



## Investment Funds - An alternative finance vehicle for shipping

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Risk Advisory ●

# Agenda

1. The global economic growth roller coaster
2. Bank lending is still tight
3. Funds – An alternative shipping financing vehicle

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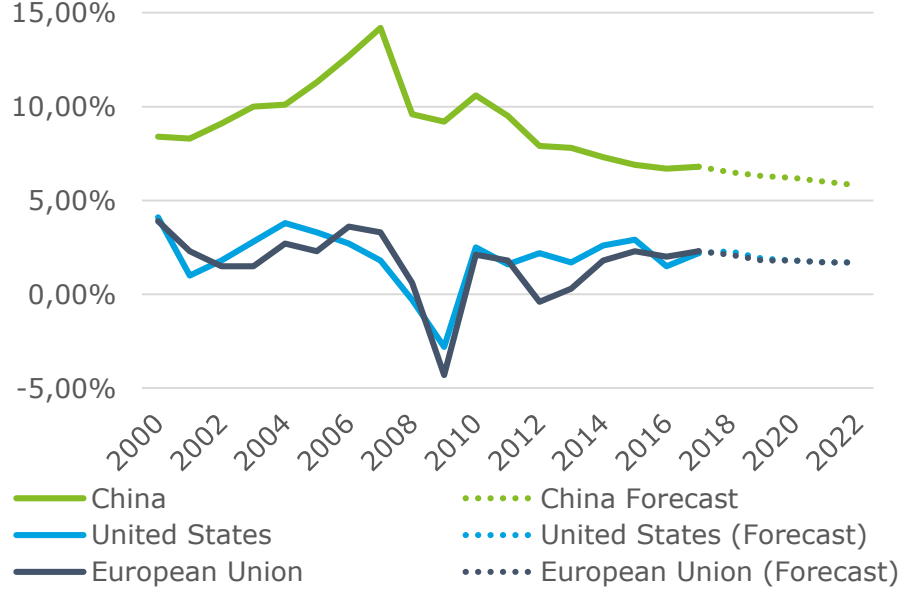
# 1. The global economic growth roller coaster

# 1. Global economic growth has been rising but volatile...

**Global GDP Growth**



**Key Economies GDP Growth**

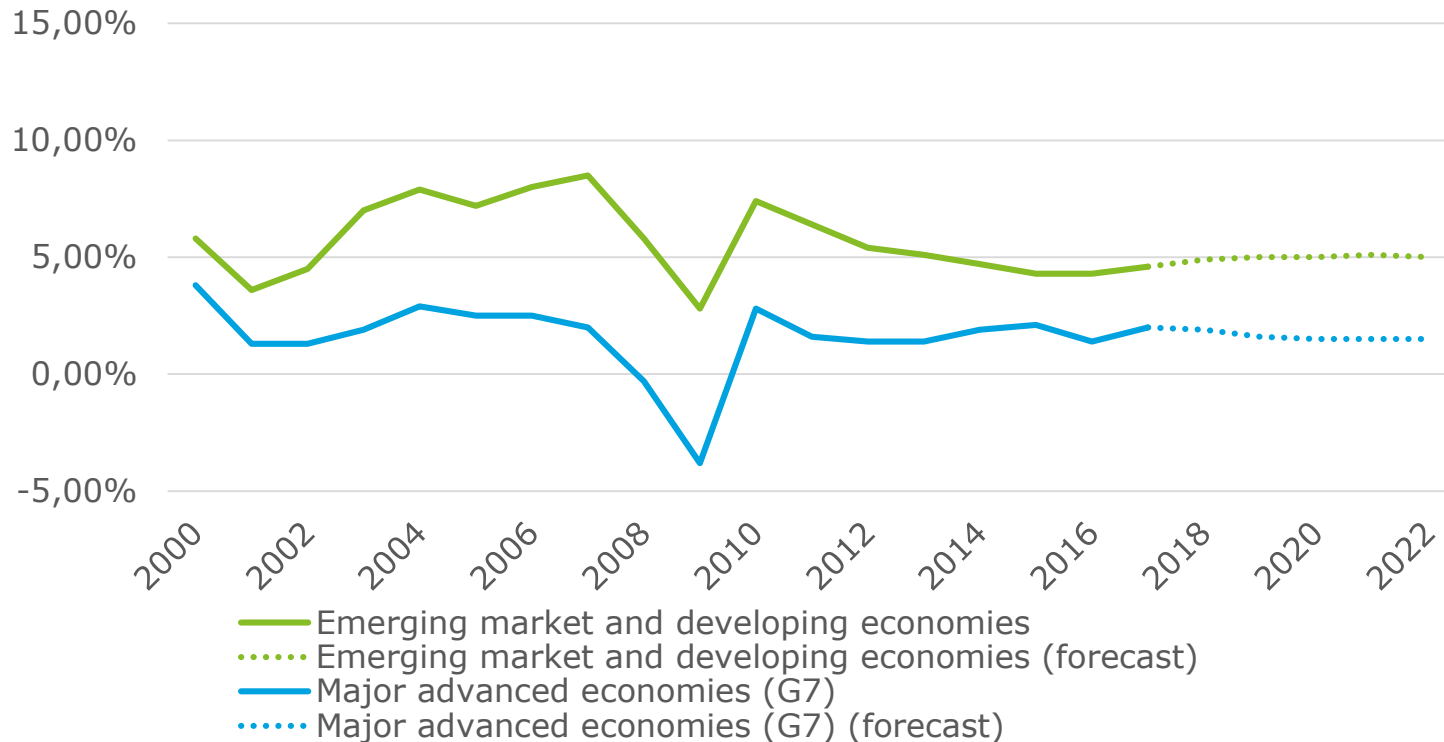


Source: International Monetary Fund

..... with similar patterns in the US and the EU; China has been gradually slowing down albeit still at developing at higher rates than the US and the EU

# ... emerging markets outperformed advanced economies...

## Emerging Economies vs Advanced Economies



..but watch out for swings and outflows

# The shipping industry recovery has positive signs but is still fragile

## Baltic Dry Index



Source: Bloomberg

## WTI Crude Oil Price (USD)



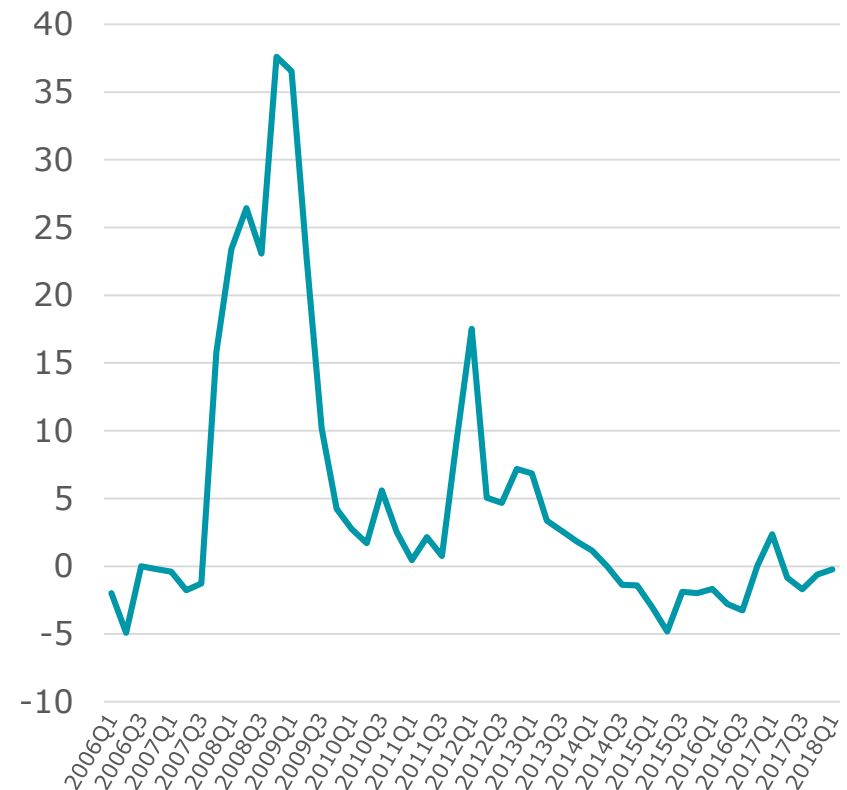
**Dry Bulk- Signs of recovery**  
**Crude Oil Prices Rising – Suppressing tanker rates?**

## **2. Bank lending is still tight**

## 2. Bank lending is still tight

- The global financial crisis forced banks to deleverage their balance sheets
- Bank liquidity is deployed very selectively
- Basel III Capital requirements are even more conservative and punitive asking for additional capital buffers
- Banks are still tight in lending despite unprecedented levels of QE and additional programs such as the TLTROs
- Major shipping finance Banks have restructured and shrunk their shipping loan portfolios

Euro area bank loan supply – Bank lending survey



Source: ECB – Statistical Data Warehouse

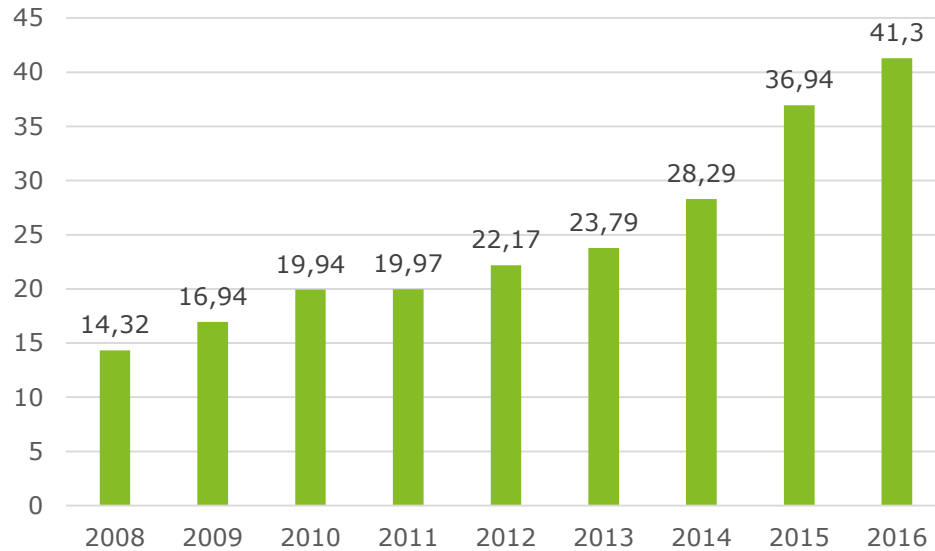


### **3. Funds – An alternative shipping financing vehicle**

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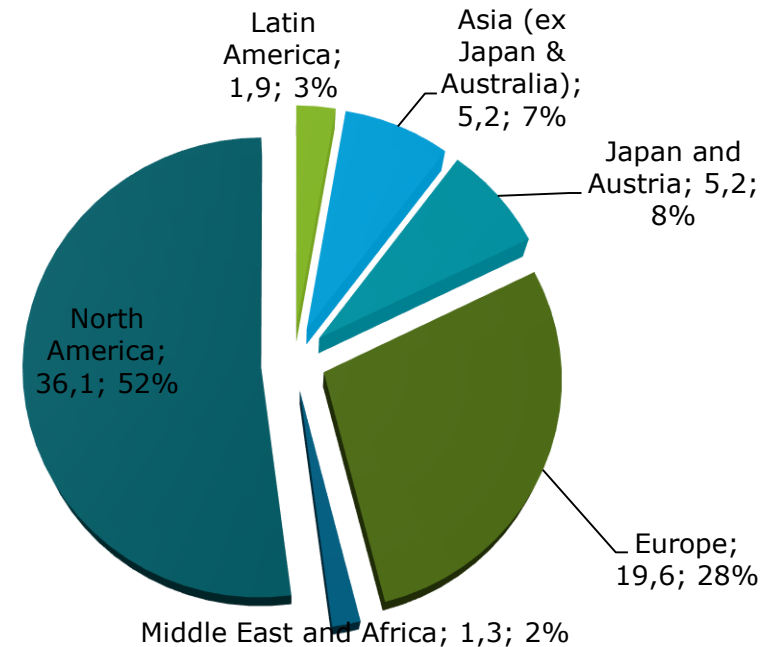
#### The global market for funds

Worldwide Investment Fund Assets (EUR trillions)



Source: European Funds and Asset Managers Association (EFAMA) Annual Report, June 2017

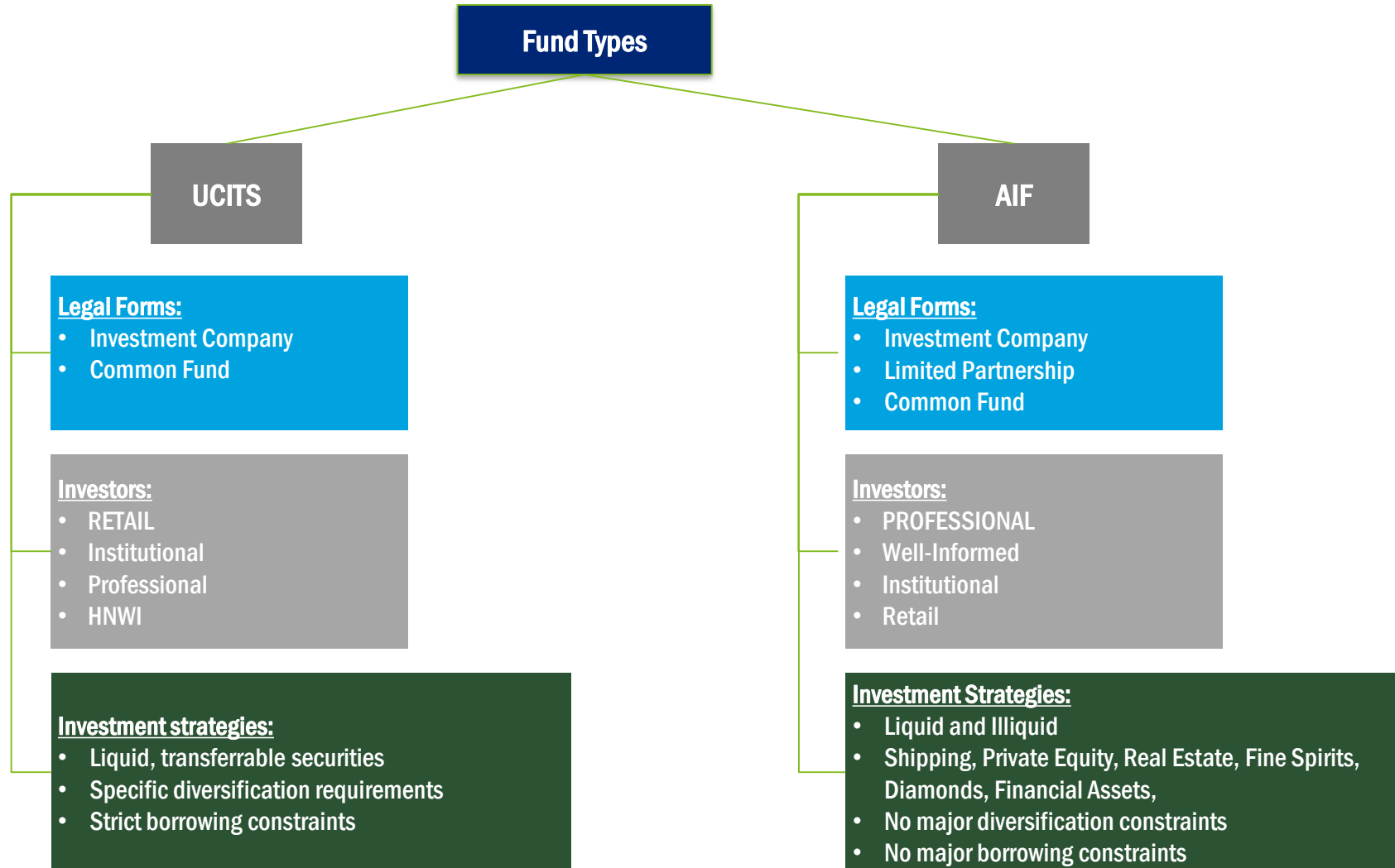
Global AUM (69,3 EUR Trillion) - End of 2015



**The global fund industry is expected to grow at 6% CAGR over the course of the next 5 years!**

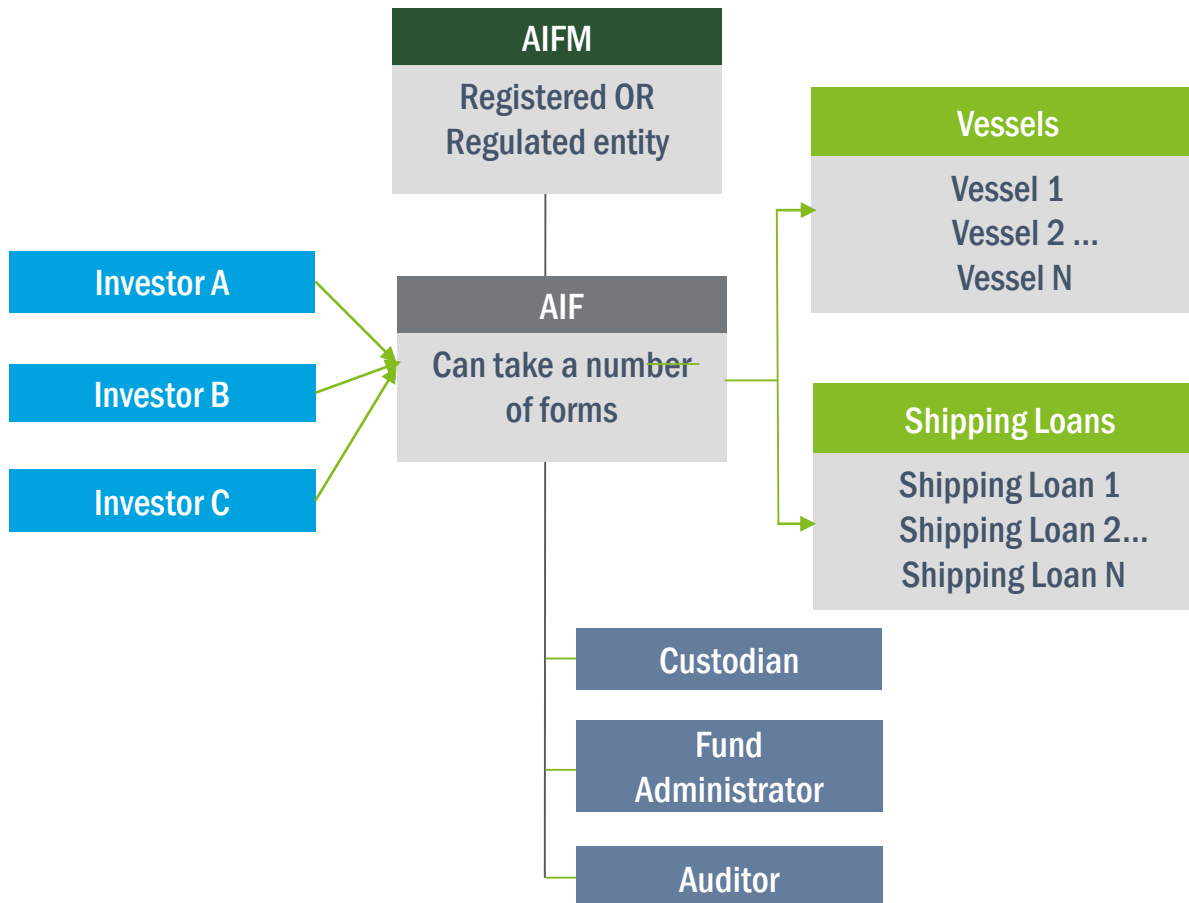
# 3. Funds – An alternative shipping financing vehicle

## The global market for funds



# 3. Funds – An alternative shipping financing vehicle

## An AIF structure managed by an AIFM



### Why are (EU) Funds so popular?

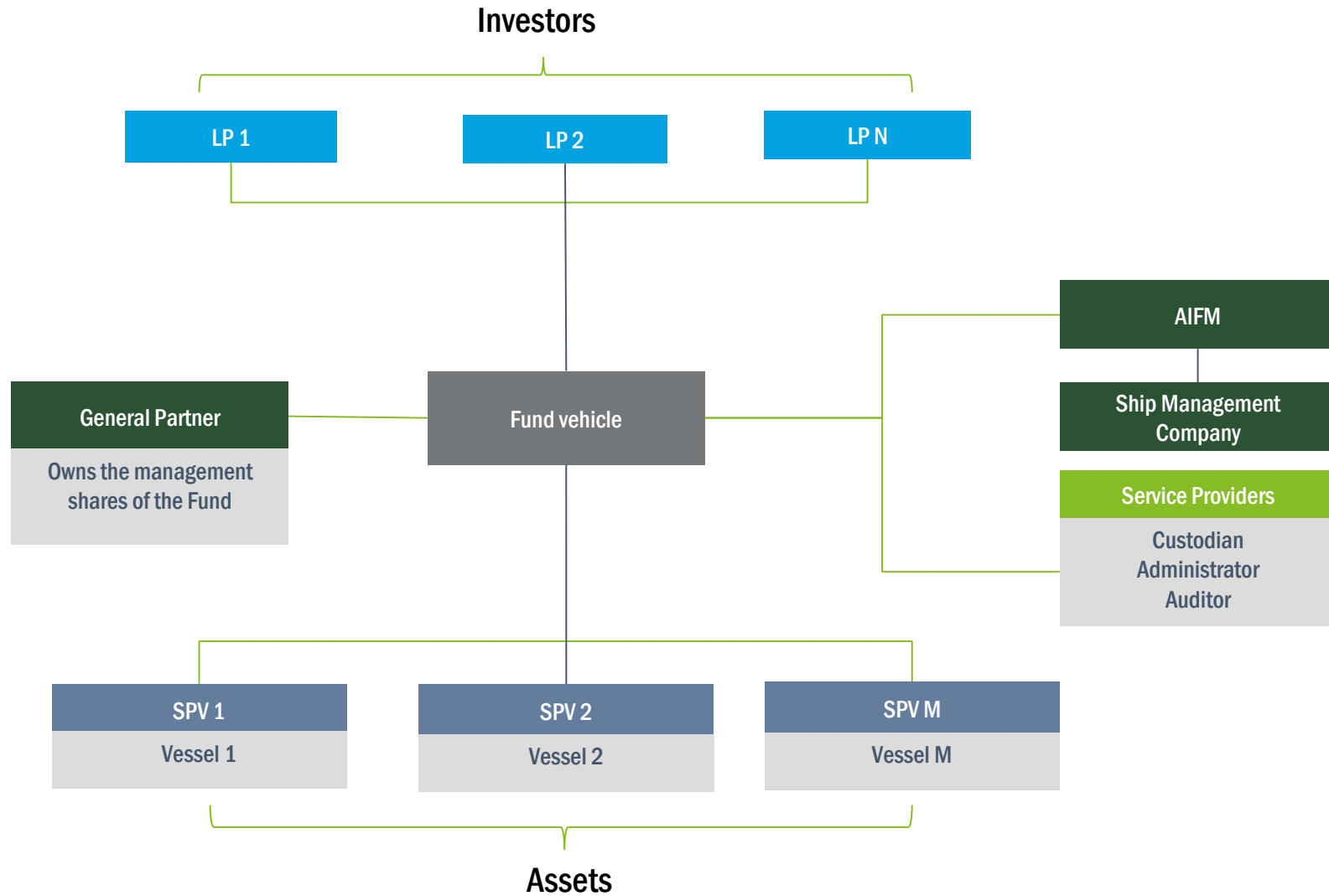
- Flexible structure
  - Tax structuring options
  - Open-ended or Closed-ended
  - Single fund umbrella structure
  - Company, Partnership or Common Fund
  - Allow for multiple asset classes
- Regulated or Unregulated\*
- EU marketing and distribution\*\*
- Eligible for Citizenship to unitholders subject to the Republic's minimum requirements
- Presence of Custodian/Depositary and Fund Administrator provide additional comfort for safekeeping of assets and correct calculation of NAVs as well as reporting
- Different share classes for different types of investors
- Diversification rules as per transposition of EU directive to national law by each member state
- Possibility for listing on stock exchange

\*Subject to certain conditions and eligibility criteria

\*\*Subject to national placement rules

# 3. Funds – An alternative shipping financing vehicle

## A typical Private Equity Shipping Fund structure



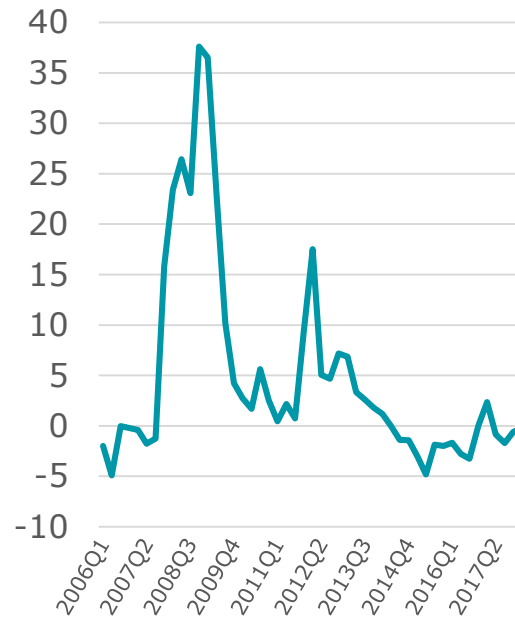
# 3. Funds – An alternative shipping financing vehicle

## Summary

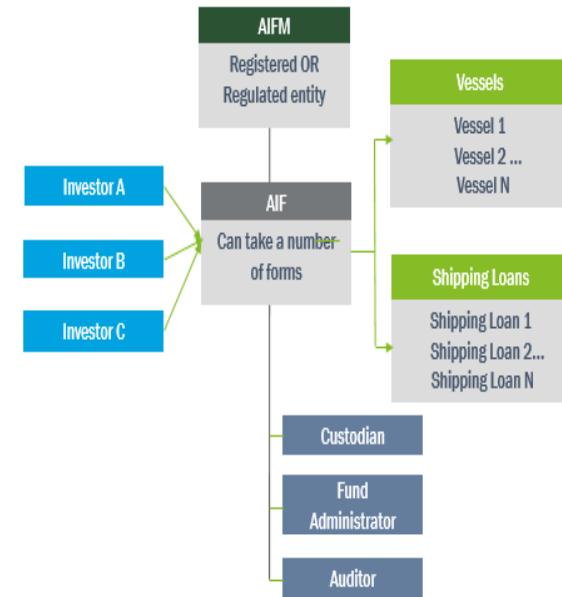
Despite the experienced global “synchronised growth”...



...bank lending is still tight



Funds can provide a flexible and creditble financing alternative



**Diversification in financing strategies for shipping owners and managers is key for the origination of liquidity during economic and shipping cycles**



**Thank you**







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