

SIL



NAV 31/12/2020: 31,206

INVESTMENT TEAM

Rodrigo Hernando, CEO

José Mosquera, CIO

Imanol Urquizu, PM

José Martín-Vivas, Sr. Analyst

Jorge Peñalba, Analyst

QUADRIGA RHO INVESTMENTS

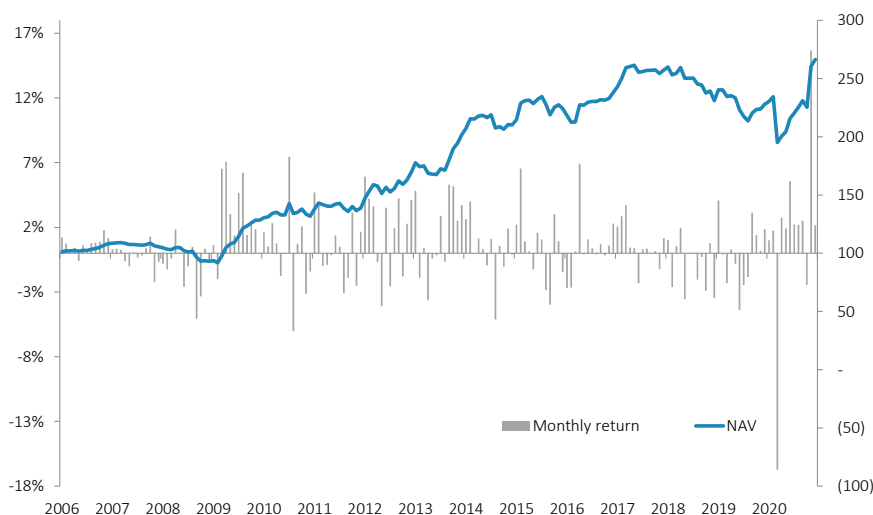
The fund's objective is to return net positive returns every year, regardless the behavior of traditional assets. To achieve it, the fund allocates to six different strategies: Active, Relative Value, Macro Selection, Micro Selection, Special Situations and Deep Value. The strategies are focused on finding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

December 2020 Update

December brought yet another very solid performance from Rho Investments. The fund returned +2.2% net of fees, bringing the total performance for 2020 to a very strong +18% in a year where the Spanish Ibx 35 returned a negative -13% (including dividends), the Eurostoxx 50 -3% and European HY credit (as proxied by the total return in the iTraxx 5-year Crossover CDS index) a mere +0.2%. More significantly the fund substantially outperformed all major European equity indices whilst exhibiting only a fraction of their realized volatility (approximately between 60% to 70% depending on the chosen benchmark). Performance in December also comfortably beat the Eurostoxx 50 by 140bps, the Ibx 35 by +294bps and the S&P 500 (in EUR terms) by +106bps, although fell 72bps short of the EUR return in the Nasdaq 100. When looking at high beta European credit (as proxied by total returns in the iTraxx Crossover 5-year CDS index) the fund also fared well, managing a +80bps outperformance. From a performance attribution point of view the main driver of returns in the month of December were **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%
2020	1,0%	1,7%	-16,7%	2,8%	1,9%	5,6%	15,7%	2,2%	2,5%	-2,5%	15,7%	2,2%	16,8%

(*) 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.

Comparative Risk / Return

	RETURNS (CAGR)			VOLATILITY		
	5 years	3 years	Since inception	5 years	3 years	Since inception
Rho Investments	3,49%	-0,11%	6,55%	13,13%	15,86%	10,54%
Stoxx 600	3,73%	1,29%	1,90%	14,45%	17,08%	14,97%
Ibex	-1,74%	-8,25%	-1,88%	20,35%	23,23%	20,50%

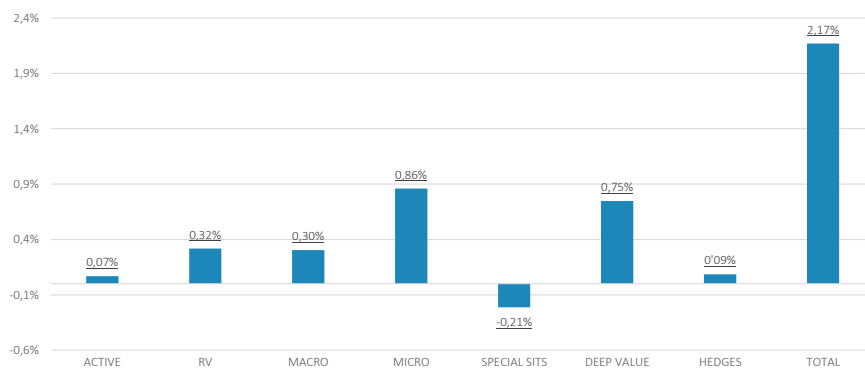
Returns (% Net)

2020	16,80%
CAGR*	6,55%
December 2020	2,17%

Risk / Return

Volatility*	10,54%
Sharpe Ratio*	0,62
Sortino Ratio	0,82
Parametric VaR 1-d	3,47%

Performance attribution across strategies (% Net)*



Top Five Positions

Call options DAX June 2021	39,77%
70 Call options SX7E Various Exp	37,85%
60 Put options SX7E 6/21 Expiry	-12,24%
95 Call options SX7E 6/21 Expiry	-9,07%
American Well Corp	8,59%

% Exposure

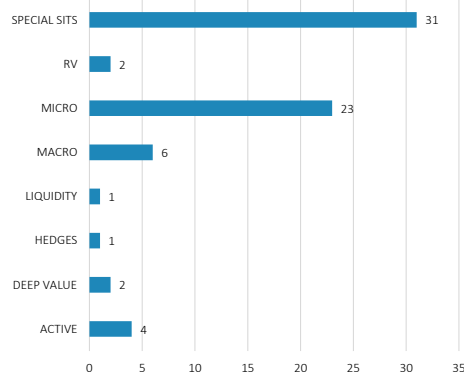
Gross	195,73%
Net	142,08%

% of Gross Exposure per Strategy

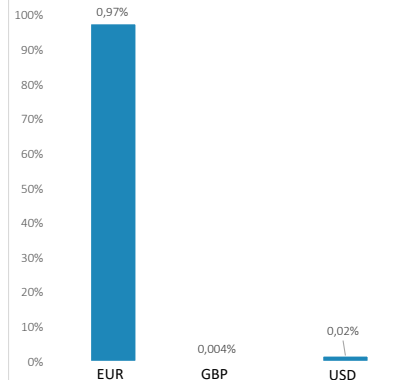
Active	3,25%
Relative value	2,80%
Macro	41,55%
Micro	15,12%
Special Situations	6,63%
Deep Value	6,82%
Hedges	3,23%
Liquidity	20,58%

Risk Concentration and Distribution Metrics

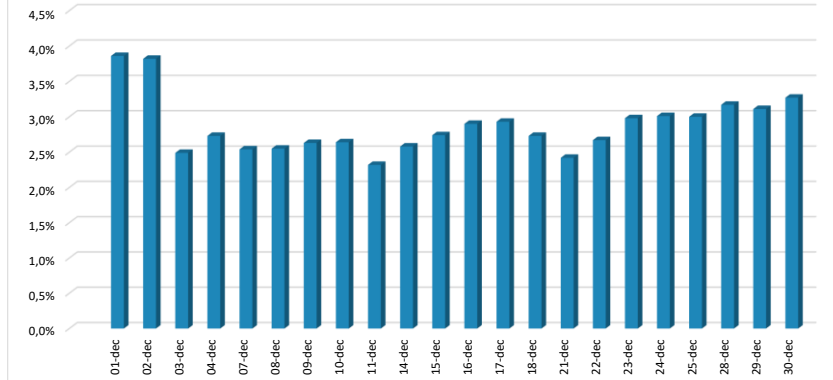
Number of positions per strategy



Net exposure per currency %



Parametric dVaR 1-d

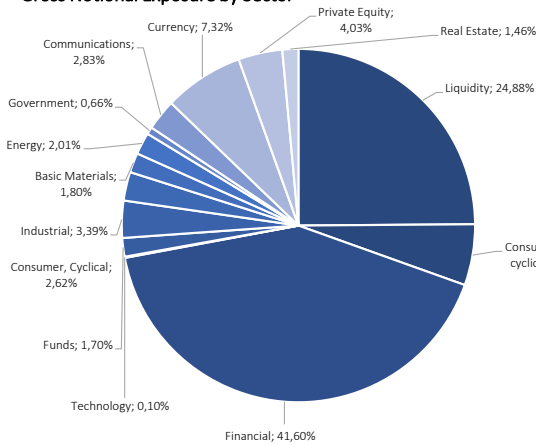


(*) Since inception

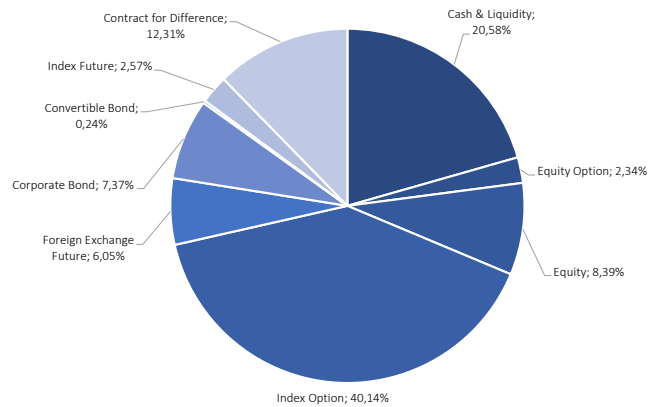
DISCLAIMER. Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. The investment return and principal value of an investments in the product will fluctuate so that an Investor's shares, when redeemed, may be worth more or less 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.

Risk Concentration and Distribution Metrics (2)

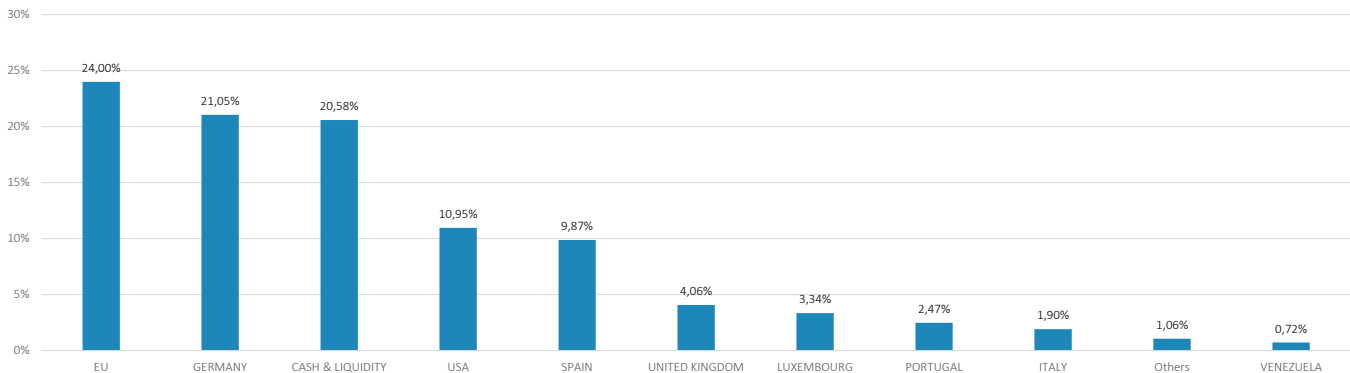
Gross Notional Exposure by Sector



Gross Notional Exposure by Asset Class



Net Notional Exposure by Country



December 2020 Update (cont...)

From a performance attribution point of view the main driver of returns in the month of December were Micro strategies with a +0.9% return driven largely by our exposures to Iberian cyclical stocks (IAG, Ence and Altri in particular) as well as to renewable energy stocks (Soltec Power Holdings being the main gainer). Likewise, cyclical recovery bets but at index level (both Dax looking for an Asian-led recovery in German industrial exports and SX7E looking for a pro-cyclical style factor rotation from growth to value) were the main drivers of Macro strategies performance (+0.3%). The performance of Deep Value (+0.8%) was predicated on positive mark-to-market in our long-term sponsoring of global tele-health adoption due to demographic trends and the disruptive effects of Covid19 at all points of the healthcare services value chain. Long-short trades in bank stocks were the drivers of the +32bps of performance generated within Relative Value strategies, whilst thin primary activity and reduced liquidity in secondary markets dampened opportunities across Active strategies which generated a mere 8bps. Special Situation strategies continue to be a source of relative disappointment (-0.21% in the month) vs its great long-term potential given the lack of catalysts coming to fruition in the short-term, although encouragingly at the time of writing this commentary OHL has finally announced the much-anticipated closing of its bond restructuring deal which should meaningfully contribute towards January performance. The overall strategic positioning of the fund has not changed much from the stance advanced in our previous newsletters. Rho Investments remains positioned for a sharp cyclical European recovery in H1 2021 which in its early phase will be driven by a substantial growth in German industrial exports to meet the strong rebound we can already see in Asian demand. Given the increase (north of 5%) in EU consumers' disposable income as a result of the lockdowns we eventually foresee a growth in the consumption component of GDP, albeit in a later stage and with less early visibility and more headwinds than the industrial production recovery. As a result, and even though we think that some of the sectors more geared to the full reopening of economies such as travel and leisure are trading at very cheap levels, we have defensively sized our investments within these more vulnerable sectors accordingly, preferring to play the cyclical angle of the service sector recovery via bank stocks where implicit ECB support (given their role in monetary policy transmission), potential for consolidation and strong levels of capital surplus mitigate any possible headwinds. From Q3 2021 onwards our outlook remains more cautious and our aim will be to gradually pare down macro investments from end of Q2 in order to raise cash to eventually deploy into Special Situations (distressed debt in particular) late in the year and throughout 2022, when we expect less exuberance in liquid markets and more unbalances to transpire in the real economy as monetary and fiscal support safety cannot be extended ad infinitum. Given that much of our bullish stance and a great deal of current market pricing hinges upon vaccination programs success, there is however a substantial left tail risk event lurking if delays in immunization programs, side effects, reduced effectiveness vs clinical trials **Cont.**

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.

December 2020 Update (cont...)

or lack of cross immunization versus new virus variants rear their ugly heads. As a result, we have selectively started to protect the fund against some of these unforeseen risks in the very short term. Finally, from a risk point of view, net leverage decreased significantly from 181% at the end of November to 142% at the end of December. Likewise, gross market exposure also decreased from 261% at the end of November to 196% at the end of December. From a statistical point of view, expressed as 1-day 99.5% confidence parametric VaR, the fund also substantially reduced risk from 4.3% at the end of November to 3.5% at the end of December. Likewise, average daily VaR employed came down from 3.5% throughout November to 2.9% throughout December.

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.
