

NEWSLETTER NOVEMBER 2017



PFA
INVESTMENT FUND

Performance & NAV	AA	A	B
Monthly return	0.08%	0.08%	0.01%
Return year-to-date	7.53%	7.53%	6.14%
NAV per share	313.48	154.58	141.61

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

MARKET UPDATE NOVEMBER 2017

PFA Investment Fund - Midgard Fixed Income Fund returned 0.08 % in November, bringing total YTD return to 7.53 %.

From the perspective of a Scandinavian covered bond investor, November passed without many difficulties. Both the Danish and the Swedish covered bond curves out to 5 Year flattened versus interest rate swap, mainly due to dis-performance from the short end.

Buy-side interest fell on longer dated issues which, due to added issuance, ended last month on a widening basis. Hence it made sense to focus on switching out the curve.

In Sweden, the added issuance was to some extent welcomed as most outright investors are facing a large index duration extension come December.

Looking at the long end of covered bonds in Denmark, the callable segment continued to perform. One peculiar thing, which have not yet been a focal point of anything but the local market, is the suggestion to move the funding from Social Housing into a Government Guaranteed environment. Hereby You, as an investor, will get the opportunity to buy a covered bond, issued by the usual issuers, with an explicit Government guarantee. Some +100bn will hit the market going forward. Besides being a very peculiar way of blurring the Danish covered bond market even further, one is also left puzzled – why?

End of November the EONIA fixing spiked by some 12bp, which by historical measures, seemed aggressive for a month end move. It seemed as if the financial participants were searching all over for an explanation that would fit but without luck, although stress in the financial system was ruled out quite fast. That said, if the pattern repeats around month ends going forward, if only occasionally, we will witness a much more volatile and spikey EONIA fixing in the future. And as this is one of the more crowded areas on the curve, where fast money have received for carry in the knowledge that ECB is unlikely to move, this could lead to further volatility as these trades would be in Jeopardy.

Last month of 2017 is just around the corner and the typical issues will most likely hit the wires with USD scarcity and SEK resolution issues to name a few. As no new information or market movements have materialized the investment team continue to stay low leveraged, awaiting new opportunities.

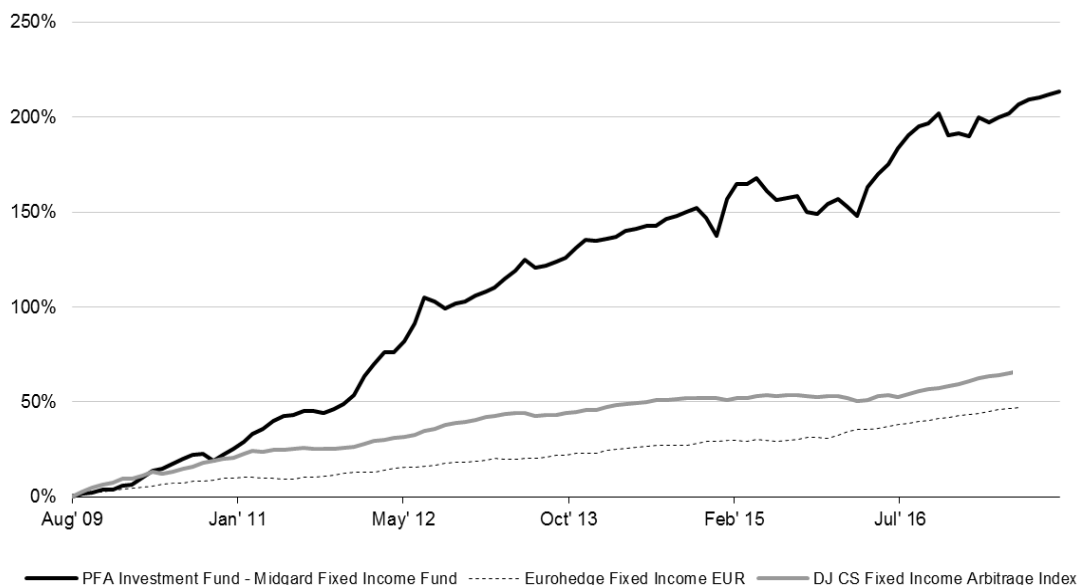


Jesper Slemming

Chief Investment Officer, PFA Investment Fund

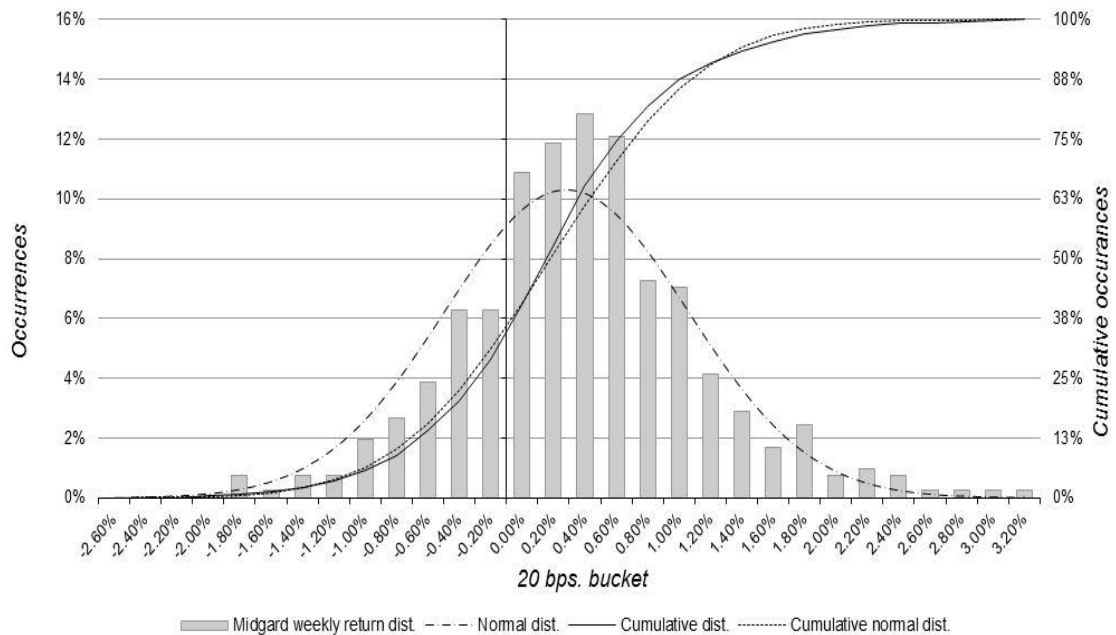
HISTORICAL PERFORMANCE

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%		7.53%



Return	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Annualized	14.85%	4.89%	6.49%
Last 12 months	7.97%	6.44%	6.12%
Last 3 months	1.07%	1.37%	0.22%
Since inception	213.48%	47.07%	66.28%
Best month	8.18%	1.51%	2.77%
Worst month	-3.82%	-0.58%	-1.19%
Positive months	80.81%	86.60%	82.47%
Negative months	19.19%	13.40%	17.53%
Volatility	7.17%	1.41%	2.36%
Sharpe Ratio	2.04	3.31	2.66

RETURN DISTRIBUTION



Moments	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Return	14.85%	4.89%	6.49%
Standard deviation	7.17%	1.41%	2.36%
Kurtosis	1.68	0.63	1.10
Skewness	0.36	-0.17	0.09

Correlation analysis	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Correlation coefficient	-	49.54%	26.63%
Beta	-	253.11%	81.53%
Alpha	-	2.05%	9.25%
R2	-	24.54%	7.09%
Autocorrelation	19.81%	4.07%	35.40%

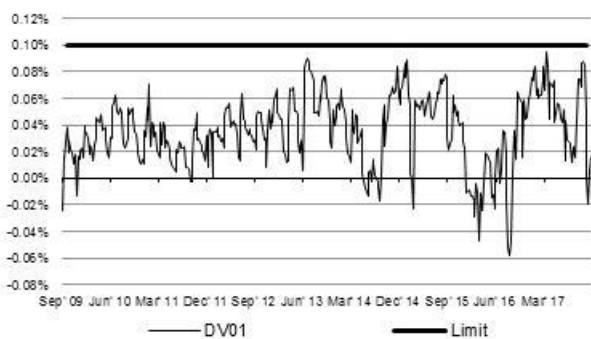
RISK & LINE LIMITS

GEARING BONDS DURATION > 2Y

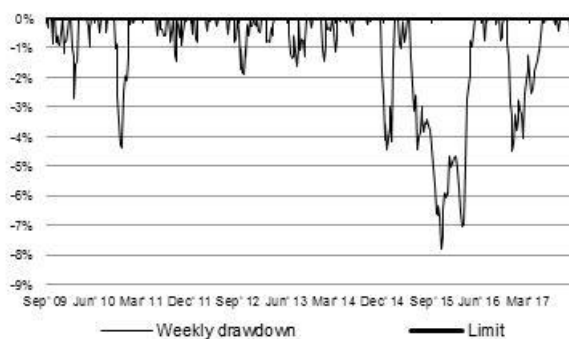


Risk	Midgard	Lime/limit
DV01	0.02%	± 0.10%
Leverage	3.28	Max. 10
VaR	0.28%	Max. 2 %
FX exposure	65.41%	Max. 100 %

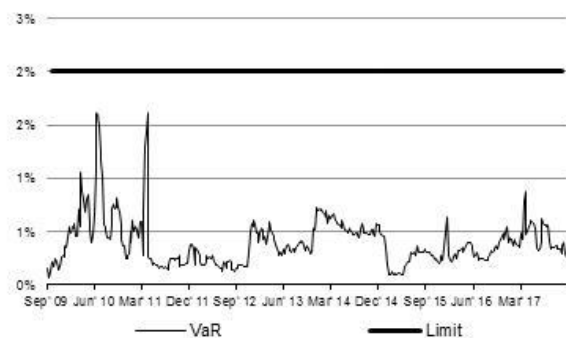
DV01



WEEKLY DRAWDOWN



VaR



NON-COVERED FX EXPOSURE



RISK FIGURES

Risk Figure	Weekly data		Note
	Since inception	1Y	
<i>Period</i>			
Portfolio return (r_p)	14.85%	7.97%	
Excess return ($r_p - r_f$)	14.69%	8.35%	
<i>36 month</i>			
Portfolio return (r_p)	8.30%	-	
Excess return ($r_p - r_f$)	8.58%	-	
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	1.10	-	*
MAR Ratio	1.89	1.87	
Sterling ratio	8.35	6.58	
Downside risk	0.66%	1.57%	
Upside risk	1.13%	1.54%	
Loss standard deviation	6.17%	5.12%	
Gain standard deviation	5.03%	3.26%	
Mean absolute moment, downside	-24.80%	-26.27%	
Mean absolute moment, upside	35.15%	20.52%	
Omega ratio	1.69	0.98	
Volatility skewness	0.66	0.41	

* Not applicable for 1-year returns

PFA

INVESTMENT FUND

Strategy AUM	EUR 507.98 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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