

Quadriga Igneo Fund

31 Jul 2018

Quadriga Investors Igneo UCITS is a liquid absolute return strategy with a long directional bias to the Precious Metals and US Treasuries, a long bias to insurance and implied volatility, and long-only tail risk insurance. Quadriga Igneo UCITS follows a proprietary multi-factor investment process that combines fundamental and quantitative inputs, including top-down macro, geopolitics, bottom-ups micro, technical analysis, positioning analysis, and flow analysis, within a disciplined framework for portfolio construction and risk management.



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Quadriga Igneo Update

Quadriga Igneo outperformed gold (-2,3% in July) as price insurance gained 1,00%, the relative value trade vs silver lost -0,54%, the relative value trade vs platinum was flat, while the long gold cost -2,27% and cash paid 0,08%. After the big drop since mid June, gold kept underperforming during July. The USD has been more stable but real yields in the 5y have gone up another 20bps to 86bps, following a very strong numbers in US and upbeat comments from FED chairman. In general we have seen a risk on month, with global equities returning around 3,5% and High Yiled indexes around 1,5%. Although the trade war fears are putting investors on the conservative side, the strong macroeconomic numbers, specially in US, keep driving earnings up, and this has been very supportive. The daily news concerning new tariffs between US, China and EU are putting some uncertainty in the markets, but overall these are seen as a positioning for negotiation. Precious metals got hit and keep under pressure, apparently the restructuring of vanguard's 2,3bill precious metals etf is putting some good size offer in the market, and we are seeing the first Gold ETF outflows in a long time. Positioning is the shortest we have seen in a long time and we expect this flows to abate and make gold recover.

Quadriga Igneo

Quadriga Igneo, remains well positioned to monetize a pick-up in both realized and implied volatility. We have seen strong movements since June in precious metals, during July we have adjusted our options position twice, using the proceeds to buy new ounces, and reinstating our delta to 50%. We took off the platinum position and increased the silver position to 30%. Trade war fears are weighting on the more industrial precious metals vs gold, although all the basket is suffering. We see market very negative and positioning in the futures market very short, this normally signals a reversal, although some technical ETF's issues are putting strong offers on the market. Even with this short term issues we still see the complacency hiding risk across markets, and the Igneo strategy to be a good way to profit from higher volatility.

Reference	Gold ETF
Total	100%
Gold ETC	50%
Silver ETC	-
Platinum ETC	-
Palladium ETC	-
Gold Miners	-
Options	-
Tail Risk	-
US Treasuries	50%
RV US-T	-
FI Options	-
Tail Risk HY	-
Tail Risk FI	-

Igneo	Funded	Notional	Beta	Delta
Total				115%
Gold ETC	35,0%	35%	1,00	35%
Silver ETC	15,0%	15%	1,50	23%
Platinum ETC	-	-	0,70	-
Palladium ETC	-	-	0,60	-
Gold Miners	-	-	0,00	-
Options	(1,5%)	50%	-0,56	(28%)
Tail Risk	(3,0%)	100%	0,10	10%
US Treasuries	50,0%	50%	0,25	13%
RV US-T	-	-	0,70	-
FI Options	-	-	0,70	-
Tail Risk HY	(1,0%)	25%	1,00	25%
Tail Risk FI	(1,0%)	150%	0,25	38%

Absolute Allocations (% Live Delta)

Relative Allocations (% Live Delta)

* Recently launched Fund

* Recently launched Fund

Absolute Performance (%)

Relative Performance (%)

* Recently launched Fund

* Recently launched Fund

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	FY 2018
Igneo							-0,4%						-0,4%

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