

SIL



NAV 31/07/2020: 25,7748

**INVESTMENT TEAM**

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**QUADRIGA RHO INVESTMENTS**

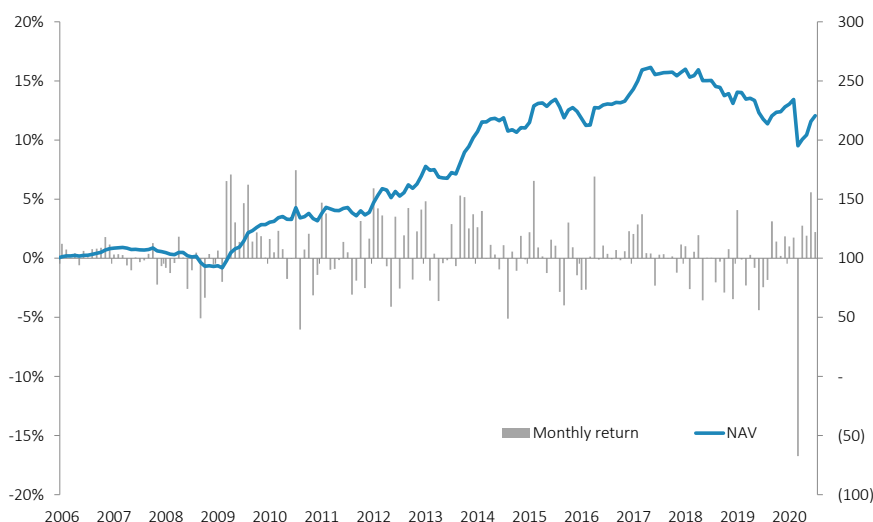
The fund's objective is to return net positive returns every year, regardless the behavior of traditional assets. To achieve it, the fund allocates to six different strategies: Active, Relative Value, Macro Selection, Micro Selection, Special Situations and Deep Value. The strategies are focused on finding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

**July 2020 Update**

July continued the positive performance trend for the fund since the March sell-off. Rho Investments produced a solid +2.2% return on the month which compares very favorably vs Spanish equity risk (total return for the Ibx 35 in the month was -3.5%), the Eurostoxx 50 (-0.5%) or European high-beta credit as proxied by the Itraxx 5-year Crossover CDS Index (+1.85%). Even though the fund's return fell short of that seen in US equities (the S&P 500 and Nasdaq 100 gained +86.9% and +10.8% respectively in USD terms) is worth highlighting that the fund continues to exhibit volatility levels that are just a fraction of the comparative equity index returns' (between just 17% and 32% depending on the chosen index realized vol) or HY indices (just 65% of the volatility of the Itraxx 5-year Crossover). The biggest contributors to performance in the month were pure directional strategies both top-down (Macro +1.2%) and bottom-up (Micro +0.7%). Pure short-term trading-oriented strategies (Active +0.4%) also benefitted from fairly active primary activity in credit markets and higher levels of intraday volatility across asset classes as liquidity started to **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%	1.9%	1.9%	5.6%	2.2%						-4.1%

(\*) 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	-1.82%	-5.82%	5.35%	11.16%	12.48%	9.82%
Stoxx 600	-0.66%	0.50%	1.47%	14.22%	14.99%	14.68%
Ibex	-6.25%	-10.32%	-2.49%	17.98%	17.48%	19.63%

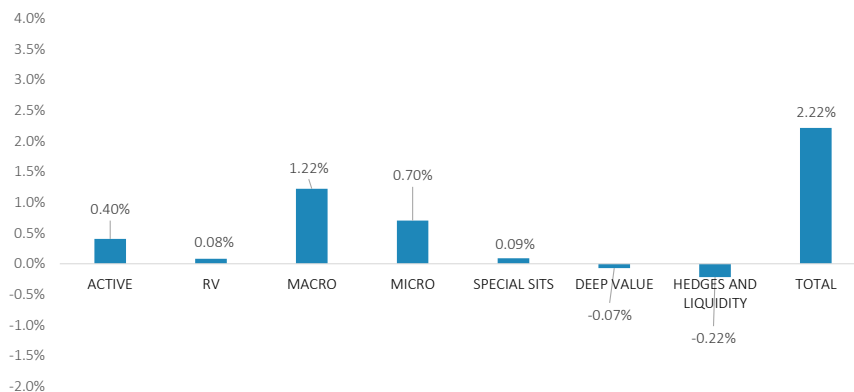
## Returns (% Net)

2020	-4.08%
CAGR*	5.35%
July 2020	2.22%

## Risk / Return

Volatility*	8.72%
Sharpe Ratio*	0.61
Sortino Ratio	0.70
Parametric VaR 1-d	3.29%

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



## Top Five Positions

Rabobank 6.5 PERP Bond	18.09%
Queka PE	8.42%
Unicredit 3.875% AT1 Bond	4.89%
Santander 4.75% PERP Bond	4.32%
Bankinter 6.75% PERP Bond	3.98%

## % Exposure

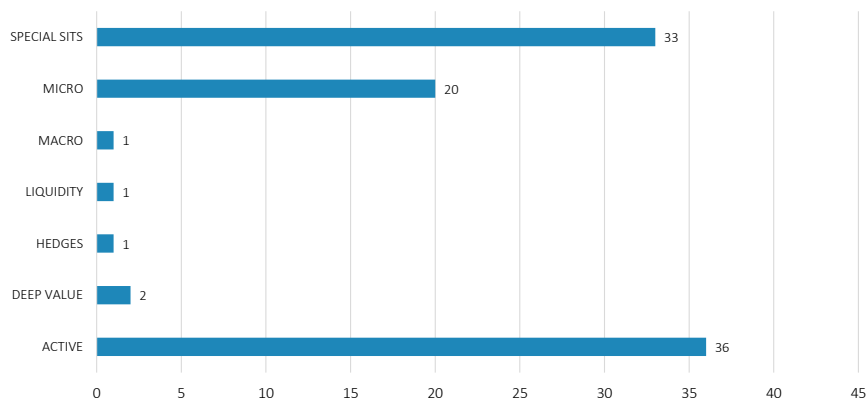
Gross	124.41%
Net	97.07%

## % of Gross Exposure per Strategy

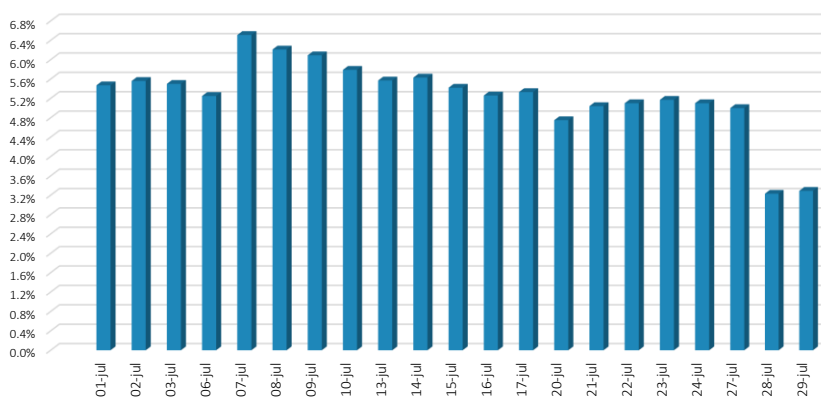
Active	23.22%
Relative value	0.00%
Macro	2.44%
Micro	36.44%
Special Situations	15.49%
Deep Value	8.37%
Hedges	6.03%
Liquidity	8.01%

## Risk Concentration and Distribution Metrics

### Number of positions per strategy



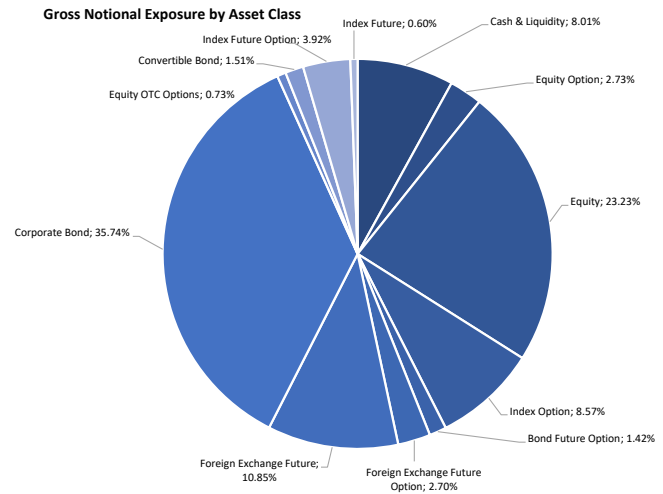
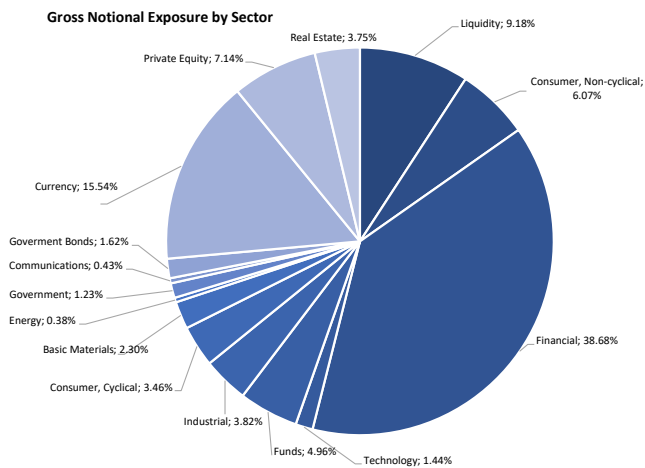
### Var % Contrib Hist 3Y



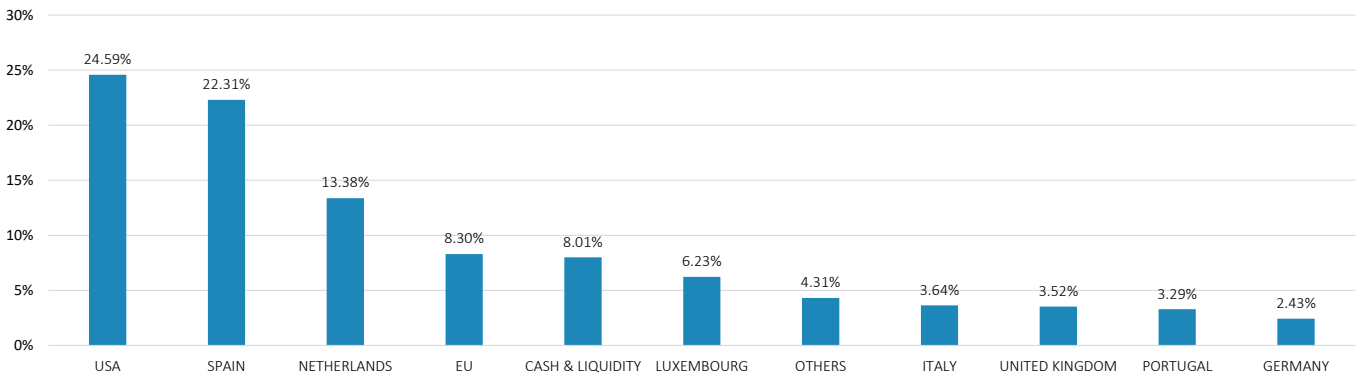
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## Risk Concentration and Distribution Metrics (2)



## Net Notional Exposure by Country



## July 2020 Update (cont...)

deteriorate going into the summer holidays. Disappointingly, event-driven situations saw yet again a month devoid of catalysts, which resulted in a relatively flat performance in the Special Situations bucket (just +0.1%) despite the positive market backdrop. However, our expectation continues to be one of an uptick in catalysts for our event-driven and distressed exposure after the summer, which has been already validated in August by the tender launched for our DIA S.A. bond holdings, the compelling restructuring proposal for the position we acquired in OHL bonds earlier in the year or the Abengoa agreement for a new restructuring which imbues our exposure to senior old money bonds of great optionality given the terms granted by the company for their conversion into "newco" shares. From a strategic point of view we have started to implement a substantial shift in the portfolio, given the substantial rally in risky assets and current valuations which leave little margin for error. As risk premia has compressed across the board we have commenced to accelerate the de-risking pace envisaged for our portfolio throughout the summer that we had anticipated in previous strategic updates. Specifically we have trimmed most of our bullish option-driven macro exposures (December Dax calls in particular, where the delta-adjusted exposure had moved from the original 5% of NAV at inception to over 26% at time of termination) and to a lesser extent some of our European credit exposures (exception made of high-quality AT1s and corporate restructuring situations, where we generally still see significant relative value). The focus going into Q4 will be to fully rely on highly idiosyncratic credit and (to a lesser extent) equity exposures, as well as in relative value positioning. As a result we will start to substantially prioritize capital allocations towards long-short trades and increase the percentage of cash in the portfolio and the average liquidity of our holdings in order to take advantage of further potential opportunities in distressed credit, where we see a quickly growing opportunity set heading into 2021. Additionally, at current lower levels of implied volatility, we are actively looking for asymmetric opportunities across different asset classes' term-structures to express bearish market views as we grow increasingly concerned about the disconnect by current valuations and economic fundamentals. Given our renewed focus on risk reduction net market exposure has decreased significantly month on month (from 136% at the end of June to 97% at the end of July) and we envisage the current pace of reduction to accelerate over the next two months. Gross leverage has also substantially decreased month on month (from 177% at the end of June to 124% at the end of July), although we envisage gross exposure to remain at current or higher levels until year-end as the fund intends to increase its allocation to relative value for return generation. From the point of view of statistical risk utilization, measured as 1-day 99.5% confidence parametric VaR, we also observe a substantial risk reduction in the portfolio which came down from 5.6% at the end of June to 3.3% at the end of July even though from the point of view of average risk utilization throughout the month risk actually went up from 5% to 5.25% (which is explained by the fact that most of the portfolio de-risking took place in the last week of July, whilst overall risk usage did actually briefly increase at the beginning of the month).

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