

SHEPHERD ENERGY PORTFOLIO

MONTHLY REPORT October 2020. Performance: -2,07% (est.)

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%	-2,07%			-1,36%

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.

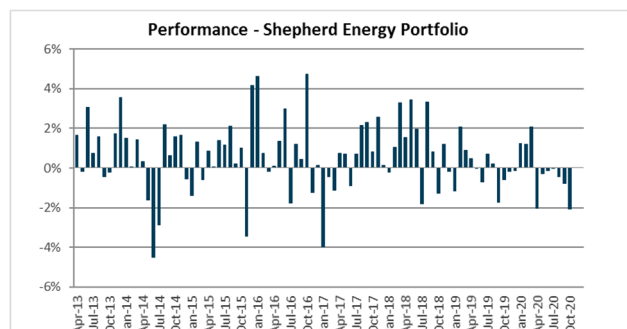
1 The Portfolio

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 October 2020	-2,07%
Return last 12 months	-1,68%
Net return since start-up	60,36%
Index value since start-up	160,36
Annulized Standard deviation	4,93%
Downside risk	2,33%
Average Margin to equity October	1,58%
Max Margin to equity October	2,40%
Min Margin to equity October	0,55%
Correlation MSCI World	-0,12
Yearly Rate of Return	6,20%
Sharpe Ratio	1,26
Sortino ratio	2,66
Sharpe ratio/Maximum draw down	0,71
Biggest monthly draw down	-4,50%
Longest draw down duration	15
Number of winning months	56
Number of losing months	35



3 Market comment

With dryer weather and decreasing amounts of Nordic precipitation in the first part of October, the Norwegian hydro producers was getting in control of water resulting in a rapid increase in the Nordic spot price going from 4-5 euros up to 20-25 euro level. Together with European Parliament passes climate law with 60% cut on 1990 CO2 levels by 2030, the Nordic Year 2021 gained 1.5 euro up to 25.5 euro at the highest. The German Year 2021 was hovering around 41.80 euro at the highest but lost its momentum along with falling carbon and fuel prices due to the second Covid-19 wave hitting Europe. The carbon emission price EUA-20 dropped from 27.9 euro down to 23.7 euro per tonne bringing the German Year 2021 down 11% to 37.3 euro end of month. During the second part of October the Nordic weather also shifted back to wetter type which again created pressure on the Nordic spot price and forced the contract Year 2021 downwards in a rapid pace to 18.8 euro end of month - a 22% drop from previously month.

October gas-market 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.

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