PIP

Pantheon International Plc
Annual Report and Accounts
2018

A **differentiated entry point** to high quality private equity

As at 31 May 2018

11.8%	Average annual NAV growth since inception	£1.3bn	Net asset value
12.1%	Share price increase in the year	£1.1bn	Market capitalisation
16.8%	Share price discount to NAV	1.23%	AIC ongoing charges[1]

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Investment case studies

SPOTIFY see p39

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CALLRAIL see p45

EUSA PHARMA see p46

This report contains terminology that may be unfamiliar to some readers. The Glossary on pages 119 to 122 gives definitions for frequently used terms.

1 Including financing costs, PIP's total ongoing charges would be 1.38%.

What we offer our investors

Private equity is a **highly attractive** asset class

Private equity is all around us.

Whether it's our morning coffee, the software that make us more productive at work or many of the healthcare services that our families depend on, companies backed by private equity play an important role in our daily lives. Private equity's reach is broad and, through the hands-on approach of private equity managers, it has a real influence on boosting the value of the businesses it supports.

Because of this, it can be a highly attractive asset class for long-term investors, with returns of top performing funds consistently beating those of public market indices. The issue for many investors, however, is that 'private' equity is just that – private – and the barriers to entry are high.

PIP's purpose is to make the private, public.

> *We believe that exposure to private equity can add materially to a shareholder's long-term investment interests.*
>
> **Andrew Lebus** Partner

What we offer our investors

We offer **a simple and differentiated entry point** to the impressive returns that private equity can provide

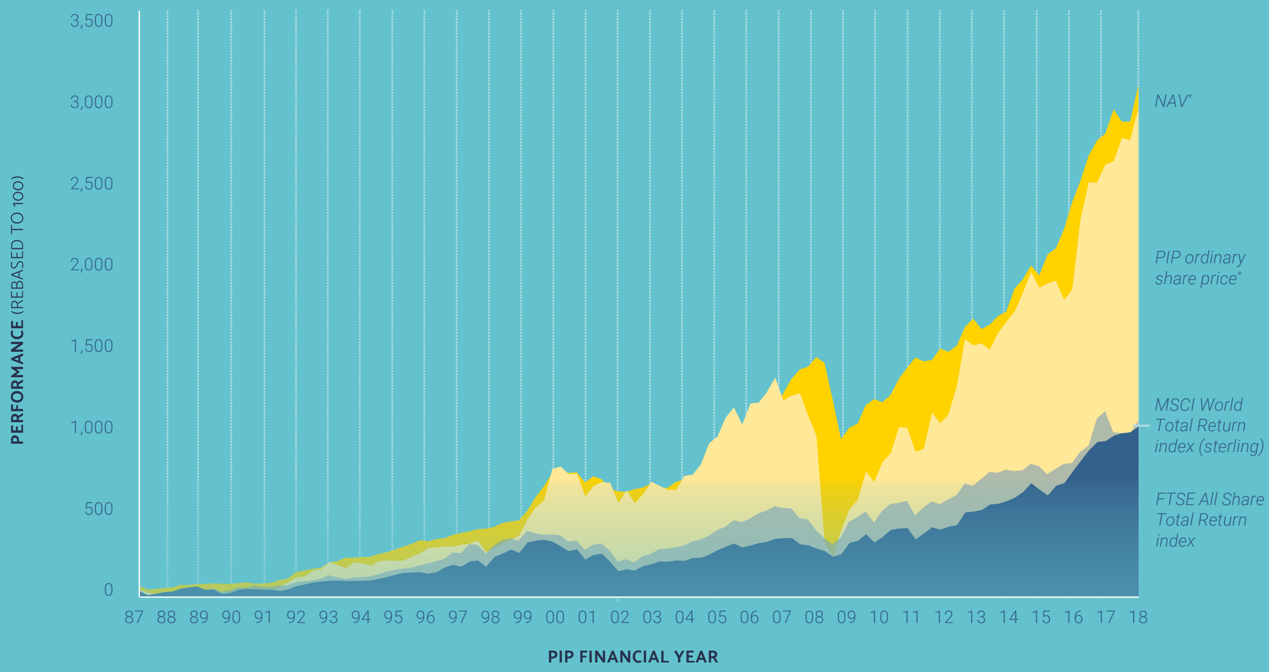
In a nutshell, PIP is a listed FTSE 250 private equity investment trust, overseen by an independent Board of Directors and managed by Pantheon, one of the leading private equity investment managers globally.

PIP provides a differentiated entry to:

- A long-established global platform of broad and deep relationships
- The excellent value creation potential generated by some of the leading private equity managers in the world
- Our managers' track record and expertise in identifying and managing leading companies through multiple economic cycles
- Many of the most exciting growth-orientated businesses in the world
- An investment company of scale with risk managed through selection and diversification
- Liquid access to private equity
- Independence through both our investment approach and governance by PIP's board
- A responsible and highly experienced investment manager, Pantheon, whose culture and values reflect teamwork and diversity across its entire workforce

We believe that all of this enables our investors to gain access to high quality private equity worldwide.

PIP's performance over the past 30 years



* Includes the effects of dividends, capital repayments and warrants. NAV figure based upon adjusted NAV per share where applicable.

PIP's track record

PIP is the longest established private equity fund-of-funds on the London Stock Exchange.

PERFORMANCE SINCE INCEPTION IN 1987

11.8%	average annual NAV per share growth
8.0%	growth in MSCI World TR index
8.1%	growth in FTSE All-Share TR index

SHARE CAPITAL

The Company's issued share capital consists of 54,114,447 ordinary shares as at 31 May 2018.

PIP simplified its capital structure during the year. A full consolidation of the Company's ordinary and redeemable share classes was implemented on 31 October 2017, wherein a proportion of redeemable shares were exchanged for an Asset Linked Note ("ALN") having an initial principal amount of £200m, and the remaining redeemable shares were converted into ordinary shares. There are no redeemable shares in issue following the consolidation.

What we offer our investors

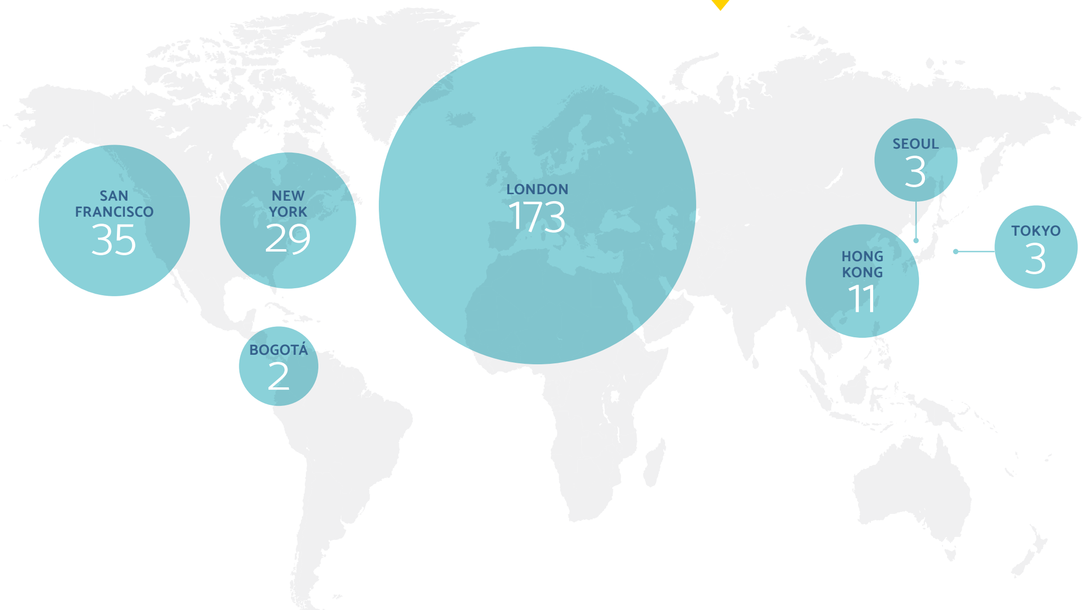
Pantheon's **well-established platform** and deep network of **strong relationships** are essential to PIP's success

Pantheon's more than 35 years' experience as a private equity investor and the deep relationships built up by its global investment team, many of whom have been with the firm for over 20 years, provides PIP with an outstanding base of experience to ensure selectivity and secure investment with the best managers.

$38bn assets under management[1]

256 staff globally

78 investment professionals globally



As at 1 August 2018.

1 As at 31 December 2017. The figure includes assets subject to discretionary or non-discretionary management, advice or those limited to a reporting function.

Pantheon's three pillars of investment

The way in which Pantheon invests using primary, secondary and co-investment strategies offers a flexible and powerful means of accessing private equity-backed companies. Pantheon was one of the pioneers in these markets and its presence and reputation is well established.

1 Primary

FUND

We invest in a new fund when it is established

2 Secondary

FUND

We replace an investor in a fund or funds typically late into, or after, the investment period

3 Co-investments

PORTFOLIO COMPANY

We purchase a portfolio company directly alongside a private equity fund during the investment period or acquire a direct investment through a secondary transaction

Each strategy offers valuable insights into the others

Investing in **primary funds** provides access to top tier managers, who often offer **co-investment** opportunities.

These relationships in turn provide increased access and privileged insight into many of the best **secondary** opportunities that arise in the market.

For more information on the three ways we invest, see pages 14 to 15

A highly selective approach

Pantheon is highly selective about which opportunities to pursue. Many of the managers to whom Pantheon commits capital represent relationships spanning many years. Pantheon is familiar with their investment strategy, their portfolios, their investment teams and their approach to creating value in the companies they back.

"Pantheon remains disciplined in its approach and will not recommit to a manager's new fund purely on the basis that previous funds have performed well.

We won't invest if there has been a substantial shift in strategy, a competitive position has not been maintained, there has been a major change in the investment team, or if appropriate succession planning is not in place."

Helen Steers Partner

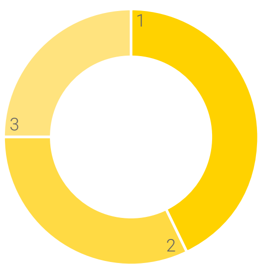
What we offer our investors

Our portfolio is crafted to **deliver for shareholders**

Since PIP's inception, we have been able to generate excellent returns while structuring our portfolio to minimise the risks typically associated with private equity investments. Our established portfolio of assets has been carefully selected, based on the strengths of our appointed managers, actively monitored and diversified to reduce specific timing, regional and sector risks, and managed to maximise growth and liquidity over time.

Investment type[1]

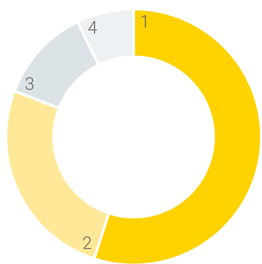
Flexible approach to portfolio construction increases potential for outperformance.



1	Secondary	43%
2	Co-investments	32%
3	Primary	25%

Fund region[1]

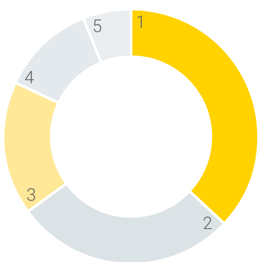
Weighted towards the more developed private equity markets in the USA and Europe while Asia and EM provide access to faster-growing economies.



1	USA	55%
2	Europe	26%
3	Asia and EM[2]	12%
4	Global[3]	7%

Fund stage[1]

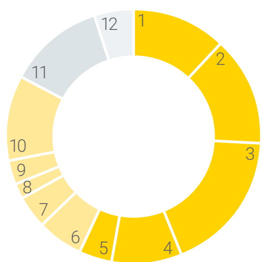
Well diversified across different investment stages with a particular focus on mid-market buyout and growth funds.



1	Small/mid buyout	37%
2	Large/mega buyout	28%
3	Growth	17%
4	Special situations	12%
5	Venture	6%

Fund maturity[1]

Maturity profile is managed to enhance performance while maintaining a cash-generative portfolio.



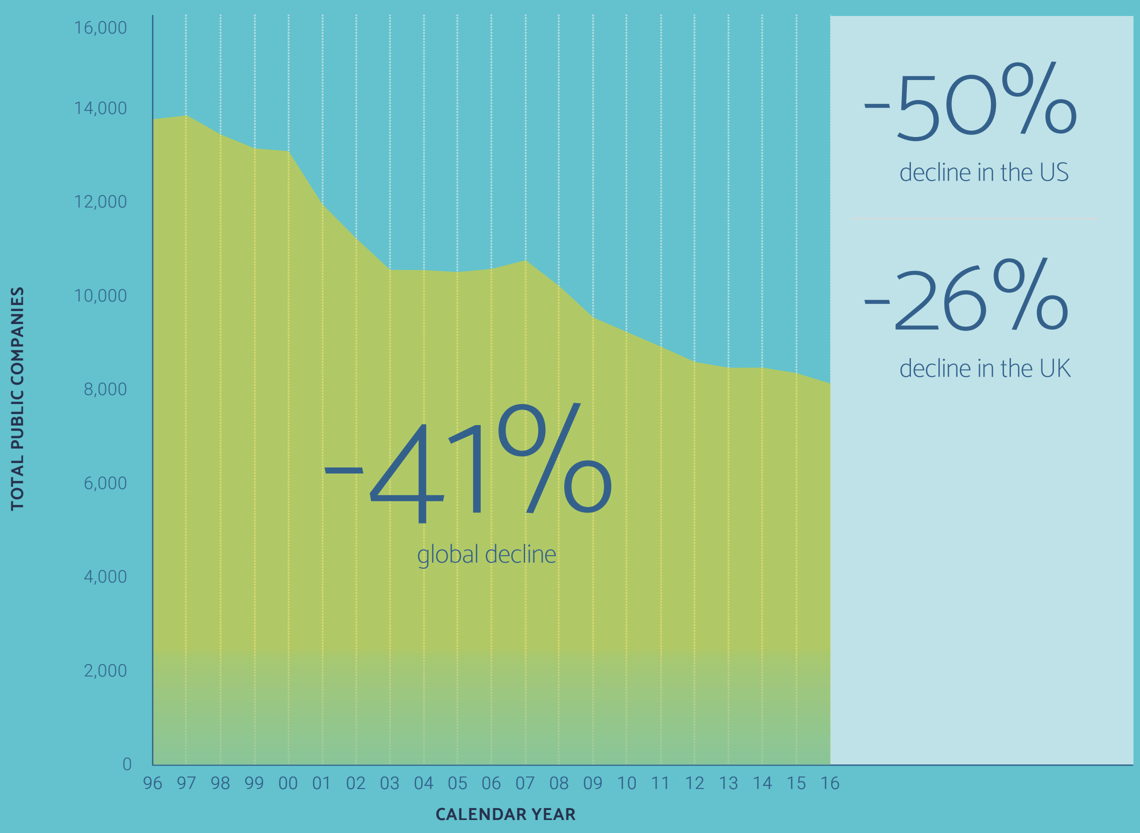
1	2017 and later	12%
2	2016	14%
3	2015	18%
4	2014	9%
5	2013	4%
6	2012	6%
7	2011	4%
8	2010	2%
9	2009	3%
10	2008	11%
11	2007	12%
12	2006 and earlier	5%

1 Fund investment type, region, stage and maturity charts are based upon underlying fund valuations and account for 100% of PIP's overall portfolio value. The charts exclude the portion of the reference portfolio attributable to the Asset Linked Note.
2 EM: Emerging Markets.
3 Global category contains funds with no target allocation to any particular region equal to or exceeding 60%.

In 2018, our role has become **even more vital**

There are now fewer public companies that are larger and older, and many exciting, high-growth sectors are under-represented on public markets. This increases the investment opportunities for private equity. PIP's portfolio has been constructed to offer access to those private companies which have considerable growth potential and form part of some of the most dynamic sectors in the world.

There has been a significant decline in the number of publicly listed stocks globally[1]



1 Markets reviewed include the USA, UK, Germany, France, Brazil, Argentina, Mexico, South Africa, and Israel.

Sources: Doidge, Craig, G. Andrew Karolyi, and René M. Stulz. "The US Listing Gap." Journal of Financial Economics 123, no. 3 (2017): 464-87. doi:10.1016/j.jfineco.2016.12.002.; Mauboussin, Michael J., Dan Callahan, CFA, and Darius Majd. The Incredible Shrinking Universe of Stocks: The Causes and Consequences of Fewer US Equities Report, Global Financial Strategies, Credit Suisse, March 22, 2017. Data from The World Bank, accessed May 25, 2017. London Stock Exchange, Market Factsheets pre-2005 and 2005-2016, accessed September 25, 2017.

Key Performance Indicators

We are focused on **maximising capital growth** over the long term

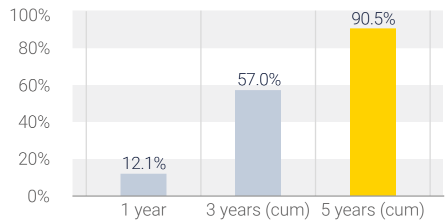
	What it is	How we have performed

PERFORMANCE

5-Year cumulative total shareholder return

90.5%

Total shareholder return demonstrates the return to investors, after taking into account share price movements (capital growth) and, if applicable, any dividends paid during the period.

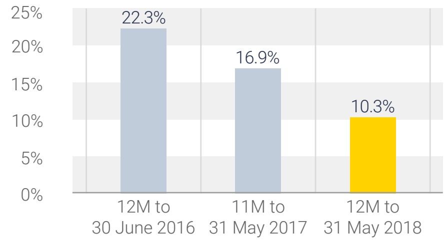


NAV per share growth during the year

10.3%*

Net asset value (NAV) per share reflects the attributable value of a shareholder's holding in PIP. The provision of consistent long-term NAV per share growth is central to our strategy.

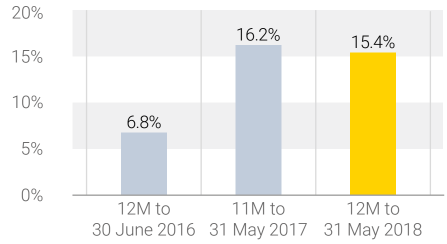
NAV per share growth in any period is shown net of all costs associated with running the Company.



Portfolio investment return

15.4%*

Portfolio investment return measures the total movement in the valuation of the underlying funds and companies comprising PIP's portfolio expressed as a percentage of the opening portfolio value, before taking foreign exchange effects and other expenses into account.



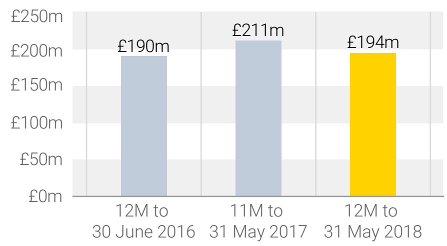
LIQUIDITY

Net portfolio cash flow

£194m*

Net portfolio cash flow is equal to fund distributions less capital calls to finance investments, and reflects the Company's capacity to finance calls from existing investment commitments and to make new investments.

PIP manages its maturity profile through a mix of primaries, secondaries and co-investments to ensure that its portfolio remains cash-generative at the same time as maximising the potential for growth. With a weighted average fund age of 5.7 years[1], PIP is achieving this objective.

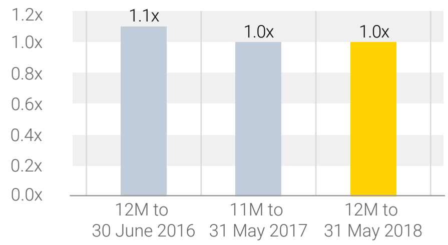


Liquidity ratio

1.0x*

The liquidity ratio is the ratio of outstanding commitments to available financing, with the latter being the sum of cash, the unutilised portion of any loan facilities and 10% of private equity assets. The liquidity ratio is an indicator of the Company's ability to meet outstanding commitments, even in the event of a market downturn.

Under the terms of its current loan facilities, PIP is required to maintain a liquidity ratio of below 3.0 times.



* Exclude valuation gains and/or cash flows associated with the Asset Linked Note.

1 Excludes the portion of the reference portfolio attributable to the Asset Linked Note.

In 2018, the Board reviewed PIP's key performance indicators ("KPIs") to ensure that the Company is using the most appropriate measures to monitor progress in delivering against its objective of maximising capital growth over the long term. A detailed explanation of the chosen KPIs, along with historical performance for each, can be found below.

	Link to our strategic objectives	**Examples of related factors that we monitor**
■ PIP's ordinary shares had a closing price of 2,010.0p at the year end. ■ While the Board was pleased to note some narrowing of the share price discount in the year, the ordinary shares continued to trade at a discount to NAV (17% as at the year-end).	■ Maximise shareholder returns through long-term capital growth. ■ Promote better market liquidity by building demand for the Company's shares.	■ Rate of NAV growth relative to listed markets. ■ Trading volumes for the Company's shares. ■ Share price discount to NAV.
■ NAV per share increased by 224.9p to 2,414.8p during the year. ■ Strong performance despite the impact of foreign exchange movements.	■ Investing flexibly with top-tier private equity managers to maximise long-term capital growth. ■ Containing costs and risks by constructing a well-diversified portfolio in a cost-efficient manner.	■ Valuations provided by private equity managers. ■ Fluctuations in currency exchange rates. ■ Ongoing charges relative to NAV growth and private equity peer group. ■ Potential tax leakage from investments. ■ Effect of financing (cash drag) on performance.
■ Strong performance in the underlying portfolio, despite the impact of foreign exchange movements. ■ PIP continues to benefit from good earnings growth in its underlying portfolio and from the favourable exit environment.	■ Maximise shareholder returns through long-term capital growth.	■ Performance relative to listed market and private equity peer group. ■ Valuations provided by private equity managers.
■ PIP's portfolio generated £280m of distributions versus £86m of calls. ■ The Company made new commitments of £256m during the year, £139m of which was drawn.	■ Maximise long-term capital growth through ongoing portfolio renewal while controlling financing risk.	■ Relationship between outstanding commitments and NAV. ■ Portfolio maturity and distribution rates by vintage. ■ Commitment rate to new investment opportunities.
■ The current level of commitments is consistent with PIP's conservative approach to balance sheet management.	■ Flexibility in portfolio construction, allowing the Company to flex between primary, secondary and co-investments, and vary investment pace, to achieve long-term capital growth.	■ Relative weighting of primary, secondary and co-investments in the portfolio. ■ Level of undrawn commitments relative to gross assets. ■ Trend in distribution rates. ■ Ability to access debt markets on favourable terms.

Chairman's Statement

A milestone year

PIP has had a milestone year. It celebrated its 30 year anniversary, simplified its capital structure by consolidating its two classes of shares and, as a result of its market capitalisation standing at just over £1bn, entered the FTSE 250 index in March. In connection with this, PIP also issued a £200m Asset Linked Note ("ALN"), which has had the effect of de-emphasising the tail of older assets in its portfolio and is expected to boost the NAV per share.

IN SUMMARY

- Strong performance from the underlying portfolio
- We made 50 new investments amounting to £256m in commitments
- The Board, together with Pantheon, reviewed the flexibility of its investment approach in order to find further ways to improve PIP's rate of NAV per share growth.
- PIP's portfolio provides an attractive means of maximising long-term capital growth for shareholders.

KEY STATISTICS

10%	NAV per share increase
12%	Ordinary share price increase
£1,307m	Net asset value
£194m	Portfolio net cash flow

Performance for 12 months to 31 May 2018

During the 12 months to 31 May 2018, PIP's NAV per share increased by 10.3% to 2,414.8p. Net assets decreased from £1,388m to £1,307m, reflecting the effect of issuing the ALN. PIP's portfolio performed well during the period: investment returns from the underlying portfolio (14.7%) and share buybacks (0.1%) were offset by foreign exchange movements (-2.2%) and expenses and taxes (-2.3%). The NAV per share is stated net of movements in the value of the ALN. The majority of PIP's portfolio is invested in non-sterling assets, predominantly US dollars and euros, and therefore the NAV per share is susceptible to movements in sterling against those currencies. While the Board monitors the Company's underlying foreign exchange exposure, we believe the impact of currency fluctuations tends to be a less significant factor over the long term.

PIP is currently focused on the mid-market buyout and growth stages of investment, where pricing tends to be lower than at the large end of the market, and which both delivered strong returns during the period. The large buyout funds in PIP's portfolio also performed well. As previously reported, our venture portfolio has been impacted by the weaker performance of its older assets but, through the effect of issuing the ALN, it has been reduced and now represents just 6% of PIP's total portfolio. Special situations, consisting of energy, distressed and mezzanine funds, which had posted a negative performance in the first half of the financial year, recovered in the second half but still underperformed the rest of the portfolio.

During the period, PIP's ordinary share price increased by 12% and the discount at which the shares trade narrowed slightly to 17%. At the time of writing, the discount remained at 17%. Following the share class consolidation and the Company's entry into the FTSE 250 index, secondary market liquidity of PIP's shares has grown and the Board has been encouraged by the appearance of new names on the share register, representing both institutional and retail investors. The Company has already started to strengthen its marketing efforts to build on this momentum and stimulate demand for PIP's shares.

Investment and realisation activity during the period

PIP continued to benefit from the current exit environment, generating £280m of distributions, equivalent to 26% of the opening portfolio, excluding the distributions attributable to the ALN. Sales to corporate buyers were the most significant sources of exit distributions during the financial year. During the period, calls from existing commitments to private equity funds amounted to £86m, equivalent to 19% of opening undrawn commitments. This resulted in a net cash inflow from the portfolio of £194m during the period before taking account of new investments.

By issuing the ALN, the weighted average fund age was reduced to 5.7 years during the 12 months to 31 May 2018 (31 May 2017: 6.7 years) and the portfolio emphasis was shifted towards younger funds which the Board believes will perform better as a whole relative to the portfolio prior to the ALN issue.

As investors seeking growth and higher returns become more aware of the attractions of private equity, competition for deals has increased. Nevertheless, through using its extensive network of relationships, built up over 35 years, and its privileged access to information, Pantheon has been able to source opportunities which the Board believes are compelling. As the supply of capital builds in this high valuation environment, Pantheon has sought to maintain its disciplined and selective approach, using its detailed due diligence processes to evaluate the managers it is backing to ensure that they have the appropriate standards to generate future high returns regardless of past performance.

PIP made 50 new investments in the year, amounting to £256m in commitments, of which £139m was drawn at the time of purchase. Those investments comprised £107m committed to 13 secondaries, £87m committed to 15 primaries and £62m committed to 22 co-investments. Since the period end, PIP has committed a further £54m to seven investments.

At the beginning of 2018, the Board, together with Pantheon, reviewed its approach to investment selection in order to find further ways to improve PIP's rate of NAV growth. It was agreed that the Manager should be able to exercise more flexibility in terms of allocation to primary, secondary and co-investment transactions to ensure that PIP can take advantage of the best deal opportunities. While secondary investments will continue to be a significant portion of PIP's portfolio, those containing tail-end funds (funds that are older than 10 years at the time of purchase) will be de-emphasised in PIP's new commitments so that PIP can benefit from younger, better-performing assets. One of the many attractions of PIP for investors is how risk is managed through the diversification of its portfolio by manager, investment type, stage, geography, vintage and sector. PIP intends to maintain this diversified approach in future, but a more focused approach in the secondary market to filter out less attractive tail-end opportunities, is expected to contribute to a reduction in the number of third party managers and companies to which the portfolio is principally exposed. This should allow a clearer link to form between the strongest performing companies in the portfolio and their potential to boost future NAV growth. PIP invests alongside Pantheon directly into third party funds and co-investments, and not via Pantheon's other investment vehicles. This ensures that the Company has control over portfolio construction and meets its investment objectives.

PIP buys back its shares opportunistically. During the year, the Company invested £3.5m to purchase 190,000 shares, which added 1.3p to the NAV per share.

PIP's strategic objectives and approach are described in more detail on pages 16 to 18.

"Pantheon has the scale, as well as the extensive long-term relationships internationally that are required, to access those deals which are often restricted to a selected group of investors."

Chairman's Statement (continued)

Financial position and strength

The £200m unlisted Asset Linked Note, issued by PIP at the end of October 2017, is due to mature in August 2027. Repayment of the ALN is only made as cash distributions are received from a reference portfolio of older assets. PIP made ALN repayments of £77m during the year and, as at 31 May 2018, the ALN was valued at £132m. Since its issue, the lower relative performance of the reference portfolio underpinning the ALN has, as intended, enhanced NAV per share growth in the period.

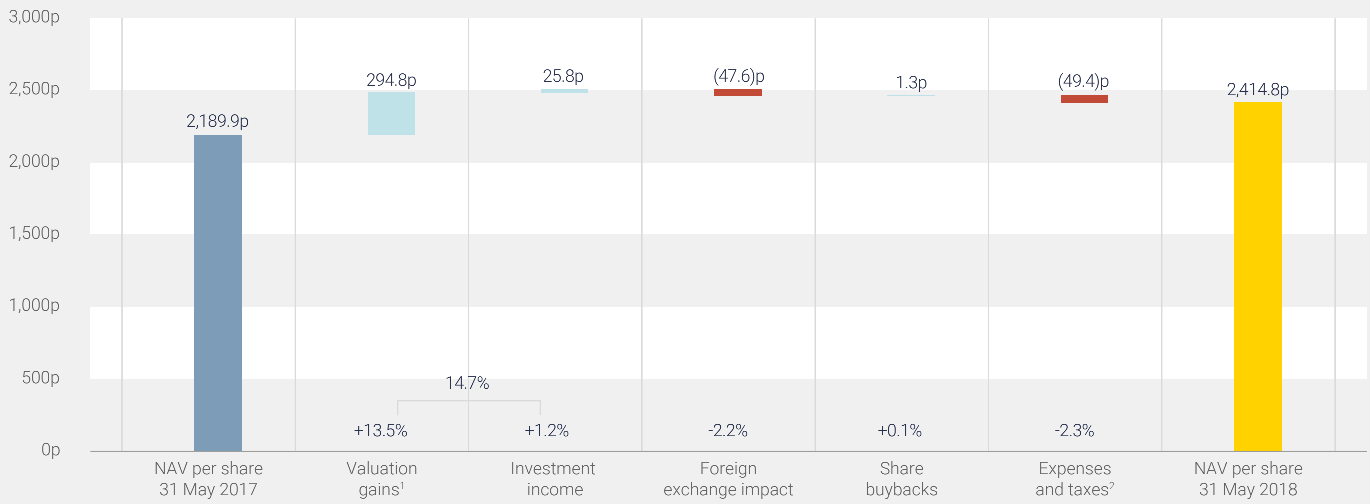
As at 31 May 2018, PIP held cash of £162m and had access to an undrawn facility equivalent to £163m. After deducting the next payment of £17m due under the ALN, the Company has available financing of £309m to meet undrawn commitments of £440m. As at 31 May 2018, PIP's undrawn commitment cover, which measures the sum of PIP's undrawn commitments against its available financing and the value of its private equity portfolio, was 3.6 times.

Following the period end, the Company announced in June that it had agreed a new £175m multi-currency revolving credit facility to replace the £150m loan facility agreement that was due to expire in November 2018. The facility, denominated as to US$163m and €60m, will expire in June 2022 with an option to extend, by agreement, the maturity date by another year. The loan facility was agreed on terms the Board believes to be attractive and provides additional assurance that the Company has the ability to finance its unfunded commitments in the future.

Outlook

The global economy remained strong during the year, although the outlook appears vulnerable against a backdrop of geopolitical and economic tensions. Pantheon is backing managers that have experience of managing assets through changing market conditions and is focusing on investments with growth potential that is not strictly correlated to GDP growth. In addition, the long-term nature of private equity means that our managers can hold on to their assets until there is a more favourable exit environment.

NAV PER SHARE RECONCILIATION



The chart reconciles the opening and closing NAV per share for the year to 31 May 2018.

1 Excludes the ALN share of the reference portfolio's valuation gains, investment income and foreign exchange movement, equivalent to 20.6p for the year.
2 Taxes relate to withholding taxes on investment distributions.

Valuations in private equity continue to be high, as is the case across equity markets generally and other asset classes, and there are concerns about the growing amount of capital. Private equity managers are having to work harder than ever before to source attractively priced opportunities. The Board and Pantheon are very aware of the importance of navigating the current environment with caution.

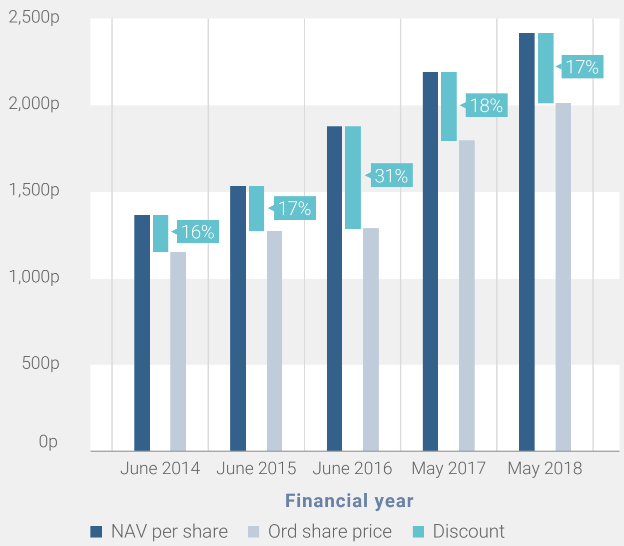
PIP offers a simple way for investors to access a well-managed global portfolio of high quality assets, with real potential for outperformance, which are not readily available via the public markets. The Board is confident that Pantheon has the scale, knowledge and expertise, as well as the extensive long-term relationships internationally, that are required to access compelling deals which are often restricted to a selected group of investors. In addition, the Board recognises the strong culture of teamwork and diversity within Pantheon and its long history of investing its clients' capital responsibly. We believe that these attributes, coupled with a long-term outlook when making investment decisions, play an important role in constructing a high quality portfolio which can maximise long-term capital growth for shareholders.

The Strategic Report, comprising pages 1 to 23, has been approved and signed on behalf of the Board.

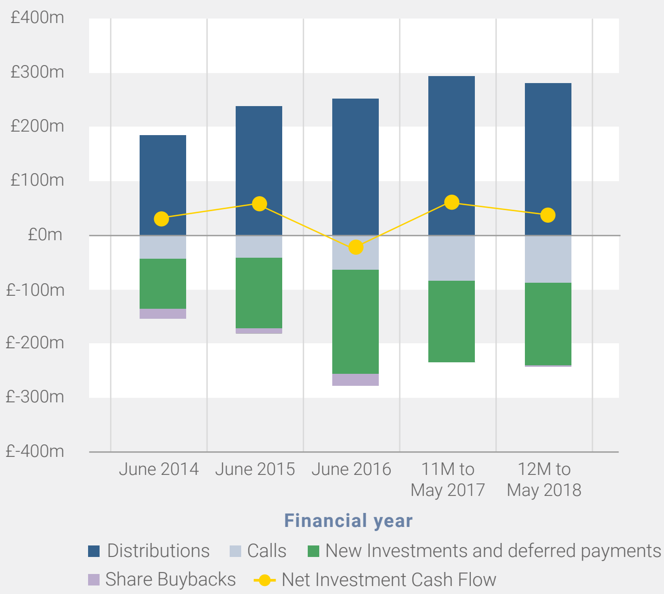
Sir Laurie Magnus
Chairman
7 August 2018

> *PIP offers a simple way for investors to access a well-managed global portfolio of high quality assets, with real potential for outperformance, which are not readily available via the public markets.*

NAV AND SHARE PRICE PERFORMANCE



NET INVESTMENT CASH FLOW



Our Business Model

We aim to deliver **attractive and consistent returns** over the long term

OUR INVESTMENT PROCESS

Deals are originated via Pantheon's well-established platform

Within our diversified portfolio, we back the best managers globally that are able to identify and create value in growing companies

Cash generated when those companies are sold is returned to PIP and redeployed into new investment opportunities

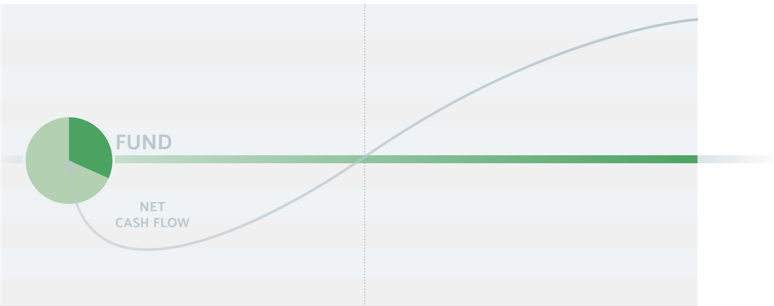
INVESTMENT STRATEGIES

INVESTMENT PERIOD | HARVEST PERIOD

Primary

We invest in a new fund when it is established

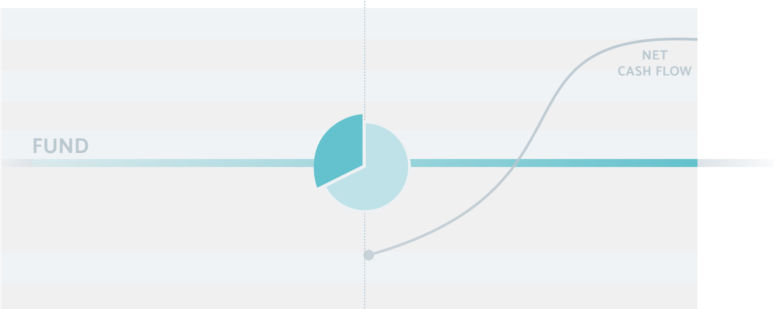
- Captures exposure to top-tier, niche managers as well as to smaller funds that are generally hard to access.



Secondary

We replace an investor in a fund or funds typically late into, or after, the investment period

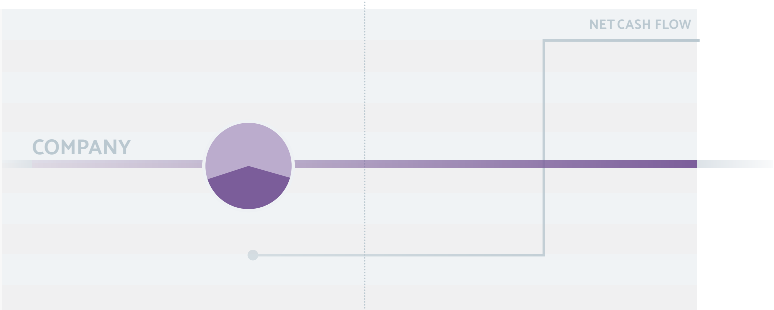
- Targets favoured funds at a stage when the underlying assets' performance is visible and the funds are realising investments, returning cash to PIP more quickly.
- One of the advantages of investing in secondaries is that earlier fees will have been borne by the seller so total expenses are lower.



Co-investments

We purchase a portfolio company directly, alongside a private equity fund, during the investment period

- Invests in the securities of individual companies with attractive characteristics at the exclusive invitation of Pantheon's private equity managers.
- This boosts performance potential because there are typically very low or no fees, making it a cost-effective way of capitalising on the high value added by Pantheon's selected managers.



For more information on the three ways we invest, see p5 >

What we do

PIP invests in private equity funds and co-invests (alongside selected private equity managers) directly into private companies worldwide.

An investment in PIP offers shareholders exposure to a growing market worth c.$3tn* where the best private equity managers might otherwise be inaccessible to shareholders.

We aim to deliver attractive and consistent returns to shareholders over the long term, and at relatively low risk.

Why we do it

Through Pantheon, we have an opportunity to invest with many of the best private equity managers globally based on the trust and experience built up over the more than 35 years during which Pantheon has been making investments.

With the right people in charge, we believe that the strong credentials of private equity and its track record of outperforming public markets, speak for themselves.

It is our mission to generate sustainably high investment returns through a well-managed, institutional grade portfolio built by investing with the best managers globally.

How we do it

PIP's manager, Pantheon, has a well-established platform built on three strategic pillars of investment: primary, secondary and co-investments, with each offering their own merits (see diagram, left).

We believe that by combining the three ways of accessing private equity investments, we are able to:

- Build and maintain a well-balanced portfolio in a combination that we monitor and manage with the aim of maximising capital growth;
- Manage the maturity profile of our assets so that our portfolio remains naturally cash-generative on a sustainable basis;
- Ensure that the vehicle remains as cost-effective as possible for our shareholders by reducing any potential drag on returns.

Private equity managers take controlling or influential positions in companies where they believe they can create value with a view to exiting their position at a multiple to their original investment. As portfolio companies are sold by the managers, PIP's share of the cash that is generated from those sales is deployed into new investment opportunities.

For more information on the commitments that PIP has made during the year, see pages 42 to 46 >

* Preqin May 2018.

What sets us apart

Broad and deep relationships

With investments in the USA, Europe, Asia and Emerging Markets, PIP provides a carefully constructed, broad-based portfolio for investors. The presence of Pantheon's dedicated investment team of 78[1] people in six offices around the world means that they are on the ground locally, working with their extensive networks of relationships with private equity managers and taking advantage of proprietary information flows and access to opportunities. These relationships enable Pantheon to source and respond quickly to the best deal flow in those regions.

Independence

PIP is offered the opportunity to participate in the full range of private equity investments that Pantheon sources, and it invests alongside other Pantheon managed funds into third party funds and underlying companies rather than as a feeder into Pantheon's other investment vehicles. The Board believes that this offers several benefits to PIP and its shareholders, including:

- Control of investment strategy, overseen by the Board;
- Reduction of financing risk by being able to accept or decline investments offered to it by Pantheon according to its financial resources at the time;
- The flexibility to vary the size of its commitments as appropriate and in line with any adjustments to its investment strategy;
- Lower cost due to the elimination of expenses that can arise in intermediate vehicles.

Track record

For more than 30 years, PIP has been able to adapt quickly and effectively to changing market conditions. This flexible and proactive approach means that PIP is well placed to continue to deliver on its strategic objectives.

Culture

Pantheon has a strong culture of teamwork and diversity, as well as a long history of investing its clients' capital responsibly.

For more information on PIP's strategic objectives, see pages 16 to 18 >

1 As at 1 August 2018.

Our Strategy

Our **independent and experienced Board** ensures that our strategy puts shareholders first

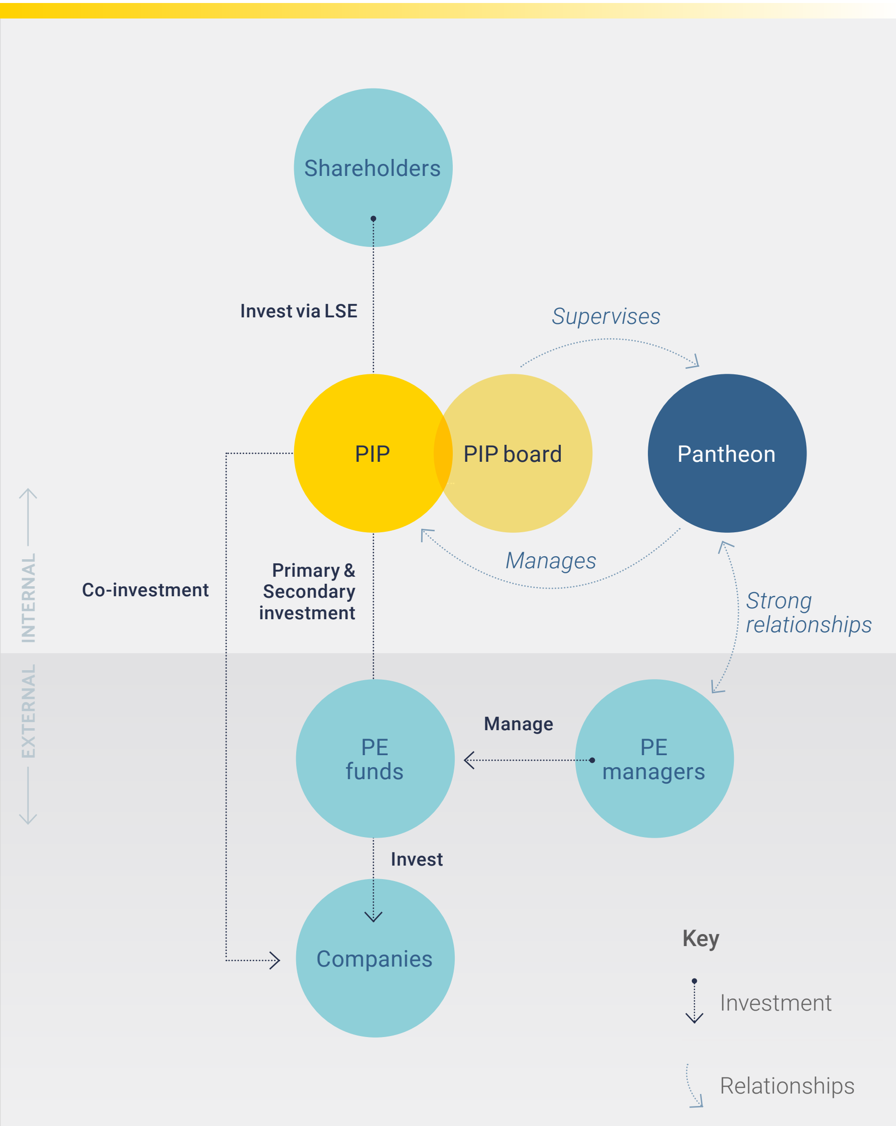
The role of the PIP Board

Safeguarding shareholders' interests

The independent Board of Directors is responsible for ensuring that PIP is managed in a way that achieves the best outcome for its shareholders. As part of this, one of its roles is to monitor the Manager's investment strategy to ensure that it is relevant, adheres to the Company's investment policy, and is constructed around seeking the best performing assets worldwide that can generate above average returns over the long term.

Monitoring of ongoing investment strategy

At the start of each year, PIP's investment strategy is considered by the Board together with the Manager. Throughout the year, there is an ongoing dialogue between the Board and Pantheon, and the Manager reports regularly to the Board on progress. In addition, it highlights any obstacles or changes in market conditions which may impact the Company's ability to achieve its strategic goals. In cases where this may occur, the Manager will propose solutions for which it will seek the support of the Board. Equally, the Board maintains the flexibility to propose amendments to the strategy as it deems necessary.



The Board and the Manager consider how PIP can most profitably deploy capital in the prevailing investment environment. In addition, the Board also reviews individual investments that exceed exposure limits, which are set at low levels (and below the hard limits in the Company's investment policy) to reflect a diversified approach. At times, the Manager may make recommendations to the Board and seek approval for certain investments that fall outside of any limits expressed in the agreed strategic approach, but which the Manager believes to be a good investment opportunity for PIP. The Board maintains its independence at all times and robustly challenges such recommendations to ensure that they are in the best interests of shareholders.

This year, following the simplification of PIP's share structure and the Company's expected exposure to a wider investor base following its entry into the FTSE 250, the Board took the opportunity to conduct a more detailed strategic review and explore how the Company's historically strong NAV performance could be built upon and improved. It is the Board's view that further improving performance is one of the ways in which more demand could be created for PIP's shares, which in turn could lead to a narrowing of the discount at which the shares trade. Some of the conclusions from that review are discussed below.

Maintain a diversified approach while increasing potential for outperformance

As Manager of PIP, Pantheon focuses on selecting the best private equity managers and the companies they back worldwide and carefully constructing and maintaining a mature portfolio that has exposure to different parts of the investment life cycle. PIP's portfolio is carefully diversified by manager, investment type, stage, geography, fund age (vintage) and sector. One of the key advantages of this approach is that it reduces the risk of any individual underperforming company or fund having an adverse effect on the Company's overall performance.

In 2018, the Board has agreed with the Manager that the Company will maintain its diversified approach but that, by increasing the focus on portfolio construction as explained below, over time the number of third party managers and companies to which the portfolio is principally exposed may reduce to around half the current amount. The Board also confirmed it would like to see the Manager exercise slightly more flexibility in the types and size of investments that it makes; this is discussed in more detail below.

> *It was agreed that the Company would benefit from Pantheon's greater control over allocation making it able to put capital to work in primary and co-investment opportunities as well as secondaries where they represented a more compelling investment proposition.*

We believe that this approach will give investors the best of both worlds: manageable risk in the Company's portfolio by remaining diversified, while at the same time increasing the potential for outperformance. The improved transparency of PIP's underlying portfolio, and increased investment flexibility, should create a clearer link between the strongest performing companies in the portfolio and the potential to boost NAV growth in the future.

Tighten control of portfolio construction

The Company has traditionally emphasised secondaries as PIP makes new investments. Secondary investments offer very attractive characteristics as highlighted in the Business Model on pages 14 and 15, however as part of the strategic review, it was recognised that certain secondary opportunities may not always be the best fit for PIP's portfolio.

There is a tendency for some recent secondary investments to be dominated by older assets, defined as those in funds which are 10 years or older at the time of purchase. Although those assets often generate good levels of cash, extensive analysis has shown that the rate of value increase tends to be lower than that offered by younger assets and therefore can be a drag on overall performance. The issuance of the ALN at the end of 2017 has allowed PIP to actively de-emphasise the older funds in PIP's portfolio and tilt it towards younger funds which the Board believe will perform better as a whole relative to the portfolio prior to the ALN issue. Therefore, as PIP seeks to maximise capital growth and avoid older assets becoming over-weighted in the portfolio, it was agreed that the Company would benefit from Pantheon's greater control over allocation, making it able to put capital to work in primary and co-investment opportunities as well as secondaries where they represented a more compelling investment proposition. While secondaries should continue to represent a significant portion of PIP's portfolio, it is recognised that over time these three different investment types may take on more equal weightings.

Our Strategy (continued)

The benefits of this approach are clear: Pantheon can remain highly selective and disciplined when assessing deal flow while at the same time reducing the risk of PIP being excluded from exciting opportunities due to investment constraints.

The Board recognises that on occasion, the discounts at which the Company's shares trade may make them an attractive investment proposition for PIP when considered alongside other new investment opportunities. The Manager reports to the Board on a regular basis on the investment market conditions and on those occasions, the Board may authorise the Company to buy back a specified amount of its own shares.

Focus on mid-market and growth opportunities

PIP's portfolio is diversified by stage, which ranges across venture, late stage growth, small/mid and large/mega buyout opportunities, as well as those classified as special situations. While the Company's strategy is to maintain a healthy mix of all stages, Pantheon favours growth and buyout funds with a particular focus on the mid-market. The mid-market offers strong credentials, when compared with large deals, such as:

- More attractively priced assets which tend to have lower levels of leverage than the broader market average;
- Greater visibility of the value drivers and the levers to pull to improve operational efficiency to better drive growth, both organically and through buy-and-build strategies;
- More routes to exit (including strategic acquisitions, sales to other private equity managers or initial public offerings ("IPOs").

> *The mid-market offers strong credentials, when compared with large deals.*

While late stage growth opportunities remain attractive, it is our view that the return profile of early stage venture can often be too drawn-out to be suitable for PIP's portfolio. Therefore any investment activity by PIP in early stage venture funds is focused on investing with top tier venture managers, mainly through primary fund investments, who are able to spot innovative opportunities with the potential to generate significant outperformance. While special situations includes funds with unique characteristics offering potential for outperformance, it is the Board's intention that special situations investments will be only a minority of the overall portfolio.

Identify inefficiencies and growth potential in sectors and geographies

The Board is committed to offering investors a global portfolio with investments in the USA, Europe, Asia and Emerging Markets. It takes an agnostic approach towards the weightings of those geographies but supports the majority of the Company's capital being invested in the USA and Europe where the private equity markets are well-established and have been resilient.

> *Our managers are able to focus on high growth sectors, many of which may not be fully represented by the public markets.*

The Board relies on Pantheon's investment teams around the world that are on the ground locally, to take advantage of proprietary information flows and access to opportunities through their extensive networks of relationships. The Board is confident that these relationships enable Pantheon to source and respond quickly to the best deal flow in those regions to optimise risk-adjusted performance.

It is our objective to seek managers globally that are able to take a thematic approach and focus on high growth sectors, many of which may not be fully represented by the public markets. In addition, Pantheon has a deliberate strategy of targeting sectors experiencing dislocation as well as niches where underlying growth is less correlated to GDP growth. Recent examples of this have been energy and financial services.

For more information on the sectors in which PIP is invested, see pages 32 to 35 ›

The Board believes that its oversight of the Manager's activities while at the same time allowing Pantheon the flexibility that it needs to make the appropriate investment decisions on PIP's behalf, ensures that PIP is able to deliver on its strategic objectives for shareholders over the long term.

PIP's approach to ESG and employment issues

The Company has no employees and the Board consists entirely of Non-Executive Directors. At the end of the period under review, the Board was comprised of six male Directors and one female Director.

As an investment trust, PIP has no direct impact on the community or the environment. However, Pantheon is careful through its due diligence process to encourage a sustainably positive impact of our investments, with a view to generating consistently high returns over the long term. Pantheon's commitment to leading the practice of responsible investment for many years meant it was one of the first signatories to the UN's Principles for Responsible Investment. Pantheon continues to explore ways in which it can promote accountability for Environmental, Social and Governance ("ESG") ethics through its investment process and the managers that it backs.

For more information on Pantheon's approach to responsible investment, see pages 50 to 51 ›

Our Investment Policy

Our investment policy is constructed around **maximising capital growth**

The Company's policy is to make unquoted investments. It does so by subscribing for investments in new private equity funds ("Primary Investment"), buying secondary interests in existing private equity funds ("Secondary Investment"), and acquiring direct holdings in unquoted companies ("Co-investments"), usually either where a vendor is seeking to sell a combined portfolio of fund interests and direct holdings or where there is a private equity manager, well known to the Company's Manager, investing on substantially the same terms.

The Company may from time to time hold quoted investments as a consequence of such investments being distributed to the Company from its fund investments as a consequence of an investment in an unquoted company becoming quoted. In addition, the Company may invest in private equity funds which are quoted. The Company will not otherwise normally invest in quoted securities, although it reserves the right to do so should this be deemed to be in the interests of the Company.

The Company may invest in any type of financial instrument, including equity and non-equity shares, debt securities, subscription and conversion rights and options in relation to such shares and securities and interests in partnerships and limited partnerships and other forms of collective investment scheme. Investments in funds and companies may be made either directly or indirectly, through one or more holding, special purpose or investment vehicles in which one or more co-investors may also have an interest.

The Company employs a policy of over-commitment. This means that the Company may commit more than its available uninvested assets to investments in private equity funds on the basis that such commitments can be met from anticipated future cash flows to the Company and through the use of borrowings and capital raisings where necessary.

The Company's policy is to adopt a global investment approach. The Company's strategy is to mitigate investment risk through diversification of its underlying portfolio by geography, sector and investment stage. Since the Company's assets are invested globally on the basis, primarily, of the merits of individual investment opportunities, the Company does not adopt maximum or minimum exposures to specific geographic regions, industry sectors or the investment stage of underlying investments.

In addition, the Company adopts the following limitations for the purpose of diversifying investment risk:

- That no holding in a company will represent more than 15% by value of the Company's investments at the time of investment (in accordance with the requirement for approval as an investment trust which applied to the Company in relation to its accounting periods ended on and before 30 June 2012);
- The aggregate of all the amounts invested by the Company in (including commitments to or in respect of) funds managed by a single management group may not, in consequence of any such investment being made, form more than 20% of the aggregate of the most recently determined gross asset value of the Company and the Company's aggregate outstanding commitments in respect of investments at the time such investment is made;
- The Company will invest no more than 15% of its total assets in other UK-listed closed-ended investment funds (including UK-listed investment trusts).

The Company may invest in funds and other vehicles established and managed or advised by Pantheon or any Pantheon affiliate. In determining the diversification of its portfolio and applying the manager diversification requirement referred to above, the Company looks through vehicles established and managed or advised by Pantheon or any Pantheon affiliate.

The Company may enter into derivatives transactions for the purposes of efficient portfolio management and hedging (for example, hedging interest rate, currency or market exposures).

Surplus cash of the Company may be invested in fixed interest securities, bank deposits or other similar securities.

The Company may borrow to make investments and typically uses its borrowing facilities to manage its cash flows flexibly, enabling the Company to make investments as and when suitable opportunities arise and to meet calls in relation to existing investments without having to retain significant cash balances for such purposes. Under the Company's articles of association, the Company's borrowings may not at any time exceed 100% of the Company's net asset value. Typically, the Company does not expect its gearing to exceed 30% of gross assets. However, gearing may exceed this in the event that, for example, the Company's future cash flows alter.

The Company may invest in private equity funds, unquoted companies or special purpose or investment holding vehicles which are geared by loan facilities that rank ahead of the Company's investment. The Company does not adopt restrictions on the extent to which it is exposed to gearing in funds or companies in which it invests.

Principal Risks and Uncertainties

The Company is exposed to a variety of risks and uncertainties. The Board, through delegation to the Audit Committee, has undertaken a robust assessment and review of the principal risks facing PIP, together with a review of any new risks that may have arisen during the year to 31 May 2018, including those that would threaten its business model, future performance, solvency or liquidity. A summary of the risk management and internal control processes can be found in the Statement on Corporate Governance on pages 72 and 73.

Risk	Mitigation
Funding of investment commitments and default risk	
In the normal course of its business, the Company typically has outstanding commitments to private equity funds which are substantial relative to the Company's assets and may be drawn down at any time. The Company's ability to meet these commitments is dependent upon it receiving cash distributions (the timing and amount of which can be unpredictable) from its private equity investments and, to the extent these are insufficient, on the availability of financing facilities.	The Company has a mature portfolio that is naturally cash generative and does not ordinarily gear its balance sheet for the purpose of enhancing performance. The Board intends to manage the Company so that undrawn commitments remain at an acceptable level relative to its assets and available financing. The total available financing as at 31 May 2018 stood at £309m, comprising £146m in available cash balances[1] and £163m in undrawn bank facilities. As a result, the available financing along with the private equity portfolio exceeded the outstanding commitments by a factor of 3.6 times. The Company ordinarily expects to finance the majority of calls from undrawn commitments out of distributions. In the event that the levels of cash distributions and cash balances are insufficient to cover capital calls, the Company has the ability to draw funds from a credit facility (see Gearing section on the following page for details of the credit facility).
Risks relating to investment opportunities	
There is no guarantee that the Company will find a sufficient number of suitable investment opportunities, or that the private equity funds in which it invests will find suitable investment opportunities, in order to achieve the level of diversification which the Company seeks to achieve in relation to its investment portfolio.	In line with the Investment Policy shown on page 19, the Manager has put in place a dedicated investment management process that is designed to help maximise the chances of the Board's intended investment strategy being achieved. The Board regularly reviews investment and financial reports from the Manager to monitor the effectiveness of the Manager's investment management process.
Financial risk of private equity	
The Company invests in private equity funds and unquoted companies, which are less readily marketable than quoted securities. In addition, such investments may carry a higher degree of risk than investments in quoted securities.	The Manager's investment management process is designed to produce the best possible risk-adjusted returns from private equity investments. Where the Company commits to private equity funds, such funds are structured as limited life funds where the manager is incentivised to realise investments and return proceeds to investors within the funds' limited life span. As part of the investment process for secondaries and co-investments, an assessment is made to understand the possible impact of the underlying assets' illiquidity on projected exit outcomes. As part of the investment process for primaries, an assessment is made to understand a manager's approach to underlying company illiquidity.
Long-term nature of private equity investments	
Private equity investments are long term in nature and it may take some years before they reach a level of maturity at which they can be realised. Accordingly, it is possible that the Company may not receive a return on its investments for a number of years.	The Company pursues a flexible investment strategy, combining secondary investments, which will typically have shorter exit horizons on average, with co-investment and primary commitments. Therefore, this flexible investment strategy results in a range of likely exit horizons for underlying investments, mitigating this risk.

1 Available cash calculated as cash and net current assets/(liabilities) less undistributed net cash flows associated with the Asset Linked Note.

Risk	Mitigation
Valuation uncertainty	
When valuing its investments in private equity funds and unquoted companies and publishing its NAV, the Company relies to a significant extent on the accuracy of financial and other information provided by these funds and companies to the Manager. There is the potential for inconsistency in the valuation methods adopted by the managers of these funds and companies. In addition, the information provided is typically more than 60 days old at the time the Company's NAV per share is reported.	In the case of the Company's investment in private equity funds, and direct investments managed by private equity managers, the valuation of investments is based on the periodically audited valuations that are provided by the private equity managers. Pantheon carries out a formal valuation process involving a monthly review of these valuations, verification of the latest audited reports coverage, as well as a review of any potential adjustments that are required to ensure reasonable valuation of the underlying investments and in accordance with the fair market value principles required under Generally Accepted Accounting Principles ("GAAP").
Gearing	
The use of gearing could cause the magnification of both gains and losses in the asset value of the Company. The Company may also invest in private equity funds or unquoted companies which are geared by loan facilities that rank ahead of the Company's investment both for payment of interest and capital. As a consequence, the Company may be exposed from time to time to gearing through the borrowings of such private equity funds and companies, thereby increasing its investment risk.	While debt is commonly used within the capital structure of private equity funds' portfolio investments, it is not commonly used at the fund level other than for working capital purposes. Thus, leverage risk is typically non-recourse between portfolio companies operating independently within the same portfolio. The Company renewed its revolving credit facility after the year-end. The new £175m facility is due to expire in June 2022, and is comprised of facilities of $163.0m and €59.8m which remained completely undrawn at the time of writing. The principal covenant that applies to the loan facility ensures that the Company is limited to a maximum gearing of 34% of adjusted gross asset value.
Foreign currency risk	
The Company makes investments in US dollars, euros and other currencies as well as sterling. Accordingly, the Company is exposed to fluctuations in currency exchange rates.	The Manager monitors the Company's underlying foreign exchange exposure and seeks to balance the risks associated with holding different currencies through diversification and cost-averaging effects. Furthermore, as part of the investment management process, the Manager will assess the risk/return of a specific investment, taking into consideration the currency denomination of the investment and the opportunity to mitigate currency risk. However, foreign currency risk tends to be a less significant factor over longer investment horizons.
Unregulated nature of underlying investments	
The private equity funds and underlying unquoted investments that form the basis of the majority of the Company's portfolio are not necessarily subject to regulation by the Financial Conduct Authority ("FCA") or an equivalent regulatory body. Funds and unquoted companies in which the Company invests (directly or indirectly) may be domiciled in jurisdictions which do not have a regulatory regime that provides an equivalent level of investor protection to that provided under the laws of the United Kingdom.	The Manager's investment management process for primary and secondary investments requires verification of the regulatory jurisdiction of underlying funds. In addition, the managers of the underlying funds are mostly regulated by the FCA, US Securities and Exchange Commission ("SEC"), or an equivalent body in the managers' respective jurisdictions.

Principal Risks and Uncertainties (continued)

Risk	Mitigation
Counterparty risk	
PIP's investments in private equity funds typically include a portion of undrawn commitments. Investors in such funds are contractually obliged to fund undrawn commitments as they are called. It is possible that another investor in the target fund is unable or unwilling to meet future capital calls. In this scenario the defaulting investor would have the option of selling its position in the secondary market, or suffering various penalties prescribed under the fund's constitutional documentation. During a fund's investment period, a default could have a potential impact on the shape of the remaining investors' investment including, for example, an increase in portfolio concentration, which is different to the concentration that the manager had initially envisaged at the fund's outset. To the extent that a defaulting investor does not sell its position, and the default occurs after the fund's investment period, the manager may have to limit the amount invested in follow-on investments for existing companies or potentially leave the fund unable to meet a contractual liability such that the manager has to sell existing portfolio companies.	This is a rare occurrence given the damaging economic and reputational consequences for a defaulting investor, and given the typically high credit ratings for institutional private equity investors, which comprise a considerable proportion of the capital being invested in the private equity fund market. In addition, the secondary market has become increasingly liquid and an investor has the option to sell its position before it might default on its future undrawn commitments. The majority of PIP's investments are funded positions, where an investor's forfeit of existing NAV would mitigate the potential impact on the shape of the remaining portfolio.
Taxation	
Any change in the Company's tax status, or in taxation legislation or practice, could affect the value of the investments and the Company's performance. In addition, the Company's income and gains from its investments may suffer withholding tax, which may not be reclaimable in the countries where such income and gains arise.	The Manager's investment management process incorporates an assessment of the tax impact of each primary or secondary fund investment, or co-investment that is purchased. For every investment, the Manager also reviews the appropriateness of an investment's legal structure and any action required, including the establishment of special purpose, and/or blocker vehicles, to tailor an investment's structure to minimise the potential tax impact on the Company.
The Manager and other third party advisers	
Like most investment trust companies, the Company has no employees and the Directors are all non-executive. The Company is dependent upon the services of Pantheon as its Manager and may be adversely affected if the services of Pantheon cease to be available to the Company.	The Board keeps the performance of the Manager under continual review. In addition, the Management Agreement is subject to a notice period of two years that is designed to provide the Board with adequate time to put in place alternative arrangements in the event the services of Pantheon cease to be available.
Brexit	
The UK has voted to leave the EU and, depending on what arrangements might be negotiated, there are likely to be consequences for the Company, and for the wider Pantheon organisation as a whole. Uncertainty about the Brexit process may result in some market and currency volatility, which may adversely impact returns. In addition, given a significant proportion of UK financial services legislation, such as the AIFMD, the Prospectus Directive and Regulation and MiFIDII/MiFIR, is derived from EU law, assuming the UK does not accede to the EEA Agreement or negotiate an equivalent arrangement, the Company's continued ability to market its shares to European investors may be at risk.	Following the UK's decision to leave the EU, the Manager, through a dedicated working group, has been monitoring policy developments and reviewing aspects of the Company's business that rely on pan-EU arrangements. Pantheon will open an office in Dublin, ensuring that Brexit will have a minimal impact on Pantheon Group's ability to operate in Europe.
Cybersecurity	
The Company is dependent on effective information technology systems. These systems support key business functions and are an important means of safeguarding sensitive information. Any significant disruption to these IT systems, including breaches of data confidentiality or cybersecurity, could result in, among other things, financial losses, the inability to perform business critical functions, regulatory censure, legal liability and reputational damage.	Pantheon has a robust information and cybersecurity programme in place, aligned with SANS20 controls and the NIST cybersecurity framework. This includes a comprehensive set of policies, standards, procedures and technology related to information security. Third-party cybersecurity oversight is administered by means of a comprehensive cybersecurity questionnaire which must be completed by vendors and then reviewed and approved by the Chief Information Security Officer prior to any engagement. Validation of Pantheon's own information and cybersecurity solutions is tested annually by means of a full penetration test, including phishing expeditions by accredited third party cybersecurity specialists. The findings of these tests are reported to both the Pantheon Operational Risk Committee and Pantheon Operating Committee. In addition, a company-wide cybersecurity awareness training programme has been put into place for all staff. Over the past 12 months the Company has not experienced any material breaches in respect of information or cybersecurity.

Retail investors advised by IFAs

The Company currently conducts its affairs so that its shares can be recommended by independent financial advisers to retail private investors in accordance with the FCA's rules in relation to non-mainstream investment products.

The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in a UK-listed investment trust.

Viability statement

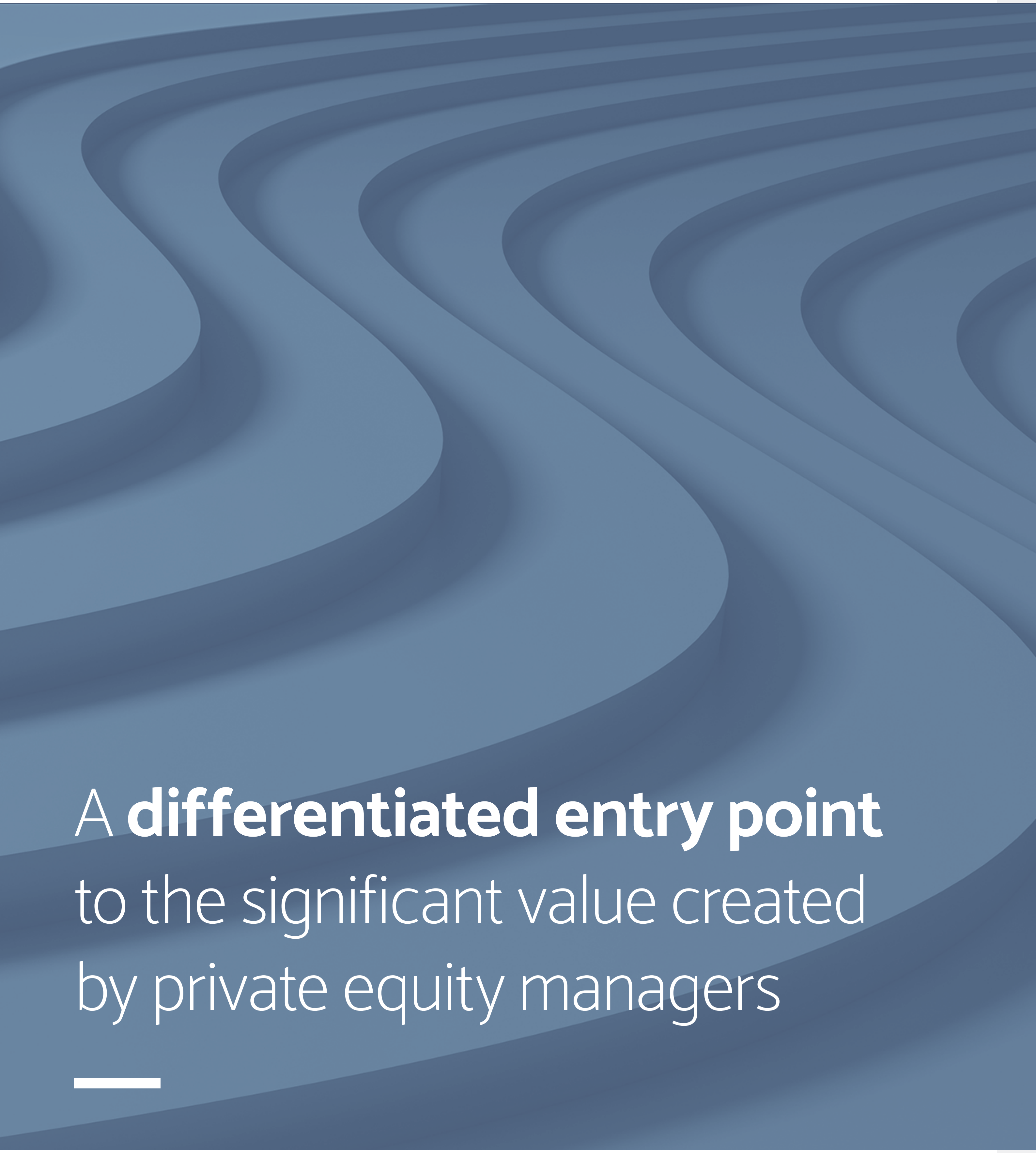
Pursuant to provision C.2.2 of the UK Corporate Governance Code 2016, the Board has assessed the viability of the Company over a three year period from 31 May 2018. It has chosen this period as it falls within the Board's strategic planning horizon. The Company invests in an internationally diversified portfolio of private equity assets, both through funds and by co-investing directly into companies alongside selected private equity managers. The Company invests significantly in the private equity secondaries market as this allows the Company to maintain a more mature portfolio profile that is naturally cash-generative in any particular year.

Commitments to new funds are restricted relative to the Company's assets and its available liquid financial resources so as to maintain a reasonable expectation of being able to finance the calls, which arise from such commitments, out of cash flow that is generated internally. In addition, the Company has put in place a revolving credit facility to ensure that it is in a position to finance such calls in the event that distributions received from investments in the period are insufficient to finance calls. The Board reviews the Company's financing arrangements at least quarterly to ensure that the Company is in a strong position to finance all outstanding commitments on existing investments as well as being able to finance new investments.

In reviewing the Company's viability, the Board has considered the Company's position with reference to its business model, its business objectives, the principal risks and uncertainties as detailed on pages 20 to 22 of this report and of its present and expected financial position. In addition, the Board has also considered the Company's conservative approach to balance sheet management, which allows it to take advantage of significant investment opportunities, and the appropriateness of the Company's current investment objectives in the prevailing investment market and environment. The Board regularly reviews the prospects for the Company's portfolio and the opportunities for new investment under a range of potential scenarios to ensure it can expect to be able to continue to finance its activities for the medium-term future. Based on its review, the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over a three year period.

On behalf of the Board
Sir Laurie Magnus
7 August 2018

Manager's Review



A **differentiated entry point** to the significant value created by private equity managers

The private equity investment approach

The best managers consistently **create long-term value** by transforming companies

Clear objectives

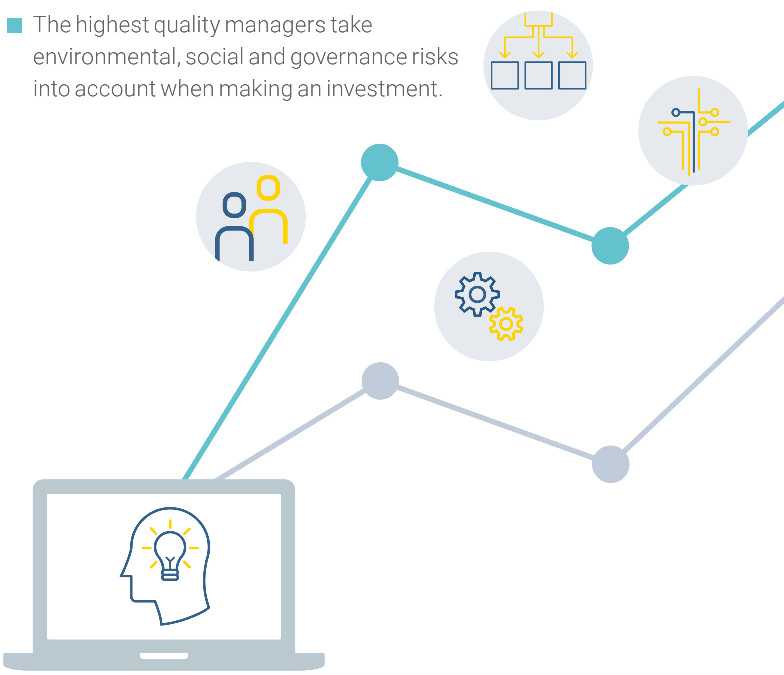
Private equity managers have clear objectives

- Acquire influential or controlling stakes in high quality companies at attractive valuations.
- Operate according to a long-term investment horizon.
- Invest alongside company management, to ensure alignment of interests, while using leverage to create an efficient capital structure.
- Offer hands-on management support to implement strategic and/or operational change to transform a company's value.

The right businesses

Businesses offering significant growth potential are key

- Managers are typically sector experts and are also able to take advantage of mispricing and dislocations when identifying attractive investment opportunities.
- Highly skilled managers are able to manage assets through economic cycles.
- The highest quality managers take environmental, social and governance risks into account when making an investment.

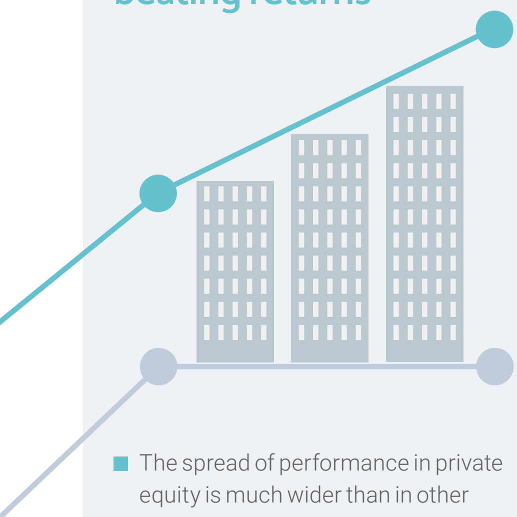


What is private equity?

Private equity is the term used for privately negotiated investments typically made in non-public companies. It covers a range of stages of a business's life, from start-ups to well-established firms. It is an attractive asset class to a broad range of investors as it can boost the performance of their investment portfolios.

The right manager

Top quartile private equity managers are able to produce public market-beating returns



- The spread of performance in private equity is much wider than in other asset classes.
- Managers have a significant influence on performance: the same company could produce differing returns depending on the private equity manager that owns it.

A clear exit strategy

Value is crystallised when the companies are sold at a profit to a variety of buyers

- Private equity managers focus on potential exit strategies during due diligence.
- Private equity managers are able to position their investments for sale and are able to time their realisations, exploring each major potential exit route.
- Private equity positions can be exited in three main ways:
  – Corporate/strategic buyers;
  – Secondary sale to another private equity manager;
  – Initial public offerings.

Barriers to entry are high in private equity

For the most part, capital in the industry is managed in illiquid non-listed structures. Investors wishing to invest directly in a private equity fund are often expected to lock up their capital for at least ten years and many private equity firms only accept high minimum commitments to their funds from selected investors.

Listed private equity offers access

As outlined, there can be significant barriers to entry for investors seeking to tap into the opportunities presented by private equity. However, by buying shares in a listed private equity investment trust such as PIP, investors can gain access more easily to the opportunity to participate in a managed, globally diversified portfolio for the minimum price of one share. Investors can also benefit from the administrative simplicity and liquidity obtained from being able to buy and sell shares trading on an exchange. In addition, the capital gains that arise and are retained within an investment trust structure are not subject to corporation tax.

Manager's Market Review

The global private equity market is growing and, while still relatively small compared with many other asset classes, it is estimated to be worth just under $3 trillion[1].

Over the past year, global fundraising has been at record levels and investment activity has remained robust. The prevailing high valuation environment has increased the pressure on private equity managers to find ways of creating value in order to generate attractive returns from the underlying businesses. Pantheon has maintained its disciplined and selective approach when assessing deal opportunities, and backs the best managers globally that are able to make investments where there is scope for them to use their operational and strategic expertise to deliver strong performance.

The global economy has performed well in the past year. However, the threat posed to future growth by the escalating tariff wars between the world's economic super powers, rising geopolitical tensions and the expected volatility in the financial markets, cannot be ignored. In addition, there is the risk of further currency volatility as central banks follow divergent paths and uncertainty remains over the pace of expected interest rate rises in the world's major economies.

Regional outlook

The USA has continued to experience positive economic growth over the past year, which is expected to be boosted further in the near term by the more favourable tax and regulatory environment introduced by the current administration. At this stage, it is still not clear how the tax reforms and restrictions on the tax deductibility for interest expenses will impact private equity in the USA, however our managers are examining each of the companies in their portfolios so that they can act quickly to minimise or avoid any negative effects. In addition, we aim to only back private equity managers, or General Partners ("GPs"), who adopt a disciplined approach to managing debt levels when investing in companies that offer opportunities for growth. Our strategy has remained consistent in the USA, focusing on smaller companies which generally offer better opportunities for lower entry prices and higher growth potential.

In 2017, the Eurozone experienced its fastest GDP growth in a decade. While this is a positive development, political challenges remain in Europe and Pantheon continues to favour countries in Northern Europe for investment. In the UK, the consumer and retail sectors in particular have been negatively impacted as uncertainty around the outcome of Brexit negotiations remains. It should be noted that the UK represents only a minority (less than 10%) of PIP's portfolio. Also, many of the European managers that we back are regional or pan-European managers who are able to deploy capital in different countries as political and economic events unfold during an investment period. A mix of founder- and family-owned buyouts, corporate carve-outs and transformational secondary buyouts feed the pipeline of opportunities for managers who have the expertise to identify assets where many levers can be pulled to drive growth and value creation. The performance of many of the companies in which Pantheon is invested in Europe is not strictly correlated to GDP growth and they continue to generate consistent revenue and earnings growth.

Economic growth across Asia exceeded the developed world in 2017 and this is expected to continue over the next few years. At the same time, the private equity market in Asia is maturing and its share of global M&A and buyout markets is increasing. During 2017, there were record levels of investment volume in the region with investments and exits significantly outpacing fundraising. In China, Pantheon focuses on companies in the consumer, healthcare, financial services and education sectors, and the majority of these businesses continue to deliver strong earnings growth. While it is not possible to predict the likely market volatility resulting from the trade tensions with the USA, relatively few companies in PIP's portfolio are dependent on exports to the USA. The high valuation environment observed across the globe has also impacted Asia, but to a lesser extent; the combination of more attractive entry valuations into companies with higher growth potential means the Asian region should continue to offer strong deal opportunities for Pantheon.

The private equity market in Latin America is still relatively nascent and this, coupled with the economic volatility in the region, offers both challenges and opportunities. We are investing in managers in the region who are finding ways to mitigate currency fluctuations, actively manage liquidity and market risk, and are able to identify companies in sectors that are exceeding GDP growth.

While Asia and Emerging Markets represent a smaller part of PIP's portfolio, when compared to the USA and Europe, PIP will continue to acquire assets in these regions as part of its long-term strategy.

An adaptable and flexible approach to primary investments

During 2017 and in the first half of 2018, fundraising in the USA and Europe has continued apace and competition for deals has increased as investors are allocating more capital to private equity in search of

1 Preqin May 2018.

growth, diversification and higher returns. Pantheon has benefited from its managers taking advantage of the resulting strong exit environment. At the same time, however, valuations have continued to be pushed up and many industry commentators have expressed concern about the high levels of "dry powder" (funds that have been raised but are yet to be invested) in private equity.

It should be noted that a significant portion of the new capital raised over the past year was committed to the large multibillion dollar and euro funds. In the mid-market, where we are most active, the deployment pace is commensurate with investment periods in the underlying funds of four to five years. By continuing to increase its share of the M&A market, of which private equity is still a relatively small part, as well as benefiting from the trend seen in global public markets where the number of listed companies and IPOs are in decline as many companies turn to the alternative source of capital and "hands-on" approach offered by private equity managers, the outlook for private equity strategies appear positive.

Without doubt, the high valuation environment means that GPs are having to work much harder and at a much earlier stage of investment to create value in their portfolios. However, resilience and adaptability are inherent characteristics of private equity and Pantheon-backed managers are using a range of tactics to mitigate the situation and expand the opportunity set:

- Buy-and-build strategies: By bolting smaller companies acquired at lesser multiples onto a large enterprise which has a premium valuation, managers are able to lower the average entry multiple for the whole asset and increase its critical mass.
- Focus on small/mid buyout: Smaller assets can typically be acquired at more attractive prices than larger buyouts. This segment also offer higher average growth rates and a wider range of exit opportunities.
- Expansion of their own origination and operational teams: By bolstering their own origination team and operational expertise, GPs are able to access a larger pool of deal flow and work alongside management teams to drive even greater operational improvements and boost growth in the underlying companies that they already own.
- Sector specialisation: Sector knowledge is just as important, if not more important, as the geographical location of assets when selecting companies for investment. As a result, managers are becoming sector experts and focusing on micro rather than macro factors as well as taking advantage of mispricing situations and dislocations in niche sectors, such as energy and financial services.
- Corporate carve-outs: The divestment of a non-core division or company from a larger corporation can be complicated as new systems and/or teams must be put in place. This offers significant opportunities for private equity managers that are able to deal with operational and financial complexity.
- Public-to-private activity: This has increased significantly in the last couple of decades and continues to be a good source of deal flow for private equity managers.

Against this backdrop, manager selection remains key. Pantheon is highly selective and is focused on managers that we believe can implement effective operational change and deliver outsized returns. Our extensive investment team sits on more than 350 advisory board seats, which provides an insight into deal flow but also facilitates the continuous assessment of a manager. When assessing a manager's fund for investment, Pantheon does not just consider past performance and the validity of the fund strategy, but also makes sure that the composition of the team remains appropriate, and individuals are fully aligned and incentivised.

Uncovering value in the secondary market

The global secondary market is growing and evolving, reaching an estimated record level of $58bn[2] worth of deals transacted in 2017, and offers more choice to buyers than ever before. Unlike some other investment types, secondary buyers can factor recent company performance and liquidity into their pricing, potentially mitigating cyclical extremes. Pantheon was one of the pioneers of the secondary market and our platform built up over 35 years enables us to use our deep knowledge and relationships to source and deploy capital into the most compelling deals. Our ability to respond quickly often makes Pantheon a preferred investor in secondary transactions.

Secondaries are attractive given the opportunity to deploy capital into funds where a significant portion of the fees paid on undrawn commitments has already been paid down, otherwise known as mitigating the J-curve effect. In addition, market estimates indicate that, despite the increased competition, "dry powder" in the secondary market is decreasing and proportionally lower than in the broader private equity market.

During the year, the market has seen a full range of deal flow and transaction types: large diversified portfolios; large, concentrated fund positions; and structured transactions involving combinations of funds and individual company assets. GP-led transactions have grown in both absolute and relative terms, as managers become more attuned to the opportunities presented by the secondary market: these transactions are initiated and overseen by the private equity managers themselves and can include tender offers, fund preferred capital investments and fund restructurings. Consequently, the secondary market continues to grow.

2 Greenhill Cogent Secondary Market Trends & Outlook, July 2018.

Manager's Market Review (continued)

Pantheon's secondary strategy is to target the highest quality managers and assets, focus on acquiring concentrated fund positions and to identify embedded value in funds and purchase them at a favourable point of time in their development, rather than relying on any discount achieved at purchase to drive returns. We are also interested in secondaries which involve companies that have demonstrated financial resilience through previous economic downturns and where the manager has multiple opportunities to accelerate growth. Sectors in which PIP has transacted during the year include energy, financial services and for-profit education services. As described in PIP's strategy on page 17, tail-end funds, or those older than 10 years at the time of purchase, will be de-emphasised in PIP's new commitments.

Despite the increasingly specialised nature of the secondary market, Pantheon is still able to uncover value by taking advantage of the inefficiencies of the secondary market when compared to direct private equity markets. Examples of this include:

- Inconsistent valuation methodologies amongst private equity managers means that a manager's conservative valuation policy provides the potential for attractive uplifts to NAV on exit.
- Inefficient sales processes resulting from a limited buyer universe that excludes strategic acquirers, reduced competition due to seller confidentiality and transfer restrictions imposed by the private equity manager.
- Information insights as the private equity manager may not share all information equally amongst potential bidders.
- Transaction processes becoming ultra-fast which means that buyers must respond quickly and have capital available for investment.

The growing and maturing secondary market is supplying diverse deal flow and interesting opportunities that can offer an effective discount. Against this backdrop, we continue to maintain our discipline and only close on a small number of the deals that we have sourced where there is strong conviction in both the manager and the underlying portfolio's prospects.

Pantheon's platform continues to yield attractive co-investment opportunities

The co-investment market continues to be attractive to professional fund investors such as Pantheon as well as to a variety of institutional participants such as sovereign wealth funds, pension funds and family offices. According to market estimates, co-investments represented a growing proportion of global private equity buyout called capital in 2017. It has also been a significant year for Pantheon's co-investment platform in terms of distributions and attractive exits.

The ability to deploy capital selectively and diligently is a meaningful component of the market and Pantheon continues to be a partner of choice for the high quality private equity managers that we are also backing on a primary basis. Pantheon invests alongside these managers predominately in mid-market companies with proven, differentiated growth potential. Our dedicated global co-investment team has underweighted opportunities in cyclical industries and focused on businesses with defensive characteristics in the event of an economic downturn. Recent examples have been co-investments in healthcare and education.

The outlook for Pantheon's co-investment programme is positive given that there are fewer club deals – in other words, private equity managers are partnering with one another less frequently – and investors such as Pantheon are able to add value by providing GPs with more solutions for capital provision. Co-investments are still largely free of fees and expenses therefore they offer cost-effective access to high quality assets.

Summary and outlook

Although Pantheon does not ignore and is not immune to the macroeconomic situation in the countries where it invests, it prefers to focus on areas of growth driven by innovation or demographics rather than GDP. Pantheon also seeks opportunities where the fundamental business strength is aligned with what can be viewed as a good entry valuation. In addition, in an environment of rising interest rates, Pantheon is backing managers that are more experienced and often more cautious in their use of leverage.

The valuation environment is expected to remain challenging in Europe and the USA and many investors are preparing for increased market volatility in the future. Private equity managers acquire active, control positions and are able to react to market conditions and changing regulations with the aim of creating value over the long term. They are under no pressure to sell their assets and can therefore wait for a more favourable exit environment if necessary.

Private markets provide access to smaller, higher growth companies and a differentiated sector focus that may not be represented by the public markets. For example, the businesses backed by private equity in healthcare and technology tend to address a different set of needs and end user to the companies that are available in the same sectors via the public markets. Research by Pantheon has shown that the number of public companies globally is in decline and it would appear that private equity is now mature enough that company management often wishes to stay under private equity ownership for longer, while the value creation potential is still building, rather than seeking a public listing for their businesses. In light of these trends, it is our view that prudent investors need exposure to both private and public markets in their portfolios.

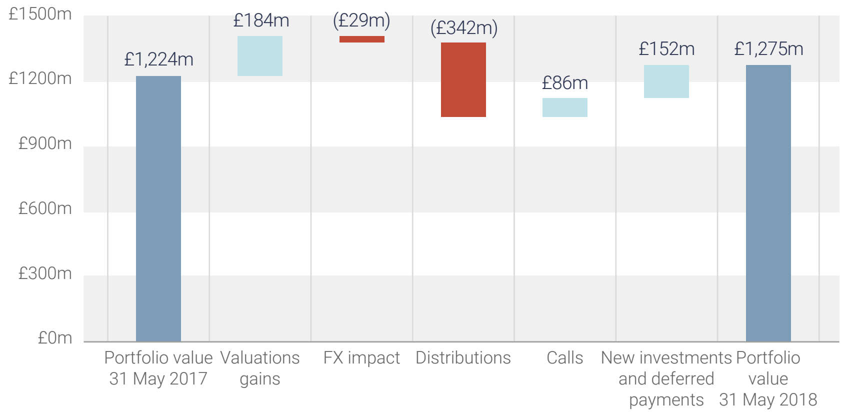
We believe that private equity has strong credentials and the potential for further growth is apparent. With our track record and expertise built up over 35 years, Pantheon will continue to back the best private equity managers globally which we believe have the tools and resources to generate healthy returns over the long term regardless of prevailing market conditions.

Performance

Overall, PIP's underlying portfolio continues to deliver strong returns

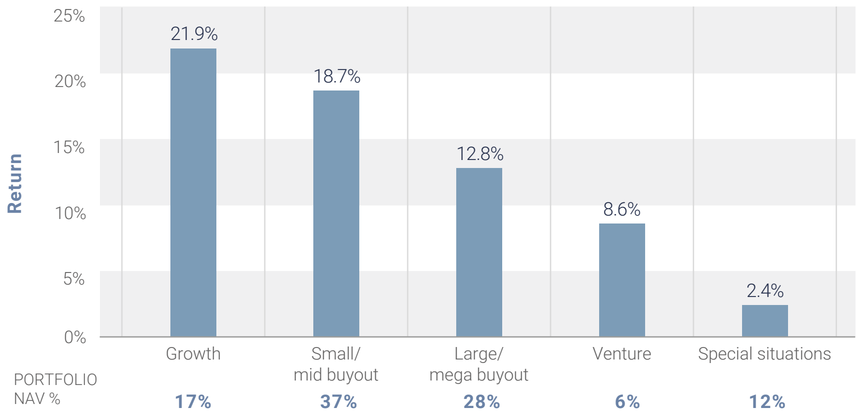
Private equity portfolio movements

- PIP's total portfolio generated investment returns, prior to foreign exchange effects, of 15.0%.
- Excluding returns attributable to the ALN share of the portfolio, PIP's portfolio generated returns of 15.4% during the year.



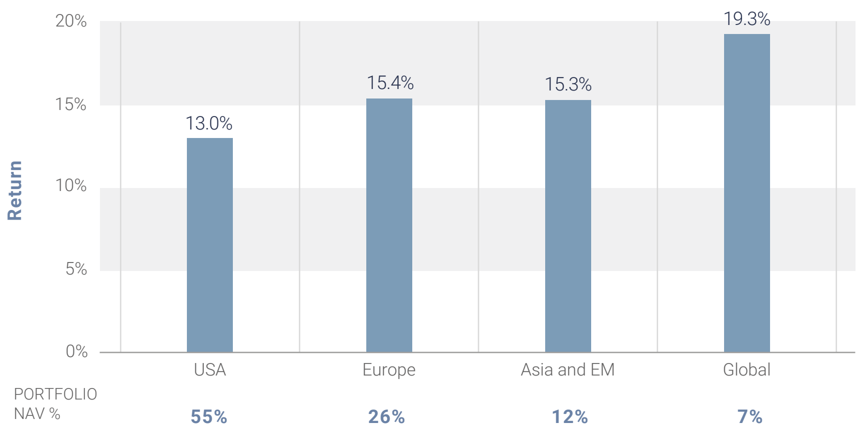
Valuation gains by stage[1]

- PIP experienced strong performance from growth and mid-market buyout funds, particularly those with an investment emphasis on the IT and healthcare sectors.
- The performance of our predominantly vintage 2009 and earlier venture portfolio has lagged although this now represents just 6% of PIP's total portfolio.
- The performance of special situations was impacted by company-specific valuation declines.



Valuation gains by region[1]

- Strong performance across all geographies during the year.

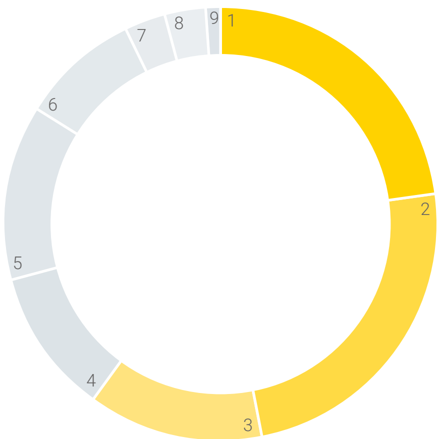


1 Portfolio returns include income, exclude gains and losses from foreign exchange movements, and look through feeders and funds-of-funds to the underlying funds. Portfolio returns exclude returns generated by the portion of the reference portfolio attributable to the Asset Linked Note.

Sector Themes

Pantheon assesses deals across all sectors and has seen interesting opportunities in consumer, information technology and healthcare as well as attractive deal dynamics in certain energy and financial sector transactions. Investing in, or alongside, managers who have the expertise to identify and capitalise on shifting sector trends gives PIP access to the most promising segments within these sectors.

Company sectors[1]



1	Consumer	23%
2	Information technology	24%
3	Healthcare	13%
4	Industrials	11%
5	Financials	13%
6	Energy	9%
7	Telecom services	3%
8	Materials	3%
9	Utilities	1%

1 The company sector chart is based upon underlying company valuations as at 31 December 2017 and account for over 95% of PIP's overall portfolio value. The fund maturity chart excludes the portion of the reference portfolio attributable to the Asset Linked Note.

Consumer 23%

Consumers increasingly aware of sustainability issues and are demanding lifestyle services

PORTFOLIO EXAMPLES

Selfit – Brazilian "value for money" fitness club chain

Salad Signature – Manufacturer of salad spreads

Evolving consumer demand in developing economies with increasing disposable income

PORTFOLIO EXAMPLES

Classic Fine Foods – Importer of premium food items for hotels and restaurants in Asia

Profi – Operator of a chain of supermarkets in Romania

Rapid growth in demand for private education and e-learning solutions

PORTFOLIO EXAMPLES

Ascend Learning – Provider of online education and certification services for the post-secondary academic market

Affinity Education Group – Third largest childcare centre operator in Australia

Information Technology 24%

Growth in "Software-as-a-Service" (SaaS) and other cloud-based delivery models

PORTFOLIO EXAMPLES

FLEXENTIAL — IT infrastructure company offering managed data centre and cloud computing services

ABACUS DATA SYSTEMS — Legal practice and accountancy software developer

Use of big data analytics and artificial intelligence to optimise business processes

PORTFOLIO EXAMPLES

burningglass — Provider of job market data analytics to enterprises, recruiters and government institutions

Kreditech — Provider of proprietary algorithms that assist financial institutions with customer acquisition

Cybersecurity increasingly important, especially for financial institutions and other service providers

PORTFOLIO EXAMPLES

SKYBOX SECURITY — Provider of cybersecurity management solutions for enterprises

Netsurion — Provider of cloud-managed IT security services for small and mid-sized businesses

Healthcare 13%

Ageing population and growing middle class are shifting healthcare needs

PORTFOLIO EXAMPLES

COLISEE — French operator of retirement homes

SEQUEL — Provider of residential and community-based behavioural health services

Increasing use of speciality pharmaceuticals to treat complex chronic conditions

PORTFOLIO EXAMPLES

Encore Dermatology — Manufacturer of prescription dermatology products

JUNO THERAPEUTICS — Developer of immunotherapy cancer treatments

Growing demand for high quality and accessible healthcare in developing economies

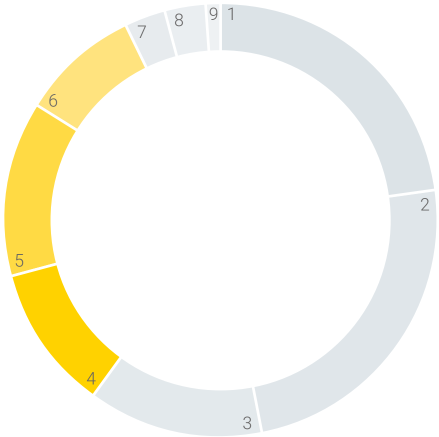
PORTFOLIO EXAMPLES

老百姓 大药房 — Online and store-based retailer of herbal remedies and western medicines

KIMS — Speciality hospitals in India

Sector Themes (continued)

Company sectors[1]



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8	Materials	3%
9	Utilities	1%

Industrials 11%

Technology-led innovations improve productivity and reduce costs

PORTFOLIO EXAMPLES

ista — German provider of smart metering and billing solutions for the utilities industry

CONTAINERCHAIN — Developer of smartphone applications that connect transport companies with other parts of the logistics supply chain

Use of specialised outsourcers for non-core processes

PORTFOLIO EXAMPLES

univativ — Provider of personnel placement services in Germany

VISTRA — Provider of corporate, administrative and trust services

1 The company sector chart is based upon underlying company valuations as at 31 December 2017 and account for over 95% of PIP's overall portfolio value. The fund maturity chart excludes the portion of the reference portfolio attributable to the Asset Linked Note.

Financials 13%

Surge in "Challenger Banks" that offer niche products to underserved markets

PORTFOLIO EXAMPLES

SHAWBROOK	Specialist lending and savings bank serving UK property, SMEs and consumers
One Savings Bank	Specialist mortgage lender

Focus on banks valued at historically low prices, despite strengthened balance sheets

PORTFOLIO EXAMPLES

NIBC	Dutch commercial bank
CLIX	Provider of lending and leasing services to corporate and consumer customers in India

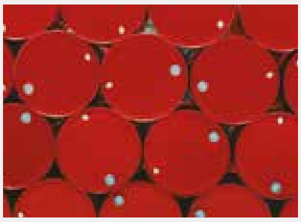
Technology playing a greater role in the development and launch of new products

PORTFOLIO EXAMPLES

nexi	Leading Italian provider of inter-bank clearing and securities services
Pepperstone	Australian online FX and commodity broker

Energy 9%

Opportunity to back experienced management teams in an undervalued sector niche



PORTFOLIO EXAMPLES

SABLE Permian Resources LLC	Oil and natural gas company focused on developing reserves in the Permian Basin in the USA
ASCENT Resources	Oil and gas exploration company operating in the Utica Shale basin in Ohio

Focus on scalable US assets in core basin locations

PORTFOLIO EXAMPLES

Western Gas	Developer of midstream energy assets across the Rocky Mountains, Texas and Pennsylvania
TARGA	Leading independent mid-stream energy company in North America

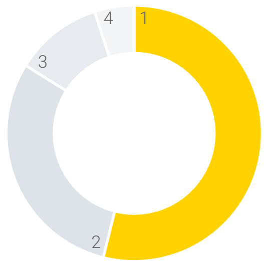
Distributions

PIP received more than 1,500[1] distributions in the year, with many reflecting realisations at significant uplifts to carrying value. PIP's mature portfolio should continue to generate significant distributions.

Distributions by Region and Stage

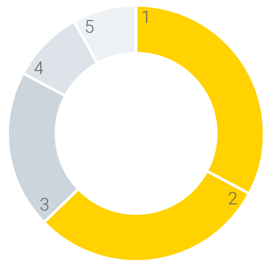
PIP received £280m in proceeds from PIP's portfolio in the year to 31 May 2018 equivalent to 26%[2] of opening private equity assets. The USA accounted for the majority of PIP's distributions, where market conditions supported a good level of exits, particularly from buyouts.

DISTRIBUTIONS BY REGION



1	USA	54%
2	Europe	30%
3	Asia and EM	11%
4	Global	5%

DISTRIBUTIONS BY STAGE

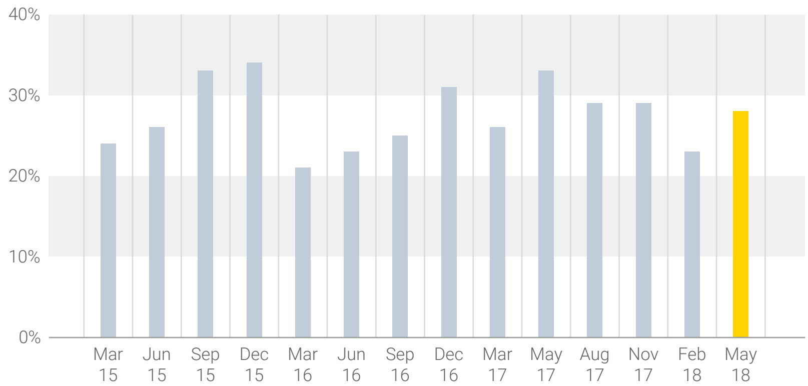


1	Small/mid buyout	33%
2	Large/mega buyout	30%
3	Growth	20%
4	Special situations	9%
5	Venture	8%

Quarterly Distribution Rates

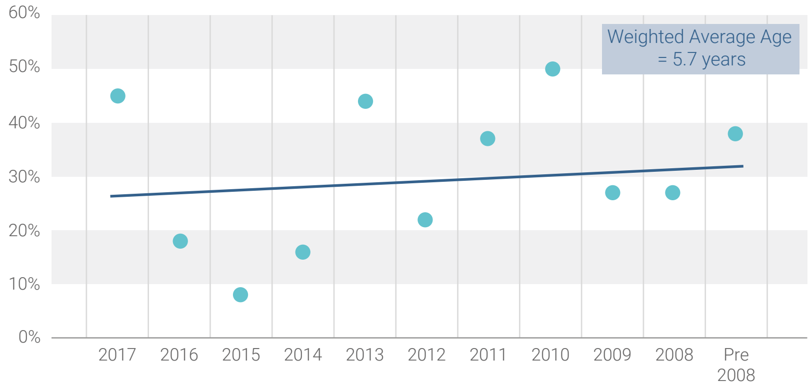
Strong quarterly distribution rates reflect the maturity of PIP's portfolio.

Distribution rate equals distributions in the period (annualised) divided by opening portfolio value.



Distribution Rates by Vintage

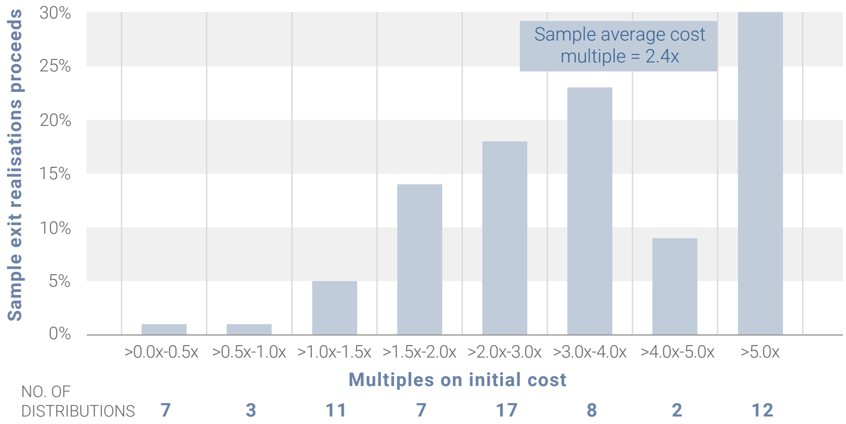
With a weighted average fund maturity of 5.7 years[3], PIP's portfolio should continue to generate significant levels of cash.



1 This figure looks through feeders and funds-of-funds.
2 Including distributions attributable to the Asset Linked Note, the distribution rate for the year was 28%.
3 Calculation for weighted average age excludes the portion of the reference portfolio attributable to the Asset Linked Note.

Cost multiples on exit realisations for the year to 31 May 2018[1]

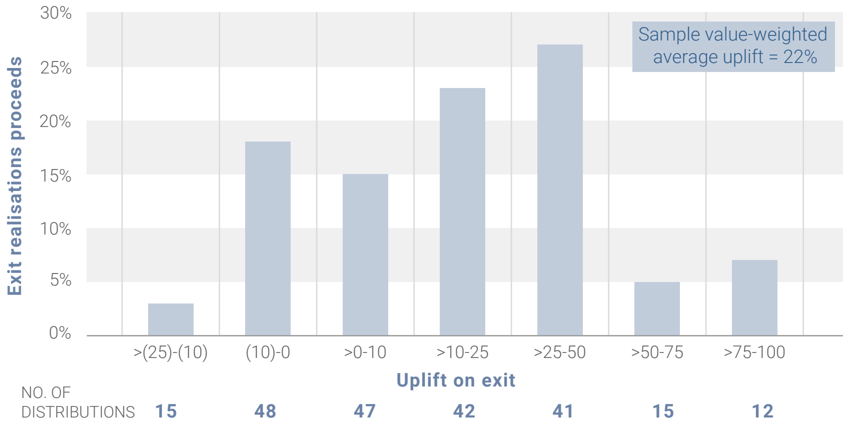
The chart shows, where information was available, the range of multiples on initial cost achieved by the underlying fund manager on exit realisations during the period. The average cost multiple of the sample was 2.4 times, highlighting value creation over the course of an investment.



Uplifts on exit realisations for the year to 31 May 2018[1]

The chart shows the range of uplifts achieved by the underlying fund manager on exit realisations in the period. Uplift on full exit compares the value received upon realisation against the investment's carrying value up to six months prior to the transaction taking place.

The value-weighted average uplift in the year to 31 May 2018 was 22%. This average uplift is consistent with our view that realisations can be significantly incremental to returns.



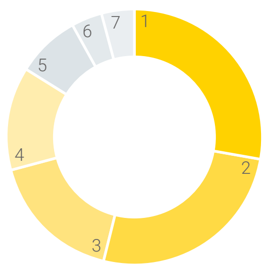
Exit Realisations by Sector and Type

The portfolio benefited from strong realisation activity, particularly in the consumer, information technology, and healthcare sectors.

Trade sales represented the most significant source of exit activity during the year.

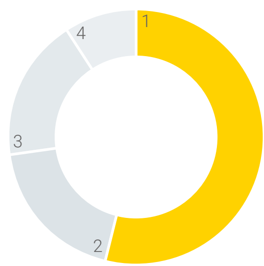
The data in the sample provide coverage for 100% (for exit realisations by sector) and 66% (for exit realisations by type) of proceeds from exit realisations received during the period.

EXIT REALISATIONS BY SECTOR



1	Consumer	28%
2	Information Technology	26%
3	Healthcare	17%
4	Industrials	13%
5	Financials	8%
6	Energy	4%
7	Others[2]	4%

EXIT REALISATIONS BY TYPE



1	Trade Sale	54%
2	Public Market Sale	19%
3	Secondary buyout	18%
4	Refinancing and Recapitalisation	9%

1 See page 122 of the Glossary for sample calculations and disclosures.
2 The Others category includes exit realisations from Materials (3%) and Real Estate (1%) received during the period.

Distributions (continued)

Top 50 distributions

Rank	Company	Sector	Description	Company Distributions (£m)
1	Western Gas	Energy	US-based midstream energy company	12.7
2	Spotify	Information Technology	On-demand digital music-streaming service provider	10.4
3	OneSavings Bank	Financials	Specialist lender and retail savings group	10.4
4	Nord Anglia Education	Consumer	Largest provider of premium K-12 education	9.2
5	NIBC Bank	Financials	Dutch bank	8.6
6	ista International	Information Technology	Provider of metering, billing, and utility consumption management services	8.2
7	Alarm.Com	Information Technology	Provider of cloud-based interactive home security solutions	7.3
8	Convergint	Information Technology	Provider of safety and security technology solutions	6.5
9	CalAtlantic	Consumer	US home builder	6.2
10	Confidential	Consumer	Platform for the acquisition of higher education assets	5.9
11	Consilio	Information Technology	Provider of legal discovery and document review services	5.7
12	Juno Therapeutics	Healthcare	Developer of immunotherapy platforms for cancer treatments	5.2
13	China Yongda Automobiles	Consumer	Passenger vehicle distributor in China	4.2
14	Noble Energy	Energy	US oil and gas company	4.2
15	Abode Healthcare	Healthcare	Provider of home-based physical therapy services	4.1
16	Sebia	Healthcare	Manufacturer of diagnostic equipment for in-vitro testing	4.0
17	Eating Recovery Centre	Healthcare	Treatment centres for eating disorders	3.9
18	Targa Resources	Energy	North American midstream energy company	3.7
19	LogicMonitor	Information Technology	Provider of software used to monitor IT infrastructure performance	3.7
20	Biotoscana	Healthcare	Manufacturer of speciality pharmaceutical products	3.6
21	National Veterinary Associates	Consumer	Operator of veterinary and animal boarding facilities	3.5
22	Visma Group	Information Technology	Provider of cloud-based accounting and human resource management software	3.1
23	United Site Services	Industrials	Portable restroom and sanitation services provider	3.1
24	TMF Group	Industrials	Provider of financial, legal and human resource outsourcing services	3.0
25	Centric Group	Consumer	Provider of in-room coffee services to hotels and motels	2.9
26	Ascend Learning	Consumer	Provider of technology-based educational content and assessment solutions	2.9
27	Major League Soccer	Consumer	Sports media and marketing company	2.8
28	Port Aventura Entertainment	Consumer	Operator of family leisure resorts	2.7
29	DRB Systems	Information Technology	Provider of technology solutions to carwash operators	2.7
30	Tandvitaal	Healthcare	Dutch dental services company	2.7
31	Iberchem	Materials	Manufacturer of fragrances for homecare products	2.6
32	Pepperstone Group	Financials	Online forex trading broker	2.5
33	MuleSoft	Information Technology	Provider of software used to connect cloud-based and on-premise applications	2.4
34	Pharmaceutical Product	Healthcare	Provider of drug discovery, development and post-approval research services	2.3
35	CPA Global	Industrials	Intellectual property management services	2.3
36	Strait Shipping	Industrials	Provider of freight services	1.9
37	Coordinated Women's Care	Healthcare	US-based obstetrics and gynaecology physician support provider	1.7
38	MW Industries	Industrials	Manufacturer of industrial springs	1.7
39	Weetabix	Consumer	Manufacturer of wholegrain breakfast cereals and snacks	1.6
40	IMS Health	Healthcare	Provider of cloud-based software services for the healthcare industry	1.6
41	Service Logic	Industrials	Engineering services and consultancy company	1.6
42	Kiloutou	Industrials	Leases heating and airconditioning units to engineering firms	1.5
43	wagamama	Consumer	Chain of casual dining restaurants	1.5
44	PFG Holdings	Consumer	US food distributor	1.5
45	FT Holdings	Financials	US-based bank	1.5
46	Hans Priceoptiek	Consumer	Dutch optical retail chain offering optical services and hearing aids	1.4
47	EXOS	Healthcare	Provider of post-surgery physical therapy services	1.4
48	ConvaTec	Healthcare	Global manufacturer of wound and skincare products	1.4
49	United Surgical Partners	Healthcare	Operator of short-stay surgical facilities	1.3
50	Contenur	Materials	Manufacturer of urban waste container solutions	1.3
	TOTAL			192.1
	COVERAGE OF TOTAL DISTRIBUTIONS			56%

Distribution Example

GLOBAL | INFORMATION TECHNOLOGY

Spotify

Spotify is the largest global music streaming service, catering to c.170 million active users in 59 countries per month. The Swedish company has successfully capitalised on its first-mover advantage to disrupt the music industry, leading a shift in music consumption from buying songs to paying for access to a comprehensive library.

PIP invested via funds managed by well-known technology investors including Wellington Partners and Northzone, confident in their ability to identify and fund the growth of early stage technology companies.

KEY STATISTICS

£10.4m	Proceeds
>20%	Increase in share price since listing

8 years

prior to the firm's listing on the NYSE, we saw the opportunity to capture growth unavailable to public market investors

Distribution Example

EUROPE | FINANCIAL SERVICES

One Savings Bank

OneSavings Bank is a specialist lender focused on carefully chosen sub-sectors of the residential and commercial mortgage markets in the UK. The challenger bank, which caters primarily to professional landlords, benefits from a low-cost business model and a high quality loan portfolio.

PIP invested as part of a secondary commitment in J.C. Flowers III, on the basis that this was a favourable time to increase financial services exposure, given several positive trends affecting the sector.

£10.4m

proceeds

Calls

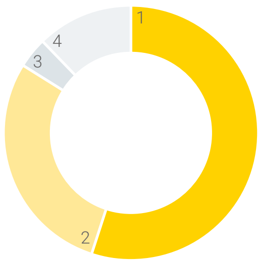
Calls during the year were used to finance investments in businesses such as cloud software developers, care centres, pharmaceuticals and business support service companies.

Calls by Region and Stage

PIP paid £86m to finance calls on undrawn commitments during the year.

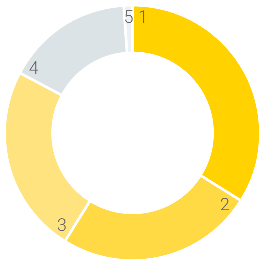
The calls were predominantly made by managers in the buyout and growth segments, reflecting the focus of PIP's recent primary commitments.

CALLS BY REGION



1	USA	55%
2	Europe	29%
3	Asia and EM	4%
4	Global	12%

CALLS BY STAGE

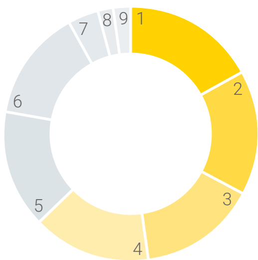


1	Large/mega buyout	34%
2	Small/mid buyout	25%
3	Growth	24%
4	Special situations	16%
5	Venture	1%

Calls by Sector

A large proportion of calls were for investments made in the healthcare, industrials, consumer and energy sectors.

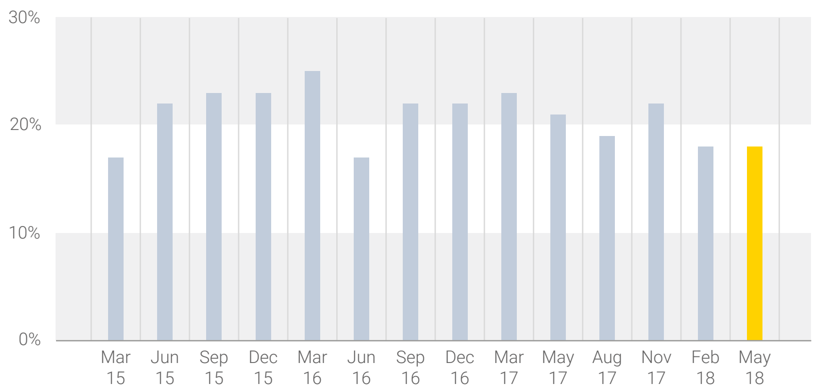
CALLS BY SECTOR



1	Healthcare	17%
2	Industrials	16%
3	Consumer	15%
4	Energy	15%
5	Information Technology	15%
6	Financials	14%
7	Materials	4%
8	Telecommunications	2%
9	Real Estate	2%

Quarterly Call Rate[1]

The average annualised call rate for the year to 31 May 2018 was 21%.



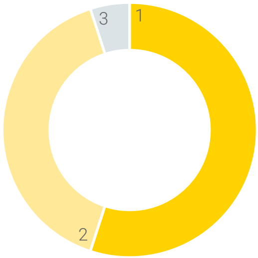
1 Call rate equals calls in the period (annualised) divided by opening undrawn commitments. All call figures exclude the acquisition cost of new secondary and co-investment transactions.

New Commitments

Despite the highly competitive market characterised by record-high valuations, PIP has been able to secure attractive deals and committed £256m across 50 new investments during the year. Of the total commitment made, £139m was drawn at the time of purchase.

New Commitments by Region

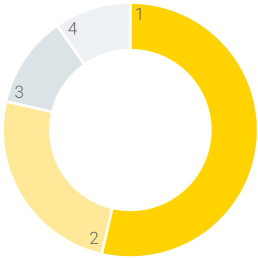
The majority of commitments made in the year were to US and European private equity funds.



1	USA	55%
2	Europe	40%
3	Asia and EM	5%

New Commitments by Stage

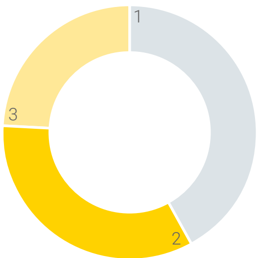
The majority of new commitments made in the year were to buyout funds, with particular emphasis on small and medium buyouts.



1	Small/mid buyout	52%
2	Large/mega buyout	26%
3	Special situations	12%
4	Growth	10%

New Commitments by Investment Type

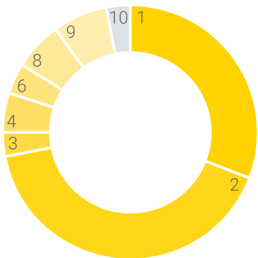
New commitment activity reflects attractive opportunities in primaries and co-investments.



1	Secondary	42%
2	Primary	34%
3	Co-investments	24%

New Commitments by Vintage

Primaries and co-investments, which accounted for over half of total commitments during the year offer exposure to current vintages. Secondary investments made during the period were mostly in 2010 and later funds, consistent with PIP's strategy of reducing its weighting to older tail-end funds.



1	2018	31%
2	2017	41%
3	2016	3%
4	2015	5%
5	2014	0%
6	2013	4%
7	2012	0%
8	2011	6%
9	2010	7%
10	2009 and earlier	3%

Secondary Commitments[1]

Secondary investments allow the Company to access funds at a stage when the assets are generating cash distributions.

The private equity secondary market has grown significantly over the last ten years, both in scale and complexity. Despite strong competition, PIP continues to see compelling opportunities derived from Pantheon's global platform and its expertise in executing complex secondary transactions over which it may have proprietary access. Over the last 12 months, in addition to traditional secondary transactions, PIP has participated in preferred capital investments and deals that involved hybrid (fund + company) portfolios with significant upside potential.

£107m

committed to 13 secondary transactions during the year.

EXAMPLES OF SECONDARY COMMITMENTS MADE DURING THE YEAR:

Region	Stage	Description	Commitments £m	% Funded[2]
Europe	Small/mid	Mid-market buyout fund principally focused on France and Germany	14.8	97%
Europe	Special sits	Secondary acquisition of diversified portfolio of five European toll road and renewable energy assets	13.7	73%
USA	Special sits	Secondary acquisition of portfolio of US oil and gas assets	12.7	100%
USA	Small/mid	Secondary acquisition of a minority interest in a dermatology company	12.1	100%
Europe	Large/mega	Secondary acquisition of global higher education services provider	11.4	100%
USA	Small/mid	North American mid-market fund focused on the business services sector	10.4	74%
USA	Multiple	Portfolio of five North American large buyout and growth funds	9.0	67%
USA	Large/mega	North American large buyout fund	6.8	71%

Primary Commitments

Investing in primary funds allows PIP to gain exposure to complementary niche investments as well as to smaller funds that might not typically be traded on the secondary market. Our focus remains on investing with high quality managers who have the proven ability to drive value at the underlying company level, and generate strong returns across market cycles. In addition, we target funds with market leading specialisms in high growth sectors such as healthcare and information technology.

£87m

committed to 15 primaries during the year.

EXAMPLES OF PRIMARY COMMITMENTS MADE DURING THE YEAR:

Investment	Stage	Description	Commitments £m
HgCapital Saturn I	Large/mega	Large buyout fund targeting the Northern European software sector	10.0
Chequers Capital XVII	Small/mid	European mid-market fund focused on France and Germany	9.8
Onex Partners V	Large/mega	North American large buyout fund focused on the manufacturing, healthcare and services sectors	9.6
Equistone Partners Europe Fund VI	Small/mid	Mid-market fund focused on the UK, France and Germany	9.6
Venture Fund[3]	Growth	North American fund targeting growth-stage technology companies	9.5
Charlesbank Equity Partners IX	Small/mid	North American mid-market buyout fund	8.7
Water Street Healthcare Partners IV	Small/mid	North American healthcare specialist fund	8.6
Providence Equity Partners VIII	Large/mega	North American large buyout fund	5.2

1 Funds acquired in secondary transactions are not named due to non-disclosure agreements.
2 Funding level does not include deferred payments.
3 Confidential.

New Commitments (continued)

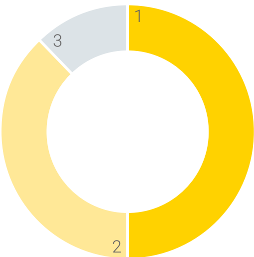
Co-investments in the Year to 31 May 2018

PIP's co-investment programme continues to benefit from Pantheon's considerable primary investment platform which has enabled PIP to participate in proprietary mid-market deals that would otherwise be difficult to access. PIP invests alongside managers who have the sector expertise to source and acquire attractively priced assets and build value through operational enhancements, organic growth and buy-and-build strategies.

The healthcare, industrials and consumer sectors in the USA and Europe in particular, offered compelling investment opportunities.

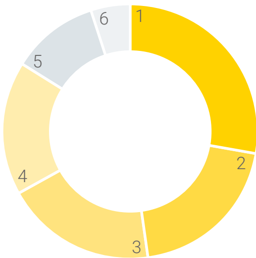
£62m
committed to 22 co-investments during the year.

Co-investments by Geography



1	USA	50%
2	Europe	38%
3	Asia and EM	12%

Co-investments by sector



1	Healthcare	28%
2	Industrials	20%
3	Consumer	19%
4	Information Technology	17%
5	Financials	11%
6	Energy	5%

UNIVATIV GMBH | TRITON PARTNERS

£3.0m
Co-Investment

- German specialist employment agency focused on information technology and engineering roles.
- Growing addressable market as a result of secular outsourcing trends.
- Growth trajectory enhanced by increased customer penetration, digitisation, and expansion across Germany and Switzerland.

VELVET CARE | ABRIS CAPITAL PARTNERS

£4.0m
Co-Investment

- Largest branded tissue paper manufacturer in Poland.
- Defensive consumer staple business with strong brand reception.
- Expected to benefit from private label growth opportunities and margin improvement potential.

ENCORE DERMATOLOGY | ESSEX WOODLANDS HEALTHCARE PARTNERS

£1.5m
Co-Investment

- US-based developer of prescription dermatology products.
- Opportunity to drive growth through the acquisition and in-licensing of drugs.
- Growing dermatology companies continue to solicit strong interest from strategic buyers seeking to enter a new market or acquire growth.
- Management and sector-focused GP have a strong track record of developing companies with similar products and strategies.

FLEXENTIAL (PEAK 10) | GI PARTNERS

£2.9m
Co-Investment

- Provider of information technology infrastructure solutions to US enterprises.
- Well-positioned to take advantage of growth in data consumption and outsourcing trends.
- Merger with ViaWest expected to generate cost efficiencies and expand national reach.

New Commitment Example

USA INFORMATION TECHNOLOGY

CallRail

CallRail is a leading provider of call analytics software to more than 90,000 companies globally, helping data-driven marketers optimise the performance of their advertising campaigns and improve customer retention.

We invested in CallRail alongside Sageview Capital Partners, giving PIP exposure to a high margin, scalable business that can benefit from the proliferation of smartphones and the increased adoption of call management technologies.

£3.2m Commitment

24%

of investments in our portfolio are in information technology, whereas the FTSE All-Share only has a 2% exposure to the sector

New Commitment Example

EUROPE HEALTHCARE

EUSA Pharma

EUSA Pharma is a speciality pharmaceutical company focused on oncology, rare diseases and oncology supportive care. The company has a strong operational presence in Europe and the USA, and a wider distribution network in approximately 40 countries.

By investing a further £5.6m during the year alongside Essex Woodlands, a renowned sector specialist, and the company's senior management team, PIP continues to support EUSA Pharma in its effort to bring life-saving drugs and therapies to market.

£10.7m Total Commitment

13%

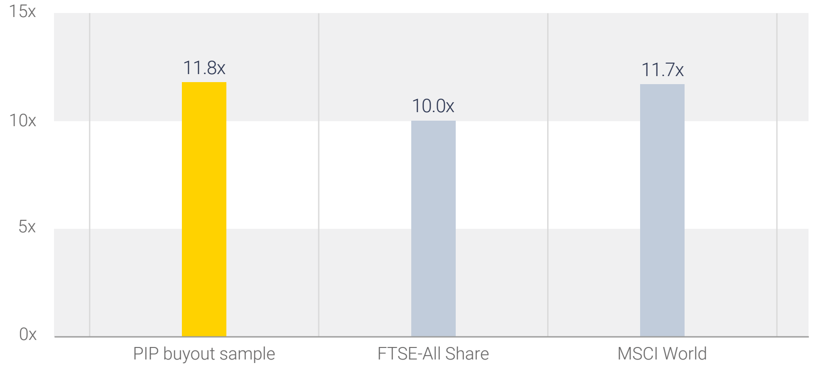
of our investments are in healthcare, a position we have built up in recent years to reflect positive trends in the sector

Buyout Analysis[1]

Valuation Multiple

Accounting standards require private equity managers to value their portfolios at fair value. Public market movements can be reflected in valuations.

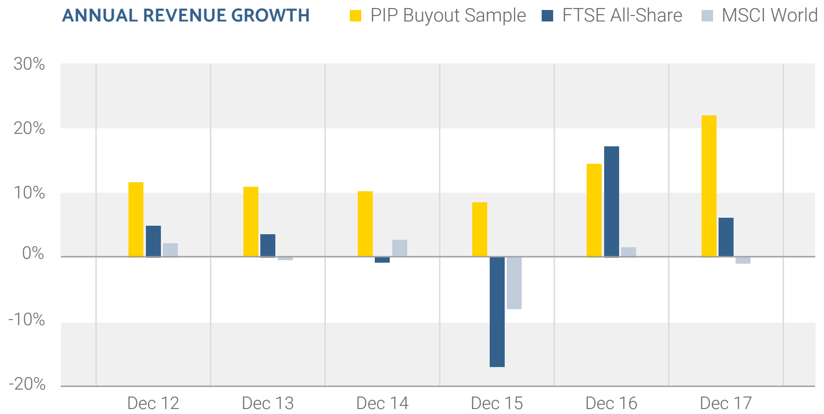
PIP's sample-weighted average enterprise value/EBITDA was 11.8 times, compared to 10.0 times and 11.7 times for the FTSE All-Share and MSCI World indices respectively.

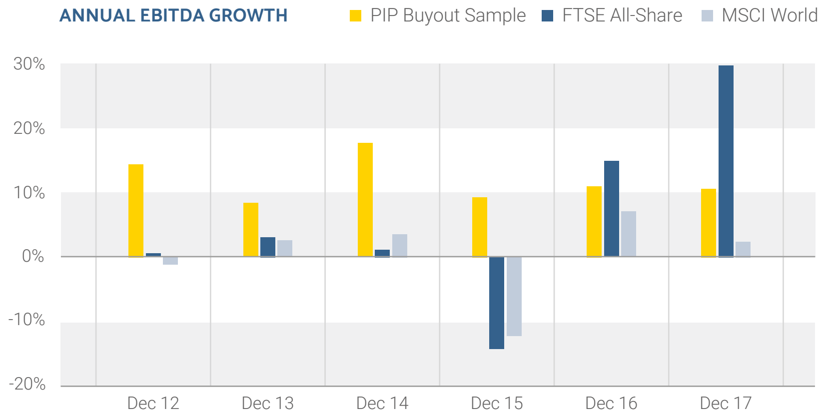


Revenue and EBITDA growth

Weighted average revenue and EBITDA growth for the sample buyout companies in PIP's portfolio continued to exceed growth rates seen amongst companies that constitute the MSCI World Index.

Strong top-line performance, disciplined cost control, good earnings growth, together with an efficient use of capital, underpin the investment thesis of many private equity managers.

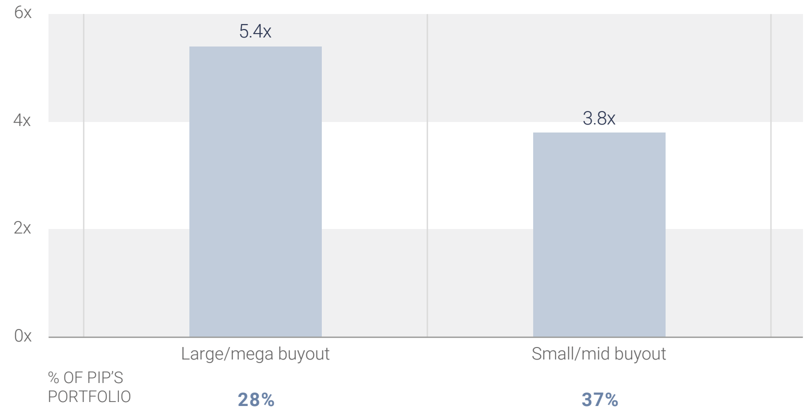




Debt Multiples

Venture, growth and buyout investments have differing leverage characteristics.

Average debt multiples for small/medium buyout investments, which represent the majority of PIP's buyout portfolio, are typically lower than debt levels in the large/mega buyout segment.



1 See page 122 of the Glossary for sample calculations and disclosures.

Undrawn Commitments

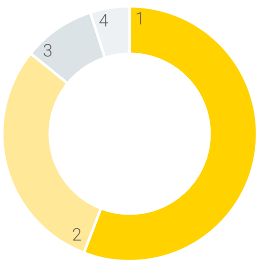
PIP's undrawn commitments[1] will enable the Company to participate in future private equity investments as they arise

Movement in Undrawn Commitments for the Year to 31 May 2018[2]

PIP's undrawn commitments to investments decreased slightly to £440m as at 31 May 2018 from £445m as at 31 May 2017. The Company paid calls of £86m and added £127m of undrawn commitments associated with new investments made in the year. Foreign exchange effects and fund terminations accounted for the remainder of the movement.

Undrawn Commitments by Region

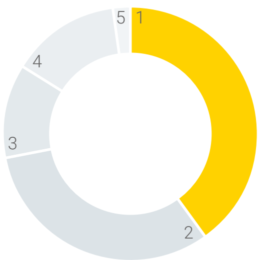
The USA and Europe have the largest undrawn commitments, reflecting the Company's investment emphasis. Commitments to Asia and other regions provide access to faster-growing economies.



1	USA	56%
2	Europe	30%
3	Asia and EM	9%
4	Global	5%

Undrawn Commitments by Stage

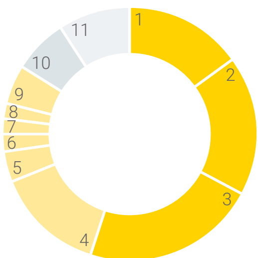
PIP's undrawn commitments are diversified by stage, with an emphasis on small and mid-market buyout managers.



1	Small/mid buyout	40%
2	Large/mega buyout	32%
3	Special situations	12%
4	Growth	14%
5	Venture	2%

Undrawn Commitments by Vintage

Approximately a quarter of PIP's undrawn commitments are in vintage 2011 or older funds, where drawdowns may naturally occur at a slower pace. It is likely that a portion of these commitments will not be drawn. The rise in more recent vintages reflects PIP's recent primary commitment activity.



1	2018	15%
2	2017	18%
3	2016	22%
4	2015	14%
5	2014	4%
6	2013	2%
7	2012	2%
8	2009-2011	2%
9	2008	5%
10	2007	7%
11	2006 and earlier	9%

1 Capital committed to funds that to date remains undrawn.
2 Includes undrawn commitments attributable to the reference portfolio underlying the Asset Linked Note.

Finance and Share Buybacks

Efficient balance sheet management supports PIP's investment strategy

Cash and Available Bank Facility

At 31 May 2018, PIP had available cash[1] balances of £145.8m. In addition to these cash balances, PIP can also finance investments out of its multi-currency revolving credit facility agreement ("Loan Facility"). The Loan Facility was due to expire in November 2018 and comprised facilities of $138.8m and €66.6m which, using exchange rates at 31 May 2018, amounted to a sterling equivalent of £162.8m.

At 31 May 2018, the Loan Facility remained fully undrawn.

PIP renewed its credit facility shortly after its financial year end. The new £175m four-year Loan Facility has been redenominated using current exchange rates to $163.0m and €59.8m. The terms of the new facility are materially the same as those of the existing facility but will expire in June 2022 with an option to extend, by agreement, the maturity date by another year. The new Loan Facility provides additional assurance that the Company has the ability to finance its unfunded commitments in the future.

Asset Linked Note

As part of the share consolidation effected on 31 October 2017, PIP issued an Asset Linked Note with an initial principal amount of £200m to a single holder ("Investor"). Repayments under the ALN are made quarterly in arrears and are linked to the ALN share (approximately 75%) of the net cash flow from a reference portfolio which is comprised of interests held by PIP in over 300 of its oldest private equity funds, substantially 2006 and earlier vintages. PIP retains the net cash flow relating to the remaining c.25% of the reference portfolio.

The ALN is unlisted and subordinated to PIP's existing Loan Facility (and any refinancing), and is not transferable, other than to an affiliate of the Investor. The ALN is expected to mature on 31 August 2027, at which point the Company will make the final repayment under the ALN. As at 31 May 2018, the ALN was valued at £131.6m. For more information on the ALN, refer to page 93.

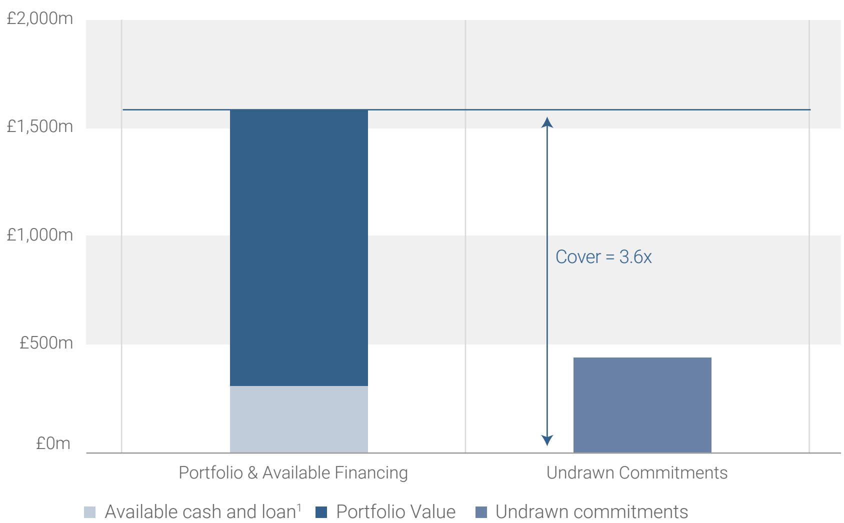
Undrawn Commitment Cover

At 31 May 2018, the Company had £308.6m of available financing, comprised of its cash balances and Loan Facility less the current portion payable under the ALN. The sum of PIP's available financing and private equity portfolio provide 3.6 times cover relative to undrawn commitments. Generally, when a fund is past its investment period, which is typically between five and six years, it cannot make any new investments and only draws capital to fund follow-on investments into existing portfolio companies, or to pay expenses. As a result, the rate of capital calls by these funds tends to slow dramatically. Approximately a quarter of the Company's undrawn commitments are in fund vintages that are older than six years.

Share Buybacks

In the year to 31 May 2018, PIP bought back 190,000 ordinary shares at an average discount of 15% to the NAV per share as at 31 May 2017 NAV, resulting in a total uplift to NAV per share of 1.3p. The discounts at which the Company's shares trade from time to time may make buybacks an attractive investment opportunity relative to other potential new investment commitments.

PIP FINANCING COVER



1 The available cash and loan figure excludes the current portion payable under the Asset Linked Note, which amounted to £16.5m as at 31 May 2018.

Managing our business responsibly

The **six principles of PRI** underpin our ESG strategy

In 2007, Pantheon was one of the first private equity signatories to the United Nations-supported Principles of Responsible Investment ("PRI")

Principle 1:
Incorporate ESG issues into our investment analysis and decision-making processes

We have incorporated ESG factors into the entire investment process, from the initial due diligence and assessment of the suitability of a fund/company for investment through to the ongoing monitoring of ESG issues once an investment has been made.

ESG risk management forms an important part of the operational risk assessment segment of our due diligence process. Each manager is rated for:

- Its approach to ESG;
- How ESG is recognised and managed within the organisation;
- Whether it is a signatory to PRI or any other ESG-related standards;
- How it engages on ESG matters with the companies it invests in;
- How it reports on ESG.

In addition, there is a focus on the potential for fraud, rogue activities and any other unethical behaviour as part of the wider operational due diligence process. Pantheon's extensive network and cross-referencing capabilities ensure that we are able to make every effort to only invest in high quality managers on behalf of PIP. During the period, only one manager out of PIP's 15 primary commitments did not receive a green rating for its overall approach to ESG. This highlighted areas for improvement which we will actively encourage them to achieve over the course of the investment.

When conducting due diligence on a potential secondary transaction, Pantheon has visibility of the underlying assets and can therefore form a view on the ESG risk profile of the investment. The management of potential ESG risks can be examined in detail as well as whether the appropriate protection or adherence to industry regulations are in place.

When assessing a co-investment opportunity, Pantheon evaluates the company's exposure to possible ESG risks, the manager's approach to mitigating those risks and how this was achieved with prior investments with similar characteristics.

Across all investment opportunities, the ESG due diligence findings are formally documented in investment recommendations and any potential concerns are flagged for consideration by the investment committees.

Principle 2:
Be active owners and incorporate ESG issues into our ownership policies and practices

In early 2017, a third party service, *RepRisk*, was fully integrated into Pantheon's pre- and post-investment monitoring processes. *RepRisk* is a business intelligence provider, which monitors and issues alerts on ESG-related matters, affecting the underlying companies in Pantheon's funds globally, and produces detailed reports on those issues.

As a result, Pantheon's ESG due diligence processes have been strengthened and our post-investment monitoring has been significantly enhanced. Where there is a significant issue in an existing investment, Pantheon takes the opportunity to engage with the private equity manager(s) and explore how they are addressing the issue with the underlying portfolio company. Aside from any incidents which may be reported by *RepRisk*, we will also proactively engage with our managers if we identify any other topical or current ESG factors which could affect their portfolio companies.

Principle 3:
Seek appropriate disclosure on ESG issues by the entities in which we invest

As described, Pantheon's assessment of how its managers report on ESG is an integral part of its investment due diligence process. We also highlight the importance of this when negotiating deal terms with our GPs.

We continue to explore ways to encourage our managers to make further improvements in their disclosure of ESG issues. Our participation at GP workshops and active engagement on regulatory changes are just some of the ways in which we have started to try and achieve that objective.

Principle 4:
Promote acceptance and implementation of the Principles within the investment industry

Pantheon is committed to active industry engagement on ESG and regularly participates in external events and thought leadership programmes. For example, during the year we consulted with PRI and Invest Europe and presented at prominent industry events. In addition, Pantheon participated in workshops held by several private equity managers where some of the management of their portfolio companies were in attendance. This gave us the opportunity to communicate directly with company management on the importance of good ESG ethics and business practices.

Principle 5:
Work together to enhance our effectiveness in implementing the Principles

Pantheon has an established ESG Committee, comprised of senior partners from its global investment teams, the Head of Operational Risk and a Senior Client Relationship Manager. The Committee meets regularly and is responsible for setting Pantheon's ESG strategy and policy as well as providing feedback to internal and external stakeholders. In addition, there is an ESG Working Group formed of representatives of other business areas, including PIP. As a result, all teams are represented and able to contribute to Pantheon's ESG initiatives as well as ensuring that potential ESG risks are fully understood by both Pantheon's investment teams and our managers.

Where possible, as part of our membership of trade bodies including the BVCA, EMPEA, HKVCA and Invest Europe, we are helping to shape the agenda on ESG across the regions where we invest.

Principle 6:
Report on our activities and progress towards implementing the Principles

Pantheon carries out an annual review of the activities that it has undertaken during each assessment year, measuring how it has performed in relation to the PRI principles. We report on this to the PRI and, for 2018, Pantheon has been awarded an A+ score for our overall approach to ESG and an A+ score in the "Private Equity" module of the PRI's annual assessment.

It is our belief that the implementation of sound ESG practices and effective risk management processes can have a material impact on value creation in private equity.

Alex Scott Partner

LEADING ON EQUALITY AND DIVERSITY IN PRIVATE EQUITY

Across the private equity industry, there is an increasing awareness of the benefits of gender equality and the important role it can play in enhancing performance and decision-making in investment and operational decisions. Pantheon is recognised as an industry leader for promoting gender equality within its own workforce and Helen Steers, a partner at Pantheon and Head of the European Investment team, is a co-founder of Level 20 (www.level20.org) whose aim is to inspire women to join and succeed in private equity. Pantheon's workforce is split almost equally between males and females with a significant number of senior and partner roles held by women.

In addition to gender equality, Pantheon is committed to developing a diverse workforce that reflects the markets in which it operates, and actively recruits and retains staff from a wide range of racial backgrounds.

CLIMATE CHANGE

Pantheon considers climate change as part of its ESG assessment and is actively monitoring the forthcoming regulatory change being introduced by the European Commission whose goal is to enable the EU financial sector to lead the way to a greener and cleaner economy. These measures are aimed at financing growth in a manner that is environmentally sustainable, and fosters a long-term outlook for financial and economic activity. In addition, they aim to introduce greater clarity on investors' duties towards the integration of ESG factors into their investment decision-making and their disclosure of how they have aligned their investment activities with ESG objectives.

UK MODERN SLAVERY ACT

The UK Modern Slavery Act 2015 introduced a requirement for covered commercial organisations operating in the UK to report annually on the steps that they have taken during the preceding financial year to ensure that slavery and human trafficking are not taking place in their own business or in their supply chains.

Pantheon's ESG policy is already aligned with a zero tolerance approach to modern slavery and human trafficking. Pantheon's Modern Slavery Statement is available at www.pantheon.com.

Other Information

The Largest 50 Managers by Value

Rank	Manager	Region[2]	Stage	% of PIP's total private equity asset value[1]
1	Providence Equity Partners	USA	Buyout	6.0%
2	Texas Pacific Group	USA	Buyout	3.2%
3	Ares Management	USA	Buyout	3.1%
4	Essex Woodlands	USA	Growth	2.8%
5	Energy Minerals Group	USA	Special situations	2.5%
6	Warburg Pincus	Global	Growth	2.3%
7	Baring Private Equity Asia	Asia & EM	Growth	2.2%
8	EQT[3]	Asia & EM	Buyout	2.1%
9	Growth Fund[4]	USA	Growth	1.9%
10	Quantum Energy Partners	USA	Special situations	1.9%
11	J.C. Flowers	USA	Buyout	1.7%
12	Apax Partners SA	Europe	Buyout	1.7%
13	IK Investment Partners	Europe	Buyout	1.5%
14	Yorktown Partners	USA	Special situations	1.4%
15	Mid-Europa Partners	Europe	Buyout	1.3%
16	Shamrock Capital Advisors	USA	Buyout	1.2%
17	Venture Fund[4]	Europe	Venture	1.2%
18	IVF Advisors	Asia & EM	Buyout	1.2%
19	Lee Equity Partners	USA	Buyout	1.1%
20	Veritas Capital	USA	Buyout	1.1%
21	Calera Capital	USA	Buyout	1.1%
22	Sheridan Production Partners	USA	Special situations	1.1%
23	NMS Management	USA	Buyout	1.0%
24	Buyout Fund[4]	USA	Buyout	1.0%
25	Marguerite	Europe	Special situations	1.0%
26	Altor Capital	Europe	Buyout	1.0%
27	Abris Capital	Europe	Buyout	1.0%
28	Chequers Partenaires	Europe	Buyout	1.0%
29	Gemini Capital	Europe	Venture	0.9%
30	The Banc Funds Company	USA	Growth	0.9%
31	Bridgepoint Partners	Europe	Buyout	0.9%
32	Hellman & Friedman	USA	Buyout	0.9%
33	KKR	Europe	Buyout	0.9%
34	Summit Partners	USA	Growth	0.8%
35	Apax Partners & Co	Europe	Buyout	0.8%
36	Equistone Partners Europe	Europe	Buyout	0.8%
37	ABRY Partners	USA	Buyout	0.8%
38	Apollo Advisors	USA	Buyout	0.7%
39	Clessidra Capital Partners	Europe	Buyout	0.7%
40	Baring Vostok	Europe	Buyout	0.7%
41	TPG Asia	Asia & EM	Buyout	0.7%
42	ABS Capital	USA	Growth	0.7%
43	MatlinPatterson Global Advisers	USA	Special situations	0.7%
44	Searchlight Capital Partners	Global	Special situations	0.6%
45	The Vistria Group	USA	Buyout	0.6%
46	Bain Capital	Global	Buyout	0.6%
47	Francisco Partners Management	USA	Buyout	0.6%
48	Brentwood Associates	USA	Buyout	0.6%
49	Lovell Minnick Equity Advisors	USA	Buyout	0.6%
50	Advent International	Global	Buyout	0.5%
COVERAGE OF PIP'S PRIVATE EQUITY ASSET VALUE[1]				65.6%

1 Percentages look through feeders and funds-of-funds and excludes the portion of the reference portfolio attributable to the Asset Linked Note.
2 Refers to the regional exposure of funds.
3 The majority of PIP's investments in EQT is held in EQT Greater China II and a co-investment in Sivantos, a company headquartered in Singapore.
4 Confidential.

The Largest 50 Companies by Value[1]

	Company	Country	Sector	% of PIP's NAV
1	EUSA Pharma[2]	United Kingdom	Healthcare	1.8%
2	Abacus Data Systems[2]	USA	Information Technology	1.3%
3	LBX Pharmacy[3]	China	Consumer	1.1%
4	StandardAero[2]	USA	Industrials	0.9%
5	NIBC Bank[2]	Netherlands	Financials	0.8%
6	Spotify[3]	United Kingdom	Information Technology	0.8%
7	Kyobo Life Insurance[2]	South Korea	Financials	0.8%
8	Confidential[2]	USA	Information Technology	0.8%
9	Atria Convergence Technologies[2]	India	Telecommunication Services	0.8%
10	Sivantos[2]	Singapore	Healthcare	0.8%
11	Confidential	Luxembourg	Consumer	0.7%
12	Permian Resources[2]	USA	Energy	0.7%
13	Project Phoenix Confidential[2]	France	Telecommunication Services	0.7%
14	Instituto Centrale delle Banche Popolari[2]	Italy	Financials	0.7%
15	Confidential[2]	USA	Consumer	0.6%
16	ALM Media[2]	USA	Consumer	0.6%
17	Vistra Orangefield[3]	Netherlands	Industrials	0.6%
18	American Tire Distributors[2]	USA	Consumer	0.6%
19	Confidential[2]	USA	Information Technology	0.6%
20	GE Capital Services India[2]	India	Financials	0.6%
21	Vertical Bridge[2]	USA	Telecommunication Services	0.6%
22	Apollo Education[2]	USA	Consumer	0.6%
23	ZeniMax Media	USA	Information Technology	0.5%
24	Salad Signature[2]	Belgium	Consumer	0.5%
25	National Veterinary Associates	USA	Consumer	0.5%
26	Arnott[2]	USA	Consumer	0.5%
27	Profi Rom[2]	Romania	Consumer	0.4%
28	Blackboard	USA	Information Technology	0.4%
29	OWP Butendiek	Germany	Utilities	0.4%
30	Shawbrook[2]	United Kingdom	Financials	0.4%
31	Alliant Insurance Services[2]	USA	Financials	0.4%
32	Confidential[2]	USA	Information Technology	0.4%
33	FlagStar Bancorp[3]	USA	Financials	0.4%
34	Ciprés[2]	France	Financials	0.4%
35	Centric Group[2]	USA	Consumer	0.4%
36	Affinity Education[2]	Australia	Consumer	0.4%
37	Engencap[2]	Mexico	Financials	0.4%
38	Extraction Oil & Gas[2,3]	USA	Energy	0.4%
39	Colisée[2]	France	Healthcare	0.4%
40	GlobalTranz[2]	USA	Industrials	0.4%
41	Capital Vision	USA	Healthcare	0.4%
42	Verimatrix	USA	Information Technology	0.4%
43	Adyen	Netherlands	Information Technology	0.3%
44	Ministry Brands[2]	USA	Information Technology	0.3%
45	Groupe INSEEC[2]	France	Consumer	0.3%
46	GTS	Brazil	Information Technology	0.3%
47	RightPoint Consulting[2]	USA	Industrials	0.3%
48	Nord Anglia Education[2]	Hong Kong	Consumer	0.3%
49	Mobilitie[2]	USA	Industrials	0.3%
50	Home Shopping Europe	Germany	Consumer	0.3%
	COVERAGE OF PIP'S PRIVATE EQUITY ASSET VALUE			28.3%

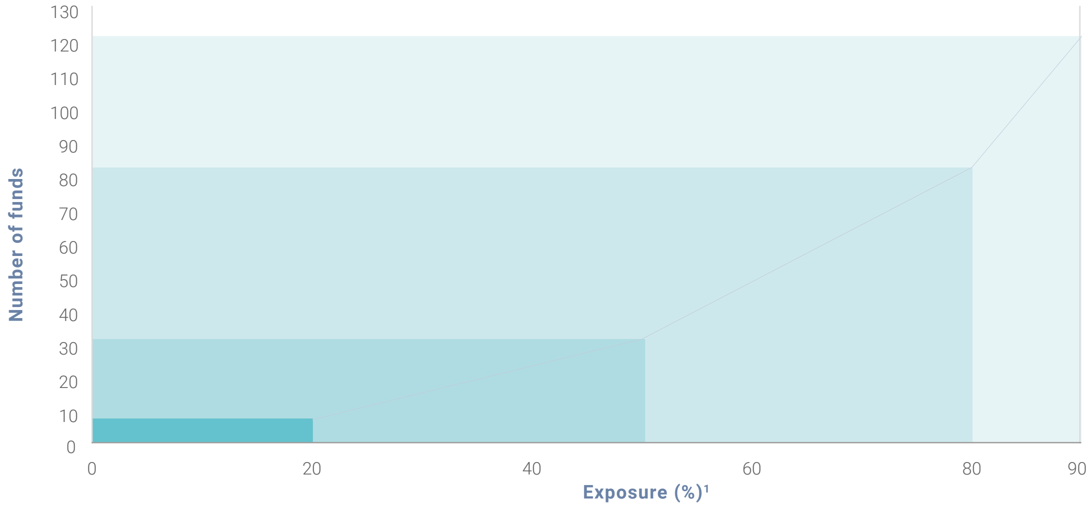
1 The largest 50 companies table is based upon underlying company valuations at 31 December 2017 adjusted for known call and distributions to 31 May 2018, and includes the portion of the reference portfolio attributable to the Asset Linked Note.
2 Co-investments/directs.
3 Listed companies.

Other Information (continued)

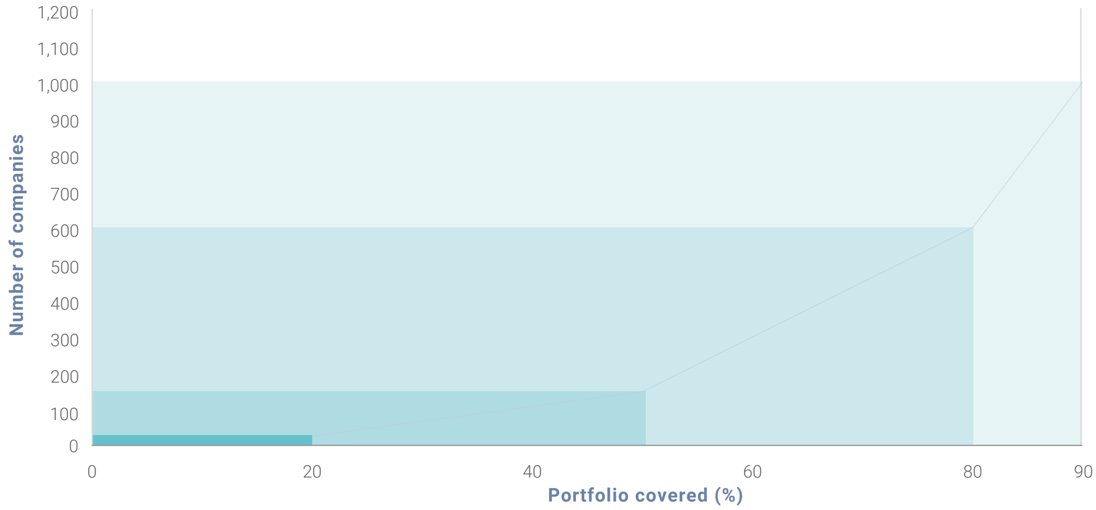
Portfolio Concentration as at 31 May 2018

Approximately 80 managers and 600 companies account for 80% of PIP's total exposure[1]

Portfolio Concentration by Manager[2]



Portfolio Concentration by Company[3]



1 Exposure is equivalent to the sum of the NAV and undrawn commitments.
2 Excludes the portion of the portfolio attributable to the Asset Linked Note.
3 Includes the portion of the portfolio attributable to the Asset Linked Note.

Historical data

	NAV[1,2] (£m)	NAV per share[2] (pence)	Ordinary share price (pence)	Private equity portfolio (£m)	Outstanding commitments (£m)
Year ended 31 May 2018	1,307	2,414.8	2,010.0	1,275	440
Financial year[3]					
2017	1,388	2,189.9	1,793.0	1,224	445
2016	1,187	1,873.6	1,285.0	1,072	382
2015	1,000	1,532.4	1,272.0	862	256
2014	902	1,364.2	1,150.0	815	176
2013	903	1,331.9	1,042.0	826	195
2012	845	1,193.5	725.5	800	191
2011	733	1,104.1	714.0	810	243
2010	637	958.7	486.0	763	331
2009	514	773.6	295.3	648	428
2008	736	1,108.7	750.0	806	641
2007	610	919.2	917.5	527	528
2006	441	796.8	726.5	372	365
2005	382	657.9	650.5	315	245
2004	245	572.5	463.0	233	137
2003	221	546.8	447.0	237	158
2002	196	541.6	486.5	175	138
2001	206	669.1	574.0	201	138
2000	161	599.9	457.5	140	77
1999	146	405.6	302.5	78	45
1998	131	368.6	294.5	79	50
1997	117	328.4	270.0	73	47
1996	106	302.5	225.0	48	25
1995	87	255.1	207.5	33	8
1994	47	239.6	176.5	42	7
1993	31	195.5	172.5	28	1
1992	21	139.7	93.5	28	0
1991	21	129.1	86.5	31	1
1990	20	126.7	80.5	32	2
1989	17	120.9	95.0	25	2
1988	12	102.5	75.0	2	0

1 Includes participating loan notes in issue between 2000 and 2004.
2 Historical NAV and NAV per share figures disclosed in the table above relate to adjusted NAV and adjusted NAV per share where applicable.
3 In April 2017, PIP changed its accounting reference date from 30 June to 31 May. Figures for 2017 cover the 11 months to 31 May 2017.

Pantheon Key Personnel

1

Andrew Lebus
PIP and Secondary Investment. Partner

Joined 1994; 33 years of private equity experience. Andrew is a senior member of Pantheon's investment team. He is responsible for managing the activities of PIP and is a member of the Asia Regional and Secondary Investment Committees. Andrew, who spent eight years in Hong Kong managing Pantheon's Asian investment programme, also participates in determining Asian investment strategy and overseeing the selection and monitoring of investments. Prior to joining Pantheon, Andrew worked in corporate finance, with special emphasis on the private equity market, at Credit Lyonnais Securities, and its affiliate Castleforth. Andrew is based in London.

2

Helen Steers
European Primary Investment. Partner

Joined 2004; 29 years of private equity experience. Helen is Head of Pantheon's European Investment Team. She chairs the European Investment Committee, and is a member of the International Investment Committee and the Co-investment Committee. Prior to joining Pantheon, Helen held senior positions at Russell Investments in Paris and at the Caisse de dépôt et placement du Québec in Montréal. Helen is a member of the Council (Board) of the British Private Equity and Venture Capital Association ("BVCA"), and the immediate past Chair for 2017 – 2018. She has also served as Board member of Invest Europe and is a co-founder of Level 20. Helen is based in London.

3

Tanu Chita
Principal

Joined 2004; 14 years of private equity experience. Tanu is a senior member of Pantheon's European investment team and has responsibility for managing the investment activity for PIP. Tanu, who spent four years in Pantheon's San Francisco office, also has responsibility for the origination and execution of secondary investments. Tanu joined Pantheon from Deutsche Bank AG, where he worked as an M&A advisor in the investment banking division. Tanu is based in London.

4

Paul Ward
Managing Partner

Joined 2003; 21 years of private equity experience. Paul is Pantheon's Managing Partner and is a member of the Partnership Board. Paul joined Pantheon from Lehman Brothers Private Equity Group, where he was Investment Director. Previously, he worked for Lehman Brothers Investment Bank in New York and London on M&A and corporate finance advisory services and, prior to that, was a management consultant for PA Consulting. Paul is based in London.

5

Chris Meads
Chief Investment Officer and Asian Investment. Partner

Joined 2001; 22 years of private equity experience. Chris is Head of Investment and a member of both Pantheon's Partnership Board and International Investment Committee. Chris joined Pantheon from HSBC Hong Kong, where he was involved both in strategic acquisitions and the design and implementation of internal operating procedures. Chris was also a senior investment analyst for Brierley Investments Ltd in Hong Kong and New Zealand, and before that worked in a deal advisory capacity for CS First Boston (NZ) and as an economist for the National Bank of New Zealand and the Reserve Bank of New Zealand. Chris is based in Hong Kong.

6

Dennis McCrary
Co-investment and Secondaries Partner

Joined 2007; 24 years of private equity experience. Dennis is Chair of the Co-investment Committee and the Global Secondary Investment Committee and is a member of Pantheon's Partnership Board, the US Regional Investment Committee and the International Investment Committee. Prior to Pantheon, Dennis was the head of the US Partnership Team at Adams Street Partners, where he was responsible for primary and secondary fund investments. Previously, he held several investment banking and principal investing positions with Bank of America and Continental Bank. Dennis is based in San Francisco and Chicago.

7

Susan Long McAndrews
US Primary Investment. Partner

Joined in 2002; 22 years of private equity experience. Susan is a Partner, a member of Pantheon's Partnership Board, Head of the US Primary Investment Team and is responsible for business development for the institutional market. Prior to joining Pantheon, Susan was a principal at Capital Z Partners in Asia, and a director within Russell Investments' private equity group.

8

Elly Livingstone
Secondary Investment. Partner

Joined 2001; 22 years of private equity experience. At Pantheon, Elly is a member of the Global Secondary Investment Committee, the International Investment Committee and the Emerging Markets Investment Committee. Prior to joining Pantheon, Elly was an investment manager at Actis Capital, an emerging markets private equity fund manager, and previously worked for Accenture and PricewaterhouseCoopers on a wide range of international consulting and corporate finance advisory assignments. Elly is based in London.

9

Matt Jones
Secondary Investment. Partner

Joined 2001, 17 years of private equity experience. Matt leads Pantheon's secondaries presence in Europe and is a member of the Global Secondary Investment Committee and the International Investment Committee. Matt focuses on secondary deal origination, analysis, structuring, execution and management of investments. He also participates in fund monitoring, firm marketing and client reporting. Prior to Pantheon, Matt was an Assistant Economist at HM Treasury and also worked on private equity policy areas as part of the Myners Review team. Matt is based in London.

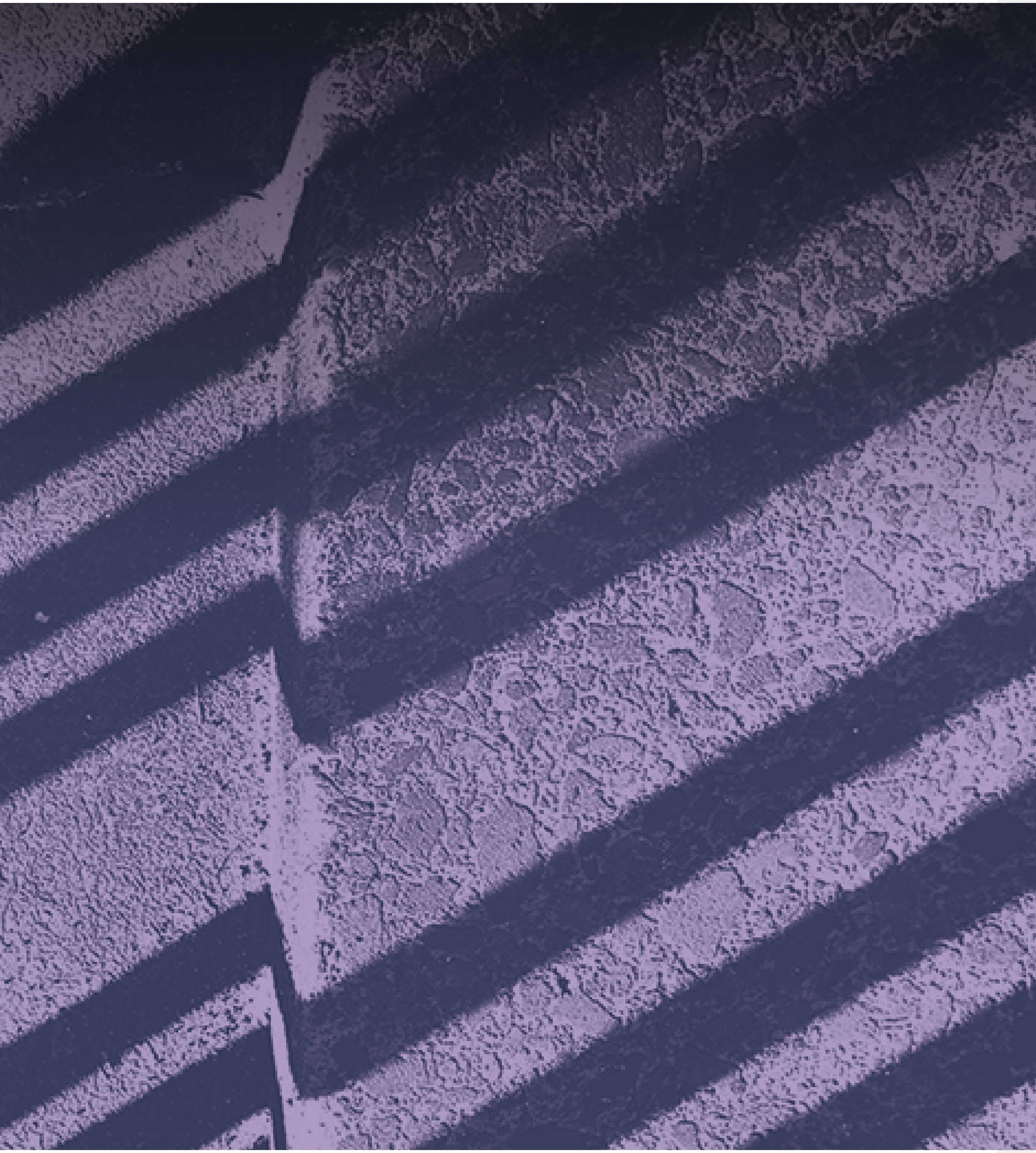
10

Rudy Scarpa
Secondary Investment. Partner

Joined in 2007, 24 years of private equity experience. Rudy leads Pantheon's secondaries presence in the USA and is a member of the Global Secondary Investment Committee and the International Investment Committee. His focus is on secondary deal origination, analysis, structuring, execution and management of investments. Prior to Pantheon, he was a partner at Coller Capital and worked at Thomas H. Lee Putnam Ventures, Merrill Lynch and Skadden Arps. Rudy is based in New York.

Governance

A **differentiated entry point** to a diversified, international portfolio of assets



Board of Directors

1
A
B
C
D

2
A
B
C
D

3
A
B
C
D

KEY
A Member of the Audit Committee
B Member of the Management Engagement Committee
C Member of the Nomination Committee
D Independent of the Manager

4

5
A
B
C
D

6
A
B
C
D

7
A
B
C
D

1

Sir Laurie Magnus
Chairman

Appointed to the Board on 22 November 2011. Appointed as Chairman on 23 November 2016. Sir Laurie Magnus has over 35 years of investment banking experience, primarily in corporate finance, initially at Samuel Montagu & Co Limited (subsequently HSBC Investment Bank) and then successively at Phoenix Securities, Donaldson Lufkin & Jenrette, Credit Suisse First Boston and Lexicon Partners (latterly as Chairman). He is currently a senior adviser at Evercore Partners, Chairman of JP Morgan Multi-Asset Trust plc and a Non-Executive Director of both Fidelity Japanese Trust plc and Aggregated Micropower Holdings plc. He is Chairman of both The Historic Buildings and Monuments Commission for England ("Historic England"), and Windsor Leadership Trust, and a trustee of the English Heritage Trust and All Churches Trust.
A B C D

2

Susannah Nicklin
Senior Independent Director

Appointed to the Board on 22 November 2011. Ms Nicklin is an investment and financial services professional with 20 years of experience in executive roles at Goldman Sachs and Alliance Bernstein in the USA, Australia and the UK. She has also worked in the social impact private equity sector with Bridges Ventures, the Global Impact Investing Network and Impact Ventures UK. Ms Nicklin is a Non-Executive Director of Amati AIM VCT plc, Baronsmead Venture Trust plc and the City of London Investment Group PLC, where she is Chairman of the Nomination Committee. She is a CFA charterholder.
A B C D

3

Ian Barby
Audit Committee Chairman

Appointed to the Board on 28 April 2005. Mr Barby practised as a barrister before joining Warburg Investment Management Ltd as a Director and becoming a Vice Chairman of Mercury Asset Management plc. He was latterly a Managing Director of Merrill Lynch Investment Managers with responsibility for its investment trust division. Ian is currently Non-Executive Chairman of both Invesco Perpetual UK Smaller Companies PLC and Schroders Income Growth Fund plc. He is also a Director of The Fitzwilliam Museum Development Trust.
A B C D

4

Rhoddy Swire

Appointed to the Board on 7 August 1987. Mr Swire is Pantheon's founder and has been a Director of Pantheon International Plc since its listing in 1987. In 1981 Mr Swire joined GT Management Ltd to oversee and manage unquoted investments and subsequently led the buyout from GT Management Ltd to form Pantheon. He was until 12 October 2011 a Director of Pantheon Ventures Limited, a parent undertaking of Pantheon Ventures (UK) LLP, and is a Director of a number of Pantheon funds. He is Chairman of Music Marketing Services Limited, the Hereford Cathedral Perpetual Trust and director of Lewmar Marine plc. He is a former Director of Ceravision Limited, The China Navigation Company Limited and Lindsell Train Investment Trust PLC.

5

David Melvin

Appointed to the Board on 23 February 2015. Mr Melvin is an investment and financial services professional with 30 years' experience in investment banking and private equity. He is currently a Senior Adviser at Cenkos Securities plc, a UK-listed institutional stockbroking firm and a Senior Adviser of CITIC CLSA Securities, a CITIC Securities Company. Up to 2014, Mr Melvin was a Partner at TDR Capital, a European private equity firm, where he was a Member of the Investment Committee and Head of Investor Relations. Prior to that, he spent 24 years at Merrill Lynch, where he held a number of leadership positions, including Global Co-Head of Financial Sponsors and Chairman of EMEA Financial Sponsors and Leverage Finance. He is a qualified Chartered Accountant.
A B C D

6

John Burgess

Appointed to the Board on 23 November 2016. Mr Burgess has over 20 years' experience within private equity, following eight years with the Boston Consulting Group in Paris and London, where he became a Partner. Subsequently, he held senior roles with F&C Ventures Ltd and Candover Investments plc before co-founding BC Partners (formerly Baring Capital Investors Ltd) in 1986 where he was a Managing Partner until 2005. While at BC Partners, he held directorships of a variety of companies across the UK and Continental Europe. Since 2005, he has remained actively involved in private equity as well as increasing his investment interests in the public markets. Mr Burgess is a Governor of The Royal Academy of Music and was a Director of the Business Growth Fund Plc.
A B C D

7

John Singer

Appointed to the Board on 23 November 2016. Mr Singer is an investment and financial services professional with over 30 years' experience in private equity. Mr Singer spent over 20 years with Advent International plc as co-founder, member of the Global Executive Committee and, until 2012, Chairman of European operations. He was Managing Director and founder of Granville Europe plc, one of the first pan-European private equity funds. In addition, he was Chairman of the European Venture Capital Association. Mr Singer is involved with several organisations within the arts and education sectors; he is a Trustee of The National Gallery, London, Chairman of City of London Sinfonia and Honorary Fellow, and is on the Development Committee of Trinity College, Oxford.
A B C D

The Directors' Report

The Directors are pleased to present their report, together with the audited financial statements of the Company for the year ended 31 May 2018.

Directors

The Directors of PIP were in office during the whole of the year ended 31 May 2018. The names and full biographies of the Directors can be found on pages 60 and 61. As at 31 May 2018, the Board of Directors of the Company comprised six male Directors and one female Director.

All Directors will retire and stand for re-election at the Company's Annual General Meeting ('AGM') in October 2018. Further details regarding the retirement, selection and appointment of Directors, including the Company's position on diversity, can be found on page 70.

The rules concerning the appointment and replacement of Directors are set out in the Company's Articles of Association and are discussed on page 70. There are no agreements between the Company and its Directors concerning any compensation for their loss of office.

Share Capital

The rights attaching to the Company's shares are set out in the Company's Articles of Association. Further details are included in Note 14 to the financial statements.

During the year the Company consolidated its ordinary and redeemable share capital into a single class of ordinary shares. The reorganisation of the share capital was implemented on 31 October 2017 and consisted of:

a) the redemption by the Company of 9,055,100 redeemable shares of 1p each in the capital of the Company owned by the Investor for an aggregate consideration of £200 million and the subsequent application of these redemption proceeds to the subscription for the ALN by the Investor;

b) a bonus issue of new deferred shares of 66p each in the capital of the Company; and

c) the subsequent consolidation, sub-division and redesignation of the remaining redeemable shares and the deferred shares into new ordinary shares of 67p each in the capital of the Company, ranking *pari passu* in all respects with the existing ordinary shares.

On 1 November 2017, 21,242,434 new ordinary shares were admitted to the Official List of the UK Listing Authority and to trading on the Main Market for listed securities of the London Stock Exchange.

The Company's ordinary shares are freely transferable. However, the Directors may refuse to register a transfer of shares held in certificated form which are not fully paid unless the instrument of transfer is (i) lodged, duly stamped at the Company's registered office, accompanied by the relevant share certificate(s) and such other evidence (if any) as the Directors may reasonably require to show the right of the transferor to make the transfer and (ii) not in favour of more than four persons jointly. The Directors may decline to register a transfer of an uncertificated share in the circumstances set out in the Uncertified Securities Regulations 2001 and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four. If the Directors decline to register a transfer, they are required to send notice of the refusal to the transferee within two months, giving reasons for their decision.

Unless the Directors determine otherwise, a holder of ordinary shares will cease to be entitled to attend or vote at general meetings of the Company or on any poll if he/she fails to comply with a request by the Company to provide details of any interest held by any person in his/her ordinary shares within 14 days of the request being made. Additionally, if the shares represent at least 0.25%, any dividends payable in respect of the shares will be withheld by the Company and no transfers of any of the shares held in certified form will be registered unless the shareholder is not him/herself in default as regards supplying the information required (and the Directors are satisfied that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer) or unless the transfer arises as a result of the acceptance of a takeover offer or a sale made through a recognised investment exchange (or any other stock exchange outside the United Kingdom on which the Company's shares are normally traded) or is a transfer which the Directors are satisfied is made in consequence of a sale of the entire beneficial interest in the shares to a person who is unconnected with the shareholder and with any other person appearing interested in the shares.

The Company's Articles of Association contain additional provisions enabling the directors to take certain steps where ordinary shares are or may be owned, or rights attaching to such shares may be exercised, by persons in circumstances which the directors determine would give rise to a regulatory burden under certain U.S. securities, investment and pension laws and regulations.

Save as described above there are no restrictions concerning the transfer of securities in the Company or on voting rights; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; and no agreements which the Company is party to that might affect its control following a successful takeover bid.

Amendment of the Company's Articles of Association and the giving of authority to issue or buy back the Company's shares requires an appropriate resolution to be passed by shareholders. Proposals for the renewal of the Board's current authorities to issue and buy back shares are detailed on pages 114 and 115.

As at 31 May 2018 and as at the date of this Report, the Company had shares in issue as shown in the table below, all of which were admitted to the official list maintained by the FCA and admitted to trading on the London Stock Exchange. No shares were held in treasury at the year end.

During the year, the Company purchased 190,000 ordinary shares for cancellation (with a nominal value of £127,300) at a total cost of £3,546,000. This represented 0.4% of the issued share capital at 31 May 2018. Since 31 May 2018, the Company has not purchased any further shares.

SHARE CAPITAL AND VOTING RIGHTS AT 31 MAY 2018	Number of shares in issue	Voting rights attached to each share	Number of shares held in treasury
Ordinary shares at £0.67 each	54,114,447	1	–
Total voting rights	54,114,447	–	–

Dividends

No final dividend is being recommended.

Investment Trust Status

The Company has received written approval from HM Revenue & Customs ("HMRC") as an authorised investment trust under Sections 1158/1159 of the Corporation Tax Act 2010. The Directors are of the opinion that the Company has conducted its affairs in compliance with such approval and intends to continue doing so.

Financial Risk Management

The principal financial risks and the Company's policies for managing these risks are set out in Note 19 to the financial statements.

Management

The Company entered into a management agreement with the Company's investment manager, Pantheon Ventures (UK) LLP ("Pantheon Ventures") on 22 July 2014, under which Pantheon Ventures was appointed as the Company's Alternative Investment Fund Manager ("AIFM") on the terms of and subject to the conditions of a new investment management agreement (the "Management Agreement") between the Company and Pantheon Ventures. Pantheon Ventures, which is part of the Pantheon Group, has been approved as an AIFM by the FCA.

The Pantheon Group is one of the world's foremost private equity fund-of-funds managers and has acted as Manager to the Company since the Company's inception in 1987. Affiliated Managers Group, Inc. ("AMG"), alongside senior members of the Pantheon team, acquired the Pantheon Group in 2010. The ownership structure, with Pantheon senior management owning a meaningful share of the equity in the business, provides a framework for long-term succession and enables Pantheon management to continue to direct the firm's day-to-day operations. AMG is a global asset management company with equity investments in leading boutique investment management firms.

Under the terms of the Management Agreement, Pantheon Ventures has been appointed as the sole and exclusive discretionary manager of all the assets of the Company and to provide certain additional services in connection with the management and administration of the Company's affairs, including monitoring the performance of, and giving instructions on behalf of the Company to, other service providers to the Company.

The Manager is entitled to a monthly management fee at an annual rate of (i) 1.5% on the value of the Company's investment assets up to £150 million and (ii) 1% on the value of such assets in excess of £150 million. In addition, the Manager is entitled to a monthly commitment fee of 0.5% per annum on the aggregate amount committed (but unpaid) in respect of investments, up to a maximum amount equal to the total value of the Company's investment assets. The arrangements in respect of the management fee and notice period are materially unchanged.

The Manager is entitled to a performance fee from the Company in respect of each 12 month calendar period. No performance fee is payable in respect of the year ended 31 May 2018 (Period ended 31 May 2017: £nil). Further detail as to how the performance fee is calculated is set out below.

The Company entered into a Supplemental Agreement with Pantheon Ventures on 18 April 2017 to align the Management Agreement with the change to the Company's accounting reference date from 30 June to 31 May. The performance fee payable in respect of each such calculation period is 5% of the amount by which the net asset value at the end of such period exceeds 110% of the applicable "high-water mark", i.e. the net asset value at the end of

The Directors' Report (continued)

the previous calculation period in respect of which a performance fee was payable, compounded annually at 10% for each subsequent completed calculation period up to the start of the calculation period for which the fee is being calculated. For the calculation year ended 31 May 2018, the notional performance fee hurdle is a net asset value per share of 3,139.8p.

The performance fee is calculated so as to ignore the effect on performance of any performance fee payable in respect of the period for which the fee is being calculated or of any increase or decrease in the net assets of the Company resulting from any issue, redemption or purchase of any shares or other securities, the sale of any treasury shares or the issue or cancellation of any subscription or conversion rights for any shares or other securities and any other reduction in the Company's share capital or any distribution to shareholders.

The value of investments in, and outstanding commitments to, investment funds managed or advised by the Pantheon group ("Pantheon Funds") are excluded in calculating the monthly management fee and the commitment fee. In addition, the Manager has agreed that the total fees (including performance fees) payable by Pantheon Funds to members of the Pantheon Group and attributable to the Company's investments in Pantheon Funds shall be less than the total fees (excluding the performance fee) that the Company would have been charged under the Management Agreement had it invested directly in all of the underlying investments of the relevant Pantheon Funds instead of through the relevant Pantheon Funds.

The Management Agreement is capable of being terminated (without penalty to the Company) by either party giving two years' notice in writing. It is capable of being terminated by the Company (without penalty to the Company) immediately if, among other things, the Manager materially breaches its obligations (and cannot or does not remedy the breach) or goes into liquidation and on six months' notice if there is a change of control of the Manager or if certain "key man" provisions are triggered. The Manager has the benefit of an indemnity from the Company in respect of liabilities arising out of the proper performance by the Manager of its duties and compliance with instructions given to it by the Board and an exclusion of liability save to the extent of any negligence, fraud, wilful default or breach of duty.

Pantheon sources, evaluates and manages investments on the Company's behalf, allocating investments to the Company, in accordance with Pantheon's investment allocation policy, that are in line with the strategy agreed with the Board and the Company's investment objective and policy.

Under the terms of the Management Agreement, the Company is entitled to participate in allocations made by the Pantheon Group under its secondary investment programme, in accordance with the allocation basis agreed from time to time between the Company and the Manager.

An alternative basis for the allocation to the Company of secondary investment opportunities may be applied by Pantheon in the context of a successor fund to Pantheon Global Secondary Fund VI. In the event of Pantheon and the Company being unable to agree any such alternative allocation basis, Pantheon will cease to be entitled to any performance fee for calculation periods following that in which the alternative allocation basis takes effect and the Company will be entitled to terminate the Management Agreement (without penalty to the Company) on six months' notice.

The Board keeps the performance of the Manager under continual review, and the Management Engagement Committee carries out an annual review of the Manager's performance and the terms of the Management Agreement. The ongoing review of the Manager includes activities and performance over the course of the year and review against the Company's peer group. The Board is of the opinion that it is in the interests of shareholders to continue the appointment.

The reasons for this view are that the investment performance is satisfactory and the Manager is well placed to continue to manage the assets of the Company according to the Company's strategy.

Under an agreement dated 20 November 1997, administrative, accounting and company secretarial services are provided by Link Alternative Fund Administrators Limited. The Administration Agreement may be terminated by 12 months' written notice.

The Board has also appointed BNP Paribas Securities Services to act as the Company's Depositary (as required by the AIFM Directive) (the "Depositary") subject to the terms and conditions of a Depositary Agreement entered into between the Company, the AIFM and the Depositary. BNP Paribas Securities Services have also been appointed as Custodian.

Related party transactions are disclosed in Note 20 to the financial statements.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, including its financial position, are set out in the Strategic Report and Manager's Review.

At each Board meeting, the Directors review the Company's latest management accounts and other financial information. Its commitments to private equity investments are reviewed, together with its financial resources, including cash held and the Company's borrowing capability. One-year cash flow scenarios are also presented to each meeting and discussed.

After due consideration of the Balance Sheet and activities of the Company and the Company's assets, liabilities, commitments and financial resources, the Directors have concluded that the Company has adequate resources to continue in operation for at least 12 months from the approval of the financial statements. For this reason, they consider it appropriate to continue to adopt the going concern basis in preparing the financial statements.

Corporate Governance

The Board consists solely of Non-Executive Directors and no one individual has unfettered powers of decision. The Board has put in place levels of corporate governance which it believes are appropriate for an investment trust and to enable the Company to comply with the AIC Code of Corporate Governance (the "AIC Code") and the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide") published in July 2016. The Board's compliance with the AIC Code is set out in the Statement on Corporate Governance.

The Company's Statement on Corporate Governance is set out on pages 68 to 73.

Substantial Shareholdings

As at 31 May 2018, the Company had received notification of the following disclosable interests in the voting rights of the Company:

SHAREHOLDERS	Number of shares held	% of total voting rights
Universities Superannuation Scheme Limited	4,410,228	8.15
Old Mutual plc	3,804,126	7.03
Esperides S.A. Sicav-SIF	3,110,144	5.75
East Riding of Yorkshire Council	2,540,000	4.69
APG Asset Management N.V	2,400,000	4.43
Investec Wealth & Investment Limited	2,365,111	4.37
Private Syndicate Pty Ltd	2,032,173	3.76
Brewin Dolphin Limited	1,864,446	3.45

No changes in substantial shareholdings have been notified to the Company between 31 May 2018 and the date of this report.

Greenhouse Gas Emissions

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, (including those within PIP's underlying investment portfolio).

Requirements of the Listing Rules

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made in this regard.

Annual General Meeting ("AGM")

The Company's next AGM will be held at 10.30am on 31 October 2018 at The British Academy, 10-11 Carlton House Terrace, London, SW1Y 5AH. The notice convening the meeting (the "Notice of AGM") accompanies this Report and is set out on pages 114 to 118.

At the AGM, shareholders are being asked to vote on various items of business that are routinely considered at the Company's annual general meetings. These are the receipt and adoption of the Strategic Report, Directors' Report and Auditor's Report and the audited financial statements for the year ended 31 May 2018; the receipt and approval of the Directors' Remuneration Report; the re-election of Directors; the re-appointment of the Auditor, Grant Thornton UK LLP; the authorisation of the Audit Committee to determine the remuneration of the Auditor; the granting of authorities in relation to the allotment of shares; the disapplication of pre-emption rights; the purchase by the Company of its own shares; the approval of the holding of general meetings (other than annual general meetings) on not less than 14 clear days' notice; and the approval of electronic communications with Shareholders.

Resolutions 1 to 12 and Resolution 16 to be proposed at the AGM will be proposed as ordinary resolutions and resolutions 13 to 15 as special resolutions.

The Directors' Report (continued)

In accordance with the directors' remuneration reporting regime, which came into effect on 1 October 2013, shareholders have an annual advisory vote on the report on Directors' remuneration and a binding vote, to be held every three years, on the remuneration policy of the Directors. A binding ordinary resolution approving the Directors Remuneration Policy was approved by shareholders at the AGM held on 22 November 2017. The shareholders will be requested to vote on the receipt and approval of the Directors' Remuneration Report as set out on pages 76 to 79.

An explanation of the resolutions relating to the re-election of Directors and the recommendation of the Nomination Committee as to voting in this regard are set out in the Statement on Corporate Governance on page 70.

Authority to Allot Shares and Disapplication of Statutory Pre-emption Rights

The authorities given to the Directors at the AGM held on 22 November 2017 to allot shares and to grant rights to subscribe for, or convert securities into, shares, and to allot equity securities (and sell shares held as treasury shares) for cash, otherwise than in accordance with statutory pre-emption rights (which require that, when new shares are issued, or treasury shares are sold, for cash, the shares are first offered to existing shareholders in proportion to their existing holdings of shares), will expire at the forthcoming AGM. No shares have been issued during the year under the existing authorities.

Resolution 12 set out in the notice of AGM, proposes an ordinary resolution, which will, if passed, authorise the Directors for a period of 15 months from the date on which the Resolution is passed (or until the following AGM, if earlier) to allot ordinary shares in the Company and to grant rights to subscribe for or convert a security into such shares and will replace the current authority granted to Directors at last year's AGM.

The authority conferred by Resolution 12, if passed, will permit the Company to allot up to £12,085,559.83 in ordinary share capital, being one-third of the issued ordinary share capital of the Company as at the date of this Report.

As at the date of this report, the Company is not holding any ordinary shares as treasury shares.

Resolution 13 set out in the notice of AGM, proposes a special resolution, which will, if passed, authorise the Directors for a period of 15 months from the date on which the Resolution is passed (or until the following AGM, if earlier) to allot equity securities for cash pursuant to the authority conferred by Resolution 12 as described above and to sell for cash ordinary shares held by the Company as treasury shares, otherwise than by way of a pre-emptive offer to existing shareholders. Equity securities for this purpose means ordinary shares in the Company and rights to subscribe for or convert a security into such shares. This authority will replace the current authority granted to Directors at last year's AGM.

Resolution 13, if passed, will have the effect of disapplying the statutory pre-emption rights referred to above in relation to (i) the allotment of new equity securities up to the maximum amount of share capital permitted by Resolution 12 and the sale from treasury of ordinary shares where such securities or shares are offered to ordinary shareholders in proportion to their existing holdings of ordinary shares, except where exclusions are necessary or desirable to deal with fractional entitlements, regulatory requirements and/or legal or practical issues; and (ii) the grant of subscription and conversion rights in relation to, and the allotment (including the sale from treasury) of, up to £1,812,833.97 in aggregate nominal amount of ordinary share capital (being 5% of the issued ordinary share capital of the Company as at the date of this Report), at a price per share not less than the most recently calculated net asset value per share at the time of issue (or sale) of such shares.

The maximum amount in respect of which the statutory pre- emption rights are disapplied under Resolution 13 (other than in relation to sub-paragraph (i) above) represents 5% of the issued share capital of the Company as at the date of this Report.

The Directors intend to use the authorities to be conferred by Resolutions 12 and 13 to facilitate future issues (and sales from treasury) of ordinary shares (at or above the prevailing net asset value per share at the time of issue (or sale), where the shares to be issued or sold are not offered to ordinary shareholders in proportion to their existing holdings), to raise funds for investment by the Company in accordance with its investment policy, as and when required from time to time.

Purchase of Own Shares

At last year's AGM, the Directors were authorised to make market purchases of up to 14.99% of each of the Company's ordinary shares, amounting to 8,140,236 ordinary shares. During the year, the Company bought back ordinary shares under this authority as detailed on page 63.

Resolution 14 set out in the notice of AGM proposes a special resolution which will, if passed, renew this authority by authorising the Company for a period of 18 months (or until the following AGM, if earlier) to make market purchases of up to 14.99% of the ordinary shares in issue as at the date upon which the resolution is passed, representing 8,111,755 ordinary shares as at the date of this Report. The maximum price (exclusive of expenses) which may be paid by the Company in relation to any such purchase is the higher of (i) 5% above the average of the market values of shares of the relevant class for the five business days before the purchase and (ii) the higher of the price of the last independent trade and the highest current bid on the London Stock Exchange. The minimum price which may be paid is £0.67 per share.

As at the date of this Report, there are no outstanding warrants or options to subscribe for shares in the Company.

The Directors believe that the discount to net asset value at which ordinary shares trade in the market may, from time to time, present an attractive investment opportunity relative to new investment commitments. In such circumstances, the Directors may cause the Company to undertake targeted buybacks of ordinary shares instead of, or in addition to, new investments as a means of utilising cash generated from the Company's portfolio.

Any buyback would only be undertaken in circumstances where the Directors believe that it would increase the net asset value per share.

The Company will consider holding any of its own shares which it purchases pursuant to the authority to be conferred by Resolution 14, if passed, as treasury shares rather than cancelling them, if the Directors determine in connection with any such purchase that it would be advantageous for the Company to do so.

Notice Period for General Meetings

Resolution 15 set out in the notice of AGM, proposes a special resolution, which will, if passed, renew the approval of 14 clear days as the minimum period of notice for all general meetings of the Company (other than annual general meetings). The approval will be effective until the Company's next AGM, when it is intended that renewal will be sought. The Directors will only call general meetings on 14 clear days' notice where they consider it to be in the best interests of shareholders to do so, and should such a meeting be called, the Company will offer facilities for all shareholders to vote by electronic means.

Electronic Communications

The Company is seeking to take advantage of the provisions of the Companies Act 2006 to allow electronic communications with its Shareholders, including making important documents available through its website, and an ordinary resolution authorising this is included in the notice of Annual General Meeting.

Resolution 16, if passed, would allow the Company to use electronic communications with Shareholders by placing documents such as the annual report on a website rather than sending them in hard copy. The Company will notify those Shareholders, who have elected for electronic communication, by post or email if they have provided an email address that the document is available on the Company's website. Shareholders can, however, ask for a hard copy of any document at any time.

If this resolution is passed, the new arrangements are expected to result in potential administrative, printing and postage cost savings for the Company, while preserving Shareholders' rights to receive hard copy documents if they so wish. In addition, the greater use of electronic communications would result in significant environmental benefits.

Recommendation

The Directors consider that all the resolutions to be proposed at the AGM are in the best interests of the Company and its members as a whole. The Directors unanimously recommend that shareholders vote in favour of all the resolutions to be proposed, as they intend to do in respect of their own beneficial holdings.

The notice of AGM and full details of all resolutions can be found on pages 114 to 118.

Audit Information

The Directors who held office at the date of approval of the Report of the Directors confirm that, so far as they are aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director has taken all reasonable steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Auditor

Grant Thornton UK LLP has expressed its willingness to continue in office as Auditor of the Company and a resolution for its re-appointment will be proposed at the forthcoming AGM.

On behalf of the Board

Sir Laurie Magnus
Chairman

7 August 2018

Statement on Corporate Governance

The Company is committed to maintaining high standards of corporate governance and the Directors are accountable to shareholders for the governance of the Company's affairs.

Statement of Compliance

The Board of PIP has considered the principles and recommendations of the AIC Code of Corporate Governance ("AIC Code"), by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide") published in July 2016. The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code published in April 2016 ("UK Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to investment trusts. The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Code), provides better information to shareholders.

The Financial Reporting Council ("FRC"), the UK's independent regulator for corporate reporting and governance, responsible for the UK Code, has endorsed the AIC Code and the AIC Guide. The terms of the FRC's endorsement mean that AIC Members who report against the AIC Code and the AIC Guide meet fully their obligations under the UK Code and the related disclosure requirements contained in the Listing Rules.

A copy of the AIC Code and the AIC Guide can be obtained via the AIC website, www.theaic.co.uk. A copy of the UK Code can be obtained at www.frc.org.uk.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code, to the extent that they are relevant to the Company's business, throughout the year ended 31 May 2018.

The UK Code includes provisions relating to:

- The role of a chief executive;
- Executive directors' remuneration; and
- The need for an internal audit function.

For the reasons set out in the AIC Guide, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

Viability Statement

The Viability Statement can be found on page 23.

The Board of Directors

The Board consists of seven Non-Executive Directors, and the Company has no employees. The Board is responsible for all matters of direction and control of the Company and no one individual has unfettered powers of decision.

The Board seeks to ensure that it has the appropriate balance of skills, experience, ages and length of service amongst its members. The Directors possess a wide range of business and financial expertise relevant to the direction of the Company, and consider themselves as committing sufficient time to the Company's affairs.

Brief biographical details of the Directors, including details of their other directorships and significant commitments, can be found on pages 60 and 61.

The appointment of a new Director is always made on the basis of a candidate's merits and the skills/experience identified by the Board as being desirable to complement those of the existing Directors.

The Company does not have a specific diversity policy, but the Board are satisfied that consideration is given to the diversity of the Board when making a new appointment.

A formal process exists for the selection of new Directors to the Company and the level of remuneration of the Directors has been set in order to attract individuals of a calibre appropriate to the future development of the Company. A formal induction process has been established for new Directors which involves the provision of a full induction pack containing relevant information about the Company.

On appointment to the Board, Directors are fully briefed as to their responsibilities and are given the opportunity to talk to the relevant executive members of the Manager throughout their terms in office.

The terms and conditions of the appointment of the Non-Executive Directors are set out in letters of appointment, copies of which are available for inspection at the registered office of the Company and will be available at the AGM. None of the Directors has a contract of service with the Company.

Board Operation

The Directors of the Company meet at regular Board meetings and additional meetings and telephone meetings are arranged as necessary. Nine scheduled meetings were held during the year to 31 May 2018. Directors' attendance at Board and Committee meetings during the year was as follows:

	Scheduled Board meetings		Audit Committee meetings		Management Engagement Committee meetings		Nomination Committee meetings	
	Number entitled to attend	Number attended	Number entitled to attend	Number attended	Number entitled to attend	Number attended	Number entitled to attend	Number attended
Sir Laurie Magnus	9	9	3	3	1	1	1	1
S.E. Nicklin	9	8	3	3	1	1	1	1
I.C.S. Barby	9	9	3	3	1	1	1	1
R.M. Swire	9	8	n/a	n/a	n/a	n/a	1	0
D.L. Melvin	9	9	3	3	1	1	1	1
J. D. Burgess	9	7	3	2	1	0	1	0
J. B.H.C.A Singer	9	8	3	3	1	1	1	1

During the year and in order to review the effectiveness of the Board as a whole, its Committees and individual Directors, (including the independence of each Director), the Company implemented a thorough appraisal process, encompassing both quantitative and qualitative measures of performance in respect of the Board and its Committees. The appraisal process was conducted by the Chairman by way of an evaluation questionnaire and interviews. The appraisal of the Chairman followed the same process and was carried out by the Board as a whole under the leadership of Ms Susannah Nicklin (the Senior Independent Director). The Board can confirm that it has the appropriate balance of skills, experience, ages and length of service amongst its members. Following the Company's inclusion in the FTSE 250 Index the Board is required to conduct an externally facilitated performance evaluation at least every third year and will give future consideration to this requirement and report to Shareholders in due course.

The Board has formalised arrangements under which the Directors, in the furtherance of their duties, may take independent professional advice at the Company's expense. The Company has arranged a Directors' and Officers' Liability insurance policy which includes cover for legal expenses.

The Company's Articles of Association take advantage of statutory provisions to indemnify the Directors against certain liabilities owed to third parties even where such liability arises from conduct amounting to negligence or breach of duty or of trust. In addition, under the terms of appointment of each Director, the Company has agreed, subject to the restrictions and limitations imposed by statute and by the Company's Articles of Association, to indemnify each Director against all costs, expenses, losses and liabilities incurred in execution of his/her office as Director or otherwise in relation to such office. Save for such indemnity provisions in the Company's Articles of Association and in the Directors' terms of appointment, there are no qualifying third party indemnity provisions in force.

Chairman and Senior Independent Director

The Board appointed Sir Laurie Magnus as Chairman of the Company at the conclusion of the Company's AGM in 2016. Sir Laurie Magnus is deemed by his fellow independent Board members to be independent. He considers himself to have sufficient time to commit to the Company's affairs.

Ms Susannah Nicklin was appointed Senior Independent Director of the Company at the conclusion of the Company's AGM in 2016.

Directors' Independence

In accordance with the Listing Rules that apply to closed-ended investment entities, and taking into consideration the AIC Code, the Board has reviewed the status of its individual Directors and the Board as a whole.

Sir Laurie Magnus, Ms Nicklin, Mr Melvin, Mr Singer and Mr Burgess are considered to be independent in both character and judgement.

Mr Barby was first elected in 2005. The Board considers that the independence in character and judgement of Mr Barby is not compromised by his length of service but, on the contrary, is strengthened by continuity and experience. Therefore, the Board deems Mr Barby to be independent.

Statement on Corporate Governance (continued)

Until 12 October 2011 Mr Swire was a director of Pantheon Ventures Limited, a parent undertaking of Pantheon Ventures (UK) LLP, the Company's Manager, and was formerly a director and Senior Partner of Pantheon Holdings Limited. He is currently a director of a number of funds managed by the Pantheon Group. He is therefore not considered to be independent under the terms of the AIC Code, however the Board believes that his skills and experience are a valuable asset.

Accordingly, six of the seven Board members are considered by the Board to be independent and thus the majority of the Board comprises independent Non-Executive Directors.

Re-appointment of Directors

Following the Company's inclusion in the FTSE 250 Index and in accordance with the UK Code, the Board is proposing that all of the Directors will be subject to annual re-election at the 2018 AGM. Accordingly, resolutions to re-elect all Directors are contained with the Notice of AGM on page 114.

The Nomination Committee has reviewed the performance of each Director retiring at the forthcoming AGM. Following a formal performance evaluation, the Nomination Committee members recommend that shareholders vote for the re-election of each of these Directors as they believe that their performance continues to be effective, that they demonstrate commitment to their roles as Non-Executive Directors of the Company and that they have actively contributed during meetings throughout the year.

Before voting, shareholders are requested to note that, in the opinion of the other members of the Nomination Committee, each of the retiring Directors has many years' relevant experience of UK private equity and the investment trust industry which is of great value to the Company and its Board.

Board Responsibilities and Relationship with the Manager

The Board is responsible for the determination and implementation of the Company's investment policy and for monitoring compliance with the Company's objectives. At each Board meeting the Directors follow a formal agenda to review the Company's investments and all other important issues, such as asset allocation, gearing policy, corporate strategic issues, cash management, peer group performance, marketing and shareholder relations, investment outlook, revenue forecasts and outlook, to ensure that control is maintained over the Company's affairs. The Board regularly considers its overall strategy and monitors the share price and level of discount.

The Board is responsible for the investment policy and strategic and operational decisions of the Company and for ensuring that the Company is run in accordance with all regulatory and statutory requirements. These procedures have been formalised in a schedule of matters reserved for decision by the full Board, which has been adopted for all meetings. These matters include:

- The maintenance of clear investment objectives, investment strategy and risk management policies, changes to which require Board approval;
- The monitoring of the business activities of the Company, including investment performance and annual budgeting; and
- Review of matters delegated to the Manager, Administrator or Company Secretary.

The management of the Company's assets is delegated to Pantheon. At each Board meeting, a representative of Pantheon is in attendance to present verbal and written reports covering its activity, the portfolio and investment performance over the preceding period. Ongoing communication with the Board is maintained between formal meetings. The Manager ensures that Directors have timely access to all relevant management, financial and regulatory information to enable informed decisions to be made and contacts the Board as required for specific guidance on particular issues. Pantheon has discretion to manage the assets of the Company in accordance with the Company's investment objectives and policies, subject to certain additional investment restrictions (which may be amended by the Company from time to time with the consent of the Manager). The additional investment restrictions currently imposed on the Manager are as follows:

- At the time of making an investment, the aggregate of all amounts committed by the Company in respect of investments (excluding all amounts paid pursuant to such commitments and including any such commitments in respect of the investment to be made) shall not exceed 300% of the available cash and loan resources of the Company without the prior approval of the Board;
- No direct or indirect investment in a single company shall form more than 5% of the gross asset value of the Company at the time the investment is made;
- The amount invested (including amounts committed for investment) in respect of a single fund shall not exceed 10% of the aggregate of the gross asset value of the Company and the aggregate outstanding investment commitments of the Company at the time the investment is made;
- The prior approval of the Board is required for an investment (including investment commitments) in respect of a single secondary interest in an existing fund or a portfolio of secondary interests in existing funds and/or direct investments in one or more companies exceeding 3% of the net asset value of the Company at the time the investment is made; and
- Direct investment of 1% or more in respect of a single company requires the prior approval of the Board.

The Manager has also agreed that it will obtain the prior approval of the Board in relation to any primary investment in a new fund which is made otherwise than on a pro-rata basis with other Pantheon clients investing in the same fund and in relation to any investment in a vehicle managed by a member of the Pantheon Group, other than holding, special purpose and feeder vehicles where no fee is charged by the Pantheon Group.

The Board determines the parameters of investment strategy and risk management policies within which the Manager can exercise judgement and sets the investment and risk management strategies in relation to currency exposure. The Company Secretary and Manager prepare briefing notes for Board consideration on matters of relevance, for example changes to the Company's economic and financial environment, statutory and regulatory changes and corporate governance best practice.

Institutional Investors – Use of Voting Rights

The Company has delegated the exercise of its voting rights to the Manager. Pantheon has a policy of advising its clients to vote on all corporate actions in relation to investments, and does this on behalf of the Company. Pantheon consults with the Directors of the Company in the case of any corporate action where either there is a conflict of interest between PIP and other Pantheon clients, or where for any reason the proposed voting is inconsistent with the advice given to Pantheon's other clients.

Conflicts of Interest

The Articles of Association permit the Board to consider and, if it sees fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company. There is in place a formal system for the Board to consider authorising such conflicts, whereby the Directors who have no interest in the matter decide whether to authorise the conflict and any conditions to be attached to such authorisations. The process in place for authorising potential conflict of interest has operated effectively during the year.

The Directors are able to impose limits or conditions when giving authorisation if they think this is appropriate in the circumstances. A register of potential conflicts is maintained by the Company Secretary and is reviewed at each Board meeting, to ensure that any authorised conflicts remain appropriate. Directors are required to confirm at these meetings whether there has been any change to their position.

The Directors must also comply with the statutory rules requiring company directors to declare any interest in an actual or proposed transaction or arrangement with the Company.

The above process for authorising potential conflicts of interest has operated effectively during the year.

Committees of the Board

The Board has appointed a number of Committees, as set out below, to which certain Board functions have been delegated. Each of these Committees has formal written terms of reference which clearly define their responsibilities and these can be inspected at the registered office of the Company and viewed on the Company's website (www.piplc.com).

Audit Committee

The Audit Committee comprises the whole Board with the exception of Mr Swire. Mr Barby, the Chairman of the Audit Committee, is a qualified barrister with wide experience of the investment management industry and of the investment trust sector. It is felt by the Committee that he is sufficiently qualified for the position of Chairman of the Audit Committee.

Sir Laurie Magnus has over 35 years of investment banking experience and it is considered appropriate for the Chairman of the Company to be a member of the Audit Committee as he provides a valuable contribution to the deliberations of the Committee.

Mr Melvin is also a qualified Chartered Accountant and contributes his knowledge and experience to the Audit Committee.

The Audit Committee met on three occasions during the year ended 31 May 2018. It is intended that the Committee will continue to meet at least three times a year, to review the Half Yearly Report, to review the year-end valuation of investments and to approve the Company's Annual Report and Accounts.

The Report of the Audit Committee can be found on pages 74 and 75. The Chairman of the Audit Committee will be present at the AGM to answer any questions relating to the financial statements.

Management Engagement Committee

The Management Engagement Committee comprises all the independent Non-Executive Directors and is chaired by Sir Laurie Magnus. The Management Engagement Committee met on one occasion during the year under review.

The Board keeps the performance of the Manager under continual review. In addition, in accordance with the requirements of the AIC Code, the Management Engagement Committee reviews the performance of the Manager's obligations under the Management Agreement and considers the need for any variation to the terms of this Agreement on an annual basis. The Management Engagement Committee then makes a recommendation to the Board about the continuing appointment of the Manager under the terms of the Management Agreement.

The Management Engagement Committee also reviews annually the performance of the Company Secretary, the Custodian, the Depository and the Registrar and any matters concerning their respective agreements with the Company.

Statement on Corporate Governance (continued)

The Board keeps the performance of the Manager under continual review, and the Management Engagement Committee carries out an annual review of the Manager's performance and the terms of the Management Agreement. The ongoing review of the Manager includes activities and performance over the course of the year and a review against the Company's peer group. The Board is of the opinion that it is in the interests of shareholders to continue the appointment. The reasons for this view are that the investment performance is satisfactory and the Manager is well placed to continue to manage the assets of the Company according to the Company's strategy.

Nomination Committee

The Nomination Committee comprises all independent Non-Executive Directors and is chaired by Sir Laurie Magnus. Mr Swire stepped down as a member of the Committee on 26 July 2018.

The role of the Nomination Committee is to undertake the formal process of reviewing the balance, effectiveness and diversity of the Board and considers succession planning, identifying the skills and expertise needed to meet the future challenges and opportunities facing the Company and those individuals who might best provide them. The Nomination Committee, as and when necessary, makes recommendations to the Board with regard to the criteria for future Board appointments and the methods of selection. It also considers and reviews the appointment of a Senior Independent Director, membership of the Audit Committee, and the re-appointment of those Directors standing for re-election at AGMs.

The Nomination Committee is also responsible for assessing the time commitment required for each Board appointment and ensuring that the present incumbents have sufficient time to undertake them and for reviewing the Directors' performance appraisal process.

Remuneration Committee

As the Company has no employees and the Board is composed solely of Non-Executive Directors, it is not considered necessary to have a Remuneration Committee. It is the responsibility of the Board as a whole to determine and approve Directors' fees, following proper consideration, having regard to the industry generally, the role that individual Directors fulfil in respect of Board and Committee responsibilities, the time committed to the Company's affairs and remuneration levels generally within the investment trust sector. The Chairman's remuneration is decided and approved by the Board under the leadership of the Senior Independent Director.

Detailed information on the remuneration arrangements for the Directors of the Company can be found in the Directors' Remuneration Report on pages 76 to 79.

Internal Control Review

The Directors acknowledge that they are responsible for the Company's risk management and systems of internal control and for reviewing their effectiveness.

An ongoing process, in accordance with the guidance provided by the FRC on Risk Management, Internal Control and Related Finance and Business Reporting has been established for identifying, evaluating and managing risks faced by the Company. This process, together with key procedures established with a view to providing effective financial control, has been in place throughout the year and up to the date the financial statements were approved. Full details of the principal risks and uncertainties faced by the Company can be found on pages 20 to 22.

The risk management process and systems of internal control are designed to manage, rather than eliminate, the risk of failure to achieve the Company's objectives. It should be recognised that such systems can only provide reasonable, rather than absolute, assurance against material misstatement or loss.

Internal Control Assessment Process

Regular risk assessments and reviews of internal controls and the Company's risk appetite are undertaken by the Board in the context of the Company's overall investment objective. The Board, through delegation to the Audit Committee, has undertaken a robust assessment and review of the principal risks facing the Company. Full details are on pages 20 to 22. The review covers the key business, operational, compliance and financial risks facing the Company. In arriving at its judgement of what risks the Company faces, the Board has considered the Company's operations in the light of the following factors:

- The nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- The threat of such risks becoming a reality;
- The Company's ability to reduce the incidence and impact of risk on its performance;
- The cost to the Company and benefits related to the review of risk and associated controls of the Company; and
- The extent to which third parties operate the relevant controls. Against this background the Board has split the review into four sections reflecting the nature of the risks being addressed.

The sections are as follows:

- Corporate strategy;
- Published information and compliance with laws and regulations;
- Relationship with service providers; and
- Investment and business activities.

Given the nature of the Company's activities and the fact that most functions are sub-contracted, the Directors have obtained information from key third party suppliers regarding the controls operated by them. To enable the Board to make an appropriate risk and control assessment, the information and assurances sought from third parties include the following:

- Details of the control environment;
- Identification and evaluation of risks and control objectives;
- Assessment of the communication procedures; and
- Assessment of the control procedures operated.

There were no significant matters of concern identified in the Board's review of the internal controls of its third party suppliers. Further details can be found on page 72.

The key procedures which have been established to provide effective internal financial controls are as follows:

- Investment management is provided by Pantheon Ventures (UK) LLP. The Board is responsible for the implementation of the overall investment policy and monitors the action of the Manager at regular Board meetings;
- BNP Paribas Securities Services has been appointed as Depositary. Custody of assets is also undertaken by BNP Paribas Securities Services as the Company's Custodian for equities and bonds;
- The provision of administration, accounting and company secretarial duties is the responsibility of Link Alternative Fund Administrators Limited;
- The duties of investment management, accounting and custody of assets are segregated. The procedures of the individual parties are designed to complement one another;
- The Directors of the Company clearly define the duties and responsibilities of their agents and advisors in the terms of their contracts. The appointment of agents and advisors is conducted by the Board after consideration of the quality of the parties involved; the Board monitors their ongoing performance and contractual arrangements;
- Mandates for authorisation of investment transactions and expense payments are set by the Board; and
- The Board reviews detailed financial information produced by the Manager and the Company Secretary on a regular basis.

The Company does not have an internal audit function. All of the Company's management functions are delegated to independent third parties whose controls are reviewed by the Board. It is therefore felt that there is no need for the Company to have an internal audit function. This need is reviewed periodically.

In accordance with guidance issued to directors of listed companies, the Directors have carried out a review of the effectiveness of the various systems of internal controls as operated by the Company's main service providers during the year and found there to be no matters of concern.

Company Secretary

The Board has direct access to the advice and services of the Company Secretary, Link Alternative Fund Administrators Limited, who is responsible for ensuring that Board and Committee procedures are followed and that applicable regulations are complied with.

The Company Secretary is also responsible to the Board for ensuring timely delivery of information and reports and for ensuring that statutory obligations of the Company are met.

Dialogue with Shareholders

Communication with shareholders is given a high priority by the Board and the Manager, and all Directors are available to enter into dialogue with shareholders. All shareholders are encouraged to attend and vote at the AGM, during which the Board and the Manager are available to discuss issues affecting the Company and shareholders have the opportunity to address questions to the Manager, the Board and the Chairmen of the Board's Committees. At each AGM a presentation is made by the Manager to all shareholders present.

There is regular dialogue with institutional shareholders and a structured programme of shareholder presentations by the Manager to institutional investors takes place following publication of the Annual and Half-Yearly results. A detailed list of the Company's shareholders is reviewed at each Board meeting.

The Annual and Half Yearly Reports of the Company are prepared by the Board and its advisers to present a full and readily understandable review of the Company's performance.

Copies are dispatched to shareholders by mail and are also available on the Company's website: www.piplc.com. The Company always responds to letters from shareholders. Shareholders wishing to communicate directly with the Board should contact the Company Secretary at the registered office shown on page 123, who will arrange for the relevant Board member to contact them.

On behalf of the Board

Sir Laurie Magnus
Chairman

7 August 2018

Audit Committee Report

I am pleased to present the Audit Committee Report for the year ended 31 May 2018.

The Audit Committee comprises myself, as Chairman, and the entire Board, with the exception of Mr Swire.

I am a qualified barrister with wide experience of the investment management industry and of the investment trust sector. It is felt by the Board that I am sufficiently qualified for the position of Chairman of the Audit Committee. Mr Melvin is a qualified Chartered Accountant and contributes his knowledge and experience to the Committee.

Audit Committee members consider that, individually and collectively, they are each independent and appropriately experienced to fulfil the role required within the sector in which the Company operates. The constitution and performance of the Audit Committee is reviewed on a regular basis.

We meet at least three times a year, as detailed on page 69, to review the Half-Yearly Report, to review the year-end valuation of investments and to approve the Company's Annual Report and Accounts.

Role of the Audit Committee

Clearly defined Terms of Reference have been established and agreed with the Board. The primary responsibilities of the Audit Committee are:

- To monitor the integrity of the financial statements, the financial reporting process and the accounting policies of the Company;
- To review the effectiveness of the internal control environment of the Company and its reporting processes and to monitor adherence to best practice in corporate governance;
- To make recommendations to the Board in relation to the re-appointment of the Auditor and to approve the Auditor's remuneration and terms of engagement, including scope of work;
- To review and monitor the Auditor's independence and objectivity and the effectiveness of the audit process; and
- To provide a forum through which the Company's Auditor reports to the Board.

The Audit Committee also reviews the Manager's whistleblowing procedures.

The Audit Committee has direct access to the Company's Auditor, Grant Thornton UK LLP ("Grant Thornton"), and representatives of Grant Thornton attend each Audit Committee meeting.

Matters considered in the year

We met on three occasions during the year ended 31 May 2018. At those meetings, the Audit Committee has:

- Reviewed and agreed the half year and year end portfolio valuation and the net asset values;
- Reviewed the Company's financial statements for the half year and year end and made formal recommendations to the Board;
- Reviewed the internal controls and risk management systems of the Company and its third party service providers;
- Agreed the audit plan and fees with the Auditor, including the principal areas of focus;
- Reviewed the Company's deposit takers and banking arrangements;
- Reviewed the whistleblowing policy of the Manager; and
- Reviewed the cybersecurity preparedness of the Company's third party service providers.

The principal issues considered by the Committee were:

A. Valuation process and ownership of assets

Discussions have been held with the Manager about the valuation process, ownership of assets and the systems in place at Pantheon to ensure the accuracy of the valuation of the Company's portfolio.

The Audit Committee has received reassurances about the robustness of the Manager's valuation system from Pantheon.

B. Undrawn commitments

As an investor in private equity, the Company had outstanding commitments to fund investments. Approximately 20% of these uncalled commitments relate to funds that are outside their investment periods and it is likely that a portion of these will not be drawn. During the year, the Manager undertook a detailed process to review and reconcile the undrawn commitments, and the results were discussed with the Audit Committee. The Audit Committee received assurances from Pantheon about the systems and controls in place to track the undrawn commitments as part of the valuation entry process. The year-end balance of undrawn commitments was also reviewed by the Auditor as part of the year-end audit.

C. Maintenance of investment trust status

The Manager and Administrator have reported to the Committee to confirm continuing compliance with the requirements for maintaining investment trust status. The position is also discussed with the Auditor as part of the audit process.

D. Internal controls

The Audit Committee has reviewed and updated, where appropriate, the Company's risk matrix. This document is reviewed by the Audit Committee every six months. The Audit Committee are satisfied with the extent, frequency and quality of the reporting of the Manager's monitoring to enable the Audit Committee to assess the degree of control of the Company and the effect with which risk is managed and mitigated. The Audit Committee has received reports on internal controls from each of its service providers. No incidences of significant control failings or weaknesses have been identified during the year ended 31 May 2018, within the Company or its third party suppliers.

The Company does not have an internal audit function as most of its day-to-day operations are delegated to third parties, all of whom have their own internal control procedures. The Audit Committee discussed whether it would be appropriate to establish an internal audit function, and agreed that the existing system of monitoring and reporting by third parties remains appropriate and sufficient.

E. Share Class Consolidation

The Audit Committee reviewed the accounting treatment of the share class consolidation undertaken during the year, including the valuation of the associated ALN and relevant financial disclosures.

External Audit

The Audit Committee monitors and reviews the effectiveness of the external audit process for the publication of the Annual Report and makes recommendations to the Board on the re-appointment, remuneration and terms of engagement of the Auditor.

Audit fees

The audit fee incurred for the review of the 2018 annual report and accounts was £64,000 (31 May 2017: £43,000). The Audit Committee continues to monitor the level of audit fees carefully.

Non-audit fees/Independence and Objectivity of the Auditor

The Audit Committee reviews the scope and nature of all proposed non-audit services before engagement, to ensure that the independence and objectivity of the Auditor are safeguarded. The Board's policy is that non-audit services may be carried out by the Company's Auditor unless there is a conflict of interest or someone else is considered to have more relevant experience.

Non-audit services amounting to £33,000 were provided during the year ended 31 May 2018 (31 May 2017: £32,000), relating to the review of the half year and year-end net asset value calculations and the review of the Half-Yearly Report. The ratio of non-audit to audit fees is 52%. The Audit Committee believes that it is appropriate for the Company's Auditor to provide these services to the Company.

The Audit Committee has received assurances from the Auditor that its independence is not compromised by the supply of these services.

Effectiveness of External Audit Process

The Audit Committee meets at least twice a year with the Auditor. The Auditor provides a planning report in advance of the annual audit, a report on the annual audit, and a report on their review of the half- year financial statements. The Audit Committee has an opportunity to question and challenge the Auditor in respect of each of these reports. In addition, at least once a year, the Audit Committee has an opportunity to discuss any aspect of the Auditor's work with the Auditor in the absence of the Investment Manager. After each audit, the Audit Committee reviews the audit process and considers its effectiveness.

Continuing Appointment of the Auditor

Grant Thornton, through Robson Rhodes with which it merged in 2007, has been the Company's Auditor since inception of the Company in 1987. A tender process for the Auditor has not been conducted since this time but will be undertaken by the financial year ending 31 May 2020. The Company intends to commence the tender process during the Summer of 2019. As part of its review of the continuing appointment of the Auditor, the Committee considers the length of tenure of the audit firm, its fees and independence, along with any matters raised during each audit. The need to put the audit out to tender is considered by the Audit Committee on a regular basis.

The Company is aware that, as a result of the EU Audit Directive and Regulation, companies where the auditor was appointed on or before 16 June 1994 cannot renew or enter into an audit engagement with the auditor that extends beyond 2020.

The Audit Committee has recommended the re-appointment of Grant Thornton on each occasion since their initial appointment. The Audit Partner for the Company has been rotated in accordance with APB Ethical Standard 3: Mr Paul Flatley has been the Audit Partner for the Company since July 2016, (and including the year ended 31 May 2018). Rotating the Audit Partner provides a fresh perspective on the audit responsibilities for the Company.

The Audit Committee has discussed with Grant Thornton its objectivity, independence and experience in the investment trust sector.

Grant Thornton has indicated its willingness to continue in office as Auditor of the Company. Following its review, the Committee considers that individually and collectively the Auditor is appropriately experienced to fulfil the role required and has recommended their re-appointment to the Board. A resolution for their re-appointment will be proposed at the forthcoming AGM.

CMA Order

The Company complied throughout the year ended 31 May 2018 with the provisions of the Statutory Audit Services Order 2014, issued by the Competition and Markets Authority ('CMA Order').

As a result of the work performed, the Audit Committee has concluded that the Annual Report for the year ended 31 May 2018, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy, and has reported on these findings to the Board.

Ian Barby
Audit Committee Chairman

7 August 2018

Directors' Remuneration Report

The Board has prepared this report in accordance with the requirements of the Large and Medium Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

The law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in the "Independent Auditor's Report" on pages 81 to 85.

Statement from the Chairman

I am pleased to present the Directors' Remuneration Report for the year ended 31 May 2018.

Companies are required to ask shareholders to approve the annual remuneration report, which includes the annual remuneration paid to Directors, each year and to formally approve the Directors' Remuneration Policy on a three-yearly basis. Any change to the Directors' Remuneration Policy requires shareholder approval. The vote on the Directors' Remuneration Report is, as previously, an advisory vote, whilst the Directors' Remuneration Policy is subject to a binding vote.

A resolution to approve the Remuneration Policy was proposed and approved by shareholders at the AGM of the Company held on 22 November 2017.

A resolution to approve the Remuneration Report will be proposed at the AGM of the Company to be held on 31 October 2018.

The Board consists entirely of Non-Executive Directors and the Company has no employees. We have not, therefore, reported on those aspects of remuneration that relate to Executive Directors.

It is not considered appropriate for the Company to establish a separate Remuneration Committee. It is therefore the practice for the Board as a whole to consider and approve Directors' remuneration.

During the year ended 31 May 2018, the fees were set at the rate of £55,000 for the Chairman (11 months to 31 May 2017: £50,417), £44,000 for the Chairman of the Audit Committee (11 months to 31 May 2017: £40,333) and £33,000 for the other Directors (11 months to 31 May 2017: £30,250). There has been no increase in Directors fees since 2015. No increase in Directors' fees are proposed for the year ending 31 May 2019.

Directors' Fees for the Year/Period (audited)

The Directors who served during the year received the following emoluments:

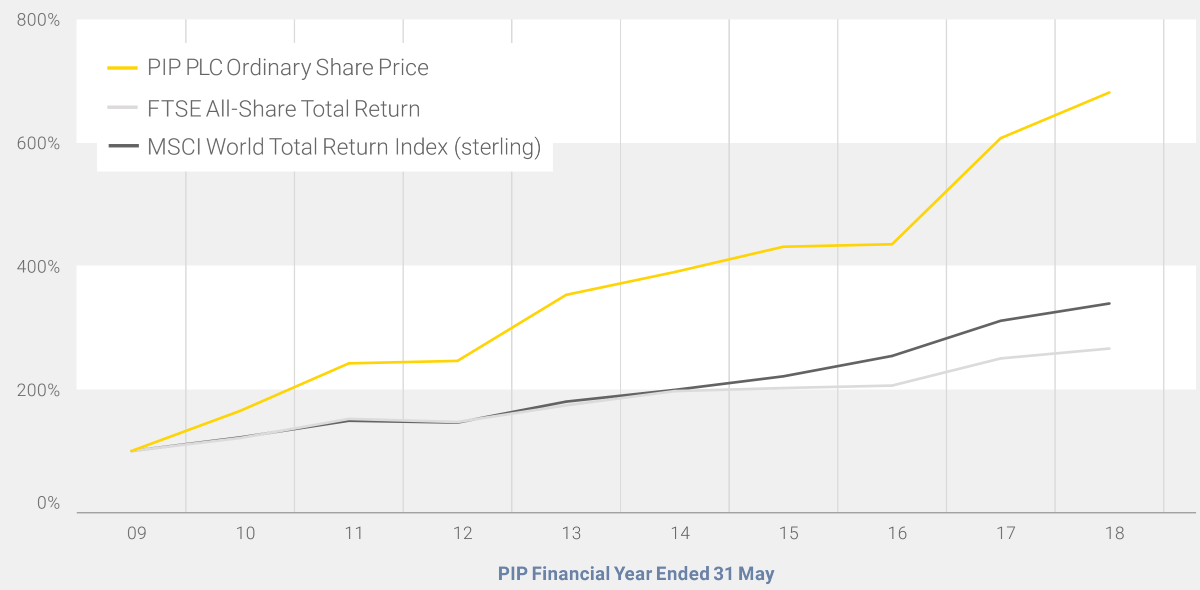
	Fees		Total	
	Year to 31 May 2018 £	11 month period to 31 May 2017 £	Year to 31 May 2018 £	11 month period to 31 May 2017 £
Sir Laurie Magnus (Chairman)	55,000	41,739	55,000	41,739
I.C.S. Barby	44,000	40,333	44,000	40,333
S.E. Nicklin	33,000	30,250	33,000	30,250
R.M. Swire	33,000	30,250	33,000	30,250
D.L. Melvin	33,000	30,250	33,000	30,250
J. B.H.C.A. Singer	33,000	17,233	33,000	17,233
J.D. Burgess	33,000	17,233	33,000	17,233

No travel expenses or any other expenses were claimed by the Directors from the Company during the year ended 31 May 2018 or as at the date of this Report.

Company Performance

The graph below shows the total return to ordinary shareholders compared to the total shareholder returns of the FTSE All-Share Total Return Index and MSCI World Return (Sterling) Index. These indices have been selected as the most relevant, as there is no listed index that is directly comparable to the Company's portfolio.

TOTAL RETURN VS FTSE ALL-SHARE TOTAL RETURN AND MSCI



Relative Importance of Spend on Pay

The table below sets out, in respect of the financial year ended 31 May 2018 and the preceding financial period, the total remuneration paid to Directors, the Management fee and share buybacks and the percentage change between the two periods:

	Year to 31 May 2018 £'000	11 month period to 31 May 2017 £'000	Change %
Total remuneration paid to Directors*	264	229	n/a
Management fee	15,020	12,659	18.65
Share buybacks	3,546	Nil	100.00

* On an annualised basis there was no increase in fees per Director.

Directors' Remuneration Report (continued)

Directors' Interests (audited)

There is no requirement under the Company's Articles of Association or the terms of their appointment for Directors to hold shares in the Company.

The interests of the Directors and any persons closely associated in the shares of the Company are set out below:

		31 May 2018	31 May 2017
Sir Laurie Magnus (Chairman)*	Ordinary shares	8,000	5,000
S.E. Nicklin*	Ordinary shares	795	–
	Redeemable shares	–	132
I.C.S. Barby	Ordinary shares	24,000	24,000
D.L. Melvin**	Ordinary shares	8,000	3,000
R.M. Swire	Ordinary shares	83,228	77,430
	Redeemable shares	–	5,798
J.D. Burgess	Ordinary shares	39,982	–
J. B.H.C.A. Singer	Ordinary shares	39,982	–

* L.H. Magnus and S.E. Nicklin have purchased ordinary shares since the year ended 31 May 2018 and now hold 14,324 and 967 ordinary shares respectively.

** Held jointly with spouse.

Voting at Annual General Meeting

The Directors' Remuneration Policy and Remuneration Report for the period ended 31 May 2017 were approved by shareholders at the AGM held on 22 November 2017.

The votes cast by proxy were as follows:

REMUNERATION REPORT	Number of votes	% of votes cast
For	27,371,068	99.97
Against	6,498	0.02
At Chairman's discretion	655	0.01
Total votes cast	27,378,221	100.00
Number of votes withheld	3,582	–

REMUNERATION POLICY	Number of votes	% of votes cast
For	27,329,186	99.82
Against	46,401	0.17
At Chairman's discretion	655	0.01
Total votes cast	27,376,242	100.00
Number of votes withheld	5,561	–

Directors' Remuneration Policy

As detailed below, the Directors' Remuneration Policy ("the Policy") is put to shareholders' vote at least once every three years and in any year if there is to be a change in the Policy. A resolution to approve the Policy was approved by shareholders at the Annual General Meeting held on 22 November 2017, as stated above, accordingly, the Company's Policy will next be put to shareholders' vote at the Company's 2020 Annual General Meeting.

The Policy

The Board's policy is that remuneration of Non-Executive Directors should reflect the experience of the Board as a whole and is determined with reference to comparable organisations and appointments. The level of remuneration has been set in order to attract individuals of a calibre appropriate to the future development of the Company and to reflect the specific circumstances of the Company, the duties and responsibilities of the Directors and the value and amount of time committed to the Company's affairs.

There are no performance conditions attaching to the remuneration of the Directors as the Board does not believe that this is appropriate for Non-Executive Directors. The Directors do not receive pension benefits, long-term incentive schemes or share options.

All Directors act in a non-executive capacity and the fees for their services are approved by the whole Board. The fees for the Directors are determined within the limits set out in the Company's Articles of Association, or any greater sum that may be determined by ordinary resolution of the Company.

The Chairman does not participate in any discussions relating to his own fee, which is determined by the other Directors.

Under the Company's Articles of Association, if any Director performs, or undertakes to perform, services which the Board considers go beyond the ordinary duties of a Director, he/she may be paid such special remuneration (whether by way of fixed sum, bonus, commission, participation in profits or otherwise) as the Directors may determine. However, as the Directors do not receive performance related pay, any additional remuneration would not be based on a percentage of profits.

Directors are entitled to be paid all travelling, hotel or other expenses properly incurred by them in connection with their attendance at Director or shareholder meetings or otherwise in connection with the discharge of their duties as Directors.

Directors' Service Contracts

None of the Directors have a contract of service with the Company. Each Director has entered into terms of appointment as a Non-Executive Director of the Company. There has been no other contract or arrangement between the Company and any Director at any time during the year. Under the Articles of Association, each Director shall retire and be subject to re-appointment at the first AGM following appointment, and at least every three years thereafter. After nine years' service, Directors are subject to annual re-appointment. Following the Company's inclusion in the FTSE 250 all Directors will be subject to annual re-election at each AGM. There are no agreements between the Company and its Directors concerning compensation for loss of office.

	Expected fees for year to 31 May 2019 £	Fees for year to 31 May 2018 £
Chairman basic fee	55,000	55,000
Non-Executive Director basic fee	33,000	33,000
Audit Committee Chairman additional fee	11,000	11,000
Total aggregate annual fees that can be paid	350,000	350,000

No other additional fees are payable for membership of the Board's committees.

Fees for any new Director appointed will be made on the above basis. Fees payable in respect of subsequent years will be determined following an annual review. Any views expressed by shareholders on the fees being paid to Directors would be taken into consideration by the Board. No increase in the Directors' fees are proposed for the year ending 31 May 2019.

Approval

The Directors Remuneration Report was approved by the Board of Directors on 7 August 2018 and signed on its behalf by:

Sir Laurie Magnus
Chairman

Directors' Responsibility Statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 Company as at the end of each financial year and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- Present a true and fair view of the financial position, financial performance and cash flows of the Company;
- Select suitable accounting policies in accordance with United Kingdom GAAP and then apply them consistently;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The Directors are also responsible for preparing the Strategic Report, the Directors' Report, the Directors' Remuneration Report, the Corporate Governance Statement and the Report of the Audit Committee in accordance with the Companies Act 2006 and applicable regulations, including the requirements of the Listing Rules and the Disclosure Guidance and Transparency Rules. The Directors have delegated responsibility to the Investment Manager for the maintenance and integrity of the Company's corporate and financial information included on the Company's website (www.piplc.com). Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names are listed on pages 60 to 61, confirms that:

- The financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- The Strategic Report contained in the annual report and financial statements includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

The UK Corporate Governance Code requires Directors to ensure that the annual report and financial statements are fair, balanced and understandable. In order to reach a conclusion on this matter, the Board has requested that the Audit Committee advises on whether it considers that the annual report and financial statements fulfil these requirements. The process by which the Audit Committee has reached these conclusions is set out in its report on pages 74 to 75. As a result, the Board has concluded that the annual report and financial statements for the year ended 31 May 2018, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Signed on behalf of the Board by

Sir Laurie Magnus
Chairman

7 August 2018

Independent Auditor's Report to the Members of Pantheon International Plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Pantheon International Plc (the 'Company') for the year ended 31 May 2018 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and Notes 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the Company's affairs as at 31 May 2018 and of its return for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements 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 are independent of the 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 public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

This report is made solely to the 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 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- The disclosures in the annual report set out on pages 20 to 22 that describe the principal risks and explain how they are being managed or mitigated;
- The Directors' confirmation, set out on pages 72 and 73 of the annual report, that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- The Directors' Statement, set out on page 80 of the financial statements, about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- Whether the Directors' Statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation, set out on page 23 of the annual report, as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach

- Overall materiality: £26,135,000, which represents 2% of the Company's net assets value;
- Key audit matter identified was the existence and valuation of investments; and
- Our audit approach was a risk based substantive audit focussed on the existence and valuation of investments. We have not had to change our scope from the prior period.

Independent Auditor's Report to the Members of Pantheon International Plc (continued)

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 that 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 forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
Existence and valuation of investments	
The primary investment objective of the Company is to seek to maximise long-term capital growth for its shareholders by investing in funds specialising in unquoted investments, acquiring unquoted portfolios, and participating directly in private placements. Investments are not restricted to a single market but are made when the opportunity arises and on an international basis. As a consequence of this, the Company has significant exposure to investments which are the main drivers for maximising capital growth, with the investment portfolio valued at £1,275,000,000, which forms 98% of net assets and includes an unrealised gain of £510,000,000 representing 40% of the year-end portfolio valuation. There is a risk that investments shown in the Balance Sheet may not exist or are incorrectly valued. There is estimation uncertainty in determining the fair value of investments at the measurement date. The Directors apply a consistent valuation process based on the information available at the measurement date which includes valuation statements as at 31 March 2018 and known cash movements to 31 May 2018. Following the measurement date relevant information is received and monitored but only considered for adjustment if in the view of the Directors it would have a significant impact. The Directors have determined a significant impact to be 5% of the portfolio valuation. We therefore identified existence and valuation of investments as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: **Existence** - Obtaining direct confirmation of ownership of a sample of the investments from the underlying private equity fund managers; - Agreeing a sample of investment calls and distributions to deal slips and bank records; and - Agreeing the reconciliation of movements in investments held to supporting schedules. **Valuation** - Understanding, assessing, and challenging management's process and methodology for valuing investments, including their application of the International Private Equity and Venture Capital Valuation Guidelines, by reading the Pantheon Ventures (UK) LLP Valuation Memorandum issued in January 2018; - Checking whether the investment has been valued in accordance with the stated accounting policy by testing the accuracy of management's valuations by comparing against latest valuations received from the underlying private equity fund managers and providing for the cash roll between the capital statement date and the year-end; - Testing a sample of investment valuations directly from the underlying private equity fund managers; assessing the validity of a sample of the valuations by comparing the information on the valuation to periodic audited financial statements; - Observing the review procedures implemented by the Investment Manager on investment valuations by reading the valuation committee minutes; and - Assessing management's consideration of other factors that might require adjustment to the valuation resulting from the normal process. The Company's accounting policy on the valuation of investments is shown in Note 1d and its disclosures about investments held at the year-end are included in Note 9a. The Audit Committee also identified the valuation process and ownership of assets as a principal issue in its report on page 74, where the Committee also describes how it addressed this issue. **Key observations** Our audit work did not identify any material misstatements concerning the valuation and existence of investments.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our work and in evaluating the results of that work.

We determined materiality for the audit of the financial statements as a whole to be £26,135,000, which is 2% of the Company's net assets. This benchmark is considered the most appropriate because net assets, which is primarily composed of the Company's investment portfolio, is considered to be the key driver of the Company's total return performance.

Materiality for the current year is lower than the level that we determined for the period ended 31 May 2017 reflecting the decrease in the Company's net assets in the current year.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75% of financial statement materiality.

We determined the threshold at which we will communicate misstatements to the audit committee to be £1,310,000. In addition we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the Company's business, its environment and risk profile. The day-to-day management of the Company's investment portfolio, the custody of its investments and the maintenance of the Company's accounting records is outsourced to third party service providers. Therefore our audit work was focused on:

- Obtaining an understanding of, and evaluating, relevant internal controls at both the Company and third-party service providers. This included reading the internal control reports prepared by a third party auditor detailing the description, design and operating effectiveness of internal controls implemented by the investment management operations of the Investment Manager, and at other relevant third-party service providers.
- Performing substantive testing by obtaining direct confirmations on ownership and valuation of a sample of investments from the underlying private equity fund managers.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report set out on pages 1 to 57, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable set out on page 80 – the statement given by the Directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit Committee reporting set out on page 74 – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- Directors' Statement of Compliance with the UK Corporate Governance Code set out on page 68 – the parts of the Directors' Statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Independent auditor's report to the Members of Pantheon International Plc (continued)

Our opinions on other matters prescribed by the Companies Act 2006 is unmodified

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 those reports have been prepared in accordance with applicable legal requirements;
- The information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- Information about the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the 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; or
- The information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

Matters on which we are required to report by exception

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, or returns adequate for our audit have not been received from branches not visited by us; or
- The 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; or
- A Corporate Governance Statement has not been prepared by the Company.

Responsibilities of Directors

As explained more fully in the Directors' Responsibility Statement set out on page 80, 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 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 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.

We are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). Our audit approach is a risk-based approach and is explained more fully in the 'An overview of the scope of our audit' section of our audit report.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

We, through Robson Rhodes with whom we merged in 2007, were appointed by the Audit Committee at the inception of the Company in 1987. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 30 years.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

Paul Flatley
Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants

London

7 August 2018

Financial Statements

A **differentiated entry point** to high growth non-public companies

Income Statement Year ended 31 May 2018

		Year ended 31 May 2018			11 months ended 31 May 2017		
	Note	Revenue £'000	Capital £'000	Total* £'000	Revenue £'000	Capital £'000	Total* £'000
Gains on investments at fair value through profit or loss**	9b	–	149,778	149,778	–	201,198	201,198
Losses on financial liabilities at fair value through profit or loss – ALN	13	(1,083)	(10,083)	(11,166)	–	–	–
Currency (losses)/gains on cash and borrowings	17	–	(1,929)	(1,929)	–	2,389	2,389
Investment income	2	15,504	–	15,504	17,436	–	17,436
Investment management fees	3	(15,020)	–	(15,020)	(12,659)	–	(12,659)
Other expenses	4	(296)	(2,974)	(3,270)	(1,433)	(350)	(1,783)
Return before financing costs and taxation		(895)	134,792	133,897	3,344	203,237	206,581
Interest payable and similar expenses	6	(1,950)	–	(1,950)	(1,791)	–	(1,791)
Return before taxation		(2,845)	134,792	131,947	1,553	203,237	204,790
Taxation	7	(9,170)	–	(9,170)	(4,345)	–	(4,345)
Return for the year/period, being total comprehensive income for the year/period		(12,015)	134,792	122,777	(2,792)	203,237	200,445
Return per ordinary share (31 May 2017: ordinary and redeemable share)	8	(20.72)p	232.48p	211.76p	(4.41)p	320.77p	316.36p

* The Company does not have any income or expense that is not included in the return for the year and therefore the return for the year is also the total comprehensive income for the year. The supplementary revenue and capital columns are prepared under guidance published in the Statement of Recommended Practice ("SORP") issued by the Association of Investment Companies ("AIC").

** Includes currency movements on investments.

All revenue and capital items in the above statement relate to continuing operations.

The total column of the statement represents the Company's Statement of Total Comprehensive Income prepared in accordance with Financial Reporting Standards ("FRS").

No operations were acquired or discontinued during the period.

There were no recognised gains or losses other than those passing through the Income Statement.

The Notes on pages 92 to 109 form part of these financial statements.

Statement of Changes in Equity Year ended 31 May 2018

	Note	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other capital reserve £'000	Capital reserve on investments held £'000	Revenue reserve* £'000	Total £'000
Movement for the year ended 31 May 2018								
Opening equity shareholders' funds		22,456	283,555	3,089	645,011	496,100	(62,678)	1,387,533
Return for the year		–	–	–	130,813	3,979	(12,015)	122,777
Ordinary shares bought back for cancellation	14	(128)	–	128	(3,546)	–	–	(3,546)
Redemption of redeemable shares to ALN	14	(91)	–	91	(200,000)	–	–	(200,000)
Bonus issue of deferred shares to redeemable shareholders	14	14,020	(14,020)	–	–	–	–	–
Conversion of deferred and redeemable shares to ordinary shares	14	(14,232)	–	–	–	–	–	(14,232)
Ordinary shares issued following conversion of deferred and redeemable shares as part of the share class consolidation	14	14,232	–	–	–	–	–	14,232
Closing equity shareholders' funds		36,257	269,535	3,308	572,278	500,079	(74,693)	1,306,764
Movement for the period ended 31 May 2017								
Opening equity shareholders' funds		22,456	283,555	3,089	515,720	422,180	(59,886)	1,187,114
Return for the period		–	–	–	129,317	73,920	(2,792)	200,445
Redeemable shares bought back for cancellation	14	–	–	–	(26)	–	–	(26)
Closing equity shareholders' funds		22,456	283,555	3,089	645,011	496,100	(62,678)	1,387,533

* Reserves that are distributable by way of dividends. In addition, the Other Capital Reserve can be used for share buybacks.

The Notes on pages 92 to 109 form part of these financial statements.

Balance Sheet As at 31 May 2018

	Note	31 May 2018 £'000	31 May 2017 £'000
Fixed assets			
Investments at fair value	9a/b	1,274,737	1,224,142
Current assets			
Debtors	11	3,891	1,661
Cash at bank		162,292	167,252
		166,183	168,913
Creditors: Amounts falling due within one year			
Other creditors	12	19,046	5,522
		19,046	5,522
Net current assets		147,137	163,391
Total assets less current liabilities		1,421,874	1,387,533
Creditors: Amounts falling due after one year			
Asset Linked Loan	13	115,110	–
		115,110	–
Net assets		1,306,764	1,387,533
Capital and reserves			
Called-up share capital	14	36,257	22,456
Share premium	15	269,535	283,555
Capital redemption reserve	15	3,308	3,089
Other capital reserve	15	572,278	645,011
Capital reserve on investments held	15	500,079	496,100
Revenue reserve	15	(74,693)	(62,678)
Total equity shareholders' funds		1,306,764	1,387,533
Net asset value per share – ordinary (31 May 2017: ordinary and redeemable)	16	2,414.82p	2,189.94p

The Notes on pages 92 to 109 form part of these financial statements.

The financial statements were approved by the Board of Pantheon International Plc on 7 August 2018 and were signed on its behalf by

Sir Laurie Magnus
Chairman

Company No. 2147984

Cash Flow Statement Year ended 31 May 2018

	Note	Year ended 31 May 2018 £'000	11 months ended 31 May 2017 £'000
Cash flow from operating activities			
Investment income received		13,619	17,105
Deposit and other interest received		830	343
Investment management fees paid		(14,969)	(12,506)
Secretarial fees paid		(223)	(200)
Depositary fees paid		(229)	(210)
Other cash payments		(5,857)	(1,457)
Withholding tax deducted		(10,483)	(4,257)
Net cash outflow from operating activities	17	(17,312)	(1,182)
Cash flows from investing activities			
Purchases of investments		(254,426)	(251,181)
Disposals of investments		351,335	303,131
Net cash inflow from investing activities		96,909	51,950
Cash flows from financing activities			
ALN repayments		(77,152)	–
Ordinary shares purchased for cancellation		(3,546)	–
Redeemable shares purchased for cancellation		–	(26)
Loan commitment and arrangement fees paid		(1,577)	(1,378)
Finance cost paid for deferred payment transaction		–	(182)
Net cash outflow from financing activities		(82,275)	(1,586)
(Decrease)/increase in cash in the year/period		(2,678)	49,182
Cash and cash equivalents at beginning of the year/period		167,252	115,522
Foreign exchange (losses)/gains		(2,282)	2,548
Cash and cash equivalents at end of the year/period		162,292	167,252

The Notes on pages 92 to 109 form part of these financial statements.

Notes to the Financial Statements

1. Accounting Policies

PIP is a listed public limited company incorporated in England and Wales. The registered office is detailed on page 123. A summary of the principal accounting policies and measurement bases, all of which have been applied consistently throughout the year, is set out below.

A. Basis of Preparation

The Company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Company for the year ended 31 May 2018.They have also been prepared on the assumption that approval as an investment trust will continue to be granted. The Company's financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£'000) except when indicated otherwise.

The financial statements have been prepared on a going concern basis and under the historical cost basis of accounting, modified to include the revaluation of certain assets at fair value.

On 18 April 2017, the Board of the Company approved, with immediate effect, a change in the Company's accounting reference date from 30 June to 31 May of each year. As a result, the comparative financial statements for the period ended 31 May 2017 reflect an 11 month accounting period, the current year ended 31 May 2018 is for a 12 month accounting period. The change in accounting reference date and quicker publication of results enables the Company to provide more up-to-date information on its underlying portfolio.

B. AIC SORP

The financial statements have been prepared in accordance with the SORP (as amended in November 2014 and updated in January 2017 and February 2018 with consequential amendments) for the financial statements of investment trust companies and venture capital trusts issued by the AIC.

C. Segmental Reporting

The Directors are of the opinion that the Company is engaged in a single segment of business, being an investment business.

D. Valuation of Investments

Given the nature of the Company's assets which comprise predominantly unlisted fund investments, while the Company operates a robust and consistent valuation process, there is significant estimation uncertainty in the underlying fund valuations estimated at a point in time. Accordingly, while the Company considers circumstances where it might be appropriate to apply an override, for instance in response to a market crash, this will be exercised only where it is judged necessary to show a true and fair view. Similarly, while relevant information received after the measurement date is considered, the Directors will only consider an adjustment to the financial statements if it were to have a significant impact. In the view of the Directors, a significant impact would be a movement of greater than 5% of the overall estimate of the value of the investment portfolio made at the measurement date.

The Company has fully adopted sections 11 and 12 of FRS 102. All investments held by the Company are classified as "fair value through profit or loss". As the Company's business is investing in financial assets with a view to profiting from their total return in the form of interest, dividends or increases in fair value, investments are recognised at fair value on initial recognition. The Company manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy. For investments actively traded in organised financial markets, fair value is generally determined by reference to Stock Exchange quoted market bid prices at the close of business at the Balance Sheet date. For investments that are not actively traded in organised financial markets, fair value is determined using reliable valuation techniques as described below:

i. Unquoted fixed asset investments are stated at the estimated fair value.

In the case of investments in private equity funds, this is based on the net asset value of those funds ascertained from periodic valuations provided by the managers of the funds and recorded up to the measurement date. Such valuations are necessarily dependent upon the reasonableness of the valuations by the fund managers of the underlying investments. In the absence of contrary information the values are assumed to be reliable. These valuations are reviewed periodically for reasonableness and recorded up to the measurement date. If a class of assets were sold post period end, management would consider the effect, if any, on the investment portfolio.

The Company may acquire secondary interests at either a premium or a discount to the fund manager's valuation. Within the Company's portfolio, those fund holdings purchased at a premium are normally revalued to their stated net asset values at the next reporting date. Those fund holdings purchased at a discount are normally held at cost until the receipt of a valuation from the fund manager in respect of a date after acquisition, when they are revalued to their stated net asset values, unless an adjustment against a specific investment is considered appropriate.

In the case of direct investments in unquoted companies, the initial valuation is based on the transaction price. Where better indications of fair value become available, such as through subsequent issues of capital or dealings between third parties, the valuation is adjusted to reflect the new evidence. This information may include the valuations provided by private equity managers who are also invested in the company. Valuations are reduced where the company's performance is not considered satisfactory.

ii. Quoted investments are valued at the bid price on the relevant stock exchange.

Private equity funds may contain a proportion of quoted shares from time to time, for example, where the underlying company investments have been taken public but the holdings have not yet been sold. The quoted market holdings at the date of the latest fund accounts are reviewed and compared with the value of those holdings at the period end. If there has been a material movement in the value of these holdings, the valuation is adjusted to reflect this.

iii. Deferred payments transactions

The Company may engage in deferred payments transactions. Where the Company engages in deferred payment transactions the Company initially measures the financial liability at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. The difference between the present value and the undiscounted value is amortised over the life of the transaction and shown as a finance cost in the revenue column in the Income Statement

E. Asset Linked Note

As part of the share consolidation effected on 31 October 2017 the Company issued an ALN with an initial principal amount of £200m to the Investor. Payments under the ALN are made quarterly in arrears and are linked to the ALN share (c.75%) of the net cash flows from a reference portfolio which is comprised of interests held by the Company in over 300 of its oldest private equity funds, substantially 2006 and earlier vintages. The Company retains the net cash flows relating to the remaining c.25% of the reference portfolio.

The ALN is held at fair value through profit and loss and therefore movements in fair value are reflected in the Income Statement. Fair value is calculated as the sum of the ALN share of fair value of the reference portfolio plus the ALN share of undistributed net cash flow. The fair value movement is allocated between revenue and capital pro rata to the fair value gains and income generated movements in the reference portfolio.

A pro rata share of the Company's total ongoing charges is allocated to the ALN, reducing each quarterly payment ("the Expense Charge") and deducted from Other Expenses through the revenue account in the Income Statement.

The ALN's share of net cash flow is calculated after withholding taxation suffered. These amounts are deducted from Taxation through the revenue account in the Income Statement.

See Note 13 for further information.

F. Income

Dividends receivable on quoted equity shares are brought into account on the ex-dividend date.

Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established. The fixed return on a debt security is recognised on a time apportionment basis so as to reflect the effective interest rate on the security.

Other interest receivable is included on an accruals basis.

G. Taxation

Corporation tax payable is based on the taxable profit for the period, The charge for taxation takes into account taxation deferred or accelerated because of timing difference between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen but not reversed by the Balance Sheet date.

The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue on the same basis as the particular to which it relates, using the marginal method.

Dividends receivable are recognised at an amount that may include withholding tax (but excludes other taxes, such as attributable tax credits). Any withholding tax suffered is shown as part of the revenue account tax charge.

H. Expenses

All expenses are accounted for on an accruals basis. Expenses, including investment management fees, are charged through the revenue account except as follows:

- Expenses which are incidental to the acquisition or disposal of an investment are treated as capital costs and separately identified and disclosed in Note 9;
- Expenses of a capital nature are accounted for through the capital account; and
- Investment performance fees.

Notes to the Financial Statements (continued)

1. Accounting Policies continued

I. Foreign Currency

The currency of the Primary Economic Environment in which the Company operates ("the functional currency") is pounds sterling ("sterling"), which is also the presentation currency. Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the period end are reported at the rates of exchange prevailing at the period end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the revenue or capital column of the Income Statement depending on whether the gain or loss is of a capital or revenue nature. For non-monetary assets these are covered by fair value adjustments. For details of transactions included in the capital column of the Income Statement please see (J) and (K) below.

J. Other Capital Reserve

The following are accounted for in this reserve:

- Investment performance fees;
- Gains and losses on the realisation of investments;
- Realised exchange difference of a capital nature; and
- Expenses of a capital nature.

Capital distributions from investments are accounted for on a reducing cost basis; cash received is first applied to reducing the historical cost of an investment, any gain will be recognised as realised only when the cost has been reduced to nil.

K. Capital Reserve on Investments Held

The following are accounted for in this reserve:

- Increases and decreases in the value of investments held at the year end and the ALN.

L. Investment Performance Fee

The Manager is entitled to a performance fee from the Company in respect of each 12 calendar month period ending on 31 May in each year and, prior to 31 May 2017, the period of 12 calendar months ending 30 June in each year. The performance fee payable in respect of each such calculation period is 5% of the amount by which the net asset value at the end of such period exceeds 110% of the applicable "high-water mark", i.e. the net asset value at the end of the previous calculation period in respect of which a performance fee was payable, compounded annually at 10% for each subsequent completed calculation period up to the start of the calculation period for which the fee is being calculated. For the calculation year ended 31 May 2018, the notional performance fee hurdle is a net asset value per share of 3,139.8p. The performance fee is calculated using the adjusted net asset value.

The performance fee is calculated so as to ignore the effect on performance of any performance fee payable in respect of the period for which the fee is being calculated or of any increase or decrease in the net assets of the Company resulting from any issue, redemption or purchase of any shares or other securities, the sale of any treasury shares or the issue or cancellation of any subscription or conversion rights for any shares or other securities and any other reduction in the Company's share capital or any distribution to shareholders.

M. Significant judgements and estimates

The preparation of financial statements requires the Manager to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the financial reporting date and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates. Details of any estimates are provided in section (D) of this Note, in the Valuation of Investments policy and also within the Market Price Risk section in Note 19.

2. Income

	31 May 2018 £'000	31 May 2017 £'000
Income from investments		
Investment income	14,618	17,086
	14,618	17,086
Other income		
Interest	884	359
Exchange difference on income	2	(9)
	886	350
Total income	15,504	17,436
Total income comprises		
Dividends	14,618	17,086
Bank interest	884	359
Exchange difference on income	2	(9)
	15,504	17,436
Analysis of income from investments		
Unlisted	14,618	17,086
	14,618	17,086
Geographical analysis		
UK	803	839
USA	9,568	12,903
Other overseas	4,247	3,344
	14,618	17,086

3. Investment Management Fees

	31 May 2018			31 May 2017		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fees	15,020	–	15,020	12,659	–	12,659
	15,020	–	15,020	12,659	–	12,659

The investment management fee is payable monthly in arrears at the rate set out in the Directors' Report on pages 63 and 64.

During the year, services with a total value of £15,510,000 (period to 31 May 2017: £13,172,000), being £15,020,000 (period to 31 May 2017: £12,659,000) directly from Pantheon Ventures (UK) LLP and £490,000 (period to 31 May 2017: £513,000) via Pantheon managed fund investments were purchased by the Company.

Notes to the Financial Statements (continued)

3. Investment Management Fees continued

The value of investments in and outstanding commitments to, investment funds managed or advised by the Pantheon Group ("Pantheon Funds") are excluded in calculating the monthly management fee and the commitment fee. The value of holdings in investments managed by the Pantheon Group totalled £24,014,000 as at 31 May 2018 (31 May 2017: £32,510,000). In addition, the Manager has agreed that the total fees (including performance fees) payable by Pantheon Funds to members of the Pantheon Group and attributable to the Company's investments in Pantheon Funds shall be less than the total fees (excluding the performance fee) that the Company would have been charged under the Management Agreement had it invested directly in all of the underlying investments of the relevant Pantheon Funds instead of through the relevant Pantheon Funds.

At 31 May 2018 £1,284,000 (31 May 2017: £1,233,000) was owed for investment management fees. No performance fee is payable in respect of the year to 31 May 2018 (period to 31 May 2017: £nil). The basis upon which the performance fee is calculated is explained in Note 1(L) and in the Directors' Report on pages 63 and 64.

4. Other Expenses

			31 May 2018			31 May 2017
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Secretarial and accountancy services	235	–	235	210	–	210
Depositary fees	221	–	221	218	–	218
Fees payable to the Company's Auditor for the audit of the annual financial statements	64	–	64	43	–	43
Fees payable to the Company's Auditor for						
– audit-related assurance services – Half-Yearly report	8	–	8	8	–	8
– other non-audit services not covered above – net asset value calculations	25	–	25	24	–	24
Directors' remuneration (see Note 5)	264	–	264	229	–	229
Employer's National Insurance	26	–	26	23	–	23
Irrecoverable VAT	142	–	142	60	–	60
Legal and professional fees	144	972	1,116	300	783	1,083
Printing	52	–	52	48	–	48
Other*	319	–	319	270	(433)	(163)
ALN issue costs	–	2,002	2,002	–	–	–
ALN Expense Charge (see Note 1 (E))	(1,204)	–	(1,204)	–	–	–
	296	2,974	3,270	1,433	350	1,783

The Directors do not consider that the provision of non-audit work to the Company affects the independence of the Auditor.

* See Note 9b for detailed information.

5. Directors' Remuneration

Directors' emoluments comprise Directors' fees. A breakdown is provided in the Directors' Remuneration Report on pages 76 and 79.

6. Interest Payable and Similar Expenses

	31 May 2018 £'000	31 May 2017 £'000
Amortised costs associated with finance transaction	–	147
Negative bank interest	18	7
Loan commitment and arrangement fees	1,932	1,637
	1,950	1,791

On 14 November 2014, the Company renewed its 4 year multi-currency revolving credit facility agreement with improved terms and a revised maturity date of November 2018. At this date, the size of the facility with The Royal Bank of Scotland plc and Lloyds Bank plc was £100m equivalent which, using exchange rates as at 14 November 2014, was redominated to $100m and €46m. On 21 October 2016, the Company , exercised its right via the accordian facility to increase the option size by £50m equivalent which, using exchange rates as at 21 October 2016, was redominated to $39m and €21m .The total size of the facility is therefore £150m equivalent redominated to $139m and €67m. Each individual drawdown bears interest at a variable rate agreed for the period of the drawdown and a commitment fee of 0.94% per annum is payable in respect of the amounts available for drawdown in each denomination. The Company paid to The Royal Bank of Scotland plc an upfront fee of £900,000 in respect of the £100m facility and £318,000 in respect of the £50m facility both representing 0.90% of the total facility. These fees are being amortised over the life of the loan. At 31 May 2018 and 31 May 2017 the loan facility remained fully undrawn.

On 1 June 2018 the Company has agreed a new £175m multi-currency revolving credit facility agreement, arranged by Lloyds Bank plc and NatWest Markets plc. This will replace the £150m loan facility agreement which was due to expire in November 2018. See Note 21 for further information.

7. Taxation

	31 May 2018			31 May 2017		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Withholding tax deducted from distributions	9,170	–	9,170	4,345	–	4,345
Tax charge The tax charge for the year differs from the standard rate of corporation tax in the UK (19%). The differences are explained below:						
Net return before tax	(2,845)	134,792	131,947	1,553	203,237	204,790
Theoretical tax at UK corporation tax rate of 19% (31 May 2017: 20%)	(540)	25,610	25,070	311	40,647	40,958
Non-taxable investment, derivative and currency gains	–	(26,175)	(26,175)	–	(40,717)	(40,717)
Effect of expenses in excess of taxable income	–	185	185	–	70	70
Expenses disallowable for tax purposes	–	380	380	–	–	–
Carry forward/(utilised) management expenses	540	–	540	(311)	–	(311)
Withholding tax deducted from distributions	(9,170)	–	(9,170)	(4,345)	–	(4,345)
	(9,170)	–	(9,170)	(4,345)	–	(4,345)

Notes to the Financial Statements (continued)

7. Taxation continued

Factors That May Affect Future Tax Charges

The Company is an investment trust and therefore is not subject to tax on capital gains. Deferred tax is not provided on capital gains and losses arising on the revaluation or disposal of investments because the Company meets (and intends to meet for the foreseeable future) the conditions for approval as an investment trust company.

No deferred tax asset has been recognised in respect of excess management expenses and expenses in excess of taxable income as they will only be recoverable to the extent that there is sufficient future taxable revenue. As at 31 May 2018, excess management expenses are estimated to be in excess of £165m (31 May 2017: £135m).

At 31 May 2018, the Company had no unprovided deferred tax liabilities (31 May 2017: £nil).

8. Return per Share

	31 May 2018			31 May 2017		
	Revenue	Capital	Total	Revenue	Capital	Total
Return for the financial period in £'000	(12,015)	134,792	122,777	(2,792)	203,237	200,445
Weighted average ordinary and redeemable shares			57,980,242			63,359,547
Return per share	(20.72)p	232.48p	211.76p	(4.41)p	320.77p	316.36p

As described in note 14, during the year, the Company consolidated its ordinary and redeemable share capital into a single class of ordinary shares. On 31 October 2017, each remaining redeemable share was re-designated as an Ordinary share, therefore no separate return per share analysis has been presented for redeemable class for the year ended 31 May 2018.

There are no dilutive effects to earnings per share.

9a. Movements on Investments

	31 May 2018 £'000	31 May 2017 £'000
Book cost brought forward	729,164	650,818
Acquisitions at cost	251,327	246,929
Capital distributions – proceeds	(350,693)	(295,637)
Capital distributions – realised gains on sales	134,777	127,054
Book cost at year/period end	764,575	729,164
Unrealised appreciation of investments		
Unlisted investments	509,592	493,614
Listed investments	570	1,364
Valuation of investments at year/period end	1,274,737	1,224,142

9b. Analysis of Investments

	31 May 2018 £'000	31 May 2017 £'000
Sterling		
Unlisted investments	26,694	37,371
	26,694	37,371
US dollar		
Unlisted investments	980,063	944,681
Listed investments	568	1,431
	980,631	946,112
Euro		
Unlisted investments	238,925	215,227
	238,925	215,227
Other		
Unlisted investments	28,485	25,432
Listed investments	2	–
	28,487	25,432
	1,274,737	1,224,142
Realised gains on sales	134,777	127,054
Amounts previously recognised as unrealised appreciation on those sales	1,364	391
Increase in unrealised appreciation	13,820	73,529
Revaluation of amounts owed in respect of transactions	(183)	224
Gains on investments	149,778	201,198

Further analysis of the investment portfolio is provided in the Manager's Review on pages 24 to 57.

Transaction costs, (incurred at the point of the transaction) incidental to the acquisition of investments totalled £nil (31 May 2017: £nil) and to the disposals of investments totalled £11,000 (31 May 2017: £22,000) for the year. In addition, legal fees incidental to the acquisition of investments totalled £972,000 (31 May 2017: £783,000) and to the share consolidation totalled £2,002,000 (31 May 2017: £nil) as disclosed in Note 4, have been taken to the capital column in the Income Statement since they are capital in nature. For the period ended 31 May 2017, there is also a credit of £433,000 included in the capital column of the Income Statement received from a break fee.

Notes to the Financial Statements (continued)

9c. Material Investment

At the year end, the Company held the following material holdings in the following investments:

Investment	% ownership	Closing net assets value £m
Ares Corporate Opportunities Fund IV	0.9%	29.6

10. Fair Value Hierarchy

Financial Assets at Fair Value Through Profit or Loss at 31 May 2018

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Unlisted holdings	–	–	1,274,167	1,274,167
Listed holdings	570	–	–	570
	570	–	1,274,167	1,274,737

Financial Assets at Fair Value Through Profit or Loss at 31 May 2017

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Unlisted holdings	–	–	1,222,711	1,222,711
Listed holdings	1,431	–	–	1,431
	1,431	–	1,222,711	1,224,142

Financial Liabilities at Fair Value Through Profit or Loss at 31 May 2018

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Asset Linked Note	–	–	131,585	131,585

10. Fair Value Hierarchy continued

Financial Liabilities at Fair Value Through Profit or Loss at 31 May 2017

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Asset Linked Note	–	–	–	–

11. Debtors

	31 May 2018 £'000	31 May 2017 £'000
Amounts owed by investment funds	724	1,014
Prepayments and accrued income	3,167	647
	3,891	1,661

12. Creditors Amounts Falling Due Within One Year

	31 May 2018 £'000	31 May 2017 £'000
Investment management fees	1,284	1,233
Amounts owed in respect of transactions	478	3,392
ALN repayment to the Investor	16,475	–
Other creditors and accruals	809	897
	19,046	5,522

Notes to the Financial Statements (continued)

13. Creditors Amounts Falling Due After One Year – Asset Linked Note

	31 May 2018 £'000	31 May 2017 £'000
Balance brought forward	–	–
Initial principal amount issued	200,000	–
Repayments made to the Investor	(77,152)	–
Fair value movements through profit or loss	11,166	–
Expense Charge and ALN share of withholding taxes	(2,429)	–
Transfer to creditors due within one year	(16,475)	–
	115,110	–

As part of the share consolidation effected on 31 October 2017, the Company issued an ALN with an initial principal amount of £200m to the Investor. Payments under the ALN are made quarterly in arrears and are linked to the ALN share (c75%) of the net cash flow from a reference portfolio which is comprised of interests held by PIP in over 300 of its oldest private equity funds, substantially 2006 and earlier vintages. PIP retains the net cash flow relating to the remaining c25% of the reference portfolio.

The ALN is held at fair value through profit or loss and therefore movements in fair value are reflected in the Income Statement. The Directors do not believe there to be a material own credit risk, due to the fact that repayments are only due when net cash flow is received from the reference portfolio. Fair value is calculated as the sum of the ALN share of fair value of the reference portfolio plus the ALN share of undistributed net cash flow which is equivalent to the amount which would be required to be repaid had the ALN matured on 31 May 2018. Therefore no fair value movement has occurred during the year as a result of changes to credit risk.

A pro rata share of the Company's Total Ongoing Charges is allocated to the ALN, reducing each quarterly payment ("the Expense Charge") and deducted from Other Expenses in the Income Statement.

The ALN's share of net cash flow is calculated after withholding taxation suffered. These amounts are deducted from Taxation in the Income Statement.

During the year, the Company made repayments totaling £77.1m, representing the ALN share of net cash flow for the nine month period to 28 February 2018. The fair value of the ALN at 31 May 2018 was £131.6m, of which £16.5m represents the net cash flow for the three months to 31 May 2018, due for repayment on 31 August 2018. This amount has therefore been transferred to amounts due within one year (see Note 12).

14. Called-up Share Capital

	31 May 2018		31 May 2017	
	Shares	£'000	Shares	£'000
Allotted, called-up and fully paid:				
Ordinary Shares of 67p each				
Opening position	33,062,013	22,153	33,062,013	22,153
Issue of shares following conversion	21,242,434	14,232	–	–
Cancellation of shares	(190,000)	(128)	–	–
Closing position	54,114,447	36,257	33,062,013	22,153
Redeemable Shares of 1p each				
Opening position	30,297,534	303	30,297,534	303
Redemption of shares to ALN	(9,055,100)	(91)	–	–
Conversion to ordinary shares	(21,242,434)	(212)	–	–
Closing position	–	–	30,297,534	303
Deferred shares of 66p each				
Opening position	–	–	–	–
Bonus issue of shares to redeemable shareholders	21,242,434	14,020	–	–
Conversion to ordinary shares	(21,242,434)	(14,020)	–	–
Closing position	–	–	–	–
Total shares in issue	54,114,447	36,257	63,359,547	22,456

During the year to 31 May 2018, the Company consolidated its ordinary and redeemable share capital into a single class of ordinary shares. The Company also issued an unlisted ALN. See Note 13 for further information.

The reorganisation of the share capital was implemented on 31 October 2017 and consisted of:

a) a redemption by the Company of 9,055,100 redeemable shares owned by the Investor for an aggregate consideration of £200m and the subsequent application of these redemption proceeds for the subscription for the ALN by the Investor;

b) a bonus issue of new deferred shares of 66p each in the capital of the Company; and

c) the subsequent consolidation, sub-division and redesignation of the remaining redeemable shares and the new deferred shares into new ordinary shares of 67p each in the capital of the Company, ranking pari passu in all respects with the existing ordinary shares.

During the year 190,000 ordinary shares (31 May 2017: nil) were bought back in the market for cancellation. The total consideration paid, including commission and stamp duty, was £3,546,000 (31 May 2017: £nil).

Each holder of ordinary shares is entitled, on a show of hands, to one vote and, on a poll, to one vote for each ordinary share held.

Notes to the Financial Statements (continued)

15. Reserves

	Share premium £'000	Capital redemption reserve £'000	Other capital reserve £'000	Capital reserve on investments held £'000	Revenue reserve* £'000
Beginning of year	283,555	3,089	645,011	496,100	(62,678)
Transfer	–	–	1,122	(1,122)	–
Net gain on realisation of investments	–	–	134,777	–	–
Increase in unrealised appreciation	–	–	–	13,820	–
Losses on financial instruments at fair value through profit or loss – ALN	–	–	–	(10,083)	–
Transfer on disposal of investments	–	–	–	1,364	–
Revaluation of amounts owed in respect of transactions	–	–	(183)	–	–
Exchange differences on currency	–	–	(2,282)	–	–
Exchange differences on other capital items	–	–	353	–	–
Legal and professional expenses charged to capital	–	–	(972)	–	–
Other expenses charged to capital	–	–	(2,002)	–	–
Share re-organisation and share buybacks	(14,020)	219	(203,546)	–	–
Revenue return for the year	–	–	–	–	(12,015)
End of year	269,535	3,308	572,278	500,079	(74,693)

* Reserves that are distributable by way of dividends. In addition,the Other Capital Reserve can be used for share buybacks.

16. Net Asset Value per Share

	31 May 2018	31 May 2017
Net assets attributable in £'000	1,306,764	1,387,533
Ordinary and redeemable shares*	54,114,447	63,359,547
Net asset value per share – ordinary (31 May 2017: ordinary and redeemable)	2,414.82p	2,189.94p

* The redeemable shares converted to ordinary shares on 31 October 2017 and were admitted to trading on the Main Market of the London Stock Exchange on 1 November 2017. As at 31 May 2018 there are only ordinary shares in issue.

17. Reconciliation of Return Before Financing Costs and Taxation to Net Cash Flow from Operating Activities

	31 May 2018 £'000	31 May 2017 £'000
Return before finance costs and taxation	133,897	206,581
Withholding tax deducted	(9,170)	(4,345)
Gains on investments	(149,778)	(201,198)
Currency losses/(gains) on cash and borrowings	1,929	(2,389)
(Decrease)/Increase in creditors	(31)	117
(Increase)/Decrease in other debtors	(2,896)	52
Losses on financial liabilities at fair value through profit or loss – ALN	11,166	–
Expenses and taxation associated with ALN	(2,429)	–
Net cash flow from operating activities	(17,312)	(1,182)

18. Contingencies, Guarantees and Financial Commitments

At 31 May 2018 there were financial commitments outstanding of £440.2m (31 May 2017: £444.5m) in respect of investments in partly paid shares and interests in private equity funds.

Further detail of the available finance cover is provided in Note 19.

19. Analysis of Financial Assets and Liabilities

The primary investment objective of the Company is to seek to maximise long-term capital growth for its shareholders by investing in funds specialising in unquoted investments, acquiring unquoted portfolios and participating directly in private placements. Investments are not restricted to a single market but are made when the opportunity arises and on an international basis.

The Company's financial instruments comprise securities and other investments, cash balances and debtors and creditors that arise from its operations, for example sales and purchases awaiting settlement and debtors for accrued income.

The principal risks the Company faces in its portfolio management activities are:

- Liquidity/marketability risk;
- Interest rate risk;
- Market price risk; and
- Foreign currency risk.

The Company has little exposure to credit risk. The Manager monitors the financial risks affecting the Company on a daily basis and the Directors regularly receive financial information, which is used to identify and monitor risk.

In accordance with FRS 102 an analysis of financial assets and liabilities, which identifies the risk to the Company of holding such items, is given below.

Notes to the Financial Statements (continued)

19. Analysis of Financial Assets and Liabilities continued

Liquidity Risk

Due to the nature of the Company's investment policy, the largest proportion of the portfolio is invested in unquoted securities, many of which are less readily marketable than, for example, "blue-chip" UK equities. The Directors believe that the Company, as a closed-end fund with no fixed wind-up date, is ideally suited to making long-term investments in instruments with limited marketability. The investments in unquoted securities are monitored by the Board on a regular basis.

There are times when opportunities for the Company to acquire secondary unquoted portfolios of interests or co-investments may be limited due to the cyclical nature of their occurrence. As a result, at times of low investment opportunity, some funds may be held on deposit or invested in gilts and other fixed interest government bonds. It is the nature of investment in private equity that a commitment (see Note 18 for outstanding commitments as at 31 May 2018) to invest will be made and that calls for payments will then be received from the unlisted investee entity. These payments are usually on an ad-hoc basis and may be called at any instance over a number of years. The Company's ability to meet these commitments is dependent upon it receiving cash distributions from its private equity investments and, to the extent these are insufficient, on the availability of financing facilities. In order to cover any shortfalls, the Company entered into a multi-currency revolving credit facility with The Royal Bank of Scotland plc and Lloyds Bank plc and comprising facilities of $139m and €67m of which at 31 May 2018 the sterling equivalent of £nil (31 May 2017: £nil) was drawn down (see Note 6 for further information). On 1 June 2018, the Company agreed a new £175m multi-currency revolving credit facility agreement, arranged by Lloyds Bank plc and NatWest Markets plc. This will replace the £150m loan facility agreement which was due to expire in November 2018. See Note 21 for further information.

The principal covenant that applies to the loan facility is that gross borrowings do not exceed 30% of adjusted gross asset value.

Total available financing as at 31 May 2018 stood at £308.6m (31 May 2017: £332.8m), comprising £145.8m (excluding the short term ALN creditor) (31 May 2017: £167.3m) in cash balances and £162.8m (31 May 2017: £165.5m) (sterling equivalent) in undrawn bank facilities. The available financing along with the private equity portfolio exceeded the outstanding commitments by 3.6 times (31 May 2017: 3.5 times).

Interest Rate Risk

The Company may use gearing to achieve its investment objectives and manage cash flows and uses a multi-currency revolving credit facility for this purpose.

Interest on the revolving credit facility is payable at variable rates determined subject to drawdown. Variable rates are defined as LIBOR or EURIBOR + 2.35%, dependent on the currency drawn. The interest rate is then fixed for the duration that the loan is drawn down. At 31 May 2018 there was the sterling equivalent of £nil funds drawn down on the loan facilities (31 May 2017: £nil). A commitment fee of 0.94% per annum is payable in respect of the amounts available for drawdown in each facility.

19. Analysis of Financial Assets and Liabilities continued

Non-interest rate exposure

The remainder of the Company's portfolio and current assets are not subject to interest rate risks.

Financial assets for 2018 and 2017 consisted of investments, cash and debtors (excluding prepayments). As at 31 May 2018, the interest rate risk and maturity profile of the Company's financial assets was as follows:

31 May 2018	Total £'000	No maturity date £'000	Matures within 1 year £'000	Matures after 1 year £'000	Fixed interest average interest rate %
Fair value no interest rate risk financial assets					
Sterling	58,993	58,993	–	–	–
US dollar	1,109,499	1,109,499	–	–	–
Euro	241,035	241,035	–	–	–
Other	29,347	29,347	–	–	–
	1,438,874	1,438,874	–	–	–

The interest rate and maturity profile of the Company's financial assets as at 31 May 2017 was as follows:

31 MAY 2017	Total £'000	No maturity date £'000	Matures within 1 year £'000	Matures after 1 year £'000	Fixed interest average interest rate %
Fair value no interest rate risk financial assets					
Sterling	63,196	63,196	–	–	–
US dollar	1,081,502	1,081,502	–	–	–
Euro	218,090	218,090	–	–	–
Other	29,620	29,620	–	–	–
	1,392,408	1,392,408	–	–	–

Financial Liabilities

At 31 May 2018 the Company had drawn the sterling equivalent of £nil (31 May 2017: £nil) of its four-year committed revolving dollar and euro credit facilities, expiring November 2018, of $139m and €67m respectively with The Royal Bank of Scotland plc and Lloyds TSB Bank plc. Interest is incurred at a variable rate as agreed at the time of drawdown and is payable at the maturity date of each advance. At the year end, interest of £nil (31 May 2017: £nil) was accruing. On 1 June 2018, the Company agreed a new £175m multi-currency revolving credit facility agreement, arranged by Lloyds Bank plc and NatWest Markets plc. This will replace the £150m loan facility agreement which was due to expire in November 2018. See Note 21 for further information.

At 31 May 2018 and 31 May 2017, other than the ALN, all financial liabilities were due within one year and comprised short-term creditors. The ALN is repayable by no later than 31 August 2027.

Notes to the Financial Statements (continued)

19. Analysis of Financial Assets and Liabilities continued

Market Price Risk

The method of valuation of the fixed asset investments is described in Note 1(D) on page 92. The nature of the Company's fixed asset investments, with a high proportion of the portfolio invested in unquoted securities, means that the investments are valued by the Directors after due consideration of the most recent available information from the underlying investments.

PIP's portfolio is well diversified by the sectors in which the underlying companies operate. This sectoral diversification helps to mitigate the effects of cyclical trends within particular industry segments.

If the investment portfolio fell by 20% from the 31 May 2018 valuation, with all other variables held constant, there would have been a reduction of £254,958,000 (31 May 2017 based on a fall of 20%: £244,828,000) in the return before taxation. An increase of 20% would have increased the return before taxation by an equal and opposite amount.

Foreign Currency Risk

Since it is the Company's policy to invest in a diverse portfolio of investments based in a number of countries, the Company is exposed to the risk of movement in a number of foreign exchange rates. A geographical analysis of the portfolio and hence its exposure to currency risk is given on page 6 and in Note 9b. Although it is permitted to do so, the Company did not hedge the portfolio against the movement in exchange rates during the financial period.

The investment approach and the Manager's consideration of the associated risk are discussed in further detail in the Strategic Report on pages 20 to 22 and the Manager's Review on pages 24 to 57.

The Company settles its transactions from its bank accounts at an agreed rate of exchange at the date on which the bargain was made. As at 31 May 2018, realised exchange gains of £353,000 (31 May 2017: realised exchange losses of £159,000) and realised losses relating to currency of £2,282,000 (31 May 2017: realised gains of £2,548,000) have been taken to the capital reserve.

The Company's exposure to foreign currency excluding private equity investments is shown below. In relation to this exposure, if the sterling/dollar and sterling/euro exchange rate had reduced by 10% from that obtained at 31 May 2018, it would have the effect, with all other variables held constant, of increasing equity shareholders' funds by £13,592,000 (31 May 2017: £10,787,000). If there had been an increase in the sterling/dollar and sterling/euro exchange rate of 10% it would have the effect of decreasing equity shareholders' funds by £12,686,000 (31 May 2017: £16,440,000). The calculations are based on the financial assets and liabilities and the exchange rate as at 31 May 2018 of 1.33035 (31 May 2017: 1.26735) sterling/dollar and 1.13945 (31 May 2017: 1.13135) sterling/euro. The Company's investment currency exposure is disclosed in Note 9b.

An analysis of the Company's exposure to foreign currency is given below:

	31 May 2018 Assets £'000	31 May 2018 Liabilities £'000	31 May 2017 Assets £'000	31 May 2017 Liabilities £'000
US dollar	128,812	731	135,390	3,480
Euro	2,110	118	2,863	–
Swedish krone	95	–	1,735	–
Norwegian krone	113	–	1,678	–
Australian dollar	653	–	775	–
	131,783	849	142,441	3,480

19. Analysis of Financial Assets and Liabilities continued

Fair Value of Financial Assets and Financial Liabilities

The financial assets of the Company are held at fair value. Financial liabilities, other than the ALN, are held at amortised cost, which is not materially different from fair value. For details of the ALN, see Note 13.

Managing Capital

The Company's equity comprises ordinary shares as described in Note 14. Capital is managed so as to maximise the return to shareholders while maintaining a capital base that allows the Company to operate effectively in the marketplace and sustain future development of the business.

As at 31 May 2018 and 31 May 2017 the Company had bank debt facilities to increase the Company's liquidity. Details of available borrowings at the year end can be found earlier in this Note.

The Company's assets and borrowing levels are reviewed regularly by the Board with reference to the loan covenants.

The Company's capital requirement is reviewed regularly by the Board.

20. Transactions with the Manager and Related Parties

The amounts paid to the Manager, together with the details of the Investment Management Agreement, are disclosed in Note 3. The existence of an independent Board of Directors demonstrates that the Company is free to pursue its own financial and operating policies and therefore, under the AIC SORP, the Manager is not considered to be a related party.

The Company's related parties are its Directors. Fees paid to the Company's Board are disclosed in the Directors' Remuneration Report on pages 76 to 79. The Company's National Insurance contribution in relation to Directors' remuneration is disclosed in Note 4.

There are no other identifiable related parties at the year end.

21. Post balance sheet events

On 4 June 2018, the Company announced it had agreed a new £175m multi-currency revolving credit facility agreement dated 1 June 2018 ("Loan Facility"), arranged by Lloyds Bank plc and NatWest Markets plc. This replaces the £150m loan facility agreement which was due to expire in November 2018, as per Note 6.

The new £175m four-year Loan Facility has been redenominated using current exchange rates to \$163.0m and €59.8m. The terms of the new facility are materially the same as those of the existing facility but will expire in June 2022 with an option to extend, by agreement, the maturity date by another year.

PIP's mature portfolio, which at the year end was reported to have an average fund vintage maturity of 5.7 years, is in a cash-generative phase. The Company expects to continue to finance its new investments and meet its unfunded commitments, amounting to £440m as at 31 May 2018, principally from internally generated cash resources. As at 31 May 2018, PIP had available cash balances of £145.8m (excluding the short term ALN creditor). Therefore, based on current exchange rates, PIP's total liquid financial resources, taking into account the terms of the new Loan Facility and 31 May 2018 available cash balances, are equivalent to £320.8m.

The new Loan Facility provides a margin of additional assurance that the Company has the ability to finance its unfunded commitments in the future.

Other Information

A **differentiated entry point** to a well-established investment platform

AIFMD Disclosures

The Company is an alternative investment fund ("AIF") for the purposes of the Alternative Investment Fund Managers Directive (Directive 2011/61/EU) ("AIFMD") and the Manager was appointed as its alternative investment fund manager ("AIFM") for the purposes of the AIFMD with effect from 21 July 2014. The manager is a "full scope" AIFM for the purposes of the AIFMD.

The AIFMD requires certain disclosures to be made in the Annual Report of the Company. Many of these disclosures were already required by the listing rules and/or United Kingdom Accounting Standards and these continue to be presented in other sections of the Annual Report, principally the Strategic Report (pages 1 to 23), the Manager's Review (pages 24 to 57) and the financial statements (pages 86 to 109). This section completes the disclosures required by the AIFMD.

Assets subject to special arrangements

The Company holds no assets subject to special arrangements arising from their illiquid nature.

Remuneration disclosure

The total number of staff of the Manager for the period ended 31 May 2018, including staff remunerated by affiliates of the Manager, was approximately 251, of which 14 were senior management or other members of staff whose actions have a material impact on the risk profile of the Company ("Identified Staff").

The total remuneration paid by the Manager and its affiliates to staff of the Manager in respect of the financial year ended 31 May 2018 attributable to work relating to the Company was as follows:

	Twelve months to 31 May 2018			Eleven months to 31 May 2017		
	Fixed £'000	Variable £'000	Total £'000	Fixed £'000	Variable £'000	Total £'000
Senior Management	542	674	1,216	497	547	1,044
Staff	1,028	662	1,690	849	486	1,335
Total Staff	1,570	1,336	2,906	1,346	1,033	2,379
Identified Staff	325	464	790	271	347	618

No carried interest was paid in respect of the Company during the year.

The above disclosures reflect only that element of the individuals' remuneration which is attributable to the activities of the Manager relating to the Company. It is not possible to attribute remuneration paid to individual staff directly to income received from any fund and hence the above figures represent a notional approximation only calculated by reference to the assets under management of the Company as a proportion of the total assets under management of the Pantheon Group.

In determining the remuneration paid to its staff, the Manager takes into account a number of factors including the performance of the company, the Manager, and each individual member of staff. These factors are considered over a multi-year framework and include whether staff have met the Manager's compliance standards. In addition, the manager seeks to ensure that its remuneration policies and practices align financial incentives for staff with the risks undertaken and results achieved by investors, for example by ensuring that a proportion of the variable income received by Identified Staff is deferred for a period of at least three years.

Full details of the Pantheon Group's remuneration policies and practices for staff (which includes the Manager's staff) can be found at www.pantheon.com.

Leverage

The AIFMD requires the Manager of the Company to set leverage limits for the Company. For the purposes of the AIFMD, leverage is any method by which the Company's exposure is increased, whether through the borrowing of cash or by the use of derivatives or by any other means. The AIFMD requires leverage to be expressed as a ratio between the Company's exposure and its net asset value and prescribes two methodologies, the gross method and the commitment method (as set out in Commission Delegated Regulation No. 231/2013), for calculating such exposure.

The following leverage limits have been set for the Company:

(i) borrowings shall not exceed 100% of the Company's net asset value or such lower amount as is agreed from time to time with the Company's lenders;

(ii) leverage calculated as the ratio between the exposure of the Company calculated in accordance with the gross method referred to above and its net asset value shall not exceed 200%; and

(iii) leverage calculated as the ratio between the exposure of the Company calculated in accordance with the commitment method referred to above and its net asset value shall not exceed 200%.

Using the methodologies prescribed under the AIFMD, the Company's leverage as at 31 May 2018 is shown below:

	Gross method	Commitment method
Leverage ratio	99%	112%

There have been no changes to the maximum level of leverage which the Manager may employ on behalf of the Company during the financial year to 31 May 2018. There are no collateral or asset reuse arrangements in place.

Risk profile and risk management

The principal risks to which the Company is exposed and the approach to managing those risks are set out in the Strategic Report (pages 20 to 22) and also in Note 19 of the financial statements (pages 105 to 109). The investment restrictions which seek to mitigate some of those principal risks in relation to the Company's investment activities are set out in the Investment Policy (page 19) and under "Board Responsibilities and Relationship with the Manager" in the Statement on Corporate Governance (pages 70 and 71). Additionally, the individual counterparty exposure limit for deposits with each of the Company's bank counterparties has been set at £60m or the equivalent in foreign currencies. The Manager's risk management system incorporates regular review of the principal risks facing the Company and the investment restrictions applicable to the Company. The Manager has established appropriate internal control processes to mitigate the risks, including those described in the "Mitigation" column in the "Principal Risks and Uncertainties" section of the Strategic Report. These investment restrictions have not been exceeded in the financial year to 31 May 2018.

Article 23(1) disclosures to investors

The AIFMD requires certain information to be made available to investors in the Company before they invest and requires that material changes to this information be disclosed in the Annual Report of the Company. The information required to be disclosed is contained in the document "Information for Investors" which is available on the Company's website at www.piplc.com.

There have been no material changes to this information requiring disclosure.

Notice of Annual General Meeting

To be held on 31 October 2018

This Document is Important and Requires your Immediate Attention

If you are in any doubt about the action to take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 (as amended) without delay. If you have sold or transferred all of your Ordinary Shares of £0.67 each ("Ordinary Shares") in Pantheon International Plc (the "Company") and, as a result, no longer hold any shares in the Company, please send this document and the accompanying form of proxy as soon as possible to the purchaser or transferee or to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

An explanation of the business proposed to be transacted at the Annual General Meeting ("the Meeting") convened by this notice and the Directors' recommendation as to how to vote at the Meeting are set out in the Directors' Report on pages 65 to 67 of this document.

Notice is hereby given that the Annual General Meeting of the Company will be held at The British Academy, 10-11 Carlton House Terrace, London, SW1Y 5AH on Wednesday, 31 October 2018 at 10:30am to consider and, if thought fit, pass the following resolutions, of which numbers 1 to 12 and 16 will be proposed as ordinary resolutions and numbers 13 to 15 as special resolutions.

Ordinary Business

Ordinary Resolutions

1. To receive and adopt the Strategic Report, Directors' Report and Auditor's Report and the audited Accounts for the year ended 31 May 2018.
2. To receive and approve the Directors' Remuneration Report for the year ended 31 May 2018.
3. To re-elect Sir Laurie Magnus as a Director.
4. To re-elect Mr I.C.S. Barby as a Director.
5. To re-elect Mr J.D. Burgess as a Director.
6. To re-elect Mr D.L. Melvin as a Director.
7. To re-elect Ms S.E.M. Nicklin as a Director
8. To re-elect Mr J.B.H.C.A. Singer as a Director.
9. To re-elect Mr R.M. Swire as a Director.
10. To re-appoint Grant Thornton UK LLP as Auditor to the Company to hold office from the conclusion of this meeting until the conclusion of the next meeting at which accounts are laid before the Company.
11. To authorise the Audit Committee to determine the remuneration of the Auditor.
12. **That:**
    the Directors of the Company be and are hereby generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company, and to grant rights to subscribe for, or to convert any security into, shares in the Company, up to an aggregate nominal amount equal to the sum of £12,085,559.83, provided that this authority shall (unless previously renewed, revoked or varied by the Company in general meeting) expire at the conclusion of the period commencing with the date on which this Resolution is passed and expiring at the conclusion of the next annual general meeting of the Company or the date occurring 15 months from the date on which this Resolution is passed, whichever is the earlier (the "Period of Authority"), save that the Company may before the expiry of such authority make an offer or agreement which would or might require shares in the Company to be allotted and/or rights to subscribe for, or to convert any security into, shares in the Company to be granted after the expiry of the said period and the Directors may allot such shares and/or grant such rights in pursuance of any such offer or agreement as if the authority conferred by this Resolution had not expired, and so that the authority hereby given shall be in substitution for all subsisting authorities under Section 551 of the Act.

Special Resolutions

13. That:

subject to the passing of Resolution 12 above, the Directors of the Company be and are hereby empowered, until the conclusion of the Period of Authority, pursuant to Section 570 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred upon them under Resolution 12 above as if Section 561 of the Act did not apply to any such allotment and pursuant to Section 573 of the Act to allot equity securities (within the meaning of Section 560 of the Act) held by the Company as treasury shares (within the meaning of Section 724(5) of the Act) for cash as if Section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:

a. the allotment of equity securities in connection with a rights issue, open offer or any other offer in favour of holders of Ordinary Shares (within the meaning of Section 560 of the Act) and any other persons entitled to participate in such issue or offering where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares held by or deemed to be held by them on the record date of such allotment, subject to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws or requirements of any territory or the requirements of any regulatory authority or any stock exchange;

b. the allotment of equity securities (otherwise than pursuant to sub-paragraph (a) above) up to an aggregate nominal amount equal to the sum of £1,812,833.97, and in respect of any such allotment, on terms that the shares constituting the equity securities allotted or for or into which the equity securities allotted give a right to subscribe or convert (as the case may be) shall be subscribed for or issued or sold (as the case may be) at a price per share not less than the net asset value per share calculated pursuant to the Articles of Association of the Company as at the Calculation Date (as defined in the Articles of Association of the Company) immediately preceding the issue (or sale) of such shares; save that the Company may, before the expiry of the Period of Authority, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

14. That:

the Company be and is hereby generally and, subject as hereinafter provided, unconditionally authorised in accordance with Section 701 of the Act, in substitution for all subsisting authorities under Section 701 of the Act, to make market purchases (within the meaning of Section 693 of the Act) of Ordinary Shares and provided that:

a. the maximum number of Ordinary Shares hereby authorised to be purchased is such number (rounded down to the nearest whole number) as is equal to 14.99% of the number of Ordinary Shares in issue (excluding any Ordinary Shares held by the Company as treasury shares (within the meaning of Section 724(5) of the Act)) as at the date this Resolution is passed;

b. the minimum price which may be paid for an Ordinary Share is £0.67; and

c. the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall be the higher of (i) 5% above the average of the middle market quotations for the Ordinary Shares as derived from the London Stock Exchange's Daily Official List for the five business days before the purchase is made and (ii) the higher of the price of the last independent trade and the highest current independent bid, as stipulated by regulatory technical standards adopted pursuant to article 5(6) of the Market Abuse Regulation;

unless renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company or the date occurring 18 months from the date on which this Resolution is passed, whichever is the earlier, save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares which will or may be completed or executed wholly or partly after such expiry and may make a purchase of Ordinary Shares in pursuance of any such contract.

15. That:

a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

Special Business

Ordinary Resolution

16. That

the Company be authorised, subject to and in accordance with the provisions of the Companies Act 2006, to send, convey or supply all types of notices, documents or information to Shareholders by electronic means, including making such notices, documents or information available on a website.

Dated 7 August 2018

Registered office: Beaufort House, 51 New North Road, Exeter EX4 4EP

By order of the Board

Notice of Annual General Meeting (continued)

Notes

1. A member entitled to attend this meeting may attend the Meeting in person or may appoint one or more persons as his/her proxy to attend, speak and/or vote on his/ her behalf. A proxy need not be a member of the Company.

   If multiple proxies are appointed, they must not be appointed in respect of the same shares. A form of proxy is provided with this notice. The appointment of a proxy will not prevent a member from attending the Meeting and voting in person if he/she so wishes. A member present in person or by proxy shall have one vote on a show of hands and on a poll every member present in person or by proxy shall have one vote for every Ordinary Share of which he/she is the holder. To appoint more than one proxy, a separate form of proxy in relation to each appointment should be completed (shareholders may photocopy the form of proxy), stating clearly on each form of proxy how many Ordinary Shares the proxy is appointed in relation to. A failure to specify the number of Ordinary Shares each proxy appointment relates to or specifying an aggregate number of Ordinary Shares in excess of those held by the shareholder will result in the proxy appointment being invalid. Members are requested to indicate on the form of proxy if the proxy instruction is one of multiple instructions being given. All forms of proxy must be signed and should be returned together in the same envelope.

2. In the case of joint holders, the signature of only one of the joint holders is required on the proxy form and, where more than one joint holder has signed the proxy form or where more than one joint holder purports to appoint a proxy, only the signature of or the appointment submitted by the most senior holder will be accepted to the exclusion of the other joint holders. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).

3. Only those members registered on the Register of Members of the Company by close of business on 29 October 2018 (or in the event that the meeting is adjourned, only those shareholders registered on the Register of Members of the Company as at close of business on the day which is two days prior to the adjourned meeting (weekends and public holidays excluded)) shall be entitled to attend in person or by proxy and vote at the Annual General Meeting in respect of the number of shares registered in their name at that time.

   Changes to entries on the Register of Members after the specified time shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting or, if adjourned, at the adjourned meeting.

4. To be valid, a form of proxy, together with any power of attorney or other authority under which it is signed or a notarially certified copy thereof, should be lodged at the office of the Company's Registrar, Link Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not later than 48 hours before the time of the meeting, or any adjournment thereof. The termination of the authority of a person to act as proxy must be notified to the Company in writing. Amended instructions must be received by the Company's Registrar by the deadline for receipt of proxies.

5. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for this meeting and any adjournment of it by following the procedures described in the CREST Manual (available via www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, in order to be valid, must be transmitted so as to be received by the Company's agent ID RA10 by the latest time for receipt of proxy appointments specified in note 4 above.

   For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal

member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

6. Members satisfying the thresholds in Section 338 of the Companies Act 2006 may require the Company to give, to members of the Company entitled to receive notice of the Annual General Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Annual General Meeting. A resolution may properly be moved at the Annual General Meeting unless (i) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (ii) it is defamatory of any person; or (iii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the Annual General Meeting.

7. Members satisfying the thresholds in Section 338A of the Companies Act 2006 may request the Company to include in the business to be dealt with at the Annual General Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Annual General Meeting. A matter may properly be included in the business at the Annual General Meeting unless (i) it is defamatory of any person or (ii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the Annual General Meeting.

8. Any question relevant to the business of the Annual General Meeting may be asked at the Meeting by anyone permitted to speak at the Meeting. Alternatively, questions may be submitted in advance by letter addressed to the Company Secretary at the registered office.

9. In accordance with Section 319A of the Companies Act 2006, the Company must cause any question relating to the business being dealt with at the Meeting put by a member attending the Meeting to be answered. No such answer need be given if: (a) to do so would: (i) interfere unduly with the preparation for the Meeting, or (ii) involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

10. A person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "nominated Person") may, under an agreement between him/her and the shareholder by whom he/ she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a nominated Person has no such proxy appointment right or does not wish to exercise it, he/ she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
The statements of the rights of members in relation to the appointment of proxies in notes 1 to 4 above do not apply to a nominated Person. The rights described in those notes can only be exercised by registered members of the Company.

11. As at 31 May 2018, the Company's issued voting share capital and total voting rights amounted to 54,114,447 Ordinary Shares of £0.67 each carrying one vote each.

Notice of Annual General Meeting (continued)

12. A member that is a corporation can only attend and vote at the meeting in person through one or more representatives appointed in accordance with Section 323 of the Companies Act 2006, as amended. Any such representative should bring to the Meeting written evidence of his appointment, such as a certified copy of a board resolution of, or a letter from, the corporation concerned confirming the appointment. A person authorised by a corporation is entitled to exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company. On a vote on a resolution on a show of hands, each authorised person has the same voting rights as the corporation would be entitled to. On a vote on a resolution on a poll, if more than one authorised person seeks to exercise a power in respect of the same shares, if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way; and if they do not purport to exercise the power in the same way as each other, the power is treated as not exercised.

13. Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

14. The Annual Report incorporating this notice of Annual General Meeting, the total number of shares in the Company, the totals of the voting rights that members are entitled to exercise at the Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website: www.piplc.com.

15. Copies of the letters of appointment of the Chairman and the Non-Executive Directors of the Company will be available for inspection at the registered office of the Company during normal business hours on any weekday (weekends and public holidays excluded) from the date of this notice until the conclusion of the Annual General Meeting and on the date of the Annual General Meeting at Pantheon, 4th Floor, 10 Finsbury Square, London, EC2A 1AF. Copies will also be available for inspection at the Annual General Meeting for 15 minutes prior to the Meeting and throughout the Meeting.

Glossary of Terms and Alternative Performance Measures

AIC ongoing charges
Annualised operating costs, excluding performance fees, financing costs, and taxes, as a percentage of the average month-end NAV over the year.

	Page	Year ended 31 May 2018 £'000	
Investment management fees	88	15,020	
Lookthrough charges	95	490	
Other expenses	88	296	
Total expenses		15,806	(a)
Average month-end NAV		1,284,219	(b)
AIC ongoing charges		1.23%	(a/b)

AIFMD
Alternative Investment Fund Managers Directive.

Asset Linked Note ("ALN")
Unlisted, subordinated note due August 2027, the repayment of which and the performance of which are linked to a reference portfolio consisting of older vintage funds. The holder of the ALN has rights to receive c.75% of net cash flows arising from the reference portfolio prior to the repayment of any outstanding balance in August 2027.

Available cash
Cash less next ALN repayment (see Note 13)

Available financing
Sum of available cash and undrawn loan facility.

	Page	At 31 May 2018 £m	
Available cash	106	146	(a)
Undrawn loan facility	106	163	(b)
Available financing		309	(a + b)

Buyout funds
Funds that acquire controlling interests in companies with a view towards later selling those companies or taking them public.

Capital call
Call to limited partners ("LP") to pay-in a portion of the LP's committed capital when the general partner ("GP") has identified a new investment for purchase.

	Page	Year ended 31 May 2018 £m	
Purchases of investments	91	254	(a)
Recallable distributions		(13)	(b)
Amount drawn for new commitments		(152)	(b)
Other adjustments	102	(3)	(c)
Capital calls		86	(a – b – c)

Capital call rate
Capital calls in the period divided by opening undrawn commitments.

	Page	Year ended 31 May 2018 £m	
Capital calls		86	(a)
Opening undrawn commitments		445	(b)
Capital calls		19%	(a/b)

Carried interest
Portion of realised investment gains payable to the GP as a profit share.

Co-investment
Direct shareholding in a company by invitation alongside a private equity fund.

Commitment
The amount of capital that each limited partner agrees to contribute to the fund when and as called by the GP.

Debt multiple
Ratio of net debt to EBITDA.

Glossary of Terms and Alternative Performance Measures (continued)

Distribution
Cash or stock returned to the LPs after the fund has exited from an investment by selling it or from distrubutions received before a sale. Excludes such proceeds received relative to the portion of the portfolio attributable to the Asset Linked Note.

	Page	Year ended 31 May 2018 £m	
Disposals of investments	91	351	(a)
Investment income received	91	14	(b)
Recallable distributions		(13)	(c)
Withholding tax deducted	91	(10)	(d)
ALN share of distributions		(62)	(e)
Distributions from PIP's portfolio		280	(a + b – c – d – e)

Distribution rate
Distributions for the period divided by opening portfolio value.

	Page	Year ended 31 May 2018 £m	
Distributions from PIP's portfolio		280	(a)
Opening investments at fair value	90	1,224	(b)
ALN share of opening investments		(163)	(c)
Opening portfolio value (excluding the ALN)		1,061	(d) = (b –c)
Distribution rate from PIP's portfolio		26%	(a / d)

Dry powder
Funds committed but not yet invested that are available for investment.

Earnings before interest, taxes, depreciation and amortisation ("EBITDA")
A measure of earnings before interest and taxes that exclude non-cash expenses. Valuation methods are commonly based on a comparison of private and public companies' value as a multiple of EBITDA.

Enterprise value
The sum of a company's market capitalisation and net debt, (equals debt less cash and cash equivalents).

Exit
Realisation of an investment usually through trade sale, sale by public offering (including IPO), or sale to a financial buyer.

Expense charge
A pro rata share of the Company's Total Ongoing Charges allocated to the ALN, reducing each quarterly payment. This is deducted from Other Expenses through the Revenue Account of the Income Statement.

Financing cover
Ratio of available cash, private equity assets and undrawn loan facility to outstanding commitments.

	Page	At 31 May 2018 £m	
Available financing	119	309	(a)
Investments at fair value	90	1,275	(b)
Total		1,584	(c) = (a + b)
Outstanding commitments		440	(d)
Financing cover		3.6x	(c/d)

Fund-of-funds
Private equity fund that invests in a portfolio of several private equity funds to achieve, compared to a direct investment fund, a broader diversification of risk, including individual manager risk.

Fund management fee
Annual fee, typically charged by the GP as a percentage of LP commitments to the fund during the investment period and attenuating thereafter, intended to cover the costs of running and administering a fund.

General partner ("GP")
The entity managing a private equity fund that has been established as a limited partnership, also commonly referred to as the private equity fund manager.

Initial public offering ("IPO")
The first offering by a company of its own shares to the public on a regulated stock exchange.

Internal rate of return ("IRR")
The IRR, a common measure of private equity performance, is calculated as an annualised compounded rate of investment return based on the timing and quantity of cash flows.

Investment period
Period, typically five years, during which the GP is permitted to make new investments.

J-Curve
Refers to the tendency of private equity funds to experience capital outflows and negative returns in early years, and cash flow distributions and investment gains in later years as portfolio companies mature and are exited.

Limited partner ("LP")
Institutions or individuals who commit capital to a private equity fund established as a limited partnership. Limited partners are generally protected from legal actions and any losses beyond their original commitment to the fund.

Liquidation
The sale of all remaining assets of a fund prior to its final cessation of operations.

Liquidity ratio
Ratio of undrawn commitments to total liquid resources. Under the terms of its loan facility, PIP is required to maintain a liquidity ratio of below 3.0x.

	Page	At 31 May 2018 £m	
Outstanding commitments		440	(a)
Available financing	119	309	(b)
Investments at fair value (10%)	90	128	(c)
Total liquid resources		437	(d) = (b + c)
Liquidity ratio		1.0x	(a/d)

Market capitalisation
Share price multiplied by the number of shares outstanding.

MiFID
Markets in Financial Instruments Directive.

MiFIR
Markets in Financial Instruments Regulation.

Multiple of Invested Capital ("MOIC" or cost multiple)
A common measure of private equity performance, MOIC is calculated by dividing the fund's cumulative distributions and residual value by the paid-in capital.

Net asset value ("NAV")
Amount by which the value of assets of a fund exceeds liabilities, reflecting the value of an investor's attributable holding.

Net portfolio cash flow
Income and capital distributions received from funds following exit realisations less capital calls made to finance investments or expenses.

	Page	Year ended 31 May 2018 £m	
Distributions from PIP's portfolio	120	280	(a)
Capital calls	119	86	(b)
Net portfolio cash flow		194	(a -b)

Paid in capital
Cumulative amount of capital that has been called.

Portfolio company
A company that is an investment within a private equity fund.

Portfolio investment return
Total movement in the valuation of the underlying funds and companies comprising the portfolio, expressed as a percentage of opening portfolio value. Foreign exchange effects and other expenses are excluded from the calculation. The figure excludes returns attributable to the ALN.

Primaries
Commitments made to private equity funds at the time such funds are formed.

Private equity
Privately negotiated investments typically made in non-public companies.

Reference portfolio
As defined under the terms of the Asset Linked Note, a subset of PIP's private equity portfolio assets, substantially comprising the Company's oldest funds (2006 and earlier vintages).

Glossary of Terms and Alternative Performance Measures (continued)

Sample calculations and disclosures
The sample buyout figures for the 12 months to 31 December 2017 were calculated using all information available to the Company. The figures are based on unaudited data. MSCI and FTSE data was sourced from Bloomberg.

Revenue and EBITDA
The revenue and EBITDA figures were based upon the last 12 months to 31 December 2017 or where not available, the closest annual period disclosed, and provide coverage of 53% and 51% (for revenue and EBITDA growth respectively) of PIP's buyout portfolio. Individual company revenue and EBITDA growth figures were capped between -100% and +100% to avoid large distortions from excessive outliers. Sample data for 2012-2016 is based on the same methodology and provides coverage of 45%-75% of the portfolio in each year.

Valuation multiple and debt multiple
Enterprise value is defined as equity value plus net debt. The net debt and enterprise value figures were based on underlying valuations as at 31 December 2017, or the closest disclosed period end. The valuation multiple sample covers approximately 46% of PIP's buyout portfolio. The debt multiple sample covers approximately 63% of PIP's buyout portfolio.

Cost multiple
The cost multiple data on page 37 is based on a sample that represented approximately 38% by value of PIP's gross distributions for the year to 31 May 2018. The data covers primary investments and co-investments, and is based upon gross cost multiples available at the time of the distribution.

Uplift
Realisation events are classified as exit realisations when proceeds equate to at least 80% of total investment value and once confirmation of exit realisation is received from the underlying private equity manager. Uplift on full exit compares the value received upon realisation against the investment's carrying value up to six months prior to the transaction taking place. The analysis on page 37 only includes exit realisations that occurred during the period and disregards the impact of any proceeds received outside of the six month period covered in the uplift analysis. The data in the sample represents 100% of proceeds from exit realisations and 56% of distributions received during the period.

Secondaries
Purchase of existing private equity fund or company interests and commitments from an investor seeking liquidity in such funds or companies.

Share price premium (discount)
Occurs when a company's share price is higher (lower) than the net asset value per share.

Total ongoing charges
Annualised operating costs, including financing costs and any performance fees charged by Pantheon but excluding taxes, expressed as a percentage of the average month-end NAV over the year.

	Page	Year ended 31 May 2018 £'000	
Investment management fees	88	15,020	
Performance fee payable to Pantheon		0	
Lookthrough charges	95	490	
Other expenses	88	296	
Interest payable and similar expenses	88	1,950	
Total expenses and financing costs		17,756	(a)
Average month-end NAV		1,284,219	(b)
Total ongoing charges		1.38%	(a/b)

Undrawn or outstanding commitments
Undrawn portion of total commitment.

Uplift on exit
Increase in value received upon exit realisation of an investment relative to its carrying value prior to realisation.

Valuation multiples
Multiple of earnings (typically EBITDA or net income) or revenue applied in valuing a business enterprise.

Venture capital
Investment in early and development-stage companies, often used to finance technological product and market development.

Vintage
The year in which a private equity fund makes its first investment.

Weighted average fund age
Average fund age for the portfolio is weighted by the funds' respective closing net asset values. Fund age refers to the number of years since a private equity fund's first investment.

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