

RHO INVESTMENTS - SIF

January 2025

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
Micro
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

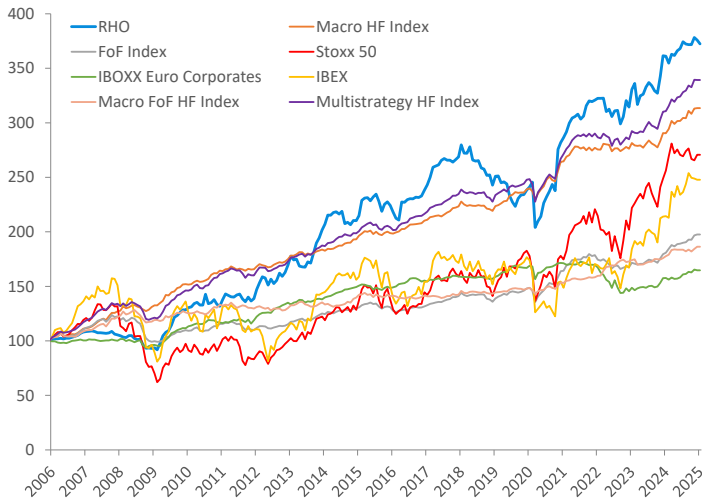
Bloomberg Ticker

RHOSIFA LX / RHOSIFB LX

NAV 29 Jan 2025

A 143.52 / B 107.95

NAV Historical Evolution vs Indexes (1)(2)



January 2025 Update (1)(2)

Optimism reigned supreme across risky assets in the beginning of 2025 with a "January effect" that would make good old Sidney Wachtel proud in his cozy grave. Our defensive stance on risk and more idiosyncratic approach to equity and credit risk adopted in the second half of 2024 has been validated as we type these lines and market embark into more uncertain terrain yet brought a notable underperformance vs the broader market in the month of January.

Rho investments registered a -0.9% return vs a backdrop of +6.9% gains in the Eurostoxx 50, +7.0% in the Ibx 35. The underperformance was less significant vs US stocks, where the "Deep Seek" effect late in the month dragged (tech-heavy) US stocks where the S&P 500 gained just 1.2% and the Nasdaq 100 registered a -0.3% loss (both in USD terms). The fund's return also fell short of high-beta credit spread performance (proxied by the iTraxx Crossover 5-year CDS index which returned +0.9%) and of investment grade cash returns (proxied by the iBoxx EUR Corporates Total Return Index, which lost -0.1% in the month).

From a performance attribution point of view the fund saw three out of the six underlying strategies generate profits in the month, which were not sufficient to offset adverse mark-to-market in the Macro, Micro and Active buckets.

(cont. Page 3)

Historic 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%	0.0%	1.8%	-0.6%	4.0%
2025	-0.9%												-0.9%

(1) Ibx 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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Comparative Risk / Return

	RETURNS (CAGR) ⁽¹⁾⁽²⁾			VOLATILITY ⁽¹⁾⁽²⁾			RHO	
	RHO	Stoxx 50	Ibex	RHO	Stoxx 50	Ibex	Sharpe / Sortino	
1 year	3.10%	5.65%	15.57%	4.10%	9.47%	13.65%	0.76	1.66
3 years	4.91%	8.02%	13.56%	8.40%	15.97%	15.66%	0.59	1.08
5 years	9.07%	8.76%	7.34%	12.88%	18.89%	21.10%	0.70	1.10
Inception	7.13%	5.36%	4.87%	9.99%	17.23%	19.53%	0.71	1.27

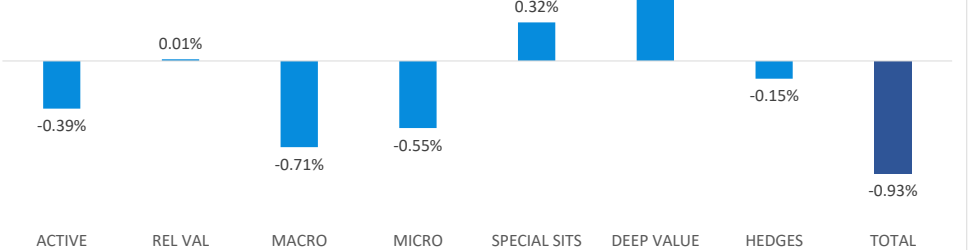
January 2025 - Risk Concentration and Distribution Metrics (I)

Top 5 Positions

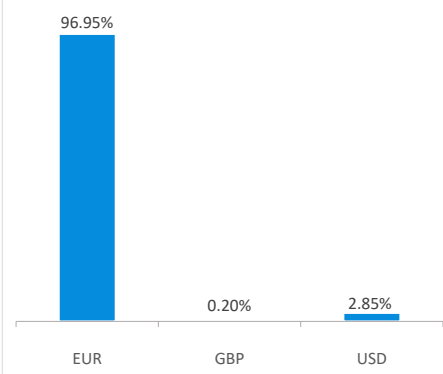
(Delta exposure as % of NAV / Market value at risk as % of NAV)

German BUXL Futures	11.8% / 11.8%
Greek Gvt Bond 4 ¼ 06/15/54	10.9% / 10.9%
Italian Gvt Bond 4.3 10/01/54 30Y	10.6% / 10.6%
Spanish Gvt Bond 3.45 07/30/66	9.7% / 9.7%
German Bund Futures	7.7% / 7.7%

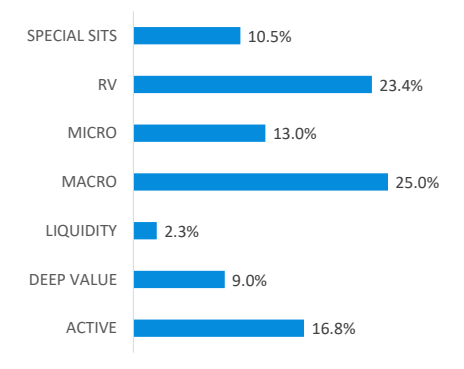
Performance attribution across strategies (% Gross)



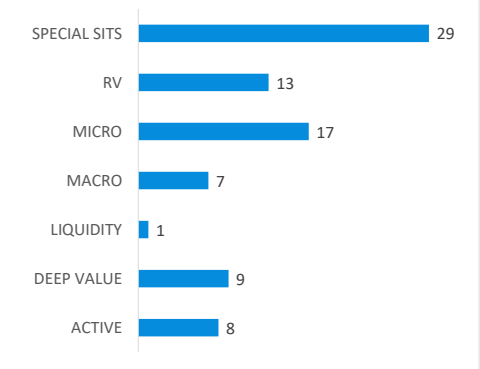
Net exposure per currency (%)



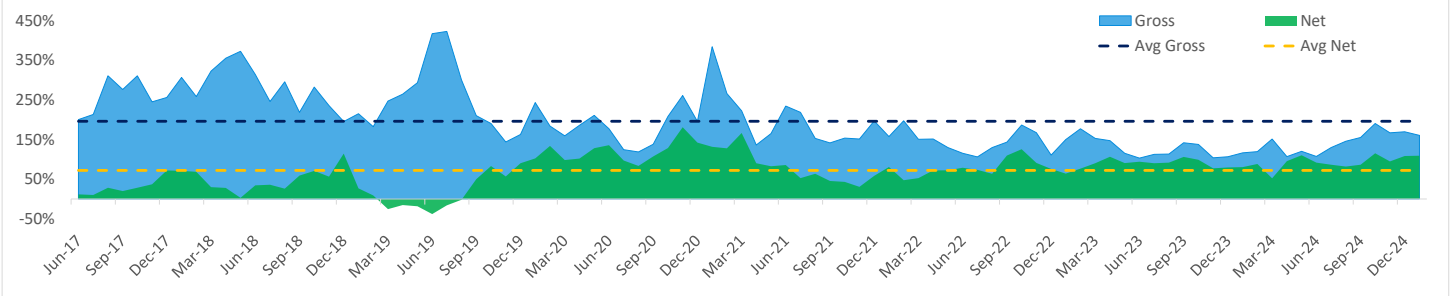
Exposure by strategy (%)



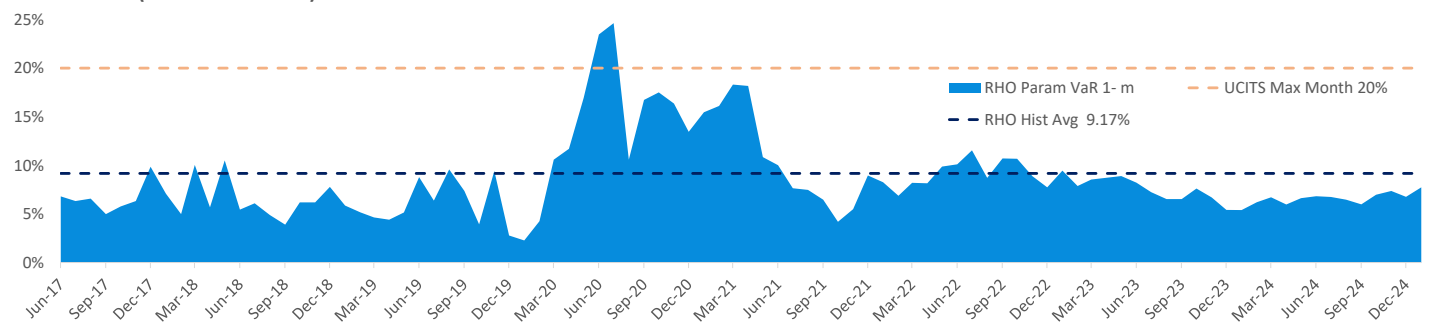
Number of positions per strategy



Gross Leverage (%)



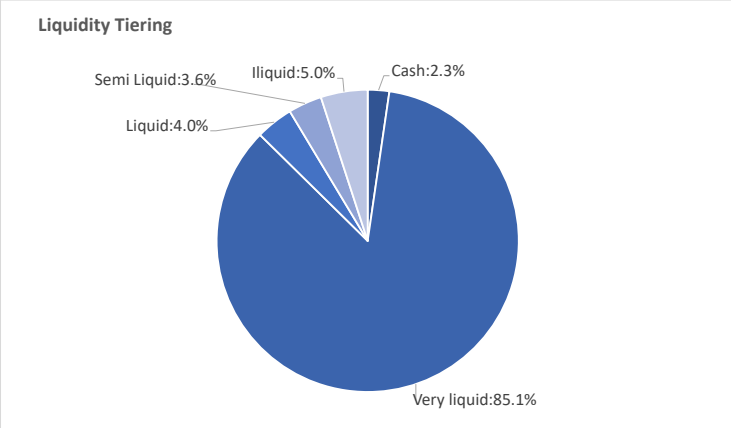
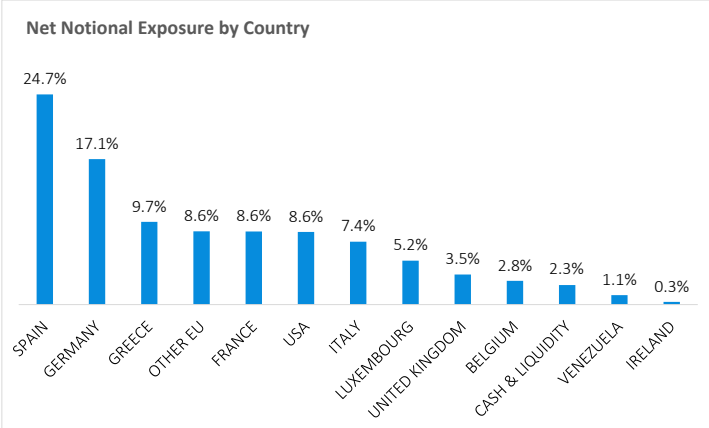
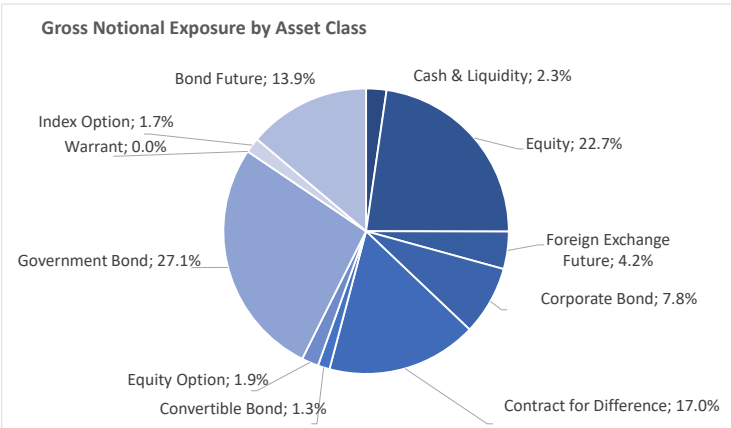
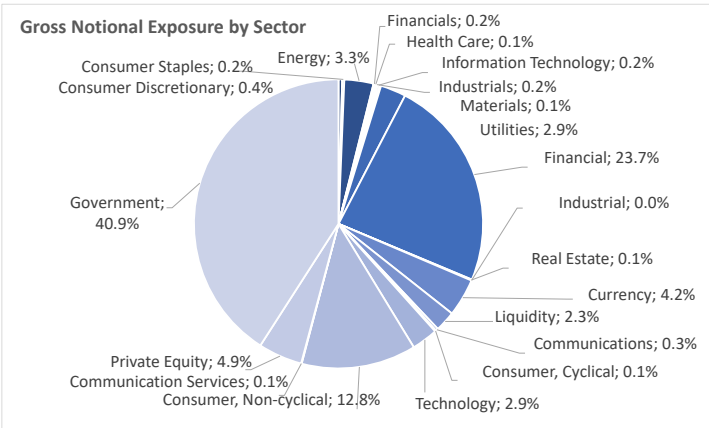
VaR 1 month (99.5% confidence)



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January 2025 Update (cont...)

- ...(cont.)
- **Macro Strategies (-0.7%)** registered the largest drawdown in the portfolio. Currently the bucket expresses optionality views around a deceleration in European growth and a compression of term premia in European rates and SSAs, which were adversely affected by the strong bid to risky assets in the start to the year and strong correlation of European rates to US growth and employment.
 - **Micro strategies (-0.5%)** saw the adverse reaction of our EU renewable energy stocks to new US off-shore wind policy under Trump and resilient government yields as main culprits of adverse mark-to-market. We saw our position in Orsted shares generate a loss of +35bps over NAV in the month. Whilst we maintain a view that environmental and energy policy changes are broadly priced in the sector and the rates delta is a sensitivity that we are willing to underwrite given our current macro view, the investment thesis in the Danish company has changed significantly, where poor management leadership, lack of transparency and a concentration on off-shore wind make its investment profile no longer attractive despite the significant discount to peers. As a result, we crystallised losses and exited our investment.
 - **Active strategies (-0.4%)** saw adverse mark-to-market in long duration cash and futures positions more than offset gains booked in primary credit markets trading.
 - **Deep Value strategies (+0.6%)** remain predicated around a thematic play on the growth potential of the US telehealth sector, which we believe in the short-term will be further boosted by the significant role to be played by AI developments as a growth compounder. Performance was driven by the rally (+43%) in Amwell shares and, to a lesser extent, in Teladoc (+9%), where still very high levels of implied vol prompted us to roll the covered call writing from December to April, with 20-delta calls trading over 90% implied vol.
 - **Special Situations (+0.3%)** saw performance driven by profit taking in the remaining instruments (1st lien and 1.5 lien secured debt) in our portfolio arising from the successful ATOS debt restructuring.
 - **Relative Value strategies (+1bp)** saw little change in a positioning that is broadly predicated around increased M&A activity noise in European banks, and macro-optionality around Trump tariffs.

Finally, **from the point of view of risk metrics**, we saw net market exposure broadly unchanged (from 108% at the end of December to 109% at the end of January) whilst gross exposure decreased slightly (from 169% at the end of December to 160% at the end of January). Looking at risk from a statistical point of view, expressed as 1-day 99.5% confidence parametric VaR, we can see that risk utilization decreased from 1.70% at the end of December to 1.62% at the end of January, which is still well below the fund's 1.95 long-term average utilisation. Average daily VaR employed during the month did however increase from 1.4% to 1.6% due to higher level of utilization of risk for the strategic short-term trading Active bucket.

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