



Summary

Coupang is one of RIT's most successful ever private investments, generating ~\$340m on a \$50m investment in less than five years¹. The deal is a clear illustration of the Manager, JRCM's, global sourcing capability, rigorous due diligence process, and careful approach to risk management.

Investment Overview

Commonly referred to as the "Amazon of South Korea", Coupang is one of the largest e-commerce companies in Asia, with a mission to revolutionise the everyday lives of its customers and create a world where people wonder, "How did we ever live without Coupang?". It offers a range of services, including same-day and next-morning delivery of groceries and general merchandise, delivery of prepared foods through Coupang Eats, and video streaming through Coupang Play. It is headquartered in the United States, with operations and support services in markets including South Korea, Japan, Taiwan, Singapore, and China.

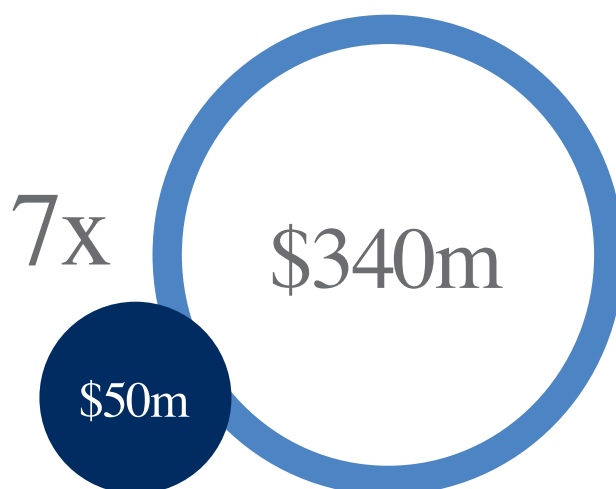
Through our close partnership with Greenoaks, a leading US global investment firm, we were introduced to Coupang and got to know the business and its strategy. In April 2018, we decided to invest \$50m in Coupang, alongside Greenoaks and other leading global investors, with the investment joining RIT's private investment portfolio.

Our investment benefited from a uniquely attractive risk/reward profile. Approximately 90% of our investment was in convertible debt, meaning we would benefit from protection, as a creditor, in the event of any decline in the value of the business. Equally, the conversion option enabled us to convert this debt into equity at the right time, ensuring we could also benefit from the full upside potential of the company's growth. This sophisticated structure gave us a compelling opportunity for capital growth, while also ensuring sensible protection of shareholders' capital.

Coupang listed on the New York Stock Exchange on 11th March 2021 with an IPO price of \$35 per share, closing at \$49.25 per share on the first day – giving Coupang a market capitalisation of ~\$85 billion. Following the IPO, JRCM hedged the position as part of its ongoing risk management framework, locking in the gains achieved before IPO, and mitigating against subsequent post-IPO share volatility.

By the end of 2022, the total value generated from RIT's initial investment was **\$340m, equivalent to 7x our initial investment.**

This includes ~\$320m of proceeds from sales of Coupang shares and gains from hedging activity, alongside a further ~\$20m in Coupang shares owned by RIT.



¹All information to 31 December 2022. Sources: J. Rothschild Capital Management Limited, <https://ir.aboutcoupang.com/>
The content of this case study is for information purposes only and is not a solicitation, or an offer for the purchase or sale of any financial instrument. It does not constitute investment research, investment advice or a recommendation, and should not be used as the basis for any investment decision.