



NEWSLETTER FEBRUARY 2016

MIDGARD
FIXED INCOME FUND LIMITED

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Performance & NAV	AA	A	B
Monthly return	-1.86%	-1.86%	-1.94%
Return year-to-date	-3.50%	-3.50%	-3.66%
NAV per share	248.03	122.24	115.46

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

MARKET UPDATE FEBRUARY 2016

The Midgard Fixed Income Fund Ltd. returned -1.86 % in February, bringing total YTD performance to -3.50 %.

In February, none of Midgard's core markets were able to dodge widenings, reflective in the month's result. Asset swap spreads in both Denmark and Sweden widened by around 3 bps, while overlay bets also contributed negatively to the result on an aggregated basis.

Markets were generally characterized by falling interest rates in Europe and the U.S. as concerns ranging from a renewed European banking crisis to the continued worries about inflation were central themes.

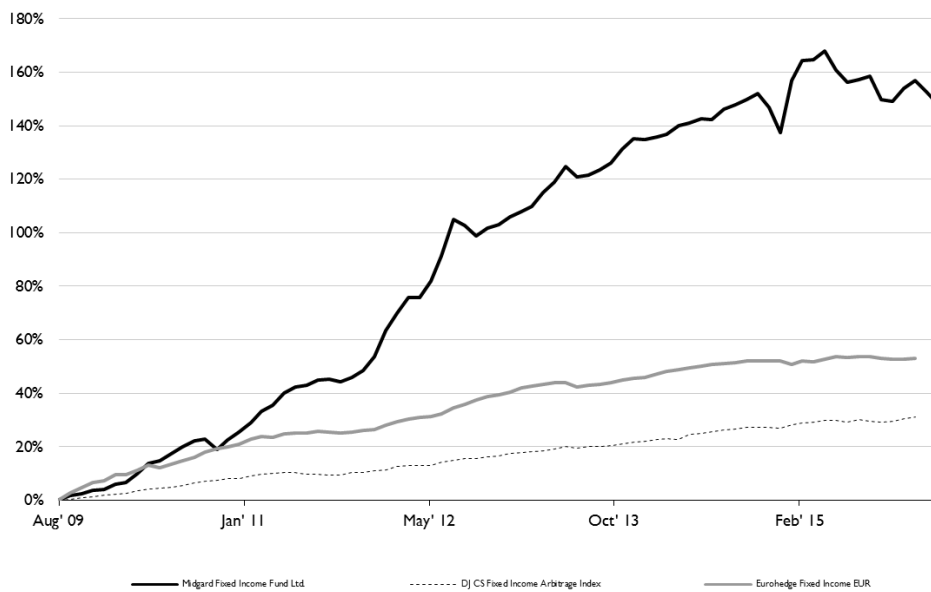
In Sweden, the Riksbank surprised markets with a larger-than-expected cut to its repo rate, down 15 bps to -50 bps. While initial reactions were to weaken the Krona, against the Euro the currency ended the month stronger than just before the rate announcement, partly due to comments from the Riksbank that Krona appreciation would only be acted upon if it were to happen too quickly.



Stefan Helgason
Senior Portfolio Manager, 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%
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%											-3.50%



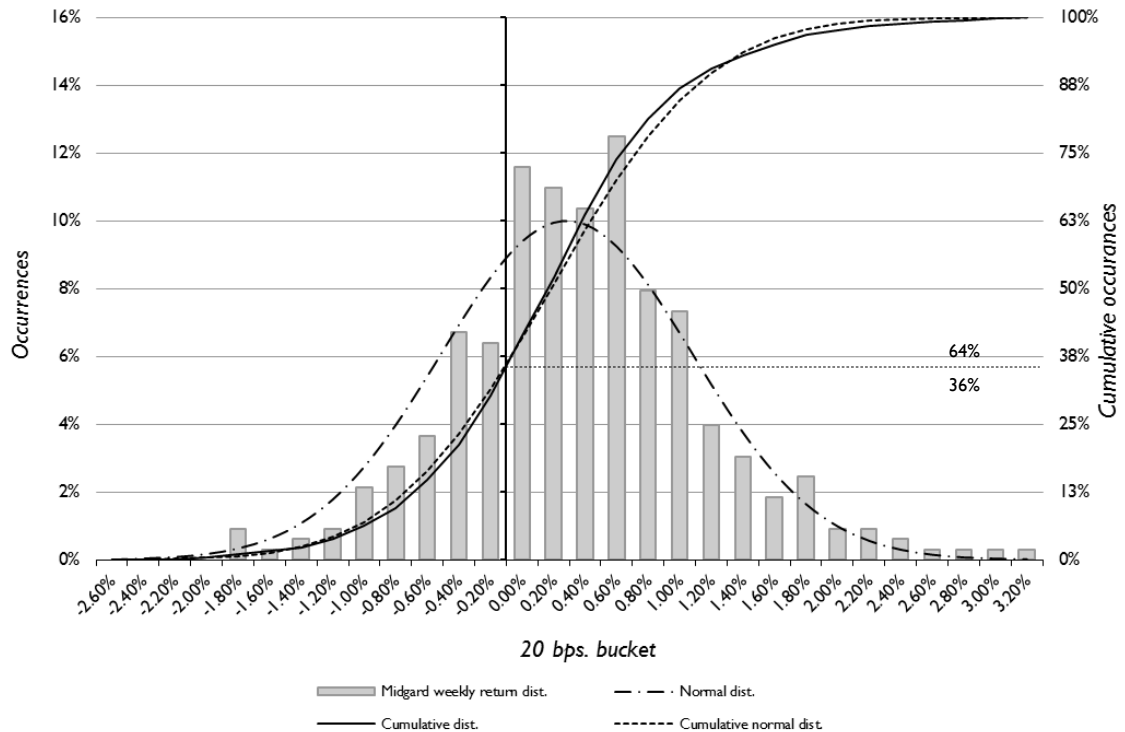
Return	Midgard Fixed Income Fund Ltd.	EuroHedge Fixed Income Arbitrage Index	DJIA Fixed Income Arbitrage Index
Annualized	15.01%	4.37%	6.95%
Last 12 months	-6.24%	3.23%	0.59%
Last 3 months	-2.35%	1.57%	0.03%
Since inception	148.03%	31.08%	53.02%
Best month	8.18%	1.51%	2.77%
Worst month	-3.82%	-0.58%	-1.14%
Positive months	79.49%	84.21%	82.89%
Negative months	20.51%	15.79%	17.11%
Volatility	7.35%	1.40%	2.34%
Sharpe Ratio	1.99	2.87	2.82

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RETURN DISTRIBUTION



Moments	Midgard Fixed Income	EuroHedge Fixed	DJIA Fixed Income
	Fund Ltd.	Income Arbitrage Index	Arbitrage Index
Return	15.01%	4.37%	6.95%
Standard deviation	7.35%	1.40%	2.34%
Kurtosis	1.62	0.38	1.06
Skewness	0.41	-0.30	0.44

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	25.97%	-3.46%	38.31%

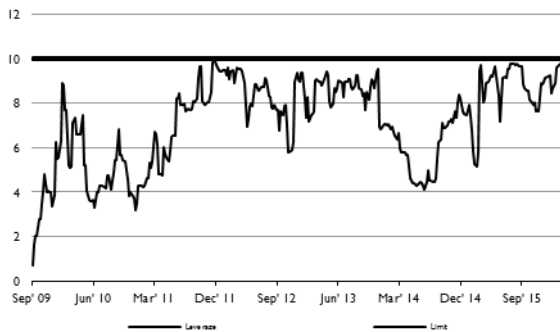
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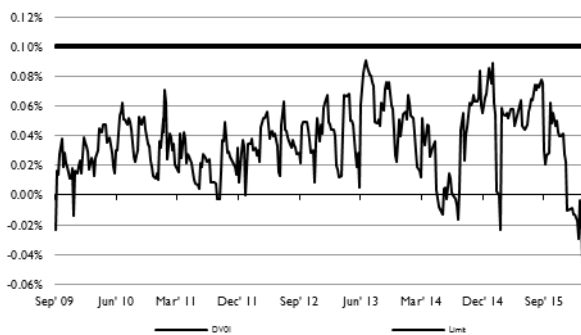
RISK & LINE LIMITS

LEVERAGE

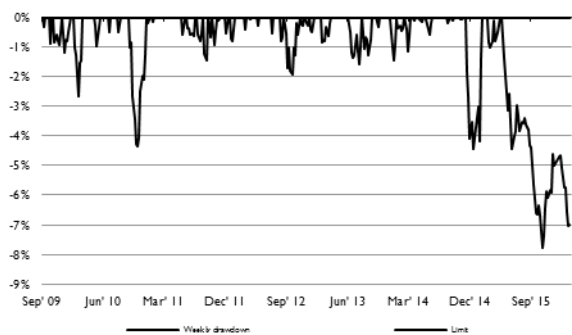


Risk	Midgard	Limit/limit
DV01	-0.05%	± 0.10%
Leverage	9.78	Max. 10
VaR	0.22%	Max. 2 %
FX exposure	76.87%	Max. 100 %

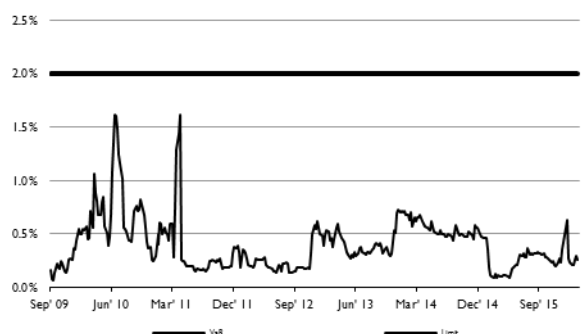
DV01



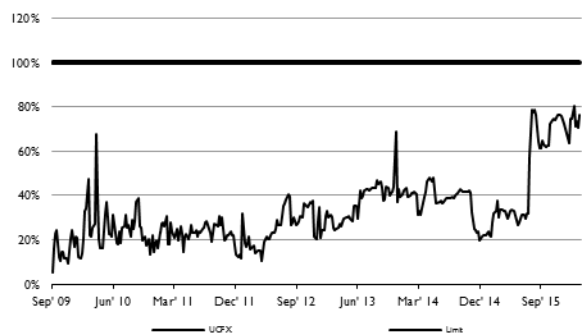
WEEKLY DRAWDOWN



VaR



NON-COVERED FX EXPOSURE



RISK FIGURES

Risk Figure	Weekly data		Note
	Since inception	1Y	
<i>Period</i>			
Portfolio return (r_p)	15.01%	-6.24%	
Excess return ($r_p - r_f$)	14.69%	-6.09%	
<i>36 month</i>			
Portfolio return (r_p)	5.70%	-	
Excess return ($r_p - r_f$)	5.70%	-	
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%	0.95%	
Average	1.72%	1.04%	
Calmar Ratio	0.73	-	*
MAR Ratio	1.89	-0.78	
Sterling ratio	8.52	-6.02	
Downside risk	0.74%	1.15%	
Upside risk	1.26%	3.15%	
Loss standard deviation	6.21%	4.94%	
Gain standard deviation	5.21%	7.69%	
Mean absolute moment, downside	-24.68%	-25.88%	
Mean absolute moment, upside	37.01%	39.74%	
Omega ratio	1.69	2.74	
Volatility skewness	0.70	2.42	

* Not applicable for 1-year returns

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Strategy AUM	EUR 385.013 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
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