Pantheon International Plc
Annual Report and Accounts 2020

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COMPANIES HOUSE

RESILIENCE RESPONSIBILITY LONG-TERM PERFORMANCE

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

At a glance as at 31 May 2020

+4.0%	Net asset value (NAV) per share growth in the year	£1.6bn	Net asset value
-7.2%	Share price decrease in the year	£1.1bn	Market capitalisation
+11.6%	Average annual NAV growth since 1987	1.23%	AIC ongoing charges[1]

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

PIP makes the private, public.

Firms backed by private equity are all around us, making up a dynamic and growing market. For many people, this exciting sector can appear to be inaccessible. But with one PIP share, investors can access a high-quality diversified portfolio of private equity assets, managed by Pantheon.

Pantheon's responsible, transparent and collegiate culture is one of the reasons why PIP has such an outstanding 33-year track record. It is also down to having the right skills, experience and relationships built up over many years. We believe that taking a long-term view leads to better outcomes, whatever is going on in the world.

Companies we invest in

Pg 29 **Supporting communities**

Pg 47 **Infor**

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Pg 52 **National Veterinary Association**

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Pg 60 **Jaggaer**

WHY CHOOSE US?

The way we do things makes the difference

Pantheon manages PIP's assets responsibly, with transparency and integrity

Private equity is the term used for privately negotiated investments typically made in non-public companies. It can be an attractive asset class for a broad range of investors as it can boost the performance of their investment portfolios. But barriers to entry are high and doing it well requires experience and expertise.

That is where we come in.

Our time-tested culture leads to strong outcomes:

LONG-TERM PERFORMANCE

Thinking long term, making the right choices and delivering results

+

STRENGTH AND RESILIENCE

A carefully diversified portfolio designed to perform well in a range of conditions

+

RESPONSIBLE INVESTMENT

A thoughtful ESG[1] approach informs every decision we make

1 Environmental, Social and Governance (ESG).

LONG-TERM PERFORMANCE

Thinking long term, making the right choices and delivering results

11.6%

Average annual NAV growth since 1987

PIP is a FTSE 250 company and one of the longest established private equity funds listed on the London Stock Exchange.

Our track record speaks for itself: PIP has outperformed the FTSE All-Share and MSCI World over multiple periods and since its inception in 1987.

Annualised performance

	1 yr	3 yrs	5 yrs	10 yrs	Since inception
NAV per share	4.0%	9.6%	13.0%	12.0%	11.6%
Ordinary share price	-7.2%	4.8%	10.0%	14.8%	10.9%
FTSE All-Share, TR	-11.2%	-2.9%	1.3%	6.1%	7.1%
MSCI World, TR (Sterling)	7.4%	6.2%	9.9%	11.1%	7.8%

Share price relative performance (annualised)

	1 yr	3 yrs	5 yrs	10 yrs	Since inception
Versus FTSE All-Share, TR	+4.0%	+7.7%	+8.7%	+8.8%	+3.8%
Versus MSCI World, TR (Sterling)	(14.6%)	(1.4%)	+0.1%	+3.7%	+3.1%

WHY CHOOSE US?

STRENGTH AND RESILIENCE

A carefully diversified portfolio designed to perform well in a range of conditions

Our portfolio is structured to reduce the risks typically associated with private equity investments, and managed to maximise liquidity and growth over time.

We carefully select our assets, based on the strengths of our appointed underlying private equity managers, and actively monitor and diversify them to reduce specific timing, regional and sector risks.

Our continuous focus on the mix of assets in our portfolio and balance sheet management means that PIP is able to withstand uncertainty while being well-positioned to invest for the future.

"PIP has the right foundations in place, not only to respond to current challenges, but also to capitalise on the opportunities that arise from changing market conditions."

Helen Steers
Pantheon Partner and manager of PIP

We build and manage a carefully diversified portfolio

Investment type[1]

Flexible approach to portfolio construction increases potential for outperformance. See our Business Model on page 16 for a description of the different types of investment.

Secondary	36%
Co-investments	35%
Primary	29%

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	50%
Europe	31%
Asia and EM[2]	12%
Global[3]	7%

Stage[1]

Well diversified with an emphasis on the small and mid-market buyout and growth stages.

Small/Mid Buyout	41%
Large/Mega Buyout	26%
Growth	20%
Special Situations	8%
Venture	5%

Maturity[1]

PIP's portfolio has a weighted average fund age of 5.1 years.

2020	1%
2019	8%
2018	14%
2017	15%
2016	18%
2015	15%
2014	5%
2013	3%
2012	3%
2011	4%
2010	1%
2009	1%
2008 and earlier	12%

As at 31 May 2020.

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. Excludes 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%.

RESPONSIBLE INVESTMENT

A thoughtful ESG approach informs every decision we make

Pantheon is a responsible and highly experienced investment manager whose culture and values reflect teamwork and diversity across its entire global workforce.

An adherence to sound ESG principles is integrated into our pre- and post-investment due diligence and monitoring processes.

We are committed to promoting ESG and diversity, and actively engage with our underlying private equity managers to raise standards in our industry.

Jie Gong
Pantheon Partner, Asian Investment, Co-Head of Global ESG Committee

"We are convinced that companies which have a strong emphasis on behaving responsibly towards their stakeholders, are better managed and produce superior long-term performance."

Alex Scott
Pantheon Partner, European Primary Investment, Co-Head of Global ESG Committee

WITH JUST ONE SHARE...

Access to agents of change and transformation

The value that the best private equity managers can add

One of the reasons why private equity has become a more popular way of funding for growing companies is because private equity managers do not just bring capital to their portfolio companies. They typically employ sector and operational experts, who bring deep expertise, skills and experience, and offer hands-on management support to build companies and transform their future. Some of the tactics they use include practical help in improving operations, for example optimising supply chains, improving companies' go-to-market strategies, or assisting with digitalisation and technological enhancements. They may also upgrade company management by adding people with complementary expertise and often with extensive experience of growing businesses of a similar type. In addition, private equity managers can assist their portfolio companies with targeting add-on acquisitions and optimising synergies, supporting them with undertaking new product development or helping to grow businesses into new geographies or customer segments.

On the same page

Private equity managers generally acquire influential or controlling stakes in high-quality companies and operate according to a long-term investment horizon. The governance model in private equity is designed to encourage all stakeholders in the business – company management, the private equity fund manager, and the ultimate investor – to pull in the same direction and focus on value creation. Private equity managers invest capital alongside company management in the business, to ensure alignment of interests, while using leverage to create an efficient structure.

Performance whatever the weather

Private equity managers have a significant influence on performance: the same company could produce differing returns depending on the private equity manager that owns it. Top quartile private equity managers are able to manage underlying assets effectively and produce public market-beating returns through different economic cycles. In addition, highly skilled managers are able to take advantage of mispricing and dislocation opportunities when identifying attractive investment transactions.

Operating with a longer-term investment horizon, private equity managers are able to position their investments for sale at the appropriate juncture and are able to time their realisations, exploring each major potential exit route, which could be to corporate or strategic buyers, to another private equity manager or via an initial public offering (IPO).

The highest-quality managers take environmental, social and governance risks into account when making an investment, and understand that managing their investee companies responsibly can enhance returns for them and their investors in the long run.

WITH JUST ONE SHARE ...

Your slice of some of the fastest-growing companies on the planet

Accessing exciting opportunities at the right time

An investment in PIP gives access to businesses which are at a range of stages in their life – financing everything from start-ups to well-established firms – but with a particular focus on small/mid-market buyouts and growth.

Growth capital

- Minority investments in established companies
- Strong growth characteristics
- Very limited or no leverage used[1]

See case study on Infor on p47

Venture capital

- Emphasis on very high-growth niche segments within dynamic sectors such as information technology and healthcare
- Long-term investment horizon
- No leverage is used

See Adyen on p44

1 Refers to leverage within the underlying portfolio company.
2 GP, or general partner, is defined in the glossary on page 123.

Small/mid-market buyout

- Control investments in established, cash flow positive companies
- Typically uses leverage[1]
- Generally lower entry multiples relative to large/mega buyouts
- Typically higher growth rates than larger businesses
- More levers to pull to help businesses to grow
- Extensive opportunity set and more routes to exit

See case study on KD Pharma Group on p59

Large/mega buyout

- Control investments in established, cash flow positive companies
- Typically uses leverage[1]
- Provides access to larger companies at points of inflection in their development

See case study on National Veterinary Association on p52

Special situations

- Includes distressed debt, mezzanine, energy/utilities, and turnarounds

Private equity versus the public markets

The number of publicly quoted companies globally has been shrinking significantly, while the number of private equity-backed companies has been growing. This is due to a variety of factors. One of the main reasons is that many fast-growing companies are making the choice to IPO later, or even deciding not to go public at all. Access to ample levels of funding, coupled with the fact that private equity managers take a long-term view, support companies with expertise as well as capital and enable them to pursue their growth and business projects without the distractions of public ownership, have increased the appeal of remaining private. In addition, there has been an increase in public-to-private transactions, with companies often being taken private by a financial sponsor. See case study below on Nord Anglia Education. Finally, an increase in merger activity has also reduced the number of quoted firms. The result of all of this is that, in general terms, the public markets no longer offer the breadth and depth of investment opportunities that they used to, and so investors need to consider alternatives in order to access younger companies with the potential for more rapid growth.

Growth sectors

PIP's portfolio has been constructed to offer access to dynamic private companies which have considerable growth potential and form part of some of the most exciting industry sectors in the world. Furthermore, many of the businesses backed by private equity in the healthcare and technology segments, which are a core focus for PIP, tend to address a different set of needs and end users than the companies that are available in the same sectors via the public markets. See pages 44 to 47 for more information on the sectors in which we invest.

Nord Anglia Education

GP[2]	Baring Asia Private Equity
REGION	Global
SECTOR	Consumer
STAGE	Large buyout

- Public-to-private transaction in 2017.
- Completed five acquisitions since the take-private, increasing student capacity and adding US$58m of EBITDA.
- Nord Anglia is now the largest provider of premium K-12 education worldwide.
- As at February 2020, the company operated 66 schools across 29 countries in Asia, the USA, Europe and the Middle East.
- Had provided education to 67,000 students as at February 2020.
- Growth drivers include new school openings, capacity expansion of existing schools, greenfield campus build-outs and bolt-on acquisitions.

WITH JUST ONE SHARE...

A straightforward investment, managed with integrity

Putting shareholders first

PIP has an independent board in place that looks after shareholders' interests, with rigorous systems and processes applied to ensure that the relationship with Pantheon is effective and beneficial.

As part of this, the Board of PIP monitors Pantheon'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.

Shareholders

Invest via LSE

Supervises

PIP

PIP board

Pantheon

Manages

Why PIP's structure works

For the most part, capital in the private equity 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. Shares in a listed private equity investment trust such as PIP give investors ready access to private equity opportunities. For just 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.

PIP is managed by Pantheon, one of the leading private equity investors in the world.

Founded in London in 1982, Pantheon serves an institutional client base...

US$50.7bn[1]
Assets Under Management

600+
clients around the world

Award-winning[3]

Pantheon provides clients with access to its global network of relationships...

8
offices

341[2]
people

100[2]
investment professionals with an aggregate of over 1,000 years' financial services experience

DUBLIN 7

SAN FRANCISCO 40

NEW YORK 33

BOGOTÁ 4

LONDON 239 people

SEOUL 4

HONG KONG 10

TOKYO 4

451[2]
advisory board seats held

9,500+
private equity managers in Pantheon's database

Pantheon has a strong reputation for responsible investing and diversity...

13
years of UNPRI membership, one of the first private equity signatories

A+
awarded by UNPRI in 2020 for private equity

Gender diversity[4]

Overall workforce[5]: 40% Women

Investment team heads: 45%

Ethnic diversity[4]

Overall workforce[6]: 39% Non-white ethnic background

Accessing the right managers

The dispersion of performance between managers in private equity is much wider than in other asset classes. Therefore, selecting and accessing the best private equity managers with robust organisations, proven operational and sector expertise, and a sustainable investment strategy is key to achieving success.

Pantheon, which has been in business for almost four decades, has a extensive network of relationships with private equity managers across the world and is able to secure access to some of the most compelling funds and investment opportunities that are not widely available.

1 As at 31 March 2020. 2 As at 30 June 2020. 3 See the Award Methodologies section on Pantheon's website for details regarding each award mentioned above: www.pantheon.com.
4 The response rate for Pantheon's voluntary survey in December 2019 – January 2020 was 68%. 5 c.1% prefer not to say. 6 c.3% prefer not to say.

CHAIRMAN'S STATEMENT

Strength to deliver sustainable growth

The impact of the COVID-19 crisis, geopolitical challenges and high levels of state indebtedness mean that the outlook is very uncertain. Nevertheless, your Board believes that shareholders should find reassurance in PIP's long-term track record of growth across cycles and its strong financial position.

PIP's NAV per share, which mainly reflects valuations as at 31 March 2020 provided by its private equity managers in the immediate aftermath of the sharp fall in global stock markets, increased by 4% to 2,882.8p per share during the 12 months to 31 May 2020. PIP's NAV growth has significantly outperformed the FTSE All-Share and MSCI World indices over multiple periods and since PIP's inception in 1987. While PIP's share price has also outperformed these benchmarks over the medium and long term, it fell sharply with the rest of the listed private equity sector and global stock markets in March, and declined by 7.2% during the year. Although it has recovered somewhat since then, it continues to trade at what the Board and many stock market analysts consider to be an excessive discount to the NAV.

PIP's Strategic Report, comprising pages 1 to 36, has been approved and signed on behalf of the Board. Some of the key highlights of the report are summarised below, but shareholders are encouraged to read the Strategic Report in its entirety.

NAV performance for the 12 months ended 31 May 2020

As at 31 May 2020, net assets amounted to £1.6bn (May 2019: £1.5bn). Our portfolio, which generated 3.2% of valuation gains and 0.7% of income, was enhanced further by foreign exchange movements of 1.6%, while expenses and taxes deducted 1.5%. The small/mid-market buyout segment, which forms PIP's core area of focus, generated the strongest returns during the 12 months, with growth investments also performing well. The large buyout segment of the portfolio also delivered healthy returns due to the strong exits achieved by our managers. Special situations, which account for just 8% of the overall portfolio, underperformed, principally because of valuation declines in companies with energy exposure, which were significantly impacted by the large falls in energy prices. This decline also weighed on the performance of PIP's secondary investments and its North American portfolio. At the year end, energy assets represented 5% of PIP's portfolio (31 May 2019: 9%). As investments are realised, we would expect to see the energy assets decline further over time as a proportion of the Company's NAV. Venture, which is a relatively small part of PIP's portfolio, contributed positively to performance during the period.

Cash flow and balance sheet liquidity

PIP has experienced several economic cycles during its 33-year history. The Board and Pantheon have had a long-standing practice of stress testing PIP's investment portfolio on various scenarios to ensure that the Company was prepared for a potential downturn.

IN SUMMARY

PIP's global, diversified portfolio is tilted towards more resilient and growth industry sectors such as information technology and healthcare, which are helping us to weather the COVID-19 storm.

PIP continues to benefit from Pantheon's decades of experience and flexible investment approach.

PIP has entered the crisis in a strong financial position.

KEY STATISTICS

+11.6%	Average annual NAV growth since inception
+4.0%	NAV per share growth in the year
-7.2%	Share price decline in the year
£1,559m	Net asset value
£110m	Portfolio net cash flow

NAV per share progression

During the period, PIP received £227.9m in distributions[3], equivalent to a distribution rate[3] of 17% of PIP's opening portfolio value. The value-weighted average uplift on exit realisations[3] in PIP's portfolio was 28% during the 12 months to 31 May 2020, continuing a trend that we have noted during recent years of realising material increases over holding valuations. Calls[3] from existing commitments to private equity funds during the period amounted to £117.6m, equivalent to 23% of PIP's opening undrawn commitments. Overall, PIP generated a net cash inflow of £110.3m during the period before taking account of new investments.

The cash-generating nature of the portfolio relates to the maturity of the funds in which PIP invests. The average age of PIP's funds at the year end was 5.1 years (May 2019: 5.2 years; May 2018: 5.7 years), compared to the typical private equity fund life of around 12 years during which the full cycle of capital calls, investment and cash returns to investors takes place. In this way, there is a balance between cash being received from mature funds and value being created from more recent investments.

PIP's strong net available cash[3] position of £121m at the year end is supported by its wholly undrawn multi-currency revolving credit facility that was increased from £175m to £300m during the year. The additional facility amount of £125m has been provided by a new partner in the lending syndicate, State Street Bank and Trust Company, along with the existing facility provided by Lloyds Bank Corporate Markets plc and NatWest Markets plc. The facility, which has been denominated as to US$269.8m and €101.6m to match the principal currencies in which the Company's undrawn commitments are denominated, was equivalent to £310m as at 31 May 2020 and remains in place until June 2022 with an option, by further agreement, to extend the maturity date by a year to June 2023.

Repayment of the unlisted Asset Linked Note ("ALN"), which was issued with an initial principal value of £200m in October 2017, is made only from the cash distributions that, prior to maturity, have been received from a reference portfolio of older investment assets, mainly dating from 2006 and earlier. The ALN matures on 31 August 2027 and, as at 31 May 2020, had a remaining value of £65m, of which £7.6m represents the net cash flow for the three months to 31 May 2020, due for repayment on 31 August 2020.

Altogether at the year end, PIP had liquid resources of £431m. PIP's financing cover, which measures the sum of PIP's undrawn commitments of £541m as at 31 May 2020 against its available financing and the value of its private equity portfolio[4], was 3.6 times[3]. The Board is confident that the tight control of PIP's undrawn commitments relative to its available financing will enable PIP to finance its future calls even if distributions were to decline for a period.

Portfolio positioning and new commitments

The portfolio has held up well so far following the onset of the COVID-19 crisis, primarily as a result of a favourable tilt towards information technology, healthcare and other resilient sectors, and away from the travel, entertainment and hospitality sectors which have been hard hit. Prior to the crisis, our managers had already been investing in businesses which were connected to remote working and online services as well as those focused on medical care and pharmaceutical products.

New investment activity has reduced significantly since March. The Company's deal flow was, however, active for most of the 12 months to 31 May 2020, with commitments amounting to £244.5m, of which £109.2m was drawn at the time of purchase. In line with PIP's policy to manage the risk profile through diversification by geography, type, stage and sector, £96.2m was committed to 13 primaries, £74.8m was committed to 16 co-investments and £73.5m was committed to 15 secondaries. PIP is maintaining a cautious, albeit opportunistic, stance towards new investments given the continuing economic uncertainty.

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.

3 See page 119 to 122 of the Alternative Performance Measures section for definition.

4 The Board considers the value of the investment portfolio in the financing cover as it manages PIP's commitments into new investments to ensure that these are sufficiently covered by expected future distributions from the investment portfolio. Historically the undrawn commitments have been mainly funded from distribution receipts from the investment portfolio.

CHAIRMAN'S STATEMENT

NAV and share price performance

Net investment cash flow*

* Cash flows are stated net of movements associated with the ALN share of the reference portfolio.

Keeping shareholders informed in exceptional times

PIP is committed to providing its shareholders with regular, transparent, up-to-date information and provides regular monthly updates of its balance sheet liquidity and NAV. The latter is based mainly upon the latest valuation information supplied by its underlying private equity managers but it is generally received a few months after the relevant valuation date, therefore may have been overtaken by subsequent events.

Following the significant fall in global stock markets during March 2020, the Board and Pantheon were concerned that the NAV statements as at 31 March 2020 and 30 April 2020 (which were mainly based on valuations from the underlying private equity managers dated 31 December 2019), could overstate the Company's NAV. Accordingly, at the point of announcing PIP's NAV for March and April 2020, Pantheon and the Board agreed to adjust the NAV published in the statements for March and April downwards to reflect Pantheon's view of the potential impact of the COVID-19 crisis on investment values, based largely on guidance obtained by Pantheon following review meetings with underlying private equity managers. This guidance, which Pantheon obtained from 71% by value of PIP's investment portfolio, proved to be a conservative estimate once actual quarter-end valuations at 31 March 2020 were received. These quarter-end valuations form the basis of the Company's NAV as at the end of the financial year on 31 May 2020.

The Board considers that, in the exceptional circumstances of extreme public market volatility experienced earlier in 2020, it was in shareholders' best interests for Pantheon to make this intervention, which was fully disclosed, when publishing the monthly NAV updates at 31 March and 30 April 2020. It was only possible to do this because of Pantheon's long-standing relationships with PIP's underlying private equity managers and reflects the managers' willingness to share their up-to-date view of the likely impact of the COVID-19 crisis on their portfolio companies.

Pantheon's management experience and culture

The Board and Pantheon are committed to ensuring that their underlying private equity managers and investee companies behave responsibly and consider the impact of their actions on the environments and communities in which they operate. The Board believes that a responsible and diligent approach to each investment, a clear focus on inclusivity and an entrepreneurial mindset constitute fundamental features of Pantheon's global management ethos and workforce.

Pantheon's extensive, deep and long-standing relationships with some of the world's best private equity managers and its consequential privileged access to information allows it to source compelling deals for PIP. Pantheon has been able to use this information advantage to act proactively, while also undertaking appropriate due diligence to ensure high standards of behaviour by investee companies in relation to environmental practices, corporate governance and social issues.

PIP benefits from a dedicated team at Pantheon, which is responsible for implementing its investment strategy and developing marketing initiatives to stimulate interest in and demand for its shares. This team is led by Helen Steers who succeeded Andrew Lebus during the period. She has been a Partner at Pantheon since 2004 and closely involved with PIP since 2015. The team is supported by a large and experienced group of investment professionals, many of whom have worked at Pantheon for over 20 years. Integrity, teamwork, transparency and analytic rigour are key hallmarks of Pantheon's culture.

Board changes during the year

At the end of October, the Board welcomed Dame Sue Owen DCB, an economist with over 30 years of senior experience in government, and Mary Ann Sieghart, an established political journalist and broadcaster, as Directors. Their specialist insight and knowledge are a valuable addition to the Board.

Rhoddy Swire, who had been a Director of the Company since its inception in 1987, retired from the Board following the conclusion of the 2019 AGM. Upon conclusion of this year's AGM, Ian Barby, who became a Director in 2005, will also retire from the Board. The Board has benefitted enormously from Ian's contribution over the years. His intellectual rigour and constructive approach will be greatly missed by the Board and we wish him well for the future. David Melvin, who has been a Director of the Company and a member of the Audit Committee since 2015, took over Ian's role as Chairman of the Audit Committee in April and has ably steered the audit process with EY, PIP's newly appointed Auditor, for this financial year end.

Annual General Meeting

The Annual General Meeting ("AGM") this year is being convened on 22 September 2020 in compliance with the UK Government's guidelines concerning arrangements for such meetings while restrictions remain in place in relation to the COVID-19 crisis. A separate circular including the Notice of AGM is being sent to shareholders together with this Report and Accounts. Any shareholder wishing to submit questions to the Board or the Manager is encouraged to do so by following the procedures set out in the circular. The Board very much hopes that the AGM in 2021 can be convened in the normal historical format.

PIP's portfolio is positioned for sustained growth

The outlook for the global economy and equity markets remains uncertain and potentially volatile as a consequence of the COVID-19 pandemic and geopolitical instability.

The Board believes that the Company's investment portfolio is generally well placed to withstand and, in certain cases, to benefit during a period of significant economic and market turmoil. The grounds for this confidence include:

- Pantheon's experience of private equity markets over nearly 40 years, with its deep relationships with the underlying managers of PIP's portfolio, which provide privileged access to information and attractive new investment opportunities;
- The preparations made by Pantheon and many of the underlying private equity managers for a downturn, including taking a cautious approach to the use of debt by investee companies;
- The tilt of PIP's portfolio towards growth sectors of the global economy, including information technology and healthcare, relative to more challenged areas such as the travel, leisure and hospitality segments, with this tilt being more pronounced within the younger vintages of PIP's portfolio;
- PIP's status as an investment trust with permanent capital and its financing cover of 3.6 times, including its available liquid resources and private equity portfolio;
- Pantheon's successful and well-embedded collegial culture, with its emphasis on integrity, teamwork, transparency and analytic rigour;
- The structural trend within capitalist economies for the number of privately-owned companies to grow as the number of public companies declines, which tends to increase the opportunity set for private equity; and
- PIP's track record of sustained outperformance relative to both the FTSE All-Share and MSCI World Indices over multiple periods and since inception.

We know that our underlying private equity managers are starting to identify opportunities arising from the market dislocation and expect this to lead to increased deal activity later in the year, particularly in the secondaries market, and through add-on acquisitions by some companies in which PIP has co-investments. PIP's independent investment approach, investing directly into managers' funds and into co-investments alongside them, provides the flexibility to take advantage of such opportunities. PIP is not a "feeder vehicle" to other funds managed by Pantheon and therefore has the considerable benefit of discretion to vary the pace of its investment activity subject to its view of market conditions and its own financial circumstances in the best interests of shareholders.

The Board is confident that PIP has the necessary credentials to navigate through the current uncertainty, offering shareholders access to exciting investments with compelling prospects for long-term growth.

Sir Laurie Magnus

Chairman

5 August 2020

OUR BUSINESS MODEL

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

Our investment process

Investment opportunities 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

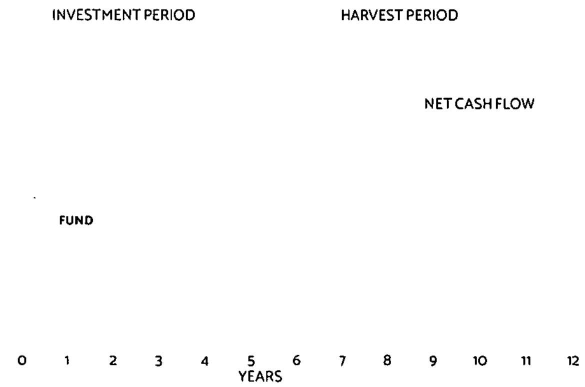
Cash generated when those companies are sold is returned to PIP and redeployed into new investment opportunities

Investment strategies

1 Primary

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

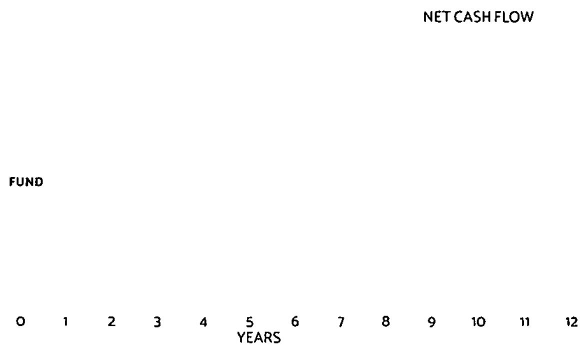
- Captures exposure to top-tier, well-recognised managers as well as to smaller niche funds that are generally hard to access.
- Targets leading managers predominantly in the USA and Europe, with a focus on funds rarely available in the secondary market.



2 Secondary

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

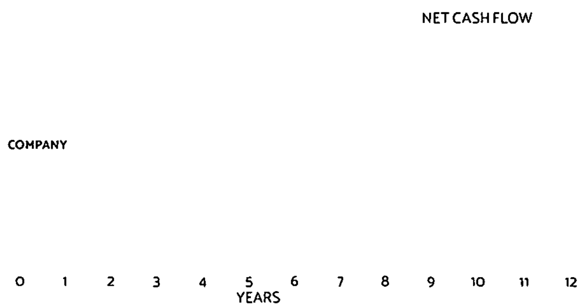
- Targets favoured funds at a stage when the underlying assets' performance is visible and the funds are realising investments, returning cash to PIP more quickly.
- One of the advantages of investing in secondaries is that earlier fees will have been borne by the seller so total expenses are lower.



3 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 invitation of PIP'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 PIP'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 over US$4tn[1] 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. The Board remains committed to its policy of maximising capital growth and therefore, as in previous years, is not proposing the payment of a dividend.

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 almost 40 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; and
- 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 56 to 60

What sets us apart

Track record

For 33 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's NAV has outperformed its benchmark indices over multiple periods 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. PIP is supported strongly by a global workforce and a large and experienced team of investment professionals, many of whom have been at Pantheon for over 20 years. In addition, Pantheon's approach is to avoid investments with private equity managers whose own cultures are focused on the profile of an individual and that may encounter key person risk.

Broad and deep relationships

With investments in North America, Europe, Asia and Emerging Markets, PIP provides a carefully constructed, broad-based portfolio for investors. The presence of Pantheon's team of 341 people[2] in its 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. In addition, through its participation on 451[2] advisory boards globally, Pantheon actively engages with its general partners ("GPs") on portfolio monitoring issues on a continuous basis.

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; and
- Lower cost than investing through intermediate vehicles, due to the elimination of management fees and related expenses.

For more information on PIP's strategic objectives, see pages 18 and 19

1 Source: Preqin, July 2020.

2 As at 30 June 2020.

OUR STRATEGY

Our investment strategy is to build a resilient portfolio that can deliver long-term outperformance

At the start of each year, PIP's investment strategy is reviewed by the Board together with the Manager and includes an analysis of how PIP can most profitably deploy capital in the prevailing investment environment. Throughout the year, there is an ongoing dialogue between the Board and the Manager, during which the Manager reports to the Board on progress and 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.

In addition, the Board also reviews individual investments that exceed exposure limits, which are set at appropriate levels 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. In addition, the Manager reports to the Board on PIP's marketing and investor relations activities, considering new initiatives that could help to increase PIP's profile, confirming its continuing relevance to existing shareholders and to reach potential new shareholders in the Company.

Maintain a diversified approach while increasing potential for outperformance

As Manager of PIP, Pantheon focuses on investing with the best private equity managers worldwide, and thoughtfully constructing and maintaining a cash-generative 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. Nevertheless, as a result of the selections made by the Manager through its investment activities, the mix of PIP's portfolio naturally emphasises investments that offer appropriate levels of downside protection as well as the potential for long-term growth.

Investment type: Focus on maturity profile of portfolio and cash generation

Over the last decade, the Company had emphasised secondary investments until 2018 when, as part of the strategic review held in that year, it was agreed by the Board that PIP would benefit from greater flexibility to direct activity across the different investment types during any given year. Primaries, secondaries and co-investments all have attractive characteristics, as highlighted in the Business Model on pages 16 and 17, and PIP's transparent investment approach gives it the flexibility to take advantage of prevailing market conditions and maximises control over the Company's financing risk, including its ability to generate positive cash flows. 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. In addition, with an increased weighting to co-investments and a primary investment strategy clearly focussed on selected mid-market and growth managers, it is likely that the number of underlying managers and portfolio companies to which the Company is exposed will reduce over time, and will be less than has been the case historically. As a result, the potential for the Company's overall NAV to be impacted by the performance of individual assets should be increased.

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. No share buybacks were completed during the year ended 31 May 2020.

The Board believes that there are several benefits to this investment approach: risk is effectively managed through diversification while 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. Also, 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.

Investment stage: Focus on mid-market and growth

PIP's portfolio is diversified by stage, which ranges across venture, 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 venture 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 include funds with unique characteristics which can offer potential for outperformance, it is the Board's intention that special situations investments will only be a small minority of the overall portfolio.

Sector and geographical exposure: Focus on niche sectors, inefficiencies and a global outlook

The Board is committed to offering investors a global portfolio with investments in North America, 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 US and Europe where the private equity markets are well established.

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 and healthcare. For more information on the sectors in which PIP is invested, see pages 44 to 46.

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.

Purpose

It is a new requirement for all companies to set out their culture and purpose. The Company's defined purpose is relatively simple: it is to deliver our investment strategy led by a Board that promotes strong governance and a long-term investment approach that actively considers the interests of all stakeholders. The Board believes that, as an investment company with no employees, this is best achieved by working in partnership with Pantheon, our appointed Investment Manager. Further details of the Company's Business Model, including statements on what the Company does and why it does it, can be found on pages 16 and 17.

Culture

The Directors agree that establishing and maintaining a healthy corporate culture among the Board and in its interaction with the Manager, shareholders and other stakeholders will support the delivery of its purpose, values and strategy. The Board seeks to promote a culture of openness, debate and integrity through ongoing dialogue and engagement with its service providers, principally the Manager.

PIP has a number of policies and procedures in place to assist with maintaining a culture of good governance, including those relating to diversity, Directors' conflicts of interest and Directors' dealings in the Company's shares.

The Board assesses and monitors compliance with these policies as well as the general culture of the Board through Board meetings, and in particular during the annual evaluation process which is undertaken by each Director (see page 78 of the Statement on Corporate Governance for further details of the evaluation processes).

The Board seeks to appoint the best possible service providers and evaluates their service on a regular basis as described on page 79. The Board considers the culture of Pantheon and other service providers, including their policies, practices and behaviour, through regular reporting from these stakeholders, and in particular during the annual review of the performance and continuing appointment of all service providers.

S172(1) STATEMENT

Directors' Duties

Overview

The Directors' overarching duty is to act in good faith and in a way that is the most likely to promote the success of the Company, as set out in Section 172 of the Companies Act 2006. In doing so, the Directors must take into consideration the interests of the various stakeholders of the Company, the impact the Company has on the community and the environment, take a long-term view on the consequences of the decisions they make, as well as aiming to maintain a reputation for high standards of business conduct and fair treatment between the members of the Company.

Fulfilling this duty supports the Company in achieving its investment strategy and helps to ensure that all decisions are made in a responsible and sustainable way. In accordance with the requirements of the Companies (Miscellaneous Reporting) Regulations 2018, the Company explains how the Directors have discharged their duties under Section 172 below.

To ensure that the Directors are aware of and understand their duties, they are provided with pertinent information when they first join the Board and receive regular and ongoing updates and training on relevant matters. They also have continued access to the advice and services of the Company Secretary and, when deemed necessary, the Directors can seek independent professional advice. The Schedule of Matters Reserved for the Board, as well as the terms of reference of its Committees are reviewed on an annual basis and further describe Directors' responsibilities and obligations, and include any statutory and regulatory duties. The Audit Committee has responsibility for the ongoing review of the Company's risk management systems and internal controls and, to the extent that they are applicable, risks related to the matters set out in Section 172 are included in the Company's risk register and are subject to regular review and monitoring.

Decision-making

The importance of stakeholder considerations, in particular in the context of decision-making, is taken into account at every Board meeting. All discussions involve careful consideration of the longer-term consequences of any decisions and their implications for stakeholders. Further information on the role of the Board in safeguarding stakeholder interests and monitoring ongoing investment activity can be found on pages 23 to 25 of the Strategic Report.

Stakeholders

The Board seeks to understand the needs and priorities of the Company's stakeholders and these are taken into account during all its discussions and as part of its decision-making. During the period under review, the Board has discussed which parties should be considered as stakeholders of the Company. Following a thorough review, it was concluded that, as the Company is an externally managed investment company and does not have any employees or customers, its key stakeholders comprise its shareholders, the Investment Manager, general partners, portfolio companies and service providers. The section below discusses why these stakeholders are considered of importance to the Company, and the actions taken to ensure that their interests are taken into account.

Shareholders

IMPORTANCE	BOARD ENGAGEMENT
Continued shareholder support and engagement are critical to the business and the delivery of its long-term strategy. Further details on what PIP offers to its investors can be found on pages 2 to 10 of the Strategic Report.	The Board is committed to maintaining open channels of communication and to engage with shareholders in a manner which they find most meaningful, in order to gain an understanding of their views. These include: ■ **AGM** – In normal circumstances, the Company welcomes and encourages attendance and participation from shareholders at the AGM. Shareholders have the opportunity to meet the Directors and Investment Manager, Pantheon, and to address questions to them directly. Pantheon attends the AGM and gives a presentation on the Company's performance and the future outlook. The Company values any feedback and questions it may receive from shareholders ahead of and during the AGM and will take action or make changes, as and when appropriate; ■ **Publications** – The Annual Report and Half-Year results are made available on PIP's website (www.piplc.com) and the Annual Report is circulated to shareholders. These reports provide shareholders with a clear understanding of the Company's business model, strategy, portfolio and financial position. This information is supplemented by a monthly newsletter which is available on the website and the publication of which is announced via the London Stock Exchange. Feedback and/or questions that the Company receives from shareholders help the Company to evolve its reporting, aiming to render the reports and updates transparent and understandable; ■ **Shareholder meetings** – Unlike trading companies, shareholder meetings often take the form of meeting with the Investment Manager rather than members of the Board. Shareholders are able to meet with Pantheon throughout the year and the Manager provides information on the Company. Feedback from all meetings between the Investment Manager and shareholders is shared with the Board. The Chairman, the Senior Independent Director, the Chairman of the Audit Committee and other members of the Board are available to meet with shareholders to understand their views on governance and the Company's performance should they wish to do so. With assistance from the Manager, the Chairman seeks meetings with shareholders who might wish to meet with him; ■ **Shareholder concerns** – In the event that shareholders wish to raise issues or concerns with the Directors, they are welcome to do so at any time by writing to the Chairman at the registered office. Other members of the Board are also available to shareholders if they have concerns that have not been addressed through the normal channels; ■ **Investor Relations updates** – At every Board meeting, the Directors receive updates from the Company's broker on the share trading activity and share price performance, as well as an update from Pantheon's Head of Investor Relations for PIP on specific shareholder feedback. Any pertinent feedback is taken into account when Directors discuss investment strategy. The willingness of the shareholders to maintain their holdings over the long term is another way for the Board to gauge how the Company is meeting its objectives.

Other stakeholders

IMPORTANCE	BOARD ENGAGEMENT
The Manager Holding the Company's shares offers investors a liquid investment vehicle through which they can obtain exposure to PIP's diversified portfolio of private equity investment opportunities and Pantheon's relationships with its GPs. The Manager's performance is critical for the Company to successfully deliver its investment strategy and meet its objective to provide shareholders with attractive and consistent returns over the long term. Further details of the Manager's investment approach can be found on pages 16 to 19 of the Strategic Report.	Maintaining a close and constructive working relationship with the Manager is crucial as the Board and the Manager both aim to achieve consistent, long-term returns in line with the Company's investment strategy. Important components in the collaboration with the Manager, representative of the Company's culture are: ▪ Encouraging an open discussion with the Manager, allowing time and space for original and innovative thinking; ▪ Recognising that the interests of shareholders and the Manager are, for the most part, well aligned, adopting a tone of constructive challenge, balanced with robust negotiation of the Manager's terms of engagement if those interests should not be fully united; ▪ The regular review of underlying strategic and investment objectives; ▪ Drawing on Directors' individual experience and knowledge to support and challenge the Manager in its monitoring of portfolio companies and engagement with its GPs; and ▪ Willingness to make the Directors' experience available to support and challenge the Manager in the sound long-term development of its business and resources, recognising that the long-term health of the Manager's business is in the interests of shareholders in the Company.
GPs/ portfolio companies PIP's investment strategy is focused on backing managers that create sustainable value in the underlying portfolio companies. The Manager has extensive networks and relationships with private equity managers globally, which gives the Company increased access to the best investment opportunities.	The relationship with Pantheon is fundamental to ensuring the Company meets its purpose. Day-to-day engagement with GPs is undertaken by Pantheon. Details of how the Investment Manager carries out portfolio management, as well as information on how GPs consistently transform companies to create long-term value can be found in the Manager's Review on pages 37 to 61. The Board receives updates at each scheduled Board meeting from the Investment Manager on specific investments, including regular valuation reports and detailed portfolio and returns analyses. The Investment Manager's engagement with GPs and due diligence of portfolio companies through the investment process and its investment strategies can be found in the Strategic Report on pages 4 to 11 and in the Manager's Review.
The Administrator, the Company Secretary, the Registrar, the Depositary and the Broker In order to function as an investment trust with a premium listing on the London Stock Exchange, the Company relies on a diverse range of reputable advisers for support in meeting all relevant obligations.	The Board maintains regular contact with its key external providers and receives regular reporting from them, both through the Board and committee meetings, as well as outside of the regular meeting cycle. Their advice, as well as their needs and views are routinely taken into account. The Board (through the Management Engagement Committee) formally assesses their performance, fees and continuing appointment annually to ensure that the key service providers continue to function at an acceptable level and are appropriately remunerated to deliver the expected level of service. The Audit Committee reviews and evaluates the financial reporting control environments in place at each service provider.
The Environment and Society The Board places increasing emphasis on the importance of ESG factors in its investment deliberations. The Board and the Investment Manager are fully committed to managing the business and its investment strategy responsibly.	The Board receives regular updates on the Investment Manager's ESG strategy and provides feedback on their approach, which in turn can lead to changes in its investment approach. Full details on the Investment Manager's ESG practices, including examples of interaction with GPs, can be found on pages 26 to 29.
Revolving credit facility providers Availability of funding is crucial to PIP's ability to take advantage of investment opportunities as they arise as well as being able to meet future unfunded commitments.	The Company aims to demonstrate to its facility syndicate that it is a well-managed business, capable of consistently delivering long-term returns. Regular dialogue between the Investment Manager and the syndicate is crucial to supporting the Company's relationship with its lenders. Further details of the Board's principal decision to increase the facility during the year can be found on page 22.
Regulators While the Company is not regulated, it can only operate as an investment trust if it conducts its affairs in compliance with such status. Interaction, however, with regulators such as the Financial Conduct Authority (FCA) and Financial Reporting Council (FRC), who have a legitimate interest in how the Company operates in the market and treats its shareholders, and industry bodies such as the Association of Investment Companies, remains an area of Board focus.	The Company regularly considers how it meets various regulatory and statutory obligations and how any governance decisions it makes can have an impact on its stakeholders, both in the shorter and in the longer term. The Board receives reports from the Manager and Auditor on their respective regulatory compliance and any inspections or reviews that are commissioned by regulatory bodies.

S172(1) STATEMENT

The mechanisms for engaging with stakeholders are kept under review by the Directors and will be discussed on a regular basis at Board meetings to ensure that they remain effective.

Examples of the Board's principal decisions during the year, and how the Board fulfilled its duties under Section 172, and the related engagement activities are set out below.

PRINCIPAL DECISION	LONG-TERM IMPACT	STAKEHOLDER CONSIDERATIONS AND ENGAGEMENT
Board succession planning – appointment of new directors	Effective succession planning, leading to the refreshment of the Board and its diversity is necessary for the long-term success of the Company.	The Board developed its Diversity Policy during the year and this was taken into account in the recruitment of new directors. The Nomination Committee is responsible for Board recruitment and conducts a continuous and proactive process of planning and assessment, taking into account the Company's strategic priorities and the main trends and factors affecting the long-term success and future viability of the Company. The Board took into account the Hampton-Alexander target of 33% female representation and, as a result of the appointment of two new directors, exceeds this target.
Continued focus on Pantheon's ESG impact	The Board recognises that sound ESG policies, when embedded with appropriate governance and responsible business practices, can help generate attractive long-term financial performance and contribute to the wider community.	The Board has continued its focus on responsible business practices and the impact of ESG matters. More details can be found on pages 26 to 29 in the Manager's Review. As part of this focus, during the year the Board undertook a detailed review of Energy Investments. In addition the Board received a detailed presentation from the Investment Manager on its responsible business practices and the methods used to evaluate ESG risks as part of its investment processes, including pre- and post-investment monitoring to maintain appropriate oversight and accountability. Finally, as part of its response to the COVID-19 crisis, the Investment Manager also carried out extensive dialogue with GPs on their response to the crisis in supporting their portfolio companies and local communities and employees.
Increased revolving credit facility	In line with its prudent approach to balance sheet management, the Company increased its existing revolving credit facility to £300m. This provides additional assurance as to the Company's ability to comfortably finance its unfunded commitments in the future. In addition, the redenomination of the committed facility of £125m into US dollars and euros better matches the principal currencies in which the Company's undrawn commitments are denominated.	The Board regularly reviews the Company's cash position and commitments, particularly its ability to finance future commitments. Effective engagement by the Investment Manager with PIP's existing lending syndicate, as well as attracting a new partner into the syndicate, was key to achieving the increased facility and was beneficial to all principal stakeholders.

INVESTMENT POLICY

Our investment policy is to maximise capital growth with a carefully managed risk profile

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:

- 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's 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.

KEY PERFORMANCE INDICATORS

	WHAT IT IS	HOW WE HAVE PERFORMED
Performance		
5-year cumulative total shareholder return 61.3%	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 4.0%[1]	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 3.9%[1]	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 £110m[2]	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 107%	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%.	

1 Excludes valuation gains and/or cash flows associated with the Asset Linked Note.

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

	LINK TO OUR STRATEGIC OBJECTIVES	EXAMPLES OF RELATED FACTORS THAT WE MONITOR
■ PIP's ordinary shares had a closing price of 2,065.0p at the year end. ■ Discount to NAV was 28% 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 112.2p to 2,882.8p during the year. ■ Returns were impacted by the COVID-19 pandemic, with the energy portfolio also impacted by declining energy prices during the period.	■ 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
■ Good performance in the underlying portfolio. ■ PIP continues to benefit from good earnings growth in its underlying portfolio and from the favourable exit environment during the majority of the financial year.	■ 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 £228m of distributions versus £118m of calls. ■ In addition, the Company made new commitments of £245m during the year, £109m of which was drawn at the time of purchase. ■ PIP's portfolio has a weighted average fund age of 5.1 years.[2]	■ 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

RESPONSIBLE BUSINESS

PIP's Board is fully supportive of Pantheon's comprehensive approach to investing responsibly and championing diversity, as Pantheon describes below

"

Recent global events have shone a spotlight on the ethical behaviours and sustainability of businesses around the world. Pantheon places great importance on these qualities in its investment selection, and indications are that those companies that had placed such matters high on the agenda were better prepared than most to respond to the COVID-19 crisis.

It was pleasing to see that so many of PIP's underlying companies not only successfully managed their own internal challenges but were also able to look externally and offer their resources and capital to provide support to local health services and their workers, and vulnerable groups and charities, examples of which we describe later.

We believe that taking into account the needs of a wider range of stakeholders provides for better employee, community and customer engagement, leading to more robust and sustainable business models. Even before the COVID-19 crisis, there was already an increasing recognition of the important role that private equity managers can play in integrating sound environmental, social and governance ("ESG") factors into business conduct, and that doing so goes hand in hand with generating continuously attractive long-term financial performance. We concur with the view that a strong ESG proposition can have a material impact on value creation in private equity, and that the effective mitigation of ESG risks strengthens downside protection and enhances a company's reputation.

Pantheon's established in-house ESG Committee – comprised of senior individuals from its investment, risk and investor relations teams – sets the ESG strategy and policy under which client capital, including that of PIP, is managed.

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.

Showing leadership in raising the ESG standards of our industry

From working with private equity (PE) managers, or GPs, who back businesses with a clear social mission to persistent industry advocacy, Pantheon has relentlessly sought to promote and demonstrate its commitment to the ESG agenda. In 2007, as one of the first private equity signatories to the United Nations-supported Principles for Responsible Investment ("UNPRI"), Pantheon was an early adopter of the six principles which form part of this established global framework and, in 2020, was awarded an A+ by UNPRI for private equity. Pantheon has served on UNPRI's Private Equity Advisory Council since 2017 and has contributed to the development of a number of UNPRI ESG guidelines as well as those created by the Institutional Limited Partners Association ("ILPA") and different regional organisations. Pantheon also works closely with various private equity trade associations, such as the British Private Equity & Venture Capital Association (BVCA) and Invest Europe, and organises and speaks at educational seminars and workshops. Through its role at the Hong Kong Venture Capital and Private Equity Association, Pantheon set up a biennial ESG Award of Excellence in Asia, which was launched in 2017 and was the first of its kind in the region. These are all powerful tools to embed ESG incorporation and promote standardisation of practices.

Taking our own responsibilities seriously throughout the investment process

Pantheon views ESG evaluation as an integral part of the entire investment assessment and due diligence process. For fund investments, each PE manager 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. Many GPs have found the engagement through the ESG rating process to be valuable and, as time passes, most managers migrate to the green rating. Among the 13 primary commitments made by PIP during the period, the majority received a green rating, with the remainder receiving an amber rating. Over three-quarters of the managers have a formal process in place to engage with their portfolio companies on ESG issues.

Passionate about improving diversity and inclusion in employee culture

Pantheon has incorporated a diversity and inclusion section into its due diligence questionnaire for all primary investments. Furthermore, through its position on 451[1] advisory boards globally, it looks to ensure that the issue of diversity is continuously on the GPs' agendas. We believe that this is not only ethical but also improves performance; our strong belief is that more diverse private equity firms make better investment decisions. In an increasingly competitive world, underlying managers are frequently pitching to management teams that have a choice of who they work with. GPs need to be able to relate to a more broadly diversified set of professionals in the C-suite in portfolio companies and therefore need to field a diverse group of investment professionals. For a fund investor like Pantheon, it is challenging to probe deeply into the levels of diversity at the underlying company level, however, as part of the due diligence process, managers are questioned about diversity in the teams they invest in.

Maintaining oversight and accountability after an investment is made

We understand that our responsibility and influence extend far beyond the point of investment, which is why Pantheon actively undertakes extensive ongoing portfolio monitoring on PIP's behalf after an investment is made. One of the ways this is managed is through RepRisk, a third-party news information service that has been fully integrated into Pantheon's pre- and post-monitoring processes since 2017. This highly effective tool delivers excellent coverage on issues affecting the underlying portfolio companies, allowing Pantheon to follow up on material issues 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. Often Pantheon is the only investor of this type to have contacted the GP in this way. During the period, incidents in companies accounting for less than 1% of PIP's NAV required follow up with the relevant GP, and in all the cases, Pantheon was satisfied that the correct action had been taken where necessary and that the issue did not betray systematic underlying process issues. Pantheon actively engages with GPs on ESG policy and issues on a continuous basis through its participation on the advisory boards and through the regular portfolio monitoring meetings held with managers. This engagement extends from our initial commitment to an investment, all the way though to divestiture.

The UK's Modern Slavery Act 2015 requires Pantheon to report annually on the steps taken to ensure that slavery and human trafficking are not taking place anywhere within the 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).

1 As at 30 June 2020.

Developing ourselves to reflect the people we serve

The spirit of inclusion is characteristic of Pantheon's culture of openness and respect. Its well-established Global Diversity Committee coordinates Pantheon's initiatives to drive forward best practices and policies, and the firm is also a signatory to the UK Government's Women in Finance Charter, which commits to a pre-set target of gender diversity. We believe that Pantheon was the first private equity firm to publish its gender diversity data.

Helen Steers, a Partner at Pantheon and manager of PIP, is one of the co-founders of Level 20 (www.level20.org) whose aim is to inspire women to join and succeed in the private equity industry. In addition, three of the eight Directors on PIP's Board are female.

Diversity does not just concern gender and Pantheon strives to ensure that its workforce reflects the global nature of its business. Pantheon supports Sponsors for Educational Opportunity, a non-profit organisation focused on this issue, in a variety of ways.

Gender diversity

Overall workforce[2]

40%

Investment team heads

45%

Women

* The response rate for Pantheon's voluntary survey in December 2019 – January 2020 was 68%.

Ethnic diversity

Overall workforce[3]

39%

Non-white ethnic background

2 c.1% prefer not to say.

3 c.3% prefer not to say.

RESPONSIBLE BUSINESS

Pantheon practises what it preaches in the face of the COVID-19 crisis

As a socially responsible investor, Pantheon instantly recognised that a credible response to the crisis was necessary and, as a result, increased its regular dialogue with the underlying managers, carried out a detailed assessment of the immediate impact on PIP's portfolio, and reported on this to the Board who, along with Pantheon, communicated openly with shareholders. Acutely aware that the private equity sector will be judged not only on the performance of PIP's portfolio through and after the crisis, but also on the wider impact of the underlying companies during this challenging time, Pantheon has been impressed by the equally swift actions taken by our private equity managers and how they have:

- Ensured that their portfolio companies were already prepared for a potential downturn;
- Prioritised employee health and safety and facilitated a smooth transition to working from home where possible, in some cases learning from earlier experiences in Asia about what did or did not work;
- Stepped up oversight of their portfolio companies and focused on their survival; and
- Supported companies and employees with capital and, crucially, with resources.

In addition, our managers and their portfolio companies have become involved in the relief effort and have been actively seeking solutions to alleviate the impact of the crisis. In many cases, this has been directly through their operating activities such as:

- Biotechnology companies contributing to the development and trials of a vaccine for the virus;
- Healthcare businesses manufacturing essential equipment or providing care;
- Industrial companies retooling to produce disinfectants, hand sanitisers and other hygiene products; and
- Information technology companies providing software to improve the efficiency of the healthcare system through better scheduling, remote care provision and support services.

In other cases, our portfolio companies have contributed indirectly by donating services and equipment to hospitals and key workers, and many of our GPs themselves have donated tens of millions of dollars to support local communities and the families of portfolio companies. See page 29 for further examples.

Responding to the challenges of climate change

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. Private equity faces specific challenges in addressing the demand from investors for climate-related disclosures due to the lack of agreement on standardised disclosure policies for unlisted companies. However, Pantheon is committed to engaging with and supporting the industry in developing effective reporting solutions and seeks to ensure that our managers are aware of the risks of climate change when evaluating investee companies, and that they act in accordance with relevant climate change regulations. Climate change is incorporated into our ESG due diligence questionnaire and forms part of the manager assessment and rating during the investment selection process. Assisting our GPs on their ESG journey is one of the ways in which we add value as an investor.

Doing the right thing also leads to better performance

Like many people around the world, private equity managers have been touched on a personal level by the pandemic and we expect that much of the increased responsible investment effort will continue in the post COVID-19 world. As we look towards the future, there will undoubtedly be a different focus on many aspects of life, such as new working patterns, an emphasis on health and wellbeing, and a reduction in environmental impacts as a result of changing travel habits, not to mention the challenges of living with the economic aftermath. Our private equity managers have an enlarged opportunity to use their knowledge, experience and networks to help the companies in PIP's portfolio to not only build value but to also bring long-lasting benefits to societies around the world. Pantheon will continue to engage and encourage them to use the active ownership model as a force for responsible investment over the longer term. ”

Supporting healthcare and public services

Evolution Healthcare

GP	Pacific Equity Partners
REGION	New Zealand
SECTOR	Healthcare
STAGE	Buyout

Working with public health authorities and other private hospital providers to make its hospital facilities and staff available to take up essential non-COVID-19 public work that the public system is unable to support.

4Ways

GP	ECI Partners
REGION	UK
SECTOR	Healthcare
STAGE	Buyout

4Ways, a leading high-growth teleradiology company, has been permitting NHS radiologists to use their remote platform for free when working for their own NHS Trust, so as to enable them to report from home, rather than needing to travel into a hospital.

Developing COVID-19 treatments and working towards a vaccine

Ansun Biopharma

GP	LYFE Capital
REGION	China
SECTOR	Pharmaceuticals
STAGE	Growth

Preliminary clinical trial results for DAS181, a therapeutic treatment developed to treat influenza and which is being tested on patients with COVID-19, were encouraging and suggested it could be effective in alleviating severe symptoms of the virus. Ansun has obtained approval from the US Food and Drug Administration to conduct clinical trials in the US to treat COVID-19 patients. The drug is undergoing further trials in both China and the US.

New Zealand Pharma

GP	Archer Capital
REGION	New Zealand
SECTOR	Pharmaceuticals
STAGE	Buyout

Produces a key ingredient for ursodeoxycholic acid (UDCA), a bovine bile acids treatment that can be used to alleviate symptoms of COVID-19 and has been approved for use in China.

Supporting education and home learning

McGraw Hill Education

GP	Apollo
REGION	USA
SECTOR	Education
STAGE	Buyout

Offering free access to online higher-education coursework and training to help transition professors and students to digital learning platforms. Provided free K-12 digital products and access to a web-based learning platform.

FINANCING OUR UNDRAWN COMMITMENTS

Prudent balance sheet management supports PIP's long-term investment strategy and underpins its ability to withstand the uncertainty ahead

We manage PIP to ensure that it has enough liquidity to finance its undrawn commitments, which represent capital committed to funds but yet to be drawn by the private equity managers, as well as to take advantage of new investment opportunities. We monitor and closely control the Company's level of undrawn commitments and its ability to finance future calls, the term used to describe the process through which our private equity managers draw down on committed capital. A critical part of this exercise is ensuring that the undrawn commitments do not become excessive relative to PIP's private equity portfolio and available financing. We achieve this by managing PIP's investment pacing as well as constructing its portfolio so that it has the right balance of exposure to primaries, secondaries and co-investments.

Managing our financing cover[1]

PIP's undrawn commitments were £541m as at 31 May 2020 (31 May 2019: £521m).

At 31 May 2020, PIP had net available cash balances of £121m. In addition to these cash balances, PIP also has access to a wholly undrawn £300m multi-currency revolving credit facility agreement ("loan facility"). The loan facility, which is due to expire in June 2022, comprises facilities of US$270m and €102m to match the currencies of the undrawn commitments. Using exchange rates at 31 May 2020, this amounted to a sterling equivalent of £310m.

Therefore, at 31 May 2020, the Company had £431m of available financing which, along with the value of the private equity portfolio, provides comfortable cover of 3.6 times relative to its undrawn commitments.

Another important measure is the undrawn coverage ratio, which is the ratio of available financing and 10% of private equity assets to undrawn commitments. The undrawn coverage ratio is a key indicator of the Company's ability to meet outstanding commitments, even in the event of a market downturn, and was 107% at the year end.

Asset Linked Note (ALN)

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

The ALN is unlisted and subordinated to PIP's existing loan facility (and any refinancing), and is not transferable, other than to an affiliate of the Investor. The ALN is expected to mature on 31 August 2027, at which point the Company will make the final repayment under the ALN.

As at 31 May 2020, the ALN was valued at £65m. For more information on the ALN, refer to page 101.

1 Includes undrawn commitments attributable to the reference portfolio underlying the ALN.

2 The available cash and loan figure excludes the current portion payable under the ALN, which amounted to £7.6m as at 31 May 2020.

3 The ratio of available financing and 10% of private equity assets to undrawn commitments. Under the terms of its loan facility, in order to make additional undrawn commitments, PIP is required to maintain an undrawn coverage ratio of at least 33%. See page 122 for further details.

Controlling the composition of our undrawn commitments

Even before the onset of the COVID-19 crisis, we have had a long-standing practice of stress testing PIP's investment portfolio and modelling various scenarios, some of which included an assumption that a higher level of capital than has historically been drawn might be called within the next year regardless of vintage, to ensure that the Company was prepared for a potential downturn.

Pantheon's experience of investing in private equity across almost four decades informs the Company's approach to managing its undrawn commitments. As a result of our analysis, we are confident that PIP will be able to finance its future calls, even if distributions were to decline in the near term and remain subdued at historically low levels for a sustained period lasting several months.

Undrawn commitments by vintage

The rise in more recent vintages is a result of PIP's primary commitment activity.

Approximately 23% of PIP's undrawn commitments are in funds with vintage years which are 2013 or older. Generally, when a fund is past its investment period, which is typically between five and six years, it cannot make any new investments and only draws capital to fund follow-on investments into existing portfolio companies, or to pay expenses. As a result, the rate of capital calls by these funds tends to slow dramatically.

2020	13%
2019	27%
2018	18%
2017	8%
2016	6%
2015	5%
2014	1%
2013	2%
2010-2012	3%
2009	1%
2008	4%
2007	6%
2006 and earlier	6%

Undrawn commitments by region

The largest share of undrawn commitments is from investments in the USA and Europe, which highlights the Company's investment focus on more developed private equity markets. PIP's undrawn loan facility is denominated in US dollars and euros to match the predominant currencies of its undrawn commitments.

USA	46%
Europe	36%
Global	10%
Asia and EM	8%

Undrawn commitments by stage

PIP's undrawn commitments are diversified by stage with an emphasis on small and mid-market buyout managers, many of whom have experience of successfully investing across multiple economic cycles.

Small/mid buyout	40%
Large/mega buyout	26%
Growth	20%
Special situations	10%
Venture	4%

RISK MANAGEMENT AND PRINCIPAL RISKS

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 2020, 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 75 to 80.

Investment risk

TYPE AND DESCRIPTION OF RISK	POTENTIAL IMPACT
Impact of COVID-19 on the global economy and underlying portfolio companies.	■ COVID-19 has had a wide and adverse impact on businesses around the world, as governments have implemented lockdown measures to halt the spread of the pandemic, and the full impact on the global economy is still unclear. This could potentially cause portfolio companies to become insolvent and ultimately impact PIP's valuations and cash flows. ■ The lockdown measures will have different impacts across sectors, with some sectors more vulnerable than others, and some companies could become insolvent and ultimately affect PIP's fund valuations and cash flows.
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.
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 affect portfolio performance.
Investments in unquoted companies carry a higher degree of liquidity risk relative to investments in quoted securities.	■ Illiquidity of underlying assets may have an adverse effect 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.

RISK MANAGEMENT	OUTCOME FOR THE YEAR
■ Through PIP's close relationships with its GPs, it obtained timely valuation indications, with a 71% coverage of the portfolio by value, on the potential impact of the COVID-19 pandemic on underlying portfolio companies. ■ As part of Pantheon's prudent approach, a fair value adjustment was made to estimate the impact of COVID-19 on portfolio valuations. This resulted in an 8% decline to net asset valuations reported in March and retained in April 2020. The fair value adjustment was replaced at the year end following receipt of actual 31 March 2020 valuations from the General Partners.	■ Pantheon's risk assessment process reviews potential impacts of corporate insolvency and valuation declines on performance of the fund and going concern status (refer to Going Concern assessment on page 100). ■ Despite the wide-ranging impact of COVID-19, the short-term impact on different sectors appears to have been varied. PIP's diversification and emphasis on sectors with resilient demand, such as information technology and healthcare, could help to mitigate the long-term impact of COVID-19.
■ Pantheon's investment process incorporates an assessment of market risk. ■ Investing alongside private equity managers with experience of navigating economic cycles, while achieving diversification by geography, stage, vintage and sector, help to mitigate the effect of public market movements on the Company's performance.	■ PIP continued to maintain a diversified approach to portfolio construction. ■ Exposure to quoted assets was below 10% as at 31 May 2020. ■ In historical periods of significant public market volatility, private equity market valuations have typically been less affected than public equity market valuations.
■ 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. ■ Pantheon 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 modelling on a regular basis; as a result, it has reviewed scenario analysis that reflects the potential impact of COVID-19.	■ During the year, PIP increased the size of its loan facility from an initial commitment of £175m to £300m. The loan facility, which is due to expire in June 2022, comprises facilities of US$270m and €102m to match the currencies of the undrawn commitments. Using exchange rates at 31 May 2020, this amounted to a sterling equivalent of £310m. Therefore, the total available financing as at 31 May 2020 stood at £431m, comprising £121m in net available cash balances and the undrawn revolving credit facility. Total available financing, along with the private equity portfolio, was greater than outstanding commitments by a factor of 3.6 times.
■ Pantheon has put in place a dedicated investment management process designed to achieve the intended investment strategy agreed with the Board. ■ 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.	■ Robust realisation activity during the year, with distributions of £228m and a distribution rate equivalent to 17% 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 underlying balance sheet and long-term cash flow projections, including downside scenarios that reflect the potential effects of significant declines in NAV performance, adverse changes in call/distribution rates and restrained liquidity sourcing in a distressed environment. ■ As part of its investment process, the Manager undertakes a detailed assessment of the impact of debt at the underlying fund level and underlying company level on the risk-return profile of a specific investment.	■ The downside scenario cash flows reviewed by the Board indicate that the Company is able to accommodate a significant period of cash outflows, even if distributions were to decline and remain at historically low levels. ■ There was no gearing at the Company level as at the end of the financial year. ■ Debt multiple levels in PIP's underlying companies were 3.9x EBITDA for the small/mid buyout segment of PIP's portfolio, and 5.8x EBITDA for the large/mega buyout segment of PIP's portfolio: see page 61 for further details.

RISK MANAGEMENT AND PRINCIPAL RISKS

Investment risk

TYPE AND DESCRIPTION OF RISK	POTENTIAL IMPACT
Non-sterling investments expose the Company to fluctuations in currency exchange rates.	■ Unhedged foreign exchange rate movements could impact NAV total returns.
Reliance on the accuracy of information provided by GPs when valuing investments.	■ Risk of errors in financial statements and NAV reporting.
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.

Non-investment risk

TYPE AND DESCRIPTION OF RISK	POTENTIAL IMPACT
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.
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 information technology 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 affect returns. The Company's ability to market its shares to European investors may also be at risk.

Retail investors advised by independent financial advisers

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.

RISK MANAGEMENT	OUTCOME FOR THE 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. ■ The 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.
■ The valuation of investments is based on periodically audited valuations that are provided by the underlying 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 Generally Accepted Accounting Principles (GAAP).	■ No material misstatements concerning the valuation and existence of investments during 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 45% of new commitments made in the year were funded at the time of acquisition.

RISK MANAGEMENT	OUTCOME FOR 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.
■ 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. ■ As a result of the COVID-19 crisis, Pantheon has enacted its business continuity plan, which has resulted in Pantheon staff operating entirely remotely. Pantheon had tested its own business continuity plans as well as those of its third-party service providers in advance of this eventuality, and is confident of being able to meet PIP's needs.
■ 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. ■ In advance of COVID-19, Pantheon's systems, processes and technologies had been thoroughly tested for this eventuality and, following the global implementation of lockdown measures, are fully operational.
■ 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.

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 2020. It has chosen this period as it falls within the Board's strategic planning horizon.

The Company invests in a portfolio of private equity assets that is diversified by geography, sector, stage and manager and vintage; it does so via both fund investments 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.

The Company seeks to maximise long-term capital growth by investing with top-tier private equity managers that are focused on generating outperformance against the broader private equity market. As an investment trust, the Company's permanent capital structure is well suited to investing in private equity, a long-term asset class. The Company's Manager has a long-standing culture that emphasises collaboration and accountability, facilitating open dialogue with underlying private equity managers that help the Company to anticipate market conditions and maintain a conservative approach to balance sheet management. The resilience of the Company, positioning of the portfolio and durability of the private equity market are detailed on pages 40 to 43.

In making this statement, the Directors have reviewed the reports of the Investment Manager in relation to the resilience of the Company, taking account of its current position, the principal risks facing it in a severe low case scenario due to COVID-19, the effectiveness of any mitigating actions and the Company's risk appetite.

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

In reviewing the Company's viability, the Board has considered the Company's position with reference to its investment trust structure, its business model, its business objectives, the principal risks and uncertainties as detailed on pages 32 to 35 of this report and 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
5 August 2020

Manager's Review

PERFORMANCE

Overall, PIP's underlying portfolio continues to deliver robust returns. Despite the initial impact of COVID-19 and the effect of energy price declines on underlying companies in the energy sector, the cash-generative profile of the portfolio, and the portfolio's tilt towards more resilient sectors has helped underpin performance during the year.

Private equity portfolio movements

- Excluding returns attributable to the ALN share of the portfolio, PIP's portfolio generated returns of 3.9% during the year.
- PIP's total portfolio generated investment returns, prior to foreign exchange effects, of 3.6%.

Valuation movements by stage[1]

- PIP experienced strong performance across the key segments within the portfolio.
- Buyout and growth segments performed well, helped by strong exits and valuation gains.
- Venture also performed well.
- The special situations segment, which accounts for 8% of PIP's portfolio by value, underperformed, mainly due to valuation declines in the energy sector.

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

Valuation gains by region

- Strong performance in European investments during the year, driven by favourable exits and sector-specific valuation increases.
- Performance in the USA was impacted by valuation declines in the energy sector.
- The USA performance excluding the energy sector was +2.8%.

Valuation gains by type

- Strong co-investment performance underpinned by a number of exits at significant uplifts to carrying value.
- Secondary investment performance offset by declining valuation levels for companies in the energy sector. The secondary investment performance excluding energy assets was +4.7%.

OUR MARKET

Well-equipped to weather the storm

Helen Steers, Pantheon Partner and Manager of PIP, discusses how private equity was positioned before the COVID-19 crisis struck, the immediate impact on the industry and some observations about what might come next.

The global spread of COVID-19 has resulted in a health emergency and triggered a simultaneous supply and demand shock. Public markets collapsed in mid-March, stabilised through April and May, and rebounded in early June to recoup some of their losses. At the time of writing, it is impossible to be definitive about the long-lasting effects of the pandemic on our industry, however, it is our view that overall, with its superior governance model and focus on long-term value creation and performance, private equity has the credentials to emerge strongly from the crisis.

Growth of the Global Private Equity market[1]

Before the start of the crisis, global private equity was in a solid position

Towards the end of 2019, the size of the global private equity market was estimated to be c.US$4.5tn[1] and there had been continued healthy levels of fundraising and investment activity for a number of years. Appetite for private equity had not diminished amongst those institutional investors who allocate to the asset class and indeed, before the crisis, a survey found that 95%[2] of these investors intended to maintain or increase their allocations over the long term. Realisations had also been strong for several years as managers took advantage of the healthy exit markets which were driven by high valuations, acquisitive strategic buyers and supportive debt markets.

However, although no one could have anticipated the trigger or the extent of the human and economic damage that has been wrought globally by COVID-19, our private equity managers, ("GPs"), were already expecting an economic downturn and preparing for it by:

- Fundraising over the past few years while "times were good" and amassing significant war chests – there is now an estimated US$1.6tn[1] of dry powder (capital raised and available to invest but not yet deployed) globally which equates to just over two years' investment activity;
- Developing their own firms and adding extensive operational and industry sector expertise not only in their investment teams but also in their portfolio management teams, which they expanded to include supply chain/procurement experts, digital marketing expertise and, importantly, enhanced capital markets skills;
- Continuing to invest in businesses with multiple levers for value creation and in growing companies through both organic and acquisitive (buy-and-build) strategies;

1 Source: Preqin, July 2020.
2 Source: 2020 Preqin Global Private Equity & Venture Capital Report.

Tapping into a positive structural trend in private equity

The growth of the private markets at the expense of the public markets, which is described earlier in this report, looks set to continue and may even be accelerated by the COVID-19 crisis. Over the past 10 years, the number of publicly quoted companies has been shrinking by just over 2% p.a., while the number of private companies has been growing by just over 8% p.a. The result is that the universe of public companies is becoming smaller, comprising larger, older and slower-growing businesses, while the private markets offer access to smaller, younger companies in niche sectors, many of which are not accessible via the public markets. This presents a wealth of opportunities for an established, long-term investor such as PIP.

Decline in publicly listed companies versus the growth in private equity-backed companies

Number of companies in North America and Europe

Source: "PitchBook", July 2020. Public company data for 2019 based on "PitchBook" estimate due to the unavailability of World Bank data which is used for the previous years.

- Improving their portfolio companies' financial positions and strengthening capital structures through refinancings, which allowed them to benefit from the low interest rate environment and lower financial costs, and to push out debt maturities;
- Preparing extreme "downside cases" and stress-testing recession scenarios for both new and existing investments; and
- Taking advantage of the strong exit conditions to sell portfolio companies.

PIP, which itself has been through several cycles during its 33-year history, is backing experienced PE managers who, having learned the lessons from previous crises, have ensured that they have the capital to back their investee companies and that they have enhanced operational capabilities to give the required support and guidance. PIP entered the crisis with a strong balance sheet and, over recent years, Pantheon carried out continuous stress testing and scenario modelling to ensure that PIP remains well-positioned to withstand potential uncertainty.

Our private equity managers have taken rapid action in response to the crisis

Since the onset of the crisis in the early part of 2020, Pantheon has been in even closer contact with the underlying managers in PIP's portfolio, focusing on topics such as their assessment of both the short-term impact and the longer-term implications of the crisis, the liquidity within their funds and underlying companies, their approach to risk management, and their valuation expectations in the first quarter of the year. Our deep relationships with those managers, and the detailed guidance that we obtained from them, enabled us to give prompt and meaningful information to investors about the immediate impact on PIP's portfolio.

Private equity is characterised by the hands-on approach of the best private equity managers and their ability to respond quickly to market conditions, and we have seen this in action across PIP's portfolio as our underlying managers have:

- Increased the frequency of contact with portfolio company management, demonstrating their heightened governance and sharp attention on finding solutions;
- Focused immediately on critical areas such as: workforce health and safety, the operational impact on each underlying portfolio company (including site closures and personnel affected); disruption to supply chains; impact on demand, bookings and revenue; access to applicable government programmes; funding requirements; financing and cash positions, and any potential breaches to banking covenants;
- Classified their portfolio companies into low, medium and high impact categories. Sector and geography play a large part in this exercise: companies operating in sectors that are well suited to remote working, such as software, are currently generally classified as low impact, while businesses that require a physical presence, for example travel and leisure, or operating in certain virus "hotspots", fall into a high impact category.

COVID-19: Impact on businesses

EXAMPLES OF KEY SECTORS UNDER PRESSURE

Footfall-dependent businesses
- Luxury retail
- Hospitality
- Theatres
- Gyms
- Sporting events
- Travel

Non-essential healthcare
- Outpatient therapy services
- Elective procedures
- Sports medicine

EXAMPLES OF KEY SECTORS SHOWING RESILIENCE

Defensive healthcare businesses
- Drug discovery related to COVID-19 treatment or vaccines
- Essential medical supplies
- Remote healthcare consultation services
- Virus-related diagnostics

Consumer and business services
- Remote working solutions
- Online education
- Home delivery services
- E-commerce

Information technology
- Automation and productivity-enhancing solutions
- Enterprise software for various industry verticals
- Cybersecurity solutions

Our managers have carried out a bottom-up analysis of their investee companies and, at the end of the first quarter of 2020, portfolio valuations were lower than in the previous quarter. Almost all sectors have been affected by the crisis and performance in certain segments may not reach prior levels for some time. But it should be noted that the majority of PIP's diversified portfolio is tilted towards more resilient industry sectors, for example in segments such as information technology and healthcare. See pages 44 to 46 for more information on PIP's sector exposure.

We have been pleased to see that our GPs, almost without exception, have increased their focus on environmental, social and governance matters during the crisis, living up to their claims to be responsible investors. This is closely tracked by Pantheon and discussed in more detail on pages 26 to 29.

OUR MARKET

Our private equity managers are well-placed to take advantage of the opportunities

The outbreak of COVID-19 has had a dramatic effect on the global economy: material GDP declines are projected for 2020 and beyond across the USA, Europe and Asia, and the timing of the recovery is highly uncertain. The strength of the recent recovery seen in the public markets is perhaps surprising, although this confidence can be traced to unprecedented government and central bank support, the gradual easing of lockdowns and hopes of a vaccine being discovered for the virus.

1 Primary

While our managers have been so actively focusing on portfolio management, new deals and exits have slowed, and we expect these activities to remain subdued in the near term. Private equity managers are not under pressure to sell their assets and pricing in certain sectors has become more challenging as the lasting effects of COVID-19 are difficult to assess. In addition, there are practical challenges, such as the ability to carry out thorough due diligence on companies and to transact under a lockdown. Having said that, we have seen our managers starting to move from a defensive to a more acquisitive mode and focusing on attractively priced add-on acquisitions for existing platforms or transacting on new deals that have become possible through dislocations in some sectors. We could expect to see some recovery in underlying company growth in the second half of the calendar year as economic lockdowns are eased, but the valuation process will remain complex. The dry powder available in the market will likely drive new deal activity and, in particular, we may see more restructuring transactions and take-private deals being executed.

2 Secondary

The secondary market, which had reached its highest ever level in 2019 with US$88bn[1] of total transacted volume, has experienced a low level of deal activity over the past few months due to the wide gap in pricing expectations between buyers and sellers. We expect deal activity to pick up in the second half of 2020 as the pricing mismatch evens out and there is a shift in market participants' expectations. Pre-crisis, we had seen GP-led transactions – where the GPs themselves are actively involved in finding liquidity for investors in their older funds – continuing to grow as a portion of the secondary market, and we expect these to comprise the bulk of the transactions coming to market in the first instance, with more traditional investor-driven secondary sales occurring towards the end of the year. Depending on the degree of volatility experienced by investors in the listed markets, the so-called "denominator effect", which could impact on the ability of investors to commit to new funds, may also play a role in producing some interesting secondary opportunities as

1 Source: Greenhill Global Secondary Market Trends & Outlook, January 2020.

What our experience of the Global Financial Crisis ("GFC") might tell us

While it is tempting to make direct comparisons with what happened in the GFC, the characteristics of the COVID-19 crisis are not exactly the same. Nevertheless, there are some interesting observations that can be made about how private equity performed in previous market cycles. For example, according to market data[2], during the recent bull market years, defined as 2010–2019, the MSCI AC World Index delivered an annualised return of 8.8% p.a. versus 10.4% p.a. on average in private equity. In the most recent bear market, during the GFC in 2007–2009, private equity on average delivered positive annual growth and outperformed the MSCI AC World Index (which posted a -4.4% annualised decline) by more than 14%[2]. We believe that one of the main reasons for this is the active ownership model employed by private equity managers.

Performance in the bull economy, 2010–2019

Performance in the Global Financial Crisis, 2007–2009

2 Source: Bloomberg, ThomsonOne PE Index as at Q4 2019.

those investors seek to exit existing investments and rebalance their portfolio allocations. 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 in this environment and we will continue to use our in-house expertise to choose our investments carefully.

3 Co-investments

Co-investments, which have become an increasingly large part of PIP's portfolio, continue to be attractive as they are typically free from fees and carried interest, which means that the Investor retains all of the profit from realisations. In the near term, we expect to see follow-on capital opportunities to support underlying portfolio companies and those looking to take advantage of the crisis by expanding and acquiring weaker competitors. It is possible that some co-investors in the market may be less active due to portfolio issues or again as a result of the denominator effect. Pantheon remains an attractive co-investor for several reasons – we do not compete against our managers, we are experienced and 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.

Looking ahead

At this stage, we do not know if or when there may be a second wave of the virus across the regions in which we invest, but we continue to be confident that our managers are working hard to preserve value and ensure the best possible outcomes for their portfolio companies as well as for the investors, such as PIP, in their funds. While we are cautious on the near-term outlook, it should be remembered that private equity is long term and flexible in nature. We are alert to the dislocations that can occur in market disruptions, often resulting in attractive pricing and deal flow. PIP's direct investment approach into underlying managers' funds, and alongside them into businesses, means that it can respond quickly and take advantage of compelling opportunities arising in the future.

For more information on the three ways in which we invest, see pages 16 and 17

Finding opportunities in a fast-growing part of the secondaries market

Over recent reporting periods, PIP has committed to a number of single company secondaries which are individual companies that GPs have carved out from older funds as they do not yet wish to sell them. A long-established, experienced secondary market player such as Pantheon is an attractive investor for these kinds of deals as we can work with managers to shape the deal itself. We believe that the COVID-19 crisis will not have an impact on the long-term appeal of high-quality deals of this type, and we could see a proportionate increase in transactions for single companies, particularly for those relatively unaffected by the crisis. It is important that these deals work for all stakeholders and there must be a clear rationale for why a portfolio company with clear value potential no longer fits the existing fund structure. As with all of the deals that we source for PIP, we will continue to apply a rigorous due diligence process to evaluate and assess their attractiveness for PIP's portfolio.

Froneri

GP	PAI
REGION	Global
SECTOR	Consumer
STAGE	Buyout

Number two ice cream manufacturer globally with a highly defensible market position, led by an experienced management team with an outstanding track record of completing add-on acquisitions and extracting synergies.

SECTOR THEMES

Pantheon assesses deals across a range of sectors and over the past year has seen particularly interesting investment opportunities in information technology and healthcare, as well as attractive deal dynamics in certain consumer and financial sector transactions. PIP focuses on investing in companies with exposure to sub-sectors where durable long-term demographic or secular trends underpin demand growth. For example, accelerated digitalisation of processes in many end markets is providing a significant tailwind to the technology sector. The move to remote working, necessitated by the COVID-19 crisis, has only emphasised and hastened certain trends. Investing in, or alongside, managers who have the expertise to identify and capitalise on shifting developments gives PIP access to the most promising segments within these sectors.

Company sectors[1]

1	Information technology	25%
2	Healthcare	21%
3	Consumer	16%
4	Financials	12%
5	Industrials	10%
6	Communication services	7%
7	Energy	5%
8	Others	4%

1 The company sector chart is based upon underlying company valuations as at 31 March 2020 and accounts for 100% of PIP's overall portfolio value.

1 Information technology 25%

Accelerating demand for software enabling remote working

PORTFOLIO EXAMPLES

Provider of cloud-based software to help manage legal and accounting firms.

Provides critical enterprise network security and management.

Security software and big data analytics are increasingly important

PORTFOLIO EXAMPLES

Leading provider of software as a service (SaaS)-based cyberthreat intelligence.

Business-to-business (B2B) cybersecurity solutions which use artificial intelligence to eliminate cyberattacks in real time.

Relentless move of consumers to online

PORTFOLIO EXAMPLES

Next-generation issuer and payment processor.

Global developer of multi-channel payment platforms.

2 Healthcare

21%

Ageing population underpinning demand for healthcare services

PORTFOLIO EXAMPLES

Leading provider of healthcare services to elderly people, with a core focus on medicalised nursing homes.

Ophthalmology and optometry referring practice providing a full range of specialty services and advanced treatment for eye diseases.

Growing demand for speciality pharmaceutical products

PORTFOLIO EXAMPLES

A speciality pharmaceutical company focused on oncology, rare diseases and oncology care.

Global pharmaceutical company focused on biosimilar products.

Burgeoning demand for healthcare services in emerging economies

PORTFOLIO EXAMPLES

Leading Chinese contract sales organisation ("CSO") company in the pharmaceuticals sector.

Poland's largest network of medical laboratories offering a wide range of laboratory analyses.

3 Consumer

16%

Robust consumer staple businesses with strong market positions

PORTFOLIO EXAMPLES

A leading vertically integrated fresh fruit player in Europe, growing and exporting all varieties of citrus fruits.

A leading convenience supermarket chain with more than 1,250 stores across Romania.

Unabated growth in demand for e-commerce

PORTFOLIO EXAMPLES

Leading B2C and C2C e-commerce platform in Poland which connects third-party merchants/vendors and buyers.

Online B2C disruptive beauty brand selling skincare, body and hair products that are based on safe, non-toxic ingredients.

Education providers experience strong continued demand for services

PORTFOLIO EXAMPLES

Higher education provider in Europe and Latin America.

Provides online and on-campus higher education.

SECTOR THEMES

Company sectors[1]

1	Information technology	25%
2	Healthcare	21%
3	Consumer	16%
4	Financials	12%
5	Industrials	10%
6	Communication services	7%
7	Energy	5%
8	Others	4%

4 Financials

12%

Sustained demand for trust and custody services

PORTFOLIO EXAMPLES

An integrated provider of customised trust, fund and corporate services worldwide.

Provides asset management, complex custodian and other financial services.

Expansion of insurance companies in developing markets

PORTFOLIO EXAMPLES

Provides health insurance in India.

A domestic life insurance company in South Korea.

Growing companies that provide loans to underserved end-user markets

PORTFOLIO EXAMPLES

Provides non-banking financial services in India.

Offers lease financing solutions and asset-backed loans to fund the acquisition of productive equipment for SME businesses.

1 The company sector chart is based upon underlying company valuations as at 31 March 2020 and accounts for 100% of PIP's overall portfolio value.

VALUE CREATION

PRIVATE EQUITY IS ALL AROUND US

We spend all day in the cloud

Infor

GP	Golden Gate Capital
REGION	USA
STAGE	Growth
SECTOR	Information Technology
VINTAGE	2004
PROCEEDS	£11.8m

About the company

Infor is a multinational enterprise software company, headquartered in the USA. It focuses on business applications for organisations, delivered via cloud computing as a service.

Original GP investment rationale

Golden Gate's investment strategy is closely aligned with its perpetual fund structure, which allows the Manager to benefit from longer holding periods than traditional private equity funds. This enables the GP to operate more like a strategic acquirer, retain companies in the portfolio for an extended time and deploy value creation plans over a longer period. Golden Gate saw an opportunity to acquire Infor and build the company through both organic growth and add-on acquisitions, taking the time to fully integrate the acquired businesses and obtaining synergies.

Our relationship

Pantheon has a long-standing relationship with Golden Gate, nurtured through a series of primary and secondary fund investments.

2002 Enterprise value

US$10m

50

add-on acquisitions

US$32bn

revenue

2019 Enterprise value

US$13bn

DISTRIBUTIONS

PIP received more than 800[1] distributions during the year, with many reflecting realisations at significant uplifts to carrying value. PIP's mature portfolio is expected to continue to generate significant distributions.

Distributions by region and stage

PIP received £228m in proceeds from PIP's portfolio in the year to 31 May 2020 equivalent to 17%[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	53%
Europe	29%
Global	12%
Asia and EM	6%

Distributions by stage

Small/mid buyout	45%
Large/mega buyout	22%
Growth	20%
Venture	8%
Special situations	5%

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 rate in quarter to May 2020 impacted by onset of COVID-19 and broader market decline in deals.

Distribution rates by vintage

With a weighted average fund maturity of 5.1 years[3], PIP's portfolio should continue to generate significant levels of cash.

WEIGHTED AVERAGE AGE
= 5.1 YEARS

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 18%.

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 makes 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 2020[1]

The average cost multiple of the sample was 2.5 times, highlighting value creation over the course of an investment.

AVERAGE COST MULTIPLE = 2.5X

Uplifts on exit realisations for the year to 31 May 2020[1]

The value-weighted average uplift in the year was 28%, consistent with our view that realisations can be significantly incremental to returns.

The method used to calculate the average uplift is to compare the value at exit with the value 12 months prior to exit.

VALUE-WEIGHTED AVERAGE UPLIFT = 28%

Exit realisations by sector and type

The portfolio benefitted from good realisation activity, particularly in the information technology and healthcare sectors. Trade sales and secondary buyouts 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 71% (for exit realisations by type) of proceeds from exit realisations received during the period.

Exit realisations by sector

Information technology	23%
Healthcare	23%
Consumer	18%
Industrials	10%
Communication services	10%
Financials	7%
Others	3%
Materials	3%
Utilities	3%

Exit realisations by type

Trade sale	51%
Secondary buyout	40%
Public market sale	5%
Refinancing and recapitalisation	4%

1 See page 119 of the Alternative Performance Measures section for sample calculations and disclosures.

DISTRIBUTIONS
PRIVATE EQUITY IS ALL AROUND US

Vital medicines, at the right price

LBX Pharmacy

GP	EQT China
REGION	Asia
STAGE	Buyout
SECTOR	Consumer
VINTAGE	2008

£9.4m
in proceeds

About the company

Laobaixing (LBX) Pharmacy Chain, is a discount pharmacy superstore chain based in China. It targets value-conscious customers with low prices, in-store consultation service and membership programmes.

LBX Pharmacy has a strong brand in China with loyal customers, where the LBX membership programme plays an important role. Furthermore, prior to the investment by EQT, the business already had an impressive track record of strong growth and a leading position within the retail pharmaceuticals area.

EQT saw an opportunity in LBX Pharmacy to create further value in the business by strengthening senior management, effecting significant operational improvements, implementing a consolidation strategy and increasing the company's retail footprint.

Our relationship

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

"EQT provided valuable resources and expertise which contributed to LBX's strong growth during the last 12 years. With EQT's strong support and corporate governance model, LBX has built a solid and sustainable foundation for future growth. We are confident LBX will continue to do well with Primavera and FountainVest as our new partners."

Xie Zilong, Founder and Chairman of LBX

Strong brand in China with loyal customers

2019 EQT China sold its remaining equity stake in LBX Pharmacy to Primavera and FountainVest in November 2019 at RMB 55.0 per share, 235% above the IPO price of RMB 16.4

+235%

2019 Increased stores from 210 in 2008 to

4,579

by June 2019

2015 Listed on Shanghai Stock Exchange

DISTRIBUTIONS
PRIVATE EQUITY IS ALL AROUND US

Everything our companions need

National Veterinary Association (NVA)

GP	Ares Management
REGION	USA
STAGE	Large buyout
SECTOR	Healthcare
VINTAGE	2012

£10.0m
in proceeds

About the company

NVA is one of the largest operators of free-standing veterinary clinics in the USA, offering a full range of medical and surgical services to companion animal veterinary facilities.

Why invest in the company

Ares had identified that there was significant Mergers & Acquisitions (M&A) white space to continue acquiring independent veterinary practices. NVA was the partner of choice for sellers of hospitals given its long-standing history and vet-friendly reputation. In addition, the pet industry is a US$55bn market with long-term growth in excess of gross domestic product, no third-party reimbursement risk and low exposure to regulatory, reimbursement, governmental, and malpractice risk.

Our relationship

Pantheon has a long-standing relationship with the GP, cultivated through primary and secondary investments, as well as co-investing alongside the GP. Pantheon also holds advisory board positions on the GP's funds.

"NVA is an excellent example of the power of the Ares Private Equity strategy of partnering with outstanding management teams to back franchise businesses where our system and framework for growth can drive consistent performance and significant value creation."

Bennett Rosenthal, Co-Founder, Co-Chair of Ares Private Equity Group

800+
companion animal veterinary hospitals

70+

pet resorts across 43 states in the USA, as well as in Canada, Australia, and New Zealand

TOP 50 DISTRIBUTIONS

No.	Company	Country	Sector	Description	Total Proceeds (£m)
1	MyEyeDr.	USA	Healthcare	Optometry and eyecare business	13.3
2	LBX Pharmacy	China	Consumer	Discount pharmacy superstore chain	12.7
3	Rightpoint Consulting	USA	Information Technology	Digital consultancy business	12.0
4	National Veterinary Associates	USA	Healthcare	Owner of independent veterinary hospitals	11.0
5	Adyen	Netherlands	Information Technology	Provides e-commerce, mobile and point-of-sale payments	10.7
6	Melita	Malta	Communication Services	Diversified telecommunications operator	9.8
7	Acuon Capital	South Korea	Financials	Consumer finance and leasing company	6.8
8	Burning Glass Technologies	USA	Information Technology	Cloud-based human resources big data analytics, software and services	5.2
9	Anaplan	USA	Information Technology	Supports planning for vital business functions	5.0
10	Moovit	Israel	Information Technology	Public transit planner application software	4.9
11	Chindex International	China	Healthcare	In- and out-patient healthcare services	4.8
12	Transaction Services	New Zealand	Industrials	Direct debit billing solutions and services	4.1
13	Allied Glass Containers	UK	Materials	Manufactures glass packaging products	3.9
14	Moji Brendovi	Serbia	Consumer	Produces dairy, confectionery and water products	3.2
15	Nexi	Italy	Information Technology	Supports digital payments	3.1
16	Thomson Reuters Intellectual Property & Science	Jersey	Industrials	Structured financial database for professionals and academics	3.1
17	Deva Concepts	USA	Consumer	Manufactures haircare products	2.8
18	Vertical Bridge	USA	Communication Services	Wireless communication infrastructure	2.7
19	W2O Group	USA	Communication Services	Analytics-driven public relations healthcare marketing and communications provider	2.6
20	Toul-Rosieres	France	Utilities	Owns and operates fixed ground-mounted photovoltaic power plants	2.3
21	Marme Inversiones 2007	Spain	Real Estate	Management consulting services	2.3
22	Pepperstone Group	Australia	Financials	Online forex trading broker	2.3
23	Palomar Specialty	USA	Financials	Insurance solutions for personal and commercial catastrophe risks	2.2
24	Profi Rom Food	Romania	Consumer	A chain of retail convenience stores	2.1
25	Study Group UK	UK	Consumer	Education programme provider for degree-level international students	2.0
26	Massangis	France	Utilities	Operates fixed ground-mounted photovoltaic power plants	2.0
27	Acelity	USA	Healthcare	Wound care and regenerative medicine solutions provider	1.9
28	Galileo Global Education	Luxembourg	Consumer	Post-secondary education group focused on higher education	1.9
29	Elasticsearch	USA	Information Technology	A distributed and open source search and analytics engine	1.8
30	Apollo Education Group	USA	Consumer	Further education programmes and services	1.7
31	European Medical Center	Russia	Healthcare	Operates multi-functional hospitals and medical centres	1.6
32	CrowdStrike	USA	Information Technology	Provides cybersecurity services	1.6
33	GTS Cayman Corporation	Brazil	Information Technology	Operates cell phone towers	1.5
34	Allied Universal	USA	Industrials	Offers security services	1.5
35	WP CPP	USA	Industrials	Supplies aerospace components	1.5
36	Biotoscana	Uruguay	Healthcare	Manufactures pharmaceutical products for oncology treatment	1.4
37	Checkmarx	Israel	Information Technology	Offers security services	1.4
38	Clarivate Analytics	USA	Information Technology	Subscription-based services focused on scientific and academic research	1.4
39	Oryx Midstream Services	USA	Energy	Provides transportation and owns oil pipelines	1.3
40	USA Television	USA	Communication Services	Operates a network of television stations	1.3
41	Ellab	Denmark	Healthcare	Manufactures high-precision systems for temperature, pressure and humidity monitoring	1.3
42	Cardlytics	USA	Information Technology	Online digital advertising platform	1.3
43	Cabot Credit Management	UK	Financials	Credit management services	1.3
44	Uber Technologies	USA	Industrials	Application helps users schedule transport with third-party providers	1.3
45	IMS Health	USA	Healthcare	Provides business analytics for healthcare data on diseases and treatment	1.3
46	Smart & Final	USA	Consumer	Retail, food service products and culinary equipment	1.2
47	Hub Group	USA	Financials	Insurance services covering casualties	1.2
48	Tiendanimal	Spain	Consumer	Offers products for pet care	1.2
49	RFIB Group	UK	Financials	Insurance and re-insurance brokerage services	1.1
50	Lenta	Russia	Consumer	Hypermarket chain which distributes fresh food products	1.1
	Total				171.0
	Coverage of total distributions				75%

CALLS

Calls during the year were used to finance investments in businesses such as software providers, medical laboratories and payment processing companies. In addition, our managers sought to make attractively priced add-on acquisitions for existing platform companies.

Calls by region and stage

PIP paid £118m 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	51%
Europe	31%
Global	12%
Asia and EM	6%

Calls by stage

Small/mid buyout	33%
Large/mega buyout	32%
Growth	23%
Special situations	11%
Venture	1%

Calls by sector

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

Calls by sector

Information Technology	39%
Healthcare	16%
Financials	14%
Energy	10%
Consumer	10%
Industrials	7%
Communication Services	2%
Materials	1%
Other	1%

Quarterly call rate[1]

The annualised call rate for the year to 31 May 2020 was equivalent to 23% of opening undrawn commitments.

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 £245m to 44 new investments during the year. Of the total commitments made, £109m was drawn at the time of purchase.

New commitments by region

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

Europe	51%
USA	36%
Asia and EM	9%
Global	4%

New commitments by stage

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

Small/mid buyout	45%
Growth	29%
Large/mega buyout	18%
Venture	6%
Special situations	2%

New commitments by investment type

New commitments during the year reflected the attractiveness of opportunities across the spectrum of PIP's investment activity.

Primary	39%
Co-investments	31%
Secondary	30%

New commitments by vintage

Primary and co-investment commitments comprised nearly 70% of activity during the year, resulting in the predominance of current vintage investments.

2020	36%
2019	53%
2018	1%
2017	0%
2016	1%
2015	0%
2014	1%
2013	2%
2012	0%
2011	3%
2010 and earlier	3%

Secondary commitments[1]

£74m
committed

15
secondary transactions

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 10 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 deals that involve single-asset investments with significant upside potential.

2020 examples

Region	Stage	Description	Commitments £m	Funded %[2]
Europe	Large/Mega	Secondary acquisition of two assets	11.1	81%
Asia and Emerging Markets	Multiple	Secondary acquisition of Australian buyout fund portfolio	10.9	92%
Europe	Small/Mid	Secondary acquisition of a pharmaceutical company	7.5	87%
Europe	Small/Mid	Secondary acquisition of a portfolio of three assets	7.2	69%
Global	Growth	Secondary acquisition of a 12-asset diversified portfolio	7.1	56%

Primary commitments

£96m
committed

13
primaries

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.

2020 examples

Investment	Stage	Description	Commitments £m
Venture Fund[3]	Venture	US growth equity fund focussed on the technology sector	18.9
IK Investments IX	Small/Mid	European mid-market buyout fund	18.5
Hg Genesis 9	Small/Mid	European mid-market buyout fund focussed on the technology sector	17.5
LYFE Capital Fund III	Growth	Asian growth equity fund focussed on the healthcare sector	11.1
Index Ventures Growth V	Growth	European growth equity fund	10.7

1 Funds acquired in secondary transactions are not named due to non-disclosure agreements.

2 Funding level does not include deferred payments.

3 The GP does not permit us to disclose this information.

NEW COMMITMENTS

Co-investments

£75m
committed

16
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 offered compelling investment opportunities in the period.

New co-investments by sector

Information Technology	50%
Financials	18%
Consumer	14%
Industrials	7%
Healthcare	6%
Telecommunication Services	5%

New co-investments by region

USA	47%
Europe	47%
Global	6%

Graitec

GP Apax Partners
COMMITMENT £2.7m

- A global software editor and Value-Added Reseller (VAR) for the Building Information Modelling (BIM) market, offering a complete software suite covering all steps of pre-construction from design to simulation, fabrication and management.
- The investment will enable the Company to grow through accelerating its international expansion organically and through acquisitions.
- PIP gained an opportunity to invest in Graitec alongside one of Europe's leading GPs, which has specific expertise in the enterprise software sector.

Recorded Future

GP Insight Venture Partners
COMMITMENT £4.6m

- A leading US provider of SaaS-based cyberthreat intelligence, Recorded Future specialises in the collection, processing, analysis and dissemination of real-time cybersecurity data and insights.
- This attractive growth opportunity arose due to expanding corporate cybersecurity budgets, increasing levels of cyberthreat sophistication, and a large pipeline of M&A targets.
- PIP was offered the opportunity to invest alongside Insight Venture Partners, a sector-focused sponsor with a strong track record and knowledge of the company.

Vivat Insurance

GP Apollo
COMMITMENT £1.6m

- Vivat is a Dutch life insurance and mutual fund provider for retail investors.
- This investment enabled Vivat to join a larger and more acquisitive insurance platform, with synergistic benefits arising from scale and access to larger distribution networks.
- PIP benefitted from the opportunity to invest alongside a GP with a proven track record in the European insurance consolidation space.

Visma

GP Hg
COMMITMENT £6.4m

- PIP partnered with Hg to co-invest in Visma, a leading financial and business software solution provider in Northern Europe, which focuses on business optimisation and management software for SMEs and enterprise companies.
- A high cash conversion and low capex cash profile, and strong M&A capabilities help Visma to maintain its strong position in enterprise resource planning software.
- Visma also continues to benefit from attractive secular growth driven by increasing software and SaaS penetration in Northern European economies.
- PIP is benefitting from the opportunity to invest alongside a GP with a sector specialism and proven track record in software and service business sectors.

NEW COMMITMENTS
PRIVATE EQUITY IS ALL AROUND US

Popular supplements, healthier lives

KD Pharma Group

GP	capiton
REGION	Europe
SECTOR	Healthcare

£7.5m
commitment

About the company

KD Pharma Group is a leading global producer of Omega-3 ingredients focused on highly purified Omega-3 fatty acids for pharmaceutical and nutraceutical products.

Investment rationale

KD Pharma Group is a market-leading business with key competitive advantages based on patented technology and processes. The company has an integrated supply chain that facilitates margin benefits, a strong repeat client base, and a strong brand based upon being a reliable and consistent producer of high-quality Active Pharmaceutical Ingredients (APIs).

Our relationship

PIP's long-standing relationship with German mid-market buyout firm, capiton, which started with a series of primary investments, has enabled PIP to participate in this attractive investment opportunity.

Grown from a single-digit revenue business to one of the industry's largest players.

500 full-time employees, six sites, seven countries.

Market-leading pharmaceutical grade Omega-3 producer.

Omega-3

NEW COMMITMENTS
PRIVATE EQUITY IS ALL AROUND US

Procurement, made easy

Jaggaer

GP	Cinven
REGION	USA
SECTOR	Information Technology
COMMITMENT	Confidential[1]

About the company

Headquartered in the USA, Jaggaer is a global provider of procurement software for large and medium-sized enterprises. The company provides comprehensive cloud-spend management tools for the entire end-to-end procurement process, which enable customers to more efficiently manage their supply chain.

Investment rationale

Jaggaer has a strong track record of growth, both organically and through acquisitions, with additional untapped levers for value creation, and has developed a high-quality proprietary SaaS Source-to-Pay software platform which delivers market-leading capabilities in spend management. The global procurement software market is experiencing a robust structural growth trend, driven by an increased adoption of spend management software tools.

Our relationship

Pantheon and PIP have a long-standing relationship with Cinven, having invested in both primaries and secondaries, as well as a prior co-investment.

Blue-chip customers include a number of Fortune 500 businesses, as well as leading academic and public sector institutions.

Global footprint with an international office network that spans the Americas, Asia-Pacific, Europe, Middle East and Africa.

Through its network of suppliers across the globe, Jaggaer supports some of the largest commercial, manufacturing and life sciences companies in the world to manage billions of dollars of annual spend.

1 The GP does not permit us to disclose this information.

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 (EV)/EBITDA was 12.7 times, compared to 9.6 times and 12.4 times for the FTSE All-Share and MSCI World indices respectively.

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

PIP's sample valuation multiple of 12.7 times should be considered in the context of its growth relative to the MSCI World Index.

Valuation multiple

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.

Annual revenue growth

Annual EBITDA growth

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.

Debt/EBITDA multiple

1 See page 121 of the Alternative Performance Measures section for sample calculations and disclosures.

OTHER INFORMATION
THE LARGEST 50 MANAGERS BY VALUE

Rank	Manager	Region[2]	Stage bias	% Of total private equity asset value[1]
1	Providence Equity Partners	USA	Buyout, Growth	5.9%
2	Essex Woodlands	USA	Growth	4.9%
3	Growth fund[3]	USA	Growth	4.7%
4	Apax Partners SA	Europe	Buyout	2.7%
5	Baring Private Equity Asia	Asia and EM	Growth	2.7%
6	IK Investment Partners	Europe	Buyout	2.6%
7	Energy & Minerals Group	USA	Special situations	2.4%
8	NMS Management	USA	Buyout	2.3%
9	Warburg Pincus Capital	Global	Growth	2.1%
10	Venture fund[3]	Europe	Venture	1.8%
11	Veritas Capital	USA	Buyout	1.7%
12	Mid-Europa Partners	Europe	Buyout	1.6%
13	ABRY Partners	USA	Buyout	1.6%
14	Ares Management	USA	Buyout	1.6%
15	TPG Capital	USA	Buyout	1.5%
16	LYFE Capital	Asia and EM	Growth	1.4%
17	Parthenon Capital	USA	Buyout	1.4%
18	Hellman & Friedman	USA	Buyout	1.3%
19	H.I.G. Capital	USA	Buyout	1.3%
20	Hg	Europe	Buyout	1.2%
21	Advent International	Global	Buyout	1.2%
22	Quantum Energy Partners	USA	Special situations	1.1%
23	Gemini Israel Ventures	Europe	Venture	1.1%
24	Searchlight Capital Partners	Global	Special situations	1.1%
25	Lee Equity Partners	USA	Growth	1.1%
26	BC Partners	Europe	Buyout	1.0%
27	Buyout fund[3]	USA	Buyout	1.0%
28	Francisco Partners	USA	Buyout	0.9%
29	Calera Capital	USA	Buyout	0.9%
30	IVF Advisors	Asia and EM	Buyout	0.9%
31	Equistone Partners Europe	Europe	Buyout	0.9%
32	J.C. Flowers & Co	USA	Buyout	0.9%
33	Oak HC/FT	USA	Growth	0.9%
34	Avenue Broadway Partners	Europe	Buyout	0.9%
35	Clessidra Capital Partners	Europe	Buyout	0.8%
36	PAI Partners	Europe	Buyout	0.8%
37	Shamrock Capital Advisors	USA	Buyout	0.8%
38	ECI Partners	Europe	Buyout	0.8%
39	Yorktown Partners	USA	Special situations	0.8%
40	Growth fund[3]	USA	Growth	0.8%
41	The Vistria Group	USA	Buyout	0.8%
42	ABS Capital	USA	Growth	0.7%
43	Altor Capital	Europe	Buyout	0.7%
44	AION Capital Partners	Asia and EM	Buyout	0.7%
45	Chequers Partenaires	Europe	Buyout	0.7%
46	Horizon Capital	Europe	Buyout	0.7%
47	Apollo Advisors	USA	Buyout	0.7%
48	Abris Capital	Europe	Buyout	0.6%
49	Marguerite	Europe	Special situations	0.6%
50	TPG Asia	Asia and EM	Buyout	0.6%
COVERAGE OF PIP'S PRIVATE EQUITY ASSET VALUE[1]				**72.2%**

1 Percentages look through feeders and fund-of-funds and excludes the portion of the reference portfolio attributable to the Asset Linked Note.

2 Refers to the regional exposure of funds.

3 The GP does not permit the Company to disclose this information.

THE LARGEST 50 COMPANIES BY VALUE[1]

	Company	Country/State	Sector	% of PIP's NAV
1	EUSA Pharma[2]	United Kingdom	Healthcare	3.9%
2	Education Services Company[4]	Luxembourg	Consumer	1.1%
3	Dermatology Company[2,4]	USA	Healthcare	1.1%
4	Ophthalmology Company[4]	USA	Healthcare	1.0%
5	Insurance Company[4]	USA	Financials	1.0%
6	Abacus Data Systems[2]	USA	Information Technology	1.0%
7	Energy company[2,4]	USA	Energy	0.9%
8	Vistra[2]	Hong Kong	Financials	0.7%
9	Apollo Education Group[2]	USA	Consumer	0.7%
10	Signature Foods[2]	Belgium	Consumer	0.7%
11	ALM Media[2]	USA	Communication Services	0.7%
12	Visma[2]	Norway	Information Technology	0.7%
13	Tanium[2]	USA	Information Technology	0.7%
14	Nexi[2,3]	Italy	Information Technology	0.7%
15	Colisée[2]	France	Healthcare	0.7%
16	Centric[2]	USA	Consumer	0.6%
17	Atria Convergence Technologies[2]	India	Communication Services	0.6%
18	Clix Capital[2]	India	Financials	0.6%
19	Communications Company[2,4]	France	Communication Services	0.6%
20	Diagnostyka Labs	Poland	Healthcare	0.6%
21	Froneri	United Kingdom	Consumer	0.6%
22	Jfrog	Israel	Information Technology	0.6%
23	Chewy[3]	USA	Consumer	0.6%
24	ZeniMax Media	USA	Communication Services	0.6%
25	Mobilitie[2]	USA	Industrials	0.5%
26	Profi Rom[2]	Romania	Consumer	0.5%
27	Kyobo Life Insurance	South Korea	Financials	0.5%
28	KD Pharma Group	Germany	Healthcare	0.5%
29	Vertical Bridge[2]	USA	Communication Services	0.5%
30	Alion Science and Technology[2]	USA	Industrials	0.5%
31	ENTORIA[2]	France	Financials	0.4%
32	Action	Netherlands	Consumer	0.4%
33	Athenahealth	USA	Healthcare	0.4%
34	Nord Anglia[2]	Hong Kong	Consumer	0.4%
35	Millennium Trust[2]	USA	Financials	0.4%
36	Engencap[2]	Mexico	Financials	0.4%
37	Navitas[2]	USA	Energy	0.4%
38	WalkMe	USA	Information Technology	0.4%
39	Check24	Germany	Communication Services	0.4%
40	Correct Care Solutions[2]	USA	Healthcare	0.4%
41	Southern Dental[2]	USA	Healthcare	0.4%
42	Recorded Future[2]	USA	Information Technology	0.4%
43	Cotiviti	USA	Healthcare	0.4%
44	Confie Seguros[2]	USA	Financials	0.4%
45	CPG International	USA	Industrials	0.4%
46	Arnott Industries[2]	USA	Consumer	0.4%
47	Star Health Insurance[2]	India	Financials	0.4%
48	LogicMonitor[2]	USA	Information Technology	0.4%
49	Winhealth Pharma Group[2]	China	Healthcare	0.4%
50	OWP Butendiek	Germany	Utilities	0.3%
COVERAGE OF PIP'S PRIVATE EQUITY ASSET VALUE				**31.9%**

1 The largest 50 companies table is based upon underlying company valuations at 31 March 2020 adjusted for known call and distributions to 31 May 2020, and includes the portion of the reference portfolio attributable to the Asset Linked Note.

2 Co-investments/directs.

3 Listed companies.

4 The GP does not permit the Company to disclose this information.

OTHER INFORMATION
PORTFOLIO CONCENTRATION

70 managers and 550 companies account for approximately 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 2020	1,559	2,882.8	2,065.0	1,496	541
Financial year[3]					
2019	1,499	2,770.6	2,225.0	1,450	521
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

Helen Steers

PIP and European Primary Investment. Partner

Joined 2004; 31 years of private equity experience. Helen is Head of Pantheon's European Investment Team and is responsible for managing the activities of PIP. 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; 16 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 adviser in the investment banking division. Tanu is based in London.

5

Maria Candelario

Senior Finance Manager for PIP

Joined 2014; 11 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 M&A at Credit Suisse and corporate finance advisory at Oakley Capital. Maria is based in London.

2

Andrew Lebus

PIP and Secondary Investment. Partner

Joined 1994; 35 years of private equity experience. Andrew is a senior member of Pantheon's investment team. He 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 corporatefi nance, with special emphasis on the private equity market, at Crédit Lyonnais Securities, and its affiliate Castleforth. Andrew 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 11 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.

6

Rhoddy Swire

Senior Partner

Rhoddy is Pantheon's founder and was a Director of PIP from its listing in 1987 until October 2019. In 1981 Rhoddy 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. Rhoddy is also Chairman of both Quail Digital and Azquo Holdings Ltd, and is Deputy Lieutenant of Shropshire.

7

Paul Ward

Managing Partner

Joined 2003; 23 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.

9

Alex Scott

European Primary Investment. Partner

Joined 2005; 23 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.

11

Matt Jones

Secondary Investment. Partner

Joined 2001; 19 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.

8

Dennis McCrary

Head of Investment. Partner

Joined 2007; 32 years of private markets experience. Dennis is a Partner and Head of Investment of the global investment team with management oversight of the investment team heads. He is also a member of Pantheon's Partnership Board. 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.

10

Jie Gong

Asian Investment. Partner

Joined 2013; 23 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. Jie is based in Hong Kong.

12

Rudy Scarpa

Secondary Investment. Co-head of the Global Secondaries Group. Partner

Joined in 2007; 26 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.

13

Elly Livingstone

Secondary Investment. Partner

Joined 2001; 24 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.

14

Susan Long-McAndrews

US Primary Investment. Partner

Joined in 2002; 24 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.

Governance

BOARD OF DIRECTORS

Sir Laurie Magnus
Chairman

Appointed to the Board
22 November 2011

A M N I

Appointed as Chairman on 23 November 2016. Sir Laurie Magnus has over 40 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 J.P. Morgan Multi-Asset Trust plc (resigning no later than 1 October 2020) and a Non-Executive Director of The City of London Investment Trust Plc. Sir Laurie Magnus is a non-executive adviser to the European division of Evercore Inc. In the not-for-profit sector, he is Chairman of both The Historic Buildings and Monuments Commission for England ("Historic England"), and Windsor Leadership Trust, and a trustee of both the English Heritage Trust and Allchurches Trust.

Susannah Nicklin
Senior Independent Director

Appointed to the Board
22 November 2011

A M N I

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 AIM VCT plc, Baronsmead Venture Trust plc and North American Income Trust plc, and with effect from the 9 September 2020 will be a Non-Executive Director of Ecofin Global Utilities and Infrastructure Trust Plc. Susannah is a CFA charterholder.

David Melvin
Audit Committee Chairman

Appointed to the Board
23 February 2015

A M N I

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 CITIC CLSA Securities, a CITIC Securities Company, senior adviser at Bixteth Partners Limited, a boutique advisory firm, and Chairman of HBA Media Limited. 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.

Ian Barby

Appointed to the Board
28 April 2005

A M N I

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 a Director of The Fitzwilliam Museum Development Trust.

BOARD OF DIRECTORS

John Burgess

Appointed to the Board
23 November 2016

A M N I

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.

John Singer

Appointed to the Board
23 November 2016

A M N I

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; Chairman of the National Youth Orchestra of Great Britain; Chairman of INSEAD UK Council; and is an Honorary Fellow; and is on the Development Committee of Trinity College, Oxford.

Mary Ann Sieghart

Appointed to the Board
30 October 2019

A M N I

Ms Sieghart is a Non-Executive Director of The Merchants Trust plc and Chair of the Social Market Foundation think tank. She is a Director of the Scott Trust, which owns *The Guardian* and *The Observer*, and is Chair of its Investment Committee, overseeing the £1bn endowment. She is a trustee of the Kennedy Memorial Trust, among other voluntary posts.

Ms Sieghart is also a political journalist and broadcaster and was formerly Assistant Editor of *The Times*, a Lex columnist at the *Financial Times* and City Editor of Today. She also spent the academic year 2018–19 as a Visiting Fellow of All Souls College, Oxford and is now a Senior Academic Visitor at Oriel College, Oxford.

Dame Susan Owen DCB

Appointed to the Board
31 October 2019

A M N I

Dame Sue Owen is an economist with over 30 years' experience in government, including 14 years at the Treasury. She led the Department for Digital, Culture, Media and Sport from 2013–2019, having also worked in the British Embassy in Washington, No. 10, the Department of International Development and as Strategy Director General in the Department for Work and Pensions overseeing a £200bn budget. She has considerable experience of governance, making board and chair appointments including at the BBC, Channel 4, Ofcom, the Gambling Commission and the Tate. She also chaired the civil service charity, and was the Civil Service Diversity Champion, leading a review of bullying and harassment in 2018. Currently Dame Sue Owen is Chair of the Governors of The Royal Ballet, an adviser for Saxton Bampfylde, a Specialist Partner for Flint Global and a Non-Executive Director for Pool Re (Terrorism Reinsurance) and Methera Global Communications, and from August 2020 will be a Non-Executive Director for Serco Group plc. In addition, she holds various positions in the not-for-profit space, including being a Trustee of the Centre for Global Development (Europe) and the Heywood Foundation.

KEY

- A Member of the Audit Committee
- M Member of the Management Engagement Committee
- N Member of the Nomination Committee
- I Independent of the Manager

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 2020.

Directors

The current Directors of PIP were in office during the whole of the year ended 31 May 2020 with the exception of Mary Ann Sieghart and Dame Sue Owen DCB, who were appointed on 30 October 2019 and 31 October 2019 respectively. Rhoddy Swire retired from the Board on 30 October 2019. The names and full biographies of the Directors can be found on pages 69 and 70. As at 31 May 2020, the Board of Directors of the Company comprised five male Directors and three female Directors.

With the exception of Ian Barby, all Directors will retire and stand for re-election at the Company's Annual General Meeting ("AGM") on 22 September 2020. Mr Barby will be retiring from the Board upon conclusion of the AGM. Further details regarding the selection and appointment of Directors, including the Company's position on diversity, can be found on page 75.

The rules concerning the appointment and replacement of Directors are set out in the Company's Articles of Association. 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.

Authorities given to the Directors at the AGM on 30 October 2019 to allot shares, disapply statutory pre-emption rights and buy back shares will expire at the forthcoming AGM. No shares were issued or bought back during the year.

As at 31 May 2020 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 Financial Conduct Authority ("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 set out in the AGM Notice.

Share capital and voting rights at 31 May 2020

	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**	–	–

DIRECTORS' REPORT

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 £150m and

(ii) 1% on the value of such assets in excess of £150m. 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 2020 (period ended 31 May 2019: £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 a 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 2020, the notional performance fee hurdle is a net asset value per share of 3,800.82p.

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

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

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

Pantheon 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. Further details of the Board's engagement with the Manager is set out on page 21.

Other service providers

Administrative, accounting and company secretarial services are provided by Link Alternative Fund Administrators Limited. The Administration Agreement may be terminated with 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. Full details of the Board's engagement with service providers are set out on page 21.

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.

The Directors have made an assessment of going concern, taking into account both the Company's financial position at the Balance Sheet date and the expected performance of the Company, which considers the impact of the COVID-19 pandemic, using the information available up to the date of issue of the financial statements. The Directors have also considered the Company's position with reference to its investment trust structure, its business model, its business objectives, the principal risks and uncertainties as detailed on pages 32 to 35 of this report and its present and projected financial position. As part of the overall assessment, the Directors have taken into account the Manager's culture, which emphasises collaboration and accountability, the Manager's conservative approach to balance sheet management, and its emphasis on investing with underlying private equity managers that are focused on generating outperformance.

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 at each meeting and discussed.

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 withstand periods of volatility such as those experienced as a result of the COVID-19 pandemic.

DIRECTORS' REPORT

The Directors have considered downside liquidity modelling scenarios with varying degrees of decline in investment valuations, decreased investment distributions, and increased call rates, with the worst being an extreme downside scenario representing an impact to the portfolio that is worse than that experienced during the global financial crisis. This also included a combined reverse stressed scenario that analyses the factors that would have to simultaneously occur for the Company to be forced into a wind-down scenario, the effectiveness of any mitigating actions and the Company's risk appetite.

In the event of a downside scenario, PIP can take steps to limit or mitigate the impact on the Balance Sheet, namely drawing on the credit facility and pausing on new commitments. In addition, subject to the prevailing market environment, it could raise additional credit or capital, and sell assets to increase liquidity and reduce outstanding commitments.

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 as at 31 May 2020. 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 February 2019. 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 75 to 80.

Substantial shareholdings

As at 31 May 2020, 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
Quilter plc	5,084,601	9.40
Universities Superannuation Scheme Ltd	4,410,228	8.15
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 Ltd	2,365,111	4.37
Private Syndicate Pty Ltd	2,032,173	3.76
Brewin Dolphin Ltd	1,864,446	3.45

No changes in substantial shareholdings have been notified to the Company between 31 May 2020 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 AGM will be held on 22 September 2020 and explanations of the business proposed at the AGM are contained in a separate Notice of Meeting.

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.

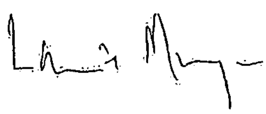
Approval

The Directors' Report has been approved by the Board.

On behalf of the Board

Sir Laurie Magnus

Chairman
5 August 2020



STATEMENT ON CORPORATE GOVERNANCE

Introduction from the Chairman

I am pleased to introduce this year's Corporate Governance Statement. In this statement, the Company reports on its compliance with the AIC Code of Corporate Governance (the "AIC Code") and sets out how the Board has operated during the past year. The AIC Code, as published in February 2019, sets out principles and provisions regarding matters including stakeholder engagement and the culture of the Company, against which the Company has reported in the Strategic Report. The Company is committed to maintaining the highest standard of corporate governance and the Directors are accountable to shareholders for the governance of the Company's affairs.

Statement of compliance

This statement, together with the Statement of Directors' Responsibilities on page 88, indicates how the Company has applied the principles of recommended governance of the Financial Reporting Council's ("FRC") 2018 UK Corporate Governance Code (the 'UK Code') and the AIC Code issued in 2019, which complements the UK Corporate Governance Code and provides a framework of best practice for investment trusts.

The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the FRC, provides more relevant information to shareholders and that by reporting against the AIC Code the Company has met its obligations in relation to the UK Code and associated disclosure requirements under paragraph 9.8.6 of the Listing Rules. The AIC Code issued in February 2019 applies to accounting periods beginning on or after 1 January 2019 and the Company has therefore reported against this version of the Code in this year's Annual Report and Accounts.

The UK Code is available on the FRC website (www.frc.org.uk). The AIC Code is available on the AIC website (www.theaic.co.uk) and includes an explanation of how the AIC Code adapts the principles and provisions set out in the UK Code to make them relevant for investment companies.

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 2020 except as disclosed below:

- Provision 23: Directors are not appointed for a specified term, as all Directors are non-executive and the Board believes that a Director's performance and their continued contribution to the running of the Company is of greater importance and relevance to shareholders than the length of time for which they have served as a Director of the Company. Each Director is subject to the election and re-election provisions set out in the Company's Articles of Association which provide that a Director appointed during the year is required to retire and seek election by shareholders at the next Annual General Meeting ("AGM") following their appointment. Thereafter, the Directors intend to offer themselves for re-election annually; and
- Provision 37: As all the Directors are non-executive, the Board is of the view that there is no requirement for a separate remuneration committee. Directors' fees will be considered by the Board as a whole within the limits approved by shareholders.

The principles of the AIC Code

The AIC Code is made up of 17 principles split into five sections covering:

- Board leadership and purpose;
- Division of responsibilities;
- Composition, succession and evaluation;
- Audit, risk and internal control; and
- Remuneration.

Details of how the Company has applied the principles of the AIC Code are set out in this report.

Viability Statement

The Viability Statement can be found on page 36.

The Board of Directors

The Board consists of eight Non-Executive Directors (five male and three female) 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 lengths of service among its members. The Directors possess a wide range of business and financial expertise relevant to the direction of the Company, and consider themselves as committing sufficient time to the Company's affairs.

Brief biographical details of the Directors, including details of their other directorships and significant commitments, can be found on pages 69 and 70.

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.

STATEMENT ON CORPORATE GOVERNANCE

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.

Further details on the Company's purpose, culture and values can be found in the Strategic Report on page 19.

Board and Committee meeting attendance

The Board has at least seven scheduled meetings a year, and more if required. Directors' attendance at Board and Committee meetings held during the year to 31 May 2020 is set out in the below table.

Performance evaluation

In order to review the effectiveness of the Board as a whole, its Committees and individual Directors (including the independence of each Director), the Company has implemented a thorough appraisal process, encompassing both quantitative and qualitative measures of performance in respect of the Board and its Committees. The internal appraisal process was conducted during the second half of the financial year by the Chairman by way of individual interviews. The appraisal process is repeated annually. The appraisal of the Chairman followed the same process and was carried out by the Board as a whole under the leadership of Ms Susannah Nicklin (the Senior Independent Director).

A number of areas of focus were discussed as part of the review, including strategy, marketing, succession planning, interaction between Board members and the contents of meeting papers. The results of the appraisal process indicated that the Board continues to work well and there are no significant concerns among the Directors about the Board's effectiveness. The resulting actions agreed by the Directors will be monitored during the 2020–21 financial year.

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.

BOARD AND COMMITTEE MEETING ATTENDANCE

	Scheduled Board meetings	Audit Committee meetings	Management Engagement Committee meetings	Nomination Committee meetings
Sir Laurie Magnus	●●●●●●●	●●●	●	●
S.E. Nicklin	●●●●●●●	●●●	●	●
I.C.S. Barby	●●●●●●●	●●●	●	●
D.L. Melvin	●●●●●●●	●●●	●	●
J.D. Burgess	●●●●●●●	●●●	●	●
J.B.H.C.A. Singer	●●●●●●○	●●●	●	●
M.A. Sieghart[1]	●●●●	●	n/a	n/a
Dame Sue Owen DCB[2]	●●●	●	n/a	n/a
R.M. Swire[3]	●●●○	n/a	n/a	n/a

1 Ms Sieghart was appointed to the Board on 30 October 2019; there were no Management Engagement Committee meetings and Nomination Committee meetings following Ms Sieghart's appointment in the given period.

2 Dame Sue Owen was appointed to the Board on 31 October 2019; there were no Management Engagement Committee meetings and Nomination Committee meetings following Dame Sue Owen's appointment in the given period.

3 Mr Swire retired from the Board on 30 October 2019 and attended Committee meetings by invitation.

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.

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.

All Directors 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. At the 2019 AGM, 79.16% of votes cast were in favour of the re-election of Mr Barby. Despite the fact that in the 2019 Annual Report the Company announced that Mr Barby was retiring at the conclusion of the 2020 AGM, 20.84% of votes cast were against his re-election. In accordance with the AIC Code, the Company provided an update to shareholders within six months of the 2019 AGM, which is available on the Company's website.

Chairman and Director tenure/re-appointment of Directors

Following the Company's inclusion in the FTSE 250 Index and in accordance with the AIC Code, the Board has determined that its policy on the tenure of the Chairman and the Directors is that the Chairman and all Directors will be subject to annual re-election at each AGM. Accordingly, resolutions to re-elect all Directors are contained within the Notice of 2020 AGM.

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 and pacing, 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, representatives of Pantheon are 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.
- Direct investment of 1% or more in respect of a single company requires the prior approval of the Board.

STATEMENT ON CORPORATE GOVERNANCE

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. Mr Barby, the Chairman of the Audit Committee for the period to 31 March 2020, is a qualified barrister with wide experience of the investment management industry and of the investment trust sector. Mr Melvin was appointed Chairman of the Audit Committee on 1 April 2020. He is a qualified Chartered Accountant and contributes his knowledge and experience to the Audit Committee. 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 40 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.

The Audit Committee met on three occasions during the year ended 31 May 2020. 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 81 to 83.

Management Engagement Committee

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

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

The Management Engagement Committee then makes a recommendation to the Board about the continuing appointment of the Manager under the terms of the Management Agreement.

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

Nomination Committee

The Nomination Committee comprises all Directors and is chaired by Sir Laurie Magnus except when considering chairman succession.

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.

During the year, the Nomination Committee reviewed the balance of skills and diversity on the Board as part of ongoing succession planning and recommended to the Board the appointment of Mary Ann Sieghart and Dame Susan Owen DCB.

Mary Ann Sieghart and Dame Sue Owen DCB were appointed as Directors on 30 October 2019 and 31 October 2019 respectively. Nurole Limited, an independent external search consultancy with no connection to the Company, were engaged to assist with the search for candidates. The search requirements included a preference for candidates with a strong background in governance, diversity and media relations. From a long list of potential candidates, giving due consideration to the Company's Diversity Policy, a number were selected for interview by the Directors. Following this process, Mary Ann Sieghart and Dame Sue Owen DCB were appointed to the Board, being the strongest candidates with relevant experience and knowledge.

The Nomination Committee also recommended to the Board the appointment of Mr Melvin as Chairman of the Audit Committee.

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 32 to 35.

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 emerging and 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.

STATEMENT ON CORPORATE GOVERNANCE

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 advisers in the terms of their contracts. The appointment of agents and advisers 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.
- 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 the 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. In normal circumstances, 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 Chairs of the Board's Committees. At each AGM, a presentation is given by the Manager to all shareholders present. Arrangements for the 2020 AGM are set out in the Chairman's statement.

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 Half-Yearly and Annual 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 125, who will arrange for the relevant Board member to contact them.

Further details of our engagement with all of the Company's stakeholders and how the Board has regard to those stakeholders in the Boards decision-making processes are set out in the Strategic Report on pages 20 to 22.

On behalf of the Board

Sir Laurie Magnus

Chairman
5 August 2020

AUDIT COMMITTEE REPORT

I am pleased to present the Audit Committee Report for the year ended 31 May 2020.

On 1 April 2020 I succeeded Ian Barby as Audit Committee Chairman. I would like to personally thank Ian for so ably chairing the Committee over the last 15 years, during which time there were a number of significant challenges for the Committee, including dealing with the impact of the global financial crisis and the complexities of the consolidation of PIP's share capital, and during which period PIP entered the FTSE 250.

Further details about the composition of the Audit Committee are set out on page 78.

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.

Role of the Audit Committee

Clearly defined terms of reference, which were reviewed and updated during the year, 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, Ernst & Young LLP ("EY"), and representatives of EY attend each Audit Committee meeting.

Matters considered in the year

We met on three occasions during the year ended 31 May 2020. 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 Company's going concern and viability statements;
- Reviewed the impact of COVID-19 on the Company's financial statements;
- Reviewed the internal controls and risk management systems (including cybersecurity) of the Company and its third-party service providers;
- Agreed the audit plan and fees with the Auditor, including the principal areas of focus;
- Reviewed the whistleblowing policy of the Manager (no incidents were reported during the period); and
- Reviewed its own performance as a Committee and its own terms of reference.

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.

In addition the Audit Committee reviewed the outputs of Pantheon's Investment Valuation Committee and Pantheon's processes and internal controls around the investment valuation process.

B. Undrawn commitments

As an investor in private equity, the Company had outstanding commitments to fund investments. Approximately 23% of these uncalled commitments relate to funds that are outside their investment periods. Generally, when a fund is past its investment period, which is typically between five and six years, it cannot make any new investments and only draws capital to fund follow-on investments into existing portfolio companies, or to pay expenses. As a result, the rate of capital calls by these funds tends to slow dramatically. During the year, the Manager undertook a detailed process to review the undrawn commitments, and the results were discussed with the Audit Committee. The Audit Committee received assurances from Pantheon about the systems and controls in place to track the undrawn commitments as part of the valuation entry process.

The Audit Committee also reviewed the level of undrawn commitments as part of its analysis of PIP's going concern and long-term viability.

AUDIT COMMITTEE REPORT

C. Going concern and long-term viability

The Committee considered the Company's financial requirements and viability for the forthcoming year and over a longer period of three years, particularly in view of the impact of the COVID-19 pandemic. This assessment included the review of various downside liquidity models with varying degrees of decline in investment valuations, the review of the level of undrawn commitments, and the impact of COVID-19 on financial statement disclosures including those relating to principal risks. As a result of this assessment, the Committee concluded that the Company had adequate resources to continue in operation and meet its liabilities as they fall due both for the forthcoming year and over the subsequent two years. Related going concern and long-term viability disclosures are set out on pages 73 to 74 and 36 and Note 1 on page 100.

D. 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.

E. 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 2020, 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 2020 Annual Report and Accounts was £108,000 (31 May 2019: £55,000). 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 £35,000 were provided during the year ended 31 May 2020 (31 May 2019: £36,000), relating to the review of the half year, Q3 and year-end net asset value calculations and the review of the Half-Yearly Report. The ratio of non-audit to audit fees is 32.4%. The Audit Committee believes that it is appropriate for the Company's Auditor to provide these services to the Company as these services are audit related.

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.

Continuing appointment of the Auditor

EY was appointed as the Company's Auditor at the AGM in 2019 and this is therefore the first audit of the Company's financial statements since its appointment.

A competitive tender must be carried out by the Company at least every 10 years. The Company is therefore required to carry out a tender no later than in respect of the financial year ending 31 May 2029. The current lead audit partner, Matthew Price, has been in place since the appointment in 2019. Ethical standards generally require the rotation of the lead audit partner every five years for a listed client.

The Committee monitors the Company's relationship with the Auditor and has discussed and considered their independence and objectivity. The Auditor also provides confirmation that they are independent within the meaning of all regulatory and professional requirements and that objectivity of the audit is not impaired. The Committee is therefore satisfied that EY was independent, especially considering the term of appointment to date, and will continue to monitor this position.

Following the completion of the audit, the Committee reviewed EY's effectiveness by:

- Discussing the overall audit process and the audit procedures taken to address the identified principal issues;
- Considering feedback on the audit provided by the Investment Manager; and
- Reviewing the experience, involvement of specialists and continuity of the audit team, including the audit partner.

The Committee has considered the principal issues identified by the audit team during the audit of the financial statements for the year. The feedback provided by the Investment Manager regarding the audit team's performance on the audit was positive. The Auditor demonstrated a good understanding of the Group, and had identified and focused on the areas of greatest financial reporting risk. Its reporting to the Audit Committee was clear, open and thorough. The Committee is satisfied that the Auditor has demonstrated professional scepticism and appropriately challenged management's judgements. The Committee acknowledged that the audit team, including the audit partner, comprised staff with appropriate levels of knowledge and experience of the investment trust sector.

On the basis of these factors and assessments, the Committee has concluded that the external audit process has been effective. Taking into account the performance and effectiveness of the Auditor and the confirmation of their independence, the Committee has recommended to the Board that a resolution to re-appoint EY as Auditor be put to shareholders at the forthcoming AGM. EY has confirmed its willingness to continue in office.

CMA Order

The Company complied throughout the year ended 31 May 2020 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 2020, 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.

David Melvin

Audit Committee Chairman

5 August 2020

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 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 94.

Statement from the Chairman

I am pleased to present the Directors' Remuneration Report for the year ended 31 May 2020.

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, while 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. As it is the third year since the Directors' Remuneration Policy was last approved by shareholders, an ordinary resolution will be proposed at the 2020 AGM to approve the Directors' Remuneration Policy.

An ordinary resolution to approve the Remuneration Report will also be proposed at the 2020 AGM.

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 79, 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.

Directors' fees were last increased on 1 July 2015. During the year to 31 May 2020, fees were reviewed against those from a selection of the Company's peer group. Since the last review in 2015, net asset value ("NAV") per share has increased from 1,543.2p to 2,882.8p and the Company has become a constituent of the FTSE 250. As a result of this review and to reflect comparable market rates, from 1 December 2019, the fees were set at the rate of £65,000 for the Chairman (year to 31 May 2019: £55,000), £52,500 for the Chairman of the Audit Committee (year to 31 May 2019: £44,000) and £40,000 for the other Directors (year to 31 May 2019: £33,000).

Directors' fees for the year (audited)

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

	Fees		Total	
	Year to 31 May 2020 £	Year to 31 May 2019 £	Year to 31 May 2020 £	Year to 31 May 2019 £
Sir Laurie Magnus (Chairman)	60,000	55,000	60,000	55,000
I.C.S. Barby	46,167	44,000	46,167	44,000
S.E. Nicklin	36,500	33,000	36,500	33,000
D.L. Melvin	38,583	33,000	38,583	33,000
J.B.H.C.A. Singer	36,500	33,000	36,500	33,000
J.D. Burgess	36,500	33,000	36,500	33,000
M.A. Sieghart[1]	28,250	–	28,250	–
Dame Sue Owen DCB[2]	28,250	–	28,250	–
R.M. Swire[3]	13,623	33,000	13,623	33,000
Total	**324,373**	**264,000**	**324,373**	**264,000**

1 Ms Sieghart was appointed to the Board on 30 October 2019.

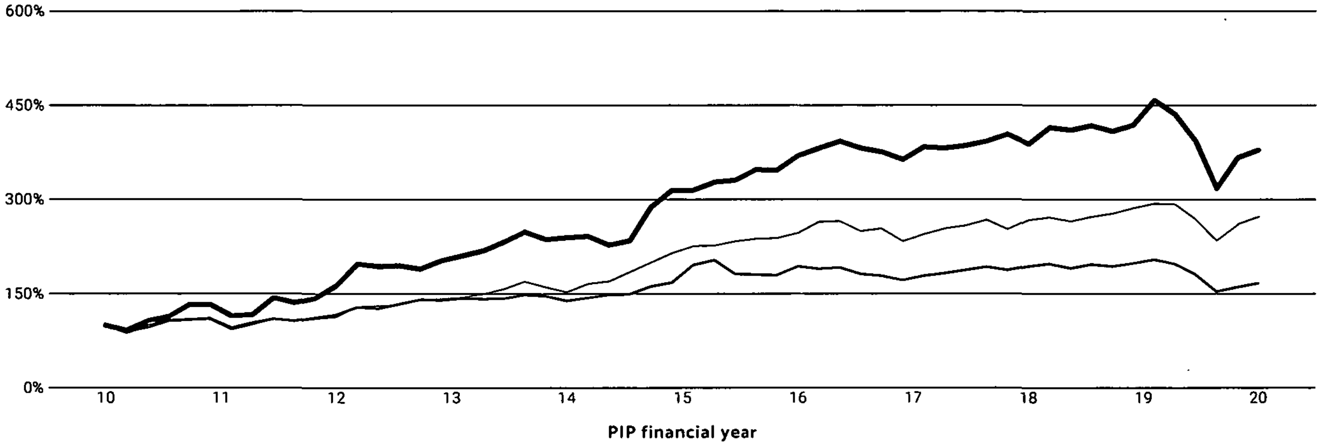
2 Dame Sue Owen was appointed to the Board on 31 October 2019.

3 Mr Swire retired from the Board on 30 October 2019.

No travel expenses or any other expenses were claimed by the Directors from the Company during the year ended 31 May 2020 or as at the date of this Report.

Company performance

The graph below shows the total return to 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 with the Company's portfolio.



Relative importance of spend on pay

The table below sets out, in respect of the financial year ended 31 May 2020 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 2020 £'000	Year to 31 May 2019 £'000	Change %
Total remuneration paid to Directors	324	264	22
Management fee	17,674	16,584	11
Share buybacks	Nil	500	(100)

Directors' interests (audited)

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

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

	31 May 2020	31 May 2019
Sir Laurie Magnus (Chairman)	14,324	14,324
S.E. Nicklin	1,940	1,106
I.C.S. Barby	24,000	24,000
D.L. Melvin*	10,000	8,000
J.D. Burgess	39,982	39,982
J.B.H.C.A. Singer	39,982	39,982
M.A. Sieghart	1,325	–
Dame Sue Owen DCB	820	–

* Held jointly with spouse.

There has been no change to the above interests between 31 May 2020 and the date of this report.

DIRECTORS' REMUNERATION REPORT

Voting at Annual General Meeting

The Directors' Remuneration Policy and Remuneration Report for the year ended 31 May 2019 were approved by shareholders at the AGMs held on 22 November 2017 and 30 October 2019 respectively.

The votes cast by proxy were as follows:

Remuneration Report

	Number of votes	% of votes cast
For	26,032,093	99.99
Against	1,148	0.01
At Chairman's discretion	–	–
Total votes cast	26,033,241	100.00
Number of votes withheld	2,406,128	–

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

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 updated Policy will 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. An ordinary resolution will be put to shareholders at the 2020 AGM to increase the maximum aggregate annual remuneration that can be paid to Directors under article 79(1) of PIP's Articles of Association from £350,000 to £450,000. While the Company has no current intention to appoint any further Non-Executive Directors, the proposed increase in the maximum aggregate annual remuneration will provide the Board with the flexibility to make further appointments to the Board as necessary. No above inflationary fee increases are currently planned.

From 1 June 2021, fees for the Directors will be increased annually, effective from the first day of the Company's financial year, by the rate of the Consumer Price Index prevailing at that time.

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 has 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, and in accordance with the AIC Code, 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 2021 £	Fees for year to 31 May 2020 £
Chairman basic fee	65,000	60,000
Non-Executive Director basic fee	40,000	36,500
Audit Committee Chairman additional fee	12,500	11,750
Total aggregate annual fees that can be paid	450,000	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
5 August 2020

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company as at the end of each financial year and of the profit or loss of the Company for that period.

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

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

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

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

Each of the Directors, whose names are listed on pages 69 to 70, 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 81 to 83. As a result, the Board has concluded that the Annual Report and financial statements for the year ended 31 May 2020, 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
5 August 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PANTHEON INTERNATIONAL PLC

Opinion

We have audited the financial statements of Pantheon International plc (the "Company") for the year ended 31 May 2020 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, and the related notes 1 to 20, 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 FRS 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 Company's affairs as at 31 May 2020 and of its profit 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 below. 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 and Accounts set out on pages 32 to 35 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation set out on page 32 in the Annual Report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement set out on page 100 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements;
- whether the Directors' statement in relation 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 73 in the Annual Report as to how they have assessed the prospects of the entity, 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 entity 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

Key audit matters	▪ Incorrect valuation of unlisted investments at fair value – Incorrect valuation of investments in third-party managed funds and co-investment vehicles which are audited on an annual basis and for which periodic fair value information is provided to the Company – Incorrect valuation of investments in co-investment vehicles or third-party funds which are not audited on an annual basis – Incorrect valuations of investments in funds and entities managed by Pantheon Ventures (UK) LLP ("Pantheon") ▪ Impact of Covid 19
Materiality	▪ Overall materiality of £15.6m which represents 1% of shareholders' funds

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 which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PANTHEON INTERNATIONAL PLC

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incorrect valuation of unlisted investments at fair value (£1,496m, 2019: £1,450m) (as described on page 81 in the Audit Committee's Report and as per the accounting policy set out on page 100). The unlisted investment portfolio is 96% of the net asset value (NAV) and consists of investments in: third-party managed funds, funds or entities managed by Pantheon Ventures (UK) LLP (**"Pantheon"**) and co-investments. The portfolio includes the pool of investments attributed to the Company's Asset Linked Note liability of £58m (2019: £92m). The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect investment valuation could have a significant impact on the return generated by the shareholders. Attributed to a portfolio of this nature is a higher risk of estimation uncertainty. We therefore deem that the valuation of unlisted investments at fair value is a fraud and significant audit risk. We have further analysed the unlisted investment portfolio into three categories where specific audit procedures are performed in addition to the general audit procedures on unlisted investments to reflect the risk associated.	**We performed the following procedures:** We obtained an understanding of Pantheon's processes and controls around the investment valuation process including controls that are in place within the Company by performing walkthrough to assess the design and implementation of controls in place. We performed the following procedures for a sample of investments across all type of investments: ■ We independently obtained the most recently available capital allocation statements or direct confirmations from the general partner and agreed the NAV attributable to the Company to the valuation per the accounting records. ■ Where the most recently available capital allocation statements were non-coterminous with the reporting date, we obtained details of adjustments for cash flows and fair value adjustments made by Pantheon and corroborated these to call and distribution notices and bank statements. ■ We reviewed a download from the investment management system to identify whether all investments had at least one level of review as signed off within the investment system. We assessed whether all investment valuations in our sample have received at least one level of review and approval at year end. ■ For a sample of new investments during the year, we have obtained and reviewed the due diligence performed by Pantheon to ensure that the investment recommendation pack was appropriately completed prior to making new investments. ■ For a sample of realised investments during the year, we agreed the proceeds of the disposal to the capital account statements and performed back testing by comparing the sale price and subsequent cash to the most recent valuation recorded by the Company for the investment. ■ We identified that at year end there was a total of £77m (5% of portfolio) in investments valued using December information, against which management recognized an £8m fair value adjustment. We obtained an understanding of the adjustment posted and performed audit procedures to assess market movements aligned to the investment portfolio over the period December 2019 to May 2020.	**The results of our procedures are:** Based on our testing we are satisfied that the unlisted investments have been appropriately valued in accordance with the Company's valuation policy.
Investments in third-party managed funds and co-investment vehicles which are audited on an annual basis and for which periodic fair value information is provided to the Company The investment portfolio is susceptible to material error due to the investments being unquoted with no market price available and management relying on third party information.	**Additional procedures on investments in third-party managed funds and co-investments which are audited on an annual basis and for which periodic fair value information is provided to the Company** We have obtained the most recent audited financial statements for a sample of these unquoted investments. Our sample included the testing of 138 fund of fund investments, totalling £691m and 92 co-investments, totalling £442m. We performed the following procedures where applicable: ■ We inspected the Generally Accepted Accounting Principles ("GAAP") applied and reviewed accounting policies on key areas impacting the NAV and compared these to the fair value requirements per FRS 102. ■ The December NAV per the audited financials was compared to the capital account statements at December for a sample of investments. ■ We have identified whether the audit firm signing the financial statements was a recognised audit firm and checked whether there were modifications made to their audit report.	
Investments in third party funds, managed funds and co-investment vehicles which are not audited on an annual basis Pantheon obtains the underlying data from the investment managers of these co-investment vehicles or third party funds. Pantheon apply the Company's valuation policy and conclude whether key assumptions used in valuing these assets are reasonable. We consider the risk of management override to be more prevalent in this area.	**Additional procedures on investments in third party managed funds and co-investment vehicles which are not audited on an annual basis** Where the investments are not audited on an annual basis we have obtained the fair value calculations supporting the value held by the Company. Our sample included testing of 3 investments, totaling £9.7m, which did not have an audit performed either for the investment vehicle itself or a significant portion of its underlying holdings. We have challenged Pantheon on the key judgements made and obtained explanations and corroborative evidence for judgements applied and the key inputs used in deriving the fair values.	

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Investments in funds and entities managed by Pantheon Where the Company invests in funds and entities managed by Pantheon, there is an increased risk the prices are susceptible to manipulation due to the related party relationship as Pantheon is performing the valuation and therefore applying any judgements necessary to value these investments held by the Company.	**Additional procedures on investments held in funds and entities managed by Pantheon** For a sample of investments in Pantheon managed funds which are audited, we have obtained the most recent audited set of financial statements where available. Our samples included testing of 30 investments which had audited financial statements within the structure, totalling £179m, and 3 investments, totalling £48m, from internally managed funds which do not have annually audited financial statements. We performed the following procedures where applicable: ■ We inspected the Generally Accepted Accounting Principles ("GAAP") applied and reviewed accounting policies on key areas impacting the NAV and compared these to the fair value requirements per FRS 102. ■ The December NAV per the audited financials was compared to the capital account statements at December for a sample of investments. ■ We have identified whether the audit firm signing the financial statements was a recognised audit firm and checked whether there were modifications made to their audit report. ■ For unaudited investments, we have performed a look through into the investments held by the Company to determine whether the underlying holdings were subject to audit. ■ Where the internally managed fund and its underlying investments are not audited we have obtained the fair value calculations for these underlying investments from Pantheon. In addition, we have challenged Pantheon on the key judgements made and obtained explanations and corroborative evidence for judgements applied and the key inputs used in deriving the fair values.	
Impact of COVID-19 (as described on pages 32 to 33 in the Strategic Report, page 82 in the Audit Committee's Report and as per the accounting policy set out on page 100). The COVID-19 pandemic has adversely impacted global commercial activity and contributed to significant volatility in global equity and debt markets, but as of the date of our audit report, the longer-term impact remains uncertain. This uncertainty had an impact on our risk assessment and, as a result, on our audit of the financial statements. The COVID-19 pandemic and resultant uncertainties had the most significant impact on our audit of the financial statements in the following areas: **Going concern** There is increased risk due to the degree of uncertainty in the assumptions underlying the Company's assessment of future prospects, including the impact of COVID-19 on the Company continuing to meet its stated objective. There is a risk that the Company could breach its covenants associated to the loan facility. The loan facility has a loan to value covenant associated to it. As at 31 May 2020, the Company has unfunded commitments of £541.2m. The Asset Linked Note does not have any specific covenants attached to it. **Financial statement disclosures** There is a risk that the impact of COVID-19 is not adequately disclosed in the financial statements including within the viability statement.	We performed the following procedures: **Going concern** We obtained and reviewed the assessment of going concern which includes consideration of the impact of COVID-19 and challenged the assumptions made by Pantheon in relation to future cash flows including commitments due, available financing and forecasted distributions. We held discussions with Pantheon and the Audit Committee to determine whether, in their opinion, there is any material uncertainty regarding the Company's ability to pay liabilities and commitments as they fall due for a period of at least 12 months from the date of the approval of the financial statements and none are anticipated within the Company's forecasted scenarios. Through these discussions we considered and challenged the options available to the Company if it were in a stressed scenario. These options included, but were not limited to, the use of the loan facility and sales in the secondary market. We reviewed the Board's assessment of the risk of breaching the loan facility covenants including in stressed scenarios. We recalculated the loan facility covenants which are set out in the loan agreement and which do not involve any subjectivity, to confirm there were no covenant breaches as at the year end and there are no covenant breaches anticipated over a period of at least 12 months from the date of the approval of the financial statements. We confirmed through discussion with Pantheon and the Audit Committee that they are in close contact with key service providers and that Business Continuity Plans are in place with no significant deterioration of service being experienced. We have considered the impact of COVID-19 on the investment valuations – see the above section for procedures performed on the unlisted investments portfolio. This portfolio includes the pool of investments applicable to the valuation and repayment of the Company's Asset Linked Note. **Financial statements disclosures** We reviewed the adequacy of the going concern disclosures by evaluating whether they were consistent with the Board's assessment and the viability statement. We assessed the disclosures against the regulatory and financial standard requirements to ensure that they had complied with the respective requirements.	**The results of our procedures are:** Based on the procedures performed, we are satisfied that the Directors have appropriately considered the impact of COVID-19 on the going concern assessment and that adequate disclosures have been presented in the financial statements.

We re-assessed the risks determined at the planning stage of the audit and, due to the uncertainty in global markets caused by the COVID-19 pandemic, we revised our risk assessment to include the Key Audit Matter 'Impact of COVID-19'. The remaining Key Audit Matter was consistent with the prior year audited financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PANTHEON INTERNATIONAL PLC

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed.

In establishing our audit approach, we considered the type of audit procedures required to be performed and the audit evidence required to obtain sufficient and appropriate audit evidence as a basis of our opinion on the Group. As a result of COVID-19, the year-end audit fieldwork was executed remotely. All audit evidence was received electronically and there were no on-site visits. All meetings with Pantheon and the Directors were conducted virtually and all audit queries were discussed over video conferencing with audit evidence transferred via a secure SharePoint site. The audit team encountered no difficulties in connecting virtually with Pantheon or the Directors and were able to execute the year-end audit fieldwork effectively.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £15.6m which is 1% of shareholders' funds. We believe that shareholders' funds is aligned to the key measurement of the Company's performance.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 50% of our planning materiality, namely £7.8m. We have set performance materiality at this percentage as it is our first year as Auditor of the Company.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.78m, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report set out on pages 62 to 65 and 116 to 124, other than the financial statements and our Auditor's Report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 the 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 81 to 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 page 75 – 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, 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.

Responsibilities of Directors

As explained more fully in the Directors' Responsibility 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.

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

The objectives of our audit, in respect to fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are FRS 102, the Companies Act 2006, the Listing Rules, the UK Corporate Governance Code and Section 1158 of the Corporation Tax Act 2010.
- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Pantheon and review of the Company's documented policies and procedures.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PANTHEON INTERNATIONAL PLC

Other matters we are required to address

- We were appointed by the Company on 2 December 2019 to audit the financial statements for the year ending 31 May 2020 and subsequent financial periods.

  Our total uninterrupted period of engagement is one year, covering the period from our appointment through to the period ending 31 May 2020.
- 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 the audit.
- The 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.

Matthew Price
Ernst & Young LLP
for and on behalf of
Ernst & Young LLP, Statutory Auditor
London
5 August 2020

Notes:

1 The maintenance and integrity of the Pantheon International plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

2 Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial Statements

INCOME STATEMENT
YEAR ENDED 31 MAY 2020

		Year Ended 31 May 2020			Year Ended 31 May 2019		
	Note	Revenue £'000	Capital £'000	Total* £'000	Revenue £'000	Capital £'000	Total* £'000
Gains on investments at fair value through profit or loss	9b	–	72,264	72,264	–	204,473	204,473
(Losses)/gains on financial instruments at fair value through profit or loss – ALN		(502)	277	(225)	(1,229)	(8,815)	(10,044)
Currency gains on cash and borrowings	16	–	1,403	1,403	–	6,810	6,810
Investment income	2	11,198	–	11,198	13,222	–	13,222
Investment management fees	3	(17,674)	–	(17,674)	(16,584)	–	(16,584)
Other expenses	4	(730)	(1,719)	(2,449)	(5)	(568)	(573)
Return before financing and taxation		(7,708)	72,225	64,517	(4,596)	201,900	197,304
Interest payable and similar expenses	6	(2,223)	–	(2,223)	(2,386)	–	(2,386)
Return before taxation		(9,931)	72,225	62,294	(6,982)	201,900	194,918
Taxation	7	(1,616)	–	(1,616)	(2,594)	–	(2,594)
Return for the year, being total comprehensive income for the year		(11,547)	72,225	60,678	(9,576)	201,900	192,324
Return per ordinary share	8	(21.35)p	133.53p	112.18p	(17.70)p	373.17p	355.47p

* The Company does not have any income or expense that is not included in the return for the period, therefore the return for the period, is also the total comprehensive income for the period. 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").

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 115 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MAY 2020

	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 2020							
Opening equity shareholders' funds	36,240	269,535	3,325	735,104	538,653	(84,269)	1,498,588
Return for the year	–	–	–	107,571	(35,346)	(11,547)	60,678
Closing equity shareholders' funds	36,240	269,535	3,325	842,675	503,307	(95,816)	1,559,266
Movement for the period 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 period	–	–	–	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

The Notes on pages 100 to 115 form part of these financial statements.

BALANCE SHEET
AS AT 31 MAY 2020

	Note	31 May 2020 £'000	31 May 2019 £'000
Fixed assets			
Investments at fair value	9a/b	1,495,689	1,449,634
Current assets			
Debtors	11	1,259	3,222
Cash at bank		130,091	142,773
		131,350	145,995
Creditors: Amounts falling due within one year			
Other creditors	12	10,030	4,682
		10,030	4,682
Net current assets		121,320	141,313
Total assets less current liabilities		1,617,009	1,590,947
Creditors: Amounts falling due after one year			
Asset Linked Loan	13	57,743	92,359
		57,743	92,359
Net assets		1,559,266	1,498,588
Capital and reserves			
Called-up share capital	14	36,240	36,240
Share premium	15	269,535	269,535
Capital redemption reserve	15	3,325	3,325
Other capital reserve	15	842,675	735,104
Capital reserve on investments held	15	503,307	538,653
Revenue reserve	15	(95,816)	(84,269)
Total equity shareholders' funds		1,559,266	1,498,588
Net asset value per share – Ordinary	16	2,882.75p	2,770.57p

The Notes on pages 100 to 115 form part of these financial statements.

The financial statements were approved by the Board of Pantheon International Plc on 5 August 2020 and were authorised for issue by

Sir Laurie Magnus
Chairman

Company No. 2147984

CASH FLOW STATEMENT
YEAR ENDED 31 MAY 2020

	Note	Year ended 31 May 2020 £'000	Year ended 31 May 2019 £'000
Cash flow from operating activities			
Investment income received		10,356	12,818
Deposit and other interest received		952	1,359
Investment management fees paid		(17,623)	(16,401)
Secretarial fees paid		(219)	(231)
Depositary fees paid		(219)	(191)
Legal and professional fees paid		(1,913)	(722)
*Other cash payments**		(1,517)	1,127
Withholding tax deducted		(1,776)	(3,407)
Net cash outflow from operating activities	17	(11,959)	(5,648)
Cash flows from investing activities			
Purchases of investments		(239,251)	(285,326)
Disposals of investments		267,126	313,330
Net cash inflow from investing activities		27,875	28,004
Cash flows from financing activities			
ALN repayments		(28,023)	(44,909)
Ordinary shares purchased for cancellation		–	(500)
Loan commitment and arrangement fees paid		(1,816)	(3,286)
Net cash outflow from financing activities		(29,839)	(48,695)
Decrease in cash in the year		(13,923)	(26,339)
Cash and cash equivalents at the beginning of the year		142,773	162,292
Foreign exchange gains		1,241	6,820
Cash and cash equivalents at the end of the period		130,091	142,773

* Includes interest paid during the year of £31,000 (2019: £25,000).

The Notes on pages 100 to 115 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 125. 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 2020. 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.

B. Going Concern

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.

COVID-19 presents the biggest risk to the global economy and to individual companies since the 2008 global financial crisis and unprecedented nature of the COVID-19 outbreak has resulted in uncertain financial markets and disruption of global commerce.

The Directors have made an assessment of going concern, taking into account the Company's current performance, financial position and the outlook, which considered the impact of the COVID-19 pandemic, using information available to the date of issue of these financial statements. As part of this assessment the Directors considered:

- Various downside liquidity modelling scenarios with varying degrees of decline in investment valuations, investment distributions, and increased call rates, with the worst being a low case downside scenario representing an impact to the portfolio that is worse than experienced during the global financial crisis. The Company manages and monitors liquidity regularly ensuring it is adequate and sufficient and is underpinned by its monitoring of investments, distributions, capital calls and outstanding commitments. Total available financing as at 31 May 2020 stood at £431m (31 May 2019: £323m), comprising £121m (31 May 2019: £141m) in available cash balances and £310m (31 May 2019: £182m) (sterling equivalent) in undrawn bank facilities.
- PIP's 31 May 2020 valuation is primarily based on reported GP valuations with a reference date of 31 March 2020, updated for capital movements and foreign exchange. As the impacts of COVID-19 are still not fully apparent and there has been significant volatility in asset prices and foreign exchange rates, the Directors have considered the impact that declining valuations could have on the Company's going concern assessment.
- Unfunded commitments – PIP's unfunded commitments at 31 May 2020 were £541m (31 May 2019: £521m). The Directors have considered the maximum level of unfunded commitments which could theoretically be drawn in a 12-month period, the ageing of commitments and available financing available to fund these commitments.

In these scenarios PIP can take steps to limit or mitigate the impact on the Balance Sheet, namely drawing on the credit facility, pausing on new commitments, selling assets to increase liquidity and reducing outstanding commitments if necessary. In addition, subject to market conditions, the Company could also seek to raise additional credit or capital.

Having performed the assessment on going concern, the Directors considered it appropriate to prepare the financial statements of the Company on a going concern basis. The Company has sufficient financial resources and liquidity and is well placed to manage business risks in the current economic environment and can continue operations for a period of at least 12 months from the date of issue of these financial statements.

C. AIC SORP

The financial statements have been prepared in accordance with the SORP for the financial statements of investment trust companies and venture capital trusts issued by the AIC, other than where restrictions are imposed on the Company which prohibit specific disclosures, as noted on page 62 and 63.

D. Segmental Reporting

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

E. 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 reflect fair value. Similarly, while relevant information relating to but 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 and is indicative of conditions present 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 are normally revalued to their stated net asset values at the next reporting date unless an adjustment against a specific investment is considered appropriate.

The fair value of each investment is derived at each reporting date. 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, at each reporting date. This information may include the valuations provided by private equity managers who are also invested in the Company.

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.

III. DEFERRED PAYMENT TRANSACTIONS

The Company may engage in deferred payment 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.

F. 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 consists 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.

G. 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.

Income distributions from funds are recognised when the right to distributions is established.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies continued

H. 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.

I. 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.

J. Foreign Currency

The functional and presentational currency of the Company is pounds sterling ("sterling") because this is the primary economic environment in which the Company operates. Also, the Company is registered in England & Wales. 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 (K) and (L) below.

K. 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.

L. 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.

M. 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. 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 a 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 2020, the notional performance fee hurdle is a net asset value per share of 3,800.82p. 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.

N. 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 (E) of this Note, in the Valuation of Investments policy and also within the Market Price Risk section in Note 19.

O. Derecognition/Recognition of assets and liabilities

Financial assets and financial liabilities are recognised on the Company's Balance Sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the instrument expire or the asset is transferred and the transfer qualifies for derecognition in accordance with FRS 102.

2. Income

	31 May 2020 £'000	31 May 2019 £'000
Income from investments		
Investment income	10,267	11,905
	10,267	11,905
Other income		
Interest	919	1,320
Exchange difference on income	12	(3)
	931	1,317
Total income	11,198	13,222
Total income comprises		
Distributions	10,267	11,905
Bank interest	919	1,320
Exchange difference on income	12	(3)
	11,198	13,222
Analysis of income from investments		
Unlisted	10,267	11,905
	10,267	11,905
Geographical analysis		
UK	367	134
USA	8,862	7,344
Other overseas	1,038	4,427
	10,267	11,905

3. Investment Management Fees

	31 May 2020			31 May 2019		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fees	17,674	–	17,674	16,584	–	16,584
	17,674	–	17,674	16,584	–	16,584

The investment management fee is payable monthly in arrears at the rate set out in the Directors' Report on page 72 and in the Directors' Remuneration Report on page 85.

During the year, services with a total value of £18,102,000 (period to 31 May 2019: £17,046,000), being £17,674,000 (period to 31 May 2019: £16,584,000), directly from Pantheon Ventures (UK) LLP and £428,000 (period to 31 May 2019: £462,000) via Pantheon managed fund investments were purchased by the Company.

NOTES TO THE FINANCIAL STATEMENTS

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 £13,634,000 as at 31 May 2020 (31 May 2019: £18,050,000). 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 2020, £1,518,000 (31 May 2019: £1,467,000) was owed for investment management fees. No performance fee is payable in respect of the year to 31 May 2020 (31 May 2019: nil). The basis upon which the performance fee is calculated is explained in Note 1(M) and in the Directors' Report on pages 72 and 85.

4. Other Expenses

			31 May 2020			31 May 2019
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Secretarial and accountancy services	246	–	246	239	–	239
Depositary fees	221	–	221	211	–	211
Fees payable to the Company's Auditor for the						
– audit of the annual financial statements – current auditor	105	–	105	–	–	–
– audit of the annual financial statements – previous auditor	3	–	3	55	–	55
Fees payable to the Company's Auditor for						
– audit-related assurance services – Half-Yearly report	35	–	35	9	–	9
– other non-audit services not covered above – net asset value calculations – current auditor	–	–	–	–	–	–
– other non-audit services not covered above – net asset value calculations – previous auditor	–	–	–	27	–	27
Directors' remuneration (see Note 5)	324	–	324	264	–	264
Employer's National Insurance	32	–	32	31	–	31
Irrecoverable VAT	112	–	112	56	–	56
Legal and professional fees	194	1,719	1,913	152	570	722
Printing	128	–	128	92	–	92
Other	436	–	436	327	–	327
ALN issue costs	–	–	–	–	(2)	(2)
ALN expense charge (see Note 1 (I))	(1,106)	–	(1,106)	(1,458)	–	(1,458)
	730	1,719	2,449	5	568	573

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

5. Directors' Remuneration

Directors' emoluments comprise Directors' fees. A breakdown is provided in the Directors' Remuneration Report on pages 84 and 87.

6. Interest Payable and Similar Expenses

	31 May 2020 £'000	31 May 2019 £'000
Negative bank interest	31	25
Loan commitment and arrangement fees	2,192	2,361
	2,223	2,386

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

The terms of the 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 £1.6m are being amortised from 1 June 2018 over the four-year life. 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.

During the year to 31 May 2020, the Company agreed a further £125m accordion facility, with a new partner in the lending syndicate, State Street Bank and Trust Company, increasing the total facility available to £300m. The aggregate loan facility of £300m is split into two tranches of US$269.8m and €101.6m, retranslated to £310m at 31 May 2020. There were no additional fees payable in connection with the accordion facility.

This loan facility provides additional assurance that the Company has the ability to finance its unfunded commitments in the future. At 31 May 2020 and 31 May 2019, the loan facility remained fully undrawn.

7. Taxation

	31 May 2020			31 May 2019		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Withholding tax deducted from distributions	1,616	–	1,616	2,594	–	2,594

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	(9,931)	72,225	62,294	(6,982)	201,900	194,918
Theoretical tax at UK corporation tax rate of 19% (31 May 2019: 19%)	(1,887)	13,723	11,836	(1,327)	38,361	37,034
Non-taxable investment, derivative and currency gains	–	(14,050)	(14,050)	–	(38,469)	(38,469)
Effect of expenses in excess of taxable income	–	327	327	–	108	108
Expenses disallowable for tax purposes	–	–	–	–	–	–
Carry forward management expenses	1,887	–	1,887	1,327	–	1,327
Irrecoverable withholding tax deducted from distributions	1,616	–	1,616	2,594	–	2,594
	1,616	–	1,616	2,594	–	2,594

NOTES TO THE FINANCIAL STATEMENTS

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 and this is not considered likely. As at 31 May 2020, excess management expenses are estimated to be in excess of £207m (31 May 2019: £195m).

At 31 May 2020, the Company had no unprovided deferred tax liabilities (31 May 2019: £nil).

8. Return per Share

			31 May 2020			31 May 2019
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Return for the financial period in £'000	(11,547)	72,225	60,678	(9,576)	201,900	192,324
Weighted average ordinary shares			54,089,447			54,104,721
Return per share	(21.35)p	133.53p	112.18p	(17.70)p	373.17p	355.47p

There are no dilutive effects to earnings per share.

9a. Movements on Investments

	31 May 2020 £'000	31 May 2019 £'000
Book cost brought forward	892,083	764,575
Opening unrealised appreciation on investments held		
– Unlisted investments	551,852	509,592
– Listed investments	5,699	570
Valuation of investments brought forward	1,449,634	1,274,737
Movements in year:		
Acquisitions at cost	239,251	284,846
Capital distributions – proceeds	(265,462)	(314,341)
Capital distributions – realised gains on sales	107,889	157,003
(Decrease)/increase in appreciation on investments held	(35,623)	47,389
Valuation of investments at year end	1,495,689	1,449,634
Book cost at year end	973,761	892,083
Closing unrealised appreciation on investments held		
– Unlisted investments	521,565	551,852
– Listed investments	363	5,699
Valuation of investments at year end	1,495,689	1,449,634

Fair value of investments:		
Unlisted investments	1,494,944	1,443,934
Listed investments	745	5,700
Valuation of investments at year end	1,495,689	1,449,634

9b. Analysis of Investments

	31 May 2020 £'000	31 May 2019 £'000
Sterling		
Unlisted investments	49,930	43,155
	49,930	43,155
US dollar		
Unlisted investments	1,121,246	1,141,081
Listed investments	412	5,698
	1,121,658	1,146,779
Euro		
Unlisted investments	288,474	235,188
Listed investments	333	–
	288,807	235,188
Other		
Unlisted investments	35,294	24,511
Listed investments	–	1
	35,294	24,512
	1,495,689	1,449,634

Realised gains on sales	107,889	157,003
Amounts previously recognised as unrealised appreciation on those sales	5,699	570
(Decrease)/increase in unrealised appreciation	(41,322)	46,819
Revaluation of amounts owed in respect of transactions	(2)	81
Gains on investments	72,264	204,473

Further analysis of the investment portfolio is provided in the Strategic Report on page 5.

Transaction costs (incurred at the point of the transaction) that were incidental to (i) the acquisition of investments totalled £nil (31 May 2019: £nil) and (ii) the disposals of investments totalled £14,000 (31 May 2019: £6,000) for the period. In addition, legal fees incidental to the acquisition of investments totalled £1,719,000 (31 May 2019: £568,000), as disclosed in Note 4, and have been taken to the capital column in the Income Statement since they are capital in nature.

NOTES TO THE FINANCIAL STATEMENTS

9c. Material Investment

At the year end, the Company did not hold any material holdings in an investee undertaking which exceeded 3% of any class of capital.

10. Fair Value Hierarchy

Financial Assets at Fair Value Through Profit or Loss at 31 May 2020

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Unlisted holdings	–	–	1,494,944	1,494,944
Listed holdings	745	–	–	745
	745	–	1,494,944	1,495,689

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 Liabilities at Fair Value Through Profit or Loss at 31 May 2020

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Asset Linked Note	–	–	65,386	65,386
	–	–	65,386	65,386

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

11. Debtors

	31 May 2020 £'000	31 May 2019 £'000
Amounts owed by investment funds	305	1,808
Prepayments and accrued income	954	1,414
	1,259	3,222

12. Creditors Amounts Falling Due Within One Year

	31 May 2020 £'000	31 May 2019 £'000
Investment management fees	1,518	1,467
Amounts owed in respect of transactions	–	339
ALN repayment to the Investor	7,643	2,090
Other creditors and accruals	869	786
	10,030	4,682

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

	31 May 2020 £'000	31 May 2019 £'000
Opening value of ALN	94,449	131,585
Repayments of net cash flows received	(28,023)	(44,909)
Fair value movement through profit or loss	225	10,044
Expense charge and ALN share of withholding taxes	(1,265)	(2,271)
Closing value of ALN (see Note 1(F))	65,386	94,449
Transfer to creditors due within one year	(7,643)	(2,090)
	57,743	92,359

NOTES TO THE FINANCIAL STATEMENTS

14. Called-up Share Capital

	31 May 2020		31 May 2019	
	Shares	£'000	Shares	£'000
Allotted, called up and fully paid:				
Ordinary shares of 0.67p each				
Opening position	54,089,447	36,240	54,114,447	36,257
Cancellation of shares	–	–	(25,000)	(17)
Closing position	54,089,447	36,240	54,089,447	36,240
Total shares in issue	54,089,447	36,240	54,089,447	36,240

During the period there were no ordinary shares bought back in the market for cancellation (31 May 2019: 25,000 ordinary shares bought back at total cost, including commission and stamp duty, of £500,000).

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.

15. Reserves

	Share premium £'000	Capital redemption reserve £'000	Other capital reserve £'000	Capital reserve on investments held £'000	Revenue reserve* £'000
Beginning of period	269,535	3,325	735,104	538,653	(84,269)
Net gain on realisation of investments	–	–	107,889	–	–
Increase in unrealised appreciation	–	–	–	(41,045)	–
Transfer on disposal of investments	–	–	–	5,699	–
Revaluation of amounts owed in respect of transactions	–	–	(2)	–	–
Exchange differences on currency	–	–	1,241	–	–
Exchange differences on other capital items	–	–	162	–	–
Legal and professional expenses charged to capital	–	–	(1,719)	–	–
Revenue return for the period	–	–	–	–	(11,547)
End of period	269,535	3,325	842,675	503,307	(95,816)

* 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 2020	31 May 2019
Net assets attributable in £'000	1,559,266	1,498,588
Ordinary shares	54,089,447	54,089,447
Net asset value per ordinary share	2,882.75p	2,770.57p

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

	31 May 2020 £'000	31 May 2019 £'000
Return before finance costs and taxation	64,517	197,304
Withholding tax deducted	(1,616)	(2,594)
Gains on investments	(72,264)	(204,473)
Currency gains on cash and borrowings	(1,403)	(6,810)
(Decrease)/increase in creditors	(216)	398
Decrease in other debtors	65	2,754
Losses on financial liabilities at fair value through profit or loss (ALN)	225	10,044
Income, expenses and taxation associated with ALN	(1,265)	(2,271)
Net cash outflow from operating activities	(11,959)	(5,648)

18. Contingencies, Guarantees and Financial Commitments

At 31 May 2020, there were financial commitments outstanding of £541.2m (31 May 2019: £521.0m) 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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 2020) 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.

On 1 June 2018, the Company agreed a four-year £175m multi-currency revolving credit facility agreement, arranged by Lloyds Bank and NatWest Markets. This was further extended to £300m on 22 May 2020. This replaced the £150m loan facility agreement which expired in November 2018, of which £nil was drawn down as at 31 May 2020 and 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. The covenants were not breached in the year and as at the date of this report. The facility is available should the Company have the requirement to cover any shortfalls in meeting its commitments.

Total available financing as at 31 May 2020 stood at £430.8m (31 May 2019: £323.0m), comprising £121.3m (31 May 2019: £140.7m) in cash balances and £309.5m (31 May 2019: £182.3m) (sterling equivalent) in undrawn bank facilities, compared with uncalled fund commitments of £541.2m. The available financing along with the private equity portfolio exceeded the outstanding commitments by 3.6 times (31 May 2019: 3.4 times).

Interest Rate Risk

The Company may use gearing to achieve its investment objectives and manage cash flows and has access to 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 2020, there was the sterling equivalent of £nil funds drawn down on the loan facilities (31 May 2019: £nil). A commitment fee of 0.94% per annum is payable in respect of the amounts available for drawdown in each facility.

Non-Interest Rate Exposure

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

Financial assets for 2020 and 2019 consisted of investments, cash and debtors (excluding prepayments). As at 31 May 2020, the interest rate risk and maturity profile of the Company's financial assets was as follows:

31 May 2020	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	65,420	65,420	–	–	–
US dollar	1,234,056	1,234,056	–	–	–
Euro	290,292	290,292	–	–	–
Other	36,012	36,012	–	–	–
	1,625,780	1,625,780	–	–	–

The interest rate and maturity profile of the Company's financial assets as at 31 May 2019 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	–	–	–

Financial Liabilities

At 31 May 2020, the Company had drawn the sterling equivalent of £nil (31 May 2019: £nil) of its four-year committed revolving multi-currency credit facility, expiring June 2022, with Lloyds Bank Corporate Markets plc, NatWest Markets plc and State Street Bank and Trust Company. 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 2019: £nil) was accruing as the facilities were unutilised.

At 31 May 2020 and 31 May 2019, 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.

Market Price Risk

The method of valuation of the fixed asset investments is described in Note 1(E) 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 2020 valuation, with all other variables held constant, there would have been a reduction of £299,138,000 (31 May 2019 based on a fall of 20%: £289,927,000) in the return before taxation. An increase of 20% would have increased the return before taxation by an equal and opposite amount.

NOTES TO THE FINANCIAL STATEMENTS

19. Analysis of Financial Assets and Liabilities continued

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 pages 5 and 107. 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 32 to 35.

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 2020, realised exchange gains of £162,000 (31 May 2019: realised exchange losses of £10,000) and realised gains relating to currency of £1,241,000 (31 May 2019: realised gains of £6,820,000) 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 2020, it would have the effect, with all other variables held constant, of increasing equity shareholders' funds by £11,921,000 (31 May 2019: £11,012,000). 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 £11,059,000 (31 May 2019: £13,768,000). The calculations are based on the financial assets and liabilities and the exchange rate as at 31 May 2019 of 1.23680 (31 May 2019: 1.2597) sterling/dollar and 1.11185 (31 May 2019: 1.1309) sterling/euro. The Company's investment currency exposure is disclosed in Note 9b.

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

	31 May 2020 Assets £'000	31 May 2020 Liabilities £'000	31 May 2019 Assets £'000	31 May 2019 Liabilities £'000
US dollar	112,583	310	118,523	638
Euro	1,606	127	2,981	122
Swedish krone	66	–	1,597	–
Norwegian krone	321	–	569	–
Australian dollar	331	–	451	–
	114,907	437	124,121	760

Fair Value of Financial Assets and Financial Liabilities

The financial assets of the Company are held at fair value. The main financial liability, the ALN, is held at fair value. All other financial liabilities are held at amortised cost, which is not materially different from fair value.

Managing Capital and Reserves

The Company's equity comprises ordinary shares and reserves as described in Note 14 and Note 15. Capital and reserves are 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 2020 and 31 May 2019, the Company had bank debt facilities to increase the Company's liquidity. Details of available borrowings at the period 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. The Company does not have any external capital requirements other than the fund commitments of £541.2m, as mentioned in Note 18, the contingent liabilities note. The Company has a large available loan facility to utilise if required, together with large cash balances.

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 Board of 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

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 36), the Manager's Review (pages 37 to 67) and the financial statements (pages 95 to 115). 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 2020, including staff remunerated by affiliates of the Manager, was approximately 341, of which 11 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 2020 attributable to work relating to the Company was as follows:

	12 months to 31 May 2020			12 months to 31 May 2019		
	Fixed £'000	Variable £'000	Total £'000	Fixed £'000	Variable £'000	Total £'000
Senior management	571	870	1,441	538	669	1,207
Staff	1,331	794	2,125	1,021	658	1,679
Total staff	1,902	1,664	3,566	1,560	1,327	2,887
Identified staff	413	634	1,047	323	461	784

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.

AIFMD DISCLOSURES

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%.

(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 2020 is shown below:

	Gross method	Commitment method
Leverage ratio	97%	105%

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 2020. 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 32 to 35) and also in Note 19 of the financial statements (pages 112 to 114). 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 23) and under "Board responsibilities and relationship with the Manager" in the Statement on Corporate Governance (page 77). 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 "Risk Management and Principal Risks" section of the Strategic Report (pages 32 to 35). These investment restrictions have not been exceeded in the financial year to 31 May 2020.

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.

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 2020 £'000	Year ended 31 May 2019 £'000	
Investment management fees	103	17,674	16,584	
Lookthrough charges	103	428	462	
Other expenses	104	730	0	
Total expenses		18,832	17,046	(a)
Average month-end NAV		1,527,317	1,397,742	(b)
AIC ongoing charges		1.23%	1.22%	(a/b)

Net available cash

Cash less next ALN repayment and other creditors (see Notes 12 and 13).

Available financing

Sum of available cash and undrawn loan facility.

	Page	At 31 May 2020 £m	At 31 May 2019 £m	
Available cash	98, 113	121	141	(a)
Undrawn loan facility	112	310	182	(b)
Available financing		431	323	(a + b)

Capital call

Call to limited partners ("LPs") to pay in a portion of the LPs' committed capital when the general partner ("GP") has identified a new investment for purchase.

	Page	Year ended 31 May 2020 £m	Year ended 31 May 2019 £m	
Purchases of investments	99	239	285	(a)
Recallable distributions		(11)	(11)	(b)
Amount drawn for new commitments		(109)	(165)	(c)
ALN share of calls		(1)	(2)	(d)
Capital calls		118	107	(a + b + c + d)

Capital call rate

Capital calls in the period divided by opening undrawn commitments.

	Year ended 31 May 2020 £m	Year ended 31 May 2019 £m	
Capital calls	118	107	(a)
Opening undrawn commitments	521	440	(b)
Capital calls	23%	24%	(a/b)

ALTERNATIVE PERFORMANCE MEASURES

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. A reconciliation of the Return after taxation to the portfolio valuation movement is shown below.

	Page	Year ended 31 May 2020 £m	Year ended 31 May 2019 £m	
Return after taxation (per Income Statement)	96	61	192	(a)
Adjusted for non portfolio income and expenses				
Investment management fees	96	18	17	(b)
Other expenses	96	2	1	(c)
Interest payable and similar expenses	96	2	2	(d)
Other income	103	(1)	(1)	(e)
Portfolio and other FX	*	(29)	(61)	(f)
Portfolio valuation movement		53	150	(g) = (a) + (b) + (c) + (d) + (e) + (f)
Opening investments at fair value	98	1,450	1,275	(h)
ALN share of opening investments		(93)	(115)	(i)
Opening portfolio value (excluding the ALN)		1,357	1,160	(j) = (h) + (i)
Portfolio Investment Return		3.9%	12.9%	(g/j)

* Includes £29m of FX on the portfolio excluding ALN (2019: £52m).

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 2020 £m	Year ended 31 May 2019 £m	
Disposals of investments	99	267	313	(a)
Investment income received	99	10	13	(b)
Recallable distributions		(13)	(11)	(c)
Withholding tax deducted	99	(2)	(3)	(d)
ALN share of distributions		(34)	(35)	(e)
Distributions from PIP's portfolio		228	277	(a + b + c + d + e)

Distribution rate

Distributions for the period divided by opening portfolio value.

	Page	Year ended 31 May 2020 £m	Year ended 31 May 2019 £m	
Distributions from PIP's portfolio		228	277	(a)
Opening investments at fair value	98	1,450	1,275	(b)
ALN share of opening investments		(93)	(115)	(c)
Opening portfolio value (excluding the ALN)		1,357	1,160	(d) = (b + c)
Distribution rate from PIP's portfolio		17%	24%	(a/d)

Financing cover

Ratio of available cash, private equity assets and undrawn loan facility to outstanding commitments. Future calls from outstanding commitments are expected to be funded from future distributions realised from the existing private equity assets portfolio, in addition to distributions realised from future investments.

	Page	At 31 May 2020 £m	At 31 May 2019 £m	
Available financing	119	431	323	(a)
Investments at fair value	98	1,496	1,450	(b)
Total		1,927	1,773	(c) = (a + b)
Outstanding commitments		541	521	(d)
Financing cover		3.6x	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.

	Year ended 31 May 2020 £m	Year ended 31 May 2019 £m	
Distributions from PIP's portfolio	228	277	(a)
Capital calls	(118)	(107)	(b)
Net portfolio cash flow	110	170	(a + b)

Sample calculations and disclosures

The sample buyout figures for the 12 months to 31 December 2019 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 2019 or where not available, the closest annual period disclosed, and provide coverage of 65% and 64% (12 months to 2018: 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 2014–2019 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 2019, or the closest disclosed period end. The valuation multiple sample covers approximately 51% (2018: 54%) of PIP's buyout portfolio. The debt multiple sample covers approximately 66% (2018: 77%) of PIP's buyout portfolio.

Cost multiple

The cost multiple data on page 49 is based on a sample that represented approximately 50% by value of PIP's gross distributions for the year to 31 May 2020. 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 12 months prior to the transaction taking place. The analysis on page 53 only includes exit realisations that occurred during the period and disregards the impact of any proceeds received outside of the 12 month period covered in the uplift analysis. The data in the sample represents 100% (2019: 100%) of proceeds from exit realisations and **75%** (2019: 73%) of distributions received during the period.

ALTERNATIVE PERFORMANCE MEASURES

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 2020 £m	Year ended 31 May 2019 £m	
Investment management fees	99	17,674	16,584	
Performance fee payable to Pantheon		–	–	
Lookthrough charges	103	428	462	
Other expenses	96	730	–	
Interest payable and similar expenses	96	2,223	2,386	
Total expenses and financing costs		21,055	19,432	(a)
Average month-end NAV		1,527,317	1,397,742	(b)
Total ongoing charges		1.38%	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, in order to make additional undrawn commitments, PIP is required to maintain an undrawn coverage ratio of at least 33%.

	Page	At 31 May 2020 £m	At 31 May 2019 £m	
Available financing	119	431	323	(a)
Investments at fair value (10%)	98	150	145	(b)
Total liquid resources		580	468	(c) = (a + b)
Undrawn commitments		541	521	(d)
Undrawn coverage ratio		107%	90%	(c/d)

GLOSSARY OF TERMS

AIFMD

Alternative Investment Fund Managers Directive.

Asset Linked Note ("ALN")

Unlisted, subordinated note due August 2027, the repayment of which and the performance of which are linked to a reference portfolio consisting of older vintage funds. The holder of the ALN has rights to receive c.75% of net cash flows arising from the reference portfolio prior to the repayment of any outstanding balance in August 2027.

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 LP 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 but not yet invested that are available for investment.

Earnings before interest, taxes, depreciation and amortisation ("EBITDA")

A measure of earnings before interest and taxes that excludes 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, (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.

Feeder fund

An investment vehicle, often a limited partnership, that pools capital commitments of investors and invests or "feeds" such capital into an umbrella fund, often called a master fund ("Master"), which directs and oversees all investments held in the Master portfolio.

Fund-of-funds

Private equity fund that invests in a portfolio of several private equity funds to achieve, compared with 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")

An institution or individual who commits 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.

GLOSSARY OF TERMS

Multiple of invested capital ("MOIC" or cost multiple)

A common measure of private equity performance, MOIC is calculated by dividing the fund's cumulative distributions and residual value by the paid-in capital.

Net asset value ("NAV")

Amount by which the value of assets of a fund exceeds liabilities, reflecting the value of an investor's attributable holding.

Net available cash

Cash and net current assets (liabilities) less next ALN repayment (see notes 12 and 13).

Paid-in capital

Cumulative amount of capital that has been called.

Portfolio company

A company that is an investment within a private equity fund.

Portfolio investment return

Total movement in the valuation of the underlying funds and companies comprising the portfolio, expressed as a percentage of opening portfolio value. Foreign exchange effects and other expenses are excluded from the calculation. The figure excludes returns attributable to the ALN.

Primaries

Commitments made to private equity funds at the time such funds are formed.

Private equity

Privately negotiated investments typically made in non-public companies.

Reference portfolio

As defined under the terms of the Asset Linked Note, a subset of PIP's private equity portfolio assets, substantially comprising the Company's oldest funds (2006 and earlier vintages).

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 12 months 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 fund's respective closing net asset values. Fund age refers to the number of years since a private equity fund's first investment.

DIRECTORS AND ADVISERS

Directors

Sir Laurie Magnus (Chairman)
Ian Barby
John Burgess
David Melvin
Susannah Nicklin
Dame Susan Owen DCB
Mary Ann Sieghart
John Singer

Manager

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Calls from outside the United Kingdom will be charged at the applicable international rate.

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Electronic communications from the Company

Shareholders now have the opportunity to be notified by email when the Company's annual reports, interim reports and other formal communications are available on the Company's website, instead of receiving printed copies by post. This has environmental benefits in the reduction of paper, printing, energy and water usage, as well as reducing costs to the Company. If you have not already elected to receive electronic communications from the Company and wish to do so, visit www.signalshares.com. To register, you will need your investor code, which can be found on your share certificate.

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 and 17:30, Monday to Friday (excluding public holidays in England and Wales).

By email: shareholder.enquiries@linkgroup.co.uk

By post: Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, UK

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PIP is a founding member of