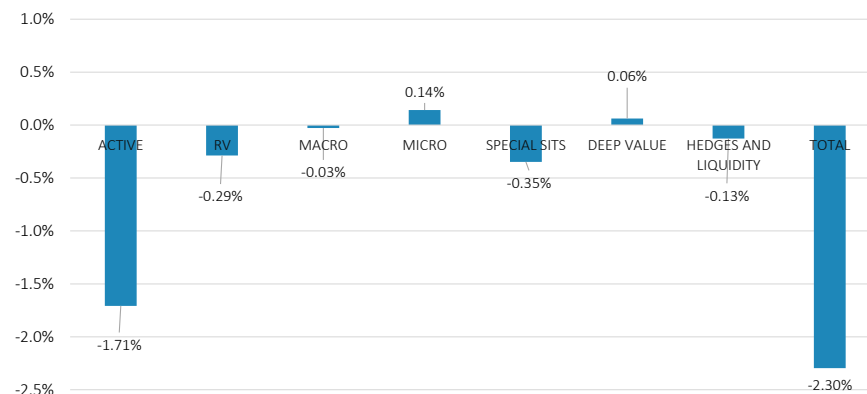
Returns (% Net)

2019	1.56%
CAGR*	6.52%
March 2019	-2.31%

Risk / Return

Volatility*	8.74%
Sharpe Ratio*	0.75
Sortino Ratio	1.02
Parametric VaR 1-d	1.20%

Performance attribution across strategies (% Net)*



Top Five Positions

German Govt. Bond Future	-122.95%
Futures Eurostoxx 50	-8.68%
Long S&P - Short Nasdaq	7.51%
BFCM CMS T1 FRN	6.35%
BBVA Corp. Bond	5.95%

% Exposure

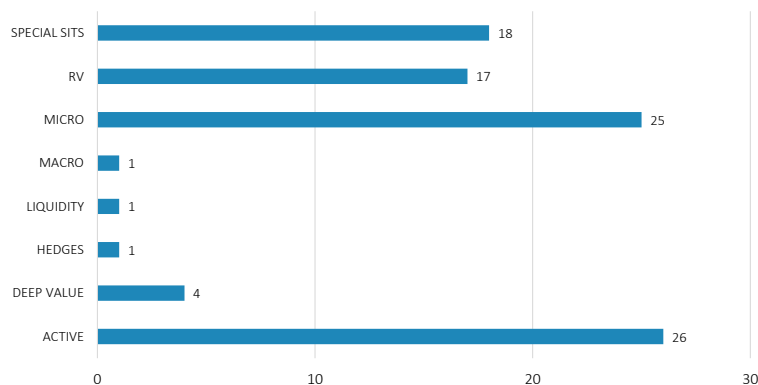
Gross	285.90%
Net	-28.19%

% of Gross Exposure per Strategy

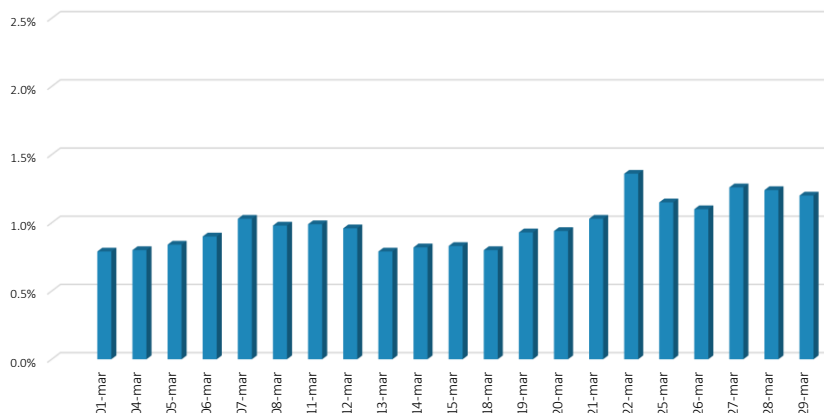
Active	46.65%
Relative value	12.20%
Macro	0.01%
Micro	12.17%
Special Situations	10.90%
Deep Value	2.79%
Hedges	6.00%
Liquidity	9.28%

Risk Concentration and Distribution Metrics

Number of positions per strategy



Parametric VaR

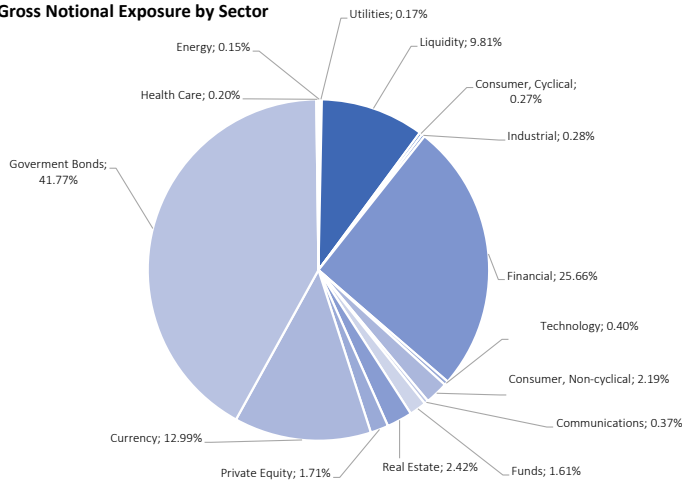


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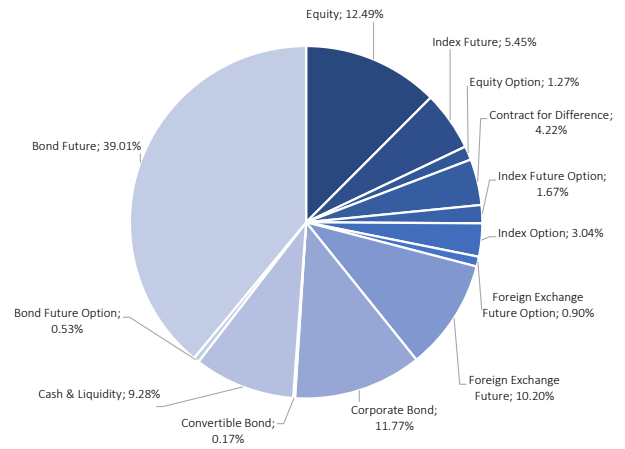
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Risk Concentration and Distribution Metrics (2)

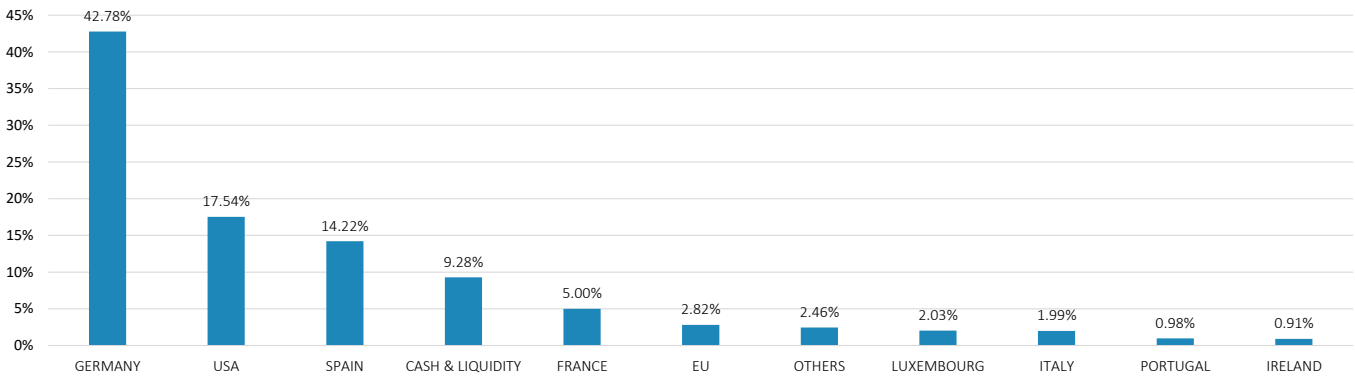
Gross Notional Exposure by Sector



Gross Notional Exposure by Asset Class



Net Notional Exposure by Country



March 2019 Update (cont...)

Cont... marginal return of "Draghi's bazooka" converges dangerously to zero with the depo rate already well into negative territory). In this context, even if an inflationary shock is unlikely, the flimsy level of nominal yields does not provide adequate cushion for a probability-adjusted shock to wage growth (of which we see anecdotal evidence in both Germany and US). However most market participants place more faith on the monetary put and the dovish rhetoric of both Fed and ECB than the dubious track record of central bankers or risk-reward asymmetry. With 10 year German yields trading as low as -10bps and 5-year German yields well inside the ECB's depo rate, our short-term trading positioning suffered a MTM setback and as a result the Active bucket (-1.7%) accounted for the vast majority of losses in the month. However as we type these lines and core yields start to back up, we are already seeing a significant reversal of the negative p&I incurred in during March. Another corollary of central banks dovishness has been an increase in asset correlations which adversely affected both performance in our RV (-0.3%) bucket, and Special Situations (-0.35%) saw where bull flattening in rates curves generated MTM losses on our CMS and FRN legacy bank capital positions. In terms of risk, at the end of March gross market exposure increased significantly to 2.86 times (vs 2.25 at the end of February) however this has to be put in context of a net leverage which decreased significantly to -28% (vs +26% on the previous month). Overall statistical risk usage measured as 1-day 99.5% confidence VaR increased to 1.2% (vs 0.97% at the end of February), although average daily VaR utilisation on the month decreased month on month from 1.08% to 0.99%.

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