



NEWSLETTER MAY 2015

MIDGARD
FIXED INCOME FUND LIMITED

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Performance & NAV	AA	A	B
Monthly return	-2.69%	-2.69%	-2.65%
Return year-to-date	9.88%	9.88%	8.85%
NAV per share	260.84	128.55	122.34

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

MARKET UPDATE MAY 2015

The theme from the end of April extended into May as core European rates continued to rise. The June EUR Bund contract traded at a yield of 57bps at the highs, up 51bps from two weeks earlier. Credit premiums in Sweden and Denmark were adversely hit, particularly in Denmark as duration-led portfolio adjustments in the callable bond segment exacerbated the correction. Conversely, as yields again began to fall off their highs, fading durations in the callable segment saw managers bidding up non-callables, lending a hand to good outright performance going into the end of May.

Another focus in May was DKK-EUR swap spreads, as in particular forward premiums began aggressively pricing in an early unwind of the interventions and rate cuts made by the Danish central bank in response to the increased pressure on the Krone. The central bank did indeed begin unwinding by intervening in the FX markets, amounting to approx. 70bn DKK by the end of May. DKK-EUR 5y5y as well as shorter-dated Cita-Eonia traded around the same levels as before the interventions began, primarily driven by aggressive DKK forwards. Spreads in this range, we believe, are pricing in an unwind somewhat too quickly.

In Denmark, FRN covered bond auctions stole much of the attention for four days in mid-May as bonds worth approx. 50bn DKK were issued in the 1.5 year segment. The bonds were issued at significant discounts to their fixed rate non-callable counterparts, as the market anticipated another 20bn in FRN issuance in June. FRNs, if they continue to trade at their current spreads to non-callables, we believe will continue to be an attractive segment for the portfolio.

All told, the corrections were to be felt on MTMs in Midgard in May; however, at OAS levels now priced in the market both in the non-callable and callable FRN segments, these continue to be an interesting case for Midgard.



Stefan Helgason
Portfolio Manager, Midgard

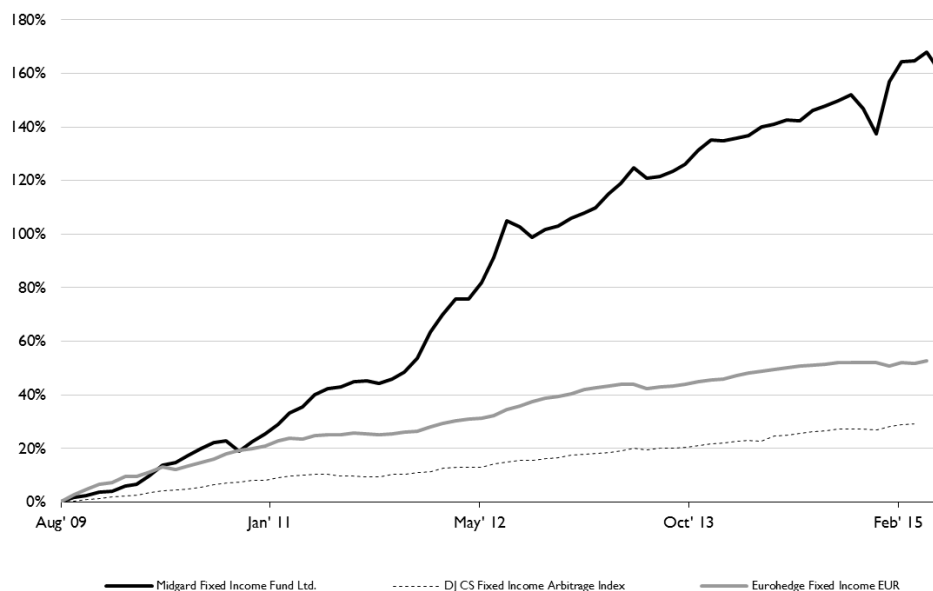
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NEWSLETTER MAY 2015

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%								9.88



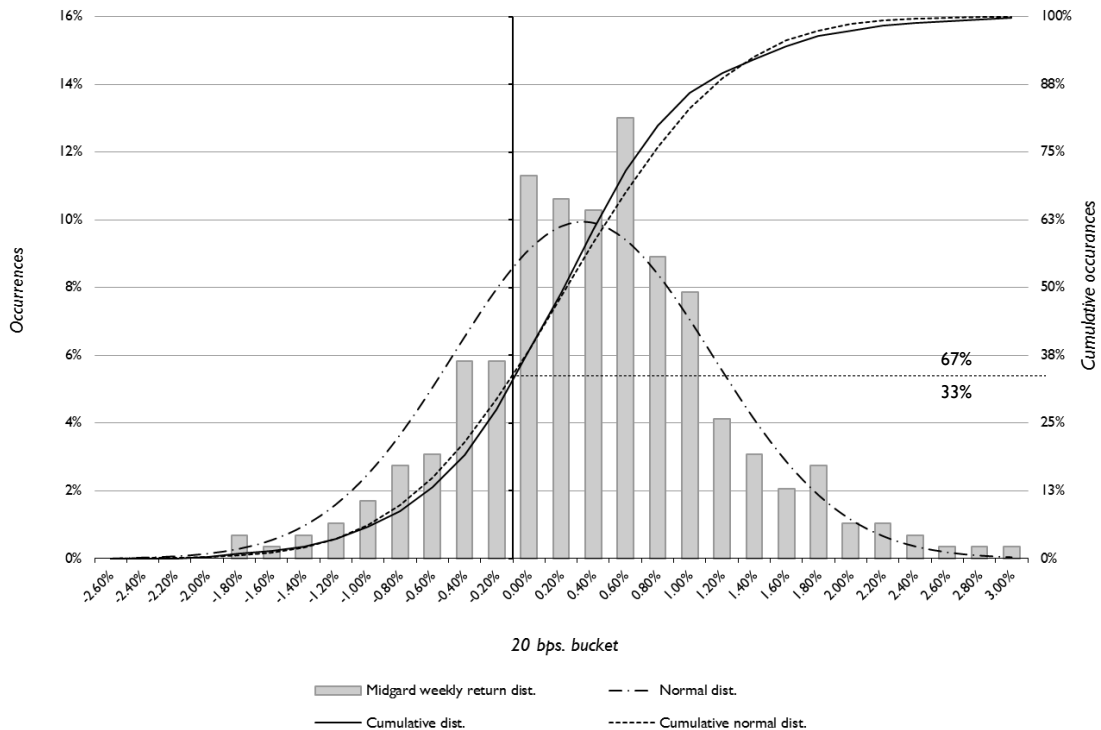
Return	Midgard Fixed Income Fund Ltd.	EuroHedge Fixed Income Arbitrage Index	DJIA Fixed Income Arbitrage Index
Annualized	18.14%	4.71%	7.78%
Last 12 months	7.54%	5.35%	2.10%
Last 3 months	-1.39%	1.81%	-0.15%
Since inception	160.84%	29.27%	51.90%
Best month	8.18%	1.51%	2.77%
Worst month	-3.82%	-0.50%	-1.14%
Positive months	84.06%	88.06%	86.76%
Negative months	15.94%	11.94%	13.24%
Volatility	7.18%	1.30%	2.35%
Sharpe Ratio	2.46	3.27	3.11

MIDGARD

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NEWSLETTER MAY 2015

RETURN DISTRIBUTION



Moments	Midgard Fixed Income Fund Ltd.	EuroHedge Fixed Income Arbitrage Index	DJIA Fixed Income Arbitrage Index
Return	18.14%	4.71%	7.78%
Standard deviation	7.18%	1.30%	2.35%
Kurtosis	1.93	0.63	1.15
Skewness	0.46	-0.09	0.31

Correlation analysis	Midgard Fixed Income Fund Ltd.	EuroHedge Fixed Income Arbitrage Index	DJIA Fixed Income Arbitrage Index
Correlation coefficient	-	45.89%	18.81%
Beta	-	254.03%	51.83%
Alpha	-	9.40%	16.31%
R2	-	21.06%	3.54%
Autocorrelation	18.55%	-5.61%	33.99%

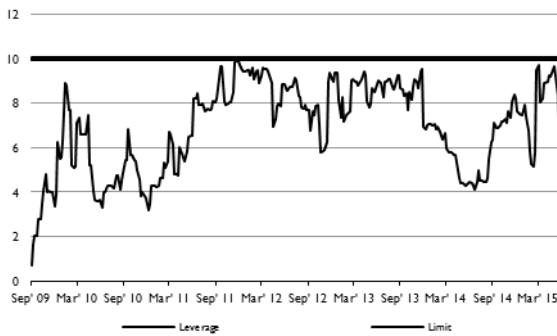
MIDGARD

FIXED INCOME FUND LIMITED

NEWSLETTER MAY 2015

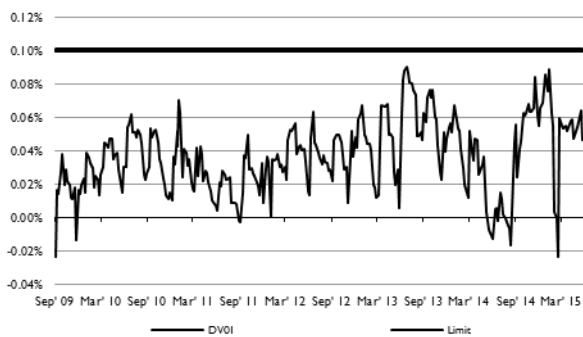
RISK & LINE LIMITS

LEVERAGE

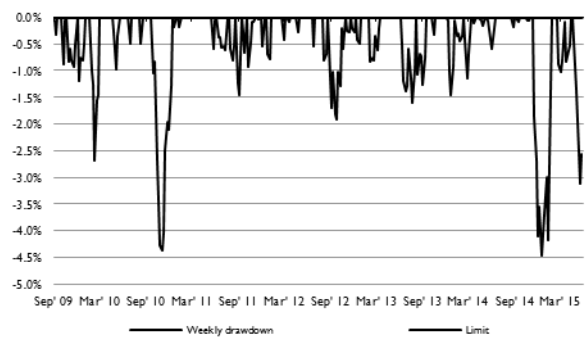


Risk	Midgard	Limit/limit
DV01	0.05%	± 0.10%
Leverage	7.19	Max. 10
VaR	0.21%	Max. 2 %
FX exposure	27.79%	Max. 100 %

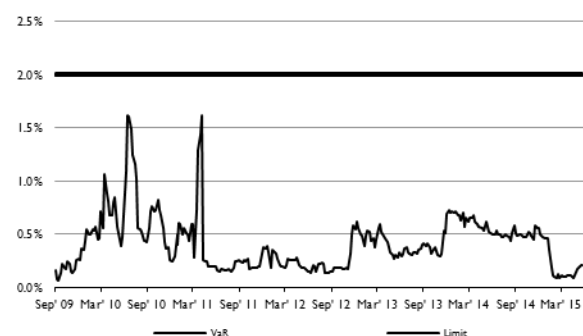
DV01



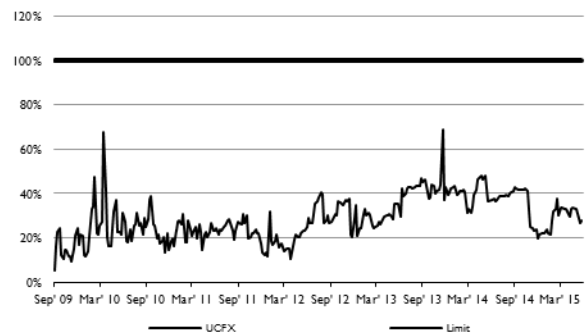
WEEKLY DRAWDOWN



VaR



NON-COVERED FX EXPOSURE



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NEWSLETTER MAY 2015

RISK FIGURES

Risk Figure	Weekly data		Note
	Since inception	1Y	
<i>Period</i>			
Portfolio return (r_p)	18.14%	7.54%	
Excess return ($r_p - r_f$)	17.75%	7.55%	
<i>36 month</i>			
Portfolio return (r_p)	12.76%	-	
Excess return ($r_p - r_f$)	12.68%	-	
Maximum drawdown since inception	4.46%	4.46%	
Maximum drawdown 36m	4.46%	-	*
Largest individual drawdown			
First	1.86%	4.46%	
Second	1.85%	4.18%	
Third	1.46%	4.11%	
Average	1.72%	4.25%	
Calmar Ratio	2.84	-	*
MAR Ratio	3.98	1.69	
Sterling ratio	10.30	1.77	
Downside risk	0.79%	1.86%	
Upside risk	1.33%	3.15%	
Loss standard deviation	6.57%	6.41%	
Gain standard deviation	5.15%	6.35%	
Mean absolute moment, downside	-24.61%	-27.11%	
Mean absolute moment, upside	38.19%	32.56%	
Omega ratio	1.69	1.69	
Volatility skewness	0.61	0.98	

* Not applicable for 1-year returns

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Strategy AUM	EUR 502.710 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
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