

NEWSLETTER JUNE 2012



MIDGARD
FIXED INCOME FUND LIMITED

Performance & NAV

Monthly return	5.43%
Return year-to-date	24.54%
NAV per share	191.41

MARKET UPDATE JUNE 2012

The strong momentum from May continued into June and the return was 5.43%, the second highest monthly return since inception. The year to date return is now 24.54%, well above the full-year result for 2011 (22.5%).

The benefit of diversification was once again proven as the SEK portfolio delivered the majority of performance in June and compensated for a more stable, but still decent, development of the DKK portfolio. This was the opposite of what was observed in May 2012, where the DKK portfolio contributed most. After a couple of months with headwinds, the euro covered bond portfolio started to perform although the overall contribution to performance (and risk) is modest.

In our SEK portfolio especially the longer dated bonds performed very satisfactory and delivered the main contribution to the overall performance. While the modest new supply of bonds has been the main driver this year, SEK mortgage bonds received regulatory support as the Swedish FSA introduced a temporary floor for the discount rate used by the L&P sector. This caused a significant repricing of the entire swap curve as investors moved into riskier assets including Swedish mortgage bonds. The leading covered bond indices were also subject to a significant lengthening of duration which also underpinned the demand for longer mortgage bonds.

DKK non-callable covered bonds generally underperformed against swaps in the first half of June but the trend reversed end of June. The Fund managed to position itself well for this move and generally increased the DKK exposure through out the month in addition to realising a respectable return. Of notable events in the Danish market was the introduction of a new discount curve for the L&P sector. The amendments targeted the long end of the curve but it seemed to spill over to the shorter to medium part of the curve providing some attractive buying opportunities. These opportunities included the large auction of three year floaters which came at very attractive levels.



Christian Riemann-Andersen
Senior Portfolio Manager, Midgard

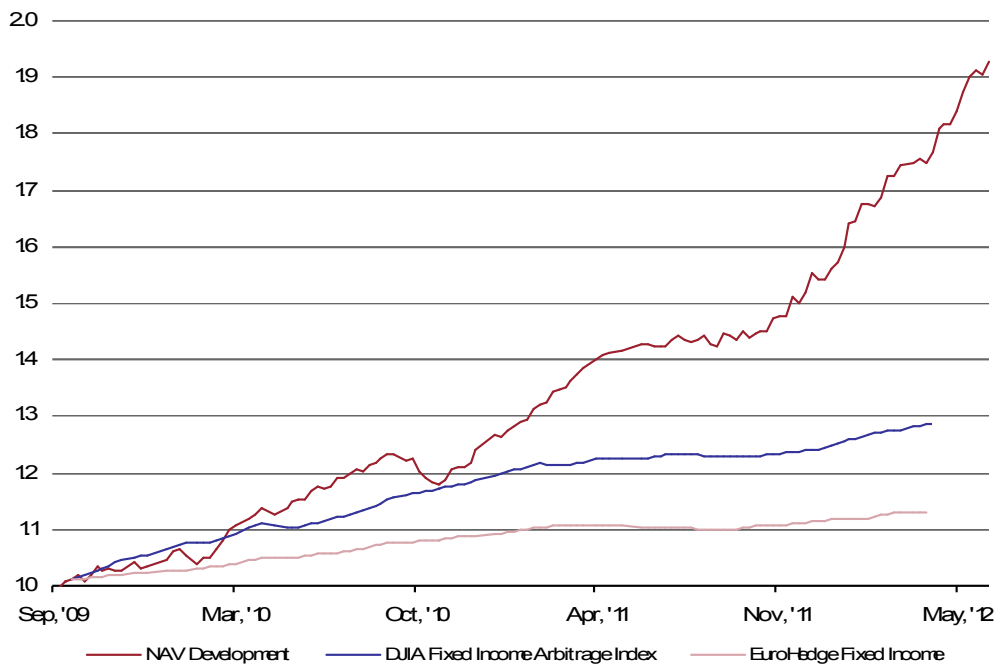
MIDGARD

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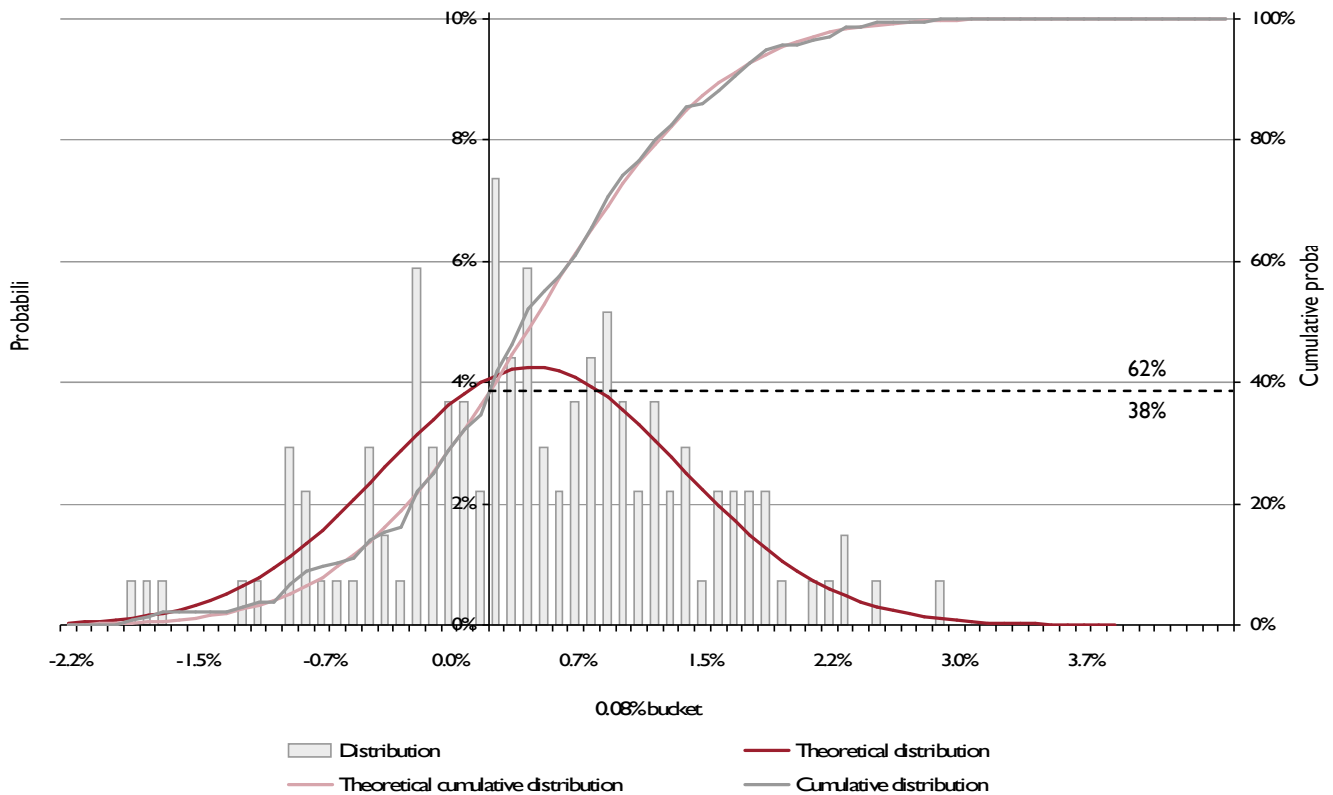
HISTORICAL PERFORMANCE

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2009									1.11%	1.62%	0.84%	0.39%	4.01%
2010	1.98%	0.44%	3.24%	3.34%	0.91%	2.32%	2.16%	2.03%	0.32%	-2.98%	2.81%	2.56%	20.67%
2011	2.72%	3.41%	1.65%	3.32%	1.74%	0.30%	1.48%	0.19%	-0.76%	1.14%	1.94%	3.46%	22.51%
2012	6.20%	4.03%	3.56%	-0.01%	3.26%	5.43%							24.54%



RETURN	MIDGARD	EuroHedge Fixed Income Arbitrage Index	DJIA Fixed Income Arbitrage Index
Annualized	25.75%	2.23%	9.35%
Last 12 months	33.97%	2.07%	5.12%
Last 3 months	8.81%	0.97%	1.68%
Best month	6.20%	1.02%	2.02%
Worst month	-2.98%	-0.47%	-0.79%
Positive month:	91%	81%	88%
Negative month:	9%	19%	13%
Volatility	6.31%	1.33%	2.44%
Sharpe Ratio	3.98	1.18	3.56

RETURN DISTRIBUTION

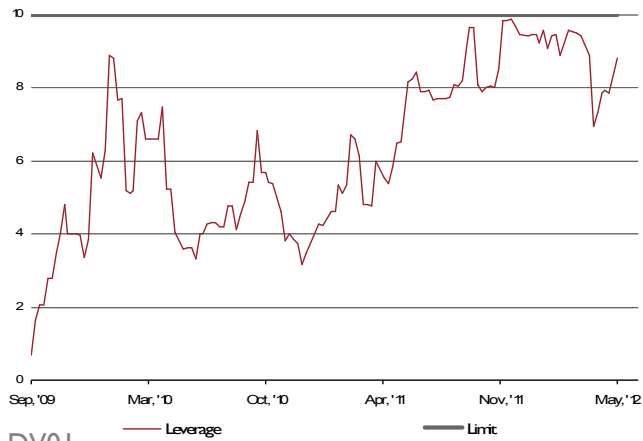


MOMENTS	MIDGARD	EuroHedge Fixed Income Arbitrage Index	DJIA Fixed Income Arbitrage Index
Return	25.75%	2.23%	9.35%
Standard deviation	6.31%	1.33%	2.44%
Kurtosis	1.24	-0.54	-0.51
Skewness	-0.10	-0.26	-0.14

CORRELATION ANALYSIS	MIDGARD -vs.-	EuroHedge Fixed Income Arbitrage Index	DJIA Fixed Income Arbitrage Index
Correlation coefficient	-	44.09%	21.69%
Beta	-	1.97	0.55
Alpha	-	13.85%	19.50%
R ²	-	19.44%	4.70%
Information ratio	-	3.90	2.67
Tracking error	-	6.03%	6.16%
Autocorrelation	24.22%	16.85%	12.08%

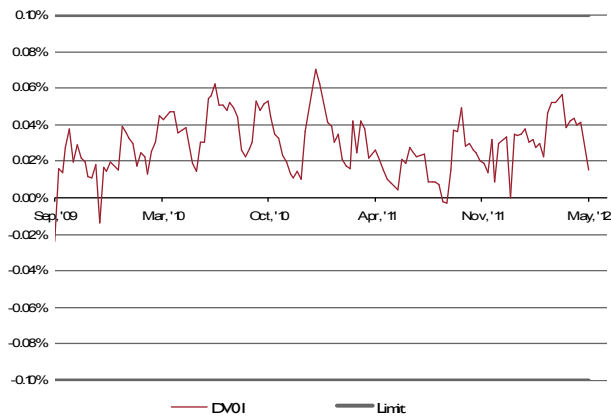
RISK & LINE LIMITS

LEVERAGE

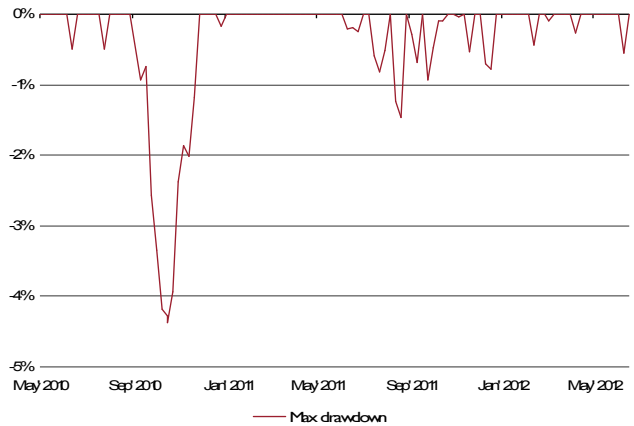


RISK	MIDGARD	LINE/LIMIT
DV01	0.04%	± 0.10%
Leverage	8.74	Max. 10
VaR	0.20%	Max. 2 %
FX exposure	30.48%	Max. 100 %

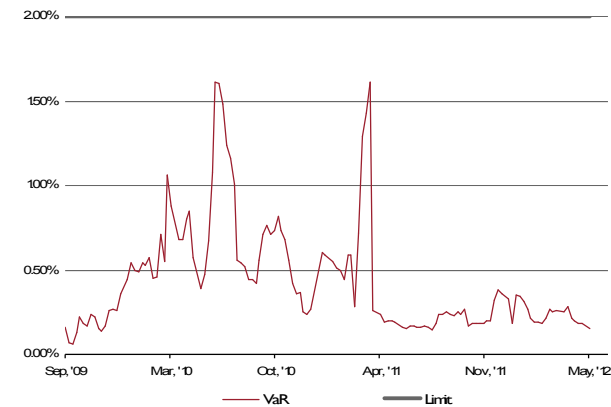
DV01



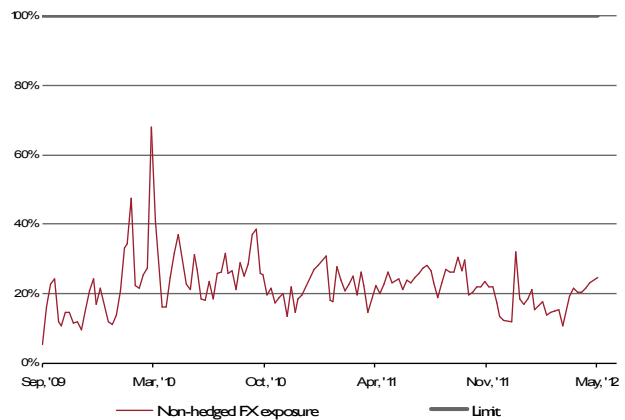
WEEKLY DRAWDOWN



VaR



NON-COVERED FX EXPOSURE



MIDGARD

FIXED INCOME FUND LIMITED

Strategy AUM	EUR 387.27 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
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