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Shipping needs to change the narrative to attract investors

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November 26, 2024



Shipping might be a multi-trillion dollar industry and the backbone of world trade, but it is infinitesimally small in the minds of investors.

New research from US-based Cavalier Shipping shows that less than 79 US cents out of every \$1,000 invested in the US stock market goes to shipping and offshore companies.

Shipping companies represent a mere 0.079% of the Russell 3,000 Index, which tracks the 3,000 largest US-listed companies and covers approximately 98% of the investable US equity market, according to Cavalier research with not one shipping company represented in the S&P 500, the most commonly referenced index of the largest US companies.

“Shipping needs investors, but it seems investors do not need shipping,” commented James Lightbourn, who heads up Cavalier, a ship finance firm.

To attract capital, Lightbourn advised maritime companies to offer compelling risk-reward propositions that break through the current market narrative and entice investors to look beyond traditional benchmarks like the Russell 3000 and S&P 500.

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The issues facing listed shipping companies were a topic that dominated discussion at last month's Maritime CEO Forum held at the Monaco Yacht Club.

"We are giving our investors great returns and yet we cannot get people to look longer term in our industry. You know the questions you get are always about the next quarter," said Jan Rindbo, the CEO of Danish shipping giant Norden.

Graham Porter, chairman of Tiger Group Investments, and one of the co-founders of Seaspan, told delegates attending last month's exclusive shipowner gathering that he felt the deepest value in the markets today are all of the publicly traded companies trading at a high discount to net asset values (NAVs).

"Having run a public company, I realise you don't make so much money running a public company," Porter joked of his time in charge at Seaspan.

Other CEOs of listed shipowners speaking in Monaco advised significant upfront education work is required to provide sufficient context and nuance for investors to look at shipping.