



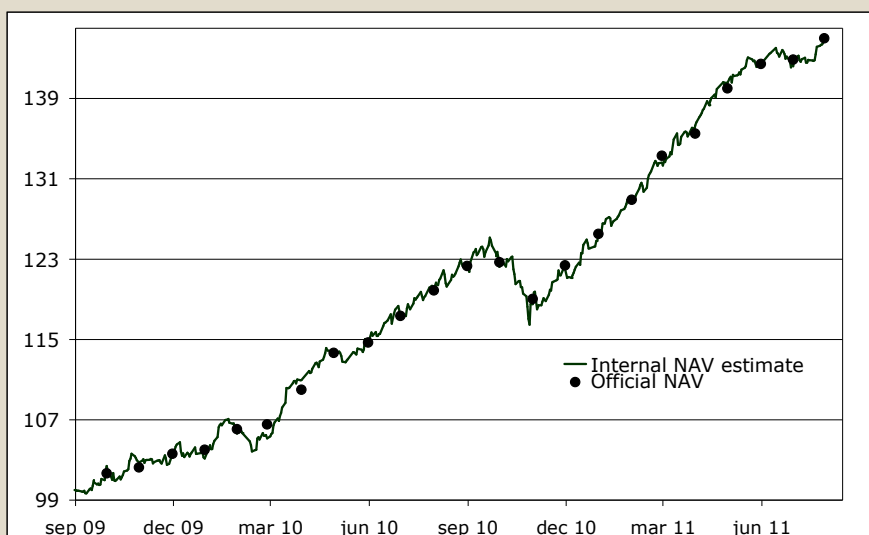
# MIDGARD FIXED INCOME FUND I LTD NEWSLETTER JULY 2011

NAV EUR: 144.99

## The performance in July for the Euro-class was 1.49%

Market focus changed almost 180 degrees throughout July as the lack of political capability led the US congress into a last minute vote increasing the debt ceiling just in time to avoid bankruptcy. After months of severe uncertainty and elevated levels of risk aversion, US politicians guided the markets into what seems to be a new and perfect storm.

As various government bonds failed to offer the anticipated investor protection, Scandinavian currency and bond markets got full attention. Not only did the currencies represent higher growth prospects and a obvious hide out, but Scandinavian government and covered bonds performed very well relatively speaking. The massive outperformance to various European covered markets is explained by the high degree of liquidity that defines both Danish, but to a higher extend the Swedish covered bond markets. Our view remains, that Sweden continues to offer an interesting business case though spreads have widened simultaneously with the higher degree of risk aversion throughout August.



Risk as per July 31, 2011	Portfolio	Limit
VaR	0.16	2
DV01	0.02	+/-0.1
Leverage > 2y	7.91	10

Year	Monthly net performance EUR (%)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2009	Midgard													4.01
2010	Midgard	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	Midgard	2.71	3.40	1.65	3.32	1.74	0.30	1.49						15.52

Midgard vs. Benchmark	Return last 12 months	Return since inception (as of Sep 1 <sup>st</sup> , 2009)	Volatility	Sharpe ratio
Midgard (EUR)	20.93%	44.98%	21.38% p.a.	4.15
DJCS Fixed Income Arb.*	10.40%	25.02%	12.36%	0.35
Eurohedge Fixed Income*	4.38%	10.89%	5.54%	N/A

\*: Performance until end of June 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:** 185.9 million EUR  
**Company AUM:** 35.0 billion EUR

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

**Administrator:**  
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**Investment Manager:**  
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