

1Q24 Factsheet

KEY STATISTICS

as at 31 March 2024
(unless otherwise stated)

No. of Shares in issue	291.632m
Share Price	\$1.10 / £0.87
NAV*	\$436.4m / £345.5m
NAV per share*	\$1.496 / £1.185
Premium/(Discount) to NAV	(26.5%)
Target IRR (long-term)	12% p.a.
Target Dividend per Share	\$0.10 p.a.

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

*29 Mar 2024 closing mid-rate of USD/GBP 0.7916

Source: Morningstar

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 has been a signatory of the UN Principles for Responsible Investment since December 2018.

Fund Managers:

- Andrew Hampson: 46 years of experience in banking and shipping finance. Joined Tufton in 2001.
- Nicolas Tirogalas: 25 years of experience in fund management, investment banking and the shipping industry. Joined Tufton in 2023.

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 was 4.5% for 1Q24. Operating profit was in line with our expectations but slightly lower QoQ due to the scheduled step-down in rates on the time charters of 3 Product Tankers. Both the Product Tanker and Bulker markets strengthened as supply constraints added to tonne-mile demand growth. Towards the end of the quarter the charterer of Sierra and Octane, an investment grade oil major, exercised the optional periods on the charters, extending their firm employment periods until late 2025 at slightly higher yields. The increase in benchmark Product Tanker time charter rates resulted in a small increase in negative charter value. Bulker capital value rose strongly, and we extended the fixed rate time charter on Mayflower with a yield of >15%. There has been no direct impact on the Company or any of its vessels from the escalation of hostilities in the Red Sea. All our vessels are fully insured, and we continue to monitor the situation.

DIVIDEND INCREASE

The Company declared a 1Q24 dividend of \$0.025 per share, payable on 10 May. The Company is forecast to have a dividend cover of 1.6x over the next 18 months.

SHARE BUYBACKS

In 1Q24, SHIP purchased 2,400,000 ordinary shares at an average price of \$1.08 per share in line with its published discount management policy. SHIP has purchased a total of 16,996,000 ordinary shares from 4Q22 to the end of 1Q24.

INVESTMENT OUTLOOK

Shipping is in the middle of a supply-driven upcycle. Clarksons Newbuilding price index rose 2.7% during the quarter and has risen c.46% since the end of 2020. Yet, the index remains c.36% below the inflation-adjusted heights of the previous cycle in 2008. Tufton believes industry conditions should support continued strength in newbuild prices which should flow through to second prices. While the pace of new orders has increased in some segments, the orderbook forward cover has also risen to 3.5 years as yard capacity remains limited, especially in the quality yards.

The extent of the industry supply constraints was highlighted by the positive impact of the disruptions to vessel transit in the Panama canal and Suez canal. Normal vessel traffic has been disrupted in the Panama canal since summer 2023 due to drought and more recently in the Suez due to attacks by Houthi rebels. Both disruptions add to shipping tonne-mile demand and have the potential to persist.

As rates improve, Tufton aims to fix more Bulklers on longer and higher fixed-rate charters. Between mid 2021 and early 2023, SHIP divested all its Containerships as they rose above 200% of Depreciated Replacement Cost ("DRC"). This segment is starting to look interesting again as vessel values have fallen to c.80% of DRC while time charter rates have risen since late 2023, aided by supply disruptions, to produce yields of 12-15%. With the divestment of Pollock and Dachshund expected to be completed towards the end of 2Q24, the Board will determine the extent of the return of capital in line with the Strategy Review published 17 January 2024.

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COMPANY INFORMATION

Registered Address	1 Royal Plaza Royal Avenue St Peter Port Guernsey, GY1 2HL
Listing	Specialist Fund Segment of the London Stock Exchange
IPO Date	20 December 2017
ISIN	GG00BDFC1649
SEDOL	BDFC164 / BMB3NJ1
Ticker	SHIP / SHPP
Dividend Frequency	Quarterly
ISA / SIPP eligible?	Yes
Website	www.tuftonoceanicassets.com
Email	SHIP@tuftonoceanicassets.com

BOARD OF DIRECTORS

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

CORPORATE ADVISERS

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Sam Greatrex: +44 (0) 207 496 3032

ADMINISTRATOR & SECRETARY

Apex Administration (Guernsey) Limited
(per registered address above)
shipadmin@apexgroup.com

CORPORATE CALENDAR

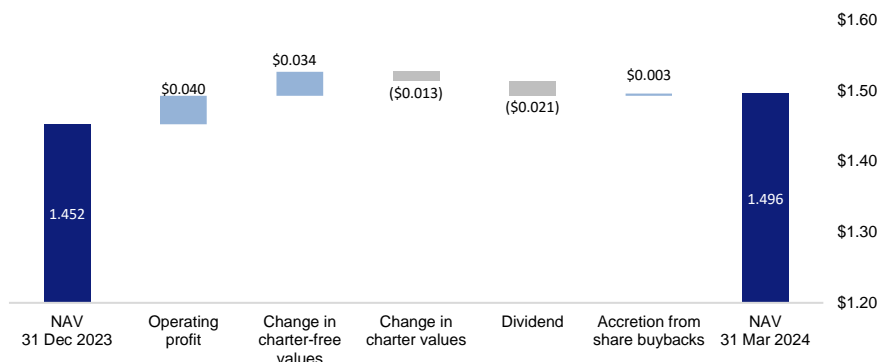
AGM	24 Oct 2024
Reporting period end	30 Jun 2024 (FY)

Dividend Calendar

	1Q 24	2Q 24	3Q 24	4Q 24
Release date	16 April	17 Jul	15 Oct	TBC
Ex-dividend date	25 Apr	25 Jul	24 Oct	TBC
Record date	26 Apr	26 Jul	25 Oct	TBC
Payment date	10 May	9 Aug	11 Nov	TBC

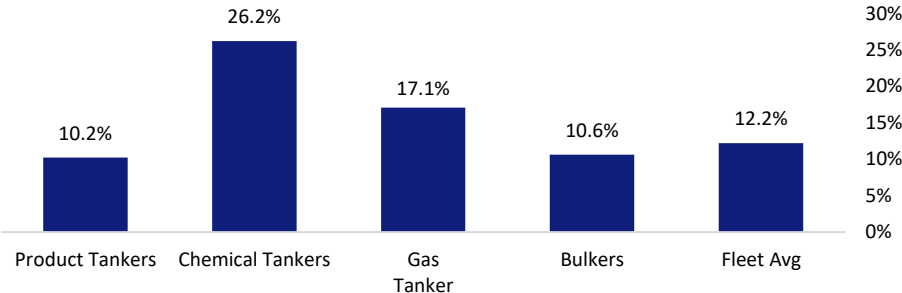
PORTFOLIO PERFORMANCE

NAV total return for the quarter was 4.5%. Operating profit was \$0.04/share. The charter-free value of the portfolio rose by \$0.034/share as Bulker values rose. Portfolio charter value decreased slightly as the unwind in negative charter value was outweighed by the rise in benchmark Product Tanker time charter rates. If market rates stay flat, *ceteris paribus*, the total negative charter value of c.\$46m (c.10.5% of NAV) will unwind by c.4.5% of NAV in 2024.



FLEET NET YIELDS

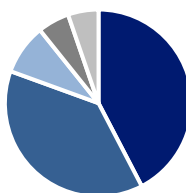
The run rate yield⁺ on the fleet is 12.2%. The average expected charter length (EBITDA-weighted) is c.1.7 years for the portfolio.



⁺On market value and after capex accrual and fees

PORTFOLIO OVERVIEW

Vessel Type



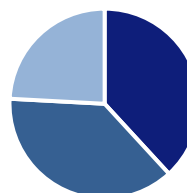
- Product Tankers
- Bulkers
- Chem Tankers
- Gas Tanker
- Net current assets

Charter Length



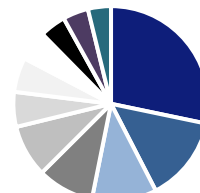
- < 1 year
- 1-3 years

Vessel Age



- 5-10 years
- 10-15 years
- 15-20 years

Vessel Charterers



Eleven charterers

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