

SIL



NAV 30/04/2021: 33,508

**INVESTMENT TEAM**

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**QUADRIGA RHO INVESTMENTS**

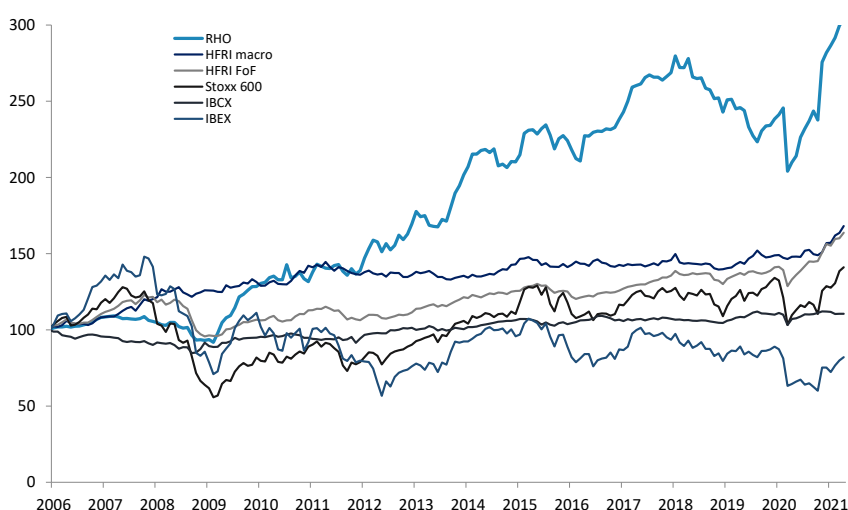
The fund's objective is to return net positive returns every year, regardless the behavior of traditional assets. To achieve it, the fund allocates to six different strategies: Active, Relative Value, Macro Selection, Micro Selection, Special Situations and Deep Value. The strategies are focused on finding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

**April 2021 Update**

The month of April brought the 6th consecutive month of positive returns for the fund, bringing the year-to-date net performance to +8%. Whilst the +1.5% net return generated by the fund in the month broadly beats the performance of HY credit markets (iTraxx 5-year Crossover CDS index lost -1bps in the same period), it generally fell short of returns seen across equity markets in which the Ixex 35 returned +2.9%, the Eurostoxx 50 +1.2% and the S&P 500 and the Nasdaq 100 gained (in USD terms) +4.1% and +4.0% respectively. As we had anticipated in our previous newsletter, the focus for the fund this month was all about portfolio tweaking ahead of the summer months against a market backdrop where we see many of the macro positives (acceleration of vaccination programs and unusually expansive fiscal and monetary policies as the post pandemic economic reopening unfolds in full force) already fully priced, and the remaining upside to risky assets remains purely around flows related to early-cycle rotation technicals. **Cont.**

**Fund Facts**

Structure	SIL
Domicile	Spain
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	Novo Banco

**Historical Evolution vs Indexes (% 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%	0,0%	-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%	-5,6%
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%	2,2%	2,2%	2,5%	-2,5%	15,7%	2,2%	16,8%
2021	1,6%	1,7%	2,6%	1,5%									7,6%

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

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## Comparative Risk / Return

	RETURNS (CAGR)			VOLATILITY		
	5 years	3 years	Since inception	5 years	3 years	Since inception
Rho Investments	4,17%	2,64%	6,92%	12,61%	15,86%	10,44%
Stoxx 600	5,07%	4,31%	2,27%	14,31%	17,04%	14,89%
Ibex	-0,47%	-4,05%	-1,28%	20,26%	23,31%	20,40%

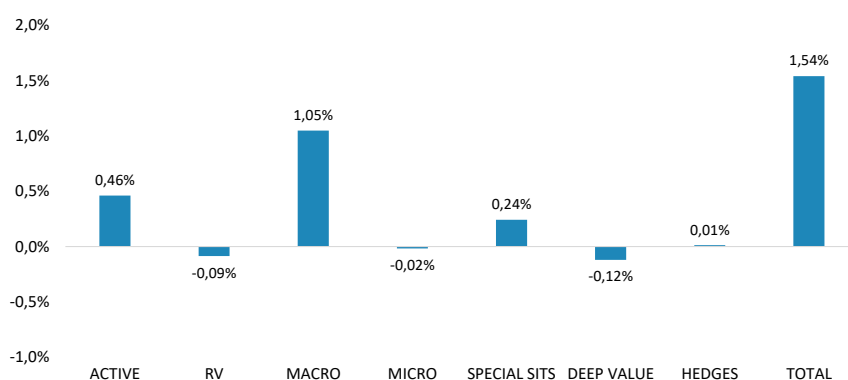
## Returns (% Net)

2021	7,63%
CAGR*	6,92%
April 2021	1,54%

## Risk / Return

Volatility*	10,44%
Sharpe Ratio*	0,66
Sortino Ratio	0,90
Parametric VaR 1-d	2,30%

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



## Top Five Positions

SX7E Index December 2021 100 Calls	20,78%
SX7E Index December 2021 115 Calls	-8,12%
Queka R.Partner PE LUX	4,47%
Monte dei Paschi 1.875% 2026 snr notes	3,48%
Telefonica September 2021 3.8 Calls	3,39%

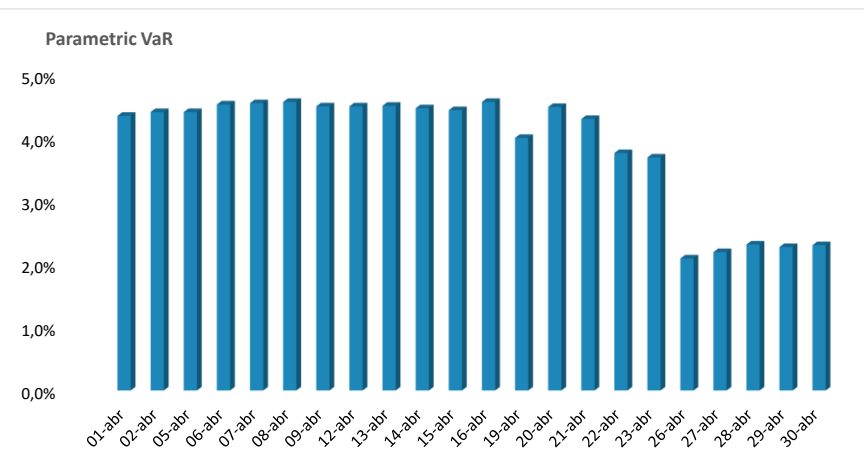
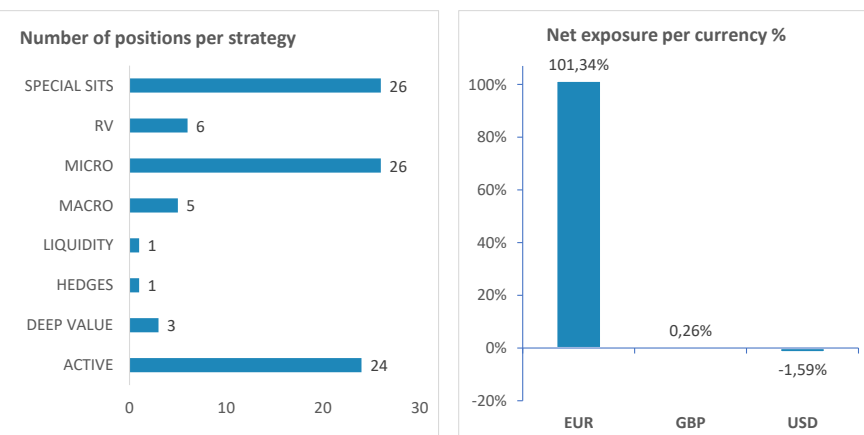
## % Exposure

Gross	136,25%
Net	90,28%

## % of Gross Exposure per Strategy

Active	9,52%
Relative value	3,62%
Macro	23,25%
Micro	18,54%
Special Situations	6,63%
Deep Value	5,97%
Hedges	5,13%
Liquidity	27,33%

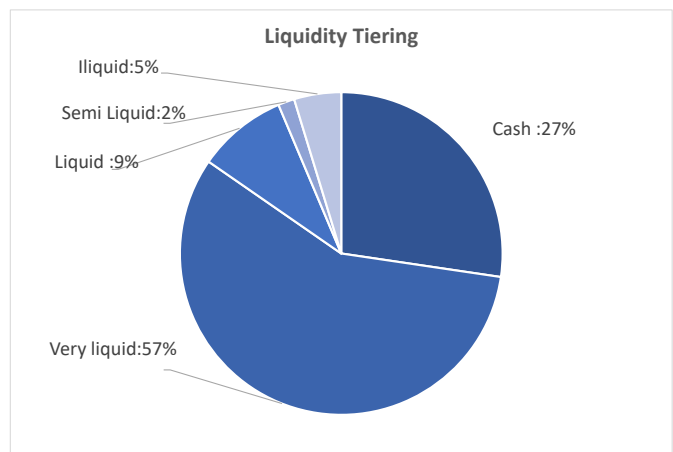
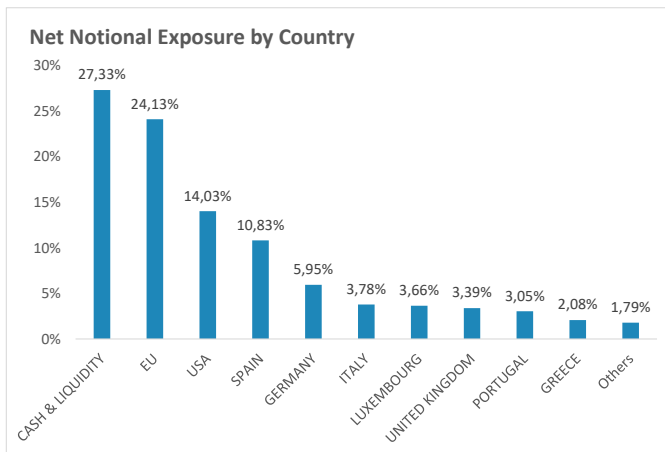
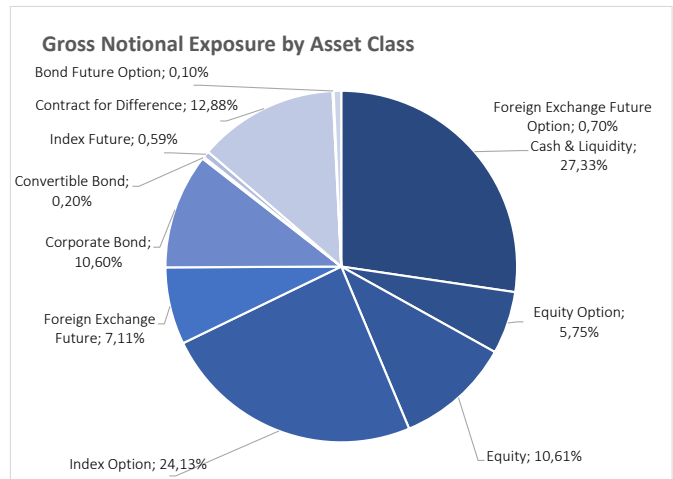
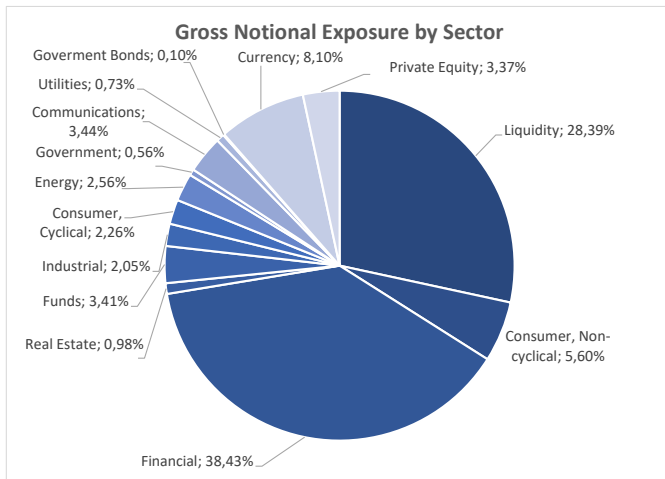
## Risk Concentration and Distribution Metrics



(\*) Since inception

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## Risk Concentration and Distribution Metrics (2)



## April 2021 Update (cont...)

We believe that the second part of the year will be all about the difficult juggling act that central bankers (and Mr Powell in particular) will have to perform: growing inflationary pressures vs an extraordinary degree of monetary accommodation which is helping prop up extremely fragile markets and indebted economies. We believe that this precarious equilibrium has large potential to increase market volatility and our job for the next three months will be focused on making the portfolio robust enough to withstand any substantial tail events as well as building up optionality around the reflation theme. During April we engaged in a substantial effort to reduce risk across the portfolio, given our expectations of an increase in market uncertainty, with a particular focus on profit taking across Micro and Macro positions with negative sensitivity to large shifts in rates. Within the Macro bucket (+1%) we unwound our substantial exposure to June 14500 Dax calls, keeping the existing December SX7E 100-115 call spread under investment review. Whilst the bank sector should benefit from the bear steepening in rates and will continue to benefit from late entrants into the cyclical rotation game, it will not be immune to a disorderly move in rates. With current index valuations getting closer to our fair value model we are growing increasingly concerned that any further upside needs a perfect balance from inherently negatively correlated factors: an orderly bull steepening in rates and a strong and sustained recovery in (heavily indebted) economies. As a result, we will be actively reviewing the appropriateness of maintaining this position in the next few months as well as considering other trades within the "global reflation gone wild" theme. Given our expectations of higher volatility across assets for the remainder of the year we will be adopting more of the macro ideas with an inherently shorter timeframe, tighter stops, and smaller risk (even if relatively high conviction) which makes them more appropriate for the Active bucket. Active strategies (+0.5%) saw a very good return on the very limited VaR employed and were largely driven by higher volatility across equities and FX. Micro strategies (+0%) was a mixed bag with the good performance of the Allfunds IPO in which we participated and profits in higher beta credit offset by the mark-to-market loss in the renewables portfolio that we have started to build within the bucket. Nonwithstanding the sector's sensitivity to interest rates and that we are in no hurry to add to this longer-term sub-strategy, awaiting substantial rates sell-offs as entry points, we remain however convinced that the regulatory and political drive to support the "green economy" creates substantial long-term optionality (increase in M&A being an additional driver) that offsets any short-term interest rate delta. Relative Value strategies had also a flattish month (-0.1%), although we have started to successfully increase allocations to the bucket with an aim of further decorrelating the portfolio from market swings in the latter part of the year. Special Sits (+0.2%) was driven by profits in TAP Airlines senior unsecured bonds and Credito Valtellinese shares (which we tendered as our catalyst of an improved Credit Agricole offer materialized), whilst Deep Value (-0.1%) saw a small mark to market effect on our Amwell telehealth position. Finally, as always, we finish our commentary with a section on risk, where this time all metrics poignantly illustrate the risk reduction effort undertaken during the month. **Cont.**

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#### April 2021 Update (cont...)

Net leverage decreased substantially from 166% at the end of March to 90% at the end of April, whilst gross market exposure decreased from 2.2 times at the end of March to 1.4 times at the end of April. From a statistical risk point of view, expressed as 1-day 99.5% confidence parametric VaR, we also see risk decrease significantly, with VaR at the end of April standing at 2.3% (vs 4.2% at the end of March). The average daily VaR employed during the month did not however decrease as significantly (from 3.9% during March to 3.8% during April) as much of the risk reduction was heavily concentrated in the last week of the month.

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