

SHEPHERD ENERGY GAS PORTFOLIO

MONTHLY REPORT August 2020. Performance: -0,91%

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%					4,05%

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).

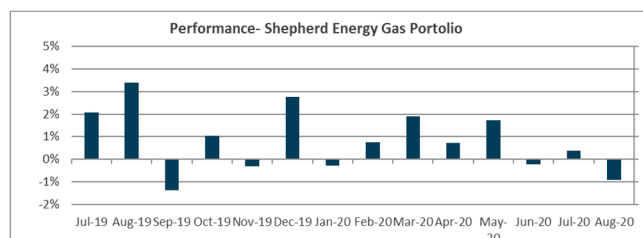
The Portfolio uses standardised futures and forwards, where all contracts are subject to clearing at the Intercontinental Energy Exchange, ICE. The Portfolio can use leverage and establish long and short positions.

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 August 2020	-0,91%
Return last 12 months	6,20%
Net return since start-up	12,07%
Index value since start-up	112,07
Standard deviation	4,86%
Downside risk	1,72%
Average Margin to equity August	0,23%
Max Margin to equity August	0,28%
Min Margin to equity August	0,20%
Correlation MSCI World	-0,08
Yearly Rate of Return	10,26%
Sharpe Ratio	2,11
Sortino ratio	5,98
Sharpe ratio/Maximum draw down	-7,49
Biggest monthly draw down	-1,37%
Longest draw down duration	4
Number of winning months	9
Number of losing months	5



3 Market comment

Gas had been stuck against the broader bullish macro for several months due to oversupply issues with pandemic lows in late July after several false break outs. August though has been extraordinary with a 60% rise back to the levels of January pricing, fundamentals remain relatively unchanged with storages 91% full. The strength of the rise wrongfooted us with the pre-existing plan against the macro strength being to sell into a resultant bounce. Losses came when we sold into fading strength and a severe Norwegian production outage gave the market further upside impetus.

Fundamentals remain bearish for the winter and current pricing is difficult to support without severe and early cold moderating the storage and oversupply issues. On directional given the strength of the sudden trend and our contrasting view, we remain on the sidelines awaiting better visibility of October weather. Internal debate remains strong on whether to participate in the technical rally but at the moment the risks of a mild start to October and sudden reversal outweigh the clear trend, so we are relatively neutral and observing closely.

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