



# NEWSLETTER November 2018

**PFA**  
INVESTMENT FUND

Performance & NAV	<b>AA</b>	<b>A</b>	<b>B</b>
Monthly return	<b>-0.60%</b>	<b>-0.64%</b>	<b>-0.64%</b>
Return year-to-date	<b>-1.26%</b>	<b>-1.59%</b>	<b>-1.97%</b>
NAV per share	<b>309.30</b>	<b>151.93</b>	<b>138.53</b>

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

**MARKET UPDATE November 2018**

PFA Investment Fund - Midgard Fixed Income Fund returned -0.60 % in November, bringing total YTD return to -1.26 %.

After a deceleration in financial markets expectations and exposure to risky assets in October, the start of November came with a tone of calmness as broad equity markets rose, credit spreads tightened and yields rose. This even in an environment where oil continued a downward route as OPEC seemed troubled in finding common foot-ground for production cost – aimed with President Trumps comments on his ‘projections’ for future prices....

The positive sentiment did not last long. As the negative trajectory for oil prices played out, the spill-over to credit markets became ever so more evident. Spreads widened dramatically and liquidity dried out to a very low point.

Italy clashing with the European Commission and a deterioration of the prospects of a soft Brexit seemed to fade as Prime Minister May faced domestic resistance added to the stress and equity markets fell together with government bond yields.

Safe haven seemed to be focused on US Treasuries and German Bunds, whereas Scandinavian financial markets actually dis-performed traditional peers, among other explained by an early reversal of traditional year-end US Dollar richness, which spilled over to rising short end yields in Norway and Sweden.

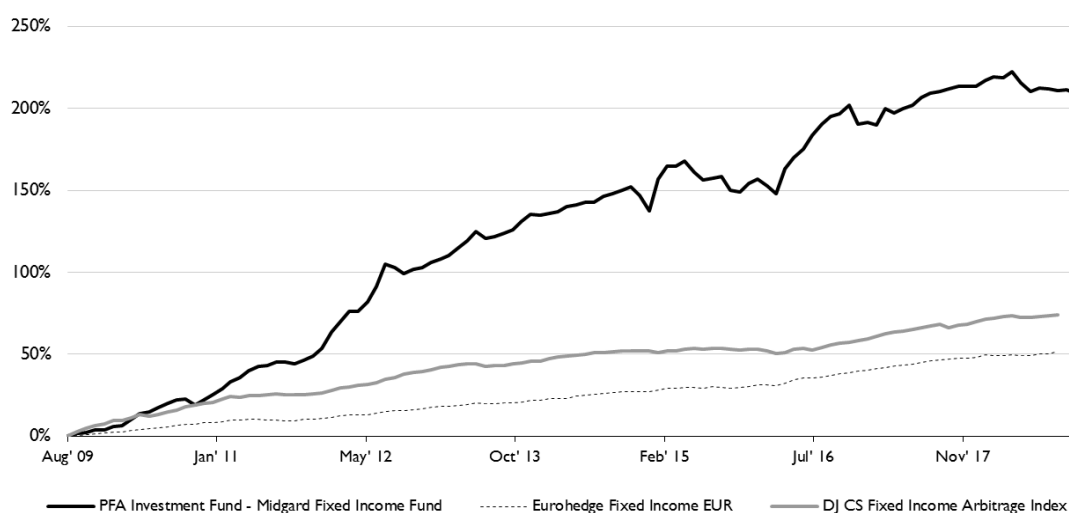
So from a positive sentiment in the first half of 2018, it seems market participants, as well as central banks, are ending 2018 with a somewhat less optimistic view on the global economy.

Jesper Slemming  
Chief Investment Officer, PFA Investment Fund



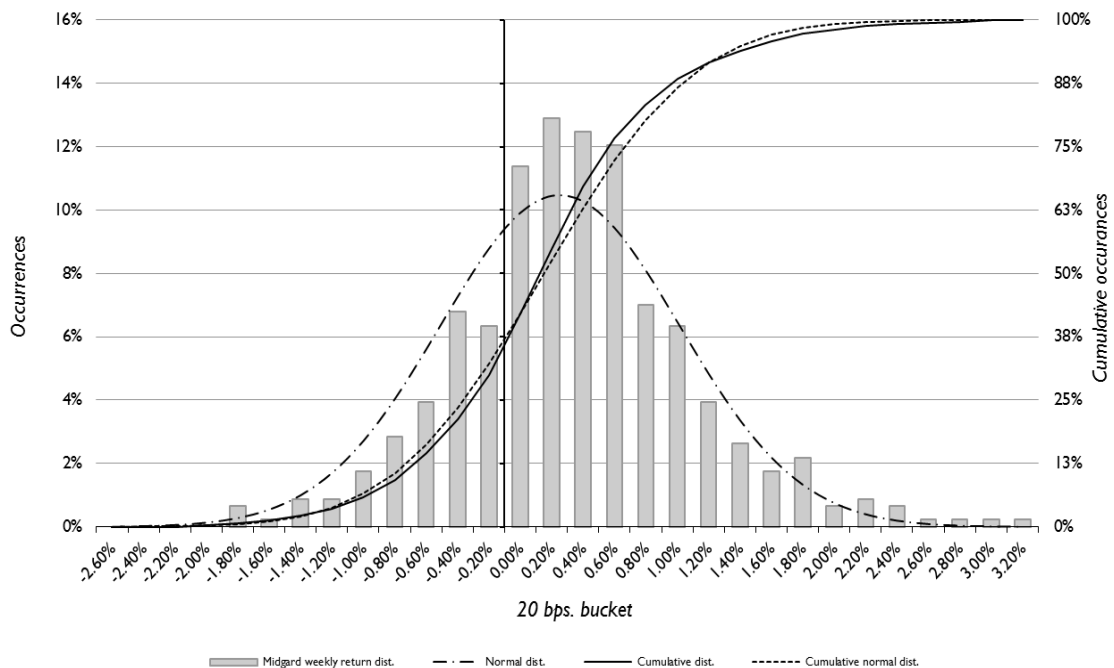
**HISTORICAL PERFORMANCE**

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%		-1.26%



Return	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Annualized	12.98%	4.68%	6.29%
Last 12 months	-1.33%	3.04%	4.71%
Last 3 months	-0.75%	1.57%	0.93%
Since inception	209.30%	51.55%	74.11%
Best month	8.18%	1.51%	2.77%
Worst month	-3.82%	-0.58%	-1.19%
Positive months	76.58%	84.40%	83.49%
Negative months	23.42%	15.60%	16.51%
Volatility	7.00%	1.41%	2.29%
Sharpe Ratio	1.83	3.21	2.69

RETURN DISTRIBUTION

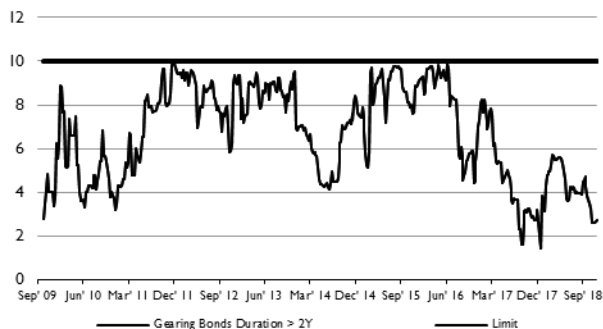


<b>Moments</b>	<b>PFA Investment Fund - Midgard Fixed Income Fund</b>	<b>EuroHedge Fixed Income Arbitrage Index</b>	<b>DJ CS Fixed Income Arbitrage Index</b>
Return	12.98%	4.68%	6.29%
Standard deviation	7.00%	1.41%	2.29%
Kurtosis	1.78	0.41	1.30
Skewness	0.47	-0.13	0.08

<b>Correlation analysis</b>	<b>PFA Investment Fund - Midgard Fixed Income Fund</b>	<b>EuroHedge Fixed Income Arbitrage Index</b>	<b>DJ CS Fixed Income Arbitrage Index</b>
Correlation coefficient	-	50.90%	28.96%
Beta	-	253.48%	89.19%
Alpha	-	0.94%	7.31%
R2	-	25.91%	8.39%
Autocorrelation	22.30%	3.06%	33.08%

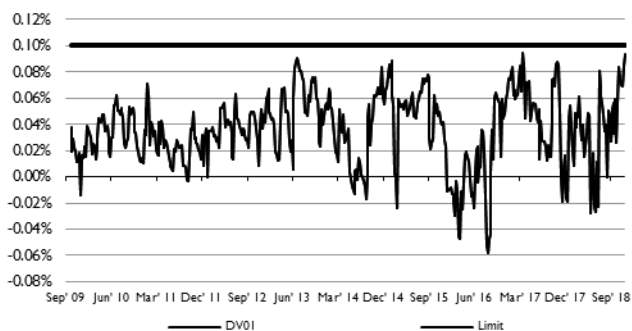
### RISK & LINE LIMITS

#### GEARING BONDS DURATION > 2Y

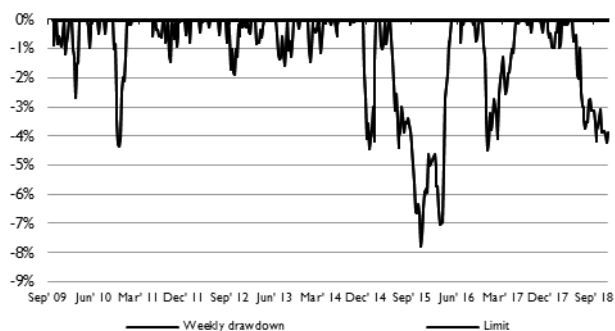


Risk	Midgard	Lime/limit
DV01	0.08%	± 0.10%
Leverage	2.37	Max. 10
VaR	0.67%	Max. 2 %
FX exposure	80.01%	Max. 100 %

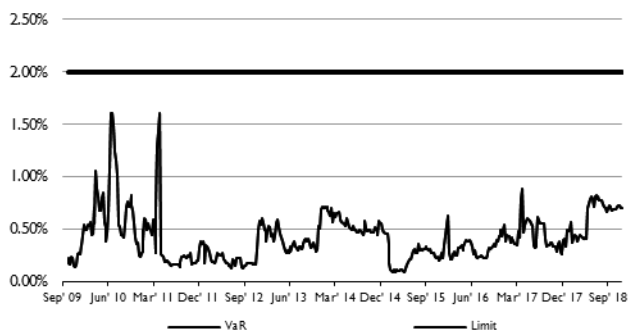
#### DV01



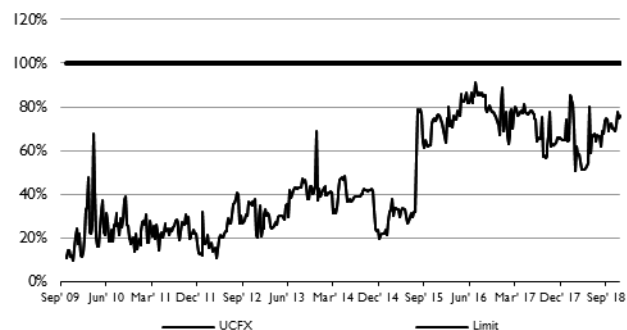
#### WEEKLY DRAWDOWN



#### VaR



#### NON-COVERED FX EXPOSURE



RISK FIGURES

Risk Figure	Weekly data		Note
	Since inception	1Y	
<i>Period</i>			
Portfolio return ( $r_p$ )	12.98%	-1.33%	
Excess return ( $r_p - r_f$ )	12.99%	-1.30%	
<i>36 month</i>			
Portfolio return ( $r_p$ )	6.79%	-	
Excess return ( $r_p - r_f$ )	6.80%	-	
Maximum drawdown since inception	7.78%	4.08%	
Maximum drawdown 36m	7.03%	-	*
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	0.97	-	*
MAR Ratio	1.67	-0.32	
Sterling ratio	7.38	-1.85	
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 501.2 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 <a href="http://www.pfaassetmanagement.dk">www.pfaassetmanagement.dk</a>
Administrator	GlobeOp Financial Services +1 345 945 5664
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