

NEWSLETTER MAY 2018

PFA
INVESTMENT FUND

Performance & NAV	AA	A	B
Monthly return	-2.12%	-2.05%	-1.99%
Return year-to-date	0.78%	0.70%	0.31%
NAV per share	315.71	155.46	141.76

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

MARKET UPDATE MAY 2018

PFA Investment Fund - Midgard Fixed Income Fund returned -2.12 % in May, bringing total return to 0.78 %.

There is a saying; 'Sell in May and stay away'.

I am not fully sure whether May 2018 will actually fall into that category – looking in the rear-view mirror it is easy to pick a top 3 for the saying....In the classic meaning the saying relates to equity markets and hence was not a useful 'investment tool' for the financial market as almost all larger equity indices showed gains, with the exception of European indices closing a wee bit into negative territory. Even equity volatility continued drifting lower.

On the other hand it would be useful when looking at interest rate markets. It was a matter of European credit risk and short end liquidity as the newly formed Italian government made statements in relation to the European Union and membership hereof sending jitters through financial markets....

Italian 10 Year government bond versus German peers widened from 120bp to 245bp, German government bonds performed tremendously well versus interest rate swaps and the difference between EONIA and EURIBOR (a classic risk off indicator showing the 'value of liquidity') widened from 5,7bp to 11bp in the 2 Year.

Euro Debt Crisis one-o'-one with flash backs to 2011.

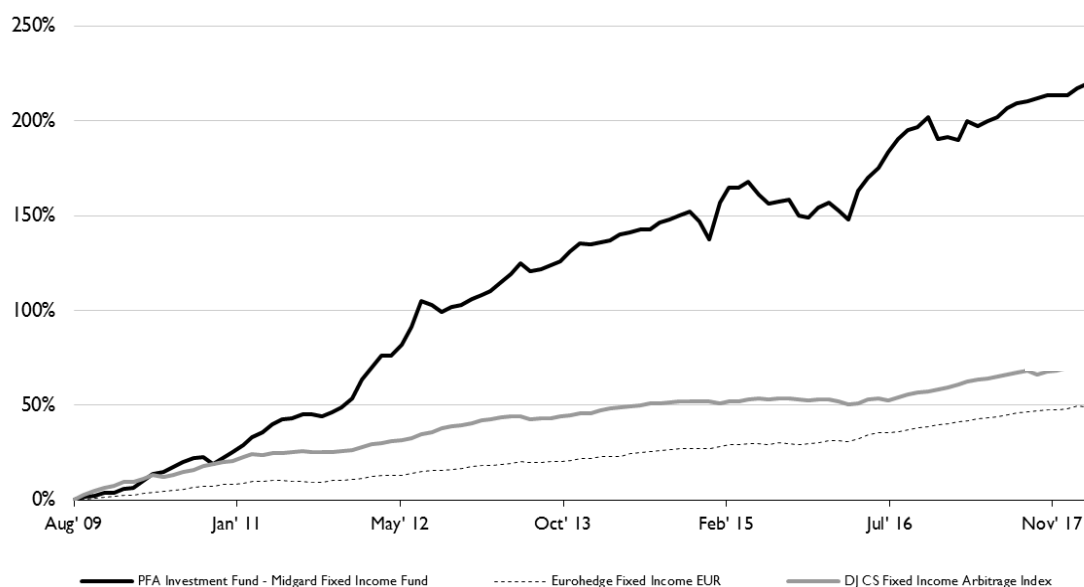
Even though the risk off sentiment in Europe typically would have led to massive interest for Scandinavian assets, it seemed that the early Summer doldrums hit core markets of Midgard. Spreads hardly moved with the exception of well performing Government Bonds.



Jesper Slemming
Chief Investment Officer, PFA Investment Fund

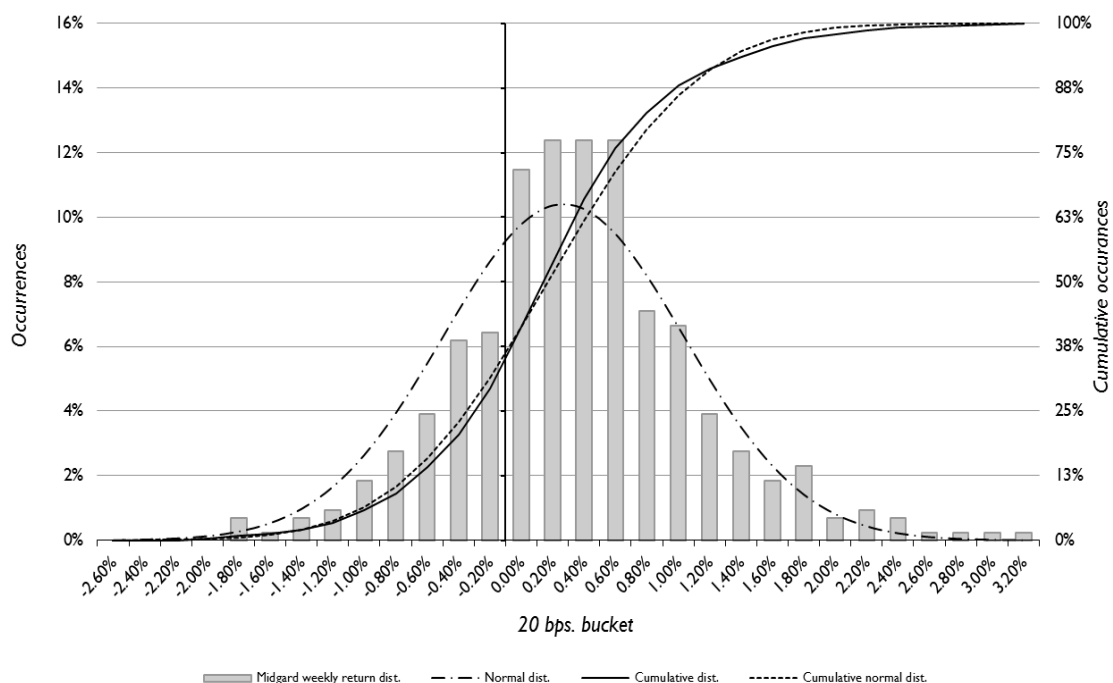
HISTORICAL PERFORMANCE

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%	1.45%	0.87%	0.33%	0.57%	0.42%	0.08%	-0.07%	7.46%
2018	1.23%	0.68%	-0.20%	1.24%	-2.12%								0.78%



Return	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Annualized	14.47%	4.77%	6.59%
Last 12 months	7.58%	4.39%	5.93%
Last 3 months	1.72%	0.65%	1.75%
Since inception	222.56%	49.19%	72.96%
Best month	8.18%	1.51%	2.77%
Worst month	-3.82%	-0.58%	-1.19%
Positive months	79.81%	85.44%	83.50%
Negative months	20.19%	14.56%	16.50%
Volatility	7.02%	1.41%	2.30%
Sharpe Ratio	2.03	3.26	2.79

RETURN DISTRIBUTION

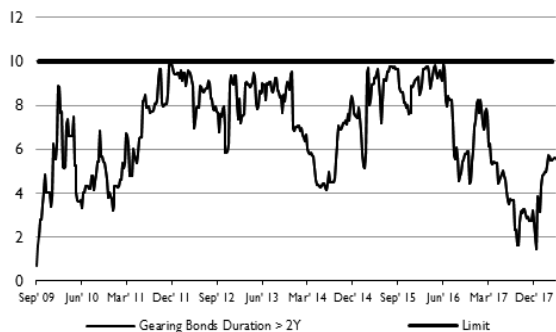


Moments	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Return	14.47%	4.77%	6.59%
Standard deviation	7.02%	1.41%	2.30%
Kurtosis	1.85	0.54	1.28
Skewness	0.40	-0.12	0.06

Correlation analysis	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Correlation coefficient	-	49.66%	26.02%
Beta	-	249.25%	79.82%
Alpha	-	1.94%	8.69%
R2	-	24.66%	6.77%
Autocorrelation	20.04%	4.06%	32.77%

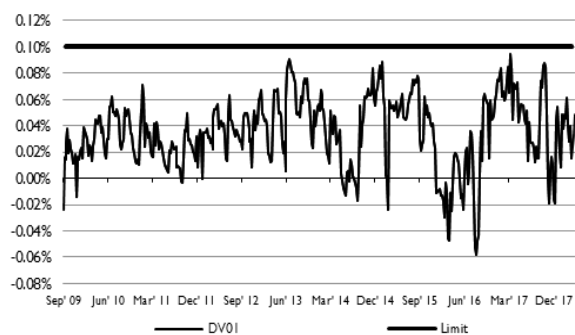
RISK & LINE LIMITS

GEARING BONDS DURATION > 2Y

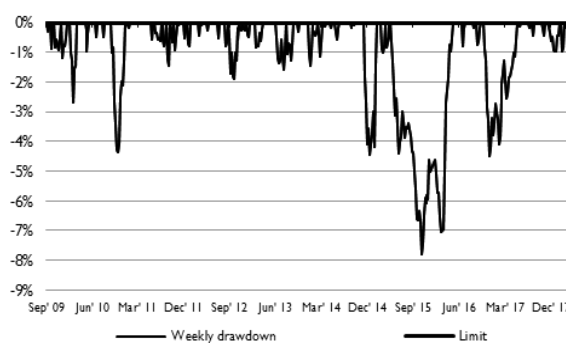


Risk	Midgard	Lime/limit
DV01	0.01%	± 0.10%
Leverage	5.39	Max. 10
VaR	0.66%	Max. 2 %
FX exposure	52.01%	Max. 100 %

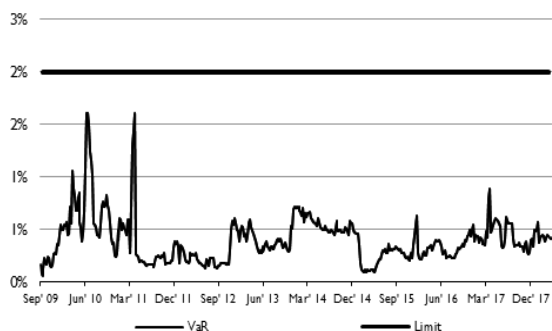
DV01



WEEKLY DRAWDOWN



VaR



NON-COVERED FX EXPOSURE



RISK FIGURES

Risk Figure	Weekly data		Note
	Since inception	1Y	
<i>Period</i>			
Portfolio return (r_p)	14.47%	7.58%	
Excess return ($r_p - r_f$)	14.33%	7.96%	
<i>36 month</i>			
Portfolio return (r_p)	6.37%	-	
Excess return ($r_p - r_f$)	6.68%	-	
Maximum drawdown since inception	7.78%	4.08%	
Maximum drawdown 36m	7.78%	-	*
Largest individual drawdown			
First	1.86%	0.85%	
Second	1.85%	0.69%	
Third	1.57%	0.63%	
Average	1.76%	0.72%	
Calmar Ratio	0.86	-	*
MAR Ratio	1.84	1.95	
Sterling ratio	8.15	10.52	
Downside risk	0.66%	0.85%	
Upside risk	1.11%	1.33%	
Loss standard deviation	6.07%	3.62%	
Gain standard deviation	5.02%	2.56%	
Mean absolute moment, downside	-24.33%	-16.21%	
Mean absolute moment, upside	34.89%	19.27%	
Omega ratio	1.69	1.57	
Volatility skewness	0.68	0.50	

* Not applicable for 1-year returns

PFA

INVESTMENT FUND

Strategy AUM	EUR 522.7 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
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