

A black and white photograph of a rocky beach with several fishing boats pulled up. The boats are arranged in a line, with the largest one in the center. The background shows the ocean with waves and a cloudy sky. The overall mood is serene and coastal.

NEWSLETTER OCTOBER 2015

MIDGARD
FIXED INCOME FUND LIMITED

Performance & NAV	AA	A	B
Monthly return	-0.28%	-0.28%	-0.36%
Return year-to-date	4.99%	4.99%	3.56%
NAV per share	249.22	122.83	116.40

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

MARKET UPDATE OCTOBER 2015

The Midgard Fixed Income Fund Ltd. returned -0.28% in October, bringing total YTD return to 4.99%.

Bunds continued drifting slowly lower in October, while equities rebounded quite significantly from September's rout in risky assets. Throughout the month, a December hike from the Fed became increasingly more evident to market participants as prints pointed to increasingly better conditions in the US economy. The rout in emerging markets calmed in October, with declines in risky assets by and large halting and the trend of weakening in major EM currencies coming to a relative stop.

The change in financial conditions helped stabilizing returns for the fund in October, as spreads in both SEK and DKK denominated covered bonds remained relatively unchanged.

In Sweden, the Riksbank expanded their quantitative easing programme by an additional 65bn SEK, extending the programme until the end of H1 2016. Concurrently, the central bank lowered the suggested path of its benchmark repo rate by as much as 30 bps in Q1 2017. Swedish covered bonds continue to offer good value after the previous months spread widening.

In Denmark, October was the first in 6 months to see overnight indexed swap rates decline, sending expectations of an independent hike by the Danish Central Bank further into the future. This as the pace of interventions in the foreign exchange market by the Danish Central Bank diminished somewhat. Spreads in Krone-denominated Overnight Indexed Swaps vis-à-vis their European counterparts (Eonia) indicate good value in receiving such spreads. Other than this, market participants are looking forward to mid-November's issuance of approx. 150bn DKK covered bonds in the January term auctions, where primarily 1y bonds will come to market.



Stefan Helgason
Portfolio Manager, Midgard

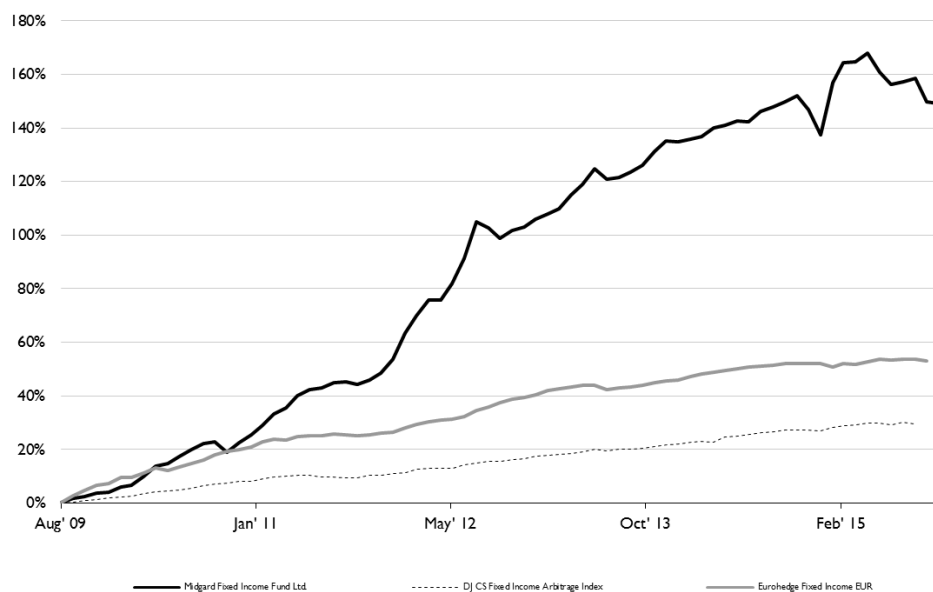
MIDGARD

FIXED INCOME FUND LIMITED

NEWSLETTER OCTOBER 2015

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%			4.99%



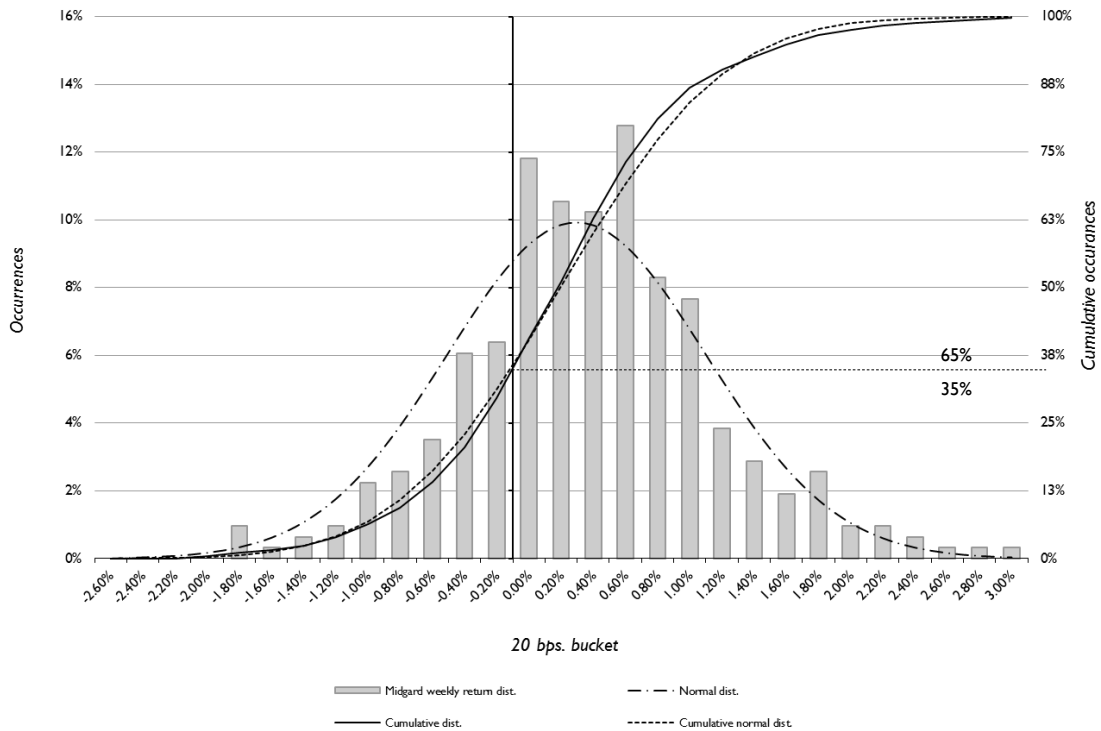
Return	Midgard Fixed Income Fund Ltd.	EuroHedge Fixed Income Arbitrage Index	DJIA Fixed Income Arbitrage Index
Annualized	15.96%	4.41%	7.24%
Last 12 months	-1.11%	2.45%	0.60%
Last 3 months	-3.12%	-0.20%	-0.19%
Since inception	149.22%	29.59%	52.98%
Best month	8.18%	1.51%	2.77%
Worst month	-3.82%	-0.58%	-1.14%
Positive months	81.08%	84.72%	83.56%
Negative months	18.92%	15.28%	16.44%
Volatility	7.35%	1.39%	2.35%
Sharpe Ratio	2.12	2.89	2.91

MIDGARD

FIXED INCOME FUND LIMITED

NEWSLETTER OCTOBER 2015

RETURN DISTRIBUTION



Moments	Midgard Fixed Income	EuroHedge Fixed	DJIA Fixed Income
	Fund Ltd.	Income Arbitrage Index	Arbitrage Index
Return	15.96%	4.41%	7.42%
Standard deviation	7.35%	1.39%	2.35%
Kurtosis	1.72	0.41	1.06
Skewness	0.41	-0.25	0.38

Correlation analysis	Midgard Fixed Income	EuroHedge Fixed	DJIA Fixed Income
	Fund Ltd.	Income Arbitrage Index	Arbitrage Index
Correlation coefficient	-	45.89%	18.81%
Beta	-	254.03%	51.83%
Alpha	-	9.40%	16.31%
R2	-	21.06%	3.54%
Autocorrelation	24.66%	-9.93%	34.36%

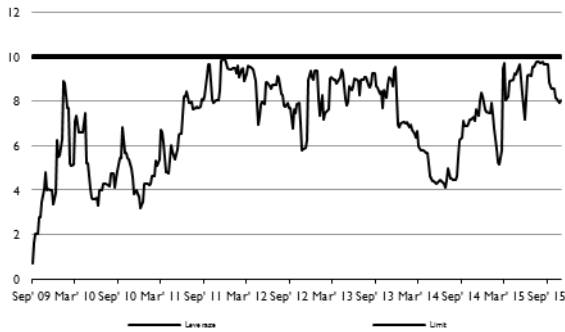
MIDGARD

FIXED INCOME FUND LIMITED

NEWSLETTER OCTOBER 2015

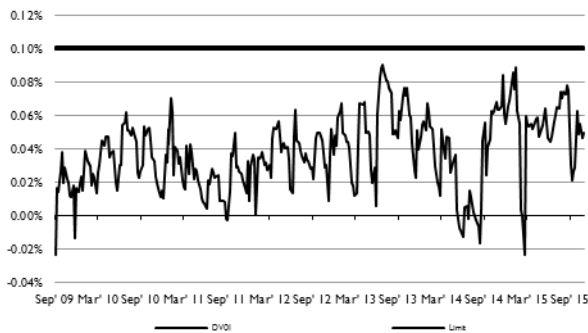
RISK & LINE LIMITS

LEVERAGE

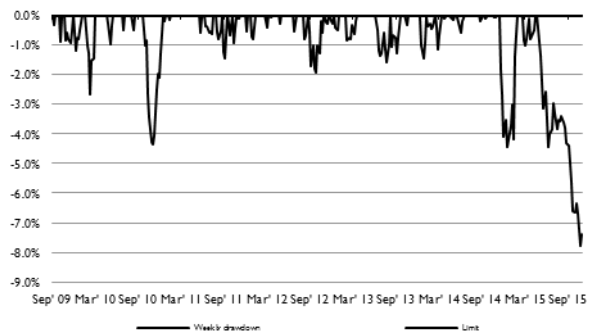


Risk	Midgard	Line/limit
DV01	0.05%	± 0.10%
Leverage	8.03	Max. 10
VaR	0.23%	Max. 2 %
FX exposure	74.80%	Max. 100 %

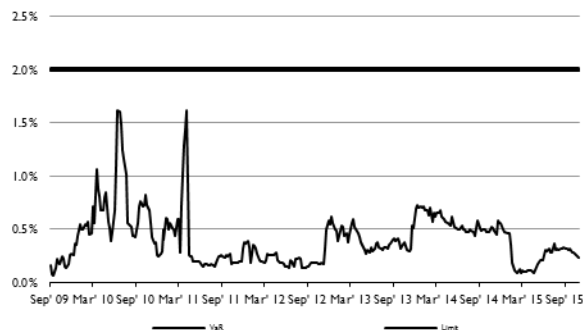
DV01



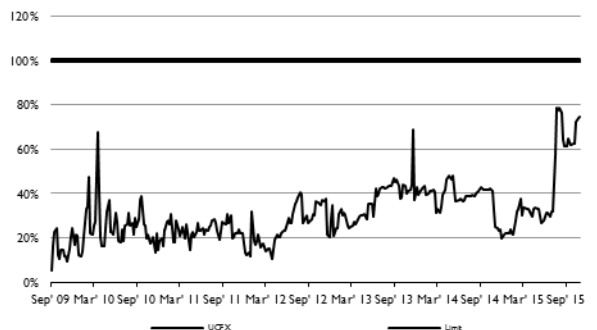
WEEKLY DRAWDOWN



VaR



NON-COVERED FX EXPOSURE



MIDGARD

FIXED INCOME FUND LIMITED

NEWSLETTER OCTOBER 2015

RISK FIGURES

Risk Figure	Weekly data		Note
	Since inception	1Y	
<i>Period</i>			
Portfolio return (r_p)	15.96%	-1.11%	
Excess return ($r_p - r_f$)	15.61%	-1.03%	
<i>36 month</i>			
Portfolio return (r_p)	7.27%	-	
Excess return ($r_p - r_f$)	7.24%	-	
Maximum drawdown since inception	7.78%	7.78%	
Maximum drawdown 36m	7.78%	-	*
Largest individual drawdown			
First	1.86%	1.86%	
Second	1.85%	1.46%	
Third	1.46%	1.22%	
Average	1.72%	1.51%	
Calmar Ratio	0.93	-	*
MAR Ratio	2.01	-0.13	
Sterling ratio	9.06	-0.73	
Downside risk	0.76%	1.86%	
Upside risk	1.29%	3.15%	
Loss standard deviation	6.33%	5.84%	
Gain standard deviation	5.21%	7.77%	
Mean absolute moment, downside	-24.72%	-31.90%	
Mean absolute moment, upside	37.58%	39.17%	
Omega ratio	1.69	1.69	
Volatility skewness	0.68	1.77	

* Not applicable for 1-year returns

MIDGARD

FIXED INCOME FUND LIMITED

Strategy AUM	EUR 416.470 million
Listing	Irish Stock Exchange
ISIN	KYG6125M1015
Bloomberg ID	MIDGFXI KY 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
Investor Relations	PFA Asset Management +45 39 17 50 00