

NEWSLETTER JUNE 2014



MIDGARD

FIXED INCOME FUND LIMITED

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Performance & NAV	AA	A	B
Monthly return	-0.05%	-0.05%	-0.11%
Return year-to-date	3.27%	3.27%	2.49%
NAV per share	242.43	119.48	115.69

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

MARKET UPDATE JUNE 2014

Midgard Fixed Income Fund returned -0.05 per cent in June leaving the first half year 2014 with a yield of 3.27 per cent.

Whereas ECB governor mr. Draghi failed to deliver any material changes at the May meeting, June offered a much more bearish but however committed tone. A deposit rate in negative territory is not low by historical standards, but confirms, together with the launch of the TLTRO, the fact that the European economy is being severely threatened by deflation and extremely low growth prospects for an extended period of time. The European rise in the aftermath of the 2008 financial crisis inevitably draws its parallels to the Japanese ditto after 1992.

The main driver behind the negative June result was the spread widening in between Danish money rates and its European dittos. The Danish Kroner (DKK) traded somewhat outside the corridor, that has defined the reaction function of the central bank historically. As the Danish Central Bank hiked rates during first half of June to offset the bid for EURs against DKKs, spreads widened in the very short end causing spill over effects further out the curve. Investors fear initially that the isolated Danish hike was not substantial enough to offset the EUR bid going forward.

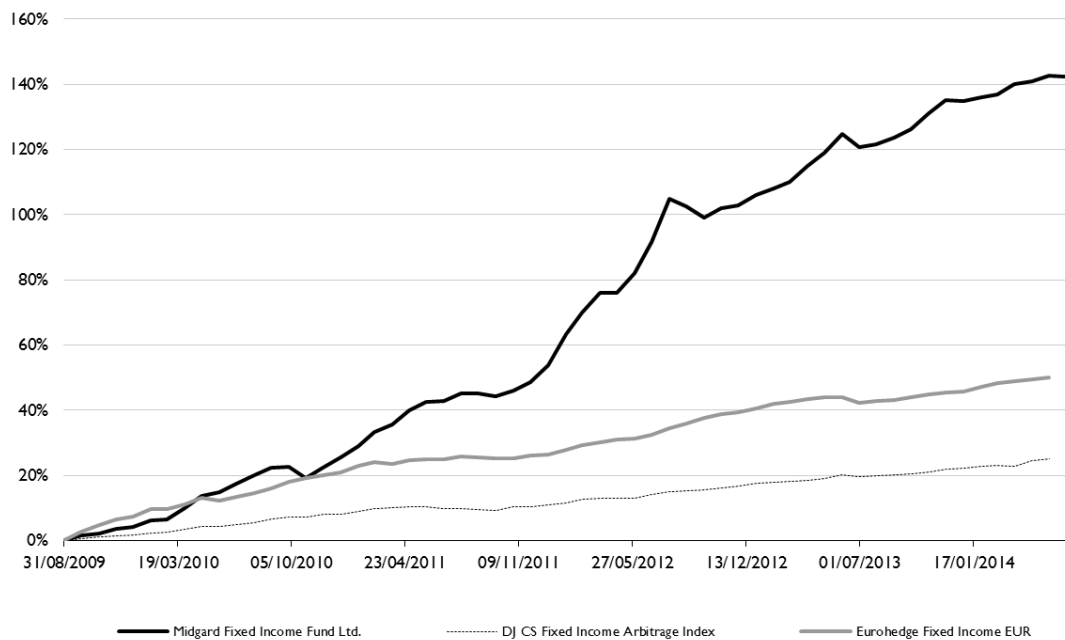
In Sweden, June offered a continuation of the bid for yield and thereby mortgages. Mixed macroeconomic numbers except from unemployment failed to confirm any fundamental improvements, why the bearish pricing of the Riksbank remained unchanged.



Christian Lindstrøm Lage
Chief Investment Officer, Midgard

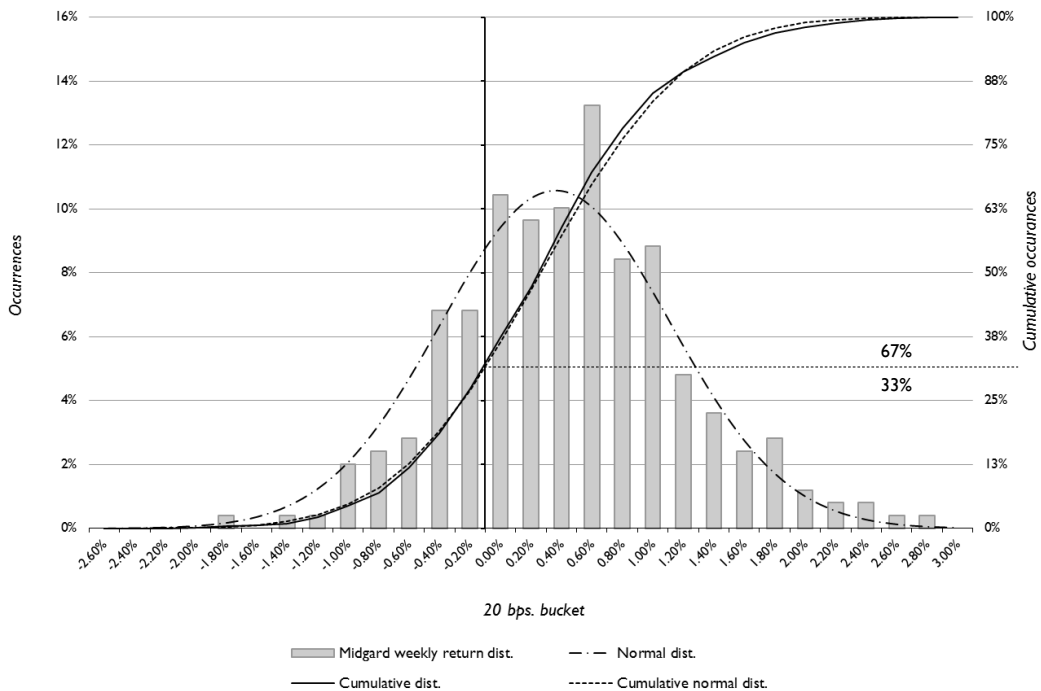
HISTORICAL PERFORMANCE

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%							3.27%



Return	Midgard Fixed Income Fund Ltd.	EuroHedge Fixed Income Arbitrage Index	DJIA Fixed Income Arbitrage Index
Annualized	20.11%	4.81%	8.93%
Last 12 months	9.80%	4.08%	4.27%
Last 3 months	1.01%	1.53%	1.31%
Since inception	142.43%	25.03%	50.11%
Best month	6.97%	1.51%	2.77%
Worst month	-2.98%	-0.50%	-1.14%
Positive months	86.21%	89.47%	91.23%
Negative months	13.79%	10.53%	8.77%
Volatility	6.21%	1.32%	2.38%
Sharpe Ratio	3.15	3.25	3.53

RETURN DISTRIBUTION



Moments	Midgard Fixed Income	EuroHedge Fixed	DJIA Fixed Income
	Fund Ltd.	Income Arbitrage Index	Arbitrage Index
Return	20.11%	4.81%	8.93%
Standard deviation	6.21%	1.32%	2.38%
Kurtosis	1.43	0.86	1.19
Skewness	0.46	-0.05	0.20

Correlation analysis	Midgard Fixed Income	EuroHedge Fixed	DJIA 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	31.20%	-4.30%	30.99%

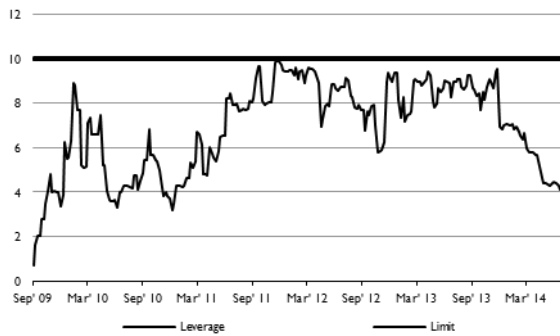
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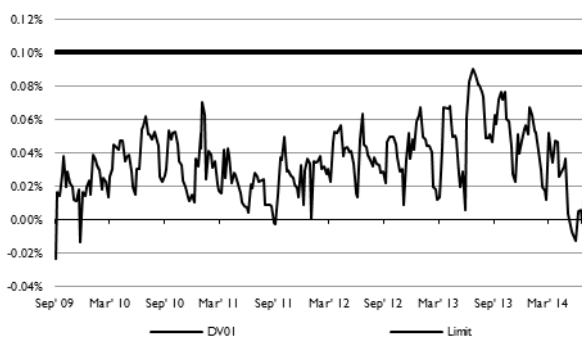
RISK & LINE LIMITS

LEVERAGE

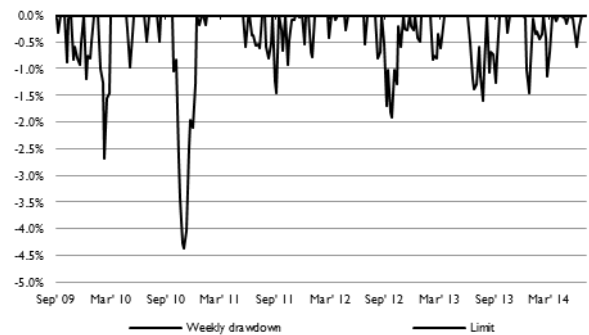


Risk	Midgard	Limit/limit
DV01	0.01%	± 0.10%
Leverage	4.44	Max. 10
VaR	0.49%	Max. 2 %
FX exposure	38.57%	Max. 100 %

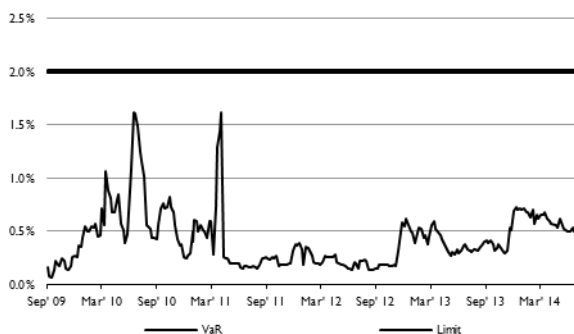
DV01



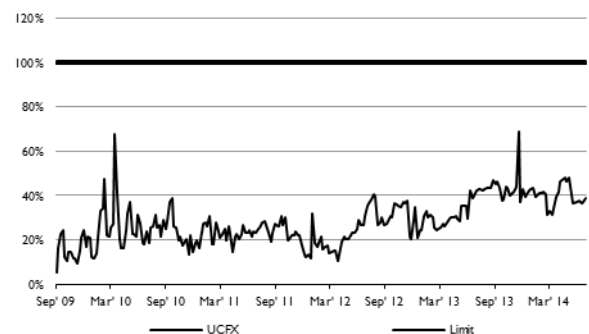
WEEKLY DRAWDOWN



VaR



NON-COVERED FX EXPOSURE



RISK FIGURES

Risk Figure	Weekly data		Note
	Since inception	1Y	
<i>Period</i>			
Portfolio return (r_p)	20.11%	9.80%	
Excess return ($r_p - r_f$)	19.63%	9.66%	
<i>36 month</i>			
Portfolio return (r_p)	19.28%	-	
Excess return ($r_p - r_f$)	18.94%	-	
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	9.91	-	*
MAR Ratio	4.48	6.03	
Sterling ratio	13.07	6.64	
Downside risk	0.85%	1.07%	
Upside risk	1.27%	1.68%	
Loss standard deviation	6.41%	4.53%	
Gain standard deviation	4.81%	3.50%	
Mean absolute moment, downside	-23.03%	-19.45%	
Mean absolute moment, upside	38.65%	27.21%	
Omega ratio	1.51	1.57	
Volatility skewness	0.56	0.60	

* Not applicable for 1-year returns

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Strategy AUM	EUR 522.91 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
Investor Relations	PFA Asset Management +45 39 17 50 00