

SIL



NAV 28/05/2021: 33,639

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.

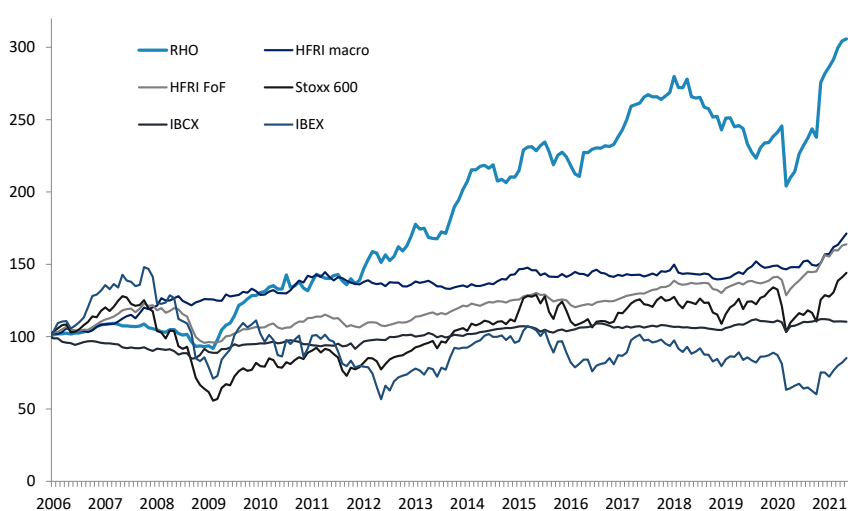
May 2021 Update

May continued the fund's robust trend by adding a 7th consecutive month of positive returns. Rho investments generated a +0.4% net gain in the month, which although comfortably beat the performance of high beta credit (iTraxx 5-year Crossover CDS index returned +0.3%) and US stocks (S&P 500 and Nasdaq 100 returned +0.7% and -1.2% respectively in USD terms), fell short of the returns seen in European stocks (Eurostoxx 50 +3.3% and Ibex 35 +4.8%). More significantly, from a risk profile point of view our fund continues to exhibit approximately half of the volatility associated with European equity indices. As we had anticipated in our previous newsletter our short-term focus remains on risk control and making the portfolio even more robust to tail risk (and to the inflationary grey swans in particular) as we go into the summer period, a time notorious for thin liquidity and weak market seasonality. From a strategic point of view the focus thus remains on profit taking on directional Macro and Micro exposures, making the portfolio highly liquid and relying mainly on relative value and highly idiosyncratic investments **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%	0,4%								8,0%

(*) 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	4,26%	4,02%	6,91%	12,60%	15,69%	10,41%
Stoxx 600	5,16%	5,26%	2,40%	14,32%	17,06%	14,86%
Ibex	0,25%	-1,13%	-1,03%	20,33%	23,22%	20,37%

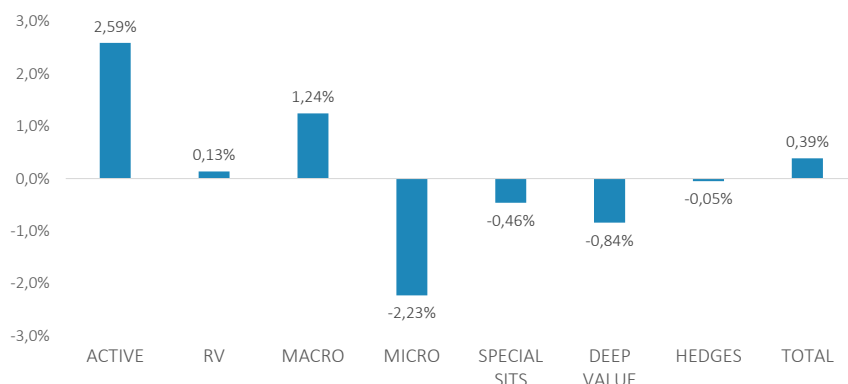
Returns (% Net)

2021	8,04%
CAGR*	6,91%
may-21	0,39%

Risk / Return

Volatility*	10,41%
Sharpe Ratio*	0,66
Sortino Ratio	0,90
Parametric VaR 1-d	2,46%

Performance attribution across strategies (% Net)*



Top Five Positions

SX7E Index December 2021 105 Calls	19,77%
SX7E Index December 2021 115 Calls	-10,26%
Futures EUR-BUND 10YR EUX 06/08/21	-5,46%
Telefonica September 2021 3.8 Calls	5,33%
Queka R.Partner PE LUX	3,66%

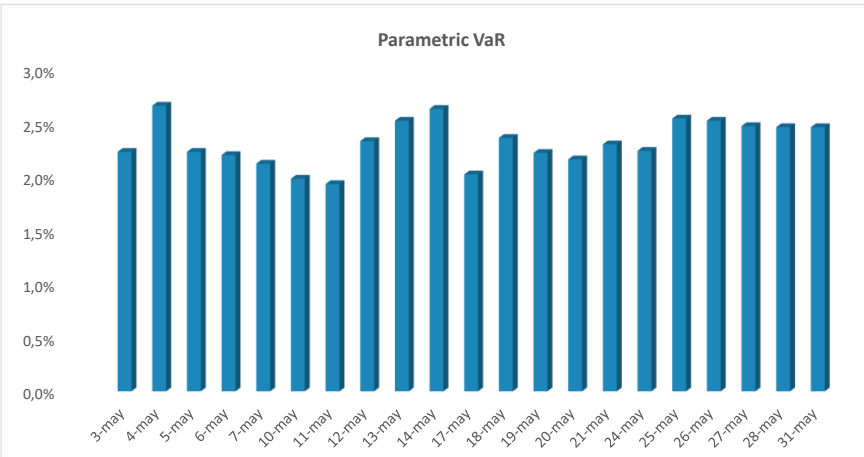
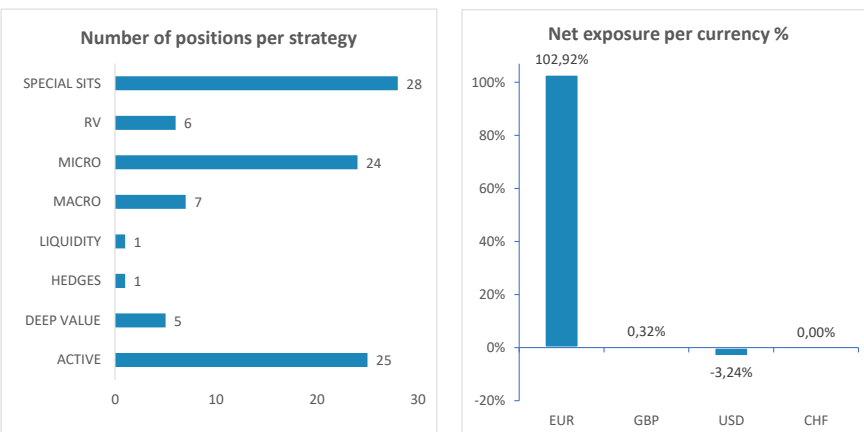
% Exposure

Gross	165,04%
Net	82,61%

% of Gross Exposure per Strategy

Active	12,02%
Relative value	3,38%
Macro	28,79%
Micro	17,93%
Special Situations	6,78%
Deep Value	4,85%
Hedges	4,53%
Liquidity	21,72%

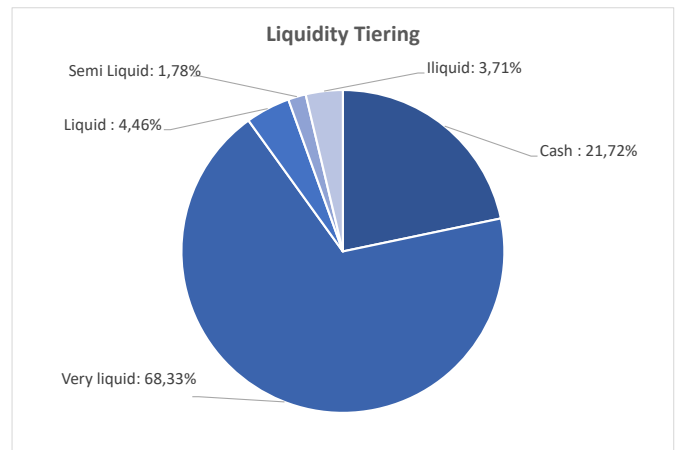
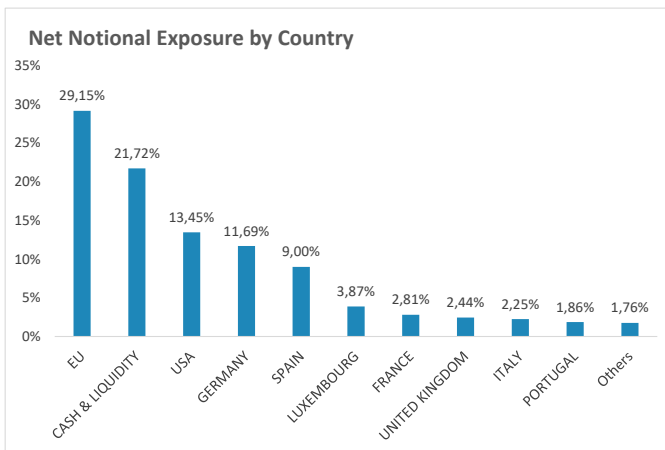
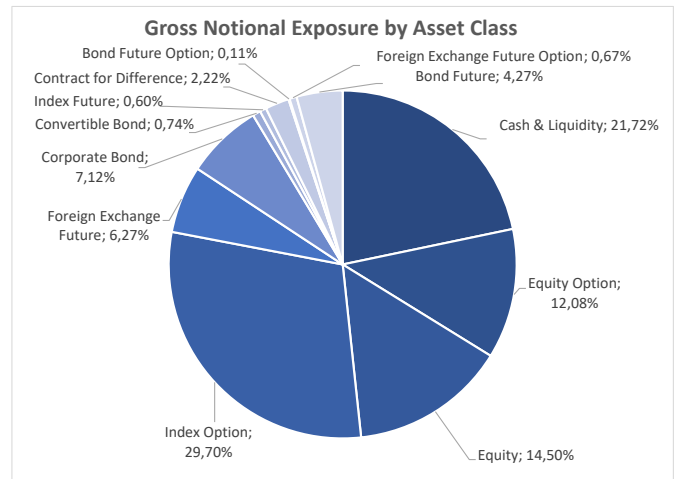
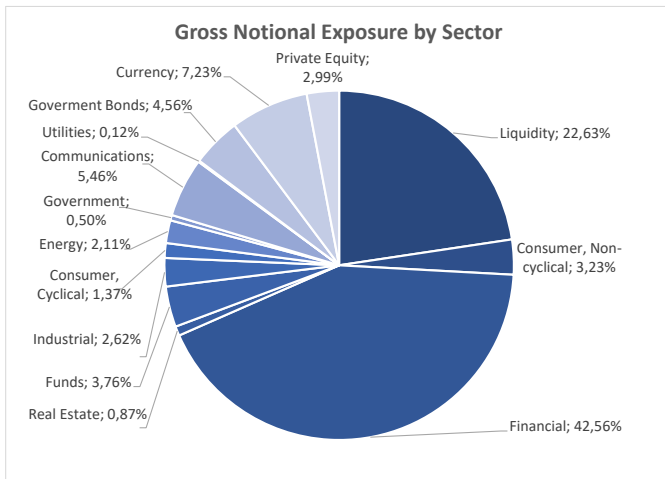
Risk Concentration and Distribution Metrics



(* Since inception)

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Risk Concentration and Distribution Metrics (2)



May 2021 Update (cont...)

(event driven situations and corporate restructurings) for alpha generation. From a performance attribution point of view returns were largely driven by Active and Macro strategies. The Active bucket (+2.6%) capitalized on higher levels of volatility in rates and brisk primary activity in both equity and credit markets to generate very strong risk-adjusted returns. Performance in the Macro bucket (+1.2%) was driven by our bullish stance in European banks expressed via a 100-115 December 2021 call spread on the SX7E. Given our current emphasis on risk management and the substantial accumulated market value on the call spread, coupled with technical considerations of gamma maximization (as the spot index hit the lower bound of the spread), we decided to take profits on the 100 call and roll up the strikes to a 105-115 spread funded by selling the 80 December put (level at which we feel comfortable to reload on bank sector risk). Despite the good market backdrop Micro strategies (-2.2%) counterintuitively produced negative results. The disappointing performance within the bucket is largely explained by our bullish stance in domestic renewable stocks, where despite a potentially challenging environment of rising rates we believe that substantial M&A potential and regulatory/political momentum will more than offset rate headwinds. Indeed, as we type these lines we have already seen Solarpack (our biggest position in the sector and largest contributor to the May loss within the bucket) receive a takeover bid with a 45% premia over market levels, which validates our long-term thesis for the sector. Elsewhere performance in Deep Value strategies (-0.8%) was dragged by adverse mark to market in our Amwell telehealth position. Given the long-term nature of this thematic play and in order to extract further value from its current underperformance and the extremely high implied volatility we have adopted a medium-term strategy of selling a (1x2) call ratios (currently 17.5-20 vs a spot of 13.5) on a rolling quarterly basis. Special Sits (-0.4%) saw our post debt restructuring position in the stock of Spanish supermarket chain Dia as main driver of weak performance for the strategy. Whilst heavy retail investor selling of both stock and rights ahead of the new capital increase will likely dampen performance, we still see considerable upside for the company as the debt reduction and fresh equity issuance lay the foundations for execution of a very attractive new strategic plan. Performance in Relative Value strategies (+0.1%) was related to several delta neutral long-short trades across European banks. Finally, from a risk point of view we can observe a further reduction in risk employed albeit at a substantially slower pace when compared to the previous month. Net leverage decreased from 90% at the end of April to 83% at the end of May, whilst gross market exposure increased from 1.4 times at the end of April to 1.6 times at the end of May. Although from a statistical risk point of view, expressed as 1-day 99.5% confidence parametric VaR, we do not see month-end risk decrease significantly, with VaR at the end of April standing at 2.5% (vs 2.3% at the end of May), looking at average daily VaR employed during the month does show however a very significant reduction (from 3.8% during April to 2.3% during May).

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