



NEWSLETTER JULY 2016

MIDGARD
FIXED INCOME FUND LIMITED

Performance & NAV	AA	A	B
Monthly return	2.39%	2.39%	2.06%
Return year-to-date	12.96%	12.96%	11.46%
NAV per share	290.33	143.08	133.58

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

MARKET UPDATE JULY 2016

The Midgard Fixed Income Fund Ltd. returned 2.39 % in July, bringing total year-to-date return to 12.96 %.

The coming money market reform in the US put heavy pressure on US TED spread in July, as funds investing in commercial paper (that are soon required to mark their holdings to market) saw sharp declines in AUM in favour of government funds. The implications for Scandi currencies, due to the mechanics at play in determining Scandi Xibor, has been a significant downward pressure on these unsecured interbank money. The effect has been especially apparent in Sweden where 3m Stibor now trades below secured money (OIS). In Denmark the effect has been more subdued, and 6m Cibor and FRA/OIS has by and large remained unaffected by the reform.

On the back of this, credit spreads in both Denmark and Sweden in general continued to perform in July, as the bid for Scandinavian assets continued. Demand has been especially good in the very short end of Denmark, lending itself to very strong performance. In the US, a very strong NFP print for June (following the poor May print) saw markets breathe a sigh of relief and the probability of a Fed hike once again came a bit closer while also sending Euro rates on an upwards path. In Denmark, spreads continued to tighten against Euro. The Danish Central Bank did not intervene in currency markets in July, however expectations for looser excess liquidity remains unchanged.



Stefan Helgason
Senior Portfolio Manager, Midgard

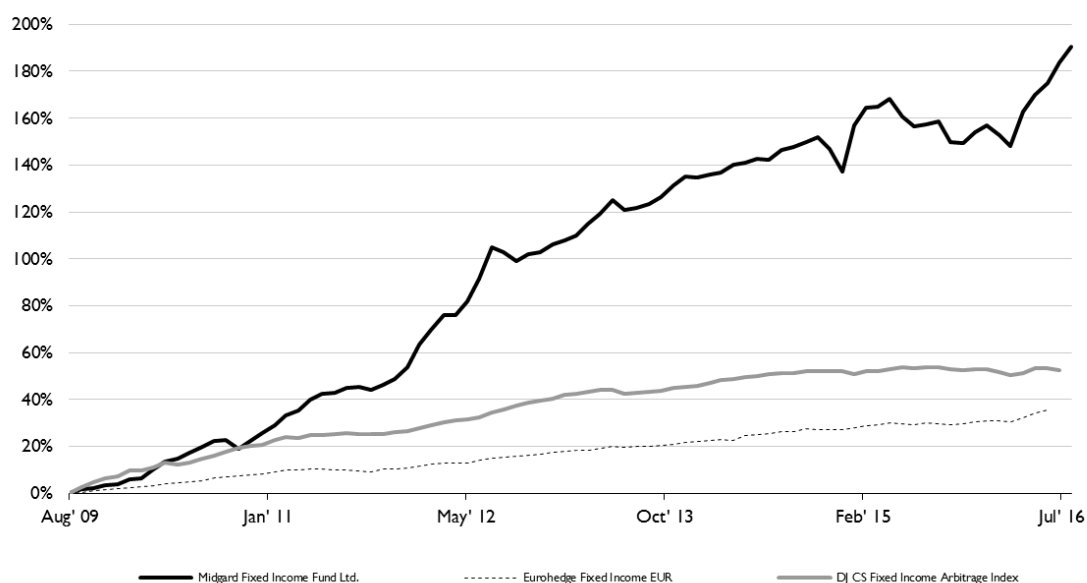
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HISTORICAL PERFORMANCE

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%						12.96%



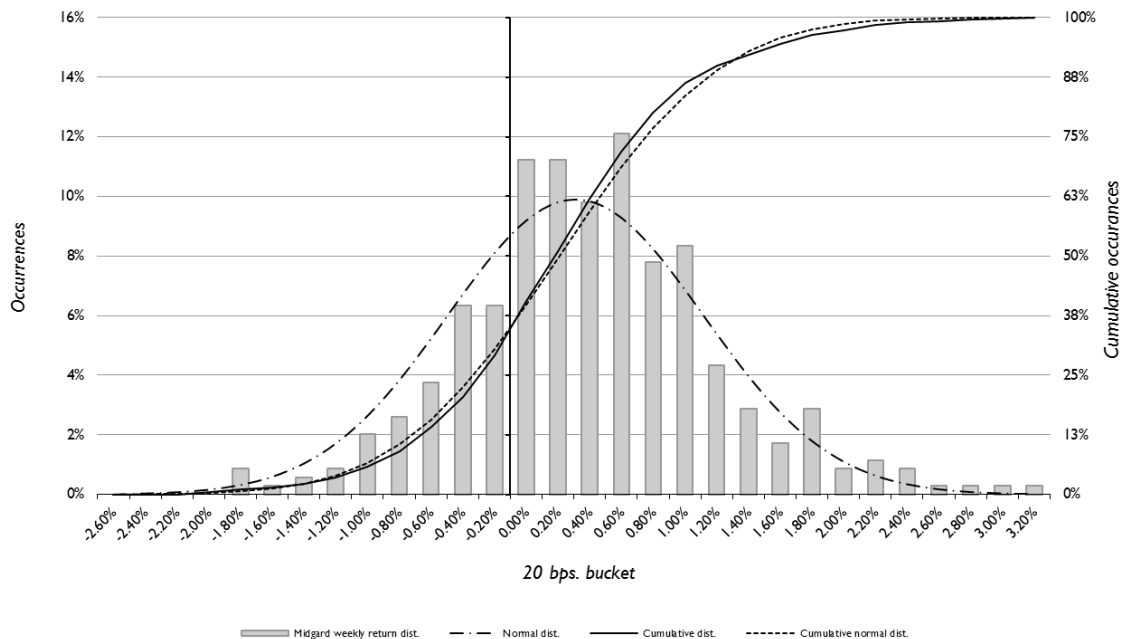
Return	Midgard Fixed Income Fund Ltd.	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Annualized	16.66%	4.58%	6.39%
Last 12 months	12.85%	4.22%	-0.37%
Last 3 months	7.59%	3.63%	1.02%
Since inception	190.33%	35.33%	52.70%
Best month	8.18%	1.51%	2.77%
Worst month	-3.82%	-0.58%	-1.14%
Positive months	80.72%	83.95%	80.49%
Negative months	19.28%	16.05%	19.51%
Volatility	7.42%	1.51%	2.45%
Sharpe Ratio	2.20	2.83	2.48

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RETURN DISTRIBUTION



Moments	Midgard Fixed Income	EuroHedge Fixed	DJ CS Fixed Income
	Fund Ltd.	Income Arbitrage Index	Arbitrage Index
Return	16.66%	4.58%	6.39%
Standard deviation	7.42%	1.51%	2.45%
Kurtosis	1.39	0.30	0.76
Skewness	0.36	-0.06	0.29

Correlation analysis	Midgard Fixed Income	EuroHedge Fixed	DJ CS Fixed Income
	Fund Ltd.	Income Arbitrage Index	Arbitrage Index
Correlation coefficient	-	45.89%	18.81%
Beta	-	254.03%	51.83%
Alpha	-	9.40%	16.31%
R2	-	21.06%	3.54%
Autocorrelation	22.57%	3.96%	39.27%

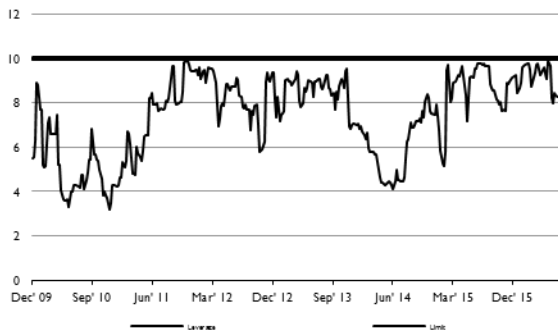
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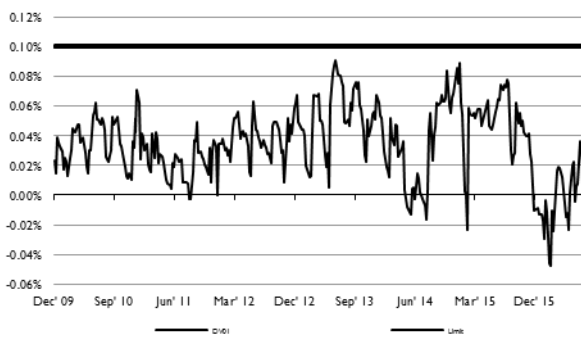
RISK & LINE LIMITS

LEVERAGE

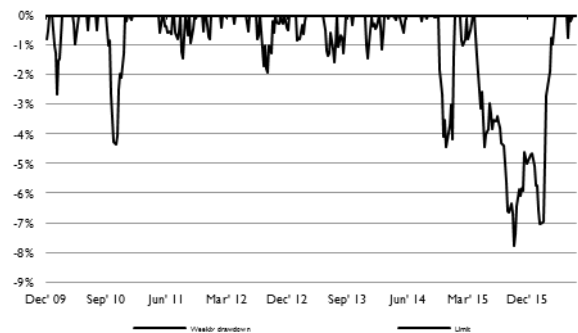


Risk	Midgard	Limit/limit
DV01	0.02%	± 0.10%
Leverage	8.24	Max. 10
VaR	0.25%	Max. 2 %
FX exposure	86.36%	Max. 100 %

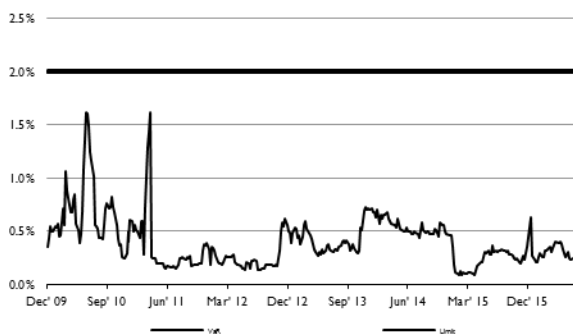
DV01



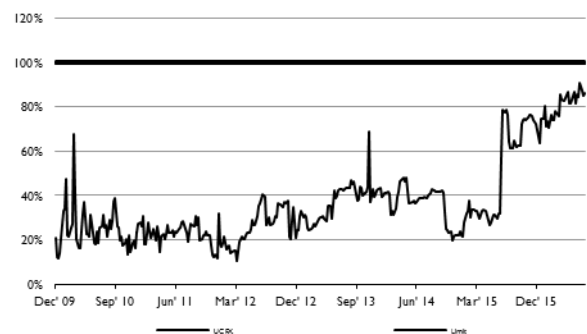
WEEKLY DRAWDOWN



VaR



NON-COVERED FX EXPOSURE



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RISK FIGURES

Risk Figure	Weekly data		Note
	Since inception	1Y	
<i>Period</i>			
Portfolio return (r_p)	16.66%	12.85%	
Excess return ($r_p - r_f$)	16.38%	13.15%	
<i>36 month</i>			
Portfolio return (r_p)	9.42%	-	
Excess return ($r_p - r_f$)	9.49%	-	
Maximum drawdown since inception	7.78%	7.78%	
Maximum drawdown 36m	7.78%	-	*
Largest individual drawdown			
First	1.86%	1.15%	
Second	1.85%	1.01%	
Third	1.46%	0.95%	
Average	1.72%	1.04%	
Calmar Ratio	1.22	-	*
MAR Ratio	2.11	1.69	
Sterling ratio	9.50	12.41	
Downside risk	0.73%	1.15%	
Upside risk	1.23%	2.35%	
Loss standard deviation	6.32%	4.95%	
Gain standard deviation	5.26%	5.83%	
Mean absolute moment, downside	-24.70%	-26.01%	
Mean absolute moment, upside	37.53%	32.73%	
Omega ratio	1.69	2.04	
Volatility skewness	0.69	1.39	

* Not applicable for 1-year returns

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Strategy AUM	EUR 450.434 million
Listing	Irish Stock Exchange
ISIN	LU1439934933
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
Investor Relations	PFA Asset Management +45 39 17 50 00