

SIL



NAV 30/08/2019: 24,9743

**INVESTMENT TEAM**

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**QUADRIGA RHO INVESTMENTS**

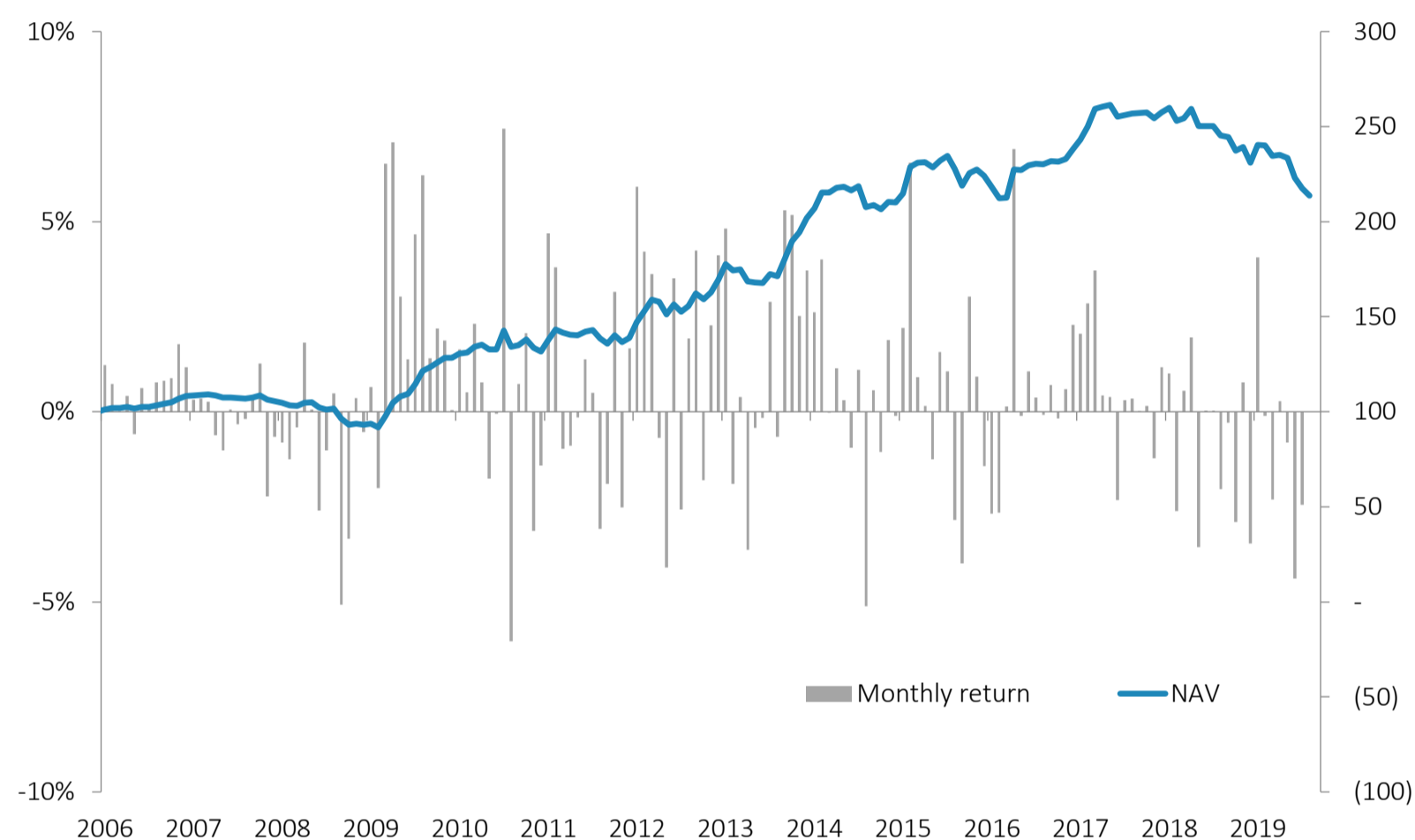
The fund's objective is to return net positive returns every year, regardless the behavior of traditional assets. To achieve it, the fund allocates to six different strategies: Active, Relative Value, Macro Selection, Micro Selection, Special Situations and Deep Value. The strategies are focused on finding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

**August 2019 Update**

Rho Investments devoted much of the month of August to optimising and fine tuning all the macro exposures within the portfolio ahead of September's much anticipated ECB meeting. With so much hype around the potential stimulus package given comments by ECB governing council members, and the fact that it was to be Draghi's last "live" meeting before he passes on the baton to mademoiselle Lagarde, we anticipated a scenario of substantial volatility and significant potential for large asset reallocation tweaks. Regarding the first scenario the fund collapsed a substantial amount of delta one exposure and translated them into shorter-term volatility trades with limited loss profiles. As far as portfolio rotations are concerned, the fund established that there was potential for a short-term outperformance of financial stocks, based on the extensive comments we made in our previous newsletter around the ineffectiveness of monetary policy mechanisms. **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%	-4.4%	-2.5%	-1.8%					-7.5%

(\*) 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	-0.02%	-3.66%	5.48%	8.13%	7.17%	8.81%
Stoxx 600	2.65%	4.37%	1.69%	12.38%	10.51%	14.19%
Iboxx Eur Corporate	2.55%	1.97%	3.82%	2.66%	2.48%	3.78%

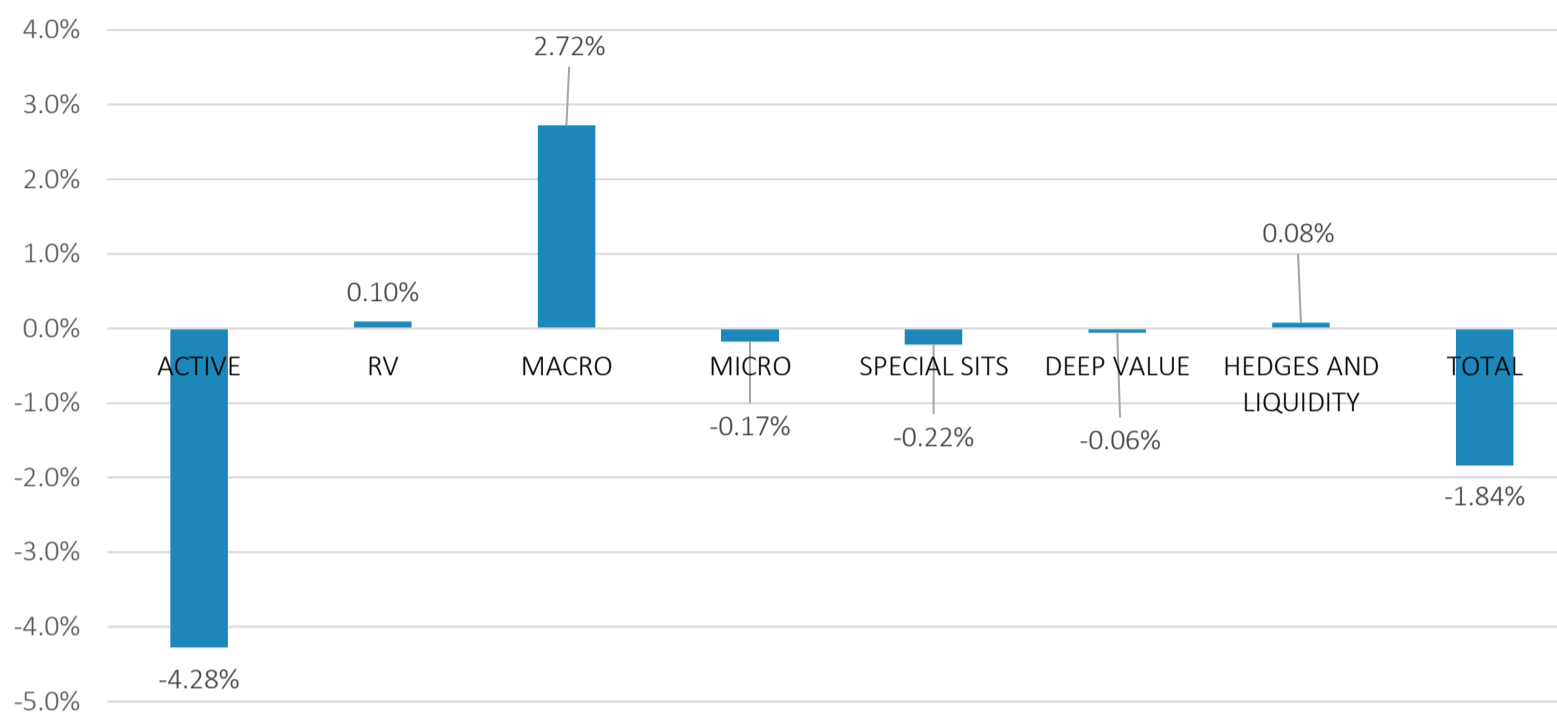
## Returns (% Net)

2019	-7.51%
CAGR*	5.48%
August 2019	-1.84%

## Risk / Return

Volatility*	8.72%
Sharpe Ratio*	0.63
Sortino Ratio	0.96
Parametric VaR 1-d	2.45%

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



## Top Five Positions

German Govt. Bond Future	-141.65%
BNP Corp Bond	16.37%
BFCM CORP PERP	11.87%
NATLA Secured Loan	10.98%
Convertible Bond Ence	5.67%

## % Exposure

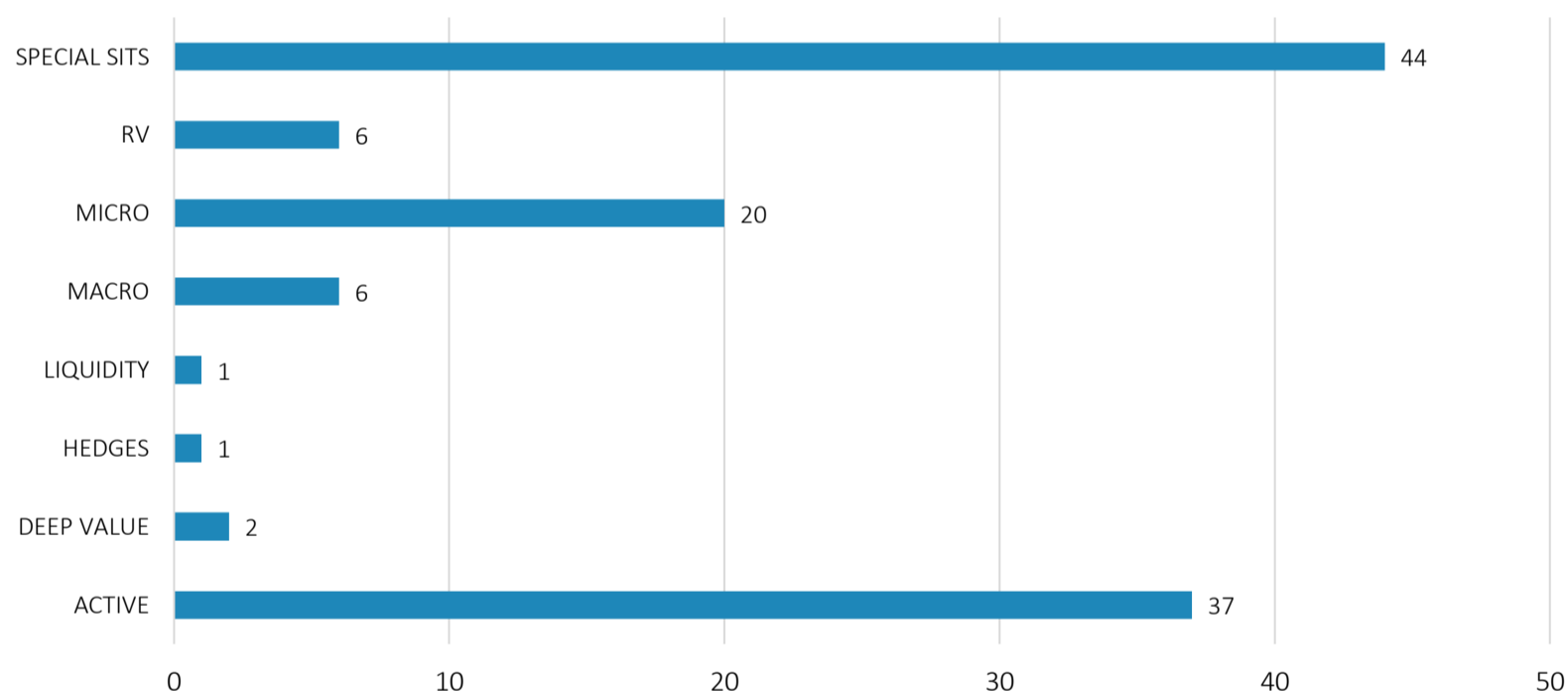
Gross	427.33%
Net	2.20%

## % of Gross Exposure per Strategy

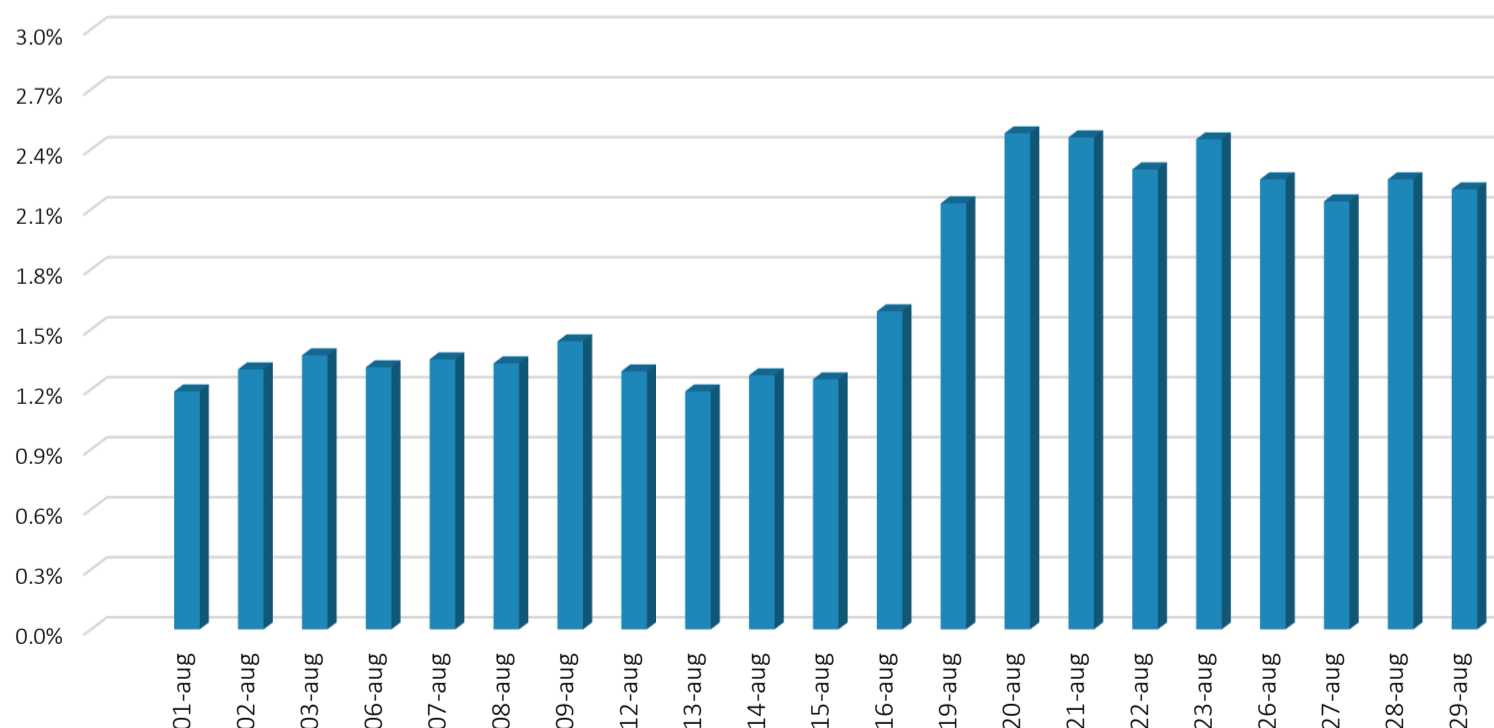
Active	53.27%
Relative value	3.88%
Macro	5.72%
Micro	7.99%
Special Situations	17.96%
Deep Value	1.64%
Hedges	4.22%
Liquidity	5.32%

## Risk Concentration and Distribution Metrics

### Number of positions per strategy



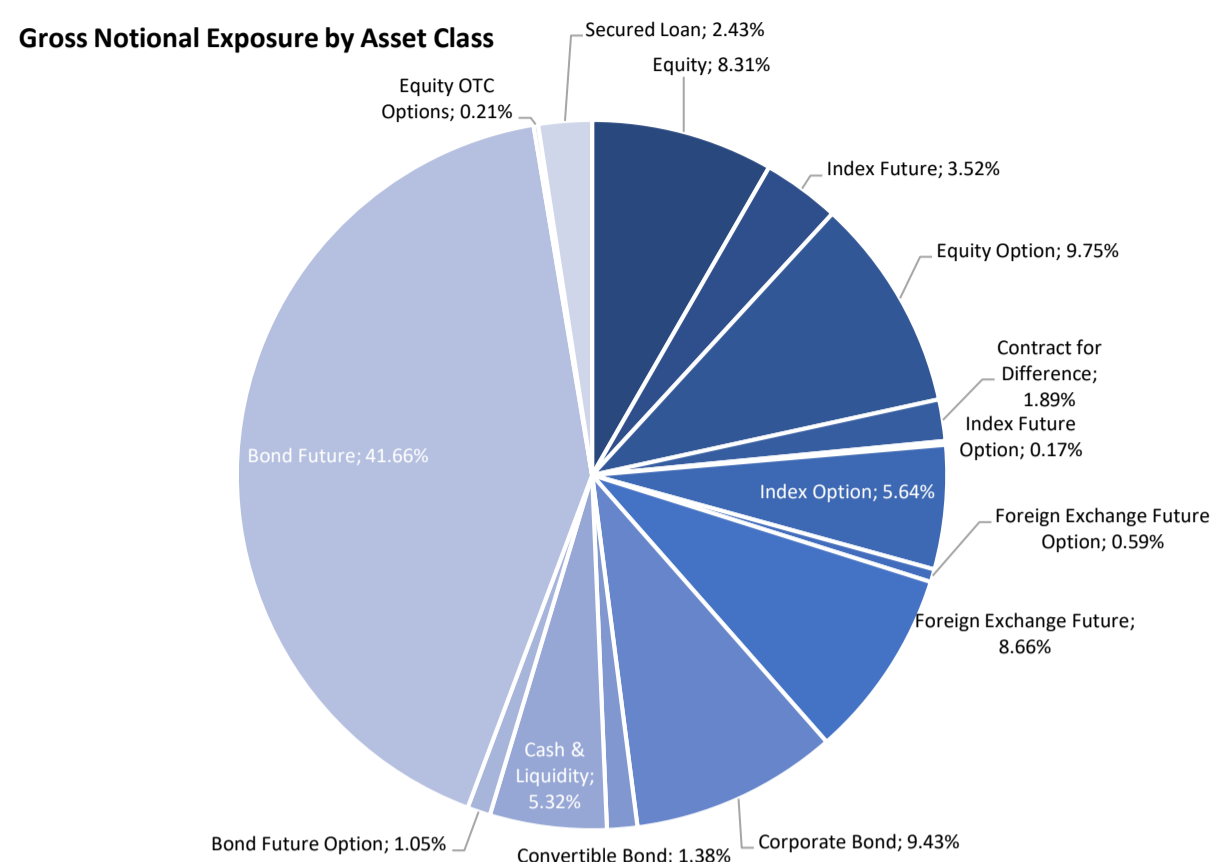
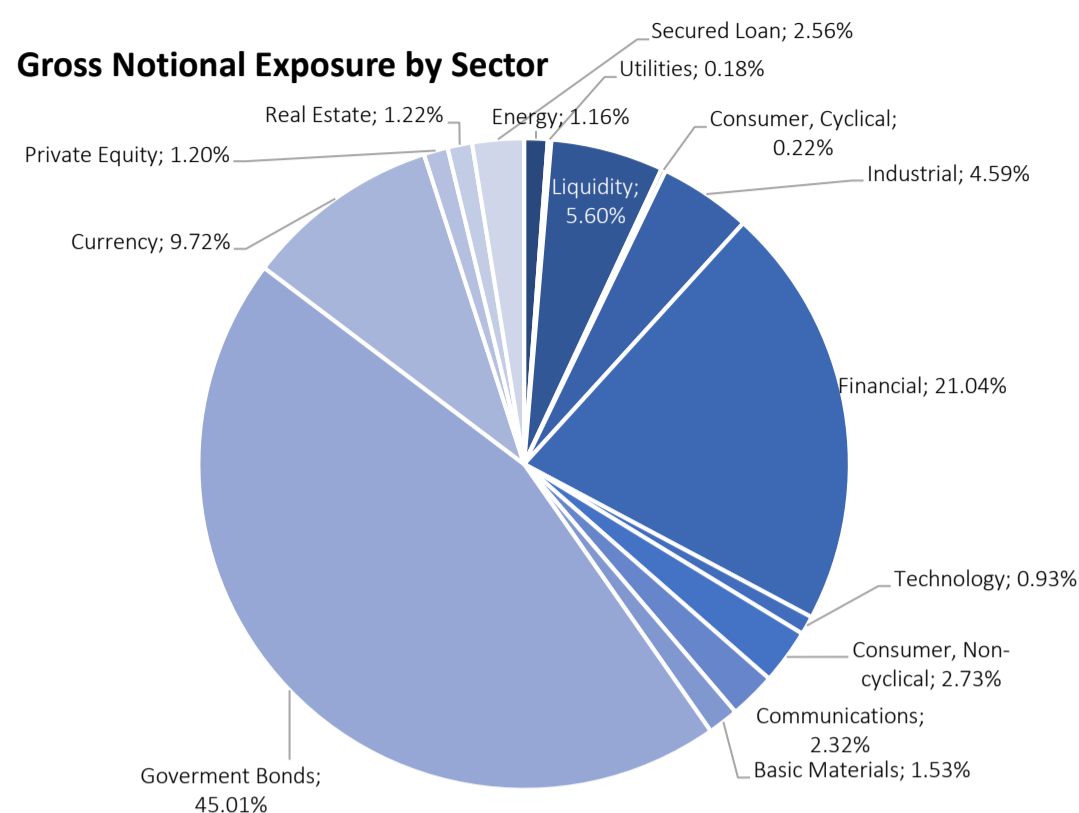
### Var % Contrib Hist 3Y



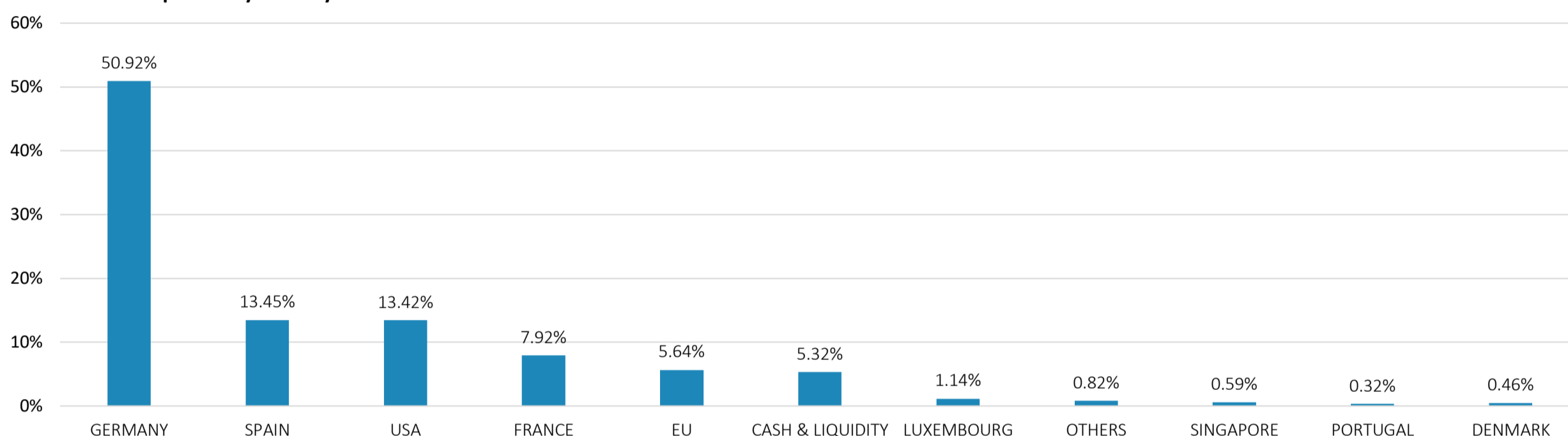
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## Risk Concentration and Distribution Metrics (2)



### Net Notional Exposure by Country



## August 2019 Update (cont...)

**Cont...** As a result, we decided to establish tactical bullish positions on the SX7E and select single stocks (in particular those identified as having high NIM sensitivity to a depo tiering) via short-term options. We will delve more into the aftermath of ECB and its implications for the broader market as well as Rho's ensuing performance in next month's newsletter, but we can advance that all this strategic tweaking of the portfolio has not only generated high-quality results in the wake of ECB and Fed meetings (as we type these lines 1-month performance is +5.03%), but also a substantial outperformance of the broader market in the month of August. August saw the Eurostoxx 50 generate total losses of -2.85%, the Ibex 35 lost -2.5% and USD returns for the S&P 500 and Nasdaq 100 were respectively -2.91% and -3.19%, whilst Rho Investments returned -1.78% which only looks unfavourable vs credit markets performance as proxied by the total return of the 5-year Crossover index, which lost -0.23% in the month. During the course of the month the fund shifted its strategic bearish tilt in European rates from a short-term delta one approach to a longer-term options-driven angle. In terms of positioning and trade construction our strategic emphasis remains based around either relative value risk plays in equity and credit markets or through highly idiosyncratic exposures of event-driven or distressed nature. In terms of risk, at the end of August gross market exposure remained roughly unchanged at levels well above our long-term target (4.3 vs 4.2 times at the end of July, largely driven by new additions of relative value positions to the options-driven risk hedges we had already added in June ), although much of this gross exposure has been collapsed thus far in September. It is worth highlighting that this gross market exposure is still within the context of very small levels of net leverage. Net leverage stood at -16% at the end of July vs an exposure very close to delta neutral in terms of aggregated notionals at the end of the month. Arguably, the 2% net market exposure recorded at the end of August gives an incomplete picture in terms of risk exposure given the amalgamation of heterogenous asset classes. Statistical risk usage, measured as 1-day 99.5% confidence parametric VaR, casts a better light in terms of risk positioning and shows a month-on-month increase of 82%, as the fund built risk exposures ahead of the ECB september meeting, which took 1-day VaR from 1.34% at the end of July to 2.45% at the end of August. Average daily VaR utilisation also increased from 1.36% throughout the month of July to 2.04% throughout the month of August.

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