

# SHEPHERD ENERGY PORTFOLIO

## MONTHLY REPORT December 2018. Performance: -0,19%

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%

Return is from current investment strategy which has been in place since in April 2013. The Shepherd Energy Portfolio was named Shepherd Energy Fund until September 2013. All figures net from fees.

### 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).

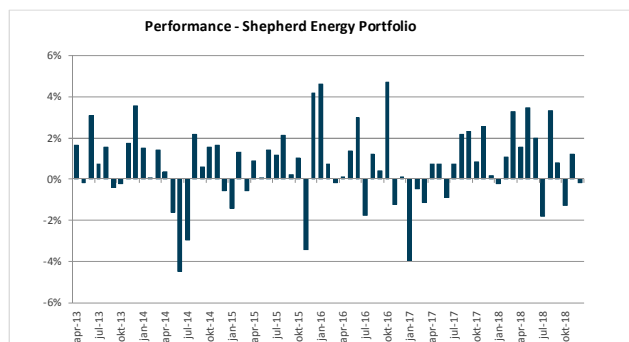
Shepherd Energy Portfolio is a managed futures portfolio in the Nordic Power Market. The Portfolio uses standardised futures, forwards and options, where all contracts are subject to clearing at Nasdaq OMX Commodities. The Portfolio can use leverage and establish long and short positions.

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 Power 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.

Due to volatility higher than the average of the bond and stock market regarding the Nordic Power Market, the Portfolio Managers apply a well-structured management process, focusing on risk- and money management. All the strategies have predefined stop-losses and where profits are protected using dynamic trailing stops.

### 2 Performance

Shepherd Energy Portfolio	
Return December 2018	-0,19%
Return last 12 months	13,78%
Net return since start-up	59,63%
Index value since start-up	159,63
Standard deviation	6,45%
Downside risk	3,81%
Average Margin to equity December	1,54%
Max Margin to equity December	4,98%
Min Margin to equity December	0,00%
Correlation MSCI World	-0,24
Yearly Rate of Return	8,47%
Sharpe Ratio	1,31
Sortino ratio	2,22
Sharpe ratio/Maximum draw down	0,97
Biggest monthly draw down	-4,50%
Longest draw down duration	15
Number of winning months	48
Number of losing months	21



### 3 Market comment

The Nordic Power prices moved higher in December. The short end curve strengthened when the weather forecasts showed good opportunities for a cold start of the Nordic winter. After a fall without significant rainfall in Norway and Sweden, there is a hydro shortage in the reservoirs and that means that the Nordic countries more than usual connect to European prices, which are generally priced higher. This applies especially when the weather is cold weather with little wind.

Further out on the curve, the carbon emission price was strong when the market continued to buy in anticipation of scarcity in the system when the EU will tighten the auction quotas from 2019. On the other hand, gas and coal prices were weak and the increase in the Nordic's long end contracts was not as great as in the front. Q1-19 ended at 56.60 euro, up 5.50 euro from November. Year 20 closed 3 euro higher at 38.60 euro.

### 4 Contacts

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