

SIF



NAV 26/01/2022: 124.30

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QUADRIGA RHO INVESTMENTS

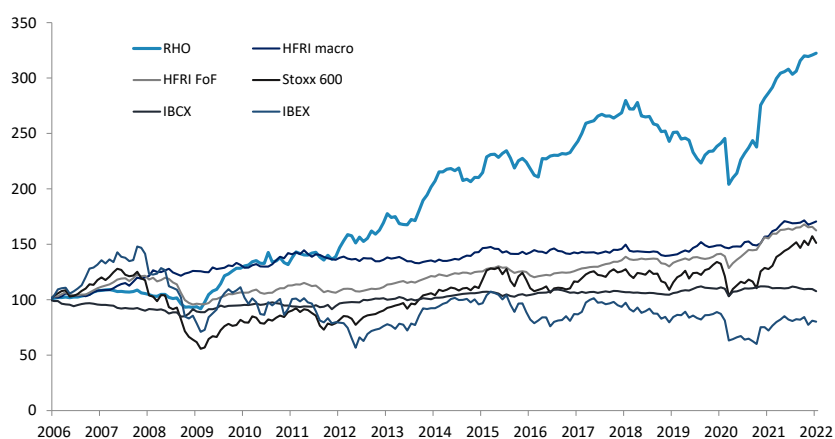
The fund's objective is to return net positive returns every year, regardless the behavior of traditional assets. To achieve it, the fund allocates to six different strategies: Active, Relative Value, Macro Selection, Micro Selection, Special Situations and Deep Value. The strategies are focused on finding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

January 2022 Update

Rho Investments generated a +0.51% net return in January which, although modest in absolute terms, constitutes once again a very strong relative performance versus risky assets and peers. The strategic portfolio shift anticipated in Q4 2021 continues to bear significant fruits in terms of successfully managing risk in the new year, which we had anticipated in previous newsletters to be characterized by both high levels of volatility and a dramatic increase in the dispersion of asset returns. Against a backdrop of weak performance in both European (total returns for the Ibx 35 of -0.2% and -2.7% for the Eurostoxx 50) and US equities (with S&P 500 and NDX losing -9.2% and -14% respectively in USD terms) and negative returns across high beta credit (proxied by the iTraxx 5-year Crossover CDS index, which lost -1.1% in the period), Rho Investments' innovative diversification approach coupled with heavier tactical weights on relative value and highly idiosyncratic positioning helped not only to substantially beat equity returns, but more crucially to further enhance the attractive risk-adjusted return profile of the fund. (cont'...)

Fund Facts

Structure	SIF
Domicile	Luxembourg
Class	A / B
Mgmt. Fee	1% / 2%
Perf. Fee	20% / 20%
Min. Investment	500,000€ / 125,000€
NAV Currency	EUR
Liquidity	Weekly
ISIN	LU1610886332 / LU2403116234
Bloomberg Code	RHOSIFA LX / RHOSIFB 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%
2022	0.5%												0.5%

(*) Since inception - Rho SIL until June 2017, since June 2017, Rho SIF Multi-strategy

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Comparative Risk / Return

	RETURNS (CAGR)			VOLATILITY		
	10 years	3 years	Since inception	10 years	3 years	Since inception
Rho Investments	8.17%	8.71%	7.56%	11.21%	15.12%	10.26%
Stoxx 600	6.31%	9.35%	2.61%	13.18%	16.69%	14.74%
Ibex	0.12%	-1.66%	-1.36%	19.55%	23.05%	20.13%

Returns (% Net)

2022YTD	0.51%
CAGR*	7.56%
January 2022	0.51%

Risk / Return

Volatility*	10.26%
Sharpe Ratio*	0.74
Sortino Ratio	1.31
Parametric VaR 1-d	1.85%

Top Five Positions (Delta exposure as % of NAV / Market value at risk as % of NAV)

SX5E Mar-22 4350 call	15.3% / 0.5%
SX5E Feb-22 4200 call	10.4% / 0.4%
SX7E Jun-22 110/120 call spread	9.2% / 1.1%
Grifols A shares	-5.7% / -5.7%
Grifols B shares	5.6% / 5.6%

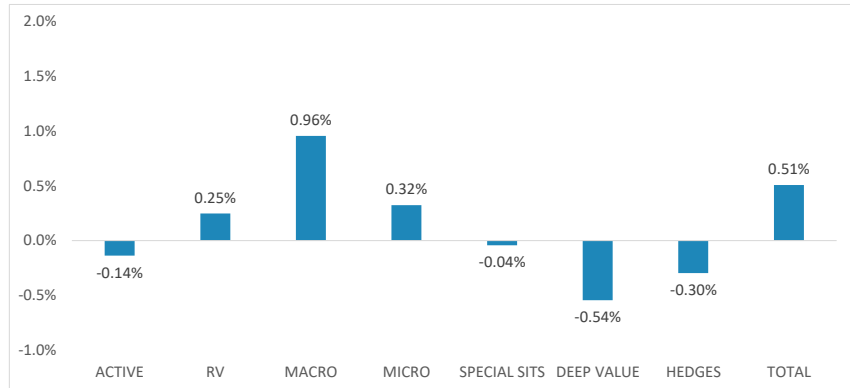
% Leverage

Gross	157.2%
Net	80.7%

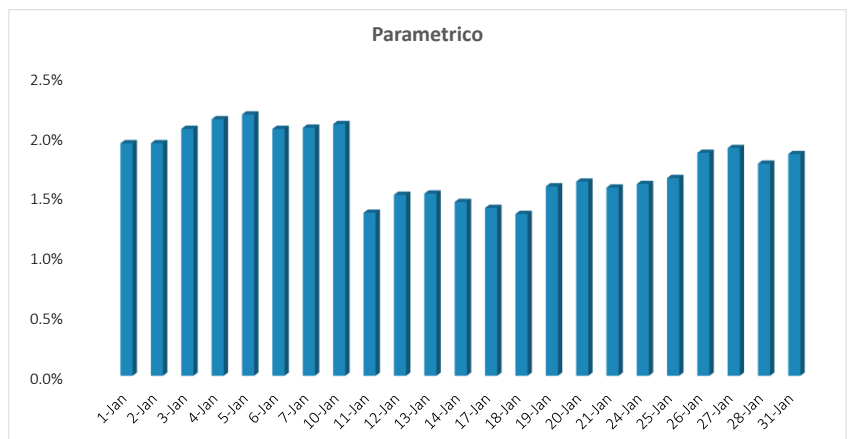
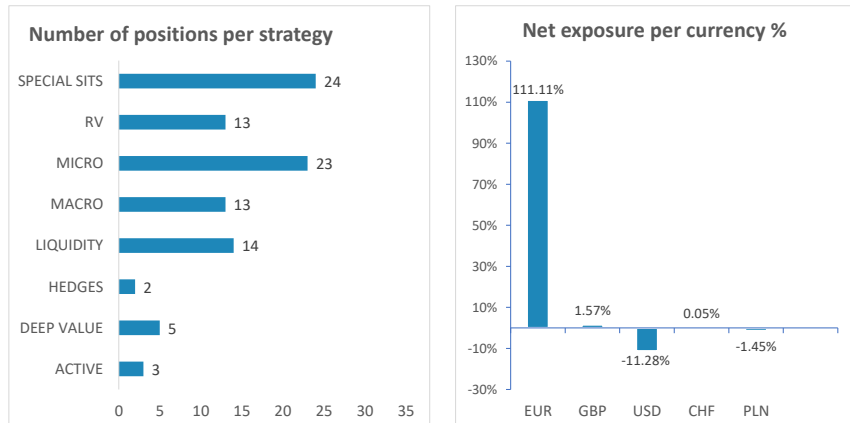
% of Gross Exposure per Strategy

Active	1.59%
Deep value	3.88%
Hedges	7.92%
Liquidity	23.19%
Macro	27.28%
Micro	14.88%
Relative value	17.94%
Special sits	3.33%

Performance attribution across strategies (% Gross)



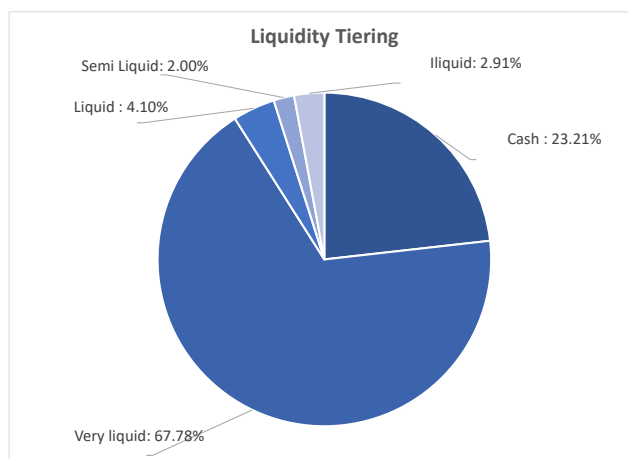
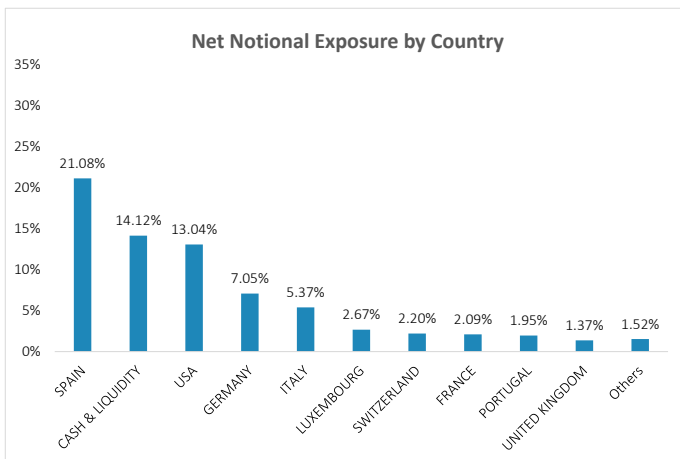
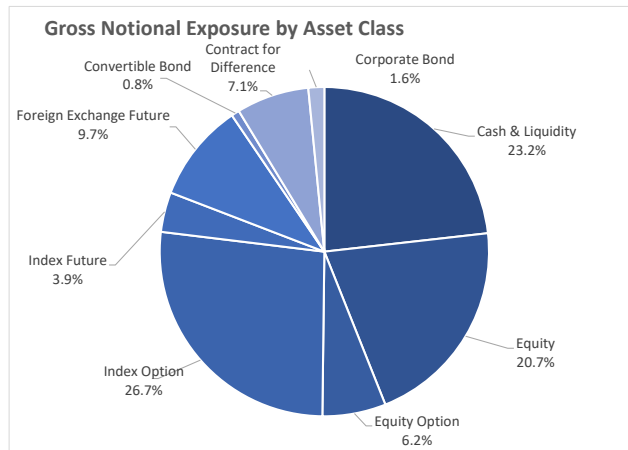
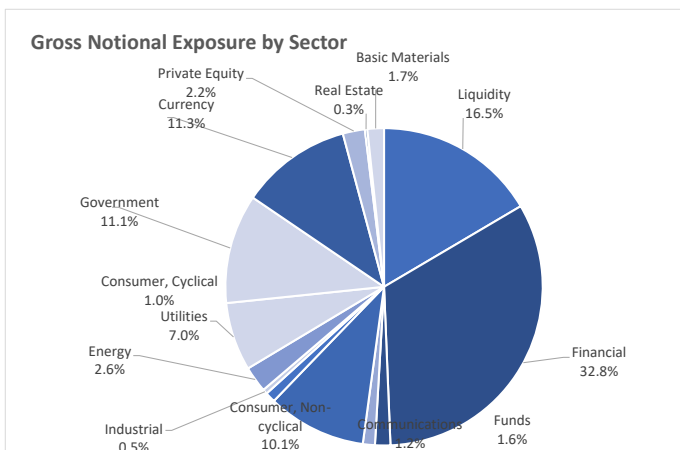
Risk Concentration and Distribution Metrics



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Risk Concentration and Distribution Metrics (2)



January 2022 Update (cont...)

(...cont') Indeed, despite the uptick in market vol, Rho Investments current volatility (1-year annualized weekly vol) profile stands at a relatively modest 6.1%, which put in relative terms constitutes a yet smaller fraction of the volatility associated US and European stocks (between 35% and 50% of the volatility associated with major European and US stock indices). Our battle-cry mantra for 2022 will be something along the lines of: "Look after the vol and the returns will look after themselves". We envisage an even more stringent risk management approach that will inform all aspects of trade construction and strategy allocation, which will translate in practice into tighter stops and more diversification across themes in the Macro bucket, a higher percentage of tactical trading (Active), relative value and Special Situations allocations, as well as lower levels of VaR and net market exposure vs our historical average. From a portfolio attribution point of view, the bulk of the returns were generated within the Macro bucket (+1.0%). Within the strategy the performance was driven by a 100-110 March 2022 call spread on the SX7E (which we subsequently rolled up to a 110-120 to prudentially book profits and to regain some potential gamma sensitivity in a market that we continue to see as potentially very "gappy"). Also, our short (subordinated financial) credit risk via long 5-year sub fins CDS index (+0.16%) and long GDP-linked GGB 2042 warrants (+0.13%) contributed towards profitability within the bucket. We have already exited the long sub fins CDS position booking profits and looking for a re-entry point (as we remain very bearish on credit this year), and despite the quick and attractive mark-to-market gain we have decided to keep the GGBs as a long-shot deep out of the money option on inflation conditioned on a post-Covid reopening trade for the European services sector. Within Micro strategies (+0.3%) performance was largely driven by shares of Spanish bank Unicaja (which finally reached our valuation target and we exited contributing +0.2% to total fund performance) and shares of airline conglomerate IAG (+0.2%). Notably, we exited any remaining long-credit exposures sitting in the bucket, given how vulnerable the whole credit complex remains amid thin break-evens vs moves in underlying rates, and the scary shadow of the removal of the ECB's CSPP looming nearer for credit markets. Relative Value (+0.2%) returns were largely driven by positive mark-to-market in our long Grifols prefs vs short Grifols ordinary shares position. On the negative side, Deep Value strategies performance (-0.5%) was dragged by adverse mark-to-market in our theme of long-term growth of the telemedicine slice within in the lucrative pie of US health expenditure (via positions in stock of US companies Amwell and Teladoc) which suffered substantially amid severe correction in growth stocks. Special Sits (flat) saw little activity other than our sale of post-restructuring senior debt of Spanish gaming company Codere (we kept the stapled equity for better optionality though). The bucket continued to suffer from lack of short-term catalysts and a currently thin pipeline of opportunities, which we expect to grow substantially towards Q4 as levered companies experience the adverse effects of withdrawal of material fiscal support and state aid schemes rolled out in the wake of Covid. Finally, from the point of view of risk metrics net leverage has seen an increase from +58% at the end of December to +81% at the end of January. This increase is largely the result of (passive) increases in the delta of some options in the portfolio (such as the afore mentioned long 100-110 SX7E call spread) and our unwind of the 25mm long CDS protection in the iTraxx 5-year Sub Fins index. We expect portfolio net exposure to broadly peak at this 80% level and see a modest active reduction over the next few weeks. As we execute our 4-pillar strategic plan mentioned in our previous newsletter we will continue to see a gradual medium-term increase in gross leverage, although this month this metric saw a dip from 2 times at the end of December to 1.5x at the end of January as the fund took profits across several positions. From a statistical point of view, expressed as 1-day 99.5% confidence parametric VaR, we see that risk dropped marginally from 1.90% at the end of December to 1.85% at the end of January. Likewise, average daily VaR utilization throughout the month also decreased from 1.9% during December to 1.8% during January.

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