



# MIDGARD FIXED INCOME FUND I LTD

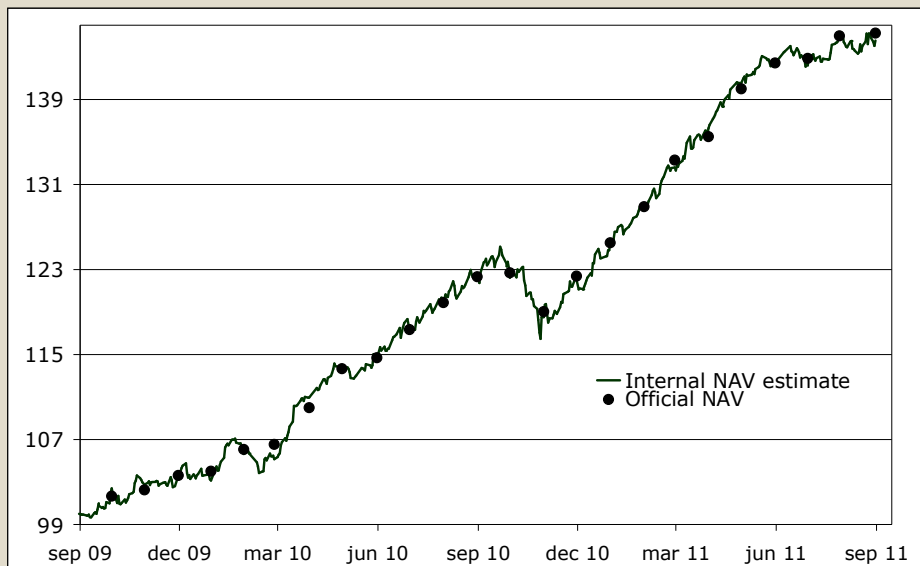
## NEWSLETTER AUGUST 2011

NAV EUR: 145.26

The performance in August for the Euro-class was 0.19%

August proved to be another month with high uncertainty and market sentiment was generally poor. Sentiment continued to remain anchored to the political process surrounding the Greek insolvency and the downward revision of growth expectations on both side of the Atlantic. The lack of ECB intervention caused Spanish and especially Italian government bonds to widen and the sovereign jitters quickly spilled over to the financial markets. Equities were generally under significant pressure, bank CDS reached unprecedented levels and the FRA-OIS continue to widen illustrating poor functioning of the EUR interbank market. In this environment, combined with new supply, EUR covered bonds generally saw a negative repricing and Nordic covered bonds once again outperformed the broader market.

The increased risk aversion did however cause Swedish mortgage bonds to widen against swaps but the Danish ditto provided a good hedge and offset most of the Swedish underperformance. Hence, Midgard delivered another month with positive return in August. On back of the latest performance Danish mortgage bonds are currently priced very tight and we generally see more value in Swedish mortgage bonds at current levels.



Risk as per August 31, 2011	Portfolio	Limit
VaR	0.16	2
DV01	0.01	+/-0.1
Leverage > 2y	8.99	10

Year	Monthly net performance EUR (%)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2009	Midgard													
2010	Midgard	1.98	0.44	3.23	3.34	0.91	2.32	2.16	2.03	1.66	0.59	1.32	0.39	4.01
2011	Midgard	2.71	3.40	1.65	3.32	1.74	0.30	1.49	0.19	0.31	-2.98	2.80	2.56	20.67
														15.74

Midgard vs. Benchmark	Return last 12 months	Return since inception (as of Sep 1 <sup>st</sup> , 2009)	Volatility	Sharpe ratio
Midgard (EUR)	18.76%	45.26%	21.51% p.a.	4.97%
DJCS Fixed Income Arb.*	8.34%	28.97%	3.35%	N/A
Eurohedge Fixed Income*	4.57%	10.89%	5.16%	N/A

\*: Performance until end of July 2011

**Fund Objective:** European fixed income fund with a Nordic bias

**Base Currency:** Euro

**Inception Date:** 1st September 2009

**Min. investment:** 250,000 EUR/USD

**Assets managed under the Midgard strategy:** 186.3 million EUR  
**Company AUM:** 35.2 billion EUR

**Listing:** Irish Stock Exchange  
**ISIN Code:** KYG6125M1015

**Administrator:**

GlobeOP Financial Service + 1 345 945 5664

**Prime Brokers:**

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