Ship funds: World trade losing momentum

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GRP Rainer Lawyers and Tax Advisors in Cologne, Berlin, Bonn, Düsseldorf, Frankfurt, Hamburg, Munich, Stuttgart and London - www.grprainer.com/en conclude: Fondstelegramm reported that the container throughput index of the Rhineland-Westphalia Institute for Economic Research (Rheinisch-Westfälischen Instituts für Wirtschaftsforschung (RWI)) and the Institute of Shipping Economics and Logistics (Instituts für Seeverkehrswirtschaft und Logistik (ISL)) decreased in May from 122.6 to 121.3 points. They claimed this indicates that world trade is losing momentum.

Merchant shipping has been in a deep crisis for a few years now. One of the main reasons for this is that in the past overcapacities were created which in turn resulted in low charter rates. This also led to economic difficulties for several ship funds from various issuing houses. Investors felt the consequences: Dividend distributions lagged behind prospected expectations or were omitted entirely. A great deal of ship funds even had to go before an insolvency court. For many investors this meant the total loss of the money they had invested.

The latest figures show that the spring revival for container throughput in world harbours was weaker than usual. It seems that the shipping crisis has still not past and an end is not yet in sight. Investors in ship funds that are disappointed with the development of their capital investment can turn to a lawyer competent in the fields of banking and capital market law, who can review whether claims for damages may be asserted.

Experience has shown that erroneous investment counselling has more frequently been an issue when ship funds are brokered. Ship funds were regularly promoted as being a safe capital investment with high returns. However, shares in ship funds entail the acquisition of business shareholdings. These not only provide opportunities to make reasonable returns; they also involve a whole series of risks. These can include, inter alia, exchange rate fluctuations, long maturities or the complicated negotiability of shares in funds, but it is the risk of total loss which is particularly serious. In the course of receiving proper investment advice, the investors should have been comprehensively informed about these risks. The banks should equally have disclosed the commission they received for brokering services. If risks or commission payments were concealed, this may justify claims for damages.

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