Report & Accounts

for the year ended 31 December 2022

RIT Capital Partners plc

Contents

Notes

Nothing in this Annual Report & Accounts should be construed as advice to buy or sell a particular investment.

RIT Capital Partners plc (RIT or the Company) is a UK public listed company, and as such complies with the rules of the UK Listing Authority. The Company conducts its affairs so as to qualify for approval as an investment trust, and has been accepted as an approved investment trust by HM Revenue & Customs (HMRC), subject to continuing to meet the eligibility conditions. As an investment trust, it is not authorised or regulated by the Financial Conduct Authority (FCA). RIT is classified as an Alternative Investment Fund (AIF) in accordance with the UK Alternative Investment Fund Managers Directive (AIFMD).

The investment manager, administrator, and company secretary (the Manager) is J. Rothschild Capital Management Limited (JRCM), a subsidiary of RIT. JRCM is authorised and regulated by the FCA and is classified as an Alternative Investment Fund Manager (AIFM) in accordance with AIFMD.

Company Highlights

Corporate Objective

To deliver long-term capital growth, while preserving shareholders' capital; to invest without the constraints of a formal benchmark, but to deliver for shareholders increases in capital value in excess of the relevant indices over time.

Investment Policy

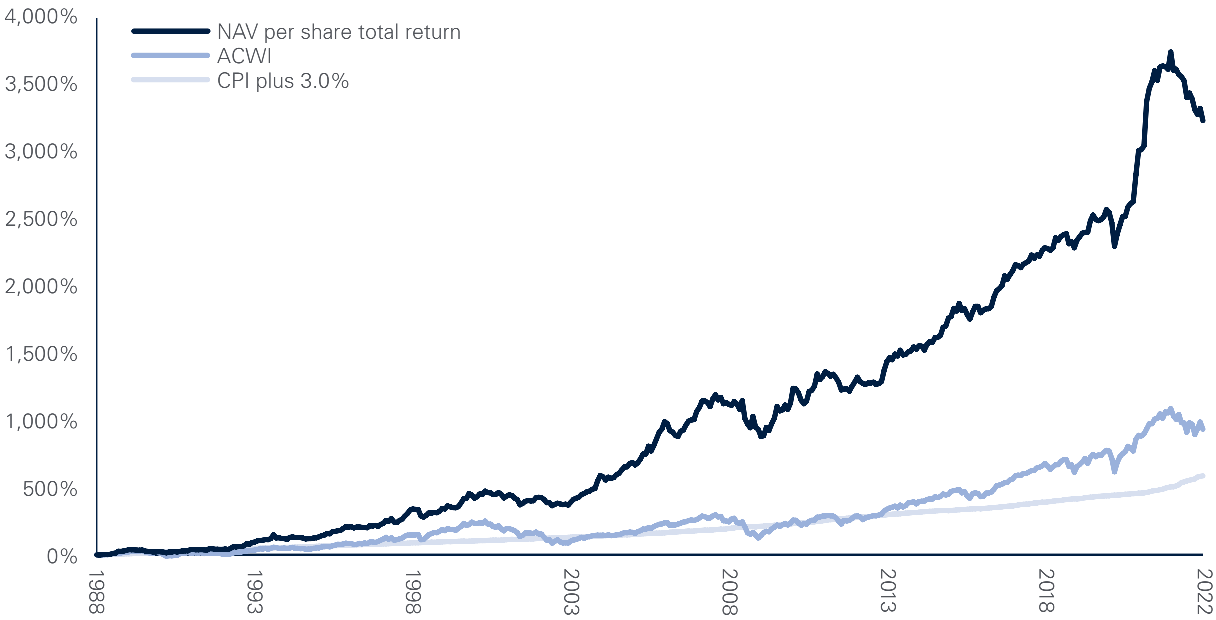
To invest in a widely diversified, international portfolio across a range of asset classes, both quoted and unquoted; to allocate part of the portfolio to exceptional managers in order to ensure access to the best external talent available.

Performance for the year	**2022**
NAV per share total return*	-13.3%
Share price total return*	-21.5%
CPI plus 3.0%	13.5%
MSCI All Country World Index (ACWI)	-12.9%

Key data	**2022**	**2021**	**Change**
NAV per share	2,388 pence	2,794 pence	-14.5%
Share price	2,125 pence	2,750 pence	-22.7%
Premium/(discount)	-11.0%	-1.6%	-9.4% pts
Net assets	£3,722 million	£4,390 million	-15.2%
Gearing*	6.2%	6.1%	0.1% pts
Average net quoted equity exposure	38%	43%	-5% pts
Ongoing Charges Figure for the year*	0.89%	0.72%	0.17% pts
First interim dividend (April)	18.5 pence	17.625 pence	5.0%
Second interim dividend (October)	18.5 pence	17.625 pence	5.0%
Total dividend in year	37.0 pence	35.250 pence	5.0%

Performance history	**3 Years**	**5 Years**	**10 Years**
NAV per share total return*	24.8%	40.9%	139.9%
Share price total return*	5.6%	17.7%	125.3%
CPI plus 3.0%	27.5%	39.7%	73.8%
MSCI All Country World Index (ACWI)	17.7%	35.5%	157.0%

Performance since inception



A description of the terms used in this report, including further information on the calculation of Alternative Performance Measures (APMs), is set out in the Glossary and APMs section on pages 100 and 101. The Group's designated APMs (denoted above with an *) are the NAV per share total return, share price total return, gearing and the ongoing charges figure.

Strategic Report

RIT Capital Partners plc

Chairman's Statement

Sir James Leigh-Pemberton

Background and Performance

2022 was the most difficult year for financial markets for more than a decade. The global economy was affected by significant supply shocks, with particularly sharp rises in energy and raw material prices. The consequent resurgence of inflation was met with a dramatic tightening of monetary policy. Businesses across a range of sectors faced increased costs of materials, labour and capital, impacting margins at a time when revenue growth has been under pressure as economic activity has faltered, consumer confidence and purchasing power has waned and the risk of recession has risen. At the same time, the conflict in Ukraine has given rise to fundamental geopolitical changes in the relatively stable world order of recent decades.

In financial markets almost all asset classes saw declines. The S&P 500 and the NASDAQ closed the year down -18% and -32% respectively, while Emerging Markets recorded a loss of -16%, Europe -10% and the FTSE 250 -17%. Fixed income markets were no less adversely affected; long-term US Treasuries lost -29% and UK government bonds -40%. Corporate bonds also showed marked declines as both risk-free rates and credit spreads reacted to tighter monetary policy. It was the first time in 150 years that both US stocks and bonds were down by more than 10%. Furthermore, these year-on-year figures, stark though they are, do not tell the whole story of 2022, which saw significant shifts in investor sentiment and money flows at different points of the year, resulting in elevated levels of volatility. A good illustration of this in the UK was sterling, which started the year at an exchange rate of 1.35 against the US dollar, saw an extraordinarily rapid fall to a low of 1.04 in September, down 23%, before recovering some 16% from the lows to end the year at 1.21.

Our NAV per share was not immune to the market declines, and we ended the year at 2,388p per share. This represented a -13.3% total return (including dividends) for the year, broadly in line with the MSCI ACWI (50% £) which fell by -12.9%. While any decline in NAV is uncomfortable, it is important to restate that our aims and objectives are long term. In order to achieve them, we must ensure that we have enough capital deployed in those areas which will support future growth, while aiming to mitigate as far as possible participation in down markets. This we seek to achieve by taking a holistic and careful approach to portfolio construction, holding a diversified portfolio of assets, including those which are not typically correlated with equity markets, and which, through the cycles, are capable of generating healthy returns. These considerations have been the principal determinants of our portfolio composition for a number of years, and we believe that this approach remains the most effective means of achieving our corporate objective over the long term. Indeed, over the last 10 years, our NAV per share growth (including dividends) was 140%. Equally, over more recent years, incorporating both up and down markets, our NAV has grown by 24.8% over three years compared to 17.7% for the ACWI and 27.5% for CPI plus 3%. And over five years, our NAV total return was 40.9% compared to 35.5% for the ACWI, and 39.7% for our inflation index. Since inception, our share price total return has averaged 11.2% per annum against markets of 7.0%.

> Our aims and objectives are long term... Over the last 10 years our NAV per share growth (including dividends) was 140%... Since inception in 1988, our share price total return has averaged 11.2% per annum against markets of 7.0%.

A key driver of RIT's long-term track record has been private investments, which, whether direct investments or commitments to funds, have always been an essential part of our portfolio. These are, by design, multi-year investments, which we are not forced to sell to fund redemptions; we held an investment in the Economist for 22 years, realising 27x our capital. More recent investments such as Coupang – one of our most successful ever private investments – materially boosted returns. Over 2020 and 2021 private investments added around 34% to total NAV; it is this growth in their value which has driven the increased proportion of NAV which they represent. In 2022, the sharp correction in public markets, and in particular tech markets, has meant that we have written down a portion of these significant gains. During the course of the year, the lower value of our private direct investments and fund holdings detracted from the NAV by some 6%. However, on a three-year basis, we estimate that our private investments added approximately 26% to total NAV – a strong return, and against the backdrop of both positive and negative years for markets. Over this period, we also received in the order of £500 million of distributions from this portfolio.

A key feature of private investments is, of course, the challenge in valuing positions which lack a daily traded share price. Our independent Valuation Committee has

Chairman's Statement

devoted significant time to ensuring that our investments are marked at levels which reflect both changes in market conditions and underlying operating performance. I highlighted the rigorous efforts we made in the first half of the year to ensure our direct investments were fairly valued, and we have continued this approach at the year end. For our private fund investments, we are more naturally reliant on the external managers or 'GPs'. While there is a well-understood, industry wide time-lag in their reporting, our NAV will always reflect the latest available information. As importantly, our Manager undertakes rigorous due diligence before committing to these funds – all of which are required to provide us with fair value.

Critically, the majority of our direct portfolio companies continue to exhibit strong operating performance. Our funds exposure is also targeting areas uniquely positioned to capture some of the most innovative and transformative structural trends that are underway, and the great bulk of our investments in funds are with managers with outstanding track records with whom we have long standing relationships developed over many years. Deploying our permanent capital in a diversified portfolio in these profitable areas has been, and remains to this day, a core ingredient in RIT's long term performance track record.

While private investments are important, they represent only one part of our diversified multi-asset portfolio which is constructed and managed by JRCM on a holistic, top-down basis. For example, a higher allocation to the digital transition theme in our private investments was deliberately offset with a reduction within our quoted equity portfolio. Furthermore, our pessimistic outlook for markets also led us to run with the lowest quoted equity exposure for more than a decade. Within this book, we were more proactive than usual, with a continued shift from a bias towards long-duration growth assets, to more value and reflationary assets. These changes were broadly accretive to performance, with some standout performers including our exposure to Japan value-oriented managers as well as to the energy transition theme. Exposure management is also deployed in this book, with hedges against tech markets helping to mitigate some of the declines.

Our absolute return and credit positions held up reasonably well, notwithstanding the widespread credit market declines, reflecting the lower-correlation nature of this exposure and therefore the diversification benefits for the overall portfolio.

Within currencies, the exposure required careful management through the volatility, and overall the book made a meaningful positive contribution. The main driver was holding around half of the portfolio outside a depreciating sterling. We continue to hold gold, which, notwithstanding a late comeback, in light of the shift in inflation expectations, perhaps underperformed expectations. We do continue to view it as being capable of providing both portfolio diversification as well as being in a position to benefit from a number of wider secular trends.

Throughout 2022, your Board continued to review the strategy and portfolio composition in the context of our unchanging corporate objective. The fundamentals of the multi-asset diversified approach, and our long-term aims, have not altered. We continue to believe that, notwithstanding the declines we saw in 2022, this remains the right approach for our shareholders and is likely to generate the superior returns through the cycles that RIT is renowned for producing.

Share capital and dividend

Throughout your Company's history, the discount or premium at which our shares have traded relative to our NAV has seen wide variations. During 2022, we saw the discount widen, in part perhaps reflecting the monthly nature of our reporting during times of volatility, and also perhaps some more widespread concerns around private equity generally. Where not precluded by being in a closed period or approaching an imminent publication of NAV, we have continued seeking to capture value for shareholders by buying back shares as we approached a high single-digit discount. Over the year, we bought back some 515,000 shares accretively at a cost of £11.0 million and by the year end, we held some 690,000 shares in treasury. In addition, we have enhanced our reporting, providing additional commentary outside of our main six-monthly cycle.

Our corporate objective is to deliver long-term capital growth. However, we recognise the value to shareholders of a modest income yield; our policy remains to maintain or increase the dividend, subject to the overriding capital preservation objective. We paid a total dividend of 37 pence per share during 2022 and intend to increase the dividend again in 2023 to 38 pence per share, representing a 2.7% increase. The dividend will be paid as normal in equal instalments in April and October, funded from our significant reserves.

Governance and employees

During 2022 we welcomed three new non-executive Directors to the Board. Jutta af Rosenborg was appointed in May, and Vikas Karlekar and Cecilia McAnulty in August. These appointments further strengthened the skills, experience and knowledge of the Board. We appreciate the benefits which diversity of background and experience brings to your Board, and I am pleased we comply with both the FCA's new requirements and the recommendations of the Parker and Hampton-Alexander Reviews in terms of the composition of the Board.

After nine years' dedicated service on the Board, Mike Power will not stand for re-election at the upcoming AGM. I would like to thank Mike for the expertise, energy and diligence he has devoted to his role as a Director and for his significant contributions to the Company over this time, including chairing both the Audit and Risk, and Valuation Committees. On Mike's retirement and in

Chairman's Statement

accordance with the Board's succession planning, Jutta af Rosenborg will assume the role of Chair of the Audit and Risk Committee and Maxim Parr will assume the role of Chair of the Valuation Committee.

ESG integration remains a core objective of the Board and we are continuing to develop initiatives aimed at our stakeholders, and making a positive impact on the society and the environment we work in. JRCM's Responsible Investment Framework & Policy is fully integrated into our investment processes and is kept under regular review, and as a signatory of the UN Principles of Responsible Investment (UN PRI), we look forward to submitting our first report under this framework in 2023.

Many commentators have highlighted the impact that the widespread challenges I described earlier can have, and are having, on people's mental health. This is important to us, and we have invested time with our Manager in ensuring that our employees are appropriately supported. Steps taken in this regard include a cost-of-living contribution for employees who would benefit most from a one-off payment, and targeted support for staff well-being. JRCM colleagues have also been engaged in activities to help support our community with charitable donations, conscious of our wider responsibilities.

Our employees and my Board colleagues are central to our long-term success, and once again, I would like to thank them all for their hard work and commitment during another particularly challenging year.

Outlook

In last year's statement written in early 2022, I highlighted some of the challenges we may see as a result of the removal of many of the extraordinary underpins for markets of recent years. It is not clear at all that we are through the fundamental transition entailed by the end of low interest rates. While the reintroduction of more rational pricing for risk and capital is welcome, the consequences of such a significant shift (and at such a fast pace) are unlikely to be short lived. The existence of 'free money' for so long, will no doubt have created widespread embedded distortions, which will take time to resolve. Low rates of economic growth, continuing pressure on both corporate earnings and consumer confidence, and limited scope for fiscal stimulus are likely to remain with us for some time, so that the conditions for a sustained recovery in markets appear at present to be remote.

In this environment we expect to continue with a relatively cautious exposure to quoted equities, while at the same time remaining positive about the opportunities for the long term which will emerge in stocks and alternatives such as the dislocated regional credit markets. Where we see interesting investments, we will be very selective, and the wide network we can call upon, as well as our Manager's disciplined due diligence, will be important.

While these are challenging markets, we have managed through them before, and we remain confident that our approach is the right one for RIT's long-term performance and for our shareholders.

James Leigh-Pemberton

Sir James Leigh-Pemberton
Chairman

Our Purpose, Strategy and Business Model

Purpose and strategic aims
We consider our purpose and strategic aims to be clearly set out in our Corporate Objective:

"to deliver long-term capital growth, while preserving shareholders' capital; to invest without the constraints of a formal benchmark, but to deliver for shareholders increases in capital value in excess of the relevant indices over time."

This has reflected our aims since Lord Jacob Rothschild first led what was then called the Rothschild Investment Trust in the 1970s. Our purpose as an investment company is therefore to provide diversified portfolio management on behalf of our shareholders to achieve this objective.

However, as we differ from many conventional investment trusts who always aim to be fully invested in quoted equities, this section provides further clarification of what we are trying to achieve for shareholders over time.

The most important objective is long-term capital growth while preserving shareholders' capital. The aim of our investment approach is to protect and enhance shareholders' wealth over time.

There may be periods when we will place protection of shareholders' funds ahead of growth, but we believe that active management of equity exposure, combined with early identification of opportunities and themes, while investing across multiple asset classes, is more likely to lead to long-term outperformance. We do not target absolute returns and therefore, ensuring we have sufficient capital deployed to generate long-term growth will naturally result in us being exposed to market risk.

Over time, we believe that a combination of healthy participation in up markets and reasonable protection in down markets, should help us to compound ahead of markets through the cycles. Indeed, since your Company's listing in 1988, we have participated in 74% of the monthly market increases but only 41% of the market declines. This has resulted in our NAV per share total return compounding at 10.7% per annum, a meaningful outperformance of global equity markets at 7.0%. Over the same period the total return to shareholders was 11.2% per annum.

Investment approach
The strategic aims are expressed in more practical terms in our Investment Policy:

"to invest in a widely diversified, international portfolio across a range of asset classes, both quoted and unquoted; to allocate part of the portfolio to exceptional managers in order to ensure access to the best external talent available."

Over time we believe that a combination of healthy participation in up markets and reasonable protection in down markets should help us to compound ahead of markets… Indeed, since your Company's listing in 1988 we have participated in 74% of monthly market increases but only 41% of market declines.

This policy guides our Manager and subsidiary, J. Rothschild Capital Management Limited (JRCM) as it manages your portfolio. So, while we have a core equity bias, we typically invest your portfolio across multiple asset classes, geographies, industries and currencies. This has been the basis of our approach over many years – combining thematic investing with individual securities, and private investments with public stocks. The long-term success of your Company has been the result of active management of a distinctive blend of stocks, private investments, equity funds, real assets, and absolute return and credit, all overlaid with currency positioning and macro exposure management.

We believe the extent of our global reach and unique network allows us to maximise our ability to deploy capital effectively. Our Manager's in-house investment team works closely with core external managers, enabling us to invest in funds which may be closed to new investors, and cannot be accessed by a retail investor. In addition, this strong network provides access to intellectual capital and co-investment opportunities. This aspect of our model is key to our ability to identify and deliver value from differing sectors, markets and assets. And while access to such specialist managers involves paying fees, the level of these fees is considered carefully as part of the investment decision and, if warranted, given our focus on net returns, is one that we are comfortable paying.

Above all, our approach is long term. The permanent capital structure of an investment trust compared to open-ended funds, means we do not suffer from liquidity-driven pressures to fund redemptions. We can therefore hold our investments in both public and private markets over an extended period and choose to realise them at the optimal time.

Another key facet of the investment approach is risk management. The Board establishes and oversees the risk appetite through regular monitoring of asset allocation and security limits. These are intended to allow JRCM to efficiently and effectively manage the portfolio in line with the Corporate Objective. The Manager has developed a sophisticated risk management approach, on which it reports regularly to the Board. This incorporates quantitative and qualitative

Our Purpose, Strategy and Business Model

measures, as well as the careful use of hedging. The risk management tools assist in the construction of a portfolio designed to provide diversified sources of return and to monitor closely the performance of individual assets and the portfolio composition. Further information on risk management is set out on pages 20 to 25.

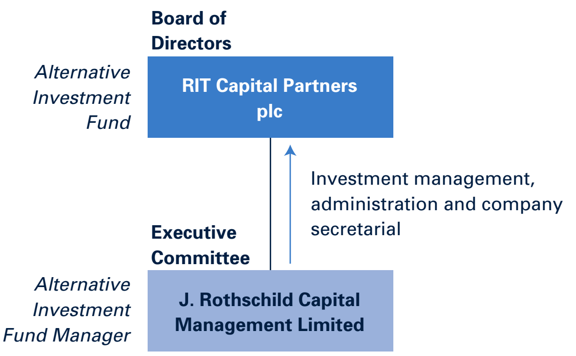
In summary, our flexible and distinctive model, with the freedom to utilise multiple asset classes and different investment structures, allows our Manager to deploy capital and manage risks as effectively as possible.

Further information in relation to the investment approach as well as portfolio attribution and returns is set out in the Manager's Report on pages 10 to 16.

Business model, culture and values

RIT Capital Partners plc is a listed investment company, approved by HM Revenue and Customs (HMRC) as an investment trust. It is a UK Alternative Investment Fund (AIF) in accordance with UK legislation effective from 1 January 2021 which replicated the European Union's Alternative Investment Fund Managers Directive (AIFMD).

Investment management, as well as administration and company secretarial, is delegated under a formal agreement to our Manager, JRCM, a subsidiary of the Company. JRCM is separately regulated by the Financial Conduct Authority (FCA) as the UK Alternative Investment Fund Manager (AIFM) under the same UK rules. JRCM has a separate Board of Directors and is governed by its Executive Committee. This Committee is led by Francesco Goedhuis as Chairman and Chief Executive Officer, and is responsible for day-to-day operations (see page 30).



In addition, the Manager is also responsible for our subsidiary, Spencer House Limited (SHL). This company provides premises management for Spencer House and our other investment properties in St. James's. It also operates a profitable events business.

I am responsible for the leadership of the Board, which is ultimately tasked with ensuring that we both meet our Corporate Objective, and maintain high standards of corporate governance.

In summary, our flexible and distinctive model, with the freedom to utilise multiple asset classes and different investment structures, allows our Manager to deploy capital and manage risks as effectively as possible.

The main focus of the Board is on ensuring that the investment approach is suitable for achieving our Corporate Objective, and on monitoring the performance of the Manager. In order to do this, we receive regular and detailed reports covering investment performance, risk, finance and operational matters.

The employees of our Manager and SHL are critical to our ability to meet all of the objectives of the Company. A key part of the monitoring of the Group is ensuring that the Manager is appropriately incentivised to deliver sustained, risk-adjusted returns and is able to attract, retain and develop a top quality team which operates in accordance with our core values, within a culture of high performance.

Our core values of respect, dignity and integrity are evidenced by the Group's five business principles of collaboration, enterprise, efficiency, effective communication and professional ethics, which are regularly communicated and reinforced through the Group's recruitment and appraisal processes. JRCM monitors the health of its culture by assessing regularly how well these principles are being applied, and the Board receives regular reports on this topic.

The Group has a clear and proactive approach to regular employee engagement, which was particularly important during remote working and the many other challenges of the last few years. The Corporate Governance Report on pages 31 to 43 provides more detail of these interactions.

We are firm believers in the benefits that cognitive diversity as well as diversity more generally, brings to decision-making, and seek to ensure this is reflected in our recruitment processes, both at Board level and within our subsidiaries. At the year end the Board comprised 10 Directors, of which six were men and four women. Within our subsidiaries, the employee base comprised 45 men and 17 women.

Corporate governance

The Directors are responsible for compliance with applicable rules, regulations and guidance in relation to governance, in particular taking into account the matters set out in Section 172(1) of the Companies Act 2006, which guides our approach to strategy and decision making (see pages 35, 36 and 55). The Board recognises

Our Purpose, Strategy and Business Model

that its actions have lasting impacts and consequences for the future of the Company, its shareholders and other stakeholders, and approaches its responsibilities accordingly.

The Board has a responsibility for ensuring that there are strong and healthy ties with all of our stakeholders, making sure that we consider their interests and acknowledge that the Group's interaction with them is fundamental to the long-term success of the business.

The Directors receive regular feedback and reports from the Manager on its investor relations activity, as well as from brokers and analysts, and undertake their own shareholder interactions, to ensure that shareholders' views are well understood by the Board.

When it comes to our Corporate Objective, shareholders understandably focus on our investment performance. This informs the Board's desire to seek healthy, risk-adjusted returns over the long term and through the cycles, with careful attention to capital preservation, and mindful of the Company's reputation as a responsible fiduciary of shareholder capital. In assessing the right strategy to achieve these aims, the Board considers the ongoing suitability of the Investment Policy and the approach taken by the Manager to execute on the policy.

Other areas considered by the Board where shareholder views were taken into account included the 2023 dividend and Board diversity and succession planning. Our current Board composition complies with the recommendations of both the Parker Review and the Hampton-Alexander Review, and also meets the requirements of the FCA's new listing rules in relation to diversity. ESG and sustainability will continue to help inform our approach to this area.

The Group has relationships with a number of suppliers and service providers which play an important role in enabling us to operate our business efficiently. The Groups' overarching policy with respect to these relationships is that they should be managed so that they are both sustainable and mutually beneficial over the medium term, and deliver value for money for our shareholders (see page 35).

ESG and sustainability

The Board believes that consideration of ESG factors is important for the delivery of sustainable financial returns from our portfolio, and for the preservation of the value of our shareholders' capital. In respect of our internal operations, we aim to be good corporate citizens, to apply robust governance and minimise our environmental impact. Over the past 12 months, your Board has continued to devote time to enhancing our ESG capabilities and ensuring that appropriate policies are in place. Our Manager is a signatory of the UN PRI, and has in place a Responsible Investment Framework & Policy, which is disclosed to shareholders via the Company website. This policy ensures that ESG factors are firmly integrated across our investment management and internal operations. We believe that this policy aligns the Corporate Objective with a commitment to principles of responsible investment. ESG factors form part of the due diligence undertaken by JRCM prior to selecting all investments and continue to be monitored throughout our holding of the investment. Further information is set out on pages 35, 36, 45, 53 and 54.

Our Purpose, Strategy and Business Model

Measuring performance and KPIs

While we believe our success can only truly be assessed over the long term, we also recognise that providing shareholders with a comparator against which to measure our performance over shorter periods is helpful.

The strategic aims highlighted on this and earlier pages, reflect the desire to produce real capital growth with capital preservation and to exceed markets over time. These are reflected in the following targets or key performance indicators (KPIs):

1. Absolute outperformance: NAV total return in excess of CPI plus 3.0% per annum;
2. Relative outperformance: NAV total return in excess of the MSCI All Country World Index (ACWI); and
3. Share price total return or total shareholder return (TSR).

The first two of these relate to our Manager's investment performance. CPI plus 3.0% per annum represents the desire to grow the real value of our portfolio over time, with a meaningful premium above inflation. The second reflects our unconstrained global investment approach and the desire to outperform markets over the long term. Consistent with many investment companies, we currently use the ACWI, which we believe is an appropriate comparator for our global, unconstrained approach although it does not drive our Manager's portfolio construction. More specifically, we use a blended index consisting of 50% of the ACWI measured in sterling (and exposed to currency risk) and 50% of the sterling-hedged ACWI.

While JRCM is tasked with managing the portfolio to deliver a NAV return, ultimately, the return to our shareholders is through share price growth and dividends. We therefore also consider the TSR as our third KPI.

Incentive structure

Our approach to remuneration incorporates the Directors' Remuneration Policy as well as specific structures within JRCM and SHL designed to attract, motivate and retain the high-quality individuals we need to deliver our long-term strategic aims and sustainable success.

The remuneration approach is designed to align with, and reinforce, these strategic aims.

The Group operates an Annual Incentive Scheme (AIS) for employees as well as longer-term share-based awards. The cap for total payments under the AIS is 0.75% of net assets. This approach is designed to measure and reward the Group's performance, and seek to provide an appropriate balance between shorter-term awards and longer-term incentives, as well as the need for robust risk management.

> Our Corporate Objective...informs the Board's desire to seek healthy, risk adjusted returns over the long term and through the cycles, with careful attention to capital preservation, and mindful of the Company's reputation as a responsible fiduciary of shareholder capital.

The AIS rewards investment outperformance as measured against two KPIs: CPI plus 3.0% and the ACWI. It also rewards wider achievements linked not to the NAV return, but to the Group's business principles and culture. The scheme is measured annually and includes longer-term features such as a three-year absolute 'high water mark' as well as significant deferral into the Company's shares, which vest over three years.

The second component of the remuneration approach is a long-term incentive plan (LTIP). Restricted share units (RSUs) may be awarded to employees of JRCM and SHL under the LTIP. RSUs vest after three years, with typically a further two-year holding period before they can be sold.

Further details of remuneration are provided in the Directors' Remuneration Report on pages 48 to 51.

Shareholder communication and AGM

While this report forms a core part of the annual communication to shareholders, there are many additional ways to remain informed. Reflecting the nature of our portfolio, including the allocations to external managers (many of whom report monthly performance), we publish a monthly NAV as soon as reasonably practicable following the month end. Shareholders are encouraged to visit our website, www.ritcap.com, which provides regular updates of performance and exposure including our monthly factsheets. I look forward to meeting as many of you as possible at our AGM on 26 April. As normal, there will also be an opportunity on that occasion to hear directly from our Manager.

I would like to once again thank shareholders for their continuing loyalty and support over many years.

Sir James Leigh-Pemberton
Chairman

JRCM

Manager's Report

Overview and performance highlights

In 2022, financial markets suffered the worst year since the global financial crisis. Most major equity indices saw high double-digit declines, driven by multi-decade high inflation, leading to unprecedented global monetary tightening. This occurred amidst a backdrop of geopolitical uncertainty, a war in Ukraine, and a stifled Chinese economy. In the UK, the Bank of England was forced into emergency bond-buying to stabilise the government bond market, after the turmoil of September's mini-budget. With investors concerned about both inflation and a growth slowdown, the swings in market sentiment have been extreme.

Amidst this unstable backdrop, the NAV total return was -13.3%, broadly in line with the ACWI (50% £) which was down -12.9% and below the 'inflation plus' hurdle (CPI plus 3.0%) which hit 13.5% for the year.

In years such as this, investing through market cycles can feel uncomfortable, but we remain confident in our long-term investment approach, which is supported by our longer-term performance. Over three years, our NAV has outperformed our equity index, and over five years, it has outperformed both reference hurdles, while maintaining lower volatility than the market. Since inception, we have participated in 74% of the monthly market increases but only 41% of the declines.

Overall, the key drivers of performance for the year were:

- a decline in the value of our private investments, largely as a result of a reset in markets and public company comparables;
- our low quoted equity exposure, which provided some mitigation against the broad declines in equity markets;
- within the quoted equity book, our exposure to China was impacted by the government's policy decisions, such as zero-covid and property deleveraging;
- a helpful shift in our quoted equity book from growth assets into assets with a reflationary focus, driven both by conviction and the desire for further diversification;
- our investment with Eisler Capital, which was down -17.7%, and which we redeemed at the year end; and
- the allocation of the portfolio's currency exposure outside of sterling, notably to the US dollar, which rallied as investors searched for a safe haven amidst the enduring volatility.

In order to assist shareholders with their understanding of our portfolio, we have increased the level of disclosure and provided more detailed descriptions of our underlying exposures.

Asset allocation and portfolio contribution

Asset category	31 December 2022 % NAV	2022 Contribution %	31 December 2021 % NAV	2021 Contribution %
Quoted equity	35.1%	(6.7%)[1]	42.6%	1.2%[1]
Private investments	40.7%	(6.2%)	36.5%	22.4%
Absolute return and credit	20.1%	(0.6%)	17.7%	2.1%
Real assets	1.8%	(0.2%)	1.5%	(0.1%)
Government bonds and rates	0.0%	(0.9%)	0.0%	0.3%
Currency	1.1%	2.1%[2]	0.5%	(0.8%)[2]
Total investments	98.8%	(12.5%)	98.8%	25.1%
Liquidity, borrowings and other	1.2%	(0.8%)[3]	1.2%	(1.5%)[3]
Total	**100.0%**	**(13.3%)**	**100.0%**	**23.6%**
Average net quoted equity exposure[1]	38%		43%	

[1] The quoted equity contribution reflects the profits from the net quoted equity exposure held during the period as well as the costs of portfolio hedges. The exposure can differ from the % NAV as the former reflects notional exposure through derivatives as well as estimated adjustments for derivatives and/or liquidity held by managers.

[2] Currency exposure is managed centrally on an overlay basis, with the translation impact and the results of the currency hedging and overlay activity included in this category's contribution.

[3] This category's contribution includes interest, mark-to-market movements in the fixed interest notes and expenses.

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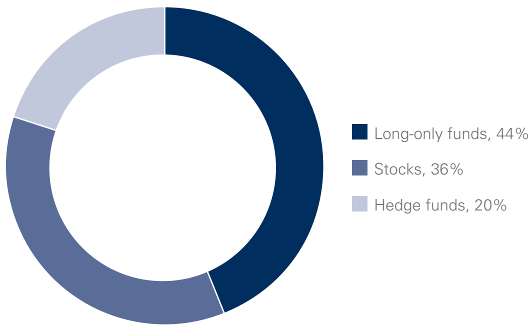
Quoted equity

This category includes directly-held stocks, long-only funds, equity hedge funds and our quoted derivatives, used predominantly to manage exposures. The quoted equity portfolio detracted -6.7% from the overall NAV return this year. The main influences were as follows:

- our recent investment with a Japanese manager, 3D, was the largest positive contributor to our NAV, as they capitalised on the improvement in Japan's corporate governance;
- a shift into more value-oriented holdings, epitomised by Discerene, who produced double-digit returns. Our investment with Morant Wright also added to our NAV;
- funds invested in China lagged global markets, primarily due to the zero-covid policies that negatively impacted the economy. Our core Chinese holding, Springs Opportunities, underperformed given its tilt toward consumer facing companies;
- in light of the share price volatility, we reduced the size of our Coupang position, and notwithstanding strong fundamentals, its share price weakened. Nevertheless, we estimate this investment added around 7% to NAV over the last three years (including the direct hedges we deployed post IPO); and
- finally, our risk management strategy made an impact, as growth and technology-related hedges partially mitigated market declines.

Quoted equity portfolio by category



Note: This chart includes the notional exposure from single stocks held via equity swaps and excludes portfolio hedges.

We maintained an average net quoted equity exposure of 38% for the year, towards the low end of the book's 10-year historical range, helping a more defensive stance overall.

We proactively shifted our exposures from growth assets, such as technology, towards value-oriented assets that were poised to perform better in a more reflationary and volatile environment. This also provided further diversification to the overall portfolio, by balancing the weight of our more growth-focused private investments book. Additionally, to further insulate the overall NAV from the increased volatility in technology markets, we tactically increased some of the hedges we had in place.

The quoted equities portfolio has been shifting towards single stock opportunities, which arise from the indiscriminate selling during extreme swings in sentiment. These are opportunities where we can consider there to be healthy long-term returns, with low risk of permanent capital losses.

An example of such an investment made amidst market volatility was Builders FirstSource, a distributor of homebuilding products, which we purchased at less than five times free cash flow. As the largest player in a highly fragmented industry, it has scale advantages and geographic reach, which, combined with innovation, should help the company to grow above its industry peers. We also believe there is a healthy margin of safety from its scale, free cash flow generation, balance sheet strength, and a constructive approach to shareholder returns.

To illustrate the changes we made in portfolio composition and the opportunity set we see ahead of us, the tables below compare the top three positions in the quoted equity portfolio between December 2021 and 2022:

Quoted equity – top three positions

Name	Description	2022 % of NAV
HCIF	Biotech	3.5%
3D Opportunity	Japan value	3.5%
Discerene	Global value	3.2%

Name	Description	2021 % of NAV
Coupang	Retail	4.3%
BlackRock Strategic Equity	Long-short equity	3.3%
Springs Opportunities	China	3.0%

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We believe there is a compelling opportunity for outperformance in certain Japanese stocks, which exhibit a combination of low valuations and momentum from the improvement of corporate governance. These stocks can also represent a rare opportunity set where global macro factors do not override fundamental, bottom-up considerations.

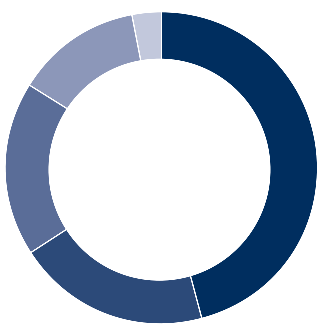
Biotech remains a structural theme for us. An uptick in corporate activity in the latter half of the year brought some renewed optimism to the sector, and we also saw the start of a new product cycle. As a result, during bouts of sector price weakness, we increased our allocation to this theme.

It remains a fertile environment for stock picking in the 'value' sector. We express this view through our own stock positions as well as via a concentrated portfolio with Discerene. This fund focuses on businesses with strong defensive moats, robust cashflows and cheap valuations; in the past 18 months, two of the fund's top five positions have been acquired, while a third position has received an acquisition offer.

While we partially trimmed our exposure to China during 2022, we continue to see potential benefits from the government's structural economic goals. Investing in the right areas and with the right partners remains critical.

In terms of geographical allocation, while our quoted equity book continues to retain a meaningful exposure to the US, the holdings in the region tend to be highly idiosyncratic. For example, our exposure to the biotech theme is expressed primarily via US listed companies. The remainder of the quoted equity book is diversified between Asia, Japan and Europe.

Quoted equity portfolio by region



> We remain confident in our long-term investment approach, which is supported by our long-term performance. Over three years our NAV has outperformed our equity index … over five years it has outperformed both reference hurdles.

Private investments

Private investments are a key element of our long-term investment strategy and have been a core part of our historical track record. The private investment portfolio represented 40.7% of NAV at year end, split between 11.9% in direct investments and 28.8% in third-party diversified funds. The book detracted -6.2% from the NAV performance for the year, split broadly equally between direct and fund investments. This represents a decline of around 17% for the year, compared to the S&P 500 which lost 18% and the NASDAQ which lost 32%.

Despite some mark-to-market volatility in the short term, over the long term the private investment book remains an important returns contributor for the RIT shareholder. This includes both our direct and fund investments, where our unique network and the privilege of our patient, permanent capital base have allowed us to access high quality assets which can generate attractive returns over time. By way of example, in the last 10 years, new private direct and fund commitments have collectively delivered a compound return of approximately 25% per annum.

After very strong performance in 2020 and 2021, the mark-to-market decline in the direct investments for 2022 followed a rigorous and detailed review of the valuation of the individual investments by RIT's independent Valuation Committee. The decline was largely driven by the re-rating of public markets during the year, partly offset by continued strong performance for many of our companies, including some third-party funding rounds at higher valuations. For example, Motive (previously called KeepTruckin') continues to deliver strong recurring revenue growth, and raised $150 million in new equity during 2022 at a 20% higher valuation to the previous funding round, one year earlier.

We remain confident about the future prospects for this book, which is diversified across a range of industry sectors, and with businesses at different stages of maturity. For example, the majority of our top 10 holdings

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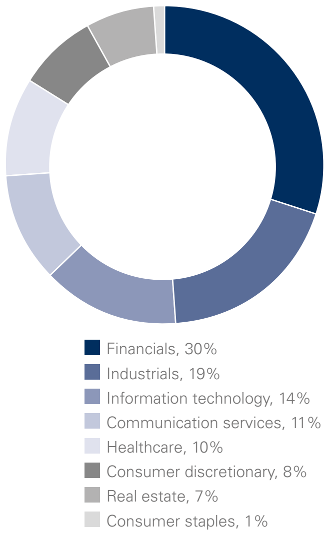
are profitable, and additionally, the majority of the book's investments also benefit from a degree of structural protection. In the case of our largest holding, nearly 80% of our initial capital was deployed via a convertible debt instrument designed to provide downside protection as well as equity upside.

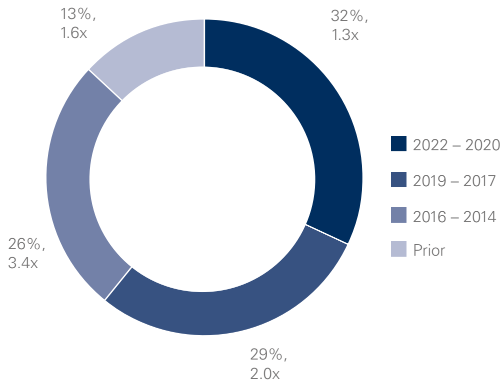
Private direct book by sector



The private fund book detracted -3.2% from the NAV performance for the year, with decreases in valuations largely reflective of the broader market volatility. That said, the book continues to generate long-term value for our shareholders. In the last 10 years, across all new private fund commitments, we invested approximately £0.6 billion and have already received back in distributions around half this amount, with a further £0.9 billion in remaining value at the year end. This equates to a Total Return Multiple (TRM) of around 2.0x. This is a common performance measure for private funds and means that for these funds, the aggregate of distributions we have received plus the remaining NAV represented twice the capital we had invested, or an overall profit of around 100%. Taken together, these funds have delivered a compound return of approximately 22% per annum over the 10 years to 31 December 2022.

The portfolio is diversified across styles, managers and fund 'vintages' (i.e. the year the fund started making investments). It includes funds early in their life cycles (where they are predominantly deploying capital) and those later in their life cycle (where they are typically generating realisations from disposals). Funds which are past their main investment period (typically five years from launch), had invested £0.7 billion, distributed £1.0 billion (around 140% of the capital we had invested) and with £0.4 billion remaining, this represents an approximate 100% profit. Over more recent years, the almost £0.3 billion we have invested into 2020 to 2022 vintage funds has already produced a 1.3x return, notwithstanding the funds being earlier in their lives.

Private fund book by vintage year (%,TRM)



We are taking a selective approach to new commitments, with 2022 commitments of around £89 million, down substantially from previous years. The portfolio was self-funding with new capital calls of approximately £95 million funded out of distributions of the same amount.

As of the reporting date, 94% of our private fund positions were held at the GP's September valuations and 6% at December. This is consistent with the industry, which as standard reports on a quarter's lag. These were the latest valuations available, and we adjusted the September marks for subsequent investments, distributions and currency moves between 30 September and the year end. While the performance overall was negative during the year, we saw a wide range of performance, with many of the funds generating positive returns, reflecting the diverse nature of the underlying exposures.

We have provided further granularity on the diversity of strategies within our private fund holdings. As shown below, around 60% of the book consists of growth equity, meaning funds where the underlying holdings are primarily more established, mature businesses, but which continue to generate robust growth. Approximately 18% of the book consists of traditional private equity strategies, and around 16% are focused on investing in businesses at the earliest stages. The balance of around 6% of the book consists of life sciences holdings, which often have their own unique life cycle as distinct from other industries.

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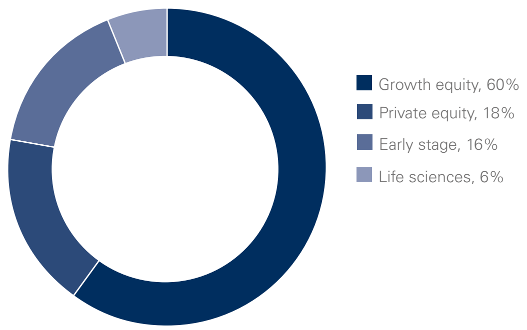
If we consider the past 20 years of annual NAV returns, not only have we never lost money on a rolling three-year basis, but we have generated healthy growth averaging 10.2% per annum. It is this combination which sets us apart from the majority of other trusts.

Private fund book by strategy



Absolute return and credit

The absolute return and credit portfolio showed modest declines overall, and demonstrated a dispersion of returns across styles and managers, a key rationale in our allocation to this category.

Our credit-focused funds held their value against the sharp downdraft in credit markets, with several managers' producing healthy alpha. We also implemented credit hedges, which benefited the book. Of note, ARCM, an Asian credit specialist, successfully navigated the market volatility and produced double-digit returns.

The performance of our macro managers was more mixed with a wide range of returns. Our investment with Eisler Capital was down -17.7% for the year, and we redeemed our fund at the year end.

During the year, a combination of higher risk-free rates, indiscriminate mutual fund selling and low appetite from investment banks to refinance corporates, provided us an opportunity to deploy capital in European credit markets. These investments have double-digit yields for short duration, with moderate loan-to-value, and, thus, a low likelihood of permanent capital impairment. We have a segregated account with our partner, Tresidor, to exploit this opportunity, and believe the upcoming year will provide additional chances to deploy capital into credit, as corporations need to refinance their capital structures.

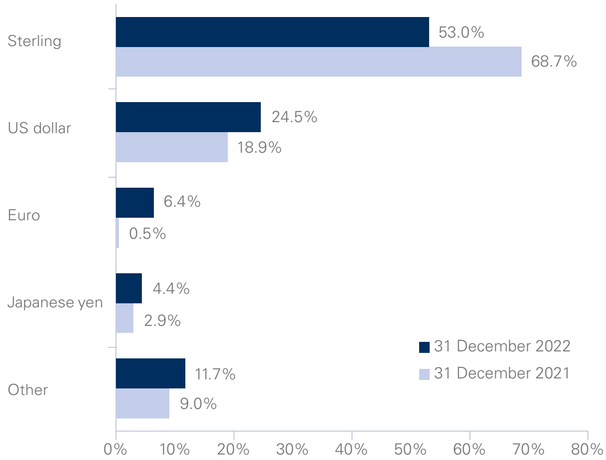
Real assets

This category detracted slightly from performance this year, with gold and our investment properties slightly lower. While gold disappointed somewhat given the shift in the inflationary regime, we remain supportive of the role it can play in our portfolio. There is a strong demand for the commodity from emerging market central banks as they diversify out of sanction-prone fiat currencies. Furthermore, the precious metal can also serve as a good asymmetric hedge to a potential central bank 'pivot', a reversal of a strong US dollar, or more generally against the increasing probability of broad-based market dislocation.

Currencies

With a global investment mandate, we consider currency exposures a core part of our portfolio construction. As with most asset classes, the currency markets were not immune to 2022's high levels of volatility, with sterling particularly impacted during September. The portfolio benefitted from the diversity of our exposure and active currency management (as we shifted out of sterling), which contributed 2.1% for the year, mainly driven by the strength of the dollar, acting as a safe haven in turbulent markets.

Currency exposure (% of NAV)



Note: The chart excludes exposure from currency options. Where available, the exposures in this chart are estimated by considering the underlying currency exposure of third-party funds rather than by the fund's currency of denomination.

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Debt and leverage

Having refinanced two of our revolving credit facilities (RCFs) during the year, at the year end we held drawn borrowings of £236.2 million, with a further £90 million committed and undrawn. The fair value of RIT's £151 million loan note liability decreased over the year as gilt yields increased, triggering a mark-to-market gain of approximately £35 million.

We continue to use derivatives where appropriate, principally to protect the NAV from unwanted exposures. Currency hedging, where we typically increase our levels of sterling to our desired weight, thus reducing the currency translation risk, is a prime example of our use of derivatives to protect the overall portfolio. Additionally, we deploy hedges to limit potential downside and to protect unrealised gains made on profitable investments. We also use derivatives to enhance returns through efficient structuring.

Operations and costs

JRCM manages the Group on a day-to-day basis on behalf of the Board, providing investment management, administration and company secretarial services. At the year end, we employed 49 people in JRCM and 13 in our sister company, SHL. SHL maintains and manages the investment property portfolio, including Spencer House as well as other properties in St. James's, and also operates a profitable events business.

2022 marked the return of the 'new normal' with regard to working arrangements, where, thanks to the professionalism and dedication of our staff, we have firmly embedded our hybrid and flexible working policies.

It remains a priority for JRCM to minimise the effect of costs on NAV and shareholder returns and we therefore strive to manage the portfolio as efficiently as possible, taking into consideration the direct costs of the Group, as well as the fees charged by external fund managers and GPs.

In order to provide investors with information on the costs of RIT's own investment business, we calculate an ongoing charges figure (OCF) based on recommendations from the Association of Investment Companies (AIC).

This assumes no change in the composition or value of the portfolio (therefore excluding transaction costs and direct performance-related compensation) and excludes finance costs. For 2022, RIT's own OCF amounted to 0.89% (2021: 0.72%), with further information provided on page 100.

In addition to our Group costs, RIT's Investment Policy includes the allocation of part of the portfolio to third-party managers, which have their own fees. These include long-only equity and hedge fund managers, as well as private equity and absolute return and credit funds. The managers' fee structure is always a key consideration in our due diligence, with the investment decision made on the basis of expected returns, net of all fees. We estimate that the average annual management fees for external managers represent an additional 0.88% of average net assets (2021: 0.87%).

This excludes performance fees/carried interest which are typically paid for outperformance against an index or an absolute hurdle, and deducted from the valuations we receive. As they are a necessary cost in investing in many difficult to access, high-quality managers or unique deals, and are only paid for good performance, we would always rather have the strong performance net of such fees, adding to the NAV return, than not. Further information on fees is provided on pages 52 and 53.

Outlook

It may well be that we are witnessing a reversal of a decade's material outperformance of financial assets over the real economy. Investors will likely need to adjust their expectations to the very different environment of a higher cost of capital, labour and raw materials, and with no safety net provided by central banks. Participating in this market will be remarkably difficult, with central banks having unfinished business in their fight against inflation, companies facing margin pressures and uncertainty around economic growth, and consumers adjusting to the tighter financial conditions after a period of generous covid support schemes. This backdrop, in our view, warrants a cautious net quoted exposure combined with dry powder.

However, we also believe the macro uncertainty discussed above, combined with the risk of 'financial accidents', can create compelling bottom-up liquid opportunities in both equities and credit markets. We will follow our long-standing disciplined approach, focused on fundamentals-driven investing while looking for strategic openings which present themselves in such dislocated markets.

We would note that our patient approach also means we are unlikely to participate in short-term sentiment driven rallies. Nevertheless, we have demonstrated our resolve to act quickly and decisively when there is an opportunity, such as the value-oriented assets that benefitted from a more reflationary environment. We believe there will

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be additional opportunities in the upcoming year. For example, in 2022, the market disproportionately punished all long duration assets as a result of higher discount rates, without discriminating between the fundamental ability for companies to produce healthy cash flows and continued growth. We believe that many high-quality companies in our private investment book as well as our quoted biotech exposure could benefit from the market taking a more discriminating view of long duration assets.

Additionally, over the past year, driven by the sharp rise in the cost of capital, there has been a considerable expansion of the opportunity set for strategies that do not require rising equity markets. For example, merger arbitrage, structured credit, and equity market-neutral strategies can produce healthy returns with little resort to leverage in the current market environment.

We are all shareholders in RIT and firmly believe that our tried and tested approach remains the best way to manage money over the long term, balancing caution with deploying risk capital to ensure that investors' capital grows through the cycles. Over the last 10 years, our NAV per share total return of approximately 140% stands up well against other investments and often with considerably less risk. Even on a shorter time horizon, we believe our approach of combining capital preservation with capital growth is a powerful one. Indeed, if we consider the past 20 years of annual NAV returns, not only have we never lost money on a rolling three-year basis, but we have generated healthy growth averaging 10.2% per annum. It is this combination which sets us apart from the majority of other trusts.

Francesco Goedhuis
Chairman and Chief Executive Officer
J. Rothschild Capital Management Limited

Ron Tabbouche
Chief Investment Officer
J. Rothschild Capital Management Limited

Investment Portfolio

Investment portfolio as at 31 December 2022

Investment holdings	Country/region	Industry/description	Value of investments £ million	% of NAV
Quoted equity[1]				
Stocks:				
Marsh & McLennan	United States	Insurance brokers	41.0	1.1%
Corteva	United States	Fertilisers & agricultural chemicals	39.5	1.1%
Builders FirstSource	United States	Building products	35.0	0.9%
Helios Towers	Africa	Telecommunication services	33.3	0.9%
Thermo Fisher	United States	Life science tools & services	25.9	0.7%
Canadian Pacific Railway	Canada	Transportation & logistics	24.8	0.7%
Coupang	South Korea	Retailing	17.2	0.5%
Black Knight[2]	United States	Software, long 0.5%	0.3	0.0%
Mastercard[2]	United States	Software & services, long 1.0%	0.6	0.0%
Keurig Dr Pepper[2]	United States	Consumer staples, long 1.2%	(3.1)	(0.1%)
Other stocks	–	–	41.6	1.1%
Total stock:			256.1	6.9%
Long-only funds:				
HCIF Offshore	United States	All-cap, biotechnology	131.0	3.5%
Discerene[3]	Global	All-cap, value bias	118.4	3.2%
Morant Wright[3]	Japan	Small/mid-cap, value bias	108.3	2.9%
Springs Opportunities	China	All-cap, diversified	92.7	2.5%
NE Fund	Global	All-cap, clean energy	71.5	1.9%
Ward Ferry Asian Smaller Co.'s	Asia	Small/mid-cap, diversified	67.3	1.8%
Sand Grove UK	United Kingdom	All-cap, diversified	46.5	1.2%
Tenere Capital	Global	All-cap, technology	16.3	0.4%
Other long-only funds	–	–	22.5	0.6%
Total long-only funds:			674.5	18.0%
Hedge funds:				
3D Opportunity	Japan	All-cap, diversified	130.1	3.5%
BlackRock Strategic Equity	Global	All-cap, diversified	97.1	2.6%
HHLR	China	All-cap, diversified	62.4	1.7%
EcoR1 Capital	United States	All-cap, biotechnology	33.4	0.9%
Coreview	China	All-cap, diversified	28.4	0.8%
Other hedge funds	–	–	24.2	0.7%
Total hedge funds:			375.6	10.2%
Derivatives:				
Reflation basket	Global	Long, 1.2% notional	0.2	0.0%
European basket	Europe	Long, 0.7% notional	(0.3)	(0.0%)
Biotech basket	Global	Long, 0.6% notional	1.0	0.0%
Total derivatives:			0.9	0.0%
Total quoted equity			**1,307.1**	**35.1%**

Investment Portfolio

Investment holdings	Country/region	Industry/description	Value of investments £ million	% of NAV
Private investments – direct[4]:				
Motive	United States	Trucking	76.2	2.0%
Webull	United States	Investment banking & brokerage	46.9	1.3%
Epic Systems	United States	Health care equipment & services	24.7	0.7%
Brex	United States	Diversified financials	18.6	0.5%
OneFootball	Global	Media & entertainment	17.7	0.5%
Blueground	United States	Diversified real estate activities	16.9	0.5%
Paxos	United States	Diversified financials	16.2	0.4%
Kraken	United States	Financial exchanges & data	16.2	0.4%
Animoca	Global	Media & entertainment	14.2	0.4%
Airtable	United States	Application software	13.0	0.3%
Level Home	United States	Consumer electronics	11.8	0.3%
Papaya	United States	Data processing & outsourced services	10.8	0.3%
Infinity	United Kingdom	Real estate operating company's	10.8	0.3%
Age of Learning	United States	Education services	9.9	0.3%
Dandy	United States	Health care equipment & services	9.6	0.3%
Lede	United States	Media & entertainment	8.3	0.2%
Bolt Financial	United States	Data processing & outsourced services	8.3	0.2%
Scale AI	United States	Application software	8.2	0.2%
Other private investments – direct	–	–	104.4	2.8%
Total private investments - direct			**442.7**	**11.9%**
Private investments – funds:				
Thrive funds	United States	Growth equity	168.9	4.5%
Iconiq funds	United States	Growth equity	168.2	4.5%
BDT Capital funds	United States	Private equity	76.0	2.0%
Greenoaks Capital funds	United States	Growth equity	72.6	2.0%
Ribbit Capital funds	United States	Growth equity	70.5	1.9%
Hillhouse funds	China	Private equity	61.6	1.7%
Arch Venture funds	United States	Life sciences	47.7	1.3%
Lindenwood	United States	Growth equity	39.6	1.1%
Biomatics Capital funds	United States	Life sciences	20.1	0.5%
Mithril funds	United States	Growth equity	18.6	0.5%
WestCap Strategic funds	United States	Growth equity	18.2	0.5%
Eight Partner funds	United States	Early stage	17.9	0.5%
Sound Ventures funds	United States	Early stage	17.3	0.5%
Expa Capital	United States	Early stage	15.1	0.4%
Firstminute Capital	United Kingdom	Early stage	12.6	0.3%
Social Capital funds	United States	Early stage	10.6	0.3%
Blackstone Tactical Opportunities	United States	Private equity	10.4	0.3%
Braemar Energy	United States	Growth equity	10.0	0.3%
LCV Fund	United States	Early stage	9.2	0.2%
Corsair funds	United States	Private equity	9.1	0.2%
Other private investments — funds	–	–	198.9	5.3%
Total private investments – funds			**1,073.1**	**28.8%**

Investment Portfolio

Investment holdings	Country/region	Industry/description	Value of investments £ million	% of NAV
Absolute return and credit:				
Attestor Value	Global	Credit, distressed and special situations	148.6	4.0%
Tresidor Credit Opportunities	Global	Credit, distressed and special situations	108.0	2.9%
ARCM	Asia	Credit, distressed and special situations	95.6	2.6%
RIT US Value Partnership	Global	Multi-strategy	72.4	1.9%
Caxton Dynamis	Global	Macro strategy	71.8	1.9%
Sand Grove Tactical	Global	Multi-strategy	63.1	1.7%
Woodline	Global	Multi-strategy	54.6	1.5%
Liontree Advisory loan note	United States	Corporate loan	36.4	1.0%
Tresidor Europe Credit	Europe	Credit, distressed and special situations	30.2	0.8%
Hein Park	Global	Credit, distressed and special situations	25.8	0.7%
Highbridge	Global	Multi-strategy	26.6	0.7%
Other absolute return and credit	–	–	13.7	0.4%
Total absolute return and credit			**746.8**	**20.1%**
Real assets:				
Spencer House	United Kingdom	Investment property	28.3	0.8%
St. James's properties	United Kingdom	Investment property	27.1	0.7%
Gold futures	Global	Long, 4.5% notional	6.4	0.2%
Other real assets	–	–	3.6	0.1%
Total real assets			**65.4**	**1.8%**
Other investments:				
Currency forwards	Various	Forward currency contracts	42.6	1.1%
Total other investments			**42.6**	**1.1%**
Total investments			**3,677.7**	**98.8%**
Liquidity:				
Liquidity	–	Cash at bank	206.3	5.5%
Total liquidity			**206.3**	**5.5%**
Borrowings:				
Short-term bank borrowings[5]	–	Revolving credit facilities	(236.2)	(6.3%)
RIT senior loan notes	–	Fixed interest loan notes	(134.4)	(3.6%)
Total borrowings			**(370.6)**	**(9.9%)**
Other assets/(liabilities)				
Margin	–	–	85.4	2.3%
Unsettled fund redemptions	–	–	152.3	4.0%
Other assets/(liabilities)	–	–	(29.4)	(0.7%)
Total other assets/(liabilities)			**208.3**	**5.6%**
Total net asset value			**3,721.7**	**100.0%**

Note: where relevant, the portfolio positions are ordered by their notional exposure rather than fair value.

1 The quoted equity category includes stocks (held directly and via co-investment vehicles), funds and derivatives. As a result, the liquidity of the individual positions may be influenced by market volumes as well as the redemption terms of the specific funds or co-investment vehicles.

2 Held via total return swaps with notional exposure disclosed in the table.

3 These funds are segregated accounts, managed externally on behalf of the Group.

4 The private direct book includes investments held through co-investment vehicles managed by a general partner (GP).

5 The Group has three revolving credit facilities with Industrial and Commercial Bank of China, Commonwealth Bank of Australia and BNP Paribas.

Principal Risks and Viability

Risk management and internal control
The principal risks facing RIT are both financial and operational. The ongoing process for identifying, evaluating and managing these risks, as well as any emerging risks, is the responsibility of the Board and the Audit and Risk Committee. Day-to-day management is undertaken by JRCM within parameters set by the Board.

As an investment company, RIT is exposed to financial risks inherent in its portfolio, which are primarily market-related and common to any portfolio with significant exposure to equities and other financial assets. The ongoing portfolio and risk management includes an assessment of the macroeconomic and geopolitical factors that can influence market risk, as well as consideration of investment-specific risk factors.

Your Company's broad and flexible investment mandate allows the Manager to take a relatively unconstrained approach to asset allocation and utilise whatever action is considered appropriate in mitigating any attendant risks to the portfolio.

As discussed in the Manager's Report, with inflation rates reaching multi-decade highs, political and fiscal volatility impacting the UK, energy price fluctuations magnified and exacerbated by Russia's invasion of Ukraine, and the underperformance of China, 2022 was extremely turbulent globally, with no asset classes outpacing inflation and losses across equities and bond markets. As such, once again, risk management remained critical. The portfolio risk management approach undertaken by the Manager, and considered regularly by the Board, is designed to produce a healthy risk-adjusted return over the long term, through careful portfolio construction, security selection and the considered use of hedging. Part of this approach is to emphasise or de-emphasise parts of the portfolio to compensate for risk in other areas. For example, with a decision to deploy capital to the technology transition theme through the private portfolio, the exposure to this theme within the quoted equity book was deliberately smaller. Equally the deployment of hedges, whether to manage currency translation risk, or to reduce exposure to particular companies or sectors, was an important part of mitigating losses over the year.

As a permanent capital vehicle, and unlike open-ended funds, we do not need to manage the portfolio to meet redemptions. With sizeable assets relative to our modest borrowings and ongoing liabilities, as confirmed later in this section, we do not consider the Company's viability or going concern to represent principal risks. Nevertheless, and in particular at times of market stress, the Manager utilises a detailed, day-to-day liquidity risk management framework to help effectively manage the balance sheet, including careful monitoring of the banking covenants.

The Board sets the portfolio risk parameters within which JRCM operates. This involves an assessment of the nature and level of risk within the portfolio using qualitative and quantitative methods. Additional information in relation to market risk, credit risk and liquidity risk in accordance with IFRS 7 Financial Instruments: Disclosures is shown in Note 13 on pages 71 to 75.

Operational risks include those related to the legal environment, regulation, taxation, information security, climate and other areas where internal or external factors could result in financial or reputational loss. These are also managed by JRCM with regular reporting to, and review by, the Audit and Risk Committee and the Board.

The Board is ultimately responsible for the Group's system of internal controls and it has delegated the supervision of the system to the Audit and Risk Committee. Such systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and, as such, can provide only reasonable and not absolute assurance against any material misstatement or loss. Further information is provided in the Audit and Risk Committee Report on pages 44 to 47.

Principal Risks and Viability

Principal risks

The Board has carried out a robust assessment of the emerging and principal risks facing the Company, concluding that there are no material emerging risks, and the principal risks are as described below:

Risk	Mitigation
Investment strategy risk As an investment company, a key risk is that the investment strategy, guided by the Investment Policy: *"To invest in a widely diversified, international portfolio across a range of asset classes, both quoted and unquoted; to allocate part of the portfolio to exceptional managers in order to ensure access to the best external talent available."* does not deliver the Corporate Objective: *"To deliver long-term capital growth, while preserving shareholders' capital; to invest without the constraints of a formal benchmark, but to deliver for shareholders increases in capital value in excess of the relevant indices over time."*	The Board is responsible for monitoring the investment strategy to ensure it is consistent with the Investment Policy and appropriate to meet the Corporate Objective. The Directors receive a detailed monthly report from the Manager to enable them to monitor investment performance, attribution and exposure. They also receive a comprehensive investment report from JRCM in advance of the regular quarterly Board meetings. The overall risk appetite is set by the Board, with portfolio risk managed by JRCM within prescribed limits. This involves careful assessment of the nature and level of risk within the portfolio using qualitative and quantitative methods. The JRCM Investment Committee meets regularly to review overall investment performance, portfolio exposure and significant new investments.
Market risk *Price risk* RIT invests in a number of asset categories including stocks, equity funds, private investments, absolute return and credit, real assets, government bonds and derivatives. The portfolio is therefore exposed to the risk that the fair value of these investments will fluctuate because of changes in market prices. *Currency risk* Consistent with the Investment Policy, the Group invests globally in assets denominated in currencies other than sterling as well as adjusting currency exposure to either seek to hedge and/or enhance returns. This approach exposes the portfolio to currency risk as a result of changes in exchange rates. *Interest rate risk* In addition, the Group is exposed to the direct and indirect impact of changes in interest rates.	The Group has a widely diversified investment portfolio which significantly reduces the exposure to individual asset price risk. Detailed portfolio valuations and exposure analysis are prepared regularly, and form the basis for the ongoing risk management and investment decisions. In addition, regular scenario analysis is undertaken to assess likely downside risks and sensitivity to broad market changes, as well as assessing the underlying correlations amongst the separate asset classes. Exposure management is undertaken with a variety of techniques including using equity index and interest rate futures and options to hedge or to increase equity and interest rate exposure depending on overall macroeconomic and market views. Currency exposure is managed via an overlay strategy, typically using a combination of currency forwards and/or options to adjust the natural currency of the investments in order to achieve a desired net exposure. The geographic revenue breakdown for stocks as well as correlations with other asset classes are also considered as part of our hedging strategy.

Principal Risks and Viability

Risk	Mitigation
Liquidity risk Liquidity risk is the risk that the Group will have difficulty in meeting its obligations in respect of financial liabilities as they fall due. The Group has significant investments in and commitments to direct private investments and funds which are inherently illiquid. In addition, the Group holds investments with other third-party organisations which may require notice periods in order to be realised. Capital commitments could, in theory, be drawn with minimal notice. In addition, the Group may be required to provide additional margin to support derivative financial instruments.	The Group manages its liquid resources to ensure sufficient cash is available to meet its expected needs. It monitors the level of short-term funding, and balances the need for access to such funding and liquidity, with the long-term funding needs of the Group, and the desire to achieve investment returns. Covenants embedded within the banking facilities and long-term notes are monitored on an ongoing basis for compliance, and form part of the regular stress tests. In addition, existing cash reserves, as well as the significant liquidity that could be realised from the sale or redemption of portfolio investments and undrawn, committed borrowings, could all be utilised to meet short-term funding requirements if necessary. As a closed-ended company, there is no requirement to maintain liquidity to service investor redemptions. The Depositary, BNP Paribas Trust Corporation UK Limited (BNP) has separate responsibilities in monitoring the Company's cash flow.
Credit risk Credit risk is the risk that a counterparty to a financial instrument held by the Group will fail to meet an obligation which could result in a loss to the Group. Certain investments held within the absolute return and credit portfolio are exposed to credit risk, including in relation to underlying positions held by funds. Substantially all of the listed portfolio investments capable of being held in safe custody, are held by BNP as custodian and depositary. Bankruptcy or insolvency of BNP may cause the Group's rights with respect to securities held by BNP to be delayed. Unrealised profit on derivative financial instruments held by counterparties is potentially exposed to credit risk in the event of the insolvency of a broker counterparty.	The majority of the exposure to credit risk within the absolute return and credit portfolio is indirect exposure as a result of positions held within funds managed externally. These are typically diversified portfolios monitored by the third-party managers themselves, as well as through JRCM's ongoing portfolio management oversight. Listed transactions are settled on a delivery versus payment basis using a wide pool of brokers. Cash holdings and margin balances are also divided between a number of different financial institutions, whose credit ratings are regularly monitored. All assets held directly by the custodian are in fully segregated client accounts. Other than where local market regulations do not permit it, these accounts are designated in RIT's name. The custodian's most recent credit rating was A+ from Standard & Poor's (S&P).
Key person dependency In common with other investment trusts, investment decisions are the responsibility of a small number of key individuals within the Manager. If for any reason the services of these individuals were to become unavailable, there could be a significant impact on our business.	This risk is closely monitored by the Board, through its oversight of the Manager's incentive schemes (on which it has received external advice) as well as the succession plans for key individuals. The potential impact is also reduced by an experienced Board of Directors, with distinguished backgrounds in financial services and business.

Principal Risks and Viability

Risk	Mitigation
Climate-related risks Ongoing climate changes may impact either our own business, the external managers with whom we invest, and/or the underlying portfolio investments. For our own business this could result in increased costs of complying with new regulations and/or changes to the way we operate. Portfolio companies could see demand pressures, an increased cost of capital, tighter regulation or increased taxation, all impacting profitability. Our ability to make climate-change disclosures may be impacted by our investment approach if the external fund managers with whom we invest do not provide the desired information. More frequent extreme weather could disrupt businesses, travel, global supply chains and profitability.	We do not consider climate-related risks have material, specific impacts on our own asset management businesses as distinct from the investment portfolio. Our Manager continues to monitor, and minimise, the climate-related impacts of our internal operations; we offset the carbon emissions of this business – categorised as Scope 1 and Scope 2 emissions by the Greenhouse Gas (GHG) Protocol – through participation in an accredited scheme and we are taking steps to further develop our understanding of our indirect emissions impact (categorised as Scope 3 emissions). JRCM is a signatory to the UN PRI, and the Board worked with our Manager to develop JRCM's Responsible Investment Framework & Policy, which incorporates environmental factors into our investment approach. This allows us to consider the potential wider impacts of climate change risks to our investments. JRCM is working with an external adviser to consider our ability to make additional climate-disclosures in relation to our investment portfolio, while acknowledging the likely challenges caused by having external funds. We monitor developments in regulation and disclosures and seek as far as possible to prepare for future changes. The Group's adoption of fair value in relation to its investments, means that the climate-related risks recognised by market participants are incorporated in the valuations (see Note 1, Accounting Policies).
Legal and regulatory risk As an investment trust, RIT's operations are subject to wide ranging laws and regulations including in relation to the Listing Rules, and Disclosure, Guidance and Transparency Rules of the FCA's Primary Markets function, the Companies Act 2006, corporate governance codes, as well as continued compliance with relevant tax legislation including ongoing compliance with the rules for investment trusts. JRCM is authorised and regulated by the FCA and acts as Alternative Investment Fund Manager. The financial services sector continues to experience regulatory change at national and international levels, including in relation to climate change. Failure to act in accordance with these laws and regulations could result in fines, censure or other losses including taxation or reputational loss. Co-investments and other arrangements with related parties may result in conflicts of interest.	The Operational Risk Committee of JRCM provides oversight of all legal, regulatory and other operational risks across the Group. This Committee reports key findings to the JRCM Executive Committee and the Audit and Risk Committee. JRCM employs a general counsel and a compliance officer as well as other personnel with experience of legal, regulatory, disclosure and taxation matters. In addition, specialist external advisers are engaged in relation to complex, sensitive or emerging matters. For example, during 2022 the Group again engaged external advisers in supporting its consideration of ESG matters. Where necessary, co-investments and other transactions are subject to review by the Conflicts Committee and/or the FCA.

Principal Risks and Viability

Risk	Mitigation
Operational risk Operational risks are those arising from inadequate or failed processes, people and systems or other external factors. Key operational risks include reliance on third-party managers and suppliers, dealing errors, processing failures, pricing or valuation errors (including under or over-stating the valuations of private investments leading to the incorrect valuation of these portfolio holdings), fraud, reliability of core systems and IT security issues.	Systems and control procedures are the subject of continued development and regular review. During the year the Audit and Risk Committee reviewed, and satisfied itself with, the Manager's approach to due diligence as part of its investment decision making. Further details on this and internal controls more generally can be found in the Committee's Report on pages 44 to 47. Processes are in place to ensure the recruitment and ongoing training of appropriately skilled staff within key operational functions. Suitable remuneration policies are in place to encourage staff retention and the delivery of the Group's objectives over the medium term. Independent pricing sources are used where available and performance is subject to regular monitoring. In relation to more subjective areas such as private investments and property, the valuations are estimated by experienced staff and specialist external managers and valuers using industry standard approaches, with the final decisions taken by the independent Valuation Committee, and subject to external audit as part of the year-end financial statements. A business continuity and disaster recovery plan is maintained, and was updated in 2022 following the move to a hybrid working arrangement. Cyber security continues to receive an enhanced focus, with systems and processes designed to combat the ongoing risk developments in this area. Such processes are kept under regular review including multi-factor authentication, ensuring effective firewalls, internet and email gateway security and anti-virus software. This is complemented with staff awareness programmes (including periodic mock phishing exercises) which monitor and test both the robustness of our systems as well as keeping staff alert to potential risks. During the year, the Manager was awarded the government's 'cyber essentials plus' security certification in March 2022, the highest level of certification offered under this scheme. The Group has specific insurance cover in place to cover information security and cyber risks.

Principal Risks and Viability

Viability statement

In accordance with provision 36 of the AIC Code and as part of an ongoing programme of risk assessment, the Directors have assessed the prospects of the Group, to the extent that they are able, over a five-year period. As the Company is a long-term investor, the Directors have chosen a five-year period as this is viewed as sufficiently long term to provide shareholders with a meaningful view, without extending the period so far into the future as to undermine the exercise.

The Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities as they fall due for the next five years.

In making this assessment, the Directors have taken into consideration the principal risks and mitigants set out on the preceding pages and the impact these might have on the business model, future performance, solvency and liquidity. In addition, the Directors reviewed the following:

- the Group's current financial position (with total assets at the year end of approximately £4.2 billion);
- the nature, composition and liquidity profile of the investment portfolio (including the significant holdings of liquidity and the value of assets that could be realised within a relatively short time frame as well as over longer periods);
- the term structure and availability of borrowings (of which drawn borrowings at the year end totalled £371 million, with committed but undrawn facilities totalling £90 million);
- the ability to satisfy the associated loan covenants, meet the ongoing costs of the business and fund dividends;
- the level of outstanding capital commitments (primarily to long-term private funds) and the ongoing distributions from this part of the portfolio; and
- the continued attractiveness to shareholders of the Group's Corporate Objective and investment approach.

As part of the approach, due consideration has been given to the uncertainty inherent in financial forecasts and, where applicable, reasonable sensitivities have been applied to the investment portfolio in moderate and severe stress situations, including in relation to equity market declines, currency movements, the imposition of restrictions on redemptions from external funds, and the level of capital calls in respect of existing commitments.

The stress scenarios under which the borrowing covenants would be breached involve severe equity market declines as well as historically high levels of capital calls, significantly in excess of what was experienced during the Covid-19 driven volatility in early 2020. This theoretical outcome also does not take into account the Company's ability to adjust the portfolio composition to avoid a breach, and to work with its lenders in order to either avert a breach, or minimise the consequences. With current gearing of 6.2%, and in the absence of either a significant adverse change to the regulatory or taxation environment, it is difficult to reasonably envisage a situation which would threaten the ongoing viability of the Company over the five-year time frame.

Going concern

Having assessed the emerging and principal risks and the other matters considered in connection with the Viability Statement, and in particular the liquidity balances totalling £206 million and committed but undrawn borrowings of £90 million, and cash flow forecasts for the period to 30 June 2024, as well as what the Group considers its readily realisable securities of £258 million, transactions awaiting settlement of £152 million at year end, and the amounts that could be realised from the remainder of the portfolio, the Directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

The Strategic Report on pages 3 to 25 and the s172 statement on page 55 have been approved by the Board and signed on its behalf by:

Sir James Leigh-Pemberton
Chairman

Governance

Board of Directors

Non-Executive Chairman

Sir James Leigh-Pemberton
I C N R V

Sir James Leigh-Pemberton is non-executive Chairman having joined the Board of the Company as a non-executive Director in April 2019. He is Chairman of the Nominations Committee and a member of the Conflicts, Remuneration and Valuation Committees. He previously served as an independent non-executive Director of the Company from 2004 to 2013.

Sir James joined UK Financial Investments (UKFI) in October 2013 as Chief Executive and in January 2014 was appointed Executive Chairman. On 1 April 2016 he became Non-Executive Chairman of UKFI. Following the merger of UKFI and UK Government Investments (UKGI), he became Deputy Chairman of UKGI, a position he held until September 2022.

Before joining UKFI, Sir James was Managing Director and Chief Executive Officer of Credit Suisse in the UK, based in London. In this role, he was responsible for developing the Bank's client relationships in Private Banking, Investment Banking and Asset Management in the UK. He was also a member of the Credit Suisse Europe, Middle East & Africa (EMEA) Operating Committee. He joined Credit Suisse First Boston (CSFB) in 1994. Prior to joining CSFB, he was a Director of SG Warburg Securities, where he worked for 15 years.

In the 2019 New Year Honours List, Sir James received a knighthood for services to financial services, British industry and government.

Senior Independent Director

Philippe Costeletos
I C N R V A

Philippe Costeletos joined the Board as a non-executive Director in July 2017 and became its Senior Independent Director in April 2019. He is Chair of the Conflicts and Remuneration Committees and a member of the Audit and Risk, Nominations, and Valuation Committees.

He has over 30 years' of private investment and board governance experience and is Founder of Stemar Capital Partners, a private investment firm focused on building long-term investment platforms. Philippe was formerly Chair of International of Colony Capital, a global real estate and investment management firm. Previously, he was Head of Europe at TPG, a leading global private investment firm and a member of TPG's Global Management and Investment Committees. Prior to that, Philippe was a Member of the Management Committee at Investcorp, a leading manager of alternative investment products. Previously, Philippe held positions at JP Morgan Capital, JP Morgan's Private Equity Group and Morgan Stanley.

Philippe is Chair of Janus Fertility and a board member of Digital Care, Vangest Group and Generation Home. He is a Senior Advisor to the Blackstone Group. Philippe is a member of the President's Council on International Activities at Yale University and the Yale Center for Emotional Intelligence Advisory Board. He graduated magna cum laude with a BA with distinction in Mathematics from Yale University and received an MBA from Columbia University.

Non-Executive Directors

Maggie Fanari
I C N R

Maggie Fanari joined the Board of the Company as a non-executive Director in April 2019 and is a member of the Conflicts, Nominations and Remuneration Committees.

Maggie is the Senior Managing Director, Global Group Head High Conviction Equities at Ontario Teachers' Pension Plan which has a global mandate to invest in public and private companies.

She started her career as an auditor at KPMG and previously worked in equity research at Scotia Capital.

Maggie is a chartered accountant and a CFA charterholder. She also holds a BBA from the Schulich School of Business at York University and ICD.D certification from the Institute of Corporate Directors.

Vikas Karlekar
I

Vikas Karlekar joined the Board as a non-executive Director in August 2022.

He is a qualified chartered accountant, and a graduate of the London School of Economics specialising in Management Sciences and has held a number of senior finance roles across the financial services industry. Vikas is currently Managing Director of Group Finance at Intermediate Capital Group PLC, a UK listed asset manager specialising in private markets, covering all aspects of financial and regulatory reporting, valuation governance, key accounting judgments, financial planning and analysis, and platform and operating model transformation. In addition, he is a member of the Board of Trustees, and Treasurer, of the Pepal Foundation, a charity focused on bringing together NGOs and global corporations to develop leaders and find practical solutions to challenging social issues.

Vikas previously spent 10 years at Barclays in a series of pan finance leadership roles, including Global Finance Controller for Barclays International Division, managing all aspects of financials, key accounting decisions, valuations, driving technology and process improvements, and leading key regulatory relationships. He also spent 13 years at UBS Investment Bank, in both London and New York in various finance leadership roles. Vikas qualified as a chartered accountant with KPMG.

Board of Directors

Non-Executive Directors

Cecilia McAnulty I

Cecilia joined the board as a non-executive director in August 2022.

She is a qualified accountant and has held senior investment roles for banks and hedge funds. Her investment experience encompasses several asset classes including distressed debt, private equity and credit.

Cecilia is a non-executive director and audit Chair of both Northern 2 VCT plc and Polar Capital Global Financials Trust plc and recently resigned as an independent NED of Alcentra Limited, an asset manager wholly owned by Bank Of New York Mellon, specialising in sub investment grade credit. She is also a member of the Industrial Development Advisory Board, part of The Department of Business, Energy & Industrial Strategy (BEIS) which advises on grants to UK businesses.

She has held senior roles at Centaurus Capital, Barclays Capital, Royal Bank of Scotland and PwC. She qualified as a chartered accountant with Peat Marwick (now KPMG) in Glasgow. She has also held a number of charity roles including Chair of the Finance and General Purposes Committee for English National Ballet.

Maxim Parr I C R V

Maxim Parr joined the Board as a non-executive Director in May 2020 and is a member of the Conflicts, Remuneration and Valuation Committees.

Maxim started his career at Jardine Matheson and has over 15 years' experience working in cross-border investment between Asia and Europe. Maxim lived in Beijing for well over a decade where, as Founder and CEO of Atlas Capital Group, he worked alongside FTSE 100 and European corporates on their China investment strategy in start-ups, growth capital and buyouts.

Working between Europe and Asia, Maxim is the Executive Chair of nr2, a cross border technology investment platform.

Maxim graduated with First Class Honours from the School of Oriental and African Studies and was awarded the Stephen K Hassenfeld Fellowship to study at the Hopkins Nanjing Centre of the School of Advanced International Studies.

He is fluent in Mandarin and proficient in Cantonese, Russian, German and French.

André Perold I A

André Perold joined the Board of the Company as a non-executive Director in April 2018 and is a member of the Audit and Risk Committee.

André is Co-Founder, Partner and Chief Investment Officer of HighVista Strategies, a Boston based investment firm. He is a board member of the Vanguard Group, the global investment company. He was previously the George Gund Professor of Finance and Banking at the Harvard Business School where he also held senior roles including Chair of the Finance Faculty and Senior Associate Dean.

Mike Power I A V

Mike Power joined the Board of the Company as a non-executive Director in January 2014 and is Chair of the Valuation and the Audit and Risk Committees.

He is a Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW) and Professor of Accounting at the London School of Economics and Political Science, where he has written extensively on risk and corporate governance issues. He was a non-executive director of St. James's Place plc from 2005 to 2013 where he chaired the Risk Committee and was a member of the Audit Committee.

Mike has held a number of other advisory positions, including the Financial Reporting Lab Advisory Committee at the Financial Reporting Council, and the Technical Development Committee of the Institute of Risk Management. In 2016 he was elected as a Fellow of the British Academy.

Board of Directors

Non-Executive Directors

Jutta af Rosenborg
I A V

Jutta af Rosenborg joined the Board as a non-executive Director in May 2022 and is a member of the Audit and Risk, and Valuation Committees.

She is a qualified accountant and holds a Master's degree in Business Economics and Auditing from Copenhagen Business School and has held a number of senior roles in group finance, auditing and risk management.

Jutta is a non-executive director of JPMorgan European Growth & Income plc and Chair of its audit committee. In addition, she is a non-executive director of Nilfisk Holding A/S and chairs its audit committee. She is also a member of the supervisory board of BBGI Global Infrastructure S.A., where she chairs the audit committee.

She was previously a non-executive director at abrdn plc (formerly Standard Life Aberdeen plc) and NKT A/S, and was also executive vice president, chief financial officer of ALK Abelló A/S and Chair of Det Danske Klasselotteri A/S.

Hannah Rothschild CBE
NI

Hannah Rothschild joined the Board of the Company as a non-independent non-executive Director in August 2013.

In addition, she is a non-executive director of WHAM, a Director of Five Arrows Limited and serves as a Trustee of the Rothschild Foundation.

Hannah is an award-winning writer and filmmaker with a long standing career in the media.

She was the first woman to Chair the Trustees of the National Gallery.

In the 2018 Queen's Birthday Honours, Hannah was appointed Commander of the Order of the British Empire (CBE) for services to the arts and to philanthropy.

I Independent Director
NI Non-Independent Director
A Audit and Risk Committee member
C Conflicts Committee member
N Nominations Committee member
R Remuneration Committee member
V Valuation Committee member
Committee Chair

J. Rothschild Capital Management

JRCM is a wholly-owned subsidiary of RIT and acts as RIT's Manager. The members of the Executive Committee of JRCM are listed below:

Executive Committee
Francesco Goedhuis (Chairman and Chief Executive Officer)
Andrew Jones (Chief Financial & Operating Officer)
Ron Tabbouche (Chief Investment Officer)

The Executive Committee of JRCM is led by Francesco Goedhuis and is responsible for the day-to-day management of the business. The biographies of the Executive Committee members can be found below:

Francesco Goedhuis

Francesco Goedhuis is the Chairman and Chief Executive Officer, and also leads the Manager's private investment strategies. He joined JRCM as the Principal in Lord Rothschild's Office (the Company's Honorary President, founder and former Chairman) in 2010. Previously, he was in New York working for the Economics Nobel Laureate Robert Merton and the former Vice Chairman of J.P. Morgan, Roberto Mendoza at IFL, commercialising financial academic theory on both the buy and sell sides.

Andrew Jones

Andrew Jones is the Chief Financial & Operating Officer. He is responsible for the Group's financial activities and its operations. Prior to joining JRCM in 2008, he spent three years in venture capital and four years at Nomura, advising on its private equity investments as well as risk, global corporate development and strategy. A Fellow of the ICAEW, he qualified as a chartered accountant with Deloitte where he spent time in audit before specialising in corporate finance and valuation advice. Andrew is a member of the audit committee of the British Academy.

Ron Tabbouche

Ron Tabbouche is the Chief Investment Officer. He joined JRCM in 2012 having previously been the Head of Investments for Managed Portfolios at GAM. At the age of 26, he joined GAM's Investment Committee. Subsequently, he led the overall investment strategy of multi-billion dollar funds across a broad range of asset classes. Ron is an Adviser to the WHAM Investment Advisory Committee, and is also a member of the Investment Committee of the Wolfson Foundation.

Corporate Governance Report

Introduction

The Directors present the Company's Corporate Governance Report. This describes our principal governance bodies, their composition, purpose and operation within the context of the Principles and Provisions of the Association of Investment Companies (AIC) Code of Corporate Governance (AIC Code) and the UK Corporate Governance Code (UK Code) of the Financial Reporting Council (FRC), which can be viewed at www.theaic.co.uk and www.frc.org.uk respectively.

The AIC Code, which has been endorsed by the FRC, adapts the Principles and Provisions of the UK Code to make them relevant for investment companies. The Board of Directors therefore considers the AIC Code to represent the most appropriate governance framework for the Company, while recognising that as a self-managed investment trust, aspects of the UK Code remain relevant. This report sets out how the Company has applied the relevant principles and provisions of the Codes during the financial year ending 31 December 2022.

Leadership

The Company has a non-executive Board, chaired by Sir James Leigh-Pemberton. The Board is collectively responsible for setting the Company's long-term strategic aims, and its ongoing business and investment strategies. The schedule of matters reserved for the Board may be viewed on the website, www.ritcap.com.

The day-to-day management of the business is delegated under a formal agreement to JRCM, the Company's subsidiary and Manager. JRCM is managed by its Executive Committee, led by its Chairman and CEO, Francesco Goedhuis. The JRCM Executive Committee attend the regular Board meetings and provide detailed reports on investment performance as well as all operational and financial matters of the Group. JRCM also attends and reports to all Board Committee meetings.

As our Manager is a wholly-owned subsidiary of the Company, the Board considers that this approach provides the most effective means to constructively challenge and scrutinise all aspects of the Manager's performance. It ensures all Directors are regularly involved in the process, rather than delegating this responsibility to a selection of Directors through a separate management engagement committee.

As at the date of this Report, the Board comprised 10 non-executive Directors, of which nine have been determined by the Board to be independent, with one, Hannah Rothschild, designated as non-independent.

The Company has in place a structure of five Board Committees, with clearly defined responsibilities. This is intended to limit the scope for an individual, or a small group of individuals, to dominate the Board's decision making. The structure of permanent Board Committees, together with the delegation of investment management, administration and company secretarial matters to the Manager, is considered by the Board as appropriate for a self-managed investment trust on an ongoing basis. The terms of reference of each of the permanent Board Committees may be viewed at www.ritcap.com.

As Chairman of the Board, Sir James Leigh-Pemberton is responsible for its leadership and effectiveness in dealing with the matters reserved for its decision with adequate time for consideration. This includes ensuring a culture of openness and debate and that Directors are properly briefed on issues arising at Board meetings. The Chairman is also responsible for ensuring effective communication with shareholders, making Directors aware of any concerns raised by shareholders and for facilitating the contribution of the Directors.

The current members of the five Board Committees are as follows:

Audit and Risk Committee
Mike Power (Chair)
Philippe Costeletos
André Perold
Jutta af Rosenborg

Remuneration Committee
Philippe Costeletos (Chair)
Maggie Fanari
Sir James Leigh-Pemberton
Maxim Parr

Conflicts Committee
Philippe Costeletos (Chair)
Maggie Fanari
Sir James Leigh-Pemberton
Maxim Parr

Valuation Committee
Mike Power (Chair)
Philippe Costeletos
Sir James Leigh-Pemberton
Maxim Parr
Jutta af Rosenborg

Nominations Committee
Sir James Leigh-Pemberton (Chair)
Philippe Costeletos
Maggie Fanari

Corporate Governance Report

Board and Committee attendance

The Board and Committee attendance of the Directors at meetings in 2022 is shown below. In each case the number of meetings attended is shown first, followed by the number of meetings that the Director was eligible to attend. All Directors receive papers and agendas before Board and Committee meetings they are eligible to attend. Where a Director is unable to attend a meeting, they are encouraged to give the Chairman or relevant Committee Chair their views in advance.

	Board	Audit and Risk	Conflicts	Nominations	Remuneration	Valuation
Number of meetings held during the year	5	4	1	3	2	2
Chairman						
Sir James Leigh-Pemberton	5/5	–	1/1	3/3	2/2	2/2
Non-executive Directors						
Philippe Costeletos[1]	5/5	–	1/1	3/3	2/2	2/2
Maggie Fanari[2]	5/5	–	1/1	2/2	2/2	–
Vikas Karlekar[3]	1/1	–	–	–	–	–
Cecilia McAnulty[3]	1/1	–	–	–	–	–
Maxim Parr	5/5	–	1/1	–	2/2	2/2
André Perold	5/5	4/4	–	–	–	–
Mike Power	4/5	4/4	–	–	–	2/2
Jutta af Rosenborg[4]	3/3	3/3	–	–	–	2/2
Hannah Rothschild	5/5	–	–	–	–	–
Amy Stirling[5]	2/2	1/1	–	–	–	–

1 Appointed as a member of the Audit and Risk Committee on 9 February 2023 and therefore did not attend any of its meetings in 2022.
2 Appointed as a member of the Nominations Committee on 4 May 2022.
3 Appointed as a Director on 11 August 2022.
4 Appointed as a Director and a member of the Audit and Risk, and the Valuation Committees on 19 May 2022.
5 Retired as a Director on 4 May 2022.

The Audit and Risk Committee

The Audit and Risk Committee Report is shown on pages 44 to 47.

The Committee has four members, all of whom are viewed by the Board as having recent and relevant financial experience. Jutta af Rosenborg was appointed to the Committee on 19 May 2022 and Philippe Costeletos on 9 February 2023.

The main features of the Group's internal controls and risk management are described in the Audit and Risk Committee Report on pages 44 to 47 and in Principal Risks and Viability on pages 20 to 25.

The Conflicts Committee

The Conflicts Committee meets at least once a year on a formal, scheduled basis and on other occasions as and when required. The Committee is chaired by the Senior Independent Director, Philippe Costeletos, and is comprised solely of independent Directors. The Committee's principal responsibility is to monitor transactions with related parties (as described in Note 17) and to ensure that potential conflicts of interest are avoided, or managed appropriately.

Corporate Governance Report

The Nominations Committee

The Nominations Committee meets at least twice each year and on additional occasions as required. The Committee is chaired by Sir James Leigh-Pemberton. All of its members are independent non-executive Directors. Maggie Fanari was appointed to the Committee on 4 May 2022.

Its responsibilities include overseeing the process of the appointment of new Directors to the Board, overall Board composition, succession planning, monitoring progress on diversity and other matters set out in its terms of reference.

The Committee is mindful of Board balance, experience and diversity when considering appointments to the Board and is responsible for identifying suitable Board candidates, including considering candidates from a wide range of backgrounds and experiences. In terms of succession planning, the Committee acknowledges the importance and benefits of diversity, especially in respect of gender and ethnicity and the Committee is responsible for the implementation of the Board's Diversity and Inclusion Policy, which was published in May 2022, and may be viewed on the Company's website.

The Nominations Committee was responsible for implementing the Board's succession planning in respect of Amy Stirling's retirement from the Board. With effect from her retirement, Mike Power replaced her as the Chair of the Audit and Risk Committee. Mike had been a member of the Audit and Risk Committee for eight years and it was determined he had the requisite skills and experiences to be appointed as Chair. The Committee also oversaw the process to appoint a new Director to replace Amy. At the conclusion of this process, Jutta af Rosenborg was appointed to the Board on 19 May 2022. Her skills and experiences complement those of the other Directors, including being a qualified accountant and having held a number of senior roles in group finance, auditing and risk management, and she joined the Audit and Risk, and Valuation Committees on her appointment.

The Committee continuously monitors Board composition to ensure it has the right skillset and breadth of experience with which to function as an effective Board. As part of this role, the Committee recommended that Vikas Karlekar and Cecilia McAnulty join the Board and they were both appointed as Directors on 11 August 2022. Vikas is a qualified accountant who has held a number of senior financial roles across the financial services industry. Cecilia is also a qualified accountant, holding senior investment roles for banks and hedge funds.

The Board appointed Russell Reynolds Associates to assist with the recruitment of new Directors during the year. Russell Reynolds Associates has no other relationships with the Group and is therefore independent.

The current composition of the Board complies with its own Diversity and Inclusion Policy, which includes meeting the gender and/or ethnic diversity recommendations of both the Parker Review and the Hampton-Alexander Review and also meets the reporting requirements around diversity in new listing rules introduced by the FCA.

To ensure a smooth transition as a result of the recent Board changes, Mike Power has agreed to remain as a Director until the forthcoming AGM. The Board has approved that, following his retirement as a Director at the AGM, Jutta af Rosenborg will replace him as Chair of the Audit and Risk Committee, and Maxim Parr will replace him as Chair of the Valuation Committee. Both Jutta and Maxim currently sit on the Audit and Risk, and Valuation Committees respectively and it was determined that each has the requisite skills and experience to chair these committees.

The Remuneration Committee

The Directors' Remuneration Report is shown on pages 48 to 51.

The Valuation Committee

The Valuation Committee comprises five Directors, all of whom are independent, and with appropriate experience. The Committee plays a key role in providing the Board with assurance that the valuation process is rigorous and independently challenged.

The Committee is currently chaired by Mike Power and on his retirement at the forthcoming AGM, Maxim Parr will become Chair of the Committee, in line with the Board's succession planning. It meets at least twice each year and additionally as may be required. The Committee's principal responsibility is to review the Company's direct private and other investments to ensure that they are presented in the annual and half-yearly accounts at fair value. As a result of the inherent subjectivity of the valuation of private investments, these form a key area of focus for the Committee.

At each meeting, the Committee reviews a detailed report from the Manager which includes: a valuation report on each of the largest directly-held private investments, including information on the companies' performance and valuation and/or the GP's valuation where relevant; a sample and overall summary of the valuation of the smaller directly-held private investments; a valuation report from Jones Lang LaSalle (JLL) in relation to the Company's investment properties; the valuation approach for the remainder of the portfolio, including an analysis of the Company's investments in private funds; and a valuation of the Company's loan notes.

Corporate Governance Report

As part of its review and challenge, the Committee considers: the consistency of the Manager's approach over time; the relevance and appropriateness of the valuation techniques adopted; and a review of the differences between the price achieved at a liquidity event and the most recent valuation prior to the event.

Effectiveness and evaluation

Many of the Directors have held or hold senior positions in the financial services industry, including at prominent investment banks or asset management companies. In addition, there are Directors with considerable experience beyond these areas. The biographies of the Directors and the JRCM Executive Committee on pages 27 to 30 demonstrate a strength of experience in the areas required to oversee and implement the Company's strategic, investment and operational aims.

As described above, the process for the appointment of new Directors to the Board is the responsibility of the Nominations Committee, as is their induction and ensuring, on an ongoing basis, that each Director is able to allocate sufficient time to the Company to discharge their responsibilities effectively.

JRCM provided relevant and timely information on the financial, legal and regulatory developments during 2022, including in the papers and presentations provided at Board and Committee meetings.

The Board undertakes an annual review of its performance, its Committees and each individual Director (including the Chairman) in accordance with the requirements of the AIC Code. The 2022 annual performance evaluation was led by Philippe Costeletos, the Senior Independent Director. The evaluation included Directors completing questionnaires which assessed the performance and effectiveness of each Director, the Board collectively and each of its committees. The results were evaluated and considered by the Board as a whole. The overall conclusion of the evaluation was that the Board and its committees operate effectively and that each Director continues to make constructive contributions and demonstrates commitment to the role.

The evaluation noted that the areas of focus recommended in the 2021 Board evaluation (conducted externally by BoardAlpha) had been addressed throughout the year, including Board diversity and succession planning (see page 54) and shareholder engagement (see page 49). It also set out the Board's areas of focus for 2023, including further ESG integration and continuing to keep under review our strategy and portfolio in the context of our Corporate Objective.

The next external evaluation is scheduled for 2024.

In accordance with the Codes, all Directors (other than those retiring or standing for their first election) stand for re-election annually, subject of course to continued satisfactory performance. The Board recommends shareholders approve the election and re-election of Directors (as applicable) standing at the forthcoming AGM.

Subject to his continued annual re-election, the Chairman's tenure is not intended to exceed nine years, in line with the relevant corporate governance expectations. Moreover, as part of the wider annual evaluation of the Board, length of service is a key consideration when assessing the general requirements to regularly refresh the membership, diversity and overall composition of the Board.

Accountability

The Board, acting where appropriate through the Audit and Risk Committee, is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. It is also responsible for maintaining sound risk management and internal control systems, for setting corporate reporting, risk management and internal control principles and for maintaining an appropriate relationship with the Company's auditor. These areas are further described in the Audit and Risk Committee Report on pages 44 to 47.

Corporate Governance Report

Engaging with stakeholders

The Board recognises the benefits of engaging with our shareholders and other key stakeholders in order to ensure that we are aware, and can take account of, their views during Board discussions and when the Board makes decisions. As a result, the following processes and initiatives are in place.

Shareholders

- an ongoing dialogue with principal shareholders, proxy advisors, corporate governance specialists and analysts is maintained and the Manager regularly reports to the Board on its shareholder and analyst meetings to ensure that the members of the Board understand shareholders' views of the Company. Moreover, the Chairman has engaged with major shareholders and will continue to do so each year;
- the Board is aligned with shareholders on the importance of ESG and has appointed a leading international sustainability consultancy to assist in this area. As part of our ongoing commitment to ESG integration the Manager became a signatory of the UN PRI and has adopted a Responsible Investment Framework & Policy which can be viewed at www.ritcap.com;
- a regular review of the composition of our share register and receipt of feedback from our brokers, including in the form of an independent survey of shareholder views conducted by the brokers;
- a designated email account (investorrelations@ritcap.co.uk) for shareholders to communicate directly with the Group;
- we maintained our regular programme of shareholder engagement activities including shareholder and analyst meetings and webinars to enable us to continue engaging directly with shareholders and continue to be informed of their views; and
- all shareholders are encouraged to attend the AGM and ask questions of the Directors and the Manager. All shareholders have the opportunity to cast their votes in respect of the proposed resolutions at the AGM by proxy, either electronically or by post.

Employees

- there is a focus on having a working environment where there is engagement and communications with employees at all levels. Throughout the year 'town hall' meetings for all Group employees were held and chaired by the Chief Executive Officer of JRCM as well as the Chairman (who is designated as the Director responsible for engagement with employees). More generally, regular internal communications are encouraged through team meetings, training sessions, presentations and also social and team-building events;
- as part of our employee well-being programme, hybrid working policies have been introduced with flexible and remote working arrangements available;
- a financial contribution was made to those employees impacted the most by the rising cost of living;
- an ongoing commitment to professional development and the nurturing of talent by giving employees the appropriate training, development and support they need and providing them with the opportunities to gain new skills and professional qualifications to perform their roles effectively;
- support and investment in employees' health and well-being by providing a wide range of benefits that are regularly reviewed and updated;
- provision of a clear and independent whistleblowing process;
- a carefully structured performance management process, designed to reinforce the Group's overall strategy and culture;
- policies to ensure that we continue to provide an inclusive working environment where all our employees are treated with dignity and respect, regardless of their gender, age, ethnicity, disability, sexual orientation or background; and
- provision of an employee assistance programme providing confidential support on mental health issues.

Suppliers

- we place a high value on the relationships with a broad group of key suppliers and service providers including fund managers, our auditor and professional advisers, our custodian/depositary, bankers, information providers, trading counterparties, and brokers, and are committed to developing and maintaining sustainable and transparent working relationships over the long term;
- while we ensure these relationships are subject to regular review and refreshed where necessary, equally some of the suppliers have worked with us for very many years. Effective management of our supplier relationships is critical to our ability to deliver on our broad mandate, and we utilise a combination of formal and informal feedback, directly and via our Manager; and
- as part of JRCM's Responsible Investment Framework & Policy, ascertaining our fund managers' approach to ESG forms part of the due diligence

Corporate Governance Report

undertaken by JRCM during the investment selection process and as part of ongoing monitoring.

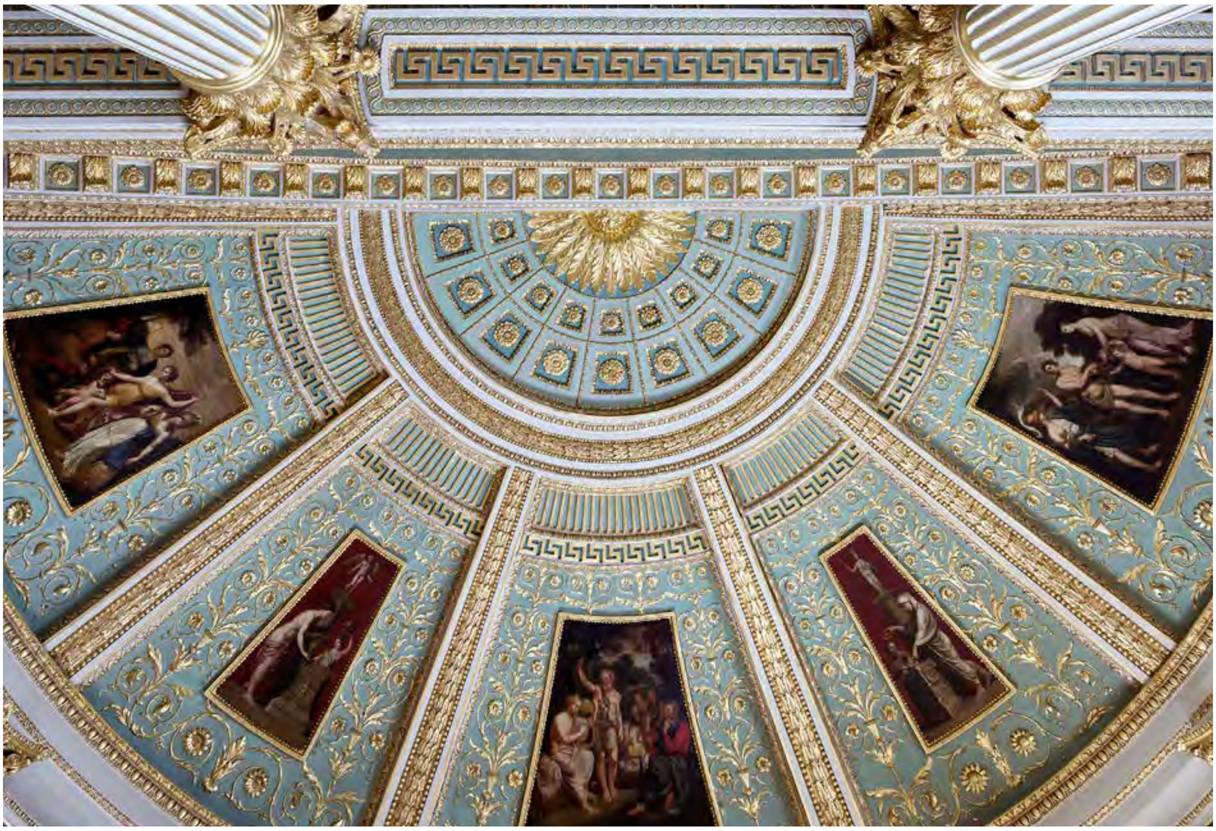
Environment and the community

- although it is a last resort after our actions to reduce and avoid carbon emissions, we offset the carbon emissions of our residual internal operations through participation in an accredited scheme, Carbon Footprint Limited, involving the planting of trees at primary schools;
- a 'zero to landfill' waste and recycling policy;
- encouraging employees to reduce their own environmental impact through such initiatives as a cycle to work scheme;
- procurement of all electricity used in our property portfolio from renewable sources;
- introduction of a biodiversity management plan for the Spencer House garden, including removal of the use of pesticides, pollinator-friendly planting and wild-flowering;
- facilitate employees taking advantage of 'Give As You Earn' for personal charitable donations;
- various employee events to raise money for designated charities and donations were made by the Manager to locally based charities which were voted for by employees; and
- as part of our commitment to improving diversity and inclusion in the asset management sector, we have continued our partnership with 10,000 Black Interns initiative and in 2022, JRCM welcomed its first intern under the Girls Are INvestors (GAIN) programme which aims to improve gender diversity in the sector.

Compliance with the Codes

It is the Board's view that the Company has complied with both the principles and the relevant provisions of the Codes during the year.

The following table describes how the Board has applied the 17 principles of the AIC Code, and the one relevant principle of the UK Code, in practice.



Corporate Governance Report

AIC Code Principle	Application
A. A successful Company is led by an effective Board, whose role is to promote the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society.	The 2022 Board evaluation (see page 34), concluded that the Board and its Committees continue to operate effectively, with the recommendations of the prior year external evaluation, addressed during the year. As part of its role to promote the long-term sustainable success of the Group, the Board is tasked with meeting the Company's Corporate Objective of delivering long-term capital growth while preserving shareholders' capital and it keeps the strategy to achieve this under review. Moreover, the Board acknowledges the value to shareholders of a modest income yield and the Board's policy is to maintain or increase the dividend, subject to the overriding capital preservation objective. The Board is mindful of its contribution to the wider society and strives to meet its obligations through ensuring effective stakeholder engagement by the Group. Pages 35 and 36 of this Report illustrates initiatives contributing to the environment and wider society.
B. The Board should establish the Company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All Directors must act with integrity, lead by example and promote the desired culture.	The Directors consider that the purpose and strategy are enshrined in the Company's Corporate Objective and Investment Policy, as described in the Strategic Report (pages 6 and 7). Our values underpin and govern our Group's operations and are based on integrity and respect for all our stakeholders. Together, our purpose, values and strategy foster a strong and healthy culture of honest and open communication and engagement between Directors and within the wider workforce of the Group, promoting fairness, equality and professional development. The Directors recognise the importance of their role in monitoring and assessing the Company's purpose, values and strategy, which are reinforced in meetings between the Directors and the Manager. Furthermore, the Manager provides quarterly updates to the Directors on how the Company's values and culture are being applied throughout the Group's operations and in the implementation of its strategy. The application of the Manager's Responsible Investment Framework & Policy, with its central principles of ESG and continual engagement with counterparties, is an example of the Company's purpose, values and culture working in practice.
C. The Board should ensure that the necessary resources are in place for the Company to meet its objectives and measure performance against them. The Board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.	The Board receives from the Manager regular and detailed information in relation to the Company's investment performance as well as in relation to its finance and operational capability, including the annual budget. Performance is measured against, the published KPIs, as well as wider qualitative criteria including in relation to ESG integration, risk management, compliance, internal controls and promotion of the Group's values and business principles.

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AIC Code Principle	Application
D. In order for the Company to meet its responsibilities to shareholders and stakeholders, the Board should ensure effective engagement with, and encourage participation from, these parties.	The Board receives regular reports from the Manager in relation to shareholder engagement as part of an extensive investor relations programme. Shareholders are encouraged to attend the AGM, where the Manager presents on investment performance and strategy and there is an opportunity for shareholders to ask questions to the Board and the Manager. Stakeholders are also able to access and review all key Company literature on its website (www.ritcap.com). Questions may be directed to the Board or the Manager, via the registered office or a dedicated email address (investorrelations@ritcap.co.uk) and throughout the year, the Manager's investor relations function has responded to a range of enquiries raised by shareholders. The Group also engaged with leading proxy advisors during the year as part of its ongoing monitoring of wider shareholder expectations on ESG matters. The Manager reports to the Board regularly on its broader stakeholder engagement, as set out on pages 35 and 36.
F. The Chairman leads the Board and is responsible for its overall effectiveness in directing the Company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the Chairman facilitates constructive Board relations and the effective contribution of all non-executive Directors, and ensures that Directors receive accurate, timely and clear information.	The Chairman encourages active participation at Board meetings, including setting the agenda items for discussion. The Board receives a comprehensive suite of regular information, including in-depth reports from the Manager of performance, attribution, transactions and exposures on a monthly and quarterly basis. The regular quarterly Board meetings also include detailed reports on the finance and operational activities of the Manager and Group, including costs, liquidity, risk, investor relations, PR, IT, regulatory, legal and compliance matters and HR. At these meetings, the Manager also provides a quarterly update on ESG integration, which is a standing agenda item. Furthermore, Board meetings provide the opportunity for the chairs of each Committee to present a summary of the activities of their Committee, with minutes from the Committee meetings included in the Board papers.
G. The Board should consist of an appropriate combination of Directors (and, in particular, independent non-executive Directors) such that no one individual or small group of individuals dominates the Board's decision making.	The Board has delegated responsibility to key Committees, as well as engaging the Manager under a formal investment management and services agreement. At 31 December 2022, the Board comprised an independent non-executive Chairman and nine non-executive Directors. Nine Directors (including the Chairman) are independent and all are independent of the Manager, with a clear division of responsibilities between the Board and the Manager. As such, the Board considers that its decision making is not dominated by an individual or small group of individuals.

Note: the AIC Code does not include a Provision E.

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AIC Code Principle	Application
H. Non-executive Directors should have sufficient time to meet their Board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold third party service providers to account.	The Directors consider they have sufficient time to meet Board responsibilities. While there is a standing meeting timetable for the Board and Committees, the Directors participate in additional Board and Committee meetings as necessary. The Board and Committee meetings provide opportunities for detailed assessment of both the Manager's performance as well as reviewing performance of other key service providers (see page 35).
I. The Board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.	The Manager provides company secretarial services to the Company and, together with external specialist advisors, ensures that Board procedures and applicable rules and regulations are observed. Such services also include advice and support to the Board on all governance matters and on the discharge of Directors' duties. Directors are able to take independent external professional advice to assist with the performance of their duties at the Company's expense.
J. Appointments to the Board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.	Appointments to the Board follow a careful process, led by the Nominations Committee who identify candidates to complement and enhance the collective skills, knowledge and experience of the Board. The Board's Diversity and Inclusion Policy acknowledges the benefits of diversity of gender, social and ethnic backgrounds on the Board and these are key considerations for the Board's succession planning. The current composition of the Board complies with the recommendations of the Parker Review, the Hampton-Alexander Review and the FCA's new listing rules reporting requirements on diversity.
K. The Board and its Committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the Board as a whole and membership regularly refreshed.	Directors' varying backgrounds and wide-ranging experience, including in the investing world and financial services generally ensures broad cognitive diversity, which is viewed as key in assisting effective challenge and discipline. Biographies of the Board are set out on pages 27 to 29 and demonstrate the strength of experience in the areas required to provide effective strategic leadership and appropriate governance of the Company. The Board seeks to ensure an appropriate balance between continuity and experience, and the positive benefits from refreshing membership and the development of a diverse Board (see page 33).

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AIC Code Principle	Application
L. Annual evaluation of the Board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.	The Senior Independent Director led a formal and rigorous internal evaluation of the Board in 2022. As part of the evaluation, each Director completed a questionnaire which evaluated the performance of the Chairman, each Director, the Board as a whole and its Committees. The evaluation concluded that the Board and its Committees continue to operate effectively. In respect of its evaluation of its composition and diversity, the Board's current composition complies with its own Diversity and Inclusion Policy, which includes meeting the gender and/or ethnic diversity recommendations of the Parker Review, the Hampton-Alexander Review and the FCA's new listing rules reporting requirements.
M. The Board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of external audit functions and satisfy itself on the integrity of financial and narrative statements.	The Board has delegated the assessment of the external audit function and the review of the integrity of the Annual Report and Accounts (ARA) and Half-Yearly Financial Report to the Audit and Risk Committee. EY has been auditor of the Group since 2018 and the Committee undertook an assessment of EY's performance in respect of the annual statutory audit of the Group for the year ended 31 December 2022, concluding that EY had performed satisfactorily (see page 47). The Audit and Risk Committee also performed a detailed review of the 2021 ARA, the 2022 Half-Yearly Financial Report and this 2022 ARA, as well as reviewing supporting papers from the Manager, in order to ensure the integrity of the statements (see page 44).
N. The Board should present a fair, balanced and understandable assessment of the Company's position and prospects.	The Audit and Risk Committee reviewed the financial and narrative statements within the 2022 ARA and 2022 Half-Yearly Financial Report, as well as supporting papers and evidence from the Manager in relation to this area. The Committee concluded that these reports were consistent with the fair, balanced and understandable requirement and advised the Board accordingly. The Board considered the Committee's advice and its own review, before reaching the same conclusion.

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AIC Code Principle	Application
O. The Board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives.	Day-to-day risk management is undertaken by the Manager and overseen by the Audit and Risk Committee which receives detailed reports twice a year on the risk management and internal control functions. The Group's system of internal controls is administered by the Manager, and designed to manage as far as possible the principal risks of the Company. Further information can be found in the Principal Risks and Viability section of the Report on pages 20 to 25 and the Audit and Risk Committee Report on pages 44 to 47.
P. Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success.	The Directors' remuneration policy is subject to a binding shareholders' vote every three years and will next be tabled to shareholders for approval at the forthcoming AGM. The Policy is in accordance with the provisions of the Codes for non-executive Directors' remuneration. Directors receive fixed fees without any performance related elements. The Remuneration Committee also has oversight of the remuneration policies and practices within JRCM and SHL, and seeks to ensure these are tied to the strategy and long-term sustainable success of the Company.
Q. A formal and transparent procedure for developing remuneration policy should be established. No director should be involved in deciding their own remuneration outcome.	As set out in the Directors' Remuneration Report on pages 48 to 51, Directors are paid on a fixed-fee basis, as recommended by the Remuneration Committee and approved by the Board. Such fees take account of the fees paid by other investment trusts and the advice of its independent remuneration consultant, Alvarez & Marsal.

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AIC Code Principle	Application
R. Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of Company and individual performance, and wider circumstances.	Directors are remunerated on the basis of a flat standard fee supplemented by additional Committee membership and Chair fees. There are no performance-related aspects to Directors' remuneration. In the oversight of JRCM and SHL's remuneration, Directors ensure that it is set by reference to the performance of the Company and individuals, relative to KPIs and individual objectives.

In addition, as a self-managed investment trust, the Board has also considered the following principle from the UK Code:

UK Code Principle	Application
E. The Board should ensure that workforce policies and practices are consistent with the Company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.	The Group's workforce, who are employed by JRCM and SHL, are subject to consistent standards of behaviour set out in an employee handbook and monitored by the Manager. All employees are expected to adhere to a standard of conduct based on respect, courtesy and dignity, adhering to the highest ethical standards. The employee handbook also contains policies on inclusion and equal opportunities, anti-harassment/discrimination/bullying, dignity at work, anti-corruption, whistleblowing, conflict management and the environment. Well-established whistleblowing procedures are in place in which employees have available direct lines of communication to the Chair of the Audit and Risk Committee. More generally, our culture seeks to encourage honest and open communication across the Group.

Corporate Governance Report

Statement of Directors' responsibilities
The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company financial statements in accordance with UK adopted international accounting standards (UK adopted IAS). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Parent Company and of the profit or loss of the Group and the Parent Company for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in UK adopted IAS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Parent Company financial position and financial performance;
- in respect of the Group financial statements, state whether UK adopted IAS have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the Parent Company financial statements, state whether UK adopted IAS have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Parent Company and the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and the Group and enable them to ensure that the Parent Company and the Group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and corporate governance statement that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Parent Company's website.

The Directors confirm, to the best of their knowledge:

- that the consolidated financial statements, prepared in accordance with UK adopted IAS give a true and fair view of the assets, liabilities, financial position and profit or loss of the Parent Company and undertakings included in the consolidation taken as a whole;
- that the Annual Report, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Parent Company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- that they consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Parent Company's position, performance, business model and strategy.

The Corporate Governance Report was approved by the Board and signed on its behalf by:

Sir James Leigh-Pemberton
Chairman

Audit and Risk Committee Report

Introduction
I am pleased to present the Audit and Risk Committee Report for 2022.

As highlighted in our Strategic Report, we faced a multitude of challenges in the environment in which we operate, characterised by high levels of uncertainty and volatility.

It is with this in mind, that I would like to reiterate our thanks and appreciation to the finance, risk and compliance functions of the Manager for their continued professionalism and for ensuring high standards of reporting and control across the operations of the Group during the year. The depth of experience, knowledge and skill in our teams provides considerable comfort as we face the challenges ahead.

Committee responsibility and composition
The Committee has oversight responsibilities delegated to it by the Board in three principal areas: financial reporting, risk management and the external audit.

The responsibilities are set out in more detail in the Committee's terms of reference, which may be viewed at www.ritcap.com.

The Committee currently comprises four Directors, each of whom is non-executive and independent of the Company.

As noted in last years' report, Amy Stirling elected not to stand for re-election at our AGM in May. I would like to thank Amy for her significant contribution, insight and professionalism in leading this Committee. Having been a member of this Committee for eight years, I accepted the offer to stand as Committee Chair. The Board is satisfied that I have requisite recent and relevant financial experience to chair the Committee: I am a Fellow of the ICAEW and Professor of Accounting at the London School of Economics and Political Science. I served as a non-executive director on the board of St. James's Place plc from 2005 to 2013 where I chaired the Risk Committee and was also a member of the Audit Committee. I joined the Board of RIT Capital Partners plc as a non-executive Director in 2014 and am also Chair of the Valuation Committee.

The two other members of the Committee at the year end were André Perold and Jutta af Rosenborg. André is Chief Investment Officer of an investment management firm, having previously been a professor of Finance and Banking at Harvard Business School. Jutta joined the Board as a non-executive Director in May 2022 and is also a member of the Valuation Committee. She is a qualified accountant and holds a Master's degree in Business Economics and Auditing from Copenhagen Business School. She has held numerous senior roles in finance, audit and risk management and has significant experience in non-executive capacities.

In addition, I am delighted to welcome Philippe Costeletos, who joined the Committee in February 2023. Philippe is our Senior Independent Director, previously head of Europe for a global private equity business and has widespread experience in senior roles in banking and investment firms.

Our individual biographies are shown on pages 27 to 29. I can confirm that the Board considers all members of the Committee to have sufficient recent and relevant financial experience so as to comply with the requirements of the 2019 AIC Code and the relevant aspects of the 2018 UK Code (together, the Codes).

Committee meetings and activity during the year
We met four times in 2022, and once so far in 2023.

Committee meetings were held to review the Group's 2021 Annual Report and Accounts and the June 2022 Half-Yearly Financial Report. A review of the Group's 2022 Annual Report and Accounts was considered in February 2023.

Our reviews included the assessment and assurance that the annual reports, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

In addition, the Committee considered the evidence supporting the Group's going concern and ongoing viability, including cash flow forecasts as well as levels of available liquidity. For both the 2021 and 2022 Annual Report and Accounts, we were satisfied with our reviews and advised the Board accordingly.

We also considered the year-end reports from the external auditor, Ernst & Young LLP (EY), and discussed matters arising with the Manager. The adequacy of the Group's accounting policies and financial reporting procedures are discussed with the external auditor at least annually. Following these discussions and our review of the annual reports, we concluded that the accounting policies are appropriate for the Company and take into account, where necessary, new accounting standards.

We held two further meetings, in May and November 2022, reviewing the effectiveness of the Group's risk management and internal control, by reference to reports prepared by the Manager, including from its internal audit function.

Audit and Risk Committee Report

In addition to the activities described above, significant matters we considered during the year are set out below:

Environmental, social and governance
During 2022, the Group worked to strengthen its approach to integrating ESG considerations into its strategy and operations, including building on the Responsible Investment Framework & Policy published in 2021. ESG considerations are embedded within the approach taken by the Manager to new investments, and the Manager prepares a quarterly status report in respect of this, which will help support future reporting, including under UN PRI during 2023.

In view of the pace of developments, we will keep under review the ongoing financial reporting obligations in this area, having previously recognised the importance of climate-related matters in both our accounting policies and as a principal risk. Under listing rule 15.4.29(R), the Company, as a closed ended investment fund, is exempt from complying with the Task Force on Climate related Financial Disclosures (TCFD). Nonetheless, the Company recognises that the TCFD recommendations are intended to help determine climate-related risks and opportunities across our operations and our portfolio. Consequently, over the course of 2022, the Board engaged a leading international sustainability consultancy to assist its consideration on TCFD reporting. In 2023, we will continue to work with this consultancy to further develop our non-financial reporting in line with elements of the TCFD framework. Our internal ESG documentation processes will be subject to an internal audit during 2023.

The valuation of private investments and other assets
Private investments represent 40.7% of net assets and comprise direct investments, as well as direct co-investments and diversified funds managed by external managers (or GPs). By their very nature such investments merit careful attention when considering their fair value. As these are unlisted investments, without a public share price, the estimation of fair value requires the exercise of considerable judgement. This subjectivity means that there is a higher degree of uncertainty in such valuations compared with those of other assets. In assessing the fair values, there is, by necessity, a degree of reliance on the GPs, with co-investments and funds representing the majority of the private investments portfolio. The GPs will typically have access to confidential information about the underlying companies and are required to report fair values in accordance with internationally recognised accounting standards. The valuations are usually prepared on a quarterly basis, albeit with a time lag which may be up to three months, as is normal in the industry. The Manager reviews these valuations and, where possible, the justification for any changes, as well as considering any additional supporting information. In addition, where the Manager has direct access to the underlying companies, it prepares its own valuations using industry-standard approaches.

The results of this analysis are reported in detail on a six-monthly basis to the Valuation Committee, which is responsible for the final decisions on valuation.

We have therefore considered the work of the Valuation Committee (which I also chair), the results of their discussions with the Manager and the external auditor. We view the work as detailed and comprehensive, and are confident that the persons preparing the reports have sufficient and appropriate expertise through their experience and qualifications.

Furthermore, we believe that the process is planned and managed to devote adequate time and resource to preparation and review, both by the Manager and also by the members of the Valuation Committee.

We also considered the work of the Valuation Committee as it relates to other assets in the portfolio. Here, the combination of detailed processes, rigorous analysis and, where relevant, external advice has provided comfort over the portfolio valuations. Three members of this Committee, myself included, also sit on the Valuation Committee. The Audit and Risk Committee also receives an executive summary of the Manager's main valuation report as well as the minutes from the Valuation Committee.

Cyber risk
In light of the ongoing elevated cyber risks facing organisations, the Committee carefully considered the measures in place across the Group to mitigate these risks. During the early part of the year, the Manager undertook an external review of its cyber security framework, following which the Manager gained accreditation for 'cyber essentials' and 'cyber essentials plus', both provided by the National Cyber Security Centre. During the year, the Committee received a separate presentation from the Manager's Head of IT, focused on cyber risk and cloud-based systems and the employee training and awareness programmes in this area. While there is no room for complacency in such a fast-moving area, the Committee was satisfied that sufficient and ongoing measures are in place to address this risk as far as is reasonably practicable.

Related party disclosures
Related party transactions are a common feature of commerce and business. The Group often takes advantage of opportunities offered to it, or services provided to it via many relationships built up over time (including those arising from Board members). Disclosure of such transactions is a requirement in order to allow shareholders and other users of the financial statements to assess the risks and opportunities facing the Group.

Audit and Risk Committee Report

We consider the work of the Conflicts Committee in reviewing advisory services, co-investment transactions and any other similar arrangements with any related party, and have discussed with the Manager the systems and processes in place to identify, review, record and disclose such transactions. We note the importance that the Board and the Manager place upon the work of the Conflicts Committee. We have reviewed the disclosures made in the financial statements regarding such transactions and consider that the necessary disclosures have been made.

Internal control

The Board of Directors is responsible for the Group's system of internal control and it has delegated the supervision of the system to this Committee. The system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and, as such, can provide only reasonable and not absolute assurance against any material misstatement or loss.

The Board has delegated to the Manager the implementation and day-to-day management of the system of internal control within an established framework applicable throughout the Group. The system of internal control is reviewed twice each year by the Committee, using a comprehensive report prepared by the Manager. The report outlines each of the principal risks and their management, covering all aspects of financial and operational risk as is summarised in the Principal Risks and Viability section on pages 20 to 25. The relative importance of each principal risk is assessed by reference to the possible impact on the Group's net asset value or share price should a loss occur, alongside the likelihood of that loss occurring, taking into consideration the existing control environment. The review included consideration of the five-year cash flow forecasts and a liquidity summary, the main portfolio exposures, as well as the results of the quarterly portfolio stress tests. In addition, the Committee reviewed the log of operational risk incidents during the year, noting that none had a significant impact on the business.

The Committee considers that the procedures in place are consistent with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting published by the FRC in September 2014.

Internal audit and compliance

As part of the review of the control environment, the Manager, through its Compliance Officer, undertakes an internal audit of selected areas agreed with the Committee. The 2022 internal audits included an evaluation of the internal process around private investments know-your-customer procedures and controls. The dealing process of the Manager was also considered to ascertain whether best execution was consistently achieved. No material weaknesses were identified through the course of these audits and the Committee considers the resource devoted to internal audit to be appropriate to the nature of the Company's operations.

In addition, BNP Paribas Trust Corporation UK Limited (as Depositary), undertook a review of the Manager's arrangements under AIFMD for investment administration, compliance, risk management and business continuity, with no concerns noted.

EY separately audited the Manager's client asset procedures in relation to a very small amount of legacy client money. During the year, after an extensive tracing exercise in accordance with FCA guidance, the Manager was able to pay the residual balance to charity (while retaining the liability in case any future claimants arise).

Under the FCA's new Investment Firms Prudential Regime (IFPR), the Manager is required to produce an Internal Capital Adequacy and Risk Assessment (ICARA). The Committee was updated on this process, and on the satisfactory completion of the first report, with no substantive concerns raised.

The Manager also reports to the Committee the results of its monitoring of external fund manager's compliance with the terms of their investment management arrangements, as well as periodically reviewing their own control procedures.

The Board has reviewed the effectiveness of the system of internal control in operation during the financial year, and up to the date of this report, through the Committee. During the reviews conducted, the Committee has not identified or been informed of any failings or weaknesses representing a significant business risk.

BEIS White Paper

The Department for Business, Energy and Industrial Strategy (BEIS) published a White Paper 'Restoring trust in audit and corporate governance' in March 2021, which proposes wide-ranging changes to the responsibilities of audit committees and considers attestation on internal controls among other proposals. Consultation continued in 2022 and we expect that further updates will follow in due course. The Committee is aware of these proposals and will take the appropriate action once any proposals relevant to the Company are finalised.

Post Covid-19 environment

The Group operates a hybrid working policy, which has proved helpful in a competitive market for talent, while also allowing the effective and efficient operation of the Group. The IT systems have continued to perform well and all internal control procedures have continued to be applied with specific adaptations to enable controls to be effective while operating remotely.

Audit and Risk Committee Report

External auditor
The external auditor, EY, has completed its fifth annual audit following its appointment as a result of a tender process in 2017.

EY attended all meetings of the Committee and provided reports on: its audit approach and work undertaken; the quality and effectiveness of the Group's accounting records; and its findings in connection with the Group's annual statutory audit for the year ended 31 December 2022. I have also had regular contact with the lead audit partner during the year, who will be replaced by a new EY partner after this year end, as part of EY's auditor rotation protocols.

The level of non-audit services provided to the Group by the auditor is subject to pre-approval in accordance with our policy on non-audit services and is monitored, as is the auditor's objectivity in providing such service, to ensure that the independence of the audit team from the Group is not compromised. Non-audit services provided by EY in 2022 totalled £12,000 for audit-related assurance work (regarding the Managers regulated activities). Their selection for this work was based on cost efficiency, synergies with the audit process, and the fact that these services are permitted by the FRC's revised Ethical Standard. Further information on fees paid to the auditor is set out in Note 5 to the financial statements.

The Committee considered EY's independence, objectivity, and the effectiveness of the audit process with the benefit of formal and informal feedback from the Manager and concluded satisfactorily on each of these points.

As the Chairman has noted, I will not be standing for re-election at the forthcoming AGM and this will therefore be my first and last report as Chair of this Committee. I would like to thank my colleagues on the Committee for their support and wise counsel, and for the team at the Manager for their dedication and professionalism. I am delighted to confirm that Jutta af Rosenborg has agreed to take over as Chair of the Committee, with effect from the AGM.

Mike Power
Chair, Audit and Risk Committee

Directors' Remuneration Report

Introduction

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2022.

The current Directors' Remuneration Policy was approved by shareholders with 99.9% of the vote at the 2020 AGM and in line with the three-yearly timetable, we shall submit a new Director's Remuneration Policy as set out below, to a binding shareholder vote at the forthcoming AGM.

As well as the remuneration of RIT Directors, the Committee is also responsible for oversight of the remuneration policies associated with our operating subsidiaries – JRCM, a regulated entity whose remuneration arrangements are governed by the FCA's applicable Remuneration Codes, and SHL. Here, incentive schemes are in place, tailored to the respective businesses and appropriately structured and aligned with shareholders' interests.

The Directors' Remuneration Policy and Remuneration Report have been prepared in accordance with the Listing Rules of the FCA, the relevant sections of the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). It also sets out how it has applied the principles of the Codes relevant to the Company.

Proposed Directors' Remuneration Policy

In accordance with the provisions of the AIC Code and the UK Code, non-executive Directors' remuneration reflects their duties and time commitments and is set at a reasonable level which is consistent with the requirement to attract and retain Directors of the appropriate quality and experience. The Board's policy is that the fees paid to the non-executive Directors should reflect the experience of the Board as a whole, be fair and should take account of the level of fees paid by other investment trusts. Any views expressed by shareholders on the fees being paid to Directors will be taken into consideration by the Board when reviewing the Directors' Remuneration Policy.

Furthermore, the Company's Articles of Association currently limit the aggregate base fees of the non-executive Directors (excluding the Chairman) to £400,000 per annum. The non-executive Directors receive base fees and Committee Chair and membership fees. They are not eligible for any other remuneration or benefits apart from the reimbursement of allowable expenses. There are no performance conditions relating to Directors' fees and they are not entitled to any long-term incentive or pension schemes. No compensation is payable on loss of office.

Committee structure and responsibilities

I have chaired the Committee since 22 July 2019, having previously served on it since 26 April 2018. As at 31 December 2022, the Committee included three further independent non-executive Directors: Sir James Leigh-Pemberton, Maggie Fanari and Maxim Parr. The Committee meets at least twice a year on a scheduled basis and additionally as may be required.

The Committee is responsible for recommending the fees paid to the non-executive Chairman and Directors, by reference to the roles and time commitment of each individual concerned. The final determination of the fees payable to non-executive Directors is a matter for the Board of Directors as a whole.

The overall fee structure is assessed in part by reference to other investment trusts. The Committee seeks information from JRCM management and advice from an independent advisor, as required.

The Remuneration Committee has appointed a remuneration specialist from Alvarez & Marsal, to provide the Committee with advice. In 2022, fees of approximately £11,519 (2021: £18,142) were paid to Alvarez & Marsal in respect of their advice. Alvarez & Marsal abides by the Remuneration Consultant's Code of Conduct which requires it to provide objective and impartial advice. It has no other relationships with the Group and is therefore independent.

In accordance with Part 15, Chapter 6 of the Companies Act 2006, the Directors' Remuneration Policy applies to the Directors of the Company, all of whom are non-executives.

Incentive structures

In accordance with the relevant principles of the Codes, the Remuneration Committee has sought to ensure that there is an appropriate Group-wide incentive structure to attract, motivate and retain the high-quality individuals we need to deliver our long-term strategic aims and sustainable success. The remuneration approach is designed to align with and reinforce these strategic aims.

The Group operates an Annual Incentive Scheme (AIS) for employees as well as longer-term share-based awards. The annual cap for total awards under the AIS is limited to 0.75% of net assets. Our approach is designed to measure and reward performance, and seeks to provide an appropriate balance between shorter-term awards and longer-term incentives, as well as the need for robust risk management. We remain satisfied with the suitability of the AIS in order to meet our objectives.

Directors' Remuneration Report

The performance assessment for awards under the AIS reflect investment outperformance (as measured against two KPIs: CPI plus 3.0% and the ACWI) as well as wider achievements not directly linked to the NAV return. The AIS is measured annually and includes longer-term features such as a three-year absolute 'high water mark'. In addition, and in particular for management and senior employees, AIS awards include significant deferrals into RIT shares, which vest over the subsequent three years.

Decisions made by the Committee have followed a careful appraisal of performance and at all times aim to reinforce shareholder alignment, both through the link to our objectives and also the payment via shares.

The Remuneration Committee retains the ability to clawback elements of previous awards if necessary.

The second main aspect of the remuneration approach is a long-term incentive plan which is structured as awards of restricted share units (RSUs). The RSUs vest after three years and then typically have a further two-year lock up before the underlying RIT shares can be sold. They also incorporate qualitative performance standards, as well as malus and clawback features.

Consulting with shareholders
Where appropriate, the Committee is responsible for ensuring that there is pro-active engagement and consultation with major shareholders and shareholder representatives in respect of remuneration.

No payments were made to past Directors during the year.

Non-executive Directors' remuneration
The remuneration of the non-executive Chairman and Directors is determined by the Board as a whole. Non-executive fees are reviewed periodically by the Board with reference to market levels in other investment trusts. The Board has discretion to periodically review and amend fee rates. The current fee rates are listed below:

Base fee:	
Non-executive Chairman[1]	£150,000
Non-executive Director	£35,000
Additional fees:	
Senior Independent Director fee	£7,500
Committee membership fees:	
Audit and Risk Committee	£6,000
Conflicts Committee	£3,000
Nominations Committee	£4,000
Remuneration Committee	£4,000
Valuation Committee	£6,000
Audit and Risk Committee Chair[2]	£10,000
All other Committee Chair fees (per committee)[2]	£7,500

1 The non-executive Chairman fee is inclusive of membership of Board Committees.

2 The Committee Chair fees are in addition to the Committee membership fees.

The non-executive Directors each have letters of appointment that are subject to termination upon one month's written notice on either side. The non-executive Chairman's letter of appointment provides for six months' notice on either side.

The letters of appointment for the non-executive Directors are available for inspection at the Company's registered office.

Annual report on remuneration
The annual report on remuneration will be put to an advisory shareholder vote at the 2023 AGM. The information on pages 50 and 51 has been audited where required under the regulations and is indicated as audited information where applicable.

Directors' Remuneration Report

Directors' remuneration – audited

Directors' remuneration is in the form of fees and, if applicable, taxable benefits comprising of travel and subsistence expenses incurred by or on behalf of Directors in the course of travel to attend Board or Committee meetings.

The following table sets out the total remuneration for each Director:

Year ended 31 December Non-executive Director	2021 Total remuneration £	2022 Total remuneration[1] £	% Change in total remuneration between 2020 and 2021[2]	% Change in total remuneration between 2021 and 2022
Chairman				
Sir James Leigh-Pemberton	150,000	150,000	–	–
Directors				
Philippe Costeletos	69,500	74,500	2.4	7.2
Maggie Fanari	37,000	44,667	–	20.7
Vikas Karlekar[3]	–	13,731	n/a	n/a
Cecilia McAnulty[3]	–	13,731	n/a	n/a
Maxim Parr	41,774	48,000	78.9	14.9
André Perold[4]	36,000	52,228	(17.6)	45.1
Mike Power	49,500	61,167	–	23.6
Jutta af Rosenborg[5]	–	31,962	n/a	n/a
Hannah Rothschild	30,000	35,000	–	16.7
Amy Stirling[6]	52,000	19,658	–	(62.2)
Jeremy Sillem[7]	28,856	–	(28.2)	n/a
Jonathan Sorrell[7]	30,554	–	41.8	n/a

Unless taxable benefits are specifically outlined below for each Director, total remuneration above constitutes fees only.

[1] With effect from 1 January 2022 the annual base fee for each non-executive Director (excluding the non-executive Chairman) was increased from £30,000 to £35,000. This was the first such increase since 2016 and followed advice from Alvarez & Marsal on the level of fees paid to non-executive directors of other investment trusts.

[2] The year-on-year percentage changes in total remuneration are influenced by a number of factors including where Directors have completed part-year service and/or being appointed to Board Committees during the relevant periods.

[3] Vikas Karlekar and Cecilia McAnulty were appointed as Directors on 11 August 2022.

[4] André Perold received £11,228 taxable benefits relating to travel from overseas in 2022, in addition to his annual Director fee of £41,000. In 2021 he received his annual Director fee of £36,000 and did not receive any taxable benefits.

[5] Jutta af Rosenborg was appointed as a Director on 19 May 2022; she received £2,918 taxable benefits relating to travel from overseas in 2022, in addition to her Director fee of £29,044.

[6] Amy Stirling retired as a Director of the Company on 4 May 2022.

[7] Jeremy Sillem and Jonathan Sorrell retired as Directors of the Company on 4 November 2021.

Directors' Remuneration Report

Fees

The total fees payable to Directors for the year was £530,498 (compared to £525,184 in the year ended 31 December 2021). This includes the Directors' base fees as well as committee fees.

The aggregate base fees of the non-executive Directors (excluding the Chairman) for the year was £271,160, which was within the £400,000 limit for such fees under the Company's Articles of Association.

Statement of Directors' shareholdings – audited

The interests of the Directors holding office at 31 December 2022 in the ordinary shares of the Company are shown below:

	31 December 2022		
Ordinary shares of £1 each	Beneficial	Non-beneficial	% of voting rights
Sir James Leigh-Pemberton	5,855	–	<0.1
Philippe Costeletos	51,850	–	<0.1
Maggie Fanari	–	–	–
Vikas Karlekar	993	–	<0.1
Cecilia McAnulty	–	–	–
Maxim Parr	321	–	<0.1
André Perold	–	–	–
Mike Power	2,488	–	<0.1
Jutta af Rosenborg	4,032	–	<0.1
Hannah Rothschild[1]	14,354,512	15,402,708	19.1

[1] The majority of the beneficial interests shown in the table above for Hannah Rothschild are in respect of shares held via trusts or companies where she is either one of the beneficiaries or one of the individuals able to exert significant influence. Similarly, the non-beneficial interests are held through a charitable foundation where Hannah is one of the controlling trustees.

Between the end of the year and the date of this report, there were no changes in the Directors' interests.

Requests from the Chairman for permission to deal in the ordinary shares of the Company are considered by the Senior Independent Director. Requests from other Directors are referred to the Chairman or Senior Independent Director. Employees of the Group are subject to approval by the JRCM Executive Committee and/or JRCM's Compliance Officer.

Except as stated in Note 17 to the financial statements no Director has, or has had during the year under review, any beneficial interest in any contract or arrangement with the Company or any of its subsidiaries within the terms set out in the FCA Listing Rules.

Relative importance of spend on pay

The following table shows the year-on-year movement in total remuneration of all employees, compared to the dividends paid and share buybacks.

£ million	Year ended 31 December 2021	Year ended 31 December 2022	Change
Total staff costs	46.9	35.6	(11.3)
Dividends	55.0	57.6	2.6
Share buybacks	1.4	11.0	9.6

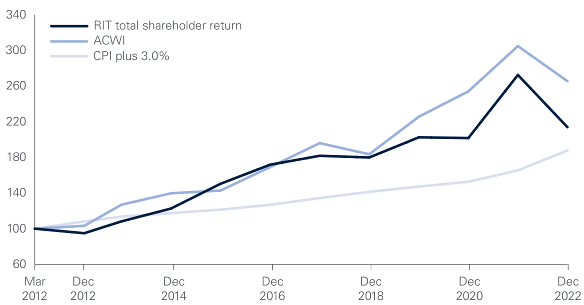
Statement of shareholder voting

Votes in respect of the resolution to approve the Directors' Remuneration Report at the Company's AGM in May 2022 were cast as follows:

	Number of shares	% of votes cast
Votes cast in favour	69,084,379	99.9
Votes cast against	64,506	0.1
Total votes cast	69,148,885	100.0
Votes withheld	339,079	–

Performance graph

In accordance with the Directors' Remuneration Report regulations, a performance graph which measures the Company's TSR over the period from 31 March 2012 against that of a broad equity market index is shown below. This is calculated by reference to the Company's share price including dividend reinvestment. The Committee considers the ACWI to be the most suitable index for this purpose, being a KPI. In addition, the graph includes the Company's absolute return hurdle of CPI plus 3.0%. Further information can be found in the Company's Strategic Report.



Audit

The tables in this report on pages 50 and 51 have been audited by Ernst & Young LLP.

The Directors' Remuneration Report on pages 48 to 51 was approved by the Board and signed on its behalf by:

Philippe Costeletos
Chair, Remuneration Committee

Directors' Report

Directors' Report: statutory and other disclosures

The Directors present their report and audited financial statements for the year ended 31 December 2022.

The section above identifies where certain information required to be disclosed in the Directors' Report is shown within other sections of the Report and Accounts (and forms part of the Directors' Report) starting on the page indicated. Additional statutory disclosures are set out below.

Status of Company

The Company is registered as a public company and is incorporated in the UK and registered in England and Wales (Company Registration Number 2129188). It conducts its affairs so as to qualify for approval as an investment trust for tax purposes, and has been accepted as an approved investment trust by HMRC, subject to continuing to meet eligibility conditions. The Directors are of the opinion that the Company has conducted its affairs in a manner which will satisfy the conditions for continued approval as an investment trust under Section 1158 of the Corporation Tax Act 2010.

The Company's subsidiaries are mainly engaged in investment activities and the activities of the Group are principally undertaken in the UK.

Directors

The Directors at the date of this report are listed on pages 27 to 29.

During the year ended 31 December 2022:

Directorate changes

- Amy Stirling retired as a Director on 4 May 2022;
- Jutta af Rosenborg was appointed as a Director on 19 May 2022; and
- Vikas Karlekar and Cecilia McAnulty were both appointed as Directors on 11 August 2022.

Committee composition

- Mike Power was appointed as Chair of the Audit and Risk Committee on 4 May 2022;
- Maggie Fanari was appointed as a member of the Nominations Committee on 4 May 2022; and
- Jutta af Rosenborg was appointed as a member of the Audit and Risk, and Valuation Committees on 19 May 2022.

Corporate Objective

The Company's Corporate Objective is: *"to deliver long-term capital growth, while preserving shareholders' capital; to invest without the constraints of a formal benchmark, but to deliver for shareholders increases in capital value in excess of the relevant indices over time."*

Investment Policy

The Company's Investment Policy is: *"to invest in a widely diversified, international portfolio across a range of asset classes, both quoted and unquoted; to allocate part of the portfolio to exceptional managers in order to ensure access to the best external talent available."*

Asset allocation and risk diversification

The Group's assets continue to be allocated across a diversified range of asset classes, geographies, industries and currencies. There are no external restrictions on the allocation of assets. The portfolio is further diversified through the use of external managers with different mandates. Exposures are monitored and managed by JRCM under the supervision of the Board.

Gearing

The Company maintains structural gearing principally through fixed-rate private placement notes and revolving credit facilities. At 31 December 2022, the drawn indebtedness was £371 million with debt held at fair value, or £387 million with debt held at par value. This represented net gearing calculated in accordance with AIC guidance of 6.2%.

The maximum indebtedness that the Company is empowered to incur under its Articles of Association is five times its adjusted capital and reserves.

Further information is shown under debt and leverage on pages 14 and 15.

Direct and indirect investment management fees

Consistent with the Investment Policy, the Company invests a significant proportion of the portfolio with external managers. The majority of the management and performance fees charged by such managers are incurred indirectly by the Company. They are included within the fund investment valuations and therefore form part of the investment return. Three fund investments are structured as segregated accounts. Here, the fees are incurred directly by the Company (see Note 3 on page 67).

Fees within the long-only equity funds, whether structured as segregated accounts or otherwise, typically incur a management fee of up to 1% per annum and in some cases a performance fee for outperformance relative to a benchmark. The hedge funds and absolute

Directors' Report

return and credit funds are slightly higher – typically a 1% to 2% management fee and typically a 15% to 20% performance fee. Fees for investments into private funds are structured differently and will usually have a 1% to 2.5% annual charge (often based on commitments in early years and declining over time with realisations), as well as a 20% to 30% carried interest. This may be above an 8% per annum hurdle and/or with the higher rates often earned when investors have received back a minimum multiple of their invested capital (e.g. 3x).

Aggregate management fees (excluding performance fees and net of fee rebates) for the external funds for 2022 have been estimated at 0.88% of RIT's total average net assets (2021: 0.87%).

Share capital

At 31 December 2022, the issued share capital comprised 156,848,065 £1 ordinary shares, of which 689,863 were held by the Company in treasury as a result of a series of share buybacks. Further details are shown in Note 20 on page 81.

No £1 ordinary shares were issued during the year and the existing shareholder authorities given to the Company at the last AGM to allot and purchase shares will expire at the conclusion of the Company's forthcoming AGM scheduled for 26 April 2023. At the AGM, shareholders shall be asked to renew these authorities, as will be explained in the separate Notice of the meeting.

Major holders of voting rights

As at 31 December 2022, the following notifications had been received from the holders of 3% or more of the voting rights conferred through the direct or indirect holding of the Company's ordinary shares of £1 each.

	31 December 2022		
Major holders of voting rights[1]	Total number of shares	% of voting rights[5]	Direct or indirect
Lord Rothschild[2,3]	19,307,179	12.4	Indirect
Hannah Rothschild[2]	15,402,708	9.9	Indirect
The Rothschild Foundation[2]	15,390,848	9.9	Direct
Evelyn Partners Inv. Mgt. LLP	7,880,671	5.0	Indirect
Five Arrows Limited[4]	6,757,835	4.3	Direct

[1] The above table does not include Lord Rothschild's or Hannah Rothschild's direct voting rights in shares in the Company which are below the notifiable threshold.

[2] As Lord Rothschild and Hannah Rothschild are both members and trustees of the Rothschild Foundation, the above notifiable interests include the same 15,390,848 shares held by this charity (which are also included in Hannah Rothschild's non-beneficial interests on page 51 under Directors' shareholdings).

[3] Part of Lord Rothschild's holdings include entities where Hannah Rothschild is one of the beneficiaries, and therefore the relevant shares also form part of her beneficial interests on page 51.

[4] Lord Rothschild and Hannah Rothschild have an indirect beneficial interest in the shares of the Company held by Five Arrows Limited.

[5] The total interests notified to the Company that directly relates to, and is overseen by, the family offices of Lord Rothschild and Hannah Rothschild (including shares in which Lord Rothschild and Hannah Rothschild do not have voting rights conferred through a direct or indirect holding) is 20.9%.

As at 15 February 2023, the voting rights in the above table remained unchanged.

There are no restrictions or significant agreements that may restrict, on a change of control, transfer of securities in the Company or the voting rights attached to those securities.

The shares of the Company qualify for inclusion within an Individual Savings Account.

Corporate responsibility

The Board is responsible for ensuring that appropriate standards of corporate responsibility are adopted within the Group, with day-to-day responsibility residing with our Manager.

Within our own Group activities, we have always sought to ensure we act as good corporate citizens through minimising our environmental impact, and robust corporate governance reinforced with an awareness of our social responsibility.

In respect of the environment the Board considers our primary environmental impact, outside of our investment portfolio, comes from direct emissions generated from business travel, and from our premises. Where possible, executives will only travel where alternatives such as video conference facilities are not practical. In relation to its premises, page 35 sets out how the Company monitors and has taken steps to reduce its Greenhouse Gas (GHG) emissions and maximise the recycling of materials.

Total energy consumption for the year ended 31 December 2022 was 452,923 kWh compared to 367,646 kWh for the year ended 31 December 2021. The increase in total energy consumption reflects there being no Covid restrictions in place during the year and the office being fully open throughout 2022.

GHG emissions required to be reported in respect of the years ended 31 December 2022 and 2021 were as follows:

Source	CO_2 (tonnes)	Intensity ratio: CO_2 (tonnes) per FTO[1]
2022:		
Scope 1 Gas	26	0.4
Scope 2 Electricity	59	0.8
Total	**85**	**1.2**

Source	CO_2 (tonnes)	Intensity ratio: CO_2 (tonnes) per FTO[1]
2021:		
Scope 1 Gas	18	0.2
Scope 2 Electricity	57	0.9
Total	**75**	**1.1**

[1] Full-time occupant.

Directors' Report

Our GHG emissions are calculated for the Group under the financial control approach and in accordance with ISO 14064-1: 2018 standard using the 2022 GHG conversion factors developed by the Department for Environment, Food & Rural Affairs.

The Group supports the ambitions of the Paris Climate Change Agreement and is committed to reducing its operational emissions, including through energy efficiency initiatives in areas such as lighting and heating in our offices. We continue to take steps to further understand our impact on the environment, covering not just our direct operational emissions, but also through our indirect emissions (Scope 3). Consideration of our Scope 3 emissions forms part of our preparation for the requirements of the Task Force on Climate-related Financial Disclosures (TCFD) in advance of any reporting of the TCFD by the Group.

The Group operates an ethics policy which applies to all staff, including in relation to social and human rights issues. The Board is also supportive of moves towards greater diversity and inclusivity. At the year end, the composition of the RIT Board complied with the recommendations of the Parker Review, the Hampton-Alexander Review and the FCA's new listing rules reporting requirements on diversity. The overall employee base is divided between 45 men and 17 women.

Further information on how ESG factors are considered in terms of how we engage with our stakeholders is set out in our Corporate Governance Report.

Diversity
As part of the Group's diversity and inclusion policies, recruitment processes are in place to allow us to monitor the diversity of Board candidates and job applicants, ensuring we are attracting candidates regardless of their gender, age, ethnicity, disability, sexual orientation or background. Further initiatives that we have in place to support diversity include a flexible working policy, enhanced maternity leave as well as adoption and shared parental leave.

JRCM continues to participate in the 10,000 Black Interns initiative to attract a more diverse range of talent to the asset management sector and in 2022, JRCM welcomed its first intern under the Girls Are INvestors (GAIN) programme which aims to improve gender diversity in the sector.

Modern slavery
We do not tolerate slavery or human trafficking and we are committed to acting ethically and with integrity in all our business dealings and relationships. In accordance with the Modern Slavery Act 2015, JRCM publishes a Modern Slavery Statement annually which may be viewed on the Company's website: www.ritcap.com.

Engagement and stewardship
The Company's Engagement and Stewardship Policy may be viewed on its website.

Save for voting rights on the Company's investments held in segregated accounts (managed by external managers who have control on the voting of those shares) the Manager's investment department determines voting on all the resolutions of directly-held investee companies and funds. It does not use proxy advisors.

In addition, as a signatory of the UN PRI, we also commit to be active owners and incorporate ESG issues into our stewardship policies and practices.

In 2022, the Company generally voted in favour of resolutions for investee companies in which it held a publicly notifiable interest. Monitoring of directly-held investments is also carried out by JRCM's investment department, in line with its Responsible Investment Policy & Framework, who are responsible for elevating any matters of concern to the JRCM Investment Committee. Active intervention appropriate for the circumstances will be considered where it is in the Company's best interests and aligned with the commitments set out in the previous paragraph.

Cross holdings
The FCA Listing Rules also require closed-ended investment companies to disclose quarterly all of their investments in *"other listed closed-ended investment funds ... which themselves do not have stated investment policies to invest no more than 15% of their total assets in other listed closed-ended investment funds."*

The Group discloses such investments when necessary, but does not restrict its own investment policies in this manner. There were no such investments held by the Group as at 31 December 2022 and 31 December 2021.

Annual General Meeting
The Company's AGM is scheduled to be held on 26 April at 12:00. Further details will be sent out in the notice of AGM to be circulated to shareholders and made available on the Company's website: www.ritcap.com, in due course.

Directors' Report

Auditor
EY has expressed its willingness to continue in office as the Company's external auditor. Resolutions to reappoint EY and to authorise the Directors to set their remuneration will be proposed at the forthcoming AGM.

Other
The Company seeks to agree the best possible terms on which business will take place with its suppliers. It is the Company's policy to abide by such terms.

The Company maintained a qualifying third-party liability insurance for its Directors and Officers throughout the year and up to the date of approval of the Report and Accounts.

Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006
The Directors consider, both individually and together, that they have acted in a way they consider, in good faith, is most likely to promote the success of the Company for the benefits of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006 in the decisions taken during the year ended 31 December 2022 (see pages 7, 8, 33, 35 and 36).

Disclosure of information to the auditor
With regard to the preparation of the Report and Accounts of the Company for the year ended 31 December 2022, the Directors have confirmed to the auditor that:

- so far as they are aware, there is no relevant audit information of which the auditor is unaware; and
- they have taken the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Listing Rules disclosures
There are no disclosures required under Listing Rule 9.8.4.

The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015
Information on subsidiaries that is required to be disclosed under the above regulations is disclosed in Note 29.

Disclosable information in respect of other investments is contained in Note 32.

The Directors' Report on pages 52 to 55 was approved by the Board and signed on its behalf by:

Sir James Leigh-Pemberton
Chairman

Financial Statements
for the year ended 31 December 2022

RIT Capital Partners plc

Consolidated Income Statement and Consolidated Statement of Comprehensive Income

Consolidated income statement

Year ended 31 December £ million	Notes	Revenue	Capital	2022 Total	Revenue	Capital	2021 Total
Investment income	2	19.1	–	19.1	12.7	–	12.7
Other income		7.6	–	7.6	3.8	–	3.8
Gains/(losses) on fair value investments	3, 5	–	(555.5)	(555.5)	–	901.8	901.8
Gains/(losses) on monetary items and borrowings		–	20.2	20.2	–	18.0	18.0
		26.7	(535.3)	(508.6)	16.5	919.8	936.3
Expenses							
Operating expenses	4, 5	(36.0)	(7.6)	(43.6)	(29.6)	(24.8)	(54.4)
Profit/(loss) before finance costs and tax	6	(9.3)	(542.9)	(552.2)	(13.1)	895.0	881.9
Finance costs	7	(5.0)	(20.0)	(25.0)	(4.0)	(16.0)	(20.0)
Profit/(loss) before tax		(14.3)	(562.9)	(577.2)	(17.1)	879.0	861.9
Taxation	8	–	–	–	(0.2)	(2.5)	(2.7)
Profit/(loss) for the year		**(14.3)**	**(562.9)**	**(577.2)**	**(17.3)**	**876.5**	**859.2**
Earnings/(loss) per ordinary share – basic	9	(9.2p)	(362.1p)	(371.3p)	(11.1p)	561.4p	550.3p
Earnings/(loss) per ordinary share – diluted	9	(9.2p)	(362.1p)	(371.3p)	(11.0p)	556.5p	545.5p

The total column of this statement represents the Group's consolidated income statement, prepared in accordance with UK adopted international accounting standards (UK adopted IAS). The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies (AIC). All items in the above statement derive from continuing operations.

Consolidated statement of comprehensive income

Year ended 31 December £ million	Notes	Revenue	Capital	2022 Total	Revenue	Capital	2021 Total
Profit/(loss) for the year		(14.3)	(562.9)	(577.2)	(17.3)	876.5	859.2
Revaluation gain/(loss) on property, plant and equipment	10	–	(2.1)	(2.1)	–	(0.2)	(0.2)
Actuarial gain/(loss) in defined benefit pension plan	11	(4.5)	–	(4.5)	1.9	–	1.9
Deferred tax (charge)/credit allocated to actuarial gain/(loss)	12	1.1	–	1.1	(1.1)	–	(1.1)
Total comprehensive income/(expense) for the year		**(17.7)**	**(565.0)**	**(582.7)**	**(16.5)**	**876.3**	**859.8**

The Notes on pages 63 to 86 form part of these financial statements.

Consolidated Balance Sheet

At 31 December £ million	Notes	2022	2021
Non-current assets			
Investments held at fair value	13, 14	3,586.3	4,291.8
Investment property	13, 15	37.9	38.3
Property, plant and equipment	10	20.7	23.1
Retirement benefit asset	11	0.5	3.8
Derivative financial instruments	13	1.0	2.9
		3,646.4	4,359.9
Current assets			
Derivative financial instruments	13	57.3	32.7
Other receivables	16	245.3	262.8
Amounts owed by group undertakings	17	4.5	3.7
Cash at bank		218.0	325.9
		525.1	625.1
Total assets		4,171.5	4,985.0
Current liabilities			
Borrowings	18	(236.2)	(240.0)
Derivative financial instruments	13	(10.4)	(8.2)
Other payables	19	(63.5)	(168.8)
Amounts owed to group undertakings	17	(0.1)	–
		(310.2)	(417.0)
Net current assets/(liabilities)		214.9	208.1
Total assets less current liabilities		3,861.3	4,568.0
Non-current liabilities			
Borrowings	18	(134.4)	(168.9)
Derivative financial instruments	13	–	(2.9)
Deferred tax liability	12	(0.2)	(1.3)
Provisions		(1.8)	(1.0)
Lease liability		(3.2)	(3.6)
		(139.6)	(177.7)
Net assets		**3,721.7**	**4,390.3**
Equity attributable to owners of the Company			
Share capital	20	156.8	156.8
Share premium	21	45.7	45.7
Capital redemption reserve	22	36.3	36.3
Own shares reserve	23	(46.3)	(23.0)
Capital reserve	25	3,548.9	4,174.4
Revenue reserve	26	(29.1)	(11.4)
Revaluation reserve	27	9.4	11.5
Total equity		**3,721.7**	**4,390.3**
Net asset value per ordinary share – basic	28	2,414p	2,819p
Net asset value per ordinary share – diluted	28	2,388p	2,794p

The financial statements on pages 57 to 62 were approved by the Board and authorised for issue on 27 February 2023.

Sir James Leigh-Pemberton
Chairman

The Notes on pages 63 to 86 form part of these financial statements.

Parent Company Balance Sheet

At 31 December £ million	Notes	2022	2021
Non-current assets			
Investments held at fair value	13, 14	3,485.2	4,190.5
Investment property	13, 15	37.9	38.3
Property, plant and equipment	10	20.6	23.0
Investments in subsidiary undertakings	29	107.2	107.5
Derivative financial instruments	13	1.0	2.9
		3,651.9	4,362.2
Current assets			
Derivative financial instruments	13	57.3	32.7
Other receivables	16	244.9	262.4
Cash at bank		193.9	313.9
		496.1	609.0
Total assets		4,148.0	4,971.2
Current liabilities			
Borrowings	18	(236.2)	(240.0)
Derivative financial instruments	13	(10.4)	(8.2)
Other payables	19	(54.1)	(143.8)
Amounts owed to group undertakings	17	(90.2)	(125.1)
		(390.9)	(517.1)
Net current assets/(liabilities)		105.2	91.9
Total assets less current liabilities		3,757.1	4,454.1
Non-current liabilities			
Borrowings	18	(134.4)	(168.9)
Derivative financial instruments	13	–	(2.9)
Provisions		(2.2)	(1.0)
Lease liability		(3.2)	(3.7)
		(139.8)	(176.5)
Net assets		**3,617.3**	**4,277.6**
Equity			
Share capital	20	156.8	156.8
Share premium	21	45.7	45.7
Capital redemption reserve	22	36.3	36.3
Capital reserve:			
At 1 January		4,203.4	3,380.8
Profit for the year		(556.2)	879.0
Treasury shares purchase	20	(11.0)	(1.4)
Dividends paid	30	(57.6)	(55.0)
Capital reserve at 31 December	25	3,578.6	4,203.4
Revenue reserve:			
At 1 January		(176.1)	(136.8)
Loss for the year		(33.4)	(39.3)
Revenue reserve at 31 December	26	(209.5)	(176.1)
Revaluation reserve	27	9.4	11.5
Total equity		**3,617.3**	**4,277.6**

The Company's total comprehensive expense for the year was £591.7 million (2021: income of £839.5 million).

The financial statements on pages 57 to 62 were approved by the Board and authorised for issue on 27 February 2023.

Sir James Leigh-Pemberton
Chairman

The Notes on pages 63 to 86 form part of these financial statements.

Consolidated Statement of Changes in Equity

£ million	Share capital	Share premium	Capital redemption reserve	Own shares reserve	Capital reserve	Revenue reserve	Revaluation reserve	Total equity
Balance at 1 January 2021	156.8	45.7	36.3	(15.3)	3,350.1	5.1	11.7	3,590.4
Profit/(loss) for the year	–	–	–	–	876.5	(17.3)	–	859.2
Revaluation gain/(loss) on property, plant and equipment	–	–	–	–	–	–	(0.2)	(0.2)
Actuarial gain/(loss) in defined benefit plan	–	–	–	–	–	1.9	–	1.9
Deferred tax (charge)/credit allocated to actuarial gain/(loss)	–	–	–	–	–	(1.1)	–	(1.1)
Total comprehensive income/(expense) for the year	–	–	–	–	876.5	(16.5)	(0.2)	859.8
Dividends paid	–	–	–	–	(55.0)	–	–	(55.0)
Purchase of treasury shares	–	–	–	–	(1.4)	–	–	(1.4)
Movement in own shares reserve	–	–	–	(7.7)	–	–	–	(7.7)
Movement in share-based payments	–	–	–	–	4.2	–	–	4.2
Balance at 31 December 2021	**156.8**	**45.7**	**36.3**	**(23.0)**	**4,174.4**	**(11.4)**	**11.5**	**4,390.3**
Balance at 1 January 2022	156.8	45.7	36.3	(23.0)	4,174.4	(11.4)	11.5	4,390.3
Profit/(loss) for the year	–	–	–	–	(562.9)	(14.3)	–	(577.2)
Revaluation gain/(loss) on property, plant and equipment	–	–	–	–	–	–	(2.1)	(2.1)
Actuarial gain/(loss) in defined benefit plan	–	–	–	–	–	(4.5)	–	(4.5)
Deferred tax (charge)/credit allocated to actuarial gain/(loss)	–	–	–	–	–	1.1	–	1.1
Total comprehensive income/(expense) for the year	–	–	–	–	(562.9)	(17.7)	(2.1)	(582.7)
Dividends paid	–	–	–	–	(57.6)	–	–	(57.6)
Purchase of treasury shares	–	–	–	–	(11.0)	–	–	(11.0)
Movement in own shares reserve	–	–	–	(23.3)	–	–	–	(23.3)
Movement in share-based payments	–	–	–	–	6.0	–	–	6.0
Balance at 31 December 2022	**156.8**	**45.7**	**36.3**	**(46.3)**	**3,548.9**	**(29.1)**	**9.4**	**3,721.7**

The Notes on pages 63 to 86 form part of these financial statements.

Parent Company Statement of Changes in Equity

£ million	Share capital	Share premium	Capital redemption reserve	Capital reserve	Revenue reserve	Revaluation reserve	Total equity
Balance at 1 January 2021	156.8	45.7	36.3	3,380.8	(136.8)	11.7	3,494.5
Profit/(loss) for the year	–	–	–	879.0	(39.3)	–	839.7
Revaluation gain/(loss) on property, plant and equipment	–	–	–	–	–	(0.2)	(0.2)
Total comprehensive income/(expense) for the year	–	–	–	879.0	(39.3)	(0.2)	839.5
Dividends paid	–	–	–	(55.0)	–	–	(55.0)
Purchase of treasury shares	–	–	–	(1.4)	–	–	(1.4)
Balance at 31 December 2021	**156.8**	**45.7**	**36.3**	**4,203.4**	**(176.1)**	**11.5**	**4,277.6**
Balance at 1 January 2022	156.8	45.7	36.3	4,203.4	(176.1)	11.5	4,277.6
Profit/(loss) for the year	–	–	–	(556.2)	(33.4)	–	(589.6)
Revaluation gain/(loss) on property, plant and equipment	–	–	–	–	–	(2.1)	(2.1)
Total comprehensive income/(expense) for the year	–	–	–	(556.2)	(33.4)	(2.1)	(591.7)
Dividends paid	–	–	–	(57.6)	–	–	(57.6)
Purchase of treasury shares	–	–	–	(11.0)	–	–	(11.0)
Balance at 31 December 2022	**156.8**	**45.7**	**36.3**	**3,578.6**	**(209.5)**	**9.4**	**3,617.3**

The Notes on pages 63 to 86 form part of these financial statements.

Consolidated and Parent Company Cash Flow Statement

Year ended 31 December		Consolidated cash flow		Parent Company cash flow	
£ million	Notes	2022	2021	2022	2021
Cash flows from operating activities:					
Cash inflow/(outflow) before taxation and interest	31	57.7	71.8	7.7	78.1
Interest paid		(25.0)	(20.0)	(25.0)	(20.0)
Net cash inflow/(outflow) from operating activities		32.7	51.8	(17.3)	58.1
Cash flows from investing activities:					
Sale/(purchase) of property, plant and equipment		(0.1)	(0.1)	(0.1)	(0.1)
Investments in subsidiary undertakings		–	–	(2.5)	(3.1)
Net cash inflow/(outflow) from investing activities		(0.1)	(0.1)	(2.6)	(3.2)
Cash flows from financing activities:					
Repayment of borrowings		(591.6)	(421.9)	(591.6)	(421.9)
Drawing of borrowings		555.4	469.8	555.4	469.8
Purchase of ordinary shares by EBT[1]	23	(40.4)	(21.0)	–	–
Purchase of ordinary shares into treasury	20	(11.0)	(1.4)	(11.0)	(1.4)
Dividends paid	30	(57.6)	(55.0)	(57.6)	(55.0)
Net cash inflow/(outflow) from financing activities		(145.2)	(29.5)	(104.8)	(8.5)
Increase/(decrease) in cash in the year		(112.6)	22.2	(124.7)	46.4
Cash at the start of the year		325.9	296.8	313.9	260.6
Effect of foreign exchange rate changes on cash		4.7	6.9	4.7	6.9
Cash at the year end		**218.0**	**325.9**	**193.9**	**313.9**
Reconciliation:					
Cash at bank		218.0	325.9	193.9	313.9
Cash at the year end		**218.0**	**325.9**	**193.9**	**313.9**

[1] Shares are disclosed in the own shares reserve on the consolidated balance sheet.

The Notes on pages 63 to 86 form part of these financial statements.

Notes to the Financial Statements

1. Accounting Policies

The consolidated financial statements of the Group and Company are prepared in accordance with UK adopted IAS and the requirements of the Companies Act 2006. The Company has taken advantage of section 408 of the Companies Act 2006 not to present the parent company profit and loss account. The Company is domiciled in the United Kingdom.

The financial statements have been prepared on a going concern basis and under the historical cost convention except for the revaluation of financial instruments (including derivatives), investment properties held at fair value through profit or loss (FVPL), associates held at FVPL, certain non-consolidated subsidiaries held at FVPL, and property, plant and equipment held at fair value. In making this going concern assumption, the Directors have taken into account the closed-ended nature of the Company, its existing cash balances (£207 million) and monitoring procedures, its borrowing capacity (£90 million facilities committed and undrawn), as well as the value of investments which could be realised to fund liabilities, and covenants as well as cash flow forecasts for the period to 30 June 2024 and uncalled commitments (£385 million). Further details can be found on page 25.

The principal accounting policies adopted are set out below. Where the presentational guidance set out in the Statement of Recommended Practice: Financial Statements of Investment Trust Companies (the SORP) issued by the Association of Investment Companies (AIC) in July 2022 is consistent with the requirements of UK adopted IAS, the Directors have sought to prepare the financial statements on a basis which complies with the recommendations of the SORP.

Climate change

In preparing the financial statements, the Directors have considered the impact of climate change insofar as they are reasonably able, particularly in the context of the climate-related risks identified in the principal risks and viability section of the Strategic Report. These considerations did not have a material impact on the financial reporting judgements and estimates in the current year, nor were they expected to have a significant impact on the Group's going concern or viability.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. The Board has concluded that the Company, being the parent entity of the Group, continues to meet the particular characteristics of an 'Investment Entity'. The 'Investment Entity' amendment to IFRS 10 Consolidated Financial Statements requires that:

(i) the single subsidiary J.Rothschild Capital Management Limited (JRCM), that is not itself an investment entity, which provides investment management services to the Group, is consolidated on a line-by-line basis with balances between the parent and this subsidiary eliminated; and

(ii) all other subsidiaries, including Spencer House Limited (SHL), RIT Investments US, Inc and RIT Investments GP Limited, are accounted for as investments held at FVPL.

In the financial statements of the Company investments in non-consolidated subsidiaries are carried at fair value and the consolidated subsidiary is carried at cost less any provision for impairment made in accordance with IAS 36 Impairment of Assets. Impairment tests are carried out twice each year concurrent with the Group's principal reporting dates.

The financial statements of the subsidiaries are prepared at the same reporting date using consistent accounting policies. Control is achieved where the Company has all of the following;

(i) power over the investee;

(ii) exposure, or rights, to variable returns from its involvement with the investee; and

(iii) the ability to use its power over the investee to affect the amount of the Company's returns.

Both the Group and Company hold investments in associates and joint ventures at fair value as allowed by IAS 28 Investments in Associates and Joint Ventures and IFRS 9 Financial Instruments.

Presentation of income statement

In order to better reflect the activities of an investment trust company, and in accordance with guidance issued by the AIC, supplementary information which analyses the consolidated income statement between items of a revenue and capital nature has been presented within the consolidated income statement and the consolidated statement of comprehensive income (SOCI).

Income

Dividend income from investments is recognised when the right to receive payment has been established and this is normally the ex-dividend date.

UK dividend income is recorded at the amount receivable. Overseas dividend income is shown net of withholding tax under investment income.

Interest and other income is accrued on a time basis.

Rental income from investment properties under short-term leases is accounted for on a straight-line basis, over the lease term.

Allocation between capital and revenue

In respect of the analysis between capital and revenue items presented within the consolidated income statement, the SOCI and the statement of changes in equity, all expenses and finance costs, which are accounted for on an accruals basis, have been presented as revenue items except those items listed below:

- expenses are allocated to capital where a direct connection with the maintenance or enhancement of the value of the investments can be demonstrated. Expenses are allocated to revenue where there is an indirect connection;
- all segregated account fees are considered to be a cost of achieving a capital return for those external managers operating segregated accounts. This ensures consistency with the treatment of all other investment management fees within our fund investments, which are automatically included in capital and reflected in the investment gain/loss;

Notes to the Financial Statements

- the Group has in place certain incentive arrangements whereby individuals receive share awards based on investment performance and/or share price growth. The cost of these arrangements derives principally from the capital performance and therefore the Directors consider it appropriate to allocate such costs to capital;
- expenses which are incidental to the purchase or disposal of an investment are deducted from the initial fair value or disposal proceeds of the investment; and
- costs incurred in connection with aborted portfolio investment transactions are also allocated to capital.

The following are also presented as capital items:

- gains and losses on the realisation of investments, including foreign exchange differences;
- increases and decreases in the valuation of investments held at the year end, including foreign exchange differences;
- realised and unrealised gains and losses on derivatives transactions of a capital nature; and
- expenses, together with the related taxation effect, allocated to capital in accordance with the above policies.

Finance costs

Finance costs on borrowings are accounted for on an accruals basis and are settled at the end of each contractual period. Finance costs on derivatives are settled in line with the underlying contract.

Finance costs are allocated in the ratio 20:80 to the revenue and capital columns of the income statement.

Foreign currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates, i.e. its functional currency. For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in sterling which is the functional currency of the Company, and the presentational currency of the Group. Transactions in currencies other than sterling are recorded at the rate of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items and non-monetary assets and liabilities that are fair valued and are denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. All foreign exchange gains and losses are recognised in the consolidated income statement.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not subject to tax or are not deductible for tax purposes. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Investment trusts which have approval under Section 1158 of the Corporation Tax Act 2010 are not subject to tax on capital gains. In view of the Company's status as an investment trust, and its intention to continue meeting the conditions required to maintain approval for the foreseeable future, the Company has not provided current or deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

Deferred tax is charged or credited to the consolidated income statement or SOCI, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Investments

Investments are recognised and derecognised on the trade date where a purchase or sale is made under a contract whose terms require delivery within the timeframe established by the market concerned. All investments are measured initially and at subsequent reporting dates at fair value and classified in accordance with IFRS as 'fair value through profit or loss' (FVPL). Unrealised changes in the fair value of these investments are recognised in the consolidated income statement as capital items. The realised gain or loss arising on the disposal of investments is determined as the difference between the sale proceeds and the carrying amount of the asset at the beginning of the year and is recognised in the consolidated income statement as capital items. Transaction costs are included within gains or losses on these investments.

Fair value, for quoted investments, is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted. Investments in externally-managed funds are valued at the closing price, the bid price or the single price as appropriate, released by the relevant fund administrator or investment manager.

In respect of private investments, or where the market for a financial instrument is not active, fair value is estimated by using appropriate valuation techniques and often involves significant judgement and estimation uncertainty. For direct private investments held through co-investment vehicles managed by a General Partner (GP), as well as private funds managed by a GP, the estimated fair value is based on the most recent valuation provided by the GP. These valuations are normally prepared quarterly and usually received within three months of the relevant valuation date. Depending on the timing of the finalisation of the half-year and year-end report and accounts, it is likely that the majority of these assets are valued at the previous quarter end. Where this is the case, the valuations of private funds are adjusted for subsequent investments, distributions and currency moves. In relation to direct co-investments, the valuations will also be adjusted for subsequent investments, distributions and currency moves, as well as pricing

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events where there is sufficient information to suggest the period-end valuation should be adjusted. Further, in light of the intrinsic valuation uncertainty, where information is received after the year end which relates to conditions present at the year end, an adjustment will be considered if it would be likely to have a material impact on the net assets. Ultimately these valuations are dependent on the reasonableness of the fair value estimation by the GP. The valuations are reviewed periodically by the Manager, and in the absence of contrary information, are assumed to be reliable. A review is also conducted annually in respect of the valuation bases of the investee funds to confirm these are in accordance with fair value standards.

Where the Manager has sufficient information to undertake its own valuations, these will be prepared having regard to the International Private Equity and Venture Capital Valuation Guidelines as recommended by the British Private Equity and Venture Capital Association. The inputs into the valuation methodologies adopted include observable data such as historical earnings or cash flows as well as more subjective data such as earnings forecasts or discount rates. At period ends, all of the valuations are subject to review, adjustment as appropriate and ultimately approval by the Company's Valuation Committee that operates as a sub-committee of the Board comprised entirely of independent non-executive Directors.

The gains and losses on financial assets classified at FVPL exclude any related interest income, dividend income and finance costs where these items are separately identifiable. These items are disclosed separately in the financial statements.

Leasehold and freehold investment properties are measured initially at cost, including related transaction costs. After initial recognition at cost, investment properties are carried at their fair values based on the external professional valuation made as of each reporting date. Valuation surpluses and deficits arising in the year are included in the consolidated income statement.

Derivative financial instruments, including futures, options and other derivatives, are stated in the balance sheet at fair value. For derivatives that are capital in nature, the associated change in value is presented as a capital item in the income statement. The Group has adopted trade date accounting. Accordingly, derivative financial instruments are recognised on the date the Group enters into the relevant contract, and are derecognised on the date on which it commits to their sale or they expire. All derivatives are classified as FVPL and are presented as assets when their fair value is positive, and as liabilities when their fair value is negative.

Cash at bank
Cash at bank in the balance sheet comprises cash balances and deposits.

Provisions
A provision is recognised in the balance sheet when the Group or Company has a constructive or legal obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Share-based payment
In accordance with IFRS 2 Share-based Payment, the Group is required to reflect in its income statement and balance sheet the effects of share-based payment transactions. The Group's share-settled incentive schemes include the Annual Incentive Scheme (AIS) (in part), share appreciation rights (SARs) and restricted share units (RSUs).

AIS awards are structured such that 60% of individual amounts in excess of £150,000 to £250,000 (with the lower amount for senior management) are paid in deferred shares of the Company which vest equally over the three years following the award. Deferred shares are valued using the prevailing market price at award. The expense is recognised over the year the award relates to and the following three years.

Historically, long-term incentive plan (LTIP) awards were made via SARs and performance shares. SARs were measured at the fair value at grant date using a trinomial option valuation model. The cost is then recognised through the capital column of the income statement over the three-year vest period.

Performance shares were conditional awards of shares subject to performance conditions. They were accounted for as equity settled in accordance with IFRS 2. The awards were fair valued at grant using a Monte Carlo model and the resulting cost of an award is then recognised through the capital column of the income statement over the vest period particular to that award.

Following a review by the Remuneration Committee, it was decided that from 2021, future LTIP awards would be made using restricted share units (RSUs), with the first such award in March 2021.

RSUs are equity-settled awards accounted for in accordance with IFRS 2 and are measured at fair value using the share price at the grant date, adjusted for a two year post-vesting sale restriction. The cost is recognised through the revenue column of the income statement over the three-year vest period.

On 31 March 2021, staff members were given the option to convert their existing SARs and performance shares at fair value into RSUs, with the vast majority subsequently converted. This conversion was accounted for in accordance with IFRS 2.

Shares required to meet the estimated future requirements from grants or exercises under all schemes, are purchased by an Employee Benefit Trust (EBT), which is consolidated by the Group. The cost of own shares held at the end of the year by the EBT is reflected in the Group's own shares reserve on the consolidated balance sheet.

The movement in equity arising under IFRS 2 is applied to the capital reserve.

Property, plant and equipment
Property, plant and equipment is shown at cost less accumulated depreciation, save as detailed below. Depreciation is calculated by the Group on a straight-line basis by reference to original cost, estimated useful life and residual value. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. The period of estimated useful life for this purpose is between three and five years for the majority of assets except for the Company's leasehold interest in 27 St. James's Place for which the estimated useful life is 61 years, which is also the period remaining on the property lease. The proportion of this

asset occupied by the Group is accounted for at fair value under the revaluation model allowed by IAS 16 Property, Plant and Equipment, which is intended to ensure that the carrying value of the asset is never substantially different to its fair value. Changes in fair value are reflected in the SOCI and a separate revaluation reserve. The proportion of property assets not occupied by the Group is accounted for as investment properties at fair value. Determination of fair value requires significant judgement and external advisers are used.

Pensions
JRCM is a participating employer in the Group's non-contributory, funded, defined benefit retirement scheme which is closed to new members and the assets of which are held in a trustee-administered fund. There are no longer any active members of this scheme.

The Group accounts for this defined benefit retirement scheme by reference to IAS 19 Employee Benefits. The cost of benefits accruing during the year in respect of past service is charged to the income statement and allocated to revenue. The net interest on the net defined benefit liability or asset is recognised in the income statement. Actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest on the net defined benefit liability or asset, are recognised in the SOCI. An actuarial valuation of the defined benefit retirement scheme is undertaken every three years as at 1 January and is updated as at each principal reporting date. The valuation is carried out using the projected unit credit method of funding basis. The income statement also includes costs incurred in respect of defined contribution schemes, comprising the contributions payable in the year.

Other receivables/other payables
Other receivables/other payables do not carry any interest, are short-term in nature and are carried at amortised cost. Application of the expected credit loss model to receivables has had an immaterial impact on their carrying value. The carrying value of receivables and payables approximates to their fair value.

Amounts owed to/by Group undertakings
Amounts owed to/by Group undertakings do not carry any interest and are carried at amortised cost. Application of the expected credit loss model to these items has had an immaterial impact on their carrying value. The carrying value of amounts owed to/by Group undertakings approximates to their fair value.

Bank borrowings
Interest-bearing bank loans are recorded initially at the proceeds received and subsequently at FVPL, on the basis that the Group and its performance is evaluated on a fair value basis, in line with IFRS 9, paragraph 4.2.2. The fair value is calculated as the amount to replace the facility which is equal to par.

Loan notes
Loan notes are classified as a financial liability at FVPL and are measured initially and subsequently at fair value with movements in fair value taken to the income statement as a capital item. The fair value is calculated with a discounted cash flow model using the fixed interest and redemption payments based on the underlying contractual cash flows. The discount rate adopted reflects the prevailing market rate for similar instruments. As a result, the determination of fair value requires management judgement. Further details of the loan notes are provided on page 81.

Dividends
The Company recognises interim dividends in the year in which they are paid.

Share capital and share premium
Share capital is classified as equity. Share premium reflects the excess of the consideration received on issuing shares over the nominal value of those shares, net of issue costs.

Treasury shares
The cost of repurchasing shares into treasury, including all related costs, is dealt with in the Statement of Changes in Equity and deducted from the Capital Reserve.

New and amended standards and interpretations not applied
The new and amended standards and interpretations that are relevant to RIT and issued, but not yet effective up to the date of issuance of the financial statements, are disclosed below. The Group intends to adopt these, if applicable, when they become effective:

- Amendments to UK adopted IAS 1 Presentation of Financial Statements on the Classification of Liabilities as Current or Non-current, effective for annual reporting periods beginning on or after 1 January 2023;
- Amendments to UK adopted IAS 1 Presentation of financial statements and IFRS Practice Statement 2 Making Materiality Judgments on the Disclosure of Accounting Policies, which provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures, effective for annual reporting periods beginning on or after 1 January 2023; and
- Amendments to UK adopted IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors, effective for annual reporting periods beginning on or after 1 January 2023.

The impact of these amendments is not expected to be material to the reported results and financial position of the Group.

Critical accounting estimates and judgements
The preparation of financial statements in conformity with UK adopted IAS requires the use of certain critical accounting estimates. It also requires the Manager and Board to exercise judgement in the process of applying the Group's accounting policies. The areas requiring a higher degree of judgement or complexity and where assumptions and estimates are significant to the consolidated financial statements, are in relation to the valuation of private investments (see pages 64 and 65 and Note 13) and property (see pages 65 and 66 and Notes 10 and 15).

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2. Investment income

£ million	2022	2021
Income from listed investments:		
Dividends	7.2	8.5
Income from unlisted investments:		
Interest	4.3	2.0
Interest income on cash balances	5.5	0.2
Income from investment properties	2.1	2.0
Total investment income	**19.1**	**12.7**

3. Gains/(losses) on fair value investments

£ million	2022	2021
Gains/(losses) on fair value investments excluding segregated accounts	(579.2)	908.4
Net gains/(losses) on segregated accounts	28.0	(3.4)
Segregated account fees - annual	(1.7)	(1.9)
Segregated account fees - performance	(2.6)	(1.3)
Gains/(losses) on fair value investments held in segregated accounts	23.7	(6.6)
Gains/(losses) on fair value investments	**(555.5)**	**901.8**

The Company's Investment Policy involves the allocation of part of the portfolio to external fund managers. The vast majority of these managers operate funds where the fees are charged within the fund. These 'indirect' investment management and performance fees are therefore automatically reflected within the valuations received from the administrators or managers, and form part of the investment gains/(losses). At 31 December 2022, three funds (31 December 2021: three) were structured as segregated accounts (disclosed within the Investment Portfolio on pages 17 to 19), where the managers separately invoice the Company for investment management. In order to provide a consistent presentation for all external fees, these are included within the gain/(losses) on fair value investments as shown above. Further details on the typical fee structures for the external funds are set out in the Directors' Report on pages 52 to 55.

4. Operating expenses

£ million	2022	2021
Staff costs:		
Wages and salaries	13.3	23.0
Social security costs	1.7	3.1
Share-based payment costs[1] (Note 24)	20.3	20.4
Pension costs (Note 11)	0.3	0.4
Total staff costs	35.6	46.9
Auditor's remuneration (Note 5)	0.3	0.3
Depreciation	0.4	0.3
Lease payments	0.4	0.4
Other operating expenses	6.9	6.5
Total operating expenses	**43.6**	**54.4**

[1] Including related social security costs.

Operating expenses include costs incurred by JRCM in managing the Group's assets, property costs from the Group's property portfolio, as well as costs which are recharged to third parties. Further information is provided in Note 6.

The figures include Directors' emoluments, details of which are shown in the Directors' Remuneration Report on pages 48 to 51.

The average monthly number of employees during the year was 59 (2021: 55) of which 47 (2021: 43) were employed by JRCM and 12 (2021: 12) were employed by SHL.

5. Other disclosable expenses

During the year the Group obtained the following services from the Company's auditor and its associates:

£ thousand	2022	2021
Fees payable to the Company's auditor and its associates for the audit of the Parent Company and consolidated financial statements	228	202
Fees payable to the Company's auditor and its associates for other services:		
Audit of the Company's subsidiaries	94	83
Audit-related assurance services	12	12
Total	**334**	**297**

Transaction costs
The following transaction costs represent commissions paid on the purchase and sale of listed investments and are included within gains/(losses) on fair value investments:

£ million	2022	2021
Purchases	1.5	1.2
Sales	1.2	1.2
Transaction costs	**2.7**	**2.4**

Furthermore £0.02 million of professional fees (2021: £0.03 million) incurred on purchases of investments are included within gains/(losses) on fair value investments.

6. Business and geographical segments

For 2022 and 2021, the Group is considered to have three principal operating segments, all based in the UK, as follows:

Segment	Business	2022 AUM £ million[1]	2022 Employees[1]	2021 AUM £ million[2]	2021 Employees[2]
RIT	Investment trust	–	–	–	–
JRCM	Investment manager/ administration	3,722	49	4,390	46
SHL	Events/premises management	–	13	–	12

[1] At 31 December 2022
[2] At 31 December 2021

Notes to the Financial Statements

Key financial information for 2022 is as follows:

£ million	Net assets	Income/ gains[1]	Operating expenses[1]	Profit[2]
RIT	3,617.3	(511.6)	(52.7)	(564.3)
JRCM	110.3	50.3	(38.4)	11.9
SHL	0.9	3.7	(3.5)	0.2
Adjustments[3]	(6.8)	(51.0)	51.0	–
Total	**3,721.7**	**(508.6)**	**(43.6)**	**(552.2)**

Key financial information for 2021 is as follows:

£ million	Net assets	Income/ gains[1]	Operating expenses[1]	Profit[2]
RIT	4,277.6	931.2	(74.3)	856.9
JRCM	119.0	74.3	(49.2)	25.1
SHL	0.8	2.8	(2.9)	(0.1)
Adjustments[3]	(7.1)	(72.0)	72.0	–
Total	**4,390.3**	**936.3**	**(54.4)**	**881.9**

1 Includes intra-group income and expenses.
2 Profit before finance costs and tax.
3 Consolidation adjustments in accordance with IFRS 10 Consolidated Financial Statements.

7. Finance costs

£ million	2022	2021
Interest on borrowings	14.3	9.6
Interest on swaps	10.4	10.1
Other finance costs	0.3	0.3
Finance costs	**25.0**	**20.0**

8. Taxation

	Year ended 31 December 2022		
£ million	Revenue	Capital	Total
UK corporation tax charge/(credit)	–	–	–
Current tax charge/(credit)	–	–	–
Deferred tax charge/(credit)	–	–	–
Taxation charge/(credit)	**–**	**–**	**–**

	Year ended 31 December 2021		
£ million	Revenue	Capital	Total
UK corporation tax charge/(credit)	0.2	2.5	2.7
Current tax charge/(credit)	–	–	–
Deferred tax charge/(credit)	0.2	2.5	2.7
Taxation charge/(credit)	**0.2**	**2.5**	**2.7**

The Finance Act 2021 included an increase in the main corporation tax rate from the current 19% to 25% with effect from 1 April 2023. The tax charge for the year differs from the effective rate of corporation tax in the UK for 2022 of 19% (2021: 19%). The differences are explained as follows:

	Year ended 31 December 2022		
£ million	Revenue	Capital	Total
Profit/(loss) before tax	(14.3)	(562.9)	(577.2)
Tax at the standard UK corporation tax rate of 19%	(2.7)	(107.0)	(109.7)
Effect of:			
Capital items exempt from corporation tax	–	102.9	102.9
Dividend income not taxable	(1.2)	–	(1.2)
Expenses not deductible for tax purposes	0.1	–	0.1
Tax losses not recognised	3.8	4.8	8.6
Other items	–	(0.7)	(0.7)
Total tax charge/(credit)	**–**	**–**	**–**

	Year ended 31 December 2021		
£ million	Revenue	Capital	Total
Profit/(loss) before tax	(17.1)	879.0	861.9
Tax at the standard UK corporation tax rate of 19%	(3.2)	167.0	163.8
Effect of:			
Capital items exempt from corporation tax	–	(173.6)	(173.6)
Dividend income not taxable	(1.1)	–	(1.1)
Expenses not deductible for tax purposes	0.1	–	0.1
Tax losses not recognised	4.3	8.3	12.6
Other items	0.1	0.8	0.9
Total tax charge/(credit)	**0.2**	**2.5**	**2.7**

Refer to Note 12 on page 71 for the explanation of carried forward tax losses.

9. Earnings per ordinary share – basic and diluted

The basic earnings per ordinary share for 2022 is based on the loss of £577.2 million (2021: profit of £859.2 million) and the weighted average number of ordinary shares in issue during the period of 155.5 million (2021: 156.1 million). The weighted average number of shares is adjusted for shares held in the employee benefit trust (EBT) and in treasury in accordance with IAS 33.

£ million	2022	2021
Net revenue profit/(loss)	(14.3)	(17.3)
Net capital profit/(loss)	(562.9)	876.5
Total profit/(loss) for the year	**(577.2)**	**859.2**

Weighted average (million)	2022	2021
Number of shares in issue	156.8	156.8
Shares held in EBT	(1.0)	(0.5)
Shares held in treasury	(0.3)	(0.2)
Basic shares	**155.5**	**156.1**

Notes to the Financial Statements

pence	2022	2021
Revenue earnings/(loss)		
per ordinary share – basic	(9.2)	(11.1)
Capital earnings/(loss)		
per ordinary share – basic	(362.1)	561.4
Total earnings per share – basic	**(371.3)**	**550.3**

The diluted earnings per ordinary share for the period is based on the basic shares (above) adjusted for the effect of share-based payments awards for the period.

This adjustment is not required for 2022 as an increase in shares in issue would reduce the basic loss per ordinary share. As a result, there is no difference between the basic and diluted loss per ordinary share.

Weighted average (million)	2022	2021
Basic shares	155.5	156.1
Effect of share-based payment awards	–	1.4
Diluted shares	**155.5**	**157.5**

pence	2022	2021
Revenue earnings/(loss)		
per ordinary share – diluted	(9.2)	(11.0)
Capital earnings/(loss)		
per ordinary share – diluted	(362.1)	556.5
Total earnings per ordinary share – diluted	**(371.3)**	**545.5**

10. Property, plant and equipment

The Group's property, plant and equipment as at 31 December 2022 was £20.7 million (2021: £23.1 million).

Group £ million	Cost	Accumulated depreciation	Revaluation	Net book/fair value
At 1 January 2022	17.4	(5.8)	11.5	23.1
Additions	0.1	–	–	0.1
Charge for depreciation	–	(0.4)	–	(0.4)
Revaluation gain/(loss)	–	–	(2.1)	(2.1)
Fair value at 31 December 2022	**17.5**	**(6.2)**	**9.4**	**20.7**
Of which:				
Property – leasehold	14.2	(4.6)	9.4	19.0

Group £ million	Cost	Accumulated depreciation	Revaluation	Net book/fair value
At 1 January 2021	17.3	(5.4)	11.7	23.6
Additions	0.1	–	–	0.1
Charge for depreciation	–	(0.4)	–	(0.4)
Revaluation gain/(loss)	–	–	(0.2)	(0.2)
Fair value at 31 December 2021	**17.4**	**(5.8)**	**11.5**	**23.1**
Of which:				
Property – leasehold	14.1	(4.2)	11.5	21.4

The Company's property, plant and equipment as at 31 December 2022 was £20.6 million (2021: £23.0 million).

Company £ million	Cost	Accumulated depreciation	Revaluation	Net book/fair value
At 1 January 2022	15.7	(4.2)	11.5	23.0
Additions	0.1	–	–	0.1
Charge for depreciation	–	(0.4)	–	(0.4)
Revaluation gain/(loss)	–	–	(2.1)	(2.1)
Fair value at 31 December 2022	**15.8**	**(4.6)**	**9.4**	**20.6**
Of which:				
Property – leasehold	14.2	(4.6)	9.4	18.9

Company £ million	Cost	Accumulated depreciation	Revaluation	Net book/fair value
At 1 January 2021	15.6	(3.9)	11.7	23.4
Additions	0.1	–	–	0.1
Charge for depreciation	–	(0.3)	–	(0.3)
Revaluation gain/(loss)	–	–	(0.2)	(0.2)
Fair value at 31 December 2021	**15.7**	**(4.2)**	**11.5**	**23.0**
Of which:				
Property – leasehold	14.1	(4.2)	11.5	21.4

The fair value at both year ends predominantly relates to the proportion of the leasehold interest in 27 St. James's Place occupied by the Group. The property valuations are based on Jones Lang LaSalle's (JLL) valuations at the respective year ends.

11. Pension commitments

The Group has pension commitments in respect of its participation in the RITCP Pension and Life Assurance Scheme (the Scheme). The Scheme consists of a defined benefit plan which is closed to new members. The Scheme is administered under a Trust Deed and Rules and a corporate trustee, Law Debenture Pension Trust Corporation plc, who is independent of the Group, and was appointed in May 2019.

In December 2022, the Group de-risked its retirement benefit obligations by supporting the trustees of the Scheme in completing a £20 million bulk annuity insurance policy 'buy-in'. The 'buy-in' secured an insurance asset that fully matches almost all the remaining pension liabilities of the Scheme, with the result that the Group no longer bears material investment, longevity, interest rate or inflation risk. The annuity policy is held in the name of the Trustees.

As the Scheme was in surplus on an accounting basis at 31 December 2022, in accordance with the relevant accounting standard the impact of this transaction was to record a re-measurement loss of £4.5 million before tax to other comprehensive income. There was no impact on profit before tax and no incremental funding was required.

As a result of the 'buy-in', current cash contributions into the Scheme will cease, with the possibility of minimal further contributions. In addition, the Group will no longer record non-cash interest income on the accounting surplus.

Within the next 18 months it is expected that a full 'buy-out' of the scheme will occur, during which individual insurance policies will be purchased for the beneficiaries of the scheme. After the 'buy-out' has completed, the Group will no longer have any liabilities against the Scheme.

The costs associated with the Scheme, their recognition in the financial statements, the assumptions underlying the calculation of those costs and their disclosure in the consolidated income statement or SOCI are set out below.

Defined benefit cost £ millions	2022	2021
Net interest on defined benefit asset	(0.1)	(0.1)
Remeasurement effects recognised in the SOCI	4.5	(1.9)
Total cost/(credit)	**4.4**	**(2.0)**

Recognised in the consolidated income statement £ millions	2022	2021
Defined contribution schemes	0.4	0.5
Defined benefit scheme:		
Net interest on defined benefit liability	(0.1)	(0.1)
Total pension cost recognised in the consolidated income statement	**0.3**	**0.4**

Recognised in the SOCI £ millions	2022	2021
Defined benefit scheme:		
Actuarial loss due to liability experience	0.4	0.9
Actuarial (gain)/loss due to liability assumption changes	(9.6)	(1.7)
Actuarial gain due to demographic assumption changes in defined benefit obligation (DBO)	(0.1)	(0.1)
Return on Scheme assets greater than discount rate	13.8	(1.0)
Remeasurement effects recognised in the SOCI	**4.5**	**(1.9)**
Total (credit)/expense	**4.8**	**(1.5)**

The Scheme's assets and liabilities are shown below together with the actuarial assumptions used.

Changes in the DBO £ millions	2022	2021
DBO at end of prior year	26.7	28.0
Interest cost on the DBO	0.5	0.4
Actuarial loss - demographic experience	0.3	0.8
Actuarial gain - demographic assumptions	–	(0.1)
Actuarial gain - financial assumptions	(9.6)	(1.7)
Benefits paid from scheme assets	(0.8)	(0.7)
Total DBO	**17.1**	**26.7**

Changes in Scheme assets £ millions	2022	2021
Opening fair value of the Scheme assets	30.5	28.6
Interest income on Scheme assets	0.6	0.5
Return on Scheme assets greater than discount rate	(13.8)	1.0
Employer contributions	1.1	1.1
Benefits paid	(0.8)	(0.7)
Total Scheme assets	**17.6**	**30.5**

The Company has unrestricted rights to any surplus in the Scheme upon wind-up. As such there is no irrecoverable surplus for either the current year or prior year.

Development of the net balance sheet position £ millions	2022	2021
Net defined benefit asset at end of prior year	3.8	0.7
Net interest on defined benefit asset at end of prior year	0.1	0.1
Remeasurement effects recognised in the SOCI	(4.5)	1.9
Employer contributions	1.1	1.1
Net defined benefit asset	**0.5**	**3.8**

The assumptions used to determine the measurements at the reporting dates are shown below:

	2022	2021
Discount rate	4.95%	1.90%
Price inflation (RPI)	3.35%	3.70%
Rate of salary increase	n/a	n/a
Pension increases for pre 6 April 1997 pension	4.00%	4.00%
Pension increases for post 6 April 1997 pension	4.25%	4.30%
Pension increases for deferred benefits (non Guaranteed Minimum Pension)	3.35%	3.70%
Scheme participant census date	31 December 2022	31 December 2021
Post retirement mortality assumption- source	SAPS[1]	SAPS[1]

[1] Self-administered Pension Scheme light series year of birth tables allowing for Continuous Mortality Investigation projections and a 1.5% per annum long-term trend.

Sensitivity analysis

In accordance with IAS 19 (revised), the sensitivity of the DBO to the relevant actuarial assumptions is shown below. In each case the changed assumption has been considered in isolation (i.e. all other factors remain constant).

£ millions	2022	2021
DBO	**17.1**	**26.7**

Significant actuarial assumptions at 31 December 2022:

£ millions	Assumptions used for sensitivity analysis	Sensitivity analysis	Revised DBO for each sensitivity
Discount rate	4.45%	0.5% point decrease	18.3
Price inflation (RPI)	3.85%	0.5% point increase	17.2
Life expectancy	–	Increase of 1 year	17.7

Notes to the Financial Statements

11. Pension commitments (continued)

Significant actuarial assumptions at 31 December 2021:

£ millions	Assumptions used for sensitivity analysis	Sensitivity analysis	Revised DBO for each sensitivity
Discount rate	1.40%	0.5% point decrease	29.0
Price inflation (RPI)	4.20%	0.5% point increase	27.0
Life expectancy	–	Increase of 1 year	27.9

The weighted average duration of the DBO is 13 years. Further Scheme analysis is shown below.

Analysis of DBO by participant category £ millions	2022	2021
Deferred participants	2.2	4.5
Pensioners	14.9	22.2
DBO	**17.1**	**26.7**

The fair value of Scheme assets of £17.6 million is analysed in the table below (2021: £30.5 million).

Scheme asset breakdown	Quoted securities[1]	Other	Total 2022
Equities securities	–	–	–
Fixed income and credit	–	–	–
Bulk insurance policy	–	96%	96%
Cash and liquidity/other	–	4%	4%
Total	**–**	**100%**	**100%**

Scheme asset breakdown	Quoted securities[1]	Other	Total 2021
Equities securities	–	–	–
Fixed income and credit	99%	–	99%
Bulk insurance policy	–	–	–
Cash and liquidity/other	–	1%	1%
Total	**99%**	**1%**	**100%**

[1] Classed as Level 2 assets under IFRS 13.

12. Deferred tax

The gross movement on deferred tax during the year is shown below:

£ million	2022	2021
Balance at start of year	(1.3)	2.5
(Debit)/credit to consolidated income statement	–	(2.7)
(Debit)/credit to SOCI	1.1	(1.1)
Balance at end of year	**(0.2)**	**(1.3)**

The deferred tax asset/(liability) is analysed below:

£ million	2022	2021
Retirement benefit asset	(0.2)	(1.3)
Balance at end of year	**(0.2)**	**(1.3)**

The Group had carried forward tax losses of £453 million at 31 December 2022 (2021: £412 million) that have not been recognised as a deferred tax asset, as it is considered unlikely that the unrecognised asset will be utilised in the foreseeable future.

13. Financial instruments

As an investment company, financial instruments make up the vast majority of the Group's assets and liabilities and generate its performance.

Financial instruments comprise securities, derivatives and other investments, cash, short-term receivables and payables, and short and long-term borrowings.

The nature and extent of the financial instruments outstanding can be seen on the face of the balance sheet and the risk management policies employed by the Group and Company are set out below.

The Group's policy for determining the fair value of investments (including private investments) is set out on pages 64 and 65. In relation to receivables, payables and short-term borrowings, the carrying amount is viewed as being a reasonable approximation of fair value.

13.1 Financial risk management

The main risks arising from the Group's financial instruments are market risk (including price risk, interest rate risk and currency risk), credit risk and liquidity risk. The day-to-day identification, mitigation and monitoring of these risks is undertaken by the Manager under the authority of the Board and the Audit and Risk Committee, and is described in more detail below.

The objectives, policies and processes for managing risks have not changed since the previous accounting year. The risk management processes of the Company are aligned with those of the Group as a whole and it is at the Group level that the majority of the risk management procedures are performed. Where relevant and materially different from the Group position, Company-specific risk exposures are explained alongside those of the Group.

13.1.1 Market risk

The fair value or future cash flows of a financial instrument or investment property held by the Group may fluctuate as a result of changes in market prices. Market risk can be summarised as comprising three types of risk:

- *Price risk*
  The risk that the fair value or future cash flows of financial instruments and investment properties will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).
- *Interest rate risk*
  The risk that the fair value or future cash flows of financial instruments and investment properties will fluctuate because of changes in interest rates.
- *Currency risk*
  The risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

13. Financial instruments (continued)

The Group's exposure to, sensitivity to and management of each of these risks are described in further detail below.

Management of market risk is fundamental to the Group's investment objective. The investment portfolio is continually monitored to target an appropriate balance of risk and reward.

The Manager may seek to reduce or increase the portfolio's exposure to stock markets, interest rates and currencies by utilising derivatives such as index futures, options, swaps and currency forward contracts. These instruments are used for the purpose of hedging some or all of the existing exposure within the portfolio to those currencies or particular markets, as well as to enable increased exposure when deemed appropriate. With respect to equity, foreign exchange and interest rate options, the notional exposure presented in this note is adjusted to reflect the estimated sensitivity of the option to movements in the underlying security.

13.1.2 Price risk

Price risk may affect the value of the quoted, private and other investments held by the Group.

The Group has a widely diversified investment portfolio which significantly reduces the exposure to individual asset price risk. The performance of third-party investment managers is regularly reviewed and assessed to ensure compliance with their mandates and that their performance is compatible with the Group's investment objective.

The Group's exposure to price risk is monitored and managed by analysing the levels of direct exposure from quoted equity price risk and the exposure from other price risk.

The Group's exposure to quoted equity price risk (also described as net quoted equity exposure) can be assumed to be equivalent to the quoted equity investments in the investment portfolio adjusted for:

- Notional exposure from quoted equity derivatives;
- Estimated cash balances held by external managers; and
- Estimated net equity exposure from hedge fund managers.

Other price risk exposure relates to investments in private investments, absolute return and credit, and real assets, adjusted for the notional exposure from commodity and credit derivatives.

£ million	31 December 2022	31 December 2021
Exposure to quoted equity price risk[1]	1,361.1	1,755.0
Exposure to other price risk	2,394.5	2,669.5
Total exposure to price risk	**3,755.6**	**4,424.5**

[1] Quoted equity price risk represented 37% of year-end net assets (2021: 40%).

Price risk sensitivity analysis

The sensitivity of the Group's net assets and profit with regards to changes in market prices is illustrated below. This is estimated using an assumed 10% increase in general market prices with all other variables held constant. A 10% decrease is assumed to produce an equal and opposite effect.

The sensitivity analysis takes account of the relevant derivative transactions the Group has entered into including those designed to provide a hedge against such movements.

£ million	2022 Impact on profit and net assets	2021 Impact on profit and net assets
Quoted equity	137.4	177.1
Other	239.4	266.9
Total	**376.8**	**444.0**

The Group is exposed to market risk in respect to the fair value of the investment properties. The investment properties are valued by JLL using a market valuation approach and as such, the valuation will be influenced by trends experienced in the property market and also the wider economic environment. In particular, the valuation will be dependent on rental income yields, demand and supply for office space in London and comparable transactions completed in the marketplace. Fluctuations in any of the inputs used by the valuers to value the investment properties may increase or decrease the fair value of the properties.

13.1.3 Interest rate risk

The Group finances its operations mainly through its share capital and reserves, including realised gains on investments. In addition, financing has been obtained through bank borrowings and fixed rate loan notes. Changes in interest rates have a direct or indirect impact on the fair value or future cash flows of the following financial assets and liabilities:

- Gilts and other government securities;
- Money market funds;
- Credit funds;
- Cash and cash equivalents;
- Group borrowings; and
- Certain derivative contracts.

Changes in interest rates indirectly affect the fair value of the Group's other investments including those in quoted equity securities, private investments or property.

Notes to the Financial Statements

13. Financial instruments (continued)

Interest rate risk is managed by taking into account the possible effects on fair value and cash flows that could arise as a result of changes in interest rates when making decisions on investments and borrowings.

Exposure of the Group's financial assets and liabilities to floating interest rates (giving cash flow interest rate risk when rates are reset) and fixed interest rates (giving fair value risk), is shown below.

£ million	31 December 2022 Floating rate	Fixed rate	Total
Portfolio investments – debt securities[1]	–	40.7	40.7
Cash	218.0	–	218.0
Borrowings	(236.2)	(134.4)	(370.6)
Total[2]	**(18.2)**	**(93.7)**	**(111.9)**

£ million	31 December 2021 Floating rate	Fixed rate	Total
Portfolio investments – debt securities[1]	–	29.7	29.7
Cash	325.9	–	325.9
Borrowings	(240.0)	(168.9)	(408.9)
Total[2]	**85.9**	**(139.2)**	**(53.3)**

[1] In addition, the Group holds £746.8 million (2021: £777.4 million) invested in absolute return and credit, of which £443.7 million (2021: £313.5 million) is in funds that predominantly invest in credit instruments. These provide indirect exposure to interest rate risk.

[2] In addition, the Group holds £nil million (2021: £97.3 million) notional exposure to interest rate derivatives.

Exposures vary throughout the year as a consequence of changes in the composition of the net assets of the Group arising out of investment, borrowing and risk management processes.

Portfolio investments include direct and indirect (via externally-managed funds) investments in government securities, money markets, as well as quoted and unquoted debt securities issued by companies.

Interest received on cash and cash equivalents is at prevailing market rates.

The Group has total borrowings with a fair value of £370.6 million outstanding at the year end (2021: £408.9 million). The revolving credit facility comprising £236.2 million of this total incurs floating interest payments (2021: £240.0 million). The loan notes with a fair value of £134.4 million (par value of £151.0 million) have fixed interest payments (2021: fair value £168.9 million; par value £151.0 million). Further details are provided in Note 18.

Interest rate risk sensitivity analysis

The approximate sensitivity of the Group's net assets and profit in regard to changes in interest rates is illustrated below. This is based on an assumed 50 basis point annualised increase in prevailing interest rates at the balance sheet date applied to the floating rate and fixed rate assets and liabilities and the following assumptions:

- the fair values of all other assets and liabilities are not affected by a change in interest rates;
- funds will be reinvested in similar interest-bearing securities on maturity; and
- all other variables are held constant.

A 50 basis point decrease is assumed to produce an equal and opposite impact.

£ million	2022 Impact on profit and net assets	2021 Impact on profit and net assets
Total	**6.1**	**4.2**

The Group has direct exposure to the effect of interest rate changes on the valuation and cash flows of its interest-bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which the Group invests, and the impact on valuations that use interest rates as an input, including valuation models for private investments. Therefore, the sensitivity analysis may not reflect the full effect on the Group's net assets.

13.1.4 Currency risk

Consistent with its Investment Policy, the Group invests in financial instruments and transactions denominated in currencies other than sterling. As such, the Group's profit and net assets could be significantly affected by currency movements.

Currency risk is managed by the Group by entering into currency options or forward currency contracts as a means of limiting or increasing its exposure to particular currencies. These contracts are used for the purpose of hedging part of the existing currency exposure of the Group's portfolio (as a means of reducing risk) or to enable increased exposure when this is deemed appropriate by the Manager.

Foreign currency exposure

Currency	2022 Net exposure % of NAV	2021 Net exposure % of NAV
US dollar	32.5	26.8
Japanese yen	4.2	2.7
Euro	7.5	1.5
Other non-sterling	2.9	0.4
Total[1]	**47.1**	**31.4**

[1] Amounts in the above table are based on the carrying value of all foreign currency denominated assets and liabilities and the underlying notional amounts of forward currency contracts. It does not take into account any estimates of 'look-through' exposure from our fund investments.

13. Financial instruments (continued)

Currency risk sensitivity analysis

The sensitivity of the Group's net assets and profit in regard to changes in key currencies is illustrated below. This is based on an assumed 10% strengthening of sterling relative to the foreign currencies as at 31 December 2022, and assumes all other variables are held constant. A 10% weakening is assumed to produce an equal and opposite effect.

The sensitivity analysis is based on the net foreign currency assets held at the balance sheet dates and takes account of currency forwards and options that adjust the effects of changes in currency exchange rates.

£ million	2022 Impact on profit and net assets	2021 Impact on profit and net assets
US dollar	(120.8)	(97.9)
Japanese yen	(15.6)	(11.9)
Euro	(27.8)	(6.6)
Other non-sterling	(11.2)	(1.7)
Total	**(175.4)**	**(118.1)**

13.1.5 Credit risk

Credit risk is the risk that a counterparty to a financial instrument held by the Group will fail to discharge an obligation or commitment that it has entered into with the Group, which could result in a loss to the Group.

This risk is not considered significant and is managed as follows:

- the vast majority of the Group's listed transactions are settled on a delivery versus payment basis and are held directly by the custodian in fully segregated client accounts;
- use of a range of brokers and counterparties with their credit quality monitored regularly;
- cash balances are predominantly held with our custodian, whose credit worthiness is regularly monitored;
- cash margin is held by a range of approved counterparties, with both margin balances and counterparties' creditworthiness monitored regularly; and
- careful selection of a diversified portfolio of credit managers.

A credit exposure could arise in respect of derivative contracts entered into by the Group if a counterparty was unable to fulfil its contractual obligations.

The Group has exposure to certain debt instruments acquired as part of its private equity investments. The credit risk associated with these instruments is managed as part of the overall investment risk in the relevant portfolio companies and is not considered separately.

The Group's maximum credit exposure is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below.

Credit risk exposure

£ million	2022	2021
Portfolio investments – debt securities[1]	40.7	29.7
Derivative financial instruments[2]	58.3	35.6
Cash margin	85.4	87.6
Other receivables	159.9	175.2
Cash at bank	218.0	325.9
Total	**562.3**	**654.0**

[1] Debt securities held within portfolio investments include a private loan note issued by LionTree Advisory Holdings LLC.

[2] Represents the fair value of assets held by counterparties.

The credit quality of certain financial assets that are not past due, where the risk of loss is primarily that a counterparty fails to meet an obligation, can be assessed by reference to external credit ratings.

The Manager has a review process in place that includes an evaluation of a potential counterparty's ability to service and repay its debt. This is considered on a regular basis. Cash margins and other receivables comprise mainly balances with counterparties which are investment grade financial institutions with a short-term credit rating by S&P of A-2 or higher (2021: A-2).

BNP is the custodian and depositary to the Company under the Alternative Investment Fund Managers Directive (AIFMD). Under the UK equivalent regulations, the Company is the Alternative Investment Fund (AIF) and JRCM is the Alternative Investment Fund Manager (AIFM). As custodian, substantially all of the Company's directly-held listed portfolio investments and cash at bank are held by BNP. Bankruptcy or insolvency of the custodian may cause the Group's rights with respect to securities held by the custodian to be delayed; however, the custodian's local long-term rating from S&P was A+ in the most recent rating prior to 31 December 2022 (2021: A+).

As depositary under AIFMD, the main obligation of BNP is the safeguarding of those custodied assets on behalf of the RIT shareholder. The depositary is liable for the loss of financial instruments held in custody, other than under limited circumstances. As a result of this obligation, the depositary maintains oversight of all transactions undertaken by the AIFM (JRCM) on behalf of the AIF (RIT). This includes reviewing all cash movements, receiving copies of internal sign-off documentation and key legal agreements, and oversight and review of key procedures and controls.

Notes to the Financial Statements

13. Financial instruments (continued)

13.1.6 Liquidity risk

Liquidity risk is the risk that the Group will have difficulty in meeting its obligations in respect of financial liabilities as they fall due.

In addition to the Group's liquidity balances and committed but undrawn borrowings, the investment portfolio includes a substantial amount of assets which would be expected to be realised within a relatively short time frame, depending on market conditions. This might include stocks (unless held via a co-investment fund or subject to a lock-up), government bonds and derivatives. Other investments can be realised over varying timeframes depending on the nature of the investment and/or the legal terms governing disposal. Investments in externally-managed equity and hedge funds have redemption periods which typically range from daily to quarterly and longer, depending in part on the underlying nature of the portfolio holdings. There is also a risk in stress situations of the funds imposing additional restrictions or 'gates' on redemptions (as happened in particular to hedge funds during the global financial crisis). Direct private and private fund investments are inherently less liquid, and while there is a secondary market, participants will often experience discounts to fair value, in particular at times of stress.

JRCM manages the Group's liquid resources in line with a liquidity risk framework overseen by the Board. This establishes a minimum level of liquidity available to meet expected contractual commitments, including ongoing costs, margin calls and capital calls (from funds with a commitment/drawdown structure - see Note 14). The Manager monitors the level of short-term funding, and balances the need for access to short-term funding, with the long-term funding needs of the Group.

The Group has three revolving credit facilities with a total capacity of £335 million (of which £90 million was committed and undrawn at the year end) and £151 million of long-term loan notes (details of which are disclosed in Note 18).

The remaining contractual maturities of the Group's financial liabilities at the year end, based on the earliest date on which payment could be required are as follows:

	31 December 2022			
£ million	3 months or less	3-12 months	>1 year	Total
Current liabilities:				
Bank loan/overdraft	236.2	–	–	236.2
Derivative financial instruments	7.0	3.4	–	10.4
Non-current liabilities:				
Derivative financial instruments	–	–	0.0	0.0
Borrowings	–	5.6	189.3	194.9
Lease liability	–	0.4	5.9	6.3
Financial liabilities	243.2	9.4	195.2	447.8
Other non-financial liabilities	63.5	–	1.8	65.3
Total	**306.7**	**9.4**	**197.0**	**513.1**

	31 December 2021			
£ million	3 months or less	3-12 months	>1 year	Total
Current liabilities:				
Bank loan/overdraft	240.0	–	–	240.0
Derivative financial instruments	7.9	0.3	–	8.2
Purchase for future settlement	99.9	–	–	99.9
Non-current liabilities:				
Derivative financial instruments	–	–	2.9	2.9
Borrowings	–	5.2	194.6	199.8
Lease liability	–	0.4	3.9	4.3
Financial liabilities	347.8	5.9	201.4	555.1
Other non-financial liabilities	168.8	–	1.0	169.8
Total	**516.6**	**5.9**	**202.4**	**724.9**

In addition, the Company has contingent liabilities in the form of commitments amounting to £385 million (2021: £360.2 million) as set out in Note 14.

13.2 Collateral

Collateral in the form of cash margin is posted by the Group in relation to certain derivative transactions, transacted under the auspices of the International Swaps and Derivatives Association. The Group does not hold collateral from other counterparties.

Set out below is the amount of financial assets pledged as collateral at the year end.

£ million	2022	2021
Cash margin	**85.4**	**87.6**

13.3 Derivative financial instruments

The Group typically uses the following types of derivative instruments in the portfolio:

- futures and forward contracts relating to market indices, foreign currencies and government bonds;
- options relating to foreign currencies, market indices, stocks and interest rates; and
- swaps relating to interest rates, bonds, credit spreads, equity indices and stocks.

As explained above, the Manager uses derivatives to hedge various exposures and also selectively to increase or decrease exposure where desired. The notional amount of certain types of derivatives provides a basis for comparison with instruments recognised on the balance sheet, but does not necessarily indicate the amount of future cash flows involved or the current fair value of the derivatives.

13. Financial instruments (continued)

The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in indices, security prices, market interest rates or foreign exchange rates relevant to the terms of the derivative instrument. The aggregate contractual or notional amount of derivative financial instruments held, the extent to which instruments are favourable or unfavourable and thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

Details of the unsettled derivatives at 31 December 2022 and 31 December 2021 are:

		Group and Company		
As at 31 December 2022 £ million	Notional[1] amount	Assets (positive fair value)	Liabilities (negative fair value)	Total fair value
Commodity derivatives	169.1	6.4	–	6.4
Credit derivatives	–	–	–	–
Currency derivatives	1,815.1	49.6	(7.0)	42.6
Equity derivatives	253.2	2.3	(3.4)	(1.1)
Fixed income derivatives	–	–	–	–
Total		**58.3**	**(10.4)**	**47.9**

		Group and Company		
As at 31 December 2021 £ million	Notional[1] amount	Assets (positive fair value)	Liabilities (negative fair value)	Total fair value
Commodity derivatives	132.8	3.0	–	3.0
Credit derivatives	178.4	0.4	(3.3)	(2.9)
Currency derivatives	2,364.4	28.6	(7.6)	21.0
Equity derivatives	53.0	3.5	(0.2)	3.3
Fixed income derivatives	81.2	0.1	–	0.1
Total		**35.6**	**(11.1)**	**24.5**

[1] Long and short notional exposure has been netted.

13.4 IFRS 13 fair value measurement classification

IFRS 13 requires the Group to classify its financial instruments held at fair value using a hierarchy that reflects the significance of the inputs used in the valuation methodologies. These are as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The vast majority of the Group's financial assets and liabilities, investment properties and property, plant and equipment are measured at fair value on a recurring basis.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting year when they are deemed to occur.

A description of the valuation techniques used by the Group with regards to investments categorised in each level of the fair value hierarchy is detailed below. Where the Group invests in a fund or a partnership, which is not itself listed on an active market, the categorisation of such investments between levels 2 and 3 is determined by reference to the nature of the fund or partnership's underlying investments. If such investments are categorised across different levels, the lowest level of the hierarchy that forms a significant proportion of the fund or partnership exposure is used to determine the reporting disclosure.

If the proportion of the underlying investments categorised between levels changes during the period, these will be reclassified to the most appropriate level.

Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted. Where a market price is available but the market is not considered active, the Group has classified these investments as level 2.

Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques which maximise the use of observable market data where it is available. Specific valuation techniques used to value OTC derivatives include quoted market prices for similar instruments, counterparty quotes and the use of forward exchange rates to estimate the fair value of forward foreign exchange contracts at the balance sheet date. Investments in externally-managed funds which themselves invest primarily in listed securities are valued at the price or net asset value released by the investment manager or fund administrator as at the balance sheet date.

Level 3

The Group considers all private investments, whether direct or funds, (as described in the Investment Portfolio on page 18) as level 3 assets, as the valuations of these assets are not typically based on observable market data. Where other funds invest into illiquid stocks, these are also considered by the Group to be level 3 assets.

Private fund investments are held at the most recent fair values provided by the GPs managing those funds, adjusted for subsequent investments, distributions, and currency movements up to the period end, and are subject to periodic review by the Manager. Direct co-investments are also held at the most recent fair values provided by the GPs managing those co-investments, adjusted for subsequent investments, distributions, currency moves, as well as pricing events where the Manager has sufficient information to suggest the period end valuation should be adjusted. The remaining directly-held private investments are valued on a semi-annual basis using techniques including a market approach, income approach and/or cost approach. The valuation process involves the investment functions of the Manager who prepare the proposed valuations, which are then subject to review by the finance function, with the final valuations being presented to the Valuation Committee, comprised of independent non-executive Directors, of which the Audit and Risk Committee Chair is also a member.

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13. Financial instruments (continued)

Specific valuation techniques used will typically include the value of recent transactions, earnings multiples, discounted cash flow analysis, and, where appropriate, industry specific methodologies. The acquisition cost, if determined to be fair value, may be used to calibrate inputs to the valuation. The valuations will often reflect a synthesis of a number of distinct approaches in determining the final fair value estimate. The individual approach for each investment will vary depending on relevant factors that a market participant would take into account in pricing the asset. These might include the specific industry dynamics, the company's stage of development, profitability, growth prospects or risk as well as the rights associated with the particular security.

Borrowings at 31 December 2022 comprise bank loans and senior loan notes. The bank loans are revolving credit facilities paying floating interest, and are typically drawn in tranches with a duration of three or six months. The loans are therefore short-term in nature, and their fair value approximates their nominal value. The loan notes were issued in 2015 with tenors of between 10 and 20 years with a weighted average of 16 years. They are valued on a monthly basis using a discounted cash flow model where the discount rate is derived from the yield of similar tenor UK Government bonds, adjusted for any significant changes in either credit spreads or the perceived credit risk of the Company.

The fair value of investments in non-consolidated subsidiaries is considered to be the net asset value of the individual subsidiary as at the balance sheet date. The net asset value comprises various assets and liabilities which are fair valued on a recurring basis and is considered to be level 3.

On a semi-annual basis, the Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties and property, plant and equipment held at fair value. Further information is shown in Note 15.

The following table analyses the Group's assets and liabilities within the fair value hierarchy, at 31 December 2022:

As at 31 December 2022

£ million	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss (FVPL):				
Portfolio investments	506.8	1,204.2	1,774.2	3,485.2
Non-consolidated subsidiaries	–	–	101.1	101.1
Investments held at fair value	506.8	1,204.2	1,875.3	3,586.3
Derivative financial instruments	6.4	51.9	–	58.3
Total financial assets at FVPL	**513.2**	**1,256.1**	**1,875.3**	**3,644.6**
Non-financial assets measured at fair value:				
Investment property	–	–	37.9	37.9
Property, plant and equipment	–	–	20.7	20.7
Total non-financial assets measured at fair value	**–**	**–**	**58.6**	**58.6**
Financial liabilities at FVPL:				
Borrowings	–	–	(370.6)	(370.6)
Derivative financial instruments	–	(10.4)	–	(10.4)
Total financial liabilities at FVPL	**–**	**(10.4)**	**(370.6)**	**(381.0)**
Total net assets measured at fair value	**513.2**	**1,245.7**	**1,563.3**	**3,322.2**
Other non-current assets				0.5
Cash at bank				218.0
Other current assets				249.8
Other current liabilities				(63.6)
Other non-current liabilities				(5.2)
Net assets				**3,721.7**

Movements in level 3 assets

Year ended 31 December 2022 £ million	Investments held at fair value	Properties	Total
Opening balance	1,914.3	61.4	1,975.7
Purchases	222.2	0.1	222.3
Sales	(210.3)	–	(210.3)
Realised gains/(losses) through profit or loss	8.7	–	8.7
Unrealised gains/(losses) through profit or loss	(59.7)	(0.4)	(60.1)
Unrealised gains/(losses) through other comprehensive income	–	(2.1)	(2.1)
Transfer in to level 3	–	–	–
Transfer out of level 3	–	–	–
Other	0.1	(0.4)	(0.3)
Closing balance	**1,875.3**	**58.6**	**1,933.9**

During the year no investments were reclassified between level 2 and level 3.

13. Financial instruments (continued)

Level 3 assets

Further information in relation to the directly-held private investments is set out in the following table. This summarises the portfolio by the primary method used in fair valuing the asset. As we seek to employ a range of valuation methods and inputs in the valuation process, selection of a primary method is subjective, and designed primarily to assist the subsequent sensitivity analysis.

Primary valuation method/approach £ million	2022	2021
Third-party valuations[1]	246.3	361.1
Discount to recent transaction[2]	90.5	–
Earnings multiple	49.8	–
Recent transaction	23.6	140.0
Other industry metrics	21.7	12.3
Discount to agreed third-party offer	10.8	–
Total	**442.7**	**513.4**

1 Included in this method are directly-held private investments held within the non-consolidated subsidiaries with a total of £24.5 million (2021: £29.7 million).

2 Included in this method are direct private investments which have been discounted due to a decline in public markets.

The majority of the direct private investments are structured as co-investments, managed by a GP. For these investments, we typically use the latest quarterly fair valuations provided by the GP, adjusted for any subsequent investments/distributions and currency moves as well as pricing events, where there is sufficient information to suggest the period-end valuation should be adjusted.

Where the Manager has sufficient information to undertake its own valuation, a range of methods will typically be used. For companies with positive earnings, we seek to utilise an earnings multiple approach, typically using EBITDA or similar. The earnings multiple is assessed by reference to similar listed companies or transactions involving similar companies. When an asset is undergoing a sale and the price has been agreed but not yet completed or an offer has been submitted, we use the agreed or offered price, often with a final discount to reflect the risks associated with the transaction completing or any price adjustments. Where a company has been the subject of a recent financing round which is viewed as representative of fair value, we will use this transaction price. Other methods employed include discounted cash flow analysis and industry metrics such as multiples of assets under management or revenue, where market participants use these approaches in pricing assets.

The following table provides a sensitivity analysis of the valuation of directly-held private investments, and the impact on net assets:

Valuation method/approach	Sensitivity analysis
Third-party valuations	A 5% change in the value of these assets would result in a £12.3 million or 0.33% (2021: £18.1 million, 0.41%) change in net assets.
Discount to recent transaction	Assets in this category are valued using a discount applied to a recent financing round or secondary transaction. Discounts range between 15% and 70%, reflecting factors such as the elapsed time since the transaction and the movement in prices of broadly similar listed companies. A 5% change to the discount would result in a £4.5 million or 0.12% (2021: n/a) change in net assets.
Earnings multiple	Assets in this category are valued using EV/sales multiples in the range of 4.0x- 8.5x. If the multiple used for valuation purposes is increased or decreased by 5% then the net assets would increase/decrease by £2.5 million or 0.07% (2021: n/a).
Recent transaction	A 5% change in the value of these assets would result in a £1.2 million or 0.03% (2021: £7.0 million, 0.16%) change in net assets.
Other industry metrics	A 5% change in the value of these assets would result in a £1.1 million or 0.03% (2021: £0.6 million, 0.01%) change in net assets.
Discount to agreed third-party offer	The asset in this category is valued using a 15% discount to an agreed offer. A 5% change in the discount would result in a £0.1 million or <0.01% (2021: n/a) change in net assets.

The investment property and property, plant and equipment with an aggregate fair value of £58.6 million (2021: £61.4 million) were valued using a third-party valuation provided by JLL. The properties were valued using weighted average capital values of £1,580 per square foot (2021: £1,658) developed from rental yields and supported by market transactions. A £25 per square foot increase/decrease in capital values would result in a £0.8 million increase/decrease in fair value (2021: £0.8 million increase/decrease).

The non-consolidated subsidiaries are held at their fair value of £101.1 million (2021: £101.4 million) representing £104.7 million of portfolio investments (2021: £104.3 million) and £3.3 million of remaining liabilities (2021: £2.9 million of remaining liabilities). A 5% change in the value of these assets would result in £5.1 million or 0.1% (2021: £5.1 million, 0.1%) change in total net assets.

The remaining investments held at fair value and classified as level 3 of £1,355.7 million (2021: £1,329.2 million) were valued using third-party valuations from a GP, administrator or fund manager. A 5% change in the value of these assets would result in a £67.8 million or 1.82% (2021: £66.5 million, 1.51%) change in net assets.

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13. Financial instruments (continued)

In aggregate, the sum of the direct private investments, investment property, property, plant and equipment, non-consolidated subsidiaries and the remaining fund investments represents the total level 3 assets of £1,933.9 million (2021: £1,975.7 million).

The following table analyses the Group's assets and liabilities within the fair value hierarchy, at 31 December 2021:

As at 31 December 2021

£ million	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss (FVPL):				
Portfolio investments	579.6	1,797.9	1,813.0	4,190.5
Non-consolidated subsidiaries	–	–	101.3	101.3
Investments held at fair value	579.6	1,797.9	1,914.3	4,291.8
Derivative financial instruments	2.9	32.7	–	35.6
Total financial assets at FVPL	**582.5**	**1,830.6**	**1,914.3**	**4,327.4**
Non-financial assets measured at fair value:				
Investment property	–	–	38.3	38.3
Property, plant and equipment	–	–	23.1	23.1
Total non-financial assets measured at fair value	**–**	**–**	**61.4**	**61.4**
Financial liabilities at FVPL:				
Borrowings	–	–	(408.9)	(408.9)
Derivative financial instruments	–	(11.1)	–	(11.1)
Total financial liabilities at FVPL	**–**	**(11.1)**	**(408.9)**	**(420.0)**
Total net assets measured at fair value	**582.5**	**1,819.5**	**1,566.8**	**3,968.8**
Other non-current assets				3.8
Cash at bank				325.9
Other current assets				266.5
Other current liabilities				(168.8)
Other non-current liabilities				(5.9)
Net assets				**4,390.3**

Movements in level 3 assets

Year ended 31 December 2021 £ million	Investments held at fair value	Properties	Total
Opening balance	1,232.1	61.4	1,293.5
Purchases	857.6	0.1	857.7
Sales	(882.1)	–	(882.1)
Realised gains/(losses) through profit or loss	37.5	–	37.5
Unrealised gains/(losses) through profit or loss	767.5	0.6	768.1
Unrealised gains/(losses) through other comprehensive income	–	(0.2)	(0.2)
Transfer in to level 3	40.9	–	40.9
Transfer out of level 3	(139.2)	–	(139.2)
Other	–	(0.5)	(0.5)
Closing balance	**1,914.3**	**61.4**	**1,975.7**

13.5 Capital management

The Group's primary objectives in relation to the management of capital are:

- to deliver long-term capital growth for its shareholders, while preserving shareholders' capital;
- to deliver for shareholders increases in capital value in excess of the relevant indices over time through an appropriate balance of equity capital and gearing; and
- to ensure the Group's ability to continue as a going concern.

The Company is subject to externally imposed capital requirements:

- the Company's Articles of Association restrict borrowings to a maximum of five times share capital and reserves; and
- the Company's borrowings are subject to covenants limiting the total exposure based on a minimum net assets and a cap of borrowings as a percentage of adjusted net assets.

All these conditions were met during this year and the previous financial year.

In addition, JRCM is subject to capital requirements imposed by the FCA and must ensure that it has sufficient capital to meet these requirements. JRCM was compliant with those capital requirements throughout the year.

The Group's capital at 31 December 2022 and 31 December 2021 comprised:

£ million	2022	2021
Equity share capital	156.8	156.8
Retained earnings and other reserves	3,564.9	4,233.5
Net asset value	3,721.7	4,390.3
Borrowings	370.6	408.9
Total capital	**4,092.3**	**4,799.2**

There have been no significant changes to the Group's capital management objectives, policies and processes in the year, nor has there been any change in what the Group considers to be its capital.

14. Financial commitments

Financial commitments to invest additional funds which have not been provided for are as follows:

	31 December 2022		31 December 2021	
£ million	Group	Company	Group	Company
Commitments	**385.0**	**385.0**	**360.2**	**360.2**

The financial commitments are principally uncalled commitments to private funds, which are typically established as 10-year funds with a five-year investment period, and are diversified across multiple funds and vintage years. The majority are denominated in US dollars and therefore subject to currency fluctuation.

15. Investment property

£ million	2022	2021
Rental income from investment properties	2.1	2.0
Direct operating expenses arising from investment properties that generated rental income during the year	(1.4)	(1.4)
Cash outflow from leases	(0.4)	(0.4)

The Group and Company is committed to making the following payments under non-cancellable leases over the periods described.

£ million	2022	2021
Within one year	0.4	0.4

Under non-cancellable leases the Group and Company will receive the following:

£ million	2022	2021
Within one year	1.1	1.3
Between one and two years	0.6	0.6
Between two and three years	0.1	0.1
Between three and four years	0.1	–
Between four and five years	–	–
Over five years	–	–

All investment properties held by the Group during the year generated rental income.

The Company leases Spencer House from the Spencer Trustees (the Trustees). The terms of this lease include provisions such that: any assignment or sale of the lease can occur only with the consent of the Trustees, there are limits on event frequency and that the Trustees retain certain (de minimis) usage rights over the 'fine rooms'. The Company is required to externally redecorate every three years and to internally redecorate every seven years. The property is typically open to the public for viewing every Sunday, except during August. The investment property portfolio is valued by JLL on a six-monthly basis in accordance with current RICS Valuation – Global Standards, published by the Royal Institution of Chartered Surveyors, on the basis of open market value. The most recent valuation, which reflects the factors highlighted above, was undertaken as at 31 December 2022.

16. Other receivables

	31 December 2022		31 December 2021	
£ million	Group	Company	Group	Company
Cash margin	85.4	85.4	87.6	87.6
Amounts receivable	0.6	0.6	0.7	0.7
Prepayments and accrued income	7.0	6.6	2.9	2.5
Sales for future settlement	152.3	152.3	123.6	123.6
Unsettled investment subscriptions	–	–	48.0	48.0
Total	**245.3**	**244.9**	**262.8**	**262.4**

The carrying amount of other receivables approximates their fair value, due to their short-term nature.

17. Related party transactions

In the normal course of its business, the Group has entered into a number of transactions with related parties. All arrangements with related parties are monitored by the Conflicts Committee, which is comprised solely of independent non-executive Directors.

Transactions with Hannah Rothschild or parties related to her
During the current and prior year the Group transacted with entities classified as related to Hannah Rothschild as a result of her having significant influence over them, a beneficial interest in them, or otherwise in accordance with IAS 24.

The Group had cost-sharing arrangements with these related parties covering the provision and receipt of administrative as well as investment advisory, support and supply services. Under these arrangements the Group received £61,757 (2021: £122,673) and paid £74,077 (2021: £82,996).

Certain of these related parties occupy office space in St. James's Place which is owned or leased by the Group. The rent, rates and services charged by the Group for the year ended 31 December 2022 amounted to £203,539 (2021: £270,690).

Nothing was owed by the Group to the parties related to Hannah Rothschild at either 31 December 2022 or 31 December 2021. The balance due to the Group from these related parties at 31 December 2022 was £11,693 (2021: £7,663).

Other
No subscriptions were made to its associate, JRCM (London) LLP in the year (2021: Company £nil; JRCM management £nil) and the Company has a remaining commitment of £50,000 (2021: £50,000).

Group undertakings
JRCM acts as the Company's manager, administrator and corporate secretary. During the year ended 31 December 2022, the charge for these services from JRCM to the Company amounted to £49.7 million (2021: £71.5 million). JRCM incurred rent charges of £580,000 (2021: £580,000) from the Company. During the year Spencer House Limited (also a wholly-owned subsidiary of the Company) earned property management revenues of £98,827 from JRCM (2021: £74,961) and £1,597,394 from the Company (2021: £1,671,731).

Notes to the Financial Statements

17. Related party transactions (continued)

Amounts due from subsidiaries and to subsidiaries are disclosed on the face of the Group's balance sheet. The balances outstanding at the year ends are show below:

	Amounts owed by/(to) Group undertakings	
£ million	2022	2021
RIT Investments US, Inc	4.5	3.7
RIT Investments GP Limited	(0.1)	–
Total	**4.4**	**3.7**

	Amounts owed by/(to) Company undertakings	
£ million	2022	2021
RIT Investments US, Inc	4.5	3.7
JRCM	(94.7)	(128.8)
Total	**(90.2)**	**(125.1)**

RITCP Pension and Life Assurance Scheme

The Group's pension scheme is deemed to be a related party of the Company pursuant to IAS 24. Details of the pension contributions made during the year are disclosed in Note 11. There were no amounts owing to or by the pension scheme to the Company, or any subsidiary, at 31 December 2022 (2021: £nil).

Directors and key management personnel

Details of the remuneration and benefits attributable to Directors and key management personnel are set out below.

£ million	2022	2021
Short-term employee benefits	4.1	14.6
Share-based payment	16.0	16.2
Total	**20.1**	**30.8**

The Group has no ultimate controlling party.

18. Borrowings

	Group and Company	
£ million	2022	2021
Unsecured loans payable within one year:		
Revolving credit facilities	236.2	240.0
Unsecured loans payable in more than one year:		
Fixed rate loan notes	134.4	168.9
Total borrowings	**370.6**	**408.9**

At 31 December 2022 the Company had three revolving credit facilities (RCFs): an £85 million three-year facility with BNP Paribas SA agreed in December 2022, a £150 million five-year facility with Commonwealth Bank of Australia agreed in December 2018 and a £100 million three-year facility with Industrial and Commercial Bank of China agreed in December 2022. These are flexible as to currency, duration and number of drawdowns, and bear interest linked to SONIA, LIBOR or equivalent relevant to the period and currency drawn. As they are drawn in tranches with tenors less than one year they are classified as current liabilities. The fair value and par value of the drawn borrowings at the year end was £236.2 million (2021: £240.0 million). A change in interest rates is not expected to have a significant impact on the fair value of the RCFs. No bank loans are held within subsidiaries. The weighted average interest rate on drawn down RCFs at the year end was 5.85% (2021: 1.69%).

On 1 June 2015 the Company issued £151.0 million of fixed rate loan notes with tenors between 10 and 20 years and coupons from 3.00% to 3.56%. These Notes are held at fair value and pay interest on a semi-annual basis. The fair value of this debt at the end of the year was £134.4 million (2021: £168.9 million) calculated using a discount rate of 5.24% (2021: 2.04%). A 5% increase/decrease in the underlying discount rate would result in an increase/decrease in net assets of approximately £2.3 million (2021: £1.4 million) or 0.06% (2021: 0.03%). The weighted average interest rate payable on these Notes is 3.45% and their remaining weighted average tenor is 8.2 years.

The overall weighted average interest rate on drawn borrowings at the year end was 4.93% (2021: 2.38%).

19. Other payables

	31 December 2022		31 December 2021	
£ million	Group	Company	Group	Company
Accruals	14.5	5.3	28.3	3.5
Other creditors	24.9	24.7	40.6	40.4
Purchases for future settlement	24.1	24.1	99.9	99.9
Total	**63.5**	**54.1**	**168.8**	**143.8**

The carrying value of the Group's other payables approximates their fair value, due to their short-term nature.

20. Share capital

£ million	Shares in issue	2022 Nominal value of total shares in issue	2021 Nominal value of total shares in issue
Allotted, issued and fully paid:			
At 1 January	156,848,065	156.8	156.8
At 31 December	**156,848,065**	**156.8**	**156.8**

The Company has one class of ordinary shares which carry no right to fixed income. The share capital is not distributable.

In 2022, 514,634 shares were bought back at a cost of £11.0 million and held in treasury (2021: 59,189 shares at a cost of £1.4 million) meaning at 31 December 2022, 689,863 shares were held in treasury (2021:175,229 shares).

Notes to the Financial Statements

21. Share premium

£ million	2022	2021
At 1 January	45.7	45.7
At 31 December	**45.7**	**45.7**

The share premium is not distributable.

22. Capital redemption reserve

	2022		2021	
£ million	Group	Company	Group	Company
Balance at start of year	36.3	36.3	36.3	36.3
At 31 December	**36.3**	**36.3**	**36.3**	**36.3**

The capital redemption reserve is not distributable and represents the cumulative nominal value of shares acquired for cancellation.

23. Own shares reserve

£ million	2022	2021
Opening cost	(23.0)	(15.3)
Own shares acquired	(40.4)	(21.0)
Own shares transferred	17.1	13.3
Closing cost	**(46.3)**	**(23.0)**

The Group has established an Employee Benefit Trust (EBT) which purchases shares in order to meet the anticipated value of equity-settled, share-based awards. At the year end, the EBT held 1,988,580 shares with a cost of £46.3 million and market value of £42.3 million (2021: 932,403 shares, cost £23.0 million, market value £25.6 million). The own shares reserve is not distributable.

24. Share-based payments

The Group utilises share-based awards for employees, the vast majority of which are equity-settled, and designed to align the interests of employees with those of shareholders.

Restricted share units (RSUs) were awarded to employees during the year. These are commonly used long-term incentive awards that comprise awards of shares made to employees that will vest after a three-year service period and then are typically subject to a further two-year holding period. There are also a small number of legacy share appreciation rights (SARs) remaining which vest based on market-based performance conditions and subject to continued service. These are no longer awarded to employees since the conversion to RSUs was made in 2021.

In addition, 60% of annual bonuses over £150,000 (for JRCM directors) or £250,000 (for other employees) are made in deferred shares which vest over three years (based on a service condition).

The total expense for share-based awards, including related social security costs, recognised in the consolidated income statement was £20.3 million (2021: £20.4 million) of which £0.1 million related to SARs, £9.9 million to RSUs, and £10.3 million to deferred shares.

The movement in share-based awards is as follows:

Number (thousand)	2022	2021
Outstanding at the start of the year:		
SARs/performance shares	342	4,217
RSUs	1,397	–
Deferred shares	841	488
Total	2,580	4,705
Granted during the year:		
RSUs	352	493
Deferred shares	553	554
Total	905	1,047
Conversion during the year:		
SARs/performance shares (surrendered)	–	(3,505)
RSUs (replacement)	–	1,151
Total	–	(2,354)
Exercised/vested during the year:		
SARs/performance shares	(3)	(263)
RSUs	(256)	(246)
Deferred shares	(406)	(201)
Total	(665)	(710)
Lapsed/forfeited during the year:		
SARs/performance shares	(24)	(107)
RSUs	(10)	(1)
Deferred shares	–	–
Total	(34)	(108)
Outstanding at the end of the year:		
SARs	315	342
RSUs	1,483	1,397
Deferred shares	988	841
Total	2,786	2,580
SARs exercisable at year end	122	53
Intrinsic value of SARs exercisable at year end (£ million)	**0.1**	**0.4**

For share-based awards granted during the year, the weighted average fair value of each award was 2,470 pence (2021: 2,230 pence).

Share-based awards with only service conditions attached (deferred shares and RSUs) were valued using the prevailing market price and a lock-up discount factor as applicable.

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25. Capital reserve

£ million	31 December 2022 Group	31 December 2022 Company	31 December 2021 Group	31 December 2021 Company
Balance at start of year	4,174.4	4,203.4	3,350.1	3,380.8
Gains/(loss) for the year	(535.3)	(535.3)	919.8	919.7
Dividend paid	(57.6)	(57.6)	(55.0)	(55.0)
Other capital items	(32.6)	(31.9)	(38.0)	(42.1)
Taxation	–	–	(2.5)	–
Total capital return	(625.5)	(624.8)	824.3	822.6
Balance at end of year	**3,548.9**	**3,578.6**	**4,174.4**	**4,203.4**

The Company's Articles of Association allow distribution by dividends of realised capital reserves.

£ million	2022	2021
Capital reserve:		
in respect of investments realised	2,542.3	2,854.1
in respect of investments held	1,036.3	1,349.3
Balance at end of year	**3,578.6**	**4,203.4**

26. Revenue reserve

£ million	31 December 2022 Group	31 December 2022 Company	31 December 2021 Group	31 December 2021 Company
Balance at start of year	(11.4)	(176.1)	5.1	(136.8)
Loss for the year	(14.3)	(33.4)	(17.3)	(39.3)
Actuarial gain/(loss)	(4.5)	–	1.9	–
Deferred tax (charge)/credit	1.1	–	(1.1)	–
Balance at end of year	**(29.1)**	**(209.5)**	**(11.4)**	**(176.1)**

As permitted by Section 408 of the Companies Act 2006, the Company has not published a separate income statement or statement of comprehensive income. The Company's revenue loss after tax amounted to £33.4 million (2021: loss £39.3 million). The Company's total comprehensive expense for the year was £591.7 million (2021: £839.5 million profit).

27. Revaluation reserve

£ million	31 December 2022 Group	31 December 2022 Company	31 December 2021 Group	31 December 2021 Company
Balance at start of year	11.5	11.5	11.7	11.7
Revaluation gain/(loss) on property, plant and equipment	(2.1)	(2.1)	(0.2)	(0.2)
Balance at end of year	**9.4**	**9.4**	**11.5**	**11.5**

The revaluation reserve is not distributable.

28. Net asset value per ordinary share – basic and diluted

Net asset value per ordinary share is based on the following data:

31 December	2022	2021
Net assets (£ million)	3,721.7	4,390.3
Number of shares in issue (million)	156.8	156.8
Shares held in EBT (million)	(2.0)	(0.9)
Shares held in treasury (million)	(0.7)	(0.2)
Basic shares (million)	154.1	155.7
Effect of share-based payment awards (million)	1.7	1.4
Diluted shares (million)	**155.8**	**157.1**

31 December	2022 pence	2021 pence
Net asset value per ordinary share – basic	2,414	2,819
Net asset value per ordinary share – diluted	2,388	2,794

29. Investments in subsidiary undertakings

£ million	
Carrying value at 1 January 2022	107.5
Additions	2.5
Disposals	–
Fair value movements in year	(2.8)
Carrying value at 31 December 2022	**107.2**

£ million	
Carrying value at 1 January 2021	75.6
Additions	3.1
Disposals	–
Fair value movements in year	28.8
Carrying value at 31 December 2021	**107.5**

Investments in subsidiary undertakings are stated at cost or fair value where appropriate.

At 31 December 2022 the Company held investments in the following subsidiaries, which, unless otherwise stated, are wholly-owned, share the same accounting reference date as the Company and operate principally in their country of incorporation. The voting share capital, unless otherwise stated, is held directly by the Company.

In accordance with IFRS 10 the subsidiary below is consolidated by the Group and held by the Company at cost:

Name	Issued share capital
JRCM[1]	£6,250,001 divided into 6,250,000 ordinary shares of £1 each and one special share of £1 which provides rights over the use of the "J. Rothschild" name.

[1] Registered office and principal place of business: 27 St. James's Place, London SW1A 1NR.

29. Investments in subsidiary undertakings (continued)

In accordance with IFRS 10 the Company and Group holds the following subsidiaries at fair value at 31 December 2022:

Name	Principal place of business	Ownership interest
Spencer House Limited[1,5]	England	100%
RIT US Value Partnership LP[1,6]	England	100%
RIT Investments GP Limited[2,3,5]	Scotland	100%
J. Rothschild Capital Management US Inc[4,5]	United States	100%
RIT Investments US Inc[3,4,5]	United States	100%
RIT US Holdings LLP[3,4,6]	United States	100%

[1] Registered office and principal place of business: 27 St. James's Place, London SW1A 1NR.
[2] Registered office and principal place of business: 50 Lothian Road, Edinburgh EH3 9WJ.
[3] Held indirectly.
[4] Registered office: 251 Little Falls Drive, Wilmington, Delaware 19808, USA.
[5] Ownership interest is ordinary shares.
[6] Ownership interest is partnership capital.

For all of the above the proportion of voting rights held is equivalent to the ownership interest.

There are no significant restrictions arising from any contractual arrangements or regulatory requirements that would affect the ability of any of the above entities to transfer funds to or repay loans made by the Company.

There are no other current commitments or contractual arrangements to provide financial support to any of the entities above other than in the normal course of business (e.g. funding of investment transactions/capital calls). The Company has not assisted any of the above entities in obtaining financial support in any way over the year.

30. Dividends

	2022 Pence per share	2021 Pence per share	2022 £ million	2021 £ million
Dividends paid in year	**37.0**	**35.25**	**57.6**	**55.0**

The above amounts were paid as distributions to equity holders of the Company in the relevant year from accumulated capital profits.

On 28 February 2022 the Board declared a first interim dividend of 18.5 pence per share in respect of the year ended 31 December 2022 that was paid on 29 April 2022. A second interim dividend of 18.5 pence per share was declared by the Board on 1 August 2022 and paid on 28 October 2022.

The Board declares the payment of a first interim dividend of 19 pence per share in respect of the year ending 31 December 2023. This will be paid on 28 April 2023 to shareholders on the register on 11 April 2023, and funded from the accumulated capital profits.

31. Reconciliation of profit/(loss) before finance costs and taxation to net cash inflow/(outflow) from operating activities before taxation and interest

£ million	Group 2022	Group 2021
Profit/(loss) before dividend and interest income, finance costs and taxation	(569.2)	871.2
Dividend income	7.2	8.5
Interest income	9.8	2.2
Profit/(loss) before finance costs and taxation	**(552.2)**	**881.9**
(Increase)/decrease in other receivables	17.5	(157.5)
Increase/(decrease) in other payables	(105.3)	105.3
Other movements[1]	35.7	12.7
(Gains)/losses on borrowings	(34.5)	(12.6)
Unrealised foreign exchange (gains)/losses on repayments and drawings of borrowings	(5.2)	3.7
Purchase of investments held at fair value	(886.3)	(1,351.6)
Sale of investments held at fair value	1,395.6	1,397.5
(Gains)/losses on fair value investments	192.4	(807.6)
Net cash inflow/(outflow) from operating activities before taxation and interest	**57.7**	**71.8**

£ million	Company 2022	Company 2021
Profit/(loss) before dividend and interest income, finance costs and taxation	(581.6)	849.0
Dividend income	7.2	8.5
Interest income	9.8	2.2
Profit/(loss) before finance costs and taxation	**(564.6)**	**859.7**
(Increase)/decrease in other receivables	17.5	(157.5)
Increase/(decrease) in other payables	(89.7)	100.4
Other movements[1]	(20.0)	34.9
(Gains)/losses on borrowings	(34.5)	(12.6)
Unrealised foreign exchange (gains)/losses on repayments and drawings of borrowings	(5.2)	3.7
Purchase of investments held at fair value	(883.8)	(1,348.5)
Sale of investments held at fair value	1,395.6	1,405.6
(Gains)/losses on fair value investments	192.4	(807.6)
Net cash inflow/(outflow) from operating activities before taxation and interest	**7.7**	**78.1**

[1] Prior year realised foreign exchange (gains)/losses on repayments and drawings of borrowings of £0.6m have been re-presented within Other movements.

Reconciliation of liabilities arising from financing activities:

£ million	2021	Non-cash changes in fair value[1]	Net (drawdowns)/ repayments	2022
Borrowings – current	(240.0)	(32.4)	36.2	(236.2)
Borrowings – non-current	(168.9)	34.5	–	(134.4)
Total	**(408.9)**	**2.1**	**36.2**	**(370.6)**

[1] Including currency translation.

Notes to the Financial Statements

32. Material investments and related undertakings

Further information regarding investments is shown here.

Disclosed below are the ten largest investments in the portfolio (excluding investments in non-consolidated subsidiaries) shown at fair value:

As at 31 December 2022	£ million
Attestor Value	148.6
HCIF Offshore	131.0
3D Opportunities	130.1
Tresidor Credit Opportunities	108.0
BlackRock Strategic Equity	97.1
ARCM IV	95.6
Springs Opportunities	92.7
Motive	76.2
RIT US Value Partnership	72.4
Caxton Dynamis	71.8
Total	**1,023.5**

As at 31 December 2021	£ million
Coupang	188.8
Eisler Capital	163.9
BlackRock Strategic Equity	143.8
Springs Opportunities	131.9
Attestor Value	130.8
HCIF Offshore	127.5
Ward Ferry Asian Smaller Companies	93.4
Iconiq Strategic Partners III	87.5
NE Fund (previously Lansdowne New Energy)	80.7
Sand Grove Tactical	76.1
Total	**1,224.4**

Further to the disclosures in Note 29 (Investments in subsidiary undertakings), the table on the following page shows a list of significant related undertakings of the Group as at 31 December 2022. For the investments shown the principal place of business is considered to be the place of registration and the proportion of voting rights held is considered to be the ownership interest.

The Directors do not consider that any of the portfolio investments shown in the table on the following page fall within the definition of an associated company (aside from the entities noted below the table) as the Group does not exercise significant influence over their operating and financial policies as it is a passive investor.

In a number of cases the Group owns more than 50% of a particular class of shares or partnership interest. The Group does not consider these holdings, although greater than 50%, provide control of the investee entities concerned as firstly the Group's position as a passive investor in these entities acts as a substantive barrier to its exercising any power over the investee and secondly the nature of the Group's holding does not give it the ability to direct the relevant activities of the investee because it does not control or participate in the governing bodies of these entities.

Unconsolidated structured entities

The Group holds interests in closed-ended limited partnerships which invest in underlying companies or securities for the purposes of capital appreciation. The Group, alongside the other limited partners, makes commitments to finance the investment programme of the relevant GP or manager, who may draw down this committed amount either upfront or over a period of years. The table below shows the Group's carrying value of such investments and represents the maximum exposure to loss based on the Group's contributions to date.

£ million	2022	2021
Total[1]	2,034	2,590

[1] Included within Investments held at fair value.

The list of significant related undertakings on page 86 is pursuant to the requirements of Companies Act 2006, Statutory Instrument 2015 No. 980 The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015, IFRS and the SORP.

Disclosed on page 86 for the year ended 31 December 2022 are:

- Entities classified as significant holdings (20% or greater interest in a class of shares or partnership);
- Material investee undertakings in which the Group had an interest of over 3% of the allotted shares of any class; and
- Material investment funds in which the Group had an interest of 10% or more in any class of share or unit.

All the investments in the table on page 86 are held at FVPL.

32. Material investments and related undertakings (continued)

Investment name	Place of registration	Registered address	Fair value £ million	% interest
1992 Co-Invest (Offshore) LP	Cayman Islands	PO Box 309, Ugland House, Grand Cayman, KY1-1104	26.6	49.7%
Blumberg Capital I LP	Delaware, USA	580 Howard Street, Suite 401, San Francisco, California 94105	5.4	56.1%
BX-B Ribbit Opportunity IV, LLC	Delaware, USA	1209 Orange Street, Wilmington, Delaware 19801	16.8	22.9%
BX-C Ribbit Opportunity IV, LLC	Delaware, USA	1209 Orange Street, Wilmington, Delaware 19801	1.8	29.2%
Clay Point Investors SPV 9, LP	Delaware, USA	651 N. Broad St., Suite 206, Middletown, Delaware 19709	4.1	58.1%
Darwin Private Equity I LP	Scotland	50 Lothian Road, Festival Square, Edinburgh EH3 9WJ	0.8	23.9%
Firebird New Russia Fund Ltd, Class A1	Cayman Islands	PO Box 897, Windward 1, Grand Cayman KY1-1103	1.8	25.0%
Fortress Credit Opportunities Fund (C) LP	Cayman Islands	Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands	1.1	33.3%
ICQ Holdings 6 LLC	Delaware, USA	2711 Centerville Road, Suite 400, Wilmington, Delaware 19808	39.7	100.0%
Infinity SDC Ltd[1]	England & Wales	500-600 Witan Gate West, Milton Keynes MK9 1SH	10.8	23.9%
JRCM (London) LLP[1]	England & Wales	27 St James's Place, London SW1A 1NR	0.0	50.0%
Lansdowne NE Fund, Unhedged Non-Restricted absolute shares	Ireland	32 Molesworth Street, Dublin 2	71.5	50.4%
Media Technology Ventures IV LP	California, USA	185 Berry Street, Suite 3600, San Francisco, California 94107	3.0	38.5%
RR Capital Partners LP	Delaware, USA	One Maritime Plaza, Suite 2100, San Francisco, California 94111	0.3	20.5%
Sand Grove Tactical Fund LP	Cayman Islands	PO Box 309, Ugland House, Grand Cayman, KY1-1104	63.1	100.0%
Sand Grove UK Tactical Portfolio	Cayman Islands	PO Box 309, Ugland House, Grand Cayman, KY1-1104	46.5	100.0%
Springs Global Strategic Partners Fund – Anchor Class	Ireland	2nd Floor, 2 Custom House Plaza, Harbourmaster Place, Dublin 1	11.2	30.2%
Springs Opportunities Fund LP, Series A	Cayman Islands	4th Floor, Willow House, Cricket Square, Grand Cayman KY1-9010	92.7	53.8%
Tresidor Credit Opportunities Fund	Ireland	2nd Floor, 2 Custom House Plaza, Harbourmaster Place, Dublin 1	81.9	100.0%
Tribeca Global Natural Resources Feeder Fund Class A Participating Shares Unrestricted	Cayman Islands	27 Hospital Road, George Town, Grand Cayman, KY1-9008	1.0	62.5%
Xander Seleucus II LP	Cayman Islands	PO Box 309, Ugland House, Grand Cayman KY1-1104	0.5	41.9%
Xander Seleucus LP	Cayman Islands	PO Box 309, Ugland House, Grand Cayman KY1-1104	0.0	43.3%
Xander Seleucus Retail LP	Cayman Islands	PO Box 309, Ugland House, Grand Cayman KY1-1104	1.5	48.8%

[1] The Directors consider these entities, in which the Group holds ordinary shares, or limited partnership interests, as associated companies as the Group has significant influence due to circumstances particular to the investment. The Group has chosen to account for associated companies held for investment purposes at FVPL in accordance with IAS 28 Investments in Associates and Joint Ventures and IFRS 9 Financial Instruments.

Independent Auditor's Report

Independent Auditor's Report to the Members of RIT Capital Partners plc

Report on the audit of the Financial Statements

Opinion

In our opinion:

- RIT Capital Partners plc's Group financial statements and Parent Company financial statements (the 'financial statements') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of RIT Capital Partners plc (the 'Parent Company') and its subsidiaries (collectively the 'Group') for the year ended 31 December 2022 which comprise:

Group	*Parent Company*
Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the year to 31 December 2022	Parent Company Balance Sheet as at 31 December 2022
Consolidated Balance Sheet as at 31 December 2022	Parent Company Statement of Changes in Equity for the year to 31 December 2022
Consolidated Statement of Changes in Equity for the year to 31 December 2022	Consolidated and Parent Company Cash Flow Statement for the year to 31 December 2022
Consolidated and Parent Company Cash Flow Statement for the year to 31 December 2022	Related notes 1 to 32 to the financial statements, including a summary of significant accounting policies
Related notes 1 to 32 to the financial statements, including a summary of significant accounting policies	
The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the Parent Company financial statements, as applied in accordance with section 408 of the Companies Act 2006.	

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting the audit.

Independent Auditor's Report to the Members of RIT Capital Partners plc

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining an understanding of the Directors' processes and controls for determining the appropriateness of the use of the going concern basis. This included discussions with J. Rothschild Capital Management Limited (the 'Manager') on the governance structure, corroborating our understanding with the Audit and Risk Committee and obtaining the Directors' going concern assessment, including cashflow forecasts, stress tests and covenant calculations, covering the period to 30 June 2024, which is sixteen months from the date these financial statements were authorised for issue;
- Reviewing the Group's cashflow forecasts, stress tests and covenant calculations, assessing the completeness of the severe scenarios that consider the key risks identified by the Group. We considered the appropriateness of the methods used to calculate the cashflow forecasts, stress tests and covenant calculations and determined through inspection and review of the methodology and calculations that the methods utilised were appropriate to be able to make an assessment for the entity;
- Obtaining the Group's reverse stress tests and identifying the factors that would lead to the Group utilising all liquidity or breaching financial covenants during the going concern period;
- Considering the actions the Group can take to mitigate the impact of the reverse stress test scenarios. This included evaluating the Parent Company's ability to prevent a breach of financial covenants using mitigating actions if required, such as the repayment of borrowings. We also verified credit facilities available to the Parent Company by obtaining third party confirmations;
- Reviewing the liquidity and regulatory capital position of the Group, including an assessment of the liquidity profile of the Group's portfolio;
- Making enquiries of the Manager and reviewing board minutes and key regulatory documents for risks, events or contrary evidence that may impact the Group's ability to continue as a going concern; and
- Reviewing the Group's going concern disclosures included in the Reports & Accounts in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern for a period assessed by the Directors, being the period to 30 June 2024, which is sixteen months from the date these financial statements were authorised for issue.

In relation to the Group and Parent Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Independent Auditor's Report to the Members of RIT Capital Partners plc

Overview of our audit approach

Key audit matters	▶ Risk of inaccurate recognition of investment income and gains/(losses) on investments held at fair value. ▶ Risk of incorrect valuation of direct private and illiquid fund investments. This approach is consistent with the 2021 audit.
Audit scope	▶ The Group is principally managed from one location in London. All core functions are located in London. ▶ The Group comprises one consolidated subsidiary and seven subsidiaries held at fair value. Monitoring and control over the operations of these subsidiaries, including those located overseas, is centralised in London. ▶ The London based Group audit team directly performed audit procedures on all items material to the Group and Parent Company financial statements. This approach is consistent with the 2021 audit.
Materiality	▶ Overall Group materiality of £37.2 million which represents 1% of net assets. This approach is consistent with 2021 audit.

An overview of the scope of the Parent Company and Group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of Group-wide controls, changes in the business environment and other factors when assessing the level of work to be performed at each entity.

The investment portfolio balance is the most material part of the Consolidated Balance Sheet. Monitoring and control over the valuation of investments is exercised by the Manager centrally in London, and as such is audited wholly by the London based Group audit team. Monitoring and control over the operations of the subsidiaries within the Group is also centralised in London. The Group audit team performed all the work necessary to issue the Group and Parent Company audit opinion, including undertaking all of the audit work on the risks of material misstatement identified above. There were no component audit teams.

In establishing our audit approach, we considered the type of audit procedures required to be performed and the audit evidence required to obtain sufficient and appropriate audit evidence as a basis of our opinion on the Group. All audit evidence was received electronically and there were regular on-site visits to the Manager's offices. Meetings with the Manager and the Directors were conducted in person or over video conferencing. The audit team encountered no difficulties in connecting with the Manager or the Directors and were able to execute the audit fieldwork effectively.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact companies. The Group has determined that the most significant future impacts from climate change on its operations may be from environmental exposure, and existing or proposed regulation that may adversely affect their underlying portfolio investments. This is explained on page 23 in the Principal Risks and Viability section of the Strategic Report, which forms part of the "Other information", rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

Our audit effort in considering climate change was focused on the adequacy of the Group's disclosures in the financial statements as set out in Note 1 and concluded that there was no material impact from climate change on the financial statements. We also challenged the Directors' considerations of climate change in their assessment of viability and associated disclosures.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

Independent Auditor's Report to the Members of RIT Capital Partners plc

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	*Our response to the risk*
Risk of inaccurate recognition of investment income and gains/(losses) on investments held at fair value (losses of £536.4 million, 2021: gains of £914.5 million) *Refer to the Audit and Risk Committee Report (pages 44 to 47); Accounting policies (pages 63 to 66); and Notes 2 and 3 of the Consolidated Financial Statements (page 67)* The Group's revenue consists of investment income and gains/(losses) on investments held at fair value. The accuracy of recognition and measurement of revenue is material to the Group's financial statements. Shareholder expectations may place pressure on the Manager to influence the recognition of revenue. This may result in overstatement or deferral of revenues to assist in meeting current or future targets or expectations.	We obtained an understanding of the Manager's processes and controls around the investment income process and valuation process to ascertain whether realised and unrealised gains/(losses) and investment income are appropriately calculated by performing walkthroughs in which we evaluated the design and implementation of controls. For gains/(losses) on investments held at fair value, on a sample basis, we have: ▶ recalculated the unrealised gains/(losses), considering the procedures performed on the valuations where relevant; ▶ agreed purchases and sales of investments during the year to trade tickets, call and distributions notices, and to the corresponding cash movements in bank statements; and ▶ recalculated realised gains/(losses) from disposals in the year. For investment income, on a sample basis, we have: ▶ agreed dividend income to an independent source and to corresponding receipts in bank statements; ▶ agreed distributions received to the notices from the fund managers and to bank statements; ▶ recalculated interest income based on the terms of underlying agreements; ▶ tested the completeness of income receipts by verifying that income declared during the period, per an independent price source, has been correctly recorded as an income receipt; and ▶ recalculated income from investment properties based on the terms of the underlying agreements.

Key observations communicated to the Audit and Risk Committee

Our audit procedures did not identify any material matters regarding the recognition of investment income and gains/(losses) on investments.

All transactions tested have been materially recognised in accordance with contractual terms and UK-adopted international accounting standards.

Based on our procedures performed we have no further matters to report to the Audit and Risk Committee.

Independent Auditor's Report to the Members of RIT Capital Partners plc

Risk	*Our response to the risk*
Risk of incorrect valuation of direct private and illiquid fund investments (£2,262.6 million, 2021: £2,379.3 million) *Refer to the Audit and Risk Committee Report (pages 44 to 47); Accounting policies (pages 63 to 66); and Note 13 of the Consolidated Financial Statements (pages 71 to 79)* The Group's investment portfolio includes both direct private and illiquid fund investments. Direct private investments Of the direct private investments, £174.3 million of valuations were assessed directly by the Manager as at 31 December 2022. The valuations are determined by the Manager and the final valuations are reviewed and approved by the Valuation Committee. The valuations are based on the nature of the underlying business which has been invested in. The methods used may include: ▶ applying a multiple to earnings or revenues; ▶ using a discounted cash flow model; ▶ using recent transaction prices and recent offers; and ▶ assessing the movement in the market via listed comparable companies.	We obtained an understanding of the Manager's processes and controls for determining the fair valuation of direct private and illiquid fund investments by performing walkthroughs in which we evaluated the design and implementation of controls. This included reviewing the governance structure and protocols around oversight of the valuation process, including their oversight of the valuations performed by the underlying GPs and funds and corroborating our understanding by attending Valuation Committee meetings in an observational capacity. We assessed the Manager's valuation methodology against applicable reporting frameworks, including UK-adopted international accounting standards and the International Private Equity and Venture Capital ('IPEV') Guidelines. We sought explanations from the Manager where there were judgments applied in its application of the guidelines and assessed their appropriateness. Direct private investments For the valuation of direct private investments assessed by the Manager, on a sample basis, we corroborated the key inputs into the valuation models and performed procedures on key judgments made by the Manager, including: ▶ challenging the appropriateness of assumptions made by the Manager in the application of the valuation models; ▶ assessing the suitability of earnings multiples by considering the appropriateness of the selected comparable companies, including adjustments made to reflect the differences between these and the investee company; ▶ challenging the appropriateness of discount rates applied in discounted cash flow models; ▶ testing the mathematical accuracy of the valuation models; ▶ comparing the fair valuation to recently completed market transactions or recent offers, where relevant and observable; and ▶ reviewing the appropriateness of comparable companies considered by the Manager and independently verifying market movements to external sources. With the assistance of our valuation specialists, we: ▶ formed an independent range for the key assumptions used in the valuation of a sample of direct private investments, with reference to relevant industry and market valuation considerations; ▶ derived a range of fair values using our assumption and other qualitative risk factors; and ▶ compared the range to the Manager's fair value and discussed our results with the Manager. We have considered the impact of COVID-19, the Russia-Ukraine conflict and recent declines in the cryptocurrency market throughout the procedures performed on the valuation of direct private investments, by challenging whether the valuation methodologies and assumptions used remained appropriate. We discussed with the Manager the rationale for any differences between the exit prices of investments realised during the year and the prior year fair value, to further verify the reasonableness of the current year valuation models and methodology adopted by the Manager.

Independent Auditor's Report to the Members of RIT Capital Partners plc

Risk	*Our response to the risk*
Illiquid fund investments (including GP-led direct private investments) The valuations of the illiquid funds and remaining direct private investments, which are investments in private companies held by third-party managed special purpose vehicles ('GP-led direct private investments'), are material. The illiquid funds include investments that are classified by the Manager as 'private investments – funds and absolute return and credit'. The valuations are determined by the governing bodies of the investment vehicles, typically including the fund managers, General Partners ('GP') and sponsors. The valuations can include significant estimates and judgments, as they are often based on fair valuations of their underlying direct private investments, for which there may be limited observable information available and uncertainty about future business performance. The valuations are provided to the Group and assessed by the Manager, who are afforded discretion to make any adjustments they deem appropriate, for example for transactions between the date of the valuation provided and the reporting date.	Illiquid fund investments (including GP-led direct private investments) For the valuation of illiquid fund and GP-led direct private investments, on a sample basis, we: ▸ confirmed the most recently available fund valuation to third party statements, including from the GP, fund manager or fund administrator; ▸ assessed prior year valuations which were based on unaudited net asset statements by reference to their respective audited financial statements. We have investigated and obtained explanations for all material movements; ▸ obtained and assessed the due diligence performed by the Manager for new fund investments made in the year; and ▸ where the most recently available fund valuation is not at the year end date, we reviewed the Manager's approach to address the timing difference and challenged any adjustments made to the last valuation received. Where applicable, we corroborated these adjustments by agreeing any cash flows between the date of the fund valuation and the Group's year end valuation date to supporting documentation. For our sample, we also assessed the impact of contradictory evidence, to ensure an appropriate valuation was determined. We challenged the Manager on the IFRS 13 levelling classification of the illiquid fund portfolio, focusing on those which are considered to be subjective. We selected a sample of Level 2 investment fund holdings, for which the judgment is made considering the nature of the underlying investments of the fund and reviewed their financial statements to confirm the appropriate levelling classification. During the post year end period, we monitored the receipt by the Manager of updated valuation statements and other financial information relevant to the valuation of the illiquid fund investments in order to assess whether any material differences arose.

Key observations communicated to the Audit and Risk Committee

All valuations tested, including those reviewed by EY valuation specialists, were found to be materially carried in accordance with the UK-adopted international accounting standards and IPEV Guidelines.

Through our back testing of exit prices we gained an understanding of the differences between the exit prices of investments realised during the year and the prior year fair value. We did not identify any realisations of direct private investments with a significant unexplained movement from the prior year fair value.

We did not identify any material issues when comparing prior year valuations which were based on unaudited net asset statements to their respective audited financial statements.

Based on our procedures performed we had no material matters to report to the Audit and Risk Committee.

Independent Auditor's Report to the Members of RIT Capital Partners plc

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £37.2 million (2021: £43.9 million), which is 1% (2021: 1%) of net assets. We believe that net assets provides us with a consistent year on year basis for determining materiality, and is the most relevant measure to the stakeholders of the entity.

We determined materiality for the Parent Company to be £36.2 million (2021: £42.8 million), which is 1% (2021: 1%) of net assets.

We calculated materiality during the planning stage of the audit and then during the course of our audit, we reassessed materiality based on 31 December 2022 net assets, and adjusted our audit procedures accordingly.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgment was that performance materiality was 75% (2021: 75%) of our planning materiality, namely £27.9m (2021: £32.9m). We have set performance materiality at this percentage based on the fact that there were no material prior year misstatements, that the internal control environment is consistent with the prior year and there have been no significant changes in circumstances.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit and Risk Committee that we would report to them all uncorrected audit differences in excess of £1.9 million (2021: £2.2 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Members of RIT Capital Partners plc

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 25;
- Directors' explanation as to its assessment of the Parent Company's prospects, the period this assessment covers and why the period is appropriate set out on page 25;
- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 25;
- Directors' statement on fair, balanced and understandable set out on page 43;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 21;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 20; and
- The section describing the work of the audit committee set out on page 44.

Independent Auditor's Report to the Members of RIT Capital Partners plc

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 43, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Parent Company and the Manager.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework (UK-adopted international accounting standards, the Companies Act 2006, the AIC code, the 2018 UK Corporate Governance Code and the Companies (Miscellaneous Reporting) Regulations 2018) and relevant tax compliance regulations. In addition, we concluded that there are certain significant laws and regulations which may influence the determination of the amounts and disclosures in the financial statements including the Listing Rules of the UK Listing Authority.
- We understood how RIT Capital Partners plc is complying with those frameworks by making enquiries of the Manager, including the General Counsel and Company Secretary, Chief Financial and Operating Officer, Head of Compliance and Internal Audit and also the Non-Executive Directors including the Chair of the Audit and Risk Committee and Valuation Committee. We corroborated our understanding through our review of board minutes, Remuneration Committee minutes, papers provided to the Audit and Risk Committee, including Valuation Committee packs, minutes of the Board's Conflicts Committee and correspondence received from regulatory bodies.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by meeting with Directors and the Manager to understand where they considered there was susceptibility to fraud. We also considered performance targets and their potential influence on efforts made by Directors and the Manager to manage the net asset value ('NAV') per share or the NAV per share total return. We identified a fraud risk with respect to management override in relation to the risk of inaccurate recognition of investment income and gains/(losses) on unquoted investments held at fair value and the risk of incorrect valuation of direct private investments. Our audit procedures stated above in the 'Key audit matters section' of this Auditor's report were performed to address each identified fraud risk. In order to address the residual risk of management override we have performed journal entry testing and enquiries of senior management as detailed below.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved; journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business; enquiries of the directors of the Manager and of the Audit and Risk Committee at the planning and completion stages of the audit; and focused testing, as referred to in the key audit matters section above.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report to the Members of RIT Capital Partners plc

Other matters we are required to address

- We were appointed by the Parent Company on 26 April 2018 to audit the financial statements for the year ending 31 December 2018 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is five years, covering the years ending 31 December 2018 to 31 December 2022.
- The audit opinion is consistent with the additional report to the Audit and Risk committee.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Matthew Price (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor, London
27 February 2023

Notes:

1. The maintenance and integrity of the RIT Capital Partners plc web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Other Information

31 December 2022

(Unaudited)

RIT Capital Partners plc

Investment Portfolio Reconciliation

Investment portfolio reconciliation

The following table shows a summary reconciliation between the amounts reported within the Investment Portfolio, as shown on pages 17 to 19, and the 31 December 2022 consolidated balance sheet, as shown on page 58:

£ million	31 December 2022 Quoted equity	Private investments	Absolute return and credit	Real assets	Other investments	Net liquidity/ borrowing/ other	Consolidated balance sheet
Non-current assets							
Portfolio investments at fair value	1,323.7	1,483.5	674.4	3.6	–	–	3,485.2
Non-consolidated subsidiaries	0.1	32.3	72.4	–	–	(3.7)	101.1
Investments held at fair value	1,323.8	1,515.8	746.8	3.6	–	(3.7)	3,586.3
Investment property	–	–	–	37.9	–	–	37.9
Property, plant and equipment	–	–	–	20.7	–	–	20.7
Retirement benefit asset	–	–	–	–	–	0.5	0.5
Derivative financial instruments	1.0	–	–	–	–	–	1.0
	1,324.8	1,515.8	746.8	62.2	–	(3.2)	3,646.4
Current assets							
Derivative financial instruments	1.3	–	–	6.4	49.6	–	57.3
Other receivables	0.1	–	–	–	–	245.2	245.3
Amounts owed by group undertakings	–	–	–	–	–	4.5	4.5
Cash at bank	11.7	–	–	–	–	206.3	218.0
	13.1	–	–	6.4	49.6	456.0	525.1
Total assets	**1,337.9**	**1,515.8**	**746.8**	**68.6**	**49.6**	**452.8**	**4,171.5**
Current liabilities							
Borrowings	–	–	–	–	–	(236.2)	(236.2)
Derivative financial instruments	(3.4)	–	–	–	(7.0)	–	(10.4)
Other payables	(27.4)	–	–	–	–	(36.1)	(63.5)
Amounts owed to group undertakings	–	–	–	–	–	(0.1)	(0.1)
	(30.8)	–	–	–	(7.0)	(272.4)	(310.2)
Net current assets/(liabilities)	**(17.7)**	**–**	**–**	**6.4**	**42.6**	**183.6**	**214.9**
Total assets less current liabilities	**1,307.1**	**1,515.8**	**746.8**	**68.6**	**42.6**	**180.4**	**3,861.3**
Non-current liabilities							
Borrowings	–	–	–	–	–	(134.4)	(134.4)
Derivative financial instruments	–	–	–	–	–	–	–
Deferred tax liability	–	–	–	–	–	(0.2)	(0.2)
Provisions	–	–	–	–	–	(1.8)	(1.8)
Finance lease liability	–	–	–	(3.2)	–	–	(3.2)
	–	–	–	(3.2)	–	(136.4)	(139.6)
Net assets	**1,307.1**	**1,515.8**	**746.8**	**65.4**	**42.6**	**44.0**	**3,721.7**

Glossary and Alternative Performance Measures

Glossary
Within this Annual Report and Accounts, we publish certain financial measures common to investment trusts. Where relevant, these are prepared in accordance with guidance from the AIC, and this glossary provides additional information in relation to them.

Alternative performance measures (APMs): APMs are numerical measures of the Company's current, historical or future financial performance, financial position or cash flows, other than financial measures defined or specified in the Company's applicable financial framework – namely UK adopted IAS and the AIC SORP. They are denoted with an * in this section.

CPI: The CPI refers to the United Kingdom Consumer Price Index as calculated by the Office for National Statistics and published monthly. It is the UK Government's target measure of inflation and, from 1 January 2022, is used as a measure of inflation in one of the Company's KPIs, CPI plus 3.0% per annum.

Gearing*: Gearing is a measure of the level of debt deployed within the portfolio. The ratio is calculated in accordance with AIC guidance as total assets, net of cash, divided by net assets and expressed as a 'net' percentage, e.g. 110% would be shown as 10%.

£ million	2022	2021
Total assets	4,171.5	4,985.0
Less: cash	(218.0)	(325.9)
Sub total	3,953.5	4,659.1
Net assets	3,721.7	4,390.3
Gearing	**6.2%**	**6.1%**

Leverage: Leverage, as defined by the UK Alternative Investment Fund Managers Directive (AIFMD), is any method which increases the exposure of the portfolio, whether through borrowings or leverage embedded in derivative positions or by any other means.

MSCI All Country World Index: The MSCI All Country World Index is a total return, market capitalisation-weighted equity index covering major developed and emerging markets. Described in this report as the ACWI or the ACWI (50% £), this is one of the Company's KPIs or reference hurdles and, since its introduction in 2013, has incorporated a 50% sterling measure. This is calculated using 50% of the ACWI measured in sterling and therefore exposed to translation risk from the underlying foreign currencies. The remaining 50% uses a sterling-hedged ACWI from 1 January 2015 (from when this is readily available). This incorporates hedging costs, which the portfolio also incurs, to protect against currency risk and is an investable index. Prior to this date it uses the index measured in local currencies. Before December 1998, when total return indices were introduced, the index is measured using a capital-only version.

Net asset value (NAV) per share: The NAV per share is calculated by dividing the total value of all the assets of the trust less its liabilities (net assets) by the number of shares outstanding. Unless otherwise stated, this refers to the diluted NAV per share, with debt held at fair value.

NAV total return*: The NAV total return for a period represents the change in NAV per share, adjusted to reflect dividends paid during the period. The calculation assumes that dividends are reinvested in the NAV at the month end following the NAV going ex-dividend. The NAV per share at 31 December 2022 was 2,388 pence, a decrease of 406 pence, or 14.5%, from 2,794 pence at the previous year end. As dividends totalling 37.0 pence per share were paid during the year, the effect of reinvesting the dividends in the NAV is 1.2%, which results in a NAV total return of -13.3%.

Net quoted equity exposure: This is the estimated level of exposure that the trust has to listed equity markets. It includes the assets held in the quoted equity category of the portfolio adjusted for the notional exposure from quoted equity derivatives, as well as estimated cash balances held by externally-managed funds and estimated exposure levels from hedge fund managers.

Notional: In relation to derivatives, this represents the estimated exposure that is equivalent to holding the same underlying position through a cash security.

Ongoing charges figure (OCF)*: As a self-managed investment trust with operating subsidiaries, the calculation of the Company's OCF requires adjustments to the total operating expenses.
In accordance with AIC guidance, the main adjustments are to remove direct performance-related compensation from JRCM, as this is analogous to a performance fee for an externally-managed trust.

£ million	2022	2021
Operating expenses	43.6	54.4
JRCM direct performance-related compensation	(7.6)	(24.8)
Other adjustments	0.0	(0.1)
Ongoing charges	36.0	29.5
Average net assets	4,045	4,085
OCF	**0.89%**	**0.72%**

In addition to the above, managers charge fees within the external funds (and in a few instances directly to RIT in relation to segregated accounts). We have estimated that, based on average net assets across the year and annual management fee rates per fund (excluding performance fees), these represent an additional 0.88% of average net assets (2021: 0.87%).

Glossary and Alternative Performance Measures

Premium/discount: The premium or discount (or rating) is calculated by taking the closing share price on 31 December 2022 and dividing it by the NAV per share at 31 December 2022, expressed as a net percentage. If the share price is above/below the NAV per share, the shares are said to be trading at a premium/discount.

Share price total return or total shareholder return (TSR)*: The TSR for a period represents the change in the share price adjusted to reflect dividends paid during the period. Similar to calculating a NAV total return, the calculation assumes the dividends are notionally reinvested at the daily closing share price following the shares going ex-dividend. The share price on 31 December 2022 closed at 2,125 pence, a decrease of 625 pence, or 22.7%, from 2,750 pence at the previous year end. Dividends totalling 37.0 pence per share were paid during the year, and the effect of reinvesting the dividends in the share price is 1.2%, which results in a TSR of -21.5%. The TSR is one of the Company's KPIs.

Historical Information and Financial Calendar

Historical information

	Diluted net assets £ million	Diluted NAV per share pence	Closing share price pence	Premium/ (discount) %	Diluted earnings per share pence	Dividend per share pence
02 August 1988	280.5	105.9	81.5	(23.0)	n/a	n/a
31 March 1989	344.4	134.2	114.0	(15.1)	29.3	1.7
31 March 1990	334.0	131.0	97.0	(26.0)	(2.5)	2.6
31 March 1991	318.0	131.7	92.0	(30.1)	0.7	2.4
31 March 1992	305.5	140.7	85.2	(39.4)	6.6	1.1
31 March 1993	385.9	181.1	117.0	(35.4)	40.5	1.1
31 March 1994	468.6	221.6	171.0	(22.8)	41.5	1.6
31 March 1995	450.2	213.4	174.0	(18.5)	(8.1)	1.7
31 March 1996	560.8	283.2	223.0	(21.3)	63.3	1.6
31 March 1997	586.1	303.5	242.5	(20.1)	17.2	1.8
31 March 1998	737.5	384.1	327.0	(14.9)	81.5	2.0
31 March 1999	759.7	398.6	341.0	(14.5)	14.6	2.2
31 March 2000	811.4	509.0	439.0	(13.8)	100.2	3.1
31 March 2001	759.8	484.3	436.5	(9.9)	(28.8)	3.1
31 March 2002	758.3	483.4	424.5	(12.2)	2.2	3.1
31 March 2003	674.7	430.2	371.5	(13.6)	(50.2)	3.1
31 March 2004	981.1	628.2	577.5	(8.1)	195.9	3.1
31 March 2005	1,113.1	712.7	694	(2.6)	90.0	3.1
31 March 2006	1,534.7	982.7	1,020	3.8	270.3	3.1
31 March 2007	1,635.6	1,047.3	1,000	(4.5)	67.0	3.1
31 March 2008	1,690.0	1,091.6	1,147	5.1	50.6	4.0
31 March 2009	1,350.5	874.3	831	(5.0)	(205.2)	7.5
31 March 2010	1,815.7	1,180.1	1,082	(8.3)	306.3	4.0
31 March 2011	1,984.0	1,289.4	1,307	1.4	111.7	4.0
31 March 2012	1,920.0	1,249.3	1,220	(2.3)	(35.7)	4.0
31 December 2012	1,847.2	1,191.4	1,131	(5.1)	(29.6)	28.0
31 December 2013	2,146.0	1,383.6	1,260	(8.9)	215.7	28.0
31 December 2014	2,299.6	1,483.0	1,397	(5.8)	129.8	29.4
31 December 2015	2,441.3	1,572.5	1,681	6.9	121.4	30.0
31 December 2016	2,692.1	1,730	1,885	9.0	195.0	31.0
31 December 2017	2,858.3	1,839	1,962	6.7	142.4	32.0
31 December 2018	2,830.2	1,821	1,910	4.9	17.5	33.0
31 December 2019	3,145.6	2,004	2,115	5.5	220.8	34.0
31 December 2020	3,590.4	2,292	2,065	(9.9)	321.0	35.0
31 December 2021	4,390.3	2,794	2,750	(1.6)	545.5	35.25
31 December 2022	**3,721.7**	**2,388**	**2,125**	**(11.0)**	**(371.3)**	**37.0**

Notes:

1. The Company commenced its business as an approved investment trust on 3 August 1988, following the listing of its share capital on the London Stock Exchange.
2. Prior to 31 March 2000, the diluted net assets were measured on the assumption that all convertible stock was converted at the balance sheet date. By 31 March 2000, all convertible stock had been converted or redeemed.
3. Dividends per share represent the amounts paid in the relevant financial year or period.
4. Since 31 March 2005 the closing share price has been displayed to the nearest pence and from 31 December 2016 the diluted net assets per share has been disclosed to the nearest pence.

Financial Calendar:

26 April 2023, 12:00pm:	Annual General Meeting.
28 April 2023:	Payment of interim dividend.

Investor Information

Share price information
The Company's £1 ordinary shares are listed on the London Stock Exchange and may be identified using the following codes:

TIDM:	RCP LN
SEDOL:	0736639 GB
ISIN:	GB0007366395

Daily and 15 minute delay share price information is displayed on the Company's website: www.ritcap.com, as well as numerous online platforms.

Registrar
The Company's registrar may be contacted as follows:

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Tel: 0370 703 6307
Overseas: +44 370 703 6307

Shareholders may contact the registrar should they need to notify a change of name or address, or have a query regarding the registration of their holding or the payment of a dividend. Shareholders who wish to have dividends credited directly to their bank account rather than paid by cheque may do so by arrangement with the registrar. Shareholders may also arrange with the registrar to have their dividend payment invested in additional RIT Capital Partners plc ordinary shares purchased in the market.

Registered holders of ordinary shares of RIT Capital Partners plc may elect to receive communications from the Company electronically as an alternative to receiving hard copy accounts and circulars. This facility is provided by the registrar and shareholders will need to go online at www.investorcentre.co.uk and select the 'eComms' signup section to participate. To complete the registration process shareholders will need their postcode or country of residence, along with their shareholder reference number (as shown on their share certificates or dividend advices). Shareholders will also be asked to agree to the terms and conditions for electronic communication.

Registered shareholders also have the facility to check their shareholding, change their address or update their bank mandate instruction by registering to become a member of 'Investorcentre'.

Regardless of whether shareholders sign up for 'eComms' or become a member of 'Investorcentre', they are able to cast proxy votes in respect of general meetings electronically if they wish by using the link provided on their proxy form or in their email notification.

Directory

MANAGER, ADMINISTRATOR, COMPANY SECRETARY AND REGISTERED OFFICE
J. Rothschild Capital Management Limited
27 St. James's Place
London SW1A 1NR

INDEPENDENT AUDITOR
Ernst & Young LLP
25 Churchill Place
London E14 5EY

SOLICITOR
Linklaters LLP
One Silk Street
London EC2Y 8HQ

BROKERS
JP Morgan Cazenove Limited
25 Bank Street
London E14 5JP

Numis Securities Limited
45 Gresham Street
London EC2V 7BF

ADVISER TO THE REMUNERATION COMMITTEE
Alvarez & Marsal
Park House
16-18 Finsbury Circus
London EC2M 7EB

CUSTODIAN AND DEPOSITARY
BNP Paribas Trust Corporation UK Limited
10 Harewood Avenue
London NW1 6AA

AIC
The Company is a member of the Association of Investment Companies
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RIT Capital Partners plc