

SIF



NAV 29/12/2021: 123.66

INVESTMENT TEAM

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QUADRIGA RHO INVESTMENTS

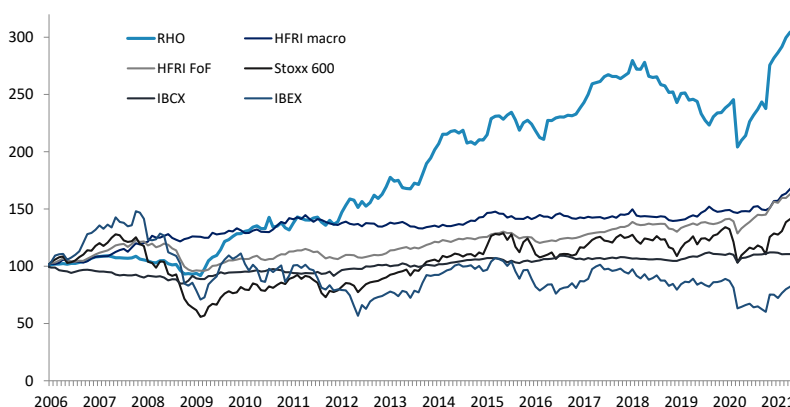
The fund's objective is to return net positive returns every year, regardless the behavior of traditional assets. To achieve it, the fund allocates to six different strategies: Active, Relative Value, Macro Selection, Micro Selection, Special Situations and Deep Value. The strategies are focused on finding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

December 2021 Update

Guessing it is never too late (if it is still January) so a belated happy new year to all! 2021 has been another very strong year for our investors, and we commence 2022 very excited about a growing opportunity set in a new year that we anticipate will challenge both traditional diversification models and the robustness of many alternative strategies. Rho Investments finished the year with a solid 13.8% net return after gaining +42bps in the month of December. Performance in December compares favorably vs total returns in European stocks (-1.1% for the Ibx 35 and +0.2% for the Eurostoxx 50) although falls short of the performance of European high beta credit (proxied by the +1% return in the 5-year iTraxx Crossover CDS index) and US stocks, where the S&P 500 and the Nasdaq 100 returned 2.1% and 0.8% respectively in USD terms. Crucially Rho delivered once again equity-like returns with a fraction of the (1-year) volatility associated with equity indices (37% of the Nasdaq 100 vol, 44% of Ibx 35 vol, 50% of Eurostoxx 50 vol and 54% of S&P 500 vol). (cont...)

Fund Facts

Structure	SIF
Domicile	Luxembourg
Mgmt. Fee	1%
Perf. Fee	20%
Min. Investment	125,000€
NAV Currency	EUR
Liquidity	Weekly
ISIN	LU1610886332
Bloomberg Code	RHOSIFA LX
Custodian	Société Générale SS

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%	0.6%	-0.2%	0.6%	2.3%	6.2%
2017	2.1%	2.9%	3.7%	0.4%	0.4%	1.6%	0.6%	-0.6%	0.0%	-0.7%	0.9%	0.9%	12.8%
2018	4.1%	-2.7%	-0.1%	2.2%	-4.4%	-0.4%	0.2%	-2.6%	-0.4%	-2.3%	0.2%	-4.0%	-9.9%
2019	4.5%	0.1%	-2.5%	0.3%	-0.8%	-4.4%	-2.5%	-1.8%	3.2%	1.5%	0.1%	1.8%	-0.7%
2020	1.2%	1.8%	-16.9%	2.9%	2.0%	5.7%	2.5%	2.2%	2.7%	-2.4%	16.0%	2.3%	18.3%
2021	1.6%	1.8%	2.7%	1.6%	0.4%	0.7%	-1.5%	0.9%	3.1%	1.4%	-0.2%	0.4%	13.8%

(*) 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	6.14%	9.72%	7.56%	12.67%	15.34%	10.28%
Stoxx 600	6.18%	13.05%	2.87%	14.37%	16.67%	14.74%
Ibex	-1.40%	0.67%	-1.29%	19.95%	23.36%	20.18%

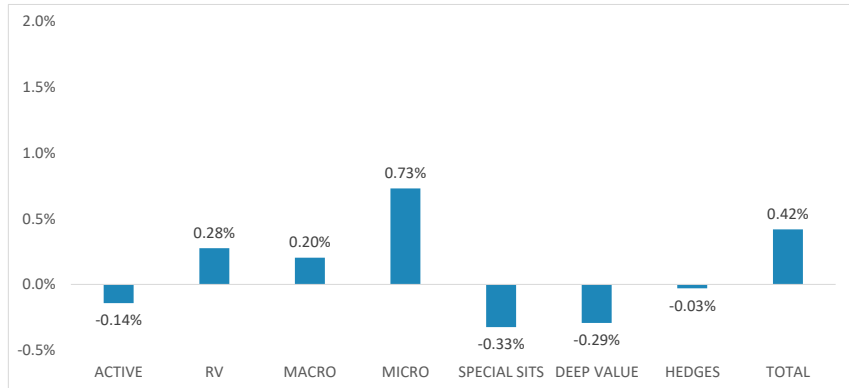
Returns (% Net)

2021YTD	13.80%
CAGR*	7.56%
Dec 2021	0.42%

Risk / Return

Volatility*	10.28%
Sharpe Ratio*	0.74
Sortino Ratio	1.31
Parametric VaR 1-d	1.94%

Performance attribution across strategies (% Gross)



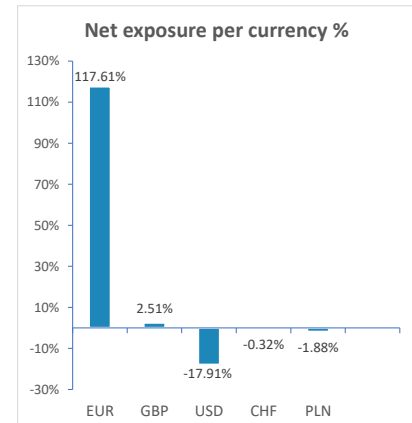
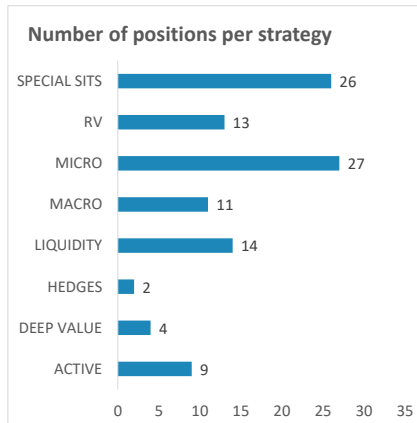
Top Five Positions (Net Exposure over Nav)

Itraxx Sub fin CDS GEN 5Y	-28.85%
SX7E Mar-21 100/110 call spread	19.80%
Grifols A shares	-6.00%
Grifols B shares	6.11%
BCP T2 4% 05/17/32	4.53%

% Leverage

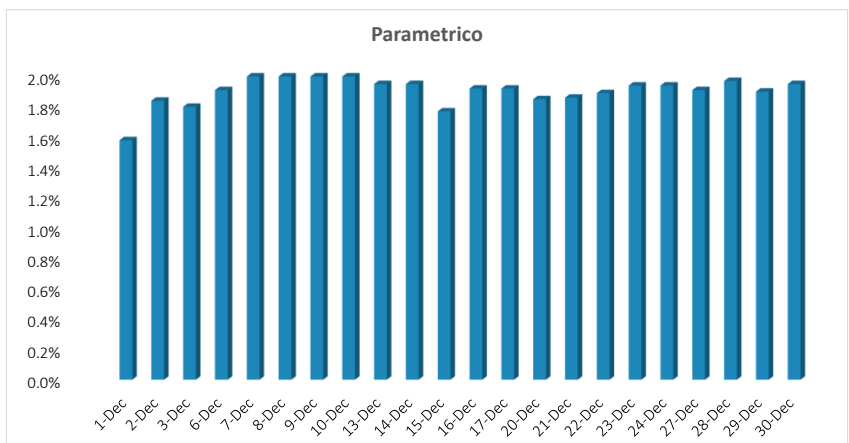
Gross	196.8%
Net	58.2%

Risk Concentration and Distribution Metrics



% of Gross Exposure per Strategy

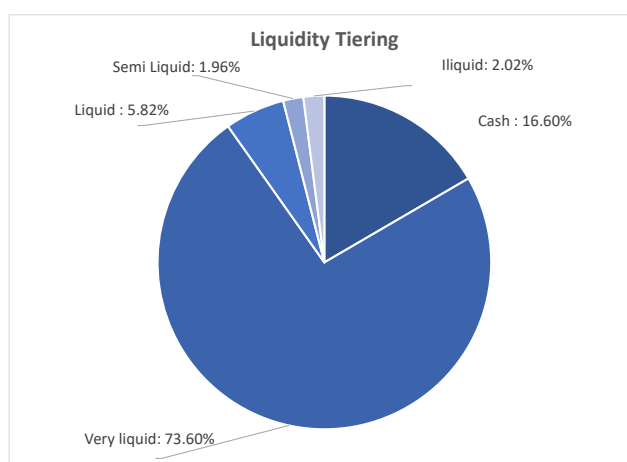
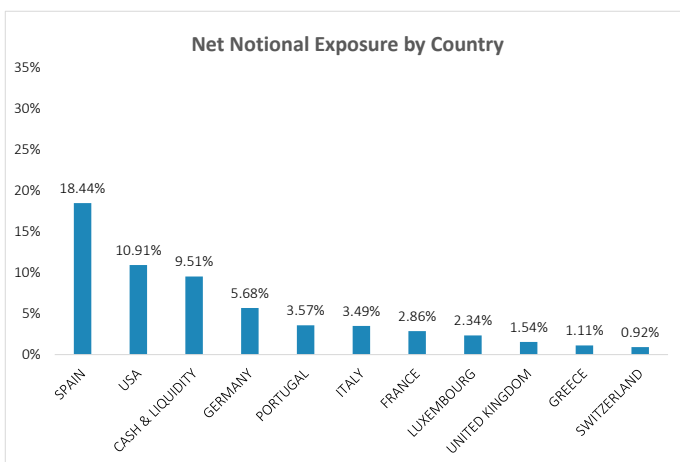
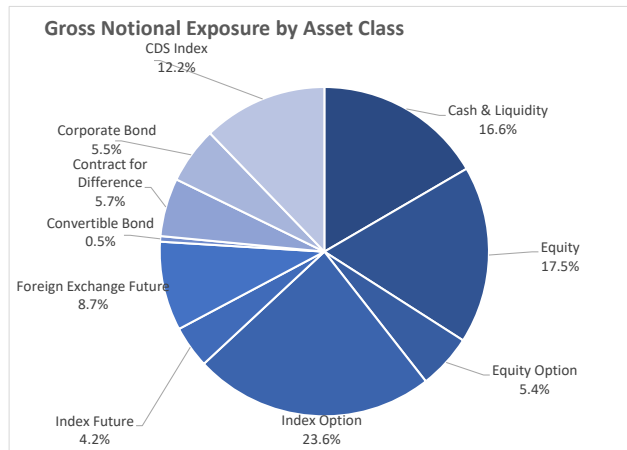
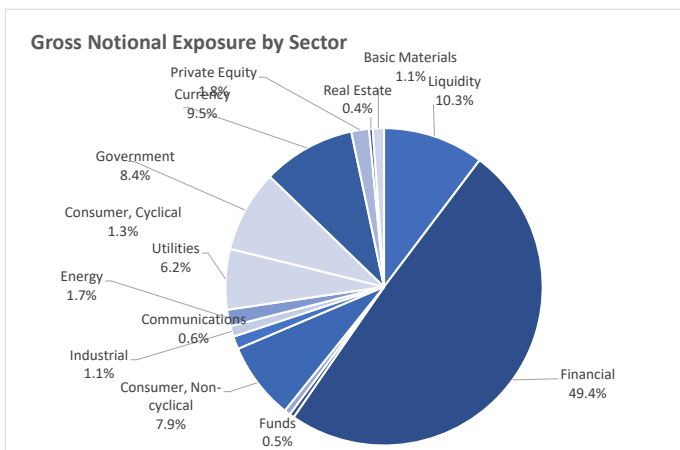
Active	1.56%
Deep value	2.85%
Hedges	6.91%
Liquidity	16.60%
Macro	36.29%
Micro	17.57%
Relative value	14.71%
Special sits	3.51%



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Risk Concentration and Distribution Metrics (2)



December 2021 Update (cont...)

(cont...) From a performance attribution point of view overall returns were largely driven by Micro strategies (+0.7%). Within this bucket profitability was driven by profit taking in shares of Spanish construction company OHL (which generated +0.5% net return over NAV after fully exiting our remaining position in the name-) and positive mark to market in a number of other exposures including Spanish bank stock Unicaja (+0.2% net return over NAV), shares of Portuguese pulp and paper mill operator Altri SA (+0.1% net return over NAV), June 2022 36-strike calls on German utility RWE (+0.3% net return over NAV), as well as shares of Spanish stainless-steel manufacturer Acerinox SA (+0.1% net return over NAV). We remain particularly bullish in Acerinox where the company is still very attractively valued vs the sector and at 16% FCF yield offers very attractive optionality to commodity asset price inflation and we will be looking to add to the position on weakness. Within the Macro bucket (+0.2%) the mark-to-market gains in the March 2022 100-110 call spread more than offset the negative time decay within the strategy. Relative Value (+0.2%) continues to run a delta neutral position across several stocks where the predominant themes played are relative value across the European banking sector and cap structure arb. Within the strategy the largest contributors to net gains on the month were our long Grifols pref shares vs short Grifols common stock and long Unicredit vs short the SX7E index. Three strategies were on the negative side of return contributions for December: Special Sits, Deep Value and Active. Despite the positive contribution of our event-driven trade in Banca Popolare de Sondrio shares, which we exited for a profit of 8bps over NAV, Special Situations (-0.3%) was dragged by adverse mark to market across several event-driven equity exposures, where shares of restructured Spanish supermarket chain Dia (-10bps net return over NAV) accounted for the most significant negative contribution within a very well diversified bucket. Deep Value strategies (-0.3%) were adversely impacted by the substantial sell-off seen in US growth stocks, where Amwell telehealth (-0.3% net return over NAV) accounted for all the losses within the bucket as the hawkish Fed stance more than offset any positive optionality for the name derived from the spread of the Omicron variant. Finally, tactical trading Active strategies (-0.1%) were dragged by thinner market liquidity and absence of attractive primary opportunities across credit and equities. From a strategic portfolio construction point of view our stance remains broadly unchanged from what we reiterated in our previous newsletter:

"...we expect portfolio construction and allocations across strategies until 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" (cont...)

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December 2021 Update (cont...)

(cont...) We are however currently exploring adding a particular emphasis on optionality trades related to an increase in geopolitical risk as US military and economic hegemony at global level presiding over world order since the end of WWI is increasingly challenged by China, and Russia exploits Biden's administration weak hand in international political arenas to gain further influence in the strategic Baltic and Black Sea regions.

From the point of view of risk metrics, we are looking to incorporate into our monthly investor report a new VaR-normalized net exposure measure that aims to aggregate risk across the heterogenous asset classes within the portfolio, expressing the fund's net exposure in terms of Eurostoxx 50 futures contracts notional equivalent/NAV. We are also working on an ESG scoring methodology which we hope will provide investors with a quantitative glimpse into the substantial corporate governance analysis that goes into trade selection, as well as the weight of longer-term energy transition optionality themes incorporated into the portfolio. In our constant efforts to increase granularity and portfolio transparency to our investors we will continue to provide additional quantitative indicators, and we would love to hear of any investor requirements in this sense that we might accommodate so feel free to challenge our brains and contact us with your requests!

Net leverage has seen an increase from +40% at the end of November to +58% at the end of December as the fund decided to add a short-term tactical longer risk tilt (particularly within the Macro bucket) in the wake of the Omicron variant related sell-off. As we execute our 4-pillar strategic plan we will see a gradual increase in gross leverage which grew from 1.5 times NAV to 2 times as the fund increased reliance on relative value positioning. From a statistical point of view, expressed as 1-day 99.5% confidence parametric VaR, we can also observe an uptick in risk employed from 1.5% at the end of November to 1.9% at the end of December. Likewise, average daily VaR utilization throughout the month also increased from 1.2% during November to 1.9% during December.

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