

NEWSLETTER SEPTEMBER 2016



PFA
INVESTMENT FUND

Performance & NAV	AA	A	B
Monthly return	0.61%	0.61%	0.48%
Return year-to-date	15.50%	15.50%	13.55%
NAV per share	296.86	146.30	136.07

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

MARKET UPDATE SEPTEMBER 2016

PFA Investment Fund - Midgard Fixed Income Fund returned 0.61 % in September, bringing total YTD return to 15.50 %.

Deutsche Bank as well as Bank of Japan took most of the attention in September with Deutsche Bank to pay as much as USD 14bn for settling US probe into mortgage securities and the handling hereof in the pre-Financial Crisis era. This sent credit spreads wider and although no settlement has been reached the move in credit spreads faded towards the end of the month. Deutsche ended some 12% down and continue to be in focus.

The Bank of Japan surprised the financial markets with unprecedented moves in monetary policy to focus on controlling the yield curve out to 10 Years and strengthening its commitment to achieving 2% inflation, with a pledge to continue expanding the monetary base until inflation overshoots the target.

Both events ought to have rattled the financial markets, but resilience or lack of volatility from the events ruled, with only small movements from start of September to end. Maybe loose talk of ECB tapering coming closer as well as continued confusion on the real effects of Brexit pulled the Financial Market back.

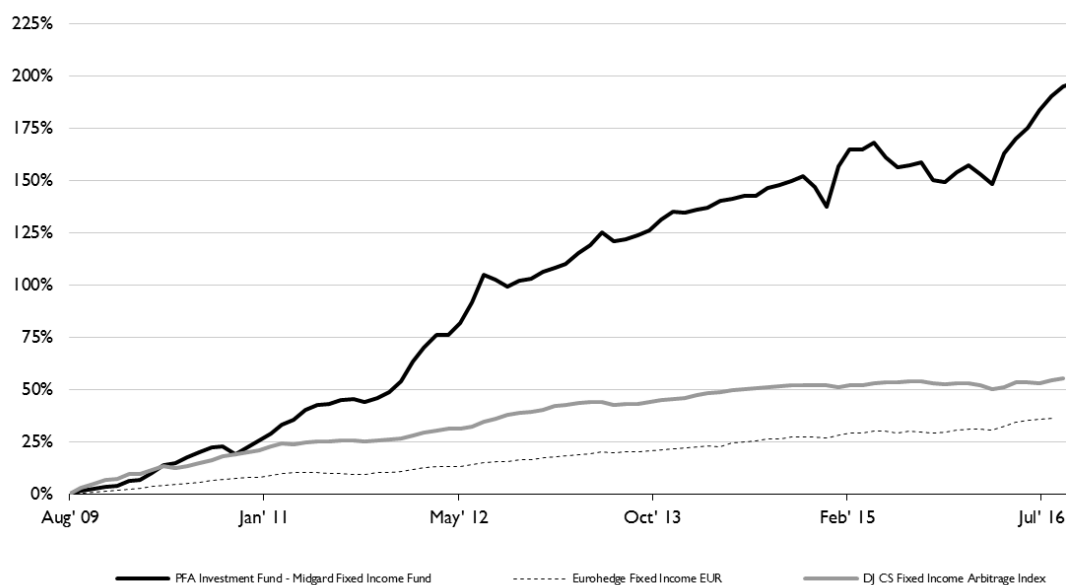
In Sweden as well as Denmark and Norway covered bonds continued to perform, although at a slower pace than witnessed earlier this Year. Most notable was the continued weakening of SEK which combined with, what seems to be a cooling economy, weaker key figures kept the drift downwards in Swedish rates relative to European.



Jesper Slemming
Chief Investment Officer, Midgard

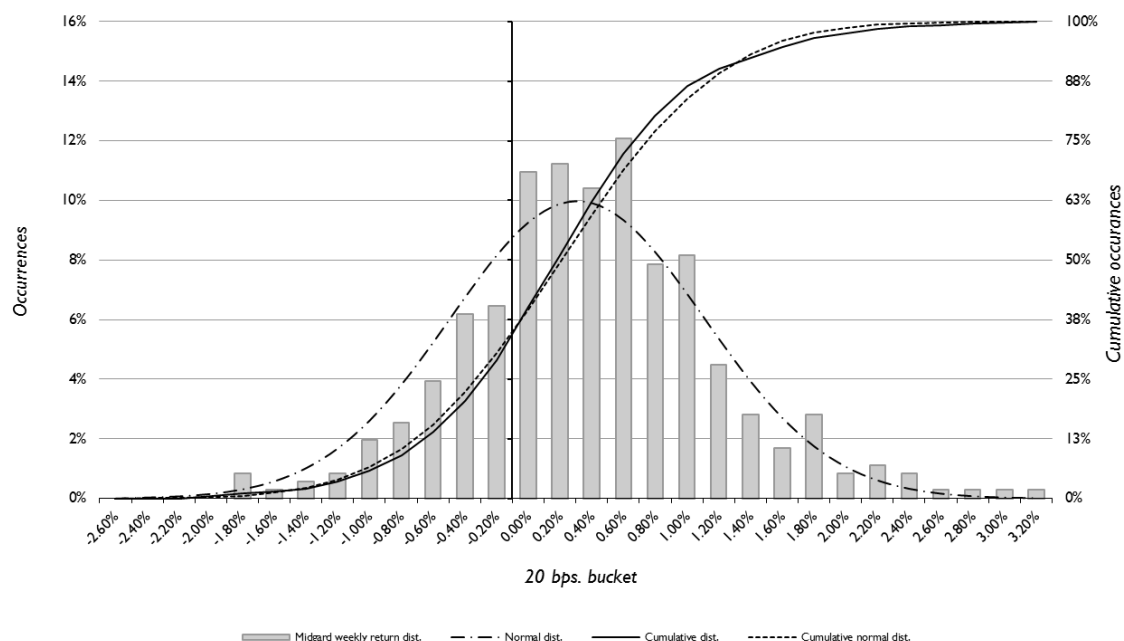
HISTORICAL PERFORMANCE

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%	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%				15.50%



Return	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Annualized	16.60%	4.57%	6.51%
Last 12 months	18.78%	4.58%	1.20%
Last 3 months	4.69%	1.46%	1.33%
Since inception	196.86%	36.22%	55.52%
Best month	8.18%	1.51%	2.77%
Worst month	-3.82%	-0.58%	-1.14%
Positive months	81.18%	84.34%	80.95%
Negative months	18.82%	15.66%	19.05%
Volatility	7.34%	1.49%	2.43%
Sharpe Ratio	2.22	2.87	2.56

RETURN DISTRIBUTION

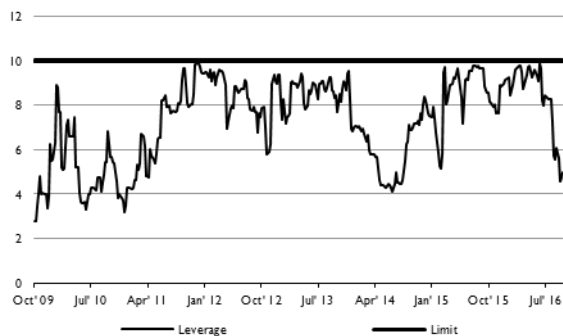


Moments	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Return	16.60%	4.57%	6.51%
Standard deviation	7.34%	1.49%	2.43%
Kurtosis	1.48	0.37	0.78
Skewness	0.37	-0.05	0.26

Correlation analysis	PFA Investment Fund - Midgard Fixed Income Fund	EuroHedge Fixed Income Arbitrage Index	DJ CS Fixed Income Arbitrage Index
Correlation coefficient	-	56.65%	29.35%
Beta	-	281.86%	89.02%
Alpha	-	2.83%	10.16%
R2	-	32.09%	8.61%
Autocorrelation	22.55%	3.52%	37.20%

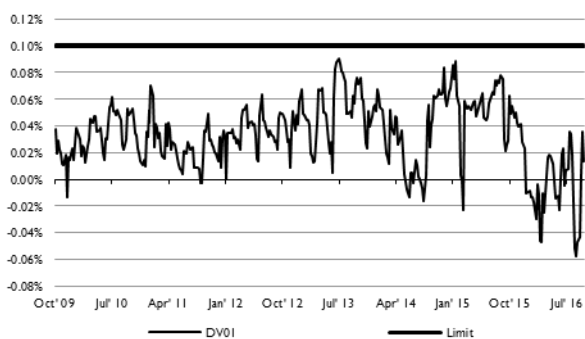
RISK & LINE LIMITS

LEVERAGE

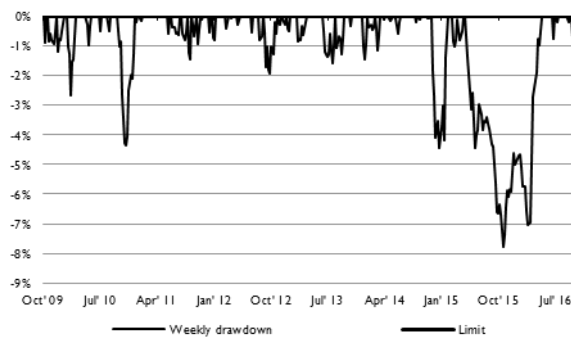


Risk	Midgard	Lime/limit
DV01	0.06%	± 0.10%
Leverage	5.43	Max. 10
VaR	0.32%	Max. 2 %
FX exposure	80.50%	Max. 100 %

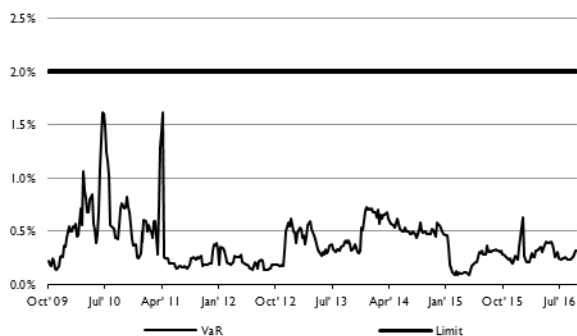
DV01



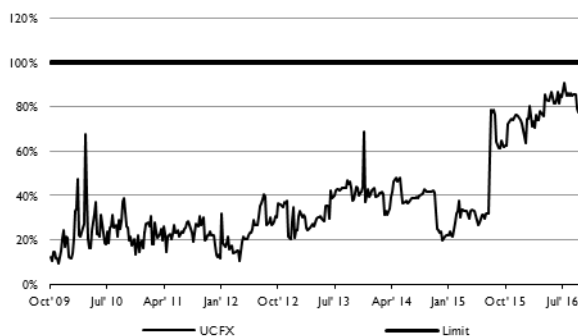
WEEKLY DRAWDOWN



VaR



NON-COVERED FX EXPOSURE



RISK FIGURES

Risk Figure	Weekly data		Note
	Since inception	1Y	
<i>Period</i>			
Portfolio return (r_p)	16.60%	18.78%	
Excess return ($r_p - r_f$)	16.34%	19.14%	
<i>36 month</i>			
Portfolio return (r_p)	9.50%	-	
Excess return ($r_p - r_f$)	9.59%	-	
Maximum drawdown since inception	7.78%	7.78%	
Maximum drawdown 36m	7.78%	-	*
Largest individual drawdown			
First	1.86%	1.15%	
Second	1.85%	1.01%	
Third	1.46%	0.86%	
Average	1.72%	1.00%	
Calmar Ratio	1.23	-	*
MAR Ratio	2.10	2.46	
Sterling ratio	9.48	18.69	
Downside risk	0.71%	1.15%	
Upside risk	1.21%	2.35%	
Loss standard deviation	6.33%	5.80%	
Gain standard deviation	5.19%	5.35%	
Mean absolute moment, downside	-24.58%	-25.72%	
Mean absolute moment, upside	37.34%	34.78%	
Omega ratio	1.69	2.04	
Volatility skewness	0.67	0.85	

* Not applicable for 1-year returns

PFA

INVESTMENT FUND

Strategy AUM	EUR 460.611 million
Listing	Irish Stock Exchange
ISIN	LU1439934933
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
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