

# SHEPHERD ENERGY PORTFOLIO

## MONTHLY REPORT November 2020. Performance: -1,19%

Shepherd Energy Portfolio	Jan	Feb	March	April	May	June	Jul	Aug	Sept	Oct	Nov	Dec	Year end
2013				1,65%	-0,19%	3,06%	0,75%	1,57%	-0,43%	-0,22%	1,73%	3,54%	11,97%
2014	1,51%	0,07%	1,43%	0,33%	-1,60%	-4,50%	-2,87%	2,18%	0,61%	1,57%	1,65%	-0,57%	-0,42%
2015	-1,40%	1,30%	-0,58%	0,87%	0,06%	1,40%	1,16%	2,11%	0,20%	1,00%	-3,43%	4,18%	6,88%
2016	4,63%	0,75%	-0,16%	0,10%	1,34%	2,98%	-1,77%	1,21%	0,42%	4,72%	-1,23%	0,12%	13,67%
2017	-3,97%	-0,45%	-1,14%	0,73%	0,72%	-0,89%	0,72%	2,15%	2,30%	0,83%	2,55%	0,14%	3,57%
2018	-0,21%	1,06%	3,28%	1,54%	3,46%	1,97%	-1,81%	3,32%	0,80%	-1,28%	1,21%	-0,19%	13,78%
2019	-1,18%	2,07%	0,91%	0,46%	-0,03%	-0,72%	0,70%	0,22%	-1,72%	-0,60%	-0,17%	-0,14%	-0,26%
2020	1,25%	1,21%	2,07%	-2,06%	-0,29%	-0,12%	-0,03%	-0,45%	-0,80%	-1,99%	-1,19%		-2,45%

All figures based on existing Shepherd Energy Portfolio strategy. Return is from current investment strategy which has been in place since in April 2013. All figures net from fees. From January 2020 the return includes trading in European gas.

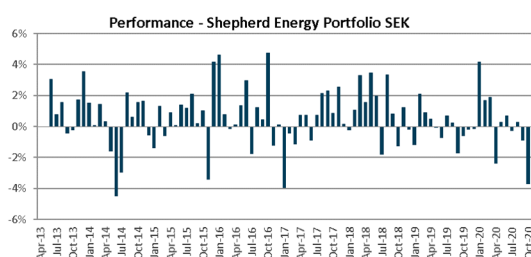
### 1 The Portfolio

Shepherd Energy Portfolio is managed by Shepherd Energy AB, a securities company licensed and supervised by the Swedish Financial Supervisory Authority (Finansinspektionen). Shepherd Energy Portfolio is a managed futures portfolio operating in European Energy Markets. The focus is on Nordic and German power as well as European gas. The Portfolio uses standardised futures, forwards and options, where all contracts are subject to clearing at Nasdaq OMX Commodities or 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 10-15 percent with a Sharpe ratio > 1.

The Portfolio is based on Shepherd Energy's fundamental analysis and long in-depth knowledge of the European power and gas markets, where data is quantified to generate strategies to take position on. Of special interest is when the in-house analysis shows a price- and value divergence with a favourable risk/reward to build strategies on.

### 2 Performance

Shepherd Energy Portfolio	
Return November 2020	-1,19%
Return last 12 months	-2,59%
Net return since start-up	55,31%
Index value since start-up	155,31
Annulized Standard deviation	5,04%
Downside risk	2,45%
Average Margin to equity November	1,74%
Max Margin to equity November	2,60%
Min Margin to equity November	1,09%
Correlation MSCI World	-0,16
Yearly Rate of Return	6,05%
Sharpe Ratio	1,20
Sortino ratio	2,47
Sharpe ratio/Maximum draw down	0,69
Biggest monthly draw down	-4,50%
Longest draw down duration	15
Number of winning months	56
Number of losing months	36



### 3 Market comment

Due to the very bearish hydrological conditions with a record high surplus of stored water in the Nordic hydro reservoirs, the Nordic power market showed an accelerating fall in prices with front quarter Q1-21 losing 45% down to 11,70 euro at the lowest. Front year Cal-21 went from previously 18.8 euro down to 11.75 euro. The carbon emission market spiked mid-month and started to fall back heavily due to worsened pandemic conditions which made the German Cal-21 lose a couple of euros back to 38.30 euro. However, during the last week of November the power market was affected by a sharp shift in the weather forecasts showing a blocking Russian high scenario bringing drier and colder weather to both the Nordic and the central European areas. This made the short-term Nordic power market run away on the upside, with front quartal Q1-21 closing the month at 21.25 euro and Cal-21 regaining to 18.70 euro. Also, the carbon emission was strongly affected by the shift in weather where EUA-20 was lifted to a new two month high at 29.15 euro/tonne and this made the German Cal-21 rise all the way back up to 42.60 euro.

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.

### 4 Contacts

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