

SHEPHERD INVESTMENT HOLDINGS

A PARTNERSHIP FOCUSED ON
ENDURING VALUE

PARTNERSHIP PRESENTATION

SEPTEMBER 30, 2024



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Philosophy

"Here are the ground rules as to what I think I can do and how I want to be judged, and if you're in sync with me, I want to manage your money because I won't worry about the fact that you'll panic if the market goes down or somebody tells you to do something different. So, we must be on the same page. And if we aren't on the same page, I don't want to manage your money because you may be disappointed when I think that things are even better to be investing and so on. So, I don't think you want to manage other people's money until you have a vehicle and can reach the kind of people that will be in sync with you... We didn't have a single institution in the partnership, because institutions meant committees... It's important that you don't take people that have expectations of you that you can't meet. And that means you turn down a lot of people."

Warren Buffett

A photograph of an elderly man wearing a flat cap and a dark jacket, herding a group of sheep through a shallow stream. The man is in the foreground, looking towards the camera, while the sheep are in the water behind him. The background is a lush, green forest.

Background

Shepherd Investment Holdings LP is a privately-held investment partnership based in Texas. As a private investment partnership, Shepherd Holdings does not have an offering memorandum or a published investment policy, and its unitholders have no right to redemption as is the case with investment funds.

Our roots trace back to 1999 as an investment advisory practice, with the goal of investing the accumulated savings of friends and family in a patient and prudent manner. In 2019, Robert Mark formed Shepherd Investment Holdings, a vehicle for family and a small group of partners who share a similar investment philosophy, time horizon, and understand the importance of passing permanent investment capital on to the next generation. Shepherd is owned by its unitholders and managed by Stollenweg Capital, Robert's family investment holding company and a limited partner in Shepherd.

As in a private partnership, the General Partner is responsible not only with respect to the investment practice but also for creating a framework of ethical, operational, and intellectual vigor that will allow the Partnership to convey its capital, along with a sense of honest and responsible stewardship, to future generations.



Purpose & objective

Ever since our founding, and throughout the subsequent era of booms and busts, our mission has remained the same, that is, to protect the purchasing power of our capital in real terms, and to participate in honest and enduring economic activities which, over the long-term, increase our capital and lend themselves to genuine capital accumulation and wealth creation.

We hold a collection of investments in companies domiciled in Europe, Asia, and North America with a worldwide economic footprint. These represent claims on natural monopolies and economic niches with high barriers to entry, pricing power, and scarce and enduring economic substance, and are run by like-minded managers and owners. We seek out businesses that endure and avoid those that are becoming more fragile, regardless of their importance to others or their weight in any index. No index exists that properly reflects the Shepherd investment strategy, asset mix, or the presence of reserves as a foundational aspect of an investment practice. For this reason, neither investment decisions nor returns will be compared against a market index or the practices of others.

In pursuing our mission, we are guided by a set of foundational operating principles as to the means we employ and their significance. Furthermore, we do not employ leverage, nor engage in derivative transactions, short-selling, or currency hedging.



At a glance

INCORPORATED	Delaware Limited Partnership, File No. 7731208
COMPLIANCE	Regulation D, Securities Act of 1933
SHARE CAPITAL	One class of partnership units
ACCOUNTANTS	Bright & Bright, LLP
ADMINISTRATION	NAV CONSULTING, INC.
ACCOUNTING STANDARD	U.S. GAAP
CURRENCY	United States dollar
GENERAL PARTNER	Stollenweg Capital, LLC
UNITHOLDERS	6
PARTNERSHIP EQUITY	\$22.730 Million
UNITS OUTSTANDING	592,494
BOOK VALUE	\$38.36 per unit [January 2020 inception value of \$25]
DISTRIBUTIONS	Quarterly, if desired
CURRENT YIELD	4.9%
LIQUIDITY	Through unit repurchases by the Partnership

*Equity
participations
with owner
operators*



FRMO Corp.

A photograph of a shepherd standing in a field with a large flock of sheep. The shepherd is wearing a blue shirt and dark pants, holding a staff. The sheep are in the foreground, and the background shows steep, rocky mountains under a clear blue sky.

Investment principles

The beauty of value investing is the logical simplicity of its two key principles: determine an investment's worth (intrinsic value) and avoid losing money (margin of safety). Introduced by Benjamin Graham in 1934, these straightforward concepts remain relevant today and serve as the cornerstones of our investment philosophy as we shepherd our family's capital for the benefit of future generations.

We believe that a successful partnership demands a profound sense of personal compatibility. This implies a clear understanding of goals and objectives and a mutual appreciation for common and permanent values. Our capital represents the savings and lifetime work of our investment partners. We have the utmost respect for its irreplaceability. Capital is scarce. Accumulating savings requires time, effort, and sacrifice. Keeping it is quite difficult. All our decisions are rooted in avoiding a permanent impairment to our capital. This is central to our purpose.

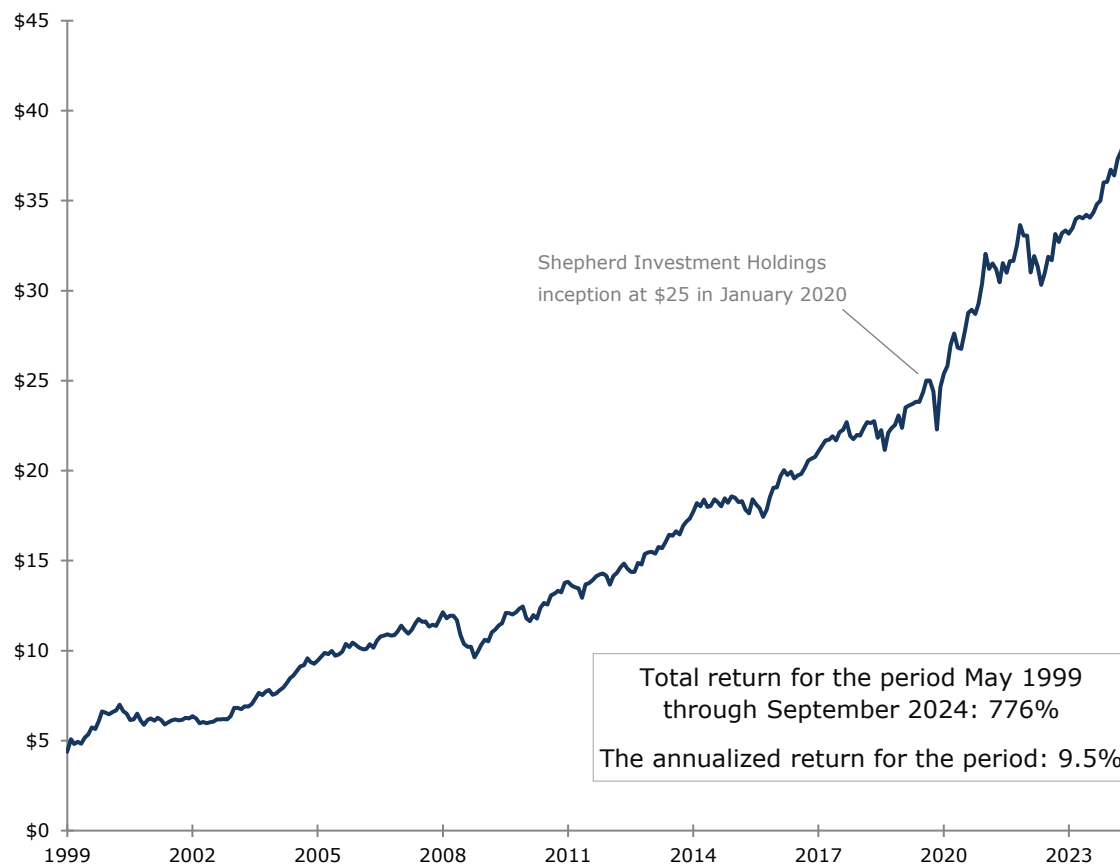
We believe that capital survival is a prerequisite to capital growth, and the choice between the two is easy. We do nothing complicated or formulaic. We invest in businesses and people we understand and avoid those we do not, no matter how compelling they may appear. We seek to hold a diverse collection of assets but do not rely on diversification to compensate for risks we do not understand.

We operate in the financial industry, but we are not of it. We reject its principles, practices, and methods. We are owners rather than investors and deploy our capital alongside owners. We have no predetermined investment horizon or exit strategies and only seek to participate in the long-term compounding of earnings.

Since 1999



Net asset value per unit since inception, USD



Performance for the period May 1999 to December 2019 represented by the St. James Investment Company, founded by Robert to originally manage wealth for his family and friends from the hamlet of St. James, his hometown. The St. James Investment Company is an independent, SEC Registered Investment Advisor based in Dallas, Texas.

The Difference

“Suppose I am a fund manager worried that if I underperform the market over a twelve-month period, I will be out of a job. What value would I attach to a boring business with dependable and robust cash flows, and therefore represents an excellent place to allocate, preserve, and grow my client’s capital over time but which, nevertheless, is unlikely to ‘perform’ over the next twelve months?”

The likelihood is that I will value such cash flows less than an investor who considers himself the custodian of his family’s wealth, who attaches great importance to the protection of existing wealth for future generations, values permanence highly, and is largely uninterested in the next twelve months. In other words, an institutional fund manager might apply a ‘higher discount rate’ to those same expected cash flows than the investor of family wealth.

They arrive at different answers to the same problem. The same cash flows are being valued subjectively, and there is no such thing as an objective or ‘intrinsic value’ embedded in the asset, even though it has cash flows.”

—Dylan Grice in *Popular Delusions*, 2012.



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