

SIL



NAV 29/10/2021: 35.26

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.

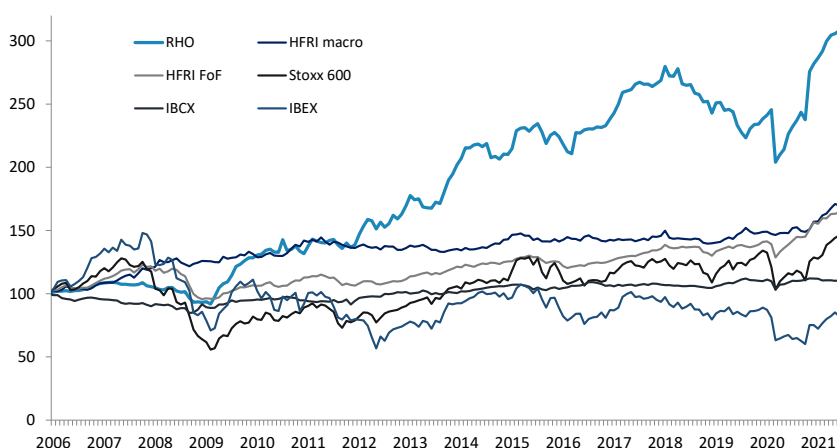
October 2021 Update

October brought once again a very solid performance to our investors, with Rho Investments generating a net return of +1.4% despite running at low levels of risk and net market exposure. In an environment in which the market continued to buy into developed central banks' "transitory inflation" mantra, and complacently reap the financial benefits of excessive monetary accommodation, the Ibx 35 returned +1.1%, the Eurostoxx 50 +3.6%, the S&P 500 and Nasdaq 100 +4.5% and 5.8% respectively (in USD terms) whilst high beta credit spreads (proxied by total returns in the iTraxx Crossover 5-year CDS index) generated negative returns of -20bps. Whereas the general tone for risk assets was strong, the fund's stance has remained very cautious. When measured against its 40% net market exposure and the lowest VaR consumption since January 2020, Rho Investments relative performance once again stands out as being extremely robust, and naturally translated once again into solid volatility-adjusted returns, with fund (ytd) volatility levels of only 40-50% of those associated with European stocks. (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%	0.7%	-1.5%	1.0%	3.3%	1.3%			13.2%

(*) 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	5.11%	7.96%	7.12%	12.66%	15.54%	10.30%
Stoxx 600	7.00%	9.56%	2.74%	14.26%	16.83%	14.75%
Ibex	-0.19%	0.61%	-1.07%	19.77%	22.97%	20.14%

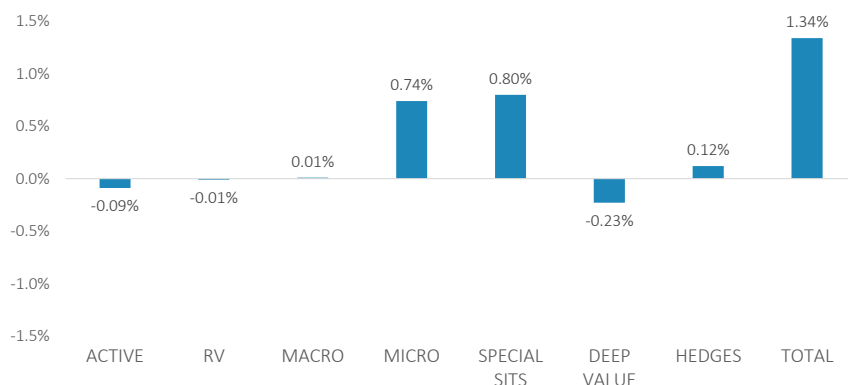
Returns (% Net)

2021	13.20%
CAGR*	7.12%
Sep 2021	3.25%

Risk / Return

Volatility*	10.30%
Sharpe Ratio*	0.69
Sortino Ratio	0.94
Parametric VaR 1-d	0.78%

Performance attribution across strategies (% Net)*



Top Five Positions

Iberdrola June 22 calls strike 10	5.88%
Grifols A shares	-5.39%
Grifols B shares	5.39%
Piraeus T2 3 ½ 11/03/27	4.62%
Unicaja shares	3.96%

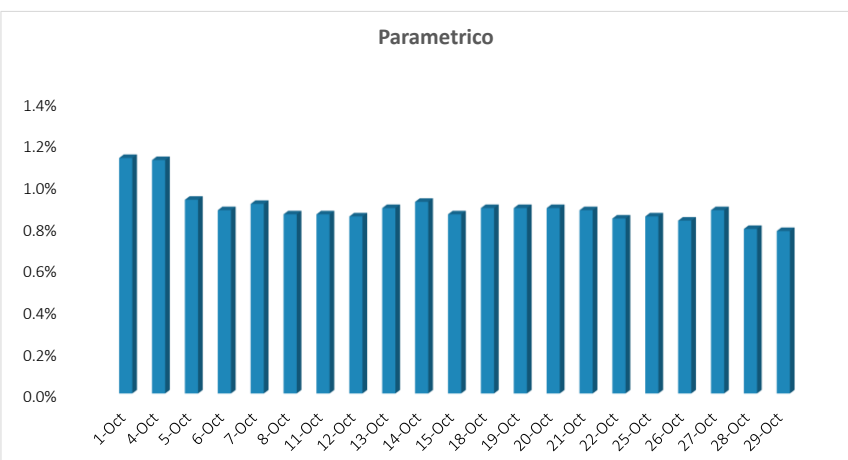
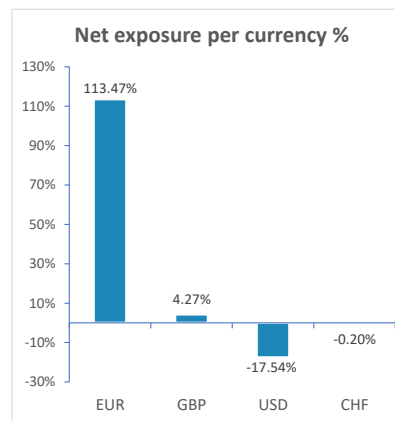
% Exposure

Gross	153.58%
Net	43.24%

% of Gross Exposure per Strategy

Active	17.24%
Deep value	3.44%
Hedges	8.23%
Liquidity	25.75%
Macro	15.96%
Micro	13.16%
Relative value	12.01%
Special sits	4.21%

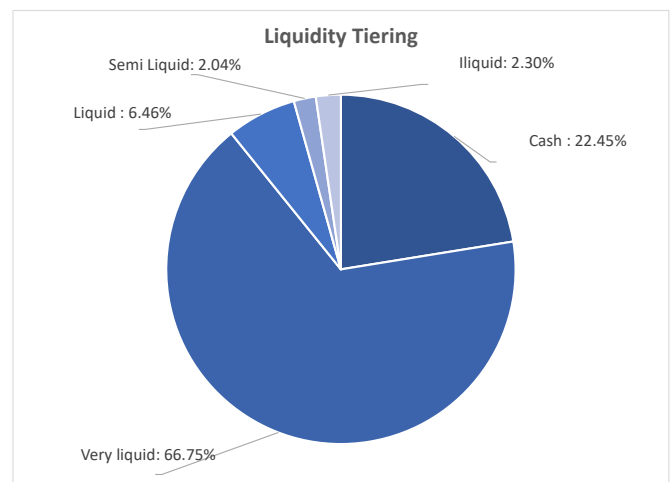
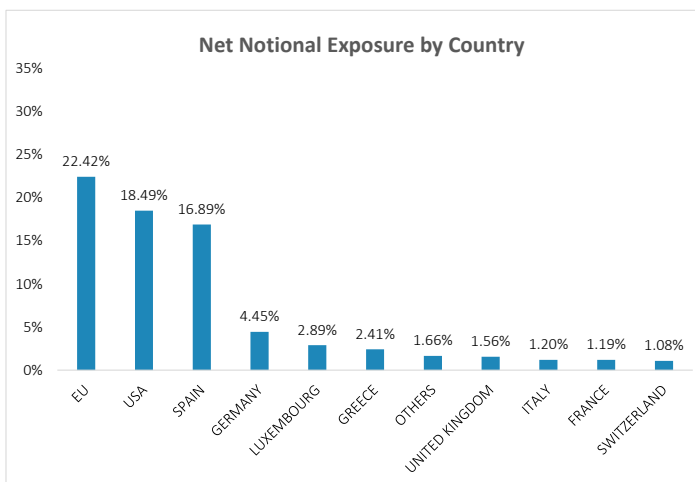
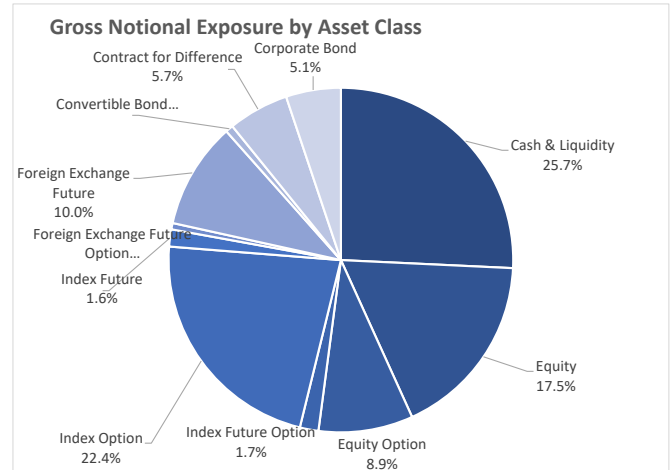
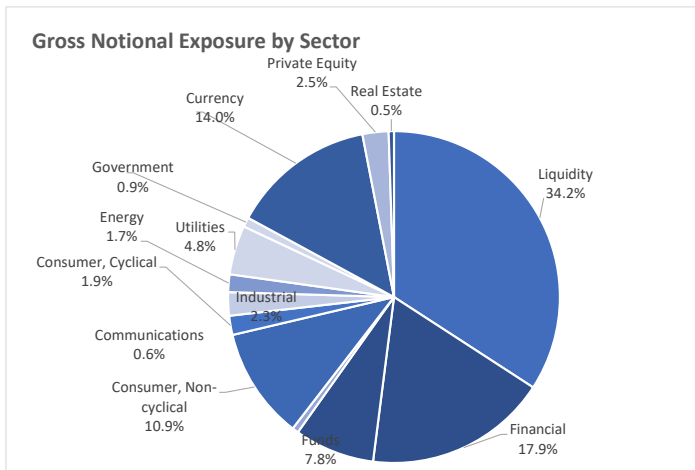
Risk Concentration and Distribution Metrics



(*) Since inception

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Risk Concentration and Distribution Metrics (2)



October 2021 Update (cont...)

From a performance attribution point of view returns were driven by highly idiosyncratic exposures contained in both Special Situations and Micro buckets. Within the Special Situations strategy (+0.8%), the bulk of returns were driven by the sale of a non-performing collateralized (45% LTV backed by Madrid prime real estate) loan, which netted +92bps of performance for a 3% over NAV exposure, generating an IRR of 20%. Micro strategies returned +0.7%, driven by positive mark-to-market in shares of recently restructured Spanish construction company OHL, shares of Portuguese renewable company Greenvolt, and Provident Financial 8.875% Tier 2 subordinated bond. As valuations across these three investments have reached our fair value base case scenario assumptions, the fund has started to slowly take profits across these holdings. Additionally, as we had anticipated, the market was overly pessimistic on political risk around the Spanish utilities sector amid current Socialist government's attempts to curb the impact of rising energy prices on consumers. Whilst happy to articulate populist rhetoric across media, any regulatory intervention by the Spanish government would be severely limited by EU dictates (particularly considering impending European Pandemic Recovery Fund disbursements). A more market-friendly than anticipated regulatory outcome helped our position in Iberdrola June 2022 10 calls (+0.2%) and, whilst we have maximized convexity gains from the position, we remain very positive on the integrated utilities sector and we have recently rolled up the Iberdrola exposure to a 11EUR strike, as well as added other integrated European utilities (via call options) to the portfolio. Deep Value strategies (-0.2%) were dragged by adverse performance of Amwell and Ascend Wellness stocks. Elsewhere, across Active, relative Value and Macro strategies performance was broadly flat, with all three buckets informed by the defensive stance adopted by the fund. Indeed, as we have highlighted in our previous newsletter, we expect portfolio construction and allocations across strategies until year-end early Q1 to be articulated around the following pillars:

- higher levels of Relative Value strategies utilization
- an increase in highly idiosyncratic exposures (distressed debt and event-driven situations in particular)
- a selective increase in directional short risk exposures within Micro, Special Situations and Macro
- making the portfolio more robust to any liquidity shocks

Finally, from a risk metrics point of view, we can observe quantitatively the impact of the new strategic pillars adopted by the fund. Net leverage remains broadly stable at low levels (+43% at the end of October vs. 37% at the end of September), whilst we envisage gross leverage to adopt an upward trend as the fund increases relative value allocations, and gross exposures standing at 1.5 times at the end of October (vs 1.4 times at the end of September). From a statistical point of view, expressed as 1-day 99.5% confidence parametric VaR, we see a more meaningful drop in risk employed from 1.3% at the end of September to 0.8% at the end of October. Likewise, average daily VaR utilization throughout the month also diminished dramatically, from 1.4% during September to 0.9% during October.

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