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RIT Capital – January Outperformance and Partnering with Strong VC Investors

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By James Glass

RIT Capital (£4.13bn market cap) saw its January NAV fall by 3.5% in the month to 2696pps. This was outperformance when compared to the MSCI ACWI 50/50 which was off 4.4%.

There are around 1,000 billion-dollar VC-backed companies globally—more than 50 are valued at \$10bn+. Being flippant, it would seem like the unicorn designation doesn't mean much these days 😊 But for early-stage VC investors, investing in a startup that will grow into a billion-dollar company is often a badge of honor—separating exceptional investors from the rest of the pack. The highest performing of these bets can also return an entire fund's worth of capital.

PitchBook looked to Answer the question....'when it comes to home-run investments, which early-stage investors have the highest batting average?

PitchBook found it helps to be large: The leading firms—both in terms of company count and as a share of the total portfolio—managed more than \$5bn. Additionally, Investors that backed unicorns-to-be at exceptionally high rates tended to cluster their investments in similar categories, indicating high conviction around certain themes.

According to Pitchbook's analysis Josh Kushners's Thrive and Micky Malka's Ribbit find themselves at the top of the list. Ribbit Capital is a dedicated fintech investor, so it's no surprise that the firm's early-stage hits included names like RobinHood and Brex.

The reason I have highlighted this is because RIT Capital is an investor in both Thrive and Ribbit Capital managed Funds as well as selectively coinvesting alongside them for certain investments. The PitchBook findings further demonstrates that RIT Capital, led by Francesco Goedhuis (CEO) and Ron Tabbouche (CIO), seeks to find attractive opportunities across a range of asset classes, leveraging off

an extensive global network of contacts, investing alongside managers with specialist industry/country expertise.

RIT Capital currently trades on a discount of just north of 2%. For 2021 as whole, RIT Capital generated a NAV return of 23.6% on a total returns basis. This NAV performance has exceeded both of RIT Capital's KPIs being the inflation measure (RPI + 3%) of 10.5% and the equity index (MSCI All Countries World Index, 50% Sterling) of 20%. RIT Capital Partners (RIT) seeks to achieve long-term capital growth whilst preserving shareholders' capital and I believe RIT Capital fits well with the risk tolerance of many private investors.

RIT Capital will be releasing its Annual Results at the beginning of March.