



NEWSLETTER JANUARY 2017

PFA
INVESTMENT FUND

Performance & NAV	AA	A	B
Monthly return	-0.62%	-0.62%	-0.70%
Return year-to-date	-0.62%	-0.62%	-0.70%
NAV per share	289.70	142.78	132.37

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

MARKET UPDATE JANUARY 2017

PFA Investment Fund - Midgard Fixed Income Fund returned -0.62% in January.

The new year started with a risk on sentiment in the Financial Markets and the inauguration of President Elect Donald Trump set the tone with expectations for initiatives which will lead to inflationary pressures – at least across the Atlantic.

Hoping for a spillover effect the European rate Markets led the way up with 10 Year German rates climbing some 20bp, whereas commodities as well as equity indexes were flatlined and showed only small confidence that increasing prices and wages eventually will be followed by higher growth paths. The shorter end of the Yield structure showed somewhat more resilience with a rise to e.g. 2 Year German government bonds of 7bp in confidence that Central Banks will have to hold the ultra-low levels at the start of a potential upturn. Also, the divergence in bond versus equity volatility continued with the latter to stay at all time low levels.

Sweden followed the steepening tendency of the larger Financial Markets and took it one step further in expectation of a quicker response from the Riksbank, who have held reference rates at extremely low levels for a long period of time – only surpassed by the Danish Central Bank. Very little movement in covered bond space although Danish ARMs continued their performance versus interest rate swaps as international interest continued at a rapid pace.

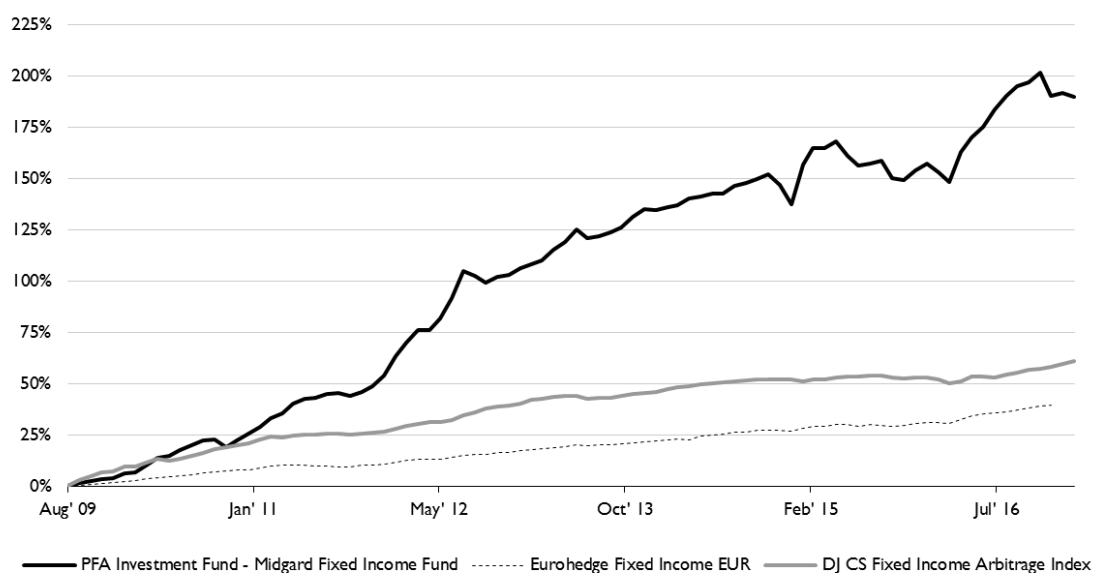
The question on everyone's lips – a higher growth path will ultimately lead to higher Central Bank rates as well as tapering of any Quantitative Easing. How will Government as well as Covered Bonds react? And will 'safe haven' Scandinavian assets be harder hit than peers?



Jesper Slemming
Chief Investment Officer, PFA Investment Fund

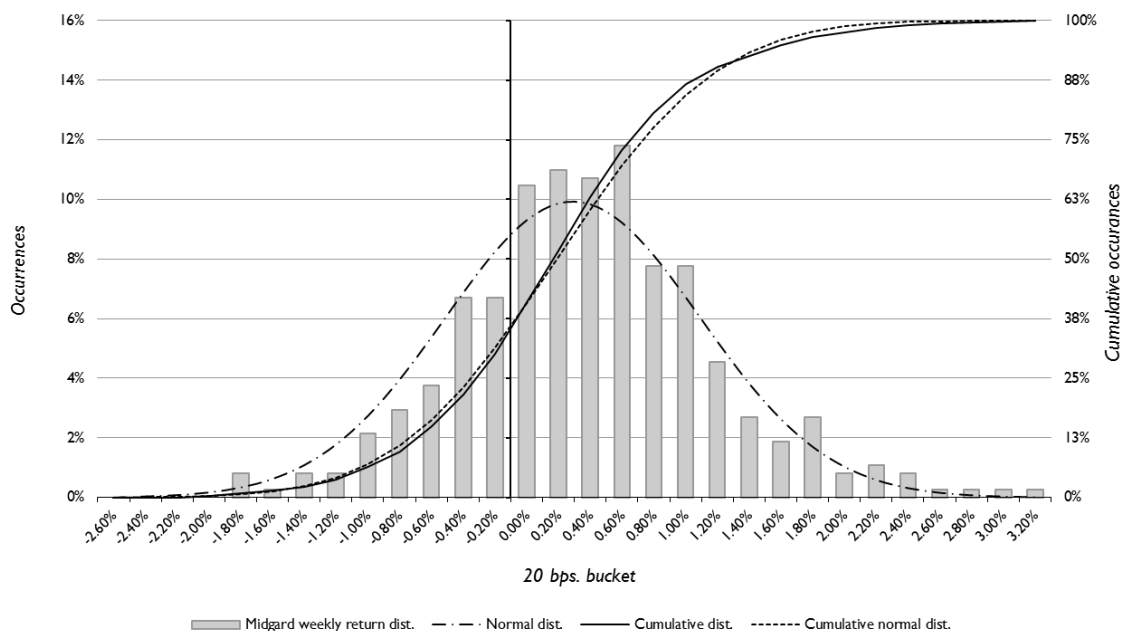
HISTORICAL PERFORMANCE

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%												-0.62%



Return	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Annualized	15.42%	4.70%	6.64%
Last 12 months	14.63%	6.98%	6.09%
Last 3 months	-3.96%	1.65%	2.40%
Since inception	189.70%	39.51%	61.12%
Best month	8.18%	1.51%	2.77%
Worst month	-3.82%	-0.58%	-1.14%
Positive months	79.78%	85.06%	82.02%
Negative months	20.22%	14.94%	17.98%
Volatility	7.44%	1.47%	2.37%
Sharpe Ratio	2.04	3.02	2.69

RETURN DISTRIBUTION



Moments	PFA Investment Fund -	EuroHedge Fixed Income	DJ CS Fixed Income
	Midgard Fixed Income Fund	Arbitrage Index	Arbitrage Index
Return	15.42%	4.70%	6.64%
Standard deviation	7.44%	1.47%	2.37%
Kurtosis	1.44	0.44	0.91
Skewness	0.30	-0.11	0.22

Correlation analysis	PFA Investment Fund -	EuroHedge Fixed Income	DJ CS Fixed Income
	Midgard Fixed Income Fund	Arbitrage Index	Arbitrage Index
Correlation coefficient	-	53.86%	27.21%
Beta	-	274.97%	85.36%
Alpha	-	2.11%	9.17%
R2	-	29.00%	7.40%
Autocorrelation	21.98%	4.48%	37.38%

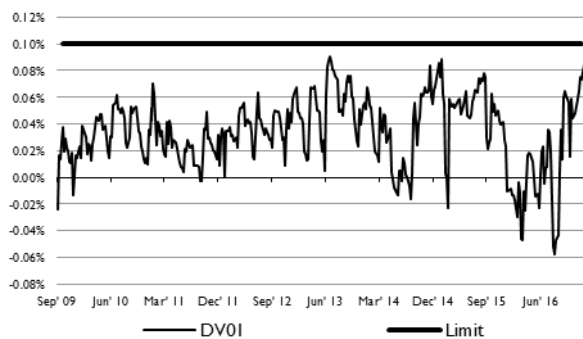
RISK & LINE LIMITS

GEARING BONDS DURATION > 2Y

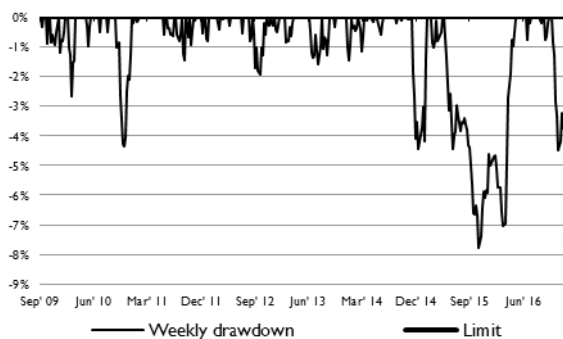


Risk	Midgard	Lime/limit
DV01	0.07%	± 0.10%
Leverage	6.97	Max. 10
VaR	0.43%	Max. 2 %
FX exposure	77.01%	Max. 100 %

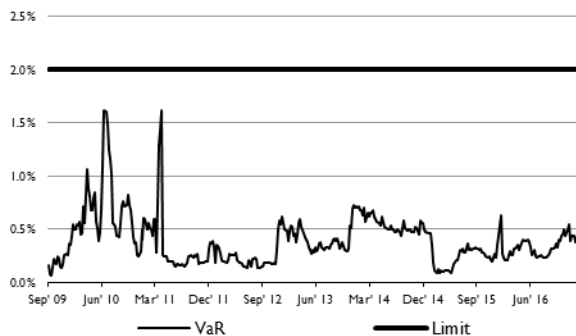
DV01



WEEKLY DRAWDOWN



VaR



NON-COVERED FX EXPOSURE



RISK FIGURES

Risk Figure	Weekly data		Note
	Since inception	1Y	
<i>Period</i>			
Portfolio return (r_p)	15.42%	14.63%	
Excess return ($r_p - r_f$)	15.19%	15.02%	
<i>36 month</i>			
Portfolio return (r_p)	7.08%	-	
Excess return ($r_p - r_f$)	7.22%	-	
Maximum drawdown since inception	7.78%	7.03%	
Maximum drawdown 36m	7.78%	-	*
Largest individual drawdown			
First	1.86%	1.57%	
Second	1.85%	1.20%	
Third	1.57%	0.87%	
Average	1.76%	1.21%	
Calmar Ratio	0.93	-	*
MAR Ratio	1.95	2.14	
Sterling ratio	8.64	12.07	
Downside risk	0.70%	1.57%	
Upside risk	1.18%	2.35%	
Loss standard deviation	6.33%	6.59%	
Gain standard deviation	5.23%	5.44%	
Mean absolute moment, downside	-25.47%	-32.29%	
Mean absolute moment, upside	37.10%	34.58%	
Omega ratio	1.69	1.50	
Volatility skewness	0.68	0.68	

* Not applicable for 1-year returns

PFA

INVESTMENT FUND

Strategy AUM	EUR 516.283 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
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