

NEWSLETTER DECEMBER 2015

MIDGARD

FIXED INCOME FUND LIMITED



Performance & NAV	AA	A	B
Monthly return	1.18%	1.18%	1.10%
Return year-to-date	8.27%	8.27%	6.63%
NAV per share	257.02	126.67	119.84

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

MARKET UPDATE DECEMBER 2015

The Midgard Fixed Income Fund Ltd. Returned 1.18 % in December, bringing total return for 2015 to 8.27 %.

An eventful and volatile year for global financial markets has come to a close; 2015 saw major events such as the Swiss national bank (SNB) abolishing the Franc peg, the Fed finally commencing its anticipated lift-off, volatility surging as fears of Chinese growth was exacerbated during late summer and sweeping financial markets regulations being implemented just to name a few.

2015 proved to be no less eventful for the fixed income arbitrage relative value strategy. Quite aggressive performance in the beginning of the year and a somewhat lacklustre end of the year bisected the year's returns, as two distinct regimes grabbed hold. In the immediate aftermath of the January 15 SNB peg announcement, markets began pricing in a relatively aggressive expectation for appreciation in DKK, as some funds wagered that the Danish National Bank (DNB) might mirror the SNB decision. Over the coming months it became increasingly clear that the DNB remained committed to the EURDKK peg, and the pressure gradually subsided as April turned into May. Midgard reached its high water mark here as well, and as we observe the year coming to a close, we have yet to close the gap.

2015 was also a year that saw relative value between SEK and DKK covered bonds switching favour quite substantially. As positioning in the beginning of the year was very DKK-focussed with DKK covered spreads trading in ranges making SEK covereds relatively unattractive other than as diversifiers, in the latter part of the year SEK covered bond spreads widened to levels making them at least as attractive as their DKK counterparts. In a regime where banks' balance sheets are limited and front books are reduced, having a plurality of markets to trade in is a definite positive for the strategy.



Stefan Helgason
Senior Portfolio Manager, Midgard

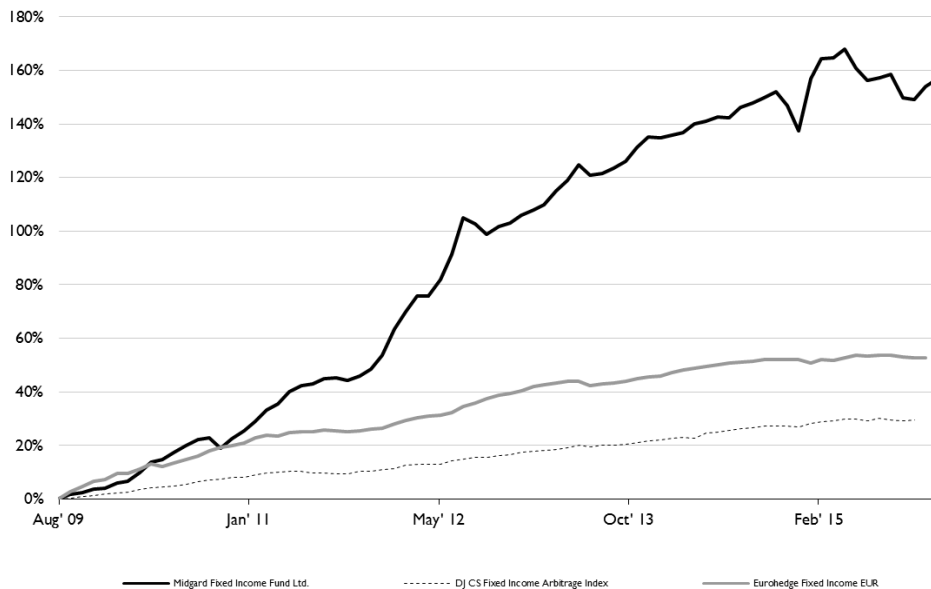
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HISTORICAL PERFORMANCE

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%



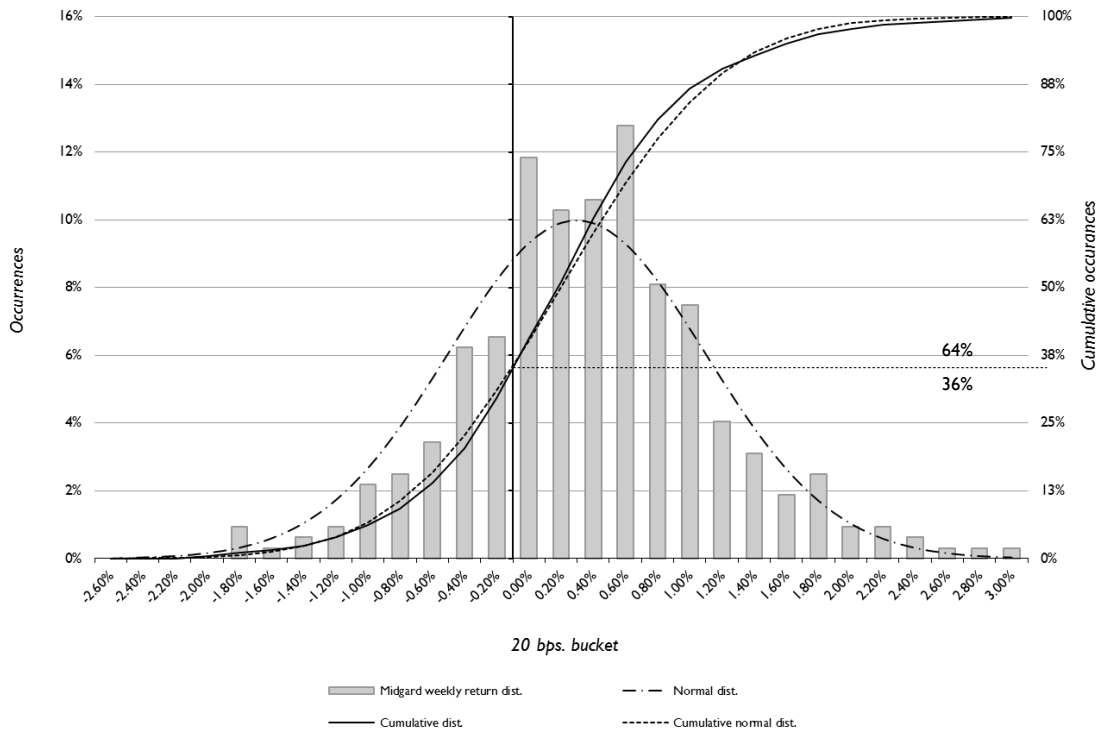
Return	Midgard Fixed Income Fund Ltd.	EuroHedge Fixed Income Arbitrage Index	DJIA Fixed Income Arbitrage Index
Annualized	16.07%	4.30%	7.02%
Last 12 months	8.27%	1.82%	0.37%
Last 3 months	2.84%	-0.48%	-0.57%
Since inception	157.02%	29.63%	52.79%
Best month	8.18%	1.51%	2.77%
Worst month	-3.82%	-0.58%	-1.14%
Positive months	81.58%	83.78%	82.67%
Negative months	18.42%	16.22%	17.33%
Volatility	7.25%	1.41%	2.35%
Sharpe Ratio	2.16	2.77	2.82

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RETURN DISTRIBUTION



Moments	Midgard Fixed Income Fund Ltd.	EuroHedge Fixed Income Arbitrage Index	DJIA Fixed Income Arbitrage Index
Return	16.07%	4.30%	7.10%
Standard deviation	7.25%	1.41%	2.35%
Kurtosis	1.83	0.32	1.03
Skewness	0.41	-0.26	0.42

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	24.21%	-3.93%	37.26%

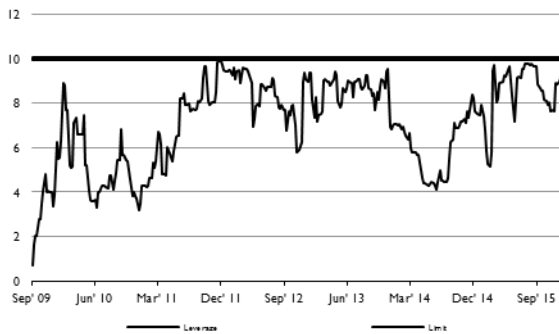
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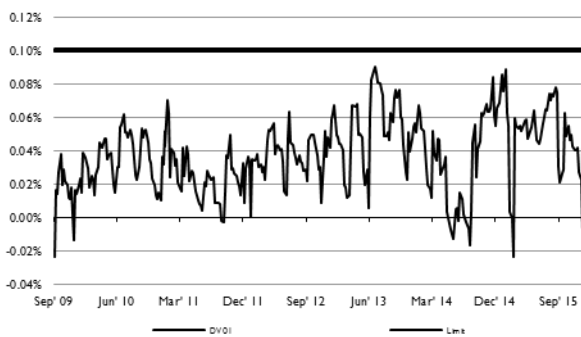
RISK & LINE LIMITS

LEVERAGE

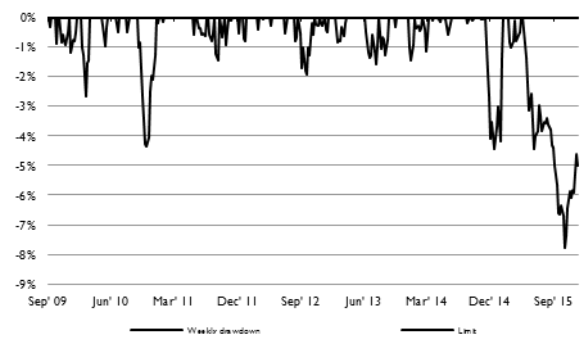


Risk	Midgard	Limit/limit
DV01	-0.01%	± 0.10%
Leverage	8.70	Max. 10
VaR	0.70%	Max. 2 %
FX exposure	71.94%	Max. 100 %

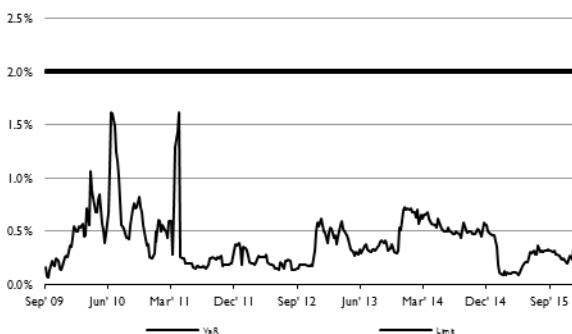
DV01



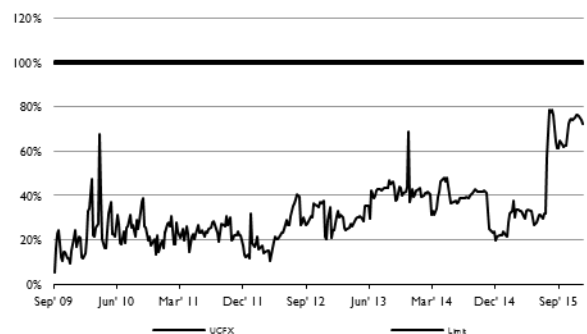
WEEKLY DRAWDOWN



VaR



NON-COVERED FX EXPOSURE



RISK FIGURES

Risk Figure	Weekly data		Note
	Since inception	1Y	
<i>Period</i>			
Portfolio return (r_p)	16.07%	8.27%	
Excess return ($r_p - r_f$)	15.74%	8.40%	
<i>36 month</i>			
Portfolio return (r_p)	7.65%	-	
Excess return ($r_p - r_f$)	7.63%	-	
Maximum drawdown since inception	7.78%	7.78%	
Maximum drawdown 36m	7.78%	-	*
Largest individual drawdown			
First	1.86%	1.46%	
Second	1.85%	1.22%	
Third	1.46%	1.15%	
Average	1.72%	1.28%	
Calmar Ratio	0.98	-	*
MAR Ratio	2.02	1.08	
Sterling ratio	9.13	6.48	
Downside risk	0.75%	1.46%	
Upside risk	1.27%	3.15%	
Loss standard deviation	6.28%	5.61%	
Gain standard deviation	5.19%	7.81%	
Mean absolute moment, downside	-24.39%	-29.58%	
Mean absolute moment, upside	37.52%	43.02%	
Omega ratio	1.69	2.15	
Volatility skewness	0.68	1.94	

* Not applicable for 1-year returns

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Strategy AUM	EUR 429.481 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