



RIT Capital – Interim Results: Private Investments Drive Performance in H1

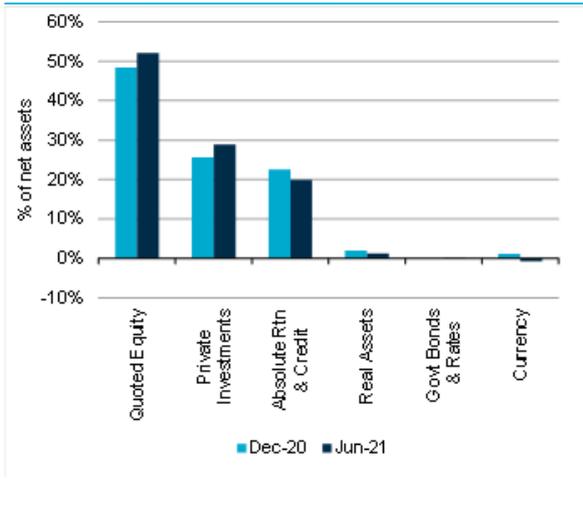
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Performance: RIT Capital Partners delivered an NAV total return of 19.1% in the six months to 30 June versus 12.2% for the MSCI AC World Index (50% in Sterling, 50% in local currencies) and 3.4% for the fund’s absolute return target of RPI plus 3%. The June NAV of 2,711p had already been released. However, the results provide far more colour on the fund’s performance and portfolio. The shares are currently trading at 2,555p, up 24.6% YtD versus a rise of 12.6% in the benchmark index, and trade at a c.6% discount to our estimated NAV.

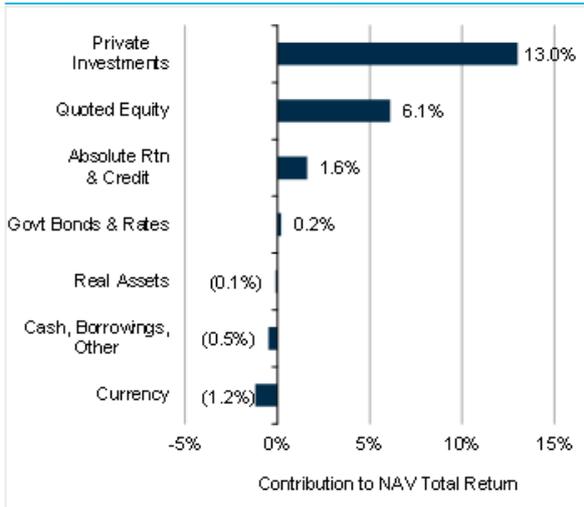
Attribution: The key driver of performance in H1 2021 was the Private Investments portfolio, underpinned by the successful IPO of Coupang, which contributed 5.5% at the IPO price of \$35.00. It was then transferred to the quoted portfolio and closed the period at \$41.82. There were broad based gains across the rest of the direct and fund investments. The Quoted Equity portfolio also contributed strongly, led by cyclicals, as would be expected given the rally in global equity markets. There was also a positive contribution from Absolute Return & Credit assets, particularly from distressed debt managers.

RIT Capital - Exposure by Strategy



Source: Company data

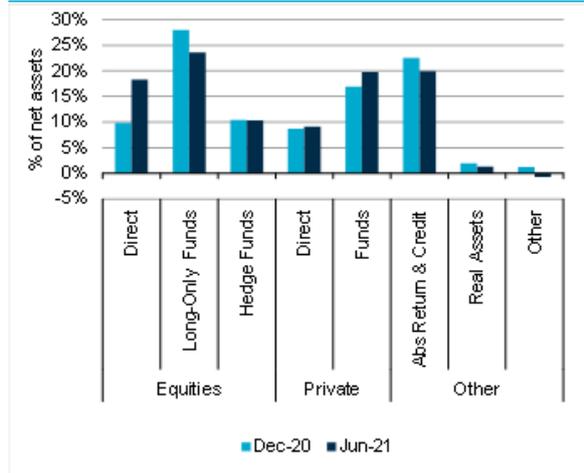
RIT Capital - Contribution by Strategy



In Sterling. Source: Company data

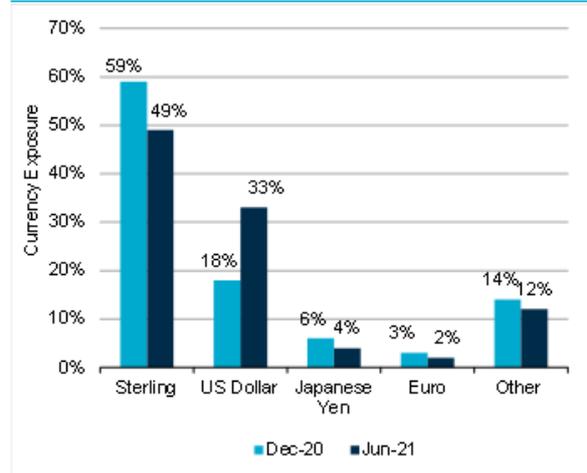
Currency was a detractor from absolute performance, as Sterling rallied. RIT Capital’s US\$ exposure increased to 33% at 30 June from 18% at the start of the period, as the manager believes it has the potential to provide a safe haven in times of stress. Sterling exposure was reduced from 59% to 49%, Yen from 6% to 4%, and Euro from 3% to 2%.

RIT Capital - Portfolio by Asset Type



Note: Total Investments as a % of net assets.
Source: Company data

RIT Capital - Currency Exposure



Source: Company data

Quoted Equities: Exposure to equities is through a combination of long-only funds (23.6% of net assets), direct equities/coinvestment 18.3%, and hedge funds 10.3%. Coupang is now the fund’s largest direct/coinvestment representing 9.0% of net assets at 30 June. It is worth noting that in the report, the manager highlights hedging as “a core feature” of its approach, focusing both on macro positions as well as individual stocks, funds or themes, where exposure can be moderated without having to sell the underlying positions. RIT’s average net quoted equity exposure was 46% over the period, a slight increase compared with 2020 (43%). The exposure continues to be dominated by structural themes including Asia, where the manager continues to see the long-term potential for growth, biotech, and companies benefitting from the energy transition. c.25% of the Quoted Equities portfolio is allocated to value/cyclical stocks, which benefitted performance, whilst quality defensive holdings were added to, such as Unilever and Reckitt Benckiser, which the manager believes had sold off disproportionately.

Private Investments: Represent 28.9% of net assets, with 19.8% invested in third-party funds and 9.1% in direct holdings. Beyond Coupang, the remaining direct holdings benefitted from positive company performance, new investment rounds as well as interest from SPACs. The tilt towards technology, one of the fund’s core themes, benefitted performance of the third-party funds, the majority of which remain valued at 31 March. Several new investments were made in the direct portfolio including £50m

in Webull and £29m in Robinhood, two financial technology platforms disrupting traditional retail trading, as well as £11m in Kraken, the cryptocurrency exchange. The fund also invested £21m in Epic Systems, the largest healthcare digital record platform in the US. RIT Capital's key Direct Private investments are shown below:

RIT Capital - Direct Private Investments at 30 June 2021

Investment	Country	Business	Date	Value £m		% Net Assets
				Dec-20	Jun-21	
KeepTruckin	US	Logistics	2019	44.5	50.9	1.2%
Webull	US	Fintech	2021	-	50.7	1.2%
Robinhood	US	Fintech	2021	-	29.0	0.7%
Age of Learning	US	Education	2015	13.6	23.1	0.5%
Epic Systems	US	Healthcare	2021	-	21.7	0.5%
Hippo Insurance	US	Insurance	2020	12	18.6	0.4%
Brex	US	Fintech	2020	7.6	17.5	0.4%
Paxos	US	Fintech	2021	-	14.2	0.3%
Airtable	US	Software	2020	7.4	13.5	0.3%
Kraken	US	Fintech	2021	-	11.0	0.3%
Coupage	Korea	Online Consumer	2018	140.8	*	*
EQRx	US	Biotech	2021	9.6	-	-
Infinity Data Systems	UK	Data centres	2011	8.5	-	-
NerdWallet	US	Fintech	2020	7.8	-	-
Other Direct				62.1	135.2	3.3%
Total Direct				313.9	385.4	9.1%

*Coupage now classified as Quoted, £382.1m valuation at 30 June, 9.0% of net assets. Note: Valuations for 2020/2021 H1 do not adjust for any investment or distributions. Source: Company data

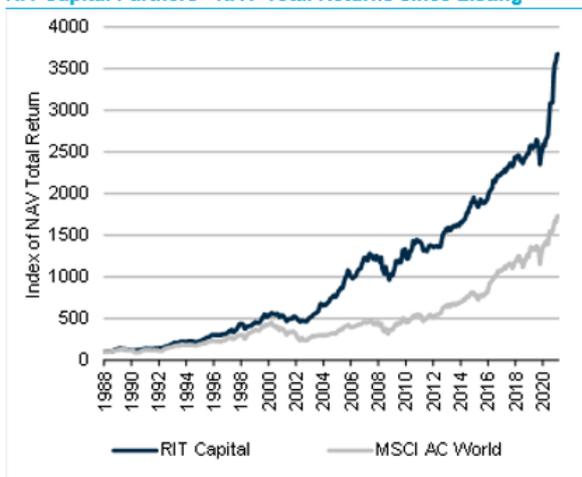
Absolute Return & Credit: Represents 19.9% of net assets and is a key feature of portfolio diversification. The manager has adopted a more cautious approach to direct credit as credit spreads have tightening back to pre-pandemic levels.

Dividend: The Board intends to pay total dividends of 35.25p in 2021, an increase of 0.7% (0.25p) over the previous year. A dividend of 17.625p (17.5p) was paid in April, and a second interim dividend of 17.625p will be paid on 29 October (ex-date 30 September). This represents a prospective yield of 1.4%.

Numis Views: RIT Capital Partners (£4.0bn market cap) has an exceptional long term track record through an unconstrained investment approach seeking to deliver long-term capital growth, whilst preserving shareholders' capital. It is differentiated from most Investment Companies by being self-managed, but also by its active management of both equity and currency exposure. Since inception in 1988, it has delivered an attractive return profile, participating in 74% of market upside, but only 38% of market declines. This has resulted in the NAV total return compounding at 11.5% pa, significantly ahead of global equity markets - the MSCI AC World and FTSE All Share have delivered annualised Sterling total returns of 9.0% and 8.3%, respectively.

The fund remains one of our core long term recommendation in the Global Investment Companies sector. We believe that its emphasis on capital protection fits well with the risk tolerance of many private investors and over the last three years RIT has delivered NAV total returns of 51.7% compared with 43.8% for the MSCI AC World Index despite having substantially lower average net quoted equity exposure. In addition, we believe that the team, supported by its connections to leading third-party managers, is well placed to exploit opportunities that arise across a range of asset classes on a global basis. This has been demonstrated through the success of RIT’s investment in Coupang, which contributed strongly to performance in H1. The next generation of private assets are exciting and appear well placed to drive performance going forward. RIT Capital is trading at a c.6% discount to the last published NAV at 30 June, which we continue to believe offers value. Furthermore, the majority of the private fund investments, most of which are Venture Capital, are held at 31 March valuations, whilst Nasdaq has risen c.10.2% since (total return in Sterling terms. Moreover, the Board have been more active in supporting the discount through share buybacks, and the Chair comments “*we intend to continue to selectively purchase shares in the market when we believe that it is beneficial to do so*”.

RIT Capital Partners - NAV Total Returns since Listing



Source: Datastream

RIT Capital Partners - 10 Year Discount History



Source: Datastream