

NEWSLETTER JULY 2017



PFA
INVESTMENT FUND

Performance & NAV	AA	A	B
Monthly return	0.87%	0.87%	0.71%
Return year-to-date	6.04%	6.04%	5.11%
NAV per share	309.13	152.35	140.13

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

MARKET UPDATE JULY 2017

PFA Investment Fund - Midgard Fixed Income Fund returned 0.87 % in July, bringing total YTD performance to 6.04 %.

The big story in July was the move higher in Euro rates as well as EURUSD in the aftermath of Draghi's Sintra speech in late June. Although yields on 10-year German government bonds ended only being up a couple of basis points on the month, it is clear now that the range observed throughout 2017 has been broken. However, markets are primarily pricing tapering in EUR at this point as opposed to rate hikes. Observing Euribor futures, the first 10bps hike is now priced between June and September 2018 – further into the future than was the case in the beginning of the month. Equities generally reacted positively in June. U.S. equities made new all-time highs in July, while European equities – in local currency terms – naturally had a hard time keeping up with their peers from across the pond.

Danish mortgage bonds against swaps continued their grind lower in July, despite activity being low due to summer low season. It seems that foreign based investors are still heavily active in the segment, and there are no indications that this interest should cease. Naturally, a continued pressure on European yields vis-à-vis U.S. yields, via EUR-USD cross currency basis, could eventually put pressure on the segment. However, at this point, no such signs are visible.

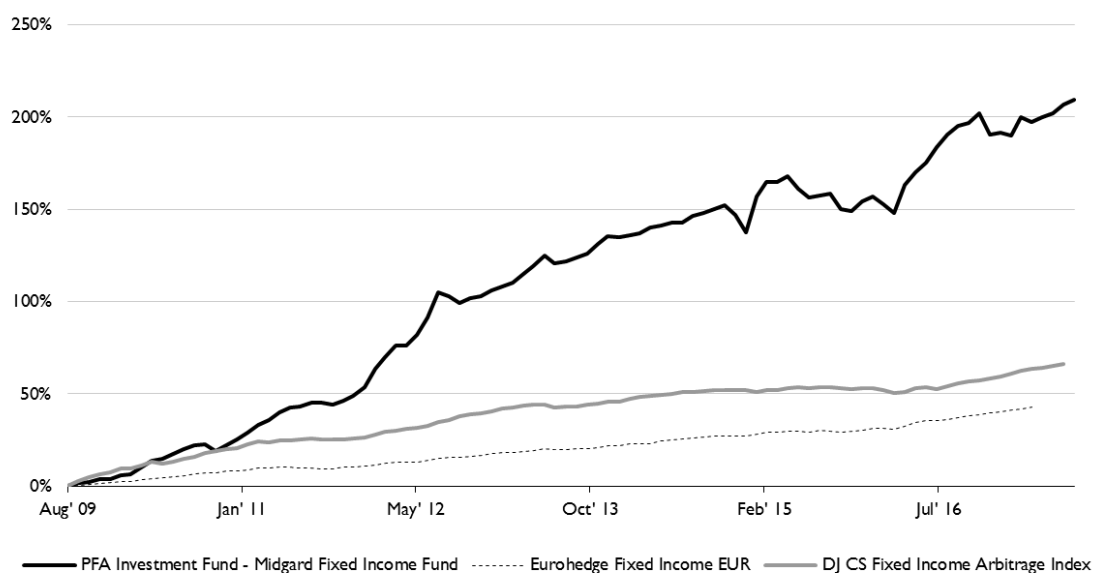
A range of positive news out of Sweden put an upward pressure on the pricing of the Riksbank's monetary policy stance. As a result, the Krone against the Euro broke the depreciating trend observed essentially the entire year, and Böstader against swaps had a hard time keeping up with their Danish counterparts.



Jesper Slemming
Chief Investment Officer, PFA Investment Fund

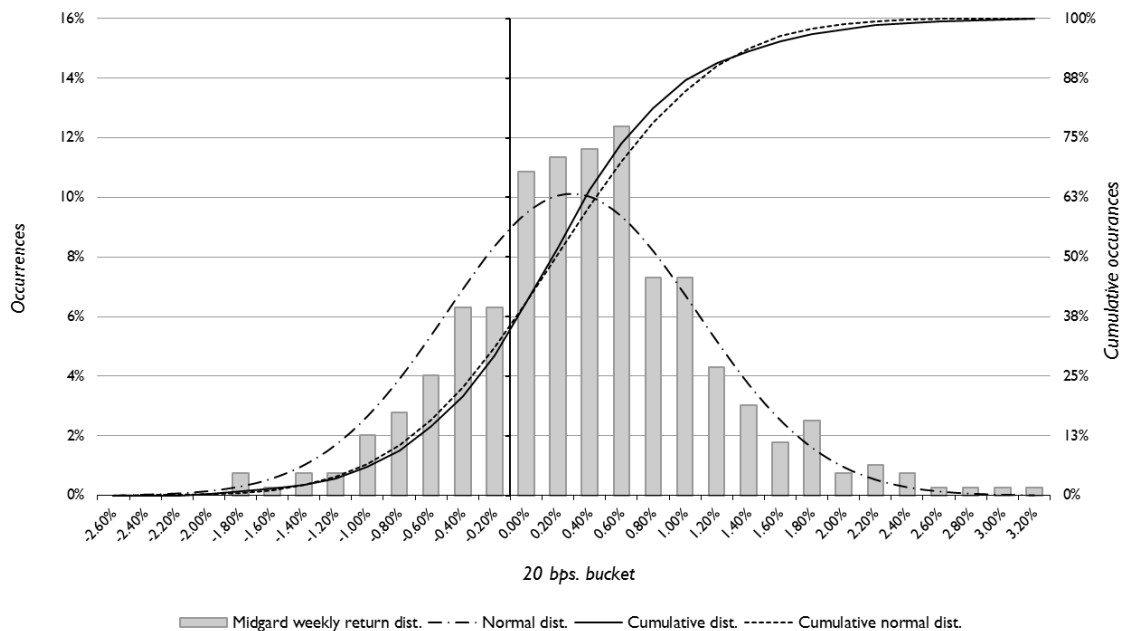
HISTORICAL PERFORMANCE

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%						6.04%



Return	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Annualized	15.32%	4.82%	6.68%
Last 12 months	6.48%	8.01%	8.66%
Last 3 months	3.10%	2.02%	1.62%
Since inception	209.13%	42.90%	65.92%
Best month	8.18%	1.51%	2.77%
Worst month	-3.82%	-0.58%	-1.14%
Positive months	80.00%	85.71%	82.98%
Negative months	20.00%	14.29%	17.02%
Volatility	7.29%	1.45%	2.31%
Sharpe Ratio	2.07	3.16	2.79

RETURN DISTRIBUTION

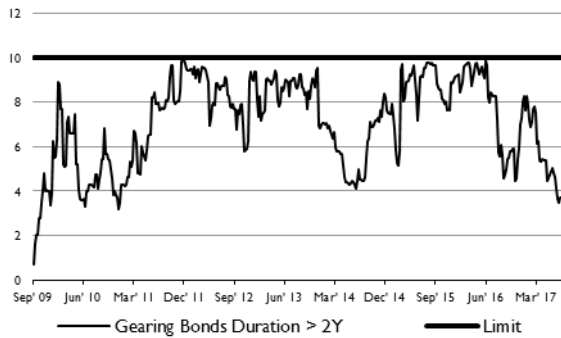


Moments	PFA Investment Fund -	EuroHedge Fixed Income	DJ CS Fixed Income
	Midgard Fixed Income Fund	Arbitrage Index	Arbitrage Index
Return	15.32%	4.82%	6.68%
Standard deviation	7.29%	1.45%	2.31%
Kurtosis	1.53	0.45	1.08
Skewness	0.31	-0.14	0.21

Correlation analysis	PFA Investment Fund -	EuroHedge Fixed Income	DJ CS Fixed Income
	Midgard Fixed Income Fund	Arbitrage Index	Arbitrage Index
Correlation coefficient	-	49.79%	26.90%
Beta	-	254.89%	85.21%
Alpha	-	2.43%	9.10%
R2	-	24.79%	7.24%
Autocorrelation	19.39%	3.92%	37.04%

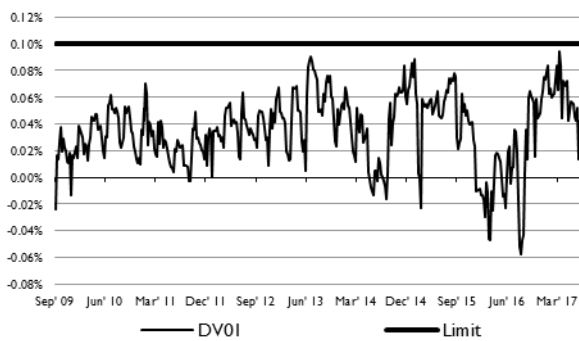
RISK & LINE LIMITS

GEARING BONDS DURATION > 2Y

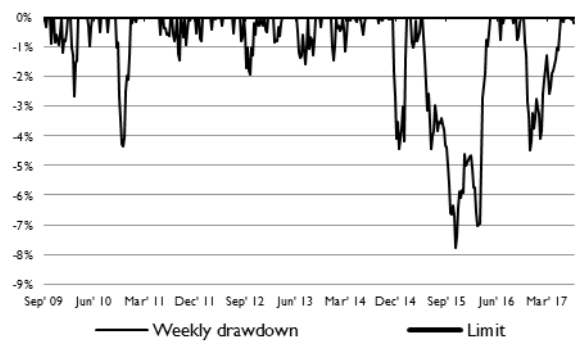


Risk	Midgard	Lime/limit
DV01	0.03%	± 0.10%
Leverage	3.69	Max. 10
VaR	0.55%	Max. 2 %
FX exposure	65.50%	Max. 100 %

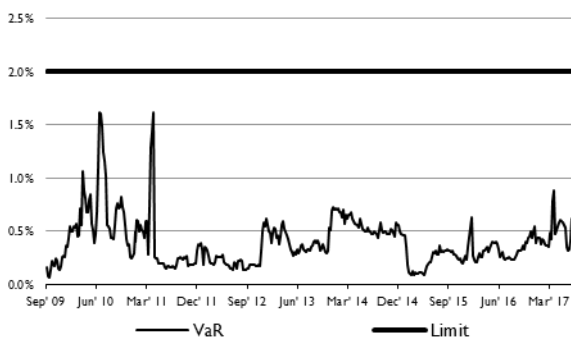
DV01



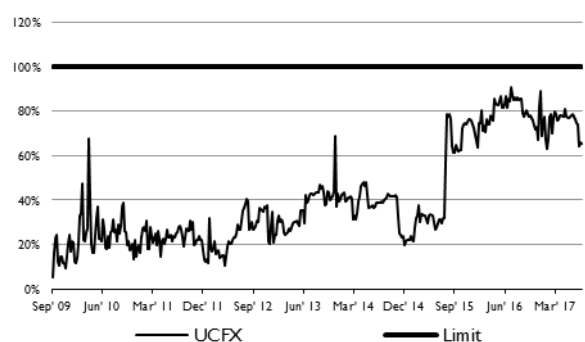
WEEKLY DRAWDOWN



VaR



NON-COVERED FX EXPOSURE



RISK FIGURES

Risk Figure	Weekly data		Note
	Since inception	1Y	
<i>Period</i>			
Portfolio return (r_p)	15.32%	6.48%	
Excess return ($r_p - r_f$)	15.13%	6.85%	
<i>36 month</i>			
Portfolio return (r_p)	7.88%	-	
Excess return ($r_p - r_f$)	8.11%	-	
Maximum drawdown since inception	7.78%	4.48%	
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	1.04	-	*
MAR Ratio	1.95	1.53	
Sterling ratio	8.60	5.34	
Downside risk	0.68%	1.57%	
Upside risk	1.14%	1.54%	
Loss standard deviation	6.24%	5.75%	
Gain standard deviation	5.10%	3.44%	
Mean absolute moment, downside	-25.02%	-28.09%	
Mean absolute moment, upside	36.02%	24.87%	
Omega ratio	1.69	0.98	
Volatility skewness	0.67	0.36	

* Not applicable for 1-year returns

PFA

INVESTMENT FUND

Strategy AUM	EUR 550.770 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
Administrator	GlobeOp Financial Services +1 345 945 5664
Prime Broker	Skandinaviska Enskilda Banken AB +45 33 36 85 07
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