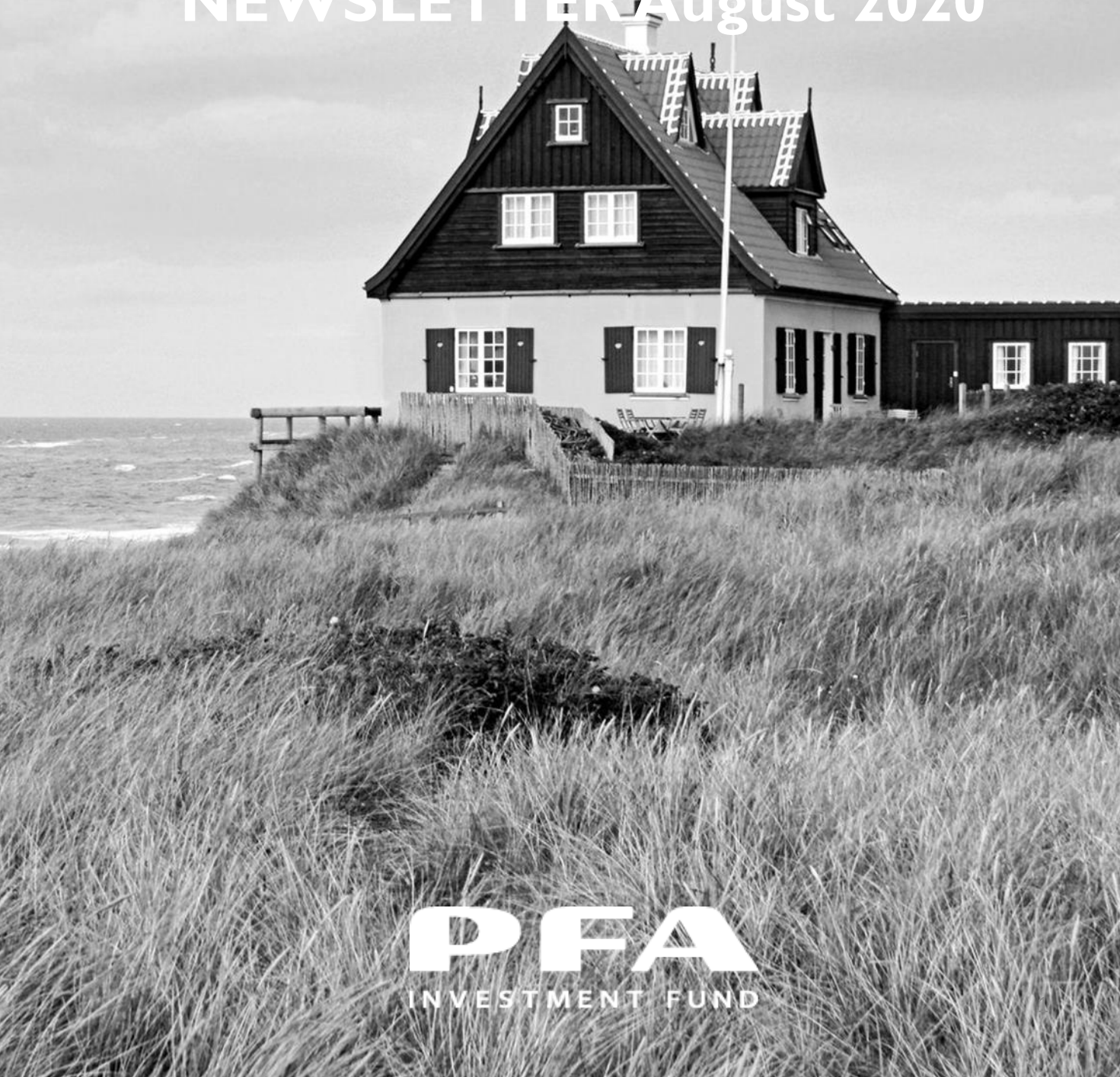


NEWSLETTER August 2020



PFA
INVESTMENT FUND

Performance & NAV	AA	A	B
Monthly return	0.27%	0.23%	0.23%
Return year-to-date	-0.01%	-0.34%	-0.34%
NAV per share	343.86	166.32	151.15

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

MARKET UPDATE August 2020

PFA Investment Fund – Midgard Fixed Income Fund returned 0.27% in August.

Core portfolio showing immense strength with tightening spreads along the Scandinavian covered bond curves against interest rate swaps, which was basically a continuation of the aftermath of stimulus from central banks as a consequence of COVID-19.

Indeed, further evidenced by the fact that the non-performing part of the portfolio composition throughout August was the overlay part of Government Bonds versus swap and covered bonds. The medicine from central banks with added liquidity as well as spread-compressing QE worked as expected in a somewhat quiet Summer market.

Furthermore, liquidity did its toll on spreads between secured and un-secured money market rates adding further fuel to the perception that risk is not what it used to be or 'this time it's different'.

Special attention was brought to the Danish market as the spread between XIBOR fixings to EURO zone was brought to very wide levels – not seen since the GFC – stemming primarily from a low level of liquidity in the Danish system and a continued drift of EURIBOR to sub ECB deposit rates. The widening spread along the interest rate curve, but, compelling as it might have been, the interest for receiving DKK versus EUR denominated interest rate swaps remained muted. The spread will return – only question is what will be the driver.

The portfolio managers continue to strike a cautious tone to the composition of the portfolio and await any setbacks to the risk sentiment – not looking for an event as during covid-19 close-down but a mere sanity check of whether the Global economy might have suffered more than the broad consensus seems to imply.

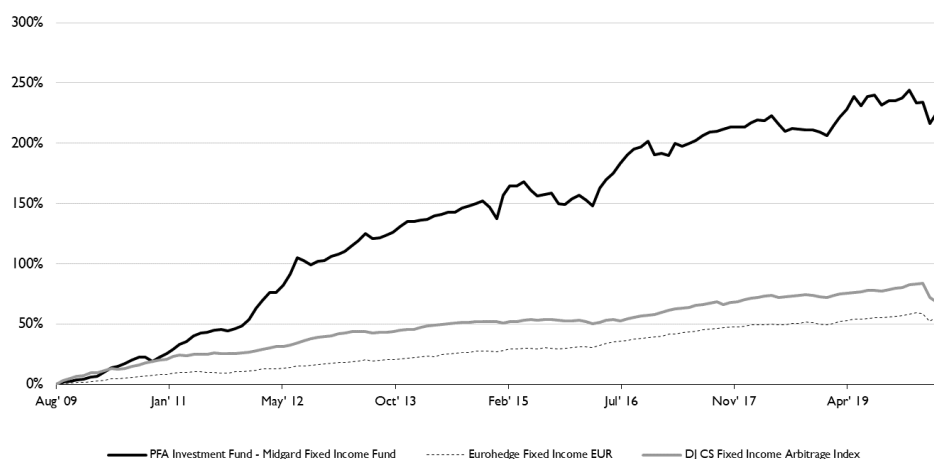
Interesting dialogues in the team as to whether it is possible to imagine turning the core portfolio strategy upside-down and be short Scandinavian covered bonds versus interest rate swaps and at which inflection point such a portfolio composition would make sense? Which form of Overlay portfolio would be needed in such an approach?

Jesper Slemming
Senior Director, PFA Investment Fund



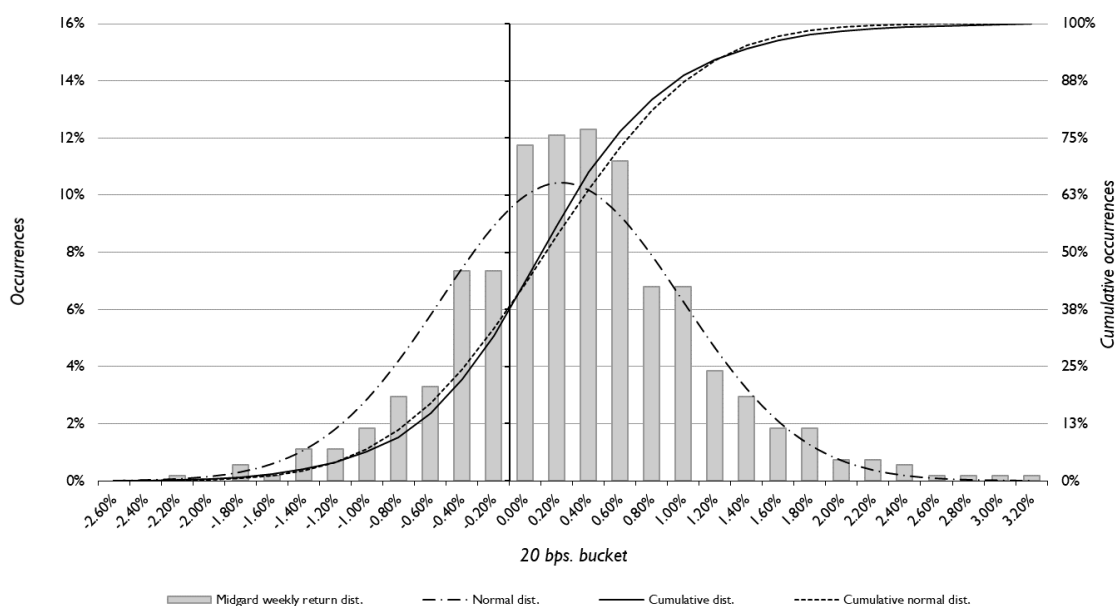
HISTORICAL PERFORMANCE

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%	-2.39%	2.29%	0.41%	-2.43%	1.14%	-0.09%	0.83%	1.78%	12.23%
2020	-2.96%	0.18%	-5.44%	2.71%	3.54%	0.66%	1.35%	0.27%					-0.01%



Return	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Annualized	11.88%	4.44%	5.59%
Last 12 months	3.69%	3.38%	2.57%
Last 3 months	2.29%	5.01%	5.76%
Since inception	243.86%	60.04%	81.83%
Best month	8.18%	2.24%	2.77%
Worst month	-5.44%	-4.09%	-6.51%
Positive months	75.76%	83.08%	81.82%
Negative months	24.24%	16.92%	18.18%
Volatility	7.16%	2.10%	3.25%
Sharpe Ratio	1.65	2.09	1.70

RETURN DISTRIBUTION

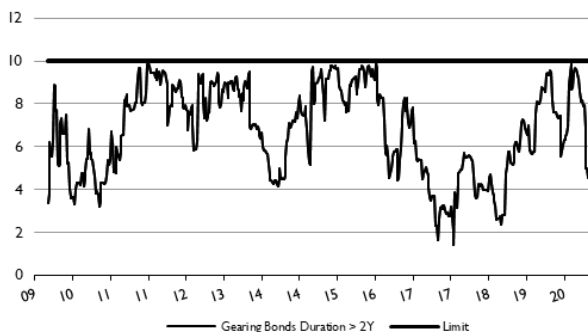


Moments	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Return	11.88%	4.44%	5.59%
Standard deviation	7.16%	2.10%	3.25%
Kurtosis	1.71	22.41	22.71
Skewness	0.15	-2.90	-3.05

Correlation analysis	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Correlation coefficient	-	54.35%	37.64%
Beta	-	186.74%	82.83%
Alpha	-	3.27%	6.98%
R2	-	29.54%	14.17%
Autocorrelation	16.11%	-2.65%	34.37%

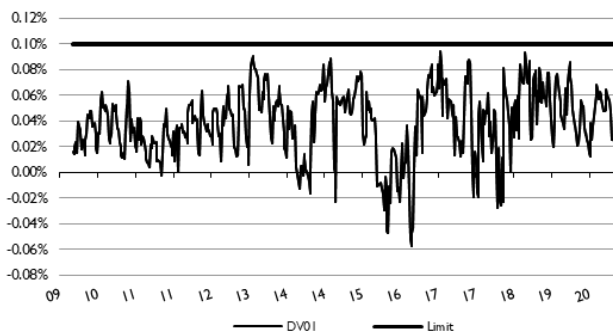
RISK & LINE LIMITS

GEARING BONDS DURATION > 2Y

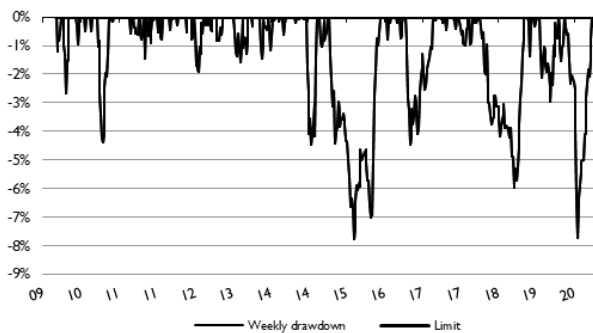


Risk	Midgard	Limit/limit
DV01	0.02%	± 0.10%
Leverage	4.18	Max. 10
VaR	0.31%	Max. 2 %
FX exposure	5.51%	Max. 100 %

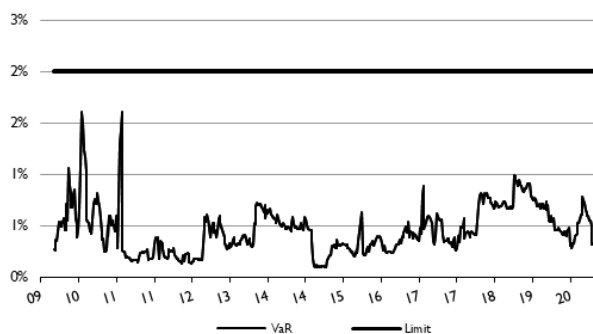
DV01



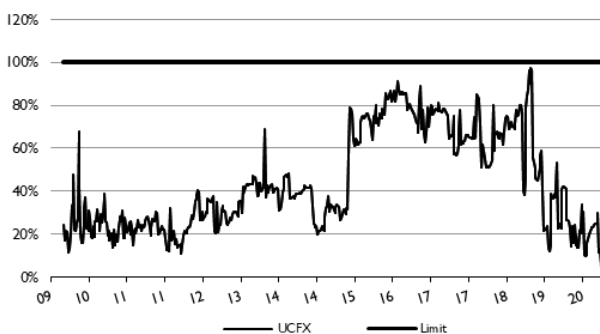
WEEKLY DRAWDOWN



VaR



NON-COVERED FX EXPOSURE



RISK FIGURES

Risk Figure	Weekly data		Note
	Since inception	1Y	
<i>Period</i>			
Portfolio return (r_p)	11.88%	3.69%	
Excess return ($r_p - r_f$)	11.88%	4.18%	
<i>36 month</i>			
Portfolio return (r_p)	3.50%	-	
Excess return ($r_p - r_f$)	3.91%	-	
Maximum drawdown since inception	7.78%	7.72%	
Maximum drawdown 36m	7.72%	-	*
Largest individual drawdown			
First	2.34%	2.34%	
Second	1.86%	1.57%	
Third	1.85%	1.50%	
Average	2.02%	1.80%	
Calmar Ratio	0.51	-	*
MAR Ratio	1.53	0.54	
Sterling ratio	5.89	2.05	
Downside risk	0.72%	2.34%	
Upside risk	0.97%	1.51%	
Loss standard deviation	5.87%	5.20%	
Gain standard deviation	4.94%	5.40%	
Mean absolute moment, downside	-24.63%	-26.25%	
Mean absolute moment, upside	33.27%	30.74%	
Omega ratio	1.35	0.64	
Volatility skewness	0.71	1.07	

* Not applicable for 1-year returns

PFA

INVESTMENT FUND

Strategy AUM	EUR 526.7 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 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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