

NEWSLETTER May 2019



PFA
INVESTMENT FUND

Performance & NAV	AA	A	B
Monthly return	-2.39%	-2.20%	-2.08%
Return year-to-date	7.99%	7.42%	7.25%
NAV per share	330.92	160.42	146.10

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

MARKET UPDATE May 2019

PFA Investment Fund - Midgard Fixed Income Fund returned -2.39% in May, bringing total YTD return to 7.99 %.

A continuation and escalation of the Trade War between China and the US sent shatters through the financial system.....or at least through interest rate markets as long end spreads between US 10 Year and 30 Year swap steepened and the pricing of FED cuts became even more aggressive with easing expected to come already during the Summer!

Risky assets sold off as a response, although in a contained manner as the prospects of lower short end rates paved the way for risk appetite.

30 Year EURO interest rate swap fell to 92bp – not far from the bottoms seen in 2016. Also inflation expectations (expressed as 5 Year inflation 5 Year forward – a preferred financial market measure) in Europe as well as US fell in a rather dramatic manner.

The Midgard Fixed Income Fund gave back some of the return from earlier this Year and was in general not positioned for the movements in the core markets as well as global financial markets.

In Sweden, the liquidity remained scarce which, among others, materialized through a steepening of the covered bond ASW curve. Meanwhile, funding facilities became more expensive, adding to the negative return contribution from the core Swedish portfolio. Also, the FRA curve rose some 8bp, taking the spread to European likes wider.

The forward curve of the 1 Year Swedish interest rate swap against Europe contracted and forward roll went flat as the curve flattened (1 Year swap in 1 Year, 2 Year, 3 Year etc) taking out any roll potential in the Swedish short end curve.

The Investment team remains positive on the Swedish covered bond market as the overall prospective returns persist to look attractive.

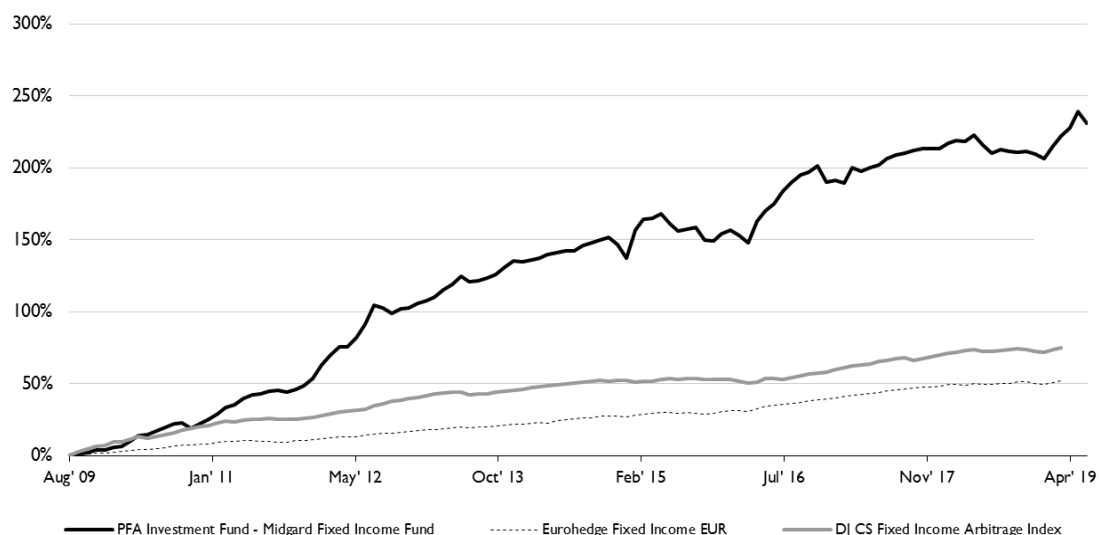
Hence the portfolio construction will remain focused towards 4-5 Year Sweden and short end exposure is sought in the Danish Covered Bond market.

Jesper Slemming
Chief Investment Officer, PFA Investment Fund



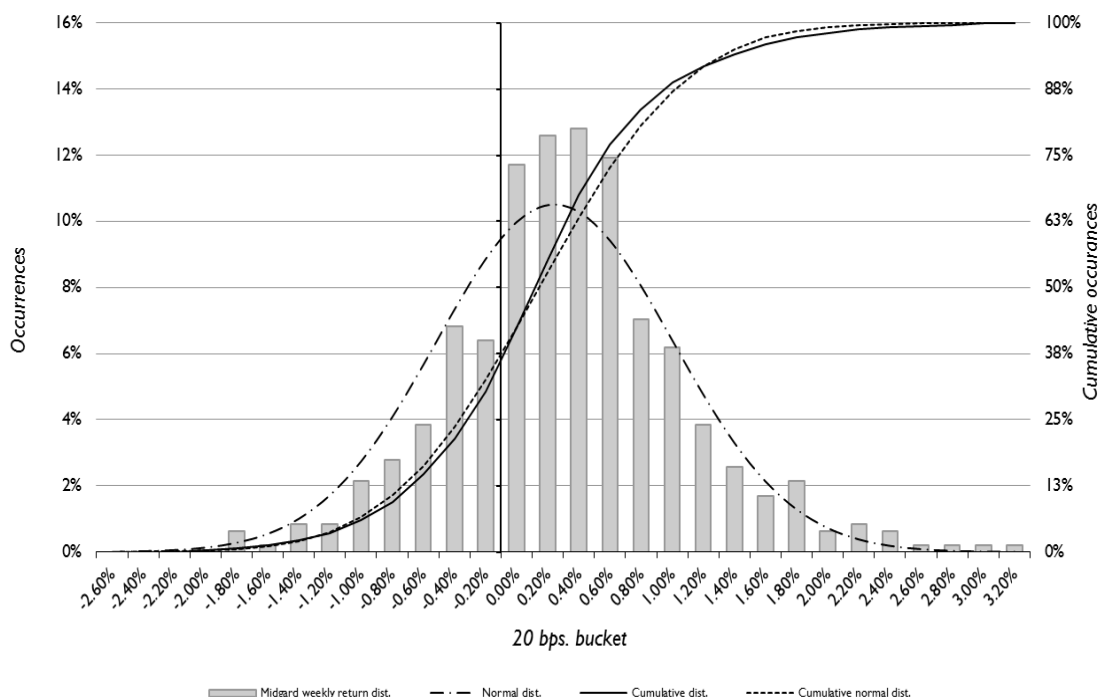
HISTORICAL PERFORMANCE

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%	-1.80%	0.77%	-0.26%	-0.25%	0.10%	-0.60%	-0.93%	-2.18%
2019	2.90%	2.08%	1.88%	3.39%	-2.39%								7.99%



Return	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Annualized	13.06%	4.51%	6.07%
Last 12 months	4.82%	1.83%	1.67%
Last 3 months	2.81%	1.29%	1.36%
Since inception	230.92%	52.05%	75.03%
Best month	8.18%	1.51%	2.77%
Worst month	-3.82%	-0.76%	-1.19%
Positive months	76.07%	82.46%	81.58%
Negative months	23.93%	17.54%	18.42%
Volatility	7.02%	1.49%	2.31%
Sharpe Ratio	1.84	2.94	2.58

RETURN DISTRIBUTION

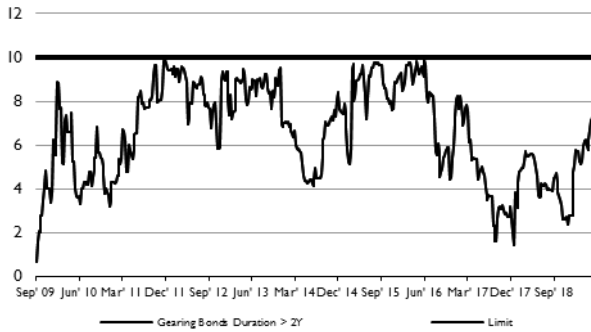


Moments	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Return	13.06%	4.51%	6.07%
Standard deviation	7.02%	1.49%	2.31%
Kurtosis	1.59	0.29	1.09
Skewness	0.40	-0.25	0.08

Correlation analysis	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Correlation coefficient	-	52.30%	31.50%
Beta	-	244.15%	95.24%
Alpha	-	1.60%	6.95%
R2	-	27.36%	9.93%
Autocorrelation	20.46%	8.98%	34.33%

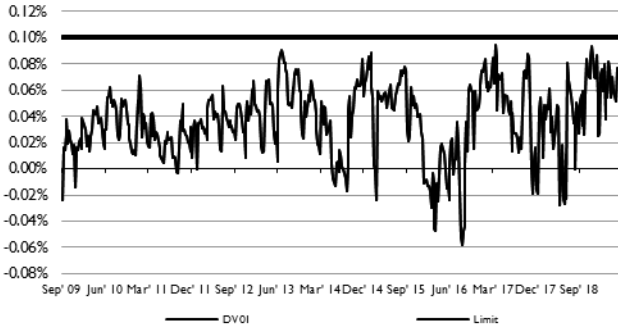
RISK & LINE LIMITS

GEARING BONDS DURATION > 2Y

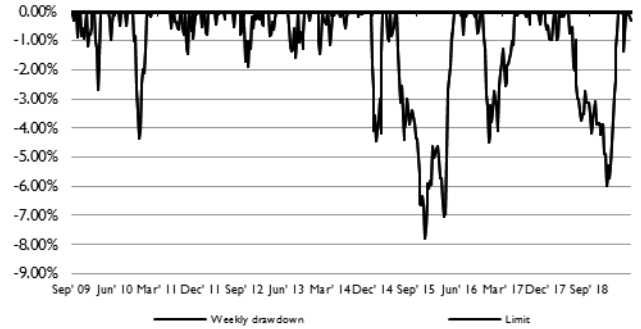


Risk	Midgard	Lime/limit
DV01	0.03%	± 0.10%
Leverage	6.95	Max. 10
VaR	0.82%	Max. 2 %
FX exposure	20.88%	Max. 100 %

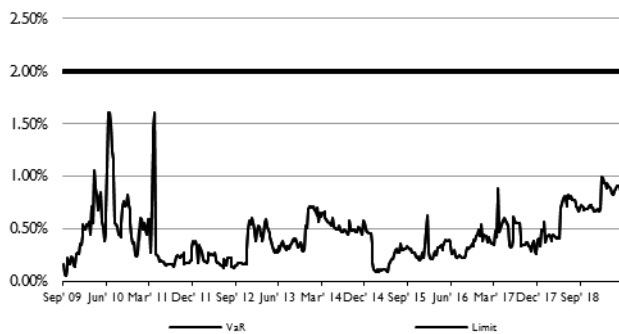
DV01



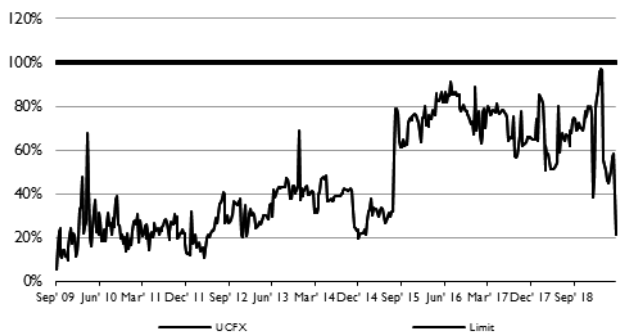
WEEKLY DRAWDOWN



VaR



NON-COVERED FX EXPOSURE



RISK FIGURES

Risk Figure	Weekly data		Note
	Since inception	1Y	
<i>Period</i>			
Portfolio return (r_p)	13.06%	4.82%	
Excess return ($r_p - r_f$)	13.06%	4.85%	
<i>36 month</i>			
Portfolio return (r_p)	6.36%	-	
Excess return ($r_p - r_f$)	6.37%	-	
Maximum drawdown since inception	7.78%	4.08%	
Maximum drawdown 36m	4.48%	-	*
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	1.42	-	*
MAR Ratio	1.68	1.19	
Sterling ratio	7.43	6.69	
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 320.2 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
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Prime Broker	Skandinaviska Enskilda Banken AB +45 33 36 85 07
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