SIF

NAV 27/07/2022: 119.89

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.

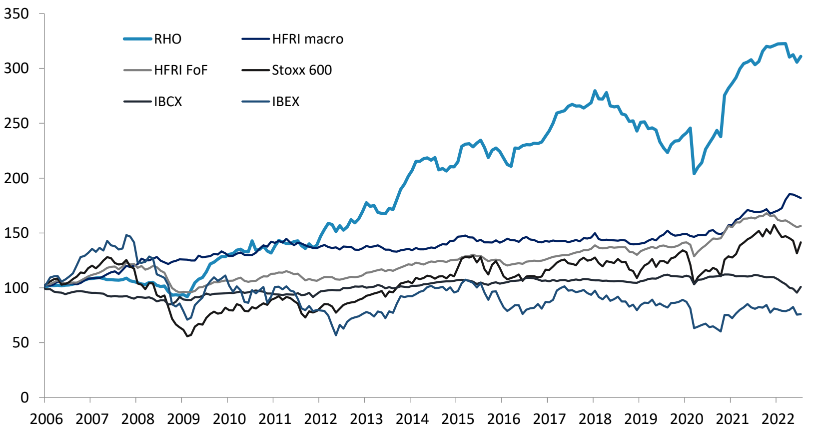
July 2022 Update

As we type this lines in the comfort of our air-conditioned offices in a semi-deserted and fan-assisted oven-hot city of Madrid, we sincerely hope you have chosen not to read this commentary and are instead enjoying your well-deserved summer holidays after the very eventful first seven months of 2022. If you are a current fund investor, rest assured we are here working for your money and you need not read any further; performance has been solid with the fund returning a healthy +1.7% in the month so maybe it is time to go back into the water or enjoy the outdoors (if you are more of a mountain hols person) and recharge batteries for a potentially very complicated Q4? Ok, if you are still reading this you are either too eager for details or the family and in-laws are being a pain during the holidays so you have taken much needed refuge in the sanctuary of work emails, or you simply sadly have no life beyond financial markets (hey that is ok too, here at Rho Investments know where you coming from…). (cont…)

Fund Facts

Structure	SIF
Domicile	Luxembourg
Class	A / B
Mgmnt. 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%						**-3.1%**

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

Comparative Risk / Return

	RETURNS (CAGR)			VOLATILITY		
	10 years	3 years	Since inception	10 years	3 years	Since inception
Rho Investments	7.38%	11.00%	7.09%	10.98%	14.95%	10.19%
Stoxx 600	5.31%	4.36%	2.11%	13.35%	17.19%	14.81%
Ibex	1.93%	-3.12%	-1.64%	18.09%	23.01%	19.96%

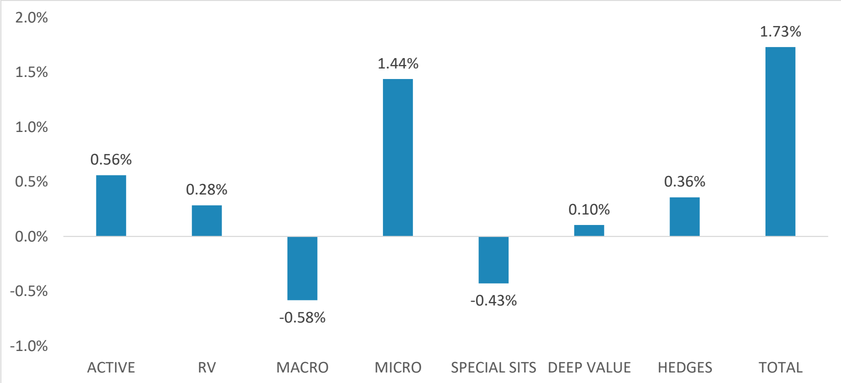
Returns (% Net)

2022YTD	-3.05%
CAGR*	7.09%
July 2022	1.73%

Risk / Return

Volatility*	10.19%
Sharpe Ratio*	0.70
Sortino Ratio	1.23
Parametric VaR 1-d	2.29%

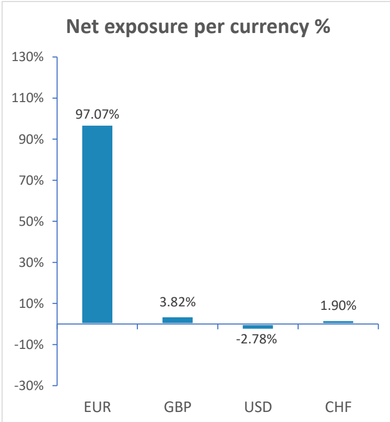
Performance attribution across strategies (% Gross)



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

Grifols B shares	5.7% / 5.7%
Grifols A shares	-5.7% / -5.7%
SX7E futures	5.3% / 5.3%
SX5E futures	4.1% / 4.1%
Unicredit shares	3.5% / 3.5%

Risk Concentration and Distribution Metrics

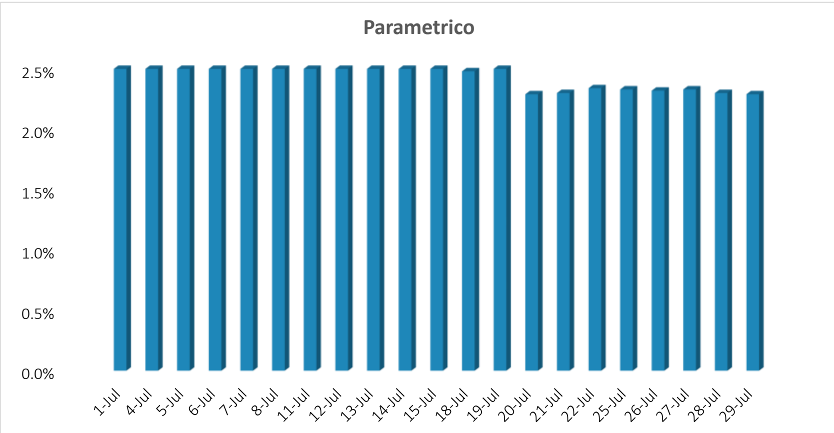


% Leverage

Gross	106.2%
Net	73.4%

% 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%



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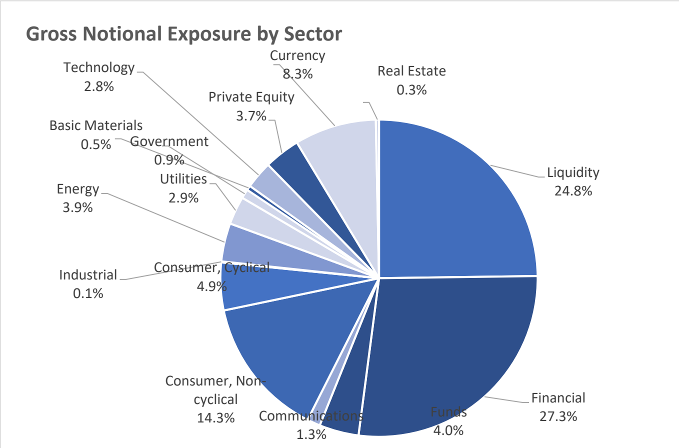
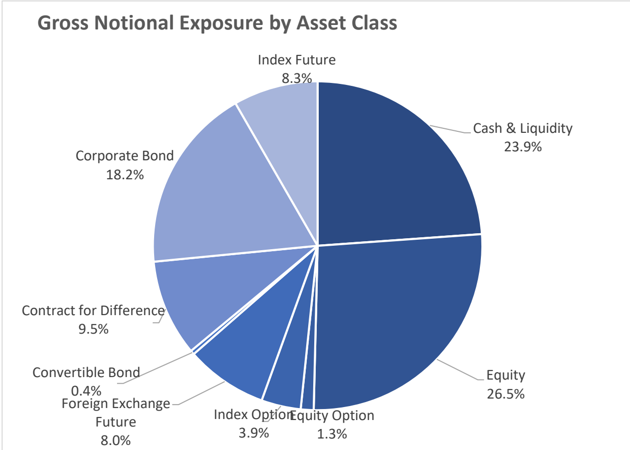
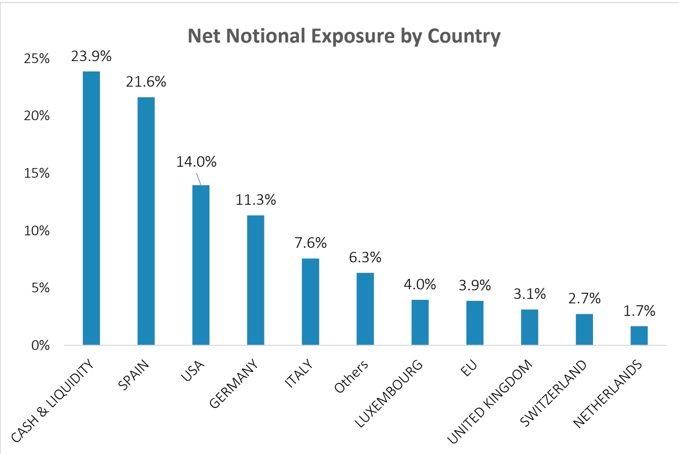
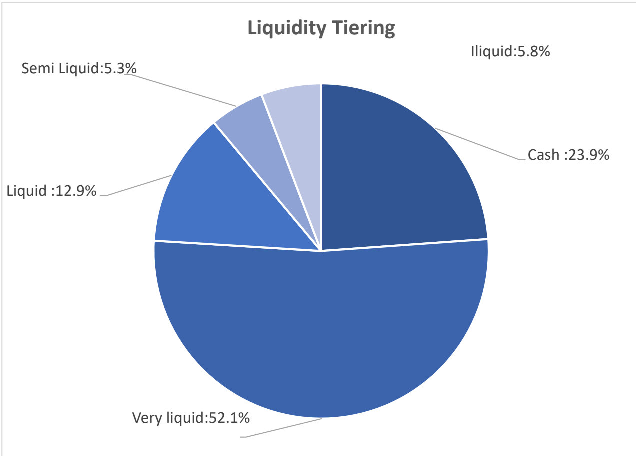
Risk Concentration and Distribution Metrics (2)









July 2022 Update (cont...)

(...cont) Rho investments +1.7% net return in the month of July compares well with European high-yield credit (iTraxx Crossover 5 Year CDS index returned 1.4% in the month) and with most European equity indices (total return in the Ibex and Dax indices was 0% and 1.2% respectively after dividends) although fell short of the +2.8% return in the Eurostoxx 50. Growth-heavy US stocks did however outperform significantly (S&P 500 and Nasdaq 100 returning +5.5% and +8.1% in USD terms) buoyed by a 31bps drop in 10-year USTs in the month. 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 exhibits much lower relative levels of vol vs the broad market, with a 1-sigma of 1-year weekly returns for Rho Investments standing at 1.3% vs 2.8% in the Eurostoxx 50, 2.4% in the Ibex 35, 2.6% in the Dax, 3.2% in the Nasdaq or 2.4% in the S&P 500.

From a performance attribution point of view, Micro strategies (+1.4%) was the largest contributor to returns in the month. We had anticipated in our previous newsletter our contrarian stance in European airline stocks, where we believed that too much macro pessimism and commodity prices headwinds were priced into a sector with valuations cheaper than at the peak of the Covid crisis (remember back then when the world was going to end?) and which has demonstrated (with US airlines as leading indicator) substantial pricing power in the current inflationary environment. Our exposures to IAG (+0.14% total contribution to fund performance), and Wizzair (+0.3%) were the main contributors to gains in our airline stocks exposure, which remains at a very modest level of 5% of NAV, and where we still see some short-term upside given the oversold nature of the sector, with many hedge fund shorts gradually being bought back in European cyclicals as a catalyst for further upside as we continue to see substantial de-grossing and increases in net exposure reported by prime brokers. Also within this bucket we took profits in our Inditex Dec 2022 25 strike calls as the position maximized gamma exposure and we reached our fundamental valuation level, generating +0.6% contribution total net returns. Within Micro strategies we also saw good gains for our credit exposures amid the (duration and credit spreads rally) with EDF 3.375% hybrids (contributing 0.3% towards net portfolio returns) and Rabobank 6.5% equity certificates (+0.15%) as main contributors to performance. On the negative side within the bucket, we have to mention our long exposure to Credit Suisse stock (-0.2%) and long position in Atalaya Mining shares (-0.2%). Despite being significant contrarian positions given the corporate governance track record of the Swiss bank and the substantial decline in copper prices impacting Atalaya, we believe that there are sufficient strong catalysts within the next 18 months (potential M&A for CS and new concessions and new technology rollouts for the mining company) to support our long conviction and justify the significant volatility of these two stocks. Short-term trading "Active" strategies generated a 0.6% contribution to total returns, capitalizing on high levels of volatility and wide trading ranges in US tech stocks and European equity index futures, as well as increased new issue premia in European credit to generate returns. The Relative Value bucket generated +30bps of performance largely driven by positive mark-to-market in our Grifols pref vs ordinary shares and long Unicaja shares vs short Bankinter shares exposures. Deep Value (+0.1%) gains were driven by positive mark-to-market in our US tele-health equity exposures (Teladoc and Amwell). On the negative side, Macro strategies (-0.6%) were dragged by adverse mark-to-market in our exposure to the European bank sector both via a SX7E June 2023 105-120 call spread (-25bps) and index futures (-32bps), given the backdrop of government bond yield compression in the month. Finally Special Situations (-0.4%) saw performance driven by mark-to-market in our defaulted Venezuelan exposures (both the sovereign and PDVSA) but where we see substantial medium-term optionality gaining momentum given the increased relevance of Venezuelan crude amid the substantial geopolitical shifts caused by the Russian invasion of Ukraine and the willingness of the Biden administration to deepen diplomatic ties with the Maduro regime. From a strategic standpoint our view is one that could be characterized as "contrarian cautious optimism". (cont...)

July 2022 Update (cont...)

(cont…) The outlook going into European winter is certainly bleak and we could envisage tail scenarios of economic catastrophe, yet market positioning is light, there is still plenty of liquidity in the system and a base case recession scenario is already embedded in most asset classes and yield curves (which in turn gives central banks more room to maneuver and creates looser financial conditions, particularly in terms of long-term real rates). In this scenario we are happy to run a modest (beta-adjusted) long across all strategies, with a contrarian bias towards sectors and companies where the sell-off has been most asymmetric. Yet as we see the market rallying during August on short covering, we envisage a continuation of this trend as an opportunity to gradually reduce exposures and look for attractive optionality in bearish trades going into an uncertain European winter. Finally, from the point of view of risk metrics, we can see net leverage decrease slightly month on month from 78% at the end of June to 73% at the end of July. Gross leverage utilization also decreased from 1.5x at the end of June to 1.1x at the end of July. From a statistical point of view, expressed as 1-day 99.5% confidence parametric VaR, we also see risk decrease from 2.5% at the end of June to 2.3% at the end of July. Average daily VaR utilization did however increase from 2.1% on average in June to 2.5% in July, as the fund looked to capitalize more actively on very short-term trading opportunities within the Active bucket.