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RIT Capital – Discount Unjustified

15 June 2021

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RIT Capital (£3.9bn market capital) saw its May NAV increase by 1.3% to 2651pps. This was strong outperformance of RIT's blended benchmark which was broadly flat in the month.

In terms of what drove this outperformance, I suspect RIT Capital has received some March marks for its Private Funds which in total represented 18% of RIT's portfolio at the end of April. As one will be aware of there is a "tech/growth" bias to these funds and the performance of the Nasdaq in Q2 is worth noting also.

This performance is more impressive as the US quoted Korean Coupang share price was off over 5% in Sterling terms. However, we suspect that RIT has implemented measures/protection on this investment following it becoming a quoted company.

Applying a Beta of 0.45x to Index moves in June so far, we have a current NAV for RIT Capital of 2673pps....leaving the shares on an unjustified discount of 6.6% given the performance generated by the Fund and the quality of the investments put together within it.