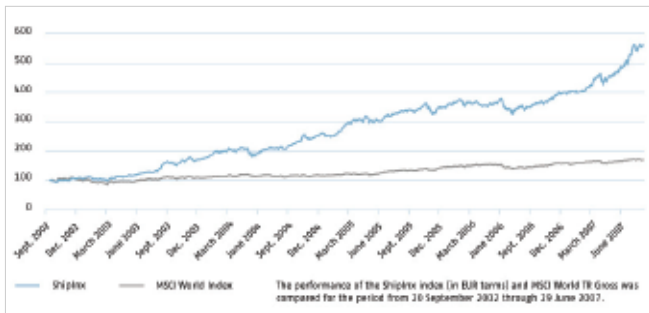


## SHIPPING



Historical performance, Shiplnx vs. the MSCI World Index  
Source: Berenberg Private Capital GmbH

## SHIPINX CERTIFICATE

**Focus:** Certificate provides daily, liquid access to investing in global maritime transport (ship building, marine transport (tankers, general cargo vessels, bulk carriers and containerships) & services, cruise lines, warehousing, harbour transportation services)

- The Shiplnx Index certificates simply tracks 1:1 (minus fees) the performance of its underlying - the Shiplnx Index. It is an equally weighted, performance index (all income from dividend and bonus payments is reinvested) structured by Berenberg Private Capital and issued by HSH Nordbank
- The index constitutes 30 listed companies that are active in global maritime trade
  - (i.e. the largest shipping companies by market capitalisation (>USD800mn) and most liquid companies (daily stock market trading volume in excess of USD1mn in the last 12 months)
- Constituents are chosen on the basis of a model that "data mines" a universe of 756 eligible companies
- Each index constituent is equally weighted - ensures diversification and simultaneously captures the full performance potential of each stock

**Strengths:**

- Representative, diversified allocation to the global maritime sector
- Sector expertise and network
- Liquid, transparent underlying

**Weaknesses:**

- Passive underlying - as the index is rebalanced only once yearly
- Correlation to MSCI World Index: 0.65%
- Performance can be challenged by sudden, sharp shocks experienced by global equities
- Volatility - (which is also the source of returns): 16.06%pa

**Opportunities:** The global maritime sector is struggling to keep pace with a growing global population and to serve its ever growing resource needs

**Threats:** Shrinking transportation volumes between economies

### Risk Management

Low Low / Moderate Moderate Moderate to High High

- Diversification achieved by the Index:

Geographic (US:23%)

Sector (67% marine transport)

- Avg. correlation to competitor maritime transport indices:

Baltic Dry Index: 0.02

Baltic Dirty Tanker Index: -0.06



- Ability to monitor and control risk posed by index constituents: ☐ ☐ ☐ ☐ ☐ ☐

- Relevance of currency related risk borne by constituents of Shiplnx:



- Relevance of leverage related risk at certificate and Shiplnx level: none

### Performance Parameters

Low Low / Moderate Moderate Moderate to High High

- Targeted performance = 22% pa

- Ability to identify sectors and exploit systemic sector risk:



- Expertise in structuring index:



- Conditions that would trigger a replacement in the Shiplnx index: a stock may not be included in the index if circumstances lead to the assumption that the essential liquidity decrease can occur in the following year when a stock no longer meets the liquidity criteria of achieving USD1mn turnover a day

- Ability to deliver uncorrelated returns to:

- Stocks:

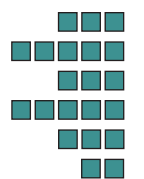
- Bonds:

- Commodities:

- Ability to deliver targeted net returns in a rising:

- Falling, sideways trending markets:

- Annual expense ratio is to be expected:



### Outlook

- Barriers to entry: most of the existing indices are not investable, the others are not diversified and/or not liquid
- Scope for the global shipping sector: upside potential
- Scope for the Shiplnx certificate: upside potential
- Conditions needed for a relative outperformance = on-going global dislocation between demand and supply within the sector

- Conditions for a relative under performance: severe global recession

- Ability to deliver targeted annual returns:

- 12 months: realistic

- 3-5 years: sustainable

- Max. capacity that can be managed: unconstrained

### Investment

- Target audience: broad based
- Level of complexity: low
- To optimise returns, recommended avg. holding period= min 3 years
- Available to investors: restrictions apply

- Base currency of the Index: USD - certificate is available in USD, EUR
- Liquidity provided: daily
- Transparency provided: high

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