

NEWSLETTER JULY 2014



MIDGARD

FIXED INCOME FUND LIMITED

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Performance & NAV	AA	A	B
Monthly return	1.57%	1.57%	1.32%
Return year-to-date	4.88%	4.88%	3.85%
NAV per share	246.23	121.35	117.22

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

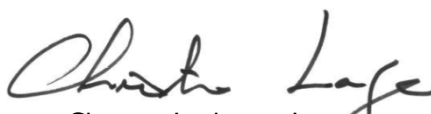
MARKET UPDATE JULY 2014

Midgard Fixed Income Fund returned 1.57 per cent in July leaving the total yield year to date at 4.88 per cent.

The July result was strongly supported by both the European TLTRO and multiple rate cuts in Scandinavia i.e. Norway and Sweden. Mixed macro-economic data might suggest the two cuts to be somewhat overdone or at least the timing a bit peculiar, but inflation outlook for the region threatens the exact same way as the European ditto. Despite the fact that the Swedish Riksbanken has expressed concerns over private household borrowing, deflationary pressures led to this very accommodative monetary policy. One could argue, that the rate cut came rather late. Riksbanken has on various occasions emphasised, that both capping private household borrowing and sorting out labour market inefficiencies i.e. remarkably high youth unemployment is considered prerequisites for a sustainable macro-economic comeback and should be dealt with at a government level. Referendum in mid-September might lead the way for a more proactive policy response though it's probably not going to be short term.

The accommodative policy stance with the Norges Bank and the Riksbanken lead to a strong bid for both Norwegian and Swedish covered bonds with clear spill over effects into the Danish ditto. After an eventful early July markets calmed down and activity in general came to the very subdued levels that normally characterises July.

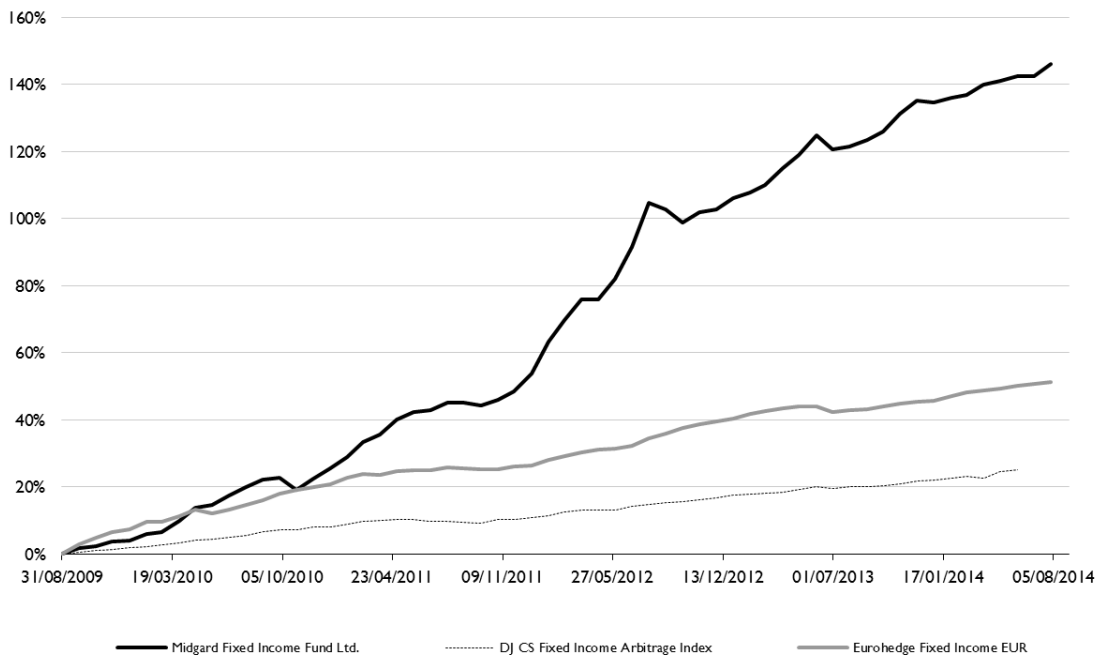
In Europe, the interbank cash price valvet i.e. the EONIA fixing remained fairly stable in a slightly positive territory after the early June policy response. Potentially lower fixings throughout the autumn might lead to even further corrections in the very short end of the European interest rate curve. Euribors is currently pricing in a potentially slightly lower EONIA fixings by March 2015.



Christian Lindstrøm Lage
Chief Investment Officer, Midgard

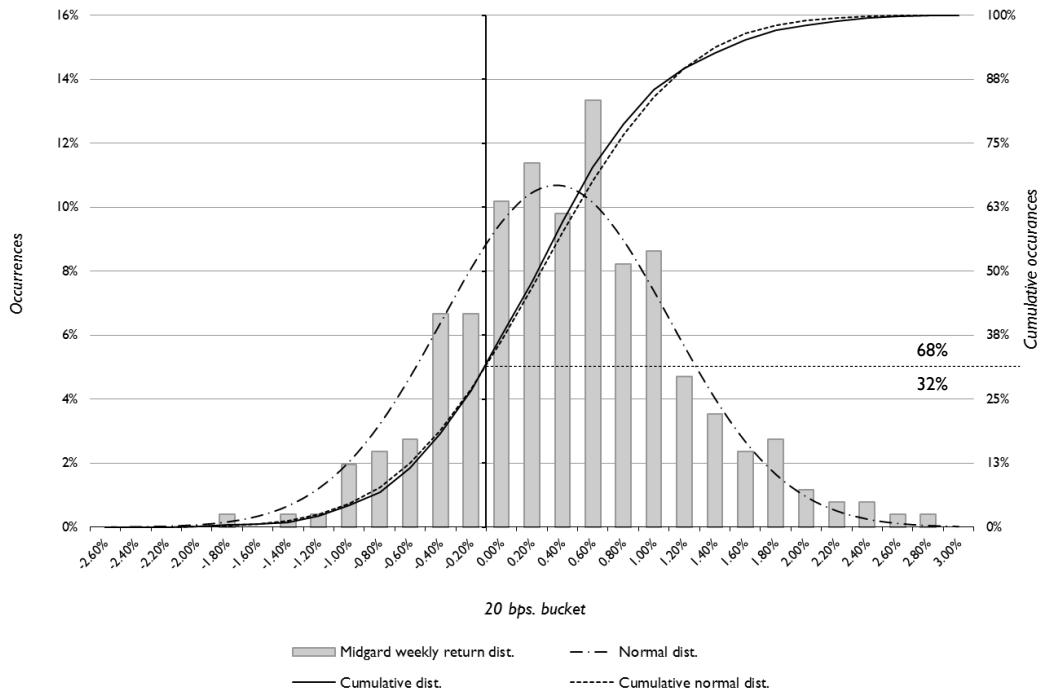
HISTORICAL PERFORMANCE

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%						4.88%



Return	Midgard Fixed Income Fund Ltd.	EuroHedge Fixed Income Arbitrage Index	DJIA Fixed Income Arbitrage Index
Annualized	20.11%	4.81%	8.77%
Last 12 months	11.12%	4.08%	5.80%
Last 3 months	2.16%	1.53%	1.15%
Since inception	146.23%	25.03%	51.15%
Best month	6.97%	1.51%	2.77%
Worst month	-2.98%	-0.50%	-1.14%
Positive months	86.44%	89.47%	91.53%
Negative months	13.56%	10.53%	8.47%
Volatility	6.16%	1.32%	2.35%
Sharpe Ratio	3.18	3.25	3.50

RETURN DISTRIBUTION



Moments	Midgard Fixed Income Fund Ltd.	EuroHedge Fixed Income Arbitrage Index	DJIA Fixed Income Arbitrage Index
Return	20.51%	4.81%	8.93%
Standard deviation	6.22%	1.32%	2.38%
Skewness	0.43	-0.05	0.20
Kurtosis	1.45	0.86	1.19

Correlation analysis	Midgard Fixed Income Fund Ltd.	EuroHedge Fixed Income Arbitrage Index	DJIA Fixed Income Arbitrage Index
Correlation coefficient	-	45.89%	18.81%
Beta	-	254.03%	51.83%
Alpha	-	9.40%	16.31%
R2	-	21.06%	3.54%
Autocorrelation	30.64%	-4.30%	30.99%

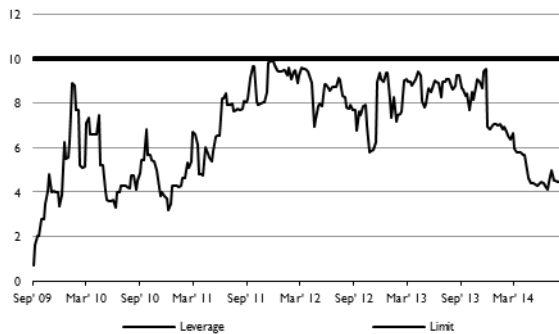
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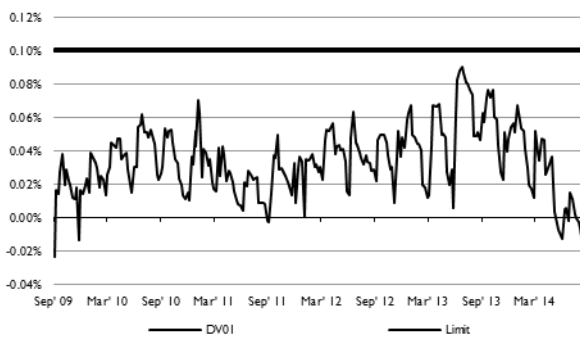
RISK & LINE LIMITS

LEVERAGE

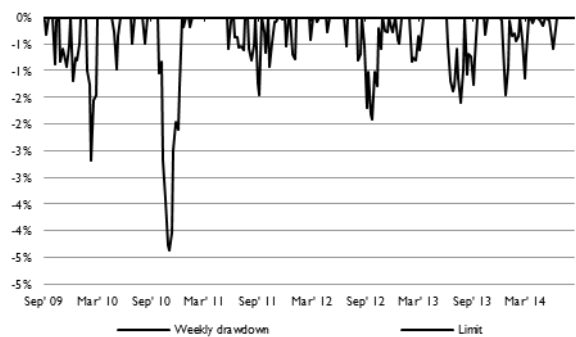


Risk	Midgard	Limit/limit
DV01	-0.02%	± 0.10%
Leverage	4.63	Max. 10
VaR	0.44%	Max. 2 %
FX exposure	39.87%	Max. 100 %

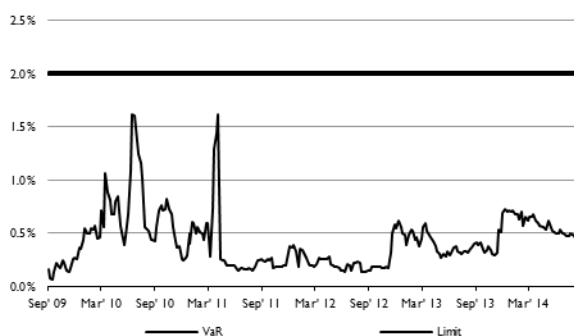
DV01



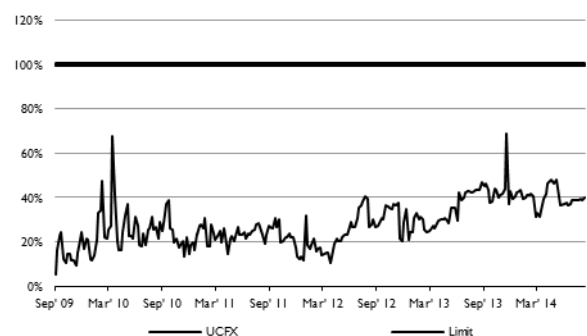
WEEKLY DRAWDOWN



VaR



NON-COVERED FX EXPOSURE



RISK FIGURES

Risk Figure	Weekly data		Note
	Since inception	1Y	
<i>Period</i>			
Portfolio return (r_p)	20.11%	11.12%	
Excess return ($r_p - r_f$)	19.64%	10.98%	
<i>36 month</i>			
Portfolio return (r_p)	19.31%	-	
Excess return ($r_p - r_f$)	19.02%	-	
Maximum drawdown since inception	4.38%	1.60%	
Maximum drawdown 36m	1.91%	-	*
Largest individual drawdown			
First	1.85%	1.60%	
Second	1.42%	1.45%	
Third	1.24%	1.38%	
Average	1.50%	1.48%	
Calmar Ratio	9.95	-	*
MAR Ratio	4.49	6.86	
Sterling ratio	13.08	7.53	
Downside risk	0.85%	1.07%	
Upside risk	1.28%	1.68%	
Loss standard deviation	6.40%	4.33%	
Gain standard deviation	4.85%	3.73%	
Mean absolute moment, downside	-23.03%	-18.92%	
Mean absolute moment, upside	39.00%	28.03%	
Omega ratio	1.51	1.57	
Volatility skewness	0.57	0.74	

* Not applicable for 1-year returns

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Strategy AUM	EUR 531,10 million
Listing	Irish Stock Exchange
ISIN	KYG6125M1015
Bloomberg ID	MIDGFXI KY Equity
Investment Manager	PFA Asset Management Sundkrogsgade 4 2100 Copenhagen Denmark +45 39 17 50 00 www.pfaassetmanagement.dk
Administrator	GlobeOp Financial Services +1 345 945 5664
Prime Broker	Skandinaviska Enskilda Banken AB +45 33 36 85 07
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