

SHEPHERD ENERGY GAS PORTFOLIO

MONTHLY REPORT October 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%			3,41%

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).

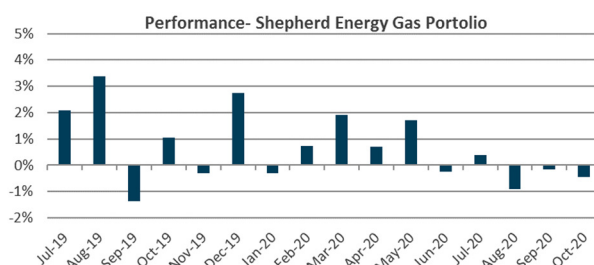
The Portfolio uses standardised futures and forwards, where all contracts are subject to clearing at the Intercontinental Energy Exchange, ICE. The Portfolio can use leverage and establish long and short positions.

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 October 2020	-0,45%
Return last 12 months	6,03%
Net return since start-up	11,39%
Index value since start-up	112,07
Annulized Standard deviation	4,72%
Downside risk	1,67%
Average Margin to equity October	1,04%
Max Margin to equity October	1,94%
Min Margin to equity October	0,85%
Correlation MSCI World	0,00
Yearly Rate of Return	8,43%
Sharpe Ratio	1,78
Sortino ratio	5,04
Sharpe ratio/Maximum draw down	-6,15
Biggest monthly draw down	-1,37%
Longest draw down duration	4
Number of winning months	9
Number of losing months	7



3 Market comment

October opened weak with increases in both Norwegian and Russian pipeline supply, leading to heavy oversupply. However Norwegian strikes coincident with cold weather and a strong global macro pushed gas prices sharply higher mid-month. Persistent oversupply and resolution of the strikes led to a sharp correction during the final week, leaving the month with only modest gains. Storage was left unchanged at 95% full due to draws around the strike period and is now roughly 2% below last year's record. During the bull period we continued to slowly increase bearish bets and with exuberance on the prompt compressing seasonality also built front bear spreads for the first time.

As we entered November gas entered correction territory with seven straight days of losses but an abrupt switch in global macro from Biden/Vaccine announcements alongside poor renewable generation helped arrest the falls and gas has stayed flat with multiple failed breakouts to the upside with a reluctance to test the large down side. Given the fine balance between euphoric sentiment and punishing fundamentals we are reluctantly taking some profit as we await a winner. We continue to hold length from late 2021, but remain bearish through the summer months.

4 Contacts

Phone: + 46 8 466 04 40
Email: info@shepherd.se
Internet: www.shepherd.se
Portfolio Manager: Ben Ketley
Compliance officer: Johan Grenefalk, WesslauSöderqvist Law

Disclaimer: This document is intended for general information purposes only and does not constitute solicitation of or an offer to participate in any investment. Past performance is no guarantee for future returns. Prospective clients should not base their decision to invest in these trading programs solely in the past performance presented. Additionally, in making an investment decision, prospective clients must also rely on their own examination of the person or entity making the trading decision and the terms of the advisory agreement including the merits and risks involved.