

NEWSLETTER AUGUST 2013



MIDGARD
FIXED INCOME FUND LIMITED

Performance & NAV

Monthly return **0.89%**

Return year-to-date **8.51%**

NAV per share **223.57**

MARKET UPDATE AUGUST 2013

The result for the month ended at 0.89%. Though macro-economic figures throughout August failed to confirm stable and broad based global growth prospects, surprises to the upside for namely the US dittos set the scene and supported massive yield curve steepening in not only the US but also in Europe. Whether or not the FOMC are going to deliver tapering by magnitude and pace that is currently priced in is not clear. It is however more clear, that the in discrepancy in between what the ECB emphasises at their monthly press conferences and ex. ante the market reaction has potentially never been larger. Even the ECBs introduction of precommitment of the low-for-long environment translated into higher rates, as market participants didn't believe in Mr. Draghi and squeezed stops through.

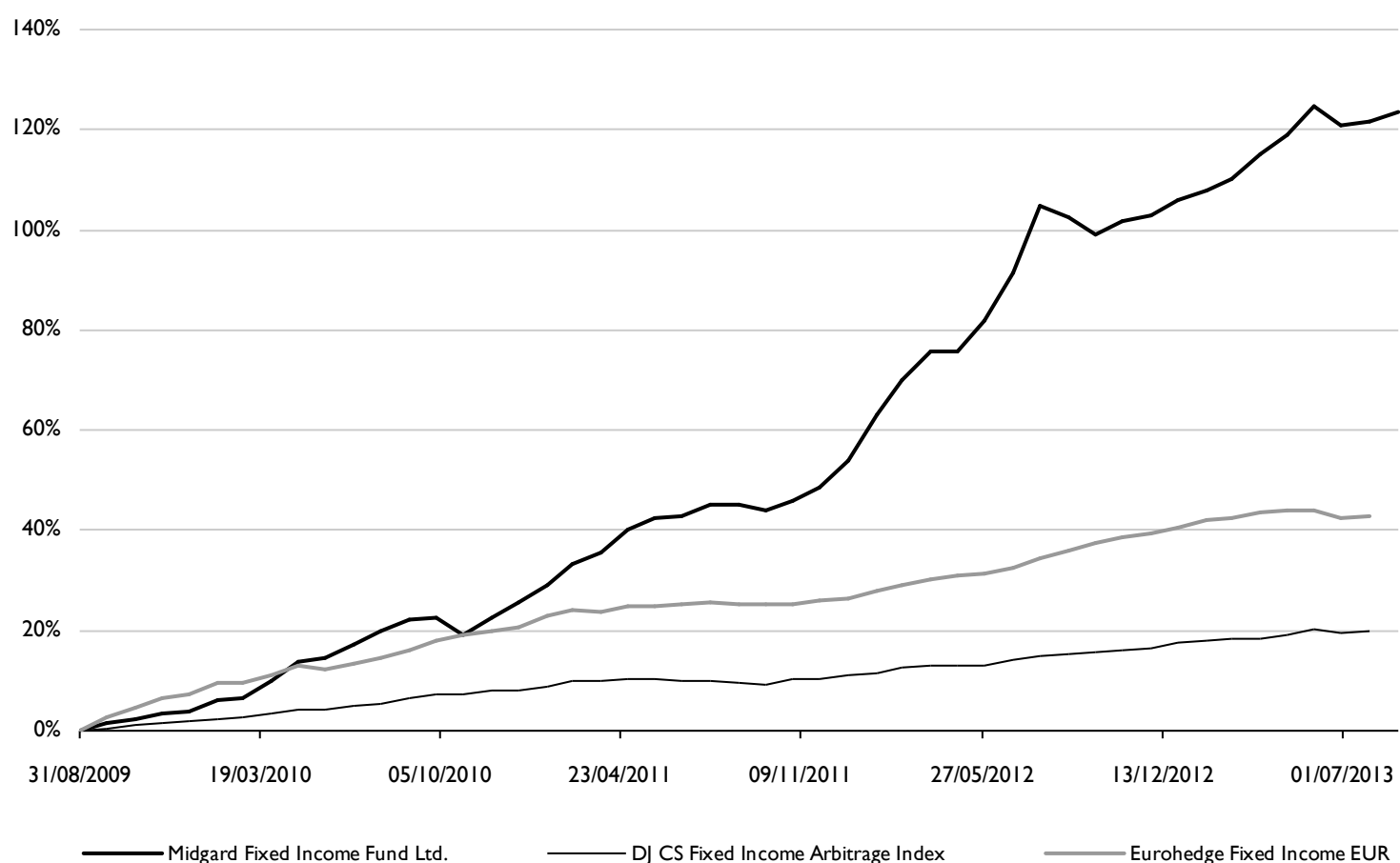
The Danish October refinancing auctions took center stage throughout August with issuance at very strong levels, though Danish government bonds simultaneously underperformed its European peers. The environment allowed market participant to explorer investment opportunities that have not been present since the autumn 2012 and Midgard was clearly among them.



Christian Lindstrøm Lage
Chief Investment Officer, Midgard

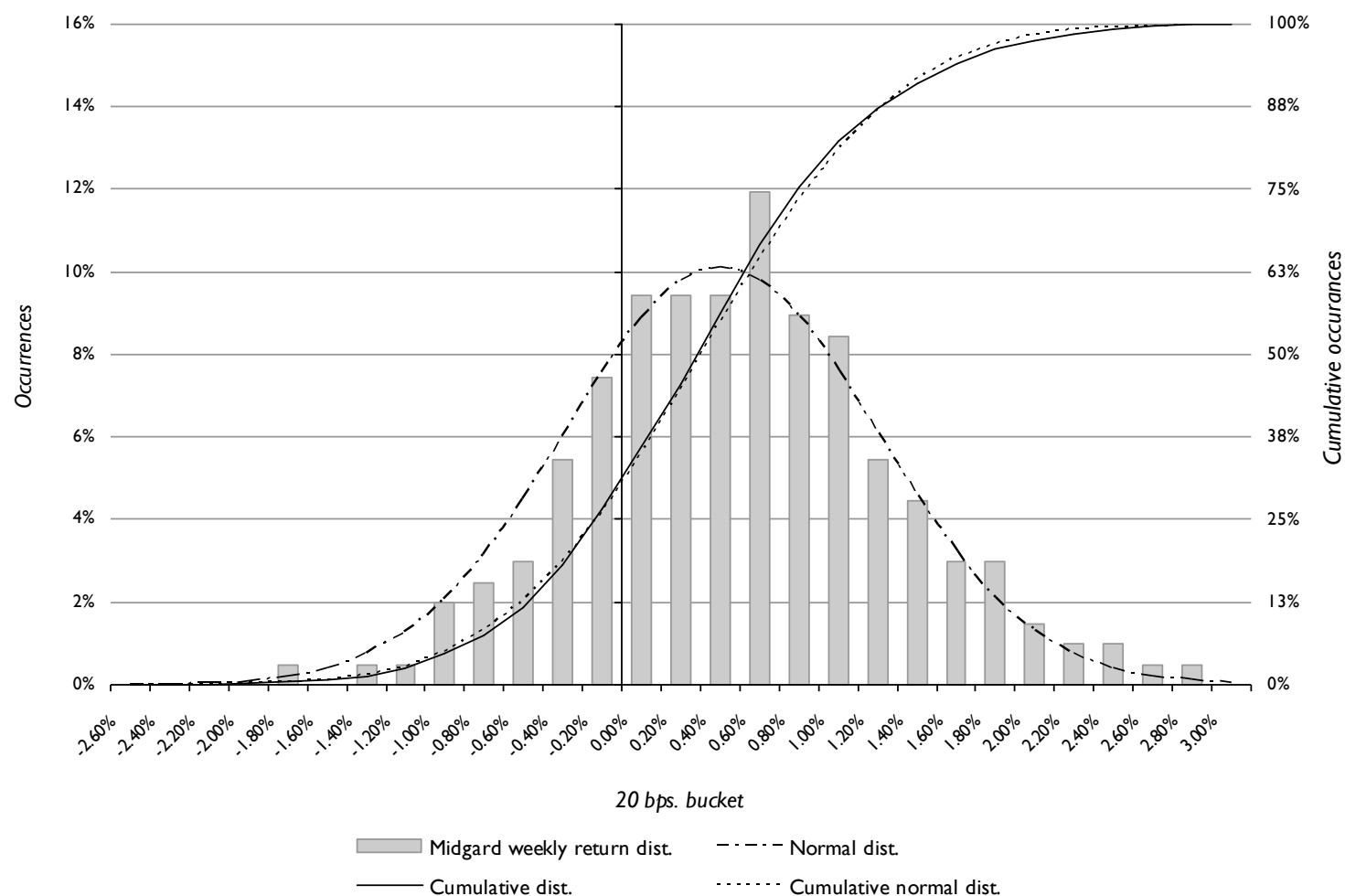
HISTORICAL PERFORMANCE

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%					8.51%



Return	Midgard Fixed Income Fund Ltd.	EuroHedge Fixed Income Arbitrage Index	DJIA Fixed Income Arbitrage Index
Annualized	22.28%	4.77%	9.54%
Last 12 months	10.32%	4.45%	6.20%
Last 3 months	-0.59%	0.74%	-0.75%
Since inception	123.57%	20.01%	42.87%
Best month	6.97%	1.02%	2.77%
Worst month	-2.98%	-0.50%	-1.14%
Positive months	87.50%	89.36%	89.36%
Negative months	12.50%	10.64%	10.64%
Volatility	6.62%	1.26%	2.57%
Sharpe Ratio	3.28	3.35	3.50

RETURN DISTRIBUTION



Moments	Midgard Fixed Income Fund Ltd.	EuroHedge Fixed Income Arbitrage Index	DJIA Fixed Income Arbitrage Index
Return	22.28%	4.77%	9.54%
Standard deviation	6.62%	1.26%	2.57%
Kurtosis	1.06	0.08	0.73
Skewness	0.25	-0.48	0.02

Correlation analysis	Midgard Fixed Income Fund Ltd.	EuroHedge Fixed Income Arbitrage Index	DJIA Fixed Income Arbitrage Index
Correlation coefficient	-	45.89%	18.81%
Beta	-	254.03%	51.83%
Alpha	-	9.40%	16.31%
R2	-	21.06%	3.54%
Autocorrelation	29.00%	8.04%	30.32%

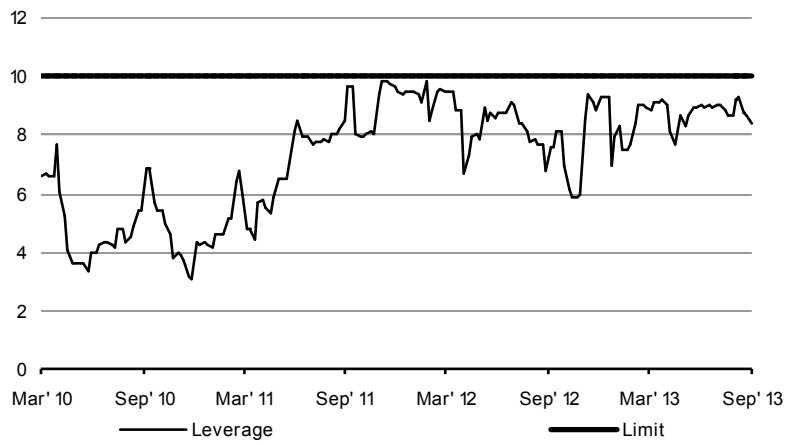
MIDGARD

FIXED INCOME FUND LIMITED

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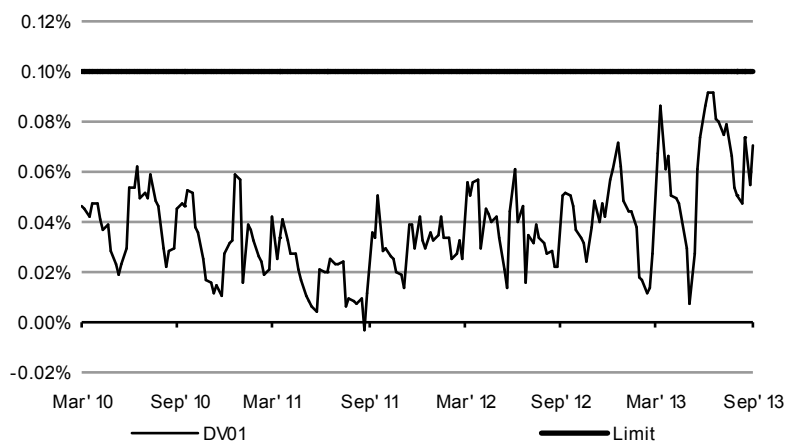
RISK & LINE LIMITS

LEVERAGE

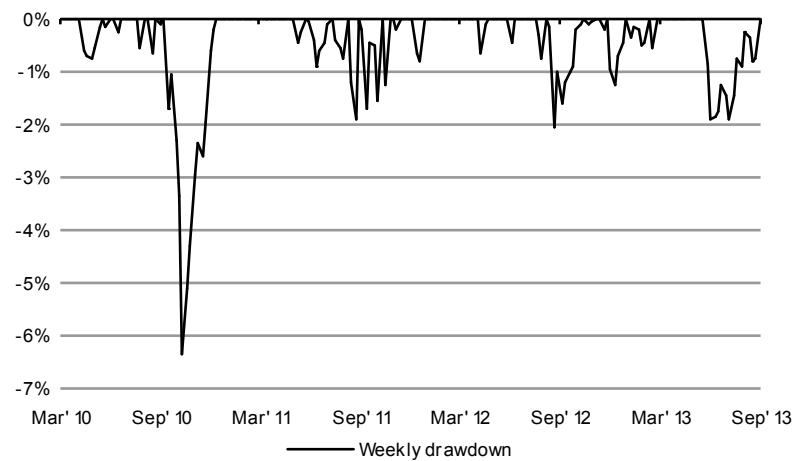


Risk	Midgard	Limit/limit
DV01	0.07%	± 0.10%
Leverage	8.34	Max. 10
VaR	0.41%	Max. 2 %
FX exposure	43.49%	Max. 100 %

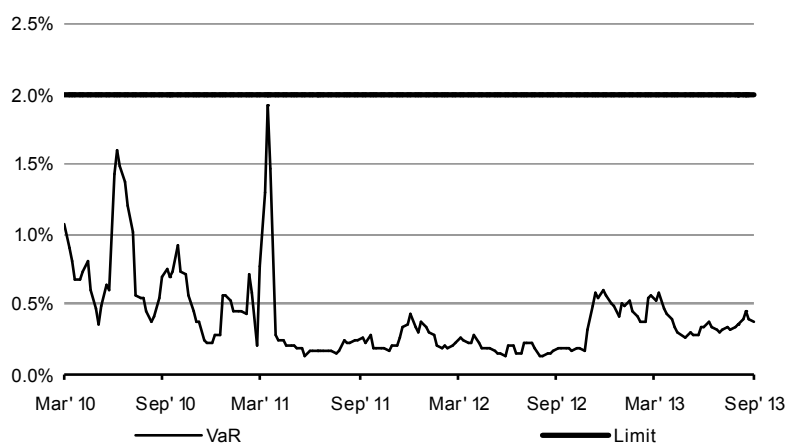
DV01



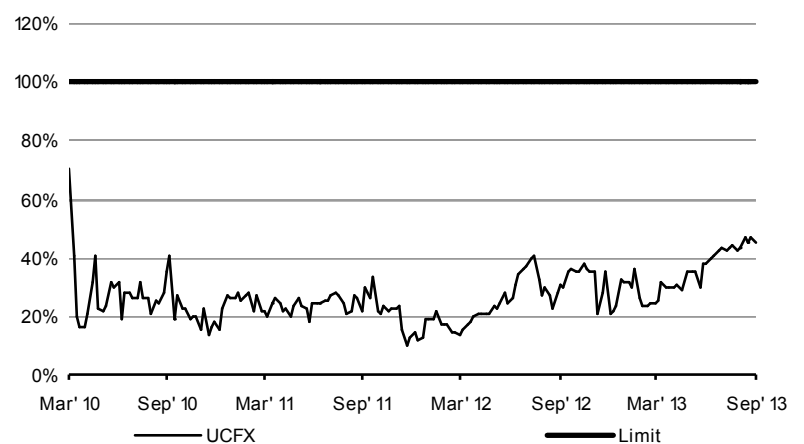
WEEKLY DRAWDOWN



VaR



NON-COVERED FX EXPOSURE



MIDGARD

FIXED INCOME FUND LIMITED

Strategy AUM	EUR 475.67 million
Listing	Irish Stock Exchange
ISIN	KYG6125MI015
Bloomberg ID	MIDGFXI KY Equity
Investment Manager	PFA Asset Management Sundkrogsgade 4 2100 Copenhagen Denmark +45 39 17 50 00 www.pfaassetmanagement.dk
Administrator	GlobeOp Financial Services +1 345 945 5664
Prime Broker	Skandinaviska Enskilda Banken AB +45 33 36 85 07
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