

SIL



NAV 27/12/2019: 26,6529

## 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.

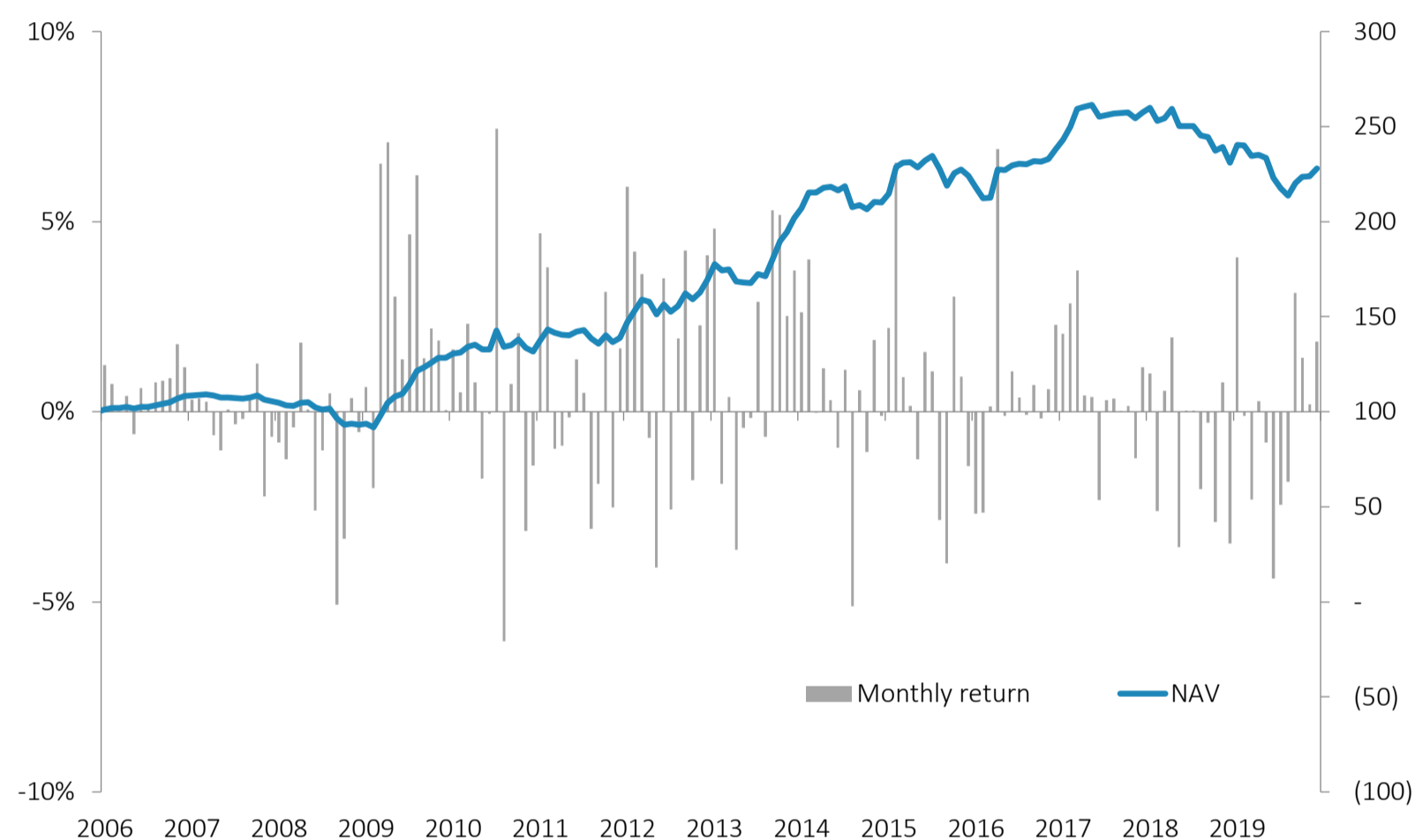
## December 2019 Update

Rho Investments delivered a solid +1.85% return in the last month of the year, which even though optically does not look so attractive in relative terms vs risky assets, once again in frantic risk-on mode, it appears quite substantial in the context of the low levels of directional market exposure and risk utilization by the fund. In an environment in which market lemmings keep on rushing all the way to the edge of the cliff, with the Ibex 35 returning a total of 4.2%, the Eurostoxx 50 +2.2%, the S&P500 and the Nasdaq 100 +3.3% and 4.4% respectively (in US\$ terms) or the Itraxx 5-year Crossover index +1%, Rho Investments was positioned net short stocks via options on the Eurostoxx 50 and Ibex 35. The negative performance on bearish macro bets was more than offset by strong performance across event-driven positioning in stocks and credit which drove the returns of the Special Sits bucket (+1.7%) in absence of any meaningful contribution from the corporate restructuring and distressed debt situations in the same bucket, but from which we expect good catalysts in 2020. **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% | -2.4% | -1.8% | 3.1%  | 1.4%  | 0.2%  | 1.8%  | -1.3%  |

(\*) 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](http://www.quadrigafunds.com).

## Comparative Risk / Return

|                     | RETURNS (CAGR) |         |                 | VOLATILITY |         |                 |
|---------------------|----------------|---------|-----------------|------------|---------|-----------------|
|                     | 5 years        | 3 years | Since inception | 5 years    | 3 years | Since inception |
| Rho Investments     | 0.66%          | -3.02%  | 5.84%           | 8.21%      | 7.46%   | 8.75%           |
| Stoxx 600           | 4.09%          | 5.02%   | 2.32%           | 12.42%     | 10.69%  | 14.07%          |
| Iboxx Eur Corporate | 1.98%          | 1.97%   | 3.63%           | 2.71%      | 2.38%   | 3.75%           |

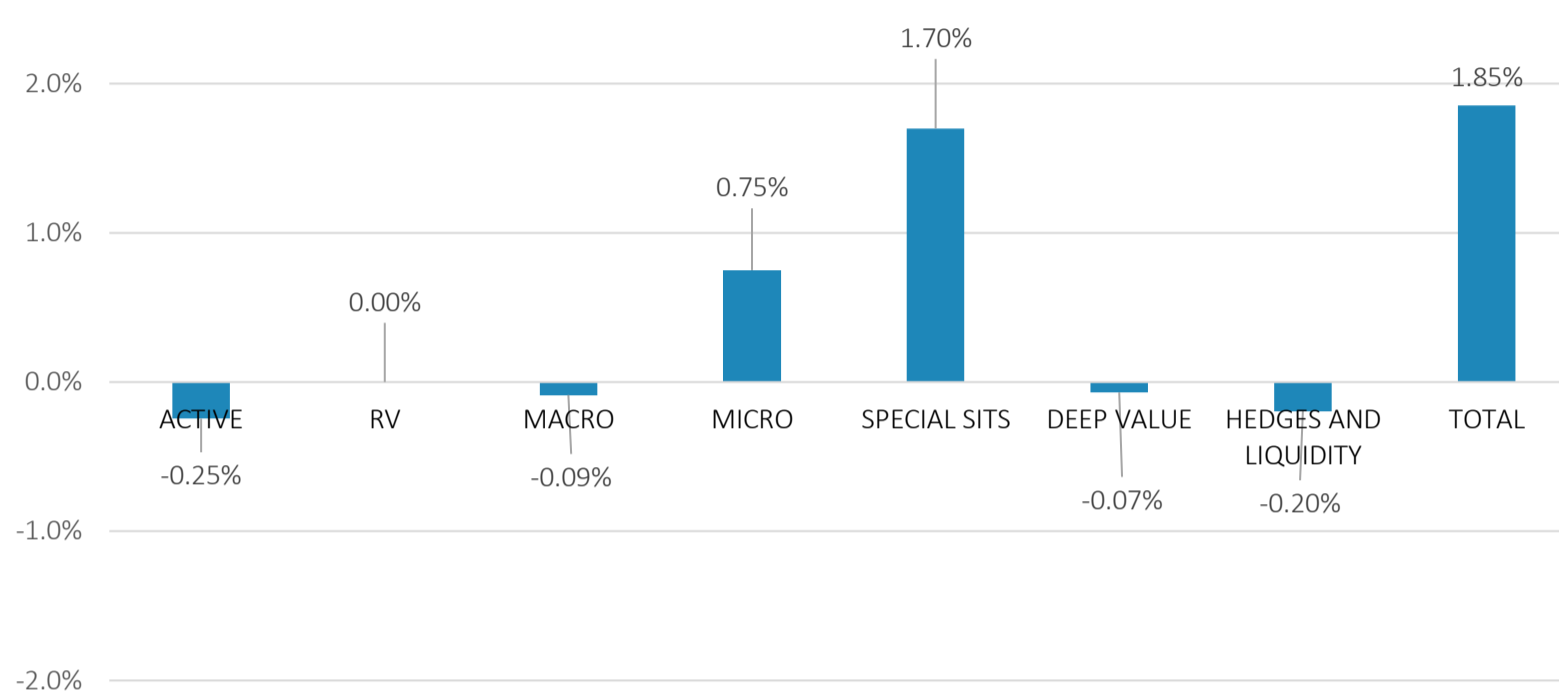
## Returns (% Net)

|               |        |
|---------------|--------|
| 2019          | -1.29% |
| CAGR*         | 5.84%  |
| December 2019 | 1.85%  |

## Risk / Return

|                    |       |
|--------------------|-------|
| Volatility*        | 8.72% |
| Sharpe Ratio*      | 0.67  |
| Sortino Ratio      | 1.00  |
| Parametric VaR 1-d | 0.68% |

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



## Top Five Positions

|                    |       |
|--------------------|-------|
| BNP Corp Bond      | 9.36% |
| BFCM CORP PERP     | 7.72% |
| Queka PE           | 6.90% |
| NATLA Secured Loan | 5.51% |
| Liberbank Equity   | 5.20% |

## % Exposure

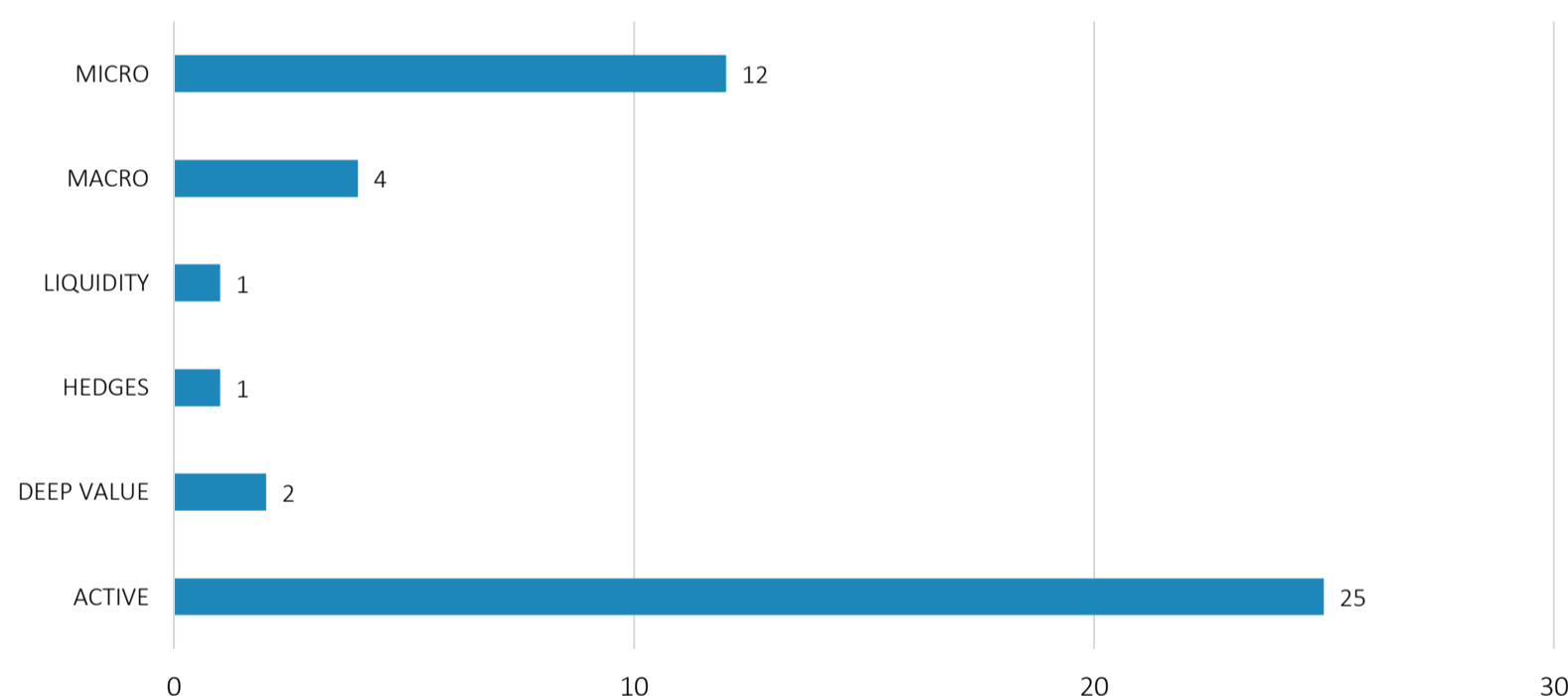
|       |         |
|-------|---------|
| Gross | 162.65% |
| Net   | 90.14%  |

## % of Gross Exposure per Strategy

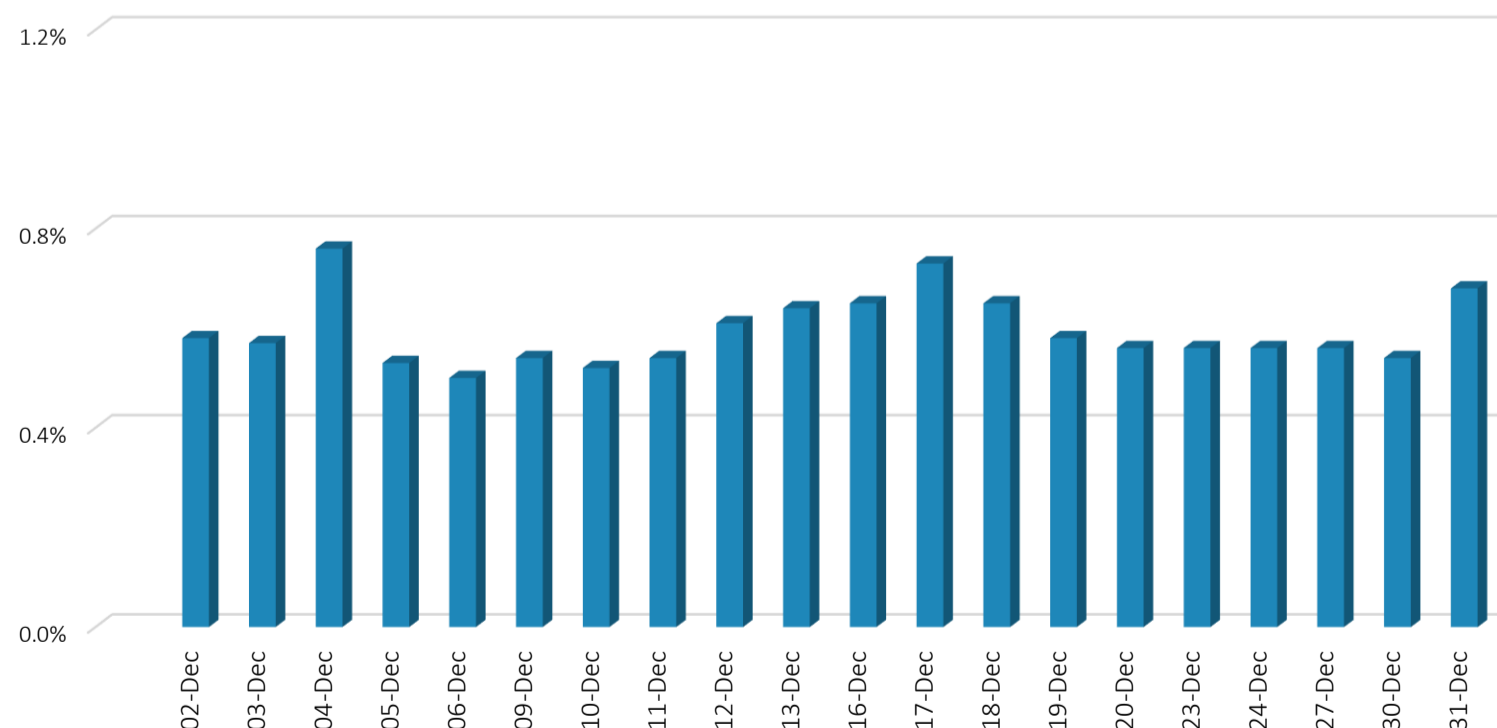
|                    |        |
|--------------------|--------|
| Active             | 14.01% |
| Relative value     | 0.00%  |
| Macro              | 18.41% |
| Micro              | 8.82%  |
| Special Situations | 31.93% |
| Deep Value         | 4.77%  |
| Hedges             | 6.51%  |
| Liquidity          | 15.55% |

## Risk Concentration and Distribution Metrics

### Number of positions per strategy



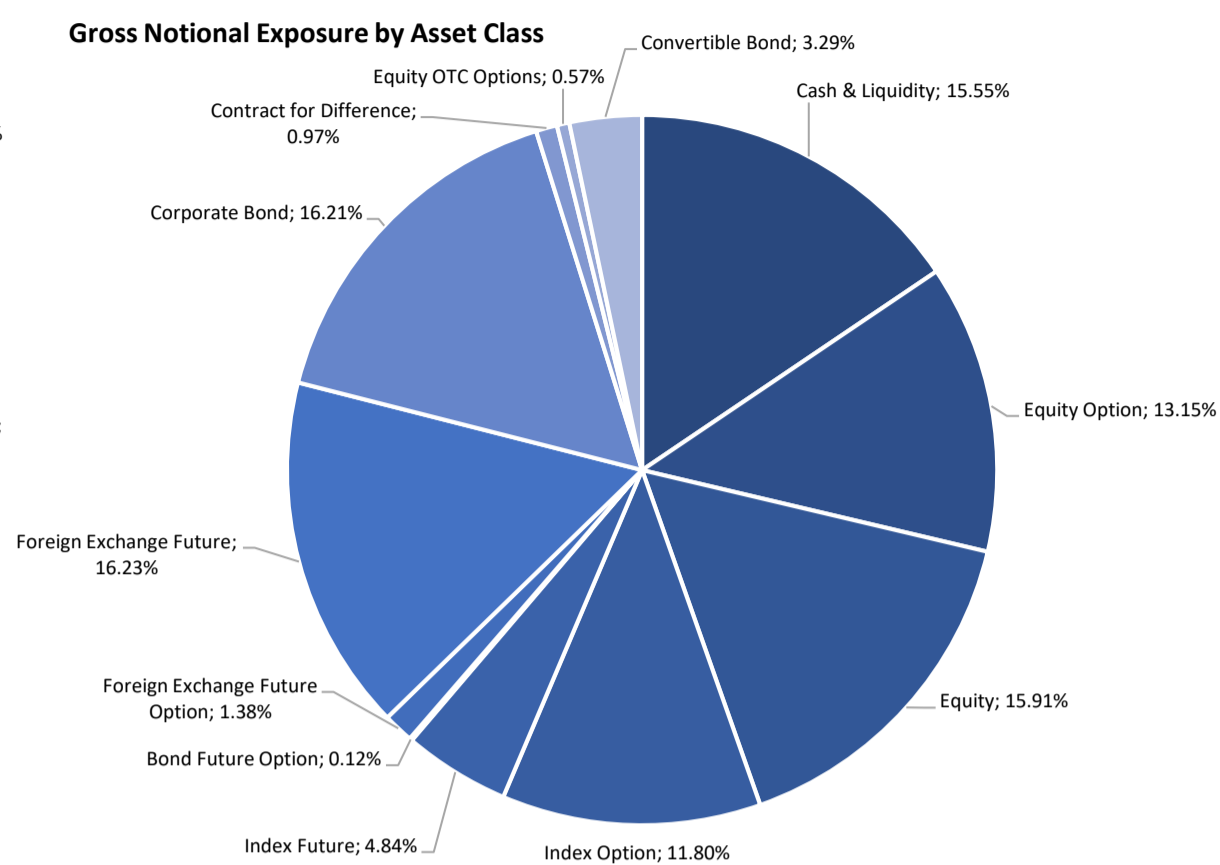
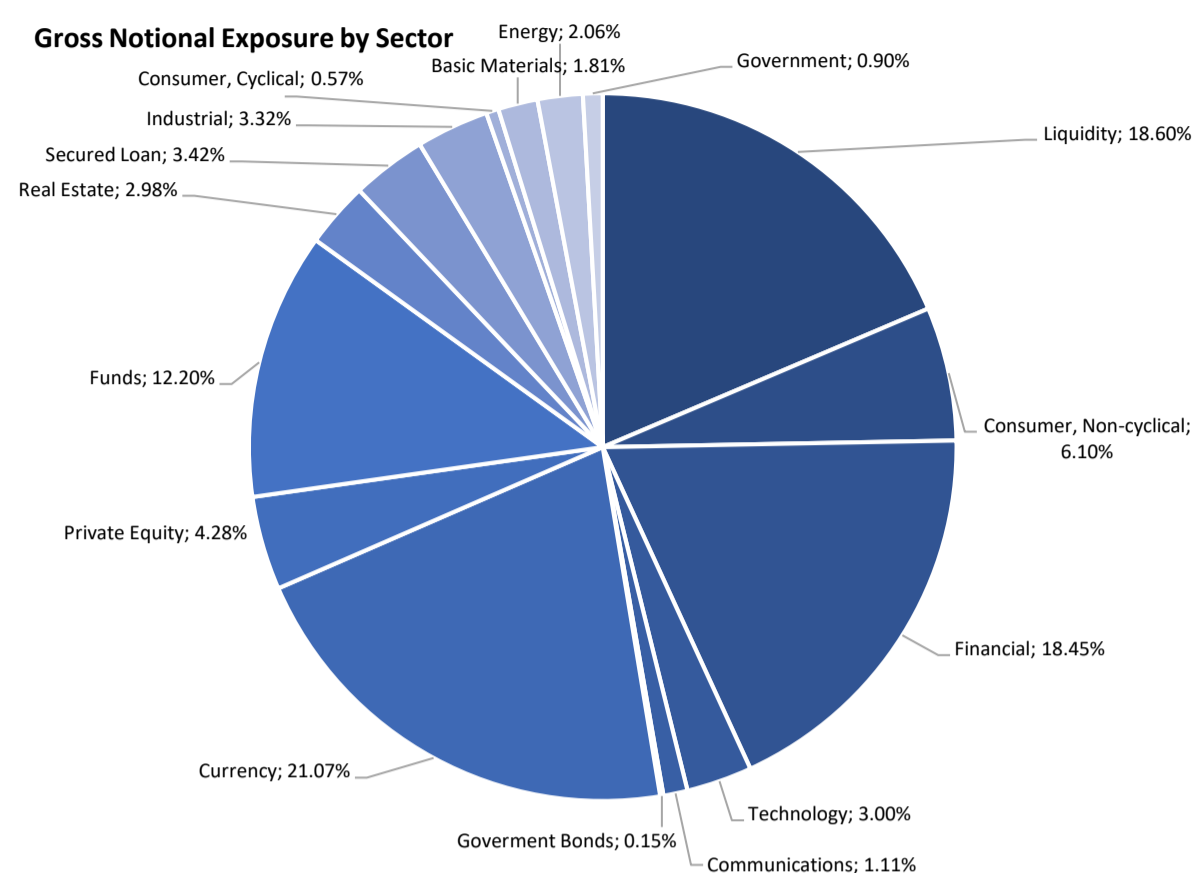
### Var % Contrib Hist 3Y



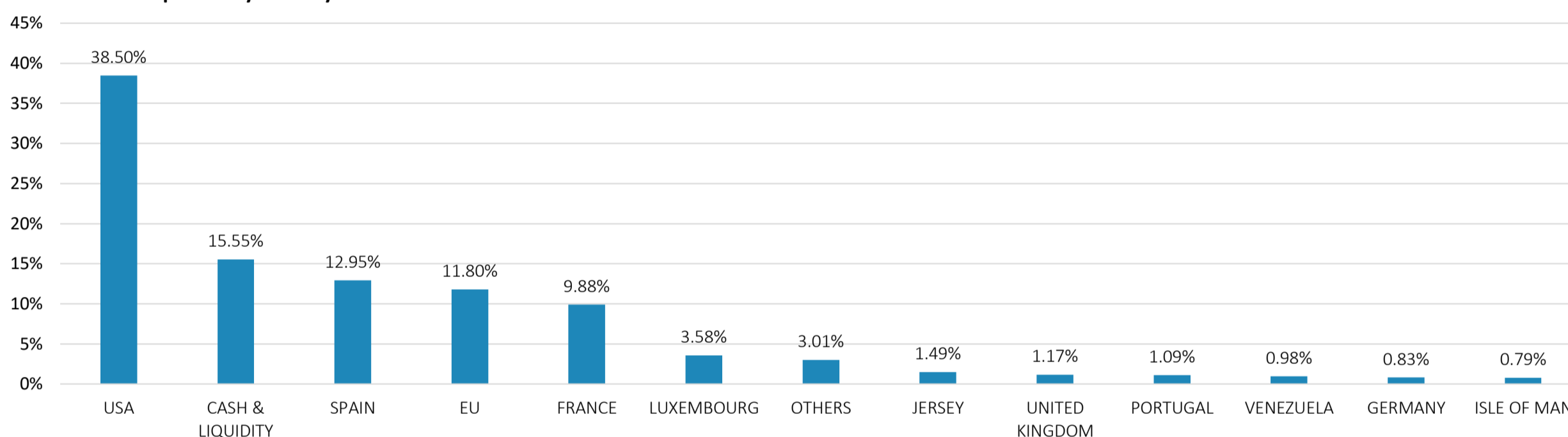
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## Risk Concentration and Distribution Metrics (2)



### Net Notional Exposure by Country



### December 2019 Update (cont...)

Cont... In particular we saw a very strong performance from our positioning in European banks legacy bank capital securities, where their relative cheapness vs AT1s during the transitory period and the imminent loss of regulatory value point towards higher valuations and possibly renewed LME activity from the issuers. The fund's strategic position remains broadly unchanged from the stance outlined in the second half of 2019: "We remain of a firm conviction that having complete faith in the strong momentum dictated by monetary repression is a recipe for financial disaster and want to make the portfolio as insulated from directional market exposure as possible. Calling the explosion of the bubble (particularly around European rates and credit) is a strategy laden with timing issues and negative carry, so we will continue to focus on highly idiosyncratic plays informed by regulatory changes (legacy bank capital bonds), event-driven themes (late cycle corporate M&A and bank consolidation) or structural longer-term drivers (shift into renewable energy) whilst devoting considerable time and effort to construct our macro plays around the notions of the inefficacy of monetary policy with the least amount of carry/time decay bleed." In terms of market exposure both gross and net leverage increased month on month from 144% and 57% to 163% and 90% respectively. However, looking at statistical risk utilization, measured as 1-day 99.5% confidence parametric VaR, shows a different picture, more consistent with the fund's current prudent risk stance. VaR utilization decreased from 1.8% at the end of November to 0.7% at the end of December. Likewise the average daily VaR utilization throughout the month also decreased substantially from 2.0% in November to 0.6% in December.

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