



RIT Capital – Coupang Floats

12 March 2021

Coupang made one of the year's best debuts as it climbed 41% beyond an above range IPO price during its first session yesterday in the US. Coupang shares, trading under the ticker: "CPNG", closed at \$49.25 per share compared to its IPO price of \$35. The stock opened at nearly \$70 per share before trading down throughout the day, but significantly above where it came to the market.

Using Coupang's closing price of \$49.25 per share, represents an increase of 222% in the US Dollar investment of RIT Capital's investment in Coupang. This is the equivalent of 195pps or 8.4%.

RIT's investment in Coupang is held through a co-investment fund managed by an external GP. There is an unusual lock-up agreement for insiders that could be triggered by the stock's hot start. If shares remain above the IPO price next week, unusual exceptions to the deal's lockup agreement will begin to trigger that release insiders from the selling restrictions that are customary after an IPO. Some employees would be released from the standard six-month lockup period as soon as six days from now if shares remain above \$35, according to the prospectus. Six days after that, most pre-IPO shareholders who sold stock in the \$4.6bnn offering will be released from lockup agreements too if the stock is at least \$46.55. A third exception to the lockup period triggers four days after earnings are announced.

This continues to be a very successful investment for RIT Capital. RIT made its investment in Coupang in April 2018 and at June 2018 declared its investment was valued at £38.2m. At the end of 2020, it was valued at £140.8m however based on yesterday's closing share price I estimate that the investment is valued around £440m.

RIT Capital (£3.6bn market cap) has released a NAV for February of 2,316p, up 0.9% over the month versus a 1.5% rise for the MSCI AC World Index (50% Sterling, 50% local). Adjusting for where we are today in March, the Index is up a further 2.8% since, and so we estimate that the RIT Capital NAV is up 9.7% (225p) to 2,541p comprising the usual beta adjusted index move and 195p uplift from

Coupang. This leaves RIT on the equivalent to a 10% discount. The third-party funds are still marked at September.

RIT delivered returns of over 16% last year and has started 2021 well. I have said for a while that RIT suffers from a “perception versus reality” problem. I think that is not justified. I took comfort from RIT’s CEO last week where he referred to “where exposure is deployed” and I also welcomed that RIT had undertaken some de-risking of some of the more frothy assets where they “see the risks of over-staying our welcome”.