

RIT Capital Partners plc

Significant investment outperformance of both RIT's reference hurdles

RIT Capital Partners plc today published its results for the year ended 31 December 2021.

Financial Highlights:

- Net Asset Value per share (NAV) total return of 23.6% for the year
- NAV per share of 2,794 pence at 31 December 2021
- Significant outperformance of both reference hurdles – absolute and relative
- Growth in net assets in 2021 of ~£855 million (before dividends)
- Total net assets stood at ~£4.4 billion at year end; a new all-time high
- Share price ended the year at 2,750 pence, representing a TSR of 35.1%

Performance Highlights:

- For the second consecutive year, the portfolio generated meaningful outperformance of both its reference hurdles
- 2021 saw the strongest shareholder return for almost twenty years
- Moderate net quoted equity exposure averaging 43% over the year
- Outperformance was achieved through a diversified approach to portfolio construction with core categories contributing to performance
- Exceptional performance from the private investments book, including gains across investments that focused on the digital transition
- The non-equity 'diversifiers' played an important role, including healthy returns from the absolute return and credit portfolio which had low correlation to markets
- Positive contribution from the quoted equity book led by holdings which benefited from a reflationary environment, though China and biotech funds gave back some of their stellar returns of 2020
- Active currency management provided some shelter in the face of stronger trade-weighted sterling

Dividends and Buybacks:

- Dividends paid in April and October 2021 totalling 35.25 pence per share
- The Board intends to pay a dividend of 37 pence per share in 2022 in two equal instalments, in April and October. This represents an increase of 5.0% over the previous year
- Over the year, the Company continued to buy back shares, seeking to minimise volatility for shareholders

Summary:

- This year marked the tenth consecutive year of positive returns for the portfolio
- Over the past five years, the NAV total return was 75.8%, delivering equity-type returns with less risk than the ACWI. Such performance was achieved with significantly less volatility and moderate net quoted equity exposure of 43%
- Over the same five years, RIT's net assets have grown by almost £2 billion (before dividends)
- Since inception, RIT's NAV has now participated in 74% of market upside but only 38% of market declines
- Over the same period, the total shareholder return has compounded at 12.4% per annum compared to the ACWI of 7.8%
- £10,000 invested in RIT at inception in 1988 would be worth £494,000 today (with dividends reinvested) compared to the same amount invested in the ACWI which would be worth £119,000

Commenting, Sir James Leigh-Pemberton, Chairman of RIT Capital Partners plc, said:

"I am pleased to report very healthy performance and strong shareholder returns. Our net asset value per share ended the year at 2,794 pence, representing a total return for the year (including dividends) of 23.6%. At the same time our share price closed at 2,750 pence, providing a total return to shareholders of 35.1% ...

Once again, however, the headline performance of the indices masked a difficult environment for global asset managers, with a widespread dispersion of returns among the components of the indices, and more broadly across regions, sectors and asset classes. Notably emerging market equities saw more mixed performance, with regulatory tightening in China weighing on markets there. Government bonds, one of the key components of the traditional 'balanced portfolio', also struggled in 2021, with US and UK bonds both posting negative returns for the first time since 2013.

Your Company's portfolio is deliberately exposed to a range of asset classes, with a view to protecting shareholders' capital from the worst of market declines while capturing a healthy share of the performance in rising markets. I am therefore delighted with our portfolio's return in 2021. A 23.6% NAV return is above our typical participation in short-term market rises ...

This performance has been achieved with all the core categories contributing. Among our well-established themes, the stand-out contributor was the exposure to innovative companies, which we have chosen to express through our private investment portfolio ...

We believe that the techniques used by JRCM to build and manage a portfolio which aims to deliver the corporate objective in a range of market conditions, have a proven track record of success. This portfolio composition, with its diversified themes, combined with global access to investment opportunities and managers (many closed to new investment), is at the heart of our strategy and is what makes RIT different from many multi-asset managers. In recent years, strong contributions from, at different times, quoted equities (stocks and funds), currency and private investments, have illustrated some of the benefits of our diversified approach ...

The permanent structure of an investment trust is also a privileged feature, which we proactively aim to capitalise upon for the benefit of shareholders. It allows us to take full advantage of our flexible investment policy, by targeting opportunities across the investment landscape, without the pressure of meeting investor redemptions or being forced to sell investments for external reasons when we would rather keep them ...

Once again, I must thank all our employees and my Board colleagues for their commitment and sustained efforts throughout a year which has been no less challenging than 2020 ... Thanks to the commitment, dedication and flexibility of the team, our culture of performance, collaboration and mutual support remains in good health."

Commenting, Francesco Goedhuis, Chairman and Chief Executive Officer of the Company's Manager, J. Rothschild Capital Management Limited (JRCM), and Ron Tabbouche, Chief Investment Officer of JRCM, said:

"According to research published by Goldman Sachs, more than 80% of mutual funds underperformed over the year. We are therefore pleased with the performance over 2021, with a NAV total return of 23.6% outperforming both of our reference hurdles: our 'inflation plus' hurdle (RPI plus 3.0%) which measured 10.5%, and our fully-invested equity index (ACWI) which returned 20.0%. This year marked the tenth consecutive year of positive returns for the portfolio ...

As we write this in early 2022, our focus is, as always, on ensuring that the portfolio is positioned as well as it can be for the range of possible market outcomes that may lie ahead ...

Ending 2021 with a shifting monetary policy, ebullient sentiment, and full valuations in some areas, we expect short-term volatility, particularly in high-growth sectors. While markets often appear relatively immune to geopolitical risks, these of course also remain ...

At times like this, we approach every new investment with caution – being selective in our allocations to those investments we feel offer appropriate margins of safety, and passing on those which don't. It is a time when the importance of our portfolio construction cannot be overstated. We will continue to try to balance our portfolio carefully to ensure that the themes and risks are appropriately weighted and reflected in the NAV ...

Whatever the underlying cause, volatility can often feel uncomfortable, but the flip side is that if markets react indiscriminately, this can also provide opportunities. Ultimately our long-standing approach, blending conviction and

diversification, will continue to drive how we manage the portfolio to seek the best long-term, risk-adjusted returns for our shareholders.”

ENQUIRIES:

Brunswick Group LLP:

Tom Burns: +44 (0) 207 404 5959

About RIT Capital Partners plc:

RIT Capital Partners plc is an investment company listed on the London Stock Exchange. Its net assets have grown from £280 million on listing in 1988 to ~£4.4 billion at year end. Lord Rothschild and his immediate family interests retain a significant holding.

www.ritcap.com

A description of all terms used above, including further information on the calculation of Alternative Performance Measures (APMs) is set out in the Glossary and APMs section at the end of this RNS.