



# NEWSLETTER April 2019

**PFA**  
INVESTMENT FUND

Performance & NAV	<b>AA</b>	<b>A</b>	<b>B</b>
Monthly return	<b>3.39%</b>	<b>3.01%</b>	<b>2.85%</b>
Return year-to-date	<b>10.64%</b>	<b>9.84%</b>	<b>9.53%</b>
NAV per share	<b>339.03</b>	<b>165.26</b>	<b>150.26</b>

*All statistics, unless otherwise stated, are for the AA share class.*

MARKET UPDATE April 2019

PFA Investment Fund - Midgard Fixed Income Fund returned 3.39% in April, bringing total YTD return to 10.64 %.

April brought back the more traditional financial market movements, with more risky assets, like broad equity, commodities and credit, performed in a continued and relentless manner, whereas core interest rates rose.

Whether it be better economical key figures globally, a non-escalation of global tension or the start to a new quarter remains uncertain – perhaps all combined.

Rhetoric from larger Central Banks remained cautious – very evidently the predominant (self-imposed?) task for Central Banks appear to be ensuring as low realized volatility as possible, not to disrupt financial markets.

That said, after having risen slightly, short end US money market ended the month where it started – pricing in rate cuts from the Federal Reserve by end of 2019....

The Midgard Fixed Income Strategy performed immensely well during April, as the Swedish Covered bond market continued performing versus interest rate swaps. Especially the longer dated bonds contributed positively to the return with a performance of some 5bp.

In general, the Swedish Covered Bond market continue to offer the best overall value. Therefore the investment team continue to add 5 Year SEK bonds to the portfolio, shying away from shorter dated. The opposite goes for the Danish Covered Bond market, where especially the, historically, high liquidity in the system is adding value to the very short end of the curve.

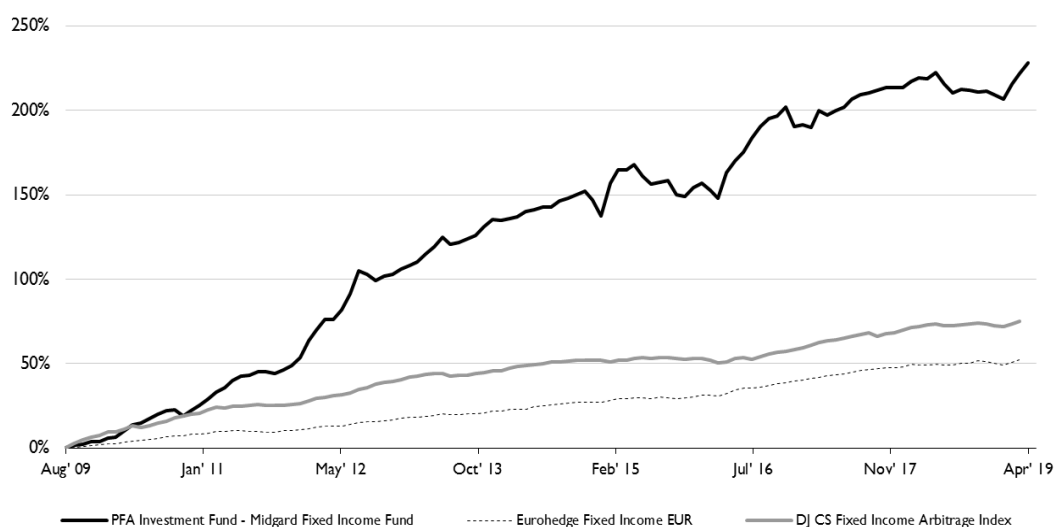
This portfolio composition continue to be preferred and gives a high prospective return – even after several months of performance.

Jesper Slemming  
Chief Investment Officer, PFA Investment Fund



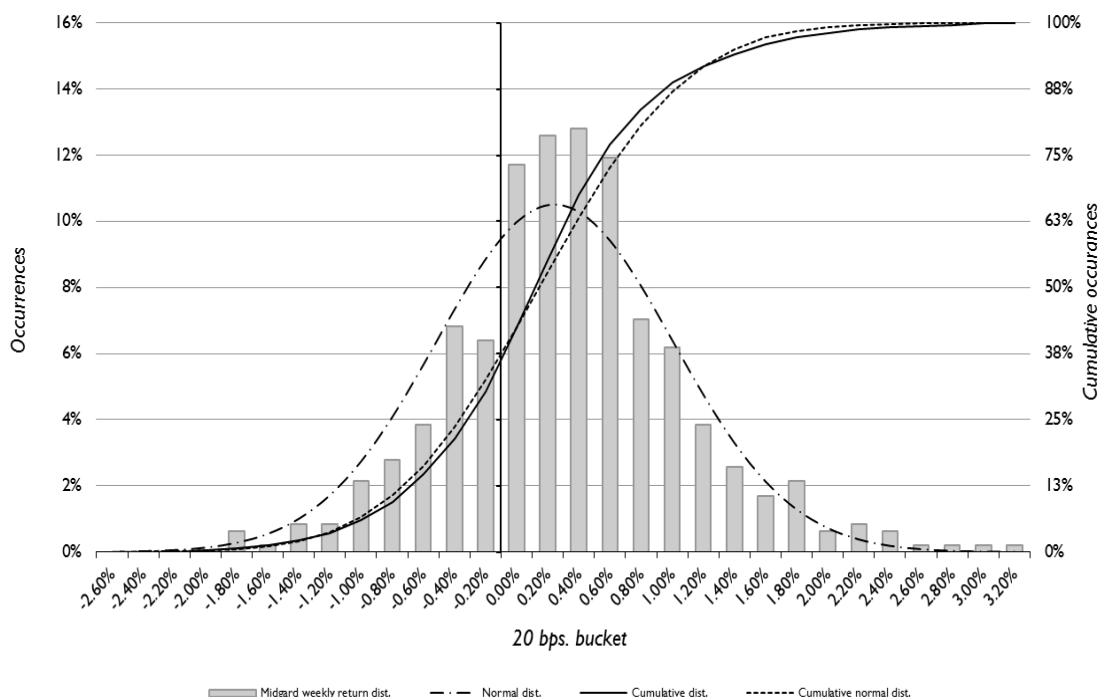
**HISTORICAL PERFORMANCE**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YoY
2009									1.66%	0.59%	1.32%	0.39%	4.01%
2010	1.98%	0.44%	3.23%	3.34%	0.91%	2.32%	2.16%	2.03%	0.31%	-2.98%	2.80%	2.56%	20.67%
2011	2.71%	3.40%	1.65%	3.32%	1.74%	0.30%	1.49%	0.18%	-0.75%	1.31%	1.77%	3.45%	22.50%
2012	6.20%	4.03%	3.56%	-0.01%	3.43%	5.25%	6.97%	-1.07%	-1.82%	1.47%	0.50%	1.54%	34.00%
2013	0.91%	1.01%	2.41%	1.81%	2.70%	-1.82%	0.36%	0.89%	1.14%	2.24%	1.71%	-0.16%	13.95%
2014	0.51%	0.41%	1.29%	0.42%	0.64%	-0.05%	1.57%	0.62%	0.83%	0.88%	-2.06%	-3.82%	1.11%
2015	8.18%	3.01%	0.07%	1.26%	-2.69%	-1.74%	0.37%	0.53%	-3.37%	-0.28%	1.92%	1.18%	8.27%
2016	-1.67%	-1.86%	5.99%	2.64%	1.94%	3.09%	2.39%	1.63%	0.61%	1.62%	-3.75%	0.41%	13.42%
2017	-0.62%	3.53%	-0.84%	0.82%	0.74%	1.45%	0.87%	0.33%	0.57%	0.42%	0.08%	-0.07%	7.46%
2018	1.23%	0.68%	-0.20%	1.24%	-2.12%	-1.80%	0.77%	-0.26%	-0.25%	0.10%	-0.60%	-0.93%	-2.18%
2019	2.90%	2.08%	1.88%	3.39%									10.64%



Return	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Annualized	13.46%	4.51%	6.07%
Last 12 months	5.10%	1.83%	1.67%
Last 3 months	7.52%	1.29%	1.36%
Since inception	239.03%	52.05%	75.03%
Best month	8.18%	1.51%	2.77%
Worst month	-3.82%	-0.76%	-1.19%
Positive months	76.72%	82.46%	81.58%
Negative months	23.28%	17.54%	18.42%
Volatility	6.96%	1.49%	2.31%
Sharpe Ratio	1.92	2.94	2.58

RETURN DISTRIBUTION

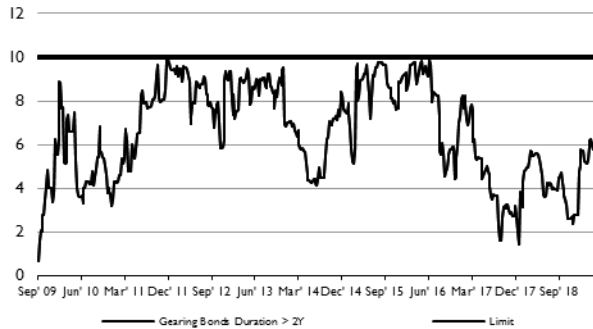


<b>Moments</b>	<b>PFA Investment Fund - Midgard Fixed Income Fund</b>	<b>EuroHedge Fixed Income Arbitrage Index</b>	<b>DJ CS Fixed Income Arbitrage Index</b>
Return	13.46%	4.51%	6.07%
Standard deviation	6.96%	1.49%	2.31%
Kurtosis	1.68	0.29	1.09
Skewness	0.42	-0.25	0.08

<b>Correlation analysis</b>	<b>PFA Investment Fund - Midgard Fixed Income Fund</b>	<b>EuroHedge Fixed Income Arbitrage Index</b>	<b>DJ CS Fixed Income Arbitrage Index</b>
Correlation coefficient	-	52.30%	31.50%
Beta	-	244.15%	95.24%
Alpha	-	1.60%	6.95%
R2	-	27.36%	9.93%
Autocorrelation	22.59%	8.98%	34.33%

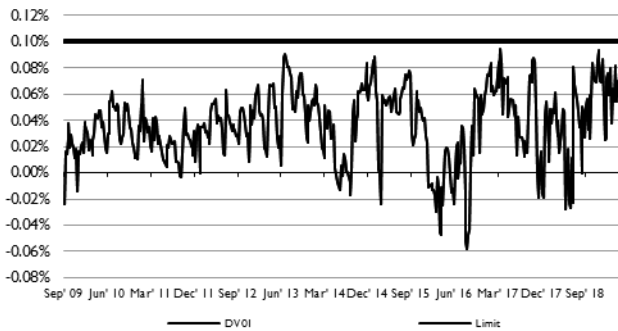
### RISK & LINE LIMITS

#### GEARING BONDS DURATION > 2Y

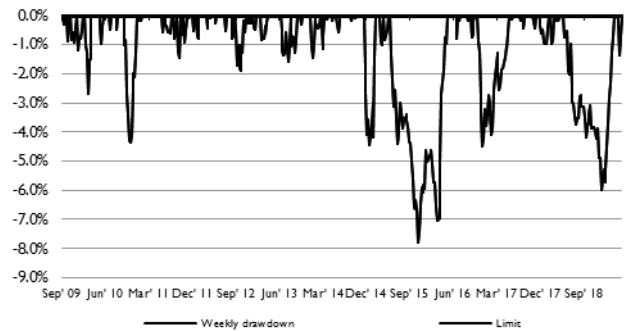


Risk	Midgard	Lime/limit
DV01	0.05%	± 0.10%
Leverage	7.46	Max. 10
VaR	0.92%	Max. 2 %
FX exposure	53.47%	Max. 100 %

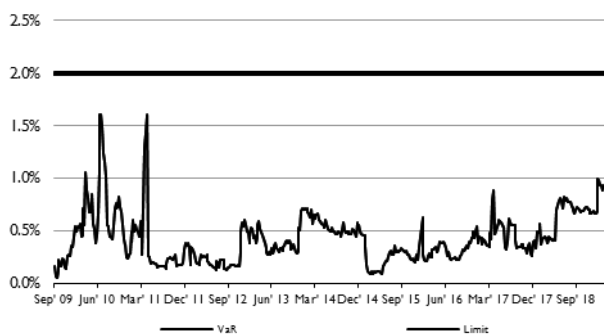
#### DV01



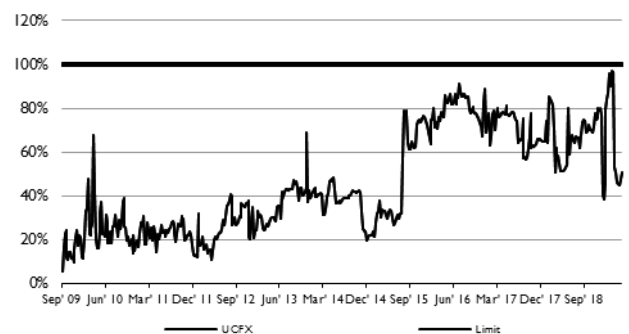
#### WEEKLY DRAWDOWN



#### VaR



#### NON-COVERED FX EXPOSURE



RISK FIGURES

Risk Figure	Weekly data		Note
	Since inception	1Y	
<i>Period</i>			
Portfolio return ( $r_p$ )	13.46%	5.10%	
Excess return ( $r_p - r_f$ )	13.47%	5.17%	
<i>36 month</i>			
Portfolio return ( $r_p$ )	7.91%	-	
Excess return ( $r_p - r_f$ )	7.93%	-	
Maximum drawdown since inception	7.78%	4.08%	
Maximum drawdown 36m	4.48%	-	*
Largest individual drawdown			
First	1.86%	0.85%	
Second	1.85%	0.69%	
Third	1.57%	0.63%	
Average	1.76%	0.72%	
Calmar Ratio	1.77	-	*
MAR Ratio	1.73	1.27	
Sterling ratio	7.66	7.09	
Downside risk	0.66%	0.85%	
Upside risk	1.11%	1.33%	
Loss standard deviation	6.07%	3.62%	
Gain standard deviation	5.02%	2.56%	
Mean absolute moment, downside	-24.33%	-16.21%	
Mean absolute moment, upside	34.89%	19.27%	
Omega ratio	1.69	1.57	
Volatility skewness	0.68	0.50	

\* Not applicable for 1-year returns

# PFA

INVESTMENT FUND

Strategy AUM	EUR 328.1 million
Listing	Irish Stock Exchange
ISIN	LU1439934933
Bloomberg ID	MIDGFXI LX Equity
Investment Manager	PFA Asset Management Sundkrogsgade 4 2100 Copenhagen Denmark +45 39 17 50 00 <a href="http://www.pfaassetmanagement.dk">www.pfaassetmanagement.dk</a>
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