

NEWSLETTER FEBRUARY 2014



MIDGARD

FIXED INCOME FUND LIMITED

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Performance & NAV	AA	A	B
Monthly return	0.41%	0.41%	0.30%
Return year-to-date	0.93%	0.93%	0.69%
NAV per share	236.94	116.77	113.65

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

MARKET UPDATE FEBRUARY 2014

Midgard Fixed Income Fund returned 0.41 per cent in February.

EONIA fixings continued pushing slowly but steadily higher as the pace and magnitude of the European LRTD repayments remained unchanged. As ECB governor Mr. Draghi failed to express any significant concerns with regard to higher money market rates, market participants interpreted it as an indication of first steps towards upcoming normalization. A bearish steepening initially impacted the very front end European money market curve, but could not hold in as members of the ECB governing council emphasized in media, that the market was overreacting. Macro-economic data did afterwards show signs of improvement, but failed to confirm the need for more firm policy stands i.e. higher policy rates.

In Scandinavia, the Danish refinancing auction took center stage. After a record high bid-to-cover and extremely tight pricing at the December auction, bonds were issued at low bid-to-covers, which led to a substantial spread widening by the end of February. The auction was the last under the current legislation, so to what extend the new duration extension mechanisms are going to have a price affect remains to be seen. The new legislation passed parliament by the end of February, why practical terms are being defined and presented on an issuer level throughout March.

In Sweden, the strong bid for longer durations remained unchanged supporting the spread flattener, which characterized January. The strong bid is presumably supported by March index extensions.



Christian Riemann-Andersen
Senior Portfolio Manager, Midgard

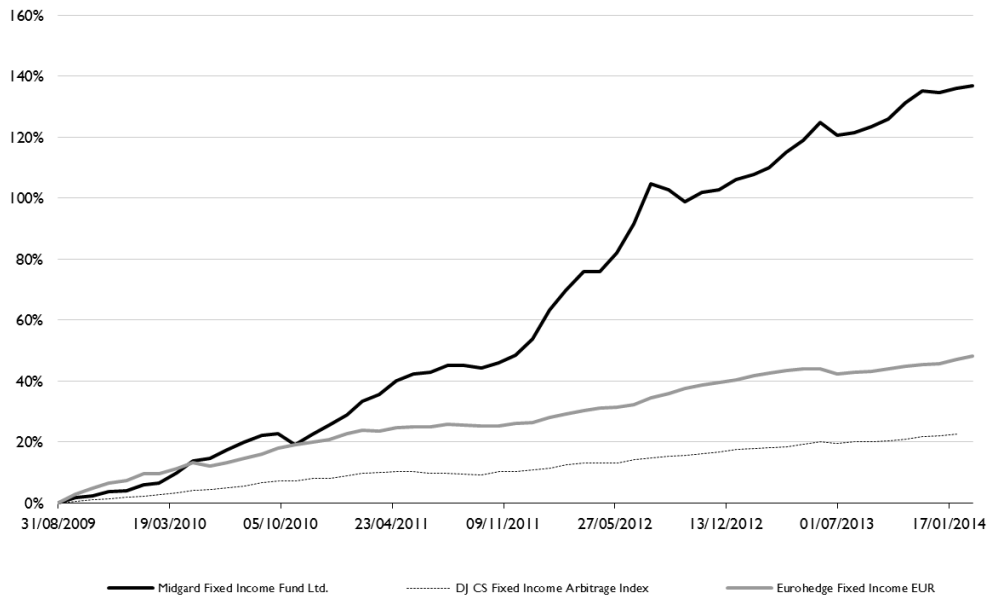
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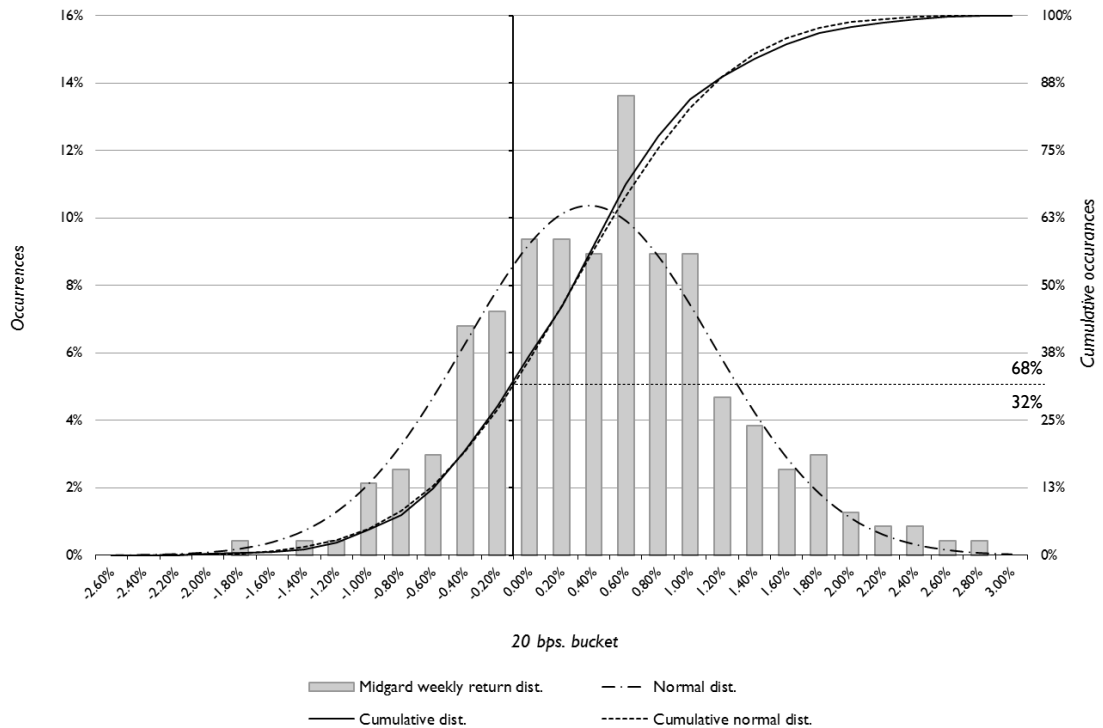
HISTORICAL PERFORMANCE

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%											0.93%



Return	Midgard Fixed Income Fund Ltd.	EuroHedge Fixed Income Arbitrage Index	DJIA Fixed Income Arbitrage Index
Annualized	21.16%	4.74%	9.15%
Last 12 months	12.82%	4.03%	3.73%
Last 3 months	0.77%	1.41%	1.68%
Since inception	136.94%	22.71%	47.21%
Best month	6.97%	1.02%	2.77%
Worst month	-2.98%	-0.50%	-1.14%
Positive months	87.04%	90.57%	90.57%
Negative months	12.96%	9.43%	9.43%
Volatility	6.35%	1.20%	2.45%
Sharpe Ratio	3.24	3.49	3.51

RETURN DISTRIBUTION



Moments	Midgard Fixed Income Fund Ltd.	EuroHedge Fixed Income Arbitrage Index	DJIA Fixed Income Arbitrage Index
Return	21.16%	4.74%	9.15%
Standard deviation	6.35%	1.20%	2.45%
Kurtosis	1.29	0.29	0.96
Skewness	0.36	-0.47	0.13

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	30.03%	7.65%	30.63%

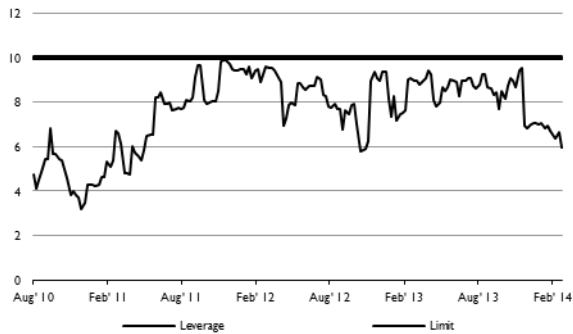
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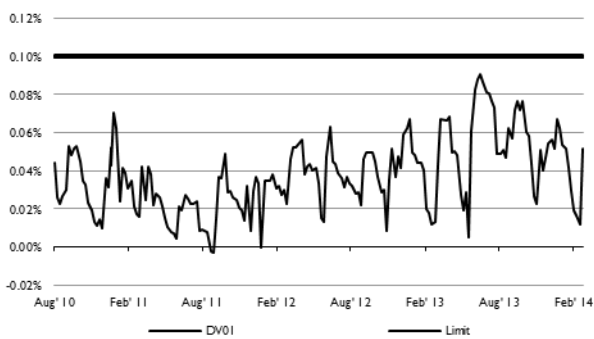
RISK & LINE LIMITS

LEVERAGE

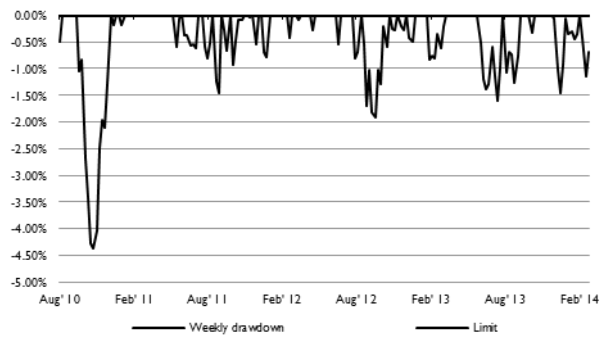


Risk	Midgard	Limit/limit
DV01	0.02%	± 0.10%
Leverage	5.84	Max. 10
VaR	0.73%	Max. 2 %
FX exposure	34.14%	Max. 100 %

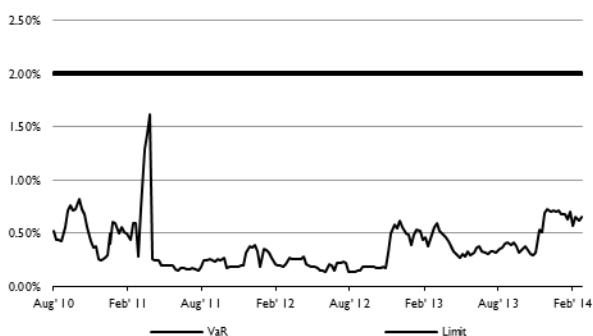
DV01



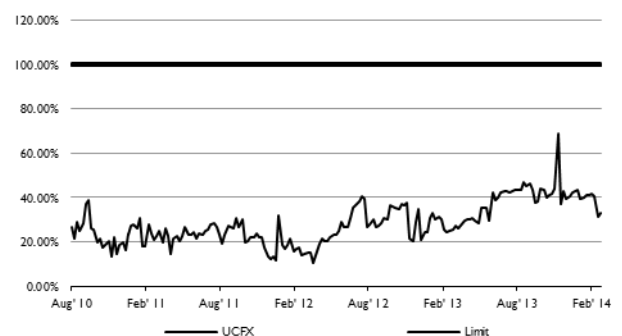
WEEKLY DRAWDOWN



VaR



NON-COVERED FX EXPOSURE



RISK FIGURES

Risk Figure	Weekly data		Note
	Since inception	1Y	
<i>Period</i>			
Portfolio return (r_p)	21.16%	12.82%	
Excess return ($r_p - r_f$)	20.65%	12.70%	
<i>36 month</i>			
Portfolio return (r_p)	21.13%	-	
Excess return ($r_p - r_f$)	20.68%	-	
Maximum drawdown since inception	4.38%	1.60%	
Maximum drawdown 36m	1.91%	-	*
Largest individual drawdown			
First	1.85%	1.60%	
Second	1.42%	1.45%	
Third	1.24%	1.38%	
Average	1.50%	1.48%	
Calmar Ratio	10.82	-	*
MAR Ratio	4.72	7.94	
Sterling ratio	13.75	8.69	
Downside risk	0.87%	1.07%	
Upside risk	1.32%	1.68%	
Loss standard deviation	6.60%	5.13%	
Gain standard deviation	4.90%	3.42%	
Mean absolute moment, downside	-24.18%	-22.30%	
Mean absolute moment, upside	39.64%	29.26%	
Omega ratio	1.51	1.57	
Volatility skewness	0.55	0.44	

* Not applicable for 1-year returns

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Strategy AUM	EUR 525.81 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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