



# NEWSLETTER February 2020

**PFA**  
INVESTMENT FUND

Performance & NAV	<b>AA</b>	<b>A</b>	<b>B</b>
Monthly return	<b>0.18%</b>	<b>0.14%</b>	<b>0.14%</b>
Return year-to-date	<b>-2.79%</b>	<b>-2.87%</b>	<b>-2.87%</b>
NAV per share	<b>334.31</b>	<b>162.10</b>	<b>147.31</b>

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

**MARKET UPDATE February 2020**

February proved to be a continuation of the unrest from January. While initially fears for the COVID-19 coronavirus abated, based on decreasing infection rates in China and limited contagion in the rest of the world, this soon proved to be short-lived. The lockdown of large parts of mainland China and the ensuing supply-chain disruptions this promised was not enough to prevent the S&P from setting new highs in mid-February, although this was also caused by increasingly positive fundamentals. However, by end-February the coronavirus had shown a disturbing contagion outside of China; with especially Italy, Iran and South Korea suffering.

This in turn caused a wide market risk-off move in the last days of February for fears of further spread of the virus. US equities ended 8% lower, having been up as much as 5%, and credit spreads widened. The market started pricing a possibility of imminent cuts from the Federal Reserve, and interest rate curves steepened amid lower rates across the curve in most markets. Scandi bonds showed somewhat resilience but was also modestly wider versus swaps towards the end of the month.

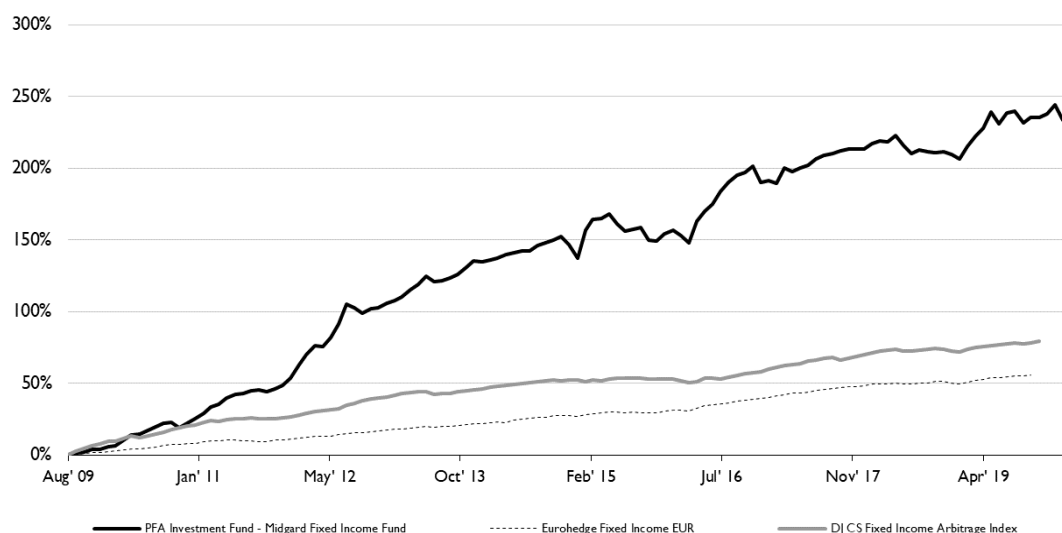
The Midgard Fixed Income Fund returned slightly positive during February. The positive attributes to this was the re-steepening of interest rate curves, and the relative steepening of Scandi versus Euro rates. The modestly wider Asset Swap spreads in especially Sweden was a negative contributor.

Jesper Slemming  
Chief Investment Officer, PFA Investment Fund



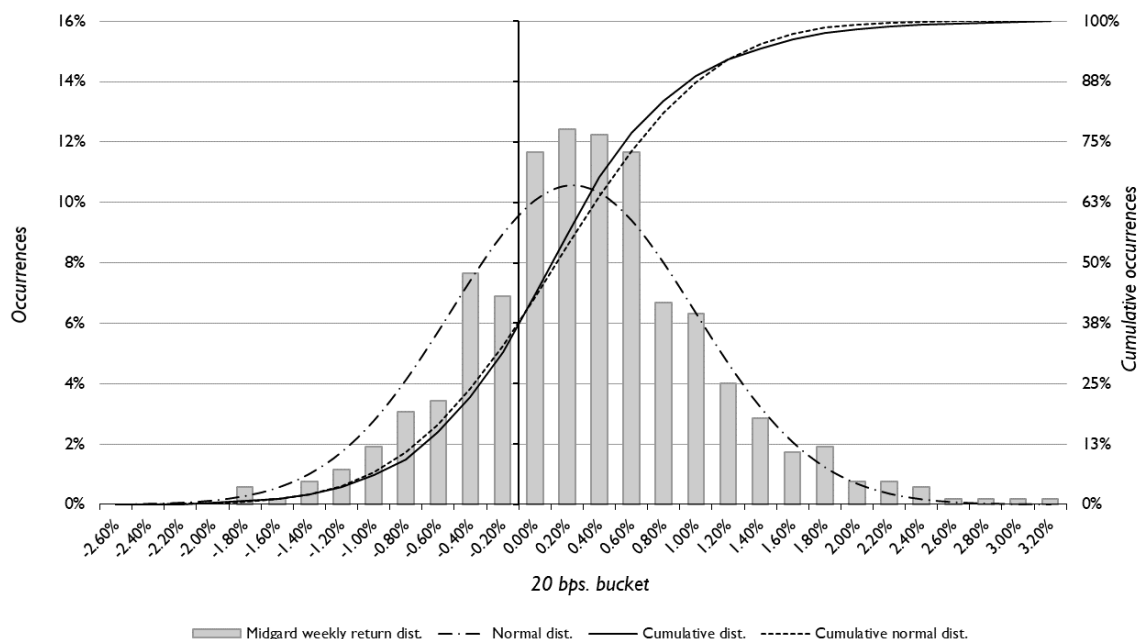
**HISTORICAL PERFORMANCE**

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%
2020	-2.96%	0.18%											-2.79%



Return	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Annualized	12.18%	4.51%	5.92%
Last 12 months	3.87%	2.90%	3.28%
Last 3 months	-1.05%	0.73%	0.79%
Since inception	234.31%	55.94%	79.39%
Best month	8.18%	1.51%	2.77%
Worst month	-3.82%	-0.76%	-1.19%
Positive months	75.40%	83.47%	81.97%
Negative months	24.60%	16.53%	18.03%
Volatility	6.98%	1.46%	2.25%
Sharpe Ratio	1.73	3.02	2.59

RETURN DISTRIBUTION

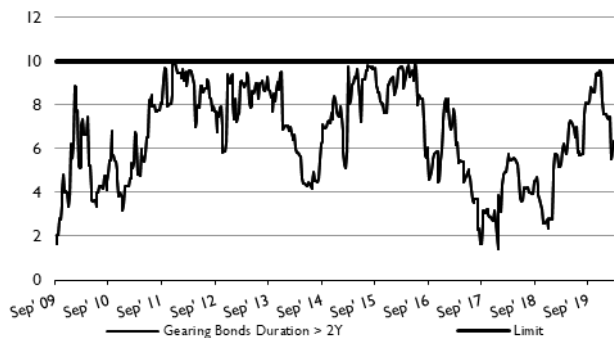


Moments	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Return	12.18%	4.51%	5.92%
Standard deviation	6.98%	1.46%	2.25%
Kurtosis	1.58	0.36	1.22
Skewness	0.37	-0.25	0.11

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	17.92%	8.12%	33.85%

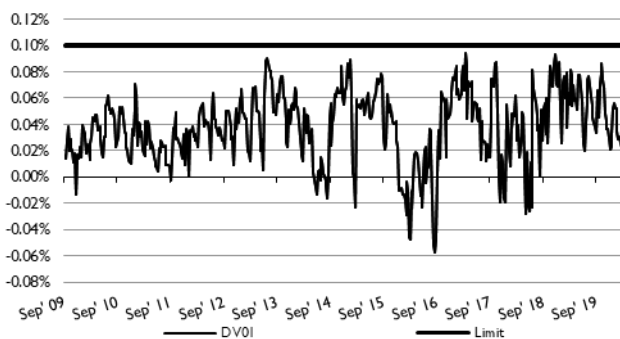
### RISK & LINE LIMITS

#### GEARING BONDS DURATION > 2Y

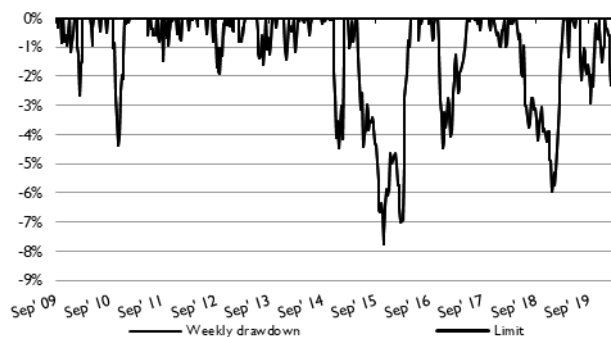


Risk	Midgard	Lime/limit
DV01	0.02%	± 0.10%
Leverage	6.34	Max. 10
VaR	0.30%	Max. 2 %
FX exposure	20.30%	Max. 100 %

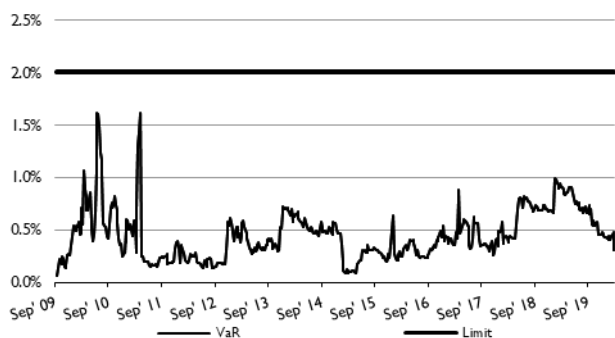
#### DV01



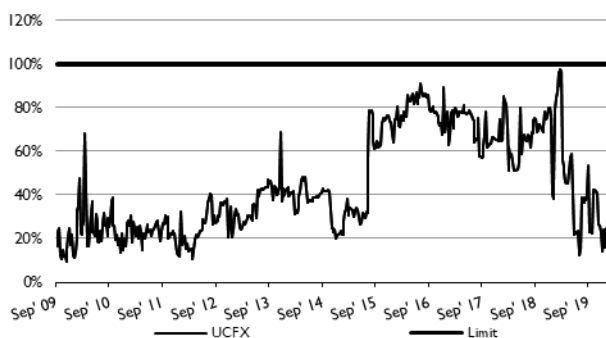
#### WEEKLY DRAWDOWN



#### VaR



#### NON-COVERED FX EXPOSURE



RISK FIGURES

Risk Figure	Weekly data		Note
	Since inception	1Y	
<i>Period</i>			
Portfolio return ( $r_p$ )	12.18%	3.87%	
Excess return ( $r_p - r_f$ )	12.15%	4.30%	
<i>36 month</i>			
Portfolio return ( $r_p$ )	3.68%	-	
Excess return ( $r_p - r_f$ )	4.08%	-	
Maximum drawdown since inception	7.78%	2.95%	
Maximum drawdown 36m	5.97%	-	*
Largest individual drawdown			
First	1.86%	1.30%	
Second	1.85%	1.21%	
Third	1.57%	0.95%	
Average	1.76%	1.15%	
Calmar Ratio	0.68	-	*
MAR Ratio	1.56	1.46	
Sterling ratio	6.91	3.35	
Downside risk	0.59%	1.30%	
Upside risk	0.99%	1.37%	
Loss standard deviation	5.76%	4.66%	
Gain standard deviation	4.95%	4.77%	
Mean absolute moment, downside	-24.13%	-23.77%	
Mean absolute moment, upside	33.42%	31.58%	
Omega ratio	1.69	1.05	
Volatility skewness	0.74	1.05	

\* Not applicable for 1-year returns

# PFA

INVESTMENT FUND

Strategy AUM	EUR 523.8 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 <a href="http://www.pfaassetmanagement.dk">www.pfaassetmanagement.dk</a>
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