

SIL



NAV 26/02/2021: 32,169

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.

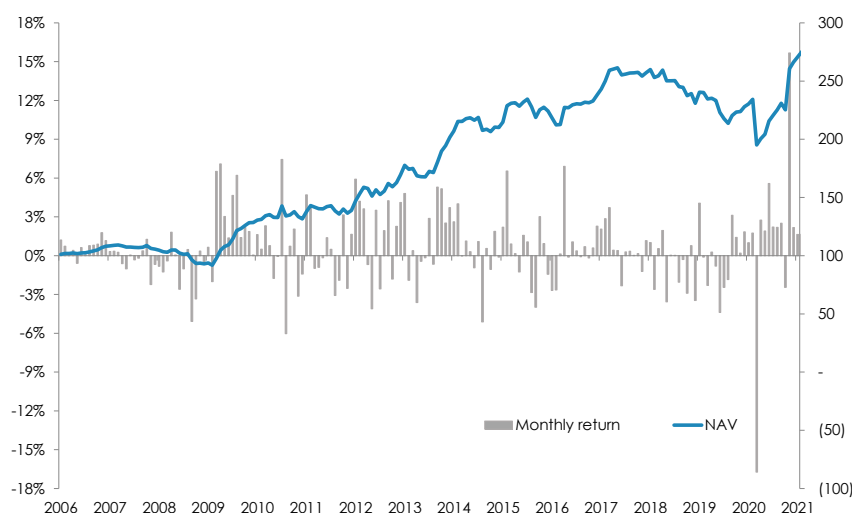
February 2021 Update

February brought another solid month in terms of risk-adjusted returns with a net gain of +1.7% bringing ytd performance to +3.3%. Whilst falling marginally short of equity index returns in the month, Rho Investments ytd performance not only broadly matches that of the comparable European equity universe but does so with only between 30-40% of the realized volatility of equity indices. In the month of February Rho beat the return of high-beta credit (as proxied by the total return of the 5-year iTraxx Crossover CDS index) by 129bps and the Nasdaq 100 (in USD terms) by 170bps yet fell short of the performance seen in the Ibx 35 (+6%), the Eurostoxx 50 (+4.6%) or the S&P 500 (+2.8% in USD). From a performance attribution point of view, returns were largely driven by directional Micro (+2.9%) and Macro (+2.4%) strategies. Within the Micro bucket returns were generated by single name Iberian equity exposures predicated on themes of a European cyclical recovery with Liberbank, IAG, Ence, Altri and Repsol accounting for the bulk of the gains. Whilst we currently see IAG as fully priced and 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 (% 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%											3,3%

(*) Since inception

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Comparative Risk / Return

	RETURNS (CAGR)			VOLATILITY		
	5 years	3 years	Since inception	5 years	3 years	Since inception
Rho Investments	4,90%	1,91%	6,71%	13,01%	15,82%	10,48%
Stoxx 600	4,32%	3,99%	1,98%	14,10%	16,93%	14,90%
Ibex	-1,17%	-5,03%	-1,74%	20,24%	23,26%	20,47%

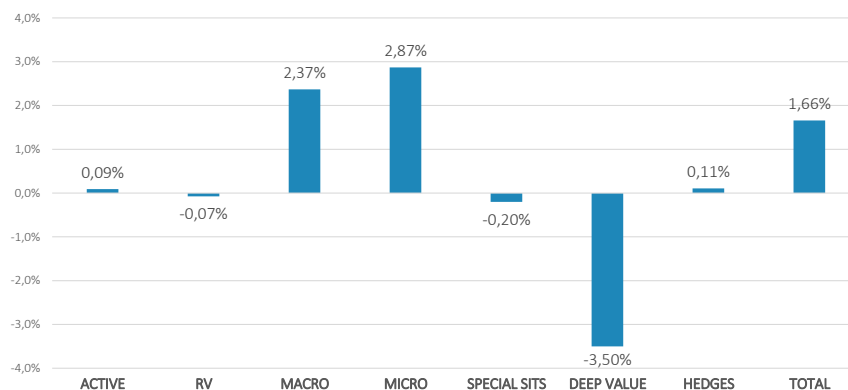
Returns (% Net)

2021	3,33%
CAGR*	6,71%
February 2021	1,66%

Risk / Return

Volatility*	10,48%
Sharpe Ratio*	0,64
Sortino Ratio	0,86
Parametric VaR 1-d	3,57%

Performance attribution across strategies (% Net)*



Top Five Positions

Dax Index June 2021 14500 calls	10,75%
Dax Index March 2021 13000 Puts	-9,51%
SX7E June 2022 70 Calls	8,02%
SX7E June 2021 70 Calls	5,61%
Dax Index March 2021 12500 Puts	4,95%

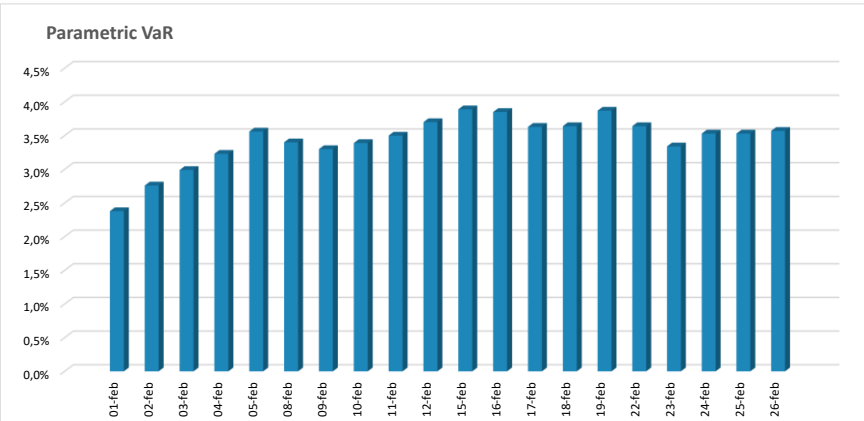
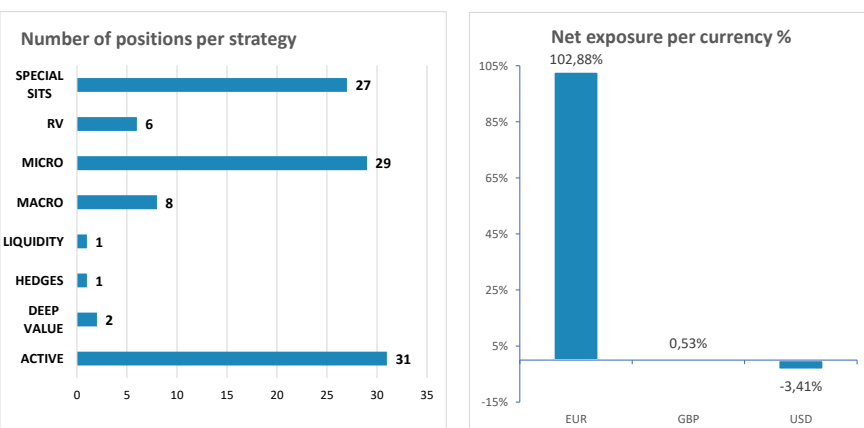
% Exposure

Gross	265,69%
Net	127,90%

% of Gross Exposure per Strategy

Active	10,71%
Relative value	3,51%
Macro	46,14%
Micro	16,04%
Special Situations	3,40%
Deep Value	4,25%
Hedges	3,56%
Liquidity	12,39%

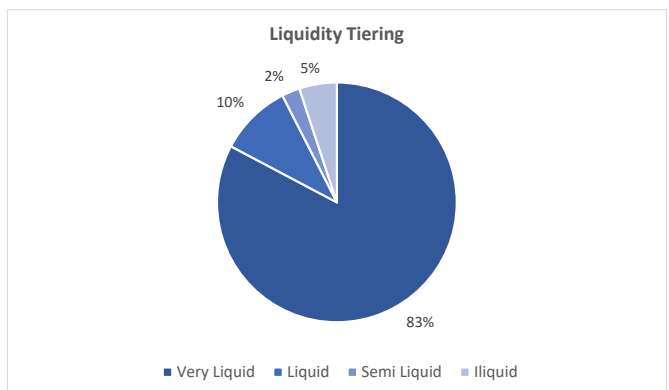
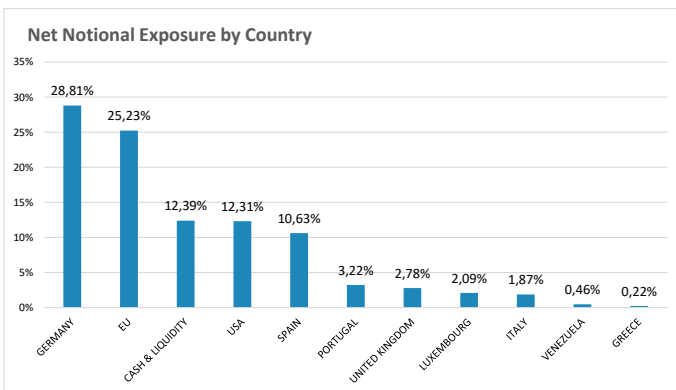
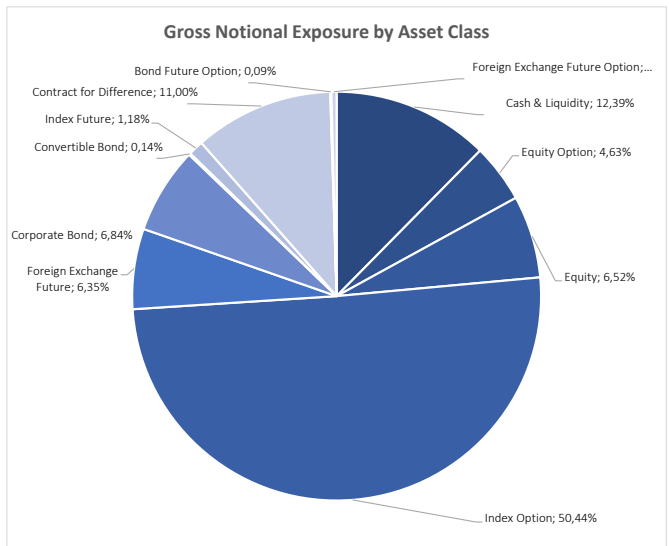
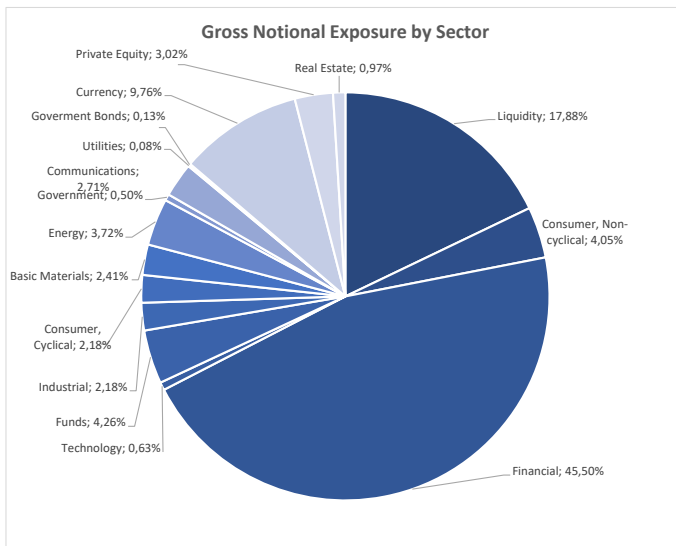
Risk Concentration and Distribution Metrics



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Risk Concentration and Distribution Metrics (2)



February 2021 Update (cont...)

have accordingly exited the investment we made at the time of the 2020 capital increase, we still envisage further upside in pulp prices as Chinese growth gains momentum. and despite taking profits in Ence (given idiosyncratic risk around the Pontevedra plant concession) we remain invested in the paper sector. We also expect at least another further 15-20% upside from Liberbank as the value accretion of the Unicaja merger is not fully priced into the stock, and further 10% from Repsol given our bullish view on crude and the IPO of its renewable energy unit as an additional catalyst to unlock value in the stock. Within Micro bucket the current strategic stance revolves around gradual profit-taking in the highly procyclical and value exposures acquired last year all the way into the summer, using the proceeds to selectively buy (on rate-related sell-offs) high-quality renewable energy stocks where we see substantial optionality (ideally related to both valuation and M&A potential). Within the Macro bucket performance was driven by our risk reversal options strategy in the SX7E bank index and by our net long risk exposure in the Dax (June 14500 calls where we had hedged some of the short-term risks with a 13000-12500 March long put spread position). Our macro view remains bullish with expectations of an Asian-driven recovery in global trade helped by a more supportive policy stance from the Biden administration and a substantial rotation from growth and momentum to cyclical and value in global stocks. We see the effects of widespread vaccination and the gradual reopening of western developed economies being fully priced in the markets between March and June, whilst beyond that timeframe, we envisage a growing risk of markets becoming nervous around the prospects and manner of an exit of monetary accommodation, particularly in the US as well as substantial hurdles to clear in terms EPS growth to justify growing multiples. Whilst we think that both the Fed and ECB will be extremely patient in terms of removing extraordinary policy measures and will be tolerant of temporary overshoots in inflation, bond vigilantes have already shown us this year that will not, and equity markets remain quite vulnerable to rapid increases in real rates. We will be actively monitoring growth, employment, and advanced inflation indicators to actively tweak our macro exposures. Active strategies contributed +10bps towards performance through very short-term equity volatility and European rates trades. On the negative side Deep Value suffered a substantial drawdown (-3.5%) on adverse mark-to-market in Amwell, in which we still see substantial long-term upside yet was dragged in the tech stocks sell-off. At current levels we see the stock trading at close to 30% discount to very conservative fair value assumptions given the growth potential for the company. Special Situations disappointingly contributed a small drag on overall performance (-0.20%) where lack of catalysts for the existing situations in the bucket and adverse mark to market in our Abengoa restructured bonds exposure (-0.32%) kept performance disappointingly low. Regarding Abengoa we believe that the substantial (in notional terms) position in SOM debt that we currently hold and which is valued very close to zero offers very substantial upside on a last minute rescue of the company if our debt exposure is converted into Abenewco1 shares as was contemplated on the last restructuring proposal. **Cont.**

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February 2021 Update (cont...)

We do believe that there is substantial political drive behind keeping the company going concern and we would now expect a catalyst by the end of March. Relative Value strategies (flat on the month) continue to revolve around relative valuations of individual bank stocks (long Sabadell vs short BBVA) or of single names (Caixabank) vs the SX7E index, although we will be looking to diversify into other sectors where we anticipate an increase in relative dispersion of returns. Finally, from a risk point of view, net leverage decreased from 133% at the end of January to 128% at the end of February. Gross market exposure decreased more substantially from 3.8 times at the end of January to 2.6 times at the end of February. Statistical risk, expressed as 1-day 99.5% confidence parametric VaR, did however increase from 2.2% at the end of January to 3.6% at the end of February, although the average daily VaR employed during the month remained fairly unchanged (3.3% during the course of January vs 3.4% throughout February).

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