SIL

NAV 30/11/2020: 30,471

INVESTMENT TEAM

Rodrigo Hernando, CEO

José Mosquera, CIO

Imanol Urquizu, PM

José Martín-Vivas, Sr. Analyst

Jorge Peñalba, Analyst

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.

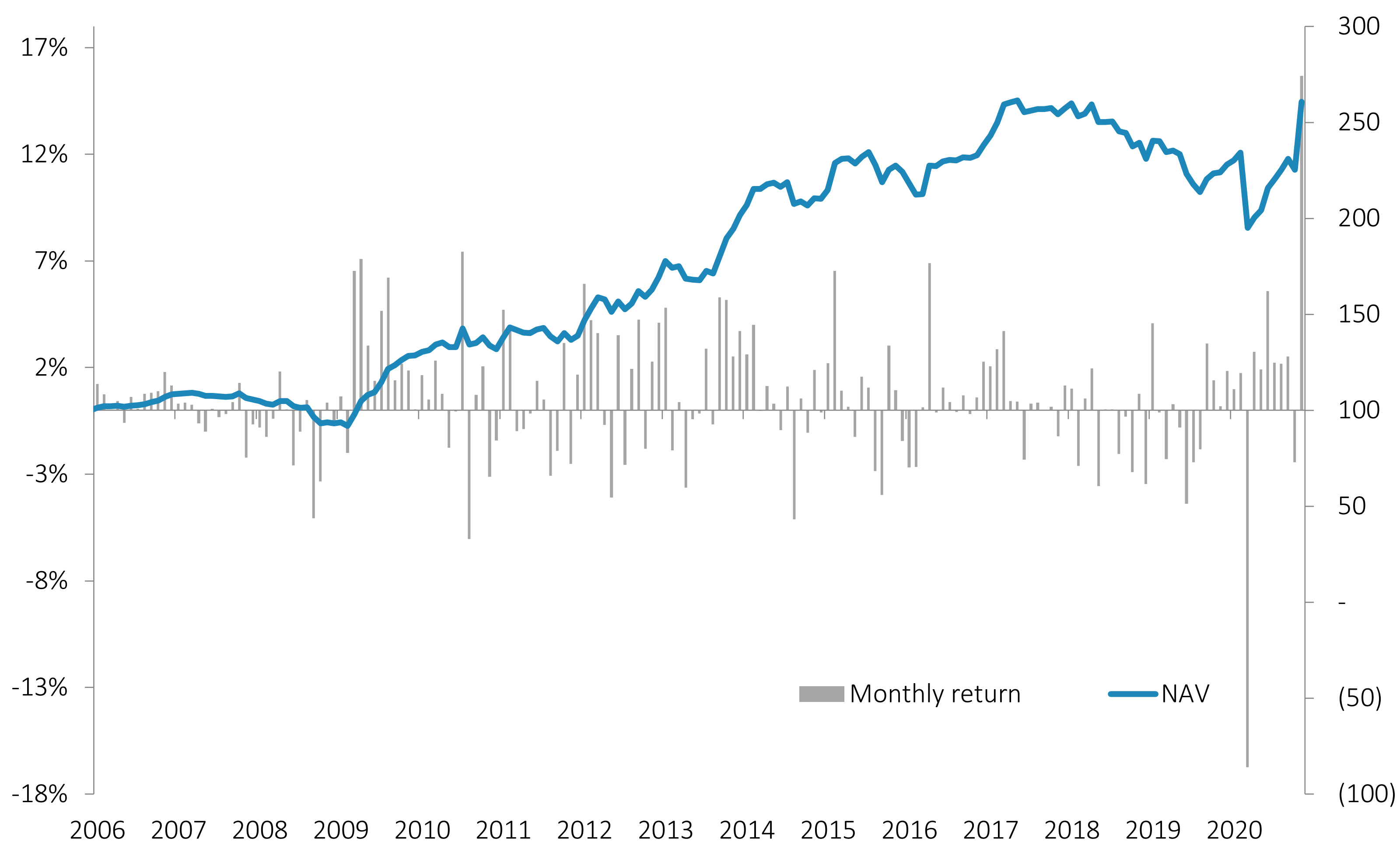
November 2020 Update

November constituted yet another month of particularly strong returns for our investors. Even though our fund's November return (+16% net of fees) fell short of the outsized (between 3 and 4 sigma moves) monthly returns seen across most of the European index risk universe, as we type these lines Rho Investments has however further strengthened its outperformance of European indices (both equities and credit) in absolute and relative terms, generating a 1-year return of 20%, which puts the fund in the 99th percentile vs peers, beating hedge fund indices by an average of 10% (depending on the strategy) and European indices by a range of between 18% (vs iTRAXX 5-year Crossover CDS index) to 22% (vs Eurostoxx 50) and 31% (vs the Ibex 35 whose constituents we track more closely in both our Micro and Special Situations buckets). From a performance attribution point of view, directional exposures predicated on micro valuation and macro themes drove returns within the portfolio. Within the Micro bucket (+9%) the fund capitalized on the dramatic bounce seen in highly cyclical sectors as well as **Cont.**

Fund Facts

Structure	SIL
Domicile	Luxembourg
Mgmnt. Fee	0,0%
Perf. Fee	0,0%
Min. Investment (Professional inv.): 50,000€	
Min. Investment (Well-informed inv.): 100,000€	
NAV Currency	EUR
Liquidity	Weekly
ISIN	ES0155144035
Bloomberg Code	S1412 SM
Custodian	Banco Santander

Historical Evolution (% 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%	-2,3%	0,3%	0,3%	0,0%	0,2%	-1,2%	1,2%	**8,0%**
2018	1,0%	-2,6%	0,5%	1,2%	0,2%	-3,7%	0,0%	-2,1%	-0,3%	-2,9%	0,8%	-1,8%	**-9,4%**
2019	4,1%	-0,1%	-2,3%	0,3%	-0,8%	-4,4%	-2,4%	-1,8%	3,1%	1,4%	0,2%	1,8%	**-1,3%**
2020	1,0%	1,7%	-16,7%	2,8%	1,9%	5,6%	-2,5%	2,2%	2,5%	-2,5%	15,7%		**14,3%**

(*) Since inception

Comparative Risk / Return

	RETURNS (CAGR)			VOLATILITY		
	5 years	3 years	Since inception	5 years	3 years	Since inception
Rho Investments	2,49%	-0,49%	6,44%	11,14%	12,56%	9,82%
Stoxx 600	1,85%	1,00%	1,74%	1,85%	1,00%	15,00%
Ibex	-6,13%	-13,90%	-3,13%	20,67%	17,03%	20,56%

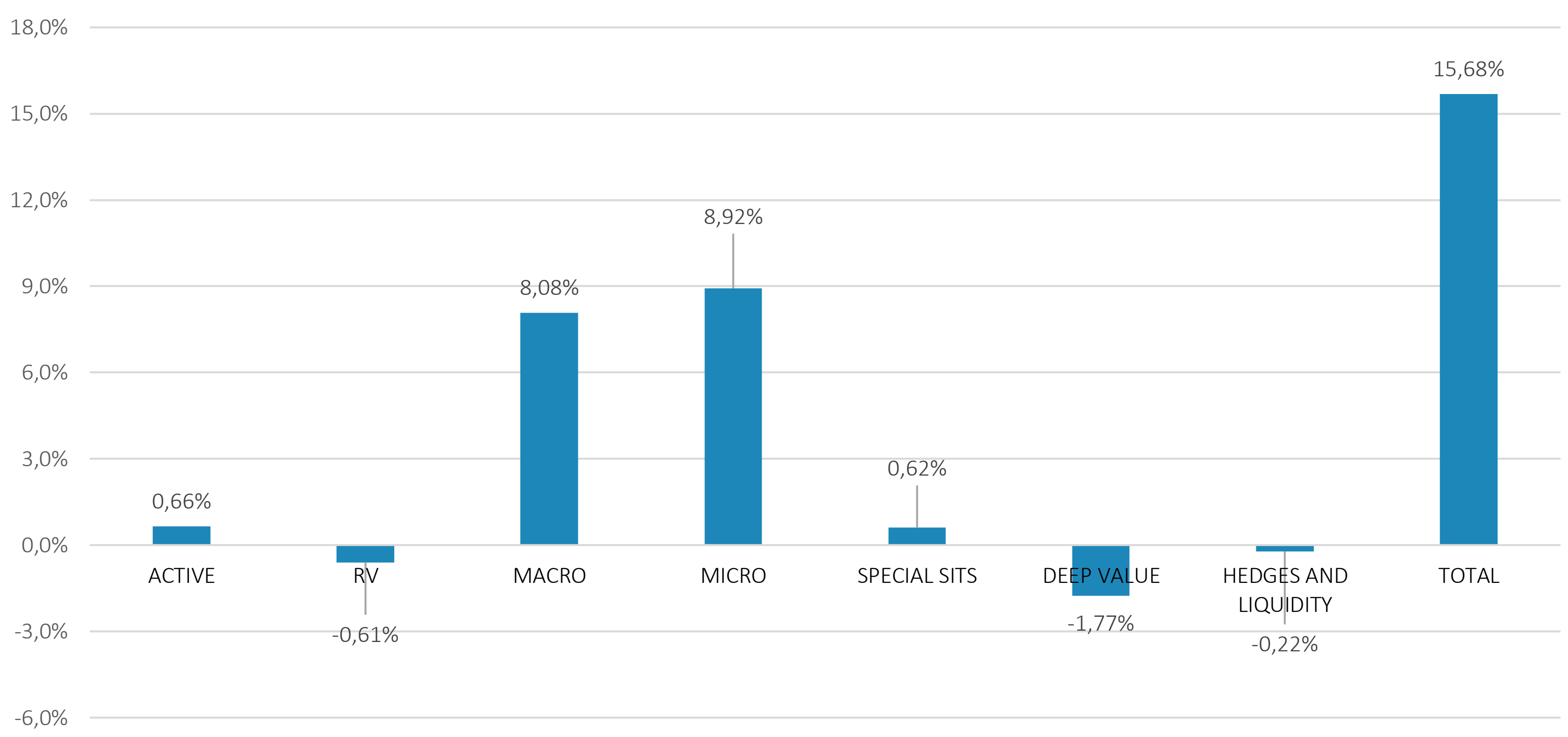
Returns (% Net)

2020	14,32%
CAGR*	6,44%
November 2020	15,68%

Risk / Return

Volatility*	9,82%
Sharpe Ratio*	0,66
Sortino Ratio	0,82
Parametric VaR 1-d	3,47%

Performance attribution across strategies (% Net)*



Top Five Positions

Stoxx Banks Index Call Options	38,86%
Dax Index 14500 6/21 Calls	33,62%
30-10yr Bund steepener	27,84%
Queka PE	8,22%
American Well Corp Equity	8,11%

% Exposure

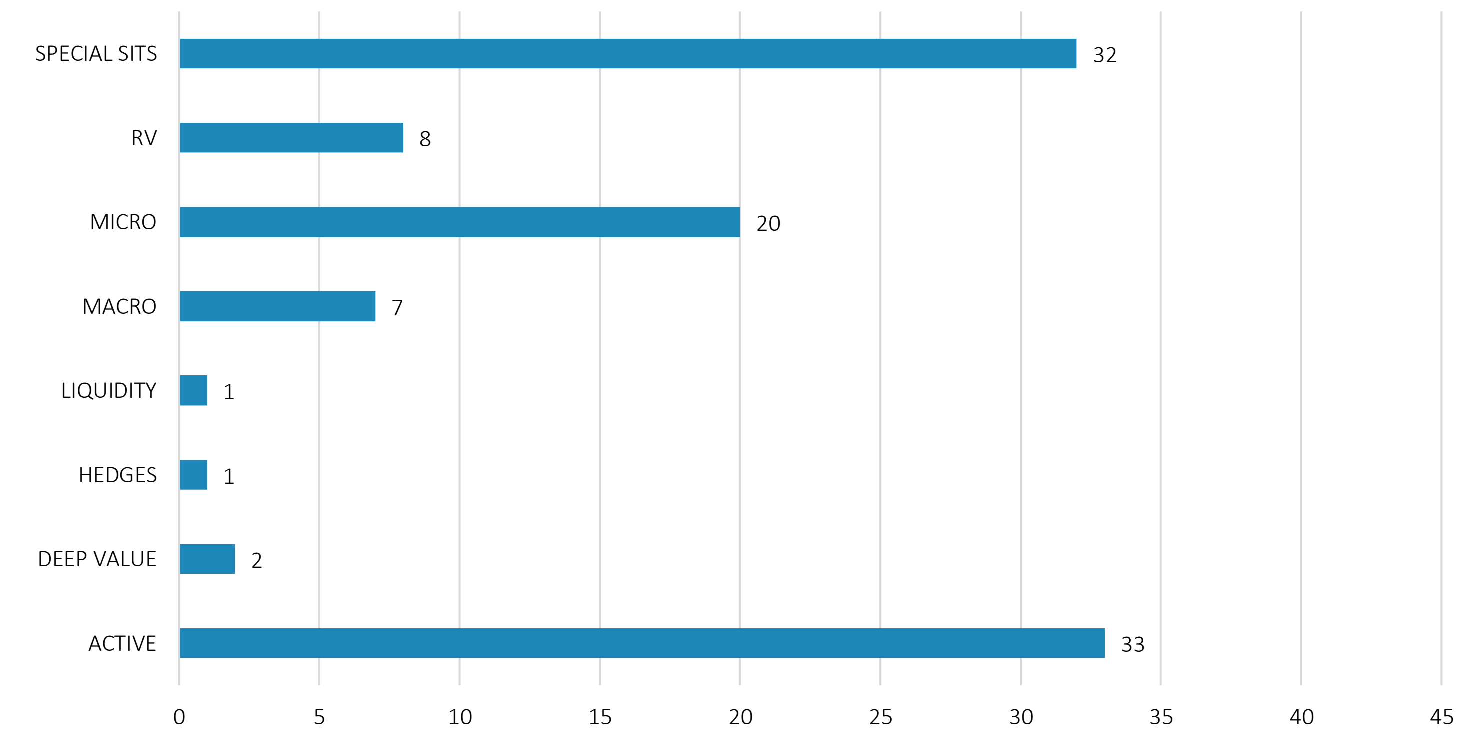
Gross	260,72%
Net	180,94%

% of Gross Exposure per Strategy

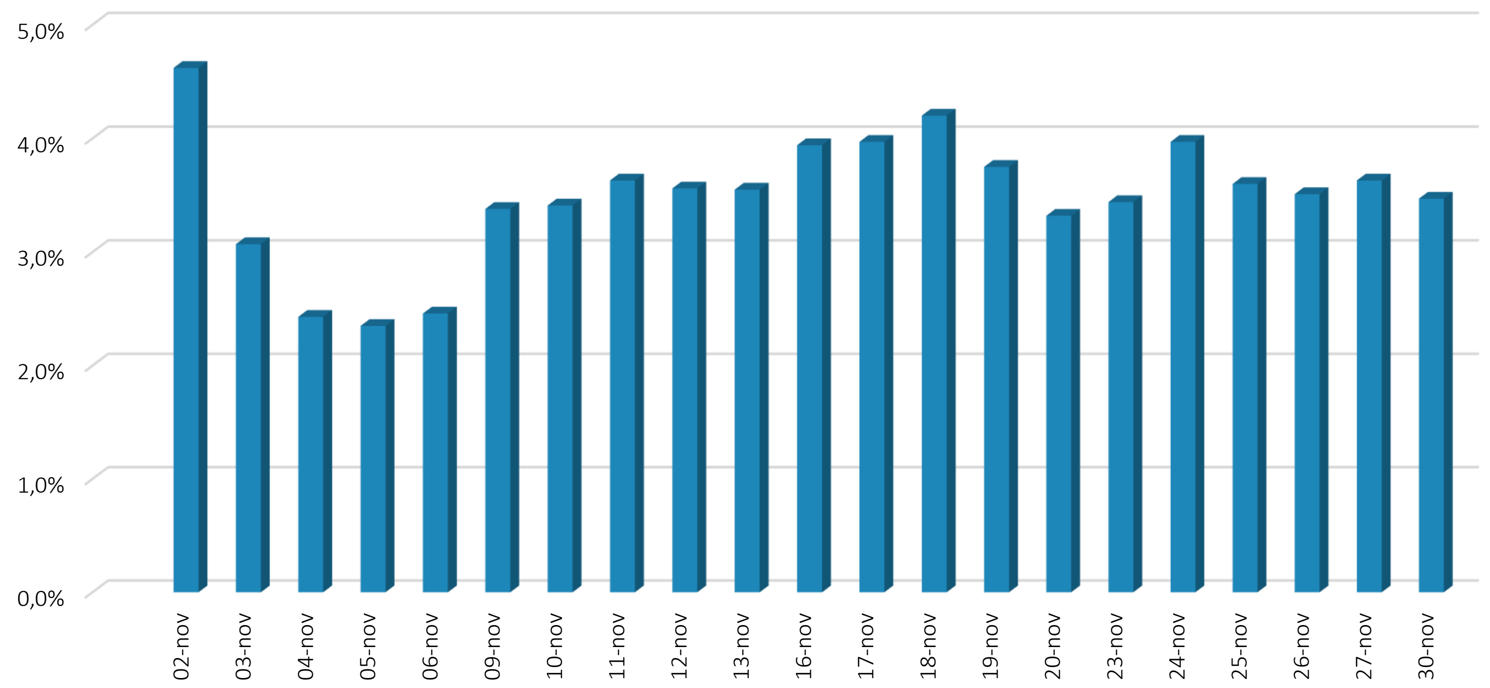
Active	24,56%
Relative value	6,88%
Macro	30,20%
Micro	10,72%
Special Situations	7,25%
Deep Value	5,59%
Hedges	4,08%
Liquidity	10,71%

Risk Concentration and Distribution Metrics

Number of positions per strategy

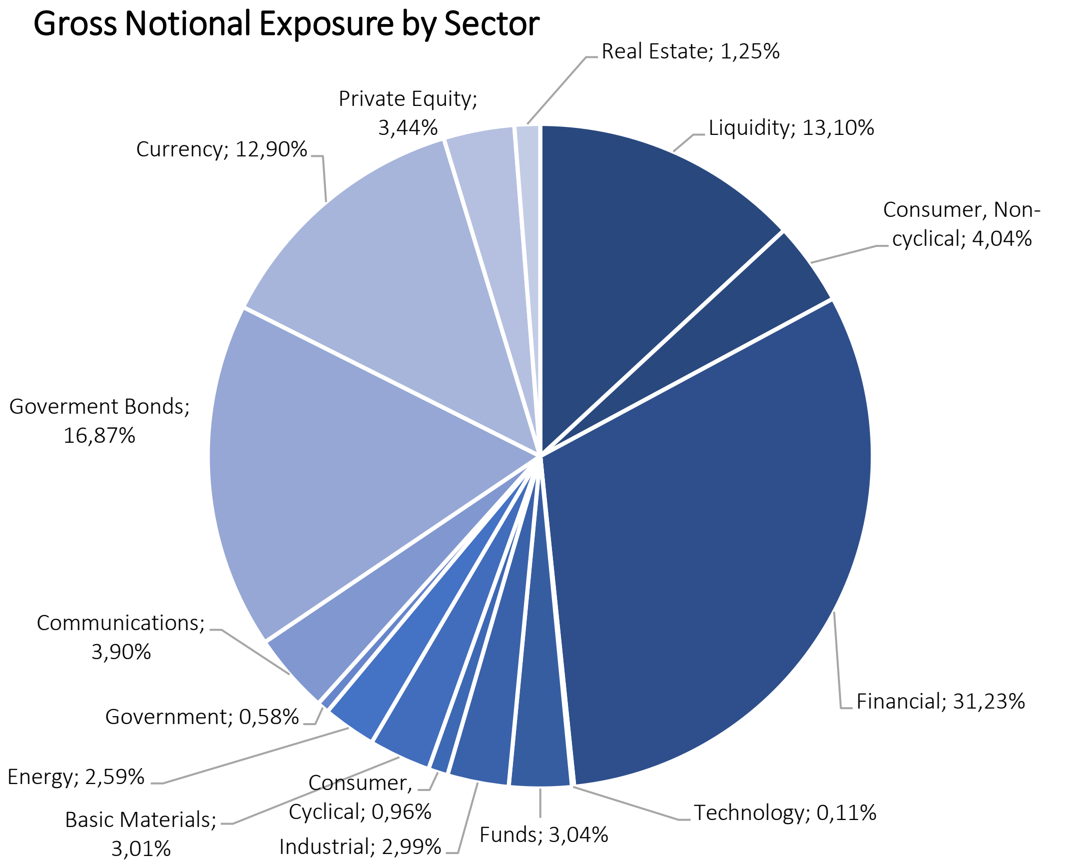


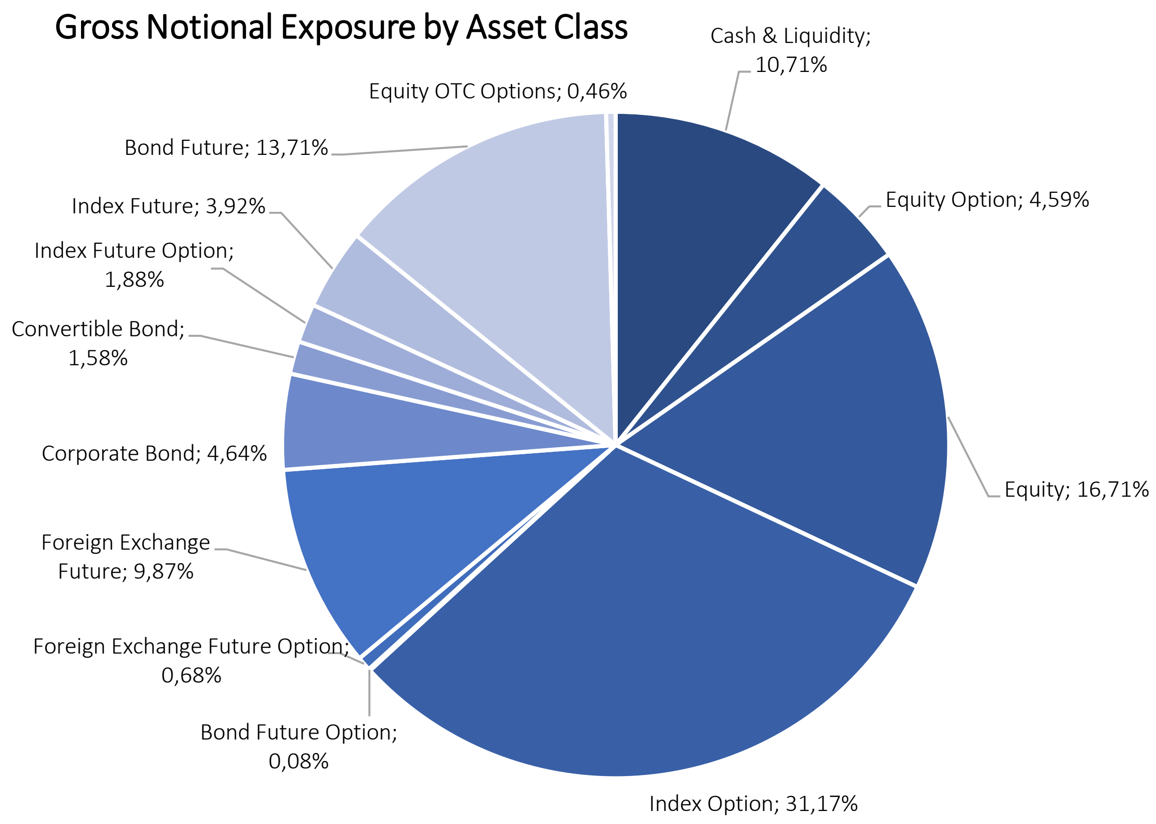
Parametric VaR 1-day

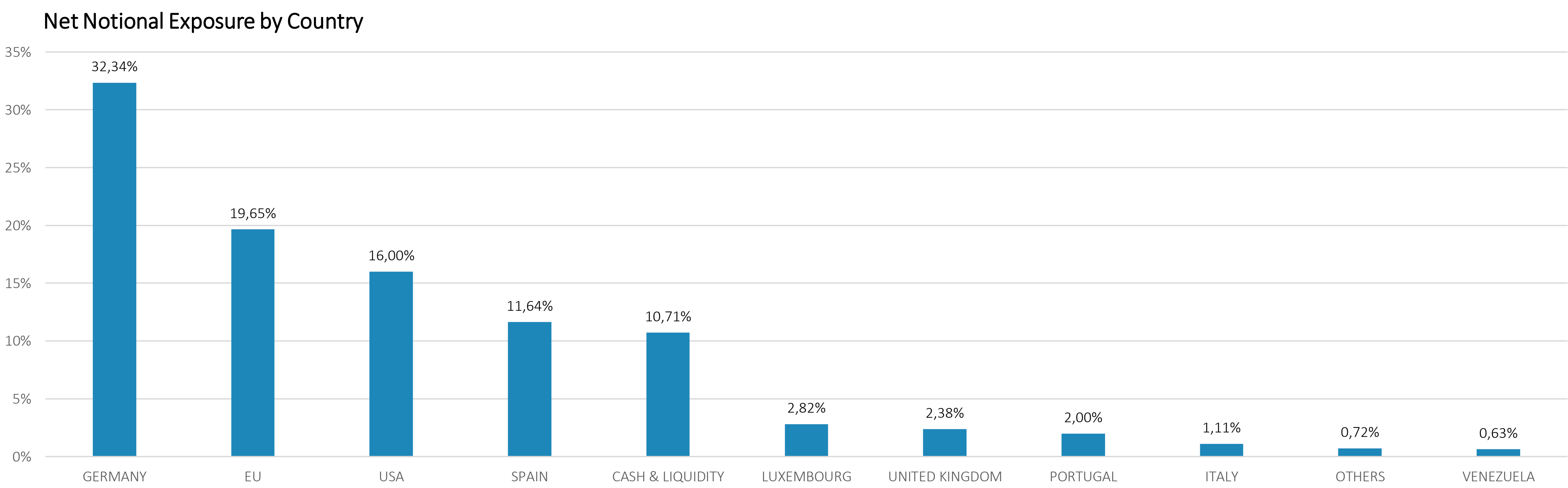


(*) Since inception

Risk Concentration and Distribution Metrics (2)







November 2020 Update (cont...)

the equity rotation of momentum into value. As we had advanced in previous newsletters, at the end of the summer the fund opportunistically added equity exposures in select names within the battered Spanish travel and leisure and energy sectors where the sell-off and underperformance had reached levels where the asymmetry of the investments had made them extremely compelling despite the relative lack of earnings visibility. During November the fund took advantage of the very strong cyclical rally to exit its IAG IPO investment (which doubled in value in less than three months) as well as half of its investment in Repsol, where even though the originally envisaged catalyst was the IPO of its renewable energy business, the much-faster-than-envisaged price appreciation in the investment (in excess of +40%) warranted some short-term profit-taking. Additionally the fund, which had added BBVA shares to the Micro bucket in mid-September, utilized the outperformance seen in the name in the wake of the sale of their North American business to PNC to fully exit its investment in the bank. Macro strategies (+8%) was the other great pillar of monthly performance. The bucket continues to play on the theme of an European cyclical recovery with outperformance of value. We envisage the roll-out of massive vaccination programs as a catalyst for a strong rally in H1 2021, and end of Q1 in particular by which we should have good visibility over the potential normalization of European economies ahead of the summer season. Furthermore fiscal expansion against a backdrop of unprecedented “financial repression” (over $18trn of global bonds have negative yields) arising from extraordinary monetary stimuli from central banks will continue to provide a strong floor to financial asset valuations. We continue to play this medium-term view via option strategies in order to achieve a more effective risk-reward profile given the still high substantial levels of uncertainty and the tail risk of a vaccine failure (side effects, limited immunity, etc), which would put at risk the substantial recovery seen in risky assets. At the end of November the fund held a market value of 1.4% over NAV in DAX options with 0.24 delta, which would provide at expiry an upside in DAX futures equivalent to 86% of the fund´s NAV. This position was increased substantially vs the previous month by the end of November by adding part of the proceeds of extensive profit taking of cyclical single names within the Micro strategies bucket and utilizing the market pullback at month-end to add to the existing position (although given the low delta of the options and the very high beta nature of the single names in which we took profits the net overall impact of these tweaks was a reduction in risk). The other substantial medium to long-term bet adopted within Macro strategies is that of a recovery in bank stocks. Here the thesis which we expressed in last month’s newsletter remains intact: "strong value in the banking sector as a very convex way to express this cyclical recovery view, and which notwithstanding unfavorable term structure of rates and uptick in cost of risk headwinds, should enjoy strong support from the substantial momentum in bank M&A activity, with the added kicker that any meaningful upside movement will be technically exacerbated by growth-into-value portfolio rotation flows". However, given the substantial rally seen in the SX7E in such a short period of time, we deemed prudent to adopt short-term mark-to-market (8% of NAV at month-end) protection in Cont.

November 2020 Update (cont...)

the shape of a (sold 95 call, bought 60 put) SX7E risk-reversal with a shorter time horizon (June 2021 vs December 2021 and December 2022 in the outright 70 calls originally bought) ahead of the much-expected ECB decision around bank dividends in December. Elsewhere Active strategies (+0.7%) benefited from substantial primary credit markets activity, Relative Value (-0.6%) lagged due to underperformance of Liberbank and Caixabank vs the broader bank sector during the rally, whilst Deep Value (-1.8%) suffered due to adverse mark to market of our Amwell investment (which as a "Covid defensive" growth name correlated negatively with the strong rally). Special Situations (+0.7%), a strategy for which we have very high expectations for 2021 continues to underdeliver vs. its full potential. We still expect a meaningful contribution from the strategy in the run up to year end as OHL, TAP airlines and Abengoa approach key restructuring milestones. Finally, from a risk point of view, net leverage increased significantly from 129% by the end of October to 181% (which is the highest level ever recorded by the fund) much of which arises from the substantial ("passive") increase in the delta of our long-call-option strategies as a result of the magnitude of the market rally, rather than an active increase in risk during the month. Likewise gross market exposure also increased from 208% at the end of October to 261% at the end of November. However looking at market exposures alone does not provide an accurate view of risk taken by the fund given the notional weight in the portfolio of a number of balance sheet-heavy yet fairly low risk exposures such as Bund curve steepeners, and the substantial amount of currency hedges vs USD and GBP equity and credit positions. Effectively if we look at both the large cash holdings (c. 30% of NAV) and the statistical risk employed (as measured in VaR terms) the risk picture appears far more benign. Risk usage, expressed as 1-day 99.5% confidence parametric VaR, actually decreased from 4.6% at the end of October to 4.3% at the end of November, as so did average daily VaR employed which came down from 3.7% during the month of October to 3.5% throughout November).