

**Letter to RIT Shareholders: Q1 2020**

First of all, we hope that you and your loved ones are healthy and safe. These are difficult, stressful times for so many and we are very much aware of the challenges faced by our stakeholders.

Mindful of the unprecedented events since we published RIT's Annual Report a mere six weeks ago, we thought that it would be helpful to provide some colour on the behaviour of the portfolio in recent times as well as putting such behaviour in the context of our long-term objectives.

As you know, we entered the year with a cautious view on financial markets and therefore, prudent overall portfolio positioning. This was best illustrated by a net quoted exposure over the first quarter which averaged 42%, at the lower end of our historical range. This positioning contributed to a lower drawdown in March than that of the general market. Thus, RIT's NAV per share return for March was -6.8%, which can be compared to its reference equity index (ACWI 50% £) of -11.9%, and many equity markets showing declines over the same month of anything between -15% to -25%.

A similar pattern of reasonable protection on the downside together with capital growth over the long term can be seen over the last twelve months and three years respectively. Over twelve months, RIT's NAV total return was -3.9% compared to -8.5% for its equity index, while over the last three years, the NAV return was up +6.4% compared to its equity index which was up +5.7%.

During the sell-off in March, the quoted equity portfolio, as one might expect, was affected by the cyclical headwinds. In some measure, this is due to our bias to long-term structural trends in emerging markets, as well as stocks which are more sensitive to the cycle. By contrast, there has been pleasing outperformance of equity markets from our healthcare and equity hedge fund exposures. We are keenly aware that shareholders invest in RIT over the long term and through the cycles, and we remain confident that our structural themes will be well positioned when we emerge from this crisis.

As for our direct private investment book, a significant portion has capital protection features, which should serve us well in the current environment.

Our absolute return and credit allocation demonstrated a beta of around 0.4 during the month, slightly higher than usual, as some managers in the distressed credit areas experienced mark-to-market losses. We were nonetheless pleased that our macro allocations and credit hedges posted positive returns.

The results of our active currency management contributed positively over the month of March. The portfolio benefitted from our purchase of US dollars at the beginning of the month, as the dollar (after declining in the initial sell-off) staged a meaningful rally, benefiting from safe haven flows.

In terms of outlook, we do not believe this is the time to increase our equity exposure as the uncertainty around the impact of the crisis on economic growth remains high. This is due to the unprecedented combination of severe shocks within the economy across both demand and supply. Nonetheless, we are aware that, while at times like these shareholders expect a degree of protection from the full extent of market drawdowns, we are also expected to be judiciously planting seeds for long-term capital growth. With that in mind, we feel well placed not just to come through this period with resilience, but also to take advantage of opportunities as they present themselves. We are optimistic about the underlying holdings in our portfolio as they have the potential to deliver healthy absolute returns with valuations that provide a meaningful margin of safety. In fact, we have deployed further capital in credit markets during March, where, together with our trusted partners, we have identified assets with the potential to deliver double digit returns along with strong fundamental

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protection. And more broadly in early April, we have seen glimpses of the market's potential to respond positively to distressed valuations.

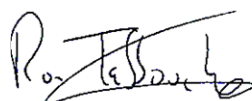
Above all, we are steadfast in our commitment to the expectation of RIT's shareholders. Namely, reasonable protection on the downside while creating long-term capital growth. This ultimately requires us to actively manage the portfolio through the cycles and over the long term. Overall, we are therefore confident that through the next cycles, the portfolio will continue to deliver healthy upside participation in rising markets while providing reasonable protection in down markets. This asymmetry has been at the heart of RIT's long-term record in delivering equity-type returns with less risk. We are relentlessly focused on managing the portfolio through and well beyond this crisis with these core objectives in mind.

Finally, we would like to put on record our sincere thanks to our colleagues and their families. Notwithstanding the many challenges they have faced, our teams have reacted positively, professionally and with great resilience, enabling our business to continue uninterrupted. They have our admiration and our gratitude.

Yours sincerely,



**Francesco Goedhuis**  
*Chief Executive Officer*  
*J. Rothschild Capital Management Limited*



**Ron Tabbouche**  
*Chief Investment Officer*  
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