

NEWSLETTER MAY 2017



PFA
INVESTMENT FUND

Performance & NAV	AA	A	B
Monthly return	0.74%	0.74%	0.59%
Return year-to-date	3.62%	3.62%	3.11%
NAV per share	302.06	148.87	137.46

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

MARKET UPDATE MAY 2017

PFA Investment Fund - Midgard Fixed Income Fund returned 0.74 % in May, bringing total YTD performance to 3.62 %.

Markets struck a dovish note in global money markets in May. After an April characterized by hawkish signaling by especially the ECB, markets took a step back in May to reconsider their bets on tighter monetary conditions. Pricing of US, European and Swedish forward implied policy rates all fell back and are now pricing relatively slow paces of policy normalization.

In Denmark, mortgage lenders concluded their auction issuance of approx. 60bn DKK of 1-5 year floating rate notes. The bonds were very well subscribed and fared quite well in secondary market trading, tightening the spread vis-à-vis fixed coupon non-callables significantly in the immediate period post issuance. Non-domestic investors are still very active in the short end of the covered curve, ensuring a relatively steep and stable term structure.

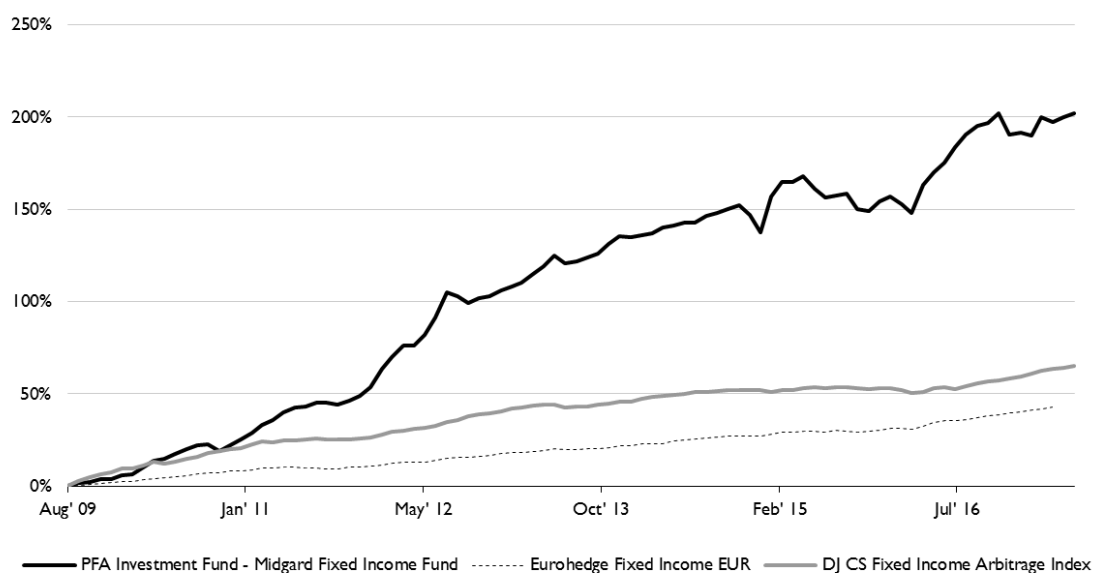
Swedish covered bonds fared similarly well in May as the trend of tightening spreads that has been in effect since January continued. What now remains to be seen is whether at current spreads markets are able to absorb the expected issuance of long-dated covered bonds. This is especially the case at a time when ASW curves are near historically flat levels. The question here, of course, is whether—issuance notwithstanding—these levels are sustainable at all in the near term.



Jesper Slemming
Chief Investment Officer, PFA Investment Fund

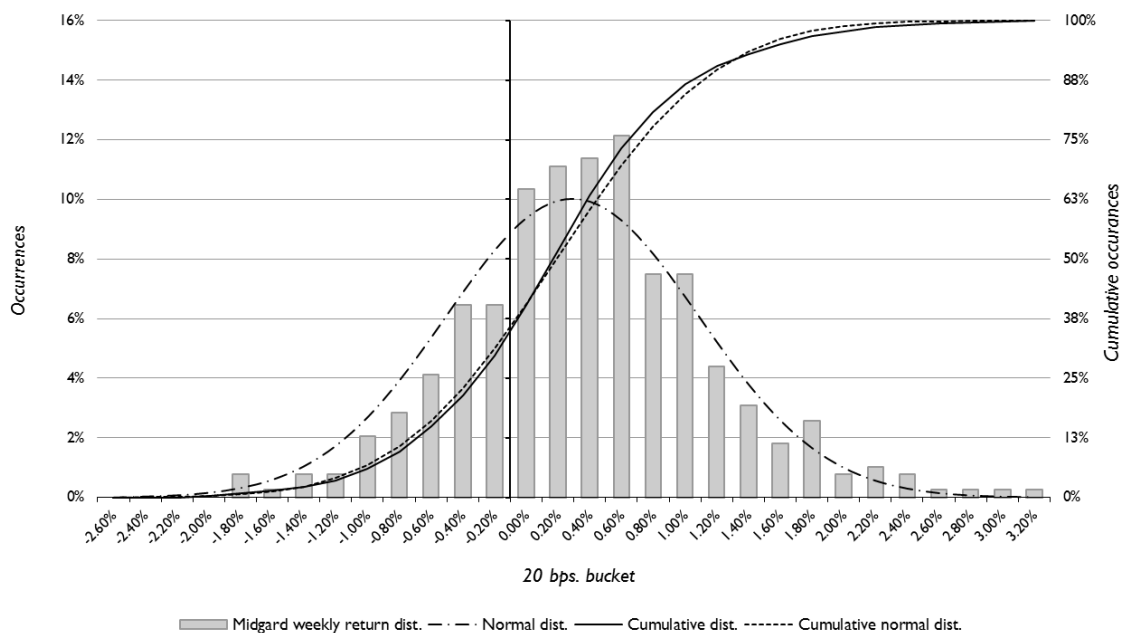
HISTORICAL PERFORMANCE

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%								3.62%



Return	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Annualized	15.33%	4.82%	6.70%
Last 12 months	9.82%	8.01%	7.72%
Last 3 months	0.71%	2.02%	1.88%
Since inception	202.06%	42.90%	65.32%
Best month	8.18%	1.51%	2.77%
Worst month	-3.82%	-0.58%	-1.14%
Positive months	79.57%	85.71%	82.80%
Negative months	20.43%	14.29%	17.20%
Volatility	7.37%	1.45%	2.33%
Sharpe Ratio	2.05	3.15	2.78

RETURN DISTRIBUTION



Moments	PFA Investment Fund -	EuroHedge Fixed Income	DJ CS Fixed Income
	Midgard Fixed Income Fund	Arbitrage Index	Arbitrage Index
Return	15.33%	4.82%	6.70%
Standard deviation	7.37%	1.45%	2.33%
Kurtosis	1.44	0.45	1.04
Skewness	0.31	-0.14	0.20

Correlation analysis	PFA Investment Fund -	EuroHedge Fixed Income	DJ CS Fixed Income
	Midgard Fixed Income Fund	Arbitrage Index	Arbitrage Index
Correlation coefficient	-	49.79%	26.95%
Beta	-	254.89%	85.38%
Alpha	-	2.43%	9.04%
R2	-	24.79%	7.26%
Autocorrelation	19.45%	3.92%	37.24%

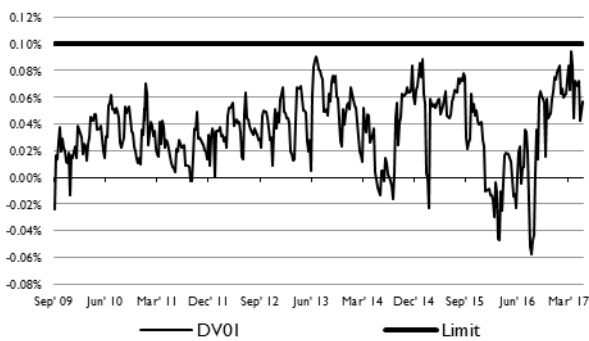
RISK & LINE LIMITS

GEARING BONDS DURATION > 2Y

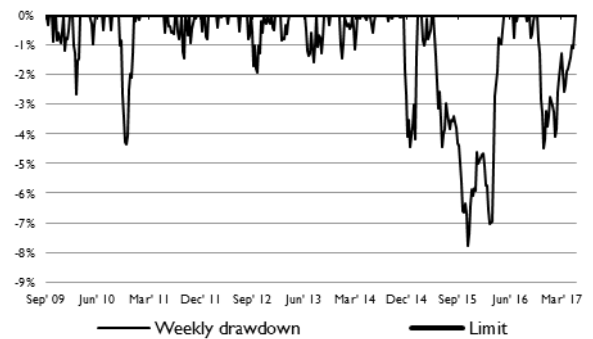


Risk	Midgard	Lime/limit
DV01	0.05%	± 0.10%
Leverage	5.06	Max. 10
VaR	0.53%	Max. 2 %
FX exposure	77.58%	Max. 100 %

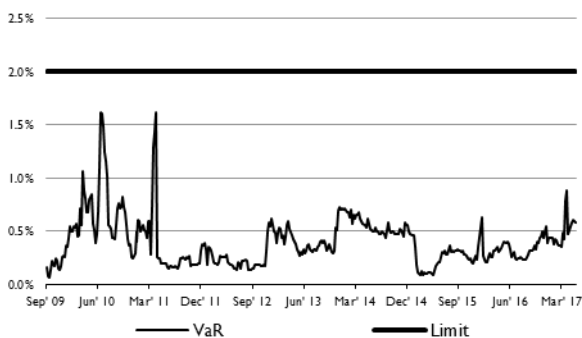
DV01



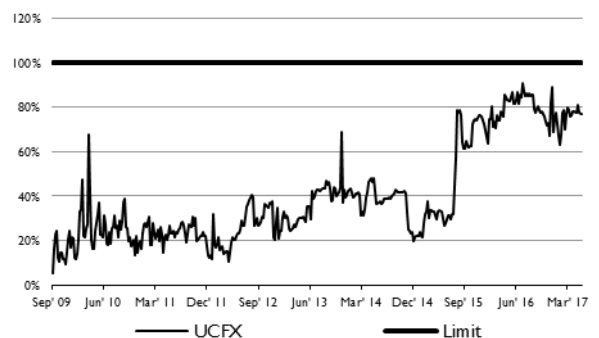
WEEKLY DRAWDOWN



VaR



NON-COVERED FX EXPOSURE



RISK FIGURES

Risk Figure	Weekly data		Note
	Since inception	1Y	
<i>Period</i>			
Portfolio return (r_p)	15.33%	9.82%	
Excess return ($r_p - r_f$)	15.13%	10.20%	
<i>36 month</i>			
Portfolio return (r_p)	7.59%	-	
Excess return ($r_p - r_f$)	7.79%	-	
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	1.00	-	*
MAR Ratio	1.94	2.28	
Sterling ratio	8.60	8.10	
Downside risk	0.68%	1.57%	
Upside risk	1.16%	1.72%	
Loss standard deviation	6.31%	6.56%	
Gain standard deviation	5.14%	4.16%	
Mean absolute moment, downside	-25.45%	-31.96%	
Mean absolute moment, upside	36.51%	30.09%	
Omega ratio	1.69	1.09	
Volatility skewness	0.66	0.40	

* Not applicable for 1-year returns

PFA

INVESTMENT FUND

Strategy AUM	EUR 538.190 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