

SIF



NAV 31/08/2022: 120.05

INVESTMENT TEAM

Rodrigo Hernando, CEO

José Mosquera, CIO

Imanol Urquizu, PM

José Martín-Vivas, Sr. Analyst

Jorge Peñalba, Sr. Analyst

QUADRIGA RHO INVESTMENTS

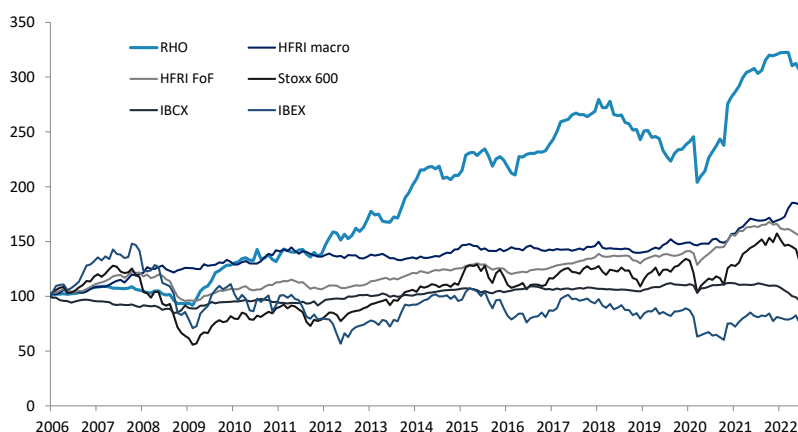
The fund's objective is to return net positive returns every year, regardless the behavior of traditional assets. To achieve it, the fund allocates to six different strategies: Active, Relative Value, Macro Selection, Micro Selection, Special Situations and Deep Value. The strategies are focused on finding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

Aug 2022 Update

As the summer vacation now looks like a too distant memory lost in the unfathomable depths of the hippocampus, we come with a belated report of fund performance for the month of August just as the daily grind of school runs and unpredictable market gyrations once again dictate the pace of our lives. So after all this time let's put on a pair of Marty McFly Nike Bruins and set the dial in the mighty Delorean back to August 2022... a time in which Rho investments once again generated a very robust +0.13% net return to investors against a market backdrop characterized by losses across most risky assets, with the Eurostoxx 50 producing a net return of -2.45%, the Ibox 35 -2.92%, the S&P 500 and Nasdaq 100 -1.51% and -2.49% respectively in USD terms and the iTraxx Crossover 5-year CDS index losing -0.95%. Yet once again, when looking at risk-adjusted returns Rho Investments not only continues to beat stock and credit indices in absolute terms in the year but also saw a further reduction in its relative volatility vs the market as overall volatility rises across risky assets, with a 1-sigma of 1-year weekly returns for Rho Investments standing at 1.3% vs 2.9% in the Eurostoxx 50, 2.5% in the Ibox 35, 2.7% in the Dax, 3.4% in the Nasdaq or 2.6% in the S&P 500. (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% | 0.0% | 0.0% | -3.8% | 0.7% | -2.2% | 1.7% | 0.1% | | | | | -2.9% |

(*) 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 | 7.19% | 11.72% | 7.05% | 10.93% | 14.83% | 10.16% |
| Stoxx 600 | 4.54% | 3.05% | 1.77% | 13.43% | 17.50% | 14.84% |
| Ibex | 0.61% | -3.63% | -1.83% | 18.04% | 23.04% | 19.92% |

Returns (% Net)

| | |
|----------|--------|
| 2022YTD | -2.92% |
| CAGR* | 7.05% |
| Aug 2022 | 0.13% |

Risk / Return

| | |
|--------------------|--------|
| Volatility* | 10.16% |
| Sharpe Ratio* | 0.69 |
| Sortino Ratio | 1.23 |
| Parametric VaR 1-d | 1.87% |

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

| | |
|-------------------------------|---------------|
| SX5E Sep 3750/3550 put spread | -6.4% / -0.9% |
| SX7E futures | 5.3% / 5.3% |
| Grifols B shares | 4.4% / 4.4% |
| Grifols A shares | -4.4% / -4.4% |
| Unicredit shares | 3.6% / 3.6% |

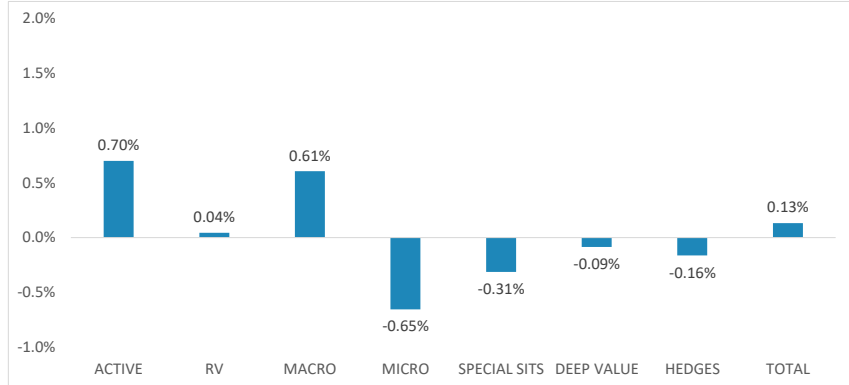
% Leverage

| | |
|-------|--------|
| Gross | 129.8% |
| Net | 63.3% |

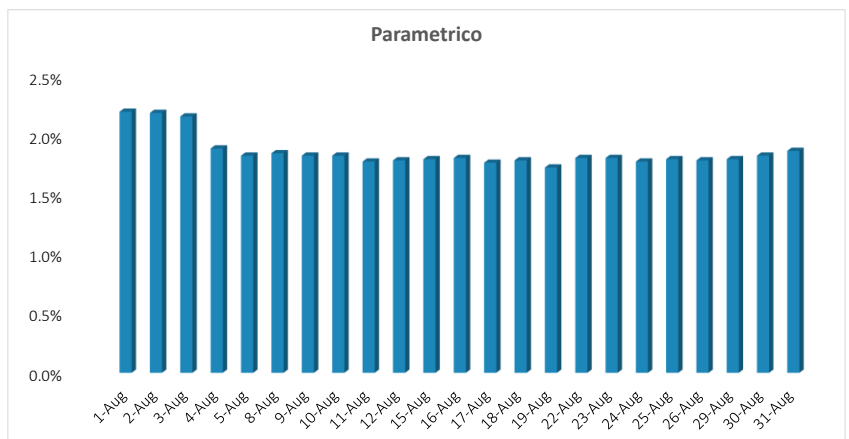
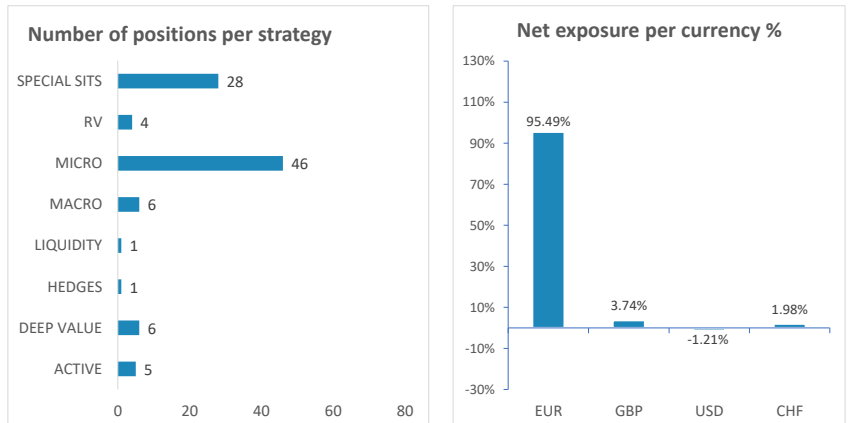
% of Gross Exposure per Strategy

| | |
|----------------|-------|
| Active | 6.7% |
| Deep value | 5.5% |
| Hedges | 6.5% |
| Liquidity | 23.9% |
| Macro | 7.9% |
| Micro | 32.3% |
| Relative value | 11.2% |
| Special sits | 6.1% |

Performance attribution across strategies (% Gross)



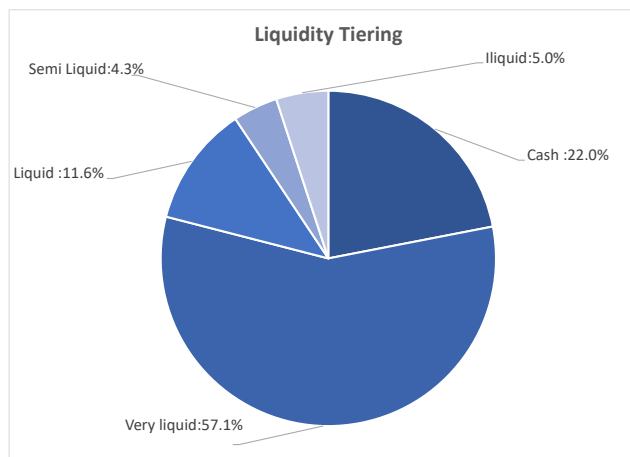
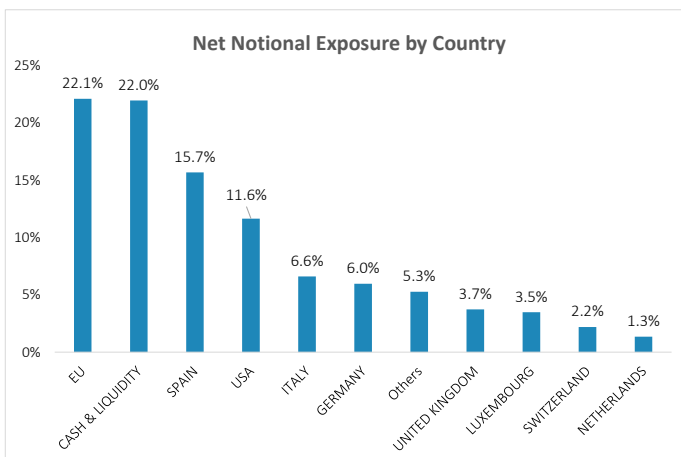
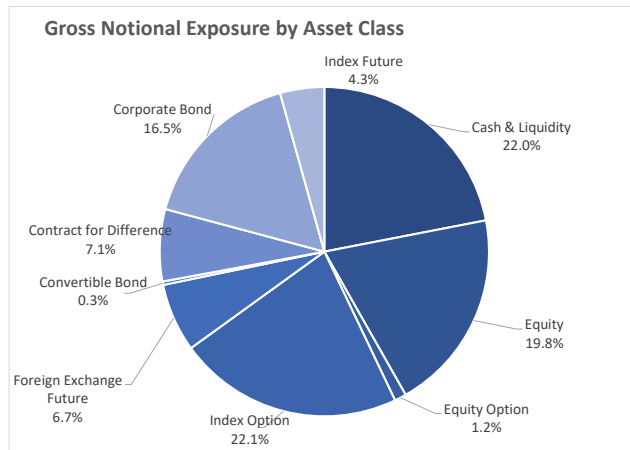
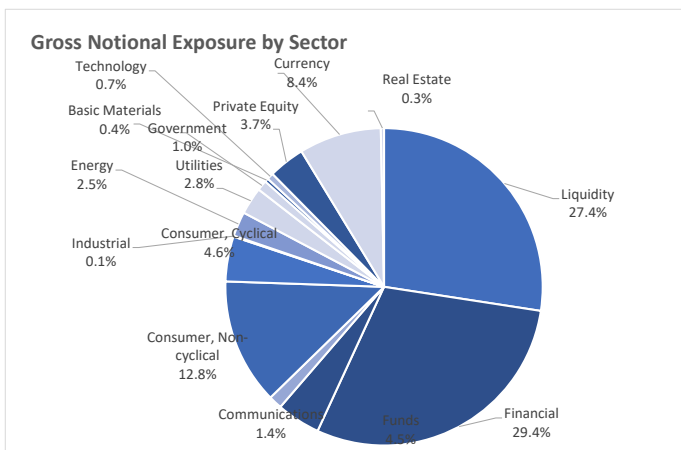
Risk Concentration and Distribution Metrics



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Risk Concentration and Distribution Metrics (2)



Aug 2022 Update (cont...)

(...cont) From a performance attribution point of view, tactical trading-focused Active (+0.7%) and Macro directional strategies were the largest contributors to returns in the month. Tactical trading-focused Active bucket returns were buoyed by short-term trading in stock indices volatility, whilst within the Macro bucket, returns were driven by bearish positioning in the Eurostoxx 50 via a 3750/3550 Sep 22 put spread (+0.50% net contribution to total month performance) and a bullish stance in European banks expressed both in delta one (SX7E Sep 22 futures) and via options (June 23 105/120 call spread on the SX7E) which added another 10bps of performance vs total NAV. On the negative side, contrarian and value positioning contained within Micro directional strategies (-0.65%) was not immune to the market sell-off and saw IAG stock (-0.17%), EDF 3.375% corporate hybrid perps (-0.10%) Monte dei Paschi 10% T2 bonds (-0.10%) and Nexi shares (-0.08%) as main drivers of weak performance within the strategy. Special situations (-0.31%) saw the full write-off of our exposure to restructured Abengoa senior old money (total -0.10% contribution to NAV), as the Spanish government declined to rescue the beleaguered Spanish renewable energy-focused EPC firm, as most relevant development within a strategy that continues to be dragged by very slow deal flow, although we expect a substantial increase in opportunities towards Q1 2023 as the rise in funding costs and removal of post pandemic government support schemes puts substantial pressures on many heavily indebted companies. Relative value strategies (+4bps) continue to be focused on an optionality theme of Spanish company Grifols utilizing the heavy discount of pref vs ordinary shares as an attractive corporate lever to address its heavy debt burden, as well as a few dispersion trades around Spanish banks' equity valuations. Deep Value (+9bps) continues to focus on long-term US tele-health investments, to which we have added an element of rolling covered call writing to benefit from very high levels of implied vol in the sector, at a time when we expect valuations to remain depressed and do not foresee any clear catalyst for stock rerating. From a strategic standpoint we are starting to shift away from the "contrarian cautious optimism" outlined in our previous newsletter towards a more cautious stance. Whilst we still acknowledge that market positioning is light, there is still plenty of liquidity in the system and we have never seen so many gloomy and well flagged grey swans in our careers, we also must acknowledge that the severity of potential tail events going into the European winter has also increased. From a portfolio positioning point of view this will translate into the fund looking to prioritize investments with optionality that correlates negatively with high-beta value-focused exposures contained within the Micro directional bucket, as well as increasing reliance on Relative Value strategies for the next 3-5 months. Finally, from the point of view of risk metrics, we can observe a further decrease in net leverage from 73% at the end of July to 63% at the end of August. Gross leverage utilization did however see a small increase from 1.1x at the end of July to 1.3x at the end of August due to the addition of some short-term market downside protection within the Macro bucket. From a statistical point of view, expressed as 1-day 99.5% confidence parametric VaR, we also see risk decrease from 2.3% at the end of July to 1.9% at the end of August. Average daily VaR utilization also decreased from 2.5% throughout July to 1.8% during the month of August.

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