

A black and white photograph of a beach scene. In the foreground, several white beach huts with dark, curved roofs are arranged in a row on a sandy dune. The huts are simple, rectangular structures. In the middle ground, a wide sandy beach stretches towards the ocean. A few small figures of people can be seen in the distance on the right side of the beach. The background shows the ocean with white-capped waves breaking. The sky is clear and bright.

# NEWSLETTER February 2019

**PFA**  
INVESTMENT FUND

Performance & NAV	<b>AA</b>	<b>A</b>	<b>B</b>
Monthly return	<b>2.08%</b>	<b>1.98%</b>	<b>1.95%</b>
Return year-to-date	<b>5.04%</b>	<b>4.89%</b>	<b>4.86%</b>
NAV per share	<b>321.87</b>	<b>157.82</b>	<b>143.86</b>

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

**MARKET UPDATE February 2019**

PFA Investment Fund - Midgard Fixed Income Fund returned 2.08 % in February, bringing total YTD return to 5.04 %.

February was a continuation of the risk on mode struck at the beginning of 2019.

Equity markets kept pushing towards the highs of 2018, commodities were in fashion, interest rates showed little movement and implied volatilities in most asset classes showed a forceful grinding towards (local) bottoms. Even interest rate curvatures seemed lulled – trending towards small steepening as the short end headed lower.

Not saying history will repeat itself – but Goldilocks has been revived!

The global economy seems to be rolling over, which the financial market has interpreted into (cheap?) liquidity from central banks, or at least a foot further off the tightening bias and into a neutral stance. And indeed most Central Banks were, verbally at least, hinting towards this.

For the Midgard Fixed Income Strategy this boded well as a continued believe in new rounds of TLTRO from the European Central Bank gave a helping hand to credit spreads in general and even the never-ending front-loading of issuance from Swedish covered bond issuers could change the fact that in an environment of plentiful liquidity, the best pick is to add all the spread risk your limits allow!

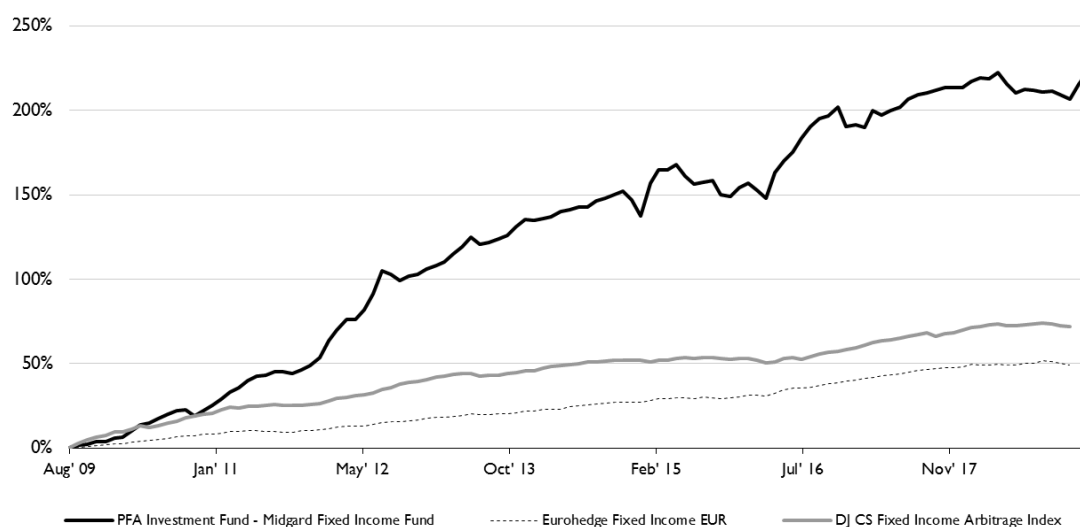
Spreads between bond and interest rate swap tightened across the Scandinavian space and added positive to the return for February. Even overlay positions, imbedded in the portfolio for mitigating potential risk off sentiment, added to the positive return.

Jesper Slemming  
Chief Investment Officer, PFA Investment Fund



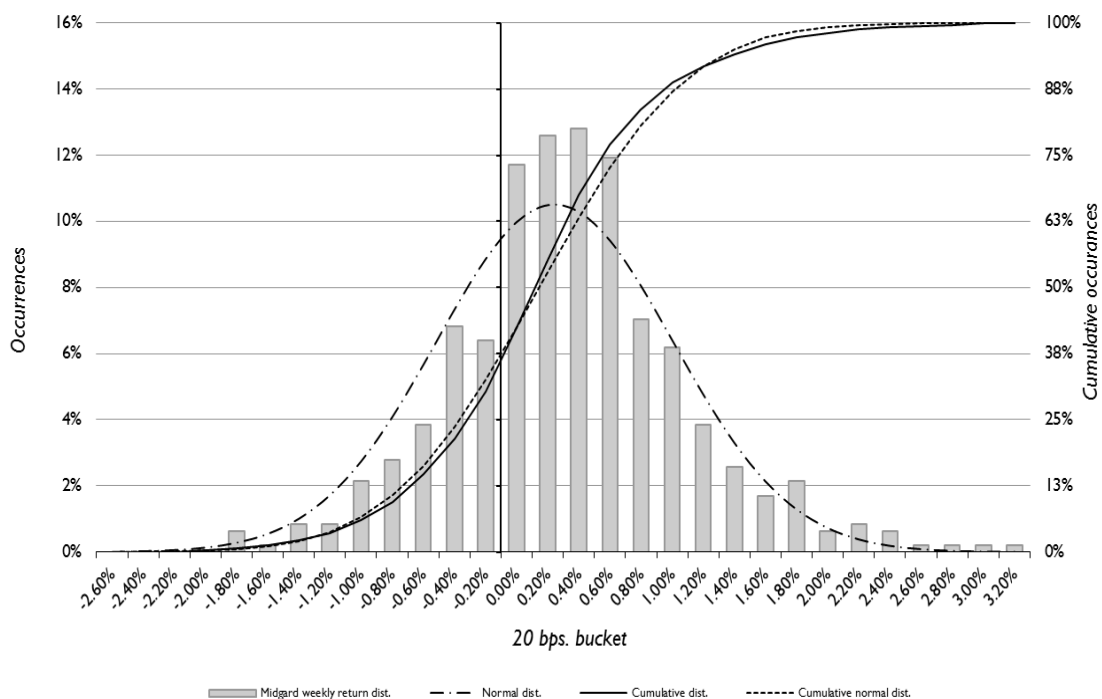
**HISTORICAL PERFORMANCE**

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%											5.04%



Return	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Annualized	13.10%	4.39%	5.97%
Last 12 months	0.82%	0.74%	1.10%
Last 3 months	4.06%	-1.48%	-1.29%
Since inception	221.87%	49.31%	71.85%
Best month	8.18%	1.51%	2.77%
Worst month	-3.82%	-0.76%	-1.19%
Positive months	76.32%	82.14%	81.25%
Negative months	23.68%	17.86%	18.75%
Volatility	6.97%	1.49%	2.32%
Sharpe Ratio	1.86	2.86	2.52

RETURN DISTRIBUTION

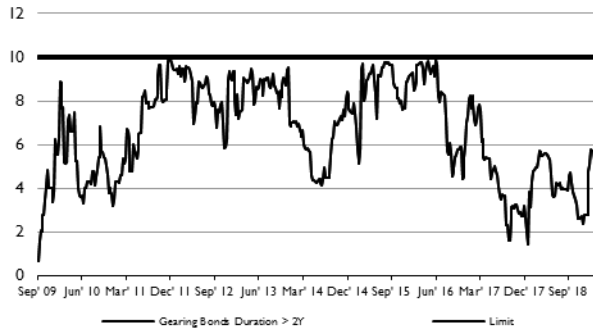


<b>Moments</b>	<b>PFA Investment Fund - Midgard Fixed Income Fund</b>	<b>EuroHedge Fixed Income Arbitrage Index</b>	<b>DJ CS Fixed Income Arbitrage Index</b>
Return	13.10%	4.39%	5.97%
Standard deviation	6.97%	1.49%	2.32%
Kurtosis	1.74	0.35	1.09
Skewness	0.45	-0.23	0.11

<b>Correlation analysis</b>	<b>PFA Investment Fund - Midgard Fixed Income Fund</b>	<b>EuroHedge Fixed Income Arbitrage Index</b>	<b>DJ CS Fixed Income Arbitrage Index</b>
Correlation coefficient	-	51.73%	30.87%
Beta	-	243.73%	93.27%
Alpha	-	1.59%	6.85%
R2	-	26.76%	9.53%
Autocorrelation	22.17%	10.11%	35.89%

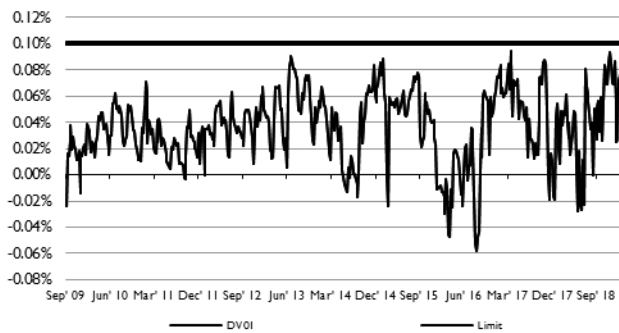
### RISK & LINE LIMITS

#### GEARING BONDS DURATION > 2Y

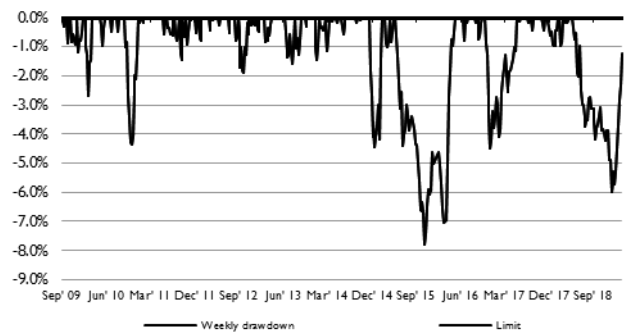


Risk	Midgard	Lime/limit
DV01	0.05%	± 0.10%
Leverage	5.15	Max. 10
VaR	0.94%	Max. 2 %
FX exposure	96.34%	Max. 100 %

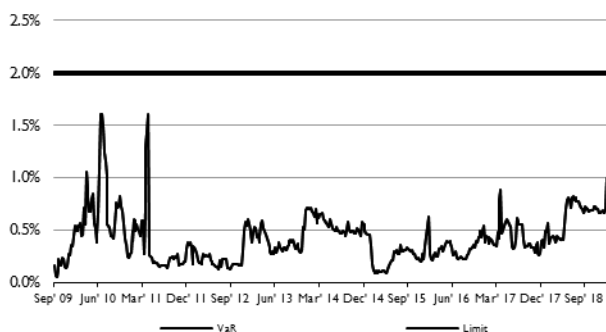
#### DV01



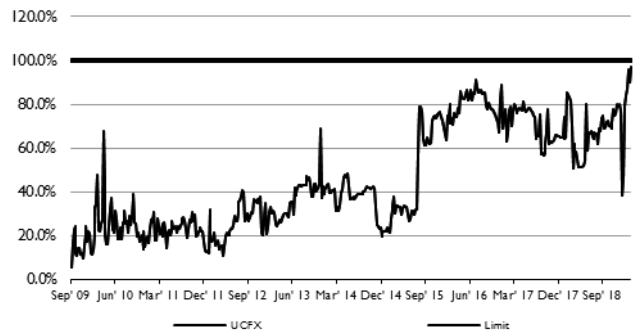
#### WEEKLY DRAWDOWN



#### VaR



#### NON-COVERED FX EXPOSURE



**RISK FIGURES**

Risk Figure	Weekly data		Note
	Since inception	1Y	
<i>Period</i>			
Portfolio return ( $r_p$ )	13.10%	1.63%	
Excess return ( $r_p - r_f$ )	13.21%	1.72%	
<i>36 month</i>			
Portfolio return ( $r_p$ )	9.37%	-	
Excess return ( $r_p - r_f$ )	9.40%	-	
Maximum drawdown since inception	7.78%	4.08%	
Maximum drawdown 36m	6.94%	-	*
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	1.36	-	*
MAR Ratio	1.70	0.42	
Sterling ratio	7.51	2.26	
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 311.5 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 <a href="http://www.pfaassetmanagement.dk">www.pfaassetmanagement.dk</a>
Administrator	GlobeOp Financial Services +1 345 945 5664
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