

## Lord Rothschild: '2018 was the most difficult and treacherous year since 2008'

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By Jayna Rana

Lord Rothschild, chairman of the £3.2bn RIT Capital Partners investment trust has said he expects continued heightened market volatility with the UK facing the "worst political situation since the Suez crisis", as the trust releases its financial results for the year ended 31 December 2018.

Despite the trust returning just 0.8% over 2018, chairman Lord Rothschild has said he was pleased it delivered on its long-term aim of preserving shareholders' capital given the market conditions for the year.

RIT Capital Partners was able to produce a positive return, albeit a small one, thanks to having reduced its quoted equity exposure ahead of the fourth quarter which saw global equity indices fall by 13%.

Rothschild said: "2018 was the most difficult and treacherous year for investors since 2008, with negative returns in all major asset classes.

"The dangers of holding assets inflated by low interest rates and quantitative easing are now visible to all. Throughout the year therefore we managed our asset allocation to keep net quoted exposure towards the lower levels of our historical ranges with higher levels of cash than usual."

The chairman said year-to-date, stock markets have shown significant gains, however the board remains cautious about future prospects, with concerns over the accumulation of downside risks.

He added: "Global growth is declining, with the IMF having further reduced its forecasts. The weakest Chinese GDP growth in nearly three decades is clearly having an impact on other regions, while German manufacturing output has contracted for the first time in four years.

"The most recent retail figures in the US lead one to believe that the economy will find it difficult to repeat last year's fiscal-fuelled results. Against this weakening backdrop, geopolitical risks have not subsided.

"We are surely witnessing the worst political situation in the United Kingdom since the Suez crisis, while social unrest and populism in a number of European countries cloud the future. We therefore anticipate a continuation of heightened market volatility."

The trust outperformed its ACWI Equity Index by almost 7% over 2018 while NAV per share ended the year at 1,821p.

Its premium averaged at 7% and currently stands at 10.2% according to FE. A total dividend of 33p per share was paid for the year.

Commenting on the results, analysts at Numis Securities said: "RIT Capital 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 75% of market upside, but only 39% of market declines.

"This has resulted in the NAV total return compounding at 10.9% pa, significantly ahead of global equity markets - the MSCI AC World and FTSE All Share have delivered annualised Sterling total returns of 8.6% and 8.3%, respectively."