

RIT Capital and SMT treble their money on Dropbox

26 March 2018

RIT Capital Partners (RCP) and **Scottish Mortgage (SMT)** have more than trebled their investment in **Dropbox (DBX)** following the cloud storage firm's successful flotation last week.

Shares in Dropbox 'popped' over 35% on their first day on Nasdaq on Friday— much to the delight of co-founders Drew Houston and Arash Ferdowsi (pictured) who helped to open the market for trading.

The shares rose over 3% today to \$29.47, well above the \$18-\$20 range set prior to the stock's debut last week, and defying the sell-off in tech stocks caused by the privacy scandal engulfing **Facebook (FB.O)**, down another 2.8% following its 14% plunge last week.

This values Dropbox at nearly \$11.5 billion. This is more than the \$10 billion the online storage operator was valued at its last funding round in 2014.

It represents a return of over three times on the investment made by the global investment trusts who participated in a £250 million series B financing in 2011 that valued the San Francisco firm at \$3.8 billion.

Prior to the flotation, RIT Capital Partners, a £2 billion fund backed by the Rothschild banking dynasty and open to private investors, had seen its stake in Dropbox almost double in the past six years. It was first valued at £15.6 million or 0.8% of the portfolio in 2012. By the end of December this had grown to £28.5 million or 1% of net assets.

While this is a fillip for all shareholders, it is particularly good news for the trust's chairman Lord Rothschild. With other directors Rothschild made a smaller, personal co-investment on the same terms as the trust in 2011.

For shareholders in Scottish Mortgage, the gain is also good news after the recent falls in its technology holdings, including a position of over 2% in Facebook.

It also bodes well for the flotation of Spotify, another of the £7 billion fund's many unlisted technology unicorns that managers Tom Slater and James Anderson have bought into in recent years.

The big winners - other than the founders - are its earliest venture capital backers including firms such as Y Combinator and Sequoia Capital.

Over five years Scottish Mortgage is the third best performing trust in the AIC Global sector with a total shareholder return of 182%. RIT, a 'multi-asset' fund that emphasises capital protection more than its high growth rival, ranks second in the Flexible Investment sector with a 70.6% total shareholder return over five years.

Separately, RIT announced today that John Cornish, a non-executive director on its board for the past 10 years, would retire after the annual general meeting on 26 April. Cornish, a former partner at accountants Deloitte, previously chaired the Framlington Innovative Growth investment trust.