

SIL



NAV 28/02/2020: 27,3887

INVESTMENT TEAM

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QUADRIGA RHO INVESTMENTS

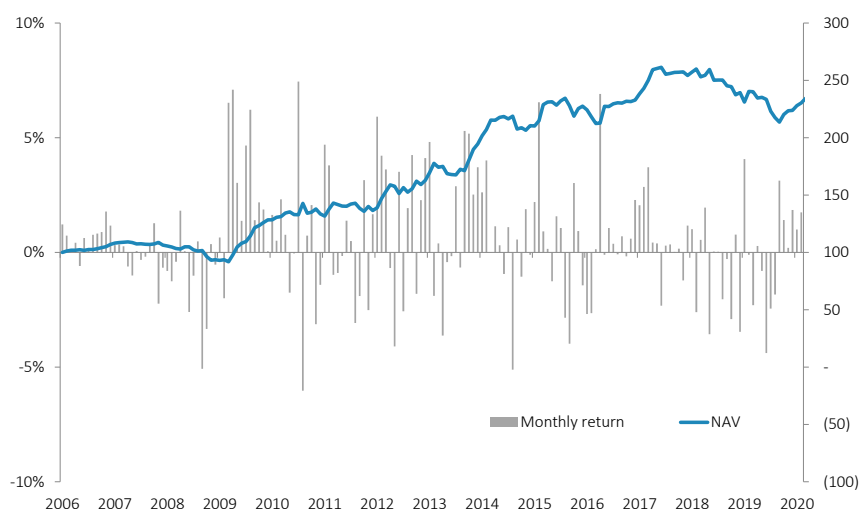
The fund's objective is to return net positive returns every year, regardless the behavior of traditional assets. To achieve it, the fund allocates to six different strategies: Active, Relative Value, Macro Selection, Micro Selection, Special Situations and Deep Value. The strategies are focused on finding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

February 2020 Update

Our strategy has historically thrived in an environment of heightened volatility, increased uncertainty and challenging liquidity conditions. When others experience panic and enter crisis management mode we normally see opportunities and enjoy the exit afforded by catalysts foreseen at times when the market was complacently riding a comfortable trend. February was no exception and Rho delivered returns of exceptional quality in both risk-adjusted and relative value terms. The fund generated a +1.7% return net of fees in a month where the Eurostoxx 50 lost -8.4%, the Ibx 35 -6.9%, the S&P 500 and the Nasdaq 100 -8.2% and -5.8% respectively (in USD terms) and high beta credit (proxied by the total return of the iTraxx Crossover 5yr CDS index) -3.2%. Small losses in very short-term bullish trading oriented views within the Active bucket (-0.4%) or equity value propositions within the Micro bucket (-0.3%) were more than offset by the optionality contained within the Macro (+0.3%) and Special Sits (+1.7%) strategies. Rho's strong performance was largely predicated on the following factors: ...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%											2.8%

(*) 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	-0.31%	-4.28%	5.97%	7.70%	7.20%	8.70%
Stoxx 600	-0.58%	0.42%	1.56%	12.31%	11.48%	14.19%
Iboxx Eur Corporate	1.85%	2.13%	3.64%	2.73%	2.35%	3.74%

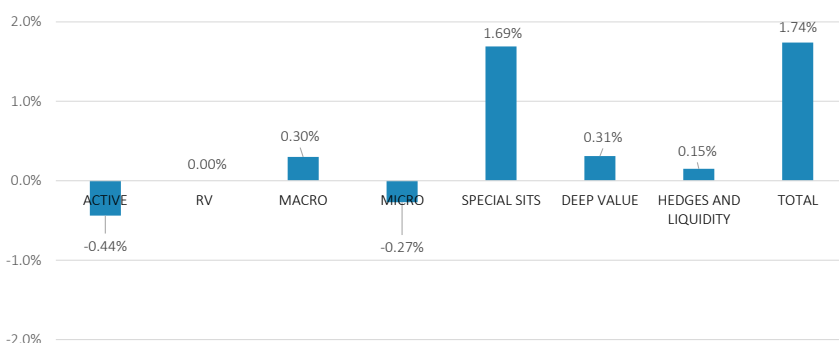
Returns (% Net)

2020	2.76%
CAGR*	5.97%
February 2020	1.74%

Risk / Return

Volatility*	8.72%
Sharpe Ratio*	0.69
Sortino Ratio	1.03
Parametric VaR 1-d	1.42%

Performance attribution across strategies (% Net)*



Top Five Positions

BNP Disco \$ FRN	11.41%
BFCM Legacy T1 CMS	8.06%
Queka PE	6.83%
SX6P Call Spread 400-420 May.20	6.82%
Liberbank Equity	4.67%

% Exposure

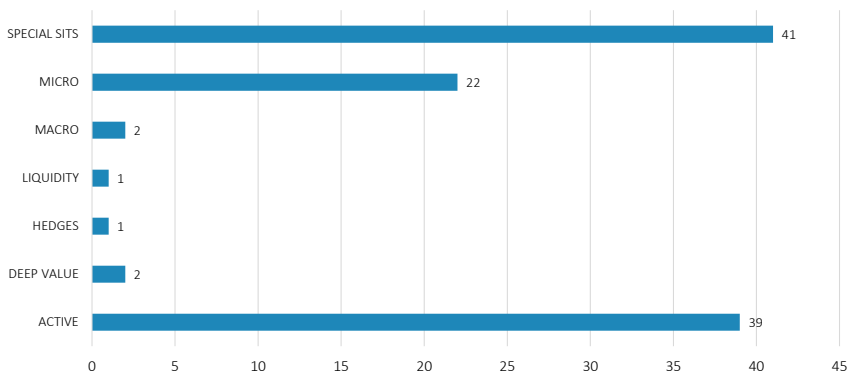
Gross	183.76%
Net	133.84%

% of Gross Exposure per Strategy

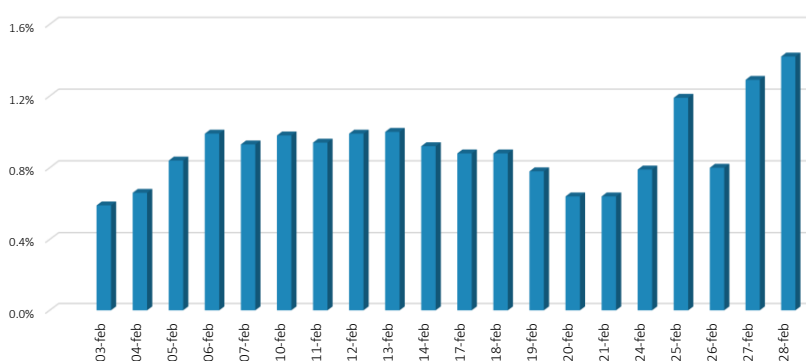
Active	25.66%
Relative value	0.00%
Macro	5.40%
Micro	17.29%
Special Situations	28.03%
Deep Value	4.50%
Hedges	3.78%
Liquidity	15.32%

Risk Concentration and Distribution Metrics

Number of positions per strategy



Var % Contrib Hist 3Y

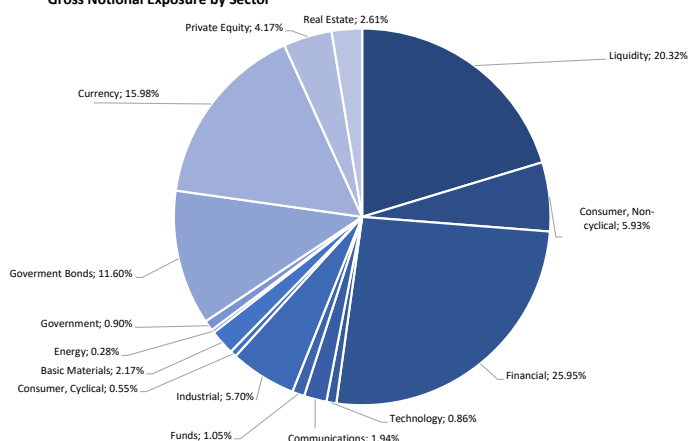


(*) Since inception

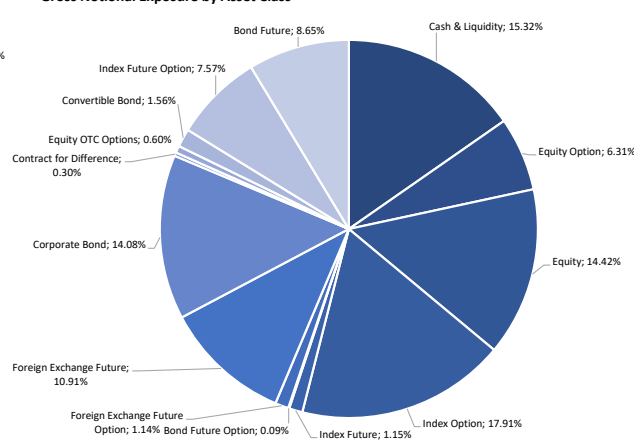
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Risk Concentration and Distribution Metrics (2)

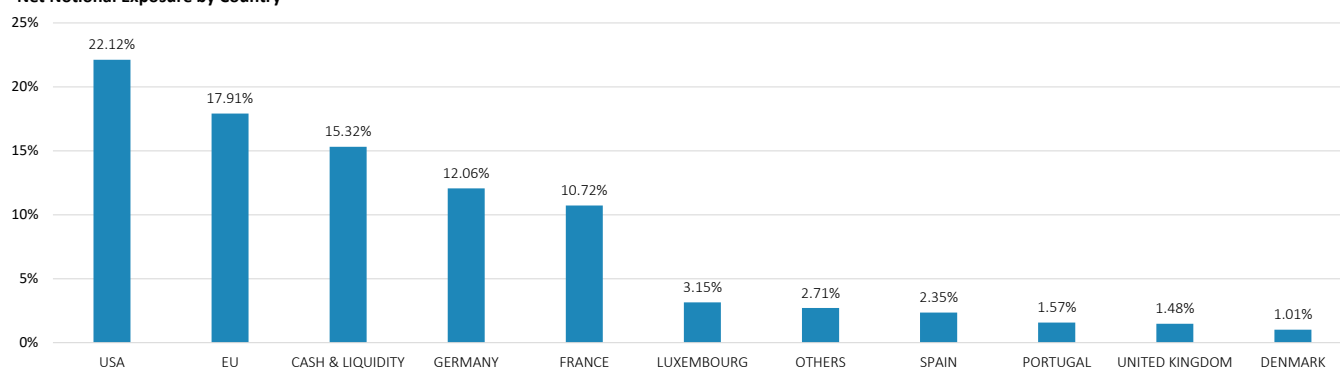
Gross Notional Exposure by Sector



Gross Notional Exposure by Asset Class



Net Notional Exposure by Country



February 2020 Update (cont...)

cont... a substantial increase in implied vol across most asset classes, profit taking on some macro bearish trades entered late last year (e.g. long 1400-1600 gold call spread, several put spreads on European equity indices) and positive mark to market on new credit shorts in cyclical sectors with high exposure to the C-virus (e.g. short position in bonds issued by troubled shipping company CMA). In terms of strategic positioning, while the fund believes that the impact of C-virus on the markets appears now to be exaggerated, any meaningful historical comparisons like SARS do not translate well into an exponentially interconnected and globalized world. Rather than trying to assess the actual impact of this pandemic we would rather focus on the policy response function on both sides of the Atlantic.

We largely believe that the Fed has policy room to act (as was confirmed by the very recent 50bps cut), but the ECB has limited room in terms of rates maneuver and is more likely to act via CSPP or PSPP expansion. In any case, and despite our extended calls for a historical bubble in real rates, the policy path of least resistance appears to be "lower for longer", and the market has trained us not to fight the monetary tide, well at least not directionally. Our reluctant adherence to the "lower for longer" mantra coupled with recent substantial turmoil in the markets linked to the C-virus has led to our first significant strategic review (yes, we love stealing the ECB lingo) of the last 18 months. Whilst we aim to keep the portfolio moderately insulated against directional moves, from a macro perspective we see room for adding pure premia to sectors with negative delta to rates like utilities, where we also think will see a significant positive impact from growing ESG flows. For sectors like banks, with a positive delta to rates, we are happy to adopt a contrarian stance on substantial sell-offs for a selected group of names where we see a very strong positive event risk angle, as we foresee a new wave of consolidation in Europe after Intesa's bold UBI takeover move. We also anticipate a substantial growth in opportunities within the credit space. From a macro perspective we expect an ECB CSPP expansion sometime down the line this year which creates very strong technical dynamics for IG credit which is best expressed via short positions in CDS indices. However, from a sectoral and micro perspective, further down the credit spectrum we expect a higher dispersion in returns and difficulty in access to debt refinancing for some key sectors as a result from cyclical headwinds (C-virus impact), but also from structural changes in paradigm (ESG flows, tech disruption), which has driven us to adopt shorts in selected credits and stocks within sectors such as shipping, shopping mall operators or oil exploration. From a risk perspective, the fund has started to carefully ramp up risk usage for the first time since December 2018, which has translated into a higher net exposure of 134% from 104% at the end of the previous month, although against a backdrop of a reduction in gross leverage (which came down from 1.95 to 1.84). Looking at statistical risk utilization measured as 1-day 99.5% confidence parametric VaR, risk increased from 0.6% at the end of January to 1.42% at the end of February, although the average daily VaR utilization throughout the month showed a less marked increase, which is accounted for by the active risk management policy in terms of profit taking and stop losses at a time of higher volatility. Average daily 1-day VaR usage increased from 0.5% throughout January to 0.9% during February.

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