



NEWSLETTER DECEMBER 2014

MIDGARD
FIXED INCOME FUND LIMITED

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Performance & NAV	AA	A	B
Monthly return	-3.82%	-3.82%	-3.90%
Return year-to-date	1.11%	1.11%	-0.43%
NAV per share	237.38	116.99	112.39

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

MARKET UPDATE DECEMBER 2014

Midgard Fixed Income Fund Ltd lost 3.82 per cent in December, which brings the total performance for 2014 to 1.11 per cent.

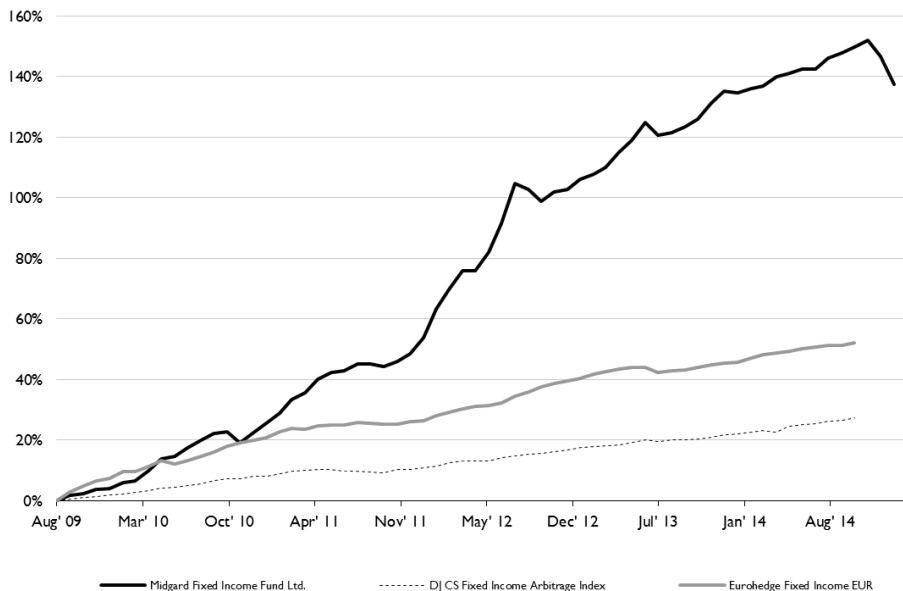
The theme from November continued into December and took its toll on both the existing stock as well as the new bonds issued throughout the last part of December. The Swedish ditto was also hit by banks' limited ability to offer the market funding, though to a lesser extent. Danish mortgage institutions had to issue 30+ bn DKK of new floaters during the very last part of December, which left market participants with no room to absorb the new issuance and guide pricing back to less stretched levels. From a credit perspective Danish non-callables as well as callables remain completely unchanged, hence the drop in valuation is solely liquidity premiums increasing as the money markets squeeze. Discussions on fair pricing becomes a matter of belief in to what extent banks are going to be able to provide a sufficient amount of balance sheet going forward. Swedish and Danish covered bonds continue to be a very interesting investment alternative to their European dittos. Spill over effects from the potential ECB quantitative easing programmes seem inevitable, though to what extent is the big question.



Christian Lindstrøm Lage
Chief Investment Officer, Midgard

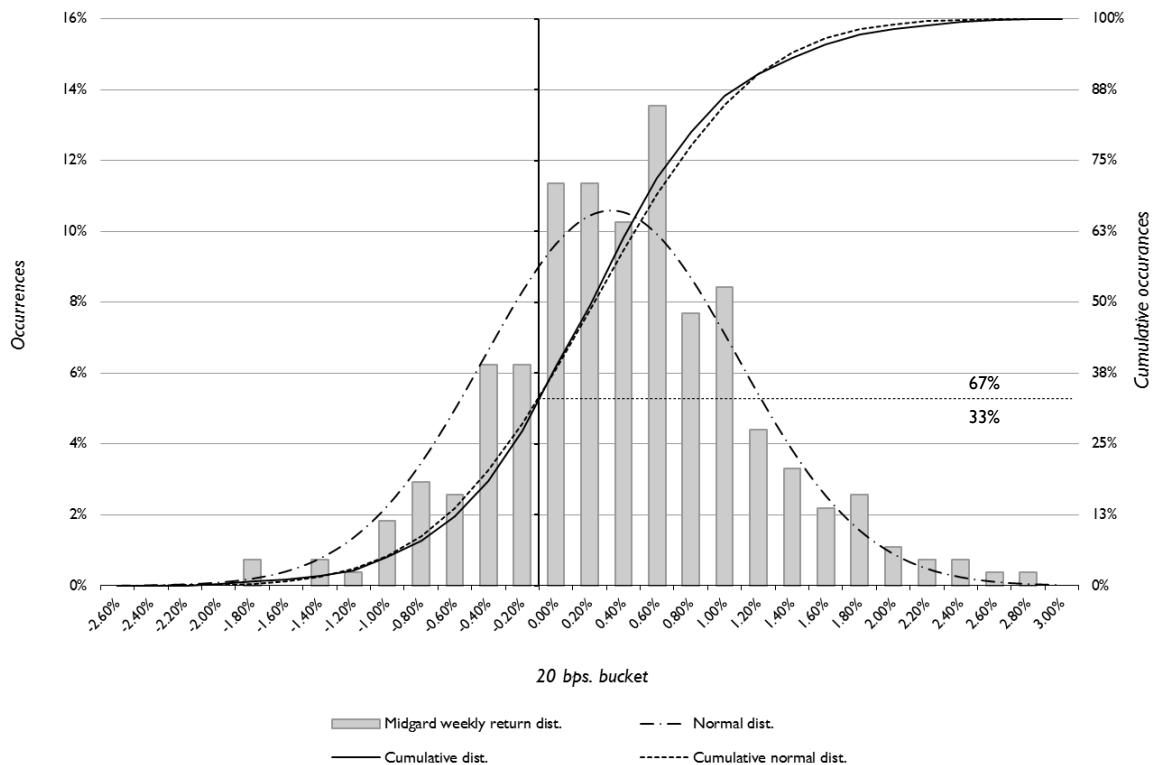
HISTORICAL PERFORMANCE

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%	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%



Return	Midgard Fixed Income Fund Ltd.	EuroHedge Fixed Income Arbitrage Index	DJIA Fixed Income Arbitrage Index
Annualized	17.60%	4.87%	8.59%
Last 12 months	1.11%	5.71%	5.67%
Last 3 months	-4.98%	1.46%	0.90%
Since inception	137.38%	27.36%	52.06%
Best month	6.97%	1.51%	2.77%
Worst month	-3.82%	-0.50%	-1.14%
Positive months	84.38%	90.16%	91.80%
Negative months	15.63%	9.84%	8.20%
Volatility	6.55%	1.29%	2.32%
Sharpe Ratio	2.62	3.44	3.51

RETURN DISTRIBUTION



Moments	Midgard Fixed Income	EuroHedge Fixed	DJIA Fixed Income
	Fund Ltd.	Income Arbitrage Index	Arbitrage Index
Return	17.60%	4.87%	8.59%
Standard deviation	6.55%	1.29%	2.32%
Kurtosis	1.57	0.94	1.32
Skewness	0.15	-0.08	0.31

Correlation analysis	Midgard Fixed Income	EuroHedge Fixed	DJIA Fixed Income
	Fund Ltd.	Income Arbitrage Index	Arbitrage Index
Correlation coefficient	-	45.89%	18.81%
Beta	-	254.03%	51.83%
Alpha	-	9.40%	16.31%
R2	-	21.06%	3.54%
Autocorrelation	37.31%	-5.80%	32.40%

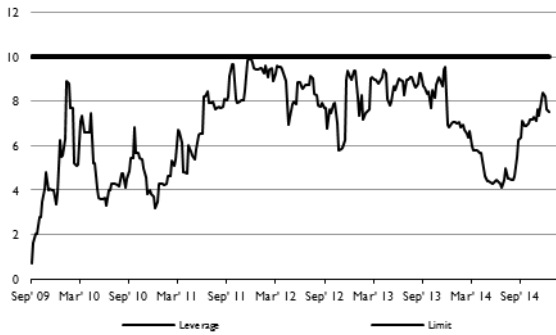
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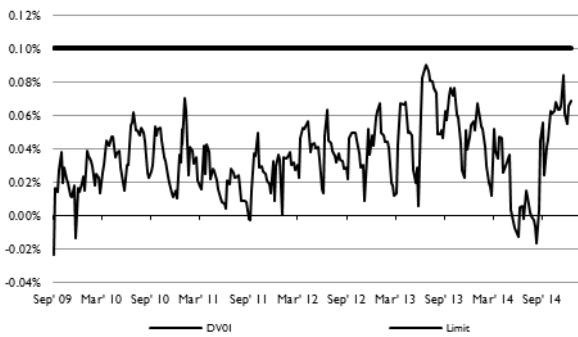
RISK & LINE LIMITS

LEVERAGE

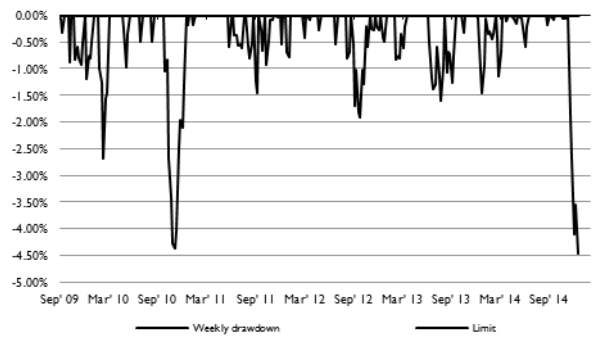


Risk	Midgard	Limit/limit
DV01	0.07%	± 0.10%
Leverage	7.49	Max. 10
VaR	0.44%	Max. 2 %
FX exposure	23.78%	Max. 100 %

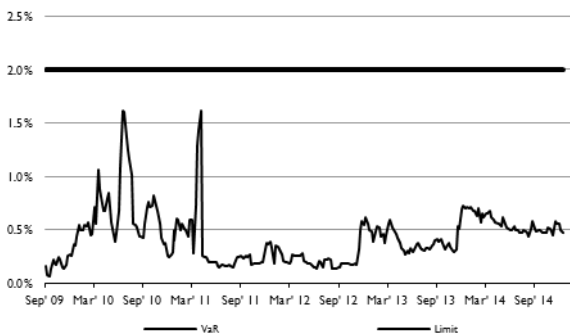
DV01



WEEKLY DRAWDOWN



VaR



NON-COVERED FX EXPOSURE



RISK FIGURES

Risk Figure	Weekly data		Note
	Since inception	1Y	
<i>Period</i>			
Portfolio return (r_p)	17.60%	1.11%	
Excess return ($r_p - r_f$)	17.60%	1.11%	
<i>36 month</i>			
Portfolio return (r_p)	15.58%	-	
Excess return ($r_p - r_f$)	15.58%	-	
Maximum drawdown since inception	4.46%	4.46%	
Maximum drawdown 36m	4.46%	-	*
Largest individual drawdown			
First	1.86%	4.46%	
Second	1.85%	4.11%	
Third	1.46%	3.71%	
Average	1.72%	4.09%	
Calmar Ratio	3.49	-	*
MAR Ratio	3.94	0.25	
Sterling ratio	10.21	0.27	
Downside risk	0.81%	1.86%	
Upside risk	1.21%	1.02%	
Loss standard deviation	6.42%	5.19%	
Gain standard deviation	4.76%	3.10%	
Mean absolute moment, downside	-23.89%	-23.36%	
Mean absolute moment, upside	36.64%	19.50%	
Omega ratio	1.49	0.55	
Volatility skewness	0.55	0.36	

* Not applicable for 1-year returns

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Strategy AUM	EUR 493.16 million
Listing	Irish Stock Exchange
ISIN	KYG6125M1015
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
Investor Relations	PFA Asset Management +45 39 17 50 00