NEWSLETTER January 2020

PFA INVESTMENT FUND

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Performance & NAV	AA	A	B
Monthly return	**-2.96%**	**-3.00%**	**-3.00%**
Return year-to-date	**-2.96%**	**-3.00%**	**-3.00%**
NAV per share	**333.70**	**161.87**	**147.11**

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

MARKET UPDATE January 2020

Start of a new Year and all those expecting a more traditional positive sentiment for more risky assets quickly had to adapt to a new reality. Middle East tensions, Central Bank focus as well as the early stages of COVID-19 in China set a cautious tone although this came in various formats along the Global financial system with US equity markets broadly unchanged. Asian as well as European likes had a more troublesome route as fear of slower growth trajectories started their downward start to 2020. In the footsteps hereof was a widening of credit spreads as well as a strengthened US Dollar.

Yields and yield curves showed same behavior as yields were down on a flatter curvature. The spread between US 10 Year and 2 Year interest rate swap closed in on the magical zero bound – would the predictor power of this spread once again enter as indicator of lower/slower growth and perhaps recessionary tendencies once again emerge?

The Midgard Fixed Income Fund returned negative in January as especially the flattening of the interest rate curves was a challenge for the overall portfolio composition. Also adding to the negative return was intra-Scandinavian spreads and the tendency for outright levels to have its impact. Covered bonds in especially Sweden performed small versus interest rate swap even though the expectations for a front-loading of issuance combined with a, continued, tendency for a hawkish central bank.

The investment team expect for especially the asset swap component to widen in the months to come as issuance will pick up. Should this play out, the investment team will look for new entry levels as the longer term return projections are looking quite interesting.

Jesper Slemming
Chief Investment Officer, PFA Investment Fund

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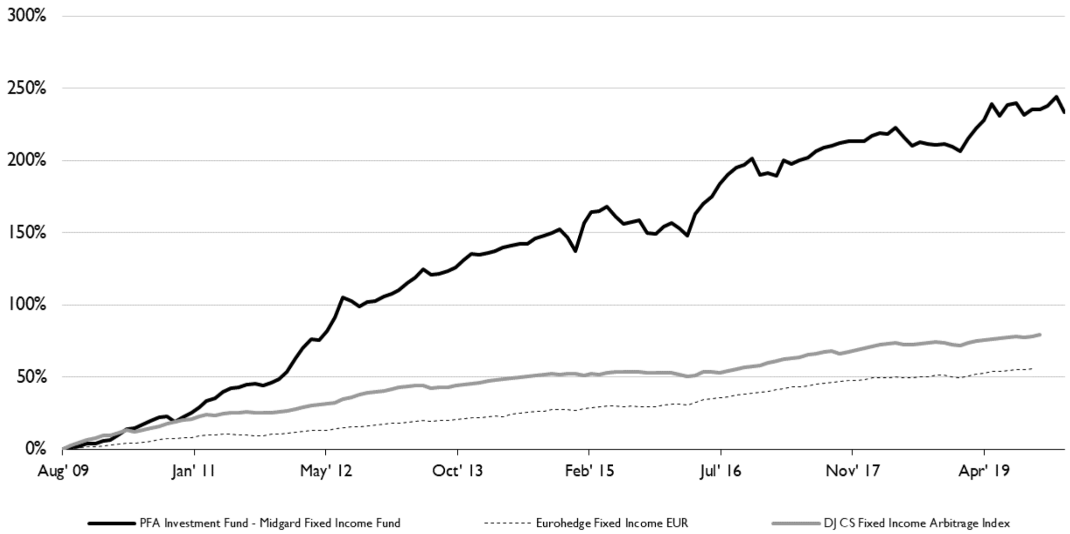
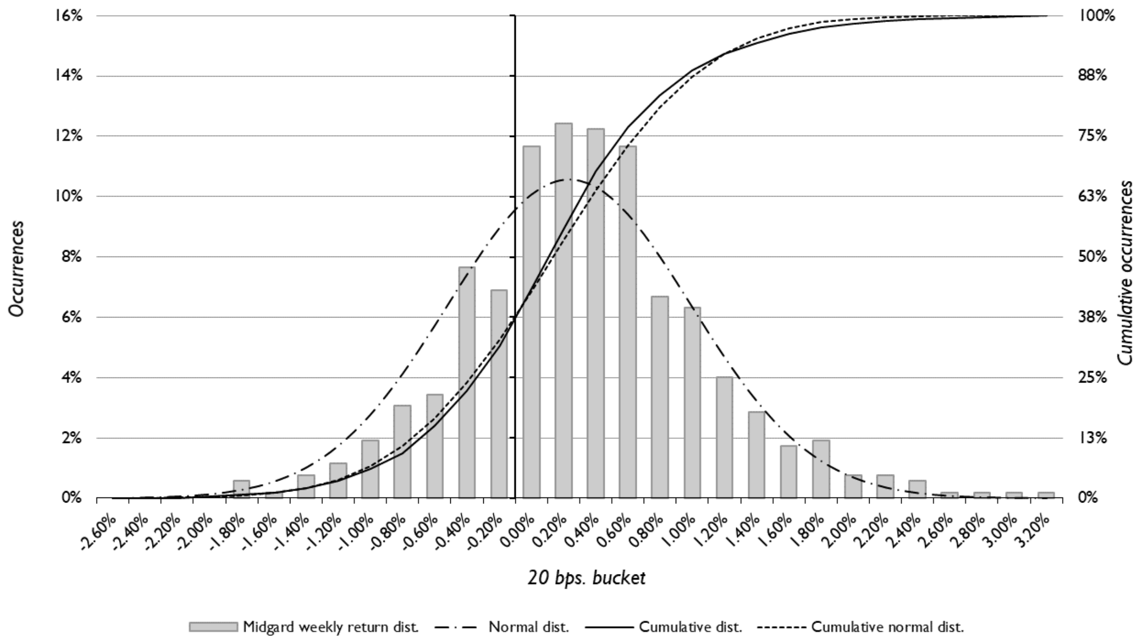
HISTORICAL PERFORMANCE

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%												-2.96%



Return	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Annualized	12.26%	4.51%	5.92%
Last 12 months	5.83%	2.90%	3.28%
Last 3 months	-0.42%	0.73%	0.79%
Since inception	233.70%	55.94%	79.39%
Best month	8.18%	1.51%	2.77%
Worst month	-3.82%	-0.76%	-1.19%
Positive months	75.20%	83.47%	81.97%
Negative months	24.80%	16.53%	18.03%
Volatility	7.01%	1.46%	2.25%
Sharpe Ratio	1.74	3.02	2.59

RETURN DISTRIBUTION

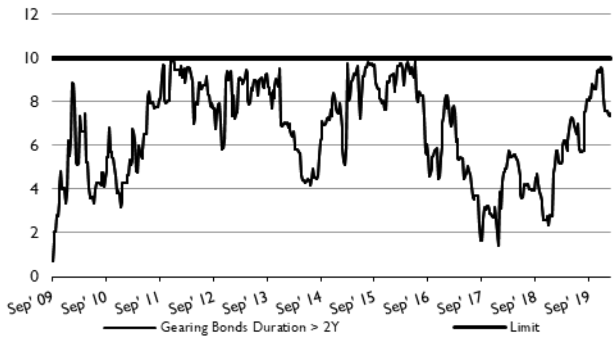


Moments	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Return	12.26%	4.51%	5.92%
Standard deviation	7.01%	1.46%	2.25%
Kurtosis	1.54	0.36	1.22
Skewness	0.36	-0.25	0.11

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	17.97%	8.12%	33.85%

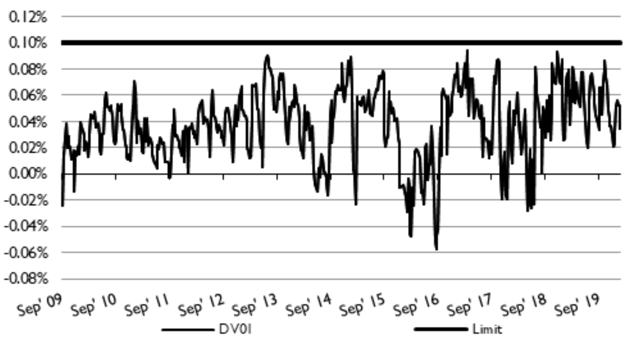
RISK & LINE LIMITS

GEARING BONDS DURATION > 2Y

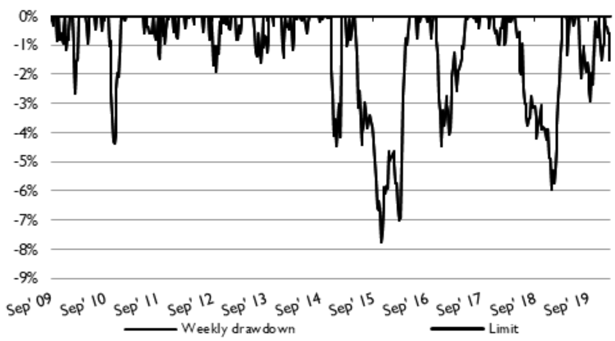


Risk	Midgard	Lime/limit
DV01	0.06%	± 0.10%
Leverage	7.58	Max. 10
VaR	0.43%	Max. 2 %
FX exposure	17.08%	Max. 100 %

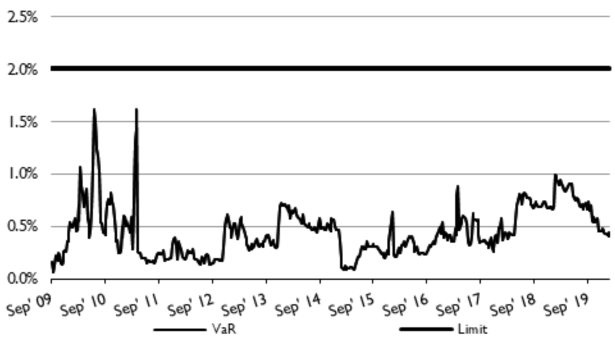
DV01



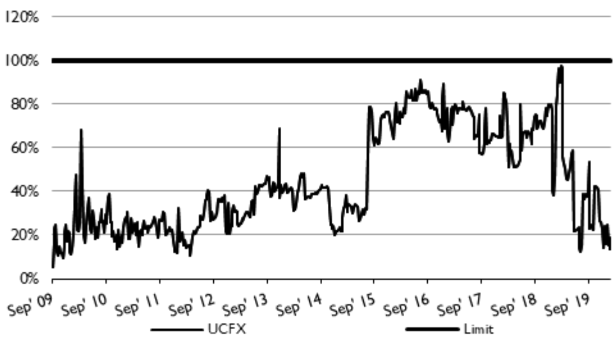
WEEKLY DRAWDOWN



VaR



NON-COVERED FX EXPOSURE



RISK FIGURES

Risk Figure	Weekly data		Note
	Since inception	*1Y*	
Period			
Portfolio return (r_p)	12.26%	5.83%	
Excess return (r_p - r_f)	12.23%	6.27%	
36 month			
Portfolio return (r_p)	4.83%	-	
Excess return (r_p - r_f)	5.22%	-	
Maximum drawdown since inception	7.78%	5.73%	
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	0.87	-	*
MAR Ratio	1.57	1.09	
Sterling ratio	6.95	5.05	
Downside risk	0.59%	1.30%	
Upside risk	1.00%	1.37%	
Loss standard deviation	5.79%	5.12%	
Gain standard deviation	4.94%	4.57%	
Mean absolute moment, downside	-24.23%	-24.53%	
Mean absolute moment, upside	33.58%	34.36%	
Omega ratio	1.69	1.05	
Volatility skewness	0.73	0.79	

* Not applicable for 1-year returns

Strategy AUM	EUR 322.9 million
Listing	Irish Stock Exchange
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