

SHEPHERD ENERGY PORTFOLIO

MONTHLY REPORT March 2021. Performance: -3,87 % (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%	-1,99%	-1,19%	0,16%	-2,30%
2021	-1,53%	0,84%	-3,87%										-4,54%

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.

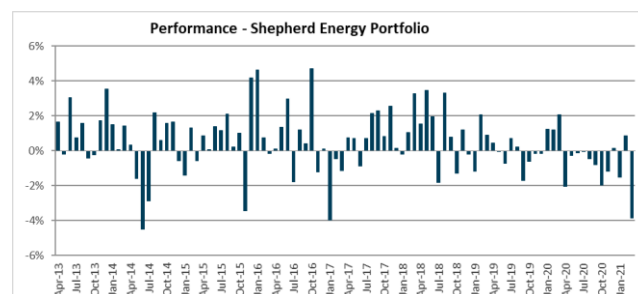
1 The Portfolio

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 March 2021	-3,87%
Return last 12 months	-10,82%
Net return since start-up	48,49%
Index value since start-up	148,49
Annulized Standard deviation	5,34%
Downside risk	3,03%
Average Margin to equity March	5,92%
Max Margin to equity March	8,29%
Min Margin to equity March	4,09%
Correlation MSCI World	-0,14
Yearly Rate of Return	5,07%
Sharpe Ratio	0,95
Sortino ratio	1,67
Sharpe ratio/Maximum draw down	0,58
Biggest monthly draw down	-4,50%
Longest draw down duration	15
Number of winning months	58
Number of losing months	38



3 Market comment

In March, the Nordic power market shifted back to a strong development in the short-term curve with weather forecasts pointing back at dry and wintery conditions. Nordic spot price lifted from 30-euro level up to 46 euro mid-month but lost again down to 25 euro level during Eastern holiday. Nevertheless, the April contract gained 8 euro up to 34 euro towards the end of month with the summer contract Q3-21 reached back to year high levels just below 29 euro. Very nervous behaviour in the market due to still quite big hydrological surplus of 12-13 TWh above normal levels in Norway and Sweden combined. But the long-term Nordic curve was still held back by strong seller hands where Year 2022 lifted 3 euro to 28,3 euro mid-month but ended March down at 26 euro. The spread between the Nordic and German Year 2022 was because of this increased with another 15% to 30,8 euro with the German Year 2022 closing the month at 56,8 euro. This with support from cold European weather with higher gas prices and strong carbon emission printing new all-time-high at 43,8 euro per tonne.

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.

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