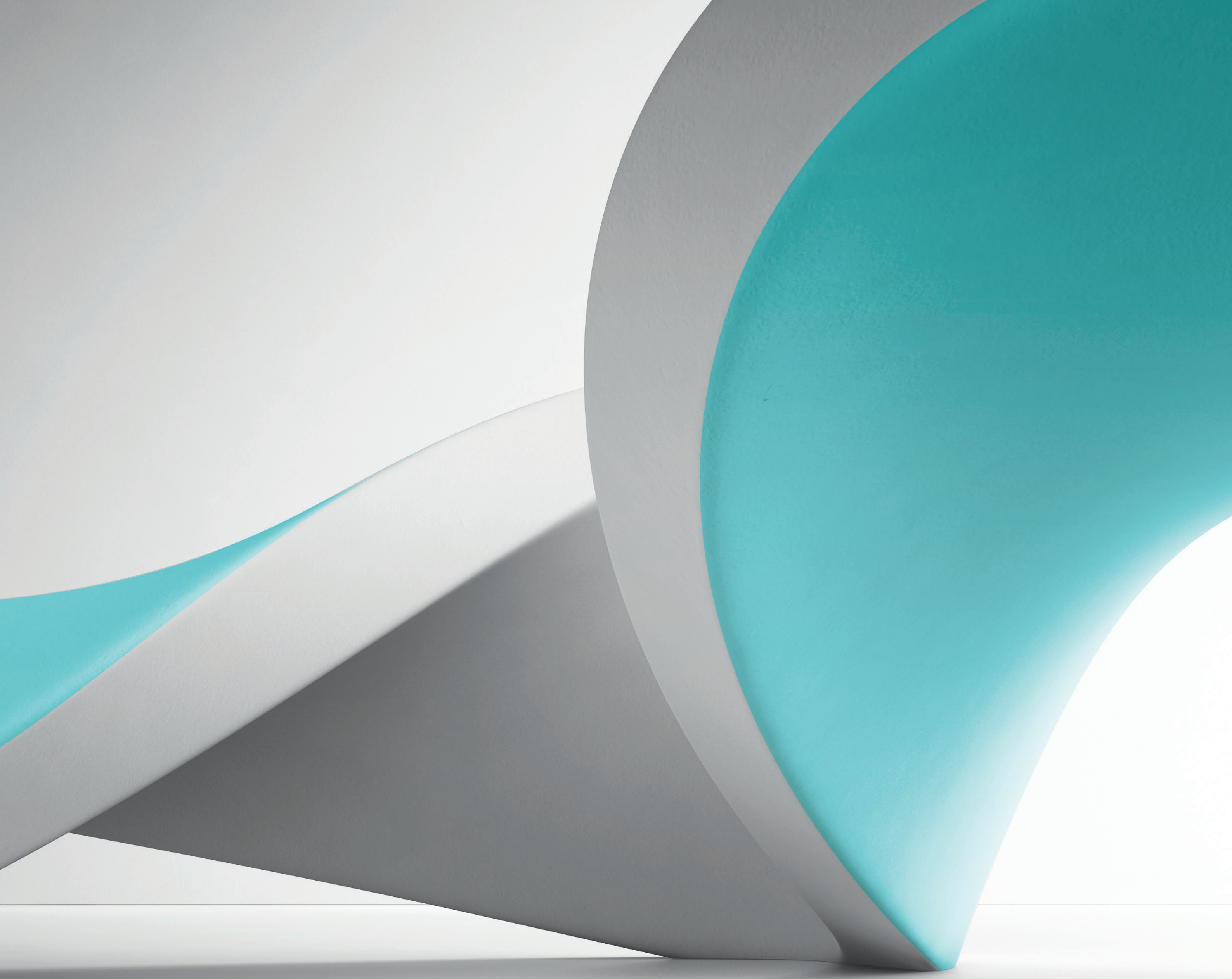


Outperformance by adding value

PIP

Pantheon International Plc

Annual Report and Accounts 2019

Pantheon International Plc ("PIP" or the "Company") 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.

Contents

This report contains terminology that may be unfamiliar to some readers. The Glossary on pages 129 to 130 provides definitions for frequently used terms.

Companies We Invest In


First Watch, see p42


Adyen, see p46


Sivantos, see p48


Renaissance Learning, see p55


Mitchell International, see p56

What we offer our investors

Outperformance through an **actively managed** private equity portfolio

PIP provides easy access to:

- Private equity in liquid form through quoted shares
- A long-established global platform of broad and deep relationships to source attractive investment opportunities
- The excellent value creation potential generated by some of the leading private equity managers globally
- 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
- Independence through both our flexible 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 global workforce

PIP has outperformed investors' benchmarks

As at the end of the full year period, PIP's share price has outperformed the FTSE All Share Total Return Index and MSCI World Total Return Index (Sterling) over one, three, five and ten years, as well as since inception.

Annualised performance	1 yr	3 yrs	5 yrs	10 yrs	Since inception
NAV per share	14.7%	16.8%	14.9%	11.2%	11.9%
Ordinary share price	10.7%	19.6%	14.3%	18.9%	11.5%
FTSE All Share, TR	-3.2%	8.7%	5.3%	9.6%	7.7%
MSCI World, TR (Sterling)	2.5%	13.8%	11.8%	13.0%	7.8%

Share price outperformance (annualised)					
Versus FTSE All Share, TR	**+13.9%**	**+10.9%**	**+9.0%**	**+9.3%**	**+3.8%**
Versus MSCI World, TR (Sterling)	**+8.2%**	**+5.8%**	**+2.5%**	**+5.9%**	**+3.7%**

What we offer our investors

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

We aim to deliver attractive and consistent returns to shareholders through actively managed private equity investments.

Since its inception in 1987, PIP's investment strategy has focused on backing managers that create sustainable value in underlying companies. This has contributed to a consistent outperformance of PIP's share price over public market indices.

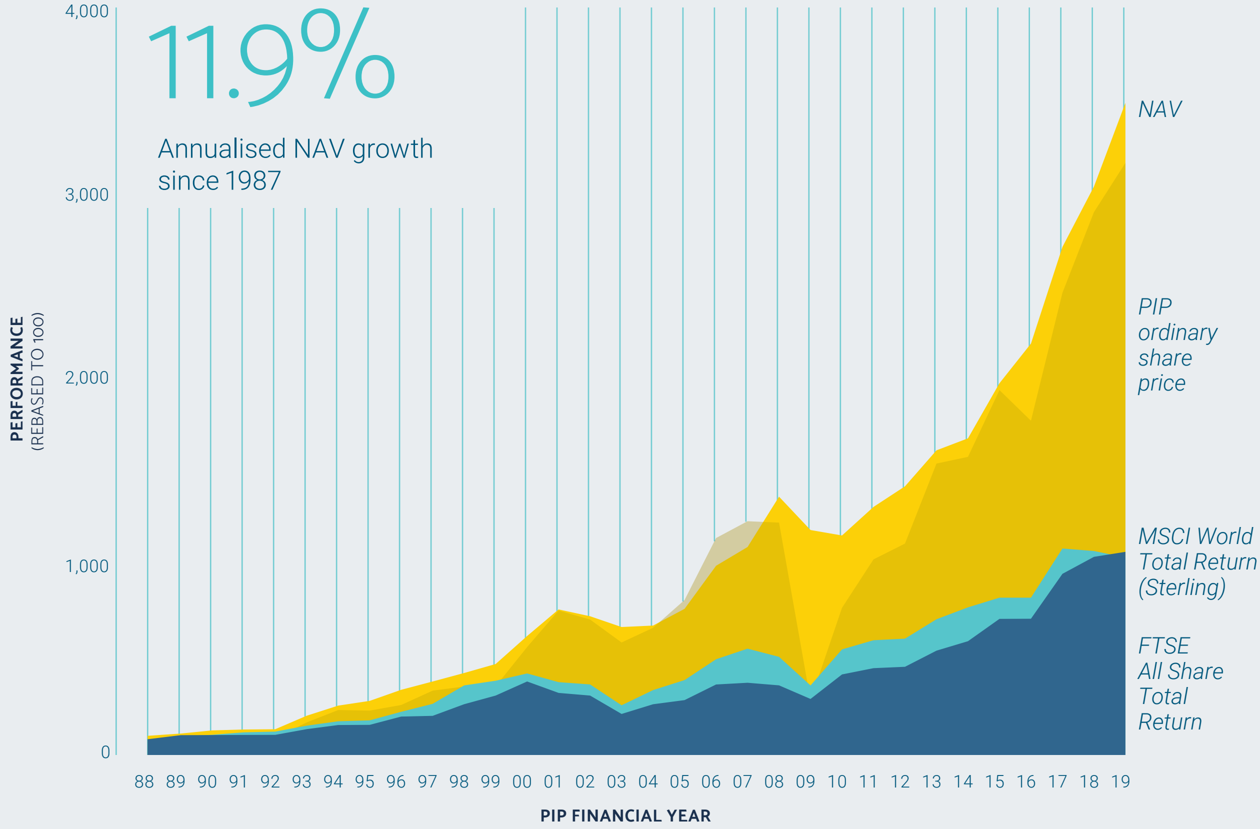
At a glance as at 31 May 2019

14.7%	NAV per share growth in the year	£1.5bn	Net asset value
10.7%	Share price increase in the year	£1.2bn	Market capitalisation
11.9%	Average annual NAV growth since 1987	1.22%	AIC ongoing charges[1]

1 Including financing costs, PIP's total ongoing charges would be 1.39%.

PIP's track record

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



The Company's issued share capital consisted of 54,089,447 ordinary shares as at 31 May 2019.

Consistent outperformance

PIP has generated average annual NAV growth of 11.9% since inception and 14.9% over the last five years, significantly outperforming the benchmark public market indices over these time periods. The five-year cumulative total shareholder return was +95% at 31 May 2019.

Sir Laurie Magnus Chairman

What we offer our investors

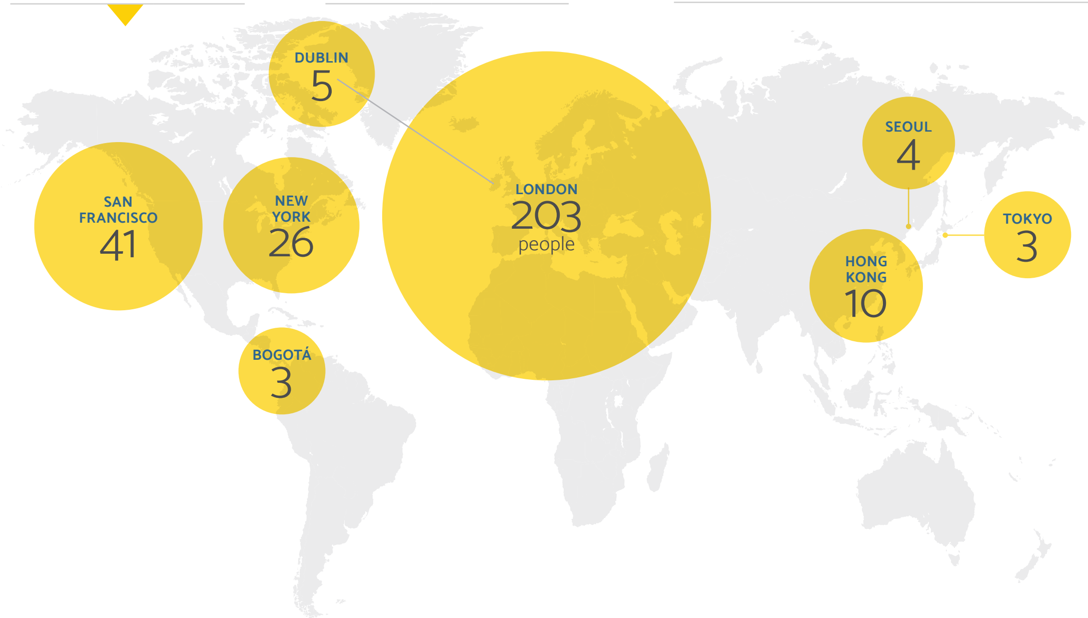
Pantheon's scale, experience and **deep relationships with private equity managers** are essential to creating value

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, provide PIP with an outstanding base of expertise to secure investments with the best managers and their underlying portfolio companies.

295 people globally[1]

84 investment professionals globally

$43.5bn assets under management[2]



1 As at 1 July 2019.
2 As at 31 December 2018. 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.

1 Primary

FUND

We invest in a new private equity 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

Our strategy is more than the sum of its parts

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 we originate in the market.

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

A highly selective approach

Our manager relationships are the result of the tireless work of our global investment team who are able to use their extensive networks and access to privileged information to tap into the exciting deal flow that we continue to see in our pipeline for PIP.

Andrew Lebus Partner

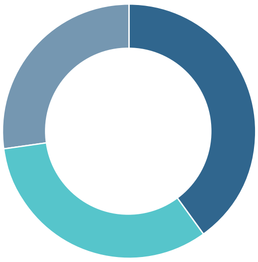
What we offer our investors

A carefully constructed, **diversified portfolio** of assets

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]

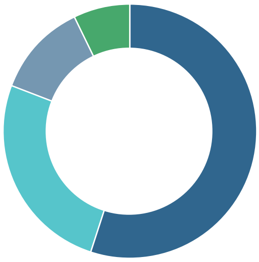
Flexible approach to portfolio construction increases potential for outperformance.



Secondary	40%
Co-investments	33%
Primary	27%

Fund region[1]

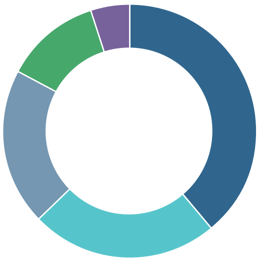
Weighted towards the more developed private equity markets in the USA and Europe while Asia and EM provide access to faster-growing economies.



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

Fund stage[1]

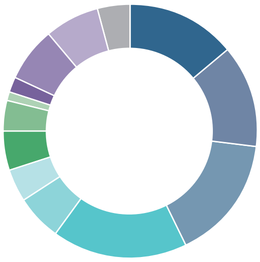
Well diversified across different investment stages with a particular focus on small/mid-market buyout and growth funds.



Small/mid buyout	39%
Large/mega buyout	24%
Growth	20%
Special situations	12%
Venture	5%

Fund maturity[1]

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



		Of which co-investments
2018 and later	14%	6%
2017	13%	8%
2016	16%	8%
2015	17%	7%
2014	6%	2%
2013	4%	2%
2012	5%	0%
2011	4%	0%
2010	1%	0%
2009	2%	0%
2008	7%	0%
2007	7%	0%
2006 and earlier	4%	0%

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%.

Transforming companies **to create real value**

In an environment characterised by an abundance of capital, high valuations and the rising popularity of passive investment strategies, private equity is under increasing pressure to demonstrate its ability to produce returns in excess of those generated by the broader public markets.

Techniques used by private equity managers to create value:

Operational improvements	- Generating top line growth and margin expansion by developing new products, geographic expansion, enhanced sales force effectiveness, process optimisation and the use of technology
Capital expenditure	- Providing the financial resources to support business growth objectives
Transforming strategy	- Increasing the market value of a company by adopting a new business model, repositioning a business within its sector, diversifying its markets and implementing a credible growth strategy
Strengthening management	- Making new hires and adding industry specialists who bring fresh perspectives and the expertise that can drive the business further forward - Membership of Board and Advisory Committees - Effective alignment of incentives
Accretive mergers and acquisitions	- Growing scale, increasing sales and operational capabilities, improving a company's position within an industry and releasing synergies to unlock growth - Target company sourcing, due diligence and integration
Active management of capital structures	- Determining the optimal debt/equity mix based on factors such as market conditions and cash flow profile - Using banking and debt relationships developed across the private equity manager's platform
Facilitating a high value exit	- Facilitating a high value exit of the business through a competitive sales process - Well-timed exits optimise investment returns

Superior Revenue Growth	EBITDA Margin Improvement	Valuation Multiple Expansion	Optimal Financial Structuring

Key Performance Indicators

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

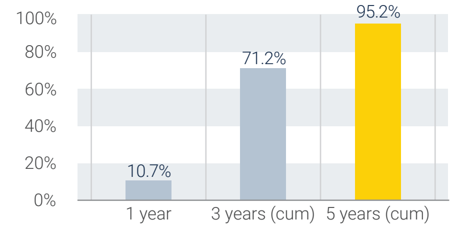
What it is | **How we have performed**

PERFORMANCE

5-year cumulative total shareholder return

95.2%

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.

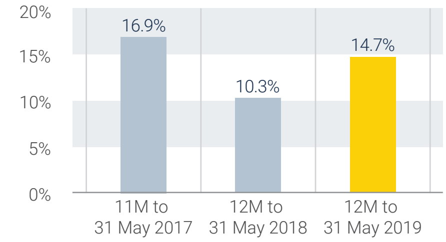


NAV per share growth during the year

14.7%*

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.

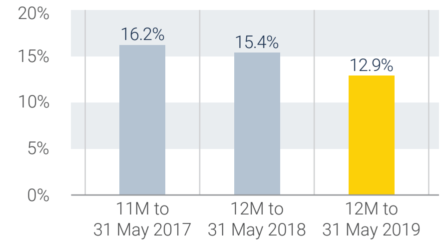
NAV per share growth in any period is shown net of all costs associated with running the Company.



Portfolio investment return

12.9%*

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.



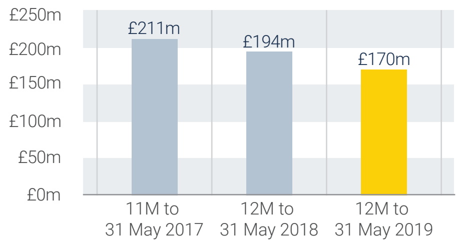
LIQUIDITY

Net portfolio cash flow

£170m*

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.

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.

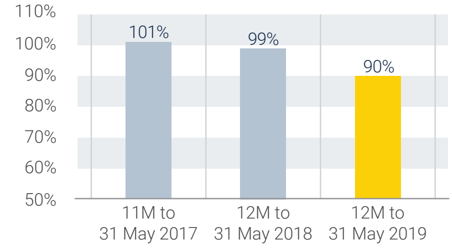


Undrawn coverage ratio

90%*

The undrawn coverage ratio is the ratio of available financing and 10% of private equity assets to undrawn commitments. The undrawn coverage 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 can continue to make new undrawn commitments unless and until the undrawn coverage ratio falls below 33%.



* 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.

	Link to our strategic objectives See pages 16 to 18	**Examples of related factors that we monitor**
▪ PIP's ordinary shares had a closing price of 2,225.0p at the year end. ▪ Discount to NAV was 19.7% 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 355.8p to 2,770.6p during the year. ▪ Strong performance further enhanced by 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 for tax leakage from investments. ▪ Effect of financing (cash drag) on performance.
▪ Strong performance in the underlying portfolio. ▪ 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 markets and private equity peer group. ▪ Valuations provided by private equity managers.
▪ PIP's portfolio generated £277m of distributions versus £107m of calls. ▪ The Company made new commitments of £341m during the year, £165m of which was drawn at the time of purchase. ▪ PIP's portfolio has a weighted average fund age of 5.2 years.[1]	▪ 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. ▪ In line with historical experience, the Company expects undrawn commitments to be funded over a period of several years.	▪ Flexibility in portfolio construction, allowing the Company to select a mix of 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 positive year of **capital growth and investment** for the future

IN SUMMARY

- Strong performance from the underlying portfolio
- We made 59 new investments amounting to £341m in commitments
- PIP's portfolio provides an attractive means of maximising long-term capital growth for shareholders

KEY STATISTICS

11.9%	Average annual NAV growth since inception
14.7%	NAV per share growth in the year
10.7%	Share price growth in the year
£1,499m	Net asset value
£170m	Portfolio net cash flow

PIP has continued its 32-year record of growth this year, with net assets reaching £1.5bn and a market capitalisation of £1.2bn. Your Board is confident that the strategy it has agreed with Pantheon, the Manager, provides shareholders with access to a high quality portfolio of private equity assets with more opportunities for growth than a conventional investment fund focused primarily on listed securities.

Performance for 12 months to 31 May 2019

During the 12 months to 31 May 2019, PIP's NAV per share increased by 14.7% to 2,770.6p and net assets increased from £1,307m to £1,499m. The NAV growth (stated net of movements in the Asset Linked Note) reflected the strong performance from the underlying portfolio with investment gains (+11.8%), share buybacks (+0.3p) and foreign exchange effects (+4.5%) materially exceeding expenses and taxes (-1.6%). During the 12 months to 31 May 2019, PIP's share price rose by approximately 11%. The share price increase and PIP's NAV growth outperformed the MSCI World index by +12.2% and +8.2% respectively during the same period.

Despite the Company's positive performance, the discount on the shares has remained disappointingly wide and was 19.7% at the end of the financial year. The Board remains frustrated by the continuing share price discount as it believes that this does not reflect the Company's track record both on a medium and long-term basis. PIP has generated average annual NAV growth of 11.9% since inception and 14.9% over the last five years, significantly outperforming the benchmark public market indices over these time periods. The five-year cumulative total shareholder return, which measures the return to investors after taking into account share price movements, was +95% at 31 May 2019. The Board is committed to narrowing the share price discount and, to this end, has agreed a more intensive marketing plan with the Manager's dedicated investor relations team with the aim of extending the Company's reach to potential new buyers and boosting demand for its shares.

PIP's investment strategy is to maintain a healthy mix of all stages in its portfolio, with an emphasis on the buyout and growth stages and a particular focus on the mid-market, which offers attractive prospects for long-term value creation and multiple routes to exit. Buyout and growth represent more than half of PIP's portfolio and the small/mid buyout and growth segments performed strongly during the period. This resulted from a combination of factors including the strong exits achieved by some of our managers, successful bolt-on acquisition activity and good organic growth in the underlying businesses. A number of company-specific events adversely impacted returns in the large buyout portfolio while the negative performance in special situations (consisting of energy, distressed and mezzanine funds) was primarily due to headwinds experienced in the energy sector. Venture, which is a relatively small part of PIP's portfolio, contributed positively to performance during the period.

Investment and realisation activity

During the period, PIP generated £277m of distributions attributable to shareholders, equivalent to 24% of the opening attributable portfolio. In a generally supportive exit environment, secondary buyouts and sales to corporate buyers remained the most significant sources of exits. Calls from existing commitments to private equity funds during the period amounted to £107m, equivalent to 24% of opening undrawn commitments. Overall, PIP generated a net cash inflow of £170m during the period before taking account of new investments.

> *PIP has been through a number of cycles during its 32 year history. It backs managers who themselves have experience of managing assets through times of uncertainty, have demonstrated a selective approach to the use of debt and who are able to take advantage of market dislocations by identifying those defensive and exciting high-growth businesses with compelling potential over the long term.*

PIP made 59 new investments during the year, amounting to £340.7m in commitments, of which £164.7m was drawn at the time of purchase. These investments comprised £159.8m committed to 20 primaries, £104.9m committed to 13 secondaries and £76m committed to 26 co-investments. Since the period end, PIP has committed a further £7.3m to two investments.

The issuance of the ALN has allowed the Company significantly to reduce the weighted average age of its fund and co-investment commitments and the evidence of this is clear when the average age of 5.2 years at 31 May 2019 is compared to the average age of 6.7 years at the year end in May 2017. The maturity profile of the portfolio is designed to allow PIP to remain cash-generative and an active investor well placed to refresh its investment participations through the cycle.

During the period, the Company bought back 25,000 shares for cancellation. PIP will continue its policy of opportunistically purchasing its own shares for investment purposes.

An increasing number of businesses are turning to the private equity markets globally not only as a source of capital, but also with an expectation of benefitting from the strategic and operational expertise that is offered to them by well-established private equity managers. Selecting the best managers and deals is critical to PIP's success in generating good long-term relative performance, particularly at a time when entry prices have been inflated by the high values prevailing generally for all equity assets. PIP's approach to achieving its strategic goal of long-term capital growth is to construct a diversified, global portfolio of high quality assets that can benefit from the specialised expertise of managers experienced in adding value to investments, which are sourced via Pantheon's well-established platform and its deep manager relationships that span several decades.

Careful consideration of environmental, social and governance ("ESG") issues is a key priority for many investors when deploying capital. The Board is satisfied that Pantheon takes these responsibilities seriously, investing with diligence, integrity and conviction on behalf of PIP, and that the processes employed by Pantheon, both in terms of the detailed due diligence conducted at the pre-investment stage as well as the ongoing monitoring once an investment has been made, are robust. The Board also recognises Pantheon's inclusive, progressive culture which is reflected across its entire global workforce where creative investment thinking is encouraged and developed. The Board remains confident that the Manager's approach and its ability to use its extensive network and access to privileged information enables it to source compelling investment opportunities for PIP.

Financial position and strength

PIP's balance sheet is managed to ensure that the Company can finance its undrawn commitments, which are themselves carefully controlled relative to its assets and available liquidity. This disciplined approach enables the Company to be well positioned to withstand periods of volatility and to take advantage of any compelling investment opportunities that may arise during a downturn.

Chairman's Statement (continued)

The unlisted Asset Linked Note ("ALN") was issued with an initial principal value of £200m in October 2017 and is due to mature in August 2027. Repayment of the ALN is only made out of the cash distributions that have been received from a reference portfolio of older investment assets, mainly dating from 2006 and earlier. PIP has made total ALN payments of £122m since it was issued and, as at 31 May 2019, the residual ALN was valued at £94m. The issuance of the ALN has contributed 0.5% to shareholder returns during the year.

In June 2018, PIP announced 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 and has an option to extend, by agreement, the maturity date by another year. As at 31 May 2019, PIP held net available cash of £141m and the undrawn facility was equivalent to £182m, giving the Company total liquid resources of £323m. With undrawn commitments of £521m as at 31 May 2019, 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 comfortable at 3.4 times.

Change of auditor

Grant Thornton has been the Company's auditor since 1987. PIP's Audit Committee, taking account of the regulations for the length of auditor tenure, carried out an external audit tender process during the second half of the financial year. The Audit Committee has recommended to the Board that Ernst & Young LLP ("EY"), whose audit team has extensive experience in auditing investment trusts, should be appointed to replace Grant Thornton as the independent external Auditor of the Company. I would like, on behalf of the Board, to thank Grant Thornton for their audit work and assistance to the Audit Committee and the Board over many years.

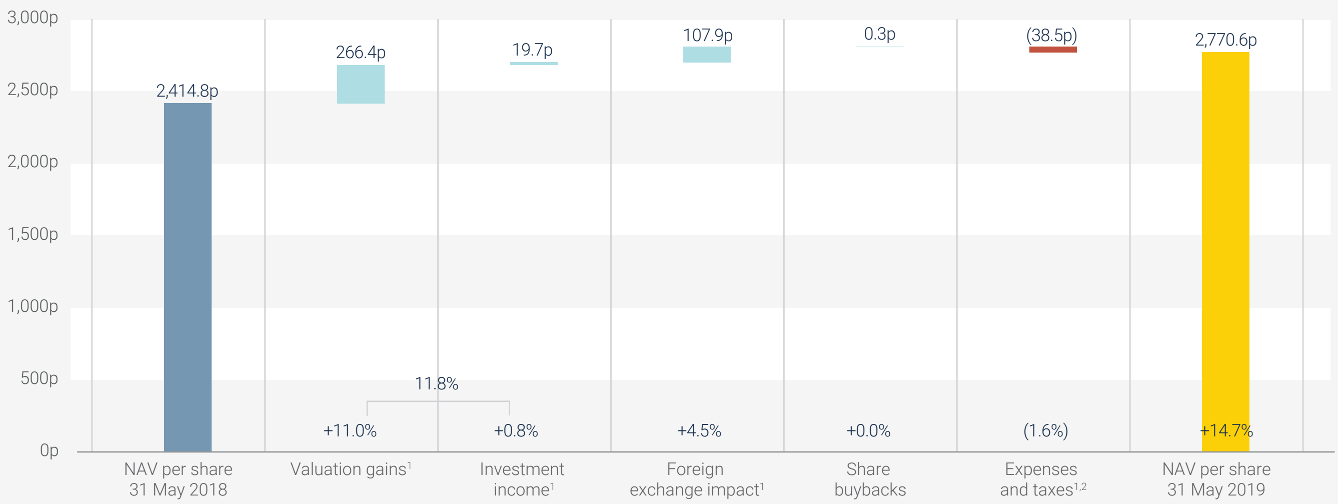
Board changes

The Board regularly reviews its composition, taking into account the need to refresh its membership and diversity whilst ensuring that there is the necessary degree of continuity in recognition of the long-term nature of many of PIP's investments and its relationships with many of its underlying managers.

Ian Barby, who became a Director in 2005, has indicated that he wishes to retire no later than at the Company's AGM in 2020. Ian has been an outstanding Chairman of the Audit Committee since July 2005 and has recently led the selection process to appoint EY as the Company's auditors (in succession to Grant Thornton) for the current financial year ending 31 May 2020. The Board considers it important that Ian remains in post during the transition of audit responsibility to EY over the next few months before leaving the Board and being succeeded as Chairman of the Audit Committee by David Melvin, a Chartered Accountant, who has been on PIP's Board and Audit Committee since 2015.

Rhoddy Swire, who has been a Director since the Company's inception in 1987, will be retiring from the Board at the forthcoming AGM. He was instrumental in the foundation of PIP and has been a major contributor towards its transformation from a small investment trust with net assets of just £12m to a FTSE 250 company with net assets of over £1.5 billion today. Rhoddy's long history

NAV PER SHARE RECONCILIATION



The above chart reconciles the opening and closing NAV per share for the year to 31 May 2019.

1 Figures are stated net of movements associated with the ALN share of the reference portfolio.
2 Taxes relate to withholding taxes on investment distributions.

with the Company and in-depth familiarity with the Company's investment portfolio and its managers is not readily replaceable, particularly in relation to the older vintage investment positions. The Board therefore expects, after he retires as a Director, to retain access to Rhoddy through the Manager at no cost to the Company whereby it can request his advice specifically in relation to issues concerning the investment portfolio.

Since the period end, the Board has conducted a formal search to complement the skills of the Board and add to its diversity. It has announced today that Mary Ann Sieghart will be appointed to the Board upon conclusion of the forthcoming AGM on 30 October. Mary Ann has spent most of her career as a journalist and broadcaster working for prestigious UK broadsheet publications and the BBC. She brings significant experience through serving on the boards of other investment trusts.

My fellow Directors and I are delighted that Mary Ann has agreed to join the Board and look forward to welcoming her in the coming months. Rhoddy leaves the Board with our warmest thanks and best wishes.

Outlook

The geopolitical tensions seen in 2018 have continued and there are signs of an economic slowdown in many parts of the world. While private equity is not immune to the effects of this, PIP's flexible investment approach – by investing directly in primary and secondary deals and in companies through co-investments – means that it can respond effectively to market conditions. PIP has been through a number of cycles during its 32 year history. It backs managers who themselves have experience of managing assets through times of uncertainty, have demonstrated a selective approach to the use of debt and who are able to take advantage of market dislocations by identifying those defensive and exciting high-growth businesses with compelling potential over the long term.

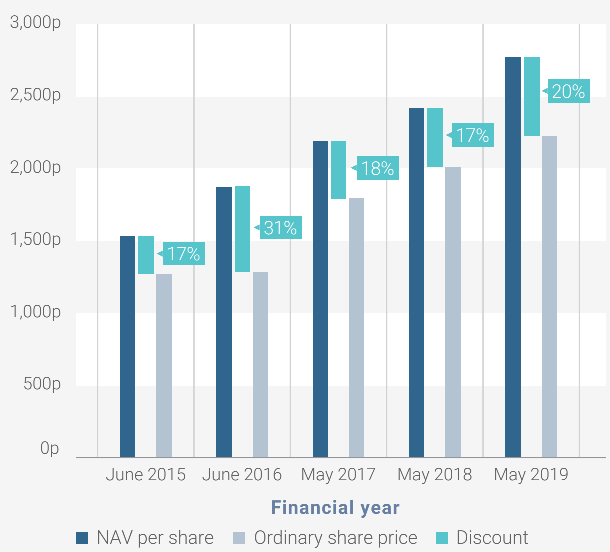
The private equity market is growing strongly, but the barriers to entry remain high for those seeking to invest with the top tier managers who have proven track records of generating high quality and sustainable returns from their assets. The Board believes that PIP is continuing to benefit from its ability to identify and secure access to such managers through Pantheon's global investment team of over 80 professionals with their long-standing relationships, collaborative and inclusive culture and extensive experience of private equity investing.

The Board is confident that this, coupled with PIP's conservatively managed balance sheet and its disciplined, selective investment approach, leaves the Company well-positioned to deliver healthy returns for shareholders over the long term.

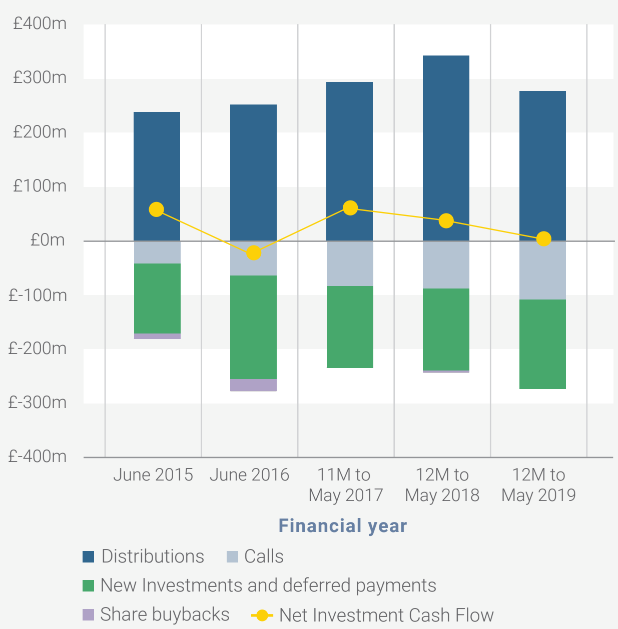
The Strategic Report, comprising pages 1 to 23, has been approved and signed on behalf of the Board.

Sir Laurie Magnus
Chairman
6 August 2019

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

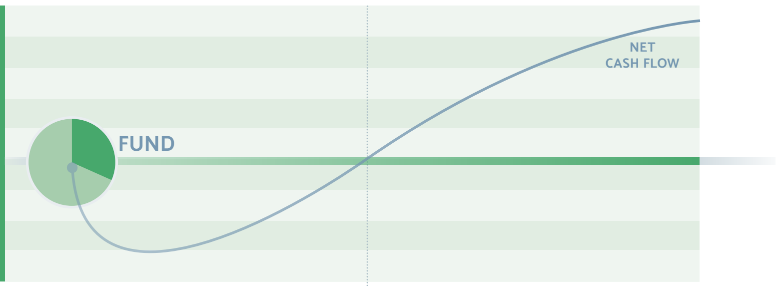
INVESTMENT STRATEGIES

INVESTMENT PERIOD | HARVEST PERIOD

Primary

We invest in a new private equity fund when it is established

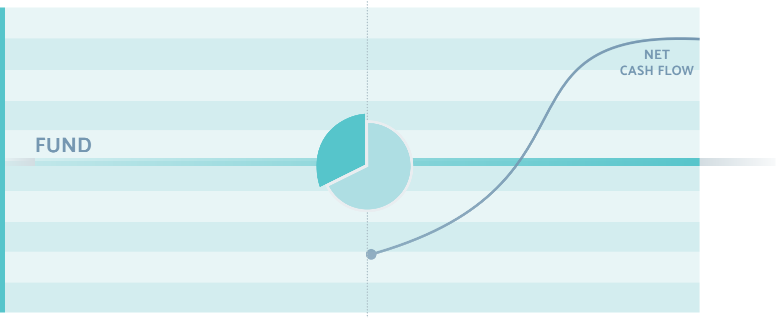
- Captures exposure to top-tier, well recognised managers as well as to smaller niche funds that are generally hard to access.
- Targets leading managers predominantly in the USA and Europe, with a focus on funds rarely available in the secondary market.



Secondary

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

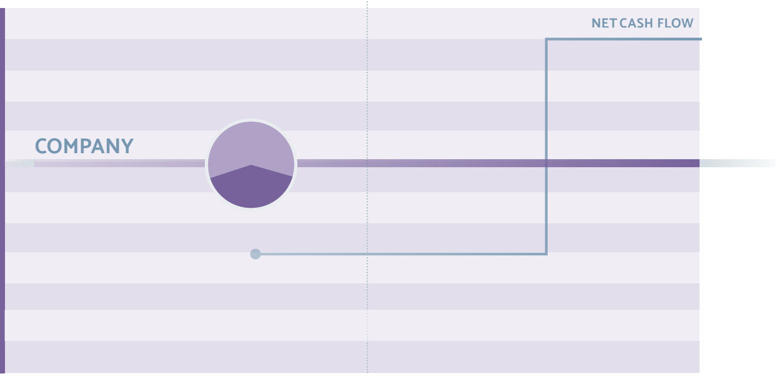
- Targets favoured funds at a stage when the underlying assets' performance is visible and the funds are realising investments, returning cash to PIP more quickly.
- One of the advantages of investing in secondaries is that earlier fees will have been borne by the seller so total expenses are lower.



Co-investments

We invest in 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.



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.$4tn* globally 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.

It is our aim to bring the strong credentials of private equity and its track record of outperforming public markets to a wider set of investors.

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 52 to 56

* Preqin April 2019.

What sets us apart

Track record

For 32 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. PIP has outperformed its benchmark indices on a 1, 3, 5 and 10 year basis and since the Company's inception in 1987.

Culture

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

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 84[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.

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

1 As at 1 July 2019.

Our Strategy

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

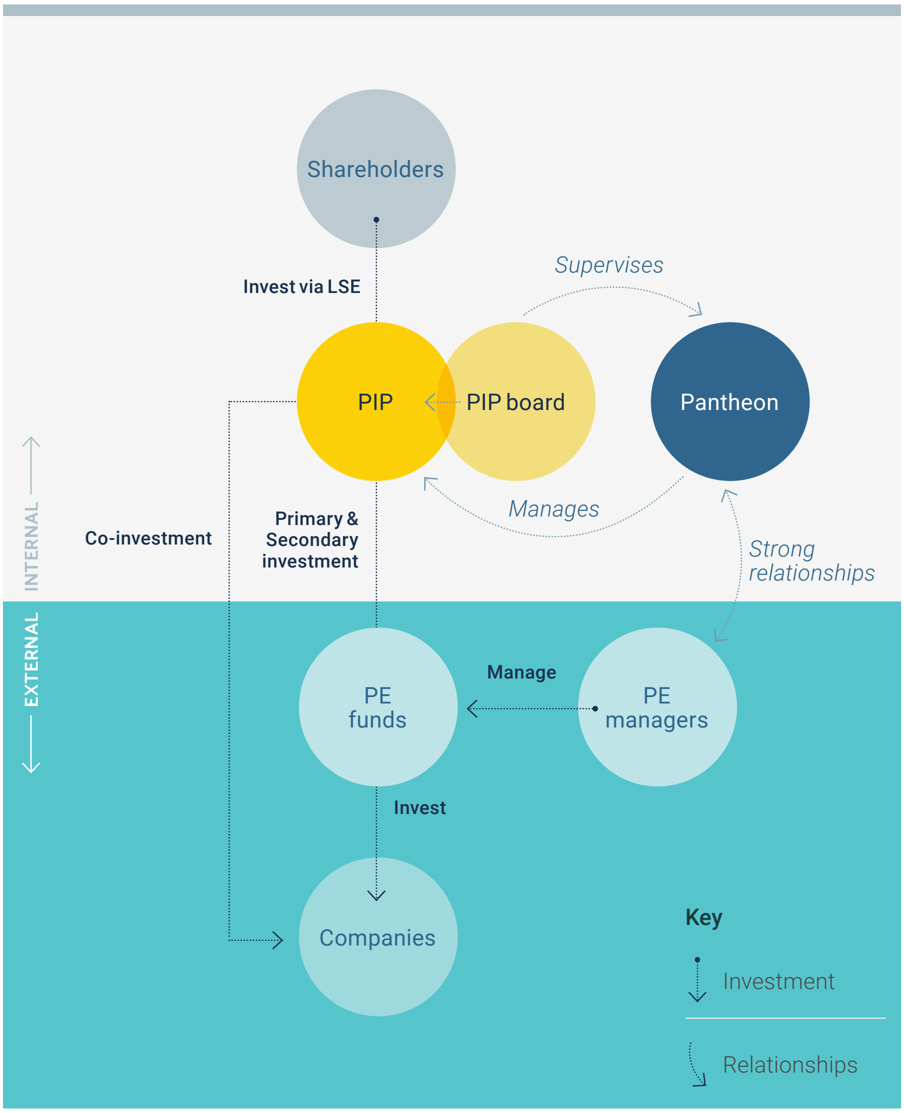
The role of the PIP Board

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, it monitors 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 the Manager who reports regularly to the Board on progress.
In addition, the manager 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 Manager and the Board 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 appropriate 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, the Board assessed progress against the more detailed strategic review held in 2018 which explored how the Company's historically strong NAV performance could be built upon and improved. In addition, the Board also focused on PIP's marketing and investor relations activities, considering new initiatives that could help to increase PIP's exposure and reach potential new investors in the Company. It is the Board's view that a relentless focus on optimising investment performance is critical in attracting demand for the Company's shares and this, supported by the comprehensive marketing plan that has been agreed with the Board, could then lead to a narrowing of the discount at which the shares currently trade. The main conclusions of the Board's assessment are outlined as follows.

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 thoughtfully 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 a disproportionately material adverse effect on the Company's overall performance.

This year, the Board has agreed with the Manager that the Company will continue to maintain its diversified approach, recognising that its increased focus on portfolio construction, as explained below, may materially reduce the number of third party managers and companies to which the portfolio is principally exposed. The Board also confirmed it is satisfied that the Manager should continue to exercise slightly more flexibility in the types and size of investments that it makes; this is discussed in more detail below.

The Board believes that this approach gives shareholders 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.

Remain flexible but controlled in approach to 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 conducted in 2018, it was recognised that certain secondary opportunities may not always be the best fit for PIP's portfolio.

There is a recent tendency in the market for some secondary opportunities 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 actively to 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. As PIP seeks to maximise capital growth and avoid older assets becoming over-weighted in the portfolio, it was agreed by the Board that the Company would benefit from Pantheon's greater control over allocation, giving it the ability 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.

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.

Our Strategy (continued)

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 distinct characteristics, 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").

While late stage growth opportunities remain attractive, it is our view that the return profile of early stage venture can often be too protracted 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 small 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 active approach towards the weightings of those geographies in response to market conditions 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.

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 technology, education and healthcare.

For more information on the sectors in which PIP is invested, see pages 34 to 39

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 the Company'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.

Upon conclusion of the forthcoming Annual General Meeting, Mr Rhoddy Swire will step down from the Board. Since the period end, the Company has announced that a new female Director will be appointed to the Board on 30 October 2019.

As an investment trust, PIP has no direct impact on the community or the environment. However, Pantheon is careful through its due diligence and ongoing monitoring processes 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 in 2007. 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 40 to 43

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 to 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 the result 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 schemes. 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 2019, 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 80 and 81.

Investment risk

Type and Description of Risk	Potential Impact
Insufficient liquid resources to meet outstanding commitments to private equity funds	Investment losses and reputational damage arising from the inability to meet capital call obligations.
Lack of suitable investment opportunities to meet strategic diversification objectives	Change in risk profile as a result of manager, fund or company exposures that are materially different from the Company's intended strategy.
Private equity investments are long term in nature and it may be some years before they can be realised	Potential decline in realisation activity which may impact portfolio performance.
Investments in unquoted companies carry a higher degree of risk relative to investments in quoted securities	Illiquidity of underlying assets may have an adverse impact on realisations and portfolio performance.
Gearing, whether at the vehicle (PIP), fund or company level, could cause the magnification of gains and losses in the asset value of the Company	Potential impact on performance and liquidity, especially in the event of a market downturn.
Non-sterling investments expose the Company to fluctuations in currency exchange rates	Unhedged foreign exchange rate movements could impact NAV total returns.
Changes in the Company's tax status or in tax legislation and practice	Failure to understand tax risks when investing or divesting could lead to tax exposure or financial loss.
Possibility that another investor in a fund is unable or unwilling to meet future capital calls	Counterparty defaults can have unintended consequences on the remaining investors' obligations and investment exposure.

Risk Management	Outcome for the Year
■ PIP has a mature portfolio that is naturally cash generative. ■ In the event that cash balances and cash distributions are insufficient to cover capital calls, PIP has the ability to draw funds from a credit facility. ■ The Board manages the Company so that undrawn commitments remain at an acceptable level relative to its portfolio assets and available financing. ■ The Board conducts a comprehensive review of the Company's cash flow model on a regular basis.	■ The total available financing as at 31 May 2019 stood at £323m, comprising £141m in net available cash balances and a £182m undrawn revolving credit facility. Total available financing along with the private equity portfolio exceeded outstanding commitments by a factor of 3.4 times.
■ Pantheon has put in place a dedicated investment management process designed to achieve the Board's intended investment strategy. ■ The Board regularly reviews investment and financial reports to monitor the effectiveness of the Manager's investment processes.	■ During the year, PIP has invested within strategic limits for vintage year, geography and stage allocations, as well as within concentration limits for individual managers, funds and companies.
■ PIP pursues a flexible investment strategy, combining secondary investments which typically have shorter exit horizons, with co-investments and primary commitments.	■ The Company's flexible investment strategy has resulted in a portfolio with a healthy mix of likely exit horizons.
■ As part of its investment process, Pantheon assesses the approach of its managers to company illiquidity as well as projected exit outcomes.	■ Strong realisation activity during the year, with distributions of £277m and a distribution rate equivalent to 24% of opening portfolio assets.
■ PIP's Articles of Association and Investment Policy impose limits on the amount of gearing that the Company can take on. ■ The principal covenant of the loan facility ensures that the Company is limited to a maximum gearing (excluding the ALN) of 34% of adjusted gross asset value (excluding the ALN). ■ The Board conducts regular reviews of the balance sheet and long-term cash flow projections.	■ The Company had no gearing at a vehicle level as at the end of the current financial year.
■ The Manager monitors the Company's underlying foreign currency exposure. ■ As part of its investment process, the Manager takes currency denominations into account when assessing the risk/return profile of a specific investment. ■ Multi-currency credit facility is a natural hedge for currency fluctuations relating to outstanding commitments.	■ Foreign exchange had a positive impact on performance during the year.
■ Pantheon's investment process incorporates an assessment of tax. ■ The Manager reviews the appropriateness of an investment's legal structure to minimise the potential tax impact on the Company.	■ Taxes had a minimal effect on overall NAV performance in the year.
■ PIP invests in high quality funds alongside institutional private equity investors. ■ A considerable proportion of PIP's investments are in funded positions.	■ Approximately 50% of new commitments made in the year were funded at the time of acquisition.

Principal Risks and Uncertainties (continued)

Non-investment risk

Type and Description of Risk	Potential Impact
Market factors such as interest rates, inflation and equity market performance, can affect the value of investments	Impact of general economic conditions on underlying fund and company valuations, exit opportunities and the availability of credit.
Reliance on the accuracy of information provided by General Partners when valuing investments	Risk of errors in financial statements and NAV reporting.
PIP relies on the services of Pantheon as its Manager and other third party service providers	Business disruption should the services of Pantheon and other third party suppliers cease to be available to the Company.
High dependency on effective information technology systems to support key business functions and the safeguarding of sensitive information	Significant disruption to IT systems may result in financial losses, the inability to perform business critical functions, regulatory censure, legal liability and reputational damage.
Uncertainty around the Brexit process will have consequences for the Company	Market and currency volatility may adversely impact returns. The Company's ability to market its shares to European investors may also be at risk.

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 2019. 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

Risk Management	Outcome for the Year
■ Pantheon's investment process incorporates an assessment of market risk. ■ Active management of investments to ensure diversification by geography, stage, vintage and sector.	■ PIP continued to maintain a diversified approach to portfolio construction. ■ Quoted asset exposure was below 10% as at 31 May 2019.
■ The valuation of investments is based on periodically audited valuations that are provided by the private equity managers. ■ Pantheon carries out a formal valuation process involving monthly reviews of valuations, the verification of audit reports and a review of any potential adjustments required to ensure reasonable valuations in accordance to fair market value principles under GAAP.	■ No material misstatements concerning the valuation and existence of investments during the year.
■ The Board keeps the services of the Manager and third party suppliers under continual review. ■ The Management Agreement is subject to a notice period of two years, giving the Board adequate time to make alternative arrangements in the event that the services of Pantheon cease to be available.	■ The Board has approved the continuing appointment of the Manager and other service providers following an assessment of their respective performance during the year.
■ Pantheon has a comprehensive set of policies, standards and procedures related to information technology. ■ Ongoing investment and training to improve the reliability and resilience of Pantheon's information technology processes and systems.	■ No material issues to report for the year.
■ Pantheon has been monitoring policy developments and reviewing aspects of the Company's business that rely on pan-EU arrangements.	■ Pantheon has opened an office in Dublin, with Pantheon Ireland authorised to conduct regulated activities within the EU on behalf of Pantheon, ensuring that Brexit will have a minimal impact on Pantheon's ability to operate in Europe.

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 23 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
6 August 2019

Manager's Review

We access top private equity managers who can **actively add value** to growing companies.

How private equity managers add value

The best managers **consistently transform companies** to create long-term value

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 for a broad range of investors as it can boost the performance of their investment portfolios and provide differentiated returns.

Barriers to entry are high

For the most part, capital in the industry is managed in non-listed structures, typically limited partnerships. 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.

We make the private, public

However, by buying shares in a listed private equity investment trust such as PIP, investors can gain ready access to private equity opportunities. For the price of one share, investors can participate in a managed, globally diversified private equity portfolio. Investors can also benefit from the administrative simplicity and liquidity obtained from being able to buy and sell shares trading on a recognised stock exchange. In addition, the capital gains that arise are retained within an investment trust structure, and are not subject to corporation tax.

Private equity managers have clear objectives

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

Businesses offering significant growth potential are key

- Managers are often industry sector experts and use their knowledge and resources to create value in their portfolio companies.
- Highly skilled managers are able to manage assets through economic cycles.
- Experienced managers take advantage of mispricing and dislocations when identifying attractive investment opportunities.
- Managers take environmental, social and governance risks into account when making an investment and aim to improve their companies' performance on these metrics over time.

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.

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

- Private equity managers focus on potential exit strategies when identifying target companies, and during due diligence.
- Private equity managers are able to position their investments for sale and can 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.

Manager's Market Review

Andrew Lebus and Helen Steers, Partners at Pantheon, discuss the private equity market, Pantheon's activities in the past year and their expectations for the year ahead.

PIP's regional and sector exposure can be increased or decreased as appropriate in response to market conditions.

Helen Steers Partner

The best managers operate with long-term investment horizons, looking for high quality companies that are often in niche sectors and demonstrate real growth potential.

Andrew Lebus Partner

With an estimated value of just under $4tn[1] in 2018, the global private equity market seems to be achieving scale. What have been the key developments in the past year?

HS The private equity market is expanding strongly, but when we consider its size relative to the assets under management of some of the largest global investors, in traditional asset classes, there seems to be further room for growth.

Those of us working in private equity tend to think of it as a mainstream asset class, however over a third of institutional investors still do not allocate to private equity.

Of those investors that do allocate to private equity, many are planning to increase their exposure. Fundraising remains robust – with $461bn[2] raised in 2018 – albeit at a slightly lower level than in the previous year. Investment activity also remains robust, keeping pace with funds raised, and exits continue to generate strong cash flow.

AL At Pantheon, we have had another busy 12 months working with the best managers globally to source attractive investments for PIP's portfolio. These manager relationships are not formed overnight, they are the result of the tireless work of our global investment team of over 80 professionals who are able to use their extensive networks, built up over many years, and their access to privileged information to tap into the exciting deal flow that we continue to see in our pipeline.

1 Source: Preqin April 2019, data as at June 2018.
2 Source: Preqin, April 2019.

There is an estimated $1.2tn[3] of private equity "dry powder" (capital raised and available to invest but not yet deployed) globally and many private equity investors are paying relatively high prices for assets. How is Pantheon ensuring that PIP is not overpaying for assets?

HS During the almost 30 years that I have been in private equity, including 15 years at Pantheon, there have often been concerns about "too much capital chasing too few deals". While it is true that the amount of dry powder is high, it is important that we put this into context and compare it with capital deployment. New investment appears to be keeping pace with fundraising, resulting in a ratio of deal activity to dry powder that has been steady over the past few years.

In addition, dry powder tends to be concentrated in the mega buyout segment of the market. At Pantheon we are more focused on the mid-market, where we frequently see greater growth potential in the underlying businesses and with more routes to exit. Our mid-market managers, or General Partners ("GPs"), may choose to sell assets to these larger managers, who can then take those businesses forward into their next stages of development.

AL Undeniably, valuations continue to be high but we think that this is true of all equity investments. Our managers are responding to this and mitigating valuation multiples by employing buy-and-build strategies, where smaller accretive acquisitions can be completed. Managers will also implement operational improvements to maximise the growth potential in the investee businesses, entering into more complex transactions, for which many strategic buyers may not have the required expertise or resources, and by specialising in sector and deal types where private equity involvement can really boost the potential of those businesses.

Amidst the growing geopolitical tensions, especially between the USA and China, and uncertainty affecting many investment decisions, to what degree is PIP exposed to businesses that could bear the brunt of such disruption?

AL Asia (and Emerging Markets) represent a smaller part of PIP's portfolio, compared to the USA and Europe, and for the past decade Pantheon's investment focus in China has been on domestic consumption. There is negligible exposure in PIP's portfolio to companies that could be directly impacted by the US-China trade dispute, however there is no doubt that sentiment is starting to weigh on business and consumer spending through the erosion of confidence. How this plays out will very much depend on the length and intensity of the trade war and its outcome. This applies not only to China and the USA, but also to other economies through their roles in the global supply chain.

Closer to home for PIP, as it is a pound sterling-quoted stock, is the continued uncertainty around Brexit in the UK and the question of how and when the UK will leave the European Union. While Pantheon and our managers are taking a careful approach to deploying capital in the UK, it continues to be a relatively attractive jurisdiction from a private equity perspective, which is focused on long-term investment. Having said that, the UK only represents around 8% of PIP's total underlying portfolio.

HS This highlights the importance of how PIP invests – PIP's regional and sector exposure can be increased or decreased as appropriate in response to market conditions. But even in regions or sectors where there is pressure, our managers are still able to spot compelling opportunities and take advantage of market dislocations where there are attractive growth prospects over the long term.

AL We still see the most opportunities in the USA, which has the deepest and most established private equity market, and we expect that to continue. In Europe, many of the managers that Pantheon backs are regional or pan-European managers who are able to deploy capital in different countries as economic events unfold during an investment period.

The healthy US economy appears to be an outlier as GDP growth is slowing elsewhere, particularly in Europe and China. How well is PIP prepared for when the economic cycle turns?

AL It is likely that the US economy has been buoyed by the changes in tax allowances, which has bolstered investment there. It appears that the emerging economies, particularly China, India and Korea, have been the main drivers behind global economic growth in recent years so any decline there will contribute to a downturn. In its more than 30-year history, PIP has been through multiple cycles, and we believe that the strength of PIP's balance sheet, with the careful control of its undrawn commitments and liquidity ratio, means that it is well positioned to withstand a downturn.

HS Also, we are backing managers who themselves have been through a number of cycles and have experience of managing assets in less favourable conditions. Let's not forget that one of the key characteristics of private equity is that our managers are not under any pressure to sell their assets and indeed they may choose not to sell if they do not believe that the timing is right for a particular business. A key part of Pantheon's due diligence process is assessing how a manager has performed in previous downturns so that we are able to build up a picture of how they might respond and perform in the future.

3 Source: Preqin April 2019, data as at June 2018.

Manager's Market Review (continued)

AL From all my time in private equity, of which 25 years have been at Pantheon, I have seen how our managers are able to adapt and be flexible. As they are out of the public eye, our managers have the space and time to respond to events and implement changes to grow businesses over the long term. We believe that this is one of the reasons why companies are choosing to stay private for longer before listing on public markets.

Given that risk and performance are actively managed in PIP's portfolio through its diversified approach and full control over portfolio construction, are there sectors that you are avoiding or focusing on in particular?

AL I think that the pressures being experienced in the retail sector are well documented and so we are staying away from consumer discretionary businesses that are excessively exposed to the economic cycle. Instead, we prefer defensive sectors, such as healthcare and education, that offer growth via innovation or demographics rather than being correlated to GDP.

HS Technology disruption can be seen as a threat but it is also an opportunity. Many managers are recognising that there are overlaps between technology and other sectors, and are not only establishing technology verticals but also using technology horizontally within their existing platforms. They are driving innovation and using advanced data analytics to optimise operations and launch new products. Pantheon is alert to the opportunities that this presents for value creation in our underlying portfolio companies and we talk about this in more detail on pages 34 and 35.

The global secondary market is growing and, with an estimated record $74bn[4] of deal volume in 2018, this trend looks set to continue. As pioneers in this space, how has Pantheon kept up with these developments?

AL I sit on the Global Secondary Investment Committee at Pantheon and have seen first hand how the secondary market has become a more established channel through which both investors and private equity managers can facilitate liquidity or reshape their portfolios.

GP-led transactions – where the GPs themselves are actively involved in finding liquidity for an investor in their fund – are an increasing part of the market and represented 32% of the total secondary volume in 2018, up from 20% in 2014[4]. The types of secondary transactions are evolving and, in addition to traditional secondary deals, now also include restructuring programmes and tenders. Single-asset deals, where GPs carve out individual assets that they do not yet wish to sell, are also increasing. A long-established, experienced secondary market player such as Pantheon is an attractive investor for these kinds of deals and we often work with our managers to shape the deal itself.

Pricing in the secondary market has remained broadly flat with good quality buyout funds, which are Pantheon's focus, tending to trade at around NAV. At Pantheon, we have manager relationships that span decades and through our platform, we are able to identify deals that offer embedded value. Maintaining discipline and selectivity is paramount and we use our in-house expertise to choose our investments carefully. We are actively avoiding early stage venture funds and deals where there is poor alignment with the GP, underperforming assets, a mixed quality GP track record, a lack of visibility around the exit or if the rationale for the secondary transaction is unclear. Instead, we focus on acquiring concentrated positions in more recent (younger than 10 years) vintages where the attributes for outperformance are more pronounced.

The co-investment market is becoming increasingly competitive – how is Pantheon able to continue to source good deal flow for PIP's portfolio?

HS I am a long-standing member of the Global Co-investment Committee at Pantheon and have observed that our platform continues to yield significant co-investment opportunities. As with all our investments, we have maintained our disciplined approach and only invest in deals where the targeted business is a good fit for the manager in terms of their sector and geographic expertise. The valuation environment has been aggressive, and our dedicated and experienced co-investment team works continuously with our managers to understand their valuation metrics and challenge them.

Pantheon remains an attractive co-investor for several reasons – we do not compete against our managers, we are reliable, and we have the scale and ability to deploy capital quickly and efficiently. In addition, we can also co-underwrite transactions alongside our managers.

We have talked about the opportunities but what keeps you awake at night?

AL We have discussed the high valuations but debt levels have been rising as well. However, there are some mitigating factors to this – the percentage of equity invested into businesses is healthy, there are more covenant-lite structures which allow GPs some flexibility if companies underperform and finally, and perhaps most reassuringly, many of our managers remember the Global Financial Crisis and still have the scars on their backs. Several GPs have in-house debt teams to ensure that they are making the best use of the leverage available to them on attractive terms and, importantly, are disciplined enough to decline the amount of leverage on offer if it isn't appropriate.

4 Source: Greenhill-Cogent, Global Secondary Market Trends, January 2019.

Public vs. Private[5]

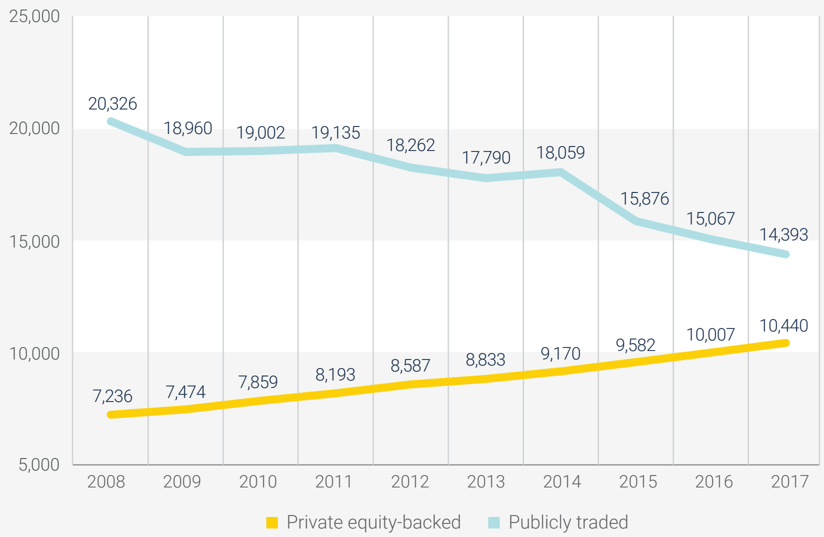
-3.8%

Reduction in number of **public companies**, per annum

+4.2%

Increase in number of **private equity-backed companies**, per annum

NO. OF COMPANIES IN NORTH AMERICA AND EUROPE



HS We have also observed an increasingly complex environment for our GPs, including changing investor dynamics, greater regulation affecting operational strategies, and more detailed reporting and transparency requirements. This is why Pantheon's ability to assess the risks as well as the opportunities as part of its detailed due diligence process is so important. In my roles on the European Investment, International Investment and Co-investment Committees at Pantheon, I see most of the deals that Pantheon is sourcing for PIP and I often say that assessing those deals is both an art and a science. It's not just about the numbers – although they matter of course – but of equal importance is understanding the mechanics of how a manager operates and whether they have the right people, strategy and tools in place to be able to respond quickly to events and deliver good performance in the future.

As with any industry, there are some misconceptions about private equity – in your opinion, what are the most common ones?

AL Sometimes private equity is portrayed in a negative light and it is true that there have been some high-profile cases of things going wrong. However, it is important to understand that the best managers operate with long-term investment horizons, looking for high quality companies that are often in niche sectors and demonstrate real growth potential. They focus on creating value in their investee businesses through hands-on operational and strategic support and there is a real alignment of interest between the investors, private equity manager and a company's management with everyone crystallising equity value at the same time once the value creation plan has been achieved.

HS In addition, there seems to be a belief that environmental, social and governance factors are not considered in private equity investment. This couldn't be further from the truth and our colleagues Alex Scott and Jie Gong discuss this in more detail on pages 40 and 41.

Finally, what are your expectations and priorities for the year ahead?

HS As I said at the beginning, the private equity market is growing but still has much further to go. This presents a wealth of opportunities for an established, long-term investor such as Pantheon. Even if entry prices for private equity investments remain high, we believe that there will be greater recognition of the role of private equity in stimulating growth, transforming businesses and providing attractive returns. The corollary of expanding private markets is the shrinkage that we are seeing in public markets, which is illustrated in the above chart. Investors are finding that private markets are providing access to faster growing, younger and more innovative companies.

AL We will continue to focus on building a diversified portfolio for PIP, which we are able to achieve flexibly through our three pillars of investment – primaries, secondaries and co-investments – that we believe is capable of delivering healthy returns and of continuing to outperform benchmark public market indices over the long term.

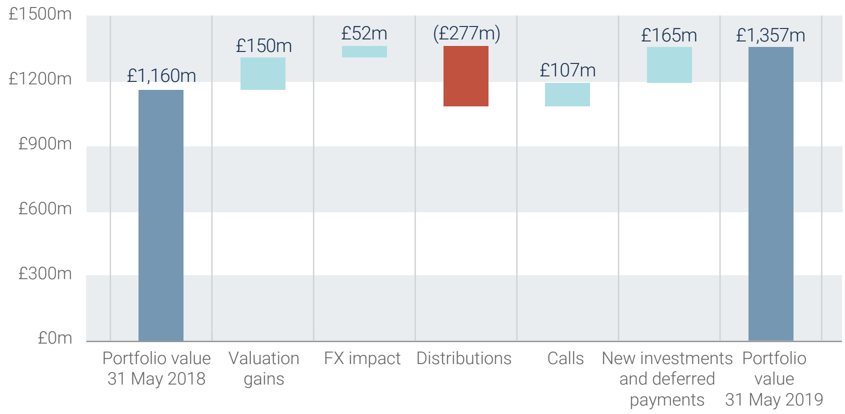
5 Source: "PitchBook" 2018 M&A Report.

Performance

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

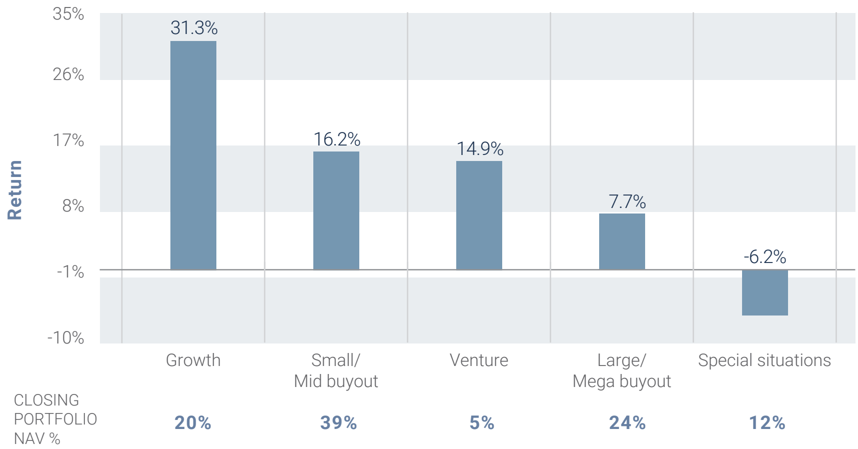
Private equity portfolio movements

- Excluding returns attributable to the ALN share of the portfolio, PIP's portfolio generated returns of 12.9% during the year.
- PIP's total portfolio generated investment returns, prior to foreign exchange effects, of 12.5%.



Valuation gains by stage[1]

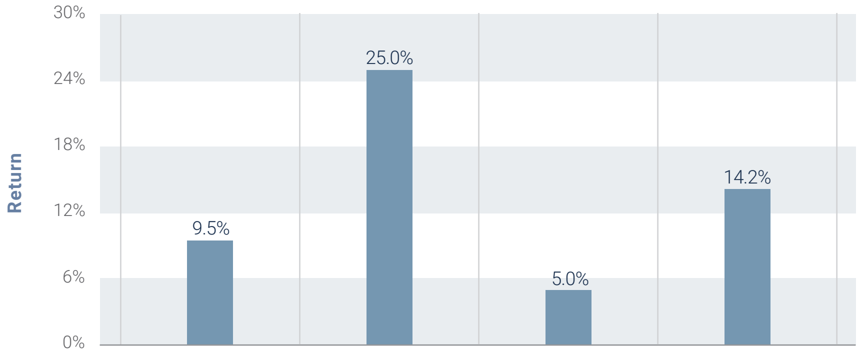
- PIP experienced strong performance from growth and small/mid-market buyout funds, driven by both strong exits and growth in underlying portfolio company valuations.
- Large buyout returns were more modest, impacted by a small number of company-specific events.
- Negative performance in special situations due to valuation declines in the energy sector outweighed by strong performance across the rest of the portfolio.



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, and are calculated by dividing valuation gains by opening portfolio values.

Valuation gains by region[1]

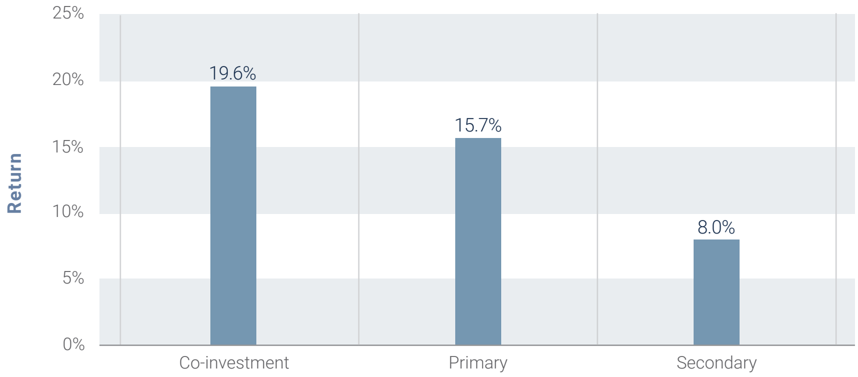
- European investments made an important contribution to overall performance during the year.
- USA performance was negatively impacted by a handful of buyout investments.



	USA	Europe	Asia and EM	Global
CLOSING PORTFOLIO NAV %	**55%**	**26%**	**12%**	**7%**

Valuation gains by type

- Strong co-investment performance underpinned by a number of exits at significant uplifts to carrying value.
- Stronger performance from recent secondary investments offset by a decline in value of energy companies.
- Primary performance driven by more recent vintage fund investments.



	Co-investment	Primary	Secondary
CLOSING PORTFOLIO NAV %	**33%**	**27%**	**40%**

Sector Themes

Every sector is **experiencing digital disruption**

Disruptive technology is changing the way private equity does business. Our investment strategies are evolving while there are many opportunities for our managers to source new types of deals and use technology to add value to our portfolio companies.

Investing

- Private equity managers are establishing technology verticals within their existing platforms, hiring senior technology-focused investment professionals from other industries and consulting firms, and partnering with top universities to attract technical talent
- Buyout GPs are actively building relationships with venture communities and acquiring venture and growth capital backed companies
- Private equity managers are employing advanced data analytics to enhance deal sourcing
- Leading GPs' investment strategies and due diligence techniques are evolving to reflect the impact of technology

Managing

- Private equity managers are helping founder/owners develop their technologies for commercial use, and expand their application to new products and services
- GPs are accelerating the adoption of technology in portfolio companies in order to boost value creation through:
  - driving faster revenue growth (e.g. by using digital marketing)
  - reducing costs by optimising operations (e.g. digitalisation of supply chain management)
  - increasing valuation multiples by strategically repositioning businesses (e.g. transforming offline retail into a multiple channel approach)

Transformational investment opportunities

Media & Telecoms	Digital media, data services and cloud-based solutions
Financial Services	FinTech, including digital payments and mobile investment/trading services
Healthcare	Healthcare software, telemedicine, health analytics
Manufacturing	Industry 4.0, IIOT (Industrial Internet of Things)
Aerospace & Defence	Augmented reality, advanced robotics, Big Data and analytics
Consumer & Retail	E-commerce, digital targeting and social media engagement

Creating value with technology

Sandaya is an operator of premium family campsites in Europe

Apax Partners, a Paris-headquartered mid-market buyout fund manager, invested in Sandaya in 2016 and saw an opportunity to increase the proportion of revenue derived from e-commerce, which was low relative to its competitors. By helping the company build its internal technology expertise, enhance its digital marketing efforts, launch a new web and mobile site, and improve its customer feedback system, Sandaya was able to:

- Increase digital sales from 30% to 54% of total revenue
- Increase e-commerce revenue by 79% versus the prior year
- Decrease customer acquisition costs by 53% versus the prior year
- Achieve an 8.8/10 TrustPilot rating

Actify Data Labs delivers business solutions using advanced data analytics, algorithms and augmented intelligence

Actify Data Labs was initially established in 2018 as a data analytics platform catering purely to the portfolio companies of True North, a mid-market buyout manager based in India. True North identified the platform's greater potential and with their backing, Actify was able to:

- Invest in its research and product development capabilities
- Offer its services to external clients across different sector verticals; key clients now include global companies such as Starbucks, Toyota and Equifax

AbacusNext is a leading Technology-as-a-Service provider primarily serving the legal and accounting professions

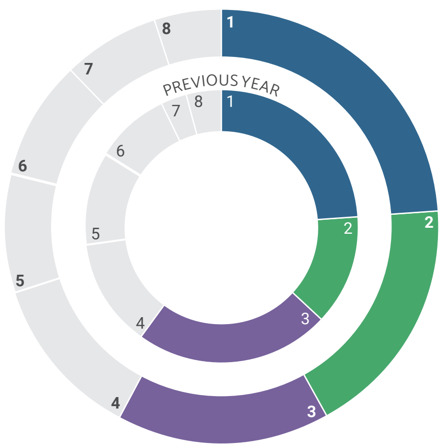
Providence Strategic Growth, a US growth fund manager, invested in Abacus in 2016. At the time, the company was focused on providing practice management software for the legal profession. Under private equity ownership, Abacus was able to:

- Use bolt-on acquisitions to gain the necessary technology and capabilities to expand the company's product suite at a faster rate and lower cost than developing them in-house
- Evolve into a provider of cloud-enabled, subscription-based software solutions capable of servicing other compliance-driven verticals (e.g. accounting, healthcare, real estate, government) beyond its core legal market

Sector Themes

Pantheon assesses deals across many sectors and has seen interesting opportunities in information technology and healthcare as well as attractive deal dynamics in certain energy and financial sector transactions and areas in the consumer sector. 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. The industry reclassification[2] of certain media companies globally from Consumer to Communication Services contributed to the reduction in exposure to the Consumer sector in PIP's portfolio during the year.

Company sectors[1]



1	Information Technology	24%
2	Healthcare	18%
3	Consumer	16%
4	Financials	12%
5	Industrials	9%
6	Energy	9%
7	Communication Services	7%
8	Others	5%

Information Technology 24%

Growth in software as a service and other cloud-based delivery models

PORTFOLIO EXAMPLES

CallRail — Call analytics software company

Ministry Brands — Provider of cloud software for faith-based organisations

Use of innovative technology and big data analytics to optimise business processes

PORTFOLIO EXAMPLES

adyen — Global developer of multi-channel payment platforms

iQ MEDIA — Provider of market intelligence services

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

1 The company sector chart is based upon underlying company valuations as at 31 March 2019 and account for over 98% of PIP's overall portfolio value.
2 Industry reclassification undertaken by the Global Industry Classification Standard ("GICS").

Healthcare 18%

Ageing populations and growing middle classes are shifting healthcare needs

PORTFOLIO EXAMPLES

COLISEE	Operator of retirement homes
SEQUEL YOUTH AND FAMILY SERVICES	Provider of behavioural health services

Increasing use of advanced diagnostics and specialty pharmaceuticals to treat chronic conditions

PORTFOLIO EXAMPLES

EUSAPharma	Pharmaceutical company focused on oncology and rare diseases
HyTest	Manufacturer of antibodies for the diagnostics industry

Reliance on technology to manage healthcare workflows

PORTFOLIO EXAMPLES

virence	Provider of clinical and financial software solutions for the healthcare industry
Connect Your Care	Provider of healthcare account administration software and services

Consumer 16%

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

PORTFOLIO EXAMPLES

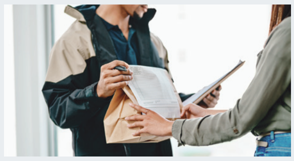
Affinity Education Group	Third largest childcare centre operator in Australia
INSEEC U.	European private higher education group

Consumers increasingly aware of healthy eating and sustainability issues

PORTFOLIO EXAMPLES

salad signature	Manufacturer of salad spreads
Flora	Manufacturer of non-dairy, plant based spreads

Widespread e-commerce adoption among consumers globally

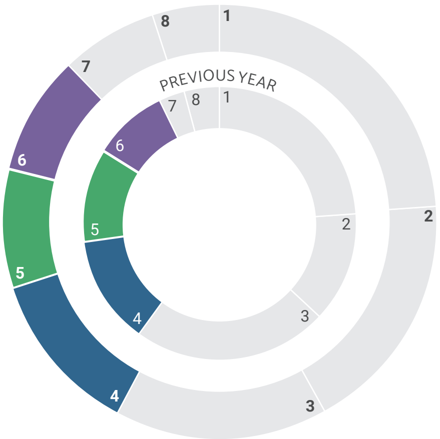


PORTFOLIO EXAMPLES

deliveroo	Online food delivery platform
wine.com	Online wine retailer

Sector Themes (continued)

Company sectors[1]



1	Information Technology	24%
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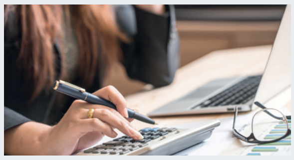
7	Communication services	7%
8	Others	5%

Financials 12%

Consolidation in the insurance brokerage market



PORTFOLIO EXAMPLES

HUB — Property and casualty insurance broker

CIPRÉS — Wholesale life and health insurance broker

Surge in challenger banks that offer niche products to underserved markets

PORTFOLIO EXAMPLES

Shawbrook Bank — Specialist lending and savings bank

one Savings Bank — Specialist mortgage bank

Technology playing a greater role in the provision of new financial products

PORTFOLIO EXAMPLES

nexi — Provider of high quality solutions for making and accepting digital payments

Revolut — Provider of digital banking services

1 The company sector chart is based upon underlying company valuations as at 31 March 2019 and account for over 98% of PIP's overall portfolio value.

Industrials 9%

Technology-led innovations improve productivity and reduce costs

PORTFOLIO EXAMPLES

mobilitie – Provider of site management and maintenance services for wireless communication towers

TRANSPLACE – Provider of technology-enabled logistics services

Use of specialised outsourcers for non-core processes

PORTFOLIO EXAMPLES

univativ – Provider of personnel placement services in Germany

RIGHTPOINT – Provider of digital marketing services in the USA

Energy 9%

Opportunity to back experienced management teams in an undervalued sector niche

PORTFOLIO EXAMPLES

ASCENT RESOURCES – Oil and gas exploration company operating in the Utica Basin in Ohio

TUG HILL – Oil and gas exploration company operating in the Appalachian Basin in Texas

Focus on scalable US assets in core basin locations

PORTFOLIO EXAMPLES

TARGA – Leading independent midstream energy company in North America

Managing our business responsibly

Alex Scott and Jie Gong, Partners at Pantheon, discuss Pantheon's approach to responsible investment and how environmental, social and governance ("ESG") factors are incorporated in PIP's portfolio.

Jie Gong Partner

Joined 2013, 22 years of private equity experience. Jie is a member of Pantheon's Asia Regional Investment Committee and the Global Co-investment Committee. She is also a member of Pantheon's ESG Committee and the Global Diversity and Inclusion Committee.

Alex Scott Partner

Joined 2005, 22 years of private equity experience. Alex is a senior member of Pantheon's European investment team, a member of the European Investment Committee and the ESG Committee, having led Pantheon's ESG initiatives and industry engagement since 2015.

Responsible investment has climbed up the agenda among investors in recent years. However, it can mean different things to different organisations. What does it mean to Pantheon?

AS For us, the principles of responsible investing are upheld in all of our investment activities. It goes beyond just the 'avoiding harm' type of negative screening and incorporates ESG-based risk mitigation as well as value creation opportunities, which benefit all stakeholders of our portfolio companies. Our objective is to seek competitive risk-adjusted financial returns, and we believe that embracing ESG in our investment approach helps support that objective. While Pantheon is not an impact investor, which seeks environmental and social impact in all investments, there are a number of companies in PIP's portfolio which generate such benefits as part of their business positioning. An example of this is First Watch, a US-based investment in PIP's portfolio, which is a large award-winning restaurant chain that uses its purchasing power to bring tangible benefits to its suppliers and helps them to invest in the communities in which they operate. This is discussed in more detail on pages 42 and 43.

JG Responsible investing is entirely consistent with Pantheon's fiduciary role as a steward of our clients' capital. We have an in-house ESG Committee – comprised of senior individuals from investment, risk and investor relations teams – which sets Pantheon's ESG strategy and policy, and provides feedback across the business and to external stakeholders. We have valued the ESG framework as an investment frame of reference from very early on: we were one of the first private equity signatories of the United Nations-supported Principles for Responsible Investment ("PRI").

Pantheon has been a signatory to the Principles for Responsible Investment since 2007, receiving an A+ rating in 2018 for private equity, and has served on the Private Equity Advisory Council since 2017. How has ESG investing changed in recent years?

JG The scope of ESG has widened, which is a reflection of the increasingly complex environment due to technological advances, industry evolution and social changes. For example, customer data protection has quickly risen to be one of the top items in the 'social' category of the ESG lexicon today compared with the relative obscurity of the concept ten years ago. Also, ESG incorporation is developing more 'teeth'. It has gone beyond just being investment policies and practices, it is now also about measurement. The recent developments in the Sustainability Accounting Standards Board ("SASB") standards and the Task Force on Climate-related Financial Disclosure ("TCFD") both have measurable metrics as the ultimate goal. As the saying goes: what gets measured, gets managed.

Speaking of measurement, Pantheon has its own ESG measurement standards for its investments. Can you explain how they work?

AS Yes, ESG ranking is an integral part of our entire investment assessment and due diligence process. For our fund investments, each manager or 'GP' is rated green, amber or red based on a variety of factors. Those ranked amber or red are typically lacking in some critical aspect of ESG, for example not having a formal ESG policy in place, no ESG reporting mechanism, or no designated senior person overseeing ESG incorporation. Not having a green rating does not indicate a lack of intention to incorporate ESG or a shortage of the fiduciary mindset. Rather, most often it is a function of a manager being recently formed or with constrained team bandwidth and therefore not having had the time or resources to put in place its policies, or not having seen the benefit of ESG reporting. As time passes, most managers migrate to the green rating. Among the 20 primary commitments made by PIP during the period, only two have not yet received the green rating.

JG Many GPs have found our engagement through the ESG rating process to be valuable. We have introduced them to the tools available on the PRI website, the SASB Sustainability Map, and other useful resources. Pantheon is a signatory to the Global Investor Statement on Climate Change, which was facilitated by the UN Environment Programme Finance Initiative Climate Change Working Group, and we seek to ensure that our managers are aware of the risks of climate change in their investment selection process and that they act in accordance with the relevant climate change regulations. Since we incorporated climate change into our ESG due diligence questionnaire, several GPs have learned what the climate change risks actually are! For example, LYFE Capital, one of the Asian managers in the PIP portfolio, expressed appreciation for our climate change training at their office recently and have since included climate change risk assessment in their due diligence process. Assisting our GPs on their ESG journey is a part of how we add value as an investor.

PIP's portfolio is composed of many underlying companies. Is it difficult to monitor the ESG risk of the underlying companies on an ongoing basis?

AS *RepRisk*, which is a third party service that was fully integrated into Pantheon's pre- and post-monitoring processes in 2017, has dramatically extended our monitoring reach. We have excellent coverage and receive live alerts and news flow on issues affecting the underlying portfolio companies, including those held by PIP. We log any incidents and follow up on issues that we regard as material with the relevant manager to further understand more about the background, assess the accuracy and reporting of the incident and to find out how the manager plans to address the issue or what steps might already have been taken. As a result, we are better informed and can challenge our managers when we need to, making it more of a two-way dialogue. Often, we hear that we are the only investor of our type to have contacted the GP, which we think reflects how Pantheon is taking the lead in this regard. During the period, incidents in companies accounting for around just 1% of PIP's NAV required follow up with the relevant GP, and in all the cases, we were satisfied that the correct action had been taken where necessary.

The six principles of the UNPRI underpin our ESG strategy:

1. Incorporate ESG issues into our investment analysis and decision-making processes
2. Be active owners and incorporate ESG issues into our ownership policies and practices
3. Seek appropriate disclosure on ESG issues by the entities in which we invest
4. Promote acceptance and implementation of the Principles within the investment industry
5. Work together to enhance our effectiveness in implementing the Principles
6. Report on our activities and progress towards implementing the Principles

How would you judge the overall quality of ESG investment in our industry?

JG Both awareness and adoption of ESG principles have been improving steadily but the uptake of ESG practices remains somewhat uneven. To remedy this, we have been very active in promoting the integration of ESG in a number of different ways. We work with various private equity trade associations to advocate ESG through organising and speaking at seminars and workshops. In addition, we have contributed to the development of a number of UNPRI ESG guidelines, and those created by the Institutional Limited Partners Association ("ILPA") and some regional organisations, which are important tools to empower ESG incorporation and promote standardisation of practices. We also set up a biennial ESG Award of Excellence in Asia, the first of its kind in the region, through our role at the Hong Kong Private Equity and Venture Capital Association. Alongside other advocates, our efforts are making a difference in raising the ESG standards of our industry.

Turning to employee diversity and inclusion, it could be said that private equity still faces some challenges in terms of gender diversity. However, Pantheon has won awards for its approach and is recognised as an industry leader for promoting gender equality within its own workforce. What is the secret to your success?

JG Diversity has always been part of Pantheon's DNA. The spirit of inclusion is characteristic of Pantheon's culture of openness and respect. I sit on our Global Diversity Committee, which coordinates Pantheon's initiatives to drive forward our practices and policies, and the firm is also a Signatory to the UK Government's Women in Finance Charter, which commits us to a pre-set target of gender diversity. We believe that we were the first private equity firm to publish its gender diversity data, which demonstrates the transparent approach that we take to the conduct of our business, and as at 1 January 2019 our workforce was split almost equally between males and females, and over 40% of our Global Heads of Departments are female. In addition, Helen Steers, a Partner at Pantheon, is one of the co-founders of Level 20 (www.level20.org) whose aim is to inspire women to join and succeed in private equity.

Of course, diversity is not just about gender and we strive to ensure that our workforce is ethnically diverse and reflects the global nature of our business. We also support Sponsors for Educational Opportunity, a non-profit organisation focused on this issue, in a variety of ways.

Finally, is there anything else that you would like to highlight about Pantheon's ESG approach and how it might affect PIP?

AS The UK's Modern Slavery Act requires Pantheon to report annually on the steps we take to ensure that slavery and human trafficking are not taking place in our business or supply chains. Pantheon's ESG policy is already aligned with a zero tolerance approach to modern slavery and trafficking, and both the policy and the Modern Slavery Statement can be found on Pantheon's website (www.pantheon.com).

JG At Pantheon, we are constantly assessing and developing our approach to ESG to ensure that we stay ahead. It is our strong view that incorporating ESG into our investment and business processes is not only the right practice for our planet and people, it is also good for business and has a positive impact on our ability to create value in PIP's portfolio.

Example of Responsible Investing

FIRST WATCH
THE DAYTIME CAFE

Region	USA
Sector	Consumer
Stage	Large Buyout

There's growing evidence that consumers look for companies that integrate social and environmental factors into their business plan, and the way we look at it, it's just good business to do those things.

Chris Tomasso, CEO and President of First Watch

Highlights

375	No. of restaurants across 32 US states
>$1m	Total donations made to Share Our Strength's "No Kid Hungry" campaign

About the company

First Watch Restaurants is the largest and fastest growing daytime-only restaurant concept in the USA. The company was founded 35 years ago in Pacific Grove, California, and has won many customer, industry and local awards for its healthy and innovative menu.

Partnering for good

First Watch partners with organisations with a clear social mission, while harnessing its normal business and purchasing practices to benefit quality suppliers that invest in their own communities.

- The company contributes 25 cents from every child's meal sold to Share Our Strength's No Kid Hungry campaign.
- In addition, First Watch has partnered with an organisation called Mujeres en Café to create Project Sunrise, the new First Watch branded coffee. Mujeres en Café is a women-led organisation in Colombia that helps female farmers to navigate the coffee business in a traditionally male-dominated industry. Through Mujeres en Café, the women are collectively becoming a stronger force in the local market, improving their ability to negotiate compensation and increasing the productivity of their farms.

Why invest in the company

Advent International
GLOBAL PRIVATE EQUITY

Advent was attracted to First Watch because it is a health-orientated restaurant concept focused on breakfast, a growing segment of the restaurant market. The company has strong customer loyalty and a scalable business, with significant whitespace for new restaurants.

In conducting due diligence on the investment, Advent identified the opportunity to develop a more formal corporate social responsibility programme and more strongly communicate existing sustainability initiatives. Post-investment, this has translated into the development of the Project Sunrise initiative and more robust programmes related to data security and food safety.

Our relationship

In 2017, PIP committed to Advent International Global Private Equity VIII which then invested in First Watch. PIP places importance on Pantheon's commitment to incorporating ESG factors in its investment and decision-making processes, and its ability to monitor the policies and progress of managers and their underlying portfolio companies.

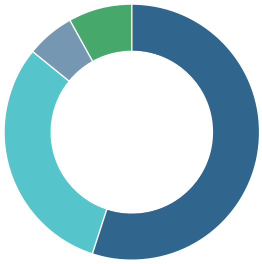
Distributions

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

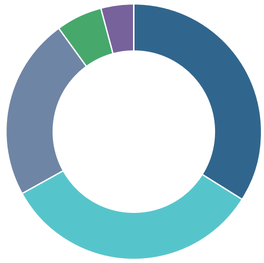
PIP received £277m in proceeds from PIP's portfolio in the year to 31 May 2019 equivalent to 24%[2] of opening private equity assets. The USA accounted for the majority of PIP's distributions, where market conditions supported a good level of exits, particularly from buyouts.

DISTRIBUTIONS BY REGION



USA	55%
Europe	31%
Asia and EM	6%
Global	8%

DISTRIBUTIONS BY STAGE

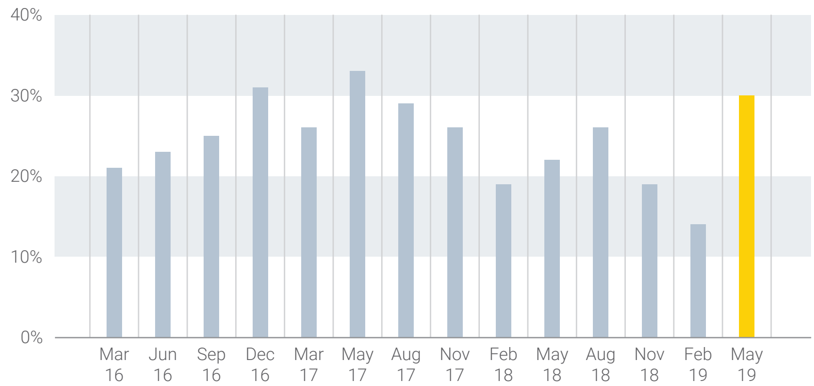


Large/mega buyout	34%
Small/mid buyout	33%
Growth	23%
Venture	6%
Special situations	4%

Quarterly distribution rates

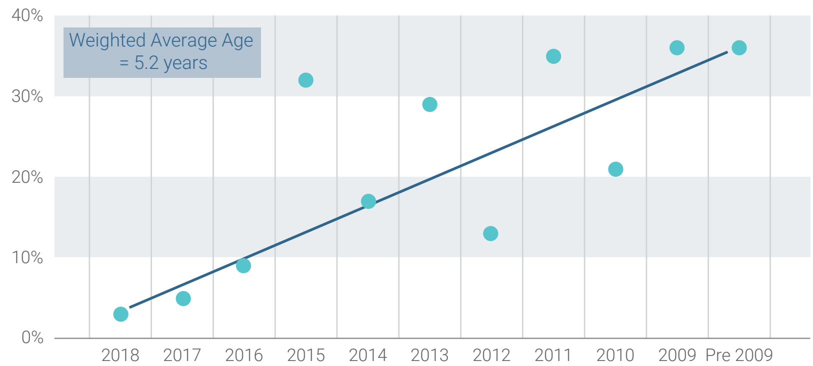
Strong quarterly distribution rates reflect the maturity of PIP's portfolio.

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



Distribution rates by vintage

With a weighted average fund maturity of 5.2 years[3], PIP's portfolio should continue to generate significant levels of cash.

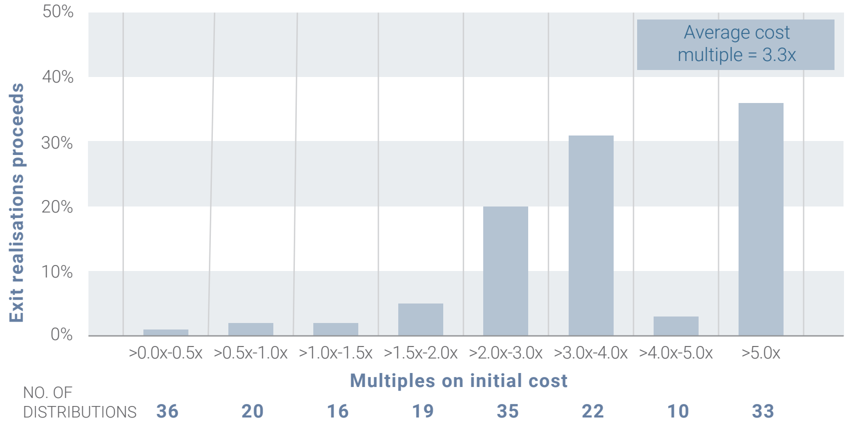


CLOSING PORTFOLIO NAV %	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	Pre 2009
	12%	13%	16%	17%	6%	4%	5%	4%	1%	2%	18%

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 25%.
3 Calculation for weighted average age excludes the portion of the reference portfolio attributable to the Asset Linked Note. Fund age refers to the year in which a fund make its first call or in the case of a co-investment, the year in which the co-investment was made.

Cost multiples on exit realisations for the year to 31 May 2019[1]

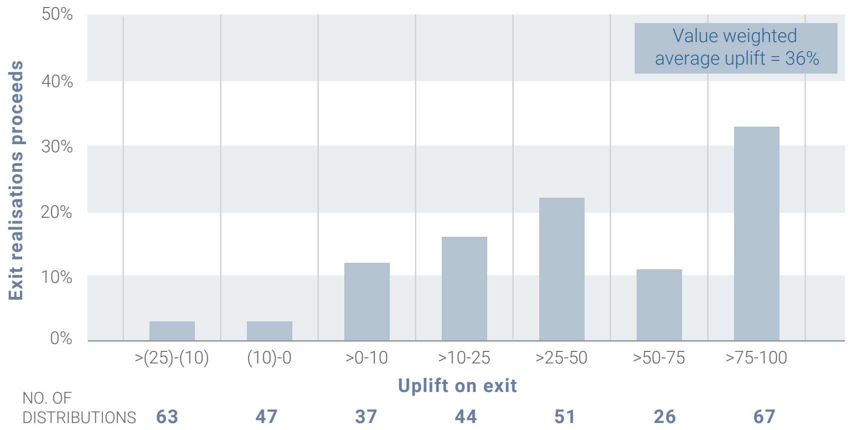
The average cost multiple of the sample was 3.3 times, highlighting value creation over the course of an investment.



Uplifts on exit realisations for the year to 31 May 2019[1]

The value-weighted average uplift in the year was 36%, consistent with our view that realisations can be significantly incremental to returns.

The method used to calculate the average uplift has been changed in this period to compare the value at exit with the value twelve months, rather than the value six months, prior to exit. The reason for this change is that six month prior valuations now more commonly reflect the value implied by an impending realisation event and may not give a true reflection of the uplift achieved through exit, particularly for co-investments which represent a growing proportion of realisation activity.

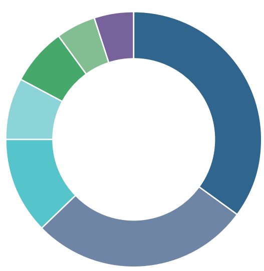


Exit realisations by sector and type

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

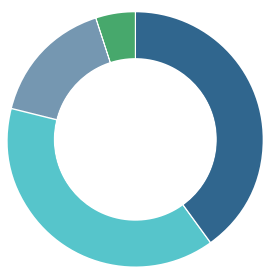
Secondary buyouts and trade sales represented the most significant source of exit activity during the year. The data in the sample provide coverage for 100% (for exit realisations by sector) and 89% (for exit realisations by type) of proceeds from exit realisations received during the period.

EXIT REALISATIONS BY SECTOR



Information Technology	35%
Consumer	28%
Industrials	12%
Financials	8%
Healthcare	7%
Energy	5%
Others	5%

EXIT REALISATIONS BY TYPE



Secondary buyout	40%
Trade sale	39%
Public market sale	16%
Refinancing and Recapitalisation	5%

1 See page 128 of the Alternative Performance Measures section for sample calculations and disclosures.

Distribution Example

adyen

Region	Europe
Sector	Financial Services
Stage	Growth
Vintage	2007
Proceeds	£12.5m

In the end, it wasn't the size of the round or the valuation that brought us together, but our mutual ambition to build a global payments business that was truly transformational. The Adyen team had a real clarity of purpose from day one, and the role of everyone around the table was to make sure that we stayed focused, and didn't get distracted by too many new features or off-strategy opportunities. It's the only way we stood a chance of having a material impact on the $23 trillion payments industry.

Jan Hammer, Index Ventures

Highlights

>4bn	No. of transactions processed annually
60%+	Increase in share price since its IPO

About the company

Adyen is a technology company that aims to redefine the payments industry.

The firm's multi-channel (card, online, mobile) technology removes friction for both shoppers and merchants, reduces settlement time and provides valuable data insights to merchants.

Key clients include Uber, Netflix, Facebook, Spotify, Etsy, Vodafone, Sephora, Tory Burch, L'Oréal, Nike, Skype, Dropbox and Booking.com

Why invest in the company

Since its founding in 1996, Index Ventures has worked with some of the most successful entrepreneurs in the USA and Europe. Adyen, which is run by a founder-led management team that actively fosters innovation, is no exception.

The team at Index Ventures saw the potential for Adyen to disrupt the traditional payment services landscape with its globally integrated platform. The company is well-positioned to take advantage of the growth in the global payments market, underpinned by the increasing globalisation of commerce, changing shopping behaviours and the rise of electronic and mobile commerce.

Our relationship

Pantheon's relationship with Index Ventures extends back to 2004, when Pantheon invested on behalf of its clients in Index's flagship Venture funds, and subsequently into the firm's Growth funds. PIP is invested in Adyen through different Index funds, all of which have been access constrained. Pantheon is a member of the Advisory Board of every Index Ventures fund.

VALUE CREATION

Index Ventures invested €68m in Adyen to support the company at different stages of its growth and in doing so, helped position Adyen to become one of Europe's largest, and most successful, technology initial public offerings.

2006
Adyen was founded in the Netherlands

2011
Index invested €11.5m in Adyen to support the growth of the business and its international expansion

2012
Adyen added point-of-sale capabilities to its service offering, received its pan-European acquiring license, and opened offices in London, San Francisco and Paris

2013
Index invested a further €23.0m in Adyen

2014
Index invested another €33.9m in Adyen to support product development and geographic expansion

2016
Adyen launched MarketPay, a global payment solution for marketplaces (e.g. Etsy)

2017
Adyen exceeded €1bn revenues for the first time in 2017

Adyen launched Check-out, which allows merchants to offer efficient payment options on websites, mobile sites and mobile applications. Adyen obtained a European banking licence as well as acquiring licences in Singapore, Hong Kong, Australia and New Zealand

2018
Adyen listed its shares on the Euronext Amsterdam

Distribution Example

sivantos
the hearing company

Region	Global
Sector	Healthcare
Stage	Large Buyout
Vintage	2015
Proceeds	£10.7m

Both Widex and Sivantos have been at the forefront of innovation in the industry. Together, WS Audiology has abundant resources to create excellent products and further accelerate innovation with creative, high-tech and easy-to-use products and services, broadening the choice for hearing aid users.

Thomas Ebeling, Chairman of the Board of Directors of WS Audiology

Highlights

15%	Share of global hearing aid market
€100m	Annual budget for research and development

About the company

Sivantos is one of the largest hearing aid manufacturers in the world. Headquartered in Singapore, the company offers a diverse portfolio of technologically advanced products under brands such as Signia, Audio Services and Rexton.

In May 2018, Sivantos merged with Widex to form WS Audiology. The merger created a top-three hearing aid contender globally, with a comprehensive, multi-channel sales and distribution platform in more than 125 markets.

Why invest in the company

EQT

Founded in 1994, EQT invests in companies where there is an opportunity to effect growth through the consistent application of an industrial approach and access to specialist expertise.

In Sivantos, EQT saw an opportunity to invest in an operationally astute business with healthy growth prospects, limited cyclicality, high barriers to entry and a strong standing in emerging markets.

Our relationship

Pantheon and PIP have a long-standing relationship with EQT, having invested in a series of EQT funds through primaries and secondaries. In 2015, PIP also co-invested £3.0m in Sivantos alongside EQT.

VALUE CREATION

EQT invested €542m in Sivantos to support product and channel innovation, geographic expansion and growth through strategic acquisitions.

TOP LINE GROWTH +57%	■ Above market growth through new technology platforms ■ Successfully developed add-ons acquisitions (e.g. audibene, TruHearing)
OPERATIONAL IMPROVEMENTS +5%	■ Realised cost savings by executing management's Full Potential Plan, with the support of EQT and its industrial advisors
STRATEGIC REPOSITIONING +52%	■ Positioned as a leading digital player through innovative products/services and acquisitions ■ Strong footprint in emerging markets
DEBT PAYDOWN -14%	■ Optimised capital structure and invested in M&A

Distributions (continued)

Top 50 Distributions

Rank	Company	Country	Sector	Description	Company Distributions (£m)
1	StandardAero	USA	Industrials	Aftermarket repair services provider	17.3
2	Recorded Books	USA	Consumer	Publisher of audio books and other digital content	13.7
3	Adyen	Netherlands	Information Technology	Global payment company	12.5
4	Confidential	USA	Information Technology	Emergency services software company	11.7
5	Sivantos	Singapore	Healthcare	Manufacturer of hearing aids	10.7
6	Spotify	Luxembourg	Information Technology	On-demand digital music streaming service provider	7.9
7	Alliant Insurance	USA	Financials	Insurance brokerage company	7.7
8	Farfetch	United Kingdom	Consumer	Clothing, accessories and beauty online retailer	7.5
9	GlobalTranz	USA	Information Technology	Logistics services provider	6.2
10	Confidential	USA	Information Technology	Provider of employee health engagement software solutions	6.1
11	NIBC Bank	Netherlands	Financials	Financial services company	5.8
12	Confidential	USA	Information Technology	Open-source software development company	5.5
13	Adaptive Insights	USA	Information Technology	Provider of business budgeting software	4.1
14	Rollon	Italy	Industrials	Industrial machinery company	4.1
15	Nexi	Italy	Financials	Payment and securities services provider	4.0
16	Pret A Manger	United Kingdom	Consumer	Retailer of sandwiches, soups and drinks	3.3
17	Sundance	USA	Consumer	Fashion and accessories retailer	3.3
18	Cognita	United Kingdom	Consumer	Global private school group	3.1
19	Confidential	Luxembourg	Consumer	Platform for the acquisition of higher education assets	2.9
20	FleetPride	USA	Industrials	Heavy-duty truck and trailer parts distributor	2.6
21	Ambea	Sweden	Healthcare	Healthcare services provider	2.5
22	Eze Software	USA	Information Technology	Investment management software company	2.4
23	Orchid Orthopedic Solutions	USA	Healthcare	Manufacturer of surgical implants	2.4
24	Acrisure	USA	Financials	Property and personal insurance provider	2.3
25	United Group	Netherlands	Communication Services	Media company	2.3
26	BMC Software	USA	Information Technology	Provider of digital information technology solutions	2.3
27	Springs Window Fashions	USA	Consumer	Provider of commercial window treatment services	2.3
28	Deutsche Fachpflege	Germany	Healthcare	Provider of non-clinical intensive care services	2.2
29	OSY Technologies	Israel	Information Technology	Cybersecurity services provider	2.2
30	Cabot Credit Management	United Kingdom	Financials	Provider of credit management services	2.1
31	Paris Presents	USA	Consumer	Manufacturer of branded beauty accessories	2.1
32	Active Minerals	USA	Materials	Provider of mineral products for industrial use	2.0
33	Advanced Traffic Solutions	USA	Information Technology	Developer of traffic management software solutions	1.9
34	Apollo Education	USA	Consumer	Testing education provider	1.9
35	Warranty Group	USA	Financials	Payment processing company	1.9
36	eFront	France	Information Technology	Web-based integrated capability solutions provider	1.9
37	Xiaomi	China	Information Technology	Consumer electronics company	1.8
38	Humanetics	USA	Information Technology	Manufacturer of computer crash test models	1.7
39	LBX Pharmacy	China	Consumer	Pharmacy chain	1.7
40	Acturis	United Kingdom	Information Technology	Insurance software company	1.7
41	Confidential	USA	Financials	Provider of insurance, warranty and support services	1.7
42	Bonne Terre	United Kingdom	Consumer	Online gaming company	1.6
43	Aimbridge Hospitality	USA	Financials	Hotel operator	1.6
44	Profi Rom	Romania	Consumer	Convenience store chain	1.6
45	Verimatrix	USA	Information Technology	Provider of content security solutions for pay-TV networks	1.6
46	Pluralsight	USA	Consumer	Provider of programming software	1.6
47	Cargus International	Romania	Industrials	Provider of courier and freight services	1.6
48	Confidential	France	Communication Services	Broadband service provider	1.6
49	Saxo Bank	Denmark	Financials	Bank and online trading company	1.5
50	Smartsheet	USA	Information Technology	Provider of online project management software	1.5
	TOTAL				197.5
	Coverage of total distributions				71%

Calls

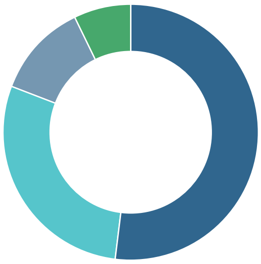
Calls during the year were used to finance investments in businesses such as healthcare facilities, application software developers, insurance brokers and education services companies.

Calls by region and stage

PIP paid £107m to finance calls on undrawn commitments during the year.

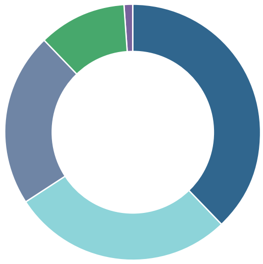
The calls were predominantly made by managers in the buyout and growth segments.

CALLS BY REGION



USA	52%
Europe	29%
Asia and EM	12%
Global	7%

CALLS BY STAGE

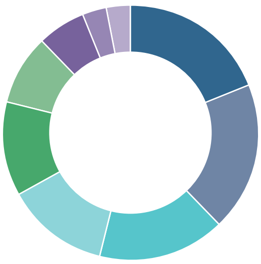


Small/mid buyout	38%
Large/mega buyout	28%
Growth	22%
Special situations	11%
Venture	1%

Calls by sector

A large proportion of calls were for investments made in the healthcare, information technology, consumer and financial sectors.

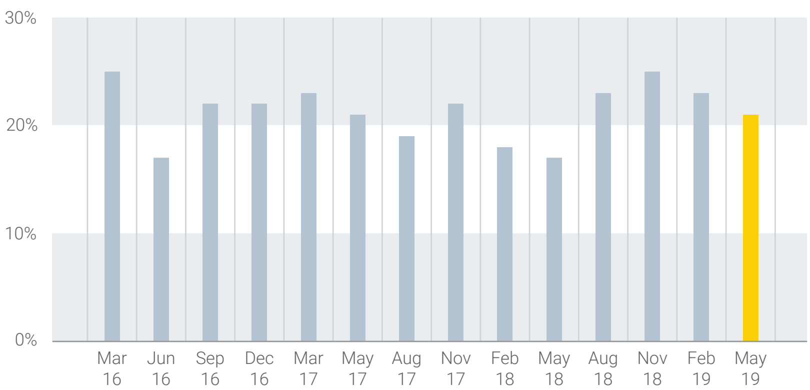
CALLS BY SECTOR



Healthcare	19%
Information Technology	19%
Consumer	16%
Financials	13%
Industrials	12%
Energy	9%
Telecom Services	6%
Materials	3%
Others	3%

Quarterly call rate[1]

The average annualised call rate for the year to 31 May 2019 was 24%.



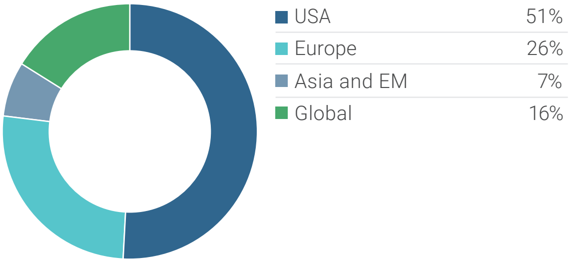
1 Call rate equals calls in the period (annualised) divided by opening undrawn commitments. All call figures exclude the acquisition cost of new secondary and co-investment transactions.

New Commitments

Through PIP's access to an active pipeline of high quality deal flow, it committed £341m to 59 new investments during the year. Of the total commitment made, £165m was drawn at the time of purchase.

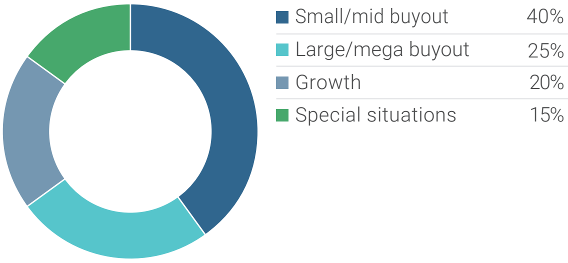
New commitments by region

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



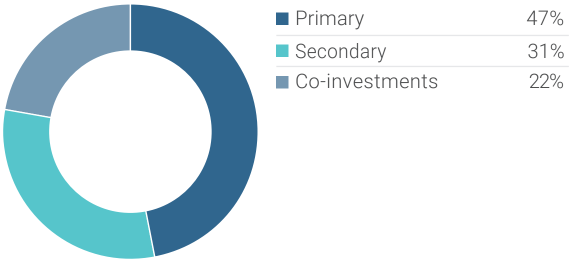
New commitments by stage

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



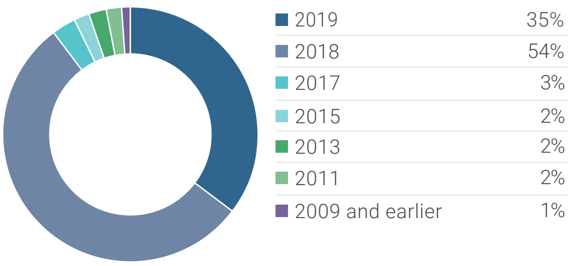
New commitments by investment type

New commitment during the year reflect the attractiveness of opportunities across the spectrum of PIP's investment activity.



New commitments by vintage

Primaries and co-investments, which accounted for over two thirds of total commitments during the year offer exposure to current vintages. Secondary investments made during the period were mostly in 2015 and later funds, consistent with PIP's strategy of focusing on recent vintage investments while reducing its weighting to older tail-end funds.



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 originate 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 single asset investments with significant upside potential.

£105m

committed to 13 secondary transactions during the year.

EXAMPLES OF SECONDARY COMMITMENTS MADE DURING THE YEAR:

Region	Stage	Description	Commitments £m	Funded %[2]
USA	Growth	Portfolio of four US growth funds	19.2	95%
Europe	Small/mid	UK mid-market buyout fund	13.2	61%
USA	Small/mid	Secondary acquisition of a minority interest in an ophthalmology company	13.0	100%
Europe	Special sits	European special situations fund	12.5	89%
USA	Special sits	Secondary investment in a US oil and gas producer	12.1	100%

Primary Commitments

Investing in primary funds allows PIP to gain exposure to top tier, well recognised managers as well as to smaller niche 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.

£160m

committed to 20 primaries during the year.

EXAMPLES OF PRIMARY COMMITMENTS MADE DURING THE YEAR:

Investment	Stage	Description	Commitments £m
Advent Global Private Equity IX USD	Large/mega	Global large buyout fund	23.8
Searchlight Capital III	Special sits	Global special situations fund	20.5
Altor Fund V	Small/mid	European mid-market buyout fund focused on the Nordic region	19.4
ECI 11	Small/mid	Mid-market growth buyout fund focused on the UK	15.0
Growth Fund[3]	Growth	North American fund targeting growth-stage technology companies	11.0

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)

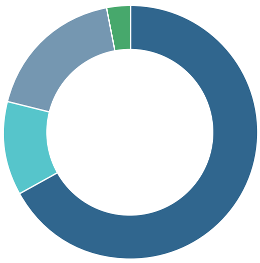
Co-investments

PIP's co-investment programme benefits from Pantheon's extensive 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, information technology and financials sectors in the USA in particular, offered compelling investment opportunities.

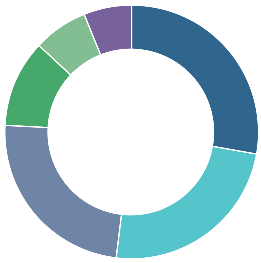
£76m
committed to 26 co-investments during the year.

Co-investments by geography



USA	67%
Europe	12%
Asia and EM	18%
Global	3%

Co-investments by sector



Healthcare	28%
Information Technology	24%
Financials	24%
Industrials	11%
Consumer	7%
Energy	6%

HYTEST | SUMMA EQUITY

HyTest

£1.3m
Co-investment

- Producer of antibodies and antigens for the diagnostic industry.
- Defensive business model with "mission critical" products, sticky customer relationships and high cashflow conversion.
- Meaningful value creation opportunities for geographic expansion and accretive acquisitions.

URGENT CARGUS | MID EUROPA PARTNERS

URGENT CARGUS

£3.5m
Co-investment

- Leading courier, express and parcel service provider in Romania.
- Well-positioned to benefit from increased consumer spending and growth in e-commerce.
- Barriers to entry and asset light business model allows for operational flexibility and scalability of service provision.
- Opportunity for value creation through operational improvements and new revenue streams.

SF FILTER | AMBIENTA

SF FILTER

£2.2m
Co-investment

- Pan-European distributor of industrial and mobile filters.
- Primary buyout of a market leader with opportunities for operational improvement and further geographic expansion.
- Defensive business model due to aftermarket product focus and favourable regulatory environment.

MILLENIUM TRUST | ABRY PARTNERS

MILLENNIUM TRUST COMPANY

£2.5m
Co-investment

- Provider of technology-enabled retirement and investment solutions for employers, financial advisors and individuals.
- Niche product offering high cash flow conversion due to low ongoing capex requirements.
- Company expected to benefit from auto enrolment and an increase in US pension plan participation rates.

New Commitment Example

RENAISSANCE

Region	USA
Sector	Information Technology
Commitment	£3.2m

Renaissance Learning offers cloud-based assessment, teaching and learning solutions to pre-K to 12 customers. Its products are found in c.45,000 schools in the USA today and are sold into more than 90 countries.

PIP is a long-standing investor in Francisco Partners, having made primary commitments to its funds dating back to 2005. By investing in Renaissance Learning alongside Francisco Partners, PIP is well-positioned to capitalise on the growth of education technology, a core area of focus for this manager.

90+
Countries of operation

New Commitment Example

mitchell

Region	USA
Sector	Financial Services
Commitment	£4.6m

Mitchell International is a leading provider of claims software and technology-enabled workflow solutions to the property and casualty insurance industry.

PIP invested in Mitchell International alongside Stone Point Capital, a financial services-focused manager that has a track record of completing and successfully exiting prior investments in the insurance and workers' compensation space.

>300

Insurance providers supported by Mitchell International's technology platform

Buyout Analysis[1]

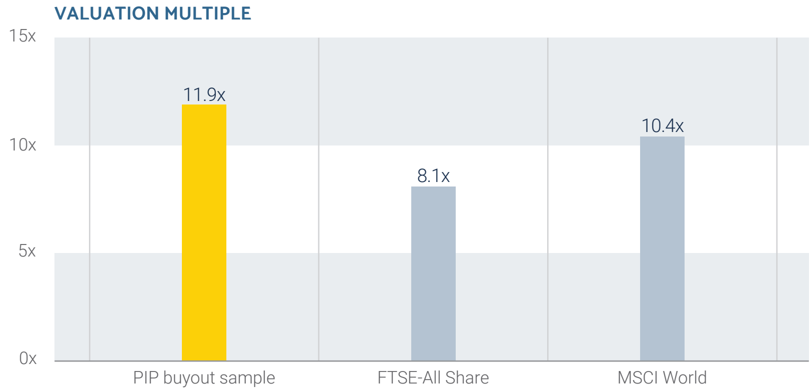
Valuation multiple

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 11.9 times, compared to 8.1 times and 10.4 times for the FTSE All-Share and MSCI World indices respectively.

PIP invests proportionately more in high growth sectors, such as technology and healthcare than quoted markets, and these sectors trade at a premium to other sectors.

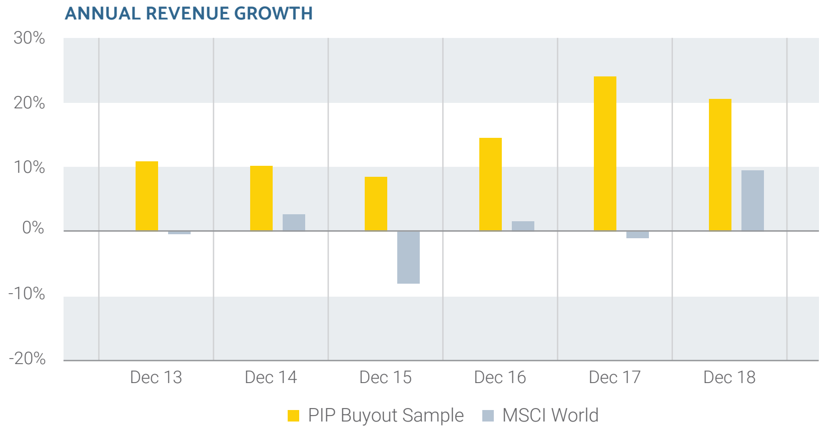
PIP's sample valuation multiple of 11.9 times can be considered in the context of its growth relative to the MSCI World Index.

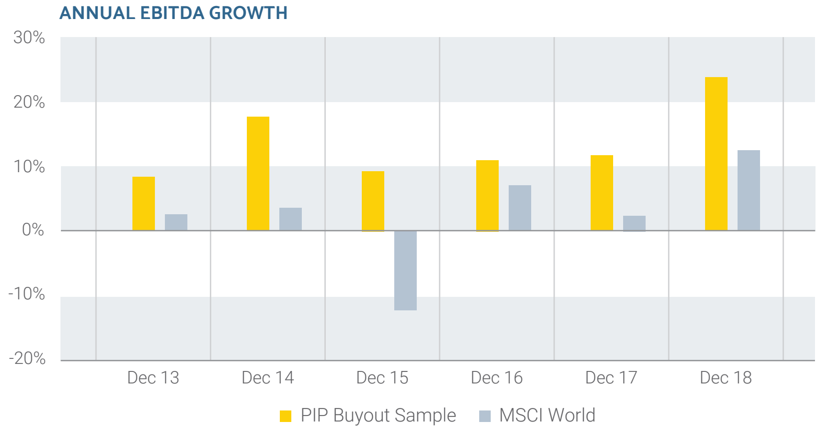


Revenue and EBITDA growth

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.

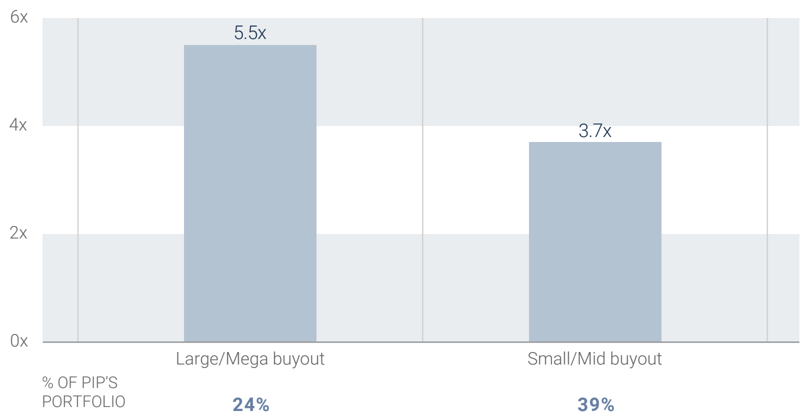




Debt multiples

Venture, growth and buyout investments have differing leverage characteristics.

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



1 See page 128 of the Alternative Performance Measures section for sample calculations and disclosures.

Undrawn Commitments

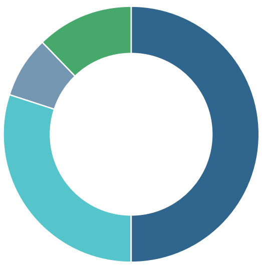
PIP's undrawn commitments[1] enable the Company to participate in future investments in underlying companies as private equity managers build their portfolios

Movement in Undrawn Commitments for the Year to 31 May 2019[2]

PIP's undrawn commitments to investments increased to £521m as at 31 May 2019 from £440m as at 31 May 2018. The Company paid calls of £107m and added £176m 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

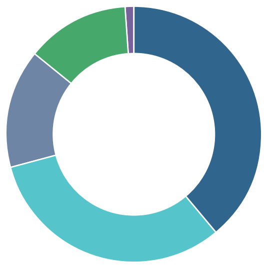
The USA and Europe have the largest undrawn commitments, reflecting the Company's investment emphasis on more developed private equity markets. Commitments to Asia and other regions provide access to faster-growing economies.



USA	50%
Europe	30%
Asia and EM	8%
Global	12%

Undrawn commitments by stage

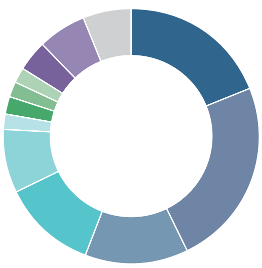
PIP's undrawn commitments are diversified by stage, with an emphasis on small and mid-market buyout managers.



Small/mid buyout	39%
Large/mega buyout	32%
Growth	15%
Special situations	13%
Venture	1%

Undrawn commitments by vintage

Approximately 22% of PIP's undrawn commitments are in vintage 2013 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.



2019	19%
2018	24%
2017	13%
2016	12%
2015	8%
2014	2%
2013	2%
2012	2%
2009-2011	2%
2008	4%
2007	6%
2006 and earlier	6%

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 2019, PIP had net available cash[1] balances of £141m. In addition to these cash balances, PIP can also finance investments out of its multi-currency revolving credit facility agreement ("Loan Facility") which was renewed in June 2018. The Loan Facility is due to expire in June 2022 and comprises facilities of $163m and €60m which, using exchange rates at 31 May 2019, amounted to a sterling equivalent of £182m.

At 31 May 2019, the Loan Facility remained fully undrawn.

Asset Linked Note

As part of the share consolidation effected on 31 October 2017, PIP issued an Asset Linked Note ("ALN") with an initial principal amount of £200m to the noteholder. 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 noteholder. The ALN is expected to mature on 31 August 2027, at which point the Company will make the final repayment under the ALN. PIP has made total repayments of £122m since it was issued and as at 31 May 2019, the ALN was valued at £94m. For more information on the ALN, refer to page 110.

Undrawn commitment cover

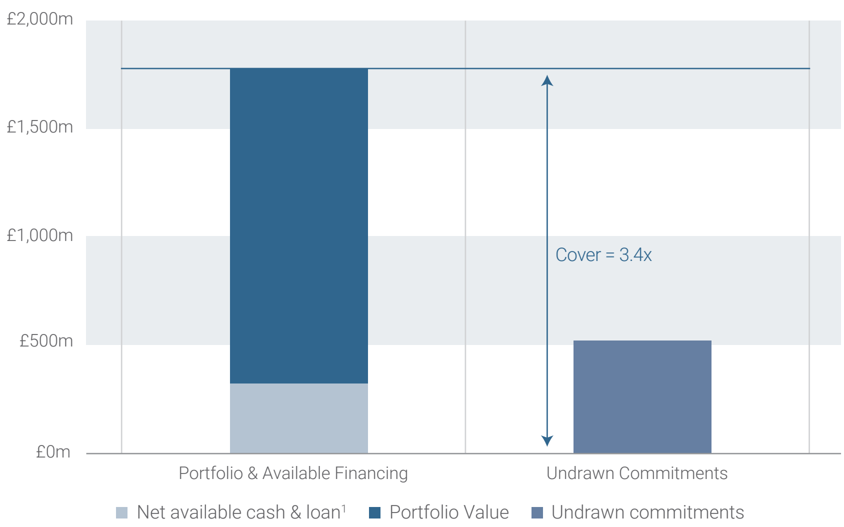
At 31 May 2019, the Company had £323m of available financing, comprising its net available cash balance and Loan Facility less the current portion payable under the ALN. The sum of PIP's available financing and private equity portfolio provide 3.4 times cover relative to undrawn commitments. Generally, 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 older funds tends to slow dramatically. Approximately 22% of the Company's undrawn commitments are in fund vintages that are older than six years.

Share buybacks

In the year to 31 May 2019, PIP bought back 25,000 ordinary shares at a discount of 18% to the NAV per share as at 31 May 2018 NAV, resulting in a total uplift to NAV per share of 0.3p.

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 £2.1m as at 31 May 2019.

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, Growth	6.2%
2	Venture Fund[3]	USA	Venture	4.0%
3	Essex Woodlands	USA	Growth	3.7%
4	Baring Private Equity Asia	Asia & EM	Growth	2.9%
5	Energy Minerals Group	USA	Special situations	2.8%
6	Ares Management	USA	Buyout	2.7%
7	Apax Partners SA	Europe	Buyout	2.5%
8	NMS Management	USA	Buyout	2.4%
9	Warburg Pincus Capital	Global	Growth	2.3%
10	IK Investment Partners	Europe	Buyout	2.2%
11	Texas Pacific Group	USA	Buyout	1.9%
12	Quantum Energy Partners	USA	Special situations	1.6%
13	Growth Fund[3]	Europe	Growth	1.6%
14	J.C. Flowers & Co	USA	Buyout	1.6%
15	Mid-Europa Partners	Europe	Buyout	1.5%
16	Calera Capital	USA	Buyout	1.4%
17	Hellman & Friedman	USA	Buyout	1.3%
18	ABRY Partners	USA	Buyout	1.3%
19	HIG Capital	USA	Buyout	1.2%
20	First Reserve Corporation	USA	Special situations	1.2%
21	Veritas Capital	USA	Buyout	1.2%
22	Yorktown Partners	USA	Special situations	1.1%
23	Gemini Capital	Europe	Venture	1.1%
24	IVF Advisors	Asia & EM	Buyout	1.0%
25	Growth Fund[3]	USA	Growth	1.0%
26	Lee Equity Partners	USA	Growth	1.0%
27	Francisco Partners Management	USA	Buyout	1.0%
28	Buyout Fund[3]	USA	Buyout	0.9%
29	Searchlight Capital Partners	Global	Special situations	0.9%
30	Marguerite	Europe	Special situations	0.9%
31	LYFE Capital	Asia & EM	Growth	0.9%
32	Avenue Broadway Partners	Europe	Buyout	0.9%
33	Altor Capital	Europe	Buyout	0.8%
34	Altas Partners	USA	Buyout	0.8%
35	Advent International	Global	Buyout	0.8%
36	Parthenon Capital	USA	Buyout	0.8%
37	Abris Capital	Europe	Buyout	0.8%
38	The Vistria Group	USA	Buyout	0.8%
39	Equistone Partners	Europe	Buyout	0.7%
40	ECI Partners	Europe	Buyout	0.7%
41	ABS Capital	USA	Growth	0.7%
42	Shamrock Capital Advisors	USA	Buyout	0.7%
43	TPG Asia	Asia & EM	Buyout	0.7%
44	Lyceum Capital	Europe	Buyout	0.7%
45	Chequers Partenaires	Europe	Buyout	0.7%
46	CHAMP Private Equity	Asia & EM	Buyout	0.6%
47	Apollo Advisors	USA	Buyout	0.6%
48	Oak HC/FT Associates	USA	Growth	0.5%
49	1901 Partners	USA	Special situations	0.5%
50	The Banc Funds Company	USA	Growth	0.5%
COVERAGE OF PIP'S PRIVATE EQUITY ASSET VALUE[1]				70.6%

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 Confidential.

The Largest 50 Companies by Value[1]

	Company	Country	Sector	% of PIP's NAV
1	EUSA Pharma[2]	United Kingdom	Healthcare	2.7%
2	Energy Company[2,4]	USA	Energy	1.4%
3	Abacus Data Systems	USA	Information Technology	1.2%
4	Dermatology Company[4]	USA	Healthcare	1.1%
5	Ophthalmology Company[4]	USA	Healthcare	1.1%
6	Insurance Company[4]	USA	Financials	0.9%
7	LBX Pharmacy[3]	China	Consumer	0.9%
8	Software Company[2,4]	USA	Information Technology	0.8%
9	Vistra Group[2]	Hong Kong	Financials	0.8%
10	Permian Resources[2]	USA	Energy	0.8%
11	Apollo Education[2]	USA	Consumer	0.7%
12	Atria Convergence Technologies[2]	India	Communication Services	0.7%
13	Education Services Company[4]	Luxembourg	Consumer	0.7%
14	Adyen[3]	Netherlands	Information Technology	0.6%
15	Vertical Bridge[2]	USA	Communication Services	0.6%
16	Centric Group[2]	USA	Consumer	0.6%
17	ZeniMax Media	USA	Communication Services	0.6%
18	ALM Media[2]	USA	Communication Services	0.6%
19	National Veterinary Associates	USA	Consumer	0.6%
20	Nexi[2,3]	Italy	Financials	0.6%
21	Melita[2]	Malta	Communication Services	0.6%
22	Kyobo Life Insurance	South Korea	Financials	0.6%
23	GE Capital Services India[2]	India	Financials	0.6%
24	Salad Signature[2]	Belgium	Consumer	0.5%
25	Arnott Industries[2]	USA	Consumer	0.5%
26	Groupe Inseec[2]	France	Consumer	0.5%
27	Communications Company[2,4]	France	Communication Services	0.5%
28	Colisée[2]	France	Healthcare	0.5%
29	Capital Vision Services	USA	Healthcare	0.5%
30	Profi Rom[2]	Romania	Consumer	0.4%
31	Mobilitie[2]	USA	Industrials	0.4%
32	Navitas	USA	Energy	0.4%
33	Nord Anglia[2]	Hong Kong	Consumer	0.4%
34	Confie Seguros[2]	USA	Financials	0.4%
35	Ministry Brands[2]	USA	Information Technology	0.4%
36	NIBC Bank	Netherlands	Financials	0.4%
37	CIPRES[2]	France	Financials	0.4%
38	RightPoint Consulting[2]	USA	Industrials	0.4%
39	Jfrog	Israel	Information Technology	0.4%
40	Hoffmaster Group	USA	Consumer	0.4%
41	Acuon Capital	South Korea	Financials	0.4%
42	OWP Butendiek	Germany	Utilities	0.4%
43	Thomson Reuters Intellectual Property[3]	USA	Information Technology	0.3%
44	Engencap Holding	Mexico	Financials	0.3%
45	Shawbrook[2]	United Kingdom	Financials	0.3%
46	Southern Dental[2]	USA	Healthcare	0.3%
47	HUB International[2]	USA	Financials	0.3%
48	CallRail[2]	USA	Information Technology	0.3%
49	Alion Science and Technology[2]	USA	Industrials	0.3%
50	Affinity Education Group[2]	Australia	Consumer	0.3%
COVERAGE OF PIP'S PRIVATE EQUITY ASSET VALUE				30.4%

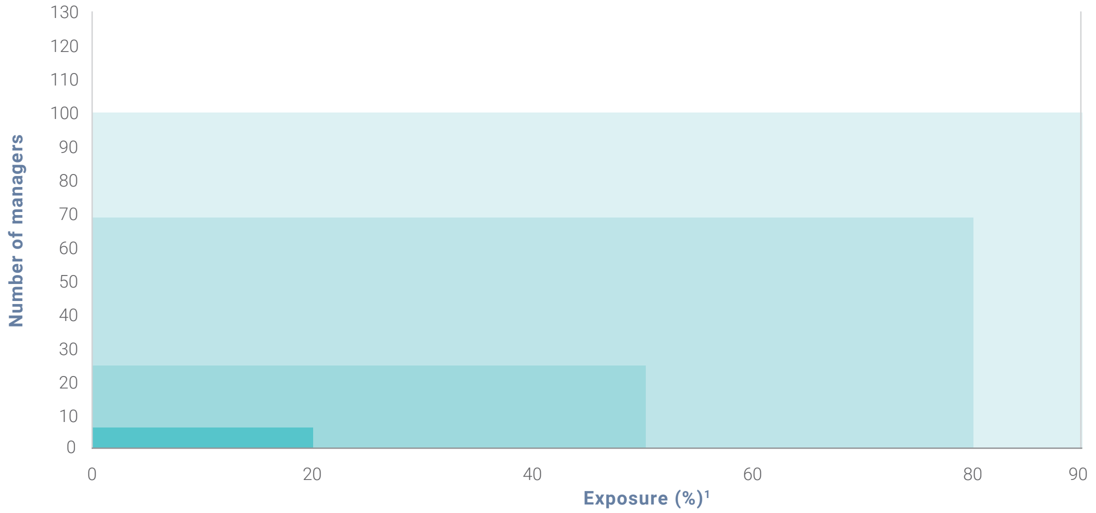
1 The largest 50 companies table is based upon underlying company valuations at 31 December 2018 adjusted for known call and distributions to 31 May 2019, and includes the portion of the reference portfolio attributable to the Asset Linked Note.
2 Co-investments/directs.
3 Listed companies.
4 Confidential.

Other Information (continued)

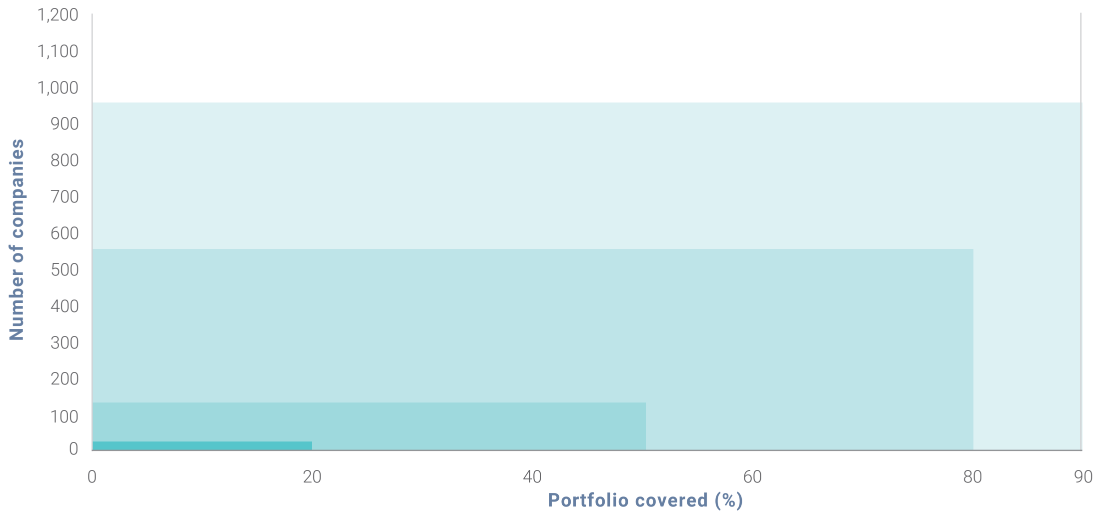
Portfolio Concentration as at 31 May 2019

Approximately 70 managers and 550 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 2019	1,499	2,770.6	2,225.0	1,450	521
Financial year[3]					
2018	1,307	2,414.9	2,010.0	1,275	440
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 of each year. Figures for 2017 cover the 11 months to 31 May 2017.

Key Pantheon Personnel Supporting PIP

1

Andrew Lebus
PIP and Secondary Investment. Partner

Joined 1994; 34 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 Crédit Lyonnais Securities, and its affiliate Castleforth. Andrew is based in London.

2

Helen Steers
PIP and European Primary Investment. Partner

Joined 2004; 30 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 past Chair and member of the Council (Board) of the British Private Equity and Venture Capital Association (BVCA). She has also served as a Board member of Invest Europe and is a co-founder and Board member of Level 20. Helen is based in London.

3

Tanu Chita
Principal

Joined 2004; 15 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

Vicki Bradley
Head of Investor Relations for PIP

Joined 2016; Vicki is Head of Investor Relations for PIP. She is also a member of the UK Investor Relations Society Policy Committee. Vicki has over 10 years of investor relations and communications experience with publicly listed companies. Prior to joining Pantheon, she held senior roles at FTSE 100 and FTSE 250 companies as well as at a Dutch-listed investment trust. Vicki is based in London.

5

Maria Candelario
Senior Finance Manager for PIP

Joined 2014; 10 years of private equity experience. Maria is responsible for portfolio analysis, performance monitoring, internal/external reporting, and investor relations for PIP. Prior to joining Pantheon, Maria worked in mergers and acquisitions at Credit Suisse and corporate finance advisory at Oakley Capital. Maria is based in London.

6

Alex Scott
European Primary Investment. Partner

Joined 2005; 22 years of private equity experience. Alex is a senior member of Pantheon's European investment team, a member of the European Investment Committee and the ESG Committee, having led Pantheon's ESG initiatives and industry engagement since 2015. Prior to joining Pantheon, Alex worked for the West Midlands Pension Fund. Alex is based in London.

7

Jie Gong
Asian Investment. Partner

Joined 2013; 22 years of private equity experience. Jie is a member of Pantheon's Asia Regional Investment Committee, Global Co-investment Committee and Global ESG, Diversity, and Inclusion Committee. Jie joined Pantheon from Morgan Stanley Alternative Investment Partners' private equity fund-of-funds group, where she was Head of Asia, and before that she worked at JP Morgan in leverage finance. Jie is Vice Chairman of the Hong Kong Venture Capital and Private Equity Association (HKVCA) and serves on its board. She is also a committee member of UNPRI Investment Private Equity Advisory Committee. Jie is based in Hong Kong.

8

Dennis McCrary
Co-investment and Secondaries. Partner

Joined 2007; 25 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.

9

Matt Jones
Secondary Investment. Partner

Joined 2001; 18 years of private equity experience. Matt is Co-Head of Pantheon's global secondary business 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 joining 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. Co-head of the Global Secondaries Group. Partner

Joined in 2007; 25 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 joining 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.

11

Elly Livingstone
Secondary Investment. Partner

Joined 2001; 23 years of private equity experience. Elly is a Partner in Pantheon's secondary investment team; and is a member of the firm's Global Secondary Investment Committee, the International Investment Committee and the Emerging Markets Investment Committee. Before joining Pantheon, Elly was an Investment Manager at CDC, an emerging markets private equity fund manager. Prior to CDC he worked for Accenture and then PricewaterhouseCoopers on a wide range of international consulting and corporate finance advisory assignments. Elly is based in London.

12

Susan Long McAndrews
US Primary Investment. Partner

Joined in 2002; 23 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.

13

Chris Meads
Chief Investment Officer and Asian Investment. Partner

Joined 2001; 23 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.

14

Paul Ward
Managing Partner

Joined 2003; 22 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.

Governance

Adding value 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 Chairman of JP Morgan Multi-Asset Trust plc and a Non-Executive Director of both Fidelity Japan Trust plc and Aggregated Micropower Holdings plc. Sir Laurie Magnus is a senior adviser at Evercore Partners. In the not-for-profit space, 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 Allchurches 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 25 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 and the Global Impact Investing Network. Susannah is a Senior Independent Director of City of London Investment Group PLC, Non-Executive Director of Amati VCT 2, a Non-Executive Director of the North American Income Trust plc and a Director of Baronsmead Venture Trust plc. She is a CFA charterholder and member of STEP.
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 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. He is the former Chairman of the Hereford Cathedral Perpetual Trust and a former Director of Ceravision Limited, The China Navigation Company Limited, Lewmar Marine plc 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

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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, chairs the Advisory Board of the New College of Humanities and is an Honorary Fellow, and is on the Development Committee of Trinity College, Oxford.
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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 2019.

Directors

The Directors of PIP were in office during the whole of the year ended 31 May 2019. The names and full biographies of the Directors can be found on page 69. As at 31 May 2019, the Board of Directors of the Company comprised six male Directors and one female Director.

With the exception of Rhoddy Swire, all Directors will retire and stand for re-election at the Company's Annual General Meeting ("AGM") in October 2019. Mr Swire will be retiring from the Board at the AGM. Further details regarding the retirement, selection and appointment of Directors, including the Company's position on diversity, can be found on page 76.

The rules concerning the appointment and replacement of Directors are set out in the Company's Articles of Association and are discussed on page 78. 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 can be found in Note 14 of the financial statements.

During the year, the Company purchased 25,000 ordinary shares for cancellation (with a nominal value of £16,750) at a total cost of £499,729. This represented 0.05% of the issued share capital at 31 May 2019. Since 31 May 2019, the Company has not purchased any further shares.

No shares were issued during the year.

As at 31 May 2019 and as at the date of this Report, the Company had shares in issue as shown in the table below, all of which were listed on 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.

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 US 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 74 and 75.

SHARE CAPITAL AND VOTING RIGHTS AT 31 MAY 2019	Number of shares in issue	Voting rights attached to each share	Number of shares held in treasury
Ordinary shares of £0.67 each	54,089,447	1	–
Total voting rights	54,089,447	–	–

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 investors 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 2019 (period ended 31 May 2018: £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 of 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 2019, the notional performance fee hurdle is a net asset value per share of 3,454.52p.

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 Directors' Report (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. 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 Ventures 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.

Continuing Appointment of the Manager

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 as a whole 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.

Other Service Providers

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

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, activities of the Company, its 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") published in July 2016. The Board's compliance with the AIC Code is detailed in the Statement on Corporate Governance.

The Company's Statement on Corporate Governance is set out on pages 76 to 81.

Substantial Shareholdings

As at 31 May 2019, 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	4.70
APG Asset Management N.V.	2,400,000	4.44
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 2019 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 30 October 2019 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 122 to 126.

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 2019; the receipt and approval of the Directors' Remuneration Report; the re-election of Directors; the appointment of the Auditor, Ernst & Young 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; and the approval of the holding of general meetings (other than AGMs) on not less than 14 clear days' notice.

Resolutions 1 to 12 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 84 to 87.

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 pages 78 and 80.

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

The authorities given to the Directors at the AGM held on 31 October 2018 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 £12,079,976.49 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 does not hold 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 £1,811,996.47 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 the Company's ordinary shares, amounting to 8,111,755 ordinary shares. During the year, the Company bought back ordinary shares under this authority.

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 8,108,008 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.

Proxy Voting

Shareholders will not receive a hard copy form of proxy for the 2019 AGM in the post. Instead, they will be able to vote electronically via www.signalshares.com; or, if shares are held in CREST, a proxy may be appointed via the CREST system. Further information regarding how to submit your proxy votes and the latest date for receipt of proxies by the Company's Registrar, Link Asset Services, are set out in the Notes to the Notice of AGM on pages 124 to 126.

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 122 to 126.

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 ("Grant Thornton") has been the Auditor of the Company since the inception of the Company in 1987. During the year, an audit tender has been carried out and the Board, on the recommendation of the Audit Committee, is recommending that Ernst & Young LLP be appointed as the Auditor. Information about the tender process can be found in the Audit Committee Report on page 83. As a result, Grant Thornton will not be seeking re-appointment at the forthcoming AGM. A copy of their statement of the circumstances of their ceasing to hold office is enclosed with this Annual Report.

Approval

The Directors' Report has been approved by the Board.

On behalf of the Board

Sir Laurie Magnus
Chairman
6 August 2019

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 2019.

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.

The Board notes the publication of the revised AIC Code in February 2019, which is applicable to the Company for the financial year ending 31 May 2020. The Board is considering the new requirements and will report further on these in next year's Annual Report.

Viability Statement

The Viability Statement can be found on page 22.

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 page 69.

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 Board acknowledges the benefits of greater diversity, including gender diversity, and the Board remains committed to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience, backgrounds and perspectives. 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.

As noted in the Chairman's Statement, Mary Ann Sieghart will be joining the Board of PIP on 30 October 2019.

Board Operation

The Directors of the Company meet at regular Board meetings and additional meetings, either in person or by telephone, are arranged as necessary. Seven scheduled meetings were held during the year to 31 May 2019. 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	7	7	3	3	1	1	1	1
S.E. Nicklin	7	7	3	3	1	1	1	1
I.C.S. Barby	7	7	3	3	1	1	1	1
R.M. Swire	7	4*	n/a	n/a	n/a	n/a	1**	1**
D.L. Melvin	7	7	3	3	1	1	1	1
J. D. Burgess	7	7	3	3	1	1	1	1
J. B.H.C.A Singer	7	7	3	3	1	1	1	1

* Mr Swire was unable to attend all Board meetings due to his responsibilities as High Sheriff of Shropshire.
** By invitation.

Performance Evaluation

During the year, in order to review the effectiveness of the Board as a whole, its Committees and individual Directors, including the independence of each Director, an external performance evaluation was carried out by BoardAlpha Limited ("BoardAlpha"). BoardAlpha is independent of the Company and its Directors, and does not have any other connection with the Company. BoardAlpha met each Director of the Company to assess the performance of the individual Directors, the Chairman and the Board as a whole, and to assess the effectiveness of the Board's Committees. The evaluation was also intended to analyse the focus of Board meetings and to assess whether any additional information might be required to facilitate Board discussions. A formal report was issued by BoardAlpha in April 2019 which concluded that the Board functions well. A number of suggestions in the report are being followed up by the Board, including to address its own succession planning and diversity and to work more closely with the Manager to promote the Company's merits to prospective investors.

As a result of the evaluation, the Board is satisfied that all the current Directors contribute effectively, and have the skills and experience relevant to the leadership and direction of the Company.

Insurance and Indemnity Provisions

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. He has no significant commitments other than those disclosed in his biography on page 69.

Ms Susannah Nicklin was appointed Senior Independent Director of the Company at the conclusion of the Company's AGM in 2016. She provides a channel for any shareholder concerns regarding the Chairman and leads the Chairman's annual performance evaluation.

Statement on Corporate Governance (continued)

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 his continuity and experience. Therefore, the Board deems Mr Barby to be independent.

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. As noted within the Chairman's Statement on page 12, Mr Swire will be retiring from the Board at the forthcoming AGM.

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 AIC Code, the Board has decided that all of the Directors will be subject to annual re-election at each AGM. Accordingly, resolutions to re-elect all Directors with the exception of Mr Swire are contained within the Notice of AGM on page 122.

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 2019. 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 82 to 83. 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.

Statement on Corporate Governance (continued)

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.

Nomination Committee

The Nomination Committee comprises all independent non-executive Directors and is chaired by Sir Laurie Magnus except when considering chairman succession. 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 Board's Committees, 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.

Mr Swire will be retiring as a Director at the forthcoming AGM. The Nomination Committee have discussed the required skills and experience of a new non-executive Director, bearing in mind the balance of skills and diversity on the Board. The Board engaged an external, independent recruitment consultant to assist with the search.

As disclosed within the Chairman's Statement on page 13, PIP has announced the appointment of Mary Ann Sieghart with effect from 30 October 2019.

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 and 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 84 to 87.

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 23.

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. 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.

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 actions 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, via the Management Engagement Committee, 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 Administrator 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 or electronically as requested 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 131, who will arrange for the relevant Board member to contact them.

On behalf of the Board

Sir Laurie Magnus
Chairman
6 August 2019

Audit Committee Report

I am pleased to present the Audit Committee Report for the year ended 31 May 2019.

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

Further details about the composition of the Audit Committee are set out on page 69.

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.

I intend to retire as a Director of the Company no later than the PIP AGM in 2020 and the Board has selected David Melvin to succeed me as Audit Committee Chairman.

Role of the Audit Committee

Clearly defined Terms of Reference have been established by 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 2019. 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;
- Conducted an audit tender to replace the incumbent Auditor;
- 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.

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. It is 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 incidents of significant control failings or weaknesses have been identified during the year ended 31 May 2019, 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.

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 2019 annual report and accounts was £55,000 (31 May 2018: £64,000). 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 £36,000 were provided during the year ended 31 May 2019 (31 May 2018: £33,000), 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 65.5%. 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 Manager. After each audit, the Audit Committee reviews the audit process and considers its effectiveness.

Audit tender

Grant Thornton has been the independent Auditor of the Company since its inception in 1987. In accordance with the regulations for the length of auditor tenure, in the first half of 2019, the Committee carried out an external audit tender process. Four firms were invited to tender. Following a transparent and competitive tender, including written submissions, presentations and discussions with two candidate firms, the Audit Committee recommended to the Board that Ernst & Young LLP, whose audit team had extensive experience in auditing investment trusts, be appointed to replace Grant Thornton as the independent external Auditor of the Company. The Board accepted that recommendation and a resolution to appoint Ernst & Young LLP is included in the Notice of AGM.

The Audit Committee thanks Grant Thornton for their audit work, and assistance to the Committee, over many years.

CMA Order

The Company complied throughout the year ended 31 May 2019 with the provisions of the Statutory Audit Services Order 2014, issued by the Competition and Markets Authority ('CMA Order').

Fair, balanced and understandable

As a result of the work performed, the Audit Committee has concluded that the Annual Report for the year ended 31 May 2019, 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
6 August 2019

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 89 to 93.

Statement from the Chairman

I am pleased to present the Directors' Remuneration Report for the year ended 31 May 2019.

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 30 October 2019.

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.

As explained on page 80, 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 2019, the fees were set at the rate of £55,000 for the Chairman (year to 31 May 2018: £55,000), £44,000 for the Chairman of the Audit Committee (year to 31 May 2018: £44,000) and £33,000 for the other Directors (year to 31 May 2018: £33,000). There has been no increase in Directors fees since 2015.

Directors' Fees for the Year (audited)

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

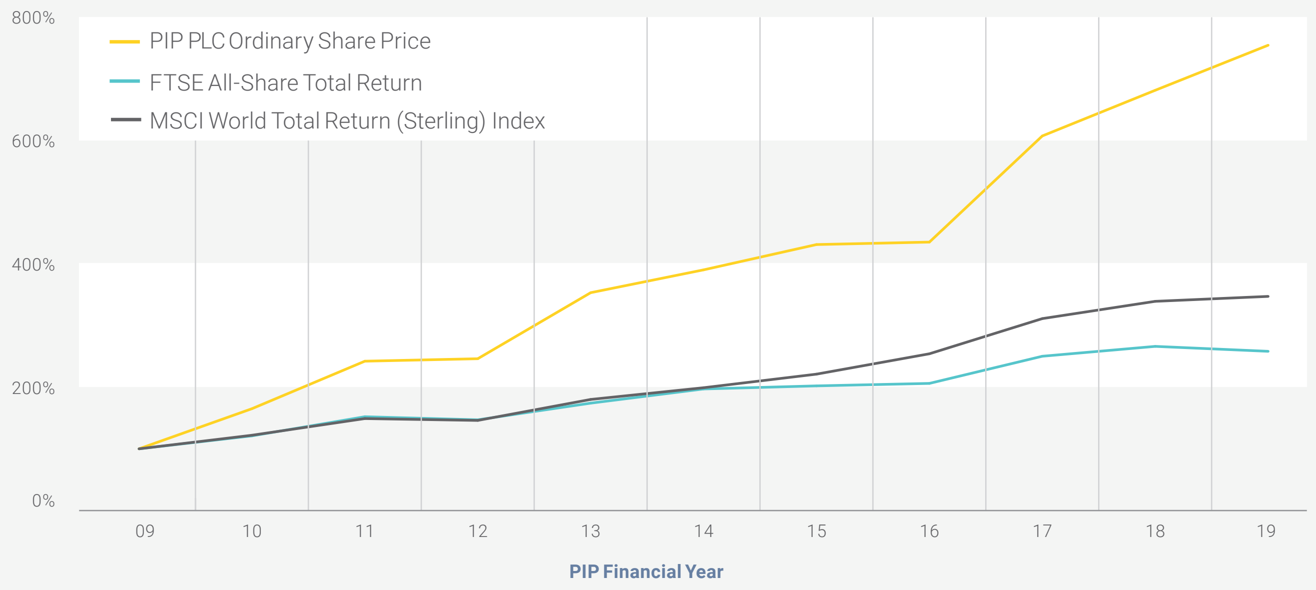
	Fees		Total	
	Year to 31 May 2019 £	Year to 31 May 2018 £	Year to 31 May 2019 £	Year to 31 May 2018 £
Sir Laurie Magnus (Chairman)	55,000	55,000	55,000	55,000
I.C.S. Barby	44,000	44,000	44,000	44,000
S.E. Nicklin	33,000	33,000	33,000	33,000
R.M. Swire	33,000	33,000	33,000	33,000
D.L. Melvin	33,000	33,000	33,000	33,000
J. B.H.C.A. Singer	33,000	33,000	33,000	33,000
J.D. Burgess	33,000	33,000	33,000	33,000
Total	264,000	264,000	264,000	264,000

No travel expenses or any other expenses were claimed by the Directors from the Company during the year ended 31 May 2019 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 Total 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 2019 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 2019 £'000	Year to 31 May 2018 £'000	Change %
Total remuneration paid to Directors	264	264	–
Management fee	16,584	15,020	10.41
Share buybacks	500	3,546	(85.90)

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 ordinary shares of the Company are set out below:

	31 May 2019	31 May 2018
Sir L.H. Magnus (Chairman)	14,324	8,000
S.E. Nicklin	1,106	795
I.C.S. Barby	24,000	24,000
D.L. Melvin*	8,000	8,000
R.M. Swire	83,228	83,228
J.D. Burgess	39,982	39,982
J. B.H.C.A. Singer	39,982	39,982

* Held jointly with spouse.

There has been no change to the above interests between 31 May 2019 and the date of this report.

Voting at Annual General Meeting

The Directors' Remuneration Policy and Remuneration Report for the year ended 31 May 2018 were approved by shareholders at the AGMs held on 22 November 2017 and 31 October 2018 respectively.

The votes cast by proxy were as follows:

REMUNERATION REPORT	Number of votes	% of votes cast
For	28,033,242	99.96
Against	627	0.01
At Chairman's discretion	8,920	0.03
Total votes cast	28,042,789	100.00
Number of votes withheld	6,586	–

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 are 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 2020 £	Fees for year to 31 May 2019 £
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.

Approval

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

Sir Laurie Magnus
Chairman
6 August 2019

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 page 69, confirms that to the best of their knowledge:

- 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 82 to 83. As a result, the Board has concluded that the annual report and financial statements for the year ended 31 May 2019, 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
6 August 2019

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 2019, 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 2019 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.

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 23 that describe the principal risks and explain how they are being managed or mitigated;
- The directors' confirmation, set out on pages 80 and 81 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 88 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 22 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: £29,972,000, which represents approximately 2% of the Company's net assets;
- Key audit matters were identified as the existence and valuation of unquoted investments measured at fair value through profit or loss; and
- Our audit approach was a risk-based audit, focused on investments at the year-end. Our approach was changed from prior year and we tested controls over the valuation of unquoted investments in the current year.

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 judgement, 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 unquoted investments measured at fair value through profit or loss	
The Company's primary investment objective is to seek to maximise long-term capital growth by investing in a diversified portfolio of private equity funds, unquoted investments, and directly in private companies. Investments are made as and when opportunities arise, and currently scale globally. As a consequence of this, the Company has significant exposure to investments, which are the main drivers for maximising capital growth. The investment portfolio has a carrying value of £1,498,588,000, of which unquoted investments of £1,443,935,000 make up 96%. There is estimation uncertainty in determining the fair value of unquoted investments at the year-end measurement date. Fair valuation is determined based on the best information available at the measurement date, which includes valuation statements as at 31 March 2019. We therefore identified existence and valuation of unquoted investments measured at fair value through profit or loss 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: ▪ Assessing whether the Company's accounting policy for unquoted investments is in accordance with the financial reporting framework, including FRS 102 and the Statement of Recommended Practice 'Financial statements of Investments Trust Companies and Venture Capital Trusts' (the 'SORP'), and testing whether management has accounted for unquoted investments in accordance with that policy; ▪ Obtaining independent confirmation of existence of a sample of unquoted investments from the underlying private equity fund managers and agreeing to the Company's records; ▪ Testing the operating effectiveness of relevant controls over the valuation of unquoted investments; ▪ Evaluating whether the unquoted investments have been properly valued in accordance with the stated accounting policy by testing the accuracy of management's valuations by comparing a sample of the Company's unquoted investment valuations to latest capital statements received from the underlying private equity fund managers. In addition, we agreed the cash roll from the date of the underlying capital statements to year-end by agreeing the investments' calls and distributions to deal slips and bank records; and ▪ Assessing the validity of a sample of the capital statements by obtaining the investee companies' latest available audited financial statements for a sample of investment holdings and checking for any information which may affect the fair value. The Company's accounting policy on the valuation of investments is shown in note 1d to the financial statements and related disclosures are included in note 9a. The Audit Committee identified the ownership of investments and the valuation process as a principal issue in its report on page 84, where the Audit Committee also described how it addressed this issue. **Key observations** Our audit procedures did not identify any material misstatements in relation to the existence or valuation of the Company's unquoted 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 in evaluating the results of that work.

We determined materiality for the audit of the financial statements as a whole to be £29,972,000, which is approximately 2% of the Company's net assets. This benchmark is considered the most appropriate because net assets, which are 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 higher than the level that we determined for the year ended 31 May 2018 to reflect the increase 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 also determine a lower level of specific materiality for certain areas such as management fees and directors' remuneration.

We determined the threshold at which we will communicate misstatements to the audit committee to be £1,149,000. 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. Our audit work, therefore, 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 services providers; and
- Testing the operating effectiveness of relevant controls over the valuation of unquoted investments, and performing substantive testing, including obtaining direct confirmations on existence, ownership and valuation for a sample of investments from the underlying private equity fund managers.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit are to identify and assess the risks of material misstatement of the financial statements due to fraud or error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud or error; and to respond appropriately to those risks. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company and industry in which it operates. We determined that the following laws and regulations were most significant: Companies Act 2006, UK Corporate Governance Code, Statement of Recommended Practice and compliance with the relevant provisions of HMRC's regulations applicable to an Investment Trust Company;
- We obtained an understanding of how the Company is complying with those legal and regulatory frameworks by making inquiries to the management. We corroborated our inquiries through our review of board minutes and papers provided to the Audit Committee.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
  - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
  - challenging assumptions and judgments made by management in its significant accounting estimates;
  - identifying and testing journal entries, in particular manual journal entries posted at year end for financial statement preparation; and
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- We did not identify any key audit matters relating to irregularities, including fraud.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and accounts, 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 88 – 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 pages 82 and 83 – 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 pages 76 to 81 – 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.

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.

Matters 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 for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 88, 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.

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 Board at the inception of the Company in 1987. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 31 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.

Use of our report

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.

Paul Flatley
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
6 August 2019

Financial Statements

Adding value to high growth non-public companies

Income Statement Year ended 31 May 2019

	Note	Year ended 31 May 2019 Revenue £'000	Capital £'000	Total* £'000	Year ended 31 May 2018 Revenue £'000	Capital £'000	Total* £'000
Gains on investments at fair value through profit or loss**	9b	–	204,473	204,473	–	149,778	149,778
Losses on financial liabilities at fair value through profit or loss – ALN**	13	(1,229)	(8,815)	(10,044)	(1,083)	(10,083)	(11,166)
Currency gains/(losses) on cash and borrowings	17	–	6,810	6,810	–	(1,929)	(1,929)
Investment income	2	13,222	–	13,222	15,504	–	15,504
Investment management fees	3	(16,584)	–	(16,584)	(15,020)	–	(15,020)
Other expenses	4	(5)	(568)	(573)	(296)	(2,974)	(3,270)
Return before financing and taxation		(4,596)	201,900	197,304	(895)	134,792	133,897
Interest payable and similar expenses	6	(2,386)	–	(2,386)	(1,950)	–	(1,950)
Return before taxation		(6,982)	201,900	194,918	(2,845)	134,792	131,947
Taxation	7	(2,594)	–	(2,594)	(9,170)	–	(9,170)
Return for the year, being total comprehensive income for the year		(9,576)	201,900	192,324	(12,015)	134,792	122,777
Return per ordinary share	8	(17.70)p	373.17p	355.47p	(20.72)p	232.48p	211.76p

* The Company does not have any income or expense that is not included in the return for the year 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 100 to 117 form part of these financial statements.

Statement of Changes in Equity Year ended 31 May 2019

	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 2019							
Opening equity shareholders' funds	36,257	269,535	3,308	572,278	500,079	(74,693)	1,306,764
Return for the year	–	–	–	163,326	38,574	(9,576)	192,324
Ordinary shares bought back for cancellation	(17)	–	17	(500)	–	–	(500)
Closing equity shareholders' funds	36,240	269,535	3,325	735,104	538,653	(84,269)	1,498,588
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	(128)	–	128	(3,546)	–	–	(3,546)
Redemption of redeemable shares to ALN	(91)	–	91	(200,000)	–	–	(200,000)
Bonus issue of deferred shares to redeemable shareholders	14,020	(14,020)	–	–	–	–	–
Conversion of deferred and redeemable shares to ordinary shares	(14,232)	–	–	–	–	–	(14,232)
Ordinary shares issued following conversion of deferred and redeemable shares as part of the share class consolidation	14,232	–	–	–	–	–	14,232
Closing equity shareholders' funds	36,257	269,535	3,308	572,278	500,079	(74,693)	1,306,764

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

The Notes on pages 100 to 117 form part of these financial statements.

Balance Sheet As at 31 May 2019

	Note	31 May 2019 £'000	31 May 2018 £'000
Fixed assets			
Investments at fair value	9a/b	1,449,634	1,274,737
Current assets			
Debtors	11	3,222	3,891
Cash at bank		142,773	162,292
		145,995	166,183
Creditors: Amounts falling due within one year			
Other creditors	12	4,682	19,046
		4,682	19,046
Net current assets		141,313	147,137
Total assets less current liabilities		1,590,947	1,421,874
Creditors: Amounts falling due after one year			
Asset Linked Loan	13	92,359	115,110
		92,359	115,110
Net assets		1,498,588	1,306,764
Capital and reserves			
Called-up share capital	14	36,240	36,257
Share premium	15	269,535	269,535
Capital redemption reserve	15	3,325	3,308
Other capital reserve	15	735,104	572,278
Capital reserve on investments held	15	538,653	500,079
Revenue reserve	15	(84,269)	(74,693)
Total equity shareholders' funds		1,498,588	1,306,764
Net asset value per share – ordinary	16	2,770.57p	2,414.82p

The Notes on pages 100 to 117 form part of these financial statements.

The financial statements were approved by the Board of Pantheon International Plc on 6 August 2019 and were signed on its behalf by

Sir Laurie Magnus
Chairman

Company No. 2147984

Cash Flow Statement Year ended 31 May 2019

	Note	Year ended 31 May 2019 £'000	Year ended 31 May 2018 £'000
Cash flow from operating activities			
Investment income received		12,818	13,619
Deposit and other interest received		1,359	830
Investment management fees paid		(16,401)	(14,969)
Secretarial fees paid		(231)	(223)
Depositary fees paid		(191)	(229)
Other cash payments		405	(5,857)
Withholding tax deducted		(3,407)	(10,483)
Net cash outflow from operating activities	17	(5,648)	(17,312)
Cash flows from investing activities			
Purchases of investments		(285,326)	(254,426)
Disposals of investments		313,330	351,335
Net cash inflow from investing activities		28,004	96,909
Cash flows from financing activities			
ALN repayments		(44,909)	(77,152)
Ordinary shares purchased for cancellation		(500)	(3,546)
Loan commitment and arrangement fees paid		(3,286)	(1,577)
Net cash outflow from financing activities		(48,695)	(82,275)
Decrease in cash in the year		(26,339)	(2,678)
Cash and cash equivalents at the beginning of the year		162,292	167,252
Foreign exchange gains/(losses)		6,820	(2,282)
Cash and cash equivalents at end of the year		142,773	162,292

The Notes on pages 100 to 117 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 131. 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 2019. 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. 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 or 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 differences 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 item 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 4;
- 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 period ended 31 May 2019, the notional performance fee hurdle is a net asset value per share of 3,454.52p. 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 2019 £'000	31 May 2018 £'000
Income from investments		
Investment income	11,905	14,618
	11,905	14,618
Other income		
Interest	1,320	884
Exchange difference on income	(3)	2
	1,317	886
Total income	13,222	15,504
Total income comprises		
Dividends	11,905	14,618
Bank interest	1,320	884
Exchange difference on income	(3)	2
	13,222	15,504
Analysis of income from investments		
Unlisted	11,905	14,618
	11,905	14,618
Geographical analysis		
UK	134	803
USA	7,344	9,568
Other overseas	4,427	4,247
	11,905	14,618

3. Investment Management Fees

	31 May 2019			31 May 2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fees	16,584	–	16,584	15,020	–	15,020
	16,584	–	16,584	15,020	–	15,020

The investment management fee is payable monthly in arrears at the rate set out in the Directors' Report on pages 70 to 75.

During the year, services with a total value of £17,046,000 (year to 31 May 2018: £15,510,000), being £16,584,000 (year to 31 May 2018: £15,020,000) directly from Pantheon Ventures (UK) LLP and £462,000 (year to 31 May 2018: £490,000) 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 £18,050,000 as at 31 May 2019 (31 May 2018: £24,014,000). 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 2019, £1,467,000 (31 May 2018: £1,284,000) was owed for investment management fees. No performance fee is payable in respect of the year to 31 May 2019 (31 May 2018: nil). The basis upon which the performance fee is calculated is explained in Note 1(L) and in the Directors' Report on pages 70 to 75.

4. Other Expenses

			31 May 2019			31 May 2018
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Secretarial and accountancy services	239	–	239	235	–	235
Depositary fees	211	–	211	221	–	221
Fees payable to the Company's Auditor for the audit of the annual financial statements	55	–	55	64	–	64
Fees payable to the Company's Auditor for						
– audit-related assurance services – Half-Yearly report	9	–	9	8	–	8
– other non-audit services not covered above – net asset value calculations	27	–	27	25	–	25
Directors' remuneration (see Note 5)	264	–	264	264	–	264
Employer's National Insurance	31	–	31	26	–	26
Irrecoverable VAT	56	–	56	142	–	142
Legal and professional fees	152	570	722	144	972	1,116
Printing	93	–	93	52	–	52
Other*	326	–	326	319	–	319
ALN issue costs	–	(2)	(2)	–	2,002	2,002
ALN Expense Charge (see Note 1 (E))	(1,458)	–	(1,458)	(1,204)	–	(1,204)
	5	568	573	296	2,974	3,270

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 84 to 87.

6. Interest Payable and Similar Expenses

	31 May 2019 £'000	31 May 2018 £'000
Negative bank interest	25	18
Loan commitment and arrangement fees	2,361	1,932
	2,386	1,950

On 1 June 2018, the Company agreed a new four-year £175m multi-currency revolving credit facility agreement, arranged by Lloyds Bank and NatWest Markets. This replaced the four-year £150m loan facility agreement, with the Royal Bank of Scotland plc and Lloyds Bank plc, which was due to expire in November 2018.

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 previous facility but will expire in June 2022 with an option after one year to extend, by agreement, the maturity date by another year.

Upfront fees of £1.575m are being amortised over the four-year life of the facility. A commitment fee of 0.94% per annum is payable quarterly, in respect of the amounts available for drawdown. Interest payable on any drawn down amount is payable for the duration of the drawdown period.

The new loan facility provides a margin of additional assurance that the Company has the ability to finance its unfunded commitments in the future. At 31 May 2019 and 31 May 2018, the loan facility remained fully undrawn.

7. Taxation

	31 May 2019			31 May 2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Withholding tax deducted from distributions	2,594	–	2,594	9,170	–	9,170

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:

	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net return before tax	(6,982)	201,900	194,918	(2,845)	134,792	131,947
Theoretical tax at UK corporation tax rate of 19% (31 May 2018: 19%)	(1,327)	38,361	37,034	(540)	25,610	25,070
Non-taxable investment, derivative and currency gains	–	(38,469)	(38,469)	–	(26,175)	(26,175)
Effect of expenses in excess of taxable income	–	108	108	–	185	185
Expenses disallowable for tax purposes	–	–	–	–	380	380
Carry forward management expenses	1,327	–	1,327	540	–	540
Withholding tax deducted from distributions	(2,594)	–	(2,594)	(9,170)	–	(9,170)
	(2,594)	–	(2,594)	(9,170)	–	(9,170)

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 2019, excess management expenses are estimated to be in excess of £180m (31 May 2018: £165m).

At 31 May 2019, the Company had no unprovided deferred tax liabilities (31 May 2018: £nil).

8. Return per Share

	31 May 2019			31 May 2018		
	Revenue	Capital	Total	Revenue	Capital	Total
Return for the financial period in £'000	(9,576)	201,900	192,324	(12,015)	134,792	122,777
Weighted average ordinary shares			54,104,721			57,980,242
Return per share	(17.70)p	373.17p	355.47p	(20.72)p	232.48p	211.76p

There are no dilutive effects to earnings per share.

9a. Movements on Investments

	31 May 2019 £'000	31 May 2018 £'000
Book cost brought forward	764,575	729,164
Acquisitions at cost	284,846	251,327
Capital distributions – proceeds	(314,341)	(350,693)
Capital distributions – realised gains on sales	157,003	134,777
Book cost at year end	892,083	764,575
Unrealised appreciation of investments		
Unlisted investments	551,852	509,592
Listed investments	5,699	570
Valuation of investments at year end	1,449,634	1,274,737

9b. Analysis of Investments

	31 May 2019 £'000	31 May 2018 £'000
Sterling		
Unlisted investments	43,155	26,694
	43,155	26,694
US dollar		
Unlisted investments	1,141,081	980,063
Listed investments	5,698	568
	1,146,779	980,631
Euro		
Unlisted investments	235,188	238,925
	235,188	238,925
Other		
Unlisted investments	24,511	28,485
Listed investments	1	2
	24,512	28,487
	1,449,634	1,274,737
Realised gains on sales	157,003	134,777
Amounts previously recognised as unrealised appreciation on those sales	570	1,364
Increase in unrealised appreciation	46,819	13,820
Revaluation of amounts owed in respect of transactions	81	(183)
Gains on investments	204,473	149,778

Further analysis of the investment portfolio is provided in the Manager's Review on pages 24 to 65.

Transaction costs, (incurred at the point of the transaction) incidental to the acquisition of investments totalled £nil (31 May 2018: £nil) and to the disposals of investments totalled £6,000 (31 May 2018: £11,000) for the year. In addition, legal fees incidental to the acquisition of investments totalled £568,000 (31 May 2018: £972,000) and the ALN issue costs totalled (£2,000) being a write back of over-accrued expenses (31 May 2018: £2,002,000) as disclosed in Note 4, have been taken to the capital column in the Income Statement since they are capital in nature.

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%	31.7

10. Fair Value Hierarchy

Financial Assets at Fair Value Through Profit or Loss at 31 May 2019

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Unlisted holdings	–	–	1,443,935	1,443,935
Listed holdings	5,699	–	–	5,699
	5,699	–	1,443,935	1,449,634

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 Liabilities at Fair Value Through Profit or Loss at 31 May 2019

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Asset Linked Note	–	–	94,449	94,449
	–	–	94,449	94,449

10. Fair Value Hierarchy continued

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
	–	–	131,585	131,585

11. Debtors

	31 May 2019 £'000	31 May 2018 £'000
Amounts owed by investment funds	1,808	724
Prepayments and accrued income	1,414	3,167
	3,222	3,891

12. Creditors Amounts Falling Due Within One Year

	31 May 2019 £'000	31 May 2018 £'000
Investment management fees	1,467	1,284
Amounts owed in respect of transactions	339	478
ALN repayment to the Investor	2,090	16,475
Other creditors and accruals	786	809
	4,682	19,046

Notes to the Financial Statements (continued)

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

	31 May 2019 £'000	31 May 2018 £'000
Opening value of ALN	131,585	–
Initial principal amount issued	–	200,000
Repayments of net cashflows received	(44,909)	(77,152)
Fair value movements through profit or loss	10,044	11,166
Expense Charge and ALN share of withholding taxes	(2,271)	(2,429)
Closing Value of ALN	94,449	131,585
Transfer to creditors due within one year	(2,090)	(16,475)
	92,359	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 2019. 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 £44.9m, representing the ALN share of net cash flow for the year to 28 February 2019. The fair value of the ALN at 31 May 2019 was £94.4m, of which £2.1m represents the net cash flow for the three months to 31 May 2019, due for repayment on 31 August 2019. This amount has therefore been transferred to amounts due within one year (see Note 12).

14. Called-up Share Capital

	31 May 2019		31 May 2018	
	Shares	£'000	Shares	£'000
Allotted, called-up and fully paid:				
Ordinary shares of 67p each				
Opening position	54,114,447	36,257	33,062,013	22,153
Issue of shares following conversion	–	–	21,242,434	14,232
Cancellation of shares	(25,000)	(17)	(190,000)	(128)
Closing position	54,089,447	36,240	54,114,447	36,257
Redeemable shares of 1p each				
Opening position	–	–	30,297,534	303
Redemption of shares to ALN	–	–	(9,055,100)	(91)
Conversion to ordinary shares	–	–	(21,242,434)	(212)
Closing position	–	–	–	–
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	54,089,447	36,240	54,114,447	36,257

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 largest holder of the redeemable shares (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 re-designation 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 period 25,000 ordinary shares (31 May 2018: 190,000) were bought back in the market for cancellation. The total consideration paid, including commission and stamp duty, was £500,000 (31 May 2018: £128,000).

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	269,535	3,308	572,278	500,079	(74,693)
Net gain on realisation of investments	–	–	157,003	–	–
Increase in unrealised appreciation	–	–	–	46,819	–
Losses on financial instruments at fair value through profit or loss – ALN	–	–	–	(8,815)	–
Transfer on disposal of investments	–	–	–	570	–
Revaluation of amounts owed in respect of transactions	–	–	81	–	–
Exchange differences on currency	–	–	6,820	–	–
Exchange differences on other capital items	–	–	(10)	–	–
Legal and professional expenses charged to capital	–	–	(570)	–	–
Other expenses charged to capital	–	–	2	–	–
Share buybacks	–	17	(500)	–	–
Revenue return for the year	–	–	–	–	(9,576)
End of Year	269,535	3,325	735,104	538,653	(84,269)

* 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 2019	31 May 2018
Net assets attributable in £'000	1,498,588	1,306,764
Ordinary shares	54,089,447	54,114,447
Net asset value per share – ordinary	2,770.57p	2,414.82p

The Company had redeemable shares which were 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 and 2019, 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 2019 £'000	31 May 2018 £'000
Return before taxation and finance costs	197,304	133,897
Withholding tax deducted	(2,594)	(9,170)
Gains on investments	(204,473)	(149,778)
Currency (gains)/losses on cash and borrowings	(6,810)	1,929
Increase/(decrease) in creditors	398	(31)
Decrease/(increase) in other debtors	2,754	(2,896)
Losses on financial liabilities at fair value through profit or loss	10,044	11,166
Expenses and taxation associated with ALN	(2,271)	(2,429)
Net cash outflow from operating activities	(5,648)	(17,312)

18. Contingencies, Guarantees and Financial Commitments

At 31 May 2019, there were financial commitments outstanding of £521.0m (31 May 2018: £440.2m) 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 2019) 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 was drawn down.

On 1 June 2018, the Company agreed a new four-year £175m multi-currency revolving credit facility agreement, arranged by Lloyds Bank and NatWest Markets. This replaces the £150m loan facility agreement which was due to expire in November 2018, of which £nil was drawn down as at 31 May 2019, (see Note 6 for further information).

The principal covenant that applies to the loan facility is that gross borrowings do not exceed 34% of adjusted gross asset value.

Total available financing as at 31 May 2019 stood at £323.0m (31 May 2018: £308.6m), comprising £140.7m (31 May 2018: £145.8m) in available cash balances and £182.3m (31 May 2018: £162.8m) (sterling equivalent) in undrawn bank facilities. The available financing along with the private equity portfolio exceeded the outstanding commitments by 3.4 times (31 May 2018: 3.6 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 2019, there was the sterling equivalent of £nil funds drawn down on the loan facilities (31 May 2018: £nil). A commitment fee of 0.94% per annum is payable in respect of the amounts available under the 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 2019 and 2018 consisted of investments, cash and debtors (excluding prepayments). As at 31 May 2019, the interest rate risk and maturity profile of the Company's financial assets was as follows:

31 May 2019	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	61,807	61,807	–	–	–
US dollar	1,267,221	1,267,221	–	–	–
Euro	238,169	238,169	–	–	–
Other	27,129	27,129	–	–	–
	1,594,326	1,594,326	–	–	–

The interest rate and maturity profile of the Company's financial assets as at 31 May 2018 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	–	–	–

Financial Liabilities

At 31 May 2019, the Company had drawn the sterling equivalent of £nil (31 May 2018: £nil) of its new four-year committed revolving multi currency credit facility, expiring June 2022, with Lloyds Bank and Natwest Markets. 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 2018: £nil) was accruing as the facilities were unutilised.

At 31 May 2019 and 31 May 2018, 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 100. 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 minimise the effects of cyclical trends within particular industry segments.

If the investment portfolio fell by 20% from the 31 May 2019 valuation, with all other variables held constant, there would have been a reduction of £289,927,000 (31 May 2018 based on a fall of 20%: £254,958,000) 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 44 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 2 to 23 and the Manager's Review on pages 24 to 65.

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 2019, realised exchange losses of £10,000 (31 May 2018: realised exchange gains of £353,000) and realised gains relating to currency of £6,820,000 (31 May 2018: realised losses of £2,282,000) 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 2019, it would have the effect, with all other variables held constant, of increasing equity shareholders' funds by £11,012,000 (31 May 2018: £13,592,000). 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 £13,768,000 (31 May 2018: £12,686,000). The calculations are based on the financial assets and liabilities and the exchange rate as at 31 May 2019 of 1.2597 (31 May 2018: 1.33035) sterling/dollar and 1.1309 (31 May 2018: 1.13945) sterling/euro. The Company's investment currency exposure is disclosed in Note 9b.

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

	31 May 2019 Assets £'000	31 May 2019 Liabilities £'000	31 May 2018 Assets £'000	31 May 2018 Liabilities £'000
US dollar	118,523	638	128,812	731
Euro	2,981	122	2,110	118
Swedish krone	1,597	–	95	–
Norwegian krone	569	–	113	–
Australian dollar	451	–	653	–
	124,121	760	131,783	849

19. Analysis of Financial Assets and Liabilities continued

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 2019 and 31 May 2018 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 of Directors with reference to the loan covenants.

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

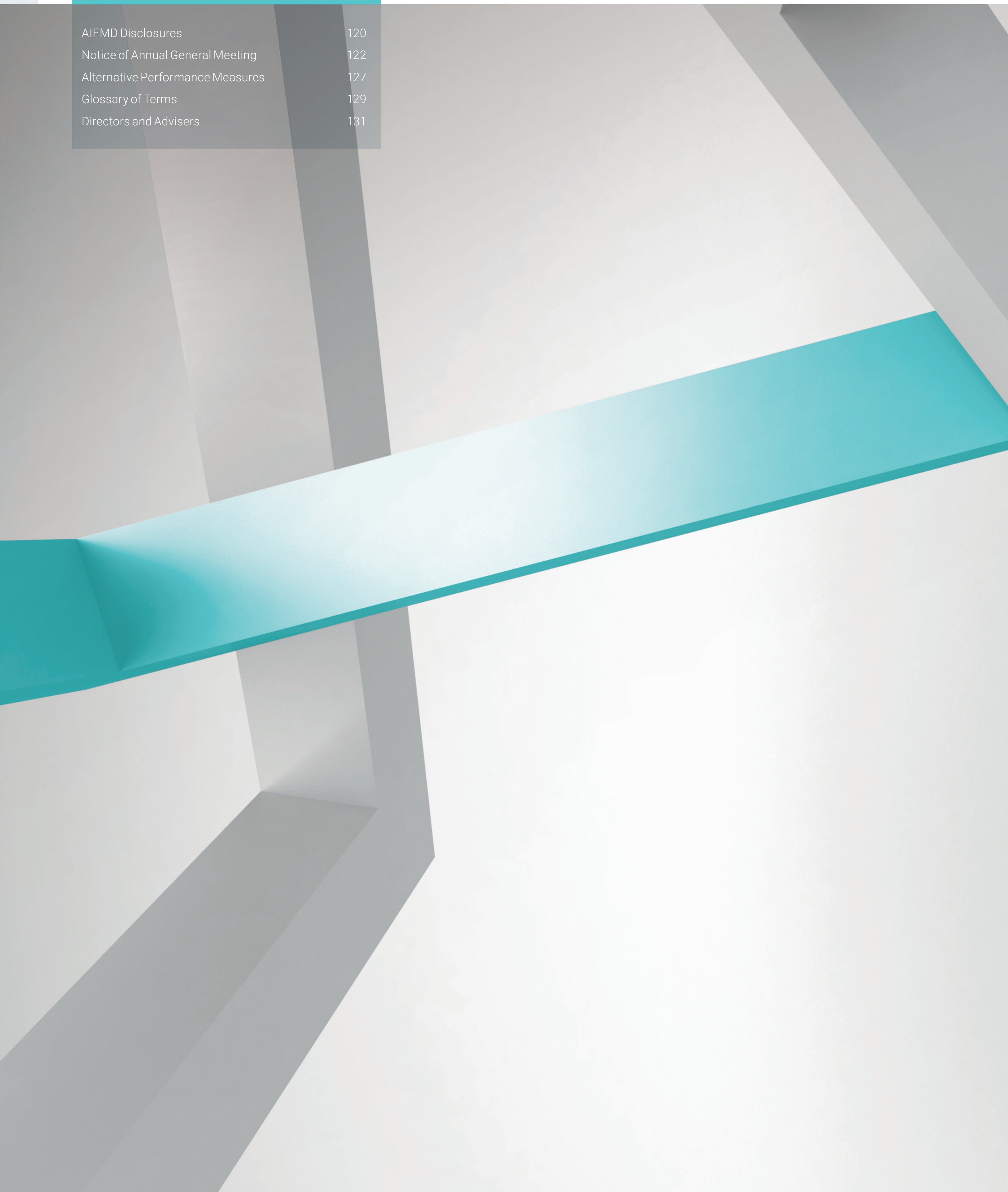
20. Transactions with the Manager and Related Parties

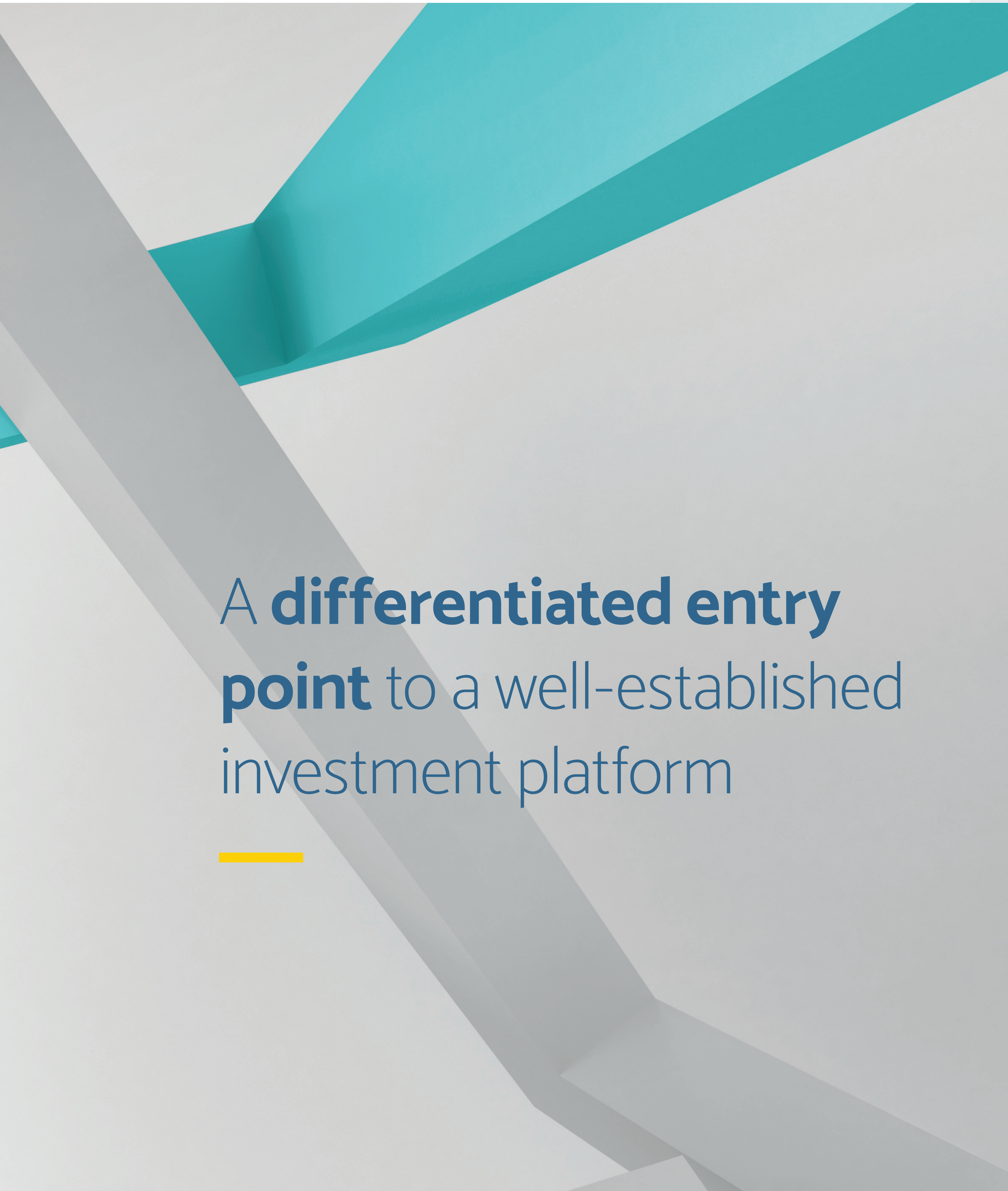
The amounts paid to the Manager, together with the details of the Investment Management Agreement, are disclosed in Note 3. The existence of an Independent Board of Directors demonstrates that the Company is free to pursue its own financial and operating policies and therefore, under the AIC SORP, the 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 84 to 87. 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 period end.

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 65) and the financial statements (pages 94 to 117). 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 2019, including staff remunerated by affiliates of the Manager, was approximately 295, 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 2019 attributable to work relating to the Company was as follows:

	Twelve months to 31 May 2019			Twelve months to 31 May 2018		
	Fixed £'000	Variable £'000	Total £'000	Fixed £'000	Variable £'000	Total £'000
Senior Management	538	669	1,207	542	674	1,216
Staff	1,021	658	1,679	1,028	662	1,690
Total Staff	1,560	1,327	2,887	1,570	1,336	2,906
Identified Staff	323	461	784	325	464	790

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 2019 is shown below:

	Gross method	Commitment method
Leverage ratio	97%	107%

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 2019. 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 23) and also in Note 19 of the financial statements (pages 113 to 117). 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 78 and 79). Additionally, the individual counterparty exposure limit for deposits with each of the Company's bank counterparties has been set at £70m 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 2019.

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 30 October 2019

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 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 70 to 75 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, 30 October 2019 at 10:30am to consider and, if thought fit, pass the following resolutions, of which numbers 1 to 11 will be proposed as ordinary resolutions and numbers 12 to 14 as special resolutions.

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 2019.
2. To receive and approve the Directors' Remuneration Report for the year ended 31 May 2019.
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 appoint Ernst & Young 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.
10. To authorise the Audit Committee to determine the remuneration of the Auditor.
11. **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 £12,079,976.49, 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

12. That:

subject to the passing of Resolution 11 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 Companies Act 2006 (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 11 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 £1,811,996.47, 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.

13. That:

the Company be and is hereby generally and, subject as hereinafter provided, unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (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.

14. That:

a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

By order of the Board

Link Company Matters Limited
Company Secretary
6 August 2019

Registered office: Beaufort House,
51 New North Road, Exeter EX4 4EP

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. 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.

   If multiple proxies are appointed, they must not be appointed in respect of the same shares. If a member wishes to appoint more than one proxy, they should log on to www.signalshares.com or contact the Registrar by using the details set out on page 131.

2. In the case of joint holders, where more than one of the joint holders purports to appoint one or more proxies, only the purported appointment submitted by the most senior holder will be accepted. Seniority shall be determined by the order in which the names of the joint holders stand in the Company's register of members in respect of the joint holding.

3. Only those members registered on the Register of Members of the Company by close of business on 28 October 2019 (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. Members can appoint a proxy online at: www.signalshares.com. In order to appoint a proxy using this website, members will need their Investor Code, which they can find on their share certificate. If you need help with voting online, please contact our Registrar, Link Asset Services, on 0871 664 0391 if calling from the UK, or +44 (0) 371 664 0300 if calling from outside of the UK, or email Link at enquiries@linkgroup.co.uk. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK are charged at the applicable international rate. We are open between 9.00am and 5.30pm, Monday to Friday excluding public holidays in England and Wales.

   You may request a hard copy form of proxy directly from the Registrar by telephone on 0871 664 0300. To be valid, a Form of Proxy or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, must be received by post or (during normal business hours only) by hand by the Registrar at Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, no later than 48 hours before the time of the Annual General Meeting or any adjournment of that meeting.

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 6 August 2019, the Company's issued voting share capital and total voting rights amounted to 54,089,447 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 The British Academy, 10-11 Carlton House Terrace, London SW1Y 5AH from 10.15am until the conclusion of the Meeting.

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 2019 £'000	
Investment management fees	96	16,584	
Lookthrough charges	103	462	
Other expenses	96	0	
Total expenses		17,046	(a)
Average month-end NAV		1,397,742	(b)
AIC ongoing charges		1.22%	(a/b)

Available cash

Cash less next ALN repayment (see Note 13).

Available financing

Sum of available cash and undrawn loan facility.

	Page	At 31 May 2019 £m	
Available cash	98,110	141	(a)
Undrawn loan facility	114	182	(b)
Available financing		323	(a + b)

Capital call

Call to Limited Partners ("LPs") 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 2019 £m	
Purchases of investments	99	285	(a)
Recallable distributions		(11)	(b)
Amount drawn for new commitments		(165)	(c)
ALN share of calls		(2)	(d)
Capital calls		107	(a + b + c + d)

Capital call rate

Capital calls in the period divided by opening undrawn commitments.

	Page	Year ended 31 May 2019 £m	
Capital calls		107	(a)
Opening undrawn commitments		440	(b)
Capital calls		24%	(a/b)

Distribution

Cash or stock returned to the LPs after the fund has exited from an investment by selling it, or from distributions 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 2019 £m	
Disposals of investments	99	313	(a)
Investment income received	99	13	(b)
Recallable distributions		(11)	(c)
Withholding tax deducted	99	(3)	(d)
ALN share of distributions		(35)	(e)
Distributions from PIP's portfolio		277	(a + b + c + d + e)

Distribution rate

Distributions for the period divided by opening portfolio value.

	Page	Year ended 31 May 2019 £m	
Distributions from PIP's portfolio		277	(a)
Opening investments at fair value	98	1,275	(b)
ALN share of opening investments		(115)	(c)
Opening portfolio value (excluding the ALN)		1,160	(d) = (b + c)
Distribution rate from PIP's portfolio		24%	(a/d)

Alternative Performance Measures (continued)

Financing cover

Ratio of available cash, private equity assets and undrawn loan facility to outstanding commitments.

	Page	At 31 May 2019 £m	
Available financing	127	323	(a)
Investments at fair value	98	1,450	(b)
Total		1,773	(c) = (a + b)
Outstanding commitments		521	(d)
Financing cover		3.4x	(c/d)

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 2019 £m	
Distributions from PIP's portfolio	127	277	(a)
Capital calls	127	(107)	(b)
Net portfolio cash flow		170	(a + b)

Sample calculations and disclosures

The sample buyout figures for the 12 months to 31 December 2018 were calculated using all the 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 2018 or where not available, the closest annual period disclosed, and provide coverage of 59% and 58% (for revenue and EBITDA growth respectively) of PIP's buyout portfolio. Individual company revenue and EBITDA growth figures were capped if in excess of -100% and +100% to avoid distortions from large outliers. Sample data for 2013-2017 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 2018, or the closest disclosed period end. The valuation multiple sample covers approximately 54% of PIP's buyout portfolio. The debt multiple sample covers approximately 77% of PIP's buyout portfolio.

Cost multiple

The cost multiple data on page 45 is based on a sample that represented approximately 49% by value of PIP's gross distributions for the year to 31 May 2019. 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 twelve months prior to the transaction taking place. The analysis on page 45 only includes exit realisations that occurred during the period and disregards the impact of any proceeds received outside of the twelve month period covered in the uplift analysis. The data in the sample represents 100% of proceeds from exit realisations and 73% of distributions received during the period.

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 2019 £'000	
Investment management fees	96	16,584	
Performance fee payable to Pantheon		0	
Look-through charges	103	462	
Other expenses	96	0	
Interest payable and similar expenses	96	2,386	
Total expenses and financing costs		19,432	(a)
Average month-end NAV		1,397,742	(b)
Total ongoing charges		1.39%	(a/b)

Undrawn coverage ratio

Ratio of available financing and 10% of private equity assets to undrawn commitments. Under the terms of its loan facility, PIP is required to maintain an undrawn coverage ratio of at least 33%.

	Page	At 31 May 2019 £m	
Available financing	127	323	(a)
Investments at fair value (10%)	98	145	(b)
Total liquid resources		468	(c) = (a + b)
Undrawn commitments		521	(d)
Undrawn coverage ratio		90%	(c/d)

Glossary of Terms

AIFMD
Alternative Investment Fund Managers Directive.

Asset Linked Note ("ALN")
Unlisted, subordinated note due to mature in August 2027, the repayment 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.

Buyout funds
Funds that acquire controlling interests in companies with a view towards later selling those companies or taking them public.

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.

Dry powder
Funds committed and available for investment that are not yet invested.

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.

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.

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.

Paid in capital
Cumulative amount of capital that has been called.

Glossary of Terms (continued)

Portfolio company
A company that is an investment held by 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).

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.

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 year in which a fund makes its first call or in the case of a co-investment, the year in which the co-investment was made.

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Alternatively, you can contact Link's Customer Support Centre, which is available to answer any queries you have in relation to your shareholding:

By phone: call +44 (0) 371 664 0300. Calls from outside the UK will be charged at the applicable international rate. Link is open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales).

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Notes

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