

SIF



NAV 24/11/2021: 123.14

INVESTMENT TEAM

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QUADRIGA RHO INVESTMENTS

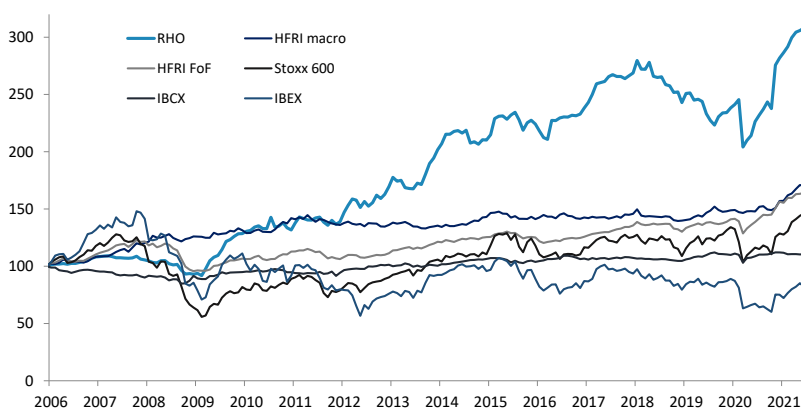
The fund's objective is to return net positive returns every year, regardless the behavior of traditional assets. To achieve it, the fund allocates to six different strategies: Active, Relative Value, Macro Selection, Micro Selection, Special Situations and Deep Value. The strategies are focused on finding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

November 2021 Update

November saw a relatively flat month for the fund. A small drawdown of -0.20% compares very favorably with total returns in Spanish risk (Ibex 35 -1.8%) and higher beta European credit markets (iTraxx Crossover 5-year CDS index returned -0.21%), although lags the performance seen in the Eurostoxx 50 (+1.4% total return) or US stocks in USD terms (S&P 500 and Nasdaq 100 +3.4% and +5.0% respectively). From a performance attribution point of view, Micro strategies was the leading contributor to performance with +0.6%, with returns in the bucket largely driven by OHL shares (+0.34% of net contribution to portfolio returns) and Valourec (+0.44% contribution to total net absolute return). At current valuation levels OHL stock appears close to fully valued versus our model, and we have thus begun exiting the position, whilst in Valourec stock we still see an additional upside of more than 10% with high prices across European energy markets as an additional tailwind for the positive short-term trend. On the negative side, Deep Value strategies registered a -0.55% loss driven by adverse mark-to-market in Amwell telehealth shares. (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%		13.3%

(*) 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	6.53%	8.20%	7.58%	12.67%	15.56%	10.31%
Stoxx 600	6.25%	9.00%	2.55%	14.22%	16.91%	14.73%
Ibex	-0.90%	-2.92%	-1.60%	19.96%	23.46%	20.20%

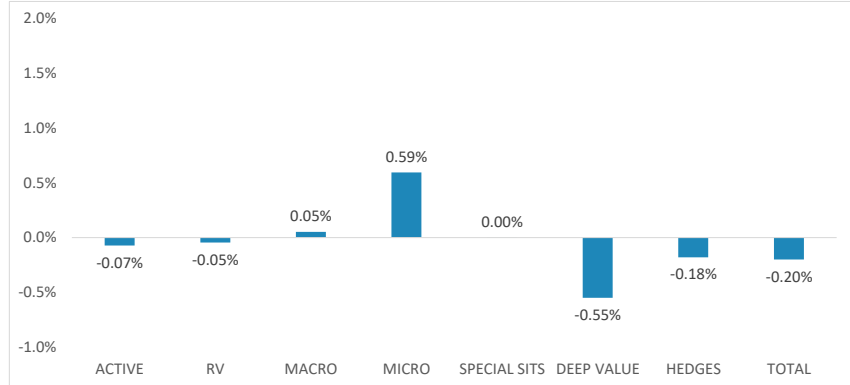
Returns (% Net)

2021YTD	13.34%
CAGR*	7.58%
Nov 2021	-0.20%

Risk / Return

Volatility*	10.31%
Sharpe Ratio*	0.73
Sortino Ratio	0.99
Parametric VaR 1-d	1.48%

Performance attribution across strategies (% Gross)



Top Five Positions (Net Exposure over Nav)

Itraxx Sub fin CDS GEN 5Y	-28.94%
Grifols A shares	-4.83%
Grifols B shares	4.81%
BCP T2 4% 05/17/32	4.58%
Unicaja shares	3.67%

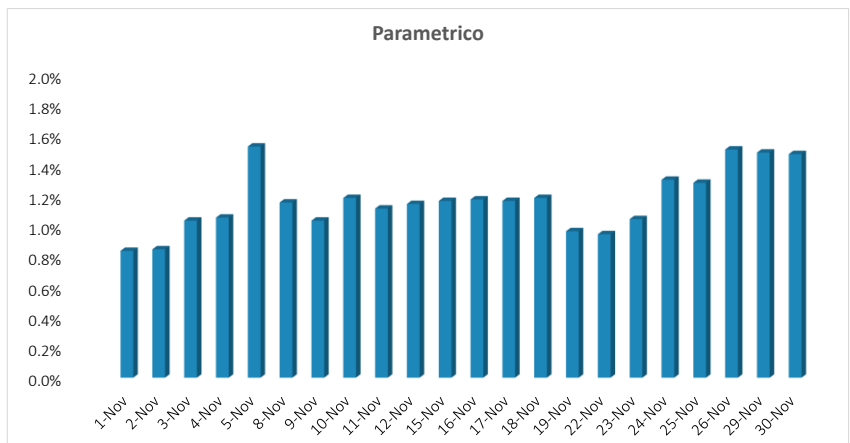
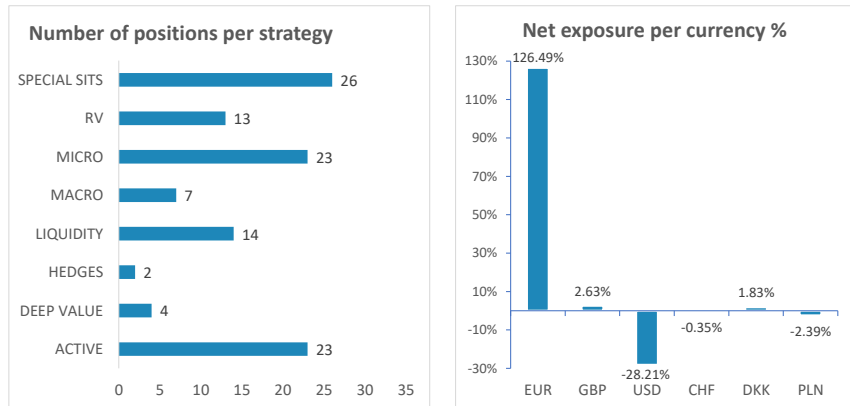
% Leverage

Gross	151.4%
Net	30.5%

% of Gross Exposure per Strategy

Active	10.23%
Deep value	3.23%
Hedges	8.09%
Liquidity	25.93%
Macro	16.40%
Micro	17.40%
Relative value	14.38%
Special sits	4.33%

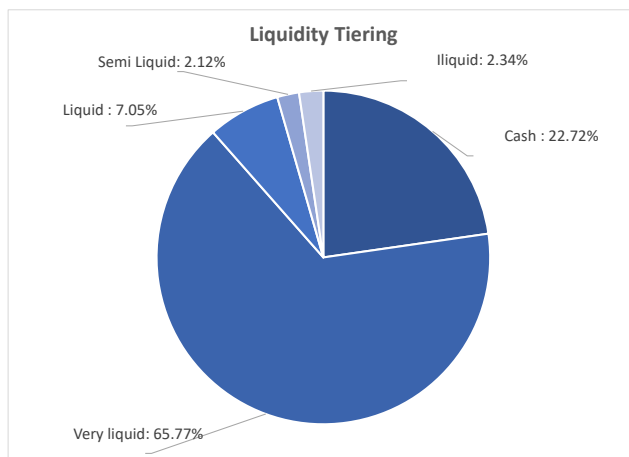
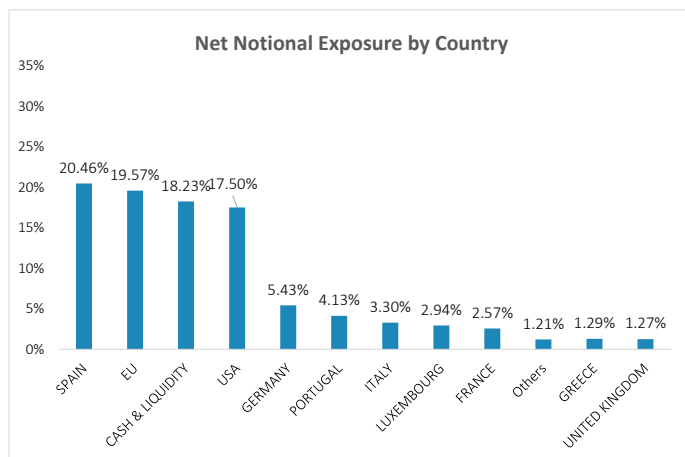
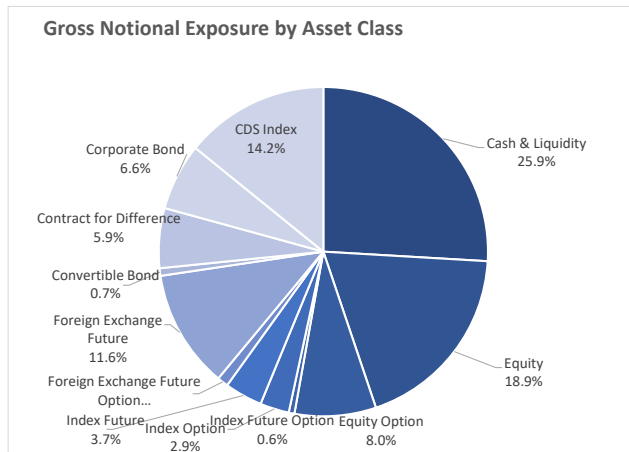
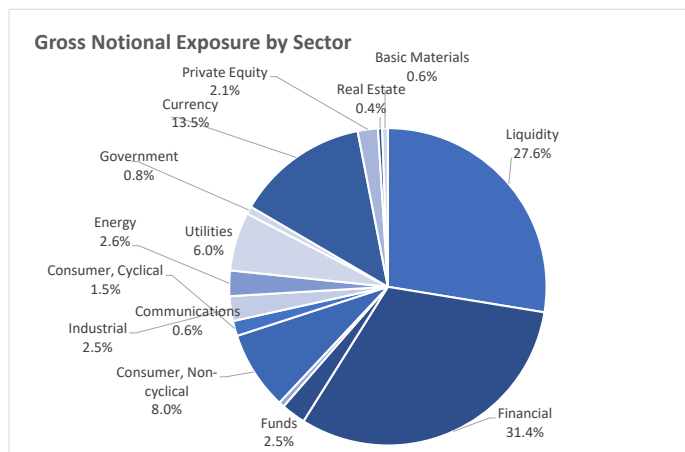
Risk Concentration and Distribution Metrics



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

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Risk Concentration and Distribution Metrics (2)



November 2021 Update (cont...)

We do however still envision substantial long-term potential in the stock arising from the digitization (currently less than 0.5% penetration vs average of 4% for rest of industries) of the substantial US healthcare expenditure pie (c. 20% of US GDP), whilst in the short-term the investment also provides optionality around a deterioration in the Covid19 epidemiological situation, which although not our base case scenario, constitutes a good natural hedge against value exposures within the Micro bucket. A new theme that we are currently looking to incorporate within the bucket is that of long-term energy transition plays in Iberia, where we do not only envisage substantial growth rates in the sector and large EU fiscal stimuli supporting the investment case, but also strong optionality around M&A. Elsewhere in the portfolio, performance was remarkably flat. The Active bucket lost a mere 7bps amid a lack of compelling tactical trading opportunities and limited primary supply in credit and equity markets as we approach year-end. Relative Value strategies (-0.05%) continue to be predicated around bank stocks long-short exposures, to which we have added a long Portuguese bank BCP vs short Polish bank Millenium (50.1% owned by BCP) with a twofold purpose: to capture the value embedded in BCP Portuguese domestic business, which is severely undervalued by the market, and to also gain second-order optionality to heightened geopolitical risk in Eastern Europe. Special Situations registered a flat month in absence of near-term optionality catalysts, with most significant event milestones within the strategy in January 2022 for our holdings in distressed restructured bonds of Spanish company Abengoa, and in Q4 2022 for our position in stock of recently restructured Spanish retailer Dia. In the Macro bucket (+0.05%) we continue to explore investments around European inflation and Chinese recovery (as we expect an increase in domestic stimuli) themes to add to existing upside risk in European stocks recently bought (via index options) on the Omicron-related dip. From a portfolio strategy point of view, we have increased the allocation to tactical trading within the Active bucket following the Omicron-related sell-off, otherwise our stance remains unchanged from our guidance to investors 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"

Finally, once again from a risk metrics point of view, we can observe quantitatively the impact of the new strategic pillars adopted by the fund. Net leverage decreased from +37% at the end of October to +30% at the end of November. Whilst we envisage gross leverage to adopt an upward trend as the fund increases relative value allocations, gross exposure stood however unchanged month on month at 1.5 times NAV). From a statistical point of view, expressed as 1-day 99.5% confidence parametric VaR, we can observe a meaningful uptick in risk employed (from 0.8% at the end of October to 1.5% at the end of November). Likewise, average daily VaR utilization throughout the month also increased from 0.9% during October to 1.2% during November.

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