

SIL



NAV 31/05/2019: 27,2770

## 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.

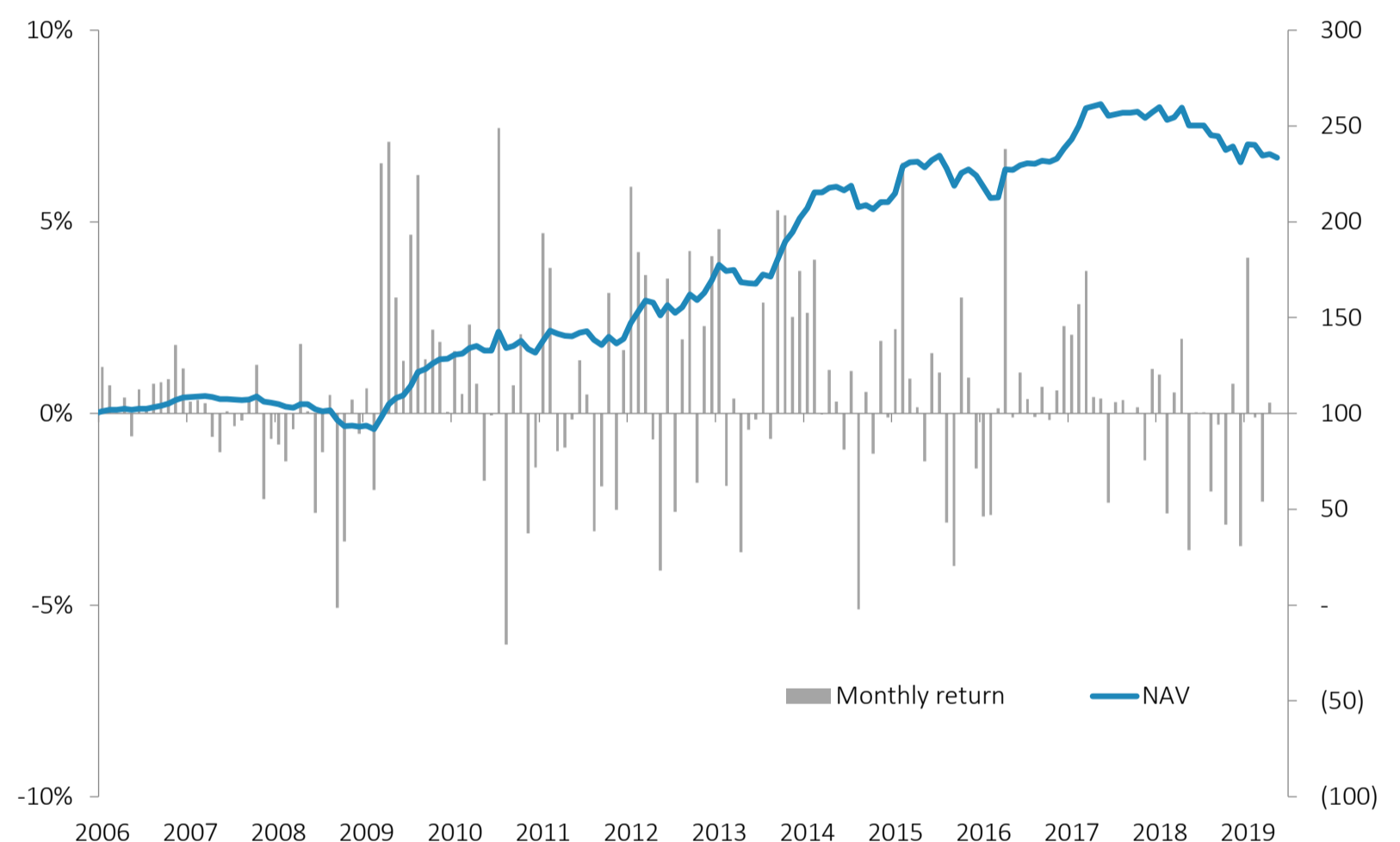
## May 2019 Update

As we had anticipated in our previous newsletter, May (meaning the month, although to some extent also applicable to the eponymous Tory politician) did bring indeed some concerns back to financial markets. Whilst the effect of widespread fears of an escalation of Trump's trade war rhetoric and increased Brexit uncertainty were felt across risky assets, substantial market weakness did not translate into a spike in implied volatility. This can only be interpreted as a symptom of complacency and blind faith in the almighty "monetary put". In fact as we type these lines, central bankers have dusted off their finest dovish rhetoric, luring investors via financial repression into seeking yet more carry trades at diminishing yields or selling more volatility at historically low levels that do not provide adequate protection against tail risks. Rho's prudential stance on directional positioning, and scepticism regarding asset valuations allowed it to substantially outperform risky assets. Whilst in May the Ibx 35 returned net of 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%	0.2%	-1.2%	1.2%	8.0%
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%	0.3%	-0.8%								1.0%

(\*) 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	1.19%	0.00%	6.39%	8.03%	6.37%	8.70%
Stoxx 600	3.31%	4.97%	1.82%	12.40%	10.60%	14.27%
Iboxx Eur Corporate	2.36%	2.32%	3.71%	2.63%	2.52%	3.79%

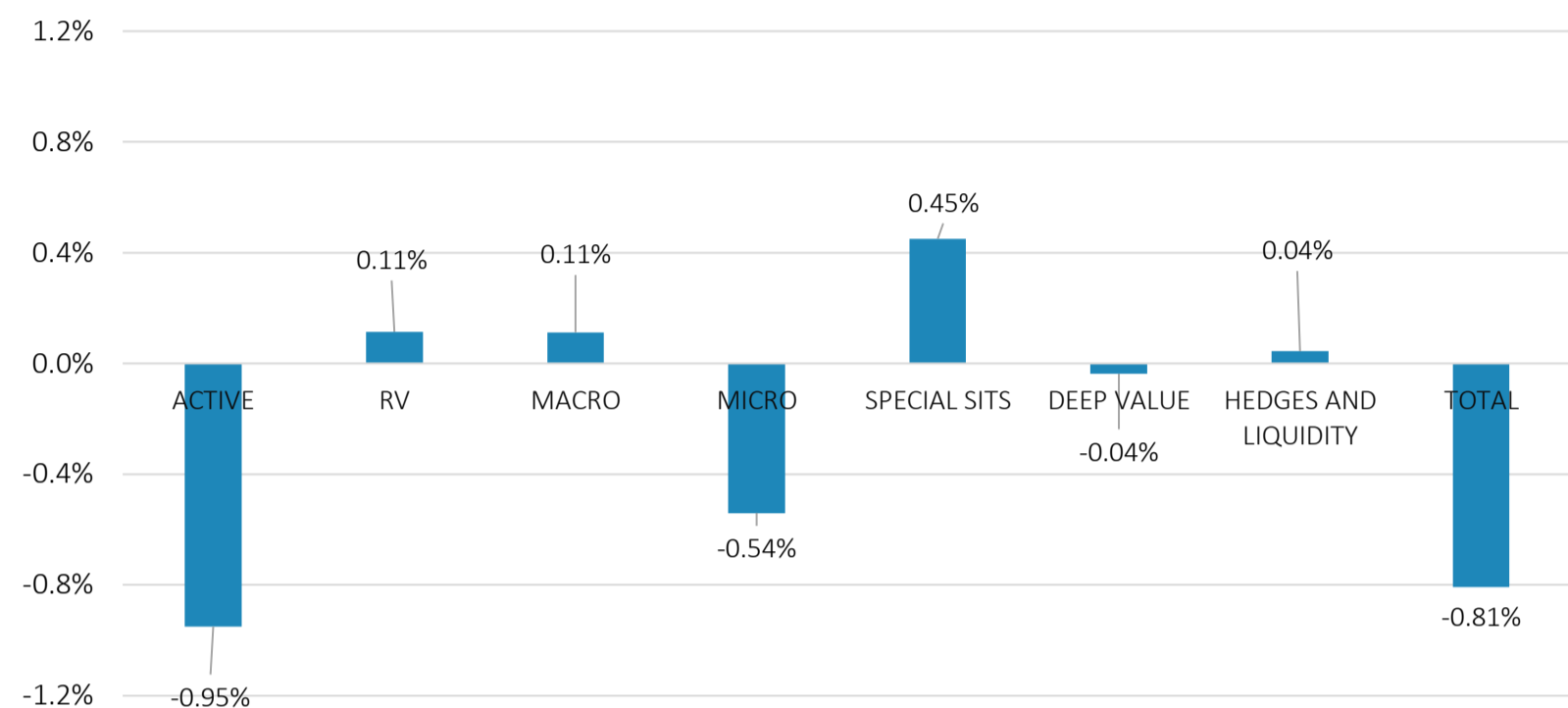
## Returns (% Net)

2019	1.02%
CAGR*	6.39%
May 2019	-0.81%

## Risk / Return

Volatility*	8.70%
Sharpe Ratio*	0.73
Sortino Ratio	1.02
Parametric VaR 1-d	1.64%

## Performance attribution across strategies (% Net)\*



## Top Five Positions

German Govt. Bond Future	-115.65%
NATLA Secured Loan	9.89%
BNP Corp. Bond	7.84%
BFCM CORP PERP	6.02%
LIBERBANK	5.59%

## % Exposure

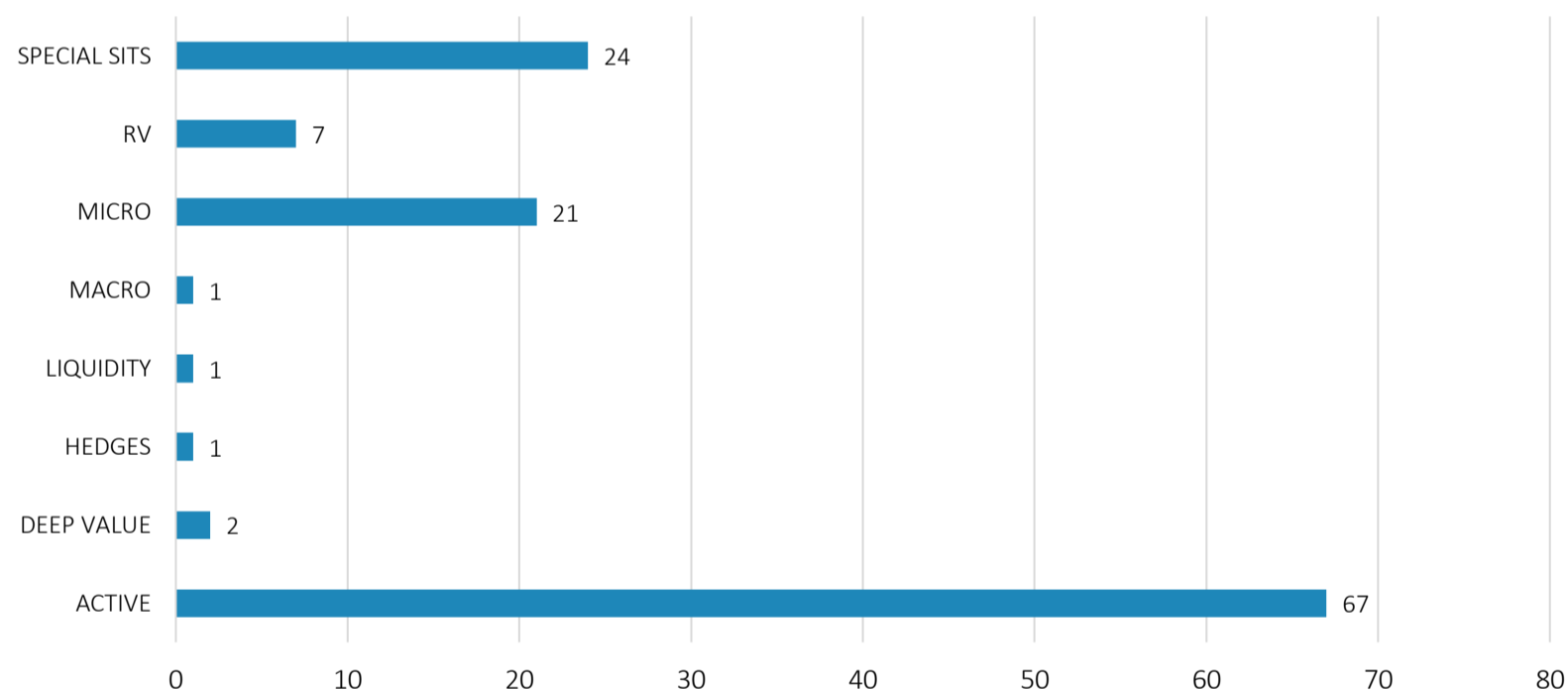
Gross	293.15%
Net	-18.18%

## % of Gross Exposure per Strategy

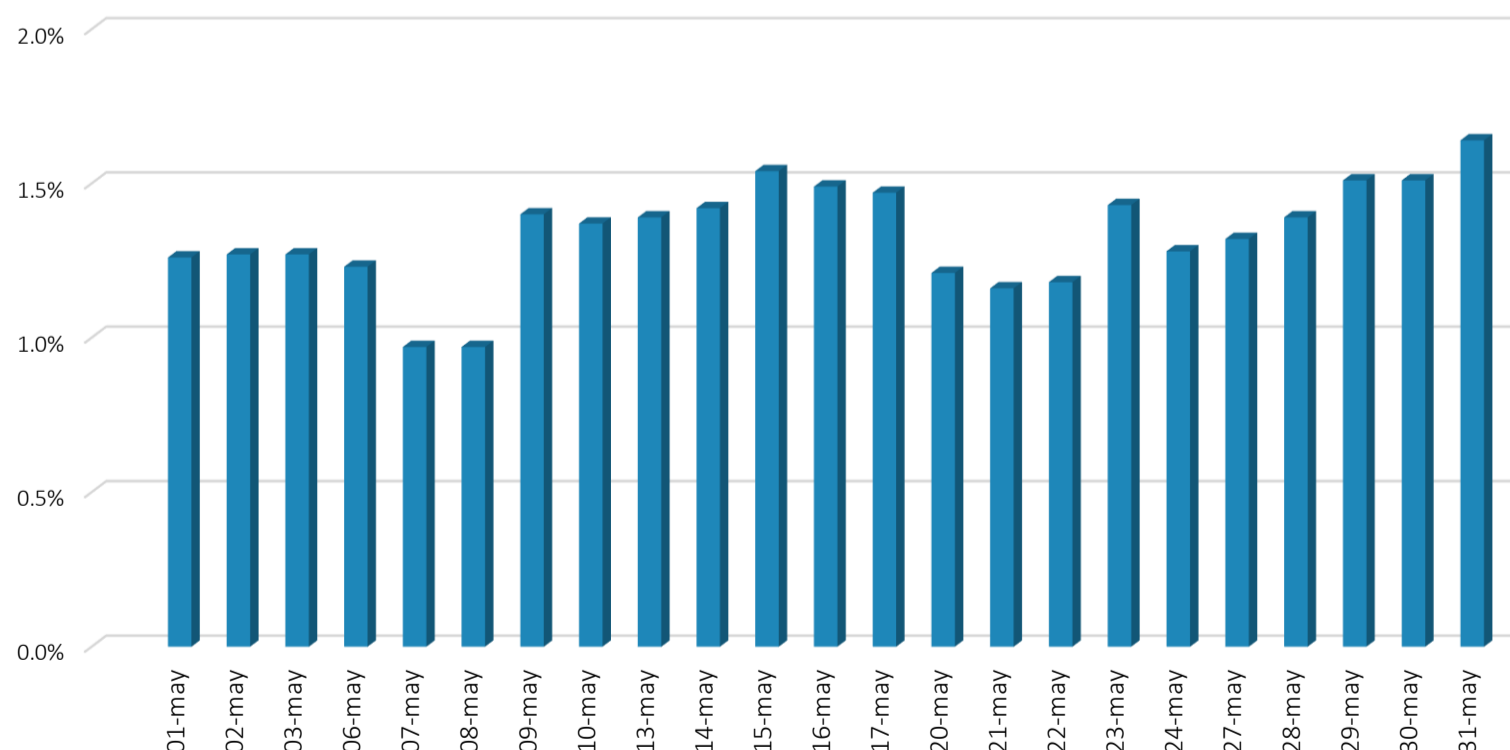
Active	53.12%
Relative value	4.90%
Macro	2.06%
Micro	12.15%
Special Situations	14.35%
Deep Value	2.16%
Hedges	5.55%
Liquidity	5.72%

## Risk Concentration and Distribution Metrics

### Number of positions per strategy



### Var % Contrib Hist 3Y

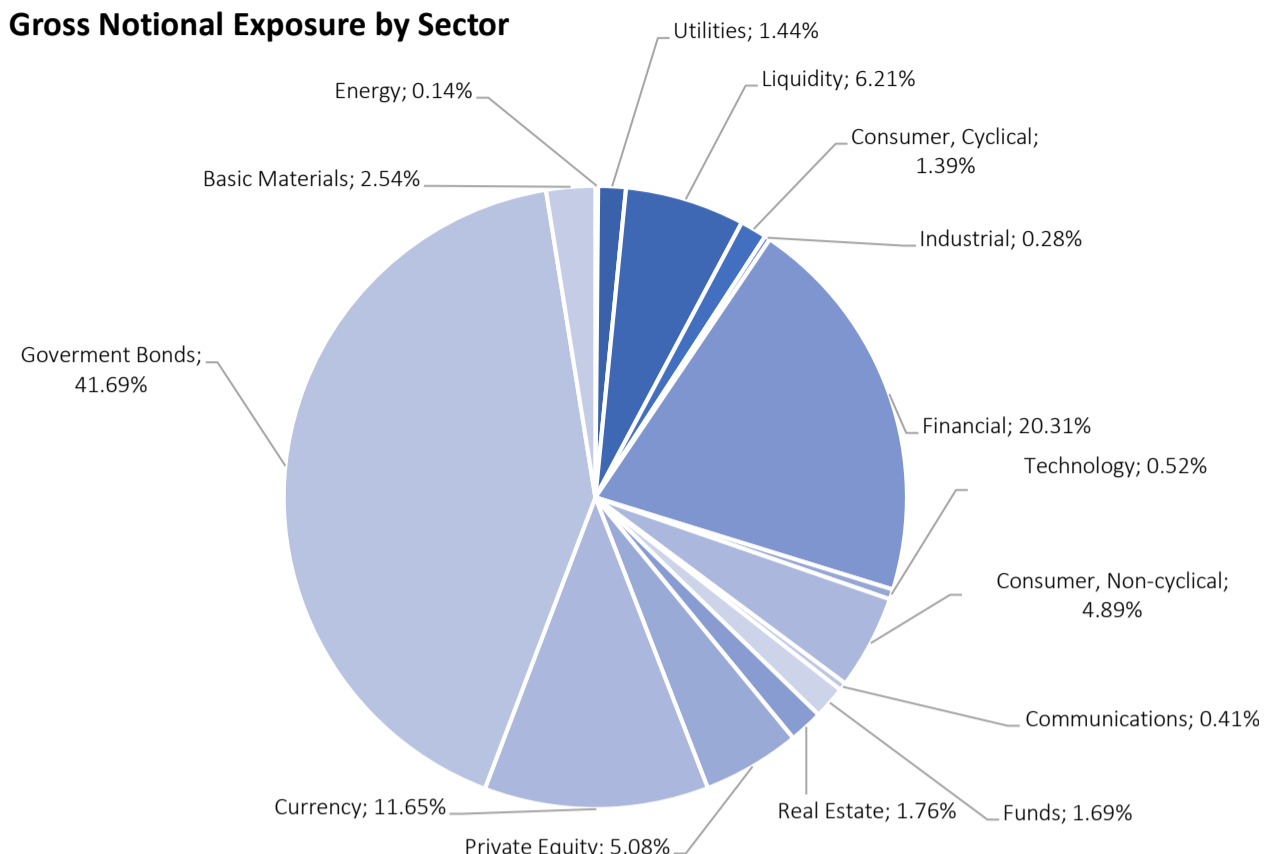


(\*) Since inception

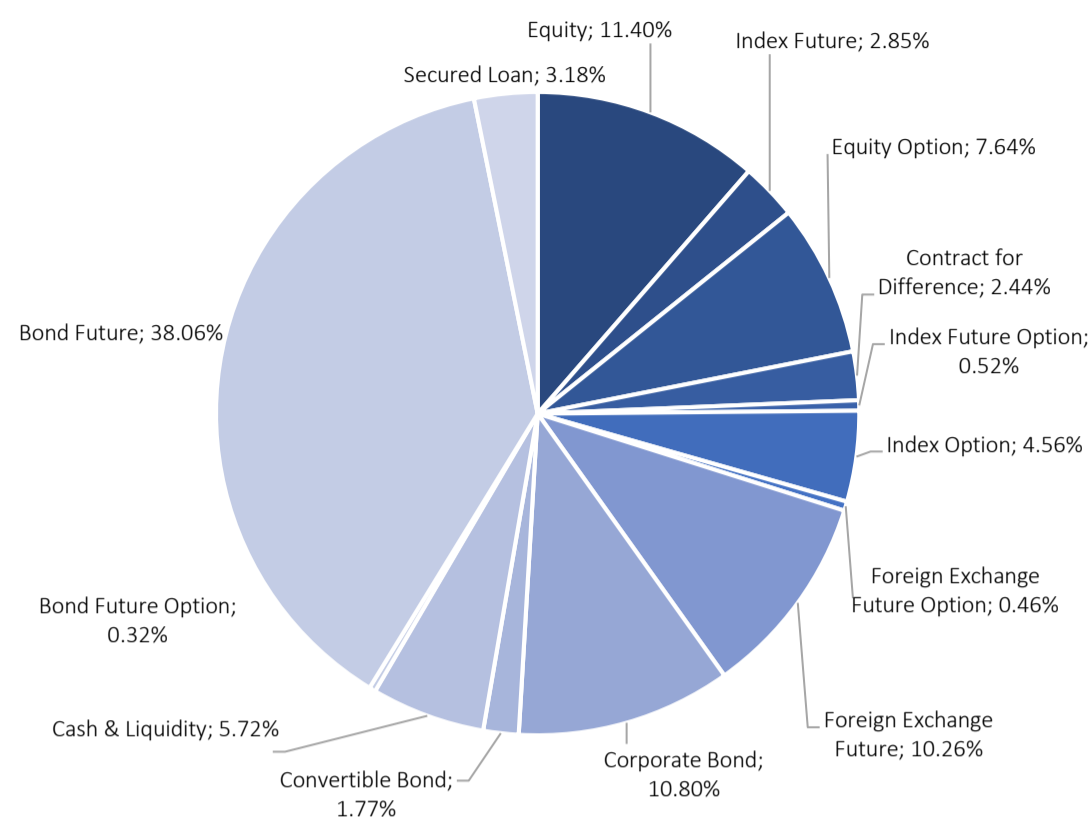
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## Risk Concentration and Distribution Metrics (2)

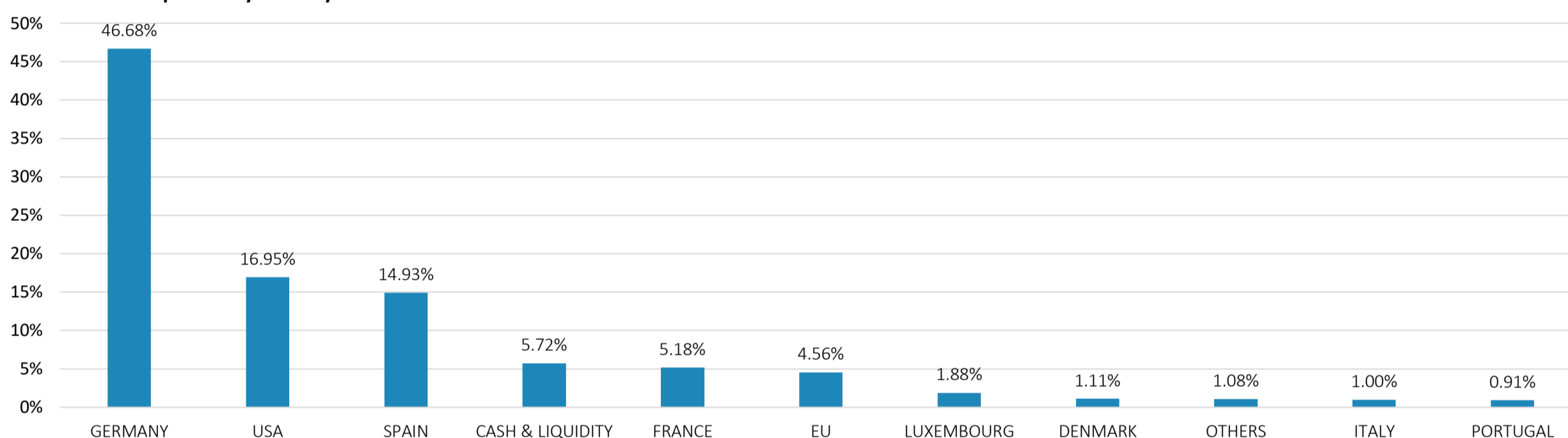
### Gross Notional Exposure by Sector



### Gross Notional Exposure by Asset Class



### Net Notional Exposure by Country



## May 2019 Update (cont...)

cont... dividends -4.8%, the Eurostoxx 50 -4.5%, the S&P 500 and Nasdaq 100 -6.2% and -8.8% respectively (in USD terms) and the 5-year Itraxx Crossover -2.5%, Rho Investments only lost -0.8%. Whilst disappointing, the slightly negative performance is generally related to our short stance in core European rates (main driver of the -0.95% performance in the Active bucket) and directional exposure to substantially undervalued domestic cyclical stocks with substantial short to mid-term optionality catalysts (drivers of the -0.52% performance of the Micro bucket). Despite the relatively muted M&A activity in Europe (in particularly vs the US) and the lack of catalysts for the distressed situations that we are currently involved in, the Special Situations bucket had a good performance retuning +0.45% in a difficult month. Despite increased volatility in the market, increasing correlation across sectoral returns, and muted implied volatilities across the spectrum despite the spike in realised volatilities impaired returns across Macro and RV buckets which only yielded +0.11% each. In terms of risk, at the end of May gross market exposure continued its slow incremental path as we continue to rely more on relative value than outright positioning for alpha generation. However we envisage to have reached close to peak utilisation at 2.9x (vs 2.6 at the end of April). Net market exposure remains however steady at very low levels of leverage (-18% at the end of May vs -15% by April month end). Overall statistical risk usage measured as 1-day 99.5% confidence VaR increased from 1.28% at the end of April to 1.55% at the end of May. However, daily VaR utilisation diminished month-on-month, with an average of 1.10% in May (vs 1.23% average daily statistical risk employed during the month of April).

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