

31 March 2023 Net Asset Value

The unaudited diluted net asset value (NAV) of RIT Capital Partners plc as at 31 March 2023 (with debt at fair value) was 2,405p per £1 ordinary share (28 February 2023: 2,432p).

Q1 2023 Commentary

Turbulence continued during Q1, with markets gyrating between positive and negative sentiment. The early part of the quarter saw equities buoyed by perceived lower recession risks and China's continued reopening, before a combination of stronger economic and inflation data (raising the probability of higher interest rates), coupled with the collapse of Credit Suisse and US regional banks, raised concerns of a financial crisis and global recession. Nonetheless global equity markets ended surprisingly strongly, lifted by a small number of mega-cap tech companies viewed as more resilient to credit tightening and a growth slowdown.

RIT's NAV total return for Q1 2023 was +0.7%. Notwithstanding the increase in RIT's NAV, the share price suffered from some negative sentiment. We continued to take advantage of this, buying back RIT shares accretively in larger quantities than in previous years.

One area of recent discussion has been in relation to the robustness of the valuation of RIT's private investments. Our direct investments (representing 11.7% of NAV), are all held at audited 31 December fair values. Subsequent to the year end, we completed the sale of a core position (Infinity) in January at a ~30% uplift to the carrying value (in line with our historical average uplift). One of our top 5 holdings (Webull) is completing an equity issuance at a price above our carrying value, and we have agreed terms for a sale from two other top 10 holdings at carrying value.

In relation to private funds (27.9% of NAV), 80% of these are now held at 31 December fair values from external managers (GPs). Reinforcing the widely diversified nature of the portfolio, these funds saw a blend of increases and decreases, with a modest overall decline contributing -1.0% to NAV. The strong Q1 performance seen across major indices, including for long-duration assets and fast-growing businesses, bodes well for valuations here in the future.

We continued to hold our net quoted equity exposure towards the lower end of our historical range, at 37% during Q1. Overall, these assets contributed +2.1% to NAV, with notable outperformance from our core biotech holding as well as Builders FirstSource, a stock which is the largest supplier of building products in the US.

Outside of equities, many of our other asset classes performed well, with positive contributions from our credit positions as well as gold and interest rates. Currencies detracted from the NAV performance, with the US dollar weakening as interest rate expectations declined, and with sterling ending the quarter as the best performing G10 currency.

Towards the end of 2022, we started a process of raising a meaningful amount of liquidity in order to ensure we held dry powder for the dislocation-driven opportunities we expect to see. By the end of March, we held cash and short-dated gilts of around £340 million, as well as undrawn borrowings of £85 million.

Share buybacks commenced following the end of the closed period on 28 February, with 2.4 million shares acquired by 31 March, contributing 0.32% to NAV per share in terms of accretion benefit.

Overall, while we remain cautious, there are signs that attractive opportunities are emerging in the new investment landscape. We continue to retain our usual robust portfolio construction, with a balanced approach to the portfolio and a diverse set of distinct drivers.