SIF

NAV 25/03/2020: 78.6817

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.

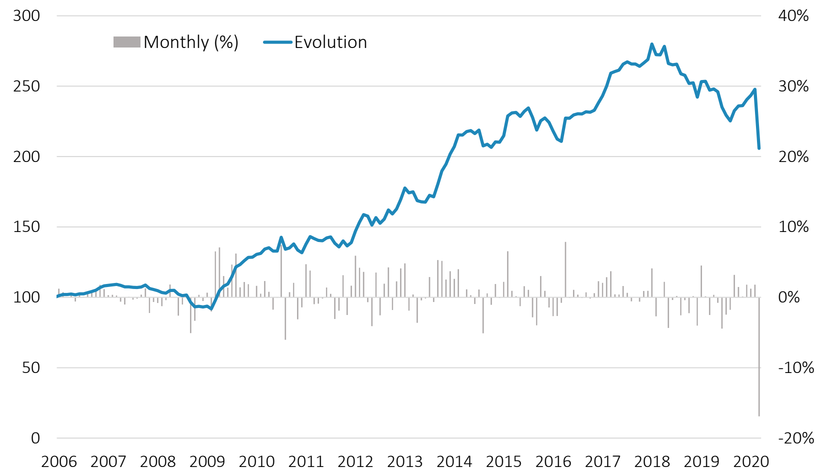
March 2020 Update

First of all we hope this update finds you and all your loved ones in good health and high spirits. Despite all the challenges to our daily lives created by the pandemic, we have not only successfully tested our contingency plans but we found ourselves working harder and better than ever as a team. Despite all the doom and gloom that has invaded our TV sets and daily existence we are very optimistic about the good number of opportunities that this difficult social and economic environment will open up from an investment point of view, and within the distressed space in particular, where the fund has a very strong track record and expertise. Now let's talk about March. Much of our expectation about the future is always strongly informed (both on a conscious and subconscious level) by our experience. It is from our knowledge and study of the past that we extrapolate to try to estimate the future. There are plenty of lessons to learn from history, and history more often than not tends to repeat itself, particularly in the domain of social sciences as the human being is prone to stumble multiple times on the proverbial same stone...cont

Fund Facts

Structure	SIF
Domicile	Luxembourg
Mgmnt. Fee	1%
Perf. Fee	20%
Min. Investment	125,000€
NAV Currency	EUR
Liquidity	Weekly
ISIN	LU1610886332
Bloomberg Code	RHOSIFA LX
Custodian	Société Générale SS

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%	1.6%	0.6%	-0.6%	0.0%	-0.7%	0.9%	0.9%	**12.8%**
2018	4.1%	-2.7%	-0.1%	2.2%	-4.4%	-0.4%	0.2%	-2.6%	-0.4%	-2.3%	0.2%	-4.0%	**-9.9%**
2019	4.5%	0.1%	-2.5%	0.3%	-0.8%	-4.4%	-2.5%	-1.8%	3.2%	1.5%	0.1%	1.8%	**-0.7%**
2020	1.2%	1.8%	-16.9%										**-14.4%**

(*) Since inception - Rho SIL until June 2017 , since June 2017, Rho SIF Multi-strategy

Comparative Risk / Return

	RETURNS (CAGR)			VOLATILITY		
	5 years	3 years	Since inception	5 years	3 years	Since inception
Rho Investments	-2.48%	-7.80%	5.13%	10.88%	11.99%	9.83%
Stoxx 600	-3.64%	-5.29%	0.41%	13.97%	14.24%	14.70%
Iboxx Eur Corporate	0.49%	0.49%	3.10%	4.18%	4.71%	4.19%

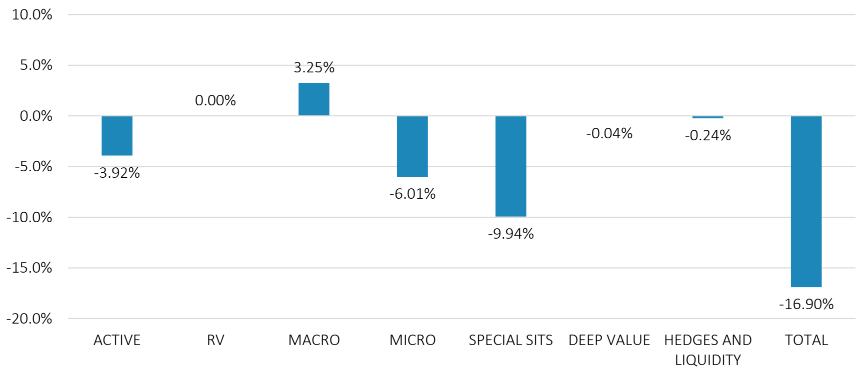
Returns (% Net)

2020	-14.37%
CAGR*	5.13%
March 2020	-16.90%

Risk / Return

Volatility*	9.83%
Sharpe Ratio*	0.52
Sortino Ratio	0.60
Parametric VaR 1-d	2.64%

Performance attribution across strategies (% Gross)



Top Five Positions (Gross Exposure over Nav)

BNP Disco $ FRN	8.50%
DAX Index Futures	7.24%
Queka PE	6.83%
Eurstoxx Index Futures	6.42%
S&P 500 04/2020 Spread 3050-2750 Put Spread	-5.47%

% Leverage

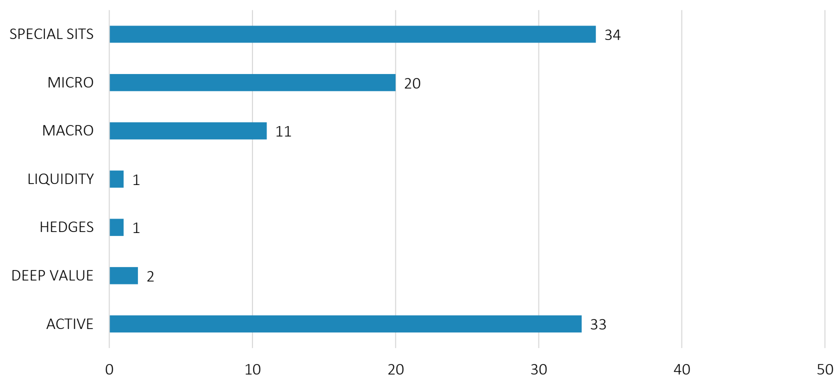
Gross	159.29%
Net	97.95%

% of Gross Exposure per Strategy

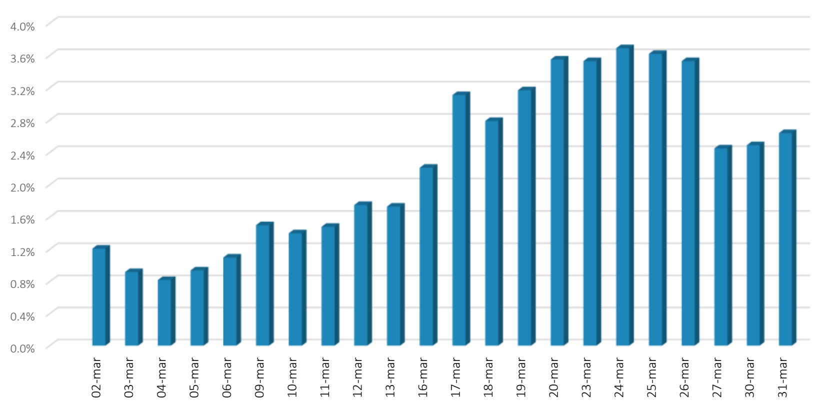
Active	15.39%
Relative value	0.00%
Macro	28.52%
Micro	15.37%
Special Situations	21.17%
Deep Value	5.42%
Hedges	2.44%
Liquidity	11.70%

Risk Concentration and Distribution Metrics

Number of positions per strategy



Parametric VaR



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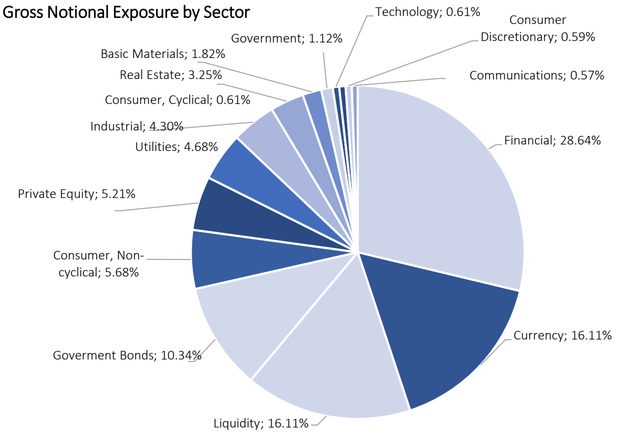
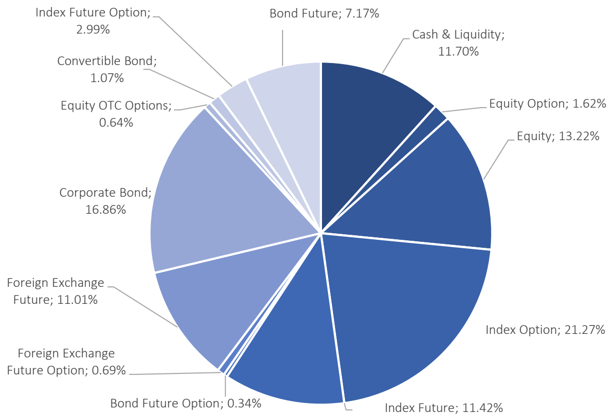
Risk Concentration and Distribution Metrics (2)

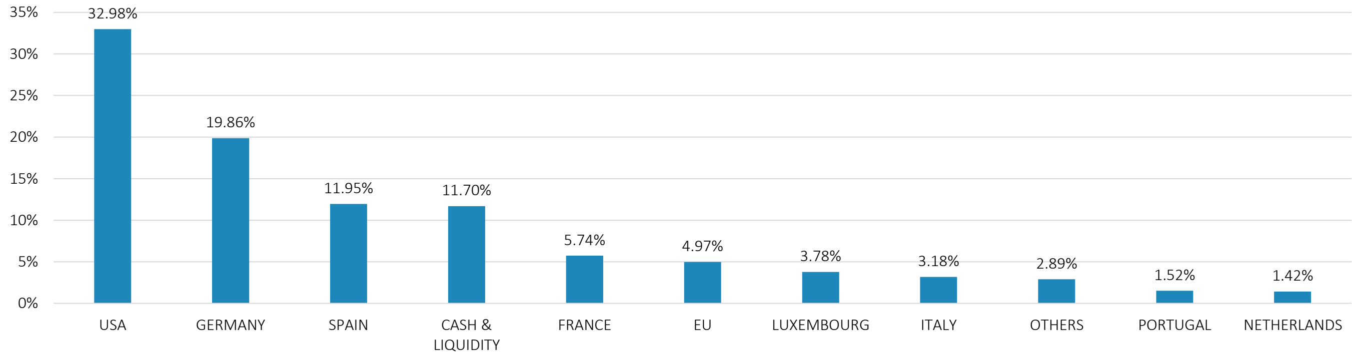
Gross Notional Exposure by Sector



Gross Notional Exposure by Asset Class



Net Notional Exposure by Country



March 2020 Update (cont...)

At Rho Investments we are blessed with a very experienced investment team composed of individuals who have achieved particular financial and professional success in turbulent times like the 1997 Asian crisis , the 1998 LTCM/Russia crisis, the Dotcom bubble or more recently in the 21st century the GFC and European sovereign crisis. Our success is not devoid of many battle scars, grey hairs or sleepless nights but that is the price you pay for acquiring valuable "investment wisdom" with which to calmly navigate turbulent waters and being able to set the "fundamental value" goalposts at times when the financial world falls apart beyond recognition. It is with this confidence of knowledge of what a severe crisis has to look like, and with an advantageous starting position, given our very cautious portfolio stance throughout most of 2019 on market valuation grounds, that we approached the March sell-off. As we anticipated in our mid- Strategic Update letter we saw for the first time in 3 years a substantial opportunity to increase the risk in the portfolio in order to take advantage of very attractive valuations in some pockets of the market. The substantial opportunity set that we envisaged was epidemiologically informed by our experience of the SARS pandemic in 2002-2004 and defined by macro expectations of a relatively "V-shaped" recovery, with the available big data output available in early March clearly pointing to a bounce in Chinese industrial capacity close to pre-crisis levels which we saw as a good proxy lead indicator of things to come in Europe provided that an adequate and coordinated public health response was put in place swiftly. We thus anticipated that a market reaction to the virus impact on European aggregate demand should be forward looking in terms of valuations, and that the foreseeable initial over-reaction (in terms of what worse case correction we would be likely to see) would be adequately captured (on a worst case basis) by what we saw in 2008 in the midst of the financial crisis, when the world was almost certain that the whole banking system was going to collapse. With hindsight our confidence was mere arrogance, as turns out none of the past prepared us to calibrate the magnitude or speed of the market correction, and our "seen-it-all" market old-timers attitude did not envisage a correction intra-month of -35% in the Ibex 35, or multitude of 20-sigma responses in risky asset prices to a "black swan event" that looked like would have a meaningful yet limited and transitory impact on valuations. As a result, turns out the fund covered most of all of the equity and credit shorts in the portfolio prematurely, and we added risk far too early in market pockets that we found attractive (like bank capital securities or IG credit) and where we expected any emergency policy response to have the most attractive impact on risk-reward. We probably failed to see that the world has become more globalized and that China's being at the epidemiological epicenter (as it was with SARS) now coincides with China's central position (in terms of dominance of global value chains but also in terms of share of global tourism) in a world far too interconnected and complex to predict the seismic impact of virus spread patterns let alone the economic ramifications thereof...**cont**

March 2020 Update (cont...)

cont...Unprepared as we were to predict the magnitude of the initial sell-off, the team's substantial experience in navigating critical times taught us to be very suspicious of log-normal assumptions, of stable correlations and focus on cash and liquidity management way before that the market meltdown and VaR exceptions saw multitude of forced sellers into a market rendered completely illiquid. Bid-offers, where existing, increased fivefold, with many parts of the credit space rendered completely dysfunctional by forced liquidations. If at best times liquidity is thin across markets, the corollary of governmental regulation post GFC is that we can rest assured that at times of crisis, there will be no orderly markets or natural marginal buyers of risk in absence of providential central bank intervention. Another case of fixing externalities derived from government intervention with more government intervention. Despite of the very disappointing absolute performance (the worst month ever of the strategy since inception) Rho's strong risk management track record helped substantially limit the impact of the aggressive market sell-off on the portfolio and more importantly on the fund's liquidity and therefore its ability to take advantage of further market dislocations or meet any investor liquidity needs. Rho returned -16.9% in a period where the Ibex 35 lost -25.5% of its value, the Eurostoxx 50 -21.7%, the S&P 500 -20.5% and the Nasdaq 100 -16% (both in USD terms). From a point of view of performance attribution unsurprisingly the loss was driven by directional and high-beta micro-oriented strategies (Micro -6% and Special Sits -10%) although trading oriented strategies also got adversely affected by the magnitude of the spike in equity vol and severe correction in IG CDS risk (Active -4%). However, our overall bearish macro stance helped mitigate some of the negative performance on "value" and statistically-driven positioning elsewhere (Macro strategies +3.25%). In terms of current positioning the focus has been in making the portfolio flexible, resilient and liquid to adapt to what we have to humbly treat like "unknown territory". Portfolio liquidity has been increased to as much as 40% of NAV in order to take advantage of further sell-offs, as our revised thesis is that we are currently in a bear market rally and we will revisit the mid-March lows at some point in Q2-Q3 when the focus shifts from epidemiology to the bleak impact on the real economy of a much more severe and widespread than initially envisaged medical crisis. Additionally, in an environment where (amid degrossing and fund outflows/margin call-related liquidations) correlations have converged towards one, and transactional bid-offers have increased substantially, we have also decided to prudentially increase the average liquidity across portfolio exposures by converting relatively lower-conviction value positions within Micro strategies into recovery plays expressed via equity index calls, all of which should help the fund participate in a longer-term market recovery whilst keeping the portfolio more insulated from further market corrections.

From a risk perspective, the fund has ramped up the risk substantially but carefully in terms of selection of trades ex-ante and vs market liquidity and realized volatility conditions. Gross leverage actually came down month on month (from 1.84 times down to 1.59) as lack of dispersion rendered much of relative value pointless and on precautionary grounds the fund took a defensive stance against potential adverse changes in portfolio margining and unforeseen liquidity needs. Net leverage also came down from 130% to 98%. The flip side of the risk coin, which partly drove the targeted reduction in market exposures from mid-March, is exemplified by VaR metrics. Looking at statistical risk utilization measured as 1-day 99.5% confidence parametric VaR, risk increased from 1.42% at the end of February to 2.64% at the end of March. Whilst some of this risk was the result of a cautious decision to buy attractive opportunities as the market sold off (both to cover existing shorts and add value propositions to the portfolio), the increase in volatility into all model variables substantially increased the VaR output. Average daily VaR utilization shows a more marked increase rising from 0.5% throughout February to 2.3% during March.