

SHEPHERD INVESTMENT HOLDINGS, L.P.

FINANCIAL STATEMENTS
(PREPARED FROM BOOKS WITHOUT AUDIT)

DECEMBER 31, 2023

SHEPHERD INVESTMENT HOLDINGS, L.P.

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Financial Statements

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SHEPHERD INVESTMENT HOLDINGS, L.P.

STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED)

(Expressed in United States Dollars)

December 31, 2023

Assets

| | | |
|--|----|-------------------|
| Investments in securities, at fair value (cost \$15,708,947) | \$ | 17,179,751 |
| Cash | | 657,800 |
| Due from broker | | 1,212,570 |
| Interest receivable | | 9,878 |
| | | <hr/> |
| Total assets | \$ | <u>19,059,999</u> |

Liabilities and partners' capital

Liabilities

| | | |
|--|----|------------------|
| Contributions received in advance | \$ | 1,158,599 |
| Accrued expenses and other liabilities | | 6,750 |
| | | <hr/> |
| Total liabilities | | <u>1,165,349</u> |

Partners' capital

| | | |
|--|----|-------------------|
| | | <hr/> |
| | | 17,894,650 |
| | | <hr/> |
| Total liabilities and partners' capital | \$ | <u>19,059,999</u> |

SHEPHERD INVESTMENT HOLDINGS, L.P.

STATEMENT OF OPERATIONS (UNAUDITED)

(Expressed in United States Dollars)

For the year ended December 31, 2023

Investment income

| | |
|---|----------------|
| Interest | \$ 558,762 |
| Dividends (net of withholding taxes of \$5,031) | <u>256,805</u> |
| Total investment income | <u>815,567</u> |

Expenses

| | |
|--------------------------------------|---------------|
| Administrative fees | 14,000 |
| Professional fees and other expenses | <u>6,776</u> |
| Total expenses | <u>20,776</u> |

Net investment income

794,791

Realized and change in unrealized gain (loss) on investments

| | |
|--|----------------|
| Net realized loss on investments | (362,590) |
| Net change in unrealized appreciation on investments | <u>782,294</u> |

Net realized and change in unrealized gain on investments

419,704

Net income

\$ 1,214,495

SHEPHERD INVESTMENT HOLDINGS, L.P.

STATEMENT OF CHANGES IN PARTNERS' CAPITAL (UNAUDITED)

(Expressed in United States Dollars)

For the year ended December 31, 2023

| | <u>General Partner</u> | <u>Limited Partners</u> | <u>Total</u> |
|-------------------------------------|----------------------------|-----------------------------|----------------------|
| Balances , beginning of year | \$ 545,795 | \$ 12,984,360 | \$ 13,530,155 |
| Capital contributions | 750,000 | 2,400,000 | 3,150,000 |
| Allocation of net income: | | | |
| Pro rata allocation | <u>93,841</u> | <u>1,120,654</u> | <u>1,214,495</u> |
| Balances , end of year | <u>\$ 1,389,636</u> | <u>\$ 16,505,014</u> | <u>\$ 17,894,650</u> |

See accompanying notes to financial statements.

SHEPHERD INVESTMENT HOLDINGS, L.P.

CONDENSED SCHEDULE OF INVESTMENTS (UNAUDITED)

(Expressed in United States Dollars)

December 31, 2023

| | Number of Shares | Percentage of Partners' Capital | Fair Value |
|---|---------------------|------------------------------------|---------------------|
| Investments in securities, at fair value | | | |
| Convertible bonds | | | |
| United States | | | |
| Consumer discretionary | | | |
| Titan Retail Group LLC, 11.06%, expire 06/24/2025, principal \$2,996,534 | | 16.7 % | \$ 2,996,534 |
| Financials | | | |
| Windswept Royalties LLC, 9.55%, expire 02/28/2025, principal \$1,800,000 | | 10.1 | 1,800,000 |
| Real estate | | | |
| 535 Kimball LLC, 6%, expire 01/31/2028, principal \$1,413,819 | | 7.9 | 1,413,819 |
| 535 Kimball LLC, 8%, expire 11/30/2024, principal \$350,000 | | 2.0 | 350,000 |
| Energy | | 4.4 | 794,000 |
| | | <u>41.1</u> | <u>7,354,353</u> |
| Total convertible bonds (cost \$7,354,353) | | | |
| Common stocks | | | |
| United States | | | |
| Financials | | 4.3 | 760,560 |
| Consumer discretionary | | 2.9 | 522,390 |
| Consumer staples | | 2.0 | 357,010 |
| Real estate | | 1.1 | 188,640 |
| | | <u>10.3</u> | <u>1,828,600</u> |
| Total United States (cost \$1,703,717) | | | |
| Canada | | | |
| Financials | | | |
| Fairfax Financial Holdings Ltd | 1,000 | 5.1 | 920,761 |
| Materials | | 4.1 | 736,585 |
| | | <u>9.2</u> | <u>1,657,346</u> |
| Total Canada (cost \$1,135,345) | | | |
| Netherlands | | | |
| Financials (cost \$336,794) | | 2.0 | 351,015 |
| | | <u>21.5 %</u> | <u>\$ 3,836,961</u> |
| Total common stocks (cost \$3,175,856) | | | |

See accompanying notes to financial statements.

SHEPHERD INVESTMENT HOLDINGS, L.P.

CONDENSED SCHEDULE OF INVESTMENTS (UNAUDITED)

(Expressed in United States Dollars)

December 31, 2023

| | Number of Shares | Percentage of Partners' Capital | Fair Value |
|--|---------------------|------------------------------------|----------------------|
| Investments in securities, at fair value (continued) | | | |
| Units | | | |
| United States | | | |
| Energy | | 8.3 % | \$ 1,492,975 |
| Materials | | 3.0 | 541,250 |
| | | <u>11.3</u> | <u>2,034,225</u> |
| Total units (cost \$1,564,383) | | | |
| Treasury notes | | | |
| United States | | | |
| Financials | | | |
| Federal Government of America, 0.125%, expire 01/15/2024, principal \$1,000,000 | | 5.6 | 998,163 |
| Federal Government of America, 0.25%, expire 05/15/2024, principal \$1,000,000 | | 5.5 | 982,049 |
| | | <u>11.1</u> | <u>1,980,212</u> |
| Total treasury notes (cost \$1,917,292) | | | |
| Exchange traded funds | | | |
| United States | | | |
| Financials | | | |
| abrdn Gold ETF Trust (cost \$1,697,063) | 100,000 | 11.0 | 1,974,000 |
| | | <u>96.0 %</u> | <u>\$ 17,179,751</u> |
| Total investments in securities, at fair value (cost \$15,708,947) | | | |

See accompanying notes to financial statements.

SHEPHERD INVESTMENT HOLDINGS, L.P.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

(Expressed in United States Dollars)

December 31, 2023

1. Nature of operations and summary of significant accounting policies

Nature of Operations

Shepherd Investment Holdings, L.P., a Delaware limited partnership (the “Partnership”), was formed on December 2, 2019 and commenced operations on July 1, 2022. The purpose of the Partnership is to acquire, hold, dispose of, act or exercise rights in respect of investments in, and dividends and distributions received from, Partnership investments and securities and engage or participate in such other related activities.

Stollenweg Capital, LLC, a Delaware limited liability company, serves as the general partner (the “General Partner”) of the Partnership. The General Partner is primarily responsible for the management, control and direction of the Partnership.

Basis of Presentation

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). The Partnership is an investment company and follows the accounting and reporting guidance in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification Topic 946, *Financial Services-Investment Companies*.

Cash

Cash represents cash deposits held at major financial institution and is subject to credit risk to the extent the balance exceeds applicable Federal Deposit Insurance Corporation (“FDIC”) or Securities Investor Protection Corporation (“SIPC”) limitations.

Fair Value - Definition and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

In determining fair value, the Partnership uses various valuation approaches. A fair value hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs are to be used when available. Valuation techniques that are consistent with the market or income approach are used to measure fair value. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Partnership has the ability to access.

Level 2 - Valuations based on inputs, other than quoted prices included in Level 1 that are observable either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

SHEPHERD INVESTMENT HOLDINGS, L.P.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

(Expressed in United States Dollars)

December 31, 2023

1. Nature of operations and summary of significant accounting policies (continued)

Fair Value - Definition and Hierarchy (Continued)

Fair value is a market-based measure, based on assumptions of prices and inputs considered from the perspective of a market participant that are current as of the measurement date, rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Partnership's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date.

The availability of valuation techniques and observable inputs can vary from investment to investment and is affected by a wide variety of factors, including the type of investment, whether the investment is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed. Accordingly, the degree of judgment exercised by the Partnership in determining fair value is greatest for investments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement.

Fair Value - Valuation Techniques and Inputs

Investments in Securities

Investments in securities that are as to any securities which are listed or admitted to trading on any national securities exchange on any trading day, the amount equal to (i) the last sale price of such securities, regular way, on such date or, if no such sale takes place on such date, the average of the closing bid and asked prices thereof on such date, in each case as officially reported on the principal national securities exchange on which such securities are then listed or admitted to trading, or (ii) if such securities are not then listed or admitted to trading on any national securities exchange but are reported through the automated quotation system of a registered securities association, the last trading price of such securities on such date, or if there shall have been no trading on such date, the average of the closing bid and asked prices of such securities on such date as shown by such automated quotation system.

To the extent these securities are actively traded and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy. Securities traded on inactive markets or valued by reference to similar instruments are generally categorized in Level 2 of the fair value hierarchy.

Convertible Bonds

The fair value of convertible bonds is estimated using recently executed transactions, market price quotations (where observable), bond spreads. The spread data used is for the same maturity as the bond. If the spread data does not reference the issuer, then data that references a comparable issuer is used. When observable price quotations are not available, fair value is determined based on cash flow models using yield curves, bond or single name credit default swap spreads, and recovery rates based on collateral values as key inputs. Convertible bonds are generally categorized in Level 2 of the fair value hierarchy. In instances where significant inputs are unobservable, Convertible bonds are categorized in Level 3 of the fair value hierarchy.

SHEPHERD INVESTMENT HOLDINGS, L.P.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

(Expressed in United States Dollars)

December 31, 2023

1. Nature of operations and summary of significant accounting policies (continued)

Fair Value - Valuation Techniques and Inputs (continued)

U.S. Treasury Notes

The Partnership, at times, holds U.S. treasury notes which are reported at fair value in the statement of assets and liabilities. The fair values of U.S. treasury notes are generally based on quoted prices in active markets. The Partnership generally, classifies its U.S. treasury notes under Level 2 of the fair value hierarchy.

Investment Transactions and Related Investment Income

Investment transactions are accounted for on a trade-date basis. Realized gains and losses on investment transactions are determined using cost calculated on first in first out (FIFO) basis. Dividends are recorded on the ex-dividend date and interest is recognized on the accrual basis.

Income Taxes

The Partnership does not record a provision for U.S. federal, state, or local income taxes because the partners report their share of the Partnership's income or loss on their income tax returns. Further, certain non-United States dividend income may be subject to a tax at prevailing treaty or standard withholding rates with the applicable country or local jurisdiction. Withholding taxes on foreign dividends have been provided for in accordance with the Partnership's understanding of the applicable country's tax rules and rates. The Partnership files an income tax return in the U.S. federal jurisdiction, and may file income tax returns in various U.S. states and foreign jurisdictions. The Partnership is subject to income tax examinations by major taxing authorities and has been since its inception.

The Partnership is required to determine whether its tax positions are more likely than not to be sustained upon examination by the applicable taxing authority, based on the technical merits of the position. The tax benefit recognized is measured as the largest amount of benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement with the relevant taxing authorities. Based on its analysis, the Partnership has determined that it has not incurred any liability for unrecognized tax benefits as of December 31, 2023. The Partnership does not expect that its assessment regarding unrecognized tax benefits will materially change over the next twelve months. However, the Partnership's conclusions may be subject to review and adjustment at a later date based on factors including, but not limited to, questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions, compliance with U.S. federal, U.S. state and foreign tax laws, and changes in the administrative practices and precedents of the relevant taxing authorities. The Partnership has elected an accounting policy to classify interest and penalties, if any, as interest expense. The General Partner has concluded there is no tax expense or interest expense related to uncertainties in income tax positions for the year ended December 31, 2023.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires the Partnership's management to make estimates and assumptions that affect the amounts disclosed in the financial statements. Actual results could differ from those estimates.

Contributions Received in Advance

Contributions received in advance represents amounts contributed by limited partners for the Partnership interests prior to the effective date of such contributions.

SHEPHERD INVESTMENT HOLDINGS, L.P.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

(Expressed in United States Dollars)

December 31, 2023

2. Fair value measurements

The Partnership's assets recorded at fair value have been categorized based upon a fair value hierarchy as described in the Partnership's significant accounting policies in Note 1.

The following table presents information about the Partnership's assets measured at fair value as of December 31, 2023:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|----------------------------------|---------------------|---------------------|----------------|----------------------|
| Assets (at fair value) | | | | |
| Investments in securities | | | | |
| Convertible bonds | \$ - | \$ 7,354,353 | \$ - | \$ 7,354,353 |
| Common stocks | 3,836,961 | - | - | 3,836,961 |
| Units | 2,034,225 | - | - | 2,034,225 |
| Treasury notes | - | 1,980,212 | - | 1,980,212 |
| Exchange traded funds | 1,974,000 | - | - | 1,974,000 |
| | <u>\$ 7,845,186</u> | <u>\$ 9,334,565</u> | <u>\$ -</u> | <u>\$ 17,179,751</u> |

3. Due from broker

Amounts due from broker represent cash balance held with broker and may be restricted to the extent that they serve as deposits for securities.

In the normal course of business, substantially all of the Partnership's securities transactions, money balances, and security positions are transacted with the Partnership's broker: Charles Schwab & Co., Inc. The Partnership is subject to credit risk to the extent any broker with which it conducts business is unable to fulfill contractual obligations on its behalf. The Partnership's management monitors the financial condition of such broker and does not anticipate any losses from this counterparty.

4. Indemnifications and concentration of credit risk

In the normal course of business, the Partnership enters into contracts that contain a variety of representations and warranties that provide indemnifications under certain circumstances. The Partnership's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Partnership that have not yet occurred. The Partnership expects the risk of future obligations under these indemnifications to be remote.

In the normal course of business, the Partnership maintains its cash balances in financial institutions, which at times may exceed federally insured limits. The Partnership is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf. The General Partner monitors the financial condition of such financial institutions and does not anticipate any losses from these counterparties.

SHEPHERD INVESTMENT HOLDINGS, L.P.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

(Expressed in United States Dollars)

December 31, 2023

5. Partners' capital

In each fiscal year, net income and net loss is allocated:

- (i) at the time of any distribution, for the period commencing on the later of (x) the first day of such fiscal year and (y) the date of the most recent prior distribution in such fiscal year, and ending on the date immediately preceding such distribution; and
- (ii) as of the last day of each fiscal year, for the period commencing on the later of (x) the first day of such fiscal year and (y) the date of the most recent prior distribution in such fiscal year and ending on such last day.

A capital account is established and maintained for each partner to which is credited the capital contributions made by such partner and such partners' allocable share of net income and from which is deducted distributions to such partner of cash or other property and such partners' allocable share of net loss.

Each limited partner agrees to make capital contributions to the Partnership at any time or from time to time for the purposes specified in this agreement. The General Partner delivers to each limited partner a notice that capital contributions are to be made to the Partnership at least 10 business days prior to the due date. If one or more limited partner does not contribute their then-present percentage interest, the percentage interests is revised accordingly based upon the number of units acquired with the limited partners' participation in a capital call. The General Partner determine, in its sole discretion, the valuation of units prior to capital contributions made to the Partnership, which unit valuation vary from time to time based upon the then-present value of all Partnership investments and assets.

No limited partner may withdraw from the Partnership or make a demand for or receive paid-in capital until the termination of the Partnership.

6. Related party transactions

The Partnership is not subject to any management fee and incentive fee.

7. Administrative services

NAV Consulting, Inc. (the "Administrator") serves as the Partnership's Administrator and performs certain administrative and clerical services on behalf of the Partnership.

SHEPHERD INVESTMENT HOLDINGS, L.P.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

(Expressed in United States Dollars)

December 31, 2023

8. Financial highlights

Financial highlights for the year ended December 31, 2023 are as follows:

| | |
|---|---------------|
| Total return | <u>8.39</u> % |
| Ratios to average limited partners' capital: | |
| Expenses | <u>0.13</u> % |
| Net investment income | <u>4.96</u> % |

Total return is calculated using the geometrically linked monthly returns throughout the year for the limited partners taken as a whole. An individual limited partners' return and ratios may vary based on different fee arrangements, and the timing of capital transactions.

9. Subsequent events

The Partnership has evaluated subsequent events for potential recognition and/or disclosure through March 8, 2024, the date the financial were available to be issued.