

NEWSLETTER NOVEMBER 2016



PFA
INVESTMENT FUND

Performance & NAV	AA	A	B
Monthly return	-3.75%	-3.75%	-3.67%
Return year-to-date	12.96%	12.96%	10.88%
NAV per share	290.34	143.09	132.88

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

MARKET UPDATE NOVEMBER 2016

PFA Investment Fund - Midgard Fixed Income Fund returned -3.75 % in October, bringing total YTD return to 12.96 %.

Once again the financial markets as well as the political arena to some extent got caught in a wrongful perception as the US President Election turned out with the less reasonable outcome as Mr. Trump took the final victory – adding to 2016 as the Year of No together with the British referendum outcome to leave the EU.

November showed a continuation of steepening yield curves and spread widenings in covered bonds versus swaps. Especially Sweden seemed to suffer during the risk on sentiment which continued to spread throughout the month as key figures and central bank rhetoric turned slightly more hawkish which meant widenings of around 7bp in Swedish Covered versus swaps as well as Swedish yields loosing versus German.

The Danish market continued to show resilience as the strong ties to the Euro zone proved its worth with continued robust buying of Danish covered bonds along the curve. Even the buying of 30 Year callables seemed to have no end as every small disperformance eminently lured domestic as well as international buyers into the market.

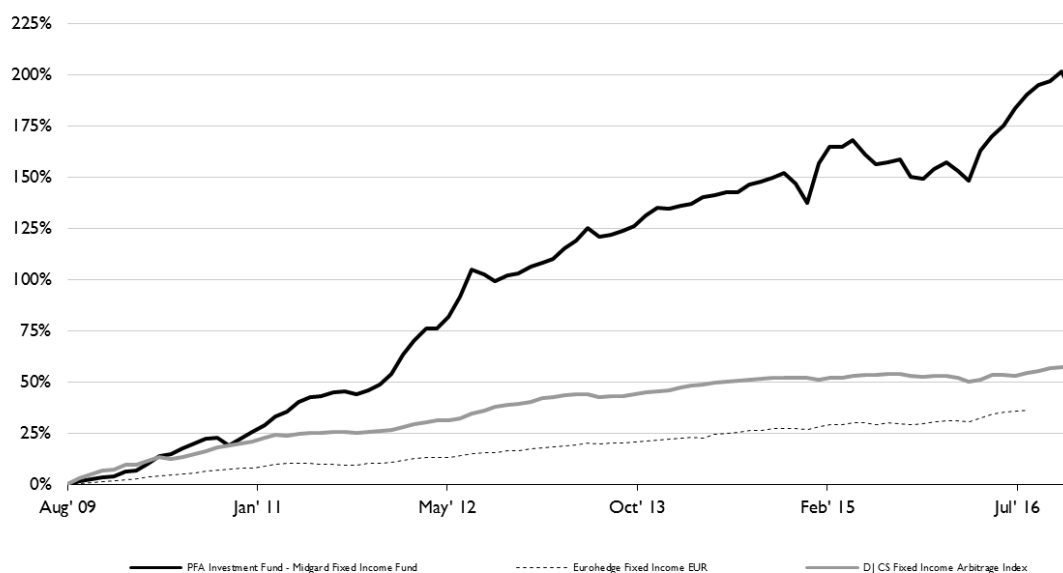
Also, the decoupling in the Transatlantic yield spread continue along the curve to all time wide levels, as US yields continued at a faster pace upwards than German ones did. It will be very interesting to follow this developments in the months to come, to realize if we have found a new level for these spreads, or if we, as seen historically, will see a reversion towards mean as too wide spreads/too strong currencies will shift allocations of risk.



Jesper Slemming
Chief Investment Officer, Midgard

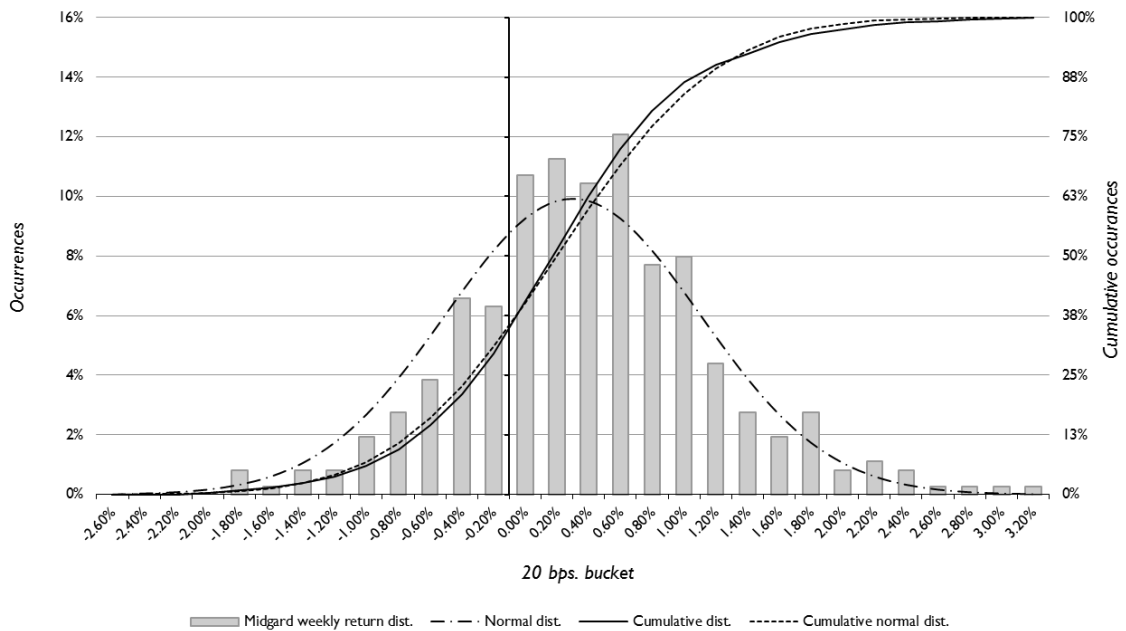
HISTORICAL PERFORMANCE

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%		12.96%



Return	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Annualized	15.84%	4.57%	6.53%
Last 12 months	14.30%	4.58%	3.50%
Last 3 months	-1.60%	1.46%	1.68%
Since inception	190.34%	36.22%	58.13%
Best month	8.18%	1.51%	2.77%
Worst month	-3.82%	-0.58%	-1.14%
Positive months	80.46%	84.34%	81.61%
Negative months	19.54%	15.66%	18.39%
Volatility	7.49%	1.49%	2.39%
Sharpe Ratio	2.08	2.88	2.61

RETURN DISTRIBUTION

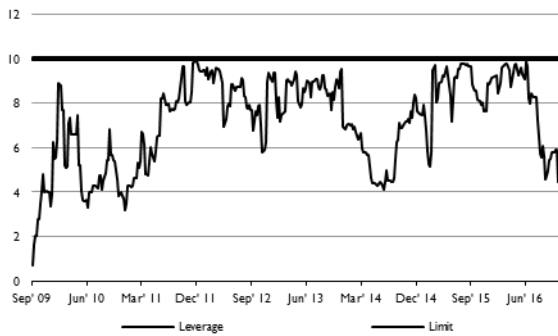


Moments	PFA Investment Fund -	EuroHedge Fixed Income	DJ CS Fixed Income
	Midgard Fixed Income Fund	Arbitrage Index	Arbitrage Index
Return	15.84%	4.57%	6.53%
Standard deviation	7.49%	1.49%	2.39%
Kurtosis	1.41	0.37	0.90
Skewness	0.26	-0.05	0.26

Correlation analysis	PFA Investment Fund -	EuroHedge Fixed Income	DJ CS Fixed Income
	Midgard Fixed Income Fund	Arbitrage Index	Arbitrage Index
Correlation coefficient	-	56.65%	28.32%
Beta	-	281.86%	88.75%
Alpha	-	2.83%	9.42%
R2	-	32.09%	8.02%
Autocorrelation	21.36%	3.52%	37.22%

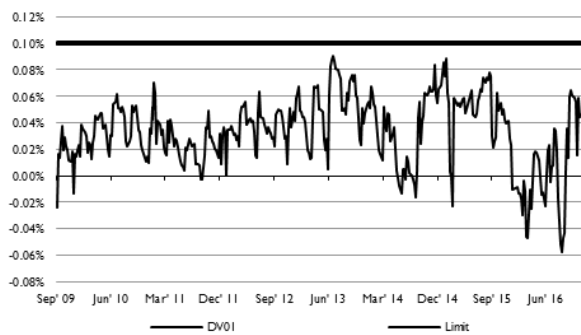
RISK & LINE LIMITS

LEVERAGE

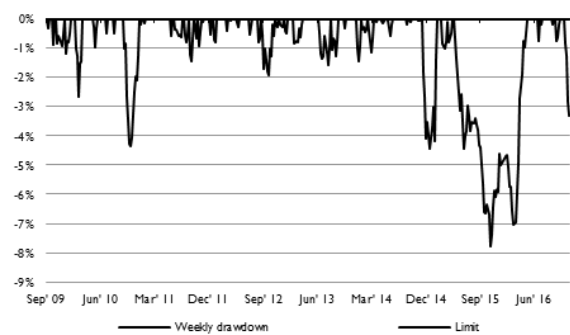


Risk	Midgard	Lime/limit
DV01	0.02%	± 0.10%
Leverage	6.63	Max. 10
VaR	0.40%	Max. 2 %
FX exposure	68.73%	Max. 100 %

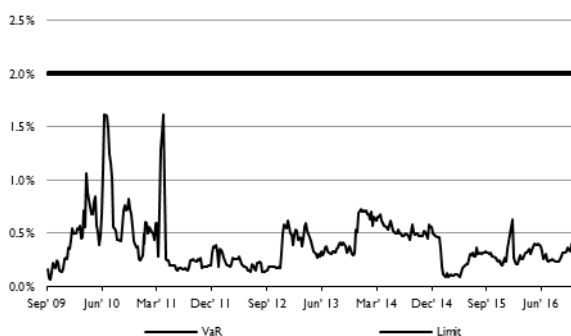
DV01



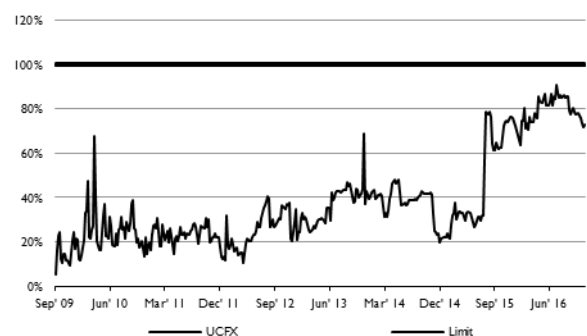
WEEKLY DRAWDOWN



VaR



NON-COVERED FX EXPOSURE



RISK FIGURES

Risk Figure	Weekly data		Note
	Since inception	1Y	
<i>Period</i>			
Portfolio return (r_p)	15.84%	14.30%	
Excess return ($r_p - r_f$)	15.59%	14.67%	
<i>36 month</i>			
Portfolio return (r_p)	7.28%	-	
Excess return ($r_p - r_f$)	7.40%	-	
Maximum drawdown since inception	7.78%	7.38%	
Maximum drawdown 36m	7.78%	-	*
Largest individual drawdown			
First	1.86%	1.57%	
Second	1.85%	0.87%	
Third	1.57%	0.86%	
Average	1.76%	1.10%	
Calmar Ratio	0.95	-	*
MAR Ratio	2.00	1.99	
Sterling ratio	8.86	13.01	
Downside risk	0.70%	1.57%	
Upside risk	1.19%	2.35%	
Loss standard deviation	6.36%	6.59%	
Gain standard deviation	5.22%	5.17%	
Mean absolute moment, downside	-25.19%	-28.44%	
Mean absolute moment, upside	37.21%	34.72%	
Omega ratio	1.69	1.50	
Volatility skewness	0.67	0.61	

* Not applicable for 1-year returns

PFA

INVESTMENT FUND

Strategy AUM	EUR 450.442 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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