

RIT Capital Partners plc

Results for the half year ended 30 June 2022

RIT Capital Partners plc today published its results for the half year ended 30 June 2022.

Financial Highlights:

- Net Asset Value (NAV) per share of 2,530 pence at 30 June 2022
- NAV per share total return of -8.8% for the period, protecting shareholders from the worst of the declines in equity markets and outperforming the MSCI All Country World Index, 50% £ (ACWI) which lost -14.7%
- 5-year NAV return of 54.0%, outperforming the 43.4% for the ACWI, and with significantly lower risk
- Share price closed at 2,400 pence, a discount of 5.1%

Performance Highlights:

- Keeping our net quoted equity exposure towards the lower end of our historical ranges (at 38%) helped to protect shareholders from the worst of the market declines
- Japanese and reflationary exposures outperformed; the quoted equity book broadly performed in line with markets
- Absolute return and credit portfolio contribution was flat, emphasising its low correlation to equity markets, and a key feature of our differentiated approach to portfolio diversification
- After exceptional performance over the past few years, private investments gave back some gains, impacted in particular by US technology market disruption
- US dollar and associated currencies strengthening contributed positively

Dividends and Buybacks:

- Dividend paid in April of 18.5 pence per share
- The Board has declared a dividend of 18.5 pence per share for October
- This represents an increase of 5% over the previous year's dividend
- The Company continued its approach of seeking to minimise volatility for shareholders, buying back shares accretively when they were trading on a high single-digit discount

Summary:

- Over the last five years, net assets have grown by ~£1.5 billion (before dividends)
- Over the same period, our NAV total return of 54.0% has outperformed the ACWI (43.4%) and CPI+3% (36.1%)
- Since inception, RIT has now participated in 76% of monthly market increases but only 40% of market declines
- £10,000 invested in RIT at inception in 1988 would be worth ~£434,000 today (with dividends reinvested) compared to the same amount invested in the ACWI which would be worth ~£101,000

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

"In the short, six-month period from our year end to 30 June 2022, we have witnessed a combination of geopolitical instability, macro-economic shifts and market volatility in all asset classes at a level which rivals the most challenging periods in recent history ... By the end of June, equity markets had suffered substantial losses. The S&P 500 was down -20%, with the FTSE 250 and key European indices in similar territory ... Bond markets also suffered, with the yield on 10-year US treasuries rising from 1.5% at the end of 2021 to a 10-year peak of 3.5% in mid-June, with corresponding sizeable losses for investors ...

Keeping our quoted equity exposure towards the lower end of our historical ranges helped us to protect shareholders from the worst of these market declines. The NAV per share ended the period at 2,530 pence, representing a total return (including dividends) of -8.8% as compared to the ACWI, which lost -14.7% and CPI+3% which was up 6.2%. This means that over the last three years, RIT's NAV per share has seen a healthy cumulative return of 35.4%, compared to 22.4% for the market and 22.9% for our inflation measure.

Active portfolio management has been essential ... With neither government bonds nor gold acting as effective portfolio diversifiers, a more sophisticated approach to portfolio construction is required ... As we reviewed our portfolio composition in this difficult period, our approach has remained resolutely long term ...

The risks associated with the fundamental shift in central bank policies ... are by no means behind us. Central banks are faced with the difficult and delicate task of arresting the recent surge in inflation, without causing a recession. The outlook for corporate earnings is challenging as costs rise and economic activity slows ...

Nevertheless ... the resulting disruptions will continue to present opportunities. A flexible mandate and a Manager with the ability to undertake deep research across asset classes is a powerful combination, enabling us to take advantage of opportunities to deploy funds, while also seeking to protect the value of our shareholders' capital over the long term."

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:

"Our five-year NAV total return of 54.0% outperformed the ACWI, which was up 43.4%, and CPI+3% at 36.1%. And in line with our approach, these equity-type returns were delivered with less risk than the market. For example, our annualised NAV volatility over the five years was 8.9% compared to 13.5% for the market, and we also experienced significantly lower drawdowns. Since inception, we have participated in 76% of the monthly market increases but only 40% of the market declines ...

... the last few months have reinforced the importance of not being swayed by market sentiment. We remain confident that our disciplined approach and diverse portfolio construction, guided by the talent and networks we have available both internally and externally, will enable us to continue to deliver long-term equity-type returns with less risk."

ENQUIRIES:

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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 over £3.9 billion as at 30 June 2022. Lord Rothschild and his immediate family interests retain a significant holding.

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