

NEWSLETTER JANUARY 2019



Performance & NAV	AA	A	B
Monthly return	2.90%	2.86%	2.86%
Return year-to-date	2.90%	2.86%	2.86%
NAV per share	315.32	154.75	141.11

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

MARKET UPDATE January 2019

PFA Investment Fund - Midgard Fixed Income Fund returned 2.90 % in January, bringing total YTD return to 2.90 %.

What December?

Turning the calendar from 2018 to 2019 apparently boded well with the financial market and if December 2018 was night, then January 2019 by all means was day.

Even though the US Government shutdown was focal, most confidence indicators in the US as well as Europe and Asia pointed downwards and headlines earnings revisions was mixed or tilted downwards, the financial market found comfort and the mood was for risk on.

Broad equity markets were up, S&P some 8%, credit spreads tightened massively (although from wide levels) with eg Xover from 353bp to 310bp, Brent oil went from 53 to 61, it would seem an environment for global interest rates to rise.

That was not the case though as both US and German 10 Year government rates fell 5bp and 9bp. Even the US Dollar didn't shove signs of moving staying flat versus the Euro throughout.

Explanations? Well, perhaps the oxygen level in the financial brain rose after having over-done the Armageddon moves seen in mid-December. Yes, it looks as if the global economy is cooling, but pricing in rate cuts by the Federal Reserve as well as sending equity on a downwards trajectory was premature!

So – January should bring thoughts back to Goldilocks mood!

The above, combined with a more calm Scandinavian fixed income market, boded well with the Midgard Fixed Income strategy, and performance stemmed primarily from carry and roll down.

Even though the Riksbank hiked rates in December and continued to be verbally hawkish, the Swedish Krona slid versus peers and it seemed as if local participants began to question if the Riksbank was entering policy error terrain.

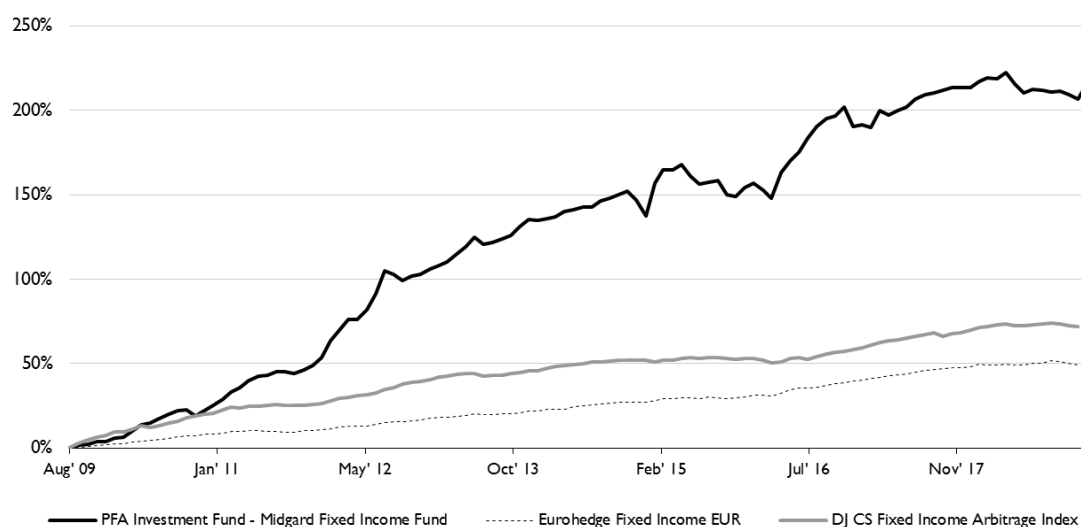
Remains to be seen!

Jesper Slemming
Chief Investment Officer, PFA Investment Fund



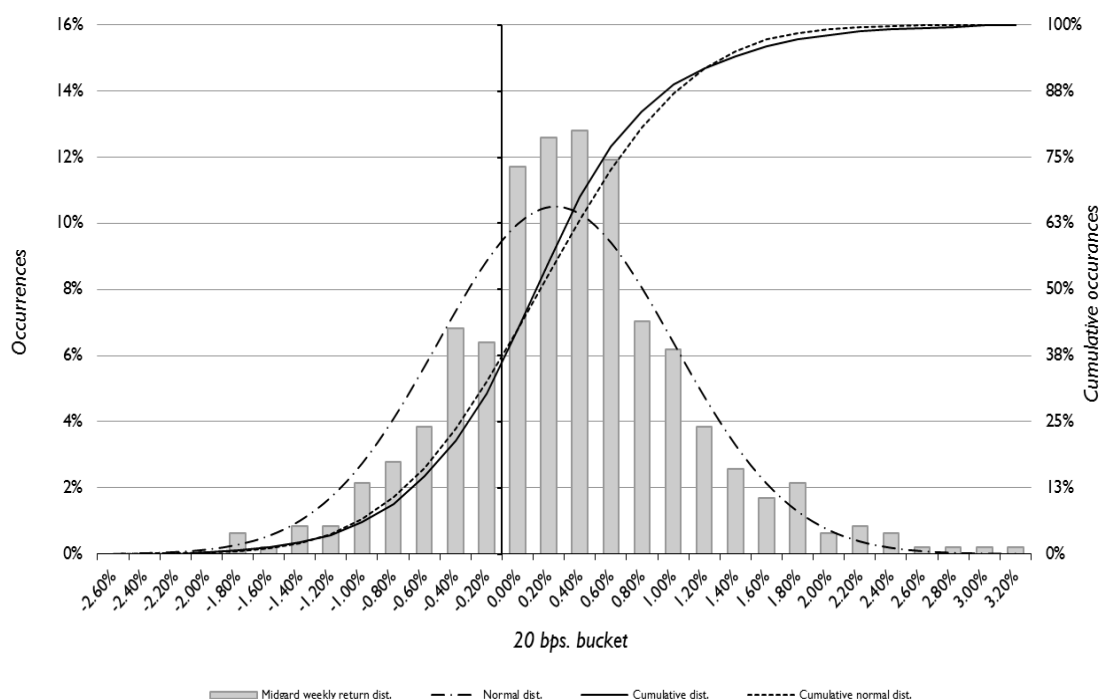
HISTORICAL PERFORMANCE

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%												2.90%



Return	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Annualized	12.97%	4.39%	5.97%
Last 12 months	-0.56%	0.74%	1.10%
Last 3 months	1.33%	-1.48%	-1.29%
Since inception	215.32%	49.31%	71.85%
Best month	8.18%	1.51%	2.77%
Worst month	-3.82%	-0.76%	-1.19%
Positive months	76.11%	82.14%	81.25%
Negative months	23.89%	17.86%	18.75%
Volatility	7.00%	1.49%	2.32%
Sharpe Ratio	1.83	2.86	2.52

RETURN DISTRIBUTION

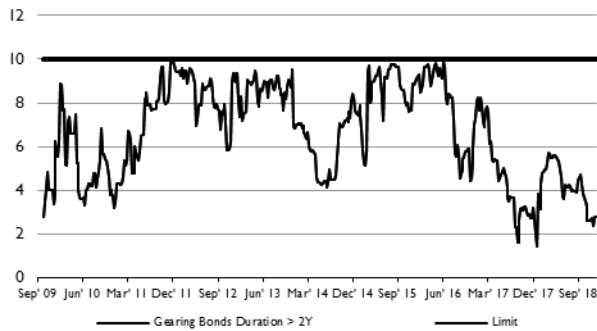


Moments	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Return	12.97%	4.39%	5.97%
Standard deviation	7.00%	1.49%	2.32%
Kurtosis	1.73	0.35	1.09
Skewness	0.46	-0.23	0.11

Correlation analysis	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Correlation coefficient	-	51.73%	30.87%
Beta	-	243.73%	93.27%
Alpha	-	1.59%	6.85%
R2	-	26.76%	9.53%
Autocorrelation	21.86%	10.11%	35.89%

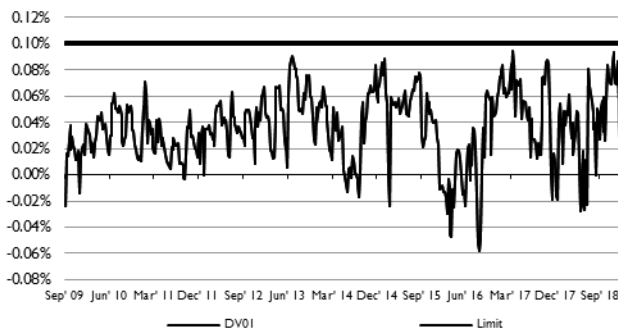
RISK & LINE LIMITS

GEARING BONDS DURATION > 2Y

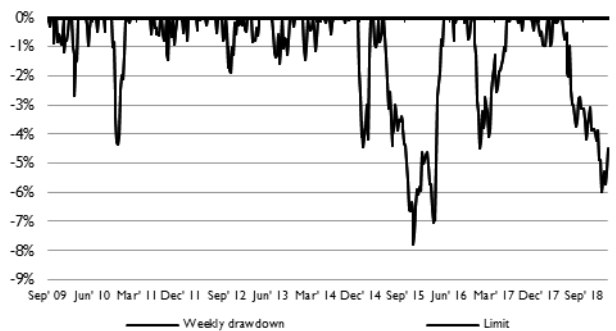


Risk	Midgard	Lime/limit
DV01	0.07%	± 0.10%
Leverage	5.71	Max. 10
VaR	0.00%	Max. 2 %
FX exposure	87.14%	Max. 100 %

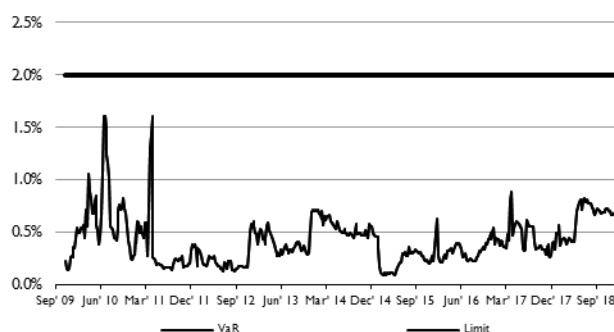
DV01



WEEKLY DRAWDOWN



VaR



NON-COVERED FX EXPOSURE



RISK FIGURES

Risk Figure	Weekly data		Note
	Since inception	1Y	
<i>Period</i>			
Portfolio return (r_p)	12.97%	-0.56%	
Excess return ($r_p - r_f$)	12.96%	-0.50%	
<i>36 month</i>			
Portfolio return (r_p)	7.66%	-	
Excess return ($r_p - r_f$)	7.68%	-	
Maximum drawdown since inception	7.78%	4.08%	
Maximum drawdown 36m	7.03%	-	*
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	1.09	-	*
MAR Ratio	1.67	-0.12	
Sterling ratio	7.37	-0.78	
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 305.1 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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Prime Broker	Skandinaviska Enskilda Banken AB +45 33 36 85 07
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