

Quadrigo Igneo UCITS

31 Mar 2019

Quadrigo Igneo Ucits is a liquid absolute return strategy with a long bias to the Precious Metals sector and US treasuries, a long bias to implied volatility, and long-only tail risk insurance. Quadrigo Igneo Ucits follows a proprietary multifactor investment process that combines both fundamental and quantitative inputs, including top-down macro, geopolitics, bottom-ups micro, technical analysis, and flow analysis, within a disciplined framework for portfolio construction and risk management.



Diego Parrilla

Chief Investment Officer SG
diego.parrilla@quadrigafunds.es

Alfonso Torres

Chief Investment Officer ST
alfonso.torres@quadrigafunds.es

Quadrigo Igneo UCITS Update

During the month of March we saw a confirmation of a marked slowdown in Europe, reflected in PMI surveys in recession territory (47,5 for the Eurozone) for the first time since the 2011-2012 crisis. The reaction from Central Banks has been quite remarkable, with ECB announcing new TLTROs from September and assuring the actual level of negative interest rates until 2020 at least, while the FED has turned more dovish and now is not expected to move rates for the remaining of the year, and will stop QT by September. This monetary stimulus has worked well for risk assets, with equity markets performing leaded by europe (+2,21%) and USA (+1,94%), followed by EM (1,13%). Also credit performed with USD HY +1,29% and EUR HY +0,69%. The magic of lower bond yields, with German bonds reaching negative yields up to the 10Y, and US treasuries now with an inverted curve is doing its job in holding risk assets, meanwhile economy looks more vulnerable and global earnings start turning south after the 2017-18 rally, making assets look more expensive on a relative value basis. Although we acknowledge the return of "central bank" put into asset behaviour, we warn that the possible deterioration in the business cycle makes equities and HY credit look too expensive.

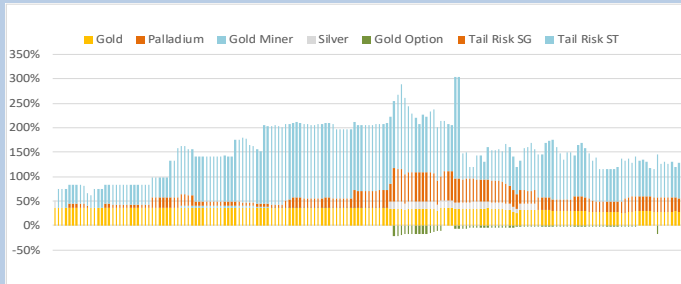
Quadrigo Igneo UCITS

During March we saw a big drop in global bonds yields, reacting to central banks actions and guidance, while the USD gained 1,3% globally, 1,48% vs EUR. Both opposite forces affecting the price of precious metals, with gold ending -1,6% and silver -3,2% for the month. In general we saw lower volatility for most assets, with gold and silver vols beating lows again. During march we have been maintaining our equity tail positions, only adjusting as inflows in the fund increased AuM. We took profit in part of the treasuries tail position and part of out credit options matured OTM. The fund lost 1,8% as expected in a risk on market, leaded by precious metals and tail risk blocks. Although lower volatility and risk on sentiment is taking a role in the fund's performance, we see it as a great opportunity going forward, as we see expensiveness and complacency feeding through asset prices as a good chance to enter coverage optionality in a deteriorating macro landscape.

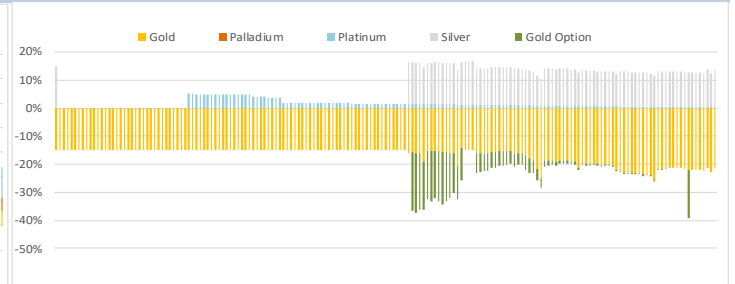
Reference	Gold ETF
Total	100%
Gold	50%
Silver	-
Platinum	-
Palladium	-
Gold Miners	-
Options ST	-
Options LT	-
Tail Risk SG	-
Tail Risk ST	-
US Treasuries	-

	Funded	Notional	Beta	Delta
Total	100%			142%
Gold ETC	29%		1.00	29%
Silver ETC	13%		1.50	20%
Platinum	-		0.70	-
Palladium	-		0.60	-
Gold Miners ETF	1.3%		1.50	2%
Options ST	-		-	-
Options LT	-		0.00	-
Tail Risk SG	250%		0.11	28%
Tail Risk ST	405%		0.15	62%
US T-Bills	39%		0.05	2%

Absolute Allocations (% Live Delta)



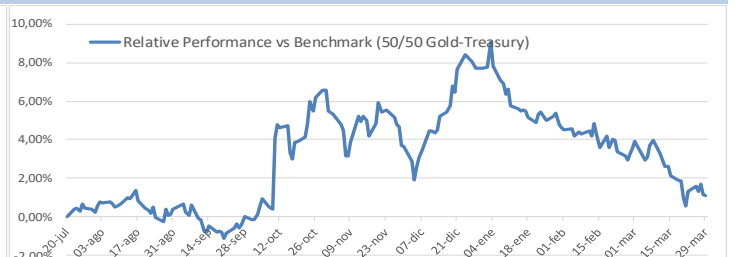
Relative Allocations (% Live Delta)



Absolute Performance (%)



Relative Performance (%)



	2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY 2018
Quadrigo Igneo UCITS								-0.1%	-0.9%	-1.3%	6.3%	-1.2%	7.3%	9.9%
2019		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY 2019
Quadrigo Igneo UCITS		-1.3%	-1.7%	-1.9%										-4.8%

DISCLAIMER. This fact sheet is not a sales prospectus. The materials are intended solely for general information about the Strategy. Past performance is no guarantee of future results. Realized performance may differ from Target Performance, and can be positive or negative. Calculations do not include any fees.