

SIF



NAV SIF 28-Jun-23: 128.30 / 97.62 (A / B)

INVESTMENT TEAM

Rodrigo Hernando, CEO

José Mosquera, CIO

José Martín-Vivas, Sr. Analyst

Jorge Peñalba, Sr. Analyst

Fund Facts

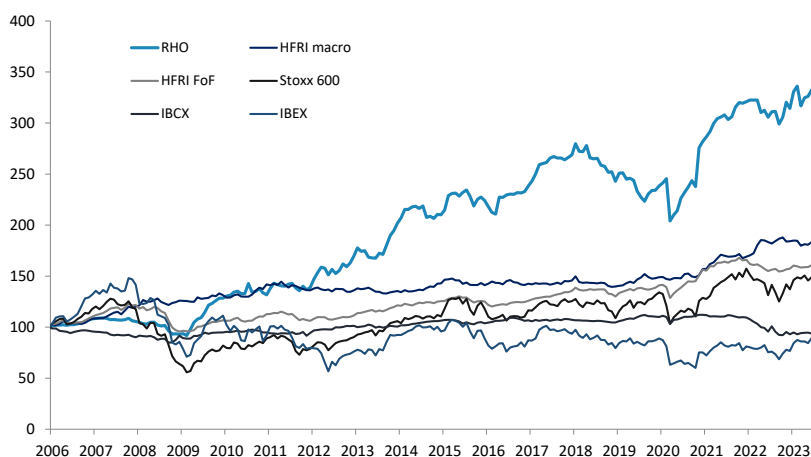
Fund size	EUR 120mm
Structure	SIF
Domicile	Luxembourg
Class	A / B
Mgmt. Fee	1% / 2%
Perf. Fee	20% / 20%
Min. Investment	500,000€ / 125,000€
NAV Currency	EUR
Liquidity	Weekly
ISIN	LU1610886332 / LU2403116234
Bloomberg Code	RHOSIFA LX / RHOSIFB LX
Custodian	Société Générale SS

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.

June 2023 Update

June delivered a solid +2.1% net return to our investors, taking YTD performance to +5.9% (+12.1% on an annualized basis). This strong performance comes despite a very low exposure to stocks given our concerns around overstretched valuations, which comes at a high opportunity cost considering the endless "path of least resistance" pain trade that stocks have become for most alternative managers. At times of extremely elevated rates volatility, equity volatility has trended lower and lower amid fresh bouts of retail products issuance ("autocallables" in particular) and "overhedged" investors leaving no natural last resort seller of risk around in equity markets. Against a backdrop of spot VIX and V2X reaching lows of 12.9% and 13.1% respectively in the month, the Eurostoxx 50 gained +3.1%, the Ibx 35 +5.0% whilst US stocks once again outperformed (in USD terms) fueled by "AI mania" gaining +4.8% and +5.0% respectively. Despite much of the current composition of the portfolio relying on credit exposures, the fund strongly outperformed credit markets where the iBoxx EUR Corporates overall TRI returned -0.2%, the iBoxx EUR liquid HY TRI +0.4% or the iTraxx Crossover 5-year TRI +1.3%. (cont...)

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%	-4.0%	2.2%	4.8%	-1.9%	-2.0%
2023	5.2%	1.7%	-5.7%	2.5%	0.4%	2.1%							5.9%

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

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Comparative Risk / Return

	RETURNS (CAGR)			VOLATILITY		
	10 years	3 years	Since inception	10 years	3 years	Since inception
Rho Investments	7.10%	13.72%	7.12%	11.10%	12.02%	10.25%
Stoxx 600	4.95%	8.64%	2.31%	14.10%	15.64%	14.87%
Ibex	2.14%	9.88%	-0.64%	18.31%	20.51%	19.86%

Returns (% Net)

2023YTD	5.87%
CAGR*	7.12%
June 2023	2.06%

Risk / Return

Volatility*	10.25%
Sharpe Ratio*	0.69
Sortino Ratio	1.23
Parametric VaR 1-d	1.70%

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

BBVASM 6 PERP	7.4% / 7.4%
SANTAN 3 % PERP	5.9% / 5.9%
CRLPL 8 % 07/04/27	4.1% / 4.1%
SPGB 1.45 10/31/2071	4.1% / 4.1%
EU 0.3 11/04/50	4.1% / 4.1%

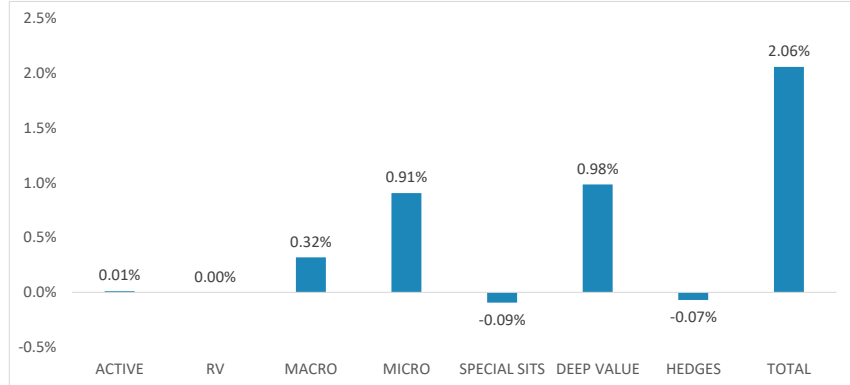
% Leverage

Gross	103.0%
Net	94.1%

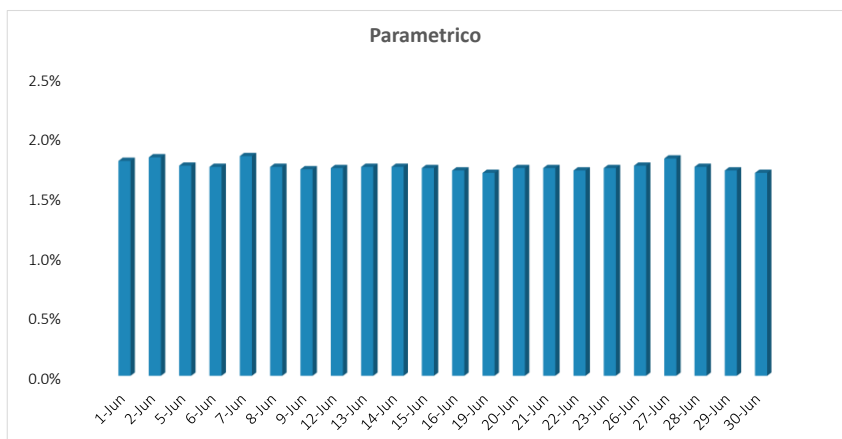
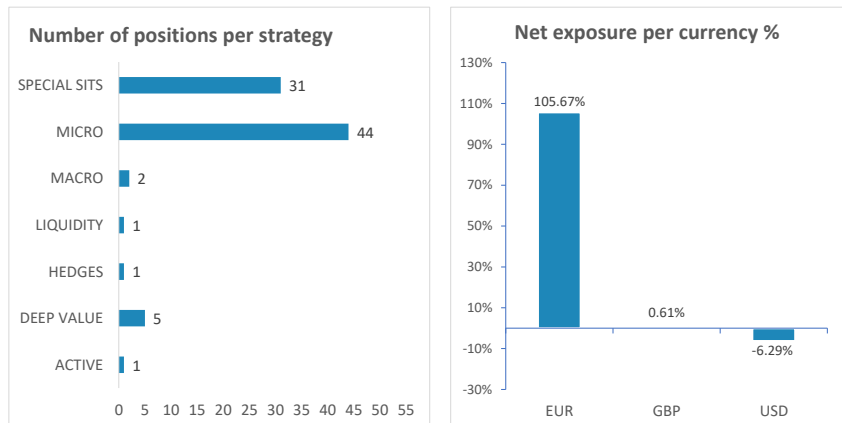
% of Gross Exposure per Strategy

Active	0.8%
Deep value	6.3%
Hedges	7.0%
Liquidity	3.7%
Macro	7.6%
Micro	61.7%
Relative value	0.0%
Special sits	13.1%

Performance attribution across strategies (% Gross)



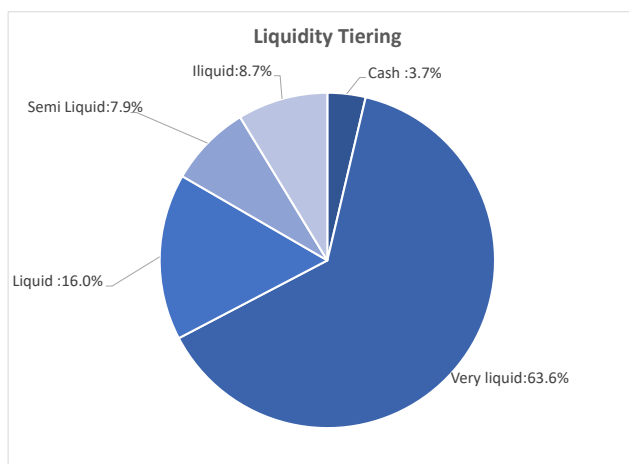
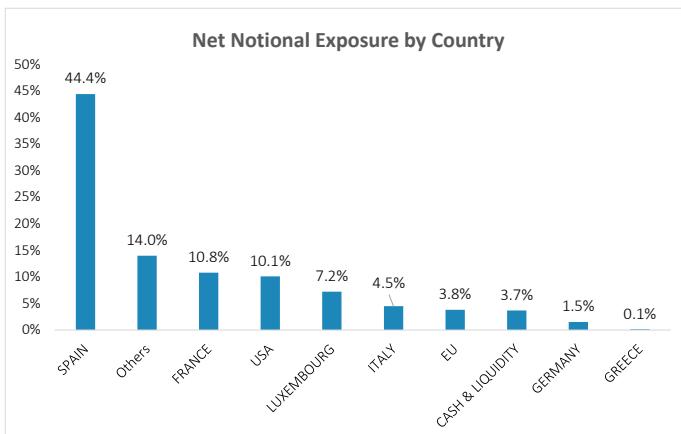
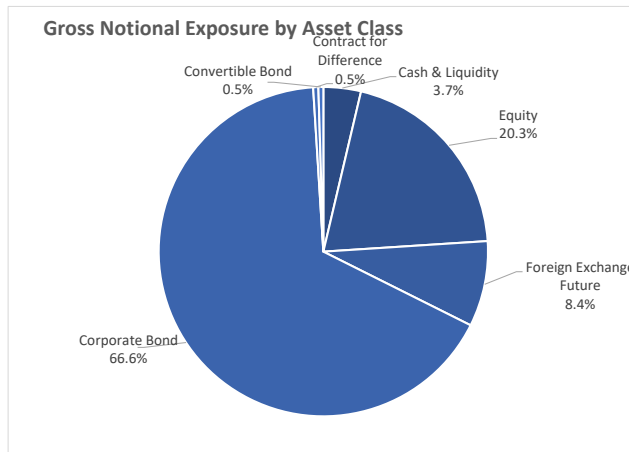
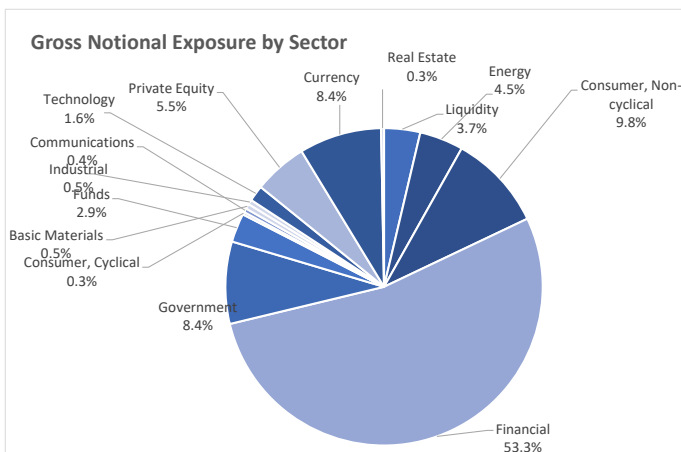
Risk Concentration and Distribution Metrics



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Risk Concentration and Distribution Metrics (2)



June 2023 Update (cont...)

(...cont) From a performance attribution point of view, returns were driven by Deep Value, Micro and Macro strategies with little in terms of contribution from the rest of strategies. Within Deep Value (+1.0%), performance was fully driven by positive revaluation in our Queka Real Partners PE holdings. In the Micro bucket (+0.9%) performance was driven by the renewable energy sub-strategy where we had identified several small Spanish companies with valuations that were not only discounting disproportionately elevated risk premia (due to a combination of rising yields and regulatory fears) but also, crucially for our investment philosophy, offered large amounts of positive event risk optionality (and M&A in particular) as domestic incumbents look to expand their green footprint and infrastructure funds look to acquire cheap MWh projects and access too future pipelines. One of the equity investments we held within this sub strategy was Opdenenergy, which received a takeover bid of 5.85 EUR (42% premia over the weighted average price for the preceding six months) from Antin infrastructure Partners. Given the residual risks inherent in the bid and the illiquidity of the stock, the fund decided to fully exit its investment at 5.68 EUR per share (3% below takeover bid), as the asymmetry in the investment had now materially shifted in the opposite direction, crystallizing 0.4% of total net performance in terms of NAV in the month for the investment. We expect the domestic renewables sector to continue to deliver highly asymmetric optionality opportunities within the short to medium term and we are looking to opportunistically add to exposures within the sub strategy. Returns in the Macro bucket (+0.3%) emanated from positive mark to market in high duration European government bonds, as the market gravitates closer to our macro view that a weakening cycle will naturally address wage inflation pressures that keep core inflation relatively inflexible at a time when the resolution of supply side issues puts ongoing downward pressure on headline inflation. Furthermore, as China enters a deflationary loop, exacerbated by unresolved issues within the domestic property and banking sectors, global growth will suffer at a time that aggregate demand wanes as inflation erodes the substantial savings accumulated by households during the pandemic period. Given all the above, we believe that we might be closer to peak policy than the market is anticipating. Overall return within the Special Sits bucket (-0.1%) aggregates mixed performance across different situations: with our fresh investment in French retailer Casino senior unsecured bonds taking a -47% mark-to-market hit (although given the prudential risk management of our investments in distressed debt constitutes only a -0.3% loss at fund level), whilst defaulted Venezuela/PDVSA bonds (+0.1%) start to catch a bid amid increasing speculation of the Biden administration potentially lifting sanctions and statements from opposition candidates indicating that they would pursue a settlement with creditors. Relative Value (+0%) and Active strategies (+1bp) were completely irrelevant, the former because of substantial de-grossing in the portfolio, as we saw dispersion opportunities less compelling in nature, and the latter as a result of unattractive new issue premia in primary credit markets.

Finally, and from the point of view of risk metrics, we saw levels of net exposure increase marginally from 90% at the end of May to 94% at the end of June. The pace of substantial de-grossing embarked upon over the last two months slowed down in June, yet gross leverage still came down from 110% to 103% month on month. Despite the unusually large net leverage utilization vs historical average, overall risk usage came off substantially given the low levels of equity risk across the portfolio, where we have significantly leaned on (more attractive) opportunities in fixed income (credit in particular) for return generation. From a statistical point of view, expressed as 1-day 99.5% confidence parametric VaR, saw this risk utilization come down from 1.8% at the end of May to 1.7% at the end of June. Similarly average daily VaR utilization, also decreased from 1.9% on average during May to 1.7% throughout June.

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