

NEWSLETTER OCTOBER 2018



PFA
INVESTMENT FUND

Performance & NAV	AA	A	B
Monthly return	0.10%	0.06%	0.06%
Return year-to-date	-0.67%	-0.95%	-1.34%
NAV per share	311.18	152.91	139.43

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

MARKET UPDATE OCTOBER 2018

PFA Investment Fund - Midgard Fixed Income Fund returned 0.10 % in OCTOBER, bringing total YTD return to -0.67 %.

What September lacked in market volatility October was capable of delivering.

The ongoing trade tensions between China and USA calmed momentarily as no further tariffs were announced. Focused instead turned to the potential outcome of the US Midterm elections in November.

Supported by continued strong growth figures, the FED held steady on the tightening path. The financial market responded with flattening the US yield curve and 10 Year US interest rates rose some 16bp at the start of October.

Global risk sentiment came under immense pressure from a combination of the above mentioned rapid rise in US Treasury yields, fears of the business cycle 'rolling over' and lingering political risks. Not even a slight reversion of the rising yields from the top towards the end of October could sooth the financial markets as a final outcome of the Brexit negotiations failed to materialise. And even though rating agencies kept Italy's investment grade rating the European Commission rejected the draft budget out of Rome adding to uncertainty.

Equity markets sold off sharply, with global share indices down some 10% since the September peak, the USD strengthened, gold rose....risk off set the tone for the first month of the fourth quarter of 2018.

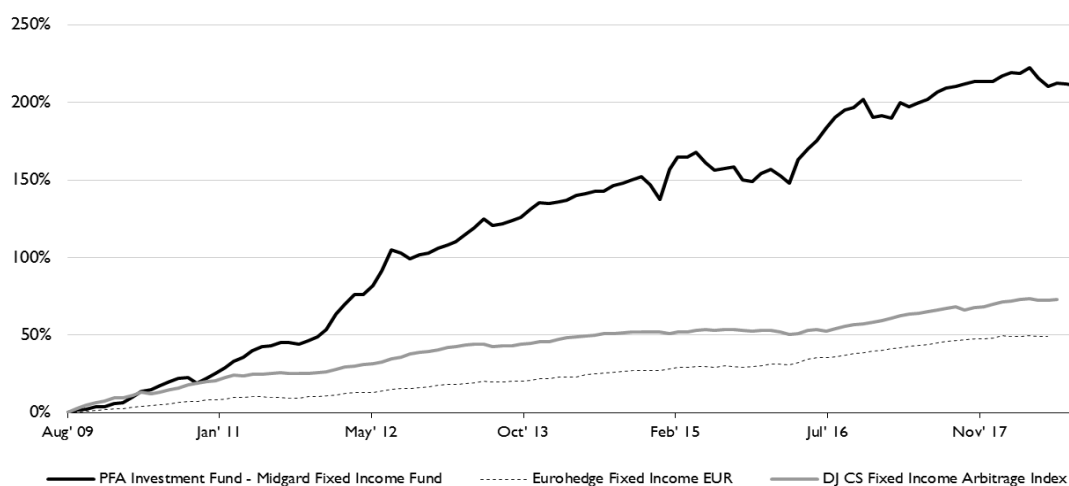
The core strategies and markets for PFA Investment Fund Midgard Fixed Income Fund held steady during October and added 0,10% to return, primarily driven by a small underperformance in longer dated Scandinavian interest rates.

Jesper Slemming
Chief Investment Officer, PFA Investment Fund



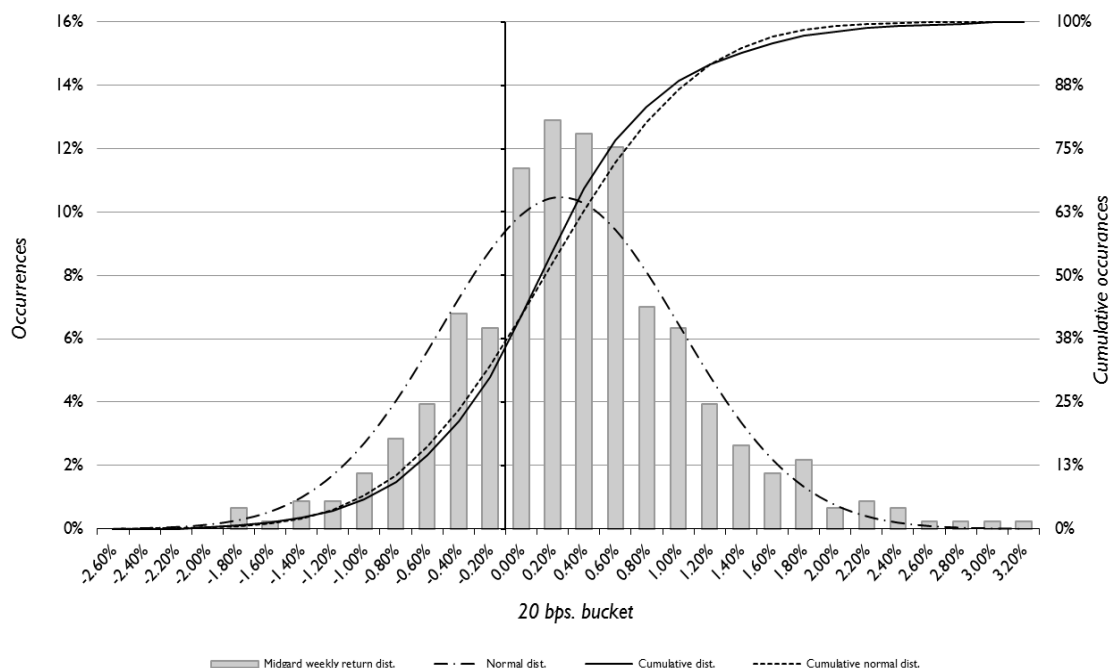
HISTORICAL PERFORMANCE

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%			-0.67%



Return	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Annualized	13.18%	4.68%	6.29%
Last 12 months	-0.65%	3.04%	4.71%
Last 3 months	-0.40%	1.57%	0.93%
Since inception	211.18%	51.55%	74.11%
Best month	8.18%	1.51%	2.77%
Worst month	-3.82%	-0.58%	-1.19%
Positive months	77.27%	84.40%	83.49%
Negative months	22.73%	15.60%	16.51%
Volatility	7.01%	1.41%	2.29%
Sharpe Ratio	1.86	3.21	2.69

RETURN DISTRIBUTION

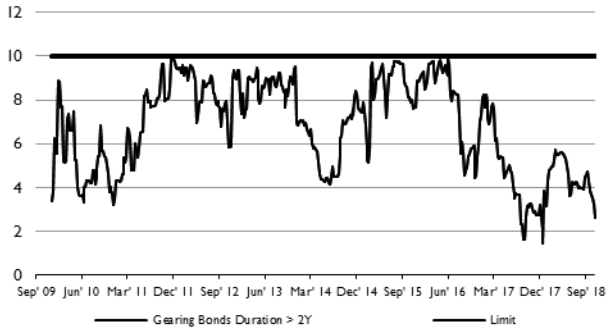


Moments	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Return	13.18%	4.68%	6.29%
Standard deviation	7.01%	1.41%	2.29%
Kurtosis	1.78	0.41	1.30
Skewness	0.45	-0.13	0.08

Correlation analysis	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Correlation coefficient	-	50.90%	28.96%
Beta	-	253.48%	89.19%
Alpha	-	0.94%	7.31%
R2	-	25.91%	8.39%
Autocorrelation	22.03%	3.06%	33.08%

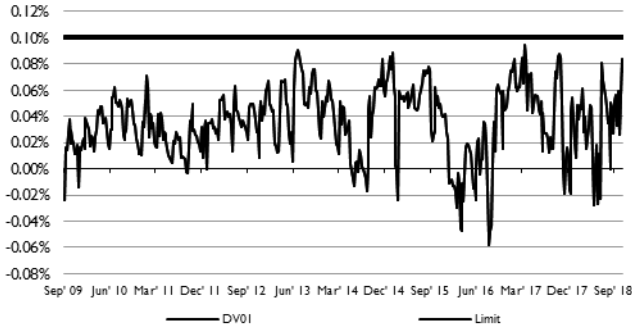
RISK & LINE LIMITS

GEARING BONDS DURATION > 2Y

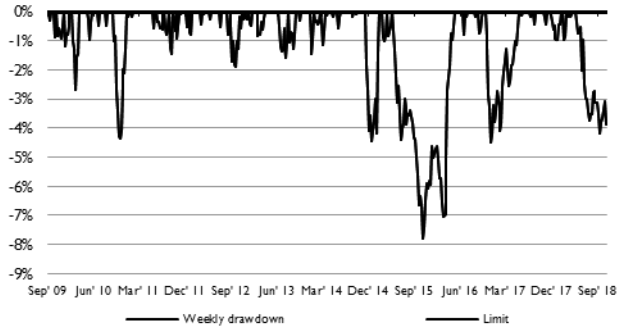


Risk	Midgard	Lime/limit
DV01	0.07%	± 0.10%
Leverage	2.59	Max. 10
VaR	0.72%	Max. 2 %
FX exposure	71.14%	Max. 100 %

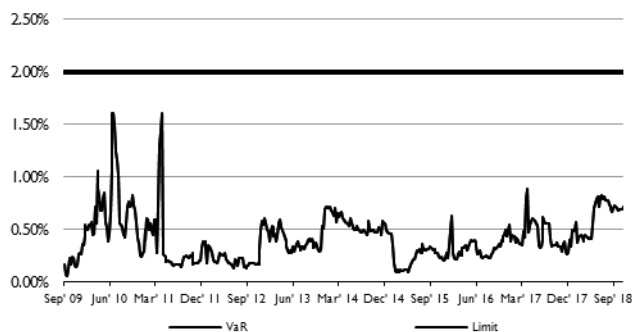
DV01



WEEKLY DRAWDOWN



VaR



NON-COVERED FX EXPOSURE



RISK FIGURES

Risk Figure	Weekly data		Note
	Since inception	1Y	
<i>Period</i>			
Portfolio return (r_p)	13.18%	-0.65%	
Excess return ($r_p - r_f$)	13.08%	-0.30%	
<i>36 month</i>			
Portfolio return (r_p)	7.68%	-	
Excess return ($r_p - r_f$)	8.05%	-	
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	1.14	-	*
MAR Ratio	1.68	-0.07	
Sterling ratio	7.43	-0.91	
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 504.2 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
Administrator	GlobeOp Financial Services +1 345 945 5664
Prime Broker	Skandinaviska Enskilda Banken AB +45 33 36 85 07
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