

A black and white photograph of a beach. In the foreground, several white beach huts with dark roofs are arranged in a row on the sand. The huts are simple, rectangular structures. In the middle ground, a wide expanse of beach leads to the ocean. Waves are breaking in the distance. A small figure of a person is visible on the beach near the water's edge. The overall scene is serene and coastal.

NEWSLETTER July 2019

PFA
INVESTMENT FUND

| Performance & NAV | AA | A | B |
|---------------------|---------------|---------------|---------------|
| Monthly return | 0.41% | 0.33% | 0.31% |
| Return year-to-date | 10.91% | 9.96% | 9.64% |
| NAV per share | 339.88 | 165.44 | 150.42 |

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

MARKET UPDATE July 2019

PFA Investment Fund - Midgard Fixed Income Fund returned 0.41% in July, bringing total YTD return to 10.91%.

What June did for the financial markets in terms of adding pieces to a gloomy outlook for the Global economic puzzle, early July took away again. After a dismal June reading, the US employment report was stellar on all parameters, which, combined with reasonable key industrial and consumer confidence surveys, painted a picture of a strong and healthy US economy. The prospects of an even further divided growth trajectory across the globe seemed to gather further tailwinds as most Asian economies followed the US whereas Europe continued to stay suppressed especially driven by lackluster outlooks for the manufacturing sector.

The big question forming in the financial system turned towards whether the overall growth of some economies truly was capable of weathering a manufacturing slowdown, overshadowed by an ever so more important service sector.

Will the UK be the first to prove so and can the US follow being an economy dependent on the service sector alone?

As the US-China relationship nor the Italian political landscape did not manage to grab the markets in full, broad equity markets as well as interest rate stayed flat throughout the month, with a US Dollar strengthening. The US interest rate curve steepened whereas European likes flattened.

Towards the end of July, a hard Brexit re-surfaced as Boris Johnson replaced Theresa May as Prime minister of the United Kingdom. Surely the stage was set for Brexit to be center of attention in August and full repercussions hereof sent a risk off mood through markets.

This was offset by a 'mid-cycle' rate cut by the US federal reserve as especially interest rate markets had an expectation of a far more dovish approach by the FED.

The Midgard Fixed Income Fund returned positive in July.

Even though Europe seemed to be left alone with subdued growth and prospects hereof, the Scandinavian engines, Norway and Sweden, seemed to be more on a US trajectory. This paved the way for the central banks to continue the more hawkish rhetoric indicating a normalization of monetary policy.

The bigger question continued to be whether the smaller, open economies could continue the positive economic development or the European downturn, in time, would spread north.

Intra-Scandinavian spreads as well as European interest rate spreads contributed negatively to the return, whereas curvature trades in the Swedish financial market as well as spreads toward Europe performed.

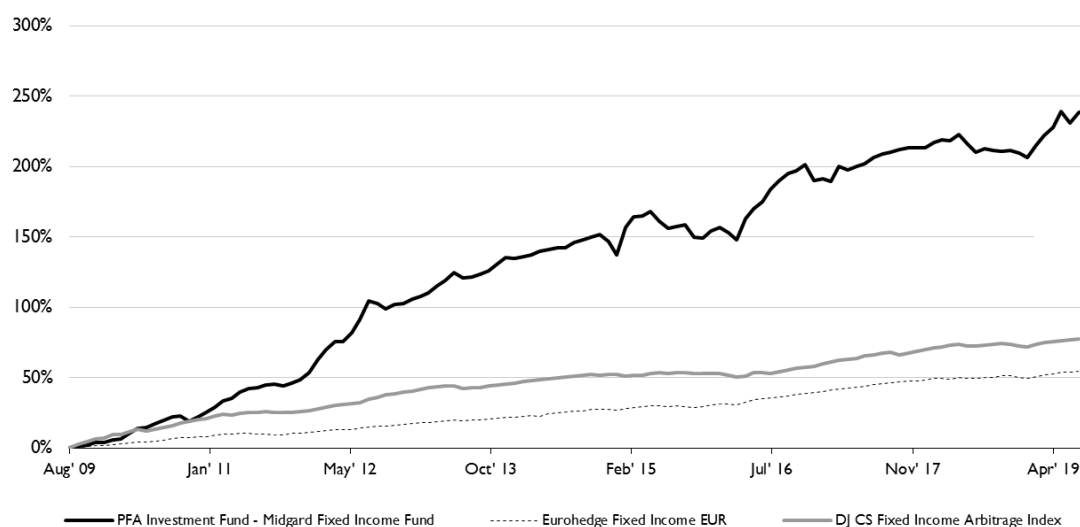
The disperformance of Danish callable mortgage bonds did not spill over to the core focal points of the Midgard Fixed Income Fund and the strategy to stay shy of the segment proved its worth.



Jesper Slemming
Chief Investment Officer, PFA Investment Fund

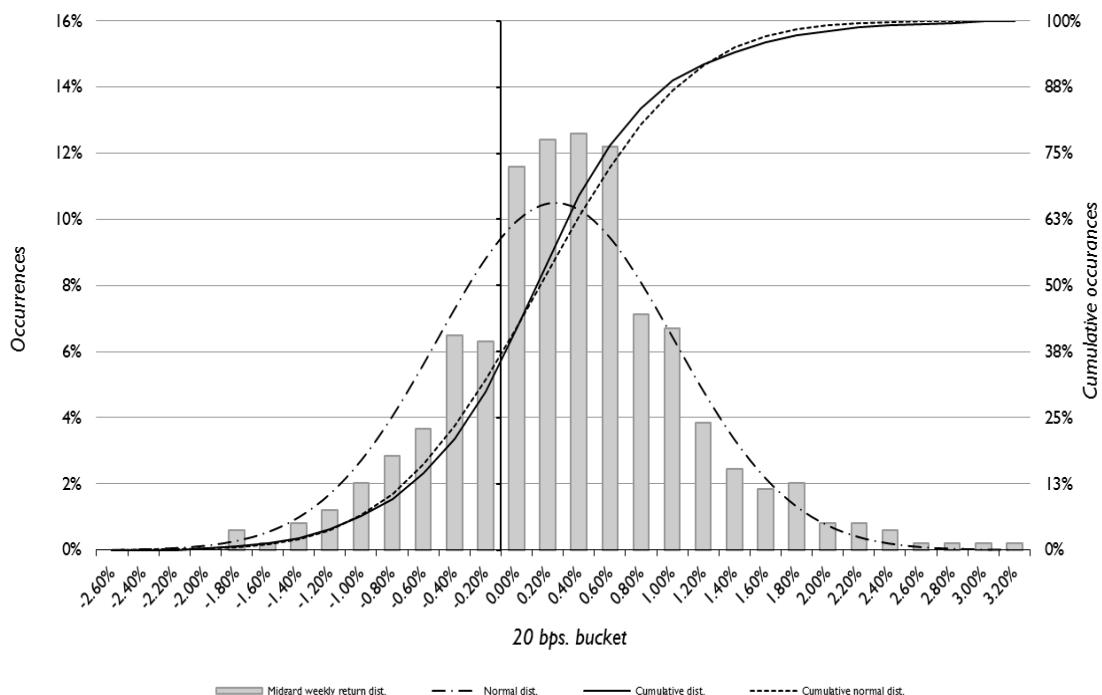
HISTORICAL PERFORMANCE

| 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% | 2.08% | 1.88% | 3.39% | -2.39% | 2.29% | 0.41% | | | | | | 10.91% |



| Return | PFA Investment Fund - Midgard Fixed Income Fund | EuroHedge Fixed Income Arbitrage Index | DJ CS Fixed Income Arbitrage Index |
|-----------------|---|--|------------------------------------|
| Annualized | 13.13% | 4.54% | 6.02% |
| Last 12 months | 8.78% | 3.75% | 3.05% |
| Last 3 months | 0.25% | 1.38% | 1.21% |
| Since inception | 239.88% | 54.81% | 77.75% |
| Best month | 8.18% | 1.51% | 2.77% |
| Worst month | -3.82% | -0.76% | -1.19% |
| Positive months | 76.47% | 83.05% | 82.20% |
| Negative months | 23.53% | 16.95% | 17.80% |
| Volatility | 6.97% | 1.48% | 2.27% |
| Sharpe Ratio | 1.87 | 3.00 | 2.60 |

RETURN DISTRIBUTION

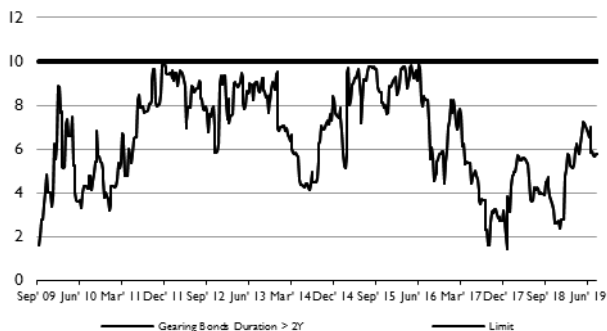


| Moments | PFA Investment Fund - Midgard Fixed Income Fund | EuroHedge Fixed Income Arbitrage Index | DJ CS Fixed Income Arbitrage Index |
|--------------------|--|---|---|
| Return | 13.13% | 4.54% | 6.02% |
| Standard deviation | 6.97% | 1.48% | 2.27% |
| Kurtosis | 1.62 | 0.32 | 1.20 |
| Skewness | 0.40 | -0.27 | 0.10 |

| Correlation analysis | PFA Investment Fund - Midgard Fixed Income Fund | EuroHedge Fixed Income Arbitrage Index | DJ CS Fixed Income Arbitrage Index |
|-----------------------------|--|---|---|
| Correlation coefficient | - | 53.22% | 31.32% |
| Beta | - | 251.80% | 96.53% |
| Alpha | - | 1.28% | 7.02% |
| R2 | - | 28.32% | 9.81% |
| Autocorrelation | 19.06% | 8.10% | 34.12% |

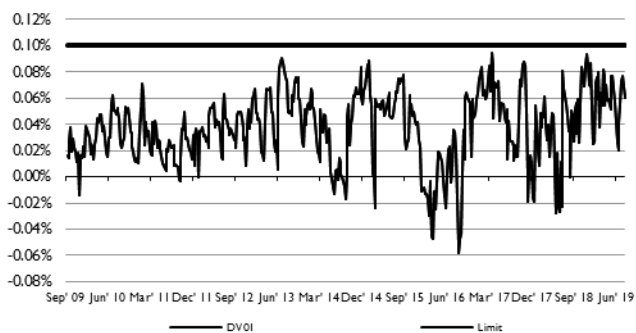
RISK & LINE LIMITS

GEARING BONDS DURATION > 2Y

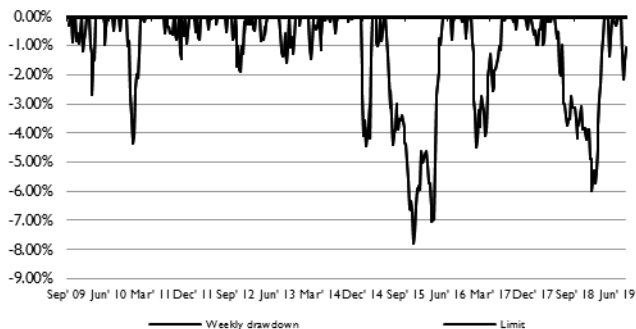


| Risk | Midgard | Lime/limit |
|-------------|---------|------------|
| DV01 | 0.05% | ± 0.10% |
| Leverage | 7.53 | Max. 10 |
| VaR | 0.69% | Max. 2 % |
| FX exposure | 36.04% | Max. 100 % |

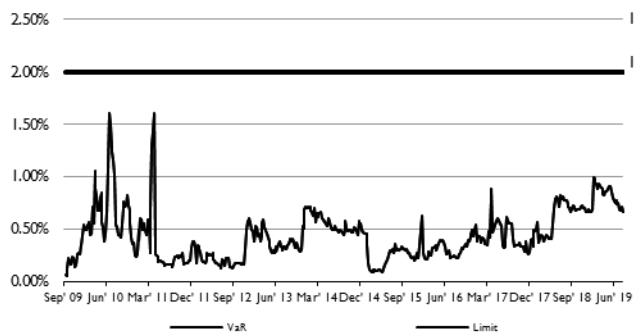
DV01



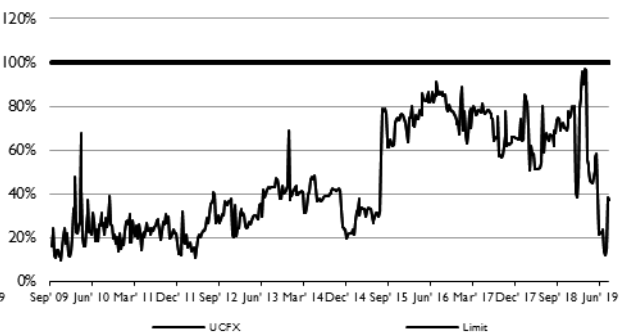
WEEKLY DRAWDOWN



VaR



NON-COVERED FX EXPOSURE



RISK FIGURES

| Risk Figure | Weekly data | | Note |
|----------------------------------|-----------------|---------|------|
| | Since inception | 1Y | |
| <i>Period</i> | | | |
| Portfolio return (r_p) | 13.13% | 8.78% | |
| Excess return ($r_p - r_f$) | 13.07% | 9.18% | |
| <i>36 month</i> | | | |
| Portfolio return (r_p) | 5.39% | - | |
| Excess return ($r_p - r_f$) | 5.77% | - | |
| Maximum drawdown since inception | 7.78% | 4.08% | |
| Maximum drawdown 36m | 4.48% | - | * |
| 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 | 1.29 | - | * |
| MAR Ratio | 1.68 | 2.25 | |
| Sterling ratio | 7.43 | 12.19 | |
| 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 328.9 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 |
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