



Geopolitical Developments & Shipping

Andrew Hampson

Managing Director – Asset Backed Investments

Tufton Oceanic Ltd.



13 – 16 September 2015



Disclaimer

Tufton Oceanic Limited is authorised and regulated by the Financial Conduct Authority. Tufton Oceanic's various Investment Management companies are licensed by the Isle of Man Financial Supervision Commission to conduct Investment Business, and Tufton Oceanic (Middle East) Limited (TOME) is regulated by the Dubai Financial Services Authority.

The views expressed are solely those of Tufton Oceanic. Whilst this presentation has been prepared in good faith, Tufton Oceanic makes no warranty or representation (express or implied) and accepts no responsibility or liability for the accuracy of any opinions, forecasts or the material presented which have not been independently verified. Any liability is expressly disclaimed. Any structures are indicative only and are not commitments.

The information contained in this Presentation is being furnished on a CONFIDENTIAL BASIS. By receipt of the attached Presentation the recipient agrees that the confidential information contained therein will be kept confidential and shall not, without the prior written consent of the Tufton Oceanic Limited, be photocopied, reproduced or distributed to others.

Introduction to Tufton

Fund Manager specialising in the Shipping, Offshore Oil Services & Energy sectors
Authorised by the FCA to Manage Investments

Founded by Ted Kalborg in 1985,
Majority owned by senior partners

Hedge Fund group with more than 100 years collective experience in financial & industry
experience in maritime & energy sectors; AUM USD 1.4bn

Asset Backed Investments group (“ABI”) manages or advises funds/accounts with total
committed equity funds under management of > USD 1 bn

Direct ownership interests (mostly 100%) in 45 vessels and 2 minority equity stakes in
private companies owning an additional ~ 50 vessels.

58 staff in London, Dubai, the Isle of Man, Cyprus & Hong Kong

Geopolitical Developments and Shipping - Current

Continued push from KSA to keep oil production high and prices low

- Repeat of '85 and following 20 years ?
- Viability of US shale / Canada tar projects
- Impact on lesser developed oil exporters
- Impact on world GDP
- Impact on vessel trading speeds

Additional oil capacity from Iran

- Additional 0.5mbpd “now!”
- +1mbpd “soon”
- Release of NITC fleet onto international market

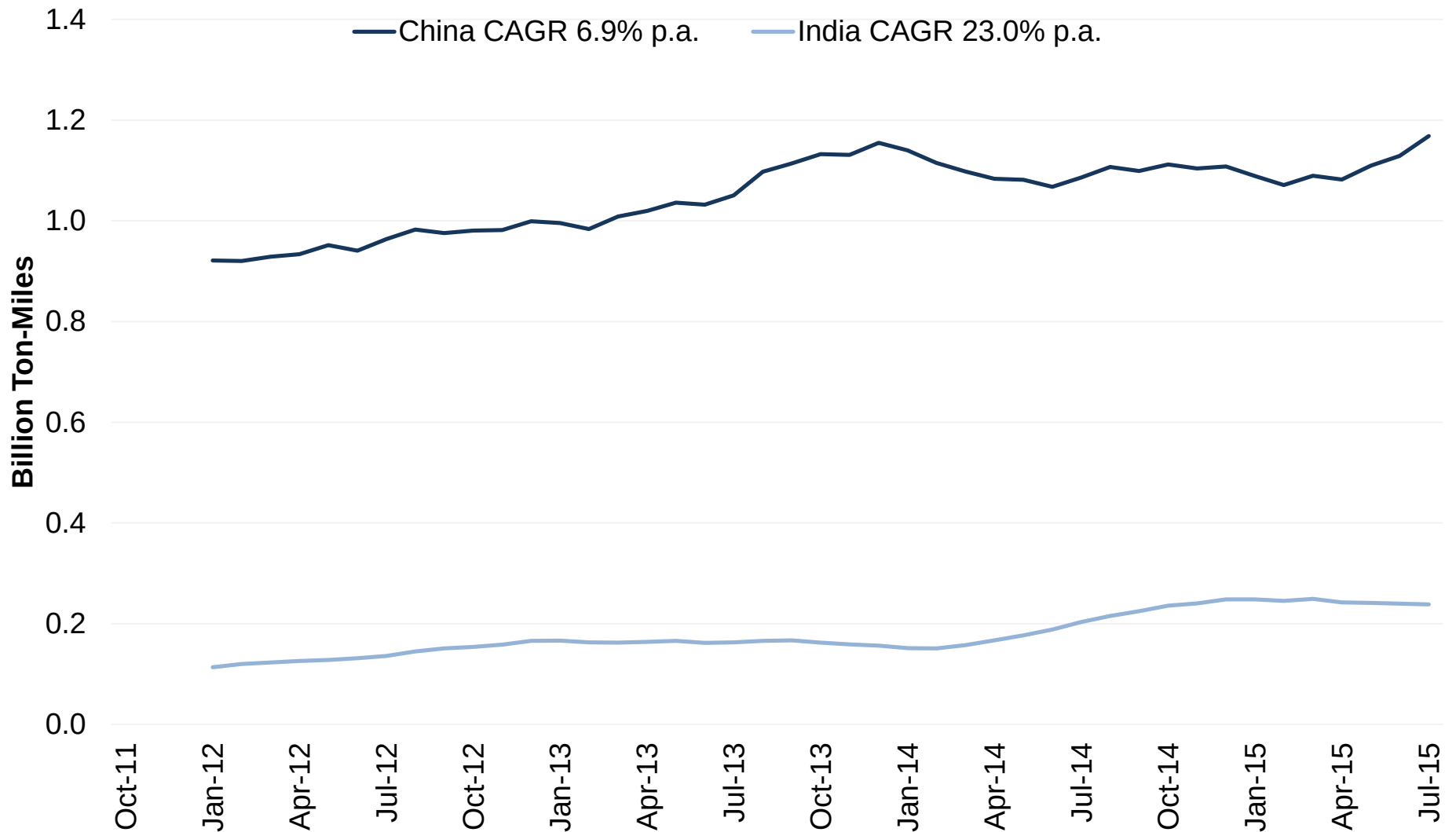
China slowdown / India “bright spot”

- Impacts on dry bulk
- Impacts on container traffic

Russia

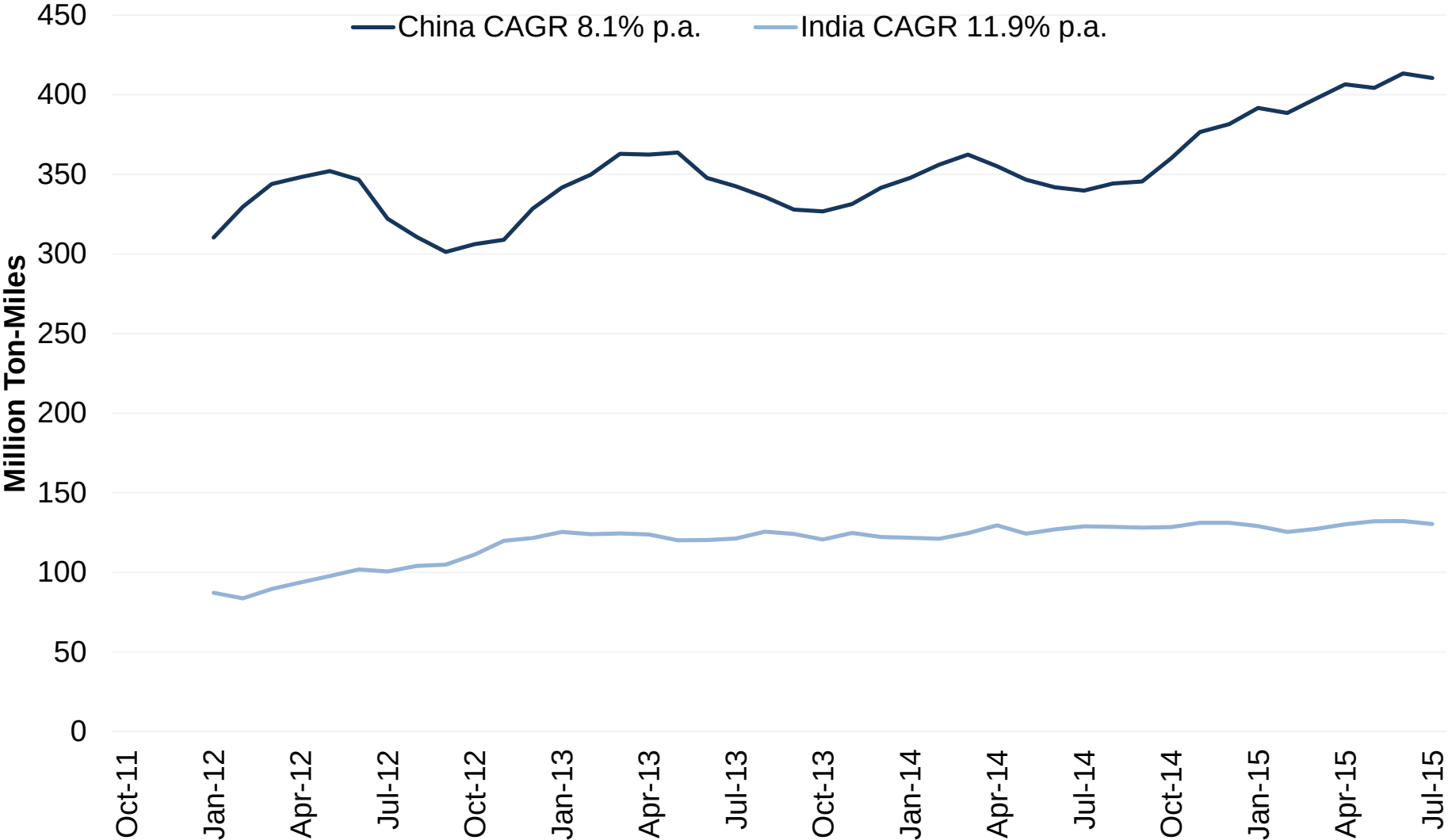
- Sanctions
- Recession
- Involvement in ME issues

Dry Bulk Tonne-Miles (6-months moving average)



Source: Tufton Realtime Activity Capture System (TRACS)

Wet Tonne-Miles (6-months moving average)



Source: Tufton Realtime Activity Capture System (TRACS)



Geopolitical Developments and Shipping - Potential

Long term impacts of low oil price

- Impact on US shale projects
- KSA economy

ISIS / ME Security

- Increased pressure for ground force intervention ?
- Instability in oil producing nations

USA Crude Oil Export

- Good for oil transport due to potential for export of US light crude

Other emerging markets

- Indonesia
- Mexico

Banking stability and availability of liquidity