

SHEPHERD ENERGY PORTFOLIO

MONTHLY REPORT February 2019. Performance: +2,07%

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%											0,87%

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).

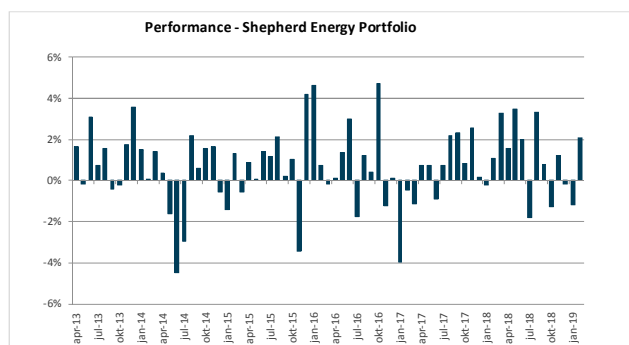
Shepherd Energy Portfolio is a managed futures portfolio in the Nordic Power Market. The Portfolio uses standardised futures, forwards and options, where all contracts are subject to clearing at Nasdaq OMX Commodities. The Portfolio can use leverage and establish long and short positions.

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 February 2019	2,07%
Return last 12 months	13,80%
Net return since start-up	61,02%
Index value since start-up	161,02
Standard deviation	6,20%
Downside risk	3,64%
Average Margin to equity February	1,30%
Max Margin to equity February	5,67%
Min Margin to equity February	0,00%
Correlation MSCI World	-0,17
Yearly Rate of Return	8,38%
Sharpe Ratio	1,35
Sortino ratio	2,31
Sharpe ratio/Maximum draw down	0,96
Biggest monthly draw down	-4,50%
Longest draw down duration	15
Number of winning months	49
Number of losing months	22



3 Market comment

The prospect of wintry conditions in the Nordic countries definitely came to an end during the February month, where a very mild weather situation with western flow of low pressure has created pressure on the spot price and thus the short part of the forward curve. The weekly contracts in the Nordic region have lost another 10 euro in price level from January down to 40-45 euro and the front quarter Q2-19 has fallen from previously 46.0 euro down to 35.6 euro as the lowest. A sharp recoil, however, accrued at the end of the month lifting the Q2-19 contract back to 40.6 euro. This was partly due to somewhat less bearish weather but also due to a strong recoil in the carbon emission rights. Here, EUA-19 rose from a new downside test against 18.4 euro/tonne towards 22 euro in only four trading days at the end of the month. Due to the high volatility of the carbon emission rights, we have seen the Nordic power contract Cal-20 loose from previously 38.0 euro down to monthly low at 33.0 euro and from here quickly back to 37.4 euro to the end of the month. A sharp and nasty v-turn, which has been quite challenged for the market to keep up with.

We have seen the earlier Nordic energy deficit in hydro storage going towards a more normalized state, which somewhat puts pressure on the Nordic power prices. But the present price level of carbon emission rights and German electricity still creates some upside potential for the Nordic market. A new month with high volatility in electricity prices is thus to be expected.

4 Contacts

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