

A black and white photograph of a beach. In the foreground, several white beach huts with dark roofs are arranged in a row on the sand. The huts are partially buried in the sand, with shadows cast behind them. In the background, the ocean waves are breaking on the shore. A few people can be seen walking on the beach in the distance.

NEWSLETTER December 2019

Performance & NAV	AA	A	B
Monthly return	1.78%	1.61%	1.54%
Return year-to-date	12.23%	10.92%	10.55%
NAV per share	343.90	166.89	151.67

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

MARKET UPDATE December 2019

The last month of 2019 was symptomatic of the risk-on sentiment of most of the year. The markets priced the Phase One deal between the US and China as merely a formality by now, and the overwhelmingly positive result of the UK election for the Conservative party was seen as further decreasing the risk of a hard Brexit, both of which was positive for the market sentiment. In Sweden the Riksbank finally made it out of the negative interest rate territory by hiking 25 bps to 0%, but in turn now projects no repo rate adjustments for the foreseeable future. The experience to be drawn from this policy decision by especially the ECB will be interesting to follow.

Equities and rates both ended the month higher, with eg S&P 500 up close to 4% and the 10y US Treasury yield up 14 bps. We also saw steeper curves, USD weakening and volatilities in many asset classes edging ever lower.

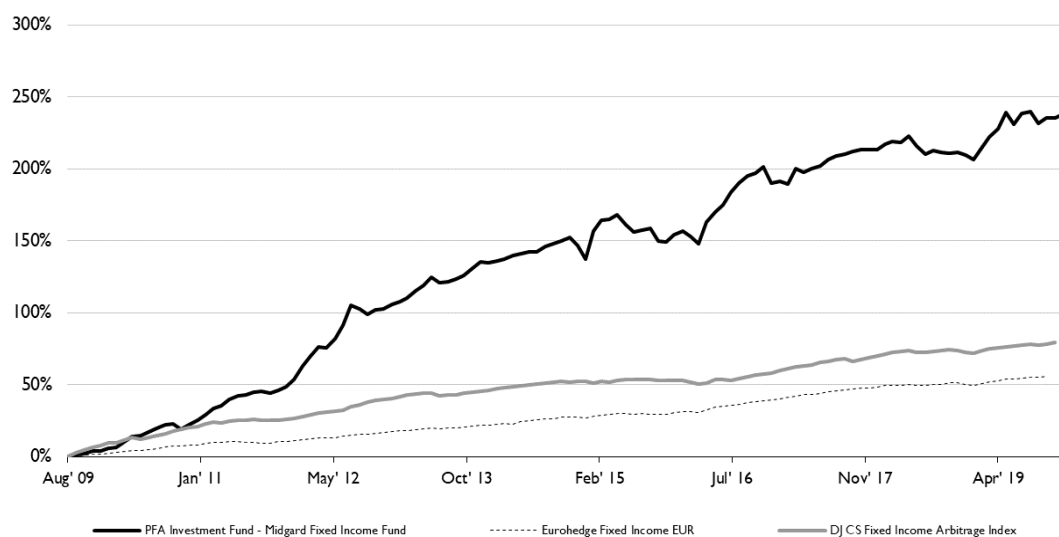
The Midgard fund returned 1.78% in December bringing YTD to 12.23%. Spreads between bonds and interest rate swaps were largely steady in December, and as a result the core portfolio returned slightly positive. However, the overlay portfolio benefitted from the relative curve steepening between markets in both EUR, USD and Scandi currencies and provided a significant tailwind.

Jesper Slemming
Chief Investment Officer, PFA Investment Fund



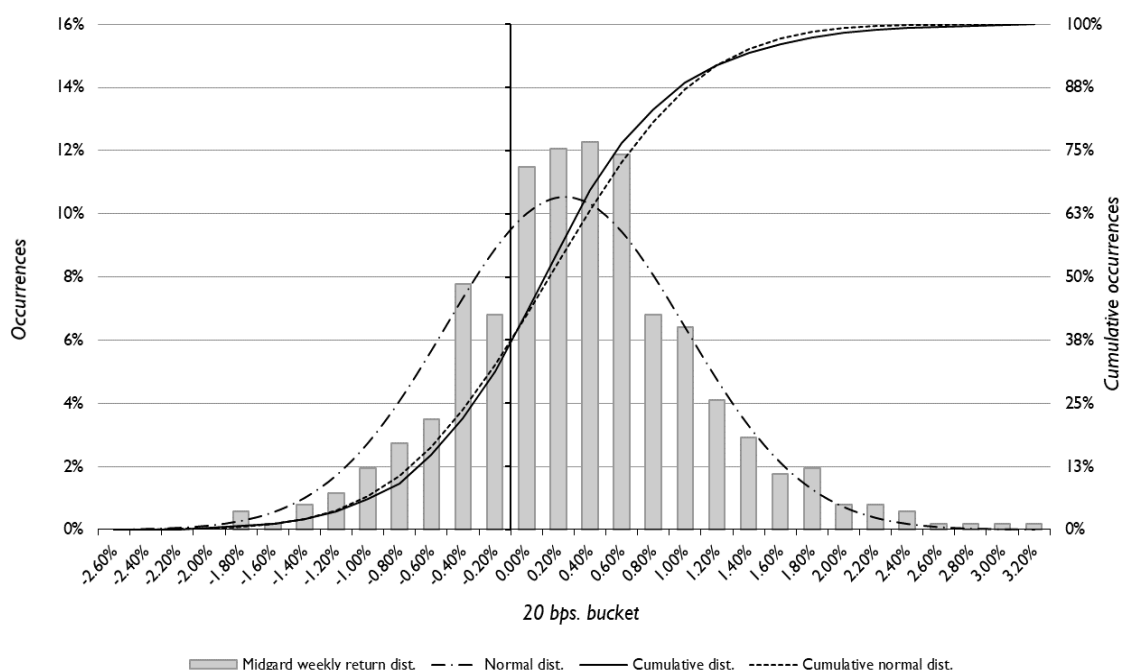
HISTORICAL PERFORMANCE

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%



Return	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Annualized	12.70%	4.51%	5.92%
Last 12 months	12.23%	2.90%	3.28%
Last 3 months	2.53%	0.73%	0.79%
Since inception	243.90%	55.94%	79.39%
Best month	8.18%	1.51%	2.77%
Worst month	-3.82%	-0.76%	-1.19%
Positive months	75.81%	83.47%	81.97%
Negative months	24.19%	16.53%	18.03%
Volatility	6.93%	1.46%	2.25%
Sharpe Ratio	1.82	3.01	2.58

RETURN DISTRIBUTION

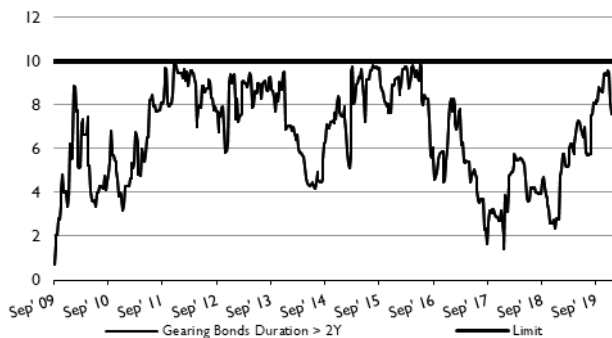


Moments	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Return	12.70%	4.51%	5.92%
Standard deviation	6.93%	1.46%	2.25%
Kurtosis	1.65	0.36	1.22
Skewness	0.39	-0.25	0.11

Correlation analysis	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Correlation coefficient	-	53.58%	32.57%
Beta	-	256.01%	100.87%
Alpha	-	0.79%	6.35%
R2	-	28.70%	10.61%
Autocorrelation	18.88%	8.12%	33.85%

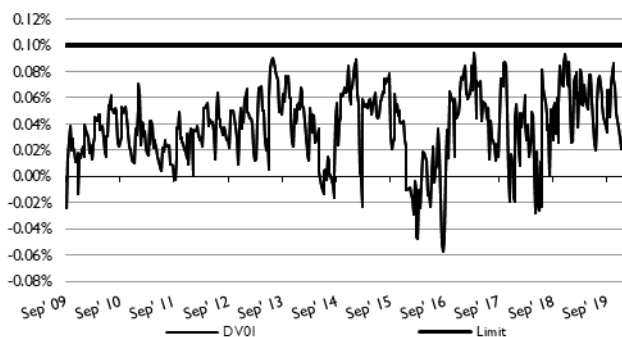
RISK & LINE LIMITS

GEARING BONDS DURATION > 2Y

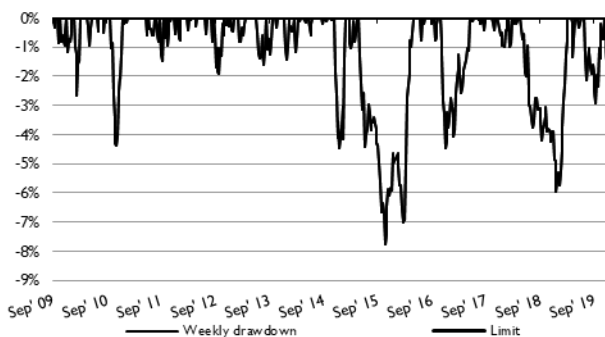


Risk	Midgard	Lime/limit
DV01	0.06%	± 0.10%
Leverage	7.58	Max. 10
VaR	0.43%	Max. 2 %
FX exposure	17.08%	Max. 100 %

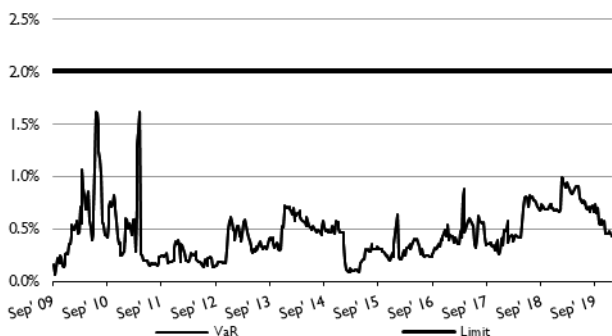
DV01



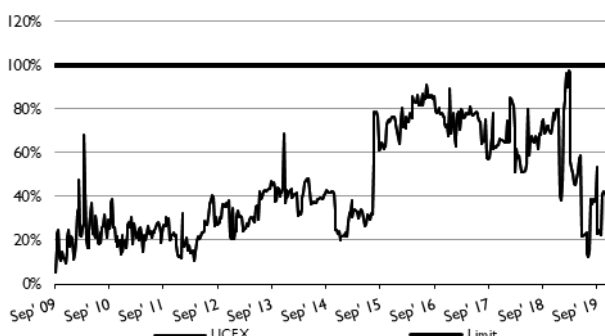
WEEKLY DRAWDOWN



VaR



NON-COVERED FX EXPOSURE



RISK FIGURES

Risk Figure	Weekly data		Note
	Since inception	1Y	
<i>Period</i>			
Portfolio return (r_p)	12.70%	12.23%	
Excess return ($r_p - r_f$)	12.66%	12.68%	
<i>36 month</i>			
Portfolio return (r_p)	5.66%	-	
Excess return ($r_p - r_f$)	6.06%	-	
Maximum drawdown since inception	7.78%	5.97%	
Maximum drawdown 36m	5.97%	-	*
Largest individual drawdown			
First	1.86%	1.30%	
Second	1.85%	1.21%	
Third	1.57%	1.13%	
Average	1.76%	1.22%	
Calmar Ratio	1.01	-	*
MAR Ratio	1.63	2.12	
Sterling ratio	7.19	10.06	
Downside risk	0.59%	1.30%	
Upside risk	1.00%	1.37%	
Loss standard deviation	5.81%	5.28%	
Gain standard deviation	4.94%	4.50%	
Mean absolute moment, downside	-24.17%	-24.48%	
Mean absolute moment, upside	33.78%	35.59%	
Omega ratio	1.69	1.05	
Volatility skewness	0.72	0.72	

* Not applicable for 1-year returns

PFA

INVESTMENT FUND

Strategy AUM	EUR 332.8 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
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