



NEWSLETTER MARCH 2017

PFA
INVESTMENT FUND

Performance & NAV	AA	A	B
Monthly return	-0.84%	-0.84%	-0.84%
Return year-to-date	2.03%	2.03%	1.81%
NAV per share	297.42	146.58	135.72

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

MARKET UPDATE MARCH 2017

The Midgard Fixed Income Fund Ltd. returned -0.84 % in March, bringing total YTD return to 2.03 %.

In March, markets were quick to react to an array of nominally hawkish pieces of communication from the ECB. Most notably, comments by ECB president Mario Draghi during the ECB press conference at the beginning of the month left markets speculating that the Euro bloc's central bank was nearing both a rate hiking cycle and, although to a lesser extent, a tapering round. Subsequently, markets reacted by pricing multiple rate hikes in the very short end of the tenor curve and to an extent not seen since 2013. On the back of this, the Euro appreciated somewhat substantially against peers, and to levels against the Dollar not seen since before the election of Donald Trump.

During the month, however, it became apparent that ECB councilmembers seemingly were dissatisfied with the market reaction to their statements. So much so that councilmembers were quick to denounce the market's interpretation of their statements as much too aggressive. Subsequently, forward market pricing of the ECB's main refinancing rate fell back to previous levels, and the Euro depreciated back to around the levels from before the ECB press conference.

Covered bonds in Denmark and Sweden did not flinch in March as even speculations of a tighter money base did not cause spreads to widen. Wide USD/EUR interest rate differentials continue to firmly anchor the short end of the Danish curve, while the pronounced optimism surrounding the future trajectory of Swedish monetary policy rates continue to slowly vanish, lending support for the Swedish curve.

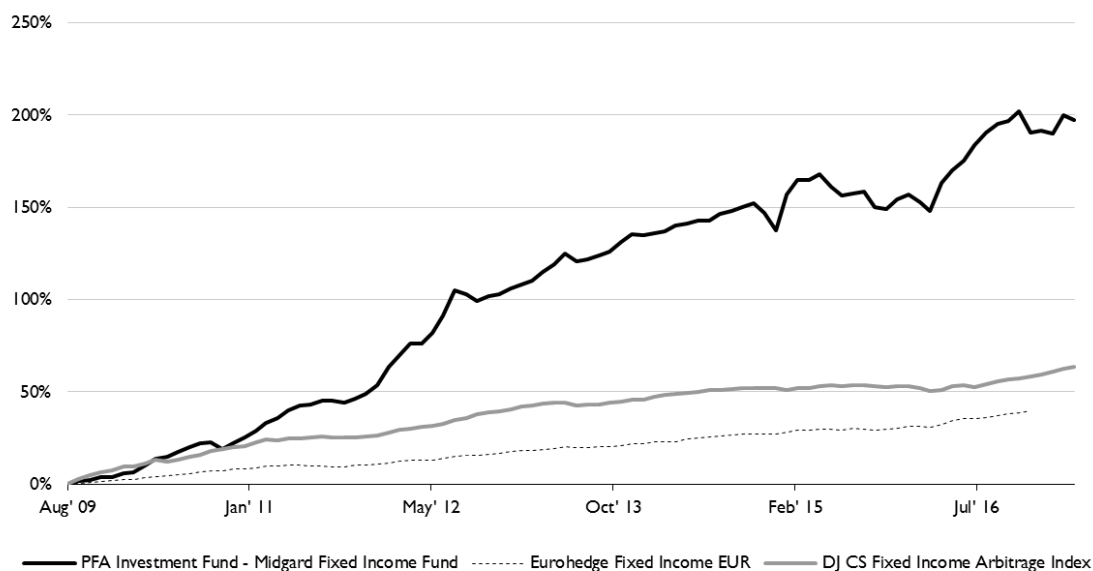
Fears surrounding the French general elections seemed to drop somewhat in March, as polls showed diminished support for Front National's Marine Le Pen relative to competitors. That said, fear is still plentiful in March as evidenced by safe haven currencies such as DKK and CHF, both still relatively strong against the Euro throughout March.



Jesper Slemming
Chief Investment Officer, PFA Investment Fund

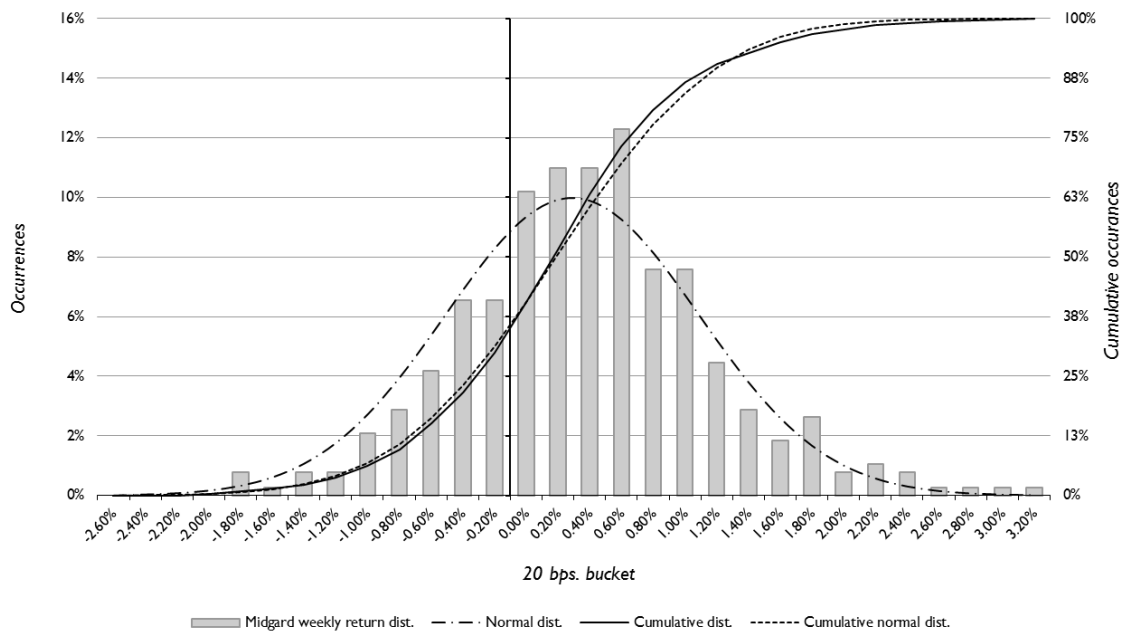
HISTORICAL PERFORMANCE

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%										2.03%



Return	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Annualized	15.46%	4.70%	6.68%
Last 12 months	13.13%	6.98%	8.02%
Last 3 months	2.03%	1.65%	2.32%
Since inception	197.42%	39.51%	63.28%
Best month	8.18%	1.51%	2.77%
Worst month	-3.82%	-0.58%	-1.14%
Positive months	79.12%	85.06%	82.42%
Negative months	20.88%	14.94%	17.58%
Volatility	7.45%	1.47%	2.35%
Sharpe Ratio	2.04	3.03	2.74

RETURN DISTRIBUTION



Moments	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Return	15.46%	4.70%	6.68%
Standard deviation	7.45%	1.47%	2.35%
Kurtosis	1.35	0.44	0.99
Skewness	0.29	-0.11	0.21

Correlation analysis	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Correlation coefficient	-	53.86%	27.08%
Beta	-	274.97%	85.91%
Alpha	-	2.11%	9.14%
R2	-	29.00%	7.33%
Autocorrelation	19.32%	4.48%	37.53%

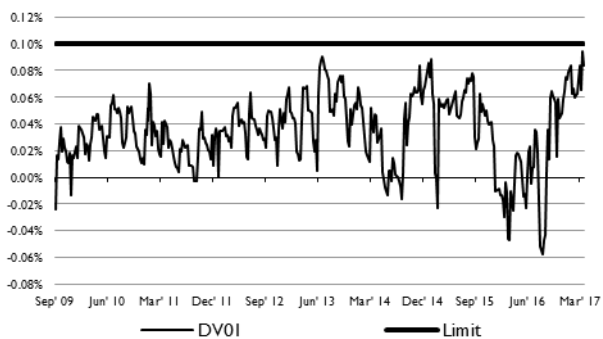
RISK & LINE LIMITS

GEARING BONDS DURATION > 2Y

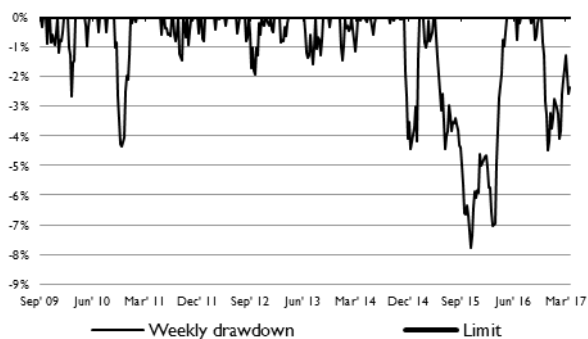


Risk	Midgard	Lime/limit
DV01	0.04%	± 0.10%
Leverage	5.33	Max. 10
VaR	0.88%	Max. 2 %
FX exposure	77.91%	Max. 100 %

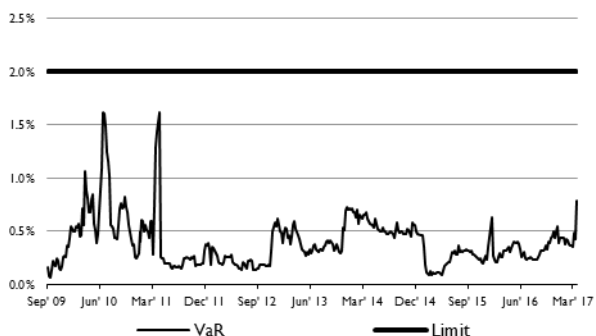
DV01



WEEKLY DRAWDOWN



VaR



NON-COVERED FX EXPOSURE



RISK FIGURES

Risk Figure	Weekly data		Note
	Since inception	1Y	
<i>Period</i>			
Portfolio return (r_p)	15.46%	13.13%	
Excess return ($r_p - r_f$)	15.24%	13.52%	
<i>36 month</i>			
Portfolio return (r_p)	7.41%	-	
Excess return ($r_p - r_f$)	7.59%	-	
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	0.98	-	*
MAR Ratio	1.96	3.02	
Sterling ratio	8.66	10.84	
Downside risk	0.69%	1.57%	
Upside risk	1.16%	2.35%	
Loss standard deviation	6.34%	6.96%	
Gain standard deviation	5.18%	4.74%	
Mean absolute moment, downside	-25.60%	-32.34%	
Mean absolute moment, upside	36.81%	34.50%	
Omega ratio	1.69	1.50	
Volatility skewness	0.67	0.46	

* Not applicable for 1-year returns

PFA

INVESTMENT FUND

Strategy AUM	EUR 529.920 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
Investor Relations	PFA Asset Management +45 39 17 50 00