

SHEPHERD ENERGY GAS PORTFOLIO

MONTHLY REPORT November 2020. Performance: -0,45%

Shepherd Energy Gas Portfolio	Jan	Feb	March	April	May	June	Jul	Aug	Sept	Oct	Nov	Dec	Year end
2019							2,07%	3,39%	-1,37%	1,04%	-0,32%	2,75%	7,71%
2020	-0,30%	0,73%	1,91%	0,71%	1,72%	-0,24%	0,38%	-0,91%	-0,16%	-0,45%	-0,12%		3,29%

Returns are from the Shepherd Energy gas portfolio that started trading at ICE in July 2019. The gas portfolio is being implemented into the strategy of Shepherd Energy portfolio. All figures in this report are gross from management fees and for guidance only. Annual standard deviation calculated from July 2019.

1 The Portfolio

Shepherd Energy Gas Portfolio is managed by Shepherd Energy AB, a securities company licensed and supervised by the Swedish Financial Supervisory Authority (Finansinspektionen).

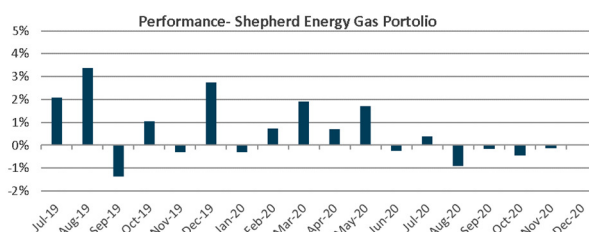
The Portfolio uses standardised futures and forwards, where all contracts are subject to clearing at the Intercontinental Energy Exchange, ICE. The Portfolio can use leverage and establish long and short positions.

The objective of the Portfolio is to achieve a high risk-adjusted return in combination with a low correlation to traditional stock and bond markets. The target is to generate an average yearly return of 15-20 percent with a Sharpe ratio > 1. The Portfolio is based on Shepherd Energy's fundamental analysis and long in-depth knowledge of the Gas Markets, where data is quantified to generate strategies. Of special interest is when the in-house analysis shows a price- and value divergence with a favourable risk/reward to build strategies on.

Due to volatility higher than the average of the bond and stock market regarding the European Gas Market, the Portfolio Managers apply a well-structured management process, focusing on risk- and money management. All the strategies have predefined stop-losses.

2 Performance

Shepherd Energy Gas Portfolio	
Return November 2020	-0,12%
Return last 12 months	5,42%
Net return since start-up	11,39%
Index value since start-up	111,26
Annulized Standard deviation	4,62%
Downside risk	1,51%
Average Margin to equity November	1,42%
Max Margin to equity November	2,00%
Min Margin to equity November	0,90%
Correlation MSCI World	0,00
Yearly Rate of Return	8,33%
Sharpe Ratio	1,80
Sortino ratio	5,52
Sharpe ratio/Maximum draw down	-6,08
Biggest monthly draw down	-1,37%
Longest draw down duration	4
Number of winning months	9
Number of losing months	8



3 Market comment

Our view on European Gas remains unchanged with a strong bullish narrative around vaccines and election countervailed by heavily bearish fundamentals. Price has been supported as well by a stream of news events around outages and strikes but weather looks to flip to mild by mid-month. European stocks enter December with storages 88% full, oversupply with a heavy price premium to last year. Price action within the month was solidly bearish through all support levels only to rally all the way back in the final week due to a flip in weather to bitter cold during the final week and another strike in Norway closing production yet again. As the curve moves to contango on expectation of better forward economic conditions we have changed strategy to bear spreads at the front whilst maintaining long dated length. Bear positions have been moved to summer due to the lack of Q1 premium and enhanced risks of the winter period.

As we enter December strikes are currently all resolved, and the bearish pattern has resumed as mild weather returns to the horizon. Asian LNG prices diverge into an upswing as the rapid arbitrage between US/Europe keeps spot cargoes away from a cold china combined with local LNG production outages easing by February. With the return of mild weather, we maintain a bearish view but the market remains dismissive of current fundamentals and is of a more technical mindset.

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