

RHO INVESTMENTS - SIF

September 2024

RHO INVESTMENTS' 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** focused on finding cheap assets with asymmetric risk-return profiles.

Strategies

Active
Relative Value
Macro Selection
Micro Selection
Special Situations
Deep Value

Management Team

Rodrigo Hernando CEO
José Mosquera CIO
José Martín-Vivas Sr. Analyst
Jorge Peñalba Sr. Analyst
Catalina Augustin Head of IR

Fund Size

EUR c.145M

Structure

SIF

Domicile

Luxembourg

NAV Currency

EUR

Custodian

Société Générale SS

Auditor

KPMG

Liquidity

Weekly

Class

A / B

Management Fee

1% / 2%

Performance Fee

20% with HWM

Min. Investment

500,000€ / 125,000€

ISIN

LU1610886332 / LU2403116234

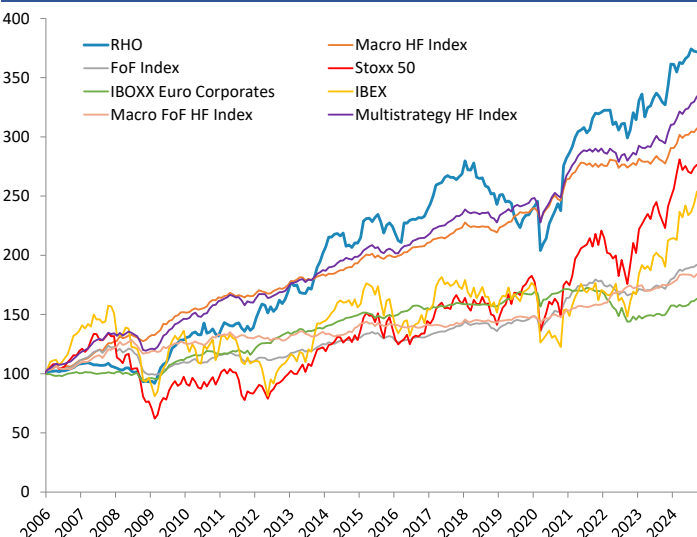
Bloomberg Ticker

RHOSIFA LX / RHOSIFB LX

NAV 25 - Sep - 2024

A 143.30 / B 108.11

NAV Historical Evolution vs Indexes (1)(2)



September 2024 Update (1)(2)

September brought a flattish fund performance (-0.1%) against a complex market backdrop characterized by a technical rebound following the carry trade unwind jitters experienced in August. The Fed delivered a 50bps cut (its first rate cut since 2020) into a market where, despite weak PMI data across both sides of the Atlantic, the mood that pervades across equity markets pricing is one of a delicately engineered soft landing. We continue to see with concern, rather than many of our peers' complacency, the many contradictions underlying the current market conditions: pricing of risk in equities vs rates, production data vs employment numbers, depressed volatility levels vs increased geopolitical risks, etc.

As a result we continue to deploy capital with a very defensive tilt both in terms of risk and strategic allocation. This stance translated into a relative underperformance vs equity and credit markets in a month where the Eurostoxx 50 generated total returns (including dividends) of +0.1%, the Ibx 35 +4.1%, the S&P 500 +2.4%, the Nasdaq 100 +3.3% and the iTraxx Crossover 5-year CDS index +0.3%. In terms of risk-adjusted metrics is worth noting that the fund's volatility has gravitated down to 6.1% (annualized weekly sigma over the last year) constitutes just a fraction of major equity indices realized volatility (33% of that of the Nasdaq or 41% of that attributable to the Eurostoxx 50).

(cont. Page 3)

Monthly Returns (% Net) (2)

	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%	1.2%	-0.9%	-1.4%	-0.7%	4.7%	5.5%	15.0%
2024	-0.1%	-1.8%	2.3%	-0.3%	1.2%	0.6%	1.7%	-0.5%	-0.1%				2.8%

(1) Ibox and Stoxx 50 total return (including dividends).

(2) Since inception until June 2017 - Rho SIL; June 2017 onwards - Rho SIF A Class.

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	RETURNS (CAGR) ⁽¹⁾⁽²⁾			VOLATILITY ⁽¹⁾⁽²⁾		
	1 years	3 years	Since inception	1 years	3 years	Since inception
Rho Investments	12.89%	5.61%	7.26%	7.69%	8.45%	10.06%
Stoxx 50	20.71%	10.07%	5.58%	11.89%	16.44%	17.32%
Ibex	28.41%	14.08%	5.10%	16.94%	16.47%	19.65%

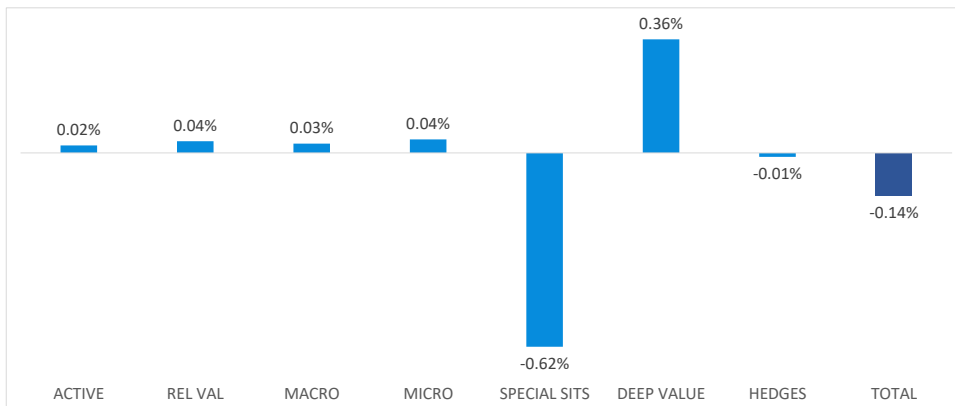
Returns (% Net)

2024YTD	2.84%
CAGR (2)	7.26%
September 2024	-0.14%

Risk / Return

Volatility (2)	10.06%
Sharpe Ratio (2)	0.72
Sortino Ratio	1.29
Parametric VaR 1-d	1.29%

Performance attribution across strategies (% Gross)



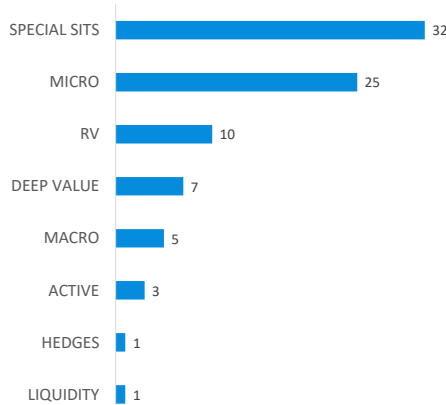
Top Five Positions

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

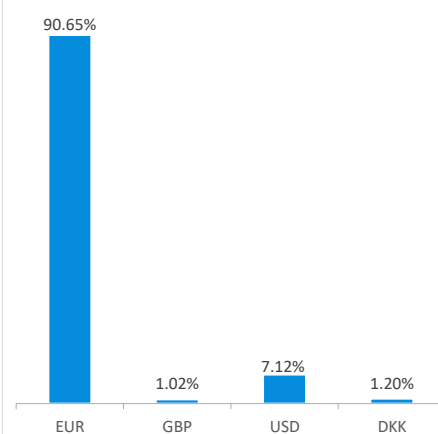
SPGB 4 10/31/54	11.1% / 11.1%
SEH25P Y 4600	-11.2% / -0.9%
GGB 4 ¼ 06/15/54	10.8% / 10.8%
EU 3 ¾ 10/05/54 NGEU	10.5% / 10.5%
GRF SM	-4.9% / - 4.9%

Risk Concentration and Distribution Metrics (I)

Number of positions per strategy



Net exposure per currency %



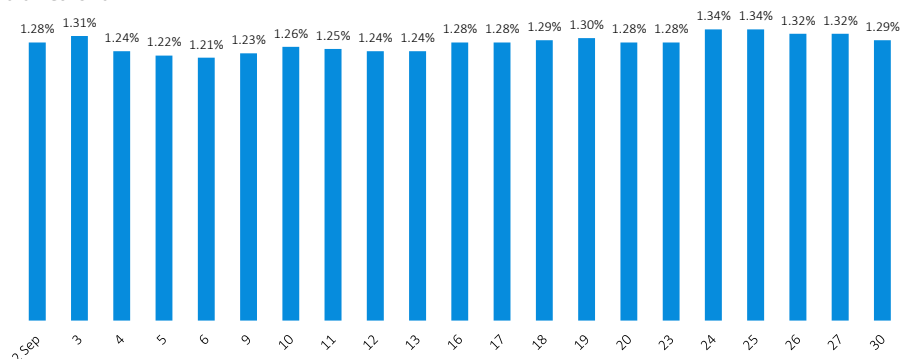
% Leverage

Gross	155.0%
Net	86.3%

Exposure per Strategy (% of Gross)

Active	5.5%
Deep value	6.1%
Hedges	1.6%
Liquidity	5.5%
Macro	28.6%
Micro	24.1%
Relative value	17.9%
Special sits	10.6%

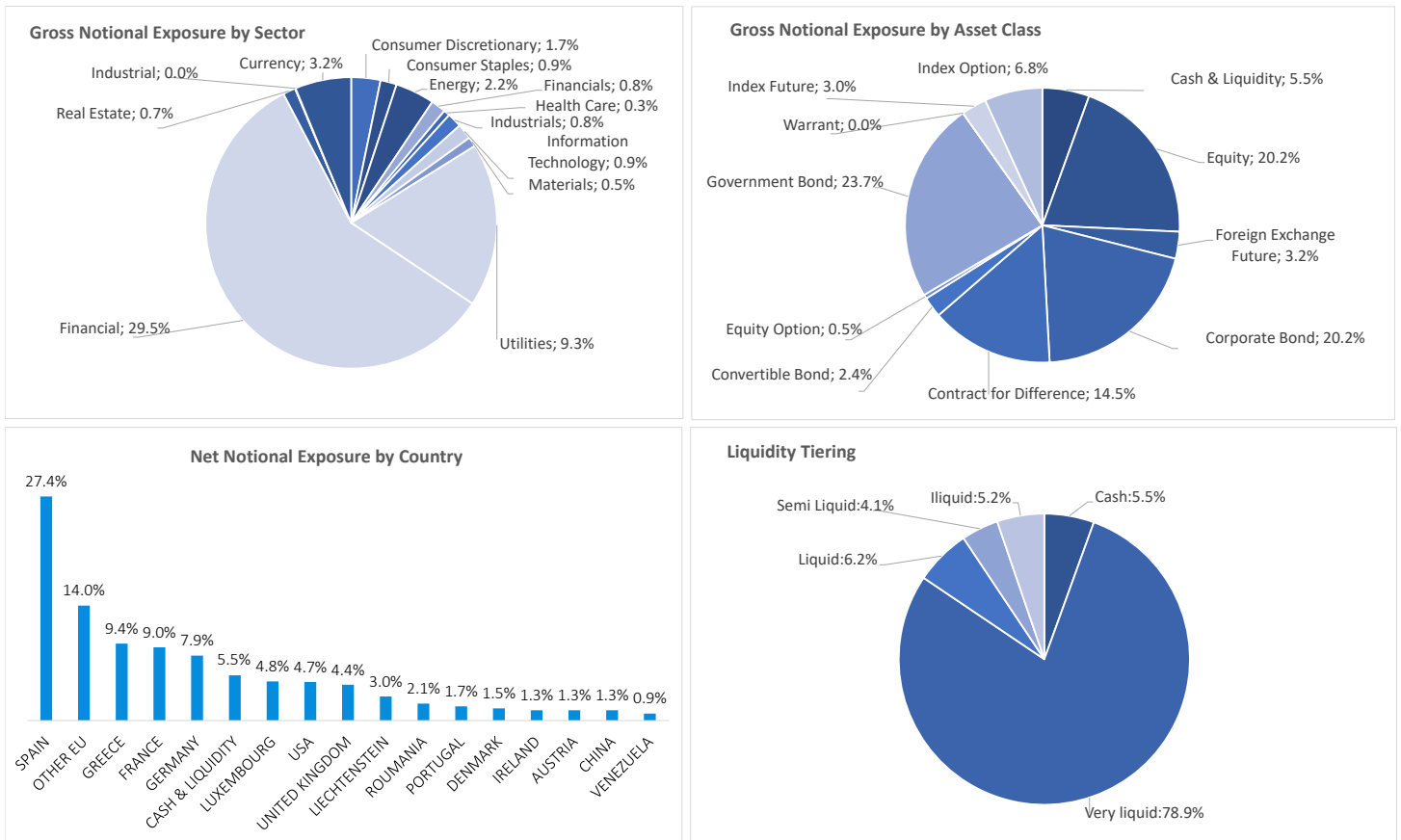
Parametric VaR



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September 2024 Update (cont...)

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From a performance attribution point of view, only one out of our six strategies generated negative returns, but the **Special Situations (-0.6%)** drawdown was enough to drag overall performance. Within Special Situations we saw adverse mark-to-market in Emeis shares (-0.3% return in terms of total fund NAV), Allfunds shares (-0.2%) and Thames Water 7.738% 2058 GBP bonds (-0.1%) as largest contributors towards performance.

Deep Value strategies (+0.4%) saw the rally in US telehealth stocks Amwell (+24.5% in the month) and Teladoc (+23.6%) contribute +20bps each towards overall portfolio performance.

Micro strategies (+4bps) saw negative performance in EU digital payments shares Wordline (-0.3% contribution towards total NAV), and Nexi (-0.1%) offset by gains in renewable energy stocks Orsted (+0.2%), EDP (+0.1%) and remaining AT1 positions (second tier names like Unicaja where we still expect spread compression vs national champions).

Macro strategies (+3bps) saw no changes in an exposure that is still predicated in the relative cheapness of European nominal rates vs overall levels of equity valuation, and a relative cheapness of equity implied volatility vs rates volatility.

Relative Value strategies (+4bps) saw lower levels of dispersion in the rally and therefore, in the absence of catalysts, very limited performance other than the implied differential in carry across the different long-short exposures.

Short-term tactical trading oriented **Active strategies (+2bps)** were adversely impacted by very thin new issue premia in primary credit markets, which severely limited potential trading gains around new supply.

Finally, from the point of view of risk metrics, we still abide by the guidance provided ahead of the summer: " we envisage net leverage to gravitate lower towards 75% over the next few months, whilst we see gross leverage increasing towards 150-200% area to capitalize on growing dispersion opportunities." Net market exposure increased slightly from 82% at the end of August to 86% at the end of September, albeit about over 10% of that net is accounted for by very short-term increase in exposures within the Active bucket that were exited in early October. Gross exposure saw an increase from 145% at the end of August to 155% at the end of September. Despite the increases in both net and gross exposure, looking at risk from a statistical point of view, expressed as 1-day 99.5% confidence parametric VaR, we can see that risk utilization actually remained at very modest (1.29% at end of September vs 1.27% at the end of August). Average daily VaR employed during the month actually came down from 1.38% during August to 1.28% throughout September, reflecting our more prudent stance on daily risk allowances.

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