SIL

NAV 30/04/2020: 23,4343

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.

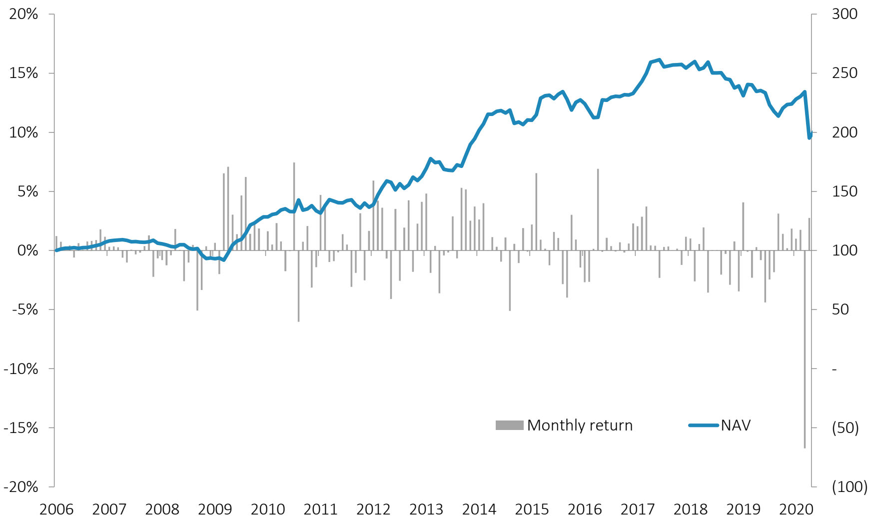
April 2020 Update

Hope that this new market update finds all of you and your families in good health and high spirits. Here at Rho investments we are all in very good shape at all levels. Firstly, we are blessed with robust health (interestingly we conducted complete Covid19 serology across the whole company before reopening our offices, and for all you trivia lovers, within our portfolio management team out of 5 tests we had 2 infections, all broadly asymptomatic which had been fully and successfully resolved by the time we took the tests). Secondly, from a purely operational point of view, all our contingency protocols regarding IT, business continuity and crisis management have been extensively tested by the pandemic and have proved to work flawlessly. Lastly, and more to the point of discussing financial markets, the whole team feels very excited by a fast growing opportunity set within the special situations space, and in particularly within Iberian corporate restructurings where the fund has tremendous expertise and an outstanding track record. In order to capitalise on all this unique opportunities we have decided to relax the soft front-office limits that we had imposed on the "Special Situations" bucket lifting temporarily Cont...

Fund Facts

Structure	SIL
Domicile	Luxembourg
Mgmnt. 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%
2020	1.0%	1.7%	-16.7%	2.8%									-12.1%

(*) Since inception

Comparative Risk / Return

	RETURNS (CAGR)			VOLATILITY		
	5 years	3 years	Since inception	5 years	3 years	Since inception
Rho Investments	-3.16%	-9.38%	4.75%	10.81%	11.81%	9.80%
Stoxx 600	-2.62%	-3.52%	0.85%	14.29%	14.75%	14.75%
Iboxx Eur Corporate	1.32%	0.63%	3.34%	4.48%	5.18%	4.28%

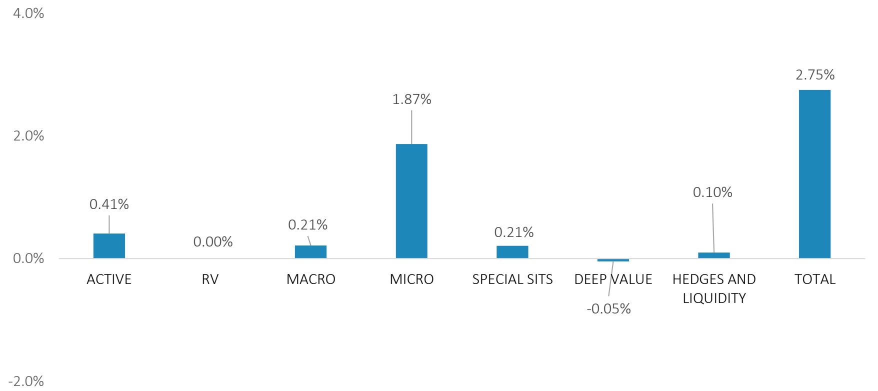
Returns (% Net)

2020	-12.08%
CAGR*	4.75%
April 2020	2.75%

Risk / Return

Volatility*	8.72%
Sharpe Ratio*	0.55
Sortino Ratio	0.61
Parametric VaR 1-d	3.43%

Performance attribution across strategies (% Net)*

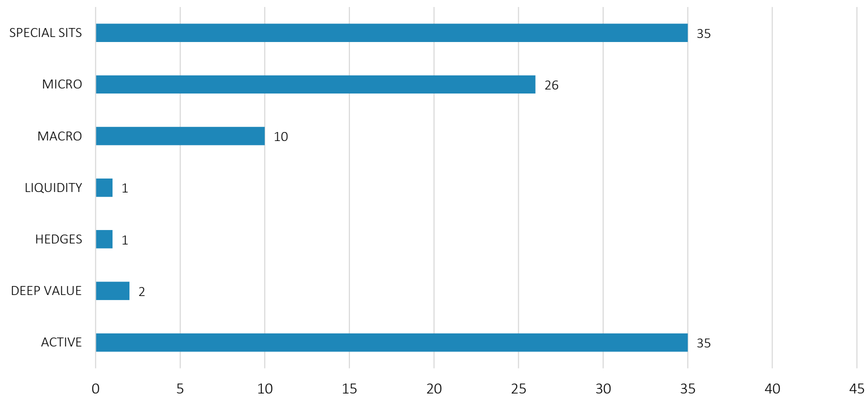


Top Five Positions

DAX Index Options	15.70%
BNP Disco $ FRN	10.94%
Queka PE	8.01%
Eurostoxx Index Options	-6.84%
Unicredit 3.875% Perp Bond	5.10%

Risk Concentration and Distribution Metrics

Number of positions per strategy



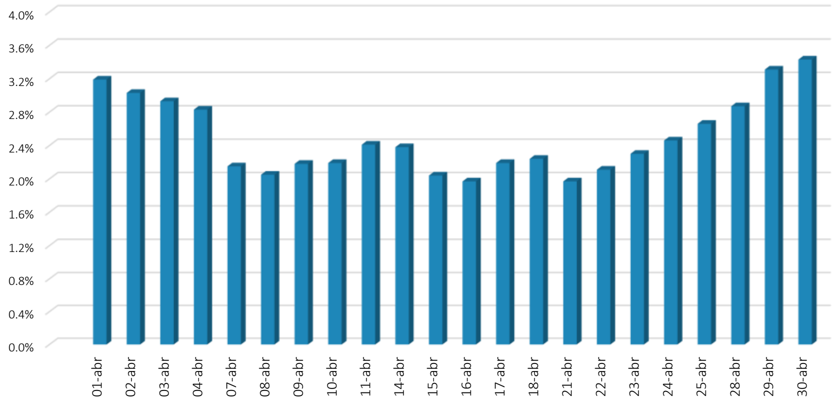
% Exposure

Gross	185.86%
Net	101.89%

% of Gross Exposure per Strategy

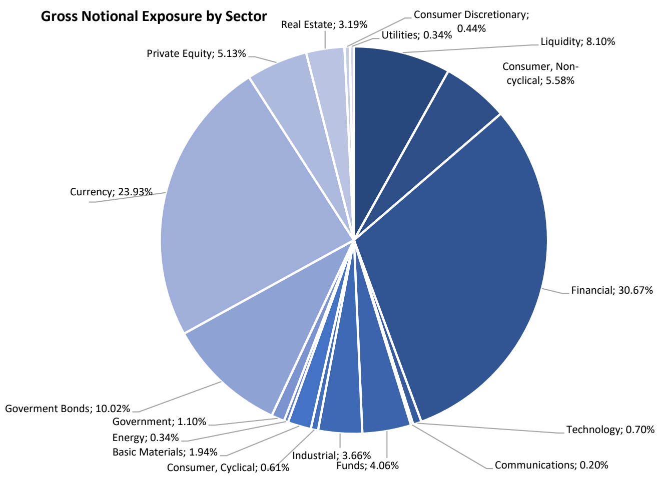
Active	23.59%
Relative value	0.00%
Macro	15.63%
Micro	20.30%
Special Situations	24.39%
Deep Value	5.78%
Hedges	3.95%
Liquidity	6.37%

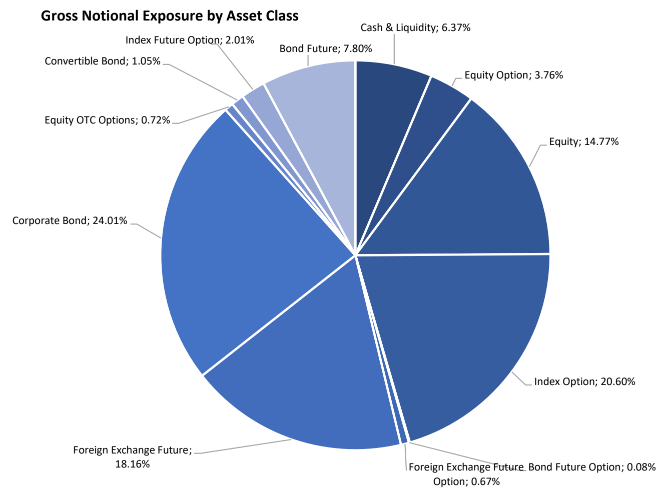
Var % Contrib Hist 3Y

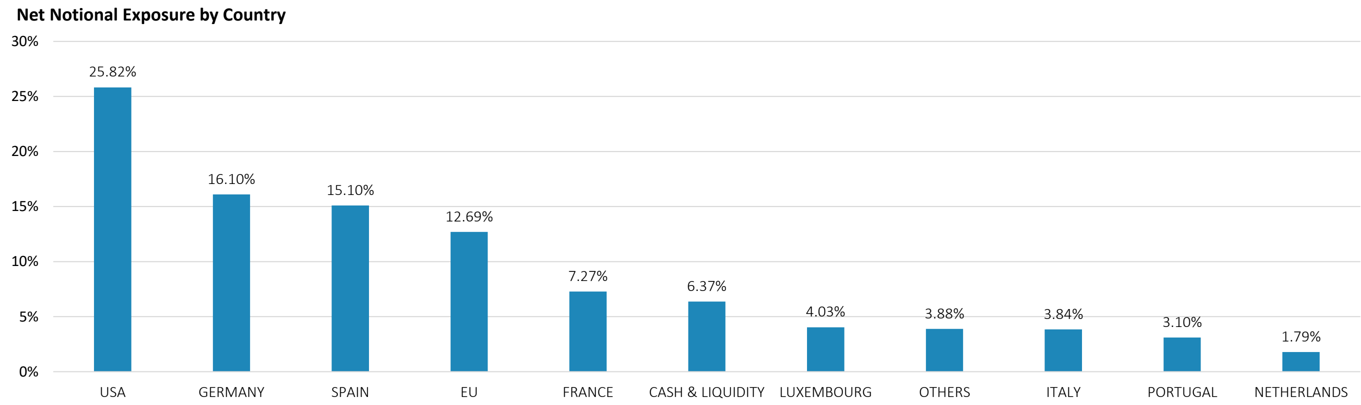


(*) Since inception

Risk Concentration and Distribution Metrics (2)







April 2020 Update (cont...)

the 35% of NAV cap (in terms of market value). Additionally, we expect the second-order economic effects of the Covid19 crisis to create particularly strong opportunities within the loans and private credit space, into which monetary repression had attracted many "tourists" who were happy to lend on a purely unsecured and covenant-relaxed fashion across the SME world in order to generate yield in a world of financial repression. Now, as many of those opportunistic funds run for cover or go into liquidation at a time when domestic banks find themselves dealing with a quick rise in NPLs, and few marginal buyers of distressed risk abound, we want to have flexibility to take advantage of this perfect storm. We have thus modified our investment policy to increase our maximum exposure to loans to 40% of AUM (originally set at 20%) with not a single loan accounting for an exposure larger than 30% of AUM. In practice we are very unlikely to fully employ this new limit, and as an additional precaution any level of utilization will always be fully backed by the partners' invested capital in order to not adversely affect the overall liquidity profile of the fund. Furthermore, in terms of credit risk management we will enhance our already very stringent protocols and demand larger ex-ante risk-adjusted returns for the strategy, as well as added security in terms of covenants and of collateral quality. We will only consider (as has always been our successful policy) strongly collateralized risk, and exclusively within those sectors better insulated from any structural long-term changes arising from the Covid19 crisis. And after this protracted introduction, now back to April... Back then whilst many of us struggled with the tribulations of home schooling or were busy pondering whether confinement is a pleasure best enjoyed alone (quite possibly the view of our father-of-five distressed/HY analyst) or accompanied (the likely view of our young and solitarily-confined banks and event-driven analyst), financial assets commenced a steep reflationary path. A deja vu moment now played with higher stakes, where the dichotomy between financial inflation and economic deflation now looms larger, as also do the economic inequalities and political fallout that shall ensue. This time around the amount of stimuli and decisiveness thereof was once again far more pronounced in the US, which led to the strongest monthly returns ever recorded in US equities. The S&P 500 gained 14.8% and the Nasdaq 100 +18.7%. European equities' reaction was far more muted, not so much a consequence of the more timid monetary and fiscal (in particular) response, but due to a throwback to the proverbial inability of European political powers to agree on anything until financial markets push them into action. The Eurostoxx 50 gained 7.7% whilst the Ibex 35% a mere 2.6%, and credit proxied by the 5-year Main and Crossover CDS indices +0.74% and 3.9% respectively. Despite the fund's more cautious stance on risk given the significant uncertainties about second and higher order effects of the Covid crisis in a EU economy now fairly certain not to "V" shape back into health, Rho Investments managed to return +2.75% in the month...cont

April 2020 Update (cont...)

Cont... The fund's stance on risk is constructive on account of asset valuations that are now starting to provide much better margin for error, yet cautious given the substantial risks and uncertainty still lurking in the short-term. In terms of broad macro positioning the fund is relying on long risk credit exposures (and bank AT1 and legacy bank capital in particular) given the very attractive risk-adjusted returns available courtesy of the "solvency put" written by central banks through their extensive liquidity programs. In the realm of equities, despite the unbridled market euphoria we expect margins, if not profitability altogether, will be under substantial pressure, visibility will be poor and political intervention might curtail the ability of some (bailed-out) corporates to pay dividends as regulatory action has already established for banks in order to build larger capital buffers. As a result, we think the optimum exposure to participate in an European equity rally is best achieved in terms of option premia rather than delta-one, even after taking into account the still elevated levels of implied volatility. From this point of view Rho is positioned long upside risk in longer-dated expiries via outright Dax calls vs short equity risk in the front months (predominantly via put spreads or put flys in the Eurostoxx 50). In terms of generating alpha at micro level, this has been very challenging given the short-sell ban affecting many of our main markets, as such we have decided to keep plenty of powder dry to allocate to Iberian distressed opportunities likely to arise in late 2020/H1 2021. From a risk perspective, whilst having ramped up directional exposures significantly vs the last 3-year average, the fund has retraced some of the peak exposure reached in early March due to our concerns about increased economic uncertainty, worse liquidity conditions and higher realized volatility. Gross leverage increased marginally month on month from 1.59 to 1.86 as a result of the addition of short term hedges to the portfolio as the market rallied. Net leverage also increased slightly from 98% to 102%. From the point of view of statistical risk utilization measured as 1-day 99.5% confidence parametric VaR, risk increased from 2.64% at the end of March to 3.43% at the end of April, although average risk utilization throughout the month has been relatively flat increasing only 20bps to 2.50%.