

NEWSLETTER MARCH 2012



MIDGARD
FIXED INCOME FUND LIMITED

Performance & NAV

| | |
|---------------------|---------------|
| Monthly return | 3.56% |
| Return year-to-date | 14.41% |
| NAV per share | 175.92 |

MARKET UPDATE MARCH 2012

The Midgard Fixed Income Fund returned 3.56% in March, which brings the return for the first quarter of the year to 14.41%. European fixed income markets remained volatile in March. Peripheral sovereign bonds traded under pressure as focus returned to Spain after weak key economic indicators and continued stress in the banking sector. Both Bunds and US Treasuries saw a significant rise in yield from mid-March but the move quickly reversed as risk aversion started to increase again. Despite the volatile markets, short dated euro covered bonds continued to see a strong support although the LTRO effect faded.

In Sweden, markets' belief in an April cut from the Swedish Central Bank started to fade somewhat on the back of better than expected economic readings. The blurred picture did contribute to a slowdown in performance in the short end of the benchmark curve whereas the longer end performed strongly. New issuance of bonds from mortgage banks has been relatively diminutive which have been supportive for longer dated papers.

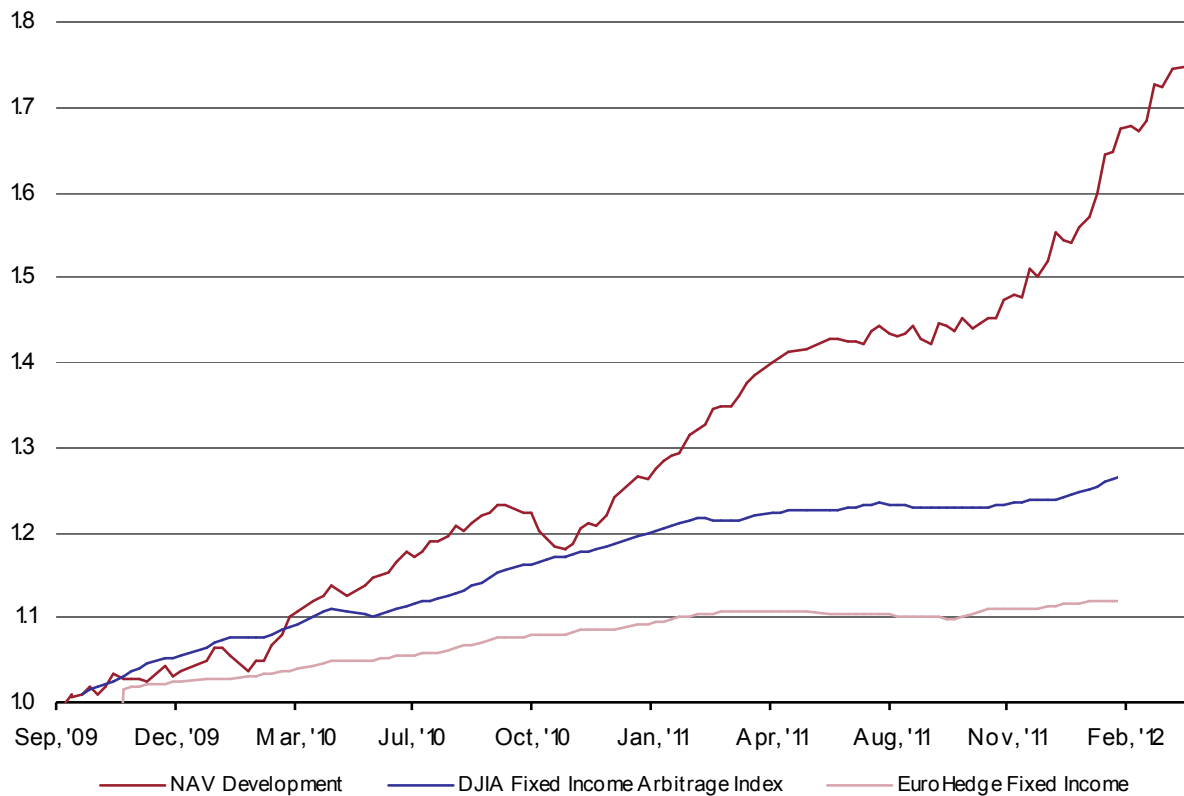
Midgard participated in the Danish refinancing of non-callable bullet bonds during February and March. Despite a surprisingly little take-up at the Danish 3 year LTRO auction of only DKK 18.9bn (estimates ranged from approximately DKK75 to DKK150bn), Danish bullet bonds held up firmly and have generally performed well against swaps from their issuance levels and hence contributed positively to Midgard's performance in March.



Christian Riemann-Andersen
Senior Portfolio Manager, Midgard

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% | | | | | | | | | | 14.41% |



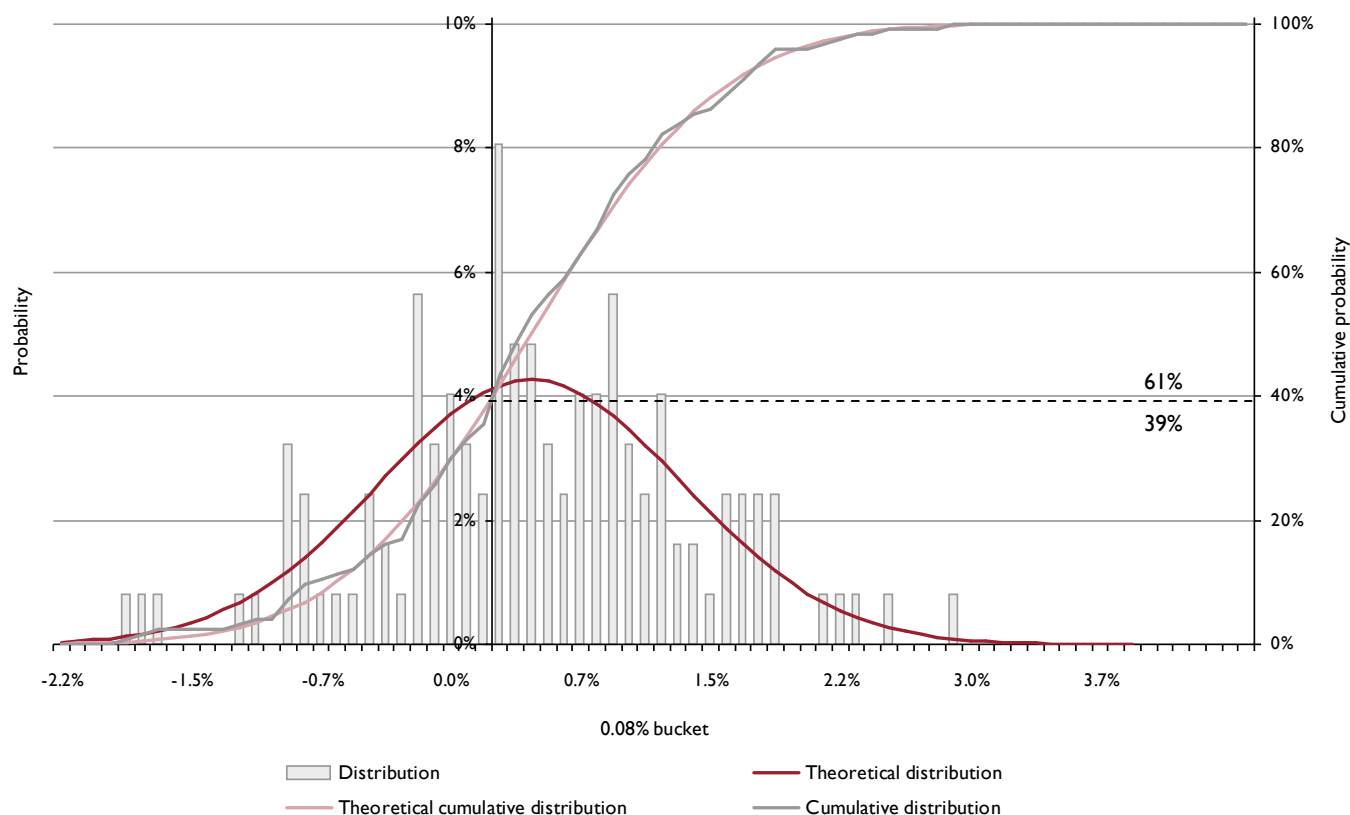
| RETURN | MIDGARD | EuroHedge Fixed | |
|-----------------|---------|------------------------|-----------------------------------|
| | | Income Arbitrage Index | DJIA Fixed Income Arbitrage Index |
| Annualized | 24.44% | 2.31% | 9.58% |
| Last 12 months | 29.82% | 2.27% | 5.34% |
| Last 3 months | 14.41% | 1.46% | 2.94% |
| Best month | 6.20% | 1.02% | 2.02% |
| Worst month | -2.98% | -0.47% | -0.79% |
| Positive months | 94% | 83% | 87% |
| Negative months | 6% | 17% | 13% |
| Volatility | 6.03% | 1.33% | 2.50% |
| Sharpe Ratio | 3.94 | 1.21 | 3.56 |

MIDGARD

FIXED INCOME FUND LIMITED

NEWSLETTER MARCH 2012

RETURN DISTRIBUTION



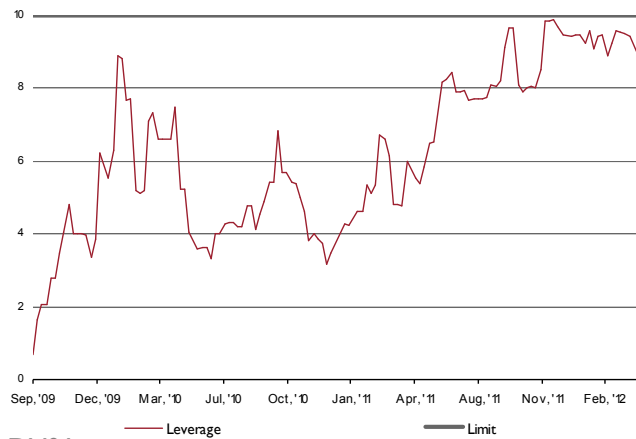
| MOMENTS | MIDGARD | EuroHedge Fixed | |
|--------------------|---------|------------------------|-----------------------------------|
| | | Income Arbitrage Index | DJIA Fixed Income Arbitrage Index |
| Return | 24.44% | 2.31% | 9.58% |
| Standard deviation | 6.03% | 1.33% | 2.50% |
| Kurtosis | 1.89 | -0.44 | -0.56 |
| Skewness | -0.26 | -0.34 | -0.21 |

CORRELATION ANALYSIS

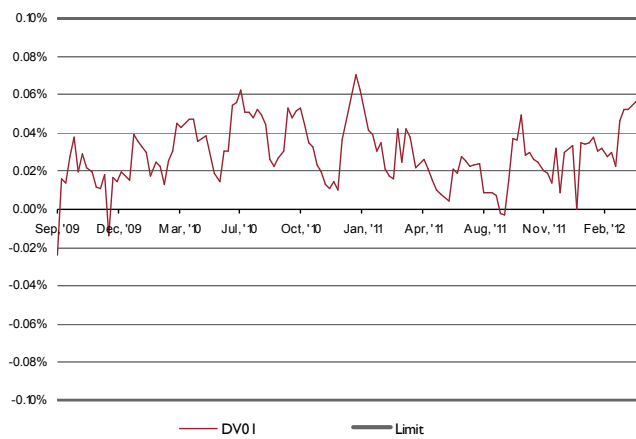
| | | | |
|-------------------------|--------|--------|--------|
| Correlation coefficient | - | 42.05% | 28.25% |
| Beta | - | 1.88 | 0.67 |
| Alpha | - | 14.85% | 17.39% |
| R ² | - | 17.68% | 7.98% |
| Information ratio | - | 3.66 | 2.59 |
| Tracking error | - | 6.04% | 5.75% |
| Autocorrelation | 38.44% | 13.99% | 11.82% |

RISK & LINE LIMITS

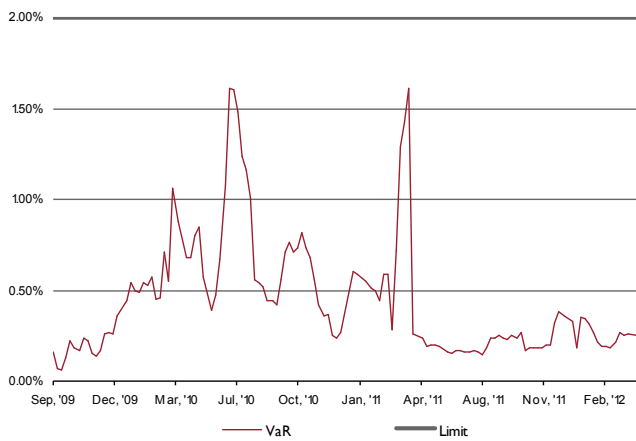
LEVERAGE



DV01

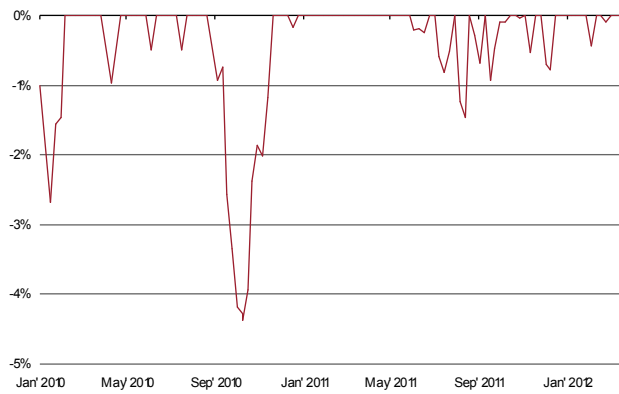


VaR

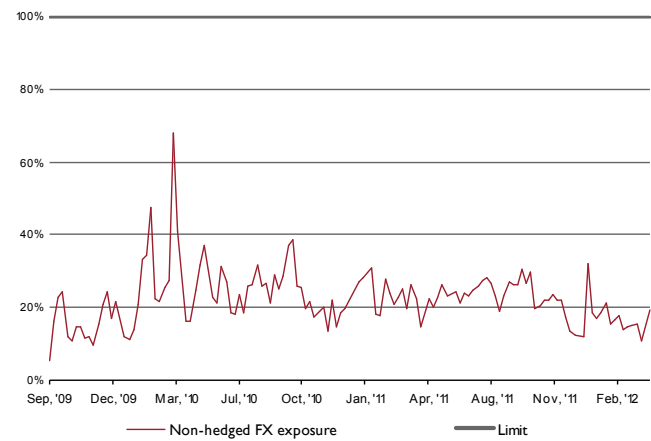


| RISK | MIDGARD | LINE/LIMIT |
|-------------------------|---------|------------|
| DV01 | 0.05% | ± 0.10% |
| Leverage | 9.44 | Max. 10 |
| VaR | 0.26% | Max. 2 % |
| Non-covered FX exposure | 10.73% | Max. 100 % |

WEEKLY DRAWDOWN



NON-COVERED FX EXPOSURE



MIDGARD

FIXED INCOME FUND LIMITED

| | |
|--------------------|--|
| Strategy AUM | EUR 389.8 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 Enshilda Banken AB +45 33 36 85 07 |
| Investor Relations | PFA Asset Management +45 39 17 50 00 |