

NEWSLETTER October 2019



PFA
INVESTMENT FUND

Performance & NAV	AA	A	B
Monthly return	-0.09%	-0.14%	-0.14%
Return year-to-date	9.35%	8.32%	8.03%
NAV per share	335.10	162.97	148.20

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

MARKET UPDATE October 2019

Entering the last quarter of 2019, financial markets seemed to be in an overall good shape as key figures seemed to be stabilizing although manufacturing sectors across the Globe continued to suffer. Central Banks continued to focus on adding stimulus for a continuation of the growth narrative and the FED turned focus towards tensions in the short end to ensure smooth liquidity stressing that initiative by no means was a re-ignition of QE.

Even on the geopolitical stage, it seemed as if the financial market was better at coping the uncertainty surrounding the ongoing trade war between the US and China and even the escalating issues out of Hong Kong which could prove to be a toxic cocktail for stability in the relationship.

Given the environment it was a risk-on mood in the financial market. Broadly across asset classes this was evident via higher interest rates with US 10 Year up some 10bp only surpassed by Europe with 17bp. The smooth interest rate rises paved the way for new highs for equity markets – what a fantastic Year it has been....

The Nordic headlines was primarily a continuation of well-behaved economic figures out of Norway and even better than feared inflation out of Sweden. Regarding the latter, the Riksbank continued its hawkish stance and even hinted for yet another hike towards Year end, to some extent to surprise the financial community who foresaw, and continue to do, several reasons as to leave interest rates on hold.

Even though Scandinavian interest rates moved higher than European peers, the portfolio composition of the PFA Investment Fund – Midgard Fixed Income Strategy showed resilience, returning just shy of 0%.

Working in a positive manner was the continued tightening of covered bonds versus swap as well as intra-Scandinavian spreads. The largest overall contributor was the macro hedge focusing primarily on the interest rate curvature in the US and Europe.

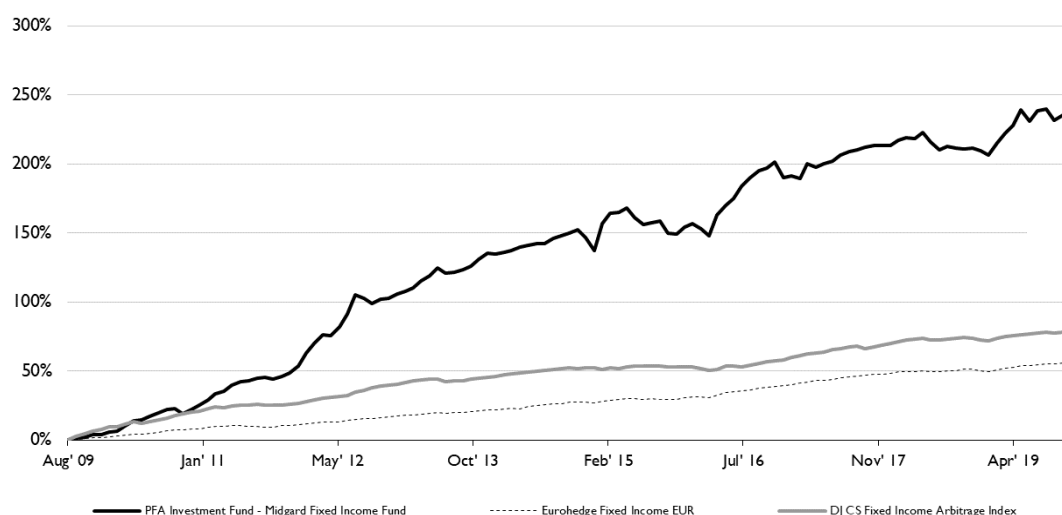
On the negative side, Scandinavian spreads versus Europe disperformed accompanied by structural positions on the Swedish interest curve – the latter hard hit by the hawkish rhetoric of the central bank.



Jesper Slemming
Chief Investment Officer, PFA Investment Fund

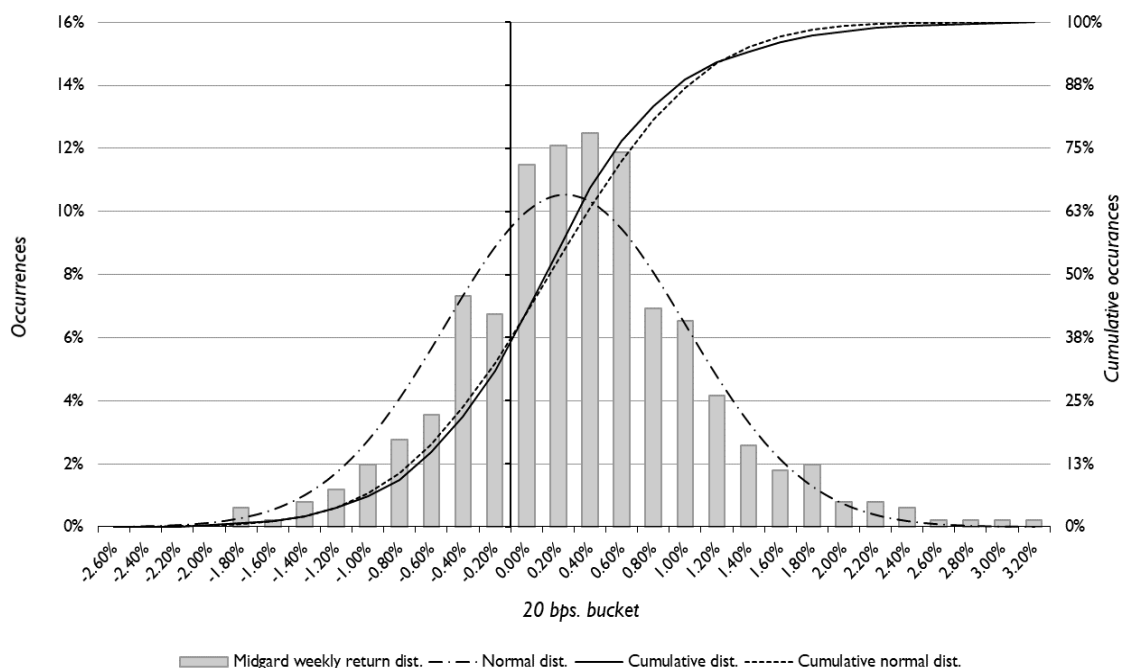
HISTORICAL PERFORMANCE

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%	-0.93%	-2.18%
2019	2.90%	2.08%	1.88%	3.39%	-2.39%	2.29%	0.41%	-2.43%	1.14%	-0.09%			9.35%



Return	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Annualized	12.63%	4.54%	6.02%
Last 12 months	7.69%	3.75%	3.05%
Last 3 months	-1.41%	1.38%	1.21%
Since inception	235.10%	54.81%	77.75%
Best month	8.18%	1.51%	2.77%
Worst month	-3.82%	-0.76%	-1.19%
Positive months	75.41%	83.05%	82.20%
Negative months	24.59%	16.95%	17.80%
Volatility	6.98%	1.48%	2.27%
Sharpe Ratio	1.80	3.00	2.61

RETURN DISTRIBUTION

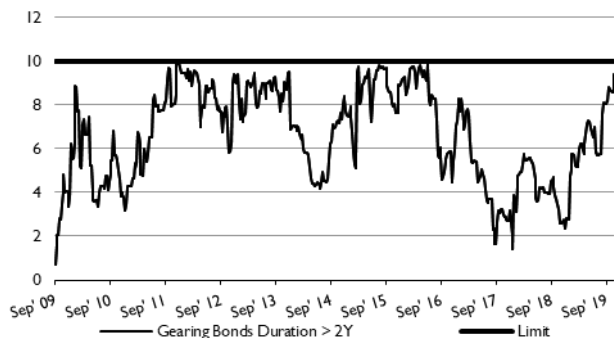


Moments	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Return	12.63%	4.54%	6.02%
Standard deviation	6.98%	1.48%	2.27%
Kurtosis	1.59	0.32	1.20
Skewness	0.40	-0.27	0.10

Correlation analysis	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Correlation coefficient	-	53.22%	31.32%
Beta	-	251.80%	96.53%
Alpha	-	1.28%	7.02%
R2	-	28.32%	9.81%
Autocorrelation	18.91%	8.10%	34.12%

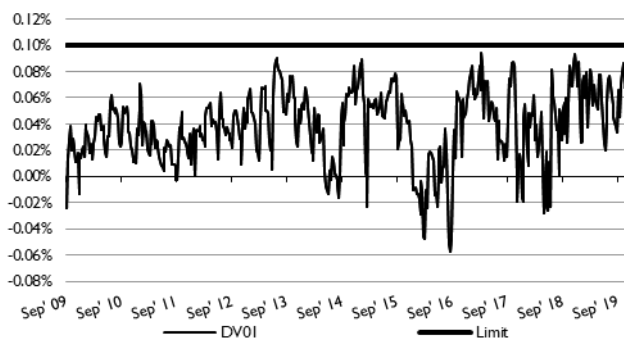
RISK & LINE LIMITS

GEARING BONDS DURATION > 2Y

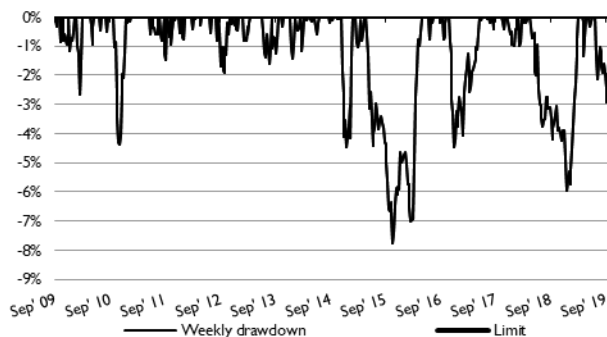


Risk	Midgard	Lime/limit
DV01	0.05%	± 0.10%
Leverage	9.40	Max. 10
VaR	0.56%	Max. 2 %
FX exposure	40.73%	Max. 100 %

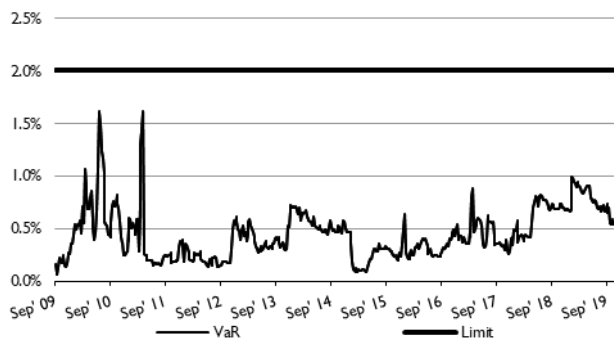
DV01



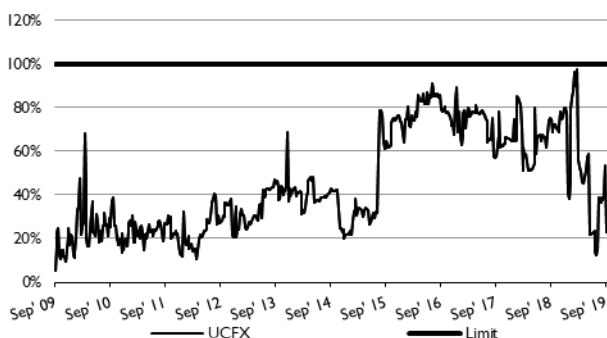
WEEKLY DRAWDOWN



VaR



NON-COVERED FX EXPOSURE



RISK FIGURES

Risk Figure	Weekly data		Note
	Since inception	1Y	
<i>Period</i>			
Portfolio return (r_p)	12.63%	7.69%	
Excess return ($r_p - r_f$)	12.58%	8.11%	
<i>36 month</i>			
Portfolio return (r_p)	3.57%	-	
Excess return ($r_p - r_f$)	3.95%	-	
Maximum drawdown since inception	7.78%	5.97%	
Maximum drawdown 36m	5.97%	-	*
Largest individual drawdown			
First	1.86%	1.30%	
Second	1.85%	1.21%	
Third	1.57%	1.13%	
Average	1.76%	1.22%	
Calmar Ratio	0.66	-	*
MAR Ratio	1.62	1.36	
Sterling ratio	7.15	6.32	
Downside risk	0.60%	1.30%	
Upside risk	1.01%	1.37%	
Loss standard deviation	5.85%	5.06%	
Gain standard deviation	4.93%	4.18%	
Mean absolute moment, downside	-24.26%	-24.04%	
Mean absolute moment, upside	33.68%	31.68%	
Omega ratio	1.69	1.05	
Volatility skewness	0.71	0.68	

* Not applicable for 1-year returns

PFA

INVESTMENT FUND

Strategy AUM	EUR 324.3 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
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