



NEWSLETTER SEPTEMBER 2014

MIDGARD
FIXED INCOME FUND LIMITED

MIDGARD

FIXED INCOME FUND LIMITED

NEWSLETTER SEPTEMBER 2014

Performance & NAV	AA	A	B
Monthly return	0.83%	0.83%	0.67%
Return year-to-date	6.41%	6.41%	5.05%
NAV per share	249.82	123.12	118.58

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

MARKET UPDATE SEPTEMBER 2014

Midgard Fixed Income Fund returned 0.83 percent in September bringing the total yield year to date to 6.41 percent.

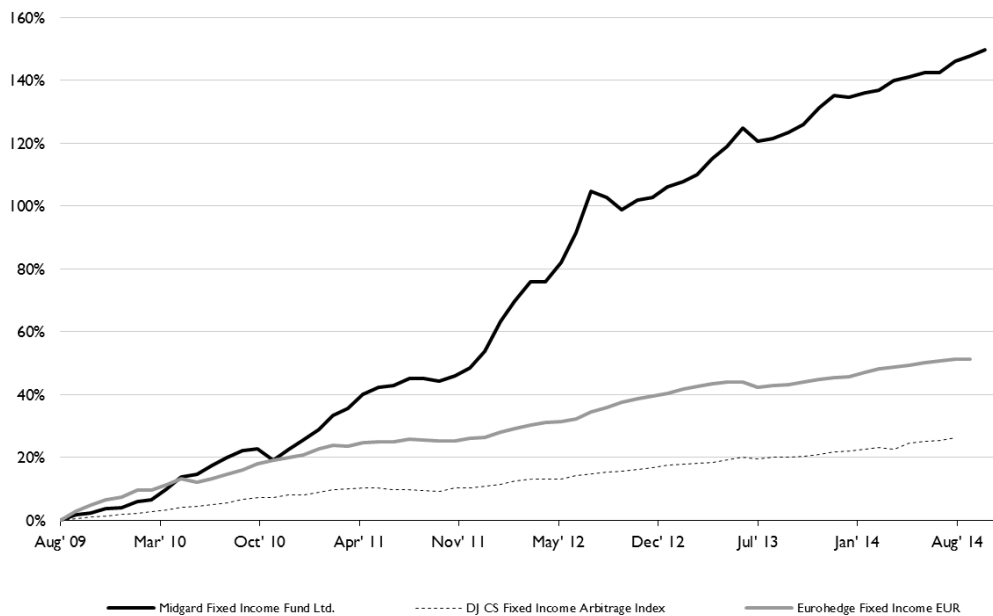
Mr. Draghi did indeed deliver at the September ECB press conference. Yet another rate cut and an extended purchasing program targeting covered bonds and other asset backed securities. The objective is clearly to bypass classic credit channels, as the consequences of the TLTRO is not as set-in-stone as was the case with the introduction of the former LTRO. To what extent banks will find it too intimidating to report on how TLTRO funding are being canalized into new credit lending or TLTRO funding simply being too expensive remains to be seen. The rapid pace for LTRO repayments has led cash rates i.e. EONIA fixings to drift higher towards the ECB repo policy rate, which has not been the case to this extent after the ECB policy response under the financial crisis. It is hard to imagine, EONIA heading significantly into negative territory without the ECB expanding its balance sheet again, why mechanisms to offset LTRO repayments are crucial at this point.

All in all, the September ECB policy response was very supportive for most fixed income strategies among those the Midgard strategy. Whether or not the Danish Central bank will find it necessary to adjust policies rates independently to accommodate the lower EURDKK spot rate remains to be seen.


Christian Lindstrøm Lage
Chief Investment Officer, Midgard

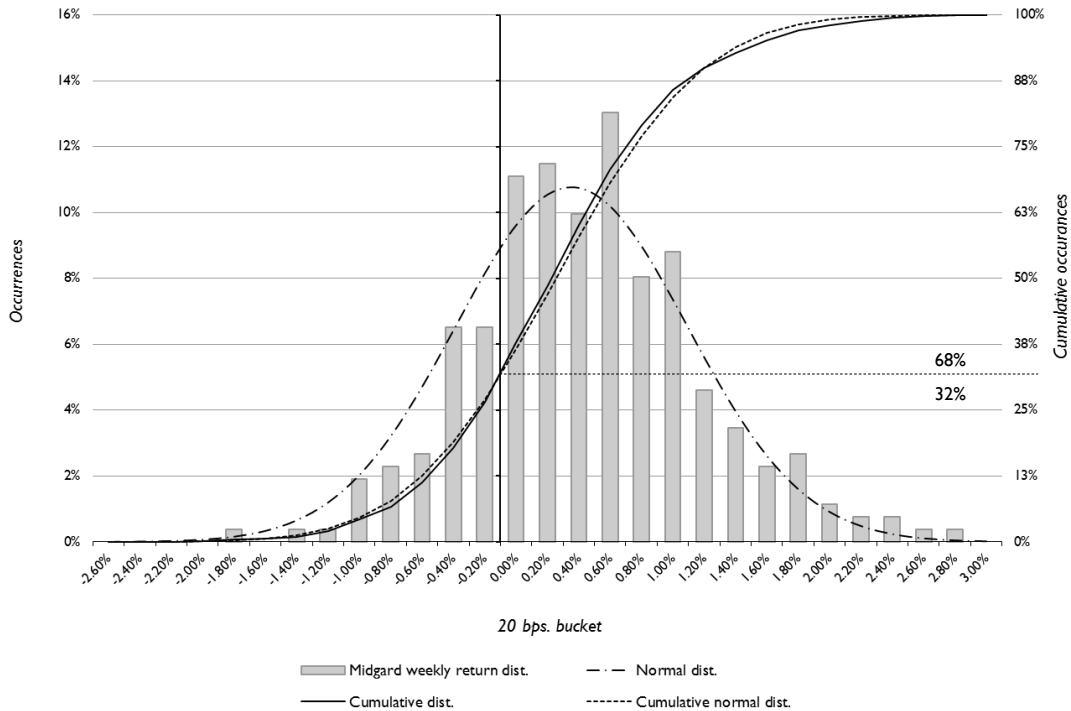
HISTORICAL PERFORMANCE

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%				6.41%



Return	Midgard Fixed Income Fund Ltd.	EuroHedge Fixed Income Arbitrage Index	DJIA Fixed Income Arbitrage Index
Annualized	19.73%	4.86%	8.77%
Last 12 months	10.48%	5.25%	5.80%
Last 3 months	3.05%	1.40%	1.15%
Since inception	149.82%	26.31%	51.15%
Best month	6.97%	1.51%	2.77%
Worst month	-2.98%	-0.50%	-1.14%
Positive months	86.89%	89.83%	91.67%
Negative months	13.11%	10.17%	8.33%
Volatility	6.06%	1.30%	2.34%
Sharpe Ratio	3.18	3.39	3.55

RETURN DISTRIBUTION



Moments	Midgard Fixed Income Fund Ltd.	EuroHedge Fixed Income Arbitrage Index	DJIA Fixed Income Arbitrage Index
Return	19.73%	4.86%	8.77%
Standard deviation	6.06%	1.30%	2.34%
Kurtosis	1.65	0.95	1.27
Skewness	0.48	-0.08	0.28

Correlation analysis	Midgard Fixed Income Fund Ltd.	EuroHedge Fixed Income Arbitrage Index	DJIA Fixed Income Arbitrage Index
Correlation coefficient	-	45.89%	18.81%
Beta	-	254.03%	51.83%
Alpha	-	9.40%	16.31%
R2	-	21.06%	3.54%
Autocorrelation	30.91%	-4.27%	31.54%

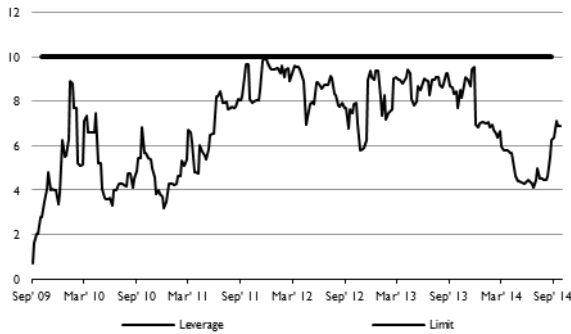
MIDGARD

FIXED INCOME FUND LIMITED

NEWSLETTER SEPTEMBER 2014

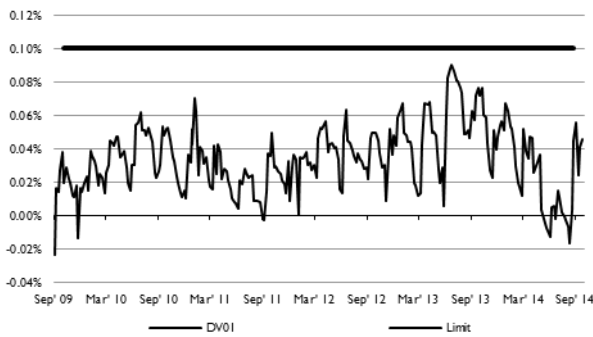
RISK & LINE LIMITS

LEVERAGE

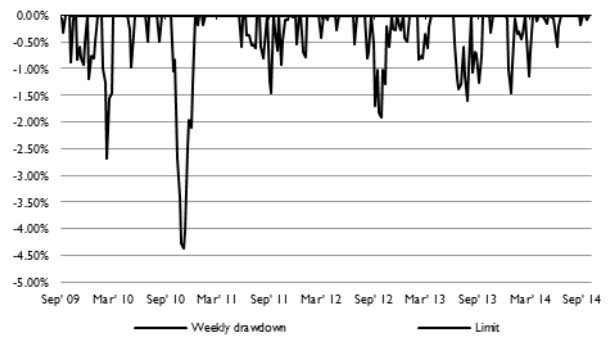


Risk	Midgard	Limit/limit
DV01	0.05%	± 0.10%
Leverage	6.86	Max. 10
VaR	0.49%	Max. 2 %
FX exposure	42.49%	Max. 100 %

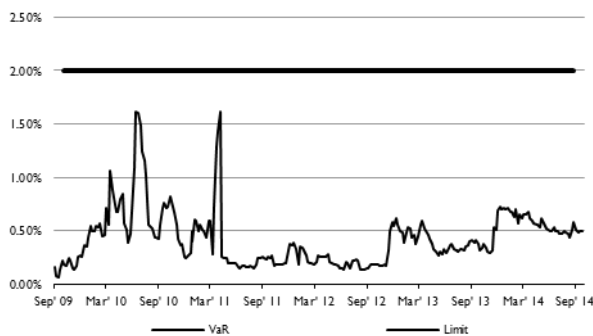
DV01



WEEKLY DRAWDOWN



VaR



NON-COVERED FX EXPOSURE



RISK FIGURES

Risk Figure	Weekly data		Note
	Since inception	1Y	
<i>Period</i>			
Portfolio return (r_p)	19.73%	10.48%	
Excess return ($r_p - r_f$)	19.28%	10.36%	
<i>36 month</i>			
Portfolio return (r_p)	20.11%	-	
Excess return ($r_p - r_f$)	19.89%	-	
Maximum drawdown since inception	4.38%	1.45%	
Maximum drawdown 36m	1.91%	-	*
Largest individual drawdown			
First	1.85%	1.45%	
Second	1.42%	1.15%	
Third	1.24%	1.03%	
Average	1.50%	1.21%	
Calmar Ratio	10.41	-	*
MAR Ratio	4.40	7.14	
Sterling ratio	12.83	8.65	
Downside risk	0.83%	0.96%	
Upside risk	1.24%	1.02%	
Loss standard deviation	6.26%	3.94%	
Gain standard deviation	4.75%	2.67%	
Mean absolute moment, downside	-22.38%	-13.72%	
Mean absolute moment, upside	37.36%	22.45%	
Omega ratio	1.51	1.07	
Volatility skewness	0.58	0.46	

* Not applicable for 1-year returns

MIDGARD

FIXED INCOME FUND LIMITED

Strategy AUM	EUR 538.83 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