

## 3Q21 Factsheet

### KEY STATISTICS

as at 30 Sep 2021  
(unless otherwise stated)

No. of Shares outstanding	280.57m
Share Price	\$1.35
NAV	\$383.71m
NAV per share	\$1.368
Premium/(Discount) to NAV	(1.3%)
Target IRR (long-term)	12% p.a.
Target Dividend per Share	\$0.08
Management Fee: 0.85% of NAV below \$250m 0.75% of NAV between \$250m and \$500m 0.65% of NAV above \$500m (no fees on cash)	
Performance Fee: 20% of excess return over 12% net hurdle, partially paid after 7 years	

### INVESTMENT MANAGER

## TUFTON

Tufton Investment Management Ltd  
70 Pall Mall, 1st Floor  
London SW1Y 5ES

The Investment Manager is Tufton Investment Management Ltd ("Tufton"). The Tufton group was founded in 1985 to provide financial services to the maritime and energy industries and since 2000 has concentrated predominately on investment and asset management. The Investment Manager is authorised and regulated by the Financial Conduct Authority and has offices in London, Isle of Man, and Cyprus. Tufton is fully dedicated to the maritime industry with an in-house research team and Asset Manager providing operational and accounting services to each vessel within the portfolio. The Investment Manager is committed to Responsible Investment by integrating ESG principles into its investment process and since December 2018, has been a signatory of the UN Principles for Responsible Investment

### Fund Managers:

- Andrew Hampson: 43 years of experience in banking and shipping finance. Joined Tufton in 2001.
- Paulo Almeida: 26 years of experience in fund management, investment banking and the shipping industry. Joined Tufton in 2009.

Signatory of



### INVESTMENT OBJECTIVES AND STRATEGY

To provide investors with an attractive level of regular and growing income and capital returns through investing in a diversified portfolio of secondhand commercial sea-going vessels.

### PORTFOLIO HIGHLIGHTS

NAV total return for the quarter was 19.7% as containership and bulkier values rose strongly. During the quarter, the Company agreed to divest the containership Citra with a realised net IRR of 47% and agreed to acquire a fuel efficient ultramax bulkier with a fixed-rate time charter producing an annual net yield of c.21%. On 6 August 2021, the Company announced the successful raise of \$12.4m in gross proceeds via the issue of 10.53m shares at a price of \$1.18 per share. By the end of the quarter, the proceeds from the capital raise and the divestment of Citra were promptly invested in two fuel efficient handysize bulkiers with fixed-rate charters producing an annual net yield of 25%. After these transactions, the Company will have an average expected charter cover of c.1.9 years. After the end of the quarter, the Company agreed to divest the handysize bulkier Dragon. Tufton expects to invest the proceeds from the divestment promptly.

### DIVIDEND

The Company declared a 3Q21 dividend of \$0.02 per share, payable on 12 November 2021. The Company targets a total annual dividend of \$0.08 per share and is forecast to have dividend cover of c.1.6x over the next 18 months despite being not fully invested from December following the divestment of Dragon. Tufton expects the forward cover will be at least 1.7x once SHIP is again fully invested.

### INVESTMENT OUTLOOK

Tufton believes the shipping market is in a multi-year upcycle and offers investors inflation protection. The Clarksons newbuilding price index has risen c.19% YTD, largely driven by input cost pressures. *Ceteris paribus*, higher newbuilding prices drive secondhand vessel values higher.

The containership and bulkier markets continued to strengthen in 3Q21, with strong underlying demand and port congestion. Benchmark 10-year-old containership prices rose c.29% while benchmark 10-year-old handysize bulkier prices rose c.24% over the quarter. Despite the increase in bulkier values, they are not above mid-cycle levels while annual net yields of c.20% are significantly above mid-cycle.

Earlier this year, SHIP acquired two chemical tankers. Tufton sees multiple catalysts on the horizon for improvement in the tanker market over the medium term. Oil demand continues to recover and will likely attain pre-pandemic levels in 2022. The rising cost of environmental compliance and high scrap prices suggest that the rise in tanker recycling seen earlier this year will continue. New orders remain subdued with the tanker orderbook at only c.8% of fleet which will result in very low fleet growth. While the strong yields in bulkiers significantly de-risk new investments, the tanker market is likely to offer value opportunities in the coming quarters with strong capital appreciation potential. Tufton believes the shipping market continues to offer an excellent range of opportunities across the segments to provide investors with an attractive level of regular and growing income and capital returns.

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### COMPANY INFORMATION

Registered Address	3rd Floor 1 Le Truchot St Peter Port Guernsey, GY1 1WD
Listing	Specialist Fund Segment of the London Stock Exchange
IPO Date	20 <sup>th</sup> December 2017
ISIN / SEDOL	GG00BDFC1649 / BDFC164
Ticker	SHIP
Dividend Frequency	Quarterly
ISA / SIPP eligible?	Yes
Website	<a href="http://www.tuftonoceanicassets.com">www.tuftonoceanicassets.com</a>
Email	<a href="mailto:SHIP@tuftonoceanicassets.com">SHIP@tuftonoceanicassets.com</a>

### BOARD OF DIRECTORS

Robert King (Chairman)  
Paul Barnes  
Stephen Le Page  
Christine Rødsæther

### CORPORATE ADVISERS

**Hudnall Capital LLP**  
Adam House, 7-10 Adam Street  
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**Singer Capital Markets**  
1 Bartholomew Lane, London, EC2N 2AX  
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Sam Greatrex: +44 (0) 207 496 3032

### ADMINISTRATOR & SECRETARY

**Maitland Administration (Guernsey) Limited**  
(per registered address above)  
Wikus Van Schalkwyk: +44 (0) 1481 749363

### CORPORATE CALENDAR

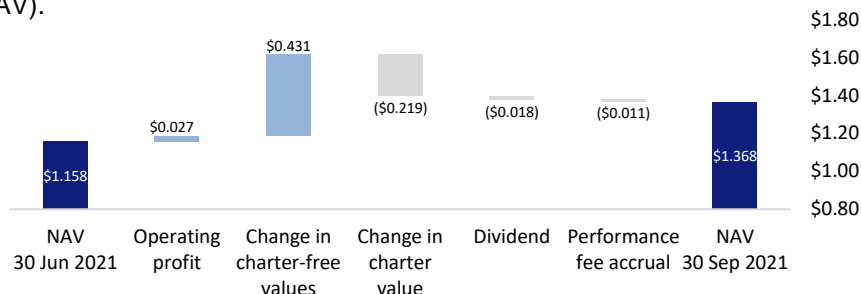
AGM	20 Oct 2021
Reporting period end	30 Jun 2022 (FY)

### Dividend Calendar

	1Q 21	2Q 21	3Q 21	4Q 21
Release date	22 Apr	22 Jul	21 Oct	20 Jan
Ex-dividend date	29 Apr	29 Jul	28 Oct	TBC
Record date	30 Apr	30 Jul	29 Oct	TBC
Payment date	14 May	13 Aug	12 Nov	TBC

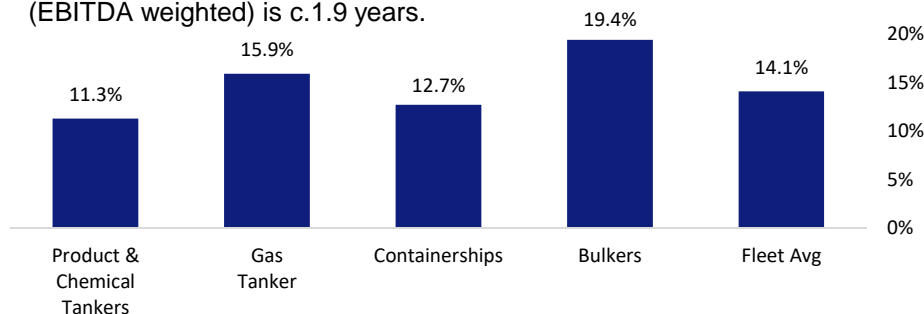
### PORTFOLIO PERFORMANCE

NAV total return for the quarter was 19.7%. Operating profit was \$0.027/share. The rise in charter-free values from the strong containership and bulkier markets was partially offset by a drop in charter value as benchmark time charter rates rose i.e. an increase in “under-renting”. The rate of increase in negative charter value slowed over the quarter as the benchmark rates in containerships and bulkers increased only moderately in September. The total negative charter value in the portfolio of \$126.7m will trend to zero (i.e. increase NAV) in the medium-term *ceteris paribus*. If market rates stay flat, the NAV impact in 4Q21 will be +c.\$19.6m (c.5.1% of NAV).



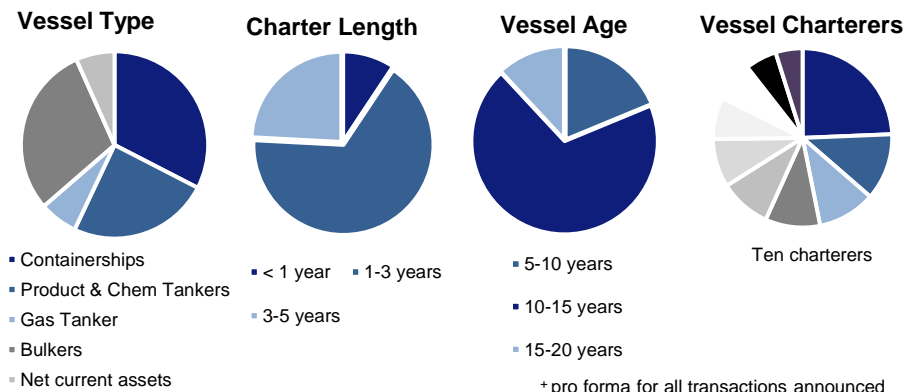
### FLEET NET YIELDS

The run rate yield<sup>+</sup> on the fleet is 14.1%. Average expected charter length (EBITDA weighted) is c.1.9 years.



<sup>+</sup>On market value and after capex accrual and fees, pro forma for all transactions announced

### PORTFOLIO OVERVIEW<sup>+</sup>



<sup>+</sup> pro forma for all transactions announced

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