



NEWSLETTER FEBRUARY 2018

PFA
INVESTMENT FUND

Performance & NAV	AA	A	B
Monthly return	0.68%	0.68%	0.59%
Return year-to-date	1.92%	1.92%	1.57%
NAV per share	319.26	157.67	143.53

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

MARKET UPDATE FEBRUARY 2018

PFA Investment Fund - Midgard Fixed Income Fund returned 0.68 % in February, bringing total YTD return to 1.92 %.

Entering the second month of 2018 at, or close to, all time low in spread between covered bonds and interest rate swaps in the Scandinavian fixed income markets, with Global yields having risen some 15bp and transatlantic spread between US and European interest rate swaps widened close to 30bp through January, it seemed as if the depressed expected returns for the Midgard Fixed Income strategy was set to continue. Even though risk sentiment across other financial markets seemed to favour other assets than fixed income, Scandinavian fixed income markets appeared to ignore this.

This changed somewhat dramatically after the first week of February with the Danish callable segment setting the trend of widening spreads. High coupon bonds fared the worst and the dis-performance spread to bullet bonds as supply for the April term was met with very subdued demand. All of the sudden positive carry was once again evident along the tenor curve and throughout the auction period levels only stabilized, luring only few new buyers to the market.

As is often the case, the effect had spill-over to the neighbouring markets in Sweden and Norway, with especially the short end showing weakness and spreads widened some 10bp in the short end whereas the 5 Year segment only showed widening of some 4bp.

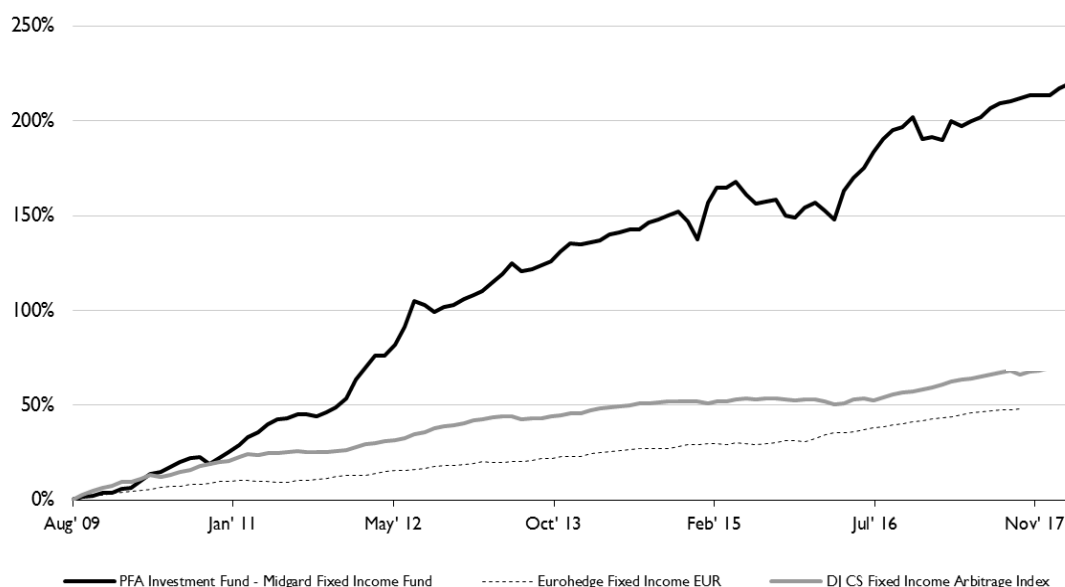
Sweden was the focal point for the latter part of February, as key figures came in shy of expectations with inflation prints coming in shy of market and Riksbank expectations as well as a housing market showing only few signs of stabilizing, which sent the SEK currency weaker, fixings lower and spreads to Euro interest rate markets tightening. Short dated interest rates fell a massive 10 - 15bp to settle February at low levels. Expectations for the Riksbank to raise interest rates in 2018 became blurry and focus has, once again, turned towards the dovish side.



Jesper Slemming
Chief Investment Officer, PFA Investment Fund

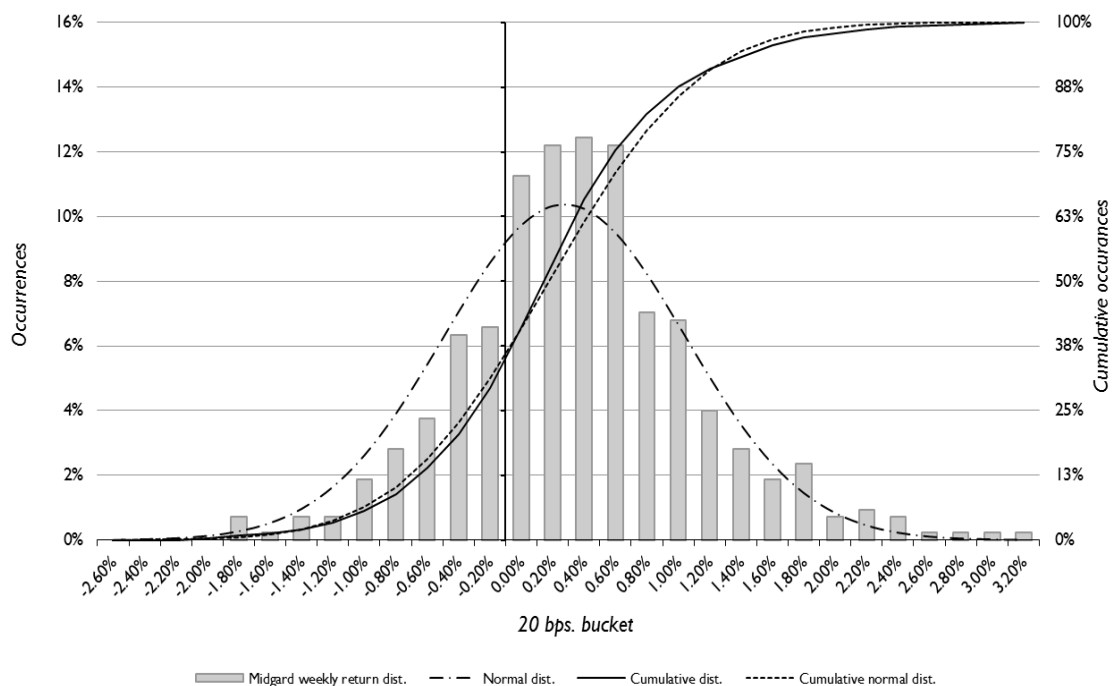
HISTORICAL PERFORMANCE

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%											1.92%



Return	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Annualized	14.64%	4.84%	6.57%
Last 12 months	6.45%	5.82%	6.52%
Last 3 months	1.84%	0.78%	2.23%
Since inception	219.26%	48.22%	69.98%
Best month	8.18%	1.51%	2.77%
Worst month	-3.82%	-0.58%	-1.19%
Positive months	80.39%	87.00%	83.00%
Negative months	19.61%	13.00%	17.00%
Volatility	7.07%	1.40%	2.33%
Sharpe Ratio	2.04	3.33	2.74

RETURN DISTRIBUTION

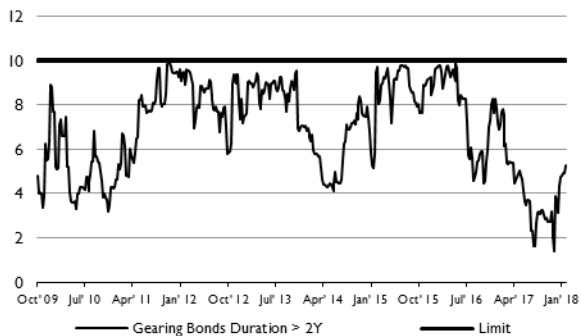


Moments	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Return	14.64%	4.84%	6.57%
Standard deviation	7.07%	1.40%	2.40%
Kurtosis	1.79	0.70	1.10
Skewness	0.39	-0.20	-0.01

Correlation analysis	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Correlation coefficient	-	48.78%	27.05%
Beta	-	249.41%	80.48%
Alpha	-	1.74%	9.07%
R2	-	23.79%	7.32%
Autocorrelation	20.00%	4.40%	31.88%

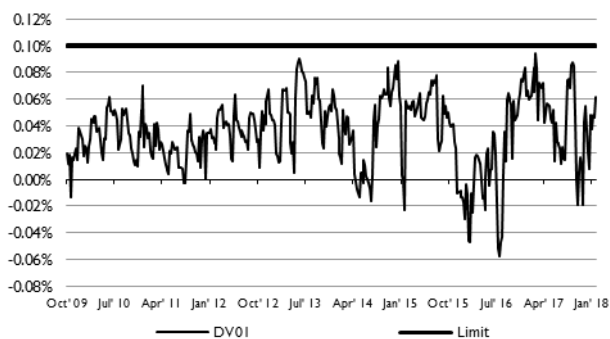
RISK & LINE LIMITS

GEARING BONDS DURATION > 2Y

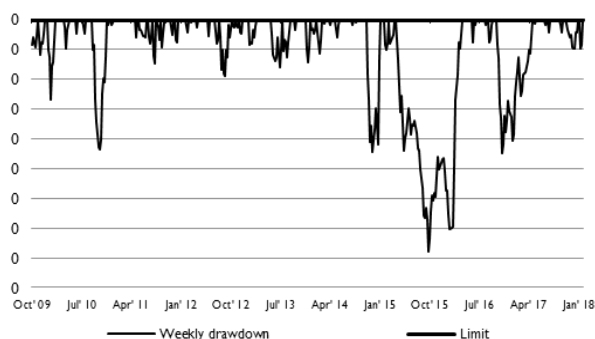


Risk	Midgard	Lime/limit
DV01	0.06%	± 0.10%
Leverage	5.46	Max. 10
VaR	0.40%	Max. 2 %
FX exposure	50.34%	Max. 100 %

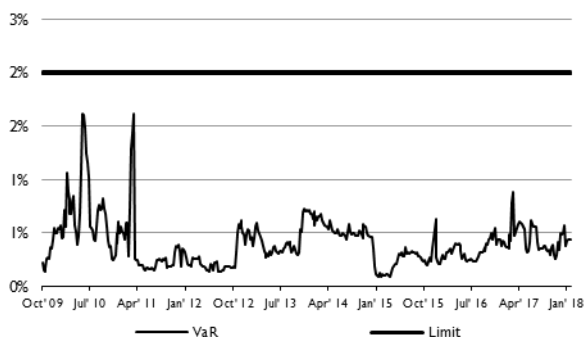
DV01



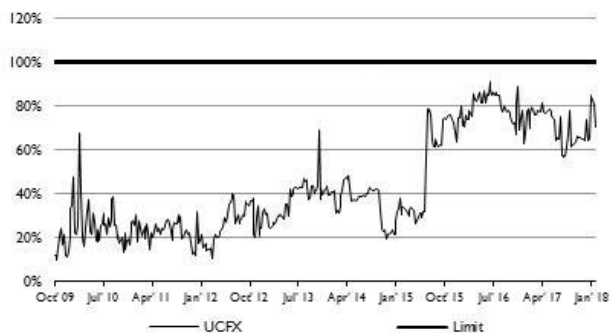
WEEKLY DRAWDOWN



VaR



NON-COVERED FX EXPOSURE



RISK FIGURES

Risk Figure	Weekly data		Note
	Since inception	1Y	
<i>Period</i>			
Portfolio return (r_p)	14.64%	6.45%	
Excess return ($r_p - r_f$)	14.50%	6.82%	
<i>36 month</i>			
Portfolio return (r_p)	6.47%	-	
Excess return ($r_p - r_f$)	6.77%	-	
Maximum drawdown since inception	7.78%	4.08%	
Maximum drawdown 36m	7.78%	-	*
Largest individual drawdown			
First	1.86%	0.85%	
Second	1.85%	0.69%	
Third	1.57%	0.63%	
Average	1.76%	0.72%	
Calmar Ratio	0.87	-	*
MAR Ratio	1.86	1.67	
Sterling ratio	8.24	8.95	
Downside risk	0.66%	0.85%	
Upside risk	1.11%	1.33%	
Loss standard deviation	6.07%	3.62%	
Gain standard deviation	5.02%	2.56%	
Mean absolute moment, downside	-24.33%	-16.21%	
Mean absolute moment, upside	34.89%	19.27%	
Omega ratio	1.69	1.57	
Volatility skewness	0.68	0.50	

* Not applicable for 1-year returns

PFA

INVESTMENT FUND

Strategy AUM	EUR 517.3 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
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