Quadriga Asset Managers SGIIC is an independent asset manager with €1.5bn in AuM and a team of 50 employees, prioritizing independence and transparency. Serving a global clientele spanning retail and institutional investors accross various regions, including the US, Germany, Switzerland, France, Spain, Benelux, and Scandinavia, among others. Its two main business units are **i) Wealth Management** and **ii) Fund Management**, among which Quadriga European Credit Opportunities (QAMECO) is included.

QUADRIGA EUROPEAN CREDIT OPPORTUNITIES - QAMECO

September 2024

Quadriga European Credit Opportunities is a fixed income fund focused on investing across European corporate bonds and credit derivatives through a strategy that combines:

(1) carry: recurrent income via credits where we expect a sustained improvement of credit fundamentals.

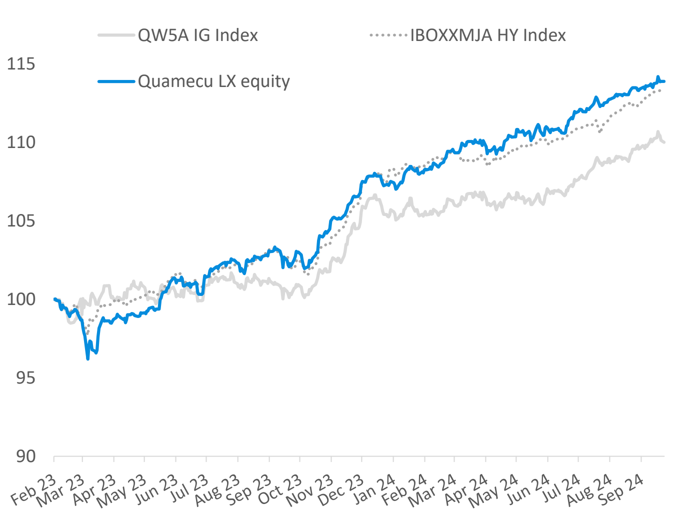
(2) events: investment in credits where we envisage a substantial capital appreciation due to clearly identifiable event-driven catalysts.

(3) macro overlay: tactical trading aimed at reducing volatility associated with both interest rates and default risk.

Fund exposures will be diversified across 40/50 different issuers selected through a rigorous fundamental analysis of each company´s capital structure and repayment capacity vs its sectoral and rating peers and a careful assessment of risk-reward attractiveness.

Management Team		Structure	UCITS	Class	A - L
Rodrigo Hernando	Co-PM	Domicile	Luxembourg	Management Fee	0.4 - 0.9%
José Mosquera	Co-PM	NAV Currency	EUR	Performance Fee	0 - 9% (max.)
José Martín-Vivas	Co-PM	Custodian	Société Générale SS	Min. Investment	10€ - 10,000,000€
Jorge Peñalba	Co-PM	Auditor	KPMG	ISIN / BBG Ticker	Refer to Page 4
Catalina Augustin	IR	Liquidity	Daily	NAV	Refer to Page 4

NAV Evolution



September 2024 (*)

September has been another good month for European credit, despite of higher volatility, thanks to the tightening of German 10-year rates by 17bps and HY spreads by 14bps, as measured by the XOVER index. Quadriga European Credit Opportunities delivered a net return of +0.67% for the month, underperforming the HY (+0.73% - IBOXXMJA) and IG (+1.21% - QW5A) indices in Europe for the first time this year. The reason has been mainly the poor performance of three names:

- Ubisoft, due to the profit warning of September 26th where they announced a delay of their new best-selling game, resulting in an operating profit and cash generation much lower than expected. However, this loss has been reversed in October following news of a possible takeover bid by the founders + Tencent. Ubisoft bonds are currently above our entry price, especially the convertibles thanks to the potential CoC clause that would materialize in a hypothetical delisting takeover bid scenario and which, depending on the structure of such a bid, could also trigger the CoC clause of the 27s.

(Cont page 3)

Monthly Returns (%Net) (*)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2023		-0.87%	-0.98%	0.88%	1.08%	0.85%	1.37%	0.42%	-0.06%	0.28%	2.66%	2.01%	7.85%
2024	0.57%	0.06%	1.42%	-0.51%	0.71%	0.30%	1.86%	0.32%	0.67%				5.51%

(*)Class B data. For other Class details refer to Page 3.

Top 5 Positions by Strategy (%/NAV)

Carry		Events		Macro Overlay
FIDELI 7 ¾ PERP	4.36%	WLNFP 0 07/30/26	1.57%	
SLHNVX 4.241 10/01/44	4.17%	CLNXSM 0 ¾ 11/20/31 CLNX	1.23%	
BKIR 6 ⅜ PERP	3.50%	ADXSM 4.2 12/18/27 EMTN	0.95%	
ROMANI 6 09/24/44 REGS	3.45%	UBIFP 2 ⅞ 12/05/31	0.54%	
BGAV 7 ¼ PERP	2.79%	MUFJIN 0 12/15/50 PRX	0.39%	

For inquiries or additional information, please contact catalina@rho-investments.com

Risk Concentration and Exposure

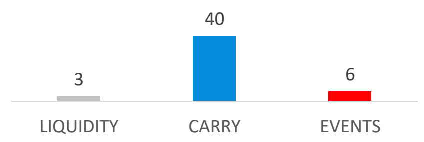
Returns / Volatility(*)

Return YTD	5.51%
Annualized Return YTD	7.35%
Volatility	3.28%

Yield / Duration

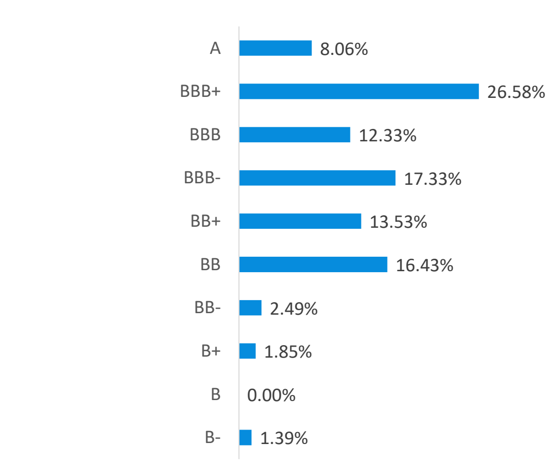
Portfolio Average Yield	4.88%
Portfolio Duration	4.65
Portfolio Spread Duration	1.95

Positions by Strategy

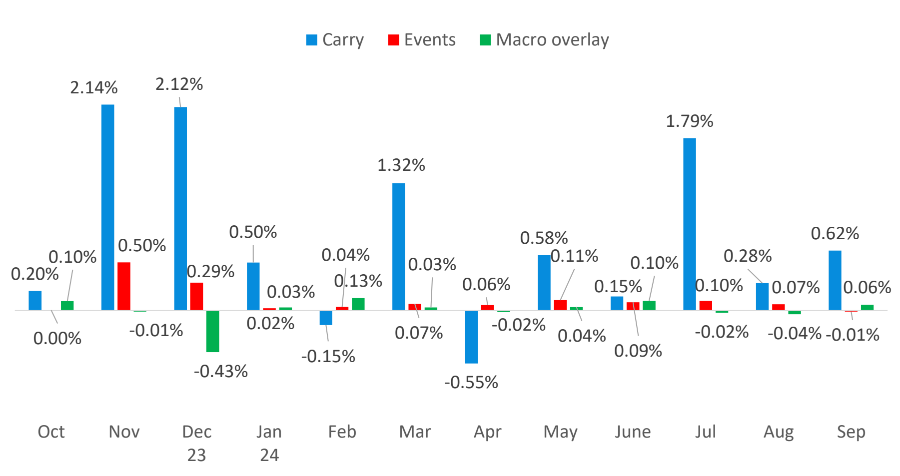


(*)Class B data. For other Class details refer to Page 3.

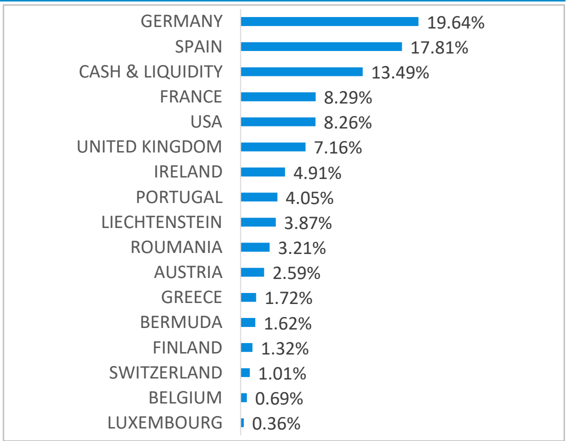
Exposure by Credit Rating



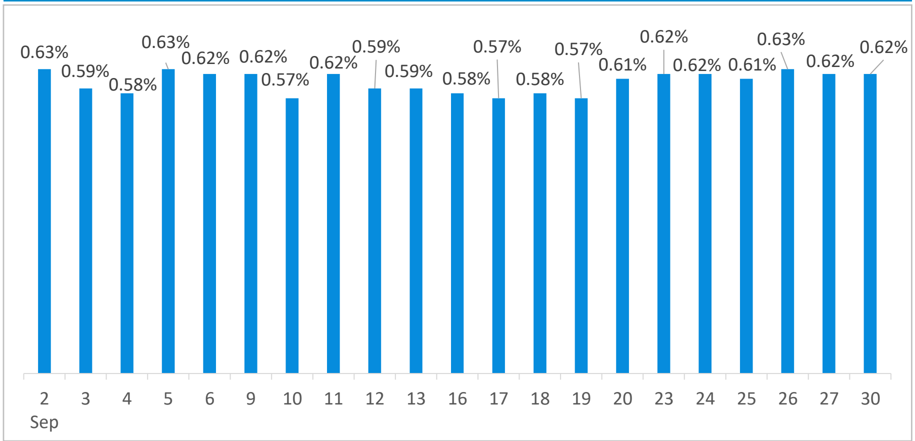
Performance by Strategy (% Gross)



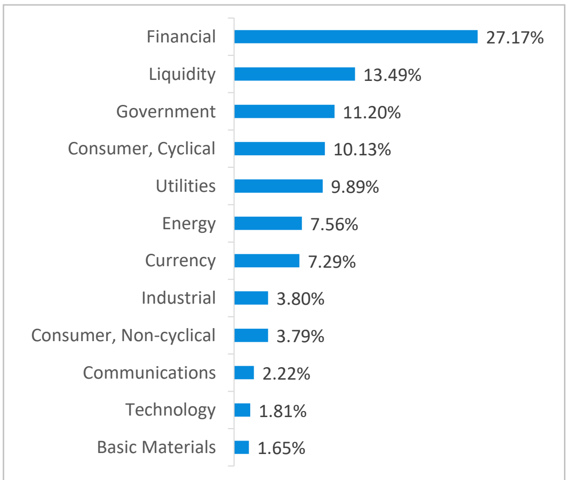
Exposure by Country



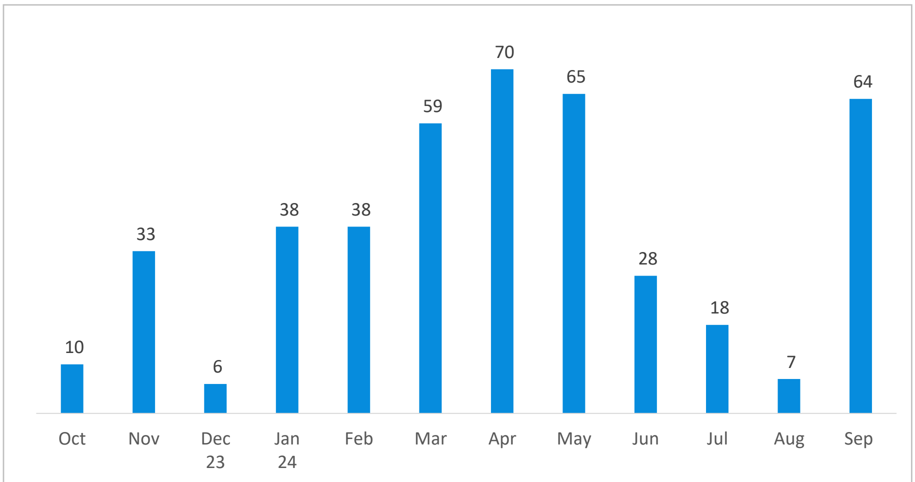
Paramétric VaR (% Gross)



Exposure by Sector



Monthly Trades



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- **Mahle**, the manufacturer of combustion engine components, owes its poor performance to the sell-off in the Auto sector in Europe due to the decline in sales of electric cars and the poor performance of sales in China. However, Mahle, which usually trades with a wider credit spread than the rest of the sector due to its lower margin and higher exposure to combustion vehicles, should experience a lower impact on its profitability due to its low exposure to China and electric vehicles. On the other hand, its low debt (1.3x DN/EBITDA), its 2.5Bn of liquidity and its almost non-existent maturities until 2028, leaves us very comfortable with a BB name that currently offers a 7.25% yield.

- The satellite company **SES**, which printed hybrid bonds at 6% to finance the merger with Intelsat, saw this new issue poorly received by the market due to an expectation of low levels of cost synergies. Additionally, the company faces a loss of revenue due to the increased penetration of SpaceX's Starlink satellites that are gaining market share in the mobility and data division.

However, adequate position sizing and dynamic diversification meant that the combined effect of the three names had a limited impact of -22bps on return in month. On the other hand, total return for the year was already 5.51% at the end of September, clearly outperforming the +4.86% gains of the HY index and +3.72% of the IG European index.

At macro level, interest rate cuts of 50bps and 25 bps by the US and European central banks respectively marked a month that started with a sell-off in risk assets triggered by weak US employment data and weak activity data in both China and the US, and mixed activity data in Europe, which continues to experience very low levels of growth. On the other hand, inflation data came out in line in the US and slightly weaker than expected in Europe. Jerome Powell's speech justifying one of the largest rate cuts in history, matched only by those carried out in 2001 (.com crisis) and 2008 (GFC), as a rebalancing of an overly restrictive monetary policy was very well reseived by the market. Finally, the measures announced by China at the end of the month encouraged a cyclical rebound, and helped bolster credit spread tightening in the month.

Froma a strategic point of view,due to our end-of-the-economic-cycle view, we maintain a very cautious stance. We believe that credit spreads have little room to tighten from current levels. The aforementioned low growth in Europe, especially in the core part, coupled with a faster disinflation process on this side of the Atlantic, leads us to believe that the European central bank will have to cut interest rates faster than the market expects in order to promote an economic rebound in the weakest growth countries, such as Germany, and also to help the fight against widening fiscal deficits in countries that are less compliant with European rules, such as France (5.6% of GDP) or Italy (4.6% of GDP).

Therefore, we maintain a very defensive profile overall in the portfolio in terms of credit risk and only riskier in terms of pure rates duration and prefer to continue to look for credit opportunities only in more idiosyncratic situations that will benefit from lower funding costs rather than increasing the exposure to cyclical spreads. This translates into a diversified portfolio of 44 bonds, with an average yield of 4.88% and a total duration of 4.65 years (1.95 spread). In terms of credit risk, we have an average portfolio rating of BB+.

By **Substrategies**:

CARRY, has generated +0.62% during the month of September.

On portfolio movements, apart from those mentioned above, in subordinated debt:

- We have added **Swiss Life 2044 Tier 2**, with call in 2034 at 4.24% YtW. Swiss Life is a relatively rare issuer outside of domestic currency, as it traditionally funds more aggressively in Swiss francs. The foray into euros with a defined maturity T2 equity issue (the only subordinated issues the company has in euros are perpetuals) was a rare opportunity to take risk in one of the highest credit quality names within the sector offering lower extension risk vs comparable outstanding issues, undated bonds from the issuer and Tier 2 deals from Allianz or CNP (issues with similar call dates but 10 year longer final maturities), with an approximate 10-13bps concession vs fair value pricing of ms+183bps.

- We have bought the Tier 2 bonds of **AAREAL bank 5.625% 2034**, a German niche bank specialized in commercial real estate. The bank has made good progress in deleveraging its US office exposure, which was the part of the portfolio that most concerned the market (less than 10% of the total portfolio, 81% of the portfolio has an LTV<60% and 50% of the portfolio is in NY). The low LTV of the total portfolio (56%), the robust capital position (20% CET1) and the shareholder structure (90% owned by top-tier international PEs) gave us comfort to take advantage of the issue premium it came out with compared to other BB+ issues.

- We also switched from Irish bank AIB 7.125% PERP AT1s, which we sold at 6.5% YtW, to **Bank of Ireland 6.375% PERP AT1s** to avoid geographical concentration of our exposure in financials. We also bought the new **BAWAG 7.25% AT1** which, given the attractive premium we expected it to be issued at, we bought the BGAV 5 PERP to ensure a priority allocation in a deal for a very infrequent issuer. As mentioned, both BKIR and BAWAG are not very recurrent issuers, and they came to the market with a very attractive premium vs. comparables. Both their ROTEs, liquidity and solvency ratios are among the highest in the market. Furthermore, we perceive no significant macro risks in Ireland and Austria in the medium/long term.

- Finally, we have sold out of our exposures in **National Netherlanden RT1 bonds 6.375% PERP**, **Munich Re Tier 2 bonds 4.25% 2044** and **COMMERZBANK AT1 bonds 7.875% PERP** after the compression of the entire capital structure following the announcement of Unicredito's investment in the German bank.

(Cont page 4)

September 2024 (cont...) (*)

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In **senior debt**:

- We have added Romania 20Y sovereign bonds with a 6% carry and 11.8yr duration, which is a singular bet for a fund focused on HY and idiosyncratic credit, but which uses mandate discretion to adopt a more defensive profile relative to the cycle at a time when we believe sovereign risk dynamics in the EU periphery have better sensitivity to lower rates than cyclical credit in core countries, and offer much more attractive carry dynamics. The Romani 6% 2044 issue came to market at a very substantial premium over fair value and the 10-20yrs slope is very attractive vs. the dynamics of the core European yield curve. With a price of ms+350 and a stable IG rating the issue offers a very attractive price for an EU member economy since 2007 that shows a solid growth trajectory supported by direct investment and European structural funds, as well as a strong momentum of private consumption that will allow it to grow at levels above 3% in 2024, well above the rate of the European periphery.

- We have added UK oil company Enquest's 11.625% 2027 senior unsecured bonds, which were heavily offered as a result of the oil price drop triggered by doubts around global demand and the end of OPEC discipline. However, Enquest has demonstrated high financial discipline by deleveraging from 2.5x EBITDA in 2018 to 0.4x in 1H24, has no maturities until 2027 and has liquidity equivalent to 85% of existing gross debt. On the other hand, its debt represents 40% of the value of its reserves and its break-even point in terms of cash generation is reached at an oil price of 60USD/bbl. On the other hand, the company operates 95% of its reserves so it has some operating flexibility and CAPEX. The risk is the weak oil demand environment, coupled with the possibility of the company making a material acquisition thanks to its strong balance sheet and the USD1.9Bn of tax assets on the balance sheet.

- We have bought the Senior Unsecured Convertible bonds of the French payment services company Wordline 0% 2026, with a carry of 6.65% and zero value attributable to the embedded option as the bond is trading at a parity of c.6%, after the profit warning issued in September. However, despite the profit warning, the company remains very solvent with 1.5x DN/EBITDA, a cash generation of 12% over net debt, a liquidity of €1.9Bn (52% over gross debt) covering maturities until 2027, one year after our bond is due. In addition, the debt has no financial covenants.

- We have sold the senior unsecured bonds of oilfield services company Saipem 4.865% 2030 and the bonds of French manganese miner ERAMET 6.5% 2029 due to the worsening expectation of oil, and manganese prices, a mineral which is used mainly for steel production, remaining at very depressed levels due to economic weakness in China and the West.

The EVENTS portfolio generated -0.01% for the month, with the following movements:

- We sold **Monte dei Paschi Tier 2 7.708%** at 4.8% yield with a total return for the year of 15%.

- We sold **Delivery Hero 3.25% 2030** convertible bonds after the company announced the IPO of its Middle East subsidiary - Talabat, with a total non-annualized return of 8% in four months.

Finally, the MACRO OVERLAY portfolio generated a return of +0.06% over the period, with no relevant movements.

Active Classes

Name	Inception Date	BBG Ticker	Jan 1st. 24 NAV	NAV (30 Sep 24)	Monthly Return	Return YTD
Capitalization Classes						
Class A	07-Feb-23	QUAMECO LX	107.13	113.12	0.69%	5.59%
Class B	15-Feb-23	QUAMECU LX	107.85	113.79	0.67%	5.51%
Class C	-	-	-	-	-	-
Class D	25-Aug-23	QAMECOD LX	105.09	110.67	0.65%	5.31%
Class E	03-Aug-23	QAMECOE LX	107.69	112.76	0.58%	4.71%
Class F	-	-	-	-	-	-
Distribution Classes						
Class G	-	-	-	-	-	-
Class H	08-Mar-23	QAMECOH LX	108.56	114.55	0.68%	5.52%
Class I	-	-	-	-	-	-
Class J	-	-	-	-	-	-
Class K	-	-	-	-	-	-
Class L	-	-	-	-	-	-

All Classes

Name	ISIN	Min ticket (€)	Investor	Inducements	Management	Performance
Capitalization Classes						
Class A	LU2577365393	10,000,000	Seeder	0%	0.40%	0%
Class B	LU2577365476	5,000,000	Seeder	0%	0.50%	0%
Class C	LU2577365559	10,000,000	Inst/Retail	0%	0.60%	0%
Class D	LU2577365633	1,000,000	Inst/Retail	0%	0.75%	0%
Class E	LU2577365716	10	Inst/Retail	0.60%	0.90%	9% (max.)
Class F	LU2577365807	10	Retail	0%	0.90%	9% (max.)
Distribution Classes						
Class G	LU2577365989	10,000,000	Seeder	0%	0.40%	0%
Class H	LU2577366011	5,000,000	Seeder	0%	0.50%	0%
Class I	LU2577366102	10,000,000	Inst/Retail	0%	0.60%	0%
Class J	LU2577366284	1,000,000	Inst/Retail	0%	0.75%	0%
Class K	LU2577366367	10	Inst/Retail	0.60%	0.90%	9% (max.)
Class L	LU2577366441	10	Retail	0%	0.90%	9% (max.)