

SHEPHERD ENERGY GAS PORTFOLIO

MONTHLY REPORT March 2021. Performance: -1,44% (est.)

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%	0,74%	1,91%	0,71%	1,72%	-0,24%	0,38%	-0,91%	-0,16%	-0,45%	-0,12%	-1,77%	1,46%
2021	-0,67%	0,91%	-1,44%										-1,21%

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).

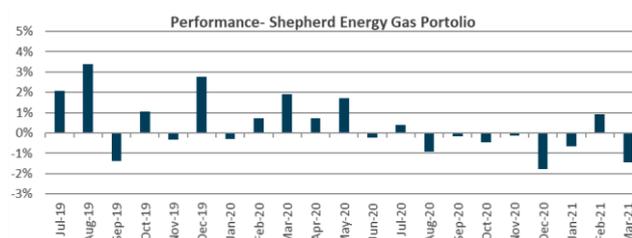
The Portfolio uses standardised futures and forwards, where all contracts are subject to clearing at the Intercontinental Energy Exchange, ICE. The Portfolio can use leverage and establish long and short positions.

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/return 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 March 2021	-1,44%
Return last 12 months	-2,07%
Net return since start-up	7,96%
Index value since start-up	107,96
Annulized Standard deviation	4,83%
Downside risk	0,02%
Average Margin to equity March	1,44%
Max Margin to equity March	2,13%
Min Margin to equity March	0,88%
Correlation MSCI World	-0,10
Yearly Rate of Return	4,48%
Sharpe Ratio	0,93
Sortino ratio	285,19
Sharpe ratio/Maximum draw down	1,11
Biggest monthly draw down	-1,77%
Longest draw down duration	7
Number of winning months	10
Number of losing months	11



3 Market comment

March saw steep gains on gas driven by unseasonable cold predicted to extend through the whole of April. Storage injections started several weeks early but then switched to withdrawals as severe cold hit Western Europe with no end in sight. Despite healthy supply and readily available LNG imports the depth of the cold is supportive and by delaying injections starting to raise storage fundamentals as a concern for the first time. Prompt month continues to discount despite against seasonality due to heavy producer hedging but in general the extreme cold is compressing seasonal spreads to historic levels from the front weather-related bullishness. Geopolitical risk appears to have declined despite much noise related to Russia/China/Iran.

Positionally we are bystanders as any return to seasonal temperatures will lead to a steep sharp correction in pricing, and prices already assume enduring cold. Our focus is in acquiring longer dated seasonal spreads at close to record lows with the expectation that in likelihood temperatures will revert to seasonal, despite a highly unusual four month hiatus. To this end our main focus is Q4/Q1 which offers very high risk reward whilst being close to backstopped against further drawdowns with pricing fairly flat. With the storage supply/demand mechanism it seems a economic aberration that storage can be incentivised to withdraw in autumn to inject in the peak winter period. Distortion is apparent across the curve with forwards lagging across the curve against the cold related bull market in the prompt months, the resultant steep backwardation is negating seasonality in the resultant curve which will re-establish on a reversion to normal weather.

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