

NOTOS MARKET REPORT | INDICES

Driven by increasing fears on trade tariffs, shipping stocks lost momentum across all sectors in July. Bulker stocks still performed remarkably well, whereas the container stocks lost more than 10%. Sentiment for maritime stocks remains positive.

TRADE TARIFFS CAST SHADOW

Over the last four weeks, shipping stocks lost momentum across all sectors. The Dow Jones Global Shipping Index (DJGS) fell by 0.6% in this period and 6.9% over the last three months. Increasing doubts about a quick solution and appeasement on the world-wide trade tariffs 'race' cast a shadow on the markets. The announcement of possible counter-tariffs on US LNG and the suspension of crude imports by China's Unipet, the trading arm of state oil major Sinopec, caused concern for the investors.

CONTAINERS AND TANKERS IN THE RED

Containership stocks lost an astonishing 10.7% in July, mainly driven by a correction in the share prices of Costamare and Seaspan. The hype about 'IMO 2020' - concerning the limitation of sulfur

content in all marine fuels from the current 3.5% to 0.5% as of 2020 - was only short-lived: tanker stocks erased nearly all gains achieved in March/April and dropped on average by more than 7% in the last month. It remains to be seen whether the investors are willing to bet on a recovery in the wet markets so far ahead of the IMO 2020 deadline.

CAPE-SIZE RALLY SUPPORTS BULKER STOCKS

On the contrary, bulker stocks gained 3.8% in July, particularly supported by unexpectedly strong Capesize charter rates. This brought the sector back to the pool position, racing ahead of all other sectors in the last twelve months, and with the offshore sector in its tow.

INDICES AS OF 31 JULY 2018

	QUOTE	±Q/Q	±M/M
SHIPPING TOTAL	1,086.2	1.81%	-1.24%
BULKER	1,250.5	+6.1%	+3.8%
CONTAINER	34.3	+7.9%	-10.7%
TANKER	686.6	-0.4%	-7.4%
OFFSHORE	351.4	+3.4%	+2.4%
GAS	846.6	+3.5%	+1.6%
LINER	516.8	-0.2%	+3.6%

For more information please contact:

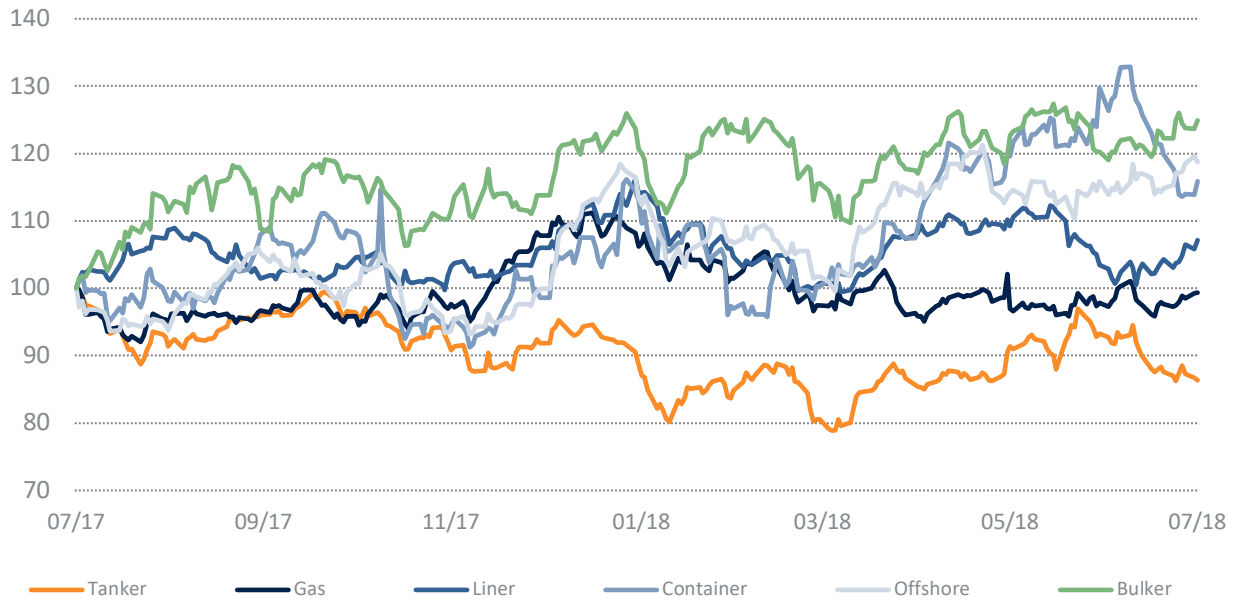
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Source: Notos Group 07/2018

NOTOS SECTOR-INDICES - 12 MONTHS

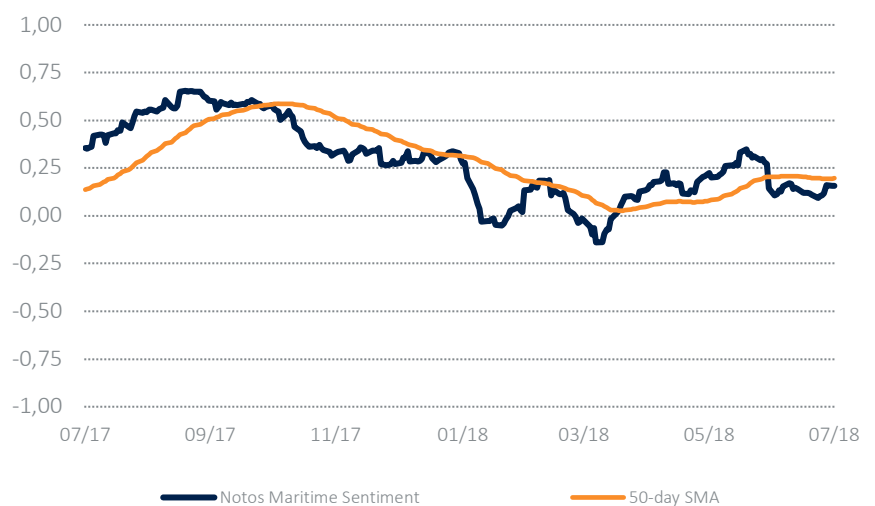


Source: Notos Group 07/2018

SENTIMENT STILL POSITIVE

The 'Notos Maritime Sentiment Index' for shipping stocks moved sideways over the last four weeks. Main support came from the climbing charter rate index as well as from a decent decline in volatility on the global markets, indicating some lower risk. However, a level of 0.15 for the sentiment index is not really inspiring, rather an indicator of holiday mood in the maritime stock markets.

NOTOS MARITIME SENTIMENT INDEX



Source: Notos Group 07/2018

**NOTOS' TRADING STRATEGIES
LOST STRENGTH IN JULY**

Our discretionary strategy 'Calima' lost 2.8% in July, mainly caused by the sharp drop in LNG and crude stocks, which are currently overweighted. Despite this, Calima's relative performance against the Dow Jones Global Shipping Index (DJGS) reached a very solid +12.5 percentage points in the last three months.

Similarly, our algorithm trade 'NMSI' which is currently long on crude, container, LPG and offshore stocks, lost 1.3% in July but outperformed the Dow Jones Global Shipping Index by 5.9 percentage points over the course of the last three months.

NOTOS INDICES OUTPERFORM BENCHMARK



KEY PERFORMANCE STATISTICS AS OF 31 JULY 2018

	CALIMA	NMSI	DJGS
PERFORMANCE 1M	-2.8%	-1.3%	-0.6%
PERFORMANCE 3M	+5.6%	-1.0%	-6.9%
PERFORMANCE 12M	-7.3%	3.2%	-15.6%
VOLATILITY TTM	15.4%	18.4%	14.2%
MAX. DRAWDOWN	-13.4%	-17.1%	-19.9%
ALPHA VS. DJGS	7.4%	15.7%	-
BETA VS. DJGS	0.90	0.60	-

Source: Notos Group 07/2018

GLOSSARY

NOTOS SHIPPING INDICES

Measure the average performance of listed shipping companies

NOTOS MARITIME

SENTIMENT INDEX

Measures the sentiment of global shipping markets, can rank between -1 and +1

CALIMA

Closed-end maritime investment fund (AIF)

NOTOS MARITIME

STRATEGY INDEX

Measures the performance of a factor-based trading strategy on shipping stocks

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