



NEWSLETTER MAY 2016

MIDGARD
FIXED INCOME FUND LIMITED

MIDGARD

FIXED INCOME FUND LIMITED

NEWSLETTER MAY 2016

| Performance & NAV | AA | A | B |
|---------------------|--------|--------|--------|
| Monthly return | 1.94% | 1.94% | 1.65% |
| Return year-to-date | 7.02% | 7.02% | 6.37% |
| NAV per share | 275.02 | 135.56 | 127.48 |

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

MARKET UPDATE MAY 2016

The Midgard Fixed Income Fund Ltd. Returned 1.94% in May, bringing total year-to-date performance to 7.02%.

May was a month with oil prices on the rise as well as continued improving economic data out of the US leading to a tendency for higher USD yields. The spread between German and US 10 year yields widened by 10bp and centralbank rhetoric was somewhat hawkish driven mainly by the FED as well as the Riksbank.

The Swedish yield curve flattened in the longer end whereas bostäder in the 2 year segment stayed unchanged and in the 5 year segment performed versus swap driven mainly by index extensions.

Risk appetite over won fears of vast amounts of spread risk coming to the Danish market via the quarterly refinancing auctions with some 80bn DKK FRNs expiring. FRN as well as ARMs performed 3bp along the curve and combined with an appreciation of the DKK currency there was a general markets sense of domestic as well as international desire for Danish assets probably to some extent driven by fears of Brexit vote in June. Also data from the Danish Central Bank revealed a rise in the Foreign Reserves of some 23.4bn DKK which was the first market intervention and addition to the reserves since early 2015.



Jesper Slemming
Chief Investment Officer, Midgard

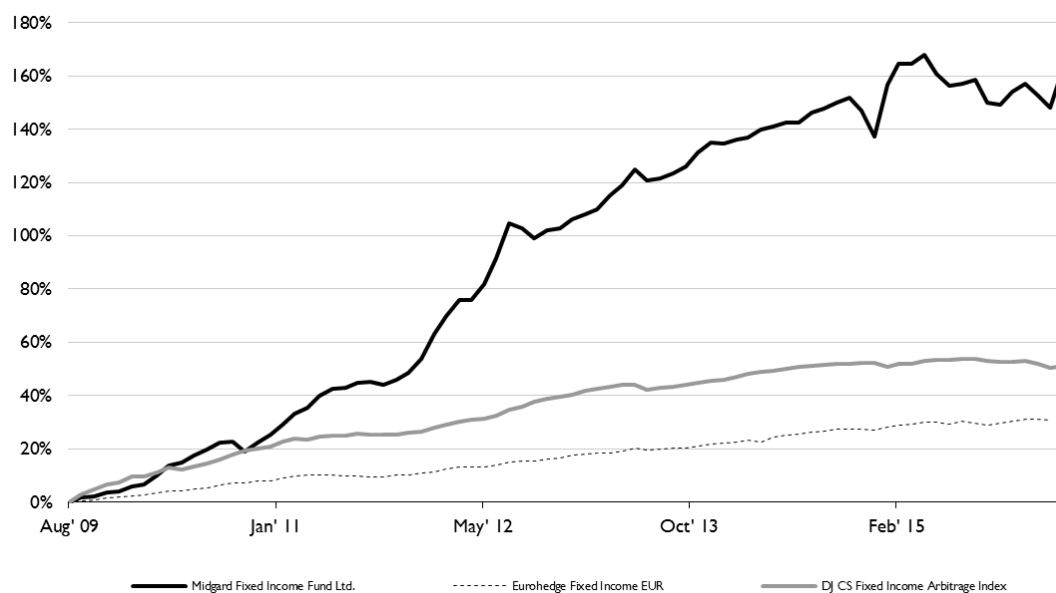
MIDGARD

FIXED INCOME FUND LIMITED

NEWSLETTER MAY 2016

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% | | | | | | | | 7.02% |



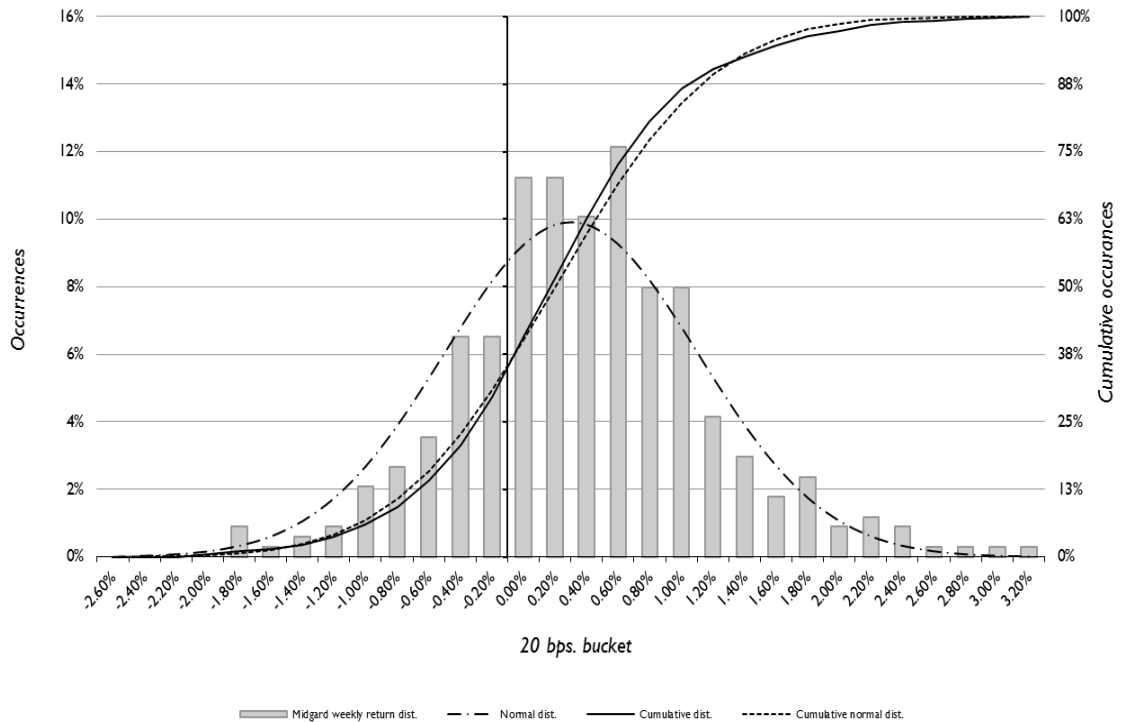
| Return | Midgard Fixed Income Fund Ltd. | EuroHedge Fixed Income Arbitrage Index | DJIA Fixed Income Arbitrage Index |
|-----------------|--------------------------------|--|-----------------------------------|
| Annualized | 16.17% | 4.52% | 6.55% |
| Last 12 months | 5.45% | 3.34% | -0.08% |
| Last 3 months | 10.90% | 2.42% | 2.13% |
| Since inception | 175.06% | 34.26% | 53.48% |
| Best month | 8.18% | 1.51% | 2.77% |
| Worst month | -3.82% | -0.58% | -1.14% |
| Positive months | 80.25% | 83.75% | 81.48% |
| Negative months | 19.75% | 16.25% | 18.52% |
| Volatility | 7.47% | 1.51% | 2.43% |
| Sharpe Ratio | 2.12 | 2.77 | 2.55 |

MIDGARD

FIXED INCOME FUND LIMITED

NEWSLETTER MAY 2016

RETURN DISTRIBUTION



| Moments | Midgard Fixed Income Fund Ltd. | EuroHedge Fixed Income Arbitrage Index | DJIA Fixed Income Arbitrage Index |
|--------------------|--------------------------------|--|-----------------------------------|
| Return | 16.17% | 4.52% | 6.55% |
| Standard deviation | 7.47% | 1.51% | 2.43% |
| Kurtosis | 1.41 | 0.32 | 0.84 |
| Skewness | 0.40 | -0.03 | 0.29 |

| 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 | 21.97% | 0.95% | 38.78% |

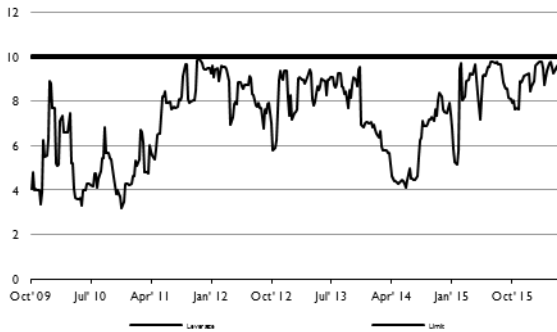
MIDGARD

FIXED INCOME FUND LIMITED

NEWSLETTER MAY 2016

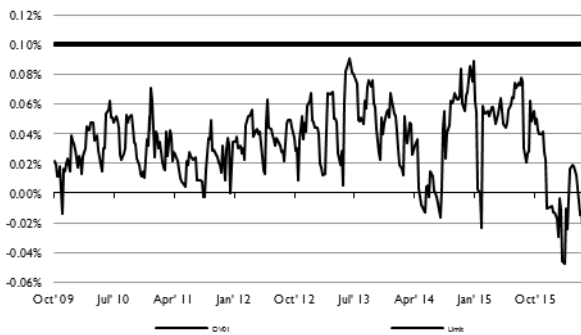
RISK & LINE LIMITS

LEVERAGE

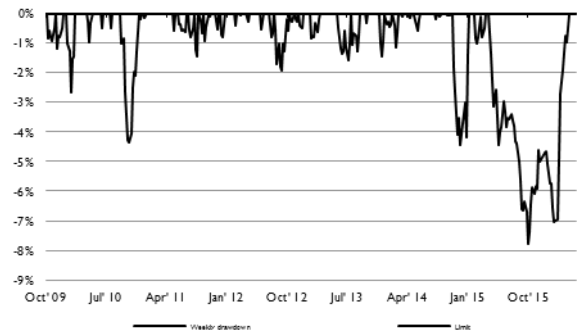


| Risk | Midgard | Line/limit |
|-------------|---------|------------|
| DV01 | 0.01% | ± 0.10% |
| Leverage | 9.69 | Max. 10 |
| VaR | 0.39% | Max. 2 % |
| FX exposure | 82.24% | Max. 100 % |

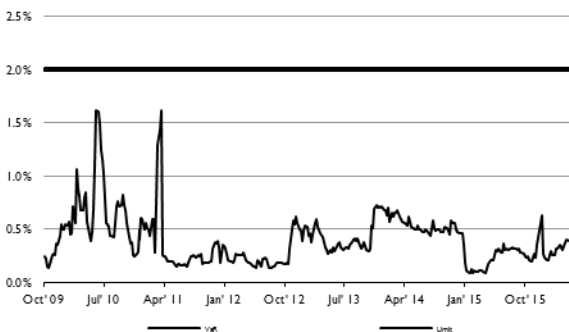
DV01



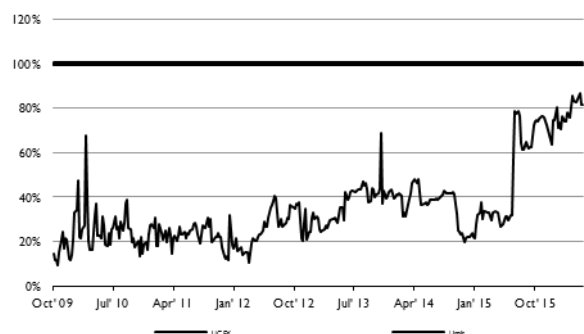
WEEKLY DRAWDOWN



VaR



NON-COVERED FX EXPOSURE



MIDGARD

FIXED INCOME FUND LIMITED

NEWSLETTER MAY 2016

RISK FIGURES

| Risk Figure | Weekly data | | Note |
|----------------------------------|-----------------|---------|------|
| | Since inception | 1Y | |
| <i>Period</i> | | | |
| Portfolio return (r_p) | 16.17% | 5.45% | |
| Excess return ($r_p - r_f$) | 16.18% | 5.51% | |
| <i>36 month</i> | | | |
| Portfolio return (r_p) | 6.94% | - | |
| Excess return ($r_p - r_f$) | 6.96% | - | |
| Maximum drawdown since inception | 7.78% | 7.78% | |
| Maximum drawdown 36m | 7.78% | - | * |
| Largest individual drawdown | | | |
| First | 1.86% | 1.15% | |
| Second | 1.85% | 1.01% | |
| Third | 1.46% | 0.95% | |
| Average | 1.72% | 1.04% | |
| Calmar Ratio | 0.90 | - | * |
| MAR Ratio | 2.08 | 0.71 | |
| Sterling ratio | 9.39 | 5.26 | |
| Downside risk | 0.73% | 1.15% | |
| Upside risk | 1.24% | 2.35% | |
| Loss standard deviation | 6.29% | 4.75% | |
| Gain standard deviation | 5.25% | 5.48% | |
| Mean absolute moment, downside | -24.57% | -25.79% | |
| Mean absolute moment, upside | 37.36% | 30.03% | |
| Omega ratio | 1.69 | 2.04 | |
| Volatility skewness | 0.70 | 1.33 | |

* Not applicable for 1-year returns

MIDGARD

FIXED INCOME FUND LIMITED

| | |
|--------------------|--|
| Strategy AUM | EUR 426.811 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 |