

2Q21 Factsheet

KEY STATISTICS

as at 30 Jun 2021
(unless otherwise stated)

No. of Shares outstanding	270.04m
Share Price	\$1.14
NAV	\$312.65m
NAV per share	\$1.158
Premium/Discount to NAV	-1.5%
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 11.7% as containership and bulker values rose strongly. During the quarter, the Company agreed to divest two handysize bulkers with returns materially exceeding targets and agreed to acquire a more fuel-efficient bulker and a chemical tanker. The bulker is on a two-year charter with an annual yield of c.20% and the chemical tanker is employed in a leading chemical tanker pool with an expected yield of over 15%. After these transactions, the portfolio of twenty-one vessels has an average charter cover of c.2.3 years. The yield (please see next page for details) on the portfolio increased to 14.2%. After the end of the quarter, the Company agreed to divest the containership Kale with a realized IRR of 31%. The Investment Manager continues to identify an attractive pipeline of opportunities across a range of the Company's target sectors and expects to redeploy the proceeds from the divestment promptly.

DIVIDEND INCREASE

The Company declared a 2Q21 dividend of \$0.01875 per share, payable on 13 August 2021. Encouraged by strong performance and increased portfolio yield, the Company has raised its target annual dividend from \$0.075 to \$0.08 per share to commence from 3Q21. After the increase, the Company is forecast to have a dividend cover of c.1.7x over the next 18 months despite not being fully invested following the divestment of Kale.

INVESTMENT OUTLOOK

The containership and bulker markets continued to strengthen in 2Q21, with strong underlying demand and port congestion. Benchmark 10-year-old containership prices rose c.70% over the quarter due to strong competition to secure capacity. Tufton notes that rising containerships asset values relative to time charter rates are leading to compression in yields. Although port congestion and demand growth may moderate in 2H21, limited fleet growth expected over the period suggests that the containership market will find an equilibrium at levels significantly higher than 2019. The bulker market continued to strengthen over 2Q21. The benchmark Baltic Dry Index rose to its highest since 2010 at the end of the quarter. Benchmark 10-year-old handysize bulker prices rose c.20% over the quarter.

The tanker market remains weak. Despite the ongoing recovery in oil demand growth as Covid-19 related travel restrictions are gradually lifted, global oil demand is expected to exceed 2019 levels only in 2022. The Company's six product tankers are on long term charters, fixed before current weak market conditions prevailed. While tanker yields are lower than the other segments at this point, the segment offers higher potential for capital appreciation.

Overall, the supply side recovery in shipping continues with the orderbook close to thirty-year lows which will result in slowing fleet growth. Other than commodity price inflation, industry specific factors including the consolidation of yard capacity and new environmental regulations are driving newbuild vessel prices higher. The Clarksons newbuilding price index rose c.10% in 1H21. *Ceteris paribus*, higher newbuild prices drive secondhand vessel values higher. Tufton believes the shipping market is in the early innings of a multi-year upcycle and continues to deploy and recycle capital across the tanker, bulker and containership segments.

2Q21 Factsheet

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 th December 2017
ISIN / SEDOL	GG00BDFC1649 / BDFC164
Ticker	SHIP
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

CORPORATE ADVISERS

Hudnall Capital LLP
Adam House, 7-10 Adam Street
London, WC2N 6AA
Andrew Cade: +44 (0) 207 520 9085

Singer Capital Markets
1 Bartholomew Lane, London, EC2N 2AX
Alan Geeves: +44 (0) 207 496 3030
James Waterlow: +44 (0) 207 496 3031
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

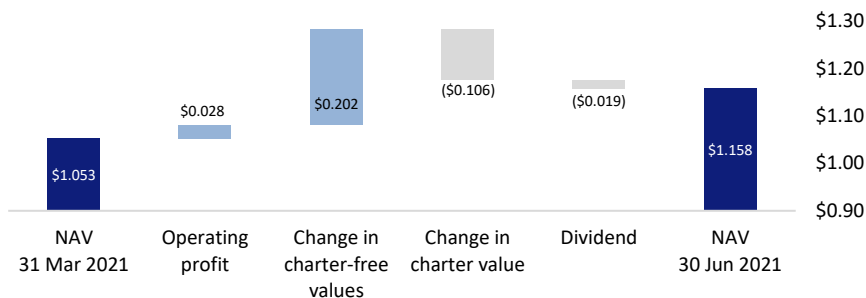
AGM	20 Oct 2021
Reporting period end	30 Jun 2021 (FY)

Dividend Calendar

	1Q	2Q	3Q	4Q
	21	21	21	21
Release date	22 Apr	22 Jul	21 Oct	TBC
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

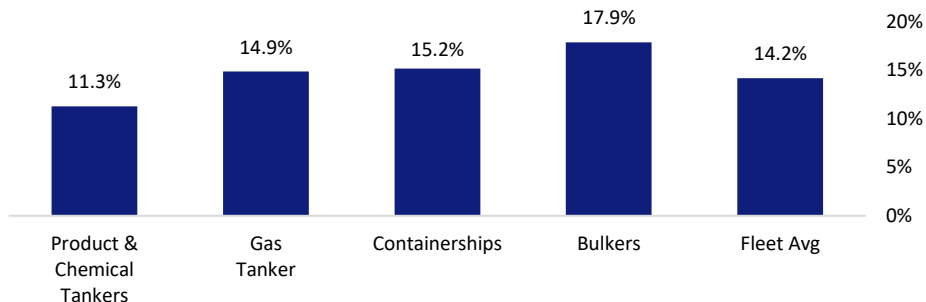
PORTFOLIO PERFORMANCE

NAV per share total return for the quarter was 11.7%. Vessel operating profit was \$0.028/share. There was a fair value gain of \$0.202/share in charter-free values in the strong containership and bulker markets. This was partially offset by a \$0.106/share drop in charter value as benchmark time charter rates rose i.e. an increase in "under-renting". The total negative charter value in the portfolio of \$71.7m will trend to zero (i.e. increase NAV) in the medium-term *ceteris paribus*. If market rates stay flat, the NAV impact in 3Q21 will be +c.\$12.8m (c.4.1% of NAV).



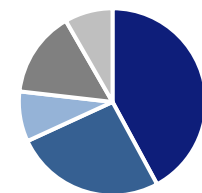
FLEET NET YIELDS

The run rate yield⁺ on the fleet is 14.2%. Average expected charter length (EBITDA weighted) is c.2.3 years.

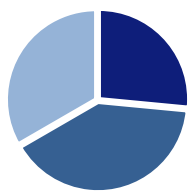


PORTFOLIO OVERVIEW⁺

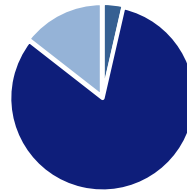
Vessel Type



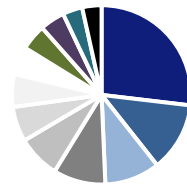
Charter Length



Vessel Age



Vessel Charterers



⁺As at 30 June 2021

Disclaimer: The information in this document has been prepared for information purposes only and does not constitute an offer or solicitation for the purchase or sale of any investment or financial instrument in Tufton Oceanic Assets Limited (the "Company") and should not be relied on by any person for the purpose of accounting, legal or tax advice or for making an investment decision. The payment of dividends and the repayment of capital are not guaranteed by the Company. Any forecast, projection or target is indicative only and not guaranteed in any way, and any opinions or views expressed in this document are those of Tufton Investment Management Ltd (the "Investment Manager"), and do not constitute investment advice and are subject to change without notice, and neither the Company nor the Investment Manager is under any obligation to update such opinions. Any potential investments identified by the Investment Manager are prospective only and there is no guarantee that the Company will proceed with any of them. Past performance is not a reliable indicator of future performance, and investors may not get back the original amount invested. Unless otherwise stated, the sources for all information contained in this document are the Investment Manager. Information contained in this document is believed to be accurate at the date of publication, but neither the Company nor the Investment Manager gives any representation or warranty as to the accuracy or completeness of the information in this document. This document does not contain and is not to be taken as containing any financial product advice or financial product recommendation. Neither the Company nor the Investment Manager accepts any liability whatsoever for any loss (whether direct or indirect) arising from any use of this document or its contents. Tufton Investment Management Ltd. is authorised and regulated by the FCA, registered in England & Wales (Registered Number: 01835984). Registered Office: 70 Pall Mall, 1st Floor, London SW1Y 5ES