

NEWSLETTER AUGUST 2012

MIDGARD
FIXED INCOME FUND LIMITED



Performance & NAV

Monthly return **-1.07%**

Return year-to-date **31.80%**

NAV per share **202.65**

MARKET UPDATE AUGUST 2012

After a very strong performance in July 2012, some parts of the Nordic fixed income markets reversed slightly in August, as the fear of a full blown euro crash diminished, thereby reducing the safe haven bid that has supported the Nordic market. Midgard Fixed Income Fund experienced a negative return of 1.07%, which stemmed from the DKK, NOK and SEK positions whereas the EUR positions were broadly unchanged. The year to date performance for August 2012 ended at 31.8%.

In Sweden, it was the short end of the bond market that came under pressure, as managers sold shorter dated bonds against longer dated bonds, ahead of the upcoming index-extensions thereby flattening the curve against swaps. During the month, Danish covered bond issuers auctioned off covered bonds for a total of DKK135bn. Contrary to previous DKK auctions, the bonds on auction cheapened into the auction and the trend continued afterwards. Midgard participated in the auctions but concentrated on the very short end of the curve, thereby reducing the yield curve spread of the portfolio. This was intensified by a slight reduction of long dated SEK bonds, which have performed very satisfactorily during 2012 due to the before-mentioned index-extensions, and the small new issuance.



Christian Riemann-Andersen
Senior Portfolio Manager, Midgard

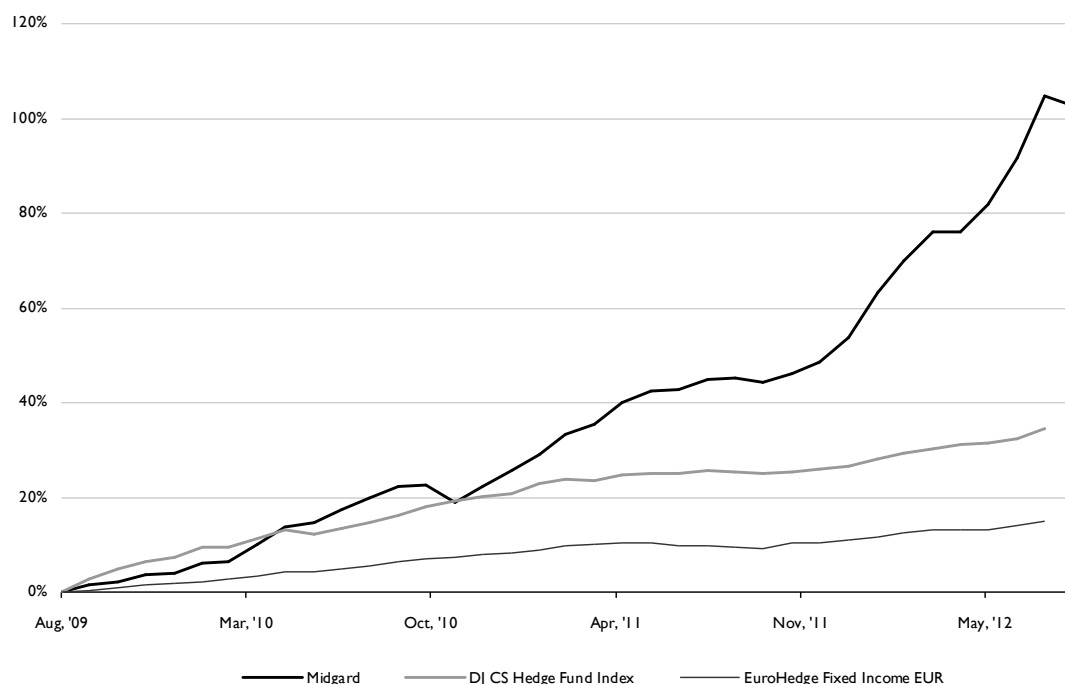
MIDGARD

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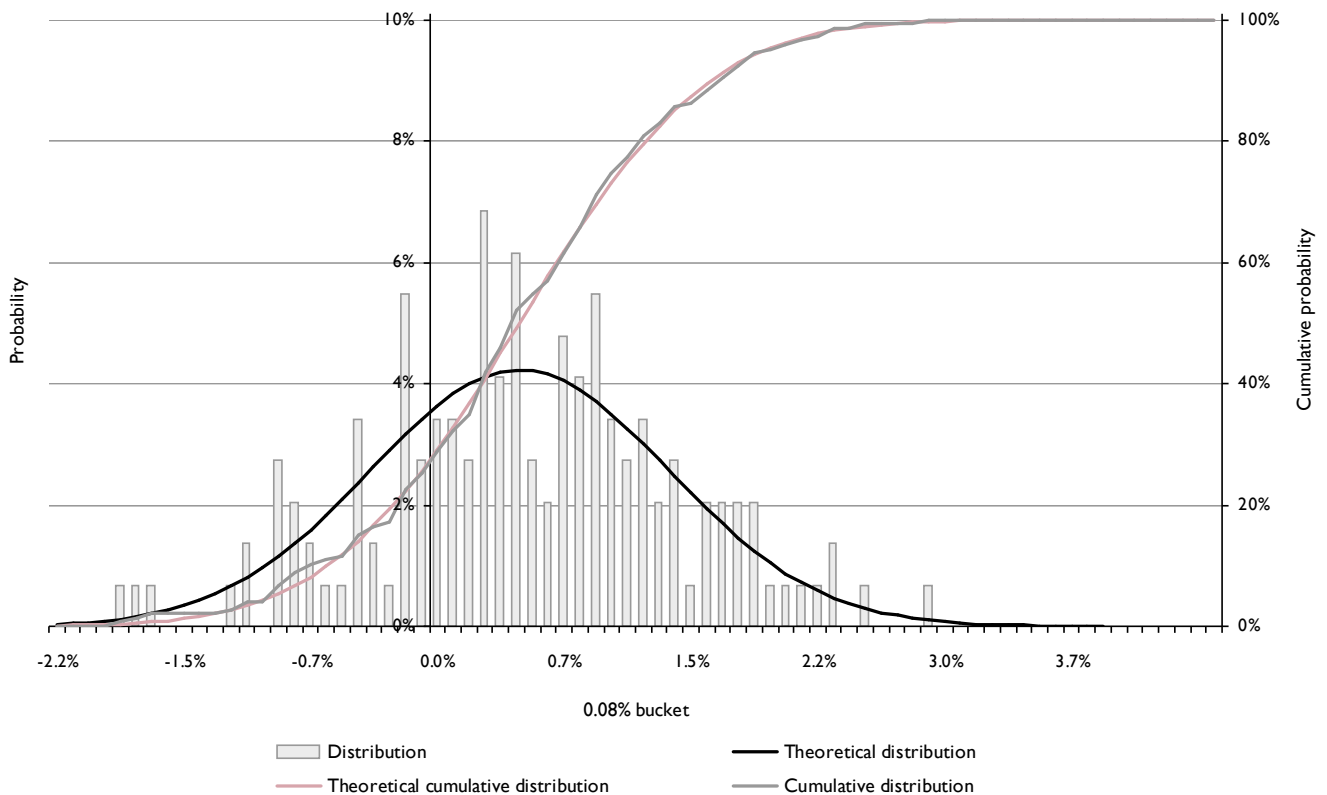
HISTORICAL PERFORMANCE

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%					31.80%



RETURN	MIDGARD	EuroHedge Fixed Income Arbitrage Index	DJIA Fixed Income Arbitrage Index
Annualized	26.55%	2.33%	9.67%
Last 12 months	39.51%	4.12%	6.98%
Last 3 months	11.38%	1.65%	2.64%
Since inception	102.65%	13.93%	30.91%
Best month	6.97%	1.02%	2.02%
Worst month	-2.98%	-0.47%	-0.79%
Positive months	88.89%	82.35%	88.24%
Negative months	11.11%	17.65%	11.76%
Volatility	7.03%	1.34%	2.42%
Sharpe Ratio	3.68	1.26	3.74

RETURN DISTRIBUTION

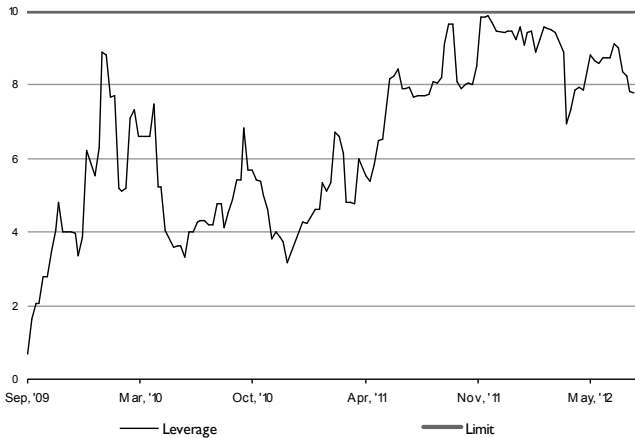


CORRELATION ANALYSIS	MIDGARD -vs.-	EuroHedge Fixed Income Arbitrage Index	DJIA Fixed Income Arbitrage Index
Correlation coefficient	-	45.26%	23.68%
Beta	-	2.07	0.61
Alpha	-	15.25%	19.53%
R ²	-	20.49%	5.61%
Information ratio	-	4.15	3.05
Tracking error	-	6.16%	6.08%
Autocorrelation	41.98%	14.14%	11.88%

MOMENTS	MIDGARD	EuroHedge Fixed Income Arbitrage Index	DJIA Fixed Income Arbitrage Index
Return	26.55%	2.33%	9.67%
Standard deviation	6.87%	1.34%	2.40%
Kurtosis	1.21	-0.66	-0.43
Skewness	0.20	-0.26	-0.14

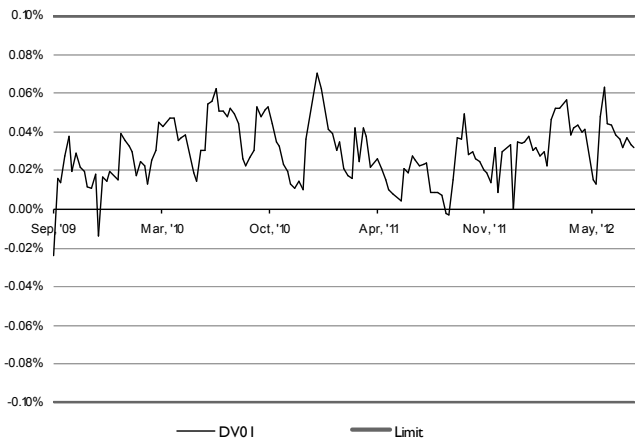
RISK & LINE LIMITS

LEVERAGE

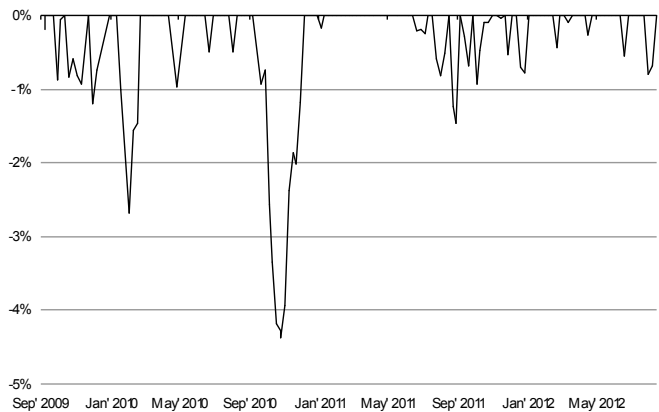


RISK	MIDGARD	LINE/LIMIT
DV01	0.03%	± 0.10%
Leverage	7.71	Max. 10
VaR	0.15%	Max. 2 %
FX exposure	26.71%	Max. 100 %

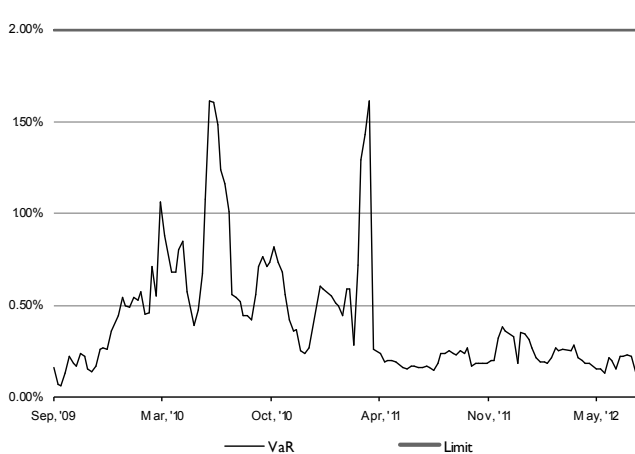
DV01



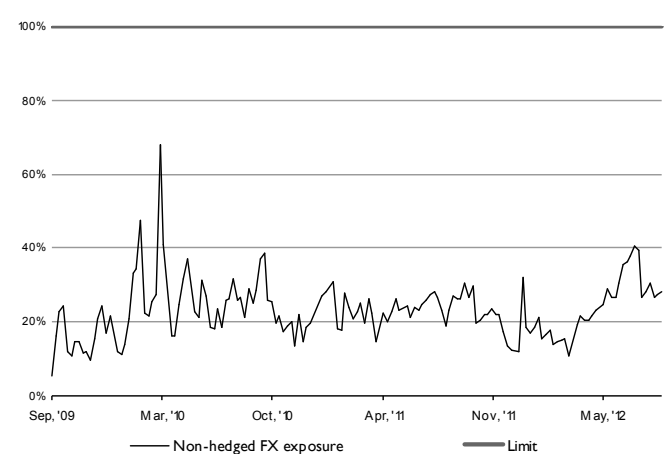
WEEKLY DRAWDOWN



VaR



NON-COVERED FX EXPOSURE



MIDGARD

FIXED INCOME FUND LIMITED

Strategy AUM	EUR 409.84 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
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