



NEWSLETTER AUGUST 2016

MIDGARD

FIXED INCOME FUND LIMITED

Performance & NAV	AA	A	B
Monthly return	1.63%	1.63%	1.38%
Return year-to-date	14.80%	14.80%	13.00%
NAV per share	295.05	145.41	135.43

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

MARKET UPDATE AUGUST 2016

The Midgard Fixed Income Fund Ltd. returned 1.63 % in August, bringing total YTD return to 14.80 %.

The gradual erosion and increasingly tight pricing of risk and vol premia continued across all core European markets in August, as they turned their attention to the PSPP and how the ECB is going to address scarcity going forward. Asset swaps packages in Swedish and Danish mortgage bonds were no exception and continued their journey tighter.

Across the pond, markets are focussing on the possibility of a 2016 hike from the Fed as US nonfarm payrolls printed very strong in the beginning of the month. Further, statements and comments from Fed members brought to the attention of market participants the possibility of multiple hikes in 2016, sending EURUSD lower.

In Sweden, the spill-over effect from the widening of USD TED spread into lower Stibor fixings reversed in August, adding to the performance in Swedish ASW packages. Strong economic indicator prints towards the end of the month as well as inflation developing in line with expectations probably puts the Riksbank in wait-and-see mode in terms of further stimulus.

In Denmark, prospects for sector liquidity generally improved, sending O/N fixings lower and EURDKK sharply higher, and the Krone now trades the weakest since April.



Stefan Helgason
Senior Portfolio Manager, Midgard

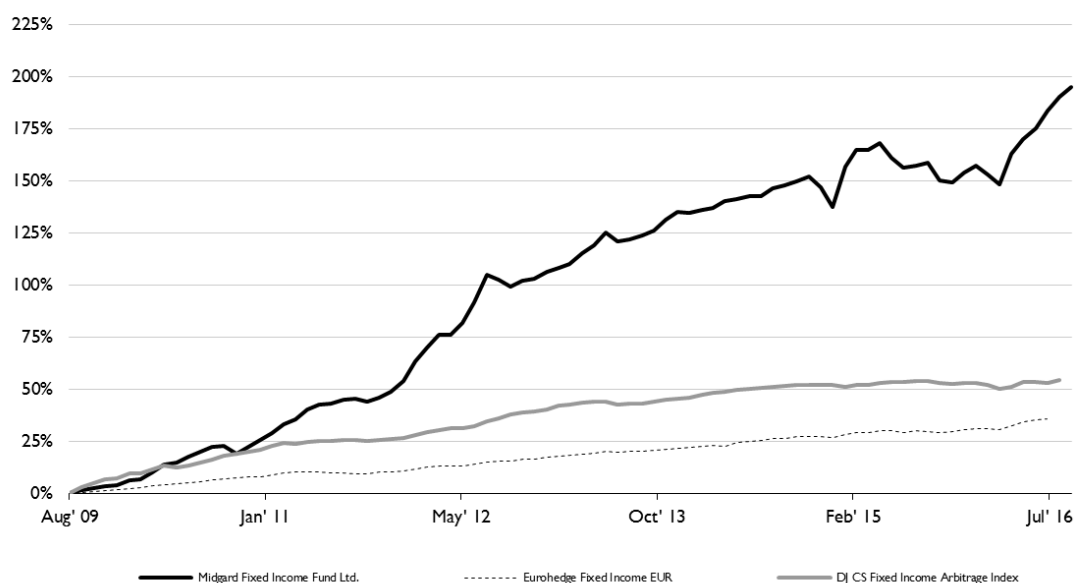
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HISTORICAL PERFORMANCE

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%					14.80%



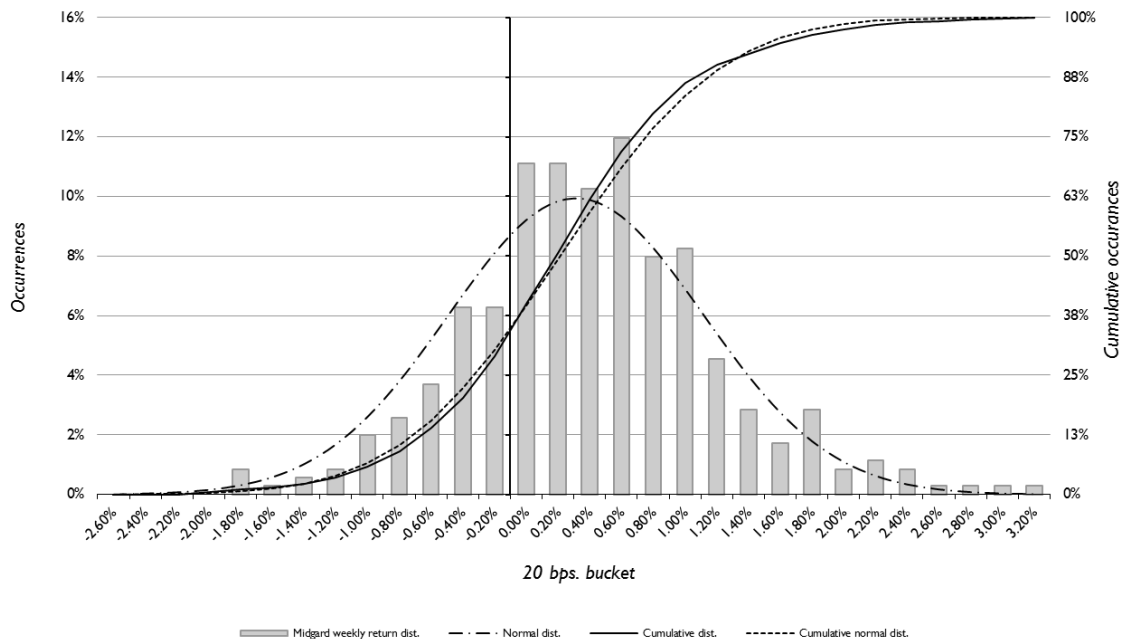
Return	Midgard Fixed Income Fund Ltd.	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Annualized	16.72%	4.56%	6.48%
Last 12 months	14.08%	5.08%	0.40%
Last 3 months	7.27%	2.53%	0.68%
Since inception	195.05%	35.66%	54.35%
Best month	8.18%	1.51%	2.77%
Worst month	-3.82%	-0.58%	-1.14%
Positive months	80.95%	84.15%	80.72%
Negative months	19.05%	15.85%	19.28%
Volatility	7.37%	1.50%	2.44%
Sharpe Ratio	2.23	2.84	2.52

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RETURN DISTRIBUTION



Moments	Midgard Fixed Income Fund Ltd.	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Return	16.72%	4.56%	6.48%
Standard deviation	7.37%	1.50%	2.44%
Kurtosis	1.43	0.33	0.75
Skewness	0.36	-0.04	0.27

Correlation analysis	Midgard Fixed Income Fund Ltd.	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Correlation coefficient	-	56.70%	29.32%
Beta	-	281.66%	88.96%
Alpha	-	2.69%	10.15%
R2	-	32.15%	8.59%
Autocorrelation	22.63%	3.55%	37.00%

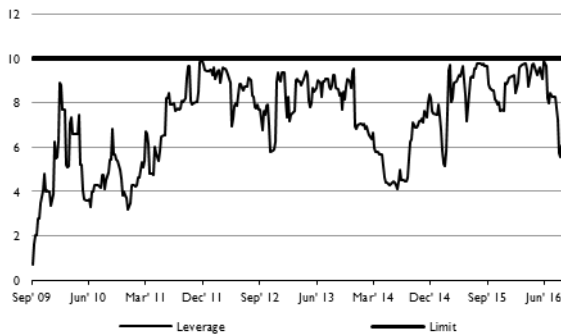
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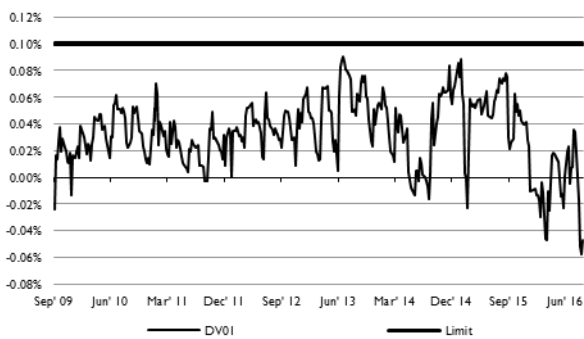
RISK & LINE LIMITS

LEVERAGE

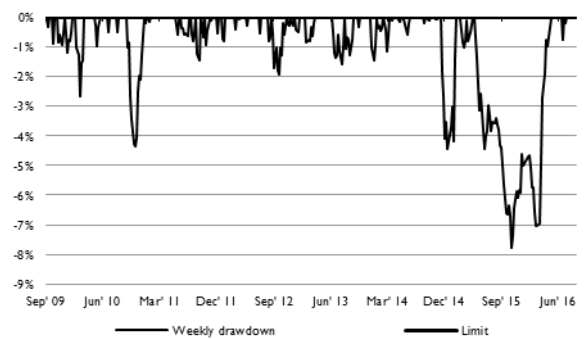


Risk	Midgard	Limit/limit
DV01	-0.05%	± 0.10%
Leverage	6.50	Max. 10
VaR	0.24%	Max. 2 %
FX exposure	85.66%	Max. 100 %

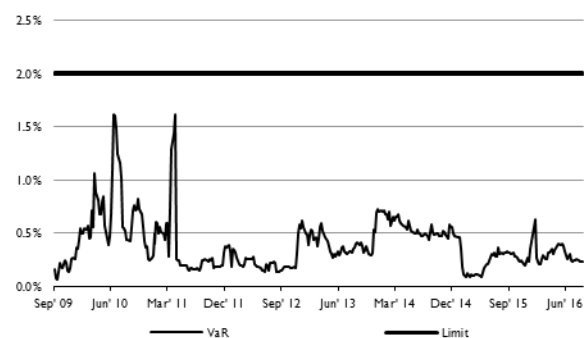
DV01



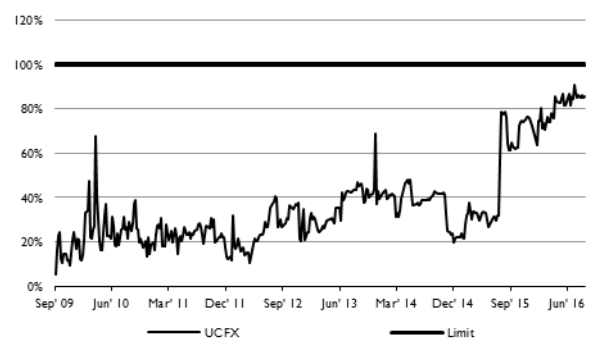
WEEKLY DRAWDOWN



VaR



NON-COVERED FX EXPOSURE



RISK FIGURES

Risk Figure	Weekly data		Note
	Since inception	1Y	
<i>Period</i>			
Portfolio return (r_p)	16.72%	14.08%	
Excess return ($r_p - r_f$)	16.45%	14.40%	
<i>36 month</i>			
Portfolio return (r_p)	9.69%	-	
Excess return ($r_p - r_f$)	9.77%	-	
Maximum drawdown since inception	7.78%	7.78%	
Maximum drawdown 36m	7.78%	-	*
Largest individual drawdown			
First	1.86%	1.15%	
Second	1.85%	1.01%	
Third	1.46%	0.86%	
Average	1.72%	1.00%	
Calmar Ratio	1.26	-	*
MAR Ratio	2.11	1.85	
Sterling ratio	9.54	14.02	
Downside risk	0.72%	1.15%	
Upside risk	1.21%	2.35%	
Loss standard deviation	6.36%	5.39%	
Gain standard deviation	5.20%	5.58%	
Mean absolute moment, downside	-24.58%	-23.38%	
Mean absolute moment, upside	37.61%	35.77%	
Omega ratio	1.69	2.04	
Volatility skewness	0.67	1.07	

* Not applicable for 1-year returns

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Strategy AUM	EUR 457.761 million
Listing	Irish Stock Exchange
ISIN	LU1439934933
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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